

A woman with dark hair, wearing a bright yellow jacket, a yellow scarf, a blue sweater, and purple pants, is looking upwards with a joyful expression. She is standing in front of a weathered wooden wall. The background is slightly blurred, emphasizing the woman.

OLDMUTUAL

**OLD MUTUAL
ZIMBABWE LIMITED**

**Consolidated Interim Abridged Financial Results
For the Six Months Ended 30 June 2021**



DO GREAT THINGS EVERY DAY



K. C. Katsande

Economic Environment

A generalised sense of cautious optimism filled the environment during the six months to 30 June 2021. Upside was primarily premised on base-effect expectations following consecutive GDP contractions and protracted COVID-19 induced downtime. Better than average 2020/21 agricultural output after a good rainy season also supported the overall earnings outlook, with strong numbers coming from maize and tobacco. Treasury now expects the agriculture sector to grow by 34% from an initial projection of 11%. Capturing the upside, the Minister of Finance, the International Monetary Fund (IMF) and the World Bank have revised the country's 2021 GDP growth forecasts upwards.

Consumer inflation closed June 2021 at 106.64%, down from 348.59% at the end of December 2020 and a peak of 837.53% in July 2020. Monetary authorities predict that inflation will end the year between 25% to 35%. Exchange rates also registered noteworthy stability, with the ZWL depreciating 4.26% during the six months to 30 June 2021, compared to 70.76% during the corresponding period last year. This notwithstanding, the widening premium between the official and alternative market exchange rates and settlement bottlenecks on the auction market remain a major concern. Regulatory interventions through the introduction of Statutory Instrument (SI)127 of 2021 Presidential Powers (Temporary Measures) (Financial Laws Amendment) reflect the fragile state of the currency market. The SI (127 of 2021) introduced penalties for common violations of exchange control regulations. Overall, monetary policy remains a work in progress under the prevailing multi-currency regime. Government efforts to expand access to vaccines during the first half of the year are to be commended and it is hoped that this will contribute to minimising disruptions caused by the pandemic on economic activity.

Chief Executive Officer's Review



Sam Matsekete

Introduction

At the beginning of the 2021 financial year, we sought to deliver value for our stakeholders by focusing on:

- Defending value and ensuring customers are enabled to exercise more choice and options within our offering.
- Transforming the business to meet the needs and expectations of our customers more effectively.
- Supporting and accessing the pockets of growth available in identified sectors of the economy.
- Ensuring that the business responds to mitigate the risks emanating from the external environment including the impact of COVID-19.

These focus areas continued to guide our efforts during the period.

Efforts to defend value and provide relevant offerings

We sustained our efforts in adapting our value proposition to better meet the needs of our customers and clients. This involves continually assessing the relevance of our products in the current environment with customer engagement as a key focus area. Our aim is to ensure that our customers remain aware and up to date regarding the impact of any macro-economic developments and legislative changes on the products and services they access from any of our business units. Consequently, customers are updated on a regular basis as to the performance of their funds invested with us as well as the full range of alternative products we offer for their benefit.

In the life business the Guaranteed Fund bonus continues to be declared monthly to pass on value to customers on a more frequent basis. We launched the Flexi Term Plan product which will offer more flexibility to customers mitigating the adverse effects of inflation. Across all business units we broadened our offering to give our customers more flexibility in the way that they seek to grow and protect their assets or the way in which they seek to manage risks. In the micro-finance business, the loan tenure for salary-based loans was increased in response to feedback from customers.

Though there has been a notable slow-down in inflation, the current levels remain high and with it, the risk of loss of value. Our investment approach continued to skew towards non-monetary assets to mitigate the impact of high levels of inflation on customer value as well as the capital of the business. Wherever possible and subject to regulatory approvals, we continued to explore ways to access investments that carry foreign assets. We welcome legislative efforts under way to create space for insurance and pension funds to access offshore investments, which would help with diversification.

The business complied with all regulatory capital requirements and sustained capital levels to cover possible stress events while supporting the business' growth aspirations.

We continued to invest in infrastructure and real estate projects alongside other conventional investments. Over the period we concluded a transaction for the purchase of a vacant piece of land along the Zambezi River gorge which is under the tourism sector. We also completed phase 1 of the construction of Palm River Hotel in Victoria Falls, together with our joint venture partner. This development creates additional exposure to tourism assets in the fast-developing Victoria Falls area. An equivalent of USD18.4 million was deployed into private equity and infrastructure related projects in the first half of 2021. A significant part of these

Inflation adjusted profit before tax was ZWL11.2 billion up from ZWL8.9 billion achieved in the same period last year. This in historical terms, translated to a profit before tax of ZWL14.7 billion up from ZWL7.2 billion achieved prior year.

The COVID-19 pandemic, however, poses a threat to the overall aggregate earnings outlook.

The ZSE All Share Index closed the period under review up 134.98%. Activity on the USD denominated Victoria Falls Stock Exchange (VFEX) remained subdued, with only one listed stock on the bourse, over the period to date. Interest rates were depressed relative to inflation, driving a general preference for listed stocks as an inflation hedging strategy. Property performance remains subdued as collections are threatened by earnings disruptions associated with the COVID-19 pandemic.

Maintenance of tight fiscal and monetary policies by authorities as pronounced in the 2021 Mid-Term reviews demonstrate commitment to stabilise key macro-economic variables and ensure policy certainty. Old Mutual supports efforts by authorities aimed at stabilising the macro-economic environment and strengthening the financial services sector. An environment in which savings and investments are encouraged, allows for the harnessing and efficient allocation of resources for investment in the various economic sectors. The restoration and sustaining of confidence in the financial services sector, notably the banking and insurance sub-sectors will only serve to support sustainable growth of the economy into the future.

Financial performance

The Group posted a solid performance during the half year under review despite headwinds caused by COVID-19 and the macro-economic environment. Inflation adjusted profit before tax was ZWL11.2 billion up from ZWL8.9 billion achieved in the same period last year. This in historical terms, translated to a profit before tax of ZWL14.7 billion up from ZWL7.2 billion achieved prior year.

The Group Chief Executive Officer's report provides detailed analysis of the operating and financial results.

investments was skewed towards supporting special interest sectors such as energy or small and medium size enterprises. We continue to seek opportunities where we can collaborate with regulatory authorities with a view to develop prescribed assets (PAs) that preserve value for customers and protect policyholder investments in the current environment.

Transforming the business

Significant effort and investment were applied to an ongoing transformation program which covers the whole Group to position it more competitively for the current times and for the future. We launched the MyOldMutual Digital platform on the 24th of June 2021 allowing customers to insure and invest on the mobile phone as well as performing their banking transactions via USSD and WhatsApp. Current efforts are focusing on driving adoption of as well as further enhancing the breadth of services and functionality that can be accessed on the platform.

In addition to the MyOldMutual platform, we further enhanced remote access to our products and services by customers without having to physically visit a branch by launching the Eazy Credit on mobile, enablement of online USD transactions, zero rating of data costs on mobile and WhatsApp banking access by customers on the Econet network, and configuring USD cash withdrawals on ATMs.

We made progress in replacing legacy systems and automating some of our processes such as maintenance, and customer communication activities relating to pensions which are now robotic processes. These initiatives are being carried out with a view to enhance customer experience, optimise operating efficiencies, and drive innovation. Our innovation hub, Eight2Five, together with its partner launched the 2021 Value Creation Challenge. This is a national initiative aimed at identifying and supporting business ideas that provide innovative and sustainable solutions to socio-economic challenges.

Supporting and accessing growth opportunities

We expanded the options of money transfer agencies available within our branches which now include World Remit, Senditoo, and Mukuru and customers can readily access any of these services during our standard operating hours. We continue to pursue viable partnerships in this space. We finalised agreements with the European Investment Bank (EIB) for a €15 million facility that will be used to extend foreign currency lending to productive sectors of the economy. We continue to provide our customers with international payments services through our correspondent banking relationships.

In line with our strategy to complement our life assurance offering with the inclusion of end to end funeral services, we opened our first funeral parlour in Bulawayo and commenced offering services to customers in that city and the surrounding areas. Our focus is now on expanding our geographical presence and fully resourcing the operation to support our growth ambition. The micro-finance business scaled up on its operations leveraging merchant partnerships to grow its loan book.

Responding to the impact of COVID-19

We are still living with the harsh realities of the COVID-19 pandemic and its effect on business. In response, the business continues to prioritise the safety of customers, staff and the communities it serves. We expanded and enhanced our digital platforms and customers were encouraged to access the Group's services remotely on these digital platforms.

Most of the Group's employees have been enabled to work from home to ensure continuity of service while observing the control measures and guidance from health authorities. Customers that need to physically access branches continue to be served under appropriate measures to promote the safety of customers and staff.

In support of the national response to COVID-19, the business provided healthcare staff at public and private hospitals with protective gear and medical consumables. We are also running a campaign in support of the ongoing national immunisation program.

Financial performance

Performance on the inflation adjusted basis

The Group registered a commendable set of financial results achieving an inflation adjusted profit before tax of ZWL11.2 billion up from ZWL8.9 billion achieved in the same period last year. Inflation adjusted total assets increased by 23% from ZWL114.6 billion as at 31 December 2020 to ZWL141.3 billion as at 30 June 2021 with nominal growth of 51% higher than inflation for the year to 30 June 2021 of 20.69%. The inflation adjusted equity as at 30 June 2021 was ZWL31.3 billion, up from the comparable ZWL20.8 billion in 2020.

In view of the need to strengthen the capital base, and to support planned growth initiatives, no interim dividend is proposed.

Focus on building a stronger business

Notwithstanding the economic challenges and the adverse impact of COVID-19 we remain focused on building a strong business that delivers value to customers, shareholders and the wider economy.

The Group continued to operate within a deliberately chosen responsible business framework that seeks to ensure that it continues to create value for the wider community.

Within its core business, the Group and its business units continued to provide support to key economic sectors through financing and other financial service activities. The initiatives supported through loan facilities and investment disbursements include the energy sector, foreign currency generating and import substitution agricultural activities, mining, and tourism.

Over the period, the Group also continued to support the national response to the COVID-19 pandemic. Over the period under review, this was done through interventions targeted at the frontline staff and health institutions, both in the public and the private sectors.

Outlook

Relative stability over the period under review remains under threat. Downside risks hinge on policy fragility and COVID-19 induced externalities. This notwithstanding, the baseline outlook presents a notable upside, albeit from a low base. Upside is propped further by the impact of proceeds from the IMF Special Drawing Rights (SDR) allocation. From a contraction of 4.1% last year, the World Bank and IMF project growth to close 2021 at 3.9% and 6%, respectively, against Treasury's revised forecast of 7.8%.

Appreciation

On behalf of the Board, I would like to thank our customers for their continued support and trust throughout the first half of 2021. I would also like to thank my fellow directors as well as the directors of all our subsidiaries for their contributions to the effective steering of our business during the period under review.

Performance on the historical cost basis

On a historical cost basis, we recorded profit before tax of ZWL14.7 billion up from ZWL7.2 billion achieved in prior period. Life and general insurance businesses net earned premiums (NEP) witnessed a growth of 517%, achieving NEP of ZWL3.3 billion for the period to 30 June 2021 up from ZWL534.4 million in 2020. This growth was a result of increases in the nominal value of premiums due to the impact of inflation and currency depreciation as well as growth in volumes. Investment returns were ZWL41.7 billion up from ZWL31.2 billion in the prior year driven by significant gains on listed equities and translation of foreign currency denominated investments. Banking interest income increased by 494% to ZWL2.2 billion largely driven by growth in interest earning assets, which were influenced by a combination of translation of loans denominated in foreign currency, local currency inflation and growth in lending activity. Fees and commission income grew by 460% to ZWL2.8 billion driven by growth in volume of transactions in the digital and internet banking space and an increase in nominal values of transactions.

Operating and administration expenses increased by 443% to ZWL2.8 billion from ZWL511.7 million in the comparable prior period. Expenses continue to be driven by inflationary pressures and currency devaluation impacts on foreign denominated expenses. The business has also been spending on new initiatives designed to make the business future fit and on new products and services designed to improve customer experiences and offer market relevant products.

Historical cost total assets increased by 51% to ZWL138.6 billion as at 30 June 2021, up from ZWL92.1 billion as at 31 December 2020. The growth was driven largely by investment gains, revenue generated, and increased lending in both foreign and local currency. Consolidated net equity increased by 95% from ZWL15.2 billion to ZWL29.6 billion driven by growth in profit.

Corporate social responsibility initiatives

The Group continued to support the community through several initiatives. Some of the key initiatives supported so far in 2021 are:

- Donated personal protective equipment to public and private hospitals across the country.
- Rehabilitation of boreholes at multiple health centres across the country.
- Supported renovation of Montagu Clinic which is treating COVID-19 patients.
- Financial literacy training.
- Top Companies Awards in partnership with Financial Gazette.
- Supported the arts industry through the Amazing Voices program as well as through the sponsorship of virtual concert performances by various local artists.

Focus areas for the second half of 2021

We believe that our focus areas for 2021 provide solid building blocks for a strong business that will be able to continue delivering value to customers and shareholders into the future. We will therefore continue executing initiatives that fortify the progress made in the first half of the year in our broad focus areas which I mentioned at the beginning of this half year review. Some of the key initiatives we intend to deliver on include:

- Continuing to strengthen the relevance of our product offerings and distribution channels.
- Expanding the reach of our end to end funeral services offering.
- Building on the momentum and gains achieved in our digital transformation.
- Continuing to diversify our investment portfolio.
- Continuing to explore opportunities to be more efficient and to enhance customer experience across our touch points

Appreciation

On behalf of the entire management team, I would like to thank our customers for their continued support and the trust they continue to repose in Old Mutual. I also thank our regulators for their support and continued productive engagement over many areas of our business. My appreciation also goes to the boards and my colleagues across the Group for their efforts and commitment to steer the business through the current difficult business environment.



Responsibility

The directors are responsible for the preparation and fair presentation of the Group half year financial statements, comprising the statement of financial position as at 30 June 2021; and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended 30 June; and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In addition, the directors are responsible for preparing the directors' report. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The directors have assessed the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

Compliance with legislation

These financial statements, which have been prepared on an inflation adjusted basis, are based on the application of inflation indices on underlying accounting records which were maintained on the historical cost convention (except for fair value measurement where applicable). The statements agree with the underlying books and records and have been prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the relevant regulations made there under, the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Microfinance Act (Chapter 24:29), the Building Societies Act (Chapter 24:02), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Collective Investments Schemes Act (Chapter 24:19), and the Securities Act (Chapter 24:25).

Compliance with IFRSs

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

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognised reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements. The IFRS Conceptual Framework, provides that in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein.

There was a decision by the directors to recognise a receivable under the 'legacy debt/blocked funds' arrangement announced by the Reserve Bank of Zimbabwe (the RBZ) in terms of Exchange Control Directive RU28 of 2019. While the arrangement does not represent a contractual obligation on the part of the RBZ, the directors believe that a constructive obligation exists, based on a legitimate expectation that the cashflows

will be realised by the Group under the arrangement. Since 2019, the RBZ has approved the registration of various debts owing to parties outside Zimbabwe as legacy debts. A key requirement under IFRS, of the need for a contractual obligation to perform on the part of the other party for asset recognition criteria to be met is not present in this instance.

The directors are not aware of other areas of non-compliance with IFRS in the financial statements for the half year ended 30 June 2021. However, the directors would like to draw the attention of users of the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as property valuations and valuation of unlisted investments. In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently considered in the half year financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these. Details of key accounting judgements and sensitivities are provided in Notes 2.2, 10.1, 10.2, 11.6, 13.2, and 18. Notwithstanding the identified area of non-compliance with IFRS, directors are of the view that the accounting treatments as adopted are appropriate to the extent which is practically possible given the peculiarities of the Zimbabwe economic and regulatory environment. Users of the financial statements are, however, encouraged to exercise due caution and judgement.

Capital

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

Directors

Mr	KC	Katsande*	(Chairman)
Mr	S	Matsekete**	(Group Chief Executive Officer)
Mr	IT	Mashinya**	(Group Chief Operating Officer)
Mr	NTT	Mudekunye**	(Group Chief Financial Officer)
Mr	C	Chinaka	
Mr	A	Daka	
Dr	CL	Dhliwayo	
Dr	K	Mandevani	
Mrs	N	Samuriwo	
Ms	C	Ross	

*Mr K C Katsande was appointed the Board Chairman with effect from 28 January 2021.

**Denotes Executive Director.

Reconciliation of IFRS Profit Before Tax to Result from Operations Before Tax

	Inflation Adjusted		Historical Cost	
	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm
Profit before tax	11,150.7	8,938.8	14,679.0	7,206.6
Adjusting entries	(8,444.7)	(4,861.3)	(12,306.6)	(5,332.1)
Shareholder investment returns	(10,172.2)	(6,192.2)	(12,324.3)	(5,340.2)
Monetary loss- non-operating items	1,693.7	1,309.0	-	-
Policyholder tax	33.8	21.9	17.7	8.1
Results from operations	2,706.0	4,077.5	2,372.4	1,874.5

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

Group Statement of Profit or Loss

For the Six Months Ended 30 June 2021

	Notes	Inflation Adjusted		Historical Cost	
		30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm
Revenue					
Gross earned premiums	4	3,925.6	2,252.4	3,693.9	657.8
Outward reinsurance		(423.4)	(489.1)	(396.4)	(123.4)
Net earned premiums		3,502.2	1,763.3	3,297.5	534.4
Investment income (non-banking)	5	29,016.1	29,542.3	41,688.0	31,223.7
Banking interest and similar income	6	2,274.3	1,197.5	2,155.6	362.8
Fee income, commissions, and income from service contracts	7	2,963.2	1,693.2	2,790.6	498.1
Other income		434.5	3,909.3	423.4	1,881.0
Total revenue		38,190.3	38,105.6	50,355.1	34,500.0
Expenses					
Claims and benefits (including change in insurance contract provisions)	8	(19,215.6)	(23,097.7)	(29,398.9)	(24,597.2)
Reinsurance recoveries		135.5	114.5	124.1	32.4
Net claims incurred		(19,080.1)	(22,983.2)	(29,274.8)	(24,564.8)
Change in provision for investment contract liabilities		(785.2)	(1,100.1)	(1,877.6)	(1,804.7)
Fees, commissions, and other acquisition costs		(921.1)	(597.0)	(863.8)	(176.4)
Banking interest expense and similar expenses	6	(121.7)	(301.3)	(111.5)	(86.2)
Impairment charges		(771.9)	(309.2)	(771.9)	(149.6)
Other operating and administration expenses	9	(3,068.5)	(1,892.2)	(2,776.5)	(511.7)
Net monetary adjustment		(2,291.1)	(1,983.8)	-	-
Profit before tax		11,150.7	8,938.8	14,679.0	7,206.6
Income tax expense		(386.5)	(31.8)	(364.2)	(6.5)
Profit for the period		10,764.2	8,907.0	14,314.8	7,200.1
Attributable to non-controlling interests		101.1	99.8	193.7	170.0
Attributable to owners of parent company		10,663.1	8,807.2	14,121.1	7,030.1
		10,764.2	8,907.0	14,314.8	7,200.1

Group Statement of Comprehensive Income

For the Six Months Ended 30 June 2021

	Inflation Adjusted		Historical Cost	
	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm
Profit for the period	10,764.2	8,907.0	14,314.8	7,200.1
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Property revaluation	(344.9)	1,142.5	405.3	1,739.7
Shadow accounting	15.6	(410.1)	(260.3)	(624.6)
Total comprehensive income for the period	10,434.9	9,639.4	14,459.8	8,315.2
Total comprehensive income attributable to:				
Owners of parent company	10,333.8	9,539.6	14,266.1	8,145.2
Non-controlling interests	101.1	99.8	193.7	170.0
	10,434.9	9,639.4	14,459.8	8,315.2

Group Statement of Financial Position

As at 30 June 2021

Notes	Inflation Adjusted		Historical Cost	
	30-Jun-21 Group ZWLm	31-Dec-20 Group ZWLm	30-Jun-21 Group ZWLm	31-Dec-20 Group ZWLm
Assets				
Investment property	10	26,426.0	27,566.6	26,426.0
Property and equipment		6,629.0	6,355.7	4,813.7
Intangible assets		636.1	654.6	193.4
Deferred acquisition costs		43.9	30.5	40.1
Reinsurer contracts		302.3	262.0	281.2
Investments and securities	11	76,525.5	47,532.2	76,525.5
Deferred tax assets		21.5	1.8	9.9
Current tax receivable		24.5	73.0	24.5
Loans and advances	12	16,215.4	8,555.6	16,215.4
Other assets	13	11,494.8	14,644.4	11,043.0
Cash and cash equivalents		2,983.7	8,914.5	2,983.7
Total assets		141,302.7	114,590.9	138,556.4
Liabilities				
Insurance contract liabilities	14	75,372.7	57,374.7	75,325.7
Investment contract liabilities	15	5,195.5	3,952.5	5,195.5
Provisions		561.3	559.1	561.3
Deferred tax liabilities		703.9	622.5	579.4
Current tax payables		78.8	2.8	78.8
Amounts due to group companies	16	7,987.7	8,807.3	7,987.7
Amounts owed to bank depositors	17	14,087.7	15,734.4	14,087.7
Credit lines		3,814.0	3,806.4	3,814.0
Other liabilities		2,225.2	2,890.2	1,279.4
Total liabilities		110,026.8	93,749.9	108,909.5
Net assets		31,275.9	20,841.0	29,646.9
Shareholders' equity				
Share capital and premium		-	-	-
Non-distributable reserve		-	-	54.9
Revaluation reserve		1,528.6	1,857.9	2,503.3
Share based payment reserve		1,475.7	1,475.7	71.7
Retained earnings		27,772.6	17,109.5	26,480.6
Equity holders of the parent		30,776.9	20,443.1	29,110.5
Non-controlling interests		499.0	397.9	536.4
Total equity		31,275.9	20,841.0	29,646.9

Group Statement of Cash Flows

For the Six Months Ended 30 June 2021

	Inflation Adjusted		Historical Cost	
	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm	30-Jun-21 Group ZWLm	30-Jun-20 Group ZWLm
Net cash from operating activities	(4,970.0)	4,279.3	(3,829.6)	5,116.7
Net cash used in investing activities	(1,157.5)	(5,949.0)	(732.4)	(3,104.3)
Net (decrease)/ increase in cash and cash equivalents	(6,127.5)	(1,669.7)	(4,562.0)	2,012.4
Net foreign exchange differences on cash and cash equivalents	196.7	577.5	159.3	226.2
Cash and cash equivalents at the beginning of the period	8,914.5	9,260.6	7,386.4	1,707.5
Cash and cash equivalents at the end of the period	2,983.7	8,168.4	2,983.7	3,946.1



Group Statement of Changes In Equity

For the Six Months Ended 30 June 2021

Inflation Adjusted 2021	Share capital & premium ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Currency Conversion ZWLm	Retained earnings ZWLm	Equity holders of the parent total ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
Shareholders' equity at beginning of period	-	1,857.9	1,475.7	-	-	17,109.5	20,443.1	397.9	20,841.0
Profit for the financial period	-	-	-	-	-	10,663.1	10,663.1	101.1	10,764.2
Shadow accounting	-	15.6	-	-	-	-	15.6	-	15.6
Revaluation of property	-	(344.9)	-	-	-	-	(344.9)	-	(344.9)
Total Comprehensive income for the period	-	(329.3)	-	-	-	10,663.1	10,333.8	101.1	10,434.9
Shareholders' equity at end of the period	-	1,528.6	1,475.7	-	-	27,772.6	30,776.9	499.0	31,275.9
2020									
Shareholders' equity at beginning of period	-	1,570.0	1,353.3	30.8	(277.1)	9,675.4	12,352.4	262.0	12,614.4
Transfer between reserves - regulatory impairment allowance	-	-	-	(30.8)	-	30.8	-	-	-
Profit for the financial period	-	-	-	-	-	8,807.2	8,807.2	99.8	8,907.0
Shadow accounting	-	(410.1)	-	-	-	-	(410.1)	-	(410.1)
Revaluation of property	-	1,142.5	-	-	-	-	1,142.5	-	1,142.5
Total Comprehensive income for the period	-	732.4	-	(30.8)	-	8,838.0	9,539.6	99.8	9,639.4
Movement in share based payment reserve	-	-	8.7	-	-	-	8.7	-	8.7
Change of interest in subsidiary	-	-	-	-	-	(1.3)	(1.3)	(1.7)	(3.0)
Transactions with shareholders	-	-	8.7	-	-	(1.3)	7.4	(1.7)	5.7
Shareholders' equity at the end of the period	-	2,302.4	1,362.0	-	(277.1)	18,512.1	21,899.4	360.1	22,259.5

Historical Cost 2021	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity holders of the parent total ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
Shareholders' equity at beginning of period	-	54.9	2,358.3	71.7	-	-	12,359.5	14,844.4	342.7	15,187.1
Profit for the financial period	-	-	-	-	-	-	14,121.1	14,121.1	193.7	14,314.8
Shadow accounting	-	-	(260.3)	-	-	-	-	(260.3)	-	(260.3)
Revaluation of property	-	-	405.3	-	-	-	-	405.3	-	405.3
Total Comprehensive income for the period	-	-	145.0	-	-	-	14,121.1	14,266.1	193.7	14,459.8
Shareholders' equity at end of the period	-	54.9	2,503.3	71.7	-	-	26,480.6	29,110.5	536.4	29,646.9
2020										
Shareholders' equity at beginning of period	-	54.9	453.1	62.1	5.7	(13.3)	1,511.3	2,073.8	62.4	2,136.2
Transfer between reserves - regulatory impairment allowance	-	-	-	-	(5.7)	-	5.7	-	-	-
Profit for the financial period	-	-	-	-	-	-	7,030.1	7,030.1	170.0	7,200.1
Shadow accounting	-	-	(624.6)	-	-	-	-	(624.6)	-	(624.6)
Revaluation of property	-	-	1,739.7	-	-	-	-	1,739.7	-	1,739.7
Total Comprehensive income for the period	-	-	1,115.1	-	(5.7)	-	7,035.8	8,145.2	170.0	8,315.2
Movement in share based payment reserve	-	-	-	4.2	-	-	-	4.2	-	4.2
Change of interest in subsidiary	-	-	-	-	-	-	(0.3)	(0.3)	(1.0)	(1.3)
Transactions with shareholders	-	-	-	4.2	-	-	(0.3)	3.9	(1.0)	2.9
Shareholders' equity at the end of the period	-	54.9	1,568.2	66.3	-	(13.3)	8,546.8	10,222.9	231.4	10,454.3

Notes to the Financial Statements

For the Six Months Ended 30 June 2021

1. General Information

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

- Central Africa Building Society (CABS) - mortgage lending and banking;
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services;
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Securities (Private) Limited (OMSEC) - licensed securities dealing firm;
- Old Mutual Finance (Private) Limited (OMFIN) - credit only micro-finance company; 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, listed on the Johannesburg and Namibia Stock Exchanges.

2. Accounting Policies

2.1 Basis of preparation

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

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

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement of the historical cost numbers is based on the conversion factors derived from the consumer price index (CPI) issued by the Zimbabwe Central Statistical Office (C.S.O). We believe the CPI best represents average price movements in the economy during the reporting period and have thus applied it in preparation of these financial statements. The indices and conversion factors used to restate the accompanying financial statements as at 30 June 2021 are given below.

Dates	Indices	Conversion Factors
30/06/2021	2,986.45	1.0000
31/12/2020	2,474.51	1.2069
30/06/2020	1,445.21	2.0664

2.2 Critical accounting estimates and judgements

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

Critical accounting estimates are those which involve the most complex or subjective judgement or assessments. The areas of the Group's business that typically require such estimates are life insurance contract provisions, determination of the fair value for financial assets and liabilities, investment properties and provisions. For the half year ended 30 June 2021, the determination of functional currency has been a key judgement area.

2.2.1 Functional currency

The financial statements are prepared in compliance with measurement and recognition principles of International Financial Reporting Standards (IFRSs). IFRSs 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).

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 (SI 33) of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and prescribed the way certain balances in the financial statements should have been treated because of the recognition of the RTGS Dollar as currency in Zimbabwe. It is the Group's view that the prescribed parity in value between local currency and the USD did not accurately reflect underlying market economic conditions for 2018.

For the 2019 financial year, SI 33 also applied up to 22 February 2019. The exchange differences that arose on translating foreign currency denominated assets and liabilities on the date of change in the Group's functional currency were accounted for through the Currency conversion reserve. In February 2019, the interbank market was introduced, for trading of currencies, for which the starting exchange rate was ZWL2.5 to USD1. Exchange rate closed the year, at 31 December 2019, at ZWL16.774 to USD1.

In March 2020, responding to financial vulnerabilities caused by COVID-19, the RBZ suspended the managed floating exchange rate system and adopted a fixed exchange rate system at the rate of ZWL25 to USD1.

Statutory Instrument 142 of 2019 (SI142) was promulgated in June 2019 which effectively established the ZWL as the sole currency, restricting the use of the USD for domestic transactions. The RBZ then introduced a weekly Reuters based foreign exchange auction, with the first auction held on 23 June 2020, thereby replacing the interbank system. The trades are conducted weekly with the rate from the last auction being the official rate for the week. The auction determined rate has become the official exchange rate used in converting foreign denominated transactions and balances in these financial statements. The closing exchange rate as at 30 June 2021 was ZWL85.42340. The Group has been able to access funds from the auction to make foreign payments since inception.

The Zimbabwean government gazetted Statutory Instrument (SI) 185 of 2020 on July 24, 2020. The regulation compelled sellers of various goods and services to display, quote, and offer prices in both the Zimbabwean dollar and foreign currency at the ruling exchange rate (that is, the last established auction rate). Therefore, in accordance with International Accounting Standard 21 (IAS 21) 'The effects of changes in foreign exchange rates', entities need to assess what their functional currency is. The Group's assessment was that based on weighing the volume of the local currency business against the foreign currency business, the Group's functional currency was ZWL during the half year ended 30 June 2021.

2.2.2 Foreign denominated Legacy debts/Blocked funds

In June 2019, the RBZ directed/invited all parties with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. The Group made applications relating to amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to promulgation of SI 33 of February 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group. CABS got approval for USD27.7 million owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services. OMZIL also got approval for USD83.8 million in respect of unremitted dividends (USD32.1 million), obligations under the 2012 indigenisation transaction (USD50 million), and management fees (USD1.7 million). OMLAC got approval for USD0.5 million relating to unpaid service fees. Upon transferring local funds for the registration of legacy debts/blocked funds a legitimate expectation to receive cashflows under the arrangement was created and a financial instrument was recognised on the Group's statement of financial position, reflecting the value of expected cashflows.

This financial instrument has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the financial instrument reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement. The RBZ has stated its intention to honour its commitment and has to date provided liquidity to support obligations that CABS has settled to the tune of USD11.3 million. The arrangements for the settlement of the OMZIL obligation are still under discussion with the RBZ.

2.3 Insurance and investment contracts

2.3.1 Classification of contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder or other beneficiary of a specified uncertain future event (the insured event) which adversely affects the policyholder, are classified as insurance contracts. Insurance risk is risk which is distinct from financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided that in the case of a non-financial variable that the variable is not specific to a party to the contract.

Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. If significant additional benefits would be payable in scenarios that have commercial substance, then significant insurance risk exists even if the insured event is extremely unlikely or even if the expected present value of contingent cash flows is a small proportion of the expected present value of all remaining contractual cash flows.

A contract that is classified as an insurance contract remains an insurance contract, until all rights and obligations are extinguished or expire. Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts. Contracts with a discretionary participating feature are those under which the policyholder holds a contractual right to receive additional payments as a supplement to guaranteed minimum payments. These additional payments, the amount or timing of which is at the Group's discretion, represent a significant portion of the total contractual payments and are contractually based on:

- the performance of a specified pool of contracts or a specified type of contract, and
- realised and/or unrealised investment returns on a specified pool of assets held by the Group.

Contracts with a discretionary participating feature may be classified either as insurance contracts or investment contracts. In the case of the Group all contracts with a discretionary participating feature are accounted for in the same manner as insurance contracts.

2.3.2 Insurance contract liabilities and investment contracts with a discretionary participating feature

Insurance contract provisions are measured using the Financial Soundness Valuation (FSV) method as set out in the guidelines issued by the Actuarial Society of South Africa (ASSA) in Standard of Actuarial Practice (SAP) 104 (version 8). Under this guideline, provisions are valued using realistic expectations of future experience, with prescribed margins for prudence and deferral of profit emergence.

Provisions for investment contracts with a discretionary participating feature are also computed using FSV method. Surplus allocated to policyholders but not yet distributed (i.e. bonus smoothing reserve) related to these contracts is included as a carrying value of liabilities.

Investment options and guaranteed payments are computed on the prospective deposit method, which produces reserves equal to the present value of future benefit payments.

Derivatives embedded in an insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as an insurance contract. The entire contract is measured as described above.

The Group performs liability adequacy testing on its insurance liabilities (including investment contract liabilities with discretionary participating features) to ensure that the carrying amount of its liabilities is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made.



Notes to the Financial Statements

For the Six Months Ended 30 June 2021 (cont'd)

The provision estimation techniques and assumptions are periodically reviewed, with any changes in estimates being reflected in profit or loss as they occur.

Whilst the directors consider that the gross insurance contract provisions and the related reinsurance recovery are fairly recognised on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustments to the amount provided. The Group applies shadow accounting in relation to certain insurance contract provisions, which are supported by owner occupied properties, on which unrealised gains and losses are recognised within other comprehensive income.

2.3.3 Investment contract liabilities

Liabilities for investment contracts without a discretionary participating feature are classified as financial liabilities at fair value through profit or loss and are measured at fair value. For unit linked and market linked contracts, this is calculated as the account balance, which is the value of the units allocated to the policyholder, based on the bid price value of the assets in the underlying fund (adjusted for tax). For other linked contracts, the fair value of the liability is determined by reference to the fair value of the underlying assets, and is in accordance with the FSV method, except that negative dollar reserves arising from the capitalisation of future margins are not permitted. The fair value of the liability is subject to the "deposit floor" such that the liability established cannot be less than the amount repayable on demand.

2.4 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 quarterly. 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 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 direct income capitalisation method was applied on all income generating 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.

2.5 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

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

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

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

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

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

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

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

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

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

Initial recognition of financial liabilities

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

Subsequent measurement of financial assets

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

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

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

Derecognition of financial assets

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

Derecognition of financial liabilities

The Group derecognises a financial liability when the contractual obligations are discharged, or 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 - Inflation adjusted

A1 Statement of profit or loss - segment information for the six months ended 30 June 2021

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	2,948.2	1,200.1	-	-	-	(222.7)	3,925.6
Outward reinsurance	(43.7)	(379.7)	-	-	-	-	(423.4)
Net earned premiums	2,904.5	820.4	-	-	-	(222.7)	3,502.2
Investment income (non-banking)	26,852.4	385.8	-	144.0	1,919.8	(285.9)	29,016.1
Banking interest and similar income	-	-	2,276.5	-	-	(2.2)	2,274.3
Fee income, commissions, and income from service contracts	135.9	-	2,675.7	444.1	207.7	(500.2)	2,963.2
Other income	64.2	27.0	300.0	4.4	466.9	(428.0)	434.5
Total revenue	29,957.0	1,233.2	5,252.2	592.5	2,594.4	(1,439.0)	38,190.3
Expenses							
Claims and benefits (including change in insurance contract provisions)	(18,775.1)	(493.0)	-	-	-	52.5	(19,215.6)
Reinsurance recoveries	38.5	97.0	-	-	-	-	135.5
Net claims incurred	(18,736.6)	(396.0)	-	-	-	52.5	(19,080.1)
Change in provision for investment contract liabilities	(785.2)	-	-	-	-	-	(785.2)
Fees, commissions, and other acquisition costs	(278.1)	(92.1)	(847.4)	(2.1)	(12.9)	311.5	(921.1)
Banking interest payable and similar expenses	-	-	(170.9)	-	-	49.2	(121.7)
Impairment charges	-	-	(771.9)	-	-	-	(771.9)
Other operating and administration expenses	(892.0)	(389.2)	(1,638.2)	(336.6)	(423.4)	610.9	(3,068.5)
Net monetary adjustments	(2,682.2)	(128.1)	(714.2)	(56.7)	(1,460.0)	2,750.1	(2,291.1)
Profit before tax	6,582.9	227.8	1,109.6	197.1	698.1	2,335.2	11,150.7
Income tax expense/(credit)	(90.9)	(60.4)	(6.8)	(49.4)	(179.0)	-	(386.5)
Profit for the period	6,492.0	167.4	1,102.8	147.7	519.1	2,335.2	10,764.2

A2 Statement of profit or loss - segment information for the six months ended 30 June 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	1,630.4	873.9	-	-	-	(251.9)	2,252.4
Outward reinsurance	(30.8)	(458.3)	-	-	-	-	(489.1)
Net earned premiums	1,599.6	415.6	-	-	-	(251.9)	1,763.3
Investment income (non-banking)	26,846.4	599.5	-	270.5	2,788.9	(963.0)	29,542.3
Banking interest and similar income	-	-	1,199.6	-	-	(2.1)	1,197.5
Fee income, commissions, and income from service contracts	65.1	-	1,169.6	331.0	147.1	(19.6)	1,693.2
Other income	1,404.8	339.5	2,259.9	75.8	14.4	(185.1)	3,909.3
Total revenue	29,915.9	1,354.6	4,629.1	677.3	2,950.4	(1,421.7)	38,105.6
Expenses							
Claims and benefits (including change in insurance contract provisions)	(22,734.6)	(368.7)	-	-	-	5.6	(23,097.7)
Reinsurance recoveries	0.8	113.7	-	-	-	-	114.5
Net claims incurred	(22,733.8)	(255.0)	-	-	-	5.6	(22,983.2)
Change in provision for investment contract liabilities	(1,100.1)	-	-	-	-	-	(1,100.1)
Fees, commission, and other acquisition costs	(122.5)	(27.7)	(538.5)	(5.2)	(11.8)	108.7	(597.0)
Banking interest payable and similar expenses	-	-	(316.4)	-	-	15.1	(301.3)
Impairment charges	-	-	(309.2)	-	-	-	(309.2)
Other operating and administration expenses	(390.1)	(188.9)	(1,024.1)	(280.6)	(245.1)	236.6	(1,892.2)
Net monetary adjustment	(1,036.1)	(628.4)	(1,208.8)	(60.8)	(1,228.3)	2,178.6	(1,983.8)
Profit before tax	4,533.3	254.6	1,232.1	330.7	1,465.2	1,122.9	8,938.8
Income tax expense/(credit)	219.6	(55.2)	(18.6)	(65.7)	(111.9)	-	(31.8)
Profit for the period	4,752.9	199.4	1,213.5	265.0	1,353.3	1,122.9	8,907.0

3. Segment information - Historical Cost

B1 Statement of profit or loss - segment information for the six months ended 30 June 2021

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	2,778.0	1,125.0	-	-	-	(209.1)	3,693.9
Outward reinsurance	(20.9)	(375.5)	-	-	-	-	(396.4)
Net earned premiums	2,757.1	749.5	-	-	-	(209.1)	3,297.5
Investment income (non-banking)	38,879.6	537.3	-	146.9	2,395.0	(270.8)	41,688.0
Banking interest and similar income	-	-	2,157.7	-	-	(2.1)	2,155.6
Fee income, commissions, and income from service contracts	119.9	-	2,539.6	433.4	171.2	(473.5)	2,790.6
Other income	79.6	33.7	303.2	10.5	401.8	(405.4)	423.4
Total revenue	41,856.2	1,320.5	5,000.5	590.8	2,968.0	(1,360.9)	50,355.1
Expenses							
Claims and benefits (including change in insurance contract provisions)	(29,000.8)	(449.2)	-	-	-	51.1	(29,398.9)
Reinsurance recoveries	36.0	88.1	-	-	-	-	124.1
Net claims incurred	(28,964.8)	(361.1)	-	-	-	51.1	(29,274.8)
Change in provision for investment contract liabilities	(1,877.6)	-	-	-	-	-	(1,877.6)
Fees, commissions, and other acquisition costs	(270.6)	(89.2)	(776.7)	(2.9)	(10.9)	286.5	(863.8)
Banking interest payable and similar expenses	-	-	(155.6)	-	-	44.1	(111.5)
Impairment charges	-	-	(771.9)	-	-	-	(771.9)
Other operating and administration expenses	(703.9)	(349.7)	(1,567.0)	(313.8)	(259.6)	417.5	(2,776.5)
Profit before tax	10,019.3	520.5	1,729.3	274.1	2,697.5	(561.7)	14,679.0
Income tax expense/(credit)	(88.3)	(45.5)	(6.5)	(51.3)	(172.6)	-	(364.2)
Profit for the period	9,931.0	475.0	1,722.8	222.8	2,524.9	(561.7)	14,314.8

B2 Statement of profit or loss - segment information for the six months ended 30 June 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	472.1	263.2	-	-	-	(77.5)	657.8
Outward reinsurance	(8.5)	(114.9)	-	-	-	-	(123.4)
Net earned premiums	463.6	148.3	-	-	-	(77.5)	534.4
Investment income (non-banking)	29,979.6	274.7	-	116.1	1,297.2	(443.9)	31,223.7
Banking interest and similar income	-	-	363.4	-	-	(0.6)	362.8
Fee income, commissions, and income from service contracts	22.5	-	456.5	90.9	37.4	(109.2)	498.1
Other income	660.7	126.0	1,085.5	21.6	5.3	(18.1)	1,881.0
Total revenue	31,126.4	549.0	1,905.4	228.6	1,339.9	(649.3)	34,500.0
Expenses							
Claims and benefits (including change in insurance contract provisions)	(24,493.1)	(105.6)	-	-	-	1.5	(24,597.2)
Reinsurance recoveries	0.3	32.1	-	-	-	-	32.4
Net claims incurred	(24,492.8)	(73.5)	-	-	-	1.5	(24,564.8)
Change in provision for investment contract liabilities	(1,804.7)	-	-	-	-	-	(1,804.7)
Fees, commissions, and other acquisition costs	(55.7)	(8.6)	(163.4)	(1.6)	(3.6)	56.5	(176.4)
Banking interest payable and similar expenses	-	-	(90.4)	-	-	4.2	(86.2)
Credit losses and impairment charges	-	-	(149.6)	-	-	-	(149.6)
Other operating and administration expenses	(139.8)	(59.9)	(293.5)	(72.8)	(62.3)	116.6	(511.7)
Profit before tax	4,633.4	407.0	1,208.5	154.2	1,274.0	(470.5)	7,206.6
Income tax expense/(credit)	79.6	1.0	(28.0)	(13.9)	(30.7)	(14.5)	(6.5)
Profit for the period	4,713.0	408.0	1,180.5	140.3	1,243.3	(485.0)	7,200.1



Notes to the Financial Statements

For the Six Months Ended 30 June 2021 (cont'd)

3. Segment information - Inflation Adjusted

C1 Statement of financial position - segment information as at 30 June 2021

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	25,067.5	34.6	1,298.3	-	25.6	-	26,426.0
Property and equipment	1,872.6	234.0	4,410.1	142.1	197.2	(227.0)	6,629.0
Intangible assets	-	-	631.9	2.2	2.0	-	636.1
Deferred acquisition costs	-	43.9	-	-	-	-	43.9
Reinsurer contracts	-	302.3	-	-	-	-	302.3
Investments and securities	69,413.3	1,353.8	2,212.5	283.6	8,314.1	(5,051.8)	76,525.5
Deferred tax assets	-	-	2.2	8.4	10.9	-	21.5
Current tax receivable	24.5	-	-	-	-	-	24.5
Loans and advances	-	-	16,215.4	-	-	-	16,215.4
Other assets	1,039.4	145.2	2,677.0	208.9	7,428.3	(4.0)	11,494.8
Cash and cash equivalents	993.2	474.1	4,620.2	88.9	102.6	(3,295.3)	2,983.7
Total assets	98,410.5	2,587.9	32,067.6	734.1	16,080.7	(8,578.1)	141,302.7
Liabilities							
Insurance contract liabilities	74,531.8	840.9	-	-	-	-	75,372.7
Investment contract liabilities	5,195.5	-	-	-	-	-	5,195.5
Provisions	135.6	-	403.1	10.5	12.1	-	561.3
Deferred tax liabilities	288.6	73.0	201.3	-	141.0	-	703.9
Current tax payables	-	34.7	-	21.0	23.1	-	78.8
Amounts due to group companies	179.7	14.7	76.9	1.3	7,715.1	-	7,987.7
Amounts owed to bank depositors	-	-	18,053.2	-	-	(3,965.5)	14,087.7
Credit lines	-	-	3,814.0	-	-	-	3,814.0
Other liabilities	222.0	192.0	1,678.2	165.9	106.3	(139.2)	2,225.2
Total liabilities	80,553.2	1,153.3	24,226.7	198.7	7,997.6	(4,104.7)	110,026.8
Net assets	17,857.3	1,432.6	7,840.9	535.4	8,083.1	(4,473.4)	31,275.9
Shareholders' equity							
Share capital and premium	1,439.3	0.5	1,948.9	437.0	-	(3,825.7)	-
Revaluation reserve	-	-	1,528.6	-	-	-	1,528.6
Share option reserve	181.5	63.1	277.7	70.1	953.4	(70.1)	1,475.7
Retained earnings	16,236.5	1,369.0	4,085.7	28.3	7,129.7	(1,076.6)	27,772.6
Equity holders of the parent	17,857.3	1,432.6	7,840.9	535.4	8,083.1	(4,972.4)	30,776.9
Non-controlling interests	-	-	-	-	-	499.0	499.0
Total equity	17,857.3	1,432.6	7,840.9	535.4	8,083.1	(4,473.4)	31,275.9

C2 Statement of financial position - segment information as at 31 December 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	25,943.1	42.5	1,551.4	-	29.6	-	27,566.6
Property and equipment	1,848.7	108.0	4,092.7	109.6	313.2	(116.5)	6,357.7
Intangible assets	-	-	645.2	7.4	2.0	-	654.6
Deferred acquisition costs	-	30.5	-	-	-	-	30.5
Reinsurer contracts	-	262.0	-	-	-	-	262.0
Investments and securities	40,350.2	872.5	4,161.1	192.6	6,879.5	(4,923.7)	47,532.2
Deferred tax assets	-	-	-	1.8	-	-	1.8
Current tax receivable	48.3	22.6	-	2.1	-	-	73.0
Loans and advances	-	-	8,568.1	-	-	(12.5)	8,555.6
Other assets	741.8	500.1	5,061.9	159.7	8,180.9	-	14,644.4
Cash and cash equivalents	1,990.2	325.0	6,627.1	20.6	168.6	(217.0)	8,914.5
Total assets	70,922.3	2,163.2	30,707.5	493.8	15,573.8	(5,269.7)	114,590.9
Liabilities							
Insurance contract liabilities	56,753.3	621.4	-	-	-	-	57,374.7
Investment contract liabilities	3,952.5	-	-	-	-	-	3,952.5
Provisions	123.6	40.7	279.5	56.2	59.1	-	559.1
Deferred tax liabilities	263.3	37.1	239.3	3.1	103.8	(24.1)	622.5
Current tax payables	-	-	0.8	-	2.0	-	2.8
Amounts due to group companies	322.5	4.5	14.6	(1.2)	8,466.9	-	8,807.3
Amounts owed to bank depositors	-	-	16,016.2	-	-	(281.8)	15,734.4
Credit lines	-	-	3,835.6	-	-	(29.2)	3,806.4
Other liabilities	191.7	438.3	1,984.6	112.0	1,032.4	(868.8)	2,890.2
Total liabilities	61,606.9	1,142.0	22,370.6	170.1	9,664.2	(1,203.9)	93,749.9
Net assets	9,315.4	1,021.2	8,336.9	323.7	5,909.6	(4,065.8)	20,841.0
Shareholders' equity							
Share capital and premium	1,439.3	0.5	1,914.2	428.0	-	(3,782.0)	-
Revaluation reserve	-	-	1,857.9	-	-	-	1,857.9
Share option reserve	181.6	63.1	277.7	70.1	953.4	(70.2)	1,475.7
Retained earnings	7,694.5	957.6	4,287.1	(174.4)	4,956.2	(611.5)	17,109.5
Equity holders of the parent	9,315.4	1,021.2	8,336.9	323.7	5,909.6	(4,463.7)	20,443.1
Non-controlling interests	-	-	-	-	-	397.9	397.9
Total equity	9,315.4	1,021.2	8,336.9	323.7	5,909.6	(4,065.8)	20,841.0

3. Segment information - Historical cost

D1 Statement of financial position - segment information as at 30 June 2021

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	25,067.5	34.6	1,298.3	-	25.6	-	26,426.0
Property and equipment	1,597.1	35.8	3,108.5	46.7	80.3	(54.7)	4,813.7
Intangible assets	-	-	192.9	0.2	0.3	-	193.4
Deferred acquisition costs	-	40.1	-	-	-	-	40.1
Reinsurer contracts	-	281.2	-	-	-	-	281.2
Investments and securities	69,413.3	1,353.8	2,212.5	283.6	4,884.8	(1,622.5)	76,525.5
Deferred tax assets	-	-	1.8	7.9	0.2	-	9.9
Current tax receivable	24.5	-	-	-	-	-	24.5
Loans and advances	-	-	16,215.4	-	-	-	16,215.4
Other assets	1,039.4	145.2	2,225.2	208.9	7,428.3	(4.0)	11,040.0
Cash and cash equivalents	993.2	474.1	4,620.2	88.9	102.6	(3,295.3)	2,983.7
Total assets	98,135.0	2,364.8	29,874.8	636.2	12,522.1	(4,976.5)	138,556.4
Liabilities							
Insurance contract liabilities	74,531.8	793.9	-	-	-	-	75,325.7
Investment contract liabilities	5,195.5	-	-	-	-	-	5,195.5
Provisions	135.6	-	403.1	10.5	12.1	-	561.3
Deferred tax liabilities	288.8	28.6	201.2	-	60.8	-	579.4
Current tax payables	-	34.7	-	21.0	23.1	-	78.8
Amounts due to group companies	179.7	14.7	76.9	1.3	7,715.1	-	7,987.7
Amounts owed to bank depositors	-	-	18,053.2	-	-	(3,965.5)	14,087.7
Credit lines	-	-	3,814.0	-	-	-	3,814.0
Other liabilities	222.0	192.0	1,678.2	165.0	106.3	(139.2)	2,225.2
Total liabilities	80,553.4	1,063.9	23,281.7	197.8	7,917.4	(4,104.7)	108,909.5
Net assets	17,581.6	1,300.9	6,593.1	438.4	4,604.7	(871.8)	29,646.9
Shareholders' equity							
Share capital and premium	30.1	-	67.5	62.8	-	(160.4)	-
Non-distributable reserve	29.8	2.1	1.5	0.4	21.4	(0.3)	54.9
Revaluation reserve	-	-	2,503.3	-	-	-	2,503.3
Share option reserve	3.8	1.3	5.8	1.6	62.6	(3.4)	71.7
Retained earnings	17,517.9	1,297.5	4,015.0	373.6	4,520.7	(1,244.1)	26,480.6
Equity holders of the parent	17,581.6	1,300.9	6,593.1	438.4	4,604.7	(1,408.2)	29,110.5
Non-controlling interests	-	-	-	-	-	536.4	536.4
Total equity	17,581.6	1,300.9	6,593.1	438.4	4,604.7	(871.8)	29,646.9

D2 Statement of financial position - segment information as at 31 December 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	21,496.0	35.2	1,285.6	-	24.4	-	22,841.2
Property and equipment	1,464.3	32.2	2,708.1	42.3	53.0	(64.3)	4,235.6
Intangible assets	-	-	92.8	0.4	0.3	-	93.5
Deferred acquisition costs	-	17.2	-	-	-	-	17.2
Reinsurer contracts	-	171.8	-	-	-	-	171.8
Investments and securities	33,433.5	722.9	3,447.8	159.6	2,999.9	(1,379.4)	39,384.3
Deferred tax assets	-	-	1.7	5.3	-	-	7.0
Current tax receivable	40.1	18.7	-	1.7	-	-	60.5
Loans and advances	-	-	7,099.4	-	-	(10.4)	7,089.0
Other assets	614.6	391.4	2,890.2	117.2	6,756.3	-	10,769.7
Cash and cash equivalents	1,649.0	269.3	5,491.1	17.1	139.7	(179.8)	7,386.4
Total assets	58,697.5	1,658.7	23,016.7	343.6	9,973.6	(1,633.9)	92,056.2
Liabilities							
Insurance contract liabilities	47,024.7	406.3	-	-	-	-	47,431.0
Investment contract liabilities	3,275.0	-	-	-	-	-	3,275.0
Provisions	102.4	33.7	231.6	46.7	48.9	-	463.3
Deferred tax liabilities	218.2	13.5	191.6	-	21.1	(7.1)	437.3
Current tax payables	-	-	0.7	-	1.6	-	2.3
Amounts due to group companies	267.3	3.8	11.9	(1.0)	7,015.6	-	7,297.6
Amounts owed to bank depositors	-	-	13,270.7	-	-	(233.5)	13,037.2
Credit lines	-	-	3,178.1	-	-	(24.2)	3,153.9
Other liabilities	158.9	363.2	1,089.1	92.4	855.3	(787.4)	1,771.5
Total liabilities	51,046.5	820.5	17,973.7	138.1	7,942.5	(1,052.2)	76,869.1
Net assets	7,651.0	838.2	5,043.0	205.5	2,031.1	(581.7)	15,187.1
Shareholders' equity							
Share capital and premium	30.1	-	57.0	54.4	-	(141.5)	-
Non-distributable reserve	29.8	2.1	1.5	0.4	21.4	(0.3)	54.9
Revaluation reserve	-	-	2,558.3	-	-	-	2,558.3
Share option reserve	3.8	1.3	5.8	1.6	62		



Notes to the Financial Statements

For the Six Months Ended 30 June 2021 (cont'd)

Key assumptions applied in the valuation process include:

- Rental yields, are benchmarked to USD rentals due to the difficulty in making forward looking assumptions in ZWL, on account of the current hyperinflationary environment.
- The underlying property valuation has been performed in USD as property valuation standards require valuations to be performed in a stable measuring unit.
- USD valuation is converted to ZWL at the prevailing interbank rate.

The Property Market has remained subdued characterised by thin asset market transactions. In view of this, we have maintained the previous cap rates used during USD era.

The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Rentals are reviewed regularly in response to inflation.

Fair Value Hierarchy

The fair value of the Group's properties are categorised into Level 3 of the fair value hierarchy through their use of unobservable inputs. The following table shows the valuation techniques used in the determination of the fair values for investment properties, as well as the unobservable inputs used in the valuation models.

Type of property	Key unobservable inputs	Inter-relationship between unobservable inputs and key fair value measurement	Value
Commercial, retail and industrial properties	Office - Capitalisation rates: 7.5% to 10% - Market rentals per m2: USD7.00 to USD12.00 - Vacancy rates: 0.00% to 80.00% Retail - Capitalisation rates: 6% to 11.5% - Market rentals per m2: USD8.00 to USD15.00 - Vacancy rates: 0.00% to 10.00% Industrial - Capitalisation rates: 9% to 10.7% - Market rentals per m2: USD0.75 to USD4.00 - Vacancy rates: 0.00% to 5.00%	The estimated fair value would increase if: - net rental income increased - capitalisation rates decreased. - vacancies decreased	ZWL20,679.8m
Owner occupied properties		The estimated fair value would decrease if the unobservable inputs changed the other way.	
Residential	Rentals per month: USD750 to USD1,700	The estimated fair value would increase if prices for comparable properties increased.	ZWL20.1m
Near vacant properties	Land value per m2: USD46	The estimated fair value would increase if prices for comparable properties increased.	ZWL5,726.1m

10.1 Sensitivity Analysis - Exchange rates

	At Valuation 30 June 2021 USDm	Translated @ 85.42340 ZWLm	50% depreciation ZWLm	75% depreciation ZWLm
Investment property	309.4	26,426.0	39,639.0	46,245.5
Fair value gains	28.1	3,412.8	16,625.8	23,232.3
Impact on profit/(loss) and net asset value	-	307.2	1,496.3	2,090.9

The US dollar value of the property portfolio grew by 10% from USD279.3 million to USD309.4 million, attributable to improved rental yields. On a Zimbabwe dollar comparative basis the property portfolio grew by 16% from ZWL22,841.2 million to ZWL26,426.0 million attributable to improved rental yields and currency depreciation. The table below shows a sensitivity analysis of the property values.

10.2 Sensitivity Analysis - Valuation inputs

	At Valuation 30 June 2021 USDm	Translated @ 85.42340 ZWLm	Impact on profit/(loss) and net asset value ZWLm
An increase of 10% in market rentals per m2 would increase the fair value by:		31.1	2,655.9
A decrease of 10% in market rentals per m2 would (decrease) the fair value by:		(31.1)	(2,655.9)
An increase of 10% in land value per m2 would increase the fair value by:		6.7	572.2
A decrease of 10% in land value per m2 would (decrease) the fair value by:		(6.7)	(572.2)
An increase of 1% in capitalisation rates would (decrease) the fair value by:		(19.7)	(1,682.4)
A decrease of 1% in capitalisation rates would increase the fair value by:		24.9	2,126.5

11 Investments and securities

11.1 Analysis of investments

	Inflation Adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical Cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
Equity securities	65,240.7	36,080.7	65,240.7	29,895.8
- listed	8,325.4	6,190.6	8,325.4	5,129.4
- unlisted	56,915.3	29,890.1	56,915.3	24,766.4
Total Equities	73,566.1	42,271.3	73,566.1	35,025.2
Unit trust investments	-	8.4	-	7.0
Treasury bills	1,139.7	2,657.6	1,139.7	2,202.0
Deposits and money market securities	1,819.7	2,594.9	1,819.7	2,150.1
	76,525.5	47,532.2	76,525.5	39,384.3

11.2 Spread of equity securities by sector

	Inflation Adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical Cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
Commodities	15,019.7	10,886.3	15,019.7	9,020.2
Communications	23,851.4	1,891.9	23,851.4	1,567.6
Consumer	10,186.0	11,310.9	10,186.0	9,372.0
Financial	1,418.4	12,107.7	1,418.4	10,032.2
Property	20,354.4	565.4	20,354.4	468.5
Manufacturing	1,722.9	3,616.2	1,722.9	2,996.3
Mining	1,013.3	1,892.9	1,013.3	1,568.4
	73,566.1	42,271.3	73,566.1	35,025.2

11.3 Movements of investment and securities

	30-Jun-21	31-Dec-20	Inflation Adjusted ZWLm	Historical Cost ZWLm
Opening balance	47,532.2	33,170.2	39,384.3	6,126.8
Fair value movements through profit or loss	29,164.5	13,287.7	37,204.8	29,668.8
Additions	3,678.5	8,784.9	2,109.9	5,125.6
Disposals	(2,278.8)	(2,417.6)	(871.9)	(445.3)
Maturities	(1,570.9)	(5,293.0)	(1,301.6)	(1,091.6)
Closing balances	76,525.5	47,532.2	76,525.5	39,384.3

11.4 Investment in unlisted equities above 20% equity shareholding

Investee	30-Jun-21		31-Dec-20	
	% holding	Value ZWLm	Inflation Adjusted ZWLm	Historical Cost ZWLm
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	2,037.6	1,960.3	1,624.3
Nedbank Zimbabwe (held by Shareholders)	20%	508.6	71.7	59.4
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	3.5	4.3	3.6
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	1,016.0	1,160.4	961.5
Manica Board and Doors (MBD) (held by OMLAC Main Fund)	56%	484.5	129.5	107.3
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	149.2	179.8	149.0
Closefin (held by OMLAC Main Fund)	21%	803.5	209.5	173.6
Plaza Bakery (held by OMLAC Main Fund)	49%	6.4	7.6	6.3
Zimcampus preference shares (held by OMLAC Main Fund)	31%	446.6	411.4	340.9
Solgas ordinary shares (held by OMLAC Main Fund)	49%	4.7	5.6	4.6
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3.3	4.0	3.3
Harava Solar Park (held by OMLAC Main Fund)	27%	2.5	3.0	2.5
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	1,651.3	519.8	430.7
Tenpill (held by Shareholders and OMLAC Main Fund)	39%	1,120.4	729.2	604.2
		8,238.1	5,396.1	4,471.2

Underlying private equity valuations are performed in USD. The absence of an active market in ZWL impacts on price discovery mechanisms. There is also inherent difficulty in making forward looking valuation assumptions in ZWL on account of present inflationary conditions. In addition, the multicurrency environment has meant that many investee companies generate cashflows in more than one currency with pricing referenced to a USD value. This makes underlying valuations in USD appropriate. The valuations are converted to ZWL at the prevailing auction exchange rate. The Group has accounted for unlisted investments of this nature on the basis of IFRS 9, as Financial Assets at Fair Value through Profit or Loss, notwithstanding the percentage holding in each entity. The above investments which originate from the investments of policyholder funds, with the exception of the investment in Nedbank Zimbabwe, are invested into

investment linked insurance funds and funds which operate like unit trusts which are managed on a fair value basis. These funds back investment contracts with discretionary participating features and investment contracts accounted for in terms of IFRS 9.

The Group has not consolidated the investment in MBD as management concurred that the investment in MBD is not material. 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.

11.5 Treasury bills maturity analysis

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
On demand to 3 months	68.4	1,497.4	68.4	1,240.7
3 months to 12 months	1,025.7	1,149.8	1,025.7	952.7
1 year to five years	45.6	10.4	45.6	8.6
Total	1,139.7	2,657.6	1,139.7	2,202.0

11.6 Sensitivity Analysis - Listed equities

	30 June 2021 reported value ZWLm	+/- 20% movement ZWLm	+/- 50% movement ZWLm	+/- 75% stock movement ZWLm
Equities - after increase	65,240.7	78,288.8	97,861.1	114,171.2
Equities - after decrease	65,240.7	52,192.6	32,620.4	16,310.2
Increase/Decrease in fair value movement	-	13,048.1	32,620.4	48,930.5
Impact on profit and Net Asset Value	-	3,001.1	7,502.7	11,254.0

The Group has significant holdings in equities, consequently any movement in the market index will have a significant impact on reported profits for the half year.

Movement of fair value of listed shares

As at 31 July 2021, the value of the Zimbabwe Stock Exchange (ZSE) all share index had increased to 159% from 135% as at 30 June 2021. This subsequent increase in ZSE price resulted in the Group's listed equities increasing by ZWL8.6bn as at 31 July 2021, while profits for that period have been positively impacted by ZWL2.5bn on a historical cost basis. The Group's subsidiaries remain well capitalised.

12 Loans and advances

Concentration

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
Housing	884.8	517.4	884.8	428.7
Unsecured personal loans	1,532.0	759.0	1,532.0	628.9
Commercial and industrial	14,807.3	7,950.7	14,807.3	6,587.8
Gross loans and advances	17,224.1	9,227.1	17,224.1	7,645.4
Less provision for impairment	(1,008.7)	(671.5)	(1,008.7)	(556.4)
Net loans and advances	16,215.4	8,555.6	16,215.4	7,089.0

Maturity analysis

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
On demand to 3 months	2,382.7	1,551.8	2,382.7	1,285.8
3 months to 12 months	4,879.1	2,559.4	4,879.1	2,120.7
1 year to 5 years	9,556.9	5,011.7	9,556.9	4,152.6
Over 5 years	405.4	104.2	405.4	86.3
Gross and loans advances	17,224.1	9,227.1	17,224.1	7,645.4

Non performing loans

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
30 to 60 days past due	242.2	147.2	242.2	122.0
61 to 90 days past due	551.7	936.5	551.7	776.0
	793.9	1,083.7	793.9	898.0

12.1 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:

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
Sector				
Agriculture	6,844.7	4,570.8	6,844.7	3,802.2
Construction and property	291.8	174.7	291.8	144.8
Energy and minerals	688.8	977.8	688.8	838.4
Light and heavy industry	3,280.8	10.9	3,280.8	9.0
Physical persons	2,621.1	2,000.6	2,621.1	1,614.6
State and state enterprises	721.5	545.5	721.5	452.0
Trade and services	2,775.4	946.8	2,775.4	784.4
Total gross loans	17,224.1	9,227.1	17,224.1	7,645.4

13 Other assets

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
Accrued interest and rent	47.8	597.5	47.8	495.1
Agent debtors and prepayments	1,488.6	1,701.9	1,221.2	882.5
Banking settlement and other clearing accounts	819.0	985.3	819.0	816.4
RBZ Legacy Debt (see note 13.1 below)	8,365.2	9,826.8	8,365.2	8,142.3
Trade debtors	53.4	193.1	53.4	160.0
Other	720.8	1,339.8	536.4	273.4
	11,494.8	14,644.4	11,043.0	10,769.7

13.1 RBZ Legacy Debt

	Inflation adjusted Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Historical cost Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
Principal Amount	100.7	122.5	101.0	101.5
Fair value gain	8,525.4	9,909.2	8,525.1	8,210.6
Gross amount owing	8,626.1	10,031.7	8,626.1	8,312.1
Provision	(260.9)	(204.9)	(260.9)	(169.8)
	8,365.2	9,826.8	8,365.2	8,142.3

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the 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 ZWL1: USD1 in relation to foreign currency legacy debts to be registered with the RBZ.

Legacy Debts registration process

	30-Jun-21	31-Dec-20		
	Approved USDm	Application outcome pending USDm	Approved USDm	Application outcome pending USDm
External lines of credit	26.4	-	26.4	-
Amounts owing to related parties	84.3	7.3	83.8	5.1
Amounts owing to 3rd parties	1.3	4.0	-	3.9
Amounts utilised to date	(11.3)	-	(8.7)	-
	100.7	11.3	101.5	9.0

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

CABS initially registered for USD30.3 million owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services, during 2019, but only USD26.4 million was finally approved. During 2020, OMZIL also got approval for USD83.8 million in respect of unremitted dividends (USD32.1 million), payables for the indigenisation transaction (USD50 million) and management fees (USD1.7 million). During 2021, CABS got additional approval for USD1.3 million whilst an additional USD0.5 million in respect of management fees was also approved for other group subsidiaries.

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

The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled to the tune of USD11.3 million since the debts were registered. Discussions with RBZ are underway to finalise settlement modalities for the debts owed by OMZIL which amount to USD84.3 million.

The legacy debt financial instrument is subject to expected credit losses as required by IFRS 9 and has consequently been put into the Stage 1 of the ECL model as the credit rating, Stage 1 has been considered as appropriate due to indications by Government of the intention to support the orderly discharge of the obligation.

The table below shows the impact on profit and net assets at various levels of provisioning the legacy debt instrument.

	Carrying amount 30 June 2021 ZWLm	Additional provision @10% ZWLm	Additional provision @20% ZWLm	Additional provision
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Notes to the Financial Statements

For the Six Months Ended 30 June 2021 (cont'd)

	Inflation adjusted		Historical cost	
	Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
14 Insurance contract liabilities				
Outstanding claims	793.8	50.4	793.8	41.9
Future policyholders' benefits (see analysis of movement in provision below)	74,578.9	57,324.3	74,531.9	47,389.1
	75,372.7	57,374.7	75,325.7	47,431.0
14.1 Future policyholders' benefits				
Movement in provision for insurance contracts				
Balance at beginning of year	57,324.3	45,713.6	47,389.1	8,294.7
Inflows				
Premium income	3,502.2	4,935.8	3,297.5	2,524.9
Investment income	16,949.5	10,992.2	27,049.3	39,725.7
Fee and other income	98.6	408.5	94.8	67.0
Outflows				
Claims and policy benefits	(1,737.8)	(2,880.3)	(1,741.0)	(1,591.7)
Operating expenses	(848.9)	(2,257.1)	(845.3)	(1,175.8)
Taxation				
Current tax	(14.1)	(153.6)	(13.4)	(107.5)
Deferred tax	(6.1)	963.1	(4.3)	(18.5)
Transfer to operating profit	(688.8)	(397.9)	(694.8)	(329.7)
Balance at end of period	74,578.9	57,324.3	74,531.9	47,389.1
15 Investment contract liabilities				
Liabilities at fair value through profit or loss	5,195.5	3,952.5	5,195.5	3,275.0
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	3,952.5	3,200.8	3,275.0	591.2
New contributions received	13.5	46.8	12.5	38.8
Withdrawals	(25.4)	(15.7)	(24.2)	(13.0)
Fair value movements	1,254.9	720.6	1,932.2	2,658.0
Balance at end of period	5,195.5	3,952.5	5,195.5	3,275.0
16 Amounts due by or (to) group companies				
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	7,987.7	8,807.3	7,987.7	7,297.6
	7,987.7	8,807.3	7,987.7	7,297.6

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

	Inflation adjusted		Historical cost	
	Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm	Group 30-Jun-21 ZWLm	Group 31-Dec-20 ZWLm
17 Amounts owed to bank depositors				
Money market deposits	1,387.4	260.9	1,387.4	216.2
Term deposits	-	0.1	-	0.1
Savings deposits	12,700.3	15,473.4	12,700.3	12,820.9
	14,087.7	15,734.4	14,087.7	13,037.2
Maturity analysis				
On demand to 3 months	12,701.3	15,591.1	12,701.3	12,918.5
3 months to a year	472.6	9.3	472.6	7.7
1 year to 5 years	889.2	50.8	889.2	42.1
Over 5 years	24.6	83.2	24.6	68.9
	14,087.7	15,734.4	14,087.7	13,037.2

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-21		31-Dec-20	
	ZWLm	%	ZWLm	%
Concentration - Inflation adjusted				
Financial institutions	2,249.5	16.0	1,356.3	8.6
Companies	8,581.3	60.9	11,884.2	75.5
Individuals	3,256.9	23.1	2,493.9	15.9
	14,087.7	100.0	15,734.4	100.0
Concentration - Historical cost				
Financial institutions	2,249.5	16.0	1,123.8	8.6
Companies	8,581.3	60.9	9,847.0	75.5
Individuals	3,256.9	23.1	2,066.4	15.9
	14,087.7	100.0	13,037.2	100.0

These are on-demand deposits.

	30 June 2021		31 Dec 2020	
	Group USDm	Group ZWLm Translated @ 1.85:42340	Group ZWLm 50% depreciation	Group ZWLm 75% depreciation
Foreign currency denominated Assets/Liabilities				
Assets				
Investments and securities	85.3	7,282.3	10,923.5	12,744.1
Loans and advances	75.6	6,454.2	9,681.3	11,294.9
Other assets	105.4	8,998.3	13,497.5	15,747.1
Cash and cash equivalents	53.2	4,541.8	6,812.8	7,948.3
Total assets	319.5	27,276.6	40,915.1	47,734.4
Liabilities				
Borrowed funds	45.2	3,858.9	5,788.3	6,753.0
Amounts owed to group companies	92.7	7,914.1	11,871.1	13,849.7
Amounts owed to bank depositors	76.2	6,505.4	9,758.2	11,384.5
Other liabilities	4.3	367.1	550.7	642.4
Policyholder liabilities	69.5	5,933.4	8,900.2	10,383.5
Total liabilities	287.9	24,578.9	36,868.5	43,013.1
Net assets	31.6	2,697.7	4,046.6	4,721.3

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

19 Risk Management	
In the half-year to 30 June 2021, the main risks faced by the OMLAC Group were external risk characterised by government policy changes and environmental risk, the COVID-19 pandemic, with impacts on operations and strategy implementation. While there was an improvement in the year-on-year inflation rate the exchange rates were on a deteriorating trend, with an adverse effect on business expenses. Intense competition from market players continued to exert pressure on the market shares of some of the Group's businesses. There was, however, recovery of market shares in other business units.	

Cybercrime and cybersecurity risk exposure is inherently high due to the increasing and evolving sophistication of attacks externally as well as the increased exposure due to expanded remote connectives as a result of remote working. The Group continued to enforce controls to proactively detect cyberattacks and respond timely to prevent extensive damage to the entire estate.

The Group was mostly compliant with legal and regulatory requirements, with remedial actions being implemented for exceptions, and progress updates provided to regulators.

The Group maintains a cautiously optimistic outlook for the remainder of 2021 given the uncertainties in the operating environment and will continue to respond with sound risk management practices to evolving macro-economic and environmental developments to defend and grow customer and shareholder values.

External Risk

Description & Impact: The risks arising from the external environment, e.g. macroeconomic developments, environmental changes, climate changes, competitor activities, government policy changes and/or actions including socio-political events adversely impacting on the business.

Macro-economic Risk: In the first half of 2021, there was a relative improvement in the year-on-year inflation rate. The outlook of the risk is negative and likely to deteriorate in the short term due to a deteriorating ZWL/USD exchange rate and the adverse effects of S.I. 127 as this policy was interpreted negatively by some players in the economy. The impact of this was an increase in both ZWL and USD prices.

Emerging laws, regulations, and directives: As reported in the Annual Results Publication for 2020, pending legislations include Insurance and Pensions Legislation, which will affect OMLAC (separation of pension and insurance businesses) and OMICO (financial disclosures and contributions to the fund) and the Cybersecurity & Data Protection Bill will impact the way personal sensitive information is collected, processed, and stored by OMLAC Business Units. The risk remains of new laws and regulatory requirements being passed with immediate effect, with negative effects on compliance levels and with the risk that the requirements are unfavourable for customers and for the business. An example of this over the review period was S.I. 127, which had immediate effect and the Group companies had to engage their respective regulators and the RBZ for approval to offer foreign currency products and services, where this approval had not been obtained, nor was it explicit.

Competition: There is a continuing need to defend market leading positions and recover lost market shares. OMLAC was ranked 5th in the life assurance industry as of 31 March 2021, a deterioration from being a market leader. This was due to a change in the computation of the market shares by IPEC to account separately for corporate premiums and retail premiums. In terms of market ranking by deposits, CABS was ranked 4th out of 12 banks that have published financials as of 31 December 2020 (preliminary position), an improvement from 5th as of 30 June 2020. OMICO regained the number 1 position as of 31 March 2021, from 3rd, in terms of Gross Written Premiums (GWP) as per the IPEC report for Quarter 1 2021.

Socio-political: Tranquillity prevailed in the socio-political area, with no impacts on business resilience, and on the safety and security of staff members. The build-up towards the 2023 elections may heighten political tensions resulting in security concerns for the business and staff, with knock-on effects on business resilience. The effects of the COVID-19 pandemic will continue for unforeseeable future, with prolonged impacts on staff health (physical and mental) and on business resilience.

Climate Change Risk: Normal to above normal rainfall was experienced during the 2020/21 farming season, leading to good agricultural forecasts. This is expected to have a positive impact on the performance of the Group's agricultural exposures in CABS, OMLAC and OMICO. There have been, however, frost claims against OMICO, given the very low temperatures experienced since June 2021. The full extent of these claims was being determined at the time of this report. Going forward, the Group recognises climate change as a key risk for financial services companies, which will continue to be managed.

Mitigating Actions: The Group continues to maintain a cautiously optimistic outlook for the remainder of the year 2021. Management continues to defend key elements of the business and ensuring value preservation for customers and shareholders. All businesses are focusing on offering more customer-led solutions. Engagements with the authorities continue to be done in conjunction with industry bodies on the new and emerging laws and regulations that negatively impact customers and the business, to influence positive policy changes.

Market Risk

Description & Impact: Risks relating to adverse changes to the balance sheet or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments. The Group is exposed to equity & property volatility risk, foreign exchange rate risk and interest rate risk.

Equity Volatility Risk: The Group's strategy to maintain a high level of listed equity investments for shareholder funds held mainly through the life and the holding company, with such investments constituting over 50% of the shareholder asset portfolio, was sustained during the period under review. This was in line with the Board approved asset allocations, for value preservation, in an inflationary environment. Despite the inherent fluctuations on the ZSE, the equity market experienced a bullish performance in the first half of 2021, outperforming inflation levels. The Group is cognisant of the residual market risk, as the unrealised gains are not guaranteed.

Foreign Exchange Rate Risk: The Group's exposure to changes in the exchange rates or currency risk is due to a foreign currency net open position (NOP) and the projected trend of exchange rates. Given that the Group has an overall long (positive) NOP, appreciation of the local currency against the foreign currencies will result in revaluation losses, however, potential impacts are expected to remain within appetite over the assessment period.

Interest Rate Risk: The Group's exposure to interest rate risk is mainly through the lending businesses, CABS and Old Mutual Finance and money market investments for shareholder funds through OMICO. The pressure on interest margins remained as inflation sustained high levels, notwithstanding the improving year-on-year trend. This was exacerbated by increased pressure for an upward review of interest rates on time deposits which may result in further negative real returns for CABS. RBZ provided clarity on the application of S.I. 65 A on payment of interest on deposits, this will only apply to savings and fixed term deposits, in line with international practices. This reduced the interest margin risk for CABS, as its deposit structure is skewed towards demand/transactional deposits.

Mitigating Actions: Increasing exposure to alternative investments which also preserve value, and where possible increasing exposure to forex denominated assets, to diversify equity concentration risk. Increases of interest rates are being done in line with market trends and RBZ guidelines.

Liquidity Risk

Description & Impact: The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in client demands for cash. The Group's strategic shareholder asset allocation which is biased towards real asset classes, namely equity stock and property investments, while prudent for value preservation, may negatively impact the liquidity position of the businesses as equity and property markets are inherently illiquid.

While the Group remained able to meet its short-term obligations, there were increasing inflation-induced pressures from funding of capital expenditures. Overall market liquidity was largely subdued during the half-year period. The monetary authorities continued to pursue a mainly contractionary monetary policy, and there were delays in funding of the Foreign Currency Auction during the period. The RBZ advised of changes in operating framework for Open Market Operations ('OMO') activities effective 04 June 2021 and this impacts CABS liquidity management strategies as any excess liquidity beyond the prescribed limit is converted into Non-negotiable Certificates of Deposits (NNCDs) at 0% interest rate maturing in various tranches over a 30-day period. CABS had a total of ZWL89 million in NNCDs as of 30 June 2021. This framework has resulted in tighter liquidity conditions in the market and for CABS, to avoid funds being swept in NNCDs. Consequently, there were breaches of internal limits of the Liquid Asset Ratio and Liquidity Coverage Ratio at CABS in June which are being addressed. The Loans to Deposits Ratio was also in breach of the limit. Statutory Instrument 127 of 2021 is likely to impact foreign currency liquidity due to increased demand for foreign currency from the Auction, further worsening market liquidity challenges.

Mitigating Actions: Adaptable business units (BU) and Group-wide daily liquidity and cash flow management strategies, which include, inter alia, cash flow forecasting and prioritisation of expenses to cover the essentials, reducing the hard currency mismatch through growing the export book, introduction of USD products, purchasing USD on the interbank market and auction market to assist in expunging the legacy debt amounts, generating liquidity from operations as well as selling shares. Liquidity contingency arrangements are in place and are reviewed annually for the OMLAC BUs. There is a liquidity framework embedment project for non-bank BUs which will see the introduction of liquidity metrics such as the liquidity coverage ratio for the insurance businesses. Stress testing covering liquidity scenarios is conducted within the Group. CABS will be lending on a more selective basis and will be mobilising deposits to create more liquid assets to regularise the ratios in breach of internal limits.

Legal & Regulatory Compliance Risk

Description & Impact: The risk of not applying or conforming to the laws, or breaching laws, regulations, or directives, resulting in fines, sanctions, reputational damage and/or financial loss. The regulatory environment that the Group operates in is dynamic and exposure to legal and regulatory compliance risk was high as there were several new legislative and regulatory requirements which included various Exchange Control Regulations, Monetary Policy Statements, Regulatory Directives, Circulars and Statutory Instruments. The Group maintained its zero tolerance for deliberate regulatory non-compliance. Material non-compliance issues which have remained open for an extended period, are tracked and remedial actions monitored. These include: IPEC Directive on Governance & Risk Management breaches, prescribed asset ratio breaches, breaches of investments thresholds, Net Open Position limit breaches, Europay, Mastercard and Visa (EMV) technology compliance gaps and unregistered pension schemes and Group Life Assurance schemes.

Legal Risk: There were no new significant litigation cases against the Group during the review period, on the inverse, there was positive development as some loss of value cases against the Group's companies were dismissed with costs by the courts and others were withdrawn by the appellants.

Mitigating Actions: Regulators continued to be engaged on the compliance gaps and progress in implementing the remedial actions. Impact and readiness assessments are conducted for new and impending laws, regulations, and directives, to improve compliance levels.

Operational Risk

Description & Impact: Risk of loss due to an inadequate or inefficient workforce, failure of processes or systems and/or the occurrence of external events.

Business Resilience: Power cuts and network connectivity challenges manifested in operational disruptions especially for the remote working arrangements. The COVID-19 pandemic continued to impact continuity of business operations, in instances where some branches or service centres were forced to temporarily close as some staff tested positive or encountered positive cases.

Frauds: Exposure to fraud risk remained inherently high in the period under review. Fraud cases were investigated by the Group Forensic Services department and appropriate action taken against the culprits.

Control Environment: Some audit key performance indicators (KPIs) such as on-time remediation, overdue audit issues and resolved audit issues (cure rate) were outside target ranges as of 30 June 2021 and deteriorated from the previously reported positions. There were some long outstanding reconciling issues in some business units, although the trend has been improving.

Mitigating Actions: There is continued implementation of the Control Environment Improvement Program (CEIP) which is aligned to the COSO Internal Control Framework, for process improvement. Oversight of projects delivery is being provided by the Group Projects Steering Committee, where issues impacting project delivery and their resolutions are discussed. The Group availed facilities to qualifying staff for back-up power in response to the increased power cuts experienced. Proactive fraud detection capabilities are being enhanced. The Interlinc Fraud Detection system was implemented in OMICO and is targeted for roll-out in one more business unit by end of 2021. Arrangements are also underway in the banking business to implement a fraud monitoring solution.

Strategic Risk

Description & Impact: The risk that discretionary decisions are made that adversely affect future earnings and/or the sustainability of the business.

Capital Allocation: The Return on Net Asset Value ('RoNAV') for period to 30 June 2021 was 128%, attributable to the growth in current year earnings driven by core profits and investment returns. The Group's value preservation strategy therefore remains appropriate.

Innovation: New products and services continued to be pursued, mainly under the digital initiatives. The MyOldMutual Platform was launched in the first half of 2021, allowing clients to do banking, insurance, and investment transactions on one platform. Process automation continued for the various Group business units, with improved efficiencies in customer servicing.

Business Model/Concentration: There was a soft launch to staff of the OMLAC Funeral Services product on 1 July 2021, and subsequent to that, the business was launched to the market, starting with operations in Bulawayo. Other BUs are still pursuing the strategy of growing the USD business. OMSEC migrated from the Custodial based model that had previously impacted its competitiveness to a Broker-based model.

Execution: There were delays of some strategic initiatives such as the replacement of the OMICO I90 system, and CABS Internet banking upgrade. The growth of the USD business also remains low.

Mitigating Actions: Changing the insurance business model is underway as well as introduction of automatic premium escalating products. Digital initiatives continue to be rolled out across the Group.

Conduct Risk

Description & Impact: The risk of failing, to treat customers fairly, to offer solutions that meet their needs and expectations and to communicate with various stakeholders adequately and timeously on developments affecting them.



Significant risk continues to emanate from the industry-wide issues relating to legacy issues (2008/9), which includes possible enforcement of the Commission of Inquiry recommendations on compensation for loss of value. Added to this are the loss of value issues emanating from the 2019 currency reforms. There has been continued pressure on social media for compensation of pensioners for the legacy loss of value. The Group may continue to receive customer complaints around the legacy loss of value issues across various channels. Customer complaints on the current Guaranteed Fund product continued to be addressed by management. IPEC issued a Treating Customers Framework (TCF) which was effective 1 June 2021, highlighting increased focus on market conduct issues by the regulator.

Mitigating Actions: The Group Legal team continues to assist the Group companies on the resolution of any outstanding or emerging loss of value cases. Revisions of the Guaranteed Fund product are continuing to ensure it performs according to customer expectations. The Contact Centre automation to assist with complaints handling is in progress. Work is underway to ensure the Group fully embeds the Market Conduct Framework in processes, mainly through the development and tracking of the market conduct metrics. Impact & Readiness Assessments of the IPEC TCF guideline were conducted by OMLAC and OMICO and management actions have been put in place to address identified gaps.

Insurance Risk

Description & Impact: The risk of adverse losses due to inadequate underwriting, pricing, reserving assumptions and/or volatile claims experience materially impacting earnings and capital. For the Group, this risk is inherent in the insurance businesses, that is, the life and general insurance companies. In the half-year period, exposure to the risk, as measured by the claims ratios (non-motor and motor, for the general insurance company and the CLA and Credit Life for the life company), was largely within appetite limits, although in Q1 of 2021, the ratios were outside target ranges due to increased claims (COVID-19 claims for the life assurance business and motor-loss claims for the general insurance company). On the whole, the impact of the risk was, therefore, considered under control despite the turbulent external environment.

Mitigating Actions: Data driven pricing models and continuous repricing to ensure claims experience is closer to target continue to be implemented. Reserves and reinsurance arrangements are in place to mitigate any likely increases in claims.

Credit & Counterparty Risk

Description & Impact: The risk of non-payment or settlement of an obligation by a counterparty under the terms of a loan agreement, or the change in value of a credit asset due to a deterioration in the credit quality of a counterparty. The Non Performing Loan (NPL) ratio at CABS and the Portfolio at Risk (PAR) at OMFIN remained within target during the period, however, there is continuing pressure on credit risk to deteriorate, due to the persisting economic challenges impacting asset quality. RBZ's performance on the legacy debt arrangement with CABS, has been satisfactory.

Mitigating Actions: The Group businesses continuously monitor the quality of credit assets, both local and foreign currency, with credit scoring being done at onboarding. Reviews of counterparty limits and monitoring of exposures to reinsurers are conducted. The capitalisation of reinsurers is being monitored and was fully compliant for the period under review. The Group is in the process of enhancing investment credit risk reporting through a project that is running up to year-end.

Information Technology Risk

Description & Impact: Risks of loss due to an inadequate or inefficient information security, failure of systems and/or related processes. This includes the risk of failure to protect the confidentiality, integrity, or availability of information technology assets, whether electronic or otherwise, from unauthorised access, use, disclosure, disruption, modification, or destruction.

Technology/System Risk: System availability remained above the 98% target and was 100% as of 30 June 2021. The core Banking system availability and performance was above the Service Level Agreement (SLA) requirement.

Technical debt, the accumulated costs and long-term consequences of obsolete technology: Projects are underway to replace the I90 system in the general insurance business, and to implement the cloud-based Silica (in the asset management business), as part of de-risking the business.

There were several recurring system events at CABS, with impacts on customer, reputation, and regulatory compliance.

Information Security - Cybercrime. The risk remains high of cyberattacks especially under the current remote work arrangements. Cyber risk exposure was however within tolerance over the review period. The need to remain relevant through the implementation of digital solutions presented risks relating to information and technology systems and their functionality and enablement.

Mitigating Actions: System challenges continue to be resolved by the ICT department, in conjunction with the system vendors, where relevant. There is a cybersecurity incidence response team which meets to deliberate on cyber incidents. There is also a cybersecurity program in place, which is continually updated and aligned to the Old Mutual Limited program. The Group has firewalls in place and progress is being made to adopt cloud solutions for the business systems. Management Support Services Agreement, and ICT SLAs are in place. Hardware and software upgrades are being done as and when necessary. There is training and upskilling of ICT personnel, and there are system disaster recovery arrangements in place.

People Risk

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

The performance and productivity of personnel was impacted by the COVID-19 pandemic, with some employees not being able to work from home. Staffing levels and the capacity of personnel has been insufficient in some sections. The Group staff turnover rate remained within target during the half-year period. However, the inherent risk remained of continued loss of key and critical skills responsible for strategy implementation to competition or the diaspora, inadequate succession planning, inadequate staffing base, organisational culture and emerging skills gap. During the period, there were losses of some critical skills to competition, and offers were made to others, which were countered by the Group.

Mitigating Actions: Management approved salary increases as the business sought to remain committed to the welfare of employees. Identification of high potential and bubbling under staff continued to be done to nurture talent, and succession plans are in place for key positions. Training and development programs continue to be rolled out to enhance performance and productivity of staff. Retention of critical staff through pay and role size progressions is done. Wellness programs were also introduced within the Group, to support staff during the pandemic.

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