

OLD MUTUAL ZIMBABWE LIMITED

Unaudited Special Purpose Consolidated Financial Report For the Period Ended 30 June 2025



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Chairman's Statement



Constantine Chikosi

Introduction

I come into this role at a pivotal time, not only for the Group but for the markets we serve. The foundations are strong, and I am confident that, together with the Board and Executive, we will accelerate the strategic shifts needed to secure Old Mutual Zimbabwe Limited's ("OMZIL") relevance, resilience, and impact in the years ahead. I would like to acknowledge the steady leadership of my predecessor, Mr. Kumbirai Katsande, under whom OMZIL has deepened its market positioning and maintained its reputation as a trusted financial services provider.

Macroeconomic and Operating Context

The first half of 2025 was marked by heightened global geopolitical tensions and a resurgence of protectionist trade policies, especially in advanced economies. These developments significantly undermined market confidence and investment flows, creating ripple effects across emerging and developing markets, including Zimbabwe. Global growth forecasts were revised down, while Africa's post-pandemic recovery momentum slowed amidst tighter financial conditions.

Locally, Zimbabwe continued to operate under a tight monetary policy aimed at stabilising inflation and the exchange rate. While this brought relative monetary stability, elevated informality, reduced aid flows, and persistent debt challenges continued to pressure the economy. The Reserve Bank maintained a policy rate of 35%, with ZWG inflation easing significantly over the period.

Despite subdued activity on the Zimbabwe Stock Exchange and Victoria Falls Exchange, the outlook for Zimbabwe's economy remains cautiously optimistic, buoyed by a strong agricultural season, improved power supply, and firmer commodity prices.

Financial Performance Overview

Against this complex backdrop, OMZIL delivered a profit after tax of ZWG265 million. While this was lower than the prior period (ZWG476 million), the decline largely reflects a change in functional currency between the two periods, the functional currency for the Group is now USD as compared to ZWG in June 2024. The underlying business remained operationally

sound, with growth in net interest income, fee income, premiums, and the asset base.

Strategic and Operational Progress

This period also saw the Group make meaningful progress on several fronts: the O'mari digital platform and the funeral services businesses continued to scale and the microfinance unit extended its reach into underserved segments. Our strong capital position enabled us to maintain investment momentum in strategic growth areas and to sustain growth in our loan book. Underwriting discipline also sustained strong risk margins over the first half.

The Board remains focused on supporting the Group's strategic repositioning, anchored in digital transformation, customer-centric innovation, organisational agility, and long-term sustainability. We continue to engage proactively with regulators, shareholders, and communities to advance inclusive financial services across Zimbabwe.

Board Focus and Governance

Looking ahead, the Board and management are aligned on the imperative to modernise OMZIL's legacy business model, adapt faster to shifting customer needs, and embed a culture of disciplined execution. The fundamentals are in place, the team is energised, and the opportunities ahead are significant.

We are also pleased to welcome Ms. Pindie Nyandoro to the Board as a Non-Executive Director. She brings a wealth of experience gained in the financial services industry, and we are confident that her contribution will further strengthen the Board's effectiveness and diversity of perspectives.

Appreciation

On behalf of the Board, I thank all our stakeholders - shareholders, customers, employees, regulators, and the communities we serve for their continued trust and support.

C. CHIKOSI

Chairman

26 August 2025

Chief Executive Officer's Review



Sam Matsekete

The Group delivered a profit after tax of ZWG265 million for the six months ended 30 June 2025 (30 June 2024: ZWG476 million). This decline primarily reflects a change in the accounting basis - shifting from local ("ZWG") currency to United States of America Dollars ("USD") functional currency across some key subsidiaries - as we align our reporting with increased hard currency inflows. In the prior period, exchange gains and fair value adjustments under hyperinflationary conditions inflated reported earnings. Excluding these non-recurring impacts, underlying business performance was stable and reflects operational resilience across our segments.

Our insurance operations remained solid. The life business recorded a real growth of 80% in insurance revenue driven by stronger underwriting volumes. The general insurance business posted an underwriting margin of 11%, reflecting disciplined risk pricing and improved claims experience.

In banking and lending, the shift toward USD lending, combined with strong transactional activity, supported a real growth of 9% in non-funded income. The non-performing loan ratio at CABS improved to 0.9% from 1.5% in the prior year, while the microfinance unit faced liquidity-related repayment delays, which we are closely monitoring. We secured dedicated funding for lending to smallholder farmers, advancing our inclusive finance agenda, under the microfinance unit. The mix of our loan book continues to evolve as we expand access to underserved markets.

The investment management business grew funds under management by 4% year-on-year. Net client cash flows of ZWG1,045 billion were recorded, with ZWG331 million allocated to alternative assets. In the property portfolio, occupancy levels averaged 80%, while rental collections improved to 81%, up from 75% last year. These results reflect both resilient asset quality and enhanced credit controls.

Product and channel innovation remained central to our strategy. We launched nano-loans on the O'mari platform, providing frictionless credit access linked to transaction behaviour. O'mari transaction volumes rose

by 118% year-on-year while the NGO branch recorded a 100% growth in inflows and a 75% rise in customer base. These metrics reflect growing market relevance and engagement across our physical and digital ecosystems.

Our partnerships and distribution footprint also deepened during the period, with a broadened agent network and new alliances improving accessibility. These developments are integral to our ambition of becoming a one-stop financial services partner for all customer segments.

Looking ahead, our focus remains on execution, efficiency, and customer relevance. We will continue to digitalise operations, deepen strategic partnerships, and diversify our portfolio, with a clear emphasis on resilience, inclusion, and growth.

I am proud of our team's agility and commitment in a challenging environment. With a disciplined approach and strong foundation, we remain confident in our ability to deliver sustainable value to our stakeholders.

S. MATSEKETE

Group Chief Executive Officer

26 August 2025

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UNAUDITED SPECIAL PURPOSE CONSOLIDATED FINANCIAL REPORT

Directors' Report

Responsibility

The Directors are responsible for the preparation and fair presentation of the Group's underlying general purpose half year financial statements, comprising the statement of financial position as at 30 June 2025; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the period ended 30 June 2025 and the notes to the financial statements which include a summary of material accounting policy information and other explanatory notes, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Boards (IASB) 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 controls as they determine as 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 and industry regulation

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

Reporting obligations of subsidiaries

Certain of Old Mutual Zimbabwe Limited's (OMZIL's) subsidiaries are required, in terms of the regulations governing their respective lines of business to prepare abridged financial statements for publication. These are separately published within the timelines prescribed by the respective regulators. The regulators of OMZIL's subsidiaries may often require additional financial disclosures and information specific to those businesses, which are not included within this set of financial statements.

The Directors of OMZIL, however, believe that the disclosures within this consolidated special purpose financial report, with due consideration to materiality and fair presentation, are appropriate and adequate for the presentation of the Group financial results of OMZIL, comply with the regulations and financial disclosure requirements applicable to OMZIL, and allow shareholders, investors and other users of the financial statements to gain an understanding of the performance of the Group as a whole.

Functional currency

The Group adopted the USD as its functional currency effective 1 July 2024 and the underlying financial records were prepared in USD. The change in the functional currency to USD was necessitated by the increase in the local transactions that took place and were denominated in USD.

Presentation currency

These special purpose financial statements were prepared in USD and are presented in ZWG to ensure compliance with the regulatory requirements as prescribed by the RBZ in the Monetary Policy statement presented on the 6th of February 2025 (refer to note 2.2.1).

Comparative figures

ZWG comparatives were first translated to USD using the exchange rates prevailing at the respective dates of preparation, that is, as at 30 June 2024 for the statement of comprehensive income and as at 31 December 2024 for the statement of financial position. The translated USD figures were then translated back to ZWG using the closing exchange rate as at 30 June 2025. This is in line with the requirements of the Exposure Draft "Translation to a Hyperinflationary Presentation Currency" issued by the International Accounting Standards Board (IASB) which states that when an entity's presentation currency is the currency of a hyperinflationary economy but its functional currency is the currency of a non-hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.

Compliance with IFRSs

The underlying general purpose financial statements are prepared in compliance with IFRS Accounting Standards as issued by the IASB. IFRS Accounting Standards comprise interpretations adopted by the IASB, which includes 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 IFRS Accounting Standards 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.

In addition, there are instances where regulatory guidance may be given around how businesses may interpret IFRSs. In these financial statements, the Group has followed regulatory guidance to adopt ZWG as the presentation currency in these special purpose financial statements even though underlying functional currency considerations may lend themselves to financial statements presented in USD. The Directors further draw the attention of users of financial statements to the subsequent section in this report, which provides further context around considerations of fair presentation in the financial statements.

Accounting judgements

The Directors would like to draw the attention of users of the financial statements and readers of this special purpose consolidated financial report 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 2025, valuations in USD have been adopted. 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. Private equity valuations were also performed in USD as at 30 June 2025.

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 year in the settlement of various foreign currency denominated transactions by the Group.

In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. The Directors believe that these factors have been sufficiently considered in the financial statements and that the required accounting judgements are appropriate. Details of key accounting judgements are provided in notes 2.1 and 2.2. 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 ZWG0.000000013 each, 83,011,718 "B" class shares of ZWG0.000000013 each, 1 redeemable preference share of ZWG0.0004 and 1 "A" redeemable preference share of ZWG0.0004. 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 | C | Chikosi | (Chairman) (appointed 10 July 2025) |
| Mr | KC | Katsande | (Chairman) (retired 9 July 2025) |
| 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 | K | Mandevani | |
| Mrs | N | Samuriwo | |
| Ms | PM | Nyandoro | (Appointed 1 July 2025) |

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Reconciliation of IFRS Profit Before Tax to Result from Operations

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|---|----------------------|----------------------|
| Profit before tax | 473,564 | 547,172 |
| Adjusted for | (22,906) | (92,132) |
| Shareholder investment return (including translation movements) | (20,336) | 297,512 |
| Monetary loss - non-operating items | - | (402,897) |
| Policyholder tax | (2,570) | 13,253 |
| Results from operations before tax | 450,658 | 455,040 |

Group Statement of Profit or Loss For The Period Ended 30 June 2025

| | Note | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|---|------|----------------------|----------------------|
| Revenue | | | |
| Insurance revenue | 4 | 1,033,449 | 615,500 |
| Insurance service expenses | 5 | (955,092) | (1,127,832) |
| Net (expenses)/income from reinsurance contracts | | (42,158) | 19,192 |
| Insurance service result | | 36,199 | (493,140) |
| Investment return (non-banking) | 6 | 618,626 | (4,967,579) |
| Finance (expenses)/income from insurance contracts | 7 | (408,078) | 4,122,439 |
| Change in investment contract liabilities | | (149,931) | 547,631 |
| Net investment result | | 60,617 | (297,509) |
| Banking interest and similar income | 8 | 567,366 | 461,342 |
| Fee income, commissions and income from service contracts | 9 | 906,861 | 929,086 |
| Other income | 10 | 433,423 | 532,289 |
| Non-insurance revenue and income | | 1,907,650 | 1,922,717 |
| Total revenue and other income | | 2,004,466 | 1,132,068 |
| Expenses | | | |
| Impairment loss | | (33,217) | (1,143,449) |
| Expected credit loss from lending activities | | 1,746 | (74,741) |
| Banking interest expense and similar expenses | 8 | (101,465) | (162,680) |
| Fees, commissions and other acquisition costs | | (242,226) | (204,578) |
| Other operating and administration expenses | 11 | (1,164,701) | (778,311) |
| Net monetary adjustment | | - | 1,769,059 |
| Non-insurance expenses | | (1,539,863) | (594,700) |
| Share of results from associate | | 8,961 | 9,804 |
| Profit before tax | | 473,564 | 547,172 |
| Income tax expense | | (208,750) | (71,191) |
| Profit for the period | | 264,814 | 475,981 |
| Attributable to non-controlling interests | | 8,489 | 85,898 |
| Attributable to owners of parent company | | 256,325 | 390,083 |
| | | 264,814 | 475,981 |

Group Statement of Other Comprehensive Income For The Period Ended 30 June 2025

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|--|----------------------|----------------------|
| Profit for the period | 264,814 | 475,981 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss (net of tax) | | |
| Property revaluation/(devaluation) | 14,381 | (309,849) |
| Effect of changes in presentation currency | - | 4,276,220 |
| Total other comprehensive income | 14,381 | 3,966,371 |
| Total comprehensive income for the period | 279,195 | 4,442,352 |
| Total comprehensive income attributable to: | | |
| Owners of parent company | 270,706 | 4,356,454 |
| Non-controlling interests | 8,489 | 85,898 |
| | 279,195 | 4,442,352 |

Group Statement of Changes In Equity For The Period Ended 30 June 2025

| | Share capital & premium ZWG 000 | Revaluation reserve ZWG 000 | Share based payment reserve ZWG 000 | Regulatory provisions reserve ZWG 000 | Currency translation reserve ZWG 000 | Retained earnings ZWG 000 | Equity holders of the parent total ZWG 000 | Non-controlling interests ZWG 000 | Equity total ZWG 000 |
|--|------------------------------------|--------------------------------|--|--|---|------------------------------|---|--------------------------------------|-------------------------|
| 30 June 2025 | | | | | | | | | |
| Shareholders' equity at beginning of period | - | 837,984 | 143,351 | - | 46,562 | 5,453,648 | 6,481,545 | 260,107 | 6,741,652 |
| Profit for the financial period | - | - | - | - | - | 256,325 | 256,325 | 8,489 | 264,814 |
| Foreign currency translations movement | - | - | - | - | - | - | - | - | - |
| Revaluation of property | - | 14,381 | - | - | - | - | 14,381 | - | 14,381 |
| Total comprehensive income for the period | - | 14,381 | - | - | - | 256,325 | 270,706 | 8,489 | 279,195 |
| Transfer between reserves | - | - | - | 14,763 | - | (14,763) | - | - | - |
| Dividends declared | - | - | - | - | - | (130,476) | (130,476) | (6,688) | (137,164) |
| Transactions with shareholders | - | - | - | 14,763 | - | (145,239) | (130,476) | (6,688) | (137,164) |
| Shareholders' equity at end of period | - | 852,365 | 143,351 | 14,763 | 46,562 | 5,564,734 | 6,621,775 | 261,908 | 6,883,683 |
| 30 June 2024 | | | | | | | | | |
| Shareholders' equity at beginning of period | 6 | 228,780 | 171,757 | 12,099 | (210,601) | 2,144,670 | 2,346,711 | 298,448 | 2,645,159 |
| Profit for the financial period | - | - | - | - | - | 390,083 | 390,083 | 85,898 | 475,981 |
| Effects of changes in presentation currency | - | 918,283 | - | 55,171 | 3,302,766 | - | 4,276,220 | - | 4,276,220 |
| Devaluation of property | - | (309,849) | - | - | - | - | (309,849) | - | (309,849) |
| Total comprehensive income for the period | - | 608,434 | - | 55,171 | 3,302,766 | 390,083 | 4,356,454 | 85,898 | 4,442,352 |
| Transfer between reserves | - | - | - | 2,556 | - | (2,556) | - | - | - |
| Dividends declared | - | - | - | - | - | (45,923) | (45,923) | (3,158) | (49,081) |
| Transactions with shareholders | - | - | - | 2,556 | - | (48,479) | (45,923) | (3,158) | (49,081) |
| Shareholders' equity at end of period | 6 | 837,214 | 171,757 | 69,826 | 3,092,165 | 2,486,274 | 6,657,242 | 381,188 | 7,038,430 |

The financial statements were prepared in USD which is the underlying functional currency. The numbers including comparatives were translated to ZWG, the presentation currency. Refer to note 2.2 for further details.

Group Statement of Financial Position As At 30 June 2025

| | Note | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---------------------------------|------|----------------------|----------------------|
| Assets | | | |
| Intangible assets | | 17,249 | 18,161 |
| Property and equipment | | 1,939,943 | 1,771,895 |
| Investment property | 12 | 10,337,129 | 10,062,466 |
| Investment in associate | | 108,857 | 99,888 |
| Deferred tax assets | | 46,698 | 53,568 |
| Loans and advances | 13 | 6,879,687 | 5,257,699 |
| Investments and securities | 14 | 15,230,572 | 14,919,215 |
| Reinsurer contract assets | 16 | 174,156 | 188,054 |
| Other assets | 15 | 3,136,136 | 3,331,593 |
| Cash and cash equivalents | | 4,359,544 | 4,075,941 |
| Total assets | | 42,229,971 | 39,778,480 |
| Liabilities | | | |
| Insurance contract liabilities | 16 | 19,377,835 | 19,112,908 |
| Investment contract liabilities | 17 | 2,830,619 | 2,347,805 |
| Deferred tax liabilities | | 267,916 | 224,673 |
| Current tax payables | | 79,511 | 58,903 |
| Amounts due to group companies | 18 | 2,337,094 | 2,405,497 |
| Other payables | | 1,211,024 | 1,371,132 |
| Amounts owed to bank depositors | 19 | 7,409,992 | 6,024,115 |
| Credit lines | | 1,832,297 | 1,491,795 |
| Total liabilities | | 35,346,288 | 33,036,828 |
| Net assets | | 6,883,683 | 6,741,652 |
| Shareholders' equity | | | |
| Share capital and premium | | - | - |
| Revaluation reserve | | 852,365 | 837,984 |
| Share based payment reserve | | 143,351 | 143,351 |
| Regulatory provisions reserve | | 14,763 | - |
| Currency translation reserve | | 46,562 | 46,562 |
| Retained earnings | | 5,564,734 | 5,453,648 |
| | | 6,621,775 | 6,481,545 |
| Non-controlling interests | | 261,908 | 260,107 |
| Total equity | | 6,883,683 | 6,741,652 |

Group Statement of Cash Flows For The Period Ended 30 June 2025

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|---|----------------------|----------------------|
| Net cash from operating activities | 357,320 | 2,381,874 |
| Net cash used in investing activities | (431,429) | (216,237) |
| Net cash from financing activities | 266,633 | 367,454 |
| Net increase in cash and cash equivalents | 192,524 | 2,533,091 |
| Net foreign exchange differences on cash and cash equivalents | 91,079 | 404,470 |
| Cash and cash equivalents at the beginning of the period | 4,075,941 | 1,044,179 |
| Cash and cash equivalents at the end of the period | 4,359,544 | 3,981,740 |

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NOTES TO THE UNAUDITED SPECIAL PURPOSE CONSOLIDATED FINANCIAL REPORT For The Period Ended 30 June 2025

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) - 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 (OMDS) - financial technology and mobile money; and
- RM Insurance Holdings Company Limited (RMI), with an operating subsidiary, Old Mutual Insurance Company (Private) Limited (OMIC) - 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 and accounting policies

2.1.1 Basis of preparation of the underlying general purpose financial statements

The underlying general purpose 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 United States of America dollars (USD) which is the underlying functional currency of the Group. Old Mutual Zimbabwe Limited (holding company) adopted USD as the functional currency on 1 January 2024 and the Old Mutual Zimbabwe Limited Group changed its functional currency to USD effective from 1 July 2024. The general-purpose financial statements are based on the statutory records that are maintained under the historical cost convention.

2.1.2 Basis of preparation for special purpose financial statements

As per IAS 21, Presentation currency is the currency in which the financial statements are presented. An entity may present its financial statements in any currency (or currencies). The Monetary Policy Statement issued by the Reserve Bank of Zimbabwe on the 6th of February 2025 prescribed that all entities adopt a common presentation currency, ZWG, for reporting purposes. These financial statements are therefore special purpose financial statements to meet the regulatory requirements as pronounced by the RBZ. The Directors have complied with the pronouncement and adopted ZWG as the presentation currency for these special purpose financial statements even though the functional currency for the Group is USD.

The underlying financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards (refer to accounting policy notes 2.2 – 2.6 for an extract of material accounting policies applied therein). The translation process is detailed in note 2.2.1.

2.2 Critical accounting estimates and judgements

The preparation of the Group's general purpose 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. Judgements have also been required in the determination of appropriate exchange rates. Insurance contract accounting and key assumptions made in determining insurance contract provisions are discussed in more detail in note 2.4.

2.2.1 Translation process to a ZWG presentation currency

In accordance with the financial reporting provisions established by the Monetary Policy Statement (MPS) of 6 February 2025 and with guidance issued by the Public Accountants and Auditors board on 10 March 2025, the Group translated the USD based consolidated financial statements to ZWG based on the prevailing Reserve Bank of Zimbabwe interbank rate as at 30 June 2025. This is in accordance with the requirements of the Exposure Draft "Translation to a Hyperinflationary Presentation Currency" issued by the International Accounting Standards Board (IASB) which states that when an entity's presentation currency is the currency of a hyperinflationary economy but its functional currency is the currency of a non-hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.

Previously presented ZWG comparatives were translated to USD using the exchange rates as at 30 June 2024 (USD:ZWG13.70) for the statement of comprehensive income and as at 31 December 2024 (USD:ZWG25.80) for the statement of financial position. The translated USD figures were then translated back to ZWG using the exchange rate as at 30 June 2025 (USD:ZWG26.95) to align with the Exposure Draft issued by the IASB.

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, 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 is 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

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:

- 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;
- the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- 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 period, 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.

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For The Period Ended 30 June 2025

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 period 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 fulfillment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfillment 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 period 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 as 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 recognised 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.

3. SEGMENT INFORMATION

| | Life Assurance ZWG 000 | General Insurance ZWG 000 | Banking & Lending ZWG 000 | Asset Management ZWG 000 | Holding Co & Other ZWG 000 | Consolidation Adjustments ZWG 000 | Total ZWG 000 | | Life Assurance ZWG 000 | General Insurance ZWG 000 | Banking & Lending ZWG 000 | Asset Management ZWG 000 | Holding Co & Other ZWG 000 | Consolidation Adjustments ZWG 000 | Total ZWG 000 |
|---|------------------------|---------------------------|---------------------------|--------------------------|----------------------------|-----------------------------------|--------------------|---|------------------------|---------------------------|---------------------------|--------------------------|----------------------------|-----------------------------------|------------------|
| A1 Statement of profit or loss for the period ended 30 June 2025 | | | | | | | | A2 Statement of profit or loss for the period ended 30 June 2024 | | | | | | | |
| Revenue | | | | | | | | Revenue | | | | | | | |
| Insurance revenue | 422,077 | 611,372 | - | - | - | - | 1,033,449 | Insurance revenue | 233,856 | 381,644 | - | - | - | - | 615,500 |
| Insurance service expenses | (439,531) | (515,561) | - | - | - | - | (955,092) | Insurance service expenses | (734,244) | (393,588) | - | - | - | - | (1,127,832) |
| Net expenses from reinsurance contracts | 4,737 | (46,895) | - | - | - | - | (42,158) | Net expenses from reinsurance contracts | (12,211) | 31,403 | - | - | - | - | 19,192 |
| Insurance service result | (12,717) | 48,916 | - | - | - | - | 36,199 | Insurance service result | (512,599) | 19,459 | - | - | - | - | (493,140) |
| Investment return (non-banking) | 588,666 | 52,719 | - | 1,511 | 918,404 | (942,674) | 618,626 | Investment return (non-banking) | (5,096,916) | 256,618 | - | (10,770) | (893,500) | 776,989 | (4,967,579) |
| Finance expenses from insurance contracts | (408,078) | - | - | - | - | - | (408,078) | Finance income from insurance contracts | 4,122,439 | - | - | - | - | - | 4,122,439 |
| Change in investment contract liabilities | (149,931) | - | - | - | - | - | (149,931) | Change in investment contract liabilities | 547,631 | - | - | - | - | - | 547,631 |
| Net investment result | 30,657 | 52,719 | - | 1,511 | 918,404 | (942,674) | 60,617 | Net investment result | (426,846) | 256,618 | - | (10,770) | (893,500) | 776,989 | (297,509) |
| Banking interest and similar income | - | - | 569,435 | - | - | (2,069) | 567,366 | Banking interest and similar income | - | - | 461,342 | - | - | - | 461,342 |
| Fee income, commissions and income from service contracts | 52,009 | - | 836,248 | 72,768 | - | (54,164) | 906,861 | Fee income, commissions and income from service contracts | 41,898 | - | 833,661 | 53,527 | - | - | 929,086 |
| Other income | 19,747 | - | 255,697 | 80,118 | 195,579 | (117,718) | 433,423 | Other income | 204,629 | - | (16,294) | 114,100 | 5,285,698 | (5,055,844) | 532,289 |
| Non-insurance revenue and income | 71,756 | - | 1,661,380 | 152,886 | 195,579 | (173,951) | 1,907,650 | Non-insurance revenue and income | 246,527 | - | 1,278,709 | 167,627 | 5,285,698 | (5,055,844) | 1,922,717 |
| Total revenue and other income | 89,696 | 101,635 | 1,661,380 | 154,397 | 1,113,983 | (1,116,625) | 2,004,466 | Total revenue and other income | (692,918) | 276,077 | 1,278,709 | 156,857 | 4,392,198 | (4,278,855) | 1,132,068 |
| Expenses | | | | | | | | Expenses | | | | | | | |
| Impairment loss | - | - | - | - | (33,217) | - | (33,217) | Impairment loss | - | - | (18,767) | - | (1,124,682) | - | (1,143,449) |
| Expected credit loss from lending activities | - | - | 1,746 | - | - | - | 1,746 | Expected credit loss from lending activities | - | - | (74,741) | - | - | - | (74,741) |
| Banking interest expense and similar expenses | - | - | (112,301) | - | (2,069) | 12,905 | (101,465) | Banking interest expense and similar expenses | - | - | (170,250) | - | - | 7,570 | (162,680) |
| Fees, commissions and other acquisition costs | (39,402) | - | (194,359) | - | (10,933) | 2,468 | (242,226) | Fees, commissions and other acquisition costs | (34,459) | - | (164,418) | - | (10,969) | 5,268 | (204,578) |
| Other operating and administration expenses | (47,547) | (45,115) | (798,306) | (123,449) | (317,919) | 167,635 | (1,164,701) | Other operating and administration expenses | (30,340) | (29,343) | (596,730) | (89,288) | (211,378) | 178,768 | (778,311) |
| Non-insurance expenses | (86,949) | (45,115) | (1,103,220) | (123,449) | (364,138) | 183,008 | (1,539,863) | Non-insurance expenses | 448,242 | (65,178) | (4,836,451) | (154,466) | (6,183,480) | 6,414,052 | (594,700) |
| Share of results from associate | - | - | - | - | 8,961 | - | 8,961 | Share of results from associate | - | - | - | - | 9,804 | - | 9,804 |
| Profit/(loss) before tax | 2,747 | 56,520 | 558,160 | 30,948 | 758,806 | (933,617) | 473,564 | (Loss)/profit before tax | (309,475) | 246,734 | 253,803 | 2,391 | (1,781,478) | 2,135,197 | 547,172 |
| Income tax (expense)/credit | (2,144) | (36,001) | (155,664) | (15,401) | 659 | (199) | (208,750) | Income tax (expense)/credit | 22,401 | (39,104) | (10,388) | (18,301) | (26,135) | 336 | (71,191) |
| Profit/(loss) for the period | 603 | 20,519 | 402,496 | 15,547 | 759,465 | (933,816) | 264,814 | (Loss)/profit for the year | (287,074) | 207,630 | 243,415 | (15,910) | (1,807,613) | 2,135,533 | 475,981 |

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For The Period Ended 30 June 2025

3. SEGMENT INFORMATION (CONTINUED)

| | Life Assurance ZWG 000 | General Insurance ZWG 000 | Banking & Lending & Management ZWG 000 | Asset Management ZWG 000 | Holding Co & Other ZWG 000 | Consolidation Adjustments ZWG 000 | Total ZWG 000 |
|--|---------------------------|------------------------------|--|-----------------------------|-------------------------------|--------------------------------------|-------------------|
| B1 Statement of financial position as at 30 June 2025 | | | | | | | |
| Assets | | | | | | | |
| Intangible assets | - | - | 3,849 | 3,248 | 10,152 | - | 17,249 |
| Property and equipment | 487,248 | 40,261 | 1,191,384 | 14,343 | 33,988 | 172,719 | 1,939,943 |
| Investment property | 9,831,973 | 23,609 | 646,182 | - | 8,084 | (172,719) | 10,337,129 |
| Investments in subsidiary companies | 66,549 | - | - | - | 9,642,809 | (9,709,358) | - |
| Investment in associate | - | - | - | - | 108,857 | - | 108,857 |
| Deferred tax assets | - | 523 | - | - | 46,175 | - | 46,698 |
| Loans and advances | - | - | 6,960,524 | - | - | (80,837) | 6,879,687 |
| Investments and securities | 13,069,836 | 235,616 | 1,261,125 | 51,583 | 911,221 | (298,809) | 15,230,572 |
| Reinsurer contracts | 2,187 | 171,969 | - | - | - | - | 174,156 |
| Amounts due by group companies | 53,849 | - | 8,522 | 30,254 | 152,412 | (245,037) | - |
| Other assets | 686,494 | 284,404 | 1,389,171 | 66,958 | 709,109 | - | 3,136,136 |
| Cash and cash equivalents | 583,663 | 16,337 | 3,995,251 | 4,042 | 289,266 | (529,015) | 4,359,544 |
| Total assets | 24,781,799 | 772,719 | 15,456,008 | 170,428 | 11,912,073 | (10,863,056) | 42,229,971 |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 19,042,956 | 334,879 | - | - | - | - | 19,377,835 |
| Investment contract liabilities | 2,830,619 | - | - | - | - | - | 2,830,619 |
| Deferred tax liabilities | 64,616 | - | 140,889 | - | 63,883 | (1,472) | 267,916 |
| Current tax payables | 29,101 | 12,610 | 7,231 | 7,599 | 22,970 | - | 79,511 |
| Amounts due to group companies | 103,607 | 21,276 | 860 | 19,067 | 2,437,320 | (245,036) | 2,337,094 |
| Other payables | 283,799 | 11,760 | 578,753 | 28,485 | 442,667 | (134,440) | 1,211,024 |
| Amounts owed to bank depositors | - | - | 7,872,049 | - | 66,958 | (529,015) | 7,409,992 |
| Credit lines | - | - | 1,988,368 | - | 80,837 | (236,908) | 1,832,297 |
| Total liabilities | 22,354,698 | 380,525 | 10,588,150 | 55,151 | 3,114,635 | (1,146,871) | 35,346,288 |
| Net assets | 2,427,101 | 392,194 | 4,867,858 | 115,277 | 8,797,438 | (9,716,185) | 6,883,683 |
| Shareholders' equity | | | | | | | |
| Share capital and premium | 179,811 | 81 | 212,230 | 54,921 | 448,675 | (895,718) | - |
| Non-distributable reserve | 157,425 | 17,784 | 6,730 | - | 92,625 | (274,564) | - |
| Revaluation reserve | 12,760 | - | 837,124 | - | 2,481 | - | 852,365 |
| Share based payment reserve | 20,060 | 11,371 | 27,056 | 5,704 | 283,217 | (204,057) | 143,351 |
| Regulatory provisions reserve | - | - | 14,763 | - | - | - | 14,763 |
| Currency translation reserve | 581,683 | - | - | - | 11,081 | (546,202) | 46,562 |
| Retained earnings | 1,475,362 | 362,958 | 3,769,955 | 54,652 | 7,959,360 | (8,057,553) | 5,564,734 |
| | 2,427,101 | 392,194 | 4,867,858 | 115,277 | 8,797,439 | (9,978,094) | 6,621,775 |
| Non-controlling interests | - | - | - | - | - | 261,908 | 261,908 |
| Total equity | 2,427,101 | 392,194 | 4,867,858 | 115,277 | 8,797,439 | (9,716,186) | 6,883,683 |

4. INSURANCE REVENUE

| | Life risk and annuities ZWG 000 | Life and Savings ZWG 000 | General Insurance ZWG 000 | Total ZWG 000 |
|--|------------------------------------|-----------------------------|------------------------------|------------------|
| For the period ended 30 June 2025 | | | | |
| Contracts not measured under the PAA | | | | |
| Amounts relating to changes in liabilities for remaining coverage: | | | | |
| Expected incurred claims | (362) | (42) | - | (404) |
| Expected other insurance service expenses | (11,764) | 174,160 | - | 162,396 |
| Risk adjustment recognised for the risk expired | (416) | 277 | - | (139) |
| Other | 12,512 | - | - | 12,512 |
| Recovery of insurance acquisition cash flows | 372 | - | - | 372 |
| | 342 | 174,395 | - | 174,737 |
| Contracts measured under the PAA | 247,340 | - | 611,372 | 858,712 |
| Total Insurance Revenue: | 247,682 | 174,395 | 611,372 | 1,033,449 |
| For the period ended 30 June 2024 | | | | |
| Contracts not measured under the PAA | | | | |
| Amounts relating to changes in liabilities for remaining coverage: | | | | |
| Expected incurred claims | 232 | - | - | 232 |
| Expected other insurance service expenses | 3,014 | 86,942 | - | 89,956 |
| Risk adjustment recognised for the risk expired | (511) | 566 | - | 55 |
| CSM recognised for services provided | 94 | 8,121 | - | 8,215 |
| Other | 5,036 | 53 | - | 5,089 |
| Recovery of insurance acquisition cash flows | 263 | 22 | - | 285 |
| | 8,128 | 95,704 | - | 103,832 |
| Contracts measured under the PAA | 130,022 | - | 381,646 | 511,668 |
| Total Insurance Revenue: | 138,150 | 95,704 | 381,646 | 615,500 |

5. INSURANCE SERVICE EXPENSES

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|--|----------------------|----------------------|
| Incurred claims | 331,863 | 305,877 |
| Other insurance service expenses | 356,431 | 333,390 |
| Amortisation of insurance acquisition cash flows | 160,291 | 65,005 |
| Losses and reversal of losses on onerous contracts | 49,596 | 299,199 |
| Adjustments to liabilities for incurred claims | 56,911 | 124,361 |
| Total insurance service expenses | 955,092 | 1,127,832 |

6. INVESTMENT RETURN

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|--|----------------------|----------------------|
| Dividend income - investments and securities | 237,494 | 489,286 |
| Interest income - cash and cash equivalents | 16,942 | 51,527 |
| Rental income from investment property | 121,148 | 259,320 |
| Total fair value gains and losses recognised in income | 243,042 | (5,767,712) |
| Total investment returns included in income statement | 618,626 | (4,967,579) |

7. FINANCE (EXPENSES)/INCOME FROM INSURANCE CONTRACTS

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|---|----------------------|----------------------|
| Changes in fair value of underlying items of DPC* | (428,616) | 4,282,725 |
| Interest accreted | (5,103) | (72,959) |
| Effect of changes in interest rates and other financial assumptions | 29,896 | 8,393 |
| Effect of measuring changes in EACR* and adj CSM* at ROIR* | (4,255) | (95,720) |
| Total finance (expenses)/income from insurance contracts | (408,078) | 4,122,439 |

*DPC: Discretionary Participating Contracts
EACR: Estimated at Current Rates
CSM: Contractual Service Margin
ROIR: Rate of Initial Recognition

8. BANKING INTEREST AND SIMILAR INCOME

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|--|----------------------|----------------------|
| Interest and similar income | | |
| Investments | 29,819 | 58,465 |
| Loans and advances | 537,547 | 402,877 |
| Total interest and similar income | 567,366 | 461,342 |
| Comprising: | | |
| Financial assets at amortised cost | 567,366 | 461,342 |
| Interest expense: | | |
| Credit lines | (74,104) | (143,690) |
| Money market deposits | (26,809) | (17,985) |
| Savings and term deposits | (552) | (1,005) |
| Total interest expense | (101,465) | (162,680) |
| Comprising: | | |
| Financial liabilities at amortised cost | (101,465) | (162,680) |
| Net interest income | 465,901 | 298,662 |

B2 Statement of financial position as at 31 December 2024

| | Life Assurance ZWG 000 | General Insurance ZWG 000 | Banking & Lending & Management ZWG 000 | Asset Management ZWG 000 | Holding Co & Other ZWG 000 | Consolidation Adjustments ZWG 000 | Total ZWG 000 |
|-------------------------------------|---------------------------|------------------------------|--|-----------------------------|-------------------------------|--------------------------------------|-------------------|
| Assets | | | | | | | |
| Intangible assets | - | - | 5,712 | 3,665 | 8,784 | - | 18,161 |
| Property and equipment | 450,451 | 39,718 | 1,125,845 | 13,985 | 18,754 | 123,142 | 1,771,895 |
| Investment property | 9,587,765 | 12,853 | 576,934 | - | 8,056 | (123,142) | 10,062,466 |
| Investments in subsidiary companies | 46,427 | - | - | - | 8,930,883 | (8,977,310) | - |
| Investment in associate | - | - | - | - | - | - | 99,888 |
| Deferred tax assets | - | 10,105 | 4,958 | - | - | - | 38,505 |
| Loans and advances | - | - | 5,327,758 | - | - | (70,059) | 5,257,699 |
| Investments and securities | 12,838,791 | 221,440 | 1,134,522 | 23,173 | 933,426 | (232,137) | 14,919,215 |
| Reinsurer contracts | 1,482 | 186,572 | - | - | - | - | 188,054 |
| Current tax receivable | - | - | - | - | - | - | - |
| Amounts due by group companies | 117,402 | - | - | 11,883 | 64,751 | (194,036) | - |
| Other assets | 647,586 | 177,303 | 1,695,396 | 53,514 | 757,794 | - | 3,331,593 |
| Cash and cash equivalents | 556,860 | 24,763 | 3,770,431 | 5,093 | 254,044 | (535,250) | 4,075,941 |
| Total assets | 24,246,764 | 672,754 | 13,641,556 | 111,313 | 11,114,885 | (10,008,792) | 39,778,480 |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 18,856,089 | 256,819 | - | - | - | - | 19,112,908 |
| Investment contract liabilities | 2,347,805 | - | - | - | - | - | 2,347,805 |
| Deferred tax liabilities | 51,439 | 5,227 | 95,388 | 7,087 | 79,301 | (13,769) | 224,673 |
| Current tax payables | 41,685 | 3,180 | 3,888 | 3,180 | 4,904 | 9,134 | 58,903 |
| Amounts due to group companies | 214,973 | 18,754 | 2,506 | 28,266 | 2,378,820 | (237,822) | 2,405,497 |
| Other payables | 260,565 | - | 833,916 | - | 369,264 | (92,613) | 1,371,132 |
| Amounts owed to bank depositors | - | - | 6,497,497 | - | 61,894 | (535,276) | 6,024,115 |
| Credit lines | - | - | 1,625,149 | - | 26,946 | (160,300) | 1,491,795 |
| Total liabilities | 21,772,556 | 280,800 | 9,054,456 | 38,533 | 2,921,129 | (1,030,646) | 33,036,828 |
| Net assets | 2,474,208 | 391,954 | 4,587,100 | 72,780 | 8,193,756 | (8,978,146) | 6,741,652 |
| Shareholders' equity | | | | | | | |
| Share capital and premium | 154,264 | 2,587 | 212,224 | 27,970 | 259,110 | (656,155) | - |
| Non-distributable reserve | 138,447 | 11,102 | 6,736 | - | 92,612 | (248,897) | - |
| Revaluation reserve | 19,051 | - | 816,455 | - | 2,478 | - | 837,984 |
| Share based payment reserve | 17,649 | 11,371 | 27,053 | 5,712 | 283,227 | (201,661) | 143,351 |
| Currency conversion reserve | (174,312) | - | - | - | 250,918 | (30,044) | 46,562 |
| Retained earnings | 2,319,109 | 366,894 | 3,524,632 | 39,098 | 7,305,439 | (8,101,496) | 5,453,648 |
| | 2,474,208 | 391,954 | 4,587,100 | 72,780 | 8,193,756 | (9,238,253) | 6,481,545 |
| Non-controlling interests | - | - | - | - | - | 260,107 | 260,107 |
| Total equity | 2,474,208 | 391,954 | 4,587,100 | 72,780 | 8,193,756 | (8,978,146) | 6,741,652 |

9. FEE INCOME, COMMISSIONS AND INCOME FROM SERVICE CONTRACTS

| | 30-Jun-25 ZWG 000 | 30-Jun-24 ZWG 000 |
|--|----------------------|----------------------|
| Banking operations: | | |
| Commissions | 125,453 | 109,601 |
| Service fees | 634,854 | 609,055 |
| Administration fees | 75,941 | 115,005 |
| Total fee income and commission from banking operations | 836,248 | 833,661 |
| Long term insurance business | 52,009 | 41,898 |
| Asset management business | 18,604 | 53,527 |
| | 906,861 | 929,086 |

10. OTHER INCOME

| | 30-Jun-25 USD 000 | 30-Jun-24 USD 000 |
|----------------|----------------------|----------------------|
| Exchange gains | 226,829 | 370,854 |
| Other income* | 206,594 | 161,435 |
| | 433,423 | 532,289 |

*Other income includes micro-finance administration fees, recovery income and funeral services income.

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For The Period Ended 30 June 2025

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 USD as rentals are predominantly received in USD.
- Rentals are benchmarked in USD but payable in both ZWG and USD.
- Moderate levels of inflation to persist.

The Group properties were valued in accordance with 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.

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.

Key valuation inputs

The table below sets out information about inputs used at 30 June 2025 in measuring investment properties categorised under level 3 of the IFRS 13 fair value hierarchy. Level 3 is when unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

| Type of property | Value 30 June 2025 USD 000 | Key unobservable inputs | Interrelationship between unobservable inputs and key fair value measurement |
|--|----------------------------|---|---|
| Office, Retail and Industrial Properties | 8,204,754 | Office - Capitalisation rates: 7.00% to 10.00% (2024: 7.30% to 10.25%) - Market rentals per m ² : USD3 to USD11 (2024: USD4 to USD10) - Vacancy rates: 0% to 82% (2024: 0% to 72%) Retail - Capitalisation rates: 6.5% to 12.5% (2024: 6.5% to 13%) - Market rentals per m ² : USD1.40 to USD18 (2024: USD1.79 to USD13.65) - Vacancy rates: 0% to 68% (0% to 52%) Industrial - Capitalisation rates: 6.5% to 13% (2024: 6.5% to 13%) - Market rentals per m ² : USD0.60 to USD5.80 (2024: USD1 to USD3.50) - Vacancy rates: 0% to 50% (2024: 0% to 48%) | The estimated fair value would increase/ (decrease) if: > net rental income increased/ (decreased) > capitalisation rates were lower/ (higher). > vacancies decreased/(increased) The estimated fair value would decrease if the unobservable inputs changed the other way. |
| Residential Valuation approach: Direct comparison/ Market approach | 196,326 | Residential rent from USD200 to USD1,800 (2024: USD250 to USD500) | The estimated fair value would increase/ (decrease) if prices for comparable properties increased/ (decreased). |
| Land Valuation approach: Direct comparison/ Market approach | 1,936,049 | Land value per m ² : USD80 | The estimated fair value would increase/ (decrease) if prices for comparable properties increased/ (decreased). |

13 LOANS AND ADVANCES

Concentration - gross loans and advances

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|-------------------|-------------------|
| Concentration - gross loans and advances | | |
| Housing | 620,074 | 444,496 |
| Unsecured personal loans | 1,345,534 | 1,204,634 |
| Commercial and industrial | 5,066,223 | 3,765,177 |
| Gross loans and advances | 7,031,831 | 5,414,307 |
| Less provision for impairment | (152,144) | (156,608) |
| Net loans and advances | 6,879,687 | 5,257,699 |
| Maturity analysis - gross and loans advances | | |
| On demand to 3 months | 801,715 | 715,516 |
| 3 months to 12 months | 1,865,801 | 1,336,615 |
| 1 year to 5 years | 4,213,499 | 3,285,974 |
| Over 5 years | 150,816 | 76,202 |
| | 7,031,831 | 5,414,307 |
| Non performing loans | 89,045 | 80,298 |
| Analysis of past due but not impaired | | |
| 0 to 30 days past due | 289,723 | 746,719 |
| 31 to 90 days past due | 205,222 | 290,582 |
| | 494,945 | 1,037,302 |

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 | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|-------------------|-------------------|
| Sector | | |
| Agriculture | 2,787,553 | 1,526,339 |
| Construction, transport and communication | 255,389 | 187,165 |
| Distribution | 344,303 | 555,405 |
| Financial Service | 67,871 | 104,334 |
| Manufacturing and Mining | 586,293 | 787,704 |
| Mortgages | 527,743 | 491,301 |
| Private/Individuals | 1,496,351 | 1,247,182 |
| Energy | 601,735 | 400,763 |
| State and state enterprises | 93,410 | - |
| Services | 271,183 | 114,114 |
| Total gross loans | 7,031,831 | 5,414,307 |

13.2 Impairment and credit quality analysis

| Subject to 12 month ECL | Subject to lifetime ECL | | | | | | Total | |
|---|---------------------------|-------------------------------|--|-------------------------------|---------------------------|-------------------------------|---------------------------|------------------|
| | Not credit impaired | | Credit impaired (excluding purchased/originated) | | | | | |
| Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | |
| As at 1 Jan 2025 | 3,531,745 | 15,116 | 1,794,369 | (97,947) | 88,193 | (73,777) | 5,414,307 | (156,608) |
| Originations, purchases and interest accruals | 1,580,154 | (38,736) | 49,780 | 4,550 | (12,410) | 38,650 | 1,617,524 | 4,464 |
| Repayments and other derecognitions excluding write-offs | (80,270) | 3,120 | (154,200) | 30,650 | (50,390) | 57,200 | (284,860) | 90,970 |
| Transfer to 12 month ECL | 23,190 | 4,047 | (23,190) | 3,640 | - | - | - | 7,687 |
| Transfer to lifetime ECL (not credit impaired) | (90,910) | 520 | 91,140 | (10,130) | (230) | 140 | - | (9,470) |
| Transfer to lifetime ECL (credit impaired) | (1,340) | 11,344 | (2,130) | 480 | 29,490 | (1,610) | 26,020 | 10,214 |
| Changes to model and risk parameters used for ECL calculation | 205,520 | 809 | 17,470 | (3,500) | 3,270 | (3,280) | 226,260 | (5,971) |
| As at 30 June 2025 | 5,111,899 | (23,620) | 1,844,149 | (93,397) | 75,783 | (35,127) | 7,031,831 | (152,144) |

| Subject to 12 month ECL | Subject to lifetime ECL | | | | | | Total | |
|---|---------------------------|-------------------------------|--|-------------------------------|---------------------------|-------------------------------|---------------------------|------------------|
| | Not credit impaired | | Credit impaired (excluding purchased/originated) | | | | | |
| Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | Gross carrying amount ZWG 000 | Allowance for ECL ZWG 000 | |
| As at 1 Jan 2024 | 2,950,662 | (25,922) | 1,739,803 | (91,804) | 95,442 | (57,987) | 4,785,907 | (175,713) |
| Originations, purchases and interest accruals | 581,083 | 41,038 | 54,566 | (6,143) | (7,249) | (15,790) | 628,400 | 19,105 |
| Repayments & other derecognitions, excl write-offs | (2,442,897) | 5,011 | (179,270) | (38,937) | 2,075 | (1,994) | 2,624,242 | (35,920) |
| Transfer to 12 month ECL | (1,747,187) | 8,326 | (143,890) | 31,500 | (104,765) | 21,206 | (1,995,842) | 61,032 |
| Transfer to lifetime ECL (not credit impaired) | 13,904 | (162) | (13,688) | 2,452 | (216) | 108 | - | 2,398 |
| Transfer to lifetime ECL (credit impaired) | (54,969) | 5,147 | 58,984 | (20,236) | (4,015) | 2,883 | - | (12,206) |
| Changes to model & risk parameters used for ECL calculation | (73,562) | (2,748) | (26,110) | 8,111 | 99,672 | (18,619) | - | (13,256) |
| | - | 25,464 | - | 10,967 | - | (19,374) | - | 17,057 |
| As at 31 Dec 2024 | 3,531,745 | 15,116 | 1,794,369 | (97,947) | 88,193 | (73,777) | 5,414,307 | (156,608) |

14 INVESTMENTS AND SECURITIES

14.1 Analysis of investments

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|--------------------------------------|-------------------|-------------------|
| Equity securities | | |
| - listed | 8,346,443 | 8,675,438 |
| - unlisted | 3,871,826 | 3,529,698 |
| Total Equities (note 14.2) | 12,218,269 | 12,205,136 |
| Unit trust investments | 45,014 | 16,733 |
| Public sector securities | 62,731 | 761,890 |
| Debentures | 1,240,631 | 395,428 |
| Treasury bills (see note 14.5 below) | 494,866 | 137,531 |
| Deposits and money market securities | 1,169,061 | 1,402,497 |
| | 15,230,572 | 14,919,215 |

14.2 Spread of equity securities by sector

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|----------------|-------------------|-------------------|
| Commodities | 2,555,553 | 3,527,758 |
| Communications | 440,118 | 594,045 |
| Consumer | 3,194,905 | 3,393,326 |
| Financial | 3,122,110 | 2,233,044 |
| Property | 311,736 | 314,914 |
| Manufacturing | 2,592,760 | 2,140,998 |
| Mining | 1,087 | 1,051 |
| | 12,218,269 | 12,205,136 |

14.3 Movements of investment and securities

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|-------------------|-------------------|
| Opening balance | 14,919,215 | 15,557,315 |
| Fair value movements through profit or loss | (418,673) | (384,407) |
| Additions | 1,398,578 | 2,440,418 |
| Disposals | (249,548) | (704,037) |
| Maturities | (419,000) | (1,435,775) |
| Effects of changes in presentation currency | - | (554,299) |
| Closing balance | 15,230,572 | 14,919,215 |

14.4 Investment in unlisted equities above 20% shareholding

| Investee | % holding | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|-----------|-------------------|-------------------|
| Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund) | 40% | 626,119 | 539,253 |
| Great Zimbabwe Hydro (held by OMLAC Main Fund) | 31% | 27,816 | 26,632 |
| Lobels Holdings Limited (held by OMLAC Main Fund) | 49% | 205,138 | 215,373 |
| Manica Boards and Doors (MBD) (held by OMLAC Main Fund) | 55% | 97,529 | 116,063 |
| Kupinga Renewable Energy (held by OMLAC Main Fund) | 40% | 29,216 | 26,080 |
| Closefin (held by OMLAC Main Fund) | 21% | 43,367 | 40,258 |
| Plaza Bakery (held by OMLAC Main Fund) | 49% | 15,848 | 15,398 |
| Zimcampus preference shares (held by OMLAC Main Fund and OMLAC Special Fund) | 29% | 136,848 | 130,911 |
| Solgas ordinary shares (held by OMLAC Main Fund) | 49% | 522 | 659 |
| Richaw Solar Tech ordinary shares (held by OMLAC Main Fund) | 49% | 17,542 | 16,795 |
| Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund) | 74% | 1,411,686 | 1,320,827 |
| Southern Property (Private) Limited (held by OMLAC Main Fund) | 20% | 19,670 | 18,833 |
| Tenpill (held by Shareholders and OMLAC Main Fund) | 48% | 306,630 | 300,510 |
| Nedbank Zimbabwe (held by Shareholders) | 23% | 275,242 | 199,579 |
| Centagrid (held by OMLAC Main Fund) | 26% | 69,787 | 66,816 |
| Glytime Foods | 45% | 53,248 | 42,452 |
| | | 3,336,208 | 3,076,439 |

The above investments in which the Group holds more than 20% have been accounted for at fair value under IFRS 9 rather than as investment in associates under IAS 28 as these investments, with the exception of the investment in Nedbank Zimbabwe, back investment contracts with discretionary participating features and investment contracts.

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.

Although the Group holds 74.3% in Takura Fund III, this fund has not been consolidated as management have assessed that they do not exercise control over this fund which would necessitate consolidation. The fund is a pooled investment and the Group does not have power to exercise decisions over how the fund is managed, over key management personnel or their appointment, or influence key operational decision making and hence a decision has been taken to recognise this fund at fair value in accordance with IFRS 9.

The Group has significant influence in Manica Boards and Doors 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.

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.

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For The Period Ended 30 June 2025

| | Group 30-Jun-25 ZWG 000 | Group 31-Dec-24 ZWG 000 |
|--|-------------------------------|-------------------------------|
| 14.5 Treasury bills maturity analysis | | |
| On demand to 3 months | 340,814 | 65,074 |
| 3 months to 12 months | 55,773 | 27,889 |
| 1 year to five years | 98,279 | 44,568 |
| Total | 494,866 | 137,531 |

| | Actual reported 30 June 2025 | +/- 20% stock movement | +/- 50% stock movement | +/- 75% stock movement |
|---|------------------------------------|---------------------------|---------------------------|---------------------------|
| Sensitivity analysis - Listed Equities | | | | |
| Equities - after increase | 8,346,443 | 10,015,732 | 12,519,665 | 14,606,275 |
| Equities - after decrease | 8,346,443 | 6,677,154 | 4,173,221 | 2,086,611 |
| Increase or decrease in fair value movement | | 1,669,289 | 4,173,222 | 6,259,832 |
| Impact on profit and NAV | | 392,283 | 980,707 | 1,471,061 |

| | Actual reported 31 December 2024 | +/- 20% stock movement | +/- 50% stock movement | +/- 75% stock movement |
|---|--|---------------------------|---------------------------|---------------------------|
| Sensitivity analysis - Listed Equities | | | | |
| Equities - after increase | 8,675,438 | 10,410,526 | 13,013,157 | 15,182,016 |
| Equities - after decrease | 8,675,438 | 6,940,350 | 4,337,719 | 2,168,860 |
| Increase or decrease in fair value movement | | 1,735,088 | 4,337,719 | 6,506,578 |
| Impact on profit and NAV | | 407,746 | 1,019,364 | 1,529,046 |

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|----------------------|----------------------|
| 15 OTHER ASSETS | | |
| Accrued investment income | 38,989 | 20,021 |
| Agent debtors and prepayments | 274,818 | 168,626 |
| Inventory - Capitalised project costs (see note 15.1 below) | 52,216 | 52,221 |
| Banking settlement and other clearing accounts | 652,642 | 659,092 |
| RBZ legacy debt (see note 15.2 below) | 612,756 | 682,723 |
| Trade debtors | 128,080 | 60,789 |
| Tenant debtors | 285,421 | 412,350 |
| Other non-financial assets** | 478,140 | 592,455 |
| Gold coins | 6,831 | 23,739 |
| Other assets* | 606,243 | 659,577 |
| | 3,136,136 | 3,331,593 |

*Other assets comprise of non-trading receivables which include staff loans and penalties on late payments receivables for the lending business.

**Other non-financial assets include fuel stocks and assets in transit.

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|----------------------|----------------------|
| 15.1 Inventory - Capitalised project costs | | |
| Opening balance | 52,221 | 60,439 |
| Additions | 668 | - |
| Cost of Sales | (673) | (8,218) |
| | 52,216 | 52,221 |
| 15.2 RBZ Legacy Debt | | |
| Principal amount | 2,162,314 | 2,411,613 |
| Fair value loss | (1,549,558) | (1,728,890) |
| Net amount receivable | 612,756 | 682,723 |

On the 24th of June 2019, the Government of Zimbabwe 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:USD1 in relation to foreign currency legacy debts to be registered with the RBZ. The value in use of the receivable has been determined after taking into account key assumptions of a 16.25% (2024: 14.53%) discount rate. The State through the Ministry of Finance Economic Development and Investment Promotion, subsequently assumed responsibility for the discharge of the debt.

| | 30-Jun-25 Approved USDm | 31-Dec-24 Approved USDm |
|--|-------------------------------|-------------------------------|
| Legacy Debts registration process | | |
| External lines of credit | 26 | 26 |
| Amounts owing to related parties | 84 | 84 |
| Amounts owing to 3rd parties | 1 | 1 |
| Amounts settled to date | (27) | (22) |
| | 84 | 89 |

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|--|----------------------|----------------------|
| 15.21 Impairment of legacy debt | | |
| Impairment provision | (33,217) | (42,435) |

The Group made exchange control 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 ZWL11m to the RBZ at an exchange rate of USD:ZWL. 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.

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 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 of 2021. The Act provides for the Government to take responsibility for discharging the outstanding registered blocked funds with the consideration given to the time value of expected cashflows. The mode of discharge of the blocked funds, was to be through the issuance of zero-coupon USD denominated bonds with a provision for other detailed terms and conditions to be determined by the Ministry of Finance Economic Development and Investment Promotion.

The Group is in discussions with the Ministry of Finance Economic Development and Investment Promotion around the final resolution of the issue regarding the outstanding amounts. As at the time of reporting no settlement had been finalised with the Ministry of Finance Economic Development and Investment Promotion. The Group revised the carrying value of the legacy debt receivable in 2023 based on market indications around the expected maturity dates of debt instruments being issued by the Government to other counterparties in similar circumstances.

The Group believes that the risk of non-realisation of cashflows under the arrangement is remote given the passing of Finance Act No 7 of 2021 with indications having been given that support will continue to be provided for the remaining amounts in OMZIL. The impairment represents a remeasurement of timing of expected cashflows based on management's assessment of the projected settlement horizon.

16 INSURANCE AND REINSURANCE CONTRACTS

| | 30-Jun-25 | | 31-Dec-24 | |
|------------------------------------|-------------------|------------------------|-------------------|------------------------|
| | ZWG 000 Assets | ZWG 000 Liabilities | ZWG 000 Assets | ZWG 000 Liabilities |
| Insurance contracts | | | | |
| Total life and guaranteed savings: | - | 19,402,957 | - | 18,856,089 |
| Life Risk and Annuities | - | 302,648 | - | 257,062 |
| Life Savings | - | 18,740,309 | - | 18,599,027 |
| Property and casualty | - | 334,878 | - | 256,819 |
| Total insurance contracts | - | 19,377,835 | - | 19,112,908 |
| Reinsurance contracts | | | | |
| Total life and guaranteed savings: | 2,187 | - | 1,482 | - |
| Life Risk and Annuities | 2,187 | - | 1,482 | - |
| Life Savings | - | - | - | - |
| Property and casualty | 171,969 | - | 186,572 | - |
| Total reinsurance contracts | 174,156 | - | 188,054 | - |

| 30 June 2025 | Liability for remaining coverage | | Liabilities for incurred claims | | | | Total ZWG 000 |
|--|-------------------------------------|---------------------------|------------------------------------|---------------------|---------------|---|-------------------|
| | Excluding component loss ZWG 000 | Loss component ZWG 000 | Contracts not under PAA ZWG 000 | Contracts under PAA | | Risk-adjustment for non-financial risk ZWG 000 | |
| Net opening balance (insurance contracts) | | | | | | | |
| Opening insurance assets | - | - | (997,961) | - | - | - | (997,961) |
| Opening insurance liabilities | 19,584,889 | 230,116 | - | 281,610 | 14,254 | 20,110,869 | 20,110,869 |
| | 19,584,889 | 230,116 | (997,961) | 281,610 | 14,254 | 19,112,908 | 19,112,908 |
| Changes in profit or loss | | | | | | | |
| Insurance revenue: | | | | | | | |
| Contracts under the modified retrospective approach | (608,471) | - | - | - | - | - | (608,471) |
| Contracts under the fair value approach | (162,301) | - | - | - | - | - | (162,301) |
| Other contracts | (262,677) | - | - | - | - | - | (262,677) |
| Insurance service expenses: | | | | | | | |
| Incurred claims and other insurance service expenses | - | (26,238) | 240,237 | 512,341 | - | - | 726,340 |
| Amortisation of insurance acquisition cash flows | 124,743 | - | - | - | - | - | 124,743 |
| Losses and reversal of losses on onerous contracts | - | 46,042 | - | - | - | - | 46,042 |
| Adjustments to liabilities for incurred claims | - | - | - | 58,066 | (99) | - | 57,967 |
| Insurance service result | (908,706) | 19,804 | 240,237 | 570,407 | (99) | (78,357) | (78,357) |
| Insurance finance income | 403,758 | 4,320 | - | - | - | - | 408,078 |
| Total changes in profit or loss | (504,948) | 24,124 | 240,237 | 570,407 | (99) | 329,721 | 329,721 |
| Investment components | | | | | | | |
| Cash flows | | | | | | | |
| Premiums received | 1,599,104 | - | - | - | - | - | 1,599,104 |
| Insurance acquisition cash flows paid | (161,305) | - | - | - | - | - | (161,305) |
| Insurance claims paid, including investment components | - | - | (735,592) | (374,945) | - | - | (1,110,537) |
| Other expenses paid | - | - | (240,238) | (87,008) | - | - | (327,246) |
| Total cash flows (insurance contracts) | 1,437,799 | - | (975,830) | (461,953) | - | 16 | 16 |
| Effects of changes in presentation currency and other | (1,742,670) | (108) | 1,737,351 | (59,519) | 136 | (64,810) | (64,810) |
| Net closing balance (insurance contracts) | 18,775,070 | 254,132 | 3,797 | 330,545 | 14,291 | 19,377,835 | 19,377,835 |
| Closing insurance assets | 18,775,070 | 254,132 | 3,797 | 330,545 | 14,291 | 19,377,835 | 19,377,835 |
| Closing insurance liabilities | 18,775,070 | 254,132 | 3,797 | 330,545 | 14,291 | 19,377,835 | 19,377,835 |
| Net closing balance (insurance contracts) | 18,775,070 | 254,132 | 3,797 | 330,545 | 14,291 | 19,377,835 | 19,377,835 |

| 31 December 2024 | Liability for remaining coverage | | Liabilities for incurred claims | | | | Total ZWG 000 |
|--|-------------------------------------|---------------------------|------------------------------------|---------------------|---------------|---|-------------------|
| | Excluding component loss ZWG 000 | Loss component ZWG 000 | Contracts not under PAA ZWG 000 | Contracts under PAA | | Risk-adjustment for non-financial risk ZWG 000 | |
| Net opening balance (insurance contracts) | | | | | | | |
| Opening insurance assets | - | - | (321,759) | - | - | - | (321,759) |
| Opening insurance liabilities | 21,120,848 | 266,466 | 22,392 | 370,126 | 19,294 | 21,799,125 | 21,799,125 |
| | 21,120,848 | 266,466 | (299,367) | 370,126 | 19,294 | 21,477,367 | 21,477,367 |
| Changes in profit or loss | | | | | | | |
| Insurance revenue: | | | | | | | |
| Contracts under the modified retrospective approach | (178,893) | - | - | - | - | - | (178,893) |
| Contracts under the fair value approach | (1,565,491) | - | - | - | - | - | (1,565,491) |
| Insurance service expenses: | | | | | | | |
| Incurred claims and other insurance service expenses | 100,966 | - | 512,615 | 810,607 | - | - | 1,424,188 |
| Amortisation of insurance acquisition cash flows | 251,619 | - | - | - | - | - | 251,619 |
| Losses and reversal of losses on onerous contracts | - | 320,196 | - | - | - | - | 320,196 |
| Adjustments to liabilities for incurred claims | - | - | - | (112,256) | 6,198 | - | (106,058) |
| Insurance service result | (1,391,799) | 320,196 | 512,615 | 698,351 | 6,198 | 145,561 | 145,561 |
| Insurance finance income | (142,139) | 1,078 | - | 536,947 | 5,605 | 401,491 | 401,491 |
| Total changes in profit or loss | (1,533,938) | 321,274 | 512,615 | 1,235,298 | 11,803 | 547,052 | 547,052 |
| Investment components | | | | | | | |
| Cash flows | | | | | | | |
| Premiums received | 2,833,394 | - | - | - | - | - | 2,833,394 |
| Insurance acquisition cash flows paid | (379,045) | - | - | - | - | - | (379,045) |
| Insurance claims paid, including investment components | - | - | (674,882) | (1,145,462) | - | - | (1,820,344) |
| Other expenses paid | - | - | (519,459) | (672,861) | - | - | (1,192,320) |
| Total cash flows (insurance contracts) | 2,454,349 | - | (1,194,341) | (1,818,323) | - | (558,315) | (558,315) |
| Effects of changes in presentation currency and other | (2,456,370) | (357,624) | (16,868) | 494,509 | (16,843) | (2,353,196) | (2,353,196) |
| Net closing balance (insurance contracts) | 19,584,889 | 230,116 | (997,961) | 281,610 | 14,254 | 19,112,908 | 19,112,908 |
| Closing insurance assets | 19,584,889 | 230,116 | (997,961) | 281,610 | 14,254 | 19,112,908 | 19,112,908 |
| Closing insurance liabilities | 19,584,889 | 230,116 | (997,961) | 281,610 | 14,254 | 19,112,908 | 19,112,908 |
| Net closing balance (insurance contracts) | 19,584,889 | 230,116 | (997,961) | 281,610 | 14,254 | 19,112,908 | 19,112,908 |

17 INVESTMENT CONTRACT LIABILITIES

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|----------------------|----------------------|
| Liabilities at fair value through profit or loss | 2,830,619 | 2,347,805 |
| Movement in liabilities fair valued through profit or loss | | |
| Balance at beginning of period | 2,347,805 | 1,870,328 |
| New contributions received | 339,273 | 545,623 |
| Withdrawals | (6,385) | (92,100) |
| Fair value movements | 149,926 | 208,236 |
| Effects of changes in presentation currency | - | (184,282) |
| Balance at end of period | 2,830,619 | 2,347,805 |

18 AMOUNTS DUE TO GROUP COMPANIES

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|---|----------------------|----------------------|
| Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe | 2,337,094 | 2,405,497 |



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NOTES TO THE UNAUDITED SPECIAL PURPOSE CONSOLIDATED FINANCIAL REPORT (CONTINUED) For The Period Ended 30 June 2025

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.

| | 30-Jun-25 ZWG 000 | 31-Dec-24 ZWG 000 |
|-----------------------------------|----------------------|----------------------|
| Money market deposits | 1,326,461 | 266,601 |
| Savings deposits | 6,012,188 | 5,690,905 |
| ZIG deposits | 4,370 | 4,715 |
| Other | 66,973 | 61,894 |
| | 7,409,992 | 6,024,115 |
| Maturity analysis | | |
| On demand to 3 months | 6,747,929 | 5,898,198 |
| 3 months to a year | 11,141 | 91,184 |
| 1 year to 5 year | 361,441 | 26,649 |
| Over 5 years | 289,481 | 8,084 |
| | 7,409,992 | 6,024,115 |
| Concentration - value | | |
| Financial institutions | 1,679,344 | 1,505,591 |
| Companies | 4,133,405 | 3,727,911 |
| Individuals | 1,597,243 | 790,613 |
| | 7,409,992 | 6,024,115 |
| Concentration - percentage | % | % |
| Financial institutions | 23 | 25 |
| Companies | 56 | 62 |
| Individuals | 21 | 13 |
| | 100 | 100 |

20 RISK MANAGEMENT

Our approach to risk management

The Group continued with its integrated approach to risk management, mitigating downside risks whilst exploiting the available opportunities.

Risk and compliance activities were centred on strengthening the control environment, Anti-Money Laundering (AML) compliance, adoption of the new compliance requirements introduced by the Cyber & Data Protection Act, Regulations and Guidelines and reviewing stress test scenarios to enable better reporting of emerging risks for a proactive and more forward-looking risk management.

Overview of Top 5 risks in H1 2025

External Risk

Risks outside the control of the Group which are difficult to predict or manage. Key concerns remained around government policy uncertainty; the continuing tight monetary policy and its impact on market liquidity; and escalations in global geopolitical tensions threatening supply chains and prices of global commodities. Some economic sectors continue to face viability challenges. Suspension of US foreign aid in Q1 created a significant funding gap in critical health and social welfare programs. The impacts on the Group were on a slow down in local currency lending and asset creation as well as cost pressures.

Mitigating Actions:

Management continues with assessments of the relevance of product offerings for the changing operating environment. The strategy of value preservation through investments in real assets and offshore investments is continuing. There are business development efforts to tap into underserved markets. Stakeholder engagement on policy formulation as well as impact assessments on the emerging laws & regulations continue to be done. The various business units (BUs) are leveraging on the Digital Transformation and Integrated Financial Services (IFS) initiatives to boost their competitiveness.

Market Risk

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. There is the risk of an exposure to loss of value due to adverse exchange rate movements on a possible short hard currency mismatch in the event of a termination of the multicurrency regime. Exposure to equity price volatility remains inherent due to underlying economic and market factors including policy changes affecting capital markets. There is also the risk of interest margin compression due to the high cost of foreign and wholesale funding for the lending entities.

Mitigating Actions:

All BUs are matching assets and liabilities per currency or maintaining a long position, as a cushion against loss of value from a possible local currency depreciation or termination of the multicurrency regime. CABS is monitoring its foreign currency net open position and managing it in line with regulatory directives. The bank is growing domestic retail foreign currency deposits, to dilute the high costs of foreign funding and domestic wholesale foreign currency deposits.

Liquidity Risk

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. USD liquidity was stable in the period under review due to increased USD cashflows from the business' strategy of offering more products denominated in USD. However, the trend for local currency liquidity is deteriorating, as ZWG liquidity continues to be constrained, due to the current contractionary monetary policy.

Mitigating Actions:

Cash flow management strategies continue which include regular cash flow forecasting and managing optimal cash positions in each currency. There is also ongoing dialogue with the authorities to address the impact of the high statutory reserve requirements on banks liquidity. Liquidity stress testing at Group and business unit level is being done as part of forward-looking management of the risk. Liquidity contingency plans or contingency funding plans are updated annually.

Legal and Regulatory Compliance Risk

The risk of not applying or conforming to the laws, or breaching laws, regulations, or regulatory directives, resulting in fines, sanctions, reputational damage and/or financial loss. Compliance focus areas in the period under review were the embedment of the Risk & Compliance Management Program (RMCP) from AML, Countering Financing of Terrorism (CFT), Combatting Proliferation Financing (CPF) & Sanctions, advisory activities on the new compliance requirements introduced by the Cyber & Data Protection Act, Regulations & Guidelines, Private & Voluntary Organisations Amendment Act, Market Conduct Framework (for insurance entities); and from IPEC and Climate Bills. The RMCP project is apt as the country prepares for the FATF Mutual Evaluation in 2026. There are compliance breaches on prescribed assets requirements, Europay, Mastercard and Visa (EMV) compliance and new board committee requirements, which are the subject of regular engagements between the Group and applicable regulators. There were no new breaches nor penalties in the period under review.

Mitigating Actions:

Impact assessments are done for all new regulations through the regulatory change process to improve readiness to comply when the new requirements become effective. Regulatory engagements are ongoing on requirements with adverse impacts on the business, industry, and customers. Resolution of open breaches is continuing, with updates shared with the regulators, periodically. Contract resources were recruited for the AML project to speed up the resolution of gaps. Compliance monitoring reviews (or conformance tests) are done to provide assurance on the business' compliance with laws, regulatory and policy requirements. Compliance advisory services continue to be provided on all strategic initiatives, including new business initiatives. Of these, AML Risk Assessments & Privacy Impact Assessments are noteworthy.

Information Technology Risk

Risks of loss due to an inadequate or inefficient information security, failure of systems and/or related processes including disaster recovery protocols. Projects to replace and upgrade old systems are underway. New system implementations present new risk exposures (IT frauds, data breaches, cyber-attacks, and key man dependency risks). Increased adoption of AI presents new risk exposures for the Group.

Mitigating Actions:

Disaster recovery capability reviews are being finalised, targeting completion by 31 December 2025. System and infrastructure refreshes are also being finalised. Project risk/issues registers are tracked for risk mitigation. There is continued software updating/patching as a protection against cyberattacks. Phishing simulations continue to be done as part of staff cyber awareness. Governance frameworks on AI are being finalised.

Emerging Risks & Trends

The Group is closely monitoring the following emerging risks:

- Policy changes regarding the multicurrency regime;
- The impacts on the economy and affected customers of the withdrawal of foreign aid and funding by the US, with other jurisdictions following suit, e.g. the EU; and
- A possible review of the country's AML risk status during the Mutual Evaluation in 2026.

21 CONTINGENT LIABILITIES

Commission of inquiry

The Government of Zimbabwe set up the Commission of Inquiry in 2015 led by Justice Smith, to investigate the causes and extent of loss of value suffered by Insurance and pension schemes during the period 1 January 2000 to 28 February 2009. Following this report several actions were taken by the Insurance and Pensions Commission (IPEC) to strengthen the regulatory environment.

IPEC issued Statutory Instrument (SI) 162 of 2023 'Pensions and Provident Funds (Compensation for Loss of Pre-2009 Value of Pension Benefits) Regulations, 2023' on 1 October 2023 as a follow up step, with the statutory instrument aimed at determining and providing compensation for loss of value of pre-2009 pensions benefits. SI 162 is in respect of Pension Funds only with the SI for Insurance Funds still pending. The statutory instrument provided guidelines to be followed in coming up with individual compensation schemes and prescribed certain parameters.

Old Mutual Life Assurance Company (OMLAC) made its submissions to IPEC, prepared in line with the stipulated guidelines, on 29 December 2023. IPEC issued a public notice on 15 March 2024 which stated that none of the assessed compensation schemes were approved and IPEC was to actively engage each pension fund to enforce compliance within the confines of the law. IPEC requested for additional information in May 2024 and submissions were made by the business. The matter is still under discussion between IPEC and industry players so is yet to be finalised. This therefore remains as a contingent liability.



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