



**INTERNATIONAL COMMERCIAL & ENGINEERING, ICE
SEGUROS, S.A.**

**FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

Financial Statements for the year ended at 31 December 2020*(Amounts expressed in Meticaís)*

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Maputo-Moçambique
CP 4200

TO
INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A.
MAPUTO

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., which comprise the statement of financial position as at 31 December 2020 (which shows total assets of MZN 1 990 778 902 and total equity of MZN 620 985 337 including a result of MZN 60 513 346), the income statement, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Standards issued by the Insurance Supervision Institute of Mozambique.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical recommendation from Body of Accountants and Auditors of Mozambique (OCAM). We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

Emphasis of matter paragraph - Coverage of technical reserves

We draw attention to note 4 of the financial statements, which it is stated that, at 31 December 2020, the company had a MZN 450 104 225 deficiency in regulatory prescribed assets to cover technical reserves, and had a MZN 342 809 339 of surplus cash assets available to be invested.

Our opinion is not modified in respect to this matter

Other matter

The financial statements of the entity for the year ended 31 December 2019, were audit by another auditor who expressed an unmodified opinion, with emphasis of matter on those statements on 29 April 2020.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's 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 Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with those charged with governance 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.

BDO (MOZAMBIQUE), LDA

Registered Auditor Firm nr 02/SAC/OCAM/2012, represented by:

Abdul Satar A. Hamid **BDO**

Engagement Partner: Abdul Satar A. Hamid

Registered Auditor: 01/CA/OCAM/2012

Maputo, 29 April 2021

Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticais)

Directors' Responsibility for the Financial Statements

The responsibility for preparing financial statements that give a true and fair view of the company's financial position, results of operations and cash flows in accordance with generally accepted accounting principles in Mozambique for the insurance sector and in accordance with the rules issued by the ISSM – Instituto de Supervisão de Seguros de Moçambique, applied consistently, as well as for the adoption of adequate accounting policies and estimates is of the directors of INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A.

The annual financial statements were audited by independent auditors, BDO Moçambique, LDA., which were provided with all accounting records of the company and its supporting documentation, as well as all contracts, agreements, reports and relevant correspondence.

The annual financial statements on pages 5-42 were prepared in accordance with the generally accepted accounting principles in Mozambique for the insurance sector. This has been consistently applied and supported by reasonable and prudent judgment and estimates. The going concern assumption was considered in the preparation of these financial statements. Based on forecasts and available financial resources, the directors do not have knowledge or any reason that could endanger the continuity of the company in the foreseeable future.

The directors are also responsible for maintaining an appropriate internal control system that prevents and detects any errors or irregularities.

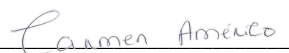
APPROVAL OF FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

The financial statements set out on pages 5-42 were approved by the Board of directors on 27 April 2021, and signed by their representatives:

Robert Lewis

A handwritten signature in black ink, appearing to be 'Robert Lewis', written over a horizontal line.

Carmen Américo

A handwritten signature in black ink, appearing to be 'Carmen Américo', written over a horizontal line.


Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticaís)

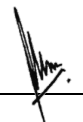
STATEMENT OF COMPREHENSIVE INCOME

Amounts in Meticaís						
STATEMENT OF COMPREHENSIVE INCOME	Notes	31.12.2020				31.12.2019
		Technical Account "Life"	Technical Account "non life"	Non Technical Account	Total	
Earned Premiums (Net of Reinsurance)	18	-	83 477 103	-	83 477 103	170 650 188
Gross Premium Income	17, 18	-	2 152 316 286	-	2 152 316 286	1 747 491 655
Outward Reinsurance Premiums	18	-	(2 057 304 215)	-	(2 057 304 215)	(1 575 943 060)
Unearned Premiums Reserve (Movement)	18	-	(160 673 830)	-	(160 673 830)	(112 659 979)
RI, Unearned Premiums Reserve (Movement)	18	-	149 138 862	-	149 138 862	111 761 571
Claim costs, net of reinsurance	19	-	(125 873 302)	-	(125 873 302)	(95 254 826)
Amounts paid						
Gross amounts	19	-	(242 283 200)	-	(242 283 200)	(144 222 203)
Reinsurers' share		-	260 013 085	-	260 013 085	137 831 044
Reserve for claims (Movement)						
Gross amounts	19	-	(336 217 827)	-	(336 217 827)	(166 950 869)
Reinsurers' share		-	192 614 640	-	192 614 640	78 087 202
Other Net Technical Reserves for Insurance	10	-	3 649 622	-	3 649 622	12 781 986
Net operating costs	20	-	(13 138 061)	-	(13 138 061)	(71 737 107)
Acquisition costs		-	(46 421 608)	-	(46 421 608)	(36 165 824)
Deferred acquisition costs (Movement)	20	-	466 906	-	466 906	(743 811)
Administrative costs	20,21	-	(62 097 786)	-	(62 097 786)	(75 456 002)
Reinsurance commission and profit sharing	20	-	94 914 426	-	94 914 426	40 628 530
Financial income		-	36 239 996	-	36 239 996	47 406 078
Others		-	36 239 996	-	36 239 996	47 406 078
Financial costs		-	(12 172 521)	-	(12 172 521)	(14 253 273)
Others		-	(12 172 521)	-	(12 172 521)	(14 253 273)
Exchange differences	22	-		142 751 008	142 751 008	(21 336 577)
Exchange differences		-		142 751 008	142 751 008	(21 336 577)
Other income / expense		-	-	-	-	-
Profit/(loss) before tax		-	-	-	114 933 843	28 256 468
Income Tax - Deferred tax	12	-		(54 420 497)	(54 420 497)	16 636 061
NET INCOME FOR THE YEAR		-	-		60 513 346	44 892 529

Accounting Technician

Board of Directors





These financial statements should be read together with the notes to the financial statements

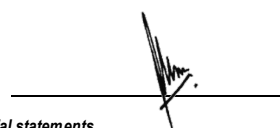
Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticals)

STATEMENT OF FINANCIAL POSITION

	Notes		31-Dec-2020		31-Dec-2019
STATEMENT OF FINANCIAL POSITION		Gross Amount	Impairment, depreciation and Amortization	Net Amount	Net Amount
ASSETS					
Cash, cash equivalents and current deposits	5	632 728 321	-	632 728 321	158 155 401
Available-for-sale financial assets	6	1 293 560	-	1 293 560	4 414 273
Loans and receivables		224 145 770	-	224 145 770	626 957 112
Other deposits	7	224 145 770	-	224 145 770	626 957 112
Financial assets held-to-maturity	8	-	-	-	-
Other tangible assets	9	10 808 057	(9 850 099)	957 958	1 910 898
Other Intangible Assets	9	730 563	(730 563)	-	-
Technical provisions for ceded reinsurance		813 411 353	-	813 411 353	430 365 052
Unearned Premiums Reserve	10	471 997 741	-	471 997 741	326 950 221
Claims reserve	10	341 413 612	-	341 413 612	103 414 831
Other debtors from insurance operations and other operations		320 853 549	-	320 853 549	270 107 376
Receivables from direct insurance operations	11	287 553 692	-	287 553 692	245 955 731
Receivables from other reinsurance operations	11	25 419 337	-	25 419 337	22 253 297
Receivables from other operations	11	7 880 521	-	7 880 521	1 898 348
Tax assets		-	-	-	8 092 269
Current tax assets		-	-	-	-
Deferred tax assets	12	-	-	-	8 092 269
Accruals and deferrals		(2 611 609)		(2 611 609)	9 838 562
Total assets		2 001 359 564	(10 580 662)	1 990 778 902	1 509 840 942
LIABILITIES AND EQUITY					
LIABILITY					
Technical reserves				968 993 331	549 265 751
Unearned premiums reserve	10			505 152 566	349 036 984
Reserve for claims	10			463 766 540	196 504 920
Workman's compensation and Occupational Diseases				6 039 089	6 442 826
Other products				457 727 452	190 062 094
Reserves for risks on going	10			74 224	3 723 846
Other Creditors, Insurance Operations and Other Operations				347 412 715	390 866 682
Payables for Insurance Operations	14			21 018 974	30 066 905
Payables for Other Reinsurance Operations	14			334 123 772	335 842 382
Payables for Other Operations	14			(7 730 032)	24 957 394
Tax Liabilities				53 387 519	9 236 519
Current Tax Liabilities	15			7 059 291	9 236 519
Deferred Tax Liabilities	12			46 328 229	-
Total liabilities				1 369 793 565	949 368 952
EQUITY					
Share Capital	16			549 727 200	549 727 200
Other Reserves				11 210 380	2 231 874
Retained earnings				(465 590)	(36 379 612)
Net income for the year				60 513 346	44 892 529
Total Equity				620 985 337	560 471 991
Total Liabilities and Equity				1 990 778 902	1 509 840 942

Accounting Technician

Board of Directors

These financial statements should be read together with the notes to the financial statements

Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticaís)

STATEMENT OF CHANGES IN EQUITY

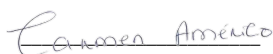
	Share capital	Other reserves			Net income for the Year	Retained earnings	Total equity
		Legal reserves	Statutory reserves	Others			
Balance as at 1 January 2019	549 727 200	2 231 874	-	-	(11 543 424)	(24 836 188)	515 579 462
Profit distribution	-	-	-	-	-	(11 543 424)	-
Net income for the year	-	-	-	-	44 892 529	-	44 892 529
Balance restated as at 31 December 2019	549 727 200	2 231 874	-	-	44 892 529	(36 379 612)	560 471 991
Profit distribution	-	8 978 506	-	-	(44 892 529)	35 914 023	-
Net income for the year	-	-	-	-	60 513 346	-	60 513 346
Balance as at 31 December 2020	549 727 200	11 210 380	-	-	60 513 346	(465 590)	620 985 337

Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticaís)

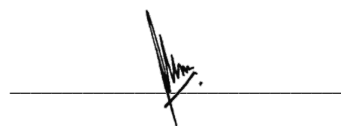
STATEMENT OF CASH FLOWS

	31.12.2020	31.12.2019
Cash flow from operating activities		
Net income for the year	60 513 346	44 892 529
Adjustments related to:		
Depreciation and amortization	952 940	2 015 920
Change in other assets	-	672 057
Change in accruals and deferrals	12 450 171	(1 865 247)
Variation in Technical Reserves		
Direct insurance and accepted reinsurance	274 680 059	132 834 287
Of reinsurance ceded	(237 998 780)	(35 027 141)
Increase / (Decrease) in debtors		
For direct insurance operations and reinsurance accepted	(44 764 000)	(54 797 331)
For other operations	(5 982 173)	5 849 909
Increase / (Decrease) in creditors		
For direct insurance operations and reinsurance accepted	(10 766 541)	(13 649 431)
For other operations	(32 687 426)	8 565 554
Other creditors	(2 177 228)	(7 847 039)
Reversals of deferred tax	54 420 497	(16 636 060)
Net cash flow from operating activities	68 640 865	65 008 009
Cash flow from investment activities		
Maturity / Deposits at credit institutions	402 811 342	(153 313 173)
Acquisition / maturity of Government and other public entities	-	59 000 000
Acquisition / reduction in tangible and intangible assets	-	(53 167)
Acquisition of shares	3 120 713	10 234 327
Net cash flow from investing activities	405 932 055	(84 132 013)
Cash flow from financing activities		
Capital increase	-	-
Net cash flow from financing activities	-	-
Net changes in cash and cash equivalents	474 572 920	(19 124 004)
Cash and cash equivalents at beginning of period	158 155 402	177 279 406
Cash and cash equivalents at end of period	632 728 321	158 155 402

Accounting Technician



Board of Directors



These financial statements should be read together with the notes to the financial statements

Financial Statements for the year ended at 31 December 2020

(Amounts expressed in Meticals)

Notes to the financial statements

Note 1. Introduction

The notes to the accounts included in this report comply with the order established in the chart of accounts for insurance companies, and the numbers that are not shown, are not applicable, or their presentation was not considered relevant for the analysis of the financial situation of the Company.

1.1. Legal form of the insurer and the address of the registered office.

INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A. is a limited company with headquarters at No. 141A, Rua José Craveirinha, Polana, Maputo, Mozambique incorporated on 31 January 2015. It started its activity on 17 April 2015. The company operates throughout the national territory, performing Non-Life insurance permitted by legislation in force in the country.

1.2. Business description.

The business nature of INTERNATIONAL COMMERCIAL & ENGINEERING, ICE INSURANCE, S.A., as mentioned in Note 1.1, is in the area of non-life insurance. The gross premium income of the Company during the financial year 2020 was 2 152 316 286.00 MT.

Note 2. Information by Segments

The Company's activity is carried out in Mozambique exploring the business products identified below:

Non- Life	Workmen's Compensation	Personal Accidents	Fire	Motor	Marine	Aviation	Goods in transit	Liability	Miscellaneous	Total
Gross premium earned	3 258 660	102 972 519	1 400 960 874	34 663 969	55 083 397	31 241 135	2 913 601	116 412 613	244 135 688	1 991 642 456
Cost of claims, net of reinsurance	(1 233 217)	(42)	1 122 451	(7 001 000)	3 631	-	496 509	(15 343)	(119 246 292)	(125 873 302)
Other Net Technical Reserves for Insurance	-	111 136	3 538 486	-	-	-	-	-	-	3 649 622
Technical margin	2 025 443	103 083 613	1 405 621 811	27 662 969	55 087 028	31 241 135	3 410 110	116 397 270	124 889 396	1 869 418 776
Outward reinsurance premiums earned	(529 708)	(102 373 335)	(1 378 283 045)	(128 086 859)	(51 594 439)	(30 920 494)	(2 828 774)	(108 877 947)	(104 670 753)	(1 908 165 353)
Technical margin net of reinsurance	1 495 735	710 278	27 338 766	(100 423 889)	3 492 589	320 641	581 337	7 519 322	20 218 643	(38 746 577)
Acquisition cost	(420 094)	(440 854)	(23 579 456)	(3 686 508)	(5 736 096)	(54 966)	(475 932)	(5 130 246)	(6 430 550)	(45 954 702)
Operational result	(124 992)	401 550	26 089 881	696 287	4 850 078	535 729	801 558	9 886 912	(10 320 363)	32 816 640
	950 649	670 974	29 849 191	(103 414 110)	2 606 571	801 404	906 963	12 275 988	3 467 731	(51 884 639)

Note 3. Accounting policies

Note 3.1. Basis of preparation and summary of significant accounting policies

These financial statements have been prepared in accordance with Diploma Ministerial nº 222/2010, dated 17 December, and also in accordance with the rules governing the accounting of the operations of insurance companies, as established by ISSM.

Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticaís)

Note 3.2. Basis of measurement

These financial statements have been prepared in accordance with the going concern principle and the historical-cost basis, except where specifically indicated.

These financial statements were presented to the Board of Directors for approval on 27 April 2021.

Note 3.3. Functional and presentation currency

The company's functional and presentation currency is Mozambican Meticaís.

Note 3.4. Significant accounting policies

a) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated in foreign currency at the exchange rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The table below presents the main exchange rates applied during the year.

	31-Dec-2020		31-Dec-2019	
	Buy	Sell	Buy	Sell
United State Dollars (USD)	74.1500	75.6300	60.9000	62.1200
South Africa Rand (ZAR)	5.0600	5.1700	4.3100	4.4000
Euro (EUR)	91.1100	92.9400	68.2400	69.6100

b) Accounting principles adopted in respect of insurance contracts

Recognition of costs and income

Costs and income are recognised in the period to which they relate, regardless of the time of payment or receipt, according to the accrual basis. The acquisition costs correspond to the compensation paid to brokers for raising insurance contracts.

Financial Statements for the year ended at 31 December 2020*(Amounts expressed in Meticaís)*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. Administration fees charged to the policy holders are recognized when incurred.

The applicable treatment to the income from insurance contracts is also applied to the administration fees charged to policy holders, being recognized as income when incurred, regardless of the moment of their receipt.

Unearned premiums reserve

The unearned premium reserve is based on the determination of premiums written before the end of the year that are in force after that date. This reserve is designed to cover risks assumed and the resultant charges during the period between the end of the year and the maturity date of each insurance contract, using the Pro-rata temporis method. The reserve carried in the statement of financial position has been reduced by the deferred acquisition costs in the proportion of the premiums, up to a limit of 20% of the amount of the deferred premiums, for each business line.

Acquisition costs

Direct or indirect acquisition costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred during the contract's life period. Deferred acquisition costs are subject to recovery tests at the date the insurance contract is issued and subject to impairment tests at each reporting date.

Deferred acquisition costs are amortized during the period in which the correspondent premiums are being earned. In accordance with Decree n° 30/2011, these costs can only be deferred up to a limit of 20% of unearned premiums.

Claims reserve

The claims reserve corresponds to the present estimated cost to be borne by the Company to settle all accidents which occurred up to the year end, claimed or otherwise, following deduction of any amounts paid in respect of these claims.

Incurred but not reported (IBNR) claims reserve

The IBNR reserve is calculated according to the legislation in practice. In accordance with the Decree n.º 30/2011 this reserve must be determined for non-life insurance businesses as 5% of the costs on claims incurred and reported in the period reduced from the correspondent maturities, redemptions and annuities.

Technical reserves of ceded reinsurance

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

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

Financial Statements for the year ended at 31 December 2020
(Amounts expressed in Meticaís)

Claims deviation reserve

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 nº 30/2011.

Unexpired risk reserve

The unexpired risk reserve 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 reserve is being determined in accordance with the applicable law – Decree nº. 30/2011.

c) Investments and other financial assets

At the initial recognition, the classification of financial assets depends on the purpose for which these have been acquired and its characteristics, considering the following categories:

Available-for-sale financial assets

Financial assets available for sale are financial assets held with the intention to keep them indefinitely, or designated for sale at the moment of initial recognition.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, not quoted on an active market.

Financial assets are initially recognised on the contract date at their fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, for which transaction costs are recognised immediately in the statement of comprehensive income.

Fair value is generally the amount by which an asset or liability is traded, between independent parties, both willing to enter in a transaction under normal business conditions. Fair value at initial recognition normally coincides with the transaction price.

The fair value is determined based on an active market prices or valuation methods in the absence of such an active market. A market is considered active if transactions occur on a regular basis.

Financial Statements for the year ended at 31 December 2020*(Amounts expressed in Meticaís)*

INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. It is considered that a financial asset is impaired if, and only if, there is objective evidence of loss of value resulting from one or more events that occurred after the initial recognition of assets and provided that such events have an impact on estimated future cash flows of the financial assets. Evidence of impairment may include indications that the debtor or a group of borrowers are in financial difficulties, failure or delay in payment of principal or interest, the likelihood they will enter bankruptcy or financial reorganization and where information is available indicating a decrease in the value of future cash flows.

Initial recognition, measurement and derecognition

Financial assets are initially recognised at fair value plus transaction costs, except the category of financial assets at fair value through profit or loss, for which transaction costs are recognised in income.

Derecognition of financial assets occurs when the contractual rights of the financial asset expire, this may result from the transfer of substantially all the risks and benefits associated with holding or although retaining some, but not substantially all the risks and rewards of ownership.

Subsequent measurement

Financial assets available for sale is valued at fair value with changes recognised in equity until derecognition. If an impairment loss is identified, at which time the cumulative loss is reclassified to the statement of comprehensive income.

For financial assets measured at fair value that are not possible to measure reliably the fair value, they are recognised at cost, with any impairment recognised in the statement of comprehensive income.

Assets held to maturity, and loans and receivables, after initial recognition, are measured at amortized cost using the effective interest rate method, less any impairment losses. Gains and losses are recognised in profit or loss on the cancellation of the recognition due to impairment, as well as due to the application of the effective interest rate method.

d) Impairment of financial assets

INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If objective evidence that an impairment loss exists on assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the

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asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial assets carried at cost

If there is objective evidence that an impairment loss exists on an instrument for unquoted equity that is not recorded at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to, and should be settled by delivery of an instrument of such unquoted equity, the amount of impairment loss is measured as the difference between the carrying amount of financial asset and the present value of estimated future cash flows discounted at the rate of return for a current market similar financial asset. Such impairment losses shall not be reversed.

Available for sale financial instruments

If an available-for-sale asset is impaired, the amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to profit or loss.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

f) Financial liabilities – initial recognition and measurement

Initial recognition, measurement, and derecognition

An instrument is classified as a financial liability when there is a contractual obligation of payment to be made by delivery of cash or another financial asset, regardless of their legal form.

Financial liabilities are initially recognised at fair value plus transaction costs, except in the case of financial liabilities at fair value through profit or loss, where transaction costs are recognised in profit and losses.

Derecognition of the financial liability occurs when the contractual obligations of financial liabilities expire.

When a financial liability is replaced by another from the same lender on substantially different conditions, or the terms of the existing liability are substantially different, the exchange or modification is treated as a cancellation of the original liability and recognition of a new liability is recognised, and the difference between values is recorded in statement of comprehensive income.

Subsequent measurement

After initial recognition, financial liabilities at fair value through profit or loss are recognised at fair value with changes therein recognised in profit and losses.

Loans and accounts payable, after initial recognition are measured at amortized cost using the method of effective interest rate. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method application.

g) Reinsurance

INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., 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.

h) Equity Instruments

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

i) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at fair value of the consideration received or receivable. After initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of comprehensive income.

Insurance receivables are derecognised when the derecognition criteria for financial assets are met.

j) Cash and cash equivalents

For the presentation of the statement of cash flows, INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., considers Cash and cash equivalents as cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

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k) Non-technical provisions

Provisions are recognized when the Company has a present legal or constructive obligation of uncertain timing or amount as a result of past events, it is probable 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.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date.

l) Tangible assets

Tangible assets are stated at acquisition cost less accumulated depreciation.

The Subsequent costs are recognized as a separate asset only if it is probable that future economic benefits for the Company.

Maintenance costs and repair and other expenses associated with their use are recognized in the period in which they are incurred.

A tangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss resulting from the cancellation of the recognition of the asset (calculated as the difference between income from the sale and the carrying amount of the asset) is recognized in income in the period of its implementation.

The Company regularly performs life adequacy analysis estimated of its tangible assets. Changes in the expected useful life of assets are recorded by modifying the period or method of depreciation, as appropriate, and treated as changes in accounting estimates. Costs are recognized as a separate asset only if it is probable that future economic benefits for the Company.

Depreciation is calculated on a straight line basis according to the following periods, which do not differ substantially from the estimated useful life:

Description	Number of years
Property , Plant and Equipment	10
Fixtures and fittings	10
Machines and tools	4
Computer equipment	4
Indoor installations	10
Communication equipment	10
Transportation equipment	5
Air conditioners	10

m) Intangible assets

Intangible assets include the cost of purchasing the software. Intangible assets are recorded at their net value and are amortized over a period of three years.

n) Impairment of non-financial assets

The Company assesses at each reporting date, or more frequently if exists any indicator that the asset may be impaired, whether there is an indication that an asset has been impaired. If any such indication exists, or when annual impairment testing for an asset is required, INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

For investments in equity instruments not quoted in an active market, fair value is through the use of valuation models based in observable market data, otherwise it is stated at cost.

INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS, S.A., performs impairment testing whenever events or circumstances indicate that the carrying amount exceeds the recoverable amount, the difference, if registered is recognized in results.

The recoverable amount is determined as the higher of net selling price and its value in use, which is calculated based on the present value of estimated future cash flows expected to be obtained from continued use of the asset and its disposal at the end of its useful life.

o) TaxesCurrent income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax is based on the taxable income for the period, which can vary from profit and loss expressed in the statement of comprehensive income, due to adjustments in the taxable amount from profit and losses not relevant for tax purposes or that are considered in other fiscal years, in accordance with the applicable law.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Note 3.5. Significant accounting judgments, estimates and assumptions

The preparation of INTERNATIONAL COMMERCIAL & ENGINEERING ICE SEGUROS S.A.'s, financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The ultimate liability arising from claims made under insurance contracts

There are some sources of uncertainty that need to be considered in the estimate of the liability that INTERNATIONAL COMMERCIAL & ENGINEERING ICE SEGUROS S.A., 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.

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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 reserve 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.

Provisions

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.

Impairment of available for sale investments

The Company determines that there is impairment of its available-for-sale assets where there is an ongoing or significant devaluation of their fair value. The definition of ongoing or significant devaluation requires judgment from the management.

Income tax

Income tax (current and deferred) is determined by INTERNATIONAL COMMERCIAL & ENGINEERING, ICE SEGUROS S.A., based on the tax legislation. However, in some situations, tax legislation is not sufficiently clear and objective and may lead to different interpretations. In these cases, the figures recorded are a result of the best understanding by Management, which may be questioned by tax authorities.

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.

Note 3.6. Changes in accounting policies, estimates and errors

There have been no changes in accounting policies.

Note 4. Nature of risks arising from insurance contracts and reinsurance assets

4.1. Presentation of information to identify and explain the amounts in the financial statements arising from insurance contracts including, namely:

- a) Information related to accounting policies for insurance company's contracts, assets, liabilities, related income and costs

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The accounting policies adopted follow the principles described in Note 3 of this report.

b) Reconciliations of changes in liabilities arising from insurance contracts, assets arising from reinsurance contracts and deferred acquisition costs, including:

(i) With respect to the provision for claims: Breakdown of costs of claims.

BREAKDOWN OF COSTS OF CLAIMS

Products	31.12.2020		
	Amounts paid	Reserves for claims	Cost of claims
	1	2	(3)=(1)+(2)
Direct Insurance			
Workmen's Compensation	743 964	500 277	1 244 241
Personal Accidents	-	42	42
Fire	203 859 017	143 684 550	347 543 567
Motor	4 355 429	9 785 747	14 141 176
Marine	973 467	(364 483)	608 983
Aviation	-	-	-
Goods in transit	2 894 880	(3 445 691)	(550 811)
Liability	1 611 011	(516 148)	1 094 863
Miscellaneous	27 845 432	186 573 533	214 418 965
Total	242 283 200	336 217 828	578 501 027
Products	31.12.2019		
	Amounts paid	Reserves for claims	Cost of claims
	1	2	(3)=(1)+(2)
Direct Insurance			
Workmen's Compensation	685 701	(15 169 002)	(14 483 301)
Personal Accidents	-	(4 284)	(4 284)
Fire	139 114 393	62 607 996	201 722 388
Motor	1 003 171	6 883 381	7 886 552
Marine	2 075 927	640 642	2 716 569
Aviation	-	63	63
Goods in transit	320 588	3 541 312	3 861 899
Liability	-	(144 382)	(144 382)
Miscellaneous	1 022 423	108 595 144	109 617 567
Total	144 222 203	166 950 869	311 173 072

c) Solvency margin

According to article 53º of Decree 30/2011, of 11 August, the insurance companies must have permanently an adequate available solvency margin in respect of its entire business, being that the available solvency margin shall corresponds to their assets free of any foreseeable liabilities, minus intangible assets.

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For the purpose of determining the available solvency margin with respect to all “Non-Life” sectors, according with article 56º of the same Decree, the assets may include:

- Paid up share capital or, in mutual insurance, guarantee capital raised;
- Half of the unrealised share capital or half of the unrealised guarantee capital, provided that the part paid will be at least 50% of the share capital or guarantee capital referred to;
- The gross premium income, revaluation reserves and any other reserves, legal and free, not encumbered by any commitment; and
- Balance of gains and losses, minus any distributions.

According with bullet c) above, the amounts of premiums to be considered to determine the available solvency margin should be gross and not net of Ceded Insurance Premiums.

However, to the above-mentioned items shall be deducted the amounts of:

- Own shares held by the insurer;
- Intangible assets;
- Losses not accounted for in the revaluation reserve that are not exceptional and result from the evaluation of assets;
- Foreseeable liabilities considered by ISSM not to be appropriately reflected in the accounts of the insurer.

The solvency margin required for “Non-Life” insurance sectors is calculated on the basis of the annual amount of premiums (gross direct insurance and accepted reinsurance premiums issued) or of the average annual cost of claims (in direct insurance and accepted reinsurance) in the last 3 financial years and its value shall be equal to or exceed the results obtained by applying the annual amount of gross premiums income method and the average cost of claims from the last 3 financial years method, both calculated under the dispositions of article 57º.

Accordingly, based on ISSM requirements, the solvency margin calculation is based on gross direct insurance and accepted reinsurance premiums issued or of the average annual cost of claims, also for direct insurance and accepted reinsurance.

d) Technical provision representation

According to article 26º of Decree-Law 1/2010, of 31 December, in conjunction with article 46º of Decree 30/2011, of 11 August, the technical provisions must at any time be represented entirely by equivalent assets, tangible or intangible. The nature of the assets representing the technical provisions and the respective percentage limits, depending on the overall value of those provisions, are described in article 48º of Decree 30/2011, of 11 August.

As at 31 December 2020, the company had a 450,104,224.89 Meticaís deficiency of assets allocated to Public Sector debt securities, Bonds, Unit Trusts, Shares, Property and Mortgages which was required in terms of the legislation and a 342,809,338.98 Meticaís excess of assets allocated to Cash and Cash Equivalents in Mozambique Banks. This shortfall in assets has increased due to a Cyclone IDAI related claim reevaluation by the court for which we received the funds from reinsurers for allocation only at the end of December 2020 not allowing ICE Seguros to guarantee the part of the liabilities under its responsibility.

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Note 5. Cash and cash equivalents

The balances of cash and cash equivalents are analysed as follows:

	<u>31 Dec-2020</u>	<u>31 Dec-2019</u>
Cash	206 063	-
Bank deposits	632 522 258	158 155 401
	<u>632 728 321</u>	<u>158 155 401</u>

Note 6. Available-for-sale financial assets

Available for sale financial assets are detailed as follows:

	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Fair value of shares		
Cervejas de Moçambique, S.A - CDM	1 293 560	4 414 273
	<u>1 293 560</u>	<u>4 414 273</u>

Note 7. Loans and receivables

This caption refers mostly to fixed deposits held at year end.

Fixed deposits by currency are as follows:

	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Short term deposit in MZN	-	84 341 552
Short term deposit in USD	224 145 770	542 615 559
	<u>224 145 770</u>	<u>626 957 112</u>

<u>Bank Name</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Beginning date</u>	<u>Maturity date</u>	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Standard Bank	MZN	2.00%	26-Dec-18	26-Dec-20		841 552
Letshego	MZN	20.00%	2-Jul-19	1-Jul-20		23 500 000
MYBUCKS Banking Corporation	MZN	21.00%	25-Jul-19	24-Jul-20		60 000 000
Total MZN term deposits					-	84 341 552
Banco Unico	USD	2.35%	3-Nov-20	1-Feb-21	111 810 770	-
Banc ABC	USD	4.00%	29-Dec-20	28-Jan-21	112 335 000	-
Banco Unico	USD	3.25%	11-Nov-19	9-Feb-20		369 724 783
Banc ABC	USD	5.05%	12-Dec-19	11-Jan-20		172 890 776

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Note 8. Held to maturity financial assets

As at 31st December 2020 the company didn't hold any financial assets to maturity.

Note 9. Tangible and intangible assets

During the year, the movement in tangible assets is analysed as follows:

	01-Jan-2020	Additions	Transfers and write-offs	31-Dec-2020
Acquisition cost				
Office equipment	2 054 302	-	-	2 054 302
Computer equipment	7 332 157	-	-	7 332 157
T ransport equipment	1 421 598	-	-	1 421 598
	10 808 057	-	-	10 808 057
	01-Jan-2020	Depreciation charge for the year	Transfers and write-offs	31-Dec-2020
Accumulated depreciations				
Office equipment	945 361	199 918	-	1 145 279
Computer equipment	6 771 412	511 808	-	7 283 220
T ransport equipment	1 180 387	241 213	-	1 421 600
	8 897 159	952 940	-	9 850 099
Net book value	1 910 898			957 958
	01-Jan-2019	Additions	Transfers and write-offs	31-Dec-2019
Acquisition cost				
Office equipment	2 054 302	-	-	2 054 302
Computer equipment	7 278 990	53 167	-	7 332 157
T ransport equipment	1 421 598	-	-	1 421 598
	10 754 890	53 167	-	10 808 057
	01-Jan-2019	Depreciation charge for the year	Transfers and write-offs	31-Dec-2019
Accumulated depreciations				
Office equipment	745 443	199 918	-	945 361
Computer equipment	5 351 332	1 420 080	-	6 771 412
T ransport equipment	830 120	350 267	-	1 180 387
	6 926 895	1 970 264	-	8 897 159
Net book value	3 827 995			1 910 898

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During the period, the movement on intangible assets presents as follows:

	01-Jan-2020	Additions	31-Dec-2020
Acquisition cost			
Software	730 563	-	730 563
	730 563	-	730 563
	01-Jan-2020	Depreciation charge for the year	31-Dec-2020
Accumulated depreciations			
Software	730 563	-	730 563
	730 563	-	730 563
Net book value	(0)		-
	01-Jan-2019	Additions	31-Dec-2019
Acquisition cost			
Software	730 563	-	730 563
	730 563	-	730 563
	01-Jan-2019	Depreciation charge for the year	31-Dec-2019
Accumulated depreciations			
Software	684 907	45 656	730 563
	684 907	45 656	730 563
Net book value	45 656		-

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Note 10. Technical provisions net of reinsurance

Technical provisions net of reinsurance are detailed as follows:

	31-Dec-2020			31-Dec-2019		
	Direct insurance	Reinsurer's share	Net	Direct insurance	Reinsurer's share	Net
Unearned premium reserve net DAC	(505 152 566)	471 997 741	(33 154 825)	(349 036 984)	326 950 221	(22 086 764)
Claims reserve	(463 766 540)	341 413 612	(122 352 929)	(196 504 920)	103 414 831	(93 090 089)
Workman's compensation and occupation	(6 039 089)		(6 039 089)	(6 442 826)		(6 442 826)
Other classes	(457 727 452)	341 413 612	(116 313 840)	(190 062 094)	103 414 831	(86 647 263)
Reserve for profit shares	-	-	-	-	-	-
Claims deviation reserve	-	-	-	-	-	-
Unexpired risk reserve	(74 224)	-	(74 224)	(3 723 846)	-	(3 723 846)
	(968 993 331)	813 411 353	(155 581 978)	(549 265 751)	430 365 052	(118 900 699)

Unearned premium reserve net DAC	31-Dec-2020			31-Dec-2019		
	Direct insurance	Reinsurer's share	Net	Direct insurance	Reinsurer's share	Net
Workmen's Compensation	(1 959 903)	215 118	(1 744 785)	(317 893)	262 025	(55 868)
Personal Accidents	(21 060 775)	20 290 290	(770 485)	(19 472 896)	18 762 690	(710 206)
Fire	(266 522 216)	254 076 835	(12 445 380)	(178 520 022)	168 167 058	(10 352 964)
Motor	(9 895 285)	4 000 083	(5 895 202)	(2 627 607)	708 220	(1 919 387)
Marine	(11 969 734)	11 095 594	(874 140)	(11 016 860)	10 320 368	(696 492)
Aviation	(1 941 608)	1 717 716	(223 893)	(295 528)	268 662	(26 866)
Goods in transit	(372 509)	313 238	(59 271)	(393 609)	328 961	(64 648)
Liability	(92 472 992)	86 900 331	(5 572 660)	(98 529 763)	93 203 337	(5 326 426)
Miscellaneous	(98 957 545)	93 388 537	(5 569 008)	(37 862 807)	34 928 899	(2 933 908)
	(505 152 566)	471 997 741	(33 154 825)	(349 036 984)	326 950 221	(22 086 764)

Claims reserve	31-Dec-2020			31-Dec-2019		
	Direct insurance	Reinsurer's share	Net	Direct insurance	Reinsurer's share	Net
Workmen's Compensation	(6 039 089)	9 117 175	3 078 087	(6 442 826)	-	(6 442 826)
Personal Accidents	-	-	-	42	-	42
Fire	(209 124 663)	216 777 289	7 652 626	(57 938 542)	75 561 116	17 622 573
Motor	(27 850 190)	12 380 797	(15 469 393)	(15 396 595)	14 369	(15 382 226)
Marine	(1 538 419)	1 523 144	(15 275)	(1 660 787)	1 638 059	(22 727)
Aviation	(75)	75	-	(62)	62	-
Goods in transit	(78 831)	74 703	(4 128)	(3 502 977)	2 868 595	(634 382)
Liability	(103 855)	95 075	(8 780)	(806 675)	808 707	2 032
Miscellaneous	(219 031 418)	101 445 353	(117 586 065)	(110 756 499)	22 523 923	(88 232 576)
	(463 766 540)	341 413 612	(122 352 929)	(196 504 920)	103 414 831	(93 090 089)

Unexpired risk reserve	31-Dec-2020			31-Dec-2019		
	Direct insurance	Reinsurer's share	Net	Direct insurance	Reinsurer's share	Net
Personal Accidents	(74 224)	-	(74 224)	(185 360)	-	(185 360)
Fire	-	-	-	(3 538 486)	-	(3 538 486)
Aviation	-	-	-	-	-	-
	(74 224)	-	(74 224)	(3 723 846)	-	(3 723 846)

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Note 11. Other receivables from insurance operations and other operations

The other receivables from insurance operations and other operations, present as follows:

	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Receivables from direct insurance transactions		
Direct clients	198 093 981	110 712 374
Brokers	80 210 517	135 243 357
	<u>287 553 692</u>	<u>245 955 731</u>
	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Receivables from other reinsurance transactions		
RI commission receivable	25 419 337	22 253 297
Receivables from other transactions	7 880 521	1 898 348
Bank clearing accounts	<u>7 880 521</u>	<u>1 898 348</u>
Other debtors		
	<u>33 299 858</u>	<u>24 151 645</u>
	<u>320 853 549</u>	<u>270 107 376</u>

Note 12. Deferred tax

Deferred tax at year ended 31 December 2020 is as follows:

	<u>01-Jan-2020</u>	<u>Profit and loss</u>		<u>31-Dec-2020</u>
		<u>Losses</u>	<u>Profit</u>	
Deferred tax assets				
Unrealized FX losses	58 624 988	(58 624 988)	66 642 986	66 642 987
	<u>58 624 988</u>	<u>(58 624 988)</u>	<u>66 642 986</u>	<u>66 642 987</u>
Deferred tax liabilities				
Unrealized FX gains	50 532 720	112 971 215	(50 532 720)	112 971 215
	<u>50 532 720</u>	<u>112 971 215</u>	<u>(50 532 720)</u>	<u>112 971 215</u>
		<u>54 420 497</u>		<u>(46 328 229)</u>

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As at 31 December 2019, deferred tax is as follows:

	01-Jan-2019	Profit and loss		31-Dec-2019
		Losses	Profit	
Deferred tax assets				
Unrealized FX losses	75 064 705	(75 064 705)	58 624 988	58 624 988
	75 064 705	(75 064 705)	58 624 988	58 624 988
Deferred tax liabilities				
Unrealized FX gains	83 608 497	50 532 720	(83 608 497)	50 532 720
	83 608 497	50 532 720	(83 608 497)	50 532 720
		(16 636 061)		8 092 269

Note 13. Income Tax

Income tax at year ended 31 December 2020 is as follows:

	31-Dec-2020	31-Dec-2019	31-Dec-2019 As reported
Profit/(loss) before current tax	60 513 346	44 892 529	44 892 529
Tax penalties	-	171,556	171 556
50% Allowances (224)	12 195	7,879	7 879
80% Client entertainment	74 424	150,269	150 269
50% vehicles	71 182	287,998	287 998
Donations non deductible for tax purposes	61 297	235,924	235 924
Non deductible depreciations (depreciation on vehicle above max MZN 800 000)	140 000	140,000	140 000
Write-offs	-	-	-
off set	-	-	-
Capital losses	-	-	-
Unrealised exchange rate losses	208 259 332	183,203,089	183 203 089
WHT paid no behalf of another entity	991 471	864,256	864 256
Deferred tax			
Total	270 123 246	229,953,499	229 953 499
B - Deductions:			
Unrealised exchange differences gains	353 035 048	157,914,749	157 914 749
Deferred tax	(54 420 497)	16,636,060	16 636 060
Investment interest on Term Deposits net of WHT	29 013 452	38,935,861	38 935 861
Total	327 628 004	213,486,670	213 486 670
Taxable income/ (tax loss)	(57 504 757)	16 466 829	16 466 829
Tax losses brought forward	(16 034 520)	(32 501 348)	(32 501 348)
Tax loss carried forward	(73 539 277)	(16 034 520)	(16 034 520)

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Note 14. Other creditors for insurance and other operations

The other creditors for insurance and other operations are detailed as follows:

	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Payables for insurance transactions		
Brokers	6 239 057	1 484 478
Letshego	14 779 917	28 582 427
	<u>21 018 974</u>	<u>30 066 905</u>
Payables for other Reinsurance Transactions		
Premium Payables	334 123 772	335 842 382
Payables for other transactions	(7 730 032)	24 957 394
Net unallocated receipts	(13 964 902)	21 659 959
Other creditors	6 234 870	3 297 435
	<u>326 393 741</u>	<u>360 799 777</u>
	<u>347 412 715</u>	<u>390 866 682</u>

Note 15. Current tax liabilities

Current tax liabilities are detailed as follows:

	<u>31-Dec-2020</u>		<u>31-Dec-2019</u>
Current tax liabilities			
Corporate tax (overpaid tax)	(7 721 102)	-	7,721,102
Stamp duty	17 249 666		17,033,076
Surtax	350 860		2,429,015
IRPS	(44 462)		1,565
INSS Tax	108 153		76,863
Building Tax	220 252		233,124
Other Taxes (WHT debit refund)	(3 104 076)	-	2,816,023
	<u>7 059 291</u>		<u>9 236 519</u>

Note 16. Shareholder structure

	<u>31-Dec-20</u>			<u>31-Dec-19</u>		
	Number of Shares	Percentage	Capital amount	Number of Shares	Percentage	Capital amount
ICE Insurance Holdings LTD	2 290 528	99.9999%	549 726 720	2 290 528	99.9999%	549 726 720
Robert William Allan Lewis	1	0.0000%	240	1	0.0000%	240
Andrew Ogilvie Charles Lewis	1	0.0000%	240	1	0.0000%	240
	<u>2 290 530</u>	<u>100%</u>	<u>549 727 200</u>	<u>2 290 530</u>	<u>100%</u>	<u>549 727 200</u>

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Note 17. Premium insurance contracts

17.1. Indication of premiums recognised arising from insurance contracts.

Direct insurance premiums written during 2020 total 2 152 316 286.00 Meticaís and are, in their entirety, from contracts in the country.

17.2. Breakdown of figures for the class of insurance “non-life” by product.

31.12.2020					
	Gross written premiums	GPI earned	Gross claims cost	Acquisition cost	Reinsurer's balance
Workmen's Compensation	5 236 478	3 258 660	(1 244 241)	(785 687)	(492 595)
Personal Accidents	104 563 204	102 972 519	(42)	(390 197)	(98 954 968)
Fire	1 490 991 463	1 400 960 874	(347 543 567)	(23 948 580)	(960 509 644)
Motor	43 366 156	34 663 969	(14 141 176)	(4 279 542)	(115 300 697)
Marine	56 569 002	55 083 397	(608 983)	(5 837 488)	(44 499 640)
Aviation	32 887 215	31 241 135	-	-	(29 435 916)
Goods in transit	2 887 700	2 913 601	550 811	(475 062)	(1 998 203)
Liability	110 518 183	116 412 613	(1 094 863)	(4 657 919)	(94 722 889)
Miscellaneous	305 296 885	244 135 688	(214 418 965)	(6 047 133)	(50 079)
	2 152 316 286	1 991 642 456	(578 501 027)	(46 421 608)	(1 345 964 632)

31.12.2019					
	Gross written premiums	Gross premiums earned	Gross claims cost	Acquisition cost	Reinsurer's balance
Workmen's Compensation	1 069 709	833 804	14 483 301	(47 644)	(740 258)
Personal Accidents	127 391 017	126 130 509	4 284	(491 451)	(121 035 828)
Fire	1 145 261 891	1 109 627 612	(201 722 388)	(21 646 885)	(856 473 897)
Motor	19 021 452	18 105 392	(7 886 552)	(197 707)	(18 756 152)
Marine	21 936 210	17 212 398	(2 716 569)	(326 826)	(12 449 633)
Aviation	17 704 313	18 935 564	(63)	-	(17 909 302)
Goods in transit	2 877 892	3 387 533	(3 861 899)	(464 650)	1 896 198
Liability	167 884 193	95 234 459	144 382	(4 894 502)	(78 294 340)
Miscellaneous	244 344 978	245 364 405	(109 617 567)	(8 096 161)	(75 289 075)
	1 747 491 655	1 634 831 677	(311 173 072)	(36 165 824)	(1 179 052 287)

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Note 18. Earned premiums net of reinsurance

The earned premiums net of reinsurance and the breakdown of its lines in 2020, are detailed as follows:

	31.12.2020	31.12.2019
Gross premium income	2 152 316 286	1 747 491 655
Outward reinsurance premiums	(2 057 304 215)	(1 575 943 060)
Net premiums	95 012 071	171 548 595
Unearned premiums reserve (Movement	(160 673 830)	(112 659 979)
RI, Unearned premiums reserve (Movem	149 138 862	111 761 571
 Earned premiums net of reinsurance	 83 477 103	 170 650 188

	31.12.2020			31.12.2019		
	Gross premiums income	Outward reinsurance premiums	Net	Gross premiums income	Outward reinsurance premiums	Net
Workmen's Compensation	5 236 478	(453 015)	4 783 463	1 069 709	(1 042 876)	26 833
Personal Accidents	104 563 204	(103 954 398)	608 806	127 391 017	(126 748 641)	642 376
Fire	1 490 991 463	(1 468 087 563)	22 903 899	1 145 261 891	(1 120 444 945)	24 816 946
Motor	43 366 156	(20 446 705)	22 919 451	19 021 452	(17 831 584)	1 189 868
Marine	56 569 002	(52 801 004)	3 767 998	21 936 210	(20 718 380)	1 217 830
Aviation	32 887 215	(32 424 514)	462 701	17 704 313	(17 634 751)	69 562
Goods in transit	2 887 700	(2 809 119)	78 581	2 877 892	(1 949 975)	927 917
Liability	110 518 183	(103 209 610)	7 308 573	167 884 193	(161 509 954)	6 374 239
Miscellaneous	305 296 885	(273 118 287)	32 178 597	244 344 978	(108 061 953)	136 283 025
	2 152 316 286	(2 057 304 215)	95 012 071	1 747 491 655	(1 575 943 060)	171 548 595

Note 19. Claims cost, net of reinsurance

The claims cost, net of reinsurance, in 2020, are detailed as follows:

	31.12.2020	31.12.2019
Amounts paid	17 729 885	(6 391 159)
Gross premium income	(242 283 200)	(144 222 203)
Reinsurer's share	260 013 085	137 831 044
Reserve for claims (Movement)	(143 603 187)	(88 863 667)
Gross amounts	(336 217 827)	(166 950 869)
Reinsurer's share	192 614 640	78 087 202
Claims costs, net of reinsurance (before imputed costs)	(125 873 302)	(95 254 826)
Imputed costs	(13 306 668)	(13 719 273)
Claims costs, net of reinsurance	(139 179 970)	(108 974 099)

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The cost of claims and the movement in technical reserves of non-life products were as follows:

	31.12.2020					
	Amounts paid		Reserve for claims (Movement)		Imputed costs	Total
	Gross amounts	Reinsurer's share	Gross amounts	Reinsurer's share		
Workmen's Compensation	(743 964)	-	(500 277)	11 024	(32 374)	(1 265 591)
Personal Accidents	-	-	(42)	-	(646 461)	(646 503)
Fire	(203 859 017)	225 404 885	(143 684 550)	123 261 133	(9 218 036)	(8 095 585)
Motor	(4 355 429)	2 120 426	(9 785 747)	5 019 750	(268 111)	(7 269 110)
Marine	(973 467)	969 379	364 483	(356 765)	(349 737)	(346 106)
Aviation	-	-	-	-	(203 325)	(203 325)
Goods in transit	(2 894 880)	2 750 136	3 445 691	(2 804 438)	(17 853)	478 656
Liability	(1 611 011)	1 606 617	516 148	(527 097)	(683 277)	(698 621)
Miscellaneous	(27 845 432)	27 161 641	(186 573 533)	68 011 032	(1 887 494)	(121 133 786)
	(242 283 200)	260 013 085	(336 217 827)	192 614 640	(13 306 668)	(139 179 970)

	31.12.2019					
	Amounts paid		Reserve for claims (Movement)		Imputed costs	Total
	Gross amounts	Reinsurer's share	Gross amounts	Reinsurer's share		
Workmen's Compensation	(685 701)	0	15 169 002	(152 165)	(8 423)	14 322 713
Personal Accidents	-	0	4 284	(3 360)	(1 024 258)	(1 023 334)
Fire	(139 114 393)	135 417 094	(62 607 996)	56 112 068	(9 048 579)	(19 241 805)
Motor	(1 003 171)	14 727	(6 883 381)	(1 475 576)	(135 586)	(9 482 988)
Marine	(2 075 927)	1 786 729	(640 642)	889 599	(166 907)	(207 148)
Aviation	-	0	(63)	63	(142 434)	(142 434)
Goods in transit	(320 588)	0	(3 541 312)	2 888 375	(20 524)	(994 048)
Liability	-	0	144 382	63 646	(1 300 287)	(1 092 258)
Miscellaneous	(1 022 423)	612 494	(108 595 144)	19 764 553	(1 872 275)	(91 112 796)
	(144 222 203)	137 831 044	(166 950 869)	78 087 202	(13 719 273)	(108 974 099)

Note 20. Net operating costs

The net operating costs in 2020, are detailed as follows:

	31.12.2020	31.12.2019
Acquisition cost	(46 421 608)	(36 165 824)
Deferred Acquisition cost (Movement)	466 906	(743 811)
Administrative cost (Note 21)	(62 097 786)	(75 456 002)
Reinsurance Commission and profit sharing	94 914 426	40 628 530
Reinsurance commission	109 572 997	69 210 957
Profit sharing	(14 658 571)	(28 582 427)
Net operating cost	(13 138 061)	(71 737 107)

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The acquisition costs, deferred acquisition costs (movements), administrative costs and reinsurance commission and profit sharing, were as follows:

	31.12.2020				
	Acquisition costs		Administrative costs	Reinsurance commission and profit sharing	Net operating cost
	Broker commissions	DAC movement			
Workmen's Compensation	(785 687)	365 594	(151 081)	26 089	(545 085)
Personal Accidents	(390 197)	(50 658)	(3 016 817)	3 418 367	(39 304)
Fire	(23 948 580)	369 123	(43 017 501)	69 107 383	2 510 425
Motor	(4 279 542)	593 034	(1 251 183)	1 947 471	(2 990 221)
Marine	(5 837 488)	101 392	(1 632 107)	6 482 184	(886 018)
Aviation	-	(54 966)	(948 849)	1 484 578	480 762
Goods in transit	(475 062)	(870)	(83 315)	884 873	325 626
Liability	(4 657 919)	(472 327)	(3 188 627)	13 075 539	4 756 666
Miscellaneous	(6 047 133)	(383 417)	(8 808 306)	(1 512 057)	(16 750 912)
	(46 421 608)	466 906	(62 097 786)	94 914 426	(13 138 061)
	31.12.2019				
	Acquisition costs		Administrative costs	Reinsurance commission and profit sharing	Net operating cost
	Broker commissions	DAC movement			
Workmen's Compensation	(47 644)	(45 491)	(46 328)	226 841	87 379
Personal Accidents	(491 451)	24 813	(5 633 422)	4 508 215	(1 591 845)
Fire	(21 646 885)	660 301	(49 767 185)	37 252 347	(33 501 421)
Motor	(197 707)	(45 519)	(745 723)	555 469	(433 479)
Marine	(326 826)	(332 896)	(917 986)	871 857	(705 850)
Aviation	-	-	(783 387)	871 978	88 591
Goods in transit	(464 650)	(156 671)	(112 882)	574 273	(159 930)
Liability	(4 894 502)	(295 824)	(7 151 576)	12 393 452	51 550
Miscellaneous	(8 096 161)	(552 524)	(10 297 515)	(16 625 902)	(35 572 102)
	(36 165 824)	(743 811)	(75 456 002)	40 628 530	(71 737 107)

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Note 21. Administrative costs

The administrative costs in 2020, are analysed as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Staff costs		
Management fees	-	(462 735)
Salaries	(15 914 453)	(20 428 740)
Insurance	(1 010 478)	(1 288 461)
Social security	(655 203)	(795 537)
Other staff costs	(2 484 875)	(8 553 844)
	(20 065 009)	(31 529 317)
Supplies and services		
Fees		
Light house - Ignite System	(19 755 442)	(16 963 371)
Auditing Consulting, litigation	(3 185 742)	(2 193 599)
Marketing	(202 642)	(361 114)
Communications	(702 122)	(905 334)
Books and training		
Rent	(8 792 466)	(6 121 299)
Legal Fees	(840 201)	(2 209 857)
Licence fee	(1 050 365)	(1 698 940)
Security	(720 435)	(720 425)
Office supplies	(163 002)	(574 583)
Travel and accommodation	(445 316)	(1 906 550)
Entertainment costs	(93 030)	(187 836)
Electricity	(393 088)	(455 449)
Others	(4 279 347)	(7 125 583)
	(40 623 199)	(41 423 940)
Depreciation and amortization		
Software	-	(45 656)
Office equipment	(199 918)	(199 918)
Computer equipment	(511 808)	(1 420 080)
Vehicle	(241 213)	(350 267)
	(952 940)	(2 015 920)
Maintenance and repairs	(456 638)	(486 825)
	(62 097 786)	(75 456 002)

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The company has 14 employees engaged in the following areas:

	<u>31 Dec-2020</u>	<u>31 Dec-2019</u>
Underwriting	3	2
Claims	2	2
Credit Control	2	1
Administration and Finance	7	6
	<u>14</u>	<u>11</u>

Note 22. Exchange differences

The exchange differences in 2020, are analysed as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
	353 102 609	162 636 627
Realised Fx gains	67 560	4 721 878
Unrealised Fx gains	353 035 048	157 914 749
	(210 351 601)	(183 973 204)
Realised Fx losses	(2 092 269)	(770 115)
Unrealised Fx losses	(208 259 332)	(183 203 089)
	<u>142 751 008</u>	<u>(21 336 577)</u>

Note 23. Transactions with related parties

	<u>31.12.2020</u>	<u>31.12.2019</u>
Statement of financial position		
Loans	2 793 867	(320 339)
Creditors for insurance and other operations	-	1 518 335
Debtors for insurance and other operations	(47 946 644)	(24 509 127)
	<u>(45 152 776)</u>	<u>(23 311 131)</u>
	<u>31.12.2020</u>	<u>31.12.2019</u>
ICE Insurance Holdings Limited	196 937	72 193
Ice Insurance Holdings web portal	(28 873 699)	(20 129 783)
Askari S A Service fees payable	-	1 518 335
Askari SA interco loan	(24 220)	(392 532)
ICE Insurance Services (UK)	(19 072 945)	(4 379 345)
Intercompany Balances - One Properties IOM	2 621 150	
	<u>(45 152 776)</u>	<u>(23 311 131)</u>

Note 24. Subsequent events**Cyclones Chalane And Eloise**

In December 2020 and January 2021 Mozambique has experienced two tropical cyclones, named Chalane and Eloise respectively. Chalane hit Sofala and Manica Provinces, already heavily affected by Cyclone Idai (March 2019), considered one of the worst tropical cyclones to hit Africa.

Tropical Cyclone Eloise, category 2, made landfall in the first hours of 23 January 2021, 20km south of the Beira City in Sofala Province, bringing winds of 140km/h and wind gusts of over 160km/h as well as extreme and widespread rainfall in Beira – 250mm in 24h - and many districts in Sofala, South of Manica, North of Inhambane and Eastern Gaza. Other areas were already flooded ahead of Eloise's landfall, especially surrounding places including Buzi and Nhamatanda resulting in thousands of displaced people.

The cyclone caused severe flooding in the same areas that were just recovering from two similar cyclones in 2019 – Idai and Kenneth – and by tropical storm cyclone Chalane on 30 December 2020.

After cyclone IDAI and Kenneth damages reported in 2019 and 2020, the company has revised the terms and conditions to ensure that adequate cover was given to the insured and that Risk management tools were used accordingly, in order to mitigate the losses in case of further situations.

The company has registered the below exposure caused by the cyclones Chalane and Eloise:

December 2020 – Cyclone Chalane

Tongaat Hullet Limited – KIT 2169 - Fides - Assets All Risk

- Date reported: 04/01/2021
- Description: Cyclone damage to property.
- Estimated Amount: To be advised
- Net retention: 0.13%, Quota Share: 2.38%, FAC: 97.50%

Progress

- Claim Deductible: ZAR 10,000,000.00 for all losses and ZAR 15,000,000.00 for Cyclone losses.
- Note that Cyclone Chalane was categorised as a Tropical Depression and the cyclone excess may not apply.
- We have been advised that the claim will fall within the claim deductible and await the loss adjusters report to close the file.

January 2021 – Cyclone Eloise

Propco Mozambique, Lda and Shoprite – KIT 2204 - AIB - Assets All Risk

- Date reported: 25/01/2021
- Description: D.O.L: 23/01/2021 - Cyclone damage to property.

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- Estimated Amount: Tba.
- Net Retention: 0.25%, QS: 4.75% and Fac: 95% through Marsh

Progress

- Aggregate Claim Deductible: MZN 1,150,000,000.00 / USD 15,000,000.00 All Losses.
- We await all documentation with claim estimate.

Multichoice Holdings (Pty) Ltd – KIT 2211 - Minseg - Assets All Risk

- Date reported: 29/01/2021
- Description: D.O.L: 23/01/2021 - Cyclone damage to property.
- Estimated Amount: Tba.
- FAC: 100% with Allianz

Progress

- Claim Deductible: NATCAT 5% of Claim Min USD10,000, Maximum USD equivalent of ZAR 2,500,000 i.e USD 185,000
- We await all documentation with claim estimate.

Óleos Moçambique, Lda – KIT 2199 – ICE Direct – Commercial Combined

- Date reported: 25/01/2021
- Description: D.O.L: 23/01/2021 - Cyclone damage to property.
- Estimated Amount: MZN 3,307,095.14.
- Net Retention: 5% - QS: 95%

Progress

- Await Loss Adjusters report with all supporting documents.
- Betterment to be applied claim agreement of loss issued.

PEMBA INSURGENCY ATTACKS

The company does not have any reported claims from the insurgency attacks. Terrorism and Political risk is excluded from all our policies except the political risk policies. The PVI policies are 100% re-insured.

Note 25. Contingencies and Commitments

There are no contingencies and / or commitments to report on December 31, 2020.

Note 26. Activity Risk Management

ICE Seguros was licensed in Mozambique 2015 and, in its relatively short existence, has had a significant impact on the market, currently ranked as the 3rd largest by premium income.

Our focus is therefore mainly on Property and Engineering and, with the support of specialists from our reinsurance partners, we are well positioned to capitalize on any growth that the country may experience.

Our results include a large number of global programs and other international placements where we carry insignificant amounts for our net book. However, it serves to portray the opportunity that exists and the results that can be obtained with adequate subscription volume and practice.

Our own philosophy is to maintain long-term market stability and to avoid any price reduction or loss practices in order to achieve the volume of short-term premiums. On the contrary, we prefer to decline rather than to match rates or terms when we think they do not fit our subscription parameters.

Healthy risk management is one of the pillars that support a profitable and sustainable growth strategy, and consequently an important competence at International Commercial & Engineering ICE Seguros, SA. As part of its governance, there is a Risk Management policy and its objective is to outline how ICE SEGUROS manages day-to-day risk through the identification, assessment, management and monitoring on an ongoing basis. The structure is designed to ensure that there are appropriate controls in place to manage risk exposures, on a prospective basis, while operating within the risk appetite agreed by the Board. In doing so, ICE SEGUROS can ensure that any necessary mitigation and / or management actions are identified and implemented to minimize the potential strain of unexpected events for the company's financial health.

Insurance contracts expose the Company to **Insurance Risk**, which includes **underwriting, reinsurance, provisioning and catastrophic** risks.

In addition, the Company is exposed to financial and operational risks arising from insurance and reinsurance contracts and financial instruments. Financial risks include **credit, market, and liquidity risk**.

1) Insurance risk

It is the probability of an insured event occurring, forcing us to pay compensation, and the reason the insured takes out insurance in order to mitigate any adverse events that may have or cause any negative impact. The occurrence of an insured event exposes the insurer to risk. Actual performance is subject to the uncertainty inherent in the occurrence, timing and value of these contracts. This is the main risk to which the Company is exposed, as our main function is to underwrite insurance businesses.

The main risks for ICE Seguros, due to the nature of our business, are therefore related to insurance activities and comprise underwriting risk, reinsurance risk, Procurement risk and catastrophic risk.

Insurance Risk Management

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Underwriting risk

This can arise from an inaccurate assessment of the risks associated with the issuance of an insurance policy or from uncontrollable factors. Although the vast majority of our subscription portfolio is of low volatility, material deviation from expected performance is an important risk.

Therefore, fluctuations in the frequency and severity of financial losses incurred during the subscription process by the Company as a result of unpredictable events may have an adverse effect on results. For example, the Company is exposed to losses from natural disasters. Losses resulting from natural disasters are one of the most material risks to which the Company is exposed.

The Company has developed underwriting guidelines that are used to assist with the underwriting process. In addition, specialized reinsurers and / or reinsurance specialists are consulted when specific knowledge is required or limits exceed capacity.

Another concern that may arise is the possible pressure on prices due to the stage of the insurance cycle we are in, which could result in the inability to renew existing accounts or open new accounts at market prices.

Reinsurance Risk

As part of the risk management strategies, the Insurer enters into reinsurance treaties annually to limit its exposure to risk. And whenever appropriate, reinsurance is made policy by policy (optional reinsurance), namely when the level of coverage required by the insured exceeds the internal subscription limits in quantitative or qualitative terms, or based on the portfolio (reinsurance per treaty), in that the individual exposures of policyholders are within internal limits, but where there is an unacceptable risk of accumulation, especially due to climatic phenomena (natural disasters).

The selection of reinsurers is based mainly on criteria related to price, the management of the counterparty's credit risk, as well as the ability to respond to claims payments.

Due to the nature of risk that ICE subscribes focusing on large specialized commercial risks with large amounts insured in specialized insurance categories that make up several billions of dollars in risk exposure. The risks underwritten by ICE Seguros are of a low frequency nature of claims with high quantum values in the event of claims occurring.

The Insurer in 2020 placed a quota share Reinsurance contract with a Multinational Reinsurer with credit rating AM Best A +, which provides greater confidence in terms of credit and response capacity. The structure of the treaty below together with some optional reinsurance combined with co-insurance through local insurers made it possible to mitigate large losses in claims since in the same period it recorded large gross claims for the fire and engineering sections, as can be seen in the data below:

Reinsurance Structure - Quota Share

31.12.2020			
Class of Business	Treaty Capacity	Treaty Capacity	Treaty Limit
Fire	748,900,000	95%	711 455 000
Motor	22,467,000	50%	11 233 500
Marine	374,450,000	95%	355 727 500
Aviation	374,450,000	95%	355 727 500
Goods in transit	374,450,000	95%	355 727 500
Liability	374,450,000	95%	355 727 500
Miscellaneous	374,450,000	95%	355 727 500

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Cost of claims

	31.12.2020					
	Amounts paid		% RI	Reserve for claims (Movement)		% RI
	Gross amounts	Reinsurer's share		Gross amounts	Reinsurer's share	
Workmen's Compensation	(743 964) -	-	0%	(500 277) -	11 024	2%
Personal Accidents	- -	-	-	(42) -	-	0%
Fire	(203 859 017) -	225 404 885	111%	(143 684 550) -	123 261 133	86%
Motor	(4 355 429) -	2 120 426	49%	(9 785 747) -	5 019 750	51%
Marine	(973 467) -	969 379	100%	364 483	(356 765)	98%
Aviation	- -	-	-	- -	-	-
Goods in transit	(2 894 880) -	2 750 136	95%	3 445 691	(2 804 438)	81%
Liability	(1 611 011) -	1 606 617	100%	516 148	(527 097)	102%
Miscellaneous	(27 845 432) -	27 161 641	98%	(186 573 533) -	68 011 032	36%
	(242 283 200)	260 013 085		(336 217 827)	192 614 640	

Provision risk

It is defined as the risk that current reserves will be insufficient to cover the actual claim costs over a 12-month time horizon.

This is an important risk for the Company, as unpaid loss reserves represent a large part of the Company's liabilities and are inherently uncertain.

However, we follow regulatory guidelines when determining these reserves, and we have made efforts to adapt the allocation of investments in accordance with the legislation, however the fact that reinsurers' deposits are not 100% accepted puts us in a situation difficult because most of our provisions are from reinsurers as noted in the table below.

	31-Dec-2020		
	Direct insurance	Reinsurer's share	Net
Unearned premium reserve net DAC	(505 152 566)	471 997 741	(33 154 825)
Claims reserve	(463 766 540)	341 413 612	(122 352 929)
Workman's compensation and occupation	(6 039 089)		(6 039 089)
Other classes	(457 727 452)	341 413 612	(116 313 840)
Reserve for profit shares	-	-	-
Claims deviation reserve	-	-	-
Unexpired risk reserve	(74 224)	-	(74 224)
	(968 993 331)	813 411 353	(155 581 978)

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Catastrophe Risk

Where we have a number of risks concentrated in a specific area, or a high value risk we have an exposure to a possible catastrophe.

This concentration is monitored on a regular basis and tests done to assess the company's total exposure in the event of a major incident in a specific area.

We would consider the following scenarios:

- 1) A major loss such as a Fire occurring at a client's premises and resulting in a total loss
- 2) A serious event impacting on a specific area and resulting in an average loss of 20% of the clients' property (across the board) to all premises.
- 3) A major event impacting a specific area and resulting in an average loss of 50% of the clients' property (across the board) to all premises.

At this stage our Quota share treaty covers 50% of any loss and Swiss Re covers the other 50%. We aim for a maximum exposure in respect of any one risk of \$250,000 and to as low as \$50,000 where we feel the possibility of a loss is greater than our risk appetite would usually allow. Facultative cover is arranged for the difference in limits and retention.

Excess of Loss insurance covers accumulation of risks – for example if a cyclone were to affect more than one risk, we have cover on our nett exposure of USD 5,000,000 in excess of \$300,000.

2) Financial risk

Financial risk is composed of four risks: Credit, Market, and Liquidity

a) Credit risk

The risk of loss or adverse change in the financial situation, resulting from fluctuations in the credit position of securities issuers, counterparties and any debtors to which companies are exposed in the form of counterparty default risk, spread risk, or concentrations of market risk.

The Company is exposed to the reinsurer's credit risk through the reinsurance coverage acquired to reduce its exposure. This risk is considered marginal because we prefer to use reinsurers rated A- or better by A.M. Best and, therefore, the likelihood of becoming financially impaired over a year is considered low.

Due to the often relatively low sums insured and the compensation limits required in Mozambique, it is not always easy to find A-rated reinsurers (generally European) who are willing to underwrite businesses with low returns, but due to the sovereign rating of African countries in general, it is extremely difficult to find A-rated companies in Africa and we also have GCR ratings. We also analyze the history and capitalization before using reinsurers that do not have the AM Best A- rating.

We have a quota treaty, which is one of our most important assets for accepting day-to-day risks - which was signed with Swiss Re, which is rated AA- by AM Best.

Reinsurance debts are monitored by the operations manager and any relevant old debts are reported to the Exco Committees and the CEO.

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b) Market risk

Risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and volatility of the market prices of assets, liabilities and financial instruments.

C) Liquidity risk

Liquidity risk is the risk that ICE Seguros does not have the financial capacity to meet its commitments. To mitigate this risk, management uses several sources to manage assets, based on their liquidity and periodically monitors cash flows.

The nature of the insurance activity implies the impossibility of predicting with certainty the funds necessary to cover the liabilities. Accordingly, the Company invests in short-term financial instruments that are easily turned into liquidity for the fulfillment of its obligations.

The table below summarizes the maturity of the Company's financial instruments at 31 December 2020 and 31 December 2019:

December 31, 2020

USD	Amount	Rate	Start Date	MZN at 61.51	MZN value USD
Banco Unico	\$ 1,493,000.00	2.35%	11/3/2020	2/1/2021	111,810,770.00
BancABC	\$ 1,500,000.00	4.00%	12/29/2020	1/28/2021	112,335,000.00

December 31, 2021

MZN	Amount	Rate	Start Date	Maturity Date	MZN TD
MBC	60,000,000.00	21%	7/25/2019	7/24/2020	60,000,000.00
Letshego	23,500,000.00	20%	7/2/2019	7/1/2020	23,500,000.00
Standard Bank	841,552.35	2%	12/26/2018	12/26/2020	841,552.35
					84,341,552.35

USD	Amount	Rate	Start Date	MZN at 61.51	MZN value USD
Banco Unico	\$ 6,071,014.50	3.25%	11/11/2019	2/9/2020	369,724,783.05
BancABC	\$ 2,838,929.00	5.05%	12/12/2019	1/11/2020	172,890,776.10

3) Operational risk

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

The event risk comprises the risk of losses resulting from the absence or failure of internal processes, people and systems or due to external events. This definition of event risk includes legal and compliance risk, excluding strategic and reputational risk.

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

Within the scope of operational risk, ICE Seguros SA has defined, among others, policies / procedures in terms of business continuity, IT security, Client Selection, money laundering, internal control and the fight against fraud.

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Note 27. Solvency Margin Coverage

As at December 31, 2020, the Company presented a solvency margin of 288.50%, extraordinarily above the minimum limit required by the supervisory body and which reveals the financial strength of the Insurer, thus reflecting a solid capital structure and adequate to the responsibilities assumed.

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

Descriptions	2020	2019	2020/2019
Share Capital	549,727,200	549,727,200	0,00%
Reserves	11,210,380	2,231,874	402,28%
Retained income b/f	(465,590)	(36,379,612)	98,72%
Net Income for the year	60,513,346	44,892,529	34,79%
Profit distributions	0.00	0.00	0.00%
Available Solvency Margin	620,985,337	560,471,991	10,79%
Required Solvency Margin – Non Life	215,231,629	174,749,165	23,17%
Excess/ (insuficiency) of Solvency Margin	405,753,708	385,722,825	5,19%
Coverage	288.5%	320.7%	10,02%