FIRST MUTUAL
HOLDINGS LIMITED
Go Beyond
LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

Trading Update Q3 2022
for the period ended 30 September 2022

With you, for you

The perfect pair

From Botswana to Malawi, Mozambique to Zimbabwe, no matter the challenge, the right partnerships never wear out.

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FINANCIAL COMMENTARY

Inflation adjusted performance analysis

Net premium earned
The net premium earned ("NPE") for the period grew by 58% compared to prior year to a total of ZWL 39.3 billion. The growth relative to prior year was driven by acquisition of new business and an increased revenue contribution in USD, including good performance by foreign subsidiaries. Foreign currency premiums were translated to ZWL at the official exchange rate which depreciated faster than inflation. Another factor was the revision of ZWL insurance covers in an effort to ensure adequate protection for our clients across the product portfolio.

Total income
Total income for the period ending 30 September 2022 amounted to ZWL 58.2 billion, 39% higher than the prior year figure of ZWL 42 billion. Major contributing factors to this growth were higher net premium earned, fair value gains on investment property and foreign currency exchange gains.

Profit after tax
The profit for the period grew by 236% to ZWL10.8 billion owing to increased revenue and net fair value gains on the investment portfolio.

Total assets
The total assets for the period grew by 20% from ZWL 115 billion at 31 December 2021 to ZWL 137.8 billion by 30 September 2022. This increase in assets was attributable to the increases in the fair values of investment properties and the revaluation of foreign currency denominated assets, predominantly cash and cash equivalents and premium receivables.

Liabilities
Included in total liabilities are life insurance and investment contract liabilities that grew by 3% to ZWL 41.8 billion. The increase in this liability was constrained by the negative outturn on the listed equity portfolio during the period in line with ZSE trends.

Historical financial performance analysis

Net premium earned
For the period ending 30 September 2022, the Group's NPE was ZWL 22.6 billion, 296% higher than prior year. The real growth is mainly due to higher USD business levels as well as an upward review of ZWL sums insured in order to maintain product relevance.

Total Income
The total income for the period amounted to ZWL 104.3 billion, 621% higher than the prior year of ZWL 14.5 billion. The overall growth demonstrates the increase in premium income and investment income across all segments of the investment portfolio.

Profit after tax
The profit for the period grew by 1157% to ZWL 39.5 billion. The increase was driven by the growth in the insurance and rental income as well as the growth in investment income.

Total assets
The total assets for the period grew by 284% from ZWL 35.2 billion at 31 December 2021 to ZWL 135.2 billion by the end of the review period. This was mainly attributable to the increases in the fair values of investment properties held by the property company, the cumulative gains arising from the ZSE listed entities as well as a revaluation of foreign currency denominated assets.

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S F LORIMER
GROUP COMPANY SECRETARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30-Sep-22 ZWL000	30-Sep-21 ZWL000	30-Sep-22 ZWL000	30-Sep-21 ZWL000
Net premium earned	**39 289 478**	**24 863 130**	**22 641 606**	**5 711 345**
Rental income	1 726 116	1 387 612	1 213 396	314 361
Fair value adjustments - investment property	21 809 829	6 832 563	71 319 249	5 142 576
Net investment income	(11 458 666)	7 918 280	4 849 454	2 875 649
Interest income from investments	542 876	157 594	354 533	39 566
Interest income- Microfinance	426 570	229 281	242 959	54 489
Fee and other income	1 406 509	1 56 ,545	859 288	291 539
Foreign currency exchange gain/(loss)	3 585 312	116 177	2 841 308	44 606
Monetary gain- IAS29	931 523	(1 070 794)	-	-
Total income	**58 259 547**	**41 994 388**	**104 321 793**	**14 474 131**
EXPENDITURE				
Pension benefits	(856 914)	(763 561)	**(663 830)**	**(177 141)**
Insurance claims and loss adjustment expenses	(22 903 851)	(15 585 909)	**(14 301 279)**	**(3 708 175)**
Insurance claims and loss adjustment expenses recovered from reinsurers	1 975 766	1 704 509	**1 038 030**	**395 495**
Net insurance benefits and claims	**(21 784 999)**	**(14 644 961)**	**(13 927 079)**	**(3 489 821)**
Movement in insurance contract liabilities	(5 219 741)	(5 294 251)	(29 014 193)	(2 966 030)
Movement in shareholder risk reserve	478 868	-	23 144	-
Investment loss on investment contract liabilities	247 800	(4 294 632)	(384 336)	(1 290 998)
Acquisition of insurance and investment contracts expenses	(2 873 674)	(2 184 552)	(1 814 219)	(509 569)
Administration expenses	(13 061 760)	(9 020 265)	(7 661 715)	(2 047 085)
Allowance for expected credit losses	(339 679)	(315 738)	(323 784)	(81 602)
Interest expenses	(174 024)	(352 712)	(102 075)	(22 025)
Finance cost	(10 386)	(5 567)	(4 867)	(1 280)
Total expenditure	**(42 737 595)**	**(36 112 678)**	**(53 209 124)**	**(10 408 410)**
Profit before share of (loss)/profit of associate	**15 521 952**	**5 881 710**	**51 112 669**	**4 065 721**
Share of loss/profit of associate	(10 792)	56 977	(1 649)	14 466
Profit before income tax	**15 511 160**	**5 938 687**	**51 111 020**	**4 080187**
Income tax expense	(4 674 305)	(2 709 134)	(11 550 835)	(933 010)
Profit for the period	**10 836 855**	**3 229 553**	**39 560 185**	**3 147 177**
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent period				
Exchange loss on translating foreign operations	(621 956)	(488 528)	(313 299)	83 689
Share of other comprehensive income from Associates	269 802	1 608	269 802	921
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods	**(352 154)**	**(486 920)**	**(43 497)**	**84 610**
Total comprehensive profit for the period	**10 484 701**	**2 742 633**	**39 516 688**	**3 231 787**
Profit attributable to:				
Non-controlling interest	5 257 657	3 057 203	18 826 247	1,467,747
Equity holders of the parent	5 579 198	172 350	20 733 938	1,679,430
Profit for the period	**10 836 855**	**3 229 553**	**39 560 185**	**3,147,177**
Comprehensive income attributable to:				
Non-controlling interest	5 923 532	3 154 167	18 855 432	1,505,429
Equity holders of the parent	4 561 169	(411 534)	20 661 256	1,726,358
Total comprehensive income for the period	**10 484 701**	**2 742 633**	**39 516 688**	**3,231,787**
Basic earnings per share (cents)	768.15	23.81	2 854.69	232.04
Diluted earnings per share (cents)	767.11	23.80	2 850.81	231.92
Headline earnings per share (cents)	721.61	5.04	2 824.90	230.19
Diluted headline earnings per share (cents)	720.63	5.03	2 821.06	229.96

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	GROUP 30-Sep-22 ZWL000	GROUP 31-Dec-21 ZWL000	GROUP 30-Sep-22 ZWL000	GROUP 31-Dec-21 ZWL000
ASSETS				
Property, plant and equipment	1 694 609	1 534 349	332 339	140 853
Investment property	93 726 991	72 022 240	93 726 991	22 506 950
Right of use of assets - IFRS 16	22 433	44 693	22 433	13 967
Goodwill	137 108	77 771	137 108	24 304
Other intangible assets	70 557	53 392	12 573	3 668
Investment in subsidiaries	-	-	-	-
Investment in associates	1 239 116	1 129 852	667 055	213 844
Financial assets:	-	-	-	-
- Equity securities at fair value through profit or loss	13 037 213	19 627 529	13 037 213	6 133 603
- Debt securities at amortised cost	643 241	597 298	643 241	186 656
Deferred acquisition costs	1 796 151	778 652	1 361 385	162 030
Deferred tax asset	516 409	344 192	446 289	103 318
Non current assets held for sale	37 600	-	37 600	-
Income tax asset	74 201	-	74 201	-
Inventory	230 563	140 116	119 802	30 364
Insurance, tenant and other receivables	11 103 700	8 849 445	11 050 391	2 637 947
Cash and balances with banks	13 480 294	9 772 283	13 480 294	3 053 838
TOTAL ASSETS	**137 810 186**	**114 971 812**	**135 148 915**	**35 211 342**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	385 440	385 440	54 878	54 878
Share premium	7 729 798	7 729 798	39 417	39 417
Non-distributable reserves	1 375 780	2 392 995	416 330	489 882
Retained profits	20 086 649	13 861 178	28 622 617	7 408 908
Total equity attributable to equity holders of the parent	**29 577 667**	**24 369 411**	**29 133 242**	**7 993 085**
Non-controlling interests	24 187 067	19 167 898	24 227 330	5 983 668
Total equity	**53 764 734**	**43 537 309**	**53 360 572**	**13 976 753**
Liabilities				
Life insurance contracts with and without DPF and investment contracts with DPF liabilities	39 745 706	35 004 833	39 745 706	10 939 010
Investment contract liabilities without DPF	2 010 637	5 374 043	2 010 637	1 679 388
Shareholder risk reserves	184 353	-	184 353	-
Member assistance fund	9 041	28 931	9 041	9 041
Borrowings	625 077	533 508	625 077	166 721
Financial Liability	2 844 659	1 817 917	2 844 659	568 099
Lease liability - IFRS 16	174 630	48 114	174 630	15 036
Insurance contract liabilities - short term	18 803 673	14 166 491	16 743 116	3 357 032
Insurance liabilities - life assurance	381 461	347 998	381 461	108 749
Share based payment liabilities	168 430	853 503	168 430	266 720
Other payables	3 558 087	2 468 741	3 538 350	770 251
Deferred tax	15 131 783	10 482 378	14 954 968	3 258 278
Current income tax liabilities	407 915	308 046	407 915	96 264
Total liabilities	**84 045 452**	**71 434 503**	**81 788 343**	**21 234 589**
TOTAL EQUITY AND LIABILITIES	**137 810 186**	**114 971 812**	**135 148 915**	**35 211 342**

NOTES TO THE TRADING UPDATE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

1. Corporate information
First Mutual Holdings Limited ("the Company") is a public company, incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The main business of the Company and its subsidiaries (together the "Group") is the provision of life and funeral assurance, health insurance and services, short-term insurance, reinsurance, property management and development, wealth management and micro-lending.

The ultimate parent of the Company is National Social Security Authority ("NSSA") which directly owns 65.52% (2021: 65.88%) and an additional 7.02% (2020: 7.10%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 87% (2021: 87%) of Capital Bank Limited.

The registered office is located at Second Floor, First Mutual Park, 100 Liberation Legacy Way, Borrowdale, Harare, Zimbabwe. The consolidated historical and inflation adjusted financial statements of the Company and the Group for the period ended 30 September 2022 were authorised for issue in accordance by a resolution of the Directors at a meeting held on 11 November 2022.

2. Inflation adjustment
IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the month-on-month consumer price index ("CPI") prepared by the Zimbabwe Statistical Agency. The conversion factors used to restate the financial statements on the trading update for the third quarter ended at 30 September 2022 are as follows:

Date	Consumer Price Index	Conversion factor
30 September 2021	3,342	3.80
31 December 2021	3,978	3.20
30 September 2022	12,713	1.00
All items in the income statements are restated by applying the relevant monthly conversion factors.		

SEGMENTAL RESULTS AND ANALYSIS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

INFLATION ADJUSTED		Reinsurance							
As at 30 September 2022	**Life ZWL000**	**Zimbabwe ZWL000**	**Botswana ZWL000**	**General insurance ZWL000**	**Health ZWL000**	**Property ZWL000**	**Other ZWL000**	**Gross Figures ZWL000**	**Consolidation Entries ZWL000**	**Total Consolidated ZWL000**
Net Premium Earned	4 624 005	1 957 132	4 276 613	9 758 724	18 681 305	-	-	39 297 779	(8 301)	39 289 478
Rental income	-	-	-	329 252	-	1 580 147	-	1 909 398	(183 282)	1 726 116
Fair value adjustments on investment property	-	-	-	826 112	-	21 896 474	-	22 722 586	(912 757)	21 809 829
Investment income	3 853 929	(894 033)	112 815	228 626	(2 341 636)	157 685	6 574 525	7 691 911	(18 607 701)	(10 915 790)
Other income and fee income	2 868 683	635 208	98 302	613 103	1 006 098	736 012	1 996 653	7 954 059	(1 604 145)	6 349 914
Total income	**11 346 617**	**1 698 307**	**4 487 730**	**11 755 817**	**17 345 767**	**24 370 317**	**8 571 178**	**79 575 733**	**(21 316 185)**	**58 259 547**
As at 30 September 2021										
Net premium earned	3 917 528	931 801	3 113 256	4 711 496	12 268 198	-	-	24 942 279	(79 149)	24 863 130
Rental income	-	-	-	128 284	-	1 391 819	-	1 520 103	(132 491)	1 387 612
Fair value adjustments on investment property	-	-	-	(885 049)	-	8 514 189	-	7 629 140	796 577	6 832 563
Investment income	13 844 901	3 001 641	66 946	264 062	3 612 318	56 249	7 875 949	28 722 066	(20 646 192)	8 075 874
Other income and fee income	1 003 638	3 650	(135 168)	(86 718)	(97 893)	77 124	792 899	1 557 532	(722 323)	835 209
Total income	**18 766 067**	**3 937 092**	**3 045 034**	**4 132 075**	**15 782 623**	**10 039 381**	**8 668 848**	**64 371 120**	**(20 783 578)**	**41 994 388**

HISTORICAL COST		Reinsurance							
As at 30 September 2022	**Life ZWL000**	**Zimbabwe ZWL000**	**Botswana ZWL000**	**General insurance ZWL000**	**Health ZWL000**	**Property ZWL000**	**Other ZWL000**	**Gross Figures ZWL000**	**Consolidation Entries ZWL000**	**Total Consolidated ZWL000**
Net Premium Earned	3 465 453	1 185 856	2 892 641	3 121 210	12 018 250	-	-	22 683 410	(41 804)	22 641 606
Rental income	-	-	-	187 263	-	1 138 801	2 597	1 328 661	(115 265)	1 213 396
Fair value adjustments on investment property	-	-	-	4 795 505	-	70 694 749	-	75 490 255	(4 171 006)	71 319 249
Investment income	40 076 426	704 125	82 323	310 295	479 272	34 938	17 867 524	59 554 904	(54 350 917)	5 203 987
Other income and fee income	603 960	283 621	421 415	653 702	773 720	1 236 233	1 699 369	5 672 020	(1 728 465)	3 943 555
Total income	**44 145 839**	**2 173 602**	**3 396 380**	**9 067 975**	**13 271 241**	**73 104 721**	**19 569 490**	**164 729 250**	**(60 407 457)**	**104 321 793**
Combined ratio	108%	113%	89%	99%	95%	69%				
Operating profit margin	-8%	-13%	11%	1%	5%	31%				
As at 30 September 2021										
Net premium earned	911 879	217 413	673 127	1 087 300	2 838 365	-	-	5 728 084	(16 739)	5 711 345
Rental income	-	-	-	29 921	-	314 980	-	344 901	(30 540)	314 361
Fair value adjustments on investment property	-	-	-	49 157	-	5 621 019	-	5 670 176	(527 600)	5 142 576
Investment income	5 158 213	660 967	15 500	111 431	1 023 616	7 334	2 499 354	9 476 415	(6 561 200)	2 915 215
Other income and fee income	269 408	13 218	23 300	65 004	45 507	34 301	217 665	668 403	(277 769)	390 634
Total income	**6 339 500**	**891 598**	**711 927**	**1 342 813**	**3 907 488**	**5 977 634**	**2 717 019**	**21 887 979**	**(7 413 848)**	**14 474 131**
Combined ratio	101%	110%	60%	87%	100%	56%				
Operating profit margin	-1%	-8%	37%	14%	1%	46%				

Directors: A R T Manzai (Chairman), D Hoto* (Group Chief Executive Officer), W M Marere* (Group Finance Director) G Baines, F Mabena, M Mangoma, A Masiiwa, E Mkondo, E K Moyo, M Mukondomi, I P Z Ndlovu, S V Rushwaya **(* Executive Director)**
FIRST MUTUAL HOLDINGS LIMITED, First Mutual Park, 100 Liberation Legacy Way, Borrowdale, Harare, Zimbabwe | P O Box BW 178, Borrowdale, Harare | Tel: +263 (242) 886 000 - 17 | E-mail: info@firstmutualholdings.co.zw | Website: www.firstmutual.co.zw