



# FIRST MUTUAL PARK

**FIRST MUTUAL HOLDINGS LIMITED**  
**FINANCIAL RESULTS PRESENTATION FOR THE PERIOD ENDED**  
**31 DECEMBER 2018**

**FIRST MUTUAL**  
HOLDINGS LIMITED  
Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

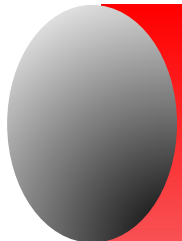
# Outline of Presentation



**Economic Overview – Zimbabwe**  
**Economic Overview – Botswana**  
**Economic Overview – Impact on FMHL Operations**



**Functional Currency & Presentation Currency**  
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**Sensitivity Analysis**  
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# Economic Overview - Zimbabwe

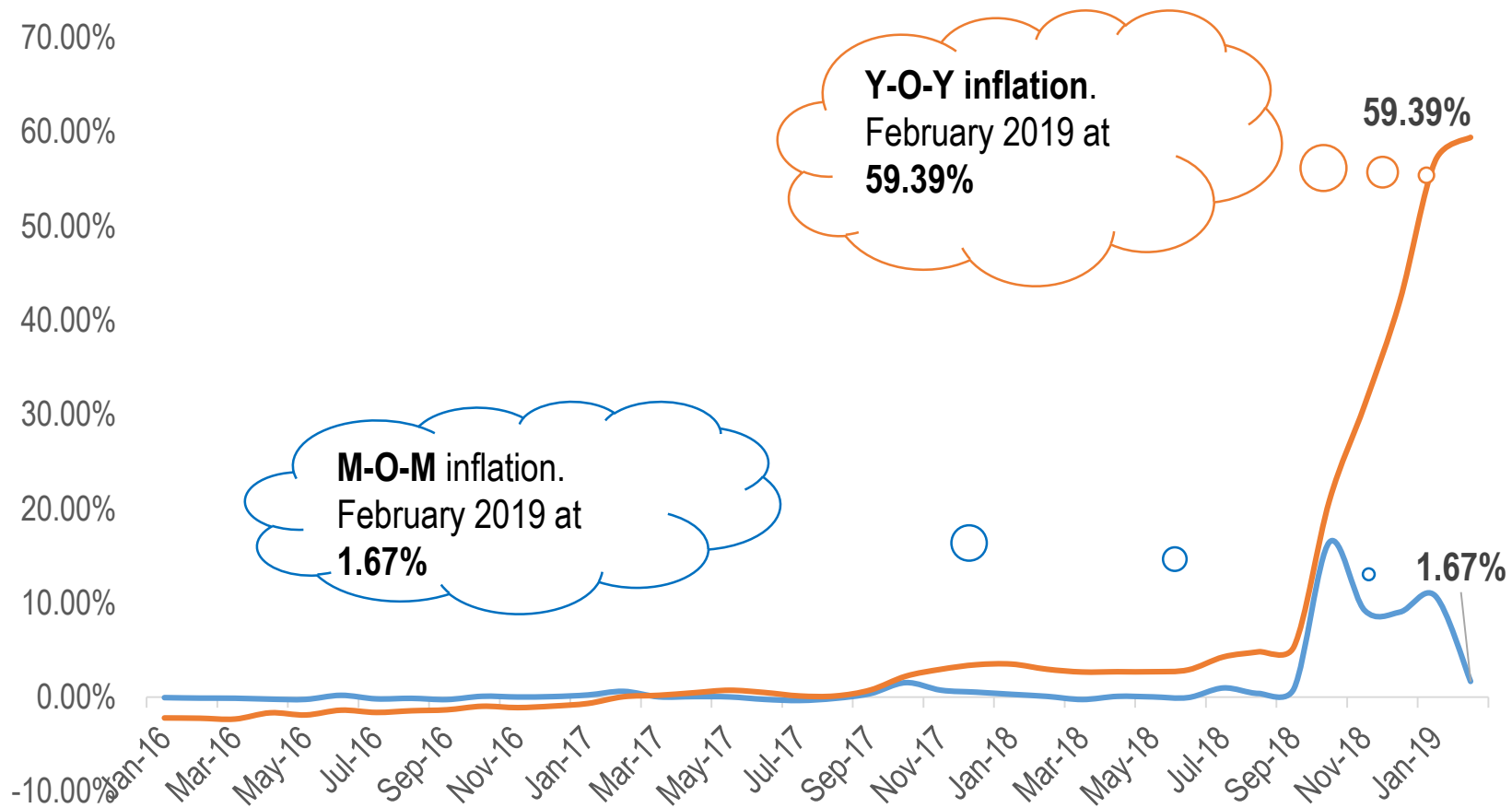
| GDP TRENDS (%)                      | 2017E | 2018F | 2019F | 2020F | 2021F | 2022F | 2023F |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| World                               | 3.7   | 3.7   | 3.7   | 3.7   | 3.6   | 3.6   | 3.6   |
| Emerging Markets and dev. economies | 4.7   | 4.7   | 4.7   | 4.9   | 4.9   | 4.8   | 4.8   |
| Sub-Saharan Africa                  | 2.7   | 2.8   | 3.5   | 3.7   | 3.8   | 3.7   | 4.0   |
| Botswana                            | 2.4   | 4.6   | 3.6   | 4.0   | 4.1   | 4.2   | 5.5   |
| China                               | 6.9   | 6.6   | 6.2   | 6.2   | 6.0   | 5.8   | 5.6   |
| South Africa                        | 1.3   | 0.8   | 1.4   | 1.7   | 1.8   | 1.8   | 1.8   |
| Zimbabwe (IMF)                      | 4.7   | 3.4   | -5.2  | 3.3   | 4.8   | 5.0   | 5.0   |
| Zimbabwe (World bank)               | 3.2   | 3.0   | 3.7   | 4.0   | 4.0   | -     | -     |
| Zimbabwe (Ministry of Finance)      | 3.7   | 3.9   | 3.1   | 7.5   | 7.7   | -     | -     |

MoF projects  
GDP growth  
rate at 3.1%  
for 2019.

Projected 2019 GDP growth of 3.1% (2018: 3.9%) driven by:

- ✓ Agriculture recovery-increase in tobacco output
- ✓ Improved mining throughput mainly gold, platinum and nickel
- ✓ Energy and power investments

# Economic Overview - Zimbabwe



# Economic Overview - Botswana

- ❑ The IMF projects Botswana's GDP at 4.60% in 2018 (2017: 2.2%) before rising 4.2% in 2019
- ❑ The outlook for price stability remains positive as inflation is forecast to be within the 3% – 6% objective range in the medium term. Bank rate was maintained at 5%
- ❑ Y-o-Y Inflation was 3.1% in June 2018, 3.3% in May and 3.4% in April.
- ❑ IMF inflation forecasts of 2.9% in 2018 and 2019 and 2.7% in 2023
- ❑ Y-o-Y to June 2018, the Pula appreciated 3.4% against the Rand, but depreciated against Euro (3.5%) and US dollar (1.7%)
- ❑ Overall, the economy is expected to operate close to, but below full capacity in the medium term.

# Economic Overview – Impact on FMHL Operations

- ☐ Increase in RTGS revenue particularly for short term insurance business
  - ✓ Revision of sums insured
  - ✓ Migration to US\$ premiums by some clients
- ☐ Other Group companies were not able to adjust in line with inflation
- ☐ Increase in claims for short term business driven by parallel market premiums
- ☐ Delays in discharging foreign obligations – significant impact on Reinsurance business
- ☐ Spike in administration expenses such as IT related expenses
- ☐ Loss of value on prescribed assets and other monetary assets required for regulatory compliance

# Functional and presentation currency

- ❑ Post 20 February 2019, the Governor of RBZ, announced RTGS\$ as the functional currency of Zimbabwe
- ❑ The presentation currency of the 2018 financial statements is US\$ at 1:1 with RTGS\$
  - ✓ In line with statutory instrument 33 of 2018 and;
  - ✓ Public Accountants and Auditors Board (PAAB) guidance issued on 21 March 2019
- ❑ Going forward, in 2019, both the functional and presentation currency will be RTGS\$
- ❑ FMRE Botswana converted from BWP to US\$ at 1:1 with RTGS\$

# Consolidated Financial Highlights

|                              | 2018<br>Audited | 2017<br>Audited |            | FY 2017<br>Proforma |            |
|------------------------------|-----------------|-----------------|------------|---------------------|------------|
|                              | \$000           | \$000           | % Change   | \$000               | % Change   |
| <b>Gross Premium Written</b> | <b>180,628</b>  | <b>124,927</b>  | <b>45%</b> | <b>153,680</b>      | <b>18%</b> |
| Health Insurance             | 62,895          | 56,867          | 11%        | 56,867              | 11%        |
| Pension and Savings          | 27,838          | 20,619          | 35%        | 20,619              | 35%        |
| Life Assurance               | 15,655          | 14,650          | 7%         | 14,650              | 7%         |
| Reinsurance                  | 27,342          | 25,348          | 8%         | 25,348              | 8%         |
| Short-term insurance         | 46,898          | 7,443           | 530%       | 36,196              | 30%        |
|                              |                 |                 |            |                     |            |
| <b>Operating profit</b>      | <b>11,125</b>   | <b>8,143</b>    | <b>37%</b> | <b>9,082</b>        | <b>22%</b> |
| Profit before income tax     | 24,815          | 14,800          | 68%        | 18,386              | 35%        |
| <b>Profit for the year</b>   | <b>17,664</b>   | <b>12,224</b>   | <b>45%</b> | <b>15,731</b>       | <b>12%</b> |

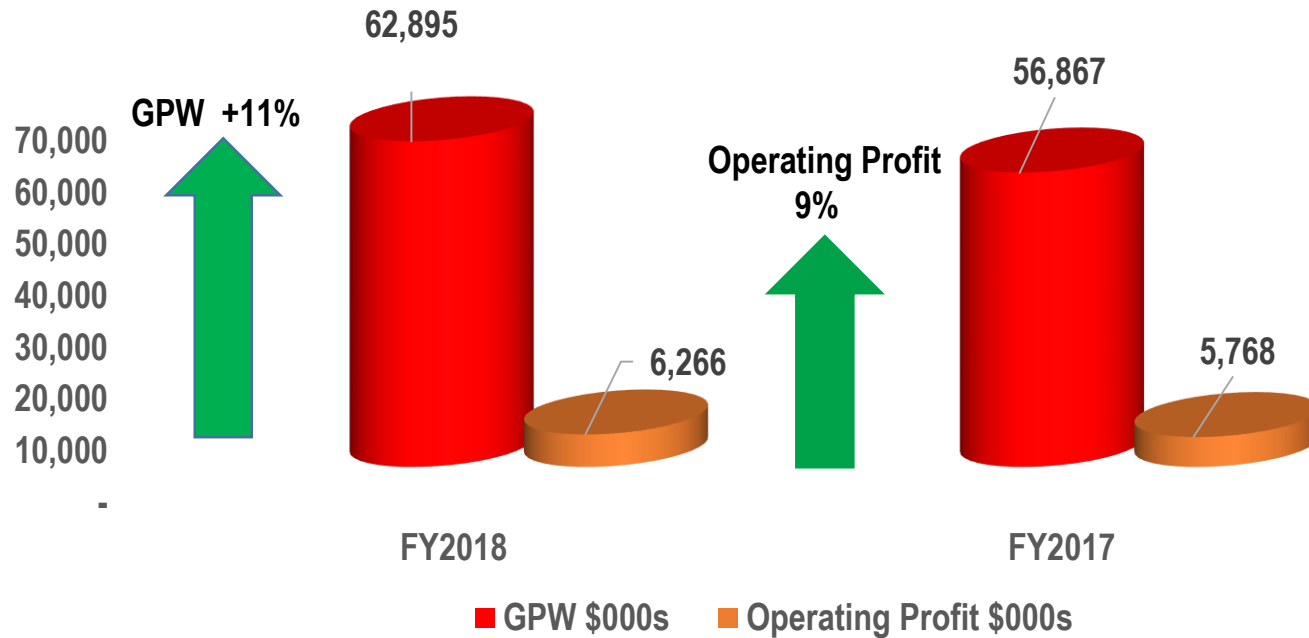
*\*The Proforma column is the consolidation of NDIL for 12 months in 2017 to facilitate like for like comparison. NDIL was consolidated for one month in 2017 based on effective date of December 2017*



Creating value through  
**Risk Management,  
Wealth Creation and  
Wealth Management**

Unconsolidated SBU Performance Highlights

# First Mutual Health Highlights

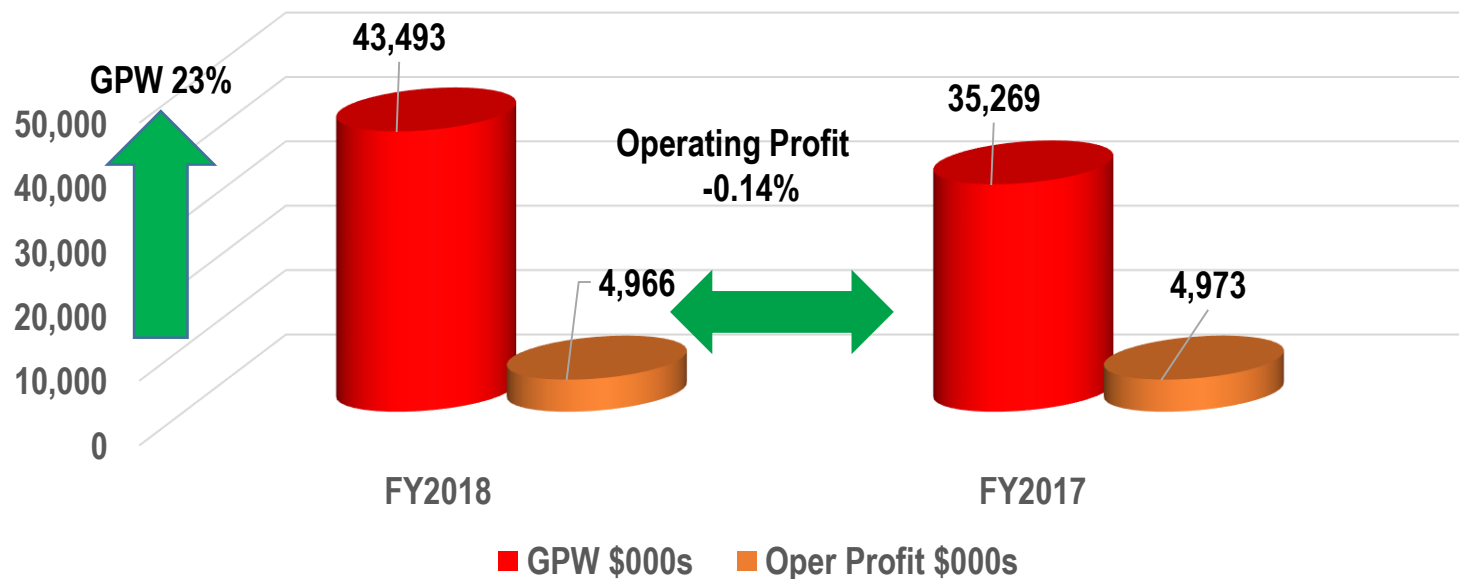


|                         | 2018    | 2017    | % Change |
|-------------------------|---------|---------|----------|
| Membership              | 135,999 | 118,590 | 15%      |
| Claims payments (\$000) | 48,979  | 45,002  | 9%       |
| Admin expenses          | 7,919   | 5,989   | 32%      |
| Claims ratio            | 77.87%  | 79.14%  | 1.27%    |

# First Mutual Health Commentary.....

- GPW went up by 11% to US\$62.9 million (2017: US\$56.9 million) driven by organic growth on corporate clients and acquisition of new business
- Claims ratio for the year was 77.87% compared to 79.14% in 2017
- Operating profit improved by 9%
- Business continues the implementation of biometric claims administration system countrywide to improve customer convenience and enhance efficiency of claims processing and settlement
- The business launched a new product in December 2018, Micro-med targeting low income earners.
- Admin cost to income ratio negatively impacted by inflationary trends particularly in Q4 2018

# First Mutual Life Highlights



|                              | 2018          | 2017          | % Change   |
|------------------------------|---------------|---------------|------------|
| GPW - Pension and Savings    | 27,838        | 20,619        | 35%        |
| GPW - Risk Business          | 15,655        | 14,650        | 7%         |
| <b>Total GPW</b>             | <b>43,493</b> | <b>35,269</b> | <b>23%</b> |
| Claims ratio – Risk Business | 27%           | 28%           | 1%         |

# First Mutual Life Commentary....

● The business maintained an operating profit of \$5 million despite an increase in administration costs, driven by inflation – The business was not able to pass on the burden to customers

●

## Pensions & Savings – Policyholder (PH)

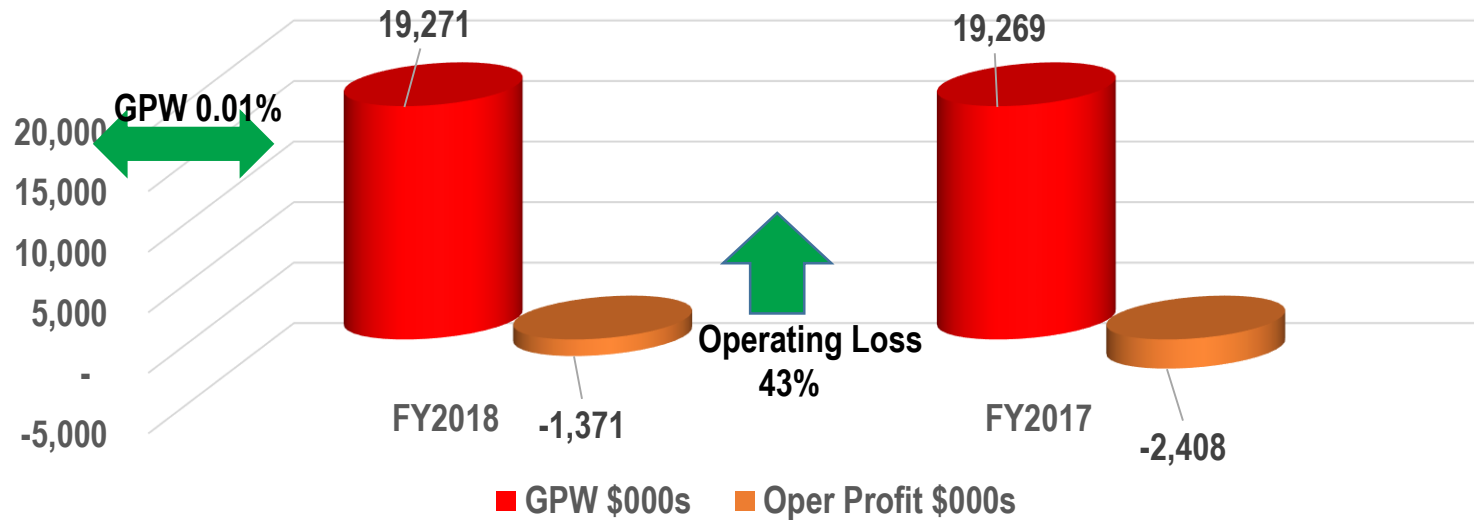
- ✓ GWP was 35% higher than same period last year driven by higher single premiums.
- ✓ Group pension recurring business grew by 10% contributing to the increase in policyholder business

●

## Life assurance – Shareholder (SH)

- ✓ 7% increase driven by 27% increase in mobile based e-FML product
- ✓ Growth was mainly driven by agriculture business
- ✓ Claims ratio at 27% was 1% lower than prior period

# First Mutual Reinsurance Highlights

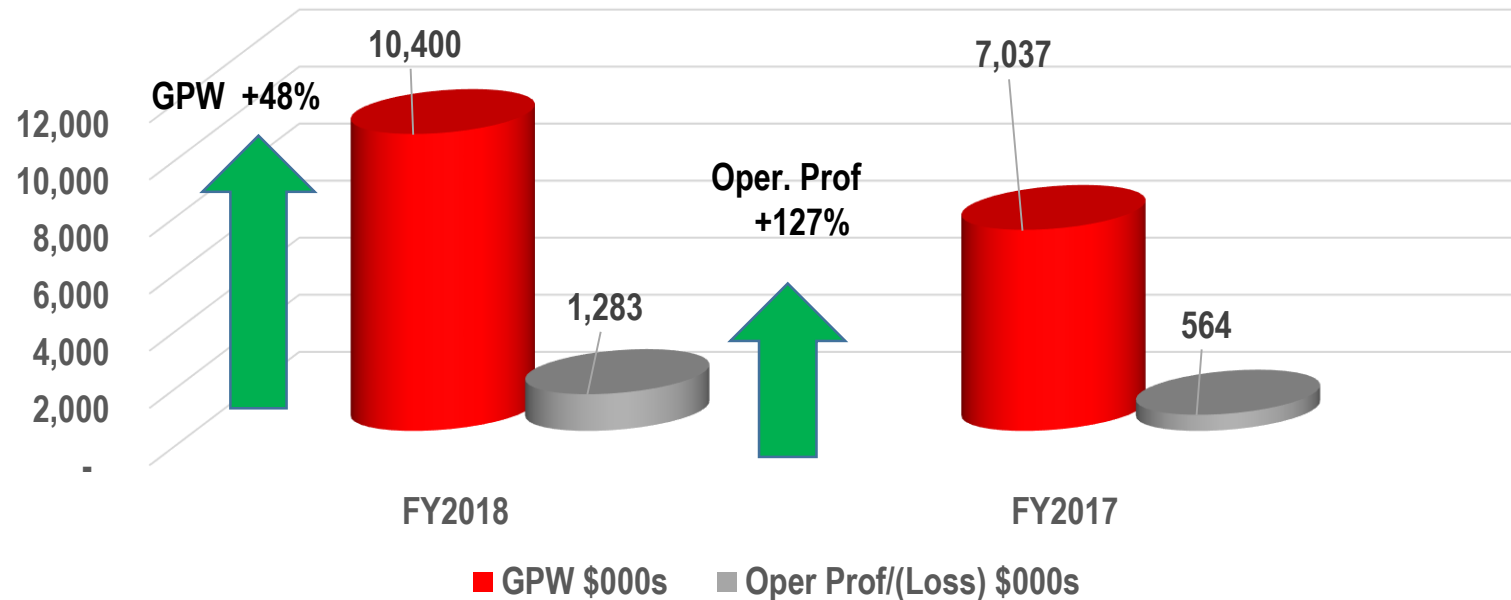


|                      | 2018 | 2017 | Change |
|----------------------|------|------|--------|
| Claims ratio         | 59%  | 63%  | 4%     |
| Reinsurance ratio    | 24%  | 27%  | 3%     |
| Commission ratio     | 25%  | 27%  | 2%     |
| Admin expenses ratio | 23%  | 22%  | 1%     |

# First Mutual Reinsurance Commentary....

- GPW for the period was static at \$19.3 million (2017: \$19.3 million)
  - ✓ Reduced regional business of \$0.3 million (2017: \$1.1 million) due to concerns about Zimbabwe's capacity to discharge foreign obligations
  - ✓ The decline was offset by growth in local business, mainly coming from Life & Health which had a growth of 32% at \$2.8 million (2017: \$2.2 million)
- Improvement in the claims ratio from 63% in 2017 to 59% in 2018, as a result of lower agricultural losses. However the business experienced significant losses in other classes of business – mainly life & health
- Reduction in operating losses attributed to reduced agriculture losses.

# FMRE P&C Botswana Highlights



|                      | 2018 | 2017 | Change |
|----------------------|------|------|--------|
| Claims ratio         | 29%  | 40%  | 11%    |
| Reinsurance ratio    | 40%  | 32%  | 8%     |
| Commission ratio     | 24%  | 23%  | 1%     |
| Admin expenses ratio | 23%  | 23%  | -      |



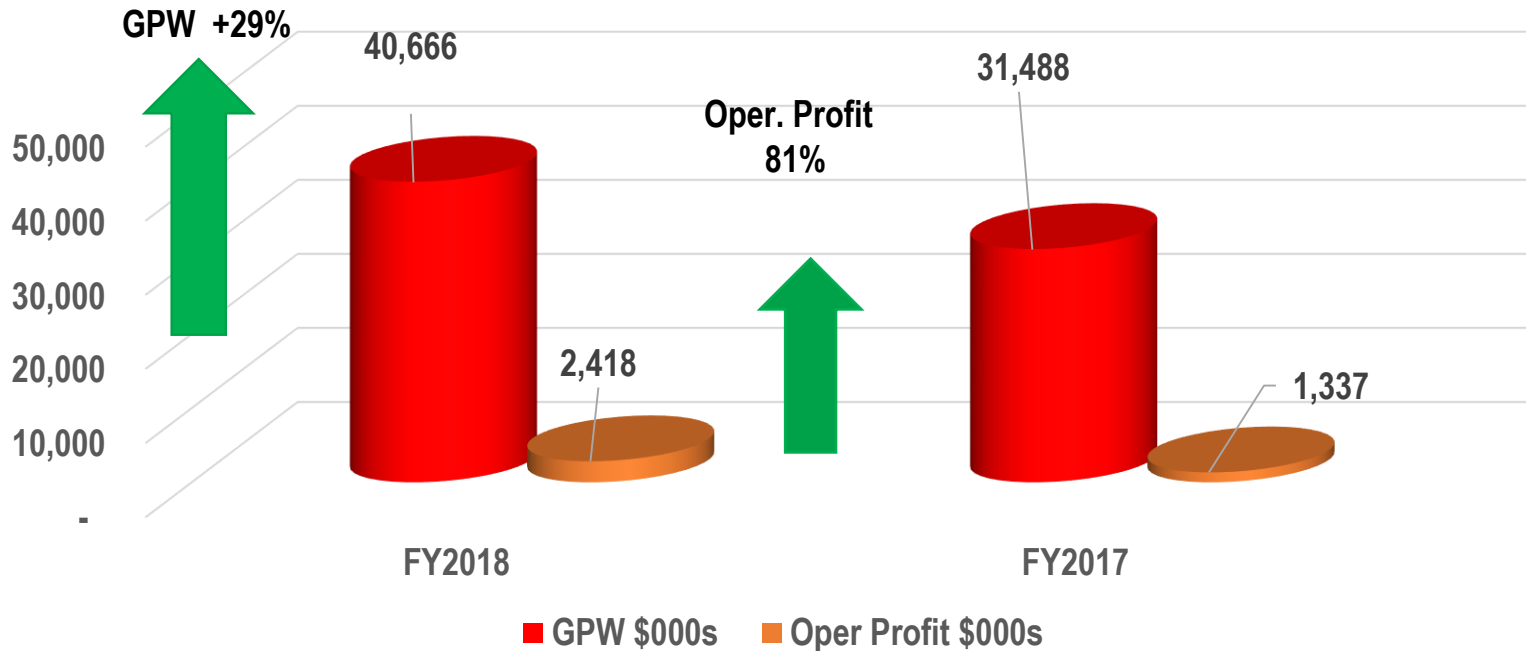
# FMRE P&C Botswana Commentary....

- ❑ 48% growth in GPW
  - ✓ New business acquired from major cedants
  - ✓ Strong performance in regional business
- ❑ Contributions between regional and local market:

|                               | 2018<br>US\$000 | 2017<br>US\$000 | Change<br>% |
|-------------------------------|-----------------|-----------------|-------------|
| Local                         | 5,618           | 3,955           | 42%         |
| Regional                      | 4,783           | 3,082           | 55%         |
| <b>Total</b>                  | <b>10,401</b>   | <b>7,037</b>    | <b>48%</b>  |
| <b>Regional as % of total</b> | <b>46%</b>      | <b>44%</b>      |             |

- ❑ Positive outturn in regional business in markets such as South Africa, Zambia, Zimbabwe and Namibia
- ❑ Operating profit went up 127% owing to a combination of lower claims ratio and higher net premium earned
- ❑ Regional business lost in Zimbabwe due to challenges in discharging foreign obligation retained through Botswana.

# NicozDiamond Highlights

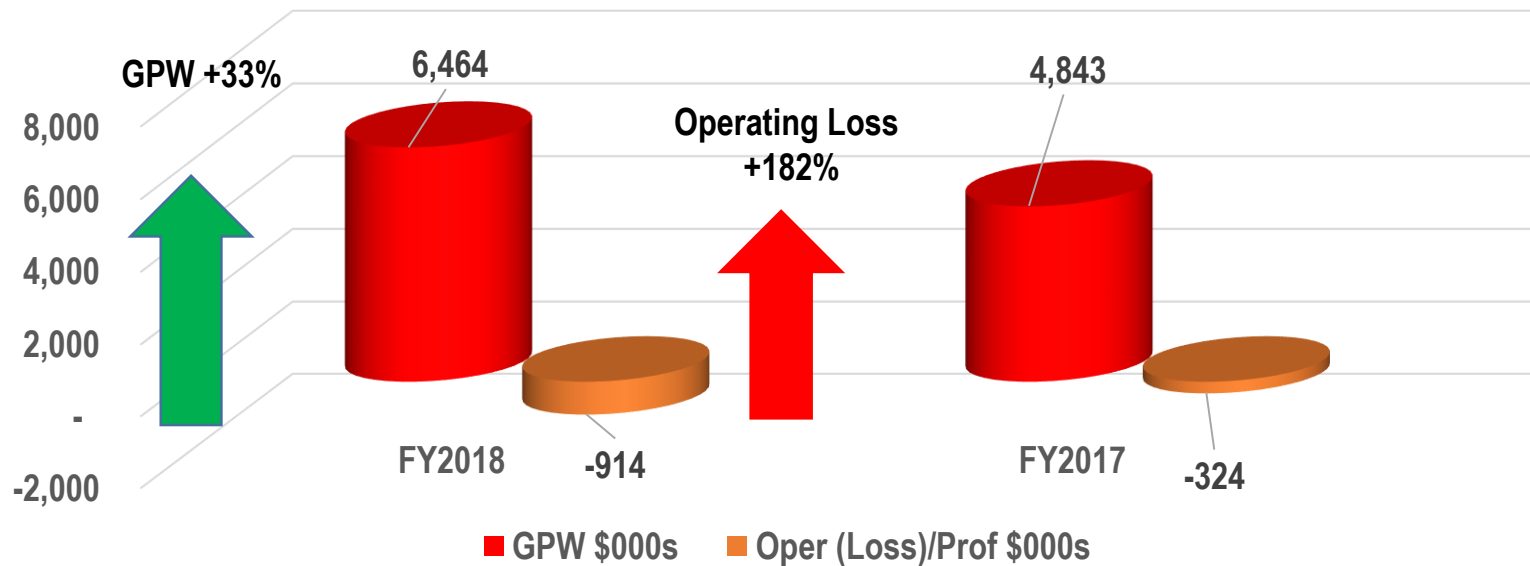


|                            | 2018 | 2017 | % Change |
|----------------------------|------|------|----------|
| Claims ratio               | 50%  | 51%  | 1%       |
| Reinsurance ratio          | 36%  | 36%  | -        |
| Commission ratio           | 9%   | 13%  | 4%       |
| Admin cost to income ratio | 26%  | 27%  | 1%       |

# NicozDiamond Commentary....

- 29% growth in GPW to \$40.7 million (2017: \$31.5 million) due to:
  - ✓ Revision of sums insured
  - ✓ Recently launched Post Insurance business
  - ✓ Organic growth.
  - ✓ Client retention
- Motor class contributed 51% to GPW (2017: 42%)
- Increase in motor claims mitigated by relatively lower claims of Postsurance – 3<sup>rd</sup> party motor
- Following Ministry of Finance approval in January 2019, TristarInsurance currently being merged into NicozDiamond – elimination of duplicated costs
- Integration expected to be complete by 30 April 2019

# TristarInsurance Highlights

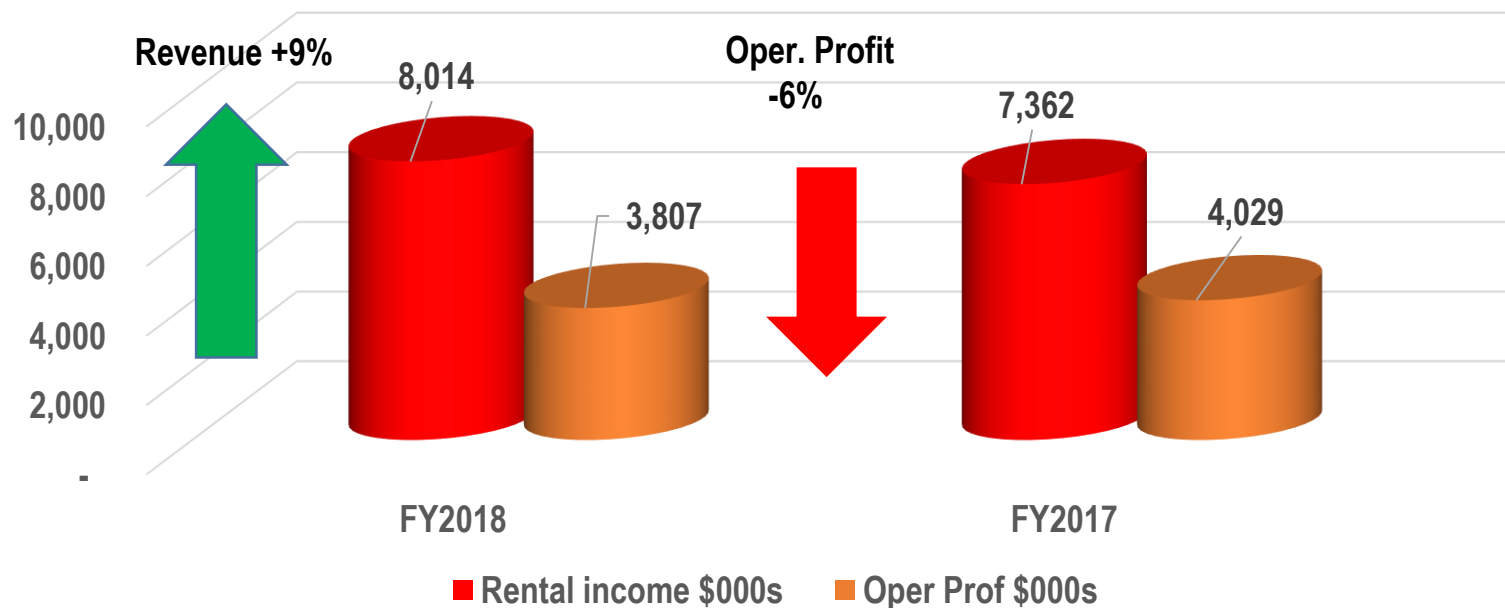


|                      | 2018 | 2017 | Change |
|----------------------|------|------|--------|
| Claims ratio         | 55%  | 41%  | 14%    |
| Reinsurance ratio    | 35%  | 36%  | 1%     |
| Commission ratio     | 10%  | 10%  | -      |
| Admin expenses ratio | 57%  | 62%  | 5%     |

# TristarInsurance Commentary....

- GPW grew by 33% to US\$6.5 owing to:
  - ✓ Revision of sums insured
  - ✓ Broker support and client retention
  - ✓ Increased market confidence
  - ✓ Effects of new business initiatives
- Motor continues to be the dominant class with GPW contribution of 60% (2017 :63%)
- Increase in operating loss to US\$0.9 million from US\$0.3 million
  - ✓ higher claims ratio of 55% compared to 41% in 2017
  - ✓ Increases in prices for imported vehicle parts
  - ✓ A significant proportion of ex-Japanese cars involved in accidents are write offs

# First Mutual Properties Highlights

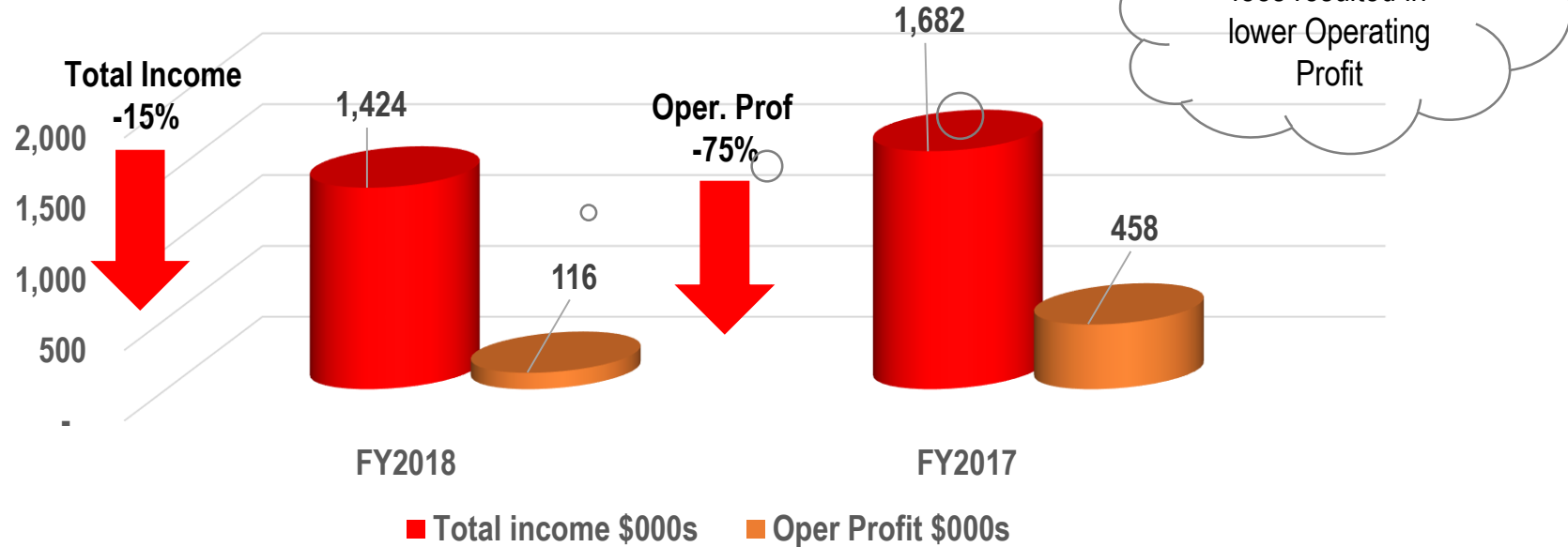


|                             | 2018   | 2017   | % Change |
|-----------------------------|--------|--------|----------|
| Occupancy rate              | 76.09% | 70.94% | 5%       |
| Rental/sqm                  | \$6.79 | \$6.32 | 7%       |
| Rental Yield                | 6.88%  | 6.31%  | 0.57%    |
| Admin costs to income ratio | 32%    | 33%    | 1%       |

# First Mutual Properties Commentary....

- Revenue for the year increased by 9% to \$8 million
  - ✓ New lettings in high value space
  - ✓ Increased turnover based rentals in retail properties
- Occupancy level improved to 74.84% (2017: 73.54%) owing to significant leasing efforts
- Rental yield grew to 6.76% (2017: 6.34%) and average rental/square metre increased to \$6.96 (2017: \$6.94) attributed to:
  - ✓ Benefits of creating and maintaining diversified property portfolio
  - ✓ Active asset management strategies to sustain performance in the challenging environment

# First Mutual Wealth Highlights



|                            | FY2018 | FY2017 | % Change |
|----------------------------|--------|--------|----------|
| Admin cost to income ratio | 92%    | 73%    | 19%      |



# Audited Consolidated Financial Results

for the year ended 31 December 2018



# Audit Opinion

- The Auditors expressed an adverse opinion on the 2018 financial statements due to non-compliance with International Accounting Standard 21, 'Effects of Foreign Exchange Rates'
  - ✓ Inconsistency between International Financial Reporting Standards (IFRS) and local legislation – SI33 and SI41
  - ✓ This may also affect 2019 opinion
- Market wide phenomenon

# Statement of Comprehensive Income

| All figures in US\$000                         | Audited<br>31-Dec-18 | Audited<br>31-Dec-17 | %<br>Change | Proforma<br>31-Dec-17 | %<br>Change |
|--|----------------------|----------------------|-------------|-----------------------|-------------|
| <b>Gross Premium Written</b>                   | <b>180,628</b>       | <b>124,927</b>       | <b>45%</b>  | <b>153,680</b>        | <b>18%</b>  |
| Retrocession                                   | (23,942)             | (8,873)              | -170%       | (20,064)              | -19%        |
| <b>Net Premium Written</b>                     | <b>156,686</b>       | <b>116,054</b>       | <b>35%</b>  | <b>133,616</b>        | <b>17%</b>  |
| Unearned Premium Reserve                       | (2,837)              | (931)                | -205%       | (1,548)               | -83%        |
| <b>Net Earned Premium</b>                      | <b>153,844</b>       | <b>115,123</b>       | <b>34%</b>  | <b>132,068</b>        | <b>16%</b>  |
| Net claims                                     | (88,716)             | (71,119)             | -25%        | (80,599)              | -10%        |
| Net commission                                 | (9,702)              | (7,102)              | -37%        | (9,476)               | -2%         |
| Acquisition expenses                           | (2,992)              | (1,494)              | -100%       | (2,029)               | -47%        |
| <b>Total operating expenses</b>                | <b>(101,409)</b>     | <b>(79,715)</b>      | <b>-27%</b> | <b>(92,104)</b>       | <b>-10%</b> |
| Fee income                                     | 5,339                | 4,508                | 18%         | 4,508                 | 18%         |
| Motor pool dividend income                     | 290                  | 163                  | 78%         | 163                   | 78%         |
| Movement in insurance contract liabilities     | (14,865)             | (9,226)              | -61%        | (8,214)               | -81%        |
| <b>Underwriting result</b>                     | <b>43,204</b>        | <b>30,853</b>        | <b>39%</b>  | <b>36,421</b>         | <b>19%</b>  |
| Rental income                                  | 7,685                | 6,470                | 19%         | 6,933                 | <b>11%</b>  |
| Other income                                   | 977                  | 848                  | 15%         | 1,119                 | <b>-13%</b> |
| <b>Total other income</b>                      | <b>8,662</b>         | <b>7,318</b>         | <b>18%</b>  | <b>8,052</b>          | <b>8%</b>   |
| Administration expenses                        | (35,013)             | (25,666)             | -37%        | (30,417)              | -15%        |
| Project costs                                  | (1,731)              | (988)                | -75%        | (988)                 | -75%        |
| Property expenses                              | (2,233)              | (1,634)              | -37%        | (1,954)               | -14%        |
| Provision for credit losses                    | (690)                | (390)                | -77%        | (390)                 | -77%        |
| Policyholder operating profit in FM Properties | (1,072)              | (1,643)              | 35%         | (1,643)               | 35%         |
| <b>Total expenses</b>                          | <b>(40,739)</b>      | <b>(30,321)</b>      | <b>-35%</b> | <b>(35,392)</b>       | <b>-15%</b> |
| <b>Operating profit</b>                        | <b>11,125</b>        | <b>8,046</b>         | <b>37%</b>  | <b>9,082</b>          | <b>22%</b>  |

# Statement of Comprehensive Income.....Cont'd

| All figures in US\$000                       | Audited<br>31-Dec-18 | Audited<br>31-Dec-17 | %<br>Change | Proforma<br>31-Dec-17 | %<br>Change |
|--|----------------------|----------------------|-------------|-----------------------|-------------|
| <b>Operating profit</b>                      | <b>11,125</b>        | <b>8,143</b>         | <b>37%</b>  | <b>9,082</b>          | <b>22%</b>  |
| Investment income                            | 34,276               | 32,914               | 4%          | 35,487                | -3%         |
| Fair value gain/(loss) - investment property | 6,841                | (294)                | 2431%       | (294)                 | 2427%       |
| Policyholder investment income               | (20,310)             | (13,702)             | -48%        | (13,629)              | -49%        |
| Movement in investment contract liabilities  | (7,065)              | (11,934)             | 41%         | (11,934)              | 41%         |
| Finance costs                                | (53)                 | (327)                | 84%         | (327)                 | 84%         |
| <b>Surplus before taxation</b>               | <b>24,815</b>        | <b>14,800</b>        | <b>68%</b>  | <b>18,386</b>         | <b>35%</b>  |
| Taxation                                     | (7,171)              | (2,577)              | -178%       | (2,655)               | -170%       |
| <b>Profit after tax</b>                      | <b>17,644</b>        | <b>12,224</b>        | <b>44%</b>  | <b>15,731</b>         | <b>12%</b>  |
| <b>Profit attributable to:</b>               |                      |                      |             |                       |             |
| Non-controlling interest                     | 1,119                | 632                  | 77%         | 632                   | 77%         |
| Equity holders of parent                     | 16,525               | 11,592               | 43%         | 15,099                | 9%          |
| <b>Profit after tax</b>                      | <b>17,644</b>        | <b>12,224</b>        | <b>44%</b>  | <b>15,731</b>         | <b>12%</b>  |

# Investment Income Analysis

| All figures in US\$000          | Policyholder  | Shareholder  | NCI       | Audited 31-Dec-18 | Audited 31-Dec-17 | Proforma 31-Dec-17 |
|---------------------------------|---------------|--------------|-----------|-------------------|-------------------|--------------------|
| Interest income                 | 997           | 2,001        | 15        | 3,013             | 2,729             | 3,075              |
| Dividend received               | 10,188        | 2,541        | -         | 12,729            | 824               | 824                |
| Net disposal gain on equity     | 441           | 22           | -         | 464               | 4,258             | 4,258              |
| Fair value gain – equity        | 12,044        | 6,027        | -         | 18,071            | 25,102            | 27,329             |
| FMP Policyholder NAV upliftment | 3,148         | (3,148)      | -         | -                 | -                 | -                  |
| <b>Net investment income</b>    | <b>26,819</b> | <b>7,443</b> | <b>15</b> | <b>34,276</b>     | <b>32,914</b>     | <b>35,487</b>      |

## Administration Expenses Analysis – Key movements

| All figures in US\$000                  | Audited<br>31-Dec-18 | Audited<br>31-Dec-17 | %<br>Change | Proforma<br>31-Dec-17 | %<br>Change |
|---|----------------------|----------------------|-------------|-----------------------|-------------|
| Marketing expenses                      | 2,893                | 1,753                | -65%        | 2,181                 | -33%        |
| Computer expenses                       | 2,502                | 1,911                | -31%        | 2,008                 | -25%        |
| IPEC fees                               | 745                  | 431                  | -72%        | 648                   | -15%        |
| Actuarial fees                          | 546                  | 598                  | 9%          | 598                   | 9%          |
| Office consumables                      | 804                  | 480                  | -68%        | 582                   | -38%        |
| Depreciation & amortisation of software | 1,175                | 751                  | -56%        | 1,103                 | -7%         |
| Rent and rates                          | 650                  | 330                  | -97%        | 703                   | 8%          |
| Staff costs                             | 19,770               | 14,353               | -38%        | 16,048                | -23%        |

# Statement of Financial Position as at 31 December 2018

| All figures in US\$000                       | 31-Dec-18      | 31-Dec-17      | % Change   |
|--|----------------|----------------|------------|
| <b>ASSETS</b>                                |                |                |            |
| Property, plant & equipment                  | 11,438         | 11,362         | 1%         |
| Investment property                          | 145,170        | 136,433        | 6%         |
| Investment in associates                     | 1,491          | 1,992          | -25%       |
| Equity investments                           | 104,710        | 55,267         | 89%        |
| Debt securities at amortised cost            | 29,799         | 39,391         | -24%       |
| Inventory                                    | 804            | 497            | 62%        |
| Deferred acquisition costs                   | 2,934          | 2,681          | 9%         |
| Insurance & other receivables                | 28,038         | 29,295         | -4%        |
| Cash and balances with banks                 | 61,084         | 53,028         | 15%        |
| <b>TOTAL ASSETS</b>                          | <b>385,468</b> | <b>329,946</b> | <b>17%</b> |
| <b>Equity</b>                                |                |                |            |
| Shareholders' equity                         | 90,168         | 71,780         | 26%        |
| Non-controlling interests                    | 42,224         | 51,894         | -19%       |
| <b>Total Equity</b>                          | <b>132,392</b> | <b>123,674</b> | <b>7%</b>  |
| <b>Liabilities</b>                           |                |                |            |
| Insurance contracts liabilities              | 141,335        | 110,696        | 28%        |
| Investment contracts liabilities             | 28,010         | 20,461         | 37%        |
| Shareholder risk reserve                     | 11,670         | 11,932         | -2%        |
| Borrowings                                   | 92             | 1,192          | -92%       |
| Tax liabilities (deferred & current)         | 16,491         | 12,978         | 27%        |
| Insurance contracts liabilities – short term | 43,764         | 35,373         | 24%        |
| Trade & other payables                       | 11,715         | 13,640         | -14%       |
| <b>Total Liabilities</b>                     | <b>253,076</b> | <b>206,272</b> | <b>23%</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>        | <b>385,468</b> | <b>329,946</b> | <b>17%</b> |

# Consolidated Statement of Cash Flows.....31 December 2018

| All figures in US\$000   | 31-Dec-18       | 31-Dec-17       |
|--|-----------------|-----------------|
| <b>Profit before taxation</b>                                  | <b>24,815</b>   | <b>14,801</b>   |
| Net non-cash items   | 4,540           | 3,877           |
| <b>Operating cash inflows before w/capital changes</b>         | <b>29,355</b>   | <b>18,678</b>   |
| Working capital changes  | (160)           | (427)           |
| <b>Cash generated from operations</b>                          | <b>29,195</b>   | <b>18,251</b>   |
| Taxation and interest received                                 | (279)           | 1,463           |
| <b>Net cash flow from operating activities</b>                 | <b>28,916</b>   | <b>19,714</b>   |
| <b>Cash (utilised in)/generated from investing activities</b>  | <b>(18,457)</b> | <b>(16,089)</b> |
| <b>Cash generated from/ (utilised in) financing activities</b> | <b>(2,403)</b>  | <b>13,853</b>   |
| <b>Increase in cash and cash equivalents</b>                   | <b>8,056</b>    | <b>17,478</b>   |
| At beginning of period   | 53,028          | 35,550          |
| <b>At end of period</b>  | <b>61,084</b>   | <b>53,028</b>   |
| <b>Disclosed as</b>  |                 |                 |
| Cash at bank   | 18,268          | 33,001          |
| Money market investments <90 days (original Maturity)          | 42,816          | 20,027          |
| <b>Total cash and cash equivalents</b>                         | <b>61,085</b>   | <b>53,028</b>   |
| Money market investments >90 days (original Maturity)          | -               | -               |
| <b>Total cash and balances with banks</b>                      | <b>61,085</b>   | <b>53,028</b>   |



# Post Balance Sheet Events (PBSE)

- On 20 February 2019, the RBZ Governor announced a new Monetary Policy Statement (MPS) whose key highlights were;
  - ✓ Introduction of RTGS\$
  - ✓ Pricing of goods in RTGS\$
  - ✓ Establishment of inter-bank market where exchange rates will be determined
- The MPS was followed by SI33 on 22 February
  - ✓ US\$ and RTGS 1:1
  - ✓ Restriction on post balance sheet events adjustments
- The impact on the 2018 balance sheet of applying different exchange rates is shown in Sensitivity Analysis in the next slide

# Sensitivity Analysis

|                          | Component of reported amounts |                |                     | Sensitivity analysis |                |
|--------------------------|-------------------------------|----------------|---------------------|----------------------|----------------|
|                          | 2018                          |                |                     | 2018                 |                |
|                          |                               |                | Total<br>USD\$/RTGS | Total RTGS\$         | Total RTGS\$   |
| ASSETS                   | US\$                          | RTGS \$        | @ 1:1               | @ 1:2.5              | @ 1:3.1277     |
|                          | US\$000                       | RTGS\$000      | US\$000             | RTGS\$000            | RTGS\$000      |
| Monetary                 | 8,468                         | 113,388        | 121,856             | 134,558              | 139,872        |
| Non Monetary             | 10,465                        | 253,147        | 263,612             | 279,310              | 285,880        |
| <b>TOTAL ASSETS</b>      | <b>18,933</b>                 | <b>366,535</b> | <b>385,468</b>      | <b>413,868</b>       | <b>425,752</b> |
|                          |                               |                |                     |                      |                |
| <b>LIABILITIES</b>       |                               |                |                     |                      |                |
| Monetary                 | 9,386                         | 46,240         | 55,626              | 69,705               | 75,597         |
| Non Monetary             | 5,103                         | 192,347        | 197,450             | 205,105              | 208,308        |
| <b>TOTAL LIABILITIES</b> | <b>14,489</b>                 | <b>243,437</b> | <b>253,076</b>      | <b>274,810</b>       | <b>283,904</b> |
| <b>TOTAL EQUITY</b>      | <b>4,444</b>                  | <b>123,098</b> | <b>132,392</b>      | <b>139,058</b>       | <b>141,847</b> |

# USD Business Analysis

| <b>ASSETS</b>             | <b>Zimbabwe<br/>Operations<br/>US\$</b> | <b>Botswana<br/>operations<br/>US\$</b> | <b>Total<br/>US\$</b> |
|---------------------------|---|---|-----------------------|
|                           | <b>US\$000</b>                          | <b>US\$000</b>                          | <b>US\$000</b>        |
| Monetary                  | 478                                     | 7,803                                   | 8,281                 |
| Non Monetary              | 10,465                                  | 187                                     | 10,566                |
| <b>TOTAL ASSETS</b>       | <b>10,857</b>                           | <b>7,990</b>                            | <b>18,847</b>         |
|                           |   |   |                       |
| <b>LIABILITIES</b>        |   |   |                       |
| Monetary                  | 5,490                                   | 3,896                                   | 9,386                 |
| Non Monetary              | 5,011                                   | 92                                      | 5,103                 |
| <b>TOTAL LIABILITIES</b>  | <b>10,501</b>                           | <b>3,988</b>                            | <b>14,489</b>         |
| <b>NET ASSET POSITION</b> | <b>442</b>                              | <b>4,002</b>                            | <b>4,444</b>          |

# Dividend & Going Concern

- At a meeting held on 10 April 2019, the Directors recommended a dividend of RTGS 0.29 cents representing a total dividend of RTGS\$ 2,1 million

● The Directors assessed the ability to continue as a going concern, including impact of SI33, and believe the Group will continue to operate in foreseeable future

# Outlook & Priorities



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# Outlook & Priorities

- ☐ Restructuring of reinsurance businesses
  - ✓ Establishment of Reinsurance Holding Company in Botswana
  - ✓ Capital raise in Botswana
- ☐ Microfinance and Funeral service businesses
- ☐ Use of digital technology to increase interaction with clients, process efficiencies and savings
- ☐ Consolidation of the operations of TristarInsurance and NDIL
- ☐ Revenue growth and cost containment
- ☐ To Go Beyond in delivering value to stakeholders through commitment, innovation, cost optimization and focus on profitable product lines

# Questions!





# THANK YOU

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