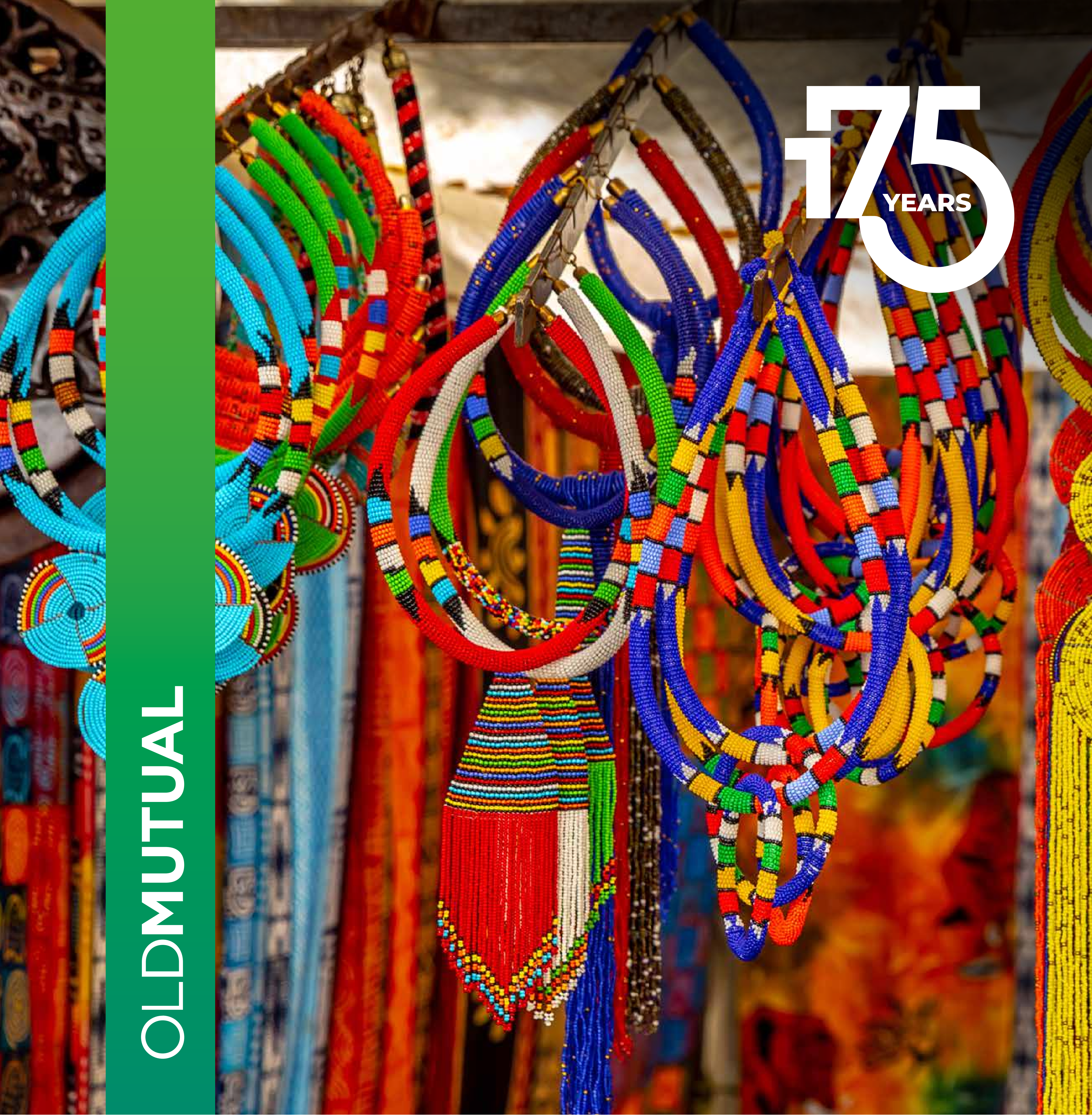

OLD MUTUAL ZIMBABWE LIMITED

Consolidated Abridged Audited Financial Statements

For the year ended 31 December 2019

175 YEARS OF DOING GREAT THINGS

Chairman's Statement

"The scale of inflation experienced in the economy as well as the magnitude of currency depreciation within a short period severely undermined the ability of the business to deliver positive financial returns to shareholders in real terms"

Johannes !Gawaxab

Economic Environment

The year 2019 proved to be a very difficult one for the business and its customers given the emergence of hyperinflation, the loss of confidence in, and resultant rapid depreciation of the reintroduced Zimbabwe dollar and falling disposable incomes.

Transition was the dominant theme during the year ended 31 December 2019. Macro-economic reforms were anchored on the re-introduction of the Zimbabwe dollar, fiscal consolidation and an accompanying targeted money supply framework. The impact of these policies on the socio-economic environment was however mixed.

The managed transition towards free market tenets was in-part captured by the partial lifting of subsidies on foreign currency, fuel, electricity and other goods and services. Treasury recorded a cash budget surplus of ZWL$437 million by year end. The flipside featured incessant wage increase pressures and earlier in the year, public protests that somewhat turned violent. Aggregate demand conditions were further strained by adverse weather conditions with dire consequences on food security, power generation and overall economic output. Consequently, government estimates that the economy shrunk by 6.5% in 2019.

The official reintroduction of a local currency (ZWL$) regime in June 2019 underpinned monetary policy reforms. A series of legal instruments gazetted by the government, confirmed a notable loss of value in the savings industry. Of note is Statutory Instrument 33 of 2019 (SI 33) gazetted on 22 February 2019 that converted certain United States dollar-denominated assets and liabilities to local currency, at an exchange rate of ZWL1:USD1. This was followed in June 2019 by Statutory Instrument 142 (SI142) which made the Zimbabwe dollar sole legal tender in the country and banned the use of other currencies for local transactions, (other than for very limited exceptions), thus ending the multi-currency dispensation that had existed since 2009.

Inherent foreign currency supply side constraints, and insignificant foreign currency reserves exerted immense pressure on the local currency. From official parity at the beginning of the year; the ZWL$ closed the year under review 94% weaker at ZWL$16.77 per US$. Exchange rate pass-through effects on imported goods caused significant inflationary pressures. Implied inflation closed 2019 at 521.2%, up from 42.1% in the prior year.

Supported by growth in money supply, the local equities nominally delivered capital gains as the ZSE industrial index closed the year to 31 December 2019 up by 57.3%. Factoring inflation, equities however lost value in real terms to the tune of -74.7%. Property nominal returns were propped up by currency depreciation - despite increasingly compromised rental yields. Depressed local-currency borrower appetite and the central bank's interest rate policy kept money market interest rates relatively low, notwithstanding the inflation driven result of negative real interest rates.

Treasury commenced issuance of Treasury Bills based on a public auction system. The average yield on Treasury Bills of 15% was however unattractive when compared to the levels of inflation. In real terms, market yields closed the year with a negative yield of 81.5%. Despite efforts to protect value for our customers and the business, the weak performance in real terms of the investment markets meant that there were unfortunately very limited options through which this could be achieved.

Financial performance

In terms of International Financial Reporting Standards (IFRS) the inflation adjusted accounts are considered to be the primary financial statements of the Group. The historical cost basis was the primary basis for preparing the financial statements in 2018 and is included this year as supplementary information.

Inflation Accounting

During the current year, the Group adopted International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) as the characteristics of the economic environment indicating hyperinflation in terms of the accounting standard were met. On an inflation adjusted basis in terms of International Accounting Standard (IAS) 29, the Group had an inflation adjusted loss before tax of ZWL$2.7 billion in 2019 compared to an inflation adjusted profit before tax of ZWL$592.5 million in 2018. Inflation adjusted total assets declined by 42% from ZWL$27.5 billion to ZWL$16.0 billion as the nominal growth in assets on the historical cost and fair value basis of accounting (250%) was exceeded by inflation for the 2019 full year of 521.2%. The inflation adjusted total equity of ZWL$2.3 billion was 55% lower than the inflation adjusted comparable of ZWL$5.1 billion mainly due to the impact of asset growth lagging inflation.

Performance on the Historical Cost basis

On the historical cost basis profit before tax increased by 247% from ZWL$329.9 million in 2018 to ZWL$1.1 billion in 2019 driven by growth across several revenue lines. Total revenue went up by 487% from ZWL$1.4 billion to ZWL$8.2 billion on the back of growth in investment gains, interest income as well as fees and commissions. Operating profit increased by 445% from ZWL$79.1 million to ZWL$431.6 million driven by profit growth in the life, banking and short-term insurance businesses.

Net earned premiums (NEP) grew by 83% from ZWL$202.8 million to ZWL$371.4 million in total for the life and short-term insurance businesses due to a combination of client retention, increase in sums insured in response to high levels of inflation, foreign currency denominated business written prior to the promulgation of SI142 and new ZWL business that was underwritten.

Operating profit for the life business was 407% higher than prior period as a result of growth in asset-based fees, growth in premium income and foreign currency translation gains. The short-term insurance business recorded an operating profit compared to an operating loss in 2018 largely due to the impact of foreign currency translation gains on assets denominated in foreign currency.

The banking business recorded a profit growth of 345%, to ZWL$216.3 million, up from ZWL$48.6 million in 2018. This was mainly driven by growth in net interest income, non-funded income and significant property fair value gains.

Funds under management (FUM) for the asset management business were up by 344% to ZWL$14 billion mainly due to positive investment performance and foreign currency translation gains. The asset classes that mainly contributed to the positive investment performance were listed equities, property and investments denominated in foreign currency. However, the asset management business had an operating loss compared to an operating profit in 2018 mainly due to the impact of translation losses on liabilities denominated in foreign currency.

Operating and administration expenses increased by 299% to ZWL$364.8 million from ZWL$91.4 million in the comparable prior period. The increase was driven by inflationary pressures and the impact of local currency devaluation which resulted in costs of imported goods and services increasing significantly. The business also incurred higher staff costs in the process of cushioning staff against rising inflation. It is noteworthy however that the increase in expenses is less than recorded inflation over the period of 521.2%.

Total assets increased by 250% from ZWL$4.4 billion as at 31 December 2018 to ZWL$15.4 billion. Total equity increased by 159% from ZWL$825.4 million to ZWL$2.1 billion mainly driven by growth in profit.

The effect of hyperinflation and steep currency depreciation

The picture painted in the preceding paragraphs tells the story of a business whose core pillars and foundations remained in place, as evidenced by growth in total customer numbers from 1.2 million to 1.3 million, the diversified sources of revenue generated and positive operating margins in most business segments. The scale of inflation experienced in the economy as well as the magnitude of currency depreciation within a short period, however, severely undermined the ability of the business to deliver positive financial returns to shareholders in real terms. This is reflected in the fact that in most financial statement categories, on the historical cost fair value accounting basis, year on year nominal growth was below inflation. With the business being mostly exposed to financial assets denominated in Zimbabwe dollars, significant loss of value in real terms was experienced by both shareholders and customers. There remains a need to encourage foreign currency circulating in the informal market to flow into the formal economy to promote formal and more transparent financial intermediation.

Operations

Despite economic challenges the business sought to identify opportunities for improvement and growth by focusing on:

- Developing and offering adapted products that seek to provide the best value for money to our customers in the current environment;
- Minimising the risk of loss of value for our customers and shareholders;
- Building digital platforms and;
- Business reorganisation to enhance efficiencies.

The life assurance business developed and launched a new cash funeral product named the Old Mutual Flexi Funeral Plan. It is structured as a one year renewable contract with reviewable sums assured and premiums. The product is designed to provide value to our customers through its flexibility as it will enable them to review their cover level in response to changes in their financial circumstances as and when the need to do so arises. The product has competitive premiums and we expect it to contribute positively to the Group's financial inclusion drive. We remain committed to ensuring the relevance of our product offering to the operating environment so that we continue to provide value for our customers.

The Eight2Five innovation hub was established to focus on driving innovation as well as incubating and accelerating new ideas. We expect this initiative to:

1. Provide a platform enabling development of business solutions to the Group or to third parties on a commercial basis.
2. Enhance the innovation culture within the business; and
3. Develop new uses for some buildings in the existing property portfolio.

In collaboration with our partners, Udugu and British Council, we launched Eight2Five's first Value Creation Challenge.

The Group continued investing in digital platforms for our banking customers. These will provide them with flexibility and convenience when transacting. In 2019 we processed over 100 million transactions on Mobile and Point of Sale platforms, which is a significant portion of the market. Notwithstanding the progress made, foreign currency shortages and the continued depreciation of the Zimbabwe dollar adversely affected our capacity to fully implement the digital and technology related initiatives that had been earmarked for the 2019 financial year.

Our alternative investments (Private Equity) portfolio grew from ZWL$108.2 million at the end of 2018 to ZWL$706.7 million as of 31 December 2019. The growth was due to a combination of new investment disbursements of ZWL$138.4 million and capital appreciation of existing portfolio companies. Our focus on private equity is bearing fruit in terms of enhancing investment returns.

We acquired 27 hectares of land in Ngezi. This is in line with our efforts to grow exposure to the mining sector and value chain and diversify the property portfolio geographically. We initially expected to start development of this land in the second half of 2019, however we encountered delays. Development is now expected to commence in 2020. We also acquired 12.6 hectares of land in Victoria Falls. The Eastgate Market is now open and line shops as well as the anchor tenant have started operating. The fit outs of market stalls is now complete and these were opened for trading in December 2019.

As previously highlighted we undertook a review of the structure of the Old Mutual Zimbabwe Limited Group and concluded that the interests of both shareholders and customers would be best served by restructuring the Group into a simpler and more optimal outfit.

The outcome was a re-organised Old Mutual Zimbabwe Limited businesses along three clusters based on the major lines of business. The clusters are Insurance, Banking and Investments. Old Mutual Zimbabwe Limited remains the holding company of the subsidiaries operating in these clusters.

The regulatory and shareholder approvals necessary to carry out this business re-organisation were obtained at the beginning of 2019. The business re-organisation was completed in the second half of 2019. The expected benefits include cost efficiencies and improved market responsiveness.

Leadership Changes

In line with the Old Mutual Group's retirement policy, our Group Chief Executive Officer (GCEO) Mr Jonas Mushosho retired on the 31st of December 2019, after 30 years of service to the Old Mutual group in various capacities, including the last seven years as GCEO, with the period 2016 to 2019 having seen him simultaneously take on additional responsibilities in 12 countries excluding South Africa as Managing Director for Old Mutual Rest of Africa. Following a thorough and extensive recruitment process during which both internal and external candidates were considered, the Board approved the appointment of Mr Samuel Matsekete as the new GCEO, effective from the beginning of January 2020. Samuel re-joins Old Mutual from First Capital Bank where he was Managing Director.

On behalf of the Board and on my own behalf I would like to extend our appreciation to Jonas for his service to the Group, as well as to wish him well in his retirement. I would also like to welcome Sam as our new GCEO and look forward to his contribution to the future success of our organisation.

In fulfilment of various governance requirements, as well as the need to comply with Old Mutual group age and term limits, there was a restructuring of the Board of Directors of Old Mutual Zimbabwe Limited, as well as those of its subsidiaries. Details are contained in the Directors Report. My thanks also go out to the retiring directors for their immeasurable contribution to the group over the years, while also welcoming the new directors to the Old Mutual family.

Outlook

Going forward, limited fiscal funding options, the inability to access foreign capital markets, a rapidly weakening local currency, the impact of COVID-19 pandemic on the economy and policy inconsistency, pose the risk of further economic instability risk. Overall, we have a negative view on the near-term outlook as economic scenarios remain skewed to the downside. We however back government efforts to contain inflation and stabilise the currency market through measures that increase production in the primary and secondary industries and support stated intentions of avoiding increasing money supply at levels which are not supported by the level of productive economic activity. We urge the intensification of initiatives to fight corruption and financial mismanagement which place an intolerable cost on the economy.

Appreciation

On behalf of the Board, I would like to thank our customers for their continued support and trust throughout 2019. My appreciation also goes to the Group's employees and management for their efforts, and commitment to successfully steer the business through the current difficult business environment.

Dividends

Taking into account the current economic environment, exacerbated by post year end concerns over the COVID-19 pandemic and the potential economic impact therof, as well as the need for the business to manage its capital prudently, the board has not declared a final dividend.

Johannes !Gawaxab 29 May 2020
Chairman

Auditor's Statement

The condensed Group inflation adjusted financial results should be read in conjunction with the complete set of Group inflation adjusted financial statements as at and for the year ended 31 December 2019, which have been audited by KPMG Chartered Accountants (Zimbabwe) and an adverse opinion has been issued thereon. The auditor's report has an adverse opinion in respect of non-compliance with International Accounting Standard 21, The Effects of Changes in Foreign Exchange Rates (IAS 21) on both the current and prior year financial statements including the resultant effect on first time application of International Accounting Standard 29, Financial Reporting in Hyperinflationary Economies (IAS 29), International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8), the treatment of the legacy debt receivable from the RBZ, and the exchange rates used in the translation of certain United States dollar denominated short term insurance policies.

In addition, included in the basis of adverse opinion in the audit report, the auditors draw attention to the uncertainties around the ongoing Covid-19 pandemic as disclosed in the financial statements.

The opinion, which does not include any other key audit matters given the basis for adverse opinion, is available for inspection at the Company's registered address.

30 May 2020

Directors' Report

Responsibility

The Directors are responsible for the preparation and fair presentation of the Group and Company annual financial statements, comprising the statement of financial position as at 31 December 2019; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the year then ended; 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 Act (Chapter 24:03). 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 made an assessment of the ability of the Group and Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

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), are in agreement with the underlying books and records, have been properly prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant regulations made thereunder, the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Microfinance Act (Chapter 24:09), 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 includes standards adopted by the International Accounting Standards Board (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 recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

While full compliance with IFRSs has been possible in previous reporting periods, only partial compliance was achieved for 2018, which has had a knock-on effect on the comparative information presented in the 2019 financial statements.

The IFRS Conceptual Framework, provides that in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 "The Effects of Changes in Foreign Exchange rates" (IAS21) requires an entity to apply certain parameters in determining the functional currency of a company, for use in preparing financial statements.

IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In February 2019, the Government of Zimbabwe issued Statutory Instrument 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 may be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe.

In our opinion, the requirement to comply with Statutory Instrument 33 of 2019 has created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This resulted in accounting treatment being adopted in the 2018 financial statements and also in the part of the 2019 financial year covered by SI33, which is different from that which would have been adopted if the Group had been able to fully comply with IFRSs. In particular the Company was compelled to use a functional currency and exchange rates during the relevant period via application of the law, that was different to what would have been obtained if the directors had been free to apply the results of their own assessment of economic and market reality on the ground as required by IFRS. As such in 2018, directors and management were unable to produce financial statements which in their view would be true and fair. In the Directors report for 2018, the directors advised users of the financial statements to exercise due caution in interpreting the financial statements, and this advice still stands with regards to the comparative financial information presented in the 2019 financial statements.

For 2019, the emergence of hyperinflation has resulted in the adoption of inflation adjusted accounts prepared in terms of International Accounting Standard 29 (IAS29) "Financial Reporting in Hyperinflationary Economies", as the primary basis of reporting. However, these inflation adjusted financial statements are to a great extent impacted by the inflation driven indexation of certain historical cost amounts in the prior period financial statements. In this regard, the factors carried over from 2018 as described above also impact on the comparative financial information for 2018 contained in the current year inflation-adjusted financial statements prepared under IAS29.

The impact of non-compliance with IAS21 is not considered material for the months of January and February 2019 which also fall under period defined in SI33.

There has also been non-compliance with IFRS due to the decision by the Directors to recognise a receivable under the 'legacy debt/blocked funds' arrangement announced by the RBZ in terms of Exchange Control Directive RU28 of 2019. While the arrangement does not represent a contractual obligation on the part of the RBZ, the directors believe that a constructive obligation exists, based on a legitimate expectation that the RBZ will perform in terms of the arrangement as communicated to the Group.

The directors are not aware of other areas of non-compliance with IFRS in the 2019 financial statements. However, the directors would like to draw the attention of users of the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as property valuations, valuation of unlisted investments as well as the carrying value of certain receivables. 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 taken into account in the 2019 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.

Given the COVID-19 disease that has been declared a global pandemic by the World Health Organisation, the directors have found it prudent to add additional disclosure in the financial statements on the possible impact to the business as detailed in Note 22.2.

Capital

The issued share capital is made up of 249 035 156 "A" class shares of ZWL$0,0000032 each, 83 011 718 "B" class shares of ZWL$0,0000032 each, 1 redeemable preference share of Z$1.00 and 1 "A" redeemable preference share of ZWL$1.00. The shares are owned by Old Mutual Zimbabwe Holdco Limited (75%); as well as allocations to Indigenisation Trusts and various other shareholders (22.2%) and a strategic partner (2.8%). The 1 redeemable preference share issued is owned by Old Mutual (Zimbabwe) Dividend Access Trust and the 1 "A" redeemable preference share by OML (Zimbabwe) Dividend Access Trust.

Dividend

During the year the following dividends were paid out as follows:

I.	Preference dividend declared out of 2018 profits and paid during the year; April 2019	ZWL$11 696 275
II.	Ordinary dividends declared out of 2018 profits and paid during the year; April 2019	ZWL$20 000 000
III.	An interim preference dividend declared out of 2019 profits and paid during the year October 2019	ZWL$28 740 898

Directors

Mr.	J	!Gawaxab	(Chairman)
Mr.	D	Benecke	
Mr.	C	Chinaka	-Appointed 8 January 2020
Mr.	A	Daka	-Appointed 8 January 2020
Dr.	C	Dhliwayo	-Appointed 8 January 2020
Mr.	TM	Johnson	-Retired 31 December 2019
Mr.	MP	Mahlangu	-Retired 31 December 2019
Dr.	K	Mandevani	
Mr.	IT	Mashinya*	(Group Chief Operating Officer)
Mr	S	Matsekete*	(Group Chief Executive Officer) –Appointed 1 January 2020
Mr.	NTT	Mudekunye*	(Group Finance Director)
Mr.	J	Mushosho#	
Mrs.	N	Samuriwo	-Appointed 8 January 2020
Dr.	LL	Tsumba	-Resigned 15 October 2019
Mr.	IG	Williamson	-Resigned 1 August 2019
Ms.	C	Ross	-Appointed 23 March 2020

*Denotes Executive Director
Retired as Group Chief Executive Officer on 31 December 2019.

As part of a restructuring exercise encompassing governance structures the Company implemented the Old Mutual Limited Group Governance Framework, which required directors who had served a continuous tenure of 9 years or more on the board, or had attained the age of 70 and above, to retire. Messrs. MP Mahlangu and TM Johnson retired in fulfillment of these requirements, while Mr. D Benecke retires at the end of 31 May 2020 for the same reasons. He remained on the board in the interim for purposes of finalising the 2019 annual financial statements in respect of which he played a crucial role as Chairman of the Audit Committee. Mr. J Mushosho has stepped down from the board following his retirement as Group Chief Executive Officer of the Company.

Dr. K. Mandevani and Mr. IT. Mashinya retire by rotation, and being eligible, offer themselves for re-election.

Dr. C. Dhliwayo, Ms. C. Ross, Messrs. C. Chinaka and A. Daka, and Mrs. N. Samuriwo, retire in terms of Article 113 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Far reaching amendments to the Banking Act (Chapter 24:20) were gazetted on 13 May 2016. This legislation affects Central Africa Building Society as well as Old Mutual Zimbabwe Limited particularly with regards to board structure and composition. The Group has made significant progress in instituting measures to achieve compliance with the Act with the remaining aspects expected in the course of this year.

The annual financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 29 May 2020.

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

	Inflation Adjusted		Historical Cost (Unaudited)	
	2019 Group ZWLm	2018 Group ZWLm	2019 Group ZWLm	2018 Group ZWLm
(Loss)/Profit before tax	**(2,651.6)**	**592.5**	**1,144.9**	**329.9**
Adjusting entries	**3,147.8**	**2.6**	**(713.3)**	**(250.8)**
Shareholder investment returns	(589.5)	(2,009.0)	(529.6)	(246.4)
Monetary loss - non-operating items	3,923.7	2,024.5	-	-
Policyholder tax	(227.0)	(12.9)	(201.4)	(4.4)
Restructuring costs	40.6	-	17.7	-
Results from operations	**496.2**	**595.1**	**431.6**	**79.1**

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

Group Statement of Profit or Loss
For the year ended 31 December 2019

	Notes	Inflation Adjusted		Historical Cost (Unaudited)	
		2019 Group ZWLm	2018 Group ZWLm	2019 Group ZWLm	2018 Group ZWLm
Revenue					
Gross earned premiums	4	1,124.8	1,664.8	473.1	214.1
Outward reinsurance		(222.1)	(76.6)	(101.7)	(11.3)
Net earned premiums		902.7	1,588.2	371.4	202.8
Investment income (non banking)	5	7,959.0	6,713.0	7,280.8	1,001.9
Banking interest and similar income	6	485.4	880.0	190.9	108.9
Fee income, commissions and income from service contracts	7	549.3	709.8	258.8	84.2
Other income		171.2	31.8	117.2	1.6
Total revenue		**10,067.6**	**9,922.8**	**8,219.1**	**1,399.4**
Expenses					
Claims and benefits (including change in insurance contract provisions)	8	(6,700.3)	(5,381.0)	(6,118.8)	(818.9)
Reinsurance recoveries		119.0	51.4	30.2	4.3
Net claims incurred		**(6,581.3)**	**(5,329.6)**	**(6,088.6)**	**(814.6)**
Change in provision for investment contract liabilities	9	(399.3)	(230.5)	(387.5)	(89.4)
Fees, commissions and other acquisition costs		(314.5)	(332.7)	(115.3)	(33.4)
Banking interest expense and similar expenses	6	(172.0)	(192.7)	(71.6)	(24.2)
Impairment charges		(106.1)	(130.3)	(46.4)	(16.5)
Other operating and administration expenses	10	(810.0)	(716.6)	(364.8)	(91.4)
Net monetary adjustment		(4,336.0)	(2,397.9)	-	-
(Loss)/Profit before tax		**(2,651.6)**	**592.5**	**1,144.9**	**329.9**
Income tax expense		41.1	(165.4)	(220.3)	(29.2)
(Loss)/Profit for the year		**(2,610.5)**	**427.1**	**924.6**	**300.7**
Attributable to non-controlling interests		(76.2)	8.2	44.7	10.6
Attributable to owners of parent company		(2,543.3)	418.9	879.9	290.1
		(2,610.5)	**427.1**	**924.6**	**300.7**

Group Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	Inflation Adjusted		Historical Cost (Unaudited)	
		2019 Group ZWLm	2018 Group ZWLm	2019 Group ZWLm	2018 Group ZWLm
Profit for the year		**(2 610.5)**	**427.1**	**924.6**	**300.7**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Property revaluation		335.8	57.8	662.1	1.5
Shadow accounting	9.1	(228.6)	(3.7)	(228.6)	(0.6)
Total comprehensive income for the year		**(2,503.3)**	**481.2**	**1,358.1**	**301.6**
Total comprehensive income attributable to:					
Owners of parent company		(2,427.1)	473.0	1,313.4	291.0
Non-controlling interests		(76.2)	8.2	44.7	10.6
		(2,503.3)	**481.2**	**1,358.1**	**301.6**
Earnings per share					
Basic and diluted (cents)		(763.2)	126.1	265.0	87.3

Group Statement of Financial Position
As at 31 December 2019

	Notes	Inflation Adjusted		Historical Cost (Unaudited)	
		2019 Group ZWLm	2018 Group ZWLm	2019 Group ZWLm	2018 Group ZWLm
Assets					
Investment property	11	4,422.3	2,578.2	4,422.3	411.5
Property and equipment		1,054.4	638.9	846.3	96.6
Intangible assets		64.9	73.9	9.4	8.0
Deferred acquisition costs		9.3	6.1	1.7	0.6
Reinsurer contracts		84.2	33.8	54.4	4.8
Investments and securities	12	6,126.8	17,252.2	6,126.8	2,795.3
Deferred tax assets		6.3	12.0	7.0	1.4
Current tax assets		14.3	7.5	14.3	0.6
Loans and advances	13	1,489.5	4,854.7	1,489.5	780.5
Other assets	14	994.3	1,056.7	694.7	135.6
Cash and cash equivalents		1,707.5	1,004.5	1,707.5	161.0
Total assets		**15,973.8**	**27,518.5**	**15,373.9**	**4,395.9**
Liabilities					
Insurance contract liabilities	15	8,450.7	12,784.8	8,301.8	2,049.9
Investment contract liabilities	16	591.2	1,298.0	591.2	208.9
Provisions		51.9	99.9	51.9	16.2
Deferred tax liabilities		299.4	363.1	308.8	58.0
Current tax payables		2.4	2.6	2.4	0.4
Amounts due to group companies	17	163.1	519.3	163.1	85.3
Amounts owed to bank depositors	18	2,561.6	6,338.2	2,561.6	1,006.9
Credit lines		897.6	331.2	897.6	53.3
Other liabilities		633.6	652.8	359.3	91.6
Total liabilities		**13,651.5**	**22,389.9**	**13,237.7**	**3,570.5**
Net assets		**2,322.3**	**5,128.6**	**2,136.2**	**825.4**
Shareholders' equity					
Share capital and premium		-	-	-	-
Non-distributable reserve		-	-	54.9	51.3
Revaluation reserve		-	-	453.1	19.6
Share based payment reserve		250.0	297.2	62.1	33.7
Regulatory provisions reserve		5.7	32.2	5.7	5.2
Currency conversion reserve		(51.2)	-	(13.3)	-
Retained earnings		2,069.4	4,652.4	1,511.3	690.9
		2,273.9	4,981.8	2,073.8	800.7
Non-controlling interests		48.4	146.8	62.4	24.7
Total equity		**2,322.3**	**5,128.6**	**2,136.2**	**825.4**

Group Statement of Cash Flows
For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost (Unaudited)	
	2019 Group ZWLm	2018 Group ZWLm	2019 Group ZWLm	2018 Group ZWLm
Cash flows from operating activities				
Profit before tax	(2,651.6)	592.5	1,144.9	329.9
Non-cash movements and adjustments to profit before tax	(909.0)	(1,661.0)	(204.2)	(110.7)
Changes in working capital	5,941.3	1,159.7	1,425.7	132.9
Taxation paid	93.1	(386.7)	(50.7)	(25.6)
Net cash from operating activities	**2,473.8**	**(295.5)**	**2,315.7**	**326.5**
Cash flows from investing activities				
Acquisition of financial assets	(3,804.0)	(315.3)	(1,656.4)	(303.8)
Disposal of financial assets	2,578.9	427.9	1,016.9	116.3
Acquisition of investment properties	(163.6)	(21.4)	(103.5)	(127.0)
Acquisition of property and equipment	(188.7)	(134.3)	(77.3)	(17.8)
Net cash used in investing activities	**(1,577.4)**	**(43.1)**	**(820.3)**	**(332.3)**
Cash flows from financing activities				
Dividends paid	(305.0)	(353.1)	(55.4)	(23.8)
Net cash used in financing activities	**(305.0)**	**(353.1)**	**(55.4)**	**(23.8)**
Net increase/(decrease) in cash and cash equivalents	591.4	(691.7)	1,440.0	(29.6)
Net foreign exchange differences on cash and cash equivalents	111.6	16.5	106.5	0.3
Cash and cash equivalents at the beginning of the year	1,004.5	1,679.7	161.0	190.3
Cash and cash equivalents at the end of the year	**1,707.5**	**1,004.5**	**1,707.5**	**161.0**

Group Statement of Changes In Equity
For the year ended 31 December 2019

	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 income ZWLm	Equity holders of the parent ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
Inflation Adjusted											
2019											
Shareholders' equity at beginning of year		-	-	-	**297.2**	**32.2**	-	**4,652.4**	**4,981.8**	**146.8**	**5,128.6**
Impact on adoption of new currecy		-	-	-	-	-	(51.2)	-	(51.2)	-	(51.2)
Transfer of regulatory impairment allowance		-	-	-	-	(26.5)	-	26.5	-	-	-
Profit for the financial year		-	-	-	-	-	-	(2,534.3)	(2,534.3)	(76.2)	(2,610.5)
Shadow accounting	9.1	-	-	-	-	-	-	(228.6)	(228.6)	-	(228.6)
Revaluation of property		-	-	-	-	-	-	335.8	335.8	-	335.8
Total Comprehensive income for the year		-	-	-	-	-	-	**(2,427.1)**	**(2,427.1)**	**(76.2)**	**(2,503.3)**
Movement in share based payment reserve		-	-	-	(47.2)	-	-	-	(47.2)	-	(47.2)
Acquisition of interest in subsidiary		-	-	-	-	-	-	0.3	0.3	(22.2)	(21.9)
Dividends declared		-	-	-	-	-	-	(182.7)	(182.7)	-	(182.7)
Transactions with shareholders		-	-	-	**(47.2)**	-	-	**(182.4)**	**(229.6)**	**(22.2)**	**(251.8)**
Shareholders' equity at end of year		-	-	-	**250.0**	**5.7**	**(51.2)**	**2,069.4**	**2,273.9**	**48.4**	**2,322.3**
2018											
Shareholders' equity at beginning of year		-	-	-	**286.8**	**158.5**	-	**4,513.5**	**4,958.8**	**163.6**	**5,122.4**
Impact of adopting IFRS 9 at 1 January 2018		-	-	-	-	-	-	(175.9)	(175.9)	(0.7)	(176.6)
Transfer of regulatory impairment allowance		-	-	-	-	(158.5)		158.5	-	-	-
Adjusted balance as at 1 January 2018		-	-	-	**286.8**	-	-	**4,496.1**	**4,782.9**	**162.9**	**4,945.8**
Profit for the financial year		-	-	-	-	-	-	418.9	418.9	8.2	427.1
Other comprehensive income											
Shadow accounting	9.1	-	-	-	-	-	-	(3.7)	(3.7)	-	(3.7)
Revaluation of property		-	-	-	-	-	-	57.8	57.8	-	57.8
Total Comprehensive income for the year		-	-	-	-	-	-	**473.0**	**473.0**	**8.2**	**481.2**
Transfer to reserve		-	-	-	-	32.2	-	(42.0)	(9.8)	-	(9.8)
Movement in share based payment reserve		-	-	-	4.9	-	-	-	4.9	-	4.9
Movement in treasury shares		-	-	-	5.5	-	-	-	5.5	-	5.5
Dividends declared			-		-	-	-	(274.7)	(274.7)	(24.3)	(299.0)
Transactions with shareholders		-	-	-	**10.4**	**32.2**	-	**(316.7)**	**(274.1)**	**(24.3)**	**(298.4)**
Shareholders' equity at end of year		-	-	-	**297.2**	**32.2**	-	**4,652.4**	**4,981.8**	**146.8**	**5,128.6**
Historical Cost (Unaudited)											
2019											
Shareholders' equity at beginning of year		-	**51.3**	**19.6**	**33.7**	**5.2**	-	**690.9**	**800.7**	**24.7**	**825.4**
Impact of adopting a new currency		-	-	-	-	-	(13.3)	-	(13.3)	-	(13.3)
Transfer of regulatory impairment allowance		-	-	-	-	0.5	-	(0.5)	-	-	-
Profit for the financial year		-	-	-	-	-	-	879.9	879.9	44.7	924.6
Shadow accounting	9.1	-	-	(228.6)	-	-	-	-	(228.6)	-	(228.6)
Revaluation of property		-	-	662.1	-	-	-	-	662.1	-	662.1
Total Comprehensive income for the year		-	-	**433.5**	-	-	-	**879.9**	**1,313.4**	**44.7**	**1,358.1**
Movement in share based payment reserve		-	-	-	28.4	-	-	-	28.4	-	28.4
Transfer from/(to) reserve		-	3.6	-	-	-		(3.6)	-	-	-
Acquisition of interest in subsidiary		-	-	-	-	-		-	-	(7.0)	(7.0)
Dividends declared		-	-	-	-	-		(55.4)	(55.4)	-	(55.4)
Transactions with shareholders		-	**3.6**	-	**28.4**	-	-	**(59.0)**	**(27.0)**	**(7.0)**	**(34.0)**
Shareholders' equity at end of year		-	**54.9**	**453.1**	**62.1**	**5.7**	**(13.3)**	**1,511.3**	**2,073.8**	**62.4**	**2,136.2**
2018											
Shareholders' equity at beginning of year		-	**52.4**	**18.7**	**32.5**	**18.0**	-	**440.0**	**561.6**	**18.6**	**580.2**
Impact of adopting IFRS 9 at 1 January 2018							-	(20.0)	(20.0)	(0.1)	(20.1)
Transfer of regulatory impairment allowance		-	-	-	-	(18.0)	-	18.0	-	-	-
Adjusted balance as at 1 January 2018		-	**52.4**	**18.7**	**32.5**	-		**438.0**	**541.6**	**18.5**	**560.1**
Profit for the financial year		-	-	-	-	-	-	290.1	290.1	10.6	300.7
Shadow accounting	9.1	-	-	(0.6)	-	-	-	-	(0.6)	-	(0.6)
Revaluation of property		-	-	1.5	-	-	-	-	1.5	-	1.5
Total Comprehensive income for the year		-	-	**0.9**	-	-	-	**290.1**	**291.0**	**10.6**	**301.6**
Movement in share based payment reserve		-	-	-	0.6	-	-	-	0.6	-	0.6
Transfer to reserve		-	(1.1)	-	-	5.2	-	(4.1)	-	-	-
Movement in treasury shares		-	-	-	0.6	-	-	-	0.6	-	0.6
Dividends declared		-	-	-	-	-	-	(33.1)	(33.1)	(4.4)	(37.5)
Transactions with shareholders		-	**(1.1)**	-	**1.2**	**5.2**	-	**(37.2)**	**(31.9)**	**(4.4)**	**(36.3)**
Shareholders' equity at end of year		-	**51.3**	**19.6**	**33.7**	**5.2**	-	**690.9**	**800.7**	**24.7**	**825.4**

Notes to the Abridged Audited Financial Statements
For The Year Ended 31 December 2019

1. General Information

Old Mutual Zimbabwe Limited (OMZIL) and its subsidiaries are incorporated in Zimbabwe. These consolidated financial statements comprise the Group and its Subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group's Subsidiaries and main activities are as follows:
- Central Africa Building Society (CABS) - mortgage lending and banking;
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services;
- Old Mutual Property Investment Company (Private) Limited (OMPIC) - property owning company;
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Property Zimbabwe (Private) Limited (OMP) - property management company;
- CABS Custodial Services (Private) Limited (CABCUS) - back-office and custody services in respect of scrip and certain documents of title;
- 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;
- Old Mutual Finance (Private) Limited (OMFIN) - credit only micro-finance company;
- Old Mutual Shared Services (Private) Limited (OMSS) - professional services.

At the end of 2018 the OMZIL Group embarked upon a restructuring. The restructure was designed to generate operating efficiencies by streamlining the group legal entities and operating structure through cutting down on the number of legal entities and grouping the business operations broadly into three clusters, namely, Insurance, Banking and Wealth Management. In addition, the restructure was intended to ensure that compliance was achieved with various in-country regulatory requirements as captured in the Banking Amendment Act and the Insurance and Pensions Commission (IPEC) Governance Directive.

This exercise was completed at the end of October 2019 and has resulted in a number of group entities with effect from 1 January 2020 either being divisionalised under OMLAC, CABS and OMIG, being transferred to become subsidiaries of those companies, or being dissolved. The outcome is as follows:
- OMPIC becoming a division of OMLAC
- OMP becoming a division of OMIG
- CABSCUS becoming a division of CABS
- OMFIN becoming a subsidiary of CABS; and
- OMSS being dissolved and its functions either being decentralised or assumed by the holding company OMZIL.

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

2. Accounting Policies

2.1 Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Companies Act (Chapter 24:03). The Group is also regulated by the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Building Societies Act (Chapter 24:02), the Asset Management Act (Chapter 24:26), the Securities Act (Chapter 24:25), the Collective Investment Schemes Act (Chapter 24:19). IFRSs comprise standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

While full compliance with IFRSs has been possible in previous reporting periods, the comparative financial information for 2018 only achieved partial compliance with IFRSs as explained in detail in note 2.3.1 below. There has also been non-compliance in 2019 as detailed in note 2.3.2 below.

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. They are based on the statutory records that are maintained under the historical cost convention with the exception of investments and securities, investment properties and owner occupied properties which are included at valuation as described in note 2.9 and 2.13 below; insurance contract provisions and provisions for investment contracts with discretionary participating features which are calculated on a Financial Soundness Valuation Basis as per note 2.6 below. These are then inflation adjusted to take into account the effects of inflation in accordance with the International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies".

Accordingly, the inflation adjusted financial statements represent the principal financial statements of the company and the Group. IAS 29 discourages the presentation of historical cost financial statements when inflation adjusted financial statements are presented, however, these have been presented as supplementary information to the inflation adjusted financial statements. IAS 29, "Financial Reporting in Hyperinflationary Economies" requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous periods be inflation adjusted in the same terms.

The restatement of the historical cost numbers is based on the conversion factors derived from the consumer price index (CPI) issued by the Zimbabwe Central Statistical Office (C.S.O). The indices and conversion factors used to restate the accompanying financial statements as at 31 December 2019 are given below.

Dates	Indices	Conversion Factors
31/12/2019	551.82	1.0000
31/12/2018	88.81	6.2135
31/12/2017	62.50	8.8291

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 2018 are inflation adjusted as follows;
   a. Monetary assets and liabilities and items that are carried at amounts that were current at 31 December 2018 are inflation adjusted by applying the change in the index from 31 December 2018 to 31 December 2019;
   b. Non-monetary assets and liabilities that were not carried at amounts current at 31 December 2018 and components of shareholders equity are inflation adjusted 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 2019 or if the transaction date was before 1 January 2018, they are inflation adjusted from 1 January 2018 being the date of initial application of IAS 29.
   c. Profit or loss items/transactions, except the depreciation and amortisation charges, are inflation adjusted by applying the change in the index from the date of the transaction to 31 December 2019. Depreciation and amortisation amounts are based on inflation adjusted carrying amounts of the underlying assets.
   d. Deferred tax is calculated on inflation adjusted carrying amounts.

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 inflation adjusted 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 2019. An impairment loss has been recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.

iv. Property, plant and equipment is inflation adjusted by applying the change in the index from the date of purchase to 31 December 2019. Depreciation amounts are based on inflation adjusted 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 inflation adjusted. The depreciation amounts are based on the opening inflation adjusted amounts.

v. Deferred tax is calculated on inflation adjusted carrying amounts,

vi. Profit or loss items/transactions, except the depreciation and amortization charges explained above, are inflation adjusted by applying the change in the index from the date of the transaction to 31 December 2019.

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.

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. For part of the year ended 31 December 2019, the determination of functional currency has been a key judgement area. 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

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 International Accounting Standards Board (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 recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

The IFRS Conceptual Framework, provides that in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 "The Effects of Changes in Foreign Exchange rates" (IAS21) requires an entity to apply certain parameters in determining the functional currency of a company, for use in preparing financial statements. IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribes parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribes the manner in which certain balances in the financial statements may 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 for 2018.

In the Directors' opinion therefore, the requirement to comply with Statutory Instrument 33 of 2019 impacted on the 2018 financial statements by creating inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This resulted in accounting treatment being adopted in the 2018 financial statements, particularly concerning functional currency applied in the preparation of the financial statements and the exchange rates applied in converting foreign currency denominated balances, which was different from that which would have been adopted if the group had been able to fully comply with IFRSs. This has had a knock on impact on fair presentation in the comparative (prior year) financial information presented in the 2019 financial statements. While for the 2019 financial year, SI33 also applied up to 22 February 2019, the impact of foreign denominated transactions occurring over this period is not considered material and does not, in the opinion of directors impact on the fair presentation of the statement of comprehensive income for 2019. The exchange differences that arose on translating foreign currency denominated assets and liabilities on the date of change in the Group's functional currency were accounted for through the Currency conversion reserve. The reserve is not available for distribution as profits.

In addition, it should be noted that in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflation Economies", inflation adjusted financial statements form the primary financial statements of an entity. However, the comparative inflation adjusted financial information included in the financial statements, is arrived at by applying an inflation index to historically recorded financial information. Resultantly, the comparative financial information presented in terms of IAS 29, has also been impacted by non-compliance with IAS21 in the prior year.

2.3.2 Foreign denominated Legacy debts /Blocked funds

In June 2019, the Reserve bank of Zimbabwe (the "RBZ") directed/invited all parties with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. On 27 and 28 June 2019, CABS paid ZWL$30.34m to the RBZ to match their foreign obligation of US$30.34m. Upon transferring local funds for the registration of legacy debts/ blocked funds a legitimate expectation to receive USD has been created and a financial instrument denominated in USD was recognised on the Group's statement of financial position.The legacy debt receivable financial instrument is recognized as an asset, notwithstanding the fact that no legal instrument confirming a contractual obligation on the part of RBZ was in existence as at 31 December 2019. The matter is further highlighted in Note 14.1 and note 14.1.1.

This financial instrument has been fair valued and translated at the prevailing interbank exchange rate. The carrying value of the financial instrument reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement. The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled to the tune of US$1.1million.

2.3.2.1 Carrying value of obligations to related parties in the OML group

Included in the statement of financial position under 'Amounts due to group companies' are amounts owing to related parties as at 31 December 2019 which were accounted for in ZWL at the value of the matching portfolio of assets where the funds had been invested pending finalisation of the legacy debt process. Approval for the registration of these obligations as legacy debt amounting to USD82 million was received subsequent to year end. The matter is detailed in Note 14.1.1.

2.3.3 Translation of USD transactions in the General Insurance business

For the 2019 financial year the United States Dollar denominated transactions in the General Insurance business, OMICO, were translated using the monthly average official interbank rates and the closing rate for the Statement of Financial Position balances. The current insurance management system did not have sufficient multi-currency capability and the ability to break down batch totals of transactions for the application of spot rates, it is for this practical reason that management adopted the use of monthly averages in translating the United States Dollar transactions.

While IAS21 permits the use of an average exchange rate instead of the spot rate in instances where it is not practicable to use spot rates, the Directors note the limitation of the use of an average rate in the Zimbabwe context with regard to the precision of an average when exchange rates fluctuate significantly during the period.

However, it is the Directors' view that the fluctuations did not have a material effect on the financial statements, as for 6 months in 2019, exchange rates did not fluctuate significantly within the month with the extent of movements between the opening and closing rates within the month being less than 10%. As a result, the difference between using a spot rate and the average rate was not significant.

The risk in the General Insurance business for USD policies was largely reinsured with only a maximum of 25% of risk being retained within the business. In addition, following the promulgation of Statutory Instrument 142 of 2019 (SI142) in June 2019 which restricted the use of the USD for domestic transactions, the level of USD policies written by the business fell significantly. Furthermore, USD business was only 1% of net premiums in 2019 while USD net claims were 3% of net claims.

The table below outlines the proportion of the USD business for premiums, claims and foreign exchange differences:

	Gross Amount USDm	Reinsurance USDm	OMICO Net USDm	Inflation adjusted OMICO Net ZWLm	Inflation adjusted Total Group- Net ZWLm	Group %
Net premiums	7.4	(6.3)	1.1	17.2	902.7	2%
Claims paid	(1.0)	0.5	(0.5)	(8.7)	(693.7)	1%
Claims incurred not paid	(1.5)	1.4	(0.1)	(0.4)	(7.1)	6%
Total Claims	(2.5)	1.9	(0.6)	(9.1)	(700.8)	1%
Foreign exchange gains and losses	-	-	-	(7.4)	111.6	-7%

2.3.4 Other critical estimates and judgements

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 realized 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.

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, then it is presumed that the entity has significant influence unless it can clearly be demonstrated that it is not the case. The Standard provides an exemption for venture capital organizations, 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 12.4. 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 there also include investments in which the Group has more than 20%. These funds, back investment contracts accounted for in terms of IFRS 9, at fair 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 12.5 and are recorded at fair value.

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 recognized 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 considers the existence and effect of potential voting rights currently exercisable or convertible when assessing whether it has control. Entities in which the Group holds half or less of the voting rights but are controlled by the Group retaining majority of the risks or benefits are also included in the Group accounts. 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.

Loss of Control

When the Group loses control over a subsidiary, it derecognizes 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.

2.5. 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 and commission fees, non-banking interest income fees and commission, non-banking interest income dividend income fees and investment income, and fees for administration and management of policyholder funds. Fees charged for management services provided are recognised as revenue in profit or loss as the services are provided. Revenue is accounted for in accordance with the particular accounting policies as set out in section 2.6 and 2.13 below.

Notes to the Abridged Audited Financial Statements
For The Year Ended 31 December 2019 (continued)

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:
(i) the performance of a specified pool of contracts or a specified type of contract, and
(ii) 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, then the Group recognises revenue over time as the services are rendered. If the fee cannot be reliably estimated, then 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.

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 and investment contracts liabilities

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 property, on which unrealized 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.

2.6.7 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 capitalized 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 capitalized intangible assets is capitalized 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 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 as well as properties being valued for the first time.

An investment property shall be derecognized 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.

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 re-valued, 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 recognized in profit or loss.

Derecognition

The carrying amount of an item of property and equipment is derecognized 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 inflation adjusted 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.

2.11 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 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 recognized 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 liability is not recognised on temporary differences that arise from:
- Initial recognition of goodwill;
- initial recognition of an asset or liability in a transaction that is not a business combination which, affects neither the accounting nor taxable profit or loss; and
- temporary differences associated with investment in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 realized 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 categorized as financial assets at FVTPL. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cashflows from the financial asset expire, or it transfers those rights in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Derecognition of financial liaibilities

The Group derecognizes a financial liability when the contractual obligations are discharged, or cancelled or expire. The Group also derecognises the financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the new terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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.

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 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.

Financial assets measured at armotised 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. After considering available information and qualitative risk factors within a governed process, the Group concluded that a management overlay provision will not 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.

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 International Accounting Standard (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, 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.
 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. 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.

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 judgements 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 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.

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. 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 realized. 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 20.

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.

2.16 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.

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For The Year Ended 31 December 2019 (continued)

2.17 Share-based payments

Equity-settled share-based payment transactions

The services received from employees in terms of the Share Bases 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 re-measured 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. 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 recognized.

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.

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.

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 dollarized 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 US$. The Group used the Guidance to translate the financial statements at the normalisation date to US$ 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. The reserve is not available for distribution to shareholders.

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 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 2019 annual financial statements

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out as follows:

IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023)

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 (however the IASB has made a tentative decision to defer the effective date by two years, subject to due process). The IASB issued IFRS 17 'Insurance Contracts' in May 2017 as a replacement for IFRS 4 'Insurance Contracts'. The Group will apply the new standard from the effective date. The new rules will affect the financial statements and key performance indicators of the Group on insurance contracts (such as term and life insurance, life annuities and disability insurance) or investment contracts with discretionary participation features (such as with-profit annuities and investments).

During 2018, the Group commenced the initial impact assessments, including several pilot projects on selected products aimed at assessing the financial impacts of the standard. Significant progress has been made on the development of accounting and actuarial policies and methodologies. This also includes a comprehensive product classification model, which includes the Group product scope and IFRS 17 classification and measurement approach per product. More work is now in the process of defining detailed requirements for the finance and actuarial system and process build. In parallel, a robust financial data model and Actuarial Results Repository prototype is being developed to demonstrate the capability that is required within the Group. No technology decisions have been made at this time, as the focus remains on finalisation of detailed compliance, data and business requirements.

2.28 New accounting standards adopted

On 1 January 2019, the Group adopted IFRS 16 Leases. IFRS 16 replaced IAS 17 Leases. IFRS 16 introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has elected to adopt the modified retrospective approach and has not inflation adjusted comparative information. The Group took advantage of the practical expedients as allowed by IFRS 16 on transition, therefore the Group did not record a lease liability or right-of-use asset for leases with a remaining term of less than 12 months as at 1 January 2019. On 1 January 2019, the Group recognised a lease liability, being the remaining lease payments, including extensions options where renewal is reasonably certain, discounted using the Group's incremental borrowing rate at 1 January 2019. The corresponding right-of-use asset recognised is the amount of the lease liability adjusted for prepaid or accrued lease payments related the leases. This resulted in recognition of a right of use asset of ZWL$3,617,633 and corresponding lease liability of the same amount, with no adjustment to retained earnings. The comparative information is not inflation adjusted and hence it is as previously reported, under IAS 17 and related interpretations. The right of use asset has been presented as part of property, plant and equipment whereas the lease liability has been included in other liabilities.

2.29 Comparative figures

As much as possible, comparative figures are reclassified in line with current year presentation. Also refer to 2.3.1. to further understand the comparative figures.

3. Segment information - Inflation Adjusted

A1 Statement of profit or loss - segment information for the year ended 2019

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	806.2	387.7	-	-	-	(69.1)	1,124.8
Outward reinsurance	(15.4)	(206.7)	-	-	-	-	(222.1)
Net earned premiums	790.8	181.0	-	-	-	(69.1)	902.7
Investment income (non banking)	7,349.0	287.2	-	1.1	740.3	(418.6)	7,959.0
Banking interest and similar income	-	-	485.4	-	-	-	485.4
Fee income, commissions and income from service contracts	26.3	-	434.2	160.3	88.5	(160.0)	549.3
Other income	11.5	51.9	115.0	1.3	3.7	(12.2)	171.2
Total revenue	**8,177.6**	**520.1**	**1,034.6**	**162.7**	**832.5**	**(659.9)**	**10,067.6**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(6,485.8)	(219.5)	-	-	-	5.0	(6,700.3)
Reinsurance recoveries	3.9	115.1	-	-	-	-	119.0
Net claims incurred	(6,481.9)	(104.4)	-	-	-	5.0	(6,581.3)
							-
Change in provision for investment contract liabilities	(399.3)	-	-	-	-	-	(399.3)
Fees, commissions and other acquisition costs	(73.9)	(51.8)	(202.6)	-	(2.9)	16.7	(314.5)
Banking interest payable and similar expenses	-	-	(199.2)	-	-	27.2	(172.0)
Impairment charges	-	-	(106.1)	-	-	-	(106.1)
Other operating and administration expenses	(188.8)	(37.3)	(461.3)	(113.8)	(468.4)	459.6	(810.0)
Net monetary changes	(2,977.7)	(515.5)	(237.5)	(79.9)	(1,305.3)	779.9	(4,336.0)
Profit before tax	**(1,944.0)**	**(188.9)**	**(172.1)**	**(31.0)**	**(944.1)**	**628.5**	**(2,651.6)**
Income tax expense/(credit)	53.1	(4.4)	(0.6)	(12.6)	6.6	(1.0)	41.1
Profit for the year	**(1,890.9)**	**(193.3)**	**(172.7)**	**(43.6)**	**(937.5)**	**627.5**	**(2,610.5)**

A2 Statement of profit or loss - segment information for the year ended 2018

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	1,445.0	257.5	-	-	-	(37.7)	1,664.8
Outward reinsurance	(22.1)	(54.5)	-	-	-	-	(76.6)
Net earned premiums	1,422.9	203.0	-	-	-	(37.7)	1,588.2
Investment income (non banking)	5,943.3	133.7	-	2.8	1,832.6	(1,199.4)	6,713.0
Banking interest and similar income	-	-	880.0	-	-	-	880.0
Fee income, commissions and income from service contracts	47.1	-	549.3	211.2	126.6	(224.4)	709.8
Other income	0.2	13.4	53.0	0.3	4.2	(39.3)	31.8
Total revenue	**7,413.5**	**350.1**	**1,482.3**	**214.3**	**1,963.4**	**(1,500.8)**	**9,922.8**
							-
Expenses							-
Claims and benefits (including change in insurance contract provisions)	(5,215.7)	(172.7)	-	-	-	7.4	(5,381.0)
Reinsurance recoveries	13.7	37.7	-	-	-	-	51.4
Net claims incurred	(5,202.0)	(135.0)	-	-	-	7.4	(5,329.6)
							-
Change in provision for investment contract liabilities	(230.5)	-	-	-	-	-	(230.5)
Fees, commissions and other acquisition costs	(98.0)	(38.1)	(214.1)	-	(3.4)	20.9	(332.7)
Banking interest payable and similar expenses	-	-	(266.5)	-	-	73.8	(192.7)
Impairment charges	-	-	(130.3)	-	-	-	(130.3)
Other operating and administration expenses	(167.2)	(46.0)	(463.4)	(88.0)	(684.3)	732.3	(716.6)
Net monetary changes	(1,233.7)	(105.6)	(246.5)	(55.1)	(535.2)	(221.8)	(2,397.9)
Profit before tax	**482.1**	**25.4**	**161.5**	**71.2**	**740.5**	**(888.1)**	**592.5**
Income tax expense/(credit)	(79.7)	(5.5)	(0.4)	(31.4)	(52.5)	4.1	(165.4)
Profit for the year	**402.4**	**19.9**	**161.1**	**39.8**	**688.0**	**(884.0)**	**427.1**

3. Segment information - Historical Cost (Unaudited)

B1 Statement of profit or loss - segment information for the year ended 2019

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	331.3	161.2	-	-	-	(19.4)	473.1
Outward reinsurance	(6.4)	(95.3)	-	-	-	-	(101.7)
Net earned premiums	324.9	65.9	-	-	-	(19.4)	371.4
							-
Investment income (non banking)	6,887.8	113.9	-	0.3	509.2	(230.4)	7,280.8
Banking interest and similar income	-	-	190.9	-	-	-	190.9
Fee income, commissions and income from service contracts	10.5	-	226.6	61.6	23.6	(63.5)	258.8
Other income	11.0	-	213.0	(20.5)	20.2	(106.5)	117.2
Total revenue	**7 234.2**	**179.8**	**630.5**	**41.4**	**553.0**	**(419.8)**	**8,219.1**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(6,055.0)	(66.0)	-	-	-	2.2	(6,118.8)
Reinsurance recoveries	1.1	29.1	-	-	-	-	30.2
Net claims incurred	(6,053.9)	(36.9)	-	-	-	2.2	(6,088.6)
Change in provision for investment contract liabilities	(387.5)	-	-	-	-	-	(387.5)
Fees, commissions and other acquisition costs	(26.9)	-	(99.1)	(1.3)	-	11.9	(115.3)
Banking interest payable and similar expenses	-	-	(81.2)	-	-	9.6	(71.6)
Impairment charges	-	-	(46.4)	-	-	-	(46.4)
Other operating and administration expenses	(84.9)	(34.6)	(187.5)	(45.3)	(302.7)	290.2	(364.8)
Profit before tax	**681.0**	**108.3**	**216.3**	**(5.2)**	**250.3**	**(105.8)**	**1,144.9**
Income tax expense/(credit)	(212.8)	(0.6)	(0.1)	(1.4)	(7.3)	1.9	(220.3)
Profit for the year	**468.2**	**107.7**	**216.2**	**(6.6)**	**243.0**	**(103.9)**	**924.6**

B2 Statement of profit or loss - segment information for the year ended 2018

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross earned premiums	176.9	41.4	-	-	-	(4.2)	214.1
Outward reinsurance	(2.7)	(8.6)	-	-	-	-	(11.3)
Net earned premiums	174.2	32.8	-	-	-	(4.2)	202.8
Investment income (non banking)	927.6	22.1	-	0.3	261.7	(209.8)	1,001.9
Banking interest and similar income	-	-	108.9	-	-	-	108.9
Fee income, commissions and income from service contracts	6.0	-	66.9	26.1	15.6	(30.4)	84.2
Other income	0.1	0.1	2.8	0.9	5.1	(7.4)	1.6
Total revenue	**1,107.9**	**55.0**	**178.6**	**27.3**	**282.4**	**(251.8)**	**1,399.4**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(795.5)	(24.3)	-	-	-	0.9	(818.9)
Reinsurance recoveries	1.7	2.6	-	-	-	-	4.3
Net claims incurred	(793.8)	(21.7)	-	-	-	0.9	(814.6)
Change in provision for investment contract liabilities	(89.4)	-	-	-	-	-	(89.4)
Fees, commissions and other acquisition costs	(14.2)	(4.5)	(26.2)	(0.4)	-	11.9	(33.4)
Banking interest payable and similar expenses	-	-	(32.5)	-	-	8.3	(24.2)
Credit losses and impairment charges	-	-	(16.5)	-	-	-	(16.5)
Other operating and administration expenses	(18.2)	(7.0)	(54.8)	(10.7)	(121.5)	120.8	(91.4)
Profit before tax	**192.3**	**21.8**	**48.6**	**16.2**	**160.9**	**(109.9)**	**329.9**
Income tax expense/(credit)	(16.7)	(0.2)	0.2	(4.8)	(8.4)	0.7	(29.2)
Profit for the year	**175.6**	**21.6**	**48.8**	**11.4**	**152.5**	**(109.2)**	**300.7**

Notes to the Abridged Audited Financial Statements
For The Year Ended 31 December 2019 (continued)

3 Segment information - Inflation Adjusted

C1 Statement of financial position - segment information at 31 December 2019

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	4,177.2	7.2	227.9	-	10.0	-	4,422.3
Property and equipment	288.2	17.5	728.8	16.4	8.0	(4.5)	1,054.4
Intangible assets	-	-	58.5	5.8	0.6	-	64.9
Deferred acquisition costs	-	9.3	-	-	-	-	9.3
Reinsurer contracts	-	84.2	-	-	-	-	84.2
Investments and securities	5,360.6	130.1	386.5	41.2	1,746.0	(1,537.6)	6,126.8
Deferred tax assets	-	-	-	6.0	0.3	-	6.3
Current tax receivable	-	12.4	-	0.4	1.5	-	14.3
Loans and advances	-	-	1,492.8	-	-	(3.3)	1,489.5
Other assets	108.2	23.5	812.3	21.5	82.2	(53.4)	994.3
Cash and cash equivalents	251.2	50.9	1,409.9	10.2	53.7	(68.4)	1,707.5
Total assets	**10,185.4**	**335.1**	**5,116.7**	**101.5**	**1,902.3**	**(1,667.2)**	**15,973.8**
Liabilities							
Insurance contract liabilities	8,297.3	153.4	-	-	-	-	8,450.7
Investment contract liabilities	591.2	-	-	-	-	-	591.2
Provisions	8.3	0.9	24.7	5.6	12.4	-	51.9
Deferred tax liabilities	259.4	3.3	38.3	0.7	8.5	(10.8)	299.4
Current tax payables	2.2	-	-	0.1	0.1	-	2.4
Amounts due to group companies	54.7	1.8	0.4	3.8	155.6	(53.2)	163.1
Amounts owed to bank depositors	-	-	2,740.8	-	-	(179.2)	2,561.6
Credit lines	-	-	902.9	-	-	(5.3)	897.6
Other liabilities	34.2	47.4	244.7	35.7	409.6	(138.0)	633.6
Total liabilities	**9,247.3**	**206.8**	**3,951.8**	**45.9**	**586.2**	**(386.5)**	**13,651.5**
Net assets	**938.1**	**128.3**	**1,164.9**	**55.6**	**1,316.1**	**(1,280.7)**	**2,322.3**
Shareholders' equity							
Share capital and premium	265.9	0.1	351.2	54.9	104.8	(776.9)	-
Share option reserve	33.5	11.8	51.3	19.9	225.2	(91.7)	250.0
Regulatory provisions reserve	-	-	5.7	-	-	-	5.7
Currency conversion reserve	74.3	12.0	(188.2)	0.3	50.4	-	(51.2)
Retained earnings	564.4	104.4	944.9	(19.5)	935.7	(460.5)	2 069.4
	938.1	**128.3**	**1,164.9**	**55.6**	**1,316.1**	**(1,329.1)**	**2,273.9**
Non-controlling interests	-	-	-	-	-	48.4	48.4
Total equity	**938.1**	**128.3**	**1,164.9**	**55.6**	**1,316.1**	**(1,280.7)**	**2,322.3**

C2 Statement of financial position - segment information at 31 December 2018

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	2,404.3	24.2	146.0	-	3.7	-	2,578.2
Property and equipment	184.4	4.4	433.5	4.9	11.7	-	638.9
Intangible assets	-	-	65.7	6.8	1.4	-	73.9
Deferred acquisition costs	-	6.1	-	-	-	-	6.1
Reinsurer contracts	-	33.8	-	-	-	-	33.8
Investments and securities	14,158.6	269.9	2,307.9	40.3	2,845.6	(2,370.1)	17,252.2
Deferred tax assets	-	9.5	-	2.2	0.3	-	12.0
Current tax receivable	0.9	-	-	-	6.6	-	7.5
Loans and advances	-	-	4,854.7	-	-	-	4,854.7
Other assets	277.1	33.5	696.6	39.2	260.1	(249.8)	1,056.7
Cash and cash equivalents	134.6	54.5	809.1	9.6	165.4	(168.7)	1,004.5
Total assets	**17,159.9**	**435.9**	**9,313.5**	**103.0**	**3,294.8**	**(2,788.6)**	**27,518.5**
Liabilities							
Insurance contract liabilities	12,653.9	130.9	-	-	-	-	12,784.8
Investment contract liabilities	1,298.0	-	-	-	-	-	1,298.0
Provisions	6.5	1.3	31.0	8.4	52.7	-	99.9
Deferred tax liabilities	322.4	-	21.2	0.5	29.2	(10.2)	363.1
Current tax payables	0.5	-	-	2.0	-	0.1	2.6
Amounts due to group companies	32.3	1.8	0.1	0.3	734.8	(250.0)	519.3
Amounts owed to bank depositors	-	-	7,334.2	-	-	(996.0)	6,338.2
Credit lines	-	-	331.2	-	-	-	331.2
Other liabilities	91.6	1.3	312.1	32.6	990.8	(775.6)	652.8
Total liabilities	**14,405.2**	**135.3**	**8,029.8**	**43.8**	**1,807.5**	**(2,031.7)**	**22,389.9**
Net assets	**2,754.7**	**300.6**	**1,283.7**	**59.2**	**1,487.3**	**(756.9)**	**5,128.6**
Shareholders' equity							
Share capital and premium	265.9	0.1	335.3	7.6	58.2	(667.1)	-
Non-distributable reserve	-	-	-	-	-	-	-
Revaluation reserve	-	-	-	-	-	-	-
Share option reserve	33.5	11.8	51.1	19.8	225.9	(44.9)	297.2
Regulatory provisions reserve	-	-	32.2	-	-	-	32.2
Retained earnings	2,455.3	288.7	865.1	31.8	1,203.2	(191.7)	4,652.4
	2,754.7	**300.6**	**1,283.7**	**59.2**	**1,487.3**	**(903.7)**	**4,981.8**
Non-controlling interests	-	-	-	-	-	146.8	146.8
Total equity	**2,754.7**	**300.6**	**1,283.7**	**59.2**	**1,487.3**	**(756.9)**	**5,128.6**

3 Segment information - Historical Cost (Unaudited)

D1 Statement of financial position - segment information as at 31 December 2019

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	4,177.2	7.2	227.9	-	10.0	-	4,422.3
Property and equipment	264.0	4.9	574.5	5.1	1.4	(3.6)	846.3
Intangible assets	-	-	8.1	1.0	0.3	-	9.4
Deferred acquisition costs	-	1.7	-	-	-	-	1.7
Reinsurer contracts	-	54.4	-	-	-	-	54.4
Investments and securities	5,360.6	130.1	386.5	41.2	1,048.9	(840.5)	6,126.8
Deferred tax assets	-	-	-	6.9	0.1	-	7.0
Current tax receivable	-	12.4	-	0.4	1.5	-	14.3
Loans and advances	-	-	1,492.8	-	-	(3.3)	1,489.5
Other assets	54.6	23.4	574.1	19.4	75.0	(51.8)	694.7
Cash and cash equivalents	251.2	50.9	1,409.9	10.2	53.7	(68.4)	1,707.5
Total assets	**10,107.6**	**285.0**	**4 673.8**	**84.2**	**1 190.9**	**(967.6)**	**15,373.9**
Liabilities							
Insurance contract liabilities	8,237.1	64.7	-	-	-	-	8,301.8
Investment contract liabilities	591.2	-	-	-	-	-	591.2
Provisions	8.3	0.9	24.7	5.6	12.4	-	51.9
Deferred tax liabilities	256.5	9.7	37.7	0.1	8.1	(3.3)	308.8
Current tax payables	2.3	-	-	0.1	-	-	2.4
Amounts due to group companies	53.2	1.7	0.4	3.8	155.6	(51.6)	163.1
Amounts owed to bank depositors	-	-	2,740.8	-	-	(179.2)	2,561.6
Credit lines	-	-	902.9	-	-	(5.3)	897.6
Other liabilities	33.2	47.4	149.4	34.1	409.6	(314.4)	359.3
Total liabilities	**9,181.8**	**124.4**	**3,855.9**	**43.7**	**585.7**	**(553.8)**	**13,237.7**
Net assets	**925.8**	**160.6**	**817.9**	**40.5**	**605.2**	**(413.8)**	**2,136.2**
Shareholders' equity							
Share capital and premium	30.1	-	47.0	41.3	58.1	(176.5)	-
Non-distributable reserve	29.8	2.1	1.5	0.7	21.4	(0.6)	54.9
Revaluation reserve	-	-	453.1	-	-	-	453.1
Share option reserve	3.8	1.3	5.8	2.3	71.8	(22.9)	62.1
Regulatory provisions reserve	-	-	5.7	-	-	-	5.7
Currency conversion reserve	15.5	2.2	(37.5)	(2.6)	9.1	0.0	(13.3)
Retained earnings	846.6	155.0	342.3	(1.2)	444.8	(276.2)	1,511.3
	925.8	**160.6**	**817.9**	**40.5**	**605.2**	**(476.2)**	**2,073.8**
Non-controlling interests	-	-	-	-	-	62.4	62.4
Total equity	**925.8**	**160.6**	**817.9**	**40.5**	**605.2**	**(413.8)**	**2,136.2**

D2 Statement of financial position - segment information at 31 December 2018

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	386.9	0.4	23.5	-	0.7	-	411.5
Property and equipment	28.8	0.5	63.3	1.2	2.8	-	96.6
Intangible assets	-	-	7.9	0.1	-	-	8.0
Deferred acquisition costs	-	0.6	-	-	-	-	0.6
Reinsurer contracts	-	4.8	-	-	-	-	4.8
Investments and securities	2,278.6	48.0	381.1	6.5	554.0	472.9	2,795.3
Deferred tax assets	-	-	-	0.2	0.5	0.7	1.4
Current tax receivable	0.2	-	0.1	-	0.3	-	0.6
Loans and advances	-	-	780.5	-	-	-	780.5
Other assets	40.0	7.1	80.2	5.7	3.4	(0.8)	135.6
Cash and cash equivalents	21.7	8.8	130.2	2.9	25.9	(28.5)	161.0
Total assets	**2,756.2**	**70.2**	**1,466.8**	**16.6**	**587.6**	**(501.5)**	**4,395.9**
Liabilities							
Insurance contract liabilities	2,032.2	17.7	-	-	-	-	2,049.9
Investment contract liabilities	208.9	-	-	-	-	-	208.9
Provisions	0.9	0.1	5.1	1.6	8.5	-	16.2
Deferred tax liabilities	52.1	-	3.3	-	4.1	(1.5)	58.0
Current tax payables	0.1	-	-	0.3	-	-	0.4
Amounts due to group companies	4.8	0.3	-	-	81.7	(1.5)	85.3
Amounts owed to bank depositors	-	-	1,167.2	-	-	(160.3)	1,006.9
Credit lines	-	-	53.3	-	-	-	53.3
Other liabilities	15.2	0.9	41.3	5.3	156.9	(128.0)	91.6
Total liabilities	**2,314.2**	**19.0**	**1 270.2**	**7.2**	**251.2**	**(291.3)**	**3,570.5**
Net assets	**442.0**	**51.2**	**196.6**	**9.4**	**336.4**	**(210.2)**	**825.4**
Shareholders' equity							
Share capital and premium	30.1	-	38.0	0.5	4.4	(73.0)	-
Non-distributable reserve	29.8	2.1	1.4	0.7	21.4	(4.1)	51.3
Revaluation reserve	-	-	19.0	-	-	0.6	19.6
Share option reserve	3.8	1.3	5.8	2.2	65.0	(44.4)	33.7
Regulatory provisions reserve	-	-	5.2	-	-	-	5.2
Retained earnings	378.3	47.8	127.2	6.0	245.6	(114.0)	690.9
	442.0	**51.2**	**196.6**	**9.4**	**336.4**	**(234.9)**	**800.7**
Non-controlling interests	-	-	-	-	-	24.7	24.7
Total equity	**442.0**	**51.2**	**196.6**	**9.4**	**336.4**	**(210.2)**	**825.4**

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
4 Gross earned premiums				
Gross premiums				
Single	9.9	26.7	4.1	3.2
Recurring	56.3	184.3	23.1	22.6
Individual business	**66.2**	**211.0**	**27.2**	**25.8**
Single	271.9	474.2	111.7	58.1
Recurring	468.1	759.9	192.4	90.8
Group business	**740.0**	**1,234.1**	**304.1**	**148.9**
General insurance	**318.6**	**219.7**	**141.8**	**39.4**
Total gross premiums	**1,124.8**	**1,664.8**	**473.1**	**214.1**
Comprising				
Insurance contracts	208.6	414.9	78.8	51.6
Investment contracts with discretionary participating features	597.6	1,030.2	252.5	123.1
General insurance	318.6	219.7	141.8	39.4
Total gross earned premiums	**1,124.8**	**1,664.8**	**473.1**	**214.1**
5 Investment income (non banking)				
Dividend income				
Financial assets at fair value through profit or loss	431.4	219.9	181.1	49.6
Interest income				
Cash and cash equivalents	75.5	10.6	20.8	10.2
Net rental income				
Investment property	79.0	29.6	20.8	12.6
Realised gains and losses				
Financial assets at fair value through profit or loss	620.6	149.5	305.6	43.9
Unrealised gains and losses				
Investment property	3,904.1	41.3	3,904.1	4.6
Financial assets at fair value through profit or loss	2,848.4	6,262.1	2,848.4	881.0
	6,752.5	6,303.4	6,752.5	885.6
Total investment returns included in income statement	**7,959.0**	**6,713.0**	**7,280.8**	**1,001.9**
6 Banking interest and similar income				
Interest and similar income				
Loans and advances				
Investments	59.5	158.6	19.6	19.7
Loans and advances	425.9	721.4	171.3	89.2
Total interest and similar income	**485.4**	**880.0**	**190.9**	**108.9**
Comprising:				
Financial assets at armotised cost	485.4	880.0	190.9	108.9
Interest Expense:				
Credit lines	(86.0)	(32.3)	(42.5)	(4.0)
Money market deposits	(81.4)	(152.4)	(27.6)	(19.2)
Savings deposits	(4.6)	(8.0)	(1.5)	(1.0)
Total interest expense	**(172.0)**	**(192.7)**	**(71.6)**	**(24.2)**
Comprising:				
Financial liabilities at armotised cost	(172.0)	(192.7)	(71.6)	(24.2)
Net interest income	**313.4**	**687.3**	**119.3**	**84.7**
7 Fee income, commissions and income from service contracts				
Banking operations:				
Commissions	200.0	227.2	101.8	27.8
Service fees	93.4	123.9	43.5	15.0
Adminstration fees	139.2	197.4	63.8	24.1
Total fee income and commission from banking operations	432.6	548.5	209.1	66.9
Long term business	26.4	47.1	10.6	6.0
Asset management business	90.3	114.2	39.1	11.3
	549.3	**709.8**	**258.8**	**84.2**
8. Claims and benefits				
Claims and benefits (including change in insurance contract provisions):				
Increase in insurance contract provisions	5,786.9	4,363.8	5,674.1	692.6
Gross claims expenses (refer to analysis in note 8.1 below)	700.8	1,015.8	232.1	125.8
Shadow accounting to revaluation reserve (see note 9.1 below)	212.6	1.4	212.6	0.5
	6,700.3	**5,381.0**	**6,118.8**	**818.9**
8.1 Analysis of claims expenses				
Individual business	**13.8**	**20.5**	**8.3**	**6.9**
Death and disability benefits	3.7	6.7	1.1	3.2
Maturity benefits	4.9	3.7	3.5	0.5
Surrenders	5.2	10.1	3.7	3.2
Group business	**467.5**	**822.6**	**160.0**	**95.5**
Death and disability benefits	170.8	184.2	18.9	14.0
Pension commutations, maturities and withdrawal benefits	158.9	499.7	92.1	56.5
Annuities	98.3	108.7	37.0	15.5
Surrenders	39.5	30.0	12.0	9.5
General insurance	**219.5**	**172.7**	**63.8**	**23.4**
Total claims and benefits	**700.8**	**1,015.8**	**232.1**	**125.8**
Comprising:				
Insurance contracts	49.7	92.8	19.9	15.5
Investment contracts with discretionary participating features	431.6	750.3	148.4	86.9
General insurance	219.5	172.7	63.8	23.4
Total claims and benefits payable	**700.8**	**1,015.8**	**232.1**	**125.8**
9. Change in provision for investment contract liabilities				
Investment contracts				
Increase in investment contract liabilities	383.3	228.2	371.5	89.3
Shadow accounting to revaluation reserve (see note 9.1 below)	16.0	2.3	16.0	0.1
	399.3	**230.5**	**387.5**	**89.4**
9.1 Shadow accounting				
Insurance contracts	212.6	1.4	212.6	0.5
Investment contracts	16.0	2.3	16.0	0.1
Total	**228.6**	**3.7**	**228.6**	**0.6**

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.

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
10 Other operating and administration expenses				
Administrative expenses	188.0	66.4	73.3	9.0
Office space costs	22.4	35.8	16.6	7.8
Fees and levies	29.9	22.7	26.7	2.9
Donations	7.1	8.2	2.9	1.0
Insurance	14.4	7.3	10.0	1.0
Actuarial and consultancy fees	16.9	14.2	5.4	2.0
Advertising and marketing	17.5	21.3	11.6	3.4
Software licensing	40.0	37.6	28.8	4.2
Depreciation and amortisation	119.4	109.8	17.2	10.5
	455.6	**323.3**	**192.5**	**41.8**
Auditors' remuneration				
Statutory audit services - current year	15.3	7.9	15.3	0.8
Staff costs				
Wages and salaries	245.3	281.2	81.2	34.1
Retirement obligations	9.7	24.0	3.6	3.6
Social security costs	3.5	4.3	1.2	0.9
Bonus and incentive remuneration	29.4	36.3	29.4	4.7
Share based payments	5.6	3.9	5.6	0.6
Other staff costs	16.9	29.9	13.2	3.9
	310.4	**379.6**	**134.2**	**47.8**
Other	28.7	5.8	22.8	1.0
	810.0	**716.6**	**364.8**	**91.4**

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
11 Investment property				
Carrying amount at beginning of year	2,578.2	3,577.2	411.5	405.2
Additions	164.9	86.7	104.0	10.6
Fair value of property under development	8.0	-	3.2	-
Inflation adjustment	(2,231.7)	(1,061.7)	-	-
Disposal	(1.2)	(65.3)	(0.5)	(8.0)
Gain/(loss) from fair value adjustments	3,904.1	41.3	3,904.1	3.7
Carrying amount at end of year	**4,422.3**	**2,578.2**	**4,422.3**	**411.5**
Comprising:				
Freehold property	**4,422.3**	**2,578.2**	**4,422.3**	**411.5**
The fair value of freehold property leased to third parties under operating leases	**2,660.9**	**2,040.2**	**2,660.9**	**328.5**
Rental income from investment property	208.5	188.2	79.6	33.6
Direct operating expenses arising from rented-out investment property	(129.5)	(158.6)	(58.8)	(21.0)
	79.0	**29.6**	**20.8**	**12.6**

The carrying amount of investment property as well as owner occupied property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The recorded values are tested by comparing with values determined by independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio, or for at least the top twenty five buildings by value. For the year ended 31 December 2019, valuations were carried out based on US dollar-based parameters and not on ZWL. The USD valuation was converted at the interbank rate at the reporting date which was ZWL$16.77: US$1. In accordance with International Valuation Standards (IVS), the valuation methodologies used were, Income method for income generating whilst the Direct Comparison/Market Approach has been applied for Landholdings and residential properties.

We used a two stage Discounted Cash Flow Method (DCF) for income earning properties. The methodology changed from Direct Capitalisation because this method assumed stable cash flows into perpetuity. However, this is not applicable to our environment anymore due to high inflation and currency depreciation
We assumed the current environment to extend to at most 8 years.
The Property Market has remained subdued characterized by following:

- Thin asset market transactions. In view of this, we have maintained the previous cap rates used during USD era.
- On the space market, rentals have struggled to keep pace with inflation due to the volatility of the new currency. We have had 10 months of RTGS rental income evidence, which reasonably supports valuation by converting these to USD at the interbank rate, in accordance with International Standards, and which shows falling rentals in USD terms.

The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Investment properties were fair valued using yield rates of between 7% and 13.00% (2018:7.00 % and 12.00%) and rental rates of between ZWL0.20 and ZWL30.00 (2018:ZWL0.50 and ZWL20.00) per square metre. Additions to investment property include land acquired in Victoria Falls, Ngezi, Hwange and the recently completed Eastgate Market.

As security for a credit line from Trade and Development Bank, CABS registered a bond of US$7 million over a property and issued powers of attorney to register bonds (in the event of default) over other properties with a total value of US$30.18 million as at 31 December 2019 (both investments properties and owner occupied properties).

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

Type of property	Valuation approach	Value	Key unobservable inputs	Inter-relationship between unobservable inputs and key fair value measurement
Office, Retail and Industrial Properties	· Income capitalisation	**$3 342m**	Rental income per square meter and capitalisation rates (see above) Vacancies	The estimated fair value would increase if: > net rental income increased > capitalisation rates decreased. > vacancies decreased · The estimated fair value would decrease if the unobservable inputs changed the other way
Residential property	· Direct Comparison/ Market Approach	**$3.95m**	Price for comparable properties.	· The estimated fair value would increase if prices for comparable properties increased.
Land	· Direct Comparison/ Market Approach	**$1 076m**	Price for comparable properties	· The estimated fair value would increase if prices for comparable properties increased.

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
12 Investments and securities				
12.1 Analysis of investments				
Equity securities - listed	4,711.0	13,104.4	4,711.0	2,162.3
-unlisted	614.1	666.7	614.1	97.7
Total Equities	5,325.1	13,771.1	5,325.1	2,260.0
Unit trust investments	11.5	86.8	11.5	13.9
Public sector securities	11.8	21.5	11.8	80.3
Treasury bills	136.6	1,542.2	136.6	248.2
Deposits and money market securities	641.8	1,830.6	641.8	192.9
	6,126.8	**17,252.2**	**6,126.8**	**2,795.3**
12.2 Spread of equity securities by sector				
Commodities	344.6	2,289.1	344.6	375.7
Consumer	1,301.0	5,088.9	1,301.0	835.2
Financial	3,246.3	1,933.4	3,246.3	317.3
Property	43.9	269.2	43.9	44.2
Manufacturing	324.8	3,863.4	324.8	634.0
Mining	64.5	327.1	64.5	53.6
	5,325.1	**13,777.1**	**5,325.1**	**2,260.0**
12.3 Movements of investment and securities				
Opening balance	17,252.2	14,172.0	2,795.3	1,610.5
Fair value movements through profit or loss	2,848.4	6,262.1	2,848.4	881.0
Inflation adjustment	(15,083.3)	(2,774.6)	-	-
Additions	3,804.0	315.3	1,656.3	314.1
Disposals	(1,585.8)	(714.9)	(690.5)	(9.0)
Maturities	(1,108.7)	(7.7)	(482.7)	(1.3)
Closing balances	**6 126.8**	**17,252.2**	**6,126.8**	**2,795.3**

12.4 Investment in unlisted equities above 20% shareholding

	2019		2018	
Company	**holding %**	**Value ZWLm**	**Inflation Adjusted ZWLm**	**Historical Cost (Unaudited) ZWLm**
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	322.7	186.1	30.0
Africa Takura Ventures-Fund 1 "M Shares" (held by Shareholders and OMLAC Main Fund)	26%	0.1	-	-
Nedbank Zimbabwe(formerly MBCA Holdings)	21%	26.8	77.8	12.5
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	3.6	1.9	0.3
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	143.5	237.8	38.3
Manica Board and Doors (MBD) (held by OMLAC Main Fund)	55%	11.5	10.7	1.7
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	31.2	3.0	0.5
Closefin	21%	18.1	-	-
Plaza Bakery(held by OMLAC Main Fund)	49%	4.1	-	-
Zimcampus preferance shares	35%	22.2	-	-
Solgas ordinary shares (held by OMLAC Main Fund)	49%	4.0	-	-
Solgas preference shares (held by OMLAC Main fund)	100%	3.2	-	-
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3.3	-	-
Richaw Solar Tech preference shares (held by OMLAC Main Funnd)	64%	0.1	-	-
Harava Solar Park (held by OMLAC Main Fund)	27%	2.5	-	-
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	17.2	-	-
		614.1	**517.3**	**83.3**

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 of the percentage holding in each entity. The above investments which originate from the investments of policyholder funds are invested into investment linked insurance funds and funds which operate like unit trusts which are managed on a fair value basis. These funds back investment contracts with discretionary participating features and investment contracts accounted for in terms of IFRS 9.

The Group has not consolidated the investment in MBD. Management concurred that the investment in MBD is not material. Nedbank Zimbabwe (formely MBCA holdings) shares held by OMZIL should ordinarly be equity accounted, but were fair valued as per IFRS 9, as there was immaterial difference between equity accounting and fair valuing the investments in Nedbank.

	Inflation Adjusted		Historical Cost (Unaudited)	
	2019	2018	2019	2018
12.5 Treasury bills maturity analysis				
On demand to 3 months	8.2	141.6	8.2	93.3
3 months to 12 months	122.9	1,246.4	122.9	48.4
1 year to five years	5.5	154.2	5.5	106.5
Total	**136.6**	**1,542.2**	**136.6**	**248.2**

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
13 Loans and advances				
Concentration - gross loans and advances				
Housing	233.0	1,617.2	233.0	254.3
Unsecured personal loans	218.8	1,177.0	218.8	222.0
Commercial and industrial	1,095.7	2,284.4	1,095.7	341.0
Gross loans and advances	1,547.5	5,078.6	1,547.5	817.3
Less provision for impairment	(58.0)	(223.9)	(58.0)	(36.8)
Net loans and advances	**1,489.5**	**4,854.7**	**1,489.5**	**780.5**
Maturity analysis - gross and loans advances				
On demand to 3 months	198.2	754.4	198.2	128.0
3 months to 12 months	408.4	1,502.1	408.4	253.0
1 year to 5 years	896.9	2,294.7	896.9	287.6
Over 5 years	44.0	527.4	44.0	148.7
	1,547.5	**5,078.6**	**1,547.5**	**817.3**
Non performing loans	**31.5**	**292.3**	**31.5**	**47.0**
Analysis of past due but not impaired				
30 to 60 days past due	4.4	362.7	4.4	53.4
61 to 90 days past due	46.1	254.0	46.1	40.9
	50.5	**616.7**	**50.5**	**94.3**

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

Sector	Inflation Adjusted Group 2019	Group 2018	Historical Cost Group 2019	Group 2018
Trade and services	299.2	977.5	299.2	27.7
Energy and minerals	63.5	1,623.5	63.5	20.8
Agriculture	10.9	129.3	10.9	157.2
Construction and property	101.0	372.3	101.0	261.0
Light and heavy industry	404.2	1,208.4	404.2	59.9
Unsecured personal loans	484.7	181.2	484.7	195.1
Transport and distribution	18.2	172.2	18.2	66.5
State and state enterprises	165.8	414.2	165.8	29.1
	1,547.5	**5,078.6**	**1,547.5**	**817.3**

13.2 Impairment and credit quality analysis

Inflation Adjusted 2019

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased / originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2019	4,215.9	(54.1)	542.8	(43.7)	319.9	(126.1)	5,078.6	(223.9)
Monetary adjustment	(4,507.3)	96.7	(445.2)	29.8	(258.0)	109.9	(5,210.6)	236.4
	1,723.9	(84.5)	(18.2)	12.4	(26.3)	1.6	1,679.5	(70.5)
Originations, purchases and interest accruals	2,320.2	(84.8)	-	-	-	-	2,320.2	(84.8)
Repayments & other derecognitions, excl write-offs	(570.0)	(5.7)	(39.1)	4.5	(31.7)	9.1	(640.8)	7.9
Transfer to 12 month ECL	116.6	(0.8)	(106.5)	12.4	(10.1)	1.8	-	13.4
Transfer to lifetime ECL (not credit impaired)	(128.3)	2.6	131.9	(4.3)	(3.6)	1.0	-	(0.7)
Transfer to lifetime ECL (credit impaired)	(14.6)	2.2	(4.5)	0.2	19.1	(9.7)	-	(7.3)
Changes to model & risk parameters used for ECL calculation	-	2.0	-	(0.4)	-	(0.6)	-	1.0
As at 31 December 2019	**1,432.5**	**(41.9)**	**79.4**	**(1.5)**	**35.6**	**(14.6)**	**1,547.5**	**(58.0)**

Inflation Adjusted 2018

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased / originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2018	5,191.9	(96.6)	404.2	(25.8)	451.8	(182.1)	6,047.9	(304.5)
Monetary adjustment	(5,549.4)	(70.8)	(1,969.4)	190.2	(281.0)	173.3	(7,799.8)	292.7
	4,573.4	113.3	2,108.0	(208.1)	149.1	(117.3)	6,830.5	(212.1)
Originations, purchases and interest accruals	20,009.6	(806.8)	-	-	-	-	20,009.6	(806.8)
Repayments & other derecognitions, excl write-offs	(11,281.4)	378.7	(1,117.3)	12.8	(780.4)	270.5	(13,179.1)	662.0
Transfer to 12 month ECL	998.5	(16.0)	(809.4)	15.9	(189.1)	39.9	-	39.8
Transfer to lifetime ECL (not credit impaired)	(4,471.6)	157.5	4,497.0	(346.4)	(25.4)	5.2	-	(183.7)
Transfer to lifetime ECL (credit impaired)	(681.7)	385.2	(462.3)	31.1	1,144.0	(842.7)	-	(426.4)
Changes to model & risk parameters used for ECL calculation	-	14.7	-	78.5	-	409.8	-	503.0
As at 31 December 2018	**4,215.9**	**(54.1)**	**542.8**	**(43.7)**	**319.9**	**(126.1)**	**5,078.6**	**(223.9)**

Historical cost 2019

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased / originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2019	677.6	(9.5)	87.4	(7.0)	52.3	(20.3)	817.3	(36.8)
	754.9	(32.4)	(8.0)	5.5	(11.4)	1.1	735.5	(25.8)
Originations, purchases and interest accruals	1,016.5	(41.6)	-	-	-	-	1,016.5	(41.6)
Repayments & other derecognitions, excl write-offs	(250.2)	6.7	(17.0)	2.0	(13.8)	4.4	(281.0)	13.0
Transfer to 12 month ECL	50.8	(0.4)	(46.4)	5.4	(4.4)	0.8	-	5.8
Transfer to lifetime ECL (not credit impaired)	(55.9)	1.1	57.4	(1.8)	(1.5)	0.4	-	(0.3)
Transfer to lifetime ECL (credit impaired)	(6.3)	1.0	(2.0)	0.1	8.3	(4.2)	-	(3.1)
Changes to model & risk parameters used for ECL calculation	-	0.8	-	(0.2)	-	(0.2)	-	0.4
Write-offs	-	-	-	-	(5.3)	4.6	(5.3)	4.6
As at 31 December 2019	**1,432.5**	**(41.9)**	**79.4**	**(1.5)**	**35.6**	**(14.6)**	**1,547.5**	**(58.0)**

13.2 Impairment and credit quality analysis (continued)

Historical cost 2018

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased / originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2018	587.5	(10.9)	45.8	(2.9)	51.5	(20.6)	684.8	(34.4)
	90.1	1.4	41.6	(4.1)	3.4	(2.3)	135.1	(5.0)
Originations, purchases and interest accruals	394.6	(15.9)	-	-	-	-	394.6	(15.9)
Repayments & other derecognitions, excl write-offs	(222.6)	6.7	(22.0)	0.3	(15.4)	5.3	(260.0)	12.2
Transfer to 12 month ECL	19.7	(0.3)	(16.0)	0.3	(3.7)	0.8	-	0.8
Transfer to lifetime ECL (not credit impaired)	(88.2)	3.1	88.7	(6.8)	(0.5)	0.1	-	(3.6)
Transfer to lifetime ECL (credit impaired)	(13.4)	7.6	(9.1)	0.6	23.0	(16.6)	0.5	(8.4)
Changes to model & risk parameters used for ECL calculation	-	0.3	-	1.5	-	8.1	-	9.9
Write-offs	-	-	-	-	(2.6)	2.6	(2.6)	2.6
As at 31 December 2018	**677.6**	**(9.5)**	**87.4**	**(7.0)**	**52.3**	**(20.3)**	**817.3**	**(36.8)**

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
14 Other assets				
Accrued interest and rent	7.8	109.5	7.8	17.6
Agent debtors and prepayments	224.6	265.4	58.4	35.8
Capitalised project costs	160.5	274.5	61.3	37.3
Banking settlement and other clearing accounts.	247.5	121.9	247.5	12.7
RBZ Legacy Debt (see note 14.1 below)	259.7	-	259.7	-
Trade debtors	53.4	108.6	53.4	10.6
Other	40.8	176.8	6.6	21.6
	994.3	**1,056.7**	**694.7**	**135.6**
14.1 RBZ Legacy Debt				
Principal Amount	29.2	-	29.2	-
Fair value gain	460.9	-	460.9	-
Gross amount owing	490.1	-	490.1	-
Provision	(230.4)	-	(230.4)	-
	259.7	**-**	**259.7**	**-**

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe's ("RBZs") 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:US$1 in relation to foreign currency legacy debts to be registered with the RBZ. CABS made applications relating to all its foreign currency obligations in relation to loan repayments for offshore lines of credit, and foreign suppliers of goods and services. CABS recognised a foreign currency denominated asset in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, however, details as to the exact structure and design of the instrument are yet to be availed by the RBZ. The carrying value of the financial instrument reflects management's assessment of the present value of expected net cashflows to be received under this arrangement.

14.1.1 Legacy Debts registration process

	2019		2018	
	Approved USDm	Application outcome pending USDm	Approved USDm	Application outcome pending USDm
External lines of credit	25.2	-	-	-
Amounts owing to related parties	-	89.3	-	-
Amounts owing to 3rd parties	-	4.0	-	-
	25.2	**93.3**	**-**	**-**

During 2019 the Group applied for various external obligations to be registered with the RBZ as legacy debt in line with the guidelines issued by the RBZ in June 2019. These external obligations include amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to promulgation of SI 33 of 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group.

Subsequent to year-end, of the amounts for which registration was outstanding, a total of USD82 million was approved and the equivalent in local currency of ZWL32 million paid over to the RBZ with the remaining ZWL50 million to be paid over to RBZ by the end of May 2020. The remaining balance of USD11 million was still under consideration by the RBZ. Management remain optimistic that the completion of the legacy debt registration process and other management actions around preserving the asset base of the Group will mitigate the risk of unmatched foreign currency exposures on the financial position of the Group.Foreign liabilities, where the registration process with the RBZ was completed before 31 December 2019, have been translated using the closing USD interbank rate and a receivable has been recognised, reflecting management's assessment of the present value of the cashflows to be received from the RBZ under the arrangement. No legacy debt receivable has been recognised with respect to foreign liabilities owing to related parties in the Old Mutual Limited group as the registration process was not complete before 31 December 2019.

Included in the statement of financial position under 'Amounts due to group companies' are amounts owing to related parties which were accounted for at the value of the matching portfolio of assets where the funds had been invested pending finalisation of the legacy debt process. If these amounts had been accounted for at the 31 December 2019 closing interbank rate of USD1:ZWL16.77 the impact on the financial statements would have been a reduction of profit and net assets by ZWL$1,372m, which would have resulted in loss after tax of $3,982.5m and a net asset position of $950.3m.

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
15 Insurance contract liabilities				
Outstanding claims	7.1	17.6	7.1	2.8
Future policyholders' benefits (see analysis of movement in provision below)	8,443.6	12,767.2	8,294.7	2,047.1
	8,450.7	**12,784.8**	**8,301.8**	**2,049.9**
15.1 Future policyholders' benefits				
Movement in provision for insurance contracts				
Balance at beginning of year	12,767.2	8,307.5	2,047.1	1,352.7
Inflows				
Premium income	902.7	1,588.2	371.4	202.8
Investment income	7,369.5	4,147.9	6,231.2	667.0
Fee and other income	34.1	37.1	9.8	6.0
Outflows				
Claims and policy benefits	(700.8)	(1,015.8)	(232.1)	(125.8)
Operating expenses	(264.4)	(188.2)	(106.2)	(31.2)
Taxation				
Current tax	(9.0)	(5.2)	(7.5)	(0.8)
Deferred tax	(27.7)	(6.2)	-	(3.6)
Inflation adjustment	(11,609.0)	(18.8)	-	-
Transfer to operating profit	(19.0)	(79.3)	(19.0)	(20.0)
Balance at end of year	**8,443.6**	**12,767.2**	**8,294.7**	**2,047.1**
16 Investment contract liabilities				
Liabilities at fair value through profit or loss	**591.2**	**1,298.0**	**591.2**	**208.9**
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	1,298.0	750.3	208.9	120.8
New contributions received	3.6	317.0	3.6	2.2
Withdrawals	(24.8)	(318.3)	(24.8)	(3.6)
Fair value movements	(685.6)	549.0	403.5	89.5
Balance at end of year	**591.2**	**1,298.0**	**591.2**	**208.9**

17 Amounts due by or (to) group companies

	2019 ZWLm Amounts due (to)	2019 ZWLm Net Balance	2018 ZWLm Amounts due by	2018 ZWLm Amounts due (to)	2018 ZWLm Net balance
Inflation Adjusted					
Old Mutual Limited (South Africa) and its subisidiaries outside Zimbabwe	(163.1)	(163.1)	7.5	(526.8)	(519.3)
	(163.1)	**(163.1)**	**7.5**	**(526.8)**	**(519.3)**
Historical					
Old Mutual Limited (South Africa) and its subisidiaries outside Zimbabwe	(163.1)	(163.1)	1.2	(86.5)	(85.3)
	(163.1)	**(163.1)**	**1.2**	**(86.5)**	**(85.3)**

Further details on the accounting treatment of the obligation to related parties outside of Zimbabwe is highlighted in note 14.1.1.

18 Amounts owed to bank depositors

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

	Inflation Adjusted		Historical Cost (Unaudited)	
	Group 2019 ZWLm	Group 2018 ZWLm	Group 2019 ZWLm	Group 2018 ZWLm
Money market deposits	443.7	2,780.1	443.7	461.5
Term deposits	0.2	4.4	0.2	0.7
Savings deposits	2,117.7	3,553.7	2,117.7	544.7
	2,561.6	**6,338.2**	**2,561.6**	**1,006.9**
Maturity analysis				
On demand to 3 months	2,224.0	5 205.3	2,224.0	826.6
3 months to a year	230.5	348.4	230.5	55.4
1 year to 5 year	38.2	343.5	38.2	54.7
Over 5 years	68.9	441.0	68.9	70.2
	2,561.6	**6,338.2**	**2,561.6**	**1,006.9**

	2019 $m	%	2018 $m	%
Concentration - Restated				
Financial institutions	699.9	27.3%	3,112.4	49.1%
Companies	1,376.3	53.7%	2,520.1	39.8%
Individuals	485.4	19.0%	705.7	11.1%
	2,561.6	**100.0%**	**6,338.2**	**100.0%**
Concentration - Historical cost				
Financial institutions	699.9	27.3%	427.9	42.5%
Companies	1,376.3	53.7%	482.3	47.9%
Individuals	485.4	19.0%	96.7	9.6%
	2,561.6	**100.0%**	**1,006.9**	**100.0%**

These are on-demand deposits.

19 Risk Management

Overview
OMZIL's principal risks have been determined by assessing the possible effects on its reputation, its stakeholders, its earnings, capital and liquidity, and the future sustainability of its business. The risk landscape is changing rapidly, particularly in the context of the persistent volatile, uncertain, complex and ambiguous global and local macro-economic environment. OMZIL's business is also affected by a number of risks inherent to the products it offers and the industry it operates in, such as exposure to market levels, interest rates and insurance liability risk. The risks are closely monitored and overseen by OMZIL Group management and reported to the Board on a regular basis.

Liability Risk
OMZIL assumes liability risk, sometimes referred to as insurance risk, by issuing insurance contracts under which it agrees to compensate the policyholder or beneficiary if a specified uncertain future event affecting the policyholder occurs. This risk includes mortality and morbidity risk, as well as non-life risk from events such as fire. Mortality and morbidity risk is the risk that death, critical illness and disability claims are different from expected levels. Higher than expected claim levels will reduce expected profits. The risk is managed through experience monitoring and investigation; product design and pricing; robust underwriting practices; and in some instances reinsurance.

Market Risk
This is the risk of a financial impact arising from changes in the value of financial assets or financial liabilities from changes in equity, bond and property prices, interest rates and foreign exchange rates. The OMZIL Group has put in place a robust market risk management framework that includes a set of policies, principles and governance processes to monitor and manage market risk within the business and in accordance with local regulatory requirements. The framework sets the boundaries for risk taking with approved limit structure and early warning triggers that ensures management is informed promptly of potential issues.

Credit and Counterparty Risk
Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss to the OMZIL Group by failing to discharge an obligation to repay cash or deliver another financial asset. Credit risk arises from a number of activities of the Group, such as banking, lending, trading and investing. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults.

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. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the OMZIL Group's short, medium and long-term funding and liquidity requirements. The OMZIL Group manages liquidity by maintaining adequate reserves and banking facilities, continuously monitoring forecasted and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Compliance and Regulatory Risk
This is the risk that laws and regulations will be breached. This includes risk of regulatory intervention resulting in sanctions being imposed or temporary restriction on the OMZIL Group's ability to operate and /or additional regulatory capital charges. The OMZIL Group recognises its accountability and responsibilities to all stakeholders under the legal, regulatory and supervisory requirements applicable to its businesses. Compliance and Regulatory risk is managed through a Board approved Compliance Programme, internal policies and processes and maintaining an independent Compliance function for each business line.

Operational Risk
This is the risk arising from operational activities, such as failure of a major system, or losses incurred as a consequence of people and or process failures, including external events. Practices to minimise and mitigate operational risk are embedded across all business units, taking into account the cost versus the benefit of doing so. OMZIL Group Internal Audit provides independent assurance on the adequacy and effectiveness of the system of internal controls.

Strategic Risk
This is the risk that strategic decisions made may adversely affect future earnings and the sustainability of the business. To manage this risk, all new partnership opportunities are reviewed and evaluated according to strict investment criteria and appropriate governance processes. In addition, oversight committees at both executive and Board levels oversee strategic initiatives.

Solvency Risk
Solvency risk is the risk of being unable to absorb losses, generated by all types of risks, with the available capital. The basic principle of "capital adequacy," promoted by regulators, is to define the minimum capital that allows an entity to sustain the potential losses arising from all risks and complying with an acceptable solvency level. When using economic measures of potential losses, the capital buffer sets the default probability of the Group, or the probability that potential losses exceed the capital base.

Capital is actively managed to ensure that the Group is properly capitalised and funded at all times, having regard to its regulatory needs, risk adjusted margins, prudent management and the needs of all stakeholders. 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 analyses 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.
- 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.

Notes to the Abridged Audited Financial Statements
For The Year Ended 31 December 2019 (continued)

20 Currency Sensitivity Analysis

The table below is a sensitivity analysis of the effect of using different exchange rates to convert foreign currency balances to local reporting currency. The scenarios presented compare the impact of using closing rate at 1:16.7743; 1:25 and 1:40.

	2019 Group USDm 31 Dec 2019	2019 Group ZWLm Translated @ 1:16.7743	2019 Group ZWLm Translated @ 1:25	2019 Group ZWLm Translated @ 1:40
Foreign Currency denominated Assets/ Liabilities				
Assets				
Investments and securities	99.8	1,674.1	2,495.0	3,992.0
Loans and advances	31.5	528.4	787.5	1,260.0
Other receivables	32.0	536.8	800.0	1,280.0
Cash and cash equivalents	54.0	905.8	1,350.0	2,160.0
Total assets	**217.3**	**3,645.1**	**5,432.5**	**8,692.0**
Liabilities				
Long-term business policyholder liabilities - third party	89.8	1,506.3	2,245.0	3,592.0
Borrowed funds	53.5	897.4	1,337.5	2,140.0
Amounts owed to group companies	2.6	43.6	65.0	104.0
Amounts owed to bank depositors	32.6	546.8	815.0	1,304.0
Other payables	24.5	411.0	612.5	980.0
Total liabilities	**203.0**	**3,405.1**	**5,075.0**	**8,120.0**
Net assets	**14.3**	**240.0**	**357.5**	**572.0**

The Group and its subsidiaries remain solvent and sufficiently capitalised at the different exchange rate sensitivities. Refer to note 14.1.1 for the accounting treatment of other obligations to related parties outside Zimbabwe.

21 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 dollarization 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. The process had not officially commenced as of May 2020. As such we are not currently able to establish what impact the commission's findings will have on Old Mutual Zimbabwe.

22 Subsequent events

22.1 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 112%. This had significant impact on the Group's profits given the level of the investment in listed equities. This subsequent increase in ZSE price resulted in the Group's listed equities increasing by $3.5bn as at 30 April 2020, while profits for that period have been positively impacted by $1.1bn. The Group's subsidiaries remain well capitalised.

22.2 Impact of Coronavirus disease 2019 (COVID-19)

COVID-19 was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020. The first cases in Zimbabwe were diagnosed on 20 and 21 March 2020 with the first fatality being announced on 23 March 2020. On 27 March 2020, the Government of Zimbabwe announced a 21 day lockdown period, commencing on 30 March 2020, during which the public would be expected to stay at home and business activity would be limited only to essential services. The lockdown was subsequently extended to 21 May 2020 and has since been extended indefinitely. However, significant relaxations have been announced to the lockdown as originally designed such as certain businesses being allowed to open subject to prescribed health and safety measures being adhered to. A significant amount has been spent on IT hardware to support remote working, as well as on sanitary equipment such as gloves, masks and sanitisers.

In addition, the use of digital and electronic means of transacting, particularly through internet and mobile platforms is well embedded across the Group. In particular, the following services will still be available during the lockdown:

- Online and mobile banking to make payments
- Ability to transact through point of sale networks
- Processing of insurance claims and payment of death and funeral benefits.

The Real Time Gross Settlement (RTGS) system and the Zimbabwe Stock Exchange (ZSE) have remained operational enabling us to continue to service our customers during a period where face to face contact has to be limited. The global economy is likely to be negatively impacted by the pandemic and Zimbabwe will not be an exception to this. We are not at this stage able to assess or quantify the impact of any lasting economic downturn caused by the pandemic on the business. Potential areas of short to medium term risk for the business include:

- Increased mortality rates due to COVID-19 which will impact on death and funeral claims.
- Cashflow challenges may force clients to delay Pension and Group Life Assurance contributions.
- Cashflow challenges may force clients to reduce insurance cover or default on premiums for business in force.
- Cash outflows from managed funds may increase as clients seek to cover liquidity needs due to the business lockdown, or a longer lasting economic down-turn.
- Reduced business activity on the part of our clients may lead to defaults on loan payment obligations in the banking and micro-finance businesses, or contractual rental payments in the property business.
- There could be selling pressure on the stock market which may drive the value of listed equities down, negatively impacting on funds under management, asset management fees, brokerage fees, as well as levels of capital held by the business, given the levels of exposure to the ZSE.
- Tight liquidity conditions in the economy in general will affect the availability of funds available for lending.

The Group has put in place the following key measures amongst others to reinforce its Liquidity and Capital Adequacy Position in the foreseeable future:

- continued management of client relations to maintain and grow the current portfolio;
- continued proactive monitoring of facilities to mitigate migrations into a non-performing status;
- continued critical credit assessment of new loan disbursements;
- continued mobilisation of diverse deposits with staggered maturity profiles;
- retention of earnings and suspension of dividends.

Based on the above assessment, COVID-19 will not have significant impact on the Group's ability to continue to operate as a going concern. The Pandemic is still in its infancy and as such the Directors cannot reliably estimate its future impact on the Group, however, mitigants have been put in place to safeguard the Group going concern position. The occurrence of the COVID-19 pandemic is a non-adjusting subsequent event for the financial year ended 31 December 2019. From an actuarial point of view, we do not anticipate any assumption changes during the first half of 2020. The COVID-19 experience for Africa seems to be at the beginning of the curve. Whilst we expect a decline in new business and a worsening of persistency, and potentially an impact on mortality and per policy expenses, it is difficult to gauge what the extent of this impact will be. Since there is such a broad range of outcomes that can materialise, more time is required to fully assess the implications and make any decisions thereafter, once we have more clarity. At this point, we do not anticipate that we will see any mortality impact in the Life business' June 2020 valuation. Furthermore, assumption setting has a long term focus and changes in assumptions will not necessarily be determined by one event.

22.3 Litigation against CABS in respect of Statutory Instruments 133 of 2016 and 122a of 2017

Sometime in 2018, a customer of CABS approached the High Court seeking an order for the payment of US$142 000 in cash or into a Nostro Foreign Currency Account of their nomination. In the alternative, the customers also sought a declaration setting aside the Exchange Control Directive Number RT 120/2018 which was issued by the Reserve Bank of Zimbabwe. If the declaration was set aside, the customer sought that the Reserve Bank of Zimbabwe and the Minister of Finance and Economic Development should pay the amount claimed.

The Exchange Control Directive RT 120/2018

This directive instructed banks to separate USD balances from RTGS balances and bond notes and required the opening of RTGS Foreign Currency Account (FCA) for local electronic money transfers and bond note transactions and the Nostro FCA for actual foreign currency transactions. The Bank's customer was challenging this separation and argued that they wanted to be paid in USD as they argued that their initial deposits were made in USD prior to the introduction of bond notes and other forms of local currency.

The High Court Judgement

On the 14th May 2020, the High Court ruled in favour of the Bank's customer and ordered the Bank to pay them US$142 000 together with interest thereon at the rate of 5% per annum calculated from the 17th October 2018 to the date of payment in full. The High Court also declared that Exchange Control Directive Number RT 120/2018 was unconstitutional and therefore invalid. The Bank, the Reserve Bank and the Minister of Finance and Economic Development were ordered to pay costs of the suit jointly and severally.

Effect of the High Court Judgement

The effect of the judgement is that the Bank has been ordered to pay the customer the sum of US$142 000 plus interest and RBZ Directive RT 120/2018 has been set aside.

What was set aside by the High Court is the directive only. Therefore, without setting aside the SI 33 of 2019 as codified in the Finance Act Number 2 of 2019, which provides that all the debts should be paid in local currency at a one to one rate, all deposits in the bank, except those that are in the FCA Nostro accounts, remain in the local currency.

Appeal to the Supreme Court and its effect on the operation of the High Court ruling

The Bank has filed an appeal against the High Court judgement in the Supreme Court. Therefore, with effect from the 20th May 2020, the High Court judgement has been suspended and is of no effect until the outcome of the appeal. The RBZ and Ministry of Finance have also issued a statement that they will appeal against the judgement.

The Directors believe, based on legal advice that has been given, that the appeal has good prospects of success.

22.4 Registration of legacy debts

Post year-end, the RBZ approved the registration of a further USD82m in legacy debt as highlighted in note 14.1.1.