

Global Alliance Seguros, S.A.

2020 Financial Statements



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1. DIRECTORS' REPORT

The Directors are pleased to present their report for the year ended 31 December 2020.

1.1. CONSTITUTION AND NATURE OF BUSINESS ACTIVITIES

Global Alliance Seguros, S.A. (hereinafter 'GA', insurance company or company), incorporated and domiciled in Mozambique transacts life insurance, non-life insurance 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 2020.

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

Table 1: Year on Year Growth:

DESCRIPTION - MZN '000	Actuals 2020	Actuals 2019	YoY growth
NET WRITTEN PREMIUM (NPI)	899 125	891 620	1%
NET CLAIMS	(273 385)	(462 325)	-41%
NET ACQUISITION COSTS	(58 712)	(87 664)	-33%
OTHER INCOME	196 684	189 441	4%
OPERATING EXPENSES	(521 804)	(570 523)	-9%
LOSS/PROFIT BEFORE TAX	241 908	(39 451)	713%

Table 2: Actuals vs. Budget

DESCRIPTION - MZN '000	Actuals 2020	Budget 2020	YoY growth
NET WRITTEN PREMIUM (NPI)	899 125	1 178 397	-24%
NET CLAIMS	(273 385)	(602 461)	-55%
NET ACQUISITION COSTS	(58 712)	(79 269)	-26%
OTHER INCOME	196 684	127 037	55%
OPERATING EXPENSES	(521 804)	(519 269)	0%
LOSS/PROFIT BEFORE TAX	241 908	104 435	132%

We had a significant improvement in economic results for 2020 compared to the previous year and we were significantly above PBT budget.

1.3.1 NET INSURANCE PREMIUM INCOME

Net premium increased compared to 2019 due to the following factors:

- High renewals and;
- New business.

The top line budget was not met as a result of the following factors:

- Low renewal retention due to Covid-19;
- New business impacted by Covid-19 and
- High premiums to reinsurers.

1.3.2 NET INSURANCE CLAIMS AND BENEFITS PAID

Net claims were favorable against budget and prior year due to low claims incurred, WCA outstanding claims clean up, and other claims cost containment initiatives.

1.3.3 OTHER INCOME

Interest income on investments was slightly lower than prior year due to the decline of interest rates in the market.

Amount in MZN	2020	2019
	Allocated / Total	Allocated / Total
Income	114 060 633	113 314 186
<i>Interest on financial assets not carried at fair value through profit or loss</i>	<i>106 747 779</i>	<i>106 847 344</i>
On available-for-sale assets	65 616 910	98 442 867
Interest on Fixed term deposits	41 130 869	8 404 478
Other income	7 312 855	6 466 842
Rental income from buildings (see Note 20)	7 312 855	6 466 842

1.3.4 OPERATING EXPENSES

Operating expenses were below prior year and on target due to management focus on cost control in order to mitigate impact of revenue 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	Absa Group Limited
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 COVID-19 PANDEMIC

The Covid-19 pandemic has had a devastating impact on the global economy and has resulted in significant changes to government actions, economic and market drivers as well as customer behaviour. This in turn has had a significant impact on the risks that the Company is exposed to. Mitigating measures have been put in place to manage these risks, including provision of payment relief to eligible customers.

1.7 GOING CONCERN

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

1.8 DIVIDENDS

Management recommends that no dividends be declared.

1.9 BOARD MEMBERSHIP

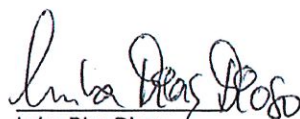
L. Dias Diogo	Chair
R. Barros	Non-Executive
K. Miller	Non-Executive
P. Bule	Independent Non-Executive
B. Ngwenya	Executive

1.10 AUDITORS

Ernst & Young Moçambique, Limitada.

1.11 ADDRESS

Avenida da Marginal, Parcela 141
Maputo
Mozambique


Luisa Dias Diogo
Chair of the Board of Directors

Maputo
25 March 2020


Busani Ngwenya
Managing Director

2. STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Board of Directors are responsible for the preparation and fair presentation of the financial statements of Global Alliance Seguros, SA comprising the balance sheet at 31 December 2020, and the Income Statement, statement of changes in equity and cash flows for the year, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with the regulation issued by the Instituto de Supervisão de Seguros de Moçambique.

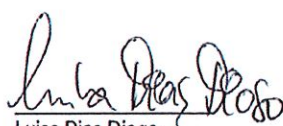
The Board of Directors are also responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as compliance with relevant laws and regulations of the Republic of Mozambique.

The Board of Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the regulation issued by the Instituto de Supervisão de Seguros de Moçambique.

Approval of the financial statements

The financial statements of Global Alliance Seguros, SA, as identified in the first paragraph, were approved by the Board of Directors on 11 March 2021 and signed on its behalf by:


Luisa Dias Diogo
Chair of the Board of Directors


Busani Ngwenya
Managing Director

Maputo
25 March 2020

REPORT AND OPINION OF THE FISCAL COUNCIL

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

As single fiscal of **Global Alliance Seguros, S.A.**, a limited liability company under Mozambican law, with a share capital of 280 090 000 MZN (Two hundred and eighty million, ninety thousand meticaís), registered at the Notary of Registration of Legal Entities under n°. 12801/102-C/29, (one, two, eight, zero, one, slash, one, zero, two, C slash two, nine), and VAT registration number (NUIT) 400053480, we are required to give an opinion on the Balance Sheet and accounts of the Company for the year ended 31 December 2020, as well as on the Director's report of the company of the year then ended, reports which were presented to us by the management.

Report

We have regularly and to the extent considered reasonable on the circumstances, evolved the insurer's operations and carried out the examinations, assessments, checks on the consistency of its records and compliance with the applicable laws and regulations based on the information provided by the Board of Directors namely, accounting records, financial and risk management, as well as the information provided by the external auditors.

We also held meetings with the management in order to monitor their respective activities and we assessed the adequacy and effectiveness of the Company's internal control systems.

We examined the Company's Balance Sheet and Income Statement for the year ended 31 December 2020, and we noted that they are presented fairly in accordance the legal requirements, as well as contain mandatory mentions, including all the essential elements.

The Company's total net assets and its equity were calculated according to the International Financial Reporting Standards and other regulations applicable to the insurance activity, totalizing 4 048 713 835 Meticaïs (Four thousand forty-eight million, seven hundred and thirteen thousand, eight hundred and thirty-five Meticaïs) and 670 532 124 Meticaïs (Six hundred and seventy million, five hundred and thirty-two thousand, one hundred and twenty four Meticaïs), respectively, which represents a decrease of 3% on net asset and a growth of 56% on equity, comparing to the prior year.

The net profit of the company reached to 239 733 492 Meticaïs (Two hundred and thirty-nine million, seven thousand and thirty-three thousand, four hundred and ninety-two Meticaïs), corresponding to an increase of 941% compared to the prior year.

We also assessed the Report of External Auditors, Ernst & Young, Limitada on the financial statements of **Global Alliance Seguros, S.A.** for the year ended 31 December 2020, whose scope of audit and the opinion expressed deserved the approval and our agreement.

Opinion

The single fiscal considers that the financial statements and the director's report, as well as the proposal for the distribution of profits for the year ended 31 December 2020, are in accordance with the International Financial Reporting Standards and others applicable legal requirements, including the company statutes, and therefore we recommend its approval at the General Assembly.

Maputo, 25 March 2021



(Signed by Zacaria Fakir in representation of Deloitte & Touche (Moçambique), Lda)

As Single fiscal of **Global Alliance Seguros, S.A.**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

GLOBAL ALLIANCE SEGUROS, S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Global Alliance Seguros, S.A.** (the Company), which comprise the Statement of financial position as at 31 December 2020 and the Statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, its financial performance and its cash flows for the year then ended, in accordance with the General Acceptable Accounting Principles in force in Mozambique for the Insurance Sector - Diploma Ministerial no. 222/2010, of 17 December.

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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the General Acceptable Accounting Principles in force in Mozambique for the Insurance Sector - Diploma Ministerial no. 222/2010, of 17 December, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment 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 Board of Directors.

- ▶ Conclude on the appropriateness of the Board of 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 communicated with the Board of 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.

We also provided the Board of Directors a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

The engagement partner on the audit resulting in this independent auditor's report is Eduardo Caldas.

ERNST & YOUNG, LDA.

Certified Auditors Firm

Represented by:



The circular stamp contains the text: "Auditor Geral do Estado", "Obadias Muianga n.º 179", and "Maputo, Moçambique". The EY logo is also visible within the stamp.

Eduardo Jorge Creio da Costa Caldas (Certified Auditor nr. 33)

Maputo, 25 March 2021

5. FINANCIAL STATEMENTS

5.1 Statement of comprehensive income

Notes	Profit and Loss Account	FY 2020 – MZN				Previous 2019 MZN
		Technical Life	Technical Non-life	Non-Technical	Total	
6	Premiums Earned Net of Reinsurance	209 321 813	682 963 986	-	892 285 799	917 166 366
	Gross written premiums	347 074 078	1 238 304 988	-	1 585 379 066	1 573 427 100
	Premiums ceded to reinsurers	(137 752 265)	(550 776 864)	-	(688 529 129)	(628 833 564)
	Provision for unearned premiums (change)	-	(12 082 823)	-	(12 082 823)	(15 901 435)
	Provision for unearned premiums, reinsurers' part (change)	-	7 518 685	-	7 518 685	(11 525 735)
7	Costs of Claims, Net of Reinsurance	(47 212 661)	(493 316 551)	-	(540 529 213)	(594 414 425)
	Amounts paid	(42 719 110)	(469 285 258)	-	(512 004 367)	(549 095 169)
	Gross amount	(64 009 413)	(1 115 170 252)	-	(1 179 179 665)	(2 356 809 291)
	Reinsurers' part	21 290 303	645 884 994	-	667 175 297	1 807 714 122
	Provision for claims (change)	(4 493 552)	(24 031 294)	-	(28 524 845)	(45 319 256)
	Gross amount	(7 960 054)	479 079 300	-	471 119 246	(546 507 286)
	Reinsurers' part	3 466 502	(503 110 594)	-	(499 644 091)	501 188 030
14	Other technical provisions, net of reinsurance	-	(13 025 355)	-	(13 025 355)	(1 005 682)
8	Mathematical Provision - life, net of reinsurance	(37 902 285)	(16 328 305)	-	(54 230 591)	(96 273 726)
	Gross amount	(56 265 201)	(16 328 305)	-	(72 593 507)	(100 692 820)
	Reinsurers' part	18 362 916	-	-	18 362 916	4 419 095
14	Profit sharing, net of reinsurance	-	4 509 978	-	4 509 978	552 605
9	Net Operating Expenses	(110 066 148)	(231 676 250)	-	(341 742 398)	(392 191 262)
	Acquisition costs	(74 061 722)	(195 143 859)	-	(269 205 581)	(286 387 550)
	Deferred acquisition costs (change)	-	2 288 826	-	2 288 826	3 301 526
	Administrative costs	(43 261 743)	(142 095 391)	-	(185 357 134)	(202 827 283)
	Reinsurance commissions and profit sharing	7 257 317	103 274 175	-	110 531 491	93 722 045
10	Income	26 621 375	87 439 258	-	114 060 633	113 314 186
	Interest on financial assets not carried at fair value through profit or loss	24 914 579	81 833 200	-	106 747 779	106 847 344
	Other	1 706 796	5 606 059	-	7 312 855	6 466 842
11	Underwriting costs	(20 659 910)	(67 858 522)	-	(88 518 432)	(96 861 408)
	Others	(20 659 910)	(67 858 522)	-	(88 518 432)	(96 861 408)
12	Foreign exchange differences	-	-	305 699 993	305 699 993	106 869 141
13	Net losses/gains from non-financial assets	(189 161)	(621 311)	-	(810 472)	(6 762 328)
15	Other technical income/costs, net of reinsurance	(693 936)	(2 279 269)	-	(2 973 205)	38 705 699
14	Other provisions (Change)	(899 703)	(2 955 119)	-	(3 854 821)	1 485 297
15	Other expenses/income	-	-	(28 964 399)	(28 964 399)	(30 035 415)
	Net Income before Tax	18 319 384	(53 147 460)	276 735 593	241 907 517	(39 450 951)
25	Corporation Tax for the period – Current Tax	-	-	-	-	-
25	Corporation Tax for the period – Deferred Tax	(164 636)	477 637	(2 487 025)	(2 174 025)	11 003 075
28	Net Income for the Period	18 154 747	(52 669 823)	274 248 568	239 733 492	(28 447 875)

5.2 Statement of Other Comprehensive Income

Notes	Statement of comprehensive income	FY 2020 - MZN				FY 2019 - MZN			
		Technical Life	Technical Non-Life	Non Technical	Total	Technical Life	Technical Non-Life	Non Technical	Total
28	Net income for the year	18 154 747	(52 669 823)	274 248 568	239 733 492	22 106 067	(105 958 343)	55 404 400	(28 447 875)
	Total income tax net of taxes	18 154 747	(52 669 823)	274 248 568	239 733 492	22 106 067	(105 958 343)	55 404 400	(28 447 875)

5.3 Statement of financial position as at 31 December 2020

Notes	Asset	FY 2020 - MZN			FY 2019 Net Assets MZN
		Gross Assets	Impairment, depreciation / amortizations and adjustments	Net Assets	
17	Cash and cash equivalents and demand deposits	430 281 964	-	430 281 964	168 646 896
18	Assets Available-for-sale	595 015 682	-	595 015 682	502 510 742
19	Loans and receivables	706 802 867	-	706 802 867	551 538 734
20	Property	307 565 970	38 193 002	269 372 968	275 043 104
	Owner-occupied property	138 695 498	37 382 530	101 312 968	106 172 632
	Investment property	168 870 472	810 472	168 060 000	168 870 472
21	Other Tangible Assets	35 372 691	12 724 998	22 647 693	11 566 965
	Inventories	563 850	-	563 850	446 500
22	Other intangible assets	12 291 719	3 449 226	8 842 493	5 094 238
23	Technical provisions for reinsurance ceded	441 953 405	-	441 953 405	911 205 917
	Provision for unearned premiums	129 169 450	-	129 169 450	121 650 764
	Mathematical provision for Life- Insurance	24 772 874	-	24 772 874	6 409 958
	Provision for claims	272 218 145	-	272 218 145	771 862 237
	Profit share provision	15 792 936	-	15 792 936	11 282 958
24	Other debtors for insurance and other operations	1 338 719 653	11 046 413	1 327 673 239	1 181 975 088
	Accounts receivable from direct insurance operations	236 929 130	11 046 413	225 882 717	190 525 872
	Accounts receivable from other reinsurance operations	920 891 806	-	920 891 806	860 274 962
	Accounts receivable from other operations	180 898 717	-	180 898 717	131 174 253
25	Tax assets	226 355 717	-	226 355 717	530 672 288
	Current tax assets	101 781 669	-	101 781 669	110 422 467
	Deferred tax assets	124 574 047	-	124 574 047	420 249 822
26	Accruals and deferrals	19 203 957	-	19 203 957	14 144 369
	Total Asset	4 114 127 474	65 413 639	4 048 713 835	4 152 844 841

5.3 Statement of financial position as at 31 December 2020 (Continued)

Notes	Liabilities and Equity	FY 2020 - MZN	FY 2019 - MZN
	Liabilities		
23	Technical provisions	1 657 146 675	2 032 851 572
	Provision for unearned premiums	290 019 243	280 225 246
	Mathematical Provisions	362 576 625	289 983 118
	Provision for claims	930 148 119	1 401 267 365
	For Life Insurance	12 613 671	4 653 617
	From the field of occupational accidents and occupational diseases	361 683 854	383 676 338
	For other business lines	555 850 594	1 012 937 409
	Claims deviation reserve	33 821 787	1 499 430
	Unexpired risk reserve	40 580 901	59 876 413
27	Other creditors for insurance and other operations	1 019 483 564	745 902 996
	Accounts payable for direct insurance operations	34 776 189	117 892 669
	Accounts payable for other reinsurance operations	820 957 196	556 508 472
	Accounts payable for other operations	163 750 179	71 501 855
25	Tax Liabilities	211 438 491	518 649 480
	Current tax liabilities	91 952 145	105 661 385
	Deferred tax liabilities	119 486 346	412 988 095
26	Accruals and deferrals	490 112 981	424 642 161
	Total Liabilities	3 378 181 711	3 722 046 209
	Equity Capital		
28	Share capital	280 090 000	242 090 000
28	Other reserves	113 066 755	151 066 755
28	Retained earnings	37 641 877	66 089 752
28	Net income for the period	239 733 492	(28 447 875)
	Total Equity	670 532 124	430 798 632
	Total Liabilities and Equity	4 048 713 835	4 152 844 841

5.4 Statement of Changes in Equity

Notes	Amounts in MZN	Share capital	Other reserves			Retained earnings	Net Income for the year	Total
			Legal reserve	Share premium	Others			
	Balance as at 31 December 2018	242 090 000	131 932 181	1 970 879	-	61 616 491	21 636 957	459 246 507
	Opening balance	242 090 000	131 932 181	1 970 879	-	61 616 491	21 636 957	459 246 507
	Increase of reserves by application of results (1)	-	-	-	-	21 636 957	(21 636 957)	-
	Net income for the period (2)	-	-	-	-	-	(28 447 875)	-
	Other comprehensive income of the period (3)	-	-	-	-	-	-	-
	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	(28 447 875)	(28 447 875)
	Transactions with equity holders (5)	-	2 163 696	-	15 000 000	(17 163 696)	-	-
	Distribution of reserves	-	2 163 696	-	15 000 000	(17 163 696)	-	-
	Total changes in equity (1) + (4) + (5)	-	2 163 696	-	15 000 000	4 473 261	(50 084 833)	(28 447 875)
	Balance as at 31 December 2019	242 090 000	134 095 877	1 970 879	15 000 000	66 089 752	(28 447 875)	430 798 632
28	Opening balance	242 090 000	134 095 877	1 970 879	15 000 000	66 089 752	(28 447 875)	430 798 632
28	Increase of reserves by application of results (1)	-	-	-	-	(28 447 875)	28 447 875	-
28	Net income for the period (2)	-	-	-	-	-	239 733 492	-
28	Other comprehensive income of the period (3)	-	-	-	-	-	-	-
28	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	239 733 492	239 733 492
28	Transactions with equity holders (5)	38 000 000	(23 000 000)	-	(15 000 000)	-	-	-
28	Increase / decrease in capital	38 000 000	(23 000 000)	-	(15 000 000)	-	-	-
28	Total changes in equity (1) + (4) + (5)	38 000 000	(23 000 000)	-	(15 000 000)	(28 447 875)	268 181 368	239 733 492
	Balance as at 31 December 2020	280 090 000	111 095 877	1 970 879	-	37 641 877	239 733 492	670 532 124

5.5 Statement of Cash Flows

Statement of Cash Flows	2020 MZN	2019 MZN
Cash Flow from Operating Activities		
Net income for the period	239 733 492	(28 447 875)
Adjustments related to:		
Depreciation and amortization	12 545 282	11 155 353
Change in provision for claims	28 524 845	45 319 256
Change in other technical provision	69 531 258	121 405 052
Change in provision for premium receipts	3 854 821	(1 485 297)
(Increase) / decrease in debtors	(149 670 323)	(437 130 422)
Increase / (decrease) of creditors	(33 630 421)	197 298 208
Changes In Other Assets	768 509 496	(743 037 447)
Changes In Other Liabilities Accounts	(408 290 180)	590 813 670
Unrealized gains on investment property	810 472	6 762 328
Effect of exchange rate differences	75 067 597	1 647 727
Interest, income and similar income (see Note 10)	(114 060 633)	(113 314 186)
Total	492 925 705	(349 013 633)
Cash flows from investing activities		
Cash Flow from Investing Activities	(247 769 073)	85 636 907
Acquisition of investments (including Term Deposits)	(22 514 601)	(8 188 827)
Acquisition of Tangible and Intangible Assets (see Note 10)	114 060 633	113 314 186
Total	(156 223 041)	190 762 266
Total net increase/(decrease) in cash and cash equivalents	336 702 664	(158 251 367)
Currency translation differences	(75 067 597)	(1 647 727)
Cash and cash equivalents at the beginning of the period	168 646 896	328 545 990
Cash and cash equivalents at the end of the period	430 281 964	168 646 896

6 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 insurance and pension 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

The financial statements now presented refer to the year ended December 31, 2020 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 Instituto de Supervisão de Seguros de Moçambique (ISSM).

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 General Assembly meeting held on the 25th of March 2021.

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 highly 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 undetermined 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 unrealized gains/ (losses) on investment property. 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 criteria 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.

GA cedes insurance risk in the normal course of business for all of its businesses.

Reinsurance assets / liabilities represent balances due from / to reinsurance companies. Amounts recoverable / payable from / to reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

(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.

The unearned premium provision for ceded reinsurance is determined in accordance with the same criteria applied for direct businesses.

Reinsurance quota share in the claims provision is determined individually for each claim process, based on the conditions established in the reinsurance treaties.

(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.

(vii) Unexpired risk provision

The unexpired risk provision corresponds to the estimated amount to cover probable indemnities and costs to be borne following the year end in excess of the amount of unearned premiums, of enforceable premiums in respect of contracts in force and of those premiums to be renewed in January of the following year. This provision is being determined in accordance with the applicable law – Decree n°. 30/2011.

(viii) Provision for claims deviations

Provision for claims deviation is intended to cover exceptionally high claims rates in those lines of business which, by their nature, might represent significant losses. It is calculated on the basis of the specific rates established by the ISSM – Decree n° 30/2011.

i) 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.

j) 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 does not operate pension schemes for employees and other long-term benefits.

▪ *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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) Transactions in foreign currency

The Company has Meticaís (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

There were no changes in accounting policies and estimates compared to previous year. There were no errors identified that resulted in the restatement of financial statements of previous year.

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 estimates and assumptions 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. *The ultimate liability arising from claims made under insurance contracts*

There are some sources of uncertainty that need to be considered in the estimate of the liability that GA, will ultimately pay for such claims.

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- (i) Uncertainty as to whether an event has occurred which would give rise to an insured loss;
- (ii) Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- (iii) Uncertainty as to the ultimate loss on events that have been reported and reserved for; and
- (iv) Uncertainty due to future exposure to which the company has already been committed.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder.

The establishment of insurance liabilities is an inherently uncertain process and, as a consequence of the uncertainty, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from the initial estimates, particularly for long tail lines of business.

The Company makes estimates and assumptions to provide appropriate levels of claims provision and provision for unexpired risks. Estimates and judgments are adjusted quarterly as changes in facts and experiences are identified.

Initial estimates are calculated based on the best estimate in respect of reported claims and claim development patterns. The Company makes estimates for IBNR and incurred but not enough reported (IBNER) claims.

Impairment for accounts receivable

GA, periodically reassesses evidence of impairment in order to assess the need to recognize additional impairment losses. In particular, for determining the level of potential loss estimates are used in the calculations of the Board of Directors of amounts related to future cash flows.

These estimates are based on assumptions, and as assumptions, the future values may change, resulting in changes to the amounts made to meet actual losses.

In addition to the analysis of individual impairment, GA performs an analysis of the collective impairment of receivables to deal with situations of loss of value. Although these situations may not be specifically identifiable, they may present a great risk of non-fulfilment at the moment in which they were recognized.

With regard to impairment on insurance receivables, the company, in respect of insurance premiums cancelled for non-payment, use the net revenue percentage method generated for each of the branches with pending billing receipts. GA considers that the impairment determined based on the methodology presented allows us to reflect adequately the risk associated with its customer portfolio.

Remaining useful life of property, plant and equipment and intangible assets

GA continually reassesses its estimates on the useful life of property, plant and equipment and intangible assets. Estimates of remaining useful lives are based on the experience, status and condition of the asset. If deemed necessary, these estimates are supported by technical opinions issued by qualified independent experts.

Impairment of property, equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or circumstances exist that indicates that the carrying amount exceeds its recoverable amount.

Considering the uncertainty regarding the recoverable amount of these long-term assets, and once the estimates are based on the best information to date, changes in assumptions can result in an impact on determining the level of impairment and, consequently, on the financial results of GA.

Revaluation of investment property

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.

GA carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. In addition, after initial recognition owner-occupied properties are measured in accordance with the revaluation model with changes in fair value being recognised in other comprehensive income. GA engaged independent valuator specialists to determine fair value of its properties. For the investment properties the valuer used a valuation technique based on the income model.

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.

Additionally, see Note 23.

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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Additionally, see Note 25.

Provisions

Provisions that are not technical are raised to cover possible losses. This is determined by management and is subject to regular review of the estimates.

In addition, various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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 assurance and non-life insurance, and within each of these there is further detailed information by product classes (life and non-life insurance). In life insurance data submitted is split by product classes: Credit Life, Group Life, Individual Life, Group Funeral, Embedded Funeral, and Standalone Funeral. In Non-Life, the information is detailed by product classes of Workman Compensation, Personal Accident, Fire, Motor, Marine, Aviation, Transportation, Civil responsibility and Miscellaneous. Regarding the geographical segment, all contracts are awarded in Mozambique.

Business line reporting

Business lines – Technical results on 31 December 2020 and 2019:

FY 2020 Amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	347 074 078	1 226 222 165	1 573 296 243
gross claims, direct insurance	(71 969 466)	(636 090 952)	(708 060 418)
Other technical costs	(76 854 573)	-	(76 854 573)
Technical margin direct insurance	198 250 039	590 131 213	788 381 252
Result – reinsurance ceded	(87 375 227)	(297 209 603)	(384 584 831)
Net technical margin	110 874 812	292 921 609	403 796 422
Operational expenses	(117 323 465)	(334 950 425)	(452 273 889)
Net operational result	(6 448 652)	(42 028 815)	(48 477 467)
Investment income	5 961 465	19 580 736	25 542 202
Others	(1 556 485)	(5 234 388)	(6 790 872)
Technical result	(2 043 671)	(27 682 467)	(29 726 138)

FY 2019 Amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	381 702 272	1 175 823 393	1 557 525 665
gross claims, direct insurance	(71 571 766)	(2 831 744 811)	(2 903 316 577)
Other technical costs	(39 136 758)	-	(39 136 758)
Technical margin direct insurance	270 993 748	(1 655 921 418)	(1 384 927 670)
Result – reinsurance ceded	(112 663 902)	1 879 867 920	1 767 204 018
Net technical margin	158 329 846	223 946 502	382 276 347
Operational expenses	(143 391 319)	(342 521 988)	(485 913 307)
Net operational result	14 938 527	(118 575 486)	(103 636 960)
Investment income	3 977 397	12 252 283	16 229 680
Others	9 617 236	30 341 414	39 958 650
Technical result	28 533 160	(75 981 789)	(47 448 629)

Life Insurance – Technical results on 31 December 2020 and 2019:

FY 2020 Amounts in MZN	Life					
	Credit Life	Group life	Individual Life	Group Funeral and Embebed Funeral	Standalone Funeral	Total
Earned premium, direct insurance	291 259 172	34 979 339	583 751	9 044 428	11 207 388	347 074 078
gross claims, direct insurance	(56 807 505)	(9 855 872)	(60 474)	(2 397 205)	(2 848 411)	(71 969 466)
Other technical costs	(76 976 432)	1 247 205	(1 125 345)	-	-	(76 854 573)
Technical margin direct insurance	157 475 235	26 370 672	(602 068)	6 647 223	8 358 978	198 250 039
Result – reinsurance ceded	(76 204 349)	(11 170 878)	-	-	-	(87 375 227)
Net technical margin	81 270 886	15 199 794	(602 068)	6 647 223	8 358 978	110 874 812
Operational expenses	(97 207 120)	(9 414 886)	(288 913)	(4 954 335)	(5 458 211)	(117 323 465)
Net operational result	(15 936 234)	5 784 908	(890 981)	1 692 889	2 900 766	(6 448 652)
Investment income	4 726 943	641 127	16 625	257 584	319 185	5 961 465
Others	(1 263 622)	(171 388)	(4 444)	(68 858)	(48 171)	(1 556 485)
Technical result	(12 472 913)	6 254 647	(878 800)	1 881 615	3 171 780	(2 043 671)

FY 2019 Amounts in MZN	Life					
	Credit Life	Group life	Individual Life	Group Funeral and Embebed Funeral	Standalone Funeral	Total
Earned premium, direct insurance	341 136 280	23 720 017	734 044	10 441 654	5 670 277	381 702 272
gross claims, direct insurance	(76 698 884)	10 306 527	(79 005)	(2 614 405)	(2 485 999)	(71 571 766)
Other technical costs	(37 432 466)	(3 522 270)	1 817 978	0	0	(39 136 758)
Technical margin direct insurance	227 004 930	30 504 275	2 473 017	7 827 249	3 184 278	270 993 748
Result – reinsurance ceded	17 228 709	(129 846 030)	(46 581)	0	-	(112 663 902)
Net technical margin	244 233 639	(99 341 756)	2 426 436	7 827 249	3 184 278	158 329 846
Operational expenses	(138 310 300)	3 973 778	(372 759)	(5 858 426)	(2 823 612)	(143 391 319)
Net operational result	105 923 339	(95 367 978)	2 053 677	1 968 823	360 666	14 938 527
Investment income	5 765 226	(2 077 271)	12 612	179 405	97 425	3 977 397
Others	14 276 941	(5 144 129)	31 232	444 276	8 916	9 617 236
Technical result	125 965 506	(102 589 377)	2 097 522	2 592 504	467 006	28 533 160

Non-Life insurance – Technical results on 31 December 2020 and 2019:

FY 2020 Amounts in MZN	Non-Life						
	Workman compensation	Fire	Motor	Marine, Aviation, Transportation	Civil responsibility	Others	Total
Earned premium, direct insurance	134 181 522	222 061 085	367 066 079	34 366 929	78 819 767	389 726 781	1 226 222 165
gross claims, direct insurance	(42 465 657)	(100 354 691)	(184 829 063)	(2 396 378)	(54 446 400)	(251 598 763)	(636 090 952)
Other technical costs	-	-	-	-	-	-	-
Technical margin direct insurance	91 715 865	121 706 395	182 237 016	31 970 551	24 373 367	138 128 019	590 131 213
Result – reinsurance ceded	(1 086 059)	(76 936 630)	621 025	(23 929 938)	(4 458 562)	(191 419 439)	(297 209 603)
Net technical margin	90 629 806	44 769 765	182 858 041	8 040 613	19 914 805	(53 291 421)	292 921 609
Operational expenses	(60 984 380)	(42 972 506)	(144 520 156)	(5 376 112)	(29 897 458)	(51 199 812)	(334 950 425)
Net operational result	29 645 426	1 797 260	38 337 884	2 664 501	(9 982 653)	(104 491 233)	(42 028 815)
Investment income	3 664 187	1 722 087	10 129 671	257 103	2 090 143	1 717 546	19 580 736
Others	(979 523)	(460 354)	(2 707 898)	(68 730)	(558 744)	(459 140)	(5 234 388)
Technical result	32 330 090	3 058 992	45 759 658	2 852 874	(8 451 254)	(103 232 827)	(27 682 467)

FY 2019 Amounts in MZN	Non-Life						Total
	Workman compensation	Fire	Motor	Marine, Aviation, Transportation	Civil responsibility	Others	
Earned premium, direct insurance	134 203 565	170 707 696	352 949 659	38 190 390	103 748 711	376 023 373	1 175 823 393
gross claims, direct insurance	(286 592 690)	(1 562 449 165)	(227 057 563)	(29 137 179)	(93 971 682)	(632 536 533)	(2 831 744 811)
Other technical costs	-	-	-	-	-	-	-
Technical margin direct insurance	(152 389 125)	(1 391 741 469)	125 892 096	9 053 211	9 777 029	(256 513 160)	(1 655 921 418)
Result – reinsurance ceded	(30 248 746)	1 497 267 773	(5 698 189)	3 926 723	(10 869 810)	425 490 168	1 879 867 920
Net technical margin	(182 637 871)	105 526 304	120 193 907	12 979 935	(1 092 781)	168 977 008	223 946 502
Operational expenses	(64 877 392)	(33 434 246)	(146 326 294)	(5 305 491)	(39 575 741)	(53 002 824)	(342 521 988)
Net operational result	(247 515 263)	72 092 058	(26 132 387)	7 674 443	(40 668 522)	115 974 184	(118 575 486)
Investment income	2 301 122	823 854	6 280 582	144 740	1 569 526	1 132 459	12 252 283
Others	5 698 472	2 040 183	15 553 163	358 432	3 886 756	2 804 409	30 341 414
Technical result	(239 515 670)	74 956 095	(4 298 642)	8 177 616	(35 212 240)	119 911 052	(75 981 789)

Business lines – Financial position as at 31 December 2020 and 2019:

2020 Amounts in MZN	Life	Non-life	Total 2020
Cash and cash equivalents and demand deposits	86 056 393	344 225 571	430 281 964
Available-for-sale assets	112 000 000	483 015 682	595 015 682
Loans and receivables	77 555 000	629 247 867	706 802 867
Property	138 695 500	168 060 000	306 755 498
Property depreciation	(37 382 530)	-	(37 382 530)
Other tangible and intangible assets and inventories	-	48 228 260	48 228 260
Property amortization	-	(16 174 224)	(16 174 224)
Technical provisions for reinsurance ceded	29 292 342	412 661 063	441 953 405
Other debtors and current tax assets	232 408 065	1 321 620 891	1 554 028 956
Accruals and deferrals	3 840 791	15 363 166	19 203 957
Total assets	642 465 561	3 406 248 276	4 048 713 835
Technical provisions	247 829 521	1 409 317 154	1 657 146 675
Other creditors and current tax liabilities	184 086 797	1 046 835 258	1 230 922 054
Accruals and deferrals	73 297 353	416 815 628	490 112 981
Total liabilities	505 213 671	2 872 968 040	3 378 181 711
% Technical provisions	14.96%	85.04%	

2019 Amounts in MZN	Life	Non-life	Total 2019
Cash and cash equivalents and demand deposits	33 729 379	134 917 517	168 646 896
Available-for-sale assets	116 933 800	385 576 942	502 510 742
Loans and receivables	155 695 000	395 843 734	551 538 734
Property	138 695 500	168 870 472	307 565 971
Property depreciation	(32 522 867)	-	(32 522 867)
Other tangible and intangible assets and inventories	-	30 540 749	30 540 749
Property amortization	-	(13 433 046)	(13 433 046)
Technical provisions for reinsurance ceded	7 462 924	903 742 993	911 205 917
Other debtors and current tax assets	154 683 878	1 557 963 499	1 712 647 376
Accruals and deferrals	2 828 874	11 315 495	14 144 369
Total assets	577 506 487	3 575 338 355	4 152 844 841
Technical provisions	183 604 266	1 849 247 306	2 032 851 572
Other creditors and current tax liabilities	114 212 583	1 150 339 893	1 264 552 476
Accruals and deferrals	38 353 077	386 289 085	424 642 161
Total liabilities	336 169 925	3 385 876 284	3 722 046 209
% Technical provisions	9.03%	90.97%	

Representation / guaranteeing the technical reserves (assets to be represented on 31 December 2020:
MOZAMBICAN INSURANCE SUPERVISORY INSTITUTE (ISSM)
REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
LIFE INSURANCE
GLOBAL RESPONSIBILITIES (DIRECT INSURANCE AND REINSURANCE ACCEPTED)

Insurance company: Global Alliance Seguros, S.A.

RESPONSIBLE FOR INFORMATION: FINANCE

Mathematical provisions	235 215 850
Provisions for claims	12 613 671
Provision for profit sharing	-
Total	247 829 521

ASSETS TO BE REPRESENTED / CAUSED

NATURE OF THE ASSETS	LIMITS		AS PER THE LEDGER	REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
	%	MAXIMUM VALUES		
Treasury bills	100	247 829 521	112 000 000	112 000 000
Fixed deposits	35	86 740 332	77 555 000	77 555 000
Bonds	60	148 697 713	-	-
Shares	30	74 348 856	-	-
Buildings	45	111 523 284	101 312 970	101 312 970
Mortgage	25	61 957 380	-	-
Current deposits	20	49 565 904	85 637 241	49 565 904
Deposits with ceded companies	100	247 829 521	-	-
TOTAL			376,505,211	340,433,874

MOZAMBICAN INSURANCE SUPERVISORY INSTITUTE (ISSM)
REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
NON - LIFE INSURANCE
GLOBAL RESPONSIBILITIES (DIRECT INSURANCE AND REINSURANCE ACCEPTED)

Insurance company: Global Alliance Seguros, S.A.

RESPONSIBLE FOR INFORMATION: FINANCE

Provision for unearned premiums (UPR)	290 019 243
Provision for claims	917 534 448
WCA mathematical provisions	127 360 775
Provision for profit sharing	-
Provision for deviations accident	33 821 787
Unexpired risks provision	40 580 901
Total	1 409 317 154

ASSETS TO BE REPRESENTED / CAUSED

NATURE OF THE ASSETS	LIMITS		AS PER THE LEDGER	REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
	%	MAXIMUM VALUES		
Treasury bills	100	1 409 317 154	337 433 800	337 433 800
Fixed deposits	45	634 192 719	615 620 001	615 620 001
Bonds	40	563 726 862	-	-
Shares	20	281 863 431	-	-
Buildings	40	563 726 862	168 060 000	168 060 000
Mortgage	25	352 329 289	-	-
Current deposits	30	422 795 146	342 548 966	342 548 966
Deposits with ceded companies	100	1 409 317 154	-	-
TOTAL			1 463 662 767	1 463 662 767

Note 6 – Premiums earned net of reinsurance

This note gives details of premiums earned net of reinsurance:

	2020 MZN	2019 MZN
Gross Premium written	1 585 379 066	1 573 427 100
Ceded Reinsurance premiums	(688 529 129)	(628 833 564)
Premiums earned net of Reinsurance	896 849 937	944 593 536
Variation of unearned premiums	(12 082 823)	(15 901 435)
Variation of unearned premiums of ceded reinsurance	7 518 685	(11 525 735)
Net Variation of unearned premiums	(4 564 138)	(27 427 170)
Earned premiums, net reinsurance	892 285 799	917 166 366

The variation of unearned premiums includes the non-realized foreign exchange gains of MZN 63 170 510 (MZN 37 481 213 in 2019), and losses of MZN 43 228 330 (MZN 60 041 175 in 2019), according to requirements of the Ministerial Decree 222/2010 (see Note 25).

Further details in the premiums earned net of reinsurance below:

Amounts in MZN	2020			2019		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:	1 585 379 066	(688 529 129)	896 849 937	1 573 427 100	(628 833 564)	944 593 536
Life Insurance	347 074 078	(137 752 265)	209 321 813	381 702 272	(150 211 335)	231 490 937
Credit Life	291 259 172	(125 284 486)	165 974 686	341 136 280	(5 590 826)	335 545 454
Group life	34 979 339	(12 467 779)	22 511 560	23 720 017	(144 620 509)	(120 900 492)
Individual life	583 751	-	583 751	734 044	-	734 044
Group Funeral	2 090 067	-	2 090 067	2 319 685	-	2 319 685
Embedded Funeral	6 954 361	-	6 954 361	8 121 969	-	8 121 969
Standalone Funeral	11 207 388	-	11 207 388	5 670 277	-	5 670 277
Non - Life Insurance	1 238 304 988	(550 776 864)	687 528 123	1 191 724 828	(478 622 229)	713 102 599
Workman compensation	134 861 581	(6 202 911)	128 658 670	137 523 566	(3 594 576)	133 928 990
Personal Accident	165 100 089	(151 594 200)	13 505 889	124 108 600	(104 025 345)	20 083 255
Fire	234 784 324	(174 317 602)	60 466 721	177 968 736	(130 019 101)	47 949 635
Motor	359 698 292	(4 020 459)	355 677 833	375 732 300	(10 192 292)	365 540 008
Marine	16 351 352	(14 854 952)	1 496 400	24 345 983	(21 600 087)	2 745 896
Aviation	14 884 798	(13 585 119)	1 299 679	7 047 280	(6 504 684)	542 596
Transportation	9 172 900	(2 941 458)	6 231 443	8 139 063	(3 003 455)	5 135 608
Civil responsibility	78 081 892	(4 691 813)	73 390 079	101 888 022	(10 539 093)	91 348 929
Miscellaneous	225 369 760	(178 568 349)	46 801 410	234 971 277	(189 143 595)	45 827 682
Changes in provision for unearned premiums:	(12 082 823)	7 518 685	(4 564 138)	(15 901 435)	(11 525 735)	(27 427 170)
Non - Life Insurance	(12 082 823)	7 518 685	(4 564 138)	(15 901 435)	(11 525 735)	(27 427 170)
Workman compensation	(680 059)	-	(680 059)	(3 320 001)	-	(3 320 001)
Personal Accident	2 040 291	(2 825 774)	(785 483)	2 110 770	(1 196 344)	914 427
Fire	(12 723 238)	5 903 573	(6 819 665)	(7 261 041)	3 970 369	(3 290 672)
Motor	7 367 787	(171 949)	7 195 837	(22 782 641)	171 949	(22 610 692)
Marine	1 404 315	(1 165 626)	238 690	994 747	(983 354)	11 393
Aviation	(6 034 410)	5 569 907	(464 503)	(2 346 341)	2 224 254	(122 087)
Transportation	(1 412 026)	144 957	(1 267 069)	9 657	5 883	15 540
Civil responsibility	737 875	(111 244)	626 631	1 860 689	(1 630 170)	230 520
Miscellaneous	(2 783 358)	174 842	(2 608 517)	14 832 725	(14 088 322)	744 403
Earned premiums:	1 573 296 243	(681 010 444)	892 285 799	1 557 525 665	(640 359 299)	917 166 366
Life Insurance	347 074 078	(137 752 265)	209 321 813	381 702 272	(150 211 335)	231 490 937
Credit Life	291 259 172	(125 284 486)	165 974 686	341 136 280	(5 590 826)	335 545 454
Group life	34 979 339	(12 467 779)	22 511 560	23 720 017	(144 620 509)	(120 900 492)
Individual life	583 751	-	583 751	734 044	-	734 044
Group Funeral	2 090 067	-	2 090 067	2 319 685	-	2 319 685
Embedded Funeral	6 954 361	-	6 954 361	8 121 969	-	8 121 969
Standalone Funeral	11 207 388	-	11 207 388	5 670 277	-	5 670 277
Non - Life Insurance	1 226 222 165	(543 258 179)	682 963 986	1 175 823 393	(490 147 964)	685 675 429
Workman compensation	134 181 522	(6 202 911)	127 978 611	134 203 565	(3 594 576)	130 608 989
Personal Accident	167 140 380	(154 419 974)	12 720 406	126 219 371	(105 221 689)	20 997 682
Fire	222 061 085	(168 414 030)	53 647 056	170 707 696	(126 048 732)	44 658 963
Motor	367 066 079	(4 192 408)	362 873 671	352 949 659	(10 020 342)	342 929 316
Marine	17 755 667	(16 020 578)	1 735 090	25 340 730	(22 583 441)	2 757 289
Aviation	8 850 388	(8 015 212)	835 176	4 700 940	(4 280 430)	420 509
Transportation	7 760 874	(2 796 501)	4 964 373	8 148 720	(2 997 573)	5 151 148
Civil responsibility	78 819 767	(4 803 058)	74 016 709	103 748 711	(12 169 263)	91 579 448
Miscellaneous	222 586 401	(178 393 508)	44 192 894	249 804 002	(203 231 917)	46 572 085

Note 7 – Costs of claims, net of reinsurance

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

	2020 MZN	2019 MZN
Claims Paid		
Gross amounts	(1 086 269 979)	(2 255 142 748)
Reinsurers' portion	667 175 297	1 807 714 122
Provision for claims (change)		
Gross amounts	471 119 246	(546 507 286)
Reinsurers' portion	(499 644 091)	501 188 030
Total before imputed costs (see Note 16)	(447 619 527)	(492 747 881)
Costs with Claims imputed	(92 909 686)	(101 666 543)
Total	(540 529 213)	(594 414 425)

Gross amounts of claims (changes in provisions for claims) includes the non-realized foreign exchange gains of MZN 5 725 268 (MZN 1 063 284 130 in 2019), and losses of MZN 247 214 997 (MZN 1 153 181 126 in 2019), according to requirements of the Ministerial Decree 222/2010 (see Note 25).

Further details in the cost of claims are as below:

Amounts in MZN	2020					
	Claims paid		Changes in provisions for claims		Imputed Costs (see Note 16)	Total
	Gross claims	Reinsurance portion	Gross change	Reinsurance portion		
Life Insurance	(42 324 599)	21 290 303	(7 960 054)	3 466 502	(21 684 814)	(47 212 661)
Credit Life	(32 438 911)	18 988 714	(7 174 352)	3 542 067	(17 194 243)	(34 276 725)
Group life	(7 320 763)	2 301 589	(203 010)	(75 565)	(2 332 098)	(7 629 848)
Individual life	-	-	-	-	(60 474)	(60 474)
Group Funeral	(340 100)	-	(224 790)	-	(216 522)	(781 412)
Embedded Funeral	(700 000)	-	(195 352)	-	(720 441)	(1 615 793)
Standalone Funeral	(1 524 825)	-	(162 550)	-	(1 161 036)	(2 848 411)
Non - Life Insurance	(1 043 945 380)	645 884 994	479 079 300	(503 110 594)	(71 224 872)	(493 316 551)
Workman compensation	(51 129 673)	5 293 104	21 992 485	(176 252)	(13 328 469)	(37 348 805)
Personal Accident	(13 394 012)	2 272 601	(3 993 691)	3 636 980	(1 399 150)	(12 877 273)
Fire	(437 329 775)	379 763 090	343 239 169	(323 660 231)	(6 264 085)	(44 251 832)
Motor	(125 079 446)	11 358 124	(22 902 967)	(6 544 691)	(36 846 650)	(180 015 630)
Marine	3 263 652	(631 115)	2 636 649	(2 638 353)	(155 020)	2 475 812
Aviation	1 833 300	(1 833 300)	(1 833 300)	1 833 300	(134 641)	(134 641)
Transportation	(2 534 985)	2 644 140	(4 826 482)	39 785	(645 550)	(5 323 092)
Civil responsibility	(36 450 160)	8 224 890	(10 393 353)	-8,014,664.93	(7 602 887)	(54 236 175)
Miscellaneous	(383 124 281)	238 793 461	155 160 791	(167 586 468)	(4 848 419)	(161 604 916)
Total	(1 086 269 979)	667 175 297	471 119 246	(499 644 091)	(92 909 686)	(540 529 213)

Amounts in MZN	2019					
	Claims paid		Changes in provisions for claims		Imputed claims cost	Total
	Gross claims	Reinsurance portion	Gross change	Reinsurance portion		
Life Insurance	(52 021 490)	22 578 247	(19 723 601)	11 351 438	(15 921 473)	(53 736 879)
Credit Life	(34 683 581)	19 103 520	(18 548 196)	11 274 978	(13 010 664)	(35 863 943)
Group life	(14 854 627)	3 474 727	(728 840)	76 460	(889 647)	(12 921 927)
Individual life	-	-	-	-	(83 769)	(83 769)
Group Funeral	(89 707)	-	(41 026)	-	(186 383)	(317 117)
Embedded Funeral	(1 221 204)	-	(226 029)	-	(959 699)	(2 406 932)
Standalone Funeral	(1 172 370)	-	(179 510)	-	(791 311)	(2 143 192)
Non - Life Insurance	(273 861 617)	37 502 146	(141 115 152)	16 684 157	(62 572 817)	(423 363 283)
Workman compensation	(59 203 088)	445 608	(22 574 354)	49 530	(13 224 045)	(94 506 348)
Personal Accident	(9 571 440)	6 181 105	(3 094 543)	3 735 134	(1 084 057)	(3 833 800)
Fire	(6 399 564)	(4 503 173)	(3 882 488)	(1 610 841)	(3 371 453)	(19 767 519)
Motor	(107 340 160)	-	(61 712 950)	-	(29 723 008)	(198 776 118)
Marine	(8 229 166)	5 576 851	(1 049 308)	2 269 645	(217 076)	(1 649 053)
Aviation	-	-	-	-	(17 324)	(17 324)
Transportation	(1 605 738)	-	(638 126)	-	(369 671)	(2 613 535)
Civil responsibility	(32 597 392)	23 471	(23 128 476)	11 803	(10 302 959)	(65 993 553)
Miscellaneous	(48 915 070)	29 778 285	(25 034 908)	12 228 884	(4 263 224)	(36 206 033)
Total	(2 255 142 748)	1 807 714 122	(546 507 286)	501 188 030	(101 666 543)	(594 414 425)

Note 8 – Mathematical provision – net of reinsurance

The mathematical reserves for life insurance are as follows:

	2020 MZN		2019 MZN	
	Gross amounts	Reinsurers' portion	Gross amounts	Reinsurers' portion
Life Insurance	(56 265 201)	18 362 916	(35 260 350)	4 433 634
Credit Life	(76 976 432)	19 292 040	(37 432 466)	3 468 437
Group life	1 247 205	(929 124)	(3 522 270)	1 517 262
Individual life	(1 125 345)	-	1 817 978	(46 581)
Group Funeral	(1 062 345)	-	(1 685 951)	-
Embedded Funeral	(1 085 713)	-	(1 299 755)	(17 624)
Standalone Funeral	22 737 429	-	6 862 115	(487 861)
Non - Life Insurance	(16 328 305)	-	(65 432 470)	(14 539)
Workman compensation	(16 328 305)	-	(65 432 470)	-
Personal Accident	-	-	-	(14 539)
Total	(72 593 507)	18 362 916	(100 692 820)	4 419 095

Note 9 – Net Operating Expenses

At year end 2020 and 2019, net operating Expenses comprised of:

	2020 MZN	2019 MZN
Acquisition Costs	(269 205 581)	(286 387 550)
Deferred Acquisition Costs (Change)	2 288 826	3 301 526
Administrative Costs	(185 357 134)	(202 827 283)
Reinsurance commissions and profit sharing	110 531 491	93 722 045
Total	(341 742 398)	(392 191 262)

Further details on the net operating expenses are as follows:

Net Operating Expenses	2020 MZN					Reinsurance commissions and profit
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs		
	Imputed Costs (see Note 16)	Commissions		Imputed Costs (see Note 16)	Commissions	
Life Insurance	(22 278 179)	(51 783 542)	-	(43 261 743)	-	7 257 317
Credit Life	(17 664 732)	(45 239 445)	-	(34 302 943)	-	7 257 317
Group life	(2 395 912)	(2 366 381)	-	(4 652 594)	-	-
Individual life	(62 129)	(106 137)	-	(120 647)	-	-
Group Funeral	(222 446)	(308 289)	-	(431 966)	-	-
Embedded Funeral	(740 155)	(1 814 181)	-	(1 437 298)	-	-
Standalone Funeral	(1 192 805)	(1 949 111)	-	(2 316 295)	-	-
Non - Life Insurance	(73 173 811)	(121 970 048)	2 288 826	(142 095 391)	-	103 274 175
Workman compensation	(13 693 178)	(20 568 063)	(132 511)	(26 590 627)	-	-
Personal Accident	(1 437 436)	(8 951 134)	(21 413)	(2 791 340)	-	33 008 715
Fire	(6 435 490)	(26 562 707)	2 522 696	(12 497 005)	-	35 374 541
Motor	(37 854 892)	(32 441 313)	(713 969)	(73 509 983)	-	-
Marine	(159 262)	(1 204 772)	(73 370)	(309 270)	-	2 220 632
Aviation	(138 325)	(27 112)	(77 177)	(268 612)	-	271 912
Transport	(663 214)	(1 252 880)	85 769	(1 287 888)	-	995 351
Civil resposnsability	(7 810 927)	(6 897 086)	(21 496)	(15 167 950)	-	134 271
Miscellaneous	(4 981 087)	(24 064 982)	720 296	(9 672 717)	-	31 268 754
Total	(95 451 991)	(173 753 590)	2 288 826	(185 357 134)	-	110 531 491
Total	(269 205 581)		2 288 826	(185 357 134)		110 531 491

Net Operating Expenses	2019 MZN					
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs		Reinsurance commissions and profit
	Imputed Costs (see Note 16)	Commissions		Imputed Costs (see Note 16)	Commissions	
Life Insurance	(25 597 119)	(68 087 447)	-	(49 706 753)	-	12 037 627
Credit Life	(37 102 950)	(29 157 552)	-	(72 049 797)	-	11 690
Group life	13 368 576	(35 355 084)	-	25 960 286	-	12 025 937
Individual life	(81 167)	(133 975)	-	(157 617)	-	-
Group Funeral	(256 499)	(342 302)	-	(498 093)	-	-
Embedded Funeral	(898 087)	(2 119 460)	-	(1 743 985)	-	-
Standalone Funeral	(626 991)	(979 074)	-	(1 217 547)	-	-
Non - Life Insurance	(78 851 345)	(113 851 639)	3 301 526	(153 120 530)	-	81 684 419
Workman compensation	(14 809 203)	(21 967 078)	656 711	(28 757 822)	-	15 914
Personal Accident	(2 220 707)	(6 472 187)	313 064	(4 312 365)	-	20 168 803
Fire	(5 302 033)	(19 142 006)	1 305 750	(10 295 957)	-	24 177 732
Motor	(40 419 599)	(28 811 722)	1 395 388	(78 490 360)	-	107,108.10
Marine	(303 628)	(1 411 675)	37 947	(589 611)	-	2 515 712
Aviation	(59 998)	(196 578)	77 807	(116 509)	-	287 500
Transport	(567 870)	(1 071 148)	(1 490)	(1 102 740)	-	720 207
Civil responsibility	(10 100 911)	(9 681 780)	(178 206)	(19 614 844)	-	1 301 517
Miscellaneous	(5 067 398)	(25 097 464)	(305 446)	(9 840 322)	-	32 389 927
Total	(104 448 464)	(181 939 087)	3 301 526	(202 827 283)	-	93 722 045
Total	(286 387 550)		3 301 526	(202 827 283)		93 722 045

Note 10 – Income

At year end 2020 and 2019, the income per category of each financial asset were as follows:

Amount in MZN	2020	2019
	Allocated / Total	Allocated / Total
Income	114 060 633	113 314 186
Interest on financial assets not carried at fair value through profit or loss	106 747 779	106 847 344
On available-for-sale assets	65 616 910	98 442 867
Interest on Fixed term deposits	41 130 869	8 404 478
Other income	7 312 855	6 466 842
Rental income from buildings (see Note 20)	7 312 855	6 466 842

Note 11 – Underwriting costs

At year end 2020 and 2019, the Underwriting costs were as presented below:

	Imputed Costs (see note 16)	
	2020 MZN	2019 MZN
Life Insurance	(20 659 910)	(23 737 764)
Credit Life	(16 381 580)	(34 407 821)
Group life	(2 221 875)	12 397 493
Individual life	(57 616)	(75 271)
Group Funeral	(206 288)	(237 867)
Embedded Funeral	(686 390)	(832 851)
Standalone Funeral	(1 106 161)	(581 447)
Non- Life Insurance	(67 858 522)	(73 123 644)
Workman compensation	(12 698 516)	(13 733 474)
Personal Accident	(1 333 021)	(2 059 396)
Fire	(5 968 021)	(4 916 897)
Motor	(35 105 142)	(37 483 551)
Marine	(147 694)	(281 572)
Aviation	(128 277)	(55 639)
Transportation	(615 039)	(526 620)
Civil responsibility	(7 243 547)	(9 367 189)
Miscellaneous	(4 619 265)	(4 699 306)
Total	(88 518 432)	(96 861 408)

Note 12 – Foreign exchange differences

Foreign exchange differences for the year 2020 and 2019 arise on the following items:

	2020 MZN	2019 MZN
Exchange rate fluctuation		
Receipts/payments of brokers and reinsurers	177 454 705	96 526 390
Debtors	29 004 189	8 355 408
Current and term deposits	75 067 597	1 647 727
Other	24 173 503	339 616
Total	305 699 993	106 869 141

In 2020 and 2019, this caption includes unrealized exchange rate gains of MZN 304 498 992 and MZN 189 822 454, losses of MZN 98 040 099 and MZN 93 296 064, respectively (see Note 25).

Exchange differences are due to the appreciation of the dollar against the metical that occurred during the year 2020.

The exchange rates were:

Currency	31.12.2020	Average 2020	31.12.2019	Average 2019
MZN/USD	74.99	69.42	61.41	62.53

Note 13 – Net losses/gains from non-financial assets

The value of MZN (810 472) registered on December 31, 2020 (MZN 6 762 238 in 2019), relates to the change in fair value of the properties assigned to technical provisions – Marginal Property (Headquarters). See also note 20.

	2020 MZN	2019 MZN
Life Insurance	(188 907)	(1 657 239)
Credit Life	(149 787)	(2 402 164)
Group life	(20 316)	865 524
Individual life	(527)	(5 255)
Group Funeral	(1 886)	(16 607)
Embedded Funeral	(6 276)	(58 145)
Standalone Funeral	(10 114)	(40 593)
Non - Life Insurance	(621 565)	(5 105 089)
Workman compensation	(116 111)	(958 795)
Personal Accident	(12 189)	(143 776)
Fire	(54 630)	(343 271)
Motor	(321 894)	(2 616 894)
Marine	(1 350)	(19 658)
Aviation	(1 173)	(3 884)
Transportation	(5 624)	(36 766)
Civil responsibility	(66 357)	(653 965)
Miscellaneous	(42 237)	(328 080)
Total	(810 472)	(6 762 328)

Note 14 – Other Technical Provisions, Net of Reinsurance (change) and Other Provisions (change)

The other technical provisions, net of reinsurance (variation) include the variation of claims deviation reserve and the unexpired risk reserve, net of reinsurance. See also note 23.

Other technical provisions, net of reinsurance (change)	2020 MZN			2019 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Claims deviation reserve	(32 320 867)	-	(32 320 867)	-	-	-
Unexpired risk reserve	19 295 512	-	19 295 512	(1 005 682)	-	(1 005 682)
Total	(13 025 355)	-	(13 025 355)	(1 005 682)	-	(1 005 682)

At year end 2020 and 2019, the details of the unexpired risk reserve are presented below:

Unexpired risk reserve	2020 MZN	2019 MZN
Life Insurance	-	136 931
Non - Life Insurance	19 295 512	(1 142 613)
Workman compensation	55 318 508	(38 558 382)
Personal Accident	-	26 424 759
Motor	-	6 301 451
Transportation	(208 658)	96 984
Civil responsibility	4 557 905	4 592 576
Miscellaneous	(40 372 243)	-
Total	19 295 512	(1 005 682)

The profit sharing, net of reinsurance as at 31 December 2020 is MZN 4 509 978 and as at 31 December 2019 is MZN 552 605.

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

	Other Provisions (change)	
	2020 MZN	2019 MZN
Life Insurance	(898 491)	364 001
Credit Life	(712 428)	527 618
Group life	(96 628)	(190 106)
Individual life	(2 506)	1 154
Group Funeral	(8 971)	3 648
Embedded Funeral	(29 851)	12 771
Standalone Funeral	(48 106)	8 916
Non - Life Insurance	(2 956 330)	1 121 296
Workman compensation	(552 253)	210 593
Personal Accident	(57 973)	31 579
Fire	(259 835)	75 397
Motor	(1 531 014)	574 782
Marine	(6 423)	4 318
Aviation	(5 579)	853
Transportation	(26 748)	8 075
Civil responsibility	(315 614)	143 639
Miscellaneous	(200 892)	72 060
Total	(3 854 821)	1 485 297

Note 15 – Other income/ expenses

Analysis of other technical income/costs, net reinsurance, at year end 2020 and 2019:

	2020 MZN	2019 MZN
Management of pension funds	21 958 164	64 549 019
Asset management fees– Absa	(5 790 233)	(10 108 320)
Pension funds – ACA	(19 141 137)	(15 735 000)
Other technical income/costs net of reinsurance	(2 973 205)	38 705 699
Bank commission/charges	(18 101 206)	(30 639 583)
Other (individually immaterial)	(10 863 193)	604 168
Other expenses	(28 964 399)	(30 035 415)

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	2020			2019		
	Technical account	Non- Technical account	Total	Technical account	Non- Technical account	Total
Claims costs (see Note 7)	(92 909 686)	-	(92 909 686)	(101 666 543)	-	(101 666 543)
Acquisition costs (see Note 9)	(95 451 991)	-	(95 451 991)	(104 448 464)	-	(104 448 464)
Administrative costs (see Note 9)	(185 357 134)	-	(185 357 134)	(202 827 283)	-	(202 827 283)
Costs of investment management (see Note 11)	(88 518 432)	-	(88 518 432)	(96 861 408)	-	(96 861 408)
Total	(462 237 242)	-	(462 237 242)	(505 803 698)	-	(505 803 698)

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

Costs by nature imputed	2020 MZN	2019 MZN
Staff Costs	230 387 500	236 258 102
Officers Remuneration	30 209 394	23 265 302
Staff Remunerations	154 816 584	146 789 433
Charges on Remuneration	11 148 247	9 700 132
Post-employment Benefits	0	-
Compulsory Insurance	2 452 977	2 715 986
Social welfare Costs	12 532 537	11 510 861
Other Staff Costs	19 227 762	42 276 388
Supplies and Services	189 867 888	232 266 551
Kindle Technologies – KIT	24 426 567	23 950 693
Audit, consulting, litigation and other	19 434 163	20 646 225
Integration costs – ABSA (Group Recharges)	87 314 231	100 949 001
Transfer pricing – ABSA	3 967 222	14 329 776
Advertising and Marketing	5 062 424	6 642 894
Communication	12 032 496	13 511 407
Technical Documentation	3 142 028	7 079 391
Rents	2 192 420	2 177 727
Maintenance and Repair	6 751 292	4 820 765
Stationery	2 612 809	2 198 036
Travel and accommodation	394 108	4 443 368
Entertainment expenses	892 145	3 557 415
Electricity, fuel and water	3 281 005	3 968 654
Others (i)	18 364 977	23 991 198
Taxes and fees	29 411 368	26 098 487
Depreciation for the period	12 570 486	11 180 558
Own use of buildings (see Note 20)	4 859 661	4 859 661
Intangible Asset (see Note 22)	2 327 271	2 351 092
Tangible Asset (see Note 21)	5 383 555	3 969 805
Total	462 237 242	505 803 698

- (i) Includes costs for office security (MZN 1 477 943), postage and notarisation (MZN 677 750), Associação Moçambicana de Seguros membership fees (MZN 225 000), general administrative expenses (MZN 4 793 586) and other services (MZN 11 190 697).

At the end of 2020 and 2019, GA had a staff compliment as below:

Average number of employees by professional category	2020	2019
Executive officers	8	8
Superior professionals	15	16
Middle professionals	25	28
Qualified professionals	37	40
Others	9	10
Total	94	102

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 31 December 2020 and 2019 is as follows:

	2020 MZN	2019 MZN
Current deposits	430 281 964	168 646 896
Total	430 281 964	168 646 896

Note 18 – Available-for-sale assets

The MZN 595 051 682 classified as available for sale assets as at 31 December 2020 comprises of:

Description	Bank	Currency	Start date	End date	Annual Interest rate	Total MZN
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	3/18/2020	3/21/2023	12.00%	337 433 800
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/22/2019	8/22/2021	11.06%	35 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	5/14/2019	11/14/2021	9.31%	25 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/27/2019	9/27/2021	9.56%	20 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/27/2019	2/27/2022	10.94%	17 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/13/2019	3/13/2022	9.56%	15 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/12/2020	8/11/2021	8.00%	96 315 843
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	11/5/2020	11/5/2021	7.60%	49 266 039
Total						595 015 682

The MZN 502 510 742 classified as available for sale assets as at 31 December 2019 comprises of:

Description	Bank	Currency	Start date	End date	Annual Interest rate	Total MZN
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	4/25/2019	5/13/2020	14.13%	52 576 942
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	10/13/2020	15.25%	25 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	10/13/2020	15.25%	21 855 400
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	10/13/2020	15.25%	3 144 600
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	4/25/2019	10/25/2020	14.13%	21 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	4/25/2019	10/26/2020	14.13%	50 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	5/22/2019	11/22/2020	13.44%	114 500 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	3/28/2019	3/28/2021	13.69%	50 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	4/25/2019	7/9/2021	14.13%	50 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/22/2019	8/22/2021	14.25%	35 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/27/2019	9/27/2021	13.69%	20 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	5/14/2019	11/14/2021	13.63%	25 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	12/21/2021	15.25%	2 433 800
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/27/2019	2/27/2022	14.00%	17 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/13/2019	3/13/2022	14.00%	15 000 000
Total						502 510 742

Note 19 – Loans and Receivables

The loans and receivables at year end 2020 and 2019 comprised of:

	2020 MZN	2019 MZN
Term Deposit in MZN – Capital & interest	400 982 195	238 460 534
Term Deposit in USD – Capital & interest	303 222 784	310 840 764
Term Deposit in ZAR – Capital & interest	2 597 888	2 237 436
Total	706 802 867	551 538 734

At year end 2020, Term deposits were as below:

Bank	Currency	Start date	End date	Annual Interest rate	Capital MZN	Interest MZN	Total MZN
African Banking Corporation (Mozambique), S.A.	USD	10/21/2020	10/21/2021	4.60%	74 990 000	671 006	75 661 006
African Banking Corporation (Mozambique), S.A.	USD	6/29/2020	6/29/2021	5.00%	37 495 000	950 216	38 445 216
African Banking Corporation (Mozambique), S.A.	USD	11/9/2020	11/9/2021	3.50%	74 990 000	373 923	75 363 923
Absa Bank Moçambique, S.A.	USD	11/18/2020	11/18/2021	2.75%	74 990 000	242 947	75 232 947
First Capital Bank, S.A.	USD	4/9/2020	4/9/2021	3.75%	37 495 000	1 024 692	38 519 692
Standard Bank Moçambique, S.A.	ZAR	7/28/2020	7/28/2021	3.00%	2 565 000	32 888	2 597 888
Société Générale Moçambique, S.A.	MZN	7/30/2020	7/31/2021	7.83%	45 000 000	1 486 627	46 486 627
First Capital Bank, S.A.	MZN	11/20/2020	11/20/2021	7.50%	63 000 000	530 753	63 530 753
Absa Bank Moçambique, S.A.	MZN	12/10/2020	12/10/2021	7.00%	90 000 000	362 466	90 362 466
First Capital Bank, S.A.	MZN	12/22/2020	12/18/2020	6.62%	64 000 000	104 469	64 104 469
African Banking Corporation (Mozambique), S.A.	MZN	1/14/2020	1/13/2021	10.00%	61 650 000	5 945 425	67 595 425
Société Générale Moçambique, S.A.	MZN	3/2/2020	3/2/2021	9.25%	7 000 000	539 288	7 539 288
Standard Bank Moçambique, S.A.	MZN	7/31/2020	7/31/2021	5.42%	60 000 000	1 363 167	61 363 167
Total					693 175 000	13 627 867	706 802 867

At year end 2019, term deposits were as below:

Bank	Currency	Start date	End date	Annual Interest rate	Capital MZN	Interest MZN	Total MZN
FNB - First National Bank, S.A.	USD	1/9/2019	1/9/2020	2.00%	61 410 000	1 197 916	62 607 916
Société Générale Moçambique, S.A.	MZN	2/28/2019	2/29/2020	9.30%	7 000 000	545 770	7 545 770
Standard Bank Moçambique, S.A.	ZAR	3/21/2019	3/20/2020	3.98%	2 170 000	67 436	2 237 436
First Capital Bank, S.A.	USD	4/2/2019	4/1/2020	3.75%	30 705 000	861 212	31 566 212
Standard Bank Moçambique, S.A.	MZN	11/21/2019	5/21/2020	7.50%	350 000	2 877	352 877
Standard Bank Moçambique, S.A.	MZN	5/22/2019	5/22/2020	4.00%	191 938	4 691	196 629
Standard Bank Moçambique, S.A.	MZN	5/22/2019	5/22/2020	4.00%	1 138 920	27 833	1 166 753
Standard Bank Moçambique, S.A.	MZN	5/22/2019	5/22/2020	4.00%	1 017 443	24 865	1 042 308
African Banking Corporation (Mozambique), S.A.	USD	6/29/2019	6/28/2020	3.85%	30 705 000	599 168	31 304 168
Standard Bank Moçambique, S.A.	MZN	7/8/2019	7/7/2020	1.00%	2 089 672	10 076	2 099 748
Standard Bank Moçambique, S.A.	MZN	7/8/2019	7/7/2020	1.00%	11 354	55	11 409
Standard Bank Moçambique, S.A.	MZN	7/17/2019	7/16/2020	2.00%	228 171	2 088	230 259
Société Générale Moçambique, S.A.	MZN	7/30/2019	7/31/2020	11.50%	45 000 000	2 183 425	47 183 425
Standard Bank Moçambique, S.A.	MZN	8/24/2019	8/24/2020	4.00%	2 982 013	42 157	3 024 170
Standard Bank Moçambique, S.A.	MZN	8/27/2019	8/26/2020	8.26%	230 000	6 558	236 558
African Banking Corporation (Mozambique), S.A.	USD	10/21/2019	10/20/2020	4.60%	61 410 000	549 493	61 959 493
UBA Moçambique, S.A.	USD	11/8/2019	11/7/2020	3.50%	61 410 000	312 097	61 722 097
First Capital Bank, S.A.	USD	11/15/2019	11/14/2020	3.50%	61 410 000	270 877	61 680 877
Société Générale Moçambique, S.A.	MZN	11/18/2019	11/18/2020	10.80%	63 000 000	801 567	63 801 567
Société Générale Moçambique, S.A.	MZN	12/4/2019	12/4/2020	10.80%	47 000 000	375 485	47 375 485
Standard Bank Moçambique, S.A.	MZN	12/19/2019	12/20/2020	9.20%	64 000 000	193 578	64 193 578
Total					543 459 510	8 079 224	551 538 734

Note 20 – Property

▪ Owner-occupied property

Movements in buildings occupied by the company during the 2020 and 2019 financial years are summarised in table below:

Amount in MZN	Balance at 31.12.2019			Transfers	Depreciation (see note 16)		Balance at 31.12.2020		
	Cost of the building	Accumulated Depreciation	Carrying Value		Transfer disposals	Depr For the year	Cost of the building	Accumulated Depreciation	Carrying Value
Own use of Building									
Property marginal	124 752 299	30 547 581	94 204 718	-	-	3 465 343	124 752 298	34 012 923	90 739 375
Property A9 Golden Sands	13 943 200	1 975 287	11 967 913	-	-	1 394 320	13 943 200	3 369 607	10 573 593
Total	138 695 499	32 522 867	106 172 632	-	-	4 859 663	138 695 498	37 382 530	101 312 968

Amount in MZN	Balance at 31.12.2018			Transfers	Depreciation (see note 16)		Balance at 31.12.2019		
	Cost of the building	Accumulated Depreciation	Carrying Value		Transfer disposals	Depr For the year	Cost of the building	Accumulated Depreciation	Carrying Value
Own use of Building									
Property marginal	124 752 300	27 082 240	97 670 060	-	-	3 465 341	124 752 299	30 547 581	94 204 718
Property A9 Golden Sands	13 943 200	580 967	13 362 233	-	-	1 394 320	13 943 200	1 975 287	11 967 913
Total	138 695 500	27 663 207	111 032 293	-	-	4 859 661	138 695 499	32 522 867	106 172 632

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

Amount in MZN	2020			2019		
	Life Insurance	Non-Life Insurance	Total	Life Insurance	Non-Life Insurance	Total
Repairs , Maintenance and other expenses	1 495 529	4 920 781	6 416 309	1 201 985	3 329 500	4 531 485

■ Investment Property

The properties held by GA were valued in 2020 by a qualified independent property valuator, Zambujo & Associados 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 Investment property	Fair value 31.12.2019	Additions		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2020
		Acquisition	Improvement				
Property marginal	168 870 472	-	-	-	-	(810 472)	168 060 000
Total	168 870 472	-	-	-	-	(810 472)	168 060 000

Amounts in MZN Investment property	Fair value 31.12.2018	Additions		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2019
		Acquisition	Improvement				
Property marginal	175 632 800	-	-	-	-	(6 762 328)	168 870 472
Total	175 632 800	-	-	-	-	(6 762 328)	168 870 472

Investment income from buildings – rental income is as follows:

Amounts in MZN	2020			2019		
	Life Insurance	Non - Life Insurance	Total	Life Insurance	Non - Life Insurance	Total
Rent (see note 10)	1 704 498	5 608 357	7 312 855	1 715 342	4 751 500	6 466 842

Note 21 – Other tangible Assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses.

The movements during the 2020 and 2019 financial years were:

Amounts in MZN	Balance as at 31.12.2019			Addition Acquisition	Decreases Transfer and disposals	Depreciation (see note 16)		Balance as at 31.12.2020		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
Furniture	18 035 193	7 693 561	10 341 632	16 439 077	1 126 580	1 126 580	4 852 100	33 347 691	11 419 081	21 928 609
Transport equipment	2 025 000	799 667	1 225 333	-	-	-	506 250	2 025 000	1 305 917	719 083
Total	20 060 193	8 493 228	11 566 965	16 439 077	1 126 580	1 126 580	5 358 350	35 372 691	12 724 998	22 647 693

Amounts in MZN	Balance as at 31.12.2018			Addition Acquisition	Decreases Transfer and disposals	Depreciation (see note 16)		Balance as at 31.12.2019		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
Furniture	25 037 470	17 178 876	7 858 594	5 538 979	12 541 256	12 541 256	3 055 942	18 035 193	7 693 561	10 341 632
Transport equipment	4 054 166	1 914 969	2 139 197	-	2 029 166	2 029 166	913 864	2 025 000	799 667	1 225 333
Total	29 091 636	19 093 845	9 997 791	5 538 979	14 570 422	14 570 422	3 969 805	20 060 193	8 493 228	11 566 965

Note 22 – Other intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

An analysis of the movements that occurred during 2020 and 2019 is given below:

Amounts in MZN	Balance as at 31.12.2019			Addition Acquisition	Decreases Transfer and disposals	Amortization (see note 16) Transfer and disposals	Depr for the year	Balance as at 31.12.2020		
	Cost	Accumulated depreciation	Carrying value					Cost	Accumulated depreciation	Carrying value
IT Application	10 034 056	4 939 818	5 094 238	6 075 526	3 817 862	3 817 862	2 327 271	12 291 719	3 449 226	8 842 493
Total	10 034 056	4 939 818	5 094 238	6 075 526	3 817 862	3 817 862	2 327 271	12 291 719	3 449 226	8 842 493

Amounts in MZN	Balance as at 31.12.2018			Addition Acquisition	Decreases Transfer and disposals	Amortization (see note 16) Transfer and disposals	Depr for the year	Balance as at 31.12.2019		
	Cost	Accumulated depreciation	Carrying value					Cost	Accumulated depreciation	Carrying value
IT Application	9 410 515	4 640 239	4 770 276	2 675 054	2 051 513	2 051 513	2 351 092	10 034 056	4 939 818	5 094 238
Total	9 410 515	4 640 239	4 770 276	2 675 054	2 051 513	2 051 513	2 351 092	10 034 056	4 939 818	5 094 238

Note 23 – Technical Provisions

The summary of technical provisions in 2020 and 2019 is presented below:

Technical provisions	2020 MZN			2019 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Provision for unearned premium	290 019 243	129 169 450	160 849 794	280 225 246	121 650 764	158 574 482
Mathematical provision	362 576 625	24 772 874	337 803 752	289 983 118	6 409 958	283 573 161
Provision for Claims	930 148 119	272 218 145	657 929 973	1 401 267 365	771 862 237	629 405 128
For Life Insurance	12 613 671	4 519 468	8 094 203	4 653 617	1 052 966	3 600 651
For non-life Insurance	917 534 448	267 698 677	649 835 771	1 396 613 748	770 809 271	625 804 477
Profit share provision	-	15 792 936	(15 792 936)	-	11 282 958	(11 282 958)
Claims deviation reserve	33 821 787	-	33 821 787	1 499 430	-	1 499 430
Unexpired risk reserve	40 580 901	-	40 580 901	59 876 413	-	59 876 413
Total	1 657 146 675	441 953 405	1 215 193 271	2 032 851 572	911 205 917	1 121 645 655

Provisions for unearned premiums are as follows:

Provision for unearned premium (direct insurance and reinsurance accepted)	2020 MZN			2019 MZN		
	Unearned premium	Deferred acquisition cost	Net	Unearned premium	Deferred acquisition cost	Net
Non-life						
Workman compensation	30 292 755	4 561 087	25 731 668	29 612 696	4 693 598	24 919 098
Personal Accident	26 682 113	1 698 661	24 983 452	28 722 404	1 720 074	27 002 330
Fire	69 313 186	6 884 552	62 428 634	56 589 948	4 361 856	52 228 092
Motor	84 894 914	6 719 325	78 175 589	92 262 700	7 433 294	84 829 407
Marine	3 534 955	238 669	3 296 286	4 939 270	312 039	4 627 231
Aviation	8 707 731	6 983	8 700 747	2 673 321	84 161	2 589 160
Transportation	1 795 632	140 841	1 654 791	383 606	55 072	328 534
Civil responsibility	20 325 894	1 204 511	19 121 383	21 063 770	1 226 007	19 837 763
Miscellaneous	72 949 338	7 022 644	65 926 694	70 165 979	6 302 348	63 863 631
Total	318 496 517	28 477 274	290 019 243	306 413 694	26 188 448	280 225 246

Provision for unearned premium (reinsurance ceded)	2020 MZN			2019 MZN		
	Unearned premium	Deferred acquisition cost	Net	Unearned premium	Deferred acquisition cost	Net
Non-life						
Workman compensation	-	-	-	-	-	-
Personal Accident	24 513 470	4 587 364	19 926 105	26 029 544	3 277 665	22 751 879
Fire	52 955 846	6 461 139	46 494 707	45 656 972	5 065 838	40 591 134
Motor	0	0	0	214,936.64	42,987.33	171,949.31
Marine	3 106 256	318 714	2 787 542	4 408 451	455 283	3 953 168
Aviation	8 098 460	7 911	8 090 549	2 607 764	87 122	2 520 642
Transportation	299 169	60 593	238 576	117 024	23 405	93 619
Civil responsibility	67 148	13 430	53 719	206 204	41 241	164 963
Miscellaneous	59 321 653	7 743 402	51 578 251	57 957 674	6 554 265	51 403 409
Total	148 362 003	19 192 553	129 169 450	137 198 571	15 547 806	121 650 764

The table below shows the Mathematical Provisions:

Mathematical provision	2020 MZN			2019 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Life Insurance	235 215 850	24 772 874	210 442 976	178 950 648	6 409 958	172 540 691
Credit Life	216 134 365	24 159 614	191 974 750	139 157 933	4 867 575	134 290 359
Group life	4 101 483	613 259	3 488 224	5 348 688	1 542 383	3 806 305
Individual life	2 694 050	-	2 694 050	1 568 705	-	1 568 705
Funeral benefit	2 748 296	-	2 748 296	1 685 951	-	1 685 951
Embedded Funeral	3 666 857	-	3 666 857	2 581 144	-	2 581 144
Standalone (Bancassurance)	5 870 797	-	5 870 797	28 608 226	-	28 608 226
Non - Life Insurance	127 360 775	-	127 360 775	111 032 470	-	111 032 470
Workman compensation	127 360 775	-	127 360 775	111 032 470	-	111 032 470
Total	362 576 625	24 772 874	337 803 752	289 983 118	6 409 958	283 573 161

The table below summarises information about provisions for claims:

Provision for claims	2020 MZN			2019 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Life Insurance	12 613 671	4 519 468	8 094 203	4 653 617	1 052 966	3 600 651
Credit Life	10 490 819	4 194 334	6 296 485	3 316 468	652 267	2 664 201
Group life	1 186 268	325 134	861 133	983 257	400 699	582 558
Funeral benefit	251 083	-	251 083	26 292	-	26 292
Embedded Funeral	345 352	-	345 352	150 000	-	150 000
Standalone (Bancassurance)	340 150	-	340 150	177 600	-	177 600
Non - Life Insurance	917 534 448	267 698 677	649 835 771	1 396 613 748	770 809 271	625 804 477
Workman compensation	361 683 854	254 926	361 428 928	383 676 338	431 178	383 245 161
Personal Accident	5 577 976	4 954 506	623 470	1 584 286	1 317 527	266 759
Fire	229 700 605	169 798 819	59 901 785	572 939 773	493 459 050	79 480 723
Motor	100 817 737	787	100 816 950	77 914 770	6 545 479	71 369 292
Marine	7 034 238	6 742 034	292 204	9 670 887	9 380 387	290 500
Aviation	10 123 650	10 123 650	-	8 290 350	8 290 350	-
Transportation	5 920 214	39,785.42	5 880 428	1 093 731	-	1 093 731
Civil responsibility	94 959 949	0	94 959 949	84 566 596	8 014 665	76 551 931
Miscellaneous	101 716 225	75 784 169	25 932 056	256 877 016	243 370 636	13 506 380
Total	930 148 119	272 218 145	657 929 973	1 401 267 365	771 862 237	629 405 128

The table below shows the unexpired risk reserve:

Unexpired risk reserve	2020 MZN	2019 MZN	Change (see Note 14)
Non - Life Insurance	40 580 901	59 876 413	19 295 512
Workman compensation	-	55 318 508	55 318 508
Transportation	208 658	-	(208 658)
Civil responsibility	-	4 557 905	4 557 905
Miscellaneous	40 372 243	-	(40 372 243)
Total	40 580 901	59 876 413	19 295 512

Note 24 - Other Debtors for Insurance & Other Operations

In 2020 and 2019 years, this account had the following composition:

	2020 MZN	2019 MZN
Accounts receivable from direct insurance operations		
Insurance holders	135 180 526	60 318 368
Insurance brokers	100 974 847	136 224 757
Co-insurance	773 757	1 174 340
	236 929 130	197 717 464
Adjustment: provision for bad debtors	(11 046 413)	(7 191 592)
	225 882 717	190 525 872
Accounts receivable from reinsurance operations		
Other reinsurers	920 891 806	860 274 962
	920 891 806	860 274 962
Accounts receivable from other operations		
Other debtors	180 898 717	131 174 253
	180 898 717	131 174 253
Total	1 327 673 239	1 181 975 088

This table gives details of the adjustment of pending premium receipts

Amount in MZN	Balance at 31.12.2018	Adjustments (see Note 14)	Balance at 31.12.2019	Adjustments (see Note 14)	Balance at 31.12.2020
Adjustment of provision for bad debtors	8 676 889	(1 485 297)	7 191 592	3 854 821	11 046 413
Total	8 676 889	(1 485 297)	7 191 592	3 854 821	11 046 413

Note 25 – Current and Deferred Tax

This note analyses tax assets and liabilities in 2020 and 2019:

	2020 MZN	2019 MZN
Stamp tax	-	16 028 939
Estimated tax	101 781 669	94 393 528
Current tax asset	101 781 669	110 422 467
Investment Properties	259 351	2 163 945
Unfavourable foreign exchange	124 314 696	418 085 877
Deferred tax Asset	124 574 047	420 249 822
Tax asset	226 355 717	530 672 288
Other tax		
Stamp Tax	9 977 769	8 867 542
Supervision Fee	1 966 786	1 906 981
Individual Income Tax	12 245 832	29 020 986
VAT	66 823 283	64 946 365
Other tax	938 476	919 510
Current Tax liability	91 952 145	105 661 385
Favourable Foreign Exchange	119 486 346	412 988 095
Deferred Tax Liability	119 486 346	412 988 095
Tax Liability	211 438 491	518 649 480

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

	2020 MZN	2019 MZN
Deferred Tax	(2 174 025)	11 003 075
Total tax recognized in results	(2 174 025)	11 003 075

The estimated tax rate of the company for the year 2020 is about 31.71%. The reconciliation of the tax rate is presented below:

	2020 MZN		2019 MZN	
	Amount	Rate	Amount	Rate
Net Income before Tax	241 907 517		(39 450 951)	
Tax payable at nominal rate	(77 410 406)	-32.00%	12 624 304	-32.00%
<i>Current tax cost / (income)</i>	-		-	
<i>Deferred tax cost / (income)</i>	(2 174 025)		11 003 075	
Effective tax charge recognized in profit or loss	(2 174 025)		11 003 075	
Effective rate		-0.90%		27.89%
Differences to be reconciled				
Impact of non-deductible expenses	76 714 718	-31.71%	(9 103 320)	-23.08%

Self- assessments of an 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 Directors, that there will be no significant corrections to taxes on profits recorded in the financial statements.

	31-Dec-2020		31-Dec-2019	
	Tax rate	Amount	Tax rate	Amount
Profit before taxation		239 733 492		(28 447 875)
Negative net worth variation		-		-
Income tax using domestic rate	32%	76 714 718	32%	(9 103 320)
Fiscal corrections:				
Exchange rate losses	161.71%	124 055 345	-4568.90%	415 921 932
Non-deductible depreciations	0.68%	523 423	-4.02%	366 299
Non deductible provisions and impairments	1.87%	1 432 961	-10.05%	914 460
Impairments of financial assets	0.34%	259 351	-23.77%	2 163 945
Non deductible fringe benefits	0.79%	604 634	-5.61%	511 127
Donations non deductible for tax purposes	0.16%	120 320	-0.62%	56 514
Taxes due by third parties	0.58%	442 471	-2.90%	263 959
Penalties, compensatory interest and other legal infringements	0.01%	5 719	-0.18%	16 428
50% of daily allowances and kilometres	0.25%	190 914	-3.45%	314 131
80% of entertainment expenses	0.30%	228 389	-10.56%	960 905
50% of expenses with passenger vehicles	0.18%	135 427	-2.17%	197 597
Costs from previous years	0.00%	-	-1.97%	179 440
Reduction of non-taxed exchange differences	538.34%	412 988 095	-279.68%	25 460 541
Deferred taxes	0.91%	695 688	0.00%	-
Bad debtors	0.13%	99 997	-0.75%	68 141
Fraud Losses	3.95%	3 027 326	0.00%	-
Expenses incurred with trainees	0.09%	68 677	-0.75%	68 141
Share expenses and bursaries	0.00%	-	-2.05%	186 720
Withholding tax - interest on bonds	4.48%	3 436 880	-58.46%	5 322 092
Exchange rate profits	-155.75%	(119 486 346)	4536.68%	(412 988 095)
Reposition of taxed exchange differences	-542.17%	(415 921 932)	266.53%	(24 263 309)
Bond interest	-25.29%	(19 401 230)	2.92	(26 610 460)
Current tax	92%	70 220 828	259%	(23 581 937)
Tax losses carried forward	32%	(162 144 788)	0.00%	-
Tax payable / (recovered)		(91 923 960)		(23 581 937)

As at 31 December 2020, the company had an accumulated tax loss of MZN 438 002 116 which include an amount carried forward in 2019 of MZN 506 702 461. This amount will be recovered over 5 financial years. Management decided not to recognize the deferred tax assets associated with these losses until conditions established in IAS 12 are met.

Tax losses are presented as follows (MZN):

Tax losses 2017:	450 939 025
Utilization in 2018:	(18 275 882)
Tax losses 2019:	74 039 318
Tax losses as at 31/12/2019	<u>506 702 461</u>

Note 26 – Accruals and Deferrals

The accruals and deferrals in 2020 and 2019 comprised of:

	2020 MZN	2019 MZN
Accruals and Deferred Assets		
Interest Receivable	19 179 781	14 058 660
Other accruals and deferrals	24 176	85 709
	19 203 957	14 144 369
Accruals and Deferred Liabilities		
Remuneration and bonus	5 864 813	-
Audit fees	1 937 520	1 957 254
Accrual leave pay	15 154 287	10 675 899
Absa Life Ltd	41 116 842	46 381 440
Absa Insurance Company Ltd	204 512 970	154 247 139
Absa Financial Services Africa Holdings Pty Ltd	143 510 535	154 298 683
ACA – Actuaries	3 078 000	1 314 000
Asset management – ABSA – fees	15 898 553	10 108 320
Treaties – AON	25 756 442	7 519 611
Others	33 283 019	38 139 815
	490 112 981	424 642 161

No provision has been recognised in respect of probable contingencies payable in future.

Note 27 – Other creditors for insurance operations and other operations

Set out below is the detail of other creditors in 2020 and 2019:

	2020 MZN	2019 MZN
Payables for direct insurance operations		
Insurance brokers	24 345 554	19 915 506
Co-insurance	10 430 634	97 977 163
	34 776 189	117 892 669
Payables for reinsurance operation		
Other reinsurer	820 957 196	556 508 472
	820 957 196	556 508 472
Payables for other operations		
Other creditors	163 750 179	71 501 855
	163 750 179	71 501 855
Total	1 019 483 564	745 902 996

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

The authorized and issued share capital of GA as at 31 December 2020, of MZN 280 090 000, represented by 280 090 000 shares with a nominal value of MZN 1 is fully subscribed and paid.

	2020	2019
Number of shares at 1 January	242 090 000	242 090 000
Capital increase	38 000 000	-
Number of shares on 31 December	280 090 000	242 090 000

Instituto de Supervisão de Seguros de Moçambique (ISSM) published Decree n. 39/2018 on 5 July 2018, advising of the changes of the required minimal share capital for entities qualified to exercise insurance activity, and the ongoing activities to comply with the said Decree. Companies have a maximum period of three years, in order to adapt to the values of the approved capital, non-compliance will result in revocation of the authorization to exercise in such activity. The Company is a composite insurer therefore required to have minimum share capital of MZN 295 000 000 by 4 July 2021.

The Company made an increased share capital by MZN 38 000 000, of which MZN 23 000 000 is from legal reserves and MZN 15 000 000 from other reserve.

In 2020, GA maintained the same shareholding structure.

	Number of shares	Percentage of shareholding	Share capital	
			2020 MZN	2019 MZN
Absa Financial Services Africa Holdings Pty Ltd	274 488 200	98.00%	274 488 200	237 248 200
Absa Insurance Company Ltd	2 800 900	1.00%	2 800 900	2 420 900
Absa Life Ltd	2 800 900	1.00%	2 800 900	2 420 900
Total	280 090 000	100.00%	280 090 000	242 090 000

Retained Earnings

The retained earnings in 2020 and 2019 are presented as follows:

	2020 MZN	2019 MZN
As at 1 January	66 089 752	61 616 491
Application of the net income as per approval	(28 447 875)	4 473 261
As at 31 December	37 641 877	66 089 752

The application of the net profit for the financial year 2020 and 2019 was carried out as follows:

Application of Net Profit	2020 MZN	2019 MZN
Income for the year	239 733 492	(28 447 875)
<i>Application:</i>		
Fund legal reserve	47 946 698	-
Other Reserves	14 910 000	-
Retained earnings	176 876 794	(28 447 875)
Dividends per share	-	-

No dividend was declared or paid during 2020.

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

Other Reserves

It includes free reserves, which result from positive results, that are 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 Instituto de Supervisão de Seguros de Moçambique (ISSM) Decree 39/2018;
- (ii) 10% from the moment the amount referred to in the previous paragraph has been reached, until this reserve represents an amount equal to the capital.

Detail of other reserves:

	2020 MZN	2019 MZN
Legal Reserve	111 095 876	134 095 876
Share Premium	1 970 879	1 970 879
Other Reserves	-	15 000 000
Total	113 066 755	151 066 755

Note 29 – Transactions with related parties

As at 31 December 2020 and 2019 the value of Directors' remuneration and Leave balances is as follows:

	2020 MZN	2019 MZN
Income statement information		
Directors Remuneration	30 209 394	23 265 302
Balance sheet information		
Leave	15 154 287	10 675 899

The analysis of transactions with related parties in 2020 and 2019 is as follows:

Receivables and payables	2020 MZN		2019 MZN	
	Absa Bank Moçambique, S.A.	Absa	Absa Bank Moçambique, S.A.	Absa
Cash and cash equivalents and current deposits	74 360 786	5 835 713	47 236 856	2 912 401
Accounts receivable from direct insurance	79 653 360	-	58 503 740	-
Total Assets	154 014 147	5 835 713	105 740 596	2 912 401
Provision for unearned premium	52 414 481	-	50 314 591	-
Accounts payable from direct insurance	8 380 821	-	4 088 412	-
GA staff loans	33 801 479	-	27 584 286	-
Absa Financial Services Africa Holdings Pty Ltd	-	15 898 553	-	10 108 320
Absa Life Ltd	-	41 116 842	-	46 381 440
Absa Insurance Company Ltd	-	204 512 970	-	154 247 139
Absa Financial Services Africa Holdings Pty Ltd	-	143 510 535	-	154 298 683
Total Liabilities	94 596 781	405 038 900	81 987 290	365 035 582

Income statement information	2020 MZN		2019 MZN	
	Absa Bank Moçambique, S.A.	Absa	Absa Bank Moçambique, S.A.	Absa
Premiums from direct insurance	157 400 845	-	151 094 869	-
Admin fees for managing pension fund	18 487 433	-	17 561 032	-
Total Income	175 888 278	-	168 655 900	-
GA staff loans	(6 217 192)	-	(27 584 286)	-
Absa Financial Services Africa Holdings Pty Ltd	-	(5 790 233)	-	(10 108 320)
Absa Life Ltd	-	(14 455 185)	-	(1 454 602)
Absa Insurance Company Ltd	-	(42 042 842)	-	(67 243 671)
Absa Financial Services Africa Holdings Pty Ltd	-	(23 176 818)	-	(3 226 562)
Total Expenses	(6 217 192)	(85 465 077)	(27 584 286)	(82 033 155)

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 Africa Holdings (Pty) Ltd. The various functions related to the management of risks are reviewed monthly and quarterly respectively by GA Executive team and Enterprise Review Committee (ERC).

GA transactions related to insurance business are subject to supervision by the Regulator (Instituto de Supervisão de Seguros de Moçambique), 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	
	Foreign Exchange Risk	
	Interest rate risk	

1) Specific risk of insurance

The main GA activity constitutes an acceptance of third party risk, 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 Motor, Workman compensation and fire. 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 are 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 2020	Amounts paid- costs (1)	Amounts paid- imputed costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	51 129 673	13 328 469	(22 172 386)	42 285 756
Personal accident	13 394 012	1 399 150	3 453 986	18 247 148
Fire	437 329 775	6 264 085	(343 419 070)	100 174 789
Motor	125 079 446	36 846 650	22 723 065	184 649 161
Marine	(3 263 652)	155 020	(2 816 550)	(5 925 182)
Aviation	(1 833 300)	134 641	1 833 300	134 641
Transportation	2 534 985	645 550	4 646 581	7 827 115
Civil responsibility	36 450 160	7 602 887	10 033 550	54 086 597
Miscellaneous	383 124 281	4 848 419	(155 880 397)	232 092 303
Total Non-life	1 043 945 380	71 224 872	(481 597 922)	633 572 330

Amounts In MZN 2019	Amounts paid- costs (1)	Amounts paid- imputed costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	266 956 931	14 414 769	5 220 990	286 592 690
Personal accident	15 367 170	2 161 559	1 065 767	18 594 496
Fire	1 107 415 504	5 160 816	449 872 845	1 562 449 165
Motor	200 072 533	39 343 048	(12 358 018)	227 057 563
Marine	14 211 026	295 541	(1 955 127)	12 551 439
Aviation	92 531 992	58 400	(79 262 869)	13 327 523
Transportation	3 088 094	552 745	(382 622)	3 258 217
Civil responsibility	54 707 970	9 831 879	29 431 833	93 971 682
Miscellaneous	416 746 598	4 932 431	192 263 008	613 942 037
Total Non-life	2 171 097 818	76 751 188	583 895 805	2 831 744 811

Additional information per product classes is as follows:

Amounts In MZN 2020	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	134 861 581	134 181 522	42 285 756	60 984 380	(1 086 059)
Personal accident	165 100 089	167 140 380	18 247 148	13 201 322	(115 501 679)
Fire	234 784 324	222 061 085	100 174 789	42 972 506	(76 936 630)
Motor	359 698 292	367 066 079	184 649 161	144 520 156	621 025
Marine	16 351 352	17 755 667	(5 925 182)	1 746 673	(17 069 414)
Aviation	14 884 798	8 850 388	134 641	511 226	(7 743 300)
Transportation	9 172 900	7 760 874	7 827 115	3 118 213	882 775
Civil responsibility	78 081 892	78 819 767	54 086 597	29 897 458	(4 458 562)
Miscellaneous	225 369 760	222 586 401	232 092 303	37 998 490	(75 917 761)
Total Non-life	1 238 304 988	1 226 222 165	633 572 330	334 950 425	(297 209 603)

Amounts In MZN 2019	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	137 523 566	134 203 565	286 592 690	64 877 392	(30 248 746)
Personal accident	124 108 600	126 219 371	18 594 496	12 692 195	(69 923 270)
Fire	177 968 736	170 707 696	1 562 449 165	33 434 246	1 497 267 773
Motor	375 732 300	352 949 659	227 057 563	146 326 294	(5 698 189)
Marine	24 345 983	25 340 730	12 551 439	2 266 966	(6 170 120)
Aviation	7 047 280	4 700 940	13 327 523	295 277	12 374 209
Transportation	8 139 063	8 148 720	3 258 217	2 743 248	(2 277 366)
Civil responsibility	101 888 022	103 748 711	93 971 682	39 575 741	(10 869 810)
Miscellaneous	234 971 277	249 804 002	613 942 037	40 310 629	495 413 438
Total Non-life	1 191 724 828	1 175 823 393	2 831 744 811	342 521 988	1 879 867 920

2) Investment Risk

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

a) Credit risk

Credit risk is the risk that GA will incur a loss because counterparties fail to meet their obligations. 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 debt instruments and balances at banks.

GA mitigates credit risk through diversifying its risk to more than one entity/counterparty. Each year the company reviews 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 to manage the risks to which the company 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 analysed.

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 limit is as follows:

- Exposure to single rated counterparty (30%)
- Exposure to single unrated counterparty (5%)
- Total exposure to unrated counterparty (10%)
- Exposure to government bonds (100%)
- Exposure to corporate bonds (0%)
- Exposure to investment property (15%)

None of the assets were pledged as collateral at the year end

Amounts in MZN	2020		2019	
	Amount	%	Amount	%
Assets available for sale				
Bonds and other fixed income				
From public issuers	222 581 882	12%	424 933 800	31%
From private issuers	372 433 800	20%	77 576 942	6%
Loans and Receivables				
Term Deposits	706 802 867	37%	551 538 734	40%
Cash and cash equivalents and current deposits	430 281 964	23%	168 646 896	12%
Investment property	168 060 000	9%	168 870 472	12%
Total	1 900 160 513	100%	1 391 566 844	100%

b) Market risk

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. The main components of financial risks are interest rate and credit risks associated with its investment assets.

The company's exposure is not material due to the nature of financial instruments held at year end.

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 uses 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				
2020				
Amounts owing to related parties	-	447 221 200		447 221 200
Trade payables	-	925 889 651	-	925 889 651
	-	1 373 110 850	-	1 373 110 850
2019				
Amounts owing to related parties	-	396 708 281		396 708 281
Trade payables	-	741 814 583	-	741 814 583
	-	1 138 522 865	-	1 138 522 865

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

Reconciliation of amounts owing to related parties and trade payables:

	2020	2019
Amounts owing to related parties		
Total related parties liabilities – Note 29	499 635 681	447 022 872
Provision for unearned premium – Note 29	(52 414 481)	(50 314 591)
Amounts in liquidity risk analysis	447 221 200	396 708 281
Trade payables		
Total trade and other payables – Note 27	934 270 471	745 902 996
Accounts payable from direct insurance – Note 29	(8 380 821)	(4 088 412)
Amounts in liquidity risk analysis	925 889 651	741 814 583

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	Less than 1 month	1-3 months	3-12 months	Exceeding 1 year	Total
2020					
Amounts owed by related parties	-	79 653 360	-	-	79 653 360
Trade and other receivables	-	1 165 926 531	-	-	1 165 926 531
Loans and receivables	-	-	0	-	0
Available for sale assets	-	-	-	595 015 682	595 015 682
Cash and cash equivalents	430 281 964	-	-	-	430 281 964
	430 281 964	1 245 579 892	0	595 015 682	2 270 877 537
2019					
Amounts owed by related parties	-	58 503 740	-	-	58 503 740
Trade and other receivables	-	1 123 471 348	-	-	1 123 471 348
Loans and receivables	-	-	551 538 734	-	551 538 734
Available for sale assets	-	-	-	502 510 742	502 510 742
Cash and cash equivalents	168 646 896	-	-	-	168 646 896
	168 646 896	1 181 975 088	551 538 734	502 510 742	2 404 671 460

d) Foreign Exchange Risk

This 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 USD and MZN. The main transactions occur in MZN and the company is 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, 2020 and 2019 the projected cash flows (undiscounted) of financial instruments, according to the contractual maturity, were made up as follows:

Amounts in MZN 31.12.2020	Maturity					No maturity	Total
	<1 month	1-3 months	3-12 months	1-5 year	> 5 years		
Bonds and other fixed income	-	-	-	595 015 682	-	-	595 015 682
Term Deposits	-	-	490 972 765	861 269 802	-	-	1 352 242 568
Cash and cash equivalents and current deposits	-	-	-	-	-	430 281 964	430 281 964
Investment property	-	-	-	-	-	74 990 000	74 990 000
Total	-	-	490 972 765	1 456 285 484	-	505 271 964	2 452 530 213

Amounts in MZN 31.12.2019	Maturity					No maturity	Total
	<1 month	1-3 months	3-12 months	1-5 year	> 5 years		
Bonds and other fixed income	-	-	-	502 510 742	-	-	502 510 742
Term Deposits	-	-	393 986 411	33 634 175	-	-	427 620 585
Cash and cash equivalents and current deposits	-	-	-	-	-	168 646 896	168 646 896
Investment property	-	-	-	-	-	153 525 000	153 525 000
Total	-	-	393 986 411	536 144 916	-	322 171 896	1 252 303 223

e) Interest Rate Risk

The Company is exposed to interest rate on its investment portfolio. Interest rate risk is the risk that the value and future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Interest-rate risk is the only financial risk that has a materially different impact across the assets. As most liabilities have a very short duration, they are largely unaffected by movements in interest rates.

The Company manages and mitigates its exposure to interest rates through active portfolio management.

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.

4) Fair Value of Financial Instruments not held at Fair Value

All financial assets and liabilities have carrying amounts that approximate their fair values. The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because of the short-term nature of the instruments.

5) Fair Value Hierarchy of Assets and Liabilities held at Fair Value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1	Level 2	Total
2020			
Fair value			
Financial Assets			
Assets available-for-sale	595 015 682	-	595 015 682
Properties			
Investment property	-	168 060 000	168 060 000
	595 015 682	168 060 000	763 075 682
2019			
Financial Assets			
Assets available-for-sale	502 510 742	-	502 510 742
Properties			
Investment property	-	168 870 472	168 870 472
	502 510 742	168 870 472	671 381 214

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note 31 – Solvency Margin Coverage

The company is subject to the solvency requirements set by Diploma n° 30/2011, issued by the Council of Ministers.

The solvency margin coverage in 2020 and 2019 is as follows:

Amounts in MZN	2020	2019	2020/2019
Share Capital	280 090 000	242 090 000	15.7%
Reserves	113 066 755	151 066 755	-25.2%
Retained Earnings	37 641 877	66 089 752	-43.0%
Loss/Profit for the year	239 733 492	(28 447 875)	-942.7%
Items to deduct	(8 842 493)	(5 094 238)	73.6%
Solvency Available Margin	661 689 631	425 704 394	55.4%
Required Solvency Margin Non-life Insurance	248 898 543	179 057 925	39.0%
Required Solvency Margin Life Insurance	56 018 000	48 418 000	15.7%
Excess/(Insufficiency) of Solvency Margin	356 773 088	198 228 469	80.0%
Coverage	217.0%	187.1%	16.0%

Note 32 – Off - Balance Sheet

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

Amounts MZN	Balance as at 31-12-2020	Balance as at 31-12-2019
Pension Funds		
Mozal Employees Pension Fund	1 353 312 052	1 238 107 254
Global Alliance Open Fund	603 556 321	558 674 405
Absa Bank Mozambique Pension Fund	4 068 293 303	3 839 735 485
Total	6 025 161 675	5 636 517 145

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

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

Up to the date of authorization for issue of these financial statements no subsequent events involving additional adjustments or disclosures were identified.