

# ANNUAL REPORT 2020

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.



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## MESSAGE FROM THE CHAIRMAN

Difficult and adverse moments challenge our powers of resilience and the history of the development of Humanity has been peppered with accounts of such phenomena.

At the beginning of 2020, the unimaginable and unpredictable conjuncture also affected the insurance market and Seguradora Internacional de Moçambique was no exception. It was therefore within a context of economic recession and uncertainties in the global economy, aggravated by the outbreak of the Covid-19 pandemic, weakening the global business fabric and the national one in particular, that Seguradora Internacional de Moçambique had to face and reposition itself.

Despite this unfavourable environment, we were pleased to celebrate the Financial Strength Rating "B" and Long-Term Issuer Credit "bb" assigned by the internationally renowned rating agency in the insurance industry, AM Best.

The rating of Seguradora Internacional de Moçambique in these categories, for the second consecutive year, attests to its resilient capacity and confidence in the company's judicious management, while also confirming the strong robustness of its balance sheet.

We are thrilled to recognise that, despite all the implications of the pandemic in the insurance area and the adverse factors that affected the firm's customers, both Processed Revenue and Net Income were in line with figures from the previous year (2019), reaching the amount of 1,803 million meticaïs and 720 million meticaïs, respectively, well above the revised projections, with the solvency margin coverage, in December 2020, at extremely comfortable levels of 2.024%, when compared to 1.892% in 2019.

The income and main economic and financial indicators of Seguradora Internacional de Moçambique reflect the strength and cohesion of our teams and also the effects of non-recurring transactions during the year.

The effort of our commercial and technical teams, as well as the unforeseen transactions, were factors that contributed decisively to 2020 being stable, maintaining the profitability and solvency ratios at adequate levels, thus ensuring the maintenance of workforce stability.

We are also pleased with Seguradora Internacional de Moçambique's plan to correctly focus on human capital, particularly its employees, partners and customers, making us one of the pioneering companies in the implementation of hygiene, distance and teleworking measures, among others, in line with Government guidelines and global trends. We developed a new business model to maintain proximity with policyholders and partners while also ensuring business continuity, so that the effects on the company's economic and financial health were minimised.

We are extremely proud to highlight that, in addition to the internal prevention measures instituted in 2020, at an opportune moment, Seguradora Internacional de Moçambique launched, with great success, its communication through Social Media on two platforms, Facebook and Instagram, which were extremely successful, with a monthly outreach of 300,000 and 166,000 users, respectively. We

also marked our presence in the promotion of sports, through these social platforms, holding an "Indoor ÍMPAR circuit" online with gymnastics and yoga sessions.

In terms of social responsibility, Seguradora Internacional de Moçambique directed its support and priorities to the prevention and fight against the pandemic and, within this context, we delivered to the Traffic Police Command Unit various items for the prevention of the Covid-19 virus, in particular masks and visors. Likewise, we delivered food and essential items to displaced victims of terrorism acts in Cabo Delgado Province.

The health crisis will tend to affect the entire social and business fabric in a more worrying way in the 2021 economic year. Therefore, it is important to continue to maintain and strengthen prevention measures, improving the new business model and maintaining the team spirit and resilience that characterised us throughout the year just ended.

In this context, Seguradora Internacional de Moçambique will continue to assume a prominent position in prevention measures and is determined to do its best to respond to the challenges posed by the disaster and emergency situation and its subsequent economic and development effects. Seguradora Internacional de Moçambique will persist in the anticipated reading of the phenomena, seeking to interpret in a timely manner market dynamics and trends, to consolidate its achievements and maintain a close relationship with its customers and partners.

I would like to end by expressing my recognition and by addressing a special salute the management and employees for this achievement which elevates our Insurer and the name of Mozambique and increases our conviction that, with commitment, determination and hard work, we can minimise the impacts of this recession, by constantly innovating, with the aim of better serving our customers and contributing to boosting the domestic economy, since it is in the face of adversity that talent is best affirmed.

In this context, I would like to express my gratitude and appreciation to the Shareholders, for their ever-present guidance and renewed confidence, to the Corporate Bodies, namely the Board of the General Meeting and the Supervisory Board, for all their enlightened and competent collaboration in monitoring the management of Seguradora Internacional de Moçambique.

With high regard to Government Entities and the Supervisory Body, I express my recognition for their customary leadership and collaboration in favour of the economic development of Mozambique.

To Seguradora Internacional de Moçambique, to the Group, to each and every one of our staff members, I reaffirm my profound recognition and gratitude.

**We are a company with high expectations!**



**Manuel Gamito**  
Chairman of the Board of Directors

## SHAREHOLDER STRUCTURE

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

## GOVERNING BODIES

### Board of the General Meeting

Chairman	Teotónio Jaime dos Anjos Comiche
Deputy Chairman	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

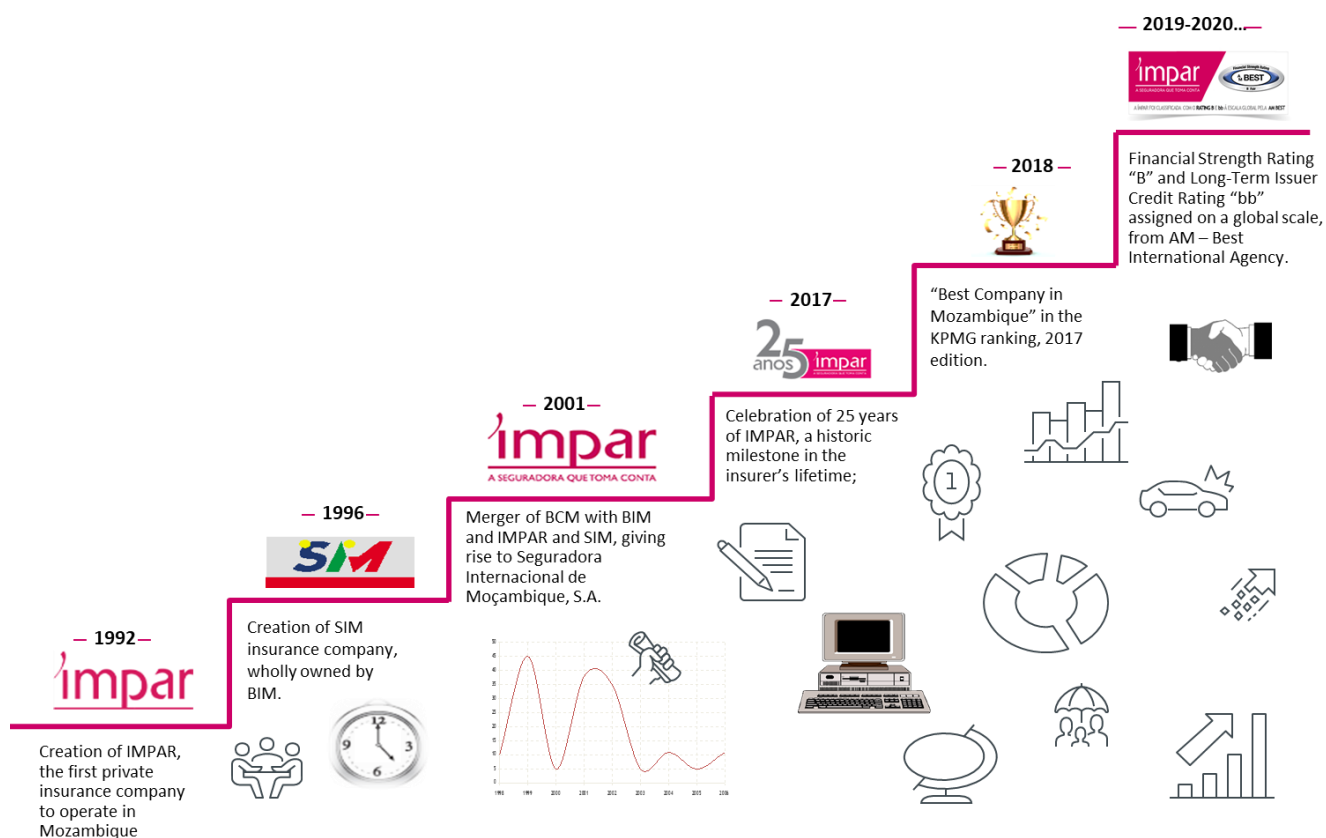
Chairwoman	Esperança Alfredo Samuel Machavela
Member	Daniel Filipe Gabriel Tembe
Member	Aurélíio Valente Chiziane
Alternate Member	Umeid Calú

## KEY INDICATORS

Million Meticaís			
Key Indicators	2020	2019	Variation % 20/19
<b>Income Statement</b>			
Gross-written premiums	1,803	1,810	-0.4%
Non-Life	1,580	1,599	-1.2%
Life	223	210	5.9%
Technical Margin	1,398	1,427	-2.1%
Net Income	720	726	-0.8%
<b>Balance sheet</b>			
Shareholders' Equity	4,717	4,486	5.1%
Total Assets	10,044	8,314	20.8%
Investments	7,023	6,213	13.1%
<b>Efficiency Ratios</b>			
Non-Life claims ratio, net of reinsurance	38.4%	35.1%	3.3 pp
Non-Life expense ratio, net of reinsurance	35.4%	33.9%	1,5 pp
Non-Life combined ratio, net of reinsurance	73.8%	69.0%	4.8 pp
Life net exploration costs / Life investments	2.7%	3.4%	-0.6 pp
<b>Profitability</b>			
Technical margin / Premium revenue	77.5%	78.9%	-1.3 pp
Non-Life	71.4%	71.3%	0.1 pp
Life	120.7%	136.1%	-15.4 pp
Return on Average Equity - ROE	15.3%	16.2%	-0.9 pp
<b>Solvency</b>			
Solvency ratio	2024.0%	1892.2%	131,8 pp
Equity / Total assets	47.0%	54.0%	-7.0 pp
Coverage of technical provisions	567.3%	399.8%	167,5 pp
<b>Other Indicators</b>			
Market share	*9,4%	11.3%	-1.9 pp
Number of employees	152	156	-2.6%

\*Provisional Data

## OUR HISTORY



**impar**  
 A SEGURADORA QUE TOMA CONTA



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## **BOARD OF DIRECTORS' REPORT**

At the close of the 2020 Financial Year, the Board of Directors of Seguradora Internacional de Moçambique, S.A. has the pleasure to present to its Shareholders the Annual Report for the year ended 31 December 2020, which was audited by BDO Limitada.



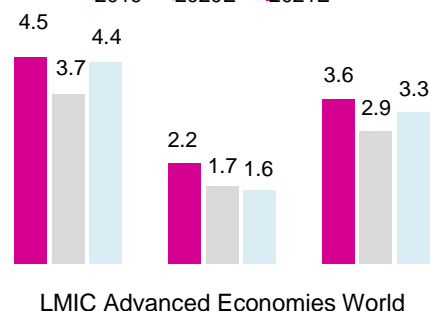
## ECONOMIC ENVIRONMENT

### Global economy

The global economy is expected to contract by historic proportions in 2020, with a projected drop in global GDP of 4.4%, according to International Monetary Fund forecasts. This projection highlights the effects of the Covid-19 pandemic, resulting from the implementation of measures to confine and restrict mobility, which affected the flow of travel, foreign trade, business investment, private consumption and the demand for raw materials, which had a significant impact on the public accounts and balance of payments of the vast majority of countries.

**Graph 1. Global Economy**

Real GDP growth rate, %  
2019 2020E 2021E



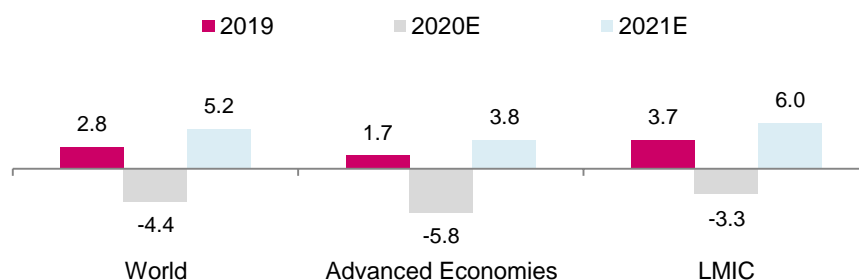
The health crisis affected the economic and living conditions of many countries by aggravating unemployment, disparities and social fragmentation. In response to the crisis, the main Central Banks of the world (United States, European Union and United Kingdom), adopted new monetary stimuli to strengthen the liquidity of the banking sector, injecting millions of dollars in emergency funds in order to meet the financial needs of the business fabric devastated by the pandemic crisis.

By 2021, world growth is expected to have picked up. This will be driven by the effective implementation of vaccines to stop the chain of transmission of the virus, the revival of sectors affected by containment, the consolidation in the recovery of the Chinese economy, the change in administration in the U.S. that supports the prospects of a better geopolitical alliance between the U.S. and the European Union, and the easing of trade tensions, reflected in the stabilisation of financial markets and a recovery in investor confidence.

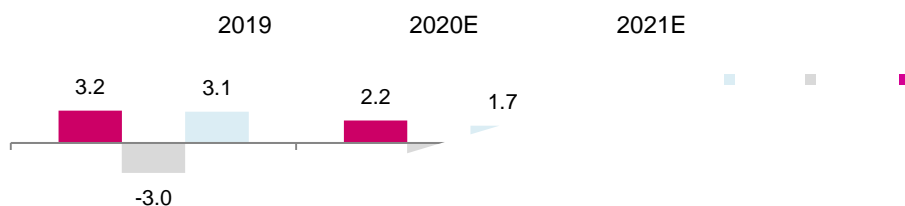
However, risks persist following the mutation of the virus, with the appearance of three variants originating in the United Kingdom, South Africa and Brazil, which have evolved into a third wave of contamination in Europe, implying the tightening of measures to restrict mobility in order to avoid the collapse of health systems and deterioration of economic and social conditions.

**Graph 2. Global Economy**

Real GDP growth rate, %



The economies of sub-Saharan Africa have been severely affected by the impacts of Covid-19, fundamentally due to their strong dependence on the tourism sector and demand for raw materials. However, the weaker market structure, characterised by economies vulnerable to external shocks, poses a high risk to the recovery of growth in the region.

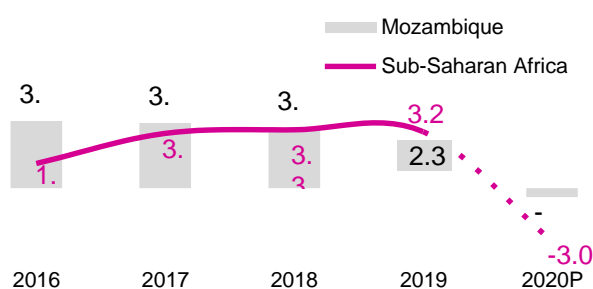
**Graph 3. Sub-Saharan Africa***Real GDP growth rate, %*

### Mozambican Economy

In a context in which Mozambique had been bouncing back from the devastating effects of cyclones Idai and Kenneth, which caused destruction of infrastructures and deterioration of the productive capacity of the business fabric, economic performance was negatively affected by cyclical obstacles such as the Covid-19 pandemic and military tensions in the Central and Northern regions, bringing historic challenges to macroeconomic stability and uncertainties as to the evolution of key economic and financial data.

Projections indicate that economic activity contracted by 0.5% in 2020 as a result of the restrictions imposed by the state of emergency and calamity in order to mitigate and contain the spread of the coronavirus, resulting in a drop in production in various economic sectors, a reduction in private consumption due to a decrease in demand for productive inputs by companies and a fall in the purchasing power of families due to job cuts, reduction in external demand due to the economic contraction of the main trading partners, low raw material prices with impacts on exports, reduction in gross capital formation, especially with the postponement of the Final Investment Decision for Area 4 of the LNG project, and the intensification of military attacks in the Centre and North of the country.

**Graph 4. Real GDP growth**  
*Year-on-year rate of change, %*



Given this panorama, several institutional stakeholders (government, the Central Bank and financial institutions) adopted a set of measures aimed at mitigating the economic, financial and social impacts of Covid-19, namely, deferred payment of tax obligations, exemption from the obligation to allocate provisions in renegotiated loans, import support lines, granting of moratoria, reduction of charges on digital transactions, and subsidised loans supported by a state guarantee fund.

The year-on-year inflation rate reached 3.5% in 2020, equivalent to the variation observed in the two previous years. On the other hand, average annual inflation was 3.1%, corresponding to a 0.36pp increase over the same period of the previous year, but below the general price level estimated for Sub-Saharan Africa (10.8%) and the SADC region (12.3%).

The low price level in the economy resulted mainly from the confinement arising from the State of Emergency decree, VAT exemption for some basic necessities, as well as the reduced purchasing power of households with redundancies and layoffs of labour contracts, resulting in lower demand for goods and services.

#### Graph 5. Inflation in Mozambique

*In percentage, %*

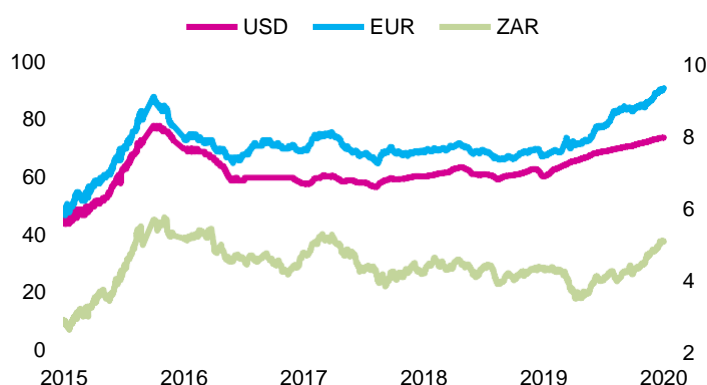
An acceleration of inflation is forecast in the short and medium term, but remaining at single-digit level. This price growth is fundamentally the result of the combined effect of the end of price containment measures decreed by the Government, the recovery trend in food prices on the international market, the gradual recovery in demand for goods and services, as well as the deterioration in economic and social stability in South Africa.

In 2020, the Metical recorded a continuous and systematic depreciation, of around 22% in accumulated terms, reaching a quoted price of USD/MZN 74.9.

Regarding the Euro, the local currency accumulated annual losses of around 34%, trading at the close of the year at EUR/MZN 94.0. The Metical depreciated 17% against the Rand, to ZAR/MZN 5.11.

#### Graph 6. Foreign exchange market

*Average MCI rates*

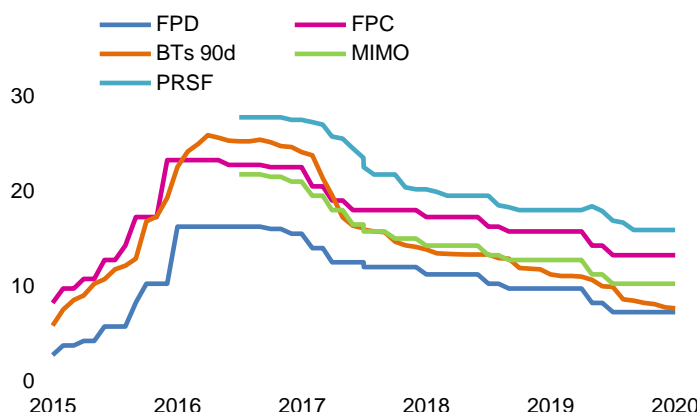


The depreciation of the metical against the main currencies traded on the domestic foreign exchange market was driven by a sharp fall in international trade which generated an imbalance in the current account balance, due to lower export flows, within the context of lower foreign direct investment due to less favourable global macroeconomic conditions with the outbreak of Covid-19, and deteriorating security conditions with military attacks in some regions in the north of the country.

The metical depreciation that occurred in 2020 is expected to reverse in the short term, benefiting from the recovery of the world economy, recovery of commodity prices, the FID on Area 4 and support from cooperation partners.

Given the low level of inflation and the need to stimulate aggregate demand and domestic production conditions, the Central Bank adopted a less restrictive but prudent monetary policy in order to minimise the negative impacts of Covid-19 on the economy. In 2020, the monetary policy interest rate (MIMO) reduced to a minimum of 10.25%, corresponding to a 250bp cut in annual terms. In the same vein, the marginal lending facility rate (FPC) and the Permanent Absorption Facility rate (FPD) decreased by 250bp to 13.25% and 7.25%, respectively, corresponding to the lowest levels since 2016. The prime rate of the financial system (PRSF) saw a cut of 210bp, to 15.90%, which allowed a reduction in the cost of credit and lower instalments for bank customers. The interest rate on treasury bills maturing up to 90 days falls in December 2020 to 7.57%, the lowest level since 2015.

**Graph 7. Index interest rates**  
*In percentage*

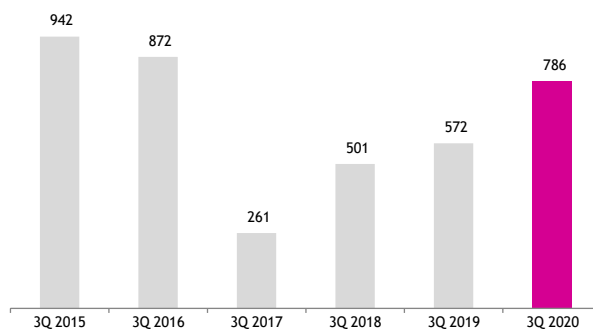


Considering the prospect of rising inflation, increasing risks such as the rapid growth of Covid-19 cases, natural disasters with heavy rains in the Centre and North, and commodity price volatility, a prudent monetary policy is projected.

Lower external demand combined with domestic constraints contributed to the weak performance of the industrial activity and export sector. Nevertheless, the trade deficit recorded an improvement in the third quarter of 2020, year-on-year, reducing to USD 453 million, after USD 597 million in 2019.

Foreign direct investment recorded a 37% year-on-year growth to USD 786 million. Of total FDI, the extractive industry accounted for 95%, followed by the trade sector with 3% and the real estate sector with 2%.

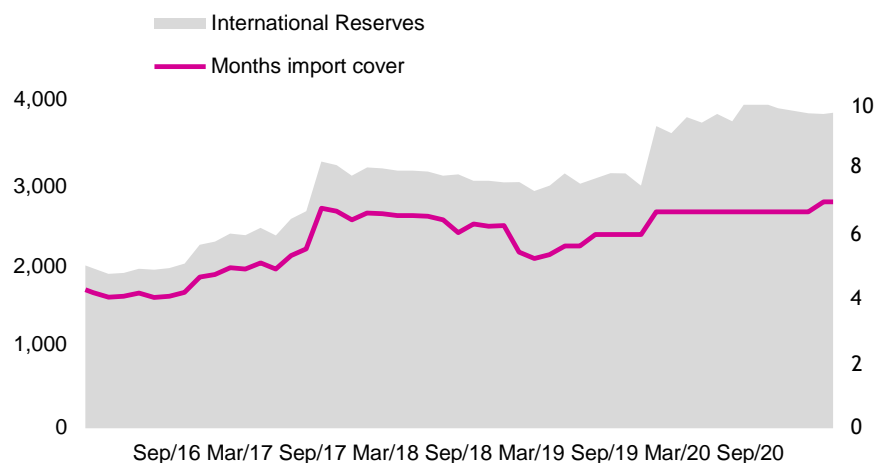
**Graph 8. Foreign Direct Investment**  
*USD million*



International reserves remain at comfortable levels, recorded at USD 3 859 million in the first week of December, sufficient to cover more than 6 months of imports of goods and services, excluding mega-project transactions.

**Graph 9. Net International Reserves**

*USD million*



Projections indicate that the Mozambican economy is set to recover below its potential, driven by gradual recovery in external demand, investments from natural gas projects in Areas 1 and 4, recovery in industrial and agricultural production. Nevertheless, risks prevail such as an increase in the number of positive Covid- 19 cases, climate change, commodity price volatility, debt sustainability, exchange rate volatility and military tensions in the central and northern region.

## OVERVIEW OF THE INSURANCE SECTOR IN MOZAMBIQUE IN 2019

The most recent insurance market report available is for 2019 and in that financial year, the volume of direct insurance premiums of the insurance sector was 15,950.1 million Meticaís, representing an increase of 21.2%, compared to 2018. This growth in overall production, was considerably influenced by the performance of the Non-Life segment, whose production was 13,823.6 million Meticaís, representing an increase of 20.3% compared to the previous year, with this increase having been sustained by growth in the Personal Accident and Health sectors which grew by 30.8%, Motor 25.8% and Fire and Allied Perils 18.4%. The Life segment, with a lesser contribution, recorded a volume of 2,136.5 million Meticaís, representing growth of about 27.5% compared to 2018.

In this period, the overall production of the insurance sector represented about 1.67% of the Gross Domestic Product, which compares with 1.48% in 2018, thus observing a growth of 0.19 pp in the penetration rate of insurance in the domestic economy.

Provisional data published by the Insurance Supervision Institute of Mozambique, indicate that in 2020, the volume of direct insurance premiums of the insurance sector was 19,215.8 million Meticaís, which represented an increase of 20.5%, compared to 2019.

Indicators	2015	2016	2017	2018	2019
Gross Premiums Issued	9,373.9	10,616.8	13,023.4	13,158.9	15,950.1
Gross Domestic Product	592,024.0	689,213.1	804,463.8	887,806.0	956,786.0
Population	25.7	26.4	27.1	27.9	29.3
Insurance Penetration Rate	1.58%	1.54%	1.62%	1.48%	1.67%
Average Annual Inflation Rate	3.6%	25.3%	15.1%	3.9%	2.8%
Number of Insurance Companies	18	19	20	21	21
Insurance Brokers	482	586	631	734	729

Source: ISSM - Annual Report on Insurance Activity in 2019

With regard to market share by segment and in terms of global processed revenue, the Annual Report on Insurance Activity in 2019 shows the Non-Life segment with 86.6% of the insurance portfolio as the most significant, and on the other hand the Life segment presents a share of 13.4%. The provisional data for 2020 indicates a share of 87.2% of the insurance portfolio for the Non-Life segment, and the Life segment represents 12.8% of the overall revenue.

Seguradora Internacional de Moçambique, in 2019, had an overall market share of 11.3%, with 11.6% in the Non-Life segment and 9.8% in the Life segment. Provisional 2020 data indicate an overall market share of 9.4%, being 9.4% in the Non-Life segment and 9.0% in the Life segment.

The Mozambican insurance market showed a claims ratio in 2019 of 49.0% in Non-Life, a reduction of 0.8 pp compared to 2018. In the period under review, the Workmen's Compensation sector showed the highest claims rate, with 93.3%, while the lowest was recorded in the Aviation sector with -22.2%.

In 2019, net income for the year stood at 1,575.7 million Meticaís in the period under review, compared to 1,480.0 million Meticaís verified in 2018. Seguradora Internacional de Moçambique posted a positive net income of 725.9 million Meticaís in the period under review, consolidating its privileged position at the head of the ranking of insurers with the highest net income in the market, with around 46% of the share, according to the 2019 market report of the Insurance Supervision Institute of Mozambique.

At the end of the 2019 financial year, the Mozambican insurance market reported investments totalling 23,914.5 million Meticaís, which means growth by 10.5% compared to 2018.

Buildings represent the most important assets in the overall investment portfolio, with a weight of around 36.6%.

As at 31 December 2019, insurers had built up 14,926.7 million Meticaís of technical provisions net of reinsurance, of which 11,834.9 million corresponded to Non-Life and 3,080.8 million to Life.

## KEY EVENTS IN 2020

In 2020, Seguradora Internacional de Moçambique maintained its Financial Strength Rating "B" (Good) and Long-Term Issuer Credit "bb" with the assigned outlook of "Stable" credit ratings. It continues to be the only insurer in Mozambique with an international rating, assigned by AM Best, a company founded in 1899, considered one of the largest and most prestigious in the insurance industry, along with Standard & Poor's, Moody's Corporation and Fitch Ratings

Our product marketing continued to focus in 2020 on the Advertising Campaign for **"Assistência Automóvel"** (**"Vehicle Assistance"**), included in the Motor policy. This cover continues to be a differentiating product on the Mozambican market.

In 2020, Seguradora Internacional de Moçambique made its presentation on social media on two platforms, Facebook and Instagram. The launch of this project was in February and 11 months later, we interacted with over 32,500 people who now follow us on Facebook and 2,600 on Instagram. Facebook had a **monthly** reach of over 300,000 users and Instagram over 166,000 per month.



During the year, we carried out various actions of animation in the social networks, of which we highlight:

- A *Live* with our ambassador and one of our employees, under the theme of vehicle breakdown assistance;
- Interactive photo challenge, on International Man's Day, World Thinking Day and World Photography Day;
- *Competitions, namely:*
  - Selfie with car competition
  - Pink Friday

In light of the Covid-19 pandemic, we had to adapt our communication and events: The "Impar Walk", which was to be held for its 5th edition, was transformed into the "IMPAR Indoor Circuit", a Saturday morning with online gymnastics and yoga classes, in partnership with Power gym. This event focused on raising participants' awareness of the need to promote healthy living habits and the dissemination of the health benefits of playing regular sports, even in a confined environment.

In terms of event sponsorship, it was possible to hold in 2020 just one Kia Picanto Cup race, with ÍMPAR as the event's official insurer, since from April 2020 all races were suspended, given the restrictions imposed on sporting events.



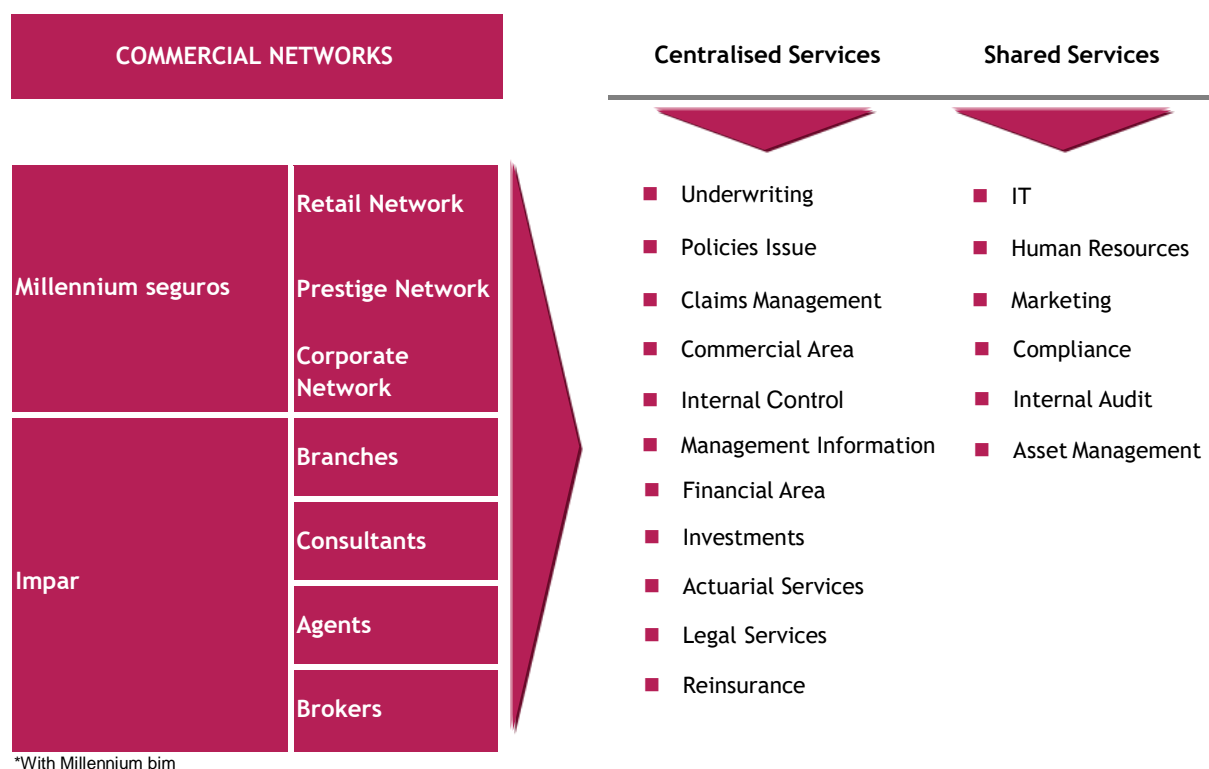
## CORPORATE SOCIAL RESPONSIBILITY POLICY

Within the scope of Social Responsibility, we maintained our support for the Gastroenterology Centre, sponsoring the "**HCM Gastro Service**", by supplying medicines for the hospital unit.

Due to the suspension of classes in schools because of the pandemic, we suspended the "Road Safety Campaign" programme, channelling its budget to the purchase of masks and visors offered to the Mozambican Traffic Police, a partner of Seguradora Internacional de Moçambique in this programme.

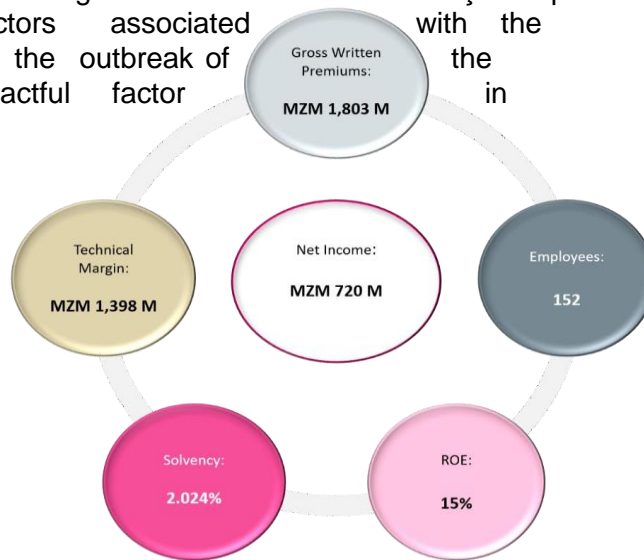
We can also highlight our solidarity support for the displaced and resettled populations, due to acts of terrorism in the North of Cabo Delgado Province, delivering food and hygiene products.

## ORGANIZATIONAL STRUCTURE



## BUSINESS ANALYSIS IN 2020

The performance of Seguradora Internacional de Moçambique during 2020 was conditioned by external factors associated with the country and by the outbreak of the most impactful factor in the in 719.9 million Meticaís, which represents a reduction of 0.8% compared to 2019.



The results achieved in 2020 were generally influenced by the following factors:

### ➤ Gross Written Premiums

In 2020, Seguradora Internacional de Moçambique reached a volume of gross written premiums of 1,803.3 million Meticaís, an amount that represents a reduction of 0.4% compared to 2019.

Thousand Meticaís			
Gross Written Premiums	2020	2019	Variation % 20/19
<b>Non-Life</b>	<b>1,580,43</b>	<b>1,599,426</b>	<b>-1.2%</b>
Workmen's Compensation	165,283	148,184	11.5%
Personal Accident and Health	281,541	309,570	-9.1%
Fire and Allied Perils	274,292	251,315	9.1%
Motor	602,983	599,680	0.6%
Marine Hull	47,789	90,330	-47.1%
Aviation	0	3,013	-100.0%
Transport	29,214	31,305	-6.7%
Third Party Liability	63,940	49,525	29.1%
Miscellaneous	115,395	116,503	-1.0%
<b>Life</b>	<b>222,881</b>	<b>210,404</b>	<b>5.9%</b>
Life Capitalization	4,555	3,743	21.7%
Life Risk	218,326	206,662	5.6%
<b>Total</b>	<b>1,803,318</b>	<b>1,809,830</b>	<b>-0.4%</b>

With regard to the Life segment, we recorded a 5.9% growth in premiums in 2020, significantly influenced by the increase in revenue from Em Paz (In Peace) insurance, where we recorded a great sales effort in the Banking Channel Network.

In the Non-Life segment, the volume of direct insurance premiums in 2020 reached the amount of 1,580.4 million Meticaís, which represents a reduction of 1.2% in relation to the processed revenue of the previous year. The performance of this segment is explained by the reduction recorded in the Personal Accident and Health, Marine Hull, Transport and Miscellaneous sectors.

### ➤ **Claims** (Prior to allocation of expenses)

The **loss ratio**, understood as the ratio between the costs of claims and the respective gross written premiums before allocation of costs, stood at -11.0%, which represents a reduction by 124.0 pp compared to 2019. This significant reduction in the claims ratio is mainly explained by the right of recourse exercised and obtained in relation to the biggest claim in the Marine Hull sector (Dredger Macúti) of a high amount, and also by the impact of the release of the mathematical reserves in the Workmen's Compensation sector of a significant amount.

Non-Life Loss Ratio	2020	2019	Variation % 20/19
Workmen's Compensation	-113.0%	42.0%	-155.0%
Personal Accident and Health	45.4%	37.5%	7.9%
Fire and Allied Perils	40.0%	446.0%	-406.0%
Motor	38.6%	38.1%	0.5%
Marine Hull	-1132.9%	29.3%	-1162.2%
Aviation	-	-	-
Transport	39.7%	18.7%	21.0%
Third Party Liability	1.2%	3.5%	-2.3%
Miscellaneous	62.6%	210.7%	-148.1%
<b>Total</b>	<b>-11.0%</b>	<b>113.0%</b>	<b>-124.0%</b>

### ➤ **Administrative Costs**

Administrative costs recorded an amount of 403.6 million Meticaís, which corresponds to 22.4% of gross premiums written, falling short of budget by 7.5%, but representing a growth of 3.3% compared to the same period of 2019.

Administrative Costs	2020	2019	Variation % 20/19
Staff costs	260,884	259,140	0.7%
External Supplies and Services	138,466	128,905	7.4%
Other administrative expenses	4,329	2,853	51.7%
<b>Total</b>	<b>403,679</b>	<b>390,898</b>	<b>3.3%</b>

Thousand Meticaís

## Technical Analysis

**The combined ratio stood at 73.8%**, equivalent to an increase of 4.8 pp in comparison to the amount verified in the previous year, resulting largely from the increase in the claims ratio net of reinsurance of 3.3 pp, influenced by the increase in net claims and the reduction in net premiums.

## Net Income

In an atypical year of enormous challenges, **Net Income** at 31 December 2020 stood at 719.9 million Meticaís, a reduction of about 0.8% compared to the previous year, and a negative deviation of 6.5% compared to the budget. Excluding the potential gains in Real Estate in the two financial years, Net Income at 31 December 2020 was 683.0 million Meticaís, a reduction of around 14.0% compared to the previous financial year and a negative budget deviation of 11.3%.

Return on equity (ROE) stood at 15.3%, which compares with 16.2% in 2019. Excluding the effect of potential capital gains on Real Estate in equity in the two financial years, ROE stood at 21.9%, which compares with 26.5% in 2019.

## Solvency Ratio

At 31 December 2020, Seguradora Internacional de Moçambique showed a solvency ratio of 2,024.0%, extremely higher than the minimum limit required by the supervisory body and which is indicative of the company's financial robustness, thus reflecting a solid capital structure appropriate to the liabilities assumed.

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

## Pensions Fund

At 31 December 2020, the value of the assets of the BIM/SIM pension fund, managed by Seguradora Internacional de Moçambique, corresponded to 2,186.8 million Meticaís and liabilities to 2,211.8 million Meticaís. The shortfall in assets will be covered by the payment of an extraordinary contribution from the Associate at the beginning of 2021.

At 31 December 2019, the value of the assets of the BIM/SIM pension fund corresponded to 2,065.5 million Meticaís and the liabilities to 2,146.1 million Meticaís.

## REINSURANCE

Natural disaster losses in 2020 were significantly higher than in the previous year. Record numbers regarding relevant events, are of concern if we look at the severe hurricane season, major forest fires and the series of storms in the United States.

Climate change will play an increasing role in all these types of events. Five years ago in Paris, the global community set a goal of keeping global warming well below 2°C, **for this** it is time to act and fast.

Global losses from natural disasters in 2020 reached USD 210 billion, of which about USD 82 billion was insured. Both global and insured losses were significantly higher than the previous year (2019: USD 166 billion and USD 57 billion, respectively).

The United States' share of reported losses, was quite high: natural disasters accounted for \$95 billion of overall losses (2019: \$51 billion) and \$67 billion of insured losses. (2019: \$26 billion). Natural disasters in 2020 claimed about 8,200 human lives.



Source: [www.munichre.com](http://www.munichre.com)

Overall, the uninsured share of natural disaster losses in 2020 was about 60%. Once again, it was evident that only a small portion of the losses in the growing economies of Asia were insured. The most costly natural disaster of the year was the severe flooding in China during the summer monsoon rains. Total flood losses totalled approximately \$17 billion, of which only 2% were insured.

Insurance solutions from the private sector, or in the form of public-private partnerships, can help improve countries' resilience, in other words, the ability, in a disaster situation, to return to normal life as quickly as possible.

## Mozambique

The Covid-19 pandemic hit Mozambique at a time of great economic weakness, when the country was trying to recover from two major shocks: the so-called undisclosed debt crisis and the devastating effects of cyclones Idai and Kenneth in 2019.

In addition, the terrorist actions in the north of the country caused the deadlines initially set for the FID for Area 4 in the Rovuma Basin to be postponed indefinitely, which reduced the good short-term economic growth prospects that were anticipated with the initial large amounts invested in infrastructure.

## Underwriting Policies

Reinsurance contracting is a common need for Insurance Companies, and for Seguradora Internacional de Moçambique its contracting is essentially aimed at increasing its underwriting capacity, stabilisation of its income and protection against catastrophic risks, thus conferring protection of its solvency ratio.

The choice of our Reinsurers is based on objective criteria that prioritise robustness and financial security.

In 2020, the reinsurance programme was concluded with the mediation of one of the largest reinsurance mediators, *Aon Re Africa (Pty) Ltd*, and its reinsurance panel consists of reinsurers with high international prestige and high ratings, in accordance with the table below:

Reinsurers	AGENCY	RATING
<b>Swiss Re (Leader)</b>	<b>S&amp;P</b>	<b>AA</b>
<b>Munich Re</b>	S&P	AA
<b>Scor Re</b>	S&P	AA-
<b>Africa Re</b>	S&P	A-
<b>IRB - Brazil Resseguros S.A.</b>	AM Best	A-
<b>Continental Re</b>	AM Best	B+
<b>ZEP Re</b>	AM Best	B++
<b>Total</b>		

## ASSET MANAGEMENT

At 31 December 2020, the Investment Portfolio of Seguradora Internacional de Moçambique amounted to 7,023.4 million Meticaïs, representing growth of 13.1% compared to the previous year. This growth is essentially justified by revenue from a recourse exercised on a large claim that occurred in 2016, the amount of which should be reimbursed to international partners.

Through its Investment Committee, the company has established a strategic financial asset management policy whose objective is to guarantee the mitigation of market, exchange and liquidity risks, always taking into consideration the need for strict compliance with the legislation and regulations issued by the supervisory entity.

At the close of the financial year under analysis, the company's Investment Portfolio was made up of 33.9% in Public Debt, 31.9% in Term Deposits and 30.8% in Real Estate, ensuring a prudential dispersion of assets in accordance with the offer available on the investment market in Mozambique.

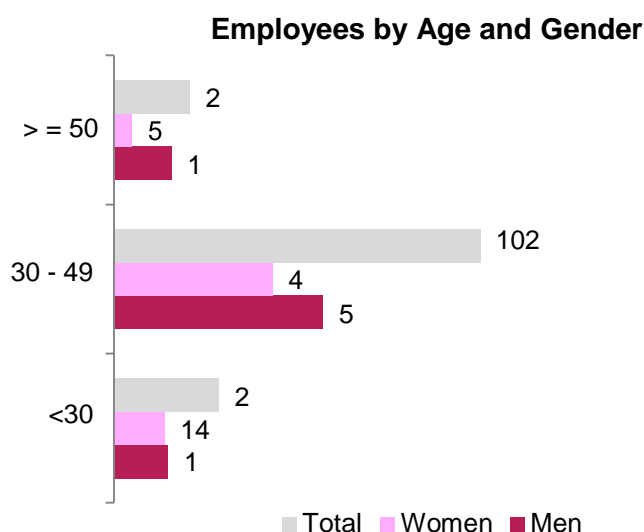
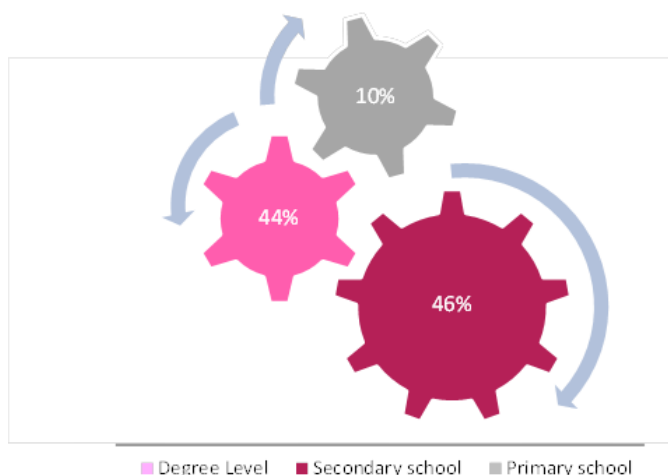
The constant reduction in interest rates offered by the market during the financial year under analysis had an influence on the deterioration of the rate of return on the company's investment portfolio, which, excluding the return on real estate, stood at 8.30% in 2020, a reduction of 2.42 pp compared to the same period in 2019.

## EMPLOYEES

The Covid-19 pandemic proved to be a challenging phenomenon with regard to Seguradora Internacional de Moçambique's human resources management policy. During the 2020 financial year, strategies were adopted that, on the one hand, were aimed at ensuring the health of the employees and their families while also enabling business continuity and workforce and employment stability. In this context, with a view to reducing the risk of contagion, additional investment was made in sanitary material for protection and hygiene in

the workplace; remote working was also introduced, which represented an additional investment in technological means and in the on-the-job training of employees to deal with this new reality; workforce rotation was also adopted in order to reduce the concentration of employees, enabling the effectiveness of social distancing.

Seguradora Internacional de Moçambique concluded the 2020 financial year with 152 employees, with an average age of 38 years old, an average length of service of 11 years, and 59% male and 41% female.





## PROPOSED APPLICATION OF NET INCOME

In the year ending 31 December 2020, the net income after tax of Seguradora Internacional de Moçambique was 719,862,380.43 Meticaís.

Under the terms of number 1) of article 36 of Decree-Law 1/2010 that regulates the insurance activity, the Board of Directors of Seguradora Internacional de Moçambique S.A. proposes that the net income for 2020 be applied as follows:

		Meticais
	%	Amount
Dividends	69.7%	476 096 322.84
To the Legal Reserve	10.0%	68 300 722.12
To the Free Reserve	20.3%	138 610 176.22
<b>Distributable Income</b>		<b>683 007 221.18</b>
Retained Earnings		36 855 159.25
<b>Total</b>	<b>100.0%</b>	<b>719 862 380.43</b>

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

In 2020, as a result of the revaluation of the properties allocated to the Insurer, a potential capital gain was recorded that affects the net income of 36.8 million Meticaís, whose value will be recorded under retained earnings reinforcing the value of the potential capital gains of properties from previous years and allocated therein, for the amount of 1,039.7 million Meticaís.

## FINANCIAL STATEMENTS IN 2020

### Profit and Loss Statement

Notes	Profit and Loss Statement	Financial Year				Previous year
		Life segment technical account	Non-life segment technical account	Non-technical account	Total	
2 g); 5	<b>Earned premium income, net of reinsurance</b>	<b>196,780,348</b>	<b>1,192,571,850</b>	-	<b>1,389,352,199</b>	<b>1,420,368,731</b>
	Gross written premiums	222,881,056	1,580,437,357	-	1,803,318,413	1,809,830,418
	Reinsurance premiums ceded	(26,100,708)	(393,610,730)	-	(419,711,438)	(393,981,471)
	Unearned premiums provisions (change)	-	(1,958,616)	-	(1,958,616)	37,947,408
	Unearned premiums provision, reinsurers share (change)	-	7,703,840	-	7,703,840	(33,427,624)
	Commissions from insurance contracts and operations considered for accounting purposes as investment contracts or as services contracts	-	-	-	-	-
6	<b>Claims costs, net of reinsurance</b>	<b>(27,766,717)</b>	<b>(481,379,228)</b>	-	<b>(509,145,944)</b>	<b>(493,260,044)</b>
	Amounts paid	(26,580,178)	(422,421,003)	-	(449,001,181)	(470,643,127)
	Gross amounts	(27,208,218)	688,019,683	-	660,811,465	(1,015,280,960)
	Reinsurers share	628,040	(1,110,440,685)	-	(1,109,812,645)	544,637,833
	Claims provisions (variation)	(1,186,538)	(58,958,225)	-	(60,144,763)	(22,616,917)
	Gross amounts	(4,751,856)	(395,402,963)	-	(400,154,819)	(876,397,987)
	Reinsurers share	3,565,318	336,444,738	-	340,010,055	853,781,071
7	Other technical provisions, net of insurance	-	-	-	-	-
8	<b>Life segment mathematical provision, net of reinsurance</b>	<b>67,041,276</b>	-	-	<b>67,041,276</b>	<b>95,217,137</b>
	Gross amounts	62,728,136	-	-	62,728,136	95,627,884
	Reinsurers share	4,313,140	-	-	4,313,140	(410,746)
9	Profit sharing, net of reinsurance	(40,316,619)	(37,089,663)	-	(77,406,282)	(73,942,302)
2 g); 10	<b>Net operating expenses</b>	<b>(65,989,488)</b>	<b>(384,167,420)</b>	-	<b>(450,156,908)</b>	<b>(448,143,004)</b>
	Acquisition costs	(41,072,225)	(157,375,286)	-	(198,447,511)	(200,616,643)
	Deferred acquisition costs	-	1,518,506	-	1,518,506	(1,068,936)
	Administrative Costs	(39,172,613)	(285,488,010)	-	(324,660,623)	(317,447,055)
	Commissions and reinsurance profit sharing	14,255,350	57,177,369	-	71,432,719	70,989,630
2 c); 11	<b>Income</b>	<b>64,331,078</b>	<b>414,286,768</b>	<b>1,471,131</b>	<b>480,088,977</b>	<b>572,186,780</b>
	From interest from financial assets not held at fair value through profit or loss	57,031,035	344,758,260	1,471,131	403,260,425	492,095,190
	From interest from financial liabilities not held at fair value through profit or loss	-	-	-	-	-
	From others	7,300,043	69,528,509	-	76,828,551	80,091,590
12	<b>Financial expenses</b>	<b>(78,513)</b>	<b>(4,385,047)</b>	-	<b>(4,463,560)</b>	<b>(2,810,643)</b>
	Interests from assets not held at fair value through profit or loss	-	-	-	-	-
	Interest on financial liabilities not held at fair value through profit or loss	-	-	-	-	-
	Others	(78,513)	(4,385,047)	-	(4,463,560)	(2,810,643)
	<b>Net gains on financial Assets and Liabilities not stated at fair value through profit and loss</b>	-	-	-	-	-
	From available for sales assets	-	-	-	-	-
	From Loans and account receivable	-	-	-	-	-
	From held-to-maturity investments	-	-	-	-	-
	From financial liabilities stated at amortised costs	-	-	-	-	-
	From others	-	-	-	-	-
13	<b>Net gains from financial assets and liabilities not stated at fair value through profit and loss</b>	<b>14,252,766</b>	<b>39,945,998</b>	-	<b>54,198,764</b>	<b>(99,458,837)</b>
	Net gains of financial assets and liabilities held for trading	-	-	-	-	-
	Net gains of financial assets and liabilities initially recognised at fair value through profit and loss	-	-	-	-	-
	From others	14,252,766	39,945,998	-	54,198,764	(99,458,837)
14	Exchange rate differences	(1,073,210)	5,172,796	33,058,993	37,158,579	4,248,869
15	<b>Net gains on the sale of non-financial assets not classified as non-current held for sale and discontinued operations units</b>	<b>6,093,499</b>	-	-	<b>6,093,499</b>	<b>2,496,161</b>
	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/expenses, net of reinsurance	-	1,783,690	-	1,783,690	(310,441)
15	Other provisions (change)	(873,650)	10,183,720	-	9,310,070	35,880,981
	Other income/expense	-	-	(2,099,447)	(2,099,447)	(100,372)
	Negative goodwill immediately recognised through profit and loss	-	-	-	-	-
	Profits and losses of associates and joint ventures accounted for through equity method	-	-	-	-	-
	Profit and loss of non-current assets (or disposal groups) classified as held for sale	-	-	-	-	-
	<b>Income before tax</b>	<b>212,400,772</b>	<b>756,923,464</b>	<b>32,430,676</b>	<b>1,001,754,910</b>	<b>1,012,373,016</b>
2 i); 27	Income tax for financial year - Current taxes	(60,470,501)	(215,496,114)	(9,233,014)	(285,199,628)	(318,337,980)
2 i); 27	Income tax for financial year - Deferred taxes	-	-	3,307,098	3,307,098	31,826,828
31	<b>Net income for the Financial Year</b>	<b>151,930,271</b>	<b>541,427,350</b>	<b>26,504,760</b>	<b>719,862,380</b>	<b>725,861,863</b>

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

## Statement of Comprehensive Income

Amounts in meticals

Annex notes	Statement of Comprehensive Income	Financial year 2020				Financial year 2019			
		Life Technical	Non-Life Technical	Non-Technical	Total	Life Technical	Non-Life Technical	Non-Technical	Total
31	Net income for the financial year	151,930,271	541,427,350	26,504,760	719,862,380	160,608,876	530,734,577	34,518,411	725,861,863
	Other comprehensive income for the year	(1,252,110)	(11,894,529)	-	(13,146,639)	(5,381,823)	(3,169,844)	-	(8,551,667)
19, 31	Financial assets available for sale	-	(17,491,955)	-	(17,491,955)	-	(3,568,399)	-	(3,568,399)
29	Actuarial deviations	(4,373,961)	-	-	(4,373,961)	(7,914,446)	-	-	(7,914,446)
19, 31	Taxes	3,121,851	5,597,425	-	8,719,277	2,532,623	5,083,388	-	7,616,011
	Other directly recognised profit/loss on equity	-	-	-	-	-	(4,684,833)	-	(4,684,833)
	<b>Total Comprehensive Income net of tax</b>	<b>150,678,160</b>	<b>529,532,821</b>	<b>26,504,760</b>	<b>706,715,741</b>	<b>155,227,052</b>	<b>527,564,733</b>	<b>34,518,411</b>	<b>717,310,196</b>

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

## Balance Sheet

		December 2020			December 2019
Notes	ASSETS	Gross Assets	Amortisations and Provisions	Net Assets	Previous Financial year Net Assets
2 a); 17	<b>Cash and cash equivalents and demand deposits</b>	2,159,592,479		2,159,592,479	1,192,451,307
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
	Financial Assets classified in the initial recognition through profit and loss	0		0	0
2 c); 19	Assets available for sale	1,304,436,632		1,304,436,632	1,668,441,054
2 c); 21	<b>Loans and account receivables</b>	103,995,750		103,995,750	150,216,837
	Deposits at cedent companies	0		0	0
	Other deposits	103,995,750		103,995,750	150,216,837
	Loans granted	0		0	0
	Receivable accounts	0		0	0
	Others	0		0	0
2 c); 20	Held-to-maturity Investments	1,098,483,815		1,098,483,815	880,507,773
2 e); 22	<b>Buildings</b>	2,172,423,247	6,958,156	2,165,465,091	2,214,327,282
	Buildings for own use	67,655,924	6,958,156	60,697,768	62,050,889
	Income Buildings	2,104,767,323		2,104,767,323	2,152,276,393
2 f); 23	Other tangible assets	164,098,669	108,899,531	55,199,138	57,196,866
23	Inventories	1,293,220		1,293,220	1,293,220
	Goodwill	0		0	0
2 g); 24	Other intangible assets	103,528,451	77,113,035	26,415,415	33,420,856
2 h); 25	<b>Reinsurance ceded Technical provisions</b>	1,922,175,913		1,922,175,913	1,163,490,090
	Unearned premiums provision	81,891,534		81,891,534	66,489,538
	Life segment mathematical provision	1,520,533		1,520,533	-2,806,090
	Claims provision	1,838,763,846		1,838,763,846	1,099,806,642
	Profit sharing provision	0		0	0
	Other technical provisions	0		0	0
	Assets for post-employment benefits and long-term benefits	13,029,706		13,029,706	16,040,307
26	<b>Other debtors from insurance operations and other operations</b>	859,866,429	28,051,458	831,814,972	579,395,131
	Accounts payable for direct insurance operations	405,174,247	28,051,458	377,122,790	354,366,357
	Accounts receivable for other reinsurance operations	415,797,600		415,797,600	171,194,060
	Accounts receivable for other operations	38,894,582		38,894,582	53,834,714
2 l); 27	<b>Tax assets</b>	97,560,741		97,560,741	97,560,741
	Current tax assets	95,053,905		95,053,905	95,053,905
	Deferred tax assets	2,506,836		2,506,836	2,506,836
28	<b>Accruals and deferrals</b>	85,359,877		85,359,877	128,030,455
	Interest receivable	85,161,533		85,161,533	125,799,070
	Other accruals and deferrals	198,344		198,344	2,231,385
	Other asset items	0		0	0
	Non-current assets held for sale and discontinued operating units	0		0	0
	<b>Total Assets</b>	<b>10,297,195,777</b>	<b>221,022,180</b>	<b>10,076,173,598</b>	<b>8,393,722,770</b>

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

		December 2020	December 2019
	Liabilities and Equity	Financial Year	Previous financial year
	<b>LIABILITIES</b>		
2 h); 25	<b>Technical Provisions</b>	3,160,261,589	2,717,450,767
	Unearned premiums provisions	526,728,487	514,718,731
	Mathematical provision on life segments	184,277,217	238,232,327
	Claims provision	2,364,657,252	1,881,735,706
	For life insurance	32,509,112	26,791,060
	Workmen's compensation	216,574,033	466,318,306
	For other sectors	2,115,574,107	1,388,626,340
	Profit sharing Provision	84,598,634	82,764,003
	Claims-rate deviations provisions	0	0
	Underway risks provision	0	0
	Other technical provisions	0	0
	Financial liabilities of the component Policyholders deposits insurance contracts and operations considered for accounting purposes as investment contracts	0	0
	<b>Other financial liabilities</b>	0	0
	Subordinated debt	0	0
	Deposits received from reinsurers	0	0
	Others	0	0
2 j); 29	<b>Liabilities for post-employment and other long-term benefits</b>	15,817,643	14,012,692
30	<b>Other creditors due to insurance and other operations</b>	1,514,005,005	402,477,815
	Accounts payable for direct insurance operations	278,104,057	146,431,777
	Accounts payable for other reinsurance operations	1,207,071,626	239,037,118
	Accounts payable for other operations	28,829,321	17,008,921
2 l); 27	<b>Tax liabilities</b>	536,789,472	641,197,786
	Current tax liabilities	49,592,593	141,974,533
28	Deferred tax liabilities	487,196,878	499,223,253
2 m)	<b>Accruals and deferrals</b>	132,461,026	132,364,266
	Other provisions	0	0
	Other liabilities	0	0
	Liabilities of a group for sale classified as held for sale	0	0
	<b>TOTAL LIABILITIES</b>		<b>3,907,503,326</b>
2 n); 31	<b>EQUITY</b>		
	Share capital (own shares)	295,000,000	295,000,000
	Other capital instruments	0	0
	Revaluation reserves	-10,764,673	6,727,282
	For adjustments in the fair value of financial assets	-10,764,673	6,727,282
	For revaluation of self-use buildings	0	0
	For revaluation of intangible assets	0	0
	For revaluation of other tangible assets	0	0
	For exchange rate changes	0	0
31	<b>Deferred tax reserve</b>	3,444,695	-2,152,730
31	<b>Other reserves</b>	2,669,640,400	2,353,494,961
31	Retained Earnings	0	0
	Income for the financial year	1,039,656,060	1,107,288,069
	<b>TOTAL EQUITY</b>	719,862,380	725,861,863
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,716,838,862</b>	<b>4,486,219,444</b>
		<b>10,076,173,598</b>	<b>8,393,722,770</b>

1,682,450,827.42

969,898,069.45

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



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

## Cash Flow Statement

Cash Flow Statement	Financial year 2020	Financial year 2019
<b>Cash Flow for Operational Activities</b>		
Net income for the year	719,862,380	725,861,863
Amortisations	24,819,156	27,792,367
Changes in claims provisions		
for direct insurance and accepted reinsurance	482,921,546	900,541,436
for reinsurance ceded	-738,957,204	-825,664,943
Changes in other technical provisions		
for direct insurance and accepted reinsurance	-40,110,723	-159,894,832
for reinsurance ceded	-19,728,615	31,871,967
Changes in provisions for receivable receipts	-9,310,070	-35,880,981
Change in provision for other risks and costs	0	-350,000
(Increase)/decrease in debtors		
from direct insurance and accepted reinsurance operations	-14,719,340	15,963,022
from reinsurance operations	-244,603,540	-78,779,887
from other operations	17,950,734	-4,248,461
Increase/(decrease) in creditors		
Creditors from direct insurance and accepted reinsurance operations	132,945,258	-37,727,431
Creditors from ceded reinsurance operations	968,034,509	112,225,680
State and other public entities	-104,408,314	-80,799,977
Various creditors	11,820,401	10,912,675
Changes in other asset accounts	42,670,579	41,790,825
Changes in other liability accounts	1,901,711	45,690,297
Interests and similar income	-541,142,092	-616,252,305
Effects of exchange rate differences	-6,054,714	-1,017,655
Unrealised capital gains from investment properties	-54,198,764	99,458,837
<b>Total</b>	<b>629,692,896</b>	<b>171,492,496</b>
<b>Cash flow from financing activities</b>		
Acquisitions of investments (including the establishment of term deposits)	-3,848,571,425	-3,615,800,334
Refunds/divestitures of investments (including refund of term deposits)	4,129,388,777	3,491,744,437
Acquisition of tangible and intangible assets	-14,469,559	-33,394,379
Interests and similar benefits	541,142,092	616,252,305
<b>Total</b>	<b>807,489,884</b>	<b>458,802,029</b>
<b>Cash flow for financing activities</b>		
Dividends distributed	-476,096,323	-535,676,712
Share capital increase	0	0
<b>Total</b>	<b>-476,096,323</b>	<b>-535,676,712</b>
Net change in cash and cash equivalents	961,086,458	94,617,813
Effects of exchange rate differences	6,054,714	1,017,655
Cash and cash equivalents at the beginning of the period	1,192,451,307	1,096,815,839
Cash and cash equivalents at the end of the period	<b>2,159,592,479</b>	<b>1,192,451,307</b>

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

## Notes to Financial Statements

### Notes

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## Note 1 - General information

Seguradora Internacional de Moçambique, S.A. is an Insurance Company established in Mozambique on September 3<sup>rd</sup> 1992, having started its operations in the 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 into Impar – Companhia de Seguros de Moçambique, S.A.R.L (L.L.C.) (incorporating Company), of Seguradora Internacional de Moçambique, L.L.C (Incorporated Company), issued by public deed on November 27<sup>th</sup> 2001, with the termination of the incorporated company. The merger was conducted by incorporation, through the transfer of the total assets of the incorporated company to Impar – Companhia de Seguros de Moçambique, L.L.C.

On the same date, the Company altered its corporate name from Impar – Companhia de Seguros de Moçambique, L.L.C to Seguradora Internacional de Moçambique, L.L.C.

Seguradora Internacional de Moçambique, L.L.C. (hereinafter referred to as SIM or Insurer) is registered in Mozambique, with headquarters at Rua dos Desportistas N° 873-879 5ºA.

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

- **Basis for presentation**

In accordance with the provisions in the “Plan of accounts for entities qualified to exercise insurance activity”, approved by the Ministerial Diploma N° 222/2010, of December 17<sup>th</sup>, from the Ministry of Finance, with entry into force on January 1<sup>st</sup> 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 recorded at fair value, namely financial assets and income-generating properties.

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

- **Main accounting policies adopted**

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

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

For the purpose of cash flow statements, the cash and cash equivalents heading 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 balances in credit institutions.

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

### **(i) Recognition**

The insurer initially recognises 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 recognised 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 into one of the following categories:

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

#### **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**

#### **on Financial**

#### **Assets**

The insurer derecognises 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 retain all the risks and benefits of ownership and does not retain control over the financial asset.

When derecognising a financial asset, the difference between the asset carrying amount (or the carrying amount allocated to part of the derecognised asset) and the sum of:

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

The insurer performs operations where it transfers assets recognised in the financial position statement but retains all or substantially all risks and benefits of the transferred assets or a part of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are 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 recognise 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 derecognised if it meets the derecognition criteria. An asset or liability is recognised for the maintenance agreement if the maintenance fee is more than adequate (asset) or less than adequate (liability) to perform maintenance.

### **Financial liabilities**

The insurer derecognises 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 amortised cost**

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

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

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

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

- 1) Its fair value is below the acquisition cost for 12 consecutive months (long lasting devaluation); Or
- 2) There is a significant devaluation of 25% or more, related to its acquisition cost on the closing date of accounts;

3) Impairment loss should be recognised 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 following the recognition of the impairment loss.

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

**Adjustments of revenue of receivable premiums and credit related to bad debt:**

The objective of adjustments to revenue of receivable premiums is to reduce the value of receivable premiums 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 revenue 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 realization 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 revenue 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 changes determined on each reporting date are recognised through the profit and loss statement. 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 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:

	<b>Years of Useful Life</b>
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:

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

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

#### **g) Insurance contract**

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

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



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

### **(i) Premiums**

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

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

### **(ii) Procurement costs**

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

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

### **(iii) Provision for unearned premiums**

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

### **(iv) Mathematical Provision for the Life Business Segment**

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

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

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

### **(v) Claims provisions**

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 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 at hand.

· *Provision for attributed profit sharing:*

Corresponds to the amounts attributed to 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 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.

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

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

#### **(ix) Technical provisions for reinsurance ceded**

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

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

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

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

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

The actuarial valuation of the liability is made through the projected unit credit method, based on the actuarial and financial assumptions disclosed in Note 29 - Benefits granted to employees.

- *Seniority bonus (other long-term benefits)*

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

- *Performance bonus (short term benefits)*

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

## **i) Income tax**

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

Income tax includes current and deferred tax. Income tax is recognised through the profit and loss statement, 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 the profit and loss statement 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 applicable tax rules 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 fiscal adjustments.

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

## **j) Provisions**

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

## **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**

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. Transactions in which substantially all the risks and rewards incident to ownership of an asset are transferred to the lessee are classified as finance 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. The Annuities are composed of (i) the financial cost which is debited through the profit and loss statement, and (ii) the financial amortisation of the 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 and loss statement.

### **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 values of 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 cover. The assumptions used were based on the past experience of the insurer and market. These assumptions may be reviewed if it is decided that the future experience confirms their unsuitability. The technical provisions arising from insurance and investment contracts with discretionary profit sharing (capitalisation products) include the (1) mathematical provision, (2) provision for profit sharing, and (3) Claims provision.

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

Regarding the technical provisions of the Non-Life segment, 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 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 Tax**

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 applicable tax legislation, 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 key segment. Within the business segment there are also the Life and Non-Life segments of business, and for each segment the information will be described by product type (for Life segment) and by sub-sector (in the case of Non-Life segment). For the Life segments the presented data is divided between Annuity, Capitalization and Life Risk segments. For the Non-Life segments, the information is detailed by

the following sub- segment: Workmen's Compensation, Personal Accident and Health, Fire and Allied Perils, Motor, Miscellaneous and Others (includes Marine Hull, Aviation, and Third party liability).

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

- **Segmental Reporting**

Report by Business segments – technical income, as at December 31<sup>st</sup> 2020:

	MZN		
	Life Segment	Non-Life Segment	Total
Earned premiums, direct insurance	222 881 056	1 578 478 741	1 801 359 797
Costs with claims, direct insurance	(33 990 046)	(1 857 688 902)	(1 891 678 948)
Other Technical Costs	13 595 189	(36 483 481)	(22 888 293)
Technical Margin, direct insurance	202 486 199	(315 693 642)	(113 207 443)
Income on Reinsurance Ceded	(3 042 102)	1 064 751 922	1 061 709 819
Net Technical Margin	199 444 096	749 058 280	948 502 376
Operational expenses	(73 597 350)	(445 535 284)	(519 132 634)
Net operational income	125 846 746	303 522 996	429 369 742
Investment income	60 743 568	410 056 539	470 800 107
Others	(167 837)	66 700 550	66 532 714
<b>Technical Income</b>	<b>186 422 477</b>	<b>780 280 086</b>	<b>966 702 563</b>

Report by Life Business segment – Technical Income, as at December 31<sup>st</sup> 2019:

	LIFE Segment			
	Annuities	Capitalization	Life Risk	Total
Earned premiums, direct insurance	0	4 554 903	218 326 153	222 881 056
Costs with claims, direct insurance	0	(1 061 561)	(32 928 485)	(33 990 046)
Other Technical Costs	14 274	(13 851 832)	27 432 746	13 595 189
Technical Margin, direct insurance	14 274	(10 358 490)	212 830 415	202 486 199
Income on Reinsurance Ceded	0	0	(3 042 102)	(3 042 102)
Net Technical Margin	14 274	(10 358 490)	209 788 313	199 444 096
Operational expenses	(22 264 930)	(4 748 241)	(46 584 179)	(73 597 350)
Net operational income	(22 250 656)	(15 106 731)	163 204 133	125 846 746
Investment income	0	981 243	59 762 325	60 743 568
Others	0	(32 849)	(134 988)	(167 837)
<b>Technical Income</b>	<b>(22 250 656)</b>	<b>(14 158 337)</b>	<b>222 831 470</b>	<b>186 422 477</b>

Report by Non-Life Business segment – Technical Income, as at December 31<sup>st</sup> 2020:

	NON-LIFE Segment						
	Workmen's Compensation	Personal accident and Health	Fire and Allied Perils	Motor	Miscellaneous	Others	Total
Earned premiums, direct insurance	154 252 794	271 034 678	268 838 504	626 364 223	118 847 127	139 141 414	1 578 478 741
Costs with claims, direct insurance	(65 778 368)	(120 514 119)	(1 151 139 196)	(243 259 396)	(242 328 749)	(34 669 073)	(1 857 688 902)
Other Technical Costs	(866 524)	(35 616 958)	0	0	0	0	(36 483 481)
Technical Margin, direct insurance	87 607 902	114 903 601	(882 300 692)	383 104 827	(123 481 621)	104 472 341	(315 693 642)
Income on Reinsurance Ceded	(2 701 287)	(16 156 463)	989 622 715	(13 780 493)	158 724 711	(50 957 260)	1 064 751 922
Net Technical Margin	84 906 615	98 747 138	107 322 022	369 324 334	35 243 089	53 515 081	749 058 280

Operational expenses	(44 223 221)	(78 514 686)	(71 309 972)	(175 917 426)	(26 607 926)	(48 962 053)	(445 535 284)
Net operational income	40 683 394	20 232 452	36 012 050	193 406 908	8 635 164	4 553 028	303 522 996
Investment income	36 273 892	36 804 762	96 703 502	59 684 098	15 420 356	165 169 929	410 056 539
Others	7 686 563	4 959 317	14 680 535	12 572 923	2 770 435	24 030 776	66 700 550
<b>Technical Income</b>	<b>84 643 850</b>	<b>61 996 531</b>	<b>147 396 087</b>	<b>265 663 930</b>	<b>26 825 956</b>	<b>193 753 733</b>	<b>780 280 086</b>

### Report by Business segments – Technical Income, as at December 31st 2019:

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

### Report by Life Business segments – technical income, as at December 31<sup>st</sup> 2019:

MZN

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

### Report by Non-Life Business segments – technical income, as at December 31<sup>st</sup> 2019:

MZN

	NON-LIFE						
	Workmen's Compensation	Personal accident and Health	Fire and Allied Perils	Motor	Miscellaneous	Others	Total
Earned premiums, direct insurance	148 871 508	288 132 384	277 198 082	629 059 622	130 541 250	163 570 417	1 637 373 264
Costs with claims, direct insurance	(65 778 368)	(120 514 119)	(1 151 139 196)	(243 259 396)	(242 328 749)	(34 669 073)	(1 857 688 902)



Other Technical Costs	(1 215 743)	(40 305 780)	0	0	0	0	(41 521 523)
Technical Margin, direct insurance	81 877 397	127 312 485	(873 941 114)	385 800 226	(111 787 498)	128 901 343	(261 837 161)
Income on Reinsurance Ceded	(2 502 398)	(18 800 895)	978 102 013	(11 564 101)	164 008 945	(61 569 393)	1 047 674 171
Net Technical Margin	79 374 999	108 511 590	104 160 899	374 236 125	52 221 447	67 331 951	785 837 010
Operational expenses	(44 223 221)	(78 514 686)	(71 309 972)	(175 917 426)	(26 607 926)	(48 962 053)	(445 535 284)
Net operational income	35 151 778	29 996 903	32 850 927	198 318 699	25 613 521	18 369 897	340 301 726
Investment income	101 840 344	55 940 268	188 293 358	81 474 274	20 453 536	49 301 708	497 303 488
Others	(15 200 119)	(9 817 051)	(21 160 035)	(6 378 637)	(2 908 299)	(9 112 206)	(64 576 347)
<b>Technical Income</b>	<b>121 792 003</b>	<b>76 120 121</b>	<b>199 984 250</b>	<b>273 414 335</b>	<b>43 158 759</b>	<b>58 559 400</b>	<b>773 028 867</b>

Report by Business segments – Balance Sheet, as at December 31<sup>st</sup> 2020:

MZN

Balance Sheet	Life Insurance	Non-Life Segment Insurance	Total 2020
Cash and cash equivalents and demand deposits	175 693 554	1 983 898 925	2 159 592 479
Investments in affiliates, associates and joint ventures	17 194 439	194 156 411	211 350 850
Assets available for sale	90 571 923	1 022 721 299	1 113 293 222
Loans and receivables	8 460 570	95 535 180	103 995 750
Held-to-maturity investments	104 917 568	1 184 709 657	1 289 627 225
Buildings	176 176 714	1 989 354 680	2 165 531 395
Other tangible assets, intangibles and inventories	7 796 080	88 031 881	95 827 961
Technical provisions for reinsurance ceded	12 411 643	1 909 764 270	1 922 175 913
Other receivables and tax assets	75 609 322	853 766 391	929 375 712
Accruals and deferrals	6 944 449	78 415 427	85 359 877
<b>Total assets</b>	<b>675 776 261</b>	<b>9 400 354 122</b>	<b>10 076 130 383</b>
Technical provisions	257 102 947	2 903 158 642	3 160 261 589
Other financial liabilities	0	0	0
Liabilities for post-employment and other long-term benefits	1 286 844	14 530 800	15 817 643
Other payables and tax liabilities	166 842 297	1 883 952 180	2 050 794 477
Accruals and deferrals	10 258 345	115 835 325	126 093 670
Other provisions	0	0	0
<b>Total liabilities</b>	<b>435 490 433</b>	<b>4 917 476 947</b>	<b>5 352 967 380</b>

Report by Life Business segments – Balance sheet, as at December 31<sup>st</sup> 2020:

MZN

Balance Sheet	LIFE Segment			
	Annuities	Capitalisation	Life Risk	Total 2019
Cash and cash equivalents and demand deposits	0	34 386 607	141 306 947	175 693 554
Investments in affiliates, associates and joint ventures	0	3 365 282	13 829 157	17 194 439
Assets available for sale	0	17 726 667	72 845 256	90 571 923
Loans and receivables	0	1 655 896	6 804 674	8 460 570
Held-to-maturity investments	0	20 534 385	84 383 182	104 917 568
Buildings	0	34 481 171	141 695 544	176 176 714



Other tangible assets, intangibles and inventories	0	1 525 843	6 270 237	7 796 080
Technical provisions for reinsurance ceded	0	0	12 411 643	12 411 643
Other receivables and tax assets	0	14 798 198	60 811 123	75 609 322
Accruals and deferrals	0	1 359 162	5 585 287	6 944 449
<b>Total assets</b>	<b>0</b>	<b>129 833 212</b>	<b>545 943 050</b>	<b>675 776 261</b>
Technical provisions	0	50 319 991	206 782 957	257 102 947
Other financial liabilities	0	0	0	0
Liabilities for post-employment and other long-term benefits	0	251 860	1 034 984	1 286 844
Other payables and tax liabilities	0	32 654 246	134 188 052	166 842 297
Accruals and deferrals	0	2 007 755	8 250 590	10 258 345
Other provisions	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>85 233 852</b>	<b>350 256 582</b>	<b>435 490 433</b>

Report by Non-Life Business segments – Balance sheet, as at December 31st 2020:

MZN

Balance Sheet	Non-Life Segment						
	Workmen's Compensation	Personal accident and Health	Fire and Allied Perils	Motor	Miscellaneous	Others	Total 2019
Cash and cash equivalents and demand deposits	175 156 833	178 844 696	469 194 492	289 259 953	74 859 122	796 583 829	1 983 898 925
Investments in affiliates, associates and joint ventures	17 141 913	17 502 829	45 918 226	28 308 738	7 326 169	77 958 537	194 156 411
Assets available for sale	90 295 237	92 196 370	241 874 822	149 116 627	38 590 685	410 647 558	1 022 721 299
Loans and receivables	8 434 724	8 612 314	22 594 185	13 929 390	3 604 861	38 359 706	95 535 180
Held-to-maturity investments	104 597 059	106 799 311	280 185 265	172 735 141	44 703 046	475 689 836	1 184 709 657
Buildings	175 638 518	179 336 522	470 484 784	290 055 423	75 064 986	798 774 447	1 989 354 680
Other tangible assets, intangibles and inventories	7 772 264	7 935 906	20 819 646	12 835 381	3 321 736	35 346 948	88 031 881
Technical provisions for reinsurance ceded	34 024 810	6 322 195	636 270 066	9 316 265	66 322 689	1 157 508 244	1 909 764 270
Other receivables and tax assets	75 378 345	76 965 408	201 916 783	124 482 363	32 215 453	342 808 039	853 766 391
Accruals and deferrals	6 923 235	7 069 001	18 545 343	11 433 265	2 958 876	31 485 708	78 415 427
<b>Total assets</b>	<b>695 362 937</b>	<b>681 584 553</b>	<b>2 407 803 612</b>	<b>1 101 472 545</b>	<b>348 967 623</b>	<b>4 165 162 852</b>	<b>9 400 354 122</b>
Technical provisions	256 317 531	261 714 203	686 600 525	423 291 491	109 545 857	1 165 689 036	2 903 158 642
Other financial liabilities	0	0	0	0	0	0	0
Liabilities for post-employment and other long-term benefits	1 282 913	1 309 924	3 436 552	2 118 645	548 296	5 834 471	14 530 800
Other payables and tax liabilities	166 332 616	169 834 688	445 556 966	274 687 340	71 087 798	756 452 772	1 883 952 180
Accruals and deferrals	10 227 007	10 442 333	27 395 194	16 889 228	4 370 853	46 510 710	115 835 325
Other provisions	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>434 160 067</b>	<b>443 301 148</b>	<b>1 162 989 237</b>	<b>716 986 704</b>	<b>185 552 804</b>	<b>1 974 486 988</b>	<b>4 917 476 947</b>

Report by Business segments – Balance sheet, as at December  
31<sup>st</sup> 2019:

MZN

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

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

MZN

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

## Report by Non-Life Business segments – Balance sheet, as at December 31<sup>st</sup> 2019:

MZN

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

### • Allocation of investments and other assets

Allocation of investments and other assets, as at December 31<sup>st</sup> 2020:

MZN

Nature of investments and other assets	Life Insurance with profit sharing	Life Insurance without profit sharing	Non-Life Insurance	Not Allocated	Total 2019
Cash and cash equivalents and demand deposits	0	0	2 159 592 479	0	2 159 592 479
Investments in affiliates, associates and joint ventures	0	0	0	211 350 850	211 350 850
Assets available for sale	386 775 494	52 073 938	674 443 789	0	1 113 293 222
Loans and receivables	25 843 011	3 479 402	28 745 024	45 928 314	103 995 750
Held-to-maturity investments	0	0	1 289 627 225	0	1 289 627 225
Buildings	95 317 579	12 833 186	2 044 125 628	13 255 002	2 165 531 395
Other tangible assets, intangibles and inventories	0	0	0	95 827 961	95 827 961
Technical provisions for reinsurance ceded	10 938 875	1 472 767	1 909 764 270	0	1 922 175 913
Other receivables and tax assets	0	0	0	929 375 712	929 375 712
Accruals and deferrals	0	0	0	85 359 877	85 359 877
<b>Total</b>	<b>518 874 959</b>	<b>69 859 293</b>	<b>8 106 298 415</b>	<b>1 381 097 715</b>	<b>10 076 130 383</b>

Allocation of investments and other assets, as at December 31<sup>st</sup>  
2019:

MZN

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

**Note 5 - Earned premiums net of reinsurance**

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

MZN

	2020	2019
Gross written premiums	1 803 318 413	1,809,830,418
Reinsurance premiums ceded	(419 711 438)	(393,981,471)
Reinsurance net premiums	1 383 606 975	1,415,848,946
Unearned premiums variations	(1 958 616)	37,947,408
Variations on unearned premiums from reinsurance ceded	7 703 840	(33,427,624)
Net changes of non-earned premiums	5 745 224	4,519,784
<b>Earned premiums, net reinsurance</b>	<b>1 389 352 199</b>	<b>1,420,368,730</b>

The breakdown of the heading is analysed as follows:

MZN

	2020			2019		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
<b>Gross written premiums:</b>	<b>1 803 318 413</b>	<b>(419 711 438)</b>	<b>1 383 606 975</b>	<b>1,809,830,418</b>	<b>(393,981,471)</b>	<b>1,415,848,946</b>
<i>Life</i>	<i>222 881 056</i>	<i>(26 100 708)</i>	<i>196 780 348</i>	<i>210,404,562</i>	<i>(24,424,454)</i>	<i>185,980,107</i>
Annuities	0	0	0	0	0	0
Capitalization	4 554 903	0	4 554 903	3,742,956	0	3,742,956
Life Risk	218 326 153	(26 100 708)	192 225 446	206,661,605	(24,424,454)	182,237,151
<i>Non-Life</i>	<i>1 580 437 357</i>	<i>(393 610 730)</i>	<i>1 186 826 627</i>	<i>1,599,425,856</i>	<i>(369,557,017)</i>	<i>1,229,868,839</i>
Workmen's Compensation	165 283 421	(2 456 935)	162 826 486	148,184,449	(2,258,046)	145,926,403
Personal accident and health	256 763 262	(16 738 155)	240 025 108	286,451,277	(19,465,582)	266,985,695
Fire and Allied Perils	274 291 623	(196 427 809)	77 863 814	251,314,697	(177,138,286)	74,176,411
Motor	627 761 504	(18 239 536)	609 521 968	622,798,874	(15,664,378)	607,134,496

Marine Hull	47 788 737	(43 266 087)	4 522 650	90,329,961	(64,354,084)	25,975,877
Aviation	0	0	0	3,013,334	(1,241,798)	1,771,536
Transport	29 214 081	(18 633 165)	10 580 916	31,305,415	(20,610,150)	10,695,265
Third party liability	63 939 942	(41 138 051)	22 801 891	49,525,261	(28,527,636)	20,997,625
Miscellaneous	115 394 786	(56 710 992)	58 683 794	116,502,589	(40,297,058)	76,205,531
<b>Unearned premiums variations:</b>	<b>(1 958 616)</b>	<b>7 703 840</b>	<b>5 745 224</b>	<b>37,947,408</b>	<b>(33,427,624)</b>	<b>4,519,784</b>
<i>Life</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Non-Life</i>	<i>(1 958 616)</i>	<i>7 703 840</i>	<i>5 745 224</i>	<i>37,947,408</i>	<i>(33,427,624)</i>	<i>4,519,784</i>
Workmen's Compensation	(11 030 627)	0	(11 030 627)	687,059	0	687,059
Personal accident and health	14 271 416	(64 253)	14 207 163	1,681,107	18,743	1,699,850
Fire and Allied Perils	(5 453 120)	3 646 606	(1 806 513)	25,883,386	(27,163,619)	(1,280,233)
Motor	(1 397 280)	616 517	(780 764)	6,260,748	257,750	6,518,499
Marine Hull	2 347 894	(1 869 640)	478 254	(6,070,639)	4,055,776	(2,014,863)
Aviation	2 207 730	(851 692)	1 356 038	1,025,658	(362,208)	663,450
Transport	245 633	102 540	348 173	1,988,448	(1,942,344)	46,105
Third party liability	(6 602 603)	7 973 672	1 371 070	(7,547,021)	4,687,887	(2,859,134)
Miscellaneous	3 452 341	(1 849 911)	1 602 430	14,038,661	(12,979,611)	1,059,051
<b>Earned premiums:</b>	<b>1 801 359 797</b>	<b>(412 007 598)</b>	<b>1 389 352 199</b>	<b>1,847,777,825</b>	<b>(427,409,096)</b>	<b>1,420,368,730</b>
<i>Life</i>	<i>222 881 056</i>	<i>(26 100 708)</i>	<i>196 780 348</i>	<i>210,404,562</i>	<i>(24,424,454)</i>	<i>185,980,107</i>
<i>Non-Life</i>	<i>1 578 478 741</i>	<i>(385 906 890)</i>	<i>1 192 571 850</i>	<i>1,637,373,264</i>	<i>(402,984,642)</i>	<i>1,234,388,622</i>
Workmen's Compensation	154 252 794	(2 456 935)	151 795 859	148,871,508	(2,258,046)	146,613,462
Personal accident and health	271 034 678	(16 802 408)	254 232 270	288,132,384	(19,446,840)	268,685,545
Fire and Allied Perils	268 838 504	(192 781 203)	76 057 301	277,198,082	(204,301,905)	72,896,178
Motor	626 364 223	(17 623 019)	608 741 204	629,059,622	(15,406,628)	613,652,995
Marine Hull	50 136 632	(45 135 727)	5 000 904	84,259,322	(60,298,308)	23,961,014
Aviation	2 207 730	(851 692)	1 356 038	4,038,992	(1,604,005)	2,434,986
Transport	29 459 714	(18 530 624)	10 929 089	33,293,863	(22,552,494)	10,741,369
Third party liability	57 337 339	(33 164 378)	24 172 960	41,978,240	(23,839,749)	18,138,492
Miscellaneous	118 847 127	(58 560 903)	60 286 224	130,541,250	(53,276,668)	77,264,582

## Note 6 – Costs of claims, net of reinsurance

This heading is broken down as follows:

	MZN	
	2020	2019
Claims paid		
Gross Claims paid	688 194 149	(986,653,277)
Reinsurers share	(1 109 812 645)	544,637,833
Changes in claims provision		
Gross Claims paid	(400 154 819)	(876,397,987)
Reinsurers share	340 010 055	853,781,071
Total claims before imputed costs	(481 763 260)	(464,632,361)
Claims cost (Imputed)	(27 382 684)	(28,627,683)
<b>Total</b>	<b>(509 145 944)</b>	<b>(493,260,044)</b>

For the financial year of 2020, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life Business Segments were broken down as follows:

	2020					
	Claims paid		Changes in claims provision		Claims cost (Imputed)	Total
	Gross Claims paid	Reinsurers share	Gross Claims paid	Reinsurers share		
<b>Life</b>	<b>(23 829 829)</b>	<b>628 040</b>	<b>(4 751 856)</b>	<b>3 565 318</b>	<b>(3 378 389)</b>	<b>(27 766 717)</b>
Annuities	0	0	0	0	0	0
Capitalization	0	0	0	0	(355 356)	(355 356)
Life Risk	(23 829 829)	628 040	(4 751 856)	3 565 318	(3 023 032)	(27 411 360)
<b>Non-Life</b>	<b>712 023 978</b>	<b>(1 110 440 685)</b>	<b>(395 402 963)</b>	<b>336 444 738</b>	<b>(24 004 295)</b>	<b>(481 379 228)</b>
Workmen's Compensation	(58 917 934)	0	245 734 221	(236 522 092)	(3 555 232)	(53 261 037)
Personal accident and health	(121 512 559)	285 272	(6 248 093)	129 023	(2 668 620)	(130 014 977)
Fire and Allied Perils	(290 720 872)	297 105 356	254 384 212	(267 728 510)	(2 668 519)	(9 628 334)
Motor	(207 388 695)	75 500	(23 904 487)	0	(15 108 351)	(246 326 034)
Marine Hull	1 466 913 474	(1 461 665 699)	(874 525 766)	869 465 614	(666)	186 957
Aviation	0	0	0	0	0	0
Transport	(11 829 985)	11 157 151	255 669	(1 408 152)	(407)	(1 825 725)
Third party liability	(1 530 467)	1 207 873	1 528 971	(679 786)	(891)	525 700
Miscellaneous	(62 988 984)	41 393 862	7 372 310	(26 811 358)	(1 608)	(41 035 777)
<b>Overall Total</b>	<b>688 194 149</b>	<b>(1 109 812 645)</b>	<b>(400 154 819)</b>	<b>340 010 055</b>	<b>(27 382 684)</b>	<b>(509 145 944)</b>

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

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

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

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

## Note 8 – Mathematical provisions of Life segment, net of reinsurance

The heading “Mathematical provisions of Life sector, 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 Segment. 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 segment. Also see Note 25 with respect to the amount recognised under the account of gains and losses by product / Business segment.

## Note 10 – Net operating costs

Net operating costs are broken down as follows:

	MZN	
	2020	2019
Acquisition expenses	(198 447 511)	(200 616 643)
Deferred acquisition expenses (changes)	1 518 506	(1 068 936)
Administrative costs	(324 660 623)	(317 447 055)
Commissions and profit sharing of reinsurance	71 432 719	70 989 629
<b>Total</b>	<b>(450 156 908)</b>	<b>(448 143 005)</b>

For the financial year of 2020, the Acquisition costs, deferred acquisition costs (changes), Administrative costs and fees and sharing of reinsurance profit, were broken down as follows:

Net operating costs	MZN					
	2020					
	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	
<i>Life</i>	(14 057 116)	(27 015 109)	0	(39 069 712)	(102 902)	14 255 350
Annuities	(4 550 643)	0	0	0	0	0
Capitalization	(194 279)	0	0	(798 447)	0	0
Life Risk	(9 312 194)	(27 015 109)	0	(38 271 265)	(102 902)	14 255 350

<i>Non-Life</i>	(67 409 879)	(89 965 407)	1 518 506	(277 041 185)	(8 446 824)	57 177 369
Workmen's Compensation	(7 049 780)	(13 751 453)	2 779 355	(28 973 192)	(1 609 610)	0
Personal accident and health	(12 008 498)	(9 982 551)	(1 986 530)	(49 352 535)	(237 486)	2 941 796
Fire and Allied Perils	(11 699 271)	(14 020 293)	146 716	(48 081 676)	(1 497 553)	33 084 757
Motor	(25 718 849)	(38 342 192)	716 352	(105 699 349)	(3 387 193)	1 730 424
Marine Hull	(2 038 317)	(2 531 697)	(346 293)	(8 377 079)	(361 671)	4 901 209
Aviation	0	0	(434 077)	0	0	0
Transport	(1 246 059)	(1 797 052)	69 698	(5 121 053)	(235 656)	2 181 616
Third party liability	(2 727 209)	(5 476 827)	1 248 333	(11 208 288)	(693 604)	3 586 923
Miscellaneous	(4 921 896)	(4 063 344)	(675 048)	(20 228 014)	(424 050)	8 750 644
<b>Total</b>	<b>(81 466 995)</b>	<b>(116 980 516)</b>	<b>1 518 506</b>	<b>(316 110 897)</b>	<b>(8 549 726)</b>	<b>71 432 719</b>
	<b>(198 447 511)</b>		<b>1 518 506</b>	<b>(324 660 623)</b>		<b>71 432 719</b>

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

MZN

Net operating costs	2019					
	Acquisition expenses		Deferred acquisition expenses (changes)	Administrative costs		Commissions and profit sharing of reinsurance
	Imputed costs (see note 16)	Mediation fees		Imputed costs (see note 16)	Mediation fees	
<i>Life</i>	(12 781 390)	(24 873 931)	0	(35 822 227)	(119 802)	15 522 726
Annuities	(4 401 876)	0	0	(17 863 054)	0	0
Capitalization	(4 110 987)	0	0	(637 253)	0	0
Life Risk	(4 268 527)	(24 873 931)	0	(17 321 919)	(119 802)	15 522 726
<i>Non-Life</i>	(67 103 259)	(95 858 062)	(1 068 936)	(272 308 714)	(9 196 313)	55 466 904
Workmen's Compensation	(6 217 018)	(10 882 799)	(604 959)	(25 229 001)	(1 289 444)	0
Personal accident and health	(12 987 901)	(13 219 633)	585 602	(52 705 616)	(187 138)	474 821
Fire and Allied Perils	(10 543 806)	(14 800 245)	(1 938 044)	(42 787 342)	(1 240 535)	27 311 096
Motor	(25 159 318)	(42 158 437)	(2 446 027)	(102 097 895)	(4 055 749)	3 842 526
Marine Hull	(3 789 757)	(5 953 858)	1 113 410	(15 379 041)	(876 331)	2 017 305
Aviation	(126 423)	(410 716)	(203 373)	(513 032)	(58 674)	155 225
Transport	(1 313 406)	(2 368 819)	(194 759)	(5 329 873)	(329 567)	5 421 387
Third party liability	(2 077 812)	(3 514 699)	1 194 639	(8 431 876)	(398 087)	4 046 033
Miscellaneous	(4 887 819)	(2 548 857)	1 424 574	(19 835 036)	(760 788)	12 198 511
<b>Total</b>	<b>(79 884 649)</b>	<b>(120 731 993)</b>	<b>(1 068 936)</b>	<b>(308 130 941)</b>	<b>(9 316 114)</b>	<b>70 989 629</b>
<b>Total according to summary map</b>	<b>(200 616 643)</b>		<b>(1 068 936)</b>	<b>(317 447 055)</b>		<b>70 989 629</b>

## Note 11 – Income

Income by category of financial assets is analysed as follows:



	2020			2019		
	Allocated	Not Allocated	Total	Allocated	Not Allocated	Total
<b>Income</b>	<b>478 484 420</b>	<b>1 604 557</b>	<b>480 088 977</b>	<b>569 075 971</b>	<b>3 110 809</b>	<b>572 186 780</b>
<i>Interest income from financial assets not valued at fair value by means of profit and loss</i>	<i>401 655 868</i>	<i>1 604 557</i>	<i>403 260 425</i>	<i>488 984 380</i>	<i>3 110 809</i>	<i>492 095 189</i>
of Assets available for sale	375 407 932	621 250	376 029 182	472 876 908	1 942 175	474 819 083
Bonds and other fixed income securities						
Issued by public entities	237 154 616	0	237 154 616	340 960 241	1 173 136	342 133 377
Issued by other issuers	138 253 316	0	138 253 316	131 916 667	0	131 916 667
Other investments	0	621 250	621 250	0	769 039	769 039
of granted loans and accounts receivable						
- Term deposits	26 247 936	983 307	27 231 243	16 107 472	1 168 634	17 276 106
<i>Others</i>	<i>76 828 551</i>	<i>0</i>	<i>76 828 551</i>	<i>80 091 591</i>	<i>0</i>	<i>80 091 591</i>
of Buildings held for income (Annuities)	71 684 225	0	71 684 225	72 748 440	0	72 748 440
of Assets available for sale - Shares	0	0	0	3 493 777	0	3 493 777
Smoothing of publicly issued bonds	5 144 326	0	5 144 326	3 849 373	0	3 849 373

## Note 12 – Financial costs

Financial costs are analysed as follows:

	MZN	
	2020	2019
<i>Non-Life</i>		
Smoothing of premium paid through the effective interest rate method – Fixed yield securities	(926 007)	(763,238)
Costs imputed to Investments (see note 17)	(3 537 553)	(2,047,406)
<b>Total</b>	<b>(4 463 560)</b>	<b>(2,810,643)</b>

## Note 13 - Net gains of financial assets and liabilities valued at fair value through profit and loss

The positive amount of MZN 54,198,765, recorded at 31 December 2020, refers to the change in fair value of properties allocated to portfolios without profit sharing.

The negative amount of MZN 99,458,837, recorded at 31 December 2019, refers to the change in fair value of properties allocated to portfolios without profit sharing.

## Note 14 – Currency exchange rate variations

The amounts for 2020 presented under the heading Currency exchange rate variations, under Profit and Loss, refer to currency conversion differences arising from:

Currency fluctuation 2020	Non-Life	Life	Non-Technical	Total
Direct insurance claims provision	(142 943 686)			(142 943 686)
Reinsurance ceded claims provision	143 934 764			143 934 764
Direct insurance unearned premiums provision	(12 639 938)			(12 639 938)
Deferred acquisition expenses	1 070 291			1 070 291
Reinsurance ceded unearned premiums provision	7 698 156			7 698 156
Profit share provision	(26)			(26)
Direct insurance claims provision		(966 195)		(966 195)
Reinsurance ceded claims provision		1 457 677		1 457 677
Direct insurance mathematical provision		(8 773 025)		(8 773 025)
Reinsurance ceded mathematical provision		13 483		13 483
Investments	8 053 234	7 194 851	0	15 248 085
Employee benefit liability actuarial gains		0		0
Receivable revenue			8 087 042	8 087 042
Claim refunds			7 422 349	7 422 349
Reversal payable			(908 055)	(908 055)
Collection in advance			(31 342)	(31 342)
Current accounts - reinsurance			12 164 325	12 164 325
Current accounts - mediators			(4 706 345)	(4 706 345)
Receivables and payables			12 980 230	12 980 230
Accruals and deferrals			(12 755 232)	(12 755 232)
On demand deposits			6 054 714	6 054 714
Taxes			0	0
Current accounts - co-insurance			4 751 307	4 751 307
Inventories			0	0
Settlement				
<b>Total</b>	<b>5 172 796</b>	<b>(1 073 210)</b>	<b>33 058 993</b>	<b>37 158 579</b>

## Details of variations by business area:

MZN

Non-Life technical provisions	2020			
	Claims provision		Unearned premiums provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
<i>Non-Life</i>				
Workmen's Compensation	0	2 816 799	0	0
Personal accident and health	0	677 513	(396 705)	310 565
Fire and Allied Perils	(73 394 899)	72 715 610	(3 428 749)	1 883 098
Motor	(1 206 001)	1 266 765	(465 787)	(2)
Marine Hull	(50 974 764)	50 974 894	(1 736 364)	1 437 070
Aviation	0	130 695	(224 094)	86 452
Transport	(9 813)	152 026	(906 011)	711 672
Third party liability	(749 584)	718 095	(2 485 710)	1 576 831
Miscellaneous	(16 608 625)	14 482 369	(2 996 518)	1 692 470
<b>Total</b>	<b>(142 943 686)</b>	<b>143 934 764</b>	<b>(12 639 938)</b>	<b>7 698 156</b>

MZN

Life technical provisions	2020			
	Claims provision		Mathematical provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
<i>Life</i>				
Annuities	0	0	0	0
Capitalization	(41 157)	0	(8 510 608)	0
Life Risk	(925 038)	1 457 677	(262 417)	13 483
<b>Total</b>	<b>(966 195)</b>	<b>1 457 677</b>	<b>(8 773 025)</b>	<b>13 483</b>

The amounts for 2019 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	25,300,579			25,300,579
Reinsurance ceded claims provision	(21,712,373)			(21,712,373)
Direct insurance unearned premiums provision	(1,744,389)			(1,744,389)
Deferred acquisition expenses	83,923			83,923
Reinsurance ceded unearned premiums provision	1,948,666			1,948,666
Profit share provision	(6)			(6)
Direct insurance claims provision		115,127		115,127
Reinsurance ceded claims provision		(52,179)		(52,179)
Direct insurance mathematical provision		43,303		43,303
Reinsurance ceded mathematical provision		17,738		17,738
Investments	(1,247,893)	581,824	0	(666,069)
Employee benefit liability actuarial gains		0		0
Receivable revenue			893 972	893 972
Claim refunds			105	105
Reversal payable			44 385	44 385
Collection in advance			16 547	16 547
Current accounts - reinsurance			(4 916 803)	(4 916 803)
Current accounts - mediators			2 382 638	2 382 638
Receivables and payables			897 406	897 406
Accruals and deferrals			768 054	768 054
On demand deposits			1 017 655	1 017 655
Taxes			0	0
Current accounts - co-insurance			(189 410)	(189 410)
Inventories			0	0
<b>Total</b>	<b>2 628 508</b>	<b>705 813</b>	<b>914 548</b>	<b>4 248 869</b>

#### Details of variations by business

area:

MZN

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

MZN

Technical Provisions for Life Business	2019			
	Claims provision		Mathematical provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
<i>Life</i>				
Annuities	0	0	(14,274)	0
Capitalization	44,520	0	60,747	0
Life Risk	70,607	(52,179)	(3,169)	17,738
<b>Total</b>	<b>115,127</b>	<b>(52,179)</b>	<b>43,303</b>	<b>17,738</b>

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	31.12.2020	31.12.2019
USD	74.90	61.47
ZAR	5.11	4.37
EUR	92.04	68.89

### **Note 15 – Net gains on the sale of non-financial assets not classified as non-current assets held for sale and discontinued operation**

The positive amount of MZN 54,198,765, recorded at 31 December 2020, refers to the variation in fair value of real estate allocated to portfolios without profit sharing.

The negative amount of MZN 99,458,837, recorded at 31 December 2019, refers to the change in fair value of real estate allocated to portfolios without profit sharing.

### **Note 16 – Other provisions (variation)**

The heading "Other provisions (variation)", refers to the variation of the adjustment of receivable revenue. Also see Note 28.

Segment	2020	2019
<i>Non-Life</i>		
Workmen's Compensation	2 696 738	4,635,398
Personal accident and health	-135 567	1,132,983
Fire and Allied Perils	1 314 236	15,620,413
Motor	4 332 556	9,549,540
Marine Hull	-612	458,073
Aviation	5 542	8,716
Transport	933 624	401,585
Third party liability	399 336	-338,206
Miscellaneous	637 867	1,095,921
<i>Life</i>	-873 650	3,316,558
<b>Overall Total</b>	<b>9 310 070</b>	<b>35,880,981</b>

## Note 17 – 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:

	2020			2019		
	Technical account	Non-technical account	Total	Technical account	Non-technical account	Total
Claims cost (see Note 7)	27 382 684	0	27 382 684	28 627 683	0	28 627 683
Acquisition expenses (see Note 6)	76 916 352	0	76 916 352	75 930 696	0	75 930 696
Administrative costs (see Note 6)	316 110 897	0	316 110 897	308 130 941	0	308 130 941
Investment management fees (see Note 8)	3 537 553	0	3 537 553	2 047 406	0	2 047 406
	4 550 643	0	4 550 643	3 953 953	0	3 953 953
<b>Total</b>	<b>428 498 129</b>	<b>0</b>	<b>428 498 129</b>	<b>418 690 679</b>	<b>0</b>	<b>418 690 679</b>

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

Imputable costs by nature	MZN	
	2020	2019
<i>Staff costs</i>	<i>260 883 697</i>	<i>259,140,289</i>
Governing bodies remuneration	67 293 996	65,572,015
Staff remuneration	173 828 951	169,272,136
Charges on remuneration	6 926 902	7,380,397
Post-employment benefits	3 071 402	2,838,211
Other employee long-term benefits	3 438 373	2,567,266
Compulsory insurance	1 365 461	1,335,682
Social action expenses	4 158 612	6,659,436
Other Staff costs	800 000	3,515,146
<i>External supplies and services</i>	<i>138 466 002</i>	<i>128,905,034</i>
Specialised work	80 604 042	58,046,392
Advertising and marketing	7 284 054	14,271,299
Annuities and rents	6 783 311	7,339,268
Insurance	7 909 979	9,203,451
Maintenance and repairs	7 553 821	11,241,237
Independent work expenses	5 303 138	5,148,819
Fuel	4 085 724	4,863,507
Communications	4 463 954	4,694,562
Security and surveillance	4 782 083	5,062,140
Representation expenses	1 648 266	1,391,257
Others	8 047 629	7,643,101
<i>Taxes and fees</i>	<i>1 426 962</i>	<i>1,803,577</i>
<i>Amortisation/depreciation for the period</i>	<i>24 819 156</i>	<i>27,792,367</i>
Intangible assets (see Note 21)	7 005 441	8,468,271
Tangible assets (see Note 20)	17 813 715	19,324,096

<i>Other provisions</i>	0	0
<i>Interest expenses</i>	0	0
<i>Commissions</i>	2 902 312	1,049,412
<b>Total Imputable costs by nature</b>	<b>428 498 129</b>	<b>418,690,679</b>

As at 31.12.2020, Seguradora Internacional de Moçambique had 152 full-time employees (2019: 156 employees), distributed by the professional categories shown in the following table:

<b>Average number of employees by professional category</b>	<b>2020</b>	<b>2019</b>
Executive management	11	11
Senior management	16	16
Middle management	15	15
Highly qualified professionals	1	1
Qualified professionals	90	94
Semi-qualified professionals	14	14
Others	5	5
<b>Total</b>	<b>152</b>	<b>156</b>

## Note 18 – 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	
	2020	2019
Cash	0	0
On demand deposits	19 877 059	104 727 307
Term deposits with maturity below 90 days	2 139 715 420	1 087 724 000
<b>Total</b>	<b>2 159 592 479</b>	<b>1 192 451 307</b>

## Note 19 – Investments in affiliates, associates and joint ventures

In the individual financial statements of Seguradora Internacional de Moçambique, 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 on the associates, including the aggregate amounts of assets, liabilities and results:

	2019	MZN
--	------	-----

Liability Company Address	Head Office	Percentage Equity held	Value of the Stake	Parent company	Equity	Assets	Liabilities	Net income	Total income
Constellation	Maputo	20.00%	210 700 000	SOGEX, S.A	1 926 818 420	2 524 711 954	597 893 534	-8 372 563	-7 420 206
Beira Nave	Beira	22.84%	650 850	Pescamar, Lda, Sociedade de Pesca Mariscos	73 743 401	305 310 057	231 566 656	12 068 236	212 644 713
<b>Total</b>	-	-	<b>211,350,850</b>	-	<b>2 000 561 821</b>	<b>2 830 022 011</b>	<b>829 460 190</b>	<b>3 695 673</b>	<b>205 224 507</b>

MZN

2018									
Liability Company Address	Head Office	Percentage Equity held	Value of the Stake	Parent company	Equity	Assets	Liabilities	Net income	Total income
Constellation	Maputo	20.00%	210,700,000	SOGEX, S.A	1 935 190 984	2 524 711 984	589 521 000	-7 866 839	-7 436 142
Beira Nave	Beira	22.84%	650,850	Pescamar, Lda, Sociedade de Pesca de Mariscos	61 675 162	285 651 993	223 976 831	20 473 635	203 074 409
<b>Total</b>	-	-	<b>211,350,850</b>	-	<b>1 996 866 146</b>	<b>2 810 363 977</b>	<b>813 497 831</b>	<b>12 606 796</b>	<b>195 638 267</b>

## Note 20 – Financial assets available for sale

This heading is broken down as follows:

2020	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	1 631 115 167	3 471 487	0	0	0	4 198 732 911	4 548 716 865	1 284 602 700	Nominal amount - equivalent to fair value – Level 1
Issued by other issuers	0	0	0	0	0	0	0	0	
Shares	37 325 886	19 549 832	37 041 786	0	0	0	0	19 833 932	
Cervejas de Moçambique	31 211 133	19 549 832	37 041 786	0	0	0	0	13 719 179	Fair value - Mozambique stock exchange price – Level 1
BCI	6 114 753	0	0	0	0	0	0	6 114 753	Acquisition cost
CEPHEUS	0	0	0	0	0	0	0	0	Acquisition cost
Other investments	0	0	0	0	0	0	0	0	Nominal amount - equivalent to fair value – Level 1
<b>Balance</b>	<b>1 668 441 054</b>	<b>23 021 318</b>	<b>37 041 786</b>	<b>0</b>	<b>0</b>	<b>4 198 732 911</b>	<b>4 548 716 865</b>	<b>1 304 436 632</b>	

MZN

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

## Note 21 – Held-to-maturity investments

This heading is broken down as follows:

2020	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	880 507 773	1 672 840	700 476			217 003 678	0	1 098 483 814	Nominal amount - equivalent to fair value – Level 1
Issued by other issuers	0	0	0	0	0	0	0	0	
<b>Balance</b>	<b>880 507 773</b>	<b>1 672 840</b>	<b>700 476</b>	<b>0</b>	<b>0</b>	<b>217 003 678</b>	<b>0</b>	<b>1 098 483 814</b>	

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



## Note 22 – Loans and receivables

This heading is broken down as follows:

	MZN	
	2020	2019
Term deposits in MZN - Capital	98 191 000	93 605 154
Term deposits in USD - Capital	5 804 750	51 057 412
Term deposits in EUR - Capital	0	0
Term deposits in ZAR - Capital	0	5 554 270
<b>Total</b>	<b>103 995 750</b>	<b>150 216 837</b>

The term deposits in MZN allocated to the Non-Life Business Segment, mostly held at Banco Internacional de Moçambique, throughout the financial year offer interest rates of 4.25% and 7.50% and have maturities between 268 and 315 days.

With regard to term deposits in USD, which are held entirely at Banco Internacional de Moçambique, they offer an interest rate of 0.50%. Regarding the maturities, the term deposits in foreign currency have long maturities between 93 and 170 days.

## Note 23 – Buildings

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

In 2020, in order to determine the fair value of income-generating properties, the Insurer used the following entities specialised in property valuation:

- Colliers International, Lda.
- REC Consultores, Lda.

MZN							
	Value as at 31.12.2019	Increases		Reductions		Revaluation per balancing item	Value as at 31.12.2020
		Acquisitions	Improvements	Amortisations	Disposals and write-offs		
Buildings	2 214 327 282	0	0	1 353 121	101 707 833	54 198 764	2 165 465 091
Held for income	2 152 276 393	0	0	0	101 707 833	54 198 764	2 104 767 323
For own use	62 050 889	0	0	1 353 121	0	0	60 697 768

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

- Colliers International, Lda.;

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

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

MZN

	2020			2019		
	Life	Non-Life	Final Balance	Life	Non-Life	Final Balance
Property rents (see note 7)	3 828 556	68 155 669	71 984 225	5 318 406	67 430 034	72 748 440

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

MZN

	2020			2019		
	Life	Non-Life	Final Balance	Life	Non-Life	Final Balance
Repairs, maintenance and other expenses	0	644 726	644 726	0	523 473	523 473

## Note 24 – Other tangible assets

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

The respective evolution was as follows:

MZN

	Balance on 31.12.2019			Increases	Reductions	Depreciations		Balance on 31.12.2020		
	Gross value	Depreciations	Net value			Adjustments	Additions	Gross value	Depreciations	Net value
Office equipment	14 120 767	7 819 291	6 301 476	378 224	34 964	(30 300)	1 021 006	14 464 028	8 809 996	5 654 031
Machines, appliances and tools	3 523 979	3 309 398	214 581	120 145	12 181	(12 181)	70 333	3 631 943	3 367 550	264 392
IT Equipment	29 265 224	15 258 102	14 007 123	2 547 163	61 980	(61 772)	1 942 220	31 750 406	17 138 550	14 611 856
Internal facilities	6 769 768	6 246 170	523 598	12 920 188	0	0	738 934	19 689 955	6 985 104	12 704 851
Transport material	72 036 916	52 499 503	19 537 413	7 724 550	4 572 667	(4 572 667)	11 323 645	75 188 799	59 250 481	15 938 318
Other tangible assets	28 613 720	12 001 045	16 612 675	1 353 361	10 605 724	(29 831)	1 364 456	19 361 357	13 335 670	6 025 687
<b>Total Other tangible assets</b>	<b>154 330 374</b>	<b>97 133 508</b>	<b>57 196 866</b>	<b>25 043 630</b>	<b>15 287 516</b>	<b>(4 706 751)</b>	<b>16 460 594</b>	<b>164 086 487</b>	<b>108 887 351</b>	<b>55 199 138</b>
<b>Inventories</b>	<b>1 293 220</b>	<b>0</b>	<b>1 293 220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 293 220</b>	<b>0</b>	<b>1 293 220</b>

MZN

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

## Note 25 – 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 31.12.2019			Increases	Reductions	Amortisations		Balance on 31.12.2020			
	Gross value	Amortisations	Net value	Acquisitions	Transfers & Write-offs	Divestments	Adjustments	Additions	Gross value	Amortisations	Net value
Software	103 528 451	70 107 595	33 420 856	0		0	0	7 005 441	103 528 451	77 113 035	26 415 415
<b>Total</b>	<b>103 528 451</b>	<b>70 107 595</b>	<b>33 420 856</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7 005 441</b>	<b>103 528 451</b>	<b>77 113 035</b>	<b>26 415 415</b>

MZN

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

## Note 26 – Technical Provisions, net of reinsurance ceded

This heading is broken down as follows:

MZN

Technical Provisions, net of reinsurance ceded	2020			2019		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Unearned premiums provision	526 728 487	81 891 534	444 836 953	514,718,731	66,489,541	448,229,190
Life mathematical provision	184 277 217	1 520 533	182 756 684	238,232,327	(2,806,090)	241,038,417
Claims provision	2 364 657 252	1 838 763 846	525 893 406	1,881,735,706	1,099,806,642	781,929,064
Of Life business segment	32 509 112	10 891 110	21 618 002	26,791,060	5,868,116	20,922,945
Of Non-Life business segment	2 332 148 140	1 827 872 736	504 275 404	1,854,944,646	1,093,938,526	761,006,120
Profit share provision	84 598 634	0	84 598 634	82,764,003	0	82,764,003
Claims-rate deviation provision	0	0	0	0	0	0
Unexpired risks provision	0	0	0	0	0	0
<b>Total</b>	<b>3 160 261 589</b>	<b>1 922 175 913</b>	<b>1 238 085 677</b>	<b>2,717,450,767</b>	<b>1,163,490,093</b>	<b>1,553,960,674</b>

The provisions for unearned premiums are analysed as follows:

MZN

Unearned premiums provision	2020			2019		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
<i>Non-Life Business Segment</i>						
Workmen's Compensation	30 574 852	0	30 574 852	22,323,580	0	22,323,580
Personal Accident and Health	192 853 349	2 342 454	190 510 896	204,779,305	2,096,141	202,683,163
Fire and Allied Perils	67 387 820	40 880 418	26 507 402	59,026,288	35,350,717	23,675,571
Motor	184 945 232	2 251 435	182 693 797	183,813,813	1,634,920	182,178,892
Marine Hull	7 558 889	6 003 911	1 554 977	7,926,259	6,436,481	1,489,778
Aviation	4	8	(4)	1,586,909	765,249	821,660
Transport	4 863 478	3 835 397	1 028 082	4,301,616	3,021,184	1,280,432
Third Party Liability	20 365 031	17 217 698	3 147 333	12,796,197	7,667,194	5,129,003
Miscellaneous	18 179 832	9 360 213	8 819 618	18,164,764	9,517,655	8,647,109
<b>Total</b>	<b>526 728 487</b>	<b>81 891 534</b>	<b>444 836 953</b>	<b>514,718,731</b>	<b>66,489,541</b>	<b>448,229,190</b>

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

MZN

Mathematical provision	2020			2019		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
<i>Life</i>						
Annuities	0	0	0	0	0	0
Capitalization	50 090 453	0	50 090 453	36,299,368	0	36,299,368
Life Risk	134 186 764	1 520 533	132 666 231	201,932,959	(2,806,090)	204,739,049
<b>Total</b>	<b>184 277 217</b>	<b>1 520 533</b>	<b>182 756 684</b>	<b>238,232,327</b>	<b>(2,806,090)</b>	<b>241,038,417</b>

MZN

	Mathematical Provision movement during 2020					
	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
<i>Life</i>						
Annuities	(0)	0	0	0	0	(0)
Capitalization	33,678,023	0	0	2,693,132	(71,786)	36,299,368
Life Risk	300,225,492	0	0	(98,321,015)	28,483	201,932,960
<b>Total</b>	<b>333,903,514</b>	<b>0</b>	<b>0</b>	<b>(95,627,884)</b>	<b>(43,303)</b>	<b>238,232,327</b>

MZN

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

The provision for claims is analysed as follows:

MZN

Claims provision	2020			2019		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
<i>Life</i>						
Annuities	0	0	0	0	0	0
Capitalization	229 538	0	229 538	188 380	0	188 380
Life Risk	32 279 574	10 891 110	21 388 464	26 602 680	5 868 116	20 734 564
<i>Non-Life</i>						
Workmen's Compensation	224 876 155	34 024 810	190 851 345	470 610 376	14 175 396	456 434 980
Personal accident and health	33 243 841	3 979 741	29 264 100	26 076 756	3 173 206	22 903 550
Fire and Allied Perils	619 212 705	595 389 648	23 823 057	857 261 770	790 402 549	66 859 221
Motor	238 346 259	7 064 830	231 281 429	212 994 805	5 798 066	207 196 739
Marine Hull	1 114 668 153	1 114 785 693	(117 540)	194 344 656	194 345 186	(530)
Aviation	250 000	728 892	(478 892)	250 000	598 198	(348 198)
Transport	13 074 463	10 706 579	2 367 884	13 320 319	11 962 705	1 357 614
Third party liability	4 909 018	4 230 066	678 952	5 688 405	4 191 756	1 496 649
Miscellaneous	83 567 546	56 962 475	26 605 070	74 397 559	69 291 465	5 106 094
<b>Total</b>	<b>2 364 657 252</b>	<b>1 838 763 846</b>	<b>525 893 406</b>	<b>1 881 735 706</b>	<b>1 099 806 642</b>	<b>781 929 064</b>

The provision for profit sharing is analysed as follows:

MZN

Profit share provision	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
<i>Life</i>						
Attributable provision						
Annuities	0	0	0	0	0	0
Capitalization	0	0	0	0	0	0
Life Risk	0	0	0	0	0	0
Attributed provision						
Annuities	0	0	0	0	0	0
Capitalization	0	0	0	0	0	0
Life Risk	40 316 619	0	40 316 619	32 420 785	0	32 420 785
<i>Non-Life</i>						
Attributed provision						
Workmen's Compensation	866 524	0	866 524	1 215 743	0	1 215 743
Personal accident and health	35 617 012	0	35 617 012	41 935 203	0	41 935 203
Miscellaneous	7 798 479	0	7 798 479	7 192 272	0	7 192 272
	0	0	0			
<b>Total</b>	<b>84 598 634</b>	<b>0</b>	<b>84 598 634</b>	<b>82 764 003</b>	<b>0</b>	<b>82 764 003</b>

MZN

	Profit Sharing Provision movement during 2020						
	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
<i>Life</i>							
Attributable provision	0	0	0	0	0	0	0
Attributed provision	32 420 785	(32 420 785)				40 316 619	40 316 618
<i>Subtotal</i>	32 420 786	(32 420 785)	0	0	0	40 316 619	40 316 619
<i>Non-Life</i>							
Attributable provision	0	0	0	0	0	0	0
Attributed provision	50 343 218	(43 150 891)				37 089 689	44 282 015
<i>Subtotal</i>	50 343 218	(43 150 891)	0	0	0	37 089 689	44 282 015
<b>Total</b>	<b>82 764 003</b>	<b>(75 571 677)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77 406 308</b>	<b>84 598 634</b>

MZN

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

## Note 27 – Other receivables due to insurance and other operations

This heading is broken down as follows:

	MZN	
	2020	2019
Accounts receivable for direct reinsurance operations		
Insurance policyholders	210 216 815	242 271 315
Insurance brokers	27 345 343	9 202 798
Co-insurers	167 612 089	140 253 772
	405 174 247	391 727 885
Adjustment of premiums receivable	(28 051 458)	(37 361 528)
	377 122 790	354 366 357
Accounts receivable for reinsurance operations		
Other reinsurers	415 797 600	171 194 060
Accounts receivable for other operations		
Other debtors	38 894 582	53 834 714
<b>Total</b>	<b>831 814 972</b>	<b>579 395 131</b>

The breakdown of the adjustment account shows the following evolution:

	MZN						
	Balance on 31.12.2018	Allocation	Use	Balance on 31.12.2019	Allocation	Use	Balance on 31.12.2020
Adjustment of premiums receivable	73 242 509	35 343 803	71 224 784	37 361 528	0	9 310 070	28 051 458
<b>Total</b>	<b>73 242 509</b>	<b>35 343 803</b>	<b>71 224 784</b>	<b>37 361 528</b>	<b>0</b>	<b>9 310 070</b>	<b>28 051 458</b>

## Note 28 – Tax

Income tax is analysed as follows:

	MZN	
	2020	2019
Current tax		
Standard rate on taxable income	209 993 791	249 850 009
Withholding rate on public debt interest	75 205 836	68 487 970
	285 199 627	318 337 979
Deferred tax		
Standard rate on revaluation of real estate properties	17 343 604	(31 826 828)
Current tax	(20 650 702)	0
	(3 307 098)	(31 826 828)
<b>Total tax recognised in the P&amp;L Account</b>	<b>281 892 529</b>	<b>286 511 152</b>

The estimated effective tax rate of Seguradora Internacional de Moçambique for the financial year is around 28.47% (2018: 31.44%), lower than the theoretical nominal rate of 32%. This difference essentially arises from the impact of the withholding tax on income from securities admitted to trading on the stock exchange (20%). The reconciliation of the tax rate is as follows:

	MZN	
	2020	2019
<b>Pre-Tax Income</b>	<b>1 001 754 910</b>	<b>1 012 373 014</b>
IRPC on pre-tax income	320 561 571	323 959 365
Tax adjustments:		
Impact of non-deductible costs	6 454 460	3 742 641
Deduction of income from securities listed for trading on the Stock Exchange taxed at source *	(120 329 338)	(109 678 824)
Deduction of Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	3 307 098	31 826 828
IRPC on income from securities listed for trading on the stock exchange	75 205 836	68 487 970
<b>Income tax for the period</b>	<b>285 199 628</b>	<b>318 337 979</b>
<b>Effective tax rate</b>	<b>28.47%</b>	<b>31.44%</b>

The self-settlement tax returns of the Insurer are subject to inspection and possible adjustment by the Tax Authorities for a period of five years. However, the Board of Directors of Seguradora Internacional de Moçambique is confident that there will be no significant corrections to the income taxes recorded in the financial statements.

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

	MZN	
	2020	2019
Income tax receivable		
Estimated income tax	95 053 905	95 053 905
Payments on account	0	0
Retention	0	0
Other Taxes	0	0
<b>Current tax assets</b>	<b>95 053 905</b>	<b>95 053 905</b>
Seniority bonus	2 506 836	2 506 836
<b>Deferred tax assets</b>	<b>2 506 836</b>	<b>2 506 836</b>
<b>Tax assets</b>	<b>97 560 741</b>	<b>97 560 741</b>
Income tax payable		
Estimated income tax	209 993 791	249 850 009
Payments on account	(172 728 000)	(110 148 000)
Retention	(19 693 535)	(48 505 785)
Other Taxes		



Stamp duty	6 448 334	7 748 019
Supervision fee	2 515 466	2 215 890
Others	23 056 537	40 814 399
<b>Current tax liabilities</b>	<b>49 592 593</b>	<b>141 974 533</b>
Unrealised investment gains (equity)	(3 444 695)	2 152 730
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	471 572 800	474 879 899
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	7 079 635	10 201 486
<b>Deferred tax liabilities</b>	<b>487 196 878</b>	<b>499 223 253</b>
<b>Tax liabilities</b>	<b>536 789 472</b>	<b>641 197 786</b>

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

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

	MZN	
	2020	2019
<b>IRPC for previous financial years</b>		
Initial Balance	(3 857 681)	37 370 538
IRPC for previous financial year paid	(91 196 224)	(132 424 443)
IRPC for previous financial years received	0	0
<b>IRPC Balance - previous financial year payable/receivable</b>	<b>(95 053 905)</b>	<b>(95 053 905)</b>
<b>IRPC for the financial year</b>		
Allocation for the financial year	209 993 791	249 850 009
Advance tax	(172 728 000)	(110 148 000)
Withholding taxes	(19 693 535)	(48 505 785)
Estimated Withholding Rate (without accrual of interest)	0	0
<b>IRPC for the year - payable/receivable</b>	<b>17 572 256</b>	<b>91 196 224</b>
<b>Total IRPC payable/receivable</b>	<b>(77 481 648)</b>	<b>(3 857 681)</b>

Reconciliation of the deferred tax liabilities is as follows:

	MZN			
	2020		2019	
	Recognised in the income statement	Recognised in the fair value reserve	Recognised in the income statement	Recognised in the fair value reserve
<b>Initial Deferred Tax Balance</b>	<b>481 247 876</b>	<b>17 975 378</b>	<b>520 673 807</b>	<b>25 591 388</b>
Seniority bonus				
Unrealised investment gains (equity)		(5 597 425)		(5 083 388)

Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	(3 307 098)		(31 826 828)	
Realised gains recognised under retained earnings at the transition date (investment properties and term deposits)			(7 599 104)	
Actuarial deviations arising from the liabilities of SIM pension fund		(3 121 851)		-2 532 623
<b>Variation/Use of Deferred Tax in the period</b>	<b>(3 307 098)</b>	<b>(8 719 277)</b>	<b>(39 425 932)</b>	<b>(7 616 011)</b>
<b>Final Deferred Tax Balance</b>	<b>477 940 778</b>	<b>9 256 101</b>	<b>481 247 876</b>	<b>17 975 378</b>
	<b>487 196 879</b>		<b>499 223 253</b>	

## Note 29 – Accruals and Deferrals

This heading is broken down as follows:

	MZN	
	2020	2019
Accruals and Deferrals receivable		
Interest receivable	85 161 533	125 799 070
Other accruals and deferrals	198 344	2 231 385
	<b>85 359 877</b>	<b>128 030 455</b>
Accruals and deferrals payable		
Remuneration and charges payable	1	566
Other accruals and deferrals	132 461 025	132 363 700
	<b>132 461 026</b>	<b>132 364 266</b>

## Note 30 – Benefits granted to employees

This heading is broken down as follows:

	Thousand MZN	
	2020	2019
Assets for Post-employment benefits and Other long-term benefits	13 029	16,040
Liabilities for Post-employment benefits and Other long-term benefits		
Post-employment benefits	0	0
Seniority bonus	15 818	14,013
	<b>2 789</b>	<b>14,013</b>

- *Post-employment benefits*

Seguradora Internacional de Moçambique has attributed its Employees hired before 31 December 2011 with a supplementary retirement pension plan for which it maintains capitalisation insurance, managed in-house by the company itself, which covers the respective liabilities.

However, for Employees recruited before 1 November 2002, the time of service of the employee is considered as from this date, excluding employees transferred from the former SIM - Seguradora Internacional de Moçambique,

S.A., who benefit from the supplementary retirement pension from the date of their recruitment. This situation is due to the fact that the Employees began to be entitled to this benefit as of 1 November 2002, following the review of Seguradora Internacional de Moçambique's Collective Contract.

The actuarial valuation of the liabilities related to supplementary retirement pensions is carried out annually; with the last one dated 31 December 2019.

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

Number of participants	2020	2019
Active	91	92
Retirees and pensioners	0	0

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

	2020	2019
Discount rate	8.50%	8.50%
Salary growth rate	4.50%	4.50%
Expected yield rate of the fund	8.50%	8.50%
Pension growth rate		
Mortality table:		
Men	SA 85 - 90	SA 85 - 90
Women	SA 85 - 90	SA 85 - 90
Actuarial method	Projected Unit Credit	Projected Unit Credit

Assets and liabilities recognised in the Balance sheet are as follows:

Thousand MZN

	2020			2019		
	Pension Plans	Other benefits	Total	Pension Plans	Other benefits	Total
Liabilities related to benefits*	(87 011)	(15 818)	(102 828)	(72 963)	(14 013)	(86 975)
Fair value of the assets**	100 040	0	100 040	89 002	0	89 002
Net amount	<b>13 029</b>	<b>(15 818)</b>	<b>(2 789)</b>	<b>16 040</b>	<b>(14 013)</b>	<b>2 027</b>

\* 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

	2020	2019
Liabilities as of 1 January	72 963	81 208
Current service cost	4 351	4 516
Interest cost	6 394	7 023
Benefits paid by the Fund or the Group	161	0
Actuarial (gains)/ losses	2 822	6 675
Group rotations	320	(26 459)
Liabilities as of 31 December	<b>87 011</b>	<b>72 963</b>

The amounts recognised as costs/income are as follows:

	Thousand MZN	
	2020	2019
Current service cost	4 351	4 516
Interest cost	6 394	7 023
Expected yield rate of the fund	(7 757)	(9 282)
Cost for the financial year	<b>2 988</b>	<b>2 257</b>

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

	Thousand MZN	
	2020	2019
Balance on 1 January	89 002	103 493
Company's contributions	4 351	4 507
Benefits paid by the fund	161	(26 459)
Expected yield rate of the fund	7 757	9 282
Actuarial (gains)/ losses of the assets	(1 552)	(1 820)
TT assoc. rotations in the group	320	0
Balance on 31 December	<b>100 040</b>	<b>89 002</b>

Actuarial gains and losses are analysed as follows:

	Thousand MZN	
	2020	2019
Actuarial (gains)/ losses at the start of the period	(1 081)	(9 577)
Actuarial (gains)/ losses of the liabilities	2 822	6 675
Actuarial (gains)/ losses of the assets	1 552	1 820
Actuarial (gains)/ losses at the end of the period	<b>3 293</b>	<b>(1 081)</b>

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

	Thousand MZN				
	2020	2019	2018	2017	2016
Liabilities related to benefits	(87 011)	(72 963)	(81,208)	(77,072)	(84,040)
Fair value of the assets	100 040	89 002	103,493	95,792	71,287
Net value	<b>13 029</b>	<b>16 040</b>	<b>22,286</b>	<b>18,720</b>	<b>(12,753)</b>

Assets are broken down as follows:

	Thousand MZN	
	2020	2019
Fixed income securities	92 026	81 873
On demand deposits	8 013	7 129
Total	<b>100 040</b>	<b>89 002</b>

- *Other long-term benefits – Seniority bonus*

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

	Thousand MZN	
	2020	2019
Seniority bonus	14,013	14,013

### Note 31 – Other creditors for insurance operations and other operations

This heading contains the following items:

	MZN	
	2020	2019
Accounts payable for direct insurance operations		
Policyholders	19 454 513	14 293 178
insurance intermediaries	57 064 652	36 268 919
Co-insurers	201 584 893	95 869 680
	278 104 057	146 431 777
Accounts payable for reinsurance operations		
Other reinsurers	1 207 071 626	239 037 118
	1 207 071 626	239 037 118
Accounts payable for other operations		
Other creditors	28 829 321	17 008 921
Other creditors-Group companies (BIM)	0	0
	28 829 321	17 008 921
<b>Total</b>	<b>1 514 005 005</b>	<b>402 477 815</b>

### Note 32 – Capital, reserves, other reserves, Retained Earnings and Net income for the period

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

	2020	2019
No. of shares as at 1st January	1,475,000	1,475,000
Increase in paid-up capital	1,475,000	0
No. of shares as at 31st December	2,950,000	1,475,000

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

	2020	
	No. of shares	Holding percentage
BIM - Banco Internacional de Moçambique, S.A.	2 713 896	92.00%
PT Participações, SGPS, S.A.	172 136	5.84%
FDC – Fundação para o Desenvolvimento da Comunidade	61 432	2.08%
Remaining Shareholders	2 536	0.09%
<b>Total</b>	<b>2 950 000</b>	<b>100.00%</b>

Net income for 2019 was appropriated as follows:

	MZN
Net Income Appropriation	2019
Net income for the period	725 861 862.53
Appropriation:	
Legal Reserve Fund	79 349 387
Free Reserves	238 048 161.42
Retained Earnings	-67 632 008.87
Dividends	476 096 322.84

Based on the dividends distributed, mentioned above, and considering that the capital of Seguradora Internacional de Moçambique was, up to the date of distribution of income, represented by 2,950,000 shares, this corresponds to a total dividend per share of 161.39 MZN.

The table below presents the details of the dividends paid, in 2020 (related to the 2019 Annuities), to each shareholder:

	2020		2019	
	% Share Capital	Dividends	% Share Capital	Dividends
BIM - Banco Internacional de Moçambique, S.A	92.00%	437 991 833	92,00%	434,928,811
PT Participações, SGPS, S.A	5.84%	27 780 785	5,84%	27,586,505
FDC- Fundação para o Desenvolvimento da Comunidade	2.08%	9 914 423	2,08%	9,845,089
Remaining Shareholders	0.09%	409 281	0,09%	406,419
<b>Total</b>	<b>100.00%</b>	<b>476 096 323</b>	<b>100,00%</b>	<b>472,766,824</b>

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 Annuities 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 the profit and loss statement, 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 the profit and loss statement at the time when the gains or losses which generated them are recognised.

## Other Reserves

These include 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 applicable Mozambican legislation, 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	
	2020	2019
Legal reserve	226 849 387	147,500,000
Free reserve	2 434 532 352	2,197,736,301
Issue premium	8 258 661	8,258,661
<b>Total</b>	<b>2 669 640 400</b>	<b>2,353,494,961</b>

## Net income for the year

The 2020 earnings per share is 246 Meticaís, compared to 278 Meticaís for 2019.

## Note 33 – 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	
	2020	2019
Remunerations	67 293 996	65,572,015
<b>Total</b>	<b>67 293 996</b>	<b>65,572,015</b>

Transactions with related parties during 2020 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	2 116 226 922	0	0	0	0	2 116 226 922
Investments in affiliates, associates and joint ventures	0	0	650 850	210 700 000	0	211 350 850
Financial assets available for sale	0	0	0	0	0	0
Held to maturity investments	0	0	0	0	0	0
Other Deposits	116 015 270	0	0	0	0	116 015 270
Buildings held for income	0	0	0	0	0	0
Other debtors	7 267 534	0	0	21 300 000	0	28 567 534
Interest receivable	0	0	0	6 096 716	0	6 096 716
<b>Total assets</b>	<b>2 239 509 726</b>	<b>0</b>	<b>650 850</b>	<b>238 096 716</b>	<b>0</b>	<b>2 478 257 292</b>
Life mathematical provision	0	0	0	0	0	0
Claims reserve	(12 491 392)	0	0	0	0	(12 491 392)
Profit sharing provision	(84 598 634)	0	0	0	0	(84 598 634)
Accounts payable for direct insurance operations	(8 093 995)	0	0	0	0	(8 093 995)
Accounts payable for other operations	0	(3 070 176)	0	0	0	(3 070 176)
<b>Total Liabilities</b>	<b>(105 184 021)</b>	<b>(3 070 176)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(108 254 196)</b>
<b>Dividends distributed</b>	<b>437 991 833</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>437 991 833</b>



MZN

<b>Profit &amp; Loss Statement</b>	<b>Millennium BIM</b>	<b>Ocidental Seguros</b>	<b>Beira nave</b>	<b>Constellation</b>	<b>Post-employment benefits –BIM</b>	<b>Total</b>
Earned premiums, net of reinsurance	(131 520 044)	0	0	0	0	(131 520 044)
Claims costs, net of reinsurance	43 203 747	0	0	0	0	43 203 747
Life mathematical provision, net of reinsurance	0	0	0	0	0	0
Profit sharing, net of reinsurance	77 406 308	0	0	0	0	77 406 308
Net operating expenses	50 152 014	1 967 123				52 119 136
Investment income	(96 861 842)	0	0	(770 957)	0	(97 632 798)
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	(622 098)	0	0	(622 098)
<b>Total Income/expenses</b>	<b>(57 619 816)</b>	<b>1 967 123</b>	<b>(622 098)</b>	<b>(770 957)</b>	<b>0</b>	<b>(57 045 748)</b>

Transactions with related parties during 2019 are analysed as follows:

MZN

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

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

## Note 34 – 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 in place within 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 Non-Life Business Segment	Credit Risk	Event Risk
Specific risk of Life Business Segment	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 underwriting 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 segment, with the exception of those which are covered under investment risk or operating risk.

Non-Life insurance segment 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.

Sensitivity Analyses	MZN	
	Impact on pre-tax income 31.12.2020	Impact on pre-tax income 31.12.2019
Operating expenses- 10%	45 015 691	44,814,300
Claims cost+ 5%	-25 457 297	(24,663,002)

### Insurance risk management

Seguradora Internacional de Moçambique manages the specific risk of insurance through a combination of policies regarding 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.

#### *Underwriting policies*

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

#### *Pricing*

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

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

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

### *Provisioning*

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

### *Reinsurance*

When appropriate, the insurer concludes reinsurance treaties so as to limit its exposure to risk. Reinsurance may be undertaken on an individual policy basis (optional reinsurance), namely when the level of cover required by the insured party exceeds the internal underwriting 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	1 680 000 000
Construction and Erection all Risks	2 480 000 000
Electronic Equipment	2 480 000 000
Machinery breakdown	2 480 000 000
Theft	22 000 000
Cash in the safe	32 000 000
Cash in transit	22 000 000
Transport	120 000 000
Marine Hull	32 000 000
General Third party liability	400 000 000
Motor Third party liability	160 000 000
Motor - Own damage	24 000 000
Personal accident	40 000 000
Workmen's Compensation	240 000 000

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

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

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

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

The combined ratio is as follows:

	Loss ratio		Expense ratio		Combined ratio	
	2020	2019	2020	2019	2020	2019
<i>Non-Life</i>	<b>40%</b>	37%	<b>32%</b>	32%	<b>73%</b>	69%
Workmen's Compensation	<b>35%</b>	45%	<b>32%</b>	30%	<b>67%</b>	75%
Personal Accident and Health	<b>51%</b>	45%	<b>28%</b>	29%	<b>79%</b>	74%
Fire and Allied Perils	<b>13%</b>	-5%	<b>55%</b>	60%	<b>68%</b>	55%
Motor	<b>40%</b>	40%	<b>28%</b>	28%	<b>69%</b>	68%
Miscellaneous	<b>68%</b>	48%	<b>36%</b>	19%	<b>104%</b>	67%
Others	<b>3%</b>	1%	<b>74%</b>	68%	<b>77%</b>	68%

### *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 underwriting 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 underwriting 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	SA 85 - 90	SA 85 - 90
Women/Widows	SA 85 - 90	SA 85 - 90
Orphans	SA 85 - 90	SA 85 - 90
Discount Rate	6.00%	6.00%
Management fee	0%	0%

### 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 accident, Workmen's Compensation and life risk insurance.

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

Development of the Claims Provision relating to claims incurred in Financial Years and their Readjustments (Corrections). Restated 2019 figures.

MZN				
2020	Claims provision as of 31/12/2019 (1)	Claims cost, amounts (*) paid during the period (2)	Claims provision as of 31/12/2020 (3)	Readjustment (3) +(2)-(1)
Workmen's Compensation	470 610 376	58 917 934	(187 280 909)	716 809 219
Personal Accident and Health	26 076 756	23 190 728	(18 389 720)	67 657 205
Fire and Allied Perils	857 261 770	284 094 847	(623 054 260)	1 764 410 877
Motor	212 994 805	78 501 427	(116 999 268)	408 495 500
Marine Hull	194 344 656	(1 526 228 115)	(1 114 730 129)	(217 153 330)
Aviation	250 000	0	(250 000)	500 000
Transport	13 320 319	9 183 547	(13 839 502)	36 343 368
Third party liability	5 688 405	722 245	(5 319 751)	11 730 402
Miscellaneous	74 397 559	45 447 830	(67 506 589)	187 351 978
<b>Total Non-Life Business Segment</b>	<b>1 854 944 646</b>	<b>(1 026 169 556)</b>	<b>(2 147 370 128)</b>	<b>2 976 145 217</b>

2019	Claims provision as of 31/12/2018 (1)	Claims cost, amounts (*) paid during the period (2)	Claims provision as of 31/12/2019 (3)	Readjustment (3) +(2)-(1)
Workmen's Compensation	(458 932 048)	50 357 621	(446 379 503)	37 805 076
Personal Accident and Health	(21 953 665)	15 808 039	(15 094 348)	8 948 722
Fire and Allied Perils	(25 393 722)	6 575 431	(15 121 437)	(3 696 854)
Motor	(210 474 511)	77 668 933	(68 993 743)	(63 811 834)
Marine Hull	(178 986 412)	11 067 477	(167 064 225)	(854 711)
Aviation	(250 000)	0	(250 000)	0
Transport	(11 671 793)	938 371	(3 593 369)	(7 140 054)
Third party liability	(4 321 055)	11 594	(3 222 120)	(1 087 341)
Miscellaneous	(44 005 333)	11 911 329	(30 999 365)	(1 094 639)
<b>Total Non-Life Business Segment</b>	<b>(955 988 539)</b>	<b>174 338 795</b>	<b>(750 718 110)</b>	<b>(30 931 635)</b>

The additional information by business area is as follows:

MZN				
2020	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	(58 917 934)	(3 555 232)	245 734 221	183 261 055
Personal Accident and Health	(121 512 559)	(2 668 620)	(6 248 093)	(130 429 272)
Fire and Allied Perils	(290 720 872)	(2 668 519)	180 989 312	(112 400 079)
Motor	(207 388 695)	(15 108 351)	(25 110 488)	(247 607 534)
Marine Hull	1 466 913 474	(666)	(925 500 529)	541 412 278
Aviation	0	0	0	0
Transport	(11 829 985)	(407)	245 856	(11 584 536)
Third party liability	(1 530 467)	(891)	779 387	(751 971)
Miscellaneous	(62 988 984)	(1 608)	(9 236 315)	(72 226 907)
<b>Total Non-Life Business Segment</b>	<b>712 023 978</b>	<b>(24 004 295)</b>	<b>(538 346 649)</b>	<b>149 673 034</b>

2019	Amounts paid – instalments (1)	Amounts paid - imputed claims management expenses (2)	Changes in claims provision (3)	Claims cost (4) = (1) +(2) +(3)
Workmen's Compensation	(50,357,621)	(3,541,895)	(11,930,313)	(65,829,829)
Personal Accident and Health	(111,831,427)	(4,427,797)	(4,323,131)	(120,582,355)

Fire and Allied Perils	(345,765,261)	(2,657,523)	(775,018,571)	(1,123,441,355)
Motor	(225,437,381)	(15,052,647)	(2,967,866)	(243,457,894)
Marine Hull	(11,067,477)	(558)	(15,356,474)	(26,424,509)
Aviation	0	(34)	0	(34)
Transport	(4,191,045)	(224)	(1,648,525)	(5,839,795)
Third party liability	(375,840)	(271)	(1,367,350)	(1,743,461)
Miscellaneous	(208,654,265)	(332)	(36,784,720)	(245,439,317)
<b>Total Non-Life Business Segment</b>	<b>(957,680,317)</b>	<b>(25,681,280)</b>	<b>(849,396,951)</b>	<b>(1,832,758,548)</b>

The additional information by business segment is as follows:

2020	MZN				
	Gross written premiums	Gross earned premiums	Gross claims cost	Gross operating expenses	Reinsurance balance
Workmen's Compensation	165 283 421	154 252 794	183 261 055	(48 604 679)	236 162 229
Personal Accident and Health	256 763 262	271 034 678	(130 429 272)	(73 567 599)	12 458 239
Fire and Allied Perils	274 291 623	268 838 504	(112 400 079)	(75 152 077)	55 720 893
Motor	627 761 504	626 364 223	(247 607 534)	(172 431 231)	14 550 332
Marine Hull	47 788 737	50 136 632	541 412 278	(13 655 058)	580 022 640
Aviation	0	2 207 730	0	(434 077)	634 546
Transport	29 214 081	29 459 714	(11 584 536)	(8 330 122)	5 736 312
Third party liability	63 939 942	57 337 339	(751 971)	(18 857 595)	26 754 442
Miscellaneous	115 394 786	118 847 127	(72 226 907)	(30 312 352)	19 052 916
<b>Total Non-Life Business Segment</b>	<b>1 580 437 357</b>	<b>1 578 478 741</b>	<b>149 673 034</b>	<b>(441 344 789)</b>	<b>951 092 548</b>

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

### Solvency Requirements

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



Seguradora Internacional de Moçambique, S.A. 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 consists of three types of risk: Credit, Market and Liquidity.

### a) Credit Risk

Credit risk is defined as the risk arising from the incapacity of an issuer to comply, fully or partially, with the contracted terms or somehow not fulfil those terms.

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

Seguradora Internacional de Moçambique is also exposed to credit risk through the reinsurance treaties, but regarding these, the insurer makes sure that all reinsurance arrangements are placed in highly credit- worthy institutions.

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

	2020		2019	
	Amount	%	Amount	%
<i>Investments in affiliates and associates</i>	211 350 850	3%	211 350 850	3%
<i>Financial assets held-to-maturity</i>	1 289 627 225	18%	880 507 773	14%
Bonds and other fixed income securities	1 289 627 225	18%	880 507 773	14%
From public debt	1 289 627 225	18%	880 507 773	14%
From other issuers	0	0%	0	0%
Variable yield securities – Shares	0	0%	0	0%
<i>Financial assets available for sale</i>	1 113 293 222	16%	1 668 441 054	26%
Bonds and other VAT (IVA) refund securities	1 093 459 290	15%	1 631 115 167	25%
From public debt	1 093 459 290	15%	1 631 115 167	25%
From other issuers	0	0%	0	0%
Variable yield securities – Shares	19 833 932	0%	37 325 886	1%
<i>Loans and account receivables</i>	103 995 750	1%	150 216 837	2%
Term deposits	103 995 750	1%	150 216 837	2%
<i>Cash and cash equivalents and on demand deposits</i>				
On demand deposits and term deposits with maturity below 90 days	2 159 592 479	30%	1 192 451 307	19%
<i>Buildings</i>	2 165 531 395	30%	2 214 327 282	34%
Buildings held for income	2 104 767 323		2 152 276 393	
Buildings held for own use	60 764 072		62 050 889	
<i>Interest receivable</i>	85 161 533	1%	125 799 070	2%
<b>Total</b>	<b>7 128 552 453</b>	<b>100%</b>	<b>6 443 094 173</b>	<b>100%</b>

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

	2019		2018	
	Amount	%	Amount	%
Bonds and other fixed income securities	1 289 627 225	18%	880 507 773	14%
Bonds and other tax refund certificates	1 093 459 290	15%	1 631 115 167	25%
Variable yield securities – Shares	231 184 782	3%	248 676 736	4%
Term deposits and on demand deposits	2 263 588 229	32%	1 342 668 144	21%
Buildings	2 165 531 395	30%	2 214 327 282	34%
Interest receivable	85 161 533	1%	125 799 070	2%
<b>Total</b>	<b>7 128 552 453</b>	<b>100%</b>	<b>6 443 094 173</b>	<b>100%</b>

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:

	2020		2019	
	Amount	%	Amount	%
Public Debt	1 093 459 290	100%	1 631 115 167	100%
Financial institutions	0	0%	0	0%
Communications	0	0%	0	0%
<b>Total</b>	<b>1 093 459 290</b>	<b>100%</b>	<b>1 631 115 167</b>	<b>100%</b>

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

	2020		2019	
	Amount	%	Amount	%
Real Estate	210 700 000	91%	210 700 000	85%
Consumable goods	13 719 179	6%	31 211 133	13%
Financial	6 114 753	3%	6 114 753	2%
Naval	650 850	0%	650 850	0%
<b>Total</b>	<b>231 184 782</b>	<b>100%</b>	<b>248 676 736</b>	<b>100%</b>

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

Notes		2020		2019	
		Amount	%	Amount	%
i)	Public Debt	1 093 459 290	100%	1 631 115 167	100%
ii)	National Corporate Bonds	0	0%	0	0%
iii)	Foreign corporate Bonds	0	0%	0	0%
	<b>Total</b>	<b>1 093 459 290</b>	<b>100%</b>	<b>1 631 115 167</b>	<b>100%</b>

		MZN			
		2020		2019	
		Amount	%	Amount	%
iv)	Deposits in Credit Institutions				
	Term Deposits	103 995 750,00	3%	150 216 836,65	8%
iv)	On demand deposits and term deposits				
	with maturity below 90 days	2 159 592 479,23	70%	1 192 451 307,36	62%
iv)	Other debtors for insurance operations and				
	other operations	831 814 971,69	27%	579 395 131,18	30%
<b>Total</b>		<b>3 095 403 200,92</b>	<b>100%</b>	<b>1 922 063 275,19</b>	<b>100%</b>

Notes:

- i. Public debt - fruit of external shocks which the economy of the country is exposed to and the fall in prices of the main export materials had an impact on the performance of the domestic economy which led to a downward revision of growth prospects. In terms of sovereign debt, the country was attributed a "CCC" rating according to an assessment made by Standard & Poor's. Meanwhile, for issuing in local currency, a Stable rating was attributed, which means S&P maintains the country in a B- rating for long term issuing and B for short term issuing.
- ii. In Mozambique we do not have a liquid and structured capital market. Transactions are made based on private placement via financial intermediaries which coincide with the actual financial institutions, therefore, we do not have brokers, and events are disclosed formally on the Stock Exchange.
  - Millennium bim in the capacity of bonds issuer: Without rating.
- iii. The largest percentage of term deposits are short term, equivalent to cash instruments and are hosted in credit institutions authorized to operate in Mozambique. Deposits are held at Millennium bim, BCI, Standard Bank and Mozabanco and these entities do not have a rating.
- iv.

### **b) Market Risk**

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

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

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

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

### **c) Liquidity Risk**

As at 31 December 2019 and 2018 the provisional cash-flows (not discounted) of the financial instruments, according to their respective contractual maturity, present the following details:

		Maturity					Without maturity	Total
2020		<1 month	1-3 months	3-12 months	1-5 years	> 5 years		

Bonds and other fixed income securities (includes accrued interest)	0	0	1 289 627 225	0	0	1 289 627 225
Bonds and other value added tax (IVA) refund certificates (includes accrued interest)	0	0	0	1 178 620 822	0	1 178 620 822
Variable yield securities – Shares				0	231 184 782	231 184 782
Term deposits	2 176 947 870	38 335 520	48 304 840		0	2 263 588 230
Buildings held for income					2 165 531 395	2 165 531 395
<b>Total</b>	<b>2 176 947 870</b>	<b>38 335 520</b>	<b>1 337 932 065</b>	<b>1 178 620 822</b>	<b>0</b>	<b>2 396 716 177</b>
						<b>7 128 552 454</b>

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

### 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:

	2020		2019		Variation	
	USD	Exchange Value MZN	USD	Exchange Value MZN	USD	Exchange Value MZN
Assets in foreign currency	9 906 152	686 773 436	13 493 573	835 719 193	(3 587 421)	(148 945 757)
Liabilities in foreign currency	(12 286 026)	(701 434 254)	(17 205 291)	(951 289 376)	4 919 265	249 855 121
Net balance in foreign currency	(2 379 874)	(14 660 818)	(3 711 719)	(115 570 183)	1 331 844	100 909 365
	2020		2019		Variation	
	ZAR	Exchange Value MZN	ZAR	Exchange Value MZN	USD	Exchange Value MZN
Assets in foreign currency	98 131 271	388 605 248	109 960 077	480 530 937	(11 828 805)	(91 925 688)

Liabilities in foreign currency	(101 204 852)	(403 447 660)	(112 516 858)	(492 389 109)	11 312 006	88 941 450
Net balance in foreign currency	(3 073 581)	(14 842 411)	(2 556 781)	(11 858 173)	(516 799)	(2 984 239)

	2020		2019		Variation	
	EUR	Exchange Value MZN	EUR	Exchange Value MZN	USD	Exchange Value MZN
Assets in foreign currency	379 337	29 227 933	1 333 292	91 850 514	(953 955)	(62 622 581)
Liabilities in foreign currency	(1 004 275)	(69 719 459)	(2 005 627)	(132 887 930)	1 001 352	63 168 471
Net balance in foreign currency	(624 938)	(40 491 527)	(672 335)	(41 037 416)	47 397	545 889

### 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 combatting fraud.

### Note 35 – Coverage of the corrected solvency ratio

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

	2019	2018	MZN 2018/2017
Capital	295 000 000	295 000 000	0.00%
Reserves	2 662 320 422	2 358 069 513	12.90%
Retained Earnings	1 039 656 060	1 107 288 069	-6.11%
Net income for the year net of dividends	243 766 058	249 765 540	-2.40%
Deductible items	(26 415 415)	(39 726 015)	-33.51%
Available solvency ratio	4 214 327 124	3 970 397 106	6.14%
Required Non- life solvency ratio	151 400 215	153 305 803	-1.24%
Required Life solvency ratio	59 000 000	59 000 000	0.00%
<b>Solvency ratio surplus/(insufficiency)</b>	<b>4 003 926 909</b>	<b>3 758 091 303</b>	<b>6.54%</b>
<b>Coverage</b>	<b>2003.0%</b>	<b>1870.1%</b>	<b>7.11%</b>

## Note 36 – Contingent Assets and liabilities

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

	MZN	
	2020	2019
<b>Bank Guarantees</b>	37,671,090	24,101,059
<b>Total</b>	<b>37,671,090</b>	<b>24,101,059</b>

## Note 37 – Off balance sheet

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

	Millions of MZN		
<b>Assets/Liabilities</b>	<b>Balance at 31-12-2020</b>	<b>Balance at 31-12-2019</b>	<b>Balance at 31-12-2018</b>
Assets	2 186.85	2 065.5	2.127.8
Liabilities	2 211.80	2 146.1	2.096.5
Coverage (%)	<b>98.87%</b>	<b>96.2%</b>	<b>101.5%</b>

## Note 38 – Events post-balance sheet date

Although, on 31 December 2020, one of the associates showed a deficit in its contributions, the situation was regularised on 05 February 2020.

In January 2021 Mozambique was hit by cyclones Chalane and Eloise, with greater incidence in the central zone of the country. The occurrence of these phenomena of nature caused registration of gross claims costs for the amount of MZN 33.6 million and net reinsurance costs for the amount of MZN 13.9 million in January 2021. The coverage for catastrophic events included in SIM's reinsurance treaties provides confidence that the net costs related to these events will not significantly affect the company's solvency and liquidity ratios.

## INDEPENDENT AUDITOR'S REPORT

BDO LOGO

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Maputo Mozambique  
CP 4200

TO  
THE SHAREHOLDERS OF SIM - SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

### INDEPENDENT AUDITOR'S REPORT

#### Opinion

We have audited the financial statements of SIM-SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A., ("the insurer"), pages 27 to 96, which comprise the balance sheet as of 31 December 2020 (showing total assets of MZN 10 076 173 598 and total equity of MZN 4 716 838 862, including a net income of MZN 719 862 380), the profit and loss and other comprehensive income statements, the statement of changes in equity, the cash flow statement for the period ended on this date and the notes to the financial statements that include a summary of significant accounting policies.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of SIM - SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A., as at 31 December 2020 and its financial performance and its cash flows for the financial year ended on that date, in accordance with the Standards issued by the Insurance Supervision Institute of Mozambique.

#### Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other standards and technical and ethical guiding principles of the Mozambican Association of Chartered Accountants and Auditors (OCAM). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report.

We are independent of the Company in accordance with the requirements of the IESBA Code of Ethics, and we have fulfilled our other ethical responsibilities under this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Separate information from the financial statements and the auditor's report thereon

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our audit report thereon.

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

BDO LOGO

*SIM - SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.*

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

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards issued by the Insurance Supervision Institute of Mozambique and for the internal control that the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the ISA, we exercise professional judgement and maintain professional scepticism during the audit, and also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk for a misstatement due to error given that fraud may involve collusion, falsification, intentional omissions, misrepresentations, or overriding of internal control.

(Initials)



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures included in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the entity to discontinue operations.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and, whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with the management, among other matters, the planned scope and timing of the audit and the relevant audit matters, including any identified deficiencies in internal control during the audit.

**BDO (MOÇAMBIQUE). LDA**

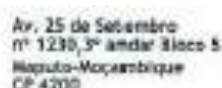
Association of Certified Auditors, No. 02/SAC/OCAM/2012, represented by:

(Illegible Signature) [STAMP]

Engagement Partner: Abdul Satar A. Hamkl

Certified Auditor: 01/CA/OCAM/2012

Maputo, 23 March 2021



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

#### *Responsabilidades da administração e dos encarregados da governação pelas demonstrações financeiras*

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

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

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

#### *Responsabilidades do auditor pela auditoria das demonstrações financeiras*

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

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

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




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

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

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

BDO (MOÇAMBIQUE), LDA

Sociedade de Auditores Certificados, nº 02/SAC/OCAM/2012, representada por:

 **BDO**

Engagement Partner: Abdul Satar A. Hamid

Auditor Certificado: 01/CA/OCAM/2012

Maputo, 23 de Março de 2021

## SUPERVISORY BOARD REPORT AND OPINION

### Seguradora Internacional de Moçambique

#### SUPERVISORY BOARD OPINION

##### ANNUAL REPORT 2020

Within the scope of the legal and statutory provisions, the Supervisory Board of Seguradora Internacional de Moçambique, SA presents to the Shareholders the report on the supervisory action exercised at Seguradora Internacional de Moçambique S.A. (SIM), as well as the opinion on the Balance Sheet, Income Statements, Cash Flow Statement, Statement of Changes in Equity and the respective Notes relative to the financial year ended on 31 December 2020.

First of all, it is important to note that the year 2020, on which this report is focused, was economically challenging due to the Covid-19 pandemic, which compromised the economy of companies, despite the various measures taken with a view to its mitigation.

SIM was no exception, as its accounts reflected, in comparison with the previous year, slight impacts caused by the pandemic, however, with visible effort from the management it was possible to guarantee positive results, as demonstrated below.

In the fulfilment of its duties, the Supervisory Board (SB) met throughout the year with the regularity required by law and accompanied the Insurer's activity, fundamentally through the assessment of the Quarterly Financial Statements and respective Management Information, through participation in the meetings of the Board of Directors and through the information gathered from the Insurer's management information systems, seeking to assess the evolution of the activity

*The Board of Auditors assessed, with particular attention, the following aspects:*

- *The 2.1% decrease of the "Technical Margin", having increased from 1,430 million Meticaïs in December 2019 to 1,398 million Meticaïs in December 2020.*
- *In terms of Gross Processed Revenue, the year closed with the amount practically the same as the previous year, namely 1,810 million Meticaïs in 2019 compared to 1,803 million Meticaïs in 2020.*
- *In terms of Processed Revenue, the 12% increase in the revenue from Workmen's Compensation compared with the previous year was noteworthy, as a result of the premium from the Central Bank, yet it remains below budget.*
- *In terms of Revenue by Sectors, Motor remains the most important sector, with a rate of 38% of the revenue, however, the Fire and Allied Perils sector reduced to 18%, excluding Personal accident and Health, compared to the previous year.*

(Initials)

- *Gross Income from the Banking Channel, fell 3% in relation to the previous year and was 9% below budget, due to the impacts of the pandemic on the economy which contributed to a reduction in the concession of credit.*
- *The gross claims rate before allocation of costs stood at -144 million meticaïs, representing a negative reduction of 108% in comparison with the same period of the previous year which stood at 1,838 million meticaïs. This negative reduction is justified by:*
  - *Others from the right of recourse exercised and obtained on the Emodraga claim in Marine Hull, which amounted to 694 million;*
  - *In Fire and Allied Perils and Miscellaneous, to the gross costs with cyclone Idai in March 2019, which amounted to 1,371 million; and*
  - *In Workmen's Compensation, due to the correction of the Mathematical Reserves in relation to gross income of 294 million and net income of 41 million.*
- *Under Investments, the highlights in 2020 are (i) the right of recourse of the Emodraga claim (694 million) which includes the amount to be reimbursed to reinsurers and (ii) the sale of real estate (105 million) whose impact was mitigated by the positive revaluations of real estate by 54 million;*
- *Financial income increased by 17% over the previous year. This increase resulted from positive Real Estate valuations;*
- *Administrative costs saw a good overall performance, with the increase of 3% - from 391 million Meticaïs in 2019 to 404 million Meticaïs in 2020, being 8% below budget due to the lower number of employees compared to the previous year;*
- *The combined ratio (Non-Life expenses ratio net of reinsurance and Non-Life claims ratio net of reinsurance) increased by 73.8%, compared to the previous year;*
- *There was a 27% reduction in write-offs for non-payment, being 91 million in 2020 compared to 125 million in 2019, in the analysis by technical area;*
- *The effect of the indicators presented above, resulted in a reduction in net income by 0.8%, compared to the previous year (720 million in 2020 compared to 726 million in 2019);*
- *The Profitability Ratio (Technical Margin / Processed Revenue) stood at 77.5%, down 1.3 pp compared to the same period of 2019;*
- *The Solvency Ratio at the end of 2020 was 2,024.0%, also representing an increase of 131.8 pp in relation to the same period of the previous year.*

(Initials)

The Supervisory Board also appraised the Management Report and Accounts for 2020, as well as the Financial Statements, which show:

- That the **Balance Sheet** of Seguradora Internacional de Moçambique, S.A., as at 31 December 2020, correctly reflects its financial situation, showing total net assets of 10,043,546,026 Meticaïs, total liabilities of 5,326,707,164 Meticaïs and shareholders' equity of 4,716,838,862 Meticaïs;
- That the **Profit and Loss Statement** reflects the income of the activity of Seguradora Internacional de Moçambique, S.A. for the financial year, i.e. a profit of around 720 million Meticaïs;
- That the **Cash Flow Statement** shows that the cash flow of the operating, investment and financing activities increased from 1,192 million Meticaïs at the beginning of the year to 2,159 million Meticaïs at the end of the year;
- That the **Statement of Changes in Equity** reflects that total Equity reached the amount of 4,717 million Meticaïs at the end of 2020 compared to 4,486 million Meticaïs in 2019;
- That the **Statement of Comprehensive Income** shows a comprehensive income of 706 million meticaïs in 2020 compared to 717 million meticaïs presented in 2019;
- The Supervisory Board also took note of the opinion of the external auditors, which expressed an unreserved opinion on the Insurer's accounts.

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

- Is of the opinion that the Balance Sheet, the Income Statements, the Cash Flow Statement and the Statement of Changes in Equity satisfy the statutory provisions and agree with the valuation criteria adopted, reflecting in a true and fair manner, the financial position of the Company as at 31 December 2020, as well as business income and cash flow during the financial year 2020;
- Is of the opinion that the General Meeting should:
  - Approve the Report and Accounts of Seguradora Internacional de Moçambique, S.A., for the financial year ended 31 December 2020;
  - Express a vote of praise for the performance of the Board of Directors and employees of Seguradora Internacional de Moçambique, S.A., in the financial year of 2020, taking into account the difficulties that accompanied the country's economy throughout the year, as well as the administrative reorganisation resulting from the pandemic.

Maputo, 18 February 2021

(Initials)

## The Supervisory Board

(Illegible Signature)

Esperança Alfredo Samuel Machavela – Chairwoman

(Illegible Signature)

Daniel Filipe Gabriel Tembe – Member

(Illegible Signature)

Aurélio Chiziane – Member

(Illegible Signature)

Umeid Calú – Alternate Member



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**SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.****OPINION OF THE 2021 SUPERVISORY BOARD on the Application of Net Income for the year ended 31 December 2020**

In accordance with the legal and statutory provisions, the Supervisory Board presents to the Shareholders its Application of Net Income for the year ended 31 December 2020.

The approved Opinion on the distribution of 2020 income is as follows:

- The Supervisory Board has analysed the proposal regarding the distribution of Net Income for the amount of 719,862,380.43 Meticaïs.
- Given SIM's financial situation, namely the adequacy of equity and solvency margin, as well as the natural expectation of shareholders to see their capital invested in SIM remunerated, the proposal presented appears acceptable.

**As a consequence of the analysis made, the Supervisory Board is of the opinion that the General Meeting approves the proposed application of net income as follows:**

- **For Dividends: 69.7% 476,096,322.84 Meticaïs;**
- **To the Legal Reserve: 10.0% 68,300,722.12 Meticaïs;**
- **To the Free Reserve: 20.3% 138 610 176.22 Meticaïs;**
- **Distributable Income: 683 007 221.18 Meticaïs;**
- **Retained Earnings: 36 855 159.25 Meticaïs;**
- **Net Income for the Year: 100.0% 719 862 380.43 Meticaïs.**

Maputo, 18 February 2021

**The Supervisory Board**

(Illegible Signature)

Esperança Alfredo Samuel Machavela – Chairman

(Illegible Signature)

Daniel Filipe Gabriel Tembe – Member

(Illegible Signature)

Aurélio Chiziane – Member

(Illegible Signature)

Umeid Calú – Alternate Member

**PARECER DO CONSELHO FISCAL****RELATÓRIO E CONTAS 2020**

No âmbito das disposições legais e estatutárias, o Conselho Fiscal da Seguradora Internacional de Moçambique, SA apresenta aos Exmos. Accionistas o relatório sobre a acção fiscalizadora exercida na Seguradora Internacional de Moçambique, S.A. (SIM), 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 2020.

Importa, antes de mais, que o ano de 2020, sobre o qual incide o presente parecer foi marcado por ser economicamente desafiante devido a pandemia da COVID-19 que, comprometeu a economia das empresas, não obstante as várias medidas tomadas com vista a sua mitigação.

A SIM não foi excepção, pois reflectiu-se nas suas contas, comparando com o ano homólogo, ligeiros impactos provocados pela pandemia, contudo, com o visível esforço por parte dos gestores foi possível garantir resultados positivos, conforme abaixo iremos demonstrar.

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

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

- A descida de 2,1% da "Margem Técnica", tendo passado de 1.430 milhões de Meticals de Dezembro de 2019 para 1.398 milhões de Meticals em Dezembro de 2020;
- Em termos de Receita Bruta Processada, fechou o ano com o valor praticamente igual ao período homólogo, nomeadamente, 1.810 milhões de meticals em 2019 contra 1.803 milhões de meticals em 2020;
- Destacou-se, na Receita Processada, o aumento de 12% na receita dos Acidentes de Trabalho face ao ano anterior, que resulta do prémio do Banco de Moçambique, contudo continua, ainda, abaixo do orçamento;
- Em termos de Receita por Ramos, o automóvel mantém-se como o ramo mais importante, com uma taxa de 38% sobre a receita; no entanto o ramo incêndio reduziu para 18%, afastando os Acidentes pessoais e Doença, comparativamente ao ano anterior.



### Seguradora Internacional de Moçambique, S.A.

- A *Receita Bruta pelo Canal Bancário*, caiu 3% em relação ao ano anterior e esteve 9% abaixo do orçamento, devido aos impactos da pandemia na economia que contribuíram para a redução da concessão de crédito.
- A *taxa de sinistralidade bruta antes de imputação de custos* situou-se em -144 milhões de meticais, representando uma redução negativa de 108% comparativamente ao período homólogo que estava a 1.838 milhões de meticais. Esta redução negativa, justifica-se:
  - Outros pelo direito de regresso do sinistro Emodraga no Marítimo, que cifrou-se em 694 milhões;
  - Nos ramos Incêndio e Diversos, aos custos brutos com o ciclone IDAI, em Março de 2019, que cifrou-se em 1.371 milhões; e
  - No ramo Acidentes de Trabalho, deve-se à correcção das Reservas Matemáticas em relação ao proveito bruto de 294 milhões e líquido de 41 milhões.
- Na *rúbrica dos Investimentos*, destacam-se em 2020, (i) o direito de regresso da Emodraga (694 milhões) que inclui o montante a ser reembolsado a resseguradores e (ii) a venda de imóveis (105 milhões) cujo impacto foi atenuado pelas reavaliações positivas de imóveis em 54 milhões.
- Os *proveitos financeiros* registaram um aumento de 17% face ao ano anterior. Este aumento resultou da avaliação positiva dos imóveis;
- Os *custos administrativos*, tiveram, no geral, um bom comportamento, com o aumento de 3% - de 391 milhões de Meticais de 2019 para 404 milhões de Meticais em 2020, estando 8% abaixo do orçamento devido ao menor número de colaboradores em relação ao ano anterior;
- O *rácio combinado* (rácio de despesas não vida líquido de resseguro e rácio de sinistralidade Não Vida líquida de resseguro) aumentou 73,8%, face ao ano anterior.
- Houve um registo de redução de 27% em relação as anulações por falta de pagamento, sendo de 91 milhões em 2020 contra 125 milhões em 2019, na análise por área técnica.
- O efeito dos indicadores acima apresentados, resultaram numa redução do resultado líquido em 0,8%, em relação ano anterior (720 milhões em 2020 contra 726 milhões em 2019).
- O *Rácio de Rentabilidade* (Margem Técnica / Receita Processada) situou-se em 77,5%, descida de 1,3 pp comparativamente a igual período de 2019;
- O *Rácio de Solvência* no final do ano 2020 foi de 2.024,0% significando também uma subida de 131,8 pp relativamente a igual período do ano anterior.

O Conselho Fiscal apreciou ainda o Relatório de Gestão e Contas de 2020, bem como as Demonstrações Financeiras, as quais evidenciam:



## Seguradora Internacional de Moçambique, S.A.

- Que o **Balanco** da Seguradora Internacional de Moçambique, S.A., à data de 31 de Dezembro de 2020, reflecte correctamente a sua situação financeira, evidenciando um activo líquido total de 10.043.546.026 Meticais, passivo total de 5.326.707.164 Meticais e Capital próprio de 4.716.838.862 Meticais
- 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 720 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 1.192 milhões de Meticais no início do ano para 2.159 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 de ano de 2020 o montante de 4.717 milhões de meticais contra 4.486 milhões de meticais em 2019
- Que a **Demonstração de Rendimento Integral** apresenta um rendimento integral de 706 milhões de meticais em 2020 contra 717 milhões de meticais apresentado em 2019.
- O Conselho Fiscal tomou igualmente nota do parecer dos auditores externos, que expressaram uma opinião sem reserva às contas da Seguradora.

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

- É de opinião que o Balanco, 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 2020, bem como o resultado da actividade e os fluxos de caixa durante o exercício de 2020;
- 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 2020;
  - Expresse um voto de louvor ao desempenho da Administração e dos colaboradores da Seguradora Internacional de Moçambique, S.A. no exercício de 2020, tendo em conta as dificuldades que acompanharam a economia do País durante o ano, bem como a reorganização administrativa decorrente da pandemia.

Maputo, 18 de Fevereiro de 2021

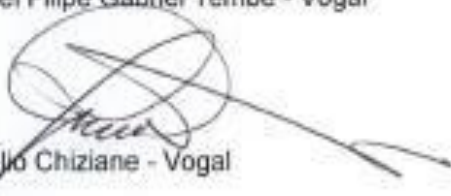
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**Seguradora Internacional de Moçambique, S.A.****O Conselho Fiscal**

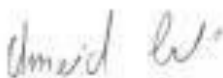
Esperança Alfredo Samuel Machavela - Presidente



Daniel Filipe Gabriel Tembe - Vogal



Aurélio Chiziane - Vogal



Umeid Calú - Vogal Suplente

## SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, SA

### PARECER DO CONSELHO FISCAL 2021 sobre a Aplicação de Resultados referente ao exercício findo em 31 de Dezembro de 2020

De acordo com as disposições legais e estatutárias, o Conselho Fiscal apresenta aos Exmos. Accionistas o parecer sobre a aplicação dos resultados relativos ao exercício findo em 31 de Dezembro de 2020.

O Parecer aprovado sobre a distribuição dos resultados de 2020 é o seguinte:

- O Conselho Fiscal analisou a proposta relativa à distribuição do Resultado Líquido no montante de 719.862 380,43 Meticals.
- 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: 69,7% 476 096 322,84 Meticals;
- Para Reserva legal: 10,0% 68 300 722,12 Meticals;
- Para Reserva livre: 20,3% 138 610 176,22 Meticals;
- Resultado Distribuível: 683 007 221,18 Meticals;
- Resultados Transitados: 36 855 159,25 Meticals;
- Resultado Líquido do Exercício: 100,0% 719 862 380,43 Meticals.

Maputo, 18 de Fevereiro de 2021

O Conselho Fiscal



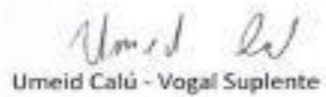
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