



OLDMUTUAL

OLD MUTUAL ZIMBABWE LIMITED

Consolidated Abridged Audited Financial Statements
For the Year Ended 31 December 2022



DO GREAT THINGS EVERY DAY



Chairman's Statement

Economic Environment

During the year under review, aggregate output as measured by the gross domestic product (GDP) was positive, yet weaker than previously anticipated. A generalised global economic slump, regional electricity supply constraints and, locally, some inherent economic structural concerns weighed on domestic output. Consequently, the International Monetary Fund (IMF) revised Zimbabwe's 2022 GDP growth estimate down from 3.5% to 3.0%, from 6.3% in 2021.

Capital and investment markets were shaped by both the fiscal and monetary policy interventions undertaken by the Ministry of Finance and Economic Development and the Reserve Bank of Zimbabwe. These aimed at promoting the real sector, curbing speculative activity and containing inflation. Investment market performance was, therefore, capped by tight market liquidity. The same policy thrust is projected to extend into 2023.

The first half of the 2022 financial year was characterised by monetary policy fragility, leading to aggressive inflation and exchange rate depreciation. Resultantly, monetary authorities implemented tight monetary policy measures, including an upward review of the bank policy rate from 80% to 200% and the introduction of gold coins. Policy measures led to monthly inflation coming down from a 23-month high of 30.7% in June 2022 to close the year at 2.4% in December 2022. This notwithstanding, annual inflation closed 2022 at 243.7%, up from 60.7% in the previous year, underlining inherent vulnerabilities in currency and the pricing of goods and services.

The Zimbabwe Stock Exchange (ZSE) All-share index advanced 80.1% during the year under review, notably down from 310.5% in the prior year. The United States Dollar denominated Victoria Falls Exchange (VFEX) All Share Index retreated 10% over the same period. Market breadth improved following the listing of more Exchange Traded Funds (ETFs) and the introduction of a Real Estate Investment Trust (REIT) on the ZSE. Money market activity was supported by the aggressive interest rate review, albeit against a heightened credit risk profile. Property market activity remained stable with risks increasingly around tenant and income quality.

Financial performance

In historical cost terms, a profit after tax of ZWL94.6 billion was registered in 2022 up from ZWL35.6 billion in 2021.

In inflation adjusted terms the Old Mutual Zimbabwe Limited Group posted a loss after tax of ZWL25.3 billion in 2022 down from a profit of ZWL98.9 billion in the comparative period. The loss was primarily driven by lower investment returns, as adjusted for inflation, in the current year compared to the prior year resulting from the depressed performance of listed equity investments.

A more detailed analysis on the Group's performance is provided in the Group Chief Executive Officer's report.

Business and Economic Sustainability

At Old Mutual Zimbabwe, Sustainability is at the very heart of our business strategy which is underpinned by our purpose 'To be our customers' first choice to sustain, grow and protect their prosperity'. We believe our diversified product offering to our customers supports financial sustainability in enabling them to meet their changing needs and demands. In addition, we continue to engage with stakeholders including regulators on an ongoing basis to proactively contribute to policy formulation, while also supporting social and environmental initiatives to positively impact the wider society. Our areas of main effort remain aligned to government priorities and policies together with efforts spearheaded by the private sector to grow the economy.

We respond to Sustainability issues through a Responsible Business Framework which guides the way the Group invests, coupled with the Environment, Social, and Governance (ESG) principles. The Group will continue to seek ways to promote the ESG principles within the Group and amongst its business partners and value chain. We continued to embark on ESG initiatives, and we highlight below a few examples of our ongoing ESG initiatives.

Environment

- We continued with our Hydro and Solar energy projects across the country, namely Great Zimbabwe Hydro, Kupinga Renewable Energy, Solgas, Richaw and Centragrid. This is in addition to efforts at our own premises to increase the use of green energy. Amongst the current projects we project to generate over 42MW in energy, create over 370 jobs within the relevant communities, and power 39,950 homes with energy.
- We participated in the Walk4Life campaign that sought to raise awareness of environmental conservation and mental health issues in communities affected by the human-wildlife conflict.

Social Investment

- Our Eight2Five Hub celebrated its first anniversary with collaborative events with over 12,000 entrepreneurs and the creation of linkages to real opportunities locally and regionally. The Hub launched four start-ups to the market after completing the incubation of their companies. The hub continued to run its programs to support and nurture start-ups as well as to promote innovation amongst the youth. One program hosted during the year was an Amazon Web Services (AWS) Cloud Computing Session which was attended by 65 developers and technology enthusiasts.
- We maintained our focus to promote financial literacy and inclusion through strategic partnerships with various organisations including the Zimbabwe Republic Police, the Ministry of Women Affairs, Community, Small and Medium Enterprises, and various corporates. Our Financial Education program, On the Money, trained 15,857 people on site, of which 8,088 were women. The program reached over 1.5 million people on our digital platforms. We launched our first online Financial Literacy Bootcamp for children, which was attended by 1,700 primary and high school children from all over the country as well as a few from outside our borders.
- The Piggy Bank programme distributed piggy banks and reached out to 2,543 children driving money conversations among primary school children.
- CABS continued to invest in the drilling and installation of solar-powered boreholes with tanks and stands for 22 schools which are serving over 10,000 children and an estimated 200,000 people in the surrounding communities.
- A two-round Maths Olympiad competition was run in partnership with the University of Zimbabwe; 270 schools participated; 1,434 students registered, and 834 students proceeded to the second round.

- CABS sponsored the Boost Fellowship Enactus with 12 universities and over 400 students in attendance. The winning team, Lupane University, joined students from 36 countries to compete in the World Cup finals held in the United States of America.
- The Old Mutual National High Schools Quiz attracted 126 schools. Marist Brothers High School from Nyanga landed the top prize.
- In health, we made donations to National Blood Services of Zimbabwe (NBSZ) towards their solar equipment requirements and to Mater Dei hospital in Bulawayo to support the hospital in establishing a wellness centre.
- The Old Mutual Women's Network (OWN) continued to run initiatives aimed at raising awareness of issues affecting women through mentorship, training, and group discussions. Two live chat sessions were delivered on social media platforms to discuss key changes to the Marriage Act. The Network conducted fund raising initiatives throughout the year for the benefit of vulnerable members of the community. Mutare prisons received fabric for prison uniforms for over 300 inmates and sanitary wear for over 100 girls in Rusape, Bulawayo and Harare for a period of six months. Fund raising campaigns included donate a-day initiatives, where Old Mutual staff members donated at least one day from their leave days towards a good cause.

Governance

The Old Mutual Zimbabwe Board, Management and staff are guided by our Code of Conduct "the Maadili Charter". Our Code exemplifies the Group's commitment to sustainable business practice and good governance. Our guiding principles contained in the Code of Conduct, underpinned by our values, together with our formal policies and practices express how we seek to meet the expectations of our customers, shareholders, regulators, and the community. The principles guide our daily decisions, encourage us to perform at our best, and provide inspiration to live our values while acting responsibly.

Recognitions and appreciation

The Old Mutual Zimbabwe Group received a number of awards during the year, in recognition of efforts by the business and members of management and staff. Some of the awards were:

- Old Mutual Zimbabwe Limited - Top CSR and sustainability governance-oriented organisation at the CSR Network awards.
- Old Mutual Investment Group was honoured as the Best Asset Management Company at the Business Weekly Capital Markets Awards 2022.
- Overall Best Corporate Governance Standards in Insurance Category - Old Mutual Insurance Company.
- Marketers Association of Zimbabwe Superbrand Awards 2022 recognised the Group as follows:
 - CABS 1st runner up in the banking sector for Superbrand 2022 and Top 20 Super brand in the Business to Consumer Category;
 - Old Mutual Life Assurance Company (OMLAC) was the winner in the Life Assurance sector and Top 5 in the Business-to-Business brands category.
- Contact Centre Association of Zimbabwe (CCAZ) Awards 2022 - Old Mutual was awarded the following:
 - Best in the General Insurance sector
 - Most innovative organisation
 - Best overall contact centre

The results and achievements by the Group during the year 2022, would not have been possible without the support of our customers and partners.

Appreciation

On behalf of the Board, I would like to express my heartfelt gratitude to our customers and clients for their continued

support and loyalty. I would also like to thank my Board colleagues for their contributions during this last year. Mrs Celiwe Ross stepped down from the Board with effect from 8 June 2022. Her contribution to the OMZIL Board will always be cherished. The Board also joins me in thanking our dedicated and hardworking employees and management for their service to the Group's customers and stakeholders, whilst ensuring that the business is positioned for greater success in the future.

Outlook

We welcome and support efforts by government and regulatory agencies to stabilise the macro-economic environment and maintain the viability of the financial services industry. A stable macro-economic environment, and an efficient financial services industry are important in anchoring sustainable broad-based growth into the future.

The need to bring inflation under control, the outcome of the agriculture season, resolution of electricity supply shortages in the region and the state of the global economy are likely to remain dominant factors in 2023, posing significant sensitivity to economic performance in the short and medium term.

Very encouraging trends are being observed in primary agriculture and mining. Higher levels of economic activity are also being witnessed in the informal sector. We will continue to contribute to efforts on financial inclusion and inclusive growth. Consequently, we maintain a positive medium to long term outlook.

K. C. KATSANDE
Chairman
31 March 2023

Auditor's Statement

These abridged Group inflation-adjusted financial statements should be read in conjunction with the complete set of the Group inflation-adjusted financial statements for the year ended 31 December 2022.

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

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

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

31 March 2023



CEO's Review

Introduction

People's financial needs are changing rapidly in response to a dynamic local and global environment. The impacts of global trends, including just the faster rate of technological change, climate change and severe weather patterns such as cyclones and prolonged droughts, point to an increasing need for the financial services industry to adapt its offering and ways of business to support customers more effectively.

Locally, the macro-environment presented opportunities as well as some uncertainties, both in varying proportions. Two key trends were clear in the monetary space, during 2022. Use of the United States Dollar by the transacting public increased, and this was accompanied by an increasing trend of informalisation. Informalisation compromises the effectiveness of both fiscal and monetary policy interventions. Informalisation also leads to market inefficiencies in money and capital markets as instruments to harness resources for the sustainable and inclusive development of the economy.

Interventions by the Reserve Bank of Zimbabwe yielded a trend of declining monthly inflation and relative stability in the second half. In the real sector, investment in certain infrastructure projects, real estate and in the mining, sector was palpable despite difficulties still being faced, emanating primarily from infrastructure deficits in public utilities.

Old Mutual Zimbabwe continued efforts to support its customers and clients in their endeavours to grow. We continued to adapt our products and pursued several initiatives to access new markets and revenue. Efforts to invest in innovations to remain competitive into the future were escalated.

Product and channel initiatives for the benefit of our customers

In the Life Assurance business, we officially launched the funeral services offering after successfully piloting it from the second half of 2021. The business is now firmly set to support our growth targets in the end-to-end funeral insurance and service subsector. Within the wholesale business, we strengthened our capacity to support clients that are opting to diversify their pension and insurance arrangements through specially designed and customised investment mandates. The Guaranteed Fund continued to deliver value to customers through monthly bonus declarations.

The general insurance business, accelerated progress to grow the retail business through partnerships, expanding its

physical presence to over 200 locations and providing access to new markets. We launched the Old Mutual Insurance Vehicle Assessment Centre in Harare to improve our operational efficiencies and deliver enhanced customer experience. The centre allows our customers to establish new insurance covers, renew existing insurance policies, access ZINARA and ZBC Licensing and register claims all in one place. The centres provide our customers with access to pre-cover advice on options and levels of insurance to avoid prejudice in the event of a loss. In addition, the centre supports the embedment of sound risk management practices and efficient claims service for the benefit of our customers. We will continue to roll out assessment facilities in other major centres of the country.

In the Banking and Lending line of business, we launched several new products and implemented improvements in our service channels. We introduced the CABS EezySend, a domestic remittance service which allows both CABS and non-CABS customers to send foreign currency cash locally, through our wide branch network. In addition, we increased our partnerships with Money Transfer Agents and onboarded over 600 merchants nationwide to provide easier access to our services and greater convenience to our customers. We digitalised the United States Dollar (USD) loan application process enabling customers earning foreign currency through CABS to apply for personal loans more conveniently. We introduced a suite of products designed to serve the unique needs of Global Development Organisations (GDOs) and Non-Governmental Organisations (NGOs). Old Mutual Finance, our microfinance business, started offering USD loans towards the end of the year in response to identified needs amongst small businesses and the targeted Retail segment.

In the Asset Management business, we enhanced the boutique investment portfolios to provide more options to the investing public under the prevailing multi-currency environment. This included the launch of a USD denominated Money Market Unit Trust Fund designed to serve both Retail and institutional clients.

Contributing to the growth of our clients and the economy

Through the Asset Management business, we deployed USD25 million into infrastructure projects in renewable energy (hydro and solar), as well as the agriculture, real estate and manufacturing sectors of the economy. The pipeline of new projects remains strong, and we maintained efforts to grow our investments in this space.

We continue to explore opportunities to access new international credit lines in line with our strategy to support customers scale up their businesses and increase export earnings. This indirectly supports the resource mobilisation efforts for the benefit of the wider economy. The new and existing credit lines demonstrate the confidence placed on CABS by regional and international lenders. During the year we established one more correspondent banking relationship which further enhances our competitiveness in Treasury and international trade related services. During the period, the African Development Bank (AfDB) approved a USD75 million trade finance transaction guarantee facility for CABS. The transaction guarantee facility covers the payment risk taken on trade finance transactions, increasing the banks capacity to support cross-border transactions for customers, and to promote exports.

Innovating for now and the future

Digitalisation has made financial services more accessible, providing customers with a wider range of more affordable products and services and more seamless user experience. Our challenge and opportunity is to provide customers, with better convenience and functionality than they would otherwise generally receive. We continued to enhance the MyOldMutual digital platform to allow customers to transact more products and services on USSD and WhatsApp. For example, on our digital platforms, customers can now pay premiums, renew insurance policies, review policy information, make insurance claims, process loan applications, buy retirement products, check rental balances, and pay rentals. The MyOldMutual platform offers a one-stop-shop experience, providing customers access to all products and services available from the Group at their convenience.

The program to automate key processes, to enhance productivity and customer experience remained a priority during the period.

Our General Insurance business was re-certified with ISO standard 9001 of 2015. Old Mutual Insurance Company's (OMICCO's) achievement of ISO 9001:2015 certification reflects our commitment to continuous improvement of the ways we serve customers and seek to deliver value to all stakeholders. OMICO's financial strength rating was upgraded by Global Credit Rating (GCR) agency to an AA rating with a stable outlook. OMICO's International rating has been steadily improving over the past three years from A- of 2020 to AA- of 2021 and to the current AA rating of 2022. The rating reflects financial strength and the ability to pay claims, as well as strong risk and capital management frameworks.

During 2022, following the conclusion of the restructuring exercise at the end of 2021, we embedded the new structures, and conducted programs to strengthen our organisational culture.

Financial performance

Performance on the inflation adjusted basis

Whilst the business recorded a significant profit in historical cost terms, in inflation adjusted terms, the Group recorded a loss before tax of ZWL24.6 billion down from a ZWL101.4 billion profit that was posted in 2021. The decline in inflation adjusted profits was attributable to fair value losses recorded on the listed equity portfolio, with the ZSE performance for the year being significantly below inflation. Despite the depressed performance on listed equities, inflation adjusted total assets grew by 14.3% from ZWL887.6 billion as at 31 December 2021 to ZWL 1,014 billion as at 31 December 2022, with the increase driven by fair value gains on properties as well as growth in the loan book.

The Group closed the year 2022 with strong liquidity and solvency positions and was being adequately capitalised in line with the regulatory requirements. This will support planned growth into the future.

Performance on the historical cost basis

In historical terms, the Group's profit before tax grew by 164% to ZWL96.4 billion from prior year. The net earned premiums (NEP) under the Life and General insurance businesses were up by 226% at ZWL28.9 billion in the current year compared

to ZWL8.9 billion in 2021. This increase was underpinned by growth in business volumes and premium levels.

Investment returns increased to ZWL414.8 billion from ZWL126.4 billion in prior year largely due to nominal gains on investment properties, equity investments and the translation gains on foreign currency denominated investments.

The Group achieved a 733% increase in net interest income from ZWL4.9 billion to ZWL40.8 billion following growth in the loan book. Fees and commission income grew by 217% to ZWL22.4 billion supported by an increase in transaction volumes across service platforms and channels.

Continued inflation induced pressures during the period under review contributed to the increase in operating and administration expenses by 374%. Staff remuneration was regularly reviewed in efforts to cushion staff against effects of high inflation. Foreign currency denominated costs mainly related to technology platforms were impacted adversely by currency depreciation.

The external legacy debt obligation amounted to USD89 million as at 31 December 2022, and engagements around settling these amounts with the authorities continue.

Looking Ahead into 2023

We will continue to focus on supporting our customers and clients in their endeavours to grow, sustain and protect their wealth. We will also continue to invest in efforts to enhance our product offering, and to strengthen our service levels. We see opportunities for growth in subsectors of the economy, around which momentum continues to build. Digital Transformation initiatives will be pursued robustly into the future.

In addition, we will also focus on embedding the Environment, Social and Governance (ESG) principles and frameworks within the business, for long term sustainability. Initiatives will include, financing the growth of green and renewable energy as well as monitoring the social impacts of our efforts within the core business and through the initiatives we pursue in the Old Mutual Foundation Trust.

We welcome and will continue to support the thrust of Government efforts aimed at stabilising and transforming the economy. Such efforts should continue to be coordinated effectively and transparently to promote both capital markets and inclusive growth.

Appreciation

In conclusion, I would like to extend my appreciation to our customers, business partners and regulators for their support and confidence in us. I would also like to acknowledge all colleagues at Old Mutual Zimbabwe for their strong commitment and contribution.

SAMUEL MATSEKETE
Group Chief Executive Officer
31 March 2023



Director's Report

Responsibility

The directors are responsible for the preparation and fair presentation of the Group's full year financial statements, comprising the statement of financial position as at 31 December 2022; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the year ended 31 December 2022; and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In addition, the directors are responsible for preparing the Directors' report. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The directors have assessed the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

Compliance with legislation

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

Compliance with IFRSs

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

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

IAS 29, requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date, and that corresponding figures for previous periods be restated in the same terms. These financial statements comply with IAS29 in all material respects. The Company, in line with trends observed in the rest of the economy, has seen an increasing proportion of transactions denominated in United States Dollars, a currency which is not subject to hyperinflation. This has presented some practical challenges in the preparation of the financial statements and it is the view of the directors that IAS 29 did not fully envisage a situation where a Hyperinflationary Economy effectively has other currencies besides the local currency in official circulation as mediums of exchange and also in use in determining the price of goods and services. Users of the financial statements are advised to consider the implications of the multicurrency environment on the business and are also referred to note 20 for further disclosure.

Accounting judgements

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

In the case of property valuations, for the 2022 and 2021 financial years, valuations in ZWL have been adopted. Market breadth, however, has been limited thus increasing the level of reliance on level 3 valuation inputs, where significant management and professional judgement was required. Areas where significant judgement has been applied include capitalisation rates for industrial, commercial, retail and office buildings. Adjustment factors are applied to rates implied from completed market transactions, depending on factors such as location, occupancy levels and tenant mix.

With regards to the spot foreign exchange rate, the board considers the official exchange rate from the weekly auction overseen by the RBZ to be appropriate, as exchangeability has been demonstrated at that platform during the year in the settlement of various external obligations by the Group. However, there were instances where some transactions were conducted at the "Willing Buyer Willing Seller (WBWS)" rate. The difference between the two exchange rates was not material in the financial statements.

In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently considered in the full year financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these. Details of key accounting judgements and sensitivities are provided in Notes 2.2, 11, and 14.1. The directors are of the view that the accounting treatments as adopted are appropriate to the extent which is practically possible given the peculiarities of the Zimbabwe economic and regulatory environment. Users of the financial statements are however encouraged to exercise due caution and judgement.

Capital

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

Directors

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

**Denotes Executive Director.

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Reconciliation of IFRS (Loss)/Profit Before Tax to Results from Operations Before Tax

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
(Loss)/profit before tax	(24,597)	101,432	96,374	36,474
Adjusting entries	87,752	(70,684)	(38,208)	(28,595)
Shareholder investment returns	41,051	(78,511)	(37,976)	(28,505)
Monetary gain - non-operating items	46,762	8,594	-	-
Policyholder tax	(61)	(767)	(232)	(90)
Results from operations	63,155	30,748	58,166	7,879

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

Group Statement of Profit or Loss For the Year Ended 31 December 2022

Notes	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Revenue and other income				
Revenue and other income				
Gross earned premiums	4 55,339	42,726	36,748	9,986
Outward reinsurance	(10,741)	(4,290)	(7,844)	(1,121)
Net earned premiums	44,598	38,436	28,904	8,865
Investment (losses)/income (non-banking)	5 (13,435)	253,291	414,753	126,382
Banking interest and similar income	6 48,229	22,190	45,917	5,209
Fee income, commissions and income from service contracts	7 31,984	30,628	22,424	7,069
Other income	53,301	17,099	52,093	4,815
Total revenue and other income	164,677	361,644	564,091	152,340
Expenses				
Claims and benefits (including change in insurance contract provisions)	8 (38,971)	(183,972)	(380,488)	(96,098)
Reinsurance recoveries	3,666	1,904	2,233	425
Net claims and benefits incurred	(35,305)	(182,068)	(378,255)	(95,673)
Change in provision for investment contract liabilities	9 3,165	(21,822)	(26,131)	(7,696)
Fees, commissions and other acquisition costs	(11,991)	(12,506)	(8,786)	(2,894)
Banking interest expense and similar expenses	6 (6,917)	(1,330)	(5,154)	(307)
Expected credit loss	(3,498)	(3,352)	(3,457)	(970)
Impairment Loss	(9,005)	(1,860)	(9,005)	(542)
Other operating and administration expenses	10 (51,951)	(33,537)	(36,929)	(7,784)
Net monetary adjustment	(73,772)	(3,737)	-	-
(Loss)/profit before tax	(24,597)	101,432	96,374	36,474
Income tax expense	(655)	(2,492)	(1,801)	(869)
(Loss)/profit after tax for the year	(25,252)	98,940	94,573	35,605
Attributable to non-controlling interests	39	2,152	2,568	834
Attributable to owners of parent company	(25,291)	96,788	92,005	34,771
	(25,252)	98,940	94,573	35,605

Group Statement of Comprehensive Income For the Year Ended 31 December 2022

Notes	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
(Loss)/profit after tax for the year	(25,252)	98,940	94,573	35,605
Other comprehensive income				
Items that will not be reclassified to profit or loss (net of tax)				
Property revaluation	19,718	4,954	36,011	3,642
Shadow accounting	(5,614)	(2,894)	(11,093)	(1,622)
Total other comprehensive income	14,104	2,060	24,918	2,020
Total comprehensive (loss)/income for the year	(11,148)	101,000	119,491	37,625
Total comprehensive (loss)/income attributable to:				
Owners of parent company	(11,187)	98,848	116,923	36,791
Non-controlling interests	39	2,152	2,568	834
	(11,148)	101,000	119,491	37,625
(Loss)/earnings per share				
Basic and diluted (cents)	(7,617)	29,151	27,708	10,472

Group Statement of Changes In Equity For the Year Ended 31 December 2022

Inflation adjusted audited	Share capital & premium ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Retained earnings ZWLm	Equity holders of the parent total ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
2022								
Shareholders' equity at beginning of year	-	10,567	6,758	-	175,124	192,449	3,974	196,423
(Loss)/profit after tax for the financial year	-	-	-	-	(25,291)	(25,291)	39	(25,252)
Shadow accounting	-	(5,614)	-	-	-	(5,614)	-	(5,614)
Gain on revaluation of property	-	19,718	-	-	-	19,718	-	19,718
Total Comprehensive income for the year	-	14,104	-	-	(25,291)	(11,187)	39	(11,148)
Dividend paid	-	-	-	-	(2,502)	(2,502)	(577)	(3,079)
Transfers between reserves	-	-	-	1,471	(1,471)	-	-	-
Transactions with shareholders	-	-	-	1,471	(3,973)	(2,502)	(577)	(3,079)
Shareholders' equity at end of year	-	24,671	6,758	1,471	145,860	178,760	3,436	182,196
2021								
Shareholders' equity at beginning of year	-	8,507	6,758	-	78,336	93,601	1,822	95,423
Profit after tax for the financial year	-	-	-	-	96,788	96,788	2,152	98,940
Shadow accounting	-	(2,894)	-	-	-	(2,894)	-	(2,894)
Gain on revaluation of property	-	4,954	-	-	-	4,954	-	4,954
Total Comprehensive income for the year	-	2,060	-	-	96,788	98,848	2,152	101,000
Shareholders' equity at end of year	-	10,567	6,758	-	175,124	192,449	3,974	196,423
Historical cost unaudited								
2022								
Shareholders' equity at beginning of year	-	49	4,378	55	-	47,131	51,613	1,176
Profit after tax for the financial year	-	-	-	-	92,005	92,005	2,568	94,573
Shadow accounting	-	-	(11,093)	-	-	(11,093)	-	(11,093)
Gain on revaluation of property	-	-	36,011	-	-	36,011	-	36,011
Total Comprehensive income for the year	-	-	24,918	-	92,005	116,923	2,568	119,491
Dividends paid	-	-	-	-	(1,390)	(1,390)	(397)	(1,787)
Movement in share based payment reserve	-	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	1,471	(2,861)	(1,390)	(397)	(1,787)
Shareholders' equity at end of year	-	49	29,296	55	136,275	167,146	3,347	170,493
2021								
Shareholders' equity at beginning of year	-	55	2,358	72	-	12,360	14,845	15,187
Profit after tax for the financial year	-	-	-	-	34,771	34,771	834	35,605
Shadow accounting	-	-	(1,622)	-	-	(1,622)	-	(1,622)
Gain on revaluation of property	-	-	3,642	-	-	3,642	-	3,642
Total Comprehensive income for the year	-	-	2,020	-	34,771	36,791	834	37,625
Movement in share based payment reserve	-	-	-	(17)	-	(17)	-	(17)
Movement in non distributable reserves	-	(6)	-	-	-	(6)	-	(6)
Transactions with shareholders	-	(6)	-	(17)	-	(23)	-	(23)
Shareholders' equity at end of year	-	49	4,378	55	47,131	51,613	1,176	52,789

Group Statement of Financial Position As at 31 December 2022

Notes	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Assets				
Intangible assets	864	3,073	169	208
Property and equipment	55,888	35,414	49,131	8,696
Investment property	298,157	167,407	298,157	48,699
Deferred tax assets	892	10	702	9
Deferred acquisition costs	326	134	137	34
Loans and advances	128,516	94,925	128,516	27,614
Investments and securities	339,775	483,822	339,775	140,745
Reinsurer contracts	4,737	1,138	3,841	307
Current tax assets	46	348	46	101
Other receivables	89,832	58,552	83,674	14,686
Cash and cash equivalents	95,827	42,825	95,827	12,458
Total assets	1,014,860	887,648	999,975	253,557
Liabilities				
Insurance contract liabilities	15 511,714	480,460	509,456	139,703
Investment contract liabilities	16 40,292	37,978	40,292	11,048
Provisions	-	2,121	-	617
Deferred tax liabilities	3,936	4,084	3,555	1,048
Current tax payables	375	34	375	10
Amounts due to group companies	17 60,664	34,365	60,664	9,997
Other payables	21,928	13,548	21,385	3,834
Amounts owed to bank depositors	18 118,882	85,187	118,882	24,781
Credit lines	74,873	33,448	74,873	9,730
Total liabilities	832,664	691,225	829,482	200,768
Net assets	182,196	196,423	170,493	52,789
Shareholders' equity				
Non-distributable reserve	-	-	49	49
Revaluation reserve	24,671	10,567	29,296	4,378
Share based payment reserve	6,758	6,758	55	55
Regulatory provisions reserve	1,471	-	1,471	-
Retained earnings	145,860	175,124	136,275	47,131
Equity holders of the parent	178,760	192,449	167,146	51,613
Non-controlling interests	3,436	3,974	3,347	1,176
Total equity	182,196	196,423	170,493	52,789

Group Statement of Cash Flows For the Year Ended 31 December 2022

Notes	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Cash flows from operating activities				
(Loss)/profit before tax	(24,597)	101,432	96,374	36,474
Non-cash movements and adjustments to (loss)/ profit before tax	45,481	(58,951)	(45,423)	(28,813)
Changes in working capital	1,610	(32,461)	(11,208)	(316)
Taxation paid	(2,081)	(1,354)	(1,462)	(400)
Net cash inflow from operating activities	20,413	8,666	38,281	6,945
Cash flows from investing activities				
Acquisition of financial assets	(6,859)	(31,339)	(22,376)	(7,809)
Acquisition of investment properties	(2,465)	(2,159)	(1,386)	(542)
Acquisition of intangible assets	-	(557)	-	(127)
Acquisition of property and equipment	(5,077)	(4,998)	(3,152)	(966)
Net cash used in investing activities	(14,401)	(39,053)	(26,914)	(9,444)
Cash flows from financing activities				
Dividends paid	(3,079)	-	(1,787)	-
Lease payment	(4)	-	(2)	-
Credit lines received	37,905	48,621	26,604	10,964
Credit lines paid	(39,169)	(19,460)	(4,150)	(4,388)
Net cash (used in)/received from financing activities	(4,347)	29,161	20,665	6,576
Net increase/(decrease) in cash and cash equivalents	1,665	(1,226)	32,032	4,077
Net foreign exchange differences on cash and cash equivalents	51,337	3,237	51,337	995
Cash and cash equivalents at the beginning of the year	42,825	40,814	12,458	7,386
Cash and cash equivalents at the end of the year	95,827	42,825	95,827	12,458



NOTES TO THE CONSOLIDATED ABRIDGED AUDITED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

1. General Information

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

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

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

2. Accounting Policies

2.1 Basis of preparation

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

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

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position, and that corresponding figures for previous periods be restated in the same terms. The restatement of the historical cost numbers is based on the conversion factors derived from the consumer price index ("CPI") issued by the Zimbabwe National Statistics Agency (ZIMSTAT). We believe the CPI best represents average price movements in the economy during the reporting period and have thus applied it in preparation of these financial statements. The indices and conversion factors used to restate the accompanying financial statements as at 31 December 2022 are given below.

Dates	Indices	Conversion Factors
31/12/2022	13,167.91	1.0000
31/12/2021	3,977.48	3.4376
31/12/2020	2,474.51	5.5255

2.2 Critical accounting estimates and judgements

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

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

2.2.1 Functional currency and determination of exchange rate

The Zimbabwe government gazetted Statutory Instrument 185 (S.I. 185) of 2020 on 24 July 2020. The regulation requires sellers of goods and services to display, quote, and offer prices in both the Zimbabwean dollar ("ZWL") and foreign currency at the ruling auction exchange rate. Due to the use of multiple currencies in the economy and in the Group, management is required to assess what the functional currency of the Group is in accordance with International Accounting Standard ("IAS") 21, "The Effects of Changes in Foreign Exchange Rates". The Group's assessment was based on weighting the volume of the local currency business against the foreign currency business. Foreign currency transactions recorded for the whole Group constitute 3% of total transactions recorded for the financial year ended 31 December 2022 and 2% for the year ended 31 December 2021. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year. OMICO and CABS, however, have a higher volume of foreign currency business as compared to other subsidiaries. CABS and OMICO's capital base is primarily in ZWL, while significant business expenses in the two businesses are driven by ZWL cost structures. It is management's view that for these subsidiaries, foreign currency business is material but not yet significant enough to justify a change in functional currency. Resultantly, the Group and its subsidiaries' functional currency remains the ZWL.

The weekly foreign exchange auction system, overseen by the Reserve Bank of Zimbabwe ("RBZ"), was in operation during the year. The economy is still, however, witnessing alternative foreign currency exchange rates that are divergent from the auction determined exchange rate. The exchange rate premium was estimated at between 40% to 50% as at 31 December 2022. Through the official foreign exchange market, the Group has managed to perform the following foreign currency transactions:

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

It is management's view that, given the foreign currency transactions for the Group are being done using the auction determined exchange rate, resultantly, the Group's spot rate in accordance with IAS 21, is the foreign exchange auction system determined exchange rate. In line with the requirements of IAS 21, CABS and OMICO made an assessment of the rate applicable for reporting purposes and it was assessed to be the interbank rate (Willing Buyer Willing Seller) on account of transactions done at that rate and accordingly, this rate was applied in the preparation of the financial statements for those entities. We have assessed that application of the interbank rate rather than auction rate by CABS and OMICO is immaterial in the preparation of the Group consolidated financial statements.

2.2.2 Foreign denominated Legacy debts/Blocked funds

In June 2021, the RBZ invited all parties with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. The Group made applications relating to amounts incurred in USD between 2012 and 2018, when the functional currency was USD and prior to the promulgation of SI 33 of February 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group. CABS received approval for USD26.4m owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services. OMZIL also obtained approval for USD83.8 million in respect of unremitted dividends (USD32.1 million), obligations under the 2012 indigenisation transaction (USD50 million) and management fees (USD1.7 million). CABS got additional approval for USD1.3 million whilst an additional USD0.5 million in respect of management fees was also approved for other group subsidiaries. Upon transferring local funds for the registration of legacy debts/blocked funds for the year ended 31 December 2021, a legitimate expectation to receive cash flows under the arrangement was created and an asset was recognised on the Group's statement of financial position, reflecting the value of expected cash flows.

This statutory receivable has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the statutory receivable reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement. The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled to the tune of USD21 million. In January 2022, Parliament passed the Finance Act No 7 of 2021. The Act provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's statement of financial position. The terms of discharge of the blocked funds will be determined by the Minister of Finance and Economic Development. Please refer to additional disclosures in note 14.1. For the 2022 financial year, the expected proceeds under the arrangement are classified as a statutory receivable.

2.3 Revenue

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

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

Banking and lending

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

Asset management

Revenue from asset management consists of asset management fees and commission income. Asset management fees are recognised as revenue over time as the Group provides the services. When the Group receives up-front payments for services to be rendered in the future, the payments are accounted for as contract liabilities.

Fee and commission income is earned through providing asset management and related investment administration services to our clients.

Fee and commission income is primarily based on funds-under-management, investment commitment values or amounts drawn from investors. Fee and commission income is generally recognised over time, on a monthly basis, as the services are rendered.

Insurance

Premiums and annuity considerations receivable under insurance contracts and investment contracts with a discretionary participation feature are stated gross of commission and exclude taxes and levies. Premiums in respect of unit-linked insurance contracts are recognised when the liability is established. Premiums in respect of insurance contracts and investment contracts with a discretionary participation feature are recognised when due for payment.

Investment return (non-banking)

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

2.4 Insurance and investment contracts

2.4.1 Classification of contracts

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4.3 Investment contract liabilities

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

2.5 Investment property

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

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

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

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

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

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

Revaluation deficits are recognised in the revaluation reserve to the extent of previously recognised gains and any residual deficit is accounted for in profit or loss.

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

2.6 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

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

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

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

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

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

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



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

For the Year Ended 31 December 2022

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

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

Initial recognition of financial liabilities

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

Subsequent measurement of financial assets

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

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

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

Derecognition of financial assets

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

Derecognition of financial liabilities

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

3. Segment information - Inflation adjusted

A1 Statement of profit or loss for the year ended 2022

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue and other income							
Gross earned premiums	37,635	19,734	-	-	-	(2,030)	55,339
Outward reinsurance	(755)	(9,986)	-	-	-	-	(10,741)
Net earned premiums	36,880	9,748	-	-	-	(2,030)	44,598
Investment income (non banking)	(6,439)	(2,188)	-	(574)	(7,083)	2,849	(13,435)
Banking interest and similar income	-	-	48,229	-	-	-	48,229
Fee income, commissions and income from service contracts	1,712	1,269	26,117	6,587	4,233	(7,934)	31,984
Other income	17,111	6,115	26,091	1,571	3,016	(603)	53,301
Total revenue and other income	49,264	14,944	100,437	7,584	166	(7,718)	164,677
Expenses							
Claims and benefits (including change in insurance contract provisions)	(27,071)	(10,104)	-	-	-	(1,796)	(38,971)
Reinsurance recoveries	78	3,588	-	-	-	-	3,666
Net claims incurred	(26,993)	(6,516)	-	-	-	(1,796)	(35,305)
Change in provision for investment contract liabilities	3,313	-	-	-	-	(148)	3,165
Fees, commissions and other acquisition costs	-	(3,008)	(8,930)	(53)	-	-	(11,991)
Banking interest payable and similar expenses	-	-	(7,213)	-	-	296	(6,917)
Expected credit loss	-	-	(3,496)	(2)	-	-	(3,498)
Impairment Loss	-	-	(362)	-	(8,643)	-	(9,005)
Other operating and administration expenses	(16,674)	(5,264)	(28,986)	(4,964)	(1,305)	5,242	(51,951)
Net monetary adjustment	(46,787)	(921)	(22,044)	(2,461)	(1,510)	(49)	(73,772)
(Loss)/profit before tax	(37,877)	(765)	29,406	104	(11,292)	(4,173)	(24,597)
Income tax credit/(expense)	399	860	(56)	(518)	(1,321)	(19)	(655)
(Loss)/ profit after tax	(37,478)	95	29,350	(414)	(12,613)	(4,192)	(25,252)

A2 Statement of profit or loss for the year ended 2021

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue and other income							
Gross earned premiums	32,097	12,595	-	-	-	(1,966)	42,726
Outward reinsurance	(433)	(3,857)	-	-	-	-	(4,290)
Net earned premiums	31,664	8,738	-	-	-	(1,966)	38,436
Investment income (non banking)	233,116	5,225	-	900	24,837	(10,787)	253,291
Banking interest and similar income	-	-	22,190	-	-	-	22,190
Fee income, commissions and income from service contracts	1,183	853	25,837	5,053	1,990	(4,288)	30,628
Other income	5,891	1,086	10,715	296	801	(1,690)	17,099
Total revenue and other income	271,854	15,902	58,742	6,249	27,628	(18,731)	361,644
Expenses							
Claims and benefits (including change in insurance contract provisions)	(178,029)	(6,088)	-	-	-	145	(183,972)
Reinsurance recoveries	144	1,760	-	-	-	-	1,904
Net claims incurred	(177,885)	(4,328)	-	-	-	145	(182,068)
Change in provision for investment contract liabilities	(21,822)	-	-	-	-	-	(21,822)
Fees, commissions and other acquisition costs	(3,025)	(1,653)	(7,778)	(47)	-	(3)	(12,506)
Banking interest payable and similar expenses	-	-	(2,128)	-	-	798	(1,330)
Impairment Loss	-	-	(343)	-	(1,517)	-	(1,860)
Expected credit Loss	-	-	(3,352)	-	-	-	(3,352)
Other operating and administration expenses	(7,924)	(3,427)	(21,237)	(3,652)	(9,852)	12,555	(33,537)
Net monetary adjustment	3,290	(1,251)	(3,545)	(268)	(2,368)	405	(3,737)
Profit/(loss) before tax	64,488	5,243	20,359	2,282	13,891	(4,831)	101,432
Income tax (expense)/credit	(1,196)	(34)	(76)	(468)	(777)	59	(2,492)
Profit/(loss) after tax	63,292	5,209	20,283	1,814	13,114	(4,772)	98,940

3. Segment information - Historical cost unaudited

B1 Statement of profit or loss for the year ended 2022

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue and other income							
Gross earned premiums	24,294	14,018	-	-	-	(1,564)	36,748
Outward reinsurance	(565)	(7,279)	-	-	-	-	(7,844)
Net earned premiums	23,729	6,739	-	-	-	(1,564)	28,904
Investment income (non banking)	404,741	2,708	-	(145)	11,695	(4,246)	414,753
Banking interest and similar income	-	-	45,917	-	-	-	45,917
Fee income, commissions and income from service contracts	1,247	806	18,289	4,461	2,933	(5,312)	22,424
Other income	17,108	6,115	25,219	1,223	2,822	(394)	52,093
Total revenue and other income	446,825	16,368	89,425	5,539	17,450	(11,516)	564,091
Expenses							
Claims and benefits (including change in insurance contract provisions)	(373,916)	(6,695)	-	-	-	123	(380,488)
Reinsurance recoveries	79	2,155	-	-	-	(1)	2,233
Net claims incurred	(373,837)	(4,540)	-	-	-	122	(378,255)
Change in provision for investment contract liabilities	(26,131)	-	-	-	-	-	(26,131)
Fees, commissions and other acquisition costs	-	(2,376)	(6,308)	(31)	-	(71)	(8,786)
Banking interest payable and similar expenses	-	-	(5,571)	-	-	417	(5,154)
Expected credit Loss	-	-	(3,455)	(2)	-	-	(3,457)
Impairment Loss	-	-	(362)	-	(8,643)	-	(9,005)
Other operating and administration expenses	(11,891)	(3,684)	(20,182)	(3,667)	(5,476)	7,971	(36,929)
Profit/(loss) before tax	34,966	5,768	53,547	1,839	3,331	(3,077)	96,374
Income tax (expense)/credit	(582)	441	(20)	(557)	(1,093)	10	(1,801)
Profit/(loss) after tax	34,384	6,209	53,527	1,282	2,238	(3,067)	94,573

B2 Statement of profit or loss for the year ended 2021

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue and other income							
Gross earned premiums	7,544	2,879	-	-	-	(437)	9,986
Outward reinsurance	(100)	(1,021)	-	-	-	-	(1,121)
Net earned premiums	7,444	1,858	-	-	-	(437)	8,865
Investment income (non banking)	119,022	1,828	-	361	7,886	(2,715)	126,382
Banking interest and similar income	-	-	5,209	-	-	-	5,209
Fee income, commissions and income from service contracts	280	196	5,949	1,189	467	(1,012)	7,069
Other income	1,674	316	3,747	64	278	(1,264)	4,815
Total revenue and other income	128,420	4,198	14,905	1,614	8,631	(5,428)	152,340
Expenses							
Claims and benefits (including change in insurance contract provisions)	(94,722)	(1,411)	-	-	-	35	(96,098)
Reinsurance recoveries	32	393	-	-	-	-	425
Net claims incurred	(94,690)	(1,018)	-	-	-	35	(95,673)
Change in provision for investment contract liabilities	(7,696)	-	-	-	-	-	(7,696)
Fees, commissions and other acquisition costs	(687)	(381)	(1,814)	-	-	(12)	(2,894)
Banking interest payable and similar expenses	-	-	(495)	-	-	188	(307)
Expected credit loss	-	-	(970)	-	-	-	(970)
Impairment Loss	-	-	(100)	-	(442)	-	(542)
Other operating and administration expenses	(1,894)	(773)	(4,867)	(879)	(2,971)	3,600	(7,784)
Profit/(loss) before tax	23,453	2,026	6,659	735	5,218	(1,617)	36,474
Income tax (expense)/credit	(480)	(9)	(22)	(123)	(266)	31	(869)
Profit/(loss) after tax	22,973	2,017	6,637	612	4,952	(1,586)	35,605

3. Segment information - Inflation adjusted

C1 Statement of financial position as at 31 December 2022

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Intangible assets	-	-	780	80	4	-	864
Property and equipment	12,798	532	35,964	338	1,229	5,027	55,888
Investment property	287,723	322	14,869	-	270	(5,027)	298,157
Deferred tax assets	-	783	13	96	-	-	892
Deferred acquisition costs	-	326	-	-	-	-	326
Loans and advances	-	-	128,516	-	-	-	128,516
Investments and securities	300,503	5,323	30,391	1,091	37,650	(35,183)	339,775
Reinsurer contracts	-	4,737	-	-	-	-	4,737
Current tax assets	-	46	-	-	-	-	46
Other receivables	5,986	6,281	28,361	1,847	47,357	-	89,832
Cash and cash equivalents	9,379	567	90,646	89	1,052	(5,906)	95,827
Total assets	616,389	18,917	329,540	3,541	87,562	(41,089)	1,014,860
Liabilities							
Insurance contract liabilities	502,790	8,924	-	-	-	-	511,714
Investment contract liabilities	40,292	-	-	-	-	-	40,292
Deferred tax liabilities	1,128	-	2,429	-	426	(47)	3,936
Current tax payables	23	1	4	218	129	-	375
Amounts due to group companies	1,145	597	102	24	57,616	1,180	60,664
Other payables	3,175	1,819	13,386	1,096	5,238	(2,786)	21,928
Amounts owed to bank depositors	-	-	138,412	-	-	(19,530)	118,882
Credit lines	-	-	75,503	-	-	(630)	74,873
Total liabilities	548,553	11,341	229,836	1,338	63,409	(21,813)	832,664
Net assets	67,836	7,576	99,704	2,203	24,153	(19,276)	182,196
Shareholder's equity</							



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

For the Year Ended 31 December 2022

3. Segment information - Historical cost unaudited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
D1 Statement of financial position as at 31 December 2022							
Assets							
Intangible assets	-	-	162	7	-	-	169
Property and equipment	11,287	149	32,275	153	240	5,027	49,131
Investment property	287,723	322	14,869	-	270	(5,027)	298,157
Deferred tax assets	-	521	40	141	-	-	702
Deferred acquisition costs	-	137	-	-	-	-	137
Loans and advances	-	-	128,516	-	-	-	128,516
Investments and securities	300,503	5,323	30,391	1,091	21,946	(19,479)	339,775
Reinsurer contracts	-	3,841	-	-	-	-	3,841
Current tax assets	-	46	-	-	-	-	46
Other receivables	5,976	6,281	22,297	1,764	47,356	-	83,674
Cash and cash equivalents	9,379	567	90,646	89	1,050	(5,904)	95,827
Total assets	614,868	17,187	319,196	3,245	70,862	(25,383)	999,975
Liabilities							
Insurance contract liabilities	502,791	6,665	-	-	-	-	509,456
Investment contract liabilities	40,292	-	-	-	-	-	40,292
Deferred tax liabilities	991	-	2,429	-	182	(47)	3,555
Current tax payables	23	-	4	218	129	1	375
Amounts due to group companies	2,674	597	102	24	57,616	(349)	60,664
Other payables	3,174	1,824	12,842	1,094	5,236	(2,785)	21,385
Amounts owed to bank depositors	-	-	138,412	-	-	(19,530)	118,882
Credit lines	-	-	75,503	-	-	(630)	74,873
Total liabilities	549,945	9,086	229,292	1,336	63,163	(23,340)	829,482
Net assets	64,923	8,101	89,904	1,909	7,699	(2,043)	170,493
Shareholder's equity							
Share capital and premium	30	-	87	63	-	(180)	-
Non-distributable reserve	30	1	1	21	21	(4)	49
Revaluation reserve	413	-	28,883	-	-	-	29,296
Share option reserve	4	2	6	2	63	(22)	55
Regulatory provisions reserve	-	-	-	-	-	1,471	1,471
Currency conversion reserve	16	-	-	(2)	10	(24)	-
Retained earnings	64,430	8,098	60,927	1,846	7,605	(6,631)	136,275
Equity holders of the parent	64,923	8,101	89,904	1,909	7,699	(5,390)	167,146
Non-controlling interests	-	-	-	-	-	3,347	-
Total equity	64,923	8,101	89,904	1,909	7,699	(2,043)	170,493

D2 Statement of financial position as at 31 December 2021	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Intangible assets	-	-	199	9	-	-	208
Property and equipment	3,374	81	5,114	37	90	-	8,696
Investment property	46,216	56	2,382	-	45	-	48,699
Deferred tax assets	-	-	2	7	-	-	9
Deferred acquisition costs	-	34	-	-	-	-	34
Loans and advances	-	-	27,614	-	-	-	27,614
Investments and securities	129,899	2,481	3,695	468	9,592	(5,390)	140,745
Reinsurer contracts	-	307	-	-	-	-	307
Current tax assets	20	67	-	14	-	-	101
Other receivables	820	734	3,982	411	8,740	(1)	14,686
Cash and cash equivalents	2,243	262	11,500	132	536	(2,215)	12,458
Total assets	182,572	4,022	54,488	1,078	19,003	(7,606)	253,557
Liabilities							
Insurance contract liabilities	138,842	861	-	-	-	-	139,703
Investment contract liabilities	11,048	-	-	-	-	-	11,048
Provisions	185	9	6	102	315	-	617
Deferred tax liabilities	624	20	353	-	88	(37)	1,048
Current tax payables	-	-	2	-	8	-	10
Amounts due to group companies	531	65	12	-	9,389	-	9,997
Other payables	716	213	2,768	348	2,249	(2,460)	3,834
Amounts owed to bank depositors	-	-	28,195	-	-	(3,414)	24,781
Credit lines	-	-	9,777	-	-	(47)	9,730
Total liabilities	151,946	1,168	41,113	450	12,049	(5,958)	200,768
Net assets	30,626	2,854	13,375	628	6,954	(1,648)	52,789
Shareholder's equity							
Share capital and premium	30	-	87	63	-	(180)	-
Non-distributable reserve	30	1	1	21	21	(5)	49
Revaluation reserve	-	-	4,378	-	-	-	4,378
Share option reserve	4	1	6	2	63	(21)	55
Currency conversion reserve	15	-	-	(2)	10	(23)	-
Retained earnings	30,547	2,852	8,903	564	6,860	(2,595)	47,131
Equity holders of the parent	30,626	2,854	13,375	628	6,954	(2,824)	51,613
Non-controlling interests	-	-	-	-	-	1,176	-
Total equity	30,626	2,854	13,375	628	6,954	(1,648)	52,789

4. Gross earned premiums	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Gross premiums				
Single	78	89	44	22
Recurring	1,350	1,069	933	252
Individual business	1,428	1,158	977	274
Single	14,765	10,643	9,166	2,566
Recurring	21,442	18,728	13,966	4,364
Group business	36,207	29,371	23,132	6,930
General insurance	17,704	12,197	12,639	2,782
Total gross premiums	55,339	42,726	36,748	9,986
Comprising:				
Insurance contracts	7,045	3,654	5,065	879
Investment contracts with discretionary participating features	30,590	26,875	19,044	6,325
General insurance	17,704	12,197	12,639	2,782
Total gross earned premiums	55,339	42,726	36,748	9,986

5. Investment (losses)/income (non-banking)	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Dividend income				
Financial assets at fair value through profit or loss	10,689	7,900	8,271	1,893
Interest income				
Cash and cash equivalents	1,810	1,330	923	255
Net rental income				
Investment property	6,538	3,273	4,386	738
Realised gains and losses				
Financial assets at fair value through profit or loss	42,102	14,946	28,509	3,555
Unrealised gains and losses	(74,574)	225,842	372,664	119,941
Investment property	124,873	39,037	244,653	25,572
Financial assets at fair value through profit or loss	(199,447)	186,805	128,011	94,369
Total investment returns included in statement of profit or loss	(13,435)	253,291	414,753	126,382

6. Banking interest and similar income	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Interest and similar income				
Investments	1,137	550	814	119
Loans and advances	47,092	21,640	45,103	5,090
Total banking interest and similar income	48,229	22,190	45,917	5,209
Comprising:				
Interest income from financial assets at amortised cost	48,229	22,190	45,917	5,209
Interest Expense:				
Credit lines	(4,846)	(1,035)	(3,731)	(236)
Money market deposits	(1,899)	(278)	(1,286)	(68)
Savings and term deposits	(172)	(17)	(137)	(3)
Total interest expense	(6,917)	(1,330)	(5,154)	(307)
Comprising:				
Interest expense from financial liabilities at amortised cost	(6,917)	(1,330)	(5,154)	(307)
Net interest income	41,312	20,860	40,763	4,902

7. Fee income, commissions and income from service contracts	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Banking operations:				
Commissions	5,960	11,079	3,997	2,695
Service fees	16,864	6,958	12,099	1,591
Administration fees	3,192	7,721	2,117	1,646
Total fee income and commission from banking operations	26,016	25,758	18,213	5,932
Long term insurance business	1,712	1,183	1,247	280
Asset management business	4,256	3,687	2,964	857
Total	31,984	30,628	22,424	7,069

8. Claims and benefits	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Claims and benefits (including change in insurance contract provisions):				
Increase in insurance contract provisions	1,245	158,087	348,777	89,113
Gross claims expenses	32,505	23,193	21,395	5,477
Shadow accounting to revaluation reserve	5,221	2,692	10,316	1,508
Total	38,971	183,972	380,488	96,098

8.1 Analysis of claims expenses	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Individual business	749	928	432	222
Death and disability benefits	217	278	123	65
Maturity benefits	14	31	7	7
Surrenders	518	619	302	150
Group business	25,240	17,934	16,423	3,450
Death and disability benefits	2,682	3,128	1,784	764
Pension commutations, maturities and withdrawal benefits	15,277	9,990	9,173	1,514
Annuities	4,805	3,568	3,430	862
Surrenders	2,476	1,248	2,036	310
General insurance	6,516	4,331	4,540	1,805
Total claims and benefits	32,505	23,193	21,395	5,477

9. Change in investment contract liabilities	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Comprising:				
Insurance contracts	2,897	3,407	1,905	829
Investment contracts with discretionary participating features	23,092	15,455	14,950	2,843
General insurance	6,516	4,331	4,540	1,805
Total claims and benefits payable	32,505	23,193	21,395	5,477

10. Other operating and administration expenses	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Increase in investment contract liabilities	(3,558)	21,619	25,354	7,582
Shadow accounting to revaluation reserve	393	203	777	114
Total	(3,165)	21,822	26,131	7,696

11. Investment property	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Auditors' remuneration	1,828	959	1,828	247
Staff costs				
Wages and salaries	15,201	12,643	10,760	2,992
Retirement defined contribution obligations	374	488	245	115
Social security costs	223	52	165	12
Bonus and incentive remuneration	3,682	925	3,672	262
Other staff costs				



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

For the Year Ended 31 December 2022

11 Investment property (cont'd)

Key Valuation inputs

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

Type of Property	Key unobservable inputs	Interrelationship between unobservable inputs and key fair value measurement	Value ZWLm
Office, Retail and Industrial Properties	Office -Capitalisation rates: 6.3% to 9.5% (2021: 4.5% to 7.5%) -Market rentals per m ² : ZWL3,200 to ZWL7,900 (2021: ZWL396 to ZWL799) Retail -Vacancy rates: 0% to 73% (2021:13% to 73%) -Capitalisation rates: 5.20% to 10.7% (2021:4.0% to 8.0%) -Market rentals per m ² : ZWL1,300 to ZWL9,200 (2021: ZWL100 to ZWL1000) -Vacancy rates: 0% to 32%(2021: 0% to 6.74%) Industrial -Capitalisation rates: 6.90% to 10.50% (2021: 6.50% to 8.00%) -Market rentals per m ² : ZWL800 to ZWL3,200 (2021: ZWL60 to ZWL468) -Vacancy rates: 0% to 62% (2021: 0% to 4.74%)	The estimated fair value would increase/(decrease) if: > net rental income increased/(decreased) > capitalisation rates were lower/(higher). > vacancies decreased/(increased) - The estimated fair value would decrease if the unobservable inputs changed the other way.	239,055
Residential	Residential rent from ZWL135,000 to ZWL500,000 (2021: ZWL22,000 to ZWL216,000)	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).	1,853
Land	Land value per m ² : ZWL10,200 (2021: ZWL4,500)	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).	57,249

11.2 Sensitivity Analysis - Valuation inputs

A 1% increase in capitalisation rates would decrease the fair value by:
 A 1% decrease in capitalisation rates would increase the fair value by:
 A 10% increase in market rentals per m² would increase the fair value by:
 A 10% decrease in market rentals per m² would decrease the fair value by:
 A 10% decrease in average land values for land holdings per m² would increase the fair value by:
 A 10% increase in average land values for land holdings per m² would increase the fair value by:

	2022 ZWLm Fair Value movement	2021 ZWLm Fair Value movement
A 1% increase in capitalisation rates would decrease the fair value by:	33,018	9,315
A 1% decrease in capitalisation rates would increase the fair value by:	(43,459)	(7,188)
A 10% increase in market rentals per m ² would increase the fair value by:	28,919	4,352
A 10% decrease in market rentals per m ² would decrease the fair value by:	(28,919)	(4,634)
A 10% decrease in average land values for land holdings per m ² would increase the fair value by:	(5,724)	(737)
A 10% increase in average land values for land holdings per m ² would increase the fair value by:	5,724	737

Landholdings constitute 19% of overall property value.

In the current year, the Group reassessed the accounting treatment of Mutual Gardens (the Group's head office) as part of the property is owner-occupied whilst another portion of the property is currently being leased out to third parties. In the prior year the entire property was classified as owner-occupied property and accounted for under IAS 16. The portion of property leased out to third parties has now been assessed to meet the definition of investment property under IAS 40 and has been reclassified accordingly. The change in classification has been made in the current year with 20% of the property being reclassified to investment property and will be accounted for under IAS 40. The change is being applied prospectively.

12 Investments and securities

12.1 Analysis of investments

		Inflation adjusted audited		Historical cost unaudited	
		31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Equity securities	- listed	231,765	405,129	231,765	117,853
	-unlisted	63,666	54,214	63,666	15,771
Total equities (see note 12.3 below)		295,431	459,343	295,431	133,624
Unit trust investments		10,274	5,538	10,274	1,611
Treasury bills		28,677	13,217	28,677	3,845
Deposits and money market securities		5,393	5,724	5,393	1,665
		339,775	483,822	339,775	140,745

12.3 Spread of equity securities by sector

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Commodities	15,690	48,642	15,690	14,150
Communications	11,986	44,692	11,986	13,001
Consumer	166,101	207,520	166,101	60,368
Financial	64,074	93,444	64,074	27,183
Property	10,042	7,092	10,042	2,063
Manufacturing	25,966	57,047	25,966	16,595
Mining	1,572	906	1,572	264
	295,431	459,343	295,431	133,624

12.4 Movements of investment and securities

	31-Dec-22		31-Dec-21	
	Inflation adjusted audited	Fair Value ZWLm	Inflation adjusted audited	Historical cost unaudited
Opening balance	483,822	217,616	140,745	39,384
Fair value movements through profit or loss	(150,906)	234,866	176,654	93,552
Additions	80,714	51,089	58,179	11,593
Disposals	(9,399)	(10,052)	(4,308)	(1,445)
Maturities	(64,456)	(9,697)	(31,495)	(2,339)
Closing balances	339,775	483,822	339,775	140,745

12.4 Investment in unlisted equities above 20% shareholding

Investee	% holding	31-Dec-22		31-Dec-21	
		Inflation adjusted audited	Fair Value ZWLm	Inflation adjusted audited	Historical cost unaudited
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	16,124	13,723	3,992	-
Great Zimbabwe Hydro	31%	706	-	-	-
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	-	-	55	16	-
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	3,652	8,243	2,398	-
Manica Boards and Doors (MBD) (held by OMLAC Main Fund)	55%	3,823	2,162	629	-
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	816	674	196	-
Closefin (Held by OMLAC Main Fund)	21%	825	5,280	1,536	-
Plaza Bakery(held by OMLAC Main Fund)	49%	13	24	7	-
Zimcampus preference shares (held by OMLAC Main Fund and OMLAC Special Fund)	30%	4,630	2,214	644	-
Solgas ordinary shares (held by OMLAC Main Fund)	49%	915	17	5	-
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3	10	3	-
Harava Solar Park (held by OMLAC Main Fund)	-	-	244	71	-
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	16,610	12,011	3,494	-
Southern Property (Private) Limited (held by OMLAC Main Fund)	20%	633	258	75	-
Tenpill (held by Shareholders and OMLAC Main Fund)	43%	6,846	7,102	2,066	-
Nedbank Zimbabwe (held by Shareholders)	23%	2,507	1,437	418	-
Centragrid	26%	2,050	-	-	-
East and Southern Africa Trade Fund (held by OMLAC Multimanager Fund, OMLAC Market Linked Fund and OMLAC Main Fund)	20%	2,618	-	-	-
		62,771	53,454	15,550	

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

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

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

12.5 Treasury bills maturity analysis

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
On demand to 3 months	26,092	12,447	26,092	3,621
3 months to 12 months	2,585	770	2,585	224
1 year to five years	-	-	-	-
Total	28,677	13,217	28,677	3,845

The table below shows the investments and securities sensitivity analysis

12.6 Sensitivity Analysis - Listed equities

	31 Dec 2022 reported value	+/- 20% stock movement	+/- 50% stock movement	+/- 75% stock movement
Equities - after increase	231,765	278,118	347,648	405,589
Equities - after decrease	231,765	185,412	115,882	57,941
Increase or decrease in fair value movement	-	46,353	115,882	173,824
Impact on profit and NAV	-	10,893	27,233	40,849

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

Movement of fair value of listed shares

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

13 Loans and advances

Concentration - gross loans and advances

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Housing	9,780	5,241	9,780	1,525
Unsecured personal loans	16,366	13,211	16,366	3,843
Commercial and industrial	105,745	81,612	105,745	23,741
Gross loans and advances	131,891	100,064	131,891	29,109
Less provision for impairment	(3,375)	(5,139)	(3,375)	(1,495)
Net loans and advances	128,516	94,925	128,516	27,614

Maturity analysis - gross and loans advances

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
On demand to 3 months	17,405	13,393	17,405	3,896
3 months to 12 months	38,025	27,796	38,025	8,086
1 year to 5 years	73,906	58,109	73,906	16,904
Over 5 years	2,555	766	2,555	223
	131,891	100,064	131,891	29,109

Non performing loans

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Analysis of past due but not impaired	407	224	407	65
30 to 60 days past due	26	14	26	4
61 to 90 days past due	1,290	688	1,290	200
	1,316	702	1,316	204

13.1 Sectoral analysis of loans and advances

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

Sector	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Agriculture	50,734	32,234	50,734	9,377
Construction, transport and communication	4,129	1,272	4,129	370
Distribution	8,847	21,471	8,847	6,246
Financial Service	-	52	-	15
Manufacturing and Mining	18,669	21,825	18,669	6,349
Mortgages	12,814	6,243	12,814	1,816
Private/Individuals	12,404	14,163	12,404	4,120
Energy	21,046	-	21,046	-
Services	3,248	2,804	3,248	816
Total gross loans	131,891	100,064	131,891	29,109

13.2 Impairment and credit quality analysis

2022 Inflation adjusted audited

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2022	96,180	(4,414)	3,661	(615)	223	(110)	100,064	(5,139)
Originations, purchases and interest accruals	96,144	853	6,276	(2,540)	362	(193)	102,782	(1,880)
Repayments & other derecognitions, excl write-offs	150	(4)	(147)	59	(3)	2	-	57
Transfer to 12 month ECL	(1,443)	134	1,451	(1,206)	(8)	4	-	(1,068)
Transfer to lifetime ECL (not credit impaired)	(155)	(7)	(14)	6	170	(135)	1	(136)
Transfer to lifetime ECL (credit impaired)	916	343	-	(1,085)	-	(36)	916	(778)
Inflation adjustment	(68,201)	3,130	(2,596)	436	(158)	78	(70,955)	3,644
As at 31 Dec 2022	124,123	(431)	7,341	(2,719)	427	(225)	131,891	(3,375)

2021 Inflation adjusted audited

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2021	34,787	(2,341)	6,549	(629)	908	(107)	42,244	(3,077)
Originations, purchases and interest accruals	74,538	(2,956)	(416)	(220)	(338)	(48)	73,784	(3,224)
Repayments & other derecognitions, excl write-offs	1,881	361	(1,646)	(368)	(235)	7	-	-
Transfer to 12 month ECL	(247)	155	474	(155)	(227)	-	-	-
Transfer to lifetime ECL (not credit impaired)	(62)	55	(14)	-	76	(55)	-	(0)
Transfer to lifetime ECL (credit impaired)	-	1,299	-	-	-	-	-	1,299
Changes to model & risk parameters used for ECL calculation	-	-	-	-	-	-	-	-
Inflation adjustment	(13,145)	883	(2,472)	234	(347)	45	(15,964)	1,162
As at 31 Dec 2021	96,180	(4,414)	3,661	(615)	223	(110)	100,064	(5,139)



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

For the Year Ended 31 December 2022

13 Loans and advances (cont'd)

13.2 Impairment and credit quality analysis (cont'd)

2022 Historical cost unaudited

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Not credit impaired		Credit impaired (excluding purchased/originated)		Gross carrying amount ZWLm	Allowance for ECL ZWLm
			Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm		
As at 1 January 2022	27,979	(1,284)	1,065	(179)	65	(32)	29,109	(1,495)
	96,144	853	6,276	(2,540)	362	(193)	102,782	(1,880)
Originations, purchases and interest accruals	96,676	387	4,986	(314)	203	(28)	101,865	45
Repayments & other derecognitions, excl write-offs	150	(4)	(147)	59	(3)	2	-	57
Transfer to 12 month ECL	(1,443)	134	1,451	(1,206)	(8)	4	-	(1,068)
Transfer to lifetime ECL (not credit impaired)	(155)	(7)	(14)	6	170	(135)	1	(136)
Changes to model & risk parameters used for ECL calculation	916	343	-	(1,085)	-	(36)	916	(778)
As at 31 Dec 2022	124,123	(431)	7,341	(2,719)	427	(225)	131,891	(3,375)

2021 Historical cost unaudited

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

Restructuring of facilities facing liquidity constraints led to a significant increase in credit risk

14 Other receivables

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Accrued investment income	2,019	1,444	2,019	420
Agent debtors and prepayments	8,586	3,362	8,278	500
Inventory - Capitalised project costs	3,306	3,644	375	36
Banking settlement and other clearing accounts	8,232	3,451	8,232	1,004
RBZ Legacy Debt (see note 14.1 below)	50,543	33,730	50,543	9,812
Trade debtors	3,804	3,744	3,804	1,089
Other non-financial assets	7,103	1,158	4,401	337
Gold Coins	321	-	321	-
Other	5,918	8,019	5,701	1,488
	89,832	58,552	83,674	14,686

14.1 RBZ Legacy Debt Statutory Receivable

Principal Amount	89	330	89	96
Fair value gain	50,454	33,400	50,454	9,716
Gross amount receivable	50,543	33,730	50,543	9,812

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe ("RBZ")'s Exchange Control Directive RU/102 of 2019 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL:USD1 in relation to foreign currency legacy debts to be registered with the RBZ.

Legacy Debt registration process

	2022 Approved USD	2021 Approved USD
External lines of credit	26	26
Amounts owing to related parties	84	84
Amounts owing to 3rd parties	1	1
Amounts settled	(22)	(15)
	89	96

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

Registration of the associated amounts under the RBZ blocked funds arrangement was completed with the transfer in 2019 and 2021 of amounts of ZWL111 million to the RBZ at an exchange rate of USD1:ZWL1. CABS and OMZIL recognised a foreign currency denominated financial instrument in the 2021 financial results in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, with exchange gains and losses as well as credit losses being recognised in the statement of profit or loss. For 2022 an asset also was recognised on the Group's statement of financial position for the statutory receivable. This asset has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the asset reflects management's assessment of the present value of the expected recoverable net cash flows to be received under this arrangement.

The RBZ has stated its intention to honour its commitment and has facilitated liquidity to support obligations that CABS has settled to the tune of USD22 million since the debts were registered. We believe this supports the accounting treatment adopted in recognising as an asset both for 2022 and 2021.

In 2022 Parliament passed the Finance Act No 7 of 2021. The Act provides for the Government to take responsibility for discharging the outstanding registered blocked funds on the RBZ's statement of financial position. The terms of discharge of the blocked funds, and nature of any debt instrument to be issued, will be determined by the Minister of Finance and Economic Development.

15 Insurance contract liabilities

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Outstanding claims	4,322	309	4,322	90
Future policyholders' benefits (see analysis of movement in provision below)	507,392	480,151	505,134	139,613
	511,714	480,460	509,456	139,703

15.1 Future policyholders' benefits

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Movement in provision for insurance contracts				
Balance at beginning of year	480,151	262,449	139,613	47,389
Inflows				
Premium income	44,598	38,838	28,904	8,865
Investment income	2,122	209,580	349,305	90,471
Fee and other income	23,444	5,909	17,076	1,666
Outflows				
Claims and policy benefits	(28,839)	(21,289)	(19,162)	(5,052)
Operating expenses	(14,312)	(10,540)	(10,557)	(2,377)
Taxation				
Current tax	(127)	(162)	(141)	(58)
Deferred tax	66	(72)	(91)	(32)
Transfer to operating profit	289	(4,562)	187	(1,259)
Balance at end of year	507,392	480,151	505,134	139,613

16 Investment contract liabilities

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Liabilities at fair value through profit or loss	40,292	37,978	40,292	11,048
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	37,978	18,095	11,048	3,275
New contributions received	5,779	115	3,278	25
Withdrawals	(300)	(275)	(165)	(62)
Fair value movements	(3,165)	20,043	26,131	7,810
Balance at end of year	40,292	37,978	40,292	11,048

17 Amounts due from or (to) group companies

	2022 ZWLm			2021 ZWLm		
	Amounts due by	Amounts due (to)	Net Balance	Amounts due by	Amounts due (to)	Net balance
Inflation adjusted audited						
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	-	(60,664)	(60,664)	-	(34,365)	(34,365)
	-	(60,664)	(60,664)	-	(34,365)	(34,365)
Historical cost unaudited						
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	-	(60,664)	(60,664)	-	(9,997)	(9,997)
	-	(60,664)	(60,664)	-	(9,997)	(9,997)

The amounts due from or to Group companies above are unsecured and are payable on demand. Interest is not charged on amounts due.

18 Amounts owed to bank depositors

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

	Inflation adjusted audited		Historical cost unaudited	
	31-Dec-22 ZWLm	31-Dec-21 ZWLm	31-Dec-22 ZWLm	31-Dec-21 ZWLm
Money market deposits	11,540	4,186	11,540	1,218
Savings deposits	107,342	81,001	107,342	23,563
	118,882	85,187	118,882	24,781
Maturity analysis				
On demand to 3 months	107,342	81,001	107,342	23,563
3 months to a year	1,307	1,980	1,307	576
1 year to 5 year	10,205	2,092	10,205	609
Over 5 years	28	114	28	33
	118,882	85,187	118,882	24,781
Concentration - value				
Financial institutions	32,326	19,801	32,326	5,760
Companies	63,007	49,577	63,007	14,422
Individuals	23,549	15,809	23,549	4,599
	118,882	85,187	118,882	24,781
	%	%	%	%
Concentration - percentage				
Financial institutions	27	23	27	23
Companies	53	58	53	58
Individuals	20	19	20	19
	100	100	100	100

These are on-demand deposits.

19 Currency Sensitivity Analysis

The table below is a sensitivity analysis of the effect of using different exchange rates to convert foreign currency balances to local reporting currency. The scenarios presented compare the impact of using the closing rate at 1:671.4466; Depreciated at 50% and 75%.

	2022 Group USDm	2022 Group ZWLm	2022 Group ZWLm	2022 Group ZWLm
	31 Dec 2022	Translated at 1:671.4466	50% Depreciation	75% Depreciation
Foreign currency denominated assets/liabilities				
Assets				
Investments and securities	105	70,502	105,753	123,379
Loans and advances	144	96,688	145,032	169,204
Other receivables	111	74,531	111,797	130,429
Cash and cash equivalents	115	77,216	115,824	135,128
Total assets	475	318,937	478,406	558,140
Liabilities				
Insurance and investment contract liabilities	84	56,402	84,603	98,704
Credit lines	108	72,416	108,624	126,728
Amounts owed to group companies	93	62,445	93,668	109,279
Amounts owed to bank depositors	104	69,830	104,745	122,203
Other payables	17	11,415	17,123	19,976
Total liabilities	406	272,508	408,763	476,890
Net assets	69	46,429	69,643	81,250

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

20 Foreign currency denominated transactions and balances

Following the gazetting of Statutory Instrument 185 (S.I. 185) of 2020 on 24 July 2020 which requires sellers of goods and services to display, quote, and offer prices in both the Zimbabwean (ZWL) and foreign currency at the ruling auction exchange rate, the Zimbabwean economy effectively became a multi-currency environment with the ZWL and USD being the dominant currencies. In the Monetary Policy Statement of 2 February 2023, the Governor of the Reserve Bank of Zimbabwe stated that "ZWL inflation is no longer a true representative of the cost of living in Zimbabwe as the country is in a dual currency system where prices and household incomes are also in both USD and local currency. In this context, Zimbabwe's inflation needs to be recalibrated to reflect the dual currency nature of incomes and prices in the economy to provide a true reflection of the cost of living in the country". In the same Monetary Policy Statement the Governor indicated that an estimated 76.56% of all domestic expenditure is transacted in United States Dollars. In line with the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates, we have assessed our functional currency and determined it to be to be the ZWL and have thus presented our financial statements in ZWL on an inflation adjusted basis. However, from the time that S.I. 185 was promulgated there has been a gradual increase in the proportion of foreign currency business generated, with the USD being the dominant foreign currency within the business. Foreign currency denominated transactions and balances are included in our financial statements at applicable exchange rates in line with the requirements of IAS 21 (see note 2.2.1).

A summary of foreign currency transactions and balances included in our financial statements and the respective financial statement lines that they have been reported in is shown below presented USD.

	2022 USD'million'	2021 USD'million'
Balances denominated in foreign currency		
Total assets	475	396
Total liabilities	406	358
Net assets	69	38
Transactions denominated in foreign currency		
Total revenue	54	31
Total expenses	(40)	(34)
Profit/(loss) before tax	14	(3)
Cash flows denominated in foreign currency		
Cash flows utilised in operating activities	(48)	(24)
Cash flows (utilised in)/generated from investing activities	(22)	93
Cash flows (utilised in)/generated from financing activities	20	34
Net (decrease)/increase in cash and cash equivalents	(50)	103
Cash and cash equivalents at the beginning of the year	165	62
Cash and cash equivalents at the end of the year	115	165



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

For the Year Ended 31 December 2022

21 Contingent liabilities

Commission of inquiry

A commission of inquiry established by the Zimbabwean Government concluded its inquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's inquiry were made public. On the 12th of July 2022, it was reported that the Cabinet had approved the Compensation Framework for value lost when insurance and pension values were converted from Zimbabwean dollars to United States dollars in 2009. It was reported that the government will contribute US\$175 million to partly cover for the loss of value suffered. The Insurance and Pensions Commission (IPEC) has communicated key features of a proposed Statutory Instrument (SI) which outlines how the compensation amounts are to be calculated for Pension Funds and Insurance products as well as suggesting sources of funding for the potential liability. Industry players have been invited to provide input before the final SI is promulgated.

Old Mutual has sought clarification and further guidance on certain provisions of the draft from IPEC particularly those pertaining to the methodology and formulas to be used in determining compensation amounts, these engagements are currently underway as at the time of reporting. Due to this, we are not able to quantify the expected liability for compensation and the impact it will have on profits and the net asset position until the engagements are complete.

22 Risk Management

Our approach to risk management

Old Mutual continues to apply an integrated approach to risk management, encompassing the mitigation of the inherent risks to the Group's businesses and proactive management of emerging risks and opportunities. The primary objective remains optimising the risk-return trade-off to maximise value generated for customers, the communities we do business in, and shareholders, while operating within the board-approved risk appetite limits. This risk management approach is very core to the financial management framework, under which, the Group allocates scarce resources (capital, funding, people) as well as its risk appetite, to the business segments that can demonstrate either superior return on net asset value (RoNAV) or RoNAV trajectory compared to the cost of equity.

In the year under review, there was particular focus on enhancing proactive risk management tools such as stress testing and scenario analysis, and results influencing business decision making. Refinement of the quantitative risk metrics continued, for better measurement of the risks faced, leading to improved risk mitigation.

The major thrust under compliance risk management was to avoid being blindsided by new legal and regulatory developments, reducing compliance breaches and minimising regulatory fines, penalties and sanctions. The Group adapted to regulatory changes in the management of money laundering, financing terrorism and proliferation financing (ML/FT/PF) risks, for the non-banking business units.

Combined assurance activities centered on the top risks to the Group, and on key emerging risks. The drive remained to mature the combined assurance process to reach the 'Established & Embedded' maturity level, on embedding risk culture including combined assurance across the Group.

Overview of top risks

During the year under review, the risk landscape was largely influenced by developments in the external environment, notably macroeconomic conditions, emerging laws and regulations, competitor activity, and geo-political developments. An overview of the top risks as at end of 2022 is provided below:

External Risk

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

Macro-economic: Macroeconomic performance indicators such as inflation and exchange rates, though having improved in the last half of the year, remained unfavourable. There were also geo-political developments notably the war between Russia & Ukraine, which had pass-through effects on global supply chains for grains, farming inputs and energy, resulting in imported inflation. Consequently, disposable incomes remained under pressure market-wide, and customer demand for the Group's products and services remained constrained. There were also inflationary impacts on operational expenses, threatening operating margins.

Energy Crisis: Since December 2022, acute power shortages have been experienced in the country, with load shedding in some instances, lasting up to 20 hours a day. Industry production is likely going to be curtailed and economic growth may consequently be hampered, if the challenges persist. This will likely have knock-on effects on the performance of the Group.

Competition: Competitor activity heightened in 2022 on digitalisation, mergers and acquisitions. Nonetheless, the major Business Units remained within the top 5 in their respective sectors.

Climate Change Risk: Physical risks (extreme weather events) and transition risks (reducing carbon emissions and damages to the environment), remained inherently high. Heavy rains have been experienced in some parts of the country during the 2022/23 summer season, raising fears of poor agricultural output. In other parts, however, little to no rainfall has been experienced, with fears of food insecurity in the affected areas.

Socio-political: Increased political activity is expected to increase due to the impending 2023 general elections. Political tensions may impact the safety and security of staff and business assets, and consequently business resilience.

Mitigating Actions: Management continues to defend key elements of the business and ensuring value preservation through real assets for customers and the shareholder. The Group is constantly reviewing supplier reliability in the face of supplier chain disruptions.

The Group supports investments in alternative green energy solutions, to complement Government efforts to address the power supply challenges. This is also part of the Group's agenda towards sustainable investment options.

Strategies are being pursued by the Group to refresh the product and service offerings to remain competitive. Agility in the implementation of these strategies is emphasised for prompt responses to the rapidly changing operating environment and customer preferences.

Effective climate change risk mitigation continues to be pursued by the Group, due to increasingly unpredictable weather patterns. To address transition risk, the Group's ESG Policy will be operationalised in 2023, through actions around encouraging adoption of ESG standards by the Group's partners (vendors/suppliers and customers) by creating awareness on the benefits of the adoption.

Business continuity and crisis management plans are refreshed and tested, to ensure business readiness to continue with operations in the event of any disruptions.

Market Risk

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

Equity & property volatility risk: Performance of the listed equities market was depressed from May to December 2022, with the Zimbabwe Stock Exchange (ZSE) All Share Index (ASI) closing the year with a Year to Date (YTD) return of 80.1% which was well below inflation, which closed the year with a YTD position of 243.7%. This impacted the Group's shareholder investment returns for the year 2022. Property values remained stable during the year and the rental yield was well within target. The tight monetary policy is likely to apply downward pressure on ZSE performance going forward, with impacts on the Group's investment returns. More counters are likely to migrate from the ZSE to the VFEX market, which may further depress trades on the ZSE.

Foreign Exchange Rate Risk: The Group continues to implement strategies to keep the net impact of currency exchange rate risks on the Group within acceptable levels. The risk of financial loss due to exchange rate movements, will be heightened if the net open position turns negative. The Group plans to keep the net open position positive, given the weakness in the local currency.

Interest rate risk: The Monetary Policy Committee reviewed interest rates with effect from 1 July 2022 to align with inflation trends. This resulted in an improvement in interest margins at CABS. OMFIN lending rates remained above the inflation rates. For OMIG, this presented an opportunity to increase local currency money market investments, provided real returns are offered. The risk for the Group was the rising cost of funds, due to tight money market conditions from the second half of the year, with interest margins to be squeezed going forward, due to the high cost of funds. In addition, high lending rates, may have had a second order effect on asset quality of the lending institutions. However, this risk was contained during the year.

Mitigation Actions: Old Mutual has sought to mitigate the effects of the equities market volatility by pursuing opportunities towards increasing exposure to alternative investments in the private equity and infrastructure spaces. For managing property risk, there is a strategy to dispose properties on a case-by-case basis from non-performing sectors of the property market.

Management continues to reduce exposure to exchange rate risk by matching, to the greatest extent possible, foreign currency denominated liabilities with assets in the same currency. Engagements are continuing with the authorities on the Group's legacy debt.

Loan repricing in line with market trends and RBZ guidelines, is being done, to defend interest margins and manage cost of funds.

Liquidity Risk

Description & Impact: The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in client demands for cash.

During 2022, the RBZ adopted a tight monetary policy, which resulted in market liquidity constraints. Foreign currency liquidity constraints also persisted, with settlement backlogs experienced on the auction market. This has however since improved. The Group remained able to meet its obligations, with the bank's liquid asset and liquidity coverage ratios tracking well above the minima. Given the growth in the USD business across the Group, there is a need to manage the mismatch between USD cash inflows and local currency obligations.

Mitigating Actions: Cash flow management strategies are in place, which include regular cash flow forecasting. There is a liquidity framework embedment project in progress for non-banking business units (BUs) which will see the introduction of additional liquidity benchmarks. Liquidity stress testing at Group and BU level is being done as part of forward-looking management of the risk. Liquidity contingency plans are in place for all the businesses and in 2023, validation/testing of the plans will be conducted, to give assurance to oversight committees that the plans are plausible.

Legal and Regulatory Compliance Risk

Description & Impact: The risk of not applying or conforming to the laws, or breaching laws, regulations or directives, resulting in fines, sanctions, reputational damage and/or financial loss. There were a number of new regulatory requirements in 2022.

There were no material (threatening the licenses to operate) regulatory penalties, sanctions or fines for transgressing statutory obligations and regulatory requirements during the year under review.

Mitigating Actions: The Group has zero appetite for deliberately contravening regulations and legislation and for being unprepared for regulatory changes. Regulatory obligations and requirements are tracked and monitored closely, and regulatory changes are managed through impact and readiness assessments before the changes become effective.

The Group continues to drive market conduct, data protection and privacy processes and procedures, as part of the compliance program. ML/FT/PF risks are managed through the implementation of the Risk Management & Compliance Programme, and enhancements of the processes by adopting and improving the automated solutions.

To ensure high compliance levels across the Group adequacy of compliance resources in both line 1 and line 2 is assessed and mandatory compliance training conducted.

Operational Risk

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

The main operational risk exposures for the Group in 2022 emanated from processes, especially given the increased automation, digitalisation of transactions and external frauds (largely card fraud). Operational risk losses, however, remained within the risk appetite limit.

There were business resilience impacts from the severe power outages experienced during the year, especially on staff working from home, without power back-up arrangements.

Gaps on model risk management were on documentation of some of the models in use and on model validation, especially of the non-bank models.

Management of audit issues improved in the year under review, as all core key performance indicators were within targets from mid-year to end of the year. The control improvement program was also successfully closed by 31 December 2022.

Mitigating Actions: Proactive fraud detection capabilities continue to be enhanced through the implementation of a fraud detection system across the Group. There is a detailed risk-based implementation plan. Other proactive fraud management tools include the Fraud Risk Assessments which are being conducted across the Group.

Business continuity arrangements are in place for power challenges. There is a detailed timebound roadmap to address policy compliance gaps for model and outsourcing risks. Process improvements, including automation and engagements with third parties are ongoing regards the clearing of long outstanding reconciling items.

Information Technology Risk:

This includes the risk of failure to protect the confidentiality, integrity, or availability of information technology assets, whether electronic or otherwise, from unauthorised access, use, disclosure, disruption, modification, or destruction.

Technology/System Risk: System availability was above target during the year. There were, however, occasional system performance challenges that were experienced, impacting service delivery and customer experience.

Information Security – Cybercrime: Exposure to this risk continued to be inherently high during 2022. Some of the Group's vendors/suppliers were affected by cyber-attacks, however there were no knock-on impacts on the Group's systems and data.

Mitigating Actions: System challenges continued to be attended to, with the help of the system vendors. Upgrades and estate refresh are implemented to mitigate the risk, of technical debt, the accumulated costs and long-term consequences of obsolete technology.

Third party information security/cyber security risk assessments are regularly conducted for all vendors. Penetration tests for all public facing sites and interfaces are conducted. There are firewalls in place to protect the estate. Phishing simulations, cyber risk awareness campaigns for all staff, training and upskilling of ICT personnel on information security, are conducted regularly. There is multi-factor authentication for all virtual private network (VPN) connections.

People Risk

Description & Impact: Risks relating to the business workforce resourcing, utilisation and their productivity, skills, competencies and behaviors to manage and operate the business, including engaging with customers.

Talent Attrition, & Culture: The main exposures to people risk were talent attrition due to competitor activity and the attraction of the diaspora. The year-to-date staff turnover ratio was within the risk limit. Culture survey results revealed the need to improve on employee engagement and psychological safety.

Organisational Design & Workforce: Efforts continued during the year to implement the outcomes of the Organisational Design process that was conducted in Q4 2021. Population of the new structure is in progress and 95% of the recruitments were finalised in 2022. There is need to ensure that the organogram responds swiftly to changes in the Group's strategy and operating model.

Health, safety, wellbeing, and morale: Economic challenges and a general increase in societal problems have been threatening staff mental health, safety, and wellbeing. These may consequently impact performance and productivity levels.

Mitigating Actions: Reviews of the employee value proposition are continuing in response to the developments in the talent market, and to retain critical skills. Management actions are being implemented to improve areas of concern on engagement and psychological safety. Wellness initiatives, including those covering mental health, continue to be offered to all staff, in conjunction with health service providers.

Insurance Risk

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

For the General Insurance business, there was an improvement in the underwriting result.

For the life business, the risk remained within target range with both the YTD claims ratios for Group Life Assurance (GLA) and for credit life remaining well within risk limits.

The challenge of ensuring that insured risks are adequately priced to support the settlement of claims as they fall due is heightened in an environment of rapidly increasing costs, with inflation potentially resulting in levels of cover for policyholders being inadequate if premiums do not keep up with inflation.

Mitigating Actions: For claims costs management, OMICO set up an Assessment Centre in Harare by end of 2022, and plans are underway to open another centre in Bulawayo during 2023. This is in addition to the electronic spare parts bidding process that was operationalised in 2022 for new vehicles (and will in 2023 be extended to ex-Japanese cars), for managing cost escalations of spare parts.

Portfolio reviews, which are targeting all classes are happening on a quarterly basis across the branches.

Data driven pricing models and continuous repricing to ensure claims experience is closer to targeted; and adequate reserves and reinsurance arrangements are in place to mitigate any likely increases in claims.

Credit Risk

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

Credit risk within the Group remained within target range. The credit loss ratio for CABS was also well within target and was an improvement from the December 2021 position. OMFIN's asset quality also improved during the year.

Climate change events, interest rate hikes, and the macroeconomic environment influence the direction of the risk.

Mitigating Actions: The lending businesses continue to monitor the quality of credit assets, for both local and hard currency loans. A cautious lending approach is continuing at CABS and OMFIN, with loans advanced only to credit-worthy customers.

The lending businesses also track and follow up on repayments of all loans falling due. Frequent arrears meetings are being held to improve collections. There is identification of borrowing clients showing signs of distress which are then closely monitored through the early alert process. Reviewing counterparty exposures on a quarterly basis is being done for OMIG whilst insurance businesses are monitoring exposures to reinsurers.

Emerging Risks & Trends

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

- **The evolution of Cyber Risks through the Fourth Industrial Revolution, Digital Disruption and Block Chain:** The volume and sophistication of malicious cyber activity has increased substantially and continues to evolve with new issues emerging from technological advancements, increasing the challenge of effective cybersecurity defences for the Group. Blockchain technology, a cryptographically secured form of shared record-keeping can be used to improve processes in the financial industry. Industry-wide disruption of Blockchain technology in the finance industry is anticipated to be slow due to regulatory and legal hurdles.
- **Escalations in Geo-political tensions:** Global geo-political tensions seem to be rising which may have far reaching consequences for the world, exacerbating supply chain disruptions.
- **Extreme Weather Conditions & Transition Risks:** The number and intensity of the climate change induced extreme weather events is increasing, with impacts on societies and economic performance. The slow pace of transition to a low carbon emissions environment is also hindering efforts by businesses to foster adoption of climate proof business practices. A country and industry-wide approach is imperative for the successful adoption of Climate Change risk mitigation and adaptation strategies.
- **Emerging Laws and Regulations:** Possible legal and regulatory requirements on Climate Change & Sustainability disclosure requirements for all financial institutions. Other areas likely to have legal and regulatory changes are cloud computing, blockchain and digital currencies. Heightened money laundering regulations are also anticipated for the non-bank business units. The Group is also anticipating finalisation of the Compensation Regulations for the pre-2009 Loss of Value for Pensioners and Policyholders. The Group remains alert to any new legal and regulatory developments and proactively manages this risk through impact and readiness-to-comply assessments.