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OLD MUTUAL ZIMBABWE LIMITED

Consolidated Abridged Interim Unaudited Financial
Statements For the Six Months Ended 30 June 2024



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Chairman's Statement

Operating environment

The economic environment during the first quarter of the year was characterised by sharp currency depreciation and high inflation. This necessitated a major policy intervention. On 5 April 2024, the Reserve Bank of Zimbabwe ("RBZ") introduced a new local currency, the Zimbabwe Gold (ZWG) to replace the previous Zimbabwe Dollar (ZWL) local currency. In terms of the new currency policy, the ZWG is backed by a composite basket of foreign currency reserves and precious metals, primarily gold. The RBZ also reiterated that the multi-currency regime will be retained, until December 2030.

The Zimbabwe National Statistics Agency (ZIMSTAT) adopted a three-tier (ZWG, US\$ and weighted) inflation reporting framework following the introduction of ZWG. Since the introduction of the ZWG in April 2024, prices declined by a cumulative 2.38% up to 30 June 2024. On a year-on-year basis, USD inflation reached 3.76%, while weighted inflation was reported at 35.74% for the period ended 30 June 2024. The USD/ZWG official exchange rate stabilised with a marginal depreciation of the ZWG from ZWG13.56 per USD on 5 April to ZWG13.70 at the end of the first half of the year.

The first half of 2024 concluded positively for local listed equities, with gains recorded on both the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange. The Zimbabwe Stock Exchange (ZSE) rebased all the indices to 100 basis points on the 8th of April following the introduction of the ZWG by the RBZ. Prior to rebasing on April 5th, the ZSE All Share Index had achieved a substantial year to date gain of 334.4%. Following the rebasing, it achieved a growth of 28.64% by the end of the first half of 2024. The USD denominated Victoria Falls Stock Exchange (VFEX) All Share Index advanced by 2.69% over the same period compared to a loss of 23.12% in the prior year. Government issued Treasury Bills ("TBs") worth ZWG61 million which aligned to the policy stance to constrain local currency money supply.

In the property sector, market activity remained stable, with activity mostly concentrated in the residential and office park sectors where a number of construction projects were also noted.

Treasury revised the Gross Domestic Product (GDP) growth rate from the initial projection of 3.5% to 2% during the mid-term

fiscal policy review in July 2024. The revision is in line with revised projections by the International Monetary Fund ("IMF") and the African Development Bank's forecast of 2%. The downgrade is primarily attributable to the drought conditions, depressed global commodity prices and the burden of external debt restricting access to concessionary funding. In the context of the prevailing El-Nino induced weather shocks, a positive consensus outlook suggests notable resilience.

Performance overview of the Group

The Group achieved profit after tax of ZWG242 million down from a profit after tax of ZWG2.5 billion registered in the prior period largely due to impacts related to applying inflation accounting up to 5 April 2024 before the change in the currency to ZWG, as well as reporting basis changes brought about by the changes in functional currency from ZWL to ZWG as well as changes in functional currency at CABS to USD. The Group Chief Executive Officer's report provides more insights into the financial performance across the Group's lines of business.

Sustainability

At Old Mutual Zimbabwe Limited, we are committed to sustainable practices across various aspects of our business operations. We are actively implementing a sustainability framework to integrate sustainability principles and objectives into our strategy and day to day operations. Key outcomes of this process include identifying material sustainability issues through a materiality assessment, recognising sustainability risks and opportunities, and adopting management actions to address these outcomes. We are also dedicated to complying with relevant sustainability laws and regulations. During the review period, we issued our Sustainability Report for the period ended 31 December 2023. This report was prepared in accordance with the Companies and Other Business Entities Act [Chapter 24:31], Statutory Instrument (SI) 134 of 2019 - Securities and Exchange [Zimbabwe Stock Exchange Listing Requirements] Rules, the Global Reporting Initiative (GRI) Standards, and the United Nations Sustainable Development Goals (SDGs). It includes an overview of our strategy, sustainability priorities, and disclosures related to responsible investments, environmental impact, social initiatives, and governance matters.

Our sustainability focus areas include:

Financing the growth of green and renewable energy projects and proactively supporting the development of new businesses that are focused on innovating solutions to reduce greenhouse gases and carbon footprints. During the period under review the Securities and Exchange Commission approved the registration of a USD100m Renewable Energy Fund ("REF"), managed by the Old Mutual Investment Group ("OMIG").

Through the Eight2Five Innovation hub the Group continued to support entrepreneurs through capacity building programmes. The hub continued to provide a nurturing environment for early-stage start-ups, offering resources, mentorship, and assistance to support their efforts to commercialise their ventures. During the period, the hub hosted the fourth Value Creation Challenge in partnership with the British Council and the British Embassy. The challenge provided professional development, networking opportunities financial support and market access for eligible start-ups. Participation and diversity in the challenge continued to grow, with a 21% increase in the number of applications from 2023 and an increase in female participation, which is now at 33% of participating founders.

Financial literacy programs conducted reached over 970,000

people including the youth and women. The Old Mutual National High School Quiz and the Old Mutual Harare Marathon amplified our commitment to education, health, and wellness. 2,300 runners participated in the marathon held during the period.

We continue to support university students through the Old Mutual Scholarship Fund with plans to enhance the program by adding more scholars this year.

Governance

Through adherence to corporate governance best practices, King IV and The Zimbabwe National Code on Corporate Governance, the Old Mutual Code of conduct and formal policies, the Group fostered an effective governance culture ensuring strong communication between the board of directors, management and staff.

Directors serving on the Group Boards accessed ongoing training and development programs to keep them abreast with the evolving governance and regulatory requirements, and to keep abreast with global standards.

Throughout the year, the Group monitored and sought feedback on the effectiveness of the board and its related committees.

There were no changes to the board during the half-year period.

Outlook

We are encouraged by the authorities' endeavours to stabilise the macroeconomic environment, which for the period under review included the introduction of the Zimbabwe Gold (ZWG) currency, maintaining the multi-currency regime to 2030 and demonstrating a commitment, in fiscal discipline to contain inflation. These actions are crucial to ensuring sustainable economic growth and promoting confidence in the financial services sector. We will maintain our ongoing dialogue with the authorities, with the objective of constructively engaging on policies that enhance economic growth, financial inclusion and the health of the financial services sector.

Moving forward, the Group remains committed to reinforcing core propositions while adapting products and improving distribution channels to access new and underserved markets. We have initiatives to continuously enhance our product offerings to meet the evolving needs of our customers.

Appreciation

On behalf of the Board, I express sincere gratitude to our valued customers, stakeholders, and partners for their unwavering support. We also value the productive engagements we have had with our various regulators and with the Government. These relationships are indispensable. Additionally, I extend my thanks to the executive team for their exemplary leadership, and I appreciate the dedication of all staff members in serving our customers.

K. C. KATSANDE
Chairman

30 September 2024



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CEO's Review

Introduction

During the six months ended on June 30, 2024, the business made significant strides in fulfilling its commitments and implementing planned strategic initiatives. Despite a rapidly evolving operating environment, the Group registered underlying performance that surpassed internal targets. Our customer book grew significantly, driven by both new acquisitions and enhanced retention.

Broadening our offering

To cater to our Non-Governmental Organisations ("NGO") customers, we established a specialised NGO branch in Harare designed to provide comprehensive financial services to NGOs, Embassies and other not-for-profit institutions such as churches and similar missions. In addition to serving the entities and individuals from this segment, the NGO Centre will coordinate service arrangements for this segment, across all our service points.

We continued to deepen our underwriting and claims processing capabilities in the General Insurance line of business. During the period under review, we extended the reach of our vehicle assessment centers, with the opening of a new assessment centre in Northern Harare.

We continued to grow our network of partners for the benefit of our customers. In the Microfinance business we grew our network of merchants helping to sustain growth in the micro-lending book. Additionally, our fintech business secured additional licences paving the way for the business to participate fully in the international remittances space. During the period the fintech business teamed up with a money transfer agency to provide remittance services to and from the South Africa market. Our funeral business continued to grow through targeted customer acquisitions, and we enhanced our geographical footprint by opening a branch in Masvingo as well as through establishing new partnerships for both local and diaspora markets, including repatriation services.

Enhancing the core proposition

Long term savings are critical to driving sustained economic growth and development. We continued to adapt our savings and investment products to give our clients more control, achieve

flexibility that ensure we can readily respond to changes in the economic environment and to ensure clients are able to relate with the investments that they participate in. We continued to offer a diversified investment universe that includes offshore assets, alternative investments, the agro-export value chain, assets in mining and a broad range of choice in the real estate sector. The Guaranteed Fund consistently declared frequent bonuses, ensuring that value was regularly transferred to our customers.

In the Banking business, we established advisory services business within CABS, which provides a comprehensive suite of offerings such as financial structuring, capital raising, structured finance, and risk management services. This advisory arm is complemented by other services existing within the Group, including custodial services, trustee functions, stockbroking and asset management services. In addition, in the Corporate Banking space, the mobilisation of credit lines continued for credit extension to key sectors of the economy.

Investing for sustainable growth and development

The transition toward a low-carbon economy is a pivotal challenge in the present and future decades, drawing heightened attention in this domain to address customer needs while also striving to comprehend and minimise our own operational carbon emissions. We continued to invest in businesses and ventures showing the capacity and commitment to drive transformation towards a green economy. Our asset management business deployed USD13 million in alternative investments including projects in the Renewable Energy sector.

Our commitment to housing development remains strong. In June 2024, we commissioned a USD12 million medium density housing development project in Harare entailing the construction of 136 stand-alone houses and four high rise apartment blocks.

The Group's financial performance and progress against strategic priorities is directly linked to the economy and the financial wellbeing of our customers. Old Mutual has long been promoting financial inclusion and sought to improve the financial wellness of our customers by providing financial literacy training through our flagship programme "On the Money". Through partnerships with both the public and private sector, we continued to increase our reach, benefitting over 970,000 people.

Innovations and technology initiatives

We sustained efforts and investment in our core technology targeting specific outcomes in operational efficiency, service standards and information security for the benefit of our customers. During the period we continued the journey to digitalise our offerings and service channels. We added more products onto the MyOldMutual platform and on the O'mari service platform.

The project to upgrade our internet banking solutions progressed well paving way for full migration to the enhanced platforms during H2, 2024.

Financial performance

The Group recorded a profit after tax of ZWG242 million compared to ZWG2.5 billion in respect of prior period. As described in the directors report, the comparability of the numbers to the prior period is impacted by significant changes in the underlying basis of reporting particularly around changes in functional

currency, prior period recorded exchange gains as well as in the valuation currency of investment property. If normalised for these specific factors, profit for the period is ZWG1.7 billion. The General Insurance and Life insurance revenues grew by 125%, achieving ZWG313 million for the half year ended 30 June 2024 up from ZWG139 million in the prior period. Top line benefited from significant growth in premium income.

Investment returns were negative ZWG2.5 billion down from ZWG14 billion achieved in the same prior period. This was driven by fair value movements on equities and investment properties due to the impact of inflation accounting applied up to 5 April 2024 before the change in the currency to ZWG, as well as valuation basis changes in investment properties.

Interest income decreased by 32% to ZWG235 million driven by the impact of tightening lending margins and a skew towards lending in USD. Fee and commission income for the Group increased to ZWG472 million driven by an increase in the volume of, as well as increase in USD transactions.

Total assets increased by 19% from ZWG18 billion as at 31 December 2023 to ZWG21 billion driven by an increase in the loan book and cash balances. On a normalised basis assets grew by 14%. This normalised position seeks to achieve better comparability for properties that were impacted by the change in valuation currency to USD as well as other line items impacted by the change in the functional currency for the major banking subsidiary, CABS. Total net equity increased by 166% from ZWG1.3 billion to ZWG3.6 billion.

Looking ahead

We appreciate the efforts by policy makers to support currency stability. If sustained, such efforts, alongside the thrust to promote financial inclusion and use of formal transaction channels can only serve to support policy efficacy and the growth of the economy.

During the remainder of this financial year, we will continue to progress major projects under way to enhance our technology estate, as well as efforts to optimise our distribution and service channels. We will also continue the thrust to bring new and modified products to the market to ensure our customers enjoy more choice and flexibility through our integrated financial solutions.

Appreciation

We are proud to be celebrating the 75th anniversary of CABS, our banking business this year. We are grateful to our treasured customers and clients for making this milestone possible.

Thank you for your trust and longstanding support. I would also like to thank my colleagues across the Old Mutual Group for their strong commitment and dedication. I would further want to acknowledge our various Regulators as well as the Board, for their continued guidance and support.

S. MATSEKETE
Group Chief Executive Officer

30 September 2024



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Directors' Report

Responsibility

The directors are responsible for the preparation and fair presentation of the Group's half year financial statements, comprising the statement of financial position as at 30 June 2024; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the period ended 30 June 2024 and the notes to the financial statements which include a summary of material 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 and industry regulation

These financial statements, which have been prepared on an inflation adjusted basis up to 5 April 2024 and on the historical basis for the rest of the period, are based on the application of inflation indices for the applicable period on underlying accounting records which were maintained on the historical cost convention (except for fair value measurement where applicable). The statements are based on the underlying books and records and have been prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the relevant regulations made thereunder, the Asset Management Act (Chapter 24:26), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Collective Investments Schemes Act (Chapter 24:19), the Insurance Act (Chapter 24:07), the Microfinance Act (Chapter 24:29), the Pensions and Provident Funds Act (Chapter 24:32), and the Securities Act (Chapter 24:25).

Certain of Old Mutual Zimbabwe Limited's (OMZIL's) subsidiaries are required, in terms of the regulations governing their respective lines of business to prepare abridged financial statements for publication. These are separately published within the timelines prescribed by the respective regulators. The regulators of OMZIL's subsidiaries may often require additional financial disclosures and information specific to those businesses, which are not included within this set of financial statements. The directors of OMZIL, however believe that the disclosures within these consolidated financial statements, with due consideration to materiality and fair presentation, are appropriate and adequate for the presentation of the Group Financial Statements of OMZIL, comply with the regulations and financial disclosure requirements applicable to OMZIL, and allow shareholders, investors and other users of the financial statements to gain an understanding of the performance of the Group as a whole.

Compliance with IFRSs

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

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

The Group in line with trends observed in the rest of the economy, has seen an increasing proportion of transactions denominated in United States Dollars (USD), a currency which is not subject to hyperinflation. It is the view of the directors that IAS 29 did not fully envisage a situation where a Hyperinflationary Economy effectively has other currencies besides the local currency in official circulation as mediums of exchange and also in use in determining the price of goods and services, particularly given the requirements under IFRS to convert USD transactions to the functional currency which was then subject to inflation adjustments up to 5 April 2024. Users of the financial statements are advised to consider the implications of the multicurrency environment on the business.

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

Accounting judgements

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

In the case of property valuations as at 30 June 2024, valuations in USD have been adopted different to the approach taken for the audited results for the year ended 31 December 2023. Market breadth, however, has been limited thus increasing the level of reliance on level 3 valuation inputs, where significant judgement and professional judgement was required. Areas where significant judgement has been applied include capitalisation rates for industrial, commercial, retail and office buildings. Adjustment factors are applied to rates implied from completed market transactions, depending on factors such as location, occupancy levels and tenant mix. The same applies for private equity valuations which were performed in USD as at 30 June 2024. Private equity valuations were previously valued in Zimbabwe Dollars (ZWL) as at 31 December 2023.

With regards to the spot foreign exchange rate, the board considers the official exchange rate from the interbank market to be appropriate (in both ZWL and ZWG) as the business achieved exchangeability at those exchange rates during the year.

The Group has made use of an estimated inflation index for the applicable periods in the preparation of inflation adjusted financial statements due to the unavailability of an official ZWL based Consumer Price Index (CPI) since 1 February 2023 up to 5 April 2024. The official consumer price index has been a blended inflation rate calculated using a weighted average of ZWL and USD price movements. A blended inflation rate is not appropriate in the preparation of inflation adjusted financial statements under IAS 29 as it includes impact of a currency, the USD, that is not subject to hyperinflation. The index has been estimated using movements in the Poverty Datum Line (PDL) and more detail is provided under note 2.1. Subsequent to 5 April 2024 with the introduction of the Zimbabwe Gold (ZWG) currency, the Group has assessed that currency to not be hyperinflationary and has not applied inflation adjustments between 5 April and 30 June 2024.

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

Functional currency assessment and associated impacts

The consolidated financial statements are prepared and presented in ZWG. The prevailing multi currency environment, and the fact that significant local transactions take place and are denominated in USD has required the Group and its subsidiaries to regularly make assessments of the appropriate functional currency for accounting and financial reporting purposes.

During the 2023 financial year, the functional currency for two subsidiaries was assessed to have changed from ZWL to USD. These subsidiaries are Old Mutual Insurance Company (OMICO) and Old Mutual Finance (OMFIN).

For the period under review, effective 1 January 2024, a significant subsidiary, the Central Africa Building Society (CABS) adopted the USD as its functional currency. In line with the requirements of IAS 21, the change in functional currency is applied prospectively, meaning that prior year comparatives are not restated to reflect the changed functional currency in CABS. However, given the extent of inflation and exchange rate movements from the prior year to date, this has affected the year on year comparability of certain financial statements line items most impacted by the change, particularly in the accounting for foreign currency exchange gains and in carrying value of assets where the underlying currency of valuation has changed or which are denominated in an underlying functional currency which is different from the prior year.

The underlying currency of valuation of investment properties and owner occupied properties changed from ZWL as at 31 December 2023 to USD as at 30 June 2024. The carrying values of properties, as presented in ZWG, between the two periods are not directly comparable as valuations in ZWL were based on ZWL valuation inputs which do not directly translate to USD valuation inputs at official exchange rates given inflation differentials that existed between the two currencies.

Capital

The issued share capital is made up of 249,035,156 "A" class shares of ZWG0.0000000013 each, 83,011,718 "B" class shares of ZWG0.0000000013 each, 1 redeemable preference share of ZWG0.0004 and 1 "A" redeemable preference share of ZWG0.0004. The shares are owned by Old Mutual Zimbabwe Holdco Limited (75%); as well as Indigenisation Trusts and various other shareholders (22.2%) and a strategic partner (2.8%). The 1 redeemable preference share issued is owned by Old Mutual (Zimbabwe) Dividend Access Trust and the 1 "A" redeemable preference share by OML (Zimbabwe) Dividend Access Trust.

Directors

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

**Denotes Executive Director.



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Reconciliation of IFRS Profit Before Tax to Result from Operations

	30-Jun-24 ZWG 000	30-Jun-23 ZWG 000
Profit before tax	278,264	2,662,606
Adjusting entries	(46,853)	(540,134)
Shareholder investment returns	151,298	(2,328,294)
Monetary loss - non-operating items	(204,891)	1,780,602
Policyholder tax	6,740	7,558
Results from operations	231,411	2,122,472

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 Period Ended 30 June 2024

	Notes	30-Jun-24 ZWG 000	30-Jun-23 ZWG 000
Revenue			
Insurance revenue	4	313,012	139,017
Insurance service expenses	5	(573,553)	(643,767)
Net income/(expenses) from reinsurance contracts		9,760	(13,047)
Insurance service result		(250,781)	(517,797)
Investment return (non-banking)	6	(2,526,238)	13,859,007
Finance income/(expenses) from insurance contracts	7	2,096,445	(10,742,045)
Net finance expenses from reinsurance contracts		-	(845)
Change in investment contract liabilities		278,495	(787,823)
Net investment result		(151,298)	2,328,294
Banking interest and similar income	8	234,613	346,184
Fee income, commissions and income from service contracts	9	472,482	381,496
Other income	10	270,693	2,592,098
Non-insurance revenue and income		977,788	3,319,778
Total revenue and other income		575,709	5,130,275
Expenses			
Valuation adjustment		(581,495)	(11,265)
Banking interest expense and similar expenses	8	(82,730)	(77,884)
Fees, commissions and other acquisition costs		(104,037)	(100,048)
Expected credit loss		(38,009)	(75,970)
Other operating and administration expenses	11	(395,806)	(404,244)
Net monetary adjustment*		899,646	(1,798,258)
Non-insurance expenses		(302,431)	(2,467,669)
Share of results from associate		4,986	-
Profit before tax		278,264	2,662,606
Income tax expense		(36,204)	(133,000)
Profit for the period		242,060	2,529,606
Attributable to non-controlling interests		43,683	43,010
Attributable to owners of parent company		198,377	2,486,596
		242,060	2,529,606

*The net monetary adjustment is a result of hyperinflation accounting as applied up to 5 April 2024, see note 2.1.

Group Statement of Other Comprehensive Income

For The Six Months Ended 30 June 2024

	30-Jun-24 ZWG 000	30-Jun-23 ZWG 000
Profit for the period	242,060	2,529,606
Other comprehensive income		
Items that will not be reclassified to profit or loss (net of tax)		
Property revaluation	(157,572)	921,993
Translation of subsidiaries	2,174,650	-
Total other comprehensive income	2,017,078	921,993
Total other comprehensive income for the period	2,259,138	3,451,599
Total other comprehensive income attributable to:		
Owners of parent company	2,215,455	3,408,589
Non-controlling interests	43,683	43,010
	2,259,138	3,451,599

Group Statement of Changes in Equity

For The Six Months Ended 30 June 2024

	Share capital & premium ZWG 000	Revaluation reserve ZWG 000	Share based payment reserve ZWG 000	Regulatory provisions reserve ZWG 000	Foreign currency translation reserve ZWG 000	Retained earnings ZWG 000	Equity holders of the parent total ZWG 000	Non-controlling interests ZWG 000	Equity total ZWG 000
30 June 2024									
Shareholders' equity at beginning of period	3	116,345	87,346	6,153	(107,100)	1,090,661	1,193,408	151,774	1,345,182
Profit for the financial period	-	-	-	-	-	198,377	198,377	43,683	242,060
Translation of subsidiaries	-	466,988	-	28,057	1,679,605	-	2,174,650	-	2,174,650
Revaluation of property	-	(157,572)	-	-	-	-	(157,572)	-	(157,572)
Total comprehensive income for the period	-	309,416	-	28,057	1,679,605	198,377	2,215,455	43,683	2,259,138
Transfer between reserves	-	-	-	1,300	-	(1,300)	-	-	-
Dividends declared	-	-	-	-	-	(23,354)	(23,354)	(1,606)	(24,960)
Transactions with shareholders	-	-	-	1,300	-	(24,654)	(23,354)	(1,606)	(24,960)
Shareholders' equity at end of period	3	425,761	87,346	35,510	1,572,505	1,264,384	3,385,509	193,851	3,579,360
30 June 2023									
Shareholders' equity at beginning of period	3	309,605	84,809	18,460	-	1,822,330	2,235,207	43,119	2,278,326
Profit for the financial period	-	-	-	-	-	2,486,596	2,486,596	43,010	2,529,606
Revaluation of property	-	921,993	-	-	-	-	921,993	-	921,993
Total comprehensive income for the period	-	921,993	-	-	-	2,486,596	3,408,589	43,010	3,451,599
Transfer between reserves	-	-	-	76,605	-	(76,605)	-	-	-
Dividends declared	-	-	-	-	-	(22,358)	(22,358)	(2,498)	(24,856)
Transactions with shareholders	-	-	-	76,605	-	(98,963)	(22,358)	(2,498)	(24,856)
Shareholders' equity at end of period	3	1,231,598	84,809	95,065	-	4,209,963	5,621,438	83,631	5,705,069

Group Statement of Financial Position

As At 30 June 2024

	Notes	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Assets			
Intangible assets		8,851	6,287
Property and equipment		861,121	546,340
Investment property	12	5,063,716	7,002,144
Investment in associate		27,855	59,789
Deferred tax assets		9,703	7,579
Loans and advances	13	2,861,332	418,000
Investments and securities	14	8,116,246	8,000,788
Reinsurer contracts		68,261	8,453
Current tax assets		174	1,673
Other receivables	15	1,867,979	990,218
Cash and cash equivalents		2,024,894	531,012
Total assets		20,910,132	17,572,283
Liabilities			
Insurance contract liabilities	16	10,120,690	12,495,410
Investment contract liabilities	17	918,818	1,107,811
Reinsurance contract liabilities		-	34
Deferred tax liabilities		77,000	58,139
Current tax payables		29,350	8,889
Amounts due to Group companies	18	1,334,248	1,412,715
Other payables	19	755,888	368,522
Amounts owed to bank depositors	20	2,623,479	550,440
Credit lines		1,471,299	225,141
Total liabilities		17,330,772	16,227,101
Net assets		3,579,360	1,345,182
Shareholders' equity			
Share capital and premium		3	3
Revaluation reserve		425,761	116,345
Share based payment reserve		87,346	87,346
Regulatory provisions reserve		35,510	6,153
Currency translation reserve		1,572,505	(107,100)
Retained earnings		1,264,384	1,090,661
3,385,509		1,193,408	
Non-controlling interests		193,851	151,774
Total equity		3,579,360	1,345,182

Group Statement of Cash Flows

For The Six Months Ended 30 June 2024

	30-Jun-24 ZWG 000	30-Jun-23 ZWG 000
Net cash from operating activities	1,211,290	781,065
Net cash (used in)/generated from investing activities	(109,966)	186,893
Net cash generated from/(used in) financing activities	186,867	(24,859)
Net increase in cash and cash equivalents	1,288,191	943,099
Net foreign exchange differences on cash and cash equivalents	205,691	569,824
Cash and cash equivalents at the beginning of the period	531,012	1,202,570
Cash and cash equivalents at the end of the period	2,024,894	2,715,493

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NOTES TO THE CONSOLIDATED ABRIDGED INTERIM UNAUDITED FINANCIAL STATEMENTS

For The Six Months Ended 30 June 2024

1. General Information

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

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

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

2. Accounting Policies

2.1 Basis of preparation

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

These financial statements have been prepared on the historical basis subsequent to the 5th of April 2024 with the change in currency to ZWG. The financials were inflation-adjusted up to the 5th of April reflecting underlying transactions in ZWL which was subject to hyperinflation, and historic accounting was applied for the rest of the period. Comparative figures were inflation-adjusted with the index applicable up to the 5th of April.

On 5 April 2024 the Government introduced a new currency, the Zimbabwe Gold (ZWG) to replace the Zimbabwe Dollar (ZWL) which was the functional currency applicable in prior periods. In line with guidance from the authorities, a conversion ratio of 1:2498 was applied between the ZWL and the ZWG. No conversion ratios for periods prior to 5 April were made available. For ease of implementation for purposes of accounting and financial reporting the conversion ratio of 1:2498 has also been applied to the comparative 2023 financial information as well as to January, February and March 2024 financial information.

For inflation adjustments up to 5 April 2024, the Group is using the movements in the Poverty Datum Line (PDL) (alternatively called the Total Consumption Poverty Line (TCPL) which is published by ZIMSTAT, which measures the amount required to purchase both non-food and food items for a family at the poverty line. The use of the PDL was due to the unavailability of Consumer Price Index (CPI) information from February 2023. By analysing the correlation between the movement in PDL and the officially published ZWL CPI from January 2021 to 31 December 2022, we observed a strong relationship with a correlation coefficient of 0.99. While IAS 29 provides for the use of exchange rate movements as a proxy for inflation where a general price index is not available, we did not observe a strong relationship between ZWL CPI and the exchange rate movements over the previous financial reporting periods. Consequently, the estimated CPI after February 2023 has been derived by adjusting the last published ZWL CPI (published in January 2023) by the monthly movement of the PDL. The indices and conversion factors used to restate the accompanying financial statements as at 30 June 2024 are given below:

Dates	Indices	Conversion Factors
05/04/2024	429,224.24	1.0000
31/12/2023	65,704.40	6.5327
30/06/2023	42,710.71	10.0496

While the ZWL was assessed to be hyperinflationary in terms of IAS29, the ZWG is not assessed to be a currency subject to hyperinflation, accordingly no monetary losses are recognised in the statement of comprehensive income or gains after 5 April 2024. The cumulative impact of monetary losses up to the point of current transition are recognised in profit and loss.

2.2 Critical accounting estimates and judgements

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

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

2.2.1 Functional currency and determination of exchange rate

Due to the use of multiple currencies in the economy and in the Group, management is required to assess what the functional currency of the Group is in accordance with International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates. The Group's assessment was based on weighting the volume of the local currency business against the foreign currency business.

The functional currency was assessed and concluded to be ZWL as at 31 December 2023 and a new currency, the ZWG was adopted in April 2024 replacing ZWL. While the proportions of USD transactions are more significant than was the case previously, with some of the Group's subsidiaries having over 50% of revenues in USD, it is management's view that considering the Group as a whole, the functional currency is the ZWG. Two of the Group's subsidiaries, OMICO and OMFIN, changed functional currency to USD during the 2023 year whilst CABS has also changed its functional currency to USD effective 1 January 2024 and their respective financial statements were prepared in USD. Management has also adopted ZWG as the presentation currency.

2.3 Revenue

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

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

Banking and lending

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

Asset management

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

Insurance

Insurance revenue recognition is detailed in note 2.4.

Investment return (non-banking)

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

2.4 Insurance contracts

The Group adopted IFRS 17 'Insurance Contracts' (IFRS) effective 1 January 2023 for the recognition, measurement, presentation and disclosure of its insurance contracts. IFRS 17 has replaced IFRS 4 'Insurance Contracts' (IFRS 4). The changes brought about by IFRS 17 did not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit nor does it have any impact on our non-insurance businesses.

On transition, IFRS 17 requires the standard to be applied either retrospectively (full or modified retrospective approaches) or using the fair value approach. The Group applied the fair value approach as at 1 January 2023. Under the fair value approach, the Contractual Service Margin (CSM) at the transition date is calculated as the difference between the fair value of the Group of insurance contracts and the fulfilment cash flows measured at that date. The Group applied the requirements of IFRS 13 'Fair Value Measurement' to determine the fair value of Groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied.

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

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income, under the income approach), at the required rate of return. This calculation allows for a market participants' view of capital requirements and expectations of future real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value.

Classification of contracts

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

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

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

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

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

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

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

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

Separation of components of insurance contracts

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

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

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

Level of aggregation of insurance contracts

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

Recognition

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

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

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

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

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

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

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

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

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

Modification

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

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

Derecognition

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

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

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

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



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NOTES TO THE CONSOLIDATED ABRIDGED INTERIM UNAUDITED FINANCIAL STATEMENTS (CONT'D) For The Six Months Ended 30 June 2024

Insurance revenue and expenses

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

Measurement

Insurance revenue – Contracts not measured under the PAA

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

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

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

Insurance revenue – Contracts measured under the PAA

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

Loss components

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

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

Insurance service expenses

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

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

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

Net expenses from reinsurance contracts

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

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

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

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

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

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

Insurance finance income and expenses

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

The Group has chosen not to disaggregate insurance finance income and expenses between profit or loss and OCI. All insurance finance income and expenses for the period is presented in profit or loss. The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

2.5 Investment property

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

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

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

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

Revaluation deficits are recognised in the revaluation reserve to the extent of previously recognised gains and any residual deficit is accounted for in profit or loss. Investment properties that are reclassified to owner occupied property should be revalued at date of transfer, with any difference recognised in profit or loss. Its fair value at date of reclassification becomes its fair value for subsequent accounting.

2.6 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

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

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

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

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

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

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

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

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

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

Initial recognition of financial liabilities

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

Subsequent measurement of financial assets

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

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

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

Derecognition of financial assets

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

Derecognition of financial liabilities

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



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

For The Six Months Ended 30 June 2024

3. SEGMENT INFORMATION

	Life Assurance ZWG 000	General Insurance ZWG 000	Banking & Lending ZWG 000	Asset Management ZWG 000	Holding Co & Other ZWG 000	Consolidation Adjustments ZWG 000	Total ZWG 000
A1 Statement of profit or loss for the period ended 30 June 2024							
Revenue							
Insurance revenue	118,928	194,084	-	-	-	-	313,012
Insurance service expenses	(373,396)	(200,157)	-	-	-	-	(573,553)
Net (expenses)/income from reinsurance contracts	(6,210)	15,970	-	-	-	-	9,760
Insurance service result	(260,678)	9,897	-	-	-	-	(250,781)
Investment return (non-banking)	(2,592,011)	130,502	-	(5,477)	(454,385)	395,133	(2,526,238)
Finance expenses from insurance contracts	2,096,445	-	-	-	-	-	2,096,445
Change in investment contract liabilities	278,495	-	-	-	-	-	278,495
Net investment result	(217,071)	130,502	-	(5,477)	(454,385)	395,133	(151,298)
Banking interest and similar income	-	-	234,613	-	-	-	234,613
Fee income, commissions and income from service contracts	21,307	-	423,954	27,221	-	-	472,482
Other income	104,063	-	(8,286)	58,025	2,688,015	(2,571,124)	270,693
Non-insurance revenue and income	125,370	-	650,281	85,246	2,688,015	(2,571,124)	977,788
Total revenue and other income	(352,379)	140,399	650,281	79,769	2,233,630	(2,175,991)	575,709
Expenses							
Impairment loss	-	-	(9,544)	-	(571,951)	-	(581,495)
Banking interest expense and similar expenses	-	-	(86,580)	-	-	3,850	(82,730)
Fees, commissions and other acquisition costs	(17,524)	-	(83,614)	-	(5,578)	2,679	(104,037)
Expected credit loss	-	-	(38,009)	-	-	-	(38,009)
Other operating and administration expenses	(15,429)	(14,922)	(303,464)	(45,407)	(107,495)	90,911	(395,806)
Net monetary adjustment	227,951	-	-	(33,146)	(2,459,553)	3,164,394	899,646
Non-insurance expenses	194,998	(14,922)	(521,211)	(78,553)	(3,144,577)	3,261,834	(302,431)
Share of results from associate	-	-	-	-	4,986	-	4,986
(Loss)/profit before tax	(157,381)	125,477	129,070	1,216	(905,961)	1,085,843	278,264
Income tax expense/(credit)	11,392	(19,886)	(5,283)	(9,307)	(13,291)	171	(36,204)
(Loss)/profit for the period	(145,989)	105,591	123,787	(8,091)	(919,252)	1,086,014	242,060
A2 Statement of profit or loss for the period ended 30 June 2023							
Revenue							
Insurance revenue	28,158	110,859	-	-	-	-	139,017
Insurance service expenses	(541,643)	(102,124)	-	-	-	-	(643,767)
Net expenses from reinsurance contracts	(2,461)	(10,586)	-	-	-	-	(13,047)
Insurance service result	(515,946)	(1,851)	-	-	-	-	(517,797)
Investment return (non-banking)	13,535,688	90,263	3,487	5,836	344,949	(121,216)	13,859,007
Finance expenses from insurance contracts	(10,742,045)	-	-	-	-	-	(10,742,045)
Net finance expenses from reinsurance contracts	(656)	(189)	-	-	-	-	(845)
Change in investment contract liabilities	(787,823)	-	-	-	-	-	(787,823)
Net investment result	2,005,164	90,074	3,487	5,836	344,949	(121,216)	2,328,294
Banking interest and similar income	-	-	346,184	-	-	-	346,184
Fee income, commissions and income from service contracts	17,041	217	346,136	71,183	43,179	(96,260)	381,496
Other income	484,139	71,863	2,304,758	27,180	(149,675)	(146,167)	2,592,098
Non-insurance revenue and income	501,180	72,080	2,997,078	98,363	(106,496)	(242,427)	3,319,778
Total revenue and other income	1,990,398	160,303	3,000,565	104,199	238,453	(363,643)	5,130,275
Expenses							
Impairment loss	-	-	(87,235)	-	-	-	(87,235)
Banking interest expense and similar expenses	-	-	(99,079)	-	-	21,195	(77,884)
Fees, commissions and other acquisition costs	(8)	(14,475)	(86,704)	(233)	(1,500)	2,872	(100,048)
Other operating and administration expenses	(106,793)	(47,627)	(323,569)	(41,643)	(124,123)	239,511	(404,244)
Net monetary adjustment	(817,501)	(33,181)	(749,040)	(46,883)	(113,027)	(38,626)	(1,798,258)
Non-insurance expenses	(924,302)	(95,283)	(1,345,627)	(88,759)	(238,650)	224,952	(2,467,669)
Profit/(loss) before tax	1,066,096	65,020	1,654,938	15,440	(197)	(138,691)	2,662,606
Income tax (expense)/credit	(50,949)	(18,014)	(42,359)	(6,769)	14,909	(29,818)	(133,000)
Profit/(loss) for the period	1,015,147	47,006	1,612,579	8,671	14,712	(168,509)	2,529,606
B1 Statement of financial position as at 30 June 2024							
Assets							
Intangible assets	-	-	4,798	209	3,844	-	8,851
Property and equipment	192,316	18,273	591,836	6,122	14,409	38,165	861,121
Investment property	4,838,044	6,535	277,660	-	3,906	(62,429)	5,063,716
Investments in subsidiary companies	74,548	-	-	-	2,548,512	(2,623,060)	-
Investment in associate	-	-	-	-	3,591	24,264	27,855
Deferred tax assets	-	-	1,260	-	8,443	-	9,703
Loans and advances	-	-	2,861,332	-	-	-	2,861,332
Investments and securities	6,723,182	106,100	863,377	11,916	480,586	(68,915)	8,116,246
Reinsurer contracts	1,335	66,926	-	-	-	-	68,261
Current tax assets	174	-	-	-	-	-	174
Amounts due by Group companies	9,125	2,097	-	10,040	329,488	(350,750)	-
Other receivables	292,758	187,022	895,870	25,421	466,908	-	1,867,979
Cash and cash equivalents	173,338	10,046	1,840,705	516	158,731	(158,442)	2,024,894
Total assets	12,304,820	396,999	7,336,838	54,224	4,018,418	(3,201,167)	20,910,132
Liabilities							
Insurance contract liabilities	9,957,353	163,337	-	-	-	-	10,120,690
Investment contract liabilities	918,818	-	-	-	-	-	918,818
Deferred tax liabilities	18,229	272	47,782	693	10,694	(670)	77,000
Current tax payables	-	17,472	1,957	3,960	5,961	-	29,350
Amounts due to Group companies	65,019	-	476	-	1,619,503	(350,750)	1,334,248
Other payables	118,465	1,675	578,487	13,644	87,111	(43,494)	755,888
Amounts owed to bank depositors	-	-	2,762,223	-	19,699	-	2,781,922
Credit lines	-	-	1,517,404	-	-	(46,105)	1,471,299
Total liabilities	11,077,884	182,756	4,908,329	18,297	1,742,968	(599,462)	17,330,772
Net assets	1,226,936	214,243	2,428,509	35,927	2,275,450	(2,601,705)	3,579,360
Shareholders' equity							
Share capital and premium	84,020	235	81,991	16,570	109,987	(292,800)	3
Non-distributable reserve	82,008	1,007	3,387	-	5,315	(141,517)	-
Revaluation reserve	11,401	-	412,890	-	1,470	-	425,761
Share based payment reserve	10,450	1,031	13,595	3,378	167,725	(108,833)	87,346
Regulatory provisions reserve	-	-	35,504	-	-	6	35,510
Currency translation reserve	26,716	73,470	281,588	-	7,127	1,183,604	1,572,505
Retained earnings	1,012,341	138,500	1,599,554	15,979	1,934,026	(3,436,016)	1,264,384
1,226,936	214,243	2,428,509	35,927	2,275,450	(2,795,556)	3,385,509	
Non-controlling interests	-	-	-	-	-	193,851	193,851
Total equity	1,226,936	214,243	2,428,509	35,927	2,275,450	(2,601,705)	3,579,360

B2 Statement of financial position as at 31 December 2023

	Life Assurance ZWG 000	General Insurance ZWG 000	Banking & Lending ZWG 000	Asset Management ZWG 000	Holding Co & Other ZWG 000	Consolidation Adjustments ZWG 000	Total ZWG 000
Assets							
Intangible assets	-	-	865	847	4,575	-	6,287
Property and equipment	297,639	3,010	131,230	6,139	15,618	92,704	546,340
Investment property	7,024,581	1,165	62,668	-	6,434	(92,704)	7,002,144
Investments in subsidiary companies	18,669	-	-	-	3,559,468	(3,578,137)	-
Investment in associate	-	-	-	-	59,789	-	59,789
Deferred tax assets	-	53	378	1,427	5,721	-	7,579
Loans and advances	-	-	418,000	-	-	-	418,000
Investments and securities	7,463,806	24,024	195,395	17,739	509,556	(209,732)	8,000,788
Reinsurer contracts	536	7,917	-	-	-	-	8,453
Current tax assets	1,475	-	-	-	198	-	1,673
Amounts due by Group companies	7,788	-	-	-	12,899	600,815	(621,502)
Other receivables	266,896	43,531	133,614	31,119	515,058	-	990,218
Cash and cash equivalents	159,018	3,842	320,797	2,068	65,522	(20,235)	531,012
Total assets	15,240,408	83,542	1,262,947	72,238	5,342,754	(4,429,606)	17,572,283
Liabilities							
Insurance contract liabilities	12,454,592	36,440	-	-	-	4,378	12,495,410
Investment contract liabilities	1,107,811	-	-	-	-	-	1,107,811
Reinsurance contract liabilities	34	-	-	-	-	-	34
Deferred tax liabilities	37,642	-	10,914	-	11,009	(1,426)	58,139
Current tax payables	-	341	22	3,982	4,544	-	8,889
Amounts due to Group companies	79,585	830	330	1,809	1,951,663	(621,502)	1,412,715
Credit lines	-	-	233,611	-	-	-	(8,470)
Other payables	190,509	1,490	84,310	20,683	162,401	(90,871)	368,522
Amounts owed to bank depositors	-	-	540,976	-	12,604	(3,140)	530,440
Total liabilities	13,870,173	39,101	870,163	26,474	2,142,221	(721,031)	16,227,101
Net assets	1,370,235	44,441	392,784	45,764	3,200,533	(3,708,575)	1,345,182
Shareholders' equity							
Share capital and premium	94,633	-	14,751	16,570	90,466	(216,417)	3
Non-distributable reserve	82,009	1	609	-	85,632	(168,251)	-
Revaluation reserve	14,541	-	100,332	-	1,472	-	116,345
Share based payment reserve	10,450	1	2,443	3,378	167,722	(96,648)	87,346
Regulatory provisions reserve	-	-	6,147	-	-	6	6,153
Currency conversion reserve	26,717	1,905	205	-	10,241	(146,168)	(107,100)
Retained earnings	1,141,885	42,534	268,297	25,816	2,845,000	(3,232,871)	1,090,661
1,370,235	44,441	392,784	45,764	3,200,533	(3,860,349)	1,193,408	



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For The Six Months Ended 30 June 2024

9 FEE INCOME, COMMISSIONS AND INCOME FROM SERVICE CONTRACTS

	30-Jun-24 ZWG 000	30-Jun-23 ZWG 000
Banking operations:		
Commissions	55,737	95,922
Service fees	309,732	184,604
Administration fees	58,485	69,953
Total fee income and commission from banking operations	423,954	350,479
Long term insurance business	21,307	12,878
Asset management business	27,221	18,139
	472,482	381,496
10 OTHER INCOME		
Exchange gains	188,596	1,805,947
Other income	82,097	786,151
	270,693	2,592,098
11 OTHER OPERATING EXPENSES		
Banking operational costs	18,333	140,790
Travel and subsistence	10,541	9,865
Office space costs	35,840	14,720
Fees and levies	6,190	1,074
Directors fees	6,406	5,996
Insurance	11,367	10,638
Actuarial and consultancy fees	30,223	28,286
Advertising and marketing	29,174	12,025
Information Technology costs	65,763	18,163
Depreciation and amortisation	9,343	9,463
	223,180	251,020
Auditors' remuneration		
Statutory audit services - current period	14,827	13,715
Staff costs		
Wages and salaries	206,190	217,157
Retirement defined contribution obligations	11,390	3,608
Social security costs	2,788	3,165
Bonus and incentive remuneration	13,794	14,229
Other staff costs	45,880	81,918
	280,042	320,077
Other expenses	62,710	4,145
Attributable insurance expenses	(184,953)	(184,713)
	395,806	404,244
	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000

12 INVESTMENT PROPERTY

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Carrying amount at beginning of period	7,002,144	3,745,854
Additions	-	7,564
Disposal	(8,814)	-
Improvements	14,270	47,295
(Loss)/gain from fair value adjustments	(1,943,884)	3,201,431
Carrying amount at end of period	5,063,716	7,002,144
Comprising:		
Leasehold property	76,326	112,306
Freehold property	4,987,390	6,889,838
	5,063,716	7,002,144
The fair value of freehold property leased to third parties under operating leases	3,999,179	5,809,013
Rental income from investment property	225,722	877,128
Direct operating expenses arising from rented-out investment property	(94,666)	(769,724)
	131,056	107,404

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

- The underlying valuation has been prepared in USD as rentals are predominantly received in USD.
- Rentals are benchmarked in USD but payable in both ZWG and USD.
- Moderate levels of inflation to persist.

The Group properties were valued in accordance with the International Valuation Standards with income generating properties valued using the Direct Capitalisation Method (DCM) while landholdings and residential properties were valued using the market approach.

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

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

Key valuation inputs

The table below sets out information about inputs used at 30 June 2024 in measuring investment properties categorised under level 3 of the IFRS 13 fair value hierarchy. Level 3 is when unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Type of Property	Key unobservable inputs	Interrelationship between unobservable inputs and key fair value measurement
Office, Retail and Industrial Properties	<p>Office</p> <ul style="list-style-type: none"> -Capitalisation rates: 7% to 10%. -Market rentals per m²: USD2.50 to USD10.00. -Vacancy rates: 0% to 71%. <p>Retail</p> <ul style="list-style-type: none"> -Capitalisation rates: 6.5% to 12.5%. -Market rentals per m²: USD1.75 to USD13.50. -Vacancy rates: 0% to 40%. <p>Industrial</p> <ul style="list-style-type: none"> -Capitalisation rates: 6.5% to 13%. -Market rentals per m²: USD1.00 to USD3.50. -Vacancy rates: 0% to 48%. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> > net rental income increased/(decreased) > capitalisation rates were lower/(higher). > vacancies decreased/(increased) <ul style="list-style-type: none"> • The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential	Residential rent from USD200.00 to USD500.00	<ul style="list-style-type: none"> • The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).
Land	Land value per m ² : USD85.00	<ul style="list-style-type: none"> • The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).

13 LOANS AND ADVANCES

Concentration - gross loans and advances	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Housing	149,302	30,174
Unsecured personal loans	515,884	63,723
Commercial and industrial	2,263,115	340,034
Gross loans and advances	2,928,301	433,931
Less provision for impairment	(66,969)	(15,931)
Net loans and advances	2,861,332	418,000
Maturity analysis - gross and loans advances		
On demand to 3 months	515,002	63,256
3 months to 12 months	734,875	128,323
1 year to 5 years	1,656,205	231,925
Over 5 years	22,219	10,427
	2,928,301	433,931
Non performing loans		
	25,321	422
Analysis of past due but not impaired		
30 to 60 days past due	11,647	1,909
61 to 90 days past due	20,382	25,521
	32,029	27,430

13.1 Sectoral analysis of loans and advances

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

Sector	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Agriculture	1,051,810	146,205
Construction, transport and communication	116,789	8,608
Distribution	163,659	18,644
Financial Service	9,331	1,989
Manufacturing and Mining	597,915	74,641
Mortgages	177,063	32,760
Private/Individuals	455,873	68,912
Energy	297,826	69,608
Services	58,035	12,564
Total gross loans	2,928,301	433,931

13.2 Impairment and credit quality analysis

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000
As at 1 Jan 2024	267,532	(2,351)	157,748	(8,324)	8,651	(5,256)	433,931	(15,931)
Originations, purchases and interest accruals	2,320,931	(14,631)	156,752	(29,083)	16,687	(7,324)	2,494,370	(51,038)
Repayments and other derecognitions excluding write-offs	2,065,379	(9,566)	16,269	(3,294)	1,407	(660)	2,083,055	(13,520)
Transfer to 12 month ECL	219,211	(4,584)	118,671	(18,256)	10,473	2,070	348,355	(20,770)
Transfer to lifetime ECL (not credit impaired)	18,686	(343)	6,513	(929)	1,547	(1,241)	26,746	(2,513)
Transfer to lifetime ECL (credit impaired)	(17,589)	(3,221)	17,589	(7,295)	-	-	-	(10,516)
Changes to model and risk parameters used for ECL calculation	(970)	(984)	(2,290)	691	3,260	(7,493)	-	(7,786)
	36,214	4,067	-	-	-	-	36,214	4,067
As at 30 June 2024	2,588,463	(16,982)	314,500	(37,407)	25,338	(12,580)	2,928,301	(66,969)

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000	Gross carrying amount ZWG 000	Allowance for ECL ZWG 000
As at 1 Jan 2023	120,640	(829)	14,118	(5,229)	821	(433)	135,579	(6,491)
Originations, purchases and interest accruals	2,921,032	(16,909)	257,808	(54,819)	73,746	(45,355)	3,252,586	(117,083)
Repayments and other derecognitions, excl write-offs	2,835,856	(14,094)	75,010	(9,342)	18,636	(29,554)	2,929,502	(52,990)
Transfer to 12 month ECL	109,228	(2,859)	166,619	(19,262)	47,232	(939)	323,079	(23,060)
Transfer to lifetime ECL (not credit impaired)	3,552	(122)	(3,524)	2,177	(28)	13	-	2,068
Transfer to lifetime ECL (credit impaired)	(20,903)	135	20,922	(27,669)	(18)	8	1	(27,526)
Changes to model & risk parameters used for ECL calculation	(6,701)	31	(1,219)	(723)	7,924	(14,883)	4	(15,575)
Inflation adjustment	(2,774,140)	15,387	(114,178)	51,724	(65,916)	40,532	(2,954,234)	107,643
As at 31 Dec 2023	267,532	(2,351)	157,748	(8,324)	8,651	(5,256)	433,931	(15,931)



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For The Six Months Ended 30 June 2024

14 INVESTMENTS AND SECURITIES

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
14.1 Analysis of investments		
Equity securities	- listed 4,968,449 - unlisted 1,668,506	5,394,554 1,619,829
Total Equities (note 14.2)	6,636,955	7,014,383
Unit trust investments	1,981	13,258
Public sector securities	539,838	17,080
Debentures	7,256	532,007
Treasury bills	420,523	111,470
Deposits and money market securities	509,693	312,590
	8,116,246	8,000,788

14.2 Spread of equity securities by sector

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Commodities	383,945	1,238,293
Communications	269,678	246,199
Consumer	2,323,329	2,917,982
Financial	2,132,764	1,659,704
Property	917,541	520,006
Manufacturing	532,322	353,973
Mining	77,376	78,226
	6,636,955	7,014,383

14.3 Movements of investment and securities

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Opening balance	8,000,788	4,268,715
Fair value movements through profit or loss	7,338	1,930,871
Additions	839,729	2,879,251
Disposals	(730,032)	(151,387)
Maturities	(1,577)	(926,662)
Closing balance	8,116,246	8,000,788

14.4 Investment in unlisted equities above 20% shareholding

	% holding	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Investee			
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	296,514	390,410
Great Zimbabwe Hydro (held by OMLAC Main Fund)	31%	14,146	12,592
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	131,848	206,463
Manica Boards and Doors (MBD) (held by OMLAC Main Fund)	55%	55,558	63,866
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	12,818	14,229
Closetin (held by OMLAC Main Fund)	21%	1,626	19,767
Plaza Bakery (held by OMLAC Main Fund)	49%	8,296	8,656
Zimcampus preference shares (held by OMLAC Main Fund and OMLAC Special Fund)	29%	108,102	109,328
Solgas ordinary shares (held by OMLAC Main Fund)	49%	582	595
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	12,995	9,304
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	511,866	287,002
Southern Property (Private) Limited (held by OMLAC Main Fund)	20%	12,297	8,228
Tenpill (held by Shareholders and OMLAC Main Fund)	48%	160,125	168,558
Nedbank Zimbabwe (held by Shareholders)	23%	115,734	88,794
Centagrid (held by OMLAC Main Fund)	26%	35,490	37,016
Glytime Foods (held by OMLAC Main Fund)	45%	24,666	26,474
		1,501,983	1,451,282

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, and are invested into investment linked insurance funds and funds which operate like unit trusts which are managed on a fair value basis. These funds back investment contracts with discretionary participating features and investment contracts.

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

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

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

14.5 Sensitivity Analysis - Listed equities

	30-Jun-24 reported value	+/- 20% stock movement	+/- 50% stock movement	+/- 75% stock movement
Equities - after increase	4,968,449	5,962,139	7,452,673	8,694,785
Equities - after decrease	4,968,449	3,974,759	2,484,225	1,242,113
Increase or decrease in fair value movement	-	993,690	2,484,224	3,726,336
Impact on profit and NAV	-	233,517	583,793	875,689

The Group has significant holdings in equities, consequently movements in the market index will have a significant impact on reported profits for the period.

15 OTHER RECEIVABLES

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Accrued investment income	25,019	12,933
Agent debtors and prepayments	48,403	73,563
Inventory - Capitalised project costs (see note 15.1 below)	3,176	5,482
Banking settlement and other clearing accounts	464,982	194,785
RBZ legacy debt (see note 15.2 below)	469,885	506,287
Trade debtors	27,540	35,173
Tenant debtors	97,899	96,155
Other non-financial assets	202,981	16,876
Gold coins	1,090	12,335
Other	527,004	36,629
	1,867,979	990,218

15.1 Inventory - Capitalised project costs

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Opening balance	5,482	6,358
Additions	14	-
Cost of Sales	(2,320)	(865)
Write down	-	(11)
	3,176	5,482

15.2 RBZ Legacy Debt

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Principal Amount	36	36
Fair value gain	469,849	506,251
Amount receivable	469,885	506,287

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe (RBZ)'s Exchange Control Directive RU/102 of 2019 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL1:USD1 in relation to foreign currency legacy debts to be registered with the RBZ. The value in use of the receivable has been determined after taking into account key assumptions of a 10.64% discount rate. The State through the Ministry of Finance and Economic Development, subsequently assumed responsibility for the discharge of the debt.

The Group believes that the risk of non-realisation of cashflows under the arrangement is remote given the passing of Finance Act No 7 of 2021 and due to the fact that the RBZ has previously supported repayments under the legacy debt registered for CABS as they have fallen due, with indications having been provided that support will continue to be provided for the remaining amounts in CABS and OMZIL. The impairment represents a remeasurement of timing of expected cashflows based on management's assessment of the projected settlement horizon.

15.2 RBZ Legacy Debt (cont'd)

Legacy Debts registration process

	30-Jun-24 Approved USDm	31-Dec-23 Approved USDm
External lines of credit	26	26
Amounts owing to related parties	84	84
Amounts owing to 3rd parties	1	1
Amounts settled to date	(22)	(22)
	89	89

15.3 Impairment of legacy debt

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Opening balance	780,522	2,216,159
Valuation adjustment	581,495	834,894
Inflation adjustment	(661,042)	(2,270,531)
Closing balance	700,975	780,522

16 INSURANCE AND REINSURANCE CONTRACTS

	30-Jun-24 ZWG 000		31-Dec-23 ZWG 000	
	Assets	Liabilities	Assets	Liabilities
Insurance contracts				
Total life and guaranteed savings:	-	9,957,353	-	12,454,592
Life Risk and Annuities	-	136,668	-	177,685
Life Savings	-	9,820,685	-	12,276,907
Property and casualty	-	163,337	-	40,818
Total insurance contracts	-	10,120,690	-	12,495,410
Reinsurance contracts				
Total life and guaranteed savings:	1,336	-	536	34
Life Risk and Annuities	1,336	-	536	34
Life Savings	-	-	-	-
Property and casualty	66,925	-	7,917	-
Total reinsurance contracts	68,261	-	8,453	34

16.1 Insurance contracts

Analysis by remaining coverage and incurred claims

30 June 2024

Liability for remaining coverage	Liabilities for incurred claims				Total ZWG 000
	Excluding component loss ZWG 000	Loss component ZWG 000	Contracts not under PAA ZWG 000	Contracts under PAA	
Estimates of present value of future cash flows ZWG 000				Risk-adjustment for non-financial risk ZWG 000	
Net opening balance (insurance contracts)					
Opening insurance assets	12,374,329	-	-	-	-
Opening insurance liabilities	(217,810)	217,810	(186,394)	87,148	2,517
	12,374,329	217,810	(186,394)	87,148	12,495,410
Changes in profit or loss					
Insurance revenue:					
Contracts under the modified retrospective approach	(313,013)	-	-	-	(313,013)
Contracts under the fair value approach	(48,673)	-	-	-	(48,673)
Other contracts	(264,340)	-	-	-	(264,340)
Insurance service expenses:					
Incurred claims and other insurance service expenses	33,058	152,156	134,797	250,258	3,283
Amortisation of insurance acquisition cash flows	-	-	134,797	190,298	-
Losses and reversal of losses on onerous contracts	33,058	-	-	-	33,058
Adjustments to liabilities for incurred claims	-	152,156	-	-	152,156
	-	-	59,960	3,283	63,243
Insurance service result	(279,955)	152,156	134,797	250,258	3,283
Insurance finance income	(2,095,288)	(854)	-	-	4,935
Total changes in profit or loss	(2,375,243)	151,302	134,797	250,258	8,218
Investment components					
Cash flows					
Premiums received	424,556	-	-	-	424,556
Insurance acquisition cash flows paid	(44,372)	-	-	-	(44,372)
Insurance claims paid, including investment components	-	-	(113,584)	(36,551)	(150,135)
Other expenses paid	(69,741)	(255)	(135,218)	(11,831)	(1,606)
	310,443	(255)	(248,802)	(48,382)	(1,606)
Total cash flows (insurance contracts)	310,443	(255)	(248,802)	(48,382)	(1,606)
Foreign currency exchange differences and other	(543,784)	(236,799)	300,895	(77,461)	1,699
Net closing balance (insurance contracts)	9,765,745	132,058	496	211,563	10,828
Closing insurance liabilities	9,765,745	132,058	496	211,563	10,828

31 December 2023

Liability for remaining coverage	Liabilities for incurred claims				Total ZWG 000
	Excluding component loss ZWG 000	Loss component ZWG 000	Contracts not under PAA ZWG 000	Contracts under PAA	
Estimates of present value of future cash flows ZWG 000				Risk-adjustment for non-financial risk ZWG 000	
Net opening balance (insurance contracts)					
Opening insurance assets	(44,576)	-	(299,323)	-	(343,899)
Opening insurance liabilities	6,435,080	221,214	-	46,192	835
	6,390,504	221,214	(299,323)	46,192	6,359,422
Changes in profit or loss					
Insurance revenue:					
Contracts under the modified retrospective approach	(313,537)	-	-	-	(313,537)
Contracts under the fair value approach	(75,899)	-	-	-	(75,899)
Other contracts	(237,638)	-	-	-	(237,638)
Insurance service expenses:					
Incurred claims and other insurance service expenses	13,874	40,222	361,789	148,560	1,999
Amortisation of insurance acquisition cash flows	6,247	(1,407)	361,789	172,518	-
Losses and reversal of losses on onerous contracts	7,627	-	-	-	7,627
Adjustments to liabilities for incurred claims	-	41,629	-	-	41,629
	-	-	(23,958)	1,999	(21,959)
Insurance service result	(299,663)	40,222	361,789	148,560	1,999
Insurance finance income	5,110,150	-	-	-	5,110,150
Total changes in profit or loss	4,810,487	40,222	361,789	148,560	5,363,057
Investment components					
Cash flows					
Premiums received	841,822	-	-	-	841,822
Insurance acquisition cash flows paid	(14,625)	-	-	-	(14,625)
Insurance claims paid, including investment components	-	-	(449,408)	(43,073)	(492,481)
Other expenses paid	-	-	(359,870)	(50,112)	(409,982)
	827,197	-	(809,278)	(93,185)	(75,266)
Total cash flows (insurance contracts)	827,197	-	(809,278)	(93,185)	(75,266)
Foreign currency exchange differences and other	346,141	(43,626)	560,418	(14,419)	(317)
Net closing balance (insurance contracts)	12,374,329	217,810	(186,394)	87,148	12,495,410
Closing insurance liabilities	12,374,329	217,810	(186,394)	87,148	12,495,410



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

For The Six Months Ended 30 June 2024

17 INVESTMENT CONTRACT LIABILITIES

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Liabilities at fair value through profit or loss	918,818	1,107,811
Movement in liabilities fair valued through profit or loss		
Balance at beginning of period	1,107,811	506,203
New contributions received	112,510	123,133
Withdrawals	(23,008)	(10,533)
Fair value movements	(278,495)	489,008
Balance at end of period	918,818	1,107,811

18 AMOUNTS DUE TO GROUP COMPANIES

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

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
	1,334,248	1,412,715

19 OTHER PAYABLES

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Accruals and deferred income	62,775	6,145
Trade creditors	197,548	171,845
Foreign creditors	3,316	9,999
Dividend payable	10	66
Bonus and leave pay provisions	12,328	42,120
Audit fee provisions	2,047	11,127
Other financial liabilities	425,692	22,154
Other liabilities (including settlement control accounts)	52,172	105,066
Total	755,888	368,522

20 AMOUNTS OWED TO BANK DEPOSITORS

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

	30-Jun-24 ZWG 000	31-Dec-23 ZWG 000
Money market deposits	216,146	89,393
Savings deposits	2,376,891	447,211
ZWG deposits	10,743	1,233
Other	19,699	12,603
Total	2,623,479	550,440
Maturity analysis		
On demand to 3 months	2,598,909	511,708
3 months to a year	413	35,085
1 year to 5 year	13,414	2,376
Over 5 years	10,743	1,271
Total	2,623,479	550,440
Concentration - value		
Financial institutions	93,174	145,636
Companies	267,053	236,807
Individuals	2,263,252	167,997
Total	2,623,479	550,440
Concentration - percentage		
Financial institutions	4%	26%
Companies	10%	43%
Individuals	86%	31%
Total	100%	100%

21 CURRENCY SENSITIVITY ANALYSIS

The table below is a sensitivity analysis of the effect of using different exchange rates to convert foreign currency balances to local reporting currency. The scenarios presented compare the impact of using the closing rate at 1:13.71 depreciated at 50% and 75%.

Foreign currency denominated Assets/Liabilities	2024 Group USD 000 30 June 2024	2024 Group ZWG 000 Translated @ 13.71	2024 Group ZWG 000 50% depreciation	2024 Group ZWG 000 75% depreciation
	Assets			
Investments and securities	277,646	3,806,533	5,709,800	6,661,433
Loans and advances	184,873	2,534,609	3,801,914	4,435,566
Other receivables	100,535	1,378,337	2,067,506	2,412,090
Cash and cash equivalents	118,359	1,622,706	2,434,059	2,839,736
Total assets	681,413	9,342,185	14,013,279	16,348,825
Liabilities				
Insurance contract liabilities	199,991	2,741,877	4,112,816	4,798,285
Investment contract liabilities	54,727	750,312	1,125,468	1,313,046
Amounts due to group companies	84,315	1,155,961	1,733,942	2,022,932
Amounts owed to bank depositors	141,684	1,942,493	2,913,740	3,399,363
Credit lines	106,854	1,464,974	2,197,461	2,563,705
Other payables	33,036	452,923	679,385	792,615
Total liabilities	620,607	8,508,540	12,762,812	14,899,946
Net assets	60,806	833,645	1,250,467	1,458,879

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

22 RISK MANAGEMENT

Our approach to risk management

Old Mutual Zimbabwe Limited's approach to risk management continues to be optimisation of the risk-return trade-off to maximise value generated for customers, shareholders and the communities we operate in.

Key focus areas in the first half of the year were reviews of the risk strategy, including the attendant risk preferences and appetite limits. There was further refinement of the risk measurement metrics (key risk indicators) for improved and more objective risk ratings.

Combined assurance activities (amongst risk, compliance, internal audit and the business) were delivered in line with the Group's thrust of maturing the process to reach the 'Established & Embedded' maturity level, where risk and control are fully embedded in the Group's operations.

Overview of top risks

An overview of the top risks as at end of the first half of 2024 is summarised below:

External Risk

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

The introduction of the new currency, the Zimbabwe Gold in April 2024, resulted in the stability of both the official exchange and inflation rates. The effective management of money supply will be key in the near term outlook.

There was a resurgence of power supply challenges, with impacts on industry capacity utilisation and escalations of operating costs as businesses relied on expensive alternative power back-up arrangements.

Competition remained fierce in the period under review, especially on mergers and acquisitions, and digital innovations. The Group's operating entities, remained competitive, with market shares within target range.

The country is facing the risk of food insecurity because of the El Nino induced drought in the 2023-24 agricultural season. Grain imports to alleviate the effects of this drought, are likely to increase Government spending, with possible impacts on the exchange and inflation rate. Transition risks remain topical for the Group, with strategies being put in place on the reduction of carbon footprint on the environment.

Mitigating Actions: Management continues to pursue value preservation through investments in real assets for customers and the shareholder. The Group is enhancing its competitive edge through escalating business development efforts, diversification and expanding strategic partnerships and leveraging digital transformation and integrated financial services initiatives.

The Group has embedded a regulatory change monitoring process, encompassing impact and readiness assessments and engagements with lawmakers, where changes have negative unintended consequences. The Group has drafted a Sustainability Strategy, with a road map on the full adoption of the international sustainability standards, including measures around climate change risk mitigation and adaptation.

Market Risk

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

Equity & property volatility risk: Investment returns as measured by the performance of the Zimbabwe Stock Exchange All Share Index were volatile during the first half of 2024. The property market remained subdued due to depressed economic activity. The Group continued with an asset allocation that was heavily skewed to real assets, for value preservation. This was, however, balanced with the need to ensure availability of liquidity for meeting business and customer requirements.

Foreign Exchange Rate Risk: The Group continued to maintain a positive foreign currency net open position during the period under review, which provided a cushion against exchange rate depreciation.

Interest rate risk: The interest margin compression risk for CABS remained area of focus, due to the high cost of foreign lines of credit. There was a further squeeze on the local book margins following the introduction of the ZWG and the reduction of the bank policy rate, and the corresponding lending rates.

Mitigating Actions: The strategy of diversifying listed equity risk through alternative investments and private equity, is continuing. Continued maintenance of a positive net open position, as a cushion against local currency depreciation, will be pursued. This will also strengthen capacity to meet foreign obligations. Measures are being taken to grow the relatively cheaper corporate and retail USD deposits to protect interest margins.

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 monetary authorities continued with a tight monetary regime, which constrained market liquidity, for both the local currency and the USD. For banks, the RBZ continued to mop-up excess RTGS account balances into Non-Negotiable Certificates of Deposits (NNCDs), which, however, could be released to banks for urgent requirements. The bulk of the bank deposits are 'demand' balances, which are quickly withdrawn by customers and hence cannot be used to fund long-term lending. On the life assurance side, pension contributions and invested assets were sufficient to cover benefits payments.

All obligations to customers and other third parties were however, timeously met. The Group's liquidity ratios were also largely within target range.

Mitigating Actions: Asset allocation continues to be reviewed to balance availability of liquidity with value preservation due to hyper-inflation and currency depreciation. Cash flow management strategies continue which include regular cash flow forecasting and embedment of a Group Treasury Framework.

Liquidity stress testing at Group and BU level is being done as part of forward-looking management of the risk quarterly. There is back-testing of cashflow forecasts to confirm reliability of the model outputs. Liquidity/funding contingency plans are refreshed annually, for relevance.

Legal and Regulatory Compliance Risk

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

The main compliance risk continued to arise from frequent legal and regulatory changes, some of which were with immediate effect, or within relatively short periods. New compliance requirements ushered in by the currency changeover process in April 2024, were largely met.

The Group progressed in remediating gaps in compliance on shareholding and governance requirements in certain subsidiaries. The recurring breaches on investment thresholds (inclusive of prescribed asset status), and EMV compliance continue to receive management attention, with updates on actions and timelines communicated to regulators.

Mitigating Actions: These include resolution of open breaches, continuous regulatory engagements, training and upskilling staff on existing and new regulatory themes, automation of compliance processes, impact assessments of new regulations, and ongoing compliance monitoring and conformance testing. Management is also driving full adoption and embedment of all compliance related frameworks (Privacy, Market Conduct and AML/CFT/CPF & Sanctions).

Operational Risk

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

The operational risk exposures for the Group in the period under review were from improvements needed on the management of audit issues, resolution of policy compliance gaps, enhancing proactive fraud risk management, and improving system risk and control data quality. The operational risk loss ratio remained within target range.

Mitigating Actions: Proactive remediation of all below target audit KPIs, risk system data quality gaps and policy compliance gaps by 31 December 2024. There is implementation of a proactive fraud monitoring solution and conducting fraud risk assessments across the Group. Fraud risk management strategies are being enhanced.

Information Technology Risk

Risks of loss due to an inadequate or inefficient information security, failure of systems and/or related processes.

There were increased network connectivity challenges due to optical fibre disruptions from road rehabilitation works in Harare. There were also recurring system challenges due to the technical debt issues. Information security remained top on the IT agenda of the Group, given the ever-present threats of cyber-attacks and data breaches.

Mitigating Actions: Disaster recovery capability reviews are in progress and system and infrastructure refreshes are underway. There is continued software updates/patching as a protection against cyberattacks.

Insurance Risk

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

All claims ratios for the two insurance entities, including the loss ratio for the private motor business, were within target range. The underwriting margin for OMICO, was also within target range.

Mitigating Actions: Reinsurance and correct risk pricing are in place at the two insurance entities with regular actuarial reviews undertaken of product pricing and insurance reserving.

Credit Risk

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

Key asset quality indicators at the two lending entities (CABS and OMFIN) remained within target range as of H1 2024. Debtor collection ratios remain high in the non-banking businesses. Rental arrears, though outside target range, exhibited an improving trend by end of the period under review.

Mitigating Actions: A prudent lending approach is taken at CABS and OMFIN, with loans advanced only to credit-worthy customers.

Emerging Risks & Trends

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

- Currency Uncertainty:** While there is a Statutory Instrument entrenching the use of the multicurrency regime until 31 December 2030, recent official pronouncements call in question that timeline. There is also a possibility of a depreciation of the new currency, the ZWG, given recent price increases in the market. The Group is pursuing value preservation strategies, through real asset investments.
- Constrained USD Liquidity:** With increasing demand for foreign currency to meet cross border obligations, especially for grain imports as drought mitigation, and reduced export receipts because of the volatile global metal prices, there is a possibility of strain on the country's balance of payment position. Liquidity management strategies are in place, within the Group, which include response actions to stress test results.
- Environment & Climate Change - Extreme Weather Conditions:** The risk of extreme weather events remains prevalent, with predictions of La Nina effects forecast for the 2024/25 agricultural season, which may result in excessive rain and floods. Climate risk mitigation initiatives, including offering weather related insurance products and risk transfer through insurance/reinsurance continue to be implemented.

23 CONTINGENT LIABILITIES

Commission of inquiry

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

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

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

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