FIRST MUTUAL

HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

ANNUAL REPORT 2020

Mission and Vision Statements

Vision

To be a leader in our chosen markets by providing superior returns to all our stakeholders, ensuring stability, security and growth.

Mission

To be an investment and financial services group that provides accessible solutions which offer peace of mind and enrich the lives of all households, communities and businesses in our chosen markets by managing risk, creating and managing wealth.

Values

Integrity
We are true to self and true to others.

Accountability
We take responsibility for our actions.

Professionalism
We display expert competence in the way we do business.

Sustainability
We believe in continuance and preservation of future generations.

Care
We show concern and seek the well-being of all our stakeholders.

Innovation
We strive for creativity and relevance in our market.

About this Report

First Mutual Holdings Limited, a company listed on the Zimbabwe Stock Exchange since 2003 is pleased to present the annual report for the year ended 31 December 2020. The report covers the activities for the Group while integrating both the financial and non-financial / sustainability information about the business.

Reporting Frameworks

This report was compiled with due consideration of the following regulatory requirements and reporting guidelines:

- The Companies and Other Business Entities Act [Chapter 24:31] (Zimbabwe);
- Zimbabwe Stock Exchange (ZSE) Listing Requirements;
- International Financial Reporting Standards (IFRS); and the
- Global Reporting Initiative ("GRI") Standards - Core Option.

Reporting Scope

This report contains information for First Mutual Holdings Limited (the "Company") and its subsidiaries (together "the Group"). First Mutual Holdings Limited incorporated and domiciled in Zimbabwe, is an investment holding company. In this document, unless otherwise noted references to "our", "we", "us", "the Group", "First Mutual" refers to First Mutual Holdings Limited and its subsidiaries. This report was prepared in accordance with the Global Reporting Initiatives ("GRI") Standards – 'Core' Option.

Data and Assurance

Our financial statements were audited by Ernst and Young Chartered Accountants (Zimbabwe) ("EY"), in accordance with the International Auditing Standards (ISAs). The independent auditors report is on pages 52 to 57. Non-financial information was reviewed by subject matter experts and management, but not externally assured.

Director's Responsibility

The board acknowledges its responsibility for ensuring the integrity of the annual report. In the board's opinion, the report presents in all material aspects issues considered significant to the Group and its stakeholders.

Restatements

The Group made restatements of non-financial data previously published on water and energy.

Forward-looking Statements

This report may contain forward-looking statements regarding the Group's future performance and prospects. These statements cannot be guarantees of future outcomes as they are subject to changing circumstances and other unforeseen events. These events can cause results to materially differ from our current expectations. Therefore, we encourage readers to exercise caution in placing undue reliance on forward-looking statements which may be affected by scenarios beyond our control.

Feedback on the Report

We value your feedback on our report, please feel free to contact us and suggest how we can improve our reporting, by sending your comments to Sheila Lorimer (Mrs), Company Secretary, e-mail: slorimer@firstmutual.co.zw .

A R T Manzai
(Chairman)

Douglas Hoto
(Chief Executive)

Contents

Group Structure

First Mutual Holdings Limited is a leading financial services group that is committed to creating value through risk management, wealth creation, and wealth management predominantly in the insurance sector.

Our brand is the financial ally that plays an integral role in preparation for a better tomorrow for individuals and institutions, by availing them the economic dignity of being prepared for life time obligations through our subsidiaries.

Our professional and client-centric team is solution driven, and cares enough to go beyond and provide straight forward tools that create sustainable value for our customers. We have diverse interests in life assurance, health insurance, short-term insurance, reinsurance, savings, wealth management, funeral services, micro finance, as well as property through our vast business portfolio.

FIRST MUTUAL
HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

Subsidiaries

- First Mutual Life Assurance Zimbabwe — 100%
- First Mutual Health Company Zimbabwe — 100%
- FMRE Property and Casualty Botswana — 100%
- First Mutual Reinsurance Zimbabwe — 100%
- First Mutual Properties Ltd Zimbabwe — 69.99%
- NicozDiamond Insurance Ltd — 100%
- Diamond Seguros Mozambique — 51.6%

Associates

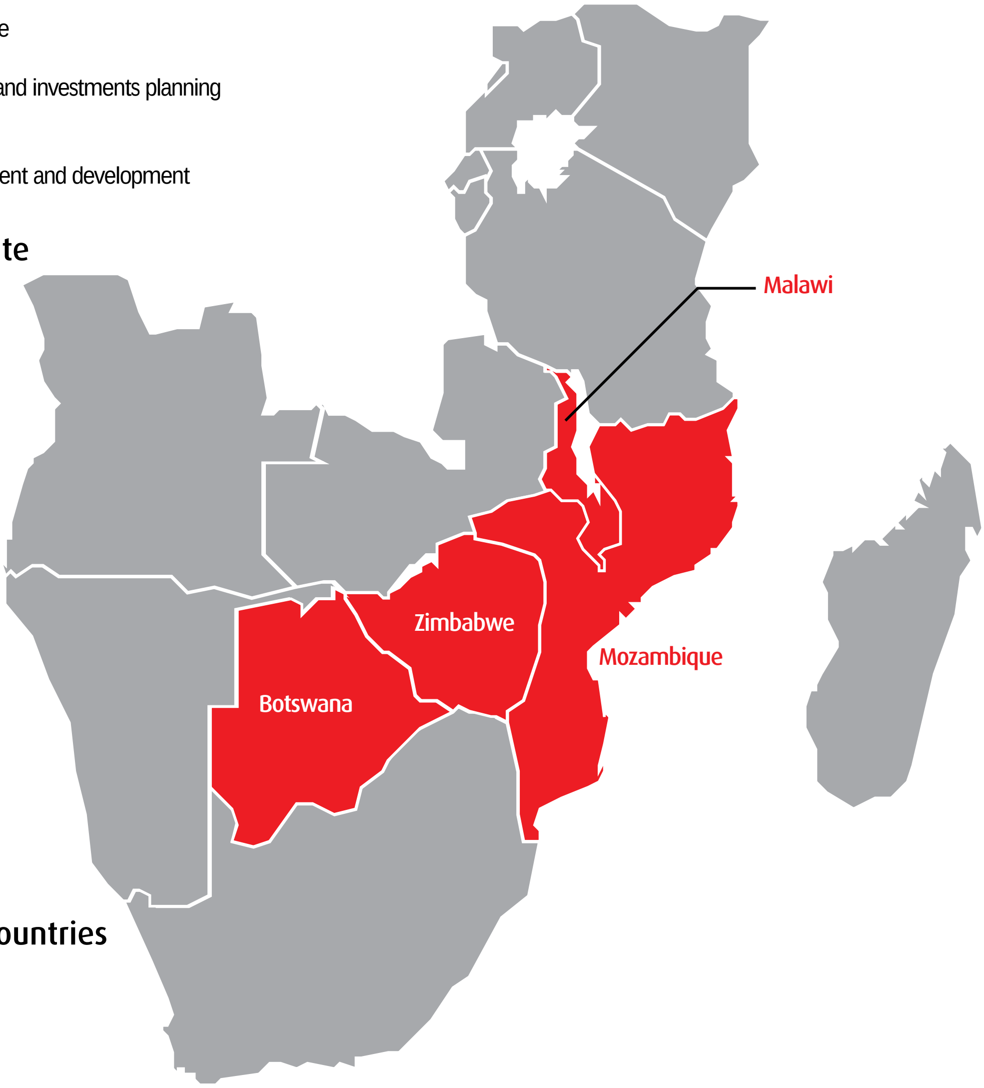
- 45% — Clover Leaf Panel Beaters Zimbabwe
- 34% — Haemotology Centre Zimbabwe
- 46% — United General Insurance Ltd Malawi

Business Value System

What we OFFER

- Life Insurance
- Health Insurance
- Short term Insurance
- Reinsurance
- Long term savings and investments planning
- Microfinance
- Funeral Services
- Property management and development

Where we operate



Operating in 4 Countries

	Zimbabwe	Botswana	Mozambique
Employees (Count)	536	10	17

563 Employees

46% Female

Business Value System (continued)

Business Memberships

First Mutual Holdings Limited is a member of the following:

- Zimbabwe Association of Pension Funds (ZAPF)
- Actuarial Society of Zimbabwe (ASZ).
- Life Offices Association (LOA).
- Insurance Council of Zimbabwe (ICZ).

Standards and Certifications

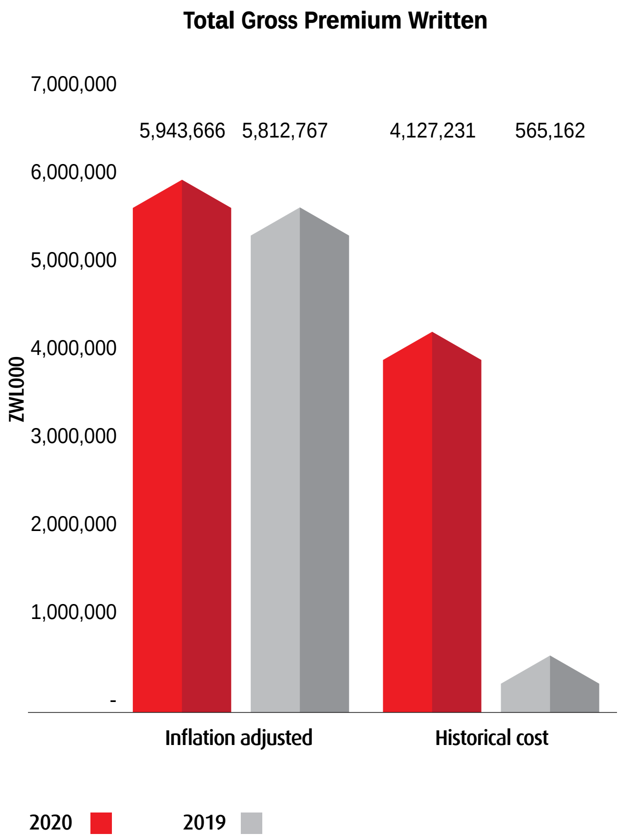
We are certified to the following standards
- First Mutual Life Assurance Company: ISO 9001:2015 Certification
- First Mutual Health Company: ISO 9001:2015 Certification

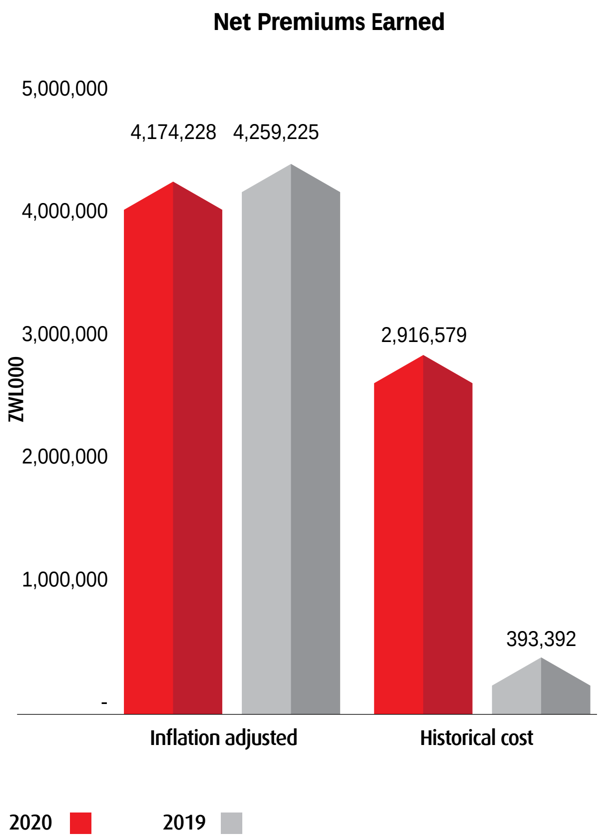
Recognitions and Awards

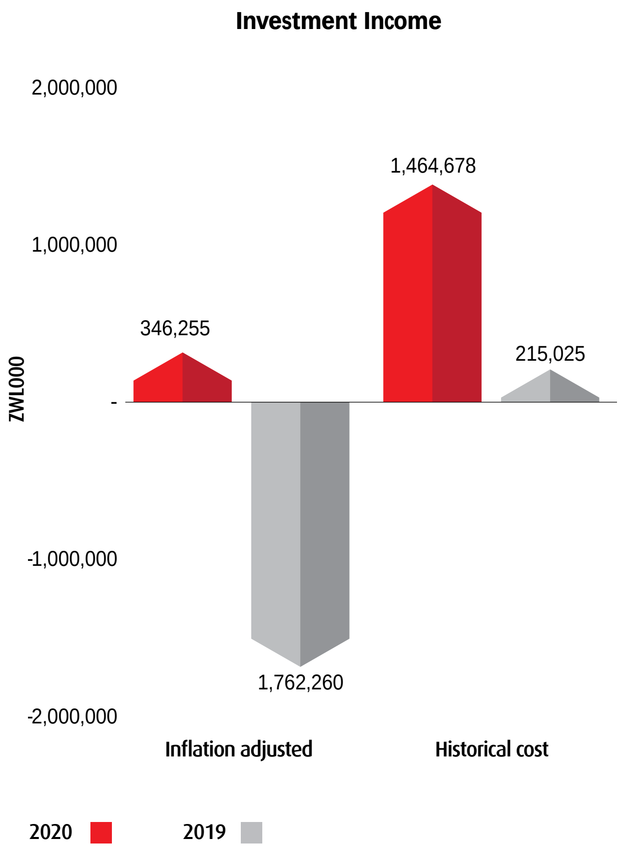
During the year, the group received the following awards:

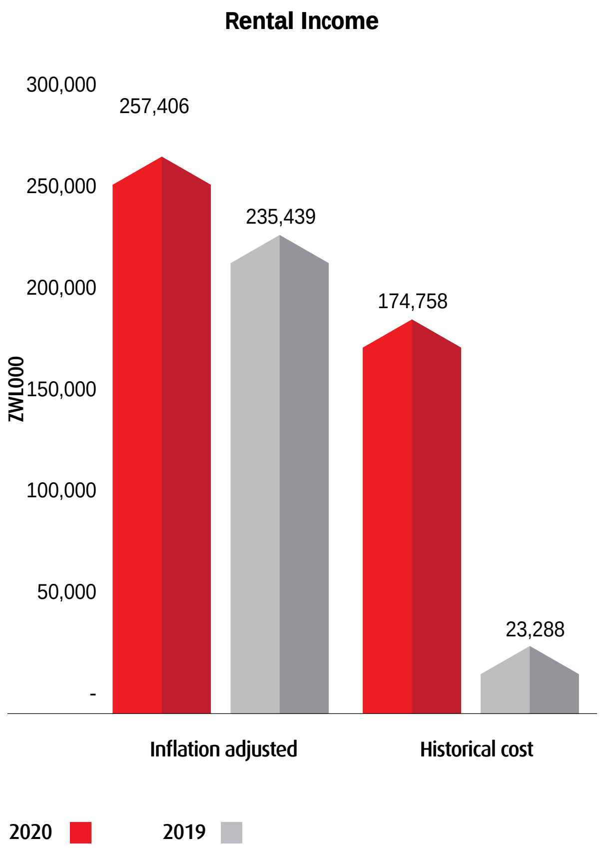
- First Mutual Life - First runner up in the Life Assurance category accorded by Marketers Association of Zimbabwe (MAZ).
- NicozDiamond Insurance - Superbrand winner in the short-term insurance category accorded by Marketers Association of Zimbabwe (MAZ).
- First Mutual Health - First runner-up in the health insurance category accorded by Marketers Association of Zimbabwe (MAZ).
- First Mutual Health - Best Medical Aid Company accorded by the Institute of Personnel Management of Zimbabwe (IPMZ).
- First Mutual Health - Customer Service Excellence accorded by the Contact Centre Association of Zimbabwe (CCAZ).

Performance Highlights



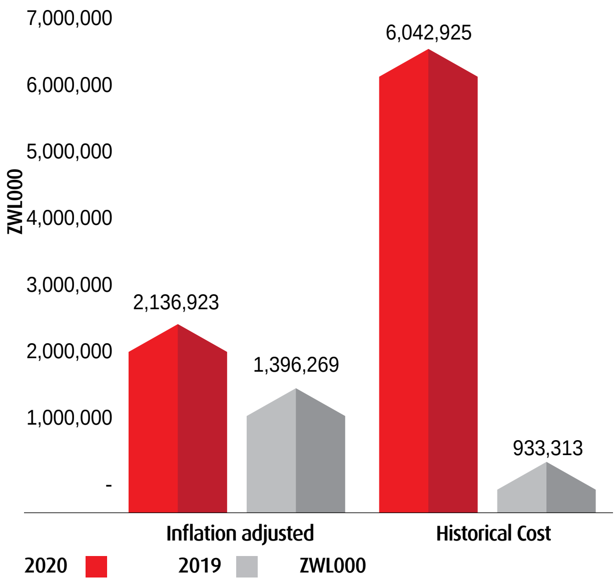




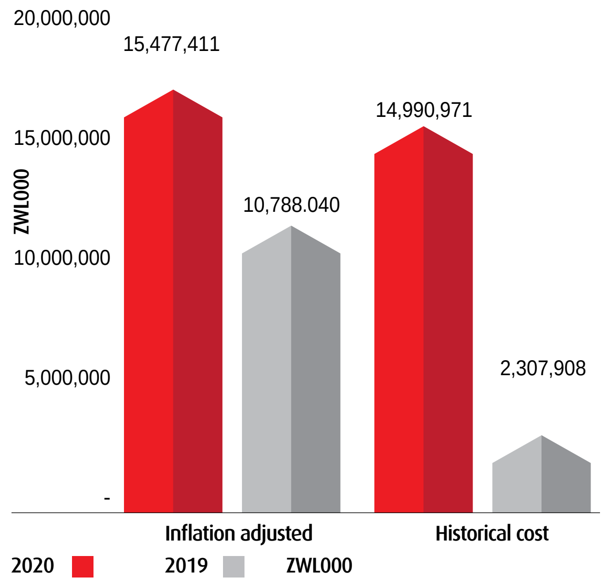


Performance Highlights (continued)

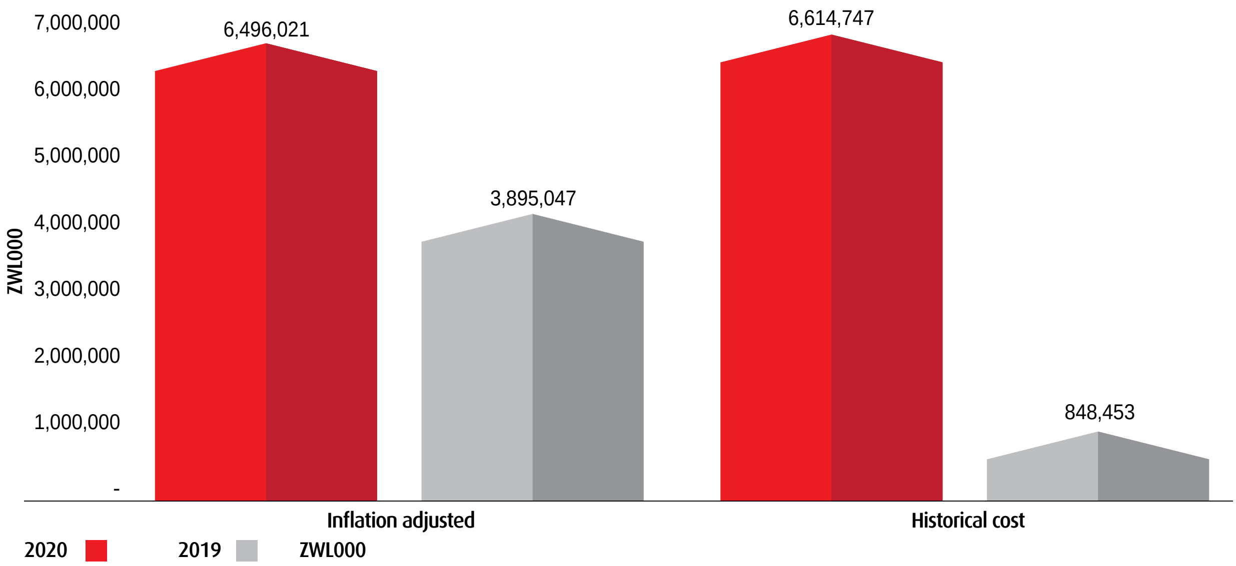
Profit Before Income Tax



Total Assets



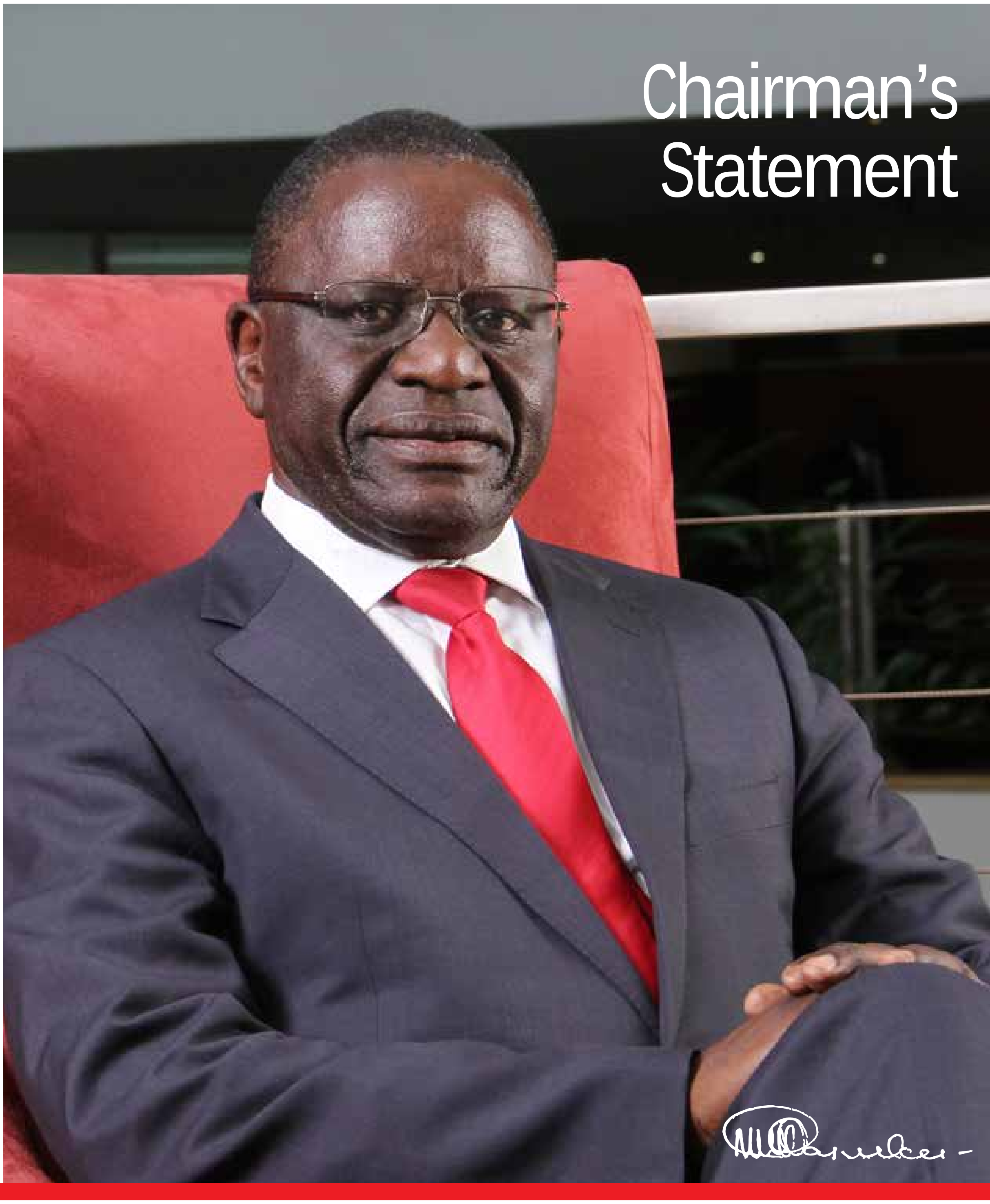
Equity



Share Performance Highlights	Inflation adjusted ZWL			Historical cost ZWL		
	2020	2019	2018	2020	2019	2018
Basic earnings per share (cents)	174	(48)	27	412	48	2
Diluted earnings per share (cents)	173	(48)	(139)	410	48	2
Market price per share (cents)	959	139	75	959	31	12

Sustainability Performance				
Environmental Highlights	2020	2019	2018	2017
Electricity usage (MWh)	2 041	2 141	3 307	3 113
Water consumption:				
Municipal (m3)	93 360	93 364	15 704	16 698

Social Performance Highlights	2020	2019	2018	2017
Total Number of new employees	80	129	52	43
Average hours of training per employee	14.1	27	80	121
Payments to the Government ZWL000	196 292	4 140	3 750	939



"The inflation rate significantly declined in the second half of the year from a year-on-year inflation high of 837.5% in July 2020 to **348.6% by December 2020...**"

ECONOMIC OVERVIEW

The COVID-19 pandemic had a huge and unanticipated impact on the political, social and economic structure of communities across the globe. The Government, like elsewhere in the world, responded with progressive lockdowns to manage the spread of the virus and this had a far-reaching negative impact on the level of economic activity. The Group has not been spared from the effects of the downturn. Like other entities, the Group adjusted its business processes mainly through the use of technology, in order to continue to meet the expectations of its customers and other stakeholders.

Gross Domestic Product initially projected, by the Ministry of Finance and Economic Development to grow by 3% in 2020, was revised downwards and is estimated to have contracted by 4.1%. The negative performance largely stemmed from the lower than anticipated output in the key industries of mining and tourism though this downward trend was moderated by growth in power generation, health, food processing related manufacturing industries and nickel exports as an outlier in the mining sector. Although ZIMRA statistics indicated that Zimbabwe recorded a negative trade balance for 2020, the extent of the deficit was 30% of the average recorded during the United States dollar era. In addition, there were significant inflows from the Diaspora community which resulted in the country achieving a positive capital account for 2020. While foreign currency supplies improved in the second half of the year, the fragility of the exchange rate remains a key risk as the Reserve Bank of Zimbabwe Dutch Auction system for foreign currency has seen settlement delays and indications of a widening rift between the official exchange rate and alternative market rate. Such a situation has the potential to drive rent seeking behaviour that could negatively affect the exchange rate stability currently being experienced. The inflation rate significantly declined in the second half of the year from a year-on-year inflation high of 837.5% in July 2020 to 348.6% by December 2020 and further to 240.6% by March 2021. The slow down in inflation has been supported by the better value retaining capabilities of the local currency which has seen limited forward pricing by stakeholders in industry and commerce.

The Zimbabwe Stock Exchange ("ZSE") All Share Index gained 1,045.9% during 2020, outpacing both inflation and exchange rate movements thereby resulting in real value gains for listed equity asset class holders. The Group has maintained its position that, in times of turbulence, quoted equities remain a viable long-term asset class and will continue to diversify its real assets portfolio with investments in areas such as private equity and property. Prudent asset class selection amongst these real assets is required in the future should the stability of macro-economic variables remain uncertain.

REGIONAL DEVELOPMENTS

The Group acquired, through its subsidiary NicozDiamond Insurance Company Limited, a controlling stake in Diamond Companhia de Seguros ("Diamond Seguros"), a general insurance company incorporated and domiciled in Mozambique, on 24 November 2020 following the completion of a rights offer by that company. Diamond Seguros had been an associate of the Group prior to the attainment of control. The Group is also strengthening its reinsurance operations through a capital raise in Botswana.

FINANCIAL HIGHLIGHTS

In October 2019 the Public Accountants and Auditors Board concluded that conditions for applying Financial Reporting in Hyperinflation Economies (International Accounting Standard (IAS) 29) had been met in Zimbabwe. The historical cost financial results have been restated to take account of changes in the purchasing power of the local currency during the year. Inflation adjusted financial results therefore represent the main financial statements with historical cost financials providing supplementary information.

Comprehensive income highlights

	Inflation adjusted		Historical cost	
	31 Dec 2020 ZWL000	31 Dec 2019 ZWL000	31 Dec 2020 ZWL000	31 Dec 2019 ZWL000
Gross Premium Written (GPW)	5 943 666	5 812 767	4 127 506	565 162
Net Premium Earned	4 174 227	4 259 225	2 916 854	393 392
Rental income	257 406	235 439	174 758	23 288
Investment income	346 255	(1 762 260)	1 464 678	215 025
Profit before income tax	2 136 922	1 396 268	6 042 924	933 314
Profit for the period	2 343 226	123 969	5 263 773	658 181

Financial position highlights

	Inflation adjusted		Historical cost	
	31 Dec 2020 ZWL000	31 Dec 2019 ZWL000	31 Dec 2020 ZWL000	31 Dec 2019 ZWL000
Total assets	15 477 410	10 788 040	14 990 970	2 307 908
Cash generated from operations	1 573 405	457 912	887 061	192 860

Share performance

	Inflation adjusted		Historical cost	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Market price per share (cents)	959	139	959	31
Basic earnings per share (cents)	174	(48)	410	48

Chairman's Statement (continued)

"The Group's total assets appreciated in value by 43% at 31 December 2020..."

FINANCIAL PERFORMANCE

Statement of comprehensive income

Gross Premium Written ("GPW") at $5.9 billion grew by 2% in inflation adjusted terms as a result of organic growth on the existing portfolio and the continuous revaluation of insurance policy values in line with inflation to ensure clients had adequate cover.

Rental income for the year amounted to $257 million and was ahead of prior year by 9%. The real growth, relative to prior year, was due to quarterly rental reviews and increases in occupancy rates in retail and residential properties.

The Group achieved investment income of $346 million for the year under review compared to an investment loss of $1.8 billion in 2019. The investment gains were driven by fair value gains on listed and unlisted equities in line with the general performance of the ZSE Industrial Index.

Statement of financial position

The Group's total assets appreciated in value by 43% at 31 December 2020 compared to 31 December 2019. The increase is mainly attributable to the fair value adjustment on investment properties and listed equities as well as revaluation of net foreign currency denominated assets.

SUSTAINABILITY

The Group remains committed to upholding sustainability principles in all business activities. Despite the challenges created by the COVID-19 outbreak, embedding sustainability enabled us, through a proactive mindset, to cope with future challenges. We remain committed to providing sustainable financial services which are responsive to emerging trends of risks and challenges faced by our clients. In the last quarter of the year, the Group commenced the process to implement a solar powered energy solution for our head office in Harare. While the COVID-19 pandemic may have created unforeseen challenges, the Group remains optimistic of opportunities for business growth.

FIRST MUTUAL IN THE COMMUNITY

Despite the difficult operating environment fuelled by the COVID-19 pandemic, First Mutual continues to actively contribute to the community in which we operate. We contributed to the national effort to mitigate the

Chairman's Statement (continued)

impact of COVID-19 on vulnerable members of the community. In addition, we continue to provide educational assistance to selected children in need from primary school to tertiary level through the First Mutual Foundation and the First Mutual Reformed Church University Scholarship based on humanitarian need and academic merit. The Group is also playing a key role in equipping university students with financial literacy education through its Future First programme and providing support to cancer awareness programs. Donations of non-perishable goods and clothing have been made to selected charitable organisations through our Employee Corporate Social Responsibility initiative.

OUTLOOK

The Ministry of Finance and Economic Development is projecting that the economy will rebound with a growth of 7.4% expected in 2021 supported by recovery of the agriculture sector and monetary and fiscal stability.

A globally sustainable vaccination programme is expected to slow down the impact of COVID-19 and facilitate the opening up of economies across the globe. There are currently several vaccines that have been developed and the Government received several consignments as part of the public vaccination programme.

The Group will leverage on its diverse business portfolio, strategic partnerships, as well as its regional footprint to sustain a positive growth trajectory into the future.

DIRECTORATE

In line with the principles of good governance that require periodic rotation of directors and board revitalisation, Mr Oliver Mtasa stepped down as a director and Chairman of the Board with effect from 7 August 2020.

Mr Mtasa had been a board member since 2012 and Chairman of the FMHL Group since 2014. He oversaw significant growth in the Group both organic and through acquisition and integration of a key SBU, NicozDiamond Insurance. The Group benefitted immensely from his wise and professional leadership.

Mrs Daphine Tomana, a non-executive member of the board resigned with effect from 1 August 2020. Mrs Tomana had served the Board since July 2018.

I would like to convey the Board's heartfelt appreciation to Mr Mtasa and Mrs Tomana for their dedication, professionalism, hard work and invaluable contribution to the Group.

I was appointed as Chairman of the First Mutual Holdings Limited Group Board with effect from 7 August 2020.

DIVIDEND

On 4 May 2021, the Board resolved that a final dividend of $50 million, being 6.88 cents per share be declared from the profits of the Group for the year ended 31 December 2020. This brings the total dividend for the year to $70 million, being 9.63 cents per share. The dividend will be payable on or about 25 June 2021 to all shareholders of the Company registered on close of business on 18 June 2021. The shares of the company will be traded cum-dividend on the ZSE up to 15 June 2021 and ex-dividend as from 16 June 2021.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to our customers, regulators and other stakeholders for their support during the year under review. We especially appreciate the commendable efforts by employees in executing their duties during the current difficult COVID-19 environment. Finally, I wish to thank my fellow board members for their support, as well as open and honest contributions.

Amos R T Manzai
Chairman

4 May 2021

Group Chief Executive Officer's Review Of Operations

The Group's solid balance sheet, coupled with robust strategies, are expected to deliver sustainable growth and value creation for all our stakeholders.

Group Chief Executive Officer's Review Of Operations (continued)

The Group has remained focused on delivering its promise on the core pillars of risk management, wealth creation and wealth management. Economic developments and policy pronouncements during the year, as highlighted in the Chairman's statement, had an impact on the operations of the Group but through initiatives such as product innovation, service excellence and strategic partnerships, we were able to mitigate against the loss of value for our stakeholders.

OPERATIONS REVIEW

The commentary below relates to the unconsolidated performance of each subsidiary, unless stated otherwise.

LIFE AND PENSIONS BUSINESS

First Mutual Life Assurance Company (Private) Limited

GPW decreased by 38% to $523.3 million partly due to below inflation adjustments to basic salaries that drive the Employee Benefits (pensions and group life assurance) division. Revenue growth was also negatively affected by the slow pace in increasing life cover amounts in the individual life division. The company adjusted its operating structure to align to changing market preferences and continued to invest in the funeral services unit. In March 2020, the Insurance and Pension Commission (IPEC) issued a Guideline for the conversion of insurance and pension values in response to the currency reforms implemented by Government during the period from October 2018 to June 2019. The Guideline was implemented under Statutory Instrument 69 of 2020. One of the effects of the Guideline was that it obligated the company to transfer $187 million to policyholders under the Funeral Cash Plan (FCP) at 31 December 2018. While this transfer was outside the existing contractual provisions with these FCP policyholders, the company provisionally effected them to enhance the value proposition for customers that have supported the business. The transfer contributed to the diminished performance during the year.

HEALTH BUSINESS

First Mutual Health Company (Private) Limited

On an inflation adjusted basis, the GPW grew by 23% to $2 billion mainly due to increases in ZWL member contributions as the company sought to reduce shortfalls and align tariff rates to inflation and thus reduce shortfalls. The company also experienced growth in foreign currency denominated premiums which tend to have lower shortfalls. The claims ratio decreased from 76.64% to 73.12% owing to limited access to some discretionary procedures such as dental treatment during the lockdowns. Membership declined from 144,255 members in December 2019 to 131,196 members by December 2020 indicating the negative impact of the COVID-19 pandemic on the capacity of some clients to continue paying for membership.

SHORT-TERM INSURANCE BUSINESS

NicozDiamond Insurance Limited

GPW grew by 3% to $1.4 billion driven by asset revaluations to protect clients against insurance value erosion by inflation and organic growth within the existing portfolios. The claims ratio declined to 35% (2019: 50%) due to COVID-19 induced lockdowns that restricted movement and hence lower claims incidences.

Diamond Seguros

Diamond Seguros migrated from an associate to a subsidiary following the completion of a recapitalisation exercise in 2020. GPW grew by 20% in 2020 as a result of improved broker business due to improved confidence after recapitalisation of the business. The claims ratio at 20% was lower than the comparative period of 33% due to the lockdowns. The business turned around from a loss position of USD135,000 in 2019 to a profit of USD153,000 in 2020. The company has embarked on a rights issue in 2021 to raise approximately US$900 000 capital to meet the enhanced regulatory minimum capital requirements. The Group intends to follow its rights and underwrite the capital raise.

REINSURANCE BUSINESS

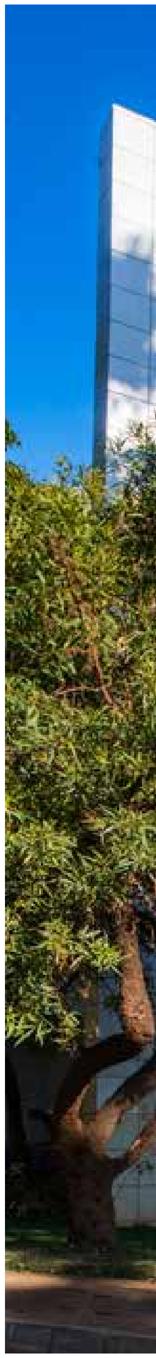
First Mutual Reinsurance Company Limited - Zimbabwe

GPW decreased by 48% to $365.5 million mainly due to increased retention levels by cedants following the introduction of the Zimbabwe dollar as the sole currency in June 2019. The adjustment of this policy in July 2020 to permit the payment for goods and services in local and foreign currency led to an increase in USD policies which led to more business for reinsurers in the second half of the year. The claims ratio deteriorated to 64% in 2020 from 52% in 2019 due to more prudent provisioning for future claims.

FMRE Property and Casualty (Proprietary) Limited - Botswana

GPW grew by 10% to $1.2 billion in 2020. The growth was 15% in Botswana Pula terms, at BWP177.4 million, driven by improved local and international treaty participation and growth of specialist lines of business under the casualty segment. The claims ratio was maintained at 41% in 2020 as was the case in 2019.

Group Chief Executive Officer's Review Of Operations (continued)



PROPERTY AND WEALTH MANAGEMENT BUSINESSES

First Mutual Properties Limited

Revenue marginally increased by 2% to $265.7 million in 2020. The growth was due to rental reviews in line with the inflationary environment and increase in the occupancy rates from 85.70% in 2019 to 87.67% in 2020. Independent investment property valuations as at 31 December 2020 resulted in increases in the investment property portfolio value.

First Mutual Wealth Management (Private) Limited

Investment fees decreased by 35% to $16 million in inflation adjusted terms mainly due to the below inflation performance in the first quarter of 2020 of some components of funds under management. This had a negative impact on monthly fee income at the beginning of the year. During the period, the business made significant strides in attracting third-party funds and this trend is expected to continue in the future.

SUSTAINABILITY

The COVID-19 pandemic had a severe impact on many businesses and the emotional wellbeing of communities in our nation. The first priority was the adoption of a proactive COVID-19 mitigation strategy in the Group to protect the safety of our employees and stakeholders. We invested in remote working and provided psychosocial support as necessary to manage the financial and social challenges that the pandemic created for our staff. We believe our sustainability strategy was instrumental in providing the necessary resilience and actions to minimise the impact on our business. We remain optimistic of new growth opportunities from reimagining future sustainable financial services.

HUMAN CAPITAL

We believe that investment in human capital is essential to achieve our business strategy Therefore, we continue to invest in talent and human capital retention and development through various programmes which include migrating towards online platforms in response to physical distancing measures which are expected to continue for the foreseeable future.

CORONAVIRUS PANDEMIC

There has been global disruption in supply chains and increase in cost of doing business due to the pandemic. The Group will retain resources to respond as necessary to the impact of the pandemic.

We express our sympathy to the victims of the pandemic and their families. First Mutual is doing everything it can to protect the health of its clients, staff members and their families by adhering to the safety measures as detailed by the World Health Organisation and the Ministry of Health and Child Care.

LOOKING AHEAD

The Group's solid balance sheet, coupled with robust strategies, are expected to deliver sustainable growth and value creation for all our stakeholders, despite a turbulent operating environment and the pandemic. We have confidence in the country's medium-term economic prospects and will thus continue to invest in core businesses and complementary areas. Key developments during 2021 will include the recapitalisation of our insurance subsidiary in Mozambique, Diamond Seguros, to meet regulatory capital requirements and capacitating it to underwrite health insurance business. Furthermore, First Mutual Health has embarked on a forward integration strategy whose initial phase is to expand the clinic network and open pharmacies through partnership arrangements. This will enable First Mutual Health to better control the value chain, compliment the suppliers and increase business competitiveness. The completion of the foreign capital raise for the reinsurance units will lead to increased revenue and presence in the region and enhance opportunities for further strategic alliances.

APPRECIATION

I would like to thank all our stakeholders for the continued trust you have placed in the First Mutual Group. We remain a reliable partner, more so in these challenging times, and will continue to Go Beyond as we strive to exceed your expectations.

Douglas Hoto
Group Chief Executive Officer

4 May 2021


FIRST MUTUAL PARK

Board of Directors

A R T Manzai
Independent Non-Executive Chairman

BA Hons Economics (Dunelim, UK), CA (Z)

Douglas Hoto
Group Chief Executive Officer (Executive)

Fellow of the Institute of Actuaries (UK & SA)
BSc Hons Mathematics (UZ)

William Munyaradzi Marere
Group Finance Director (Executive)

B.Com (UNISA), CA (Z), Hons B.Compt (UNISA)

Gareth Baines
Independent Non -Executive Director

MBA (UCT), BSc-Finance (UCT), IRSMA (SA)

Samuel Vengai Rushwaya
Independent Non -Executive Director

BSc (Hons) Sociology (London), Dipl. Training Management.

Evlyn Mkondo
Independent Non -Executive Director

B. Acc (UZ), CA (Z)

Memory Mukondomi
Independent Non -Executive Director

Executive MBA (NUST), B.Sc. – Acc. and Finance (CUT)

Elisha Moyo
Independent Non -Executive Director

PhD Candidate (UZ), MBA (UZ), LLB. Hons (UZ)

Executive Committee Members

Douglas Hoto
Group Chief Executive Officer

Christopher K Manyowa
Managing Director
First Mutual Properties Limited

Stanford Sisya
Managing Director
First Mutual Health Company (Private) Limited

David Nyabadza
Managing Director
NicozDiamond Insurance Limited

Sheila Lorimer
Group Company Secretary

Joseph Mhlabi
Chief Risk Officer

Farayi Mangwende
Group Marketing and Strategy Executive

William M Marere
Group Finance Director

Ian C Tavonesa
Managing Director
First Mutual Reinsurance
(Private) Limited

Ruth Ncube
Managing Director
First Mutual Life Assurance
Company (Private) Limited

Thomas Mutswiti
General Manager
First Mutual Wealth
Management (Private) Limited

Max Ncube
General Manager
First Mutual Microfinance
(Private) Limited

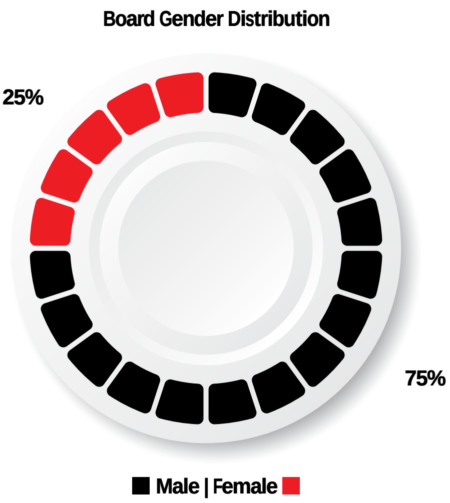
Bianca Pasipanodya
Group Information &
Communication Technology
Executive

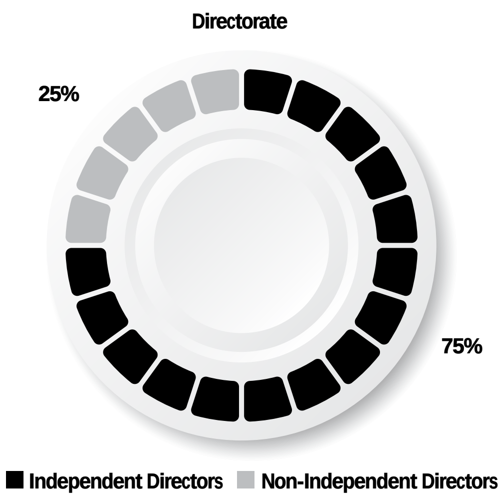
Jabulani Mbengo
Group Internal Audit Executive

Pfungwa Dhliwayo
Group Human Resources
Executive

Fanuel Tirihumwe
Group Business Development
Manager

Corporate Governance





Group Senior Management

• Douglas Hoto	Group Chief Executive Officer
• Christopher K Manyowa	Managing Director - First Mutual Properties Limited
• Stanford Sisya	Managing Director - First Mutual Health Company (Private) Limited
• David Nyabadza	Managing Director - NicozDiamond Insurance Limited
• Ian C Tavonesa	Managing Director - First Mutual Reinsurance (Private) Limited
• Ruth Ncube	Managing Director - First Mutual Life Assurance Company (Private) Limited
• Thomas Mutswiti	General Manager - First Mutual Wealth Management (Private) Limited
• Max Ncube	General Manager - First Mutual Microfinance (Private) Limited
• Sheila Lorimer	Group Company Secretary
• Joseph Mhlabi	Chief Risk Officer
• Farayi Mangwende	Group Marketing and Strategy Executive
• William M Marere	Group Finance Director
• Bianca Pasipanodya	Group Information & Communication Technology Executive
• Jabulani Mbengo	Group Internal Audit Executive
• Pfungwa Dhliwayo	Group Human Resources Executive
• Fanuel Tirihumwe	Group Business Development Manager

Corporate Governance (continued)

Governance

The Group is committed to the principles of good corporate governance based on best global practice. The directors recognise the need to conduct the business of the Group with integrity and following generally accepted corporate practices to safeguard stakeholders' interests. The Board and management believe the governance systems and practices in place are appropriate for the Group and are essentially in line with the National Code on Corporate Governance Zimbabwe (ZIMCODE). In light of the legal developments in Zimbabwe, the Group is reviewing and realigning its governance practices with the New Companies and Other Business Entities Act (24:31) and SI134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.

Code of corporate practices and conduct

The Group is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Furthermore, all employees are required to observe the Group's Code of Ethics. The Group is a subscriber to an independently managed fraud hotline system.

Board Structure

Board composition and appointment

The Board of Directors is chaired by an independent non-executive director and comprises six other non-executive and two executive directors. The Board enjoys a strong mix of skills and experience which include finance, business, legal, actuarial science, economic and accountancy. The Board is the primary governance organ whose role is to determine overall policies, plans and strategies of the Group and to ensure that these are implemented ethically and professionally.

The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans. Special Board meetings may be convened on an ad-hoc basis when necessary, to consider issues requiring urgent attention or decision. The Company Secretary maintains an attendance register of Directors to all scheduled meetings during the year through which Directors can assess their devotion of sufficient time to the Group.

The Board has overall responsibility for ensuring the integrity of the Group's accounting and financial reporting systems including the independent audit, and that appropriate systems of control, risk management and compliance with laws are in place. To ensure effectiveness, Board members have unfettered access to information regarding the Group's operations which is available through Board meetings, and Board Committees as well as Strategic Planning workshops organised by the Group. Directors may, at the Group's expense, seek independent professional advice concerning the Group's affairs.

The Board appointments are made to ensure a variety of skills and expertise representation on the Board. A third of the Directors are required to retire on a rotational basis each year along with any Directors appointed to the Board during the year. Executive directors are employed under performance-driven service contracts setting out responsibilities of their particular office. Summarised on page 25 are the board structure and the members of the various board committees and the responsibilities of each committee.

Stakeholder communication systems with the board

The Group avails various platforms of communication between our Board of Directors and stakeholders. The channels of communication include the annual general meeting, notices to shareholders and stakeholders, press announcement of interim and annual reports, investor briefings, annual reporting to shareholders, and the exercise of shareholders through proxy forms. We have online platforms where we cascade operational, financial and sustainability information which is easily accessible to our stakeholders.

Active ownership

The Group has shares in various companies, therefore takes an active responsibility of being a responsible investor. We participate in annual general meetings and voting in a way that is reflective of being a responsible investor and active owner. Our voting patterns are guided by the Investment Committee.

Corporate Governance Directorate (continued)

Directors' declaration & ethical conduct

In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a "closed period" before the publication of its interim and year-end financial results during which period executive and non-executive directors and staff of the Group are not authorised to deal in shares of the Group.

During the year under review, no directors had any material interests which could cause a significant conflict of interest with the Group's objectives. The beneficial interests of the Directors and their families in shares of First Mutual Holdings Limited are presented on Page 27.

Share dealing

Directors, management and all Group staff are not permitted to deal directly or indirectly in the shares of the Group of companies during:

- The period from the end of the interim or annual reporting periods to the announcement of the interim and annual report results
- Any period when they are aware of any negotiations or details which may affect the share price or
- Any period when they have information, the effects of which might affect the share price.

Executive Directors' remuneration

In a rapidly evolving remuneration landscape, we pay great attention to the concerns of stakeholders on executive pay. We continuously assess existing and emerging views on remuneration and ensure these are reflected in our remuneration design. The remuneration structures at First Mutual Holdings are designed to attract and retain talent at all levels.

The remuneration packages are geared to the employee's level of influence and role complexity. Currently, our remuneration policies are not linked to any sustainability criteria, but we intend to change this as we progress in our sustainability journey. The remuneration packages for the Group's Executive Directors are determined by the Group Human Resources and Governance Committee.

Board accountability and delegated functions

The Board is supported by various Committees in executing its responsibilities. The main Committees meet at least quarterly to review performance and provide guidance to management on both operational and policy issues.

Each Committee acts within written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board monitors the effectiveness of controls through reviews by the Combined Audit and Actuarial Committee and an independent assessment by the independent auditors. The Group from time to time reviews the number of Committees as necessitated by the prevailing environment.

Board Committees

Committee	Members	Summary of Roles & Responsibilities
Combined Audit and Actuarial Committee	E Mkondo (Chairperson) A Makonese N Dube M Mukondomi	The Combined Audit and Actuarial Committee has written terms of reference and is tasked with ensuring financial discipline within the Group, sound corporate values and financial procedures. This Committee is further tasked with reviewing and recommending for adoption by the Board the interim and annual financial statements of the Group. The Committee also recommends the appointment and reviews the fees of the independent auditors. In respect of actuarial work, the Committee is tasked with protecting policyholders' interests by: • ensuring separate accounting for the assets of policyholders and shareholders of the insurance companies in the Group; • devising and ensuring adherence to profit participation rules; and • reviewing actuarial valuation reports and monitoring implementation of the recommendations.
Group Human Resources And Governance Committee	S V Rushwaya (Chairperson), O Mtasa (resigned) E K Moyo A R T Manzai	This Committee comprises three (3) non-executive directors of First Mutual, one of whom is the Chairperson. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives. The Committee is responsible for reviewing and assessing organisational structure in line with the Strategy and make recommendations to the Board. The Committee reviews recruitment procedures and strives to ensure that remuneration packages remain competitive. The Committee acts as a Nominations Committee for Directors to Boards in the Group of Companies and, also, the Committee considers wider corporate governance issues and related party transactions. The Committee has responsibility for drafting the remuneration policy. This draws on local and regional survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.
Group Investments Committee	A R T Manzai (Chairperson), O Mtasa (resigned) Dr A Chidakwa	This Committee comprises three (3) non-executive directors (one of whom is the Chairperson). The Group Chief Executive Officer and Group Finance Director attend in ex officio capacities. The Committee formulates investments strategy and policy, reviews the performance of investments within the Group and recommends new investments for approval by the Board. The Committee assists the Board in reviewing the implementation of its investment policies and ensures that portfolio management is conducted following the Group's policies
Group Risk Committee	G Baines (Chairperson), E K Moyo M Mukonoweshuro J Katurura	This Committee comprises three (4) Non-Executive Directors of First Mutual Holdings Limited. There is currently a vacancy on this committee. The Committee reviews Group's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risk's aspects of proposed strategic transactions. The Committee liaises with other Board Committees as necessary.
Strategic Direction Committee	A R T Manzai (Chairperson), O Mtasa (resigned) G Baines	The Committee advises the Board on matters which are of strategic importance to the Group. Without limiting the generality of the foregoing, the Committee is established to: a. Consider and assess proposed strategic transactions including acquisitions, disposals or other significant corporate actions; b. Ensure that due diligence appraisal of propositions is undertaken; c. Seek independent external advice where appropriate and available; d. Make recommendations on the appointment of transaction advisors; e. Work with and liaise as necessary with other Board Committees; f. Ensure that the Board is kept apprised of material developments in relation to all projects under the purview of the Committee. In so doing, the Committee shall exercise independent judgment with a view to promoting the success of the company for the benefit of its shareholders as a whole, having regard to, among other things, the long-term consequences of any decision, the interests of the company's stakeholders, the impact on the community and the environment and the need to act fairly as between shareholders of the company.

Board Committees (continued)

Committee Meeting Attendance

Director	Main Board (10 meetings)	Risk Committee (4 meetings)	Investments Committee (4 meetings)	Human Resources & Governance committee (11 meetings)	Combined Audit & Actuarial Committee (8 meetings)	Strategic direction Committee (3 Meetings)
D Hoto*	10	4	4	11	8	3
W M Marere*	10	4	4	11	8	3
A R T Manzai	9	-	4	3	-	3
G Baines	9	3	-	-	1	3
E Mkondo	10	-	-	-	8	-
E K Moyo	9	4	-	8	-	-
M Mukondomi	8	-	-	-	6	-
S V Rushwaya	10	-	-	11	3	-

*Executives attend on invitation

Compliance Matters & Declarations

The Group is committed to complying with applicable legal, regulatory and industry standards and will always seek to do what is lawful and right. Whenever the Group joins membership or adopts best practices that bring mandatory or voluntary obligations, constructive effort is made to ensure the Group complies with such commitments.

During the year, great effort was made to comply with regulations relating to the following:
- Institute of Actuaries Zimbabwe ("IAZ");
- Insurance and Pension Commission ("IPEC");
- Public Accountants and Auditors Board Zimbabwe ("PAABZ") – Pronouncements;
- Real Estate Institute of Zimbabwe ("REIZ");
- Securities and Exchange Commission of Zimbabwe ("SECZIM");
- The Companies and other Business Entities Act (24:31);
- Zimbabwe Stock Exchange – Listing Requirements;
- Botswana Companies Act (20030);
- Malawi Companies Act (40:03);
- Mozambique Companies Act (commercial code10/2006 4th edition);
- All other applicable laws, regulations and directives.

Directors Report

First Mutual Holdings Limited is the parent of subsidiaries that provide life and funeral assurance, non-life insurance (comprising general insurance, healthcare insurance, reinsurance), microfinance and funeral services, property management and development and asset management services:

Subsidiary and the services provided

1. First Mutual Life Assurance Company (Private) Limited
   Life assurance, funeral assurance, employee benefits

2. First Mutual Health Company (Private) Limited
   Health insurance

3. NicozDiamond Insurance Limited
   Short-term insurance

4. Diamond Companhia de Seguros
   Short-term insurance

5. First Mutual Reinsurance Company Limited
   Short-term general reinsurance and life and health reinsurance

6. FMRE P&C (Proprietary) Limited
   Short-term reinsurance

7. First Mutual Wealth Management (Private) Limited
   Fund management

8. First Mutual Properties Limited
   Property ownership, management and development

9. First Mutual Wealth Property Fund One (Private) Limited
   Property ownership

10. First Mutual Microfinance (Private) Limited
    Micro lending

11. First Mutual Funeral Services (Private) Limited
    Funeral services

Share capital

As at 31 December 2020, the authorised and issued share capital of the Company is as follows:

- Authorised - 1,000,000,000 (2019: 1,000,000,000) ordinary shares with a nominal value of ZWL0.001 each; and
- Issued and fully paid – 726,836,430 (2019: 723,443,577) ordinary shares with a nominal value of ZWL0.001 each

Group results

The financial statements of the Group for the year are set out on pages 58 to 161.

Directors

Mr G Baines, Mr E K Moyo and Mr S V Rushwaya retire as directors of the Company in terms of Article 106 of the Articles of Association and, being eligible, offer themselves for re-election.

Mr F Mabhena, Mr M Mangoma and Mrs A Masiiwa, who were appointed during the year, also retire and, being eligible, offer themselves for re-election in terms of Article 113.

Capital commitments

Details of the Group's capital commitments are set out in note 30.1.2 of the financial statements.

Dividend

The directors at the meeting held on 4 May 2021 declared a final dividend of ZWL50 million be paid from the profit of the Group for the year ended 31 December 2020. This brings the total dividend for the year to ZWL70 million.

Director's shareholding in the Company as at 31 December 2020

Director	Designation	Direct interest	Share options
A R T Manzai	Chairman		
D Hoto	Group Chief Executive Officer	500 290	540 490
W M Marere	Group Finance Director	10 000	946 459
E K Moyo		924	-
E Mkondo (Ms)		-	-
M Mukondomi (Mrs)		-	-
G Baines		-	-
S V Rushwaya		10 100	-

Remuneration

Non-executive directors' remuneration is subject to shareholder approval.

Independent auditors

At the forthcoming Annual General Meeting, shareholders will be asked to fix the remuneration of the independent auditors for the past year and appoint independent auditors for the Group for the ensuring year.

By Order Of The Board

Mr A R T Manzai
Group Chairman
Harare
4 May 2021

Mrs S F Lorimer
Group Company Secretary
Harare
4 May 2021

Directors Statement of Responsibility

31 DECEMBER 2020

The Group's independent auditors, Ernst & Young (EY) Chartered Accountants (Zimbabwe), have audited the financial statements and their report is set out on pages 52 to 57.

The Directors of the Group are responsible for maintaining adequate accounting records and for the preparation of financial statements that present fair and accurate information.

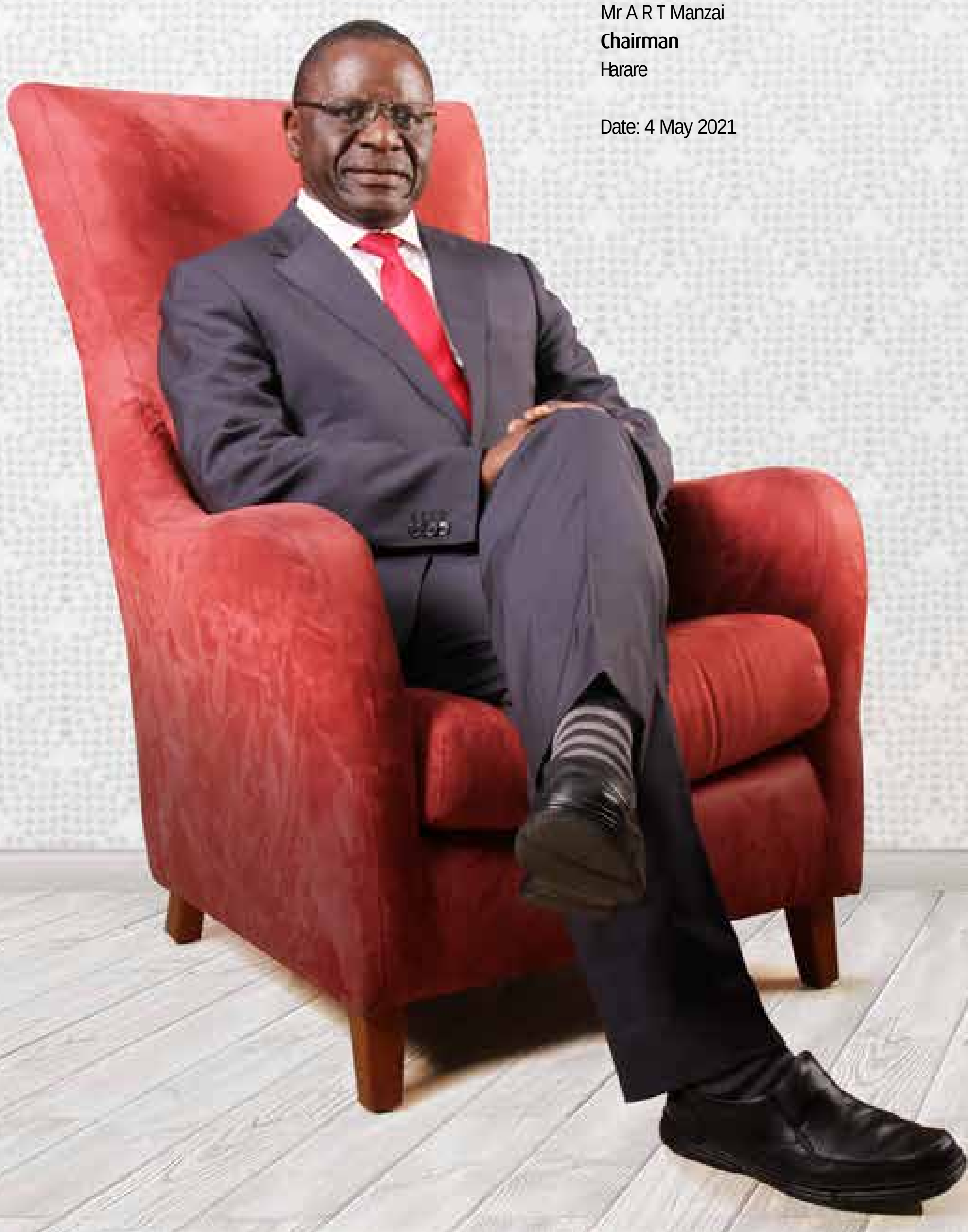
In discharging this responsibility, the Group maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are executed and recorded following Group policies.

The Directors have satisfied themselves that all the subsidiary companies in the Group are in a sound financial position and have adequate resources to continue in operational existence for the foreseeable future.

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

Mr A R T Manzai
Chairman
Harare

Date: 4 May 2021



Certificate of Compliance by Group Company Secretary

31 DECEMBER 2020

In my capacity as Group Company Secretary of First Mutual Holdings Limited and its subsidiary companies, I confirm that in terms of The Companies and Other Business Entities Act (Chapter 24:31), the Company lodged with the Registrar of Companies all such returns as are required of a public quoted company in terms of this Act, and all such returns are true, correct and up to date.

S. F. Lorimer (Mrs)
Group Company Secretary
Harare

Date 4 May 2021

SUSTAINABILITY

SUSTAINABILITY APPROACH

Sustainability is embedded throughout all our business operations as a responsible finance services company. Our finance services and investments are stimulated by innovation, risk taking, impacts and long-term focus which is important for sustainable economic growth and development. This recognition guides our sustainability strategy enabling us to 'Go Beyond' hedging financial risks but also the associated social and environmental impacts. In line with this agenda, we adopted the Global Reporting Initiative ("GRI") Standards to enable us to take real action on the sustainability issues important to our stakeholders and the nature of our business.

Our approaches are anchored by materiality principles as guided by the GRI standards. It ensures we identify and manage the significant risks and opportunities that drive performance across our business and stakeholders. Sustainable wealth, customer centricity, employee engagement and operational efficiency are key elements of our strategy.

The levers for sustainability at First Mutual Holdings Limited.

SUSTAINABILITY APPROACH (continued)

STAKEHOLDER ENGAGEMENT

Our business activities impact many people, which is why engaging them is strategic to our business strategy. Through dialogue, we communicate our decisions and actions transparently to our stakeholders while being responsive to their material interests. We integrate their diverse interests and expectations into how we relate with them. The engagement process gives us a broad appreciation of the sustainability context in our operating environment. This enables us to identify material risks and business opportunities.

Our Approach

Our stakeholder engagement is designed to profile stakeholders to understand their legitimate interests in our business, products and services. The process provides us with critical information to assist in designing the most appropriate engagement strategies, frequency of engagement and response mechanism to each stakeholder group. Management ensures that stakeholder engagement outcomes are analysed to help identify potential risks and opportunities. Further, develop best ways to respond to any material concerns and improve the way the business operates.

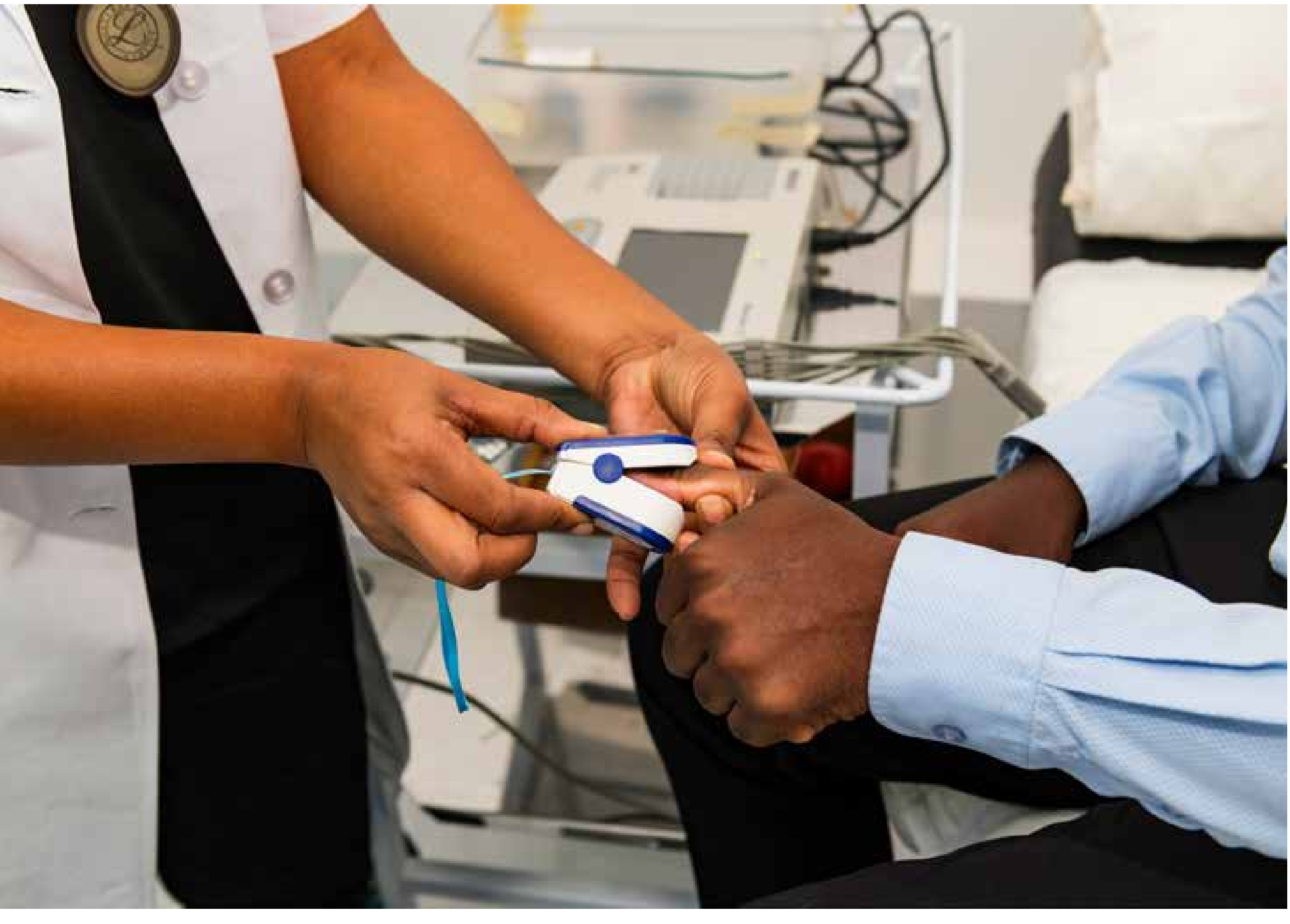
Stakeholder Profiling

The business identifies stakeholders impacted by our products and services whether directly or indirectly. We assess the level of impact created by the stakeholders now and into the future. This provides us with critical information on which stakeholders to prioritise to engage.

Key stakeholder groups

The philosophy of the company is to treat stakeholders as business partners who have a strategic role in providing insights into potential business risks and opportunities. These stakeholders help identify internal and external impacts, hence categorising them between

- Internal (Employees and Investors); and
- External Stakeholders (Customers, government, regulators, suppliers, and communities).



SUSTAINABILITY APPROACH (continued)

Our stakeholder engagement activities for the year are presented below:

Stakeholder	Key issues and concerns raised	FMHL Response to issue	Engagement method
Employees	Remuneration Shortfalls on medical aid Mental health issues in line with COVID-19	Cost of living adjustments Performance based incentives Recalibration of employment Employee wellness initiatives Team building exercises Awareness training on mental health	GCEO staff addresses Employee values and engagement surveys Departmental meetings Group emails or memos Works Council meetings Awareness emails
Customers	Shortfalls on medical aid Improvement of claims processing Product knowledge and information Drug shortages	Revision of reimbursement levels Real time biometric and auto adjudication process and Securing biller codes Increased marketing initiatives including social media marketing Client wellness programmes First Mutual funded critical drugs programme Support for COVID-19 affected members, through access to drugs and home visits	Adverts on all forms of media Focus Groups Conferences and presentations Fairs and exhibitions
Government & Regulators	Business acquisitions Capital requirements for insurance businesses Quarterly reporting for the ZSE Settlement of foreign obligations COVID-19 impact on reporting timelines	Obtaining all regulatory approvals Recapitalisation plans IFRS compliant quarterly reports Going Beyond statutory requirements, Extension of reporting deadlines Dialogue with all regulators due to COVID-19 induced lockdowns	Face to face meetings Lobbying through industry bodies Engagement with regulators though brokers, advisors, bankers and others
Suppliers	Late payment processing	Advance payments and deposits Real time biometric and auto adjudication process	Supplier meetings emails Telephone communications Newspaper updates
Shareholders and Potential Investors	Dividends Ability to attract investments (blue-chip status) Increasing market presence	Payment of consistent dividends Acquisitions and organic growth Presentation for financial statements to stakeholders	Annual reports Quarterly financial reports Annual General Meeting Cautionary statements Analysts briefing
Local communities	Need for more sponsorship and capacitating local communities Higher health cases of lifestyle disease like Hypertension, High Blood Pressure	First Mutual Foundation funding Health Awareness programmes such as Zumba, marathons and health awareness Financial literacy trainings	First Mutual Marathon Corporate Social Responsibility activities COVID-19 Awareness campaigns
Credit Rating Companies	Increase to competitive levels of capital	Recapitalisation of subsidiaries	Credit rating evaluation

SUSTAINABILITY APPROACH (continued)

Reporting Practice

First Mutual Holdings Limited reports on an annual basis for public disclosure by integrating financial and non-financial information. The report covers Key Performance Indicators (KPIs) deemed material to the Group and stakeholders.

Reporting Boundaries

In defining the report boundaries for this report, First Mutual Holdings Limited focused on material impacts from significant operations in Zimbabwe.

Report Data

The Group used quantitative, qualitative data and information to explain performance on material topics in this report. This information was extracted from company records, policies and employees responsible for the subject matter areas.

Report Period

The reporting period for the Group spans over a 12 months period from 1 January to 31 December each year.

Report Declaration

Management declares that this report was prepared in accordance with applicable GRI Standards – 'Core' option.

Materiality

The Group's approach to materiality assessment for this report was based on analysing the business operating environment, similar companies in our industries and key stakeholder concerns. The Group identified material issues considered significant in the context of the Group's operations and those deemed important to our stakeholders. This process carried out through a survey.

Materiality Process

Material topics were identified from the issues raised by our stakeholders during the reporting period and those expected from and reported by similar businesses in our industry. Management and external consultants assisted us in narrowing down the key issues for the business by assessing the significance of the topics to the business strategy and the gravity of the issues to the stakeholders.

Below are materials issues identified by category.

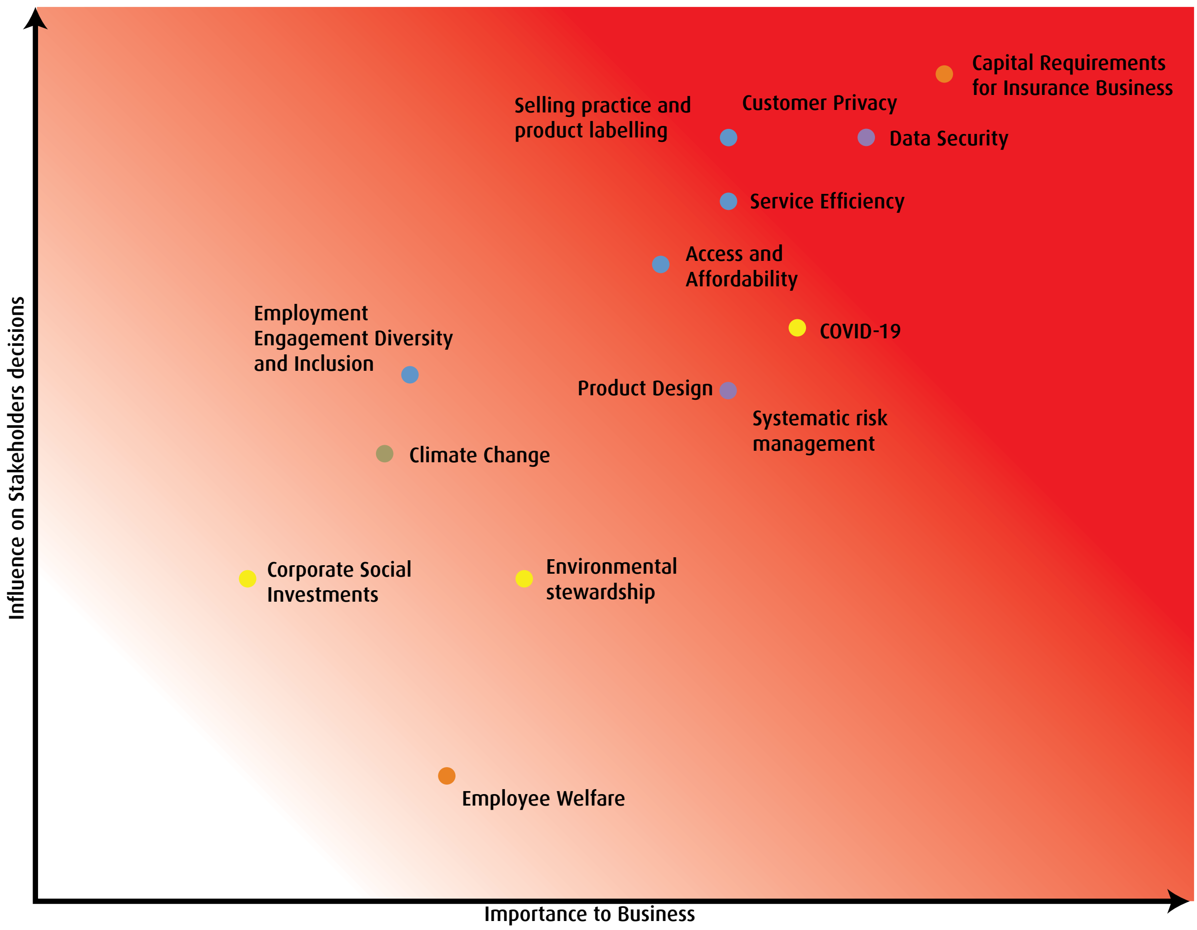
Customer and Community Centricity	Economic Value Creation
Service efficiency Customer Privacy Data Security Access and Affordability Selling practices and Product labelling Corporate Social Investments	Product Design Systemic Risk Management Capital Requirements for Insurance Business
Human Capital	**Environmental Efficiency**
Employee engagement, diversity and inclusion Employee welfare COVID-19	Climate Change Environmental stewardship

Prioritisation

Our Senior executives and management ranked the identified topics according to the importance of the topics in the achievement of the business strategies and their influence on the decisions of the Group's stakeholders. Material issues identified were categorised into customer and community centricity, economic value creation, human capital and environmental efficiency depending on their relevance to the sustainability strategy. The company senior management then ranked the topics to establish their level of importance based on their influence to stakeholder decisions in the reporting period.

SUSTAINABILITY APPROACH (continued)

First Mutual Holdings Materiality Analysis



SUSTAINABILITY PERFORMANCE

Economic Value Creation

Our ability to create sustainable economic value to our stakeholders and the nation at large is an imperative for us at First Mutual Holdings Limited. We believe that our ability to continue operating depends on our capacity to create value for both internal and external stakeholders. It is this recognition of external stakeholders that inspires First Mutual Holdings Limited. to generate value and distribute it in a sustainable manner. All monetary figures provided in this section are based on historical amounts spent by the company during the reporting period.

Management Approach

Our approach to insurance and investments is driven by capital deployment to generate long-term value, that uplifts society and the stakeholders upon our success is hinged. We do this by optimising value creation for distribution to various stakeholders in a sustainable manner, taking cognisance of the capital requirements for insurance businesses, systemic risks and product design. Our performance responds actively and promptly to fiscal and monetary policies in the countries we operate. We are observing increased interest from stakeholders in long term wealth, compliance, growth and payments of dividends. The business remains committed to driving growth while improving performance innovation, service excellence, relevant products and capacitating our services access channels to stakeholders.

Sustainable Wealth Pillars at First Mutual Holdings Limited.:

- Capital requirements for Insurance business
- Systemic Risk Management
- Product Design
- Wealth Distribution

Capital requirements for Insurance business

The Group seeks to maintain a balance between higher returns for shareholders on equity held, and the security that a sound capital position provides. We achieve this by managing capital in a way that maximizes long-term shareholder value while maintaining financial strength within competitive range, and meeting regulatory, solvency and rating agency requirements.

What our capital position means to our stakeholders:

Clients	Rating Agencies	Shareholders
Clients use this information to assess viability and sustainability of the insurance products on offer.	Capital is used to measure the ability of the Company to settle claims and hence used in assigning a rating to it.	The Holding Company uses the Capital Management framework to assess declaration of dividends and need for additional capital by subsidiaries.

To manage capital, we stand guided by the Capital Management Framework and Group Finance Policy. The policies and strategies are approved by the main board through the Combined Audit and Actuarial Committee.

First Mutual Holdings Limited has several business units competing for capital. As such, we expect each unit to continue to exceed the Return on Equity (ROE) thresholds to retain its capital. However, we ensure that each business unit is adequately capitalised based on its regulatory and risk-based capital. The business also encourages each SBU to set aside capital as a buffer for approved expansion projects and business risks such as the COVID-19 pandemic mitigation response.

Capital Investment Initiatives

Capitalisation of First Mutual Reinsurance

The Reinsurance business received a negative Global Credit Rating (GCR) despite being anchored by sound capitalisation and liquidity. This was mainly attributed to the reinsurer's vulnerable earnings profile and modest business position in our regional markets. As such, we injected capital which is expected to generate favourable impact on risk adjusted capitalisation and liquidity.

Acquisition of Diamond Seguros

During the year, we increased our investment stake to fully acquire Diamond Seguros, Mozambique, which provides short term insurance services. This acquisition makes First Mutual Holdings Limited the biggest short-term insurance player in the region.

By year end, the business had a sound capital position, with all the insurance businesses meeting capitalisation requirements. The sound performance allowed subsidiaries and the Holding company to pay dividends.

SUSTAINABILITY PERFORMANCE (continued)

Systemic Risk Management

As a financial services business, it is imperative to anticipate and manage systemic risks in the business operating environment. As such, the ability to minimise risks is vital for our fiduciary responsibilities on behalf of stakeholders.

Wealth Distribution

Economic Value Generated and distributed

Economic Value Generation	2020	2019	2018	2017
	ZWL000	**ZWL000**	**US$000**	**US$000**
Value Generated	6 732 923	416 276	161 533	121 593
Other income and interest	503 410	1 542 363	47 722	38 150
Equity accounted earnings	(1 916)	325	47	13
Total	**7 234 417**	**1 958 964**	**209 302**	**159 757**
Economic Value Distribution				
Other operating costs	673 213	960 214	164 717	131 022
Employee wages and benefits	518 280	64 339	19 770	14 353
Payments to providers of Capital	22 499	3 650	3 309	-
Payments to government	196 292	4 140	3 750	939
Community Investments	1 458	494	192	145
Value Distributed	1 411 472	1 032 343	191 546	16 314
Economic Value Retained	5 822 675	926 621	17 756	13 443

Defined Contribution Plan Obligations and Other Retirement Plans

As a pension service provider, we believe that it is important to prepare our own employees for life after work. Therefore, over and above the normal pension contributions, we offer our employees the opportunity to make additional voluntary pension contributions into the retirement pension scheme. We want our employees and their families to know that we care for them even after they are no longer working for us. We have a Group Pension Fund. In addition, all employees contribute to a mandatory statutory Social Security Fund managed by the National Social Security Authority (NSSA) in Zimbabwe.
During the year, our pension contribution was as follows:

Pension	Unit	2020	2019	2018	2017
Retirement Funds Contributed	ZWL	14 369 003	1 596 553	1 143 28	1 064 464

Tax Payments and Strategy

Taxes are a significant source of government revenue for economic development, service delivery and sustainable development. These payments help government address important developmental issues and support sustaining the infrastructure in our business operating environment, thereby playing a significant role in achieving the Sustainable Development Goals (SDGs). The Group participates in national development through compliance with tax statutes in every country we operate. We believe that transparency in payments we make to government is a fundamental ethical and good business practice.

Management Approach

The Group strategy is to ensure compliance with all applicable tax laws and requirements. It is within the Group's Audit Committee responsibility to ensure such compliance has been achieved through regular tax compliance reviews and engagement with tax authorities in the countries we operate.

Engaging with Tax Authorities

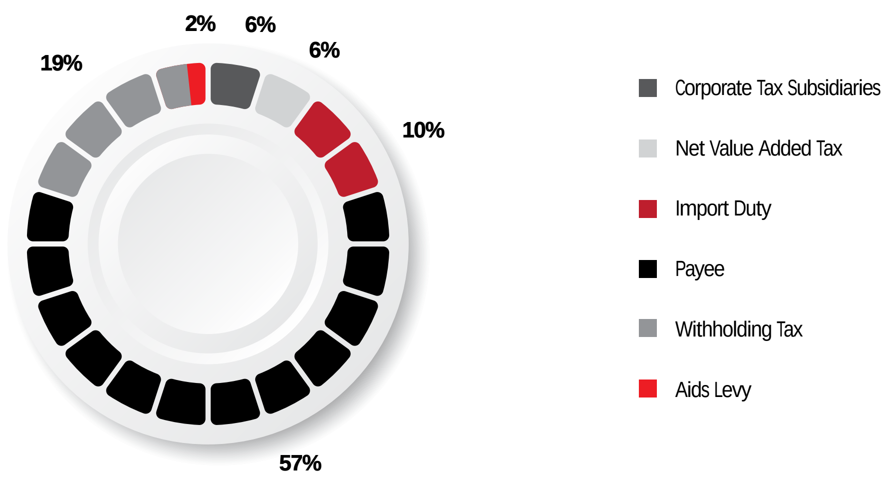
Engaging with tax authorities allow the business to keep up to date with tax developments in the countries we operate. We engage tax consultants to help us up date our systems whenever there are tax changes. The Group allow staff undertake training to keep up to date with tax developments. However, we also hold regular meetings with tax officers assigned to us to ensure our tax affairs are within the tax laws and requirements.

SUSTAINABILITY PERFORMANCE (continued)

During the year, our payment to the Government of Zimbabwe was as follows:

Payment		2020	2019	2018	2017
		ZWL	ZWL	USD	USD
Corporate Tax- Subsidiaries		19 817 228	191 367	5 327 385	2 576 602
Net Value Added Tax		11 743 863	701 571	1 049 470	981 920
Import Duty		19 421 400	-	85 500	54 839
Other Taxes	Payee	111 274 923	3 092 195	3 192 035	2 339 579
	Withholding tax	30 569 254	62 040	-	-
	Aids Levy	3 465 257	92 766	-	-
Total		**196 291 925**	**4 139 939**	**4 327 005**	**3 376 339**

2020 Tax Payments



The business was able to avert tax penalties and interest payments due to outstanding amounts or non-compliance with tax regulations. We took advantage of the tax amnesty periods to avoid penalties.

Payments to Government

Country	2020	2019	2018	2017
Zimbabwe (ZWL)	196 291 925	4 139 939	4 327 005	3 376 339
Mozambique (ZWL)	2 807 594	12 937 915	12 151 010	14 519 750
Botswana (ZWL)	53 965 560	2 691 974	160 933	103 167
Malawi (ZWL)	48 136 000	72 593 000	24 981 000	15 391 000

Customer and Community Centricity

Our commitment to bring economic dignity to society makes customers and communities remains our focal point. We strive to be a loyal partner for our clients and stakeholders by continually seeking to improve our products and services. We embed sustainable and responsible business ethos in all our activities to meet the needs of society now and into the future. We leverage our skills and resources to give back to the communities and customers in our jurisdictions.

Customer Experience

The Group continues to develop and adopt intuitive systems that span customer touchpoints and automate key business processes to deliver a superior customer experience. The business is adopting emerging technologies that offer operational improvements to counter delays and human errors. We are also vigilant with customer information, ensuring all employees are aware of the gravity of misuse of information. We have strong systems for preventing unauthorised access to client information. We have measures for backing up data to prevent losses.

SUSTAINABILITY PERFORMANCE (continued)

Service Efficiency

The business is on a drive to improve service efficiency across its business units through a digitalisation process. This has been critical in eliminating service disruptions delays and disgruntled clients. First Mutual Health boasts of the use of a total digital system that uses for instance biometrics such as fingerprint scans making the entire client engagement process fully automated.

Customer Privacy and Data Security

Protecting client information remains a critical value for our business. We value the trust our clients has given us with their information. As such, we ensure that data security systems are prioritised among all employees. Some of the key systems and policies we have put in place to protect customer information are as follows:

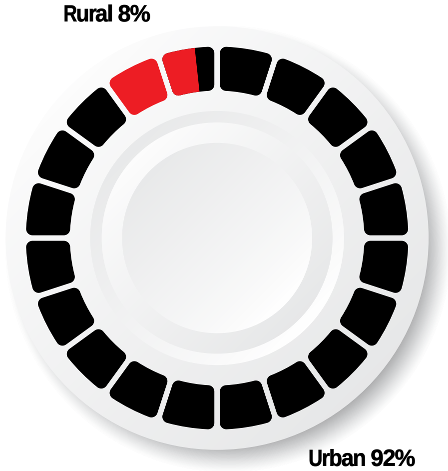
- Internal servers – all our business units are connected through an internal server managed by First Mutual Holdings which restrict potential access by third parties.
- Virtual Private Networks – information across the group is shared through a private network which restricts unauthorised access.
- Website and email screening services.
- Restricted access control to server rooms.
- Data Recovery servers – we have 3 generations of backups.
- The business has a strict policy on confidentiality and secrecy of information on the employment contract on which a violation of this clause leads to immediate dismissal.
- Third parties can only have access to customer information through an order from the court and our legal department.
- Service Level Agreements have been reached with our service providers and restricts unauthorised use of client information.

Access and Affordability

In line with promoting access and affordability of our products and services we have a wide range of products defined to according various levels of client affordability. MicroMed is one such example where individual can get cover for their whole family including domestic employees. We have also developed a microfinance product distributed all over the country including remote areas. This product targets the informal sector. Our properties division has been compartmentalising offices allowing entrepreneurs and small businesses access to affordable office space.

SUSTAINABILITY PERFORMANCE (continued)

Distribution of First Mutual Holdings Limited outlets



Financial Literacy

First Mutual Life embarked on a financial literacy drive to enhance the knowledge, skills and attitudes of all Zimbabweans to manage their personal finances. This initiative is aligned to the Government of Zimbabwe's financial inclusion strategy, which is cognisant of the significant contribution of an inclusive financial sector to the socio-economic development in pursuit of the Zimbabwe National Financial Inclusion Strategy 2016-2020. In the series of articles published fort nightly, First Mutual Life aims to educate readers on good money management practices, investing, managing risk, and retirement planning. The ultimate objective is empowering consumers to take action to improve their financial well-being and raise awareness on the importance of financial literacy, enabling and empowering communities, providing ideas, skills and knowledge to make the right financial decisions. The Group is playing a key role in equipping university students with financial literacy education through its 'Future First' programme.

Responsible Marketing Practices

Selling our services is heavily dependent on consumer enlightenment through responsible marketing and advertising. Through these adverts we spread messages that educate our customers to make informed decisions about adopting our products and services. We seek to avoid any illegal marketing practices that offend the standards of decency and do not abuse clients' trust or exploit their lack of experience or knowledge. Our marketing practises aim to uphold human dignity and do not incite any form of discrimination and / or anti-social behaviour. We evaluate any form of marketing communication before publishing to ensure that they do not mislead clients about our products and services.

Our Group Marketing and Strategy Executive provides valuable oversight in this respect. Product responsibility at First Mutual Holdings Limited is an expression that we recognise our social obligation to our clients. We want our clients to trust that the information we provide about our products and services is accurate and does not violate ethical and legal standards in our operating environment.

Community Investments

The Group is committed to sustainable development and empowerment within communities. As part of the Group's Corporate Social Responsibility (CSR) Programme initiative through the First Mutual Foundation, the Group offers educational assistance to children from economically challenged backgrounds. The foundation assists selected children ranging from primary schooling to university level. Although there will be a deliberate emphasis at university level on students studying towards insurance and actuarial degrees, the Group supports other community development related needs that uplift the standards of life and societal well-being across the country.

Our initiatives and support for the year are presented below:

Category	Purpose	Support Provided	Beneficiaries	Value ZWL
Education	Humanitarian support	Tuition and ancillary support	First Mutual Foundation First Mutual Reformed Church University bursary	707,875
National Disaster Support	Humanitarian support	Donations- Food hampers	Miracle Missions	750,000
Total				1,457,875

SUSTAINABILITY PERFORMANCE (continued)

Donations

We partnered with Miracle Missions to feed 600 families of 4 (2400 individuals) based on budget food pack donation which could feed a family of 4 for 30 days. The food pack comprised: Maize meal - roller meal (20kg), fortified instant porridge (1kg), Chimodho bread mix (2,5kg), Mahewu powder (4kg), Soya chunks (1.25kg), sugar beans (500g) and tea sugar and milk mix (1kg).

First Mutual Employees in the Community

The Employee Corporate Social Responsibility Programme is driven by volunteers amongst staff members who are giving back to the community. The Programme contributes donations in various forms which includes cash, non-perishable goods, clothing, shoes and books among other items disbursed to charity homes.

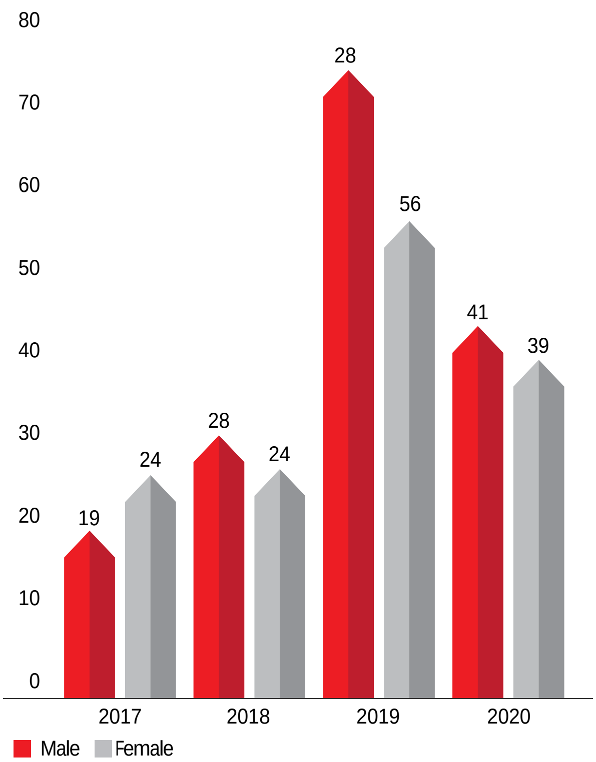
Human Capital Engagement

First Mutual Holdings Limited recognises that its competitive advantage hinges largely on its human capital. The Group strongly believe that talents and skills among its employees are a key driver to its business growth and provision of quality services to clients. In this regard, maintaining a motivated and skilled employee base remain a core element of our business. The Group strives to be an attractive employer, where everyone aspires to work. Group management provides an exciting working environment supported by continued professional development and equal opportunities.

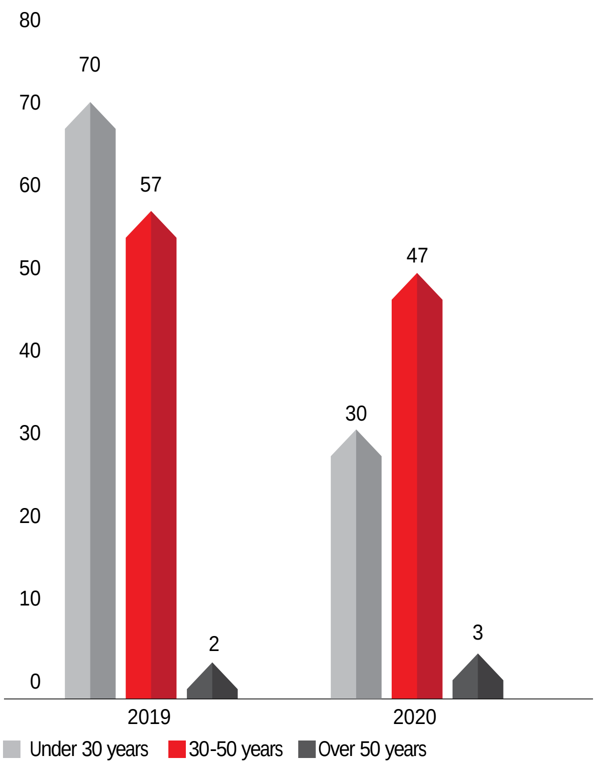
New employees

Gender	Unit	2020	2019	2018	2017
Male	Count	41	73	28	19
Female	Count	39	56	24	24
Total		**80**	**129**	**52**	**43**

Employee Hire by Gender

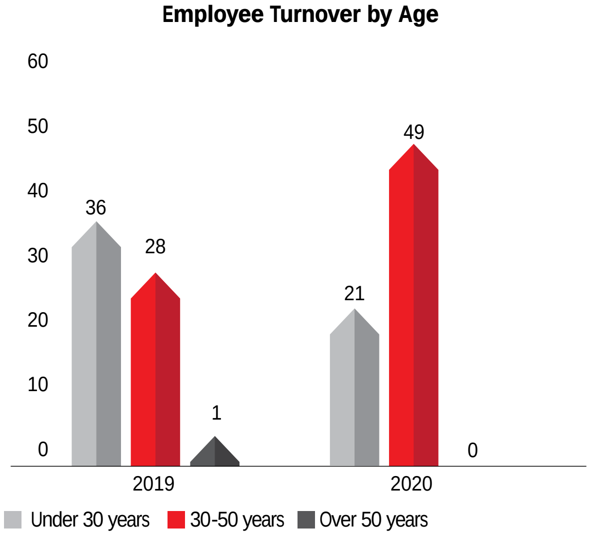


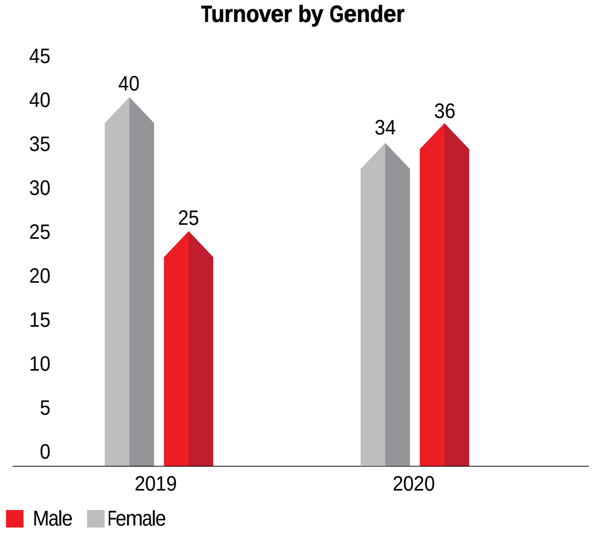
Employee Hire by Age



Employee Hire by Age	Unit	2020	2019
Under 30years old	Count	30	70
30-50 years old	Count	47	57
Over 50 years old		3	2

SUSTAINABILITY PERFORMANCE (continued)





Employee Turnover

Turnover by Age	Unit	2020	2019
Under 30years old	Count	21	36
30-50 years old	Count	49	28
Over 50 years old	Count	-	1

Turnover by Gender	Unit	2020	2019
Male	Count	34	40
Female	Count	36	25
Total		**70**	**65**

Employee welfare

The holistic wellbeing and development of our employees is core to our business. We do this for the comfort of our employee so that they are well catered to deliver exceptional experiences for our clients. Our employee welfare is supported by robust policies, budgets and welfare programs. During the year the following initiatives were put in place to enhance employee welfare:

- Review of monetary aligned policies in line with the inflationary changes- all our policies with associated monetary figures such as the gift policy are now linked with the national weekly auction rate.
- Salaries were continuously reviewed during the year in line with the Group Strategy, National Employment Council recommendations, and the prevailing inflationary changes.
- COVID-19 Support – all infected employees are entitled to a US$100 once-off allowance to cater for their needs during their time of uncertainty.
- Counselling Services- all the employees of First Mutual Holdings Limited are entitled to counselling services at the expense of the company.
- Virtual Sports – the business offers rewards to employees who take part in virtual sports such as virtual marathons organised by First Mutual Holdings Limited.
- Vehicle allowance – all employees at the supervisory level are entitled to vehicle allowance.

Diversity and Inclusion

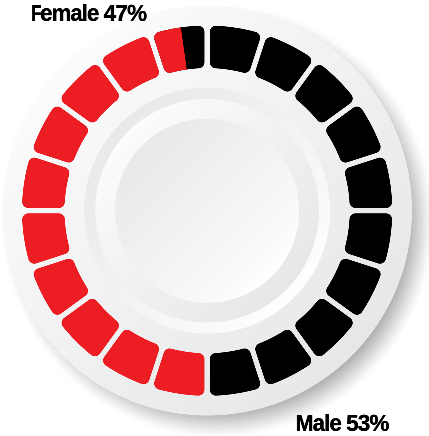
The business ensures that all employees regardless of different ethnic backgrounds, race, culture, gender, qualifications are treated with utmost respect without discrimination. We do our best to be sensitive to specific groups, as such, we include them in decision making on matters that affects them specifically. We appreciate the culture to embrace diversity and inclusion to allow a larger platform for innovation, creativity and confidence within employees for an improved employer brand. Our diversity and inclusion initiatives are evident in our recruitment and leadership distribution.

Gender Distribution in Leadership

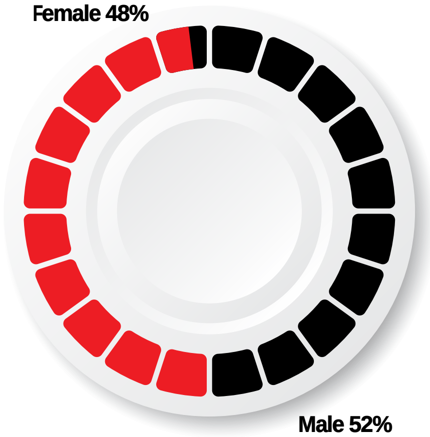
Indicator	Male	Female
Executives	13	3
Senior Management	10	12

SUSTAINABILITY PERFORMANCE (continued)

Total Employee Distribution by Gender



Permanent Employee by Gender



Training and Education

The Group fosters a continuous learning culture to keep our employees up to date with global trends and best practices. Training and education help ensure that our employees are capacitated and skilled for efficiency and effectiveness in the execution of their duties as well as meeting the overall business strategy. Training at First Mutual Holdings Limited develops a sustainable talent pool for both current and future business needs.

The business has in place, budgets and policies to support staff training managed under the Human Resources Department. The Department provides employees with information on accessing appropriate developmental programmes to increase their skills, broaden their experience and enhance their knowledge.

Training and Development Initiatives:

- **Management Development Programmes** – supervisory employees onwards are provided with training to address core competency gaps required by the company.
- **Business operations training** - these address specific competencies which vary between different jobs.
- **Study loans** – provision of financial assistance to undertake professional studies.
- **Study leave** – availed for writing exams
- **Refund upon Successful completion of studies** - the company may, at the discretion of management, and subject to the staff member's good performance and good disciplinary record, refund 75% of the tuition and examination fees paid by the staff member who has completed examinations.
- **Subscriptions to professional bodies** - Provision of the professional subscription is based on the higher the number of professional associations or the monetary limit.
- Conferences and seminars.
- Developmental Programmes.
- Graduate Trainee Development.
- Coaching and Mentorship.

Average Training Hours

Average hours of training per employee	Unit	2020	2019	2018	2017
Male	Count	13	15	37	54
Female	Count	15	12	43	67

The 2020 training programme was affected by the COVID-19 related national lockdowns. However, the Group is now transitioning towards online training sessions and moving away from the traditional classroom training.

Training Hours by Employee Category

Employee Category	Unit	2020	2019	2018	2017
Executives	Count	206	476	540	242
Senior Management	Count	912	1,960	1760	2790
Rank and File	Count	4,432	5220	10304	7883

SUSTAINABILITY PERFORMANCE (continued)

Occupational Health and Safety

First Mutual Holdings Limited attaches great value to the health and safety of employees at the workplace. Employee well-being at the workplace is not only a foundation for the smooth functioning of First Mutual Holdings Limited but also an indicator of how we protect the rights and interests of our employees. Management ensures that there is great awareness of workplace safety risks, work-life balance, and protection of the physical and mental health of our employees always.

To provide adequate control of the Health and Safety risks arising from our work activities, we have put in place systems for prompt and effective response to and control of emergency situations to reduce losses and consequences of fire, robbery, and other emergencies. To protect our stakeholders, we undergo routine awareness and training sessions to better prepare us from health and safety risk arising from our work activities. We have also partnered with the Standards Association of Zimbabwe for the provision of these trainings. This ensures that there is awareness on all safety related issues, and adequate resources in the event of an incident. During the reporting period the safety committee was provided with training on the ISO Standards by the Standards Association of Zimbabwe (SAZ). There were no safety incidences during the year.

Managing Exposure to the COVID-19 virus.

The Coronavirus pandemic diminished the short-term growth prospects of the economy as well as the Group. While the full impact of the pandemic on the Group is yet to be realised as the situation continues to evolve. The Group continues to implement strategies to minimise the impact of the pandemic. The business has sufficient reason to remain confident in overcoming the repercussions of the Coronavirus pandemic.

COVID-19 Taskforce

The Group Human Resources Executive had the overall responsibility for the management of COVID-19 mitigation measures within the First Mutual Holdings Group. The executive delegated responsibilities to the COVID-19 Taskforce set up to ensure that there are awareness and adequate resources to mitigate against the spread of the COVID-19 virus across the Group.

COVID-19 Standard Operating Procedures

To manage the spread of the virus the business had to put in place the following standard operating procedures:

Disinfection of offices
- Engagement of a contractor to disinfect all First Mutual Holdings Limited offices.
- Thorough cleaning of offices at least three times a day.

Employee safety and preparedness
- Decongesting the workplace, only 50% of staff to report for duty and the others to continue working from home for at least two weeks and thereafter the situation can be assessed and managed to take appropriate action.
- Collecting information through the Employee COVID-19 Declaration Form from all employees before they enter the company premises. An employee might not be allowed to enter company premises depending on his/her responses on the questionnaire.
- Check and record employee temperature before allowing them to enter the premises.
- Ensuring employees wash and sanitise their hands at the premises entrance.
- Engagement of medical professionals for employee medical check-ups.
- Provision of face masks and sanitisers to employees for personal use.
- Canteen staff to serve food in the takeaway boxes to avoid overcrowding in the canteen.
- Suspension of all local, regional and international travel for all staff.

Staff Logistics
- Frequent disinfection of the staff bus and keep all windows open when employees are inside.
- Home delivery of all Staff members.
- Temperature testing and sanitisation required before entering the bus.

COVID-19 statistics

	Unit	2020
Total tested	Count	131
Total positive cases	Count	30
Total deaths	Count	0

SUSTAINABILITY PERFORMANCE (continued)

Environmental Efficiency

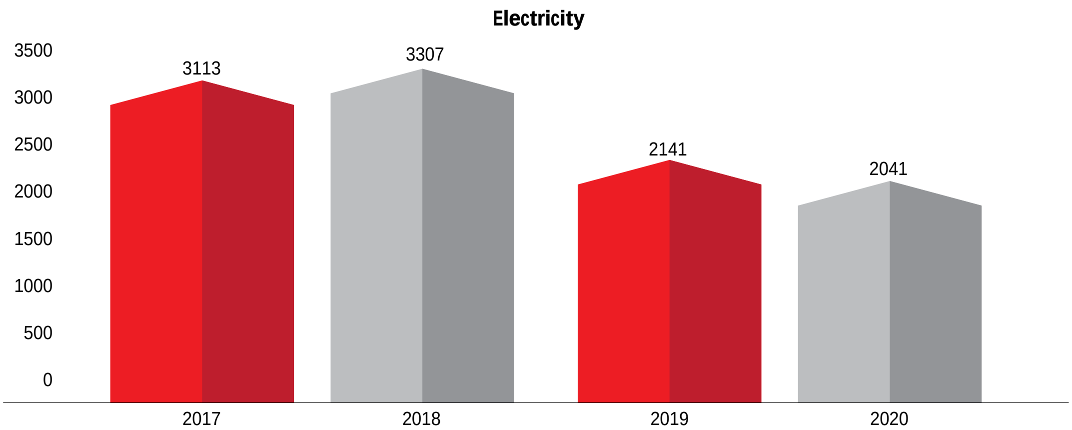
First Mutual Holdings Limited is committed to minimising environmental impacts within business operating environment. At our workplaces and within our property portfolio, we aim to reduce adverse impacts on the environment. The Group always emphasises on environmental impact consideration to any contractors during construction of properties.

Energy

Energy is an essential resource on which we rely on in our business. The Group prioritise energy conservation and reducing reliance on non-renewable resources. Management encourages all staff members to ensure power is switched off in non-core areas to save energy and only embark on trips which are necessary to save fuel. We recognise that our energy use is a key contributor to climate change and hence the need to take part in managing the risk it poses to our business and the opportunities it creates. Our energy consumption is presented below:

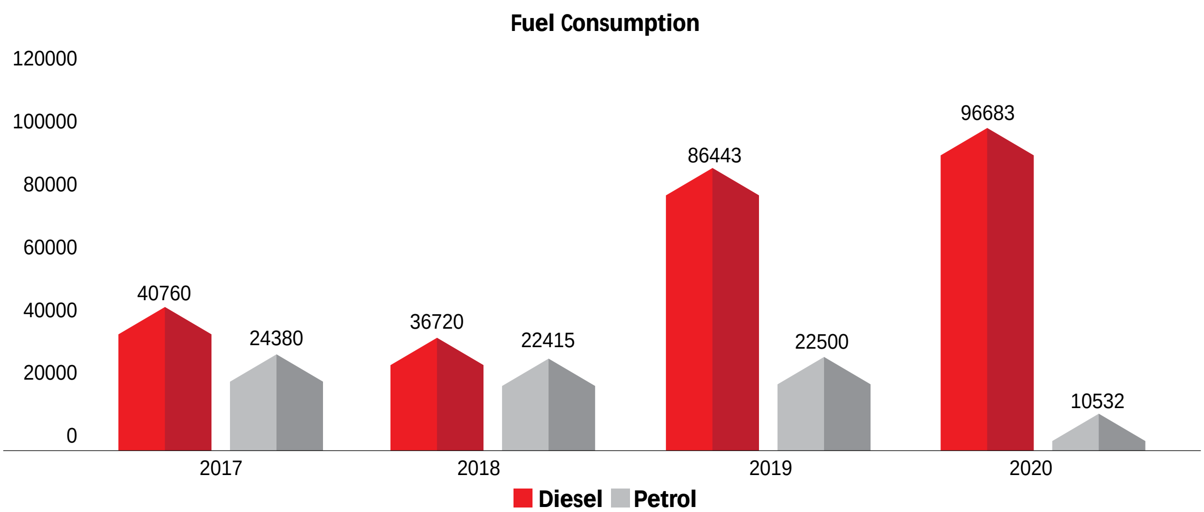
Energy Consumption within the Group

Energy type	Unit	2020	2019	2018	2017
Electricity	MWh	2041	2141	3307	3113



Energy Consumption outside the Group

Fuel type	Unit	2020	2019	2018	2017
Diesel	Litres	96 683	86 443	36 720	40 760
Petrol	Litres	10 532	22 500	22 415	24 380
Total	**Litres**	**107 215**	**108 943**	**59 135**	**65 140**



SUSTAINABILITY PERFORMANCE (continued)

Water Management

Water is a valuable resource and basic requirement for human life, wellbeing, our operations as well as our business clients. At First Mutual Holdings Limited we respect this resource and understand the need to use and maintain it sustainably. Recognising the water crisis and the danger it poses to our business customers and our operations, the Group takes great interest and responsibility in water management.

Water withdrawal by Source

Borehole and municipal water are key sources of water extraction, which meet our water requirements in maintaining our premises and facilities. We appreciate that without water we cannot run our facilities and we ensure the resource is managed efficiently. We are currently estimating underground water usage as we currently do not have flow meters. There was signficant increase in comsuption due to inclusion of comsuption from properties leased to third parties by the Group in 2020 and 2019. Our municipal water consumption is presented below:

Source	Unit	2020	2019	2018	2017
Municipal	(m3)	93 360	93 364	15 704	16 698
Borehole	(m3)	74 100	71 165		

There were no borehole water consumption measurements for 2018 and 2017 as they could not be estimated.

RISK MANAGEMENT REPORT

Our Strategy

The First Mutual Holdings Limited is an enterprise with operations in the financial services sector in Southern Africa, committed to providing superior returns to all its stakeholders, ensuring stability, security and growth. The Group faces a diverse range of risks and uncertainties in both insurance and non-insurance sectors as a result of the nature of our activities. Our risk management thrust seeks to enhance proactive risk management, facilitate risk-based decision making, improve governance and accountability, enhance credibility with key stakeholders and to create, protect and enhance stakeholder value. Our approach includes diversification through a varied range of products, distribution channels, and geographical spread all underpinned by a robust risk management framework and established risk governance structures.

Risk Governance

The attainment of the Group's vision is supported by an evolving risk management framework. This sets out the requirements for detailed risk policies and board oversight, supported by clear roles and responsibilities for the board and executive management. The executive risk management follows the 'three lines of defence' model. The framework ensures that the Group has a system and dynamic processes for identifying, evaluating, prioritising, managing, and adapting to critical risks.

Boards of the subsidiary companies have established committees to oversee the management of company-specific risks. The holding company board established the Group Risk Committee to provide enterprise-level board risk management oversight. The board is ultimately responsible for the Group's risk management, ensuring that our risk-taking decisions are well-informed and remain within the risk appetite. We continue to review and enhance our risk governance, ensuring that the board committees have the appropriate mix of competences. To this end, the Group Risk Committee membership increased to four non-executive directors during the year.

The risks we face are managed through a centralised Group Risk Management function that is responsible for maintaining and implementing a sound risk management framework and keeping the board informed of all material risks that may have material effect on the attainment of Group objectives.

Our Approach

The board is committed to increasing stakeholder value through the management of corporate risks. We have established a system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determining the nature and extent of the material risks which the board is willing to take in achieving the Group's strategic objectives. To this end, the board has set parameters to assess the effectiveness of risk management across First Mutual for continuous monitoring and improvement.

The Group Risk Management function is headed by the Group Chief Risk Officer and liaises with other internal control functions – the actuarial, compliance and internal audit functions – to ensure we optimise use of the resources deployed in risk management and assurance on the efficacies of controls.

The risk management team's responsibilities include the following:
- assisting the board and management strengthen the risk management framework and embed risk management across the Group operations
- promoting a robust risk culture to support an inclusive, comprehensive and dynamic risk management processes
- maintaining the risk management process to ensure we are efficient in identifying, measuring, managing, monitoring, and treating in a consistent and effective manner the key and emerging risks – financial and non-financial – that are covered in our risk universe
- facilitating risk prioritization, resourcing and implementation of approved risk treatment plans
- informing the board of consolidated risks that may materially affect the attainment of the Group's objectives
- ensuring that there is sufficient capital in place to operate sustainably within the risk appetite and trending risk profile

The Group's risk management framework has been designed to improve business performance by optimising growth opportunities, increase the likelihood of achieving the Group's objectives, anticipate and communicate uncertainties, enhance proactive risk management, integrate risk management activities into decision making and all key processes, reduce operational losses and surprises, comply with relevant legal and regulatory requirements and international norms, and create, protect and enhance stakeholder value.

In pursuit of its risk management strategy, the Group is committed to:
- establishing, implementing and continually improving a comprehensive and integrated risk management framework aligned to internationally and locally recognized frameworks including ISO 31000 and COSO
- evaluating the strategic alignment of the Group's risk management to its external operating environment to ensure that risk management activities remain dynamic and responsive to emerging and changing risks
- ensuring that risk management is embedded into the ethos, policies and practices of the Group so that risk management is an integral part of decision making, strategic planning, capital and financial budgeting processes
- ensuring that staff are aware of the risks which the Group is exposed to and understand their obligations to report in a timely manner any deviations, or other breaches of the code of conduct or control measures, regardless of where in the organisation, or by whom, they are committed

SUSTAINABILITY PERFORMANCE (continued)

Risk Universe and Inherent Risks

Our focus is concentrated on the following risk categories which define our risk universe:

Strategic Risk	The risk that arises where the Group's strategy may be inappropriate to support its long-term corporate goals due to underlying inadequate strategic planning processes, weak decision-making processes as well as weak strategic implementation programs
Financial Risk	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables
Insurance Risk	The risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Group to financial loss and the consequent inability to meet its liabilities
Credit Risk	The risk of loss in the value of financial assets due to borrowers or counterparties failing to meet all or part of their obligations and the risk arising from changes in the value of an asset such as a government bond due to actual or perceived change in the creditworthiness of the issuer
Investment Risk	The risk of failing to meet the Group's investment objectives due to adverse or inadequate investment performance
Property Management Risk	The risk arising from failure to operate, control, maintain, and oversee residential, commercial and / or industrial real estate
Operational Risk	The risk of adverse change in the value of capital resources resulting from operational events such as inadequacy or failure of internal systems, personnel, procedures or controls, as well as external events

The Group's business model is exposed to the following inherent risks

Risks transferred by the customer
- life insurance risks driven by longevity, mortality, expenses, lapses and change in reserves
- general insurance risks arising from with accident, fire, floods and related perils
- health insurance risks arising qualifying healthcare claims

Risks arising from investments and operations
- financial risks relating to interest rates, currency, credit, liquidity, equities, concentration, reinsurance and solvency
- property management risks arising from tenants, planning, locations, the environment and building structures
- operational risks

Financial Risk Management

The Group's internal financial controls are set out in the relevant procedure manuals which also state the required standards and key control activities. These are underpinned by adequate segregation of duties. The accounting policies are reviewed periodically by the Combined Audit and Actuarial Committee, internal control functions and the external auditors. The Group Investment Committee sets limits for investment risk exposures that various staff members can trade on.

SUSTAINABILITY PERFORMANCE (continued)

Further details on financial risk management are contained in the notes to the financial statements on pages 92 to 112

Operational and Business Risk Management

The Group manages operational risk through formalised procedures and controls, well-trained personnel and, where necessary, back-up facilities. The risks are identified, assessed, treated, monitored and reported as mandated in the risk management framework.

Marketing is an integral aspect of distributing our services and is driven by research to understand our customer's needs, accumulating sufficient knowledge of our customers, and spreading messages that educate our customers to enable them to make informed decisions in procuring our products and services. We seek to avoid any illegal marketing practices that offend the standards of decency. We do not abuse the clients' trust nor exploit their lack of knowledge or experience. Our marketing practices seek to uphold human dignity and do not incite any form of discrimination and / or anti-social behaviour.

We evaluate any form of marketing communication before publishing to ensure that they do not mislead clients concerning our products or services. Responsible marketing at First Mutual Holdings Limited is an expression that we recognise our social obligation to our clients. We want our clients to trust that the information we provide about our products and services is accurate and does not violate ethical and legal standards in our business environment.

The Risk Landscape - 2020

The COVID-19 pandemic abruptly changed the external environment for business around the world and impacted the world economy. First Mutual Holdings Limited swiftly adapted, adjusting its business models to ensure business resilience and manage the unprecedented uncertainty, unpredictability and adverse economic consequences. COVID-19 introduced new threats, raised to prominence previously unidentified risks and magnified some existing risks. The significant impacts of COVID-19 will last beyond the pandemic, bringing in accelerated digitalisation and transformation to working methods. The Group continues to actively monitor the evolving pandemic threat with the view to take appropriate action to minimize the impacts of the pandemic on the business and enhance the Group's capability to exploit opportunities arising.

The Group's external environment presented stimulating challenges during the year. The Group response was to sharpen the risk management disciplines in identifying, assessing and responding to external risks. Major sources of uncertainties came from the political and economic environment which continued to change the profile and impact of First Mutual Holdings Limited's inherent risks.

As part of its strategic objective of stakeholder engagement, the Group assessed the potential effect its key stakeholders can have on its ability to consistently provide products and services that meet customer and regulatory requirements. Discovering and understanding needs and expectations of stakeholders helps the Group reduce potential impacts on its operations and create opportunities for improvement by integrating their concerns into the Group's strategy and operational improvement.

The regulatory environment continued to change profoundly. Most changes were focussing on strengthening regulation on corporate governance practices, risk-based solvency and capital frameworks, market conduct, data privacy issues, guidelines on currency reforms, enhanced risk management practices, increased disclosure requirements as well as increased onsite inspections. We continue to monitor such developments both at a national and global level so as to inform appropriate engagements with policy-makers and regulators. We remain committed to complying with applicable legal, regulatory and industry standards and will always seek to do what is lawful and right in the first instance.

Declaration of Financial Statements

These financial statements have been prepared under the supervision of the Group Finance Director, William M Marere, a member of the Institute of Chartered Accountants of Zimbabwe, and registered with the Public Accountants and Auditors Board, as a registered public accountant, certificate number 02431.

W M Marere
Group Finance Director
Harare

Date: 4 May 2021

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Independent Auditor's Report

To the Shareholders of First Mutual Holdings Limited

Report on the Audit of the Consolidated inflation adjusted financial statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of First Mutual Holdings Limited and its subsidiaries (the Group) set out on pages 58 to 161 which comprise the inflation adjusted consolidated statements of financial position as at 31 December 2020, and the inflation adjusted consolidated statements of profit or loss and other comprehensive income, the inflation adjusted consolidated statements of changes in equity and the inflation adjusted consolidated statements of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Matter 1: Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors.

Historical functional currency date of application

As explained in note 2.1.3 to the 2019 inflation adjusted consolidated financial statements, the Group changed its functional and reporting currency from United States Dollar (USD) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

The predecessor auditor issued an adverse opinion for the year ended 31 December 2019 as they believed that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019. Management prospectively applied the change in functional currency from USD to ZWL from 23 February 2019. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors. We are in agreement with the conclusions reached in the prior year. All the comparative numbers and opening balances are therefore materially misstated.

Management has not restated the opening balances to resolve this matter which resulted in the adverse audit report in the prior period in accordance with IAS 8. As a result, the closing balances for the following accounts as stated on the Consolidated inflation adjusted Statement of Financial Position remain misstated:

Group:

Consolidated inflation adjusted Statement of Financial Position

- Property, Plant and Equipment ZWL 230 578 003 (2019: ZWL 228 938 891)
- Deferred Tax Liabilities ZWL 1 010 384 873 (2019: ZWL 1 304 083 037)
- Investment in Associate ZWL 354 301 742 (2019: ZWL 133 474 241)
- Retained Earnings ZWL (1 107 315 733) (2019: ZWL (342 010 017))
- Share capital ZWL 27 794 558(2019: ZWL 27 787 621)
- Share premium ZWL 1 500 348 988 (2019: ZWL1 499 590 200)
- Non-Distributable Reserve ZWL 593 124 479 (2019: ZWL 546 298 315)
- Non-Controlling Interest ZWL 3 267 437 398 (2019: ZWL 2 163 381 133)

Consolidated inflation adjusted Statement of Comprehensive Income

- Income Tax expense ZWL206 303 864 (2019: ZWL (1 272 299 008))
- Foreign Exchange Translation ZWL 2 644 240 503 (2019: 275 574 189)
- Monetary loss ZWL 1 116 506 697 (2019: ZWL 1 647 114 873)

Exchange rates used in the current year

In the current year, the Group translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 January 2020 to 23 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at USD1: ZWL25. As in the prior year, the predecessor auditors concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery.

The following elements of the consolidated inflation adjusted financial statements were impacted on the consolidated inflation adjusted statement of comprehensive income:

- Gross Premium stated at ZWL 5 943 665 601 of which approximately 5%, being ZWL 305 606 040, of the total amount in the current year consists of transactions denominated in USD which were translated at exchange rates obtained from the interbank market.
- Exchange gains (losses) stated at ZWL 265 653 925 of which approximately 65%, being ZWL 171 920 265, of the total amount in the current year consists of transactions denominated in USD which were translated at exchange rates obtained from the interbank market.
- Reinsurance stated at ZWL 1 538 012 452 of which approximately 14%, being ZWL 211 431 123, of the total amount in the current year consists of transactions denominated in USD which were translated at exchange rates obtained from the interbank market.
- Claims and Benefits stated at ZWL 2 162 898 752 of which approximately 3%, being ZWL 61 226 070 of the total amount in the current year consists of transactions denominated in USD which were translated at exchange rates obtained from the interbank market.
- Monetary loss ZWL1 116 506 697

First Mutual Holdings Limited

- Consequentially, retained earnings is impacted.

The impact can however not be quantified due to the lack of records on appropriate rates for the period and impracticability given the volume of transactions. The predecessor auditor's opinion was also modified in respect of this matter in the prior year.

Matter 2: Valuation of investment properties
The Group's investment properties are carried at ZWL 9 517 683 885 (2019: ZWL 6 339 303 433) as at 31 December 2020 as described on Note 7 to the consolidated inflation adjusted financial statements.

The investment properties were valued using USD denominated inputs and converted to ZWL at the closing auction rate. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading. Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. The predecessor auditor's report was also modified due to this matter.

Matter 3: Consolidation of a Foreign Subsidiary with incorrect exchange rates
Further to the issue noted above in respect of inappropriate spot rates, management have also used the interbank rate as outlined on Note 3 to translate the foreign subsidiary (FMRE Property and Casualty (Botswana)) to group reporting currency on consolidation. The impact is a misstatement of the following amounts on the consolidated inflation adjusted Statement of Comprehensive Income of the Group:

- ZWL 858 563 093 included in Gross Income of ZWL 5 943 665 601
- ZWL 187 885 000 included in Foreign currency exchange gains of ZWL 265 653 925
- ZWL 231 597 132 included in Reinsurance expense of ZWL 1 538 012 452
- ZWL 159 417 809 included in Claims and Benefits of ZWL 2 162 898 752
- ZWL 115 961 921 included in Acquisition and Investment Contract Expenses of ZWL 261 126 361
- Consequentially, included in retained earnings, Non-Controlling Interest and FCTR is an amount of ZWL 539 471 231 which is a residual impact of the above transactions.

The prior period balances would similarly have been affected in a material manner.

Matter 4: Application of IAS29 - Financial Reporting in Hyperinflationary Economies
Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, the following balances on the Consolidated inflation adjusted financial statements would have been materially different:

Consolidated inflation adjusted Statement of Financial Position

- Property, Plant and Equipment ZWL 230 578 003 (2019: ZWL 228 938 891)
- Deferred Tax Liabilities ZWL 1 010 384 873 (2019: ZWL 1 304 083 037)
- Investment in Associate ZWL 354 301 742 (2019: ZWL 133 474 241)
- Retained Earnings ZWL (1 107 315 733) (2019: ZWL (342 010 017))
- Share capital ZWL 27 794 558(2019: ZWL 27 787 621)
- Share premium ZWL 1 500 348 988 (2019: ZWL1 499 590 200)
- Non-Distributable Reserve ZWL 593 124 479 (2019: ZWL 546 298 315)
- Non-Controlling Interest ZWL 3 267 437 398 (2019: ZWL 2 163 381 133)
- Monetary loss ZWL 1 116 506 697 (2019: ZWL 1 647 114 873)

First Mutual Holdings Limited

Consolidated inflation adjusted Statement of Comprehensive Income

- Gross Premium ZWL 5 943 665 601 (2019: ZWL 5 812 766 974)

- Reinsurance ZWL 1 538 12 452 (2019: ZWL 1 400 722 998)

- Claims and Benefits ZWL 2 162 898 752 (2019: ZWL 2 032 396 290)

- Acquisition and Investment Contract Expenses ZWL 261 126 361 (2019: ZWL 347 617 339)

- Monetary loss ZWL1 116 506 697 (2019:1 647 114 873)

This matter arose in the prior year and the predecessor auditors had modified their audit opinion as at 31 December 2019

Overall Consequential Impacts

As no restatements have been recorded in current year per IAS8 to correct the above matters, our audit report on the consolidated inflation adjusted financial statements for the year ended 31 December 2020 is further modified for the following reasons;

- All corresponding numbers remain misstated on the consolidated inflation adjusted Statement of Financial Position, Cash Flows, Profit or Loss and Changes in Equity. This also impacts comparability of the current period's figures,

- As opening balances enter into the determination of cash flows and performance, our audit report is modified in respect of the impact of these matters on the consolidated inflation adjusted Statement of Cash Flows, consolidated inflation adjusted Statement of Profit or Loss and consolidated inflation adjusted Statement of Changes in Equity.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated inflation adjusted financial statements section of our report. We are independent of the in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Other matter

The inflation adjusted consolidated financial statements of First Mutual Holdings Limited for the year ended December 31, 2019, were audited by another auditor who expressed an adverse opinion on those statements on July 6, 2020. The basis of the adverse opinion was that financial statements had not been prepared in conformity with IFRS, in that the requirements of IAS 21 had not been complied with, consequently impacting the base and start date used for IAS 29 adjustments. Furthermore, the audit report was modified due to the limitations arising in the valuation of investment property due to the application of significant unobservable inputs.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Other information consists of the Business Value System, Directors' report, the Chairman's Statement, Group Chief Executive Officer's Review of Operations, Sustainability Reports and Governance and the Company only financial statements which we obtained post to the date of this report. Other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Independent Auditor's Report (Continued)

First Mutual Holdings Limited

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and applied a conversion rate to a USD valuation for investment properties to calculate ZWL property values which may not be an accurate reflection of market dynamics. Consequently, inflation adjustments per IAS 29 – Financial Reporting in Hyperinflationary economies were applied to an incorrect base using an incorrect start date. We have concluded that the other information is misstated for the same reasons.

Responsibilities of the Directors for the Inflation adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of the inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

28 May 2021

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020		INFLATION ADJUSTED		HISTORICAL COST	
	Note	2020	2019	2020	2019
ASSETS		ZWL	ZWL	ZWL	ZWL
Property, plant and equipment	6	230 578 003	228 938 891	55 827 332	18 498 614
Investment property	7	9 549 053 785	6 339 303 433	9 549 053 785	1 413 176 336
Right of use of assets	6.1	17 771 527	85 032 947	17 771 527	3 068 000
Goodwill	8.2	15 734 830	-	15 734 830	-
Other intangible assets	8.1	22 598 032	38 058 703	668 731	2 693 473
Investment in associate	10	354 301 742	133 474 241	172 212 552	10 351 871
Financial assets:					
- equity securities at fair value through profit or loss (“FVPL”)	11.1	2 129 190 798	1 564 517 699	2 129 190 798	348 766 929
- debt securities at amortised cost	11.2	82 461 985	42 239 151	82 461 985	9 416 077
Deferred acquisition costs	12	98 279 041	109 170 119	56 782 638	7 647 511
Non-current assets held for sale	7.2	48 817 651	-	48 817 651	-
Current income tax asset	21.2	319 297	524 697	319 297	116 967
Inventory	13	26 100 103	58 295 344	14 545 247	6 308 621
Insurance, tenant and other receivables	14	1 242 792 999	934 617 195	1 188 173 329	208 347 639
Cash and balances with banks	15	1 659 409 833	1 253 867 574	1 659 409 833	279 515 881
TOTAL ASSETS		**15 477 409 626**	**10 788 039 994**	**14 990 969 535**	**2 307 907 919**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	16	27 794 558	27 787 621	726 836	723 443
Share premium		1 500 348 988	1 499 590 200	39 416 526	39 045 426
Non-distributable reserves	16.6	593 124 479	546 298 315	569 159 634	68 228 713
Retained profits		1 107 315 733	(342 010 016)	3 352 408 760	389 819 453
Total equity attributable to equity holders of the parent		**3 228 583 758**	**1 731 666 120**	**3 961 711 756**	**497 817 035**
Non-controlling interests		**3 267 437 398**	**2 163 381 133**	**2 653 035 139**	**350 636 177**
Total equity		**6 496 021 156**	**3 895 047 253**	**6 614 746 895**	**848 453 212**
Liabilities					
Life insurance contract liabilities:					
- with Discretionary Participating Features (“DPF”)	17.3	475 700 597	247 157 534	475 700 597	55 097 091
- without DPF	17.3	187 239 101	168 243 898	187 239 101	37 505 429
Investment contract liabilities:					
- with DPF	17.2	3 830 934 475	2 742 004 431	3 830 934 475	611 255 766
- without DPF	17.2	466 918 592	204 731 627	466 918 592	45 639 382
Shareholder risk reserve	17.6	-	119 533 246	-	26 646 706
Member Assistance Fund	18	9 040 581		9 040 581	
Lease liability	6.1	14 593 736	14 821 290	14 593 736	3 304 006
Share based payment liability	16.4	90 961 537	22 509 722	90 961 537	5 017 934
Insurance contract liabilities - short term	19.1	2 374 827 397	1 685 286 929	1 806 597 313	307 555 266
Insurance liabilities - life assurance	19.2	17 856 577	18 296 643	17 856 577	4 078 742
Other payables	20	437 302 365	362 453 392	437 302 365	80 799 186
Deferred tax	21.1	1 010 384 873	1 304 083 037	973 449 127	281 692 266
Current income tax liabilities	21.2	65 628 639	3 870 992	65 628 639	862 933
Total liabilities		**8 981 388 470**	**6 892 992 741**	**8 376 222 640**	**1 459 454 707**
TOTAL EQUITY AND LIABILITIES		**15 477 409 626**	**10 788 039 994**	**14 990 969 535**	**2 307 907 919**

These financial statements were approved by the Board of Directors on 4 May 2021 and signed on behalf of the Directors

A R T Manzai
Chairman

D Hoto
Group Chief Executive Officer

The historical cost information has been shown as supplementary information for the benefit of users. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.

Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 31 DECEMBER 2020		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
INCOME	Note	ZWL	ZWL	ZWL	ZWL
			Restated*		
Gross premium written	22	5 943 665 601	5 812 766 974	4 127 230 516	565 161 858
Reinsurance	22	(1 538 012 452)	(1 400 722 998)	(1 183 180 521)	(163 872 559)
Net premium written	**22**	**4 405 653 149**	**4 412 043 976**	**2 944 049 995**	**401 289 299**
Unearned premium reserve		(231 425 995)	(152 819 376)	(27 471 257)	(7 897 748)
Net premium earned		**4 174 227 154**	**4 259 224 600**	**2 916 578 738**	**393 391 551**
Rental income	23	257 406 128	235 439 114	174 757 801	23 288 426
Fair value adjustment - investment property	7	3 258 495 212	2 272 499 786	8 184 676 009	1 267 517 432
Net investment income	24	346 255 025	(1 762 260 083)	1 464 677 797	215 025 177
Interest income	24	11 289 061	80 975 945	9 824 897	5 641 062
Fee income:					
- insurance contracts	25.1	197 714 330	29 919 595	123 685 090	3 233 686
- investment contracts	25.1	1 677 846	118 332 665	601 540	12 604 403
Other income	25.2	536 671 958	532 915 666	493 584 728	39 540 847
Monetary gain / (loss)		(1 116 506 697)	(1 647 114 872)	-	-
Total income		**7 667 230 017**	**4 119 932 416**	**13 368 386 600**	**1 960 242 584**
EXPENDITURE					
Insurance benefits	26	(80 622 497)	(173 225 569)	(57 810 974)	(17 583 931)
Insurance claims and loss adjustment expenses	26	(2 253 464 860)	(2 078 389 684)	(1 731 146 253)	(208 847 103)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	171 188 605	219 218 964	125 460 987	15 271 544
Net insurance benefits and claims	**26**	**(2 162 898 752)**	**(2 032 396 290)**	**(1 663 496 241)**	**(211 159 490)**
Movement in insurance contract liabilities	17.5	(1 153 438 555)	780 756 638	(3 602 820 063)	(568 050 201)
Movement in shareholder risk reserve	17.6	119 533 246	(205 628 130)	26 646 706	(14 977 172)
Investment profit on investment contract liabilities	17.7.1	(265 288 680)	575 717 187	(422 092 376)	(28 847 283)
Movement in member assistance fund	18	(14 250 781)	-	(8 322 777)	-
Acquisition of insurance and investment contracts expenses	27	(261 126 361)	(347 617 339)	(247 946 726)	(38 548 956)
Administration expenses	28	(1 568 811 614)	(1 370 577 845)	(1 191 492 895)	(143 307 628)
Allowances for credit losses	28.3	(220 954 326)	(101 888 972)	(212 732 557)	(19 125 133)
Finance costs		(1 340 368)	(3 019 083)	(1 289 565)	(366 985)
Total expenditure		**(5 528 576 191)**	**(2 704 653 834)**	**(7 323 546 493)**	**(1 024 382 848)**
Profit before share of profit of associate		**2 138 653 826**	**1 415 278 582**	**6 044 840 106**	**935 859 736**
Share of (loss) / profit of associate	10	(1 731 339)	(19 010 307)	(1 915 650)	(2 545 704)
Profit before income tax		**2 136 922 487**	**1 396 268 275**	**6 042 924 456**	**933 314 032**
Income tax expense	21.3	206 303 864	(1 272 299 008)	(779 151 160)	(275 133 039)
Profit for the period		**2 343 226 351**	**123 969 267**	**5 263 773 297**	**658 180 993**
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods:					
Exchange gain/(loss) on translating foreign operations:					
-Subsidiaries		78 571 852	275 098 814	331 617 704	61 325 844
-Associates		187 082 073	-	152 129 938	-
Share of other comprehensive profit of associates		17 837 629	475 375	17 837 629	105 972
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods		**283 491 554**	**275 574 189**	**501 585 271**	**61 431 816**
Total comprehensive income for the period		**2 626 717 905**	**399 543 456**	**5 765 358 569**	**719 612 809**
Profit attributable to:					
Non-controlling interest		1 083 764 942	470 848 042	2 278 684 897	309 162 721
Equity holders of the parent		1 259 461 409	(346 878 775)	2 985 088 402	349 018 272
Profit for the period		**2 343 226 351**	**123 969 267**	**5 263 773 299**	**658 180 993**
Comprehensive income attributable to:					
Non-controlling interest		1 083 764 942	470 848 042	2 278 684 897	309 162 721
Equity holders of the parent		1 542 952 963	(71 304 586)	3 486 673 673	410 450 088
Total comprehensive income for the period		**2 626 717 905**	**399 543 456**	**5 765 358 569**	**719 612 809**
Basic earnings per share (cents)	29.1	173.85	(48.07)	412.05	48.36
Diluted earnings per share (cents)	29.2	173.07	(48.02)	410.20	48.32

*Refer to note 21.3.1 for more detail on the restatement.

The historical cost information has been shown as supplementary information for the benefit of users. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.

Consolidated Statement of Changes In Equity

FOR THE PERIOD ENDED 31 DECEMBER 2020

INFLATION ADJUSTED

For the year ended 31 December 2019	Share capital ZWL	Share premium ZWL	Non distributable reserve (note 16.5) ZWL	Retained profits ZWL	Total equity for parent ZWL	Non-controlling Interest ZWL	Total equity ZWL
As at 1 January 2019	27 759 231	1 497 694 362	259 143 154	43 067 980	1 827 664 727	1 708 701 883	3 536 366 610
Profit for the year	-	-	-	(346 878 775)	(346 878 775)	470 848 042	123 969 267
Other comprehensive income	-	-	275 574 189	-	275 574 189	-	275 574 189
Total comprehensive income/(loss)	**-**	**-**	**275 574 189**	**(346 878 775)**	**(71 304 586)**	**470 848 042**	**399 543 456**
Transactions with shareholders in their capacity as owners:							
Issue of shares:	28 390	1 895 838	(1 924 228)	-	-	-	-
Share based payments (note 16.4)	-	-	13 505 200	-	13 505 200	-	13 505 200
Acquisition of non-controlling interest (note 32.7)	-	-	-	5 196 373	5 196 373	(10 722 909)	(5 526 536)
Dividend declared and paid	-	-	-	(43 395 594)	(43 395 594)	(5 445 883)	(48 841 477)
As at 31 December 2019	**27 787 621**	**1 499 590 200**	**546 298 315**	**(342 010 016)**	**1 731 666 120**	**2 163 381 133**	**3 895 047 253**
For the year ended 31 December 2020							
As at 1 January 2020	**27 787 621**	**1 499 590 200**	**546 298 315**	**(342 010 016)**	**1 731 666 120**	**2 163 381 133**	**3 895 047 253**
Reclassification to retained earnings			(235 762 494)	235 762 494			-
Profit for the period	-	-	-	1 259 461 409	1 259 461 409	1 083 764 942	2 343 226 351
Other comprehensive income	-	-	283 076 188	-	283 076 188	415 366	283 491 554
Total comprehensive income	**-**	**-**	**47 313 694**	**1 495 223 903**	**1 542 537 597**	**1 084 180 308**	**2 626 717 905**
Transactions with shareholders in their capacity as owners:							
Issue of shares - share options	6 937	758 788	(765 725)	-	-	-	-
Share based payments	-	-	278 195	-	278 195	-	278 195
Acquisition of controlling interest in subsidiary (note 9)	-	-	-		-	26 574 992	26 574 992
Dividend declared and paid	-	-	-	(45 898 154)	(45 898 154)	(6 699 035)	(52 597 189)
As at 31 December 2020	**27 794 558**	**1 500 348 988**	**593 124 479**	**1 107 315 733**	**3 228 583 758**	**3 267 437 398**	**6 496 021 156**

**Reclassification relates to correction of the elimination of revaluation reserves into retained earnings as required by IAS 29 on initialadoption. The transfer has no impact on the statement of comprehensive income and on the net assets of the Group*

The historical cost information has been shown as supplementary information for the benefit of users. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.

Consolidated Statement of Changes In Equity

HISTORICAL COST

For the year ended 31 December 2019	Share capital ZWL	Share premium ZWL	Non distributable reserve (note 16.5) ZWL	Retained profits ZWL	Total equity for parent ZWL	Non-controlling Interest ZWL	Total equity ZWL
As at 1 January 2019	720 731	38 844 411	6 673 423	44 190 903	90 429 468	42 224 786	132 654 254
Impact of adopting IFRS 9							-
As at 1 January 2019, as restated	**720 731**	**38 844 411**	**6 673 423**	**44 190 903**	**90 429 468**	**42 224 786**	**132 654 254**
Profit for the year	-	-	-	349 018 272	349 018 272	309 162 721	658 180 993
Other comprehensive income	-	-	61 431 816	-	61 431 816	-	61 431 816
Total comprehensive income/(loss)	-	-	**61 431 816**	**349 018 272**	**410 450 088**	**309 162 721**	**719 612 809**
Transactions with shareholders in their capacity as owners:							
Issue of shares:	2 712	201 015	(203 727)	-	-	-	-
Share based payments	-	-	327 201	-	327 201	-	327 201
Acquisition of non-controlling interest (note 32.7)	-	-	-	260 289	260 289	(537 120)	(276 831)
Dividend declared and paid	-	-	-	(3 650 011)	(3 650 011)	(214 210)	(3 864 221)
As at 31 December 2019	**723 443**	**39 045 426**	**68 228 713**	**389 819 453**	**497 817 035**	**350 636 177**	**848 453 212**
For the year ended 31 December 2020							
As at 1 January 2020	**723 443**	**39 045 426**	**68 228 713**	**389 819 453**	**497 817 035**	**350 636 177**	**848 453 212**
Profit for the period	-	-	-	2 985 088 402	2 985 088 402	2 278 684 897	5 263 773 299
Other comprehensive income	-	-	501 169 906	-	501 169 906	415 365	501 585 271
Total comprehensive income	-	-	**501 169 906**	**2 985 088 402**	**3 486 258 308**	**2 279 100 262**	**5 765 358 570**
Transactions with shareholders in their capacity as owners:							
Issue of shares - share options	3 393	371 100	(374 493)	-	-	-	-
Share based payments	-	-	135 508	-	135 508	-	135 508
Acquisition of controlling interest in subsidiary (note 9)	-	-	-	-	-	26 574 992	26 574 992
Dividend declared and paid	-	-	-	(22 499 095)	(22 499 095)	(3 276 292)	(25 775 387)
As at 31 December 2020	**726 836**	**39 416 526**	**569 159 634**	**3 352 408 760**	**3 961 711 756**	**2 653 035 139**	**6 614 746 895**

The historical cost information has been shown as supplementary information for the benefit of users. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.

Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
	Note	ZWL	ZWL	ZWL	ZWL
Profit before income tax		**2 136 922 487**	**1 396 268 275**	**6 042 924 456**	**933 314 032**
Adjustments for non-cash items:					
Depreciation		147 589 866	26 965 965	9 202 014	1 822 966
Fair value gains on investment properties	7	(3 258 494 212)	(2 272 499 786)	(8 184 676 009)	(1 267 517 432)
Amortisation of intangible assets	8	15 460 671	5 692 424	2 024 742	229 141
Fair value adjustment on equity securities at FVPL	11.1	(452 098 085)	1 865 574 687	(1 626 449 805)	(208 418 723)
(Gain)/loss from disposal of equity securities at FVPL	24	25 240 553	(183 830 191)	66 890 008	(12 806 241)
Profit/(loss) from disposal of property and equipment	25.2	(574 684)	-	(202 447)	-
Movement in allowance for credit losses	28.3	220 954 326	101 888 972	212 732 557	19 125 133
Movement in insurance contract liabilities	17.3	247 538 266	(386 259 934)	570 337 178	63 832 145
Movement in investment contract liabilities		1 351 117 009	(2 460 388 645)	3 640 957 919	516 320 763
Movement in incurred but not reported provisions		(164 499 111)	209 536 619	(318 726 989)	(30 541 593)
Movement in shareholder risk reserves		(119 533 246)	205 628 130	(26 646 706)	14 977 172
Change in unearned premium reserve movement		231 425 995	152 819 376	27 471 257	7 897 748
Cash settled share based payment		84 869 173	22 509 722	100 574 466	5 017 934
Share of loss/(profit) of associate		1 731 339	19 010 307	1 915 650	2 545 704
Movement in member asssistance fund	18	14 250 781	-	8 322 777	-
Deferred acquisition costs	12	(10 891 078)	1 516 986	49 135 127	4 713 834
Adjustments for separately disclosed items:					
Finance costs on lease liability		1 340 368	3 019 083	1 289 565	366 984
Dividend received	24	(32 946 628)	(45 353 364)	(31 828 602)	(3 159 471)
Interest received	24	(11 289 061)	(80 975 945)	(9 824 897)	(5 641 062)
Monetary gain or loss		1 116 506 697	1 647 114 872	-	-
Operating cash flows before working capital changes		**1 544 621 426**	**228 237 553**	**535 422 261**	**42 079 034**
Working capital changes					
(Increase)/decrease in inventory		32 195 240	(33 628 504)	(8 236 626)	(5 504 503)
(Increase)/decrease in other receivables		(200 783 703)	(78 164 265)	(278 257 714)	(34 572 648)
Increase in rental receivables		(23 574 971)	(266 271)	(39 547 732)	(3 966 015)
Increase in insurance receivables		(83 611 730)	158 245 830	(662 222 574)	(135 583 364)
Increase in other payables		74 848 973	51 850 158	356 503 179	71 615 504
Increase/(decrease in insurance contract liabilities - life assurance		(2 840 033)	(58 019 558)	7 585 220	1 809 802
Increase/(decrease) in insurance contract liabilities - short term		232 549 754	189 656 599	975 814 738	256 982 312
		28 783 530	**229 673 989**	**351 638 491**	**150 781 088**
Cash (utilised in)/generated from operations		**1 573 404 956**	**457 911 542**	**887 060 752**	**192 860 122**
Finance costs on lease liability		(1 340 368)	(3 019 083)	(1 289 565)	(366 984)
Interest received	24	11 289 061	80 975 945	9 824 897	5 641 062
Income tax paid	21.2	(40 427 146)	(122 933 950)	(19 817 228)	(8 564 000)
Net cash flows from operating activities		**1 542 926 503**	**412 934 454**	**875 778 856**	**189 570 201**
Investing activities					
Dividends received	24	32 946 628	45 353 364	31 828 602	3 159 471
Additions to property, plant and equipment	6	(61 126 594)	(125 147 899)	(40 377 317)	(9 811 301)
Additions to investment property	7	(73 791)	(41 700 502)	(73 791)	(1 808 699)
Proceeds from disposal of investment property		-	18 920 269	-	1 319 795
Proceeds from disposal of property and equipment		251 670	446 154	235 692	30 263
Purchase of additional investment in associates	10	-	(96 294 479)	-	(11 300 570)
Purchase of equity securities at fair value through profit or loss	11.1	(514 964 971)	(1 220 103 503)	(296 983 739)	(84 731 805)
Purchase of debt securities at amortised cost	11.2	(97 153 341)	(593 191 977)	(47 624 187)	(41 195 052)
Proceeds from sale of equity securities at fair value through profit or loss		377 149 406	706 921 294	76 119 668	61 899 386
Proceeds from sale of debt securities at amortised cost		138 325 892	717 289 566	67 806 810	65 746 151
Cash generated from/(utilised in) investing activities		**(124 645 101)**	**(587 507 713)**	**(209 068 262)**	**(16 692 361)**
Financing activities					
Issue of shares		-	1 924 228	-	203 727
Lease liability repayment		(14 548 190)	(1 408 518)	(7 131 466)	(313 991)
Dividends paid controlling interest		(45 898 154)	(43 395 594)	(22 499 095)	(3 650 011)
Loan repayment		-	(1 315 827)	-	(91 665)
Transactions with non-controlling interest	32.7	-	(5 526 536)	-	(276 831)
Dividends paid to non-controlling interest		(6 699 035)	(5 445 883)	(3 276 292)	(214 210)
Cash flows utilised in financing activities		**(67 145 379)**	**(55 168 128)**	**(32 906 853)**	**(4 342 981)**
Net (decrease)/increase in cash and cash equivalents for the year		**1 351 136 023**	**(229 741 389)**	**633 803 741**	**168 534 859**
Cash and cash equivalents at the beginning of the year	15	1 253 867 574	1 229 197 927	279 515 881	61 083 891
Effects of exchange rate changes on cash and cash equivalents		(250 278 772)	150 913 709	746 090 211	49 897 131
Effects of inflation on cash and cash equivalents		(695 314 992)	103 497 327		
Cash and cash equivalents at the end of the year	**15**	**1 659 409 833**	**1 253 867 574**	**1 659 409 833**	**279 515 881**

*Refer to note 15.1 for prior year restatements on the Statement of Cashflows.

The historical cost information has been shown as supplementary information for the benefit of users. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.

Accounting policies

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The main business of First Mutual Holdings Limited (the ''Company") and its subsidiaries and associates (together "the Group") is that of provision of life assurance, non-life insurance (comprising general insurance, reinsurance, healthcare and funeral assurance), property management and development, wealth management services and micro-lending.

First Mutual Holdings Limited is a public company, incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange ("ZSE").

The ultimate parent of the Company is the National Social Security Authority ("NSSA") which owns 68.81% (2019: 68.81%) directly and an additional 11.41% (2019: 11.41%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 87% (2019: 87%) of Capital Bank Limited.

The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

The inflation adjusted and historical financial statements of the Group and Company for the year ended 31 December 2020 were authorised for issue in accordance by a resolution of the Directors' at a meeting held on 4 May 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and presentation

2.1.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Financial Reporting Interpretations Committee ("IFRS IC") and in a manner required by the Companies and other Business Entities Act (Chapter 24:31) , except for non-compliance with International Accounting Standards ("IAS") 21 'The effects of changes in foreign exchange rates' and IAS 8 'Accounting policies - Changes in accounting policies, estimates and errors' . The financial statements are based on statutory records that are maintained under the historical cost convention except for investment property, equity securities at fair value through profit or loss and insurance and investment contract liabilities that have been measured at fair value basis. For fair presentation in accordance with International Accounting Standard ("IAS") 29, 'Financial Reporting in Hyperinflationary Economies', the historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar ("ZWL " or "$") and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group and Company. The historical cost financial statements have been provided by way of supplementary information.

The financial statements comprise the statement of financial position of the Company and the financial statements of the Company and its subsidiaries (together the "Group") as at 31 December 2020.

2.1.2 Inflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date The restatement has been calculated by means of conversion factors derived from the month-on-month consumer price index ("CPI") prepared by the Zimbabwe National Statistics Agency. The conversion factors used to restate the financial statements as at 31 December 2020 are as follows:

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.1 Basis of preparation and presentation (continued)

2.1.2 Inflation adjustment (continued)

Date	CPI	Conversion factor
31 December 2020	2,474.51	1.00
30 November 2020	2,374.24	1.04
31 October 2020	2,301.67	1.08
30 September 2020	2,205.24	1.12
31 August 2020	2,123.97	1.17
31 July 2020	1,958.72	1.26
30 June 2020	1,445.21	1.71
31 May 2020	1,097.65	2.25
30 April 2020	953.36	2.60
31 March 2020	810.40	3.05
28 February 2020	640.20	3.87
31 January 2020	563.90	4.39
31 December 2019	551.63	4.49

All other items on the statement of comprehensive income are restated by applying the relevant monthly conversion factors.

The application of the IAS 29 restatement procedures has the effect of amending some of the accounting policies for non-monetary assets and liabilities used when preparing financial statements under the historical cost convention. The main considerations and procedures applied for the above-mentioned restatement are as follows:

- financial statements are stated in terms of a measuring unit current at the balance sheet date;
- the corresponding figures for the previous period are restated to the measuring unit current at the balance sheet date;
- monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed, in the monetary unit current at the balance sheet date;
- the non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and component of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction to the balance sheet date;
- additions to property and equipment acquired are restated using the relevant conversion factors from the date of the transaction to the balance sheet date;
- comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the balance sheet date;
- all items in the statement of comprehensive income are restated by applying the relevant monthly conversion factors;
- the effect of inflation on the net monetary position of the Group is included in the Group's statement of comprehensive income as a gain or loss on net monetary position;
- items in the cashflow statement are expressed in terms of the measuring unit current at the balance sheet date;
- impact of monetary gains or losses on the statement of cashflows are shown as a single line item; and
- for foreign subsidiaries, the financial information is converted in line with IAS 21 monthly and relevant conversion factors applied for inflation adjustment.

2.1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries and associates are measured using the currency of the primary economic environment in which the subsidiary or associate operates ("the functional currency"). The financial statements are presented in the ZWL which is the Company's functional and presentation currency.

2.1 Basis of preparation and presentation (continued)

2.1.3 Foreign currency translation (continued)

Currency developments in Zimbabwe

The Group and Company had in previous financial periods (prior to 2019) used the United States of America dollar ("USD") as its presentation currency and functional currency. However, on 20 February 2019, the Reserve Bank of Zimbabwe (the "RBZ") Governor announced a new Monetary Policy Statement ("MPS") whose highlights were:

- denomination of Real Time Gross Settlement ("RTGS") balances, bond notes and coins collectively as RTGS dollars ("RTGS$").

RTGS$ become part of the multi-currency system;

- RTGS$ to be used by all entities (including government) and individuals in Zimbabwe for purposes of pricing of goods and services, recording debts, accounting and settlement of domestic transactions; and
- establishment of an inter-bank foreign exchange market where the exchange rate will be determined by market forces. The interbank market opened trading at a rate of USD1 to RTGS$ 2.5.

The MPS announcement was followed by the publication of Statutory Instrument ("SI") 33 of 2019 on 22 February 2019. The SI gave effect to the introduction of the RTGS$ as legal tender and prescribed that "for accounting and other purposes" certain assets and liabilities on the effective date would be deemed to be RTGS$ at a rate of 1:1 to the US$ and would become opening RTGS$ values from the effective date.

On 24 June 2019 another SI 142 was issued resulting in the abolishment of the multicurrency regime and introducing the ZWL as a mono-currency or sole tender. The ZWL was introduced at par with the RTGS$. At the time the ZWL was trading and exchange rate of US$1: ZWL6.2. Due to the weakening of the ZWL against foreign currencies, there were frequent general price increases resulting in hyperinflation as highlighted on note 2.1.2 above.

The Group and Company adopted the ZWL or RGTS$ as the functional and presentation currency as at 1 October 2018, with an initial exchange rate of US$1: ZWL1 from 1 October 2018 to 31 December 2018 and US$1: ZWL2.5 from 1 January 2019 to 22 February 2019. For inflation adjusted information, month-on-moth indices were applied from 1 October 2018.

On 26 March 2020, in response to the COVID-19 induced national lockdown, the RBZ announced the authorisation of the use of free funds in payment of goods or services. In the same announcement, the interbank foreign exchange was fixed at USD1:ZWL25.

On 23 June 2020, the RBZ introduced Dutch foreign exchange auction system, resulting in the free float of the exchange rate. The quoted exchange rates are determined as a weighted average of the bids on the auction.

On 24 July 2020, SI 185 of 2020 was issued allowing businesses to display dual prices in ZWL and in foreign currency using the RBZ auction rate.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment is repaid, the associated exchange differences are reclassified to statement of comprehensive income, as part of the gain or loss from disposal arising on repayment.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of comprehensive income as part of the fair value gain or loss.

Transactions in currencies other than ZWL are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than ZWL are re-translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences arising from settlement or translation of monetary items are taken to statement of comprehensive income.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.1 Basis of preparation and presentation (continued)

2.1.3 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.1.4 Changes in accounting policies and disclosures

a) New standards, amendments and interpretations effective for the first time for 31 December 2020 year ends that are relevant to the Group:

Standard/interpretation	Effective date	Executive Summary
Amendments to IFRS 3: Definition of a Business	1 January 2020	The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020	The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020	The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.1.4 Changes in accounting policies and disclosures (continued)

a) New standards, amendments and interpretations effective for the first time for 31 December 2020 year ends that are relevant to the Group: (continued)

Standard/interpretation	Effective date	Executive Summary
Amendments to IFRS 16 COVID-19 Related Rent Concessions	1 June 2020	On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

b) New standards, amendments and interpretations issued but not effective for 31 December 2020 year ends that are relevant to the Group but have not been early adopted:

Standard/interpretation	Effective date	Executive Summary
IFRS 17 Insurance contracts		
	1 January 2023	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of: -discounted probability-weighted cash flows; -an explicit risk adjustment, and -a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the ‘variable fee approach’ for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity’s share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.1.4 Changes in accounting policies and disclosures (continued)

b) New standards, amendments and interpretations issued but not effective for 31 December 2020 year ends that are relevant to the Group but have not been early adopted: (continued)

Standard/interpretation	Effective date	Executive Summary
		The standard will have significant impact on the financial statements of the Group. The Group has treated the implementation of the standard as a project and the following have been done: - key project team members have been identified from finance, actuarial, underwriting and information technology departments; - a project charter has been drafted; - project timetable determined; and - project team has attended preliminary training. The project team will ensure data governance, lineage and transparency across the entire reporting chain. This includes a wide spectrum of data that will be used, from historical or current data (e.g. policy and premium data or data to produce the risk adjustment) to forward-looking data (e.g. data used to produce cash flow projections). The project team is working with internal and external stakeholders to assess the current data flows and identify potential gaps. In doing so, it is critical to have the future state in mind to identify data requirements across the existing data and systems landscape. In addition to data flow and system analysis, the project team will also review data management capabilities at the enterprise level. This includes the end-to-end data architecture and flow (e.g. source, master and reference data once for multiple uses), data governance process and policies (e.g. access controls and ownership). The Group expects to be substantially done by 31 December 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement; • That a right to defer must exist at the end of the reporting period; • That classification is unaffected by the likelihood that an entity will exercise its deferral right; and • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently not impacted by this amendment but will be taken into consideration in the future.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.1.4 **Changes in accounting policies and disclosures (continued)**

b) **New standards, amendments and interpretations issued but not effective for 31 December 2020 year ends that are relevant to the Group but have not been early adopted: (continued)**

Standard/interpretation	Effective date	Executive Summary
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022	In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.1.4 Changes in accounting policies and disclosures (continued)

b) New standards, amendments and interpretations issued but not effective for 31 December 2020 year ends that are relevant to the Group but have not been early adopted: (continued)

Standard/interpretation	Effective date	Executive Summary
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary “as a first-time adopter”	1 January 2022	As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.
IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities	1 January 2022	As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

The Group and Company are assessing the impact of the new standards on the financial statements of the Group and Company and the timing of their adoption. There are no other standards, amendments and interpretations that are not yet effective that are likely to have a material impact on the financial statements of the Group and Company.

2.1.4 Going concern assumption

The Directors have assessed the ability of the Group and Company to continue operating as going concerns and believe that the preparation of these financial statements on a going concern basis is appropriate. Refer to note 34 for detailed assessment.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an investee when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.2 Basis of consolidation

(a) Subsidiaries

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements, and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognised amounts of acquiree' s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9, Financial instruments in the profit or loss section of the statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition - date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

All subsidiaries in the Group are 100% owned, except for First Mutual Properties Limited which is 69.99% (2019: 69.99%) owned through First Mutual Life Assurance Company (Private) Limited and Diamond Seguros (50.4%) owned through NicozDiamond Insurance Company Limited, have 31 December year ends and are consolidated in the presented financial statements.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.2 Basis of consolidation (continued)

(b) Loss of control

If the Group loses control over a subsidiary, it;

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative transaction differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the statement of comprehensive income; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to statement of comprehensive income or retained earnings, as appropriate.

Changes in ownership interests in subsidiaries without change of control:
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses from disposals to non-controlling interests are also recorded in equity.

(c) Separate financial statements of the Company

In the Company's separate financial statements, investments in subsidiaries are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at historical cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. After initial recognition, subsidiaries are recognised at inflation adjusted amounts.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. If the holding is less than 20%, the Group will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process;
- material transactions between the investor and the investee;
- interchange of managerial personnel; and
- provision of essential technical information.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at historical cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee and movements in other reserves after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. After initial recognition, investments in associates are recognised at inflation adjusted amounts.

When the investment, or portion of an investment, meets the criteria to be classified as held for sale, the portion so classified is accounted for in accordance with IFRS 5, 'Non-current assets held for sale and discontinued operations'. Any remaining portion is accounted for using the equity method until the time of disposal, at which time the retained investment is accounted under IFRS9, Financial instruments, unless the retained interest continues to be an associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of comprehensive income where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of an associate' in the statement of comprehensive income.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.2 **Basis of consolidation (continued)**

(d) **Associates (continued)**

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the polices adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2.3 **Goodwill**

Goodwill is initially measured at historical cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in statement of comprehensive income.

After initial recognition, goodwill is measured at inflation adjusted cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss from disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4 **Common control transactions**

A combination involving businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that is not transitory. Common control transactions are excluded from the scope of IFRS 3, "Business combinations". The board of directors made a policy choice to use predecessor accounting for common control transactions.

No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. These are the carrying values that are related to the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity. Gain or losses on acquisition are accounted directly in the statement of changes in equity utilising available reserves.

The acquired entity's results and statement of financial position are incorporated prospectively from the date on which the business combination between entities under the same control occurred. Consequently, the financial statements to reflect the results of the acquired entity for the period after the transaction occurred.

2.5 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee which is made up of Group Chief Executive Officer, Group Finance Director and Managing Directors (including general managers) of the subsidiaries.

2.6 **Property, plant and equipment**

Property, plant and equipment items are initially measured at historical cost. Subsequently they are measured at inflation adjusted cost less accumulated depreciation and impairment losses. Repairs and maintenance costs are recognised in statement of comprehensive income as incurred.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.6 Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

- Computers 5 years
- Laptops 4 years
- Vehicles and equipment 5 years
- Furniture 10 years
- Property 50 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition is included in statement of comprehensive income in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. Changes in the asset's depreciation method, residual value or useful life are treated as a change in accounting estimates in accordance with IAS 8, 'Accounting policies, changes in accounting estimates and errors'.

Owner occupied properties comprises property which is owned by the Group but is significantly occupied by group companies, regardless of the leasing of the property being at market related rentals and terms. Such owner-occupied properties are classified under property, plant and equipment and depreciated in line with the Group policy on property, plant and equipment.

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at inflation adjusted cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income when the asset is derecognised.

2.8 Investment property

Investment property comprises land and buildings that are either held for capital appreciation or to earn rentals or both. Buildings under construction to be used for rental to others or for capital appreciation or both are also classified as investment property.

Investment property is measured initially at historical cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in statement of comprehensive income in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognised either when it has been disposed of or when permanently withdrawn from use and no future economic benefit is expected from disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of comprehensive income in the period of derecognition.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.8 Investment property (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between the cost-based measurement and fair value is treated as a revaluation adjustment. The revaluation reserve is realised on disposal of the property.

2.9 Inventory

Inventory comprises property acquired or being constructed for sale in the ordinary course of business, consumables and other stocks. Consumables and other stocks are valued on the basis of weighted average cost and at the lower of inflation adjusted cost or estimated net realisable value ("NRV"), property classified as inventory is valued at the lower of inflation adjusted cost or estimated NRV but is based on the specific identification of the property. NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and less costs to completion and the estimated costs of sale. NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less cost of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 12% that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

An impairment loss is recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash- generating unit) in prior years. A reversal of an impairment loss is recognised as income in profit or loss, unless the relevant asset is carried at the revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.11 Fair value

The Group measures financial assets such as quoted and unquoted equity securities and non-financial assets such as investment property at fair value at reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.11 Fair value (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
• level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
• level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and incremental other costs that the Group incurs in connection with the borrowing of funds.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's financial assets are classified as measured at:
1. amortised cost; and
2. fair value through profit or loss

2.13.1 Financial assets

Classification

Financial assets recognised at amortised cost
Insurance, tenant and other receivables, cash and balances with banks and debts securities are classified as financial assets at amortised cost because Group holds these financial instruments to collect contractual cashflows that are solely payment of principal and interest. The Group's cashflows from insurance, tenant and other receivables arise from the Group's operations that are concluded on credit basis and interest is only charged on tenant balances that are overdue. Cash collected in excess of the Group's daily cash needs is invested in debt securities to earn interest income, prior to the cash being deployed to meet insurance and benefit claims, daily operational costs, and dividends payments.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets recognised at amortised cost include insurance, tenant and other receivables, cash and balances with banks and debt securities.

Financial assets at fair value through profit or loss
Equity securities at fair value through profit or loss, comprise quoted and unquoted securities that are mainly held to fund life assurance and investment contract liabilities. The objectives of holding these investments is increase in fair value and dividend income to meet life assurance and investment contract liabilities on maturity or on the occurrence of the insured event.

The Group classifies the following financial assets at fair value through profit or loss ("FVPL"):
- listed equity investments that are held for trading acquired principally for the purpose of selling in the near term and
  forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; and
- unlisted equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income ("OCI").

2.13.1 Financial assets (continued)

The equity securities are classified as financial assets at fair value through profit or loss by the Group and Company as management assess performance of the financial assets on a fair value basis.

Transaction cost that are directly attributable to acquisition of financial assets are expensed in profit or loss for financial assets classified at fair value through profit and loss. For financial asset not classified at fair value through profit and loss, transaction costs are added to the fair value at initial recognition.

Measurement of financial assets

All financial assets are initially measured at fair value on recognition.

Subsequent measurement of financial assets

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The effective interest method is a technique for calculating the actual interest rate in a period based on the amount of a financial instrument's book value at the beginning of the accounting per in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Financial assets at fair value through profit or loss
The Group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss.

Impairment of financial assets
Simplified approach
The Group applies the simplified approach that takes into account forward looking information to measure expected credit losses. The simplified approach uses a lifetime expected credit loss allowance for insurance, tenant and other receivables. To measure the expected credit losses, insurance, tenant and other receivables have been grouped based on shared credit characteristics. The Group has therefore concluded that the expected credit loss rates for insurance receivables area reasonable approximation of the loss rates for the insurance receivables. The forward-looking information adjusts the current backward-looking incurred loss-based credit loss rates into a forward-looking expected credit loss rates. The expected credit loss rates are based on the payment profiles over a period of 2 years before 31 December 2020 and corresponding historical credit losses experienced within this period. The historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as market interest rates or growth rates) affecting the ability of the cedants to settle the receivables.

General approach
The Group applies general approach on financial assets such as debt instruments measured at amortised cost, cash and cash equivalents and related party balances. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment, without a payment plan in place. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.13.1 Financial assets (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.13.2 Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group and Company's financial liabilities include trade and other payables, borrowings, insurance contracts, and investment contracts. All the Group's financial liabilities are classified as other financial liabilities. The Group and Company classify all financial liabilities as subsequently measured at amortized cost.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of comprehensive income.

2.14 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax from the proceeds.

Treasury shares (repurchase and reissue of ordinary shares)

When share capital recognised as equity is bought back the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as an equity deduction. The Company's own shares reacquired in a share buyback scheme or acquired by a subsidiary of the Group are deducted from equity and are classified as treasury shares and are presented in a separate reserve for owned shares. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within the share premium.

2.15 Cash and balances with banks

Cash and balances with banks comprise cash and balances with banks less than three months, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings.

2.16.1 Leases - Group as lessee

The Group leases office spaces. Rental contracts are typically made for fixed periods varying from 1 year to 5 years but may have extension options.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.16.1 Leases - Group as lessee (continued)

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The Group and Company leases have fixed rental arrangements, which have been reviewed periodically due to the hyperinflationary environment. There are no variable payments, residual values, purchase options nor termination penalties.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group and Company made use of the interest rates charged by their principal bankers for such borrowings, that is interest rates for corporate mortgages.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and Company are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The right-of-use asset is subsequently measured at inflation adjusted cost less accumulated depreciation in line with owner occupied property policy.

The Group applies the lease of low-value assets recognition exemption to leases of agent offices that are considered to be low value. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.16.2 Leases - Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.17 Revenue recognition

The Group and Company recognise revenue when the following conditions have been met;

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- and it is probable that the consideration to which the Group and Company are entitled to in exchange for the goods or services will be collected.

The Group and Company do not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds 12 months. The transaction price is there for not adjusted for the effects of a significant financing component.

The property services income, sale of completed property and funeral services income follow the above conditions in line with IFRS 15.

2.17.1 Premium income

Premium income is accounted for gross of reinsurance and accounted for as follows:

Pensions	- when due
Life	- when paid
Property and casualty insurance (short-term insurance)	- when due
Health insurance	- when paid

In the short-term business, premium income is accounted for as and when the premiums are agreed, and risks accepted. Refer to note 2.21.6 for the Group's accounting policy for unearned premium.

2.17.2 Rental income

The Group is the lessor on operating leases transactions. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Services and management fees are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received or receivable from tenants to terminate leases or to compensate for dilapidations as well as recovery of fixed operating costs are recognised in statement of comprehensive income when the right to receive them arises.

2.17.3 Realised and unrealised gains and losses

Realised and unrealised gains and losses recorded in statement of comprehensive income on investments include gains and losses on financial assets and investment properties. Gains and losses from the sale of investments are calculated as the difference between net sales proceeds and the carrying amount and are recorded on occurrence of the sale transaction.

2.17.4 Dividend income

Dividend income is recognised when the Group has received the dividend for cash dividends and when the right to receive the payment is established, when the investee`s Board of Directors has declared the dividend for non-cash dividends.

2.17.5 Interest income

Interest earned on cash invested with financial institutions and from micro-loans lent is recognised on an accrual basis using the effective interest method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

2.17.6 Property services income

Property services income comprises income received or receivable from property-related services to other parties. The income is recognised when the related services have been provided. Property services income will be generated from the following services:
- project management;
- property management;
- property purchases;
- property sales; and
- property valuations.

2.17.7 Sale of completed property

A property is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on transfer of property. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

2.17.8 Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:
- a contract to construct a property, or
- a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when control over the property has been transferred to the customer. However, an enforceable right does not arise until legal title is passed to the customer. Therefore, revenue is recognised at point in time when legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied, and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:
- the buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer; and
- all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the cost incurred to date.

2.17.9 Fee income

Fees charged for investment management services provided in conjunction with an investment contract are recognised as revenue in the statement of comprehensive income as the services are provided. Insurance contract policyholders are charged for policy administration services and other contract fees. These fees and charges are recognised as revenue over the period in which the related services are performed.

2.17.10 Commission income

Commission income received or receivable under insurance and reinsurance contracts for non-life insurance contracts is recognised in full when risk has been accepted by the reinsurer.

2.17.11 Funeral services income

Funeral services income comprises income received or receivable from provision of funeral services to clients. The income is recognised when the related services have been provided, however, there is usually no material time lag between service provision and payment. Funeral services income will be generated from the following services:
- body embalming;
- hearse hire;
- church services; and
- bus hire.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.18 Claims

2.18.1 Life insurance

Insurance benefits and claims relating to group life insurance contracts are recognised in profit or loss based on the estimated liability for compensation owed to the contract holder. Death, disability and severe illness and surrender claims are accounted for when notified. These claims include outstanding claims and claims incurred but not reported ("IBNR"). The IBNR estimate is determined taking into account the likelihood of the claim being valid and the expected severity of the claim given that the claim is valid. The proportion to be included is estimated separately for each benefit type. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Maturity and income disability are recorded as incurred. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

2.18.2 Non-life insurance

Benefits payable under health insurance contracts are accounted for as incurred. Liabilities are held to reflect IBNR claims. The IBNR calculation is performed using the chain ladder approach. This allows for the historical patterns of claims payment in determining the likely future emergence of claims. The IBNR is further modified to reflect current operational conditions or known events.

Claims are accounted for as incurred and consist of claims paid, movement in the provision for outstanding claims and related claims handling expenses. The provision for outstanding claims is based on estimates of the cost of settling all claims incurred but unpaid at the reporting date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets in the statement of financial position and are included in recoveries from reinsurers in profit or loss.

2.19 Reinsurance recoveries

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

2.20 Acquisition costs of insurance contracts

2.20.1 Life assurance

Commission

Commission is recognised as an expense in statement of comprehensive income when the premium is received or receivable through an intermediary or agent. The period over which commission is paid or payable and the commission rate differ per product depending on the product design structure.

Other acquisition costs

Other acquisition costs are costs incurred for running the Group's branch network for the insurance businesses. Branches are set up to acquire business across the country and the costs are charged to statement of comprehensive income in the period in which they are incurred. Costs of running the branches, cost of supporting the agents and staff expenses for employees working in the branches are included as acquisition costs together with all other costs for maintaining the branches functional.

2.20.2 Short-term insurance

Acquisition costs represent commissions to brokers and agents incurred to underwrite short-term insurance business. These commission expenses are expensed in the profit or loss or deferred over the insured period, in line with the unearned premium reserve for premiums not fully earned. Refer to note 2.22 on the deferred components of the commission expenses.

2.21 Insurance contract liabilities

Policyholder insurance and investment contracts

Policyholder contracts are classified into four categories, namely, insurance contracts with discretionary participation features, insurance contracts without discretionary participation features, investment contracts with discretionary participation features and investment contracts without discretionary participation features.

2.21.1 Insurance contract

An insurance contract is one under which the Group accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the "insured event") adversely affects the policyholder. Such contracts may also transfer financial risk. The Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of the insured event that are significantly more than the benefits payable if the insured event did not occur.

2.21.2 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables.

2.21.3 Discretionary participation features ("DPF")

A number of insurance contracts and investment contracts contain a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

i) that are likely to be a significant portion of the total contractual benefits;
ii) whose amount or timing is contractually at the discretion of the Group; and
iii) that are contractually based on:

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

All components of the DPFs are included in the policyholder liabilities.

2.21.4 Determination of liabilities

The liabilities are determined on the basis derived by the Group's actuary as detailed in note 4.8.1. Actuarial valuation reports for each year are done annually and signed-off by the statutory actuary.

2.21.4.1 Insurance contract liabilities and investment contract liabilities with DPF

The liability for life insurance contracts and investment contracts with DPF are measured using the Financial Soundness Valuation ("FSV") method as set out in the guidelines issued by the Actuarial Society of South Africa in Professional Guidance Note ("SAP 104"). Under this guideline, provisions are valued using realistic expectations of future experience, with compulsory margins for prudence and deferral of profit emergence. All contracts are subject to a liability adequacy tests, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality on historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates. The liability in respect of some of the investment contracts with DPF is taken as the investment value. The main example is the Deposit Administration business where the reserve is the face value of the accounts together with the bonus smoothing reserve. Although it could be argued that the Group expects the contracts to be profitable, it would not be advisable to account for such profits in advance of them arising. Surplus allocated to policyholders under investment contract liabilities with DPF but not yet distributed (i.e. bonus smoothing reserves) is included in the carrying value of liabilities.

2.21.4.2 Investment contracts without discretionary participating features ("DPF")

Investment contracts without DPF are determined by applying deposit accounting where the contributions, claims and benefits paid, investment income and related expenses are not accounted through profit or loss but are accounted as direct increases or decreases to the investment contract liability and the corresponding assets.

2.21.5 Life assurance liabilities

Life assurance liabilities comprise the policyholder funds and the shareholder risk reserves. These are determined by the independent actuary as detailed in note 18 Actuarial valuation reports for each year are done annually and signed-off by the statutory actuary.

The liability for life insurance contracts is based on current assumptions reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy tests, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style that could result in significant changes to the expected future mortality exposure.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.21.5 Life assurance liabilities (continued)

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

2.21.6 Shareholder risk reserve

Shareholder risk reserve are funds set aside to meet claims on risk products as they fall due. Risk products are those which are underwritten by the Group and payable on death.

The measurement of the funeral assurance contract provisions is made in accordance with the Financial Soundness Valuation Basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice ("SAP") 10 version 9. The provisions are calculated on a gross premium basis using realistic expectations of future experience, with margins of prudence and deferral of profit emergence. Each year the assumptions used to calculate the provisions are adjusted to reflect the change in expected experience. The contingency data risk reserve has been set at 0.1% of the non-investment linked insurance contracts for any possible of data discrepancies.

2.21.7 Insurance contract liabilities - short term (which comprises general insurance and health care)

These include the outstanding claims provision and the incurred but not reported reserve ("IBNR") (disclosed as insurance payable) and the provision for unearned premium.

Outstanding claims

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that include a margin for adverse variation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or has been cancelled.

Incurred but not reported - ("IBNR")

The provision for incurred but not reported claims ("IBNR") represents all claims incurred before the reporting date but only reported subsequent to year-end. The IBNR is actuarially determined.

Unearned premium reserves - ("UPR")

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

2.22 Deferred acquisition costs

Acquisition costs, which represent commissions to agents and brokers, are deferred over the period in which the related premiums are earned and are recognised in full through profit or loss for the period they relate to. The deferred portion is calculated by applying the actual commission rate on the unearned premium reserve. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in profit or loss. The recoverable amount would be assessed on applicable premium deferred. Deferred acquisition costs are also considered in the liability adequacy test for each reporting period.

2.23 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its insurance businesses. Reinsurance assets represent balances due from reinsurance companies, for the primary insurers and balances due from retrocession companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in profit or loss.

2.23 Reinsurance (continued)

Gains or losses on buying reinsurance are recognised in statement of comprehensive income immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance assets represent balances due to the Group. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or have expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position.

2.24.1 Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

Taxable income for the life assurance subsidiary company is calculated in accordance with the insurance formula as laid down in the Eighth Schedule of the Zimbabwe Income Tax Act (Chapter 23:06).

2.24.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except;

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.
- deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except;
- when the deferred tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date that are expected to apply to the year when the asset is realised, or the liability is settled. Deferred tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.24.2 Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period.

The Group will continue to apply the income tax rate of 24.72% (2019: 24.72%) for the purpose of recognising deferred tax for its investment properties with the exception of land, where the capital gains tax rate is applied.

2.24.3 Value added tax

Expenses and assets are recognised net of the amount of the value added tax ("VAT"), except when the value added tax incurred on purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

The policy relates to all companies that are VAT registered, with the exception of First Mutual Reinsurance (Private) Limited, NicozDiamond Insurance Limited and First Mutual Health Company (Private) Limited that are VAT exempt.

2.25 Employee benefits

Post-employment benefits

The Group operates two defined contribution plans, the assets of which are held in separate trustee administered funds. The pension plans are funded by payments from employees and the relevant group companies. The Group's contributions to the defined contribution pension plans are charged to statement of comprehensive income in the period in which the contributions relate. Retirement benefits are also provided for the Group's employees through the National Social Security Authority ("NSSA") Scheme. The cost of retirement benefits applicable to the NSSA Scheme is determined by the systematic recognition of legislated contributions.

Short-term employee benefits

Short term employee benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Profit share scheme

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.26.1 Shared-based payments: share options

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees for equity instruments ("options") of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.26.1 Shared-based payments: share options (continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.26.2 Share appreciation rights

Liabilities for the Group's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the statement of financial position.

2.27 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in statement of comprehensive income net of any reimbursement.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.28 Member savings liabilities

Member savings liabilities which are managed by the Company on behalf of its members represent savings contributions net of any claims paid on behalf of members in terms of the scheme's registered fund rules.

In accordance with the scheme's registered fund rules, gross contributions are allocated 15% to the members' savings accounts and 85% to the insured benefit. All member claims are initially allocated to the member savings account until it is exhausted and subsequently allocated to the insured benefit. The member savings balance is rolled over at the end of the financial year. The scheme awards the principal member 25% of the savings account balance including interest earned as cash-back three months after continuous membership of two years, provided the member has claimed at most 15% of total contributions received over the period. The balance in the member savings account is rolled over to the following year and is distributed as a cash benefit to a qualifying member after three months from the date of termination. On termination of membership, amounts available in the member's savings account may be offset against outstanding contributions after reaching an agreement with the member.

The Company recognises the entire contribution (100%) as gross income in their income statement. Apart from student accounts and a few corporate customers that do not participate in the member savings scheme, the insurance system on a monthly basis allocates the 15% savings contributions and deducts the related claims covered from savings to determine the closing savings balance at the end of each month. The increase or decrease in the member savings liabilities is recorded as an expense in the income statement.

Any unclaimed funds available in the member's savings account after a period of three years post termination, provided that all reasonable attempts to contact the member have been made, shall be transferred to the First Mutual Health Medical Scheme Reserve.

2.29 Member assistance fund

The member assistance fund represents an obligation to cover members for benefits that they would otherwise not qualify for, on the basis of the Medical Aid Fund benefit and tariff limits. The build-up of the assistance fund arises from:

- transfer on unutilised low claims bonus; and
- an allocation from the technical account on the basis of predetermined criteria.

The business initially recognizes a liability for member assistance fund on the basis of the following criteria:

- when a transfer has been made from the low claims' bonus for unclaimed balances in excess of a period of 5 years; and
- when an allocation has been made from the technical account and approved by the Board.

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2.29 Member assistance fund

The balance is subsequently recognized as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the end of the reporting period. Subsequent movement are recognised in the statement of comprehensive income.

2.30 Retrenchment or rationalisation accounting policy

The Group recognises termination as a liability and expense when there is a demonstrable commitment to either terminate the employment of an employee or a group of employees before normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Group will recognise such termination benefits when and only when, there is a detailed formal plan for the termination and there is no realistic possibility for withdrawal for such plans. The detailed formal plan will include the location, function and approximate number of employees whose services are to be terminated, the termination benefits for each job classification or function and the time at which the plan will be implemented.

2.31 Non-current assets held for sale

The Group and Company classify non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The Group and Company classify assets as held for sale when the following criteria are met;

- the assets must be available for immediate sale in their present condition;
- sale must be highly probable;
- the asset must be currently marketed actively at a price that is reasonable in relation to its current fair value
- the sale should be completed, or expected to be so, within a year from the date of the classification; and
- the actions required to complete the planned sale will have been made, and it is unlikely that the plan will be significantly changed or withdrawn.

Assets classified as held for sale cease to be depreciated at the date at which they qualify to be reclassified. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.32 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing;

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.33 Dividends

Provision is made for the amount of any dividend in the form of assets declared by the directors and no longer at the discretion of the Company on or before the end of the reporting period but not distributed at the end of the reporting period. No provision is made for cash dividends.

2.32 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest dollar.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparation of the Group's financial statements, management is required to make judgements, estimates and assumptions that affect reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions, judgements and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.1.1 Insurance contracts and investment contracts

The Group classifies contracts entered into between investment contracts and insurance contracts on the basis of whether the contract is mostly a life assurance contract, or a deposit contract and the contract is considered to be insurance contract if it transfers significant insurance risk. In the event of both elements existing in the contract, judgement is applied in determining which of the two elements makes up a more significant portion of the contract, in which case it is classified as such.

3.1.2 Taxes

The Group is subject to income and capital gains taxes in Botswana, Malawi, Mozambique and Zimbabwe. Significant judgement is required to determine the total liability for current income and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred tax, the effective tax rate applicable on the temporary differences on investment property depends on the method by which the carrying amount of investment property will be realised.

In 2019, the Zimbabwe Revenue Authority ("ZIMRA") pronounced that where an entity earns revenue in foreign currency, a component of income tax should be paid in foreign currency. The Group earns some rental income in USD and as such property business income tax has been split based on the ratio of income earned.

The Group applied the income tax rate of 24.72% (2019: 24.72%) for the purpose of recognising deferred tax for its investment property with the exception of land.

3.1.3 Foreign exchange rate

Before 24 June 2020, the Group and Company used the RBZ's interbank rate as a source of foreign exchange rates. However, there was no exchangeability on the interbank, hence failing to meeting requirements of IAS 21. After the introduction of the RBZ's auction system on 24 June 2020, management assessed the auction rate for exchangeability and legality as follows:

Exchangeability
According to the Exchange Control document issued by the RBZ, the following guidelines shall apply on the submission of bids on behalf of their clients to the RBZ:

- Bidders shall submit their bids as individuals, firms, and public enterprises through their Authorised Dealers;
- Bidders shall submit only one bid per auction. In cases where a bidder submits more than one bid, all the bids shall be rejected;
- All bids shall be in US$s;
- The auction shall only accept bids for a minimum amount of US$50,000 and a maximum of US$500,000 from each bidder, per auction;
- Foreign currency shall be allotted to the winning bids according to the Import Priority List;
- Foreign currency shall be allotted at winning bidder's own bid rate;
- Successful bids shall be allotted in full but if funds are not enough, allotments shall be on a pro-rata basis; and
- A weighted average rate will be calculated based on allotments and the average rate will be used as the market exchange rate until a new weighted average is determined at a subsequent auction.

On the basis of the above stated information and process, management have determined that the RBZ auction system is accessible to the Group as it offers services that are eligible under both category one and category two of the guidelines for utilisation of Exchange Control directive RV175/2020, being payments of services not available in Zimbabwe (IT systems).

Accounting policies (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1.3 Foreign exchange rate (continued)

Trades on the RBZ's auction system can be observed and are published on the RBZ website showing rate by highest bidder, rate by lowest bidder and amount of foreign currency allotted in US$ and a weighted average rate that takes into account all the biddings made during the particular day. These daily exchange rates (spot rates) can thus be easily obtained from the RBZ website.

In light of the above, the auction rate offers exchangeability through offering access to the Group and market at large and is observable hence providing a spot rate that is "available for immediate delivery".

Legality

There are typically two broad categories of legal exchange system available to an entity:

a) an administrated process created and directed by jurisdictional authorities i.e. the jurisdictional authorities buy and sell foreign currencies and are responsible for allocating those currencies to entities and individuals in the jurisdiction; or
b) a financial market (in the case of free market exchangeability).

The exchange rate on the RBZ's auction system is based on a formal market administered by the central bank, through the Adjudication Committee which comprises of officials from the Ministry of Finance and Economic Development and the Reserve Bank.

Management have concluded that the RBZ's auction generated exchange rates are in compliance with the requirements of IAS 21.

3.1.4 Operating lease commitments with the group as lessor

The Group has entered into commercial property leases on its investment property. The Group has determined, based on an evaluation of the terms and conditions of the lease arrangements, that it retains all the significant risks and rewards of ownership of the property and as such accounts for the contracts as operating leases. This involves the analysis of likelihood of exercising extension options, lease term analysis, etc. The lease rental in most of the lease arrears are revised on an annual basis.

3.2 Estimates and assumptions

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

3.2.1 Incurred but not reported ("IBNR")

The provision for IBNR represents an estimate of all claims incurred before the reporting date but only reported subsequent to year end. The IBNR is actuarially determined as at the reporting date.

3.2.2 Insurance contract liabilities (Policyholders' funds) and actuarial assumptions.

The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group's independent actuary, in accordance with prevailing legislation, and guidelines issued by the Actuarial Society of South Africa ("SAP104"). Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities, calculated using the Financial Soundness Valuation method.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation adjustments if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate. Refer to note 18 and 19 for the carrying amount of policyholder funds and insurance risk reserve and the assumptions used to determine the carrying amounts.

3.2.3 Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in statement of comprehensive income. The yield method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements. One approach to value property on this basis is to capitalise net rental income on the basis of an initial yield, generally referred to as the "All Risks Yield" approach or "Net Initial Yield" approach.

The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term void rate. The property valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence. In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and area currently applying to the individual properties in the portfolio. The achieved rentals for the portfolio are generally in line and in some instances higher than the rental rates being achieved in the market. With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable residential suburbs. In analysing the comparable properties, the main space equivalent ("MSE") principle was applied. The total MSE of the comparable property was then used to determine a value per square meter of MSE. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties. The yields have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded. Refer to note 7 for the carrying amount of investment property and more information on the estimates and assumptions used to determine the fair, value of investment property.

3.2.4 Useful lives and residual values of property plant and equipment

The Group assesses the useful lives and residual values of vehicles and equipment each year taking to consideration past experience, technology changes and the local operating environment. No changes to the useful lives and residual values have been considered necessary during the year. Refer to note 6 for the carrying amount of property, vehicles and computer equipment and accounting policy note 2.6 for the useful lives of property, vehicles and equipment.

3.2.5 Allowances for expected credit losses

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For receivables, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 2.13.1 for further details. Forecast on national unemployment rates, economic outlook, monetary policy changes, changes in client profiles are taken into account in determining expected credit losses.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risk through its financial assets and liabilities, insurance and reinsurance assets and liabilities. The most important components of financial risk are investment risk, equity price risk, interest rate risk, liquidity risk, currency risk, and credit risk.

4.1 Investment risk

The Group's investment risk management system operates through a hierarchy of investment limit approvals. Individual fund managers have authority to trade within certain limits. Investments in excess of the specified limits require the approval of the Group Investment Committee. In addition, the Group Investment Committee makes all decisions regarding property investments and unquoted companies' share transactions.

4.2 Equity price risk

Equity price risk is the potential loss arising from changes in the market price of a financial instrument as a result of fluctuations in the market price. A substantial part of the equity portfolio comprises listed counters. Unquoted counters are subjected to periodic financial analysis and review. The Group's equity price risk policy is to manage such risks by setting and monitoring objectives on investments, diversification of portfolios and setting limits on investment in each sector.

INFLATION ADJUSTED +/-10 share price movement	**2020 Impact on profit before tax ZWL**	**2019 Impact on profit before tax ZWL**	**2020 Impact on equity ZWL**	**2019 Impact on equity ZWL**	**2020 Effect on life policyholder liabilities ZWL**	**2019 Effect on life policyholder liabilities ZWL**
Commodity						
+/-10	16 292 673	11 927 259	12 265 125	8 855 992	8 896 925	6 423 995
Consumer						
+/-10	77 190 215	56 508 080	58 108 794	41 957 247	26 693 964	19 274 281
Financial						
+/-10	50 409 687	36 903 053	37 948 412	27 400 519	10 618 346	7 666 940
Manufacturing						
+/-10	17 648 604	12 919 885	13 285 869	9 593 013	6 869 932	4 960 409
Property						
+/-10	22 008 761	16 111 794	16 568 196	11 963 007	1 686 113	1 217 452
Retail						
+/-10	-	-	-	-	-	-
Tourism						
+/-10	-	-	-	-	-	-
Telecommunication						
+/-10	25 962 367	19 006 081	19 544 470	14 112 014	19 098	13 790
Other						
+/-10	4 201 304	3 075 618	3 162 742	2 283 645	2 337 969	1 688 121
Total						
+/-10	**213 713 611**	**156 451 770**	**160 883 608**	**116 165 437**	**57 122 347**	**41 244 988**

At the reporting date, the total exposure to listed equity securities at fair value through profit or loss was ZWL1 861 430 035 (2019: ZWL1 564 517 699), ZWL1 221 480 944 (2019: ZWL926 753 511) relating to policyholder .

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to insured, cedants and tenants.

Risk management

Credit risk is managed on a group basis. The key areas where the Group is exposed to credit risk are:-

- amounts due from debt securities;
- reinsurers' share of insurance liabilities;
- amounts due from cedants;
- amounts due from agents, brokers and intermediaries;
- amounts due from loans and receivables; and
- amounts due from cash and balances with banks.

The Group manages and analyses credit risk for each of their new clients before standard payment and delivery terms and conditions areoffered. Exposure limits are set for each counterparty or group of counterparties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis. With respect to credit risk arising from other financial assets of the Group, which comprise cash and balances with banks, and held to maturity investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The following policies and procedures (by each financial insurance) are in place to mitigate the Group's exposure to credit risk:

Insurance receivables

The following policies and procedures are in place to mitigate credit risk:

- exposure limits are set for each counterparty or group's of counterparties;
- the creditworthiness of cedants is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract;
- the exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group; and
- management information reported to the board of directors includes details of allowances for impairment on amounts due from cedants and subsequent write-offs.

Credit limits are monitored based on the financial position and history of the insured or cedant's ability to pay. In the view of management, the credit quality of insurance receivables is considered sound. Management does not expect any losses from non-performance by counter parties. The credit risk in respect of customer balances incurred on non-payment of premium will only persist during the period specified in the policy document.

Tenant receivables

Tenants are assessed according to set criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals in advance in addition to an upfront good tenancy deposit. The credit quality of the tenant is assessed based on an extensive credit rating criteria at the time of entering into a lease agreement. At inception of the lease tenants are classified into good, acceptable and watch list categories.
Outstanding tenants' receivables are regularly monitored and all tenants that accrue arrears are classified in the watch list category as rental obligations are payable in advance. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Cash and balances with banks and Debt securities at amortised cost

The Group has a policy that establishes counterparty trading limits for each banking institution that it trades with. These counter party limits are reviewed at least semi-annually and submitted to the Group Investments Committee for approval. In this process the financial results of the banking institutions which are published semi-annually, are reviewed and together with other qualitative factors.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.3 Credit risk (continued)

The limits worked out are proposed to the Group Investment Committee for approval.

The Group only trades with and receives service from banking institutions that meet regulatory requirements including minimum regulatory capital.

Key considerations in the review of limits and security requirements include:-

- compliance with minimum capital requirements as set by the Reserve Bank of Zimbabwe ("RBZ"),
- RBZ periodic capital adequacy, asset quality, management, earnings, liquidity, and sensitivity ("CAMELS") ratings,
- total shareholder equity,
- total assets,
- ratios such as loan to deposit ratio, cost to income and non-performing loans ("NPLs") to total loans ratio,
- overall profitability and cash generation,
- historical performance and outlook,
- ability of the bank to provide collateral security,
- global credit ratings, with at least a rating of A+.

The approved collateral security instruments are as follows:

- treasury bills and aftrades;
- Zimbabwe Stock Exchange ("ZSE") top ten listed equities;
- bankers acceptances; and
- property bonds for long term placements

The Group uses the following parameters in determining the trading limits:-

- 10% of Group's average shareholders' equity,
- 1.5% of average total deposits, and
- discounts can be further applied to the established limit based on other qualitative factors covered under the CAMELS rating system of the RBZ.

Qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served.

The banks are classified into three internal categories as set out below:

Tier 1 Banks - banks that are considered to have well above the regulatory capital, stable and have a proven performance record. No security is required from these counterparties. The counterparty limit for tier 1 Banks is set as 40% (2019: 40%) of the Group total money market investments.

Tier 2 Banks - banks that are assessed to be significantly stable but have lower performance and shareholder ratings than Tier 1 Banks.

Security is required for investments with these banks. The counterparty limit for tier 2 Banks is set as 20% (2019: 20%) of Group total money market investments.

Tier 3 Banks - banks that are evaluated as currently not suitable to be classified as a trading counterparty.

4 **GROUP FINANCIAL RISK MANAGEMENT (continued)**

The Group holds cash accounts with financial institutions with sound financial and capital cover. The financial institutions holding the cash and cash equivalents of the Group have the following internal credit ratings.

	INFLATION ADJUSTED		HISTORICAL COST	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Tier 1	979 312 170	740 662 439	979 312 170	164 958 227
Tier 2	680 097 663	513 205 135	680 097 663	114 557 654
	1 659 409 833	**1 253 867 574**	**1 659 409 833**	**279 515 881**

4.3 **Credit risk (continued)**

(ii) Security

The Group holds no collateral in respect of insurance, tenant and other receivables, and debt securities at amortised cost.

(iii) Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss model:
- insurance receivables;
- tenants receivables;
- other receivables;
- debt securities at amortised cost; and
- cash and balances with banks.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Insurance, tenant and other receivables

The Group applies the simplified approach that takes into account forward looking approach to measure expected credit losses. The simplified approach uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, insurance receivables have been grouped based on shared credit characteristics and the days past due with the exception of the reinsurance companies where an assessment was done based on cedant /broker basis. The forward looking approach requires the Group to adjust the current backward-looking incurred loss based credit losses into a forward-looking expected credit loss. The expected loss rates are based on the payment profiles over a period time and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the cedants to settle the receivables, changes to underwriting through more short-term policies.

Insurance receivables for the pensions business relate to pension contributions and Group Life Assurance ("GLA") premiums that are paid a month in arrears. In the event that three months pass with the contributions still outstanding, premium receivables are impaired. The same applies for GLA premiums. The premiums for the individual life business are accounted for on a cash basis due to the lapsable nature of the life insurance contracts. In the event of default, the contract will lapse and the premium will no longer be due to the Group hence the criteria to recognise revenue only when received.

When determining allowance for credit losses in respect of past due tenant receivables, the following criteria is used:

• Occupancy status of the tenant
The tenant who relinquish occupancy of premises and honour agreed payment plans will not be considered for specific write-off.

• Length of period of non-payment
The length of period a tenant stays without making payment towards past due balances is used as a measure of the extent of delinquency of outstanding amounts. All past due amounts over three months are referred to collection agencies and lawyers for collection while amounts that are over six months past due may qualify for specific write-off subject to the fulfilment of additional qualification criteria. All tenant account balances that are over three months are profiled with relevant percentage of general allowance applied to arrive at a general allowance for credit losses amount.

• Analysis of results of collection efforts undertaken so far in order to recover amounts that are past due
When the efforts of lawyers, collection agencies or direct approaches by the Group to tenants does not yield significant recovery of past due amounts and the prospects of significant recoveries consider remote, the outstanding balance is considered for specific write off. All material write offs are approved by the Audit and Acturial Committee. Significant managerial judgment is exercised in analysing the likelihood of success of current collection efforts with assessment of prospects of recovery rated from more highly probable to remote.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4.3 Credit risk (continued)

Debt securities at amortised cost

All of the Group's debt investments at amortised cost and at fair value through other comprehensive income ("FVOCI") are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risks. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

INFLATION ADJUSTED

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss rate	11%	36%	28%	27%	
Gross carrying amount - Insurance receivables					
- Reinsurance	195 636 257	21 998 297	17 364 274	128 126 784	363 125 612
- Short term direct	298 649 755	39 580 331	75 288 279	89 737 789	503 256 154
- Life assurance incuding pensions	186 704	847 661	1 101 958	-	2 136 323
Gross carrying amount - rental receivables	14 848 456	7 021 282	5 771 573	4 902 967	32 544 278
Gross carrying amount - other receivables	157 531 301	23 559 912	44 814 815	73 653 638	299 559 666
Loss allowance	**72 885 888**	**33 821 883**	**40 259 985**	**81 453 000**	**228 420 756**

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss rate	12%	15%	15%	16%	
Gross carrying amount - Insurance receivables					
-Reinsurance	221 041 454	68 548 536	99 862 640	163 947 991	553 400 621
-Short term direct	79 723 337	64 905 820	62 835 581	116 933 388	324 398 126
Gross carrying amount - rental receivables	16 823 421	5 251 783	1 247 691	7 856 916	31 179 811
Gross carrying amount - other receivables	66 992 097	12 559 733	9 727 118	46 123 282	135 402 230
Loss allowance	**47 637 041**	**22 105 437**	**26 313 278**	**53 236 367**	**149 292 123**

HISTORICAL COST

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss rate	11%	36%	28%	27%	
Gross carrying amount - Insurance receivables					
-Reinsurance	195 636 257	21 998 297	17 364 274	128 126 784	363 125 612
-Short term direct	298 649 755	39 580 331	75 288 279	89 737 789	503 256 154
-Life assurance incuding pensions	186 704	847 661	1 101 958	-	2 136 323
Gross carrying amount - rental receivables	14 848 456	7 021 282	5 771 573	4 902 967	32 544 278
Gross carrying amount - other receivables	157 531 301	23 559 912	44 814 815	73 653 638	299 559 666
Loss allowance	**72 885 888**	**33 821 883**	**40 259 985**	**81 453 000**	**228 420 756**

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected credit loss rate	12%	15%	15%	16%	
Gross carrying amount - Insurance receivables					
-Reinsurance	49 275 217	15 281 043	22 261 676	36 547 773	123 365 709
-Short term direct	17 772 163	14 468 998	14 007 494	26 067 138	72 315 793
Gross carrying amount - rental receivables	3 750 327	1 170 743	278 139	1 751 487	6 950 696
Gross carrying amount - other receivables	14 934 077	2 799 853	2 168 398	10 281 939	30 184 267
Loss allowance	**10 609 586**	**4 923 260**	**5 860 418**	**11 856 652**	**33 249 916**

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.3 Credit risk (continued)

Forward Looking – Insurance Receivables

These forward looking inputs are used in ECL determination.The World Bank statistics show that Real GDP for Zimbabwe has been on the downward trend for the past two years at about -8.1% and -10.4% in 2019 and 2020 respectively. This has been driven by a decline in productivity across the productive sectors of the economy, rapid depreciation of the local currency against the United States Dollar, monetary policy instability and hyperinflation, all affecting the liquidity and general performance of companies. The situation had been compounded the COVID-19 pandemic, whereby Government enforced lockdowns restrict movement and business activity. It can be seen that as the GDP levels will drop significantly compared to prior year and this is attributed to the impacts of the COVID-19 pandemic. Projections for 2021 were indicating that the GDP for the country will improve to around 4.2%, but as the second wave of the COVID-19 pandemic has seen the country being put under strict lockdown measures to curb the spread of the virus that has mutated into different more infectious strain, most business not operating, with the likely prolonged period under various stages of lockdown in the first half of the year at a minimum. It is for these reasons that Real GDP growth is expected to remain negative in 2021. Collection of premiums are expected to be more difficult as the liquidity of some clients will most likely be negatively affected by the second wave of the COVID-19 Pandemic and the anticipated lockdown measures expected to curb the spread of the virus.

Impairment stages

The following categories are used when assessing credit quality of insurance receivables:

Category 1	These are receivables which are up to date with no indication of significant increase in credit risk.
Category 2	These are receivables that have raised a significant increase in credit risk due to poor performance and receivables that are up to 3 months in arrears but adhering to payment plans.
Category 3	These relate to receivables from cedants that are more than 3 months in arrears and are adhering to payment plans as well as some in breach of payment plans.

Impairment categories		**2020**				**2019**		
INFLATION ADJUSTED		**IFRS 9**				**IFRS 9**		
	Category 1	**Category 2**	**Category 3**	**Total**	**Category 1**	**Category 2**	**Category 3**	**Total**
Insurance receivables	52 419 023	13 678 898	63 859 914	129 957 835	102 047 916	21 794 634	166 008 236	289 850 785
- Short term direct	9 427 502	6 808 548 -	21 141 981	37 378 031	20 083 064	14 909 403	47 417 727	82 410 195
- Reinsurance	42 991 521	6 870 350	42 717 933	92 579 804	81 964 851	6 885 231	118 590 509	207 440 591
Debt Securities at mortised cost	-	-	-	-	-	-	-	-
Total	**52 419 023**	**13 678 898**	**63 859 914**	**129 957 835**	**102 047 916**	**21 794 634**	**166 008 236**	**289 850 785**
HISTORICAL COST								
Insurance receivables	52 419 023	13 678 898	63 859 914	129 957 835	22 727 821	4 854 039	36 972 881	64 554 741
- Short term direct	9 427 502	6 808 548	21 141 981	37 378 031	4 472 843	3 320 580	10 560 741	18 354 164
- Reinsurance	42 991 521	6 870 350	42 717 933	92 579 804	18 254 978	1 533 459	26 412 140	46 200 577
Debt Securities at mortised cost	-	-	-	-	-	-	-	-
Total	**52 419 023**	**13 678 898**	**63 859 914**	**129 957 835**	**22 727 821**	**4 854 039**	**36 972 881**	**64 554 741**

Staging is based on financial assets that have used the general approach in calculating credit allowances. There has not been any significant increase in credit risk during year.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4.4 Interest rate risk

Cash flow interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Group analyses its interest rate exposure on a dynamic basis and various scenarios are simulated.

The Group manages interest rate risk at both Board level (through the Group Investments Committee) and management level through regular reviewing policies that relate to interest rate risk management. Key activities include daily monitoring of costs of funds, monthly analysis of interest rate re-pricing gaps and monthly interest rate simulations.

The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's cash and cash equivalents, including financial instruments earning interest at fixed interest rates.

The Group is not exposed to the risk of changes in market interest rates as a result of the fixed nature of interest rates on its financial instruments thus, no sensitivity analysis has been presented.

4.5 Liquidity risk

It is the Group's policy to ensure that cash resources are available at all times to meet commitments as they arise. Cash outflows arise from payment of insurance claims and benefits, purchase of investments and other operating commitments. Such outflows are adequately matched by inflows from premium income, maturing investments and investment income. The Group manages liquidity risk related to market through maintaining and monitoring comprehensive cash flow forecasts and budgets that are reviewed to take any changes on the market as they arise.

Where pension funds withdraw and / or transfer assets to other pension administrators the period of transferring the assets is per agreement between the Fund and the insurer as specified in the policy document and that period spans up to three years allowing for restructuring of assets to meet the cash flow requirements as permitted by the Pensions and Provident Funds Act (Chapter 24:09). The table below summarises the maturity profile of the Group's financial assets and financial liabilities based on contractual and undiscounted payments.

The negative gap shown below is long-term and will be covered by investment property through either rental received or disposals to fund the long-term insurance and life contract liabilities. The insurance and life assurance contract liabilities mature in smaller amounts over period longer than 5 years.

Investment contract liabilities have different maturity periods which have been used to determine liquidity profiles. Early termination of contract results in penalties for the contract holder, hence contracts are estimated to end on maturity.

The amounts disclosed in the table below are contractual undiscounted cashflows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4.5 Liquidity risk (continued)

For amounts in 1- 5 years the future value of the ultimate redemption values is affected by a number of factors other than interest. The carrying amount therefore estimates future contractual undiscounted cashflows

INFLATION ADJUSTED

Assets **31 December 2020**	**1 month** **ZWL**	**1 month to 3 months** **ZWL**	**3 months to 1 year** **ZWL**	**1 year to 5 years** **ZWL**	**Total** **ZWL**
Financial assets:					
Insurance, tenant and other receivables	494 286 012	233 370 048	242 652 552	217 864 573	1 188 173 185
Debt securities at amortised cost	24 564 538	14 678 838	35 678 934	8 580 673	83 502 983
Equity securities at fair value through profit or loss	-	-	-	2 137 136 110	2 137 136 110
Cash and balances with banks	1 061 063 375	598 346 458	-	-	1 659 409 833
Total assets	**1 579 913 925**	**846 395 344**	**278 331 486**	**2 363 581 356**	**5 068 222 111**
Liabilities					
Insurance liabilities - short term	32 523 446	1 678 434 866	27 337 012	68 301 989	1 806 597 313
Investment contract liabilities:					
With DPF	110 634	-	-	3 779 532 725	3 779 643 359
Without DPF	-	-	-	466 918 592	466 918 592
Lease liability	283 049	849 148	2 547 444	12 482 921	16 162 562
Insurance liabilities - life assurance payables	237 452	6 086 365	6 039 025	5 493 735	17 856 577
Property business related payables	24 040 891	655 250	-	-	24 696 141
Accrued expenses	47 874 669	17 095 221	-	-	64 969 890
Trade payables	5 149 840	-	-	-	5 149 840
Other payables	100 656 310	-	-	-	100 656 310
Total liabilities	**210 876 291**	**1 703 120 850**	**35 923 481**	**4 332 729 962**	**6 282 650 584**
Liquidity gap	**1 369 037 634**	**(856 725 506)**	**242 408 005**	**(1 969 148 606)**	**(1 214 428 473)**
Cumulative liquidity gap	**1 369 037 634**	**512 312 128**	**754 720 133**	**(1 214 428 473)**	**-**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.5 Liquidity risk (continued)

INFLATION ADJUSTED	**1 month**	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Total**
31 December 2019	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Financial assets:					
Insurance, tenant and other receivables	20 554 926	914 062 269	-	-	934 617 195
Debt securities at amortised cost	-	-	50 733 821	-	50 733 821
Equity securities at fair value through profit or loss	-	-	-	1 565 963 511	1 565 963 511
Cash and balances with banks	862 058 718	391 808 856	-	-	1 253 867 574
Total assets	**882 613 644**	**1 305 871 125**	**50 733 821**	**1 565 963 511**	**3 805 182 101**
Liabilities					
Insurance liabilities - short term	24 860 205	1 282 958 600	20 895 809	52 208 535	1 380 923 149
Investment contract liabilities:	-	-	-	-	-
With DPF	80 265	25 864 966	15 646 073	2 700 413 127	2 742 004 431
Without DPF	-	-	-	204 731 627	204 731 627
Lease liability	287 457	862 372	2 587 115	12 677 312	16 414 256
Insurance liabilities - life assurance payables	-	-	-	18 296 643	18 296 643
Property business related payables	19 923 559	2 904 573	-	-	22 828 132
Accrued expenses	126 092 074	1 474 449	-	-	127 566 523
Trade payables	38 757 967	-	-	-	38 757 967
Other payables	124 000 619	-	-	-	124 000 619
Total liabilities	**334 002 146**	**1 314 064 960**	**39 128 997**	**2 988 327 244**	**4 675 523 347**
Liquidity gap	**548 611 498**	**(8 193 835)**	**11 604 824**	**(1 422 363 733)**	**(870 341 246)**
Cumulative liquidity gap	**548 611 498**	**540 417 663**	**552 022 487**	**(870 341 246)**	**-**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.5 Liquidity risk (continued)

HISTORICAL COST

Assets **31 December 2020**	**1 month** **ZWL**	**1 month to 3 months** **ZWL**	**3 months to 1 year** **ZWL**	**1 year to 5 years** **ZWL**	**Total** **ZWL**
Financial assets:					
Insurance, tenant and other receivables	494 286 012	233 370 048	242 652 552	217 864 573	1 188 173 185
Debt securities at amortised cost	24 564 538	14 678 838	35 678 934	8 580 673	83 502 983
Equity securities at fair value through profit or loss	-	-	-	2 137 136 110	2 137 136 110
Cash and balances with banks	1 061 063 375	598 346 458	-	-	1 659 409 833
Total assets	**1 579 913 925**	**846 395 344**	**278 331 486**	**2 363 581 356**	**5 068 222 111**
Liabilities					
Insurance liabilities - short term	32 523 446	1 678 434 866	27 337 012	68 301 989	1 806 597 313
Investment contract liabilities:					
With DPF	110 634	-	-	3 779 532 725	3 779 643 359
Without DPF	-	-	-	466 918 592	466 918 592
Lease liability	283 049	849 148	2 547 444	12 482 921	16 162 563
Insurance liabilities - life assurance payables	237 452	6 086 365	6 039 025	5 493 735	17 856 577
Property business related payables	24 040 891	655 250	-	-	24 696 141
Accrued expenses	114 439 696	17 095 221	-	-	131 534 917
Trade payables	5 149 840	-	-	-	5 149 840
Other payables	100 656 310	-	-	-	100 656 310
Total liabilities	**277 441 318**	**1 703 120 850**	**35 923 481**	**4 332 729 962**	**6 349 215 612**
Liquidity gap	**1 302 472 607**	**(856 725 506)**	**242 408 005**	**(1 969 148 606)**	**(1 280 993 500)**
Cumulative liquidity gap	**1 302 472 607**	**445 747 101**	**688 155 106**	**(1 280 993 500)**	**-**

Assets **31 December 2019**					
Financial assets:					
Insurance, tenant and other receivables	4 582 165	203 765 474	-	-	208 347 639
Debt securities at amortised cost	-	-	12 240 899	-	12 240 899
Equity securities at fair value through profit or loss	-	-	-	348 766 929	348 766 929
Cash and balances with banks	192 172 688	87 343 193	-	-	279 515 881
Total assets	**196 754 853**	**291 108 667**	**12 240 899**	**348 766 929**	**848 871 348**
Liabilities					
Insurance liabilities - short term	5 536 794	285 736 882	4 653 855	11 627 736	307 555 267
Investment contract liabilities:	-	-	-	-	-
With DPF	17 892	-	-	611 237 873	611 255 765
Without DPF	-	-	-	45 639 382	45 639 382
Lease liability	149 806	185 546	191 818	3 132 010	3 659 180
Insurance liabilities - life assurance payables	-	-	-	4 078 742	4 078 742
Property business related payables	4 441 419	647 498	-	-	5 088 917
Accrued expenses	28 109 122	328 385	-	-	28 437 507
Trade payables	8 640 041	-	-	-	8 640 041
Other payables	27 642 586	-	-	-	27 642 586
Total liabilities	**74 537 660**	**286 898 311**	**4 845 673**	**675 715 743**	**1 041 997 387**
Liquidity gap	**122 217 193**	**4 210 356**	**7 395 226**	**(326 948 814)**	**(193 126 039)**
Cumulative liquidity gap	**122 217 193**	**126 427 549**	**133 822 775**	**(193 126 039)**	**-**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.7 Foreign exchange risk

The risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Foreign exchange risks arise from recognised monetary financial assets and liabilities future commercial transactions, that are not denominated in the functional currency of the Group.

The Group operates regionally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States of America Dollar ("USD"), Botswana Pula ("BWP"), Malawi Kwacha ("MWK"), Mozambique Metical ("Metical") and the South African Rand ("ZAR").

The Group manages foreign exchange risk by making prepayments to suppliers to lock prices and increasing investments in illiquid assets such as high value unquoted equity securities in foreign currency generating investments.

The following table details the Group's sensitivity to a 10% increase or decrease in the ZWL against the relevant foreign currencies with all other variables held constant. 10% represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and is calculated by adjusting the translation of foreign currency amounts at the period end for a 10% change in foreign currency rates.

Consolidated foreign exchange gap analysis as at 31 December 2020

INFLATION ADJUSTED	**Metical**	**USD**	**ZAR**	**EUR**	**BWP**	**TOTAL**
Base currency	**ZWL equivalent**	**ZWL equivalent**	**ZWL equivalent**	**ZWL equivalent**	**ZWL equivalent**	**ZWL equivalent**
Assets						
Cash and balances with banks	12 776 728	675 169 482	982 319	-	717 398 269	1 406 326 798
Insurance, tenant and other receivables	1 690 442	457 809 028	-	-	228 012 166	687 511 636
Total assets	**14 467 170**	**1 132 978 510**	**982 319**	-	**945 410 435**	**2 093 838 434**
Liabilities						
Insurance contract liabilities - short term	5 805 992	649 317 597	-	-	481 254 719	1 136 378 308
Other payabes	223 727	66 499 224	27 855 388		53 550 246	148 128 585
Total liabilities	**6 029 719**	**715 816 821**	**27 855 388**	-	**534 804 965**	**1 284 506 893**
Net currency position	**8 437 451**	**417 161 689**	**(26 873 069)**	-	**410 605 471**	**809 331 541**
Consolidated foreign exchange gap analysis as at 31 December 2019						
Assets						
Cash and balances with banks	-	434 481 229	1 810 693	-	587 703 910	1 023 995 832
Insurance, tenant and other receivables	-	350 874 419	-	-	273 765 905	624 640 324
Total assets	-	**785 355 648**	**1 810 693**	-	**861 469 815**	**1 648 636 156**
Liabilities						
Insurance contract liabilities - short term	-	38 537 976	1 483 768	-	542 668 407	582 690 151
Other payabes						
Total liabilities	-	**38 537 976**	**1 483 768**	-	**542 668 407**	**582 690 151**
Net currency position	-	**746 817 672**	**326 925**	-	**318 801 408**	**1 065 946 005**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.7 Foreign exchange risk (continued)

Below are major cross rates to the ZWL used by the group

	2020 Cross rate	2019 Cross rate
Currency		
SA rand ("ZAR")	5.60	1.19
Great Britain pound ("GBP")	110.87	21.99
Euro ("EUR")	99.82	18.80
Botswana pula ("BWP")	7.58	1.58
United States dollar ("USD")	81.79	16.77
Malawian kwacha ("MWK")	0.11	0.02
Mozambique metical ("MWK")	1.10	0.27

Impact of 10% increase in exchange rates

	METICAL ZWL	USD ZWL	ZAR ZWL	EUR ZWL	BWP ZWL	TOTAL ZWL
For the year ended 31 December 2020						
Assets	1 446 717	113 297 851	98 232	-	94 541 043	209 383 843
Liabilities	602 972	71 581 682	2 785 539	-	53 480 496	128 450 689
Net position	**843 745**	**41 716 169**	**(2 687 307)**	-	**41 060 547**	**80 933 154**
For the year ended 31 December 2019						
Assets	-	78 535 565	181 069	-	86 146 982	164 863 616
Liabilities	-	3 853 798	148 377	-	54 266 841	58 269 015
Net position	-	**74 681 767**	**32 692**	-	**31 880 141**	**106 594 600**

	31 December 2020			31 December 2019		
Currency	**Change in variables ZWL**	**Impact on profit before tax ZWL**	**Impact on equity ZWL**	**Change in variables ZWL**	**Impact on profit before tax ZWL**	**Impact on equity ZWL**
United States of American dollar ("USD")	+10%	41 716 169	31 403 932	+10%	34 454	25 582
South African rand ("ZAR")	+10%	(2 687 307)	(2 023 005)	+10%	28 288	21 004
Botswana pula ("BWP")	+10%	93 081 670	70 071 881	+10%	2 880 311	2 138 631
Mozambique metical ("METICAL")	+10%	843 745	635 171			
United States of America dollar ("USD")	-10%	(41 716 169)	(31 403 932)	-10%	(34 454)	(25 582)
South African rand ("ZAR")	-10%	2 687 307	2 023 005	-10%	(28 288)	(21 004)
Botswana Pula ("BWP")	-10%	(93 081 670)	(70 071 881)	-10%	(2 880 311)	(2 138 631)
Mozambique metical ("METICAL")	-10%	(843 745)	(635 171)	-10%	-	-

This method used for deriving sensitivity information and significant variables did not change from the previous period.

4.8 Insurance risk

Insurance risk is the risk that actual future underwriting, policyholder behaviour and expense experience will differ from that assumed in measuring policyholder liabilities and assets and in pricing products. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, policyholder behaviour or expense experience in the case of life products, and claims incidence, claim severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the Group's earnings and capital if different from those assumed.

The Group is exposed to insurance risk arising from its insurance contracts with policyholders and other beneficiaries. The main risk that the Group faces is that the actual claims and benefits payments or the timing thereof differ from expectations. The risk exposure is mitigated by the use of careful selection procedures and implementation of underwriting procedures, use of actuarial models which calculate premiums and monitor claims patterns, as well as the use of reinsurance arrangements.

The insurance risks that the Group is exposed to that have the greatest impact on the financial position and comprehensive income are covered below.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4.8 Insurance risk

General mangement of insurance risk

The insurance subsidiaries are responsible for the day to day identification, monitoring and assessment of insurance risk. In addition to the management of risk by the subsidiary companies, the Group has the following insurance risk management controls:

Group Risk Committee

The Committee advises Group's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risks aspects of proposed strategic transactions.

Combined Audit and Actuarial Committee

The audit committee deals with insurance companies within the Group. The committee serves to satisfy the Group and operational boards of directors that adequate internal and financial controls are in place and that material risks are managed appropriately. More specifically, this committee is responsible for reviewing the financial statements and accounting policies, the effectiveness of the management information and systems of internal control, compliance with statutory and regulatory requirements, including actuarial input thereon, interim and final reports, the effectiveness of the internal audit function, external audit plans and findings on their respective reports. This committee reports directly to the Group board of directors. The committee meetings are attended by the external and internal auditors and are held at least quarterly.

Statutory actuary

The statutory actuary of the insurance subsidiaries reports on the capital adequacy and the financial soundness at the year-end date and for the foreseeable future. All new premium rates or premium rates where changes are required are reviewed by the statutory actuary. Dividend declarations are approved by the statutory actuary prior to payment to ensure that the insurance subsidiaries remain financially sound thereafter.

Capital adequacy requirements

A minimum level of solvency is required to be held within each insurance subsidiary to meet the regulatory capital adequacy requirements ("CAR"). For the long-term insurance subsidiaries the CAR is calculated to determine whether the excess of assets over liabilities is sufficient to provide for the possibility of actual future experience departing from the assumptions made in calculating the policyholder liabilities and against fluctuations in the value of assets. The CAR is actuarially determined taking into account forward looking information.

Pricing

Pricing risk is managed by carefully establishing criteria by which each potential customer is allocated to the appropriate risk category, applying the underwriting rules, and by establishing prices appropriate to each risk category. Underwriting performance is measured by monitoring the claims loss ratio which is the ratio of claims to premiums.

Reserving

For claims that have been reported by the financial position date, expert assessors estimate the expected cost of final settlement. For expected claims that have not been reported by the financial position date an incurred but not reported ("IBNR") provision is calculated using appropriate techniques. Consideration is also given to any stipulated minimum IBNR prescribed by regulations. These provisions for claims are not discounted for the time value of money due to the expected short duration of settlement. Using the experience of a range of specialist claims assessors, provisions are reviewed regularly to ensure they are sufficient.

Catastrophic

Catastrophic risk has the potential to cause significant loss or impact on current year earnings and capital through a single event or a number of correlated events. Reinsurance and the diversification of types of short-term insurance offered are used to reduce risks from single catastrophic events or accumulations of risk. Various reinsurance arrangements are in place, with retention levels and catastrophe cover levels varying by line of business.

4.8.1 Life insurance risks

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8.1 Life insurance risks (continued)

(a) valuation of insurance contract liabilities; and
(b) life insurance contract liabilities

The liability for life insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality on historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style that could result in significant changes to the expected future mortality exposure.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.
Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The main risks that the Group is exposed to are as follows:

- mortality risk – risk of loss arising due to policyholder death experience being different than expected
- longevity risk – risk of loss arising due to the annuitant living longer than expected
- investment return risk – risk of loss arising from actual returns being different than expected
- expense risk – risk of loss arising from expense experience being different than expected
- policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

4.8.1.1 Mortality and morbidity risk

Mortality risk is the risk of adverse financial impact due to actual mortality (death) claims being higher than anticipated. Morbidity risk is the risk of adverse financial impact due to policyholder health related (disablement and dread disease) claims being higher than expected.

The Group has the following processes and procedures in place to manage mortality and morbidity risk:

Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claim experience. Prior to taking on individual risk policies, appropriate underwriting processes are conducted, which influence pricing on the policy prior to acceptance.

The actual claims experience is monitored on a monthly basis so that deteriorating experience can be timeously identified. At the point of issuing new policies, consideration is given to update product pricing if the change in the experience, as evidenced by the commissioned periodic investigations, has become sustained and cannot be mitigated. Further, the valuation of liabilities is periodically updated with the new parameters arising from the periodic investigations. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products. Allowance for special effects of specified medical conditions is made in product pricing as well as in the measurement of policyholder liabilities and assets.

Terms and conditions

The policy terms and conditions contain exclusions for nonstandard and unpredictable risks that may result in severe financial loss. Terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:

- for individual risk business, most in-force risk premiums are subject to review; and
- for institutional risk business, the risk premiums can be reviewed annually.

Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed in accepting new business are in place. For individual and institutional business, larger sums assured in excess of specified limits are subjected to underwriting and evaluated against established guidelines for accepting new business. The annually reviewable terms on institutional business enable premiums to keep pace with emerging claim experience. Part of the underwriting process involves assessing the health condition and family medical history of applicants. Terms and conditions are varied accordingly. Non-standard risks such as hazardous pursuits and medical conditions are assessed at underwriting stage. The expertise of reinsurers is used in the rating of non-standard risks. Financial underwriting is used where necessary to determine insurable interest.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8.1.1 Mortality and morbidity risk

Claims management

For mortality, claims are validated against policy terms and conditions. For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions. In the case of disability annuitants, claim management ensures the continued eligibility for monthly income and includes interventions that may result in the full or partial medical recovery of the claimant. The actual disability experience is highly dependent on the quality of the claim assessment.

Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the risk management support services and technical expertise offered by reinsurers. The Group has a centralised reinsurance function that works closely with business units and subsidiaries to optimise and monitor reinsurance at a group level and to ensure consistent governance and execution of the Group's reinsurance strategy. Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. The levels of reinsurance purchased for new business written in 2017 were broadly similar to those in recent previous years. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historical reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable. Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually. Catastrophe reinsurance is consolidated across business units and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

4.8.1.2 Longevity risks

Longevity risk is the risk of adverse financial impact due to actual annuitant mortality being lower than anticipated, that is annuitants living longer than expected. For life annuities, the loss arises as a result of the Group having undertaken to make regular payments to policyholders for their remaining lives, and possibly to the policyholders' spouses for their remaining lives.

The most significant risks on these liabilities are continued medical advances and improvements in social conditions that lead to longevity improvements being better than expected. The Group manages the longevity risk by:

- annually monitoring the actual longevity experience and identifying trends over time;
- making allowance for future mortality rates falling in the pricing of new business and the measurement of policyholder liabilities. This allowance will be based on the trends identified in experience investigations and external data; and
- regularly verifying annuitants are still alive.

Life insurance contract sensitivity analysis

INFLATION ADJUSTED **As at 31 December 2020**	**Change in assumptions**	**Impact on liabilities**	**Impact on net liabilities**	**Impact on profit before income tax**	**Impact on equity**
Base					
Mortality	+10%	3 112 452	44 325	32 268	504 721
Mortality	-10%	(3 646)	(722 296)	(345 527)	(505 497)
Investment return	+1%	12 835 735	54 445	35 247	313 774
Expense	+10%	3 491 610	183 488	39 206	2 188 572
Lapse and surrenders rate	+10%	4 502 610	73 359	32 938	1 833 136
As at 31 December 2019					**Base**
Mortality	+10%	2 515 084	2 515 084	(2 515 084)	(1 867 450)
Mortality	-10%	(2 417 551)	(2 417 551)	2 417 551	1 795 032
Investment return	+1%	(6 243 193)	(6 243 193)	6 243 193	4 635 571
Expense	+10%	4 366 006	4 366 006	(4 366 006)	(3 241 759)
Lapse and surrenders rate	+10%	(652 040)	(652 040)	652 040	484 140

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8 Insurance risk (continued)

4.8.1 Life insurance risks (continued)

Concentration risk

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and number of contracts written per product type. The following tables show the concentration of life insurance liabilities and investment contract liabilities by type of contract.

INFLATION ADJUSTED	Investment contract liabilities with DPF ZWL	Investment contract liabilities without DPF ZWL	Insurance contract liabilities with DPF ZWL	Insurance contract liabilities without DPF ZWL	Total Insurance and investment contract liabilities ZWL
As at 31 December 2020					
Pensions	3 659 517 124	529 512 318	475 700 597	-	4 664 730 039
Individual life	120 126 235			187 239 101	307 365 336
Group life			-	-	-
Total	**3 779 643 359**	**529 512 318**	**475 700 597**	**187 239 101**	**4 972 095 375**
As at 31 December 2019					
Pensions	2 428 009 612	204 731 632	246 664 494	43 830 010	2 923 235 748
Individual life	313 994 819	-	493 040	122 900 553	437 388 412
Group life	-	-	-	1 513 334	1 513 334
Total	**2 742 004 431**	**204 731 632**	**247 157 534**	**168 243 897**	**3 362 137 494**

Health insurance risk

Health insurance claims development table

Treatment year	Before First half 2017 ZWL	First half 2018 ZWL	Second half 2018 ZWL	First half 2019 ZWL	Second half 2019 ZWL	First half 2020 ZWL	Second half 2020 ZWL
At end of treatment half	220 944 461	133 265 931	236 401 721	142 401 420	373 768 838	408 030 519	1 775 702 957
One half later	220 944 461	133 265 931	236 401 721	142 401 420	373 768 838	408 030 519	-
Two halves later	220 944 461	133 265 931	236 401 721	142 401 420	373 768 838	-	-
Three halves later	220 944 461	133 265 931	236 401 721	142 401 420	-	-	-
Four halves later	220 944 461	133 265 931	236 401 721	-	-	-	-
Five halves later	220 944 461	133 265 931	-	-	-	-	-
Six halves later	220 944 461	-	-	-	-	-	-
Current estimate of cumulative claims incurred	**220 944 461**	**133 265 931**	**236 401 721**	**142 401 420**	**373 768 838**	**408 030 519**	**1775 702 957**
Treatment year							
At end of treatment half	95 564 794	55 573 976	101 586 003	51 528 218	111 435 985	103 806 496	1321 531 843
One half later	95 569 479	55 578 661	101 591 925	51 609 744	131 096 141	397 466 739	-
Two halves later	95 569 479	55 578 661	101 599 805	51 665 702	134 128 974	-	-
Three halves later	95 569 479	55 578 661	101 604 897	51 700 555	-	-	-
Four halves later	95 569 479	55 579 180	101 610 742	-	-	-	-
Five halves later	95 570 023	55 578 457	-	-	-	-	-
Six halves later	95 569 935	-	-	-	-	-	-
Cumulative payments to date	**95 569 935**	**55 578 457**	**101 610 742**	**51 700 555**	**134 128 974**	**397 466 739**	**1321 531 843**
Outstanding claims as at 31 December 2020	**125 374 526**	**77 687 474**	**134 790 979**	**90 700 865**	**239 639 864**	**10 563 780**	**454 171 115**
Less IBNR 31 December 2020							
Outstanding claims 31 December 2020							**454 171 115**

Claims incurred are accrued in the same treatment period, hence no change on the cumulative claims incurred.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8.2 Short term insurance risks

The principal risk the Group faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual payments made. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The diversification of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements. The Group purchases reinsurance as part of its risks transfer programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following types of general insurance contracts: fire, engineering, motor, guarantee, marine, miscellaneous accident, aviation and agriculture. Risks usually cover twelve months duration. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

This is largely achieved through diversification across industry sectors. Risk management is very vital starting from pre-risk acceptance where some large risks or business perceived risky is surveyed and improvement recommendations passed before cover commences. Selected running risks are also surveyed for risk improvement and mitigating chances and severity of losses. Risk management is thus filtered into the whole underwriting process to manage the portfolio. Furthermore, claim management policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management.

Underwriting strategy

The variability of risks is also improved by careful selection and implementation of underwriting strategies, as well as the use of reinsurance arrangements. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Commissions are payable on retroceded business in a manner consistent with retrocession costs as per the retrocession agreements.

Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the risk management support services and technical expertise offered by reinsurers. The Group has a centralised reinsurance function that works closely with business units and subsidiaries to optimise and monitor reinsurance at a group level and to ensure consistent governance and execution of the Group's reinsurance strategy. Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. The levels of reinsurance purchased for new business written in 2019 were broadly similar to those in recent previous years. Given that large proportions of the Group's business are renewed short-term contracts, where the proportion of the risk that is reinsured is the same over time, the Group's overall reinsurance result is heavily influenced by historical reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable. Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually. Catastrophe reinsurance is consolidated across business units and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

Concentration of insurance risk and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by class of business and geographical spread.

Types of contracts
Fire: provide indemnity for loss or damage to property caused by perils such as fire, lightning, explosion, earthquakes, floods and malicious damage.
Accident: provide indemnity for third party bodily injury, property damage, professional indemnity, group personal accident and legal expenses.
Motor: provide indemnity for loss or damage to the insured motor vehicle.
Engineering: provide indemnity for losses sustained through use of machinery and equipment or erection of buildings or structures.
Marine: provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.
Agriculture: provide indemnity for loss of income or crop damage due to hail, floods, pests and fire.
Aviation: provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8.2 Short term insurance risk (continued)

The concentration of insurance risk by type of contract and by territory in relation to risk accepted is summarised below, with reference to the premiums:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020	2019	2020	2019
Type of contract	ZWL	ZWL	ZWL	ZWL
Motor	1 188 495 285	1 216 415 763	790 161 577	118 160 090
Engineering	331 988 906	837 352 991	220 720 166	81 338 723
Fire	1 162 341 240	811 706 641	772 773 269	78 847 490
Health	1 998 371 807	1 375 559 206	1 425 527 630	133 618 952
Other	909 551 113	916 893 848	604 707 777	89 065 156
Life:				
- Savings business	225 494 044	452 596 337	198 697 891	43 964 264
- Risk business	293 974 200	207 613 918	114 642 206	20 167 183
	6 110 216 595	**5 818 138 704**	**4 127 230 516**	**565 161 858**
By territory				
Local	4 933 212 346	4 835 379 142	3 332 153 614	442 137 377
Regional	1 177 004 249	982 759 562	795 076 902	123 024 481
	6 110 216 595	**5 818 138 704**	**4 127 230 516**	**565 161 858**

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The insurance claim liabilities are sensitive to the certain assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in the key assumption with all other assumptions held constant, showing the impact on net liabilities, profit before income tax and equity of the movement in incurred but not reported ("IBNR") claims. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Assumption	**Change in assumption**	**Reported value**	**Change in profit before income tax**	**Change in equity**
Inflation adjusted	%	ZWL	ZWL	ZWL
December 2020				
Increase in IBNR	15%	162 099 144	(24 314 872)	(18 304 235)
Decrease in IBNR	15%	275 750 588	41 362 588	31 137 756
December 2019				
Increase in IBNR	15%	312 534 374	(46 880 156)	(35 291 381)
Decrease in IBNR	15%	312 534 374	46 880 156	35 291 381
Historical Cost				
December 2020				
Increase in IBNR	15%	25 426 474	(3 813 971)	(2 831 874)
Decrease in IBNR	15%	25 426 474	3 813 971	2 831 874
December 2019				
Increase in IBNR	15%	1 727 342	(259 101)	(192 383)
Decrease in IBNR	15%	1 727 342	259 101	192 383

A liability adequacy assessment was done on the impact of the 15% change in assumption. The liability is adequate.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8.2 Short term insurance risk (continued)

Exposure relating to catastrophe events

The Group sets out the total aggregate exposure that it is prepared to accept in Zimbabwe and Botswana to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The Group's policy for mitigating catastrophe risk exposure include the use of both proportional and excess of loss reinsurance. In the event of major catastrophe the net retained loss is ZWL10 250 000 (2019:ZWL12 330 000). This is based on the Group's risk appetite as determined by the level of capital. The Group has a retrocession program in place with various reinsurers to cushion it in the event of a catastrophe.

Claims development

The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund the historical claims ("run off risk"). To manage run off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The reserves created over time proved to be sufficient to fund the actual claims paid. Further the Group does not participate on any policies with unlimited liability. The Group is liable for all insured events in terms of the contract. All underlying policies have reporting conditions

The majority of the Group's insurance contracts are classified as short term, meaning that any claim is settled within a year after the loss date.

In terms of IFRS 4, 'Insurance contracts', an insurer need only disclose claims run off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

The table below indicates the claims development of the Group for the period 2015 to date. The presentation of the claims development is based on the actual date of the event that caused the claim (accident year basis).

Property and casualty claims development table

Accidental year	2015	2016	2017	2 018	2 019	2 020	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross cumulative incurred claims							
Year incurred							
0	3 476 975	3 743 468	1 656 454	3 465 636	11 865 991	48 420 936	72 629 460
1	7 649 344	8 984 323	3 147 263	7 624 399	22 545 382	-	49 950 711
2	10 778 622	12 353 445	4 969 362	11 090 035	-	-	39 191 464
3	15 298 689	16 845 606	6 460 171	-	-	-	38 604 466
4	20 166 454	19 840 381	-	-	-	-	40 006 835
5	22 600 336	-	-	-	-	-	22 600 336
Current estimate of cumulative claims incurred	**22 600 336**	**19 840 381**	**6 460 171**	**11 090 035**	**22 545 382**	**48 420 936**	**130 957 241**
Gross cumulative paid claims							
Year paid							
0	1 838 630	1 100 194	1 212 875	1 443 309	2 811 742	10 568 148	18 974 898
1	17 831 460	9 329 690	5 317 688	9 009 781	15 015 642	-	56 504 261
2	19 470 937	13 209 783	6 245 960	10 152 201	-	-	49 078 881
3	33 450 558	13 436 680	6 331 826	-	-	-	53 219 064
4	33 712 466	13 891 583	-	-	-	-	47 604 049
5	23 769 325	-	-	-	-	-	23 769 325
Cumulative payments to date	**23 769 325**	**13 891 583**	**6 331 826**	**10 152 201**	**15 015 642**	**10 568 148**	**79 728 725**
Current estimate of cumulative claims incurred less payments to date	**(1 168 989)**	**5 948 798**	**128 345**	**937 834**	**7 529 740**	**37 852 788**	**51 228 516**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.8.2 Short term insurance risk (continued)

Claims development (continued)

Accidental year	2015 ZWL	2016 ZWL	2017 ZWL	2 018 ZWL	2 019 ZWL	2 020 ZWL	Total ZWL
Net cumulative claims incurred							
0	8 582 358	9 264 697	9 638 652	13 878 235	22 005 993	113 951 015	177 320 951
1	9 832 331	10 477 772	10 868 101	14 677 343	33 957 478	-	79 813 024
2	9 894 155	10 515 285	10 901 750	15 241 681	-	-	46 552 871
3	9 907 486	10 519 924	10 942 441	-	-	-	31 369 851
4	9 907 486	10 563 911	-	-	-	-	20 471 397
5	9 907 486	-	-	-	-	-	9 907 486
Cumulative claims incurred to date	**9 907 486**	**10 563 911**	**10 942 441**	**15 241 681**	**33 957 478**	**113 951 015**	**194 564 012**
Cumulative claims paid							
0	8 561 858	9 260 334	9 549 335	13 782 728	15 919 369	105 939 720	163 013 344
1	9 811 831	10 464 591	10 770 105	15 645 476	27 370 226	-	74 062 229
2	9 873 655	10 502 104	10 772 847	16 140 370	-	-	47 288 976
3	9 886 986	10 502 224	10 824 999	-	-	-	31 214 209
4	9 886 986	10 531 444	-	-	-	-	20 418 430
5	9 886 986	-	-	-	-	-	9 886 986
Current estimate of cumulative claims paid	**9 886 986**	**10 531 444**	**10 824 999**	**16 140 370**	**27 370 226**	**105 939 720**	**180 693 745**
Current estimate of cumulative claims incurred less payments to date	**20 500**	**32 468**	**117 441**	**(898 689)**	**6 587 252**	**8 011 295**	**13 870 267**

The was no claims development table for FMRE Property and Casualty (Proprietary) Limited which is domiciled in Botswana because of the absence of sufficient historical information.

4.9 Capital management policies

The Group's capital comprises share capital, share premium, non distributable reserves and retained profits. It is the Group's objective to retain a capital position that supports the development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. Where necessary, capital is redeployed to subsidiaries from the holding company through dividends received or its own capital.

There were no changes made to the objectives, processes, or policies during the year ended 31 December 2020 (2019: none).

The subsidiaries were capitalised as follows:

As at 31 December 2020	**Capital employed ZWL**	**Capital Regulatory ZWL**
Company		
First Mutual Reinsurance Company Limited	246 716 602	75 000 000
FMRE Property and Casualty (Proprietary) Limited	469 198 953	1 500 000
NicozDiamond Insurance Limited	981 979 782	37 500 000
First Mutual Life Assurance Company (Private) Limited	1 803 988 531	75 000 000
First Mutual Microfinance (Private) Limited	4 439 841	2 100 000
As at 31 December 2019		
Company		
First Mutual Reinsurance Company Limited	26 704 596	3 000 000
FMRE Property and Casualty (Proprietary) Limited	74 516 222	1 500 000
First Mutual Life Assurance Company (Private) Limited	195 506 599	3 000 000
NicozDiamond Insurance Limited	158 692 373	1 500 000
First Mutual Microfinance (Private) Limited	1 086 137	25 000

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 GROUP FINANCIAL RISK MANAGEMENT (continued)

4.9 Capital management policies

The operations of the Group are subject to regulatory requirements which impose certain restrictive provisions such as capital adequacy to minimise the risk of default and insolvency to meet unforeseen liabilities as these arise. SI 95 of 2017 Insurance(Amendment) Regulations Section 2 defines capital as the amount of the insurers' total admissable assets in excess of the amount of its liabilities including contingent and prospective liabilities. It is the Company's objective to retain a positive capital ratio to support the development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions.

5 SEGMENT INFORMATION

Segment information is presented in respect of the Group's operating segments. The Group's businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The individual businesses are aggregated into segments with similar economic characteristics.

Measurement of segment assets and liabilities and segment income, expenses and results is based on the accounting policies set out in the accounting policy notes.

Intersegment transactions, which occurred during the year, are conducted at an arm's length basis

The Group comprises four reportable operating segments:

Life and pensions business (life assurance)
The insurance segment comprises life assurance and reassurance.

Health insurance
This relates to the medical insurance business.

Property and casualty insurance (short term insurance)
The segment comprises direct insurance and reinsurance.

Property
This relates to the property management and development.

Other segment
Other segment comprises the holding company, funeral services, microlending and wealth management.

Revenue from external customer for each product and service has not been included in the segmental analysis because it is not practical and cost effective due to the wide range of products and services offered by the Group. There is also no revenue from a single customer that represents 10% or more across all subsidiaries.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

5 SEGMENT INFORMATION (continued)

Segmental analysis INFLATION ADJUSTED As at 31 December 2020	Life assurance ZWL	Property and casualty ZWL	Health ZWL	Property ZWL	Other ZWL	Gross figures ZWL	Consolidation entries ZWL	Total consolidated ZWL
Net premium earned	512 780 449	1 738 565 933	1 998 371 807	-	-	4 249 718 189	(75 491 035)	4 174 227 154
Rental income	-	14 004 990	-	269 616 972	-	283 621 962	(26 215 834)	257 406 128
Investment income and fair value adjustment on investment	-	-	-	-	-	-	-	-
property	2 077 700 329	348 412 611	164 851 800	3 232 317 138	836 816 672	6 660 098 551	(3 044 059 253)	3 616 039 298
Fee income, other income and monetary gains / (losses)	236 919 616	431 446 456	197 915 715	155 620 426	151 648 145	1 173 550 358	(1 553 992 921)	(380 442 563)
Total income	**2 827 400 394**	**2 532 429 990**	**2 361 139 322**	**3 657 554 537**	**988 464 817**	**12 366 989 060**	**(4 699 759 043)**	**7 667 230 017**
Depreciation	(5 713 214)	(5 099 801)	(20 258 137)	(1 537 670)	(8 220 442)	(40 829 264)	(21 077 985)	(61 907 249)
Total expenses	(1 905 657 938)	(1 468 666 996)	(1 826 552 955)	(209 704 852)	(276 859 572)	(5 687 442 313)	158 866 122	(5 528 576 191)
Profit before income tax	224 344 218	223 078 536	323 057 779	3 308 850 389	672 431 973	4 751 762 895	(2 614 840 407)	2 136 922 487
Income tax (expense) / credit	(32 502 603)	(27 264 847)	(13 186 032)	344 966 853	(161 383 673)	110 629 698	95 674 166	206 303 864
Deferred acquisition costs	-	98 279 041	-	-	-	98 279 041	-	98 279 041
Total assets	6 536 796 136	1 567 196 798	956 560 352	9 687 730 856	3 653 900 333	22 402 184 474	(6 924 774 848)	15 477 409 626
Movement in insurance contract liabilites	(1 153 438 555)	-	-	-	-	(1 153 438 555)	-	(1 153 438 555)
Movement in investment contract liabilites	(265 288 680)	-	-	-	-	(265 288 680)	-	(265 288 680)
Total liabilities	5 129 967 724	905 499 332	445 759 834	921 977 441	609 264 228	8 012 468 559	968 919 911	8 981 388 470
Cash flows generated from / (utilised in) operating activities	2 308 778 780	571 197 055	369 643 526	60 980 211	(106 347 217)	3 204 252 355	(1 661 325 852)	1 542 926 503
Cash flows generated from / (utilised in) investing activities	909 940 122	(138 153 022)	(154 508 395)	1 091 275	75 834 357	694 204 337	(818 849 439)	(124 645 101)
Cash generated from / (utilised in) financing activities	(4 528 139)	(16 849 611)	(62 030 828)	(12 307 128)	(118 348 411)	(214 064 117)	146 918 738	(67 145 379)

Segmental analysis As at 31 December 2019	Life assurance ZWL	Property and casualty ZWL	Health ZWL	Property ZWL	Other ZWL	Gross figures ZWL	Consolidation entries ZWL	Total consolidated ZWL
Net premium earned	837 740 982	1 771 744 870	1 622 330 872	-	-	4 231 816 724	27 407 876	4 259 224 600
Rental income	-	-	-	281 365 597	-	281 365 597	(45 926 483)	235 439 114
Investment income and fair value adjustment on investment property	2 765 091 841	83 625 439	513 234 657	2 223 396 860	407 778 220	5 993 127 017	(5 401 911 369)	591 215 648
Fee income, other income and monetary gains / (losses)	650 751 196	72 800 668	19 220 330	39 964 801	(236 139 194)	546 597 801	(1 512 544 747)	(965 946 946)
Total income	**4 253 584 019**	**1 928 170 977**	**2 154 785 859**	**2 544 727 258**	**171 639 026**	**11 052 907 139**	**(6 932 974 723)**	**4 119 932 416**
Depreciation	(13 418 501)	(9 653 190)	(3 334 834)	(537 280)	(22 160)	(26 965 965)	(24 920)	(26 990 885)
Total expenses	(987 943 499)	(1 701 853 638)	(1 559 765 771)	(159 254 268)	(132 793 777)	(4 541 610 953)	1 836 957 119	(2 704 653 834)
Profit / (loss) before income tax	353 378 953	275 558 057	(1 900 455)	2 969 085 151	45 668 216	3 641 789 922	(2 245 521 646)	1 396 268 275
Income tax expense	(32 854 896)	(70 956 201)	-	(1 421 887 879)	(98 685)	(1 525 797 661)	253 498 653	(1 272 299 008)
Deferred acquisition costs	-	109 170 119	-	-	-	109 170 119	-	109 170 119
Total assets	4 588 565 132	2 918 406 874	568 047 183	6 386 726 357	2 690 266 936	17 152 012 482	(6 363 972 488)	10 788 039 994
Movement in insurance contract liabilites	780 756 638	-	-	-	-	780 756 638	-	780 756 638
Movement in investment contract liabilites	575 717 187	-	-	-	-	575 717 187	-	575 717 187
Total liabilities	3 607 294 467	1 632 093 513	259 523 218	1 154 411 088	34 495 872	6 687 818 158	205 174 583	6 892 992 741
Cash flows generated from / (utilised in) operating activities	3 000 603 931	71 757 710	582 283 383	238 872 905	(28 212 211)	3 865 305 718	(3 452 371 264)	412 934 454
Cash flows generated from / (utilised in) investing activities	(1 776 433 522)	(90 768 556)	(599 193 292)	(209 697 675)	141 548 204	(2 534 544 839)	1 947 037 126	(587 507 713)
Cash generated from / (utilised in) financing activities	-	(12 952 124)	(278 261)	(100 571 956)	(224 116 463)	(337 918 804)	282 750 674	(55 168 130)

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

5 SEGMENT INFORMATION (continued)

Analysis of additions during the year Additions to non-current assets	Office equipment ZWL	Motor vehicles ZWL	Office furniture ZWL	Investment property ZWL	Land and buildings ZWL	Total ZWL
As at 31 December 2020	57 543 989	376 772	3 205 833	73 791	-	61 200 385
As at 31 December 2019	34 218 687	72 221 899	18 707 313	41 700 502	-	166 848 401

Geographical concentration of gross premium written

	Life Insurance ZWL	Property and Casualty ZWL	Health ZWL	Property ZWL	Other ZWL	31 December 2 020 ZWL	31 December 2019 ZWL
Zimbabwe	519 468 244	2 203 859 102	1 998 371 807	-	-	4 721 699 153	4 702 865 282
Other countries	-	1 221 966 448	-	-	-	1 221 966 448	1 109 901 692
Total	**519 468 244**	**3 425 825 550**	**1 998 371 807**	**-**	**-**	**5 943 665 601**	**5 812 766 974**

Segmental analysis HISTORICAL COST As at 31 December 2020	Life assurance ZWL	Property and casualty ZWL	Health ZWL	Property ZWL	Other ZWL	Gross figures ZWL	Consolidation entries ZWL	Total consolidated ZWL
Net premium earned	337 432 460	1 193 114 948	1 425 527 630	-	-	2 956 075 038	(39 496 300)	2 916 578 738
Rental income	-	12 850 626	-	175 625 667	2 597 071	191 073 364	(16 315 563)	174 757 801
Investment income and fair value adjustment on investment property	5 539 508 259	984 308 871	318 043 059	8 056 852 338	3 572 362 059	18 471 074 586	(8 811 895 883)	9 659 178 703
Fee income, other income and monetary gains/(losses)	156 584 005	217 286 899	112 126 967	79 469 084	146 080 356	711 547 311	(93 675 953)	617 871 358
Total income	**6 033 524 724**	**2 407 561 344**	**1 855 697 656**	**8 311 947 089**	**3 721 039 486**	**22 329 770 299**	**(8 961 383 699)**	**13 368 386 600**
Depreciation	5 645 464	2 499 903	4 347 510	67 750	4 029 629	16 590 256	(11 105 911)	5 484 345
Total expenses	(3 150 778 669)	(1 248 297 760)	(1 386 735 712)	(135 255 049)	(1 469 764 569)	(7 390 831 759)	67 285 266	(7 323 546 493)
Profit before income tax	1 581 330 620	1 141 531 933	478 462 044	8 176 692 039	3 497 571 039	14 875 587 675	(8 832 663 219)	6 042 924 456
Income tax (expense)/credit	(1 625 069)	(168 069 996)	-	(610 733 012)	(1 379 423)	(781 807 500)	2 656 340	(779 151 160)
Deferred acquisition costs	-	56 782 638	-	-	-	56 782 638	-	56 782 638
Total assets	6 933 690 619	3 728 846 390	894 846 695	9 631 368 416	4 248 995 076	25 437 747 196	(10 446 777 661)	14 990 969 535
Movement in insurance contract liabilites	(3 602 820 063)	-	-	-	-	(3 602 820 063)	-	(3 602 820 063)
Movement in investment contract liabilites	(422 092 376)	-	-	-	-	(422 092 376)	-	(422 092 376)
Total liabilities	5 129 702 089	2 030 951 054	445 759 835	916 610 122	190 198 464	8 713 221 564	(336 998 924)	8 376 222 640
Cash flows generated from/(utilised in) operating activities	50 260 522	1 568 936 100	425 872 158	31 953 000	(52 010 316)	2 025 011 464	(1 149 232 608)	875 778 856
Cash flows generated from/(utilised in) investing activities	(14 089 193)	(478 105 162)	(127 255 937)	956 811	37 087 655	(581 405 826)	372 337 564	(209 068 262)
Cash generated from/(utilised in) financing activities	(4 824 296)	(18 244 174)	(49 330 974)	(10 917 336)	(57 879 636)	(141 196 416)	108 289 563	(32 906 853)

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

5 SEGMENT INFORMATION (continued)

Segmental analysis

As at 31 December 2019	Life assurance ZWL	Property and casualty ZWL	Health ZWL	Property ZWL	Other ZWL	Gross figures ZWL	Consolidation entries ZWL	Total consolidated ZWL
Net premium earned	63 550 211	197 707 497	133 618 952	-	-	394 876 660	(1 485 109)	393 391 551
Rental income	-	-	-	23 547 654	-	23 547 654	(259 228)	23 288 426
Investment income and fair value adjustment on investment property	768 324 543	166 411 938	40 932 731	1 247 244 204	444 290 469	2 667 203 885	(1 179 020 214)	1 488 183 671
Fee income, other income and monetary gains / (losses)	1 631 116	13 718 939	17 328 739	12 398 959	13 914 918	58 992 671	(3 613 735)	55 378 936
Total income	**833 505 870**	**377 838 374**	**191 880 422**	**1 283 190 817**	**458 205 387**	**3 144 620 870**	**(1 184 378 286)**	**1 960 242 584**
Depreciation	(1 184 513)	(852 132)	(294 381)	(47 428)	(327 292)	(2 705 746)	332 782	(2 372 964)
Total expenses	(678 527 108)	(184 240 182)	(143 794 733)	(16 095 144)	(6 241 609)	(1 028 898 776)	4 515 928	(1 024 382 848)
Profit before income tax	170 424 206	194 543 457	48 085 690	1 267 094 467	443 591 681	2 123 739 501	(1 190 425 468)	933 314 033
Income tax expense	(4 823 631)	(32 156 720)	-	(236 552 063)	(35 885)	(273 568 299)	(1 564 739)	(275 133 038)
Deferred acquisition costs	-	7 647 511	-	-	-	7 647 511	-	7 647 511
Total assets	999 655 387	613 921 254	105 866 712	1 419 372 542	535 899 517	3 674 715 412	(1 366 807 492)	2 307 907 920
Movement in insurance contract liabilites	(568 050 201)	-	-	-	-	(568 050 201)	-	(568 050 201)
Movement in investment contract liabilites	(28 847 283)	-	-	-	-	(28 847 283)	-	(28 847 283)
Total liabilities	804 148 789	354 008 063	58 002 905	258 599 870	7 776 628	1 482 536 255	(23 081 548)	1 459 454 707
Cash flows generated from / (utilised in) operating activities	12 505 168	193 746 936	35 950 344	12 615 365	(119 952)	254 697 861	(65 127 660)	189 570 201
Cash flows generated from / (utilised in) investing activities	(29 223 057)	(18 705 309)	3 824 353	1 090 917	(11 860 914)	(54 874 010)	38 181 649	(16 692 361)
Cash generated from / (utilised in) financing activities	11 942 870	(3 276 680)	-	(91 667)	(3 607 298)	4 967 225	(9 310 206)	(4 342 981)

Consolidation entries

These adjustments relate to intercompany transactions amongst companies within the Group. None of the adjustments relate to a variation in accounting policies.

Analysis of additions during the year

Additions to non-current assets	Office equipment ZWL	Motor vehicles ZWL	Office furniture ZWL	Investment property ZWL	Land and buildings ZWL	Total ZWL
As at 31 December 2020	37 182 969	261 638	2 932 710	19 090		40 396 407
As at 31 December 2019	3 633 706	4 906 648	1 270 947	1 808 699		11 620 000

Geographical concentration of gross premium written

	Life Insurance ZWL	Property and Casualty ZWL	Health ZWL	Property ZWL	Other ZWL	31 December 2020 ZWL	31 December 2 019 ZWL
Zimbabwe	313 192 376	1593 433 608	1425 527 630	-	-	3 332 153 614	435 528 847
Other countries	-	795 076 902	-	-	-	795 076 902	129 633 010
Total	**313 192 376**	**2 388 510 510**	**1 425 527 630**	**-**	**-**	**4 127 230 516**	**565 161 858**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

6 GROUP - PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED Year ended 31 December 2019	Land and buildings ZWL	Office equipment ZWL	Motor vehicles ZWL	Office furniture ZWL	Total ZWL
Cost					
As at 1 January 2019	80 567 447	205 743 177	155 836 711	53 763 139	495 910 474
Additions	-	34 218 687	72 221 899	18 707 313	125 147 899
Disposals	-	(2 795 374)	-	(30 098)	(2 825 472)
As at 31 December 2019	**80 567 447**	**237 166 490**	**228 058 610**	**72 440 354**	**618 232 901**
Accumulated depreciation					
As at 1 January 2019	71 788 562	120 879 787	139 749 380	32 289 621	364 707 350
Charge for the year	2 759 156	12 732 029	9 413 773	2 061 010	26 965 968
Depreciation on disposals	-	(2 349 296)	-	(30 012)	(2 379 308)
	74 547 718	**131 262 520**	**149 163 153**	**34 320 619**	**389 294 010**
Net book amount					
As at 31 December 2019	**6 019 730**	**105 903 970**	**78 895 456**	**38 119 735**	**228 938 891**
Year ended 31 December 2020					
Cost					
As at 1 January 2020	80 567 447	237 166 490	228 058 610	72 440 354	618 232 901
Additions	-	57 543 989	376 772	3 205 833	61 126 594
Disposals	-	(53 930)	-	-	(53 930)
Additions from Acquisition of Diamond seguros	-	20 393	1 035 318	1 413 280	2 468 991
As at 31 December 2020	**80 567 447**	**294 676 942**	**229 470 700**	**77 059 467**	**681 774 556**
Accumulated depreciation					
As at 1 January 2020	74 547 718	131 262 520	149 163 153	34 320 619	389 294 012
Charge for the year	1 597 712	19 710 299	30 125 611	10 473 627	61 907 249
Depreciation on disposals	-	(4 706)	-	-	(4 706)
As at 31 December 2020	**76 145 430**	**150 968 113**	**179 288 764**	**44 794 246**	**451 196 553**
Net book amount					
As at 31 December 2020	**4 422 017**	**143 708 829**	**50 181 936**	**32 265 221**	**230 578 003**

6 GROUP - PROPERTY, PLANT AND EQUIPMENT (continued)

HISTORICAL COST Year ended 31 December 2019	Land and buildings ZWL	Office equipment ZWL	Motor vehicles ZWL	Office furniture ZWL	Total ZWL
Cost					
As at 1 January 2019	9 452 647	5 326 141	4 034 196	1 391 784	20 204 768
Additions	-	3 633 706	4 906 648	1 270 947	9 811 301
Disposals	-	(189 865)	-	(2 045)	(191 910)
As at 31 December 2019	**9 452 647**	**8 769 982**	**8 940 844**	**2 660 686**	**29 824 159**
Accumulated depreciation					
As at 1 January 2019	1 858 414	3 352 182	3 617 738	835 892	9 664 226
Charge for the year	187 453	855 933	639 558	140 022	1 822 966
Depreciation on disposals	-	(159 609)	-	(2 038)	(161 647)
	2 045 867	**4 048 506**	**4 257 296**	**973 876**	**11 325 545**
Net book amount					
As at 31 December 2019	**7 406 780**	**4 721 475**	**4 683 549**	**1 686 810**	**18 498 614**
Year ended 31 December 2020					
Cost					
As at 1 January 2020	9 452 647	8 769 982	8 940 844	2 660 686	29 824 159
Additions	-	37 182 968	261 639	2 932 710	40 377 317
Disposals	-	(35 552)		-	(35 552)
Additions from Acquisition of Diamond seguros	-	20 393	1 035 318	1 413 280	2 468 991
As at 31 December 2020	**9 452 647**	**45 937 791**	**10 237 801**	**7 006 676**	**72 634 915**
Accumulated depreciation					
As at 1 January 2020	2 045 867	4 048 506	4 257 296	973 876	11 325 545
Charge for the year	187 453	3 148 758	1 217 922	930 212	5 484 345
Depreciation on disposals	-	(2 307)		-	(2 307)
As at 31 December 2020	**2 233 320**	**7 194 957**	**5 475 218**	**1 904 088**	**16 807 583**
Net book amount					
As at 31 December 2020	**7 219 327**	**38 742 834**	**4 762 583**	**5 102 588**	**55 827 332**

6.1 RIGHT OF USE ASSETS

This note provides information for leases where the Group is a lessee. For leases where Group is lessor, refer to note 7 on investment properties. The Group leases an office space in Gaborone, Botswana with the original lease period ending on 31 July 2020 with an option to extend by 5 years. The extension option has been taken into account in the calculation of the lease liability as the Directors intend to extend the lease period, as the location is important for the business.

i Lease assets

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2 020 ZWL Buildings	Group 2019 ZWL Buildings	Group 2 020 ZWL Buildings	Group 2019 ZWL Buildings
As at 1 January	85 032 947	100 803 341	3 068 000	3 617 997
Exchange rate effects	18 421 197	-	18 421 196	-
Depreciation charge	(85 682 617)	(15 770 394)	(3 717 669)	(549 997)
As at 31 December	**17 771 527**	**85 032 947**	**17 771 527**	**3 068 000**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

6.1 RIGHT OF USE ASSETS (continued)

ii Lease liabilities

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
As at 1 January	14 821 290	51 025 668	3 304 006	3 617 997
Exchange rate effects	18 421 196	-	18 421 196	-
Repayments	(14 548 190)	(1 408 518)	(7 131 466)	(313 991)
Interest accrued	1 340 368	3 019 084	1 289 565	366 985
Interest paid	(1 340 368)	(3 019 084)	(1 289 565)	(366 985)
Monetary loss adjustment	(4 100 560)	(34 795 860)	-	-
As at 31 December	**14 593 736**	**14 821 290**	**14 593 736**	**3 304 006**
Of which are :				
Current lease liabilities	1 654 390	2 135 270	1 654 390	476 000
Non-Current lease liabilties	12 939 346	12 686 020	12 939 346	2 828 006
As at 31 December	**14 593 736**	**14 821 290**	**14 593 736**	**3 304 006**

iii Amounts recognised in the statement of profit or loss

The profit and loss show the followiing amounts with respect to leases

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Depreciation charge of right of use asset	85 682 617	15 770 394	3 717 669	549 997
Interst expense (included under finance costs)	1 340 368	3 019 083	1 289 565	366 984

7 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
As at 1 January	6 339 303 433	4 044 023 414	1 413 176 336	145 170 000
Total additions	73 791	41 700 502	19 091	1 808 699
Additions to properties under development	73 791	37 900 550	19 091	1 496 363
Improvements to existing properties	-	3 799 952	-	312 336
Transfer to Non-current assets held for sale	(48 817 651)		(48 817 651)	
Disposals	-	(18 920 269)		(1 319 795)
Fair value adjustments	3 258 494 212	2 272 499 786	8 184 676 009	1 267 517 432
As at 31 December	**9 549 053 785**	**6 339 303 433**	**9 549 053 785**	**1 413 176 336**

There was no investment property that was encumbered as at 31 December 2020

7 INVESTMENT PROPERTY (continued)

7.1 Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy;

INFLATION ADJUSTED 31 December 2020	**Level 1 ZWL**	**Level 2 ZWL**	**Level 3 ZWL**	**Total ZWL**	**Total gain/ (loss) in the period in the statement of comprehensive income ZWL**
CBD retail	-	-	1 300 740 000	1 300 740 000	461 824 882
CBD offices	-	-	2 036 490 000	2 036 490 000	726 836 079
Office parks	-	-	1 746 140 000	1 746 140 000	525 141 545
Suburban retail	-	-	703 360 000	703 360 000	253 265 361
Industrial	-	-	862 030 000	862 030 000	309 153 262
Commercial lodge	-	-	6 950 000	6 950 000	2 197 630
Residential	-	-	773 710 000	773 710 000	280 743 886
Land*	-	-	2 119 633 785	2 119 633 785	699 332 567
Total	-	-	**9 549 053 785**	**9 549 053 785**	**3 258 495 212**

	Level 1 ZWL	**Level 2 ZWL**	**Level 3 ZWL**	**Total ZWL**	**Total gain/ (loss) in the period in the statement of comprehensive income ZWL**
31 December 2019					
CBD retail	-	-	631 294 304	631 294 304	312 594 204
CBD offices	-	-	945 734 192	945 734 192	712 584 807
Office parks	-	-	1 915 870 073	1 915 870 073	205 517 213
Suburban retail	-	-	301 489 885	301 489 885	99 755 542
Industrial	-	-	383 540 560	383 540 560	132 439 645
Commercial lodge			6 414 772	6 414 772	2 384 523
Residential	-	-	308 043 629	308 043 629	113 022 814
Land*	-	-	1 846 916 017	1 846 916 017	694 201 038
Total	-	-	**6 339 303 433**	**6 339 303 433**	**2 272 499 786**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

7 INVESTMENT PROPERTY (continued)

7.1 Fair value hierarchy (continued)

HISTORICAL COST 31 December 2020	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL	Total gain/ (loss) in the period in the statement of comprehensive income ZWL
CBD retail	-	-	1 300 740 000	1 300 740 000	1 160 010 000
CBD offices	-	-	2 036 490 000	2 036 490 000	1 825 664 127
Office parks	-	-	1 746 140 000	1 746 140 000	1 319 048 557
Suburban retail	-	-	703 360 000	703 360 000	636 150 980
Industrial	-	-	862 030 000	862 030 000	776 530 000
Commercial lodge	-	-	6 950 000	6 950 000	5 520 000
Residential	-	-	773 710 000	773 710 000	705 171 435
Land*	-	-	2 119 633 785	2 119 633 785	1 756 580 910
Total	-	-	**9 549 053 785**	**9 549 053 785**	**8 184 676 009**
31 December 2019					
CBD retail	-	-	140 730 000	140 730 000	174 353 637
CBD offices	-	-	210 825 873	210 825 873	397 453 795
Office parks	-	-	427 091 443	427 091 443	114 630 000
Suburban retail	-	-	67 209 020	67 209 020	55 640 000
Industrial	-	-	85 500 000	85 500 000	73 870 000
Commercial lodge	-	-	1 430 000	1 430 000	1 330 000
Residential	-	-	68 670 000	68 670 000	63 040 000
Land*	-	-	411 720 000	411 720 000	387 200 000
Total	-	-	**1 413 176 336**	**1 413 176 336**	**1 267 517 432**

* This consists of land earmarked for future developments.

Gains recorded in statement of comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL3.31 billion (2019: ZWL2.27 billion) and are presented in the consolidated statement of comprehensive income in line item; 'fair value adjustments – investment property'.

All gains and losses recorded in statement of comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Valuation techniques used to derive level 3 fair values

The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorized in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

Class of Property	Fair Value 31 December 2020 ZWL	Fair Value 31 December 2019 ZWL	Valuation Technique	Key unobservable Inputs	2,020 Range	2,019 Range
CBD retail	1 300 740 000	631 294 304	Income capitalisation	Rental per square metre	ZWL750-ZWL2000	-
		-		Prime yield	6.00%-13.00%	ZWL80.00-ZWL250.00
		-		Void rate	-	7.00%-8.00%
		-				
CBD offices	2 036 490 000	945 734 192	Income capitalisation	Rental per square metre	ZWL500-ZWL700	15.00%-60.00%
		-		Prime yield	12.00%-18.00%	ZWL50.00-ZWL60.00
		-		Void rate	15.00%-47.00%	8.00%-10.00%
		-				
Office parks	1 746 140 000	1 915 870 073	Income capitalisation	Rental per square metre	ZWL700-ZWL850	5.00%-10.00%
		-		Prime yield	10.00%-11.00%	ZWL80.00-ZWL120.00
		-		Void rate	12.00%-57.00%	7.00%-8.00%
		-				
Suburban retail	703 360 000	301 489 885	Income capitalisation	Rental per square metre	ZWL165-ZWL1300	-
		-		Prime yield	9.00%-11.00%	ZWL30.00-ZWL50.00
		-		Void rate	-	8.00%-10.00%
		-				
Industrial	862 030 000	383 540 560	Income capitalisation	Rental per square metre	ZWL75-ZWL400	-
		-		Prime yield	14.00%-18.00%	ZWL15.00-ZWL35.00
		-		Void rate	-	11.00%-13.00%
		-				
Commercial lodge	6 950 000	6 414 772				
		-				
		-				
Land		-				
- Residentail*	48 817 651	3 005 523	Market comparable	Rate per square metre	ZWL1300.00-ZWL2500.00	ZWL250.00-ZWL600.00
		-				
- Commercial	2 119 633 785	1 843 910 494	Market comparable	Rate per square metre	ZWL425.00-ZWL7400.00	ZWL600.00-ZWL1 200.00
		-				
Residential	773 710 000	308 043 629	Market comparable	Comparable transacted properties prices		
Total	**9 597 871 436**	**6 339 303 433**				

*Included in the residential is land transferred to non-current assets held for sale.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

7 INVESTMENT PROPERTIES (continued)

7.1 Fair value hierarchy (continued)

Descriptions and definitions

Below are descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

i. Income capitalisation method

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted on yield rate).

ii. Market comparable method

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre ("sqm").

iii. Rent per square metre

The rent at which space could be let in the market conditions prevailing at the date of valuation. The unit of comparison is the rental rate per square metre.

iv. Void rate

The Group determines the void rate which can be based on the percentage of estimated vacant space divided by the total lettable area.

v. Prime yield

The prime yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to estimated rental value ("ERV") at the next review, but with no further rental growth.

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy.

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the value hierarchy of the Group's

portfolio of investment property are :

- prime yield;
- void rate;
- rental per square meter; and
- comparable transacted properties.

Significant increases / (decreases) in the comparable transacted properties and rental per square metre in isolation would result in a higher / (lower) fair value measurement.

Significant increases / (decreases) in the long-term void rate and prime yield in isolation would result in a lower / (higher) fair value measurement.

Analysis of property portfolio	**Lettable space m2**		**% of portfolio**	
Sector	**31 December 2,020**	**31 December 2,019**	**31 December 2,020**	**31 December 2,019**
	ZWL	ZWL	ZWL	ZWL
Industrial	32 518	32 518	26%	26%
CBD offices	25 770	25 770	21%	21%
Office parks	20 327	20 327	16%	17%
Suburban retail	7 723	7 723	6%	6%
CBD retail	37 113	37 113	30%	29%
Total	**123 451**	**123 451**	**100.00%**	**100%**

Investment property is stated at fair value, which is determined based on valuations performed by Knight Frank Zimbabwe, an accredited independent property valuer, as at 31 December 2019. Investment property is stated based on a desktop valuation. Knight Frank Zimbabwe is an industry specialist in valuing these types of investment properties. The fair values of some properties have determined with using comparable transactions. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

7 INVESTMENT PROPERTIES (continued)

7.1 Fair value hierarchy (continued)

Valuation process

The Group's valuation policies and procedures for property are determined by a management committee. Each year, the committee decides, after advising the Audit and Actuarial Committee, which external valuer to appoint to be responsible for the external valuation of the Group's property portfolio.

The selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

The management committee decides, after discussions with the Group's external valuers and the Group's Valuation Department:

• whether a property's fair value can be reliably determined;
• which valuation method should be applied for each property (the methods that are applied for fair value measurements categorized within level 3 of the fair value hierarchy are market comparables and the income capitalization method); and
• the assumptions made for the unobservable inputs that are used in the valuation methods (the major observable inputs are rental per square metre, vacancy rate and prime yield).

As at each year-end, all properties are valued by external valuers. At each reporting date, the Valuation Department analyses the movements in each property value. For this analysis, the Valuation Department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (for example rent amounts in lease agreements), market reports (for example market rent, capitalisation rates in property market reports) and other relevant documents. In addition, the accuracy of the computation is tested on a sample basis. For each property, the latest valuation is compared with the valuations of the preceding annual periods. If fair value changes (positive or negative) are abnormal, the changes are further analysed for example by having discussions with external valuers.

The Internal Valuation Department also compares each property's change in fair value with relevant external sources (e.g. the investment property database or other relevant benchmark) to determine whether the change is reasonable.

On an annual basis, after the Management Committee discusses the valuations with the Valuation Department, they present the valuation results with the Group's external valuers to the Audit and Actuarial Committee and the Group's independent auditor. This includes a discussion of the major assumptions used in the valuations, with an emphasis on:

• properties with fair value changes that are abnormal; and
• investment property under construction.

Yield rate risk and sensitivity

The rental rate yield represents the net income expected in year zero divided by the current property values (historic or trailing income yield). The risk arises when void levels in the portfolio increase. This increase will consequently result in a reduction in net incomes. Where net incomes remain constant, a reduction in the yield rates will result in the increased property values. The table below highlights the sensitivity to a reasonable possible change in the yield rate applied to values of the investment properties. With all other variables held constant, the Group's profit before tax, investments property, and deferred taxation are affected through the impact on the fluctuating yield rate as follows:

Sensitivity analysis.	Increase in yield 10% ZWL	Decrease in yield 10% ZWL
Investment property	(3 374 097 637)	11 503 415 719
Deferred tax effect	868 830 142	(2 962 129 548)
Profit for the year	(2 505 267 496)	8 541 286 172
Equity	(2 505 267 496)	8 541 286 172

As at 31 December 2020, if the average yield was 10% higher holding other variables constant, investment property value will decrease by ZWL3 374 097 637 and deferred tax liabilities will decrease by ZWL868 830 142. As at 31 December 2020, if the average yield rate was 10% lower holding other variables constant, investment property value will increase by ZWL11 503 415 719 and the deferred tax liabilities will increase by ZWL2 962 129 548.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

7.2 Investment property held for sale

During the year, the directors of First Mutual Properties Limited, a subsidiary of the Group, decided to dispose a residential parcel of land, known as 103 Kingsmead Road, Borrowdale, Harare as part of the Groups ongoing capital recycling strategy. There is an Interested party whose offer has been accepted and the sale is expected to be completed before the end of 30 June 2021. Conditions for the classification as held for sale (as stipulated in IFRS 5- Noncurrent assets held for sale and discontinued operations) were met as at 31 December 2020. The asset was reclassified to current assets from investment property as disclosed below. The reclassification has no effect on prior year figures.

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Investment property held for sale	48 817 651	-	48 817 651	-

Investment property held for sale are under the level 3 category of the fair value hierachy. The sensitivities on key inputs are included on note 7.1

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
8	**INTANGIBLE ASSETS**	**2020**	**2019**	**2020**	**2019**
8.1	**SOFTWARE**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
	Cost				
	Year ended 31 December 2020				
	As at 1 January 2020	96 537 298	87 452 680	4 289 137	2 263 966
	Additions	-	9 084 618	-	2 025 171
	As at 31 December 2020	**96 537 298**	**96 537 298**	**4 289 137**	**4 289 137**
	Accumulated amortisation and impairment losses				
	Year ended 31 December 2020				
	As at 1 January 2020	58 478 595	52 786 171	1 595 664	1 366 523
	Charge for the year	15 460 671	5 692 424	2 024 742	229 141
	As at 31 December 2020	73 939 266	58 478 595	3 620 406	1 595 664
	Carrying amount				
	As at 31 December 2020	**22 598 032**	**38 058 703**	**668 731**	**2 693 473**

Intangible assets refer to the short-term insurance business, Premia system and the HIP system in the Health insurance business. The intangible assets are amortised over their useful economic lives, determined by management to be five years, which results in 20% per annum amortisation, using the straight-line method and recognized in statement of comprehensive income. As at 31 December 2020, these assets were tested for impairment, and management determined that no impairment is required in respect of these intangibles (2019: ZWLnil).

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
8.2	**Goodwill**	**2020**	**2019**	**2020**	**2019**
	Carrying amount	**ZWL**	**ZWL**	**ZWL**	**ZWL**
	At 1 January	-	-	-	-
	At acquisition of a subsidiary	15 216 111	-	15 216 111	-
	Foreign exchange remeasurement	(413 751)	-	(413 751)	-
	Impairmaent for the year	-	-	-	-
		15 734 830	-	**15 734 830**	-

Goodwill is classified as a non-current asset. The goodwill arose from the acquisition of control in Diamond Seguros Insurance Limited (see note 15) The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of Group tests whether goodwill has suffered any impairment on an annual basis.The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The table below sets out the key assumptions in the calculation of the value in use:

8 INTANGIBLE ASSETS (continued)

8.2 Goodwill (continued)

Key assumptions	Approach to determine value in use
Operating cashflows	Expected growth based on the strategic change in the business model, through introduction of and reduction in operating and administration expenses.
Annual capital expenditure	These are based on the planned strategic change. These are not expected to result in an increase in gross premiums or cost savings.
Weighted average long-term growth rate (3%)	"This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Discount rate (41.81%)	Discount rates represent the current market assessment of the risks specific Diamond Seguros, taking into consideration the time value of money and its individual risks that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of Diamond Seguros. This has been developed using the Capital asset pricing model (CAPM) which has erstimated the Beta, Risk free return and Market return which were developed on the basis of market factors and researched. These adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Management recognises that the continous changes in the industry and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts,but could yield a reasonably possible alternative to the estimated long-term growth rate.

Impact of possible changes to the key assumptions

Operating cashflows

If the operating cashflows are 20% less than estimated by management (holding all other variables constant) as at 31 December 2020, there will still be no impairment to be recognised as the recoverable amount will still have a headroom of $8.9 million over net assets of Diamond Seguros.

Weighted average long term discount rate

The weighted average long-term growth of 3% is the least estimated over the company, calculated on the basis of growth in the cash reserves over the 5 year span.

Any decrease in this rate,i.e by 1% to 2% (holding other variables constant) will not result in an impairment of the goodwill.

Discount rate

A rise in the pre-tax discount rate to 45.0%(i.e.,+3.19%) in the company's current rate would not result in an impairment. The Group would still not have recognised an impairment despite a reduction in the gap between the recoverable amount and cost to $74.4 million. The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of Diamond Seguros Insurance Limited to exceed its recoverable amount.

9 ACQUISITION OF DIAMOND SEGUROS

NicozDiamond Insurance Limited injected additional capital into Diamond Seguros Insurance Company Limited during August and September 2019. The capital injection was pursuant to a rights offer in which all shareholders of Diamond Seguros Insurance Company Limited were invited to participate. NicozDiamond Insurance Limited underwrote shares for shareholders that did not follow their rights. This increased the shareholding from 20.26% to 50.6%. However, at the date of reporting, the additional capital had not been recognised as at 31 December 2019. NicozDiamond recognised additional shares in Diamond Seguros on 1 December 2020 as the acquisition date.The following are the fair values of the assets and liabilities on acquisition date:

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

9 ACQUISITION OF DIAMOND SEGUROS (continued)

	Inflation adjusted and Historic Cost
Property, plant and equipment	2 468 991
Insurance receivables	142 455 953
Debt-instruments at amortised cost	72 994 542
Deferred tax asset	3 013 694
Other receivables and prepayments	5 127 274
Cash and cash equivalents	21 285 346
Insurance liabilities	(183 347 801)
Other payables and accruals	(10 419 399)
Total cash price	**53 578 600**
Goodwill	15 216 111
Non-controlling interest	(26 574 992)
Investment in associate at fair value	(13 592 106)
Foreign currency remeasurement of cash injection in 2019	(28 627 614)
Consideration paid in cash in 2019	-

At year end the goodwill was remeasured using the closing rate of the metical. The result balance is ZWL15 734 830. At the reporting period there were no indications of impairment to the CGU, thus the goodwill has not been impaired.

The net assets recognised in the 31 December 2020 financial statements were based on an independent valuation for the assets and liabilities owned by Diamond Companhia de Seguros, SA . The valuation was completed in February 2021 and the acquisition date fair value of the net assets was ZWL53 578 600.

From the date of acquisition, Diamond Companhia de Seguros, SA contributed ZWL 13 726 026 of revenue and ZWL17 051 395 to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2020, the Group's revenue from continuing operations would have ZWL106 793 835 and the profit before tax from continuing operations would have been ZWL29 650 410

10 INVESTMENT IN ASSOCIATES

Investment in associates

A part of the acquisition of NDIL, the Group acquired three associates; United General Insurance Limited ("UGI") involved in short-term insurance, Diamond Seguros ("DS") involved in short-term insurance and Clover Leaf Panel Beaters involved in panel beating. The Acquisition of the short-term insurance associates through NDIL enhances the Group's penetration in the regional market. Management is currently reviewing the performance and strategic fit of the foreign associates with a view to increase shareholding. Set out below are the associates as at 31 December 2020 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held indirectly through NDIL. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Reconciliation of the carrying amount				
As at 1 January	133 474 241	55 714 693	10 351 871	1 491 033
Cut-off adjustment	28 494 164	-	4 663 789	
Recapitalisation	-	96 294 479	-	11 300 570
Transfer to subsidiary	(10 855 026)	-	(10 855 026)	-
Share of associates other comprehensive income	17 837 630	475 375	17 837 630	105 972
Share of movement in foreign currency translation reserve	187 082 073		152 129 938	
Share of associates profit	(1 731 339)	(19 010 306)	(1 915 650)	(2 545 704)
Share of associates profit	(1 731 339)	5 358 524	(1 915 650)	373 293
Impairment allowance	-	(24 368 830)	-	(2 918 997)
As at 31 December	**354 301 742**	**133 474 241**	**172 212 552**	**10 351 871**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

10 INVESTMENT IN ASSOCIATES (continued)

Investment in associates (continued)

Name of entity	Country of incorporation	% of ownership through NDIL and/or FMHC		Method of measurement	Carrying amount INFLATION ADJUSTED		Carrying amount HISTORICAL COST"	
		2020	2019		2020	2019	2020	2019
United General Insurance Company Limited ("UGI")	Malawi	34%	34%	Equity method	143 052 233	33 010 119	143 052 232	1 306 748
Diamond Seguros Insurance Company Limited ("DS")	Mozambique	0%	27%	Equity method	-	37 741 629	-	5 760 679
Clover Leaf Panel Beaters (Private) Limited ("CLPB")	Zimbabwe	45%	45%	Equity method	176 492 918	13 316 503	24 910 332	657 312
Haemotology Centre (Private) Limited ("HC")	Zimbabwe	34%	34%	Equity method	34 756 591	49 405 990	4 249 988	2 627 132
					354 301 742	**133 474 241**	**172 212 552**	**10 351 871**

The tables below provide summarised financial information for the associates.

INFLATION ADJUSTED

Summarised Statement of Financial Position for associates

	HC	HC	UGI	UGI	DS	DS	CLPB	CLPB
	2020	2019	2020	2019	2020	2019	2020	2019
Non-current assets	24 926 094	8 459 622	288 946 719	82 556 532	2 468 991	2 146 789	419 738 223	115 635 974
Current assets	80 044 507	27 166 161	834 821 023	277 643 907	253 998 507	306 401 019	50 442 397	13 896 651
Non-current liabilities	(860 168)	(291 931)	(41 712 525)	-	-	-	(24 229 830)	(6 675 208)
Current liabilities	(1 885 166)	(639 803)	(647 119 272)	(227 995 072)	(202 888 898)	(263 695 623)	(53 744 307)	(14 806 312)
Total equity	102 225 267	34 694 049	434 935 946	132 205 367	53 578 600	44 852 185	392 206 484	108 051 105
Summarised Statement Comprehensive Income for associates								
Total revenue	27 593 691	3 145 311	279 350 665	1 977 631 275	75 187 919	277 559 379	91 152 968	113 125 696
Total expenses	(18 147 447)	(10 525 654)	(379 181 022)	(1 916 597 702)	(34 515 375)	(297 653 303)	(53 705 881)	(106 135 970)
Profit before income tax	9 446 243	12 323 275	(99 830 357)	61 033 573	40 672 544	(20 093 924)	37 447 086	6 989 727
Reconciliation of carrying amount for associates								
As at 1 January	**14 987 536**	**-**	**33 010 119**	**21 807 875**	**1 913 241**	**3 656 577**	**34 458 979**	**27 468 909**
Cut off adjustment	-	-	(53 846 347)	-	725 743	-	81 614 761	-
Profit for the year	19 769 055	14 987 536	(33 942 320)	6 614 285	6 204 851	(1 743 336)	16 851 189	6 990 069
Other comprehensive income	-	-	167 465 591	4 587 959	2 011 192	-	17 605 289	
Dividends paid								
Transfer to investment in subsidiary					(10 855 027)			
As at 31 December	**34 756 591**	**14 987 536**	**143 052 233**	**33 010 119**	**-**	**1 913 241**	**176 492 918**	**34 458 979**
Group's share in %	34%	34%	34%	34%	50.6%	27%	45%	45%
Group's share of net assets	34 756 591	5 095 762	143 052 233	33 010 119		(4 124 247)	176 492 918	13 316 503
Additions or capitalisations		44 310 228				41 865 876		
Transfer to investment in subsidiary					-	-		
Carrying amount	**34 756 591**	**49 405 990**	**143 052 233**	**33 010 119**	**-**	**37 741 629**	**176 492 918**	**13 316 503**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

10 INVESTMENT IN ASSOCIATES (continued)

Investment in associates (continued)

HISTORICAL COST

Summarised Statement of Financial Position for associates

	HC	HC	UGI	UGI	DS	DS	CLPB	CLPB
	2020	2019	2020	2019	2020	2019	2020	2019
Non-current assets	3 549 927	1 884 103	288 946 719	923 841	2 468 991	478 571	62 476 777	18 352 987
Current assets	8 083 311	6 050 370	834 821 023	3 068 859	253 998 507	67 428 283	5 341 045	2 918 966
Non-current liabilities	126 175	(65 018)	(41 712 525)	-	-	(34 100)	(3 680 105)	(1 059 445)
Current liabilities	740 552	(142 495)	(647 119 272)	(2 548 128)	(202 888 898)	(58 060 742)	(8 781 423)	(2 349 962)
Total equity	12 499 965	7 726 960	420 741 859	1 444 572	53 578 600	9 812 012	55 356 293	17 862 545
Summarised Statement Comprehensive Income for associates								
Total revenue	13 526 319	213 676	249 355 675	134 356 531	60 187 919	18 856,860	45 405 590	7 685 546
Total expenses	(8 895 808)	(715 058)	(267 186 222)	(130 210 026)	(55 515 375)	(20,222 003)	(47 034 708)	(7 210 677)
Profit before income tax	4 630 511	837 179	(17 243 157)	4 146 506	4 672 544	(1 365 143)	(1 629 118)	474 869
Reconciliation of carrying amount for associates								
As at 1 January	**1 018 175**	**-**	**3 843 376**	**3 082 354**	**(666 551)**	**131 230**	**1 460 694**	**985 825**
Cut off adjustment			(1 082 592)	-	168 929	-	5 577 452	-
Profit for the year	3 231 813	1 018 175	(5 862 673)	449 340	2 382 997	(797 781)	(733 103)	474 869
Other comprehensive income	-	-	146 154 121	311 682	8 969 651	-	17 605 289	-
Transfer to investment in subsidiary	-	-	-	-	(10 855 026)	-	-	-
Additional capital	-	-	-	-	-	-	-	-
As at 31 December	**4 249 988**	**1 018 175**	**143 052 232**	**3 843 376**	**-**	**(666 551)**	**23 910 332**	**1 460 694**
Group's share in %	34%	34%	34%	34%	27%	27%	45%	45%
Group's share of net assets	4 249 988	346 180	143 052 232	1 306 748	-	(339 941)	24 910 332	657 312
Impairment	-	(2 918 997)	-	-	-		-	-
Additions or capitalisations	-	5 199 949	-	-	-	6 100 620	-	-
Transfer to investent in subsidiary	-	-	-	-	-	-	-	-
Carrying amount	**4 249 988**	**2 627 132**	**143 052 232**	**1 306 748**	**-**	**5 760 679**	**24 910 332**	**657 312**

11 CLASSIFICATION OF FINANCIAL ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
The Group's financial instruments are summarised by category as follows:	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Financial assets				
Financial assets at fair value through profit or loss (note 11.1)	2 129 190 798	1 564 517 699	2 129 190 798	348 766 929
Debt securities at amortised cost (note 11.2)	82 461 985	42 239 151	82 461 985	9 416 077
Total financial assets	**2 211 652 783**	**1 606 756 850**	**2 211 652 783**	**358 183 006**
Insurance, tenant and other receivables				
Insurance receivables at amortised cost (note 14.1)	828 210 811	744 599 081	828 210 811	165 988 237
Rental receivables at amortised cost (note 14.2)	44 129 896	20 554 926	44 129 896	4 582 165
Other receivables excluding prepayments at amortised cost (note 14.4)	269 509 981	130 072 496	269 509 981	28 996 147
Total insurance, tenant and other receivables	**1 141 850 688**	**895 226 503**	**1 141 850 688**	**199 566 549**
Cash and balances with banks at amortised cost (note 16)	1 659 409 833	1 253 867 574	1 659 409 833	279 515 881
Total financial instruments	**5 012 913 304**	**3 755 850 927**	**5 012 913 304**	**837 265 436**

11 CLASSIFICATION OF FINANCIAL ASSETS (continued)

11.1 Financial assets at fair value through profit or loss

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Fair value				
As at 1 January	1 564 517 699	2 916 910 177	348 766 929	104 709 545
Purchases	514 964 972	1 220 103 503	296 983 739	84 731 805
Disposals	(402 389 959)	(706 921 294)	(143 009 675)	(49 093 144)
Fair value gain on unquoted investments	5 245 996	3 854 870	182 121 294	859 339
Fair value gain / (loss) on quoted equities	446 852 089	(1 869 429 557)	1 444 328 511	207 559 384
As at 31 December	**2 129 190 798**	**1 564 517 699**	**2 129 190 798**	**348 766 929**

11.2 Debt securities at amortised cost

As at 1 January	42 239 151	1 399 376 026	9 416 077	29 799 120
Purchases	97 153 341	593 191 977	47 624 187	41 195 052
Additions from acquisition of a subsidiary	93 228 531		93 228 531	
Maturities of investments	(138 325 892)	(717 289 566)	(67 806 810)	(61 578 095)
Monetary loss adjustment	81 395 384	(1 233 039 285)	-	-
As at 31 December 2020	**82 461 985**	**42 239 151**	**82 461 985**	**9 416 077**
Current	-	-	-	-
Non current	82 461 985	42 239 151	82 461 985	9 416 077
Total	**82 461 985**	**42 239 151**	**82 461 985**	**9 416 077**

Impairment and risk exposure

Note 4.3 sets out information about the impairment of financial assets and the Group's exposure to credit risk. During the year there were no impairment from assessment.

11.3 Determination of fair value and fair values hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as on note 2.11.

The following table shows an analysis of financial instruments recorded at fair value of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
	ZWL	ZWL	ZWL	ZWL
As at 31 December 2020				
Financial assets designated at fair value through profit or loss	1 853 484 723	-	275 706 074	2 129 190 798
Total financial assets recorded at fair value	**1 853 484 723**	**-**	**275 706 074**	**2 129 190 798**
As at 31 December 2019				
Financial assets designated at fair value through profit or loss	1 393 848 857	-	170 668 842	1 564 517 699
Total financial assets recorded at fair value	**1 393 848 857**	**-**	**170 668 842**	**1 564 517 699**

During the year there were no transfers of financial assets between levels 1, 2 and 3 (2019: $nil).

Valuation techniques for financial assets measured at fair value

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

11 CLASSIFICATION OF FINANCIAL ASSETS (continued)

11.3 Determination of fair value and fair values hierarchy (continued)

Quoted equity investments valuation

Level 1 is made up of the Group's investments in equities securities quoted on the Zimbabwe Stock Exchange.
The carrying values of the financial instruments approximates their fair values because of their short term in nature.
Unquoted equity investments valuation

Level 3 is made up of unquoted equity investments, held through Zimbabwe Agricultural Fund, in Zimbabwe Crocodiles (Private) Limited, a crocodile breeding and skin processing company domiciled in Zimbabwe, and Mangwana Opportunities (Private) Limited, an investment fund domiciled in Zimbabwe with investments in different companies.

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	**Group**	**Group**	**Group**
	2020	**2019**	**2020**	**2019**
	ZWL	**ZWL**	**ZWL**	**ZWL**
As at 1 January	170 668 842	166 810 410	38 010 878	37 151 539
Additions	99 791 236	-	55 573 902	-
Fair value gain on unquoted investments	5 245 996	3 858 432	182 121 294	859 339
As at 31 December	**275 706 074**	**170 668 842**	**275 706 074**	**38 010 878**

i) Zimbabwe Crocodiles (Private) Limited

The discounted cashflow ("DCF") approach was used for the valuation of the investment in Zimbabwe Crocodiles (Private) Limited. The DCF approach to business valuation uses the economic principle of expectation to determine the value of a business. To do so, one estimates the future returns the business owners can expect to receive from the business. These returns are then matched to the risk associated with receiving them fully and on time.

The returns are estimated as either a single value or a stream of income expected to be received by the business owners in the future. The risk is then quantified by means of the discount rate. The discounting models account for the time value of money directly and determine the value of the business enterprise as the present value of the projected income stream.

ii) Mangwana Opportunities (Private) Limited

The value of Mangwana Opportunities was a sum of parts of the underlying investments valued using the DCF approach.

Valuation process

The Group engaged an independent consultant to assist in determining the fair values of the unlisted equities as at 31 December 2020.

Management provides the independent consultant with prior periods' audited financials statements, future projected cashflows and other non-financial strategic information and they perform the following:

- determine the free cashflows of the business;
- determine the discount rate;
- calculation of the terminal value of the investment; and
- calculation of the fair value of investment as at the reporting date.

As part of the engagement, the independent consultant provides the determined valuations for discussions.

Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements as at 31 December 2020:

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

11 CLASSIFICATION OF FINANCIAL ASSETS (continued)

11.3 Determination of fair value and fair values hierarchy (continued)

Description	Fair value at 31 December 2020 ZWL	Fair value at 31 December 2019 ZWL	Key inputs	Range of inputs (actual rate used) 2020	Range of inputs (actual rate used) 2019	Relationship of inputs to fair value
Zimbabawe Crocodiles (Private) Limited	104 351 533	63 140 980	Earnings growth	5.5% - 6.5% (6%)	6.5% - 7.5% (7%)	Increase by 5 basis points changes value by +ZWL8 587 266 463. Decrease by 5 basis point changes value by -ZWL7 736 471
			Discounting factor	35% - 37% (36%)	26.5% - 27.5% (27%)	Increase by 10 basis points changes value by -ZWL14 299 300. Decrease by 10 basis point changes value by +ZWL9 779 838.
Mangwana Opportunities (Private) Limited	171 354 541	107 527 863	Earnings growth	1.5% - 2.5% (2%)	1.5% - 2.5% (2%)	Increase by 5 basis points changes value by +ZWL245 869. Decrease by 5 basis point changes value by -ZWL245 869.
			Discounting factor	21.4% - 22.4% (21.9%)	21.4% - 22.4% (21.9%)	Increase by 5 basis points changes value by -ZWL1 873 832. Decrease by 5 basis point changes value by +ZWL2 052 086.

11.4 Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

	INFLATION ADJUSTED 2020 ZWL Carrying value	INFLATION ADJUSTED 2019 ZWL Fair value	HISTORICAL COST 2020 ZWL Carrying value	HISTORICAL COST 2019 ZWL Fair value
Financial assets				
Debt securities at amortised cost	82 461 985	42 239 151	82 461 985	9 416 077
Insurance, tenant and other receivables (excluding prepayments and statutory receivables)	995 332 497	825 520 926	995 332 498	184 027 575
	1 077 794 482	**867 760 077**	**1 077 794 483**	**193 443 652**

The carrying amount of trade and other receivables closely approximates its fair value as the instruments are short term in nature.

Financial liabilities

Trade and other payables (excluding statutory liabilities)	355 533 451	325 292 166	355 533 451	72 515 095
Borrowings	-	-	-	-
	355 533 451	**325 292 166**	**355 533 451**	**72 515 095**

The carrying amounts of financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting on borrowings and trade and other payables is not significant due to the market terms (rates and tenor) available (borrowings) and because the instruments are short term in nature (trade and other payables).

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
12	**DEFERRED ACQUISITION COSTS**				
	As at 1 January	109 170 119	107 653 133	7 647 511	2 933 677
	Net movement	(10 891 078)	1 516 986	49 135 127	4 713 834
	As at 31 December 2020	**98 279 041**	**109 170 119**	**56 782 638**	**7 647 511**
	Current	98 279 041	109 170 119	56 782 638	7 647 511
	Non current	-	-	-	-
	Total	**98 279 041**	**109 170 119**	**56 782 638**	**7 647 511**

		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
13	**INVENTORY**				
	Consumables	26 100 103	58 295 344	14 545 247	6 308 621
	Total	**26 100 103**	**58 295 344**	**14 545 247**	**6 308 621**

There was no write off of inventories during the year ended 31 December 2020 (2019: $nil). The cost of inventory recognised as an expense included in the income statement was $8 175 989 (2019: $11 572 379)

		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
14	**INSURANCE, TENANT AND OTHER RECEIVABLES**				
	Insurance receivables (note 14.1)	828 210 811	744 599 081	828 210 811	165 988 237
	Tenant receivables (note 14.2)	44 129 896	20 554 926	44 129 896	4 582 165
	Other receivables (note 14.3)	370 452 292	169 463 189	315 832 621	37 777 237
	Total	**1 242 792 999**	**934 617 195**	**1 188 173 329**	**208 347 639**
	Current	1 242 792 999	934 617 195	1 188 173 329	208 347 639
	Non current	-	-	-	-
	Total	**1 242 792 999**	**934 617 195**	**1 188 173 329**	**208 347 639**
14.1	**Insurance receivables**				
	Due from cedants	868 242 347	836 381 706	868 242 347	186 448 692
	Due from policyholders under the direct and health business	106 192 355	9 581 926	106 192 355	2 136 031
	Due from agents, brokers and intermediaries	64 084 602	19 479 762	64 084 602	4 342 487
	Retrocession on IBNR	15 999 560	12 355 354	15 999 560	2 754 293
	Gross insurance receivables	**1 054 518 864**	**877 798 748**	**1 054 518 864**	**195 681 503**
	Allowance for expected credit losses	(226 308 053)	(133 199 667)	(226 308 053)	(29 693 265)
	Net insurance receivables	**828 210 811**	**744 599 081**	**828 210 811**	**165 988 237**
	Current	828 210 811	744 599 081	828 210 811	165 988 237
	Non current	-	-	-	-
	Total	**828 210 811**	**744 599 081**	**828 210 811**	**165 988 237**

Impairment and risk exposure

Note 4.3 sets out information about the impairment of financial assets and the group's exposure to credit risk.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
14	INSURANCE, TENANT AND OTHER RECEIVABLES (continued)	2020	2019	2020	2019
		ZWL	ZWL	ZWL	ZWL
	Allowance for credit losses reconciliation				
	As at 1 January	**133 199 667**	**342 230 971**	**29 693 265**	**12 282 244**
	Charge for the year	202 354 126	92 757 055	196 614 787	17 411 021
	Monetary loss adjustment	(109 245 740)	(301 788 360)	-	-
	As at 31 December	**226 308 053**	**133 199 667**	**226 308 053**	**29 693 265**
14.2	**Tenant receivables**				
	Tenant cost recoveries	14 005 141	8 131 791	14 005 141	1 812 763
	Rental receivables	38 905 614	23 048 020	38 905 614	5 137 933
	Gross tenant receivables	**52 910 755**	**31 179 811**	**52 910 755**	**6 950 696**
	Allowance for credit losses	(8 780 859)	(10 624 885)	(8 780 859)	(2 368 531)
	Tenant receivables	**44 129 896**	**20 554 926**	**44 129 896**	**4 582 165**
	Current	44 129 896	20 554 926	44 129 896	4 582 165
	Non current	-	-	-	-
	Total	**44 129 896**	**20 554 926**	**44 129 896**	**4 582 165**

14.2.1 Impairment and risk exposure

Note 4.3 sets out information about the impairment of financial assets and the Group's exposure to credit risk.
Movements in the allowance for credit losses of tenant receivables were as follows:

	As at 1 January	**10 624 885**	**23 723 781**	**2 368 531**	**851 417**
	Charge for the year	7 438 942	8 082 411	6 412 328	1 517 114
	Monetary loss adjustment	(9 282 968)	(21 181 307)	-	-
	As at 31 December	**8 780 859**	**10 624 885**	**8 780 859**	**2 368 531**
	Allowance relating to existing tenants	8 111 721	8 495 208	8 111 721	1 893 777
	Allowance relating to previous tenants	669 138	2 129 677	669 138	474 754
	Total	**8 780 859**	**10 624 885**	**8 780 859**	**2 368 531**
14.3	**Other receivables**				
	Sundry debtors	146 518 192	69 705 577	146 518 192	15 538 975
	Staff debtors	133 885 352	65 696 653	133 885 352	14 645 292
	Total	**280 403 544**	**135 402 230**	**280 403 544**	**30 184 267**
	Allowance for expected credit losses	(10 893 562)	(5 329 733)	(10 893 562)	(1 188 120)
	Other receivables excluding prepayments	**269 509 982**	**130 072 497**	**269 509 982**	**28 996 147**
	Prepayments	100 942 310	39 390 692	46 322 639	8 781 090
	Total other receivables	**370 452 292**	**169 463 189**	**315 832 621**	**37 777 237**
	Current	236 566 940	103 766 535	181 947 269	23 131 944
	Non current	133 885 352	65 696 653	133 885 352	14 645 293
	Total	**370 452 292**	**169 463 188**	**315 832 621**	**37 777 237**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

14 INSURANCE, TENANT AND OTHER RECEIVABLES (continued)

Sundry debtors comprise of commission receivable, third-party loans advanced,

The non-current relates to staff loans which are payable within a period of 1 - 5 years.

Impairment and risk exposure

Note 4.3 sets out information about the impairment of financial assets and the group's exposure to credit risk.
Movements in the allowance for credit losses of other receivables were as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Allowance for credit losses reconciliation				
As at 1 January	5 329 733	27 616 504	1 188 120	991 122
Charge for the year	11 161 258	1 049 506	9 705 442	196 998
Monetary loss adjustment	(5 597 429)	(23 336 277)	-	-
As at 31 December	10 893 562	5 329 733	10 893 562	1 188 120

15 CASH AND BALANCES WITH BANKS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Money market investments with original maturities less than 90 days	598 346 458	301 961 003	598 346 458	67 314 043
Cash at bank and on hand	1 061 063 375	951 906 571	1 061 063 375	212 201 838
Cash and balances with banks	**1 659 409 833**	**1 253 867 574**	**1 659 409 833**	**279 515 881**
Current	1 659 409 833	1 253 867 574	1 659 409 833	279 515 881
Non current	-	-	-	-
Cash and balances with banks	**1 659 409 833**	**1 253 867 574**	**1 659 409 833**	**279 515 881**

All cash and balances with banks are classified as current.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Money market investments are made of varying periods as between one day and three months depending on the immediate cash requirements of the Group and earn interest at the short-term deposit rates. Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis.

15.1 Restatement on the Consolidated statement of cashflows

On the Consolidated Financial Statements for the year ended 31 December 2019, there were financial statement line items that were erroneously ommitted and have been corrected in the the current year. The corrections did not have an impact on the Consolidated Statement of Financial Position and on the Consolidated
Statement of Comprehensive Income. The impact of the corrections is as follows:

	INFLATION ADJUSTED		
	As previously reported ZWL	As restated ZWL	Impact of restatement ZWL
Purchase of additional investment in associates	-	96 294 479	(96 294 479)
Transactions with non-controlling interest	-	5 526 536	(5 526 536)
Dividends paid controlling interest	41 719 281	43 395 594	(1 676 313)
Effects of inflation on cash and cash equivalents	-	(103 497 328)	103 497 328
Net impact			-

16 SHARE CAPITAL

Due to the change in currency highlighted on note 2.1.3 (a), the Group and Company redenominated the share capital from USD to ZWL on a 1:1 basis, inline with the Registrar of Deeds, Companies and Intellectual Property circular issued on 5 July 2019.

		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
16.1	**Authorised**				
	1 000 000 000 ordinary shares with a nominal value of ZWL0.001 each	1 000 000	1 000 000	1 000 000	1 000 000
16.2	**Issued and fully paid**				
	INFLATION ADJUSTED				
	726 836 430 (2019: 723 443 577) ordinary shares with a nominal value of ZWL0,001 each	27 794 558	27 787 621	726 836	723 443
16.2.1	**Reconciliation of the issued capital**				
	As at 1 January	27 787 621	27 759 230	723 443	720 731
	Share options exercised during the year	6 937	28 391	3 393	2 712
	Subtotal	27 794 558	27 787 621	726 836	723 443
	NDIL mandatory offer	-	-	-	-
	As at 31 December	27 794 558	27 787 621	726 836	723 443
16.3	**Unissued shares**				
	273 163 570 unissued shares, under the control of directors	273 164	276 557	273 164	276 557

16.4 Share based payments

a) Employee share option scheme.

The Group has a Share Option Scheme that was approved by shareholders. The objective is to attract, retain and motivate key employees and agents of the Group. 19 010 038 (nineteen million ten thousand and thirty eight) shares, representing 5% of the issued ordinary share capital of the Company at the commencement of the scheme, were set aside by the Board for purposes of the Share Option Scheme. With effect from 10 August 2017, a further 8,426,271 (eight million four hundred and twenty six thousand two hundred and seventy one) shares were set aside in terms of section 11 of the Scheme

Rules. All options having been granted, the Share Option Scheme is now exhausted.

Participants to whom an option has been granted under the scheme shall only be entitled to exercise the options as follows:

• On the first anniversary of the date of grant, the participant shall be entitled to exercise up to one third (1/3) of the shares offered to him/her under that particular option;

• On the second anniversary of the date of grant, the participant shall be entitled to exercise an additional one third (1/3) of the shares offered to him/her under that option;

• On the third anniversary of the date of grant, the participant shall be entitled to exercise an additional one third (1/3) of the shares offered to the participant under that option.

• Options not exercised within five (5) years from the date of grant shall lapse.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

16 SHARE CAPITAL (continued)

16.4 Share based payments (continued)

Details of the share options outstanding as at 31 December 2020 are as follows:

Date of grant	Exercise price US$	Number of options
30 April 2015	0.030	73 613
30 April 2016	0.022	393 512
10 August 2017	0.110	2 800 078

In terms of the Share Option Scheme, options were granted on 30 April 2014. The estimated fair value of the options granted on that date was ZWL72 204. The Group recognized total expenses of ZWL278 195 (2019: ZWL11 580 974) in respect of the share options that are granted. The options granted mature in batches at every anniversary date and hence will be amortised over the exercisable periods.

The fair value of the options was calculated using the Black-Scholes Merton Optional Valuation Method under the following assumptions:

Grant date	30 April 2015	30 April 2016	10 August 2017
Grant date share price (US$)	0.030	0.022	0.110
Exercise price of option (US$)	0.030	0.022	0.110
Risk-free interest rate	9.00%	9.00%	9.00%
Annualized standard deviation	82.09%	82.09%	82.09%
Dividend yield	0.00%	0.00%	0.00%
Weighted average remaining contractual life	3.25 years	3.25 years	3.25 years
Expected volatility	82.09%	82.09%	82.09%

The standard deviation was calculated over a 3 year period, that from January 2013 to December 2015 but it should be noted that the share is generally not very liquid on the Zimbabwe Stock Exchange. The risk free rate was determined on the power-related bonds issued by Infrastructure Development Bank of Zimbabwe ("IDBZ") on behalf of Zimbabwe Electricity Transmission and Distribution Company (Private) Limited ("ZETDC") and Zimbabwe Power Company (Private) Limited ("ZPC").

Movement for the year	2020 Number of shares	2019 Number of shares
As at 1 January	6 660 054	9 372 133
Options granted during the year	-	-
Lapsed options	-	-
Options exercised during the year	(3 392 853)	(2 712 079)
As at 31 December	**3 267 201**	**6 660 054**
Exercisable	**3 267 201**	**703 662**

Reconciliation of shares exercised

Date of grant	Lapse date	Exercise price	2020 Number of shares exercised	Cash Received Total	Exercise price	2019 Number of shares exercised	Cash Received Total
30 April 2014	30 April 2019	0.065	-	-	0.065	-	-
30 April 2015	30 April 2020	0.030	-	-	0.030	131 828	3 955
30 April 2016	30 April 2021	0.022	236 537	5 204	0.022	1 074 921	23 648
30 April 2017	30 April 2022	0.117	3 156 316	369 289	0.117	1 505 330	176 124
			3 392 853	**374 493**		**2 712 079**	**203 727**

b) Share appreciation rights ("SARs")

On 27 June 2019, the shareholders of Company at the Annual General Meeting ("AGM") approved a SAR plan for such Employees and Executive Directors of the Group as the Board (on the recommendation of the Human Resources and Governance Committee) shall determine from time to time. The plan has an operative period of 10 years and an initial 32 432 917 SARs were granted on inception.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

16 SHARE CAPITAL (continued)

16.4 Share based payments (continued)

The exercise of the Company's SAR entitles a participant to receive the gain for each share granted, where, "Gain" means an amount equal to the excess of the market value on the exercise date over the exercise price. As at the grant date, the share price amounted to 21 cents.

A participant to whom SARs have been granted shall only be entitled to exercise the Rights in part as follows:
i) On the first anniversary of the date of grant, the participant shall be entitled to exercise up to one third (1/3) of the Rights granted on that particular occasion;

ii) On second anniversary of the date of grant, the participant shall be entitled to exercise an additional one third (1/3) of the Rights; and

iii) On the third anniversary of the date of grant, the Participant shall be entitled to exercise an additional one third (1/3) of the Rights awarded to the

Participant under that grant.

The fair value of the SARs was determined using the Black-Scholes model as at 31 December 2020 with the following inputs:

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Share price at measurement date (cents)	800.00	139.41	800.00	31.05
Exercise Price (cents)	370.00	21.00	370.00	21.00
Risk-Free Interest Rate	19.14%	15%	19.14%	15%
Volatility	98%	83%	98%	83%
Dividend Yield	4.7%	0.9%	4.7%	0.9%
Carrying amount of liability - included under share based payment libility	90 961 537	22 509 722	90 961 537	5 017 934

There were no SARs fully vested in 2019, however one third of the SARs granted in 2019 vested on 30 June 2020 and were fully exercised.

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020	Group 2019	Group 2020	Group 2019
c)	**Expenses arising from share based transaction**	ZWL	ZWL	ZWL	ZWL
	Expense for the year recognised during the vesting period	278 195	13 505 200	135 508	327 201
	Share appreciation rights	84 869 173	22 509 722	100 574 466	5 017 934
		85 147 368	**36 014 922**	**100 709 974**	**5 345 135**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

16 SHARE CAPITAL (continued)

16.6 Group - Non distributable reserves

INFLATION ADJUSTED	Change in functional currency ZWL	Foreign currency translation reserve ZWL	Revaluation reserve ZWL	Solvency reserve ZWL	Share based payment reserve ZWL	Re-denomination of share capital ZWL	Total ZWL
As at 1 January 2019	7 599 473	(5 995 632)	88 126 128	4 239 837	17 536 982	147 636 367	259 143 154
Transfer to retained earnings	-	-	-	-	-		-
Other comprehensive income	-	275 574 189	-	-	-	-	275 574 189
Share based payments	-	-	-	-	11 580 972	-	11 580 972
As at 31 December 2019	**7 599 473**	**269 578 557**	**88 126 128**	**4 239 837**	**29 117 954**	**147 636 367**	**546 298 315**
As at 1 January 2020	**7 599 473**	**269 578 557**	**88 126 128**	**4 239 837**	**29 117 954**	**147 636 367**	**546 298 315**
Transfer to retained earnings			(88 126 128)			(147 636 367)	(235 762 494)
Other comprehensive income	-	283 076 188	-	-	-	-	283 076 188
Share based payments	-	-	-	-	(487 530)	-	(487 530)
As at 31 December 2020	**7 599 473**	**552 654 745**	**-**	**4 239 837**	**28 630 424**	**-**	**593 124 479**

HISTORICAL COST	Change in functional currency ZWL	Foreign currency translation reserve ZWL	Revaluation reserve ZWL	Solvency reserve ZWL	Share based payment reserve ZWL	Re-denomination of share capital ZWL	Total ZWL
As at 1 January 2019	196 730	(190 312)	2 281 350	109 758	453 986	3 821 911	6 673 423
Transfer to solvency reserve	-	-	-	-	-	-	-
Other comprehensive income	-	61 431 816	-	-	-	-	61 431 816
Share based payments	-	-	-	-	123 474	-	123 474
As at 31 December 2019	**196 730**	**61 241 504**	**2 281 350**	**109 758**	**577 460**	**3 821 911**	**68 228 713**
As at 1 January 2020	196 730	61 241 504	2 281 350	109 758	577 460	3 821 911	68 228 713
Acquisition of a subsidiary	-		-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-
Other comprehensive income	-	501 169 906	-	-	-	-	501 169 906
Share based payments	-	-	-	-	(238 985)	-	(238 985)
As at 31 December 2020	**196 730**	**562 411 410**	**2 281 350**	**109 758**	**338 475**	**3 821 911**	**569 159 634**

The change in functional currency reserve relates to the gains / (losses) that arise in translating the statement of financial position of a foreign subsidiary to the reporting currency.

Revaluation reserve

The revaluation surplus arose in the prior years in respect of properties that were reclassified from owner occupied to investment property.

Solvency reserve

The solvency reserve is as a result of regulatory requirements for the foreign subsidiary.

Re-denomination of share capital and change in functional currency reserve

The reserves in respect of the redenomination of share capital and change in functional currency relate to reserves created on dollarisation when balances were converted to USD, and the related redenomination of share capital.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2020	2019	2020	2019
17	**INSURANCE AND INVESTMENT CONTRACT LIABILITIES**	ZWL	ZWL	ZWL	ZWL
17.1	**Insurance contract**				
	Insurance contract with DPF	475 700 597	247 157 534	475 700 597	55 097 091
	Insurance contract without DPF	187 239 101	168 243 898	187 239 101	37 505 429
	Shareholder risk reserve	-	119 533 246	-	26 646 706
	Total insurance contract liabilities	**662 939 698**	**534 934 678**	**662 939 698**	**119 249 226**
	Current	-	-	-	-
	Non current	662 939 698	534 934 678	662 939 698	119 249 226
	Total	**662 939 698**	**534 934 678**	**662 939 698**	**119 249 226**
17.2	**Investment contract**				
	Investment contract with DPF	3 830 934 475	2 742 004 431	3 830 934 475	611 255 766
	Investment contract without DPF	466 918 592	204 731 627	466 918 592	45 639 382
	Total investment contract liabilities	**4 297 853 067**	**2 946 736 058**	**4 297 853 067**	**656 895 148**
	Current	-	-	-	-
	Non current	4 297 853 067	2 946 736 058	4 297 853 067	656 895 148
	Total	**4 297 853 067**	**2 946 736 058**	**4 297 853 067**	**656 895 148**
17.3	**Life insurance contract and investment contract with and without DPF liabilities**				
	Life insurance contract with DPF				
	As at 1 January	247 157 534	366 551 774	55 097 091	13 154 971
	Movement	228 543 063	(119 394 240)	420 603 506	41 942 120
	As at 31 December	**475 700 597**	**247 157 534**	**475 700 597**	**55 097 091**
	Life insurance contract without DPF				
	As at 1 January	168 243 898	435 109 590	37 505 429	15 615 404
	Movement	18 995 203	(266 865 692)	149 733 672	21 890 025
	As at 31 December	**187 239 101**	**168 243 898**	**187 239 101**	**37 505 429**
	Investment contract with DPF				
	Balance at 1 January	2 742 004 431	3 136 501 136	611 255 766	112 564 128
	Movement	1 088 930 044	(394 496 705)	3 219 678 709	498 691 638
	As at 31 December	**3 830 934 475**	**2 742 004 431**	**3 830 934 475**	**611 255 766**
17.4	**Total life insurance contract and investment contract with and without DPF liabilities**				
	As at 1 January	3 481 222 151	5 043 324 123	776 144 374	181 014 293
	Movement for the year	1 479 570 614	(1 562 101 972)	4 184 648 391	595 130 081
	As at 31 December	**4 960 792 765**	**3 481 222 151**	**4 960 792 765**	**776 144 374**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
17.5	**Reconciliation of life insurance contract with and without DPF and investment contract with DPF liabilities**				
	As at 1 January	3 157 405 862	3 940 163 425	703 858 286	141 334 503
		-	-	-	-
	Movement in insurance contracts and investment contracts with DPF liabilities	1 349 800 046	(751 968 048)	3 733 779 076	568 050 201
	Premiums	318 777 500	196 808 150	198 550 170	43 873 057
	Claims	(90 936 756)	(78 878 956)	(64 774 877)	(17 583 931)
	Commissions	(7 578 398)	(4 165 887)	(5 085 260)	(928 672)
	Branch expenses	(28 524 278)	(4 108 024)	(23 069 012)	(915 773)
	Actuarial and other fees	(4 312 506)	(5 713 382)	(3 387 059)	(1 273 644)
	Investment income	1 162 374 484	(839 105 754)	3 631 545 114	548 625 206
	Tax	-	(16 804 195)	-	(3 746 041)
	Transfer from FCP (note 17.6.1)	187 239 101	-	187 239 101	-
	Investment fees	(10 621 042)	-	(6 672 382)	-
	Other fees	(66 026 236)	-	(47 971 035)	-
	Fees charged by the shareholder	(119 714 213)	(30 789 515)	(76 315 596)	(5 526 418)
	As at 31 December	**4 493 874 173**	**3 157 405 862**	**4 493 874 173**	**703 858 286**
17.6	**Reconciliation of shareholder risk reserve**				
	As at 1 January	119 533 246	325 161 376	26 646 706	11 669 534
	Movement in shareholder risk reserve	(119 533 246)	(205 628 130)	(26 646 706)	14 977 172
	As at 31 December	-	**119 533 246**	-	**26 646 706**
17.6.1	**Reconciliation of funeral cash plan liability**				
	As at 1 January	85 801 948	323 004 523	19 127 225	11 592 611
	Revaluation	43 894 134	-	29 859 955	-
	Alterations and data impact	-	25 192 474	-	5 615 981
	Exists	-	(4 991 639)	-	(1 112 751)
	Impact of time	-	11 858 549	-	2 643 543
	New entrants	-	1 773 545	-	395 364
	Reinstatement	-	8 538 766	-	1 903 487
	Premium received from contracts on payment plans	16 318 948	-	11 101 325	-
	Investment return	211 814 628	-	188 075 795	-
	Operating expense allocation post determination date	(170 590 557)	-	(60 925 199)	-
	Change in assumptions:				
	Return	-	(33 269 910)		(7 416 627)
	Expense	-	41 652 451		9 285 288
	Mortality	-	(11 450 924)		(2 552 674)
	Lapse	-	(13 862 286)		(3 090 222)
	Inflation		7 401 131		1 649 882
	Valuation adjustments	-	957 026		213 343
	Correction of paid up policy expenses	-	(271 001 757)		-
	Transfer to Insurance contract liability	(187 239 101)	-	(187 239 101)	-
	As at 31 December	-	**85 801 948**	-	**19 127 225**

17 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

Impact of Final Guideline Paper on Adjusting Insurance and Pension Values in response to Currency Reforms

The Insurance and Pensions Commission ("IPEC") issued the Guideline on Adjusting Insurance and Pension Values in response to the Currency Reforms ("the Guideline") on 13 March 2020. The guideline provided comprehensive guidance on the revaluation processes required to be undertaken by regulated entities such as First Mutual Life Assurance Company (Private) Limited ("FML") to ensure equitable sharing of revaluation gains to different generations of pensioners and policyholders. The guideline set 31 December 2018 as the determination date.

This guideline and related circulars issued by IPEC were given legal effect through SI 69 of 2020.

In light of the requirements of the Guideline, the FML Board resolved to amend the terms of the Funeral Cash Plan ("FCP") with effect from the detemination date as follows:

i) FCP policies will be made paid-up as at the determination date;
ii) The paid-up value for each FCP policy was determined to be the actuarial reserve as at the Determination Date, where the total actuarial reserve value as at the Determination Date equalled $8.513 million being the total FCP assets, less compulsory and discretionary margins;
iii) Those policies that had negative reserves as at the Determination Date ended as per the Guideline;
iv) Premiums received after the determination date in respect of the FCP policies will be refunded with adjustment for investment income, administrative expenses and claims incured; and
v) Future charges to be levied to the FCP closed investment pool as per rules governing investment policies.

The above Board actions, which are provisional, were occasioned by regulatory changes which resulted in culling of products that became inoperable under the Guideline. The FML Board continues to engage IPEC with a view to seek finality on the matter arising from the mandatory product changes arising from actions taken to comply with the regulations.

The following products were terminated from the product portfolio, as a result of the Guidelines:

· University Cover Plan
· Whole Life Policies
· Special Whole Life Plan
· Wealth Life Plan
· Ultimate Life Plan
· Endowment
· Group Funeral Cash Plan

Affected policyholders will be given options to get refund for premiums already paid together with selection of similar products on offer that are compliant with the provisions of the Guideline.

In the event that the Guideline will be implemented, all the terminated products have been made paid up and payments will be made in respect of the value per policy as determined by the actuarial valuation for the period ended 31 December 2020 as well as refund of any premium already received.

Below is an extract of the financial statements showing the impact of the implementation of the Guideline:

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2020	2019	2020	2019
Statement of Comprehensive Income	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Reduction in Risk Reserves	-	-	-	-
Statement of Financial Position				
Increase in Insurance Contract Liabilities	187 239 101	-	187 239 101	-
Decrease in Shareholder Assets:	(187 239 101)	-	(187 239 101)	-
Net impact	-	-	-	-
17.7 Investment contact liabilities without DPF				
As at 1 January	204 731 627	780 448 836	45 639 382	28 010 256
Net Movement	262 186 965	(575 717 209)	421 279 210	17 629 126
As at 31 December	**466 918 592**	**204 731 627**	**466 918 592**	**45 639 382**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

17 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

Investment contract liabilities without DPF are measured at the fair value of the underlying assets or investments, at each reporting date. The underlying assets are largely made listed equity instruments measured at fair value through profit or loss. The financial assets at fair value through profit or loss are classified under Level 1, refer to note 11.3 for fair value disclosure.
The liabilities are classified under Level 2 of the fair value hierachy:

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total fair value ZWL
As at 31 December 2020				
Investment contract without DPF	-	466 918 592	-	466 918 592
Total investment contracts without DPF	**-**	**466 918 592**	**-**	**466 918 592**
As at 31 December 2019				
Investment contract without DPF	-	204 731 627	-	204 731 627
Total investment contracts without DPF	**-**	**204 731 627**	**-**	**204 731 627**

During the year there were no transfers of financial liabilities between levels 1, 2 and 3 (2019: $nil).

17.7.1 Investment contact liabilities without DPF

As at 1 January	204 731 627	780 448 837	45 639 382	28 010 256
Investments performance	265 288 680	(575 717 187)	422 092 376	28 847 283
Net cash flows	(3 101 715)	(23)	(813 166)	(11 218 157)
Premium	7 964 150	50 322 993	6 037 373	349 875
Claims and policy benefits	(1 576 715)	(46 247 141)	(1 176 126)	(10 659 425)
Fee income	(7 811 275)	-	(5 072 873)	-
Investment expenses	(1 677 875)	(4 075 875)	(601 540)	(908 607)
As at 31 December	**466 918 592**	**204 731 627**	**466 918 592**	**45 639 382**

All life assurance liabilities and investment contract liabilities with and without DPF as at 31 December 2020 and December 2019 were actuarially determined using the Financial Soundness Valuation method.

The primary assumptions used in the gross premium valuation (excluding compulsory margins) are as follows:

• The mortality investigation revealed that the actual death outgo was lower than the projected death outgo using the SA56-62 mortality assumption
• Lapse assumptions were changed to reflect the 2020 experience
• Expense assumptions of ZWL696 (2019: ZWL55) per policy was increased
• Expense inflation assumption has been mantained at 9%.
• Withdrawal rates are based on the Group and Company's experience. The sensitivity analysis of the inputs factors is shown in note 4.8.
• The real investment return assumption was revised to 11.4% (2019: 11.4%)

These assumptions have been changed to more closely reflect the most recent experience which should be more representative of the current hyperinflationary environment. We expect long term inflation to be higher in a local currency regime, compared with the previous multi-foreign currency regime, and have accordingly increased the long-term inflation rate assumption from at 9% as we continue to monitor the experience. In the short term, the inflation is expected to be more volatile. The expense assumption also takes into account the change in the Company's share of the shared services cost as provided by management. In summary, the valuation basis has been changed to reflect the emerging experience for inflation, investment return, mortality, lapses and the level of maintenance expenses.

	% p.a. 2020	% p.a. 2019
Investment - untaxed	11.4%	11.4%
Expense inflation	9.0%	9.0%

• A contingency reserve to cover for possible data problems of ZWL794 046 (2019: ZWL857 094) was held as a discretionary reserve. In addition to the above compulsory margins were allowed for as outlined in SAP104.

17 INSURANCE CONTRACT LIABILITIES (continued)

17.7.1 Investment contact liabilities without discretionary participation features (continued)

17.7 Change in assumptions from the prior year (continued)

The bonus smoothing account is used to reduce policyholders' exposure to market fluctuations. During periods of relatively strong investment performance of the fund's investments, a portion of investment growth is not declared as a bonus. It is held back, so that in times of relatively poor investment performance, there are funds available to declare a higher bonus than would otherwise have been the case. The bonus smoothing account is used to meet the discretionary participation feature ("DPF") element.

	2020	2019
a) Expense per policy assumption	**ZWL**	**ZWL**
Expense assumptions were increased as shown below after management carried out an expense investigation	**per annum**	**per annum**
Individual assurances	696	55
Funeral cash plan	N/A	55
Individual annuities	N/A	N/A
Unit linked assurances	696	55

Lapse assumptions

The lapse and surrender rates were higher than the previous assumptions and given the economic environment are seen as a true reflection of the future experience in the current market. Changes to the lapse assumptions were made to reflect the observed experience. The current economic environment is not believed to be favourable in terms of retention and as such, the actual lapse experience observed was used as the best estimate assumption.

Below are the lapse assumptions used for 2020 and 2019.

2020	**1st year**	**2nd year**	**3rd year**	**4th year**	**5 and Subsequent**	**6 and Subsequent**
Product						
Funeral cash plan	32%	16%	1%	0%	0%	0%
Wealth life plan	41%	38%	28%	5%	5%	2%
Platinum plan	20%	8%	3%	0%	0%	0%
Early harvest plan	32%	17%	24%	11%	5%	3%
2019						
Product						
Funeral cash plan	14%	53%	33%	15%	12%	14%
Wealth life plan	31%	26%	18%	30%	7%	1%
Platinum plan	27%	10%	0%	0%	0%	0%
Early harvest plan	24%	12%	33%	14%	12%	3%

Mortality assumptions

The same 2019 mortality assumption was carried over to 31 December 2020. In Dececember 2019 the investigation showed that the SA56/62 mortality overestimates the death outgo . Assumptions have been changed from 2019 to 65% of SA56-62 for 2020 valuation to allow for the actual experience which is lower than implied by SA56-62. Thedrop in the mortality assumption was from 90% of the SA56-62 table to 65% of the SA56-62 table. The observed mortality experience was lower than the previous mortality assumption and hence the mortality assumption was lowered accordingly.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

17 INSURANCE CONTRACT LIABILITIES (continued)

17.7.1 Investment contact liabilities without discretionary participation features (continued)

17.7 Change in assumptions from the prior year (continued)

The detailed mortality assumptions used are as follows:

Individual assurance (exc AIDS)	65% SA56-62
Annuities	PA(90)-5

Table showing AIDS assumption

	2020	2019
Product	**% HA1**	**% HA1**
FCP main member	4%	4%
FCP spouse	4%	4%
FCP adult	12%	12%
Other individual products	4%	4%

For children the following assumptions were used

Age group (years)	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**
Male mortality rates	0.002308	0.001054	0.001143	0.000997	0.001077
Female mortality rates	0.002126	0.000946	0.001142	0.001062	0.001763

d) Expense inflation

The expense inflation assumption remained at 9% in 2020 (2019 - 9%) .

17.8 Amounts included in the statement of cash flow

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Movement in insurance contract liabilities:				
Insurance contract liabilities with DPF (note 17.3)	228 543 063	(119 394 241)	420 603 506	41 942 120
Insurance contract liabilities without DPF (note 17.3)	18 995 203	(266 865 693)	149 733 672	21 890 025
Total	**247 538 266**	**(386 259 934)**	**570 337 178**	**63 832 145**

18 MEMBER ASSISTANCE FUND

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
As at 1 January	-		-	-
Arising during the year	14 250 781	-	8 322 777	-
Transfer from savings pot	3 220 109	-	717 803	-
Monetary loss adjustment	(8 430 309)	-	-	-
As at 31 December	**9 040 581**	-	**9 040 581**	-
Current	9 040 581	-	9 040 581	-
Non current	-	-	-	-
Total	**9 040 581**	-	**9 040 581**	-

The member assistance fund is a reserve created for the medical aid members when claims ratios are below budgeted levels. The fund is meant to assist members when their benefits have been depleted and yet member meets the qualifying criteria for assistance. The reserve is calculated as a percentage of premiums contributed.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
19	**FINANCIAL LIABILITIES**	**Group**	**Group**	**Group**	**Group**
		2020	**2019**	**2020**	**2019**
19.1	**INSURANCE LIABILITIES-SHORT TERM**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
	Outstanding claims (note 19.1.1)	312 619 518	186 539 540	312 619 518	41 583 948
	Reinsurance	637 086 173	633 351 888	637 086 173	141 188 683
	Losses incurred but not (note 19.1.2)	355 690 285	193 591 141	355 690 285	43 155 912
	Members savings liabilities (note 19.1.3)	83 070 463	34 262 479	83 070 463	7 637 893
	Premium received in advance	33 278 046	45 744 161	33 278 046	10 197 424
	Unearned premium reserve (note 19.1.4)	830 099 193	535 207 624	261 869 109	51 176 174
	Commissions payable	122 983 719	56 590 096	122 983 719	12 615 232
	Total	**2 374 827 397**	**1 685 286 929**	**1 806 597 313**	**307 555 266**
	Non current	2 291 756 934	1 651 024 452	1 723 526 850	299 917 373
	Current	83 070 463	34 262 477	83 070 463	7 637 893
	Total	**2 374 827 397**	**1 685 286 929**	**1 806 597 313**	**307 555 266**
	The insurance payables are of a short term nature (less than 12 months).				
19.1.1	**Outstanding claims**				
	As at 1 January	186 539 540	236 435 344	41 583 948	7 994 779
	Movement for the year	442 656 902	494 432 566	216 988 678	33 589 169
	Acquisition of subsidiary	54 046 892		54 046 892	
	Monetary loss adjustment	(370 623 816)	(544 328 370)		
	As at 31 December	**312 619 518**	**186 539 540**	**312 619 518**	**41 583 948**
19.1.2	**Losses incurred but not reported**				
	As at 1 January	193 591 141	384 989 344	43 155 912	13 017 955
	Movement for the year	160 425 786	(191 398 203)	310 861 015	30 137 957
	Acquisition of subsidiary	1 673 358		1 673 358	
	As at 31 December	**355 690 285**	**193 591 141**	**355 690 285**	**43 155 912**
19.1.3	**Members savings liabilities**				
	As at 1 January	34 262 479	163 434 013	7 637 893	5 526 326
	Movement for the year	48 807 984	(129 171 534)	75 432 570	2 111 567
	As at 31 December	**83 070 463**	**34 262 479**	**83 070 463**	**7 637 893**
	The member savings liabilities are analysed as follows:				
	Non current				
	Member savings liabilities due to active members	80 509 544	22 774 573	80 509 544	5 076 975
	Current				
	Members savings liabilities due to terminated members	2 560 919	11 487 906	2 560 919	2 560 919
	Total	**83 070 463**	**34 262 479**	**83 070 463**	**7 637 894**

Members savings liabilities balance refers to amounts held on behalf of health care clients as an accumulation from their contributions. The amounts accumulated are meant to cover selected future medical claims as well as to qualifying members for a cash back arrangement if they meet certain claims thresholds. The savings liability nolonger accrue interest post 2017 in line with fund rules approved by members.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
19	FINANCIAL LIABILITIES (continued)	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
19.1.4	**Unearned premium reserve**				
	As at 1 January	535 207 624	356 331 502	51 176 174	12 930 002
	Movement for the year	231 425 995	152 819 377	27 471 259	7 897 748
	Effects of exchange rates on FMRE Botswana	17 265 685	26 056 745	137 021 787	30 348 424
	Acquisition of subsidiary	46 199 889	-	46 199 889	-
	As at 31 December	**830 099 193**	**535 207 624**	**261 869 109**	**51 176 174**
19.2	**Insurance liabiities - life assurance payables**				
	Outstanding claims	6 605 476	11 692 294	6 605 476	2 606 481
	Losses incurred but not reported	7 280 626	4 880 659	7 280 626	1 088 011
	Commissions	3 970 475	1 723 690	3 970 475	384 250
		17 856 577	**18 296 643**	**17 856 577**	**4 078 742**
20	**OTHER PAYABLES**				
	Other payables	100 656 310	124 000 619	100 656 310	27 642 586
	Provisions	93 496 243	12 138 924	93 496 243	2 706 046
	Payroll and statutory payables	81 768 914	37 161 227	81 768 914	8 284 091
	Accrued expenses	131 534 917	127 566 523	131 534 917	28 437 507
	Trade payables	5 149 840	38 757 967	5 149 840	8 640 041
	Property business related liabilities	24 696 141	22 828 132	24 696 141	5 088 915
	Total	**437 302 365**	**362 453 392**	**437 302 365**	**80 799 186**
	Current	437 302 365	362 453 392	437 302 365	80 799 186
	Non current	-	-	-	-
	Total	**437 302 365**	**362 453 392**	**437 302 365**	**80 799 186**

Other payables are non-interest bearing and are normally on 30 day terms. Other payables consist of motor levy, stamp duty, travel insurance, value added tax Accrued expenses consist of deposits from tenants, acturial fees and systems licence fees

20.1	**Leave pay provision reconciliation**				
	As at 1 January	12 138 924	14 147 367	2 706 046	507 727
	Movement for the year	12 093 352	(2 008 443)	21 526 230	2 198 319
	As at 31 December	**24 232 276**	**12 138 924**	**24 232 276**	**2 706 046**

Employee entitlement annual leave are recognised on an ongoing basis. The liability for annual leave as a result of services rendered by the employee is accrued up to the reporting date. Provision is made for leave pay when staff members accrue leave days. In the event the staff members leave the employment of the Group they are entitled the cash equivalent of their leave days. In the event that it is impractical for staff members to exhaust their leave days according to their leave plan, part of the accumulated days can be cashed and the rest utilised by the staff member. There is uncertainty on when a staff member may decide to leave the Group and the liability is calculated based on the normal pay rates.

20.2	**Provision for rationalisation costs reconciliation.**				
	As at 1 January	-	-	-	-
	Movement for the year	69 263 967	-	69 263 967	-
	As at 31 December	**69 263 967**	-	**69 263 967**	-

In December 2020, the Directors approved a rationalisation exercise through a voluntary retrenchment program. The retrenchment program was meant to protect the Group against impact of COVID-19 induced business interruptions and also to reduce non-value adding activities across the Group.

20 OTHER PAYABLES (continued)

20.2.1 Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured with agreed payment terms and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

21 TAX

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
21.1	**Deferred tax**				
	As at 1 January	1 304 083 037	76 089 621	281 692 266	16 435 961
	Acquisition of subsidiary	(3 013 695)	-	(3 013 695)	-
	Recognised through statement of comprehensive income	(290 684 468)	1 227 993 416	694 770 556	265 256 305
	As at 31 December	**1 010 384 873**	**1 304 083 037**	**973 449 127**	**281 692 266**
	Current				
	Non current	1 010 384 873	1 304 083 037	973 449 127	264 086 500
	Total	**1 010 384 873**	**1 304 083 037**	**973 449 127**	**280 852 436**
	Analysis of deferred tax				
	Arising on vehicles and equipment	12 944 753	8 515 677	6 356 628	1 839 452
	Arising on investment properties	979 096 341	1 270 961 147	979 096 341	283 326 431
	Arising on financial assets at fair value through profit or loss	62 016 069	80 502 817	62 016 069	17 945 927
	Arising from life business (schedule 8 Income Tax Act (Chapter 23:06))	103 039 676	134 549 626	72 692 054	21 035 295
	Arising from assessable losses	(5 269 881)	(6 840 811)	(5 269 881)	(1 524 974)
	Payables and provisions	(141 442 085)	(183 605 419)	(141 442 085)	(40 929 865)
	As at 31 December	**1 010 384 873**	**1 304 083 037**	**973 449 127**	**281 692 266**
21.2	**Net current income tax asset**				
	As at 1 January	3 346 295	(17 753 146)	745 967	(566 767)
	Tax asset	(524 697)	(19 280 965)	(116 967)	(621 598)
	Tax liability	3 870 992	1 527 819	862 933	54 831
	Charge for the year	84 380 604	44 305 592	84 380 604	9 876 734
	Paid during the year	(40 427 146)	(122 933 950)	(19 817 228)	(8 564 000)
	Monetary gain adjustment	21 355 884	81 974 653	-	-
	As at 31 December	**65 309 342**	**3 346 295**	**65 309 342**	**745 966**
	Disclosed as;				
	Income tax asset	(319 297)	(524 697)	(319 297)	(116 967)
	Income tax liability	65 628 639	3 870 992	65 628 639	862 933
	Total	**65 309 342**	**3 346 295**	**65 309 342**	**745 966**
21.3	**Income tax expense**				
	Deferred tax expense	(290 684 468)	1 227 993 416	694 770 556	265 256 305
	Current income tax (credit) / expense	84 380 604	44 305 592	84 380 604	9 876 734
	Total	**(206 303 864)**	**1 272 299 008**	**779 151 160**	**275 133 039**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

21 TAX (continued)

21.3.1 Restatement of income tax expense

In December 2020 the Group discovered that there was a computational error in calculating the movement in Deferred tax that went through the income tax expense on the Statement of Comprehensive Income for the year ended 31 December 2019. This resulted in an overstatement of the tax expense and monetary loss. The error has been corrected by restating the inflation adjusted income tax expense and the monetary loss in Statement of Comprehensive Income for the year ended 31 December 2019 as shown below. The restatement has no impact on the profit for the period, basic and diluted earnings per share, total assets and shareholders' equity.

	INFLATION ADJUSTED		
	As previously reported	As restated	Impact of restatement
	ZWL	ZWL	ZWL
Recognised through Statement of Comprehensive Income	1 227 993 416	1 227 993 416	-
Deferred tax expense(Profit or loss)	1 699 663 168	1 227 993 416	471 669 752
Monetary gain or loss (Profit or loss)	(1 175 445 121)	(703 775 369)	(471 669 752)
Net impact on Statement of Comprehensive Income			-

21.4 Reconciliation of income tax expense

Profit before income tax	2 136 922 487	1 396 268 275	6 042 924 456	933 314 032
Standard tax rate 24.72% (2019: 25.75%)	362 281 723	359 539 081	1 493 810 926	240 328 363
Financial assets at fair value through profit or loss taxed at different rate	(163 722 728)	480 385 482	(252 058 392)	4 748 557
Investment property gains taxed at different rates	(805 500 016)	(561 761 947)	(951 523 865)	24 609 820
Non-taxable income	(751 684 298)	(401 058 551)	(352 390 430)	(33 030 605)
Effect of expenses not deductible for tax purposes	1 950 309 322	1 395 194 943	1 639 300 788	38 476 904
Effects of rebasing tax bases	(797 987 867)	-	(797 987 867)	-
Tax charge for the period	**(206 303 864)**	**1 272 299 008**	**779 151 160**	**275 133 039**

Non-deductable expenses include charitable donations, IMTT,broker promotion and First Mutual Health operating expenses

22 NET PREMIUM WRITTEN

Pension and savings business	342 802 908	452 178 467	198 697 891	43 964 264
Life assurance	176 665 337	207 422 234	114 642 206	20 167 183
Health insurance	1 998 371 807	1 374 289 194	1 425 527 630	133 618 952
Property and casualty	3 425 825 549	3 778 877 079	2 388 362 789	367 411 459
Gross premium written	**5 943 665 601**	**5 812 766 974**	**4 127 230 516**	**565 161 858**
Less: reinsurance	(1 538 012 452)	(1 400 722 998)	(1 183 180 521)	(163 872 559)
Net premium written	**4 405 653 149**	**4 412 043 976**	**2 944 049 995**	**401 289 299**

23 RENTAL INCOME

Office	140 705 605	129 045 687	95 527 648	12 764 535
Retail	75 136 231	68 500 132	51 011 383	6 775 681
Industry	40 438 533	36 866 966	27 454 471	3 646 691
Other	1 125 759	1 026 329	764 299	101 519
Total rental income	**257 406 128**	**235 439 114**	**174 757 801**	**23 288 426**

All rental income earned is from investment property

23 RENTAL INCOME (continued)

Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Within 1 year	99 407 522	218 083 693	99 407 522	48 615 864
Later than one year but not later than 5 years	228 541 546	501 382 424	228 541 546	111 769 658
Later than 5 years	8 860 641	19 438 786	8 860 641	4 333 352
Total	**336 809 709**	**738 904 903**	**336 809 709**	**164 718 874**

24 NET INVESTMENT INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Dividend received - cash	32 946 628	45 353 364	31 828 602	3 159 471
Dividend received - scrip	-	-	-	-
Fair value gain on unquoted equities at fair value through profit or loss	5 245 996	3 854 870	182 121 294	859 339
Gain from disposal of quoted investments at fair value through profit or loss	(25 240 553)	183 830 191	(66 890 008)	12 806 241
Investment expenses	(113 549 135)	(125 868 951)	(126 710 602)	(9 359 258)
Fair value gain on quoted equities at fair value through profit or loss	446 852 089	(1 869 429 557)	1 444 328 511	207 559 384
Total investment income	**346 255 025**	**(1 762 260 083)**	**1 464 677 797**	**215 025 177**
Interest income	11 289 061	80 975 945	9 824 897	5 641 062
Total investment income	**357 544 086**	**(1 681 284 138)**	**1 474 502 694**	**220 666 239**

25 OTHER INCOME

25.1 Fee income

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Insurance contracts	197 714 330	29 919 595	123 685 090	3 233 686
Investment contracts	1 677 846	118 332 665	601 540	12 604 403
Investment contracts with DPF	1 610 930	111 970 750	(8 924 956)	12 101 708
Investment contracts without DPF	66 916	6 361 915	(370 734)	502 695
Total fee income	**199 392 176**	**148 252 260**	**124 286 630**	**15 838 089**

Fee income is in respect of investment contracts insurance contracts. The fees include management charges, policy fees and capital guarantee charges.

25.2 Other income

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Tenant interest	3 246 566	2 749 286	1 143 688	203 989
Profit on disposal of vehicles and equipment	574 684	-	202 447	-
Motor pool dividend income	6 168 386	8 235 448	2 172 976	611 047
Net clinic fee income	22 578 834	3 564 259	7 953 985	264 458
Bad debts recovered	1 703	8 235 448	600	611 047
Exchange gains / (losses)	288 566 233	485 171 240	406 182 992	35 998 344
Other fee income	215 535 552	24 959 986	75 928 040	1 851 962
Total	**536 671 958**	**532 915 666**	**493 584 728**	**39 540 847**

Other income consists of interest on staff loans, fee and commission income, net funeral services income, property sales commision, motor levy commission, valuation fees, agents fees and investment fees.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

25 OTHER INCOME (continued)

25.3 Revenue from contracts with customers

Included in other income, on note 25.2 above, is revenue from contracts with customers.The Group derives revenue from the transfer of services over time and at a point in time in the following major product lines and all in Zimbabwe.

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2020	2019	2020	2019
Type of good or service	**Timing of recognition**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Funeral services	At a point in time	4 722 216	1 328 471	3 182 815	166 675
Clinic services	At a point in time	22 578 834	3 564 259	7 953 985	264 458
Property services income	At a point in time	3 172 336	3 072 318	2 197 540	430 521
Total revenue from contracts with customers		**30 473 386**	**7 965 048**	**13 334 340**	**861 654**

Performance obligations

Information on the Group's performance obligations is summarised below:

Funeral services
The performance obligation is performed upon consumption of the service by the customer, thus at a point in time. However, there is usually no material time lag between service provision and and payment and customers are usually required to pay in advance before provision of the service.

Clinic services
The Group provides general practitioner healthcare services to customers. These services are consumed by the customers at a point in time.

Property services income
Property services include property valuations and property sales on behalf of customers. The performance obligation is satisfied after delivery of a valuation report and when a property has been sold and consideration transferred.

26 NET INSURANCE CLAIMS AND BENEFITS

Insurance claims and loss adjustment expenses				
Health insurance	1 463 038 974	1 098 403 674	1 092 547 189	110 373 154
Life assurance	51 702 476	44 036 806	38 750 113	4 425 041
Property and casualty	738 723 410	935 949 204	599 848 951	94 048 908
Total insurance claims	**2 253 464 860**	**2 078 389 684**	**1 731 146 253**	**208 847 103**
Less: insurance claims and loss adjustment expenses recovered from reinsurers	(171 188 605)	(219 218 964)	(125 460 987)	(15 271 544)
Net total insurance claims expense	**2 082 276 255**	**1 859 170 721**	**1 605 685 266**	**193 575 559**
Pensions benefits	80 622 497	173 225 569	57 810 974	17 583 931
Net insurance claims and benefits	**2 162 898 752**	**2 032 396 290**	**1 663 496 241**	**211 159 490**

27 ACQUISITION OF INSURANCE AND INVESTMENT CONTRACTS EXPENSES

27.1 Net commission

Commissions paid	559 364 105	776 515 200	531 131 739	86 111 501
- Insurance contracts	559 364 105	776 515 200	531 131 739	86 111 501
- investment contracts with DPF	-	-	-	-
Commissions received	(334 645 402)	(479 150 933)	(317 755 095)	(53 135 349)
Net commissions paid	**224 718 703**	**297 364 267**	**213 376 644**	**32 976 152**

27 ACQUISITION OF INSURANCE AND INVESTMENT CONTRACTS EXPENSES

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
27.2	**Other acquisition expenses**				
	Staff costs	18 552 840	25 608 271	17 616 436	2 839 824
	Office costs	5 146 333	7 103 424	4 886 586	787 733
	Communications	560 350	773 444	532 067	85 771
	Business travel	757 914	1 046 140	719 660	116 011
	Actuarial fees	4 726 905	6 524 492	4 488 327	723 532
	Other fees	6 663 316	9 197 300	6 327 005	1 019 933
	Total other acquisition expenses	**36 407 658**	**50 253 071**	**34 570 081**	**5 572 804**
	Total acquisition of insurance and investment contracts expenses	**261 126 361**	**347 617 339**	**247 946 726**	**38 548 956**

The Group has an agency force which is made up of tied and independent agents who write new business of the Life Assurance segment. The agents are located in major cities and towns across the country. Area offices were established to house and facilitate operations of the agency force. All costs of maintaining the agency force are classified as acquisition expenses which include staff costs, rentals, travel related expenses paid for agency and communication expenses.

Other fees include registration fees for agents with the Insurance and Pensions Commission, medical fees paid when taking new policyholders on board, as well as bank charges.

28 ADMINISTRATION EXPENSES

		INFLATION ADJUSTED Group 2020 ZWL	INFLATION ADJUSTED Group 2019 ZWL	HISTORICAL COST Group 2020 ZWL	HISTORICAL COST Group 2019 ZWL
	Staff costs (note 28.1)	682 406 855	612 907 155	518 279 513	64 085 576
	Directors' fees - FMHL	10 409 461	5 919 762	7 905 856	618 970
	-Group companies	37 174 464	17 225 946	28 233 543	1 801 145
	Property expenses (note 28.4)	55 379 381	63 587 530	42 059 950	6 648 713
	Depreciation of property, vehicles and equipment (note 6)	61 907 249	26 965 968	5 484 345	1 822 966
	Depreciation of Right of Use asset	85 682 617	15 770 394	3 717 669	549 997
	Amortisation of intangible assets (note 8)	15 460 671	5 692 424	2 024 742	229 141
	External Audit fees	36 426 924	14 903 579	27 665 796	1 558 318
	Current	36 426 924	14 903 579	27 665 796	1 558 318
	Prior year	-	-	-	
	IMT 2% tax	30 358 156	26 473 697	23 056 641	2 768 090
	Other costs (note 28.5)	701 874 359	581 131 391	533 064 840	63 224 712
	Total administration expenses	**1 568 811 614**	**1 370 577 845**	**1 191 492 895**	**143 307 628**
28.1	**Staff costs**				
	Wages and salaries	184 965 348	157 906 036	140 478 880	16 510 656
	Non-pensionable allowances	37 218 094	65 600 307	28 266 679	6 859 168
	Alowances	42 367 603	42 850 124	32 177 667	4 480 409
	Social security and health insurance costs	10 487 877	9 728 335	7 965 412	1 017 195
	Defined contribution pension costs	19 359 118	15 269 252	14 703 009	1 596 553
	Long-term incentives	531 028	700 629	403 309	73 258
	Short-term incentives	51 880 934	106 299 340	39 402 924	11 114 660
	Motoring benefit	122 538 865	103 654 708	93 066 743	10 838 137
	Movement in leave pay provision	12 093 352	(2 008 443)	21 526 230	2 198 319
	Staff training	5 562 794	36 235 298	4 224 873	3 788 763
	Rationalisation costs	69 263 967	9 900 736	69 263 967	1 035 221
	Other staff costs	126 137 876	66 770 832	66 799 821	4 573 237
	Total staff costs	**682 406 855**	**612 907 155**	**518 279 513**	**64 085 576**

Staff Pension and Life Assurance scheme

All employees are members of the First Mutual Staff Pension and Life Assurance Scheme, which is a defined contribution pension plan. The Group's contributions to the defined contribution pension plan are charged to the statement of comprehensive income in the year in which they relate.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

28 ADMINISTRATION EXPENSES (continued)

National Social Security Authority Scheme

The Group and its employees contribute to the National Social Security Authority Pension Scheme. This is a social security scheme, which was promulgated under the National Social Security Act (Chapter 17:04). The Group obligations under the scheme are limited to specific contributions legislated from time to time.

28.2 Rationalisation expenses

The rationalisation costs in 2019 were incurred to incorporate NicozDiamond Limited into the Group and were paid as lumpsums to the laid off staff.

In December 2020, the Directors approved a rationalisation exercise through a voluntary retrenchment program. The retrenchment program was meant to protect the Group against impact of COVID-19 induced business interruptions and also to reduce non-value adding activities across the Group.

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
28.3	**Allowance for credit losses**				
	Insurance receivables (note 14.1)	202 354 126	92 757 055	196 614 787	17 411 021
	Tenant receivables (note 14.2)	7 438 942	8 082 411	6 412 328	1 517 114
	Other receivables (note 14.3)	11 161 258	1 049 506	9 705 442	196 998
	Total	**220 954 326**	**101 888 972**	**212 732 557**	**19 125 133**
28.4	**Property expenses**				
	Operating costs recoveries	21 408 041	24 581 070	16 259 140	2 570 197
	Maintenance costs	33 331 963	38 272 317	25 315 211	4 001 754
	Valuation fees	321 512	369 166	244 185	38 600
	Property security and utilities	317 865	364 977	241 414	38 162
	Total	**55 379 381**	**63 587 530**	**42 059 950**	**6 648 713**
	Property expenses arising from investment properties that generated rental income	55 061 516	63 222 553	41 818 536	6 610 551
	Property expenses arising from investment properties that did not generate rental income	317 865	364 977	241 414	38 162
	Total	**55 379 381**	**63 587 530**	**42 059 950**	**6 648 713**

Operating costs under recoveries relate to the operating costs attributable to the vacant spaces on buildings within the portfolio.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

28 ADMINISTRATION EXPENSES (continued)

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2020	2019	2020	2019
28.5	**Other costs**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
	Marketing and corporate relationship management	30 460 948	98 257 372	23 134 711	10 822 654
	Information technology expenses	126 410 691	105 247 575	96 007 346	11 592 597
	Office costs	12 672 536	46 143 178	9 624 634	5 082 486
	Fees and other charges	33 991 807	16 096 135	25 816 354	1 772 925
	Actuarial fees	12 544 331	16 394 619	9 527 264	1 805 801
	Ipec fees	16 295 681	18 473 894	12 376 367	2 034 825
	Expensed VAT	23 741 580	13 606 952	18 031 435	1 498 751
	Bank charges	19 329 117	18 991 065	14 680 224	2 091 789
	Communication expenses	12 380 980	10 638 571	9 403 200	1 171 796
	Expenses relating to leases of low value	541 390	2 129 683	405 564	234 576
	Subscriptions	14 177 162	11 554 054	10 767 378	1 272 633
	Investor relations	5 820 707	5 786 150	4 420 755	637 321
	Administration travel	17 328 471	36 549 984	13 160 758	4 025 834
	Rates	32 321 692	15 101 983	24 547 923	1 663 423
	Project costs	16 181 629	11 875 150	12 289 745	1 308 000
	Staff welfare	5 724 034	20 788 560	4 347 332	2 289 776
	Other expenses	321 958 995	133 496 456	244 523 850	14 704 098
	Total	**701 881 752**	**581 131 384**	**533 064 840**	**64 009 286**

29 EARNINGS/(LOSS) PER SHARE ("EPS")

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

29.1	**Basic earnings per share**				
	Profit attributable to ordinary equity holders of the company	1 259 461 409	(346 878 775)	2 985 088 402	349 018 273
	Weighted average number of shares in issue	724 439 406	721 641 126	724 439 406	721 641 126
	Basic earnings per share (cents)	**173.85**	**(48.07)**	**412.05**	**48.36**
29.2	**Diluted earnings per share**				
	Profit attributable to ordinary equity holders of the company	1 259 461 409	(346 878 775)	2 985 088 402	349 018 273
	The following reflects the share data;				
	Weighted average number of shares in issue	724 439 406	721 641 126	724 439 406	721 641 126
	Effect of dilution of share option	3 267 203	703 662	3 267 203	703 662
	Weighted number of shares adjusted for the effects of dilution	727 706 609	722 344 788	727 706 609	722 344 788
	Diluted earnings per share (cents)	**173.07**	**(48.02)**	**410.20**	**48.32**

The share options are not dilutive as the exercise price is above the market price at 31 December 2020 and 31 December 2019.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

30 COMMITMENT AND CONTINGENT LIABILITIES

30.1 Commitments

30.1.1 Operating lease commitments

As lessor

The Group holds operating leases with terms that expire after 3 to 5 year lease periods. Future lease payments could not be determined as rental rates are reviewed on an annual basis.

The Group anticipates to generate rental income of $99 407 522 (2019: $68 448 016) out of its existing operating leases in the next 12 months.

30.1.2 Capital commitments

The Group has capital expenditures contracted for at the end of the year but not yet incurred is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Investment property	-	29 649 131	-	6 603 370
Vehicles and equipment	-	24 810 119	-	5 530 745
Total	**-**	**54 459 250**	**-**	**12 134 115**

30.2 Contingencies

The Group and the Company do not have significant contingent liabilities that require disclosure as at 31 December 2020 (2019: ZWL$nil).

31 RELATED PARTY DISCLOSURES

Related companies

Related party transactions exist between First Mutual Holdings Limited and its fellow subsidiaries.

The National Social Security Authority ("NSSA") is the ultimate parent company of First Mutual Holdings Limited. NSSA holds 66.22% (2019: 68.81%) directly in First Mutual Holdings and 7.1% (2019: 11.44%) indirectly through Capital Bank as at 31 December 2020.

NSSA owns 87% (2019: 87%) of Capital Bank Limited, under liquidation.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

31.1 Subsidiaries and associates

The financial statements comprise the financial statements of First Mutual Holdings Limited and its subsidiaries and associate companies listed in the following table (indicating the extent of ownership):

	2020	2019
Subsidiaries		
First Mutual Life Assurance Company (Private) Limited	100%	100%
First Mutual Health Company (Private) Limited	100%	100%
First Mutual Reinsurance Company Limited	100%	100%
FMRE Property and Casualty (Proprietary) Limited*	100%	100%
First Mutual Properties Limited	69.99%	69.99%
First Mutual Wealth Management (Private) Limited	100%	100%
NicozDiamond Insurance Limited	100%	100%
Diamond Companhia de Seguros, SA ("Diamond Seguros")***- held through NicozDiamond Insurance Limited	51%	24%
First Mutual Property Fund One (Private) Limited	100%	100%
First Mutual Funeral Services (Private) Limited		
- held through First Mutual Life Assurance Company (Private) Limited	100%	100%
Associates		
Haematology Laboratory (Private) Limited - First Mutual Health Company (Private) Limited	34%	34%
United General Insurance Limited** - NicozDiamond Insurance Limited	46%	46%
Clover Leaf Panel Peaters (Private) Limited - NicozDiamond Insurance Limited	45%	45%
First Mutual Properties Limited is owned 69.99% by First Mutual Group as follows:		
First Mutual Holdings Limited - the company	3.09%	3.09%
First Mutual Life Assurance Company (Private) Limited - shareholders	17.67%	17.67%
First Mutual Life Assurance Company (Private) Limited - policyholders	41.25%	41.25%
First Mutual Reinsurance Company Limited	2.21%	2.21%
NicozDiamond Insurance Limited	0.35%	0.35%
First Mutual Health Company (Private) Limited - shareholders	5.33%	5.33%
First Mutual Properties Limited (treasury shares)	0.09%	0.09%
Total	**69.99%**	**69.99%**
First Mutual Health Company (Private) Limited is owned 100% by First Mutual Group as follows:		
First Mutual Life Assurance Company (Private) Limited	20%	20%
First Mutual Holdings Limited - the company	80%	80%
Total	**100%**	**100%**
First Mutual Property Fund One (Private) Limited is owned 100% by First Mutual Group as follows:		
First Mutual Life Assurance Company (Private) Limited	52.55%	52.55%
First Mutual Health Company (Private) Limited	20.29%	20.29%
First Mutual Reinsurance Company Limited	10.14%	10.14%
First Mutual Properties Limited	8.91%	8.91%
First Mutual Wealth Management (Private) Limited	8.11%	8.11%
Total	**100.00%**	**100.00%**

* This company is incoporated, registered and operates in Botswana

** This company is incoporated, registered and operates in Malawi

*** This company is incoporated, registered and operates in Mozambique

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

32 RELATED PARTY DISCLOSURES (continued)

32.2 Transactions and balances with related companies:

32.2.1 Summary of related party transactions

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 December 2020:

INFLATION ADJUSTED

	Relationship to First Mutual Holdings Limited	Purchases from related parties ZWL	Amount owed to related parties ZWL	Amount owed by related parties ZWL	Loans owed to related parties ZWL	Carrying amounts of investments in subsidiaries ZWL
First Mutual Microfinance (Private) Limited	subsidiary	-	12 124	-	-	9 631 053
First Mutual Life Assurance Company (Private) Limited	subsidiary	-	-	4 227 053	-	1 406 828 412
NicozDiamond Insurance Limited	subsidiary	5 280 187	-	2 069 042	-	657 769 751
First Mutual Reinsurance Company Limited	subsidiary	-	-	1 755 163	-	227 687 018
FMRE Property and Casualty (Proprietary) Limited	subsidiary	-	-	1 225 539	-	469 198 954
First Mutual Health Company (Private) Limited	subsidiary	-	-	2 886 735	-	409 151 214
First Mutual Properties Limited	subsidiary	5 801 582	2 565 214	-	-	
First Mutual Wealth Management (Private) Limited	subsidiary	1 480 716	-	1 240 692	-	9 221 688
		12 562 485	**2 577 338**	**13 404 224**	-	**3 189 488 090**

HISTORICAL COST

	Relationship to First Mutual Holdings Limited	Purchases from related parties ZWL	Amount owed to related parties ZWL	Amount owed by related parties ZWL	Loans owed to related parties ZWL	Carrying amounts of investments in subsidiaries ZWL
First Mutual Microfinance (Private) Limited	subsidiary	-	12 124	-	-	4 439 841
First Mutual Life Assurance Company (Private) Limited	subsidiary	-	-	4 227 053	-	1 803 988 531
NicozDiamond Insurance Limited	subsidiary	436 778	-	2 069 042	-	946 531 932
First Mutual Reinsurance Company Limited	subsidiary	-	-	1 755 163	-	246 716 602
FMRE Property and Casualty (Proprietary) Limited	subsidiary	-	-	1 225 539	-	469 198 953
First Mutual Health Company (Private) Limited	subsidiary	-	-	2 886 735	-	359 718 575
First Mutual Properties Limited	subsidiary	4 114 246	2 565 214	-	-	
First Mutual Wealth Management (Private) Limited	subsidiary	942 608	-	1 240 692	-	6 479 155
		5 493 632	**2 577 338**	**13 404 224**	-	**3 837 073 589**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

32 RELATED PARTY DISCLOSURES (continued)

32.2.2 Transactions and balances with related companies:

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 December 2019

INFLATION ADJUSTED

	Relationship to First Mutual Holdings Limited	Purchases from related parties ZWL	Amount owed to related parties ZWL	Amount owed by related parties ZWL	Loans owed to related parties ZWL	Carrying amounts of investments in subsidiaries ZWL
First Mutual Microfinance (Private) Limited	subsidiary	-	-	-	-	1 760 189
First Mutual Life Assurance Company (Private) Limited	subsidiary	-	-	35 327 787	-	982 480 767
NicozDiamond Insurance Company Limited	subsidiary	966 764	-	22 225 853	-	797 477 963
First Mutual Reinsurance Company Limited	subsidiary	-	152 592	335 610	-	134 198 805
FMRE Property and Casualty (Proprietary) Limited	subsidiary	-	-	5 947 220	-	374 466 925
First Mutual Health Company (Private) Limited	subsidiary	-	6 564 952	-	-	240 530 341
First Mutual Properties Limited	subsidiary	-	-	2 790 200	-	-
First Mutual Wealth Management (Private) Limited	subsidiary	-	-	7 431 524	-	9 928 163
		966 764	**6 717 544**	**74 058 194**	**-**	**2 540 843 154**

HISTORICAL COST

	Relationship to First Mutual Holdings Limited	Purchases from related parties ZWL	Amount owed to related parties ZWL	Amount owed by related parties ZWL	Loans owed to related parties ZWL	Carrying amounts of investments in subsidiaries ZWL
First Mutual Microfinance (Private) Limited	subsidiary	-	-	-	-	350 265
First Mutual Life Assurance Company (Private) Limited	subsidiary	-	-	1 755 602	-	195 506 599
NicozDiamond Insurance Company Limited	subsidiary	48 043	-	1 104 506	-	158 692 373
First Mutual Reinsurance Company Limited	subsidiary	-	7 583	16 678	-	26 704 596
FMRE Property and Casualty (Proprietary) Limited	subsidiary	-	-	295 545	-	74 516 222
First Mutual Health Company (Private) Limited	subsidiary	-	326 243	-	-	47 863 806
First Mutual Properties Limited	subsidiary	-	-	138 658	-	-
First Mutual Wealth Management (Private) Limited	subsidiary	-	-	369 307	-	1 975 633
		48 043	**333 826**	**3 680 296**	**-**	**505 609 494**

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions, inline with the Group's Shared Service Framework.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
32	**RELATED PARTY DISCLOSURES (continued)**	**2020**	**2019**	**2020**	**2019**
		ZWL	**ZWL**	**ZWL**	**ZWL**
32.3	**Compensation of key management:**				
	Key management personnel includes executive directors and senior management of the Group				
	Short term employment benefits	107 314 379	113 944 325	81 503 935	10 078 011
	Post-employment pension and medical benefits	9 833 311	10 258 578	7 468 277	923 457
	Share based payments:				
	Share options	278 195	11 580 974	135 508	327 201
	Share appreciation rights	84 869 173	22 509 722	100 574 466	5 017 934
	Total compensation paid to key management personnel	**202 295 058**	**158 293 599**	**189 682 186**	**16 346 603**
32.4	**Loans to directors and officers**				
	Executive directors	18 897 139		18 897 139	-

32.5 Directors and other key management's interest in the employee share option scheme:

In terms of the share option scheme 19,010,038 options were granted to key management on 30 April 2014. A further 8 426 271 were granted on 9 August 2017. No share options were granted in the current year. As at year end total share options granted but not exercised by executive members of the Board of Directors to purchase ordinary shares of the Group were as follows:

	2020 Number of shares	2019 Number of shares
Douglas Hoto	540 490	1 621 470
William Marere	946 459	946 459
Other key management	1 780 254	4 092 125
	3 267 203	**6 660 054**

32.6 Material partly-owned subsidiary

Financial information of subsidiary that have material non-controlling interests are provided below;

Portion of equity interest held by non-controlling interest

Name	**Country of incorporation and operation**		
First Mutual Properties Limited	Zimbabwe	30.01%	30.01%
Diamond Seguros Insurance Company Limited	Mozambique	49.60%	-

	INFLATION ADJUSTED		HISTORICAL COST	
	Group	Group	Group	Group
	2020	2019	2020	2019
Accumulated balances of material non-controlling interest	**ZWL**	**ZWL**	**ZWL**	**ZWL**
First Mutual Properties Limited	3 231 989 548	2 163 381 133	2 617 587 289	350 636 177
Diamond Companhia de Seguros, SA	35 447 850		35 447 850	
Profit allocated to non-controlling interest:				
First Mutual Properties Limited	1 075 307 450	470 848 042	2 270 227 405	309 162 721
Diamond Companhia de Seguros, SA	8 457 492		8 457 492	

The summarised financial information of the subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group	Group	Group	Group
		2020	2019	2020	2019
32.6	**Material partly-owned subsidiary (continued)**	ZWL	ZWL	ZWL	ZWL
	First Mutual Properties Limited				
	Revenue	265 739 756	260 666 375	175 625 667	23 995 974
	Allowance for credit losses	(6 590 426)	(3 387 722)	(6 590 426)	(755 201)
	Property expenses	(64 278 873)	(62 998 012)	(40 042 403)	(6 746 842)
	Net property income	**194 870 457**	**194 280 641**	**128 992 838**	**16 493 931**
	Employee related expenses	(85 877 720)	(91 611 152)	(67 820 769)	(4 476 165)
	Other expenses	(52 241 877)	(1 368 774)	(34 982 710)	(4 378 315)
	Net property income after other expenses	**56 750 860**	**101 300 715**	**26 189 359**	**7 639 451**
	Fair value adjustments	3 199 806 851	2 177 463 379	8 052 577 664	1 246 885 795
	Other income	12 354 795	94 193 214	92 594 363	12 009 128
	Investment income	4 611 152	1 047 478	4 274 674	561 300
	Finance costs		(18 755)	-	(1 205)
	Profit before income tax	**3 273 523 658**	**2 373 986 031**	**8 175 636 060**	**1 267 094 469**
	Income tax expense	309 640 122	(805 015 548)	(610 733 012)	(236 552 063)
	Profit for the year	**3 583 163 780**	**1 568 970 483**	**7 564 903 048**	**1 030 542 406**
	Other comprehensive (loss) / income			-	-
	Total comprehensive income	**3 583 163 780**	**1 568 970 483**	**7 564 903 048**	**1 030 542 406**
	Attributable to non-controlling interest	1 075 307 450	470 848 042	2 270 227 405	309 162 721
	Dividends paid to non-controlling interest	(22 499 095)	(10 774 852)	(3 276 292)	(214 210)
	Summarised statement of financial position as at				
	Investment property	9 395 892 350	6 244 903 110	9 395 892 350	1 392 132 336
	Property, plant and equipment and other non-current financial assets	9 263 952	5 900 563	4 912 835	197 409
	Financial assets	390 498	3 870 072	390 498	862 728
	Inventories, cash and bank, current financial assets and other receivables (current)	232 790 120	107 297 266	230 172 733	23 822 582
	Non-current liabilities (deferred tax only)	(837 021 287)	(1 127 148 729)	(838 366 864)	(250 991 096)
	Long term liabilities		-	-	-
	Trade and other payable (current)	(78 243 258)	(23 393 596)	(78 243 259)	(4 640 598)
	Total equity	**8 723 072 375**	**5 211 428 686**	**8 714 758 293**	**1 161 383 361**
	Summarised cash flow information for the year ending 31 December				
	Operating	60 980 211	101 878 596	31 953 000	22 006 041
	Investing	1 091 275	10 727 656	956 811	1 090 917
	Financing	(12 307 128)	(17 926 924)	(10 917 336)	(821 667)
	Net increase in cash and cash equivalents	**49 764 358**	**94 679 328**	**21 992 475**	**22 275 291**

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
32.6	**Material partly-owned subsidiary (continued)**				
	Diamond Seguros				
	Summarised statement of comprehensive income				
	Net Premium Earned	13 726 026	-	13 726 026	-
	Net Claims gains	2 838 665	-	2 838 665	-
	Net Commission gains	338 696	-	338 696	-
	Technical Result	**16 903 387**	-	**16 903 387**	-
	Administration Expenses	(10 715 198)	-	(10 715 198)	-
	Movement in provision for credit losses	2 131 262	-	2 131 262	-
	Profit before other items	**8 319 451**	-	**8 319 451**	-
	Investment income	387 708	-	387 708	-
	Other income	8 344 236	-	8 344 236	-
	Profit before income tax	**17 051 395**	-	**17 051 395**	-
	Attributable to non-controlling interest	8 457 492	-	8 457 492	-
	Summarised statement of financial position				
	Property, plant and equipment and other non-current financial assets	2 341 631	-	2 341 631	-
	Financial assets	93 228 531	-	93 228 531	-
	Inventories, cash and bank, current financial assets and other receivables (current)	89 291 391	-	89 291 391	-
	Non-current liabilities (deferred tax only)	(864 108)	-	(864 108)	-
	Long term liabilities				
	Trade and other payable (current)	(115 590 112)	-	(115 590 112)	-
	Total Equity	**68 407 333**	-	**68 407 333**	-

32.7 Acquisition of additional interest in First Mutual Properties

The Group acquired an additional interest in the voting shares of First Mutual Properties Limited in 2019, increasing its ownership interest to 69.99%. The effect on the equity attributable to the owners of the equity is summarised as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2 020 ZWL	2 019 ZWL	2 020 ZWL	2 019 ZWL
Cash consideration paid to non-controlling shareholders	-	5 526 536	-	276 831
Carrying value of the additional interest in First Mutual Properties Limited	-	(10 722 909)	-	(537 120)
Difference recognised in retained profits	-	**(5 196 373)**	-	**(260 289)**

33 SUBSEQUENT EVENTS

There were no material subsequent events requiring adjustments to be effected on the financial statements or disclosure in the financial statements,however, non-adjusting as explained below.

The Government of Zimbabwe introduced another national lockdown level 4 in January 2021 as the country experienced a second wave of the COVID-19 pandemic.This meant that the business had to comply with the new lockdown measures which resulted in the reduction of staff members in the work premises, suspension of inter-city travel, only operation of essential services like supermarkets, pharmacies and reduction in the business normal working hours. The Group has continued to leverage on technology with most business meetings being done via Microsoft teams and team members working remotely from home thereby availing data to members to allow them to access business systems and deliver service to clients.

34 PROPOSED DIVIDEND ON ORDINARY SHARES

At a meeting held on 4 May 2021, the Board resolved that a final dividend of ZWL50 million being 6.88 cents per share be declared from the profits for the year ended 31 December 2020. The dividend will be payable on or about 18 June 2021 to all shareholders of the company registered at close of business on 11 June 2021. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to 8 June 2021 and ex-dividend as from 9 June 2021. This final dividend brings the total dividend for the year to 9.63 cents per share.

35 GOING CONCERN

The COVID-19 pandemic has diminished the short term growth prospects of the economy and the Group. The evolving nature of the pandemic requires continuous monitoring as assessment to establish the impact on operations, however, a global sustainable solution is expected in 2021. The client base of the Group includes customers that have been more severely affected by the pandemic and associated physical distancing measures such as lockdowns.

The lockdown has resulted in disruption of normal operations of the Group and its customers with impact varying from segment to segment which has resulted in the Directors re-assessing the ability of the Group to continue as a going concern. The Directors are confident that the Group will continue to operate as a going concern into the foreseeable future with major segments of insurance, life assurance, health insurance afforded essential services status, hence no significant impact from the lock-down on the operating and financial performance of the Group. The property subsidiaries' major tenants are also within the essential services category. The Group has adequate liquid resources to continue to sustain its operations.

Below is an analysis of the major sectors driving revenue of each segment of the Group:

Segment	Major business sectors	Impact of lock-down
Insurance	Mining Retail Manufacturing	Low impact Low impact Medium impact
Life assurance	Government Agriculture	Low impact Low impact
Health insurance	Non-govermental organisations Agriculture Mining	Low impact Low impact Low impact
Property	Office parks Food retail CBD offices Industrial	Low impact Low impact High impact Medium impact

Although, the Group does not expect to be materially impacted over the short-term, it is difficult to forecast the long-term impact on business, however, Directors are confident the steps taken to protect the Group from severe impact of the pandemic will yield positive results.

36 Suspension and resumption of trading on the Zimbabwe Stock Exchange

On 28 June 2020, the Zimbabwe Stock Exchange Limited announced the suspension of trading following a directive from the Government of Zimbabwe. Following engagements between the Zimbabwe Stock Exchange and the Ministry of Finance and Economic Development, the local bourse resumed trading effective 3 August 2020 with the exception of the following counters in which the Group holds investments either directly or indirectly:

- Old Mutual plc;
- PPC Limited; and
- SeedCo International Limited.

The Group holds investments in SeedCo International Limited and Old Mutual plc. At the reporting period, SeedCo International Limited was relisted for trading whereas Old Mutual plc and PPC Limited remain suspended. Management has considered that the share price at the last day of trade fairly reflects the share price at the reporting period. Management will continue to assess the situation and take appropriate.measures to mitigate any emerging risks.

Company Statement of Financial Position

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
	Note	ZWL	ZWL	ZWL	ZWL
ASSETS					
Non Current Assets					
Property, plant and equipment	5	2 964 239	2 832 247	168 679	131 400
Right of Use asset	5	23 705 304	16 284 226	2 808 026	1 029 831
Investment in subsidiaries	6	3 189 488 090	2 540 843 154	3 837 073 589	505 609 494
Financial assets at fair value through profit or loss	7	113 024 639	68 355 747	113 024 639	15 238 067
Total Non Current Assets		**3 329 182 272**	**2 628 315 374**	**3 953 074 933**	**522 008 792**
Current Assets					
Other receivables	8	55 185 822	7 695 569	55 185 822	1 715 518
Intercompany receivables	9	13 404 224	16 509 268	13 404 224	3 680 295
Consumable stocks		1 542 721	588 010	507 466	131 081
Short term investments	10	150 958	-	150 958	-
Bank & cash balances	10	11 391 476	21 625 215	11 391 476	4 820 757
Total Current Assets		**81 675 201**	**46 418 062**	**80 639 946**	**10 347 651**
TOTAL ASSETS		**3 410 857 473**	**2 674 733 436**	**4 033 714 879**	**532 356 443**
EQUITY AND LIABILITIES					
Equity					
Share capital		27 794 559	27 787 620	726 836	723 443
Share premium		1 500 349 000	1 499 590 201	39 416 526	39 045 426
Capital reserves		33 932 575	34 421 235	567 341	806 326
Retained profit		1 783 447 623	1 085 080 874	3 927 670 459	485 572 062
Total Equity		**3 345 523 756**	**2 646 879 930**	**3 968 381 162**	**526 147 257**
Current Liabilities					
Trade and other payables	11	59 393 603	21 593 491	59 393 603	4 813 685
Lease liability	5	3 199 193	4 762 520	3 199 193	1 061 675
Intercompany payables	12	2 740 921	1 497 495	2 740 921	333 826
Total Current Liabilities		**65 333 717**	**27 853 506**	**65 333 717**	**6 209 186**
TOTAL EQUITY AND LIABILITIES		**3 410 857 473**	**2 674 733 436**	**4 033 714 879**	**532 356 443**

Company Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
	Notes	ZWL	ZWL0	ZWL	ZWL
INCOME					
Shared service costs recoveries	1	72 592 776	67 398 119	43 315 747	7 044 830
Other income	2	25 748 826	29 543 129	19 213 447	3 522 056
Total Income		**98 341 602**	**96 941 248**	**62 529 194**	**10 566 886**
EXPENDITURE					
Monetary gain / (loss)		(49 907 801)	(345 755 715)	-	-
Administration expenses	3	(144 807 122)	(88 103 211)	(110 081 709)	(10 204 642)
Total Expenses		**(194 714 923)**	**(433 858 926)**	**(110 081 709)**	**(10 204 642)**
Operating profit before other items		**(96 373 322)**	**(336 917 678)**	**(47 552 515)**	**362 244**
Finance costs		(889 630)	(872 251)	(648 416)	(74 410)
Investment income	4	345 448 939	200 007 283	309 192 795	29 470 100
Share of profit from subsidiaries	6.1	191 342 817	(92 409 826)	2 702 435 721	351 283 713
Profit before income tax		**439 528 804**	**(230 192 472)**	**2 963 427 586**	**381 041 647**
Income Tax		-	-	-	-
Profit after tax		**439 528 804**	**(230 192 472)**	**2 963 427 586**	**381 041 647**
Other comprehensive income					
Share of other comprehensive income of subsidiaries and associates using equity method:					
Items that will be reclassified subsequently to profit and loss when specific conditions are met	6.2	283 983 657	275 574 189	501 169 906	61 431 816
Total comprehensive income attributed to shareholders		**723 512 461**	**45 381 717**	**3 464 597 492**	**442 473 463**

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

INFLATION ADJUSTED

	Share Capital	Share Premium	Capital Reserve	Retained Earnings	Total
As at 1 January 2019	27 759 230	1 497 694 361	22 840 263	1 083 094 753	2 631 388 607
Profit for the year	-	-	-	(230 192 472)	(230 192 472)
Other comprehensive (loss) / income	-	-	-	275 574 189	275 574 189
Total comprehensive income/(loss)	-	-	-	**45 381 717**	**45 381 717**
Transactions with shareholders in their capacity as owners:					
Issue of shares:				-	-
acquisition of 19.08% of NDIL	-	-	-	-	-
share options	28 391	1 895 839	(1 924 230)	-	-
2017 mandatory tender offer	-	-	-	-	-
Share based payments	-	-	13 505 203	-	13 505 203
Dividend declared and paid	-	-	-	(43 395 596)	(43 395 596)
As at 31 December 2019	**27 787 621**	**1 499 590 200**	**34 421 236**	**1 085 080 874**	**2 646 879 931**
Profit for the period	-	-	-	439 528 804	439 528 804
Other comprehensive income				283 983 657	283 983 657
Share options	6 937	758 800	(765 738)	-	-
Dividend paid	-	-	-	(25 145 713)	(25 145 713)
Share based payments	-	-	277 077	-	277 077
As at 31 December 2020	**27 794 558**	**1 500 349 000**	**33 932 575**	**1 783 447 622**	**3 345 523 756**

HISTORICAL COST

	Share Capital	Share Premium	Capital Reserve	Retained Earnings	Total
As at 1 January 2019	**720 731**	**38 844 411**	**682 852**	**46 748 609**	**86 996 603**
Profit for the year	-	-	-	381 041 647	381 041 647
Other comprehensive (loss) / income	-	-	-	61 431 816	61 431 816
Total comprehensive income/(loss)	-	-	-	**442 473 463**	**442 473 463**
Transactions with shareholders in their capacity as owners:					
Issue of shares:				-	-
acquisition of 19.08% of NDIL	-	-	-	-	-
share options	2 712	201 015	(203 727)	-	-
2017 mandatory tender offer	-	-	-	-	-
Share based payments	-	-	327 201	-	327 201
Dividend declared and paid	-	-	-	(3 650 010)	(3 650 010)
As at 31 December 2019	**723 443**	**39 045 426**	**806 326**	**485 572 062**	**526 147 257**
Profit for the period	-	-	-	2 963 427 586	2 963 427 586
Other comprehensive income				501 169 906	501 169 906
Share options	3 393	371 100	(374 493)	-	-
Dividend paid	-	-	-	(22 499 095)	(22 499 095)
Share based payment	-	-	135 508	-	135 508
As at 31 December 2020	**726 836**	**39 416 526**	**567 341**	**3 927 670 459**	**3 968 381 162**

Company Statement of Cash Flows

FOR THE PERIOD ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
	Note	ZWL	ZWL	ZWL	ZWL
Profit before taxation		**439 528 804**	**(230 192 472)**	**2 963 427 586**	**381 041 647**
Non cash items					
Depreciation	3	6 420 382	3 137 000	3 891 788	364 202
Finance costs		889 630	872 251	648 416	74 410
Interest received		(26 478)	(14 243)	(12 979)	(2 870)
Share of profit from associates	6.1	(191 342 817)	92 409 826	(2 702 435 721)	(351 283 713)
Fair value adjustments on quoted equities	4	(112 598 073)	(22 635 097)	(117 731 490)	(5 045 883)
Exchange gain / (loss)	2	(16 766 180)	(28 347 661)	(16 766 180)	(3 281 181)
Share option expense		770 110	3 454 637	173 044	328 624
Gain / (loss) on disposal of investments	4	(33 570 235)	-	(19 621 805)	-
Share appreciation rights	3	38 697 206	5 925 309	34 722 803	1 319 668
Dividend received	4	(201 870 043)	(177 567 650)	(173 820 586)	(24 452 499)
Monetary gain / (loss)		49 907 801	345 755 715	-	-
Operating cash flow before working capital changes		**(19 959 893)**	**(7 202 385)**	**(27 525 124)**	**(937 595)**
Working capital changes					
Decrease / (increase) in other receivables		(47 490 253)	(760 246)	(53 470 304)	51 439
Decrease / (Increase) in intercompany receivables		3 105 044	13 674 881	(9 723 929)	(534 244)
Increase in consumable stocks		(954 711)	515 945	(376 385)	(1 943)
(Decrease) / increase in payables		37 480 211	11 377 858	59 124 531	(348 880)
Cash generated/(utilised) from operations		**(27 819 602)**	**17 606 053**	**(31 971 211)**	**(1 771 223)**
Interest paid		(889 630)	(872 251)	(648 416)	(74 410)
Interest received		26 478	14 243	12 979	2 870
Net cash flows from operating activities		**(28 682 754)**	**16 748 045**	**(32 606 648)**	**(1 842 763)**
Investing activities					
Purchase of vehicles and equipment	5	(210 300)	(1 053 727)	(78 455)	(89 072)
Recapitalisation of subsidiaries	6	(173 318 462)	(171 091 592)	(127 858 468)	(15 750 340)
Purchase of investments	7	(77 330 232)	(23 369 535)	(68 677 362)	(5 209 606)
Disposal of investments	7	145 259 413	-	88 622 279	-
Dividend received	4	201 870 043	177 567 650	143 061 932	24 452 499
Cash generated/(utilised) from investing activities		**96 270 462**	**(17 947 204)**	**35 069 926**	**3 403 481**
Financing activities					
Issue of ordinary shares		765 738	1 924 230	374 493	203 727
Dividend paid		(25 145 713)	(43 395 596)	(22 499 095)	(3 650 010)
Cash (utilised)/generated from financing activities		**(24 379 975)**	**(41 471 366)**	**(22 124 602)**	**(3 446 283)**
Net (decrease)/increase in cash and cash equivalents		**43 207 733**	**(42 670 526)**	**(19 661 324)**	**(1 885 565)**
Movements in cash and cash equivalents					
At beginning of year		21 625 432	71 839 285	4 820 757	3 845 453
Effects of echange rates and net monetary position		(53 290 731)	(7 543 327)	26 383 001	2 860 869
Net (decrease) / increase for the period		43 207 733	(42 670 526)	(19 661 324)	(1 885 565)
At end of period		**11 542 434**	**21 625 432**	**11 542 434**	**4 820 757**
Disclosed as:					
Investments: Short term		150 958	-	150 958	-
Bank & Cash Balances		11 391 476	21 625 432	11 391 476	4 820 757
Cash and cash equivalents at the end of the period		**11 542 434**	**21 625 432**	**11 542 434**	**4 820 757**

Notes to the Company Financial Statements

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
		ZWL	ZWL	ZWL	ZWL
1	**Shared service cost recoveries**				
	First Mutual Health	16 695 423	18 295 044	9 962 076	1 621 993
	First Mutual Wealth Management	3 562 280	3 632 429	2 125 595	322 042
	First Mutual Life	18 705 757	23 171 649	11 161 632	2 054 340
	First Mutual Properties	9 987 585	8 529 878	5 959 542	756 238
	First Mutual Reinsurance	7 547 548	9 260 486	4 503 584	821 011
	NicozDiamond Insurance	16 094 183	16 571 711	9 603 318	1 469 206
	Total	**72 592 776**	**79 461 197**	**43 315 747**	**7 044 830**
2	**Other income**				
	Shared costs recoveries	321 948	1 086 605	87 713	218 940
	(Profit) / loss on disposal of Property Plant Equipment	-	-	-	-
	Foreign exchange gain	16 766 180	28 347 661	16 766 180	3 281 181
	Other	8 660 698	108 863	2 359 554	21 935
	Total	**25 748 826**	**29 543 129**	**19 213 447**	**3 522 056**
3	**Administration expenses**				
	Staff costs	64 751 138	53 857 406	50 288 808	5 596 998
	Rent & rates	662 234	310 210	401 421	36 015
	Depreciation	6 420 382	3 137 000	3 891 788	364 202
	Directors fees	13 042 492	5 331 407	7 905 856	618 970
	Computer expenses	449 882	2 046 507	272 701	237 597
	Administration travel	80 339	590 161	48 699	68 517
	Insurance	720 564	413 811	436 778	48 043
	Audit fees	4 825 145	551 685	2 924 817	64 050
	Actuarial fees	-	-	-	-
	Other fees	6 016 283	5 956 409	3 646 839	691 532
	Subscriptions	528 953	343 888	320 631	39 925
	Marketing costs - CRM	773 178	118 210	468 670	13 724
	Teas and refreshments	394 873	500 841	239 357	58 147
	R&M - Motor Vehicles	373 366	599 886	226 320	69 646
	R&M - Office Equipment	34 338	392 984	20 815	45 625
	Office consumables	563 614	609 515	341 641	70 764
	Communication	323 212	230 218	195 919	26 728
	Investor relations	3 036 486	3 032 856	1 840 601	352 111
	Cleaning expenses	182 770	133 498	110 788	15 499
	Board expenses	5 863	192 750	3 554	22 378
	Strategy expenses	58 366	445 198	35 379	51 687
	Staff welfare	5 927	866 374	3 593	100 585
	Shared costs recovery	39 348	1 795 204	23 851	208 421
	Other	250 236	721 884	151 684	83 810
	IMTT tax	55 526	-	33 658	-
	Recalibration costs	1 267 272	-	768 171	-
	Share appreciation rights	38 697 206	5 925 309	34 722 803	1 319 668
	Covid expenses	1 248 129	-	756 567	-
	Total	**144 807 122**	**88 103 211**	**110 081 709**	**10 204 642**

Notes to the Company Financial Statements

3 Administration expenses (continued)

3.1 Staff costs

	INFLATION ADJUSTED		HISTORICAL COST	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Basic Salaries	17 085 574	11 166 548	11 264 115	1 296 423
Non-pensionable allowance	3 943 352	3 763 553	2 599 759	436 944
Bonus/Profit share	22 305 212	13 891 373	22 305 212	1 612 772
Overtime	36 438	11 008	24 023	1 278
Housing allowance	187 998	24 290	123 943	2 820
Transport allowance	122 039	113 481	80 457	13 175
Canteen allowance	59 636	461 727	39 317	53 606
Long service award	-	-	-	-
Pension	2 005 600	1 300 565	1 322 245	150 994
NSSA	19 531	24 341	12 876	2 826
Leave Pay	1 983 240	3 158 370	1 307 503	366 683
Staff training	253 962	2 216 965	167 431	257 387
Levies	893 885	550 238	589 317	63 882
Medical aid	85 891	487 740	56 626	56 626
Motoring benefit	15 453 545	10 357 732	10 188 157	1 178 484
Security costs	116 478	103 360	76 791	12 000
Other	198 757	6 226 115	131 038	91 098
Total	**64 751 138**	**53 857 406**	**50 288 808**	**5 596 998**

4 Net Investment income

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
Gains on disposal of quoted investments	33 570 235	-	19 621 805	-
Interest received	26 478	14 243	12 979	2 870
Dividend received	201 870 043	177 567 650	173 820 586	24 452 499
Investment expenses	(2 615 890)	(209 707)	(1 994 065)	(31 152)
Fair value gain/(loss) on equities	112 598 073	22 635 097	117 731 490	5 045 883
Total	**345 448 939**	**200 007 283**	**309 192 795**	**29 470 100**

5 Property, vehicles & equipment

	Office Equipment	Motor Vehicles	Office furniture	Total
INFLATION ADJUSTED				
Cost				
At 1 January 2019	14 140 338	4 147 706	2 585 005	20 873 049
Additions	1 053 727	-	-	1 053 727
Disposals	-	-	-	-
At 31 December 2019	**15 194 065**	**4 147 706**	**2 585 005**	**21 926 776**
Additions	178 188	-	32 112	210 300
Disposals	-	-	-	-
At 31 December 2020	**15 372 253**	**4 147 706**	**2 617 117**	**22 137 076**
Accumulated Depreciation				
At 1 January 2019	12 892 100	4 147 706	1 551 140	18 590 946
Charge for the year	410 261	-	157 418	567 679
Depreciation on disposal	(30 845)	-	(33 252)	(64 097)
At 31 December 2019	**13 271 516**	**4 147 706**	**1 675 306**	**19 094 528**
Charge for the year	71 009	-	7 300	78 309
Depreciation on disposal	-	-	-	-
At 31 December 2020	**13 342 525**	**4 147 706**	**1 682 606**	**19 172 837**
Net Book Value - 31 December 2019	**1 922 549**	**-**	**909 699**	**2 832 248**
Net Book Value - 31 December 2020	**2 029 728**	**-**	**934 511**	**2 964 239**

Notes to the Company Financial Statements

5	Property, vehicles & equipment (continued)	Office Equipment	Motor Vehicles	Office furniture	Total
	HISTORICAL COST				
	At 1 January 2019	366 056	107 373	66 919	540 348
	Additions	89 072	-	-	89 072
	Disposals	-	(33 043)	-	(33 043)
	At 31 December 2019	**455 128**	**74 330**	**66 919**	**596 377**
	Additions	66 475	-	11 980	78 455
	Disposals	-	-	-	-
	At 31 December 2020	**521 603**	**74 330**	**78 899**	**674 832**
	Accumulated Depreciation				
	At 1 January 2019	333 742	107 373	40 155	481 270
	Charge for the year	12 676	-	4 074	16 750
	Depreciation on disposal	-	(33 043)	-	(33 043)
	At 31 December 2019	**346 418**	**74 330**	**44 229**	**464 977**
	Charge for the year	37 338	-	3 839	41 177
	Depreciation on disposal	-	-	-	-
	At 31 December 2020	**383 756**	**74 330**	**48 068**	**506 154**
	Net Book Value - 31 December 2019	**108 710**	-	**22 690**	**131 400**
	Net Book Value - 31 December 2020	**137 847**	-	**30 831**	**168 678**

		INFLATION ADJUSTED		HISTORICAL COST	
	Leases	**2020**	**2019**	**2020**	**2019**
		ZWL	**ZWL**	**ZWL**	**ZWL**
5.1	**Right of use asset**				
	As at 1 January	16 284 226	10 985 285	1 029 831	394 245
	Remeasurement	13 249 241	10 561 065	5 615 904	968 368
	Depreciation	(5 828 163)	(5 262 124)	(3 837 710)	(332 782)
	As at 31 December	**23 705 304**	**16 284 226**	**2 808 025**	**1 029 831**
5.2	**Lease liability**				
	As at 1 January	4 762 520	1 768 524	1 061 675	394 245
	Remeasurement	13 249 241	4 343 960	5 615 905	968 368
	Amortisation	(7 095 909)	(4 429 810)	(3 478 387)	(300 938)
	Monetary loss adjustment	(7 716 659)	3 079 566	-	-
	As at 31 December	**3 199 193**	**4 762 240**	**3 199 193**	**1 061 675**
6	**INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**				
	At 1 January	2 540 843 154	2 186 587 200	505 609 494	77 143 625
	Recapitalisations	173 318 462	171 091 592	127 858 468	15 750 340
	Disposal	-	-	-	-
	Net asset value upliftment/adjustments	475 326 474	183 164 362	3 203 605 627	412 715 529
	Total investment in subsidiaries (note 6.2)	**3 189 488 090**	**2 540 843 154**	**3 837 073 589**	**505 609 494**

Notes to the Company Financial Statements

6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
		ZWL	ZWL	ZWL	ZWL
6.1	**Share of profit from subsidiaries**				
	NicozDiamond Insurance	(428 557 545)	49 580 720	595 011 020	136 322 380
	First Mutual Life	466 095 644	73 490 067	1 578 579 425	165 179 768
	First Mutual Reinsurance	2 753 066	7 326 505	156 853 406	16 467 400
	FMRE Property & Casualty Botswana	50 913 406	(233 801 967)	86 341 364	7 575 016
	First Mutual Wealth	(18 430 527)	510 839	(5 216 636)	1 148 186
	First Mutual Health	150 392 269	12 112 707	311 854 769	27 225 096
	Funeral services	-	-	-	-
	First Mutual Microfinance	(31 823 496)	(1 628 695)	(20 987 627)	(2 634 133)
	Total	**191 342 817**	**(92 409 826)**	**2 702 435 721**	**351 283 713**
6.2	**Share of other comprehensive income from subsidiaries**				
	NicozDiamond Insurance	229 902 205	12 289 276	192 828 539	2 739 562
	FMRE Property & Casualty Botswana	54 081 452	263 284 913	308 341 367	58 692 254
	Total	**283 983 657**	**275 574 189**	**501 169 906**	**61 431 816**

		Shareholding percentage					
6.3	**INVESTMENT IN SUBSIDIARIES**	2020	2019				
	First Mutual Life Assurance Company (Private) Limited	100%	100%	1 406 828 412	907 667 253	1 803 988 531	195 506 599
	First Mutual Health Company (Private) Limited	80%	80%	409 151 214	258 758 945	359 718 575	47 863 806
	First Mutual Microfinance	100%	100%	9 631 053	12 820 433	4 439 841	350 265
	First Mutual Reinsurance Company Limited	100%	100%	227 687 018	127 347 816	246 716 602	26 704 596
	FMRE Property and Casualty (Proprietary) Limited	100%	100%	469 198 954	364 204 096	469 198 953	74 516 222
	First Mutual Wealth Management	100%	100%	9 221 688	13 619 521	6 479 155	1 975 633
	NicozDiamond Insurance Company Limited	100%	100%	657 769 751	856 425 090	946 531 932	158 692 373
				3 189 488 090	**2 540 843 154**	**3 837 073 589**	**505 609 494**

6.3 **Summarised financial information of subsidiary companies**

Statement of comprehensive income as at 31 December 2020	INFLATION ADJUSTED Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL	HISTORICAL COST Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL
First Mutual Life Assurance Company (Private) Limited	2 067 386 228	(1 905 657 938)	224 344 218	6 028 505 983	(4 447 175 363)	1 581 330 620
First Mutual Health Company (Private) Limited	2 135 090 543	(1 826 552 955)	323 057 779	1 884 924 745	(1 406 462 700)	478 462 044
First Mutual Microfinance (Private) Limited	15 583 714	(46 926 975)	(31 343 261)	12 769 533	(32 900 770)	(20 131 237)
First Mutual Reinsurance Company (Private) Limited	284 437 100	(323 927 210)	(39 490 110)	351 562 498	(229 152 122)	122 410 376
FMRE Property and Casualty (Proprietary) Limited	611 814 698	(433 584 192)	178 230 506	618 406 760	(498 415 788)	119 990 972
First Mutual Wealth Management (Private) Limited	34 064 339	(50 170 415)	(16 106 076)	30 787 880	(35 634 344)	(4 846 465)
NicozDiamond Insurance Company Limited	799 399 464	(711 155 593)	84 338 140	1 380 953 734	(481 823 149)	899 130 585

Notes to the Company Financial Statements

6.3 Summarised financial information of subsidiary companies

	INFLATION ADJUSTED			HISTORICAL COST		
	Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL	Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL
Statement of financial position as at 31 December 2020						
First Mutual Life Assurance Company (Private) Limited	6 536 796 136	5 129 967 724	1 406 828 412	6 933 690 619	5 129 702 089	1 803 988 531
First Mutual Health Company (Private) Limited	956 560 352	445 759 834	510 800 517	894 846 695	445 759 835	449 086 860
First Mutual Microfinance (Private) Limited	130 506 243	120 875 189	9 631 053	125 346 609	120 906 768	4 439 841
First Mutual Reinsurance Company (Private) Limited	561 296 082	333 609 061	227 687 018	544 325 516	297 608 915	246 716 602
FMRE Property and Casualty (Proprietary) Limited	1 005 900 715	536 701 761	469 198 954	1 005 900 716	536 701 762	469 198 953
First Mutual Wealth Management (Private) Limited	19 530 385	10 308 698	9 221 688	16 884 960	10 405 806	6 479 155
TristarInsurance Company (Private) Limited	2 416 120 499	1 755 744 187	469 198 954	2 178 620 158	1 196 640 377	981 979 782

	Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL	Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL
Statement of comprehensive income as at 31 December 2019						
First Mutual Life Assurance Company (Private) Limited	4 253 584 019	(987 943 499)	353 378 953	849 343 959	678 527 108	170 424 206
First Mutual Health Company (Private) Limited	2 154 785 859	(1 559 765 771)	(1 900 455)	191 880 422	143 794 733	48 085 690
First Mutual Microfinance (Private) Limited	4 312 476	(30 910 774)	(26 598 299)	668 564	3 547 596	(3 008 540)
First Mutual Reinsurance Company (Private) Limited	204 137 470	(580 902 843)	(376 765 373)	52 945 091	40 215 853	12 702 275
FMRE Property and Casualty (Proprietary) Limited	716 350 225	(585 004 301)	131 345 923	99 094 528	76 242 800	22 485 949
First Mutual Wealth Management (Private) Limited	29 288 707	(45 471 660)	(16 182 952)	5 452 871	4 328 148	1 118 218
NicozDiamond Insurance Company Limited	1 007 683 283	(535 946 493)	520 977 507	227 136 762	67 781 529	159 355 233
First Mutual Funeral Services (Private) Limited	-	-	-	-	-	-

	Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL	Total revenue ZWL	Total expenses ZWL	Profit before tax ZWL
Statement of financial position as at 31 December 2019						
First Mutual Life Assurance Company (Private) Limited	999 655 387	804 148 789	195 506 598	999 655 387	804 148 789	195 506 599
First Mutual Health Company (Private) Limited	105 866 712	58 002 905	47 863 807	105 866 712	58 002 905	47 863 806
First Mutual Microfinance (Private) Limited	43 903 033	34 536 634	9 366 398	8 785 117	7 698 979	1 086 138
First Mutual Reinsurance Company (Private) Limited	618 837 520	472 298 170	146 539 349	131 601 167	104 896 571	26 704 596
FMRE Property and Casualty (Proprietary) Limited	800 396 631	473 063 175	327 333 457	195 909 835	121 393 613	74 516 222
First Mutual Wealth Management (Private) Limited	18 616 692	7 582 856	11 033 836	3 543 074	1 567 441	1 975 633
NicozDiamond Insurance Company Limited	1 499 172 722	686 732 168	812 440 554	286 410 251	127 717 879	158 692 373

Notes to the Company Financial Statements

		INFLATION ADJUSTED		HISTORICAL COST	
		2 020	2 019	2 020	2 019
		ZWL	ZWL	ZWL	ZWL
7	**Financial assets at fair value through profit or loss**				
	At 1 January	68 355 747	22 351 115	15 238 066	4 982 577
	Purchases	77 330 232	23 369 535	68 677 362	5 209 606
	Disposal	(145 259 413)	-	(88 622 279)	-
	Fair value adjustments	112 598 073	22 635 097	117 731 490	5 045 883
	Total	**113 024 639**	**68 355 747**	**113 024 639**	**15 238 066**
8	**Other receivables**				
	Staff debtors	10 891 570	2 735 030	10 891 570	609 701
	Prepayments	10 422 822	1 026 032	10 422 822	228 726
	Sundry debtors	33 871 430	1 627 405	33 871 430	362 786
	Loans to subsidiary	-	2 307 093	-	514 304
	Total	**55 185 822**	**7 695 560**	**55 185 822**	**1 715 517**
9	**Intercompany receivables**				
	First Mutual Wealth	1 240 692	1 656 657	1 240 692	369 307
	First Mutual Health	2 886 735	-	2 886 735	-
	First Mutual Properties	-	622 000	-	138 658
	First Mutual Life	4 227 053	7 875 375	4 227 053	1 755 602
	FMRE Property & Casualty Botswana	1 225 539	1 325 772	1 225 539	295 545
	First Mutual Reinsurance	1 755 163	74 815	1 755 163	16 678
	NicozDiamond	2 069 042	4 954 653	2 069 042	1 104 506
	First Mutual Microfinance	-	-	-	-
	First Mutual Funeral services	-	-	-	-
	Total	**13 404 224**	**16 509 272**	**13 404 224**	**3 680 296**
10	**CASH AND BALANCES WITH BANKS**				
	Money market investments with original maturities less than 90 days	150 958	-	150 958	-
	Cash at bank and on hand	11 391 476	21 625 432	11 391 476	4 820 757
	Cash and balances with banks	**11 542 434**	**21 625 432**	**11 542 434**	**4 820 757**
	Current	11 542 434	21 625 432	11 542 434	4 820 757
	Non current	-	-	-	-
	Cash and balances with banks	**11 542 434**	**21 625 432**	**11 542 434**	**4 820 757**
11	**Trade and other payables**				
	Payrol deductions	2 935 607	1 049 618	2 935 607	233 984
	VAT	1 397 991	328 320	1 397 991	73 190
	Provision for leave days	22 170 824	1 812 958	22 170 824	404 150
	Provision for profit share	2 268	6 642 694	2 268	1 480 809
	IT Security	45 463	203 936	45 463	45 462
	Accounts payables	250 975	3 593 057	250 975	800 975
	Witholding tax	-	-	-	-
	Sundry creditors	395 778	973 767	395 778	217 075
	Cash offer	-	1 069 302	-	238 372
	Share appreciation rights	32 194 697	5 919 839	32 194 697	1 319 668
	Total	**59 393 603**	**21 593 491**	**59 393 603**	**4 813 685**

Notes to the Company Financial Statements

		INFLATION ADJUSTED		HISTORICAL COST	
		2020	2019	2020	2019
		ZWL	ZWL	ZWL	ZW
12	**Intercompany payables**				
	First Mutual Wealth	-	-	-	-
	First Mutual Health	-	1 463 479	-	326 243
	First Mutual Properties	2 565 214	-	2 565 214	-
	First Mutual Life	-	-	-	-
	FMRE Property & Casualty Botswana	-	-	-	-
	First Mutual Reinsurance	-	34 016	-	7 583
	NicozDiamond	-	-	-	-
	First Mutual Microfinance	12 124	-	12 124	-
	First Mutual Funeral services	163 583	-	163 583	-
	Total	**2 740 921**	**1 497 495**	**2 740 921**	**333 826**
13	**TAX**				
13.1	**Deferred tax**				
	As at 1 January	-	-	-	-
	Recognised through statement of comprehensive income	-	-	-	-
	As at 31 December	-	-	-	-
	Current	-	-	-	-
	Non current	-	-	-	-
	Total	-	-	-	-
	Analysis of deferred tax				
	Arising on furniture and equipment	703 845	663 404	588	3 797
	Arising on prepayments	56 541	66 028	56 541	15 332
	Arising on financial assets at fair value through profit or loss	1 130 246	683 557	1 130 246	152 381
	Arising from assessable losses	(1 567 417)	(1 338 796)	(864 160)	(154 282)
	Payables and provisions	(323 215)	(74 193)	(323 215)	(17 228)
	As at 31 December	-	-	-	-
	Disclosed as:				
	Deferred tax asset	(1 890 632)	(1 412 989)	(1 187 375)	(171 510)
	Deferred tax liability	1 890 632	1 412 989	1 187 375	171 510
13.4	**Reconciliation of income tax expense**				
	Profit before income tax	439 528 804	(230 192 472)	2 963 427 586	381 041 647
	Standard tax rate 24.72% (2019: 25.75%)	177 228 133	11 685 792	856 174 367	113 936 917
	Non-taxable income	(192 966 427)	(98 663 031)	(868 089 637)	(113 862 060)
	Non-deductible expenses	(24 307 150)	(1 101 889)	11 915 270	(74 857)
	Effect of inflation	40 045 444	88 079 128	-	-
	Tax charge for the period	-	-	-	-

Top 20 Shareholders as at 31 December 2020

Rank	Account name	Shares	%
1	NATIONAL SOCIAL SECURITY AUTHORITY	479 031 386	65.91
2	CAPITAL BANK CORPORATION LIMITED,	51 341 100	7.06
3	LHG MALTA HOLDINGS LIMITED	32 078 182	4.41
4	PIM NOMINEES (PVT) LTD	25 959 714	3.57
5	HERITAGE EXPEDITIONS PVT LTD	25 002 273	3.44
6	STANBIC NOMINEES (PRIVATE) LIMITED	16 852 235	2.32
7	GUMBALL INVESTMENTS	4 531 232	0.62
8	ZISCO	4 220 237	0.58
9	GURAMATUNHU FAMILY TRUST	3 826 250	0.53
10	ZIMBABWE ASSOCIATION OF CHURCH RELATED HOSPITALS (ZACH) PENSION SCHEME	3 329 940	0.46
11	COLOSSUS INVESTMENTS (PVT) LTD	3 080 066	0.42
12	FIRST MUTUAL LIFE STAFF PENSION SCHEME	2 629 900	0.36
13	LOCAL AUTHORITIES PENSION FUND	2 323 701	0.32
14	COLNEST ZIMBABWE PENSION PLAN	1 281 135	0.18
15	MESSINA INVESTMENTS LIMITED	1 127 920	0.16
16	AUTUMN GOLD GROUP PENSION PLAN	1 113 163	0.15
17	LOXMILL	938 422	0.13
18	TFS NOMINEES (PVT)LTD .,	804 964	0.11
19	OLD MUTUAL LIFE ASS CO ZIM LTD	762 206	0.10
20	PRESERVATION FUND	709 189	0.10
	TOTAL	**660 943 215**	**90.93**
	Other Shareholders	65 893 215	9.07
	Total number of shares	**723 443 577**	**100.00**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighteenth Annual General Meeting of First Mutual Holdings Limited ("the Company") is to be held by virtual means on Wednesday, 30 June 2021 at 11.30 for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2020.

2. To re - elect as an independent non-executive director Mr Gareth Baines, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Mr Baines has experience in the insurance industry and extensive knowledge of life and non-life insurance. Prior to joining the Board, he held executive positions in financial services sector in South Africa, at Guardrisk Insurance Company Limited, AIG South Africa Limited (AIG SA), ABSA Insurance Company, and Nedbank Insurance Limited. He has served on several South African board committees including AIG SA Pension Fund Trustee Chair, audit sub-committee of AIG SA, Intermediaries Guarantee Facility Limited, as President Institute of Risk Managers South Africa (IRMSA) and IRMSA Education & Technical sub-committee chair. Mr Baines holds a Bachelor of Business Science in the special field of Finance and a Master of Business Administration (University of Cape Town).

3. To re - elect as an independent non-executive director Mr Elisha K Moyo, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Mr Moyo is a lawyer by profession and currently practices law in the Law firm Moyo and Partners Legal Practitioners which he founded in October 2011. His specialty is corporate law. He chairs First Mutual Properties Limited and NicozDiamond Insurance Limited, and is a non-executive director of First Mutual Holdings Limited. Additionally, he sits on several other boards. He is a past Commissioner on the National Manpower Advisory Council (NAMACO) and a Councillor on the University of Zimbabwe Council. Mr Moyo is a past President of the Insurance Institute of Zimbabwe and a past Chairman of the Insurance Council of Zimbabwe. He holds a Master's in Business Administration from the University of Zimbabwe, as well as a Bachelor of Laws degree and a Bachelor of Law Honours Degree.

4. To re - elect as an independent non-executive director Mr Samuel Rushwaya, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election.

Mr Rushwaya is a former Managing Director of Aberfoyle Holdings (Private) Limited and past Chairman of British American Tobacco Zimbabwe Limited and Standard Chartered Bank Zimbabwe Limited as well as First Mutual Reinsurance Limited. He is also a past Director of CGU Insurance, Portland Holdings Limited, SFG Insurance and First Mutual Limited. He chairs the First Mutual Life Assurance Company (Private) Limited board. He is a holder of a Bachelor of Science (Sociology) Honours Degree, London and Advanced Diploma in Training Management.

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5. To re - elect as a non-independent non-executive director, Mr Fredson Mabhena, who was appointed during the year and retires in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Mr Mabhena is a lawyer with experience in both the private and public sector in industries that include Insurance, Mining, and Commercial and Corporate Law. He is currently a Legal Advisor with the Ministry of Labour and Social Welfare. Prior to that he held the same post with various public institutions after commencing his career in the private sector working for a law firm, a reinsurance company and an insurance company. He holds a Master of Laws Degree from Midlands State University and Bachelor of Laws Degree from the University of Zimbabwe. He is also a former Associate of the Insurance Institute of South Africa.

6. To re - elect as a non-independent non-executive director, Mr Mathew Mangoma, who was appointed during the year and retires in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Mr Mangoma has over 25 years of experience in Investment Management and Strategy Formulation and Implementation. He has led the Treasury and Finance teams in the management of NSSA Group investment assets including its associates. At present he holds the position of Group Treasury Manager at NSSA, a post he has held for over eleven years having been the Head of NSSA Investments Settlements and the Senior Accounting Officer prior to that. He is a Chartered Accountant and Chartered Secretary as well as a member of the Institute of Bankers.

7. To re - elect as a non-independent non-executive director, Mrs Agnes Masiiwa, who was appointed during the year and retires in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election.

Notice of Annual General Meeting (continued)

Mrs Masiiwa is a highly astute professional with over 20 years of leadership experience. Currently the Director Contributions, Collections and Compliance at NSSA, she has 26 years' experience in debt management, compliance, and enforcement. She holds a Masters' in Business Administration from Midlands State University, a Bachelor of Laws LLB from UNISA, a Bachelor of Commerce in Banking and Finance from Zimbabwe Open University and an LLCI Marketing Diploma. Mrs Masiiwa is a member of the Zimbabwe Association of University Women (ZAUW) an affiliate of Graduate Women International (GWI) which advocates for women's rights, equality and empowerment through access to quality secondary and tertiary education, and training up to the highest levels.

8. To approve the Directors' remuneration for the financial year ended 31 December 2020.
(NOTE: The Directors' Remuneration Report shall be available for inspection by shareholders at the registered office of the Company.)

9. To confirm the remuneration of the Auditors, Ernst & Young Chartered Accountants (EY), for the past audit.

10. To re-appoint Ernst & Young Chartered Accountants (EY) as Auditors of the Company until the conclusion of the next Annual General Meeting. (*NOTE: EY have served for one year as external auditors of the Company.)*

11. To confirm the final dividend of ZWL6.88 cents per share declared on 4 May 2021 and the interim dividend of ZWL2.76 cents per share declared on 25 September 2020.

SPECIAL BUSINESS

To consider and, if deemed fit, pass with or without modification, the following additional resolutions:

12. Loans to Executive Directors

AS AN ORDINARY RESOLUTION

THAT the Company be and is hereby authorized to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company as may be determined by the Group Human Resources and Governance Committee, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director. Any such loans, securities or guarantees made or provided during the six months preceding this Annual General Meeting are hereby ratified.

13. General Authority to Buy Back Shares

AS A SPECIAL RESOLUTION

THAT the Company authorises in advance, in terms of section 129 of the Companies and Other Business Entities Act [Chapter 24:31] and the Zimbabwe Stock Exchange (ZSE) Listing Requirements, the purchase by the Company of its own shares subject to the following terms and conditions:

a. The authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
b. Acquisitions shall be of ordinary shares which, in the aggregate in any one financial year shall not exceed 10% of the Company's issued ordinary share capital; and
c. The maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more than 5% (five per centum) above and 5% (five per centum) below the weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company.

(NOTES:
i. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally.
ii. All shares purchased pursuant to this resolution shall be utilised for treasury purposes or cancelled at the discretion of the Board of Directors from time to time.
iii. If the maximum number of shares that can be purchased pursuant to the authority is purchased, the Directors believe that the Company will be able, in the ordinary course of business, to pay its debts for a period of twelve months after the date of this notice; the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group; there will be adequate ordinary capital and reserves in the Company for a period of 12 months after the date of this notice; and there will be adequate working capital in the Company and the Group for a period of 12 months after the date of this notice.
iv. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three per centum) of the number of ordinary shares in issue prior to the acquisition.)

Notice of Annual General Meeting (continued)

14. Any Other Business

To transact any other business competent to be dealt with at a general meeting.

NOTES:

i) Details of the Virtual AGM will be sent by our transfer secretaries, First Transfer Secretaries (Private) Limited through email to shareholders.

ii) Shareholders are advised to update their contact details with the transfer secretaries on the following contacts: First Transfer Secretaries (Private) Limited 1 Armagh Avenue Eastlea, Harare Telephone: +263 242 782869/7 Email: info@fts-net.com

iii) In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

iv) Proxy forms must be lodged at the registered office of the Company or the transfer secretaries not less than forty-eight hours before the time for holding the meeting.

v) Members may request a copy of the 2020 Annual Report from the registered office of the Company or from the office of the transfer secretaries. The 2020 Annual Report is also available for download from the Company's website https://firstmutualholdingsinvestor.com

BY ORDER OF THE BOARD

S. F. Lorimer (Mrs.)
Group Company Secretary
HARARE

8 June 2021

Registered Office
Second Floor
First Mutual Park
100 Borrowdale Road
Borrowdale
HARARE

Corporate Information

REGISTERED OFFICE AND HEAD OFFICE
First Mutual Park,
100 Borrowdale Road,
Borrowdale,
Harare,
Zimbabwe.

POSTAL ADDRESS
P O Box BW 178 Borrowdale,
Harare,
Zimbabwe.
Telephone: +263(0) 242 886000-17
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IMPORTANT CONTACT DETAILS
Group Company Secretary +263 (0) 242 886047

Group Marketing +263 (0) 242 850325

Group Audit and Risk Management +263 (0) 242 886046

Website www.firstmutual.co.zw

BUSINESS
First Mutual Holdings Limited ("the Company") is incorporated and domiciled in Zimbabwe, and is an investment holding company.

The main business of the Company and its subsidiaries, (together "the Group") is that of provision of life and pensions insurance, health insurance, short-term insurance, reinsurance, property management and development, and wealth management.

INDEPENDENT AUDITOR
Ernst & Young Chartered Accountants (Zimbabwe),
Angwa City,
Cnr Julius Nyerere Way, Kwame Nkrumah Avenue,
Harare,
Zimbabwe.

SUSTAINABILITY ADVISORS
Institute for Sustainability Africa (INSAF),
22 Walter Hill Ave,
Eastlea,
Harare,
Zimbabwe.

TRANSFER SECRETARIES
First Transfer Secretaries (Private) Limited
1 Armagh Avenue,
Eastlea,
Harare,
Zimbabwe.
Telephone: +263 (242) 782869/72, +263 (242) 782869
Email: ftsgen@mercantileholdings.co.zw

STATUTORY ACTUARY
Nico Smit,
Independent Actuarial Consultant,
7 West Quay Road,
V&A Waterfront,
Cape Town,
South Africa.

PRINCIPAL BANKERS
Standard Chartered Bank Zimbabwe Limited
Stanbic Bank Zimbabwe Limited
Barclays Bank of Zimbabwe Limited

PRINCIPAL PROPERTY VALUERS
Knight Frank Zimbabwe (Private) Limited ,
P O Box 3526,
1st Floor Finsure House,
Harare,
Zimbabwe.

PRINCIPAL LEGAL ADVISORS
Scanlen & Holderness CABS Centre,
74 Jason Moyo,
P O Box 188,
Harare,
Zimbabwe.

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	102-45 Entities included in the consolidated financial statements	5			
	102-46 Defining report content and topic Boundaries	34			
	102-47 List of material topics	34			
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	102-54 Claims of reporting in accordance with the GRI Standards	2			
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GRI Content Index (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 36			
	103-2 The management approach and its components	36			
	103-3 Evaluation of the management approach	36-37			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	36-37			
	201-3 Defined benefit plan obligations and other retirement plans	36-37			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 40			
	103-2 The management approach and its components	40			
	103-3 Evaluation of the management approach	40-41			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 45			
	103-2 The management approach and its components	45			
	103-3 Evaluation of the management approach	45			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	45			
	302-2 Energy consumption outside of the organisation	45			
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 46			
	103-2 The management approach and its components	46			
	103-3 Evaluation of the management approach	46			
	303-3 Water withdrawal	46			
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 41			
	103-2 The management approach and its components	41-42			
	103-3 Evaluation of the management approach	41-42			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	41			
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 41			
	103-2 The management approach and its components	42			
	103-3 Evaluation of the management approach	42			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 44			
	103-2 The management approach and its components	44			
	103-3 Evaluation of the management approach	44			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	44			

GRI Content Index (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
400 series (Social topics)					
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 43			
	103-2 The management approach and its components	43			
	103-3 Evaluation of the management approach	43			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	43			
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 42			
	103-2 The management approach and its components	42-43			
	103-3 Evaluation of the management approach	42-43			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	42-43			

Proxy Form

I /We, ____
(full names)

of ____
(full address)

being the registered holder/s of ____ ordinary shares in **FIRST MUTUAL HOLDINGS LIMITED,** do hereby appoint:

____
(full names)

of ____
(full address)

as my/our proxy to vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of the Company to be held on **30 June 2021** and at any adjournment thereof.

I/We instruct my/our proxy or proxies to vote in the following way:
(Please mark the appropriate box with an "X" next to each resolution)

	ORDINARY BUSINESS	For	Against	Abstain
1	Adoption of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2020			
2	Re-election of Mr G Baines as a director of the Company			
3	Re-election of Mr E K Moyo as a director of the Company			
4	Re-election of Mr S Rushwaya as a director of the Company			
5	Re-election of Mr F Mabhena as a director of the Company			
6	Re-election of Mr M Mangoma as a director of the Company			
7	Re-election of Mrs A Masiiwa as a director of the Company			
8	Confirmation of the remuneration of the Directors			
9	Confirmation of the remuneration of the Auditors, Ernst & Young, for the past audit			
10	Re-appointment of Ernst & Young Chartered Accountants Zimbabwe as Auditors of the Company until the conclusion of the next A.G.M.			
11	THAT the final dividend of ZWL6.88 cents per share declared on 4 May 2021 and the interim dividend of ZWL2.76 cents per share declared on 25 September 2020 be and are hereby confirmed.			
	SPECIAL BUSINESS			
12	THAT the Company be authorised to make loans to Executive Directors in terms of Section 208 of the Companies and Other Business Entities Act [Chapter 24:31], subject to certain conditions.			
13	As a Special Resolution THAT the Company be authorised in terms of section 129 of the Companies Act [Chapter 24:31] to purchase its own shares, subject to certain conditions.			

Details of the above resolutions are set out in the Notice of the Annual General Meeting.

Signed this ______________________________ day of ______________________________ 2021

____
SIGNATURE OF SHAREHOLDER

Proxy Form (continued)

NOTES:

1. Shareholders are encouraged to participate in the AGM electronically and to make use of proxy voting, as outlined in the AGM Notice.

2. In terms of section 171 of the Companies and Other Business Entities Act [Chapter 24:31], a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company.

3. Unless otherwise instructed, the proxy will vote as he / she thinks fit.

4. This proxy form must be deposited at the Registered Office of the Company which is situated at Second Floor, First Mutual Park, Borrowdale Road, Harare so as to be received by the Secretary not less than 48 hours before the meeting.

5. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.

6. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.

7. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.

FIRST MUTUAL

HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

FIRST MUTUAL HOLDINGS LIMITED,

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