



SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

ANNUAL REPORT 2018

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MESSAGE FROM THE CHAIRMAN

In the financial year of 2018, Seguradora Internacional de Moçambique registered a growth of 62% in net income compared to the same period and 2.5% above budget. Net operating revenue remained stable, while other financial economic indicators followed the same trajectory of growth. In an adverse context in which the Mozambican economy continued to show signs of slowing down, the Insurance Company has continued to grow, achieving an excellent result.

The year under analysis was characterized by the implementation of processes leading to a rational management, restructuring measures within the management with high impact on the Company, safeguarding the sustainability of the firm's activity. We highlight the process of ring-fencing the Banco and Seguradora Internacional de Moçambique's Pension Fund and the process of reorganizing the portfolio of insurance policies and claims, which on the one hand lies in conformity with the current legislation in force, while on the other seeing to apply more stringent prudential management practices.

We have continued to improve the organizational structure and management information systems, training our employees and the restructuring or introduction of products, all in order to optimize processes and respond more effectively to our customers' increasingly demanding expectations, ensuring our continuous close relationship with them and the profitable relationship with our business partners.

These levels of progress, as a result of the combination of restructuring and the excellent results obtained, represent a path of strengthening the organizational structure, equity, solvency margin, financial solidity, high liquidity and also a benchmark position which has only been possible because the insurer continues to enjoy the trust of its customers and partners in the business, underpinned by employees with high levels of professionalism, and supported by a relentless commitment to the quality of the levels of service it provides.

With a performance and a position of responsibility towards society, Seguradora Internacional de Moçambique - Ímpar has received an important array of distinctions in the sector, with particular mention for the "Best Company in Mozambique 2016" from the consultancy firm KPMG at domestic level, and at international level, the "AA- (MZ)" rating, the highest rating for a national insurer and recently renewed for the fifth consecutive year by Global Credit Rating, the largest rating institution in Africa. This demonstrates the economic consistency and quality of its management, and places the insurer as a benchmark and prestige company, reaffirming its strong position in the national insurance sector with the leading position in the ranking of insurers with the highest net income, from the Insurance Supervision Institute of Mozambique.

We have enthusiastically developed several Social Responsibility initiatives, principally in human development areas such as education, culture, sport and health. We have expressed our commitment and responsibility towards society and partner entities, with an increasingly frequent and closer presence to people. We have an attitude of differentiation in our way of being and with pride and satisfaction we have obtained a positive response and an ever greater involvement from everybody. I would like to highlight the "IMPAR Walk", the "IMPAR Chess Tournament" and the "Helpo International Race" as well as the Sports and Games festival - "Playing Without Borders" and the training of "IMPAR Talents" in music and art, in addition to the wider "Road Safety Campaign".

The banking channel continues to make an important contribution, together with the traditional channels, to the company's growth, with sales of Credit, Personal and Motor Insurance, due to a strong sales boost in the commercial networks of BIM - Banco Internacional de Moçambique.

The action of Seguradora Internacional de Moçambique - Ímpar over the last three years, closed a cycle of great pressure in its strategic rethinking, in a context of complex action in which the national economy decelerated from a peak GDP reached of 7.4% down to 3.1%. There was an additional need for organizational restructuring in order to respond to the new demands. Given this atypical scenario,

the company maintained its activity and ensured its progressive and remarkable growth in net revenue. With sustainable economic and financial, organizational and jurisdictional conditions created, Seguradora Ímpar is a company that presents added value to the national economy with its increasing contribution to the public treasury through taxes and quality of services provided to society.

The domestic insurance market continues to grow and to take its place within the national economy, where competitiveness is increasingly effective and is a driving force for excellence, leading insurers to adopt a proactive attitude, seeking to serve their customers better, launching innovative products or products that are more adjusted their customers' needs, thus broadening the insurance base and guaranteeing the sector's sustainability. And the implementation of the National Strategy for Financial Inclusion is a challenge that we must all embrace. For this challenge, we have the support of the regulatory and supervisory body, for which we express our highest consideration.

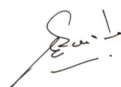
All the achievements that the insurer has registered year on year, have been possible due to the professionalism and the dedication of its employees, as a result of which I pass on deserved recognition and thanks. I am sure that we will continue to count on the same dedication and professionalism in overcoming the challenges that lie ahead.

I am confident that, in the coming years, Mozambique's growth will return to higher levels with the investment of major projects, in particular Oil & Gas, but also mineral and energy resources. As a strategic partner of the companies and institutions that are investing in Mozambique, Seguradora Internacional de Moçambique guarantees the best insurance solutions in all business areas.

On this occasion, I would like to express my thanks and appreciation to all the shareholders for their guidance and renewed confidence in the Governing Bodies, the Board of Directors and the Supervisory Board for all their clarified and competent collaboration in monitoring Seguradora Internacional de Moçambique's management.

With great consideration, to the Government Entities and to the Supervisory Body, I would like to express recognition for their customary guidance and collaboration for the economic development of Mozambique.

Chairman of the Board of Directors



SHAREHOLDER STRUCTURE

| Shareholders | Number of Shares | % of Share Capital | Meticals |
|---|------------------|--------------------|--------------------|
| | | | Paid-up Capital |
| BIM - Banco Internacional de Moçambique, S.A. | 1,356,948 | 91.996% | 135,694,800 |
| PT Participações, SGPS, S.A. | 86,068 | 5.835% | 8,606,800 |
| FDC – Fundação para o Desenvolvimento da Comunidade | 30,716 | 2.082% | 3,071,600 |
| Remaining Shareholders | 1,268 | 0.086% | 126,800 |
| Total | 1,475,000 | 100% | 147,500,000 |

GOVERNING BODIES

Board of Shareholders' Meeting

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

Board of Directors

| | |
|-----------------|---|
| Chairman | Manuel Alfredo de Brito Gamito |
| Deputy Chairman | 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 |

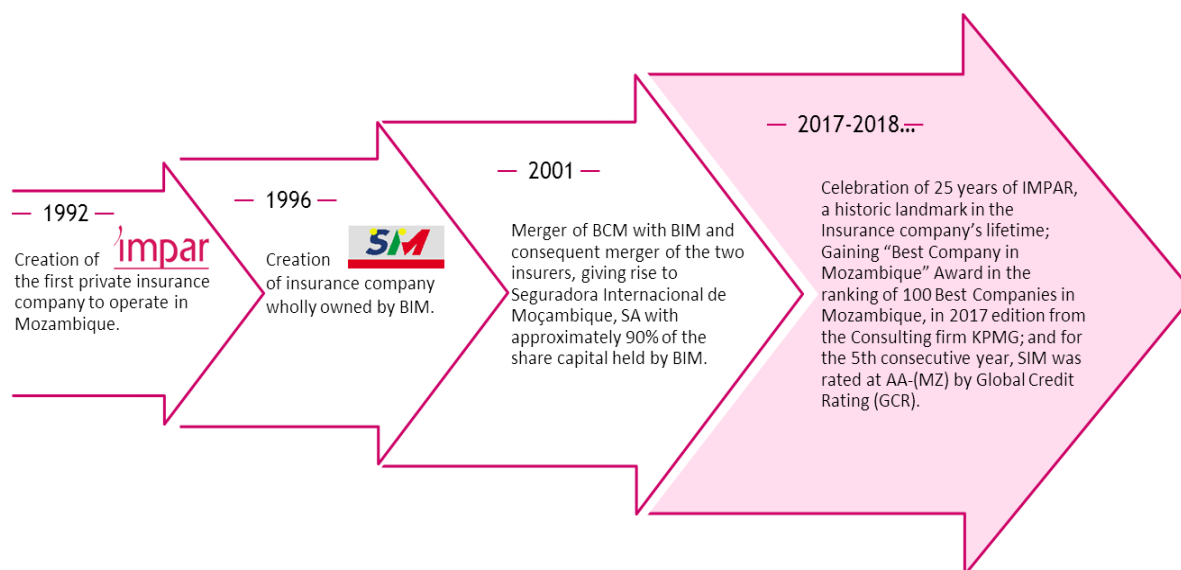
Supervisory Board

| | |
|------------------|------------------------------------|
| Chairwoman | Esperança Alfredo Samuel Machavela |
| Member | Daniel Filipe Gabriel Tembe |
| Member | Eulália Mário Madime |
| Alternate Member | Maria Iolanda Wane |

KEY INDICATORS

| Key Indicators | Millions of Meticals | | |
|---|----------------------|---------|-------------------|
| | 2018 | 2017 | Change % 18/17 |
| Key Indicators | | | |
| Gross Written Premiums | 1.646 | 1.784 | -7,8% |
| Non-Life | 1.407 | 1.413 | -0,4% |
| Life | 239 | 371 | -35,7% |
| Technical Margin | 1459 | 894 | 63,2% |
| Net Income | 821 | 507 | 62,0% |
| Balance | | | |
| Shareholders Equity | 4.305 | 3.936 | 9,4% |
| Total Assets | 7.342 | 10.586 | -30,6% |
| Investments | 6.163 | 8.657 | -28,8% |
| Efficiency Ratios | | | |
| Non-Life claims ratio, net of reinsurance | 26,2% | 37,2% | -11,0 pp |
| Non-Life expense ratio, net of reinsurance | 33,4% | 31,4% | 2,0 pp |
| Non-Life combined ratio, net of reinsurance | 59,6% | 68,6% | -9,0 pp |
| Life net exploration costs / Life investments | 3,4% | 0,5% | 2,9 pp |
| Profitability | | | |
| Technical Margin / Premium Revenue | 88,7% | 50,1% | 38,6 pp |
| Non-Life | 91,0% | 48,9% | 42,1 pp |
| Life | 75,1% | 54,6% | 20,5 pp |
| Return on Average Equity - ROE | 20,8% | 13,1% | 7,7 pp |
| Solvability | | | |
| Solvency ratio | 1335,4% | 1218,2% | 117,2 pp |
| Equity / Total assets | 58,6% | 37,3% | 21,3 pp |
| Coverage of technical provisions | 383,5% | 189,5% | 194,0 pp |
| Other Indicators | | | |
| Market share | n/a. | n/a. | - |
| Number of employees | 158 | 155 | 1,9% |

OUR HISTORY



Ímpar is an insurance company that pioneered the insurance market in Mozambique after the opening of this area to the private sector in the 1990s and has therefore been present in the lives of Mozambicans for 26 years.

Today, the brands **Ímpar** and **Millennium Seguros** are highly respected brands in the market, and a symbol of our commitment to serve our customers with the best product offerings that guarantee the safety and protection of their most precious assets.

In 2018, Seguradora Internacional de Moçambique, for the fifth consecutive year, renewed its AA-(MZ) rating, attributed by the international rating agency Global Credit Ratings Co., where the quality of the assets was a determining factor, the robustness and soundness of equity and the work of the management team in the sustained implementation of a prudent strategy to consolidate capital and mitigate the risk levels of operations.



BOARD OF DIRECTORS REPORT

At the close of the 2018 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 2018, which was audited by KPMG Auditores e Consultores, SA.

ECONOMIC ENVIRONMENT

International Economy

The world economy grew by 3.0% in 2018 and is expected to slow to about 2.9% in 2019, corresponding to a decrease of 0.1 pp (percentage points), according to the World Bank.

The associated risk factors are related to geopolitical issues, protectionist trade policy and the effects of Brexit, which may trigger turbulence in the financial markets, leading to the slowdown of the world's major economies and its repercussions.

In October 2018, oil prices reached their highest level (US \$ 86) in the last four years, driven by a reduction in OPEC supply, and a drop in Iran's output due to US sanctions, coupled with a drop in supply from Venezuela due to the economic crisis.

The oil market is likely to remain volatile by 2019, reflecting cutbacks in OPEC output and its partners, as well as a slowdown in external demand, partly due to the slowdown of the Chinese economy.

Sub-Saharan Africa experienced a gradual recovery in economic growth (3.1% in 2018, compared to 2.7% in 2017), as a result of the appreciation of international commodity prices which benefited the largest producers and exporters in the region (Nigeria, South Africa and Angola).

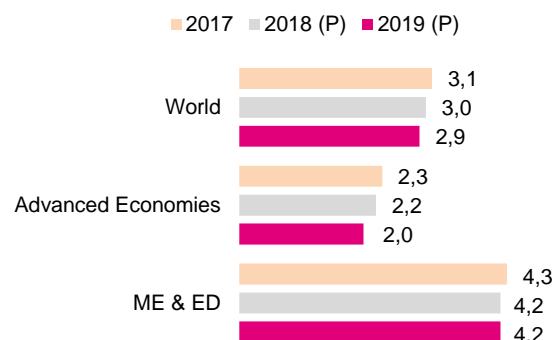
Adverse climatic changes, public debt sustainability, the political situation, the strengthening of the dollar, the volatility of financial markets and geopolitical tensions are the main risk factors limiting growth in the region.

National Economy

The macroeconomic environment improved in 2018 following a period of high volatility in the financial markets, which had been observed in the last two years as a result of the effects of the sovereign debt crisis, which led to a slowdown of the economy to historically low levels (3.3% 7% in the period 2011-2014), but still above the average (2.7%) in the sub-Saharan Africa region.

Graph 1. Global Economy

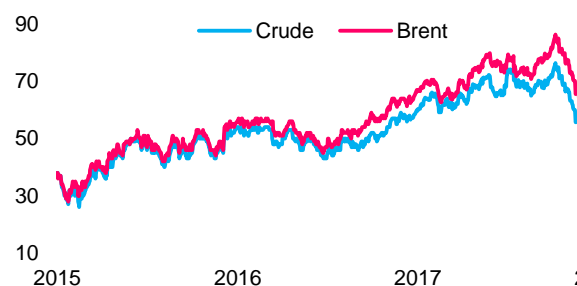
Real GDP Growth, %



Source: World Bank, Global Prospects Report, Jan.19

Graph 2. Evolution of oil price

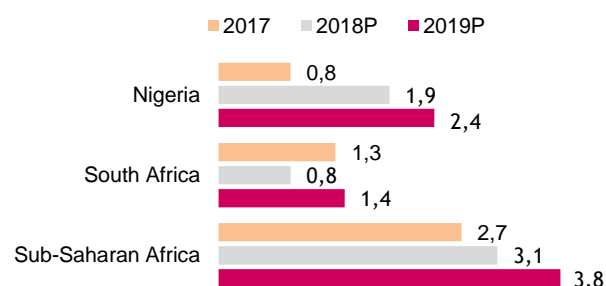
Price (USD/barrel)



Source: Bloomberg

Graph 3. Sub-Saharan Africa

Real GDP Growth, %



Source: World Bank, Global Prospects Report, Jan.19

With respect to the business environment, Mozambique has risen three positions (from 138 to 135) in the World Bank's "Doing Business" ranking, reflecting its success in implementing legal, regulatory and institutional reforms, in order to ensure inclusion of the private sector in the projects of large projects, as well as to promote the competitiveness of the economy and attract foreign direct investment. This is needed to recover the confidence from economic agents, which has been developing positively since the third quarter of 2018, as a result of the perspectives for domestic demand associated with the improvement of monetary conditions.

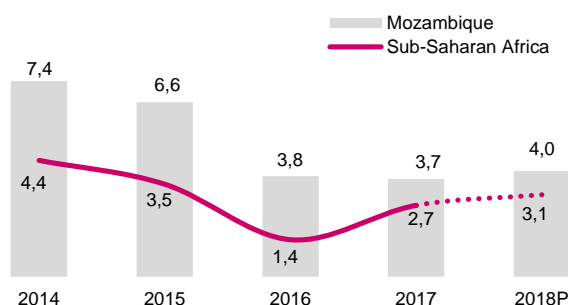
In summary, the year of 2018 was marked by the favourable evolution of the macroeconomic indicators, highlighting the reduction of inflationary pressures, combined with the stability in the exchange market, which favoured the continuous and gradual slowdown of the reference interest rates in the MMI, a trend which we expect to continue in 2019, supported by the stable political situation, increased revenues in foreign currency (mainly from coal and aluminium exports), capital inflows from investments in megaprojects in the Mining, Energy, Oil and Gas sector, with the potential to transform, modernize, boost, leverage and crystallize value to the Mozambican economy.

Economic Activity

Quarterly data on Gross Domestic Product has shown that economic growth remains moderate, due to the prevalence of risks in the domestic and international environment, namely: (i) the sustainability of public debt, (ii) the effects of fiscal austerity, (iii) administered price adjustments for goods (iv) geopolitical tensions among the major economies (US and China) with impact on trade flows and investment climate, (v) volatility of oil prices on international markets, (vi) political instability in some region, with particular emphasis on South Africa and Mozambique, where general elections are being held in 2019.

In the third quarter of 2018, the domestic economy grew by 3.2% year-on-year, strongly driven by the primary sector, with the mining and agriculture industry accounting for the largest gross contributions (15.4% and 3.8%, respectively). The most dynamic growth of the economy has been underpinned by the capital investments of large projects of production and exploration of coal, heavy sands, graphite and natural gas, which have contributed to job creation, business promotion (local content, taxable capital gains, foreign exchange, and the balance of external accounts).

Graph 1. Real GDP growth
YoY



Inflation Rate

Data published by the National Statistical Institute has shown the general price level slowdown throughout 2018, mainly due to the relative stability of the Metical against the US Dollar and, on the other hand, the combined effect of lower demand and greater supply of favourable climatic conditions which contributed positively to the performance of the productive sector, in particular agriculture.

The CPI (Consumer Price Index) inflation rate stood at 3.52% y / y (year over year) at the end of December 2018, the lowest level since 2014, which represents a decrease of 2.1 pp compared to the same period last year.

The average annual inflation (considered one of the benchmarks in the negotiation process of the national minimum wage) reached 3.91%, placing Mozambique in 3rd place in the ranking of the Harmonized Consumer Price Index in SADC countries.

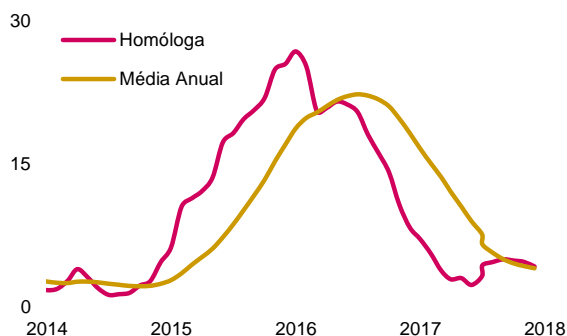
Regarding inflation by geographical area, the cities of Maputo, Beira and Nampula registered price increases of 4.33%, 3.76% and 1.74%, respectively. This data shows that the Mozambican capital recorded the highest price level increase in the country, explained by an increase in consumption during the period of the festive season.

Maintaining forward looking inflation around a single digit creates room for the continuation of the cycle of reducing interest rates in the economy, boosting aggregate demand in the credit market, in a context in which the country expects investments in the oil and gas sector.

Nonetheless, the Central Bank has warned against the prevalence of risks that could deflect expectations of low and stable inflation in the short and medium term, namely the high public indebtedness, as well as the uncertainties regarding the evolution of the prices of administered goods and exogenous shocks due to the slowdown in global growth, with an impact on foreign trade and the fluctuation of international prices of import and export goods.

Graph 3. Inflation Evolution

Y-O-Y and Annual Average, %



Source: INE

OVERVIEW OF THE INSURANCE SECTOR IN MOZAMBIQUE IN 2017

In 2017 (the latest comparative annual data available), direct written insurance of the insurance sector amounted to 13,023.4 million Meticaís, an increase of 22.7% compared to 2016. This positive variation was largely influenced by the performance of Non-Life segments, whose processed revenue amounted to 11,504.7 million Meticaís, representing an increase of 31.0% over the previous year, while the processed revenue of Life segments stood at around 1,518.7 million Meticaís, representing a reduction of 17%, corresponding to 0.3 million Meticaís compared to 2016. In this period, the overall processed revenue of the insurance sector represented about 1.62% of the Gross Domestic Product, which compares with 1.54% in 2016, thus observing an increase of 0.08pp in the penetration rate of insurance in the national economy.

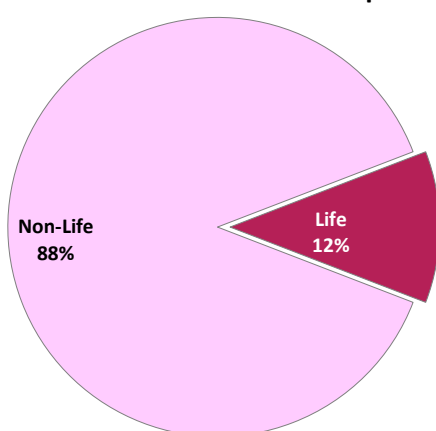
| Indicators | *Millions of Meticaís | | | | |
|-------------------------------|-----------------------|-----------|-----------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Gross Premiums Issued | 7,073.2 | 8,514.1 | 9,373.9 | 10,616.8 | 13,023.4 |
| Gross Domestic Product | 465,325.4 | 548,432.0 | 592,024.0 | 689,213.1 | 804,463.8 |
| Population | 24.4 | 25.0 | 25.7 | 26.4 | 27.1 |
| Insurance Penetration Rate | 1.52% | 1.55% | 1.58% | 1.54% | 1.62% |
| Average Annual Inflation Rate | 4.30% | 2.60% | 3.60% | 19.80% | 15.10% |
| Number of Insurance Companies | 16 | 16 | 18 | 19 | 20 |
| Insurance Brokers | 376 | 390 | 482 | 586 | 631 |

Source: ISSM - Annual Report on Insurance Activity in 2017

Regarding the market share by segment and in terms of global processed revenue, the Non-Life business stands out with 88.3% of the insurance portfolio, while the Life segment represents only 11.7%. Seguradora Internacional de Moçambique has a global market share of 13.7%, 12.3% in the Non-Life business and 24.4% in the Life business.

In terms of net revenue acquired, the insurance company has a market share of 22.3% overall, as large Fronting policies are not present in its portfolio.

Market Share for Insurer per Business Area



SIM presented market shares of:

- **24.4%** Life Business
- **12.3%** Non-Life Business

Source: Annual Report on Insurance Activity in 2017, ISSM.

In 2017, the Motor, Fire and Personal Accident sectors dominated the Non-Life segment portfolio, with a contribution of 29.9%, 22.7% and 20.2%, respectively.

In 2017, the Mozambican insurance market presented a loss ratio of 52.2% in the Non-Life business, a decrease of 0.01 pp compared to 2016. In the period under analysis, the Work Accidents branch presented the highest loss ratio, with 67%, with the Air segment being the lowest registered, with 2%.

In 2017, the net income of the insurance sector registered a loss of 205.5 million Meticaís, compared to the previous 3,514.7 million Meticaís of profit seen in 2016. In the period under review, Seguradora Internacional de Moçambique presented a positive net income of MZN 506.9 million, placing it at the top of the list of insurers with the highest net revenue in the market, according to the Insurance Supervision Institute of Mozambique (ISSM) market report 2017.

At the end of 2017, the Mozambican insurance market reported investments totalling 23,138.0 million Meticaís, a decrease of 0.38% compared to 2016.

Buildings represent the most important investment assets in the global portfolio, with a weight of about 39.2%, despite a reduction of 6.1 pp compared to 2016.

As at 31 December 2017, insurers had accounted for 14,811.5 million meticaís of technical reserves net of reinsurance, of which 9,419.6 million were in the Non-Life business and 5,391.9 million in the Life business.

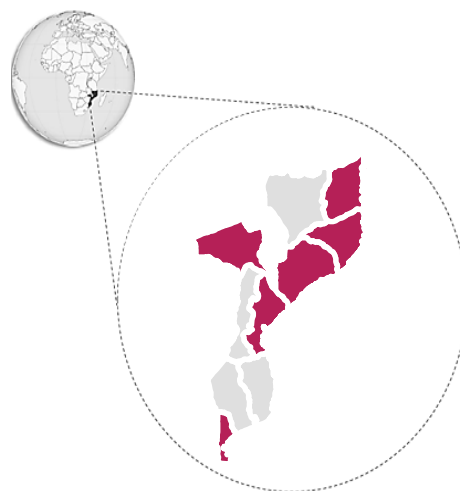
KEY EVENTS IN 2018

After the cycle of recession that had characterized the national economy in recent years, in 2018, a recovery and stabilization of the main macroeconomic indicators was seen, particularly in terms of the exchange rate and inflation.

Boosted by this less unfavourable environment, Seguradora Internacional de Moçambique recorded in 2018 a growth of 62.0% in its net revenue. The main economic and financial indicators remained robust and once again for the fifth consecutive year it received the AA- (MZ) rating from the prestigious Global Credit Rating (GCR).

Focused on improving our services through a more targeted response to our customers' increasingly demanding needs, in 2018 we introduced the innovative "Travel Assistance" coverage in Motor Insurance; we carried out a promotional campaign for the Work Accident Insurance with a view to publicising this product and making companies aware of its obligation, since it guarantees the protection of their employees and, consequently, of their businesses.

With regard to the communication, dissemination and promotion of the Insurance Company's image, in October we held "**Sunset Ímpar**" in Maputo, an event that brought together over 100 guests in a Networking Cocktail format between the Board of Directors of Seguradora Internacional de Moçambique and Insurance Brokers - our strategic partners; we also held the third edition of the "**Ímpar Walk**" with about 500 participants. The aim of this walk has been to promote healthy living habits and a harmonious spirit among the participants of the event in general, and in particular among our customers and partners. Also in 2018, we offered our clients and partners a Recital of the "**ÍMPAR Talents**", a result of two years of support that Ímpar has given to the students who have excelled at the Conservatory of Music and Dramatic Art.



CORPORATE SOCIAL RESPONSIBILITY POLICY

Seguradora Internacional de Moçambique, within the scope of its Social Responsibility policy, supports and develops programs that contribute to the improvement of quality of life within the communities:

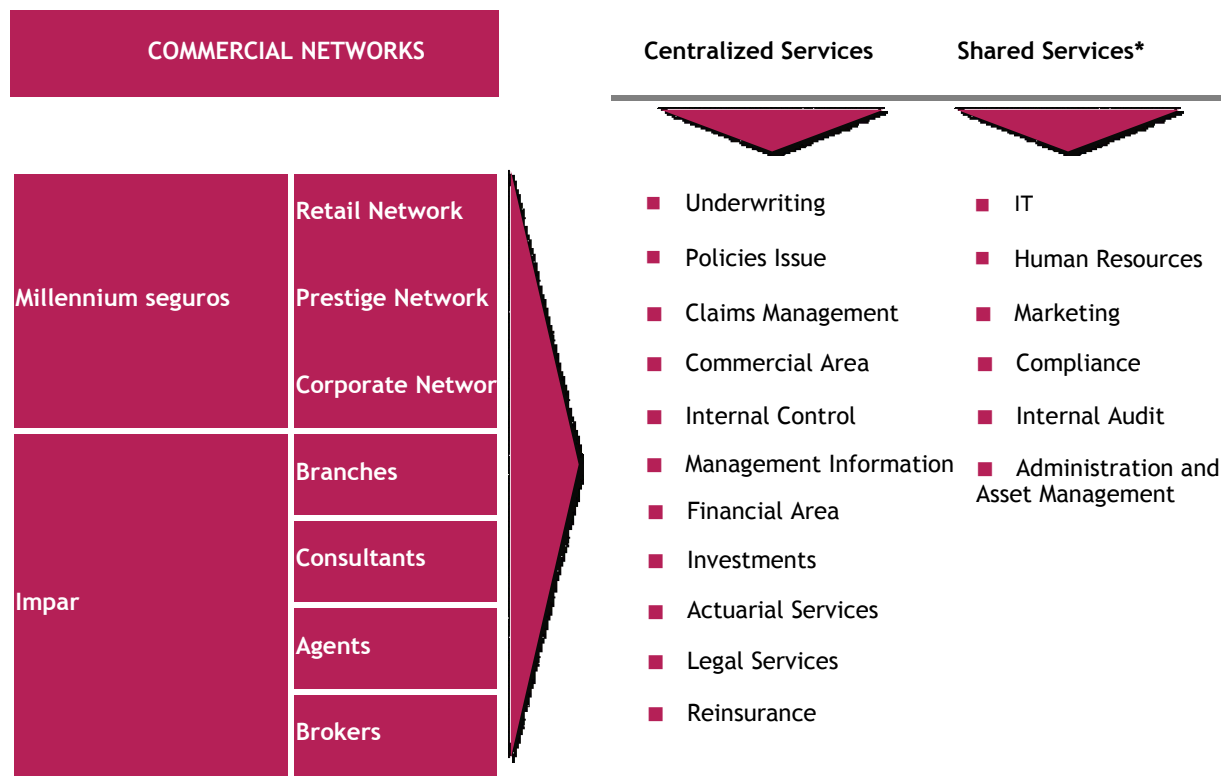
Sport

- 2nd Edition of "**Ímpar Chess Tournament**" in 2018, in which 10 primary schools participated in the city of Maputo, four of which of special education, thus making the Ímpar Chess Tournament more inclusive, the first of its kind held in Mozambique. It was possible to ensure that this sporting modality, which develops cognitive abilities in those who play it, is open to all people, regardless of their physical or mental condition.
- 13th Edition of **Millennium Bim Mini Basketball Tournament**;
- 7th Edition of "**Helpo International Run**", in favour of eradicating poverty;
- "**Playing Without Borders**" – Sports and Games Festival which took place in Maputo City and Nampula City.

Education and Culture

- 9th Edition of "**Road Safety Campaign**", that involved almost 15 thousand children aged between 6 and 12, from 13 primary schools, 6 from Maputo City and for the 1st time 7 from the City of Xai Xai.

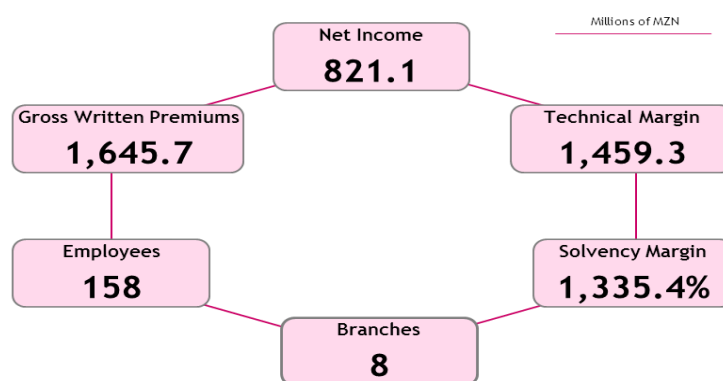
ORGANIZATIONAL STRUCTURE



*With Millennium bim

BUSINESS ANALYSIS IN 2018

The year 2018 continued to be a year of enormous challenges for Seguradora Internacional de Moçambique. In spite of relative stability in the main macroeconomic indicators, the business environment continued to be characterized by economic and social difficulties felt by most of our customers, both individuals and companies. However, as a result of the tireless efforts of the entire team of employees and the pragmatism of the management bodies, Seguradora Internacional de Moçambique implemented measures which had great impact on the company, ending the 2018 financial year with a net income of 821.1 million of Meticaís, representing 62.0% growth compared to 2017 and 2.5% above budget.



In 2018, Seguradora Internacional de Moçambique concluded a process of great complexity and great impact in the activity, with the ring-fencing of the BIM / SIM Pension Fund and transfer of its Assets and Liabilities to off-balance sheet accounts, allowing for a more transparent management and presentation of its accounts. This measure, which is in line with current legislation on the matter, resulted in a significant change in the amounts of certain items on the insurer's balance sheet, namely Technical Provisions and Investments.

Gross Written Premiums

In 2018, Seguradora Internacional de Moçambique achieved gross written premiums of 1,645.7 million meticaís, a decrease of 7.8%, compared to 1,784.3 million meticaís in the previous financial year, as a result of measures to clean up the portfolio implemented in 2018.

| Thousands of Meticaís | | | | | |
|------------------------------|------------------|------------------|------------------|---------------|--------------|
| Gross Written Premiums | 2018 | 2017 | 2016 | 18/17 | 17/16 |
| Non-Life | 1,406,927 | 1,413,021 | 1,561,444 | -0.4% | -9.5% |
| Workmen's Compensation | 148.677 | 142.570 | 140.200 | 4,3% | 1,7% |
| Personal Accident and Health | 241.303 | 173.527 | 228.776 | 39,1% | -24,1% |
| Fire and Allied Perils | 254.052 | 247.895 | 407.542 | 2,5% | -39,2% |
| Motor | 579.532 | 596.687 | 592.086 | -2,9% | 0,8% |
| Marine Hull | 72.157 | 74.917 | 17.206 | -3,7% | 335,4% |
| Aviation | 4.343 | 3.707 | 6.431 | 17,1% | -42,4% |
| Transports | 28.945 | 29.152 | 40.973 | -0,7% | -28,9% |
| Third Party Liability | 35.031 | 28.545 | 28.762 | 22,7% | -0,8% |
| Miscellaneous | 42.887 | 116.020 | 99.468 | -63,0% | 16,6% |
| Life | 238,807 | 371,311 | 401,657 | -35.7% | -7.6% |
| Annuities | 26.084 | 175.686 | 130.228 | -85,2% | 34,9% |
| Capitalization | 28.141 | 25.260 | 69.380 | 11,4% | -63,6% |
| Life Risk | 184.582 | 170.364 | 202.050 | 8,3% | -15,7% |
| Total | 1,645,734 | 1,784,332 | 1,963,102 | -7.8% | -9.1% |

In relation to the Life business, in 2018 we recorded a premium reduction of 35.7%, significantly influenced by the ring-fencing of the pension fund.

In the non-life business, the volume of direct insurance premiums in 2018 amounted to 1,406.9 million meticaís, which represents a reduction of 0.4% when compared to the previous year's processed revenue. This segment was heavily penalized by the reduction in the premiums from large projects and, as previously mentioned, by the clean-up of the policy portfolio.

In spite of the economic factors already mentioned, we registered a positive growth in revenue in the Maritime Hull sectors by 335.4% and Miscellaneous by 16.6%, while the Work Accidents with a growth of 1.7% and Motor with 0, 8%, showed a modest evolution in line with revenue from the same period.

Claims

(Before 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 25.9%, representing a reduction of 51.1 pp compared to 2017. This reduction in loss ratio is explained by the impact of the reorganization of the inventory of outstanding claims in 2018 and claims caused by cyclone Dineo in 2017.

| Non-Life Loss Ratio | 2018 | 2017 | 18/17 |
|------------------------------|--------------|--------------|-----------------|
| Workmen's Compensation | -1,6% | 330,4% | -328,8 pp |
| Personal Accident and Health | 42,1% | 85,7% | -43,6 pp |
| Fire and Allied | 12,6% | 21,8% | -9,2 pp |
| Perils | | | |
| Motor | 29,5% | 46,8% | -17,3 pp |
| Marine Hull | 13,1% | 100,9% | -87,8 pp |
| Aviation | 0,0% | -13,0% | 13,0 pp |
| Transports | 23,8% | 90,9% | -67,1 pp |
| Third Party Liability | 47,2% | 1,3% | 45,9 pp |
| Miscellaneous | 66,4% | 27,9% | 38,5 pp |
| Total | 25.9% | 77.0% | -51.1 pp |

Administrative Costs

Administrative costs amounted to 365.2 million meticaïs, corresponding to 22.2% of gross premiums, falling by 9.4% against budget and a growth of 3.6% compared to the same period in 2017.

| Administrative Costs | Thousands of Meticaïs | | |
|--------------------------------|-----------------------|----------------|-------------|
| | 2018 | 2017 | 18/17 |
| Staff costs | 222.405 | 216.862 | 2,6% |
| External Supplies and Services | 140.803 | 133.376 | 5,6% |
| Other administrative expenses | 2.023 | 2.448 | -17,4% |
| Total | 365,231 | 352,686 | 3.6% |

Technical Analysis

The combined ratio stood at 59.6%, a decrease of 9.0 pp compared to the figure recorded in the previous year, which has been largely due to the reduction of the net loss ratio of reinsurance by 11.0 pp, reflecting the impact of the reduction in claims.

Net income

Recurrent **Net income** as at 31st December 2018 came to 821.1 million meticaïs, up by 62.0%, an increase of 314.1 million meticaïs over the same period and 2.5% over the budget. Excluding real estate assets in the two years, net income at December 31, 2018 stood at 892.8 million meticaïs, an increase of 13.3%, representing an increase of 104.8 million meticaïs and 11.5% in relation to the budget.

Average return on average equity (ROE) stood at 20.8%, compared with 13.1% in 2017. By eliminating the effect of capital gains on equity, ROE stood at 33.3% compared with 32.3% in 2017.

Solvency Ratio

On December 31, 2018, Seguradora Internacional de Moçambique presented a solvency ratio of 1,335.4%, broadly above the minimum limit required by the supervisory body and which reveals the financial strength of the insurance company, thus reflecting a sound capital structure and adequate to the liabilities assumed.

The solvency ratio presented was calculated according to the criteria defined by the Insurance Supervision Institute of Mozambique (ISSM).

Pensions Fund

At December 31, 2018, the assets of the BIM / SIM pension fund, managed by Seguradora Internacional de Moçambique, amounted to 2,127.8 million Meticaïs and liabilities amounted to 2,096.5 million Meticaïs.

On 1 June 2018, the date the fund was ring-fenced, the assets of the BIM / SIM pension fund amounted to 2,045.1 million Meticaïs and liabilities amounted to 1,964.0 million Meticaïs.

REINSURANCE

In 2018, similar to previous years, there were major natural disasters with high insured losses including the unusual phenomenon of severe tropical cyclones occurring in both the United States and Japan, while the fires in autumn caused by climate change devastated parts of California. The global loss figure was US\$ 160 billion, with only half of these losses being insured - US\$ 80 billion.

The total losses of 2018 were above the inflation-adjusted average of 140 billion for the last 30 years, however, they were lower than the extremely high losses of 2017, which totalled US\$ 350 billion and were mainly due to record losses caused by the occurrence of hurricanes. Insured losses in 2018 were US\$ 80 billion, standing substantially above the inflation-adjusted average of US\$ 41 billion in the past 30 years, but down from a record US\$ 140 billion in 2017.

Notably, there are clear indications of the influence that man-made climate changes are having on planet earth. Severe phenomena such as the devastating California forest fires that, as in the previous year, also caused billions of losses in 2018.

Unfortunately, some 10,400 people lost their lives in the year 2018 as a result of natural disasters, compared with an average of 53,000 in the last 30 years, a clear decrease.

The deadliest disaster of the year 2018 was a seven-meter Tsunami registered in the town of Palu in Indonesia on September 28 after an earthquake nearby. Thousands of buildings were destroyed and about 2,100 people died. Another Tsunami hit the coastal regions of Sumatra and Java - Indonesia's islands - on the night of December 22.

The costliest natural disasters occurred in the United States: the costliest events were "Camp Fire," a fire in northern California with total losses of US\$ 16.5 billion and insured losses of US\$ 12.5 billion; hurricane Michael of which total losses of US\$ 16 billion and insured losses amounted to US\$ 10 billion.

From a global perspective, the cyclone season of 2018 will be seen as statistically unusual: tropical cyclone activity levels in the world's different ocean basins often vary from place to place in intensity and frequency. In 2018, tropical storms denominated in all oceanic basins in the northern hemisphere exceeded the previous long-term average. It highlights the large number of typhoons that hit Japan and the two direct hurricane attacks on the North American continent. In total, cyclones around the world caused total losses above the average of 56 billion dollars and approximately half of the losses were insured.

Mozambique

In a cyclical way, Mozambique has been affected by natural disasters, which is fundamentally explained by its geographic location. In spite of the efforts from governmental entities that supervise the management and prediction of risks and mitigation of damages resulting from natural phenomena, such as the Institute for Disaster Management (INGC) and the National Institute of Meteorology (INAM), there remains a need for greater and better capacity for prediction and mitigation of natural disasters, whereas a greater focus should be given to the completion of the National Strategy for Infrastructure Resilience.

The year 2018 recorded a record number of deaths from electric shocks, a total of 22 human losses due to this atmospheric phenomenon. In addition to this tragedy, the disaster of the Hulene landfill near the city of Maputo was recorded in 2018, in which there were 16 deaths resulting from its collapse, as the solid waste disposal site in the city of Maputo.

According to the INGC, overall, natural disasters in 2018 affected 152,246 people, totally destroyed 7,313 houses and partially 14,461 houses, and just the weather itself created total damage in 201 houses and 463 partially.



Source: dw.com

Reinsurance underwriting policy

In 2018, Seguradora Internacional de Moçambique, SA consolidated a quality underwriting risk, with the improved terms obtained on the London market (Lloyd's), which is considered the most specialized insurance market in the world.

The financial robustness and prestige guaranteed by Seguradora Internacional de Moçambique, SA, on the national and international market, is the result of the adoption of a prudent and responsible underwriting policy for the adhesion of its reinsurance treaties and their optionality, thereby increasing trust levels and earning new and important clients for its portfolio, as is the case of multinationals in the oil and gas sector and others in mineral resources.

Consequently, in the year 2018, the leading reinsurers remained in the reinsurance treaty.

Below is the reinsurer table of the SIM reinsurance treaty.

| Reinsurers | Rating Agency | Rating |
|-------------------------------------|---------------|--------|
| Swiss Re | S&P | A- |
| Munich Re | S&P | A- |
| Africa Re | S&P | A- |
| Hannover Re | S&P | A- |
| Scor Re | S&P | A+ |
| ZEP Re | AM Best | B+ |
| IRB - Brazil Resseguros S.A. | AM Best | A- |
| Continental Re | AM Best | B+ |

ASSET MANAGEMENT

At December 31, 2018, the Investment Portfolio of Seguradora Internacional de Moçambique amounted to 6,164 million meticaís, representing a reduction of 40.5% over the previous year. This reduction is justified almost entirely by the ring-fencing of the Closed BIM / SIM Pension Fund and consequent transfer of the portfolio assets assigned to them to off-balance sheet accounts and also to the difficult economic environment facing the country that has affected the economy of companies, consequently negatively affecting the collection of insurance premiums.

Through its Investment Committee, the insurer has established a strategic policy for managing financial assets whose responsibility is to ensure the mitigation of market, liquidity and credit risk, taking into account the compliance with the legislation and regulations of the supervisory entity.

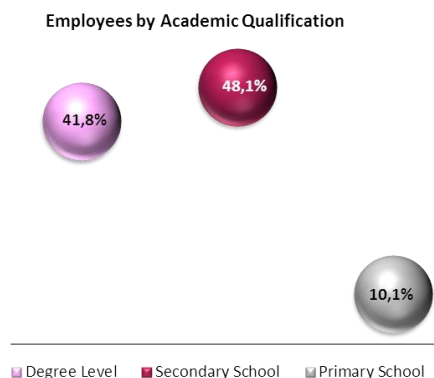
About 30.8% of the investment portfolio consists of available-for-sale assets, where we can highlight short-term public debt instruments that represent approximately 13.9%, indicating a greater stability in the portfolio. It is notable for the growth in corporate bonds that is justified by their attractive remuneration and also for buildings that remain at 38.6%, despite a 25% reduction compared to the same period of last year, due to real estate revaluation.

Despite the reduction in market interest rates, it was possible to obtain in 2018 an average rate of return on the portfolio, excluding the effect of real estate assets, of around 12.3%, while in 2017 the average return on the portfolio stood at 11.2%.

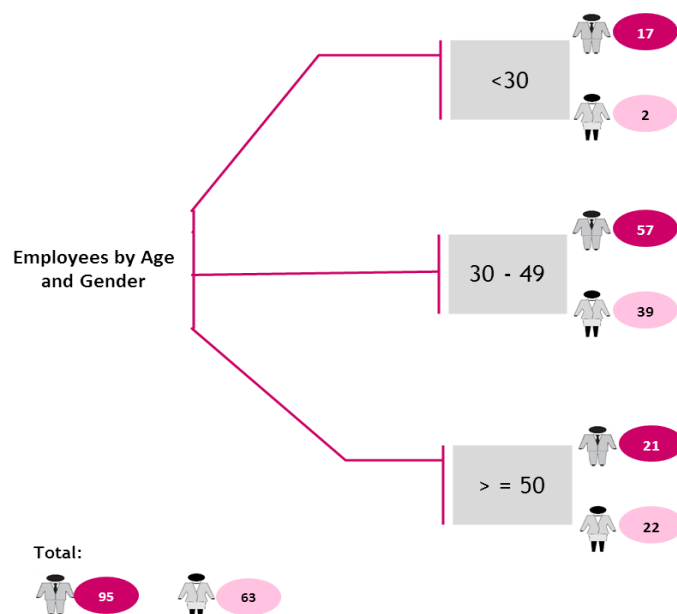
| Investment Portfolio | 2018 | % | 2017 | % |
|--|------------------|---------------|------------------|---------------|
| Held-to-maturity investments | 766.993 | 12.4% | 493.802 | 5.7% |
| Long-term public debt | 555.639 | 9.0% | 282.451 | 3.3% |
| Shares | 211.354 | 3.4% | 211.351 | 2.4% |
| Available for sales investments | 1.898.413 | 30.8% | 3.432.419 | 39.6% |
| Long-term public debt | 859.029 | 13.9% | 2.400.241 | 27.7% |
| Debt securities | 1.000.000 | 16.2% | 1.000.000 | 11.5% |
| Shares | 39.384 | 0.6% | 32.178 | 0.4% |
| Other investments | 3.499.207 | 56.8% | 4.733.894 | 54.7% |
| Land and buildings | 2.381.366 | 38.6% | 3.196.035 | 36.9% |
| Term Deposits | 1.117.841 | 18.1% | 1.537.859 | 17.8% |
| Total | 6,164,613 | 100.0% | 8,660,115 | 100.0% |
| Deposits and Cash | 48,270 | - | 75,017 | - |

EMPLOYEES

In 2018, we continued to prioritize the training of our employees. Taking advantage of the conditions available at Millennium Bim Academia, we continue with the internal retraining program in technical and commercial issues of insurance and compliance. In terms of training abroad, we strengthened our partnership with our international partners, moving some of our employees to training in other countries, in matters related to Reinsurance Technology, Claims Management, Agricultural Insurance and Micro Insurance.



Seguradora Internacional de Moçambique thus completed 2018 with 158 employees, with an average age of 38 years and an average length of service of 11 years, with about 60% men and 40% women. All employees are full-time employees, and there are no part-time employees.



PROPOSED APPLICATION OF NET INCOME

In the financial year ended December 31, 2018, the net income after tax of Seguradora Internacional de Moçambique was 821,083,419.95.

Under the terms of number 1) of article 36 of decree-law 1/2010 that regulates insurance activity, the Board of Directors of Seguradora Internacional de Moçambique SA proposes that the net income for 2018 be applied as follows:

| | | Meticais |
|-----------------------------|---------------|-----------------------|
| | % | Amount |
| Dividends | 60.0% | 535,676,711.97 |
| Free Reserves | 40.0% | 357,117,807.98 |
| Distributable Income | | 892,794,519.95 |
| Retained Earnings | | -71,711,100.00 |
| Total | 100.0% | 821,083,419.95 |

As at December 31st, 2018, the Legal Reserve of Seguradora Internacional de Moçambique is equivalent to the Company's Share Capital value, thus complying with the terms of number 1 of article 36, subparagraph b) of Decree-Law 1/2010 of December 31. Under article 1 of Decree 39/2018 of 5 July, the Insurance Supervision Institute of Mozambique (ISSM) established new minimum capital for Share Capital and Insurance Fund of Insurance Operators. Seguradora Internacional de Moçambique will proceed with an increase in share capital in full by incorporation of the free reserves during the first semester of 2019.

In 2018, as a result of the revaluation of real estate properties allocated to the Insurer, a potential loss was recorded, which affects net income by 71.7 million meticaïs, 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 1,183.7 million meticaïs.

FINANCIAL STATEMENTS IN 2018

| Notes | Profit & Loss Account | | | | | Previous year |
|----------|--|--------------------------------|------------------------------------|-----------------------|----------------------|----------------------|
| | | Life segment technical account | Non-Life segment technical account | Non-technical account | Total | |
| 2 g); 5 | Earned premium income, net of reinsurance | 215.516.060 | 1.148.723.371 | - | 1.364.239.431 | 1.539.210.036 |
| | Gross written premiums | 238.807.100 | 1.406.926.884 | - | 1.645.733.984 | 1.784.331.762 |
| | Reinsurance premiums ceded | (23.291.040) | (297.887.686) | - | (321.178.726) | (373.829.399) |
| | Unearned premiums provision (change) | - | 62.608.325 | - | 62.608.325 | 170.849.416 |
| | Unearned premiums provision, Reinsurers share (change) | - | (22.924.152) | - | (22.924.152) | (42.141.744) |
| | Commissions from insurance contracts and operations considered for accounting purposes as investment contracts or as services contracts | - | - | - | - | - |
| 6 | Claims costs, net of reinsurance | (88.898.098) | (327.159.454) | - | (416.057.552) | (842.495.615) |
| | Claims paid | (128.472.096) | (452.646.874) | - | (581.118.970) | (834.267.017) |
| | Gross claims paid | (142.496.328) | (621.395.371) | - | (763.891.699) | (1.408.304.779) |
| | Reinsurers share | 14.024.232 | 168.748.497 | - | 182.772.729 | 574.037.762 |
| | Claims provision (change) | 39.573.998 | 125.487.420 | - | 165.061.418 | (8.228.598) |
| | Gross amounts | 44.460.316 | 242.968.809 | - | 287.429.125 | (202.691.538) |
| | Reinsurers share | (4.886.317) | (117.481.390) | - | (122.367.707) | 194.462.940 |
| 7 | Other technical provisions, net of reinsurance | - | - | - | - | 3.874.682 |
| 8 | Life mathematical provision, net of reinsurance | 726.335.512 | - | - | 726.335.512 | 71.438.615 |
| | Gross amounts | 727.134.435 | - | - | 727.134.435 | 73.304.246 |
| | Reinsurers share | (798.923) | - | - | (798.923) | (1.865.631) |
| 9 | Profit sharing, net of reinsurance | (944.616.849) | (49.794.866) | - | (994.411.715) | (509.286.107) |
| 2 g); 10 | Net operating expenses | (62.462.804) | (348.040.391) | - | (410.503.195) | (415.257.332) |
| | Acquisition expenses | (32.761.032) | (148.982.851) | - | (181.743.883) | (194.989.275) |
| | Deferred acquisition expenses (change) | - | (1.964.150) | - | (1.964.150) | (16.109.455) |
| | Administrative costs | (41.155.133) | (251.603.516) | - | (292.758.649) | (279.754.588) |
| | Commissions and profit sharing of reinsurance | 11.453.361 | 54.510.126 | - | 65.963.487 | 75.595.986 |
| 2 c); 11 | Income | 274.919.483 | 608.162.983 | 7.228.603 | 890.311.069 | 1.087.848.506 |
| | Interest from financial assets not carried at fair value through profit and loss | 265.013.279 | 534.314.969 | 7.228.603 | 806.556.851 | 981.713.079 |
| | Interest from financial liabilities not carried at fair value through profit and loss | - | - | - | - | - |
| | Others | 9.906.204 | 73.848.014 | - | 83.754.218 | 106.135.427 |
| 12 | Financial expenses | (217.554) | (2.822.037) | - | (3.039.591) | (2.347.130) |
| | 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 | (217.554) | (2.822.037) | - | (3.039.591) | (2.347.130) |
| | 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 | (4.536.577) | 4.681.190 | 4.923.752 | 5.068.365 | 46.056.886 |
| | Net gains on the sale of non-financial Assets not classified as non-current assets held for sale and discontinued operation units | - | - | - | - | - |
| 14 | (105.457.500) | (105.457.500) | - | - | (105.457.500) | (413.181.668) |
| | 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 | - | 58.954 | - | 58.954 | 376.018 |
| 15 | Other provisions (change) | 7.642.645 | 18.264.491 | - | 25.907.136 | (33.312.031) |
| | Other income/expense | - | - | 6.933.390 | 6.933.390 | 61.883.168 |
| | 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 | 123.681.816 | 946.616.741 | 19.085.745 | 1.089.384.301 | 594.808.028 |
| 2 i); 27 | Income tax for the Financial Year - Current taxes | (34.292.542) | (262.462.945) | (5.291.794) | (302.047.281) | (220.044.997) |
| 2 i); 27 | Income tax for the Financial Year - Deferred taxes | - | 33.746.400 | - | 33.746.400 | 132.218.141 |
| 31 | Net income for the Financial Year | 89.389.274 | 717.900.195 | 13.793.951 | 821.083.420 | 506.981.172 |

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

Seguradora Internacional de Moçambique, SA
Statement of Comprehensive Income
For the Financial Year ended 31 December 2018

MZN

| Annex notes | Statement of Comprehensive Income | 2018 Financial Year | | | | 2017 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 | 89.389.274 | 717.900.195 | 13.793.951 | 821.083.420 | 75.939.835 | 383.482.927 | 47.558.411 | 506.981.173 |
| 19, 31 | Other comprehensive income for the year | 10.478.123 | 9.535.793 | - | 20.013.916 | 16.581.861 | (3.959.994) | - | 12.621.868 |
| 29 | Financial assets held for trading | - | (10.474.498) | - | (10.474.498) | - | 17.383.214 | - | 17.383.214 |
| 19, 31 | Actuarial deviations | 15.409.003 | - | - | 15.409.003 | 24.385.090 | - | - | 24.385.090 |
| | Taxes | (4.930.880) | 3.489 | - | (4.927.391) | (7.803.229) | (4.465.407) | - | (12.268.636) |
| | Other directly recognised profit/loss on equity | - | 20.006.802 | - | 20.006.802 | - | (16.877.801) | - | (16.877.801) |
| | Total comprehensive income net of taxes | 99.867.397 | 727.435.988 | 13.793.951 | 841.097.336 | 92.521.696 | 379.522.933 | 47.558.411 | 519.603.041 |

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

Seguradora Internacional de Moçambique, SA
Balance sheet for the year ended 31 December 2018

MZN

| December 2018 | | | | | December 2017 |
|---------------|--|----------------------|------------------------------|----------------------|---------------------------------------|
| Notes | ASSETS | Gross assets | Amortisations and Provisions | Net Assets | Previous Financial Year Net Assets |
| 2 a); 17 | Cash & cash equivalents & on demand deposits | 1.096.815.839 | | 1.096.815.839 | 1.509.140.272 |
| 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 | 2.158.809.813 | | 2.158.809.813 | 3.432.418.946 |
| 2 c); 21 | Loans and account receivables | 62.000.601 | | 62.000.601 | 103.726.938 |
| | Deposits at cedent companies | 0 | | 0 | 0 |
| | Other Deposits | 62.000.601 | | 62.000.601 | 103.726.929 |
| | Loans granted | 0 | | 0 | 0 |
| | Receivables | 0 | | 0 | 0 |
| | Other receivables | 8 | | 8 | 8 |
| 2 c); 20 | Held-to-maturity investments | 295.244.988 | | 295.244.988 | 282.451.352 |
| 2 e); 22 | Land & buildings | 2.384.569.073 | 4.601.913 | 2.379.967.160 | 3.192.786.582 |
| | Land & buildings held for own use | 68.005.924 | 4.601.913 | 63.404.011 | 65.129.872 |
| | Land & buildings held for income | 2.316.563.149 | | 2.316.563.149 | 3.127.656.710 |
| 2 f); 23 | Other tangible assets | 133.022.736 | 86.923.051 | 46.099.685 | 45.836.893 |
| 23 | Inventories | 1.558.220 | | 1.558.220 | 1.558.220 |
| | Goodwill | 0 | | 0 | 0 |
| 2 g); 24 | Other intangible assets | 101.365.339 | 61.639.324 | 39.726.015 | 28.286.831 |
| 2 h); 25 | Reinsurance ceded technical provisions | 369.697.114 | | 369.697.114 | 910.745.313 |
| | Unearned premiums provision | 97.968.496 | | 97.968.496 | 116.011.128 |
| | Mathematical provision | -2.413.082 | | -2.413.082 | -1.576.887 |
| | Claims provision | 274.141.699 | | 274.141.699 | 796.311.072 |
| | Profit sharing provision | 0 | | 0 | 0 |
| | Other technical provisions | 0 | | 0 | 0 |
| | Assets for post-employment benefits and Other long-term benefits | 0 | | 0 | 0 |
| 26 | Other receivables for insurance & other operations | 581.423.685 | 73.242.509 | 508.181.176 | 565.621.981 |
| | Accounts payable for direct insurance operations | 423.382.952 | 73.242.509 | 350.140.443 | 495.913.803 |
| | Accounts receivable for other reinsurance operations | 92.414.173 | | 92.414.173 | 26.144.004 |
| | Accounts receivable for other operations | 65.626.560 | | 65.626.560 | 43.564.173 |
| 2 I); 27 | Tax assets | 2.506.836 | | 2.506.836 | 175.318.400 |
| | Current tax assets | 0 | | 0 | 172.811.564 |
| | Deferred tax assets | 2.506.836 | | 2.506.836 | 2.506.836 |
| 28 | Accruals and deferrals | 169.821.281 | | 169.821.281 | 126.352.254 |
| | Interest receivable | 168.797.742 | | 168.797.742 | 125.484.741 |
| | Other accruals and deferrals | 1.023.539 | | 1.023.539 | 867.513 |
| | Other asset items | 0 | | 0 | 0 |
| | Available-for sale non-current assets and discontinued operating units | 0 | | 0 | 0 |
| | Total Assets | 7.568.186.375 | 226.406.796 | 7.341.779.578 | 10.585.594.830 |

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

Seguradora Internacional de Moçambique, SA
Balance sheet for the year ended 31 December 2018

MZN

| | | December 2018 | December 2017 |
|----------|--|----------------------|-------------------------|
| | Liabilities and Equity | Financial Year | Previous Financial Year |
| | LIABILITIES | | |
| 2 h); 25 | Technical Provisions | 1.976.804.163 | 5.479.999.247 |
| | Unearned premiums provision | 549.936.736 | 607.637.708 |
| | Mathematical provision (on life segments) | 333.903.514 | 2.662.209.821 |
| | Claims provision | 981.194.270 | 1.268.851.198 |
| | For life insurance | 25.205.731 | 72.981.491 |
| | For Workmen's compensation and personal accidents | 458.843.106 | 513.628.941 |
| | For Other business lines | 497.145.434 | 682.240.766 |
| | Profit sharing provision | 111.769.642 | 941.300.520 |
| | 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 | 12.969.434 | 11.446.238 |
| 30 | Other payables due to direct insurance and other operations | 332.758.936 | 469.211.950 |
| | Accounts payable for direct insurance operations | 199.851.253 | 229.668.653 |
| | Accounts payable for other reinsurance operations | 126.811.437 | 256.563.279 |
| | Accounts payable for other operations | 6.096.246 | 2.980.018 |
| 2 l); 27 | Tax liabilities | 626.943.858 | 608.752.314 |
| | Current tax liabilities | 80.678.662 | 42.407.848 |
| | Deferred tax liabilities | 546.265.195 | 702.536.766 |
| 28 | Accruals and deferrals | 87.717.227 | 79.929.628 |
| 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 | 3.037.193.617 | 6.649.339.378 |
| | EQUITY | | |
| 2 n); 31 | Share capital | 147.500.000 | 147.500.000 |
| | (own shares) | 0 | 0 |
| | Other capital instruments | 0 | 0 |
| | Revaluation reserves | 10.295.681 | 20.770.179 |
| 31 | For adjustments in the fair value of financial assets | 10.295.681 | 20.770.179 |
| | 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 | -7.236.118 | -7.239.607 |
| 31 | Other Reserves | 2.149.258.977 | 1.823.602.974 |
| | | 0 | 0 |
| 31 | Retained Earnings | 1.183.684.001 | 1.444.640.733 |
| 31 | Net income for the period | 821.083.420 | 506.981.173 |
| | TOTAL EQUITY | 4.304.585.961 | 3.936.255.452 |
| | TOTAL LIABILITIES AND EQUITY | 7.341.779.578 | 10.585.594.830 |

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

Seguradora Internacional de Moçambique, SA
Statement of Changes in Equity as of 31 December 2018

Amounts in MZN

| Annex notes | Statement of changes in equity | Share Capital | Own shares | Other capital instruments | | Revaluation reserves For fair value readjustment of financial Assets | Deferred tax reserves | Other reserves | | | | Retained Earnings | Net income for the period | Future endowm ent fund | TOTAL |
|-------------|--|---------------|------------|-------------------------------|--------|---|-----------------------|----------------|----------------------|---------------|---------------|-------------------|---------------------------|------------------------------|---------------|
| | | | | Supplement ary payments | Others | | | Legal reserve | Statutory reserve | Share premium | Others | | | | |
| | Balance as at 31 December 2016 | 147.500.000 | - | - | - | 3.386.965 | -2.774.199 | 147.500.000 | - | 8.258.661 | 1.390.308.165 | 11.889.120 | 2.102.015.130 | - | 3.808.083.842 |
| | Errors corrections (IAS 8) | | | | | | | | | | | | | | - |
| | Changes in accounting policies (IAS 8) | | | | | | | | | | | | | | - |
| | Revised opening balance | 147.500.000 | - | - | - | 3.386.965 | -2.774.199 | 147.500.000 | - | 8.258.661 | 1.390.308.165 | 11.889.120 | 2.102.015.130 | - | 3.808.083.842 |
| 34 | Increase in reserves due to appropriation of profits (1) | | | | | | | | | | 260.954.287 | 1.449.629.413 | -1.710.583.700 | - | - |
| | Net Income for the period (2) | | | | | | | | | | | | 506.981.173 | | 506.981.173 |
| | Other comprehensive income for the period (3) | - | - | - | - | 17.383.214 | -4.465.407 | - | - | - | 16.581.861 | -16.877.801 | - | | 12.621.868 |
| 22, 34 | Net gains from fair value adjustments of available for sale financial assets | | | | | 14.015.867 | -4.465.407 | | | | | | | | 9.550.459 |
| | Other gains/losses directly recognised in equity | | | | | 3.367.347 | | | | | 16.581.861 | -16.877.801 | | | 3.071.408 |
| | Total comprehensive income for the period (4) = (2) + (3) | - | - | - | - | 17.383.214 | -4.465.407 | - | - | - | 16.581.861 | -16.877.801 | 506.981.173 | | 519.603.041 |
| | Transactions with equity holders (5) | - | - | - | - | - | - | - | - | - | - | - | -391.431.430 | - | -391.431.430 |
| | Reserves distribution | | | | | | | | | | | | | | |
| 34 | Dividends distribution | | | | | | | | | | | | (391.431.430) | | (391.431.430) |
| | Transfers between equity items not included in other lines (6) | | | | | | | | | | | | | | - |
| | Net changes in equity (1) + (4) + (5) + (6) | - | - | - | - | 17.383.214 | (4.465.407) | - | - | - | 277.536.148 | 1.432.751.613 | (1.595.033.957) | | 128.171.611 |
| | 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 |
| 34 | 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 |
| 22, 34 | 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 | | 941.097.336 |
| | Transactions with equity holders (5) | - | - | - | - | - | - | - | - | - | - | - | (472.766.828) | - | (472.766.828) |
| | Reserves distribution | | | | | | | | | | | | | | |
| 34 | 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 |

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

Cash flow Statements

Seguradora Internacional de Moçambique, SA
Cash Flow Statements
For the financial year ended on December 31st 2018

| Cash Flow Statements | Financial Year 2018 | Financial Year 2017 |
|---|------------------------|------------------------|
| Cash Flow for Operational Activities | | |
| Net income for the period | 821.083.420 | 506.981.173 |
| Amortisations | 23.825.811 | 21.989.491 |
| Changes in claims provision | | |
| for direct insurance and accepted reinsurance | -287.656.928 | 77.728.107 |
| for reinsurance ceded | 522.169.373 | -70.700.978 |
| Changes in Other technical provisions | | |
| for direct insurance and accepted reinsurance | -3.215.538.156 | -94.309.517 |
| for reinsurance ceded | 18.878.823 | 63.617.586 |
| Changes in doubtful debt provision | -25.907.136 | 33.312.031 |
| Changes in provision for other risks and costs | 0 | 0 |
| (Increase)/decrease in debtors | | |
| from direct insurance and accepted reinsurance operations | 171.680.496 | 279.806.260 |
| from reinsurance operations | -66.270.168 | -10.760.280 |
| from other operations | -22.062.387 | 32.070.172 |
| (Increase)/decrease in creditors | | |
| From direct insurance and accepted reinsurance operations | -29.817.400 | -168.659.924 |
| From reinsurance operations | -109.751.842 | -130.746.864 |
| State and other public entities | 191.003.107 | -309.003.862 |
| Miscellaneous creditors | 3.116.228 | -12.476.102 |
| Changes in other assets | -43.469.028 | -55.496.407 |
| Changes in other liabilities | 9.310.795 | -29.116 |
| Interest and similar income | -849.284.745 | -1.002.642.696 |
| Effects of exchange rate differences | 5.472.620 | 5.643.675 |
| Unrealised capital gains from investment properties | 105.457.500 | 413.181.668 |
| Total | -2.777.759.617 | -420.495.584 |
| Cash Flow from investment activities | | |
| Acquisition of investments (including term deposits) | | |
| | -391.764.711 | -3.755.480.307 |
| Refunds/divestitures (including reimbursement of | 2.420.338.270 | 2.781.111.400 |
| Term deposits) | -34.183.679 | -16.955.864 |
| Acquisitions of tangible and intangible assets | 849.284.745 | 1.002.642.696 |
| Total | 2.843.674.624 | 11.317.925 |
| Cash Flow for financing activities | | |
| Dividends distributed | -472.766.820 | -391.431.430 |
| Share capital increase | 0 | 0 |
| Total | -472.766.820 | -391.431.430 |
| Net change in cash and cash equivalents | -406.851.813 | -800.609.089 |
| Effects of exchange rate differences | -5.472.620 | -5.643.675 |
| Cash and cash equivalents at the beginning of the period | 1.509.140.272 | 2.315.393.037 |
| Cash and cash equivalents at end of the period | 1.096.815.839 | 1.509.140.272 |

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

Notes to Financial Statements

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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 Ímpar – 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 Ímpar – Companhia de Seguros de Moçambique, S.A.R.L.

On the same date, the Company altered its corporate name from Ímpar – 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, 5ªA.

Note 2 - Basis for presentation of 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 Meticaís, which is the functional currency of the Insurer, and are prepared according to the historical cost principle, with the exception of assets and liabilities registered 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 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 after their initial recognition, such as: (i) for listed equity instruments, a devaluation that is continued or of significant value in its stock market price, and (ii) for debt securities, when this event (or events) have an impact on the estimated 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) and 2).

(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 after the recognition of the impairment loss.

Regarding investments held to maturity, the impairment losses correspond to the difference between the book value of the asset and present 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 valuers have recognised and relevant professional qualification to issue the valuation reports.

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

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

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 constituted 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.

h) 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.

i) 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 valuers, which is considered the most probable value that they would have in a free market transaction, between two prudent entities, assuming a reasonable period of market exposure.

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

Different methodologies could determine different results.

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 coverage. The assumptions used were based on the past experience of the insurer and market. These assumptions may be reviewed if it is decided that the future experience confirms their unsuitability. The technical provisions arising 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 coverage. 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 Third Party Responsibility).

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 2018:

MZN

| | 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 segment – technical result, 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 segment – technical result, as at December 31st 2018:

| | 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 – technical result, as at December 31st 2017:

| | Life | Non-Life | Total |
|-------------------------------------|---------------|-----------------|-----------------|
| Earned premiums, direct insurance | 371,311,088 | 1,583,870,091 | 1,955,181,179 |
| Costs with claims, direct insurance | (372,722,098) | (1,238,274,220) | (1,610,996,318) |
| Other Technical Costs | (330,196,841) | (101,910,295) | (432,107,137) |
| Technical Margin, direct insurance | (331,607,851) | 243,685,575 | (87,922,275) |
| Income on Reinsurance Ceded | (10,472,324) | 436,732,238 | 426,259,914 |
| Net Technical Margin | (342,080,174) | 680,417,813 | 338,337,638 |
| Operational expenses | (92,855,038) | (397,998,279) | (490,853,316) |
| Net operational income | (434,935,212) | 282,419,534 | (152,515,678) |
| Investment income | 474,244,408 | 572,404,682 | 1,046,649,090 |
| Others | 124,446,225 | (460,448,300) | (336,002,075) |
| Technical Result | 163,755,421 | 394,375,916 | 558,131,337 |

Report by Life Business segments – technical earnings, as at December 31st 2017:

MZN

| | LIFE | | | |
|-------------------------------------|------------------|---------------------|--------------------|--------------------|
| | Annuities | Capitalization | Life Risk | Total |
| Earned premiums, direct insurance | 175,686,460 | 25,260,338 | 170,364,290 | 371,311,088 |
| Costs with claims, direct insurance | (203,854,220) | (142,851,823) | (26,016,054) | (372,722,098) |
| Other Technical Costs | (148,656,987) | (173,267,800) | (8,272,054) | (330,196,841) |
| Technical Margin, direct insurance | (176,824,747) | (290,859,286) | 136,076,183 | (331,607,851) |
| Income on Reinsurance Ceded | 0 | 0 | (10,472,324) | (10,472,324) |
| Net Technical Margin | (176,824,747) | (290,859,286) | 125,603,859 | (342,080,174) |
| Operational expenses | (11,552,593) | (4,863,591) | (76,438,854) | (92,855,038) |
| Net operational income | (188,377,340) | (295,722,877) | 49,165,005 | (434,935,212) |
| Investment income | 174,362,329 | 223,595,372 | 76,286,707 | 474,244,408 |
| Others | 17,752,588 | 25,422,519 | 81,271,118 | 124,446,225 |
| Technical Result | 3,737,577 | (46,704,986) | 206,722,830 | 163,755,421 |

Report by Non-Life Business segments –technical earnings, as at December 31st 2017:

MZN

| | NON-LIFE | | | | | | |
|-------------------------------------|------------------------|-------------------------------|----------------------------|--------------------|-------------------|-------------------|--------------------|
| | Workmen's Compensation | Personal Accidents and Health | Fires and Natural Elements | Motor | Miscellaneous | Others | Total |
| Earned premiums, direct insurance | 143,558,568 | 257,615,908 | 269,100,421 | 634,357,427 | 141,903,540 | 137,334,227 | 1,583,870,091 |
| Costs with claims, direct insurance | (474,573,065) | (136,788,815) | (58,612,031) | (313,366,271) | (36,227,282) | (218,706,757) | (1,238,274,220) |
| Other Technical Costs | (700,959) | (59,926,097) | 3,874,682 | 0 | (45,157,922) | 0 | (101,910,295) |
| Technical Margin, direct insurance | (331,715,456) | 60,900,997 | 214,363,071 | 320,991,157 | 60,518,336 | (81,372,530) | 243,685,575 |
| Income on Reinsurance Ceded | 388,240,726 | 30,575,601 | (122,060,414) | 13,003,978 | (4,032,551) | 131,004,898 | 436,732,238 |
| Net Technical Margin | 56,525,270 | 91,476,598 | 92,302,658 | 333,995,135 | 56,485,785 | 49,632,368 | 680,417,813 |
| Operational expenses | (40,413,101) | (50,636,494) | (79,727,024) | (164,233,335) | (28,274,567) | (34,713,758) | (397,998,279) |
| Net operational income | 16,112,169 | 40,840,104 | 12,575,634 | 169,761,800 | 28,211,218 | 14,918,610 | 282,419,534 |
| Investment income | 162,718,300 | 103,138,826 | 29,298,713 | 143,824,509 | 41,852,134 | 91,572,200 | 572,404,682 |
| Others | (118,185,796) | (79,189,893) | (27,845,170) | (130,732,011) | (32,297,508) | (72,197,923) | (460,448,300) |
| Technical Result | 60,644,673 | 64,789,037 | 14,029,178 | 182,854,297 | 37,765,844 | 34,292,887 | 394,375,916 |

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

MZN

| Balance Sheet | Life | Non-Life | Total 2018 |
|--|----------------------|----------------------|----------------------|
| 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 2017 |
| 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 | LIFE | | | | | | Total 2016 |
|--|------------------------|-------------------------------|----------------------------|----------------------|--------------------|--------------------|----------------------|
| | Workmen's Compensation | Personal Accidents and Health | Fires and Natural Elements | Motor | Miscellaneous | Others | |
| 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 |

Report by Business segments – Balance Sheet, as at December 31st 2017:

MZN

| Balance Sheet | Life | Non-Life insurance classes | Total |
|--|----------------------|----------------------------|-----------------------|
| Cash and cash equivalents and demand deposits | 993,345,765 | 515,794,507 | 1,509,140,272 |
| Investments in affiliates, associates and joint ventures | 139,115,280 | 72,235,570 | 211,350,850 |
| Assets available for sale | 2,259,285,559 | 1,173,133,387 | 3,432,418,945 |
| Loans and receivables | 68,275,102 | 35,451,828 | 103,726,930 |
| Held-to-maturity investments | 185,915,027 | 96,536,325 | 282,451,352 |
| Buildings | 2,101,554,831 | 1,091,231,751 | 3,192,786,582 |
| Other tangible assets, intangibles and inventories | 49,815,343 | 25,866,603 | 75,681,945 |
| Technical provisions for reinsurance ceded | 6,333,447 | 904,411,866 | 910,745,313 |
| Other receivables and Tax Assets | 487,701,509 | 253,238,871 | 740,940,380 |
| Accruals and Deferrals | 83,167,535 | 43,184,719 | 126,352,254 |
| Total assets | 6,374,509,397 | 4,211,085,425 | 10,585,594,822 |
| Technical provisions | 3,607,043,125 | 1,872,956,121 | 5,479,999,247 |
| Other financial liabilities | 0 | 0 | 0 |
| Liabilities for post-employment and other long term benefits | 7,534,139 | 3,912,099 | 11,446,238 |
| Other payables and Tax Liabilities | 709,537,249 | 368,427,016 | 1,077,964,265 |
| Accruals and Deferrals | 52,611,250 | 27,318,377 | 79,929,627 |
| Other Provisions | 0 | 0 | 0 |
| Total liabilities | 4,376,725,764 | 2,272,613,614 | 6,649,339,378 |

Report by Life Business segments – Balance sheet, as at December 31st 2017:

MZN

| Balance Sheet | LIFE | | | |
|--|----------------------|----------------------|--------------------|----------------------|
| | Annuities | Capitalization | Life Risk | Total |
| Cash and cash equivalents and demand deposits | 361,228,359 | 517,295,565 | 114,821,840 | 993,345,765 |
| Investments in affiliates, associates and joint ventures | 50,589,016 | 72,445,789 | 16,080,476 | 139,115,280 |
| Assets available for sale | 821,585,035 | 1,176,547,423 | 261,153,100 | 2,259,285,559 |
| Loans and receivables | 24,828,115 | 35,554,999 | 7,891,988 | 68,275,102 |
| Held-to-maturity investments | 102,712,914 | 147,089,600 | 32,648,837 | 282,451,352 |
| Buildings | 764,226,546 | 1,094,407,439 | 242,920,846 | 2,101,554,831 |
| Other tangible assets, intangibles and inventories | 18,115,258 | 25,941,879 | 5,758,206 | 49,815,343 |
| Technical provisions for reinsurance ceded | 0 | 0 | 6,333,447 | 6,333,447 |
| Other receivables and Tax Assets | 177,351,756 | 253,975,843 | 56,373,910 | 487,701,509 |
| Accruals and Deferrals | 30,243,721 | 43,310,394 | 9,613,419 | 83,167,535 |
| Total assets | 2,350,880,720 | 3,366,568,932 | 753,596,070 | 6,471,045,722 |
| Technical provisions | 1,311,694,593 | 1,878,406,773 | 416,941,759 | 3,607,043,125 |
| Other financial liabilities | 0 | 0 | 0 | 0 |
| Liabilities for post-employment and other long term benefits | 2,739,776 | 3,923,484 | 870,879 | 7,534,139 |
| Other payables and Tax Liabilities | 258,021,915 | 369,499,207 | 82,016,127 | 709,537,249 |
| Accruals and Deferrals | 19,131,984 | 27,397,878 | 6,081,388 | 52,611,250 |
| Other Provisions | 0 | 0 | 0 | 0 |
| Total liabilities | 1,591,588,268 | 2,279,227,343 | 505,910,153 | 4,376,725,764 |

Report by Non-Life Business segments – Balance sheet, as at December 31st 2017:

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 | 146,722,275 | 92,744,155 | 26,545,198 | 129,614,285 | 37,722,086 | 82,446,509 | 515,794,507 |
| Investments in affiliates, associates and joint ventures | 20,548,042 | 12,988,558 | 3,717,580 | 18,152,116 | 5,282,872 | 11,546,402 | 72,235,570 |
| Assets available for sale | 333,708,090 | 210,939,168 | 60,374,931 | 294,797,333 | 85,795,869 | 187,517,995 | 1,173,133,387 |
| Loans and receivables | 10,084,584 | 6,374,534 | 1,824,517 | 8,908,709 | 2,592,732 | 5,666,752 | 35,451,828 |
| Held-to-maturity investments | 27,460,605 | 17,358,036 | 4,968,211 | 24,258,666 | 7,060,082 | 15,430,725 | 96,536,325 |
| Buildings | 310,410,450 | 196,212,571 | 56,159,890 | 274,216,226 | 79,806,080 | 174,426,534 | 1,091,231,751 |
| Other tangible assets, intangibles and inventories | 7,357,982 | 4,651,031 | 1,331,216 | 6,500,033 | 1,891,727 | 4,134,614 | 25,866,603 |
| Technical provisions for reinsurance ceded | 398,176,568 | 35,715,617 | 67,000,377 | 5,566,973 | 108,699,906 | 289,252,426 | 904,411,866 |
| Other receivables and Tax Assets | 72,036,020 | 45,534,461 | 13,032,857 | 63,636,535 | 18,520,357 | 40,478,641 | 253,238,871 |
| Accruals and Deferrals | 12,284,272 | 7,764,973 | 2,222,488 | 10,851,912 | 3,158,269 | 6,902,806 | 43,184,719 |
| Total assets | 1,338,788,888 | 630,283,104 | 237,177,265 | 836,502,789 | 350,529,978 | 817,803,401 | 4,211,085,425 |
| Technical provisions | 532,778,810 | 336,773,133 | 96,391,083 | 470,656,173 | 136,976,665 | 299,380,259 | 1,872,956,121 |
| Other financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities for post-employment and other long term benefits | 1,112,831 | 703,428 | 201,335 | 983,074 | 286,107 | 625,325 | 3,912,099 |
| Other payables and Tax Liabilities | 104,802,299 | 66,246,250 | 18,960,978 | 92,582,227 | 26,944,520 | 58,890,742 | 368,427,016 |
| Accruals and Deferrals | 7,770,952 | 4,912,072 | 1,405,931 | 6,864,850 | 1,997,901 | 4,366,671 | 27,318,377 |
| Other Provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 646,464,892 | 408,634,883 | 116,959,327 | 571,086,324 | 166,205,193 | 363,262,996 | 2,272,613,614 |

- Allocation of investments and other assets

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

MZN

| Nature of investments and other Assets | Life Insurance with profit sharing | Life Insurance without profit sharing | Non-Life | Not Allocated | Total 2018 |
|--|------------------------------------|---------------------------------------|----------------------|----------------------|----------------------|
| 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 |

Allocation of investments and other assets, as at December 31st 2017:

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 | 17,999,886 | 397,000,114 | 1,013,000,000 | 81,140,272 | 1,509,140,272 |
| Investments in affiliates, associates and joint ventures | 0 | 0 | 0 | 211,350,850 | 211,350,850 |
| Assets available for sale | 85,014,914 | 1,875,063,579 | 1,433,900,348 | 38,440,103 | 3,432,418,945 |
| Loans and receivables | 1,243,988 | 27,437,018 | 81,178,244 | -6,132,319 | 103,726,930 |
| Held-to-maturity investments | 12,250,824 | 270,200,527 | 0 | 0 | 282,451,352 |
| Buildings | 35,362,957 | 779,954,824 | 2,312,338,929 | 65,129,872 | 3,192,786,582 |
| Other tangible assets, intangibles and inventories | 0 | 0 | 0 | 75,681,945 | 75,681,945 |
| Technical provisions for reinsurance ceded | 274,702 | 6,058,745 | 904,411,866 | 0 | 910,745,313 |
| Other receivables and Tax Assets | 0 | 0 | 0 | 740,940,380 | 740,940,380 |
| Accruals and Deferrals | 0 | 0 | 0 | 126,352,254 | 126,352,254 |
| Total | 152,147,271 | 3,355,714,807 | 5,744,829,387 | 1,332,903,357 | 10,585,594,822 |

Note 5 - Earned premiums as net from reinsurance

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

MZN

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Gross written premiums | 1,645,733,984 | 1,784,331,762 |
| Reinsurance premiums ceded | (321,178,727) | (373,829,399) |
| Reinsurance net premiums | 1,324,555,258 | 1,410,502,363 |
| Variation of unearned premiums | 62,608,324 | 170,849,417 |
| Variation of unearned premiums from reinsurance ceded | (22,924,152) | (42,141,744) |
| Net variation of non-earned premiums | 39,684,172 | 128,707,673 |
| Earned premiums, net reinsurance | 1,364,239,430 | 1,539,210,035 |

The breakdown of the heading is analysed as follows:

MZN

| | 2018 | | | 2017 | | |
|--|---|----------------------|----------------------|---|----------------------|----------------------|
| | Direct insurance and accepted reinsurance | Reinsurance ceded | Net | Direct insurance and accepted reinsurance | Reinsurance ceded | Net |
| Gross written premiums: | 1,645,733,984 | (321,178,727) | 1,324,555,258 | 1,784,331,762 | (373,829,399) | 1,410,502,363 |
| Life | 238,807,100 | (23,291,040) | 215,516,060 | 371,311,088 | (28,585,965) | 342,725,122 |
| Annuities | 26,084,233 | 0 | 26,084,233 | 175,686,460 | 0 | 175,686,460 |
| Capitalization | 28,140,952 | 0 | 28,140,952 | 25,260,338 | 0 | 25,260,338 |
| Life Risk | 184,581,914 | (23,291,040) | 161,290,874 | 170,364,290 | (28,585,965) | 141,778,325 |
| Non-Life | 1,406,926,884 | (297,887,686) | 1,109,039,198 | 1,413,020,674 | (345,243,434) | 1,067,777,240 |
| Workmen's Compensation | 148,677,439 | (2,585,034) | 146,092,405 | 142,570,275 | (6,453,844) | 136,116,431 |
| Personal Accidents and Health | 220,110,706 | (22,249,660) | 197,861,047 | 149,856,071 | (22,425,323) | 127,430,748 |
| Fire and other damages | 254,052,180 | (172,749,871) | 81,302,309 | 247,894,924 | (153,404,668) | 94,490,257 |
| Motor | 600,723,813 | (13,534,099) | 587,189,714 | 620,358,295 | (4,131,940) | 616,226,355 |
| Marine Hull | 72,157,397 | (53,915,971) | 18,241,425 | 74,917,005 | (63,932,449) | 10,984,556 |
| Aerial | 4,342,914 | (1,750,573) | 2,592,341 | 3,707,326 | (1,767,153) | 1,940,173 |
| Transport | 28,944,676 | (22,481,787) | 6,462,889 | 29,151,793 | (21,422,583) | 7,729,210 |
| Civil Responsibility | 35,031,029 | (17,659,098) | 17,371,931 | 28,545,064 | (15,138,117) | 13,406,947 |
| Miscellaneous | 42,886,731 | 9,038,407 | 51,925,138 | 116,019,920 | (56,567,358) | 59,452,562 |
| Variation of unearned premiums: | 62,608,324 | (22,924,152) | 39,684,172 | 170,849,417 | (42,141,744) | 128,707,673 |
| Life | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Life | 62,608,324 | (22,924,152) | 39,684,172 | 170,849,417 | (42,141,744) | 128,707,673 |
| Workmen's Compensation | (5,736,576) | (49,633) | (5,786,209) | 988,293 | 49,633 | 1,037,926 |
| Personal Accidents and Health | 44,617,852 | (2,745,764) | 41,872,088 | 107,759,837 | 1,338,972 | 109,098,809 |
| Fire and other damages | (13,171,637) | 14,819,706 | 1,648,069 | 21,205,496 | (20,390,708) | 814,788 |
| Motor | (1,729,318) | 1,377,128 | (352,191) | 13,999,132 | 0 | 13,999,132 |
| Marine Hull | (1,674) | (417,674) | (419,348) | (806,413) | 402,607 | (403,807) |
| Aerial | (16,904) | 1,742 | (15,162) | 544,537 | (48,296) | 496,241 |
| Transport | (433,650) | 625,481 | 191,831 | 2,101,175 | (766,903) | 1,334,272 |
| Civil Responsibility | (1,616,866) | 449,290 | (1,167,575) | (826,260) | 2,366,293 | 1,540,032 |
| Miscellaneous | 40,697,097 | (36,984,429) | 3,712,668 | 25,883,620 | (25,093,341) | 790,279 |
| Earned premiums: | 1,708,342,309 | (344,102,879) | 1,364,239,430 | 1,955,181,179 | (415,971,143) | 1,539,210,035 |
| Life | 238,807,100 | (23,291,040) | 215,516,060 | 371,311,088 | (28,585,965) | 342,725,122 |
| Non-Life | 1,469,535,209 | (320,811,839) | 1,148,723,370 | 1,583,870,091 | (387,385,178) | 1,196,484,913 |
| Workmen's Compensation | 142,940,863 | (2,634,667) | 140,306,197 | 143,558,568 | (6,404,211) | 137,154,357 |
| Personal Accidents and Health | 264,728,559 | (24,995,424) | 239,733,135 | 257,615,908 | (21,086,351) | 236,529,557 |
| Fire and other damages | 240,880,542 | (157,930,164) | 82,950,378 | 269,100,421 | (173,795,375) | 95,305,045 |
| Motor | 598,994,495 | (12,156,971) | 586,837,523 | 634,357,427 | (4,131,940) | 630,225,487 |
| Marine Hull | 72,155,722 | (54,333,645) | 17,822,077 | 74,110,591 | (63,529,842) | 10,580,749 |
| Aerial | 4,326,010 | (1,748,831) | 2,577,179 | 4,251,863 | (1,815,449) | 2,436,414 |
| Transport | 28,511,026 | (21,856,306) | 6,654,720 | 31,252,968 | (22,189,486) | 9,063,482 |
| Civil Responsibility | 33,414,163 | (17,209,808) | 16,204,356 | 27,718,804 | (12,771,825) | 14,946,980 |
| Miscellaneous | 83,583,828 | (27,946,022) | 55,637,806 | 141,903,540 | (81,660,699) | 60,242,841 |

Note 6 – Costs with claims, net reinsurance

This heading is broken down as follows:

MZN

| | 2018 | 2017 |
|-----------------------------------|----------------------|----------------------|
| Claims paid | | |
| Gross Claims paid | (734,844,864) | (1,379,097,549) |
| Reinsurers share | 182,772,728 | 574,037,761 |
| Changes in claims provision | | |
| Gross Claims paid | 287,429,124 | (202,691,539) |
| Reinsurers share | (122,367,708) | 194,462,940 |
| Total claims before imputed costs | (387,010,719) | (813,288,386) |
| Claims cost (Imputed) | (29,046,834) | (29,207,230) |
| Total | (416,057,553) | (842,495,616) |

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) | 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 Responsibility | (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) |

For the financial year of 2017, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life Businesses were broken down as follows:

| MZN | | | | | | 2017 |
|-------------------------------|------------------------|---------------------|-----------------------------|---------------------|---|----------------------|
| | Claims paid | | Changes in claims provision | | Claims cost (Imputed – See Note 16) | Total |
| | Gross Claims paid | Reinsurers share | Gross Claims paid | Reinsurers share | | |
| Life | (360,634,198) | 4,498,616 | (8,704,021) | 1,809,883 | (3,383,878) | (366,413,599) |
| Annuities | (200,962,813) | 0 | (1,644,712) | 0 | (1,246,696) | (203,854,220) |
| Capitalization | (142,343,276) | 0 | (152,359) | 0 | (356,188) | (142,851,823) |
| Life Risk | (17,328,110) | 4,498,616 | (6,906,950) | 1,809,883 | (1,780,994) | (19,707,555) |
| Non-Life | (1,018,463,351) | 569,539,146 | (193,987,517) | 192,653,057 | (25,823,352) | (476,082,017) |
| Workmen's Compensation | (63,636,094) | 0 | (407,375,165) | 394,581,517 | (3,561,805) | (79,991,547) |
| Personal Accidents and Health | (122,470,652) | 16,783,298 | (9,865,909) | 29,341,322 | (4,452,254) | (90,664,194) |
| Fire and other damages | (60,161,493) | 46,660,781 | 4,220,913 | (20,326,729) | (2,671,452) | (32,277,979) |
| Motor | (249,598,285) | 0 | (48,630,318) | 17,135,918 | (15,137,667) | (296,230,352) |
| Marine Hull | (495,628,142) | 495,626,529 | 307,081,600 | (306,304,482) | (52) | 775,453 |
| Aerial | 0 | 0 | 447,188 | (32,017) | (3) | 415,169 |
| Transport | (3,415,728) | 2,732,583 | (25,145,301) | 26,895,029 | (20) | 1,066,562 |
| Civil Responsibility | (6,377,862) | 6,236,707 | 4,331,582 | (5,849,730) | (20) | (1,659,322) |
| Miscellaneous | (17,175,093) | 1,499,248 | (19,052,109) | 57,212,228 | (80) | 22,484,194 |
| Overall Total | (1,379,097,549) | 574,037,761 | (202,691,539) | 194,462,940 | (29,207,230) | (842,495,616) |

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 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Acquisition expenses | (181,743,883) | (194,989,274) |
| Deferred acquisition expenses (changes) | (1,964,149) | (16,109,454) |
| Administrative costs | (292,758,649) | (279,754,588) |
| Commissions and profit sharing of reinsurance | 65,963,487 | 75,595,986 |
| Total | (410,503,194) | (415,257,330) |

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 14) | Mediation fees | | Imputed costs (see note 14) | 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 Responsibility | (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 |
| | (181,743,883) | | (1,964,149) | (292,758,649) | | 65,963,487 |

For the financial year of 2017, 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 | 2017 | | | | | |
|---------------------------------------|-----------------------------|----------------------|---|-----------------------------|--------------------|---|
| | 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 | (14,868,535) | (21,303,947) | 0 | (56,623,200) | (59,356) | 13,670,774 |
| Annuities | 0 | 0 | 0 | (11,552,593) | 0 | 0 |
| Capitalization | (1,011,508) | 0 | 0 | (3,852,083) | 0 | 0 |
| Life Risk | (13,857,026) | (21,303,947) | 0 | (41,218,524) | (59,356) | 13,670,774 |
| Non-Life | (56,582,061) | (102,234,731) | (16,109,454) | (215,479,027) | (7,593,005) | 61,925,212 |
| Workmen's Compensation | (5,708,989) | (11,354,510) | (314,918) | (21,741,298) | (1,293,386) | 63,420 |
| Personal Accidents and Health | (6,948,595) | (5,151,157) | (11,921,207) | (26,462,036) | (153,497) | 5,537,331 |
| Fire and other damages | (9,926,540) | (30,691,027) | (434,454) | (37,802,814) | (872,190) | 25,400,910 |
| Motor | (23,893,357) | (42,715,274) | (2,781,268) | (90,992,043) | (3,851,394) | 0 |
| Marine Hull | (2,999,927) | (3,812,816) | 238,092 | (11,424,492) | (561,061) | 2,780,510 |
| Aerial | (148,454) | (609,848) | (103,598) | (565,350) | (87,121) | 709,601 |
| Transport | (1,167,335) | (2,019,253) | (166,950) | (4,445,512) | (258,643) | 7,559,064 |
| Civil Responsibility | (1,143,040) | (1,063,133) | 75,489 | (4,352,988) | (97,817) | 957,705 |
| Miscellaneous | (4,645,825) | (4,817,712) | (700,640) | (17,692,494) | (417,897) | 18,916,671 |
| Total | (71,450,596) | (123,538,678) | (16,109,454) | (272,102,226) | (7,652,362) | 75,595,986 |
| Total according to summary map | (194,989,274) | | (16,109,454) | (279,754,588) | | 75,595,986 |

Note 11 – Income

Income by category of financial assets is analysed as follows:

MZN

| | 2018 | | | 2017 | | |
|---|--------------------|------------------|--------------------|----------------------|-------------------|----------------------|
| | Allocated | Not Allocated | Total | Allocated | Not Allocated | Total |
| Income | 883,082,466 | 7,228,603 | 890,311,068 | 1,072,073,424 | 15,775,083 | 1,087,848,506 |
| <i>Interest income from financial assets not valued at fair value by means of profit and loss</i> | <i>799,328,248</i> | <i>7,228,603</i> | <i>806,556,851</i> | <i>965,957,745</i> | <i>15,755,334</i> | <i>981,713,079</i> |
| of Assets available for sale | 748,816,205 | 2,232,760 | 751,048,965 | 730,346,815 | 1,701,824 | 732,048,639 |
| Bonds and other fixed income securities | | | | | | |
| Issued by public entities | 88,802,575 | 0 | 88,802,575 | 271,044,882 | 0 | 271,044,882 |
| Issued by other issuers | 192,799,167 | 863,147 | 193,662,314 | 42,166,667 | 1,701,824 | 43,868,490 |
| Other investments | 467,214,463 | 1,369,612 | 468,584,076 | 417,135,266 | 0 | 417,135,266 |
| of granted loans and accounts receivable - Term deposits | 50,512,043 | 4,995,843 | 55,507,886 | 235,610,930 | 14,053,511 | 249,664,441 |
| <i>Others</i> | <i>83,754,218</i> | <i>0</i> | <i>83,754,218</i> | <i>106,115,679</i> | <i>19,748</i> | <i>106,135,427</i> |
| of Buildings held for income (Annuities) | 80,367,366 | 0 | 80,367,366 | 80,910,453 | 0 | 80,910,453 |
| of Assets available for sale - Shares | 1,889,793 | 0 | 1,889,793 | 1,354,796 | 0 | 1,354,796 |
| Smoothing of publically issued bonds | 1,497,059 | 0 | 1,497,059 | 23,850,430 | 19,748 | 23,870,178 |

Note 12 – Financial costs

Financial costs are analysed as follows:

| | MZN | |
|---|--------------------|--------------------|
| | 2018 | 2017 |
| Non-Life | | |
| Smoothing of premium paid through the effective interest rate method – Fixed yield securities | (1,318,152) | (432,098) |
| Costs imputed to Investments (see note 17) | (1,721,439) | (1,915,031) |
| Total | (3,039,591) | (2,347,130) |

Note 13 – Currency conversion differences

The amounts for 2018 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 | (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 |
| Settlement | | | | |
| 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 Responsibility | (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

| Life technical provisions | 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 amounts for 2017 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 | 125,050,885 | | | 125,050,885 |
| Reinsurance ceded claims provision | (124,821,184) | | | (124,821,184) |
| Direct insurance unearned premiums provision | 29,770,655 | | | 29,770,655 |
| Deferred acquisition expenses | (2,600,905) | | | (2,600,905) |
| Reinsurance ceded unearned premiums provision | (19,165,450) | | | (19,165,450) |
| Profit share provision | 43 | | | 43 |
| Direct insurance claims provision | | 428,146 | | 428,146 |
| Reinsurance ceded claims provision | | (798,012) | | (798,012) |
| Direct insurance mathematical provision | | 69,295,429 | | 69,295,429 |
| Reinsurance ceded mathematical provision | | (48,040) | | (48,040) |
| Investments | (17,838,839) | (11,040,287) | 0 | (28,879,126) |
| Employee benefit liability actuarial gains | | 0 | | 0 |
| Receipts for collection | | | (54,650,846) | (54,650,846) |
| Claim refunds | | | (21,040) | (21,040) |
| Reversal payable | | | 333,937 | 333,937 |
| Collection in advance | | | 27,502 | 27,502 |
| Current accounts - reinsurance | | | 43,808,183 | 43,808,183 |
| Current accounts - mediators | | | 7,516,773 | 7,516,773 |
| Receivables and payables | | | (1,110,063) | (1,110,063) |
| Accruals and Deferrals | | | 1,171,031 | 1,171,031 |
| On demand deposits | | | (5,643,675) | (5,643,675) |
| Taxes | | | 0 | 0 |
| Current accounts - co-insurance | | | 6,392,647 | 6,392,647 |
| Inventories | | | 0 | 0 |
| | | | 0,01 | |
| Total | (9,604,796) | 57,837,235 | (2,175,552) | 46,056,886 |

Details of variations per Line of business:

MZN

| Non-life technical provisions | 2017 | | | |
|-------------------------------|--------------------|----------------------|-----------------------------|---------------------|
| | Claims provision | | Unearned premiums provision | |
| | Direct insurance | Reinsurance ceded | Direct insurance | Reinsurance ceded |
| Non-Life | | | | |
| Workmen's Compensation | 0 | (1,794,967) | 0 | 0 |
| Personal Accidents and Health | 0 | (114,764) | 267,957 | (115,919) |
| Fire and other damages | 1,883,505 | (1,898,483) | 8,379,009 | (3,627,207) |
| Motor | 2,572,475 | (852,685) | 1,881,817 | 0 |
| Marine Hull | 112,931,352 | (112,930,410) | (264,053) | 324,486 |
| Aerial | 33,702 | (87,973) | 512,958 | (174,111) |
| Transport | 2,073,352 | (2,075,082) | 455,006 | (312,022) |
| Civil Responsibility | 1,683,202 | (1,551,264) | 1,461,395 | (682,006) |
| Miscellaneous | 3,873,297 | (3,515,556) | 17,076,565 | (14,578,671) |
| Total | 125,050,885 | (124,821,184) | 29,770,655 | (19,165,450) |

MZN

| Technical Provisions for Life Business | 2017 | | | |
|--|------------------|-------------------|------------------------|-------------------|
| | Claims provision | | Mathematical Provision | |
| | Direct insurance | Reinsurance ceded | Direct insurance | Reinsurance ceded |
| Life | | | | |
| Annuities | 0 | 0 | 515,860 | 0 |
| Capitalization | 190,146 | 0 | 68,665,035 | 0 |
| Life Risk | 238,000 | (798,012) | 114,534 | (48,040) |
| Total | 428,146 | (798,012) | 69,295,429 | (48,040) |

The balances of monetary assets/liabilities denominated in foreign currency are revalued to meticaís 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 | 31.12.2018 | 31.12.2017 |
|------------------------|------------|------------|
| USD | 61.47 | 59.02 |
| ZAR | 4.28 | 4.79 |
| EUR | 70.25 | 70.70 |

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 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.

The negative amount of MZN 413,181,668, recorded as of 31 December 2017, 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 | 2018 | 2017 |
|-------------------------------|-------------------|--------------------|
| Non-Life | | |
| Workmen's Compensation | -3,482,558 | 5,882,456 |
| Personal Accidents and Health | 635,135 | -765,501 |
| Fire and other damages | -5,048,308 | -5,398,569 |
| Motor | 25,108,642 | -21,130,263 |
| Marine Hull | 57,448 | -437,822 |
| Aerial | 563 | 161,483 |
| Transport | 2,971,120 | -2,835,840 |
| Civil Responsibility | 334,429 | 630,966 |
| Miscellaneous | -2,311,981 | -399,739 |
| Life | 7,642,645 | -9,019,202 |
| Grand Total | 25,907,136 | -33,312,031 |

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

| | 2018 | | | 2017 | | |
|---|--------------------|-------------------------|--------------------|--------------------|-------------------------|--------------------|
| | Technical account | Non - technical account | Total | Technical account | Non - technical account | Total |
| Claims cost (see Note 7) | 29,046,834 | 0 | 29,046,834 | 29,207,230 | 0 | 29,207,230 |
| Acquisition expenses (see Note 6) | 74,669,686 | 0 | 74,669,686 | 71,450,596 | 0 | 71,450,596 |
| Administrative costs (see Note 6) | 283,619,713 | 0 | 283,619,713 | 272,102,226 | 0 | 272,102,226 |
| Investment management fees (see Note 8) | 1,721,439 | 0 | 1,721,439 | 1,915,031 | 0 | 1,915,031 |
| Totals | 389,057,672 | 0 | 389,057,672 | 374,675,084 | 0 | 374,675,084 |

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

MZN

| Imputable costs by nature | 2018 | 2017 |
|---|--------------------|--------------------|
| <i>Staff costs</i> | 222,405,375 | 216,861,658 |
| Governing bodies remuneration | 47,729,953 | 48,780,419 |
| Staff remuneration | 157,377,810 | 148,409,889 |
| Charges on remuneration | 7,120,861 | 6,519,670 |
| Post-employment benefits | -1,407,000 | 6,387,876 |
| Other employees' long term benefits | 2,855,949 | 1,476,701 |
| Compulsory insurance | 1,401,045 | 1,317,778 |
| Social action expenses | 4,758,941 | 3,868,187 |
| Other Staff costs | 2,567,817 | 101,137 |
| <i>External supplies and services</i> | 140,803,300 | 133,375,975 |
| Specialised work | 59,850,117 | 58,416,072 |
| Advertising and marketing | 18,266,159 | 16,571,357 |
| Annuities and rents | 8,530,234 | 9,393,364 |
| Insurance | 8,787,316 | 11,526,113 |
| Maintenance and repairs | 11,053,040 | 8,228,795 |
| Independent work expenses | 5,171,094 | 7,381,231 |
| Fuel | 4,708,853 | 3,816,931 |
| Communications | 4,897,879 | 4,578,799 |
| Security and surveillance | 4,936,109 | 4,071,397 |
| Representation expenses | 4,411,992 | 1,279,923 |
| Others | 10,190,507 | 8,111,994 |
| <i>Taxes and fees</i> | 1,801,018 | 1,924,756 |
| <i>Amortisation/depreciation for the period</i> | 23,825,811 | 21,989,491 |
| Intangible assets (see Note 21) | 5,901,726 | 4,548,117 |
| Tangible assets (see Note 20) | 17,924,085 | 17,441,374 |
| <i>Other Provisions</i> | 0 | 0 |
| <i>Interest expenses</i> | 0 | 0 |
| <i>Commissions</i> | 222,168 | 523,204 |
| Total Imputable costs by nature | 389,057,672 | 374,675,084 |

Over the course of 2018, Seguradora Internacional de Moçambique had an average of 158 employees (2017: 155 employees), distributed over the professional categories shown in the table below.

| Average number of employees by professional category | 2018 | 2017 |
|--|------|------|
| Executive management | 11 | 10 |
| Senior management | 16 | 16 |
| Middle management | 15 | 15 |
| Highly qualified professionals | 1 | 1 |
| Qualified professionals | 96 | 94 |
| Semi-qualified professionals | 14 | 14 |
| Others | 5 | 5 |
| Total | 158 | 155 |

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 | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Cash | 0 | 0 |
| On demand deposits | 40,975,839 | 75,007,953 |
| Term deposits with maturity below 90 days | 1,055,840,00 | 1,434,132,319 |
| Total | 1,096,815,839 | 1,509,140,272 |

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 Meticaïs and 650,850 Meticaïs, 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 | | | | | | | | | |
|---------------------------|-------------|------------------------|--------------------|---|---------------|---------------|-------------|--------------|--------------|
| 2017 | | | | | | | | | |
| Liability Company Address | Head Office | Percentage Equity held | Value of the Stake | Parent company | Equity | Assets | Liabilities | Net result | 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 |

MZN

| 2016 | | | | | | | | | |
|---------------------------|-------------|------------------------|--------------------|---|--------------------|---------------------|--------------------|-------------------|--------------------|
| Liability Company Address | Head Office | Percentage Equity held | Value of the Stake | Parent company | Equity | Assets | Liabilities | Net result | Total income |
| Constellation | Maputo | 20.00 % | 210,700,000 | SOGEX, S.A | | | | | |
| Beira Nave | Beira | 22.84 % | 650,850 | Pescamar, Lda, Sociedade de Pesca de Mariscos | 2 67,816,50 | 23 332,826,0 | 265,009,521 | -7,890,818 | 254,895,138 |
| Total | - | - | 211,350,850 | - | 2 67,816,50 | 23 332,826,0 | 265,009,521 | -7,890,818 | 254,895,138 |

Note 19 – Financial assets available for sale

This heading is broken down as follows:

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 | |

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

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

Note 20 – Held-to-maturity investments

This heading is broken down as follows:

| 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 | |

| 2017 | 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 | 1,555,203,357 | 50,578,682 | 0 | 0 | 0 | 0 | 1,323,330,688 | 282,451,352 | Nominal amount - equivalent to fair value – Level 1 |
| Issued by other issuers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Balance | 1,555,203,357 | 50,578,682 | 0 | 0 | 0 | 0 | 1,323,330,688 | 282,451,352 | |

Note 21 – Loans and account receivables

This heading is broken down as follows:

| | MZN | |
|--------------------------------|-------------------|--------------------|
| | 2018 | 2017 |
| Term deposits in MZN - Capital | 21,831,154 | 40,896,154 |
| Term deposits in USD - Capital | 38,671,447 | 62,830,776 |
| Term deposits in EUR - Capital | 0 | 0 |
| Term deposits in ZAR - Capital | 1,498,000 | 0 |
| Total | 62,000,601 | 103,726,930 |

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 10.25% and have maturities between 303 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 2.50% for USD, from 0.48% to 1% for EUR and 5% for ZAR. Regarding maturities, the Term deposits in foreign currency have long maturities, between 113 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 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.; and
- CPU Consultores Moçambique, Lda.

| | Value as of 31.12.2017 | Increases | | Reductions | | Revaluation balancing item per | 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 |

In 2017, 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.; and
- Real Estate Consulting, Lda.

MZN

| | Value as of 31.12.2016 | Increases | | Reductions | | Revaluation per balancing item | | Value as of 31.12.2017 |
|-----------------|---------------------------|--------------|--------------|---------------|-----------------------------|--------------------------------|---|---------------------------|
| | | Acquisitions | Improvements | Amortisations | Disposals and write-offs | from earnings | From share in the assigned income | |
| Buildings | 3,653,628,489 | 105,835,035 | 0 | 861,664 | 0 | -413,181,668 | -152,633,610 | 3,192,786,582 |
| Held for income | 3,614,443,661 | 79,028,327 | 0 | 0 | 0 | -413,181,668 | -152,633,610 | 3,127,656,710 |
| For own use | 39,184,828 | 26,806,707 | 0 | 861,664 | 0 | 0 | 0 | 65,129,872 |

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

MZN

| | 2018 | | | 2017 | | |
|-----------------------------|------------|------------|---------------|------------|------------|---------------|
| | Life | Non-Life | Final Balance | Life | Non-Life | Final Balance |
| Property rents (see note 7) | 10,401,579 | 69,965,787 | 80,367,366 | 42,266,379 | 38,644,074 | 80,910,453 |

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

MZN

| | 2018 | | | 2017 | | |
|--|------|-----------|---------------|------|----------|---------------|
| | Life | Non-Life | Final Balance | Life | Non-Life | Final Balance |
| Repairs, maintenance and other expenses | 0 | 1,399,449 | 0 | 0 | 0 | 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 31.12.2017 | | | 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 |

MZN

| | Balance on 31.12.2016 | | | Increases | Reductions | Depreciations | | Balance on 31.12.2017 | | |
|------------------------------------|-----------------------|-------------------|-------------------|-------------------|------------------------|--------------------|-------------------|-----------------------|-------------------|-------------------|
| | Gross value | Depreciations | Net value | Acquisitions | Transfers & Write-offs | Adjustments | Additions | Gross value | Depreciations | Net value |
| Office equipment | 12,268,388 | 4,700,599 | 7,567,790 | 159,722 | 0 | 0 | 1,063,711 | 12,428,110 | 5,764,310 | 6,663,800 |
| Machines, appliances and tools | 3,361,592 | 3,160,187 | 201,404 | 50,769 | 0 | 0 | 53,979 | 3,412,361 | 3,214,167 | 198,194 |
| IT Equipment | 14,640,505 | 11,853,195 | 2,787,309 | 2,772,720 | 0 | 0 | 1,023,038 | 17,413,225 | 12,876,233 | 4,536,991 |
| Internal facilities | 6,769,768 | 4,063,421 | 2,706,346 | 0 | 0 | 0 | 727,583 | 6,769,768 | 4,791,004 | 1,978,763 |
| Transport material | 58,111,598 | 27,428,548 | 30,683,050 | 10,103,333 | 4,263,142 | (3,228,142) | 12,143,715 | 63,951,789 | 36,344,122 | 27,607,668 |
| Other tangible assets | 13,484,994 | 7,980,543 | 5,504,450 | 914,710 | 0 | 0 | 1,567,683 | 14,399,704 | 9,548,227 | 4,851,477 |
| Total Other tangible assets | 108,636,843 | 59,186,494 | 49,450,350 | 14,001,254 | 4,263,142 | (3,228,142) | 16,579,711 | 118,374,955 | 72,538,063 | 45,836,894 |
| Inventories | 1,544,450 | 0 | 1,544,450 | 13,770 | 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 31.12.2017 | | | 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 |

MZN

| | Balance on 31.12.2016 | | | Increases | Reductions | | Amortisations | | Balance on 31.12.2017 | | |
|--------------|-----------------------|-------------------|-------------------|------------------|------------------------|-------------|---------------|------------------|-----------------------|-------------------|-------------------|
| | Gross value | Amortisations | Net value | Acquisitions | Transfers & Write-offs | Divestments | Adjustments | Additions | Gross value | Amortisations | Net value |
| Software | 82,649,756 | 51,189,480 | 31,460,276 | 2,954,610 | 1,579,937 | 0 | 0 | 4,548,117 | 84,024,428 | 55,737,597 | 28,286,831 |
| Total | 82,649,756 | 51,189,480 | 31,460,276 | 2,954,610 | 1,579,937 | 0 | 0 | 4,548,117 | 84,024,428 | 55,737,597 | 28,286,831 |

Note 25 – Technical Provisions, net of reinsurance ceded

This heading is broken down as follows:

MZN

| Technical Provisions, net of reinsurance ceded | 2018 | | | 2017 | | |
|--|---|--------------------|----------------------|---|--------------------|----------------------|
| | Direct insurance and accepted reinsurance | Reinsurance ceded | Net | Direct insurance and accepted reinsurance | Reinsurance ceded | Net |
| Unearned premiums provision | 549,936,736 | 97,968,499 | 451,968,237 | 607,637,708 | 116,011,128 | 491,626,580 |
| Life mathematical provision | 333,903,514 | (2,413,082) | 336,316,596 | 2,662,209,821 | (1,576,887) | 2,663,786,708 |
| Claims provision | 981,194,270 | 274,141,699 | 707,052,571 | 1,268,851,198 | 796,311,072 | 472,540,126 |
| Of Life business | 25,205,731 | 3,279,939 | 21,925,791 | 72,981,491 | 7,910,334 | 65,071,157 |
| Of Non-Life business | 955,988,539 | 270,861,760 | 685,126,780 | 1,195,869,707 | 788,400,738 | 407,468,969 |
| Profit share provision | 111,769,642 | 0 | 111,769,642 | 941,300,520 | 0 | 941,300,520 |
| Claims-rate deviation provision | 0 | 0 | 0 | 0 | 0 | 0 |
| Unexpired risks provision | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1,976,804,163 | 369,697,117 | 1,607,107,046 | 5,479,999,247 | 910,745,313 | 4,569,253,934 |

The provisions for unearned premiums are analysed as follows:

MZN

| Unearned premiums provision | 2018 | | | 2017 | | |
|-------------------------------|---|-------------------|--------------------|---|--------------------|--------------------|
| | Direct insurance and accepted reinsurance | Reinsurance ceded | Net | Direct insurance and accepted reinsurance | Reinsurance ceded | Net |
| Non-Life | | | | | | |
| Workmen's Compensation | 22,405,681 | 0 | 22,405,681 | 17,628,798 | 49,633 | 17,579,166 |
| Personal Accidents and Health | 207,015,789 | 2,043,230 | 204,972,560 | 250,609,685 | 1,851,886 | 248,757,799 |
| Fire and other damages | 81,326,853 | 60,683,742 | 20,643,111 | 68,198,684 | 46,293,749 | 21,904,936 |
| Motor | 187,561,882 | 1,377,128 | 186,184,754 | 186,646,763 | 0 | 186,646,763 |
| Marine Hull | 3,118,830 | 2,313,190 | 805,640 | 2,779,944 | 2,339,607 | 440,337 |
| Aerial | 2,370,848 | 1,108,806 | 1,262,042 | 2,276,353 | 1,064,610 | 1,211,743 |
| Transport | 6,015,708 | 4,894,875 | 1,120,833 | 5,453,259 | 4,102,243 | 1,351,016 |
| Civil Responsibility | 6,874,772 | 3,358,361 | 3,516,411 | 5,291,661 | 2,890,425 | 2,401,236 |
| Miscellaneous | 33,246,374 | 22,189,168 | 11,057,206 | 68,752,560 | 57,418,975 | 11,333,585 |
| Total | 549,936,736 | 97,968,499 | 451,968,237 | 607,637,708 | 116,011,128 | 491,626,580 |

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

MZN

| Mathematical Provision | 2018 | | | 2017 | | |
|------------------------|---|--------------------|--------------------|---|--------------------|----------------------|
| | Direct insurance and accepted reinsurance | Reinsurance ceded | Net | Direct insurance and accepted reinsurance | Reinsurance ceded | Net |
| Life | | | | | | |
| Annuities | 0 | 0 | 0 | 1,076,102,411 | 0 | 1,076,102,411 |
| Capitalization | 33,678,023 | 0 | 33,678,023 | 1,296,555,710 | 0 | 1,296,555,710 |
| Life Risk | 300,225,492 | (2,413,082) | 302,638,573 | 289,551,700 | (1,576,887) | 291,128,587 |
| Total | 333,903,514 | (2,413,082) | 336,316,596 | 2,662,209,821 | (1,576,887) | 2,663,786,708 |

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 |

| | Mathematical Provision movement during 2017 | | | | | |
|----------------|---|---|-------------|--|---------------------|------------------------------------|
| | 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 | 1,028,676,837 | 0 | | 47,425,574 | 0 | 1,076,102,411 |
| Capitalization | 1,360,729,681 | 75,093,506 | | (71,001,404) | (68,266,073) | 1,296,555,710 |
| Life Risk | 340,309,472 | 0 | | (49,728,415) | (1,029,356) | 289,551,701 |
| Total | 2,729,715,990 | 75,093,506 | 0 | (73,304,246) | (69,295,429) | 2,662,209,821 |

The provision for claims is analysed as follows:

MZN

| Claims provision | 2018 | | | 2017 | | |
|-------------------------------|---|--------------------|--------------------|---|--------------------|--------------------|
| | Direct insurance and accepted reinsurance | Reinsurance ceded | Net | Direct insurance and accepted reinsurance | Reinsurance ceded | Net |
| Life | | | | | | |
| Annuities | 0 | 0 | 0 | 4,233,435 | 0 | 4,233,435 |
| Capitalization | 210,803 | 0 | 210,803 | 273,289 | 0 | 273,289 |
| Life Risk | 24,994,928 | 3,279,939 | 21,714,989 | 68,474,767 | 7,910,334 | 60,564,433 |
| Non-Life | | | | | | |
| Workmen's Compensation | 458,932,048 | 14,419,748 | 444,512,300 | 514,449,052 | 398,126,935 | 116,322,117 |
| Personal Accidents and Health | 21,953,665 | 3,225,131 | 18,728,534 | 24,607,972 | 33,863,731 | (9,255,759) |
| Fire and other damages | 25,393,722 | 19,377,931 | 6,015,791 | 28,192,398 | 20,706,628 | 7,485,770 |
| Motor | 210,474,511 | 5,798,066 | 204,676,445 | 284,009,411 | 5,566,973 | 278,442,438 |
| Marine Hull | 178,986,412 | 178,076,072 | 910,341 | 251,487,182 | 250,576,222 | 910,960 |
| Aerial | 250,000 | 598,198 | (348,198) | 250,000 | 574,355 | (324,355) |
| Transport | 11,671,793 | 9,487,611 | 2,184,183 | 27,013,584 | 24,804,570 | 2,209,014 |
| Civil Responsibility | 4,321,055 | 3,032,188 | 1,288,867 | 4,828,275 | 2,900,393 | 1,927,883 |
| Miscellaneous | 44,005,333 | 36,846,816 | 7,158,517 | 61,031,833 | 51,280,930 | 9,750,903 |
| Total | 981,194,270 | 274,141,699 | 707,052,571 | 1,268,851,198 | 796,311,072 | 472,540,126 |

The provision for profit sharing is analysed as follows:

MZN

| Profit share provision | 2018 | | | 2017 | | |
|-------------------------------|---|-------------------|--------------------|---|-------------------|--------------------|
| | Direct insurance and accepted reinsurance | Reinsurance ceded | Net | Direct insurance and accepted reinsurance | Reinsurance ceded | Net |
| Life | | | | | | |
| Attributable provision | | | | | | |
| Annuities | 0 | 0 | 0 | 187,112,101 | 0 | 187,112,101 |
| Capitalization | 0 | 0 | 0 | 337,707,532 | 0 | 337,707,532 |
| Life Risk | 0 | 0 | 0 | 0 | 0 | 0 |
| Attributed provision | | | | | | |
| Annuities | 0 | 0 | 0 | 44,246,646 | 0 | 44,246,646 |
| Capitalization | 0 | 0 | 0 | 243,870,242 | 0 | 243,870,242 |
| Life Risk | 53,141,240 | 0 | 53,141,240 | 58,915,291 | 0 | 58,915,291 |
| Non-Life | | | | | | |
| Attributed provision | | | | | | |
| Workmen's Compensation | 792,880 | 0 | 792,880 | 700,959 | 0 | 700,959 |
| Personal Accidents and Health | 50,643,250 | 0 | 50,643,250 | 61,555,476 | 0 | 61,555,476 |
| Miscellaneous | 7,192,272 | 0 | 7,192,272 | 7,192,272 | 0 | 7,192,272 |
| Total | 111,769,642 | 0 | 111,769,642 | 941,300,520 | 0 | 941,300,520 |

MZN

| | Profit Sharing Provision movement during 2018 | | | | | | |
|------------------------|---|------------------------|---|--------------------------------|----------------------|--|------------------------------------|
| | 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 | 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 |

MZN

| | Profit Sharing Provision movement during 2017 | | | | | | |
|------------------------|---|----------------------|---|--------------------------|-------------|---|------------------------------------|
| | 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 | 629,183,440 | (104,363,806) | 0 | 0 | 0 | 0 | 524,819,634 |
| Attributed provision | 96,389,969 | (77,765,371) | (75,093,506) | 0 | 0 | 403,501,087 | 347,032,179 |
| Subtotal | 725,573,409 | (182,129,177) | (75,093,506) | 0 | 0 | 403,501,087 | 871,851,813 |
| Non-Life | | | | | | | |
| Attributable provision | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Attributed provision | 56,349,345 | (92,685,615) | 0 | 0 | 0 | 105,784,977 | 69,448,707 |
| Subtotal | 56,349,345 | (92,685,615) | 0 | 0 | 0 | 105,784,977 | 69,448,707 |
| Total | 781,922,754 | (274,814,792) | (75,093,506) | 0 | 0 | 509,286,064 | 941,300,520 |

Note 26 – Other receivables due to insurance and other operations

This heading is broken down as follows:

MZN

| | 2018 | 2017 |
|---|--------------------|--------------------|
| Accounts receivable for direct reinsurance operations | | |
| Insurance policyholders | 304,119,545 | 475,434,376 |
| Insurance brokers | 16,125,466 | 5,783,313 |
| Co-insurers | 103,137,940 | 113,845,758 |
| | 423,382,952 | 595,063,448 |
| Adjustment of premiums receivable | (73,242,509) | (99,149,644) |
| | 350,140,443 | 495,913,803 |
| Accounts receivable for reinsurance operations | | |
| Other reinsurers | 92,414,173 | 26,144,004 |
| Accounts receivable for other operations | | |
| Other debtors | 65,626,560 | 43,564,173 |
| | | |
| Total | 508,181,176 | 565,621,981 |

The breakdown of the adjustment account shows the following evolution:

MZN

| | Balance on 31.12.2016 | Allocation | Use | Balance on 31.12.2017 | Allocation | Use | Balance on 31.12.2018 |
|-----------------------------------|-----------------------|------------------|----------|-----------------------|--------------------|----------|-----------------------|
| Adjustment of premiums receivable | 65,837,613 | 7,404,895 | 0 | 73,242,509 | -25,907,136 | 0 | 47,335,373 |
| Total | 65,837,613 | 7,404,895 | 0 | 73,242,509 | -25,907,136 | 0 | 47,335,373 |

Note 27 – Current taxes and deferred taxes

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

| MZN | | |
|--|--------------------|--------------------|
| | 2018 | 2017 |
| Income tax receivable | | |
| Estimated income tax | 0 | (48,975,620) |
| Payments on account | 0 | 101,619,000 |
| Retention | 0 | 66,352,919 |
| Other Taxes | 0 | 53,815,264 |
| Current tax assets | 0 | 172,811,564 |
| Seniority bonus | 2,506,836 | 2,506,836 |
| Deferred tax assets | 2,506,836 | 2,506,836 |
| Tax assets | 2,506,836 | 175,318,399 |
| Income tax payable | | |
| Estimated income tax | 112,098,200 | 0 |
| Payments on account | (5,256,000) | 0 |
| Retention | (69,500,143) | 0 |
| Other Taxes | | |
| Stamp duty | 9,467,012 | 17,046,733 |
| Supervision fee | 1,914,820 | 1,715,846 |
| Others | 31,954,774 | 15,592,402 |
| Current tax liabilities | 80,678,662 | 34,354,980 |
| Unrealised investment gains (equity) | 7,236,118 | 6,992,174 |
| Fair value variation of properties allocated to portfolios without profit sharing (investment properties) | 514,305,830 | 547,612,793 |
| 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 | 12,734,109 | 7,803,229 |
| Deferred tax liabilities | 546,265,196 | 574,397,334 |
| Tax liabilities | 626,943,859 | 608,752,315 |

The movement of deferred tax was recognised as follows:

| MZN | | | | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | 2018 | 2017 | | |
| | Recognised in the P&L account | Recognised in the Fair Value Reserve | Recognised in the P&L account | Recognised in the Fair Value Reserve |
| Seniority bonus | | | | |
| Unrealised investment gains (equity) | | 243,944 | | 4,217,975 |
| Fair value variation of properties allocated to portfolios without profit sharing (investment properties) | -33,306,962 | | -140,160,635 | |
| Realised gains recognised under retained earnings at the transition date (investment properties and term deposits) | | | | |
| Actuarial deviations arising from the liabilities of SIM pension fund | | 4,930,880 | | 7,803,229 |
| Deferred Tax Assets/(Liabilities) | (33,306,962) | 5,174,824 | (140,160,635) | 12,021,204 |

Income tax is analysed as follows:

| | MZN | |
|--|--------------------|-------------------|
| | 2018 | 2017 |
| Current tax | 302,047,280 | 220,044,996 |
| Deferred tax | (33,746,400) | (132,218,141) |
| Total tax recognised in the P&L Account | 268,300,880 | 87,826,856 |

The effective tax rate forecast by Seguradora Internacional de Moçambique for the year is approximately 24.63% (2017: 14.77%), 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 | | | |
|---|--------------------|---------------|-------------------|---------------|
| | 2018 | | 2017 | |
| | Tax | Rate | Tax | Rate |
| IRPC on pre-tax income | 348,602,976 | 32% | 190,338,569 | 32% |
| Tax adjustments: | | | | |
| Impact of non-deductible costs | 3,801,246 | | 3,202,128 | |
| Deduction of income from securities listed for trading on the Stock Exchange taxed at source * | (178,998,516) | | (235,619,939) | |
| Deduction of Fair value variation of properties allocated to portfolios without profit sharing (investment properties) | 33,746,400 | | 132,218,141 | |
| Refund of Taxes already levied | 0 | | (17,220,885) | |
| IRPC on income from securities listed for trading on the stock exchange | 94,895,174 | 20% | 147,126,982 | 20% |
| Deferred tax liability related to the fair value variation of properties allocated to portfolios without profit sharing (investment properties) | (33,746,400) | | (132,218,141) | |
| Income tax for the period | 268,300,880 | 24.63% | 87,826,856 | 14.77% |

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

Note 28 – Accruals and Deferrals

This heading is broken down as follows:

| | MZN | |
|-----------------------------------|--------------------|--------------------|
| | 2018 | 2017 |
| Accruals and deferrals receivable | | |
| Interest receivable | 168,797,742 | 125,484,741 |
| Other accruals and deferrals | 1,023,539 | 867,513 |
| | 169,821,281 | 126,352,254 |
| Accruals and deferrals payable | | |
| Remunerations and charges payable | 101,260 | 62,921 |
| Other accruals and deferrals | 87,615,966 | 79,866,706 |
| | 87,717,227 | 79,929,627 |

Note 29 – Benefits granted to employees

This heading is broken down as follows:

| | Thousand MZN | |
|---|---------------|---------------|
| | 2018 | 2017 |
| Assets for Post-employment benefits and Other long-term benefits | 0 | 0 |
| Liabilities for Post-employment benefits and Other long-term benefits | | |
| Post-employment benefits | 0 | 0 |
| Seniority bonus | 12,969 | 11,446 |
| | 12,969 | 11,446 |

- 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, after the review of Seguradora Internacional de Moçambique's Collective Contract.

The actuarial valuation of the liabilities related to supplementary retirement pensions is carried out annually; with the last one dated 31 December 2018,

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

| Number of participants | 2018 | 2017 |
|-------------------------|------|------|
| Active | 95 | 104 |
| Retirees and pensioners | 0 | 0 |

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

| | 2018 | 2017 |
|---------------------------------|-----------------------|-----------------------|
| Discount rate | 10.00% | 14.31% |
| Salary growth rate | 5.50% | 10.57% |
| Expected yield rate of the fund | 10.00% | 14.31% |
| Pension growth rate | | |
| Mortality table: | | |
| Men | SA 85 - 90 | PF60/64 |
| Women | SA 85 - 90 | PF60/64 |
| Actuarial method | Projected Unit Credit | Projected Unit Credit |

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

Thousands MZN

| | 2018 | | | 2017 | | |
|----------------------------------|---------------|-----------------|--------------|---------------|-----------------|--------------|
| | Pension Plans | Other benefits | Total | Pension Plans | Other benefits | Total |
| Liabilities related to benefits* | (81,208) | (12,969) | (94,177) | (77,072) | (11,446) | (88,518) |
| Fair value of the assets** | 103,493 | 0 | 103,493 | 95,792 | 0 | 95,792 |
| Net value | 22,286 | (12,969) | 9,316 | 18,720 | (11,446) | 7,274 |

* 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

| | 2018 | 2017 |
|--|---------------|---------------|
| Liabilities as of 1 January | 77,072 | 84,040 |
| Current service cost | 3,951 | 5,368 |
| Interest cost | 9,904 | 6,402 |
| Benefits paid by the Fund or the Group | 0 | (3,978) |
| Actuarial (gains)/ losses | (7,813) | (14,760) |
| Group rotations | (1,907) | 0 |
| Liabilities as of 31 December | 81,208 | 77,072 |

The amounts recognised as costs/income are as follows:

Thousand MZN

| | 2018 | 2017 |
|------------------------------------|--------------|--------------|
| Current service cost | 3,951 | 5,368 |
| Interest cost | 9,904 | 6,402 |
| Expected yield rate of the fund | (9,904) | (5,382) |
| Cost for the financial year | 3,951 | 6,388 |

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

Thousand MZN

| | 2018 | 2017 |
|---|----------------|---------------|
| Balance on 1 January | 95,792 | 71,287 |
| Company's contributions | 5,470 | 13,476 |
| Benefits paid by the fund | (1,907) | (3,978) |
| Expected yield rate of the fund | 9,904 | 5,382 |
| Actuarial (gains)/ losses of the assets | (5,766) | 9,625 |
| TT assoc. rotations in the group | 0 | 0 |
| Balance on 31 December | 103,493 | 95,792 |

The actuarial gains and losses are analysed as follows:

Thousand MZN

| | 2018 | 2017 |
|---|----------------|----------------|
| Actuarial (gains)/ losses at the start of the period | (7,530) | 16,855 |
| Actuarial (gains)/ losses of the liabilities | (7,813) | (14,760) |
| Actuarial (gains)/ losses of the assets | 5,766 | (9,625) |
| Actuarial (gains)/ losses at the end of the period | (9,577) | (7,530) |

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

Thousand MZN

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------------|---------------|---------------|-----------------|----------------|------------|
| Liabilities related to benefits | (81,208) | (77,072) | (84,040) | (70,534) | (52,650) |
| Fair value of the assets | 103,493 | 95,792 | 71,287 | 67,369 | 52,934 |
| Net value | 22,286 | 18,720 | (12,753) | (3,165) | 284 |

The assets are broken down as follows:

Thousand MZN

| | 2018 | 2017 |
|-------------------------|----------------|---------------|
| Fixed income securities | 95,204 | 94,058 |
| On demand deposits | 8,290 | 1,734 |
| Total | 103,493 | 95,792 |

- 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 are 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

| | 2018 | 2017 |
|-----------------|--------|--------|
| Seniority bonus | 12,969 | 11,446 |

Note 30 – Other creditors for insurance operations and other operations

This section contains the following items:

| | 2018 | 2017 |
|--|--------------------|--------------------|
| Accounts payable for direct insurance operations | | |
| Policyholders | 31,150,605 | 43,650,000 |
| insurance intermediaries | 68,136,377 | 52,673,151 |
| Co-insurers | 100,564,271 | 133,345,501 |
| | 199,851,253 | 229,668,653 |
| Accounts payable for reinsurance operations | | |
| Other reinsurers | 126,811,437 | 236,563,279 |
| | 126,811,437 | 236,563,279 |
| Accounts payable for other operations | | |
| Other creditors | 19,065,680 | 14,426,256 |
| Other creditors-Group companies (BIM) | -12,969,434 | -11,446,238 |
| | 6,096,246 | 2,980,018 |
| Total | 332,758,936 | 469,211,950 |

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 2018, for the amount of 147.500.000 MZN, represented by 1.475.000 shares with a nominal value of 100 MZN, is fully underwritten and paid up.

MZN

| | 2018 | 2017 |
|--------------------------------|-----------|-----------|
| Nr. of shares as 1st January | 1,475,000 | 1,475,000 |
| Nr. of shares as 31st December | 1,475,000 | 1,475,000 |

In 2018, the shareholder structure of Seguradora Internacional de Moçambique, S.A became the following:

MZN

| | Number of shares | Holding percentage |
|---|------------------|--------------------|
| BIM - Banco Internacional de Moçambique, S.A. | 1,356,948 | 92.00% |
| PT Participações, SGPS, S.A. | 86,068 | 5.84% |
| FDC – Fundação para o Desenvolvimento da Comunidade | 30,716 | 2.08% |
| Remaining Shareholders | 1,268 | 0.09% |
| Total | 1,475,000 | 100.00% |

The appropriation of income for 2017 was carried out as follows:

MZN

| Net Income Appropriation | 2017 |
|---------------------------|-----------------|
| Net income for the period | 506,981,173 |
| Appropriation: | |
| Legal Reserve Fund | 0 |
| Free Reserves | 315,177,882,76 |
| Retained Earnings | -280,963,534,24 |
| Dividends | 472,766,824,15 |

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 320.52 MZN.

The table below presents the details of the dividends paid, in 2018 (related to the 2017 incomes), to each shareholder:

| Shareholder | % Share Capital | MZN Dividends |
|--|-----------------|--------------------|
| | | |
| BIM - Banco Internacional de Mocambique, S.A | 92.00% | 434,928,811 |
| PT Participações, SGPS, S.A | 5.84% | 27,586,505 |
| FDC- Fundação para o Desenvolvimento da Comunidade | 2.08% | 9,845,089 |
| Remaining Shareholders | 0.09% | 406,419 |
| Total | 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 | |
|---------------|----------------------|----------------------|
| | 2018 | 2017 |
| Legal reserve | 147,500,000 | 147,500,000 |
| Free reserve | 1,993,500,316 | 1,667,844,313 |
| Issue premium | 8,258,661 | 8,258,661 |
| Total | 2,149,258,977 | 1,823,602,974 |

Net income for the year

Income per share stood at 557 Meticaís in 2018, compared with 334 Meticaís in 2017, having increased by 62%, due to the increase of net income for the year.

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 | |
|---------------|-------------------|-------------------|
| | 2018 | 2017 |
| Remunerations | 47,729,953 | 48,780,419 |
| Total | 47,729,953 | 48,780,419 |

Transactions with related parties during 2018 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 | 1,086,940,358 | 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 |
| Held to maturity investments | 0 | 0 | 0 | 0 | | 0 |
| Other Deposits | 62,000,601 | 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 reserve | (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 |

| 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 | 0 | 0 | 0 | 44,861,114 |
| Investment income | (192,625,000) | 0 | 0 | (769,228) | (191,793,755) | (385,187,983) |
| 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 | 0 | 0 | 0 | (447,683) |
| Total income / expenses | (72,367,066) | 1,626,942 | (447,683) | (769,228) | 41,042,609 | (30,914,427) |

Transactions with related parties during 2017 are analysed as follows:

MZN

| Balance | Millennium bim | Ocidental Seguros | Beira nave | Constellation | Post-employment benefits – BIM/SIM | Total |
|--|----------------------|-------------------|----------------|--------------------|------------------------------------|------------------------|
| Cash & cash equivalents & on demand deposits | 1,074,416,679 | 0 | 0 | 0 | 417,451,045 | 1,491,867,724 |
| 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 | 444,075,541 | 1,444,075,541 |
| Other Deposits | 0 | 0 | 0 | 0 | 282,451,352 | 282,451,352 |
| Buildings held for income | 106,859,249 | 0 | 0 | 0 | 0 | 106,859,249 |
| Other debtors | 0 | 0 | 0 | 0 | 703,859,781 | 703,859,781 |
| Interest receivable | 0 | 0 | 0 | 21,300,000 | 0 | 21,300,000 |
| Total Assets | 0 | 0 | 0 | 3,787,492 | 54,039,219 | 57,826,711 |
| | 2,181,275,928 | 0 | 650,850 | 235,787,492 | 1,901,876,938 | 4,319,591,208 |
| Life mathematical provision | | | | | | |
| Claims Reserves | 0 | 0 | 0 | 0 | (2,261,245,318) | (2,261,245,318) |
| Profit sharing provision | 38,878,562 | 0 | 0 | 0 | (4,233,435) | 34,645,127 |
| Accounts payable for direct insurance operations | (128,363,998) | 0 | 0 | 0 | (798,312,887) | (926,676,885) |
| Accounts payable for other operations | (3,442,252) | 0 | 0 | 0 | 0 | (3,442,252) |
| Total Liabilities | 0 | (372,369) | 0 | 0 | 0 | (372,369) |
| | (92,927,688) | (372,369) | 0 | 0 | (3,063,791,640) | (3,157,091,697) |
| Dividends distributed | 360,103,116 | | | | | 360,103,116 |

MZN

| Profit & Loss Account | Millennium bim | Ocidental Seguros | Beira nave | Constellation | Post-employment benefits – BIM/SIM | Total |
|---|--------------------|-------------------|------------|------------------|------------------------------------|--------------------|
| Earned premium, net of reinsurance | (127,867,328) | 0 | 0 | 0 | (8,527,410) | (136,394,738) |
| Claims costs, net of reinsurance | 108,210,437 | 0 | 0 | 0 | 315,380,640 | 423,591,077 |
| Life mathematical provision, net of reinsurance | 0 | 0 | 0 | 0 | (73,442,605) | (73,442,605) |
| Profit sharing, net of reinsurance | 164,700,268 | 0 | 0 | 0 | 329,962,161 | 494,662,429 |
| Net operating expenses | 39,310,754 | 3,310,250 | | | | 42,621,004 |
| Investment income | (42,166,667) | 0 | 0 | (769,039) | (398,088,552) | (441,024,258) |
| 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 | | 0 | 0 | 0 |
| Total income / expenses | 142,187,464 | 3,310,250 | 0 | (769,039) | 165,284,235 | 310,012,909 |

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 | |
| | <u>Exchange Rate Risk</u> | |

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 31.12.2018 | Impact on pre-tax income 31.12.2017 |
| Operating expenses- 10% | 41,050,319 | 41,525,733 |
| Claims cost+ 5% | (20,802,878) | (41,931,047) |

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 account the historical data on recorded losses. A large and varied number of performance indicators and statistical analyses are used for this purpose, in order to improve the subscription rules, improve the experience in terms of losses and/or ensure the adequate adjustment of prices.

Pricing

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

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

- The estimated costs of claims and other benefits payable to the insured parties and their timings;
- The level of uncertainty associated to the costs;
- Other costs associated to the marketing of each product, such as distribution, marketing, policy management and claim management costs;
- Capital market conditions and inflation;
- Yield objectives;
- Insurance market conditions, namely the price of similar products offered by the 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 coverage level required by the insured party exceeds the internal subscription limits, or based on the portfolio (reinsurance through treaty), where the individual exposures of the insured parties are within the internal limits, but where there is an unacceptable risk of accumulation of claims, namely due to climate-related phenomena (natural disasters). The events noted above are directly related to atmospheric conditions as well as actual human activity. The selection of the reinsurers is mainly based on criteria related to the price and management of the credit risk of the counterpart.

The 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 | 1,750,000,000 |
| 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 |
| Third Party General Liability | 187,500,000 |
| Motor Third Party Liability | 125,000,000 |
| Motor - Own damage | 18,750,000 |
| Personal Accidents | 31,250,000 |
| Workplace accidents | 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, coverage 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:

| | Claims ratio | | Expense ratio | | Combined ratio | |
|------------------------------|--------------|------|---------------|------|----------------|------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| <i>Non-Life</i> | 28% | 40% | 30% | 28% | 59% | 68% |
| Workplace Accident | 1% | 58% | 32% | 29% | 33% | 88% |
| Personal Accident and Health | 45% | 38% | 24% | 19% | 70% | 57% |
| Fire and Allied Perils | 6% | 34% | 48% | 57% | 54% | 91% |
| Motor | 32% | 47% | 29% | 26% | 61% | 73% |
| Miscellaneous | 45% | -37% | 6% | 16% | 51% | -22% |
| Others | 2% | -2% | 73% | 61% | 75% | 60% |

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, in addition to the criteria used in the assessment of invalidity. This risk is managed through a regular review of the historical pattern of claims and expected future trends, as well as through the adjustment of prices, provisions and subscription policies, whenever justified. Seguradora Internacional de Moçambique also mitigates invalidity risk through the adoption of medical questionnaires that are appropriate and adjusted, and suitable reinsurance coverage.

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

MZN

| | 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) |
|--------------------------------|---|--|---|---------------------------------|
| Workplace Accident | (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) |
| Third Party 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) |

| 2017 | Claims provision as of 31/12/2016 (1) | Claims cost, amounts paid during the period (2) | Claims provision as of 31/12/2017 (3) | Readjustment (3) + (2) - (1) |
|--------------------------------|--|--|--|---------------------------------|
| Workplace Accident | (105,614,076) | 63,636,094 | (108,703,606) | 66,725,624 |
| Personal Accident and Health | (14,218,745) | 4,608,277 | (10,402,438) | 791,970 |
| Fire and Allied Perils | (34,416,395) | 43,350,277 | (21,588,295) | 30,522,178 |
| Motor | (239,323,796) | 81,798,046 | (153,603,137) | (3,922,612) |
| Maritime | (671,500,931) | 495,628,142 | (253,540,705) | 77,667,916 |
| Aviation | (730,890) | 0 | (250,000) | (480,890) |
| Transport | (3,941,635) | 1,307,919 | (7,073,337) | 4,439,621 |
| Third Party Liability | (10,829,290) | 4,876,242 | (3,083,738) | (2,869,310) |
| Miscellaneous | (45,853,021) | 890,995 | (3,098,136) | (41,863,890) |
| Total Non-Life Business | (1,126,428,778) | 696,095,992 | (561,343,392) | 131,010,607 |

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 | (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) |
| Third Party 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) |

MZN

| 2017 | Amounts paid – instalments (1) | Amounts paid - imputed claims management expenses (2) | Changes in claims provision (3) | Claims cost (4)=(1)+(2)+(3) |
|--------------------------------|-----------------------------------|---|--|--------------------------------|
| Workplace Accidents | (63,636,094) | (3,561,805) | (407,375,165) | (474,573,065) |
| Personal Accident and Health | (122,470,652) | (4,452,254) | (9,865,909) | (136,788,815) |
| Fire and Allied Perils | (60,161,493) | (2,671,452) | 6,104,418 | (56,728,526) |
| Motor | (249,598,285) | (15,137,667) | (46,057,843) | (310,793,795) |
| Marine Hull | (495,628,142) | (52) | 420,012,952 | (75,615,242) |
| Aviation | 0 | (3) | 480,890 | 480,888 |
| Transport | (3,415,728) | (20) | (23,071,949) | (26,487,698) |
| Third Party Liability | (6,377,862) | (20) | 6,014,784 | (363,098) |
| Miscellaneous | (17,175,093) | (80) | (15,178,812) | (32,353,985) |
| Total Non-Life Business | (1,018,463,351) | (25,823,352) | (68,936,633) | (1,113,223,335) |



The additional information by line of business is as follows:

MZN

| 2018 | Gross written premiums | Gross earned premiums | Gross claims cost | Gross operating expenses | Reinsurance |
|--------------------------------|---------------------------|--------------------------|----------------------|--------------------------------|--------------------|
| Workplace accidents | 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 |
| Third Party 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 |

| MZN | | | | | |
|--------------------------------|------------------------|-----------------------|------------------------|--------------------------|----------------------|
| 2017 | Gross written premiums | Gross earned premiums | Gross claims cost | Gross operating expenses | Reinsurance balance |
| Workplace accidents | 142.570.275 | 143.558.568 | (474.573.065) | (32.889.970) | (386.445.759) |
| Personal Accident and Health | 149,856,071 | 257,615,908 | (136,788,815) | (53,860,166) | (30,344,917) |
| Fire and Allied Perils | 247,894,924 | 269,100,421 | (56,728,526) | (80,001,688) | 127,586,104 |
| Motor | 620,358,295 | 634,357,427 | (310,793,795) | (139,509,280) | (12,151,294) |
| Marine Hull | 74,917,005 | 74,110,591 | (75,615,242) | (4,032,445) | (15,966,791) |
| Aviation | 3,707,326 | 4,251,863 | 480,888 | (1,609,128) | 1,399,950 |
| Transport | 29,151,793 | 31,252,968 | (26,487,698) | (8,697,545) | (12,610,087) |
| Third Party Liability | 28,545,064 | 27,718,804 | (363,098) | (6,051,546) | 13,660,412 |
| Miscellaneous | 116,019,920 | 141,903,540 | (32,353,985) | (26,467,595) | 22,126,779 |
| Total Non-Life Business | 1,413,020,674 | 1,583,870,091 | (1,113,223,335) | (353,119,362) | (292,745,603) |

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 ensures 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.

| | 2018 | | 2017 | |
|--|----------------------|-------------|----------------------|-------------|
| | Amount | % | Amount | % |
| <i>Investments in branches and associates</i> | <i>211,350,850</i> | <i>3%</i> | <i>211,350,850</i> | <i>3%</i> |
| <i>Financial assets held-to-maturity</i> | <i>295,244,987</i> | <i>5%</i> | <i>282,451,352</i> | <i>4%</i> |
| Bonds and other fixed income securities | 295,244,987 | 5% | 282,451,352 | 4% |
| From public debt | 295,244,987 | 5% | 282,451,352 | 4% |
| From other issuers | 0 | 0% | 0 | 0% |
| Variable yield securities - Shares | 0 | 0% | 0 | 0% |
| <i>Financial assets available for sale</i> | <i>2,158,809,813</i> | <i>34%</i> | <i>3,432,418,945</i> | <i>47%</i> |
| Bonds and other IVA refund securities | 2,119,422,299 | 33% | 3,400,241,316 | 46% |
| From public debt | 1,119,422,299 | 18% | 2,393,978,842 | 33% |
| From other issuers | 1,000,000,000 | 16% | 1,006,262,474 | 14% |
| Variable yield securities - Shares | 39,387,514 | 1% | 32,177,629 | 0% |
| <i>Loans and account receivables</i> | <i>62,000,601</i> | <i>1%</i> | <i>103,726,930</i> | <i>0%</i> |
| Term deposits | 62,000,601 | 1% | 103,726,930 | 0% |
| <i>Cash and cash equivalents and on demand deposits</i> | | | | |
| On demand deposits and term deposits with maturity below 90 days | 1,096,815,839 | 17% | 1,509,140,272 | 1% |
| <i>Buildings</i> | <i>2,379,967,160</i> | <i>37%</i> | <i>3,192,786,582</i> | <i>44%</i> |
| Buildings held for income | 2,316,563,149 | | 3,127,656,710 | |
| Buildings held for own use | 63,404,010 | | 65,129,872 | |
| <i>Interest receivable</i> | <i>168,797,742</i> | <i>3%</i> | <i>125,484,741</i> | <i>2%</i> |
| Total | 6,372,986,992 | 100% | 8,857,359,671 | 100% |

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

MZN

| | 2018 | | 2017 | |
|---|----------------------|-------------|----------------------|-------------|
| | Amount | % | Amount | % |
| Bonds and other fixed income securities | 295,244,987 | 5% | 282,451,352 | 4% |
| Bonds and other tax refund certificates | 2,119,422,299 | 33% | 3,400,241,316 | 46% |
| Variable yield securities - Shares | 250,738,364 | 4% | 243,528,479 | 3% |
| Term deposits and on demand deposits | 1,158,816,441 | 18% | 1,612,867,202 | 1% |
| Buildings | 2,379,967,160 | 37% | 3,192,786,582 | 44% |
| Interest receivable | 168,797,742 | 3% | 125,484,741 | 2% |
| Total | 6,372,986,992 | 100% | 8,857,359,671 | 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

| | 2018 | | 2017 | |
|------------------------|----------------------|-------------|----------------------|-------------|
| | Amount | % | Amount | % |
| Public Debt | 1,119,422,299 | 53% | 2,393,978,842 | 70% |
| Financial institutions | 1,000,000,000 | 47% | 1,006,262,474 | 30% |
| Communications | 0 | 0% | 0 | 0% |
| Total | 2,119,422,299 | 100% | 3,400,241,316 | 100% |

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

MZN

| | 2018 | | 2017 | |
|------------------|--------------------|-------------|--------------------|-------------|
| | Amount | % | Amount | % |
| Real Estate | 210,700,000 | 84% | 210,700,000 | 87% |
| Consumable goods | 33,272,761 | 13% | 26,062,876 | 11% |
| Financial | 6,114,753 | 2% | 6,114,753 | 3% |
| Naval | 650,850 | 0% | 650,850 | 0% |
| Total | 250,738,364 | 100% | 243,528,479 | 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

| Notes | | 2018 | | 2017 | |
|-------|--------------------------|----------------------|-------------|----------------------|-------------|
| | | Amount | % | Amount | % |
| i) | Public Debt | 1,119,422,299 | 53% | 2,393,978,842 | 70% |
| ii) | National Corporate Bonds | 1,000,000,000 | 47% | 1,006,262,474 | 30% |
| iii) | Foreign corporate Bonds | 0 | 0% | 0 | 0% |
| | Total | 2,119,422,299 | 100% | 3,400,241,316 | 100% |

MZN

| | | 2018 | | 2017 | |
|-----|--|-------------------------|-------------|-----------------------|-------------|
| | | Amount | % | Amount | % |
| iv) | Deposits in Credit Institutions | | | | |
| | Term Deposits | 62,000,601.38 | 4% | 0.00 | 0% |
| iv) | On demand deposits and term deposits with maturity below 90 days | 1,096,815,839.31 | 66% | 1,509,140,272.13 | 7% |
| iv) | Other debtors for insurance operations and other operations | 508,181,176.01 | 30% | 565,621,980.88 | 93% |
| | Total | 1,666,997,616.70 | 100% | 549,157,015.32 | 100% |

Notes:

- 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.

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 December 31st 2017 and 2016 the provisional cash-flows (not discounted) of the financial instruments, according to their respective contractual maturity, present the following details:

MZN

| 2018 | Maturity | | | | | Without maturity | Total |
|---|----------------------|-------------------|----------------------|--------------------|------------|----------------------|----------------------|
| | <1 month | 1-3 months | 3-12 months | <1 month | 1-3 months | | |
| 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 |

| 2017 | Maturity | | | | | Without maturity | Total |
|---|----------------------|--------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| | <1 month | 1-3 months | 3-12 months | <1 month | 1-3 months | | |
| Bonds and other fixed income securities (includes accrued interest) | 0 | 0 | 0 | 282,451,352 | 0 | 0 | 282,451,352 |
| Bonds and other tax refund certificates (includes accrued interest) | 0 | 433,900,349 | 1,516,002,993 | 450,319,900 | 1,000,018,074 | 0 | 3,400,241,316 |
| Variable yield securities - | 0 | 0 | 0 | 0 | 0 | 243,528,479 | 243,528,479 |
| Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Term deposits and on-demand deposits (includes accrued interest) | 1,431,068,030 | 30,568,837 | 76,222,382 | 0 | 0 | 0 | 1,537,859,248 |
| Buildings held for income | 0 | 0 | 0 | 0 | 0 | 3,127,656,710 | 3,127,656,710 |
| Total | 1,431,068,030 | 464,469,186 | 1,592,225,375 | 732,771,252 | 1,000,018,074 | 3,371,185,189 | 8,591,737,105 |

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:

| MZN | | |
|---------------------------------|---------------|-----------------|
| | 2018 | 2017 |
| Assets in foreign currency | 517,690,590 | 1,369,422,003 |
| Liabilities in foreign currency | (444,689,369) | (1,213,585,791) |
| Net balance in foreign currency | 73,001,221 | 155,836,212 |

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 margin

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

| | 2018 | 2017 | 2018/2017 |
|---|----------------------|----------------------|-------------|
| Capital | 147,500,000 | 147,500,000 | 0.0% |
| Reserves | 2,152,318,540 | 1,837,133,547 | 17.2% |
| Retained Incomes | 1,183,684,001 | 1,444,640,733 | |
| Net income for the year net of dividends | 328,433,368 | 202,792,469 | 62.0% |
| Deductible items | (39,726,015) | (28,286,831) | 40.4% |
| Available solvency margin | 3,772,209,894 | 3,603,779,917 | 4.7% |
| Required Non- life solvency margin | 222,599,177 | 135,267,699 | 64.6% |
| Required Life solvency margin | 59,868,337 | 160,550,263 | -62.7% |
| Solvency margin surplus/(insufficiency) | 3,489,742,380 | 3,307,961,956 | 5.5% |
| Coverage | 1335.4% | 1218.2% | 9.6% |

Note 35 – Contingent Assets and liabilities

After the favourable dispatch from Maputo City fiscal court and issue of the respective fiscal credit note by competent authorities, a fiscal credit was recognized, in the 2017 accounts, corresponding to the amount of MZN 53,265,000 regarding the reimbursement of excess net tax regarding the financial years of 2008, 2009 and 2010.

Note 36 - Off balance sheet

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

| Assets/Liabilities | Balance at 31-12-2018 | Balance 01-06-2018 | Balance at 31-12-2017* |
|--------------------|-----------------------|--------------------|------------------------|
| Assets | 2,127.8 | 2,045.1 | 1,888.9 |
| Liabilities | 2,096.5 | 1,964.0 | 1,888.9 |
| Coverage (%) | 101.5% | 104.1% | 100.0% |

* 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.

REPORT OF INDEPENDENT AUDITORS



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Independent Auditors' Report

To the shareholders of SIM – Seguradora Internacional de Moçambique

Audit Report on the Financial Statements

Opinion

We have audited the financial statements of SIM – Seguradora Internacional de Moçambique ("the insurer") presented on pages 25 to 94, which consist of the balance sheet as at 31 December 2018, and 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 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 2018, 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). 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 in accordance with other requirements for independence applicable to the conduct of audits of financial statements in Mozambique. We have complied with our ethical responsibilities, pursuant to these requirements and the IESBA code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors have been responsible for other information. The other information consists of the Management Report and the declaration of responsibility of the Directors as required by the Commercial Code of Mozambique. The other information does not include the Financial Statements and our audit report on these financial Statements.

Our opinion on the financial statement does not cover the other information and we do not express an audit opinion or any other form of assurance on it.

In connection with 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 with other information obtained before the date of the present audit report, 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 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 have been 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.

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.

KPMG, Certified Auditors Firm

Represented by:

(Illegible Signature)

Abel Jone Guaiguaia OCAM nº 04/CA/COM/2012)

20th February 2019



KPMG Auditores e Consultores, SA
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Relatório dos Auditores Independentes

Para os Accionistas da SIM – Seguradora Internacional de Moçambique, SA

Relatório sobre a Auditoria das Demonstrações Financeiras

Opinião

Auditámos as demonstrações financeiras do SIM – Seguradora Internacional de Moçambique, SA (“a Seguradora”) constantes das páginas 25 a 94, que compreendem o Balanço em 31 de Dezembro de 2018, e as demonstrações de resultados e outro rendimento integral, alterações no capital próprio e fluxos de caixa do exercício findo naquela data, bem como as notas às demonstrações financeiras, incluindo um resumo das políticas contabilísticas significativas.

Em nossa opinião, estas demonstrações financeiras apresentam de forma apropriada, em todos aspectos materiais, a posição financeira do SIM – Seguradora Internacional de Moçambique, S.A em 31 de Dezembro de 2018, e o seu desempenho financeiro e fluxos de caixa do exercício findo naquela data, em conformidade com as normas emanadas pelo Instituto de Supervisão de Seguros de Moçambique.

Base de opinião

Realizamos a nossa auditoria de acordo com as Normas Internacionais de Auditoria (ISAs). As nossas responsabilidades nos termos dessas normas estão descritas na secção *Responsabilidades do Auditor pela Auditoria das Demonstrações Financeiras* na secção do nosso relatório. Somos independentes da Seguradora de acordo com o *Código de Ética para Revisores Oficiais de Contas da Federação Internacional de Contabilistas (Código IESBA)* e de acordo com outros requisitos de independência aplicáveis à realização de auditorias de demonstrações financeiras em Moçambique. Cumprimos as nossas outras responsabilidades éticas, de acordo com estes requisitos e o Código IESBA. Acreditamos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Outra Informação

Os administradores são responsáveis pela outra informação. A outra informação compreende o relatório dos Administradores e a declaração de responsabilidade dos Administradores como exigido pelo Código Comercial de Moçambique. A outra informação não inclui as demonstrações financeiras e o nosso relatório de auditoria sobre as mesmas.

A nossa opinião sobre as demonstrações financeiras não abrange a outra informação e não expressamos uma opinião de auditoria ou qualquer outra forma de garantia sobre a mesma.

Em conexão à nossa auditoria das demonstrações financeiras, a nossa responsabilidade é de ler a outra informação e, ao fazê-lo, considerar se a outra informação é materialmente inconsistente com as demonstrações financeiras ou nosso conhecimento obtido na auditoria, ou se de outra forma parecer conter distorções materiais. Se, com base no trabalho que realizamos em outra informação obtida antes da data do presente relatório do auditor, concluímos que existe uma distorção material nessa outra informação, somos obrigados a reportar esse facto. Não temos nada a reportar a este respeito.

KPMG Auditores e Consultores, SA, uma sociedade anónima de responsabilidade limitada, é membro da KPMG Internacional, uma cooperativa Suíça

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Registered in Mozambique, as KPMG Auditores e Consultores, SA



Responsabilidade da Administração em relação as demonstrações financeiras

Os administradores são responsáveis pela preparação e apresentação adequada das demonstrações financeiras de acordo com as normas emanadas pelo Instituto de Supervisão de Seguros de Moçambique, e por um sistema de controlo interno relevante para a preparação e apresentação de demonstrações financeiras que estejam livres de distorções materiais, devidas a fraude ou erro.

Na preparação das demonstrações financeiras, os administradores são responsáveis por avaliar a capacidade da Seguradora em continuar a operar segundo o pressuposto da continuidade, divulgando, conforme aplicável, assuntos relacionados com o pressuposto da continuidade e utilizar o pressuposto da continuidade, a menos que os administradores pretendam efectuar a dissolução da Seguradora e cessar as operações, ou não tenham outra alternativa senão fazê-lo.

Responsabilidades dos Auditores pela Auditoria das Demonstrações Financeiras

Os nossos objetivos são obter uma garantia de fiabilidade sobre se as demonstrações financeiras como um todo estão livres de distorções materiais, devido a fraude ou erro, e emitir um relatório de auditoria que inclua a nossa opinião. Uma garantia de fiabilidade é um alto nível de garantia, mas não é uma garantia de que uma auditoria conduzida de acordo com as ISAs detecte sempre uma distorção material quando existir. As distorções podem resultar de fraude ou erro e são consideradas materiais se, individualmente ou no agregado, puderem influenciar razoavelmente as decisões económicas dos utilizadores tomadas com base nas demonstrações financeiras.

Como parte de uma auditoria de acordo com ISAs, exercemos o julgamento profissional e mantemos o ceticismo profissional durante a auditoria e igualmente:

- Identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou erro, desenhamos e implementamos procedimentos de auditoria que respondam a esses riscos e obtemos evidência de auditoria que seja suficiente e apropriada para fundamentar nossa opinião. O risco de não detectar uma distorção material resultante de fraude é maior do que para uma resultando de erro, uma vez que a fraude pode envolver colusão, falsificação, omissões intencionais, declarações falsas ou a derrogação do controlo interno.
- Obtemos uma compreensão do controlo interno relevante para a auditoria, a fim de desenhar procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressarmos uma opinião sobre a eficácia do controlo interno da Seguradora.
- Avaliamos a adequação das políticas contabilísticas utilizadas e a razoabilidade das estimativas contabilísticas e divulgações relacionadas feitas pelos administradores.
- Concluimos sobre a adequação do uso por parte dos administradores do pressuposto da continuidade e com base na evidência de auditoria obtida, se existe uma incerteza material relacionada a acontecimentos ou condições que possam suscitar uma dúvida significativa sobre a capacidade da Seguradora de continuar a operar de acordo com o pressuposto da continuidade. Se concluirmos que existe uma incerteza material, somos obrigados a chamar a atenção, no relatório do auditor, para as divulgações relacionadas nas demonstrações financeiras ou, caso tais divulgações sejam inadequadas, modificar a nossa opinião. As nossas conclusões baseiam-se na evidência de auditoria obtida até a data do nosso relatório de auditoria. No entanto, acontecimentos ou condições futuras podem fazer com que a Seguradora deixe de operar segundo o pressuposto da continuidade.




- Avaliar a apresentação geral, a estrutura e o conteúdo das demonstrações financeiras, incluindo as divulgações, e se as demonstrações financeiras representam as transações e eventos subjacentes de forma a obter uma apresentação justa.

Comunicamos com os administradores sobre, entre outros assuntos, o âmbito planeado e os prazos da auditoria e as constatações de auditoria relevantes, incluindo quaisquer deficiências significativas no controlo interno que identificamos durante a auditoria.

KPMG, A Firma de auditores Registada, 04/SCA/OCAM/2014

Representada por:


Abel Jone Guaiaguaia OCAM nº 04/CA/OCM/2012)
Sócio
20 de Fevereiro de 2019

REPORT AND OPINION OF THE ADVISORY BOARD

Seguradora Internacional de Moçambique, S.A

OPINION OF THE SUPERVISORY BOARD

Pursuant to legal and statutory 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 2018.

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 management information systems of the Insurer, seeking to assess the development of the business.

The Supervisory board has appraised the Technical Accounts with particular care and considers that the following should be highlighted:

- The decrease by 63.2% of the "Technical Margin before the imputation of administrative costs", having decreased from 894 million meticaïs in 2017 to 1,459 million meticaïs in 2018;
- The decrease recorded in the total volume of direct insurance and accepted reinsurance premiums, which stood in 2018 at a total of 1,646 million meticaïs compared to 1,784 million meticaïs resisted in 2017, in other words, a decrease of 7.8%. This decrease is chiefly due to the ring-fencing of the pension fund and clearance made in the premium portfolio;
- The assigned reinsurance premiums paid decreased from 374 million Meticaïs in 2017 to 321 million meticaïs in 2018 representing a decrease of 14%;
- The gross claims ratio before the imputation of costs stood at 25.9% representing a decrease of 51.1 pp (from 77. % in 2017 to 25.9% in 2018). This decrease is chiefly due to the decrease of the impact of great claims and the clearance of the claims outstanding portfolio made in 2018;
- The heading "Participation in the net income of reinsurance" having stood at the end of the year at an amount of 994 million Meticaïs compared to 509 recorded in 2017 – (an increase of 95%);
- The administrative costs which have increased by 3.5% - from 353 million meticaïs in 2017 to 365 million meticaïs in 2018;

Seguradora Internacional de Moçambique, S.A

- The financial earnings which recorded an increase of 22%. This increase was due to a significant decrease of losses from revaluation of real estate, growth of financial investments and growth of the average profitability rate (from 11% in 2017 to 12.3% in 2018);
- The non-life combined ratio before the imputation of costs (claims ratio and expenses ratio) which decreased by 9pp (from 68.6% in 2017 to 59.6% in 2018). This decrease resulted from the clearance made to the claims outstanding inventory whose impact was reduced by the growth of general costs and the decrease of premium income;
- The effect of the indicators above presented resulted in a growth of net income from 507 million meticaïs in 2017 to 821 in 2018 representing an increase in 62%;
- The profitability ratio (Technical margin / Processed revenue) stood at 88.7%, an increase of 38.6 pp compared to the same period in 2017;
- The solvency ratio as at the end of 2018 was 1335.4% also meaning a decrease of 117.2 pp compared to the same period of the previous year. Excluding the effect of the pension fund this ratio reflects a decrease of 572.3 pp compared to the previous year.

The supervisory board also appraised the 2018 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 31st December 2018 correctly reflects its financial situation.
- That the **Income Statement** reflects the results of the business of Seguradora Internacional de Moçambique, S.A., corresponding to a profit of about 821 million meticaïs.
- That the **Cash Flow Statements** shows that the cash flows of operating, investment and financing activities increased from 1,509 million meticaïs at the beginning of the year to 1,097 million at the end of the year.
- That the **Statements of Changes in Equity** demonstrates that total equity reached at the end of 2018 the amount of 4.305 million meticaïs compared to 3,936 million recorded in 2017, and
- That the **Comprehensive Income Statement** presents a comprehensive income of 841 million meticaïs in 2018 compared to 520 million meticaïs presented in 2017.

Seguradora Internacional de Moçambique, S.A

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 2018, as well as the result of the business and cash flows during the financial year of 2018;

- 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 2018;
 - Express a vote of praise for the performance of the Board of Directors and employees of Seguradora Internacional de Moçambique, S.A. during the financial year of 2018.

Maputo, 20th February 2019

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)

Seguradora Internacional de Moçambique, S.A.

PARECER DO CONSELHO FISCAL

De acordo com as disposições legais e estatutárias, o Conselho Fiscal apresenta aos Exmos. Accionistas 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 2018.

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 Mensais 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 Conselho Fiscal apreciou, com particular atenção, os seguintes aspectos registados:

- *A subida de 63,2% da “Margem Técnica antes da imputação dos custos administrativos”, tendo passado de 894 milhões de Meticais de 2017 para 1.459 milhões de Meticais em 2018;*
- *A diminuição registada no volume total de prémios de seguro directo e resseguro aceite, que atingiu em 2018 um total de 1.646 milhões de Meticais contra um total de 1.784 milhões de Meticais verificado em 2017, ou seja, uma descida de 7,8%. Esta redução justifica-se principalmente pela autonomização do fundo de pensões e saneamento efectuado à carteira de prémios em 2018;*
- *Os prémios de resseguro cedido pagos desceram de 374 milhões de Meticais em 2017 para 321 milhões de Meticais em 2018 representando um decréscimo de 14%;*
- *A taxa de sinistralidade bruta Não Vida antes de imputação de custos situou-se em 25,9% representando uma redução de 51,1 pp (de 77% em 2017 para 25,9% em 2018). Esta redução justifica-se principalmente pela redução do impacto de grandes sinistros e pelo saneamento da carteira de sinistros pendentes efectuado em 2018.*
- *A rubrica de “Participação nos Resultados, líquidas de resseguro” evidencia, no final do ano, o valor de 994 milhões de Meticais contra 509 registado em 2017 – (subida de 95%);*
- *Os custos administrativos aumentaram em 3,6% - de 353 milhões de Meticais de 2017 para 365 milhões de Meticais em 2018;*



Seguradora Internacional de Moçambique, S.A.

- Os proveitos financeiros registaram um aumento de 22%. Este aumento resultou da redução significativa das menos-valias decorrentes de reavaliação de imóveis, crescimento dos investimentos financeiros e crescimento da taxa de rendibilidade média (de 11,2% em 2017 para 12,3% em 2018);
- O rácio combinado não vida antes de imputação de custos (rácio de sinistralidade e rácio de despesas) diminuiu em 9pp (68,6% em 2017 para 59,6% em 2018). Esta diminuição resultou do saneamento efectuado ao inventário de sinistros pendentes cujo impacto foi atenuado pelo crescimento das despesas gerais e redução da receita de prémios;
- O efeito dos indicadores acima apresentados, resultaram num crescimento do resultado líquido de 507 milhões de Meticais em 2017 para 821 em 2018, representando um aumento de 62%.
- O Rácio de Rentabilidade (Margem Técnica / Receita Processada) situou-se em 88,7%, subida de 38,6 pp comparativamente a igual período de 2017;
- O Rácio de Solvência no final do ano 2018 foi de 1.335,4% significando também uma subida de 117,2 pp relativamente a igual período do ano anterior. Excluindo o efeito do Fundo de Pensões este rácio regista uma diminuição em 572,3 pp em relação ao ano anterior.

O Conselho Fiscal apreciou ainda o Relatório de Gestão e Contas de 2018, 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 2018, reflecte correctamente a sua situação financeira;
- Que a **Demonstração de Resultados** espelha o resultado da actividade da Seguradora Internacional de Moçambique, S.A. no exercício, ou seja, um lucro de cerca de 821 milhões de Meticais;
- Que a **Demonstração dos Fluxos de Caixa** evidencia que os fluxos de caixa das actividades operacionais, de investimento e de financiamento, passaram de 1.509 milhões de Meticais no início do ano para 1.097 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 2018 o montante de 4.305 milhões de Meticais contra 3.936 milhões de Meticais registado em 2017; e
- Que a **Demonstração de Rendimento Integral** apresenta um rendimento integral de 841 milhões de meticais em 2018 contra 520 milhões de meticais apresentado em 2017.

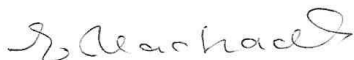
Seguradora Internacional de Moçambique, S.A.

Como resultado das verificações efectuadas e informações obtidas, o Conselho Fiscal:

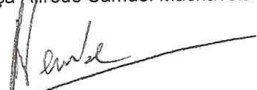
- *É de opinião que o Balanço, as Demonstrações de Resultados, a Demonstração dos Fluxos de Caixa e a Demonstração de Variações do Capital Próprio satisfazem as disposições estatutárias e concorda com os critérios valorimétricos adoptados, reflectindo de forma verdadeira, a situação financeira da Sociedade em 31 de Dezembro de 2018, bem como o resultado da actividade e os fluxos de caixa durante o exercício de 2018;*

- *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 2018;*
 - *Expresse um voto de louvor ao desempenho da Administração e dos colaboradores da Seguradora Internacional de Moçambique, S.A. no exercício de 2018.*

Maputo, 20 de Fevereiro de 2019

O Conselho Fiscal

Esperança Alfredo Samuel Machavela - Presidente



Daniel Filipe Gabriel Tembe – Vogal



Eulália Mário Madime - Vogal

Seguradora Internacional de Moçambique, S.A.**PARECER DO CONSELHO FISCAL**

De acordo com as disposições legais e estatutárias, o Conselho Fiscal apresenta aos Exmos. Accionistas o parecer sobre a proposta de aplicação dos resultados relativos ao exercício findo em 31 de Dezembro de 2018.

O Conselho Fiscal analisou a proposta relativa à distribuição do Resultado Líquido no montante de 892.794.519,95 Meticais, sem o efeito da menos-valia líquida de impostos de 71.711.100,00 Meticais decorrente do processo de reavaliação de imóveis realizado no exercício de 2018.

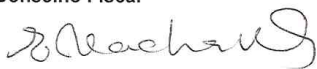
Dada a situação financeira da SIM, nomeadamente pela adequação dos capitais próprios e da margem de solvência, assim como a natural expectativa dos accionistas verem remunerados os capitais por si investidos na SIM, a proposta apresentada afigura-se adequada.

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:

| | | |
|--------------------------------------|-----|---------------------------|
| • Para Dividendos | 60% | 535.676.711,97 Meticais |
| • Para Reserva livre | 40% | 357.117.807,98 Meticais |
| • Impacto nos Resultados Transitados | | (71.711.100,00) Meticais. |
| Resultado Líquido do Exercício | | 821.083.419,95 Meticais |

Maputo, 20 de Fevereiro de 2019

O Conselho Fiscal



Dra. Esperança, Alfredo Samuel Machavela - Presidente



Daniel Filipe Gabriel Tembe – Vogal



Eulália Mário Madime – Vogal

Parecer CF_SIM 2018 Resultados