OLD MUTUAL ZIMBABWE LIMITED

Financial statements for the year

ended 31 December 2016

Contents

Contacts

Public Officer:
N Mutambanengwe

Auditors:
KPMG Chartered Accountants (Zimbabwe)
100 The Chase (West)
Emerald Hill
Harare
Zimbabwe

Postal address:
P.O. Box 70
Harare
Zimbabwe

Registered office:
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare

Registration no.:
5684/1998

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' Report

Responsibility

The directors are responsible for the preparation and fair presentation of the Group and parent annual financial statements, comprising the statement of financial position at 31 December 2016, and the statement of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03). In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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

Compliance with legislation

These financial statements which have been prepared under the historical cost convention are in agreement with the underlying books and records, have been properly prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant regulations made there under, the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Building Societies Act (Chapter 24:02), the Asset Management Act (Chapter 24:26), the Collective Investments Schemes Act (Chapter 24:19) and the Securities Act (Chapter 24:25).

Compliance with IFRSs

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

Capital

The issued share capital is made up of 249 035 156 "A" class shares of US$0,0000032 each, 83 011 718 "B" class shares of US$0,0000032 each and 1 redeemable preference share of US$1.00. The shares are owned by OM Zimbabwe Holdco Limited (75%); as well as allocations to Indigenisation Trusts and intended indigenous beneficiaries (21.5%) and a strategic partner (3.5%). The 1 redeemable preference share issued is owned by Old Mutual (Zimbabwe) Dividend Access Trust.

Dividend

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

I. Preference dividend declared out of 2015 profits and paid during the year;

   April 2016 US$6 487 899

II. Ordinary dividends declared out of 2015 profits and paid during the year;

   May 2016 US$7 500 000

III. Preference dividend declared out of 2016 profits and paid during the year;

   October 2016 US$2 469 509

IV. Final ordinary dividend declared out of 2016 profits, US$7 500 000 payable in April 2017

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' Report (continued)

Directors

Mr.	J	!Gawaxab	(Chairman)
Mr.	J	Mushosho*	(Group Chief Executive Officer)
Mr.	IT	Mashinya*	(Executive Director)
Mr.	D	Benecke	
Mr.	TM	Johnson	
Mr.	TC	Madzinga	(resigned w.e.f. Sept 2016)
Mr.	MP	Mahlangu	
Mr.	K	Mandevani	
Dr.	LL	Tsumba	
Mr.	MR	Weston	(resigned w.e.f. Oct 2016)
Mr.	I	Williamson	

*Denotes Executive Director

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

Far reaching amendments to the Banking Act (Chapter 24:20) were gazetted on 13 May 2016. This legislation affects Central Africa Building Society as well as Old Mutual Zimbabwe Limited, which is defined as a Controlling Company in terms of Section 2 of the Act. The Group is in the process of instituting measures to achieve compliance with the Act, particularly around Board composition.

The annual financial statements for the year ended 31 December 2016 set out on pages 11 to 61 were approved by the Board of Directors on 14 March 2017 and are signed on its behalf by:

____
Director

14 March 2017

____
Director

14 March 2017

Independent Auditors' Report

To the Members of Old Mutual Zimbabwe Limited

Opinion

We have audited the consolidated and separate financial statements of Old Mutual Zimbabwe Limited (the "group and company"), set out on pages 11 to 61, which comprise the statements of financial position as at 31 December 2016, and the group statement of profit or loss, the group statement of comprehensive income, the company statement of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Old Mutual Zimbabwe Limited as at 31 December 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act (Chapter 24:03) of Zimbabwe.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans and advances (applicable to consolidated financial statements)

Refer to the summary of significant accounting policies in Notes 2.13 and 2.14 and to Note 23 and the "credit risk" section of Note 40 to the financial statements.

The key audit matter	*How we addressed the matter in our audit*
The carrying amount of loans and advances of the group was determined after an impairment amounting to US$ 19 447 125 was recognised. The nature of deriving the carrying amount of loans and advances involves significant judgement in terms of establishing adequate specific and portfolio impairment provisions. This determination makes reference to the repayment capacity of the obligor, quality and condition of security offered as part of the loan arrangement, customer payment history and financial position of the customer. We have assessed impairment of loans and advances as a key audit matter in our audit of the consolidated financial statements because of subjective assumptions used, as well as the need to comply with IFRS and guidelines by the regulator, the Reserve Bank of Zimbabwe (RBZ).	In evaluating the adequacy of impairment provisions with respect to IAS 39 *Financial Instruments: Recognition and Measurement*, audit procedures included, among others: • obtaining evidence in respect of key controls over models and manual processes for impairment events identification and collateral valuation; • testing reasonableness of and support for future cash flows expected from customers; • testing reasonableness of the discount rates used in the calculation of present values of the future cash flows relating to customer forecasts or asset disposals in potential liquidation cases; • testing the valuation of security pledged by customers for loan balances by comparing security values to recent market transactions or recent valuations of similar properties in similar locations; • testing the adequacy of the provisions for potential loss in the good loan book by determining the probability of default through trend analysis around downgrading of loans and advances; • recalculating impairments raised and comparing with amounts recorded; and • inspecting financial statements to confirm that disclosures comply with IAS 39 *Financial Instruments: Recognition and Measurement.* In respect of regulatory provisions, audit procedures included: • selecting material loans and testing the accuracy of the classification into various credit grades as prescribed by the RBZ regulatory provisioning guidelines; • performing independent re-calculations of the impairment provisions for respective credit quality grades and comparing with management estimates; and • testing consistency of rates used to determine the regulatory impairment provision to the RBZ Supervisory Rating System.

Valuation of investment properties (applicable to consolidated financial statements)

Refer to the summary of significant accounting policies in Note 2.9, and in Note 18 to the financial statements.

The key audit matter	*How we addressed the matter in our audit*
The group holds investment properties, carried at fair value, which are valued at US$ 392 554 780 in the consolidated financial statements. The valuation of the group's investment properties requires the exercise of judgement and the use of subjective assumptions, primarily in respect of market rentals and yield rates. The inputs used in the valuation are made in an environment where there is limited market activity due to illiquidity in the market. In addition, the rental market has experienced high levels of vacancies, which may impact on the valuation of the group's properties. Given the significant judgements that were made in the valuation of the group's investment properties, this was a matter of most significance to the consolidated financial statements.	Our procedures included, among others: • testing the independence, professional competence and objectivity of the internal professional valuers ("internal valuers") and the external independent valuers ("external valuers") engaged by directors to value the properties; • testing the appropriateness of the valuation methodologies and assumptions used by both the internal valuers and the external valuers. This included discussions on key findings with both valuers and comparing the assumptions used by the internal valuers with those used by the external valuers and understanding the rationale for the assumptions ultimately applied. Where necessary, we challenged the assumptions used with reference to our knowledge of the industry; • comparing key inputs used in the valuation, including current and estimated rental income and equivalent yields for consistency with the external valuers' inputs and our knowledge of the industry and the economy; • comparing the values determined by internal valuers to the values of external valuers for the portfolio of properties valued by the external valuers. Where there were variances between internal valuations and external valuations, we identified the reasons for the differences arising from yields and/or rental incomes applied and assessed the reasonability of the final valuations adopted; and • assessing whether the valuation policies and their application, as described in the notes to the financial statements, complied with IAS 40 *Investment Properties*.

Valuation and classification of unlisted investments (applicable to consolidated and separate financial statements)

Refer to the summary of significant accounting policies in Note 2.3, and to Notes 21.1, 21.3, and 45.2 to the financial statements.

The key audit matter	*How we addressed the matter in our audit*
Both the group and the company hold unlisted investments, which are carried at fair value through profit or loss and classified as level 3 financial instruments in the fair value hierarchy. These unlisted investments are included in "Investments and securities", valued at US$ 32 197 797 and US$ 8 894 707 in the consolidated and separate financial statements, respectively. The valuation of unlisted investments requires the exercise of judgement and the use of subjective assumptions made by management. The inputs to the valuations, on which judgement is exercised, include the price earnings ratio, estimating the future cash flows and the discount rates used to determine fair values. In addition, the classification of unlisted investments for accounting purposes involves judgement, particularly where the investment exceeds 20% of the investee's issued share capital, which may indicate that the investee should be accounted for as an associate. Given the significance of the judgements involved in the valuation and classification of unlisted investments, this was considered a key audit matter in our audit of the consolidated and separate financial statements.	Our procedures in respect of the valuation of unlisted investments included, among others, using our internal valuation specialists as part of our audit team to test the valuation inputs and assumptions, for significant unlisted investments, in respect of: (a) forecasted future cash flows, (b) discount rates or yields used to determine present values of the future cash flows, (c) recomputation of the future cash flows and comparing with management's calculations, and (d) challenging management as regards the rationale for inputs used with reference to past performance. • Our procedures in respect of the classification of investments for accounting purposes included assessing if the group and company was able to exercise significant influence in respect of these investments by applying the criteria for recognition of an associate set out in IAS 28 *Investment in Associates*. The criteria included, amongst others, assessing whether or not there was representation on the board of the investees, participation in policymaking, material transactions or interchange of personnel with the investees.

Measurement of treasury bills (applicable to consolidated financial statements)

Refer to the summary of significant accounting policies in Note 2.3, and to Note 21.1 and 21.4 to the financial statements.

The key audit matter	*How we addressed the matter in our audit*
The group holds significant investments in treasury bills (TBs) valued at US$ 88 931 464 at year end. The initial recognition of TBs and the subsequent measurement thereof has been identified as an area that requires significant audit attention due to the fact that there are varying views in the market on whether TBs should be accounted for at amortised cost or fair value, as well as the absence of an active market to inform the fair value of these bonds. As judgement was required in selecting the appropriate accounting treatment, this matter was considered a key audit matter in the audit of the consolidated financial statements.	In assessing the valuation of TBs, our audit procedures included: • enquiries of management regarding the circumstances specific to the banking business which holds the TBs, and their intention in holding the TBs to assess whether it was appropriate to recognise the TBs at fair value; • inspecting the payment history for TBs that matured over in the current period; and • inspecting the financial statements for adequacy of disclosures based on the accounting treatment adopted.

Insurance contract liabilities (applicable to consolidated financial statements)

Refer to the summary of significant accounting policies in Note 2.6, and to Notes 26 to the financial statements.

The key audit matter	*How we addressed the matter in our audit*
Insurance contracts are contracts under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder. The group has recognised significant liabilities related to long-term insurance contracts valued at US$ 897 652 811 at year end. We considered insurance contract liabilities to be a key audit matter in respect of the consolidated financial statements because judgement is required to be exercised over factors such as expense assumptions relating to valuation interest rates and inflation, including the policy for creating and releasing discretionary provisions and margins. Economic assumptions, including investment returns, discount rates, and operating assumptions, such as mortality and persistency, are key inputs used in estimating the valuation of these insurance contract liabilities.	Our procedures in respect of insurance contract liabilities included, among others: • testing the design, implementation and operating effectiveness of key controls over the identification, measurement and management of the group's calculation of insurance liabilities and evaluation of the consistency of methodologies applied and the appropriateness of the assumptions used by the group; • involving our internal actuarial specialists as part of our audit team to assist us in challenging the assumptions used and the process followed for setting and updating these assumptions, particularly around persistency, expense and mortality/morbidity assumptions. Our challenge to the assumptions was provided in the context of our own industry knowledge and external data. This included assessing the appropriateness of the data used in management's analysis that was prepared to set the assumptions; and • assessing whether the disclosures in the financial statements met the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 4 *Insurance Contracts*.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, but does not include the consolidated and separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03) of Zimbabwe, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

We also provided the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determined those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Michael de Beer
Registered Auditor

PAAB Practising Certificate Number 0369
For and on behalf of KPMG Chartered Accountants (Zimbabwe), Reporting Auditor
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare
Zimbabwe
14 March 2017

GROUP STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 Group US$	2015 Group US$
Revenue			
Gross earned premiums	4	188 796 808	183 524 027
Outward reinsurance		(10 820 108)	(12 242 042)
Net earned premiums		177 976 700	171 281 985
Investment income (non banking)	5	128 775 115	(126 188 175)
Banking interest and similar income	6	93 339 766	100 837 061
Fee income, commissions and income from service contracts	7	58 734 149	54 570 888
Other income	8	1 566 462	3 305 084
Total revenue		**460 392 192**	**203 806 843**
Expenses			
Claims and benefits (including change in insurance contract provisions)	9	(217 611 658)	(47 655 890)
Reinsurance recoveries		1 802 932	1 407 858
Net claims incurred		(215 808 726)	(46 248 032)
Change in provision for investment contract liabilities	10	(6 682 553)	8 865 189
Fees, commissions and other acquisition costs		(10 254 770)	(7 487 470)
Banking interest payable and similar expenses	6	(34 831 590)	(41 863 580)
Impairment charges		(3 531 106)	(16 400 463)
Other operating and administration expenses	11	(89 878 839)	(86 048 327)
Total expenses		**(360 987 584)**	**(189 182 683)**
Profit before tax		**99 404 608**	**14 624 160**
Income tax expense	12	(7 571 867)	(1 314 178)
Profit for the year		**91 832 741**	**13 309 982**
Attributable to non-controlling interests		3 155 851	981 932
Attributable to owners of parent company		88 676 890	12 328 050
		91 832 741	**13 309 982**

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 Group US$	2015 Group US$
Profit for the year		**91 832 741**	**13 309 982**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Property revaluation		(1 120 337)	(4 565 152)
Shadow accounting	10.1	(700 327)	(250 328)
Regulatory impairment allowance		(5 984 345)	(8 095 014)
Total comprehensive income for the year		**84 027 732**	**399 488**
Total comprehensive income attributable to:			
Owners of parent company		80 871 881	(582 444)
Non-controlling interests		3 155 851	981 932
		84 027 732	**399 488**
Earnings per share			
Basic and diluted (US cents)	13.1	**26.71**	**3.71**

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 Company US$	2015 Company US$
Revenue			
Investment income	14	34 964 628	12 371 657
Other income	15	43 660	66 993
Total revenue		**35 008 288**	**12 438 650**
Expenses			
Other operating and administration expenses	16	(4 595 175)	(4 893 114)
Total expenses		**(4 595 175)**	**(4 893 114)**
Profit before tax		**30 413 113**	**7 545 536**
Income tax (expense)/credit	17	(3 602 828)	(1 580 755)
Profit/(loss) for the year		**26 810 285**	**5 964 781**
Other comprehensive income		**-**	**-**
Total comprehensive income		**26 810 285**	**5 964 781**

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 Group US$	2015 Group US$
Assets			
Investment property	18	392 554 780	408 390 833
Property and equipment	19	92 466 009	91 221 552
Deferred acquisition costs		893 405	897 850
Reinsurer contracts	20	1 949 657	1 791 636
Investments and securities	21.1	801 700 043	664 014 093
Deferred tax assets	30	1 030 934	790 006
Loans and advances	23	583 252 405	563 142 252
Other assets	24	128 839 053	109 865 913
Cash and cash equivalents	25	161 851 032	137 005 929
Total assets		**2 164 537 318**	**1 977 120 064**
Liabilities			
Insurance contract liabilities	26	900 788 677	785 793 472
Investment contract liabilities	27	76 330 845	71 381 199
Provisions	29	15 002 534	15 488 708
Deferred tax liabilities	30	30 298 182	31 478 765
Current tax payables		452 664	734 475
Amounts due to group companies	22	57 347 829	50 000 000
Amounts owed to bank depositors	31	624 587 251	598 646 228
Credit lines	32	28 654 056	39 247 353
Other liabilities	33	52 127 147	66 215 266
Total liabilities		**1 785 589 185**	**1 658 985 466**
Net assets		**378 948 133**	**318 134 598**
Shareholders' equity			
Share capital and premium	53	1 065	1 065
Non-distributable reserve		52 457 048	52 457 048
Revaluation reserve		18 456 249	20 276 913
Share option reserve		32 037 134	45 121 581
Regulatory provisions reserve		16 517 093	10 532 748
Retained earnings		247 192 464	179 231 048
		366 661 053	**307 620 403**
Non-controlling interests		12 287 080	10 514 195
Total equity		**378 948 133**	**318 134 598**

……………………..………………………………
DIRECTOR

14 March 2017

……………………..………………………………
DIRECTOR

14 March 2017

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 Company US$	2015 Company US$
Assets			
Investment property	42	480 000	480 000
Investments in subsidiary companies	43	79 301 169	71 580 094
Property and equipment	44	217 317	251 061
Investments and securities	45.1	78 995 256	71 267 153
Amounts due by group companies	46	26 564 293	29 011 103
Other receivables	47	917 603	205 773
Cash and cash equivalents	48	5 106 337	1 774 914
Total assets		**191 581 975**	**174 570 098**
Liabilities			
Provisions	50	261 389	898 722
Deferred tax liability	51	1 141 628	1 173 574
Current tax payable		13 912	268 710
Amounts due to group companies	46	42 422 224	42 388 322
Other liabilities	52	38 489 003	38 148 510
Total liabilities		**82 328 156**	**82 877 838**
Net assets		**109 253 819**	**91 692 260**
Shareholders' equity			
Share capital and premium	53	1 065	1 065
Non-distributable reserve		19 953 027	19 953 027
Share option reserve		63 308 611	56 099 929
Retained income		25 991 116	15 638 239
Total equity		**109 253 819**	**91 692 260**

……………………..………………………………
DIRECTOR

14 March 2017

……………………..………………………………
DIRECTOR

14 March 2017

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

2016	Notes	Share capital & premium US$	Non-distributable reserve US$	Revaluation reserve US$	Share option reserve US$	Regulatory provisions reserve US$	Retained income US$	Equity total US$	Non-controlling interests US$	Equity total US$
Shareholders' equity at beginning of year		**1 065**	**52 457 048**	**20 276 913**	**45 121 581**	**10 532 748**	**179 231 048**	**307 620 403**	**10 514 195**	**318 134 598**
Profit for the financial year							88 676 890	**88 676 890**	3,155,851	**91 832 741**
Other comprehensive income										
Shadow accounting	10.1			(700 327)				**(700 327)**		**(700 327)**
Revaluation of property				(1 120 337)				**(1 120 337)**		**(1 120 337)**
Transfer to reserve						5 984 345	(5 984 345)	**-**		**-**
Total Comprehensive income for the year		-	-	(1 820 664)	-	5 984 345	82 692 545	**86 856 226**	3 155 851	**90 012 077**
Treasury shares					(13 084 447)			**(13 084 447)**		**(13 084 447)**
Dividends paid							(14 731 129)	**(14 731 129)**	(1,382,966)	**(16 114 095)**
Transactions with shareholders		-	-	-	(13 084 447)	-	(14 731 129)	**(27 815 576)**	**(1 382 966)**	**(29 198 542)**
Shareholders' equity at end of year		**1 065**	**52 457 048**	**18 456 249**	**32 037 134**	**16 517 093**	**247 192 464**	**366 661 053**	**12 287 080**	**378 948 133**
2015										
Shareholders' equity at beginning of year		**1 065**	**52 457 048**	**25 092 393**	**46 464 058**	**2 437 734**	**192 670 396**	**319 122 694**	**9 532 263**	**328 654 957**
Profit for the financial year							12 328 050	**12 328 050**	981 932	**13 309 982**
Other comprehensive income										
Shadow accounting	10.1			(250 328)				**(250 328)**		**(250 328)**
Revaluation of property				(4 565 152)				**(4 565 152)**		**(4 565 152)**
Transfer to reserve						8 095 014	(8 095 014)	**-**		**-**
Total Comprehensive income for the year		-	-	(4 815 480)	-	8 095 014	4 233 036	**7 512 570**	981 932	**8 494 502**
Vested shares paid out					(1 342 477)			**(1 342 477)**		**(1 342 477)**
Impairment loss								**-**		**-**
Dividends paid							(17 672 384)	**(17 672 384)**	-	**(17 672 384)**
Transactions with shareholders		-	-	-	(1 342 477)	-	(17 672 384)	**(19 014 861)**	-	**(19 014 861)**
Shareholders' equity at end of year		**1 065**	**52 457 048**	**20 276 913**	**45 121 581**	**10 532 748**	**179 231 048**	**307 620 403**	**10 514 195**	**318 134 598**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital & premium US$	Non-distributable reserve US$	Share option reserve US$	Retained income US$	Equity total US$
2016					
Shareholders' equity at beginning of year	1 065	19 953 027	56 099 929	15 638 239	**91 692 260**
Changes in equity arising in the year					
Total comprehensive income				26 810 285	**26 810 285**
Indigenisation transaction			7 208 682		**7 208 682**
Dividends				(16 457 408)	**(16 457 408)**
Shareholders' equity at end of year	1 065	19 953 027	63 308 611	25 991 116	**109 253 819**
2015					
Shareholders' equity at beginning of year	**1 065**	**19 953 027**	**53 555 705**	**29 379 878**	**102 889 675**
Changes in equity arising in the year					
Total comprehensive income				5 964 781	**5 964 781**
Indigenisation transaction			2 544 224		**2 544 224**
Dividends				(19 706 420)	**(19 706 420)**
Shareholders' equity at end of year	**1 065**	**19 953 027**	**56 099 929**	**15 638 239**	**91 692 260**

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 Group US$	2015 Group US$
Cash flows from operating activities			
Profit before tax		99 404 608	14 624 160
Non-cash movements and adjustments to profit before tax	57.1	33 116 013	121 430 280
Changes in working capital	57.2	(30 629 434)	21 201 972
Taxation paid	57.3	(9 275 187)	(5 761 933)
Net cash from operating activities		**92 616 000**	**151 494 479**
Cash flows from investing activities			
Acquisition of financial assets		(36 054 591)	(95 294 996)
Acquisition of investment properties		(4 585 996)	(6 281 768)
Acquisition of property and equipment		(10 881 926)	(10 917 376)
Net cash used in investing activities		**(51 522 513)**	**(112 494 140)**
Cash flows from financing activities			
Dividends paid	57.4	(16 114 095)	(17 672 384)
Net cash used in financing activities		**(16 114 095)**	**(17 672 384)**
Net increase in cash and cash equivalents		**24 979 392**	**21 327 955**
Net foreign exchange differences on cash and cash equivalents		(134,289)	2 032 436
Cash and cash equivalents at the beginning of the year		137 005 929	113 645 538
Cash and cash equivalents at the end of the year		161 851 032	137 005 929

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 Company US$	2015 Company US$
Cash flows from operating activities			
Profit/(Loss) before tax		30 413 113	7 545 536
Non-cash movements and adjustments to profit before tax	58.1	(10 785 417)	21 704 685
Changes in working capital	58.2	2 109 275	(8 243 405)
Taxation paid	58.3	(3 889 572)	(1 422 172)
Net cash from operating activities		**17 847 399**	**19 584 644**
Cash flows from investing activities			
Acquisition of financial assets		2 712 898	1 821 885
Proceeds from disposal of property and equipment		1 250	8 388
Net increase in investments in subsidiaries		(700 000)	(800 000)
Acquisition of property and equipment		(72 716)	(2 711)
Net cash used in investing activities		**1 941 432**	**1 027 562**
Cashflows from financing activities			
Dividends paid	58.4	(16 457 408)	(19 706 420)
Net cash used in financing activities		**(16 457 408)**	**(19 706 420)**
Net increase/(decrease) in cash and cash equivalents		**3 331 423**	**905 786**
Cash and cash equivalents at the beginning of the year		1 774 914	869 128
Cash and cash equivalents at the end of the year		5 106 337	1 774 914

Notes to the annual financial statements
For the year ended 31 December 2016

1. General Information

Old Mutual Zimbabwe Limited (OMZIL) and its subsidiaries are incorporated in Zimbabwe. These financial statements comprise the Company and its Subsidiaries (collectively the 'Group' and individually 'Group companies').The Group's main activities include life assurance, short term insurance, property investments, asset management and conducting banking and building society activities which include mortgage lending, deposit acceptance and investing. OMZIL is a 75% owned subsidiary of OM Zimbabwe Holdco Limited which is ultimately a wholly owned subsidiary of Old Mutual plc. Where reference is made to "the group" in the accounting policies, it should be interpreted as referring to the company where the context requires, unless otherwise noted.

2. Accounting Policies

2.1 *Statement of compliance*

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

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The Parent Company financial statements present information about the Company as a separate entity and not about the Group.

2.2 *Basis of preparation*

The financial statements provide information about the financial position, results of operations and changes in the financial position of the Group. They are based on the statutory records that are maintained under the historical cost convention with the exception of investments and securities and investment properties, which are included at valuation as described in note 2.9, 2.10 and 2.13 below; insurance contract provisions and provisions for investment contracts with discretionary participating features which are calculated on a Financial Soundness Valuation Basis. The accounting policies have been consistently applied to all periods presented.

The Company's functional and presentation currency is the United States Dollar (US$). All amounts have been rounded to the nearest dollar. The Group financial statements have been prepared on the going concern basis which the directors believe to be appropriate having taken into consideration the points set out in the Director's report.

2.3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, 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. Insurance contract accounting and key assumptions made in determining insurance contract provisions are discussed in more detail in note 2.6.

The fair values of investment properties, financial assets and liabilities are classified and accounted for in accordance with the policies set out in section 2.9 and 2.13 below. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realized under current market conditions.

The translation of the foreign currency denominated assets and liabilities to local currency is based on the year-end exchange rate and transactions at the average exchange rate for the reporting period. Assets are subject to annual impairment reviews or whenever there is an indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell or value in use. Impairment losses are recorded in profit or loss in the period in which they occur.

The Group is required to make judgements on what constitutes an investment in associate. IAS 28 "Investments in Associates and Joint Ventures" defines an associate as an entity which the investor has significant influence. The standard states that if an entity holds 20%, directly or indirectly of the voting power of the investee, it is presumed that the entity has significant influence unless it can clearly be demonstrated that it is not the case. In assessing whether the Group has significant influence over such investees in which it has at least 20% shareholding, the Group considers numerous factors as prescribed by the standard. These factors are as follows;

a) representation on the board of directors or equivalent governing body of investee;
b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
c) material transactions between the entity and its investee;
d) interchange of managerial personnel; or
e) provision of essential technical information

The Group has opted not to recognize certain investments in which it holds more than 20% shareholding as associates based on the evaluation criteria in IAS 28 (refer note 21.3 for the assessment).

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.3 Critical accounting estimates and judgements (continued)

The valuation of these treasury bills on initial recognition and the subsequent measurement thereof has been identified as a complex area due to the fact that there are varying views in the banking sector on the correct accounting treatment of these treasury bills and due to the absence of an active market with sufficient trades to inform the fair value of the treasury bills. The treasury bills are disclosed in note 21.1 and are recorded at fair value with no impairment as both capital and interest continue to be settled on maturity date.

2.4 Scope of consolidation

2.4.1 Subsidiary undertakings

Subsidiary undertakings are those enterprises controlled by the Group. The financial statements of subsidiaries are included in the group financial statements from the date that control commences until the date that control ceases. Subsidiary undertakings include structured entities created to accomplish a narrow well-defined objective, which may take the form of a corporation, trust, partnership or unincorporated entities, and which the substance of the relationship between the Group and the entity indicates that the entity is controlled by the Group.

Control exists when the Group is exposed or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the existence and effect of potential voting rights currently exercisable or convertible when assessing whether it has control. Entities in which the Group holds half or less of the voting rights, but are controlled by the Group retaining the majority of risks or benefits, are also included in the group accounts. The Group financial statements include the assets, liabilities, and results of the Group and subsidiary undertakings controlled by the Group.

The results of subsidiary undertakings acquired and disposed of during the year are included in profit or loss from the date of acquisition, up to the date of disposal or control ceasing. Intra-group balances and transactions, and all profits and losses arising from intra-group transactions, are eliminated in preparing the Group financial statements. Unrealised losses are not eliminated to the extent that they provide evidence of impairment

Non-controlling interests (NCI) are measured at their proportionate share of the fair values of the assets and liabilities recognised. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of Control

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

2.4 Revenue

Revenue comprises premium income from insurance contracts and investment contracts with a discretionary participating feature, fee income from investment management contracts, commission income, interest income, dividend income and investment income and fees for the administration and management of policyholder funds. Fees charged for management services provided are recognised as revenue in profit or loss as the services are provided. Revenue is accounted for in accordance with the particular accounting policies as set out in section 2.6 and 2.13 below.

2.5 Insurance and investment contracts

2.6.1 Classification of contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) 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 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, 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. All contracts with a discretionary participating feature are accounted for in the same manner as insurance contracts.

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.6 Insurance and investment contracts (continued)
2.6.2 Premiums on contracts

Premiums and annuity considerations receivable under insurance contracts and investment contracts with a discretionary participating feature are recognised gross of commission, and exclude taxes and levies. Premiums in respect of other insurance contracts and investment contracts with a discretionary participation feature are recognised when due for payment.

Outward reinsurance premiums are recognised when due for payment.

Amounts received under investment contracts other than those with a discretionary participating feature are recorded as deposits to investment contract liabilities.

2.6.3 Revenue on investment management service contracts

Fees charged for investment management services provided in conjunction with an investment contract are recognised as revenue as the services are provided. Initial fees, which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the anticipated period in which the service will be provided. Fees charged for investment management service contracts in our asset management business are also recognized on this basis.

2.6.4 Claims on contracts

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

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

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as deductions from investment contract liabilities.

Claims incurred in respect of short-term insurance general business consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

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

2.6.5 Insurance contract liabilities

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

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

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

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

The Group performs liability adequacy testing on its insurance liabilities (including insurance 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 unrealized gains and losses are recognised within equity.

2.6.6 ***Investment contract liabilities***

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

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.6 Insurance and investment contracts (continued)

2.6.7 Acquisition costs on long-term insurance

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

2.6.8 Deferred acquisition costs in respect of investment management service contracts

Costs that are directly attributable to securing an investment management service contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. The costs represent the contractual right to benefit from providing investment management services and is amortised as the related revenue is recognised.

2.7 ***Intangible assets***

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

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

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

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

2.8 Investment in subsidiary companies

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

2.9 Investment property

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

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

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.

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

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

2.10 Property and equipment

Owned assets

Owner-occupied property is recognised at revalued amounts, being the fair value at the date of the revaluation less subsequent accumulated depreciation and accumulated impairment losses.

Equipment, principally computer equipment, motor vehicles, fixtures and furniture, are recognised at cost less accumulated depreciation and impairment losses. Property under development is valued at cost.

Subsequent expenditure

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

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.10 Property and equipment (continued)
Revaluation of owner-occupied property
Owner-occupied property is recognised at fair value. Internal professional valuers perform valuations annually. Valuations are carried out on properties accounting for at least 65% of the total value of the property portfolio, and properties being valued for the first time. External valuations are obtained for top ten buildings by value or properties representing 65% of the total value of the buildings. The procedures followed are as per note 2.9 and 18.

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

Derecognition
On derecognition of property and equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period of derecognition. In the case of owner-occupied property, any surplus in the revaluation reserve in respect of the individual property is transferred directly to retained earnings.

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

In the case of owner-occupied property, on revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is transferred net of any related deferred tax, between the revaluation reserve and retained earnings as the property is utilised.

Land is not depreciated.

Owner-occupied property is depreciated over a period of 50 years using the straight line method. Leasehold property is depreciated over a period of 20 years using the straight line method. Motor vehicles, computer equipment, fixtures and furniture are depreciated over 5 years using the straight line method. Computer software is depreciated over a period between 3 to 5 years using the straight line method.

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

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

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

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

Deferred tax liability is not recognised on temporary differences that arise from:

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

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.12 Reinsurance

Reinsurance assets comprise contracts with reinsurers under which the Group is compensated for losses on one or more contracts which are classified as insurance contracts. Reinsurance on contracts that do not meet this classification is classified as financial assets.

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

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

2.13 Financial instruments

Recognition and derecognition

A financial instrument is recognized when and only when the Group becomes a party to the contractual provisions of the particular instrument. The Group derecognises a financial asset when and only when:

- The contractual rights to the cash flows arising from the financial assets have expired or been forfeited by the Group; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All purchases and sales of financial assets carried at fair value through profit or loss that require delivery within the time frame established by regulation or market convention (‘regular way’ purchases and sales) are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. Refer to note 41.1 for the different categories of financial instruments.

Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method taking into account the expected timing and amount of cash flows. Interest income and expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established. Where financial assets are measured at fair value through profit or loss, the dividend income is recognised separately from fair value changes.

Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise financial assets classified as held-for-trading and those that the Group has elected to designate at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recognised at fair value excluding transaction costs directly attributable to their acquisition which are recognised immediately in profit or loss. After initial recognition financial assets at fair value through profit or loss are measured at fair value with the resulting fair value gains or losses adjustment being recognised directly in profit or loss.

Financial assets that the Group has elected to designate at fair value through profit or loss are those where this designation either eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise when using a different measurement basis and are managed, evaluated and reported on using a fair value basis. This election is in respect of financial assets held to support liabilities in respect of contracts with policyholders.

All related fair value gains and losses are included in investment income. Interest earned whilst holding financial assets at fair value through profit or loss is reported as interest income. Dividends received are included in separately investment income.

Fair value measurement considerations

The fair values of quoted financial assets are based on quoted prices. If the market for a financial asset is not active, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

To the extent that the fair values of unlisted equity instruments cannot be measured reliably, such instruments are carried at cost, subject to impairment assessment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group at fair value through profit or loss. Subsequent to initial measurement, loans and receivables including those made to fellow Group undertakings are measured at amortised cost using the effective interest rate less any impairment losses. Interest income is recognised as part of investment income.

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances with banks but excluding cash and cash equivalent instruments held for investing purposes. They are measured at amortised cost.

2.13 Financial instruments (continued)

Financial liabilities
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process .i.e. finance cost.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off and there is intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expense items are offset only to the extent that their related instruments have been offset in the statement of financial position.

2.14 Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets, excluding financial assets at fair value through profit or loss, is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans or receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in net profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Loans and advances
Balances outstanding in respect of advances are considered to be of a financing nature. Accordingly, these amounts, less interest in suspense and specific and general risk provisions, are treated as receivables. Specific impairment is made when the repayment of identified advances is in doubt and reflects estimated losses. In determining specific impairment, the value of collateral held on mortgage advances is deducted from arrear balances. A prudent valuation of collateral is made by the Group's valuators. A portfolio impairment is made in respect of an estimate to cover the inherent risk in lending and advancing, which cannot be stated in specific terms.

The Reserve Bank of Zimbabwe (RBZ) also requires the Group to provide for provisions for loan losses rather than impairment losses as determined in accordance with International Accounting Standard (IAS) 39. Where the provision as per RBZ guidelines is higher than the IAS 39 impairment losses, the excess is treated as an appropriation of equity.

2.15 Foreign currency translation

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

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

2.16 Employee benefits

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

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

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

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

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

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

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under the Group's insurance arrangements, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future operating costs or losses are not provided for.

2.18 Share-based payments

Equity-settled share-based payment transactions

The services received from employees in terms of the Indigenisation and Economic Empowerment Act (Chapter 14:33) transaction entered into in June 2012, are equity-settled and are measured at the fair value of the equity instruments granted. The fair value of those equity instruments was measured at grant date and is not subsequently re-measured. If the equity instruments granted vest immediately and the employee is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the services received are recognised in full on grant date in profit or loss, with a corresponding increase in equity.

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

2.19 Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

2.20 Impairment of non-financial assets

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

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

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

2.21 Sale and repurchase agreements

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

2.22 Dividends

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

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.23 Inventory

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.25 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Group has related party relationships with its subsidiaries, fellow subsidiaries, the parent company and key management personnel. Transactions and balances are reflected in note 39.

2.26 Share capital

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

2.27 Segment reporting

The Group's results are analysed and reported consistently with the way that management and the Directors consider information when making operating decisions and also with the basis on which resources are allocated and performance assessed by management and Directors. The operating segments are Life assurance, General insurance, Banking, Asset management, and other (being the Holding Company and other Group entities).

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

2.28 New and amended standards

The Group has adopted the following standards and amendments for the first time in their annual reporting period commencing 1 January 2016:

- Clarification of acceptable methods of depreciation and amortisation - Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 - 2014 cycle, and
- Disclosure initiative - amendments to IAS 1

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

2.29 Forthcoming requirements

Future amendments not early adopted in the 2016 annual financial statements
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out as follows:

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (effective for accounting periods beginning on or after 1 January 2017)
The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.
Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

Management is currently assessing the impact of this standard on the Group.

Notes to the annual financial statements
For the year ended 31 December 2016

2. Accounting policies (continued)

2.29 Forthcoming requirements(continued)
Future amendments not early adopted in the 2016 annual financial statements (continued)

IAS 7 Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2017)
The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.
Management will adopt the changes in 2017, however the changes are not expected to have a material impact on the financial statements as the amounts disclosed for financing activities will not change, except for the additional disclosures that will be required

IFRS 16 Leases **(effective for accounting periods beginning on or after 1 January 2019)**
The IASB issued IFRS 16 'Leases' in January 2016. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 replaces the previous leases standard, IAS 17 'Leases', and related Interpretations.

The Group as lessee:
IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:
(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
(b) depreciation of right-of-use assets separately from interest on lease liabilities in the income statement.

The Group as lessor:
IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The most significant effect of the new requirements in IFRS 16 will be an increase in right-of-use assets and financial liabilities. The Group is in the process of quantifying the aforementioned increase in right-of-use assets and financial liabilities.

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018)
In May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers', which specifies how and when revenue is recognised, but does not impact income recognition related to financial instruments in the scope of IFRS 9 or IAS 39. IFRS 15 replaces several other IFRS standards and interpretations that currently govern revenue recognition under IFRS and provides a single, principles-based five-step model to be applied to all contracts with customers. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. [The implementation of the standard will primarily impact the Group's asset management business. The treatment of revenue relating to financial instruments and insurance contracts will be dealt with according to the specific standard.]

The impact on the financial statements has not yet been estimated.

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018)

In July 2014, the IASB issued IFRS 9 'Financial Instruments', which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for how an entity should classify and measure financial assets, requires changes to the reporting of 'own credit' with respect to issued debt liabilities that are designated at fair value, replaces the current rules for impairment of financial assets and amends the requirements for hedge accounting.

Classification and measurement of financial assets and liabilities:
IFRS 9 requires that an entity's business model and a financial instrument's contractual cash flows will determine its classification and therefore its measurement in the financial statements. Upon assessment each financial asset will be classified as either fair value through profit or loss (FVTPL), amortised cost, or fair value through Other Comprehensive Income (FVOCI). As these requirements are different than the assessments under the existing IAS 39 rules, some differences to classification and measurement of financial assets are to be expected. The classification and measurement of financial liabilities remain largely unchanged under IFRS 9 from current requirements. However, where issued debt liabilities are designated at fair value, the fair value movements attributable to an entity's own credit risk will be recognised in Other Comprehensive Income rather than in the consolidated income statement under IFRS 9, unless there is an accounting mismatch in which case the entity's own credit risk is recognised in the consolidated income statement.

Impairment of financial assets:
The impairment rules under IFRS 9 will apply to debt instruments that are measured at amortised cost or FVOCI. Impairment will move from a model whereby credit losses are recognised when a 'trigger' event occurs under IAS 39 to a forward-looking 'expected credit loss' model.

Hedge accounting:
IFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. Generally, some restrictions under current rules have been removed and a greater variety of hedging instruments and hedged items become available for hedge accounting.

The impact on the financial statements has not yet been estimated.

2.30 Comparative figures

Where necessary, comparative figures are reclassified in line with current year presentation.

Notes to the annual financial statements

for the year ended 31 December 2016

3 Segment information

A Statement of profit or loss - segment information for the year ended 2016

	Life Assurance US$	General Insurance US$	Banking US$	Asset Management US$	Holding Co & Other US$	Consolidation Adjustments US$	Total US$
Revenue							
Gross earned premiums	151 948 793	36 848 015	-	-	-	-	188 796 808
Outward reinsurance	(2 316 362)	(8 503 746)	-	-	-	-	(10 820 108)
Net earned premiums	149 632 431	28 344 269	-	-	-	-	177 976 700
Investment income (non banking)	105 884 870	3 100 303	-	223 041	40 068 288	(20 501 387)	128 775 115
Banking interest and similar income	-	-	93 339 766	-	-	-	93 339 766
Fee income, commissions and income from service contracts	7 187 635	2 309 238	44 280 000	16 140 323	14 068 273	(25 251 320)	58 734 149
Other income	(134 511)	-	940 009	292 010	203 180	265 774	1 566 462
Total revenue	**262 570 425**	**33 753 810**	**138 559 775**	**16 655 374**	**54 339 741**	**(45 486 933)**	**460 392 192**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(204 269 543)	(13 342 115)	-	-	-	-	(217 611 658)
Reinsurance recoveries	1 802 932	-	-	-	-	-	1 802 932
Net claims incurred	(202 466 611)	(13 342 115)	-	-	-	-	(215 808 726)
Change in provision for investment contract liabilities	(6 682 553)	-	-	-	-	-	(6 682 553)
Fees, commissions and other acquisition costs	(6 849 117)	(5 687 436)	-	(26 153)	-	2 307 936	(10 254 770)
Banking interest payable and similar expenses	-	-	(34 831 590)	-	-	-	(34 831 590)
Impairment charges	-	-	(3 531 106)	-	-	-	(3 531 106)
Other operating and administration expenses	(15 640 312)	(6 743 086)	(60 969 094)	(10 080 726)	(18 073 453)	21 627 832	(89 878 839)
Total expenses	**(231 638 593)**	**(25 772 637)**	**(99 331 790)**	**(10 106 879)**	**(18 073 453)**	**23 935 768**	**(360 987 584)**
Profit before tax	**30 931 832**	**7 981 173**	**39 227 985**	**6 548 495**	**36 266 288**	**(21 551 165)**	**99 404 608**
Income tax expense/(credit)	690 516	(1 581 911)	-	(2 247 663)	(2 626 472)	(1 806 337)	(7 571 867)
Profit for the year	**31 622 348**	**6 399 262**	**39 227 985**	**4 300 832**	**33 639 816**	**(23 357 502)**	**91 832 741**

A Statement of profit or loss - segment information for the year ended 2015

	Life Assurance US$	General Insurance US$	Banking US$	Asset Management US$	Holding Co & Other US$	Consolidation Adjustments US$	Total US$
Revenue							
Gross earned premiums	147 640 546	35 883 481	-	-	-	-	183 524 027
Outward reinsurance	(2 398 534)	(9 843 508)	-	-	-	-	(12 242 042)
Net earned premiums	145 242 012	26 039 973	-	-	-	-	171 281 985
Investment income (non banking)	(109 826 979)	(628 582)	(265 453)	416 779	16 491 983	(32 375 923)	(126 188 175)
Banking interest and similar income	-	-	100 837 061	-	-	-	100 837 061
Fee income, commissions and income from service contracts	8 333 643	2 621 219	36 823 049	16 763 739	13 688 038	(23 658 800)	54 570 888
Other income	78 624	-	2 778 116	193 512	232 189	22 643	3 305 084
Total revenue	**43 827 300**	**28 032 610**	**140 172 773**	**17 374 030**	**30 412 210**	**(56 012 080)**	**203 806 843**
Expenses							
Claims and benefits (including change in insurance contract provisions)	(34 749 967)	(12 905 923)	-	-	-	-	(47 655 890)
Reinsurance recoveries	1 407 858	-	-	-	-	-	1 407 858
Net claims incurred	(33 342 109)	(12 905 923)	-	-	-	-	(46 248 032)
Change in provision for investment contract liabilities	8 865 189	-	-	-	-	-	8 865 189
Fees, commissions and other acquisition costs	(7 085 152)	(5 171 570)	-	(32 799)	-	4 802 051	(7 487 470)
Banking interest payable and similar expenses	-	-	(41 863 580)	-	-	-	(41 863 580)
Credit losses and impairment charges	-	-	(15 302 593)	-	(1 097 870)	-	(16 400 463)
Other operating and administration expenses	(15 950 924)	(6 224 397)	(54 633 108)	(10 173 499)	(20 041 270)	20 974 871	(86 048 327)
Total expenses	**(47 512 996)**	**(24 301 890)**	**(111 799 281)**	**(10 206 298)**	**(21 139 140)**	**25 776 922**	**(189 182 683)**
Profit before tax	**(3 685 696)**	**3 730 720**	**28 373 492**	**7 167 732**	**9 273 070**	**(30 235 158)**	**14 624 160**
Income tax expense/(credit)	4 537 405	(1 740 183)	-	(2 134 824)	(1 545 057)	(431 519)	(1 314 178)
Profit for the year	**851 709**	**1 990 537**	**28 373 492**	**5 032 908**	**7 728 013**	**(30 666 677)**	**13 309 982**

Notes to the annual financial statements
for the year ended 31 December 2016

3 Segment information
B Statement of financial position - segment information at 31 December 2016

	Life Insurance US$	General Insurance US$	Banking US$	Asset Management US$	Holding Co & Other US$	Consolidation Adjustments US$	Total US$
Assets							
Investment property	369 474 690	349 000	22 251 090	-	480 000	-	392 554 780
Property and equipment	27 503 364	341 802	60 686 502	1 698 037	2 236 304	-	92 466 009
Deferred acquisition costs	-	892 203	-	-	-	1 202	893 405
Reinsurer contracts	-	1 949 657	-	-	-	-	1 949 657
Investments and securities	725 615 942	15 886 917	205 940 003	3 707 667	217 439 179	(366 889 665)	801 700 043
Deferred tax assets	-	562 651	-	299 303	151 847	17 133	1 030 934
Loans and advances	-	-	583 252 405	-	-	-	583 252 405
Other assets	33 873 650	4 037 621	79 114 301	4 565 736	43 301 612	(36 053 867)	128 839 053
Cash and cash equivalents	15 985 148	15 351 048	121 851 499	1 497 790	7 165 547	-	161 851 032
Total assets	**1 172 452 794**	**39 370 899**	**1 073 095 800**	**11 768 533**	**270 774 489**	**(402 925 197)**	**2 164 537 318**
Liabilities							
Insurance contract liabilities	888 345 414	12 443 263	-	-	-	-	900 788 677
Investment contract liabilities	76 330 845	-	-	-	-	-	76 330 845
Provisions	841 242	614 591	5 467 850	774 047	7 316 506	(11 702)	15 002 534
Deferred tax liabilities	29 019 415	-	-	3 287	2 359 939	(1 084 459)	30 298 182
Current tax payables	-	264 691	-	49 711	105 673	32 589	452 664
Amounts due to group companies	3 397 431	246 375	-	986 500	95 016 391	(42 298 868)	57 347 829
Amounts owed to bank depositors	-	-	845 047 209	-	-	(220 459 958)	624 587 251
Credit lines	-	-	28 654 056	-	-	-	28 654 056
Other liabilities	13 323 191	-	17 843 722	2 291 012	38 049 323	(19 380 101)	52 127 147
Total liabilities	**1 011 257 538**	**13 568 920**	**897 012 837**	**4 104 557**	**142 847 832**	**(283 202 499)**	**1 785 589 185**
Net assets	**161 195 256**	**25 801 979**	**176 082 963**	**7 663 976**	**127 926 657**	**(119 722 698)**	**378 948 133**
Shareholders' equity							
Share capital and premium	30 121 844	9 405	35 000 000	3 600 202	1 001 327	(69 731 713)	1 065
Non-distributable reserve	29 838 703	3 177 617	1 445 850	728 710	20 558 208	(3 292 040)	52 457 048
Revaluation reserve	-	-	18 448 911	-	7 338	-	18 456 249
Share option reserve	3 589 892	1 208 475	5 345 083	2 444 676	68 197 870	(48 748 862)	32 037 134
Regulatory provisions reserve	-	-	16 517 093	-	-	-	16 517 093
Retained earnings	97 644 817	9 119 402	99 326 026	890 388	38 161 914	2 049 917	247 192 464
	161 195 256	**13 514 899**	**176 082 963**	**7 663 976**	**127 926 657**	**(119 722 698)**	**366 661 053**
Non-controlling interests	-	12 287 080	-	-	-	-	12 287 080
Total equity	**161 195 256**	**25 801 979**	**176 082 963**	**7 663 976**	**127 926 657**	**(119 722 698)**	**378 948 133**

Notes to the annual financial statements

for the year ended 31 December 2016

		Life Insurance	General Insurance	Banking	Asset Management	Holding Co & Other	Consol Adjustments	Total
3	Segment information							
B	**Statement of financial position - segment information at 31 December 2015**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
	Assets							
	Investment property	384 582 680	346 000	22 982 153	-	480 000	-	408 390 833
	Property and equipment	26 658 178	496 208	60 669 736	1 131 886	2 265 544	-	91 221 552
	Deferred acquisition costs	-	897 850	-	-	-	-	897 850
	Reinsurer contracts	-	1 791 636	-	-	-	-	1 791 636
	Investments and securities	586 263 596	10 389 475	222 860 007	6 739 877	210 653 019	(372 891 881)	664 014 093
	Deferred tax assets	-	341 054	-	612 782	377 321	(541 151)	790 006
	Loans and advances	-	-	563 142 252	-	-	-	563 142 252
	Other assets	28 302 671	2 718 888	68 000 776	4 701 617	45 271 201	(39 129 240)	109 865 913
	Cash and cash equivalents	7 634 219	16 713 558	105 290 002	1 086 847	4 995 490	1 285 813	137 005 929
	Total assets	**1 033 441 344**	**33 694 669**	**1 042 944 926**	**14 273 009**	**264 042 575**	**(411 276 459)**	**1 977 120 064**
	Liabilities							
	Insurance contract liabilities	787 545 480	10 420 129	-	-	-	(12 172 137)	785 793 472
	Investment contract liabilities	71 381 199	-	-	-	-	-	71 381 199
	Provisions	1 683 711	56 919	5 118 896	1 816 110	6 813 072	-	15 488 708
	Deferred tax liabilities	30 244 434	-	-	-	4 154 617	(2 920 286)	31 478 765
	Current tax payables	-	384 078	-	7 545	357 880	(15 028)	734 475
	Amounts due to group companies	3 727 611	122 584	47 860	4 034 553	90 541 370	(48 473 978)	50 000 000
	Amounts owed to bank depositors	-	-	829 080 001	-	-	(230 433 773)	598 646 228
	Credit lines	-	-	39 247 353	-	-	-	39 247 353
	Other liabilities	15 106 127	619 474	16 289 682	1 596 809	59 068 973	(26 465 801)	66 215 266
	Total liabilities	**909 688 562**	**11 603 184**	**889 783 792**	**7 455 017**	**160 935 913**	**(320 481 002)**	**1 658 985 466**
	Net assets	**123 752 782**	**22 091 485**	**153 161 134**	**6 817 992**	**103 106 662**	**(90 795 457)**	**318 134 598**
	Shareholders' equity							
	Share capital and premium	30 121 844	9 405	35 000 000	2 900 202	1 001 327	(69 031 713)	1 065
	Non-distributable reserve	24 283 663	3 177 617	1 445 851	728 710	20 558 211	2 262 996	52 457 048
	Revaluation reserve	-	-	20 269 575	-	7 338	-	20 276 913
	Share option reserve	3 324 806	1 093 743	4 830 575	2 301 976	60 560 278	(26 989 797)	45 121 581
	Regulatory provisions reserve	-	-	2 437 735	-	-	8 095 013	10 532 748
	Retained earnings	66 022 469	7 296 525	89 177 398	887 104	20 979 508	(5 131 956)	179 231 048
		123 752 782	**11 577 290**	**153 161 134**	**6 817 992**	**103 106 662**	**(90 795 457)**	**307 620 403**
	Non-controlling interests	-	10 514 195	-	-	-	-	10 514 195
	Total equity	**123 752 782**	**22 091 485**	**153 161 134**	**6 817 992**	**103 106 662**	**(90 795 457)**	**318 134 598**

Notes to the annual financial statements
for the year ended 31 December 2016

		Group 2016 US$	Group 2015 US$
4	**Gross earned premiums**		
	Gross premiums		
	Single	1 613 086	3 143 362
	Recurring	17 990 905	16 505 263
	Individual business	**19 603 991**	**19 648 625**
	Single	59 238 309	52 282 608
	Recurring	73 106 493	75 709 313
	Group business	**132 344 802**	**127 991 921**
	General insurance	**36 848 015**	**35 883 481**
	Total gross premiums and investment contract deposits	**188 796 808**	**183 524 027**
	Comprising		
	Insurance contracts	41 125 720	39 633 781
	Investment contracts with discretionary participating features	110 823 073	108 006 765
	General insurance	36 848 015	35 883 481
	Total gross written premium	**188 796 808**	**183 524 027**
	Total gross earned premiums	**188 796 808**	**183 524 027**
5	**Investment income (non banking)**		
	Dividend income		
	Financial assets at fair value through profit or loss	18 358 536	17 447 549
	Interest income		
	Cash and cash equivalents	22 061 428	23 786 438
	Net rental income		
	Investment property	12 477 448	10 367 117
	Realised gains and losses		
	Financial assets at fair value through profit or loss	(6 359 844)	5 160 334
	Unrealised gains and losses		
	Investment property	(19 393 812)	(29 930 707)
	Financial assets at fair value through profit or loss	101 631 359	(153 018 906)
		82 237 547	(182 949 613)
	Total investment returns included in income statement	**128 775 115**	**(126 188 175)**
6	**Banking interest and similar income**		
	Interest and similar income		
	Loans and advances		
	Fixed Deposits	16 971 222	17 246 407
	Loans and advances	76 368 544	83 590 654
	Total interest and similar income	93 339 766	100 837 061
	Interest Expense:		
	Credit lines	(3 497 123)	(4 084 407)
	Savings certificates deposits	(30 288 333)	(36 165 685)
	Term deposits	(26 745)	(196 042)
	Savings deposits	(1 019 389)	(1 417 446)
	Total interest expense	(34 831 590)	(41 863 580)
	Net interest income	**58 508 176**	**58 973 481**
7	**Fee income, commissions and income from service contracts**		
	Banking operations:		
	Commissions	6 357 804	2 713 430
	Service fees	23 481 502	23 743 187
	Adminstration fees	14 435 142	10 354 242
	Total fee income and commission from banking operations	44 274 448	36 810 859
	Long term business	7 187 634	8 333 645
	Asset management business	7 272 067	9 426 384
		58 734 149	**54 570 888**

Notes to the annual financial statements
for the year ended 31 December 2016

		Group 2016 US$	Group 2015 US$
8.	**Other income**		
	Exchange gains	(134 289)	2 032 435
	Other	1 700 751	1 272 649
		1 566 462	3 305 084
9.	**Claims and benefits**		
	Claims and benefits:		
	(including change in insurance contract provisions)		
	Increase/(Decrease) in insurance contracts provision	100 972 325	(68 278 040)
	Gross claims expenses (refer to analysis in note 9.1 below)	117 276 631	116 161 728
	Shadow accounting to revaluation reserve (see note 10.1 below)	(637 298)	(227 798)
		217 611 658	**47 655 890**
9.1	**Analysis of claims expenses**		
	Individual business	**4 327 732**	**3 671 638**
	Death and disability benefits	1 977 468	1 653 422
	Maturity benefits	544 594	542 815
	Surrenders	1 805 670	1 475 401
	Group business	**99 606 784**	**99 584 167**
	Death and disability benefits	14 578 854	11 714 746
	Pension commutations, maturities and withdrawal benefits	57 824 461	58 326 169
	Annuities	14 667 042	13 527 561
	Surrenders	12 536 427	16 015 691
	General insurance	13 342 115	12 905 923
	Total claims and benefits	**117 276 631**	**116 161 728**
	Comprising:		
	Insurance contracts	17 662 749	14 614 324
	Investment contracts with discretionary participating features	86 271 767	88 641 481
	General insurance	13 342 115	12 905 923
	Total claims and benefits payable and investment contract withdrawals	**117 276 631**	**116 161 728**
10.	**Changes in provision for investment contract liabilities**		
	Investment contracts		
	Increase in investment contract liabilities	6 745 582	(8 842 659)
	Shadow accounting to revaluation reserve (see note 9.1 below)	(63 029)	(22 530)
		6 682 553	**(8 865 189)**
10.1	**Shadow accounting**		
	Insurance contracts	637 298	227 798
	Investment contracts	63 029	22 530
	Total	**700 327**	**250 328**

Notes to the annual financial statements
for the year ended 31 December 2016

		Group 2016 US$	Group 2015 US$
11	**Other operating and administration expenses**		
	Administrative expenses	34 848 903	32 370 610
	Donations	1 285 420	972 152
	Share based payments	1 499 475	2 544 414
	Depreciation of property, plant and equipment	9 699 169	9 266 536
		47 332 967	45 153 712
	Auditors' remuneration		
	Statutory audit services - current year	588 278	515 313
	Staff costs		
	Wages and salaries	27 794 036	24 451 083
	Retirement obligations	2 390 239	2 881 935
	Social security costs	803 873	963 515
	Bonus and incentive remuneration	2 084 591	5 730 932
	Other staff costs	5 292 824	2 510 186
		38 365 563	36 537 651
	Other	3 592 031	3 841 651
		89 878 839	**86 048 327**
12	**Income tax expense**		
	Normal income tax		
	Shareholders	7 843 511	6 364 462
	Policyholders	446 772	724 854
		8 290 283	7 089 316
	Deferred tax		
	Shareholders	1 018 071	(1 059 216)
	Policyholders	(1 736 487)	(4 715 922)
		(718 416)	(5 775 138)
		7 571 867	**1 314 178**
	Reconciliation of the effective tax rate	**%**	**%**
	Standard rate of taxation	**25.75**	25.75
	Adjusted for:		
		(33.37)	(36.22)
	Exempt income	(58.25)	(63.02)
	Disallowable expenses	24.88	26.80
	Effective tax rate	**(7.62)**	(10.47)

13 **Earnings per share**

The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares outstanding during the year.
Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares adjusted for the effects of all potentially dilutive ordinary shares. The Group had no potentially dilutive ordinary shares.
The following reflects the income and share data used in the basic and diluted earnings per share computations:

		2016	2015
13.1	**Basic and diluted (US cents)**	**26.71**	**3.71**
	Earnings		
	Basic and diluted earnings attributable to equity holders of the parent (US$)	88 676 890	12 328 050
	Number of shares used in calculations (weighted)		
	Basic and diluted earnings per share	332 046 874	332 046 874

Notes to the annual financial statements
for the year ended 31 December 2016

		Company 2016 US$	Company 2015 US$
14	**Investment income**		
	Dividend income		
	Financial assets at fair value through profit or loss	24 054 675	31 758 426
		24 054 675	31 758 426
	Interest income		
	Cash and cash equivalents	468 952	761 805
		468 952	761 805
	Realised gains and losses		
	Financial assets at fair value through profit or loss	(431 853)	529 610
		(431 853)	529 610
	Fair value gains and losses		
	Investment property	-	-
	Financial assets at fair value through profit or loss	10 872 854	(20 678 184)
		10 872 854	(20 678 184)
	Total investment returns included in income statement	**34 964 628**	**12 371 657**
15	**Other income**		
	Director's fees received	25 500	31 450
	Other	18 160	35 543
		43 660	**66 993**
16	**Other operating and administration expenses**		
	Administrative expenses	3 365 676	2 013 598
	Asset management expenses	537 525	770 733
	Share based payments	187 706	217 928
	Impairment loss	-	1 097 870
	Depreciation of property, plant and equipment	106 427	100 303
		4 197 334	4 200 432
	Auditors' remuneration		
	Statutory audit services - current year	65 698	46 954
	Staff costs		
	Wages and salaries	335 760	310 605
	Retirement obligations	26 837	24 878
	Bonus and incentive remuneration	(383 380)	288 200
	Social security costs	4 364	4 374
	Other staff costs	348 562	17 671
		332 143	645 728
	Total other operating and administration expenses	**4 595 175**	**4 893 114**
17	**Income tax expense**		
	Normal income tax		
	Deferred tax	(31 946)	(105 826)
	Current taxation	3 634 774	1 686 581
	Total taxation charge	**3 602 828**	**1 580 755**
	Reconciliation of taxation rate on profit before tax		
		%	**%**
	Standard rate of taxation	**25.75**	25.75
	Adjusted for:		
		(13.90)	(4.80)
	Exempt income	(16.96)	(11.20)
	Disallowable expenses	3.06	6.40
	Effective tax rate	**11.85**	20.95

Notes to the annual financial statements
for the year ended 31 December 2016

18 **Investment property**	**Group 2016 US$**	**Group 2015 US$**
Carrying amount at beginning of year	408 390 833	439 881 551
Additions	4 585 996	6 281 768
Transfer to mortgage bonds	-	(15 924 174)
Transfer from/(to) Non current assets held for sale	-	8 000 000
Disposal	(894 256)	-
(Loss) from fair value adjustments	(19 527 793)	(29 848 312)
Carrying amount at end of year	**392 554 780**	**408 390 833**
Comprising:		
Freehold property	**392 554 780**	**408 390 833**
The fair value of freehold property leased to third parties under operating leases	**330 006 300**	**296 888 300**
Rental income from investment property	28 517 962	31 900 944
Direct operating expenses arising from rented-out investment property	(17 373 695)	(22 358 396)
	11 144 267	**9 542 548**

The carrying amount of investment property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The recorded values are tested by comparing with values determined by independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio, or for at least the top twenty five buildings by value and properties being valued for the first time. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the Group's investment property. The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Investment properties were fair valued using yield rates of between 7.00% and 12.00% (2015:7.00 % and 12.00%) and rental rates of between US$0.50-US$20.00 (2015:US$0.50-US$20.00). The fair value of the Group's properties are categorised into Level 3 of the fair value hierarchy through their use of unobservable units.

As security for a credit line from PTA Bank (note 31), CABS registered a bond of US$1 million over a property, and issued powers of attorney to register bonds (in the event of default) over other properties with a total value of US$32,5million as at 31 December 2016 (both investment properties and owner occupied properties). OMZIL has guaranteed the Shelter Afrique loan for a full amount of US$14.4 million. Shelter Afrique also took a cession of the performing loan book covering two times the exposure at any point in time. The Society secured the Proparco Loan through a negative pledge of assets plus cash security amounting to US$555 555.

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

Type of Property	**Valuation Approach**	**Key unobservable inputs**	**Inter-relationship between unobservable inputs and key fair value measurement**
▪Office, Retail and Industrial Properties	▪Income Capitalisation	▪Rental income per square meter and capitalisation rates ▪Vacancies	The estimated fair value would increase if: >net rental income increased >capitalisation rates decreased. >vacancies decreased ▪The estimated fair value would decrease if the unobservable inputs changed the other way.
▪Residential property	▪Sales Comparison approach.	▪Price for comparable properties.	▪The estimated fair value would increase if prices for comparable properties increased.
▪Land	▪Sales Comparison Approach	▪Price for comparable properties	▪The estimated fair value would increase if prices for comparable properties increased.

Notes to the annual financial statements
for the year ended 31 December 2016

19 Property and equipment

	Land & buildings US$	Intangible assets US$	Motor vehicles US$	Computer equipment US$	Fixtures & fittings US$	Group Total 2016 US$
Carrying amount at beginning of year	65 601 793	12 775 335	3 128 329	6 914 495	2 801 600	**91 221 552**
Additions	1 764 305	2 608 717	1 202 571	2 674 184	2 632 150	**10 881 926**
Revaluation	(1 122 545)	-				**(1 122 545)**
Disposals			(46 120)	(39 188)	(64 790)	**(150 098)**
Depreciation/Amortisation	(958 453)	(3 753 642)	(1 085 552)	(1 084 930)	(1 482 247)	**(8 364 824)**
Carrying amount at end of year	65 285 100	11 630 410	3 199 228	8 464 559	3 886 713	**92 466 009**
Cost/Valuation	65 535 428	23 030 600	5 501 974	10 904 782	4 878 961	**109,851,744**
Accumulated depreciation	(250 328)	(11 400 190)	(2 302 746)	(2 440 223)	(992 248)	**(17 385 735)**
Carrying amount at end of year	65 285 100	11 630 410	3 199 228	8 464 559	3 886 713	**92 466 009**

	Land & buildings US$	Intangible assets US$	Motor vehicles US$	Computer equipment US$	Fixtures & fittings US$	Group Total 2014 US$
Carrying amount at beginning of year	67 508 254	13 136 635	2 957 148	7 898 158	2 714 824	**94 215 019**
Additions	3 652 329	3 101 429	837 069	2 687 384	639 165	**10 917 376**
Revaluation surplus	(4 565 152)	-				**(4 565 152)**
Disposals			(17 676)	(60 283)	(1 196)	(79 155)
Depreciation/Amortisation	(993 638)	(3 462 729)	(648 212)	(3 610 764)	(551 193)	**(9 266 536)**
Carrying amount at end of year	65 601 793	12 775 335	3 128 329	6 914 495	2 801 600	**91 221 552**
Cost/Valuation	70 713 382	19 891 629	5 506 919	11 998 936	4 014 710	**112 125 576**
Accumulated depreciation	(4 827 775)	(7 116 294)	(2 662 404)	(5 084 441)	(1 213 110)	**(20 904 024)**
Carrying amount at end of year	65 885 607	12 775 335	2 844 515	6 914 495	2 801 600	**91 221 552**

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

20 Reinsurer contracts

	Group 2016	Group 2015
Provision for unearned premiums	866 415	816 917
Outstanding claims	1 083 242	974 719
Balance at end of year	**1 949 657**	**1 791 636**

Notes to the annual financial statements
for the year ended 31 December 2016

			Group 2016 US$	Group 2015 US$
21	**Investments and securities**			
21.1	*Analysis of investments*			
	Equity securities	- listed	448 057 542	344 557 270
		- unlisted	32 197 797	29 176 774
	Total Equities (see note 21.2 below)		480 255 339	373 734 044
	Unit trust investments		3 528 569	6 621 146
	Public sector securities		123 081 268	81 221 722
	Treasury bills (see note 21.4 below)		88 931 464	78 284 818
	Deposits and money market securities		105 903 403	124 152 363
			801 700 043	**664 014 093**

		Group 2016 US$	Group 2015 US$
21.2	*Spread of equity securities by sector*		
	Commodities	56 693 245	43 756 373
	Consumer	300 044 063	237 204 839
	Financial	80 750 647	63 162 558
	Property	11 675 521	10 865 477
	Manufacturing	27 311 137	15 862 396
	Mining	3 780 726	2 882 401
		480 255 339	373 734 044

21.3 *Investment in equities above 20% shareholding*

Company	% holding	Value US$	% holding	Value US$
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	14 789 687	40%	12 026 906
*Africa Takura Ventures-Fund 1 "M Shares" (held by Shareholders and OMLAC Main Fund)	26%	7 029	26%	7 029
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	1 902 466	26%	418 246
Lobels Holdings Limited ((held by OMLAC Main Fund)	49%	1 708 806	49%	5
Manica Board and Doors (MBD) (held by OMLAC Main Fund)	55%	4 847 903	55%	2 454 298
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	4 215 009	40%	309 456
		27 470 900		15 215 940

The Group's unlisted investments of this nature continue to be accounted for on the basis of IAS 39, as Financial Assets at Fair Value through Profit and Loss, irrespective of the percentage holding in each entity. The management conclusion is that there is no significant influence exercised by the Group.

• For MBD specifically, the other shareholder not only has a Management Contract, but they also have the right to appoint the Managing Director and the Finance Director of the business. In addition they have the right to appoint two directors and provide technical support to the business particularly around accessing markets in South Africa and elsewhere.

• For Lobels, the other shareholder receives a monitoring fee which Old Mutual does not. The other shareholder also has two(2) members seconded to manage Lobels which Old Mutual does not.

21.4 *Treasury bills maturity analysis*

	Group 2016 US$	Group 2015 US$
On demand to 3 months	20 850 309	31 945 021
3 months to 12 months	47 033 044	30 835 454
1 year to five years	21 048 111	15 504 343
Total	88 931 464	78 284 818

• In the absence of an active bond market and formal auction for government securities, treasury bills fair value computations have become difficult in the Zimbabwean market. Treasury bills which in other markets provide guidance to fixed income investors through a yield curve are currently being issued through private placements while in the secondary market the same paper is trading at heterogeneous yields.
• Given the challenges mentioned above, a number of factors had to be considered in coming up with what would be considered fair discount rates for the treasury bills as disclosed in the table below

Type of asset	Valuation technique	Key inputs	Range
Treasury bills	Discounted Cash flow (DCF)	• Interest/coupon rates of recent bond issues • Money market rates and direction • Inflation expectations (especially for instruments above 5 years) • Bonds of similar characteristics (coupon rate and maturity date) were treated as the same security and a single discount rate was applied	5% - 10% 3.8% - 4.2%% 5.5% - 7%

Notes to the annual financial statements
for the year ended 31 December 2016

	Group 2016 US$	Group 2015 US$

22 Amounts due by or (to) group companies

	2016 US$ Amounts due by	2016 US$ Amounts due (to)	2015 US$ Amounts due by	2015 US$ Amounts due (to)
Old Mutual Netherlands B.V.	-	(50 000 000)	-	(50 000 000)
Old Mutual Zimbabwe Holdco Limited	-	(5 343 750)	-	-
Old Mutual Life Assurance Company (South Africa)	-	(2 004 079)	-	-
	-	**(57 347 829)**	**-**	**(50 000 000)**

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

23 Loans and advances

Concentration - gross loans and advances	Group 2016 US$	Group 2015 US$
Housing	194 022 218	182 470 535
Individuals	124 610 000	177 279 984
Commercial and industrial	284 067 312	225 584 933
Gross loans and advances	**602 699 530**	**585 335 452**
Less provision for impairment	(19 447 125)	(22 193 200)
Net loans and advances	**583 252 405**	**563 142 252**
Maturity analysis - gross and loans advances		
On demand to 3 months	62 680 000	84 842 004
3 months to 12 months	134 209 481	179 706 180
1 year to 5 years	209 277 011	217 512 557
Over 5 years	196 533 038	103 274 711
	602 699 530	**585 335 452**
Non performing loans	49 918 162	43 764 585
Past due but not impaired	25 030 691	34 386 651

23.1 Sectoral analysis of loans and advances

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

Sector	Group 2016 US$	Group 2015 US$
Trade and services	31 870 000	26 982 866
Energy and minerals	8 997 508	10 018 133
Agriculture	69 224 200	34 753 084
Construction and property	240 484 101	216 110 475
Light and heavy industry	32 757 070	41 112 952
Physical persons	122 138 749	146 789 051
Transport and distribution	74 404 759	78 123 042
State and state enterprises	22 823 143	31 445 848
Total gross loans	**602 699 530**	**585 335 452**

Notes to the annual financial statements
for the year ended 31 December 2016

		Group 2016 US$	Group 2015 US$
24	**Other assets**		
	Accrued interest and rent	23 504 154	19 900 086
	Agent debtors and prepayments	18 397 143	7 983 247
	Capitalised project costs	57 088 944	59 765 372
	Inventory	601 833	20 177
	Trade debtors	19 089 008	13 593 362
	Other	10 157 971	8 603 669
		128 839 053	**109 865 913**
25	**Cash and cash equivalents**		
	Cash at bank and on hand	161 851 032	137 005 929
		161 851 032	**137 005 929**

During the year the Central Bank, through Exchange Control Operational Guide 8 (ECOGAD8), introduced a prioritisation criterion which has to be followed when making foreign payments for customers. After prioritisation, foreign payments are then made subject to availability of bank balances with foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement system.

Included in cash and cash equivalents are bond notes which the Reserve Bank Of Zimbabwe began issuing gradually into the economy in November 2016 to help ease the shortage of physical cash in the country. The bond notes have been included under cash and cash equivalents and are pegged at an exchange rate of 1:1 with the US$.

		Group 2016 US$	Group 2015 US$
26	**Insurance contract liabilities**		
	Outstanding claims	3 135 866	3 310 801
	Future policyholders' benefits (see analysis of movement in provision below)	897 652 811	782 482 671
		900 788 677	**785 793 472**
	Future policyholders' benefits		
	Movement in provision for insurance contracts		
	Balance at beginning of year	782 482 670	849 712 349
	Inflows		
	Premium income	177 976 700	145 242 011
	Investment income	82 431 856	(63 451 595)
	Fee and other income	8 358 619	8 333 641
	Outflows		
	Claims and policy benefits	(117 276 631)	(116 161 728)
	Operating expenses	(22 489 650)	(22 626 133)
	Taxation	-	-
	Current tax	(446 772)	(423 143)
	Deferred tax	(71 356)	65 061
	Transfer to operating profit	(13 312 625)	(18 207 793)
	Balance at end of year	**897 652 811**	**782 482 670**
27	**Investment contract liabilities**		
	Liabilities at fair value through profit or loss	**76 330 845**	**71 381 199**
	Movement in liabilities fair valued through profit or loss		
	Balance at beginning of year	71 381 199	82 932 804
	New contributions received	8 294 364	5 226 340
	Withdrawals	(10 090 300)	(7 935 286)
	Fair value movements	6 745 582	(8 842 659)
	Balance at end of year	**76 330 845**	**71 381 199**

Notes to the annual financial statements
for the year ended 31 December 2016

28 Share-based payments

28.1 Indigenisation Transactions

In 2012 the Group entered into an Indigenisation transaction under the Indigenisation & Economic Empowerment Act of 2008 (Chapter 14:33). OMZIL donated $60 000 000 to qualifying indigenous groups through trusts to acquire OMZIL shares from the main shareholder Old Mutual Netherlands B.V. The shares were transferred to the various trusts on 1 June 2012. The grants represent a share-based payment transaction as defined in IFRS 2, Share-based payments.

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

OMZIL Indigenisation Employee Share Scheme

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

Participants only take delivery of the shares after the vesting periods of two years (one-third), three years (one-third) and 4 years (one-third) of participation in the scheme. The related expenses are recognised over the respective vesting periods.

OMZIL Management Incentive Share Scheme

This scheme operates for the benefit of management and its primary purpose is to attract, reward and retain senior and middle management. Awards will be made annually on agreed terms and conditions with a vesting period of three years. Participants receive dividends from the date of the award. Staff joining the Company after the allocation date also participate in the scheme.

OMZIL Clients Pension Ex-gratia Trust

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

Kurera/Ukondla Youth Fund Trust

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

Strategic Partner

The Strategic partner is Stiefel Investments (Private) Limited (Stiefel), an investment holding company and provider of advisory services. The beneficial persons behind Stiefel are Messrs L.E.M. Ngwerume, Todd Moyo and Mrs Tracey Mutaviri. Mr Ngwerume is a non-executive director of CABS, while Mrs Mutaviri is a non-executive director of Old Mutual Life Assurance Company Zimbabwe Limited.

The purchase consideration of the shares was US$13 016 238 for 11 621 641 issued and fully paid up 'B class" shares at a price of US$ 1.12 per share. The amount funded (finance assisted) by the Company was US$12 755 913 after a 2% down payment of US$260 324 paid by Steifel.

Costs associated with Indigenisation transaction	**Group 2016 US$**	**Group 2015 US$**
Employee Share Scheme	236,062	1 321 614
Management Incentive Scheme	1,263,413	1 222 800
	1,499,475	**2 544 414**

Movements relating to the share awards during the year are as follows:	**Number of shares**	**Number of shares**
OMZIL Indigenisation Employee Share Scheme		
Opening balance of shares	2 916 253	5 702 421
Transfer in	88 207	786 053
Transfer out	(93 040)	(390 660)
Exercised during the year	(2 903 490)	(3 086 484)
Forfeited	(7 930)	(95 077)
Closing balance of shares	-	**2 916 253**

Shares exercised during the year were exercised at an average price of $0.82 (2015 : $1.09). The expected vesting periods for shares outstanding as at end of year are as follows:

2016	-	2 916 253

OMZIL Management Incentive Scheme		
Opening balance of shares	2 790 688	2 496 492
Issued during the year	1 734 073	992 144
Transfer in	51 684	440 967
Transfer out	(51 684)	(232 659)
Exercised during the year	(854 584)	(820 358)
Forfeited	-	(85 898)
Closing balance of shares	3 670 177	**2 790 688**

Shares exercised during the year were exercised at an average price of $0.82 (2015 : $1.09). The expected vesting periods for shares outstanding as at end of year are as follows:

2016	-	854,584
2017	980 398	980 398
2018	955 706	955 706
2019	1 734 073	-

A valuation of the shares was conducted by an external valuer and these were valued at $0.82 (2015: $1.00) per share as at 31 December 2016.

Notes to the annual financial statements
for the year ended 31 December 2016

28.2 Share-based payments reserve

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

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

29 Provisions

	Employee related provisions	Other	**Total 2016**
	US$	US$	**US$**
Balance at beginning of year	8 365 553	7 123 155	**15 488 708**
Amount utilised	(4 943 936)	(1 307 263)	**(6 251 199)**
Released	1 723 045	332 003	**2 055 048**
Charge	414 863	3 295 114	**3 709 977**
Balance at end of year	5 559 525	9 443 008	**15 002 534**

			Total 2015
	US$	US$	**US$**
Balance at beginning of year	4 211 719	7 326 295	**11 538 014**
Amount utilised	(3 934 718)	(6 326 114)	**(10 260 832)**
Charge	8 088 552	6 122 974	**14 211 526**
Balance at end of year	8 365 553	7 123 155	**15 488 708**

30 Deferred tax

		At beginning 2015	**Charge to equity**	**Income statement charge**	**At end 2016**
Deferred tax liability		US$	US$	US$	**US$**
Shareholders		7 294 604	(462 167)	1 018 071	**7 850 508**
Policyholders		24 184 161		(1 736 487)	**22 447 674**
		31 478 765	(462 167)	(718 416)	**30 298 182**
Deferred tax asset					
Shareholders		(790 006)	-	(240 928)	**(1 030 934)**
		(790 006)	-	(240 928)	**(1 030 934)**
Aggregate deferred tax		30 688 759	(462 167)	(959 344)	**29 267 248**
Analysis of deferred tax	Wear and tear				22 459 046
	Capital gains				8 181 861
	Assessed loss				(1 373 659)
					29 267 248

					At end 2015
Deferred tax liability		US$	US$	US$	**US$**
Shareholders		7 956 011	397 809	(1 059 216)	7 294 604
Policyholders		28 900 083		(4 715 922)	24 184 161
		36 856 094	397 809	(5 775 138)	31 478 765
Deferred tax asset					
Shareholders		(930 039)	140 033	-	(790 006)
		(930 039)	140 033	-	(790 006)
Aggregate deferred tax		35 926 055	537 842	(5 775 138)	**30 688 759**
Analysis of deferred tax	Wear and tear				16 198 542
	Capital gains				15 028 536
	Assessed loss				(538 319)
					30 688 759

31 Amounts owed to bank depositors

	2016	**2015**
	US$	**US$**
Savings certificates	422 060 774	350 148 269
Term deposits	714 748	3 236 979
Savings deposits	201 811 729	245 260 980
	624 587 251	598 646 228
Maturity analysis		
On demand to 3 months	457 197 868	353 413 612
3 months to 6 months	2 498 349	53 821 464
6 months to a year	52 465 329	41 554 821
1 year to 5 year	62 458 725	108 726 418
Over 5 years	49 966 980	41 129 913
	624 587 251	598 646 228

Notes to the annual financial statements
for the year ended 31 December 2016

31 Amounts owed to bank depositors (continued)

Concentration	**2016 US$**	**%**	**2015 US$**	**%**
Financial Institutions	336 351 604	53.85%	293 935 298	49.10%
Companies	221 575 619	35.48%	210 723 472	35.20%
Individuals	66 660 028	10.67%	93 987 458	15.70%
	624 587 251	100.00%	598 646 228	100.00%

32 Credit lines

	2016 US$	**2015 US$**
PTA Bank loan	8 234 588	16 666 667
Shelter Afrique	11 490 900	13 236 364
ZADT loan	2 950 000	1 000 000
Proparco Loan	5 654 301	7 777 778
Accrued interest on credit lines	324 267	566 545
Balance at end of the year	28 654 056	39 247 353
Maturity analysis		
On demand to 3 months	5 233 310	16 666 667
3 months to 6 months	1 969 948	13 236 364
6 months to 1 year	9 498 985	1 000 000
1 year to 5 years	11 951 812	7 777 778
Over 5 years	11	566 545
	28 654 066	39 247 353

The PTA bank loan is repayable over 3 years and the Shelter Afrique and Proparco loans over 10 years. The PTA loan was obtained in September 2014, the Proparco loan in June 2014 and the Shelter Afrique loans in 2012 and 2013. The PTA loan is secured by a mortgage bond and powers of attorney over immovable property (note 13) while the Shelter Afrique loan is secured by a guarantee from OMZIL as well as a cession of the performing loan book. The Proparco loan is secured by a negative pledge of assets plus a cash security deposit. The Zimbabwe Agricultural Development Trust (ZADT) facility is a 2 year loan secured in December 2015 with the objective of providing low cost agricultural loans to small scale farmers. Of the $2.95m, $1.95m was secured in the current year

33 Other liabilities

	2016 US$	2015 US$
Amounts owed to policyholders	881 253	2 148 584
Accruals and deferred income	9 347 062	18 108 477
Trade creditors	11 837 376	10 136 744
VAT payable	51 584	291 139
Dividend payable	25 396 125	25 396 125
Other liabilities	4 613 747	10 134 197
	52 127 147	**66 215 266**

34 Contingent Liabilities

34.1 Tax on Indigenisation shares

The Group is committed to conducting its tax affairs in accordance with the tax legislation of Zimbabwe. Historic transactions undertaken and the tax law interpretations made by the Group may be routinely reviewed by the Zimbabwe Revenue Authority. All interpretations made by management are made with reference to the specific facts and circumstances of the transaction and the relevant legislation. Old Mutual Zimbabwe Limited (OMZIL) is currently appealing a post year-end decision reached in the courts relating to the taxation of shares awarded to staff in accordance with the Indigenisation and Economic Empowerment Act of 2008 (Chapter 14:33). The estimated amount is approximately $1,2 million owed to the Zimbabwe Revenue Authority.

35 Post employment benefits obligation

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

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

National Social Security Authority Scheme
This scheme was promulgated under the National Social Security Authority Act 1989. The Group's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently $45 per month per employee. The Group agreed to keep the employee contributions at $6 per month and pay any contributions above $6 on behalf of the employees.

Old Mutual Post Retirement Medical Aid Subsidy Fund
The fund is a defined contribution plan for the Group's full-time employees.

	2016 US$	**2015 US$**
Contributions recognised as an expense for the year		
- Old Mutual Staff Pension Fund	**2 390 239**	**2 881 935**
- National Social Security Authority Scheme	**803 873**	**963 515**

Notes to the annual financial statements
for the year ended 31 December 2016

		Group 2016 US$	Group 2015 US$
36	**Capital commitments**		
	Authorised	**12 908 768**	**10 567 765**
	Authorised and contracted for	**-**	-
	The Group is committed to incur capital expenditure and the commitments are expected to be settled in the year 2017.		
	For advances		
	Aggregate commitments due under advances granted but not yet disbursed	**18 283 340**	**50 598 085**
37	**Leases**		
	The Group as lessor - operating lease arrangements		
	Total future minimum lease receivables under operating leases		
	Not later than one year	16 392 947	18 246 353
	Later than one year and not later than five years	81 964 737	91 231 760
	Later than five years	98 357 685	109 478 112
		196 715 369	26 673 540

The operating lease agreements relate to property rental agreements between the Group and third parties

38 Related party disclosures

Holding company and fellow subsidiaries and associates.

The Group's immediate holding company is OM Zimbabwe Holdco Limited which holds 75% of the Group's ordinary shares. The ultimate holding company is Old Mutual plc., incorporated in the United Kingdom.

Other Group companies consist of fellow subsidiaries and associates.

Transactions and balances with holding company and fellow subsidiaries

	Group 2016 US$	Group 2015 US$
Fellow subsidiaries		
Old Mutual Life Assurance Company (South Africa) Limited		
Amounts due to as at 31 December	2 004 079	-
Old Mutual Zimbabwe Holdco Limited		
Amounts due to as at 31 December	5 343 750	-
Old Mutual Netherlands B.V		
Amounts due to as at 31 December	50 000 000	50 000 000

Loans due by or to subsidiaries and other group companies
Loans due by or to subsidiaries or other group companies are generally interest free and payable on demand.

All the Group's principal subsidiaries together with loans due by or to them are listed in note 43 and 46.

Capital advances and amounts due by or to group companies are disclosed in note 43.

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

	Group 2016 US$	Group 2015 US$
Key management personnel remuneration and other compensation		
Short-term employee benefits	2 013 586	1 854 263
Share based payments	1 813 457	1 619 284
Post-employment benefits	26 837	24 878
	3 853 880	3 498 425

Notes to the annual financial statements
for the year ended 31 December 2016

39 *Group statement of financial position*

The Group is exposed to financial risk through its financial assets (investments and loans), financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. The key focus of financial risk management for the Group is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its operations. The most important components of financial risk are credit risk, market risk (arising from changes in equity, interest and foreign exchange rates), and liquidity risk. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and/or conditions.

39.1 *Categories of financial instruments*

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

At 31 December 2016	Designated At fair value through profit or loss	Financial assets/ liabilities at amortised cost	Non-financial assets/ liabilities	Total
	US$	US$	US$	US$
Assets				
Investment property			392 554 780	**392 554 780**
Property and equipment			92 466 009	**92 466 009**
Deferred acquisition costs			893 405	**893 405**
Reinsurers' share of insurance contract provisions			1 949 657	**1 949 657**
Investments and securities	801 700 043			**801 700 043**
Deferred tax assets			1 030 934	**1 030 934**
Loans and advances		583 252 405		**583 252 405**
Other assets			128 839 053	**128 839 053**
Cash and cash equivalents		161 851 032		**161 851 032**
	801 700 043	745 103 437	617 733 838	**2 164 537 318**
Liabilities				
Insurance contract liabilities	900 788 677			**900 788 677**
Investment contract liabilities	76 330 845			**76 330 845**
Provisions			15 002 534	**15 002 534**
Deferred tax liabilities			30 298 182	**30 298 182**
Current tax payable			452 664	**452 664**
Amounts due to group companies			57 347 829	**57 347 829**
Amounts owed to bank depositors		624 587 251		**624 587 251**
Borrowed funds			28 654 056	**28 654 056**
Other liabilities			52 127 147	**52 127 147**
	977 119 522	624 587 251	183 882 412	**1 785 589 185**

At 31 December 2015	Designated At fair value through profit or loss	Financial assets/ liabilities at amortised cost	Non-financial assets/ liabilities	Total
	US$	**US$**	**US$**	**US$**
Assets				
Investment property			408 390 833	408 390 833
Property and equipment			91 221 552	91 221 552
Deferred acquisition costs			897 850	897 850
Reinsurers' share of insurance contract provisions			1 791 636	1 791 636
Investments and securities	664 014 093			664 014 093
Deferred tax assets			790 006	790 006
Current tax assets				-
Loans and advances		563 142 252		563 142 252
Other assets			109 865 913	109 865 913
Cash and cash equivalents		137 005 929		137 005 929
	664 014 093	**700 148 181**	**612 957 789**	**1 977 120 064**
Liabilities				
Insurance contract liabilities	785 793 472			785 793 472
Investment contract liabilities	71 381 199			71 381 199
Current tax assets			734 475	734 475
Provisions			15 488 708	15 488 708
Deferred tax liabilities			31 478 765	31 478 765
Borrowed funds			39 247 353	39 247 353
Amounts due to group companies			50 000 000	50 000 000
Amounts owed to bank depositors		598 646 228		598 646 228
Other liabilities			66 215 266	66 215 266
	857 174 671	**598 646 228**	**203 164 567**	**1 658 985 466**

Notes to the annual financial statements
for the year ended 31 December 2016

39 Group balance sheet - assets and liabilities (continued)

39.2 Fair values of financial assets and liabilities

Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, or

-Assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid.

-The inclusion of a measure of the counterparties' non-performance risk in the fair value measurement of loans and advances, which involves . the modelling of dynamic credit spreads.

-The inclusion of credit valuation adjustment (CVA) and debit valuation adjustment (DVA) in the fair value measurement of derivative instruments.

-The inclusion of own credit risk in the calculation of the fair value of financial liabilities.

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

Loans and advances

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

Investments and securities

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

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

Investment contract liabilities

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

Other financial assets and liabilities

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

Fair value hierarchy

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

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

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

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable inputs may be attributable to observable inputs.

Notes to the annual financial statements
for the year ended 31 December 2016

39 Group statement of financial position - assets and liabilities (continued)

39.2 Fair values of financial assets and liabilities (continued)

Analysis of instruments at fair value

At 31 December 2016	**Level 1** US$	**Level 2** US$	**Level 3** US$	**Total** **US$**
Financial assets measured at fair value				
Loan and advances	583 252 405	-	-	**583 252 405**
Investment and securities	448 057 542	88 931 464	32 197 797	**569 186 803**
Total financial assets measured at fair value	1 031 309 947	88 931 464	32 197 797	**1 152 439 207**

At 31 December 2015	**Level 1** US$	**Level 2** US$	**Level 3** US$	**Total** **US$**
Financial assets measured at fair value				
Loan and advances	563 142 252	-	-	**563 142 252**
Investment and securities	344 557 270	78 284 818	29 176 774	**452 018 862**
Total financial assets measured at fair value	907 699 522	78 284 818	29 176 774	**1 015 161 114**
Financial liabilities				
Loan and advances	-	-	-	**-**
Other liabilities	-	-	-	**-**
Total financial liabilities measured at fair value	-	-	-	-

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

2016	Opening balance 2016 US$	Gains/losses recognised in profit or loss US$	Purchases and issues US$	Sales and settlements US$	Transfers into level 3 from other categories US$	Transfers out of level 3 to other categories US$	Closing balance 2016 US$
Financial assets measured at fair value							
Designated (fair value through profit or loss)	29 176 774	-	-	-	-	3 021 023	32 197 797
Total financial assets measured at fair value	**29 176 774**	**-**	**-**	**-**	**-**	**3 021 023**	**32 197 797**
2015							
Designated (fair value through profit or loss)	35 840 002	-	-	-	-	(6 663 228)	29 176 774
Total financial assets measured at fair value	**35 840 002**	**-**	**-**	**-**	**-**	**(6 663 228)**	**29 176 774**

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

Valuation Technique	**Significant unobservable input**	**Average range of unobservable inputs**
Discounted Cash flow (DCF)	Risk adjusted discount rate:	23.5%-29.3%
	-Equity risk premium	12%-13%
	-Industry premium	6%-7%
	-Company specific premium	2%-6%
	-Nominal free risk rate	7%
Price Earnings(PE)	PE ratio/multiple :Discount applied	
	-Country risk discount	25%
	-Lack of marketability adjustment	25%

Investments and securities
The fair values of listed investments and securities are based on bid prices. For unlisted investments and securities, fair values are determined using valuation techniques that refer as far as possible to observable market data (see above).

Investment contracts
The approach to determining the fair values of investment contracts is set out in the accounting policies section for insurance and investment contract business.

Other financial assets and liabilities
The fair values of other financial assets and liabilities are reasonably approximated by the carrying amounts reflected in the statement of financial position.

40 Financial risk management

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of financial risk are interest rate risk, liquidity risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate (both fair value and cash flow interest rate risk) and equity products, all of which are exposed to general and specific market movements.

Notes to the annual financial statements
for the year ended 31 December 2016

40 Financial risk management strategy and policy

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

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

Capital Adequacy

	2016 US$	2015 US$
Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC)		
Excess assets	161 195 256	123 752 782
Capital adequacy requirements (CAR)	141 974 310	112 556 520
ratio of excess assets to CAR	1.1	1.1
Regulatory capital adequacy requirement	2 000 000	2 000 000
Central Africa Building Society (CABS)		
Capital adequacy requirements (CAR)	153 316 716	145 064 213
Total risk weighted assets	838 860 525	797 103 066
Capital adequacy ratio	18%	18%
Regulatory capital adequacy ratio	12%	12%
Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG)		
Shareholders equity	3 366 055	3 119 525
Regulatory capital adequacy requirement	500 000	500 000
Old Mutual Securities (Private) Limited (OMSEC)		
Shareholders equity	241 527	183 892
Regulatory capital adequacy requirement	150 000	150 000
RM Insurance Holdings Limited (RMI)		
Shareholders equity	22 643 498	22 090 582
Regulatory capital adequacy requirement	1 500 000	1 500 000

OMLAC

OMLAC is regulated by the Insurance and Pensions Commission (IPEC). Calculations have been determined in accordance with the requirements of acceptable minimum standards, using reliable estimates of the regulatory adjustments as the regulatory returns have yet to be completed. At 31 December 2016 the company assets were 1.1 times (2015: 1.1 times) the internal capital adequacy requirement (CAR) after allowing for reliable estimates on the value of certain assets. The Group had sufficient excess assets to cover its CAR requirements throughout the year.

CABS

The Society's lead regulator (Reserve Bank of Zimbabwe) sets and monitors capital requirements for the Society on a quarterly basis through quarterly BSD1 Returns. Currently RBZ requires the Society to maintain minimum capital of US$25 million and a capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighed assets.

OMIG

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

OMSEC

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

RMI

RMI is regulated by the Insurance and Pensions Commission (IPEC) which sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

Capital management polices

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

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

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

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

Business risks

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

The Group has taken a number of steps to minimise the effects of AIDS on its business. Where appropriate, products are priced to include expected escalation in mortality due to AIDS. The Group also conducts HIV tests in respect of any lives insured above specific values. On the basis of experience to date, management believes that it will continue to be able to take effective steps to minimise the risk effects from the spread of AIDS for the foreseeable future.

Equity price risk

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

Notes to the annual financial statements
for the year ended 31 December 2016

40 Financial risk management (continued)

Credit risk

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

The Group does not use reinsurance to manage significant credit risk. The Group is exposed to credit risk through its investment holdings (i.e. money market) backing the policyholder liabilities. Credit risk is managed by placing limits on exposure to a single counterparty, or groups of counterparties. These limits are based on credit ratings of the counterparties conducted by Old Mutual Investment Group Zimbabwe (Pvt) Limited (OMIG). Credit risk is monitored with reference to OMIG's credit ratings with limits placed on exposure to below investment grade holdings and through holding security from the counterparty.

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

Overall credit risk	**2016 US$**	**2015 US$**
Short term funds and securities	**228 984 672**	283 658 903
Cash and cash equivalents	**161 851 032**	137 005 929
	390 835 704	**420 664 832**

Exposure to credit risk

Carrying amount	**Loans and advances**	
	2016	**2015**
Collectively impaired	**US$**	**US$**
Gross Amount	602 699 530	585 335 452
Allowance for Impairment	(19 447 125)	(22 193 200)
Carrying amount	**583 252 405**	**563 142 252**

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

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

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

Allowances for impairment
The Group establishes an allowance for impairment based on the class of each loan and in line with IAS 39 and the Reserve Bank of Zimbabwe guideline on provisions.

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

Collateral

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

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

Currency risk

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

The table below shows the Group's exposure to foreign currency exchange risk at 31 December 2016.

					US$
At 31 December 2016	**ZAR**	**GBP**	**EURO**	**BWP**	**Total**
Cash and cash equivalents	7,885,562	38,571	966,993	36,363	8,927,489

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

	ZAR	**GBP**	**EURO**	**BWP**
At 31 December 2016	13.6001	1.2284	1.0542	0.0936
At 31 December 2015	15.5379	1.4823	1.0930	0.0899

Notes to the annual financial statements
for the year ended 31 December 2016

40 Financial risk management (continued)

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

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

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

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

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

	0 to 3 months US$	3 to 12 months US$	Over a year US$
Money market investments	228 984 672		
Loans and advances	-	-	583 252 405

	Low and high density housing	Individuals	Commercial and industrial
Loans and advances-Concentration-Gross	194 022 218	124 610 000	284 067 312

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

Maturity profile of financial assets exposed to interest rate risk:	0 to 3 months US$	3 to 12 months US$	**2016 Total US$**
Cash & cash equivalents	161 851 032	-	161 851 032
Insurance contract short term investments	-	-	-
Investment contract short term investments	-	-	-
	161 851 032	-	161 851 032

The tables below analyse assets and liabilities into current and non-current categories based on the remaining period at balance sheet date to settlement date.

	Current US$	Non Current US$	**2016 Total US$**
Loans and advances	583 252 405	-	583 252 405
Insurance and other receivables	71 750 109	57 088 944	128 839 053
Amounts owed to bank depositors	(512 161 546)	(112 425 705)	(624 587 251)
Insurance and other payables	(52 127 147)	-	(52 127 147)
	90 713 821	(55 336 761)	35 377 060

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

Exposure to liquidity risk
The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and short term dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowing and liabilities maturing within the same short term period. Details of this ratio as at 31 December 2015 is given below.

	Total US$
Total liquid assets	1,045,838,218
Total liabilities to the public	(564,288,693)
Liquidity ratio	-185%
Maximum for the period	0%
Minimum for the period	0%
Average for the period	0%

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

Sensitivity analysis
A 5 percent weakening of the US$ against the ZAR as at 31 December 2016 would have increased equity and profit by US$392,650. The movement would not impact on profit and equity significantly. This analysis assumes that all other variables remain constant.

A 15 percent weakening of the listed equities as at 31 December 2016 would have reduced equity and profit by US$57 million. The movement would represent a 57% impact on profit and 15% impact on equity . This analysis assumes that all other variables remain constant.

A 5 percent weakening of interest rates as at 31 December 2016 would have reduced equity and profit by US$15 million. The movement would represent a 16% impact on profit and 4% impact on equity . This analysis assumes that all other variables remain constant.

A 5 percent decrease in investment property values as at 31 December 2016 would have reduced equity and profit by US$20 million. The movement would represent a 20% impact on profit and 5% impact on equity . This analysis assumes that all other variables remain constant.

Notes to the annual financial statements
for the year ended 31 December 2016

41 Insurance risk management

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

For accounting purposes insurance risk is defined as risk other than financial risk. Contracts issued by the Group may include both insurance and financial risk; contracts with significant insurance risk are classified as insurance contracts, while contracts with no or insignificant insurance risk are classified as investment contracts. The Group's approach to financial risk management has been described in note 42.

Risk management objectives and policies for mitigating insurance risk

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

- Actuarial models, which use the above information to calculate premiums and monitor claims patterns. Past experience and statistical methods are used.
- Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.
- The mix of assets, which is driven by the economic environment. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest bearing assets to settle liabilities.

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

Category	**Essential terms**	**Main risks**	**Policyholders guarantees**	**Policyholder participation-investment returns**
Employee Benefits				
Group life assurance	Rates are annually renewable	Mortality	No significant guarantees	None
With-profit annuity	Regular benefit payments participating in profits in return for consideration	Longevity Investment	Underlying pricing interest rate is guaranteed. Declared bonuses cannot be reduced	Yes, see below
Retail				
Life Plan	Premium rates are guaranteed but reviewable for new business	Mortality	Sum assured is guaranteed	None
Funeral Plan	Premium rates are guaranteed but reviewable for new business	Mortality	Sum assured is guaranteed	None

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

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

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

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

Risks	Definition	Risk management
Underwriting	Misalignment of policyholders to the appropriate pricing basis or impact of anti-selection, resulting in a loss.	Experience is closely monitored. Underwriting limits, health requirements, spread of risks and training of underwriters all mitigate the risk.
HIV/AIDS	Impact of HIV/AIDS on mortality rates.	Impact of HIV/AIDS is mitigated wherever possible by writing products that allow for repricing on a regular basis or are priced to allow for the expected effects of AIDS. Tests for AIDS and other tests for lives insured above certain values are conducted. A negative test result is a prerequisite for acceptance at standard rates for lives insured above certain values.
Catastrophe	Natural and non-natural disasters could result in increased mortality risk and payouts on policies.	Catastrophe excess of loss re-insurance treaty covers all claims from one incident occurring within a specified period.

Notes to the annual financial statements
for the year ended 31 December 2016

41 Insurance risk management

Summary of key valuation assumptions (statutory basis)

Below are the key actuarial valuation assumptions per product

Product			**2016 US$**	**2015 US$**
	Valuation interest rate		6.50%	7.50%
	Expense inflation		4.00%	5.00%
	Effective interest rate for assurance		6.50%	7.50%
	Mortality basis		Zim92	Zim92
	Renewal costs per annum		$7.62	$7.25
	Lapse rates			
		Year 1	40.00%	40.00%
		Year 2	20.00%	20.00%
		Year 3	15.00%	15.00%
		Year 4+	4.00%	4.00%
Old Mutual Life Plan				
	Valuation interest rate		6.50%	7.50%
	Expense inflation		4.00%	5.00%
	Effective interest rate for assurance		6.50%	7.50%
	Mortality basis		Zim92	Zim92
	Renewal costs per month		$12.17	$11.59
	Lapse rates			
		Year 1	40.00%	40.00%
	Late rate:			
		Year 1	20.00%	20.00%
	Surrender rate:			
		Year 2	10.00%	10.00%
		Year 3	10.00%	10.00%
		Year 4+	10.00%	10.00%
Pension Plus				
Pension Plus interest rate				
	Valuing annuities		5.9%	6.9%
	Valuing expenses		0%	-
	Mortality		a(90)	a(90)
	Valuation interest rate per annum		5.90%	6.90%
	After-retirement interest rate		3.50%	3.50%
	Administration fee-per policy per annum		$48	$48

GLA IBNR reserves
2016 85% of premiums earned in the last 2.8 months
2015 85% of premiums earned in the last 3.5 months

Notes to the annual financial statements
for the year ended 31 December 2016

		Company 2016 US$	Company 2015 US$
42	**Investment property**		
	Carrying amount at beginning of year	480 000	480 000
	Additions - through acquisition(s)	-	-
	Disposals	-	-
	Net gain from fair value adjustments	-	-
	Carrying amount at end of year	480 000	480 000
	Comprising:		
	Freehold property	480 000	480 000

The fair value of freehold property leased to third parties under operating leases is $240,000.

The carrying amount of investment property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the Group's investment property. The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Investment properties were fair valued using yield rates of between 7.00% and 12.00% (2015:7.00 % and 12.00%) and rental rates of between $0.50-$20.00 (2015:$0.50-$20.00). The fair value of the Group's properties are categorised into Level 3 of the fair value hierarchy through their use of unobservable units.

43 Investment in subsidiary companies

		Company	2016
	Number of issued ordinary & preference shares	% interest	Carrying value of shares
Total			US$
Unlisted - subsidiaries			
Old Mutual Life Assurance Company Zimbabwe Limited	13 184 355	100%	40 417 008
Central Africa Building Society	15 000 000	100%	20 403 737
Old Mutual Investment Group Zimbabwe (Private) Limited	100	100%	918 974
Three Anchor Investments (Private) Limited T/A Old Mutual Custodial Services	1 200	100%	3 173 906
Old Mutual (Zimbabwe) Foundation Trust	100	100%	-
Capital Growth Investment Trust	10 000	100%	-
Old Mutual Property Zimbabwe (Private) Limited	100	100%	6 415 854
Old Mutual Securities (Private) Limited	167	70%	1 968 234
Old Mutual Shared Services (Private) Limited	602	100%	4 648 409
MCZ (Private) Limited T/A Old Mutual International Services Organisation	10 000 783	70%	1
RM Insurance Holdings Limited	940 520	50.67%	1 355 046
			79 301 169

			2015
	Number of issued ordinary & preference shares	% interest	Carrying value of shares
Total			
Unlisted - subsidiaries			
Old Mutual Life Assurance Company Zimbabwe Limited	13 184 355	100%	34 596 882
Central Africa Building Society	15 000 000	100%	19 889 229
Old Mutual Investment Group Zimbabwe (Private) Limited	100	100%	845 979
Three Anchor Investments (Private) Limited T/A Old Mutual Custodial Services	1 200	100%	3 163 450
Old Mutual (Zimbabwe) Foundation Trust	100	100%	-
Capital Growth Investment Trust	10 000	100%	-
Old Mutual Property Zimbabwe (Pvt) Ltd	100	100%	6 376 420
Old Mutual Securities (Private) Limited	167	70%	1 248 420
Old Mutual Shared Services (Private) Limited	602	100%	4 219 400
MCZ (Private) Limited T/A Old Mutual International Services Organisation	10 000 783	70%	1
RM Insurance Holdings Limited	940 520	50.67%	1 240 313
			71 580 094

Notes to the annual financial statements
for the year ended 31 December 2016

44. Property and equipment

	Motor vehicles US$	Computer equipment US$	Fixtures & fittings US$	Company Total 2016 US$
Carrying amount at beginning of year	164 323	5 668	81 071	**251 062**
Additions	69 853	2 498	365	**72 716**
Disposals	-	-	-	**-**
Disposals accumulated depreciation	-	-	-	**-**
Depreciation charge for the year	(55 664)	(2 532)	(48 265)	**(106 461)**
Carrying amount at end of year	178 512	5 634	33 171	**217 317**
Cost/Valuation	319 069	14 455	243 607	**577 131**
Accumulated depreciation	(140 556)	(8 822)	(210 436)	**(359 814)**
Carrying amount at end of year	178 513	5 633	33 171	**217 317**

	Motor vehicles US$	Computer equipment US$	Fixtures & fittings US$	Total 2015 US$
Carrying amount at beginning of year	213 316	7 643	128 549	**349 508**
Additions	1 000	688	1 023	**2 711**
Disposals	-	(538)	(316)	**(854)**
Disposals accumulated depreciation	-	150	115	**265**
Depreciation charge for the year	(49 993)	(2 275)	(48 301)	**(100 569)**
Carrying amount at end of year	164 323	5 668	81 070	**251 061**
Cost/Valuation	249 215	11 957	243 242	**504 414**
Accumulated depreciation	(84 892)	(6 291)	(162 171)	**(253 353)**
Carrying amount at end of year	164 323	5 668	81 071	**251 061**

45 Investments and securities

45.1 *Analysis of investments*

	2016 US$	2015 US$
At fair value through profit or loss		
Equity securities (see analysis in note 45.2 below)	71 711 233	60 766 636
Unit trusts	3 528 569	524 522
Debentures	142 837	75 246
Deposits and money market securities	3 612 617	9 900 749
	78 995 256	**71 267 153**

45.2 *Spread of equity securities by sector*

	2016 US$	2015 US$
At fair value through profit or loss		
Commodities	4 003 458	3 473 094
Consumer	44 353 791	41 183 404
Financial	1 347 391	1 343 422
Properties	3 994 355	4 992 944
Manufacturing	9 092 125	1 566 901
Mining	25 406	11 321
Unquoted	8 894 707	8 195 550
	71 711 233	**60 766 636**

Unquoted equities included in investments, were valued using the most recent transaction price of 11.49c per share which was assessed as the most appropriate fair value of the business as it captures the value ascribed to the company's shares in an arms length transaction involving willing and knowledgeable parties.

46 Amounts due by or (to) group companies

	2016 US$ Due by	Company 2016 US$ Due to	2015 US$ Due by	Company 2015 US$ Due to
Old Mutual Life Assurance Company Zimbabwe Limited	-	(12 266)	-	(546)
Old Mutual Africa Holdings	-	(132 515)	-	(132 306)
Old Mutual Investment Group Zimbabwe (Private) Limited	-	(14 814)	2 967 065	-
Old Mutual (Zimbabwe) Foundation Trust	2 335 015	-	1 431 907	-
Old Mutual Securities (Private) Limited	397 602	-	555 388	-
Old Mutual Shared Services (Private) Limited	994 112	-	2 635 726	-
Old Mutual Properties (Private) Limited	12 115	-	-	-
Old Mutual Insurance Company (Private) Limited	-	(2 344)	-	-
Three Anchor Investments (Private) Limited T/A Old Mutual Custodial Services	284 323	-	282 765	-
Central Africa Building Society	-	(8 044)	-	(3 229)
Old Mutual Netherlands B.V.	-	(10 730 134)	-	(10 730 134)
The OMZIL Client Pension Exgratia Trust	11 862 110	(8 162 095)	11 597 262	(8 162 095)
The OMZIL Indigenisation Employee Share Trust	8 383 340	(13 483 167)	7 596 010	(13 483 167)
The OMZIL Management Incentive Share Trust	2 295 676	(9 876 845)	1 944 980	(9 876 845)
	26 564 293	**(42 422 224)**	**29 011 103**	**(42 388 322)**

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

Notes to the annual financial statements
for the year ended 31 December 2016

47 Other receivables

	Company 2016 US$	Company 2015 US$
Dividend receivable	723 078	-
Other	194 525	205 773
	917 603	**205 773**

48 Cash and cash equivalents

	Company 2016 US$	Company 2015 US$
Cash at bank and on hand	5 106 337	1 774 914
	5 106 337	**1 774 914**

Balances with the Central Bank and foreign banks are used to facilitate customer transactions which include payments and cash withdrawals. During the year the Central Bank through Exchange Control Operational Guide 8 (ECOGAD8) introduced prioritisation criteria which has to be followed when making foreign payments for customers. After prioritisation foreign payments are then made subject to availability of bank balances with foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement system.

Included in cash and cash equivalents are bond notes. The bond note is a debit instrument which has been disclosed under cash and cash equivalents since it meets the definition of cash and cash equivalents and is pegged at an exchange rate of 1:1 with the US$.

49 Share-based payments

49.1 Indigenisation Transactions

During 2012, the Group entered into an Indigenisation transaction under the Indigenisation & Economic Empowerment Act of 2008 (Chapter 14:33). OMZIL donated $60 000 000 to qualifying indigenous groups through trusts to acquire OMZIL shares from the main shareholder Old Mutual Netherlands B.V. The shares were transferred to the various trusts on 1 June 2012. The grants represent a share-based payment transaction as defined in IFRS 2, Share-based payments.

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

OMZIL Indigenisation Employee Share Scheme
This scheme operates for the benefit of all employees of the company. On 1 June 2012, an allocation was made by means of a once-off share award to the participants. The award is not subject to any performance targets but are required to be in the service of Old Mutual during the vesting period.

Participants only take delivery of the shares after the vesting periods of two years (one-third), three years (one-third) and 4 years (one-third) of participation in the scheme. The related expenses are recognised over the respective vesting periods.

OMZIL Management Incentive Share Scheme
This scheme operates for the benefit of management and its primary purpose is to attract, reward and retain senior and middle management. Awards will be made annually on agreed terms and conditions with a vesting period of three years. Participants receive dividends from the date of the award. Staff joining the Company after the allocation date also participate in the scheme.

OMZIL Clients Pension Ex-gratia Trust
This scheme operates for the benefit of client pensioners. Once off share awards were allocated to participants. These vested immediately and were not subject to any conditions.

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

Strategic Partner
The Strategic partner is Stiefel Investments (Private) Limited (Stiefel), an investment holding company and provider of advisory services. The beneficial persons behind Stiefel are Messrs L.E.M. Ngwerume, Todd Moyo and Mrs Tracey Mutaviri. Mr Ngwerume is a non-executive director of CABS, while Mrs Mutaviri is a non-executive director of Old Mutual Life Assurance Company Zimbabwe Limited.

The purchase consideration of the shares was US$13 016 238 for 11 621 641 issued and fully paid up 'B class" shares at a price of US$ 1.12 per share. The amount funded (finance assisted) by the Company was US$12 755 913 after a 2% down payment of US$260 324 paid by Steifel.

Costs associated with Indigenisation transaction	Company 2016 US$	Company 2015 US$
Employee Share Scheme	10 998	41 059
Management Incentive Scheme	176 708	176 869
	187 706	**217 928**

Notes to the annual financial statements

for the year ended 31 December 2016

49 Share-based payments (continued)

49.1 Indigenisation Transactions (continued)

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

OMZIL Indigenisation Employee Share Scheme

	Company 2016 Number of shares	Company 2015 Number of shares
Opening balance of shares	94 268	188 536
Transfer in	-	-
Exercised during the year	(94 268)	(94 268)
Transfer out	-	-
Closing balance of shares	-	**94 268**

Shares exercised during the year were exercised at an average price of $0.82 (2015:$1.09).

The expected vesting periods for shares outstanding as at end of year are as follows,		
2017	-	94 268

OMZIL Management Incentive Scheme

	Company 2016	Company 2015
Opening balance of shares	408 526	405 955
Issued during the year	189 238	119 072
Transfer in	-	-
Exercised during the year	(140 630)	(116 501)
Closing balance of shares	457 134	408 526

The expected vesting periods for shares outstanding as at end of year are as follows,		
2016	-	140 630
2017	148 824	148 824
2018	119 072	119 072
2019	189 238	-

49.2 Share based payments reserve

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

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

50 Provisions

	Employee related provisions US$	Other US$	Company **Total 2016 US$**
Balance at beginning of year	868 125	30 597	**898 722**
Amount utilised	(236 997)	(291 765)	**(528 762)**
Charge	341 105	281 716	**622 821**
Released	(731 392)	-	**(731 392)**
Balance at end of year	240 841	20 548	**261 389**

	Employee related provisions US$	Other US$	**Total 2015 US$**
Balance at beginning of year	710 953	39 637	**750 590**
Amount utilised	(132 175)	(349 934)	**(482 109)**
Charge	289 347	340 894	**630 241**
Released	-	-	**-**
Balance at end of year	868 125	30 597	**898 722**

Notes to the annual financial statements
for the year ended 31 December 2016

51 Deferred tax liabilities

	At beginning 2016 US$	Income statement charge US$	Company At end 2016 US$
Deferred tax liability			
Fair value adjustments	1 173 574	(31,946)	1 141 628
	1 173 574	(31,946)	**1 141 628**
Analysis of deferred tax			
Capital gains			**1 141 628**

	At beginning 2015 US$	Income statement charge US$	At end 2015 US$
Deferred tax liability			
Fair value adjustments	1 279 399	(105,825)	1 173 574
	1 279 399	(105,825)	**1 173 574**
Analysis of deferred tax			
Capital gains			**1 173 574**

52 Other liabilities

	2016 US$	2015 US$
Dividend payable	25 396 125	25 396 125
Kurera-Ukondla Fund	7 747 759	7 747 760
Accruals and deferred income	-	-
Other liabilities	5 345 119	5 004 625
	38 489 003	38 148 510

53 Share capital and premium

Authorised share capital		
292 953 125 ordinary shares of $0.0000032 each	**937**	937
249 035 156 'A' class ordinary shares of $0.0000032 each	**797**	797
83 011 718 'B' class ordinary shares of $0.0000032 each	**267**	267
1 preference share of $1 each (2011: 1)	**1**	1
Issued share capital		
249 035 156 'A' class ordinary shares of $0.0000032 each	**797**	797
83 011 718 'B' class ordinary shares of $0.0000032 each	**267**	267
1 preference share of $1 each	**1**	1
	1 065	1 065

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

During 2012 a share split of 1:7812.5 was authorised resulting in 625 000 000 shares. The shares were split into ordinary shares, 'A' class ordinary shares and 'B' class ordinary shares from the existing ordinary shares. These class 'A' and 'B' shares carry the same rights as the ordinary shares.

54 Post employment benefits obligation

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

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

National Social Security Authority Scheme
This scheme was promulgated under the National Social Security Authority Act 1989. The Group's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently $45 per month per employee. The Group agreed to keep the employee contributions at $6 per month and pay any contributions above $6 on behalf of the employees.

Old Mutual Post Retirement Medical Aid Subsidy Fund
The fund is a defined contribution plan for the Company's full-time employees.

	2016 US$	2015 US$
Contributions recognised as an expense for the year		
- Old Mutual Staff Pension Fund	**26 837**	**24 388**
- National Social Security Authority Scheme	**4 364**	**4 374**

55 Capital commitments

Authorised	-	2 505 000
Authorised and contracted for	-	-

Notes to the annual financial statements
for the year ended 31 December 2016

56 ***Related party disclosures***
Holding company and fellow subsidiaries.

The Company's immediate holding company is Old Mutual (Netherlands) B.V. which holds 75% of the Group's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in the United Kingdom.

Other Group companies consist of subsidiaries and associates.

Transactions and balances with holding company and other group companies

Subsidiaries	**2016 US$**	**2015 US$**
Old Mutual Africa Holdings		
Nature of transactions		
Amounts due to at end of year	(132,515)	(132,894)
Old Mutual Investment Group Zimbabwe (Pvt) Ltd		
Nature of transactions		
Amounts due to at end of year	(14,814)	2,967,065
Central Africa Building Society		
Nature of transactions		
Dividend receivable		
Amounts due at end of year	(8,044)	(3,229)
Old Mutual (Zimbabwe) Foundation Trust		
Nature of transactions		
Amounts due at end of year	2,335,015	1,431,907
Old Mutual Netherlands B.V.		
Nature of transactions		
Amounts due at end of year	(10,730,134)	(10,730,134)
Three Anchor Investments (Pvt) Ltd T/A Old Mutual Custodial Services		
Nature of transactions		
Amounts due at end of year	284,323	282,765
Old Mutual Securities (Pvt) Ltd		
Nature of transactions		
Amounts due at end of year	397,602	555,388
Old Mutual Shared Services (Pvt) Ltd		
Nature of transactions		
Amounts due at end of year	994,112	2,635,726

Loans due by or to subsidiaries and other group companies

Loans due by or to subsidiaries or other group companies generally have no fixed terms of repayment.

All the Company's principal subsidiaries together with loans due by or to them are listed in note 43 and 46.

Capital advances and amounts due by or to group companies are disclosed in note 46.

Key management personnel

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

Notes to the annual financial statements
for the year ended 31 December 2016

		Group 2016 US$	Group 2015 US$
57	**Notes to the group statement of cash flows**		
57.1	**Non-cash movements and adjustments to profit before tax**		
	Depreciation and amortisation	9 699 169	9 266 536
	Revaluation surplus shadow accounting	(700,327)	(250,328)
	Net fair value gains for the year included in profit before tax	(75 877 703)	177 789 279
	Charges to provisions and post employment benefits obligation	3 709 977	14 211 526
	Share-based payments charge	1 499 475	2 544 415
	Movement in policyholder liabilities	94 651 134	(80 098 713)
	Unrealised exchange (gains)/losses	134 289	(2 032 435)
		33 116 013	**121 430 280**
57.2	**Changes in working capital**		
	Insurance, other receivables and amounts due by group companies	(39,083,293)	(126,011,082)
	Insurance, other payables and amounts due to group companies	8,607,435	147,526,455
	Reinsurer's share of insurance contract liabilities	(158,021)	(215,184)
	Deferred acquisition costs	4,445	(98,216)
		(30 629 434)	**21 201 973**
57.3	**Taxation paid**		
	Taxation payable at beginning of year	(31 423 233)	(35 870 988)
	Income tax charge for the year	(7 571 867)	(1 314 178)
	Taxation payable at end of year	29 719 913	31 423 233
		(9 275 187)	**(5 761 933)**
57.4	**Dividends paid**		
	Dividends payable at beginning of year	(25 396 125)	(25 396 125)
	Dividends declared during the year	(16 114 095)	(17 672 384)
	Dividends payable at end of year	25 396 125	25 396 125
		(16 114 095)	**(17 672 384)**

		Company 2016 US$	Company 2015 US$
58	**Notes to the company statement of cash flows**		
58.1	**Non-cash movements and adjustments to profit before tax**		
	Depreciation and amortisation	106 461	100 569
	Impairment of investment in subsidiary	-	1 097 870
	Profit on sale of equipment	(1,250)	(8,388)
	Net fair value gains for the year included in profit before tax	(10 441 001)	20 148 574
	Charges to provisions and post employment benefits obligation	(637 333)	148 132
	Share-based payments charge	187 706	217 928
		(10 785 417)	**21 704 685**
58.2	**Changes in working capital**		
	Insurance, other receivables and amounts due by group companies	1 734 880	(2 714 392)
	Insurance, other payables and amounts due to group companies	374 395	(5 529 013)
		2 109 275	**8 243 405**
58.3	**Taxation paid**		
	Taxation payable at beginning of year	(1 442 284)	(1 283 701)
	Income tax charge for the year	(3 602 828)	(1 580 755)
	Taxation payable at end of year	1 155 540	1 442 284
		(3 889 572)	**(1 422 172)**
58.4	**Dividends paid**		
	Dividends payable at beginning of year	(25 396 125)	(25 396 125)
	Dividends declared during the year	(16 457 408)	(19 706 420)
	Dividends payable at end of year	25 396 125	25 396 125
		(16 457 408)	**(19 706 420)**

59 Going concern

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

60 Subsequent events

Stock Market Movement

A significant portion of the investment portfolio is invested on the Zimbabwe Stock Exchange (ZSE). The ZSE's Industrial index has however declined by 2.8% since the reporting date to the end of January 2017. This movement of the stock exchange has a negative bearing of the value of the investment assets owned by the group. This is however a non-adjusting subsequent event. A sensitivity analysis has been done and shown under note 40.

Notes to the annual financial statements

for the year ended 31 December 2016

61. Transactions excluded from Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows

Central Africa Building Society (CABS) administers the Distressed Marginalised Fund (DIMAF) on behalf of the Zimbabwean Government at a commission of 3%. The Fund was set up by the Government of Zimbabwe to help revive businesses that would have been vetted as distressed and showing evidence of decline in performance because of inadequate funding for capitalisation. The Fund is revolving in nature, whereby the interest gains are added to the principal amount for further loaning.

CABS is neither liable for the losses nor entitled to gains from the loan facility except for the commission that it earns on granting each loan.

To the extent that CABS is not legally neither liable for the losses nor entitled to the losses or gains respectively of the Fund, CABS and OMZIL exclude the DIMAF transactions from its statement of comprehensive income, statement of financial position and statement of cash flows for the year then ended 31 December 2016.

	Group 2016 US$	Group 2015 US$
Below is the analysis of the balances:		
Principal amount opening balance	25 456 347	23 769 401
New money injected	-	-
Interest rolled over	1 520 562	1 420 212
Accrued interest	291 403	266 734
Total	**27 268 312**	25 456 347
DIMAF loans issued	17 026 471	17 026 471
Balance to be issued as loans	10 241 841	8 429 876
Total	**27 268 312**	25 456 347
Interest on loans issued out	1 438 486	819 394

62. Assets held under fiduciary capacity

Managed funds	**870 824 452**	**655 496 343**

Managed funds

The Group holds a custodianship responsibility in respect of assets owned by certain pension funds and private clients. Funds under management represent assets being managed on behalf of investors and these are kept off balance sheet. Total funds management (including Group funds) as at 31 December 2016 were US$1,8 billion (2015: US$1.6 billion).