

CHAIRMAN’S STATEMENT

ECONOMIC OVERVIEW

Throughout 2021 COVID-19 continued to negatively impact the global economy, while nations made significant strides towards a return to normal economic activity by way of vaccinating a significant portion of their population. Worldwide the more deadly Delta variant was overtaken by the more infectious Omicron variant. Governments predictably responded with travel bans, increased testing, vaccinations and lockdowns, some of which measures negatively impacted on economic activity and social interaction. In Zimbabwe, the Government announced that 41.3% of the adult population had been vaccinated by 31 December 2021, a commendable achievement compared to the rest of the continent.

The initial Ministry of Finance and Economic Development GDP growth projection of 7.4% for 2021 was subsequently revised upwards to 7.8%. Underpinning the growth was a significant improvement in agricultural and mining production in the second half of the year. In addition, significant infrastructural disbursements in road construction, irrigation expansion and power projects were made during the year thus contributing to GDP growth. Manufacturing industry capacity utilisation is estimated to have increased to approximately 60-65% compared to 47% in the prior year spurred on by increased agricultural and mining output for the year. A combination of diaspora remittances, grant aided institution as well as capital inflows of over US\$300 million resulted in a surplus for the year amounting to USD926.8 million.

The economy benefitted significantly from the fall in inflation from a year-on-year high of 362.6% in January 2021 to 60.7% by December 2021. This positive trend could be reversed if there is volatility in the value of the Zimbabwe dollar or reserve money growth exceeds the targets set by the authorities. The widening gap of the premium between the Reserve Bank of Zimbabwe (RBZ) Dutch Foreign Currency Auction system and the alternative market exchange rates as well as availability timelines for funds allocated at the auction may impact on business confidence. Volatile exchange rate movements have a negative impact on business operations and certain investment asset classes.

The Zimbabwe Stock Exchange (ZSE) All Share Index gained 310.5% during 2021, outpacing both inflation and exchange rate movements, resulting in real value gains for listed equity asset class holders. Given the obtaining environment, the Group maintains that real assets remain a viable long-term asset class especially in the light of volatile exchange rate movements which result in heightened currency risk. The Group will continue to invest in real asset portfolios diversifying investments into private equity, property, foreign investments as well as stable currency denominated equities. The Group CEO will adequately cover the performance of our business units suffice it to say that the Group benefitted much from its policy of investing in real assets with returns exceeding inflation year on year.

GROUP REGIONAL DEVELOPMENTS

The reinsurance cluster completed a BWP61 million capital raise in Botswana through its partnership with the Aleyo Growth Fund 1 GP (Proprietary) Limited. The Group, through NicozDiamond, also followed its rights in the recapitalisation of Diamond Companhia de Seguros (“Diamond Seguros”) with a capital injection of US\$915,000 in August 2021. The capitalisation resulted in the Company exceeding the minimum regulatory capital to operate in Mozambique.

FINANCIAL HIGHLIGHTS

In October 2019 the Public Accountants and Auditors Board concluded that the conditions for applying International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflation Economies had been met in Zimbabwe. The historical cost financial results have been restated to take into account 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 provided as supplementary information. The Group has continued to apply IAS 29 for the year ended 31 December 2021.

Comprehensive income highlights

	Inflation adjusted		Historical cost	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Gross Premium Written	14 351 063	9 569 302	11 407 035	4 127 231
Net Premium Earned	10 950 373	6 720 506	8 538 628	2 916 579
Rental income	599 540	414 424	480 100	174 758
Investment income	2 509 904	557 471	3 852 705	1 464 678
Fair value gains on investment property	7 111 988	5 246 177	12 942 135	8 184 676
Profit before income tax	4 746 038	3 440 445	9 542 958	6 042 924
Profit for the period	3 171 509	3 772 594	7 305 652	5 263 773

Financial position highlights

Total assets	35 928 690	25 010 580	35 211 342	14 990 970
Insurance and Investment contract liabilities	12 618 398	7 986 877	12 618 398	4 960 793
Cash generated from operations	679 424	2 533 179	1 024 495	887 061
Share performance				
Market price per share (cents)	2 000	1 544	2 000	959
Basic earnings per share (cents)	333.74	280.29	548.08	412.62

FINANCIAL PERFORMANCE

Statement of comprehensive income

Gross Premium Written (“GPW”), at ZWL14.3 billion, increased by 50% 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 have adequate cover.

Net investment income of ZWL2.5 billion reflected an increase of 350% against the same period in 2020. The investment gains were driven by fair value adjustments on listed and unlisted equities in line with the general performance of the ZSE Industrial Index. Overall, the Group incurred an inflation adjusted profit for the period of ZWL 3.3 billion mainly due to the increase in the top line as well as fair value gains on investment property and equity instruments.

Statement of financial position

The Group’s total assets appreciated in value by 44% from 31 December 2020 to 31 December 2021. The growth is mainly attributable to the fair value adjustment on investment properties and listed equities.

Investment property witnessed significant growth in Zimbabwe dollar values determined as at 31 December 2021. The ZWL significantly depreciated in value against the United States Dollar which also impacted the forward-looking information utilised in the valuation hence the fair value gain of ZWL 7.1 billion to 31 December 2021.

SUSTAINABILITY

Our understanding of sustainability is one of managing risks and creating opportunities for both the Group and external stakeholders. The objective of sustainable economic value creation is anchored in the core principles of our corporate strategy and values. In our insurance business, we make systematic allowance for environmental, social and governance (“ESG”) aspects. This holds true in our internal underwriting processes and also applies to our products and services. Sustainability is not only embedded in our core insurance operations but also in our investment philosophy as exemplified by the investment into the First Mutual Park solar plant for clean energy.

The Group remains optimistic of opportunities for business growth in the foreseeable future.

FIRST MUTUAL IN THE COMMUNITY

First Mutual continues to actively contribute to the community in which we operate. We contributed to the national effort to mitigate the impact of COVID-19 through the First Mutual Health vaccination programme which has assisted in resourcing local government clinics. 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.

OUTLOOK

The Ministry of Finance and Economic Development is projecting that the economy will recover, with growth projections of 5.5% in 2022 led by infrastructural development as well as increases in the output of the major sectors of the economy including mining and agriculture. The International Monetary Fund’s allocation of Special Drawing Rights to mitigate against the impact of COVID-19 will enhance recovery prospects for the country.

The Group will take advantage of its diverse business portfolio, existing and new strategic partnerships, as well as its regional footprint to galvanise a sustained growth trajectory in the future.

DIRECTORATE

There were no changes to the directorate during the period under review.

DIVIDEND

On 28 March 2022 the Board resolved that a final dividend of ZWL 115 million, being 15.73 Zimbabwe cents per share, be declared from the profits of the Company for the year ended 31 December 2021. This brings the total dividend for the year to ZWL 0.21 or 20.55 cents per share. The dividend was paid in the second quarter of 2022.

APPRECIATION

On behalf of the Board and myself personally, I would like to extend my heartfelt gratitude to our customers, regulators and wider stakeholders for their support during an unprecedented year overshadowed by the challenges of COVID-19 to which we all had to adapt. We acknowledge the commitment displayed by all staff in executing their duties in such a challenging environment. Finally, I wish to thank my fellow board members for their open and honest contributions in our deliberations, their guidance and support for management, above all, their wisdom.



Amos Manzai  
Chairman

5 June 2025

GROUP CHIEF EXECUTIVE OFFICER’S REVIEW OF OPERATIONS

During the year ended 31 December 2021 there was a gradual relaxation of lockdown measures associated with the COVID-19 pandemic as measures to mitigate the impact of the pandemic, particularly vaccination roll out programs, yielded positive results. The easing of COVID-19 restrictions facilitated the recovery of economic activity globally and locally though the tourism sector was adversely affected by the advent of the Omicron variant in the fourth quarter of the year.

The Group remained focused on fulfilling its promise on the core pillars of risk management, wealth creation and wealth management by enhancing access to our products and services through digital platforms to reduce the impact of COVID-19 lockdown measures.

OPERATIONS REVIEW

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

LIFE AND PENSIONS BUSINESS

First Mutual Life Assurance Company (Private) Limited

GPW increased by 119% to ZWL1.83 billion mainly due to inflation related adjustments by employers to basic salaries that drive pension contributions and group life assurance covers in the Employee Benefits division. The underwriting of foreign currency denominated products as well as higher Zimbabwe dollar assurance covers contributed to higher revenue in the retail division. The company adjusted its operating structure to align to changing market preferences and continued to invest in the funeral services unit. Pending the forensic investigation by IPEC, the regulator has allowed FML to continue its operations.

HEALTH BUSINESS

First Mutual Health Company (Private) Limited

The GPW grew by 70% to ZWL5.4 billion mainly due to revision of contributions to maintain the ability to continue meeting the expectations of members as health service costs increased in real terms. In addition, the company experienced growth in foreign currency denominated premiums which tend to have lower shortfalls relative to ZWL premiums. The claims ratio increased to 81.17% from 73.21% in the same period owing to increased access to services by members and charges by service providers rising faster than the premiums paid by members. Membership declined in numbers from 131,196 members in December 2020 to 117,880 members by December 2021, reflecting the challenging economic environment which limited the capacity of some clients to pay contributions. The Group continued with initiatives to invest in facilities for improved affordable services for members with additional pharmacies and clinics being opened.

SHORT-TERM INSURANCE BUSINESS

NicozDiamond Insurance Limited

GPW grew by 34% to ZWL 4.43 billion due to continuous asset value revisions to protect clients against insurance value erosion through inflation and organic growth within the existing portfolios. There was an increased preference for USD denominated policies by clients as a hedge against insurance value erosion in local currency. The claims ratio at 35% was in line with the prior year ratio of 36% mainly as a result to continued lockdowns.

Diamond Seguros

Diamond Seguros migrated from an associate to a subsidiary with effect from 1 December 2020, however performance analysis is on full year’s financial statements. GPW grew by 75% in 2021 as a result of improved broker business due to improved confidence after recapitalisation of the business in the third quarter of 2020. In Mozambican Metical (MZN), the GPW growth was 29% to MZN193 million. The claims ratio at 32% was higher than the comparative period of 18% due to the stricter lockdowns in 2020. In August 2021, the Group concluded a further capital injection of USD0.9 million through a rights offer to ensure that the company exceeded the revised minimum regulatory capital level, thus increasing its shareholding from 50.4% to 71.4%.

REINSURANCE BUSINESS

First Mutual Reinsurance Company Limited - Zimbabwe

The GPW increased by 70% to ZWL 588.3 million principally due to improved business written in foreign currency. The reintroduction by the authorities in July 2020 of the policy permitting 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 as there was limited USD underwriting capacity locally. The claims ratio further increased to 55% from 49% in 2020 as a result of the change in the business mix.

FMRE Property and Casualty (Proprietary) Limited - Botswana

GPW grew by 4% to ZWL 2.1 billion in 2021. The annual growth was 14% in Botswana Pula terms, at BWP179.1 million, arising from improved local and international treaty participation and growth of specialist lines of business under the casualty segment. The claims ratio, at 39%, was marginally lower than the prior period level of 41%.

PROPERTY AND WEALTH MANAGEMENT BUSINESSES

First Mutual Properties Limited

Revenue increased by 38% to ZWL 582 million in 2021 due to rental reviews in line with inflationary trends and an increase in the occupancy rate to 89.33% in 2021 compared to 88.22% in 2020. Independent investment property valuations as at 31 December 2021 resulted in increased fair value gains in the investment property portfolio value, due to the significant movement in the exchange rate and inflationary pressures which impacted expected rentals in the future from a capitalisation perspective.

First Mutual Wealth Management (Private) Limited

Investment management fees grew by 21% to ZWL 83 million in inflation adjusted terms mainly due to the increase in funds under management underpinned by the growth on the ZSE All Index performance. Funds under management grew by 128% during the period under review. The company also saw an improvement in the third party funds under management during the year.

SUSTAINABILITY

Our objective is to create sustainable economic value through the adoption of a long-term approach to environmental stewardship, social responsibility and corporate governance. This is critical to our business success, as we are committed to delivering on our promises to our stakeholders, in particular our customers, investors and society as a whole.

HUMAN CAPITAL

The exceptional quality and resilience of our employees is the core pillar to our success. In spite of the adverse environment, our team remained steadfast in its commitment to serve our clients and implement our strategy. We remained focused on the safety and wellbeing of our employees in the COVID-19 era. Although the remote working concept was in force, the team remained cohesive with a strong sense of togetherness and unity of purpose across the Group. We will continue to invest in human capital retention and development through various programmes which include migrating towards online training platforms.

CORONAVIRUS PANDEMIC

It is difficult to comment on our operational and financial performance without mention of the pandemic which has been in our midst during the last two financial years. First Mutual Health was actively involved in the government driven vaccination exercise by providing human and financial resources. As a Group, we lost two colleagues due to the pandemic and we express our heartfelt condolence to their families. We have continued to take measures to ensure the safety and wellbeing of our employees, customers and other stakeholders.

LOOKING AHEAD

While there are uncertainties, the Group’s solid financial position, coupled with a diversified business model, are expected to deliver sustainable growth and value creation for all our stakeholders. We remain confident in the country’s medium-term economic prospects and will thus continue to invest in core businesses and complementary areas.

During 2021, this approach included the recapitalisation of our insurance subsidiary in Mozambique, Diamond Seguros, to meet regulatory capital requirements and capacitating the unit to underwrite health insurance business. At the close of the year, the Group finalised the capital raise for the reinsurance cluster with BWP61 million raised through a Botswana based financial partner, Aleyo Growth Fund 1 GP (Proprietary) Limited. These two projects and other initiatives created a platform for further growth in the future

APPRECIATION

On behalf of First Mutual, I would like to thank all our stakeholders for the continued trust in the Group. We are a reliable partner and remain focused on our customers as we strive to exceed your expectations.



Douglas Hoto  
Group Chief Executive Officer

05 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2021

Note	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000
Gross premium written	19 14 351 063	9 569 302	11 407 035	4 127 231
Reinsurance	19 (3 124 676)	(2 476 200)	(2 489 181)	(1 183 181)
Net premium written	11 226 387	7 093 102	8 917 854	2 944 050
Unearned premium reserve	(276 014)	(372 596)	(379 226)	(27 471)
Net premium earned	10 950 373	6 720 506	8 538 628	2 916 579
Rental income	599 540	414 424	480 100	174 758
Fair value adjustments - investment property	7 111 988	5 246 177	12 942 135	8 184 676
Net investment income	20 2 509 904	557 471	3 852 705	1 464 678
Interest income from investments	20 63 861	18 175	57 556	9 825
Net interest income	71 102	-	58 118	-
Fee income:				
- Insurance contracts	450 769	318 320	324 142	123 685
- Investment contracts	13 421	2 701	10 968	602
Other income	491 482	864 042	363 206	493 583
Monetary loss- IAS29	(863 422)	(1 797 576)	-	-
Total income	21 399 018	12 344 240	26 627 558	13 368 386
EXPENDITURE				
Pension benefits	21 (375 443)	(129 802)	(310 010)	(57 811)
Insurance claims and loss adjustment expenses	21 (6 848 337)	(3 628 078)	(5 458 563)	(1 731 146)
Insurance claims and loss adjustment expenses recovered from reinsurers	21 711 263	275 614	594 827	125 461
Net insurance benefits and claims	21 (6 512 517)	(3 482 266)	(5 173 746)	(1 663 496)
Movement in insurance contract liabilities	(3 703 873)	(1 857 036)	(6 445 136)	(3 602 820)
Movement in shareholder risk reserve	-	192 449	-	26 647
Investment loss on investment contract liabilities	(1 050 940))	(427 115)	(1 223 438)	(422 092)
Movement in member assistance fund	-	(22 944)	-	(8 323)
Acquisition of insurance and investment contracts expenses	(963 277)	(446 649)	(777 361)	(260 323)
Administration expenses	(4 086 154)	(2 499 551)	(3 158 796)	(1 179 117)
Allowance for expected credit losses	(181 154)	(355 736)	(181 154)	(212 733)
Regulatory Provision	(157 294)	-	(157 294)	-
Finance cost	(1 611)	(2 160)	(1 322)	(1 290)
Total expenditure	(16 656 820)	(8 901 008)	(17 118 247)	(7 323 546)
Profit before share of (loss)/profit of associate	4 742 198	3 443 232	9 509 311	6 044 840
Share of profit/(loss) of associate	3 840	(2 787)	33 647	(1 916)
Profit before income tax	4 746 038	3 440 445	9 542 958	6 042 924
Income tax expense	(1 574 529)	332 149	(2 237 306)	(779 151)
Profit for the period	3 171 509	3 772 594	7 305 652	5 263 773
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent period				
Exchange (loss)/gain on translating foreign operations	(28 578)	381 827	(44 246)	479 084
Share of other comprehensive income from Associates	(138 815)	74 594	14 309	22 501
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods	(168 393)	456 421	(29 937)	501 585
Total comprehensive profit for the period	3 003 116	4 229 015	7 275 715	5 765 358
Profit attributable to:				
Non-controlling interest	747 497	1 744 862	3 324 864	2 278 685
Equity holders of the parent	2 424 012	2 027 732	3 980 788	2 985 088
Profit for the period	3 171 509	3 772 594	7 305 652	5 263 773
Comprehensive income attributable to:				
Non-controlling interest	759 220	1 745 530	3 355 951	2 279 100
Equity holders of the parent	2 243 896	2 483 485	3 919 764	3 486 258
Total comprehensive income for the period	3 003 116	4 229 015	7 275 715	5 765 358
Basic earnings per share (cents)	333.74	280.29	548.08	412.62
Diluted earnings per share (cents)	333.74	280.29	548.08	412.62
Headline earnings per share (cents)	333.74	280.29	548.08	412.62
Diluted headline earnings per share (cents)	333.29	280.02	547.34	412.22

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000
Profit before income tax	4 746 038	3 440 445	9 542 958	6 042 924
Total non- cash and separately disclosed items	(3 455 285)	(953 607)	(8 205 143)	(5 507 502)
Operating cash flows before working capital changes	1 290 753	2 486 838	1 337 813	535 422
Working capital changes	(611 329)	46 341	(313 318))	351 637
Cash generated from operations	679 424	2 533 179	1 024 495	887 061
Finance costs on lease liability	(1 609)	(2 157)	(1 321)	(1 290)
Cash settled share based payments	(148 098)	-	(124 452)	-
Interest received	63 861	18 175	57 556	9 825
Interest paid	(14 056)	-	(14 056)	-
Tax paid	(39 330)	(65 087)	(30 488)	(19 817)
Net cash flows generated from operating activities	540 192	2 484 110	911 734	875 777
Net cash flow generated from/(used in) investing activities	217 671	(200 678)	156 903	(209 012)
Net cash flow generated from/(used in) financing activities	132 143	(108 104)	100 259	(32 907)
Net increase in cash and cash equivalents	890 006	2 175 328	1 168 896	633 858
Cash and cash equivalents at the beginning of the year	2 671 650	2 018 727	1 659 410	279 516
Effects of exchange rate changes on cash and cash equivalents	(623 020)	(402 949)	225 532	746 036
Effects of inflation on cash and cash equivalents	115 202	(1 119 456)	-	-
Cash and cash equivalents at the end of the period	3 053 838	2 671 650	3 053 838	1 659 410

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

Note	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
ASSETS	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property, plant and equipment	5 479 484	463 178	140 853	55 827	6 777	4 772	2 210	169
Investment property	6 22 506 950	15 373 977	22 506 950	9 549 054	-	-	-	-
Right of use of assets - IFRS 16	7 13 967	28 612	13 967	17 772	58 290	38 166	23 124	2 808
Goodwill	24 304	25 333	24 304	15 735	-	-	-	-
Other intangible assets	16 685	36 383	3 668	669	-	-	-	-
Investment in subsidiaries	8 -	-	-	-	7 257 195	5 135 076	7 672 516	3 837 074
Investment in associates	353 079	570 426	213 844	172 213	5 967	-	4 144	-
Financial assets:	-	-	-	-	-	-	-	-
- Equity securities at fair value through profit or loss	9 186 656	132 764	186 656	82 462	310 771	181 970	310 771	113 025
- Debt securities at amortised cost	10 107 560	-	103 318	-	23 635	-	23 635	-
Deferred acquisition costs	243 329	158 229	162 030	56 783	-	-	-	-
Deferred tax asset	-	78 596	-	48 818	-	-	-	-
Non current assets held for sale	-	514	-	319	-	-	-	-
Income tax asset	43 784	42 021	30 366	14 545	-	-	-	-
Inventory	6 133 603	3 427 997	6 133 603	2 129 191	2 674	2 484	454	507
Insurance, tenant and other receivables	11 2 765 452	2 000 897	2 637 947	1 188 173	117 612	110 430	117 612	68 590
Cash and balances with banks	12 3 053 838	2 671 650	3 053 838	1 659 410	47 994	18 583	47 994	11 542
TOTAL ASSETS	35 928 691	25 010 577	35 211 344	14 990 971	7 830 915	5 491 481	8 202 460	4 033 715
EQUITY AND LIABILITIES								
Equity attributable to equity holders of the parent								
Share capital	120 450	44 749	54 878	727	120 450	44 749	54 878	727
Share premium	2 415 562	2 415 562	39 417	39 417	2 415 562	2 415 562	39 417	39 417
Non-distributable reserves	747 811	954 930	489 882	569 160	42 899	54 631	345	567
Retained profits	4 174 322	1 851 996	7 251 614	3 352 409	5 082 550	2 871 351	7 938 367	3 927 670
Total equity attributable to equity holders of the parent	7 458 145	5 267 237	7 835 791	3 961 713	7 661 461	5 386 293	8 033 007	3 968 381
Non-controlling interests	5 989 969	5 260 574	5 983 667	2 653 035	-	-	-	-
Total equity	13 448 114	10 527 811	13 819 458	6 614 748	7 661 461	5 386 293	8 033 007	3 968 381
Liabilities								
Life insurance contracts with and without DPF and investment contracts with DPF liabilities	13 10 939 010	7 235 138	10 939 010	4 493 874	-	-	-	-
Investment contract liabilities without DPF	14 1 679 388	751 739	1 679 388	466 919	-	-	-	-
Member assistance fund	9 041	14 555	9 041	9 041	-	-	-	-
Borrowings	166 721	-	166 721	-	-	-	-	-
Financial liability	568 099	-	568 099	-	-	-	-	-
Lease liability - IFRS 16	7 15 036	23 496	15 036	14 594	30 310	5 151	30 310	3 199
Insurance contract liabilities - short term	16 4 427 028	3 823 472	3 357 032	1 806 597	-	-	-	-
Insurance liabilities - life assurance	108 749	28 749	108 749	17 857	-	-	-	-
Share based payment liabilities	266 720	146 448	266 720	90 962	95 840	51 833	95 839	32 195
Other payables	17 771 484	704 058	770 254	437 301	43 304	48 204	43 304	29 940
Regulatory provision	157 294	-	157 294	-	-	-	-	-
Deferred tax	18 3 275 743	1 649 449	3 258 278	973 449	-	-	-	-
Current income tax liabilities	96 264	105 662	96 264	65 629	-	-	-	-
Total liabilities	22 480 577	14 482 766	21 391 886	8 376 223	169 454	105 188	169 453	65 334
TOTAL EQUITY AND LIABILITIES	35 928 691	25 010 577	35 211 344	14 990 971	7 830 915	5 491 481	8 202 460	4 033 715

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



STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021

INFLATION ADJUSTED	Share capital	Share premium reserves	Non-distributable reserves	Retained earnings	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
As at 1 January 2020	44 738	2 414 340	499 963	(171 059)	2 787 982	3 483 044	6 271 026
Prior year adjustment				69 218	69 218		69 218
Restated as at 1 January 2020	44 738	2 414 340	499 963	(101 841)	2 857 200	3 483 044	6 340 244
Profit for the year	-	-	-	2 027 732	2 027 732	1 744 862	3 772 594
Other comprehensive (loss)/income	-	-	455 752	-	455 752	668	456 421
Total comprehensive (loss)/income	-	-	455 752	2 027 732	2 483 484	1 745 531	4 229 015
Transactions with shareholders in their capacity as owners							
Issue of shares	11	1 222	(785)	-	448	-	448
- share options	11	1 222	( 1 233)	-	-	-	-
- share based payments	-	-	448	-	448	-	448
Acquisition of non-controlling interest	-	-	-	-	-	42 785	42 785
Dividend declared and paid	-	-	-	( 73 895)	(73 895)	( 10 786)	(84 681)
As at 30 December 2020	44 750	2 415 562	954 930	1 851 996	5 267 237	5 260 574	10 527 811
As at 1 January 2021	44 750	2 415 562	954 930	1 851 996	5 267 237	5 260 574	10 527 811
Profit for the year	-	-	-	2 424 012	2 424 012	747 497	3 171 509
Other comprehensive income	-	-	(180 116)	-	(180 116)	11 723	(168 393)
Total comprehensive income	-	-	( 180 116)	2 424 012	2 243 896	759 220	3 003 116
Transactions with shareholders in their capacity as owners							
Issue of shares	75 701	-	(11 733)	215	64 183	-	64 183
- share options	11 518	-	( 11 733)	215	-	-	-
- share based payments	64 183	-	-	-	64 183	-	64 183
Issue of Diamond Seguros shares to non-controlling interest	-	-	-	-	-	7 027	7 027
Acquisition of non-controlling interest in Diamond Seguros	-	-	14 717	5 002	19 719	(19 719)	-
Issue of shares in FMRE Holdings	-	-	(29 987)	-	(29 987)	-	(29 987)
Dividend declared and paid	-	-	-	(106 903)	(106 903)	(17 134)	(124 036)
As at 31 December 2021	120 450	2 415 562	747 811	4 174 322	7 458 145	5 989 969	13 448 114
HISTORICAL COST -UNAUDITED							
	Share capital	Share premium reserves	Non-distributable reserves	Retained profits	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
As at 1 January 2020	723	39 046	68 229	389 819	497 816	350 636	848 453
Reclassification to retained earnings	-	-	-	-	-	-	-
Restated as at 1 January 2020	723	39 045	68 229	389 819	497 816	350 636	848 453
Profit for the year	-	-	-	2 985 088	2 985 088	2 278 685	5 263 773
Other comprehensive (loss)/income	-	-	501 170	-	501 170	415	501 585
Total comprehensive (loss)/income	-	-	501 170	2 985 088	3 486 258	2 279 100	5 765 358
Transactions with shareholders in their capacity as owners							
Issue of shares	4	372	(238)	-	137	-	137
- share options	4	2	( 376)	-	-	-	-
- share based payments	-	-	137	-	137	-	137
Acquisition of non-controlling interest	-	-	-	-	-	26 575	26 575
Dividend declared and paid	-	-	-	( 22 498)	(22 498)	( 3 276)	(25 775)
As at 30 December 2020	727	39 417	569 160	3 352 409	3 961 713	2 653 035	6 614 748
As at 1 January 2021	727	39 417	569 160	3 352 409	3 961 713	2 653 035	6 614 748
Profit for the year	-	-	-	3 980 788	3 980 788	3 324 864	7 305 652
Other comprehensive income	-	-	( 61 025)	-	(61 025)	31 088	(29 937)
Total comprehensive income	-	-	( 61 024)	3 980 788	3 919 763	3 355 952	7 275 715
Transactions with shareholders in their capacity as owners							
Issue of shares	54 151	-	(223)	7	53 935	-	53 935
- share options	216	-	( 223)	7	-	-	-
- share based payments	53 935	-	-	-	53 935	-	53 935
Acquisition of non-controlling interest in Diamond Seguros	-	-	11 958	4 466	16 424	( 16 424)	-
Issue of shares in FMRE Holdings	-	-	( 29 988)	-	(29 988)	-	(29 988)
Dividend declared and paid	-	-	-	( 86 056)	(86 056)	( 13 988)	(100 045)
As at 31 December 2021	54 878	39 417	489 882	7 251 614	7 835 791	5 983 667	13 819 458

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Corporate information

The ultimate parent of the Company is National Social Security Authority (“NSSA”) which owns 65.53% (2020: 66.22%) directly and an additional 7.02% (2020: 7.10%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 87% (2020: 87%) of Capital Bank Limited.

The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe. The consolidated historical and inflation adjusted financial statements of the Company and the Group for the year ended 31 December 2021 were authorised for issue in accordance by a resolution of the Directors at a meeting held on 15 March 2022.

2 Statement of compliance

These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2021. The Group’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“the IASB”), International Financial Reporting Committee Interpretations (“IFRIC”) as issued by the International Financial Reporting Interpretations Committee (“IFRS IC”) and in a manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties measured in terms of International Accounting Standard (“IAS”) 40 , equity securities at fair value through profit or loss and investment contract liabilities measured in terms of International Financial Reporting Standard (“IFRS”) 9 and insurance contract liabilities Measured in terms IFRS 4 that have been measured on a fair value basis. For fair presentation in accordance with International Accounting Standard (“IAS”) 29, ‘Financial Reporting in Hyper-inflationary 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 and historical cost information is supplementary.

The accounting policies applied in the audited financial results are consistent with the accounting policies in the prior year financial statements, unless otherwise stated.

3 Audit Opinion

The Group and Company inflation-adjusted financial statements for the year ended 31 December 2021 from which these abridged financial statements have been extracted, were audited by the Group’s external auditors, Ernst & Young Chartered Accountants (Zimbabwe).

The auditors have issued a qualified opinion as a result of the non-compliance with the requirements of International Accounting Standard 21 “The Effects of Changes in Foreign Exchange Rate”, International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, and the consequential impact of applying International Accounting Standard 29 “Financial Reporting in Hyperinflationary Economies” on incorrect base numbers. The audit report also includes a key audit matter with regards to the valuation of Policyholder liabilities

The auditor’s opinion on the Group’s consolidated inflation-adjusted financial statements is available for inspection at the Company’s registered office.

The engagement partner responsible for this audit is Mr Fungai Kuipa. (PAAB Practicing Certificate Number 0335)

4 Functional and Presentation Currency

a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in the ZWL which is the Company and the Group’s functional and presentation currency.

b) Currency developments in Zimbabwe

On 20 February 2019, the Reserve Bank of Zimbabwe (“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, record debts, accounting and settlement of domestic transactions.
- 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 and the effective date would be deemed to be RTGS\$ at a rate of 1:1 to the USD 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 multi-currency regime and introducing the ZWL as a mono-currency or sole tender. The ZWL was introduced at par with the RTGS\$.

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 is determined as a weighted average of the bids on the auction.

On 24 July 2020, the Government of Zimbabwe issued SI 185 of 2020 which granted permission to providers of goods and services to display dual prices, in ZWL and USD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
5 Property, vehicles and equipment								
At 1 January	463 178	368 592	55 827	18 499	4 772	4 560	169	131
Prior year adjustment		91 947						
Additions	105 645	102 389	96 365	42 846	2 609	339	2 083	79
Disposals	(32 487)	(87)	(7 574)	(36)	(6 678)	-	(74)	-
Depreciation charge and disposal	(56 852)	(99 663)	(3 765)	(5 482)	6 074	(127)	32	(41)
At 31 December	479 484	463 178	140 853	55 827	6 777	4 772	2 210	169
6 Investment property								
At 1 January	15 373 977	10 206 279	9 549 054	1 413 176	-	-	-	-
Additions	20 985	118	15 761	19	-	-	-	-
Transfer to Non-current asset held for sale	-	(78 596)	-	(48 818)	-	-	-	-
Fair value adjustments	7 111 988	5 246 176	12 942 135	8 184 677	-	-	-	-
At 31 December	22 506 950	15 373 977	22 506 950	9 549 054	-	-	-	-

The Group's fair values of its investment properties are based on valuations performed by Knight Frank an accredited independent valuer. Knight Frank is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. The valuations are based upon assumptions on future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Where the market information is available, the valuers make use of market information from transactions of similar properties. Significant judgements were applied in the current year as a result of the uncertainties resulting from the hyper-inflationary economic environment, currency shifts, excessive market volatility lack of recent transactions conducted in ZWL\$.

7 Leases								
Right of use of assets								
As at 1 January	28 612	136 903	17 772	3 069	38 166	26 218	2 808	1 030
Modification	-	-	-	-	36 015	21 331	26 620	5 616
Depreciation charge for the year	(8 131)	(137 948)	(5 050)	(3 718)	(15 890)	(9 384)	(6 304)	(3 838)
Exchange rate effects	(6 514)	29 657	1 245	18 421	-	-	-	-
At 31 December	13 967	28 612	13 967	17 772	58 290	38 165	23 124	2 808
Lease liability								
Current	1 713	2 663	1 713	1 654	4 295	2 710	4 295	1 683
Non-current	13 323	20 833	13 323	12 940	26 015	2 440	26 015	1 516
At 31 December	15 036	23 496	15 036	14 594	30 310	5 150	30 310	3 199
8 Investment in subsidiaries								
First Mutual Microfinance (Private) Limited	-	-	-	-	22 726	15 506	10 409	4 440
First Mutual Life Assurance Company (Private) Limited	-	-	-	-	4 028 570	2 264 995	3 711 600	1 803 988
First Mutual Health Company (Private) Limited	-	-	-	-	1 019 093	658 733	960 999	359 719
First Mutual Reinsurance Company (Private) Limited	-	-	-	-	587 450	366 576	595 114	246 717
FMRE Property & Casualty (Proprietary) Limited	-	-	-	-	502 526	755 410	576 820	469 199
First Mutual Wealth Management (Private) Limited	-	-	-	-	65 142	14 847	58 563	6 479
NicozDiamond Insurance Limited	-	-	-	-	1 031 688	1 059 009	1 759 011	946 532
Total	-	-	-	-	7 257 195	5 135 076	7 672 516	3 837 074
9 Financial assets at fair value through profit or loss								
At 1 January	3 427 998	2 518 873	2 129 191	348 767	181 970	110 053	113 025	15 238
Purchases	355 435	829 093	275 531	296 984	-	124 502	-	68 677
Disposals	(350 833)	(647 847)	(375 877)	(143 010)	(57 993)	(233 868)	(54 068)	(88 621)
Fair value gain on unquoted investments	141 135	8 446	312 376	182 121	-	-	-	-
Fair value gain on quoted equities	2 693 917	719 432	3 792 382	1 444 329	186 794	181 283	251 814	117 731
At 31 December	6 133 603	3 427 997	6 133 603	2 129 191	310 771	181 970	310 771	113 025
10 Debt securities at amortised cost								
At 1 January	132 764	68 005	82 462	9 416	-	-	-	-
Purchases	154 304	306 515	119 615	140 853	23 635	-	23 635	-
Maturities	(19 893)	(222 705)	(15 421)	(67 807)	-	-	-	-
Monetary gain/ loss adjustment	(80 518)	(19 051)	-	-	-	-	-	-
At 31 December	186 656	132 764	186 656	82 462	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
11 Insurance, tenant and other receivables								
Insurance receivables	1 285 480	1 333 419	1 285 480	828 211	-	-	-	-
Tenant receivables	90 110	71 049	90 110	44 130	-	-	-	-
Amounts due from Group companies	-	-	-	-	19 991	21 580	19 991	13 404
Other receivables	1 389 862	596 429	1 262 357	315 832	97 621	88 850	97 621	55 186
Total	2 765 452	2 000 897	2 637 947	1 188 173	117 612	110 430	117 612	68 590
12 Cash and balances with banks								
Money market investments with original maturities less than 90 days	1 062 559	963 338	1 062 559	598 347	72	243	72	151
Cash at bank and on hand	1 991 279	1 708 312	1 991 279	1 061 063	47 922	18 340	47 922	11 391
Cash and balances with banks	3 053 838	2 671 650	3 053 838	1 659 410	47 994	18 583	47 994	11 542
13 Life insurance contracts and investment contracts with								
Discretionary Participating Features ("DPF") liabilities								
At 1 January	7 235 139	5 083 423	4 493 874	703 858	-	-	-	-
Movement	3 703 872	2 151 715	6 445 136	3 790 016	-	-	-	-
At 31 December	10 939 010	7 235 138	10 939 010	4 493 874	-	-	-	-
14 Investment contract liabilities without DPF								
At 1 January	751 740	329 618	466 919	45 639	-	-	-	-
Movement	927 649	422 121	1 212 469	421 280	-	-	-	-
At 31 December	1 679 388	751 739	1 679 388	466 919	-	-	-	-
15 Shareholder risk reserve								
At 1 January	-	192 449	-	26 647	-	-	-	-
Movement	-	(192 449)	-	(26 647)	-	-	-	-
At 31 December	-	-	-	-	-	-	-	-
16 Insurance contract liabilities - short term								
Outstanding claims	689 327	503 317	689 327	312 620	-	-	-	-
Reinsurance	603 123	1 025 708	603 123	637 086	-	-	-	-
Losses incurred but not reported	787 551	572 661	787 551	355 690	-	-	-	-
Members savings pot	238 244	133 743	238 244	83 070	-	-	-	-
Premium received in advance	215 756	53 578	215 756	33 278	-	-	-	-
Unearned premium reserve	1 852 366	1 336 460	782 370	261 869	-	-	-	-
Commissions	40 661	198 004	40 661	122 984	-	-	-	-
Total	4 427 028	3 823 471	3 357 032	1 806 597	-	-	-	-
17 Other payables								
Other payables	716 323	664 295	715 092	412 606	33 261	43 791	33 261	27 199
Provisions	319 763	162 056	318 532	100 656	4 216	404	4 216	251
Payroll and statutory payables	163 894	150 529	163 894	93 496	16 810	35 700	16 810	22 173
Accrued expenses	145 907	131 648	145 907	81 769	11 939	6 977	11 939	4 334
Trade payables	49 872	211 771	49 872	131 535	45	73	45	45
Property business related liabilities	36 887	8 291	36 887	5 150	251	637	251	396
Amounts due to group companies	46 606	39 761	46 606	24 696	-	-	-	-
Total	762 929	704 056	761 698	437 302	43 304	48 204	43 304	29 940
18 Deferred income tax								
At 1 January	1 649 449	2 099 574	973 449	281 692	-	-	-	-
Recognised through statement of comprehensive income	1 518 734	(450 125)	2 181 511	691 757	-	-	-	-
Total	3 168 183	1 649 449	3 154 960	973 449	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
19 Net premium written								
Pension and savings business	1 480 873	551 913	1 180 795	198 698	-	-	-	-
Life assurance	347 157	284 431	287 276	114 642	-	-	-	-
Health insurance	5 449 988	3 217 379	4 350 062	1 425 528	-	-	-	-
Property and casualty	7 073 045	5 515 579	5 588 902	2 388 363	-	-	-	-
Gross premium written	14 351 063	9 569 302	11 407 035	4 127 231	-	-	-	-
Less: Reinsurance	(3 124 676)	(2 476 200)	(2 489 181)	(1 183 181)	-	-	-	-
Net premium written	11 226 387	7 093 102	8 917 854	2 944 050	-	-	-	-
20 Net investment income								
Dividend received	250 512	53 044	194 196	31 829	-	-	-	-
Fair value gain on unquoted equities at fair value through profit or loss	141 135	8 446	312 376	182 121	-	-	-	-
Gain from disposal of quoted investments at fair value through profit or loss	134 049	(40 637)	103 914	(66 890)	-	-	-	-
Investment expenses	(575 660)	(182 814)	(446 249)	(126 711)	-	-	-	-
Fair value gain on quoted equities at fair value through profit or loss	2 559 868	719 432	3 688 468	1 444 329	-	-	-	-
Total investment income before interest income	2 509 904	557 471	3 852 705	1 464 678	-	-	-	-
Interest income	63 861	18 175	57 556	9 825	-	-	-	-
Total net investment income	2 573 765	575 646	3 910 261	1 474 503	-	-	-	-
21 Net insurance claims and benefits								
Insurance claims and loss adjustment expenses:								
Health insurance	4 423 593	2 355 493	3 514 654	1 092 547	-	-	-	-
Life assurance	326 776	83 241	270 249	38 750	-	-	-	-
Property and casualty	2 097 968	1 189 344	1 673 660	599 849	-	-	-	-
Total insurance claims and loss adjustment expenses	6 848 337	3 628 078	5 458 563	1 731 146	-	-	-	-
Less: Insurance claims and benefits expenses recovered from reinsurers	(711 263)	(275 614)	(594 827)	(125 461)	-	-	-	-
Net total insurance claims expense	6 137 074	3 352 464	4 863 736	1 605 685	-	-	-	-
Pensions benefits	375 443	129 802	310 010	57 811	-	-	-	-
Net insurance claims and benefits	6 512 517	3 482 266	5 173 746	1 663 496	-	-	-	-
22 Companies Act (24.03) and IFRS mandatory disclosures								
Staff costs	2 278 059	1 267 294	1 805 444	623 012	-	-	-	-
Directors' fees								
- Holding company	20 824	16 759	16 504	7 906	-	-	-	-
- Group companies	86 110	59 851	68 246	28 234	-	-	-	-
Depreciation of property, vehicles and equipment	85 487	99 671	10 633	5 484	-	-	-	-
Audit fees	55 533	58 647	44 012	27 666	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

23 Legal proceedings and regulations

23.1 Contingent Liability

In line with Circular 19 of 2020, issued on 1 October 2020, the Insurance and Pensions Commission (IPEC or the Commission) appointed actuarial consultants to carry out an analysis of the separation of assets between policyholders and shareholders accounts. This exercise was undertaken in respect of all insurance companies operating in Zimbabwe, including First Mutual Life Assurance Company (Private) Limited (FML). The actuaries appointed by IPEC requested information from insurance companies for the period 2006 to 31 December 2019. IPEC sought to assess compliance by the insurance industry against the requirements of Section 29 of the Insurance Act (Chapter 24:07) and Section 18 of the Pension and Provident Funds Act (Chapter 24:09). In terms of Section 29 of the Insurance Act, insurers are required to keep separate accounts for different classes of insurance business and maintain insurance funds, while Section 18 of the Pension and Provident Funds Act contains provisions for the investment of the assets of registered funds.

On the 18th of December 2021 FML met with IPEC and IPEC advised that there was some outstanding information that needed to be submitted in order to close the asset separation exercise. The Commission gave FML an ultimatum to ensure that the outstanding information was submitted by 31 December 2021, failing which the Commission would institute a forensic investigation on FML in line with section 67 of the Insurance Act. FML in consultation with the regulator and the Consultant managed to submit all the outstanding information by the end of December 2021.

On 8 February 2022, IPEC wrote a letter indicating that the submissions made by FML were not adequate to enable completion of the asset separation exercise of the entity and that it intended to launch a forensic investigation into the affairs of FML. On 27 July 2022, IPEC wrote to FML advising that BDO Chartered Accountants Zimbabwe (“BDO”) had been appointed as the forensic investigator. The forensic investigation commenced on 5 September 2022.

On 21 December 2023, FML received a Corrective Order from IPEC which is based on the findings of the forensic auditor, BDO Chartered Accountants (“BDO”). The Corrective Order directed the FML shareholders to pay significant sums in Zimbabwe dollars and in United States dollars to the policyholders in respect of perceived “actual” and “potential” losses, as assessed by BDO. An extract of the tabled total losses is included below:

	ZWL	USD
Actual Loss	209 386 885	21 141 094
Potential Loss	Nil	32 539 327

FML management respectfully disagreed with some of the findings in the BDO report contained in the IPEC Corrective Order and believed that their submissions were not properly considered. Interpretations of fact, accounting standards, legal and actuarial principles, as well as currency conversion issues were in dispute. In order to protect its legal rights, an application for review of the Corrective Order was filed with the High Court of Zimbabwe after the reporting date. Subsequent to the above actions, IPEC and FML agreed a binding plan of action and the two High Court applications by FML against IPEC were withdrawn by consent.

Settlement Agreement and Current Status

FML is a party to a settlement agreement with IPEC, dated April 17, 2024, which required the appointment of experts to review work previously done by BDO. Although the experts' presentations were made to IPEC and FML on 17 July 2024, and additional information was provided on 31 July 2024, the process has experienced delays.

The company submitted all required documentation to IPEC in August 2024 and formally requested mediation from the Ministry of Finance on 4 December 2024. FML and IPEC were directed to amicably resolve outstanding issues by 7 February 2025. An informal meeting was held on 6 February 2025, and additional information was shared with IPEC, who subsequently presented a position on 10 March 2025, that differed from the expert presentations.

FML considers the settlement agreement binding on both parties and is working collaboratively with IPEC and the parent Ministry to resolve the issues, while reserving its right to pursue the matter in court.

23.2 Regulatory Provision

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	Group	Group	Group	Group
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
At 1 January	-	-	-	-
Provision for the year	157 294 473	-	157 294 473	-
Balance as at 31 December 2021	157 294 473	-	157 294 473	-



SEGMENTAL RESULTS AND ANALYSIS

FOR THE PERIOD ENDED 31 DECEMBER 2021

INFLATION ADJUSTED								
	Life	Property and Casualty	Health	Property	Other	Gross Figures	Consolidation Entries	Total Consolidated
As at 31 December 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Net premium earned	1 774 676	3 865 559	5 449 988	-	-	11 090 222	(139 850)	10 950 372
Rental income	-	61 466	-	592 553	-	654 019	(54 478)	599 540
Investment income and fair value adjustment on investment property	5 977 603	6 619 925	5 977 603	12 934 266	5 977 603	37 487 000	(27 801 247)	9 685 753
Fee income, other income and monetary gains/(losses)	643 523	(664 292)	194 939	(9 575)	346 198	510 793	(456 378)	54 415
Total income	8 395 802	9 882 658	11 622 530	13 517 243	6 323 801	49 742 033	28 451 953	21 290 081
Depreciation	(15 713)	(55 100)	(30 258)	(11 538)	(28 220)	(140 829)	55 342	(85 487)
Total expenses	(6 429 753)	(3 755 525)	(5 576 287)	(423 318)	(716 302)	(16 901 185)	510 597	(16 390 588)
Profit before income tax	2 047 446	575 768	717 029	7 143 354	1 986 993	12 470 590	(7 724 552)	4 746 038
Income tax (expense)/credit	(144 660)	(349 231)	-	(1 302 041)	-	(1 795 933)	221 404	(1 574 529)
Deferred acquisition costs	-	243 329	-	-	-	243 329	-	243 329
Total assets	17 118 003	7 163 040	2 485 340	22 638 970	8 382 007	57 787 359	(21 858 668)	35 928 691
Movement in insurance contract liabilities*	(3 703 806)	-	-	-	-	(3 703 806)	-	(3 703 806)
Movement in investment contract liabilities*	(942 002)	-	-	-	-	(942 002)	-	(942 002)
Total liabilities	13 089 433	4 829 460	1 211 632	2 757 212	747 936	22 635 673	(155 096)	22 480 577
Cash flows generated from/(utilised in) operating activities	5 351	4 583 476	778 205	80 720	364 786	5 812 538	(5 272 345)	540 193
Cash flows generated from/(utilised in) investing activities	139 591	144 732	(199 213)	53 751	135 678	274 540	(56 867)	217 672
Cash generated from/(utilised in) financing activities	(778)	(476 532)	(260 146)	(69 674)	(84 543)	(891 672)	1 023 814	132 142
As at 31 December 2020								
Net premium earned	825 577	2 799 091	3 217 379	-	-	6 842 046	(121 541)	6 720 506
Rental income	-	22 548	-	434 083	-	456 631	(42 207)	414 424
Investment income and fair value adjustment on investment property	3 345 098	271 014	265 411	5 151	1 347 275	5 233 949	587 875	5 821 823
Fee income, other income and monetary gains/(losses)	381 441	694 629	318 644	250 549	244 154	1 889 416	(2 501 929)	(612 513)
Total income	4 552 115	3 787 282	3 801 434	689 783	1 591 428	14 422 042	(2 077 802)	12 344 240
Depreciation	(9 198)	(8 211)	(32 616)	(2 476)	(13 235)	(65 735)	(33 936)	(99 671)
Total expenses	(3 068 109)	(2 364 554)	(2 940 750)	(337 625)	(445 744)	(9 156 782)	255 774	(8 901 008)
Profit before income tax	361 194	359 156	520 123	5 327 249	1 082 615	7 650 338	(4 209 893)	3 440 445
Income tax (expense)/credit	(52 329)	(43 896)	(21 230)	555 397	(259 828)	178 114	154 035	332 149
Deferred acquisition costs	-	158 229	-	-	-	158 229	-	158 229
Total assets	10 524 242	2 523 187	1 540 062	15 597 247	5 882 780	36 067 517	(11 148 888)	25 010 577
Movement in insurance contract liabilities	(1 857 036)	-	-	-	-	(1 857 036)	-	(1 857 036)
Movement in investment contract liabilities	(427 115)	-	-	-	-	(427 115)	-	(427 115)
Total liabilities	8 259 248	1 457 854	717 673	1 484 384	980 915	12 900 074	1 559 961	14 482 766
Cash flows generated from/(utilised in) operating activities	3 717 134	919 627	595 126	98 178	(171 219)	5 158 846	(2 674 735)	2 484 112
Cash flows generated from/(utilised in) investing activities	1 465 004	(222 426)	(248 759)	1 757	122 093	1 117 669	(1 318 348)	(200 679)
Cash generated from/(utilised in) financing activities	(7 290)	(27 128)	(99 870)	(19 814)	(190 541)	(344 643)	236 539	(108 104)

SEGMENTAL RESULTS AND ANALYSIS

FOR THE PERIOD ENDED 31 DECEMBER 2021

HISTORICAL COST - UNAUDITED								
	Life	Property and Casualty	Health	Property	Other	Gross Figures	Consolidation Entries	Total Consolidated
As at 31 December 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Net premium earned	1 431 276	2 744 261	4 350 062	-	-	8 525 599	13 028	8 538 628
Rental income	-	46 136	-	639 848	-	685 984	(205 884)	480 100
Investment income and fair value adjustment on investment property	(11 269)	150 613	49 412	255 927	(234 437)	210 245	16 642 151	16 852 396
Fee income, other income and monetary gains/(losses)	(419 089)	(1 530 671)	(3 479 926)	17 357	45 221	(5 367 108)	6 123 542	756 434
Total income	1 000 917	1 410 339	919 548	913 132	(189 216)	4 054 720	22 572 837	26 627 558
Depreciation	(5 645)	(4 500)	(8 348)	(4 668)	(4 030)	(27 190)	16 558	(10 633)
Total expenses	(9 141 930)	(2 976 144)	(4 452 734)	(334 093)	(518 219)	(17 423 119)	462 167	(16 960 952)
Profit before income tax	1 920 695	1 913 054	980 062	12 891 101	3 898 678	21 603 589	(12 060 631)	9 542 958
Income tax (expense)/credit	(12 019)	(406 398)	-	(1 798 912)	(19 398)	(2 236 726)	(579)	(2 237 306)
Deferred acquisition costs	-	162 030	-	-	-	162 030	-	162 030
Total assets	16 794 712	6 360 209	2 411 381	22 484 358	8 748 284	56 798 944	(21 587 600)	35 211 344
Movement in insurance contract liabilities	(6 445 136)	-	-	-	-	(6 445 136)	-	(6 445 136)
Movement in investment contract liabilities	(1 223 438)	-	-	-	-	(1 223 438)	-	(1 223 438)
Total liabilities	13 083 111	3 286 428	1 211 632	2 718 305	779 056	21 078 533	313 353	21 391 886
Cash flows generated from/(utilised in) operating activities	421 628	1 345 676	650 085	83 404	53 495	2 554 287	(1 642 552)	911 735
Cash flows generated from/(utilised in) investing activities	(246 732)	324 842	6 078	45 174	43 286	172 649	(15 747)	156 902
Cash generated from/(utilised in) financing activities	(778)	(116 543)	(190 018)	(57 798)	(45 432)	(410 570)	510 829	100 259
As at 31 December 2020								
Net premium earned	337 432	1 193 115	1 425 528	-	-	2 956 075	(39 496)	2 916 579
Rental income	-	12 851	-	178 223	-	191 073	(16 316)	174 758
Investment income and fair value adjustment on investment property	5 539 508	984 309	318 043	8 056 852	3 572 362	18 471 075	(8 811 896)	9 659 179
Fee income, other income and monetary gains/(losses)	156 584	217 287	112 127	79 469	146 080	711 547	(93 676)	617 871
Total income	6 033 525	2 407 561	1 855 698	8 311 947	3 721 039	22 329 770	(8 961 384)	13 368 387
Depreciation	5 645	2 500	4 348	68	4 030	16 590	(11 106)	5 484
Total expenses	(3 150 779)	(1 248 298)	(1 386 736)	(135 255)	(1 469 765)	(7 390 832)	67 285	(7 323 546)
Profit before income tax	1 581 331	1 141 532	478 462	8 176 692	3 497 571	14 875 588	(8 832 663)	6 042 924
Income tax (expense)/credit	(1 625)	(168 070)	-	(610 733)	(1 379)	(781 808)	2 656	(779 151)
Deferred acquisition costs	-	56 783	-	-	-	56 783	-	56 783
Total assets	6 933 691	3 728 846	894 847	9 631 368	4 248 995	25 437 747	(10 446 778)	14 990 971
Movement in insurance contract liabilities	(3 602 820)	-	-	-	-	(3 602 820)	-	(3 602 820)
Movement in investment contract liabilities	(422 092)	-	-	-	-	(422 092)	-	(422 092)
Total liabilities	5 129 702	2 030 951	445 760	916 610	190 198	8 713 222	(336 999)	8 376 223
Cash flows generated from/(utilised in) operating activities	50 261	1 568 936	425 872	31 953	(52 010)	2 025 011	(1 149 233)	875 779
Cash flows generated from/(utilised in) investing activities	(14 089)	(478 105)	(127 256)	957	37 088	(581 406)	372 338	(209 068)
Cash generated from/(utilised in) financing activities	(4 824)	(18 244)	(49 331)	(10 917)	(57 880)	(141 196)	108 290	(32 907)