

175
YEARS

OLDMUTUAL

OLD MUTUAL ZIMBABWE LIMITED

Abridged Interim Unaudited Financial Statements
For the Six Months Ended 30 June 2020



175 YEARS OF DOING GREAT THINGS



Chairman's Statement



“The operating environment remains very difficult and it requires increased levels of collaboration and mutual understanding between the business sector and government in charting a path to recover and grow out of the current economic situation.

Johannes !Gawaxab

Economic Environment

The half year to 30 June 2020 started off a low base, following economic contraction of 8.3% in 2019, according to the International Monetary Fund, which together with prevailing structural economic weaknesses, contributed to poor outlook for 2020. The novel COVID-19 global pandemic dominated environment themes, not least because it caused significant repositioning of macro-economic policy and caused a significant scaling down in the operations of many businesses for the second quarter of 2020. Resultantly, Treasury estimates that the economy could shrink by 4.5% in 2020.

Lockdown effects on national accounts were telling as tax collections took a significant knock. By the end of H1 2020, Intermediate Money Transfer Tax (IMTT) was a major contributor to national revenue, supplanting traditional sources such as Value Added Tax. Meanwhile, Treasury announced a ZWL\$18 billion package (9% of GDP) to mitigate the impact of COVID-19 disruptions on household and business incomes. Treasury also announced a 50% salary increment for all public workers with effect from June 2020. The baseline outlook points to an increase in the budget deficit.

In March 2020, the Reserve Bank of Zimbabwe allowed for the settlement of local currency (ZWL\$) denominated prices in foreign currency. Towards the end of the period under review, a dual pricing framework was allowed. To enhance transparency on the allocation of scarce foreign currency, monetary authorities abandoned the fixed exchange rate regime, replacing it with a weekly foreign currency auction. At the first auction on 23 June 2020, the ZWL\$ depreciated by 56.4% to ZWL\$57.4 per United States Dollar (US\$). Consequently, some consumer prices re-rated upwards, with a 150% increase seen in the price of fuel.

Hyperinflation continued to erode disposable incomes as well as threaten the value of assets and viability of some businesses. As of June 2020, year on year inflation was 737.3%.

The property market was characterised by shallow trades and a slow down in terms of new investments. Covid 19 has also resulted in some significant changes that will shape the real estate sector differently into the future. The Zimbabwe Stock Exchange (ZSE) All Share Index gained 677.4% from the beginning of the year.

Authorities suspended trading in all shares listed on the ZSE, with effect from 29 June 2020. This was to allow the relevant regulatory agencies to investigate suspected illicit activity by some market players on the stock exchange. Trading resumed subsequently on 3 August 2020, excluding the three stocks which also have listings outside Zimbabwe. Engagements are under way to establish arrangements that would allow the fungible stocks to also resume trading soon.

Interest rates remained sub inflationary. During the period Treasury also resumed the issuance of Treasury Bills based on a public auction system.

Financial performance

Inflation Accounting

Consistent with the 31 December 2019 financial statements, the Group interim financial results have been prepared on an inflation adjusted accounting basis in line with the requirements of IAS 29 "Financial Reporting in Hyperinflation Economies" as the conditions for hyperinflation accounting reporting persisted into 2020. On an inflation adjusted basis, the Group had a profit before tax of ZWL\$4.3 billion for the period ended 30 June 2020 compared to ZWL\$0.8 billion achieved during the same period last year. Inflation adjusted total assets increased by 48% from ZWL\$41.9 billion to ZWL\$62.1 billion as the nominal growth of 293% was higher than inflation for the period to 30 June 2020 of 162%. The inflation adjusted equity was ZWL\$11.5 billion, up from the ZWL\$6.1 billion as at 31 December 2019.

Performance on the historical cost basis

On the historical cost basis, profit before tax increased by 1315% from ZWL\$509.2 million in 2019 to ZWL\$7.2 billion in 2020. Total revenue went up by 1311% from ZWL\$2.4 billion to ZWL\$34.5 billion on the back of growth in all revenue lines, particularly investment income. However, despite the growth in total revenue, we noted a slow-down in some revenue lines such as banking transactional income due to the economic impact of the lockdown that was introduced to curb the spread of COVID-19.

Net earned premiums (NEP) grew by 414% from ZWL\$103.9 million to ZWL\$534.4 million mainly driven by increases in the nominal value of premiums due to the impact of inflation.

Operating and administration expenses increased by 539% to ZWL\$511.7 million from ZWL\$80.1 million in the comparable prior period. The increase was driven by inflationary pressures and the impact of local currency devaluation which resulted in costs of imported goods and services increasing significantly. Unbudgeted expenditure was also incurred towards measures implemented by the business in response to the impact of COVID-19 which included enabling some employees to work from home and providing a safe working environment for members of staff that have to be physically present at our offices and service centres as well as walk-in customers. It is noteworthy, however, that the increase in expenses is less than recorded year on year inflation of 737.3% over the period.

Total assets increased by 293% from ZWL\$15.4 billion as at 31 December 2019 to ZWL\$60.4 billion driven largely by investment gains, increased US dollar denominated lending and exchange gains. Total net equity increased by 389% from ZWL\$2.1 billion to ZWL\$10.5 billion driven by growth in profit. The business is adequately capitalised, and the capital position was ahead of regulatory requirements as at 30 June 2020.

Operations

Despite economic challenges and the impact of COVID-19 we remained focused on building a strong business that is best positioned to continue to deliver solutions to customers.

There was a general decline in the level of business activity registered since the onset of the COVID-19 induced lockdown. The business had planned an official launch of the Eastgate Market in the first half of the year. This was deferred to a future date. COVID-19 also had an impact on the alternative investments and private equity deal pipeline. A number of projects in this portfolio had to be deferred.

A mobile application for the general insurance business was launched. The mobile application enables customers to pay premiums, initiate claims, get

quotations and access their portfolios digitally. At CABS we also launched an enhanced USSD platform to include other non-banking products provided by the Group. A refreshed website for the business, reconfigured around identified customer needs was also launched.

The business continues to encourage customers to access the Group's services on digital platforms which allow for business to continue with limited person to person contact. We enabled some of our employees to work from home in order to continue providing services to customers during the lockdown period. Customers that need to physically access branches are also being served under appropriate measures that seek to ensure an environment that is safe for customers and staff. Screening protocols, sanitisation of workplaces and provision of personal protective equipment (PPE) to staff were put in place.

As part of wider community support programmes, Old Mutual provided healthcare staff at Sally Mugabe Hospital and at Thorngrove Hospital in Bulawayo with protective gear. The business also assisted Africa University in Mutare and Chinhoyi University of Technology to ramp up production of sanitisers and face masks respectively. In April 2020 the business extended a six-month free life cover worth up to ZWL\$2.2 billion for Health Practitioners.

The Old Mutual Zimbabwe business units supported key economic sectors through financing and other financial service activities. The initiatives supported through loan facilities cover the energy sector, foreign currency generating and import substitution agricultural activities, mining, horticulture and tourism.

The reopening of the ZSE on 3 August is a welcome development given our obligation to invest and generate returns for our clients.

Outlook

The operating environment remains very difficult and it requires increased levels of collaboration and mutual understanding between the business sector and government in charting a path to recover and grow out of the current economic situation. We urge a zero-tolerance approach to corruption and financial mismanagement as well as the continued efforts at international re-engagement and reintegration into global capital markets, without which attempts at economic recovery cannot be sustained.

Appreciation

On behalf of the Board, I would like to thank our customers for their continued support and trust throughout the first half of 2020. My appreciation also goes to the Group's employees and management for their efforts, and commitment to continue to serve customers despite the current difficulties in the environment which were exacerbated by the COVID-19 pandemic.

This is my last report as Chairman of the OMZIL group, a position that I have held since 07 February 2006. I leave with a deep sense of pride of what the business has accomplished during my term as Chairman and would like to express my appreciation to my fellow directors with whom I have had the privilege of serving the Group over that period.

Johannes !Gawaxab
Chairman

Director's Report

Responsibility

The directors are responsible for the preparation and fair presentation of the Group half year financial statements, comprising the statement of financial position as at 30 June 2020; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the half year ended 30 June; 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 made an assessment of 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 in agreement with the underlying books and records and have been prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the relevant regulations made thereunder, the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Microfinance Act (Chapter 24:29), the Building Societies Act (Chapter 24:02), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Collective Investments Schemes Act (Chapter 24:19) and the Securities Act (Chapter 24:25).

Compliance with IFRSs

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

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognized reporting framework also allows comparability with similar businesses

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

IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribed the manner in which certain balances in the financial statements may be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe.

In our opinion, the requirement to comply with Statutory Instrument 33 of 2019 has created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This resulted in an accounting treatment being adopted in the part of the 2019 financial year covered by SI33, which is different from that which would have been adopted if the Group had been able to fully comply with IFRSs. In particular, the Group was compelled to use a functional currency and exchange rates during the relevant period via application of the law, that were different to what would have been obtained if the directors had been free to apply the results of their own assessment of economic and market reality on the ground as required by IFRS. As such in 2019, directors and management were unable to produce financial statements which in their view would be true and fair. The matter described above impacts on the June 2019 profit and loss statement as well as the statements of cash flows and changes in equity for the six months ended June 2019; which are presented as comparative financial information in these financial statements. In the Directors report for 2019, the directors advised users of the financial statements to exercise due caution in interpreting the financial statements, and this advice still stands with regards to the 2019 comparative financial information presented in the 2020 financial statements.

For 2019, the emergence of hyperinflation resulted in the adoption of inflation adjusted accounts prepared in terms of International Accounting Standard 29 (IAS29) "Financial Reporting in Hyperinflationary Economies", as the primary basis of reporting. However, these inflation adjusted financial statements are to a great extent impacted by the inflation driven indexation of certain historical cost amounts in the

prior period financial statements. In this regard, the factors carried over from 2019 as described above also impact on the comparative financial information for 2019 contained in the current year inflation-adjusted financial statements prepared under IAS29.

There has also been non-compliance with IFRS due to the decision by the Directors to recognise a receivable under the 'legacy debt/blocked funds' arrangement announced by the RBZ in terms of Exchange Control Directive RU28 of 2019. During 2019 and in the first six months of 2020, the RBZ approved the registration of various debts owing to parties outside Zimbabwe as legacy debts. While the arrangement does not represent a contractual obligation on the part of the RBZ, the directors believe that a constructive obligation exists, based on a legitimate expectation that the RBZ will perform in terms of the arrangement as communicated to the Group.

Capital

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

Directors

Mr. J	!Gawaxab	(Chairman)
Mr. D	Benecke	- retired 31 May 2020
Mr. C	Chinaka	
Mr. A	Daka	
Dr. C	Dhliwayo	
Dr. K	Mandevani	
Mr. IT	Mashinya*	(Group Chief Operating Officer)
Mr S	Matsekete*	(Group Chief Executive Officer)
Mr. NTT	Mudekunya*	(Group Chief Financial Officer)
Mrs. N	Samuriwo	
Ms. C	Ross	

*Denotes Executive Director

The Chairman, Mr J !Gawaxab retired on the 12th of August 2020.



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

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	30-Jun-19 ZWLm	30-Jun-20 ZWLm	30-Jun-19 ZWLm
(Loss)/profit before tax	4 325,7	808,9	7 206,6	509,2
Adjusting entries	(2 352,5)	451,1	(5 332,1)	(376,2)
Shareholder investment returns	(6 385,4)	(3 813,2)	(5 340,2)	(334,4)
Monetary loss - non-operating items	4 022,3	4 784,3	-	-
Policyholder tax	10,6	(520,0)	8,1	(41,8)
Results from operations	1 973,2	1 260,0	1 874,5	133,0

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 Six Months Ended 30 June 2020

Notes	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	30-Jun-19 ZWLm	30-Jun-20 ZWLm	30-Jun-19 ZWLm
Revenue				
Gross premiums	1 090,0	1 556,8	657,8	132,6
Outward reinsurance	(236,7)	(261,2)	(123,4)	(28,7)
Net earned premiums	853,3	1 295,6	534,4	103,9
Investment income (non banking)	31 385,6	19 052,6	31 223,7	2 140,4
Banking interest and similar income	579,5	725,2	362,8	58,1
Fee income, commissions and income from service contracts	819,4	517,7	498,1	53,1
Other income	1 891,8	1 044,1	1 881,0	89,9
Total revenue	35 529,6	22 635,2	34 500,0	2 445,4
Expenses				
Claims and benefits (including change in insurance contract provisions)	(24 876,6)	(15 027,0)	(24 597,2)	(1 694,8)
Reinsurance recoveries	55,4	30,5	32,4	2,5
Net claims incurred	(24 821,2)	(14 996,5)	(24 564,8)	(1 692,3)
Change in provision for investment contract liabilities	(1 820,7)	(1 323,7)	(1 804,7)	(108,5)
Fees, commissions and other acquisition costs	(288,9)	(262,9)	(176,4)	(21,6)
Banking interest expense and similar expenses	(145,8)	(246,5)	(86,2)	(20,3)
Impairment charges	(149,6)	(111,8)	(149,6)	(13,4)
Other operating and administration expenses	(915,7)	(872,1)	(511,7)	(80,1)
Net monetary adjustment	(3 062,0)	(4 012,8)	-	-
Profit before tax	4 325,7	808,9	7 206,6	509,2
Income tax expense	(15,4)	(289,8)	(6,5)	(56,6)
Profit for the half year	4 310,3	519,1	7 200,1	452,6
Attributable to non-controlling interests	48,3	(30,7)	170,0	19,0
Attributable to owners of parent company	4 262,0	549,8	7 030,1	433,6
	4 310,3	519,1	7 200,1	452,6

Group Statement of Comprehensive Income For the Six Months Ended 30 June 2020

Notes	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	30-Jun-19 ZWLm	30-Jun-20 ZWLm	30-Jun-19 ZWLm
Profit for the half year	4 310,3	519,1	7 200,1	452,6
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Property revaluation	1 739,7	1 063,5	1 739,7	127,0
Shadow accounting	(624,6)	(396,9)	(624,6)	(47,4)
Foreign currency translation	-	(149,7)	-	(15,7)
Total comprehensive income for the half year	5 425,4	1 036,0	8 315,2	516,5
Total comprehensive income attributable to:				
Owners of parent company	5 377,1	1 082,3	8 145,2	498,6
Non-controlling interests	48,3	(46,3)	170,0	17,9
	5 425,4	1 036,0	8 315,2	516,5

Group Statement of Changes In Equity For the Six Months Ended 30 June 2020

Notes	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Currency conversion reserve ZWLm	Retained income ZWLm	Equity holders of the parent ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
Inflation Adjusted 2020										
Shareholders' equity at beginning of year	-	-	-	654,9	14,9	(134,1)	5 421,2	5 956,9	126,8	6 083,7
Impact on adoption of new currency	-	-	-	-	-	-	-	-	-	-
Transfer between reserves -regulatory impairment allowance	-	-	-	-	(14,9)	-	14,9	-	-	-
Profit for the half year	-	-	-	-	-	-	4 262,0	4 262,0	48,3	4 310,3
Shadow accounting	-	-	-	-	-	-	(624,6)	(624,6)	-	(624,6)
Revaluation of property	-	-	-	-	-	-	1 739,7	1 739,7	-	1 739,7
Total Comprehensive income for the half year	-	-	-	-	-	-	5 377,1	5 377,1	48,3	5 425,4
Movement in share based payment reserve	-	-	-	4,2	-	-	-	4,2	-	4,2
Change of interest in subsidiary	-	-	-	-	-	-	(0,6)	(0,6)	(1,7)	(2,3)
Dividends declared	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	4,2	-	-	(0,6)	3,6	(1,7)	1,9
Shareholders' equity at end of the period	-	-	-	659,1	-	(134,1)	10 812,6	11 337,6	173,4	11 511,0
2019										
Shareholders' equity at beginning of year	-	-	-	772,7	84,4	-	12 096,2	12 953,3	384,6	13 337,9
Impact of adoption of new currency	-	-	-	-	-	(134,1)	-	(134,1)	(15,6)	(149,7)
Transfer of regulatory impairment allowance	-	-	-	-	-	-	-	-	-	-
Profit for the half year	-	-	-	-	-	-	549,8	549,8	(30,7)	519,1
Shadow accounting	-	-	-	-	-	-	(396,9)	(396,9)	-	(396,9)
Revaluation of property	-	-	-	-	-	-	1 063,5	1 063,5	-	1 063,5
Total Comprehensive income for the half year	-	-	-	-	-	-	1 216,4	1 216,4	(30,7)	1 185,7
Change of interest in subsidiary	-	-	-	-	-	-	0,5	0,5	(58,1)	(57,6)
Movement in share based payment reserve	-	-	-	130,1	-	-	-	130,1	-	130,1
Movement in treasury shares	-	-	-	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	-	(430,7)	(430,7)	-	(430,7)
Transactions with shareholders	-	-	-	130,1	-	-	(430,2)	(300,1)	(58,1)	(358,2)
Shareholders' equity at end of the period	-	-	-	902,8	84,4	(134,1)	12 882,4	13 735,5	280,2	14 015,7
Historical Cost 2020										
Shareholders' equity at beginning of year	-	54,9	453,1	62,1	5,7	(13,3)	1 511,3	2 073,8	62,4	2 136,2
Impact of adopting a new currency	-	-	-	-	-	-	-	-	-	-
Transfer of regulatory impairment allowance	-	-	-	-	(5,7)	-	5,7	-	-	-
Profit for the half year	-	-	-	-	-	-	7 030,1	7 030,1	170,0	7 200,1
Shadow accounting	-	-	(624,6)	-	-	-	-	(624,6)	-	(624,6)
Revaluation of property	-	-	1 739,7	-	-	-	-	1 739,7	-	1 739,7
Total Comprehensive income for the half year	-	-	1 115,1	-	-	-	7 030,1	8 145,2	170,0	8 315,2
Movement in share based payment reserve	-	-	-	4,2	-	-	-	4,2	-	4,2
Change of interest in subsidiary	-	-	-	-	-	-	(0,3)	(0,3)	(1,0)	(1,3)
Dividends declared	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	4,2	-	-	(0,3)	3,9	(1,0)	2,9
Shareholders' equity at end of the period	-	54,9	1 568,2	66,3	-	(13,3)	8 546,8	10 222,9	231,4	10 454,3
2019										
Shareholders' equity at beginning of year	-	51,3	19,6	33,7	5,2	-	690,9	800,7	24,7	825,4
Impact of adopting a new currency	-	-	-	-	-	(14,6)	-	(14,6)	(1,1)	(15,7)
Profit for the half year	-	-	-	-	-	-	433,6	433,6	19,0	452,6
Shadow accounting	-	-	(47,4)	-	-	-	-	(47,4)	-	(47,4)
Revaluation of property	-	-	127,0	-	-	-	-	127,0	-	127,0
Total Comprehensive income for the half year	-	-	79,6	-	-	-	433,6	513,2	19,0	532,2
Movement in share based payment reserve	-	-	-	15,4	-	-	-	15,4	-	15,4
Transfer from/(to) reserve	-	-	-	-	-	-	-	-	-	-
Change of interest in subsidiary	-	-	-	-	-	-	-	-	(6,9)	(6,9)
Dividends declared	-	-	-	-	-	-	(29,3)	(29,3)	-	(29,3)
Transactions with shareholders	-	-	-	15,4	-	-	(29,3)	(13,9)	(6,9)	(20,8)
Shareholders' equity at end of the period	-	51,3	99,2	49,1	5,2	(14,6)	1 095,2	1 285,4	35,7	1 321,1

Group Statement of Financial Position As at 30 June 2020

Notes	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Assets				
Investment property	15 348,7	11 586,4	15 348,7	4 422,3
Property and equipment	3 230,4	2 762,5	2 708,5	846,3
Intangible assets	190,0	170,0	78,0	9,4
Deferred acquisition costs	34,5	24,4	9,0	1,7
Reinsurer contracts	225,3	220,6	183,7	54,4
Investments and securities	27 824,2	16 052,2	27 824,2	6 126,8
Deferred tax assets	7,7	16,5	6,2	7,0
Current tax assets	21,7	37,5	21,7	14,3
Loans and advances	3 505,4	3 902,5	3 505,4	1 489,5
Other assets	7 771,2	2 605,1	6 778,1	694,7
Cash and cash equivalents	3 946,1	4 473,7	3 946,1	1 707,5
Total assets	62 105,2	41 851,4	60 409,6	15 373,9
Liabilities				
Insurance contract liabilities	33 633,8	22 140,8	33 266,8	8 301,8
Investment contract liabilities	1 839,0	1 548,9	1 839,0	591,2
Provisions	186,4	136,0	186,4	51,9
Deferred tax liabilities	324,8	784,4	318,3	308,8
Current tax payables	30,7	6,3	30,7	2,4
Amounts due to group companies	5 191,3	427,3	5 191,3	163,1
Amounts owed to bank depositors	5 934,5	6 711,4	5 934,5	2 561,6
Credit lines	2 569,2	2 351,7	2 569,2	897,6
Other liabilities	884,5	1 660,9	619,1	359,3
Total liabilities	50 594,2	35 767,7	49 955,3	13 237,7
Net assets	11 511,0	6 083,7	10 454,3	2 136,2
Shareholders' equity				
Share capital and premium	-	-	-	-
Non-distributable reserve	-	-	54,9	54,9
Revaluation reserve	-	-	1 568,2	453,1
Share based payment reserve	659,1	654,9	66,3	62,1
Regulatory provisions reserve	-	14,9	-	5,7
Currency conversion reserve	(134,1)	(134,1)	(13,3)	(13,3)
Retained earnings	10 812,6	5 421,2	8 546,8	1 511,3
Equity holders of the parent	11 337,6	5 956,9	10 222,9	2 073,8
Non-controlling interests	173,4	126,8	231,4	62,4
Total equity	11 511,0	6 083,7	10 454,3	2 136,2

Group Statement of Cash Flows For the Six Months Ended 30 June 2020

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	30-Jun-19 ZWLm	30-Jun-20 ZWLm	30-Jun-19 ZWLm
Net cash from operating activities	2 067,3	434,2	5 116,7	120,6
Net cash used in investing activities	(2 873,9)	(554,2)	(3 104,3)	(37,7)
Net cash used in financing activities	-	(427,8)	-	(29,3)
Net increase/(decrease) in cash and cash equivalents	(806,6)	(547,8)	2 012,4	53,6
Net foreign exchange differences on cash and cash equivalents	279,0	1 197,6	226,2	175,8
Cash and cash equivalents at the beginning of the period	4 473,7	2 619,7	1 707,5	161,0
Cash and cash equivalents at the end of the period	3 946,1	3 269,5	3 946,1	390,4





Notes to the Abridged Interim Unaudited Financial Statements For the Six Months Ended 30 June 2020

Accounting Policies

1. General Information

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

- Central Africa Building Society (CABS) - mortgage lending and banking;
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services;
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Securities (Private) Limited (OMSEC) - licensed securities dealing firm;
- RM Insurance Holdings Company Limited (RMI), with an operating subsidiary, Old Mutual Insurance Company (Private) Limited (OMICO) - short term insurer.

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

2. Basis of preparation

The financial statements provide information about the financial position, results of operations, and changes in the financial position of the Group. They are based on the statutory records that are maintained under the historical cost convention with the exception of investments and securities, investment properties as well as owner occupied properties which are included at valuation; insurance contract provisions and provisions for investment contracts with discretionary participating features which are calculated on a Financial Soundness Valuation Basis. These are then restated to take into account the effects of inflation in accordance with the International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies".

Accordingly, the inflation adjusted financial statements represent the principal financial statements of the Group. IAS 29 discourages the presentation of historical cost financial statements when inflation adjusted financial statements are presented, however, these have been presented as supplementary information to the restated financial statements.

IAS 29, "Financial Reporting in Hyperinflationary Economies" requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous periods be 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 Central Statistical Office (C.S.O). The indices and conversion factors used to restate the accompanying financial statements as at 30 June 2020 are given below.

Dates	Indices	Conversion Factors
30/06/2020	1445.21	1.0000
31/12/2019	551.60	2.6200
30/06/2019	172.61	8.3727
31/12/2018	88.81	16.2731

2.1 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.

2.2.1 Functional currency

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

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

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

For the 2019 financial year, SI33 also applied up to 22 February 2019. The exchange differences that arose on translating foreign currency denominated assets and liabilities on the date of change in the Group's functional currency were accounted for through the Currency Conversion reserve. The reserve is not available for distribution as profits.

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

2.2.2 Foreign denominated Legacy Debts /Blocked funds

In June 2019, the Reserve Bank of Zimbabwe (the "RBZ") directed authorized dealers with Legacy Debts to apply for registration in order to guarantee settlement of these debts at the rate of 1:1. CABS registered legacy debt of US\$26.4m relating to offshore lines of credit and foreign suppliers of goods and services, during 2019. Subsequent to year end, OMZIL also got approval for US\$82m in respect of various obligations to related parties under the OML Group.

This legacy debt financial instrument has been fair valued and translated at the prevailing interbank exchange rate on the assumption that a right to acquire an amount in USD equivalent to the debt registered at a future date now exists. The carrying value of the financial instrument reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement. The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled, amounting to US\$3.6 million so far. For OMZIL no settlement has been made to date.

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 and commission fees, non-banking interest income, fees and commission, dividend income and investment income, and fees for administration and management of policyholder funds. Fees charged for management services provided are recognised as revenue in profit or loss as the services are provided.

2.4 Investment property

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

Investment properties are initially measured at cost and subsequently at fair value through profit or loss.

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

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

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

2.5 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

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

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair Value through Profit and Loss (FVTPL).

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

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

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

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

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

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

All debt instrument financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition. On initial recognition, financial assets are measured at fair value.

Initial recognition of financial liabilities

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

Subsequent measurement of financial assets

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

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

Subsequent measurement of financial liabilities

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

Derecognition of financial assets

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

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

2.6 Insurance and investment contracts

2.6.1 Classification of contracts

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

Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. If significant additional benefits would be payable in scenarios that have commercial substance, then significant



Notes to the Abridged Interim Unaudited Financial Statements

For the Six Months Ended 30 June 2020

insurance risk exists even if the insured event is extremely unlikely or even if the expected present value of contingent cash flows is a small proportion of the expected present value of all remaining contractual cash flows.

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

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

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

2.6.2 Insurance contract and investment contracts liabilities

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

Provisions for investment contracts with a discretionary participating feature are also computed using FSV method. Surplus allocated to policyholders but not yet distributed (i.e. bonus smoothing reserve) related to these contracts is included as a carrying value of liabilities. Investment options and guaranteed payments are computed on the prospective deposit method, which produces reserves equal to the present value of future benefit payments.

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

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

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

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

2.6.3 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.

3. Segment information - Inflation Adjusted

A1 Statement of profit or loss - segment information for the six months ended 30 June 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross premiums	789.0	422.9	-	-	-	(121.9)	1 090.0
Outward reinsurance	(14.9)	(221.8)	-	-	-	-	(236.7)
Net earned premiums	774.1	201.1	-	-	-	(121.9)	853.3
Investment income (non banking)	30 081.0	290.1	-	130.9	1 349.6	(466.0)	31 385.6
Banking interest and similar income	-	-	580.5	-	-	(1.0)	579.5
Fee income, commissions and income from service contracts	31.5	-	566.0	160.2	71.2	(9.5)	819.4
Other income	679.8	164.3	1 093.6	36.7	6.9	(89.5)	1 891.8
Total revenue	31 566.4	655.5	2 240.1	327.8	1 427.7	(687.9)	35 529.6
Expenses							
Claims and benefits (including change in insurance contract provisions)	(24 700.9)	(178.4)	-	-	-	2.7	(24 879.6)
Reinsurance recoveries	0.4	55.0	-	-	-	-	55.4
Net claims incurred	(24 700.5)	(123.4)	-	-	-	2.7	(24 821.2)
Change in provision for investment contract liabilities	(1 820.7)	-	-	-	-	-	(1 820.7)
Fees, commissions and other acquisition costs	(62.8)	(13.4)	(260.6)	(2.5)	(5.7)	56.1	(288.9)
Banking interest payable and similar expenses	-	-	(153.1)	-	-	7.3	(145.8)
Impairment charges	-	-	(149.6)	-	-	-	(149.6)
Other operating and administration expenses	(188.8)	(91.4)	(495.6)	(135.8)	(118.6)	114.5	(915.7)
Net monetary changes	(1 485.2)	(304.1)	(585.0)	(29.4)	(1 228.3)	570.0	(3 062.0)
Profit before tax	3 308.4	123.2	596.2	160.1	75.1	62.7	4 325.7
Income tax expense/(credit)	106.3	(26.7)	(9.0)	(31.8)	(54.2)	-	(154.4)
Profit for the half year	3 414.7	96.5	587.2	128.3	20.9	62.7	4 310.3

A2 Statement of profit or loss - segment information for the six months ended 30 June 2019

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross premiums	1 222.2	429.3	-	-	-	(94.7)	1 556.8
Outward reinsurance	(10.0)	(251.2)	-	-	-	-	(261.2)
Net earned premiums	1 212.2	178.1	-	-	-	(94.7)	1 295.6
Investment income (non banking)	16 886.6	297.0	409.4	1.8	1 459.1	(1.3)	19 052.6
Banking interest and similar income	-	-	725.2	-	-	-	725.2
Fee income, commissions and income from service contracts	39.2	17.1	322.9	137.5	17.6	(16.6)	517.7
Other income	366.8	171.6	313.3	54.1	156.2	(17.9)	1 044.1
Total revenue	18 504.8	663.8	1 770.8	193.4	1 632.9	(130.5)	22 635.2
Expenses							
Claims and benefits (including change in insurance contract provisions)	(14 842.2)	(191.2)	-	-	-	6.4	(15 027.0)
Reinsurance recoveries	7.1	23.4	-	-	-	-	30.5
Net claims incurred	(14 835.1)	(167.8)	-	-	-	6.4	(14 996.5)
Change in provision for investment contract liabilities	(1 323.7)	-	-	-	-	-	(1 323.7)
Fees, commissions and other acquisition costs	(135.7)	(4.8)	(260.1)	(0.9)	(17.6)	156.2	(262.9)
Banking interest payable and similar expenses	-	-	(273.4)	-	-	26.9	(246.5)
Impairment charges	-	-	(111.8)	-	-	-	(111.8)
Other operating and administration expenses	(240.6)	(75.6)	(454.6)	(106.5)	(257.2)	262.4	(872.1)
Net monetary adjustment	(975.1)	(469.0)	(769.7)	(142.4)	(2 375.3)	718.7	(4 012.8)
Profit before tax	994.6	(53.4)	(98.8)	(56.4)	(1 017.2)	1 040.1	808.9
Income tax expense/(credit)	(183.8)	(20.9)	(19.8)	(32.8)	(32.5)	-	(289.8)
Profit for the half year	810.8	(74.3)	(118.6)	(89.2)	(1 049.7)	1 040.1	519.1

3. Segment information - Historical Cost

B1 Statement of profit or loss - segment information for the six months ended 30 June 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross premiums	472.1	263.2	-	-	-	(77.5)	657.8
Outward reinsurance	(8.5)	(114.9)	-	-	-	-	(123.4)
Net earned premiums	463.6	148.3	-	-	-	(77.5)	534.4
Investment income (non banking)	29 979.6	274.7	-	116.1	1 297.2	(443.9)	31 223.7
Banking interest and similar income	-	-	363.4	-	-	(0.6)	362.8
Fee income, commissions and income from service contracts	22.5	-	456.5	90.9	37.4	(109.2)	498.1
Other income	660.7	126.0	1 085.5	21.6	5.3	(18.1)	1 881.0
Total revenue	31 126.4	549.0	1 905.4	228.6	1 339.9	(649.3)	34 500.0
Expenses							
Claims and benefits (including change in insurance contract provisions)	(24 493.1)	(105.6)	-	-	-	1.5	(24 597.2)
Reinsurance recoveries	0.3	32.1	-	-	-	-	32.4
Net claims incurred	(24 492.8)	(73.5)	-	-	-	1.5	(24 564.8)
Change in provision for investment contract liabilities	(1 804.7)	-	-	-	-	-	(1 804.7)
Fees, commissions and other acquisition costs	(55.7)	(8.6)	(163.4)	(1.6)	(3.6)	56.5	(176.4)
Banking interest payable and similar expenses	-	-	(90.4)	-	-	4.2	(86.2)
Impairment charges	-	-	(149.6)	-	-	-	(149.6)
Other operating and administration expenses	(139.8)	(59.9)	(293.5)	(72.8)	(62.3)	116.6	(511.7)
Profit before tax	4 633.4	407.0	1 208.5	154.2	1 274.0	(470.5)	7 206.6
Income tax expense/(credit)	79.6	1.0	(28.0)	(13.9)	(30.7)	(14.5)	(6.5)
Profit for the half year	4 713.0	408.0	1 180.5	140.3	1 243.3	(485.0)	7 200.1

B2 Statement of profit or loss - segment information for the six months ended 30 June 2019

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Revenue							
Gross premiums	93.2	46.8	-	-	-	(7.4)	132.6
Outward reinsurance	(1.0)	(27.7)	-	-	-	-	(28.7)
Net earned premiums	92.2	19.1	-	-	-	(7.4)	103.9
Investment income (non banking)	1 956.2	22.3	46.0	0.2	115.8	(0.1)	2 140.4
Banking interest and similar income	-	-	58.1	-	-	-	58.1
Fee income, commissions and income from service contracts	3.1	2.0	32.0	15.8	1.5	(1.3)	53.1
Other income	37.5	13.2	24.1	4.2	12.4	(1.5)	89.9
Total revenue	2 089.0	56.6	160.2	20.2	129.7	(10.3)	2 445.4
Expenses							
Claims and benefits (including change in insurance contract provisions)	(1 677.7)	(17.6)	-	-	-	0.5	(1 694.8)
Reinsurance recoveries	0.7	1.8	-	-	-	-	2.5
Net claims incurred	(1 677.0)	(15.8)	-	-	-	0.5	(1 692.3)
Change in provision for investment contract liabilities	(108.5)	-	-	-	-	-	(108.5)
Fees, commissions and other acquisition costs	(11.4)	(0.4)	(20.6)	(0.1)	(1.4)	12.3	(21.6)
Banking interest payable and similar expenses	-	-	(22.4)	-	-	2.1	(20.3)
Credit losses and impairment charges	-	-	(13.4)	-	-	-	(13.4)
Other operating and administration expenses	(19.4)	(6.1)	(42.7)	(8.8)	(23.6)	20.5	(80.1)
Profit before tax	272.7	34.3	61.1	11.3	104.7	25.1	509.2
Income tax expense/(credit)	(44.7)	(2.4)	(2.3)	(3.6)	(3.7)	0.1	(56.6)
Profit for the half year	228.0	31.9	58.8	7.7	101.0	25.2	452.6

3. Segment information - Inflation Adjusted

C1 Statement of financial position - segment information at 30 June 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	14 525.3	23.9	782.3	-	17.2	-	15 348.7
Property and equipment	978.2	27.4	2 151.5	14.9	58.4	-	3 230.4
Intangible assets	-	-	183.0	6.4	0.6	-	190.0
Deferred acquisition costs	-	34.5	-	-	-	-	34.5
Reinsurer contracts	-	225.3	-	-	-	-	225.3
Investments and securities	23 836.4	519.9	2 777.9	146.1	3 902.1	(3 358.2)	27 824.2
Deferred tax assets	-	-	0.2	4.5	3.0	-	7.7
Current tax receivable	-	21.0	-	0.1	0.6	-	21.7
Loans and advances	-	-	3 508.7	-	-	(3.3)	3 505.4
Other assets	328.6	42.0	1 277.6	39.9	6 165.6	(82.5)	7 771.2
Cash and cash equivalents	799.1	145.2	2 965.7	14.8	65.1	(43.8)	3 946.1
Total assets	40 467.6	1 039.2	13 646.9	226.7	10 212.6	(3 487.8)	62 105.2
Liabilities							
Insurance contract liabilities	32 984.7	649.1	-	-	-	-	33 633.8
Investment contract liabilities	1 839.0	-	-	-	-	-	1 839.0
Provisions	10.1	63.6	101.2	10.9	0.6	-	186.4
Deferred tax liabilities	113.9	39.1	124.5	-	47.3	-	324.8
Current tax payables	21.5	-	-	6.9	2.3	-	30.7
Amounts due to group companies	81.3	4.7	3.6	1.3	5 216.7	(116.3)	5 191.3
Amounts owed to bank depositors	-	-	6 114.2	-	-	(179.7)	5 934.5
Credit lines	-	-	2 583.1	-	-	(13.9)	2 569.2
Other liabilities	207.7	99.8	458.0	40.1	165.5	(86.6)	884.5
Total liabilities	35 258.2	856.3	9 384.6	59.2	5 432.4	(396.5)	50 594.2
Net assets	5 209.4	182.9	4 262.3	167.5	4 780.2	(3 091.3)	11 511.0
Shareholders' equity	696.6	0.3	816.8	222.5	-	(1 736.2)	-
Share capital and premium	-	-	-	-	-	-	-
Non-distributable reserve	-	-	-	-	-	-	-
Revaluation reserve	-	-	-	-	-		



Notes to the Abridged Interim Unaudited Financial Statements

For the Six Months Ended 30 June 2020

3. Segment information - Historical cost

D1 Statement of financial position - segment information as at 30 June 2020

	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
Assets							
Investment property	14 525.3	23.9	782.3	-	17.2	-	15 348.7
Property and equipment	900.3	13.0	1 763.5	9.5	22.2	-	2 708.5
Intangible assets	-	-	77.1	0.6	0.3	-	78.0
Deferred acquisition costs	-	9.0	-	-	-	-	9.0
Reinsurer contracts	-	183.7	-	-	-	-	183.7
Investments and securities	23 836.4	519.9	2 777.9	146.1	1 523.2	(979.3)	27 824.2
Deferred tax assets	-	0.3	-	5.9	-	-	6.2
Current tax receivable	-	21.0	-	0.1	0.6	-	21.7
Loans and advances	-	-	3 508.8	-	-	(3.4)	3 505.4
Other assets	837.0	42.0	599.3	40.2	5 299.1	(39.5)	6 778.1
Cash and cash equivalents	799.1	145.2	2 965.7	14.8	65.1	(43.8)	3 946.1
Total assets	40 898.1	957.7	12 474.9	217.2	6 927.7	(1 066.0)	60 409.6
Liabilities							
Insurance contract liabilities	32 984.7	282.1	-	-	-	-	33 266.8
Investment contract liabilities	1 839.0	-	-	-	-	-	1 839.0
Provisions	10.1	63.6	101.2	10.9	0.6	-	186.4
Deferred tax liabilities	140.9	28.1	124.5	-	24.8	-	318.3
Current tax payables	21.5	-	0.1	6.9	2.2	-	30.7
Amounts due to group companies	114.2	4.7	3.6	1.3	4 916.4	151.1	5 197.3
Amounts owed to bank depositors	-	-	6 114.2	-	-	(179.7)	5 934.5
Credit lines	-	-	2 583.1	-	-	(13.9)	2 569.2
Other liabilities	149.0	15.6	435.2	36.7	162.4	(179.8)	619.1
Total liabilities	35 259.4	394.1	9 361.9	55.8	5 106.4	(222.3)	49 955.3
Net assets	5 638.7	563.6	3 113.0	161.4	1 821.3	(843.7)	10 454.3
Shareholders' equity							
Share capital and premium	30.1	-	47.0	46.8	52.6	(176.5)	-
Non-distributable reserve	29.8	2.1	1.5	0.7	21.4	(0.6)	54.9
Revaluation reserve	-	-	1 531.9	-	-	36.3	1 568.2
Share option reserve	18.2	3.1	5.8	2.6	68.9	(32.3)	66.3
Regulatory provisions reserve	-	-	-	-	-	-	-
Currency conversion reserve	15.5	2.2	(37.5)	(2.7)	9.2	-	(13.3)
Retained earnings	5 545.1	556.2	1 564.3	114.0	1 669.2	(902.0)	8 546.8
Equity holders of the parent	5 638.7	563.6	3 113.0	161.4	1 821.3	(1 075.1)	10 222.9
Non-controlling interests	-	-	-	-	-	231.4	231.4
Total equity	5 638.7	563.6	3 113.0	161.4	1 821.3	(843.7)	10 454.3

D2 Statement of financial position - segment information as at 31 December 2019

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

4. Gross premiums

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	30-Jun-19 ZWLm	30-Jun-20 ZWLm	30-Jun-19 ZWLm
Gross premiums				
Single	7.0	15.5	4.3	1.2
Recurring	27.5	132.3	15.5	10.8
Individual business	34.5	147.8	19.8	12.0
Single	216.8	411.4	145.7	28.7
Recurring	537.7	574.7	283.6	45.1
Group business	754.5	986.1	429.3	73.8
General insurance	301.0	422.9	208.7	46.8
Total gross premiums	1 090.0	1 556.8	657.8	132.6
Comprising				
Insurance contracts	224.9	344.7	107.2	26.8
Investment contracts with discretionary participating features	564.1	789.2	341.9	59.0
General insurance	301.0	422.9	208.7	46.8
Total gross premium	1 090.0	1 556.8	657.8	132.6

5. Investment income (non banking)

Dividend income				
Financial assets at fair value through profit or loss	132.4	622.7	93.0	44.8
Interest income				
Cash and cash equivalents	17.5	94.7	10.8	7.8
Net rental income				
Investment property	155.7	147.6	113.0	11.8
Fair value gains and losses				
Investment property	11 054.7	6 594.7	11 054.7	787.9
Financial assets at fair value through profit or loss	20 025.3	11 592.9	19 952.2	1 288.1
	31 080.0	18 187.6	31 006.9	2 076.0
Total investment returns included in income statement	31 385.6	19 052.6	31 223.7	2 140.4

6. Banking interest and similar income

Interest and similar income				
Loans and advances				
Investments	79.8	93.5	42.1	7.6
Loans and advances	499.7	631.7	320.7	50.5
Total interest and similar income	579.5	725.2	362.8	58.1
Interest Expense:				
Credit lines	(88.8)	(83.2)	(53.6)	(7.0)
Money market deposits	(54.4)	(155.0)	(30.2)	(12.6)
Savings deposits	(2.6)	(8.3)	(2.4)	(0.7)
Total interest expense	(145.8)	(246.5)	(86.2)	(20.3)
Net interest income	433.7	478.7	276.6	37.8

7. Fee income, commissions and income from service contracts

Banking operations:

Commissions	319.0	202.8	187.1	16.8
Service fees	185.8	106.3	117.1	8.8
Administration fees	261.2	166.1	161.7	14.1
Total fee income and commission from banking operations	766.0	475.2	465.9	39.7
Long term business	8.8	38.7	8.6	3.1
Asset management business	44.6	3.8	23.6	10.3
Total	819.4	517.7	498.1	53.1

8. Claims and benefits

Claims and benefits (including change in insurance contract provisions):

Increase in insurance contract provisions	23 627.3	13 856.8	23 610.4	1 584.8
Gross claims expenses (refer to analysis in note 8.1 below)	668.4	809.3	405.9	66.9
Shadow accounting to revaluation reserve (see note 9 below)	580.9	360.9	580.9	43.1
Total	24 876.6	15 027.0	24 597.2	1 694.8

8.1 Analysis of claims expenses

Individual business

Death and disability benefits	1.7	6.0	1.0	0.5
Maturity benefits	5.4	24.8	3.6	2.0
Surrenders	12.6	21.0	6.7	1.8
Total	19.7	51.8	11.3	4.3

Group business

Death and disability benefits	25.7	78.0	15.1	7.2
Pension commutations, maturities and withdrawal benefits	287.5	300.2	180.1	25.2
Annuities	106.2	148.4	62.5	12.1
Surrenders	50.9	39.7	32.8	3.4
General insurance	178.4	191.2	104.1	14.7
Total claims and benefits	668.4	809.3	405.9	66.9

Comprising:

Insurance contracts	27.4	84.0	16.1	7.7
Investment contracts with discretionary participating features	462.6	534.1	285.7	44.5
General insurance	178.4	191.2	104.1	14.7
Total claims and benefits payable	668.4	809.3	405.9	66.9

9. Shadow accounting

Insurance contracts	580.9	360.9	580.9	43.1
Investment contracts	43.7	36.0	43.7	4.3
Total	624.6	396.9	624.6	47.4

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

10. Other operating and administration expenses

Administrative expenses	133.8	47.1	99.1	5.6
Office space costs	24.6	28.5	18.4	3.2
Fees and levies	0.4	23.4	0.3	2.7
Donations	17.0	17.6	14.9	2.0
Actuarial and consultancy fees	31.7	41.0	20.6	4.2
Advertising and marketing	15.3	41.4	10.1	3.3
Software licensing	38.1	87.4	23.2	6.6
Depreciation and amortisation	148.9	121.9	22.9	6.9
Total	409.8	40		



Notes to the Abridged Interim Unaudited Financial Statements For the Six Months Ended 30 June 2020

12.4 Investment in unlisted equities above 20% shareholding

Company	30-Jun-20		31-Dec-19	
	holding %	Value ZWLm	Inflation Adjusted ZWLm	Historical Cost ZWLm
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	667.3	845.5	322.7
Africa Takura Ventures-Fund 1 "M Shares" (held by Shareholders and OMLAC Main Fund)	26%	0.1	0.3	0.1
Nedbank Zimbabwe (held by OMZIL)	21%	127.1	70.2	26.8
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	3.6	9.4	3.6
Lobel Holdings Limited (held by OMLAC Main Fund)	49%	329.1	376.0	143.5
Manica Board and Doors (MBD) (held by OMLAC Main Fund)	55%	147.4	30.1	11.5
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	46.5	81.7	31.2
Closefin (held by OMLAC Main Fund)	21%	82.4	47.4	18.1
Plaza Bakery (held by OMLAC Main Fund)	49%	3.0	10.7	4.1
Zimcampus preference shares (held by OMLAC Main Fund)	35%	128.5	58.2	22.2
Solgas ordinary shares (held by OMLAC Main Fund)	49%	4.0	10.5	4.0
Solgas preference shares (held by OMLAC Main Fund)	100%	3.2	8.4	3.2
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3.3	8.6	3.3
Richaw Solar Tech preference shares (held by OMLAC Main Fund)	64%	0.1	0.3	0.1
Harava Solar Park (held by OMLAC Main Fund)	27%	2.5	6.6	2.5
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	262.8	45.1	17.2
		1 810.9	1 609.0	614.1

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 mainly originate from the investments of policyholder funds, with the exception of the investment in Nedbank Zimbabwe, are invested into investment linked insurance funds and funds which operate like unit trusts which are managed on a fair value basis. These funds back investment contracts with discretionary participating features and investment contracts accounted for in terms of IFRS 9. The Group has not consolidated the investment in MBD. Management concurred that the investment in MBD is not material. Nedbank Zimbabwe shares held by OMZIL should ordinarily be equity accounted, but were fair valued as per IFRS 9, as there was immaterial difference between equity accounting and fair valuing the investment in Nedbank.

12.5 Treasury bills maturity analysis

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
On demand to 3 months	60.5	21.5	60.5	8.2
3 months to 12 months	908.0	322.1	908.0	122.9
1 year to five years	40.4	14.3	40.4	5.5
Total	1 008.9	357.9	1 008.9	136.6

13 Loans and advances

Concentration - gross loans and advances

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Housing	239.9	610.5	239.9	233.0
Unsecured personal loans	356.4	573.3	356.4	218.8
Commercial and industrial	3 098.7	2 870.7	3 098.7	1 095.7
Gross loans and advances	3 695.0	4 054.5	3 695.0	1 547.5
Less provision for impairment	(189.6)	(152.0)	(189.6)	(58.0)
Net loans and advances	3 505.4	3 902.5	3 505.4	1 489.5

Maturity analysis - gross and loans advances

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
On demand to 3 months	900.3	519.3	900.3	198.2
3 months to 12 months	1 044.2	1 069.9	1 044.2	408.4
1 year to 5 years	1 704.7	2 349.9	1 704.7	896.9
Over 5 years	45.8	115.4	45.8	44.0
Total	3 695.0	4 054.5	3 695.0	1 547.5

Non performing loans

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Total	30.5	82.5	30.5	31.5

Analysis of past due but not impaired

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
30 to 60 days past due	640.5	11.5	640.5	4.4
61 to 90 days past due	586.7	120.8	586.7	46.1
Total	1 227.2	132.3	1 227.2	50.5

13.1 Sectoral analysis of loans and advances

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

Sector	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Trade and services	63.0	783.9	63.0	299.2
Energy and minerals	12.4	166.4	12.4	63.5
Agriculture	1 771.3	28.6	1 771.3	10.9
Construction and property	3.3	264.6	3.3	101.0
Light and heavy industry	220.9	1 059.0	220.9	404.2
Unsecured personal loans	649.0	1 269.9	649.0	484.7
Transport and distribution	409.4	47.7	409.4	18.2
State and state enterprises	565.7	434.4	565.7	165.8
Total	3 695.0	4 054.5	3 695.0	1 547.5

14 Other assets

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Accrued interest and rent	45.5	20.5	45.5	7.8
Agent debtors and prepayments	383.5	588.5	48.5	58.4
Capitalised project costs	416.0	420.5	58.3	61.3
Banking settlement and other clearing accounts	452.0	648.5	452.0	247.5
RBZ Legacy Debt (see note 14.1 below)	5 978.9	680.4	5 978.9	259.7
Trade debtors	163.4	139.9	163.4	53.4
Other	331.9	106.8	31.5	6.6
Total	7 771.2	2 605.1	6 778.1	694.7

14.1 RBZ Legacy Debt

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Principal Amount	680.4	76.6	29.2	29.2
Additional approvals	82.0	-	82.0	-
Fair value gain	5 783.5	1 207.5	6 434.7	460.9
Rejected amounts	(229.4)	-	(229.4)	-
Amount settled	(206.5)	-	(206.5)	-
Gross amount owing	6 110.0	1 284.1	6 110.0	490.1
Provision	(131.1)	(603.7)	(131.1)	(230.4)
Total	5 978.9	680.4	5 978.9	259.7

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe ("RBZ")'s Exchange Control Directive RU/102 of 2019 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL1:US\$1 in relation to foreign currency legacy debts to be registered with the RBZ. The Group made applications relating to all its foreign currency obligations in relation to loan repayments for offshore lines of credit, foreign suppliers of goods and services and related parties. The Group recognised a foreign currency denominated asset in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, however, details as to the exact structure and design of the instrument supporting the arrangement are yet to be availed by the RBZ. The carrying value of the financial instrument reflects management's assessment of the present value of expected net cashflows to be received under this arrangement. The legacy debt asset is denominated in USD and converted to ZWL at the prevailing exchange rate.

Legacy Debts registration process

	30-Jun-20		31-Dec-19	
	Approved USDm	Application outcome pending USDm	Approved USDm	Application outcome pending USDm
External lines of credit	25.2	-	25.2	-
Amounts owing to related parties	82.0	7.3	-	89.3
Amounts owing to 3rd parties	-	4.0	-	4.0
Total	107.2	11.3	25.2	93.3

During 2019 the Group applied for various external obligations to be registered with the RBZ as legacy debt in line with the guidelines issued by the RBZ in June 2019. These external obligations include amounts incurred in USD between 2012 and 2018, when the functional and reporting currency was USD and prior to the promulgation of S.I.33 of 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited group. Earlier in the year, approval for USD82 million was received from the RBZ and accordingly the equivalent in local currency of ZWL82 million paid over to the RBZ.

Management is optimistic that the completion of the legacy debt registration process will mitigate the risk of unmatched foreign currency exposures on the financial position of the group. Refer as well to note 19 for impact of exchange rate movement on the business.

15 Insurance contract liabilities

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Outstanding claims	18.3	18.6	18.3	7.1
Future policyholders' benefits (see analysis of movement in provision below)	33 615.5	22 122.2	33 248.5	8 294.7
Total	33 633.8	22 140.8	33 266.8	8 301.8

15.1 Future policyholders' benefits

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Movement in provision for insurance contracts				
Balance at beginning of year	22 122.2	33 450.1	8 294.7	2 047.1
Inflows				
Premium income	853.3	2 365.1	534.4	371.4
Investment income	26 278.3	19 308.1	25 274.6	6 231.2
Fee and other income	25.7	89.3	16.8	9.8
Outflows				
Claims and policy benefits	(613.0)	(1 836.1)	(373.5)	(232.1)
Operating expenses	(212.0)	(692.7)	(161.1)	(106.2)
Taxation				
Current tax	(35.1)	(23.6)	(22.3)	(7.5)
Deferred tax	47.7	(72.6)	(30.4)	-
Inflation adjustment	(14 562.9)	(30 415.6)	-	-
Transfer to operating profit	(288.7)	(49.8)	(284.7)	(19.0)
Balance at end of year	33 615.5	22 122.2	33 248.5	8 294.7

16 Investment contract liabilities

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Liabilities at fair value through profit or loss	1 839.0	1 548.9	1 839.0	591.2
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	1 548.9	3 400.8	591.2	208.9
New contributions received	6.3	9.4	4.4	3.6
Withdrawals	(3.9)	(65.0)	(2.9)	(24.8)
Fair value movements	287.7	(1 796.3)	1 246.3	403.5
Balance at end of year	1 839.0	1 548.9	1 839.0	591.2

17 Amounts due by or (to) group companies

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Amounts due to	5 191.3	5 191.3	427.3	427.3
Net balance	5 191.3	5 191.3	427.3	427.3

Inflation Adjusted

Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe

Historical

Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe

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

18 Amounts owed to bank depositors

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWLm	31-Dec-19 ZWLm	30-Jun-20 ZWLm	31-Dec-19 ZWLm
Money market deposits	623.8	1 162.4	623.8	443.7
Term deposits	0.1	0.6	0.1	0.2
Savings deposits	5 310.6	5 548.4	5 310.6	2 117.7
Total	5 934.5	6 711.4	5 934.5	2 561.6

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.

	30-Jun-20		31-Dec-19	
	ZWLm	%	ZWLm	%
Concentration - Inflation Adjusted				
Financial institutions	816.2	13.7%	1 833.7	27.3%
Companies	4 738.7	79.9%	3 605.9	53.7%
Individuals	379.6	6.4%	1 271.8	19.0%
Total	5 934.5	100.0%	6 711.4	100.0%
Concentration - Historical cost				
Financial institutions	816.2	13.7%	699.9	27.3%
Companies	4 738.7	79.9%	1 376.3	53.7%
Individuals	379.6	6.4%	485.4	19.0%
Total	5 934.5	100.0%	2 561.6	100.0%

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 closing rate at 1:57.3582 (which was the closing rate as at 30 June 2020); 1:90 and 1:120.

	Group USD		Group ZWL	
	30 June 2020	Translated @ 1:57.3582	Translated @ 1:90	Translated @ 1:120
Investments and securities	17.9	1 026.7	1 611.0	2 148.0
Loans and advances	33.3	1 910.0	2 997.0	3 996.0
Other assets	105.7	6 062.8	9 513.0	12 684.0
Cash and cash equivalents	41.8	2 397.6	3 762.0	5 016.0
Total assets	198.7	11 397.1	17 883.0	23 844.0
Liabilities				
Borrowed funds	44.9	2 575.4	4 041.0	5 388.0
Amounts owed to group companies	90.0	5 162.2	8 100.0	10 800.0
Amounts owed to bank depositors	41.9	2 403.3	3 771.0	5 028.0
Other liabilities	4.3	246.6	387.0	516.0
Total liabilities	181.1	10 387.5	16 299.0	21 732.0
				



Notes to the Abridged Interim Unaudited Financial Statements For the Six Months Ended 30 June 2020

20 Risk Management

Overview

OMZIL's principal risks have been determined by assessing the possible effects on its license to operate, its reputation with stakeholders, its earnings, capital and liquidity, and business resilience and sustainability. The risk landscape is changing rapidly, particularly in the context of the persistent volatile, uncertain, complex and ambiguous global and local macro-economic environment. This has been compounded lately by the COVID-19 pandemic. OMZIL's business is also affected by a number of risks inherent to the products it offers and the industries it operates in, such as exposure to market levels, interest rates, insurance liability, liquidity and credit risks. The risks are closely monitored and overseen by OMZIL Group management both line 1 and 2, and reported to the Board on a regular basis.

Insurance Risk

OMZIL assumes insurance risk, through Old Mutual Life Assurance Company (OMLAC) and Old Mutual Insurance Company (OMICO), by issuing insurance contracts under which it agrees to compensate the policyholder or beneficiary if a specified uncertain future event affecting the policyholder occurs. This risk includes life liability risk (mortality, disability cover), as well as non-life underwriting risk (premium and reserve risk). Higher than expected claim levels will reduce expected profits. The risk is managed through experience monitoring and investigation; product design and pricing; robust underwriting practices; and in some instances reinsurance.

Market Risk

This is the risk relating to adverse changes to the balance sheet or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments i.e. changes in equity, bond and property prices, interest rates and foreign exchange rates. The OMZIL Group has put in place a robust market risk management framework that includes a set of policies, principles and governance processes to monitor and manage market risk within the business and in accordance with local regulatory requirements. The framework sets the boundaries for risk taking within the approved limit structure and early warning triggers that ensure management is informed promptly of potential heightened exposures outside risk appetite.

Credit and Counterparty Risk

Credit risk is defined as the risk of non-payment or settlement of an obligation by a counterparty under the terms of a loan agreement, or the change in value of a credit asset as a consequence of a deterioration in the credit quality of a counterparty. Credit risk arises from a number of activities of the Group, such as banking, lending, trading and investing. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults.

Liquidity Risk

The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases or an increase in client demands for cash. The organisation may not be able to effectively meet expected and unexpected current and future cash flows and collateral needs without affecting daily operations or the financial condition of the organisation. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the OMZIL Group's short, medium and long-term funding and liquidity requirements. The OMZIL Group manages liquidity by maintaining adequate reserves and banking facilities, continuously monitoring forecasted and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Legal and Regulatory Compliance Risk

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

Operational Risk

This is the risk of loss due to an inadequate or inefficient workforce, failure of processes or systems and/or the occurrence of external events. The lockdown measures with staff working remotely exposes the business to connectivity challenges and leakages of confidential information. Exposure to cyber risk and data breaches has also increased. Practices to minimise and mitigate operational risk are embedded across all business units, taking into account the cost versus the benefit of doing so. OMZIL Group Internal Audit provides independent assurance on the adequacy and effectiveness of the system of internal controls.

Strategic Risk

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

Capital/Solvency Risk

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

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

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

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary to ensure that obligations to policyholders and depositors can be met on a timely basis.
- Maintenance of an appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.

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 pension fund beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018 the results of the Zimbabwean Government's inquiry were made public. Although the Commission believes that policyholders and pensioners may have been prejudiced, and that government, regulators and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission is yet to determine a methodology for quantifying or allocating responsibility for this prejudice, and recommended that this be the subject of a further independent process to determine a criteria for assessing prejudice as well as a basis for compensation, which will also take into account the need to maintain stability and confidence in the industry. The process had not officially commenced as of July 2020. As such we are not currently able to establish what impact the commission's findings will have on Old Mutual Zimbabwe.



SHOPPING MADE EASY

Save time and money, do all your shopping under one roof at Eastgate Market. With our large selection of stores, offering variety, quality and affordable goods, you will be spoiled for choice! Whether it's electricals, clothing, hardware or cellphones and accessories - we have it all.

Come through and enjoy shopping in a secure and friendly environment!

oldmutual.co.zw

Access points:

1. Main Entrance along Wynne Street
2. Entrances along Robert Mugabe Road
3. Via the Foot Bridge from Eastgate Mall



175 YEARS OF DOING GREAT THINGS

Old Mutual is a Licensed Financial Service Provider