



FIDELITY LIFE

ASSURANCE OF ZIMBABWE









PRELIMINARY REPORT - UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

SHORT-FORM FINANCIAL ANNOUNCEMENT

Issued in terms of practice Note 13 of the Zimbabwe Stock Exchange (ZSE)

The Board of Directors of Fidelity Life Assurance of Zimbabwe Limited Group (The Group) present the unaudited financial results for the year ended 31 December 2021.

Financial Highlights

 75% Net premium earned ZWL 1.07 bill	 90% Total income ZWL 3.30 bill	 520% Profit for the year ZWL 274.9 mill	 14% Total assets ZWL 9.89 bill
 26% Total equity ZWL 1.21bill	 -201% Cash generated from operations (ZWL 394.6 mill)	 193% Basic earnings per share (ZWL cents) 104.56	 136% Headline earnings per share (ZWL cents) 45.02

Financial Performance

	INFLATION ADJUSTED		HISTORICAL	
	31 December 2021 ZWL	% change	31 December 2021 ZWL	% change
Net premium earned	1,070,117,557	75%	982,093,932	190%
Total income	3,304,393,919	90%	4,979,178,102	55%
Profit for the year	274,905,395	520%	495,154,618	46%
Total assets	9,892,497,992	14%	449,924,896	-18%
Total equity	1,211,920,087	26%	852,750,657	92%
Cash generated from operations	(394,557,594)	-201%	(131,216,313)	-146%
Basic earnings per share (ZWL cents)	104.56	193%	97.41	216%
Headline earnings per share (ZWL cents)	45.02	136%	41.10	39%

Dividend

In view of the need to preserve internal resources to strengthen the capital position of the company through the deployment of earnings to increase business underwriting capacity, the Board resolved not to recommend the declaration of a dividend.

Auditor's Opinion

Due to internal process issues at the Company's external auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), which have hindered their ability to timeously conclude the Company's audit, these Financial Statements are not accompanied by a signed audit opinion.

This short-form financial announcement is the responsibility of the Directors of Fidelity Life Assurance of Zimbabwe and its subsidiaries and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors or shareholders should be based on consideration of the full announcement.

A copy of the full announcement will be shared with shareholders using the latest e-mail addresses provided by the shareholders and will be available upon request, and for inspection at the Company's registered office at 66 Julius Nyerere Avenue, Harare. The full announcement is also available at no cost on the Zimbabwe Stock Exchange website: www.zse.co.zw and the company website: www.fidelitylife.co.zw

Livingstone T. Gwata

Chairman

11 May 2022



Terms and conditions apply



Preliminary report Unaudited Financial Results

For The Year Ended 31 December 2021



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CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

I am pleased to present to you the financial statements of Fidelity Life Assurance of Zimbabwe Limited Group “the Group” for the year ended 31 December 2021.

At the time of writing this update to you, it is unfortunate that we are still dealing with the effects of the Covid-19 pandemic and this is expected to continue for the foreseeable future. The Covid-19 pandemic continues to impact livelihoods and business all over the world and our business and stakeholders at Fidelity have not been spared. Our business has however weathered the storm and our continuous strategic review has proved invaluable in this regard.

Operating Environment

The economy suffered from the adverse impact of Covid-19 in 2021 and registered GDP growth of 7.8% which was largely driven by a strong agriculture output and improved capacity utilization in industry. In announcing the 2022 National Budget, the Minister of Finance projected that Zimbabwe is set for GDP growth of 5.5% in 2022 anchored by agriculture, mining, construction, manufacturing, accommodation, and food services. The erratic 2021-22 rainfall season has, however, dented the country’s growth prospects for 2022. Inflation assumed an upward trend in Q4 2021 owing to the depreciation of the local currency and ended the year at 60.7%; some 10.5 percentage points higher than the 3-year low of 50.2% recorded in August 2021.

The Zimbabwe Dollar (ZWL) suffered depreciation of nearly 25% on the Foreign Currency Auction System (FCAS). The local currency suffered heavier depreciation on the parallel market resulting in the gap between the official rate and the alternative market rate surpassing 80% in comparison to around 20% at the end of 2020. The resultant arbitrage opportunity has seen the Central Bank and it’s Financial Intelligence Unit clamping down on suspected abusers of the FCAS and those alleged to be fuelling trading of foreign currency on the parallel market. The instability of the local currency remains the largest threat to the containment of the spiralling rate of inflation. The Group has adopted strategies aimed at ensuring revenue growth above the rate of inflation while value preservation is the overriding objective in our investment strategy. All strategic business units are now offering foreign currency denominated products/services. The Group is aggressively pursuing alternative investments as a way of diversifying the investment portfolio.

Group Financial Performance Review- Inflation Adjusted

The Group posted a profit after tax of ZWL274.9 million on an inflation adjusted basis for the year ended 31 December 2021 representing a strong growth from a loss position of ZWL(65.8) million posted in the prior year.

Inflation adjusted Group total revenue increased by 90% from ZWL1 735.4 million recorded in the prior year to ZWL3 304.4 million recorded in the current year. Revenue was driven by investment income and net premium written which increased by 99% and 75% respectively. Investment income increased from ZWL866.0 million to ZWL1 722.3 million and net premium written increased from ZWL611.8 million to ZWL1 070.1 million. The growth in net premium written was driven by aggressive premium reviews and strong organic growth of the life book as well as significant inflows from new products launched which were supported by market diversification and enhancement of the distribution channels. Investment income was mainly driven by fair value gains on investment properties and equities. The subsidiary in Malawi continues to provide a good hedge to the Group against the unstable currency movements and the adverse impact of the rate of inflation in Zimbabwe.

Inflation adjusted Group total expenses increased by 66% from ZWL1 763.5 million recorded in the prior year to ZWL2 926.7 million in the current year. The increase in the Group’s total expenses was driven by net benefits and claims, changes in insurance contract liabilities and operating expenses which grew by 172%, 97% and 75% respectively. Operating expenses were mainly driven by the increase in the rate of inflation and the exchange rate movements whilst net benefits and claims were driven by high covid 19 related claims resulting from retrenchments and death claims.

Business Operations Review

The knock-on effects of repeated national lockdowns on the economy cascaded down to adversely affect corporates and individuals at all levels. Our business inevitably experienced reduced economic activity at all levels that impacted the performance of all our business units. The Management and staff have commendably pulled together as a team and managed to maintain our business performance at a satisfactory level. It was pleasing to note that the core revenue lines registered strong growth over the year, and this leaves us in a good position to regain ground going forward. On strategy execution, we had several successes on key milestones in the year under review. We launched a fully-fledged contact centre; we witnessed the creation and launch of an online Micro lending on-boarding platform; our Life and Pensions business launched new products such as Vaka Yako and Covid-19 cover under the Employee Benefits business. On the customer service front, we opened a new service centre in Beitbridge for our Funeral Services business and FLIMAS managed to get their members vaccinated against Covid-19. We have seen enhanced customer communications through online and social media platforms for the Life and Pensions and Medical Health businesses, while the Bureaux De Change started disbursing the USD50 allowances to members of the public.

These are some of the milestones that were achieved in 2021. We made significant progress in achieving our objectives anchored on the 3 pillars of Growth (Cash), Positioning (Customer) and Transformation (Change). The year also saw the Group reaching yet another major milestone as we saw the final completion of the

Southview offsite works.

Recognition for the FLA Brand

During the year under review the Group was recognised through three awards, which is testament to the work being done to reposition the brand.

- Fidelity Funeral Services awarded 1st runner up position – Quality Service Awards - 5th Southern Region Service Excellence Awards
- Fidelity Funeral Services received the Gold award in the Leader in Funeral Assurance Sector
- Fidelity Life Assurance received the 1st Runner Up award - Best Corporate Governance Disclosures – Insurance Sector, at the Institute of Corporate Governance Zimbabwe Corporate Governance

The Board of Directors recognises the commendable work that Management and Staff have put into our brand and customer service initiatives. Management is urged to continue to build on this success and keep the brand flying high.

Update on the Regulatory Asset Separation Exercise

The Asset Separation exercise has now entered the final transaction stage where there will be a physical separation of assets between Policyholders and Shareholders. Final reports and assessments by the appointed financial advisor and Policyholder representative Actuary have been completed and it is expected that the exercise will be finalised by 30 June 2022.

Dividend

In view of the need to preserve internal resources to strengthen the capital position of the company through the deployment of earnings to increase business underwriting capacity, the Board resolved not to recommend the declaration of a dividend.

Board and Executive Management Changes

Stakeholders are advised of the following changes to the Management and Board of Fidelity Life Assurance.

Fungai Ruwende retired from the Board effective 31 January 2022. The Board, Management, and Staff of FLA wish to thank Fungai for his invaluable leadership, wise counsel and service during his tenure as Chairman.

In addition, to boost the range of skills and experience on the Board of Directors the following appointments were made effective 1 February 2022:

- Livingstone Takudzwa Gwata - Independent Non-Executive Chairman
- Takudzwa Chitsike – Independent Non-Executive Director
- Langton Mabhanga – Independent Non-Executive Director

We welcome them to the Board of Directors , and we look forward to their combined experience, guidance and input to the Group’s affairs. Rueben Java resigned as Group Chief Executive effective 30 September 2021. The Board wishes to thank Rueben for his years of service and leadership and wish him much success in his future endeavours.

The Board of Directors is pleased to announce and welcome the appointment of Reginald Chihota as the Managing Director of Fidelity Life Assurance with effect from 1 March 2022. Reginald assumes the executive leadership position after an illustrious stint as General Manager Life Assurance and Pensions within the Group. We wish him continued success in his new role.

Looking to the Future

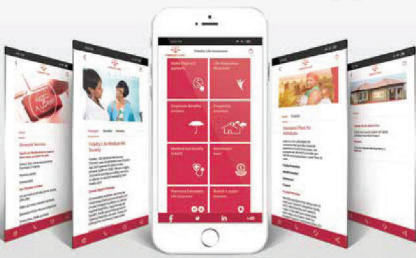
Erratic rains have characterized the 2021-22 agriculture season throwing into doubt the attainment of the projected 5.1% growth in agricultural output and, in turn, the GDP growth of 5.5% in 2022. Government has already lifted the ban on maize imports in a development that signals the country may not have adequate stocks to last into 2022-23. Maize imports increase the demand for the scarce foreign currency resulting in some depreciation of the local currency, and the resultant increase in the foreign exchange rate and foreign currency induced inflation. The global economy is battling soaring prices as a result of supply chain disruptions caused by the COVID-19 pandemic and the Russia/Ukraine war. The Russia/Ukraine war is further fuelling inflation as the two nations are key players on the global commodities market, in particular, crude oil, sunflower and wheat – commodities in which Zimbabwe is a net importer and is at the risk of imported inflation. The resurgence of high inflation is, in our view, the biggest threat to the economy in 2022 and the challenge on management is to ensure that revenue grows faster than costs. That growth is set to be achieved through a combination of new financial solutions and new markets. High inflation places on us the responsibility to ensure that we preserve value for our policyholders and all stakeholders. To that end, investment portfolio diversification is a priority in the current financial year.

Appreciation

Finally, on behalf of the Board of Directors, I would like to thank all of our employees across the business for all of their commitment and teamwork during the year. We are grateful for the guidance and commitment of our Board of Directors as we steer our business to deliver performance for the benefit of our stakeholders. As a performance driven team, we remain confident of the prospects of our business as we strive to improve our fortunes on a sustainable basis.

Livingstone T. Gwata
Chairman
11 May 2022

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Preliminary report

Unaudited Financial Results

For The Year Ended 31 December 2021

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

4 EARNINGS PER SHARE (EPS)
Reconciliation of total earnings to headline earnings attributable to shareholders Numerator
Profit/ (loss) for the year attributable to owners of the parent and profit used in EPS

Add/(deduct) non recurring items
Impairment of intangible assets
Profit on disposal of property
Profit on disposal of investment property
Taxation on headline earnings adjustable items
Headline earnings attributable to ordinary shareholders
Denominator
Weighted number of ordinary shares in issue
Less: Shares purchased for the Employee Share Ownership Plan
Weighted average number of shares used in basic EPS
Less: Dilutive adjusting effects
Weighted average number of shares used in diluted EPS
Basic and diluted earnings per share (cents)
Headline earnings per share (cents)

5 PROPERTY AND EQUIPMENT GROUP

Net carrying amount at 1 January 2020
Gross carrying amount - cost/ valuation
Accumulated depreciation
Additions
Exchange rate movement on foreign operations
Disposals
Gross carrying amount - cost/ valuation
Accumulated depreciation
Depreciation charge for the year
Revaluation surplus
Net carrying amount at 31 December 2020
Gross carrying amount - cost/ valuation
Accumulated depreciation
Additions
Exchange rate movement on foreign operations
Disposals
Gross carrying amount - cost/ valuation
Accumulated depreciation
Depreciation charge for the year
Revaluation surplus
Net carrying amount at 31 December 2021
Gross carrying amount - cost/ valuation
Accumulated depreciation

Land and buildings are carried at fair value determined on an open market value basis by independent professional valuers. The latest fair value was estimated as at 31 December 2021. There were no buildings pledged as collateral as at 31 December 2021. The value of land and buildings is categorised as a level 3 recurring fair value measurement.

The carrying amount of land and buildings had the assets been measured at cost as at 31 December 2021 ZWL162,704,480 and ZWL107,136,783 in 2020.

INFLATION ADJUSTED

31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
112 844 995	(120 746 413)	105 127 276	33 286 068
2 172 588	577 146	73 261	137 526
(2 156 685)	(21 916 488)	(15 584 962)	(2 870 929)
(71 680 662)	1 261 372	(65 218 089)	784 742
21 098 654	4 963 274	19 952 476	481 709
48 581 133	(135 861 109)	44 353 890	31 819 116
108 923 291	108 923 291	108 923 291	108 923 291
(1 003 743)	(1 003 743)	(1 003 743)	(1 003 743)
107 919 548	107 919 548	107 919 548	107 919 548
107 919 548	107 919 548	107 919 548	107 919 548
104.56	(111.89)	97.41	30.84
45.02	(125.89)	41.10	29.48

INFLATION ADJUSTED

Land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
524 033 675	20 853 133	15 917 991	14 299 043	575 103 842
529 990 944	112 155 252	58 845 378	24 721 776	725 713 350
(5 957 269)	(91 302 119)	(42 927 387)	(10 422 733)	(150 609 508)
54 878	2 255 880	5 088 430	908 694	8 307 882
2 779 008	(150 130)	(603 099)	(342 394)	1 683 385
-	(70 298)	(3 372)	-	(73 670)
-	(2 503 771)	(106 419)	-	(2 610 190)
-	2 433 473	103 047	-	2 536 520
(33 766 326)	(2 652 082)	(4 479 860)	(2 350 898)	(43 249 166)
72 344 562	-	-	-	72 344 562
565 445 797	20 236 503	15 920 090	12 514 445	614 116 835
571 461 768	111 757 231	63 224 290	25 288 076	771 731 365
(6 015 971)	(91 520 728)	(47 304 200)	(12 773 631)	(157 614 530)
-	868 606	6 340 501	1 145 318	8 354 425
(3 831 409)	(1 115 653)	(3 250 127)	(780 410)	(8 977 599)
-	(11 757 620)	(78 051)	-	(11 835 671)
-	(45 896 359)	(298 811)	-	(46 195 170)
-	34 138 739	220 760	-	34 359 500
(8 365 079)	(6 342 272)	(9 812 495)	(2 038 249)	(26 558 095)
219 553 415	-	-	-	219 553 415
772 802 724	1 889 564	9 119 918	10 841 104	794 653 310
778 906 313	65 613 825	66 015 853	25 652 984	936 188 975
(6 103 589)	(63 724 261)	(56 895 935)	(14 811 880)	(141 535 665)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

5.1 GROUP

Net carrying amount at 1 January 2020

Gross carrying amount - cost/ valuation
Accumulated depreciation

Additions

Exchange rate movement on foreign operations

Disposals
Gross carrying amount - cost/ valuation
Accumulated depreciation

Depreciation charge for the year

Revaluation surplus

Net carrying amount at 31 December 2020

Gross carrying amount - cost/ valuation
Accumulated depreciation

Additions

Exchange rate movement on foreign operations

Disposals
Gross carrying amount - cost/ valuation
Accumulated depreciation

Depreciation charge for the year

Revaluation surplus

Net carrying amount at 31 December 2021

Gross carrying amount - cost/ valuation
Accumulated depreciation

Land and buildings are carried at fair value determined on an open market value basis by independent professional valuers. The latest fair value was estimated as at 31 December 2021. There were no buildings pledged as collateral as at 31 December 2021. The value of land and buildings is categorised as a level 3 recurring fair value measurement. The carrying amount of land and buildings had the assets been measured at cost as at 31 December 2021 ZWL25,141,670 and ZWL27,895,674 in 2020.

6 INVESTMENT PROPERTY

Balance at the beginning of the year

Disposals
Exchange rate movement on foreign operations
Fair value gains through profit or loss

Balance at the end of the year

The Group 's fair values of investment properties are based on property valuations performed by an independent professional property valuer. Gains and losses arising from a change in fair value of investment properties are recognised in the profit or loss statement. As at 31 December 2021, the fair values of the properties are based on valuations performed by Bard Real Estate an accredited independent valuer. Bard Real Estate 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.

Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied. There were no transfers between Levels 1 or 2 to Level 3 during the year. Investment properties are at Level 3. Significant judgements and assumptions were applied for the Group's Investment property portfolio. Land banks and residential properties were valued in Zimbabwe dollar using the comparison method and/or market evidence.

HISTORICAL COST

Land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
71,095,556	980,955	2,035,431	766,798	74,878,741
71,227,282	2,906,314	3,482,419	1,105,130	78,721,145
(131,726)	(1,925,359)	(1,446,988)	(338,332)	(3,842,405)
34,141	1,403,459	2,577,409	519,130	4,534,139
10,266,289	2,354,140	6,445,041	1,534,718	20,600,188
(927,381)	(43,735)	(2,098)	-	(973,214)
(927,381)	(1,562,277)	(66,207)	-	(2,555,865)
-	1,518,542	64,108	-	1,582,651
(9,242,157)	(705,055)	(2,087,406)	(550,583)	(12,585,201)
272,401,111	-	-	-	272,401,111
343,627,557	3,989,764	8,968,377	2,270,064	358,855,762
343,795,804	5,101,636	12,438,662	3,158,978	364,495,080
(168,247)	(1,111,872)	(3,470,285)	(888,914)	(5,639,318)
-	868,606	5,089,928	635,447	6,593,981
4,520,302	642,441	1,524,786	316,970	7,004,499
-	(1,059,723)	(54,154)	(211,350)	(1,325,227)
-	(3,672,162)	(279,838)	(211,350)	(4,163,350)
-	2,612,439	225,684	-	2,838,123
(5,237,257)	(1,539,986)	(5,560,745)	(1,174,116)	(13,512,104)
416,599,238	-	-	-	416,599,238
759,509,840	2,901,102	9,968,192	1,837,015	774,216,149
759,765,657	2,940,521	18,773,538	3,900,045	785,379,761
(255,817)	(39,419)	(8,805,346)	(2,063,030)	(11,163,612)

INFLATION ADJUSTED

HISTORICAL COST

2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
5 011 386 538	4 773 262 144	3 117 751 895	661 999 240
(164 988 944)	(117 530 244)	(119 585 256)	(62 921 976)
(74 402 801)	23 289 355	62 598 843	174 262 927
1 294 294 263	332 365 283	3 005 523 574	2 344 411 704
6 066 289 056	5 011 386 538	6 066 289 056	3 117 751 895



Preliminary report

Unaudited Financial Results

For The Year Ended 31 December 2021



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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

7 SEGMENT INFORMATION

2021

Total income
Total benefits, claims and other expenses
Profit before income tax

Depreciation of property and equipment
Amortisation of intangible assets
Finance costs
Fair value gains on equities
Fair value gains on investment property
Income tax expense

Additions to non-current assets
Reportable segment non-current assets
Reportable segment current assets
Reportable segment liabilities

Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities

2020

Total income
Total benefits claims and other expenses

Profit before income tax
Depreciation of property and equipment
Amortisation of intangible assets
Finance costs
Fair value gains on equities
Fair value gains on investment property
Income tax expense

Additions to non-current assets
Reportable segment non-current assets
Reportable segment current assets
Reportable segment liabilities

Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities

7.1 SEGMENT INFORMATION

HISTORICAL COST

2021

Total income
Total benefits, claims and other expenses
Profit before income tax

Depreciation of property and equipment
Amortisation of intangible assets
Finance costs
Fair value gains on equities
Fair value gains on investment property
Income tax expense

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Reportable segment liabilities

Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities

2020

Total income
Total benefits claims and other expenses
Profit before income tax

Depreciation of property and equipment
Amortisation of intangible assets
Finance costs
Fair value gains on equities
Fair value gains on investment property
Income tax expense

Additions to non-current assets
Reportable segment non-current assets
Reportable segment current assets
Reportable segment liabilities

Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities

INFLATION ADJUSTED

	Insurance ZWL	Microlending ZWL	Property Investment ZWL	Other ZWL	Consolidation adjustments ZWL	Group ZWL
Total income	2 951 654 891	162 595 702	964 923 337	194 756 530	(969 536 541)	3 304 393 919
Total benefits, claims and other expenses	(2 776 588 721)	(131 705 197)	(11 420 346)	(128 368 993)	121 351 689	(2 926 731 568)
Profit before income tax	175 066 170	30 890 505	953 502 991	66 387 537	(848 184 852)	377 662 351
Depreciation of property and equipment	23 678 928	1 289 222	-	1 589 945	-	26 558 095
Amortisation of intangible assets	41 598	1 821 163	-	309 828	-	2 172 588
Finance costs	10 647 157	34 487 118	-	-	-	45 134 275
Fair value gains on equities	262 843 723	12 252 304	-	43 441 745	-	318 537 772
Fair value gains on investment property	347 363 159	7 131 163	964 923 337	16 262 133	(41 385 529)	1 294 294 263
Income tax expense	35 034 473	13 351 192	48 246 167	6 125 124	-	102 756 956
Additions to non-current assets	14 228 014	943 643	-	434 799	-	15 606 456
Reportable segment non-current assets	3 187 593 886	47 304 418	4 255 270 000	147 465 519	-	7 637 633 823
Reportable segment current assets	1 461 156 721	121 267 764	-	53 163 064	-	1 635 587 549
Reportable segment liabilities	8 270 382 804	124 468 216	225 664 653	60 062 233	-	8 680 577 905
Cash flows from operating activities	(278 183 390)	(28 477 752)	-	(126 679 535)	-	(433 340 676)
Cash flows from investing activities	95 493 649	(2 315 579)	-	(138 137 339)	-	(44 959 269)
Cash flows from financing activities	(44 245 690)	25 116 930	-	93 853 122	-	74 724 362
Total income	1 711 141 735	69 499 516	266 119 160	69 881 756	(381 287 494)	1 735 354 673
Total benefits claims and other expenses	(1 642 873 928)	(118 227 788)	(1 849 392)	(56 063 479)	55 519 354	(1 763 495 233)
Profit before income tax	68 267 807	(48 728 272)	264 269 768	13 818 277	(325 768 140)	(28 140 560)
Depreciation of property and equipment	41 166 094	244 735	-	1 838 337	-	43 249 166
Amortisation of intangible assets	133 674	133 645	-	309 827	-	577 146
Finance costs	19 996 876	9 381 273	-	-	-	29 378 149
Fair value gains on equities	462 889 622	1 455 555	-	14 214 164	-	478 559 341
Fair value gains on investment property	76 988 867	1 948 586	263 648 888	468 778	(10 689 836)	332 365 283
Income tax expense	15 675 713	3 001 557	13 182 459	5 508 302	-	37 368 032
Additions to non-current assets	44 681 274	191 874	-	698 884	-	45 572 032
Reportable segment non-current assets	3 561 116 042	35 068 853	3 290 346 663	74 897 562	-	6 961 429 120
Reportable segment current assets	1 775 519 901	37 199 890	-	23 967 534	-	1 836 687 325
Reportable segment liabilities	7 544 019 508	47 213 903	167 508 620	38 198 095	-	7 796 940 126
Cash flows from operating activities	330 524 964	(45 774 336)	-	(87 190 263)	-	377 885 946
Cash flows from investing activities	(50 829 423)	(3 721 996)	-	40 492 515	-	(14 058 904)
Cash flows from financing activities	(27 121 481)	40 372 245	-	(39 441 925)	-	(26 191 162)

	Insurance ZWL	Microlending ZWL	Property Investment ZWL	Other ZWL	Consolidation adjustments ZWL	Group ZWL
Total income	4 402 524 442	148 108 235	2 208 234 820	190 797 589	(1 970 486 984)	4 979 178 102
Total benefits, claims and other expenses	(3 793 292 699)	(105 437 192)	(11 040 172)	(93 532 144)	(314 651 607)	(4 317 953 814)
Profit before income tax	609 231 743	42 671 043	2 197 194 648	97 265 445	(2 285 138 591)	661 224 288
Depreciation of property and equipment	13 094 845	167 142	-	250 117	-	13 512 104
Amortisation of intangible assets	41 599	40 663	-	6 922	-	89 184
Finance costs	9 144 459	28 918 564	-	-	-	38 063 023
Fair value gains on equities	401 800 956	13 564 665	-	53 065 154	-	468 430 775
Fair value gains on investment property	813 886 418	16 320 700	2 208 234 820	39 760 236	(72 678 600)	3 005 523 574
Income tax expense	34 647 910	14 997 287	110 411 741	6 012 732	-	166 069 670
Additions to non-current assets	12 044 574	776 818	-	1 024 619	-	13 846 011
Reportable segment non-current assets	3 454 833 689	46 160 342	4 255 270 000	365 651 569	-	8 121 915 600
Reportable segment current assets	1 460 096 500	118 971 773	-	53 083 135	-	(162 611 726)
Reportable segment liabilities	7 881 294 166	124 185 401	225 664 653	284 892 869	-	(56 743 115)
Cash flows from operating activities	(273 851 300)	37 747 170	-	73 492 404	-	(162 611 726)
Cash flows from investing activities	90 076 650	(1 052 971)	-	(145 766 794)	-	(56 743 115)
Cash flows from financing activities	(36 814 695)	(38 932 354)	-	108 638 822	-	32 891 773
Total income	2 993 305 728	38 392 966	1 627 265 310	65 491 665	(1 519 979 948)	3 204 475 721
Total benefits claims and other expenses	(2 921 015 413)	(32 287 549)	(1 360 012)	(23 703 069)	216 627 304	(2 761 738 739)
Profit before income tax	72 290 315	6 105 417	1 625 905 298	41 788 596	(1 303 352 644)	442 736 982
Depreciation of property and equipment	12 457 917	49 795	-	77 489	-	12 585 201
Amortisation of intangible assets	83 163	47 440	-	6 923	-	137 526
Finance costs	8 232 125	3 508 038	-	-	-	11 740 163
Fair value gains on equities	376 493 262	3 145 504	-	13 345 456	-	392 984 222
Fair value gains on investment property	717 041 203	12 026 850	1 627 265 310	29 202 341	(41 124 000)	2 344 411 704
Income tax expense	16 944 238	2 622 973	81 363 266	2 128 749	-	103 059 226
Additions to non-current assets	27 018 906	116 419	-	223 791	-	27 359 116
Reportable segment non-current assets	2 118 110 270	20 182 809	2 047 035 180	57 507 381	-	4 242 835 640
Reportable segment current assets	1 104 729 588	22 041 777	-	14 791 990	-	1 141 563 355
Reportable segment liabilities	4 693 387 933	28 951 629	104 212 739	22 889 698	-	4 849 441 999
Cash flows from operating activities	721 271 547	37 747 170	-	(172 714 968)	-	586 303 749
Cash flows from investing activities	(285 095 071)	(1 052 971)	-	47 208 902	-	(238 939 140)
Cash flows from financing activities	(15 365 828)	(38 932 354)	-	38 003 322	-	(16 294 860)

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NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONT'D) FOR THE
YEAR ENDED 31 DECEMBER 2021

7.2 SEGMENT INFORMATION (Cont'd)

GEOGRAPHICAL INFORMATION

2021

Income			
Net premium earned	452 127 856	617 989 701	1 070 117 557
Investment income and fair value adjustment on investment property	2 365 617 705	205 651 040	2 571 268 745
Interest income recognised under IFRS 9	132 097 082	-	132 097 082
Income recognised under IFRS 15	74 392 769	-	74 392 769
Fee and commission income	108 341 900	7 834 106	116 176 006
Non insurance income	290 754 830	19 123 471	309 878 301
Total income	3 423 332 142	850 598 318	4 273 930 460
Inter-segment revenue	(969 536 541)	-	(969 536 541)
Total income from external customers	2 453 795 601	850 598 318	3 304 393 919
Group's income per statement of profit or loss and other comprehensive income	2 453 795 601	850 598 318	3 304 393 919
Depreciation of property and equipment	19 337 983	7 220 112	26 558 095
Amortisation of intangible assets	2 130 989	41 599	2 172 588
Finance costs	41 670 628	3 463 647	45 134 275
Fair value adjustments on equities	224 283 618	94 254 154	318 537 772
Fair value adjustments on investment property	1 274 400 309	19 893 954	1 294 294 263
Income tax expense	90 337 350	12 419 607	102 756 956
Segment profit before income tax	396 942 423	(19 280 071)	377 662 351
Cash flows from operating activities	(278 183 390)	(155 157 285)	(433 340 676)
Cash flows from investing activities	(99 537 279)	54 578 010	(44 959 269)
Cash flows from financing activities	88 916 198	(14 191 836)	74 724 362
Additions to non-current assets	10 365 067	5 241 389	15 606 456
Reportable segment non current assets	6 628 479 725	1 009 154 098	7 637 633 823
Reportable segment current assets	382 644 661	1 252 942 889	1 635 587 550
Reportable segment liabilities	6 615 124 264	2 065 453 641	8 680 577 905
2020			
Income			
Net premium earned	262 435 289	349 340 622	611 775 911
Investment income and fair value adjustment on investment property	1 001 333 319	117 471 064	1 118 804 383
Interest income recognised under IFRS 9	76 135 305	-	76 135 305
Income recognised under IFRS 15	41 854 713	-	41 854 713
Fee and commission income	67 617 772	2 902 268	70 520 040
Non insurance income	66 252 830	2 801 982	69 054 812
Total income	1 515 629 228	472 515 936	1 988 145 164
Inter-segment income	(252 790 491)	-	(252 790 491)
Total income from external customers	1 262 838 737	472 515 936	1 735 354 673
Group's income per statement of profit or loss and other comprehensive income	1 262 838 737	472 515 936	1 735 354 673
Depreciation of property and equipment	38 556 360	4 692 806	43 249 166
Amortisation of intangible assets	443 471	133 675	577 146
Finance costs	26 740 049	2 638 100	29 378 149
Fair value adjustments on equities	436 604 536	41 954 805	478 559 341
Fair value adjustments on investment property	323 578 814	8 786 469	332 365 283
Income tax expense	25 820 006	11 548 026	37 368 032
Segment profit before income tax	(58 801 748)	30 661 188	(28 140 560)
Cash flows from operating activities	234 105 508	143 780 438	377 885 946
Cash flows from investing activities	80 885 744	(94 944 648)	(14 058 904)
Cash flows from financing activities	(37 726 753)	11 535 591	(26 191 162)
Additions to non-current assets	34 623 075	10 948 957	45 572 032
Reportable segment non current assets	5 890 324 942	1 071 104 178	6 961 429 120
Reportable segment current assets	438 623 112	1 398 064 214	1 836 687 326
Reportable segment liabilities	5 451 785 283	2 180 637 510	7 632 422 793

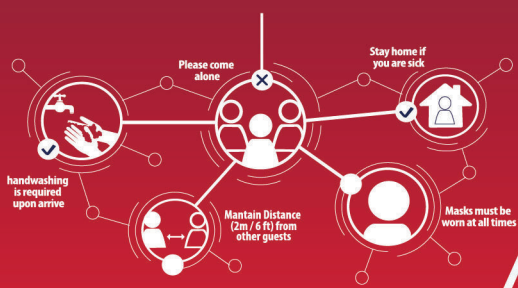
NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONT'D) FOR THE
YEAR ENDED 31 DECEMBER 2021

7.3 SEGMENT INFORMATION (Cont'd)

GEOGRAPHICAL INFORMATION

2021

Income			
Net premium earned	364,104,170	617,989,762	982,093,931
Investment income and fair value adjustment on investment property	5,338,418,527	205,651,148	5,544,069,675
Interest income recognised under IFRS 9	108,016,873	-	108,016,873
Income recognised under IFRS 15	51,599,624	-	51,599,624
Fee and commission income	84,646,558	7,834,106	92,480,664
Non insurance income	152,280,846	19,123,471	171,404,317
Total income	6,099,066,598	850,598,487	6,949,665,085
Inter-segment revenue	(1,970,486,983)	-	(1,970,486,983)
Total income from external customers	4,128,579,615	850,598,487	4,979,178,102
Group's income per statement of profit or loss and other comprehensive income	4,128,579,615	850,598,487	4,979,178,102
Depreciation of property and equipment	6,291,992	7,220,112	13,512,104
Amortisation of intangible assets	47,585	41,599	89,184
Finance costs	34,599,376	3,463,647	38,063,023
Fair value adjustments on equities	374,176,559	94,254,216	468,430,775
Fair value adjustments on investment property	2,985,629,620	19,893,954	3,005,523,574
Income tax expense	153,650,061	12,419,609	166,069,670
Segment profit before tax	680,504,269	(19,279,981)	661,224,288
Cash flows from operating activities	(7,454,441)	(155,157,285)	(162,611,726)
Cash flows from investing activities	(111,321,124)	54,578,008	(56,743,115)
Cash flows from financing activities	47,083,609	(14,191,836)	32,891,773
Additions to non-current assets			
Reportable segment non current assets	3,366,883	10,479,128	13,846,011
Reportable segment current assets	7,112,761,196	1,009,154,405	8,121,915,600
Reportable segment liabilities	379,208,446	1,252,942,962	1,632,151,408
	6,450,586,104	2,065,450,984	8,516,037,089
2020			
Income			
Net premium earned	121,110,922	217,336,533	338,447,455
Investment income and fair value adjustment on investment property	4,202,768,901	31,567,851	4,234,336,752
Interest income recognised under IFRS 9	27,134,972	39,771,656	66,906,629
Income recognised under IFRS 15	13,276,065	-	13,276,065
Fee and commission income	26,766,021	1,805,598	28,571,619
Non insurance income	20,538,806	1,743,207	22,282,013
Total income	4,411,595,687	292,224,845	4,703,820,532
Inter-segment income	(1,499,344,811)	-	(1,499,344,811)
Total income from external customers	2,912,250,876	292,224,845	3,204,475,721
Group's income per statement of profit or loss and other Comprehensive income	2,912,250,876	292,224,845	3,204,475,721
Depreciation of property and equipment	9,665,926	2,919,275	12,585,201
Amortisation of intangible assets	54,363	83,163	137,526
Finance costs	10,098,914	1,641,249	11,740,163
Fair value adjustments on equities	366,882,729	26,101,493	392,984,222
Fair value adjustments on investment property	2,338,945,347	5,466,357	2,344,411,704
Tax expense	95,874,811	7,184,415	103,059,226
Segment profit before tax	320,602,382	19,075,374	339,677,756
Cash flows from operating activities	273,209,497	89,450,640	362,660,137
Cash flows from investing activities	43,772,725	(59,068,255)	(15,295,530)
Cash flows from financing activities	(23,471,539)	7,176,679	(16,294,860)
Additions to non-current assets	2,502,171	24,856,945	27,359,116
Reportable segment non current assets	3,576,465,753	666,369,887	4,242,835,640
Reportable segment current assets	271,780,647	869,782,708	1,141,563,355
Reportable segment liabilities	3,388,581,419	1,356,647,841	4,745,229,260



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For The Year Ended 31 December 2021



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NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

8 TRADE AND OTHER RECEIVABLES

Residential stand sales debtors
Micro-finance loans receivable
Insurance debtors
Other trade debtors

Trade receivables - gross

Allowance for impairment- insurance debtors
Expected credit loss on trade receivables- other debtors

Trade receivables - net
Receivables from related parties, net of allowance for expected credit loss (ECL)

Loans to employees, net of ECL

Total receivables classified as financial assets at
amortised cost

Prepayments
Other receivables, net of ECL

Total trade and other receivables

Non-current portion
Current portion
Total trade and other receivables

The carrying value of trade and other receivables classified as financial assets at amortised cost approximates their fair value. There was a significant decline in residential stand sales debtors in the current period as most of the debtors settled their accounts and no new debtors were recognised as the Southview development project has reached its tail end. Included in other receivables balance are debtors arising from non core business activities such as rental debtors and debtors arising from disposal of non core assets from the Southview development project. Receivables from related parties, loans to employees and other receivables are shown net of expected credit losses. The amount of expected credit losses for these receivables are as shown in the table below.

The total impairment allowance is made up of the
following:

Allowance for expected credit loss on trade receivables
Allowance for expected credit loss on loans to employees
Allowance for expected credit loss on other receivables
Allowance for expected credit loss on related party receivables

Movements in expected credit loss are as follows:

Allowance for expected losses
Balance at 1 January 2021
Receivables written off during the period as uncollectable
Net decrease/(increase) during the period through profit or loss
Impact on period end ECL exposures transferred between stages during the period
Balance at 31 December 2021

9. RESTATEMENTS

9(a) Prior period error equities

The Company restated financial assets at fair value through profit or loss after an error was discovered on the equities balances disclosed in 2020. The error emanated from duplications of equities that were maintained in the general fund. The prior period error has been accounted for retrospectively, and comparative information for 2020 has been restated. The effect of the change is a decrease of ZWL134,630,005 in equities, changes in actuarial liabilities and the insurance contract liabilities and investment contract liabilities with discretionary participation features. The restatement is shown in the note below

(b) Prior period change in presentation of Investment contract liabilities

The Company restated investment property and equities fair value gains, investment income, operating and administration expenses as a result of a change in presentation of the investment contract liabilities income statement items to being presented on the face of the statement of profit or loss and other comprehensive income. In prior year the investment contracts were determined by applying deposit accounting where the investment property and equities fair value gains, investment income and related expenses were not accounted through profit or loss but accounted as direct increases or decreases to the investment contract liability and the corresponding assets.

This resulted in no movement linked to the investment contract liabilities in the statement statement of profit or loss and other comprehensive income. The investment contract liabilities are accounted applying IFRS 9 and for the Company to be in compliance with IAS 1 presentation of financial statements, the movement on these investment contracts should be disclosed separately on the face of the statement of profit or loss and other comprehensive income. The change in the presentation of the amounts will result in a decrease of fair value gains equities by ZWL31,150,766, increase in fair value gains on properties by ZWL35,555,475 and increase in operating and administration expenses ZWL10,163,377.

The restatement is shown in the note below

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Residential stand sales debtors	2 431 331	4 050 202	2 431 331	2 519 767
Micro-finance loans receivable	111 648 680	38 801 253	111 648 680	24 139 563
Insurance debtors	250 770 744	287 393 004	250 770 764	178 796 841
Other trade debtors	57 936 790	5 954 868	57 936 790	3 704 723
Trade receivables - gross	422 787 545	336 199 327	422 787 565	209 160 894
	(42 181 135)	(21 179 632)	(42 181 136)	(13 176 561)
Allowance for impairment- insurance debtors	(35 207 737)	(13 178 171)	(35 207 738)	(1 449 422)
Expected credit loss on trade receivables- other debtors	(6 973 398)	(8 001 461)	(6 973 398)	(11 727 139)
Trade receivables - net	380 606 410	315 019 695	380 606 429	195 984 333
Receivables from related parties, net of allowance for expected credit loss (ECL)	19 454	6 394 223	19 454	3 978 061
Loans to employees, net of ECL	23 424	37 695	23 424	23 451
Total receivables classified as financial assets at amortised cost	380 649 288	321 451 613	380 649 307	199 985 845
Prepayments	138 167 861	125 396 028	137 511 285	76 911 559
Other receivables, net of ECL	42 461 414	25 911 382	39 681 830	16 120 341
Total trade and other receivables	561 278 563	472 759 023	557 842 422	293 017 745
Non-current portion	-	29 764 720	-	18 517 632
Current portion	561 278 563	442 994 303	557 842 422	274 500 113
Total trade and other receivables	561 278 563	472 759 023	557 842 422	293 017 745

(c) Prior period error deferred revenue

The Company restated deferred revenue and monetary gain or loss as a result of an error on the IAS 29 restatement of deferred revenue. In prior year deferred revenue was treated as a monetary item for inflation adjustment restatements. The error has been accounted for retrospectively and comparative information for 2020 restated. The effect is an increase in trade and other payables by ZWL160,790,007 and the net monetary gain reduced by ZWL128,039,609.

Furthermore , opening retained earnings for 2020 have been reduced by ZWL32,750,396. The restatement is shown in the note below

(d) Investments in financial assets at fair value through profit or loss

Investments in financial assets at fair value through profit or loss and disinvestments in financial assets at fair value through profit or loss for the Group and Company were in prior years, presented in the statement of cash flows under investing activities. In the current period it was identified that these financial assets are invested for the purpose of preserving funds to pay future claims from the insurance business written. These investments are therefore managed as part of the operations of the Group and Company's insurance business, as claims settlement is an ordinary operating activity of the Group and Company. Thus the investments and disinvestments in financial assets at fair value through profit or loss for the current, and prior period were reclassified and presented as operating activities instead of investing activities on the statement of cash flows.

(e) Presentation of investment contract liabilities with discretionary participation features.

The Croup and Company presented insurance contract liabilities with discretionary participation features (measured under IFRS 4) and investment contract liabilities with discretionary participation features (measured under IFRS 9) in one financial statement line item instead of being presented as two distinct financial statements line items on the statement of financial position. IAS 1 stipulates that items measured applying different accounting standards should not be aggregated. The balances were separately disclosed on the statement of financial position in the current and prior year financial statements.

(f) Segmental reporting

In prior years, the Group disclosed the segmental reporting at a lesser disaggregated level than is required as they did not meet the quantitative requirements in IFRS 8 par 13 and only disclosed insurance, microlending and other operating segments. The "Property investment" segment was required to have separate segment disclosureper IFRS 8 par 13 to be compliant. This has been restated in the current period.

(g) Cash and cash equivalents

The Group presented bank overdraft in prior year under financing activities instead of being included as part of the cash and cash equivalents on the statement of cash flow. These overdrafts are used for the management of cash. In terms of IAS 7 these are supposed to be presented as part of the cash and cash equivalents on the statement of cash flows. The cash flow statement has been restated to correct this error.

(h) Deferred tax

In prior years Langford Estates 1962 (Private) Limited was not accounting for deferred tax on investment property as required by IAS 12. The error has been accounted for retrospectively and comparative information for 2020 has been restated. The effect is an increase in deferred tax liability , income tax expense, and retained earnings, in addition a reduction in investment in subsidiary, non controlling interests and insurance contract liabilities.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

9.1 IMPACT ON STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2020

Gross change in insurance contract liabilities
Fair value gains from equities
Fair value gains from properties
Operating and administration expenses
Gross change in investment contract liabilities
(Loss)/gain on net monetary position
Income tax expense

December 2020 IMPACT ON EARNINGS PER SHARE

Basic/diluted earnings per share (cents)
Headline earnings per share (cents)

December 2020 IMPACT ON STATEMENT OF CASH FLOW

Gross change in insurance contract liabilities with DPF
Fair value gains from equities
Fair value gains from properties
Trade and other payables

IMPACT ON STATEMENT OF FINANCIAL POSITION

1 January 2020
Retained earnings
Revaluation reserve
Trade and other payables
Deferred tax liabilities
Insurance contract liabilities with discretionary participation features
Non controlling interests

December 2020
Insurance contract liabilities with discretionary participation features
Equities at fair value through profit or loss
Trade and other payables
Deferred tax liabilities
Non controlling interests

10. EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Balance at the beginning of the year
Additions
Fair value adjustments - through profit or loss
Exchange gains/ loss
Disposals

Balance at the end of the year

11 CASH AND DEPOSITS WITH BANKS

Money market investments
Bank and cash
Restricted cash
Cash and deposits with banks
Bank overdraft
Cash and cash equivalents

Restricted cash refers to a fixed deposit that was kept by First Capital Bank Zimbabwe as security for a loan received from First Capital Bank Malawi. The loan was paid off during the year, as disclosed in Note 13.

INFLATION ADJUSTED			HISTORICAL COST		
As previously stated 2020 ZWL	Effect of restatement 2020 ZWL	Restated 2020 ZWL	As previously stated 2020 ZWL	Effect of restatement 2020 ZWL	Restated 2020 ZWL
(1 156 682 494)	123 247 996	(1 033 434 498)	(1 632 108 562)	153 458 223	(1 478 650 339)
644 340 112	(165 780 771)	478 559 341	301 822 042	91 162 180	392 984 222
296 809 808	35 555 475	332 365 283	2 205 306 955	139 104 749	2 344 411 704
(404 652 265)	(10 163 377)	(414 815 642)	(219 571 764)	(6 322 978)	(225 894 742)
-	5 758 667	5 758 667	-	307 701 800	307 701 800
(55 067 315)	(128 039 609)	(183 106 924)	-	-	-
(24 185 572)	(13 182 444)	(37 368 017)	(21 695 960)	(81 363 266)	(103 059 226)
27.17	(139.06)	(111.89)	30.84	-	30.84
13.17	(139.06)	(125.89)	29.48	-	29.48
942 976 257	(123 247 996)	819 728 261	1 957 504 664	(153 458 223)	1 804 046 441
(644 340 112)	165 780 771	(478 559 341)	(301 822 042)	(91 162 180)	(392 984 222)
(296 809 808)	(35 555 475)	(332 365 283)	(2 205 306 955)	(139 104 749)	(2 344 411 704)
16 417 642	160 790 007	177 207 649	-	-	-
As previously stated 2019 ZWL	Effect of restatement 2019 ZWL	Restated 2019 ZWL	As previously stated 2019 ZWL	Effect of restatement 2019 ZWL	Restated 2019 ZWL
245 965 624	(38 343 377)	207 622 247	14 187 162	(2 991 790)	11 195 372
282 320	13 122 759	13 405 079	-	-	-
757 007 284	32 750 396	789 757 680	-	-	-
65 658 481	151 334 889	216 993 370	8 609 388	20 988 493	29 597 881
4 095 718 046	(129 762 968)	3 965 955 078	568 031 286	(17 996 704)	550 034 582
682 397 963	(29 101 699)	653 296 264	93 620 546	(4 036 087)	89 584 459
5 248 685 996	(253 010 964)	4 995 675 032	3 265 383 852	(171 454 927)	3 093 928 925
1 065 279 082	(134 630 005)	930 649 077	662 745 899	(153 458 223)	509 287 676
825 276 501	160 790 007	986 066 508	-	-	-
74 584 871	164 517 333	239 102 204	45 105 405	102 351 760	147 457 165
754 358 698	(31 636 683)	722 722 015	464 941 464	(19 682 242)	445 259 222

INFLATION ADJUSTED	HISTORICAL COST		
31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
930 649 077	503 880 940	578 988 050	69 882 774
103 838 332	80 887 515	87 467 628	46 169 093
318 537 772	478 559 341	468 430 713	392 984 222
(97 545 760)	153 616 959	115 367 855	239 991 375
(75 341 755)	(286 295 678)	(70 116 580)	(170 039 414)
1 180 137 666	930 649 077	1 180 137 666	578 988 050

INFLATION ADJUSTED	HISTORICAL COST		
31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
282 811 181	726 199 464	282 811 181	451 793 278
167 113 715	158 143 545	167 113 715	98 386 212
-	607 185	-	377 750
449 924 896	884 950 194	449 924 896	550 557 240
(51 160 275)	(12 810 118)	(51 160 275)	(7 635 118)
398 764 621	872 140 076	398 764 621	542 922 122

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Preliminary report
Unaudited Financial Results
For The Year Ended 31 December 2021



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

www.fidelitylife.co.zw



Harare Office | Fidelity House | 66 Julius Nyerere Way | 024 2 750 927 - 37

www.fidelitylife.co.zw

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

12.1 Insurance contract liabilities with discretionary participation features

	INFLATION ADJUSTED		HISTORICAL COST	
	2021	2020	2021	2020
	ZWL	Restated ZWL	ZWL	Restated ZWL
Balance at the beginning of the year	4 995 675 021	3 965 955 077	3 093 928 925	550 034 582
Reclassification to investment contract liabilities	-	(359 449 950)	-	(49 851 776)
Change in life assurance policyholder liabilities for the year	998 009 024	1 389 169 894	2 899 755 121	2 593 746 119
Movement through profit or loss	1 160 166 693	1 033 434 498	2 180 269 105	1 478 650 339
Movement through other comprehensive income	173 050 519	64 408 628	339 097 687	249 424 335
Exchange rate movement on foreign operations	(335 208 188)	291 326 768	380 388 329	865 671 445
Balance at the end of the year	5 993 684 045	4 995 675 021	5 993 684 045	3 093 928 925

12.2 Investment contract liabilities with discretionary participation features

Balance at the beginning of the year	734,385,836	948,092,083	456,886,102	131,490,000
Movement through profit or loss	131,817,830	(213,706,247)	409,317,564	325,396,102
Balance at the end of the year	866,203,666	734,385,836	866,203,666	456,886,102

12.3 Investment contracts without discretionary participation features

Balance at the beginning of the year	638 880 441	284 173 149	397 468 983	39 411 707
Reclassification from insurance contract liabilities	-	359 449 950	-	49 851 776
Other investment income	-	59 693	29 348	40 914
Gross premium income	4 374 560	2 432 782	3 391 219	1 115 601
Gross benefits and claims paid	(4 250 977)	(1 476 465)	(3 247 465)	(652 815)
Movement through profit or loss	312 145 809	(5 758 668)	553 507 748	307 701 800
Fair value gains from equities	73 446 954	(31 150 766)	118 305 592	174 920 029
Fair value gains from investment properties	248 971 461	35 555 475	445 474 762	139 104 749
Investment expenses	(10 272 606)	(10 163 377)	(10 272 606)	(6 322 978)
Balance at the end of the year	951 149 833	638 880 441	951 149 833	397 468 983

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

13 BORROWINGS

13.1 LONG-TERM BORROWINGS

NMB Bank Limited	-	10 783 148	-	6 708 558
First Capital Bank Malawi	-	16 316 448	-	10 151 010
Current portion of long-term borrowings	-	27 099 596	-	16 859 568
Non-current portion of long term borrowings	-	(19 773 518)	-	12 301 770)
	-	7 326 078	-	4 557 798

NMB BANK LIMITED

The loan with NMB Bank Limited was obtained by Fidelity Life Assurance of Zimbabwe Limited to enable settlement of Redeemable Bonds that were acquired in 2018. The loan accrued interest at 10% per annum and had fixed monthly repayments to 31 January 2023. The facility was secured through a first mortgage bond over property valued at ZWL290.4 million and cession of residential stand sales receivables worth ZWL12 million. The loan was fully paid during the year.

First Capital Bank Malawi

The loan with First Capital Bank Malawi Limited was obtained by Fidelity Life Assurance of Zimbabwe Limited to refinance Vanguard Life Assurance Limited a subsidiary of Fidelity Life through a rights issue. The loan was denominated in Malawi Kwacha and accrued interest at 23% per annum. The terms of the loan required security of 110% of the facility amount to be kept in deposit with First Capital Bank of Zimbabwe for the duration of the facility. The facility was fully settled during the year.

For the long-term borrowings, their fair values are not materially different to carrying amounts as the interest rates on these borrowings approximate market rates.

ZB bank Limited

The overdraft facility with ZB was acquired as a line-of-credit for the micro-finance business to increase the unit's lending capacity. The loan accrues interest at 49% per annum on a one year tenure. The loan is available for one year, expiring on 28 February 2022.

13.2 SHORT-TERM BORROWINGS

	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
ZB Bank Limited	51 160 275	12 272 473	51 160 275	7 635 118
Ecobank Zimbabwe Limited	15 374 577	12 810 118	15 374 577	7 969 604
Current portion of non-current borrowings	-	19 773 519	-	12 301 770
	66 534 852	44 856 110	66 534 852	27 906 492

Ecobank Zimbabwe Limited

The micro-finance business acquired a loan facility with Ecobank Zimbabwe Limited to increase its lending capacity. The facility amount is drawn down in tranches in line with the business' needs. Drawdowns on the facility accrue interest at varying interest rates depending on the prevailing interest rate on each drawdown date. Currently the outstanding amount accrues interest at 45% per annum. The facility is available for one year, expiring on 31 July 2022.

13.3 MOVEMENT IN BORROWINGS

Movements in borrowings during the period were as follows:

Balance at the beginning of the year

	52 182 188	170 779 541	32 464 290	23 685 254
Net cash out flow on borrowings	82 891 927	(7 867 436)	33 988 085	(3 796 908)
Proceeds from borrowings	154 770 428	45 063 626	88 857 012	17 731 265
Repayment of borrowings	(71 878 501)	(52 931 062)	(54 868 927)	(21 528 173)
Finance costs capitalised	45 134 275	29 378 149	32 925 645	11 740 163
Finance costs paid	(45 134 275)	(29 378 149)	(32 925 645)	(11 740 163)
Exchange differences on foreign currency denominated loans	(2 715 156)	5 490 070	82 477	12 575 944
Reduction of borrowings due to inflation	(65 824 107)	(116 219 987)	-	-
Balance at the end of the year	66 534 852	52 182 188	66 534 852	32 464 290

Balance at the end of the year

Current borrowings	66 534 852	44 856 110	66 534 852	27 906 492
Non-current borrowings	-	7 326 078	-	4 557 798

Borrowings as at 31 December

	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Trade payables	121 525 222	155 541 956	121 525 222	96 767 875
South View offsite works liability	52 273 724	496 584 228	52 273 724	308 941 729
Related party payables	8 545 028	1 912 136	8 545 028	1 189 604
Deferred income from sale of residential stands	168 077 614	168 077 614	4 533 864	4 533 864
Statutory liabilities	17 998 305	4 146 427	17 998 305	2 579 631
Accrued expenses	51 379 213	71 911 867	51 379 213	44 738 788
Other payables	58 952 562	87 892 282	58 952 562	54 680 740
	478 751 668	986 066 510	315 207 918	513 432 231

The guarantee covers part of the overdraft with the amount borrowed plus interest and any other charges and shall remain in place until the overdraft is fully paid. Fidelity Life Assurance of Zimbabwe as the Guarantor will duly pay to the Lender ZB Bank Limited the debt and liabilities in terms of the ZB Bank Limited overdraft facility agreement in the event of default by Fidelity Life Financial Services (Private) Limited up to the guaranteed amount.

15 CONTINGENCIES

Contingent liability

Fidelity Life Assurance of Zimbabwe Limited agreed to unconditionally guarantee ZWL37.5 million of the full debt owing to ZB Bank Limited on behalf of Fidelity Life Financial Services (Private) Limited in terms of the overdraft facility that was signed between Fidelity Life Financial Services (Private) Limited and ZB Bank Limited. The guarantee covers part of the overdraft with the amount borrowed plus interest and any other charges and shall remain in place until the overdraft is fully paid. Fidelity Life Assurance of Zimbabwe as the Guarantor will duly pay to the Lender ZB Bank Limited the debt and liabilities in terms of the ZB Bank Limited overdraft facility agreement in the event of default by Fidelity Life Financial Services (Private) Limited up to the guaranteed amount.

16 Litigations against the Company

In 2015, Fidelity Life Assurance of Zimbabwe Limited, ("FLA") entered into a sale of shares agreement with CFI Holdings Limited ("CFI") acquiring 80.77% shares in Langford Estates 1962 (Private) Limited, a company whose sole asset is land measuring 834 hectares. The purchase entailed the assumption of CFI Holdings' Limited USD16million debt owed to a consortium of banks by the Company. Subsequently a Debt Assumption and Compromise Agreement was signed between the Company, Langford Estates (1962) (Private) Limited, CFI Holdings, Crest Poultry (Private) Limited t/a Agrifoods, and FBC Bank Limited, Agricultural Bank of Zimbabwe Limited, Infrastructure Development Bank of Zimbabwe Limited, Standard Chartered Bank Zimbabwe Limited and CBZ Bank Limited. The Company assumed the CFI debt and ownership of 80.77% of Langford Estates and duly paid off the debt.

In March 2018, the Company received a letter from CFI contesting the Sale of Shares Agreement and Debt Assumption and Compromise Agreement. The parties failed to reach an amicable resolution and CFI instituted legal proceedings against the Company in the High Court and Arbitration for cancellation of the debt assumption agreement and setting aside of the agreement of sale of shares respectively. Both matters are pending resolution before the two forums. The directors have engaged external legal counsel to defend the interests of Fidelity Life.

17 Events after the reporting date

On 7 May 2022, the Government announced measures to restore confidence, preserve value and restore macro-economic stability. These measures seek to stabilize the foreign exchange rate, inflation and macro-economic stability through confidence building, clearance of foreign auction backlogs, continuation of partial dollarisation, exchange rate management and strengthening demand for local currency. The Group will monitor the developments from the announcement and take appropriate action to mitigate any emerging risks.