OLDMUTUAL

Old Mutual Zimbabwe Limited

ANNUAL REPORT 2021

DO GREAT THINGS EVERY DAY

Contents

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Certificate of incorporation no.
5684/1998

PERFORMANCE

CHAIRMAN'S STATEMENT

> Old Mutual adheres to a Responsible Business Framework which guides the way we invest and conduct business. The thrust is to ensure that we make a positive impact on the customers and the communities we serve. Our efforts in 2021 continued to be aligned to wider efforts by the government and the rest of the private sector to develop the economy.

K.C. KATSANDE
Chairman

Economic Environment

The COVID-19 pandemic continued to be a dominant theme in 2021 although the economic impact was less severe than in 2020. The country witnessed the second, third and fourth waves of the COVID-19 pandemic during the year, resulting in various lockdown restrictions that affected economic activity. Despite a commendable vaccination program driven by government, vaccine hesitancy seemingly curtailed efforts to reach herd immunity in the year with a little over 31% of the targeted population having been vaccinated by the end of 2021. We commend efforts embarked on by the government, civil society and the private sector to ensure the effect of the pandemic was contained as much as possible.

Government estimates 2021 economic growth to be 7.8%, supported by a good agricultural season, improved mining output, increased industrial capacity utilisation and growth in the construction sector.

Economic growth was complemented by a sustained reduction in year-on-year inflation in 2021 under Monetary Policy measures that were designed to contain money supply. Annual consumer inflation closed the year at 60.7%, compared to 348.6% for the year ended 31 December 2020. The official foreign currency market saw the local currency depreciating by 33%. The official exchange rate closed the year at USD1:ZWL108.7 from USD1:ZWL81.8 at the start of the year. Regulatory interventions through Statutory Instrument (S.I) 127 of 2021 reflected concerns over the impact of the parallel market on the economy. The parallel market continued to indirectly impact the pricing of assets in the economy while exerting pressure on operating costs and business margins.

The Zimbabwe Stock Exchange (ZSE) All Share Index closed the period under review up by 311%. There was a notable improvement in trading activity on the USD denominated Victoria Falls Stock Exchange (VFEX) following the listing of 3 additional counters on the market during the year.

While the performance of the property market was affected by the impact of COVID-19 on business, the sector showed signs of remarkable resilience with strong demand being seen for industrial and high-end office space. As Old Mutual we continued to pursue opportunities to invest in the property and infrastructure sectors.

Returns on fixed income securities were largely negative during the year despite the lower inflation. This resulted in diminished activity on the money market.

Business Efforts

2021 challenged familiar ways of doing business, further increasing the imperative for greater adaptability and agility in the ways of doing business. Despite continued challenges in the economic environment as well as the adverse impact of COVID-19, we remained committed to building a resilient business that delivers value to customers and shareholders.

The Group continued to provide support to support its customers across key economic sectors through lending, investment, and the wide range of financial services that it offers. Investments were made in a number of projects in sectors such as renewable energy, agriculture and tourism. The Group also continued to invest in the infrastructure sector in projects such as student accommodation to support tertiary institutions, and buildings to support the manufacturing and distribution sector.

Old Mutual adheres to a Responsible Business Framework which guides the way we invest and conduct business. The thrust is to ensure that we make a positive impact on the customers and the communities we serve. Our efforts in 2021 continued to be aligned to wider efforts by the government and the rest of the private sector to develop the economy.

Our investment philosophy continued to be guided by Environment, Social and Governance (ESG) Principles. We seek to promote these principles amongst our business partners and across our value chain in order to support sustainable growth into the future.

CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

The Old Mutual Zimbabwe Limited Group posted significant growth in the 2021 registering an inflation adjusted profit after tax of ZWL28.8 billion up from ZWL10.5 billion achieved in the prior year. In historical cost terms, this translated to a profit after tax of ZWL35.6 billion up from ZWL11.1 billion achieved last year.

The Group sustained adequate capital, solvency, and liquidity levels to meet regulatory thresholds. We welcome developments on the resolution of Legacy Debt. In terms of the Finance Act number 7 of 2021, legacy debt that had been registered with the Reserve Bank of Zimbabwe (RBZ) and that meets certain criteria will now be assumed by Central Government. Old Mutual carries a legacy debt amount of USD96 million registered in terms of the requirements. The Group will be working with the RBZ to have the legacy debt extinguished in terms of the Finance Act.

The Group Chief Executive Officer's report provides more insights into the financial performance.

Dividend

Based on the financial results for the year and balancing with the need to maintain capital at certain levels to support planned growth, a dividend of ZWL248 cents per share is proposed for the year.

Corporate Social Responsibility Initiatives

In support of the national response to COVID-19, the business continued to provide healthcare staff at a number of public and private hospitals with personal protective equipment (PPE) and medical consumables. The extension of free life cover to frontline healthcare practitioners continued into 2021. Old Mutual also ran a campaign in support of the ongoing National Immunisation Program.

Our innovation hub, Eight2Five, together with its partner the British Council continued the program to support budding entrepreneurs and successfully launched the 2021 Value Creation Challenge. This is a national initiative aimed at identifying and supporting businesses and ideas that provide innovative and sustainable solutions to Zimbabwe's socio-economic challenges.

In addition, the Group continued, through the Old Mutual Foundation Trust and other direct efforts by the business, to embark on certain Community Investment initiatives. These include:

- Support extended to a number of public institutions to rehabilitate certain infrastructure. For example, boreholes at multiple health centres and schools across the country were rehabilitated. Support was also extended towards the construction and equipping of the Lupane State University Clinic.
- Old Mutual partnered with the Traffic Safety Council of Zimbabwe and the Zimbabwe Republic Police to promote road safety.
- Bursaries were granted to selected university students studying Actuarial Sciences.
- The Old Mutual Women's Network (OWN) campaign enabled the procurement of some basic commodities for the benefit of vulnerable members of the community at identified institutions.
- An elaborate and well-structured Financial Literacy training program continued to be rolled out, aimed at empowering individuals to make educated and informed financial decisions. During 2021, this program was extended to and benefited 1 million people.

Appreciation

On behalf of the Board, I would like to thank our customers for their continued support. I also extend my appreciation to the Group's employees and management for their commitment to continue to serve our customers, whilst at the same time ensuring that the business continued to adapt to changes in the environment.

I also need to thank the wider industry which also recognised the efforts and successes scored by several of our business units. In recognition of the Group's efforts, the following awards were received by Old Mutual Zimbabwe during the year:

- Old Mutual was voted the biggest B2B brand in Zimbabwe at the Marketers' Association of Zimbabwe's 2021 Superbrands Awards.
- Old Mutual was ranked in the top 10 on the National Customer Satisfaction Index by The Chartered Institute of Customer Management.
- Old Mutual Insurance Company (OMICO) was awarded the Short-Term Insurance Company of the Year by the Zimbabwe Independent in the 2021 Insurance Survey.
- OMICO was the winner in the General Insurance category at the Contact Centre Service Excellence Awards.
- Old Mutual Investment Group (OMIG) was awarded the 2021 Best Performing Asset Manager and Best Real Estate Fund by the Financial Markets Indaba (FMI).
- Old Mutual Life Assurance Company (OMLAC) was voted the best Life Assurance Company in the Life Assurance Sector at the Marketers Association of Zimbabwe's 2021 Super Brands awards.
- CABS was voted the first runner up in the Banking Sector and the seventh overall in the B2B category at the Marketers Association of Zimbabwe's 2021 Super Brands awards.
- Old Mutual Finance (OMFIN) was awarded 2021 Fastest Outreach Growing MFI of the Year by The Zimbabwe Association of Microfinance Institutions (ZAMFI).

Outlook

Economic growth is expected to continue into 2022. Inflation and currency instability remain significant risks in the outlook. It remains critical on the part of policy makers to sustain consistent policies into the future to promote confidence amongst both local and international investors and business operators. Equally important will be the efforts and measures to promote stability on the currency market and to curb inflationary pressures. These efforts have been demonstrated in recent policy measures announced by the Ministry of Finance and the RBZ.

Commodity prices remain a key risk to economic growth given the uncertainty in the global economy brought about by the pandemic, and more recently the conflict between Russia and Ukraine.

K. C. KATSANDE
Chairman

30 March 2022

> In historical terms, the Group recorded a profit before tax of ZWL36.5 billion up 217% from ZWL11.5 billion achieved prior year.

SAMUEL MATSEKETE
Group Chief Executive Officer

Introduction

Our key initiatives for 2021 focused on:

- Enhancing the value proposition to serve our customers more effectively.
- Accelerating the transformation of identified business areas to ensure the business continues to be fit for the future.
- Ensuring that the business sufficiently mitigates the risks emanating from the external environment including the impact of COVID-19.

Enhancing the Customer Value Proposition

We continued to review our products in view of the changes in the environment and to respond to the needs of our customers.

In the life company, the Guaranteed Fund continued to declare bonuses monthly, thus passing value to participating clients frequently. Vesting conditions of the Guaranteed Fund were also reviewed in view of the level of returns generated by the fund's assets, whilst also recognising that inflation remains relatively high. The funeral product was enhanced, and an option was introduced to take the insurance cover in foreign currency. We piloted the funeral service offering at one location during the year and this is now set to be scaled up. We launched the Flexi Term Plan product, designed to give customers more flexibility in adapting to the effects of inflation.

We extended our reach into the retail segment in the short-term insurance business. Under specially negotiated reinsurance arrangements, the general insurance business introduced risk covers in hard currency which broadened the ways in which insurance cover could be extended.

As Old Mutual Investments Group, we listed on the Zimbabwe Stock Exchange, the first Exchange Traded Fund (EFT). In its first year the ETF returned 340% which compared favourably against both the All-Share Index and inflation benchmarks.

An equivalent of USD27.8 million was deployed into alternative (unlisted) investments in 2021. These investments increased the level of investments and support in critical economic sectors such as renewable energy, agro-exports, and tourism. We registered significant progress on a number of renewable energy projects, and despite COVID-19 related disruptions, two of the projects were commissioned during the year. Similarly, Phase one of a flagship hotel in the Victoria Falls in which we are a significant investor was commissioned and more land along the Zambezi River gorge, zoned for tourism, was acquired for development into the future. In the property portfolio new buildings and infrastructure were constructed. These include warehouses to support players in the manufacturing and distribution sector as well as the construction of student accommodation buildings in support of efforts by tertiary institutions.

In the banking business we grew the US dollar lending book to support foreign currency generating activity in the economy. This was backed by continuing lines of credit and a new Euro 15 million facility established during the year. Our offering in international payments, money transfer business and treasury services was further strengthened. Retail loan products at both CABS and Old Mutual Finance were reviewed to allow easier access, without compromising credit quality. Our Custody and Trusteeship business continued to be of value to both local and international investors exploring investment opportunities in various sectors of the Zimbabwean economy.

Pursuing Transformation

A key area of focus across the Group has been to continue to adapt the business so that, whilst one eye is focused on effectively serving the current needs of customers, the other focuses on ensuring that the business continues to be fit for the future. The needs of our clients continue to evolve and so is our offering in response to the dynamic customer preferences.

CEO'S REVIEW (CONT'D)

We launched the MyOldMutual digital platform during the year, allowing customers to insure and invest (on USSD and WhatsApp), as well as access pension benefit statements and performing their banking transactions on WhatsApp. The performance of the MyOldMutual digital platform to date has been commendable with active digital users ahead of target. We will continue to expand the breadth of services and functionality that can be accessed on our digital platforms.

In addition to the MyOldMutual platform, we further enhanced digital access to our products and services by launching the Eezy Credit product on mobile, enabling online USD transactions and configuring USD cash withdrawals on ATMs. CABS launched the Tap and Go Prepaid Mastercards. The cards use the latest secure technology and for added convenience, they allow customers to transact on point of sale (POS) devices by simply tapping to pay without swiping their cards.

We made progress in automating more of our processes and replacing legacy systems with a view to optimise operating efficiencies and support efforts to continuously improve customer experience. A review of the organisational design was done to ensure the structures across all operating units effectively support our strategy and transformation agenda.

Defending the Business Against Emerging Risks Including the Impact of COVID-19

COVID-19 and its associated risks remained significant in 2021. A fourth wave of the pandemic unfolded towards the end of the year driven by the Omicron variant. In response the business continued to prioritise the safety of customers, employees and the wider community. We escalated efforts to support remote interactions with our current and prospective customers.

Most of the Group's employees have been enabled to work from home to ensure continuity of service provision. Customers that need to physically access branches continue to be served under appropriate health protocols which promote the safety of customers and staff, including strict screening protocols, regular sanitisation of workplaces and provision of personal protective equipment (PPE) to staff. Ongoing reviews of our products and processes continued to factor in COVID-19 related and other emerging risks.

Financial Performance

Inflation Adjusted basis

The Group achieved an inflation adjusted profit before tax of ZWL29.5 billion up from ZWL9.4 billion achieved in 2020. Inflation adjusted total assets increased by 69% from ZWL152.6 billion as at 31 December 2020 to ZWL258.2 billion. The nominal growth of 175% was higher than inflation of 60.7% for the year.

The Group sustained adequate liquidity, capital and solvency levels that met regulatory thresholds and support planned growth into the future.

Performance on the historical cost basis

In historical terms, the Group recorded a profit before tax of ZWL36.5 billion up 217% from ZWL11.5 billion achieved prior year. Life and General insurance businesses net earned premiums (NEP) grew by 251%, achieving NEP of ZWL8.9 billion for the year ended 31 December 2021 up from ZWL2.5 billion in 2020. This growth was driven by a combination of increases in the nominal value of premiums as well as new business inflows.

Investment returns were ZWL126.4 billion up from ZWL49.7 billion achieved last year driven by significant gains on listed equities, investment properties and the translation of foreign currency denominated investments.

Net interest income increased by 428% to ZWL4.9 billion driven by growth in the interest earning assets. Fees and commission income grew by 237% to ZWL7.1 billion driven by growth in volume of transactions in the digital space and an increase in nominal values of transactions.

Operating and administration expenses increased to ZWL8.3 billion, an increase of 258% from prior year. Expenses continue to be driven by inflationary pressures and the devaluation of local currency impacting foreign currency denominated expenses. The business also spent just under ZWL500 million on a restructuring exercise completed in December 2021 resulting from the organisational design exercise undertaken.

Looking Ahead Into 2022

As we look ahead into 2022, we remain focused on continuing to adapt our offering to customers through strategic and sustainable innovations, investments and partnerships that generate value for our customers and all our stakeholders. We will continue to pursue growth opportunities in support of our integrated financial services offering.

Appreciation

We appreciate the unwavering support that we continue to receive from our growing base of valued customers throughout the year. On behalf of management and all colleagues in Old Mutual Zimbabwe, I would also like to extend sincere appreciation to our Boards for the guidance and steer they continue to give us, and to all our regulators for very productive engagements over diverse areas of our business.

BS Matsekete

SAMUEL MATSEKETE
Group Chief Executive Officer

30 March 2022

DIRECTORS' REPORT

Responsibility

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

Compliance with legislation

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

Compliance with IFRSs

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

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

The directors are not aware of areas of non-compliance with IFRS in the financial statements for the year ended 31 December 2021. However during 2020 compliance with IFRS could not be achieved due to the recognition of a receivable in connection with the legacy debt registered with the RBZ.

Accounting judgments

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, for the 2021 financial year, the business decided that the US Dollar valuations would no longer be appropriate. This is after considering factors such as the currency in which rental income is earned as well as market factors such as inflation. Accordingly, valuations in ZWL have been adopted. Market breadth however has been limited thus increasing the level of reliance on level 3 valuation inputs, where significant management and professional judgement was required. Areas where significant judgement has been applied include capitalisation rates where for industrial, commercial, retail and office buildings, adjustment factors are applied to rates implied from completed market transactions, depending on factors such as location, occupancy levels and tenant mix.

With regards to the spot exchange rate, the board considers the official exchange rate from the weekly auction overseen by the RBZ to be appropriate, as exchangeability has been demonstrated at that platform during the year in the settlement of various external obligations by the Group.

In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently considered in the full year financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these. Details of key accounting judgements and sensitivities are provided in Notes 2.3, 18, and 25.2. The directors are of the view that the accounting treatments as adopted are appropriate to the extent which is practically possible given the peculiarities of the Zimbabwe economic and regulatory environment. Users of the financial statements are however encouraged to exercise due caution and judgement.

Capital

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

Directors

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

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Board and Board Committees

The Board has (10) directors comprising three (3) executive directors and seven (7) non-executive directors, three (3) of whom are independent. Part of its role is to ensure that each subsidiary company complies with its regulatory landscape, as some of the entities are separately regulated by the Reserve Bank of Zimbabwe (RBZ), the Insurance and Pensions Commission (IPEC) and / or the Securities and Exchange Commission of Zimbabwe. Being the Controlling Company of the Central Africa Building Society, OMZIL is also regulated by the RBZ. OMZIL also subscribes to the rules of the Financial Securities Exchange (Finsec) as 25% of its shares are listed on the Alternative Trading Platform operated by Finsec.

As at 31 December 2021, the operating subsidiaries of OMZIL were as follows:

1. Old Mutual Life Assurance Zimbabwe Limited (OMLAC);
2. RM Insurance Holdings Limited (RMIH), the holding company of Old Mutual Insurance Company (Private) Limited (OMICO);
3. Central Africa Building Society (CABS);
4. Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG);
5. Old Mutual Securities (Private) Limited (OMSEC); and
6. Old Mutual Finance (Private) Limited (OMFIN).

The Board adheres to the principles of corporate governance derived from the following:

a. The Companies and Other Business Entities Act [Chapter 24:31];
b. The Banking Act [Chapter 24:20] and the Reserve Bank of Zimbabwe Corporate Governance Guideline;
c. The 2016 Insurance and Pensions Commission (IPEC) Directive on Governance and Risk Management for Insurance Companies;
d. The Zimbabwe National Code on Corporate Governance;
e. The King IV Report on Corporate Governance and
f. The Old Mutual Group Governance framework.

The directors are aware that they may take independent professional advice at the Company's expense, if necessary, for the furtherance of their duties.

Board Composition and Board Committees

The Board has ten (10) directors comprising three (3) executive directors, four (4) non-executive directors and three (3) independent non-executive directors. The Board has three committees in place, that is, the Group Audit Committee, the Group Risk and Compliance Committee, and the Group Remuneration and Nominations Committee.

Group Audit Committee

The Group Audit Committee is responsible for reviewing the principles, policies and practices adopted in the preparation of the OMZIL Group accounts and to ensure that the annual financial statements of the Group comply with all statutory, regulatory and internal governance requirements. The Chairman of this Committee is an independent non-executive director.

The Audit Committee recommended at the annual general meeting of 19 August 2021, the appointment of Deloitte & Touche Chartered Accountants (Deloitte) to replace KPMG Chartered Accountants (KPMG) as External Auditors for the Group. This change in auditors for the year ended 31 December 2021 from KPMG to Deloitte was in line with changes happening at the parent company level as well as the need to rationalise audit arrangements within the Zimbabwean Group.

The Significant Matters relating to the annual financial statements are covered in the Directors' Report which details OMZIL's compliance with the International Financial Reporting Standards (IFRS). Detailed accounting policies which have been applied in preparation of the annual financial statements are included in this annual report.

The Audit Committee was satisfied with the performance of the Group Chief Financial Officer and the Finance function and effectiveness of the Chief Audit Executive and the arrangements for Internal audit. The Committee was also happy with the effectiveness of the design and implementation of internal financial controls as OMZIL did not suffer any material financial loss, fraud, corruption or error due to significant weakness in the design, implementation or execution of internal financial controls during the year.

The arrangement in place for Combined Assurance is as covered under the Risk section of this report. The Audit Committee was satisfied with the level of effectiveness of Combined Assurance within OMZIL. All three lines of assurance meet regularly and coordinate their assurance activities to avoid duplication and to ensure focus is directed to areas that present material risk exposures to the Group. Combined Assurance reports and minutes are tabled to the Group Risk & Compliance Committee, covering progress updates on the delivery of the combined assurance plan and findings and recommendations from the combined assurance activities.

Group Risk and Compliance Committee

The Committee reviews the management of risk and the monitoring of compliance effectiveness within the Group. The Committee reviews the policies and overall process for identifying and assessing business risks and managing their impact on the Group. The Chairman of this Committee is an independent non-executive director.

Group Remuneration and Nominations Committee

The role of the Group Remuneration and Nominations Committee is to oversee the appointment of directors to the OMZIL Board and the Boards of its subsidiary entities as well as ensuring that appropriate remuneration is applied for management and staff in the Group. The Committee is chaired by an independent non-executive director.

Director Training

During the year 2021, Corporate Governance; Anti-money Laundering and Counter-terrorism Financing (AML/CFT) and Environmental, Social, and Governance (ESG) training sessions were conducted for the directors in the various OMZIL Group subsidiaries.

CORPORATE GOVERNANCE REPORT (CONT'D)

Board and Committee attendance

During the year ended 31 December 2021, the Board and its three committees met at least four times each.

OMZIL Board of Directors

	Feb	May	Aug	Oct (Strategy Day)	Nov
KC Katsande (Chairman)	P	P	P	P	P
S Matsekete (Group Chief Executive Officer)	P	P	P	P	P
IT Mashinya (Group Chief Operating Officer)	P	P	P	P	P
NTT Mudekunye (Group Chief Financial Officer)	P	P	P	P	P
C Chinaka (Non-Executive Director)	P	P	P	P	P
A Daka (Independent Non-Executive Director)	P	P	P	P	P
(Dr) C Dhliwayo (Independent Non-Executive Director)	P	P	P	P	P
(Dr) K Mandevani (Non-Executive Director)	P	P	P	P	P
C Ross (Non-Executive Director)	P	P	P	P	P
N Samuriwo (Independent Non-Executive Director)	P	P	P	P	A

Remuneration and Nominations Committee

	Feb	May	July	Nov
KC Katsande (Chairman)	P	P	P	P
C Chinaka	A	P	A	P
(Dr) K Mandevani	P	P	P	P
N Samuriwo	P	P	P	P

Board and Committee attendance (con'd)

Group Audit Committee

	Feb	May	Aug	Nov
A Daka (Chairman)	P	P	P	P
(Dr) C Dhliwayo	P	P	P	P
(Dr) K Mandevani	-	P	P	P
N Samuriwo	P	P	P	P

Group Risk and Compliance Committee

	Feb	May	Aug	Nov
(Dr) C Dhliwayo (Chairman)	P	P	P	P
A Daka	P	P	P	P
N Samuriwo	P	P	P	P

Key

- :Not yet appointed
P :Present
A :Apology

ENTERPRISE RISK MANAGEMENT

Our approach to risk management

The risk governance structure

Compliance risk management framework (including AML, CFT & CPF)

Overview of key risks

Emerging trends & risks

ENTERPRISE RISK MANAGEMENT

OUR APPROACH TO RISK MANAGEMENT

Old Mutual Zimbabwe Limited Group ('OMZIL') applies an integrated approach to managing current and emerging risks. Risk management has been embedded throughout OMZIL and plays a key role in business strategy and planning to ensure sustained and consistent returns for customers and shareholders. Core to our business is taking on calculated risks, optimising the risk-return trade-off and effectively managing the risks within the Board set risk appetite limits. The thrust remains on providing agility, responsiveness, and foresight to help the attainment of the Group's objectives. To do this, we have implemented a Group Enterprise-wide Risk Management Framework ('the framework').

The framework sets out how OMZIL organizes and applies its risk management practices to ensure that all activities are conducted in line with the principles and limits mandated by the Enterprise Risk Management Policy ('ERM Policy').

The framework comprises the following major elements:

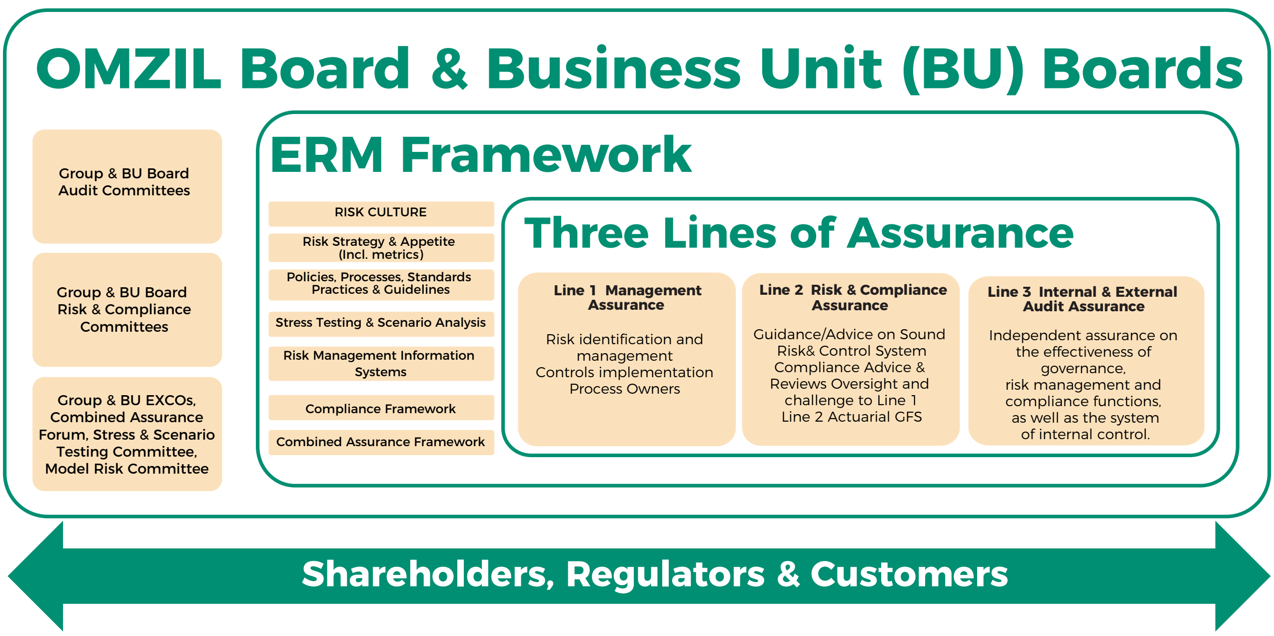
- Risk governance structure, covering the governance committees exercising oversight of the risk management activities;
- Risk governance documentation, i.e. policies and processes including the ERM Policy;
- Key risk management principles;
- Risk culture;
- Combined assurance;
- Risk control framework;
- Risk strategy and appetite framework, including limits;
- Compliance risk management;
- Management information systems;
- Line 2 Actuarial (within OMLAC); and
- Group Forensic Services (GFS).

The main objective of the framework is to align strategy, capital, process, people, technology, and knowledge in order to evaluate, exploit business opportunities, manage uncertainties and threats in a structured and disciplined manner, ensuring that risk and capital implications are considered when making strategic and operational decisions. A more detailed outline of the OMZIL ERM Framework was covered in the 2019 and 2020 annual reports.

THE RISK GOVERNANCE STRUCTURE

The OMZIL Board remains ultimately responsible and accountable for ensuring that risk management and the internal control systems are sound, adequate, and effective. The Board reviews the outcomes of the ERM process on an ongoing basis to deliver on its roles and responsibilities in risk management. It ensures that clearly defined ERM roles and responsibilities for the Group Chief Executive Officer and Business Unit Managing Directors, the management teams across the Group, sub-committees (at management and board levels), and key functions, are in place, aligning the interests of management with those of customers and shareholders, through appropriate performance contracting and remuneration structures. The Group risk governance structure incorporates regulatory requirements for the subsidiary entities and the OMZIL group holding company. The figure below depicts the OMZIL Risk Governance Structure, plus the other components of the OMZIL ERM Framework.

Figure 1: Enterprise Risk Management Framework & Risk Governance Structure



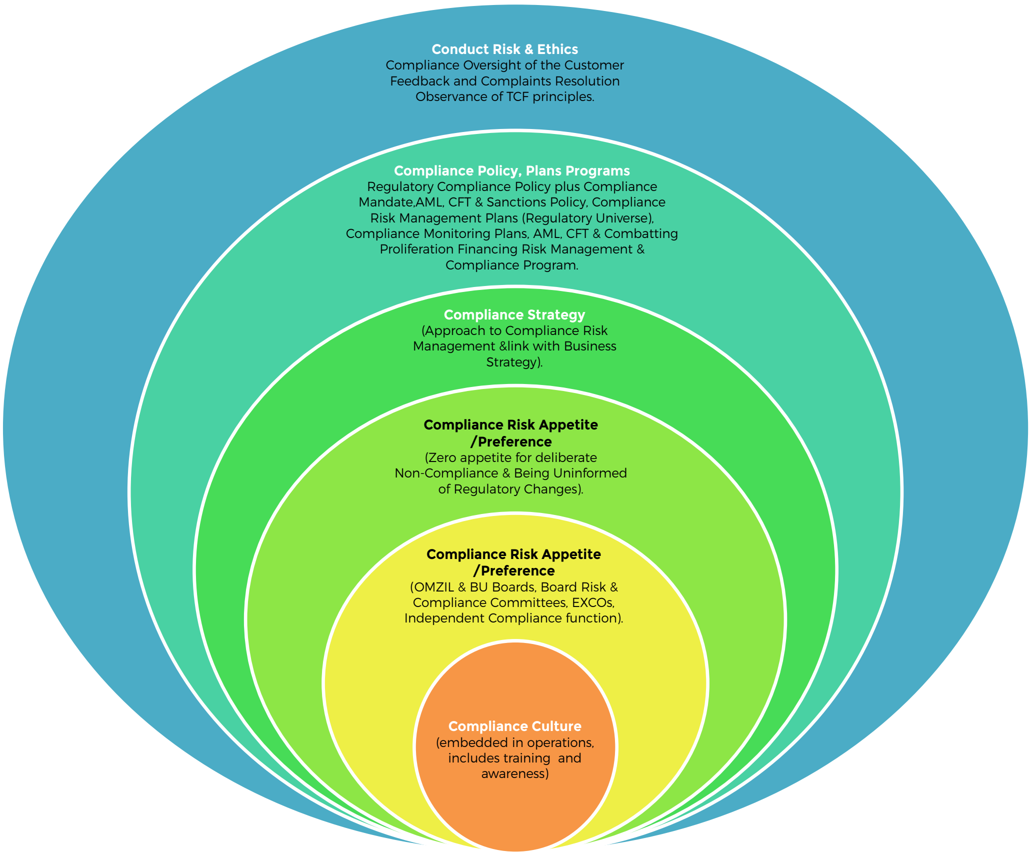
ENTERPRISE RISK MANAGEMENT (CONT'D)

The following section provides a snapshot of the OMZIL 2021 Compliance Risk Management Framework.

COMPLIANCE RISK MANAGEMENT FRAMEWORK (INCLUDING AML, CFT & CPF)

The OMZIL Group Compliance Management Framework, which is a key pillar of the ERM Framework outlines the principles underlying the Compliance Programme and demonstrates an integrated and consistent approach to compliance risk management. The major elements of the OMZIL 2021 Compliance Risk Framework are as depicted in the figure below:

Figure 2: Compliance Risk Management Framework



The Compliance Framework was revised so that it remains relevant and adequate to drive compliance risk management in the Group and this version will be rolled out in 2022.

THE COMBINED ASSURANCE & THE THREE LINES OF ASSURANCE

As previously covered in prior annual reports, the Group's combined assurance framework establishes the three lines of assurance across all levels of the organization, focused on increased collaboration and sharing of information as well as reducing duplication of activities. The combined assurance plan provides a consolidated view of all assurance activities in relation to the key residual risks and controls in the business. Focus areas are identified through consideration of the control environment, residual risk and the residual risk versus tolerance assessments. The execution of the plan is reported in each Board Audit Committee; and the plan is adjusted from time to time to take into account any new risks which are prioritised or other operational impacts.

The development and maintenance (annual review) of the combined assurance framework, which also forms a key part of the risk management system, is the responsibility of the risk function with oversight and support provided by internal audit.

OMZIL Group is currently entrenching the 'Building the STRUCTURE' maturity level and moving towards the 'Established & EMBEDDED' maturity level, which involves ensuring a consistent use of the assurance methodology across all lines of assurance, formalising the line 1 assurance function and embedding risk culture, including combined assurance, across the organisation.

ENTERPRISE RISK MANAGEMENT (CONT'D)

OVERVIEW OF KEY RISKS

The risk landscape was significantly influenced by the external environment, in particular, macro-economic impacts, compounded by the COVID-19 pandemic. A detailed assessment of the top risks as at end of 2021 is provided below:

Table 1: OMZIL Top Risks

Risk Category & Definition	Impact	Mitigating Actions
External Risk - Risks outside the control of the Group which are difficult to predict or manage.	**Macro-economic**: The economy was under significant pressure from currency depreciation, with the sharpest decline recorded in Q4 2021. This had pass-through effects on the levels of inflation. The impact on the Group's businesses was on the levels of operational expenses and the need for regular review of pricing levels in order to defend operating margins while remaining competitive. **Environmental**: Business operations were negatively impacted by the COVID-19 pandemic as some staff members got infected and branches were closed intermittently in line with the World Health Organisation (WHO) protocols. Environment, Social and Governance (ESG) issues have become topical and in response, the business developed a policy for the management of ESG risks. **Competition**: While competition in the market is intense, the major Business Units within the Group remained within the top 5 in their respective sectors. **Climate Change Risk**: The country had a favourable rainfall pattern for the 2021/2021 farming season. For the 2021/2022 agricultural season, forecasts remain optimistic. The Group's agricultural exposures through CABS, OMFIN and OMICO (under the weather index product) will need effective risk mitigation on an ongoing basis due to increasingly unpredictable weather patterns. **Emerging Technologies**: The RBZ is considering introducing a Central Bank Digital Currency, instead of adopting cryptocurrencies. The Group's future strategy should therefore take into account the risks and opportunities to be presented by this development.	The Group is continuing with the strategy of defending key elements of the business and ensuring value preservation for customers and shareholders, through investments in real assets. The performance of underlying assets directly influences asset-based fees and investment returns. The Group continues to seek opportunities to offer more customer-led solutions, through refining the customer value propositions using information from market and customer engagements. The Group continues to encourage staff members and customers to be vaccinated so as to achieve immunity against future strains of the COVID-19 virus. Operationalisation of the Group ESG Policy is the next action around adoption of ESG standards. Residual climate change risk is managed through risk transfer arrangements under insurance and reinsurance schemes by the lending entities and the short-term insurance business, respectively. On the adoption of emerging technologies, notably the Digital Currency, the Group will be guided by legal and regulatory developments.
Market Conduct Risk- Risks relating to adverse changes to the balance sheet or future earnings resulting, directly and in-directly, from fluctuations in the market prices of financial instruments.	**Equity & property volatility risk**: The listed equities market had a good performance with a full year return of 311% ahead of the inflation level of 61%. Given the skew towards listed equities for the shareholder investment portfolio, shareholder investment returns for the year 2021outperformed the level of inflation. The property market partially recovered during the year after the COVID-19 lockdowns. Rental yields remained within internal targets. **Foreign Exchange Rate Risk**: The Group's open currency gap position was positive as of 31 December 2020 and as of 31 December 2021. Within the context of a multicurrency environment, management actions are, however, in place to reduce the net impact of currency risks on the Group, to within acceptable levels. **Interest rate risk**: At the Group's major lending business, CABS, there was pressure on real returns. The microfinance business experienced real returns as lending rates were above inflation levels. There is pressure for deposit rates to continue increasing, in line with inflationary pressures.	The business continues with the strategy of preserving value by investing in real assets, as guided by the Board approved strategic asset allocations and customer investment mandates. However, Old Mutual has also sought to mitigate the effects of market volatility by pursuing opportunities towards increasing exposure to alternative investments in the private equity and infrastructure spaces. For managing property risk, there is a strategy to dispose properties on a case-by-case basis from non-performing sectors of the property market. There is now a framework on the assumption of the blocked funds (legacy debt) by Government, subject to validation and reconciliation of the amounts. This will further positively impact the Group's foreign currency net open position. To the greatest extent possible, management will aim to achieve the matching of foreign currency denominated liabilities with assets in the same currency. Loan repricing in line with market trends and RBZ guidelines, is being done, to mitigate the impact on interest margins.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category & Definition	Impact	Mitigating Actions
Liquidity Risk - The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in client demands for cash.	During the year under review, the Group remained able to meet its short-term obligations within the set targets. The revised RBZ's Open Market Operations have resulted in excess balances above the stipulated limits for banks being converted to Non-Negotiable Certificates of Deposit (NNCDs) at a rate of zero (0) percent with tenures ranging from five (5) to thirty (30) days. The liquidity risk indicators within CABS, however, remained within targeted ranges.	Asset allocation in the investment portfolio ensures availability of liquidity for the Group's capital and operating expenditure requirements. Cash flow management strategies are also in place, which include regular cash flow forecasting. The Group seeks to improve the hard currency liquidity position through introduction of USD products. The Group also sources foreign currency from the interbank and auction market. There are Liquidity/Funding contingency arrangements in place for all OMZIL Business Units, for cover under stress conditions.
Legal and Regulatory Compliance Risk - 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 year 2021 witnessed a number of regulatory and legislative developments encompassing the enactment of the Data Protection Act, Market Conduct directives (e.g. IPEC's Treating Customers Fairly Directive), Exchange Control regulations, Cyber Security regulations, Anti-Money Laundering, Countering the Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) directives, risk-based capital management frameworks and heightened regulations in the pensions and provident funds industry. Implementation of adequate internal compliance risk management controls translates to increased compliance costs including the requirement for additional human resources. There were no material regulatory penalties, sanctions or fines for transgressing statutory obligations and regulatory requirements during the year under review. On an ongoing basis we seek to respond to the need to ensure high compliance levels through a regular review of the adequacy of staffing in the compliance departments as well as conducting regular staff training.	The Group has an adequate Compliance Risk Management Framework underpinned by a compliance strategy, compliance program, operating model and a compliance management system that is bolstered by a strong compliance risk management culture. There is oversight by the Boards and Risk & Compliance Board Committees over regulatory compliance risk, setting a tone from the top. The Group has zero appetite for deliberately contravening regulations and legislation and for being blindsided by regulatory changes, with any breaches requiring immediate implementation of remedial action plans to provide pathways to full compliance. Regulatory obligations and requirements are tracked and monitored closely, and regulatory changes are managed through conducting impact assessments and determining the state of readiness to comply before the changes become effective. The Group's compliance risk management system has also incorporated ESG components as a response to emerging compliance issues. The Group continues to drive market conduct, data protection and AML training processes and procedures, as part of the compliance program.
Operational Risk - Risks relating to failure of business operational processes, workplace safety, including loss and damage of the Group's physical assets, property and facilities. It includes risks relating to fraud, theft, bribery, corruption or internal irregularities.	The operational risk environment driven by rapid technological change and pressure on disposable incomes have led to heightened fraud risks. External fraud cases drastically reduced following the implementation of enhanced bank card fraud monitoring and detection controls, by the Group's ICT and GFS departments. We continue to work closely with our third party outsourced services partners for alignment in the management of risks. Increased automation and digitalisation have required ongoing review of processes, internal procedures and controls. COVID-19 impacted business processes due the intermittent opening and closure of some branches. Power outages persisted during the year, affecting to some extent, the work from home (WFH) arrangement, adopted in response to the persisting COVID-19 pandemic. There were no material model risks that resulted in operational losses over the year 2021.	Proactive fraud detection capabilities are being enhanced, through the implementation of a fraud detection system across the Group. Fraud Risk Assessments for proactive fraud risk detection and management, are being conducted across the Group. The business is managing outsourcing risks by enforcing adherence to performance standards as covered in the service level agreements (SLAs) with outsource partners. The business is working on improving the model risk environment under the oversight of the Model Risk Committee and the Group Board Risk and Compliance Committee. Implementation of the Control Environment Improvement Program (CEIP) which is aligned to the COSO Internal Control Framework continues, with a final delivery date of 2023. WFH challenges are addressed through provision of power back-up facilities for critical staff in the end-to-end client servicing processes. In addition, the hybrid work model was adopted effective 1 November 2021.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category & Definition	Impact	Mitigating Actions
Information Technology Risk - Risks of loss due to an inadequate or inefficient information security, failure of systems and/or related processes. This includes the risk of failure to protect the confidentiality, integrity, or availability of information technology assets, whether electronic or otherwise, from unauthorised access, use, disclosure, disruption, modification, or destruction.	**Information Security – Cybercrime**: During the year there was a notable increase in the number of reported vulnerabilities, but the risk remained under control as there were no external attacks on the Group's systems. The risk is heightened as the economy witnesses increased interconnectivity of financial ecosystems and digitalisation, coupled with remote working and adoption of advanced technologies. **Technology/System Risk**: System challenges were experienced from key systems especially at the bank, adversely impacting business operations, and customer experience, and some recurring risk events were witnessed. System availability was, however, largely above the 98% target during the year. In the general insurance business, full migration of all products to the new system, Pure, from i90 is in progress to manage technical debt, along with upgrade of the Group's infrastructure to the supported software versions and equipment, to within useful life.	Several software and operating system updates (patches) that address security vulnerabilities were released into the environment during the year. The cybersecurity programme is continually updated and aligns to the Old Mutual Limited programme. A cybersecurity incidence response team is in place. There are firewalls in place to protect the estate. Phishing simulations, cyber risk awareness campaigns for all staff, training and upskilling of ICT personnel on information security, are being done. Disaster recovery (DR) arrangements are in place. Reviews of DR processes to improve resilience and availability are done. There is multi-factor authentication for all virtual private network (VPN) connections. Penetration tests for all public facing sites and interfaces are conducted. The system performance and uptime continues to receive attention by the ICT team, in consultation with system vendors.
Strategic Risk - The risk that discretionary decisions are made that adversely affect future earnings and/or the sus-tainability of the business.	**Innovation**: New products and services were developed during the year mainly under the digital initiatives. Automation of internal processes was done through the implementation of various systems such as the Liquidity Risk Management system at CABS and the adoption of robotic process automation for key processes across the group, for efficient customer servicing. **Business Model/Concentration**: The Group remained cognisant of the need to remain future fit and continued to pursue the digital strategic thrust, through the embedment of the Digital and Data activities in the operations and business planning objectives. The Group's businesses continued with the strategy of offering USD products and services. Targets were met in the lending and short-term insurance businesses. The Funeral Services Business under the life company was rolled out with the first branch in Bulawayo going live in July 2021.	The Group continues to refresh the product and service offering through innovation, especially involving the continued implementation of Digital and Data initiatives. There are plans in place for opening the Harare and other branches for the Funeral Services business, in 2022. OMLAC is also working on introducing automatic premium escalating products.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category & Definition	Impact	Mitigating Actions
People Risk - Risks relating to the business workforce resourcing, utilisation and their productivity, skills, competencies and behaviors to manage and operate the business, including engaging with customers.	**Performance & Productivity**: The risk of employees failing to meet the targets and standards set in performance contracts due to the COVID-19 pandemic impacts (including the remote working arrangements), and anxiety from economic challenges, remained under control, as most targets were met. **Talent Attrition & Capacity**: There was increased competition for skills from other players in the financial services sector. A new emerging threat is from international companies overseas which have adopted the work from anywhere policy. As of 31 December 2021, the Group's staff turnover rate, however, remained within risk limits. Key positions were filled during the year. **Culture & Behaviour:** There was an increase in the overall culture index score from 2020 – 2021 across all dimensions. **Health, safety, wellbeing, and morale**: The pandemic and current working from home arrangements continued to impact on staff health, safety, and wellbeing. **Shortage of/Failing to acquire critical skills**: The risk is of unavailability/lack thereof of emerging skills such as data scientists, digital experts etc., to ensure the business is future fit to meet evolving customer requirements and to embrace new technologies/innovate, with impacts on business growth and market shares. This was considered low during the period with the Group managing to hire data scientists and digital experts as part of resourcing its Digital and Data function. **Organisational Design & Workforce**: This concerns risks that the Strategic Workforce Planning and Organisation Design & Structure does not support or enable the future strategy or evolving needs of the organisation resulting in failure to meet business plan objectives and in excessive staff costs. The business carried out a groupwide organisational design exercise which informed skills and processes streamlining with a view to rationalising headcount and costs.	There has been adoption of a hybrid working arrangement where staff work from the office at least two days a week. Performance reviews are conducted for assessing delivery of contracted goals. There is enforcement of the Code of Ethics, known as the Maadili Charter. For talent retention, there is continuous reviews of the staff remuneration to remain competitive. There are succession planning arrangements in place for key positions to ensure continuity of business operations. Critical skills development programmes are in place. Management actions are being implemented to improve areas of concern as indicated through the culture surveys. There was implementation of wellness initiatives in collaboration with medical services providers. Medical support to employees affected by the pandemics was provided. Risks arising from the organisational design exercise will be managed through change management programs, training and redeployments.
Market Conduct Risk - Risks relating to decisions or behaviours that may adversely impact fair customer outcomes or market integrity.	There is increased focus by IPEC on the Insurance Industry's adoption of the "Treating Customers Fairly" (TCF) principles. The focus on conduct risk is likely to become more pronounced as distribution channels become more digitalised with minimal direct contact with clients. There are also legacy issues around loss of value due to macro-economic factors where engagements have been conducted with clients and regulators.	TCF principles have been embedded in all product development and customer engagement processes. Customer complaints handling automation under Phase 2 is underway to allow for quicker resolution of customer complaints.
Insurance Risk - The risk of adverse losses due to inadequate underwriting, pricing, reserving assumptions and/or volatile claims experience materially impacting earnings and capital. Insurance risk includes Life Insurance risks (Mortality, Disability, Longevity and Life).	As a significant player in both the life and general insurance sectors, we need to ensure that underwriting practices ensure that risks are adequately priced to support the settlement of claims as they fall due, the raising of adequate reserves while supporting adequate margins for the business. This risk is heightened in an environment of rapidly increasing costs, with inflation potentially resulting in levels of cover for policyholders being inadequate if premiums do not keep up with inflation.	The following measures are in place to manage the risk: Data driven pricing models and continuous repricing to ensure claims experience is closer to targeted; and reserves and reinsurance arrangements are in place to mitigate any likely increases in claims. Additional actions being taken given the multi-currency environment include; matching of currencies for claims and premiums and reassessment of reinsurance arrangements to determine the appropriate retention levels per risk class versus the claims experience.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category & Definition	Impact	Mitigating Actions
Credit Risk - 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.	While the overall Non-Performing Loans ratio remained within appetite during the year, there is continuing pressure on credit risk due to the persisting economic challenges and the impact of COVID-19 on business. Adverse weather events may exacerbate risks to asset quality going forward.	The lending businesses continue to monitor the quality of credit assets, for both local and hard currency loans. A cautious lending approach is continuing at CABS, with loans advanced only to credit-worthy customers. The lending businesses also track and follow up on repayments of all loans falling due. OMFIN is pursuing diversification of the loan book to spread risks across economic sectors. Monthly reviews of counterparty limits are being done.

EMERGING TRENDS & RISKS

The OMZIL Group has developed a methodology for the effective management of emerging risks. This approach forms part of the forward-looking assessments that the business conducts on an ongoing basis. Emerging risks are new or evolving risks, conditions or trends, brought about by changes in the external environment, that are difficult to assess with certainty but could have a significant impact on the business' financial strength, sustainability, competitive position or reputation over the short to long term. The business will continue to scan the environment, report and respond swiftly to any adverse changes in the risk profiles of emerging risks. The key emerging risks that the Group is currently tracking are shown below.

New Pandemic Outbreaks: There is the risk of new pandemic outbreaks in the future with high mortality and requiring new vaccines. Impacts will be on business resilience, viability and staff health. The Group will continue to observe WHO guidelines and refine business resilience arrangements.

Extreme Weather Conditions & Geophysical Disasters: The number and intensity of the climate change induced extreme weather events is increasing and therefore, exposure to this emerging risk is heightening. Impacts will be on the economy, infrastructure and the Group's agribusiness portfolios. The Group is implementing a Climate Change Programme to improve response actions to the risks and opportunities.

Increased Mergers and Acquisitions (M&A) Activity: Recent competitor activity has shown increased M&A activity between banks and insurance companies. This strengthens their positioning in the financial services sector, and increases their competitiveness in attracting new investors through a wider integrated financial services model and stronger capital base. The Group is continuously refreshing its product and service offerings to remain competitive, while evaluating new market opportunities.

Heightened Risk of Non-Compliance with Emerging Laws & Regulations: Legal and regulatory changes are anticipated on ESG factors (Including Climate Change); on Market Conduct related laws & regulations (especially in the asset management space), on the digital currency and fintech operations and on changes to the Competition Act. This increases the risk of failing to comply with these new requirements when they become effective, resulting in regulatory censure. The Group is responding through proactive impact and readiness-to-comply assessments.

RESULTS FROM OPERATIONS

In line with the rest of Old Mutual Limited Group, in addition to net profit after tax as per the Group statement of profit or loss, (page 33) the Group also measures its performance based on results from operations.

A reconciliation between profit before tax and results from operations is shown below:

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

	Inflation adjusted audited		Historical cost unaudited	
	2021 Group ZWLm	2020 Group ZWLm	2021 Group ZWLm	2020 Group ZWLm
Profit before tax	**29,507**	**9,446**	**36,474**	**11,516**
Adjusting entries	**(20,443)**	**(3,212)**	**(28,595)**	**(7,965)**
Shareholder investment returns	(22,839)	(4,217)	(28,505)	(7,839)
Monetary loss - non-operating items	2,500	1,245	-	-
Policyholder tax	(104)	(240)	(90)	(126)
Results from operations	**9,064**	**6,234**	**7,879**	**3,551**

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

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Old Mutual Zimbabwe Limited

Report on the audit of the consolidated and separate inflation-adjusted financial statements

Opinion

We have audited the consolidated and separate inflation-adjusted financial statements of Old Mutual Zimbabwe Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 31 to 133, which comprise Group and Company inflation-adjusted statements of financial position as at 31 December 2021, and the Group and Company inflation-adjusted statements of profit or loss and other comprehensive income, the Group and Company inflation-adjusted statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the Group and Company inflation-adjusted financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate inflation-adjusted financial statements present fairly, in all material respects, the inflation-adjusted financial position of the Group and Company as at 31 December 2021, and its consolidated and separate inflation-adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), relevant sections of the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), the Microfinance Act (Chapter 24:29) and the Insurance Act (Chapter 24:07).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate inflation-adjusted financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate inflation-adjusted financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate inflation-adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Valuation of investment properties and owner-occupied properties	
Refer to the accounting policy and disclosure notes 2.9 and 18. The Group measures investment properties and owner-occupied properties at fair value at each reporting date, which is determined using international valuation techniques which include the income approach or the direct comparison market approach. Given the minimal market data arising from a subdued and depressed property market, largely due to the current economic constraints in Zimbabwe, these ZWL valuations involve significant judgments and resultantly have a high estimation uncertainty. These valuations also involve the use of valuation experts. The assumptions with the most significant impact on the property valuations were: • The market rental yields, which are based on unobservable market data. The rental yields are estimated for each individual property. • The exit capitalisation rates, which are considered to be an all-risk yield rate and incorporate qualitative aspects, notably occupancy, tenant mix, physical attributes and property locations risk adjustments. • The land unit prices, which are adjusted based on professional judgement relating to location, town planning considerations, land area as well as environmental factors. All the above inputs are highly subjective and rely on an expert's judgement. Furthermore, The external valuers have issued their valuation reports with a material valuation uncertainty clause due to the ongoing impact of the COVID-19 pandemic on market activity and the economy which results in more estimation uncertainty related to the fair values of the investment properties. The valuation of investment property is considered to be a key audit matter due to the greater degree of subjectivity and judgement included in the determination of the fair value and economic consequences and ongoing uncertainty in the property market.	In evaluating the valuation of properties, we reviewed the property valuations/calculations prepared by the internal and independent valuers, with a particular focus on the market rental yields, exit capitalisation rates and land unit prices. Our procedures also included the following: • Testing the entities' controls relating to the determination of the fair values of the investment properties including controls related to the appropriate review and approval of the investment property valuations. • Assessing the competence, capabilities and objectivity of the independent valuers. • Assessing the scope of the independent valuers' work, terms of the engagement and their independence and objectivity. • Conducting meetings with the internal and independent valuation experts to obtain an understanding of the assumptions employed in the valuation of investment properties. • Evaluating the appropriateness of the valuation methods used to assess whether they were in line with acceptable industry practice and the requirements of IFRS. • Engaging a suitably qualified auditor's expert to independently assess the reasonableness and appropriateness of the valuation models, methodologies and inputs used by the independent valuers on a sample basis. • With respect to the inputs adopted in the ZWL valuation: - Obtaining an understanding of the build-up of the capitalisation rate including validating the base rate against observable transactions and evaluating adjustments made to the capitalisation rate; - Verifying rental assumptions using independently obtained market research; and - Comparing the internal valuation outcomes of those of the independent valuers for a sample of properties. Differences noted were assess against acceptable pre-determined thresholds for reasonableness. • Assessing whether the disclosures in the consolidated financial statements are appropriate and in accordance with IFRS 13: Fair Value Measurement and IAS 40: Investment property. The valuation methodology was deemed to be appropriate and in line with both International Valuation Standards as well as IFRS 13. We consider the inputs to be highly subjective and judgemental, however the judgements made were acceptable in the current economic climate as disclosed in the sensitivity analysis in note 18. The disclosures are in terms of IFRS and appropriate.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Valuation and accounting of unquoted investments</th></tr>
<tr><td>
Refer to the accounting policy and disclosure notes 2.13 and 22.
The Group has unquoted investments which include unlisted equities, public sector securities, debentures and fixed deposits in money market securities. Due to the nature of these investments, a reliable third-party price may not be readily available and therefore the valuation thereof involves the application of expert judgement.
The valuation models involve judgement depending on the observability of the inputs into the valuation and further judgement in determining the appropriate valuation methodology.
Furthermore, the accounting treatments of unlisted investments in which the Life Assurance business' (the "business") investment holding exceeds 20% involves significant judgement in determining whether the business exerts significant influence over those investments, and therefore, whether the investments should be classified as Investments in Associates or Joint Ventures in accordance with IAS 28 "Investments in Associates and Joint Ventures" or whether there is control, thereby requiring the business to recognise an investment in subsidiary and the Group to consolidate the entity in line with IFRS 10 "Consolidated Financial Statements" in cases where IFRS 9 "Financial Instruments" is considered not applicable.
For the above reasons, the valuation of unquoted investments is considered a matter of significance to the audit.
</td><td>
In evaluating the valuation of unquoted investments, our audit procedures incorporated the following:

Testing the design and implementation of key controls over the valuation process, including the Group's review and approval of the estimates and assumptions used for the valuation, including authorisation and data input controls and benchmarking assumptions.
Assessing a sample of the valuation assumptions with reference to the Group's own valuation guidelines as well as industry practice where this was available.
Performing an evaluation of the methodology choice used and assessed the appropriateness of the selected pricing methodologies with reference to IFRS and the Group's own valuation guidelines and industry practice.
Engaging our internal valuation experts as part of our audit team to test the inputs and assumptions used for significant unlisted entities by:

Evaluating and challenging the appropriateness of the methodologies applied, assumptions and inputs used in the valuation by establishing their own range of the key assumptions and inputs, based on externally available metrics and wider economic and commercial factors and using their knowledge and industry experience; and
Evaluating the reasonableness of the directors' inputs by comparing the inputs to historical trends.

Our procedures in respect of the classification and accounting treatment of investments included among others:

Evaluating the directors' assessment of whether the Group exerts significant influence or control over investees in which the business' shareholding exceeds 20%, against the criteria in IAS 28 and IFRS 10; and
Evaluating whether unlisted investments are presented in accordance with the relevant financial reporting standard in the financial statements.

Assessing the disclosures in relation to unquoted investments as well as the judgements and estimation applied to these balances and in terms of IFRS.
We have considered the judgements, assumptions and disclosures to be appropriate.
</td></tr>
</table>

Key audit matter	How the matter was addressed in the audit
Valuation of insurance contract liabilities	
Refer to the accounting policy and disclosure notes 2.6 and 27. The Group carries significant insurance contract liabilities on its statement of financial position. The valuation of insurance contract liabilities involves significant judgements over uncertain future outcomes, mainly the ultimate total settlement value of long-term insurance contract liabilities. The key inputs used to estimate these long-term liabilities include the following: - Economic assumptions, including valuation interest rates; - Expense inflation; - Effective interest rate; and - Operating assumptions including mortality rates, expenses and persistency (including consideration of policyholder behaviour). For the short-term insurance business, the determination of the IBNR reserve is an area that makes use of significant qualitative and quantitative judgments and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as at the end of the reporting period, but not yet been reported to the short-term insurance business as at the reporting period end. The key inputs used to estimate these short-term liabilities include the following: - Past claims development manner into the future; - The impact of COVID19; and - Economic assumptions. Because of the inherent susceptibility of insurance provisions to significant estimation uncertainty, we considered the IBNR to be a key audit matter. Due to the significant judgement involved, the valuation of insurance contract liabilities is considered a matter of most significance to our audit.	In evaluating the valuation of the insurance contract liabilities, our audit procedures incorporated the following: • Testing the design and implementation of key controls over the valuation processes, including the assessment and approval of the methods and assumptions adopted over the calculation of insurance contract liabilities, as well as appropriate data access and amendment management controls over the actuarial models. For long-term liabilities, our audit procedures incorporated the following: • Assessing the impact of developments within the life assurance business environment on the methodology and assumptions used for calculating insurance contract liabilities. • Evaluating the analysis of the movement in insurance contract liabilities, taking into consideration whether the movements are in line with the methodologies and assumptions used. • Obtaining confirmation from the respective Companies' legal counsel around any litigation or claims by policyholders that are in dispute. • Engaging our internal actuarial specialists, as part of our audit team, to assist us in challenging the assumptions used and the process followed for setting and updating the assumptions, particularly around the persistency, expense and mortality/ morbidity assumptions. • Challenging the assumptions used by the directors by comparing the assumptions to external data. • Assessing the completeness of insurance contract liabilities and compliance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in relation to the results of the report on the Commission of Inquiry established by the Government of Zimbabwe

Key audit matter	How the matter was addressed in the audit
Valuation of insurance contract liabilities	
	For short-term insurance liabilities, our audit procedures incorporated the following: • Testing the design and implementation of key controls over the valuation processes, including the assessment and approval of the methods and assumptions adopted over the calculation of insurance contract liabilities. • Obtaining an understanding of how management and its actuaries determined the amount of the published and statutory IBNR reserve and the data and model used in making the estimates. • Engaging our own internal actuarial specialists, as part of our audit team, to assist us in evaluating the work of the business' actuarial experts on the published and statutory IBNR reserve amounts, which included the testing of the principles and integrity of the data, models and assumptions used by management and its actuaries in the determination of the published and statutory IBNR reserves. • Challenging management and internal actuarial experts on the reasonableness and financial impact of matters arising from contradictory evidence and other findings from the independent review. This also involved the consideration of the impact of hyperinflation and exchange rate fluctuations on the determined level of reserves. • Performing a retrospective assessment of the current year run off of the prior year's published IBNR reserve by comparing the actual claims which were processed in the period subsequent to year end to the IBNR reserve as at year end to evaluate the accuracy of the valuation and the possible bias in the overall published IBNR reserve determination. • Assessing the impact of the capping of the published IBNR reserve at a level of 7% against the independently determined level of reserves and challenged management on the adequacy thereof. We have considered the judgements, methodologies and assumptions approved by the directors to be appropriate and the disclosures were in compliance with IFRS.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Valuation of expected credit losses on financial assets</th></tr>
<tr><td>As detailed in notes 2.13 and 24, the Group reported expected credit losses of ZWL 1.495 billion on the inflation adjusted statement of financial position.

This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment. The models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate. Furthermore, the banking subsidiary adopted a new ECL model during the current year.

Due to the judgement applied in determining the complex ECL, we have determined this to be a key audit matter.

Note 24 to the inflation adjusted financial statements provides detailed information with respect to the determination of the expected credit losses.</td><td>In evaluating the valuation of expected credit losses on financial assets, our audit procedures incorporated the following:

• Reviewing the Group's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9.

• Obtaining an understanding of the robustness of internal controls over financial reporting including critical inputs and the model used which support the Group assertions with respect to completeness, compliance and consistent application of the methodology.

• Testing the design and implementation of controls with respect to the determination of the expected credit losses.

• Involving our internal information technology experts to test design and implementation of controls with respect to the general information controls (GITCs).

• Testing the completeness and accuracy of loans and advances, treasury bills, off balance sheet items, and other financial assets included in the ECL calculations.

With the assistance of an auditors' expert, performing an independent assessment on the appropriateness of the model by performing the following:
• Obtaining an understanding of the Group internal rating models for financial assets to assess whether the rating model was appropriate;

• Reviewing the appropriateness of the Group determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages;

• For a sample of exposures, testing the appropriateness of the staging;

• Testing assumptions used in the ECL calculations and assessing them for reasonableness; and

• For a sample of exposures, testing the appropriateness of determining exposure at default, and probability of default.

• Assessing the completeness of collateral recognised during the period under review;

• Assessing the consistency of inputs and assumptions used by management to determine expected credit losses; and

• Assessing whether the appropriate required disclosures have been included and presentation requirements have been properly reflected in the financial statements.

The valuation was found to be appropriate in terms of the relevant accounting standards and management's estimates and judgements were deemed to be prudent.</td></tr>
</table>

Other matter

The inflation-adjusted financial statements of the Group and the Company for the year ended 31 December 2020 were audited by another auditor who expressed an adverse opinion on those inflation-adjusted financial statements on 31 May 2021.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, CEO's review,the Directors' report, the Corporate Governance Report, the Enterprise Risk Management reports, the Results From Operations, the Notice to the Annual General Meeting and the historical cost financial information, which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate inflation-adjusted financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate inflation-adjusted financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate inflation-adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate inflation-adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate inflation-adjusted financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate inflation-adjusted financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), relevant sections of the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), the Microfinance Act (Chapter 24:29) and Insurance Act (Chapter 24:07) and 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.

In preparing the consolidated and separate inflation-adjusted financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate inflation-adjusted financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate inflation-adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (CONT'D)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate inflation-adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate inflation-adjusted financial statements, including the disclosures, and whether the consolidated and separate inflation-adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation-adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate inflation-adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

<u>Section 193 (1) (a)</u>
The consolidated and separate inflation-adjusted financial statements of the Group are properly drawn up in accordance with this Act so as to give a true and fair view of the state of the Group's affairs at the date of the consolidated and separate inflation-adjusted financial statements for the financial year ended 31 December 2021.

<u>Section 193(2)</u>
We have no matters to report in respect of the Section 193(2) requirements of the Act.

<u>Compliance with the Insurance Act [Chapter 24:07]</u>
We also report to the shareholders that the life assurance business and general insurance businesses have not complied with Statutory Instrument 206 of 2019 as read with the Insurance Act [Chapter 24:07], which stipulates that registered insurers shall have a minimum prescribed assets ratio of:

- fifteen per centum of the market value of total adjusted assets in the case of an insurer which carries on life assurance business; and

- ten per centum of the market value to total adjusted assets in the case of an insurer which carries on short term (non-life) insurance business.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Charity Mtwazi
Partner
PAAB Practice Certificate Number 0585

Date: 30 March 2022

FINANCIAL STATEMENTS

GROUP STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Inflation adjusted audited		*Historical cost unaudited	
	Notes	2021 Group ZWLm	2020 Group ZWLm	2021 Group ZWLm	2020 Group ZWLm
Revenue					
Gross earned premiums	4	12,429	8,038	9,986	3,109
Outward reinsurance		(1,248)	(1,464)	(1,121)	(584)
Net earned premiums		11,181	6,574	8,865	2,525
Investment income (non-banking)	5	73,683	25,624	126,382	49,659
Banking interest and similar income	6	6,455	3,005	5,209	1,206
Fee income, commissions and income from service contracts	7	8,910	5,076	7,069	2,097
Other income	8	4,974	3,722	4,815	2,253
Total revenue		**105,203**	**44,001**	**152,340**	**57,740**
Expenses					
Claims and benefits (including change in insurance contract provisions)	9	(53,518)	(21,303)	(96,098)	(39,553)
Reinsurance recoveries		554	460	425	163
Net claims incurred		(52,964)	(20,843)	(95,673)	(39,390)
Change in provision for investment contract liabilities	10	(6,348)	(1,007)	(7,696)	(2,588)
Fees, commissions and other acquisition costs		(3,638)	(2,170)	(2,894)	(890)
Banking interest expense and similar expenses	6	(387)	(760)	(307)	(277)
Impairment charges		(975)	(1,246)	(970)	(755)
Other operating and administration expenses	11	(10,297)	(5,907)	(8,326)	(2,324)
Net monetary adjustment		(1,087)	(2,622)	-	-
Profit before tax		**29,507**	**9,446**	**36,474**	**11,516**
Income tax (expense)/credit	12	(725)	1,017	(869)	(380)
Profit for the year		**28,782**	**10,463**	**35,605**	**11,136**
Attributable to non-controlling interests		626	181	834	280
Attributable to owners of parent company		28,156	10,282	34,771	10,856
		28,782	**10,463**	**35,605**	**11,136**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Inflation adjusted audited		*Historical cost unaudited	
	2021 Group ZWLm	2020 Group ZWLm	2021 Group ZWLm	2020 Group ZWLm
Profit for the year	**28,782**	**10,463**	**35,605**	**11,136**
Other comprehensive income				
Items that will not be reclassified to profit or loss (net of tax)				
Property revaluation	1,441	613	3,642	2,930
Shadow accounting	(842)	(224)	(1,622)	(1,025)
Total other comprehensive income	**599**	**389**	**2,020**	**1,905**
Total other comprehensive income for the year	**29,381**	**10,852**	**37,625**	**13,041**
Total other comprehensive income attributable to:				
Owners of parent company	28,755	10,671	36,791	12,761
Non-controlling interests	626	181	834	280
	29,381	**10,852**	**37,625**	**13,041**
Earnings per share				
Basic and diluted (cents)	8,480	3,096	10,472	3,269

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Inflation adjusted audited		*Historical cost unaudited	
		2021 Company ZWLm	2020 Company ZWLm	2021 Company ZWLm	2020 Company ZWLm
Revenue					
Investment income	14	5,888	1,610	5,670	1,106
Other income	15	657	1,044	544	580
Total revenue		**6,545**	**2,654**	**6,214**	**1,686**
Expenses					
Other operating and administration expenses	16	(1,487)	(996)	(1,286)	(386)
Net monetary adjustment		(1,014)	(2,059)	-	-
Profit/(loss) before tax		**4,044**	**(401)**	**4,928**	**1,300**
Income tax (expense)	17	(194)	(196)	(226)	(74)
Profit/(loss) and total other comprehensive income/(loss) for the year		**3,850**	**(597)**	**4,702**	**1,226**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	Inflation adjusted audited 2021 Group ZWLm	Inflation adjusted audited 2020 Group ZWLm	*Historical cost unaudited 2021 Group ZWLm	*Historical cost unaudited 2020 Group ZWLm
Assets					
Investment property	18	48,699	36,715	48,699	22,841
Property and equipment	19	10,302	8,465	8,696	4,236
Intangible assets	20	894	872	208	94
Deferred acquisition costs		39	41	34	17
Reinsurer contracts	21	331	349	307	172
Investments and securities	22	140,745	63,305	140,745	39,384
Deferred tax assets	31	3	3	9	7
Current income tax assets		101	96	101	63
Loans and advances	24	27,614	11,394	27,614	7,088
Other assets	25	17,033	19,468	14,686	10,770
Cash and cash equivalents	26	12,458	11,873	12,458	7,386
Total assets		**258,219**	**152,581**	**253,557**	**92,058**
Liabilities					
Insurance contract liabilities	27	139,767	76,414	139,703	47,431
Investment contract liabilities	28	11,048	5,264	11,048	3,275
Provisions	30	617	744	617	464
Deferred tax liabilities	31	1,188	829	1,048	438
Current income tax liabilities		10	4	10	2
Amounts due to group companies	23	9,997	11,730	9,997	7,298
Amounts owed to bank depositors	32	24,781	20,955	24,781	13,037
Credit lines	33	9,730	5,069	9,730	3,154
Other liabilities	34	3,941	3,813	3,834	1,772
Total liabilities		**201,079**	**124,822**	**200,768**	**76,871**
Net assets		**57,140**	**27,759**	**52,789**	**15,187**
Shareholders' equity					
Share capital and premium		-	-	-	-
Non-distributable reserve		-	-	49	55
Revaluation reserve		3,074	2,475	4,378	2,358
Share based payment reserve		1,966	1,966	55	72
Retained earnings		50,944	22,788	47,131	12,360
Equity holders of the parent		**55,984**	**27,229**	**51,613**	**14,845**
Non-controlling interests		1,156	530	1,176	342
Total equity		**57,140**	**27,759**	**52,789**	**15,187**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

DIRECTOR
30 March 2022

DIRECTOR
30 March 2022

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	Inflation adjusted audited		*Historical cost unaudited	
		2021 Company ZWLm	2020 Company ZWLm	2021 Company ZWLm	2020 Company ZWLm
Assets					
Investment property	43	45	38	45	25
Investments in subsidiary companies	44	4,623	4,541	183	126
Property and equipment	45	366	407	88	53
Intangible assets		2	3	1	-
Investments and securities	46	6,235	2,622	6,235	1,631
Amounts due by group companies	47	382	119	382	73
Other assets	48	8,723	10,850	8,723	6,750
Cash and cash equivalents	49	468	175	468	109
Total assets		**20,844**	**18,755**	**16,125**	**8,767**
Liabilities					
Provisions	51	314	65	314	40
Deferred tax liability	52	122	119	47	11
Amounts due to group companies	47	9,422	11,413	9,422	7,101
Current tax payable		2	3	1	2
Other payables	53	103	124	103	77
Total liabilities		**9,963**	**11,724**	**9,887**	**7,231**
Net assets		**10,881**	**7,031**	**6,238**	**1,536**
Shareholders' equity					
Share capital and premium	54	-	-	-	-
Non-distributable reserve		-	-	20	20
Share based payment reserve		3,862	3,862	63	63
Currency conversion reserve		-	-	-	-
Retained income		7,019	3,169	6,155	1,453
Total equity		**10,881**	**7,031**	**6,238**	**1,536**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

....
DIRECTOR
30 March 2022

....
DIRECTOR
30 March 2022

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Inflation adjusted audited	Notes	Share capital & premium ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Currency Conversion reserve ZWLm	Retained earnings ZWLm	Equity holders of the parent total ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
2021										
Shareholders' equity at beginning of year		**-**	**2,475**	**1,966**	**-**	**-**	**22,788**	**27,229**	**530**	**27,759**
Profit for the financial year		-	-	-	-	-	28,156	28,156	626	28,782
Shadow accounting		-	(842)	-	-	-	-	(842)	-	(842)
Revaluation of property		-	1,441	-	-	-	-	1,441	-	1,441
Total Comprehensive income for the year		**-**	**599**	**-**	**-**	**-**	**28,156**	**28,755**	**626**	**29,381**
Shareholders' equity at end of year		**-**	**3,074**	**1,966**	**-**	**-**	**50,944**	**55,984**	**1,156**	**57,140**
2020										
Shareholders' equity at beginning of year		**-**	**2,086**	**1,803**	**41**	**(369)**	**12,834**	**16,395**	**349**	**16,744**
Profit for the financial year		-		-	-	-	10,282	10,282	181	10,463
Shadow accounting	10.1	-	(224)	-	-	-	-	(224)	-	(224)
Revaluation of property		-	613	-	-	-	-	613	-	613
Total Comprehensive income for the year		**-**	**389**	**-**	**-**	**-**	**10,282**	**10,671**	**181**	**10,852**
Movement in share based payment reserve		-	-	163	-	-	-	163	-	163
Transfer between reserves		-	-	-	(41)	369	(328)	-	-	-
Transactions with shareholders		**-**	**-**	**163**	**(41)**	**369**	**(328)**	**163**	**-**	**163**
Shareholders' equity at end of year		**-**	**2,475**	**1,966**	**-**	**-**	**22,788**	**27,229**	**530**	**27,759**

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

*Historical cost unaudited	Notes	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity holders of the parent total ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
2021											
Shareholders' equity at beginning of year		**-**	**55**	**2,358**	**72**	**-**	**-**	**12,360**	**14,845**	**342**	**15,187**
Profit for the financial year		-	-	-	-	-	-	34,771	34,771	834	35,605
Shadow accounting		-	-	(1,622)	-	-	-	-	(1,622)	-	(1,622)
Revaluation of property		-	-	3,642	-	-	-	-	3,642	-	3,642
Total Comprehensive income for the year		**-**	**-**	**2,020**	**-**	**-**	**-**	**34,771**	**36,791**	**834**	**37,625**
Movement in share based payment reserve		-	-	-	(17)	-	-	-	(17)	-	(17)
Movement in non distributable reserves		-	(6)	-	-	-	-	-	(6)	-	(6)
Transactions with shareholders		**-**	**(6)**	**-**	**(17)**	**-**	**-**	**-**	**(23)**	**-**	**(23)**
Shareholders' equity at end of year		**-**	**49**	**4,378**	**55**	**-**	**-**	**47,131**	**51,613**	**1,176**	**52,789**
2020											
Shareholders' equity at beginning of year		**-**	**55**	**453**	**62**	**6**	**(13)**	**1,511**	**2,074**	**62**	**2,136**
Profit for the financial year		-	-	-	-	-	-	10,856	10,856	280	11,136
Shadow accounting		-	-	(1,025)	-	-	-	-	(1,025)	-	(1,025)
Revaluation of property		-	-	2,930	-	-	-	-	2,930	-	2,930
Total Comprehensive income for the year		**-**	**-**	**1,905**	**-**	**-**	**-**	**10,856**	**12,761**	**280**	**13,041**
Movement in share based payment reserve		-	-	-	10	-	-	-	10	-	10
Transfer between reserves		-	-	-	-	(6)	13	(7)	-	-	-
Transactions with shareholders		**-**	**-**	**-**	**10**	**(6)**	**13**	**(7)**	**10**	**-**	**10**
Shareholders' equity at end of year		**-**	**55**	**2,358**	**72**	**-**	**-**	**12,360**	**14,845**	**342**	**15,187**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Inflation adjusted audited	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Share based payment reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity total ZWLm
2021						
Shareholders' equity at beginning of year	**-**	**-**	**3,862**	**-**	**3,169**	**7,031**
Changes in equity arising in the year						
Profit for the financial year	-	-	-	-	3,850	3,850
Total comprehensive income	**-**	**-**	**-**	**-**	**3,850**	**3,850**
Shareholders' equity at end of year	**-**	**-**	**3,862**	**-**	**7,019**	**10,881**
2020						
Shareholders' equity at beginning of year	**-**	**-**	**3,872**	**152**	**3,736**	**7,760**
Changes in equity arising in the year						
Loss for the financial year	-	-	-	-	(597)	(597)
Total comprehensive income	**-**	**-**	**-**	**-**	**(597)**	**(597)**
Movement in share based payment reserve	-	-	(10)	-	-	(10)
Transfer between reserves	-	-	-	(152)	152	-
Loss of interest in subsidiary	-	-	-	-	(122)	(122)
Shareholders' equity at end of year	**-**	**-**	**3,862**	**-**	**3,169**	**7,031**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

*Historical cost unaudited	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Share based payment reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity total ZWLm
2021						
Shareholders' equity at beginning of year	**-**	**20**	**63**	**-**	**1,453**	**1,536**
Changes in equity arising in the year						
Profit for the financial year					4,702	4,702
Total comprehensive income	**-**	**-**	**-**	**-**	**4,702**	**4,702**
Shareholders' equity at end of year	**-**	**20**	**63**	**-**	**6,155**	**6,238**
2020						
Shareholders' equity at beginning of year	**-**	**20**	**66**	**4**	**288**	**378**
Changes in equity arising in the year						
Profit for the financial year	-	-	-	-	1,226	1,226
Total comprehensive income	**-**	**-**	**-**	**-**	**1,226**	**1,226**
Movement in share based payment reserve	-	-	(3)	-	-	(3)
Transfer between reserves	-	-	-	(4)	4	-
Loss of interest in subsidiary	-	-	-	-	(65)	(65)
Shareholders' equity at end of year	**-**	**20**	**63**	**-**	**1,453**	**1,536**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Inflation adjusted audited		*Historical cost unaudited	
		2021 Group ZWLm	**2020 Group ZWLm**	**2021 Group ZWLm**	**2020 Group ZWLm**
Cash flows from operating activities					
Profit before tax		29,507	9,446	36,474	11,516
Non-cash movements and adjustments to profit before tax	60.1	(17,213)	(5,707)	(28,813)	(5,672)
Changes in working capital	60.2	(9,443)	6,914	(316)	5,739
Taxation paid	60.3	(394)	(381)	(400)	(255)
Net cash from operating activities		**2,457**	**10,272**	**6,945**	**11,328**
Cash flows from investing activities					
Acquisition of financial assets		(9,117)	(7,397)	(7,809)	(7,064)
(Acquisition)/Disposal of investment property		(628)	592	(542)	287
Acquisition of intangible assets		(98)	(1,510)	(127)	(521)
(Acquisition)/Disposal of property and equipment		(1,454)	15	(966)	2
Net cash used in investing activities		**(11,297)**	**(8,300)**	**(9,444)**	**(7,296)**
Cash flows from financing activities					
Credit lines received		14,144	15,742	10,964	3,500
Credit lines paid		(5,661)	(21,203)	(4,388)	(3,768)
Net cash generated from/(used in) in financing activities		**8,483**	**(5,461)**	**6,576**	**(268)**
Net (decrease)/increase in cash and cash equivalents		**(357)**	**(3,489)**	**4,077**	**3,764**
Net foreign exchange differences on cash and cash equivalents		**942**	**3,050**	**995**	**1,915**
Cash and cash equivalents at the beginning of the year		**11,873**	**12,312**	**7,386**	**1,707**
Cash and cash equivalents at the end of the year		**12,458**	**11,873**	**12,458**	**7,386**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Inflation adjusted audited		*Historical cost unaudited	
		2021 Company ZWLm	2020 Company ZWLm	2021 Company ZWLm	2020 Company ZWLm
Cash flows from operating activities					
Profit/(Loss) before tax		4,044	(401)	4,928	1,300
Non-cash movements and adjustments to profit before tax	61.1	(2,667)	(1,281)	(3,861)	(1,198)
Changes in working capital	61.2	(148)	(523)	65	144
Taxation paid	61.3	(186)	(99)	(188)	(65)
Net cash from operating activities		**1,043**	**(2,304)**	**944**	**181**
Cash flows from investing activities					
Acquisition of financial assets		(939)	(445)	(728)	(339)
Disposal of financial assets		338	1,258	258	226
Proceeds from disposal of property and equipment		3	11	5	1
(Increase)/disposal in investments in subsidiaries		(82)	1,885	(57)	69
Acquisition of property and equipment		(70)	(461)	(63)	(61)
Net cash received from/(used in) investing activities		**(750)**	**2,248**	**(585)**	**(104)**
Net increase/(decrease) in cash and cash equivalents		**293**	**(56)**	**359**	**77**
Cash and cash equivalents at the beginning of the year		**175**	**231**	**109**	**32**
Cash and cash equivalents at the end of the year		**468**	**175**	**468**	**109**

*The historical amounts are shown as supplementary information. As a result, the independent auditors have not expressed an opinion on the historical financial information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Subsidiaries and main activities are as follows:

- Central Africa Building Society (CABS) - mortgage lending and banking;
- Old Mutual Finance (Private) Limited (OMFIN) - micro finance lending;
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services, which in turn wholly owns Old Mutual Funeral Services (Private) Limited (OMFUN);
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Securities (Private) Limited (OMSEC) - licensed securities dealing firm;
- 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 Statement of compliance

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

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 (S.I. 33) of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribed the manner in which certain balances in the financial statements would be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe. It is the Group's view that the prescribed parity in value between local currency and the USD did not accurately reflect underlying market economic conditions between 1 October 2018 and 22 February 2019. The treatment resulted in a misstatement of foreign currency transactions in the year ended 31 December 2018 up to 28 February 2019, and the impact of the misstatement is included in the opening retained earnings balance of the 31 December 2020 comparative year opening balances.

As a result of the hyperinflationary environment that started in 2019, the Group has determined that the impact of the misstatement is no longer material for the 2021 financial year. These financial statements are compliant with IFRSs.

2.2 Basis of preparation

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

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

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement of the historical cost numbers is based on the conversion factors derived from the consumer price index (CPI) issued by the Zimbabwe National Statistics Agency (ZIMSTAT). We believe the CPI best represents average price movements in the economy during the reporting period and have thus applied it in preparation of these financial statements. The indices and conversion factors used to restate the accompanying financial statements as at 31December 2021 are given below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.2 Basis of preparation (cont'd)

Dates	Indices	Conversion Factors
31/12/2021	3,977.48	1.0000
31/12/2020	2,474.51	1.6074
31/12/2019	551.63	7.2105

The main procedures applied for the above-mentioned restatement are as follows:

i. All corresponding figures as of and for the year ended 31 December 2020 are restated by applying the change in the index from 31 December 2020 to 31 December 2021.
ii. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.
iii. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2021. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.
iv. Property and equipment that is not current at the statement of financial position date is restated from the date of initial application of hyperinflation conditions, that is, 1 January 2018 or from the transaction date if purchased after 1 January 2018. Depreciation and amortisation amounts are based on restated costs. Owner occupied buildings are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not restated. The depreciation amounts are based on the opening restated amounts.
v. Deferred tax is calculated on restated carrying amounts.
vi. Profit or loss items/transactions, except the depreciation and amortisation charges explained above and fair value gains or losses, are restated by applying the change in the index from the date of the transaction to 31 December 2021.
vii. The effect of inflation on the net monetary position of the entity is included in the income statement as loss or gain on monetary position.
viii. All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

To provide reliable and more relevant information about the effects of inflation on the fair value adjustments, management adopted the methodology to consider the effects of inflation on the opening balance of assets and liabilities which are measured at fair value. The change has no impact on the value of the assets and liabilities and net result of the Group.

2.3 Critical accounting estimates and judgements

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

Critical accounting estimates are those which involve the most complex or subjective judgement or assessments. The areas of the Group's business that typically require such estimates are life insurance contract provisions, determination of the fair value for financial assets and liabilities and investment properties. Insurance contract accounting and key assumptions made in determining insurance contract provisions are discussed in more detail in note 2.6.

2.3.1 Functional currency and determination of exchange rate

The Zimbabwe government gazetted Statutory Instrument 185 (S.I. 185) of 2020 on 24 July 2020. The regulation requires sellers of goods and services to display, quote, and offer prices in both the Zimbabwean (ZWL) and foreign currency at the ruling auction exchange rate. Due to the use of dual currencies in the economy and in the Group, we are required to asses what the functional currency of the Group is in accordance with International Accounting Standard (IAS) 21, Foreign Exchange Rates. The Group's assessment was based on weighting the volume of the local currency business against the foreign currency business. Foreign currency transactions recorded for the whole Group constitute 2% of total transactions recorded for the financial years ending 31 December 2020 and 31 December 2021. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year. The general insurance subsidiary, OMICO, however has a higher volume of foreign currency business as compared to other subsidiaries which constitute an average of 40%. OMICO's source of funding is purely in ZWL, while other business expenses are driven by ZWL cost structures. It is management's view that for the subsidiary, foreign currency business is material but not yet significant enough to override the local currency business. Resultantly, the Group and its subsidiaries' functional currency remains the ZWL.

2. Accounting Policies (cont'd)

2.3.1 Functional currency and determination of exchange rate (cont'd)

The weekly Reuters based foreign exchange auction system, overseen by the Reserve Bank of Zimbabwe (RBZ), was in operation during the year. The economy is still, however, witnessing alternative foreign currency exchange rates that are divergent from the auction determined exchange rate. In the financial year ending 31 December 2021, the exchange rate premium from these alternative rates reached a high of 100%. Through the official foreign exchange market, the Group has managed to perform the following foreign currency transactions:

- Through CABS the banking subsidiary, settle credit lines;
- Through all the Group's entities, settle foreign payments to third party suppliers of goods and services; and
- Through all the Group's entities, settle foreign payments to related party service providers.

It is management's view that given that foreign currency transactions for the Group are being done using the auction determined exchange rate, resultantly, the Group's spot rate in accordance with IAS 21, is the Reuters auction foreign exchange system determined exchange rate.

2.3.2 Other critical estimates and judgements

Valuation of investment properties, financial assets, and liabilities

The fair values of investment properties, financial assets, and liabilities are classified and accounted for in accordance with the policies set out in section 2.9 and 2.13 below. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. The translation of the foreign currency denominated assets and liabilities to local currency is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.

Investments where the Group holds 20% or more

The Group is required to make judgements on what constitutes an investment in associate. IAS 28 "Investments in Associates and Joint Ventures" defines an associate as an entity in which the investor has significant influence. The standard states that if an entity holds 20%, directly or indirectly of the voting power of the investee, it is presumed that the entity has significant influence unless it can clearly be demonstrated that it is not the case. In determining significant influence factors such as board representation, level of transactions and ability to exercise significant influence are also considered. The Standard provides an exemption for venture capital organisations, mutual funds, unit trusts and similar entities including investment linked insurance funds to measure investments in those entities at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments: Recognition and measurement".

The Group has investment linked insurance funds which include investments in which the Group has more than 20% disclosed on Note 22.5. These funds are backed by investment contracts with discretionary participating features and meet the following characteristics:

- The policyholder has a clear understanding of the type of investments the Group invests in;
- There is a link between the investments and what the policyholders are entitled to;
- The valuation of the liability is based on the value of the assets; and
- The assets backing these liabilities are ring-fenced.

The Group has funds which operate like unit trusts and they also include investments in which the Group has more than 20%. These funds where the Group holds 20% or more, which back policyholder liabilities, are accounted for in terms of IFRS 9, at fair value.

Valuations of housing projects

Inventory comprises housing units/housing projects which are valued at the lower of cost or net realisable value of the completed housing units. The significant judgement is the estimate of cost to completion used in determination of the net realisable value. Management makes use of external valuations performed by external valuers for confirmation of the determined net realisable value.

Valuation of treasury bills

Financial instruments comprise of treasury bills instruments. The valuation of treasury bills on initial recognition, and the subsequent measurement thereof, has been identified as a complex area due to the fact that there are varying views in the banking sector on the correct accounting treatment of these treasury bills, and due to the absence of an active market with sufficient trades to inform the fair value of the treasury bills. The treasury bills are disclosed in note 22.6 and are recorded at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.3.2 Other critical estimates and judgements (cont'd)

Foreign denominated Legacy debts /Blocked funds

In June 2020, the RBZ invited all parties with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. The Group made applications relating to amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to the promulgation of SI 33 of February 2020, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group. CABS got approval for USD26.4m owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services. OMZIL also got approval for USD83.8m in respect of unremitted dividends (USD32.1m), obligations under the 2012 indigenisation transaction (USD50m) and management fees (USD1,7m). CABS got additional approval for USD1.3 million whilst an additional USD0.5 million in respect of management fees was also approved for other group subsidiaries. Upon transferring local funds for the registration of legacy debts/blocked funds for the year ended 31 December 2020, a legitimate expectation to receive cash flows under the arrangement was created and an asset was recognised on the Group's statement of financial position, reflecting the value of expected cash flows.

This statutory receivable has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the statutory receivable reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement. The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled to the tune of USD15m. In January 2022, Parliament passed the Finance Bill H.B 16 2022. The bill provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's balance sheet. The terms of discharge of the blocked funds will be determined by the Minister of Finance and Economic Development. Please refer to additional disclosures in note 25.2. For the 2021 financial year, the expected proceeds under the arrangement are classified as a statutory receivable.

2.4 Scope of consolidation

2.4.1 Subsidiary undertakings

Subsidiary undertakings are those entities controlled by the Group. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases. Subsidiary undertakings include structured entities that are created and designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The results of subsidiary undertakings acquired and disposed of during the year are included in profit or loss from the date of acquisition, up to the date of disposal or control ceasing. Intra-Group balances and transactions, and all profits and losses arising from intra-Group transactions, are eliminated in preparing the Group financial statements. Unrealised losses are not eliminated to the extent that they provide evidence of impairment.

Non-controlling interests (NCI) are measured at their proportionate share of the values of the assets and liabilities recognised at initial recognition in business combination. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The parent company financial statements present information about the Company as a separate entity and not about the Group.

2.4.2 Structured Entities

Control exists when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group remains exposed to the variability of returns from the performance of the other entity. The Group considers evidence from its holding of debt or equity instruments as well as other forms of involvement such as provision of funding, liquidity support, credit enhancement and guarantees to the other entity. The Group financial statements include the assets, liabilities, and results of the Group together with subsidiary undertakings controlled by the Group.

2.4.3 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured as a financial asset at fair value when control is lost, or in terms of IAS 28 if it is an associate.

2. Accounting Policies (cont'd)

2.5 Revenue

Revenue comprises premium income from insurance contracts and investment contracts with a discretionary participating feature, fee income from investment management contracts, commission income, banking interest income, fees, and commission, non-banking interest income, dividend income, investment income, and fees for administration and management of policyholder funds. Banking interest income and expense presented in the statement of profit or loss and other comprehensive income include interest on financial assets and financial liabilities and all fees received and paid measured at amortised cost calculated on an effective interest rate basis. Fees are included if they are integral to the calculation of the effective interest rate. Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. Fees charged for management services provided are recognised as revenue in profit or loss as the services are provided. Revenue is also accounted for in accordance with the particular accounting policies as set out in section 2.6 and 2.13 below.

2.6 Insurance and investment contracts

2.6.1 Classification of contracts

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

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

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

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

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

2.6.2 Premiums on contracts

Premiums and annuity considerations receivable under insurance contracts and investment contracts with a discretionary participating feature are recognised gross of commission and exclude taxes and levies. Premiums in respect of other insurance contracts and investment contracts with a discretionary participation feature are recognised when due for payment. Outward reinsurance premiums are recognised when due for payment. Amounts received under investment contracts other than those with a discretionary participating feature are recorded as deposits in investment contract liabilities.

2.6.3 Revenue on investment management service contracts

Revenue from asset management consists of asset management fees, performance fees and administration fees. 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 (deferred revenue liabilities). If the amount of the fee can be reliably estimated, the Group recognises revenue over time as the services are rendered. If the fee cannot be reliably estimated, the recognition of fees-based variables are delayed until significant uncertainty regarding the Group's entitlement to the fee and the measurement of the fee have been resolved.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.6.4 Claims on contracts

Claims and benefits incurred under insurance contracts and investment contracts with a discretionary participating feature include maturities, annuities, surrenders, pension commutations, withdrawal benefits, and death and disability payments and are recognised in profit or loss.

Maturity and annuity claims are recorded as they fall due for payment. Death and disability claims and surrenders are accounted for when notified. Reinsurance recoveries are accounted for in the same period as the related claim.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as deductions from investment contract liabilities. Claims incurred in respect of short-term insurance general business consist of claims, and claims handling expenses paid during the financial year, together with the movement in the provision for outstanding claims.

Claims outstanding comprise provision for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and an appropriate prudential margin. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as change in claims handling procedure, inflation, judicial trends, legislative changes and past experience and trends. Claim provisions for claims outstanding are discounted where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

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

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

Provisions for investment contracts with a discretionary participating feature are also computed using FSV method. Surplus allocated to policyholders but not yet distributed (i.e. bonus smoothing reserve) related to these contracts is included as a carrying value of liabilities. Investment options and guaranteed payments are computed on the prospective deposit method, which produces reserves equal to the present value of future benefit payments. Derivatives embedded in an insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as an insurance contract. The entire contract is measured as described above.

The Group performs liability adequacy testing on its insurance liabilities (including investment contract liabilities with discretionary participating features) to ensure that the carrying amount of its liabilities is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made. The provision estimation techniques and assumptions are periodically reviewed, with any changes in estimates being reflected in profit or loss as they occur.

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

2.6.6 Investment contract liabilities

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

2. Accounting Policies (cont'd)

2.6.7 Acquisition costs on long-term insurance

Acquisition costs, disclosed as sales remuneration, comprise all direct and indirect costs arising from the sale of insurance contracts. The FSV method, used to determine insurance contract provisions and provisions for investment contracts with a discretionary participating feature, makes implicit allowance for the deferral of acquisition costs, therefore, no explicit deferred acquisition cost asset is recognised in the statement of financial position for the contracts issued in these areas.

2.6.8 Deferred acquisition costs in respect of investment management service contracts

Costs that are directly attributable to securing an investment management service contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with the customer that it would not have incurred if the contract had not been obtained.

2.7 Intangible assets

Intangible assets are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method is reviewed at least each financial year-end. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets are amortised over a period of 5 years using the straight-line method.

The carrying value of capitalised development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. On derecognition of intangible assets the remaining carrying amount of the asset is written down in profit or loss in the period of derecognition.

2.8 Investment in subsidiary companies

Investments in subsidiary companies are initially recognised at cost. Subsequent measurement is at cost less any impairment.

2.9 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 or loss. Recorded values are determined by internal professional valuers who perform valuations annually. The recorded values 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 on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

The valuation methodology adopted is dependent upon the nature of the property. The income capitilisation 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.9 Investment property (cont'd)

Surpluses and deficits arising from changes in fair value are reflected in profit or loss.

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

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

2.10 Property and equipment

Owned assets

Owner-occupied property is recognised at revalued amounts, being the fair value at the date of the revaluation less subsequent accumulated depreciation and accumulated impairment losses. Equipment, principally computer equipment, motor vehicles, fixtures and furniture, are recognised at cost less accumulated depreciation and impairment losses. Property under development is valued at cost.

Subsequent expenditure

Subsequent expenditure is capitalised when it can be reliably measured and will result in probable future economic benefits. Expenditure incurred to replace a separate component of an item of owner-occupied property or equipment is capitalised to the cost of the item and the component replaced is derecognised. All other expenditure is recognised in profit or loss as an expense when incurred.

Revaluation of owner-occupied property

Owner-occupied property is recognised at fair value. Internal professional valuers perform valuations annually. The procedures followed are as per note 2.9 and 18.

When an individual owner-occupied property is revalued, any increase or decrease in its carrying amount (as a result of the revaluation) is recognised in other comprehensive income in a revaluation reserve, except to the extent that it represents an increase that reverses a revaluation decrease previously recognised in profit or loss, or a decrease that exceeds the revaluation surplus in which case the increase or decrease is recognised in profit or loss.

Derecognition

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. On derecognition of equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period of derecognition. In the case of owner-occupied property, any surplus in the revaluation reserve in respect of the individual property is transferred directly to retained earnings.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of owner-occupied property and equipment that are accounted for separately.

In the case of owner-occupied property, on revaluation, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Land is not depreciated.

Owner-occupied property is depreciated over a period of 50 years using the straight-line method. Leasehold property is depreciated over a period of 20 years using the straight-line method. Motor vehicles, computer equipment, fixtures and furniture are depreciated over 5 years using the straight-line method.

Residual values, useful lives and depreciation methods are re-assessed at each reporting date.

2. Accounting Policies (cont'd)

2.11 Taxation

The tax charge for the current year comprises current and deferred tax. Included within the tax charge are charges relating to normal income tax, and taxes payable on behalf of policyholders. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

Deferred-tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used. Deferred-tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realised and such reductions are reversed when the probability of future taxable profits improves.

2.12 Reinsurance

Reinsurance assets comprise contracts with reinsurers under which the Group is compensated for losses on one or more contracts which are classified as insurance contracts. Reinsurance on contracts that do not meet this classification is classified as financial assets. Anticipated reinsurance recoveries are disclosed separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

A reinsurance asset principally includes the reinsurers' share of liabilities in respect of contracts with policyholders. Amounts recoverable under reinsurance contracts are recognised in a manner consistent with the reinsured risks and in accordance with the terms of the reinsurance contract. Reinsurance is presented in the statement of financial position on a gross basis.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

2.13 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

Under IFRS 9: Financial Instruments or 'IFRS 9' , there are three measurement classification as following:

- 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

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/the Company 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. On initial recognition, financial assets are measured at fair value.

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 measurement of financial liabilities

Subsequent to initial recognition all financial liabilities at 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.

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

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.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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.

Business model assessment

The Group makes an assessment of the objective of a business model across its various business units in order to determine the appropriate classification basis of financial instruments. The Information considered includes:

Banking business

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

Indicators of what the business model is:

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the business's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. yearical reset of interest rates.

The business holds a portfolio of long-term fixed rate loans for which the entity has the option to propose to revise the interest rate at yearly reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Insurance business

The business holds a portfolio of long-term fixed rate public sector securities, debentures and short term fixed deposits in money market. Assessment determined that the contractual terms of these interest bearing securities give rise to cashflows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

The business elected to irrevocably designate interest bearing securities to be measured at fair value through profit or loss in order to reduce the recognition inconsistency that would otherwise arise from measuring financial assets with policyholder liabilities or recognising the gains and losses on them on different bases.

The business did not elect to measure equity instruments in other comprehensive income because they are underlying assets that are held to back policyholder liabilities. The business did not hold financial assets at fair value through other comprehensive income at the reporting date.

Rest of Group

The other businesses hold their interest bearing securities (debentures, fixed deposits in money markets and public sector securities) to maturity for the purpose of collecting contractual cashflows. The cashflows of these investments meet the SPPI (solely payments of principal and interest on principal amount outstanding) test and are classified at amortised cost.

Equity investments (both listed and unlisted) and unit trusts investments are measured at fair value through profit or loss. These businesses did not hold financial assets at fair value through other comprehensive income at the reporting date.

Impairment of financial assets

The Group adopted the Expected Credit Loss (ECL) model and this applies to financial assets measured at amortised cost (for example mandatory reserve deposits with central banks, reinsurers' share of policyholder liabilities, loans and advances, trade and other receivables, cash and cash equivalents, and corporate debt securities held by the Group) as well as financial assets measured at FVOCI, but not to investments in equity instruments.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD), and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects the Group's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group should also consider observable market information about the credit risk of the financial instrument or similar financial instruments. In the absence of sufficient data, management apply expert judgement within an established governance framework to determine the required parameters. The expert judgement process is based on available internal and external information.

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Financial assets measured amortised cost and FVOCI

In determining the ECL allowances for financial assets, the following significant judgements and estimates were considered.

- In the absence of sufficient depth of data and the sophistication of credit risk management systems and protocols, management applies expert judgement within a governance framework to determine the required parameters. The expert judgement process is based on available internal and external information. Due to differences in availability of data and maturity of credit risk management across the Group, different approaches are used to determine the key parameters.
- Judgement is applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through, amongst others, increases in behaviour scores, arrears aging, and portfolio assessments.

- In some instances the 12-month PDs are calculated by a behaviour scoring model that takes into account internal and external information, where available. The 'behaviour PDs' are linked to empirical default rates. A specific change in the behaviour score (and associated PD) indicates that the credit risk has increased significantly since initial recognition. Identifying the specific change in the PD that would trigger a significant increase in credit risk includes a degree of judgement. The behaviour scorecard is monitored and is recalibrated if necessary. Translating 12-months PDs into lifetime PDs requires management judgement and is based on the timing of defaults observed historically. In low default, commercial and corporate portfolios PDs are calculated using a combination of internal ratings, default experience and PD floors based on sovereign credit ratings for the jurisdiction.
- Various arrear aging thresholds are also used to determine whether a significant increase in credit risk took place since initial recognition. Judgement is applied to determine the appropriate arrears threshold for different financial assets. The Group also makes use of the rebuttable presumption that a significant increase in credit risk has taken place when a financial asset is 30 days past due or one payment in arrears.
- The Group applies judgement in identifying default and credit-impaired financial assets. In making this judgement, the Group considers the arrears category where the balance has been allocated to, whether the balance is in legal review, debt review or under administration or expert judgement. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- A key judgement in determining the LGDs is the time period that the cash flows must be estimated for. The time period is estimated based on historical data that can be volatile. When the cash flows are too volatile the time period is capped to limit volatility. LGDs are influenced by estimates of the amounts to be recovered from the realisation of collateral and the estimated costs to realise the collateral.
- The Group applies judgement in selecting the following macroeconomic factors: CPI inflation and unemployment rate. Management applied judgement in determining the number of scenarios to be used, the probability assigned to each scenario, and the time period used to estimate the impact of forward-looking information of the ECL losses. By nature, the estimation of the values of macroeconomic factors in the near future is judgemental and subject to uncertainty.
- In the absence of a reliable correlation between macroeconomic factors and ECL losses, the Group applies expert judgement to decide whether a management overlay provision should be included in the measurement of ECL losses.

Estimates regarding credit risk parameters and the impact of forward-looking information used in the calculation of the ECL loss amount should be reviewed at each reporting date and updated if necessary.

The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- Stage 1: At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- Stage 2: A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- Stage 3: A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Under IFRS 9, impairment loss allowances are measured on either of the following bases:

- 12-month ECLs: This is the portion of the lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (stage 1); and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument (stage 2 and 3).

The Reserve Bank of Zimbabwe (RBZ) also requires the Group to provide for provisions for loan losses rather than impairment losses as determined in accordance with IFRS 9. Where the provision as per RBZ guidelines is higher than the IFRS 9 impairment losses, the excess is treated as an appropriation of equity. The excess is transferred between the Regulatory provision reserve and retained earnings and unwinds when the IFRS impairment is higher than the regulatory provision as in accordance with the provisions of the Banking Regulations, 2000, Statutory Instrument 205 of 2000.

Group's assessment

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as twelve-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to apply the IFRS 9 simplified approach in measuring expected credit losses for non-banking business. This uses a provision matrix when determining the lifetime expected loss allowance for all trade receivables, contract assets, and lease receivables and cash and cash equivalents.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers quantitative and qualitative information, based on the Group's historical experience, credit assessment, and including forward-looking information. The Group's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the credit score, credit rating, probability of default or arrears aging of a financial instrument.
- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment which is done at a financial instrument level.

These primary and secondary risk drivers are included by the Group as part of the ongoing credit risk management.

When making a quantitative assessment, the Group uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date.

A rebuttable assumption is that the credit risk, since initial recognition, has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met. Where applicable, the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, is applied.

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Measurement of expected credit losses

ECLs are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For presentation the ECL allowances are deducted from the gross carrying amount of the assets. ECLs are presented separately in the consolidated income statement.

Significant judgments and estimates

In determining the ECL allowances for loans and advances the following significant judgements and estimates were considered. The availability of information and the sophistication of credit risk management systems and protocols will influence the judgements made and estimates considered.

- The Group applies judgement in determining whether a significant increase in credit risk took place since initial recognition of financial assets at amortised cost. Judgement was applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through increases in behaviour risk, arrears aging, and portfolio assessments. The Group makes use of the rebuttable presumption that a significant increase in credit risk has taken place when a financial asset is 30 days past due or one payment in arrears. The assessments are carried out on a regular basis as part of the credit risk management activities of the Group.
- The Group applies judgement in identifying default and credit-impaired financial assets. The Group considers the arrears category where the balance has been allocated to or whether the balance is in legal review, debt review or under administration. Balances are considered to be in default when the balances have been past due for 90 days or more or have been identified to be in default after applying expert judgement. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- The calculation of the ECL balance is primarily influenced by the stage allocation of the balance and the risk parameters. The Group makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets at amortised cost. Depending on the relevant information available, PDs are based on a behavioural scoring model and historic default rate curves or are determined through internally developed statistical models. LGDs are derived from a default recovery time series model that takes recency of payments into account or through internally developed statistical models. EADs are determined with reference to expected amortisation schedules and taking into account credit conversion factors as applicable for undrawn or revolving facilities.
- The ability to include forward-looking information in the measurement of ECL balances is dependent on the existence of reliable and quantifiable correlation between forward-looking factors and changes in the ECL balance. When such correlations do not exist and where applicable, management applies expert judgement to determine an overlay provision to incorporate best estimates of the impact of forward-looking information. Any overlay provision is based on available information and qualitative risk factors within a governed process.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.14 Foreign currency translation
Foreign currency transactions are translated at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are recognised at fair value are translated into the functional currency at foreign exchange rates ruling at the dates the fair values were determined.

Non-monetary assets and liabilities denominated in foreign currencies that are recognised at historical cost are translated into the functional currency at the rate of exchange ruling at the date of the initial recognition of the asset and liability and are not subsequently translated. Exchange gains and losses on the translation and settlement during the period of foreign monetary assets and liabilities are recognised in profit or loss as other income. Exchange differences for non-monetary items are recognised in other comprehensive income when the changes in the fair value of the non-monetary item are recognised in other comprehensive income and in profit or loss if the changes in fair value of the non-monetary item are recognised in profit or loss.

Where the exchange rate is officially fixed by government, the Group will assess the extent to which immediate value can be obtained at the official exchange rate. Where the lack of exchangeability is not significant in extent, assets and liabilities will be translated at the official exchange rate. Where there is a significant lack of exchangeability which is temporary in nature, the Group will use the first subsequent exchange rate at which exchangeability can be realised. In instances where there is lack of exchangeability, in the Group's judgement which is long term in nature, the Group will estimate a premium or discount on the official exchange rate which faithfully presents the prevailing economic circumstances taking into account observable market variables .

Sensitivities on the exchange rate are disclosed under Note 64.

2.15 Employee benefits
Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees.

(i) Post-employment benefits
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund is available or a reduction in future payments is probable.

(ii) Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for restructuring. If the benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted. Termination benefits for voluntary redundancies are recognised as an expense at the earlier of when the employee accepts the offer; and when a restriction on the Group's ability to withdraw the offer takes effect.

(iii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods determined using the projected unit credit method. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

2. Accounting Policies (cont'd)

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future operating costs or losses are not provided for. Staff related provisions mainly comprise of bonus provisions, leave pay provision and cash settled share based payments provisions. Other provisions are any provisions not related to staff and are generally individually immaterial.

2.17 Share-based payments

Equity-settled share-based payment transactions

The services received from employees in terms of the Share Based Payment transactions, are equity settled and are measured at the fair value of the equity instruments granted. The fair value of those equity instruments are measured at grant date and are not subsequently re-measured. If the equity instruments granted vest immediately and the employee is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the services received are recognised in full on grant date in profit or loss, with a corresponding increase in share based payment reserve.

Where the equity instruments do not vest until the employee has completed a specified period of service, it is assumed that the services rendered by the employee, as consideration for those equity instruments, will be received in the future, during the vesting period. These services are accounted for in profit or loss as they are rendered during the vesting period, with a corresponding increase in share based payment reserve.

Cash-settled share-based payment transactions

The services received in cash-settled share-based payment transactions with employees and the liability to pay for those services, are recognised at fair value as the employee renders services. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the liability is measured at the fair value of the awards or options, by applying standard option pricing models, taking into account terms and conditions on which the share awards or options were granted, and the extent to which the employees have rendered services to date.

2.18 Leases

The Group assesses whether a contract is a lease in scope of IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than twelve months, unless the underlying asset is of low value. Where the Group is a lessee and the lease is deemed in scope, it recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease. The lease liability is recognised in 'Other liabilities'. A corresponding right-of-use asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognised in 'Property, plant and equipment'. The lease term includes any extension options contained in the contract that the Group is reasonably certain it will exercise.

The Group subsequently depreciates the right-of-use asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation on the asset is recognised in 'Depreciation and amortisation', and interest on the lease liability is recognised in 'Interest expense'.

2.19 Impairment of non-financial assets

The carrying amounts of the Group's other assets, other than financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.19 Impairment of non-financial assets (cont'd)
The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and of the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised. Impairment losses are recognised in profit or loss

2.20 Sale and repurchase agreements
The Group enters into purchases (sales) of the investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the appropriate and applicable accounting policy. The proceeds from the sale of the investments are reported under deposits. The difference between the sale and repurchase agreement is treated as interest and accrued over the life of the agreement using the effective interest method. Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in investment income. The obligation to return them is recorded at fair value as a trading liability.

2.21 Dividends
Dividends payable to holders of equity instruments are recognised in the period in which they are declared.

2.22 Inventory
Inventory comprises largely of costs for the construction of houses for sale under housing projects. Inventory is measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the first in first out principle and includes borrowing costs capitalised in accordance with the Group's accounting policies and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Additional disclosure in respect of inventory are included in note 25.1.

2.23 Related parties
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Group has related party relationships with its subsidiaries, fellow subsidiaries of Old Mutual Limited, company directors, other key shareholders and key management personnel. Transactions and balances are reflected in note 38.

2.24 Share capital
Ordinary and preference share capital is classified as equity if they are non-redeemable by the holder, and if dividends are discretionary. Coupon payments on preference share instruments are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the holder or if dividend payments are not discretionary. If the preference shares are non-redeemable by the holder and the entity has an obligation to deliver cash (or other financial assets) which the entity cannot defer until liquidation then the preference shares would be classified as a liability. Coupon payments thereon are recognised in profit or loss as an interest expense.

2.25 Non-distributable reserve
When the Zimbabwean economy dollarised in 2009, a Financial Reporting Guidance was used to determine a foreign currency opening statement of financial position on the date of change in functional currency from ZWL to USD. The Group used the Guidance to translate the financial statements at the normalisation date to USD to be used as the deemed costs in the opening statements of financial position at 1 January 2009. The surplus on the restatement of the assets and liabilities was credited to non-distributable reserves in equity.

2. Accounting Policies (cont'd)

2.26 Segment reporting

The Group's results are analysed and reported consistently with the way that the chief operating decision maker (management and the executive directors) consider information when making operating decisions and also with the basis on which resources are allocated and performance assessed by management and directors. The operating segments are Life Assurance, General Insurance, Banking and Lending, Asset Management, and other (being the Holding Company and other less significant Group entities).

There are four principal business activities from which the Group generates revenues. These are premium income (Life assurance and General insurance), fee and commission income (Asset management) and banking interest and fee income (Banking and Lending). In addition to this, investment returns are also earned on funds invested. The revenues generated in each reported segment can be seen in the analysis of Profits and Losses in note 3.

2.27 Forthcoming requirements

Future amendments not early adopted in the 2021 annual financial statements.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Title	Key requirements	Effective Date
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017, and subsequently amended in June 2020, as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re- measured each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. IFRS 17 will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	1 January 2023 (deferred from 1 January 2021)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.27 Forthcoming requirements (cont'd)

Title	Key requirements	Effective Date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In July 2021, the Board agreed to publish an exposure draft in the fourth quarter of 2021 that would modify the requirements introduced by these amendments.	1 January 2023 (deferred from 1 January 2022)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022

2. Accounting Policies (cont'd)

2.27 Forthcoming requirements

Title	Key requirements	Effective Date
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post- tax basis.	1 January 2022
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (cont'd)

2.27 Forthcoming requirements

Title	Key requirements	Effective Date
Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023

2. Accounting Policies (cont'd)

2.28 New and amended IFRS Standards that are effective for the current year

Title	Key requirements	Effective Date
COVID-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. * The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022. If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.	1 June 2020/ 1 April 2021
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. **The Phase 2 amendments provide the following reliefs:** When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.	1 January 2021

2.29 Comparative figures

As much as possible, comparative figures are reclassified in line with current year presentation. Where the changes are significant, appropriate disclosures in line with IFRSs are made to provide the information around the change and impact on prior period financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Segment information - Inflation adjusted audited

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
A1 Statement of profit or loss for the year ended 2021							
Revenue							
Gross earned premiums	9,337	3,664	-	-	-	(572)	12,429
Outward reinsurance	(126)	(1,122)	-	-	-	-	(1,248)
Net earned premiums	9,211	2,542	-	-	-	(572)	11,181
Investment income (non-banking)	67,814	1,520	-	262	7,225	(3,138)	73,683
Banking interest and similar income	-	-	6,455	-	-	-	6,455
Fee income, commissions and income from service contracts	344	248	7,516	1,470	579	(1,247)	8,910
Other income	1,714	316	3,117	86	233	(492)	4,974
Total revenue	**79,083**	**4,626**	**17,088**	**1,818**	**8,037**	**(5,449)**	**105,203**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(51,789)	(1,771)	-	-	-	42	(53,518)
Reinsurance recoveries	42	512	-	-	-	-	554
Net claims incurred	(51,747)	(1,259)	-	-	-	42	(52,964)
Change in provision for investment contract liabilities	(6,348)	-	-	-	-	-	(6,348)
Fees, commissions and other acquisition costs	(880)	(481)	(2,263)	(13)	-	(1)	(3,638)
Banking interest payable and similar expenses	-	-	(619)	-	-	232	(387)
Impairment charges	-	-	(975)	-	-	-	(975)
Other operating and administration expenses	(2,305)	(997)	(6,278)	(1,062)	(3,307)	3,652	(10,297)
Net monetary adjustment	957	(364)	(1,031)	(78)	(689)	118	(1,087)
Profit before tax	**18,760**	**1,525**	**5,922**	**665**	**4,041**	**(1,406)**	**29,507**
Income tax expense	(348)	(10)	(22)	(136)	(226)	17	(725)
Profit for the year	**18,412**	**1,515**	**5,900**	**529**	**3,815**	**(1,389)**	**28,782**
A2 Statement of profit or loss for the year ended 2020							
Revenue							
Gross earned premiums	4,821	3,703	-	-	-	(486)	8,038
Outward reinsurance	(80)	(1,384)	-	-	-	-	(1,464)
Net earned premiums	4,741	2,319	-	-	-	(486)	6,574
Investment income (non-banking)	23,209	502	601	15	2,666	(1,369)	25,624
Banking interest and similar income	-	-	3,011	-	-	(6)	3,005
Fee income, commissions and income from service contracts	163	156	4,668	935	-	(846)	5,076
Other income	825	-	1,618	239	1,104	(64)	3,722
Total revenue	**28,938**	**2,977**	**9,898**	**1,189**	**3,770**	**(2,771)**	**44,001**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(20,137)	(1,197)	-	-	-	31	(21,303)
Reinsurance recoveries	10	450	-	-	-	-	460
Net claims incurred	(20,127)	(747)	-	-	-	31	(20,843)
Change in provision for investment contract liabilities	(1,007)	-	-	-	-	-	(1,007)
Fees, commissions and other acquisition costs	(400)	(209)	(1,552)	(9)	-	-	(2,170)
Banking interest payable and similar expenses	-	-	(791)	-	-	31	(760)
Impairment charges	-	-	(1,246)	-	-	-	(1,246)
Other operating and administration expenses	(1,463)	(674)	(3,583)	(830)	(1,650)	2,293	(5,907)
Net monetary adjustment	(1,868)	(885)	(251)	(96)	(3,101)	3,579	(2,622)
Profit/(loss) before tax	**4,073**	**462**	**2,475**	**254**	**(981)**	**3,163**	**9,446**
Income tax expense	1,300	(26)	(8)	(46)	(210)	7	1,017
Profit/(loss) for the year	**5,373**	**436**	**2,467**	**208**	**(1,191)**	**3,170**	**10,463**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. **Segment information - Historical cost unaudited**	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
B1 Statement of profit or loss for the year ended 2021							
Revenue							
Gross earned premiums	7,544	2,879	-	-	-	(437)	9,986
Outward reinsurance	(100)	(1,020)	-	-	-	(1)	(1,121)
Net earned premiums	7,444	1,859	-	-	-	(438)	8,865
Investment income (non-banking)	119,022	1,828	-	361	7,886	(2,715)	126,382
Banking interest and similar income	-	-	5,209	-	-	-	5,209
Fee income, commissions and income from service contracts	280	196	5,949	1,189	467	(1,012)	7,069
Other income	1,674	316	3,747	64	278	(1,264)	4,815
Total revenue	**128,420**	**4,199**	**14,905**	**1,614**	**8,631**	**(5,429)**	**152,340**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(94,722)	(1,411)	-	-	-	35	(96,098)
Reinsurance recoveries	32	393	-	-	-	-	425
Net claims incurred	(94,690)	(1,018)	-	-	-	35	(95,673)
Change in provision for investment contract liabilities	(7,696)	-	-	-	-	-	(7,696)
Fees, commissions and other acquisition costs	(687)	(381)	(1,814)	-	-	(12)	(2,894)
Banking interest payable and similar expenses	-	-	(495)	-	-	188	(307)
Impairment charges	-	-	(970)	-	-	-	(970)
Other operating and administration expenses	(1,894)	(773)	(4,967)	(879)	(3,413)	3,600	(8,326)
Profit before tax	**23,453**	**2,027**	**6,659**	**735**	**5,218**	**(1,618)**	**36,474**
Income tax expense	(480)	(9)	(22)	(123)	(266)	31	(869)
Profit for the year	**22,973**	**2,018**	**6,637**	**612**	**4,952**	**(1,587)**	**35,605**
B2 Statement of profit or loss for the year ended 2020							
Revenue							
Gross earned premiums	2,056	1,216	-	-	-	(163)	3,109
Outward reinsurance	(31)	(553)	-	-	-	-	(584)
Net earned premiums	2,025	663	-	-	-	(163)	2,525
Investment income (non-banking)	46,887	638	1,206	15	1,739	(826)	49,659
Banking interest and similar income	-	-	1,206	-	-	-	1,206
Fee income, commissions and income from service contracts	69	58	1,964	341	-	(335)	2,097
Other income	513	-	1,048	149	594	(51)	2,253
Total revenue	**49,494**	**1,359**	**5,424**	**505**	**2,333**	**(1,375)**	**57,740**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(39,116)	(451)	-	-	-	14	(39,553)
Reinsurance recoveries	5	158	-	-	-	-	163
Net claims incurred	(39,111)	(293)	-	-	-	14	(39,390)
Change in provision for investment contract liabilities	(2,588)	-	-	-	-	-	(2,588)
Fees, commissions and other acquisition costs	(152)	(111)	(624)	(3)	-	-	(890)
Banking interest payable and similar expenses	-	-	(290)	-	-	13	(277)
Credit losses and impairment charges	-	-	(755)	-	-	-	(755)
Other operating and administration expenses	(644)	(274)	(1,345)	(304)	(750)	993	(2,324)
Profit before tax	**6,999**	**681**	**2,410**	**198**	**1,583**	**(355)**	**11,516**
Income tax expense	(275)	(4)	(1)	(27)	(79)	6	(380)
Profit for the year	**6,724**	**677**	**2,409**	**171**	**1,504**	**(349)**	**11,136**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Segment information - Inflation adjusted audited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
C1 Statement of financial position as at 31 December 2021							
Assets							
Assets							
Investment property	46,216	56	2,382	-	45	-	48,699
Property and equipment	3,512	161	6,088	175	366	-	10,302
Intangible assets	-	-	865	27	2	-	894
Deferred acquisition costs	-	39	-	-	-	-	39
Reinsurer contracts	-	331	-	-	-	-	331
Investments and securities	129,899	2,481	3,695	468	14,031	(9,829)	140,745
Deferred tax assets	-	-	-	3	-	-	3
Current income tax assets	20	67	-	14	-	-	101
Loans and advances	-	-	27,614	-	-	-	27,614
Other assets	875	734	6,266	419	8,740	(1)	17,033
Cash and cash equivalents	2,243	262	11,499	132	538	(2,216)	12,458
Total assets	**182,765**	**4,131**	**58,409**	**1,238**	**23,722**	**(12,046)**	**258,219**
Liabilities							
Insurance contract liabilities	138,842	925	-	-	-	-	139,767
Investment contract liabilities	11,048	-	-	-	-	-	11,048
Provisions	185	9	-	101	315	7	617
Deferred tax liabilities	624	52	359	26	164	(37)	1,188
Current income tax payables	-	-	2	-	8	-	10
Amounts due to group companies	531	64	12	1	9,389	-	9,997
Amounts owed to bank depositors	-	-	28,195	-	-	(3,414)	24,781
Credit lines	-	-	9,777	-	-	(47)	9,730
Other payables	717	211	2,907	351	2,249	(2,494)	3,941
Total liabilities	**151,947**	**1,261**	**41,252**	**479**	**12,125**	**(5,985)**	**201,079**
Net assets	**30,818**	**2,870**	**17,157**	**759**	**11,597**	**(6,061)**	**57,140**
Shareholders' equity							
Share capital and premium	1,917	1	2,593	337	-	(4,848)	-
Revaluation reserve	-	-	3,074	-	-	-	3,074
Share based payment reserve	619	133	370	405	3,862	(3,423)	1,966
Currency conversion reserve	242	-	-	-	431	(673)	-
Retained earnings	28,040	2,736	11,120	17	7,304	1,727	50,944
Equity holders of the parent	**30,818**	**2,870**	**17,157**	**759**	**11,597**	**(7,217)**	**55,984**
Non-controlling interests	-	-	-	-	-	1,156	1,156
Total equity	**30,818**	**2,870**	**17,157**	**759**	**11,597**	**(6,061)**	**57,140**

3 Segment information - Inflation adjusted audited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
C2 Statement of financial position as at 31 December 2020							
Assets							
Investment property	34,552	56	2,067	-	40	-	36,715
Property and equipment	2,463	145	5,451	146	418	(158)	8,465
Intangible assets	-	-	860	10	3	(1)	872
Deferred acquisition costs	-	40	-	-	-	1	41
Reinsurer contracts	-	349	-	-	-	-	349
Investments and securities	53,741	1,162	5,542	257	9,162	(6,559)	63,305
Deferred tax assets	-	-	-	3	-	-	3
Current income tax assets	64	31	-	3	-	(2)	96
Loans and advances	-	-	11,411	-	-	(17)	11,394
Other assets	989	665	6,741	212	10,859	2	19,468
Cash and cash equivalents	2,651	432	8,826	27	225	(288)	11,873
Total assets	**94,460**	**2,880**	**40,898**	**658**	**20,707**	**(7,022)**	**152,581**
Liabilities							
Insurance contract liabilities	75,586	828	-	-	-	-	76,414
Investment contract liabilities	5,264	-	-	-	-	-	5,264
Provisions	164	55	373	76	79	(3)	744
Deferred tax liabilities	350	50	318	5	138	(32)	829
Current income tax payables	-	-	1	-	3	-	4
Amounts due to group companies	429	6	20	(2)	11,277	-	11,730
Amounts owed to bank depositors	-	-	21,332	-	-	(377)	20,955
Credit lines	-	-	5,108	-	-	(39)	5,069
Other payables	259	581	2,642	147	1,374	(1,190)	3,813
Total liabilities	**82,052**	**1,520**	**29,794**	**226**	**12,871**	**(1,641)**	**124,822**
Net assets	**12,408**	**1,360**	**11,104**	**432**	**7,836**	**(5,381)**	**27,759**
Shareholders' equity							
Share capital and premium	1,918	-	2,549	571	-	(5,038)	-
Revaluation reserve	-	-	2,475	-	-	-	2,475
Share based payment reserve	241	84	369	93	1,270	(91)	1,966
Currency conversion reserve	535	-	(1,357)	(2)	325	499	-
Retained earnings	9,714	1,276	7,068	(230)	6,241	(1,281)	22,788
Equity holders of the parent	**12,408**	**1,360**	**11,104**	**432**	**7,836**	**(5,911)**	**27,229**
Non-controlling interests	-	-	-	-	-	530	530
Total equity	**12,408**	**1,360**	**11,104**	**432**	**7,836**	**(5,381)**	**27,759**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Segment information - Historical unaudited

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
D1 Statement of financial position as at 31 December 2021							
Assets							
Investment property	46,216	56	2,382	-	45	-	48,699
Property and equipment	3,374	81	5,114	37	90	-	8,696
Intangible assets	-	-	199	9	-	-	208
Deferred acquisition costs	-	34	-	-	-	-	34
Reinsurer contracts	-	307	-	-	-	-	307
Investments and securities	129,899	2,481	3,695	468	9,592	(5,390)	140,745
Deferred tax assets	-	-	2	7	-	-	9
Current income tax assets	20	67	-	14	-	-	101
Loans and advances	-	-	27,614	-	-	-	27,614
Other assets	820	734	3,982	411	8,740	(1)	14,686
Cash and cash equivalents	2,243	262	11,500	132	536	(2,215)	12,458
Total assets	**182,572**	**4,022**	**54,488**	**1,078**	**19,003**	**(7,606)**	**253,557**
Liabilities							
Insurance contract liabilities	138,842	861	-	-	-	-	139,703
Investment contract liabilities	11,048	-	-	-	-	-	11,048
Provisions	185	9	6	102	315	-	617
Deferred tax liabilities	624	20	353	-	88	(37)	1,048
Current income tax liabilities	-	-	2	-	8	-	10
Amounts due to Group companies	531	64	12	1	9,389	-	9,997
Amounts owed to bank depositors	-	-	28,195	-	-	(3,414)	24,781
Credit lines	-	-	9,777	-	-	(47)	9,730
Other payables	716	213	2,768	348	2,249	(2,460)	3,834
Total liabilities	**151,946**	**1,167**	**41,113**	**451**	**12,049**	**(5,958)**	**200,768**
Net assets	**30,626**	**2,855**	**13,375**	**627**	**6,954**	**(1,648)**	**52,789**
Shareholders' equity							
Share capital and premium	30	-	87	63	-	(180)	-
Non-distributable reserve	30	2	1	-	21	(5)	49
Revaluation reserve	-	-	4,378	-	-	-	4,378
Share based payment reserve	4	1	6	2	63	(21)	55
Currency conversion reserve	15	-	-	(2)	10	(23)	-
Retained earnings	30,547	2,852	8,903	564	6,860	(2,595)	47,131
Equity holders of the parent	**30,626**	**2,855**	**13,375**	**627**	**6,954**	**(2,824)**	**51,613**
Non-controlling interests	-	-	-	-	-	1,176	1,176
Total equity	**30,626**	**2,855**	**13,375**	**627**	**6,954**	**(1,648)**	**52,789**

3 Segment information - Historical unaudited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
D2 Statement of financial position as at 31 December 2020							
Assets							
Investment property	21,496	35	1,286	-	24	-	22,841
Property and equipment	1,464	32	2,708	42	53	(63)	4,236
Intangible assets	-	-	95	-	-	(1)	94
Deferred acquisition costs	-	17	-	-	-	-	17
Reinsurer contracts	-	172	-	-	-	-	172
Investments and securities	33,434	723	3,448	160	3,000	(1,381)	39,384
Deferred tax assets	-	-	2	5	-	-	7
Current income tax assets	40	21	-	2	-	-	63
Loans and advances	-	-	7,099	-	-	(11)	7,088
Other assets	615	391	2,890	117	6,756	1	10,770
Cash and cash equivalents	1,649	269	5,491	17	140	(180)	7,386
Total assets	**58,698**	**1,660**	**23,019**	**343**	**9,973**	**(1,635)**	**92,058**
Liabilities							
Insurance contract liabilities	47,025	406	-	-	-	-	47,431
Investment contract liabilities	3,275	-	-	-	-	-	3,275
Provisions	102	34	232	47	49	-	464
Deferred tax liabilities	218	14	192	-	21	(7)	438
Current income tax payables	-	-	1	-	1	-	2
Amounts due to Group companies	267	4	12	(1)	7,016	-	7,298
Amounts owed to bank depositors	-	-	13,271	-	-	(234)	13,037
Credit lines	-	-	3,178	-	-	(24)	3,154
Other payables	159	362	1,088	92	855	(784)	1,772
Total liabilities	**51,046**	**820**	**17,974**	**138**	**7,942**	**(1,049)**	**76,871**
Net assets	**7,652**	**840**	**5,045**	**205**	**2,031**	**(586)**	**15,187**
Shareholders' equity							
Share capital and premium	30	-	57	54	-	(141)	-
Non-distributable reserve	30	2	2	-	21	-	55
Revaluation reserve	-	-	2,358	-	-	-	2,358
Share based payment reserve	4	1	6	2	63	(4)	72
Currency conversion reserve	16	2	(38)	(3)	10	13	-
Retained earnings	7,572	835	2,660	152	1,937	(796)	12,360
Equity holders of the parent	**7,652**	**840**	**5,045**	**205**	**2,031**	**(928)**	**14,845**
Non-controlling interests	-	-	-	-	-	342	342
Total equity	**7,652**	**840**	**5,045**	**205**	**2,031**	**(586)**	**15,187**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
4 Gross earned premiums				
Gross premiums				
Single	26	19	22	3
Recurring	311	142	252	52
Individual business	**337**	**161**	**274**	**55**
Single	3,096	1,622	2,566	729
Recurring	5,448	3,039	4,364	1,272
Group business	**8,544**	**4,661**	**6,930**	**2,001**
General insurance	**3,548**	**3,216**	**2,782**	**1,053**
Total gross premiums	**12,429**	**8,038**	**9,986**	**3,109**
Comprising:				
Insurance contracts	1,063	940	879	380
Investment contracts with discretionary participating features	7,818	3,882	6,325	1,676
General insurance	3,548	3,216	2,782	1,053
Total gross earned premiums	**12,429**	**8,038**	**9,986**	**3,109**
5 Investment income (non-banking)				
Dividend income				
Financial assets at fair value through profit or loss	2,298	1,608	1,893	869
Interest income				
Cash and cash equivalents	387	125	255	52
Net rental income				
Investment property	952	966	738	421
Realised gains and losses				
Financial assets at fair value through profit or loss	4,348	4,233	3,555	2,553
Unrealised gains and losses				
Investment property	11,356	5,353	25,572	18,701
Financial assets at fair value through profit or loss	54,342	13,339	94,369	27,063
	65,698	18,692	119,941	45,764
Total investment returns included in statement of profit or loss	**73,683**	**25,624**	**126,382**	**49,659**

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
6 Banking interest and similar income				
Interest and similar income				
Investments	160	222	119	98
Loans and advances	6,295	2,783	5,090	1,108
Total interest and similar income	**6,455**	**3,005**	**5,209**	**1,206**
Comprising:				
Financial assets at amortised cost	6,455	3,005	5,209	1,206
Interest Expense:				
Credit lines	(301)	(538)	(236)	(213)
Money market deposits	(81)	(213)	(68)	(61)
Savings and term deposits	(5)	(9)	(3)	(3)
Total interest expense	**(387)**	**(760)**	**(307)**	**(277)**
Comprising:				
Financial liabilities at amortised cost	(387)	(760)	(307)	(277)
Net interest income	**6,068**	**2,245**	**4,902**	**929**
7 Fee income, commissions and income from service contracts				
Banking operations:				
Commissions	3,223	1,889	2,695	774
Service fees	2,024	1,283	1,591	582
Administration fees	2,246	1,246	1,646	498
Total fee income and commission from banking operations	7,493	4,418	5,932	1,854
Long term insurance business	344	95	280	39
Asset management business	1,073	563	857	204
	8,910	**5,076**	**7,069**	**2,097**

The fee and commission income presented includes income of ZWL7.5 billion (2020: ZWL4,4 billion) related to financial assets and financial liabilities not measured at FVTPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

Asset management fees include fees earned by the Group on trust and fiduciary activities in which the Group holds or invests assets on behalf of its customers.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
8. Other income				
Exchange gains	3,551	3,051	3,575	1,915
Other	1,423	671	1,240	338
	4,974	**3,722**	**4,815**	**2,253**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
9 Claims and benefits				
Claims and benefits (including change in insurance contract provisions):				
Increase in insurance contract provisions	45,988	16,799	89,113	36,844
Gross claims expenses (refer to analysis in note 9.1 below)	6,747	4,296	5,477	1,756
Shadow accounting to revaluation reserve	783	208	1,508	953
	53,518	**21,303**	**96,098**	**39,553**
9.1 Analysis of claims expenses				
Individual business	**270**	**100**	**222**	**38**
Death and disability benefits	81	21	65	11
Maturity benefits	9	20	7	6
Surrenders	180	59	150	21
Group business	**5,217**	**3,030**	**3,450**	**1,281**
Death and disability benefits	910	237	764	113
Pension commutations, maturities and withdrawal benefits	2,906	1,687	1,514	679
Annuities	1,038	554	862	213
Surrenders	363	552	310	276
General insurance	**1,260**	**1,166**	**1,805**	**437**
Total claims and benefits	**6,747**	**4,296**	**5,477**	**1,756**
Comprising:				
Insurance contracts	991	258	829	124
Investment contracts with discretionary participating features	4,496	2,872	2,843	1,195
General insurance	1,260	1,166	1,805	437
Total claims and benefits payable	**6,747**	**4,296**	**5,477**	**1,756**
10. Change in provision for investment contract liabilities				
Investment contracts				
Increase in investment contract liabilities	6,289	991	7,582	2,516
Shadow accounting to revaluation reserve	59	16	114	72
	6,348	**1,007**	**7,696**	**2,588**
10.1 Shadow accounting				
Insurance contracts	783	208	1,508	953
Investment contracts	59	16	114	72
Total	**842**	**224**	**1,622**	**1,025**

Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance contracts', to allow for the impact of recognising unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on property that have a direct effect on the measurement of the related insurance assets and liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
11 Other operating and administration expenses				
Administrative expenses	1,910	346	1,888	132
Office space costs	422	385	372	158
Fees and levies	4	156	3	62
Directors fees	81	38	66	13
Insurance	260	76	205	29
Actuarial and consultancy fees	218	78	179	29
Advertising and marketing	337	179	270	69
Software licensing	319	462	268	191
Depreciation and amortisation	1,078	835	265	99
	4,629	2,555	3,516	782
Auditors' remuneration				
Statutory audit services - current year	279	193	247	120
Staff costs				
Wages and salaries	3,678	1,969	2,992	840
Retirement defined contribution obligations	142	74	115	28
Social security costs	15	16	12	7
Bonus and incentive remuneration	269	451	262	281
Share based payments	-	23	-	14
Other staff costs	547	364	459	146
	4,651	2,897	3,840	1,316
Other staff costs	738	262	723	106
	10,297	**5,907**	**8,326**	**2,324**
12 Income tax expense				
Normal income tax - Current tax expense				
Shareholders	330	169	309	101
Policyholders	68	205	58	108
	398	374	367	209
Deferred tax				
Deferred tax expense/(income) relating to the origination and reversal of temporary difference	327	(1,391)	502	171
Shareholders	232	(110)	681	153
Policyholders	95	(1,281)	(179)	18
	327	(1,391)	502	171
Total income tax expense	**725**	**(1,017)**	**869**	**380**
Reconciliation of the effective tax rate	%	%	%	%
Standard rate of taxation	24.7	24.7	24.7	24.7
Adjusted for:				
	(23)	(36)	(23)	(22)
Exempt income: interest income, dividends	(9)	(8)	(9)	(6)
Income taxed at other than tax rate	(18)	(37)	(18)	(19)
Income tax attributable to policyholder returns	1	(1)	1	(1)
Disallowable expenses: entertainment expenses, management fees, unrealised losses	3	10	3	4
Effective tax rate %	**2**	**(11)**	**2**	**3**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

The overall effective tax rate for the Group is influenced by:

- OMLAC is taxed favourably in terms of a special formula as per the 8th schedule. Total expenses are disallowed and only realised gains are taxed.
- CABS is exempt from income tax in terms of the 3rd schedule of the Income tax act. The expenses are also disallowed as they are incurred to earn exempt income.
- OMZIL income is mainly fair value gains which are exempt from current tax and give rise to a deferred tax liability only at 1.5%. Most of the expenses are disallowed because they are incurred to earn exempt income.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Tax on other comprehensive income				
Property revaluation	30	105	106	43

13 Earnings and dividends per share

The calculation of basic earnings per share was based on the profit attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares adjusted for the effects of all potentially dilutive ordinary shares. The Group had no potentially dilutive ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations**:**

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021	Group 2020	Group 2021	Group 2020
13.1 Basic and diluted (cents)				
Earnings	**8,480**	**3,096**	**10,472**	**3,269**
Basic and diluted earnings attributable to equity holders of the parent (ZWLm)	28,156	10,282	34,771	10,856
Number of shares used in calculations (weighted)				
Number of shares	332,046,874	332,046,874	332,046,874	332,046,874

	Inflation adjusted audited		Historical cost unaudited	
	Company 2021 ZWLm	Company 2020 ZWLm	Company 2021 ZWLm	Company 2020 ZWLm
14 Investment income				
Dividend income				
Financial assets at fair value through profit or loss	105	70	86	38
Investments in subsidiaries	683	189	550	107
Interest income				
Cash and cash equivalents	36	13	30	4
Realised gains and losses				
Financial assets at fair value through profit or loss	1,024	835	960	356
Unrealised gains and losses				
Financial assets at fair value through profit or loss	4,034	484	4,023	567
Investment property	6	19	21	34
	4,040	503	4,044	601
Total investment income included in income statement	**5,888**	**1,610**	**5,670**	**1,106**
15 Other income				
Management fee income	579	369	467	162
Foreign exchange gains	71	671	71	417
Other	7	4	6	1
	657	**1,044**	**544**	**580**
16 Other operating and administration expenses				
Administrative expenses	324	267	265	105
Directors fees	18	22	14	8
Asset management expenses	37	18	30	10
Impairment loss	442	370	442	139
Depreciation of property and equipment	108	64	23	7
	929	741	774	269
Auditors' remuneration				
Statutory audit services - current year	53	33	53	20
Staff costs				
Wages and salaries	202	127	162	53
Retirement obligations	10	4	9	2
Bonus and incentive remuneration	251	43	251	27
Social security costs	1	-	1	-
Other staff costs	41	48	36	15
	505	222	459	97
Total other operating and administration expenses	**1,487**	**996**	**1,286**	**386**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

		Inflation adjusted audited		Historical cost unaudited	
		Company 2021 ZWLm	Company 2020 ZWLm	Company 2021 ZWLm	Company 2020 ZWLm
17	**Income tax expense**				
	Normal income tax				
	Deferred tax	3	90	35	8
	Current income tax	191	106	191	66
	Total taxation charge	**194**	**196**	**226**	**74**
	Reconciliation of taxation rate on profit before tax				
		%	%	%	%
	Standard rate of taxation	**24.7**	**24.7**	**24.7**	**24.7**
	Adjusted for:	**(20)**	**24**	**(20)**	**(19)**
	Exempt income: interest income, dividends, unrealised gains	(24)	(56)	(24)	(27)
	Disallowable expenses: entertainment expenses, management fees, unrealised losses	4	80	4	8
	Effective tax rate	**5**	**49**	**5**	**6**

		Inflation adjusted audited		Historical cost unaudited	
		Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
18	**Investment property**				
	Carrying amount at beginning of year	36,715	31,887	22,841	4,422
	Additions	390	71	302	37
	Disposal	(21)	(662)	(16)	(324)
	Improvements to existing properties	259	66	256	5
	Gains from fair value adjustments	11,356	5,353	25,316	18,701
	Carrying amount at end of year	**48,699**	**36,715**	**48,699**	**22,841**
	Comprising:				
	Leasehold property	730	405	730	252
	Freehold property	47,969	36,310	47,969	22,589
		48,699	**36,715**	**48,699**	**22,841**
	The fair value of freehold property leased to third parties under operating leases	**38,472**	**28,272**	**38,472**	**17,589**
	Rental income from investment property	2,531	1,882	2,018	824
	Direct operating expenses arising from rented-out investment property	(1,579)	(916)	(1,280)	(403)
		952	**966**	**738**	**421**

The carrying amount of property is the fair value of property as determined annually, supported 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 internal values 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.

Key assumptions and considerations applied in the valuation process include:
- The underlying valuation has been prepared in ZWL, on account of a reducing rate of inflation and increased market evidence of transactions in ZWL.
- 90% of rentals were invoiced in ZWL.
- ZWL rentals have a lower default risk as compared to USD rentals.
- Softer capitalisation rates were applied relative to previous USD valuations because of the valuation currency.

The Group changed the application of its valuation technique through:
- Reverting to the Direct Capitalisation Method (DCM) for income earning properties from the two stage Discounted Cash Flow Method.
- Replacing the USD as the valuation currency with the ZWL.

The changes in the application of the valuation technique were brought about by:

- The year on year inflation for the ZWL having fallen to 60.7% in December 2021 from a high of 837.5% in July 2020 and 348.6% in December 2020.
- There has been an increase in observable market data in the form of valuation inputs that are now being obtained in the functional currency, although overall market transactions are still low.
- Rental collection rates and void rates in the property portfolio have held steady compared to last year despite the inflationary environment which has required upward adjustment of ZWL rentals.
- A USD valuation would require translation at the official exchange rate, while at the same time rental yields in ZWL have been driven by factors that are not just limited to exchange rate movements.
- Going forward, historical USD capitalisation rates may be unreliable for valuations due to limited evidence of USD transactions outside the residential market, which is a market where we have limited exposure. Most institutional investors transact in ZWL with rent mostly accruing in ZWL.
- Most available USD data is from over 5 years ago when underlying economic conditions and currency factors were very different from what prevails today.

Capitalisation rates were derived from the observed transactions and adjusted using building specific factors as well as subject property performance.

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

Key Valuation inputs

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

Type of property	Value ZWLm	Key unobservable inputs	Inter-relationship between unobservable inputs and key fair value measurement
Office, Retail and Industrial Properties **Valuation approach:** Income capitalisation	38,636	**Office** -Capitalisation rates: 4.5% to 7.5% -Market rentals per m²: ZWL396 to ZWL799 -Vacancy rates: 13% to 73% **Retail** -Capitalisation rates: 4.00% to 8.00% -Market rentals per m²: ZWL100 to ZWL1000 -Vacancy rates: 0% to 6.74% **Industrial** -Capitalisation rates: 6.50% to 8.00% -Market rentals per m²: ZWL60 to ZWL468 -Vacancy rates: 0% to 4.74%	The estimated fair value would increase/(decrease) if: > net rental income increased/(decreased) > capitalisation rates were lower/(higher). > vacancies decreased/(increased) • The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential **Valuation approach:** Direct comparison/Market approach	35	Residential rent from ZWL22,000 to ZWL216,000	• The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).
Land **Valuation approach:** Direct comparison/Market approach	10,028	Land value per m²: ZWL4,500	• The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).

Sensitivity analysis - valuation inputs	2021 ZWLm Fair Value movement	2020 ZWLm Fair Value movement
A 1% increase in capitalisation rates would decrease the fair value by:	9,315	6,068
A 1% decrease in capitalisation rates would increase the fair value by:	(7,188)	(4,747)
A 10% increase in market rentals per m² would increase the fair value by:	4,352	2,858
A 10% decrease in market rentals per m² would decrease the fair value by:	(4,634)	(3,039)
A 10% increase in average land values for land holdings per m² would increase the fair value by:	737	555
A 10% decrease in average land values for land holdings per m² would decrease the fair value by:	(737)	(555)

Landholdings constitute 20% of overall property value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

19 Group property and equipment

19.1 Inflation Adjusted audited

	Land & buildings ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures & fittings ZWLm	Right of use asset ZWLm	Total 2021 ZWLm
Carrying amount at beginning of year (1 January 2021)	**6,331**	**484**	**1,300**	**300**	**50**	**8,465**
Additions	137	482	356	359	202	1,536
Revaluation	1,309	-	-	-	-	1,309
IFRS 16 adjustments	-	-	-	-	76	76
Disposals	-	-	(21)	-	(61)	(82)
Depreciation	(87)	(230)	(585)	(66)	(34)	(1,002)
Carrying amount at end of year	**7,690**	**736**	**1,050**	**593**	**233**	**10,302**
Cost/Valuation	7,690	1,393	3,161	1,138	315	13,697
Accumulated depreciation	-	(657)	(2,111)	(545)	(82)	(3,395)
Carrying amount at end of year (31 December 2021)	**7,690**	**736**	**1,050**	**593**	**233**	**10,302**
Carrying amount at beginning of year (1 January 2020)	**5,537**	**459**	**1,438**	**126**	**43**	**7,603**
Additions	295	135	322	234	7	993
Revaluation surplus	573	-	-	-	-	573
IFRS 16 restatement	-	-	-	-	41	41
Disposals	-	(8)	(6)	(2)	-	(16)
Depreciation	(74)	(102)	(454)	(58)	(41)	(729)
Carrying amount at end of year	**6,331**	**484**	**1,300**	**300**	**50**	**8,465**
Cost/Valuation	6,331	911	3,423	379	123	11,167
Accumulated depreciation	-	(427)	(2,123)	(79)	(73)	(2,702)
Carrying amount at end of year (31 December 2020)	**6,331**	**484**	**1,300**	**300**	**50**	**8,465**

19.2 Historical cost unaudited

	Land & buildings ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures & fittings ZWLm	Right of use asset ZWLm	Total 2021 ZWLm
Carrying amount at beginning of year (1 January 2021)	**3,925**	**82**	**159**	**47**	**23**	**4,236**
Additions	83	453	326	133	107	1,102
Revaluation	3,746	-	-	-	-	3,746
IFRS 16 adjustments	-	-	-	-	51	51
Disposals	-	(57)	(21)	(61)	(48)	(187)
Depreciation	(64)	(54)	(85)	(12)	(37)	(252)
Carrying amount at end of year	**7,690**	**424**	**379**	**107**	**96**	**8,696**
Cost/Valuation	7,690	492	494	152	132	8,960
Accumulated depreciation	-	(68)	(115)	(45)	(36)	(264)
Carrying amount at end of year (31 December 2021)	**7,690**	**424**	**379**	**107**	**96**	**8,696**
Carrying amount at beginning of year (1 January 2020)	**768**	**17**	**55**	**4**	**4**	**848**
Additions	135	77	130	51	2	395
Revaluation surplus	3,048	-	-	-	-	3,048
IFRS 16 Adjustments	-	-	-	-	28	28
Disposals	-	(2)	(2)	(1)	-	(5)
Depreciation	(26)	(10)	(24)	(7)	(11)	(78)
Carrying amount at end of year	**3,925**	**82**	**159**	**47**	**23**	**4,236**
Cost/Valuation	3,925	95	211	55	35	4,321
Accumulated depreciation	-	(13)	(52)	(8)	(12)	(85)
Carrying amount at end of year (31 December 2020)	**3,925**	**82**	**159**	**47**	**23**	**4,236**

The carrying amount of owner-occupied property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the Group's owner-occupied property every three months (see note 18).

The valuation techniques and significant unobservable inputs used in measuring the fair values of owner-occupied properties are consistent with those applied to investment properties at the reporting date.

If the revalued land and buildings had been measured under the cost model the carrying amount in the current year would have been ZWL59 million (2020 ZWL60 million).

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
20 Intangible assets				
Carrying amount at beginning of year	872	468	94	9
Additions	162	510	132	106
Amortisation	(76)	(106)	(13)	(21)
Reclassification	(64)	-	(5)	-
Carrying amount at end of year	**894**	**872**	**208**	**94**
Cost/Valuation	2,219	2,121	242	115
Accumulated amortisation	(1,325)	(1,249)	(34)	(21)
Carrying amount at end of year	**894**	**872**	**208**	**94**

Intangible assets comprise of right of use of software licences.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
21 Reinsurer contracts				
Provision for unearned premiums	186	223	162	94
Outstanding claims	145	126	145	78
Balance at end of year	**331**	**349**	**307**	**172**
21.1 Provision for unearned premiums:				
Opening balance	223	353	94	20
Movement in unearned premiums reserve	(37)	(130)	68	74
Closing balance	**186**	**223**	**162**	**94**
21.2 Outstanding claims				
Balance at the beginning of the year	126	254	78	35
Claims incurred and changes in previous estimates	49	735	82	398
Claims paid	(30)	(863)	(15)	(355)
Balance at the end of the year	**145**	**126**	**145**	**78**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

		Inflation adjusted audited		Historical cost unaudited	
22. Investments and securities		**Group 2021 ZWLm**	**Group 2020 ZWLm**	**Group 2021 ZWLm**	**Group 2020 ZWLm**
22.1 Analysis of investments					
Equity securities	- listed	117,853	48,054	117,853	29,896
	-unlisted	15,771	8,245	15,771	5,129
Total equities (see note 22.3 below)		133,624	56,299	133,624	35,025
Unit trust investments		1,611	11	1,611	7
Treasury bills		3,845	3,539	3,845	2,202
Deposits and money market securities		1,665	3,456	1,665	2,150
		140,745	**63,305**	**140,745**	**39,384**
22.2 Impairment on treasury bills, deposits and money market securities					
Loss allowance on 1 January		(166)	(50)	(103)	(7)
New investment securities- purchased		(24)	(247)	(24)	(102)
Investment securities that have matured		103	15	103	6
Inflation adjustment		63	116	-	-
Balance as at 31 December		**(24)**	**(166)**	**(24)**	**(103)**

There were no investment and securities subject to Lifetime ECL.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	**Group 2020 ZWLm**	**Group 2021 ZWLm**	**Group 2020 ZWLm**
22.3 Spread of equity securities by sector				
Commodities	14,150	14,499	14,150	9,020
Communications	13,001	2,520	13,001	1,568
Consumer	60,368	15,064	60,368	9,372
Financial	27,183	16,126	27,183	10,032
Property	2,063	753	2,063	469
Manufacturing	16,595	4,816	16,595	2,996
Mining	264	2,521	264	1,568
	133,624	**56,299**	**133,624**	**35,025**
22.4 Movements of investment and securities				
Opening balance	63,305	44,178	39,384	6,127
Fair value movements through profit or loss	68,323	17,697	93,552	29,669
Additions	14,862	11,700	11,593	5,125
Disposals	(2,924)	(3,222)	(1,445)	(445)
Maturities	(2,821)	(7,048)	(2,339)	(1,092)
Closing balances	**140,745**	**63,305**	**140,745**	**39,384**

22 Investments and securities (cont'd)

22.5 Investment in unlisted equities above 20% shareholding

Investee	2021 Inflation adjusted % holding	2021 Inflation adjusted Value ZWLm	2020 Inflation adjusted ZWLm	2020 Historical Cost ZWLm
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	39%	3,992	2,851	1,774
Africa Takura Ventures-Fund 1 "M Shares" (held by Shareholders and OMLAC Main Fund)	26%	-	-	-
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	16	6	4
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	2,398	1,545	962
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	196	239	149
Closefin (held by OMLAC Main Fund)	21%	1,536	279	174
Plaza Bakery (held by OMLAC Main Fund)	49%	7	10	6
Zimcampus preference shares (held by OMLAC Main Fund)	30%	644	548	341
Solgas ordinary shares (held by OMLAC Main Fund)	49%	5	7	5
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3	5	3
Harava Solar Park (held by OMLAC Main Fund)	27%	71	4	3
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	3,494	692	431
Tenpill (held by Shareholders and OMLAC Main Fund)	46%	2,066	971	604
Southern Property (Private) Limited (held by OMLAC Main Fund)	20%	75	-	-
Nedbank Zimbabwe Limited (held by Shareholders)	23%	418	95	59
Manica Boards and Doors (MBD) (held by OMLAC Main Fund)	55%	629	172	107
		15,550	**7,424**	**4,622**

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

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

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

22.6 Treasury bills maturity analysis

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
On demand to 3 months	3,621	1,994	3,621	1,241
3 months to 12 months	224	1,531	224	952
1 year to 5 years	-	14	-	9
Total	**3,845**	**3,539**	**3,845**	**2,202**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

22.7 Sensitivity analysis - Listed Equities	Actual reported 31 Dec 2021	+/- 20% stock movement	+/- 50% stock movement	+/- 75% stock movement
Equities - after increase	117,853	141,424	176,780	206,243
Equities - after decrease	117,853	94,282	58,926	29,463
Increase or decrease in fair value movement	-	23,571	58,927	88,390
Impact on profit and NAV	-	5,539	13,848	20,772

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

23 Amounts due from or (to) group companies

Group	2021 ZWLm Amounts due by	2021 ZWLm Amounts due (to)	2021 ZWLm Net Balance	2020 ZWLm Amounts due by	2020 ZWLm Amounts due (to)	2020 ZWLm Net balance
Inflation adjusted audited						
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	-	(9,997)	(9,997)	-	(11,730)	(11,730)
Historical cost unaudited						
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	-	(9,997)	(9,997)	-	(7,298)	(7,298)

The amounts due from or to Group companies above are unsecured and are payable on demand.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
24 Loans and advances				
Concentration - gross loans and advances				
Housing	1,525	689	1,525	429
Unsecured personal loans	3,843	1,011	3,843	628
Commercial and industrial	23,741	10,589	23,741	6,588
Gross loans and advances	**29,109**	**12,289**	**29,109**	**7,645**
Less provision for impairment	(1,495)	(895)	(1,495)	(557)
Net loans and advances	**27,614**	**11,394**	**27,614**	**7,088**
Maturity analysis - gross and loans advances				
On demand to 3 months	3,896	2,067	3,896	1,285
3 months to 12 months	8,086	3,409	8,086	2,121
1 year to 5 years	16,904	6,675	16,904	4,153
Over 5 years	223	138	223	86
	29,109	**12,289**	**29,109**	**7,645**
Non performing loans	**65**	**51**	**65**	**32**
Analysis of past due but not impaired				
30 to 60 days past due	4	196	4	122
61 to 90 days past due	200	1,247	200	776
	204	**1,443**	**204**	**898**

24.1 Sectoral analysis of loans and advances

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

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Sector				
Agriculture	9,377	6,112	9,377	3,802
Construction, transport and communication	370	233	370	145
Distribution	6,246	1,347	6,246	838
Financial service	15	14	15	9
Manufacturing and mining	6,349	2,595	6,349	1,615
Mortgages	1,816	727	1,816	452
Private/individuals	4,120	1,142	4,120	710
Services	816	119	816	74
Total gross loans	**29,109**	**12,289**	**29,109**	**7,645**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

24 Loans and advances (cont'd)

24.2 Impairment and credit quality analysis

2021 Inflation adjusted audited

	Subject to 12 month ECL		Subject to lifetime ECL: Not credit impaired		Subject to lifetime ECL: Credit impaired (excluding purchased/originated)		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2021	**10,120**	**(681)**	**1,905**	**(183)**	**264**	**(31)**	**12,289**	**(895)**
	21,683	(860)	(121)	(64)	(98)	(14)	21,464	(938)
Originations, purchases and interest accruals	21,226	(1,404)	224	88	14	-	21,464	(1,316)
Repayments & other derecognitions, excl write-offs	547	105	(479)	(107)	(68)	2	-	-
Transfer to 12 month ECL	(72)	45	138	(45)	(66)	-	-	-
Transfer to lifetime ECL (not credit impaired)	(18)	16	(4)	-	22	(16)	-	-
Transfer to lifetime ECL (credit impaired)	-	378	-	-	-	-	-	378
Inflation adjustment	(3,824)	257	(719)	68	(101)	13	(4,644)	338
As at 31 Dec 2021	**27,979**	**(1,284)**	**1,065**	**(179)**	**65**	**(32)**	**29,109**	**(1,495)**

2020 Inflation adjusted audited

	Subject to 12 month ECL		Subject to lifetime ECL: Not credit impaired		Subject to lifetime ECL: Credit impaired (excluding purchased/originated)		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2020	**10,209**	**(193)**	**572**	**(12)**	**377**	**(214)**	**11,158**	**(419)**
	16,010	(1,268)	3,616	(360)	417	11	20,043	(1,617)
Originations, purchases and interest accruals	19,617	(1,369)	-	-	-	-	19,617	(1,369)
Repayments & other derecognitions, excl write-offs	(831)	41	1,307	1	(50)	24	426	66
Transfer to 12 month ECL	58	(5)	(49)	3	(9)	2	-	-
Transfer to lifetime ECL (not credit impaired)	(2,371)	358	2,371	(358)	-	-	-	-
Transfer to lifetime ECL (credit impaired)	(463)	19	(13)	7	476	(26)	-	-
Changes to model & risk parameters used for ECL calculation	-	(312)	-	(13)	-	11	-	(314)
Inflation adjustment	(16,099)	780	(2,283)	189	(530)	172	(18,912)	1,141
As at 31 Dec 2020	**10,120**	**(681)**	**1,905**	**(183)**	**264**	**(31)**	**12,289**	**(895)**

24 Loans and advances (cont'd)

24.2 Impairment and credit quality analysis (cont'd)

2021 Historical cost unaudited

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased/originated)			
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2021	**6,296**	**(424)**	**1,186**	**(115)**	**163**	**(18)**	**7,645**	**(557)**
	21,683	(860)	(121)	(64)	(98)	(14)	21,464	(938)
Originations, purchases and interest accruals	21,226	(1,404)	224	88	14	-	21,464	(1,316)
Repayments & other derecognitions, excl write-offs	547	105	(479)	(107)	(68)	2	-	-
Transfer to 12 month ECL	(72)	45	138	(45)	(66)	-	-	-
Transfer to lifetime ECL (not credit impaired)	(18)	16	(4)	-	22	(16)	-	-
Changes to model & risk parameters used for ECL calculation	-	378	-	-	-	-	-	378
As at 31 Dec 2021	**27,979**	**(1,284)**	**1,065**	**(179)**	**65**	**(32)**	**29,109**	**(1,495)**

2020 Historical cost unaudited

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased/originated)			
	Gross carry-ing amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2020	**1,433**	**(42)**	**79**	**(2)**	**36**	**(15)**	**1,548**	**(59)**
	4,863	(382)	1,107	(113)	127	(3)	6,097	(498)
Originations, purchases and interest accruals	5,968	(412)	-	-	-	-	5,968	(412)
Repayments & other derecognitions, excl write-offs	(260)	12	398	-	(15)	7	123	19
Transfer to 12 month ECL	18	(1)	(15)	(4)	(3)	1	-	(4)
Transfer to lifetime ECL (not credit impaired)	(722)	109	728	(109)	-	-	6	-
Transfer to lifetime ECL (credit impaired)	(141)	5	(4)	2	145	(6)	-	1
Changes to model & risk parameters used for ECL calculation	-	(95)	-	(2)	-	(5)	-	(102)
As at 31 Dec 2020	**6,296**	**(424)**	**1,186**	**(115)**	**163**	**(18)**	**7,645**	**(557)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

		Inflation adjusted audited		Historical cost unaudited	
		Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
25	**Other assets**				
	Accrued investment income	420	796	420	495
	Agent debtors and prepayments	978	2,267	978	883
	Inventory - capitalised project costs (see note 25.1 below)	1,060	1,049	36	22
	RBZ legacy debt statutory receivable (see note 25.2 below)	9,812	13,088	9,812	8,142
	Trade debtors	1,876	257	1,876	160
	Banking settlement and other receivables	2,887	2,011	1,564	1,068
		17,033	**19,468**	**14,686**	**10,770**
25.1	**Inventory - Capitalised project costs**				
	Opening balance	1,048	1,157	22	62
	Additions	27	41	17	10
	Cost of sales	(15)	(82)	(3)	(8)
	Transfer to investment property	-	(68)	-	(42)
		1,060	**1,048**	**36**	**22**
25.2	**RBZ legacy debt statutory receivable**				
	Principal amount	96	164	96	101
	Fair value gain	9,716	12,924	9,716	8,041
	Gross amount receivable	9,812	13,088	9,812	8,142

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.

Legacy Debts registration process	2021 Approved USD	2020 Approved USD
External lines of credit	26	26
Amounts owing to related parties	84	84
Amounts owing to 3rd parties	1	-
Amounts settled	(15)	(9)
	96	**101**

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

Registration of the associated amounts under the RBZ blocked funds arrangement was completed with the transfer in 2019 and 2020 of amounts of ZWL111m to the RBZ at an exchange rate of USD1:ZWL1. CABS and OMZIL recognised a foreign currency denominated financial instrument in the 2020 financial results in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, with exchange gains and losses as well as credit losses being recognised in the statement of profit or loss. For 2021 an asset also was recognised on the Group's statement of financial position for the statutory receivable. This asset has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the asset reflects management's assessment of the present value of the expected recoverable net cash flows to be received under this arrangement.

The RBZ has stated its intention to honour its commitment and has facilitated liquidity to support obligations that CABS has settled to the tune of USD15m since the debts were registered. We believe this supports the accounting treatment adopted in recognising as an asset both for 2021 and 2020.

In 2022 Parliament passed the Finance Bill H.B 16 2022. The bill provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's balance sheet. The terms of discharge of the blocked funds, and nature of any debt instrument to be issued, will be determined by the Minister of Finance and Economic Development.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
26 Cash and cash equivalents				
Cash at bank and on hand	12,458	11,873	12,458	7,386

The Group tested for impairment on cash and cash equivalents, considering forward looking information and credit risk of counterparties, and concluded that the risk was low and impairment was not material.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
27 Insurance contract liabilities				
Outstanding claims	90	67	90	42
Future policyholders' benefits (see analysis of movement in provision below)	139,677	76,347	139,613	47,389
	139,767	**76,414**	**139,703**	**47,431**
27.1 Future policyholders' benefits				
Movement in provision for insurance contracts				
Balance at beginning of year	76,347	60,883	47,389	8,296
Inflows				
Premium income	11,298	6,574	8,865	2,525
Investment income	60,967	14,640	90,471	39,726
Fee and other income	1,719	544	1,666	67
Outflows				
Claims and policy benefits	(6,193)	(3,836)	(5,052)	(1,592)
Operating expenses	(3,066)	(3,006)	(2,377)	(1,176)
Taxation				
Current tax	(47)	(205)	(58)	(108)
Deferred tax	(21)	1,283	(32)	(19)
Transfer to operating profit	(1,327)	(530)	(1,259)	(330)
Balance at end of year	**139,677**	**76,347**	**139,613**	**47,389**
27.2 Outstanding claims				
Balance at beginning of year	67	51	42	7
New Claims	1,215	3,607	942	1,312
Payments	(1,192)	(3,591)	(894)	(1,277)
Balance at end of year	**90**	**67**	**90**	**42**
28 Investment contract liabilities				
Liabilities at fair value through profit or loss	11,048	5,264	11,048	3,275
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	5,264	4,263	3,275	591
New contributions received	34	62	25	39
Withdrawals	(80)	(21)	(62)	(13)
Fair value movements	5,830	960	7,810	2,658
Balance at end of year	**11,048**	**5,264**	**11,048**	**3,275**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Share-based payments

29.1 Indigenisation Transactions

In 2012 the Group entered into an Indigenisation transaction under the Indigenisation & Economic Empowerment Act of 2008 (Chapter 14:33). OMZIL donated USD60 million to qualifying indigenous groups through trusts to acquire OMZIL shares from the main shareholder Old Mutual Netherlands B.V. The shares were transferred to the various trusts on 1 June 2012. The grants represent a share-based payment transaction as defined in IFRS 2, Share-based payments transactions.

OMZIL may be called upon from time to time, to provide such funds as may be required by the Trustees of the various trusts in their capacities as such, to defray the costs and expenses arising out of and in connection with the administration of the trusts.

OMZIL Indigenisation Employee Share Scheme

This scheme operates for the benefit of all employees of the Group who met the qualification criteria set by management. On 1 June 2012, an allocation was made by means of a once-off share award to the participants. The award is not subject to any performance targets but employees are required to be in the service of Old Mutual during the vesting period.

Participants took delivery of the shares after the vesting periods of two years (one-third), three years (one-third) and four years (one-third) of participation in the scheme. The related expenses were recognised over the respective vesting periods. All shares that were issued under this trust vested in 2016 and there are currently no shares outstanding to staff.

OMZIL Management Incentive Share Scheme

This scheme operates for the benefit of management and its primary purpose is to attract, reward, and retain senior and middle management. Awards will be made annually on agreed terms and conditions with a vesting period of three years. Participants receive dividends from the date of the award. Staff joining the Group after the allocation date also participate in the scheme. There are currently no shares outstanding to staff.

OMZIL Clients Pension Ex-gratia Trust

This scheme operates for the benefit of client pensioners. Once off share awards were allocated to participants. These vested immediately and were not subject to any conditions.

Youth Fund Trust

This scheme operates for the benefit of the youth population of Zimbabwe. It is administered in collaboration with the Ministry of Youth, Sport, Arts and Recreation through the Zimbabwe Youth Council. The shares act as collateral to loans accessed from CABS by young people as defined. These share awards vested immediately and were not subject to any conditions.

Strategic Partner

The Strategic partner is Stiefel Investments (Private) Limited (Stiefel), an investment holding company and provider of advisory services. The beneficiary persons behind Stiefel are Messrs L.E.M. Ngwerume and Todd Moyo, and Mrs Tracey Mutaviri. Mr Ngwerume is a former Group Chief Executive Officer of OMZIL while Mrs Mutaviri is a non-executive director of CABS. The purchase consideration of the shares was ZWL13 016 238 for 11 621 641 issued and fully paid up 'B class' shares at a price of ZWL1.12 per share. The amount funded (finance assisted) by the Group was ZWL12 755 913 after a 2% down payment of ZWL260 324 paid by Steifel.

29.2 Share-based payments reserve

The equity share-based payment reserve is maintained in the Group from the date of issue of the share awards. On exercise of the share awards, settlement will be made through the structured entities controlled by Old Mutual Zimbabwe Limited which are listed above in Note 29.1.

29.3 Cash-settled share-based employee compensation plans

Broad Based Employee Share Plan (BBESP)

In 2018, the Group granted share awards to all eligible employees as part of the primary listing of Old Mutual Limited on the Johannesburg Stock Exchange (JSE). All permanent employees of the Group on the date of listing of Old Mutual Limited were eligible to participate, provided that they were still permanently employed by the Group on the grant date of 18 September 2018.

All participants received a fixed Rand value offer of R10 000 converted into the local currency after reducing the award by the amount needed to cover the tax liability on the award for each employee in compliance with tax legislation which states that share awards are taxable on grant. The actual number of shares granted to each employee was calculated on the grant date using the price of the Old Mutual Limited share on the JSE.

29 Share-based payments (cont'd)

29.3 Cash-settled share-based employee compensation plans (cont'd)

Broad Based Employee Share Plan (BBESP) (cont'd)

The BBESP award was to be restricted for a period of two years from the grant date. Participants were entitled to receive dividends in respect of the share awards during the restricted period. At the end of the restricted period, the value of the vested share awards would be paid in cash to the participants. The BBESP awards were not subject to performance conditions, however, the Award was subject to the condition that participants remained employed by the Group during the restricted period.

	Group 2021 ZWLm	Group 2020 ZWLm
Broad Based Employee Share Plan (BBESP)		
The balance of the liability at the end of reporting period was as below:		
Broad Based Employee Share Plan	-	-
	-	-

The fair value of services received in return for the BBESP was measured by reference to the fair value of share entitlements granted over the service period. The fair value was measured using the closing price of the Old Mutual Limited share on the JSE at each reporting date. The cash-settled share based payment liability was maintained in the Group and remeasured at each reporting date during the period up to exercise of the share options, with changes in fair value recorded in profit or loss.

Movements relating to share entitlements and awards during the year are as follows:

	2021 No of shares	2020 No of shares
Deferred delivery entitlements		
Outstanding, at beginning of year	-	398,647
Vested during the year	-	(389,957)
Forfeited during the year	-	(8,690)
Outstanding, at end of year	-	-

All the outstanding shares vested in September 2020 at the completion of the restricted period and the participants were settled in cash the value of the shares on the vesting date, per the vesting conditions. The share price of the Old Mutual Limited share on the JSE was applied to the total shares held by each participant. The share scheme was wound up upon settlement of the outstanding obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

30 Provisions

Group	Employee related provisions ZWLm	Other ZWLm	Total ZWLm
Inflation adjusted audited			
2021			
Balance at beginning of year	491	253	744
Amount utilised	(289)	(253)	(542)
Charge	204	211	415
Balance at end of year	**406**	**211**	**617**
2020			
Balance at beginning of year	322	52	374
Amount utilised	(723)	(404)	(1,127)
Charge	892	605	1,497
Balance at end of year	**491**	**253**	**744**
Historical cost unaudited			
2021			
Balance at beginning of year	306	158	464
Amount utilised	(27)	(158)	(185)
Charge	127	211	338
Balance at end of year	**406**	**211**	**617**
2020			
Balance at beginning of year	45	7	52
Amount utilised	(165)	(33)	(198)
Charge	426	184	610
Balance at end of year	**306**	**158**	**464**

		At beginning ZWLm	Charge to equity ZWLm	Income statement charge ZWLm	At end ZWLm
31 Deferred tax - Inflation adjusted - audited					
Group					
2021					
Deferred tax liability					
Shareholders		860	32	232	1,124
Policyholders		(31)	-	95	64
		829	**32**	**327**	**1,188**
Deferred tax asset					
Shareholders		(3)	-	-	(3)
		(3)	**-**	**-**	**(3)**
Aggregate deferred tax		**826**	**32**	**327**	**1,185**
Analysis of deferred tax	Wear and tear				441
	Capital gains				733
	Assessed loss				11
					1,185
2020					
Deferred tax liability					
Shareholders		905	105	(150)	860
Policyholders		1,250	-	(1,281)	(31)
		2,155	**105**	**(1,431)**	**829**
Deferred tax asset					
Shareholders		(46)	-	43	(3)
Aggregate deferred tax		**2,109**	**105**	**(1,388)**	**826**
Analysis of deferred tax	Wear and tear				443
	Capital gains				381
	Assessed loss				2
					826
Historical cost					
2021					
Deferred tax liability					
Shareholders		195	106	683	984
Policyholders		243	-	(179)	64
		438	**106**	**504**	**1,048**
Deferred tax asset					
Shareholders		(7)	-	(2)	(9)
		(7)	**-**	**(2)**	**(9)**
Aggregate deferred tax		**431**	**106**	**502**	**1,039**
Analysis of deferred tax	Wear and tear				371
	Capital gains				658
	Assessed loss				10
					1,039
2020					
Deferred tax liability					
Shareholders		85	(43)	153	195
Policyholders		224	-	19	243
		309	**(43)**	**172**	**438**
Deferred tax asset					
Shareholders		(7)	-	-	(7)
Aggregate deferred tax		**302**	**(43)**	**172**	**431**
Analysis of deferred tax	Wear and tear				223
	Capital gains				204
	Assessed loss				4
					431

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

32 Amounts owed to bank depositors

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

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Money market deposits	1,218	348	1,218	216
Savings deposits	23,563	20,607	23,563	12,821
	24,781	**20,955**	**24,781**	**13,037**
Maturity analysis				
On demand to 3 months	23,563	20,765	23,563	12,919
3 months to a year	576	12	576	8
1 year to 5 year	609	68	609	42
Over 5 years	33	110	33	68
	24,781	**20,955**	**24,781**	**13,037**
Concentration - value				
Financial institutions	5,760	1,806	5,760	1,124
Companies	14,422	15,828	14,422	9,848
Individuals	4,599	3,321	4,599	2,065
	24,781	**20,955**	**24,781**	**13,037**
Concentration - percentage	**%**	**%**	**%**	**%**
Financial institutions	23	9	23	9
Companies	58	76	58	76
Individuals	19	15	19	15
	100	**100**	**100**	**100**

33 Credit lines

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Trade and Development Bank (TDB)	2,749	820	2,749	510
Shelter Afrique	286	594	286	370
African Development Bank (AFDB)	-	3,388	-	2,108
African Export-Import Bank (Afreximbank)	4,758	267	4,758	166
European Investment Bank (EIB)	1,937	-	1,937	-
Balance at end of the year	**9,730**	**5,069**	**9,730**	**3,154**
Maturity analysis				
On demand to 3 months	633	1,024	633	637
3 months to 1 year	3,763	3,643	3,763	2,267
1 year to 5years	5,334	402	5,334	250
	9,730	**5,069**	**9,730**	**3,154**

As security for the TDB Bank loan, the Group registered bonds and issued powers of attorney to register bonds (in the event of default) over properties with a total value of ZWL4.99 billion as at 31 December 2021 (both investment properties and owner occupied properties). The Shelter Afrique loan is secured by a guarantee from OMZIL as well as a cession of the performing loan book covering two times the exposure at any given time. The TDB facility expired in March 2021 and was renewed in October 2021. The AFDB facility expired in September 2021 while a new facility was acquired from the European Investment Bank in August 2021.

34 Other payables

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Accruals and deferred income	587	1,177	484	177
Trade creditors	2,160	2,044	2,160	1,272
Foreign Creditors	1,066	12	1,066	8
Dividend payable	25	41	25	25
Kurera-Ukondla fund	8	12	8	8
Other liabilities (including settlement control accounts)	95	527	91	282
	3,941	**3,813**	**3,834**	**1,772**

35 Contingent liabilities

Commission of Inquiry

A commission of inquiry established by the Zimbabwean Government concluded its inquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018 the results of the Zimbabwean Government's inquiry were made public. Although the Commission believes that policyholders may have been prejudiced, and that government, regulators and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission is yet to determine a methodology for quantifying or allocating responsibility for this prejudice, and recommended that this be the subject of a further independent process to determine a criteria for assessing prejudice as well as a basis for compensation, which will also take into account the need to maintain stability and confidence in the industry. To date the process had not officially commenced, as such we are not currently able to establish what impact the Commission's findings will have on the life business.

36 Post employment benefits obligations

The Group provides pension benefits to permanent employees and post-retirement benefits to qualifying employees. Pension benefits have been designed, and are administered in accordance with the Pension and Provident Funds Act (Chapter 24:09), and are defined contribution schemes.

The Old Mutual Staff Pension Fund

The Fund is a defined contribution plan registered to provide retirement benefits for the Group's full-time employees.

National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act 1989. The Group's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently a maximum of 9% of the insured amount provided by the National Social Security Authority. The employee and the employer contribute 50% each per month.

Old Mutual Post Retirement Medical Aid Subsidy Fund

The fund is a defined contribution plan for the Group's full-time employees. The subsidy is based on the applicable contribution per member at the date of retirement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

36 Post employment benefits obligations (cont'd)

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Contributions recognised as an expense for the year				
- Old Mutual Staff Pension Fund	142	74	115	28
- National Social Security Authority Scheme	15	16	12	8

37 Capital commitments

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Authorised	**2,710**	**1,776**	**2,710**	**1,105**

The Group is committed to incur capital expenditure and the commitments are expected to be settled in the year 2022.

For advances

Aggregate commitments due under advances granted but not yet disbursed	**3,800**	**99**	**3,800**	**61**

38 Related party disclosures

Holding company and fellow subsidiaries and associates.
The Group's immediate holding company is OM Zimbabwe Holdco Limited which holds 75% of the Group's ordinary shares. The ultimate holding company is Old Mutual Limited, incorporated in South Africa.

Other Group companies consist of fellow subsidiaries and associates.

Transactions and balances with holding company and fellow subsidiaries

	Group Inflation adjusted/ Historical 2021 ZWLm	Inflation adjusted 2020 ZWLm	Historical cost 2020 ZWLm
Fellow related parties			
Old Mutual Africa Holdings			
Amounts due to as at 31 December	(1,074)	-	-
Old Mutual Life Assurance Company (South Africa) Limited			
Amounts due to as at 31 December	-	(957)	(584)
Old Mutual Zimbabwe Holdco Limited			
Amounts due to as at 31 December	(3,498)	(4,212)	(2,625)
Old Mutual Finance (USD) Limited			
Amounts due to as at 31 December	(5,425)	(6,561)	(4,089)

Loans due by or to subsidiaries and other Group companies
Old Mutual Finance (U.K) Plc took over the amount previously owing to Old Mutual Netherlands. Loans due by or to subsidiaries or other Group companies within Zimbabwe accrue interest at market related interest rates, and the amounts are repayable on demand.

All the Group's principal subsidiaries together with loans due by or to them are listed in Note 44 and 47.

Capital advances and amounts due by or to Group companies are disclosed in Note 47.

38 Related party disclosures (cont'd)

Key management personnel

Key management personnel and their close family members and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Group.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Key management personnel remuneration and other compensation				
Short-term employee benefits	2 120	815	1 700	426
Share based payments	-	2	-	1
Post-employment benefits	21	27	17	11
Severance pay	28	-	28	-
	2,169	**844**	**1,745**	**438**

39 Unconsolidated structured entity

During 2012, Kurera-Ukondla Youth Fund was formed as part of conforming with the Indigenisation and Economic Empowerment Act, for the sole benefit of the Youth of Zimbabwe. OMZIL appointed Trustees who were responsible for overseeing the trust's activities. In 2021, the Kurera-Ukondla Youth fund was wound down and a new fund was created to replace it. OMZIL has no interest in the profits or losses of the fund, all income and assets belongs to the Youth Fund and there is no exposure.

40 Group statement of financial position

40.1 Categories of financial instruments

The analysis of assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments: Recognition and Measurement' (IFRS 9) is set out in the following table. For completeness, assets and liabilities of a non–financial nature or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non–financial assets and liabilities category.

Inflation adjusted audited At 31 December 2021	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	48,699	48,699
Property and equipment	-	-	10,302	10,302
Intangible assets			894	894
Deferred acquisition costs	-	-	39	39
Reinsurers' share of insurance contract provisions	-	-	331	331
Investments and securities	134,901	5,844	-	140,745
Deferred tax assets	-	-	3	3
Current income tax assets	-	-	101	101
Loans and advances	-	27,614	-	27,614
Other assets	-	1,398	15,635	17,033
Cash and cash equivalents	-	12,458	-	12,458
	134,901	**47,314**	**76,004**	**258,219**
Liabilities				
Insurance contract liabilities	-	-	139,767	139,767
Investment contract liabilities	11,048	-	-	11,048
Provisions	-	-	617	617
Deferred tax liabilities	-	-	1,188	1,188
Current income tax liabilities	-	-	10	10
Amounts due to group companies	-	9,997	-	9,997
Amounts owed to bank depositors	-	24,781	-	24,781
Credit lines	-	9,730	-	9,730
Other liabilities	-	3,941	-	3,941
	11,048	**48,449**	**141,582**	**201,079**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

40 Group statement of financial position (cont'd)

40.1 Categories of financial instruments (cont'd)

Inflation adjusted audited At 31 December 2020	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	36,715	36,715
Property and equipment	-	-	8,465	8,465
Intangible assets	-	-	872	872
Deferred acquisition costs	-	-	41	41
Reinsurers' share of insurance contract provisions	-	-	349	349
Investments and securities	56,310	6,995	-	63,305
Deferred tax assets	-	-	3	3
Current income tax assets	-	-	96	96
Loans and advances	-	11,394	-	11,394
Other assets	-	17,825	1,643	19,468
Cash and cash equivalents	-	11,873	-	11,873
	56,310	**48,087**	**48,184**	**152,581**
Liabilities				
Insurance contract liabilities	-	-	76,414	76,414
Investment contract liabilities	5,264	-	-	5,264
Provisions	-	-	744	744
Deferred tax liabilities	-	-	829	829
Current income tax liabilities	-	-	4	4
Credit lines	-	11,730	-	11,730
Amounts due to group companies	-	20,955	-	20,955
Amounts owed to bank depositors	-	5,069	-	5,069
Other liabilities	-	3,813	-	3,813
	5,264	**41,567**	**77,991**	**124,822**
Historical cost unaudited				
At 31 December 2021				
Assets				
Investment property	-	-	48,699	48,699
Property and equipment	-	-	8,696	8,696
Intangible assets			208	208
Deferred acquisition costs	-	-	34	34
Reinsurers' share of insurance contract provisions	-	-	307	307
Investments and securities	134,901	5,844	-	140,745
Deferred tax assets	-	-	9	9
Current income tax assets	-	-	101	101
Loans and advances	-	27,614	-	27,614
Other assets	-	1,398	13,288	14,686
Cash and cash equivalents	-	12,458	-	12,458
	134,901	**47,314**	**71,342**	**253,557**
Liabilities				
Insurance contract liabilities	-	-	139,703	139,703
Investment contract liabilities	11,048	-	-	11,048
Provisions	-	-	617	617
Deferred tax liabilities	-	-	1,048	1,048
Current income tax liabilities	-	-	10	10
Amounts due to group companies	-	9,997	-	9,997
Amounts owed to bank depositors	-	24,781	-	24,781
Credit lines	-	9,730	-	9,730
Other liabilities	-	3,834	-	3,834
	11,048	**48,342**	**141,378**	**200,768**

40 Group statement of financial position (cont'd)

40.1 Categories of financial instruments (cont'd)

Historical cost unaudited At 31 December 2020	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	22,841	22,841
Property and equipment	-	-	4,236	4,236
Intangible assets	-	-	94	94
Deferred acquisition costs	-	-	17	17
Reinsurers' share of insurance contract provisions	-	-	172	172
Investments and securities	35,032	4,352	-	39,384
Deferred tax assets	-	-	7	7
Current tax assets	-	-	63	63
Loans and advances	-	7,088	-	7,088
Other assets	-	9,748	1,022	10,770
Cash and cash equivalents	-	7,386	-	7,386
	35,032	**28,574**	**28,452**	**92,058**
Liabilities				
Insurance contract liabilities	-	-	47,431	47,431
Investment contract liabilities	3,275	-	-	3,275
Provisions	-	-	464	464
Deferred tax liabilities	-	-	438	438
Current tax payable	-	-	2	2
Amounts due to group companies	-	7,298	-	7,298
Amounts owed to bank depositors	-	13,037	-	13,037
Credit lines	-	3,154	-	3,154
Other liabilities	-	1,772	-	1,772
	3,275	**25,261**	**48,335**	**76,871**

40.2 Fair values of financial assets and liabilities

Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active or quoted prices cannot be obtained without undue effort, another valuation technique is used. This is after:

- Assessing whether instruments are trading with sufficient frequency and volume such that they can be considered liquid.
- The inclusion of a measure of the counterparties' non-performance risk in the fair value measurement of loans and advances, which involves the modelling of dynamic credit spreads.
- The inclusion of own credit risk in the calculation of the fair value of financial liabilities.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

Loans and advances

Loans and advances include mortgage loans, other asset-based loans, including collateralised debt obligations and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using a credit-adjusted rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

Investments and securities

Investments and securities include listed and unlisted equity securities, pooled investments, and short term funds. Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds, and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated or models based on the market prices of investments held in the underlying pooled investment funds.

Other investment and securities that are measured at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the applicable of an EBITDA multiple or any other relevant technique.

Investment contract liabilities

The fair value of investment contract liabilities is determined with reference to the underlying funds that are held by the Group.

Other financial assets and liabilities

The fair values of other financial assets and liabilities are reasonably approximated by the carrying amounts reflected in the statement of financial position as they are short-term in nature or re-price to current market rates frequently.

Fair value hierarchy

Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets
Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable
Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices, and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs. In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value (for example, consensus pricing data may be used). Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable inputs may be attributable to observable inputs.

Financial assets and liabilities not measured at fair value

For items not measured at fair value the amounts presented in the financial statements closely approximate fair value. This is largely due to unavailability of consistent assumptions in the market that can be used to determine fair value.

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

Analysis of instruments at fair value

	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
At 31 December 2021 - Inflation adjusted/Historical cost				
Financial assets measured at fair value				
Investment and securities	117,853	1,611	15,771	135,235
Total financial assets measured at fair value	**117,853**	**1,611**	**15,771**	**135,235**
Financial liabilities				
Investment contract liabilities	-	-	11,048	11,048
Total financial liabilities measured at fair value	**-**	**-**	**11,048**	**11,048**
Inflation Adjusted Audited - 2020				
Financial assets measured at fair value				
Investment and securities	48,054	-	8,245	56,299
Total financial assets measured at fair value	**48,054**	**-**	**8,245**	**56,299**
Financial liabilities				
Investment Contract liabilities	-	-	5,264	5,264
Total financial liabilities measured at fair value	**-**	**-**	**5,264**	**5,264**
Historical cost unaudited - 2020				
Financial assets measured at fair value				
Investment and securities	29,896	-	5,129	35,025
Total financial assets measured at fair value	**29,896**	**-**	**5,129**	**35,025**
Financial liabilities				
Investment Contract liabilities	-	-	3,275	3,275
Total financial liabilities measured at fair value	**-**	**-**	**3,275**	**3,275**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

The movement in level 3 instruments for the year can be analysed as follows:

At 31 December 2021 Inflation adjusted audited	Opening balance ZWLm	Gains/losses recognised in profit or loss ZWLm	Purchases and issues ZWLm	Sales and settlements ZWLm	Transfers into level 3 from other categories ZWLm	Transfers out of level 3 to other categories ZWLm	Closing balance ZWLm
Financial assets measured at fair value							
Designated (fair value through profit or loss)	8,245	7,526	-	-	-	-	15,771
Total financial assets measured at fair value	8,245	7,526	-	-	-	-	15,771
Inflation Adjusted Audited - 2020							
Designated (fair value through profit or loss)	4,428	2,632	1,185	-	-	-	8,245
Total financial assets measured at fair value	4,428	2,632	1,185	-	-	-	8,245
At 31 December 2021 Historical cost unaudited							
Financial assets measured at fair value							
Designated (fair value through profit or loss)	5,129	10,642	-	-	-	-	15,771
Total financial assets measured at fair value	5,129	10,642	-	-	-	-	15,771
Historical cost Unaudited - 2020							
Designated (fair value through profit or loss)	614	4,024	491	-	-		5,129
Total financial assets measured at fair value	614	4,024	491	-	-	-	5,129

Key inputs and assumptions used in the valuation models include discount rates and price earnings ratio. The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as level 3:

Valuation Technique	Significant unobservable input	Average range of unobservable inputs
Discounted Cash flow (DCF)	**Risk adjusted discount rate:**	
	-Equity risk premium	**22.86%**
	-Nominal free risk rate	**15.67%**
	-Terminal growth rate	**0%-3%**
Price Earnings(PE)	**PE ratio/multiple: Discount applied**	
	-Country risk discount	**22.9%**
	-Marketability discount	**17.4%**
	-Size discount	**20%- 26.9%**

Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental. When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities, and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

The following table summarises the significant inputs to value instruments categorised as Level 3 hierarchy in the Group's continuing businesses and their sensitivity to changes in the inputs used.

					Sensitivity	
Types of financial instruments	31 December 2021 ZWLm	31 December 2020 ZWLm	Valuation Technique Used	Significant unobservable inputs	31 December 2021 ZWLm	31 December 2020 ZWLm
Investments and securities	16,465	5,129	Market Approach Discounted Cash Flows	PE Multiple Cost of equity Terminal Growth rate	**Favourable** 1,496 **Unfavourable** (1,496)	**Favourable** 523 **Unfavourable** (507)

41 Financial risk management

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets, investment contracts with discretionary participating features, and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of financial risk are interest rate risk, liquidity risk, equity price risk, currency risk, and credit risk. These risks arise from open positions in interest rate (both fair value and cash flow interest rate risk) and equity products, all of which are exposed to general and specific market movements.

Financial risk management strategy and policy

The principal technique of the Group is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders as well as seeking to maximise the return on shareholders' funds, all within an acceptable risk framework.

The insurance contracts retain substantial exposures to the extent that the benefits payable to policyholders are not linked to the performance of the underlying assets. These exposures include duration risk, credit risk, and market risk. The notes below explain how financial risks are mitigated by the maintenance of sufficient capital.

Capital Adequacy	2021 ZWLm	2020 ZWLm
Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC)		
Shareholders equity	30,626	7,651
Regulatory capital adequacy requirement	75	75
Central Africa Building Society (CABS)		
Shareholders equity	13,375	5,041
Regulatory Capital	13,547	5,386
Total risk weighted assets	50,333	15,938
Capital adequacy ratio	27%	34%
Regulatory capital adequacy ratio	12%	12%
Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG)		
Shareholders equity	525	184
Regulatory capital adequacy requirement	398	162
Old Mutual Securities (Private) Limited (OMSEC)		
Shareholders equity	100	21
Regulatory capital adequacy requirement	43	11
RM Insurance Holdings Limited (RMI)		
Shareholders equity	2,855	838
Regulatory capital adequacy requirement	38	38
Old Mutual Finance(Private) Limited (OMFIN)		
Shareholders equity	69	1
Regulatory capital adequacy requirement	3	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

41 Financial risk management (cont'd)

OMLAC
OMLAC is regulated by the Insurance and Pensions Commission (IPEC). The internal capital adequacy requirement (CAR) has been calculated based on the Prudential Authority of South Africa's Financial Soundness Standards for Insurers Solvency Assessment and Management (SAM) framework. This provides a buffer against future experience being worse than assumed, of which adverse investment experience is the most significant. For the Guaranteed Fund product into which the majority of policyholder funds are invested, the shareholder's support will only be called upon if the Bonus Smoothing Reserve falls below negative 15% of the liabilities after reducing surrender values in accordance with underlying asset values, reducing interim bonuses (if necessary to zero), declaring low or if necessary zero bonuses, and if the circumstances warrant it, removing part or all of previously declared non vested bonuses to the extent consistent with the Principles and Practices of Financial Management. The nature and extent of the action that would be taken will depend on the severity of the decline in asset values and the circumstances at that time.

The investment resilience CAR is the single most significant component of the OMLAC's CAR. The calculation of this component is based on the asset profile and the proportion of vested and non-vested liabilities.

CABS
The Society's lead regulator (Reserve Bank of Zimbabwe) sets and monitors capital requirements for the Society on a quarterly basis through quarterly BSD1 Returns. As at 31 December 2021, RBZ required the Society to maintain a minimum capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighed assets, with effect from 31 December 2021 the required capital increased to a minimum of the equivalent of USD30 million.

OMIG
Securities and Exchange Commission (SEC) sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation. The amount of the surplus available to be distributed to the shareholder, Old Mutual Zimbabwe Limited, is subject to available distributable reserves within the shareholders' equity and maintaining the minimum internal capital adequacy requirement.

OMSEC
The Securities Exchange Commission sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

RMI
Old Mutual Insurance Company (OMICO), RMI's principal subsidiary, is regulated by the Insurance and Pensions Commission (IPEC) which sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

OMFIN
The RBZ sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

Capital management policies
Capital is actively managed to ensure that the Group is properly capitalised and funded at all times, having regard to its regulatory needs, with appropriate risk adjusted margins to allow prudent management of capital levels under stress scenarios. The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Group's capital is managed.

Specifically, the Group has adopted the following capital management policies:

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary to ensure that obligations to policyholders and depositors can be met on a timely basis, including under stress scenarios.

- Maintenance of an appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts, and any strategic initiatives.

41 Financial risk management (cont'd)

Insurance risks

The Group controls its exposures through underwriting and re-pricing procedures to determine whether cover can be provided and the pricing of such risk. Underwriting practice relies on regular review procedures to analyse actual loss and expense experience.

Equity price risk

Equity price risk is the potential loss arising from changes in the value of equity securities. The Group's investment portfolio consists of equity securities, fixed income assets, and property. A substantial part of the equity portfolio consists of listed counters. Non-listed investments are subjected to regular financial analysis and review, while exposure levels to listed counters are regularly reviewed.

Credit risk

Credit risk is the risk that an asset, in the form of a monetary claim against a counterparty, may not result in a cash receipt (or equivalent) in accordance with the terms of a contract.

The Group is exposed to credit risk through its money market investments, cash and cash equivalents and loans and advances. Credit risk is managed by placing limits on exposure to a single counterparty or Groups of counterparties. These limits are based on credit ratings of the counterparties conducted within the various operating companies. Credit risk is monitored with reference to credit ratings with limits placed on exposure where credit risk is below acceptable levels and through holding security from the counterparty.

Credit risk associated with property rentals is managed through a credit vetting process, the requirement for rental deposits, and close monitoring of the tenants' book.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
Overall credit risk				
Short term funds and securities	5,844	7,007	5,844	4,359
Reinsurers' share of insurance contract provisions	331	349	307	172
Cash and cash equivalents	12,458	11,873	12,458	7,386
	18,633	**19,229**	**18,609**	**11,917**
Impaired				
Gross amount	29,109	12,289	29,109	7,645
Allowance for impairment	(1,495)	(895)	(1,495)	(557)
Carrying amount	**27,614**	**11,394**	**27,614**	**7,088**

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

41 Financial risk management (cont'd)

Exposure to counterparties
The Group is also exposed to counterparties arising from money market trading.

Loans and Advances Renegotiated
Restructuring of loans include extended repayment arrangements, modifications, and deferral of repayments. Restructuring policies and practices are based on indicators and criteria that in the judgement of management, indicate that repayments will most likely continue. These policies are kept under continuous review.

Allowances for impairment
The Group establishes an allowance for impairment based on the class of each loan and in line with IFRS 9 and the Reserve Bank of Zimbabwe guideline on provisions.

Write off policy
The Group writes off a loan when the Credit Committee determines that the loans/securities are uncollectible. The determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral
The Group holds collateral against loans and advances to customers in the form of mortgage interest over property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Collateral held and other credit enhancements	**31 December 2021**	**Principal type of collateral held**
Percentage of exposure subject to collateral requirements		
Type of credit exposure		
Treasury Bills	0%	None
Fixed deposits*	100%	Treasury Bills
Mortgage loans	100%	Property
Corporate loans	100%	Property and guarantees
Consumer loans	85%	Insurance

*Relates to CABS. Other Group subsidiaries' exposure is managed through setting and regular review of limits on counterparties.

The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations.

Settlement risk
The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. The Group charges the maximum lending rate for all parties who fail to honour their obligations on time. Settlement risk is also monitored through risk assessment of counterparties and capping of trading limits in line with the risk profile of each institution.

Regulatory Loan Loss Provisioning
Provisioning is determined on the basis of account classification whereby provisions are uniformly determined for specific grades. The Society establishes an allowance for impairment based on the class of each loan and in line with the RBZ guidelines on provisions. The provisioning methodology is summarised below:

41 Financial risk management (cont'd)

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
31 December 2021 - Inflation adjusted					
Grade A,B,C	Pass	1-2% general provision	21,744	483	21,261
Grade D,E,F,G	Special mention	3-10% general provision	7,299	296	7,003
Grade H	Sub standard	20% specific provision on balance less security value	23	20	3
Grade I	Doubtful	50% of total outstanding balance less security value	13	12	1
Default	Loss	100% of total outstanding balance less security held	30	28	2
		Portfolio total	**29,109**	**839**	**28,270**
31 December 2020					
Grade A,B,C	Pass	1-2% general provision	9,744	214	9,530
Grade D,E,F,G	Special mention	3-10% general provision	2,496	167	2,329
Grade H	Sub standard	20% specific provision on balance less security value	6	5	1
Grade I	Doubtful	50% of total outstanding balance less security value	12	10	2
Default	Loss	100% of total outstanding balance less security held	31	25	6
		Portfolio total	**12,289**	**421**	**11,868**
31 December 2020 - Historical cost unaudited					
Grade A,B,C	Pass	1-2% general provision	6,063	133	5,930
Grade D,E,F,G	Special mention	3-10% general provision	1,553	104	1,449
Grade H	Sub standard	20% specific provision on balance less security value	4	3	1
Grade I	Doubtful	50% of total outstanding balance less security value	7	6	1
Default	Loss	100% of total outstanding balance less security held	18	16	2
		Portfolio total	**7,645**	**262**	**7,383**

The Group also takes into account provisions requirement of IFRS 9 (Financial Instruments) and makes the most prudent provisions for its loans and advances based on the two methods. Where the regulatory provisions are higher than the IFRS 9 impairment, the excess is treated as an appropriation from retained earnings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

41 Financial risk management (cont'd)

Currency risk

The Group has exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. To the extent possible, exchange rate risk on foreign payables is mitigated by generating business which earns foreign currency.

The table below shows the Group's exposure to foreign currency exchange risk.

	USDm	ZARm	GBPm	EUROm	BWPm	Total - ZWLm
At 31 December 2021						
Cash and cash equivalents	34	99	1	2	5	4,810
At 31 December 2020						
Cash and cash equivalents	17	3	-	2	1	1,556

The table below shows the Group's closing exchange rates which were used in the financial statements.

	USD	ZAR	GBP	EURO	BWP
At 31 December 2021	108.6660	6.8306	146.6828	122.9338	9.2312
At 31 December 2020	81.7866	5.5865	111.8345	100.4123	7.5738

Foreign currency risk

The Group has settlement exposure to foreign suppliers and creditors as well as related parties who require payments to be made in foreign currency. Ability to settle is constrained by exchange control restrictions as well as the unavailability of nostro funding.

	2021 ZWLm	2020 ZWLm
Foreign liabilities		
Life Assurance	537	80
General Insurance	-	-
Banking	20,313	3,154
Holding Company and other	9,902	7,258
	30,752	**10,492**
Of the amount disclosed above, the exposure to fellow Group companies was:	9,997	7,298

Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities, and capital.

The individual life and employee benefits businesses have due regard to the nature of the liabilities. The interest rate risk of such liabilities is managed by investing in available assets to ensure matching of current liabilities. Derivative instruments are not used to manage the interest rate risk of these long term assets and liabilities.

Interest rate risk represents the price sensitivity of a fixed income security or interest-carrying asset to changes in interest rates. This risk is controlled by careful monitoring of the level of interest-bearing investments.

41 Financial risk management (cont'd)

The tables below set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

Repricing profile of financial assets and liabilities (including insurance) exposed to interest rate risk:

Inflation adjusted/historical - 2021	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Money market investments	3,621	224	-	3,845
Loans and advances	3,896	8,086	17,127	29,109
	7,517	**8,310**	**17,127**	**32,954**
Inflation adjusted audited - 2020				
Money market investments	3,626	2,648	721	6,995
Loans and advances	2,134	3,411	6,744	12,289
	5,760	**6,059**	**7,465**	**19,284**
Historical cost unaudited - 2020				
Money market investments	2,256	1,648	449	4,353
Loans and advances	1,327	2,122	4,196	7,645
	3,583	**3,770**	**4,645**	**11,998**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

41 Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due. The tables below set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to liquidity risk.

Maturity profile of financial assets and liabilities exposed to liquidity risk:

Inflation adjusted audited- 2021	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Cash & cash equivalents	12,458	-	-	12,458
Investments and securities	9,514	17,902	113,329	140,745
Loans and advances	3,696	7,671	16,247	27,614
Insurance contract liabilities	(2,795)	(18,170)	(118,802)	(139,767)
Amounts owed to bank depositors	(23,563)	(576)	(642)	(24,781)
Credit lines	(633)	(3,763)	(5,334)	(9,730)
Other liabilities	-	(2,842)	(1,099)	(3,941)
	(1,323)	**222**	**3,699**	**2,598**
Historical cost unaudited - 2021				
Cash & cash equivalents	12,458	-	-	12,458
Investments and securities	9,514	17,902	113,329	140,745
Loans and advances	3,696	7,671	16,247	27,614
Insurance contract liabilities	(2,795)	(18,161)	(118,747)	(139,703)
Amounts owed to bank depositors	(23,563)	(576)	(642)	(24,781)
Credit lines	(633)	(3,763)	(5,334)	(9,730)
Other liabilities	-	(2,735)	(1,099)	(3,834)
	(1,323)	**338**	**3,754**	**2,769**
Inflation adjusted audited-2020				
Cash & cash equivalents	11,873	-	-	11,873
Investments and securities	7,571	13,242	42,493	63,306
Loans and advances	2,134	3,411	5,849	11,394
Insurance contract liabilities	(1,514)	(9,648)	(65,252)	(76,414)
Amounts owed to bank depositors	(20,765)	(12)	(178)	(20,955)
Credit lines	(1,025)	(3,643)	(401)	(5,069)
Other liabilities	-	(3,748)	(65)	(3,813)
	(1,726)	**(398)**	**(17,554)**	**(19,678)**
Historical cost unaudited - 2020				
Cash & cash equivalents	7,386	-	-	7,386
Investments and securities	4,710	8,238	26,436	39,384
Loans and advances	1,327	2,122	3,639	7,088
Insurance contract liabilities	(942)	(6,002)	(40,487)	(47,431)
Amounts owed to bank depositors	(12,919)	(8)	(110)	(13,037)
Credit lines	(638)	(2,267)	(249)	(3,154)
Other liabilities	-	(1,731)	(41)	(1,772)
	(1,076)	**352**	**(10,812)**	**(11,536)**

Investments and securities noted above also include listed equities as they are easily convertible to cash.

41 Financial risk management (cont'd)

Management of liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The daily liquidity position of the Group is managed by the treasury department in liaison with the relevant management.

Liquidity gap

The Liquidity gap is the difference between assets and liabilities in a given maturity period.

The banking business manages its contractual liquidity gap through treasury operations to acquire deposits of suitable tenor and price from the market. As a contingency, the Group has also entered into liquidity support arrangements with suitable counter parties, to which it has ready access, in need.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and short term dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowing, and liabilities maturing within the same short term period. Details of this ratio are given below:

	2021	2020
Liquidity ratio (CABS)	44%	64%
Regulatory Minimum (CABS)	30%	30%

The banking business monitors liquidity risk by compliance with liquidity regulations of the Building Societies Act (Chapter 24:02) as well as submission of monthly liquidity returns to the RBZ. In addition, the Group matches long term lending to inflows into long term investments, and this is monitored through the Risk Management Committee.

Sensitivity analysis

A 20 percent movement of the listed equities as at 31 December 2021 would have changed equities by ZWL23,571 million and profit by ZWL5,539 million on the historical cost basis. The movement would represent a 15% impact on profit and 10% impact on equity . This analysis assumes that all other variables remain constant.

42 Insurance risk management

The Group assumes insurance risk by issuing insurance contracts, under which the Group agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affecting the policyholder occurs. Insurance risk includes mortality risk.

For accounting purposes, insurance risk is defined as risk other than financial risk. Contracts issued by the Group may include both insurance and financial risk; contracts with significant insurance risk are classified as insurance contracts, while contracts with no or insignificant insurance risk are classified as investment contracts. The Group's approach to financial risk management has been described in Note 41.

Risk management objectives and policies for mitigating insurance risk

The Group effectively manages its insurance risks through the following mechanisms:

- Actuarial models, which use past experience and statistical models to calculate premiums and monitor claim patterns.
- Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

42 Insurance risk management (cont'd)

- The mix of assets, which is driven by the economic environment. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest bearing assets to settle liabilities.

Terms and conditions of insurance contracts
The terms and conditions attached to insurance contracts determine the level of insurance risk accepted by the Group. The following tables outline the general form of terms and conditions that apply to contracts sold in each category of business and the nature of the risk incurred.

Category	Essential terms	Main risks	Policyholders guarantees	Policyholder participation investment returns
Employee Benefits Group life assurance	Rates are annually renewable	Mortality	Sum insured	None
With-profit annuity	Regular benefit payments participating in profits in return for consideration	Longevity Investment	Underlying pricing interest rate is guaranteed. Declared bonuses cannot be reduced	Yes, see below
Retail Life Plan	Premium rates are guaranteed but reviewable for new business	Mortality	Sum assured is guaranteed	None
Funeral Plan	Premium rates are guaranteed but reviewable for new business	Mortality	Sum assured is guaranteed	None
General Insurance Property insurance	Rates are reviewed at renewal depending on loss ratio	Accidental damage or loss of the insured property	Sum insured	None
Liability policies	Rates are reviewed at renewal	Legal liability accidentally arising from normal operations	Limit of liability / sum insured	None

The extent of the Group's discretion as to the allocation of investment return to policyholders varies based on the type of contract. Where the contracts are pure risk type, there is no sharing of investment returns. For other contracts, investment return is attributed to the policyholder. Declared bonuses may be either vesting and/or non-vesting (in which case they can be reversed).

Smoothed bonus products constitute a significant proportion of the business. Particular attention is paid by ensuring that the declaration of bonuses is done in a responsible manner, such that sufficient reserves are retained for bonus smoothing purposes. Investment returns not distributed after deducting charges are credited to bonus stabilisation reserves, which are used to support subsequent bonus declarations.

In addition to the specified risks identified above, the Group is subject to the risk that policyholders discontinue the insurance policy through lapse or surrender.

Management of insurance risks
The table below summarises the variety of risks to which the Group is exposed and the methods by which it seeks to mitigate these risks.

Risks	Definition	Risk management
Underwriting	Misalignment of policyholders to the appropriate pricing basis or impact of anti-selection, resulting in a loss.	Experience is closely monitored. Underwriting limits, health requirements, spread of risks, and training of underwriters all mitigate the risk.
Catastrophe	Natural and non-natural disasters could result in increased mortality risk and payouts on policies.	Catastrophe excess of loss re-insurance treaty covers all claims from one incident occurring within a specified period.

42 Insurance risk management (cont'd)

Summary of key valuation assumptions (statutory basis)
Below are the key actuarial valuation assumptions per product

Product			2021	2020
Old Mutual Funeral Plan				
	Valuation interest rate		7%	7%
	Expense inflation		4%	4%
	Effective interest rate for assurance		7%	7%
	Mortality basis		Zim 92	Zim92
	Renewal costs per annum		ZWL23	ZWL20
	Lapse rates			
		Year 1	80%	80%
		Year 2	40%	40%
		Year 3	30%	30%
		Year 4+	8%	8%
Old Mutual Life Plan				
	Valuation interest rate		7%	7%
	Expense inflation		4%	4%
	Effective interest rate for assurance		7%	7%
	Mortality basis		Zim 92	Zim92
	Renewal costs per annum		ZWL3,339	ZWL1,530
	Lapse rates			
		Year 1	40%	40%
		Year 2	20%	20%
		Year 3	10%	10%
		Year 4+	2%	2%
Savings Plan				
	Valuation interest rate		6%	6%
	Expense inflation		4%	4%
	Mortality basis		Zim 92	Zim92
	Renewal Costs per annum-premium paying		ZWL3,548	ZWL1,626
	Renewal Costs per annum-premium paid up		ZWL3,548	ZWL1,626
	Late rate:			
		Year 1	20%	20%
	Surrender rate:			
		Year 2	10%	10%
		Year 3	10%	10%
		Year 4+	10%	10%
Old Mutual Term Plan				
	Valuation interest rate		7%	7%
	Expense inflation		4%	4%
	Effective interest rate for assurance		7%	7%
	Mortality basis		Zim 92	Zim92
	Renewal costs per month		ZWL3,548	ZWL1,626
	Lapse rates			
		Year 1	40%	40%
		Year 2	20%	20%
		Year 3	10%	10%
		Year 4+	2%	2%
Pension Plus				
Pension Plus interest rate				
	Valuing annuities		6%	6%
	Valuing expenses		0%	0%
	Mortality		a(90)	a(90)
	Valuation interest rate per annum		6%	6%
	After-retirement interest rate		4%	4%
	Administration fee-per policy per annum		ZWL48	ZWL48

Group Life Assurance reserves	2021	85% of premiums earned in the last 2.8 months
	2020	85% of premiums earned in the last 2.8 months

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

42 Insurance risk management (cont'd)

Sensitivity analysis on assumption changes

No sensitivity analysis was included due to the level of volatility of economic variables in the Zimbabwean economy.

43 Investment property

	Inflation adjusted Audited		Historical cost Unaudited	
	Company 2021 ZWLm	**Company 2020 ZWLm**	**Company 2021 ZWLm**	**Company 2020 ZWLm**
Company				
Carrying amount at beginning of year	38	72	25	10
Disposals	-	(53)	-	(19)
Net gain from fair value adjustments	7	19	20	34
Carrying amount at end of year	**45**	**38**	**45**	**25**
Comprising:				
Freehold property	**45**	**38**	**45**	**25**

The fair value of freehold property leased to third parties under operating leases is ZWL45m.

The carrying amount of investment property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the investment property. The Company's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Investment properties, being residential, were fair valued using the Comparison Approach. The fair value of the Company's properties are categorised into Level 3 of the fair value hierarchy (quoted prices of similar assets).

44 Investment in subsidiary companies

Total	Number of issued ordinary and preference shares	% interest	Inflation adjusted Audited 2021 Carrying value of shares ZWLm	Historical Cost Unaudited 2021 Carrying value of shares ZWLm
Unlisted - subsidiaries				
Old Mutual Life Assurance Company Zimbabwe Limited	13 184 355	100%	2,586	41
Central Africa Building Society	15 000 000	100%	1,328	21
Old Mutual Investment Group Zimbabwe (Private) Limited	10 000	100%	344	40
Old Mutual Securities (Private) Limited	287	100%	47	24
Old Mutual Finance (Private) Limited	443 032	100%	70	49
RM Insurance Holdings Limited	940 520	58.63%	248	8
			4,623	**183**

All the above companies have a year end of 31 December and their financial results have been consolidated and are included in the Group financial statements from the effective date that the Group controls the entity.

The non-controlling interests share of profit for the financial year has been calculated on the basis of the Group's effective ownership in RM Insurance Holdings Limited, the principal subsidiary where a non-controlling interest exists.

Total	Number of issued ordinary and preference shares	% interest	Inflation adjusted Audited 2020 Carrying value of shares ZWLm	Historical Cost Unaudited 2020 Carrying value of shares ZWLm
Unlisted - subsidiaries				
Old Mutual Life Assurance Company Zimbabwe Limited	13 184 355	100%	2,586	41
Central Africa Building Society	15 000 000	100%	1,328	21
Old Mutual Investment Group Zimbabwe (Private) Limited	10 000	100%	344	40
Old Mutual Securities (Private) Limited	202	100%	35	16
RM Insurance Holdings Limited	940 520	58.63%	248	8
			4,541	**126**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

44 Investment in subsidiary companies (cont'd)

The non-controlling interests share of profit for the financial year has been calculated on the basis of the Group's effective ownership in RM Insurance Holdings Limited and Old Mutual Securities (Private) Limited, being the principal subsidiaries where non-controlling interests exist.

45. Property and equipment

Company	Right of Use Asset ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures and fittings ZWLm	Total ZWLm
Inflation adjusted 2021					
Carrying amount at beginning of year	**-**	**29**	**200**	**178**	**407**
Additions	8	48	6	8	70
Disposals	(3)	-	-	-	(3)
Depreciation charge for the year	(1)	(14)	(51)	(42)	(108)
Carrying amount at end of year	**4**	**63**	**155**	**144**	**366**
Cost/Valuation	7	95	226	226	554
Accumulated depreciation	(3)	(32)	(71)	(82)	(188)
Carrying amount at end of year	**4**	**63**	**155**	**144**	**366**
Inflation adjusted audited 2020					
Carrying amount at beginning of year	**1**	**16**	**3**	**1**	**21**
Additions	-	29	216	216	461
Disposals	-	(11)	-	-	(11)
Depreciation charge for the year	(1)	(5)	(19)	(39)	(64)
Carrying amount at end of year	**-**	**29**	**200**	**178**	**407**
Cost/valuation	2	49	220	218	489
Accumulated depreciation	(2)	(20)	(20)	(40)	(82)
Carrying amount at end of year	**-**	**29**	**200**	**178**	**407**
Historical cost unaudited 2021					
Carrying amount at beginning of year	**-**	**13**	**4**	**36**	**53**
Additions	7	42	6	6	61
Disposals	(3)	-	-	-	(3)
Depreciation charge for the year	(3)	(9)	(2)	(9)	(23)
Carrying amount at end of year	**1**	**46**	**8**	**33**	**88**
Cost/Valuation	4	57	10	49	120
Accumulated depreciation	(3)	(10)	(3)	(16)	(32)
Carrying amount at end of year	**1**	**47**	**7**	**33**	**88**
Historical cost unaudited 2020					
Carrying amount at beginning of year	**-**	**1**	**-**	**-**	**1**
Additions	-	14	4	42	60
Disposals	-	(1)	-	-	(1)
Depreciation charge for the year	-	(1)	-	(6)	(7)
Carrying amount at end of year	**-**	**13**	**4**	**36**	**53**
Cost/valuation	1	14	4	43	62
Accumulated depreciation	(1)	(1)	-	(7)	(9)
Carrying amount at end of year	**-**	**13**	**4**	**36**	**53**

46 Investments and securities

	Inflation adjusted Audited		Historical cost Unaudited	
	Company 2021 ZWLm	Company 2020 ZWLm	Company 2021 ZWLm	Company 2020 ZWLm
46.1 Analysis of investments				
At fair value through profit or loss				
Equity securities				
(see analysis in note 46.2 below)	6,168	2,605	6,168	1,621
Unit trusts	20	10	20	6
At amortised cost				
Debentures	9	2	9	1
Deposits and money market securities	38	5	38	3
	6,235	**2,622**	**6,235**	**1,631**
46.2 Spread of equity securities by sector				
At fair value through profit or loss				
Commodities	839	199	839	124
Consumer	2,536	894	2,536	556
Financial	1,195	920	1,195	572
Properties	45	39	45	25
Manufacturing	846	283	846	176
Mining	-	2	-	1
Unlisted	707	268	707	167
	6,168	**2,605**	**6,168**	**1,621**
46.3 Movements of investment and securities				
Opening balance	2,622	2,157	1,631	299
Fair value movements through profit and loss	4,034	885	4,138	1,219
Additions	946	838	728	339
Disposals	(1,367)	(1,258)	(262)	(226)
	6,235	**2,622**	**6,235**	**1,631**

Unquoted equities included in investments were measured at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

47 Amounts due from or (to) Group companies

Company	Inflation adjusted/ Historical cost 2021 ZWLm Due from	Inflation adjusted/ Historical cost 2021 ZWLm Due to	Inflation adjusted 2020 ZWLm Due from	Inflation adjusted 2020 ZWLm Due to	Historical cost 2020 ZWLm Due from	Historical cost 2020 ZWLm Due to
Old Mutual Life Assurance Company Zimbabwe Limited	75	-	26	-	16	-
Old Mutual Zimbabwe Holdco Limited	-	(3,498)	-	(4,238)	-	(2,637)
Old Mutual Investment Group Zimbabwe (Private) Limited	202	-	20	-	12	-
Old Mutual (Zimbabwe) Foundation Trust	-	(3)	-	-	-	-
Old Mutual Securities (Private) Limited	-	(3)	-	(7)	-	(5)
Old Mutual Insurance Company (Private) Limited	64	-	2	-	1	-
Central Africa Building Society	24	-	47	-	29	-
Old Mutual Finance (USD) Limited	-	(5,425)	-	(6,573)	-	(4,089)
The OMZIL Client Pension Exgratia Trust	8	-	9	-	6	-
The OMZIL Indigenisation Employee Share Trust	-	(3)	-	(1)	-	(1)
The OMZIL Management Incentive Share Trust	-	(5)	-	(2)	-	(1)
Old Mutual Finance (Private) Limited	9	-	15	-	9	-
Old Mutual Africa Holdings	-	(485)	-	(592)	-	(368)
	382	**(9,422)**	**119**	**(11,413)**	**73**	**(7,101)**

The amounts due from or to Group companies above are payable on demand.

	Inflation adjusted/ Historical cost 2021 ZWLm	Company Inflation adjusted 2020 ZWLm	Historical cost 2020 ZWLm
48 Other assets			
Legacy debt statutory receivable	8,528	10,794	6,716
Dividend receivable	1	7	4
Other	194	49	30
	8,723	**10,850**	**6,750**
49 Cash and cash equivalents			
Cash at bank and on hand	468	175	109

50 Share-based payments

50.1 Share based payments reserve

The equity share-based payment reserve is maintained in the Company from the date of issue of the share awards. On exercise of the share awards, settlement will be made through the structured entities controlled by Old Mutual Zimbabwe Limited.

The movement of the reserve during the reporting period is included in the statement of changes in equity.

50.2 Cash-settled share-based employee compensation plans

Broad Based Employee Share Plan (BBESP)

In 2018, the Group granted share awards to all eligible employees as part of the primary listing of Old Mutual Limited on the Johannesburg Stock Exchange (JSE). All permanent employees of the Group on the date of listing of Old Mutual Limited were eligible to participate, provided that they were still permanently employed by the Group on the grant date of 18 September 2018.

All participants received a fixed Rand value offer of R10 000 converted into the local currency after reducing the award by the amount needed to cover the tax liability on the award for each employee in compliance with tax legislation which states that share awards are taxable on grant. The actual number of shares granted to each employee were calculated on the grant date using the price of the Old Mutual Limited share on the JSE.

The BBESP award was restricted for a period of two years from the grant date. Participants were entitled to receive dividends in respect of the share awards during the restricted period. At the end of the restricted period, the value of the vested share awards would be paid in cash to the participants. The BBESP awards were not subject to performance conditions, however, the Award was subject to the condition that participants remain employed by the Group during the restricted period.

The balance of the liability at the end of reporting period was as below:

	Company December 2021 ZWLm	Company December 2020 ZWLm
Broad Based Employee Share Plan	-	-
	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

50 Share-based payments (cont'd)

50.2 Cash-settled share-based employee compensation plans (cont'd)

The fair value of services received in return for the BBESP was measured by reference to the fair value of share entitlements granted over the service period. The fair value was measured using the closing price of the Old Mutual Limited share on the JSE at each reporting date. The cash-settled share based payment liability was maintained in the Group and remeasured at each balance sheet date during the period up to exercise of the share options, with changes in fair value recorded in profit or loss.

Movements relating to share entitlements and awards during the year are as follows:

Deferred delivery entitlements	2021 Number of shares	2020 Number of shares
Outstanding, at beginning of year	-	1,873
Forfeited during the year	-	(1,873)
Outstanding, at end of year	**-**	**-**

All the outstanding shares vested in September 2021 at the completion of the restricted period and the participants were settled in cash, the value of the shares, on the vesting date, per the vesting conditions. The share price of the Old Mutual Limited share on the JSE was applied to the total shares held by each participant. The share scheme was wound up upon settlement of the outstanding obligations.

51 Provisions

Company	Employee related provisions ZWLm	Other ZWLm	Total ZWLm
Inflation adjusted audited			
2021			
Balance at beginning of year	45	20	65
Amount utilised	(34)	(31)	(65)
Charge	261	53	314
Balance at end of year	**272**	**42**	**314**
2020			
Balance at beginning of year	26	13	39
Amount utilised	(28)	(26)	(54)
Charge	47	33	80
Balance at end of year	**45**	**20**	**65**
Historical cost unaudited			
2021			
Balance at beginning of year	28	12	40
Amount utilised	(17)	(23)	(40)
Charge	261	53	314
Balance at end of year	**272**	**42**	**314**
2020			
Balance at beginning of year	4	2	6
Amount utilised	(5)	(10)	(15)
Charge	29	20	49
Balance at end of year	**28**	**12**	**40**

52 Deferred tax liabilities - Inflation adjusted (audited)

	At beginning 2021 ZWLm	Income statement charge ZWLm	At end 2021 ZWLm
Company			
Deferred tax liability			
Fair value adjustments	119	3	122
	119	**3**	**122**
Analysis of deferred tax - capital gains			**122**

	At beginning 2020 ZWLm	Income statement charge ZWLm	At end 2020 ZWLm
Deferred tax liability			
Fair value adjustments	29	90	119
	29	**90**	**119**
Analysis of deferred tax - capital gains			**119**

Deferred tax liabilities - Historical	At beginning 2021 ZWLm	Income statement charge ZWLm	At end 2021 ZWLm
Deferred tax liability			
Fair value adjustments	11	36	47
	11	**36**	**47**
Analysis of deferred tax - capital gains			**47**

	At beginning 2020 ZWLm	Income statement charge ZWLm	At end 2020 ZWLm
Deferred tax liability			
Fair value adjustments	4	7	11
	4	**7**	**11**
Analysis of deferred tax - capital gains			**11**

53 Other payables

	2021 Inflation adjusted ZWLm	2020 Inflation adjusted ZWLm	2021 Historical cost ZWLm	2020 Historical cost ZWLm
Dividend payable	25	40	25	25
Kurera-Ukondla Fund	8	13	8	8
Other liabilities	70	71	70	44
	103	**124**	**103**	**77**

54 Share capital and premium

Authorised share capital	**ZWL**	**ZWL**	**ZWL**	**ZWL**
292 953 125 ordinary shares of ZWL0.0000032 each	59 471	59,471	937	937
249 035 156 'A' class ordinary shares of ZWL0.0000032 each	50 586	50,586	797	797
83 011 718 'B' class ordinary shares of ZWL0.0000032 each	16 947	16,947	267	267
1 preference share of ZWL1 each	63	63	1	1
1 A preference share of ZWL1 each	63	63	1	1
Issued share capital				
249 035 156 'A' class ordinary shares of ZWL0.0000032 each	50 586	50,586	797	797
83 011 718 'B' class ordinary shares of ZWL0.0000032 each	16 947	16,947	267	267
1 preference share of ZWL1 each	63	63	1	1
1 A preference share of ZWL1 each	63	63	1	1
	67 659	**67,659**	**1,066**	**1,066**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

54 Share capital and premium (cont'd)

Subject to the limitations imposed by the Companies Act, the Articles of Association permit the directors to allot the unissued share capital at their discretion without restriction.

These class 'A' and 'B' shares carry the same rights as the ordinary shares.

The redeemable preference share issued to Old Mutual (Zimbabwe) Dividend Access Trust is not transferable and carries the following rights:

1. It would be entitled to a non-cumulative preferential annual dividend of ZWL100 (one hundred Zimbabwe dollars);
2. It shall be redeemable at any time at the discretion of Old Mutual Zimbabwe Limited;
3. It shall participate in Surplus Assets on liquidation, subject to a limit of ZWL1.00.
4. Subject to certain conditions, the directors of the company shall be entitled to declare such additional dividends in respect of the Share as they may from time to time, in their discretion, determine, subject to the provisions of the Scheme.

Subject to the requirements of any legislation that may from time to time compel the trustees of the Dividend Access Trust to withhold any amounts (whether in respect of taxation or otherwise) they shall be obliged to pay any dividends received by them as the shareholders of the preference share to the shareholders of Old Mutual Limited registered on its Zimbabwe share register, pro-rata to their shareholding in that company.

The 'A' redeemable preference share was issued to the OML (Zimbabwe) Dividend Access Trust (OML DAT) and is not transferrable and confers no rights to share in the assets of the Company during its continuation or on winding up other than through dividend participation or redemption in terms of the articles.

Shares held by the entity

The number of shares held by the entity and its subsidiaries, including within policyholder funds is 43 588 177 shares.

	No of shares 2021	No of shares 2020
Opening balance	46 088 177	47 206 186
Disposed of	(2 500 000)	(1 118 009)
Closing balance	**43 588 177**	**46 088 177**

55 Post employment benefits obligation

The Company provides pension benefits to permanent employees and post-retirement benefits to qualifying employees. Pension benefits have been designed and are administered in accordance with the Pension and Provident Funds Act (Chapter 24:09) and are defined contribution schemes.

The Old Mutual Staff Pension Fund

The Fund is a defined contribution plan registered to provide retirement benefits for the Company's full-time employees.

National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act 1989. The Company's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently a maximum of 9% of the insured amount provided by the National Social Security Authority. The employee and the employer contribute 50% each per month.

Old Mutual Post Retirement Medical Aid Subsidy Fund

The fund is a defined contribution plan for the Company's full-time employees.

	Inflation adjusted Audited		Historical cost Unaudited	
	Company 2021 ZWLm	Company 2020 ZWLm	Company 2021 ZWLm	Company 2020 ZWLm
Contributions recognised as an expense for the year				
Old Mutual Staff Pension Fund	10	4	9	2
National Social Security Authority Scheme	1	-	1	-

56 Capital commitments

	2021 ZWLm	2020 ZWLm
Authorised	656	25
Authorised and contracted for	-	-

57 Related party disclosures

Holding company and fellow subsidiaries.

The Company's immediate holding company is OM Zimbabwe Holdco Limited (UK) which holds 75% of the Group's ordinary shares. The ultimate holding company is Old Mutual Limited, incorporated in South Africa.

Other Group companies consist of subsidiaries, associates as well as other subsidiaries of Old Mutual Limited.

Transactions with holding company and other Group companies:

	Inflation adjusted Audited		Historical Cost Unaudited	
Subsidiaries	2021 ZWLm	2020 ZWLm	2021 ZWLm	2020 ZWLm
Old Mutual Zimbabwe Holdco Limited				
Nature of transactions				
Amounts due to at end of year	(3,498)	(4,238)	(3,498)	(2,637)
Old Mutual Investment Group Zimbabwe (Private) Limited				
Nature of transactions: Asset Management Fees	36	15	30	7
Management Fee Income	79	56	63	24
Amounts due to at end of year	202	20	202	12
Central Africa Building Society				
Nature of transactions; Bank charges	1	1	1	1
Management Fee Income	146	94	117	40
Management Fee Expense	11	14	9	5
Dividend received	483	167	350	100
Interest earned on Investments	2	1	2	1
Amounts due at end of year	24	47	24	29
Old Mutual Finance (Private) Limited				
Nature of transactions: Management Fee Income	3	5	3	2
Amounts due to at end of year	9	15	9	9
Old Mutual (Zimbabwe) Foundation Trust				
Nature of transactions: Management Fee Income	12	9	10	4
Amounts due at end of year	(3)	-	(3)	-
Old Mutual Finance (USD) Limited				
Nature of transactions				
Amounts due at end of year	(5,425)	(6,573)	(5,425)	(4,089)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

57 Related party disclosures (cont'd)

	Inflation adjusted Audited		Historical Cost Unaudited	
Subsidiaries	**2021 ZWLm**	**2020 ZWLm**	**2021 ZWLm**	**2020 ZWLm**
Old Mutual Life Assurance Company Zimbabwe Limited				
Nature of transactions: Management Fee Income	251	141	203	64
Management Fee Expense	5	10	4	3
Amounts due at end of year	75	26	75	16
Old Mutual Securities (Private) Limited				
Nature of transactions: Management Fee Income	2	4	2	2
Amounts due at end of year	(3)	(7)	(3)	(5)
Old Mutual Insurance Company (Private) Limited				
Nature of transactions: Management Fee Income	86	57	69	25
Amounts due at end of year	64	2	64	1

Loans due by or to subsidiaries and other Group companies

Loans due from or to subsidiaries or other Group companies accrue interest at market related interest rates and are repayable on demand.

All the Company's principal subsidiaries together with loans due from or to them are listed in Note 44 and 47.

Capital advances and amounts due from or to Group companies are disclosed in Note 47.

Key management personnel

Key management personnel and their close family members and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Group. Details of transactions are disclosed in Note 38.

58 Company statement of financial position

58.1 Categories of financial instruments

The analysis of assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments: Recognition and Measurement' (IFRS 9) is set out in the following table. For completeness, assets and liabilities of a non-financial nature or financial assets and liabilities that are specifically excluded from the scope of IFRS 9 are reflected in the non-financial assets and liabilities category.

Inflation Adjusted Audited **At 31 December 2021**	**At fair value through profit or loss ZWLm**	**At amortised cost ZWLm**	**Non-financial assets/ liabilities ZWLm**	**Total ZWLm**
Assets				
Investment property	-	-	45	45
Investments in subsidiary companies	-	-	4,623	4,623
Property and equipment	-	-	366	366
Intangible assets	-	-	2	2
Investments and securities	6,188	47	-	6,235
Amounts due by group companies	-	382	-	382
Other receivables	-	195	8,528	8,723
Cash and cash equivalents	-	468	-	468
	6,188	**1,092**	**13,564**	**20,844**
Liabilities				
Provisions	-	-	314	314
Deferred tax liabilities	-	-	122	122
Amounts due to group companies	-	9,422	-	9,422
Current income tax payable	-	-	2	2
Other payables	-	103	-	103
	-	**9,525**	**438**	**9,963**
At 31 December 2020				
Assets				
Investment property	-	-	38	38
Investments in subsidiary companies	-	-	4,541	4,541
Property and equipment	-	-	407	407
Intangible assets	-	-	3	3
Investments and securities	2,615	7	-	2,622
Amounts due by group companies	-	119	-	119
Other receivables	-	10,850	-	10,850
Cash and cash equivalents	-	175	-	175
	2,615	**11,151**	**4,989**	**18,755**
Liabilities				
Provisions	-	-	65	65
Deferred tax liabilities	-	-	119	119
Amounts due to group companies	-	11,413	-	11,413
Current income tax payable	-	-	3	3
Other payables	-	124	-	124
	-	**11,537**	**187**	**11,724**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

58 Company statement of financial position (cont'd)

58.1 Categories of financial instruments (cont'd)

Historical cost - Unaudited At 31 December 2021	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	45	45
Investments in subsidiary companies	-	-	183	183
Property and equipment	-	-	88	88
Intangible assets	-	-	1	1
Investments and securities	6,188	47	-	6,235
Amounts due by group companies	-	382	-	382
Other receivables	-	195	8,528	8,723
Cash and cash equivalents	-	468	-	468
	6,188	**1,092**	**8,845**	**16,125**
Liabilities				
Provisions	-	-	314	314
Deferred tax liabilities	-	-	47	47
Amounts due to group companies	-	9,422	-	9,422
Current income tax payable	-	-	1	1
Other liabilities	-	103	-	103
	-	**9,525**	**362**	**9,887**
At 31 December 2020				
Assets				
Investment property	-	-	25	25
Investments in subsidiary companies	-	-	126	126
Property and equipment	-	-	53	53
Investments and securities	1,627	4	-	1,631
Amounts due by group companies	-	73	-	73
Other receivables	-	6,750	-	6,750
Cash and cash equivalents	-	109	-	109
	1,627	**6,936**	**204**	**8,767**
Liabilities				
Provisions	-	-	40	40
Deferred tax liabilities	-	-	11	11
Amounts due to group companies	-	7,101	-	7,101
Current income tax payable	-	-	2	2
Other liabilities	-	77	-	77
	-	**7,178**	**53**	**7,231**

58 Company statement of financial position (cont'd)

58.2 Fair values of financial assets and liabilities

Analysis of instruments at fair value	Inflation adjusted/Historical cost			
At 31 December 2021	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
Financial assets measured at fair value				
Investment and securities	5,481	-	707	6,188
Total financial assets measured at fair value	**5,481**	**-**	**707**	**6,188**

	Inflation adjusted - Audited			
At 31 December 2020	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
Financial assets measured at fair value				
Investment and securities	2,347	-	268	2,615
Total financial assets measured at fair value	**2,347**	**-**	**268**	**2,615**

	Historical cost - Unaudited			
At 31 December 2020	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
Financial assets measured at fair value				
Investment and securities	1,460	-	167	1,627
Total financial assets measured at fair value	**1,460**	**-**	**167**	**1,627**

The movement in level 3 instruments for the year can be analysed as follows:

Inflation adjusted audited At 31 December 2021	Opening balance ZWLm	Gains/losses recognised in profit or loss ZWLm	Purchases and issues ZWLm	Sales and settlements ZWLm	Transfers into level 3 from other categories ZWLm	Transfers out of level 3 to other categories ZWLm	Closing balance ZWLm
Financial assets measured at fair value							
Designated (fair value through profit or loss)	**268**	**439**	**-**	**-**	**-**	**-**	**707**
Total financial assets measured at fair value	**268**	**439**	**-**	**-**	**-**	**-**	**707**
At 31 December 2020							
Financial assets measured at fair value							
Designated (fair value through profit or loss)	**193**	**(151)**	**226**	**-**	**-**	**-**	**268**
Total financial assets measured at fair value	**193**	**(151)**	**226**	**-**	**-**	**-**	**268**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

58 Company statement of financial position (cont'd)

58.2 Fair values of financial assets and liabilities (cont'd)

Historical cost unaudited At 31 December 2021	Opening balance ZWLm	Gains/losses recognised in profit or loss ZWLm	Purchases and issues ZWLm	Sales and settlements ZWLm	Transfers into level 3 from other categories ZWLm	Transfers out of level 3 to other categories ZWLm	Closing balance ZWLm
Financial assets measured at fair value							
Designated (fair value through profit or loss)	167	540	-	-	-	-	707
Total financial assets measured at fair value	167	540	-	-	-	-	707
Financial assets measured at fair value							
Designated (fair value through profit or loss)	27	86	54	-	-		167
Total financial assets measured at fair value	27	86	54	-	-	-	167

The level 3 investments consist of minority shareholdings in Nedbank Zimbabwe and Tenpill.

59 Company Financial risk management

Credit risk

Credit risk is the risk that an asset, in the form of a monetary claim against a counterparty, may not result in a cash receipt (or equivalent) in accordance with the terms of a contract.

The Company is exposed to credit risk through its investment holdings (i.e. money markets, cash and cash equivalents) and accounts receivable. Credit risk is managed by placing limits on exposure to a single counterparty, or Groups of counterparties. Credit risk associated with property rentals is managed through a credit vetting process, the requirement for rental deposits and close monitoring of the tenants' book.

	Inflation adjusted Audited		Historical cost Unaudited	
	Company 2021 ZWLm	Company 2020 ZWLm	Company 2021 ZWLm	Company 2020 ZWLm
Overall credit risk				
Short term funds and securities	67	17	67	10
Other receivables	8,723	10,850	8,723	6,750
Cash and cash equivalents	468	175	468	109
	9,258	**11,042**	**9,258**	**6,869**

Management of credit risk

The Group has delegated the responsibility for the management of credit risk to the Credit Committee which is responsible for oversight of the Group's credit risk, including that of the Company.

59 Company Financial risk management (cont'd)

	Inflation adjusted Audited		Historical cost Unaudited	
	Company 2021 ZWLm	Company 2020 ZWLm	Company 2021 ZWLm	Company 2020 ZWLm
Exposure to credit risk				
Legacy debt statutory receivable				
Carrying amount	8,528	10,795	8,528	6,716

Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due. The tables below set out the carrying amounts, by maturity, of the Company's financial instruments that are exposed to liquidity risk.

Maturity profile of assets and liabilities exposed to liquidity risk:

	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Inflation adjusted/Historical cost - 2021				
Cash and cash equivalents	468	-	-	468
Investments and securities	1,239	4,996	-	6,235
Other receivables	195	-	8,528	8,723
Other payables	(70)	-	(33)	(103)
	1,832	**4,996**	**8,495**	**15,323**
Inflation adjusted audited - 2020				
Cash and cash equivalents	175	-	-	175
Investments and securities	2,616	6	-	2,622
Other receivables	56	-	10,794	10,850
Other payables	4	(75)	(53)	(124)
	2,851	**(69)**	**10,741**	**13,523**
Historical cost unaudited - 2020				
Cash and cash equivalents	109	-	-	109
Investments and securities	1,628	3	-	1,631
Other receivables	34	-	6,716	6,750
Other payables	2	(46)	(33)	(77)
	1,773	**(43)**	**6,683**	**8,413**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

59 Company Financial risk management (cont'd)

Management of liquidity risk

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. The daily liquidity position of the Company is managed by the treasury department in liaison with the relevant management.

Liquidity gap

The Liquidity gap is the difference between assets and liabilities in a given maturity period.

Foreign currency risk

The Company has settlement exposure to foreign suppliers and creditors, as well as related parties who require payments to be made in foreign currency. Ability to settle is constrained by exchange control restrictions as well as the unavailability of nostro funding.

	2021 USDm	2020 USDm
Investments and securities	4	8
Other receivables	84	84
Cash and cash equivalents	-	-
Amounts owed to group companies	(87)	(87)
	1	**5**

60 Notes to the Group statement of cash flows

	Inflation adjusted Audited		Historical cost Unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
60.1 Non-cash movements and adjustments to profit before tax				
Depreciation and amortisation	1,078	835	265	99
Revaluation (surplus)/loss shadow accounting	(842)	224	(1,622)	1,024
Net fair value gains for the year included in profit before tax	(79,679)	(22,429)	(118,868)	(45,188)
Charges to provisions and post employment benefits obligation	(127)	901	153	932
Share-based payments charge	-	23	(17)	14
Movement in policyholder liabilities	63,353	17,790	92,272	39,362
Unrealised exchange gains	(996)	(3,051)	(996)	(1,915)
	(17,213)	**(5,707)**	**(28,813)**	**(5,672)**
60.2 Changes in working capital				
Insurance, other receivables and amounts due from Group companies	(13,785)	(12,954)	(24,442)	(15,675)
Insurance, other payables and amounts due to Group companies	8,005	16,272	24,278	21,547
Reinsurer's share of insurance contract liabilities	18	258	(135)	(117)
Deferred acquisition costs	2	26	(17)	(16)
Inflation adjustment	(3,683)	3,312	-	-
	(9,443)	**6,914**	**(316)**	**5,739**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

60 Notes to the Group statement of cash flows (cont'd)

Group	Inflation adjusted Audited 2021 ZWLm	Inflation adjusted Audited 2020 ZWLm	Historical cost Unaudited 2021 ZWLm	Historical cost Unaudited 2020 ZWLm
60.3 Taxation paid				
Taxation payable at beginning of year	94	86	58	12
Income tax charge for the year	(397)	(373)	(367)	(209)
Taxation payable at end of year	(91)	(94)	(91)	(58)
	(394)	**(381)**	**(400)**	**(255)**
60.4 Dividends paid				
Dividends payable at beginning of year	(517)	(517)	(72)	(72)
Dividends declared during the year	-	-	-	-
Dividends payable at end of year	115	115	72	72
Inflation adjustment	402	402	-	-
	-	-	-	-
61 Company				
61.1 Non-cash movements and adjustments to profit before tax				
Depreciation and amortisation	108	64	23	8
Net fair value (gains)/losses for the year included in profit before tax	(4,041)	721	(4,158)	(1,241)
Charges to provisions and post employment benefits obligation	249	26	274	35
Inflation adjustment	1,017	(2,092)	-	-
	(2,667)	**(1,281)**	**(3,861)**	**(1,198)**
61.2 Changes in working capital				
Other receivables and amounts due from Group companies	1,864	(10,681)	(2,282)	(6,784)
Other payables and amounts due to Group companies	(2,012)	10,158	2,347	6,928
	(148)	**(523)**	**65**	**144**
61.3 Taxation paid				
Taxation payable at beginning of year	3	4	2	(1)
Income tax charge for the year	(191)	(106)	(191)	(66)
Taxation payable at end of year	2	3	1	2
	(186)	**(99)**	**(188)**	**(65)**
61.4 Dividends paid				
Dividends payable at beginning of year	(115)	(517)	(72)	(72)
Dividends declared during the year	-	-	-	-
Dividends payable at end of year	72	115	72	72
Inflation adjustment	43	402	-	-
	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

62 Going concern

The consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation for the foreseeable future. The Group has recognised a historical profit after tax of ZWL35.6 billion for the year ended 31 December 2021 (2020: ZWL11.1 billion) and, as at that date, total assets exceeded total liabilities by ZWL52.8 billion (2020: ZWL 15.2 billion). The Company recognised a profit after tax of ZWL4.7 billion for the year ended 31 December 2021 (2020: ZWL1.2 billion) and, as at that date, total assets exceeded total liabilities by ZWL6.2 billion (2020: ZWL 1.5 billion). An assessment of the possible effects of COVID-19 on the going concern of the Group is discussed in detail in Note 62.1.

For the Group, inflation adjusted total assets increased from ZWL152.6 billion in 2020 to ZWL258.2 billion as the nominal growth in assets on the historical cost and fair value bases of accounting (175%) exceeded inflation for the 2021 full year of 60.7%. The restated total equity of ZWL57.1 billion was higher than the restated comparable of ZW27.8 billion mainly due to investments growth, increased lending and foreign exchange gains. As for the Company, inflation adjusted total assets grew from ZWL18.8 billion in 2020 to ZWL20.8 billion. The restated total equity of ZWL10.9 billion was higher than the restated comparable of ZWL7.0 billion.

Funds under management (FUM) for the asset management business were up by 207% to ZWL245.8 billion mainly due to positive investment performance and foreign currency translation gains. The business core pillars and foundations remained in place, as evidenced by growth in total customer numbers from 1.40 million to 1.47 million, the diversified sources of revenue generated and positive operating margins in most business segments.

The financial position of the Group and the Company, their cash flows, liquidity position and borrowing facilities are described above. In addition, Notes 2, 40, 41, 58 & 59 to the financial statements include the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. The Company also has adequate financial resources to continue in operation for the foreseeable future.

We refer also to Note 25.2 on the Legacy debt statutory receivable from the Reserve Bank of Zimbabwe in connection with certain obligations to related parties outside Zimbabwe. The directors have no reason to believe that the RBZ will not support the discharge of the external obligations. This assertion is also supported by the recently passed Finance bill H.B 16 2022 which provides for the discharge of legacy debts on the RBZ's balance sheet by the Government of Zimbabwe. The parent company, OML, has indicated that they will also support an orderly resolution of the matter in a way that does not negatively impact on the financial stability of the Group in Zimbabwe. This is in the event that support from the RBZ fails to materialise - something considered unlikely at this point.

The directors have thus assessed the ability of the Group and the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

62.1 Impact of COVID-19 on the business

The Group's business includes banking services, asset management, micro-finance, stockbroking, life assurance as well as short term insurance. The measures adopted by the Government of Zimbabwe to help curb the spread of the virus included periods of lockdown which meant that some of our staff had to work from home. The business has managed to enable most staff members to work from home whilst also ensuring that necessary safety measures were implemented at the workplace to protect staff that need to be physically present at the workplace as well as customers, this has been done to ensure continuity of business operations. A significant amount had to be spent on IT hardware and sanitary equipment, but some savings were realised in other areas of normal operations.

COVID-19 did not have a significant impact on the Group's ability to continue to operate as a going concern. The claims ratio in the life and short-term businesses remained consistent with previous reporting periods. Rental yields as well as voids slightly improved during the period under review as the busines managed to achieve rent escalations due to regular reviews effected during 2021. In 2020 there was a lag between inflation and the level of rental increases achieved which was not the case in 2021. We managed to record positive net client cashflows during the year, while the performance of the Zimbabwe Stock Exchange (ZSE) positively impacted Funds Under Management and management fees.

62 Going concern (cont'd)

62.1 Impact of COVID-19 on the business (cont'd)

CABS exercised selective lending and provided more lenient terms to clients that were negatively impacted by the pandemic. Due to the need to exercise prudence, we have increased IFRS 9 loan loss provisions to cater for potential deterioration in loan performance in the future due to the likely adverse impact that the pandemic will have on some customers. Notwithstanding an increase in credit loss provisions, CABS remained profitable due to better than expected revenue performance, particularly on non-funded income. The Non Performing Loan (NPL) ratio remained within acceptable levels of below 5%. Assumption setting has a long term focus and changes in assumptions usually require more than a single event. No untoward changes in mortality patterns attributable to COVID-19 were observed during the period under review. The following table tracks some of the Group's Key Performance Indicators over the past three years.

Key Performance Indicator	2021	2020	2019
Claims ratio - Short-term Insurance	54%	45%	61%
Claims ratio - Long term Insurance	88%	58%	69%
Voids	16%	18%	17%
Rental yield	93%	92%	93%
Cost to income ratio	48%	41%	48%
Non Performing Loans ratio	0.2%	0.4%	2%

The Group put in place the following measures amongst others in order to protect margins and reinforce the liquidity and capital adequacy position in the foreseeable future.
- management of client relations to maintain and grow the current portfolio
- continuing to introduce market relevant products in order to grow business volumes
- ensuring pricing levels remain sustainable and competitive with regular reviews in response to inflation
- proactive monitoring of facilities to mitigate migrations into a non-performing status
- critical credit assessment of new loan disbursements
- mobilisation of diverse deposits with staggered maturity profiles
- investing excess capital in real assets particularly the ZSE whose year on year growth in 2021 surpassed annual inflation
- taking advantage of opportunities available to generate more revenue in hard currency, especially USD
- careful management of cost to income ratios.

The Group managed to maintain a strong liquidity and capital position throughout the 31 December 2021 reporting period.

	Inflation adjusted Audited		Historical cost Unaudited	
	Group 2021 ZWLm	Group 2020 ZWLm	Group 2021 ZWLm	Group 2020 ZWLm
63 Assets held under fiduciary capacity				
Managed third party funds	91,078	23,716	91,078	14,775

Managed funds

The Group holds a custodianship responsibility in respect of assets owned by certain pension funds and private clients. Funds under management represent assets being managed on behalf of investors and these are kept off balance sheet. Total funds management (including Group funds) as at 31 December 2021 were ZWL245.8 billion (2020: ZWL80.0 billion).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

64 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 1:108.6660; Depreciated at 50% and 75%.

Foreign currency denominated Assets/Liabilities	2021 Group USDm 31Dec 2021	2021 Group ZWLm Translated @1:108.6660	2021 Group ZWLm 50% Depreciation	2021 Group ZWLm 75% Depreciation
Assets				
Investments and securities	96	10,432	15,648	18,256
Loans and advances	126	13,692	20,538	23,961
Other receivables	9	978	1,467	1,712
Cash and cash equivalents	165	17,930	26,895	31,378
Total assets	**396**	**43,032**	**64,548**	**75,307**
Liabilities				
Long-term business policyholder liabilities	80	8,693	13,040	15,213
Borrowed funds	89	9,671	14,507	16,924
Amounts due to Group companies	92	9,997	14,996	17,495
Amounts owed to bank depositors	84	9,128	13,692	15,974
Other payables	13	1,413	2,120	2,473
Total liabilities	**358**	**38,902**	**58,355**	**68,079**
Net assets	**38**	**4,130**	**6,193**	**7,228**

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

Refer to note 25.2 for the accounting treatment of other obligations to related parties outside Zimbabwe.

65 Subsequent events

65.1 Movement of fair value of listed shares

Subsequent to year end, the value of the Zimbabwe Stock Exchange (ZSE) all share index had increased by about 39%. This subsequent increase in ZSE price resulted in Group's listed equities increasing by ZWL43.6 billion as at 28 February 2022, while profits for that period have been positively impacted by ZWL10.8 billion on a historical cost basis. The Group's subsidiaries remain well capitalised.

65.2 Dividend declaration

Subsequent to year end, the Company declared a dividend of ZWL823.6 million which translates to ZWL248 cents per share out of the 2021 profits.

NOTICE OF THE ANNUAL GENERAL MEETING (AGM)

NOTICE is hereby given that the 24th Annual General Meeting of members of Old Mutual Zimbabwe Limited (the Company) will be held virtually at https://escrowagm.com/eagmZim/Login.aspx on Wednesday 18 May 2022 at 1500 hours for the purposes of transacting the following business:

AS ORDINARY BUSINESS

Minutes of last Annual General Meeting

1. To approve the minutes of the 23rd Annual General Meeting (AGM) that was held on 19 August 2021.

Financial Statements and Statutory Reports

2. To receive, consider and adopt the Corporate Governance Report, inclusive of the Report by the Audit Committee, for the financial year ended 31 December 2021.
3. To receive, consider and adopt the Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 December 2021.

Directorate

4. In terms of Article 106 of the Articles of Association, one-third of the Directors shall retire from office and are eligible for re-election. Mr A Daka and Mrs N Samuriwo retire by rotation and, being eligible, offer themselves for re-election.
5. To confirm the remuneration of Directors amounting to ZWL$14,168,380 for the year ended 31 December 2021.

External Auditors

6. To approve the External Auditors' remuneration amounting to ZWL$53,145, 898 for the year ended 31 December 2021.
7. To reappoint Deloitte as the Company's auditors for the ensuing year.

Dividend

8. To confirm the payment of a final dividend of ZWL823,590,584.28 being, ZWL248.03 per share, for the year ended 31 December 2021.

AS SPECIAL BUSINESS

To pass the following special resolution, with or without modification:

9. The adoption and substitution of a new Memorandum and Articles of Association for the Company compliant with the requirements of the new Companies and Other Business Entities Act [Chapter 24:31] including, among other changes, the following:

i. Allow the holding of the meetings of members, and voting thereat through virtual or electronic means;

ii. All references to the Companies Act shall now be to the Companies and Other Business Entities Act [Chapter 24:31] or its successor legislation;

iii. The articles shall be amended to reflect that the Company shall have a minimum of 7 and a maximum of 15 directors;

iv. The quorum at any meeting of the board shall be 3/5ths of the total membership of the board;

v. The quorum of a meeting of members shall be not less than one-third of the votes of the shares entitled to so vote;

vi. A director or officer of the Company may not act as a proxy for a shareholder; and

vii. The Company's share capital shall be redenominated into Zimbabwe dollars (ZWL) at a parity rate to the United States dollar.

Appointment of Proxy

In terms of section 171 of the Companies and Other Business Entities Act [Chapter 24:31] and Article 78 of the Articles of Association of the Company, a member entitled to attend and vote at a meeting is entitled to appoint a proxy to speak and vote in his stead. A proxy need not be a member of the Company, provided that a director or officer of the Company may not be a proxy for a shareholder. Article 80 of the Articles of Association of the Company requires that Forms of Proxy reach the Company's registered office or the office of the Transfer Secretaries (Corpserve Transfer Secretaries Registrars (Private) Limited, 2nd Floor, ZB Centre, Kwame Nkrumah Ave, P O Box 2208, Harare, Zimbabwe) not less than forty-eight (48) hours before the date set for the Meeting. Alternatively, Electronic Proxy forms, duly completed, signed and stamped (in the case of a corporate shareholder) may also be emailed to corpserve@escrowgroup.org. Article 81 of the Articles of Association of the Company provides that an instrument appointing a proxy shall be executed in any usual or common form.

Registration for the AGM

As a result of the prevailing COVID-19 (2019 Coronavirus) pandemic and the prevailing lockdown restrictions, we will be conducting our Annual General Meeting virtually. Please contact Setfree Nhapi or Robert Mazvanara for assistance with registration for the Annual General Meeting:

Email: setfree@escrowgroup.org / robert@escrowgroup.org.
Landline: +263 242 758193
Cell phone: Setfree: +263 719 024972
Cell phone: Robert: +263 772 289768

2021 Annual Report

Electronic copies of the Company's 2021 Annual Report have been emailed to those shareholders whose emails are on record.

The Annual Report will also be available on the company's website at the following link https://www.oldmutual.co.zw/about-us/financial-results from 29 April 2022.

By Order of the Board

Hardlife R. Nharingo
GROUP COMPANY SECRETARY
Registered Office
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare
ZIMBABWE

27 April 2022

NOTES

OLDMUTUAL