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OLD MUTUAL ZIMBABWE LIMITED

Abridged Interim Unaudited Financial Statements
For the Six Months Ended 30 June 2023



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Chairman's Statement

Economic Environment

The economy's Gross Domestic Product (GDP) growth is projected to be 5.3% in 2023 by the Zimbabwe Treasury down from the estimated 6.5% in 2022. Growth will be underpinned by activities in the mining, agriculture, and construction sectors of the economy.

The months of May and June 2023 experienced steep currency depreciation, and its ripple effect on inflation. Government continued efforts to stabilise the economy using key fiscal and monetary policy levers. The period was characterised by a tight monetary policy stance and other policy measures aimed at stabilising the exchange rate and curbing excessive inflation. The measures achieved more stable exchange rate, and the lowering of inflation as has been noticed in the past few weeks.

The Zimbabwe Statistical Agency (ZIMSTAT) migrated from reporting pure currency inflation to blended inflation, based on the mixed use of the local and foreign currencies under the prevailing multi-currency regime as well as to reflect the increase in United States Dollar (USD) transactions in the market. The blended inflation rate introduces difficulties in financial reporting as cashflows for businesses are not necessarily weighted in the same proportion as applied in determining the inflation index published by ZIMSTAT.

The Zimbabwe Stock Exchange (ZSE) All Share index increased by 779% during the period. This was due to an increase in demand for equity investments as a value preservation option. However, the USD-denominated Victoria Falls Stock Exchange (VFEX) retreated 23% due to limited market liquidity. The number of counters and instruments listed on the VFEX increased to close June at 14, deepening the diversification opportunities to investors within the USD equities asset class. Money market activity took a noticeable swing towards foreign currency, with Treasury issuing USD denominated Treasury Bills on private placement. The property market activity continued to be concentrated in the Residential, Retail and Office Park space.

Financial result

The Group achieved an inflation adjusted profit after tax of ZWL629 billion up from a loss after tax of ZWL103 billion registered in the prior period with the main driver being recoveries in listed investment securities. The returns on investment portfolios closed the period ahead of inflation.

In historical cost terms, the Group registered a historic profit after tax of ZWL1 trillion up from ZWL54 billion achieved in the comparative period. The Group Chief Executive Officer's report provides more insights into the financial performance across the Group's lines of business.

Governance

There were no changes to the Board, during the period under review. Regulatory engagements were primarily to secure approvals on specific initiatives the Group sought to undertake, including new products and offerings. We sincerely appreciate the support received from regulators during the period, that allowed the Group to broaden its offering.

The Group sustained adequate capital, solvency, and liquidity levels which were more than regulatory thresholds, over the review period.

Responsible Business

The Group continued to adhere to its Responsible Business Framework which incorporates the ethical and sustainability standards of business conduct. The focus continued on diversity and inclusion, closing the period with more than 50% and 39% of the Group Executive Committee and managerial staff respectively being women. The Group's investment policy actively factors in Environmental, Social and Governance (ESG) principles to achieve long-term sustainable investments. Our focus on sustainability also looks at areas that impact several Sustainable Development Goals (SDGs) addressing education, transformational infrastructure, climate action, affordable and clean energy, and partnerships.

Environment

Old Mutual continued to deploy funds into renewable energy projects. During the period we partnered with the Save Valley Mountain Bike Challenge to support the wildlife and environmental campaign in the Save Valley. The proceeds raised from the Save Valley Mountain Bike Challenge will support the protection of endangered species within the Save Valley Conservancy. The Save Valley Conservancy is one of the largest private game reserves in Africa and comprises 750,000 acres of diverse wildlife habitat.

Financial Education and Financial Inclusion

Old Mutual continues to use its flagship financial education program, "On The Money" to equip communities with financial knowledge for 'money-smart' decision-making. During the period On The Money training was extended to groups from private corporates, Non-Governmental Organisations (NGOs), the public sector, churches and the youth. Old Mutual participated in the Scholastica in partnership with Zimbabwe International Trade Fair (ZITF) and Zimbabwean universities.

We trained 726 girls in Science, Technology, Engineering and Mathematics (STEM) from High Schools and tertiary institutions in Bulawayo and women in MSMEs benefitted from the program through a partnership with New Faces New Voices.

We also partnered with regulators in the financial services industry, the Reserve Bank of Zimbabwe (RBZ), Insurance and Pensions Commission (IPEC), Securities and Exchange

Commission of Zimbabwe (SECZIM) and the Ministry of Primary and Secondary Education in facilitating the training of youths during Global Money Week. Under this initiative we reached out to over 4,873 youths in the provinces of Harare, Matabeleland South, and Matabeleland North.

Healthcare

Old Mutual handed over the new Lupane Clinic developed in partnership with Lupane State University. The clinic was constructed and equipped in response to the various medical needs of the Lupane community who live mostly in remote areas and had difficulty to access health facilities. The newly constructed clinic also caters for the disabled members of the community. The state-of-the-art health facility is endowed with a solar system, ensuring lights and hot water are available to patients at the facility, at all times. We continue to sponsor the Mathematics Olympiad competition and the 2023 round has seen 213 schools registering with a total of 3,211 students. In May we participated in the Pan African Mathematics Olympiad which was held in Rwanda. The Zimbabwe team which comprised 3 boys and 3 girls made it to the finals and received a bronze medal.

The Group, through Central Africa Building Society (CABS), donated sanitary kits to both underprivileged girls and young women with disabilities in the rural areas of Makoni and Goromonzi districts, in Manicaland and Mashonaland East.

Old Mutual also participated in the Medical Outreach Program hosted in Matabeleland South by IPEC. The program provided free medical assistance to the elderly and road accident patients. Over 700 elderly persons were assisted during the program. CABS in association with Kidzcan Zimbabwe sponsored a golf tournament to help raise funds to fight childhood cancer. The funds will go towards pediatric cancer treatments and ensure the facilities at the Kidzcan Zimbabwe centers are properly maintained. CABS also participated in the SOS Children's Villages charity golf tournament, which raised funds for the purchase of 150 bunk beds for underprivileged children.

Entrepreneurship and Innovation

Through the Eight2Five Hub, we supported efforts in entrepreneurship, innovation, and the digital economy under the third iteration of the flagship incubation program, The Value Creation Challenge, which was launched in February. 533 applicants from across the country applied and were involved in the initial screening. The successful top 25 startups went through a rigorous business capacitation boot camp. The Group also ran an initiative to equip 20 women with digital skills in a coding boot camp dedicated to women. We sponsored the ZITF Innovators Forum and pitch competition. The winners were a 5-member team of students from the University of Zimbabwe and were awarded access to the Eight2Five Innovation hub.

Diversity and Inclusion

The Old Mutual Women's Network (OWN) celebrated International Women's Month under the theme #EmbraceEquity. Women across Old Mutual Zimbabwe, its partners and clients joined the celebrations in Harare, Bulawayo, Mutare and Masvingo. Speakers included officials

from government, amongst them the Deputy Minister of Women Affairs, Community, Small and Medium Enterprises.

Recognition and Awards

Old Mutual Zimbabwe appreciates the number of awards it got during the period from various organisations. We consider these awards to reflect hard work on the part of the business. Amongst the awards were the following:

Contact Centre Association of Zimbabwe (CCAZ) Awards:

- Old Mutual Life Assurance Company – Winner for the Service Excellence Award.
- CABS – Runner Up for the Service Excellence Award.
- Old Mutual Insurance Company – Winner for the Service Excellence Award in the Southern Region.

National Blood Services Zimbabwe World Blood Donor Awards (NBSZ) awarded Old Mutual Zimbabwe the Corporate Citizenship Award and the World Blood Donor Esteemed Gold Sponsorship Award.

The Group also received the Zimbabwe Independent Insurance Awards:

- Old Mutual Insurance Company - 2nd Runner Up for the best Short-Term Insurance Company in Zimbabwe.
- Old Mutual Life Assurance Company - Overall Insurance Company of the Year Winner.

Appreciation

On behalf of the Board, I wish to express my sincere appreciation to our customers and business partners for continuing to support the Group. I would also like to thank my fellow Board members for their contribution as well as management and staff of the Group for their hard work and commitment during the period. I am very confident that the Group will be able to realise its strategic objectives into the future. Many productive engagements have also been held with our regulators and purposeful engagements with these and all key stakeholders will continue.

Outlook

Old Mutual Zimbabwe welcomes the efforts of the authorities to stabilise the macroeconomic environment and enhance public confidence in financial services sector. Restoration of public confidence in formal financial intermediaries is critical for sustainable and inclusive economic growth and prosperity. Dominant factors in the second half of the year will likely be centred around maintaining stability in the country post-elections, and also focus on effective solutions to sustain economic growth into the future. We maintain a positive view of the outlook in the medium to long-term, with sustainable growth expected to be anchored by the mining, agriculture, and energy sectors of the economy.

K. C. KATSANDE
Chairman
30 August 2023



CEO's Review

Introduction

Old Mutual Zimbabwe Limited continued to focus on efforts towards:

- Strengthening our customer solutions, within the existing, and new business lines;
- Channelling investment into value enhancing assets in key economic sectors; and
- Improving productivity and efficiency in service delivery through technology and innovation.

Customer solutions

Following the launch of the funeral services business in 2022, we continued to enhance the product. Under the enhanced product premium rates have been standardised and those for older members of society have been reduced whilst children are covered for free. The funeral services business opened a new branch in Chiredzi in line with our expansion program.

We continued to adapt the investment strategies for pension funds to respond to their evolving requirements. We also increased focus on Alternative Investments and continued to develop pipeline for investments in line with the preferences of the funds under our management, to enhance returns into the long term whilst minimising risk. The Guaranteed Fund continued to be competitive, declaring regular bonuses to ensure benefits are consistent with changes in the environment.

In the general insurance business, we ramped up our distribution partnerships, and increased leverage of digital distribution channels. We launched the Womensure product, a comprehensive motor insurance policy addressing specific needs for female drivers. Key features include enhanced cover for loss from smash and grab incidents, emergency response and roadside assistance.

We continued to strengthen the Vehicle Asset Financing loan product launched earlier in the year, at our banking business, CABS. The product is available in both foreign and local currencies and comes with embedded life cover, and asset insurance on very competitive, value for money terms. At Old Mutual Finance, our micro-lending business, we established partnerships to start offering digital loans, improving the turnaround times in this offering.

The Old Mutual Gold Retail Fund was introduced during the period, to give retail customers affordable access to gold coin assets through our investment management unit.

During the period under review, we launched Old Mutual Digital Services Company (OMDS), a fintech company with three flagship products, the Omari wallet and the two microinsurance products, O'mari Foodcare and O'mari Schoolcare. The wallet brings convenience in respect of both United States Dollars and local currency. A growing number of customers are already enjoying services offered by O'mari including cash-in and cash-out services at various outlets across the country. Customers from all mobile network operators (Econet, Telecel and Netone) can self-register on the wallet within 60 seconds. OMDS will allow our customers an additional channel to access financial services products thereby deepening financial inclusion based on the latest technology.

Investment in value enhancing assets

The property boutique completed the construction of a factory in Ngezi. This project is significant in a few ways. The success of the Ngezi project took collaborative efforts amongst private sector players, Old Mutual Zimbabwe, Zimplats and a manufacturing entity, Mining Support Solutions. It also demonstrated collaboration between the private sector and government which facilitated access to the land to host the development. Local communities benefitted through employment opportunities created during the construction phase, and after completion, within the manufacturing venture now operating at the premises.

Old Mutual Zimbabwe invested in the Zimcampus accommodation initiative in Bulawayo which has started onboarding tenants. The development houses 1,026 students and also houses private commercial facilities including retail shops. The accommodation facility, by location, is positioned close to the National University of Science and Technology (NUST).

We continued to channel investments into renewable energy projects, the agriculture sector, mining value chain and the manufacturing and distribution industry. We invested USD13.7 million into ongoing projects in alternative investment assets during the first half of the year. Our relationships with regional and international lending institutions continue to strengthen, with the goal to mobilise funds that would complement local funds to support of key sectors of the economy through investment and lending products. We also participated in a syndicated facility through a regional lending partner for USD10 million channelled towards the energy sector.

Service delivery

The business continues to leverage technological innovations to improve customer experience and service delivery.

The motor vehicle assessment centres, we started in 2022 to improve service delivery for motor insurance, continued to deliver improvements in both underwriting and claims services. Service standards in this space were strengthened through further upgrade modules of the insurance administration system.

Planned initiatives to strengthen digital service channels and to improve administration systems are underway, and are on track more significantly in respect of the Life and the Banking business lines.

Financial performance

Performance on the inflation adjusted basis

The Group posted an inflation adjusted profit after tax of ZWL629 billion largely attributable to above inflation returns on invested assets as well as the performance of the banking and lending business. The result from operations which reflects the core operating performance of the Group was up 775% to ZWL586 billion on the back of growth in revenues across all business lines. Key headline drivers were net interest income, non-interest banking revenue, premium income and asset-based charges. Inflation adjusted total assets increased by 160% from ZWL3 trillion as at 31 December 2022 to ZWL8 trillion.

Performance on the historical cost basis

The Group recorded a profit after tax of ZWL1 trillion in historical terms, up from ZWL54 billion achieved in the prior period. The General Insurance and Life insurance revenues grew by 589%, achieving ZWL35 billion for the half year ended 30 June 2023 up from ZWL5 billion in the prior period. This growth was driven by both new business inflows and premium adjustments in response to inflation. Insurance service expenses, however, grew significantly due to prudent reserving to cater for increased costs of meeting policyholder obligations as a result of inflation; this adversely affected the insurance service result.

Investment returns were ZWL5 trillion up from ZWL248 billion achieved same period prior year. This was driven by gains on equities, investment properties, and some foreign currency denominated investments.

Interest income grew by 520% to ZWL42 billion driven by growth in loans and advances. Fee and commission income for the Group increased to ZWL49 billion driven by an increase in the nominal values of transactions.

Capital

All Group companies closed the period adequately capitalised on a regulatory basis and as measured against internal risk-based targets. The non-performing loan ratio for the banking and microlending businesses were within both internal and regulatory limits.

The short-term insurance business maintained a global rating of AA with a stable outlook from the Global Credit Rating Company (GCR) as at 26 April 2023. The rating indicates financial strength, providing assurance to our customers and stakeholders of our underwriting capacity and ability to service claims and other obligations.

Looking Forward

For the second half-year, we will continue efforts already underway to adapt our products and service channels, to ensure customers access more of our broad offering conveniently. In addition, we will explore investment solutions that provide real value for our customers and shareholders sustainably into the long-term future. Efforts by policy makers to promote a stable macroeconomic environment, and to encourage long term savings by local economic agents are a key enabler to support sustainable investment in long term projects that require patient capital.

Appreciation

In conclusion, I would like to thank our customers for choosing us as their financial partner and service provider. I also extend my gratitude to the Board for their guidance, and to all colleagues across the Old Mutual Zimbabwe Group for their commitment to deliver the best to our valued clients and customers. We also appreciate our regulators whose guidance and support is invaluable.

SAMUEL MATSEKETE
Group Chief Executive Officer
30 August 2023



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Director's Report

Responsibility

The directors are responsible for the preparation and fair presentation of the Group's half year financial statements, comprising the statement of financial position as at 30 June 2023; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the period ended 30 June 2023; and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In addition, the directors are responsible for preparing the Directors' report. The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management. The directors have assessed the ability of the Group 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.

Compliance with legislation

These financial statements, which have been prepared on an inflation adjusted basis, are based on the application of inflation indices on underlying accounting records which were maintained on the historical cost convention (except for fair value measurement where applicable). The statements are based on the underlying books and records and have been prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the relevant regulations made thereunder, the Insurance Act (Chapter 24:07), the Pensions and Provident Funds Act (Chapter 24:32), the Microfinance Act (Chapter 24:29), the Building Societies Act (Chapter 24:02), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Collective Investments Schemes Act (Chapter 24:19), and the Securities Act (Chapter 24:25).

Compliance with IFRSs

The financial statements are prepared based on International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which include standards adopted by the IASB and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognised reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements. The IFRS Conceptual Framework, provides that in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 29 (IAS 29), requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date, and that corresponding figures for previous periods be restated in the same terms. During the period under review the business has faced practical challenges in complying with IAS 29 owing to the non-availability of an inflation index based on price movements in local currency. More detail is provided below under Accounting Judgements. Users of the financial statements are encouraged to further take this into account when considering the financial statements given the possible impact of this on full compliance with IAS 29. The directors believe that the approach taken in preparing the financial statements is the best possible approach given the limited range of alternatives.

The Group in line with trends observed in the rest of the economy, has seen an increasing proportion of transactions denominated in United States Dollars, a currency which is not subject to hyperinflation. It is the view of the directors that IAS 29 did not fully envisage a situation where a Hyperinflationary Economy effectively has other currencies besides the local currency in official circulation as mediums of exchange and also in use in determining the price of goods and services. Users of the financial statements are advised to consider the implications of the multicurrency environment on the business.

These results have also been prepared based on the requirements of IFRS 17 "Insurance Contracts" (IFRS 17) which came into effect on 1 January 2023. The business is fully compliant with IFRS 17 (refer to Note 2.4).

Accounting judgements

The directors would like to draw the attention of users of the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as property valuations and valuation of unlisted investments.

In the case of property valuations as at 30 June 2023, valuations in ZWL have been adopted similar to the approach taken for the audited results for the year ended 31 December 2022. Market breadth, however, has been limited thus increasing the level of reliance on level 3 valuation inputs, where significant management and professional judgement was required. Areas where significant judgement has been applied include capitalisation rates for industrial, commercial, retail and office buildings. Adjustment factors are applied to rates implied from completed market transactions, depending on factors such as location, occupancy levels and tenant mix.

With regards to the spot foreign exchange rate, the board considers the official exchange rate from the interbank market to be appropriate, as exchangeability has been demonstrated at that platform during the half year in the settlement of various foreign currency denominated obligations by the Group.

The Group has made use of an estimated inflation index in the preparation of inflation adjusted financial statements due to the unavailability of an official ZWL based Consumer Price Index (CPI) since 1 February 2023. The official consumer price index is now a blended inflation rate calculated using a weighted average of ZWL and USD price movements. A blended inflation rate is not appropriate in the preparation of inflation adjusted financial statements under IAS 29 as it includes impact of a currency, the USD, that is not subject to hyperinflation. The index has been estimated using movements in the Poverty Datum Line (PDL) and more detail is provided under note 2.1.

In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently considered in the half year financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these. Details of key accounting judgements and sensitivities are provided in Notes 2.1, 2.2 and 15.1. The directors are of the view that the accounting treatments as adopted are appropriate to the extent which is practically possible given the peculiarities of the Zimbabwe economic and regulatory environment. Users of the financial statements are, however, encouraged to exercise due caution and judgement.

Capital

The issued share capital is made up of 249,035,156 "A" class shares of ZWL0,0000032 each, 83,011,718 "B" class shares of ZWL0,0000032 each, 1 redeemable preference share of ZWL1.00 and 1 "A" redeemable preference share of ZWL1.00. The shares are owned by Old Mutual Zimbabwe Holdco Limited (75%); as well as Indigenisation Trusts and various other shareholders (22.2%) and a strategic partner (2.8%). The 1 redeemable preference share issued is owned by Old Mutual (Zimbabwe) Dividend Access Trust and the 1 "A" redeemable preference share by OML (Zimbabwe) Dividend Access Trust.

Directors

| | | | |
|-----|-----|-------------|---|
| Mr | KC | Katsande | (Chairman) |
| Mr | S | Matsekete** | (Group Chief Executive Officer) |
| Mr | IT | Mashinya** | (Group Chief Customer and Operations Officer) |
| Mr | NTT | Mudekunye** | (Group Chief Financial Officer) |
| Mr | C | Chinaka | |
| Mr | A | Daka | |
| Dr | CL | Dhliwayo | |
| Dr | K | Mandevani | |
| Mrs | N | Samuriwo | |

**Denotes Executive Director.



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Reconciliation of IFRS Profit Before Tax to Result from Operations

| | Inflation adjusted unaudited | | Historical cost unaudited | |
|-------------------------------------|------------------------------|-------------------|---------------------------|-------------------|
| | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
| Profit before tax | 662,029 | (97,608) | 1,038,105 | 54,872 |
| Adjusting entries | (75,983) | 164,597 | (493,992) | (38,399) |
| Shareholder investment returns | (393,763) | (45,078) | (495,807) | (38,493) |
| Monetary loss - non-operating items | 315,693 | 208,939 | - | - |
| Policyholder tax | 2,087 | 736 | 1,815 | 94 |
| Result from operations | 586,046 | 66,989 | 544,113 | 16,473 |

Result from operations represents the view of the directors of Old Mutual Zimbabwe Limited of the core operating performance of the Group.

Group Statement of Profit or Loss For The Six Months Ended 30 June 2023

| Notes | Inflation adjusted unaudited | | Historical cost unaudited | |
|--|------------------------------|-------------------|---------------------------|-------------------|
| | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
| Revenue | | | | |
| Insurance revenue | 34,565 | 24,581 | 34,565 | 5,017 |
| Insurance service expenses | (160,066) | (59,579) | (160,066) | (12,160) |
| Net (expenses)/income from reinsurance contracts | (3,244) | 7,448 | (3,244) | 1,520 |
| Insurance service result | (128,745) | (27,550) | (128,745) | (5,623) |
| Investment return (non-banking) | 3,445,897 | 122,262 | 4,623,983 | 247,970 |
| Finance expenses from insurance contracts | (2,670,897) | (95,871) | (3,808,183) | (193,880) |
| Finance (expenses)/income from reinsurance contracts | (210) | (1,099) | (210) | (224) |
| Fair value movements in investment contract liabilities | (195,884) | (16,640) | (280,842) | (16,346) |
| Net investment result | 578,906 | 8,652 | 534,748 | 37,520 |
| Banking interest and similar income | 86,075 | 49,962 | 41,854 | 6,753 |
| Fee and commission income | 94,855 | 42,946 | 48,798 | 4,693 |
| Translation gains and other income | 644,498 | 130,209 | 639,988 | 24,822 |
| Total banking and other income | 825,428 | 223,117 | 730,640 | 36,268 |
| Expenses | | | | |
| Credit impairment charges | (21,690) | (14,611) | (20,678) | (2,982) |
| Banking interest payable and similar expense | (19,365) | (6,889) | (10,922) | (1,019) |
| Fee and commission expenses, and other acquisition costs | (24,876) | (13,964) | (15,568) | (1,891) |
| Other operating and administrative expenses | (100,511) | (65,994) | (51,370) | (7,401) |
| Net monetary adjustment | (447,118) | (200,369) | - | - |
| Total non-insurance expenses | (613,560) | (301,827) | (98,538) | (13,293) |
| Profit before tax | 662,029 | (97,608) | 1,038,105 | 54,872 |
| Income tax expense | (33,069) | (5,576) | (29,418) | (992) |
| Profit for the year | 628,960 | (103,184) | 1,008,687 | 53,880 |
| Attributable to non-controlling interests | 10,694 | 1,049 | 11,657 | 1,815 |
| Attributable to owners of parent company | 618,266 | (104,233) | 997,030 | 52,065 |
| | 628,960 | (103,184) | 1,008,687 | 53,880 |

Group Statement of Comprehensive Income For The Six Months Ended 30 June 2023

| Notes | Inflation adjusted unaudited | | Historical cost unaudited | |
|---|------------------------------|-------------------|---------------------------|-------------------|
| | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
| Profit for the year | 628,960 | (103,184) | 1,008,687 | 53,880 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Property revaluation | 229,244 | 45,621 | 229,244 | 17,688 |
| Total comprehensive income for the year | 858,204 | (57,563) | 1,237,931 | 71,568 |
| Total comprehensive income attributable to: | | | | |
| Owners of parent company | 847,510 | (58,612) | 1,226,274 | 69,753 |
| Non-controlling interests | 10,694 | 1,049 | 11,657 | 1,815 |
| | 858,204 | (57,563) | 1,237,931 | 71,568 |

Group Statement of Financial Position As at 30 June 2023

| Notes | Inflation adjusted unaudited | | Historical cost unaudited | |
|-------------------------------------|------------------------------|-------------------|---------------------------|-------------------|
| | 30-Jun-23 ZWLm | 31 Dec 22 ZWLm | 30-Jun-23 ZWLm | 31 Dec 22 ZWLm |
| Assets | | | | |
| Intangible assets | 2,082 | 2,696 | 349 | 169 |
| Property and equipment | 376,215 | 174,386 | 366,706 | 49,131 |
| Investment property | 2,604,609 | 930,333 | 2,604,609 | 298,157 |
| Deferred tax assets | 1,412 | 2,783 | 1,412 | 838 |
| Loans and advances | 1,000,816 | 401,006 | 1,000,816 | 128,516 |
| Investments and securities | 2,837,444 | 1,060,195 | 2,837,444 | 339,775 |
| Reinsurance contract assets | 13,661 | 9,863 | 13,661 | 3,161 |
| Current tax receivable | 388 | 146 | 388 | 46 |
| Other assets | 706,186 | 280,301 | 698,047 | 79,570 |
| Cash and cash equivalents | 675,180 | 299,007 | 675,180 | 95,827 |
| Total assets | 8,217,993 | 3,160,716 | 8,198,612 | 995,190 |
| Liabilities | | | | |
| Insurance contract liabilities | 4,496,821 | 1,594,451 | 4,496,821 | 510,995 |
| Reinsurance contract liabilities | - | 22 | - | 7 |
| Investment contract liabilities | 320,909 | 125,722 | 320,909 | 40,292 |
| Provisions | 81,315 | - | 81,315 | - |
| Deferred tax liabilities | 41,576 | 12,281 | 41,279 | 4,160 |
| Current tax payables | 1,989 | 1,170 | 1,989 | 375 |
| Amounts due to group companies | 529,300 | 189,289 | 529,300 | 60,664 |
| Other payables | 235,668 | 66,727 | 231,926 | 17,468 |
| Amounts owed to bank depositors | 501,990 | 370,946 | 501,990 | 118,882 |
| Credit lines | 589,918 | 233,625 | 589,918 | 74,873 |
| Total liabilities | 6,799,486 | 2,594,233 | 6,795,447 | 827,716 |
| Net assets | 1,418,507 | 566,483 | 1,403,165 | 167,474 |
| Shareholders' equity | | | | |
| Share capital and premium | - | - | - | - |
| Non-distributable reserve | - | - | 49 | 49 |
| Revaluation reserve | 306,225 | 76,981 | 258,540 | 29,296 |
| Share based payment reserve | 21,087 | 21,087 | 55 | 55 |
| Regulatory provisions reserve | 23,637 | 4,590 | 20,518 | 1,471 |
| Retained earnings | 1,046,764 | 453,104 | 1,109,224 | 133,256 |
| Equity holders of the parent | 1,397,713 | 555,762 | 1,388,386 | 164,127 |
| Non-controlling interests | 20,794 | 10,721 | 14,779 | 3,347 |
| Total equity | 1,418,507 | 566,483 | 1,403,165 | 167,474 |

Group Statement of Cash Flows For The Six Months Ended 30 June 2023

| | Inflation adjusted unaudited | | Historical cost unaudited | |
|--|------------------------------|-------------------|---------------------------|-------------------|
| | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
| Net cash from operating activities | 194,204 | (61,253) | 469,135 | 50,558 |
| Net cash used in investing activities | 46,469 | (41,976) | 8,637 | (9,012) |
| Net cash used in financing activities | (6,181) | (495) | (2,240) | (84) |
| Net (decrease)/increase in cash and cash equivalents | 234,492 | (103,724) | 475,532 | 41,462 |
| Net foreign exchange differences on cash and cash equivalents | 141,681 | 244,218 | 103,821 | 2,027 |
| Cash and cash equivalents at the beginning of the year | 299,007 | 133,629 | 95,827 | 12,458 |
| Cash and cash equivalents at the end of the period | 675,180 | 274,123 | 675,180 | 55,947 |



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Group Statement of Changes In Equity

For The Six Months Ended 30 June 2023

| Inflation adjusted 2023 | Share capital & premium ZWLm | Non-distributable reserve ZWLm | Revaluation reserve ZWLm | Share based payment reserve ZWLm | Regulatory provisions reserve ZWLm | Retained income ZWLm | Equity holders of the parent total ZWLm | Non- controlling interests ZWLm | Equity total ZWLm |
|--|---------------------------------|--------------------------------------|--------------------------------|---|---|----------------------------|--|--|-------------------------|
| Shareholders' equity at beginning of year | - | - | 76,981 | 21,087 | 4,590 | 453,104 | 555,762 | 10,721 | 566,483 |
| Profit for the period | - | - | - | - | - | 618,266 | 618,266 | 10,694 | 628,960 |
| Revaluation of property | - | - | 229,244 | - | - | - | 229,244 | - | 229,244 |
| Total Comprehensive income for the period | - | - | 229,244 | - | - | 618,266 | 847,510 | 10,694 | 858,204 |
| Transfer between reserves | - | - | - | - | 19,047 | (19,047) | - | - | - |
| Dividend paid | - | - | - | - | - | (5,559) | (5,559) | (621) | (6,180) |
| Transactions with shareholders | - | - | - | - | 19,047 | (24,606) | (5,559) | (621) | (6,180) |
| Shareholders' equity at end of the period | - | - | 306,225 | 21,087 | 23,637 | 1,046,764 | 1,397,713 | 20,794 | 1,418,507 |
| 2022 | | | | | | | | | |
| Shareholders' equity at beginning of year | - | - | 32,970 | 21,088 | - | 546,438 | 600,496 | 12,401 | 612,897 |
| Profit for the period | - | - | - | - | - | (104,233) | (104,233) | 1,049 | (103,184) |
| Revaluation of property | - | - | 45,621 | - | - | - | 45,621 | - | 45,621 |
| Total Comprehensive income for the half year | - | - | 45,621 | - | - | (104,233) | (58,612) | 1,049 | (57,563) |
| Dividends declared | - | - | - | - | - | (6,864) | (6,864) | - | (6,864) |
| Transactions with shareholders | - | - | - | - | - | (6,864) | (6,864) | - | (6,864) |
| Shareholders' equity at the end of the period | - | - | 78,591 | 21,088 | - | 435,341 | 535,020 | 13,450 | 548,470 |
| Historical Cost 2023 | | | | | | | | | |
| Shareholders' equity at beginning of year | - | 49 | 29,296 | 55 | 1,471 | 133,256 | 164,127 | 3,347 | 167,474 |
| Profit for the period | - | - | - | - | - | 997,030 | 997,030 | 11,657 | 1,008,687 |
| Revaluation of property | - | - | 229,244 | - | - | - | 229,244 | - | 229,244 |
| Total Comprehensive income for the period | - | - | 229,244 | - | - | 997,030 | 1,226,274 | 11,657 | 1,237,931 |
| Transfer between reserves | - | - | - | - | 19,047 | (19,047) | - | - | - |
| Dividend paid | - | - | - | - | - | (2,015) | (2,015) | (225) | (2,240) |
| Transactions with shareholders | - | - | - | - | 19,047 | (21,062) | (2,015) | (225) | (2,240) |
| Shareholders' equity at end of the period | - | 49 | 258,540 | 55 | 20,518 | 1,109,224 | 1,388,386 | 14,779 | 1,403,165 |
| 2022 | | | | | | | | | |
| Shareholders' equity at beginning of year | - | 49 | 4,378 | 55 | - | 47,131 | 51,613 | 1,176 | 52,789 |
| Profit for the financial year | - | - | - | - | - | 52,065 | 52,065 | 1,815 | 53,880 |
| Revaluation of property | - | - | 17,688 | - | - | - | 17,688 | - | 17,688 |
| Total Comprehensive income for the half year | - | - | 17,688 | - | - | 52,065 | 69,753 | 1,815 | 71,568 |
| Dividend paid | - | - | - | - | - | (767) | (767) | - | (767) |
| Transactions with shareholders | - | - | - | - | - | (767) | (767) | - | (767) |
| Shareholders' equity at the end of the period | - | 49 | 22,066 | 55 | - | 98,429 | 120,599 | 2,991 | 123,590 |

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NOTES TO THE CONSOLIDATED ABRIDGED UNAUDITED FINANCIAL STATEMENTS

For The Six Months Ended 30 June 2023

1. General Information

Old Mutual Zimbabwe Limited (OMZIL), the Company, and its subsidiaries are incorporated in Zimbabwe. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group's main subsidiaries and main activities are as follows:

- Central Africa Building Society (CABS) - mortgage lending and banking;
- Old Mutual Finance (Private) Limited (OMFIN) - micro finance lending;
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services, which in turn wholly owns Old Mutual Funeral Services (Private) Limited OMFS, the funeral services entity;
- Old Mutual Securities (Private) Limited (OMSEC) - licensed securities dealing firm;
- Old Mutual Digital Services (Private) Limited - financial technology;
- RM Insurance Holdings Company Limited (RMI), with an operating subsidiary, Old Mutual Insurance Company (Private) Limited (OMICO) - short term insurer.

The holding company (OMZIL) is a 75% owned subsidiary of OM Zimbabwe Holdco Limited which is ultimately a wholly owned subsidiary of Old Mutual Limited (OML), listed on the Johannesburg Stock Exchange.

2. Accounting Policies

2.1 Basis of preparation

The financial statements provide information about the financial position, results of operations and changes in the financial position of the Group. The financial statements are prepared in Zimbabwe dollars. The symbols 'ZWL' denote Zimbabwe dollars unless explicitly indicated otherwise. They are based on the statutory records that are maintained under the historical cost convention and restated to take into account the effects of inflation in accordance with the International Accounting Standard 29 (IAS 29) 'Financial Reporting in Hyperinflationary Economies'.

Since 2019 Zimbabwe has met the key indicators of being in a hyperinflationary economy as described under IAS 29. The inflation adjusted financial statements represent the primary financial statements of the Group. Historical cost financial statements have been presented as supplementary information to the restated financial statements.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. Whilst in previous years the restatement of the historical cost numbers was based on the conversion factors derived from the ZWL consumer price index (CPI) issued by the Zimbabwe National Statistics Agency (ZIMSTAT), publication of the ZWL CPI was stopped in January 2023 on the introduction of Statutory Instrument (SI) 27 of 2023 on the 3rd of March 2023 and is, therefore, no longer available for use in restating financial statements under IAS 29. SI 27 announced that the official inflation rate would be a blended rate which measures inflation based on a weighted average of price movements in Zimbabwean dollars and United States dollars over a given period of time. This instrument serves to recalibrate inflation reports to reflect the dual currency nature of incomes and prices in the Zimbabwe economy.

Given that the functional currency of the Group is the ZWL, a blended inflation rate is not ideal in the preparation of restated financial statements under IAS 29 as it incorporates the inflation movements of the USD (USD transactions currently account for more than 77% of the transactions in the economy according to the RBZ) which is not subject to hyperinflation. It is also the Group's assessment that the use of conversion factors based on a blended CPI would not achieve compliance with IAS 29.

For restated financial statements to be prepared after 1 February 2023 the Group is using the movements in the Poverty Datum Line (PDL) (alternatively called the Total Consumption Poverty Line (TCPL) which is also published by ZIMSTAT, which measures the amount required to purchase both non-food and food items for a family at the poverty line. By analysing the correlation between the movement in PDL and the officially published ZWL CPI from January 2021 to December 2022, we observed a strong relationship with a correlation coefficient of 0.99. While IAS 29 provides for the use of exchange rate movements as a proxy for inflation where a general price index is not available, we did not observe a strong relationship between ZWL CPI and the exchange rate movements over the last two financial reporting periods. Consequently, the estimated CPI after February 2023 has been derived by adjusting the last published ZWL CPI (published in January 2023) by the monthly movement of the PDL. The indices and conversion factors used to restate the accompanying financial statements as at 30 June 2023 are given below:

| Dates | Indices | Conversion Factors |
|------------|-----------|--------------------|
| 30/06/2023 | 42,710.71 | 1.0000 |
| 31/12/2022 | 13,672.91 | 3.1237 |
| 30/06/2022 | 8,707.35 | 4.9051 |

2.2 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates are those which involve the most complex or subjective judgement or assessments. The areas of the Group's business that typically require such estimates are life insurance contract provisions, determination of the fair value for financial assets and liabilities and investment properties. Insurance contract accounting and key assumptions made in determining insurance contract provisions are discussed in more detail in note 2.4.

2.2.1 Functional currency and determination of exchange rate

The Zimbabwe government gazetted Statutory Instrument 185 (S.I. 185) of 2021 on 24 July 2020. The regulation requires sellers of goods and services to display, quote, and offer prices in both the Zimbabwean (ZWL) and foreign currency at the ruling auction exchange rate. Due to the use of multiple currencies in the economy and in the Group, management is required to assess what the functional currency of the Group is in accordance with International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates. The Group's assessment was based on weighting the volume of the local currency business against the foreign currency business. Foreign currency transactions recorded for the whole Group constitute 2% of total transactions recorded for the half year to 30 June 2023 and 3% for the year ended 31 December 2022. Foreign currency balances recorded for the whole Group constitute 36% of total assets and 38% of total liabilities as at 30 June 2023 and 32% of total assets and 33% of total liabilities as at 31 December 2022. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year. While the proportions are more significant than was the case previously, with some of the Group's subsidiaries having over

50% of revenues in USD, it is management's view that considering the Group as a whole, the functional currency remains ZWL.

During the course of the year foreign exchange trading shifted to the interbank market (Willing Buyer Willing Seller) which is a more market driven exchange rate discovery system. The Group has been active on the interbank bank market during the period with the Group's foreign currency transactions being settled on this platform. It is management's view that foreign currency transactions for the Group are being done using the interbank rate, resultantly, the Group's spot rate in accordance with IAS 21, is the interbank rate.

2.2.2 Foreign denominated Legacy debts/Blocked funds

In June 2019, the RBZ invited all parties with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. The Group made applications relating to amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to the promulgation of SI 33 of February 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group. CABS received approval for USD26.4m owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services. OMZIL also obtained approval for USD83.4million in respect of unremitted dividends (USD32.1 million), obligations under the 2012 indigenisation transaction (USD50 million) and management fees (USD 1.3 million). CABS got additional approval for USD1.3 million whilst an additional USD0.5 million in respect of management fees was also approved for other Group subsidiaries. Upon transferring local funds for the registration of legacy debts/blocked funds, a legitimate expectation to receive cash flows under the arrangement was created and an asset was recognised on the Group's statement of financial position, reflecting the value of expected cash flows.

This statutory receivable has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the statutory receivable reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement. The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled of USD25.5 million. In January 2022, Parliament passed the Finance Act No 7 of 2021. The Act provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's statement of financial position. The terms of discharge of the blocked funds will be determined by the Minister of Finance and Economic Development. Please refer to additional disclosures in note 15.1. The expected proceeds under the arrangement are classified as a statutory receivable.

2.3 Revenue

Revenue comprises income from insurance contracts and investment contracts with a discretionary participating feature, fee income from investment management contracts, commission income, banking interest income, fees, and commission, non-banking interest income, dividend income, investment income, and fees for administration and management of policyholder funds.

The Group recognises revenue from contracts with customers based on the amount expected to be received from customers when the performance obligations agreed to by the Group have been satisfied. Performance obligations are satisfied through the transfer of the promised services to the customer. The Group transfers the promised service over time or at a point in time depending on the nature of the promised services. In the majority of instances, the performance obligations are satisfied as the Group renders the agreed financial services to our customers over time.

Banking and lending

The Group provides banking and lending services to retail and corporate customers. These services include, but are not limited to account management, transaction support, provision of overdraft facilities and issuing of loans. Revenue from account management and provision of overdraft facilities are recognised over time as the Group renders these services. Revenue derived from specific transactions are recognised when the transaction takes place. Loan origination fees are included in the yield on the loan provided and are recognised as part of interest income through the effective interest method. Fee and commission income on lending activities relates primarily to administration fees. These fees are recognised as revenue over time as the Group administers the loan accounts for our clients. In the lending business the administration fee income is realised through loan instalment collection process.

Asset management

Revenue from asset management consists of asset management fees and commission income. Asset management fees are recognised as revenue over time as the Group provides the services. When the Group receives up-front payments for services to be rendered in the future, the payments are accounted for as contract liabilities. Fee and commission income is earned through providing asset management and related investment administration services to our clients. Fee and commission income is primarily based on funds-under-management, investment commitment values or amounts drawn from investors. Fee and commission income is generally recognised over time, on a monthly basis, as the services are rendered.

Insurance

Insurance revenue recognition is detailed in note 2.4.

Investment return (non-banking)

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from investment and securities and cash and cash equivalents. Also included are estimates and judgements around credit risk, the risk of default and the time value of money. There are no judgements made around dividends receivable as they only become receivable when declared.

2.4 Insurance contracts

The Group has adopted IFRS 17 'Insurance Contracts' (IFRS 17) for the recognition, measurement, presentation and disclosure of its insurance contracts. IFRS 17 has replaced IFRS 4 'Insurance Contracts' (IFRS 4). The changes brought about by IFRS 17 did not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit nor does not have any impact on our non-insurance businesses.

Transition to IFRS 17

Selection of transition approach

On transition, IFRS 17 requires the standard to be applied either retrospectively (full or modified retrospective approaches) or using the fair value approach. The Group applied the fair value approach. Under the fair value approach, the Contractual Service Margin (CSM) at the transition date is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The Group has applied the requirements of IFRS 13 'Fair Value Measurement' to determine the fair value of groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied.

The fair value is effectively the consideration that would be paid or received for a group of insurance contracts to enable a market participant to earn their required rate of return in a notional transaction involving the group of contracts. The Group used the income approach (as defined by IFRS 13) to determine this amount.

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income, under the income approach), at the required rate of return. This calculation allows for a market participants' view of capital requirements and expectations of future

real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value. Comparative financial information has been restated and presented in line with IFRS 17.

Classification of contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation features issued by the Group fall under this category.

Some investment contracts issued by the Group contain discretionary participation features (DPF), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17.

The Group issues insurance contracts with direct participation features that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts originated by the Group are insurance contracts without direct participation features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Separation of components of insurance contracts

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Group applies IFRS 17 to all remaining components of the contract.

Level of aggregation of insurance contracts

The Group manages insurance contracts issued by product lines. Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer. Investment contracts with DPF are initially recognised at the date the Group becomes a party to the contract. The Group becomes party to a contract when the Group accepts the first payment, which is the date from which the Group has an obligation to provide investment-return or investment-related service.

The Group recognises a group of proportionate reinsurance contracts held from the later of:

- the beginning of the coverage period of the group of reinsurance contracts held; or
- the date of initial recognition of any underlying contract.

If the Group recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held, then the group of proportionate reinsurance contracts held is recognised at the same time as the onerous group of underlying contracts.

The Group recognises a group of non-proportionate reinsurance contracts held (such as group-wide catastrophe stop-loss reinsurance) from the beginning of the coverage period of the group of reinsurance contracts; this is typically the first period in which premiums are paid or reinsurance recoveries are received.

Reinsurance contracts are to be recognised in full for all underlying insurance contracts expected to be issued that fall within the boundary of the reinsurance contracts held. An insurance contract is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

Modification

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows (FCF), unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:



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NOTES TO THE CONSOLIDATED ABRIDGED UNAUDITED FINANCIAL STATEMENTS (CONT'D)

For The Six Months Ended 30 June 2023

- 2.4 (a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
- is not in scope of IFRS 17;
 - results in different separable components;
 - results in a different contract boundary; or
 - belongs to a different group of contracts;
- (b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- (c) the original contract was accounted for under the premium allocation approach (PAA), but the modification means that the contract no longer meets the eligibility criteria for that approach.

Derecognition

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

- Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group.
- Adjusts the contractual service margin (CSM) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (LFRC) of the Group) in the following manner, depending on the reason for the derecognition:
 - If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
 - If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
 - If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received.
- Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- if the contract is extinguished, any net difference between the derecognised part of the LFRC of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LFRC of the original contract and the premium charged by the third party;
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LFRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Insurance revenue and expenses

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Measurement

Insurance revenue – Contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred.

They exclude repayments of investment components and comprise the following items:

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on death or detection of critical illness.
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and for changes in fulfilment cash flows of the group
- of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance

contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Group has chosen not to disaggregate insurance finance income and expenses between profit or loss and OCI. All insurance finance income and expenses for the period is presented in profit or loss.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

2.5 Investment property

Investment property is real estate held to earn rentals and/or for capital appreciation. It does not include owner occupied property.

Investment properties are initially measured at cost and subsequently at fair value through profit and loss. Recorded values are determined by internal professional valuers who perform valuations bi-annually. The recorded values based on the income method are tested by comparing with values determined by three independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio, or for at least the top twenty-five buildings by value and as well as properties being valued for the first time. An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

The valuation methodology adopted is dependent upon the nature of the property. The investment method was applied on all income producing properties. This method was applied on industrial, retail and commercial properties and offices. The direct comparison method was applied to land holdings and residential properties. Property developments are valued in a similar manner to income generating assets except where information about future net income cannot be determined with sufficient confidence, in which case fair value is estimated with reference to the value of the land, and the cost of construction to date. Surpluses and deficits arising from changes in fair value are reflected in profit or loss.

For properties reclassified during the year from property and equipment to investment properties, up to the date of change any revaluation gain arising is initially recognised in profit or loss to the extent of previously charged impairment losses. Any residual excess is taken to the revaluation reserve.

Revaluation deficits are recognised in the revaluation reserve to the extent of previously recognised gains and any residual deficit is accounted for in profit or loss.

Investment properties that are reclassified to owner occupied property should be revalued at date of transfer, with any difference recognised in profit or loss. Its fair value at date of reclassification becomes its fair value for subsequent accounting.

2.6 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

Under IFRS 9: Financial Instruments or 'IFRS 9', there are three measurement classifications as follows

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair Value through Profit and Loss (FVTPL).

The classification of financial assets for the Group is based on whether the financial assets are equity instruments, debt instruments held or derivative assets and this is in line with the requirements of IFRS 9. Equity instruments held for trading purposes and derivative assets are mandatorily categorised as financial assets at FVTPL. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at FVOCI. In such an instance, changes in the equity instrument's fair value are recorded in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All debt instrument financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise. Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

Initial recognition of financial liabilities

On initial recognition, financial liabilities are measured at fair value plus, in the case of financial liabilities not classified at FVTPL, transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets.

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

Subsequent to initial recognition all financial liabilities at FVOCI and FVTPL are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost. Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. The balance of the fair value movement is recorded in profit or loss. Other financial liabilities are measured at amortised cost.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cashflows from the financial asset expire, or it transfers those rights in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire. The Group also derecognises the financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the new terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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NOTES TO THE CONSOLIDATED ABRIDGED UNAUDITED FINANCIAL STATEMENTS (CONT'D)

For The Six Months Ended 30 June 2023

3. Segment information - Inflation adjusted

A1 Statement of profit or loss - segment information for the six months ended 30 June 2023

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|--|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|------------------|
| Revenue | | | | | | | |
| Insurance revenue | 7,001 | 27,564 | - | - | - | - | 34,565 |
| Insurance service expenses | (134,674) | (25,392) | - | - | - | - | (160,066) |
| Net expenses from reinsurance contracts | (612) | (2,632) | - | - | - | - | (3,244) |
| Insurance service result | (128,285) | (460) | - | - | - | - | (128,745) |
| Investment return (non-banking) | 3,365,507 | 22,443 | 867 | 1,451 | 85,768 | (30,139) | 3,445,897 |
| Finance expenses from insurance contracts | (2,670,897) | - | - | - | - | - | (2,670,897) |
| Finance expenses from reinsurance contracts | (163) | (47) | - | - | - | - | (210) |
| Change in investment contract liabilities | (195,884) | - | - | - | - | - | (195,884) |
| Net investment result | 498,593 | 22,396 | 867 | 1,451 | 85,768 | (30,139) | 578,906 |
| Banking interest and similar income | - | - | 86,075 | - | - | - | 86,075 |
| Fee and commission income | 4,237 | 54 | 86,063 | 17,699 | 10,736 | (23,934) | 94,855 |
| Other income | 120,376 | 17,868 | 537,054 | 6,758 | (37,215) | (343) | 644,498 |
| Total non-insurance revenue and income | 124,613 | 17,922 | 709,192 | 24,457 | (26,479) | (24,277) | 825,428 |
| Expenses | | | | | | | |
| Credit impairment charges | - | - | (21,690) | - | - | - | (21,690) |
| Banking interest payable and similar expense | - | - | (24,635) | - | - | 5,270 | (19,365) |
| Fee and commission expenses, and other acquisition costs | (2) | (3,599) | (21,558) | (58) | (373) | 714 | (24,876) |
| Other operating and administrative expenses | (26,533) | (11,842) | (80,452) | (10,354) | (30,862) | 59,532 | (100,511) |
| Net monetary adjustment | (203,263) | (8,250) | (186,241) | (11,657) | (28,103) | (9,604) | (447,118) |
| Total non-insurance expenses | (229,798) | (23,691) | (334,576) | (22,069) | (59,338) | 55,912 | (613,560) |
| Profit before tax | 265,093 | 16,167 | 375,483 | 3,839 | (49) | 1,496 | 662,029 |
| Income tax expense | (12,668) | (4,479) | (10,532) | (1,683) | (3,707) | - | (33,069) |
| Profit for the year | 252,425 | 11,688 | 364,951 | 2,156 | (3,756) | 1,496 | 628,960 |

A2 Statement of profit or loss - segment information for the six months ended 30 June 2022

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|--|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|------------------|
| Revenue | | | | | | | |
| Insurance revenue | 10,056 | 14,525 | - | - | - | - | 24,581 |
| Insurance service expenses | (42,119) | (17,460) | - | - | - | - | (59,579) |
| Net income from reinsurance contracts | 2,743 | 4,705 | - | - | - | - | 7,448 |
| Insurance service result | (29,320) | 1,770 | - | - | - | - | (27,550) |
| Investment return (non-banking) | 127,911 | 3,611 | - | 1,073 | 3,386 | (13,719) | 122,262 |
| Finance expenses from insurance contracts | (95,871) | - | - | - | - | - | (95,871) |
| Finance expenses from reinsurance contracts | (1,099) | - | - | - | - | - | (1,099) |
| Change in investment contract liabilities | (16,640) | - | - | - | - | - | (16,640) |
| Net investment result | 14,301 | 3,611 | - | 1,073 | 3,386 | (13,719) | 8,652 |
| Banking interest and similar income | - | - | 49,962 | - | - | - | 49,962 |
| Fee and commission income | 2,171 | 37,590 | 37,590 | 10,079 | 7,678 | (14,572) | 42,946 |
| Other income | 59,022 | 12,798 | 63,446 | 1,093 | 1,514 | (7,664) | 130,209 |
| Total non-insurance revenue and income | 61,193 | 12,798 | 150,998 | 11,172 | 9,912 | (22,236) | 223,117 |
| Expenses | | | | | | | |
| Credit impairment charges | - | - | (14,611) | - | - | - | (14,611) |
| Banking interest payable and similar expense | - | - | (7,521) | - | - | 632 | (6,889) |
| Fee and commission expenses, and other acquisition costs | (7,154) | (808) | (12,431) | (108) | - | 6,537 | (13,964) |
| Other operating and administrative expenses | (15,983) | (7,134) | (39,781) | (6,237) | (12,568) | 15,709 | (65,994) |
| Net monetary adjustment | (108,911) | (6,762) | (69,174) | (4,851) | (7,154) | (3,517) | (200,369) |
| Total non-insurance expenses | (132,048) | (14,704) | (143,518) | (11,196) | (19,722) | 19,361 | (301,827) |
| (Loss)/profit before tax | (85,874) | 3,475 | 7,480 | 1,049 | (7,144) | (16,594) | (97,608) |
| Income tax expense | (2,264) | (2,092) | (1,842) | (1,235) | 1,857 | - | (5,576) |
| Profit for the year | (88,138) | 1,383 | 5,638 | (186) | (5,287) | (16,594) | (103,184) |

Segment information - Historical Cost

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|--|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|------------------|
| Revenue | | | | | | | |
| Insurance revenue | 7,001 | 27,564 | - | - | - | - | 34,565 |
| Insurance service expenses | (134,674) | (25,392) | - | - | - | - | (160,066) |
| Net expenses from reinsurance contracts | (612) | (2,632) | - | - | - | - | (3,244) |
| Insurance service result | (128,285) | (460) | - | - | - | - | (128,745) |
| Investment return (non-banking) | 4,546,208 | 21,712 | 840 | 1,403 | 82,977 | (29,157) | 4,623,983 |
| Finance expenses from insurance contracts | (3,808,183) | - | - | - | - | - | (3,808,183) |
| Finance expenses from reinsurance contracts | (163) | (47) | - | - | - | - | (210) |
| Change in investment contract liabilities | (280,842) | - | - | - | - | - | (280,842) |
| Net investment result | 457,020 | 21,665 | 840 | 1,403 | 82,977 | (29,157) | 534,748 |
| Banking interest and similar income | - | - | 41,854 | - | - | - | 41,854 |
| Fee and commission income | 2,179 | 28 | 44,274 | 9,105 | 5,523 | (12,311) | 48,798 |
| Other income | 116,407 | 17,279 | 536,087 | 6,535 | (35,988) | (332) | 639,988 |
| Total non-insurance revenue and income | 118,586 | 17,307 | 622,215 | 15,640 | (30,465) | (12,643) | 730,640 |
| Expenses | | | | | | | |
| Credit impairment charges | - | - | (20,678) | - | - | - | (20,678) |
| Banking interest payable and similar expense | - | - | (13,894) | - | - | 2,972 | (10,922) |
| Fee and commission expenses, and other acquisition costs | (1) | (3,652) | (12,073) | (33) | (209) | 400 | (15,568) |
| Other operating and administrative expenses | (6,318) | (2,424) | (39,499) | (6,584) | (9,484) | 12,939 | (51,370) |
| Net monetary adjustment | (6,319) | (6,076) | (86,144) | (6,617) | (9,693) | 16,311 | (98,538) |
| Total non-insurance expenses | (6,319) | (6,076) | (86,144) | (6,617) | (9,693) | 16,311 | (98,538) |
| Profit before tax | 441,002 | 32,436 | 536,911 | 10,426 | 42,819 | (25,489) | 1,038,105 |
| Income tax expense | (11,257) | (4,259) | (9,359) | (1,495) | (3,048) | - | (29,418) |
| Profit for the year | 429,745 | 28,177 | 527,552 | 8,931 | 39,771 | (25,489) | 1,008,687 |

3. Segment information - Historical Cost

B2 Statement of profit or loss - segment information for the six months ended 30 June 2023

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|--|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|-----------------|
| Revenue | | | | | | | |
| Insurance revenue | 2,052 | 2,965 | - | - | - | - | 5,017 |
| Insurance service expenses | (8,596) | (3,564) | - | - | - | - | (12,160) |
| Finance expenses from insurance contracts | 560 | 960 | - | - | - | - | 1,520 |
| Insurance service result | (5,984) | 361 | - | - | - | - | (5,623) |
| Investment return (non-banking) | 240,582 | 2,020 | - | 286 | 7,171 | (2,089) | 247,970 |
| Finance expenses from insurance contracts | (193,880) | - | - | - | - | - | (193,880) |
| Finance expenses from reinsurance contracts | (224) | - | - | - | - | - | (224) |
| Change in investment contract liabilities | (16,346) | - | - | - | - | - | (16,346) |
| Net investment result | 30,132 | 2,020 | - | 286 | 7,171 | (2,089) | 37,520 |
| Banking interest and similar income | - | - | 6,753 | - | - | - | 6,753 |
| Fee and commission income | (497) | - | 4,912 | 1,342 | 883 | (1,947) | 4,693 |
| Other income | 10,785 | 2,561 | 12,146 | 189 | (742) | (117) | 24,822 |
| Total non-insurance revenue and income | 10,288 | 2,561 | 23,811 | 1,531 | 141 | (2,064) | 36,268 |
| Expenses | | | | | | | |
| Credit impairment charges | - | - | (2,982) | - | - | - | (2,982) |
| Banking interest payable and similar expense | - | - | (1,095) | - | - | 76 | (1,019) |
| Fee and commission expenses, and other acquisition costs | (804) | (149) | (1,749) | (14) | (40) | 865 | (1,891) |
| Other operating and administrative expenses | 92 | (1,788) | (4,724) | (878) | (1,301) | 1,198 | (7,401) |
| Total non-insurance expenses | (712) | (1,937) | (10,550) | (892) | (1,341) | 2,139 | (13,293) |
| Profit before tax | 33,724 | 3,005 | 13,261 | 925 | 5,971 | (2,014) | 54,872 |
| Income tax expense | (441) | 387 | (319) | (228) | (391) | - | (992) |
| Profit for the year | 33,283 | 3,392 | 12,942 | 697 | 5,580 | (2,014) | 53,880 |

Segment information - Inflation adjusted

C1 Statement of financial position - segment information as at 30 June 2023

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|---------------------------------|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|------------------|
| Assets | | | | | | | |
| Intangible assets | - | - | 1,695 | (13) | 400 | - | 2,082 |
| Property and equipment | 95,556 | 328 | 279,749 | 260 | 322 | - | 376,215 |
| Investment property | 2,459,474 | 2,703 | 140,182 | - | 2,250 | - | 2,604,609 |
| Deferred tax assets | - | - | 222 | 78 | 1,112 | - | 1,412 |
| Loans and advances | - | - | 1,000,816 | - | - | - | 1,000,816 |
| Investments and securities | 2,668,299 | 42,140 | 86,883 | 6,469 | 147,885 | (114,232) | 2,837,444 |
| Reinsurance contract assets | 401 | 13,260 | - | - | - | - | 13,661 |
| Current tax receivable | - | - | 282 | 106 | - | - | 388 |
| Other receivables | 1,227 | 21,707 | 134,720 | 5,769 | 546,622 | (3,859) | 706,186 |
| Cash and cash equivalents | 48,658 | 16,061 | 650,260 | 747 | 3,443 | (43,989) | 675,180 |
| Total assets | 5,273,615 | 96,199 | 2,294,809 | 13,416 | 702,034 | (162,080) | 8,217,993 |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 4,440,808 | 56,013 | - | - | - | - | 4,496,821 |
| Investment contract liabilities | 320,909 | - | - | - | - | - | 320,909 |
| Provisions | 469 | - | 2,000 | 82 | 78,764 | - | 81,315 |
| Deferred tax liabilities | 10,627 | 3,517 | 24,689 | - | 2,743 | - | 41,576 |
| Current tax payables | 1,580 | 107 | - | 63 | 239 | - | 1,989 |
| Amounts due to group companies | - | - | - | - | 529,300 | - | 529,300 |
| Other payables | 1,824 | 1,684 | 204,809 | 2,334 | 28,606 | (3,589) | 235,668 |
| Amounts owed to bank depositors | - | - | 618,911 | - | - | (116,921) | 501,990 |
| Credit lines | - | - | 594,917 | - | - | (4,999) | 589,918 |
| Total liabilities | 4,776,217 | 61, | | | | | |

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NOTES TO THE CONSOLIDATED ABRIDGED UNAUDITED FINANCIAL STATEMENTS (CONT'D)

For The Six Months Ended 30 June 2023

3. Segment information - Historical cost

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|--|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|------------------|
| D1 Statement of financial position - segment information as at 30 June 2023 | | | | | | | |
| Assets | | | | | | | |
| Intangible assets | - | - | 284 | (2) | 67 | - | 349 |
| Property and equipment | 93,141 | 320 | 272,678 | 254 | 313 | - | 366,706 |
| Investment property | 2,459,474 | 2,703 | 140,182 | - | 2,250 | - | 2,604,609 |
| Deferred tax assets | - | - | 222 | 78 | 1,112 | - | 1,412 |
| Loans and advances | - | - | 1,000,816 | - | - | - | 1,000,816 |
| Investments and securities | 2,668,300 | 42,140 | 86,883 | 6,469 | 147,885 | (114,233) | 2,837,444 |
| Reinsurance contract assets | 401 | 13,260 | - | - | - | - | 13,661 |
| Current tax receivable | - | - | 282 | - | - | - | 388 |
| Other receivables | 1,213 | 21,457 | 133,167 | 5,703 | 540,323 | (3,816) | 698,047 |
| Cash and cash equivalents | 48,658 | 16,061 | 650,259 | 747 | 3,443 | (43,988) | 675,180 |
| Total assets | 5,271,187 | 95,941 | 2,284,773 | 13,355 | 695,393 | (162,037) | 8,198,612 |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 4,440,813 | 56,008 | - | - | - | - | 4,496,821 |
| Investment contract liabilities | 320,909 | - | - | - | - | - | 320,909 |
| Provisions | 469 | - | 1,999 | 82 | 78,765 | - | 81,315 |
| Deferred tax liabilities | 10,551 | 3,492 | 24,513 | - | 2,723 | - | 41,279 |
| Current tax payables | 1,580 | 107 | - | 63 | 239 | - | 1,989 |
| Amounts due to group companies | - | - | - | - | 529,300 | - | 529,300 |
| Other liabilities | 1,824 | 1,964 | 207,968 | 2,334 | 22,288 | (4,452) | 231,926 |
| Amounts owed to bank depositors | - | - | 618,910 | - | - | (116,920) | 501,990 |
| Credit lines | - | - | 594,917 | - | - | (4,999) | 589,918 |
| Total liabilities | 4,776,146 | 61,571 | 1,448,307 | 2,479 | 633,315 | (126,371) | 6,795,447 |
| Net assets | 495,041 | 34,370 | 836,466 | 10,876 | 62,078 | (35,666) | 1,403,165 |
| Shareholders' equity | | | | | | | |
| Share capital and premium | 30 | - | 68 | 63 | 8,000 | (8,161) | - |
| Non-distributable reserve | 30 | 1 | 1 | 1 | 21 | (5) | 49 |
| Revaluation reserve | 5,239 | - | 253,301 | - | - | - | 258,540 |
| Share option reserve | 4 | 1 | 6 | 2 | 63 | (21) | 55 |
| Regulatory provisions reserve | - | - | 20,518 | - | - | - | 20,518 |
| Retained earnings | 489,738 | 34,368 | 562,572 | 10,810 | 53,994 | (42,258) | 1,109,224 |
| Total equity | 495,041 | 34,370 | 836,466 | 10,876 | 62,078 | (50,445) | 1,388,386 |
| Non-controlling interests | - | - | - | - | - | 14,779 | 14,779 |
| Total equity | 495,041 | 34,370 | 836,466 | 10,876 | 62,078 | (35,666) | 1,403,165 |

D2 Statement of financial position - segment information as at 31 December 2022

| | Life Assurance ZWLm | General Insurance ZWLm | Banking & Lending ZWLm | Asset Management ZWLm | Holding Co & Other ZWLm | Consolidation Adjustments ZWLm | Total ZWLm |
|----------------------------------|---------------------|------------------------|------------------------|-----------------------|-------------------------|--------------------------------|----------------|
| Assets | | | | | | | |
| Intangible assets | - | - | 162 | 7 | - | - | 169 |
| Property and equipment | 11,287 | 149 | 32,275 | 153 | 240 | 5,027 | 49,131 |
| Investment property | 287,723 | 322 | 14,869 | - | 270 | (5,027) | 298,157 |
| Deferred tax assets | - | 657 | 40 | 141 | - | - | 838 |
| Loans and advances | - | - | 128,516 | - | - | - | 128,516 |
| Investments and securities | 300,503 | 5,323 | 30,391 | 1,091 | 21,946 | (19,479) | 339,775 |
| Reinsurance contract assets | 323 | 2,838 | - | - | - | - | 3,161 |
| Current tax receivable | - | 46 | - | - | - | - | 46 |
| Other receivables | 3,899 | 4,254 | 22,297 | 1,764 | 47,356 | - | 79,570 |
| Cash and cash equivalents | 9,379 | 567 | 90,646 | 89 | 1,050 | (5,904) | 95,827 |
| Total assets | 613,114 | 14,156 | 319,196 | 3,245 | 70,862 | (25,383) | 995,190 |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 505,319 | 5,676 | - | - | - | - | 510,995 |
| Reinsurance contract liabilities | 7 | - | - | - | - | - | 7 |
| Investment contract liabilities | 40,292 | - | - | - | - | - | 40,292 |
| Deferred tax liabilities | 1,596 | - | 2,429 | - | 182 | (47) | 4,160 |
| Current tax payables | 23 | - | 4 | 218 | 129 | 1 | 375 |
| Amounts due to group companies | 2,674 | 597 | 102 | 24 | 57,616 | (349) | 60,664 |
| Other liabilities | 886 | 195 | 12,842 | 1,094 | 5,236 | (2,785) | 17,468 |
| Amounts owed to bank depositors | - | - | 138,412 | - | - | (19,530) | 118,882 |
| Credit lines | - | - | 75,503 | - | - | (630) | 74,873 |
| Total liabilities | 550,797 | 6,468 | 229,292 | 1,336 | 63,163 | (23,340) | 827,716 |
| Net assets | 62,317 | 7,688 | 89,904 | 1,909 | 7,699 | (2,043) | 167,474 |
| Shareholders' equity | | | | | | | |
| Share capital and premium | 30 | - | 87 | 63 | - | (180) | - |
| Non-distributable reserve | 30 | 1 | 1 | - | 21 | (4) | 49 |
| Revaluation reserve | 413 | - | 28,883 | - | - | - | 29,296 |
| Share option reserve | 4 | 2 | 6 | 2 | 63 | (22) | 55 |
| Regulatory provisions reserve | - | - | - | - | - | 1,471 | 1,471 |
| Currency conversion reserve | 16 | - | - | (2) | 10 | (24) | - |
| Retained earnings | 61,824 | 7,688 | 60,927 | 1,846 | 7,605 | (6,631) | 133,256 |
| Total equity | 62,317 | 7,688 | 89,904 | 1,909 | 7,699 | (5,390) | 164,127 |
| Non-controlling interests | - | - | - | - | - | 3,347 | 3,347 |
| Total equity | 62,317 | 7,688 | 89,904 | 1,909 | 7,699 | (2,043) | 167,474 |

4. Insurance revenue Inflation adjusted

| | Life risk and annuities ZWLm | Life Savings ZWLm | General Insurance and Medical ZWLm | Total ZWLm |
|--|------------------------------|-------------------|------------------------------------|---------------|
| For the period ended 30 June 2023 | | | | |
| Contracts not measured under the PAA | | | | |
| Amounts relating to changes in liabilities for remaining coverage: | | | | |
| Expected incurred claims | (56) | 2 | - | (54) |
| Expected other insurance service expenses | (3,543) | 5,279 | - | 1,736 |
| Risk adjustment recognised for the risk expired | (106) | (3) | - | (109) |
| Other | 99 | (3) | - | 96 |
| | (3,606) | 5,275 | - | 1,669 |
| Contracts measured under the PAA | 5,332 | - | 27,564 | 32,896 |
| Total Insurance Revenue: | 1,726 | 5,275 | 27,564 | 34,565 |
| For the period ended 30 June 2022 | | | | |
| Contracts not measured under the PAA | | | | |
| Amounts relating to changes in liabilities for remaining coverage: | | | | |
| Expected incurred claims | (697) | 6 | - | (691) |
| Expected other insurance service expenses | (982) | 7,824 | - | 6,842 |
| Risk adjustment recognised for the risk expired | (33) | 19 | - | (14) |
| Other | 124 | 2 | - | 126 |
| | (1,588) | 7,851 | - | 6,263 |
| Contracts measured under the PAA | 3,794 | - | 14,524 | 18,318 |
| Total Insurance Revenue: | 2,206 | 7,851 | 14,524 | 24,581 |

4. Insurance revenue

| | Life risk and annuities ZWLm | Life Savings ZWLm | General Insurance and Medical ZWLm | Total ZWLm |
|--|------------------------------|-------------------|------------------------------------|---------------|
| Historical | | | | |
| For the period ended 30 June 2023 | | | | |
| Contracts not measured under the PAA | | | | |
| Amounts relating to changes in liabilities for remaining coverage: | | | | |
| Expected incurred claims | (56) | 2 | - | (54) |
| Expected other insurance service expenses | (3,543) | 5,279 | - | 1,736 |
| Risk adjustment recognised for the risk expired | (106) | (3) | - | (109) |
| Other | 99 | (3) | - | 96 |
| | (3,606) | 5,275 | - | 1,669 |
| Contracts measured under the PAA | 5,332 | - | 27,564 | 32,896 |
| Total Insurance Revenue: | 1,726 | 5,275 | 27,564 | 34,565 |
| For the period ended 30 June 2022 | | | | |
| Contracts not measured under the PAA | | | | |
| Amounts relating to changes in liabilities for remaining coverage: | | | | |
| Expected incurred claims | (142) | 1 | - | (141) |
| Expected other insurance service expenses | (200) | 1,597 | - | 1,397 |
| Risk adjustment recognised for the risk expired | (7) | 4 | - | (3) |
| Other | 25 | - | - | 25 |
| | (324) | 1,602 | - | 1,278 |
| Contracts measured under the PAA | 775 | - | 2,964 | 3,739 |
| Total Insurance Revenue: | 451 | 1,602 | 2,964 | 5,017 |

5. Insurance service expenses

| | Inflation adjusted 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | Historical cost 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
|--|-----------------------------------|-----------------|--------------------------------|-----------------|
| Incurred claims | (20,908) | 313 | (20,908) | 64 |
| Other insurance service expenses | (19,477) | (35,443) | (19,477) | (7,234) |
| Amortisation of insurance acquisition cash flows | (4,541) | 2,510 | (4,541) | 512 |
| Losses and reversal of losses on onerous contracts | (104,946) | (19,635) | (104,946) | (4,007) |
| Adjustments to liabilities for incurred claims | (10,194) | (7,324) | (10,194) | (1,495) |
| Total insurance service expenses | (160,066) | (59,579) | (160,066) | (12,160) |

6. Net investment result

| | Inflation adjusted 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | Historical cost 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
|--|-----------------------------------|----------------|--------------------------------|----------------|
| Interest income - cash and cash equivalents | 6,086 | 2,048 | 3,242 | 314 |
| Dividend income - investments and securities | 30,569 | 11,024 | 26,685 | 1,900 |
| Rental income from investment property | 26,705 | 9,809 | 15,815 | 1,419 |
| Total fair value gains and losses recognised in income | 3,382,537 | 99,381 | 4,578,241 | 244,337 |
| Total investment returns included in income statement | 3,445,897 | 122,262 | 4,623,983 | 247,970 |

7. Finance expenses from insurance contracts

| | Inflation adjusted 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | Historical cost 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
|---|-----------------------------------|-----------------|--------------------------------|------------------|
| Changes in fair value of underlying items of DPC | (2,663,506) | (96,586) | (3,800,792) | (194,026) |
| Interest accreted | (742) | (673) | (742) | (137) |
| Effect of changes in interest rates and other financial assumptions | 2,390 | (175) | 2,390 | (36) |
| Effect of measuring changes in EACR and adj CSM at ROIR | (9,039) | 1,563 | (9,039) | 319 |
| Total finance income/(expenses) from insurance contracts | (2,670,897) | (95,871) | (3,808,183) | (193,880) |

8. Finance expenses from reinsurance contracts

| | Inflation adjusted 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | Historical cost 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
|---|-----------------------------------|----------------|--------------------------------|----------------|
| Interest accreted | (163) | - | (163) | - |
| Other finance expenses from reinsurance contracts | (47) | (1,099) | (47) | (224) |
| Total finance income/(expenses) from reinsurance contracts | (210) | (1,099) | (210) | (224) |

9. Banking interest and similar income/ (expense)

| | Inflation adjusted 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | Historical cost 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
|--|-----------------------------------|----------------|--------------------------------|----------------|
| Interest and similar income | | | | |
| Investments | 16,515 | 7,492 | 7,863 | 937 |
| Loans and advances | 69,560 | 42,470 | 33,991 | 5,816 |
| Total interest and similar income | 86,075 | 49,962 | 41,854 | 6,753 |
| Interest Expense: | | | | |
| Credit lines | (12,885) | (5,164) | (8,278) | (779) |
| Money market deposits | (6,244) | (1,583) | (2,540) | (221) |
| Savings deposits | (236) | (142) | (104) | (19) |
| Total interest expense | (19,365) | (6,889) | (10,922) | < |



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NOTES TO THE CONSOLIDATED ABRIDGED UNAUDITED FINANCIAL STATEMENTS (CONT'D)

For The Six Months Ended 30 June 2023

| | Inflation adjusted | | Historical cost | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm | 30-Jun-23 ZWLm | 30-Jun-22 ZWLm |
| 11. Other operating and administration expenses | | | | |
| Administrative expenses | 35,006 | 6,479 | 17,861 | 1,172 |
| Office space costs | 3,660 | 1,935 | 1,867 | 213 |
| Fees and levies | 267 | 240 | 136 | 23 |
| Donations | 259 | 293 | 132 | 42 |
| Actuarial and consultancy fees | 7,033 | 4,073 | 3,588 | 403 |
| Advertising and marketing | 2,990 | 6,024 | 1,769 | 994 |
| Software licensing | 4,516 | 3,608 | 3,474 | 347 |
| Depreciation and amortisation | 2,353 | 8,680 | 1,030 | 273 |
| | 56,084 | 31,332 | 29,857 | 3,467 |
| Auditors' remuneration | 3,410 | 1,679 | 3,410 | 314 |
| Staff costs | | | | |
| Wages and salaries | 53,994 | 25,835 | 24,794 | 2,894 |
| Retirement obligations | 897 | 721 | 690 | 93 |
| Social security costs | 787 | 940 | 678 | 93 |
| Bonus and incentive remuneration | 3,538 | 5,324 | 2,722 | 996 |
| Other staff costs | 20,368 | 3,980 | 11,315 | 532 |
| | 79,584 | 36,800 | 40,199 | 4,608 |
| Other | 7,360 | 2,181 | 4,355 | 236 |
| | 146,438 | 71,992 | 77,821 | 8,625 |
| Attributable insurance expenses | (45,927) | (5,998) | (26,451) | (1,224) |
| | 100,511 | 65,994 | 51,370 | 7,401 |

| | Inflation adjusted | | Historical cost | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| 12. Investment property | | | | |
| Carrying amount at beginning of year | 930,333 | 522,356 | 298,157 | 48,699 |
| Additions | 1,881 | 168 | 1,881 | 54 |
| Disposal | - | (325) | - | (34) |
| Transfers in | - | 10,668 | - | 3,419 |
| Improvements | - | 7,849 | - | 1,366 |
| Gain/(loss) from fair value adjustments | 1,672,395 | 389,617 | 2,304,571 | 244,653 |
| Carrying amount at end of year | 2,604,609 | 930,333 | 2,604,609 | 298,157 |
| Comprising: | | | | |
| Leasehold property | 40,450 | 14,433 | 40,450 | 4,626 |
| Freehold property | 2,564,159 | 915,900 | 2,564,159 | 293,531 |
| | 2,604,609 | 930,333 | 2,604,609 | 298,157 |
| The fair value of freehold property leased to third parties under operating leases | 2,462,422 | 735,372 | 2,462,422 | 235,417 |
| Rental income from investment property | 51,758 | 40,345 | 28,755 | 10,898 |
| Direct operating expenses arising from rented-out investment property | (25,053) | (19,945) | (12,940) | (6,512) |
| | 26,705 | 20,400 | 15,815 | 4,386 |

The carrying amount of investment property as well as owner occupied property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The recorded values are tested by comparing with values determined by independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio, or for at least the top twenty-five buildings by value. Key assumptions applied in the valuation process include:

- The underlying valuation has been prepared in ZWL, on account of a stabilising local currency.
- Rentals are benchmarked in US\$ but payable in ZWL.
- ZWL rentals have a low default risk as compared to US\$ rentals.
- Softer cap rates were applied because of the valuation currency.
- Moderate levels of inflation to persist.

The Group properties were valued in accordance to the International Valuation Standards with income generating properties valued using the Direct Capitalisation Method (DCM) while landholdings and residential properties were valued using the market approach. The approach was the same as previously adopted in December 2022.

Valuation inputs used were based on observed market transactions during the period. The period witnessed continued rent reviews to curb impact of inflation on ZWL rentals in the market, the Group leases were constantly reviewed to match market rentals.

Capitalisation rates applied in the valuation were based on prior transactions as well as the few observed current market transactions, with adjustments done to consider building specific factors and subject property performance. Despite the various macro-economic pressures in the market, collections and void rates within the portfolio remained steady with some pockets of improvement in subsectors such as industrial, retail and office parks.

| | Inflation adjusted | | Historical cost | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| 13. Loans and advances | | | | |
| Concentration - gross loans and advances | | | | |
| Housing | 33,685 | 30,516 | 33,685 | 9,780 |
| Unsecured personal loans | 82,680 | 51,067 | 82,680 | 16,366 |
| Commercial and industrial | 901,688 | 329,954 | 901,688 | 105,745 |
| Gross loans and advances | 1,018,053 | 411,537 | 1,018,053 | 131,891 |
| Less provision for impairment | (17,237) | (10,531) | (17,237) | (3,375) |
| Net loans and advances | 1,000,816 | 401,006 | 1,000,816 | 128,516 |
| Maturity analysis - gross and loans advances | | | | |
| On demand to 3 months | 462,396 | 54,309 | 462,396 | 17,405 |
| 3 months to 12 months | 22,756 | 118,649 | 22,756 | 38,025 |
| 1 year to 5 years | 528,415 | 230,608 | 528,415 | 73,906 |
| Over 5 years | 4,486 | 7,971 | 4,486 | 2,555 |
| | 1,018,053 | 411,537 | 1,018,053 | 131,891 |
| Non performing loans | 1,838 | 1,270 | 1,838 | 407 |
| Analysis of past due but not impaired | | | | |
| 30 to 60 days past due | 4,749 | 81 | 4,749 | 26 |
| 61 to 90 days past due | 63,770 | 4,025 | 63,770 | 1,290 |
| | 68,519 | 4,106 | 68,519 | 1,316 |

13.1 Sectoral analysis of loans and advances

The business monitors concentrations of credit risk on loans and advances by sector. An analysis of concentrations of credit risk from loans and advances at the balance sheet date is shown below:

| Sector | Inflation adjusted | | Historical cost | |
|---------------------------------|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| Agriculture | 472,427 | 158,304 | 472,427 | 50,734 |
| Construction and property | 68,184 | 12,884 | 68,184 | 4,129 |
| Energy and minerals | 47,490 | 27,596 | 47,490 | 8,844 |
| Light and heavy weight industry | 44,552 | 23,213 | 44,552 | 7,439 |
| Physical persons | 76,871 | 179,662 | 76,871 | 57,579 |
| State and state enterprises | 206,642 | - | 206,642 | - |
| Trade and services | 101,887 | 9,878 | 101,887 | 3,166 |
| Total gross loans | 1,018,053 | 411,537 | 1,018,053 | 131,891 |

14. Investments and securities

14.1 Analysis of investments

| | Inflation adjusted | | Historical cost | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| Equity securities | 1,886,695 | 723,173 | 1,886,695 | 231,765 |
| -listed | 664,161 | 198,656 | 664,161 | 63,666 |
| Total Equities | 2,550,856 | 921,829 | 2,550,856 | 295,431 |
| Unit trust investments | 54,144 | 32,058 | 54,144 | 10,274 |
| Treasury bills | 108,052 | 89,480 | 108,052 | 28,677 |
| Deposits, money market and other debt securities | 124,392 | 16,828 | 124,392 | 5,393 |
| | 2,837,444 | 1,060,195 | 2,837,444 | 339,775 |

14.2 Spread of equity securities by sector

| | 30-Jun-23 | | 31-Dec-22 | |
|----------------|-------------------|----------------|-------------------------------|--------------------|
| | % holding ZWLm | Value ZWLm | Inflation adjusted ZWLm | Historical ZWLm |
| Commodities | 690,773 | 48,959 | 690,773 | 15,690 |
| Communications | 258,482 | 37,400 | 258,482 | 11,986 |
| Consumer | 636,069 | 518,281 | 636,069 | 166,101 |
| Financial | 773,788 | 199,930 | 773,788 | 64,074 |
| Property | 38,636 | 31,332 | 38,636 | 10,042 |
| Manufacturing | 132,708 | 81,022 | 132,708 | 25,966 |
| Mining | 20,400 | 4,905 | 20,400 | 1,572 |
| | 2,550,856 | 921,829 | 2,550,856 | 295,431 |

14.3 Movements of investment and securities

| | 30-Jun-23 | | 31-Dec-22 | |
|---|-------------------|------------------|-------------------------------|--------------------|
| | % holding ZWLm | Value ZWLm | Inflation adjusted ZWLm | Historical ZWLm |
| Opening balance | 1,060,195 | 1,509,662 | 339,775 | 140,745 |
| Fair value movements through profit or loss | 1,808,505 | (470,870) | 2,509,927 | 176,654 |
| Additions | 92,949 | 251,851 | 36,450 | 58,179 |
| Disposals | (124,205) | (29,328) | (48,708) | (4,308) |
| Maturities | - | (201,120) | - | (31,495) |
| Closing balances | 2,837,444 | 1,060,195 | 2,837,444 | 339,775 |

14.4 Investment in unlisted equities above 20% shareholding

| | 30-Jun-23 | | 31-Dec-22 | |
|--|-------------------|----------------|-------------------------------|--------------------|
| | % holding ZWLm | Value ZWLm | Inflation adjusted ZWLm | Historical ZWLm |
| Investee | | | | |
| Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund) | 40% | 202,077 | 50,311 | 16,124 |
| Great Zimbabwe Hydro | 31% | 6,044 | 2,203 | 706 |
| Lobels Holdings Limited (held by OMLAC Main Fund) | 49% | 28,332 | 11,395 | 3,652 |
| Manica Boards and Doors (MBD) (held by OMLAC Main Fund) | 55% | 51,330 | 11,929 | 3,823 |
| Kupinga Renewable Energy (held by OMLAC Main Fund) | 40% | 5,131 | 2,546 | 816 |
| Closefin (held by OMLAC Main Fund) | 21% | 9,319 | 2,574 | 825 |
| Plaza Bakery (held by OMLAC Main Fund) | 49% | 13 | 41 | 13 |
| Zimcampus preference shares (held by OMLAC Main Fund and OMLAC Special Fund) | 30% | 52,477 | 14,447 | 4,630 |
| Solgas ordinary shares (held by OMLAC Main Fund) | 49% | 4,986 | 2,855 | 915 |
| Richway Solar Tech ordinary shares (held by OMLAC Main Fund) | 49% | 6,506 | 9 | 3 |
| Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund) | 74% | 124,048 | 51,828 | 16,610 |
| Southern Property (Private) Limited (held by OMLAC Main Fund) | 20% | 5,504 | 1,975 | 633 |
| Tenpill (held by Shareholders and OMLAC Main Fund) | 43% | 71,787 | 21,361 | 6,846 |
| Nedbank Zimbabwe (held by Shareholders) | 23% | 20,113 | 7,823 | 2,507 |
| Centragrid | 26% | 17,767 | 6,397 | 2,050 |
| Clytime | 35% | 4,258 | - | - |
| | | 609,692 | 187,694 | 60,153 |

All valuations were prepared in Zimbabwe Dollars, which is the underlying functional currency for the investee companies. The Group has accounted for unlisted investments of this nature on the basis of IFRS 9, as Financial Assets at Fair Value through Profit or Loss, notwithstanding the percentage holding in each entity. The above investments which originate from the investments of policyholder funds, with the exception of the investment in Nedbank Zimbabwe, are invested into investment linked insurance funds and funds which operate like unit trusts which are managed on a fair value basis. These funds back investment contracts with discretionary participating features and investment contracts accounted for in terms of IFRS 9.

Nedbank Zimbabwe has not been equity accounted, but has been fair valued as per IFRS 9. The Group is not represented on the Nedbank Zimbabwe Board, does not have significant transactions with Nedbank Zimbabwe and as such, the Directors do not believe that OMZIL is in a position to exercise significant influence over Nedbank Zimbabwe, notwithstanding the size of the shareholding.

The Group has significant influence in MBD due to its shareholding and representation on the board, however, the Group applied the consolidation exemption per IAS 28 and measured the investment at fair value as the asset backs investment-linked insurance contracts.

| | Inflation adjusted | | Historical cost | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| 14.5 Treasury bills maturity analysis | | | | |
| On demand to 3 months | 7,721 | 81,414 | 7,721 | 26,092 |
| 3 months to 12 months | 6,747 | 8,066 | 6,747 | 2,585 |
| 1 year to five years | 93,584 | - | 93,584 | - |
| Total | 108,052 | 89,480 | 108,052 | 28,677 |
| 15. Other assets | | | | |
| Accrued interest and rent | 6,985 | 6,300 | 6,985 | 2,019 |
| Agent debtors and prepayments | 29,082 | 26,791 | 29,082 | 8,278 |
| Capitalised project costs | 374 | 10,316 | 374 | 375 |
| Banking settlement and other clearing accounts | 27,001 | 25,686 | 27,001 | 8,232 |
| RBZ Legacy Debt (see note 15.1 below) | 495,295 | 157,709 | 495,295 | 50,543 |
| Trade debtors | 31,481 | 11,870 | 31,481 | 3,804 |
| Other non-financial assets | 104,611 | 22,163 | 96,473 | 4,401 |
| Gold coins | 800 | 1,002 | 800 | 321 |
| Other | 10,557 | 18,464 | 10,556 | 1,597 |
| | 706,186 | 280,301 | 698,047 | 79,570 |



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NOTES TO THE CONSOLIDATED ABRIDGED UNAUDITED FINANCIAL STATEMENTS (CONT'D)

For The Six Months Ended 30 June 2023

| | Inflation adjusted | | Historical cost | |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| 15.1 RBZ Legacy Debt | | | | |
| Principal Amount | 86 | 278 | 86 | 89 |
| Fair value gain | 495,209 | 157,431 | 495,209 | 50,454 |
| Gross amount receivable | 495,295 | 157,709 | 495,295 | 50,543 |

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe ("RBZ")'s Exchange Control Directive RU/102 of 2019 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL:US\$1 in relation to foreign currency legacy debts to be registered with the RBZ.

Legacy Debts registration process

External lines of credit
Amounts owing to related parties
Amounts owing to 3rd parties
Amounts settled

| | 30-Jun-23 Approved USDm | 31-Dec-22 Approved USDm |
|----------------------------------|-------------------------------|-------------------------------|
| External lines of credit | 26 | 26 |
| Amounts owing to related parties | 84 | 84 |
| Amounts owing to 3rd parties | 1 | 1 |
| Amounts settled | (25) | (22) |
| | 86 | 89 |

The Group made applications relating to amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to promulgation of SI 33 of February 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group.

Registration of the associated amounts under the RBZ blocked funds arrangement was completed with the transfer in 2019 and 2020 of amounts of ZWL111m to the RBZ at an exchange rate of USD1:ZWL1. CABS and OMZIL recognised a foreign currency denominated financial instrument in the financial statements in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, with exchange gains and losses as well as credit losses being recognised in the statement of profit or loss.

Upon transferring local funds for the registration of legacy debts/blocked funds a legitimate expectation to receive a cashflow to allow for settlement of the registered obligation was created and an asset continues to be recognised on the Group's statement of financial position for the statutory receivable. This asset has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the financial instrument reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement.

In 2022 Parliament passed the Finance Act No 7 2021. The Act provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's balance sheet. The terms of discharge of the blocked funds, and nature of any debt instrument to be issued, will be determined by the Minister of Finance and Economic Development.

The Group is in discussions with the Ministry of Finance and Economic Development around the final resolution of the issue.

| | Inflation adjusted | | Historical cost | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| 16 Insurance contract liabilities | | | | |
| Total insurance contract liabilities (note 16.1) | 4,496,821 | 1,594,451 | 4,496,821 | 510,995 |

16.1 Insurance contracts liabilities

Analysis by remaining coverage and incurred claims

Inflation adjusted 30 June 2023

| | Liability for remaining coverage | | Liabilities for incurred claims ZWLm | Total ZWLm |
|---|----------------------------------|------------------------|---|------------------|
| | Excluding loss component ZWLm | Loss component ZWLm | | |
| Opening liabilities | 1,529,745 | 38,485 | 26,221 | 1,594,451 |
| Changes in the statement of profit or loss and OCI | (26,950) | 97,914 | 54,537 | 125,501 |
| Insurance service result | 2,765,622 | (23,076) | (17,819) | 2,724,727 |
| Insurance finance income/(expense) | 2,738,672 | 74,838 | 36,718 | 2,850,228 |
| Total changes in the income statement and OCI | 2,738,672 | 74,838 | 36,718 | 2,850,228 |
| Investment components | (14,682) | - | 14,682 | - |
| <i>Cash flows</i> | | | | |
| Premiums received | 76,695 | - | - | 76,695 |
| Insurance acquisition cash flows paid | (10,057) | - | - | (10,057) |
| Claims and other expenses paid, including investment components | - | - | (14,496) | (14,496) |
| Total cash flows | 66,638 | - | (14,496) | 52,142 |
| Closing liabilities | 4,320,373 | 113,323 | 63,125 | 4,496,821 |

Analysis by measurement component – contracts not measured under the PAA

Inflation adjusted 30 June 2023

| | Present value of future cash flows ZWLm | Adjustment for non-financial risk ZWLm | Contractual service margin ZWLm | Total ZWLm |
|--|--|---|------------------------------------|------------------|
| Opening liabilities | 1,565,557 | 1,411 | 752 | 1,567,720 |
| Changes that relate to current services | 11,888 | (9) | - | 11,879 |
| Release of risk adjustment for the risk expired | - | 109 | - | 109 |
| Experience adjustments | 11,888 | (118) | - | 11,770 |
| Changes that relate to future services | 104,475 | 3,380 | (240) | 107,615 |
| Contracts initially recognised in the year | (334) | 2 | 343 | 11 |
| Changes in estimates that adjust the CSM | 587 | (4) | (583) | - |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 104,222 | 3,382 | - | 107,604 |
| Insurance service result | 116,363 | 3,371 | (240) | 119,494 |
| Insurance finance income/(expense) | 2,726,863 | (1,624) | (512) | 2,724,727 |
| Total changes in the income statement & OCI | 2,843,226 | 1,747 | (752) | 2,844,221 |
| <i>Cash flows</i> | | | | |
| Premiums received | 47,591 | - | - | 47,591 |
| Insurance acquisition cash flows paid | (2) | - | - | (2) |
| Claims and other expenses paid, including investment components | (32,043) | - | - | (32,043) |
| Total cash flows | 15,546 | - | - | 15,546 |
| Closing liabilities | 4,424,329 | 3,158 | - | 4,427,487 |

16.1 Insurance contracts liabilities

Analysis by remaining coverage and incurred claims

Inflation adjusted 31 Dec 2022

| | Liability for remaining coverage | | Liabilities for incurred claims ZWLm | Total ZWLm |
|---|----------------------------------|------------------------|---|------------------|
| | Excluding loss component ZWLm | Loss component ZWLm | | |
| Opening liabilities | 438,751 | (4,531) | 3,948 | 438,168 |
| Changes in the statement of profit or loss and OCI | (41,123) | 43,016 | 68,825 | 70,718 |
| Insurance service result | 1,078,625 | - | - | 1,078,625 |
| Insurance finance income/(expense) | 1,037,502 | 43,016 | 68,825 | 1,149,343 |
| Total changes in the income statement and OCI | 1,037,502 | 43,016 | 68,825 | 1,149,343 |
| Investment components | (46,018) | - | 46,018 | - |
| <i>Cash flows</i> | | | | |
| Premiums received | 109,038 | - | - | 109,038 |
| Insurance acquisition cash flows paid | (9,528) | - | - | (9,528) |
| Claims and other expenses paid, including investment components | - | - | (92,570) | (92,570) |
| Total cash flows | 99,510 | - | (92,570) | 6,940 |
| Closing liabilities | 1,529,745 | 38,485 | 26,221 | 1,594,451 |

Analysis by measurement component – contracts not measured under the PAA

Inflation adjusted 31 Dec 2022

| | Present value of future cash flows ZWLm | Adjustment for non-financial risk ZWLm | Contractual service margin ZWLm | Total ZWLm |
|--|--|---|------------------------------------|------------------|
| Opening liabilities | 424,213 | 941 | 5,742 | 430,896 |
| Changes that relate to current services | 13,989 | (51) | - | 13,938 |
| Release of risk adjustment for the risk expired | - | 495 | - | 495 |
| Experience adjustments | 13,989 | (546) | - | 13,443 |
| Changes that relate to future services | 53,168 | 1,912 | (5,503) | 49,577 |
| Contracts initially recognised in the year | (268) | 5 | 271 | 8 |
| Changes in estimates that adjust the CSM | 5,622 | 152 | (5,774) | - |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 47,814 | 1,755 | - | 49,569 |
| Insurance service result | 67,157 | 1,861 | (5,503) | 63,515 |
| Insurance finance income/(expense) | 1,079,503 | (1,391) | 513 | 1,078,625 |
| Total changes in the income statement & OCI | 1,146,660 | 470 | (4,990) | 1,142,140 |
| <i>Cash flows</i> | | | | |
| Premiums received | 64,700 | - | - | 64,700 |
| Insurance acquisition cash flows paid | (11) | - | - | (11) |
| Claims and other expenses paid, including investment components | (70,005) | - | - | (70,005) |
| Total cash flows | (5,316) | - | - | (5,316) |
| Closing liabilities | 1,565,557 | 1,411 | 752 | 1,567,720 |

Analysis by remaining coverage and incurred claims

Historical cost 30 June 2023

| | Liability for remaining coverage | | Liabilities for incurred claims ZWLm | Total ZWLm |
|---|----------------------------------|------------------------|---|------------------|
| | Excluding loss component ZWLm | Loss component ZWLm | | |
| Opening liabilities | 490,259 | 12,334 | 8,402 | 510,995 |
| Changes in the statement of profit or loss and OCI | (26,950) | 97,914 | 54,537 | 125,501 |
| Insurance service result | 3,805,108 | 3,075 | - | 3,808,183 |
| Insurance finance income/(expense) | 3,778,158 | 100,989 | 54,537 | 3,933,684 |
| Total changes in the income statement and OCI | 3,778,158 | 100,989 | 54,537 | 3,933,684 |
| Investment components | (14,682) | - | 14,682 | - |
| <i>Cash flows</i> | | | | |
| Premiums received | 76,695 | - | - | 76,695 |
| Insurance acquisition cash flows paid | (10,057) | - | - | (10,057) |
| Claims and other expenses paid, including investment components | - | - | (14,496) | (14,496) |
| Total cash flows | 66,638 | - | (14,496) | 52,142 |
| Closing liabilities | 4,320,373 | 113,323 | 63,125 | 4,496,821 |



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For The Six Months Ended 30 June 2023

16.1 Insurance contracts liabilities (cont'd)

Analysis by measurement component
– contracts not measured under the PAA

Historical Cost 30 June 2023

| | Present value of future cash flows ZWLm | Adjustment for non-financial risk ZWLm | Contractual service margin ZWLm | Total ZWLm |
|--|---|--|---------------------------------|------------------|
| Opening liabilities | 504,067 | 452 | 240 | 504,759 |
| Changes that relate to current services | 11,888 | (9) | - | 11,879 |
| Release of risk adjustment for the risk expired | - | 109 | - | 109 |
| Experience adjustments | 11,888 | (118) | - | 11,770 |
| Changes that relate to future services | 104,475 | 3,380 | (240) | 107,615 |
| Contracts initially recognised in the year | (334) | 2 | 343 | 11 |
| Changes in estimates that adjust the CSM | 587 | (4) | (583) | - |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 104,222 | 3,382 | - | 107,604 |
| Insurance service result | 116,363 | 3,371 | (240) | 119,494 |
| Insurance finance income/(expense) | 3,808,848 | (665) | - | 3,808,183 |
| Total changes in the income statement & OCI | 3,925,211 | 2,706 | (240) | 3,927,677 |
| Cash flows | | | | |
| Premiums received | 27,096 | - | - | 27,096 |
| Insurance acquisition cash flows paid | (2) | - | - | (2) |
| Claims and other expenses paid, including investment components | (32,043) | - | - | (32,043) |
| Total cash flows | (4,949) | - | - | (4,949) |
| Closing liabilities | 4,424,329 | 3,158 | - | 4,427,487 |

Analysis by remaining coverage and incurred claims

Historical Cost 31 Dec 2022

| Liability for remaining coverage | Loss component ZWLm | | Liabilities for incurred claims ZWLm | Total ZWLm |
|---|-------------------------------|---------------------|--------------------------------------|----------------|
| | Excluding loss component ZWLm | Loss component ZWLm | | |
| Opening liabilities | 140,613 | (1,452) | 1,265 | 140,426 |
| Changes in the statement of profit or loss and OCI | (13,179) | 13,786 | 22,057 | 22,664 |
| Insurance service result | 345,682 | - | - | 345,682 |
| Insurance finance income/(expense) | 332,503 | 13,786 | 22,057 | 368,346 |
| Total changes in the income statement and OCI | (14,748) | - | 14,748 | - |
| Cash flows | | | | |
| Premiums received | 34,945 | - | - | 34,945 |
| Insurance acquisition cash flows paid | (3,054) | - | - | (3,054) |
| Claims and other expenses paid, including investment components | - | - | (29,668) | (29,668) |
| Total cash flows | 31,891 | - | (29,668) | 2,223 |
| Closing liabilities | 490,259 | 12,334 | 8,402 | 510,995 |

Analysis by measurement component
– contracts not measured under the PAA

Historical cost 31-Dec-2022

| | Present value of future cash flows ZWLm | Adjustment for non-financial risk ZWLm | Contractual service margin ZWLm | Total ZWLm |
|--|---|--|---------------------------------|----------------|
| Opening liabilities | 138,285 | 301 | 240 | 138,826 |
| Changes that relate to current services | 4,483 | (16) | - | 4,467 |
| Release of risk adjustment for the risk expired | - | 159 | - | 159 |
| Experience adjustments | 4,483 | (175) | - | 4,308 |
| Changes that relate to future services | 17,040 | 613 | (1,764) | 15,889 |
| Contracts initially recognised in the year | (86) | 1 | 87 | 2 |
| Changes in estimates that adjust the CSM | 1,802 | 49 | (1,851) | - |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 15,324 | 563 | - | 15,887 |
| Insurance service result | 21,523 | 597 | (1,764) | 20,356 |
| Insurance finance income/(expense) | 345,963 | (446) | 164 | 345,681 |
| Total changes in the income statement & OCI | 367,486 | 151 | (1,600) | 366,037 |
| Cash flows | | | | |
| Premiums received | 20,735 | - | - | 20,735 |
| Insurance acquisition cash flows paid | (4) | - | - | (4) |
| Claims and other expenses paid, including investment components | (22,436) | - | - | (22,436) |
| Total cash flows | (1,705) | - | - | (1,705) |
| Closing liabilities | 504,066 | 452 | (1,360) | 503,158 |

| | Inflation adjusted | | Historical cost | |
|---|--------------------|----------------|-----------------|----------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| 17. Investment contract liabilities | 320,909 | 125,722 | 320,909 | 40,292 |
| Liabilities at fair value through profit or loss | | | | |
| Movement in liabilities fair valued through profit or loss | | | | |
| Balance at beginning of year | 125,722 | 118,502 | 40,292 | 11,048 |
| New contributions received | 153 | 18,032 | 136 | 3,278 |
| Withdrawals | (850) | (936) | (362) | (165) |
| Fair value movements | 195,884 | (9,876) | 280,843 | 26,131 |
| Balance at end of year | 320,909 | 125,722 | 320,909 | 40,292 |
| 18. Amounts due by or (to) group companies | | | | |
| Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe | 529,300 | 189,289 | 529,300 | 60,664 |
| | 529,300 | 189,289 | 529,300 | 60,664 |

17. Investment contract liabilities

Liabilities at fair value through profit or loss

Movement in liabilities fair valued through profit or loss

Balance at beginning of year
New contributions received
Withdrawals
Fair value movements
Balance at end of year

18. Amounts due by or (to) group companies

Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe

The amounts due by or to group companies above are unsecured and are payable on demand.

19. Amounts owed to bank depositors

In the Group's banking business the Group receives cash from bank depositors. The depositors receive interest on the amounts owed depending on the value of the amount borrowed and the terms of the deposit.

| | Inflation adjusted | | Historical cost | |
|-----------------------------------|--------------------|----------------|-----------------|----------------|
| | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm | 30-Jun-23 ZWLm | 31-Dec-22 ZWLm |
| Money market deposits | 84,237 | 36,008 | 84,237 | 11,540 |
| Savings deposits | 417,753 | 334,938 | 417,753 | 107,342 |
| | 501,990 | 370,946 | 501,990 | 118,882 |
| Maturity analysis | | | | |
| On demand to 3 months | 500,560 | 334,938 | 500,560 | 107,342 |
| 3 months to a year | 1,343 | 4,078 | 1,343 | 1,307 |
| 1 year to 5 year | 57 | 31,842 | 57 | 10,205 |
| Over 5 years | 30 | 88 | 30 | 28 |
| | 501,990 | 370,946 | 501,990 | 118,882 |
| Concentration - Values | | | | |
| Financial institutions | 150,597 | 100,866 | 150,597 | 32,326 |
| Companies | 225,896 | 196,600 | 225,896 | 63,007 |
| Individuals | 125,497 | 73,480 | 125,497 | 23,549 |
| | 501,990 | 370,946 | 501,990 | 118,882 |
| Concentration - percentage | | | | |
| Financial institutions | 30% | 27% | 30% | 27% |
| Companies | 45% | 53% | 45% | 53% |
| Individuals | 25% | 20% | 25% | 20% |
| | 100% | 100% | 100% | 100% |

These are on-demand deposits.

20. Currency Sensitivity Analysis

The table below is a sensitivity analysis of the effect of using different exchange rates to convert foreign currency balances to local reporting currency. The scenarios presented compare the impact of using closing rate at 1:5739.7961; depreciated at 50% and 75%.

| | Group USDm 30 June 2023 | Group ZWLm Translated @1:5739.7961 | Group ZWLm 50% Depreciation | Group ZWLm 75% Depreciation |
|--|-------------------------|------------------------------------|-----------------------------|-----------------------------|
| Foreign currency denominated Assets/Liabilities | | | | |
| Assets | | | | |
| Investments and securities | 150 | 860,127 | 1,290,191 | 1,505,223 |
| Loans and advances | 166 | 954,528 | 1,431,792 | 1,670,424 |
| Other receivables | 87 | 497,066 | 745,600 | 869,866 |
| Cash and cash equivalents | 134 | 771,237 | 1,156,856 | 1,349,665 |
| Total assets | 537 | 3,082,958 | 4,624,439 | 5,395,178 |
| Liabilities | | | | |
| Insurance and investment contract liabilities | 120 | 690,612 | 1,035,918 | 1,208,570 |
| Borrowed funds | 111 | 636,543 | 954,815 | 1,113,951 |
| Amounts owed to group companies | 8 | 44,196 | 66,296 | 77,344 |
| Amounts owed to bank depositors | 109 | 623,916 | 935,874 | 1,091,853 |
| Other payables | 105 | 600,957 | 901,435 | 1,051,674 |
| Total liabilities | 453 | 2,596,224 | 3,894,337 | 4,543,392 |
| Net assets | 84 | 486,734 | 730,102 | 851,786 |

The Group and its subsidiaries remain solvent and sufficiently capitalised at the different exchange rate sensitivities.

21. Risk Management

Our approach to risk management

Old Mutual's approach to risk management continues to be optimisation of the risk-return trade-off to maximise value generated for customers, and shareholders as well as the wider communities we do business in, while operating within the board-approved risk appetite limits. This risk management approach is core to the financial management framework, under which, the Group allocates scarce resources (capital, funding, people, budgets), as well as its risk appetite, to the business segments that can demonstrate either superior return on net asset value ('RoNAV') or shows potential in the RoNAV trajectory compared to the cost of equity.

In the period under review, there was particular focus on enhancing proactive risk management tools such as stress testing and scenario analysis. Refinement of the quantitative risk metrics continued, for better measurement and mitigation of the inherent risks.

The major thrust under compliance risk management was keeping abreast of new legal and regulatory developments, reducing compliance breaches and minimising regulatory fines, penalties and sanctions. The Group adapted to regulatory changes in the management of money laundering, financing terrorism and proliferation financing ('ML/FT/PF') risks, largely for the non-banking business units.

Combined assurance activities centred on the top risks to the Group, and on key emerging risks. The drive remained to mature the combined assurance process to reach the 'Established & Embedded' maturity level, on embedding the risk culture across the Group.

Overview of top risks

During the period under review, the risk landscape was largely influenced by developments in the external environment, notably macroeconomic conditions, emerging laws and regulations, competitor activity, and geo-political developments. An overview of the top risks as at end of the first half of 2023 is provided below.

External Risk

Description & Impact: Risks outside the control of the Group which are difficult to predict or manage.

Macro-economic: The economy experienced steep exchange rate depreciation towards the end of the first half of the year which had pass-through effects on the inflation rate. Macroeconomic performance indicators particularly inflation and exchange rates, ended the first half unfavourably high. Global interest and inflation rates continued to rise during the period, (with the Bank of England, the US Federal Reserve & the European Central Bank increasing interest rates).



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For The Six Months Ended 30 June 2023

21. Energy Crisis: The period saw an improvement in local power supply following the integration into the main grid of Hwange Unit 7 and 8. The sustainability of electricity supply going forward will be key in driving economic production.

Competition: Heightened competitor activity on mergers and acquisitions continued during the period with potential impacts on the Group's market positioning across the various lines of business. The Group's operating entities, however, remained within the top 5 in their respective sectors.

Climate Change: Physical risks (extreme weather events) and transition risks (carbon emissions and damage to the environment), remained inherently high not just for OMZIL Group but the entire country with irregular rainfall having been a feature of weather patterns in recent years.

Socio-political: There were reduced levels of political disturbances, compared to prior periods. The Group remained alert to any signs of escalating political tensions and business resilience arrangements were refreshed and tested to ensure safety and security of staff and business assets.

Mitigating Actions: Management continues to pursue value preservation through investments in real assets and non-monetary investments for customers and the shareholder. In response to the inflation risk, the Group is also pursuing the funding of critical capital expenditure items in advance of price escalations where possible and constantly reviewing supplier reliability in the face of supply chain disruptions. Business continuity plans are refreshed and tested. The Group is pursuing several initiatives to defend the market shares and remain competitive, with digital transformation and product diversification being areas of focus. The regulatory changes are being carefully monitored. There is swift response to changes in legislation and regulations through impact and readiness assessments which are conducted as soon as new regulatory/legal changes are announced. Where developments have negative unintended consequences engagements with regulators are done. Climate change risk continues to be monitored across the Group, with the next step being operationalisation of the ESG policy through developments of related metrics for adoption in decision making.

Market Risk

Description & Impact: Risks relating to adverse changes to the balance sheet or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments.

Equity & property volatility risk: The performance of the Zimbabwe Stock Exchange All Share Index was volatile during the first half of 2023 although overall returns were above inflation for the period. Across the main portfolios within the Group, asset allocation remained at least 98% in equity and property assets. However, the Group was conscious of the need to consider the liquidity implications of the strategic asset allocations.

Foreign Exchange Rate Risk: The Group's foreign currency net open position remained healthy and positive during the period under review. The risk of financial loss due to exchange rate movements, will be heightened if the net open position turns negative. The Group plans to keep the net open position positive, in order to strengthen capacity to meet foreign obligations while effectively managing currency risk.

Interest rate risk: The interest margin for the Group's banking business remained under pressure given the high cost of funding, especially with foreign lines of credit, squeezing the interest margins. With the continued growth in the USD loan book in 2023, the sensitivity to interest rates remains high, moreso, with the rising trend of global interest rates.

Mitigation Actions: The strategy of diversifying listed equity risk through alternative investments and private equity, is continuing. Property rentals levels continue to be regularly reviewed in response to inflation and currency depreciation. Interest rate risk is managed by revising the lending rates to align with the bank policy rate, which is set to track movements in the inflation rate. USD lending rates are set considering the cost of funding, to defend the lending margins. Stress testing scenarios are constantly under review to align with developments in the operating environment and shocks in the market prices of the financial instruments.

Liquidity Risk

Description & Impact: The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in client demands for cash.

The inflationary environment created risks around maintaining large cash balances in the bank thus creating a trade-off between maintaining liquidity buffers and preserving the value of the balance sheet. The RBZ also maintained a tight monetary policy stance during the period under review, introducing measures to mop up excess liquidity, such as liberalisation of the foreign exchange market, introduction of gold backed tokens, transferring external loans from RBZ to Treasury and requiring all duties and statutory obligations to be paid in the local currency.

Mitigating Actions:

Restructuring part of the investment portfolio in line with liquidity requirements, within the constraint of needing to avoid real loss of value of the Group's capital due to hyper-inflation and currency depreciation. Enhancement and further embedding of the Group Treasury Framework, for improved management of the Group's cashflows. Cash flow management strategies continue which include regular cash flow forecasting.

Liquidity stress testing at Group and BU level is being done as part of forward-looking management of the risk quarterly. Cashflow forecasts are being back tested to confirm and improve reliability. Liquidity/funding contingency plans are being refreshed.

Legal and Regulatory Compliance Risk

Description & Impact: The risk of not applying or conforming to the laws, or breaching laws, regulations, or directives, resulting in fines, sanctions, reputational damage and/or financial loss.

The trend of receiving frequent new legal and regulatory requirements thereby increasing the cost of compliance and the risk of non-compliance remained during the period under review. Material legal and regulatory changes included: IPEC Directive on Funeral Assurance Products, which became effective on 1 July 2023; IPEC Product Approval Framework; IPEC Directive on Governance and Risk Management (effective 1 June 2023); RBZ's Climate Risk and Model Risk Guidelines. Actions are in place to ensure compliance with the new requirements. The Group is continuing to remediate compliance issues on shareholding at some Group's business units, as well as compliance requirements with investment thresholds. Corporate governance improvements are effected on an ongoing basis while the effectiveness of our boards is regularly reviewed.

Mitigating Actions: The Group has zero appetite for deliberately contravening regulations and legislation and for being unprepared for regulatory changes. Regulatory obligations and requirements are tracked and monitored closely, and regulatory changes are managed through impact and readiness assessments before the changes become effective. The Group continues to drive market conduct, data protection and privacy processes and procedures, as part of the compliance program.

ML/FT/PF risks are managed through the implementation of the Risk Management & Compliance Programme, and enhancements of the processes by adopting and improving the automated solutions.

Mandatory compliance training is conducted, covering both general awareness and role based, to improve employees understanding of compliance requirements and their roles and responsibilities in ensuring high levels of compliance with the requirements. The AML/CFT/CPF General Awareness training was rolled out to all staff at the end of H1 2023.

Operational Risk

Description & Impact: Risks relating to failure of business operational processes, workplace safety, including loss and damage of the Group's physical assets, property, and facilities. It includes risks relating to fraud, theft, bribery, corruption or internal irregularities.

The main operational risk exposures for the Group in the first half of 2023 stemmed from the need to continuously review and strengthen the control environment (particularly given the adoption of new technologies and the increasing trend towards electronic transactions), finalisation of the contingency plans around material outsourced services, and financial crime issues. The trend of suspected external fraud cases is rising, largely due to the pressure from the economic challenges. Model risk and operational loss events were also contributors to the risk but remained within risk appetite limits.

Mitigating Actions: Initiatives are being implemented to improve the control environment within the Group, such as conducting refresher training on the management of control issues. Proactive fraud detection capabilities continue to be enhanced through the implementation of a fraud detection system across the Group. Fraud Risk Assessments are being conducted across the Group, and the plan is to conduct these in all of Group's businesses units by 31 December 2023.

Remediation of policy compliance gaps for model and outsourcing risks is ongoing, with most of the actions targeted for closure by 31 December 2023. Process improvements, including automation are ongoing regarding the clearing of long outstanding reconciling items.

Information Technology Risk

This includes the risk of failure to protect the confidentiality, integrity, or availability of information technology assets, whether electronic or otherwise, from unauthorised access, use, disclosure, disruption, modification, or destruction.

Technology/System Risk: The period witnessed some disruptions on the internet banking and the core banking platforms. Implementation and testing of the back-up arrangements remain areas of top priority. Systems review, and cloud readiness assessments have been done; as the Group, addresses the legacy systems that cannot be adapted to run on newer windows versions.

Information Security – Cybercrime: Threats remained high during the half-year period due to increased inter-connectivity, use of social media, commercialisation of cyber-crime and working-from-home initiatives. There is an increase in the number of attempted cyber-attacks, targeting all industries.

Data Loss/Exposure: end user devices running on older operating systems and applications are being upgraded to newer and supported versions.

Mitigating Actions: Projects are underway to clear technical debt. There is enhancement of the Group's disaster recovery capabilities. Periodic preventative maintenance of the systems is being done. The Group is also pursuing training and up-skilling of ICT personnel to build inhouse capability on support for systems in use, to reduce overreliance on system vendors.

People Risk

Description & Impact: Risks relating to the business workforce resourcing, utilisation and their productivity, skills, competencies, and behaviours to manage and operate the business, including engaging with customers.

Talent Attrition, & Culture: The main issue has been on continuously offering a competitive employee value proposition on the backdrop of a challenging economic environment and stiff local and global competition for skills. A culture survey was conducted during the period and appropriate actions are being implemented to further enhance the positive culture within the Group.

Organisational Design & Workforce: The risk is on the need to ensure that organisational design responds to changes in the Group's strategy and operating model, and this is ongoing.

Health, safety, wellbeing, and morale: Economic challenges and a general increase in societal problems pose a risk to staff mental health, and wellbeing. These may consequently impact performance and productivity levels.

Mitigating Actions: Reviews of the employee value proposition are continuing in response to the developments in the talent market, and to retain critical skills. Management actions are being implemented to improve areas of required improvement noted from the culture survey, on engagement and psychological safety. Wellness initiatives, including those covering mental health, continue to be offered to all staff, in conjunction with health service providers.

Insurance Risk

Description & Impact: The risk of adverse losses due to inadequate underwriting, pricing, reserving assumptions and/or volatile claims experience materially impacting earnings and capital. Insurance risk includes Life Insurance risks (Mortality, Disability, Longevity).

For the General Insurance business, overall performance continued to improve in the period under review, with the underwriting ratio and overall claims ratio, being compliant with the risk appetite limits.

For the Life business, the risk remained within target range with both the YTD claims ratios for Group Life Assurance (GLA) and for credit life remaining well within risk limits.

The challenge of ensuring that insured risk is adequately priced to support the settlement of claims as they fall due is heightened in an environment of rapidly increasing costs, with inflation potentially resulting in levels of cover for policyholders being inadequate if premiums do not keep up with inflation.

Mitigating Actions: The business continuously ensures that risks are priced correctly and that there is protection for risks above retention limits while engagements with policyholders on the need to revise sums assured in response to inflation happen regularly.

Credit Risk

Description & Impact: The risk of non-payment or settlement of an obligation by a counterparty under the terms of an agreement, or the change in value of a credit asset due to a deterioration in the credit quality of a counterparty.

Asset quality indicators at CABS and OMFIN remained within target range as of H1 2023. CABS non-performing Loans (NPL) ratio remained within the RBZ target NPL ratio of 5%. OMFIN's portfolio quality was within the risk appetite limit of 10%.

Debtor collection ratios remain high in the non-banking and lending businesses.

Mitigating Actions: The lending businesses continue to monitor the quality of credit assets, for both local and foreign currency loans. A prudent lending approach is taken at CABS and OMFIN, with loans advanced only to credit-worthy customers. The lending businesses also track and follow up on repayments of all loans falling due. Frequent arrears meetings are being held to improve collections. There is identification of borrowing clients showing signs of distress which are then closely monitored through the early alert process. Reviewing counterparty exposures on a quarterly basis is being done across the businesses whilst insurance businesses are monitoring exposures to reinsurers.

Emerging Risks & Trends

The key emerging risks that the Group is currently tracking are shown below.

- The Currency Regime : While there is an SI entrenching the use of the multicurrency regime until 31 December 2025, policy impacts beyond this date are uncertain.
- Environment & Climate Change - Extreme Weather Conditions: The risk of extreme weather events remains prevalent and is being monitored, with predictions of droughts/heatwaves in Zimbabwe from the El Niño effects forecast for the 2023/24 rainy season which may lead to threats to food security.
- Environment & Climate Change - Climate Change Transition Risk: Transition risks arise as the world aims to adapt to the warming climate and reduce the emission of greenhouse gases. This has implications for financial institutions in product design and associated liabilities, as well as for potential technological disruption to established industries such as the motor vehicle industry. There are also implications for the banking and lending business as there may be increasing pressure from providers of lines of credit to reduce lending to industries involved in activities that damage the environment, e.g., coal mining, tobacco processing and agriculture (where methods employed destroy natural environments).

22. Contingent liabilities

Commission of Inquiry

A commission of inquiry established by the Zimbabwean Government concluded its inquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's inquiry were made public. On the 12th of July 2022, it was reported that the Cabinet had approved the Compensation Framework for value lost when insurance and pension values were converted from Zimbabwean dollars to United States dollars in 2009. It was reported that the government will contribute US\$175 million to partly cover for the loss of value suffered. The Insurance and Pensions Commission (IPEC) has communicated key features of a proposed Statutory Instrument (SI) which outlines how the compensation amounts are to be calculated for Pension Funds and Insurance products as well as suggesting sources of funding for the potential liability. Industry players have been invited to provide input before the final SI is promulgated.

Old Mutual has sought clarification and further guidance on certain provisions of the draft from IPEC particularly those pertaining to the methodology and formulas to be used in determining compensation amounts, these engagements are currently underway as at the time of reporting. Due to this, we are not able to quantify the expected liability for compensation and the impact it will have on profits and the net asset position until the engagements are complete.

23. Update on resolution of pending legal matter as at 31 December 2022

Litigation Against CABS: Stone Beattie Studio Partnership v CABS, The Minister Of Finance And The Reserve Bank Of Zimbabwe.

Subsequent to the Supreme Court of Appeal's ruling in favour of CABS, Stone & Beattie approached the High Court and filed a fresh application seeking to have Exchange Control Directive No R120/2018 set aside. They also sought to have the conversion of their USD142,000 to RTGS142,000 declared unconstitutional and invalid and to have CABS pay Stone & Beattie USD142,000 and interest thereon. The matter was heard in June 2022 and judgment was handed down in favour of Stone & Beattie in February 2023. In its judgment the High Court ordered that CABS pay Stone & Beattie the sum of USD142,000 together with interest thereon at the rate of 5% per annum from 28 November 2016 to the date of payment.

On 2 March 2023, CABS challenged the High Court's 2023 decision in both the Supreme Court of Appeal and in the Constitutional Court. The preliminary point raised by CABS before the Constitutional Court was upheld and the Constitutional Court agreed that the High Court improperly decided a constitutional matter when a constitutional case was not pleaded. In ruling in favour of CABS, handed down on 31 May 2023, the Constitutional Court made the following order:

1. Confirmation of the High Court order by Mafusire J was declined.
2. The entire judgment of the High Court be and is hereby set aside.

The full reasons for the judgment of the Constitutional Court will be rendered in due course. The effect of the order by the Constitutional Court is that the appeal to the Supreme Court can no longer proceed, thus bringing an end to the matter.