

Global Alliance Seguros, S.A.

2021 Financial Statements



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1. DIRECTORS' REPORT

The Directors are pleased to present their report for the year ended 31 December 2021.

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 2021.

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

Table 1: Year on Year Growth:

DESCRIPTION - MZN'000	Actuals 2021	Actuals 2020	YoY growth
NET WRITTEN PREMIUM (NPI)	874 300	899 125	-3%
NET CLAIMS	(365 764)	(273 385)	34%
NET ACQUISITION COSTS	(66 678)	(58 712)	14%
OTHER INCOME	349 641	196 684	78%
OPERATING EXPENSES	(503 561)	(521 804)	-3%
LOSS/PROFIT BEFORE TAX	287 938	241 908	19%

Table 2: Actuals vs. Budget

DESCRIPTION - MZN'000	Actuals 2021	Budget 2021	YoY growth
NET WRITTEN PREMIUM (NPI)	874 300	999 809	-13%
NET CLAIMS	(365 764)	(415 444)	-12%
NET ACQUISITION COSTS	(66 678)	(71 627)	-7%
OTHER INCOME	349 641	152 177	130%
OPERATING EXPENSES	(503 561)	(517 597)	-3%
LOSS/PROFIT BEFORE TAX	287 938	147 318	95%

We had a significant improvement in financial results for 2021 compared to the previous year and we were significantly above PBT budget.

1.3.1 NET INSURANCE PREMIUM INCOME

Net premium decreased compared to 2020 and against budget due to the following factors:

- Low renewal retention due to Covid-19;
- New business impacted by Covid-19;
- Decline of Credit Life premiums as a result of a 3% increase in interest rates; and
- Cancellations due to non payments.

1.3.2 NET INSURANCE CLAIMS AND BENEFITS PAID

Net claims were favorable against budget due to low claims experience and review of claims estimates against actual quotations and agreements. However, against prior year, it is higher mainly due to Cyclone Eloise claims, Covid-19 death claims and WCA claims adjustments.

1.3.3 OTHER INCOME

Interest income on investments was above budget and prior year due to increased Treasury bonds interest in the market.

Amount in MZN	2021	2020
	Allocated / Total	Allocated / Total
Income	144 293 401	114 060 633
<i>Interest on financial assets not carried at fair value through profit or loss</i>	<i>137 541 639</i>	<i>106 747 779</i>
On available-for-sale assets	97 323 925	65 616 910
Interest on Fixed term deposits	40 217 713	41 130 869
<i>Other income</i>	<i>6 751 762</i>	<i>7 312 855</i>
Rental income from buildings (see Note 20)	6 751 762	7 312 855

1.3.4 OPERATING EXPENSES

Operating expenses were below prior year and on target due to savings on group recharges, travel and accommodation as a result of Covid-19 restrictions and on-going strategic cost saving initiatives.

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 financial 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. The most substantial impact on the Company relates to Reserving risk, which has resulted in an increase in the company's insurance liabilities.

1.7 GOING CONCERN

The financial statements presented were prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business and the Board of Directors have every reason to believe that the company will continue to operate in the foreseeable future.

1.8 DIVIDENDS

Management recommends that no dividends be declared.

1.9 BOARD MEMBERSHIP

Name	Director	Appointment date	Resignation date
L. Dias Diogo	Chair		
R. Barros	Non-Executive		
K. Miller	Non-Executive		25 March 2021
P. Bule	Independent Non-Executive		15 May 2021
N. Mahmood	Non-Executive	25 March 2021	
B. Ngwenya	Executive		

1.10 AUDITORS

KPMG Auditores & Consultores, S.A.

1.11 ADDRESS

Avenida da Marginal, Parcela 141
Maputo
Mozambique



Luisa Dias Diogo
Chair of the Board of Directors

Maputo
31 March 2022



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 2021, 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 regulations 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 regulations 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 16 March 2022 and signed on its behalf by:



Luisa Dias Diogo
Chair of the Board of Directors



Busani Ngwenya
Managing Director

Maputo
31 March 2022

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 295 000 000 MZN (Two hundred and ninety-five million Meticaís), registered at the Notary of Registration of Legal Entities under nº. 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 2021, 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 followed and to the extent considered reasonable on the circumstances, the evolution of the company'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 2021, 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 General Acceptable Accounting Principles in force in Mozambique for the Insurance Sector – Diploma Ministerial no. 222/2010, of 17 December and other regulations applicable to the insurance activity, totalizing 4 132 578 527 Meticaïs (Four billion, one hundred and thirty-two million, five hundred and seventy-eight thousand, five hundred and twenty-seven Meticaïs) and 918 560 385 Meticaïs (Nine hundred and eighteen million, five hundred and sixty thousand, three hundred and eighty five Meticaïs), respectively, which represents an increase of 2% on net asset and a growth of 37% on equity, comparing to the prior year.

The net profit of the company reached to 248 028 261 Meticaïs (Two hundred and forty-eight million, twenty-eight thousand, two hundred and sixty-one Meticaïs), corresponding to an increase of 3% compared to the prior year.

We also assessed the Report of External Auditors, KPMG Auditores e Consultores, SA on the financial statements of **Global Alliance Seguros, S.A.** for the year ended 31 December 2021, 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 2021, are 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 others applicable legal requirements, including the company statutes, and therefore we recommend its approval at the General Assembly.

Maputo, 31 March 2022



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

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



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Independent Auditors' 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) set out on pages 9 to 63, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other 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 financial statements present fairly, in all material respects, the financial position of Global Alliance Seguros S.A. as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the regulations issued by ISSM – Instituto de Supervisão de Seguros de Moçambique.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 March 2021.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Responsibility by the Board of Directors and Fiscal Council Report, but does not include the financial statements and our auditors' report thereon.

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



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

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the regulations issued by ISSM – Instituto de Supervisão de Seguros de Moçambique, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director



- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG, Registered Audit Firm, 04/SCA/OCAM/2014

Represented by:

Abel Jone Guaiaguaia, 04/CA/OCAM/2012

Partner

8 April 2022

5. FINANCIAL STATEMENTS

5.1 Statement of comprehensive income

Notes	Profit and Loss Account	FY 2021 – MZN				Previous 2020 MZN
		Technical Life	Technical Non-life	Non- Technical	Total	
6	Premiums Earned Net of Reinsurance	178 599 973	720 768 277	-	899 368 250	892 285 799
	Gross written premiums	270 187 479	1 328 410 271	-	1 598 597 750	1 585 379 066
	Premiums ceded to reinsurers	(91 587 506)	(579 152 492)	-	(670 739 998)	(688 529 129)
	Provision for unearned premiums (change)	-	(34 466 683)	-	(34 466 683)	(12 082 823)
	Provision for unearned premiums, reinsurers' part (change)	-	5 977 181	-	5 977 181	7 518 685
7	Costs of Claims, Net of Reinsurance	(71 287 805)	(499 723 058)	-	(571 010 862)	(540 529 213)
	Amounts paid	(70 840 982)	(573 234 655)	-	(644 075 638)	(512 004 367)
	Gross amount	(106 071 911)	(1 097 678 815)	-	(1 203 750 727)	(1 179 179 665)
	Reinsurers' part	35 230 929	524 444 160	-	559 675 089	667 175 297
	Provision for claims (change)	(446 823)	73 511 598	-	73 064 775	(28 524 845)
	Gross amount	(245 175)	80 392 659	-	80 147 484	471 119 246
	Reinsurers' part	(201 648)	(6 881 061)	-	(7 082 709)	(499 644 091)
14	Other technical provisions, net of reinsurance	-	24 131 107	-	24 131 107	(13 025 355)
8	Mathematical Provision - life, net of reinsurance	(24 069 367)	(56 455 226)	-	(80 524 592)	(54 230 591)
	Gross amount	(52 443 924)	(56 455 226)	-	(108 899 150)	(72 593 507)
	Reinsurers' part	28 374 558	-	-	28 374 558	18 362 916
14	Profit sharing, net of reinsurance	-	68 752	-	68 752	4 509 978
9	Net Operating Expenses	(86 219 372)	(221 463 289)	-	(307 682 661)	(341 742 398)
	Acquisition costs	(61 894 850)	(213 845 493)	-	(275 740 343)	(269 205 581)
	Deferred acquisition costs (change)	-	6 965 424	-	6 965 424	2 288 826
	Administrative costs	(31 497 559)	(132 137 708)	-	(163 635 267)	(185 357 134)
	Reinsurance commissions and profit sharing	7 173 037	117 554 488	-	124 727 525	110 531 491
10	Income	27 774 513	116 518 887	-	144 293 401	114 060 633
	Interest on financial assets not carried at fair value through profit or loss	26 474 891	111 066 747	-	137 541 639	106 747 779
	Other	1 299 622	5 452 140	-	6 751 762	7 312 855
11	Underwriting costs	(15 041 852)	(63 103 170)	-	(78 145 021)	(88 518 432)
	Others	(15 041 852)	(63 103 170)	-	(78 145 021)	(88 518 432)
12	Foreign exchange differences	-	-	286 540 520	286 540 520	305 699 993
13	Net losses/gains from non-financial assets	(5 217 613)	(21 888 787)	-	(27 106 400)	(810 472)
15	Other technical income/costs, net of reinsurance	3 763 468	15 788 400	-	19 551 868	(2 973 205)
14	Other provisions (Change)	(811 690)	(3 405 180)	-	(4 216 871)	(3 854 821)
15	Other expenses/income	-	-	(17 329 217)	(17 329 217)	(28 964 399)
	Net Income before Tax	7 490 257	11 236 714	269 211 303	287 938 274	241 907 517
25	Corporation Tax for the period – Current Tax	-	-	-	-	-
25	Corporation Tax for the period – Deferred Tax	(1 038 196)	(1 557 478)	(37 314 340)	(39 910 013)	(2 174 025)
28	Net Income for the Year	6 452 062	9 679 236	231 896 963	248 028 261	239 733 492

5.2 Statement of Other Comprehensive Income

Notes	Statement of comprehensive income	FY 2021 - MZN				FY 2020 - MZN			
		Technical Life	Technical Non-Life	Non Technical	Total	Technical Life	Technical Non-Life	Non Technical	Total
28	Net income for the year	6 452 062	9 679 236	231 896 963	248 028 261	18 154 747	(52 669 823)	274 248 568	239 733 492
	Total income tax net of taxes	6 452 062	9 679 236	231 896 963	248 028 261	18 154 747	(52 669 823)	274 248 568	239 733 492

5.3 Statement of financial position as at 31 December 2021

Notes	Asset	FY 2021 - MZN			FY 2020 Net Assets MZN
		Gross Assets	Impairment, depreciation / amortizations and adjustments	Net Assets	
17	Cash and cash equivalents and demand deposits	256 586 833	-	256 586 833	430 281 964
18	Assets Available-for-sale	783 166 255	-	783 166 255	595 015 682
19	Loans and receivables	675 219 696	-	675 219 696	706 802 867
20	Property	310 863 370	69 358 101	241 505 269	269 372 968
	Owner-occupied property	142 803 370	42 251 701	100 551 669	101 312 968
	Investment property	168 060 000	27 106 400	140 953 600	168 060 000
21	Other Tangible Assets	34 615 121	17 723 118	16 892 003	22 647 693
	Inventories	1 400 000	-	1 400 000	563 850
22	Other intangible assets	35 261 228	6 122 338	29 138 890	8 842 493
23	Technical provisions for reinsurance ceded	469 291 187	-	469 291 187	441 953 405
	Provision for unearned premiums	135 146 631	-	135 146 631	129 169 450
	Mathematical provision for Life- Insurance	53 147 432	-	53 147 432	24 772 874
	Provision for claims	265 135 436	-	265 135 436	272 218 145
	Profit share provision	15 861 688	-	15 861 688	15 792 936
24	Other debtors for insurance and other operations	1 327 551 675	15 263 284	1 312 288 391	1 327 673 239
	Accounts receivable from direct insurance operations	214 816 314	15 263 284	199 553 030	225 882 717
	Accounts receivable from other reinsurance operations	981 488 894	-	981 488 894	920 891 806
	Accounts receivable from other operations	131 246 468	-	131 246 468	180 898 717
25	Tax assets	302 947 053	-	302 947 053	226 355 717
	Current tax assets	117 990 475	-	117 990 475	101 781 669
	Deferred tax assets	184 956 578	-	184 956 578	124 574 047
26	Accruals and deferrals	44 142 951	-	44 142 951	19 203 957
	Total Asset	4 241 045 368	108 466 841	4 132 578 527	4 048 713 835

5.3 Statement of financial position as at 31 December 2021 (Continued)

Notes	Liabilities and Equity	FY 2021 - MZN	FY 2020 - MZN
	Liabilities		
23	Technical provisions	1 689 268 492	1 657 146 675
	Provision for unearned premiums	317 520 502	290 019 243
	Mathematical Provisions	471 475 775	362 576 625
	Provision for claims	850 000 634	930 148 119
	For Life Insurance	12 858 846	12 613 671
	From the field of occupational accidents and occupational diseases	312 770 882	361 683 854
	For other business lines	524 370 906	555 850 594
	Claims deviation reserve	33 897 633	33 821 787
	Unexpired risk reserve	16 373 947	40 580 901
27	Other creditors for insurance and other operations	916 897 146	1 019 483 564
	Accounts payable for direct insurance operations	33 205 832	34 776 189
	Accounts payable for other reinsurance operations	782 268 179	820 957 196
	Accounts payable for other operations	101 423 135	163 750 179
25	Tax Liabilities	249 610 274	211 438 491
	Current tax liabilities	29 831 385	91 952 145
	Deferred tax liabilities	219 778 889	119 486 346
26	Accruals and deferrals	358 242 229	490 112 981
	Total Liabilities	3 214 018 142	3 378 181 711
	Equity Capital		
28	Share capital	295 000 000	280 090 000
28	Other reserves	161 013 453	113 066 755
28	Retained earnings	214 518 671	37 641 877
28	Net income for the year	248 028 261	239 733 492
	Total Equity	918 560 385	670 532 124
	Total Liabilities and Equity	4 132 578 527	4 048 713 835

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 2019	242 090 000	134 095 877	1 970 879	15 000 000	66 089 752	(28 447 875)	439 798 632
	Opening balance	242 090 000	134 095 877	1 970 879	15 000 000	66 089 752	(28 447 875)	439 798 632
	Increase of reserves by application of results (1)	-	-	-	-	(28 447 875)	28 447 875	-
	Net income for the period (2)	-	-	-	-	-	239 733 492	-
	Other comprehensive income of the period (3)	-	-	-	-	-	-	-
	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	239 733 492	239 733 492
	Transactions with equity holders (5)	38 000 000	(23 000 000)	-	(15 000 000)	-	-	-
	Increase / decrease in capital	38 000 000	(23 000 000)	-	(15 000 000)	-	-	-
	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
28	Opening balance	280 090 000	111 095 877	1 970 879	-	37 641 877	239 733 492	670 532 124
28	Increase of reserves by application of results (1)	-	47 946 698	-	14 910 000	176 876 794	(239 733 492)	-
28	Net income for the period (2)	-	-	-	-	-	248 028 261	-
28	Other comprehensive income of the period (3)	-	-	-	-	-	-	-
28	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	248 028 261	248 028 261
28	Transactions with equity holders (5)	14 910 000	-	-	(14 910 000)	-	-	-
28	Increase / decrease in capital	14 910 000	-	-	(14 910 000)	-	-	-
28	Total changes in equity (1) + (4) + (5)	14 910 000	47 946 698	-	-	176 876 794	8 294 769	248 028 261
	Balance as at 31 December 2021	295 000 000	159 042 575	1 970 879	-	214 518 671	248 028 261	918 560 386

5.5 Statement of Cash Flows

Statement of Cash Flows	2021 MZN	2020 MZN
Cash Flow from Operating Activities		
Net income for the year	248 028 261	239 733 492
Adjustments related to:		
Depreciation and amortization	15 821 016	12 545 282
Change in provision for claims	(73 064 775)	28 524 845
Change in other technical provision	77 917 562	69 531 258
Change in provision for premium receipts	4 216 871	3 854 821
(Increase) / decrease in debtors	10 331 827	(149 670 323)
Increase / (decrease) of creditors	(64 414 634)	(33 630 421)
Changes In Other Assets	(128 868 111)	768 509 496
Changes In Other Liabilities Accounts	(104 601 722)	(408 290 180)
Unrealized gains on investment property	27 106 400	810 472
Effect of exchange rate differences	(80 639 713)	75 067 597
Interest, income and similar income (see Note 10)	(144 293 401)	(114 060 633)
Total	(212 460 419)	492 925 705
Cash flows from investing activities		
Cash Flow from Investing Activities	(156 567 402)	(247 769 073)
Acquisition of investments (including Term Deposits)	(29 600 425)	(22 514 601)
Acquisition of Tangible and Intangible Assets (see Note 10)	144 293 401	114 060 633
Total	(41 874 426)	(156 223 041)
Total net increase/(decrease) in cash and cash equivalents	(254 334 844)	336 702 664
Currency translation differences	80 639 713	(75 067 597)
Cash and cash equivalents at the beginning of the year	430 281 964	168 646 896
Cash and cash equivalents at the end of the year	256 586 833	430 281 964

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, 2021 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 31st of March 2022.

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^o. 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^o 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 Meticals (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 are 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 class of business 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 each time 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 these 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 2021 and 2020:

FY 2021 Amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	270 187 479	1 293 943 588	1 564 131 067
gross claims, direct insurance	(106 317 086)	(1 017 286 156)	(1 123 603 242)
Other technical costs	(51 794 360)	-	(51 794 360)
Technical margin direct insurance	112 076 033	276 657 432	388 733 465
Result – reinsurance ceded	(21 010 630)	61 942 275	40 931 646
Net technical margin	91 065 403	338 599 707	429 665 111
Operational expenses	(93 392 409)	(339 017 777)	(432 410 186)
Net operational result	(2 327 005)	(418 070)	(2 745 075)
Investment income	13 893 243	58 284 558	72 177 802
Others	2 846 588	12 383 220	15 229 808
Technical result	14 412 826	70 249 708	84 662 534

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)

Life Insurance – Technical results on 31 December 2021 and 2020:

FY 2021 Amounts in MZN	Life					
	Credit Life	Group life	Individual Life	Group Funeral and Embeded Funeral	Standalone Funeral	Total
Earned premium, direct insurance	217 707 695	37 835 050	605 062	9 047 760	4 991 912	270 187 479
gross claims, direct insurance	(46 980 058)	(55 787 928)	(53 487)	(2 197 528)	(1 298 086)	(106 317 086)
Other technical costs	(47 331 230)	(3 155 361)	(1 307 769)	-	-	(51 794 360)
Technical margin direct insurance	123 396 407	(21 108 239)	(756 194)	6 850 233	3 693 826	112 076 033
Result – reinsurance ceded	(33 970 930)	12 960 300	-	-	-	(21 010 630)
Net technical margin	89 425 478	(8 147 939)	(756 194)	6 850 233	3 693 826	91 065 403
Operational expenses	(73 230 610)	(13 049 560)	(271 669)	(4 451 704)	(2 388 865)	(93 392 409)
Net operational result	16 194 868	(21 197 500)	(1 027 863)	2 398 529	1 304 961	(2 327 005)
Investment income	10 716 341	2 037 692	47 068	703 823	388 319	13 893 243
Others	2 276 809	432 931	10 000	149 535	(22 687)	2 846 588
Technical result	29 188 018	(18 726 877)	(970 795)	3 251 887	1 670 594	14 412 826

FY 2020 Amounts in MZN	Life					
	Credit Life	Group life	Individual Life	Group Funeral and Embeded 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)

Non-Life insurance – Technical results on 31 December 2021 and 2020:

FY 2021 Amounts in MZN	Non-Life					
	Workman compensation	Fire	Motor	Marine, Aviation, Transportation	Civil responsibility	Others
Earned premium, direct insurance	144 372 785	264 883 652	358 099 380	47 101 732	74 936 115	404 549 923
gross claims, direct insurance	(64 230 945)	(440 387 356)	(207 228 753)	(16 087 509)	(51 370 526)	(237 981 067)
Other technical costs	-	-	-	-	-	-
Technical margin direct insurance	80 141 840	(175 503 703)	150 870 628	31 014 223	23 565 589	166 568 856
Result – reinsurance ceded	(129 444)	190 846 394	(6 327 815)	(27 283 058)	(2 389 055)	(92 774 747)
Net technical margin	80 012 396	15 342 691	144 542 812	3 731 165	21 176 534	73 794 110
Operational expenses	(61 982 514)	(55 013 103)	(131 559 124)	(6 079 114)	(26 970 200)	(57 413 723)
Net operational result	18 029 882	(39 670 412)	12 983 688	(2 347 949)	(5 793 666)	16 380 386
Investment income	11 336 880	5 602 855	28 241 513	908 307	5 958 425	6 236 578
Others	2 408 650	1 190 391	6 000 232	192 980	1 265 935	1 325 032
Technical result	31 775 412	(32 877 167)	47 225 434	(1 246 662)	1 430 694	23 941 997

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)

Business lines – Financial position as at 31 December 2021 and 2020:

2021 Amounts in MZN	Life	Non-life	Total 2021
Cash and cash equivalents and demand deposits	51 317 367	205 269 466	256 586 833
Available-for-sale assets	82 000 000	701 166 255	783 166 255
Loans and receivables	65 835 000	609 384 696	675 219 696
Property	142 803 370	140 953 600	283 756 970
Property depreciation	(42 251 701)	-	(42 251 701)
Other tangible and intangible assets and inventories	-	71 276 350	71 276 350
Property amortization	-	(23 845 457)	(23 845 457)
Technical provisions for reinsurance ceded	57 465 252	411 825 935	469 291 187
Other debtors and current tax assets	287 348 239	1 327 887 205	1 615 235 444
Accruals and deferrals	8 828 590	35 314 360	44 142 951
Total assets	653 346 117	3 479 232 410	4 132 578 527
Technical provisions	300 518 620	1 388 749 872	1 689 268 492
Other creditors and current tax liabilities	207 520 120	958 987 301	1 166 507 421
Accruals and deferrals	63 730 817	294 511 413	358 242 229
Total liabilities	571 769 557	2 642 248 585	3 214 018 142

% Technical provisions	17.79%	82.21%
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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%	

Representation / guaranteeing the technical reserves (assets to be represented on 31 December 2021:
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	287 659 774
Provisions for claims	12 858 846
Provision for profit sharing	-
Total	300 518 620

ASSETS TO BE REPRESENTED / CAUSED

NATURE OF THE ASSETS	LIMITS		AS PER THE LEDGER	REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
	%	MAXIMUM VALUES		
Treasury bills	100	300 518 620	82 000 000	82 000 000
Fixed deposits	35	105 181 517	65 835 000	65 835 000
Bonds	60	180 311 172	-	-
Shares	30	90 155 586	-	-
Buildings	45	135 233 379	142 803 370	135 233 379
Mortgage	25	75 129 655	-	-
Current deposits	20	60 103 724	51 317 367	51 317 367
Deposits with ceded companies	100	300 518 620	-	-
TOTAL			341,955,736	334,385,746

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)	352 963 200
Provision for claims	837 141 789
WCA mathematical provisions	183 816 001
Provision for profit sharing	-
Provision for deviations accident	16 373 947
Unexpired risks provision	33 897 633
Total	1 424 192 570

ASSETS TO BE REPRESENTED / CAUSED

NATURE OF THE ASSETS	LIMITS		AS PER THE LEDGER	REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
	%	MAXIMUM VALUES		
Treasury bills	100	1 424 192 570	701 166 254	701 166 254
Fixed deposits	45	640 886 656	587 225 001	587 225 001
Bonds	40	569 677 028	-	-
Shares	20	284 838 514	-	-
Buildings	40	569 677 028	140 953 600	140 953 600
Mortgage	25	356 048 142	-	-
Current deposits	30	427 257 771	205 269 466	205 269 466
Deposits with ceded companies	100	1 424 192 570	-	-
TOTAL			1 634 614 321	1 634 614 321

Note 6 – Premiums earned net of reinsurance

This note gives details of premiums earned net of reinsurance:

	2021 MZN	2020 MZN
Gross Premium written	1 598 597 750	1 585 379 066
Ceded Reinsurance premiums	(670 739 998)	(688 529 129)
Premiums earned net of Reinsurance	927 857 752	896 849 937
Variation of unearned premiums	(34 466 683)	(12 082 823)
Variation of unearned premiums of ceded reinsurance	5 977 181	7 518 685
Net Variation of unearned premiums	(28 489 501)	(4 564 138)
Earned premiums, net reinsurance	899 368 250	892 285 799

The variation of unearned premiums includes the non-realized foreign exchange gains of MZN 136 782 278 (MZN 63 170 510 in 2020), and losses of MZN 136 624 482 (MZN 43 228 330), 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	2021			2020		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:	1 598 597 750	(670 739 998)	927 857 752	1 585 379 066	(688 529 129)	896 849 937
Life Insurance	270 187 479	(91 587 506)	178 599 973	347 074 078	(137 752 265)	209 321 813
Credit Life	217 707 695	(79 947 329)	137 760 366	291 259 172	(125 284 486)	165 974 686
Group life	37 835 050	(11 640 177)	26 194 873	34 979 339	(12 467 779)	22 511 560
Individual life	605 062	-	605 062	583 751	-	583 751
Group Funeral	2 636 766	-	2 636 766	2 090 067	-	2 090 067
Embedded Funeral	6 410 994	-	6 410 994	6 954 361	-	6 954 361
Standalone Funeral	4 991 912	-	4 991 912	11 207 388	-	11 207 388
Non - Life Insurance	1 328 410 271	(579 152 492)	749 257 778	1 238 304 988	(550 776 864)	687 528 123
Workman compensation	145 737 495	-	145 737 495	134 861 581	(6 202 911)	128 658 670
Personal Accident	135 796 808	(124 616 302)	11 180 506	165 100 089	(151 594 200)	13 505 889
Fire	262 926 158	(190 900 515)	72 025 643	234 784 324	(174 317 602)	60 466 721
Motor	374 269 572	(11 220 180)	363 049 392	359 698 292	(4 020 459)	355 677 833
Marine	17 082 120	(15 231 512)	1 850 609	16 351 352	(14 854 952)	1 496 400
Aviation	29 759 825	(29 316 402)	443 423	14 884 798	(13 585 119)	1 299 679
Transportation	12 261 020	(2 878 616)	9 382 404	9 172 900	(2 941 458)	6 231 443
Civil responsibility	77 105 506	(508 956)	76 596 551	78 081 892	(4 691 813)	73 390 079
Miscellaneous	273 471 766	(204 480 009)	68 991 757	225 369 760	(178 568 349)	46 801 410
Changes in provision for unearned premiums:	(34 466 683)	5 977 181	(28 489 501)	(12 082 823)	7 518 685	(4 564 138)
Non - Life Insurance	(34 466 683)	5 977 181	(28 489 501)	(12 082 823)	7 518 685	(4 564 138)
Workman compensation	(1 364 710)	-	(1 364 710)	(680 059)	-	(680 059)
Personal Accident	3 322 258	(3 451 613)	(129 356)	2 040 291	(2 825 774)	(785 483)
Fire	1 957 495	(5 490 099)	(3 532 604)	(12 723 238)	5 903 573	(6 819 665)
Motor	(16 170 192)	-	(16 170 192)	7 367 787	(171 949)	7 195 837
Marine	(104 137)	(40 643)	(144 780)	1 404 315	(1 165 626)	238 690
Aviation	(11 297 965)	9 914 577	(1 383 388)	(6 034 410)	5 569 907	(464 503)
Transportation	(599 132)	(41 322)	(640 454)	(1 412 026)	144 957	(1 267 069)
Civil responsibility	(2 169 391)	(36 479)	(2 205 871)	737 875	(111 244)	626 631
Miscellaneous	(8 040 908)	5 122 761	(2 918 147)	(2 783 358)	174 842	(2 608 517)
Earned premiums:	1 564 131 067	(664 762 817)	899 368 250	1 573 296 243	(681 010 444)	892 285 799
Life Insurance	270 187 479	(91 587 506)	178 599 973	347 074 078	(137 752 265)	209 321 813
Credit Life	217 707 695	(79 947 329)	137 760 366	291 259 172	(125 284 486)	165 974 686
Group life	37 835 050	(11 640 177)	26 194 873	34 979 339	(12 467 779)	22 511 560
Individual life	605 062	-	605 062	583 751	-	583 751
Group Funeral	2 636 766	-	2 636 766	2 090 067	-	2 090 067
Embedded Funeral	6 410 994	-	6 410 994	6 954 361	-	6 954 361
Standalone Funeral	4 991 912	-	4 991 912	11 207 388	-	11 207 388
Non - Life Insurance	1 293 943 588	(573 175 311)	720 768 277	1 226 222 165	(543 258 179)	682 963 986
Workman compensation	144 372 785	-	144 372 785	134 181 522	(6 202 911)	127 978 611
Personal Accident	139 119 065	(128 067 915)	11 051 150	167 140 380	(154 419 974)	12 720 406
Fire	264 883 652	(196 390 614)	68 493 038	222 061 085	(168 414 030)	53 647 056
Motor	358 099 380	(11 220 180)	346 879 200	367 066 079	(4 192 408)	362 873 671
Marine	16 977 983	(15 272 155)	1 705 828	17 755 667	(16 020 578)	1 735 090
Aviation	18 461 860	(19 401 826)	(939 966)	8 850 388	(8 015 212)	835 176
Transportation	11 661 888	(2 919 938)	8 741 950	7 760 874	(2 796 501)	4 964 373
Civil responsibility	74 936 115	(545 435)	74 390 680	78 819 767	(4 803 058)	74 016 709
Miscellaneous	265 430 858	(199 357 248)	66 073 610	222 586 401	(178 393 508)	44 192 894

Note 7 – Costs of claims, net of reinsurance

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

	2021 MZN	2020 MZN
Claims Paid		
Gross amounts	(1 121 729 059)	(1 086 269 979)
Reinsurers' portion	559 675 089	667 175 297
Provision for claims (change)		
Gross amounts	80 147 484	471 119 246
Reinsurers' portion	(7 082 709)	(499 644 091)
Total before imputed costs	(488 989 195)	(447 619 527)
Costs with Claims imputed (see Note 16)	(82 021 667)	(92 909 686)
Total	(571 010 862)	(540 529 213)

Gross amounts of claims (changes in provisions for claims) includes the non-realized foreign exchange gains of MZN 143 333 957 (MZN 5 725 268 in 2020), and losses of MZN 287 127 946 (MZN 247 214 997 in 2020), 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	2021					
	Claims paid		Changes in provisions for claims		Imputed Costs (see Note 16)	Total
	Gross claims	Reinsurance portion	Gross change	Reinsurance portion		
Life Insurance	(90 283 858)	35 230 929	(245 175)	(201 648)	(15 788 053)	(71 287 805)
Credit Life	(41 576 998)	14 739 363	6 774 815	(3 928 033)	(12 177 874)	(36 168 728)
Group life	(45 969 723)	20 491 566	(7 502 605)	3 726 385	(2 315 600)	(31 569 976)
Individual life	-	-	-	-	(53 487)	(53 487)
Group Funeral	(584 902)	-	93 427	-	(233 087)	(724 562)
Embedded Funeral	(1 104 853)	-	198 613	-	(566 725)	(1 472 965)
Standalone Funeral	(1 047 382)	-	190 576	-	(441 280)	(1 298 086)
Non - Life Insurance	(1 031 445 201)	524 444 160	80 392 659	(6 881 061)	(66 233 614)	(499 723 058)
Workman compensation	(100 260 873)	116 345	48 912 971	(245 789)	(12 883 044)	(64 360 389)
Personal Accident	(144 958 905)	107 147 180	87 985	410 973	(988 345)	(38 301 112)
Fire	(455 627 938)	336 690 609	21 607 575	3 516 881	(6 366 992)	(100 179 865)
Motor	(173 905 640)	4 893 152	(1 229 922)	(787)	(32 093 191)	(202 336 388)
Marine	(7 111 299)	5 139 166	1 089 596	(958 334)	(163 592)	(2 004 463)
Aviation	(1 506 600)	1 506 600	1 506 600	(1 506 600)	(39 198)	(39 198)
Transportation	(10 135 867)	498 288	1 102 245	358 942	(829 395)	(9 005 786)
Civil responsibility	(32 104 756)	(1 849 238)	(12 494 714)	-	(6 771 056)	(53 219 764)
Miscellaneous	(105 833 324)	70 302 057	19 810 322	(8 456 348)	(6 098 800)	(30 276 092)
Total	(1 121 729 059)	559 675 089	80 147 484	(7 082 709)	(82 021 667)	(571 010 862)

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)

Note 8 – Mathematical provision – net of reinsurance

The mathematical reserves for life insurance are as follows:

	2021 MZN			2020 MZN		
	Gross amounts	Reinsurers' portion	Net	Gross amounts	Reinsurers' portion	Net
Life Insurance	(52 443 924)	28 374 558	(24 069 367)	(56 265 201)	18 362 916	(37 902 285)
Credit Life	(47 331 230)	27 992 033	(19 339 197)	(76 976 432)	19 292 040	(57 684 392)
Group life	(3 155 361)	382 525	(2 772 836)	1 247 205	(929 124)	318 081
Individual life	(1 307 769)	-	(1 307 769)	(1 125 345)	-	(1 125 345)
Group Funeral	(1 300 996)	-	(1 300 996)	(1 062 345)	-	(1 062 345)
Embedded Funeral	(1 281 801)	-	(1 281 801)	(1 085 713)	-	(1 085 713)
Standalone Funeral	1 933 233	-	1 933 233	22 737 429	-	22 737 429
Non - Life Insurance	(56 455 226)	-	(56 455 226)	(16 328 305)	-	(16 328 305)
Workman compensation	(56 455 226)	-	(56 455 226)	(16 328 305)	-	(16 328 305)
Total	(108 899 150)	28 374 558	(80 524 592)	(72 593 507)	18 362 916	(54 230 591)

Note 9 – Net Operating Expenses

At year end 2021 and 2020, net operating Expenses comprised of:

	2021 MZN	2020 MZN
Acquisition Costs	(275 740 343)	(269 205 581)
Deferred Acquisition Costs (Change)	6 965 424	2 288 826
Administrative Costs	(163 635 267)	(185 357 134)
Reinsurance commissions and profit sharing	124 727 525	110 531 491
Total	(307 682 661)	(341 742 398)

Further details on the net operating expenses are as follows:

Net Operating Expenses	2021 MZN					
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs		Reinsurance commissions and profit sharing
	Imputed Costs (see Note 16)	Commissions		Imputed Costs (see Note 16)	Commissions	
Life Insurance	(16 220 065)	(45 674 785)	-	(31 497 559)	-	7 173 037
Credit Life	(12 511 100)	(36 424 349)	-	(24 295 162)	-	7 173 037
Group life	(2 378 962)	(6 050 919)	-	(4 619 679)	-	-
Individual life	(54 950)	(110 011)	-	(106 708)	-	-
Group Funeral	(239 465)	(361 927)	-	(465 015)	-	-
Embedded Funeral	(582 233)	(1 672 433)	-	(1 130 631)	-	-
Standalone Funeral	(453 355)	(1 055 146)	-	(880 364)	-	-
Non - Life Insurance	(68 045 977)	(145 799 517)	6 965 424	(132 137 708)	-	117 554 488
Workman compensation	(13 235 565)	(23 611 235)	566 280	(25 701 994)	-	-
Personal Accident	(1 015 389)	(9 557 322)	289 022	(1 971 773)	-	32 745 758
Fire	(6 541 214)	(37 677 748)	1 908 167	(12 702 308)	-	47 029 518
Motor	(32 971 363)	(36 545 180)	1 984 135	(64 026 715)	-	-
Marine	(168 068)	(1 067 520)	(13 823)	(326 370)	-	2 097 226
Aviation	(40 271)	(1 170 205)	993 301	(78 201)	-	2 340 410
Transport	(852 090)	(1 968 714)	267 510	(1 654 663)	-	835 163
Civil responsnability	(6 956 334)	(6 772 799)	267 358	(13 508 425)	-	5 618
Miscellaneous	(6 265 683)	(27 428 794)	703 474	(12 167 258)	-	32 500 796
Total	(84 266 041)	(191 474 302)	6 965 424	(163 635 267)	-	124 727 525
Total	(275 740 343)		6 965 424	(163 635 267)		124 727 525

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

Note 10 – Income

At year end 2021 and 2020, the income per category of each financial asset were as follows:

Amount in MZN	2021	2020
	Allocated / Total	Allocated / Total
Income	144 293 401	114 060 633
Interest on financial assets not carried at fair value through profit or loss	137 541 639	106 747 779
On available-for-sale assets	97 323 925	65 616 910
Interest on Fixed term deposits	40 217 713	41 130 869
Other income	6 751 762	7 312 855
Rental income from buildings (see Note 20)	6 751 762	7 312 855

Note 11 – Underwriting costs

At year end 2021 and 2020, the Underwriting costs were as presented below:

	Imputed Costs (see note 16)	
	2021 MZN	2020 MZN
Life Insurance	(15 041 852)	(20 659 910)
Credit Life	(11 602 303)	(16 381 580)
Group life	(2 206 156)	(2 221 875)
Individual life	(50 959)	(57 616)
Group Funeral	(222 071)	(206 288)
Embedded Funeral	(539 940)	(686 390)
Standalone Funeral	(420 423)	(1 106 161)
Non- Life Insurance	(63 103 170)	(67 858 522)
Workman compensation	(12 274 144)	(12 698 516)
Personal Accident	(941 632)	(1 333 021)
Fire	(6 066 065)	(5 968 021)
Motor	(30 576 349)	(35 105 142)
Marine	(155 860)	(147 694)
Aviation	(37 345)	(128 277)
Transportation	(790 195)	(615 039)
Civil responsibility	(6 451 031)	(7 243 547)
Miscellaneous	(5 810 548)	(4 619 265)
Total	(78 145 021)	(88 518 432)

Note 12 – Foreign exchange differences

Foreign exchange differences for the year 2021 and 2020 arise on the following items:

	2021 MZN	2020 MZN
Exchange rate fluctuation		
Receipts/payments of brokers and reinsurers	298 097 848	177 454 705
Debtors	4 233 971	29 004 189
Current and term deposits	(80 639 713)	75 067 597
Other	64 848 414	24 173 503
Total	286 540 520	305 699 993

In 2021 and 2020, this caption includes unrealized exchange rate gains of MZN 406 692 795 and MZN 304 498 992, losses of MZN 100 210 641 and MZN 98 040 099, respectively (see Note 25).

Exchange differences are due to the depreciation of the Dollar against the Metical that occurred during the year 2021.

The exchange rates were:

Currency	31.12.2021	Average 2021	31.12.2020	Average 2020
MZN/USD	63.83	65.50	74.99	69.42

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

The value of MZN (27 106 400) registered on December 31, 2021 (MZN (810 472) in 2020), relates to the change in fair value of the properties assigned to technical provisions – Marginal Property (Headquarters). See also note 20.

	2021 MZN	2020 MZN
Life Insurance	(5 323 764)	(189 161)
Credit Life	(4 106 404)	(149 989)
Group life	(780 825)	(20 343)
Individual life	(18 036)	(528)
Group Funeral	(78 598)	(1 889)
Embedded Funeral	(191 101)	(6 285)
Standalone Funeral	(148 800)	(10 128)
Non - Life Insurance	(21 782 636)	(621 311)
Workman compensation	(4 344 189)	(116 267)
Personal Accident	(333 272)	(12 205)
Fire	(2 106 914)	(54 643)
Motor	(10 477 613)	(321 422)
Marine	(49 191)	(1 352)
Aviation	(13 218)	(1 175)
Transportation	(279 674)	(5 631)
Civil responsibility	(2 268 459)	(66 322)
Miscellaneous	(1 910 105)	(42 294)
Total	(27 106 400)	(810 472)

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)	2021 MZN			2020 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Claims deviation reserve	(75 846)	-	(75 846)	(32 320 867)	-	(32 320 867)
Unexpired risk reserve	24 206 954	-	24 206 954	19 295 512	-	19 295 512
Total	24 131 107	-	24 131 107	(13 025 355)	-	(13 025 355)

At year end 2021 and 2020, the details of the unexpired risk reserve are presented below:

Unexpired risk reserve	2021 MZN	2020 MZN
Life Insurance	-	-
Non - Life Insurance	24 206 954	19 295 512
Workman compensation	-	55 318 508
Personal Accident	(1 585 264)	-
Fire	(11 660 998)	-
Transportation	(859 284)	(208 658)
Civil responsibility	(2 059 744)	4 557 905
Miscellaneous	40 372 243	(40 372 243)
Total	24 206 954	19 295 512

The profit sharing, net of reinsurance as at 31 December 2021 is MZN 68 752 (MZN 8 736 566 of the current year provision and MZN 8 667 814 reversals from prior year) and as at 31 December 2020 is MZN 4 509 978.

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)	
	2021 MZN	2020 MZN
Life Insurance	(828 204)	(899 703)
Credit Life	(638 822)	(713 389)
Group life	(121 471)	(96 759)
Individual life	(2 806)	(2 509)
Group Funeral	(12 227)	(8 983)
Embedded Funeral	(29 729)	(29 891)
Standalone Funeral	(23 148)	(48 171)
Non - Life Insurance	(3 388 667)	(2 955 119)
Workman compensation	(675 814)	(552 998)
Personal Accident	(51 846)	(58 051)
Fire	(327 767)	(259 897)
Motor	(1 629 974)	(1 528 767)
Marine	(7 653)	(6 432)
Aviation	(2 056)	(5 586)
Transportation	(43 508)	(26 784)
Civil responsibility	(352 898)	(315 444)
Miscellaneous	(297 150)	(201 161)
Total	(4 216 871)	(3 854 821)

Note 15 – Other income/ expenses

Analysis of other technical income/costs, net reinsurance, at year end 2021 and 2020:

	2021 MZN	2020 MZN
Management of pension funds	41 195 548	21 958 164
Asset management fees– Absa	(5 817 737)	(5 790 233)
Pension funds – ACA	(15 825 943)	(19 141 137)
Other technical income/costs net of reinsurance	19 551 868	(2 973 205)
Bank commission/charges	(14 217 957)	(18 101 206)
Other (individually immaterial)	(3 111 260)	(10 863 193)
Other expenses	(17 329 217)	(28 964 399)

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	2021			2020		
	Technical account	Non- Technical account	Total	Technical account	Non- Technical account	Total
Claims costs (see Note 7)	(82 021 667)	-	(82 021 667)	(92 909 686)	-	(92 909 686)
Acquisition costs (see Note 9)	(84 266 041)	-	(84 266 041)	(95 451 991)	-	(95 451 991)
Administrative costs (see Note 9)	(163 635 267)	-	(163 635 267)	(185 357 134)	-	(185 357 134)
Costs of investment management (see Note 11)	(78 145 021)	-	(78 145 021)	(88 518 432)	-	(88 518 432)
Total	(408 067 997)	-	(408 067 997)	(462 237 242)	-	(462 237 242)

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

Costs by nature imputed	2021 MZN	2020 MZN
Staff Costs	239 997 133	230 387 500
Officers Remuneration	42 912 059	30 209 394
Staff Remunerations	150 007 074	154 816 584
Charges on Remuneration	8 965 040	11 148 247
Compulsory Insurance	2 709 180	2 452 977
Social welfare Costs	12 876 753	12 532 537
Other Staff Costs	22 527 027	19 227 762
Supplies and Services	140 314 359	189 867 888
Kindle Technologies – KIT	24 372 501	24 426 567
Audit, consulting, litigation and other	20 585 727	19 434 163
Integration costs – ABSA (Group Recharges)	33 523 915	87 314 231
Transfer pricing – ABSA	-	3 967 222
Advertising and Marketing	15 821 057	5 062 424
Communication	7 267 321	12 032 496
Technical Documentation	3 726 128	3 142 028
Rents	2 549 893	2 192 420
Maintenance and Repair	7 763 551	6 751 292
Stationery	1 607 590	2 612 809
Travel and accommodation	289 430	394 108
Entertainment expenses	1 814 977	892 145
Electricity, fuel and water	3 730 981	3 281 005
Others (i)	17 261 287	18 364 977
Taxes and fees	11 935 489	29 411 368
Depreciation for the period	15 821 016	12 570 486
Own use of buildings (see Note 20)	4 869 171	4 859 661
Intangible Asset (see Note 22)	3 649 217	2 327 271
Tangible Asset (see Note 21)	7 302 629	5 383 555
Total	408 067 997	462 237 242

- (i) Includes costs for office security (MZN 1 464 000), postage and notarisation (MZN 711 458), Associação Moçambicana de Seguros membership fees (MZN 225 000), general administrative expenses (MZN 2 990 389) and other services (MZN 5 528 878).

At the end of 2021 and 2020, GA had a staff compliment as below:

Average number of employees by professional category	2021	2020
Executive officers	8	8
Superior professionals	17	15
Middle professionals	25	25
Qualified professionals	38	37
Others	9	9
Total	97	94

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 2021 and 2020 is as follows:

	2021 MZN	2020 MZN
Current deposits	256 586 833	430 281 964
Total	256 586 833	430 281 964

Note 18 – Available-for-sale assets

The MZN 783 166 255 classified as available for sale assets as at 31 December 2021 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	14.94%	337 433 800
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	11/22/2021	10/7/2024	14.94%	30 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/30/2021	10/7/2024	14.94%	20 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/27/2019	2/27/2022	14.94%	17 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/13/2019	3/13/2022	14.94%	15 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	8/11/2021	8/3/2022	13.40%	83 047 168
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	11/10/2021	11/11/2023	14.00%	60 000 000
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	4/6/2021	4/5/2022	13.30%	88 289 648
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	5/5/2021	5/4/2022	13.30%	88 289 648
Treasury Bonds - ABM	Absa Bank Moçambique, S.A.	MZN	9/15/2021	9/14/2022	13.40%	44 105 991
Total						783 166 255

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

Note 19 – Loans and Receivables

The loans and receivables at year end 2021 and 2020 comprised of:

	2021 MZN	2020 MZN
Term Deposit in MZN – Principal & interest	446 311 034	400 982 195
Term Deposit in USD – Principle & interest	226 877 789	303 222 784
Term Deposit in ZAR – Principle & interest	2 030 873	2 597 888
Total	675 219 696	706 802 867

At year end 2021, 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	10/21/2021	10/21/2022	2.75%	63 830 000	341 447	64 171 447
African Banking Corporation (Mozambique), S.A.	USD	6/30/2021	6/30/2022	4.75%	31 915 000	764 211	32 679 211
UBA Moçambique, S.A.	USD	11/9/2020	11/9/2022	3.00%	63 830 000	2 187 708	66 017 708
Absa Bank Moçambique, S.A.	USD	11/25/2021	11/25/2022	2.85%	63 830 000	179 424	64 009 424
Absa Bank Moçambique, S.A.	ZAR	7/27/2021	7/27/2022	3.00%	2 005 000	25 873	2 030 873
Société Générale Moçambique, S.A.	MZN	7/30/2021	7/31/2022	9.55%	45 000 000	1 813 192	46 813 192
First Capital Bank, S.A.	MZN	11/22/2020	11/22/2022	10.00%	63 000 000	6 973 151	69 973 151
Absa Bank Moçambique, S.A.	MZN	12/13/2021	12/13/2022	9.25%	90 000 000	410 548	90 410 548
Société Générale Moçambique, S.A.	MZN	12/22/2021	12/22/2022	10.00%	64 000 000	157 808	64 157 808
FNB - First National Bank Moçambique, S.A.	MZN	1/15/2021	1/15/2022	6.70%	61 850 000	3 960 801	65 810 801
Société Générale Moçambique, S.A.	MZN	3/2/2021	3/2/2022	9.25%	7 000 000	539 288	7 539 288
Standard Bank Moçambique, S.A.	MZN	7/30/2021	7/30/2022	9.05%	60 000 000	2 291 014	62 291 014
UBA Moçambique, S.A.	MZN	3/31/2021	3/31/2022	9.00%	30 000 000	2 034 247	32 034 247
Société Générale Moçambique, S.A.	MZN	3/2/2021	2/25/2022	8.25%	7 000 000	480 986	7 480 986
Total					653 060 000	22 159 696	675 219 696

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

Note 20 – Property

Owner-occupied property

Movements in buildings occupied by the company during the 2021 and 2020 financial years are summarised in table below:

Amount in MZN	Balance at 31.12.2020			Additions	Transfers	Depreciation (see note 16)		Balance at 31.12.2021		
	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				Improvement						
Property marginal	124 752 298	34 012 923	90 739 375	4 107 873	-	-	3 474 851	128 860 170	37 487 774	91 372 396
Property A9 Golden Sands	13 943 200	3 369 607	10 573 593	-	-	-	1 394 320	13 943 200	4 763 927	9 179 273
Total	138 695 498	37 382 530	101 312 968	4 107 873	-	-	4 869 171	142 803 370	42 251 701	100 551 669

Amount in MZN	Balance at 31.12.2019			Additions	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				Improvement						
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

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

Amount in MZN	2021			2020		
	Life Insurance	Non-Life Insurance	Total	Life Insurance	Non-Life Insurance	Total
Repairs , Maintenance and other expenses	1 459 336	5 970 999	7 430 336	1 497 545	4 918 764	6 416 309

Investment Property

The properties held by GA were valued in 2021 by a qualified independent property valuer, REC - Real Estate Consulting, 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 valuer 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 31.12.2020	Additions		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2021
		Acquisition	Improvement				
Property marginal	168 060 000	-	-	-	-	(27 106 400)	140 953 600
Total	168 060 000	-	-	-	-	(27 106 400)	140 953 600

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

Investment income from buildings – rental income is as follows:

Amounts in MZN	2021			2020		
	Life Insurance	Non - Life Insurance	Total	Life Insurance	Non - Life Insurance	Total
Rent (see note 10)	1 326 063	5 425 699	6 751 762	1 706 796	5 606 059	7 312 855

Note 21 – Other tangible Assets

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

The movements during the 2021 and 2020 financial years were:

Amounts in MZN	Balance as at 31.12.2020			Addition	Decreases	Depreciation (see note 16)	Balance as at 31.12.2021		
	Cost	Accumulated depreciation	Carrying value				Cost	Accumulated depreciation	Carrying value
Furniture	33 347 691	11 419 081	21 928 609	1 543 104	1,675,673.48	1 675 673	33 215 121	16 645 118	16 570 003
Transport equipment	2 025 000	1 305 917	719 083	-	625,000.00	625 000	1 400 000	1 078 000	322 000
Total	35 372 691	12 724 998	22 647 693	1 543 104	2,300,673.48	2,300,673.48	34 615 121	17 723 118	16 892 003

Amounts in MZN	Balance as at 31.12.2019			Addition	Decreases	Depreciation (see note 16)	Balance as at 31.12.2020		
	Cost	Accumulated depreciation	Carrying value				Cost	Accumulated depreciation	Carrying value
Furniture	18 035 193	7 693 561	10 341 632	16 439 077	1,126,579.84	1,126,579.84	33 347 691	11 419 081	21 928 609
Transport equipment	2 025 000	799 667	1 225 333	-	-	-	2 025 000	1 305 917	719 083
Total	20 060 193	8 493 228	11 566 965	16 439 077	1,126,579.84	1,126,579.84	35 372 691	12 724 998	22 647 693

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 2021 and 2020 is given below:

Amounts in MZN	Balance as at 31.12.2020			Addition	Decreases	Amortization (see note 16)		Balance as at 31.12.2021		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
IT Application	12 291 719	3 449 226	8 842 493	5 632 778	976 105	976 105	3 649 217	16 948 392	6 122 338	10 826 054
IT Application (in progress)	-	-	-	18 312 836	-	-	-	18 312 836	-	18 312 836
Total	12 291 719	3 449 226	8 842 493	23 945 614	976 105	976 105	3 649 217	35 261 228	6 122 338	29 138 890

Amounts in MZN	Balance as at 31.12.2019			Addition	Decreases	Amortization (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
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
IT Application (in progress)	-	-	-	-	-	-	-	-	-	-
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

Note 23 – Technical Provisions

The summary of technical provisions in 2021 and 2020 is presented below:

Technical provisions	2021 MZN			2020 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Provision for unearned premium	317 520 502	135 146 631	182 373 871	290 019 243	129 169 450	160 849 794
Mathematical provision	471 475 775	53 147 432	418 328 344	362 576 625	24 772 874	337 803 752
Provision for Claims	850 000 634	265 135 436	584 865 198	930 148 119	272 218 145	657 929 973
For Life Insurance	12 858 846	4 317 820	8 541 026	12 613 671	4 519 468	8 094 203
For non-life Insurance	837 141 789	260 817 616	576 324 173	917 534 448	267 698 677	649 835 771
Profit share provision	-	15 861 688	(15 861 688)	-	15 792 936	(15 792 936)
Claims deviation reserve	33 897 633	-	33 897 633	33 821 787	-	33 821 787
Unexpired risk reserve	16 373 947	-	16 373 947	40 580 901	-	40 580 901
Total	1 689 268 492	469 291 187	1 219 977 305	1 657 146 675	441 953 405	1 215 193 271

Provisions for unearned premiums are as follows:

Provision for unearned premium (direct insurance and reinsurance accepted)	2021 MZN			2020 MZN		
	Unearned premium	Deferred acquisition cost	Net	Unearned premium	Deferred acquisition cost	Net
Non-life						
Workman compensation	31 657 465	5 127 367	26 530 098	30 292 755	4 561 087	25 731 668
Personal Accident	23 359 855	1 987 683	21 372 172	26 682 113	1 698 661	24 983 452
Fire	67 355 691	8 792 719	58 562 972	69 313 186	6 884 552	62 428 634
Motor	101 065 105	8 703 460	92 361 645	84 894 914	6 719 325	78 175 589
Marine	3 639 092	224 847	3 414 246	3 534 955	238 669	3 296 286
Aviation	20 005 696	1 000 285	19 005 411	8 707 731	6 983	8 700 747
Transportation	2 394 764	408 351	1 986 413	1 795 632	140 841	1 654 791
Civil responsibility	22 495 286	1 471 869	21 023 417	20 325 894	1 204 511	19 121 383
Miscellaneous	80 990 245	7 726 118	73 264 127	72 949 338	7 022 644	65 926 694
Total	352 963 200	35 442 698	317 520 502	318 496 517	28 477 274	290 019 243

Provision for unearned premium (reinsurance ceded)	2021 MZN			2020 MZN		
	Unearned premium	Deferred acquisition cost	Net	Unearned premium	Deferred acquisition cost	Net
Non-life						
Personal Accident	20 418 148	3 943 656	16 474 492	24 513 470	4 587 364	19 926 105
Fire	49 722 018	8 717 410	41 004 608	52 955 846	6 461 139	46 494 707
Marine	3 104 368	357 469	2 746 899	3 106 256	318 714	2 787 542
Aviation	20 005 696	2 000 570	18 005 126	8 098 460	7 911	8 090 549
Transportation	246 533	49 279	197 254	299 169	60 593	238 576
Civil responsibility	21 549	4 310	17 239	67 148	13 430	53 719
Miscellaneous	64 652 331	7 951 318	56 701 012	59 321 653	7 743 402	51 578 251
Total	158 170 643	23 024 012	135 146 631	148 362 003	19 192 553	129 169 450

The table below shows the Mathematical Provisions:

Mathematical provision	2021 MZN			2020 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Life Insurance	287 659 774	53 147 432	234 512 343	235 215 850	24 772 874	210 442 976
Credit Life	263 465 595	52 151 647	211 313 948	216 134 365	24 159 614	191 974 750
Group life	7 256 845	995 784	6 261 060	4 101 483	613 259	3 488 224
Individual life	4 001 819	-	4 001 819	2 694 050	-	2 694 050
Funeral benefit	4 049 293	-	4 049 293	2 748 296	-	2 748 296
Embedded Funeral	4 948 659	-	4 948 659	3 666 857	-	3 666 857
Standalone (Bancassurance)	3 937 564	-	3 937 564	5 870 797	-	5 870 797
Non - Life Insurance	183 816 001	-	183 816 001	127 360 775	-	127 360 775
Workman compensation	183 816 001	-	183 816 001	127 360 775	-	127 360 775
Total	471 475 775	53 147 432	418 328 344	362 576 625	24 772 874	337 803 752

The table below summarises information about provisions for claims:

Provision for claims	2021 MZN			2020 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Life Insurance	12 858 846	4 317 820	8 541 026	12 613 871	4 519 468	8 094 203
Credit Life	3 716 005	266 301	3 449 704	10 490 819	4 194 334	6 296 485
Group life	8 688 873	4 051 520	4 637 353	1 186 268	325 134	861 133
Funeral benefit	157 656	-	157 656	251 083	-	251 083
Embedded Funeral	146 738	-	146 738	345 352	-	345 352
Standalone (Bancassurance)	149 574	-	149 574	340 150	-	340 150
Non - Life Insurance	837 141 789	260 817 616	576 324 173	917 534 448	267 698 677	649 835 771
Workman compensation	312 770 882	9 137	312 761 745	361 683 854	254 926	361 428 928
Personal Accident	5 489 991	5 365 480	124 512	5 577 976	4 954 506	623 470
Fire	208 093 030	173 315 701	34 777 329	229 700 605	169 798 819	59 901 785
Motor	102 047 658	-	102 047 658	100 817 737	787	100 816 950
Marine	5 944 642	5 783 700	160 943	7 034 238	6 742 034	292 204
Aviation	8 617 050	8 617 050	-	10 123 650	10 123 650	-
Transportation	4 817 969	398 728	4 419 241	5 920 214	39 785	5 880 428
Civil responsibility	107 454 663	-	107 454 663	94 959 949	-	94 959 949
Miscellaneous	81 905 903	67 327 821	14 578 082	101 716 225	75 784 169	25 932 056
Total	850 000 634	265 135 436	584 865 198	930 148 119	272 218 145	657 929 973

The table below shows the unexpired risk reserve:

Unexpired risk reserve	2021 MZN	2020 MZN	Change (see Note 14)
Non - Life Insurance	16 373 947	40 580 901	24 206 954
Personal Accident	1 585 264	-	(1 585 264)
Fire	11 660 998	-	(11 660 998)
Transportation	1 067 941	208 658	(859 284)
Civil responsibility	2 059 744	-	(2 059 744)
Miscellaneous	-	40 372 243	40 372 243
Total	16 373 947	40 580 901	24 206 954

Note 24 - Other Debtors for Insurance & Other Operations

In 2021 and 2020, this account had the following composition:

	2021 MZN	2020 MZN
Accounts receivable from direct insurance operations		
Insurance holders	37 323 056	135 180 526
Insurance brokers	156 794 204	100 974 847
Co-insurance	20 699 054	773 757
	214 816 314	236 929 130
Adjustment: provision for bad debtors	(15 263 284)	(11 046 413)
	199 553 030	225 882 717
Accounts receivable from reinsurance operations		
Other reinsurers	981 488 894	920 891 806
	981 488 894	920 891 806
Accounts receivable from other operations		
Other debtors	131 246 468	180 898 717
	131 246 468	180 898 717
Total	1 312 288 391	1 327 673 239

This table gives details of the adjustment of pending premium receipts

Amount in MZN	Balance at 31.12.2019	Adjustments (see Note 14)	Balance at 31.12.2020	Adjustments (see Note 14)	Balance at 31.12.2021
Adjustment of provision for bad debtors	7 191 592	3 854 821	11 046 413	4 216 871	15 263 284
Total	8 676 889	(1 485 297)	7 191 592	4 216 871	15 263 284

Note 25 – Current and Deferred Tax

This note analyses tax assets and liabilities in 2021 and 2020:

	2021 MZN	2020 MZN
VAT	2 346 518	-
Advanced and withholding tax	115 643 957	101 781 669
Current tax asset	117 990 475	101 781 669
Investment Properties	8 674 048	259 351
Unfavourable foreign exchange	176 282 530	124 314 696
Deferred tax Asset	184 956 578	124 574 047
Tax asset	302 947 053	226 355 717
Other tax		
Stamp Tax	9 050 218	9 977 769
Supervision Fee	2 028 445	1 966 786
Individual Income Tax	17 144 247	12 245 832
VAT	571 285	66 823 283
Other tax	1 037 189	938 476
Current Tax liability	29 831 385	91 952 145
Favourable Foreign Exchange	219 778 889	119 486 346
Deferred Tax Liability	219 778 889	119 486 346
Tax Liability	249 610 274	211 438 491

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

	2021 MZN	2020 MZN
Deferred Tax	(39 910 013)	(2 174 025)
Total tax recognized in results	(39 910 013)	(2 174 025)

Note 25 – Current and Deferred Tax

This note analyses tax assets and liabilities in 2021 and 2020:

	2021 MZN	2020 MZN
VAT	2 346 518	-
Advanced and withholding tax	115 643 957	101 781 669
Current tax asset	117 990 475	101 781 669
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Unfavourable foreign exchange	176 282 530	124 314 696
Deferred tax Asset	184 956 578	124 574 047
Tax asset	302 947 053	226 355 717
Other tax		
Stamp Tax	9 050 218	9 977 769
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Individual Income Tax	17 144 247	12 245 832
VAT	571 285	66 823 283
Other tax	1 037 189	938 476
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Favourable Foreign Exchange	219 778 889	119 486 346
Deferred Tax Liability	219 778 889	119 486 346
Tax Liability	249 610 274	211 438 491

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

	2021 MZN	2020 MZN
Deferred Tax	(39 910 013)	(2 174 025)
Total tax recognized in results	(39 910 013)	(2 174 025)

The effective tax rate of the company for the year 2021 was 27.56%. The reconciliation of the tax rate is presented below:

	2021 MZN		2020 MZN	
	Amount	Rate	Amount	Rate
Net Income before Tax	287 938 274		241 907 517	
Tax payable at nominal rate	(92 140 248)	-32.00%	(77 410 406)	-32.00%
Current tax cost / (income)	-		-	
Deferred tax cost / (income)	(39 910 013)		(2 174 025)	
Effective tax charge recognized in profit or loss	(39 910 013)		(2 174 025)	
Effective rate		-13.86%		-0.90%
Differences to be reconciled				
Impact of non-deductible expenses	79 369 044	-27.56%	76 714 718	-31.71%

The tax authorities in Mozambique do not confirm acceptance / assessment of tax returns and these remain open for inspection by the tax authorities for a period of 5 years. The Board of Directors are of the opinion that no significant tax adjustments to the reported figures in these financial statements will result because of such a review by the tax authorities.

	31-Dec-2021		31-Dec-2020	
	Tax rate	Amount	Tax rate	Amount
Profit before taxation		248 028 261		239 733 492
Negative net worth variation		-		-
Income tax using domestic rate	32%	79 369 044	32%	76 714 718
Fiscal corrections:				
Exchange rate losses	211.18%	167 608 482	161.71%	124 055 345
Non-deductible depreciations	0.39%	311 347	0.68%	523 423
Non deductible provisions and impairments	0.82%	652 696	1.87%	1 432 961
Impairments of financial assets	10.93%	8 674 048	0.34%	259 351
Non deductible fringe benefits	0.20%	159 844	0.79%	604 634
Donations non deductible for tax purposes	0.00%	-	0.16%	120 320
Taxes due by third parties	0.66%	527 760	0.58%	442 471
Penalties, compensatory interest and other legal infringements	0.00%	-	0.01%	5 719
50% of daily allowances and kilometres	0.10%	79 123	0.25%	190 914
80% of entertainment expenses	0.59%	470 752	0.30%	228 389
50% of expenses with passenger vehicles	0.27%	210 373	0.18%	135 427
Costs from previous years	1.06%	837 984	0.00%	-
Reduction of non-taxed exchange differences	150.55%	119 486 346	538.34%	412 988 095
Deferred taxes	16.09%	12 771 204	0.91%	695 688
Bad debtors	0.53%	417 636	0.13%	99 997
Fraud Losses	0.00%	-	3.95%	3 027 326
Expenses incurred with trainees	0.12%	93 622	0.09%	68 677
Withholding tax - interest on bonds	4.01%	3 179 796	4.48%	3 436 880
Exchange rate profits	-276.91%	(219 778 869)	-155.75%	(119 486 346)
Reposition of taxed exchange differences	-156.30%	(124 055 345)	-542.17%	(415 921 932)
Bond interest	-26.14%	(20 750 133)	(0.25)	(19 401 230)
Current tax	38%	30 265 688	92%	70 220 828
Tax losses carried forward	32%	(91 923 960)	32.00%	(162 144 788)
Tax payable / (recovered)		(61 658 271)		(91 923 960)

As at 31 December 2021, the company had an accumulated tax loss of MZN 192 682 098 which include an amount carried forward in 2020 of MZN 287 262 375. 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
Utilization in 2020:	(219 440 086)
Utilization in 2021:	(94 580 276)
Tax losses as at 31/12/2021	<u>192 682 098</u>

Note 26 – Accruals and Deferrals

The accruals and deferrals in 2021 and 2020 comprised of:

	2021 MZN	2020 MZN
Accruals and Deferred Assets		
Interest Receivable	42 787 372	19 179 781
Other accruals and deferrals	1 355 578	24 176
	44 142 951	19 203 957
Accruals and Deferred Liabilities		
Remuneration and bonus	13 360 567	5 864 813
Audit fees	3 063 508	1 937 520
Accrual leave pay	17 193 962	15 154 287
Absa Life Ltd	40 293 624	41 116 842
Absa Insurance Company Ltd	184 712 154	204 512 970
Absa Financial Services Africa Holdings Pty Ltd	53 285 655	143 510 535
ACA – Actuaries	2 406 000	3 078 000
Asset management – ABSA – fees	6 507 731	15 898 553
Treaties – AON	0	25 756 442
Others	37 419 028	33 283 019
	358 242 229	490 112 981

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 2021 and 2020:

	2021 MZN	2020 MZN
Payables for direct insurance operations		
Insurance brokers	29 955 235	24 345 554
Co-insurance	3 250 597	10 430 634
	33 205 832	34 776 189
Payables for reinsurance operation		
Other reinsurer	782 268 179	820 957 196
	782 268 179	820 957 196
Payables for other operations		
Other creditors	101 423 135	163 750 179
	101 423 135	163 750 179
Total	916 897 146	1 019 483 564

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

The authorized and issued share capital of GA as at 31 December 2021, of MZN 295 000 000, represented by 295 000 000 shares with a nominal value of MZN 1 is fully subscribed and paid.

	2021	2020
Number of shares at 1 January	280 090 000	242 090 000
Capital increase	14 910 000	38 000 000
Number of shares on 31 December	295 000 000	280 090 000

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 engage in insurance activity. Companies had a maximum period of three years, in order to comply with the approved capital requirements. Non-compliance would result in revocation of the authorization to engage in insurance activity. The Company is a composite insurer, therefore it was required to have the minimum share capital of MZN 295 000 000 by 4 July 2021.

The Company made an increased share capital by MZN 14 910 000, using other reserves.

In 2021, GA maintained the same shareholding structure.

	Number of shares	Percentage of shareholding	Share capital	
			2021 MZN	2020 MZN
Absa Financial Services Africa Holdings Pty Ltd	289 100 000	98.00%	289 100 000	274 488 200
Absa Insurance Company Ltd	2 950 000	1.00%	2 950 000	2 800 900
Absa Life Ltd	2 950 000	1.00%	2 950 000	2 800 900
Total	295 000 000	100.00%	295 000 000	280 090 000

Retained Earnings

The retained earnings in 2021 and 2020 are presented as follows:

	2021 MZN	2020 MZN
As at 1 January	37 641 877	66 089 752
Application of the net income as per approval	176 876 794	(28 447 875)
As at 31 December	214 518 671	37 641 877

The application of the net profit for the financial year 2021 and 2020 was carried out as follows:

Application of Net Profit	2021 MZN	2020 MZN
Income for the year	248 028 261	239 733 492
<i>Application:</i>		
Fund legal reserve	24 802 826	47 946 698
Other Reserves	-	14 910 000
Retained earnings	223 225 435	176 876 794
Dividends per share	-	-

No dividend was declared or paid during 2021.

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

Other Reserves

It includes free reserves, which result from reported profits made, 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:

	2021 MZN	2020 MZN
Legal Reserve	159 042 574	111 095 876
Share Premium	1 970 879	1 970 879
Total	161 013 453	113 066 755

Note 29 – Transactions with related parties

As at 31 December 2021 and 2020 the value of Directors' remuneration and Leave balances is as follows:

	2021 MZN	2020 MZN
Income statement information		
Directors' Remuneration	42 912 059	30 209 394
Balance sheet information		
Leave	17 193 962	15 154 287

The analysis of transactions with related parties in 2021 and 2020 is as follows:

Receivables and payables	2021 MZN		2020 MZN	
	Absa Bank Moçambique, S.A.	Absa Group	Absa Bank Moçambique, S.A.	Absa Group
Cash and cash equivalents and current deposits	43 022 440	4 683 092	74 360 786	5 835 713
Accounts receivable from direct insurance	36 367 864	-	79 653 360	-
Total Assets	79 390 304	4 683 092	154 014 147	5 835 713
Provision for unearned premium	18 452 078	-	52 414 481	-
Accounts payable from direct insurance	11 864 248	-	8 380 821	-
GA staff loans	42 123 436	-	33 801 479	-
Absa Financial Services Africa Holdings Pty Ltd	-	6 507 731	-	15 898 553
Absa Life Ltd	-	40 293 624	-	41 116 842
Absa Insurance Company Ltd	-	184 712 154	-	204 512 970
Absa Financial Services Africa Holdings Pty Ltd	-	53 285 655	-	143 510 535
Total Liabilities	72 439 761	284 799 164	94 596 781	405 038 900

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 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 Company faces is the possibility of the current value of payment claims exceeding the amount of liabilities calculated by GA and presented in their financial statements. This can occur by changes in the frequency and/or severity of amounts payable when compared to 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 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 2021	Amounts paid- costs (1)	Amounts paid- imputed costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	100 260 873	12 883 044	(48 912 971)	64 230 945
Personal accident	144 958 905	988 345	(87 985)	145 859 265
Fire	455 627 938	6 366 992	(21 607 575)	440 387 356
Motor	173 905 640	32 093 191	1 229 922	207 228 753
Marine	7 111 299	163 592	(1 089 596)	6 185 295
Aviation	1 506 600	39 198	(1 506 600)	39 198
Transportation	10 135 867	829 395	(1 102 245)	9 863 016
Civil responsibility	32 104 756	6 771 056	12 494 714	51 370 526
Miscellaneous	105 833 324	6 098 800	(19 810 322)	92 121 802
Total Non-life	1 031 445 201	66 233 614	(80 392 659)	1 017 286 156

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

Additional information per product classes is as follows:

Amounts In MZN 2021	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	145 737 495	144 372 785	64 230 945	61 982 514	(129 444)
Personal accident	135 796 808	139 119 065	145 859 265	12 255 463	12 235 996
Fire	262 926 158	264 883 652	440 387 356	55 013 103	190 846 394
Motor	374 269 572	358 099 380	207 228 753	131 559 124	(6 327 815)
Marine	17 082 120	16 977 983	6 185 295	1 575 781	(8 994 098)
Aviation	29 759 825	18 461 860	39 198	295 376	(17 061 416)
Transportation	12 261 020	11 661 888	9 863 016	4 207 958	(1 227 544)
Civil responsibility	77 105 506	74 936 115	51 370 526	26 970 200	(2 389 055)
Miscellaneous	273 471 766	265 430 858	92 121 802	45 158 260	(105 010 742)
Total Non-life	1 328 410 271	1 293 943 588	1 017 286 156	339 017 777	61 942 275

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)

2) Investment Risk

Investment risk 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 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 companies with good credit record 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	2021		2020	
	Amount	%	Amount	%
Assets available for sale				
Bonds and other fixed income				
From public issuers	415 732 455	22%	222 581 882	12%
From private issuers	367 433 800	20%	372 433 800	20%
Loans and Receivables				
Term Deposits	675 219 696	36%	706 802 867	37%
Cash and cash equivalents and current deposits	256 586 833	14%	430 281 964	23%
Investment property	140 953 600	8%	168 060 000	9%
Total	1 855 926 384	100%	1 900 160 513	100%

b) Market risk

Market risk is the risk that changes in market prices -e.g. foreign exchange rate, interest rates and equity prices – will affect the company's income or the value of its holdings of financial instruments. The objective of market risk

management is to manage and control market risk exposure within acceptable parameters, while optimising the return. GA is exposed to financial risks arising from its financial assets and assets of reinsurance operations. In particular, the main financial risk that the company faces is that its financial assets are not hedged. 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 risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The risk arises from possible mismatches between amount and timing of the collection of financial assets and settlement financial liabilities. 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 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				
2021				
Amounts owing to related parties	-	338 786 848		338 786 848
Trade payables	-	905 032 899	-	905 032 899
	-	1 243 819 746	-	1 243 819 746
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

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

Reconciliation of amounts owing to related parties and trade payables:

	2021	2020
Amounts owing to related parties		
Total related parties liabilities – Note 29	357 238 926	499 635 681
Provision for unearned premium – Note 29	(18 452 078)	(52 414 481)
Amounts in liquidity risk analysis	338 786 848	447 221 200
Trade payables		
Total trade and other payables – Note 27	916 897 146	934 270 471
Accounts payable from direct insurance – Note 29	(11 864 248)	(8 380 821)
Amounts in liquidity risk analysis	905 032 899	925 889 651

	Less than 1 month	1-3 months	3-12 months	Exceeding 1 year	Total
2021					
Amounts owed by related parties	-	36 367 864	-	-	36 367 864
Trade and other receivables	-	1 275 920 528	-	-	1 275 920 528
Loans and receivables	-	-	675 219 696	-	675 219 696
Available for sale assets	-	-	-	783 166 255	783 166 255
Cash and cash equivalents	256 586 833	-	-	-	256 586 833
	256 586 833	1 312 288 391	675 219 696	783 166 255	3 027 261 175
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	-	-	-	-	-
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	-	595 015 682	2 270 877 537

d) Foreign Exchange Risk

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, ZAR 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 or ZAR. As at December 31, 2021 and 2020 the projected cash flows (undiscounted) of financial instruments, according to the contractual maturity, were made up as follows:

Amounts in MZN 31.12.2021	Maturity					No maturity	Total
	<1 month	1-3 months	3-12 months	1-5 year	> 5 years		
Bonds and other fixed income	-	-	-	783 166 255	-	-	783 166 255
Term Deposits	-	-	505 935 854	804 988 306	-	-	1 310 924 159
Cash and cash equivalents and current deposits	-	-	-	-	-	256 586 833	256 586 833
Investment property	-	-	-	-	-	63 830 000	63 830 000
Total	-	-	505 935 854	1 588 154 561	-	320 416 833	2 414 507 247

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

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 due to 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 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
2021			
Fair value			
Financial Assets			
Assets available-for-sale	783 166 255	-	783 166 255
Properties			
Investment property	-	140 953 600	140 953 600
	783 166 255	140 953 600	924 119 855
2020			
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

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 2021 and 2020 is as follows:

Amounts in MZN	2021	2020	2021/2020
Share Capital	295 000 000	280 090 000	5.3%
Reserves	161 013 453	113 066 755	42.4%
Retained Earnings	214 518 671	37 641 877	469.9%
Loss/Profit for the year	248 028 261	239 733 492	3.5%
Items to deduct	(29 138 890)	(8 842 493)	229.5%
Solvency Available Margin	889 421 495	661 689 631	34.4%
Required Solvency Margin Non-life Insurance	183 682 114	248 898 543	-26.2%
Required Solvency Margin Life Insurance	59 000 000	56 018 000	5.3%
Excess/(Insufficiency) of Solvency Margin	646 739 382	356 773 088	81.3%
Coverage	366.5%	217.0%	68.9%

Note 32 – Off - Balance Sheet

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

Amounts MZN	Balance as at 31-12-2021	Balance as at 31-12-2020
Pension Funds		
Mozal Employees Pension Fund	1 478 059 797	1 353 312 052
Global Alliance Open Fund	521 389 697	603 556 321
Absa Bank Mozambique Pension Fund	3 677 700 444	4 068 293 303
Total	5 677 149 938	6 025 161 675

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.

