OLD MUTUAL ZIMBABWE LIMITED

Consolidated Abridged Audited Financial Statements
For the Year Ended 31 December 2021

DO GREAT THINGS EVERY DAY

Chairman's Statement

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

Economic Environment

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

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

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

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

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

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

Business Efforts

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

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

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

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

Financial Performance

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

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

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

Dividend

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

Corporate Social Responsibility Initiatives

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

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

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

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

Appreciation

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

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

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

Outlook

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

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

K. C. KATSANDE
Chairman

30 March 2022

Auditor's Statement

These abridged Group inflation-adjusted financial statements should be read in conjunction with the complete set of the Group inflation-adjusted financial statements as at the end and for the year ended 31 December 2021.

The financial statements have been audited by Messrs Deloitte & Touche Chartered Accountants (Zimbabwe) ("Deloitte"), who have issued an unqualified opinion. The auditor's report on the Group's inflation-adjusted financial statements, from which these abridged Group inflation-adjusted financial statements are extracted, is available for inspection at the Company's registered office.

The opinion included key audit matters in respect of valuation of investment properties and owner-occupied properties, valuation of unquoted investments, valuation of insurance contract liabilities and valuation of expected credit losses on financial assets.

The Engagement Partner responsible for the audit was Mrs Charity Mtwazi, PAAB Practice Certificate Number 0585.

30 March 2022

CEO's Review

Introduction

Our key initiatives for 2021 focused on:

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

Enhancing the Customer Value Proposition

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

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

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

As Old Mutual Investment Group, we listed on the Zimbabwe Stock Exchange, the first Exchange Traded Fund (EFT). In its first year the ETF returned 340% which compared favourably against both the All-Share Index and inflation benchmarks. An equivalent of USD27.8 million was deployed into alternative (unlisted) investments in 2021. These investments increased the level of investments and support in critical economic sectors such as renewable energy, agro-exports, and tourism. We registered significant progress on a number of renewable energy projects, and despite COVID-19 related disruptions, two of the projects were commissioned during the year. Similarly, Phase one of a flagship hotel in the Victoria Falls in which we are a significant investor was commissioned and more land along the Zambezi River gorge, zoned for tourism, was acquired for development into the future. In the property portfolio new buildings and infrastructure were constructed. These include warehouses to support players in the manufacturing and distribution sector as well as the construction of student accommodation buildings in support of efforts by tertiary institutions.

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

Pursuing Transformation

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

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

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

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

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

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

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

Financial Performance

Inflation Adjusted basis

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

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

Performance on the historical cost basis

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

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

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

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

Looking Ahead Into 2022

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

Appreciation

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

SAMUEL MATSEKETE
Group Chief Executive Officer

30 March 2022

Director's Report

Responsibility

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

Compliance With Legislation

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

Compliance With IFRSs

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

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

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

Accounting Judgments

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

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

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

In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently considered in the full year financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these. Details of key accounting judgements and sensitivities are provided in Notes 2.2.1, 2.2.2, 11, and 14.1 The directors are of the view that the accounting treatments as adopted are appropriate to the extent which is practically possible given the peculiarities of the Zimbabwe economic and regulatory environment. Users of the financial statements are however encouraged to exercise due caution and judgement.

Capital

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

Directors

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

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

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

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Profit before tax	**29,507**	**9,446**	**36,474**	**11,516**
Adjusting entries	**(20,443)**	**(3,212)**	**(28,595)**	**(7,965)**
Shareholder investment returns	(22,839)	(4,217)	(28,505)	(7,839)
Monetary loss - non-operating items	2,500	1,245	-	-
Policyholder tax	(104)	(240)	(90)	(126)
Results from operations	**9,064**	**6,234**	**7,879**	**3,551**

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

Group Statement of Profit or Loss

For the Year Ended 31 December 2021

	Notes	Inflation adjusted audited		Historical cost unaudited	
		31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Revenue					
Gross earned premiums	4	12,429	8,038	9,986	3,109
Outward reinsurance		(1,248)	(1,464)	(1,121)	(584)
Net earned premiums		11,181	6,574	8,865	2,525
Investment income (non-banking)	5	73,683	25,624	126,382	49,659
Banking interest and similar income	6	6,455	3,005	5,209	1,206
Fee income, commissions and income from service contracts	7	8,910	5,076	7,069	2,097
Other income		4,974	3,722	4,815	2,253
Total revenue		**105,203**	**44,001**	**152,340**	**57,740**
Expenses					
Claims and benefits (including change in insurance contract provisions)	8	(53,518)	(21,303)	(96,098)	(39,553)
Reinsurance recoveries		554	460	425	163
Net claims incurred		(52,964)	(20,843)	(95,673)	(39,390)
Change in provision for investment contract liabilities	9	(6,348)	(1,007)	(7,696)	(2,588)
Fees, commissions and other acquisition costs		(3,638)	(2,170)	(2,894)	(890)
Banking interest expense and similar expenses	6	(387)	(760)	(307)	(277)
Impairment charges		(975)	(1,246)	(970)	(755)
Other operating and administration expenses	10	(10,297)	(5,907)	(8,326)	(2,324)
Net monetary adjustment		(1,087)	(2,622)	-	-
Profit before tax		**29,507**	**9,446**	**36,474**	**11,516**
Income tax (expense)/credit		(725)	1,017	(869)	(380)
Profit for the year		**28,782**	**10,463**	**35,605**	**11,136**
Attributable to non-controlling interests		626	181	834	280
Attributable to owners of parent company		28,156	10,282	34,771	10,856
		28,782	**10,463**	**35,605**	**11,136**

Group Statement of Comprehensive Income

For the Year Ended 31 December 2021

	Notes	Inflation adjusted audited		Historical cost unaudited	
		31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Profit for the year		**28,782**	**10,463**	**35,605**	**11,136**
Other comprehensive income					
Items that will not be reclassified to profit or loss (net of tax)					
Property revaluation		1,441	613	3,642	2,930
Shadow accounting		(842)	(224)	(1,622)	(1,025)
Total other comprehensive income		**599**	**389**	**2,020**	**1,905**
Total other comprehensive income for the year		**29,381**	**10,852**	**37,625**	**13,041**
Total other comprehensive income attributable to:					
Owners of parent company		28,755	10,671	36,791	12,761
Non-controlling interests		626	181	834	280
		29,381	**10,852**	**37,625**	**13,041**
Earnings per share					
Basic and diluted (cents)		8,480	3,096	10,472	3,269

Group Statement of Financial Position

As at 31 December 2021

	Notes	Inflation adjusted audited		Historical cost unaudited	
		31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Assets					
Investment property	11	48,699	36,715	48,699	22,841
Property and equipment		10,302	8,465	8,696	4,236
Intangible assets		894	872	208	94
Deferred acquisition costs		39	41	34	17
Reinsurer contracts		331	349	307	172
Investments and securities	12	140,745	63,305	140,745	39,384
Deferred tax assets		3	3	9	7
Current income tax assets		101	96	101	63
Loans and advances	13	27,614	11,394	27,614	7,088
Other assets	14	17,033	19,468	14,686	10,770
Cash and cash equivalents		12,458	11,873	12,458	7,386
Total assets		**258,219**	**152,581**	**253,557**	**92,058**
Liabilities					
Insurance contract liabilities	15	139,767	76,414	139,703	47,431
Investment contract liabilities	16	11,048	5,264	11,048	3,275
Provisions		617	744	617	464
Deferred tax liabilities		1,188	829	1,048	438
Current income tax liabilities		10	4	10	2
Amounts due to group companies	17	9,997	11,730	9,997	7,298
Amounts owed to bank depositors	18	24,781	20,955	24,781	13,037
Credit lines		9,730	5,069	9,730	3,154
Other liabilities		3,941	3,813	3,834	1,772
Total liabilities		**201,079**	**124,822**	**200,768**	**76,871**
Net assets		**57,140**	**27,759**	**52,789**	**15,187**
Shareholders' equity					
Non-distributable reserve		-	-	49	55
Revaluation reserve		3,074	2,475	4,378	2,358
Share based payment reserve		1,966	1,966	55	72
Retained earnings		50,944	22,788	47,131	12,360
Equity holders of the parent		**55,984**	**27,229**	**51,613**	**14,845**
Non-controlling interests		1,156	530	1,176	342
Total equity		**57,140**	**27,759**	**52,789**	**15,187**

Group Statement of Cash Flows

For the Year Ended 31 December 2021

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Cash flows from operating activities				
Profit before tax	29,507	9,446	36,474	11,516
Non-cash movements and adjustments to profit before tax	(17,213)	(5,707)	(28,813)	(5,672)
Changes in working capital	(9,443)	6,914	(316)	5,739
Taxation paid	(394)	(381)	(400)	(255)
Net cash from operating activities	**2,457**	**10,272**	**6,945**	**11,328**
Cash flows from investing activities				
Acquisition of financial assets	(9,117)	(7,397)	(7,809)	(7,064)
(Acquisition)/Disposal of investment property	(628)	592	(542)	287
Acquisition of intangible assets	(98)	(1,510)	(127)	(521)
(Acquisition)/Disposal of property and equipment	(1,454)	15	(966)	2
Net cash used in investing activities	**(11,297)**	**(8,300)**	**(9,444)**	**(7,296)**
Cash flows from financing activities				
Credit lines received	14,144	15,742	10,964	3,500
Credit lines paid	(5,661)	(21,203)	(4,388)	(3,768)
Net cash generated from/(used in) in financing activities	**8,483**	**(5,461)**	**6,576**	**(268)**
Net (decrease)/increase in cash and cash equivalents	**(357)**	**(3,489)**	**4,077**	**3,764**
Net foreign exchange differences on cash and cash equivalents	**942**	**3,050**	**995**	**1,915**
Cash and cash equivalents at the beginning of the year	**11,873**	**12,312**	**7,386**	**1,707**
Cash and cash equivalents at the end of the year	**12,458**	**11,873**	**12,458**	**7,386**

Group Statement of Changes In Equity

For the Year Ended 31 December 2021

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

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

NOTES TO THE CONSOLIDATED ABRIDGED AUDITED FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

1. General Information

Old Mutual Zimbabwe Limited (OMZIL), the Company, and its subsidiaries are incorporated in Zimbabwe. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group's subsidiaries and main activities are as follows:
- Central Africa Building Society (CABS) - mortgage lending and banking;
- Old Mutual Finance (Private) Limited (OMFIN) - micro finance lending;
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services, which in turn wholly owns Old Mutual Funeral Services (Private) Limited (OMFUN);
- Old Mutual Securities (Private) Limited (OMSEC) - licensed securities dealing firm;
- RM Insurance Holdings Company Limited (RMI), with an operating subsidiary, Old Mutual Insurance Company (Private) Limited (OMICO) - short term insurer.

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

2. Accounting Policies

2.1 Basis of preparation

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

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

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

Dates	Indices	Conversion Factors
31/12/2021	3,977.48	1.0000
31/12/2020	2,474.51	1.6074
31/12/2019	551.63	7.2104

2.2 Critical accounting estimates and judgements

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

Critical accounting estimates are those which involve the most complex or subjective judgement or assessments. The areas of the Group's business that typically require such estimates are life insurance contract provisions, determination of the fair value for financial assets and liabilities, investment properties and provisions. For the year ended 31 December 2021, the determination of functional currency has been a key judgement area.

2.2.1 Functional currency and determination of exchange rate

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

The weekly Reuters based foreign exchange auction system, overseen by the Reserve Bank of Zimbabwe (RBZ), was in operation during the year. The economy is still, however, witnessing alternative foreign currency exchange rates that are divergent from the auction determined exchange rate. In the financial year ending 31 December 2021, the exchange rate premium from these alternative rates reached a high. Through the official foreign exchange market, the Group has managed to perform the following foreign currency transactions:
- Through CABS the banking subsidiary, settle credit lines;
- Through all the Group's entities, settle foreign payments to third party suppliers of goods and services; and
- Through all the Group's entities, settle foreign payments to related party service providers.

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

2.2.2 Foreign denominated Legacy debts /Blocked funds

In June 2020, the RBZ invited all parties with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. The Group made applications relating to amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to the promulgation of SI 33 of February 2020, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group. CABS got approval for USD26.4m owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services. OMZIL also got approval for USD83.8m in respect of unremitted dividends (USD32.1m), obligations under the 2012 indigenisation transaction (USD50m) and management fees (US$1.7m). CABS got additional approval for USD1.3 million whilst an additional USD0.5 million in respect of management fees was also approved for other group subsidiaries. Upon transferring local funds for the registration of legacy debts/blocked funds for the year ended 31 December 2020, a legitimate expectation to receive cashflows under the arrangement was created and an asset was recognised on the Group's statement of financial position, reflecting the value of expected cashflows.

This asset has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the 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 USD15m. In January 2022, Parliament passed the Finance Bill H.B 16 2022. The bill provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's balance sheet. The terms of discharge of the blocked funds will be determined by the Minister of Finance and Economic Development. Please refer to additional disclosures in note 14.1. For the 2021 financial year, the expected proceeds under the arrangement are classified as a statutory receivable.

2.3 Revenue

Revenue comprises premium income from insurance contracts and investment contracts with a discretionary participating feature, fee income from investment management contracts, commission income, banking interest income, fees, and commission, non-banking interest income, dividend income, investment income and fees for administration and management of policyholder funds. Fees charged for management services provided are recognised as revenue in profit or loss as the services are provided.

2.4 Insurance and investment contracts

2.4.1 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.

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

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

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

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

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

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

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

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

2.4.3 Investment contract liabilities

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

2.5 Investment property

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

Investment properties are initially measured at cost and subsequently at fair value through profit and loss. Recorded values are determined by internal professional valuers who perform valuations annually. The recorded values based on the income method are tested by comparing with values determined by three independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio, or for at least the top twenty-five buildings by value and as well as properties being valued for the first time.

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

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

Surpluses and deficits arising from changes in fair value are reflected in profit or loss. Additional disclosures are shown in note 11.

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.

2.6 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

Under IFRS 9: Financial Instruments or 'IFRS 9' , there are three measurement classification as following:
- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair Value through Profit and Loss (FVTPL).

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

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.

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

For the Year Ended 31 December 2021

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

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

Initial recognition of financial liabilities

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

Subsequent measurement of financial assets

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

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

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

Derecognition of financial assets

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

Derecognition of financial liabilities

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

3. Segment information - Inflation adjusted

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

3. Segment information - Historical cost unaudited

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

3. Segment information - Inflation adjusted

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
C1 Statement of financial position as at 31 December 2021							
Assets							
Investment property	46,216	56	2,382	-	45	-	48,699
Property and equipment	3,512	161	6,088	175	366	-	10,302
Intangible assets	-	-	865	27	2	-	894
Deferred acquisition costs	-	39	-	-	-	-	39
Reinsurer contracts	-	331	-	-	-	-	331
Investments and securities	129,899	2,481	3,695	468	14,031	(9,829)	140,745
Deferred tax assets	-	-	-	3	-	-	3
Current income tax assets	20	67	-	14	-	-	101
Loans and advances	-	-	27,614	-	-	-	27,614
Other assets	875	734	6,266	419	8,740	(1)	17,033
Cash and cash equivalents	2,243	262	11,499	132	538	(2,216)	12,458
Total assets	**182,765**	**4,131**	**58,409**	**1,238**	**23,722**	**(12,046)**	**258,219**
Liabilities							
Insurance contract liabilities	138,842	925	-	-	-	-	139,767
Investment contract liabilities	11,048	-	-	-	-	-	11,048
Provisions	185	9	-	101	315	7	617
Deferred tax liabilities	624	52	359	26	164	(37)	1,188
Current income tax liabilities	-	-	2	-	8	-	10
Amounts due to group companies	531	64	12	1	9,389	-	9,997
Amounts owed to bank depositors	-	-	28,195	-	-	(3,414)	24,781
Credit lines	-	-	9,777	-	-	(47)	9,730
Other liabilities	717	211	2,907	351	2,249	(2,494)	3,941
Total liabilities	**151,947**	**1,261**	**41,252**	**479**	**12,125**	**(5,985)**	**201,079**
Net assets	**30,818**	**2,870**	**17,157**	**759**	**11,597**	**(6,061)**	**57,140**
Shareholders' equity							
Share capital and premium	1,917	1	2,593	337	-	(4,848)	-
Revaluation reserve	-	-	3,074	-	-	-	3,074
Share based payment reserve	619	133	370	405	3,862	(3,423)	1,966
Currency conversion reserve	242	-	-	-	431	(673)	-
Retained earnings	28,040	2,736	11,120	17	7,304	1,727	50,944
Equity holders of the parent	**30,818**	**2,870**	**17,157**	**759**	**11,597**	**(7,217)**	**55,984**
Non-controlling interests	-	-	-	-	-	1,156	1,156
Total equity	**30,818**	**2,870**	**17,157**	**759**	**11,597**	**(6,061)**	**57,140**
C2 Statement of financial position as at 31 December 2020							
Assets							
Investment property	34,552	56	2,067	-	40	-	36,715
Property and equipment	2,463	145	5,451	146	418	(158)	8,465
Intangible assets	-	-	860	10	3	(1)	872
Deferred acquisition costs	-	40	-	-	-	1	41
Reinsurer contracts	-	349	-	-	-	-	349
Investments and securities	53,741	1,162	5,542	257	9,162	(6,559)	63,305
Deferred tax assets	-	-	-	3	-	-	3
Current income tax assets	64	31	-	3	-	(2)	96
Loans and advances	-	-	11,411	-	-	(17)	11,394
Other assets	989	665	6,741	212	10,859	2	19,468
Cash and cash equivalents	2,651	432	8,826	27	225	(288)	11,873
Total assets	**94,460**	**2,880**	**40,898**	**658**	**20,707**	**(7,022)**	**152,581**
Liabilities							
Insurance contract liabilities	75,586	828	-	-	-	-	76,414
Investment contract liabilities	5,264	-	-	-	-	-	5,264
Provisions	164	55	373	76	79	(3)	744
Deferred tax liabilities	350	50	318	5	138	(32)	829
Current income tax liabilities	-	-	1	-	3	-	4
Amounts due to group companies	429	6	20	(2)	11,277	-	11,730
Amounts owed to bank depositors	-	-	21,332	-	-	(377)	20,955
Credit lines	-	-	5,108	-	-	(39)	5,069
Other liabilities	259	581	2,642	147	1,374	(1,190)	3,813
Total liabilities	**82,052**	**1,520**	**29,794**	**226**	**12,871**	**(1,641)**	**124,822**
Net assets	**12,408**	**1,360**	**11,104**	**432**	**7,836**	**(5,381)**	**27,759**
Shareholders' equity							
Share capital and premium	1,918	-	2,549	571	-	(5,038)	-
Revaluation reserve	-	-	2,475	-	-	-	2,475
Share based payment reserve	241	84	369	93	1,270	(91)	1,966
Currency conversion reserve	535	-	(1,357)	(2)	325	499	-
Retained earnings	9,714	1,276	7,068	(230)	6,241	(1,281)	22,788
Equity holders of the parent	**12,408**	**1,360**	**11,104**	**432**	**7,836**	**(5,911)**	**27,229**
Non-controlling interests	-	-	-	-	-	530	530
Total equity	**12,408**	**1,360**	**11,104**	**432**	**7,836**	**(5,381)**	**27,759**

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

For the Year Ended 31 December 2021

3. Segment information - Historical cost unaudited

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
D1 Statement of financial position as at 31 December 2021							
Assets							
Investment property	46,216	56	2,382	-	45	-	48,699
Property and equipment	3,374	81	5,114	37	90	-	8,696
Intangible assets	-	-	199	9	-	-	208
Deferred acquisition costs	-	34	-	-	-	-	34
Reinsurer contracts	-	307	-	-	-	-	307
Investments and securities	129,899	2,481	3,695	468	9,592	(5,390)	140,745
Deferred tax assets	-	-	2	7	-	-	9
Current income tax assets	20	67	-	14	-	-	101
Loans and advances	-	-	27,614	-	-	-	27,614
Other assets	820	734	3,982	411	8,740	(1)	14,686
Cash and cash equivalents	2,243	262	11,500	132	536	(2,215)	12,458
Total assets	**182,572**	**4,022**	**54,488**	**1,078**	**19,003**	**(7,606)**	**253,557**
Liabilities							
Insurance contract liabilities	138,842	861	-	-	-	-	139,703
Investment contract liabilities	11,048	-	-	-	-	-	11,048
Provisions	185	9	6	102	315	-	617
Deferred tax liabilities	624	20	353	-	88	(37)	1,048
Current income tax liabilities	-	-	2	-	8	-	10
Amounts due to group companies	531	64	12	1	9,389	-	9,997
Amounts owed to bank depositors	-	-	28,195	-	-	(3,414)	24,781
Credit lines	-	-	9,777	-	-	(47)	9,730
Other liabilities	716	213	2,768	348	2,249	(2,460)	3,834
Total liabilities	**151,946**	**1,167**	**41,113**	**451**	**12,049**	**(5,958)**	**200,768**
Net assets	**30,626**	**2,855**	**13,375**	**627**	**6,954**	**(1,648)**	**52,789**
Shareholders' equity							
Share capital and premium	30	-	87	63	-	(180)	-
Non-distributable reserve	30	2	1	-	21	(5)	49
Revaluation reserve	-	-	4,378	-	-	-	4,378
Share based payment reserve	4	1	6	2	63	(21)	55
Currency conversion reserve	15	-	-	(2)	10	(23)	-
Retained earnings	30,547	2,852	8,903	564	6,860	(2,595)	47,131
Equity holders of the parent	**30,626**	**2,855**	**13,375**	**627**	**6,954**	**(2,824)**	**51,613**
Non-controlling interests	-	-	-	-	-	1,176	1,176
Total equity	**30,626**	**2,855**	**13,375**	**627**	**6,954**	**(1,648)**	**52,789**
D2 Statement of financial position as at 31 December 2020							
Assets							
Investment property	21,496	35	1,286	-	24	-	22,841
Property and equipment	1,464	32	2,708	42	53	(63)	4,236
Intangible assets	-	-	95	-	-	(1)	94
Deferred acquisition costs	-	17	-	-	-	-	17
Reinsurer contracts	-	172	-	-	-	-	172
Investments and securities	33,434	723	3,448	160	3,000	(1,381)	39,384
Deferred tax assets	-	-	2	5	-	-	7
Current income tax assets	40	21	-	2	-	-	63
Loans and advances	-	-	7,099	-	-	(11)	7,088
Other assets	615	391	2,890	117	6,756	1	10,770
Cash and cash equivalents	1,649	269	5,491	17	140	(180)	7,386
Total assets	**58,698**	**1,660**	**23,019**	**343**	**9,973**	**(1,635)**	**92,058**
Liabilities							
Insurance contract liabilities	47,025	406	-	-	-	-	47,431
Investment contract liabilities	3,275	-	-	-	-	-	3,275
Provisions	102	34	232	47	49	-	464
Deferred tax liabilities	218	14	192	-	21	(7)	438
Current income tax liabilities	-	-	1	-	1	-	2
Amounts due to group companies	267	4	12	(1)	7,016	-	7,298
Amounts owed to bank depositors	-	-	13,271	-	-	(234)	13,037
Credit lines	-	-	3,178	-	-	(24)	3,154
Other liabilities	159	362	1,088	92	855	(784)	1,772
Total liabilities	**51,046**	**820**	**17,974**	**138**	**7,942**	**(1,049)**	**76,871**
Net assets	**7,652**	**840**	**5,045**	**205**	**2,031**	**(586)**	**15,187**
Shareholders' equity							
Share capital and premium	30	-	57	54	-	(141)	-
Non-distributable reserve	30	2	2	-	21	-	55
Revaluation reserve	-	-	2,358	-	-	-	2,358
Share based payment reserve	4	1	6	2	63	(4)	72
Currency conversion reserve	16	2	(38)	(3)	10	13	-
Retained earnings	7,572	835	2,660	152	1,937	(796)	12,360
Equity holders of the parent	**7,652**	**840**	**5,045**	**205**	**2,031**	**(928)**	**14,845**
Non-controlling interests	-	-	-	-	-	342	342
Total equity	**7,652**	**840**	**5,045**	**205**	**2,031**	**(586)**	**15,187**

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
4 Gross earned premiums				
Gross premiums				
Single	26	19	22	3
Recurring	311	142	252	52
Individual business	**337**	**161**	**274**	**55**
Single	3,096	1,622	2,566	729
Recurring	5,448	3,039	4,364	1,272
Group business	**8,544**	**4,661**	**6,930**	**2,001**
General insurance	**3,548**	**3,216**	**2,782**	**1,053**
Total gross premiums	**12,429**	**8,038**	**9,986**	**3,109**
Comprising:				
Insurance contracts	1,063	940	879	380
Investment contracts with discretionary participating features	7,818	3,882	6,325	1,676
General insurance	3,548	3,216	2,782	1,053
Total gross earned premiums	**12,429**	**8,038**	**9,986**	**3,109**
5 Investment income (non-banking)				
Dividend income				
Financial assets at fair value through profit or loss	2,298	1,608	1,893	869
Interest income				
Cash and cash equivalents	387	125	255	52
Net rental income				
Investment property	952	966	738	421
Realised gains and losses				
Financial assets at fair value through profit or loss	4,348	4,233	3,555	2,553
Unrealised gains and losses				
Investment property	11,356	5,353	25,572	18,701
Financial assets at fair value through profit or loss	54,342	13,339	94,369	27,063
	65,698	18,692	119,941	45,764
Total investment returns included in statement of profit or loss	**73,683**	**25,624**	**126,382**	**49,659**
6 Banking interest and similar income				
Interest and similar income				
Loans and advances				
Investments	160	222	119	98
Loans and advances	6,295	2,783	5,090	1,108
Total interest and similar income	**6,455**	**3,005**	**5,209**	**1,206**
Comprising:				
Financial assets at amortised cost	6,455	3,005	5,209	1,206
Interest expense:				
Credit lines	(301)	(538)	(236)	(213)
Money market deposits	(81)	(213)	(68)	(61)
Savings and term deposits	(5)	(9)	(3)	(3)
Total interest expense	**(387)**	**(760)**	**(307)**	**(277)**
Comprising:				
Financial liabilities at amortised cost	(387)	(760)	(307)	(277)
Net interest income	**6,068**	**2,245**	**4,902**	**929**

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
7 Fee income, commissions and income from service contracts				
Banking operations:				
Commissions	3,223	1,889	2,695	774
Service fees	2,024	1,283	1,591	582
Administration fees	2,246	1,246	1,646	498
Total fee income and commission from banking operations	7,493	4,418	5,932	1,854
Long term insurance business	344	95	280	39
Asset management business	1,073	563	857	204
	8,910	**5,076**	**7,069**	**2,097**
8. Claims and benefits				
Claims and benefits (including change in insurance contract provisions):				
Increase in insurance contract provisions	45,988	16,799	89,113	36,844
Gross claims expenses (refer to analysis in note 8.1 below)	6,747	4,296	5,477	1,756
Shadow accounting to revaluation reserve	783	208	1,508	953
	53,518	**21,303**	**96,098**	**39,553**
8.1 Analysis of claims expenses				
Individual business	**270**	**100**	**222**	**38**
Death and disability benefits	81	21	65	11
Maturity benefits	9	20	7	6
Surrenders	180	59	150	21
Group business	**5,217**	**3,030**	**3,450**	**1,281**
Death and disability benefits	910	237	764	113
Pension commutations, maturities and withdrawal benefits	2,906	1,687	1,514	679
Annuities	1,038	554	862	213
Surrenders	363	552	310	276
General insurance	**1,260**	**1,166**	**1,805**	**437**
Total claims and benefits	**6,747**	**4,296**	**5,477**	**1,756**
Comprising:				
Insurance contracts	991	258	829	124
Investment contracts with discretionary participating features	4,496	2,872	2,843	1,195
General insurance	1,260	1,166	1,805	437
Total claims and benefits payable	**6,747**	**4,296**	**5,477**	**1,756**
9 Change in provision for investment contract liabilities				
Increase in investment contract liabilities	6,289	991	7,582	2,516
Shadow accounting to revaluation reserve	59	16	114	72
	6,348	**1,007**	**7,696**	**2,588**

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
10 Other operating and administration expenses				
Administrative expenses	1,910	346	1,888	132
Office space costs	422	385	372	158
Fees and levies	4	156	3	62
Directors fees	81	38	66	13
Insurance	260	76	205	29
Actuarial and consultancy fees	218	78	179	29
Advertising and marketing	337	179	270	69
Software licensing	319	462	268	191
Depreciation and amortisation	1,078	835	265	99
	4,629	2,555	3,516	782
Auditors' remuneration				
Statutory audit services - current year	279	193	247	120
Staff costs				
Wages and salaries	3,678	1,969	2,992	840
Retirement defined contribution obligations	142	74	115	28
Social security costs	15	16	12	7
Bonus and incentive remuneration	269	451	262	281
Share based payments	-	23	-	14
Other staff costs	547	364	459	146
	4,651	2,897	3,840	1,316
Other	738	262	723	106
	10,297	**5,907**	**8,326**	**2,324**
11 Investment property				
Carrying amount at beginning of year	36,715	31,887	22,841	4,422
Additions	390	71	302	37
Disposal	(21)	(662)	(16)	(324)
Improvements to existing properties	259	66	256	5
Gains from fair value adjustments	11,356	5,353	25,316	18,701
Carrying amount at end of year	**48,699**	**36,715**	**48,699**	**22,841**
Comprising:				
Leasehold property	730	405	730	252
Freehold property	47,969	36,310	47,969	22,589
	48,699	**36,715**	**48,699**	**22,841**
The fair value of freehold property leased to third parties under operating leases	**38,472**	**28,272**	**38,472**	**17,589**
Rental income from investment property	2,531	1,882	2,018	824
Direct operating expenses arising from rented-out investment property	(1,579)	(916)	(1,280)	(403)
	952	**966**	**738**	**421**

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

Key assumptions and considerations applied in the valuation process include:

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

The Group changed the application of its valuation technique through:

- Reverting to the Direct Capitalisation Method (DCM) for income earning properties from the two stage Discounted Cash Flow Method.
- Replacing the USD as the valuation currency with the ZWL.

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

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

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

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

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

For the Year Ended 31 December 2021

11 Investment property (cont'd)

Key Valuation inputs

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

Type of Property	Key unobservable inputs	Interrelationship between unobservable inputs and key fair value measurement	Value ZWL
Office, Retail and Industrial Properties **Valuation approach:** Income capitalisation	**Office** -Capitalisation rates: 4.5% to 7.5% -Market rentals per m^2: ZWL396 to ZWL799 -Vacancy rates: 13% to 73% **Retail** -Capitalisation rates: 4.00% to 8.00% -Market rentals per m^2: ZWL100 to ZWL1000 -Vacancy rates: 0% to 6.74% **Industrial** -Capitalisation rates: 6.50% to 8.00% -Market rentals per m^2: ZWL60 to ZWL468 -Vacancy rates: 0% to 4.74%	The estimated fair value would increase/(decrease) if: > net rental income increased/(decreased) > capitalisation rates were lower/(higher). > vacancies decreased/(increased) • The estimated fair value would decrease if the unobservable inputs changed the other way.	38,636m
Residential **Valuation approach:** Direct comparison/Market approach	Residential rent from ZWL22,000 to ZWL216,000	• The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).	35m
Land **Valuation approach:** Direct comparison/Market approach	Land value per m^2: ZWL4,500	• The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).	10,028m

The inflation adjusted value of the property portfolio grew by 33% from ZWL37 billion to ZWL49 billion, attributable to improved rental yields, and the recovery of the market after the 2020 COVID-19 related disruptions.

As security for a credit line from Trade and Development Bank, CABS issued powers of attorney to register bonds (in the event of default) over other properties with a total value of ZWL4,991 million as at 31 December 2021 (both investment properties and owner occupied properties).

11.2 Sensitivity Analysis - Valuation inputs

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

Landholdings constitute 20% of overall property value.

12 Investments and securities

		Inflation adjusted audited 31-Dec-21 ZWLm	Inflation adjusted audited 31-Dec-20 ZWLm	Historical cost unaudited 31-Dec-21 ZWLm	Historical cost unaudited 31-Dec-20 ZWLm
12.1 Analysis of investments					
Equity securities	- listed	117,853	48,054	117,853	29,896
	- unlisted	15,771	8,245	15,771	5,129
Total equities (see note 12.2 below)		**133,624**	**56,299**	**133,624**	**35,025**
Unit trust investments		1,611	11	1,611	7
Treasury bills		3,845	3,539	3,845	2,202
Deposits and money market securities		1,665	3,456	1,665	2,150
		140,745	**63,305**	**140,745**	**39,384**
12.2 Spread of equity securities by sector					
Commodities		14,150	14,499	14,150	9,020
Communications		13,001	2,520	13,001	1,568
Consumer		60,368	15,064	60,368	9,372
Financial		27,183	16,126	27,183	10,032
Property		2,063	753	2,063	469
Manufacturing		16,595	4,816	16,595	2,996
Mining		264	2,521	264	1,568
		133,624	**56,299**	**133,624**	**35,025**
12.3 Movements of investment and securities					
Opening balance		63,305	44,178	39,384	6,127
Fair value movements through profit or loss		68,323	17,697	93,552	29,669
Additions		14,862	11,700	11,593	5,125
Disposals		(2,924)	(3,222)	(1,445)	(445)
Maturities		(2,821)	(7,048)	(2,339)	(1,092)
Closing balances		**140,745**	**63,305**	**140,745**	**39,384**

12.4 Investment in unlisted equities above 20% shareholding

Investee	31-Dec-21 Inflation adjusted audited % holding	31-Dec-21 Inflation adjusted audited Fair Value ZWLm	31-Dec-20 Inflation adjusted audited ZWLm	31-Dec-20 Historical cost unaudited ZWLm
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	39%	3,992	2,851	1,774
Africa Takura Ventures-Fund 1 "M Shares" (held by Shareholders and OMLAC Main Fund)	26%	-	-	-
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	16	6	4
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	2,398	1,545	962
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	196	239	149
Closefin (held by OMLAC Main Fund)	21%	1,536	279	174
Plaza Bakery (held by OMLAC Main Fund)	49%	7	10	6
Zimcampus preference shares (held by OMLAC Main Fund)	30%	644	548	341
Solgas ordinary shares (held by OMLAC Main Fund)	49%	5	7	5
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3	5	3
Harava Solar Park (held by OMLAC Main Fund)	27%	71	4	3
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	3,494	692	431
Tenpill (held by Shareholders and OMLAC Main Fund)	46%	2,066	971	604
Southern Property (Private) Limited (held by OMLAC Main Fund)	20%	75	-	-
Nedbank Zimbabwe Limited (held by Shareholders)	23%	418	95	59
Manica Boards and Doors (MBD) (held by OMLAC Main Fund)	55%	629	172	107
		15,550	**7,424**	**4,622**

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

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

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

	Inflation adjusted audited 31-Dec-21 ZWLm	Inflation adjusted audited 31-Dec-20 ZWLm	Historical cost unaudited 31-Dec-21 ZWLm	Historical cost unaudited 31-Dec-20 ZWLm
12.5 Treasury bills maturity analysis				
On demand to 3 months	3,621	1,994	3,621	1,241
3 months to 12 months	224	1,531	224	952
1 year to 5 years	-	14	-	9
Total	**3,845**	**3,539**	**3,845**	**2,202**

The table below shows the investments and securities sensitivity analysis

12.6 Sensitivity Analysis - Listed equities

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

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

Movement of fair value of listed shares

Subsequent to year end, the value of the Zimbabwe Stock Exchange (ZSE) all share index had increased by about 39%.

13 Loans and advances

	Inflation adjusted audited 31-Dec-21 ZWLm	Inflation adjusted audited 31-Dec-20 ZWLm	Historical cost unaudited 31-Dec-21 ZWLm	Historical cost unaudited 31-Dec-20 ZWLm
Concentration - gross loans and advances				
Housing	1,525	689	1,525	429
Unsecured personal loans	3,843	1,011	3,843	628
Commercial and industrial	23,741	10,589	23,741	6,588
Gross loans and advances	29,109	12,289	29,109	7,645
Less allowance for expected credit losses	(1,495)	(895)	(1,495)	(557)
Net loans and advances	**27,614**	**11,394**	**27,614**	**7,088**
Maturity analysis - gross and loans advances				
On demand to 3 months	3,896	2,067	3,896	1,285
3 months to 12 months	8,086	3,409	8,086	2,121
1 year to 5 years	16,904	6,675	16,904	4,153
Over 5 years	223	138	223	86
	29,109	**12,289**	**29,109**	**7,645**
Non performing loans	**65**	**51**	**65**	**32**
Analysis of past due but not impaired				
30 to 60 days past due	4	196	4	122
61 to 90 days past due	200	1,247	200	776
	204	**1,443**	**204**	**898**

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:

	Inflation adjusted audited 31-Dec-21 ZWLm	Inflation adjusted audited 31-Dec-20 ZWLm	Historical cost unaudited 31-Dec-21 ZWLm	Historical cost unaudited 31-Dec-20 ZWLm
Sector				
Agriculture	9,377	6,112	9,377	3,802
Construction, transport and communication	370	233	370	145
Distribution	6,246	1,347	6,246	838
Financial service	15	14	15	9
Manufacturing and mining	6,349	2,595	6,349	1,615
Mortgages	1,816	727	1,816	452
Private/individuals	4,120	1,142	4,120	710
Services	816	119	816	74
Total gross loans	**29,109**	**12,289**	**29,109**	**7,645**

13.2 Impairment and credit quality analysis

Inflation adjusted audited 2021

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

Inflation adjusted audited 2020

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

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

For the Year Ended 31 December 2021

13 Loans and advances (cont'd)

13.2 Impairment and credit quality analysis (cont'd)

Historical cost unaudited 2021

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

Historical cost unaudited 2020

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

14 Other assets

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Accrued investment income	420	796	420	495
Agent debtors and prepayments	978	2,267	978	883
Inventory - Capitalised project costs	1,060	1,049	36	22
RBZ Legacy Debt Statutory Receivable (see note 14.1 below)	9,812	13,088	9,812	8,142
Trade debtors	1,876	257	1,876	160
Banking settlement and other receivables	2,887	2,011	1,564	1,068
	17,033	**19,468**	**14,686**	**10,770**

14.1 RBZ Legacy Debt Statutory Receivable

Principal Amount	96	164	96	101
Fair value gain	9,716	12,924	9,716	8,041
Gross amount receivable	9,812	13,088	9,812	8,142

On the 24th of June 2020, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe ("RBZ")'s Exchange Control Directive RU/102 of 2020 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL1:USD1 in relation to foreign currency legacy debts to be registered with the RBZ.

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

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

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

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

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

15 Insurance contract liabilities

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Outstanding claims	90	67	90	42
Future policyholders' benefits (see analysis of movement in provision below)	139,677	76,347	139,613	47,389
	139,767	**76,414**	**139,703**	**47,431**

15.1 Future policyholders' benefits

Movement in provision for insurance contracts				
Balance at beginning of year	76,347	60,883	47,389	8,296
Inflows				
Premium income	11,298	6,574	8,865	2,525
Investment income	60,967	14,640	90,471	39,726
Fee and other income	1,719	544	1,666	67
Outflows				
Claims and policy benefits	(6,193)	(3,836)	(5,052)	(1,592)
Operating expenses	(3,066)	(3,006)	(2,377)	(1,176)
Taxation				
Current tax	(47)	(205)	(58)	(108)
Deferred tax	(21)	1,283	(32)	(19)
Transfer to operating profit	(1,327)	(530)	(1,259)	(330)
Balance at end of year	**139,677**	**76,347**	**139,613**	**47,389**

16 Investment contract liabilities

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Liabilities at fair value through profit or loss	**11,048**	**5,264**	**11,048**	**3,275**
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	5,264	4,263	3,275	591
New contributions received	34	62	25	39
Withdrawals	(80)	(21)	(62)	(13)
Fair value movements	5,830	960	7,810	2,658
Balance at end of year	**11,048**	**5,264**	**11,048**	**3,275**

17 Amounts due from or (to) group companies

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

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

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.

Group	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-21 ZWLm	31-Dec-20 ZWLm	31-Dec-21 ZWLm	31-Dec-20 ZWLm
Money market deposits	1,218	348	1,218	216
Savings deposits	23,563	20,607	23,563	12,821
	24,781	**20,955**	**24,781**	**13,037**
Maturity analysis				
On demand to 3 months	23,563	20,765	23,563	12,919
3 months to a year	576	12	576	8
1 year to 5 year	609	68	609	42
Over 5 years	33	110	33	68
	24,781	**20,955**	**24,781**	**13,037**
Concentration - value				
Financial institutions	5,760	1,806	5,760	1,124
Companies	14,422	15,828	14,422	9,848
Individuals	4,599	3,321	4,599	2,065
	24,781	**20,955**	**24,781**	**13,037**
Concentration - percentage	%	%	%	%
Financial institutions	23	9	23	9
Companies	58	76	58	76
Individuals	19	15	19	15
	100	**100**	**100**	**100**

These are on-demand deposits.

19 Currency Sensitivity Analysis

The table below is a sensitivity analysis of the effect of using different exchange rates to convert foreign currency balances to local reporting currency. The scenarios presented compare the impact of using the closing rate at 1:108.6660; Depreciated at 50% and 75%.

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

The Group and its subsidiaries remain solvent and sufficiently capitalised at the different exchange rate sensitivities.
Refer to note 14.1 for the accounting treatment of other obligations to related parties outside Zimbabwe.

20 Contingent liabilities

Commission of inquiry

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

21 Risk Management

Our approach to risk management

Old Mutual Zimbabwe Limited Group (OMZIL) applies an integrated approach to managing current and emerging risks. Risk management has been embedded throughout OMZIL and plays a key role in business strategy and planning to ensure sustained and consistent returns for customers and shareholders. Core to our business is taking on calculated risks, optimizing the risk-return trade-off and effectively managing the risks within the Board set risk appetite limits. The thrust remains on providing agility, responsiveness, and foresight to help the attainment of the Group's objectives. To do this, we have implemented a Group Enterprise-wide Risk Management Framework. The main objective of the framework is to align strategy, capital, process, people, technology, and knowledge in order to evaluate, exploit business opportunities, manage uncertainties and threats in a structured and disciplined manner, ensuring that risk and capital implications are considered when making strategic and operational decisions.

Overview of top risks

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

External Risk

Description & Impact: Risks outside the control of the company which are difficult to predict or manage.
Macro-economic: The economy was under significant pressure from currency depreciation, with the sharpest decline recorded in Q4 2021. This had pass-through effects on the levels of inflation. The impact on the Group's businesses was on the levels of operational expenses and the need for regular review of pricing levels in order to defend operating margins while remaining competitive.
Environmental: Business operations were negatively impacted by the COVID-19 pandemic as some staff members got infected and branches were closed intermittently in line with the World Health Organization (WHO) protocols. Environment, Social and Governance (ESG) issues have become topical and in response, the business developed a policy for the management of ESG risks.
Competition: While competition in the market is intense, the major Business Units within the Group remained within the top 5 in their respective sectors.
Climate Change Risk: The country had a favourable rainfall pattern for the 2020/2021 farming season. The Group's agricultural exposures through CABS, OMFIN and OMICO (under the weather index product) will need effective risk mitigation on an ongoing basis due to increasingly unpredictable weather patterns.
Emerging Technologies: The RBZ is considering introducing a Central Bank Digital Currency, instead of adopting cryptocurrencies. The Group's future strategy should therefore take into account the risks and opportunities to be presented by this development.

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

For the Year Ended 31 December 2021

21 Risk Management (cont'd)

External Risk (cont'd)

Mitigating Actions: The Group is continuing with the strategy of defending key elements of the business and ensuring value preservation for customers and shareholders, through investments in real assets. The performance of underlying assets directly influences asset-based fees and investment returns. The Group continues to seek opportunities to offer more customer-led solutions, through refining the customer value propositions using information from market and customer engagements. The Group also continues to encourage staff members and customers to be vaccinated so as to achieve immunity against future strains of the COVID-19 virus. Operationalisation of the Group ESG Policy is the next action around adoption of ESG standards. Residual climate change risk is managed through risk transfer arrangements under insurance and reinsurance schemes by the lending entities and the short-term insurance business. On the adoption of emerging technologies, notably the Digital Currency, the Group will be guided by legal and regulatory developments.

Market Risk

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

Equity & property volatility risk: The listed equities market had a good performance with a full year return of 311% ahead of the inflation level of 60.7%. Given the skew towards listed equities for the shareholder investment portfolio, shareholder investment returns for the year 2021 outperformed the level of inflation. The property market partially recovered after the COVID-19 lock downs. Rental yields, remained within internal targets.
Foreign Exchange Rate Risk: The Group's open currency gap position was positive at as of 31 December 2021 and as of 31 December 2020. Within the context of a multi-currency environment, management actions are in place to reduce the net impact of currency risks on the Group, to within acceptable levels.
Interest rate risk: At the Group's major lending business, CABS, there was pressure on real returns. The micro finance business experienced real returns as lending rates were above inflation levels. There is pressure for deposit rates to continue increasing, in line with inflationary pressures.

Mitigation Actions: The business continues with the strategy of preserving value by investing in real assets, as guided by the Board approved strategic asset allocations and customer investment mandates. However, Old Mutual has also sought to mitigate the effects of market volatility by pursuing opportunities towards increasing exposure to alternative investments in the private equity and infrastructure spaces. For managing property risk, there is a strategy to dispose properties on a case-by-case basis from non-performing sectors of the property market. There is now a framework on the assumption of the blocked funds (legacy debt) by Government, subject to validation and reconciliation of the amounts. This will positively impacted net profile the Group's foreign currency net open position. To the greatest extent possible, management will aim to achieve the matching of foreign currency denominated liabilities with assets in the same currency. Loan repricing in line with market trends and RBZ guidelines, is being done, to mitigate impact on interest margins.

Liquidity Risk

Description & Impact: The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in client demands for cash. During the year under review, the Group remained able to meet its short-term obligations within the set targets. The revised RBZ's Open Market Operations have resulted in excess balances above the stipulated limits for banks being converted to Non-Negotiable Certificates of Deposit (NNCDs) at a rate of zero (0) percent with tenures ranging from five (5) to thirty (30) days. The liquidity risk indicators within CABS, however, remained within targeted ranges.

Mitigating Actions: Asset allocation in the investment portfolio ensures availability of liquidity for the Group's capital and operating expenditure requirements. Cash flow management strategies are also in place, which include regular cash flow forecasting. The Group seeks to improve the hard currency liquidity position through introduction of USD products. The Group also sources foreign currency from the auction market. There are Liquidity/Funding contingency arrangements in place for all OMZIL Business Units, for cover under stress conditions.

Legal and Regulatory Compliance Risk

Description & Impact: The risk of not applying or conforming to the laws, or breaching laws, regulations or directives, resulting in fines, sanctions, reputational damage and/or financial loss. The year 2021 witnessed a number of regulatory and legislative developments encompassing the enactment of the Data Protection Act, Market Conduct directives (e.g. Insurance and Pensions Commission's (IPEC), Treating Customers Fairly Directive), Exchange Control regulations, Cyber Security regulations, Anti-Money Laundering, Countering the Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) directives, risk-based capital management frameworks and heightened regulations in the pensions and provident funds industry. Implementation of adequate internal compliance risk management controls translates to increased compliance costs including the requirement for additional human resources. There were no material regulatory penalties, sanctions or fines for transgressing statutory obligations and regulatory requirements during the year under review. On an ongoing basis we seek to respond to the need to ensure high compliance levels through a regular review of the adequacy of staffing in the compliance departments as well as conducting regular staff training.

Mitigating Actions: The Group has adequate Compliance Risk Management Framework underpinned by a compliance strategy, compliance program, operating model and a compliance management system that is bolstered by a strong compliance risk management culture. There is oversight by the Boards and Risk & Compliance Board Committees over regulatory compliance risk, setting a tone from the top. The Group has zero appetite for deliberately contravening regulations and legislation and for being blindsided by regulatory changes, with any breaches requiring immediate implementation of remedial action plans to provide pathways to full compliance. Regulatory obligations and requirements are tracked and monitored closely, and regulatory changes are managed through conducting impact assessments and determining the state of readiness to comply before the changes become effective. The Group's compliance risk management system has also incorporated ESG components as a response to emerging compliance issues. The Group continues to drive market conduct, data protection and AML training processes and procedures, as part of the compliance program.

Operational Risk

Description & Impact: Risks of loss due to inadequate or inefficient information security, failure of systems and/or related processes. This includes the risk of failure to protect the confidentiality, integrity, or availability of information technology assets, whether electronic or otherwise, from unauthorized access, use, disclosure, disruption, modification, or destruction.
Information Security – Cybercrime: During the year there was a notable increase in the number of reported vulnerabilities, but the risk remained under control as there were no external attacks on the Group's systems. The risk is heightened as the economy witnesses increased interconnectivity of financial ecosystems and digitalization, coupled with remote working and adoption of advanced technologies.
Technology/System Risk: System challenges were experienced from key systems, adversely impacting business operations, and customer experience, and some risk events were witnessed. System availability was, however, largely above the 98% target during the year. In the general insurance business, full migration of all products to the new system PURE, from i90 is in progress to manage technical debt, along with upgrade of the Group's infrastructure to the supported software versions and equipment, to within useful life.

Mitigating Actions: Several software and operating system updates (patches) that address security vulnerabilities were released into the environment during the year. The cybersecurity program is continually updated and aligns to the Old Mutual Limited program. A cybersecurity incidence response team is in place. There are firewalls in place to protect the estate. Phishing simulations, cyber risk awareness campaigns for all staff, training and upskilling of ICT personnel on information security, are being done. Disaster recovery (DR) arrangements are in place. Reviews of DR processes to improve resilience and availability are done. There is multi-factor authentication for all virtual private network (VPN) connections. Penetration tests for all public facing sites and interfaces are conducted. The recurring system performance and uptime continues to receive attention by the ICT team, in consultation with system vendors.

Strategic Risk

Description & Impact: The risk that discretionary decisions are made that adversely affect future earnings and/or the sustainability of the business.
Innovation: New products and services were developed during the year mainly under digital initiatives. Automation of internal processes was done through the implementation of various systems such as the Liquidity Risk Management system at CABS and the adoption of robotic process automation for key processes across the Group, for efficient customer servicing.
Business Model/Concentration: The Group remained cognisant of the need to remain future fit and continued to pursue the digital strategic thrust, through the embedment of the Digital and Data activities in the operations and business planning objectives. The Group's businesses continued with the strategy of offering USD products and services. Targets were met in the lending and short-term insurance businesses. The Funeral Services Business under the life company was rolled out with the first branch in Bulawayo going live in July 2021.

Mitigating Actions: The Group continues to refresh the product and service offering through innovation, especially involving the continued implementation of Digital and Data initiatives. There are plans in place for opening the Harare and other branches for the Funeral Services business, in 2022. OMLAC is also working on introducing automatic premium escalating products.

People Risk

Description & Impact: Risks relating to the business workforce resourcing, utilization and their productivity, skills, competencies and behaviors to manage and operate the business, including engaging with customers.
Performance & Productivity: The risk of employees failing to meet the targets and standards set in performance contracts remained under control, as most targets were met.
Talent Attrition & Capacity: There was increased competition for skills from other players in the financial services sector, a new emerging threat is from international companies overseas which have adopted the work from anywhere policy. As of 31 December 2021, the Group staff turnover rate, however, remained within risk limits. Key positions were filled during the year.
Culture & Behaviour: There was an increase in the overall culture index score from 2019 – 2021 across all dimensions.
Health, safety, wellbeing, and morale: The pandemic and current working from home arrangements continued to impact on staff health, safety, and wellbeing.
Shortage of/Failing to acquire, critical skills: The risk is of unavailability/lack thereof of emerging skills such as data scientists, digital experts etc, to ensure the business is future fit to meet evolving customer requirements and to embrace new technologies/innovate, with impacts on business growth and market shares. This was considered low during with the Group managing to hire data scientists and digital experts as part of resourcing its Digital and Data function.
Organizational Design & Workforce: This concerns risks that the Strategic Workforce Planning and Organisation Design & Structure does not support or enable the future strategy or evolving needs of the organization resulting in failure to meet business plan objectives and in excessive staff costs. The business carried out a Group wide organisational design exercise which informed skills and processes streamlining with a view to rationalizing headcount and costs.

Mitigating Actions: There has been adoption of a hybrid working arrangement where certain staff have options to work from the office at least two days a week. Performance reviews are conducted for assessing delivery of contracted goals. There is enforcement of the Code of Ethics, known as the Maadili Charter. For talent retention, there is continuous reviews of the staff remuneration to remain competitive. There are succession planning arrangements in place for key positions to ensure continuity of business operations. Critical skills development programmes are in place. Management actions are being implemented to improve areas of concern as indicated through the culture surveys. There was implementation of wellness initiatives in collaboration with medical services providers. Medical support to employees affected by the pandemic was provided. Risks arising from the organisational design exercise will be managed through change management programs, training and redeployments.

Market Conduct Risk

Description & Impact: Risks relating to decisions or behaviours that may adversely impact fair customer outcomes or market integrity. There is increased focus by IPEC on the Insurance Industry's adoption of the "Treating Customers Fairly" (TCF) principles. The focus on conduct risk is likely to become more pronounced as distribution channels become more digitalised with minimal direct contact with clients. There are also legacy issues around loss of value due to macro-economic factors where engagements have been conducted with clients and regulators.

Mitigating Actions: TCF principles have been embedded in all product development and customer engagement processes. Customer complaints handling automation under Phase 2 is underway to allow for quicker resolution of customer complaints.

Insurance Risk

Description & Impact: The risk of adverse losses due to inadequate underwriting, pricing, reserving assumptions and/or volatile claims experience materially impacting earnings and capital. Insurance risk includes Life Insurance risks (Mortality, Disability, Longevity). As a significant player in both the life and general insurance sectors, we need to ensure that underwriting practices ensure that risks are adequately priced to support the settlement of claims as they fall due, the raising of adequate reserves while supporting adequate margins for the business. This risk is heightened in an environment of rapidly increasing costs, with inflation potentially resulting in levels of cover for policyholders being inadequate if premiums do not keep up with inflation.

Mitigating Actions: The following measures are in place to manage the risk: Data driven pricing models and continuous repricing to ensure claims experience is closer to targeted; and reserves and reinsurance arrangements are in place to mitigate any likely increases in claims. Additional actions being taken given the multi-currency environment include; matching of currencies for claims and premiums and reassessment of reinsurance arrangements to determine the appropriate retention levels per risk class versus the claims experience.

Credit Risk

Description & Impact: The risk of non-payment or settlement of an obligation by a counterparty under the terms of an agreement, or the change in value of a credit asset due to a deterioration in the credit quality of a counterparty. While the overall Non-Performing Loans ratio remained within appetite during the year, there is continuing pressure on credit risk due to the economic environment. Adverse weather events may exacerbate risks to asset quality going forward.

Mitigating Actions: The lending businesses continue to monitor the quality of credit assets, for both local and hard currency loans. A cautious lending approach is continuing at CABS. The lending businesses also track and follow up on repayments of all loans falling due. OMFIN is pursuing diversification of the loan book to spread risks across economic sectors. Monthly reviews of counterparty limits are being done.

Emerging Risks & Trends

The Group continues to scan the environment, report and respond swiftly to any adverse changes in the risk profiles of emerging risks. The key emerging risks that the Group is currently tracking are shown below.

- **New Pandemic Outbreaks:** There is the risk of new pandemic outbreaks in the future with high mortality and requiring new vaccines. Impacts will be on business resilience, viability and staff health. The Group will continue to observe WHO guidelines and refine business resilience arrangements.
- **Extreme Weather Conditions & Geophysical Disasters:** The number and intensity of the climate change induced extreme weather events is increasing and therefore, exposure to this emerging risk is heightening. Impacts will be on the economic, infrastructure, and the Group's agribusiness portfolios. The Group is implementing a Climate Change Programme to recommended response actions to the risks and opportunities.
- **Increased Mergers and Acquisitions (M&A) Activity:** Recent competitor activity has shown increased M&A activity between banks and insurance companies. This strengthens their positioning in the financial services sector, and increases their competitiveness in attracting new investors through a wider integrated financial services model and stronger capital base. The Group is continuously refreshing its product and service offerings to remain competitive, while evaluating new market opportunities. .
- **Heightened Risk of Non-Compliance with Emerging Laws & Regulations:** Legal and regulatory changes are anticipated on ESG factors (Including Climate Change); on Market Conduct related laws & regulations, on the digital currency and fintech operations and on changes to the Competition Act. This increases the risk of failing to comply with these new requirements when they become effective, resulting in regulatory censure. The Group is responding through proactive impact and readiness-to-comply assessments.