

Global Alliance Seguros, S.A.

***Financial Statements
31 December 2016***



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1. DIRECTORS' REPORT

The directors are pleased to present their report for the year ended 31 December 2016.

1.1. CONSTITUTION AND NATURE OF BUSINESS ACTIVITIES

Global Alliance Seguros, S.A. (hereinafter 'GA' or 'Company'), incorporated and domiciled in Mozambique transacts life assurance, non-life assurance and pension fund management.

The Company has its registered office and principal place of business at Av. Marginal, Parcela 141, Maputo.

COMPANY REGISTRATION NUMBER

12801/102-C/29

1.2. MATERIAL CHANGES IN THE COMPANY

There were no material changes in the Company for the financial year ended 31 December 2016.

1.3. BUDGET REVIEW AND HIGH-LEVEL OVERALL PERFORMANCE OF THE BUSINESS

Table1: Year on Year Growth:

	Actuals 2016	Actuals 2015	YoY growth
NET WRITTEN PREMIUM (NPI)	1,171,597,539	1,024,670,655	15%
CLAIMS	-974,820,800	-646,560,184	51%
ACQUISITION COSTS	-116,166,855	-152,793,900	-24%
OTHER INCOME	72,609,091	40,925,175	77%
OPERATING EXPENSES	-374,915,252	-262,781,964	42.6%
PROFIT/LOSS BEFORE TAX	-15,295,791	190,191,513	-108%

Table 2: Actuals vs. Budget

	Actuals 2016	Budget 2016	Variance
NET WRITTEN PREMIUM (NPI)	1,171,597,539	1,441,526,465	-269,928,926
CLAIMS	-974,820,800	-641,015,314	-293,373,799
ACQUISITION COSTS	-116,166,855	-184,332,455	68,165,600
OTHER INCOME	72,609,091	28,447,440	44,161,651
OPERATING EXPENSES	-374,915,252	-331,536,307	-43,378,945
PROFIT/LOSS BEFORE TAX	-15,295,791	313,089,828	-328,385,719

We experienced lower business activities in 2016 financial year which impacted negatively on the business growth refer to Table 1. The major contributors were: adverse macroeconomic factors, on-going political instability in the country, premium under-cutting/price wars in the insurance industry and depreciation of the metical against the USD. This resulted in the Company not meeting the agreed targets or budgeted numbers as per Table 2.

1.3.1 NET INSURANCE PREMIUM INCOME

The apparent year on year increase in net insurance premium income is mainly driven by an accelerated depreciation of the Metical in relation to the United States Dollars registered in 2016, which is the main currency in which the policies are denominated in. In actual nominal terms, there was low business activities experienced in 2016 mainly driven by the above mentioned factors. The Company lost major accounts to its competitors due to premium under-cutting, on-going political instability in the country that hampered economic growth.

Adverse macroeconomic factors namely, double digit inflation and high interest rate in Mozambique that impacted negatively on the performance of some of our products offering as well as collection of outstanding premiums. We experienced high policy cancellation rate due to affordability and fact that the companies were shutting down or downscaling. We also benefitted from the release of Unearned Premium Reserve due to lower business activities

1.3.2 NET INSURANCE CLAIMS AND BENEFITS PAID

The increase in Net insurance claims and benefits paid is attributable to GA adopting a new reserving methodology in April 2016, which resulted in historical adjustments in WCA claims and prospective adjustment of new case estimates registered across all business. The depreciation of the metical against the USD also contributed to the increase in claims paid as it became expensive to repair vehicles. The Company experienced high loss ratios in motor own damage, third party, WCA, fire and engineering book.

1.3.3 OTHER INCOME

Other income is made up of Foreign Exchange gains generated from revaluation of assets and liabilities of the company. Although the functional currency is MZN, for internal reporting purposes Global Alliance still reports in USD. The stronger appreciation of the USD against the MZN contributed to the FX gains.

1.3.4 OPERATING EXPENSES

The year on year increase in the Operating expenditure is mainly driven by: (i) inflationary increase, an accelerated depreciation of the Metical in relation to the United States Dollars mainly on USD denominated costs (Salaries and IT costs), out of cycle salary adjustments for promotions approved during the year. Increase in Group Recharges as WIMI was focusing on embedding controls and processes. Management continued to focus on cost control in order to mitigate the risk of revenue that was not growing as expected.

Further information on the activities, performance and financial position of the Company is presented in the annual financial statements and notes thereto.

1.4 HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

Holding Company	Absa Financial Services Africa Holdings Pty Ltd - 98%
Ultimate Holding Company	Barclays Bank PLC (50.1%)
Shareholders	Absa Financial Services Africa Holdings Pty Ltd - 98% Absa Insurance Company Ltd - 1% Absa Life Ltd - 1%

1.5 EVENTS AFTER THE BALANCE SHEET DATE

There have been no facts or circumstances of a material nature that have occurred between the year end and the date of these financial statements that could have a significant effect on the reported results and financial position.

1.6 GOING CONCERN

The financial statements presented on pages 9 to 61 were prepared based on the principle of going concern and directors have every reason to believe that the insurance company will continue to operate in the foreseeable future.

1.7 DIVIDENDS

Management recommends that no dividends be declared

1.8 BOARD MEMBERSHIP

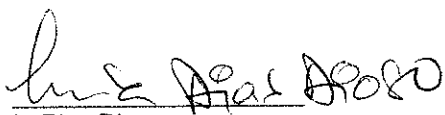
L. Dias Diogo	Chair
R. Barros	Non-Executive
B. Ngwenya	Executive

1.9 AUDITORS

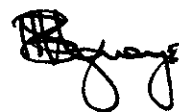
PricewaterhouseCoopers, Lda.

1.10 ADDRESS

Avenida da Marginal, Parcela 141
Maputo
Mozambique



L. Dias Diogo
Chair of the Board of Directors



Busani Ngwenya
Managing Director

Maputo
24 March 2017

2 STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

This statement, which should be read in conjunction with the fiscal committee report and auditor's opinion set out on page 8, has the main objective to distinguish for shareholders the respective responsibilities of directors and auditors in relation to the financial statements of Global Alliance Seguros, S.A. (the "Company").

The directors are responsible for the preparation, integrity and fair presentation of the financial statements that present reliable state of transactions at the end of the financial year, cash flows of the period and other information contained in this report.

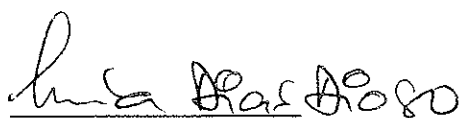
In order to achieve these responsibilities:

- All management and employees have to maintain the highest ethical standards to ensure that the company's business is conducted in a manner that all reasonable circumstances beyond reproach;
- The Board of Directors sets standards and management implements systems of internal control to provide reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls in policies and procedures include the proper delegation of responsibilities and authority within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The Board of Directors and management identify all key risk areas within the company and strive to minimize these risks by ensuring that own infrastructures, controls and systems are applied and managed within the pre-defined procedures and limitations;
- The Actuarial Review Committee assists the directors with regard to actuarial and related matters.

To the best knowledge and belief, based on the above, the Directors believe that there were no significant failures of the internal control systems and procedures during the year under review.

The entity adopts appropriate and consistent accounting policies, and these are supported by judgments and estimates that are prudent and reasonable.

These financial statements were prepared in accordance with the Mozambican Diploma no. 222/2010 which defines Mozambican accounting principles (based on IFRS) for insurance companies.



L. Dias Diogo
Chair of the Board of Directors



Busani Ngwenya
Managing Director

Maputo
24 March 2017



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CP 4200

FISCAL COUNCIL REPORT

According to the legal and statutory requirement, the Fiscal Council examined the annual report presented by the Global Alliance Seguros SA for the financial year 2016 and presents to the Shareholders an opinion on the Balance Sheet, the Income Statement and the Report of the Board of Directors for the year ended 31 December of the referred year.

In carrying out its activities, the Fiscal Council monitored the company's business, appreciated the annual accounts, accompanied by the result of the work of the external auditor and maintained regular contact with the administration, having access to all information that was requested to the company management.

Based on our analysis of the report and accounts, the information provided and the report of external auditor (PwC), the opinion of the Fiscal Council is that the Balance Sheet and the Income Statement of Global Alliance Seguros SA meet the legal and statutory requirements and comply with the accounting policies normally adopted and that its financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), adequately reflect the financial situation of the company as at 31 December 2016 and the results of its activity during the period.

Taking into consideration the above stated, the Fiscal Council recommends that the General Meeting approve the Board of Directors' Report, the Financial Statements of Global Alliance Seguros SA, for the year ended 31 December 2016, and the proposal of the Board of Directors to transfer the losses for the year ended amounting MZN 22 149 203 through the Retained Earnings account.

Abdul Satar Hamid 
BDO (MOZAMBIQUE), LDA

Registered Auditor Firm, nº 02/SAC/OCAM/2012, represented by:

Engagement Partner: Abdul Satar A. Hamid

Registered Auditor: 01/CA/OCAM/2012

Maputo, 24 March 2017



Free translation to English of the Original signed version in Portuguese

Independent auditor's report

To the Shareholders of Global Alliance Seguros, S.A.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Global Alliance Seguros, S.A. (the "Company") as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles of the Mozambican insurance sector.

What we have audited

Global Alliance Seguros, S.A.'s financial statements comprise:

- the statement of comprehensive income for the year ended on 31 December 2016;
- the statement of financial position as at 31 December 2016;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the independence requirements applicable to performing audits of financial statements in Mozambique and the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA). We have fulfilled our other ethical responsibilities in accordance with other ethical requirements applicable to performing audits in Mozambique and in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Responsibility by the Board of Directors. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

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www.pwc.com



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the generally accepted accounting principles of the Mozambican insurance sector, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate,



to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers, Lda.

Maputo

29 March 2017

FINANCIAL STATEMENTS

Statement of comprehensive income

Notes	Profit and Loss Account	FY 2016 – MZN				Restated ¹ Previous 2015 MZN
		Technical Life	Technical Non-life	Non- Technical	Total	
6	Premiums Earned Net of Reinsurance	166 865 286	1 004 732 253	0	1 171 597 539	1 024 670 655
	Gross written premiums	702 173 440	1 757 607 479	0	2 459 780 919	2 512 162 480
	Premiums ceded to reinsurers	-528 810 967	-813 593 107	0	-1 342 404 074	-1 419 536 070
	Provision for unearned premiums (change)	-6 668 260	387 981 283	0	381 113 023	172 890 748
	Provision for unearned premiums, reinsurers' part (change)	371 073	-327 263 402	0	-326 892 330	-240 846 503
7	Costs of Claims, Net of Reinsurance	-34 609 402	-940 211 397	0	-974 820 800	-646 560 184
	Amounts paid	-34 415 781	-501 540 256	0	-535 956 037	-578 515 263
	Gross amount	-41 131 742	-972 219 532	0	-1 013 351 274	-763 743 872
	Reinsurers' part	6 715 961	470 679 277	0	477 395 238	185 228 608
	Provision for claims (change)	-193 621	-438 671 142	0	-438 864 763	-68 044 921
	Gross amount	-411 089	-670 289 729	0	-670 700 819	-83 748 105
	Reinsurers' part	217 468	231 618 588	0	231 836 055	15 703 184
8	Mathematical Provision - life, net of reinsurance	-14 165 065	0	0	-14 165 065	-24 038 893
	Gross amount	-14 235 205	0	0	-14 235 205	-25 067 576
	Reinsurers' part	70 140	0	0	70 140	1 028 683
9	Net Operating Expenses	-69 957 052	-355 434 447	0	-425 391 499	-358 397 574
	Acquisition costs	-51 703 924	-245 483 890	0	-297 187 813	-273 435 231
	Deferred acquisition costs (change)	2 081 503	-1 113 221	0	968 282	21 793 522
	Administrative costs	-30 082 952	-163 811 342	0	-193 894 294	-142 140 633
	Reinsurance commissions and profit sharing	9 748 321	54 974 006	0	64 722 326	35 384 767
10	Income	11 265 395	61 343 696	0	72 609 091	40 925 175
	Interest on financial assets not carried at fair value through profit or loss	9 656 232	52 581 284	0	62 237 516	34 317 917
	Other	1 609 163	8 762 412	0	10 371 576	6 607 258
11	Underwriting expenses	-88 306	-480 855	0	-569 161	-417 243
12	Foreign exchange differences	0	0	102 992 292	102 992 292	73 036 482
13	Net gains from non-financial assets	3 181 501	17 324 293	0	20 505 794	72 415 182
15	Other technical income/costs, net of reinsurance	1 996 470	10 871 418	0	12 867 888	5 366 281
14	Other provisions (Change)	2 399 557	13 066 360	0	15 465 917	-3 810 816
15	Other income/ expenses	0	0	3 612 214	3 612 214	7 002 447
	Net Income before Tax	66 888 382	-188 788 679	106 604 505	-15 295 791	190 191 513
25	Corporation Tax for the period – Current Tax	419 440 828	-1 183 848 032	668 491 005	-95 916 199	-61 565 229
25	Corporation Tax for the period – Deferred Tax	-389 470 910	1 099 259 634	-620 725 936	89 062 788	-24 871 609
28	Net Income for the Period	96 858 300	-273 377 077	154 369 575	-22 149 203	103 754 675

¹ Other technical income/costs, net of reinsurance (Note 15) has been restated to exclude treaties reinsurance expenses, which is now shown as Cost of Claims (Note 7). See Note 3 for further details. There is no impact on the result or total equity for any period presented as a result of this restatement.

Statement of financial position as at 31 December 2016

Notes	Assets	FY2016 - MZN			FY2015 MZN
		Gross Value	Impairment, depreciation/ Amortization or adjustments	Net Value	
17	Cash & cash equivalents	345 878 433	0	345 878 433	295 059 139
18	Available-for-sale assets	203 469 769	0	203 469 769	346 634 800
19	Loans & Receivables	788 973 935	0	788 973 935	349 270 556
	Other deposits	788 973 935	0	788 973 935	349 270 556
20	Property	335 706 926	21 783 212	313 923 714	298 514 917
	Owner-occupied property	212 861 676	21 783 212	191 078 464	108 066 085
	Investment property	122 845 250	0	122 845 250	190 448 832
21	Other tangible assets	22 747 892	12 021 083	10 726 809	12 031 612
22	Other intangible assets	5 869 375	1 570 397	4 298 977	1 700 160
23	Technical Provisions for Reinsurance ceded	840 565 709	0	840 565 709	460 225 492
	Provision for unearned premiums	220 747 537	0	220 747 537	343 196 977
	Mathematical provision for Life- Insurance	781 000	0	781 000	8 368 717
	Provision for claims	619 037 171	0	619 037 171	108 659 798
24	Other Debtors for Insurance & Other Operations	347 389 801	21 856 909	325 532 892	584 670 532
	Receivables for direct insurance operations	208 877 778	21 856 909	187 020 869	530 288 133
	Account receivable for other operations	138 512 023	0	138 512 023	54 382 399
25	Tax Assets	199 880 617	0	199 880 617	49 642 552
	Current tax assets	21 758 360	0	21 758 360	0
	Deferred tax assets	178 122 257	0	178 122 257	49 642 552
26	Accruals and deferrals	10 297 917	0	10 297 917	5 641 018
	Total Assets	3 100 780 373	57 231 601	3 043 548 772	2 403 390 778

Statement of financial position as at 31 December 2016 (Continued)

Notes	Liabilities & Equity	FY 2016 MZN	FY 2015 MZN
	Liabilities		
23	Technical provisions	1 660 446 768	836 842 064
	Provision for unearned premiums	379 090 697	516 167 223
	Mathematical Provisions for life- insurance	166 631 793	154 180 237
	Provision for Claims	1 114 724 278	166 494 603
	For Life Insurance	13 605 865	3 325 533
	Workers' compensations	0	0
	Other business lines	1 101 118 413	163 169 071
27	Other Creditors for insurance & other operations	295 729 137	600 970 228
	Payables for direct insurance operations	20 046 503	34 567 134
	Payables for other reinsurance operations	261 070 292	501 894 304
	Payables for other operations	14 612 343	64 508 790
25	Tax Liabilities	189 710 993	121 101 793
	Current tax liabilities	43 147 851	13 955 568
	Deferred tax liabilities	146 563 142	107 146 225
26	Accruals & Deferrals	110 504 120	35 169 736
	Total Liabilities	2 256 391 018	1 594 083 821
	Equity		
28	Share capital	242 090 000	242 090 000
28	Other reserves	133 903 059	113 031 350
28	Retained earnings	433 313 898	350 430 932
28	Net income for the period	-22 149 203	103 754 675
	Total Equity	787 157 754	809 306 957
	Total Equity & Liabilities	3 043 548 772	2 403 390 778

Statement of Changes in Equity

Notes	Statement of Changes in Equity	Share Capital	Other reserves		Retained earnings	Net Income for the period	Total
			Legal Reserve	Share premium			
	Balance sheet as at 31 December 2014	242 090 000	79 930 998	1 970 879	225 481 089	156 251 234	705 724 198
	Increase of Reserves (1)		31 250 247		125 000 987	-156 251 234	0
	Net Income for the Period (2)					103 754 675	103 754 675
	Other variations in equity (3)		-120 773		-51 143		-171 916
	Total of variations in equity (1) + (2) + (3)	0	31 129 474	0	124 949 844	-52 496 559	103 582 758
	Balance sheet as at 31 December 2015	242 090 000	111 060 472	1 970 879	350 430 932	103 754 675	809 306 957
	Increase of Reserves (1)		20 750 935		83 003 740	-103 754 675	0
	Net Income for the Period (2)		0	0	0	-22 149 203	-22 149 203
	Other variations in equity (3)		120 773	0	-120 773	0	0
	Total of variations in equity (1) + (2) + (3)	0	20 871 708	0	82 882 967	-125 903 878	-22 149 203
	Balance sheet at 31 December 2016	242 090 000	131 932 181	1 970 879	433 313 898	-22 149 203	787 157 754

Statement of Cash Flows

Statement of Cash Flows	2016 MZN	2015 MZN
Cash Flow from Operating Activities		
Net income for the period	-22 149 203	103 754 675
Adjustments related to:		
Depreciation and amortization	10 339 436	8 204 509
Change in provision for claims	438 864 763	68 044 921
Change in other technical provision	-41 023 910	70 201 125
Change in provision for premium receipts	-15 465 917	3 810 816
Increase of debtors	274 603 557	-115 253 451
Increase of creditors	-236 631 891	205 314 954
Change in other assets	-535 235 180	10 934 403
Change in other liabilities	501 098 235	-90 275 396
Gains unrealised on properties investment	-20 505 794	-72 415 182
Foreign exchange difference	243 257 139	62 362 516
Interest, rent and similar income	-72 609 091	-40 925 175
Adjustments on retained earnings	0	-171 916
Total	524 542 144	213 586 797
Cash Flow from Investing Activities		
Acquisition of investments (including Term Deposits)	-296 538 348	-213 199 996
Acquisition of Tangible and Intangible Assets	-6 536 454	-6 859 954
Interest and other	72 609 091	40 925 175
Total	-230 465 711	-179 134 775
Cash Flow from Financing Activities		
Increase of Share Capital	0	0
Total	0	0
Total net increase/decrease in cash and cash equivalents	294 076 434	34 452 022
Currency translation differences	-243 257 139	-62 362 516
Cash and cash equivalents at the beginning of the period	295 059 139	322 969 633
Cash and cash equivalents at the end of the period	345 878 433	295 059 139

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - General Information

Global Alliance Seguros, S.A. (hereinafter 'GA' or company), incorporated and domiciled in Mozambique transacts life assurance, non-life assurance and fund management. The company has its registered office and principal place of business at Av. Marginal, Parcela 141, Maputo.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Note 2 - Basis of preparation

▪ Basis of presentation

The financial statements now presented refer to the year ended December 31, 2016 and have been prepared in accordance with the Insurance Companies Accounting Plan issued by Ministry of Finance and approved by Ministerial Decree 222/2010, and also in accordance with the rules governing the accounting of operations of insurance companies, as established by the Institute of Insurance Supervision of Mozambique (ISSM).

The new Accounting Plan introduced the International Financial Reporting Standards (IFRS), with the exception of the measurement of liabilities resulting from insurance contracts, defined in IFRS 4 – Insurance Contracts.

The IFRS include accounting standards issued by the International Accounting Standard Board (IASB) and the interpretation issued by the International Financial Reporting Interpretation Committee (IFRIC) and by their predecessor.

The company complied with IFRS as issued by the IASB applicable at 31 December 2016.

Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are stated in Meticals (MZN).

These financial statements were approved at the Board of Directors held on the 24th of March 2017.

NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2016. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

The Company adopted the following standards, interpretations and amended standards during the year:

IFRS 2	<i>Share-based payments</i> - Amendments to clarify the classification and measurement of share-based payment transactions.
IFRS 10	<i>Consolidated Financial Statements</i> - Clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.
IFRS 11	<i>Joint arrangements</i> - Amendments regarding the accounting for acquisitions of an interest in a joint operation.
IFRS 12	<i>Disclosure of Interest in Other Entities</i> - Amendments to clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.
IAS 1	<i>Presentation of Financial Statements</i> - Amendments are designed to encourage entities to apply professional judgement in determining what information to disclose, as well as where and in what order information is presented in the financial disclosures provided in the financial statements.
IAS 16	<i>Property, Plant and Equipment</i> - Amendments regarding the clarification of acceptable methods of depreciation and amortization, and amendment to include bearer plants in the scope of IAS 16.
IAS 28	<i>Investments in Associates and Joint Ventures</i> - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.
IAS 38	<i>Intangible Assets</i> - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.

Annual improvements (2012- 2014 cycle)

Non-urgent but necessary clarifications and amendments to the following standards of IFRS:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosure
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

IAS 7	Statement of Cash Flows - Amendments as result of the Disclosure Initiative. Additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses.	1 January 2017
IFRS 4	Insurance contracts - Applying IFRS 9 Financial instruments (amendments) allow an entity that issues insurance contracts the opportunity to utilize two options - where IFRS 9 is applied prior to the forthcoming insurance contracts standard. These are (a) the overlay approach - which permits an insurer to reclassify certain income/expenditure, arising from designated financial instruments, from profit or loss to OCI, and (b) the deferral approach - temporary exemption from IFRS 9 for insurers whose predominant activity is issuing insurance contracts.	1 January 2018
IFRS 9	Financial Instruments - A new accounting standard that represents a package of reforms to financial instrument accounting was issued in July 2014. IFRS 9 replaces the previous standard on financial instruments, IAS 39.	1 January 2018
	IFRS 9 will lead to significant changes in the accounting for financial instruments. The key changes relate to:	
	Financial assets: Financial assets will be measured at either fair value through profit or loss or amortised cost, except for debt instruments meeting specific criteria, which are required to be measured at fair value through other comprehensive income, or equity investments not held for trading, which may be measured at fair value through other comprehensive income;	
	Financial liabilities: The accounting for financial liabilities is largely unchanged, except for non-derivative financial liabilities designated at fair value through profit or loss. Gains and losses on such financial liabilities arising from own credit risk will be presented in other comprehensive income rather than in profit or loss;	
	Impairment: Credit losses expected at the reporting date (rather than only losses incurred in the year) on loans and advances, debt securities, loan commitments and financial guarantee contracts not held at fair value through profit or loss will be reflected in impairment allowances.	
IFRS 15	Revenue from Contracts with Customers - A new accounting standard that provides a single, principle based, five-step model to be applied to all contracts with customers. New disclosures about revenue are also introduced.	1 January 2018
IAS 40	Investment Properties - Amendments regarding when an entity should transfer property into, or out of, investment property	1 January 2018

IFRIC2 2	Foreign Currency Transactions and Advance Consideration - Amendments clarifying the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.	1 January 2018
IFRS 16	Leases - A new accounting standard that eliminates the classification of leases as either operating leases or finance leases for lessees and, instead, introduces a single accounting model, which recognises all leases on the statement of financial position.	1 January 2019

The Company is in the process of assessing the potential impact that the adoption of these standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.

- **Main accounting policies**

- a) **Cash and cash equivalents**

Cash and cash equivalent consist of cash at bank and in hand, deposits held at call with banks and other short-term high liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant change in value. Such investments are those with less than three months maturity.

- b) **Financial assets**

- (i) **Classification**

The Company classifies its financial assets at the start of each transaction, taking into account the underlying intention, in accordance with the following categories:

- *Held-for-trading financial assets*

These are assets acquired with the main objective of being traded in the short-term.

- *Financial assets at fair value through profit and loss*

These are financial assets designated at the time of their initial recognition at fair value, with variations recognized in profit or loss.

- *Available-for-sale financial assets*

This category includes (i) non-derivative financial assets the intention of which is to be held for an indetermined period, (ii) financial assets that are designated as available-for-sale at the time of their initial recognition, (iii) financial assets that do not fall within the other categories.

- *Financial assets held to maturity*

Financial assets held to maturity, which includes non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Company has the intent and ability to hold to maturity and were not assigned to any other category of financial assets. Any reclassification or sale of financial assets recognized in this category that is not undertaken close to maturity requires the Company to reclassify this entire portfolio as available-for-sale financial assets.

- *Loans and receivables*

Loans and receivables, which include amounts receivable, related with direct insurance operations, reinsurance ceded and transactions related with insurance contracts and other transactions.

- (ii) **Recognition, initial measurement and derecognition**

Acquisitions and disposals of (i) financial assets at fair value through profit or loss; (ii) investments held to maturity; and (iii) available-for-sale financial assets are recognized on trade date, that is, on the date the Company undertakes to acquire or dispose of the asset.

Financial assets are initially recognized at their fair value plus trading costs, except where classified as financial assets at fair value through profit or loss, in which case the costs are recognized in profit or loss.

These are derecognized when:

- (i) the Company's contractual rights to receive their cash flows expire; or
- (ii) the Company has transferred substantially the whole of the risks and benefits associated with holding them.

(iii) Subsequent measurement

Following initial recognition, financial assets at fair value through profit or loss are carried at their fair value, and variations are recognised in profit or loss.

Held-for-sale financial assets are likewise carried at fair value, and variances are recognised in other comprehensive income. Currency fluctuations associated with these investments are recognised in profit or loss.

The fair value of quoted financial assets is their current bid price. In the absence of quotation, the Company estimates the fair value using (i) valuation methodologies such as the use of prices of recent similar transaction at arm's length, discounted cash-flow techniques and customised options valuation models designed to reflect the specifics and circumstances of the instrument, and (ii) valuation assumptions based on market information.

Loans and receivables are subsequently carried at amortised cost on the basis of the effective interest-rate method. Financial assets in respect of which fair value cannot be measured reliably are carried at acquisition cost.

(iv) Transfers amongst financial assets

In October 2008 the IASB issued a revision of IAS 39 - Classification of financial instruments Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial instruments Disclosures). This alteration came to allow an enterprise to transfer financial assets at fair value through profit or loss to the available-for-sale financial assets portfolio, to Loans and receivables or to financial assets held to maturity, provided such financial assets meet the characteristics of each category. Additionally, transfers of financial assets recognised in the available-for-sale financial assets category to the categories of Loans and advances to customers - Securitised credit and financial assets held to maturity are permitted in certain specific circumstances.

(v) Impairment

The Company regularly assesses whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. For those financial assets showing signs of impairment, the respective recoverable value is determined and impairment losses are recorded with a contra-entry in profit or loss.

A financial asset or group of financial assets is impaired where there is objective evidence of impairment as a result of one or more events occurring after its initial recognition, such as: (i) for securities representing equity capital, ongoing depreciation or significant reduction of their price, and (ii) for debt securities, where this event (or events) impact(s) on the estimated future cash flows of the financial asset or group of assets, which can be estimated reasonably.

(vi) Adjustments of premium receipts pending collection and doubtful debts

The amounts of these adjustments are calculated on the basis of the value of premiums pending collection and of doubtful debt.

c) Embedded derivatives

Derivatives embedded in other financial instruments are treated separately where their economic characteristics and their risks are not related with the principal instrument and the principal instrument is not carried at fair value through profit and loss. These embedded derivatives are recorded at fair value and variations are recognised in profit and loss.

d) Recognition of interest

Results in respect of interest on available-for-sale financial assets and financial assets at fair value through profit or loss are recorded under specific headings of gains and losses.

Calculation of the amortised cost is performed using the effective interest rate method; its impact recorded under returns on investments. The effective interest rate is the rate that discounts future payments or receipts estimated over the expected life of the financial instrument. In calculating the effective interest rate future cash flows are estimated considering all the contract terms of the financial instrument (e.g., put options), though possible future credit losses are not considered. The calculation includes commissions constituting an integral part of the effective interest rate, transaction costs and all premiums and discounts related with the transaction.

e) Investment property and building for own use

- *Investment property*

Investment property is held for long-term rental yields. Completed investment property is stated at its fair value. Changes in fair values are recorded in the income statement as investment income. Investment properties under construction are included within property and equipment, and are stated at cost less any impairment in their values until construction is completed of fair value becomes reliably measurable. The Company uses criterias in IAS 40.

- *Owner-occupied properties*

Owner-occupied properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

	Useful life
Property at Av. Marginal	36 years

Subsequent costs incurred with the tangible assets are recognized only if it is probable that they will generate future economic benefit for the Company. All maintenance and repair costs are recognised as a cost in accordance with the accrual accounting principle.

f) Tangible assets

The Company's tangible assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation of tangible assets is calculated using the straight-line method at the following rates which reflect the expected useful lives of the assets.

	Annual rates
Furniture	10%
IT hardware	25%
Transport equipment	25%

g) Intangible assets

Intangible assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation of intangible assets is calculated using straight-line method at the following rates which reflect the expected useful lives of the assets:

	Internally generated assets?	Finite useful life?	Annual rate
Softwares and licenses	No	Yes	25%

Where there is an indication that an asset might be impaired, IAS 36 requires that its recoverable value be estimated, and an impairment loss recognised in the event that the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the statement of income.

h) Product classification

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Any contracts not considered to be insurance contracts under IFRS are classified as investment contracts.

Some insurance and investment contracts contain a discretionary participation feature, which is a contractual right to receive additional benefits. These are referred to as participating contracts.

The insurance contracts are measured according to the following principles:

(i) Premiums

Gross direct insurance, accepted reinsurance and ceded reinsurance premiums written are recorded respectively as income and costs during the year to which they refer, regardless of the moment of their receipt or payment.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience, and are included in premiums written.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as a provision for unearned premiums. The change in this provision is taken to the income statement as recognition of revenue over the period of risk.

(iii) Deferred acquisition costs

Costs relating to the acquisition of new business for insurance and participating investment contracts are deferred in line with existing local accounting practices, to the extent that they are expected to be recovered out of future margins in revenue on these contracts.

Deferred acquisition costs are amortised systematically over a period no longer than that in which they are expected to be recoverable out of these future margins. Deferrable acquisition costs for non-participating investment and investment fund management contracts are amortised over the period in which the service is provided.

General insurance deferred acquisition costs are amortised over the period in which the related revenue is earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset.

(iv) Provision for claims

The provision for claims corresponds to the cost of claims incurred pending settlement, the estimated liability for claims incurred but not yet reported (IBNR) and the direct and indirect costs associated with their settlement. The provision for reported and unreported claims is estimated by the Company on the basis of past experience, available information and application of actuarial methods.

(v) Mathematical provision

The aim of the mathematical provisions is to record the present value of the Company's future liabilities in respect of insurance contracts issued. They are calculated on the basis of recognised actuarial methods under applicable legislation.

(vi) Provision for profit sharing

The provision for profit sharing corresponds to the amounts attributed to the insured of the beneficiaries of the contracts, in the form of profit sharing not yet distributed.

j) Financial liabilities

An instrument is classified as a financial liability where there is a contractual obligation for its settlement to be made by paying cash or another financial asset, regardless of its legal form.

l) Employee benefits

- *Annual leave*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

- *Pension obligations and other long-term benefits*

The Company is a member of the Barclays Bank Mozambique's Employees Pension Fund.

- *Performance bonus*

The Company grants bonus benefits to its employees in service and they are recorded as cost for the period to which they refer.

m) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of the tax legislation in force. Tax expense is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate. The current income tax rate is 32%.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

n) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are not recognized for future operating losses. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

o) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

p) Leases

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Where the company is the lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the relevant leases.

Where the Company is the lessor, lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term. When assets are subject to finance leases, the present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable. The Company has not entered into any material finance lease arrangements either as lessor or lessee.

q) Non-current assets held for sale

Assets held for disposal as part of operations which are held for sale are shown separately in the statement of financial position. Operations held for sale are recorded at the lower of their carrying amount and their fair value less the estimated selling costs.

r) Report by operating segments

The Company determines and presents operating segments based on the management information produced in-house.

A business operating segment is an identifiable component of the Company that is intended to provide an individual product or service or a group of related products or services, within a specific economic environment, and is subject to risks and benefits that can be differentiated from others operating in different economic environments.

s) Transactions in foreign currency

The Company has Metical (MZN) as its functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the settlement date or balance sheet date whichever occurs first. Exchange differences on the settlement or translation of monetary assets or liabilities are included in the profit or loss of the period in which they arise.

Note 3 - Changes in accounting policies, estimates and errors

- a) In April 2016, the company adopted a new reserving methodology based on the actuarial methods. The new reserving methodology resulted in the change in the case estimates.
- b) Management has changed the presentation of Treaties Reinsurance Expenses in the Statement of Comprehensive Income to exclude it from Note 15 - Other Technical income/costs, Net of Reinsurance and now include in Note 7 – Cost of Claims, Net of Reinsurance. The revised approach reflects more closely the nature of these expenses.

Comparatives have been restated as shown below. This change in presentation had no impact on reported profit or loss or equity, the statement of financial position or the statement of cash flows.

Effect of restatement from change in presentation of Treaties Reinsurance Expenses

	2015		
	As previously reported (MZN)	Effect of change (MZN)	Restated (MZN)
Note 7 - Cost of claims, Net of Reinsurance			
Amounts paid - Gross amount	708,585,074	55,158,798	763,743,872
Note 15 - Other technical income/costs, Net of Reinsurance	49,792,517	-55,158,798	-5,366,281
Net income before tax	190,191,513	0	190,191,513
Net income for the period	103,754,675	0	103,754,675

As a result of this change comparative information in Statement of Comprehensive Income, Note 5 Business Line Reporting, 7 Cost of Claims Net of Reinsurance, Note 15 Other Technical income/costs, Net of Reinsurance, Note 16 Expenses by Nature and Note 30 Management of activity risk (claims costs per product) has been restated.

Note 4 – Significant judgements, accounting estimates and assumptions

The preparation of financial statements requires from management to disclose the key judgments, estimates and assumptions made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements.

The main accounting estimates and judgements used by the Company in the application of accounting principles are detailed as follows.

The Board of Directors considers the choices made are appropriate and that the financial statements adequately present the Company's financial position and the results of its operations in all materially relevant aspects.

The alternatives analysed hereunder are presented only to help readers to understand the financial statements and are not intended to suggest that other alternatives or estimates are more appropriate.

a) Fair value of property investment

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of investment property is based on its highest and best use from a market participant's perspective.

b) Technical provisions

Technical provisions including provisions for claims correspond to future liabilities stemming from the contracts. The assumptions used were based on past experience of market values.

These assumptions may be reviewed in the event that future experience confirms their inadequacy.

Technical provisions stemming from insurance contracts include (i) provision for unearned premiums, (ii) mathematical provision, and (iii) provisions for claims reported and not reported, including the respective settlement costs.

In determining technical provisions arising from insurance contracts, the Company periodically evaluates its liabilities using actuarial methods and taking into account the respective reinsurance cover. The provisions are periodically reviewed by qualified actuaries.

The provisions for claims do not represent an exact calculation of the amount of the liabilities, rather an estimate resulting from application of actuarial valuation techniques. These estimated provisions correspond to the Company's expectation of the ultimate cost of settling claims based on an evaluation of the facts and circumstances known at the time, on a review of the historic settlement patterns, on an estimate of trends in terms of claims frequency and costs, and other factors.

Variables in the determination of the estimate of the provisions may be affected by internal and/or external events, especially alterations to claims management processes, inflation and legal alterations. Many of these events are not directly quantifiable, particularly on a prospective basis. Additionally, there may be a significant time difference between the moment of occurrence of the insured event (claim) and the moment when this event is reported to the Company. The provisions are regularly reviewed through an ongoing process when additional information is received and the liabilities come to be settled.

c) Income taxes

Determination of income tax requires certain interpretations and estimates. Other interpretations and estimates could result in a different amount of corporate tax, current and deferred, recognized during the period.

In keeping with tax legislation in force, the Tax Authorities are entitled to review the calculation of the taxable income made by the Company, during a period of five years. There may therefore be corrections to the taxable income as a result of differences in the interpretation of tax legislation.

Nevertheless, the Company's Board of Directors is convinced that there will be no significant corrections to the corporate tax recorded in the financial statements.

d) Provisions

Provisions that are not technical are raised to cover possible losses. This is determined by management and is supported by information provided by legal staff and is subject to regular testing.

Note 5 – Business line reporting and allocation of investments and other assets

The company considers as primary segment the business segment. Within this segment there is a split between life insurance and non-life, and within each of these there is further detailed information by product classes (life and non-life insurance). In life insurance data submitted will be split by product classes Credit Life, Life Risk Group Life and Individual Risk. In Non-Life, the information is detailed by product classes of Accidents, Fire and Elements of Nature, Automotive, Marine, and Air Transport, Liability and Other.

Regarding the geographical segment, all contracts are awarded in Mozambique.

Business line reporting

Business lines – Technical results on 31 December 2016 and 2015:

2016 amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	702 173 440	2 145 588 762	2 847 762 202
gross claims, direct insurance	-41 542 831	-1 642 509 261	-1 684 052 093
Other technical costs	-13 714 182	0	-13 714 182
Technical margin direct insurance	646 916 427	503 079 500	1 149 995 927
Result – reinsurance ceded	-512 059 078	-383 584 639	-895 643 717
Net technical margin	134 857 349	119 494 861	254 352 210
Operational expenses	-79 705 373	-410 408 453	-490 113 825
Net operational result	55 151 977	-290 913 591	-235 761 615
Investment income	14 358 590	78 187 134	92 545 724
Others	4 396 027	23 937 778	28 333 805
Technical result	73 906 593	-188 788 679	-114 882 086

2015 Amounts in MZN	Restated ¹ Life Insurance	Restated ¹ Non-life insurance	Restated ¹ Total
Earned premium, direct insurance	569 451 565	2 310 433 032	2 879 884 596
Gross claims, direct insurance	-44 886 738	-801 252 778	-846 139 516
Other technical costs	-25 067 576	0	-25 067 576
Technical margin direct insurance	516 614 300	1 509 180 254	2 025 794 554
Result – reinsurance ceded	-352 697 843	-1 069 398 760	-1 422 096 603
Net technical margin	146 799 408	439 781 494	586 580 902
Operational expenses	-60 856 550	-332 925 791	-393 782 341
Net operational result	85 942 859	106 855 702	192 798 561
Investment income	20 996 881	91 926 233	112 923 115
Others	289 223	1 266 242	1 555 465
Technical result	107 228 963	200 048 178	307 277 141

¹ Prior period figures have been restated. Further details are include in Note 3 of this report. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Life Insurance – Technical results on 31 December 2016 and 2015:

2016 Amounts in MZN	Life insurance								
	Credit Life	Group life	Individual life	Medical	Embedded Funeral	Hospital Plan	Personal Accident	Standalone	Total
Earned premium, direct insurance	146 296 770	20 824 910	11 204	519 089 504	12 409 362	1 298 055	0	2 243 634	702 173 440
Gross claims, direct insurance	-21 526 782	-11 180 703	-1 125	-5 720 728	-2 094 393	-232 700	0	-786 400	-41 542 831
Other technical costs	-13 604 493	-103 595	-6 094	0	0	0	0	0	-13 714 182
Technical margin direct insurance	111 165 495	9 540 612	3 985	513 368 776	10 314 969	1 065 356	0	1 457 234	646 916 427
Result – reinsurance ceded	-49 396 195	600 099	0	-463 262 981	0	0	0	0	-512 059 078
Net technical margin	61 769 299	10 140 711	3 985	50 105 795	10 314 969	1 065 356	0	1 457 234	134 857 349
Operational expenses	-49 245 940	-5 567 012	-5 476	-16 458 224	-6 806 689	-592 755	0	-1 029 277	-79 705 373
Net operational result	12 523 360	4 573 698	-1 491	33 647 571	3 508 280	472 601	0	427 957	55 151 977
Investment income	6 987 887	1 207 402	928	4 841 241	1 027 794	107 510	0	185 827	14 358 590
Others	2 139 412	369 658	284	1 482 195	314 670	32 915	0	56 893	4 396 027
Technical result	21 650 658	6 150 759	-279	39 971 007	4 850 744	613 026	0	670 677	73 906 593

2015 Amounts in MZN	Restated ¹ Life insurance								
	Credit Life	Group life	Individual life	Medical	Embedded Funeral	Hospital Plan	Personal Accident	Standalone	Total
Earned premium, direct insurance	161 656 685	41 228 053	189 481	348 114 887	14 189 216	927 591	396 098	2 749 555	569 451 565
Gross claims, direct insurance	-17 497 411	-11 471 243	-11 601	-3 912 993	-2 737 814	-219 385	-8 445 924	-590 366	-44 886 738
Other technical costs	-25 770 015	411 732	185 946	104 761	0	0	0	0	-25 067 576
Technical margin direct insurance	118 389 258	30 168 542	363 826	344 306 655	11 451 402	708 205	-8 049 826	2 159 189	516 614 300
Result – reinsurance ceded	-34 947 049	-11 518 796	-77 190	-306 154 808	0	0	0	0	-352 697 843
Net technical margin	83 442 209	18 649 746	286 636	38 151 847	11 451 402	708 205	-8 049 826	2 159 189	146 799 408
Operational expenses	-35 175 793	-8 930 348	-102 275	-8 383 918	-6 713 467	-351 087	-151 322	-1 048 339	-60 856 550
Net operational result	48 266 415	9 719 398	184 361	29 767 929	4 737 935	357 118	-8 201 148	1 110 851	85 942 859
Investment income	12 274 504	2 659 154	12 428	4 163 368	1 466 458	95 867	40 937	284 167	20 996 881
Others	169 076	36 629	171	57 349	20 200	1 321	564	3 914	289 223
Technical result	60 709 995	12 415 181	196 960	33 988 645	6 224 592	454 305	-8 159 648	1 398 932	107 228 963

¹ Prior period figures have been restated. Further details are include in Note 3 of this report. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Non-Life insurance – Technical results on 31 December 2016 and 2015:

2016 Amounts in MZN	Non-life insurance						
	Workman compensation	Fire	Motor	Marine, aviation, transport	Civil responsibility	Others	Total
Earned premium, direct insurance	159 174 755	878 274 786	435 793 078	80 784 355	73 632 617	517 929 171	2 145 588 762
Gross claims, direct insurance	-314 742 208	-776 249 694	-358 952 853	-35 339 078	-56 072 372	-101 153 055	-1 642 509 261
Technical margin direct insurance	-155 567 453	102 025 092	76 840 225	45 445 276	17 560 245	416 776 115	503 079 500
Result – reinsurance ceded	0	-131 549 187	29 401 348	-25 505 469	-1 674 158	-254 257 172	-383 584 639
Net technical margin	-155 567 453	-29 524 095	106 241 573	19 939 807	15 886 086	162 518 944	119 494 861
Operational expenses	-65 147 703	-65 956 382	-160 865 238	-14 241 545	-24 615 185	-79 582 399	-410 408 453
Net operational result	-220 715 156	-95 480 478	-54 623 665	5 698 262	-8 729 098	82 936 545	-290 913 591
Investment income	12 171 251	7 496 593	34 452 361	2 374 088	5 631 339	16 061 502	78 187 134
Others	3 726 351	2 295 157	10 547 937	726 851	1 724 091	4 917 391	23 937 778
Technical result	-204 817 554	-85 688 728	-9 623 367	8 799 201	-1 373 668	103 915 438	-188 788 679

2015 Amounts in MZN	Restated ¹ Non-life insurance						
	Workman compensation	Fire	Motor	Marine, aviation, transport	Civil responsibility	Others	Total
Earned premium, direct insurance	155 855 831	915 900 316	382 625 141	91 768 935	63 735 155	700 547 653	2 310 433 032
Gross claims, direct insurance	-131 073 285	-174 243 074	-338 214 529	-28 480 812	-36 697 783	-92 543 296	-801 252 778
Technical margin direct insurance	24 782 546	741 657 243	44 410 613	63 288 123	27 037 372	608 004 358	1 509 180 254
Result – reinsurance ceded	0	-622 942 059	-1 022 522	-49 825 499	-669 880	-394 938 800	-1 069 398 760
Net technical margin	24 782 546	118 715 184	43 388 090	13 462 625	26 367 491	213 065 558	439 781 494
Operational expenses	-61 188 304	-46 851 501	-120 301 581	-11 849 085	-19 173 545	-73 561 775	-332 925 791
Net operational result	-36 405 758	71 863 683	-76 913 491	1 613 540	7 193 946	139 503 783	106 855 702
Investment income	16 903 536	10 605 101	38 117 667	2 535 470	6 496 505	17 267 955	91 926 233
Others	232 839	146 080	525 054	34 925	89 486	237 858	1 266 242
Technical result	-19 269 384	82 614 864	-38 270 771	4 183 934	13 779 937	157 009 597	200 048 178

¹ Prior period figures have been restated. Further details are include in Note 3 of this report. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Business lines – Financial position at 31 December 2016 and 2015:

2016 amounts in MZN	Life insurance	Non-life insurance	Total 2016
Cash and cash equivalents	34 710 142	311 168 291	345 878 433
Financial assets available for sale	20 418 922	183 050 847	203 469 769
Loans and receivables	79 176 366	709 797 569	788 973 935
Investments to hold until maturity	0	0	0
Buildings	31 503 371	282 420 343	313 923 714
Other tangible and intangible assets	1 507 892	13 517 895	15 025 787
Technical provision for reinsurance ceded	84 353 786	756 211 923	840 565 709
Other debtors and tax assets	52 727 131	472 686 378	525 413 509
Accruals and deferrals	1 033 433	9 264 484	10 297 917
Total Assets	305 431 043	2 738 117 729	3 043 548 772
Technical Provisions	166 631 793	1 493 814 975	1 660 446 768
Other creditors and tax liabilities	48 715 659	436 724 471	485 440 130
Accruals and deferrals	11 089 485	99 414 635	110 504 120
Total Liabilities	226 436 937	2 029 954 081	2 256 391 018

2015 amounts in MZN	Life insurance	Non-life insurance	Total 2015
Cash and cash equivalents	55 534 394	239 524 745	295 059 139
Financial assets available for sale	65 241 679	281 393 121	346 634 800
Loans and receivables	65 737 766	283 532 790	349 270 556
Investments to hold until maturity	0	0	0
Buildings	56 184 821	242 330 096	298 514 917
Other tangible and intangible assets	2 584 518	11 147 254	13 731 772
Technical provision for reinsurance ceded	86 621 088	373 604 404	460 225 492
Other debtors and tax assets	119 386 889	514 926 195	634 313 084
Accruals and deferrals	1 061 721	4 579 297	5 641 018
Total Assets	452 352 876	1 951 037 902	2 403 390 778
Technical Provisions	157 505 770	679 336 294	836 842 064
Other creditors and tax liabilities	135 904 389	586 167 632	722 072 021
Accruals and deferrals	6 619 453	28 550 284	35 169 736
Total Liabilities	300 029 611	1 294 054 210	1 594 083 821

Allocations of investments and other assets on 31 December 2016 and 2015:

Nature of Investments and other assets 2016	Insurance with no participation in the results	Non-life insurance	Assets not held to cover technical liabilities	Total 2016 MZN
Cash and cash equivalents	6 133 939	339 744 495	0	345 878 433
Financial assets available for sale	0	203 469 769	0	203 469 769
Loans and receivables	0	788 973 935	0	788 973 935
Investments to hold until maturity	0	0	0	0
Buildings	0	148 020 911	165 902 803	313 923 714
Other tangible and intangible assets	0	0	15 025 787	15 025 787
Technical provision for reinsurance ceded	0	0	840 565 709	840 565 709
Other debtors and tax assets	0	0	525 413 509	525 413 509
Accruals and deferrals	0	0	10 297 917	10 297 917
Total	6 133 939	1 480 209 109	1 557 205 725	3 043 548 773

Nature of Investments and other assets 2015	Insurance with no participation in the results	Non-life insurance	Assets not held to cover technical liabilities	Total 2015 MZN
Cash and cash equivalents	147 168 549	147 890 590	0	295 059 139
Financial assets available for sale	0	346 634 800	0	346 634 800
Loans and receivables	0	349 270 556	0	349 270 556
Investments to hold until maturity	0	0	0	0
Buildings	0	67 933 629	230 581 288	298 514 917
Other tangible and intangible assets	0	0	13 731 772	13 731 772
Technical provision for reinsurance ceded	0	0	460 225 492	460 225 492
Other debtors and tax assets	0	0	634 313 084	634 313 084
Accruals and deferrals	0	0	5 641 018	5 641 018
Total	147 168 549	911 729 576	1 344 492 654	2 403 390 778

Note 6 – Premiums earned net of reinsurance

This note gives details of premiums earned net of reinsurance:

	2016 MZN	2015 MZN
Gross Premium written	2 459 780 919	2 512 162 480
Ceded Reinsurance premiums	-1 342 404 074	-1 419 536 070
Premiums earned net of Re-insurance	1 117 376 845	1 092 626 410
Variation of unearned premiums	381 113 023	172 890 748
Variation of unearned premiums of ceded reinsurance	-326 892 330	-240 846 503
Net Variation of unearned premiums	54 220 694	-67 955 755
Earned premiums, net reinsurance	1 171 597 539	1 024 670 655

Amounts in MZN	2016			2015		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:	2 459 780 919	-1 342 404 074	1 117 376 845	2 512 162 480	-1 419 536 070	1 092 626 410
Life	702 173 440	-528 810 967	173 362 473	569 451 565	-366 289 021	203 162 544
Credit Life	146 296 770	-61 926 552	84 370 218	161 656 685	-42 890 502	118 766 183
Group life	20 824 910	-6 246 999	14 577 911	41 228 053	-15 498 494	25 729 559
Individual life	11 204	0	11 204	189 481	-69 233	120 248
Medical	519 089 504	-460 637 416	58 452 088	348 114 887	-307 830 791	40 284 095
Embedded Funeral	12 409 362	-1 098 731	12 409 362	14 189 216	0	14 189 216
Hospital plan	1 298 055	0	1 298 055	927 591	0	927 591
Personal Accident	0	0	0	396 098	0	396 098
Standalone (Bancassurance)	2 243 634	0	2 243 634	2 749 555	0	2 749 555
Non life	1 757 607 479	-813 593 107	944 014 372	1 942 710 915	-1 053 247 049	889 463 866
Workman compensation	146 953 023	0	146 953 023	163 555 972	0	163 555 972
Personal Accident	25 491 629	-7 178 600	18 313 029	23 445 109	-9 438 954	14 006 155
Fire	640 207 291	-549 695 068	90 512 223	734 616 775	-632 003 476	102 613 299
Motor	417 069 008	-1 098 731	415 970 277	370 005 624	-1 185 040	368 820 585
Marine	34 173 313	-20 399 861	13 773 452	40 935 792	-28 861 270	12 074 522
Aviation	22 088 001	-19 865 937	2 222 064	13 923 565	-12 804 319	1 119 246
Transport	12 718 333	-49 628	12 668 705	12 721 422	-1 382 383	11 339 039
Civil responsibility	69 782 015	-1 790 457	67 991 558	63 885 851	-1 026 685	62 859 165
Miscellaneous	389 124 866	-213 514 825	175 610 040	519 620 805	-366 544 922	153 075 883
Changes in provision for unearned premiums:	381 113 023	-326 892 330	54 220 694	172 890 748	-240 846 503	-67 955 755
Life	-6 868 260	371 073	-6 497 187	-62 091 900	-940 728	-63 032 628
Credit Life	-8 100 690	160 179	-7 940 511	-62 709 921	-110 153	-62 820 074
Group life	300 083	-186 143	113 939	0	-316 100	-316 100
Individual life	5 148	-1 697	3 451	-6	-93 782	-93 788
Medical	961 293	398 780	1 360 073	325 359	-420 626	-95 267
Embedded Funeral	-36 115	-46	-36 161	290 681	-68	290 593
Hospital plan	2 021	0	2 021	667	0	667
Personal Accident	0	0	0	1 340	0	1 340
Standalone (Bancassurance)	0	0	0	0	0	0
Non life	387 981 283	-327 263 402	60 717 881	234 982 648	-239 905 775	-4 923 127
Workman compensation	12 221 732	0	12 221 732	-7 700 141	0	-7 700 141
Personal Accident	1 354 205	-731 003	623 202	-328 746	-409 923	-738 669
Fire	238 067 495	-228 610 082	9 457 413	181 283 541	-178 200 060	3 083 481
Motor	18 724 071	-36 196	18 687 875	12 619 517	0	12 619 517
Marine	10 722 803	-9 587 647	1 135 155	17 325 611	-16 431 176	894 435
Aviation	202 283	-202 283	-	6 718 909	-6 718 909	-
Transport	879 622	-170 212	709 410	143 636	-151 332	-7 696
Civil responsibility	3 850 602	-362 090	3 488 512	-150 696	-177 144	-327 840
Miscellaneous	101 958 471	-87 563 888	14 394 582	25 071 017	-37 817 230	-12 746 213
Earned premiums:	2 840 893 942	-1 669 296 404	1 171 597 539	2 685 053 228	-1 660 382 574	1 024 670 655
Life	695 305 180	-528 439 895	166 865 286	507 359 665	-367 229 749	140 129 916
Credit Life	138 196 080	-61 766 373	76 429 707	99 946 763	-43 000 655	55 946 108
Group life	21 124 993	-6 433 143	14 691 850	41 228 053	-15 814 594	25 413 459
Individual life	16 352	-1 697	14 656	189 475	-163 015	26 460
Medical	520 050 797	-460 238 636	59 812 161	348 440 246	-308 251 417	40 188 829
Embedded Funeral	12 373 247	-46	12 373 201	14 479 876	-68	14 479 808
Hospital plan	1 300 077	0	1 300 077	928 257	0	928 257
Personal Accident	0	0	0	397 438	0	397 438
Standalone (Bancassurance)	2 243 634	0	2 243 634	2 749 555	0	2 749 555
Non life	2 145 588 762	-1 140 856 509	1 004 732 253	2 177 693 564	-1 293 152 824	884 540 739
Workman compensation	159 174 755	0	159 174 755	155 855 831	0	155 855 831
Personal Accident	26 845 835	-7 909 603	18 936 232	23 116 363	-9 848 878	13 267 486
Fire	878 274 786	-778 305 150	99 969 636	915 900 316	-810 203 537	105 696 780
Motor	435 793 078	-1 134 927	434 658 151	382 625 141	-1 185 040	381 440 102
Marine	44 896 115	-29 987 508	14 908 607	58 261 403	-45 292 446	12 968 957
Aviation	22 290 284	-20 068 221	2 222 064	20 642 473	-19 523 27	1 119 246
Transport	13 597 955	-219 840	13 378 115	12 865 058	-1 533 716	11 331 342
Civil responsibility	73 632 617	-2 152 547	71 480 070	63 735 155	-1 203 829	62 531 326
Miscellaneous	491 083 336	-301 078 713	190 004 623	544 691 822	-404 362 152	140 329 670

Note 7 – Costs of claims, net of reinsurance

The cost of claims, net of reinsurance is as follows:

	2016 MZN	Restated ¹ 2015 MZN
Claims Paid		
Gross amounts	-904 240 786	-658 237 804
Reinsurers' portion	477 395 238	185 228 608
Provision for claims (change)		
Gross amounts	-670 700 819	-83 748 105
Reinsurers' portion	231 836 055	15 703 184
Total before inputted costs	-865 710 312	-541 054 117
Costs with Claims inputted	-109 110 488	-105 506 067
Total	-974 820 800	-646 560 184

¹ The cost of claims (gross amounts paid) has been restated to include treaties reinsurance expenses. This is a change from the treatment adopted in 2015. Note 3 of financial statements provide further background. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Further details in the cost of claims below:

Amounts in MZN 2016	2016					Total
	Claims paid		Changes in provisions for claims		Inputted claims cost (2)	
	Gross claims (1)	Reinsurance portion	Gross change	Reinsurance portion		
Life	-24 203 108	6 715 961	-411 089	217 468	-16 928 634	-34 609 402
Credit Life	-13 066 204	0	-221 929	103 397	-8 238 649	-21 423 384
Group life	-9 594 230	6 715 961	-162 958	114 070	-1 423 515	-4 350 672
Individual life	-31	0	-1	0	-1 094	-1 125
Medical	-12 737	0	-216	0	-5 707 775	-5 720 728
Embedded Funeral	-867 893	0	-14 741	0	-1 211 759	-2 094 393
Hospital plan	-104 177	0	-1 769	0	-126 754	-232 700
Personal Accident	0	0	0	0	0	0
Standalone (Bancassurance)	-557 837	0	-9 475	0	-219 088	-786 400
Non life	-880 037 679	470 679 277	-670 289 729	231 618 588	-92 181 853	-940 211 397
Workman compensation	-170 516 660	0	-129 875 764	0	-14 349 784	-314 742 208
Personal Accident	-1 065 540	694 190	-811 580	341 607	-1 788 245	-2 629 569
Fire	-435 618 207	413 837 297	-331 793 078	203 646 974	-8 838 408	-158 765 423
Motor	-180 701 052	20 348 237	-137 632 810	10 013 251	-40 618 991	-328 591 365
Marine	-10 364 133	9 589 523	-7 893 949	4 718 950	-1 344 961	-5 294 570
Aviation	-2 238 863	2 238 863	-1 705 253	1 101 732	-216 982	-820 503
Transport	-5 868 245	2 117 343	-4 469 609	1 041 932	-1 237 084	-8 415 662
Civil responsibility	-28 060 507	129 302	-21 372 573	63 629	-6 639 293	-55 879 441
Miscellaneous	-45 604 471	21 724 521	-34 735 113	10 690 513	-17 148 107	-65 072 656
Total	-904 240 786	477 395 238	-670 700 819	231 836 055	-109 110 488	-974 820 800

Note: (1) + (2) = Gross amount in the statement of comprehensive income.

Amounts in MZN 2015	2015					
	Claims paid		Changes in provisions for claims		Restated¹ Inputted claims cost (2)	Total
	Gross claims (1)	Reinsurance portion	Gross change	Reinsurance portion		
Life	-19 445 830	3 958 215	-5 823 149	-2 840	-19 617 758	-40 931 363
Credit Life	-4 639 734	1 815	-1 389 391	-1	-11 468 287	-17 495 598
Group life	-6 915 783	3 956 400	-2 070 965	-2 838	-2 484 495	-7 517 681
Individual life	8	0	2	0	-11 611	-11 601
Medical	-17 765	0	-5 320	0	-3 889 908	-3 912 993
Embedded Funeral	-1 052 500	0	-315 176	0	-1 370 137	-2 737 814
Hospital plan	-99 900	0	-29 916	0	-89 570	-219 385
Personal Accident	-6 470 156	0	-1 937 520	0	-38 248	-8 445 924
Standalone (Bancassurance)	-250 000	0	-74 864	0	-265 502	-590 366
Non life	-638 791 974	181 270 393	-77 924 956	15 706 023	-85 888 309	-605 628 822
Workman compensation	-102 746 208	0	-12 533 804	0	-15 793 273	-131 073 285
Personal Accident	0	3 632 811	0	314 762	-1 352 461	2 595 113
Fire	-146 467 288	166 305 857	-17 867 252	14 409 434	-9 908 534	6 472 217
Motor	-269 700 315	0	-32 900 202	0	-35 614 011	-338 214 529
Marine	604 155	-1 745 912	73 700	-151 273	-1 165 939	-2 385 269
Aviation	373 136	-373 136	45 518	-32 330	-108 077	-94 888
Transport	-24 250 158	14 125 811	-2 958 228	1 223 919	-1 094 919	-12 953 575
Civil responsibility	-27 297 960	353 081	-3 330 024	30 592	-6 069 800	-36 314 109
Miscellaneous	-69 307 336	-1 028 120	-8 454 663	-89 081	-14 781 296	-93 660 496
Total	-658 237 804	185 228 608	-83 748 105	15 703 184	-105 506 067	-646 560 184

¹ Claims cost adjusted to include treaties reinsurance expenses, refer to Note 3 for further details. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Note 8 – Mathematical provision – Life, net of reinsurance

The mathematical reserves for life insurance are as follows:

	2016 MZN		2015 MZN	
	Gross amounts	Reinsurers' portion	Gross amounts	Reinsurers' portion
Life Insurance	-14 235 205	70 140	-25 067 576	1 028 683
Credit Life	-13 604 493	70 140	-25 770 015	1 058 742
Group Life – Risk	-103 595	0	411 732	-17 619
Individual Life – Risk	-6 094	0	185 946	-7 957
Medical	0	0	104 761	-4 483
Embedded Funeral	-73 126	0	0	0
Standalone	-447 897	0	0	0

Note 9 – Net Operating Expenses

At year end 2016 and 2015, net operating Expenses comprise:

	2016 MZN	2015 MZN
Acquisition Costs	-297 187 813	-273 435 231
Deferred Acquisition Costs (Change)	968 282	21 793 522
Administrative Costs	-193 894 294	-142 140 633
Reinsurance commissions and profit sharing	64 722 326	35 384 767
Total	-425 391 499	-358 397 574

Further details on the net operating expenses are as follows:

Net Operating Expenses	2016 MZN				
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs	Reinsurance commissions and profit sharing
	Costs Imputed (see Note 16)	Commissions		Costs Imputed (See Note 16)	
Life Insurance	-18 043 884	-33 660 039	2 081 503	-30 082 952	9 748 321
Credit Life	-8 781 407	-27 911 881	2 087 802	-14 640 454	12 356 819
Group Life – Risk	-1 517 296	-1 507 647	-12 418	-2 529 651	17 067
Individual Life – Risk	-1 166	-1 409	-957	-1 944	0
Medical	-6 083 801	-231 447	0	-10 142 976	-2 625 565
Embedded Funeral Benefits	-1 291 589	-3 369 230	7 481	-2 153 351	0
Hospital Plan	-135 104	-232 000	-404	-225 247	0
Personal accident	0	0	0	0	0
Standalone	-233 522	-406 425	0	-389 330	0
Non- Life Insurance	-98 254 748	-147 229 142	-1 113 221	-163 811 342	54 974 006
Work Accident	-15 295 140	-22 225 388	-2 126 957	-25 500 218	0
Personnel Accident	-1 906 054	-1 452 980	84 130	-3 177 793	827 335
Fire and other Losses	-9 420 678	-43 079 590	2 250 140	-15 706 253	29 271 692
Motor	-43 294 950	-42 675 746	-2 712 751	-72 181 792	174 786
Marine	-1 433 566	-3 503 037	138 154	-2 390 056	2 431 050
Aviation	-231 276	-1 146 047	146 628	-385 587	1 519 105
Transportation	-1 318 582	-1 726 038	-193 783	-2 198 354	11 601
Civil responsibility	-7 076 686	-5 256 156	-484 018	-11 798 325	285 457
Various	-18 277 815	-26 164 160	1 785 236	-30 472 964	20 452 979
Sub-total	-116 298 632	-180 889 181	968 282	-193 894 294	64 722 326
Total	-297 187 813		968 282	-193 894 294	64 722 326

Net Operating Expenses	2015 MZN				
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs	Reinsurance commissions and profit sharing
	Costs Imputed (see Note 16)	Commissions		Costs Imputed (See Note 16)	
Life Insurance	-15 852 573	-33 259 498	14 685 097	-26 429 576	8 607 120
Credit Life	-9 267 208	-25 243 335	14 785 137	-15 450 387	6 882 897
Group Life – Risk	-2 007 652	-3 549 952	-25 566	-3 347 179	43 756
Individual Life – Risk	-9 383	-60 341	-16 908	-15 643	0
Medical	-3 143 328	0	0	-5 240 590	1 680 467
Embedded Funeral Benefits	-1 107 171	-3 701 535	-58 876	-1 845 886	0
Hospital Plan	-72 379	-157 904	-133	-120 671	0
Personal accident	-30 907	-68 887	0	-51 529	0
Standalone	-214 545	-477 545	1 443	-357 692	0
Non- Life Insurance	-69 403 990	-154 919 170	7 108 426	-115 711 057	26 777 647
Work Accident	-12 762 112	-28 301 790	1 152 722	-21 277 126	0
Personnel Accident	-1 092 886	-1 347 495	-67 999	-1 822 072	801 497
Fire and other Losses	-8 006 815	-30 836 928	5 341 287	-13 349 045	6 546 187
Motor	-28 778 707	-41 339 250	-2 203 462	-47 980 161	162 517
Marine	-942 163	-3 731 921	-189 078	-1 570 784	2 484 442
Aviation	-87 334	-774 904	150 194	-145 604	964 043
Transportation	-884 774	-2 193 035	-4 578	-1 475 104	28 327
Civil responsibility	-4 904 839	-6 079 967	-11 340	-8 177 398	150 275
Various	-11 944 361	-40 313 881	2 940 681	-19 913 763	15 640 360
Sub-total	-85 256 564	-188 178 667	21 793 522	-142 140 633	35 384 767
Total	-273 435 231		-	-	-

Note 10 – Income

At year end 2016 and 2015, the income per category of each financial assets are analyzed as follows:

Amount in MZN	2016	2015
	Allocated / Total	Allocated / Total
Income	72 609 091	40 925 175
Interest on financial assets not carried at fair value through profit or loss	62 237 516	34 317 917
Bonds and other fixed income		
On other issuers	13 629 390	19 637
On available-for-sale assets	3 325	157 113
Interest on Fixed term deposits	48 604 800	34 141 167
Other income	10 371 576	6 607 258
Rental income from buildings	4 780 423	6 534 683
Interest on current deposits	5 591 153	72 575

Note 11 – Underwriting costs

At year end 2016 and 2015, the underwriting costs are presented below:

Imputed Costs (see note 16)	2016 MZN	2015 MZN
Life Insurance	-88 306	-77 582
Credit Life	-42 976	-45 353
Group Life – Risk	-7 426	-9 825
Individual Life – Risk	-6	-46
Medical	-29 774	-15 383
Embedded Funeral	-6 321	-5 418
Hospital plan	-661	-354
Personal Accident ('Personal Accident)	0	-151
Standalone (Bancassurance)	-1 143	-1 050
Non- Life Insurance	-480 855	-339 661
Work Accident	-74 854	-62 457
Personnel Accident and sickness	-9 328	-5 349
Fire and other Losses	-46 104	-39 185
Automotive	-211 884	-140 842
Marine	-7 016	-4 611
Aviation	-1 132	-427
Transportation	-6 453	-4 330
Civil responsibility	-34 633	-24 004
Various	-89 451	-58 455
Total	-569 161	-417 243

Note 12 – Foreign exchange differences

Foreign exchange differences for the year 2016 and 2015 arise on the following items:

Description	2016 MZN	2015 MZN
Receipts/payments of brokers and reinsurers	-242 582 142	61 788 274
Tax payable	0	0
Technical provisions	-46 436 096	-56 498 472
Current and term deposits	243 257 139	62 362 516
Other	148 753 391	5 384 164
Total	102 992 292	73 036 482

Exchange differences are justified by the strong appreciation of the USD against the MZN that occurred during the year 2016.

The exchange rates were:

Currency	31.12.2016	Average 2016	31.12.2015	Average 2015
MZN/USD	71.00	64.48	46.26	39.28

Note 13 – Net gains from non-financial assets

The value of MZN 20 505 794 registered on December 31, 2016, relates to the change in fair value of the properties assigned to technical provisions – Marginal Property (Headquarters) and Property A9 Golden Sands, in the amount of MZN 17 920 019 and MZN 2 585 775, respectively. See also note 20.

The value of MZN 72 415 182 registered on December 31, 2015, relates to the change in fair value of the properties assigned to technical provisions – Marginal Property (Headquarters) and Property A9 Golden Sands, in the amount of MZN 65 732 832 and MZN 6 682 350, respectively. See also note 20.

	2016 MZN	2015 MZN
Life Insurance	3 181 501	13 464 852
Credit Life	1 548 339	7 871 377
Group Life – Risk	267 530	1 705 259
Individual Life – Risk	206	7 970
Medical	1 072 697	2 669 879
Embedded Funeral	227 733	940 408
Hospital plan	23 822	61 477
Personal Accident	0	26 252
Standalone (Bancassurance)	41 175	182 230
Non- Life Insurance	17 324 293	58 950 330
Work Accident	2 696 842	10 839 877
Personnel Accident and sickness	336 076	928 275
Fire and other Losses	1 661 056	6 800 825
Automotive	7 633 773	24 444 046
Marine	252 767	800 254
Aviation	40 779	74 179
Transportation	232 493	751 509
Motor third party liability	1 247 762	4 166 070
Others	3 222 747	10 145 296
Total	20 505 794	72 415 182

Note 14 – Other Provisions (change)

The Other provisions (variation) include the variation of receipts adjustment for charging and variation adjustment for amounts receivable from reinsurers. See also note 24.

	Other Provisions (change)	
	2016 MZN	2015 MZN
Life Insurance	2 399 557	-708 582
Credit Life	1 167 791	-414 228
Group Life – Risk	201 777	-89 738
Individual Life – Risk	155	-419
Medical	809 051	-140 501
Embedded Funeral	171 761	-49 489
Hospital plan	17 967	-3 235
Personal Accident ('Personal Accident)	0	-1 381
Standalone (Bancassurance)	31 055	-9 590
Non- Life Insurance	13 066 360	-3 102 234
Work Accident	2 034 017	-570 444
Personnel Accident and sickness	253 476	-48 850
Fire and other Losses	1 252 804	-357 890
Automotive	5 757 558	-1 286 357
Marine	190 642	-42 113
Aviation	30 756	-3 904
Transportation	175 351	-39 548
Civil responsibility	941 090	-219 238
Others	2 430 666	-533 892
Total	15 465 917	-3 810 816

Note 15 – Other income and expenses

Analysis of other technical income/costs, net reinsurance, at year end 2016 and 2015:

	2016 MZN	Restated ¹ 2015 MZN
Management of pension funds	12 867 888	5 366 281
Transfer of Risk (Treaties)	0	0
Other technical income/costs net of reinsurance	12 867 888	5 366 281
Bank Commission/charges	-5 079 719	-3 975 271
Other (individually immaterial)	8 691 933	10 977 719
Other income	3 612 214	7 002 447

¹ 2015 Other Technical income/costs, Net of Reinsurance was restated to exclude treaties reinsurance expenses which is now shown as costs of claims (gross amounts paid) in Note 7. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Note 16 – Expenses by nature

The analysis of expenses by function: acquisition of insurance contracts (acquisition costs and administrative costs), claims costs and investment costs, are presented as follows:

Amounts in MZN	2016			Restated ¹ 2015
	Technical account / Total	Non- Technical account	Total	Technical account / Total
Claims Costs (see Note 7)	-109 110 488	0	-109 110 488	-105 506 067
Acquisition Costs (see Note 9)	-116 298 632	0	-116 298 632	-85 256 564
Administrative Costs (see Note 9)	-193 894 294	0	-193 894 294	-142 140 633
Costs of Investment Management (see Note 11)	-569 161	0	-569 161	-417 243
Total	-419 872 575	0	-419 872 575	-333 320 506

¹ Claims Costs was restated to include treaties reinsurance expenses. Note 3 provides further background. There is no impact on the result or the total equity for any period presented as a result of this restatement.

The breakdown of costs by nature to be charged is presented as follows:

Costs by nature imputed	2016 MZN	2015 MZN
Staff Costs	159 751 068	136 206 605
Officers Remuneration	3 966 487	16 303 409
Staff Remunerations	124 294 586	102 682 384
Charges on Remuneration	3 343 415	2 614 930
Post-employment Benefits	0	0
Compulsory Insurance	2 080 363	583 460
Social welfare Costs	6 619 568	5 133 617
Other Staff Costs	19 446 651	8 888 804
Supplies and Services	197 709 451	118 751 342
Specialized services		
Kindle Technologies – KIT	42 587 846	44 595 115
Audit, consulting, litigation and other	91 223 626	25 540 236
Advertising and Marketing	13 927 812	16 979 521
Communication	8 674 841	7 028 407
Technical Documentation	7 968 269	3 681 715
Rents	3 066 732	1 832 959
Maintenance and Repair	3 903 518	4 839 615
Stationery	1 457 567	1 113 710
Travel and accommodation	9 836 829	3 797 851
Entertainment expenses	1 071 419	2 445 274
Electricity, fuel and water	991 137	898 223
Others	12 999 856	5 998 715
Taxes and fees	11 640 933	14 999 252
Depreciation for the period	10 339 436	8 204 509
Own use of buildings (see Note 20)	5 096 997	3 465 342
Intangible Asset (see Note 22)	1 279 867	994 275
Tangible Asset (see Note 21)	3 962 572	3 744 892
Treaties reinsurance expenses	40 431 687	55 158 798
Total	419 872 575	333 320 506

During 2016, Global Alliance had, on average, 105 workers at its service, distributed by professional categories listed in the following table.

Average number of employees by professional category	2016	2015
Executive officers	7	7
Superior professionals	10	10
Middle professionals	12	13
Qualified professionals	60	60
Others	16	18
Total	105	108

Note 17 – Cash and cash equivalents

The description of the components of cash and cash equivalents and current deposits, reconciling the amounts included in the statement of cash flows with the corresponding amounts reported in the statement of financial performance at December 31, 2016 and 2015 is analyzed as follows:

	2016 MZN	2015 MZN
Cash	17 650	2 664
Current deposits	345 860 783	295 056 475
Total	345 878 433	295 059 139

Note 18 – Available-for-sale assets

The asset amount of MZN 203 469 769 classified as available for sale assets at December 31, 2016 comprises:

1. MZN 20 000 000 related to bonds of Standard Bank acquired on October 30, 2015, with a maturity of 10 years. The currency of issue of the bonds is metical, with annual interest rate of 27.75%. The interest rate is calculated by adding the margin of 4.5% to an index (FPC).
2. MZN 50 000 000 related to bonds of Banc ABC acquired on April 22, 2016, with a maturity of 2 years. The currency of issue of the bonds is metical, with annual interest rate of 15%.
3. MZN 50 000 000 related to bonds of Bayport Financial Services Moçambique acquired on June 23, 2016, with a maturity of 5 years, on custody of Standard Bank. The currency of issue of the bonds is metical, with annual interest rate of 22%. The interest rate is calculated by adding the margin of 9.25% to an index (FPC).
4. MZN 28 613 971 relating to treasury bills (TBs) of Mozambique acquired on November 11, 2016, with 4 months maturity, on custody of the Banco Big Moçambique. The issue currency of TB's is the metical, with annual interest rate of 22%.
5. MZN 3 480 288 relating to treasury bills (TBs) of Mozambique acquired on December 29, 2016, with 5 years maturity, on custody of the Banco Big Moçambique. The issue currency of TB's is the metical, with annual interest rate of 21.5%.
6. MZN 24 167 443 relating to treasury bills (TBs) of Mozambique acquired on December 27, 2016, with 5 years maturity, on custody of the Banco Big Moçambique. The issue currency of TB's is the metical, with annual interest rate of 21.5%.
7. MZN 27 208 067 relating to treasury bills (TBs) of Mozambique acquired on December 22, 2016, with 5 years maturity, on custody of the Banco Big Moçambique. The issue currency of TB's is the metical, with annual interest rate of 21.5%.

Note 19 – Loans and Receivables

The loans and receivables at year end 2016 and 2015 comprise:

Description	2016 MZN	2015 MZN
Term Deposit in MZN – Principal & interest	216 474 778	162 511 345
Term Deposit in USD – Principle & interest	572 499 157	186 759 211
Total	788 973 935	349 270 556

At year end 2016, term deposits present the following detail:

Bank	Currency	Start Date	End Date	Interest Rate	Amount MZN
Soc. Generale	USD	12/12/2016	12/07/2017	3.00%	53 332 630
Barclays	USD	27/01/2016	26/12/2017	2.50%	72 638 113
BCI	USD	27/09/2016	27/03/2017	3.80%	215 093 305
ABC	USD	29/09/2016	29/03/2017	1.80%	106 985 345
FNB	USD	30/12/2016	30/12/2017	2.85%	71 005 509
FNB	USD	25/10/2016	23/04/2017	2.00%	53 444 254
Standard Bank	MZN	05/09/2016	05/09/2017	12.75%	156 130
Capital Bank	MZN	28/07/2016	28/07/2017	18.00%	48 461 918
Barclays	MZN	12/07/2016	19/07/2017	6.00%	30 848 219
ABC	MZN	27/09/2016	23/07/2017	16.50%	12 671 784
FNB	MZN	24/08/2016	20/02/2017	16.75%	31 775 959
FNB	MZN	27/09/2016	26/03/2017	18.00%	59 356 356
FNB	MZN	05/10/2016	03/04/2017	18.00%	13 036 301
Banco Mais	MZN	17/08/2016	13/02/2017	16.50%	20 168 110
Total					788 973 935

The comparative figures at year end 2015 were:

Bank	Currency	Start Date	End Date	Interest Rate	Amount MZN
Soc. Generale	USD	12/07/2015	12/07/2016	2.00%	23 701 691
Soc. Generale	USD	28/11/2015	28/11/2016	2.09%	34 985 372
FNB	MZN	21/08/2015	17/02/2016	12.75%	31 061 042
BCI	USD	30/11/2015	30/11/2016	3.00%	92 860 391
Capital Bank	MZN	19/11/2015	17/02/2016	12.20%	4 164 669
Moza Banco	USD	09/10/2015	07/10/2016	4.70%	35 211 757
Capital Bank	MZN	02/07/2015	03/01/2016	11.25%	76 212 550
UBA	MZN	06/11/2015	06/02/2016	12.50%	51 073 084
Total					349 270 556

Note 20 - Property

• Investment Property

The properties held by Global Alliance were valued in 2016 by a competent property valuator, Zambujo & Asociados Lda. The valuations of both properties were prepared based on the market model in order to determine the fair value.

The fair value of investment properties, as determined by the valuator which is based on comparable data market, and in accordance with IFRS 13, falls within the fair value hierarchy Level 2 - Fair value determined using valuation techniques supported by observable prices in tradable current markets for the same financial instrument.

Movements in the value of the properties are as follows:

Amounts in MZN	Fair Value 31.12.2015	Additions Acquisition / Improvement		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2016
		Acquisition	Improvement				
Property marginal	176 218 752	0	0	0	-88 109 376	17 920 019	106 029 395
Property A9 Golden Sands	14 230 080	0	0	0	0	2 585 775	16 815 855
Total	190 448 832	0	0	0	-88 109 376	20 505 794	122 845 250

Amounts in MZN	Fair Value 31.12.2014	Additions Acquisition / Improvement		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2015
		Acquisition	Improvement				
Property marginal	110 485 920	0	0	0	0	65 732 832	176 218 752
Property A9 Golden Sands	7 547 730	0	0	0	0	6 682 350	14 230 080
Total	118 033 650	0	0	0	0	72 415 182	190 448 832

In 2016 there was a transfer of the 1st floor of investment property to owner-occupied property.

Investment income from buildings – rental income is as follows:

Amount in MZN	2016			2015		
	Life insurance	Non- Life Insurance	Total	Life insurance	Non- Life Insurance	Total
Rent (see note 10)	741 689	4 038 734	4 780 423	1 215 057	5 319 627	6 534 683

▪ **Owner-occupied property**

Movements in buildings occupied by the company during the 2016 and 2015 financial years are summarised in table below:

Amount in MZN	balance at 31.12.2015			Transfers	Depreciation	balance at 31.12.2016		
	Cost of the building	Accumulated Depreciation	Carrying Value			Cost of the building	Accumulated Depreciation	Carrying Value
Own use of Building								
Property marginal	124 752 300	16 686 214	108 066 084	88 109 376	5 096 997	212 861 676	21 783 211	191 078 464
Total	124 752 300	16 686 214	108 066 084	88 109 376	5 096 997	212 861 676	21 783 211	191 078 464

Amount in MZN	balance at 31.12.2014			Depreciation	balance at 31.12.2015		
	Cost of the building	Accumulated Depreciation	Carrying Value		Cost of the building	Accumulated Depreciation	Carrying Value
Own use of Building							
Property marginal	124 752 300	13 220 873	111 531 427	3 465 342	124 752 300	16 686 214	108 066 084
Total	124 752 300	13 220 873	111 531 427	3 465 342	124 752 300	16 686 214	108 066 084

In 2016 there was a transfer of the 1st floor of investment property to owner-occupied property.

Direct operating expenses relating to buildings for own use is as follows:

Amount in MZN	2016			2015		
	Life Insurance	Non-Life Insurance	Total	Life Insurance	Non-Life Insurance	Total
Repairs , Maintenance and other expenses	553 715	3 015 154	3 568 868	864 246	3 783 747	4 647 993

Note 21 – Other tangible Assets

Tangible assets of the Insurance Company are stated at cost less accumulated depreciation and impairment losses.

The movements during the 2016 and 2015 financial years were:

Amounts in MZN	Balance as at 31.12.2015			Addition	Decreases	Depreciation		Balance as at 31.12.2016		
	Cost	Accumulated depreciation	Carrying value	Acquisition	Transfer and disposals	Transfer and disposals	Depr. for the year	Cost	Acc. depreciation	Carrying value
Furniture	19 691 649	9 516 290	10 175 359	2 657 769	1 954 582	1 954 582	3 471 300	20 394 835	11 033 007	9 361 828
Transport equipment	2 353 057	496 802	1 856 255	0	0	0	491 273	2 353 057	988 075	1 364 981
Total	22 044 705	10 013 092	12 031 612	2 657 769	1 954 582	1 954 582	3 962 573	22 747 892	12 021 083	10 726 809

Amounts in MZN	Balance as at 31.12.2014			Addition	Decreases	Depreciation		Balance as at 31.12.2015		
	Cost	Accumulated depreciation	Carrying value	Acquisition	Transfer and disposals	Transfer and disposals	Depr. for the year	Cost	Acc. depreciation	Carrying value
Furniture	19 246 608	9 558 613	9 687 995	4 032 939	3 587 898	3 541 640	3 499 317	19 691 649	9 516 290	10 175 359
Transport equipment	733 639	523 992	209 647	1 897 067	277 649	272 765	245 575	2 353 057	496 802	1 856 255
Total	19 980 247	10 082 605	9 897 642	5 930 005	3 865 547	3 814 404	3 744 892	22 044 705	10 013 092	12 031 612

Note 22 – Other intangible assets

Intangible assets of the Global Alliance are stated at cost less accumulated amortisation and impairment losses.

An analysis of the movements occurred during the 2016 and 2015 is given below:

Amount in MZN	Balance at 31.12.2015			Addition	Decrease	Amortization		Balance at 31.12.2016		
	Cost	Accum. Amort.	Carrying value	Acquisition	Transf. disposals	Amortisation for assets no longer in use	Amortis. for the year	Cost	Acc. Amortiz.	Carrying value
IT Application	4 048 945	2 348 785	1 700 160	6 406 422	4 585 993	2 058 255	1 279 867	5 869 375	1 570 397	4 298 977
Total	4 048 945	2 348 785	1 700 160	6 406 422	4 585 993	2 058 255	1 279 867	5 869 375	1 570 397	4 298 977

Amount in MZN	Balance at 31.12.2014			Addition	Decrease	Amortization		Balance at 31.12.2015		
	Cost	Accum. Amort.	Carrying value	Acquisition	Transf. disposals	Amortisation for assets no longer in use	Amortis. for the year	Cost	Acc. Amortiz.	Carrying value
IT Application	5 373 290	3 659 946	1 713 343	981 092	2 305 437	2 305 437	994 275	4 048 945	2 348 785	1 700 160
Total	5 373 290	3 659 946	1 713 343	981 092	2 305 437	2 305 437	994 275	4 048 945	2 348 785	1 700 160

Note 23 – Technical Provisions

The summary of technical provisions in 2016 and 2015 is presented below:

Technical provisions	2016 MZN			2015 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Provision for unearned premium	379 090 697	220 747 537	158 343 159	516 167 223	343 196 977	172 970 246
Mathematical provision for life-Insurance	166 631 793	781 000	165 850 793	154 180 237	8 368 717	145 811 520
Provision for Claims	1 114 724 278	619 037 171	495 687 107	166 494 603	108 659 798	57 834 806
On Life Insurance	13 605 865	7 555 713	6 050 153	3 325 533	0	3 325 533
On Non- Life Insurance	1 101 118 413	611 481 459	489 636 954	163 169 071	108 659 798	54 509 273
Total	1 660 446 768	840 565 709	819 881 059	836 842 064	460 225 492	376 616 572

Provisions for unearned premiums are as follows:

Provision for unearned premium	2016 MZN			2015 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
<i>Non- Life Insurance</i>						
Work Accident	11 941 671	0	11 941 671	28 585 572	0	28 585 572
Personnel Accident	1 323 174	493 080	830 094	0	0	0
Fire	232 612 181	154 203 349	78 408 832	275 286 053	261 521 750	13 764 303
Motor	18 295 009	24 415	18 270 594	96 007 103	10 560 781	85 446 322
Marine	10 477 090	6 467 113	4 009 976	21 258 676	16 347 922	4 910 754
Aviation	197 648	136 445	61 203	4 097 003	4 097 003	0
Transportation	859 466	114 813	744 653	2 580 836	327 766	2 253 070
Civil responsibility	3 762 365	244 239	3 518 126	53 519 719	32 111 831	21 407 888
Miscellaneous	99 622 094	59 064 083	40 558 011	34 832 261	18 229 924	16 602 337
Total	379 090 697	220 747 537	158 343 159	516 167 223	343 196 977	172 970 246

The table below shows the Mathematical Provisions:

Mathematical provision	2016 MZN			2015 MZN		
	Direct Insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
<i>Life Insurance</i>						
Credit Life	166 631 793	781 000	165 850 793	121 185 666	7 795 344	113 390 322
Life Group Risk	0	0	0	10 744 821	214 896	10 529 925
Life Individual Risk	0	0	0	47 488	0	47 488
Medical	0	0	0	15 418 024	308 360	15 109 664
Embedded funeral	0	0	0	770 901	0	770 901
Hospital plan	0	0	0	925 081	0	925 081
Personal accident	0	0	0	2 004 651	50 117	1 954 534
Standalone	0	0	0	3 083 605	0	3 083 605
Total	166 631 793	781 000	165 850 793	154 180 237	8 368 717	145 811 520

The table below summarises information about provisions for claims:

Provision for claims	2016 MZN			2015 MZN		
	Direct Insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
<i>Life Insurance</i>						
Credit Life	7 345 214	3 592 444	3 752 770	619 518	247 807	371 711
Life Group Risk	5 393 432	3 963 269	1 430 163	1 164 946	698 968	465 978
Life Individual Risk	17	0	17	0	0	0
Medical	7 160	0	7 160	3 038	0	3 038
Embedded Funeral	487 889	0	487 889	181 445	0	181 445
Hospital plan	58 563	0	58 563	20 978	0	20 978
Personal Accident	0	0	0	1 292 854	517 142	775 712
Standalone	313 590	0	313 590	42 754	0	42 754
<i>Non- Life Insurance</i>						
Work Accident	213 353 404	0	213 353 404	13 651 690	0	13 651 690
Personnel Accident	1 333 223	901 854	431 368	0	0	0
Fire	545 053 059	537 635 385	7 417 674	76 687 278	72 852 914	3 834 364
Motor	226 096 291	26 435 346	199 660 945	31 510 367	9 453 110	22 057 257
Marine	12 967 784	12 458 198	509 586	3 538 000	3 361 100	176 900
Aviation	2 801 304	2 801 304	0	1 170 000	1 170 000	0
Transportation	7 342 450	2 858 047	4 484 403	1 068 477	801 358	267 119
Civil responsibility	35 109 793	167 983	34 941 810	3 129 066	1 251 626	1 877 440
Miscellaneous	57 061 105	28 223 341	28 837 764	32 414 193	18 305 773	14 108 420
Total	1 114 724 278	619 037 171	495 687 107	166 494 603	108 659 798	57 834 806

Note 24 - Other Debtors for Insurance & Other Operations

In 2016 and 2015 years, this account has the following composition:

	2016 MZN	2015 MZN
Accounts receivable from direct insurance operations		
Insurance holders	66 543 706	233 601 331
Insurance brokers	142 334 072	334 009 627
	208 877 778	567 610 959
Adjustment: provision for bad debts	-21 856 909	-37 322 825
	187 020 869	530 288 133
Accounts receivable from other operations		
Other debtors	138 512 023	54 382 399
Total	325 532 892	584 670 532

This table gives details of the adjustment of pending premium receipts:

Amount in MZN	Balance at 31.12.2014	Adjustments	Balance at 31.12.2015	Adjustments	Balance at 31.12.2016
Adjustment of pending premium receipts	39 092 260	-1 769 435	37 322 825	-15 465 916	21 856 909
Adjustment for amounts receivable from reinsurers	12 363 919	-12 363 919	0	0	0
Total	51 456 179	-14 133 354	37 322 825	-15 465 916	21 856 909

Note 25 – Current and Deferred Tax

This note analyses tax assets and liabilities in 2016 and 2015:

	2016 MZN	2015 MZN
Stamp tax	21 758 360	0
	21 758 360	0
Adjustment for amounts receivable from reinsurers	3 074 024	3 074 024
Unfavourable foreign exchange	175 048 233	46 568 528
Differed Tax Asset	178 122 257	49 642 552
Tax Asset	199 880 617	49 642 552
Income Tax payable		
Income Tax Estimate	95 916 199	61 565 229
Income Tax Advances	-58 528 960	-60 272 959
Other tax		
Stamp Tax	38 426	4 125 796
Supervision Fee	870 908	2 399 128
Individual Income Tax	3 366 324	5 167 073
VAT Others	510 931	455 360
Other tax	974 021	515 942
Current Tax liability	43 147 851	13 955 568
Investment Properties	50 596 603	44 035 069
Variation on fair value derivatives	405 420	405 420
Favourable Foreign Exchange	82 326 928	49 471 545
Own use of Buildings	13 234 192	13 234 192
Deferred Tax Liability	146 563 143	107 146 226
Tax Liability	189 710 993	121 101 794

The income tax in the statement of comprehensive income is as follows:

	2016 MZN	2015 MZN
Current Tax	95 916 199	61 565 229
Deferred Tax	-89 062 788	24 871 609
Total tax recognized in results	6 853 411	86 436 838

The estimated tax rate of the company for the year is about -44.81%. The reconciliation of the tax rate is presented below:

	2016 MZN		2015 MZN	
	Value	Tax	Value	Tax
Profit before tax	-15 295 791		190 191 513	
Tax payable at nominal rate	0	0%	60 861 284	32.00%
Cost/ income for current tax	95 916 199		61 565 229	
Cost/ income for deferred tax	-89 062 788		24 871 609	
Effective tax charge recognized in earnings	6 853 411		86 436 838	
Effective Rate		-44.81%		45.45%
Reconciled Differences				
Impact of non-deductible expenses	6 853 411	-44.81%	25 575 554	13.45%

Declarations of Self-Liquidity of the Insurance Company are subject to inspection and possible adjustment by the tax authorities during the period of five years. However, it is the conviction of the Board of the Insurance Company, that there will be no significant corrections to taxes on profits recorded in the financial statements.

Note 26 – Accruals and Deferrals

The accruals and deferrals in 2016 and 2015 comprised:

	2016 MZN	2015 MZN
Accruals and Deferred Assets		
Deferral of amounts transferred	-181 953	-375 764
Interest Receivable	6 475 057	1 622 762
Other accruals and deferrals	4 004 812	4 394 020
	10 297 917	5 641 018
Accruals and Deferred Liabilities		
Remuneration and bonus	8 827 366	16 065 551
Audit fees	6 662 834	4 493 336
Fraud	0	596 103
Transfer pricing – ABSA Life	52 542 999	7 981 062
Treaties	15 042 112	0
Others	27 428 809	6 033 684
	110 504 120	35 169 736

Note 27 – Other creditors for insurance operations and other operations

Set out below is the detail of other creditors in 2016 and 2015:

	2015 MZN	2014 MZN
Payables for direct insurance operations		
Insurance Holders	0	0
Insurance brokers	20 046 503	34 567 134
Co-insurance	0	0
	20 046 503	34 567 134
Payables for reinsurance operation		
Other reinsurer	261 070 292	501 894 304
	261 070 292	501 894 304
Payables for other operation		
Other creditors	14 612 343	64 508 790
	14 612 343	64 508 790
Total	295 729 137	600 970 228

Note 28 – Share Capital, reserves, other reserve, retained earnings and net income for the period

The authorized and issued share capital of Global Alliance on December 31, 2016, amounting to 242 090 000 MZN, represented by 242 090 000 shares with a nominal value of 1 MZN, is fully subscribed and paid.

	2016	2015
Number of shares at 1 January	242 090 000	242 090 000
Capital increase	-	-
Number of shares on 31 December	242 090 000	242 090 000

In 2016, Global Alliance remained with the same shareholder structure.

	Number of shares	Percentage of shareholding	Share capital	
			2016 MZN	2015 MZN
Absa Financial Services Africa Holding	237 248 200	98.00%	237 248 200	237 248 200
Absa Short Term Insurance	2 420 900	1.00%	2 420 900	2 420 900
Absa Life	2 420 900	1.00%	2 420 900	2 420 900
Total	242 090 000	100.00%	242 090 000	242 090 000

The application of the net profit for the financial year 2015 was carried out as follows:

Application of Net Profit	2015 MZN
Income for the year	103 754 675
Application:	
Fund legal reserve	20 750 935
Retained earning	83 003 740
Dividends per share	0

No dividend was declared or paid during 2016.

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

Other Reserves

It includes free reserves, which result from positive results, not necessary to provide the legal reserve or to cover losses brought forward and not distributed to shareholders. Legal reserve can only be used to cover accumulated losses or to increase the capital. Under Mozambican law, the legal reserve is based on the following minimum percentages of the profits of each year:

- (i) 20% until the cumulative amount of the reserve represents half of the minimum capital laid down under Article 15 of the Legal Insurance Scheme ;
- (ii) 10% from the moment has been reached the amount referred to in the previous paragraph, until this reserve represents an amount equal to the capital.

Detail of other reserves:

	2016 MZN	2015 MZN
Legal Reserve	131 932 180	111 181 244
Share Premium	1 970 879	1 970 879
Others	0	-120 773
Total	133 903 059	113 031 350

Note 29 – Transactions with related parties

On December 31, 2016 and 2015 the value of Directors' remuneration is as follows:

	2016 MZN	2015 MZN
Income statement information		
Director's Remuneration	3 996 487	16 303 409
Balance sheet Information		
Assets		
Loans to directors	0	1 090 601
Liabilities		
Bonus paid	0	0
Leave	0	12 763

The analysis of transactions with related parties in 2016 and 2015 is as follows:

Receivables and payables	2016 MZN		2015 MZN	
	BBM	ABSA	BBM	ABSA
Cash and cash equivalents and current deposits	63 037 209	-345 248	22 695 138	19 378 069
Accounts receivable from direct insurance	4 641 080	0	33 694 836	0
Total Assets	67 678 289	-345 248	56 389 973	19 378 069
Provision for unearned premium	14 791 078	0	15 712 847	0
Accounts receivable from direct insurance	852 861	0	7 109 880	0
Transfer pricing – ABSA Life	0	52 542 999	0	7 981 062
Treaties – Absa Insurance Company (AIC)	0	15 042 112	0	0
Total Liabilities	15 643 939	67 585 111	22 822 727	7 981 062

Transactions	2016 MZN		2015 MZN	
	BBM	ABSA	BBM	ABSA
Premiums from direct insurance	44 417 653	0	47 185 727	0
Admin fees for managing pension fund	8 093 945	0	3 664 480	0
Total Income	52 511 598	0	50 850 207	0
Operating costs from direct insurance	-11 391 124	0	-5 040 794	0
Total Expenses	-11 391 124	0	-5 040 794	0

BBM – Barclays Bank Mozambique

Note 30 – Management of Activity risk

The risks to which GA is exposed to are assumed as one of the pillars of the company in supporting a strategy of profitable and sustainable growth. Thus, a major goal of GA is to ensure that its risk management framework allows it to ensure the appropriate balance between risk and return, in order to establish and preserve the trust of customers, shareholders, regulators and other stakeholders.

As part of its governance and risk management process, GA adopted an organizational structure for risk management in line with Absa Financial Services and Barclays PLC. The various functions related to the management of risks are reviewed monthly and quarterly respectively by the Management Business Review (MBR) and Control Risk Committee (CRC).

GA transactions related to insurance business are subject to supervision by the Regulator (ISSM), which determines, amongst other things, the nature and concentration of investments allocated to technical provisions.

The main risks are the following:

Insurance risk	Investment risk	Operational risk
Specific Risk of Non-life Insurance	Credit Risk	Event Risk
Specific Risk of Life- Insurance	Market Risk	Business Risk
	Liquidity Risk	Capital Risk
	Foreign Exchange Risk	

1) Specific risk of insurance

The main GA activity constitutes an acceptance of third party risk insurance, where the management of acceptance of this risk is important to the main indicators of activity, such as profit, business growth or market share. The risk associated with the insurance contracts concluded by the insurance company lies in the uncertainty relating to claims.

For portfolios of insurance contracts in which GA can apply the probability of accidents, the main risk the insurance company faces is the possibility of the current value of payment claims exceeding the amount of liabilities calculated by GA and expressed in their financial statements. This can occur by changes in the frequency and/or severity of amounts payable when compared with the estimated values. Thus, GA annually revises its estimates for the expected liabilities arising from insurance contracts.

Experience in the field shows that the larger the portfolio of insurance contracts with same characteristics, the lower the likelihood of significant changes affecting the liabilities estimated by the company.

The company developed its risk acceptance policy based on diversification of risks insured. The main areas of activity for the insurance are the Automotive, work accidents, fire and nature. The acceptance of these risks depends on the analysis by qualified personnel. In the case of acceptance of complex risks to which the company does not have adequate resources to carry out its assessment, the company uses external experts.

The proper insurance risk management also assumes that the fees charged by the insurance company to be set in the most scientific way possible. However, the occurrence of natural disasters or other

catastrophic events that occur occasionally over time could result in significant variations in the results, depending on the reinsurance programs agreed by the company.

Among the factors contributing to increased insurance risk include insufficient diversification of risk by various industries, the value of contracted capital insured and its geographical concentration. All the risks accepted by the company are located in Mozambique. Within Mozambique the risks are concentrated in major cities of the country. This could result in occurrence of an adverse event, to register losses in various policies insured by the company. These risks are mitigated by the transfer of risk to reinsurers.

Claims cost per product classes is as follows:

Amounts in MZN				
Annex 3	Amounts paid- costs (1)	Amounts paid- inputted costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
2016				
Workman compensation	170 516 660	14 349 784	129 875 764	314 742 208
Personal accident	1 065 540	1 788 245	811 580	3 665 365
Fire	435 618 207	8 838 408	331 793 078	776 249 694
Motor	180 701 052	40 618 991	137 632 810	358 952 853
Marine	10 364 133	1 344 961	7 893 949	19 603 043
Aviation	2 238 863	216 982	1 705 253	4 161 098
Transport	5 868 245	1 237 084	4 469 609	11 574 937
Civil Responsibility	28 060 507	6 639 293	21 372 573	56 072 372
Miscellaneous	45 604 471	17 148 107	34 735 113	97 487 690
Total Non life	880 037 679	92 181 853	670 289 729	1 642 509 261

Amounts in MZN				
Annex 3	Amounts paid- costs (1)	Restated ¹ Amounts paid- inputted costs (2)	Changes in Provision for claims (3)	Restated ¹ Cost of claims (4)=(1)+(2)+(3)
2015				
Workman compensation	102 746 208	15 793 273	12 533 804	131 073 285
Personal accident	0	1 352 461	0	1 352 461
Fire	146 467 288	9 908 534	17 867 252	174 243 074
Motor	269 700 315	35 614 011	32 900 202	338 214 529
Marine	-604 155	1 165 939	-73 700	488 084
Aviation	-373 136	108 077	-45 518	-310 578
Transport	24 250 158	1 094 919	2 958 228	28 303 305
Civil Responsibility	27 297 960	6 069 800	3 330 024	36 697 783
Miscellaneous	69 307 336	14 781 296	8 454 663	92 543 296
Total Non life	638 791 974	85 888 309	77 924 956	802 605 239

¹ Figures have been restated to include treaties reinsurance expenses. See Note 3 for further details. There is no impact on the result or the total equity for any period presented as a result of this restatement.

Additional information per product classes is as follows:

Amounts in MZN Annex 4 2016	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	146 953 023	159 174 755	314 742 208	65 147 703	0
Personal accident	25 491 629	26 845 835	3 665 365	6 452 696	-6 046 471
Fire	640 207 291	878 274 786	776 249 694	65 956 382	-131 549 187
Motor	417 069 008	435 793 078	358 952 853	160 865 238	29 401 348
Marine	34 173 313	44 896 115	19 603 043	7 188 505	-13 247 985
Aviation	22 088 001	22 290 284	4 161 098	1 616 282	-15 208 520
Transport	12 718 333	13 597 955	11 574 937	5 436 757	2 951 036
Civil Responsibility	69 782 015	73 632 617	56 072 372	24 615 185	-1 674 158
Miscellaneous	389 124 866	491 083 336	97 487 690	73 129 703	-248 210 701
Total Non life	1 757 607 479	2 145 588 762	1 642 509 261	410 408 453	-383 584 639

Amounts in MZN Annex 4 2015	Gross premium written	Gross premium acquired	Restated ¹ Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	163 555 972	155 855 831	131 073 285	61 188 304	0
Personal accident	23 445 109	23 116 363	1 352 461	4 330 452	-5 509 731
Fire	734 616 775	915 900 316	174 243 074	46 851 501	-801 142 119
Motor	370 005 624	382 625 141	338 214 529	120 301 581	-1 022 523
Marine	40 935 792	58 261 403	488 084	6 433 946	-61 136 366
Aviation	13 923 565	20 642 473	-310 578	857 647	-25 683 559
Transport	12 721 422	12 865 058	28 303 305	4 557 491	13 693 010
Civil Responsibility	63 885 851	63 735 155	36 697 783	19 173 545	-847 024
Miscellaneous	519 620 805	544 691 822	92 543 296	69 231 323	-427 656 222
Total Non life	1 942 710 915	2 177 693 564	802 605 239	332 925 791	-1 309 304 535

¹ Gross claims have been restated to include treaties reinsurance expenses. See Note 3 for further details. There is no impact on the result or the total equity for any period presented as a result of this restatement

2) Investment Risk

The risk of investment is made up of four risks: credit, market, liquidity and foreign exchange.

a) Credit risk

Credit risk arises from the inability or unwillingness to a counter party to a financial instrument to discharge its contractual obligations.

The Company monitors exposure to individual counter parties to ensure that no single concentration exceeds predetermined limits. The Company limits its counter party exposure from its money market operations by only dealing with well-established financial institutions of high quality credit standing.

The main areas in which the company is exposed to credit risk are:

(I) re-insurers' share in liabilities for insurance contracts, (ii) share of re-insurers in claims costs, (iii) amounts receivable from policyholders for insurance contracts, (iv) receivables from insurance brokers, (V) counterparty risk in respect of fixed term deposits, balances at banks and debt instruments

GA mitigates credit risk through diversifying its risk to more than one entity/counterparty. Each year the company shall review the risks to which it is exposed to make sure that it remains within the acceptable levels.

Despite the use of reinsurance companies as a strategy for insurance company to manage the risks to which it is exposed, GA will always be primarily responsible for covering the liabilities assumed with third parties. If a reinsurer for any reason fails to make payment of a claim, the insurance company continues to compensate the insured for the loss occurred. On renewal of reinsurance agreement, the counterparty risk is analyzed.

The credit risk associated with the debt instruments held by the company is reduced since the company's investment policies stipulate that investments should be directed to the largest companies in Mozambique. The exposure to unrated parties is limited.

The credit risk associated with loans and accounts receivable is reduced as term deposits are contracted with entities with good credit quality. The exposure approved by Financial Risk Committee are as follows:

- Exposure to single rated counterparty (30%)
- Exposure to single unrated counterparty (15%)
- Total exposure to unrated counterparty (40%)
- Exposure to government bonds (60%)
- Exposure to corporate bonds (30%)
- Exposure to investment property (25%)

None of the assets were pledged as collateral at 31 December 2016.

Amounts in MZN	2016		2015	
	Amount	%	Amount	%
Assets available for sale				
Bonds and other fixed income				
From public issuers	179 302 325	12%	326 634 800	28%
From private issuers	24 167 443	2%	20 000 000	
		-		-
Loans and Receivables				
Term Deposits	788 973 935	54%	349 270 556	30%
Cash and cash equivalents and current deposits	345 878 433	24%	295 059 139	25%
Investment property	122 845 250	8%	190 448 832	16%
Total	1 461 167 387	100%	1 181 413 327	100%

b) Market risk

Market risk is the risk that changes in financial market prices, interest rates, exchange rates, market volatilities and correlations, and liquidity will adversely impact the financial condition of the Company.

GA is exposed to financial risks arising from its financial assets and assets of reinsurance operations. In particular, the main financial risk that the insurance company faces is that its financial assets are not sufficient to cover the liabilities assumed by the insurance company upon acceptance of insurance risk from borrowers. The main components of financial risks are interest rate and credit risks.

c) Liquidity Risk

The company is exposed to liquidity risk through the daily requests of its assets, mainly to cover claims insured by GA. Liquidity risk is the financial incapacity of GA to meet its commitments. To control this risk, management will use different sources managing the assets based on their liquidity and periodically monitors the future cash flows and liquidity.

In insurance business it is not possible to foresee/estimate with certainty the amount necessary to cover the liabilities. Thus the insurance company assesses the value and maturity of its liabilities through statistical methods and previous experience.

The table below gives an indication of the Company's liquidity needs in respect of cash-flows required to meet its obligations:

	Less than 1 month	1-3 months	3-12 months	Total
LIQUIDITY RISK				
2016				
Amounts owing to related parties	-	68 437 972	-	68 437 972
Trade payables	-	294 876 276	-	294 876 276
	-	363 314 248	-	363 314 248
2015				
Amounts owing to related parties	-	15 090 942	-	15 090 942
Trade payables	-	593 860 348	-	593 860 348
	-	608 951 290	-	608 951 290

Appropriate assets back the Company's liabilities and it has adequate liquid resources.

	Less than 1 month	1-3 months	Total
2016			
Amounts owed by related parties	-	4 641 080	4 641 080
Trade and other receivables	-	320 891 812	320 891 812
Cash and cash equivalents	345 878 433	-	345 878 433
	345 878 433	325 532 892	671 411 325
2015			
Amounts owed by related parties	-	33 694 836	33 694 836
Trade and other receivables	-	550 975 697	550 975 697
Cash and cash equivalents	295 059 139	-	295 059 139
	295 059 139	584 670 532	879 729 671

d) Foreign Exchange Risk

The risk of exchange rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. GA conducts its business using both USD and MZN. The main transactions of GA occur in MZN and are still exposed to the risk of exchange rate variations for the USD or the South African Rand.

GA exposure to the risk of exchange rate is mainly related to investments denominated in USD.

On December 31, 2016 and 2015 the projected cash flows (undiscounted) of financial instruments, according to the contractual maturity, made up as follows:

Amounts in MZN 31.12.2016	Maturity					No maturity	Total
	<1 month	1-3 months	3-12 months	1-5 year	> 5 years		
Bonds and other fixed income			28 613 971	154 855 798	20 000 000		203 469 769
Term Deposits			788 973 935				788 973 935
Cash and cash equivalents and current deposits						345 878 433	345 878 433
Investment property						122 845 250	122 845 250
Total	0	0	817 587 906	154 855 798	20 000 000	468 723 683	1 461 167 387

Amounts in MZN 31.12.2015	Maturity			No maturity	Total
	<1 month	1-3 month	3-12 month		
Bonds and other fixed income	50 000 000	276 634 800	20 000 000		346 634 800
Term Deposits		4 164 669	345 105 887		349 270 556
Cash and cash equivalents and current deposits				295 059 139	295 059 139
Investment property				190 448 832	190 448 832
Total	50 000 000	280 779 469	365 105 887	485 507 971	1 181 413 327

3) Operational Risk

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

Event risk includes the risk of loss resulting from the lack or failure of internal processes, people and systems or due to external events. This event risk definition includes legal and compliance risk, but excludes strategic and reputational risk.

Business risk is the risk of "being in business" and includes the risk of loss due to changes in the structural and or competitive environment. It has an external nature however can still be mitigated by good management practices.

Under the operational risk the insurance company has defined among others, policies / procedures for business continuity, IT security, procurement, money laundering, internal control and combating fraud.

Note 31 – Solvency Margin Coverage

The company is subject to the solvency requirements set by Diploma No. 30/2011, issued by the Council of Ministers.

The solvency margin coverage in 2016 and 2015 is as follows:

Amounts in MZN	2016	2015	2016/2015
Share Capital	242 090 000	242 090 000	0,0%
Reserves	133 903 059	113 031 350	18,5%
Retained Earnings	433 313 898	350 430 932	23,7%
Foreign Exchange Reserve	0	0	
Loss/Profit for the year	-22 149 203	103 754 675	-28,9%
Items to deduct	-4 298 977	-1 700 160	152,9%
Solvency Available Margin	782 858 777	807 606 797	8,8%
Required Solvency Margin Non-life Insurance	165 317 834	576 379 602	-58,0%
Required Solvency Margin Life Insurance	62 479 846	82 402 611	53,5%
Excess/(Insufficiency) of Solvency Margin	555 061 097	148 824 585	242,8%
Coverage	343,7%	122,6%	94,5%

Note 32 – Off - Balance Sheet

The value of pension funds managed by the insurance company is detailed as follows:

Amounts MZN		
Pension Funds	Balance as at 31-12-2016	Balance as at 31-12-2015
Mozal employees pension fund	519 035 275	401 078 500
Global Alliance open fund	161 854 143	101 988 660
Barclays Bank Mozambique Pension Fund	3 000 580 539	2 834 941 000
Total	3 681 469 957	3 338 008 160

The company does not give guaranteed returns on managed pension funds.

Nota 33 – Events after the balance sheet date not described in previous points

Taking into consideration the IAS 10, up to the date of authorization for issue of these financial statements no subsequent events involving additional adjustments or disclosures were identified.