

# FIRST MUTUAL

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## Cautionary Announcement

As per previous Cautionary Announcement dated 12 January 2024, the Insurance and Pensions Commission ("IPEC" or "the Commission") performed a forensic investigation on First Mutual Life Assurance Company ("FML"), a subsidiary of First Mutual Holdings Limited ("FMHL" or "the Company"), arising from the asset separation exercise initiated by IPEC.

FML received a Corrective Order from IPEC which is based on the findings of the forensic auditor, BDO Chartered Accountants ("BDO"). The Order directs FML's 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.

FML respectfully disagrees with the findings in the BDO report and in the IPEC Corrective Order and believes its submissions were not properly considered. Interpretations of fact, accounting standards, legal and actuarial principles, as well as currency conversion issues are in dispute. FML is seeking input from independent third-party professionals in a bid to resolve the areas of disagreement.

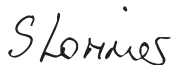
Accordingly, the Boards of both FML and FMHL are exploring all avenues to find a way forward.

Meanwhile, in order to protect FML's legal rights, an application for review of the Corrective Order has been filed with the High Court. Notwithstanding the institution of legal proceedings, which has become unavoidable to safeguard FML's rights, both FML and FMHL will continue to work with the regulator and with the parent Ministry to resolve the issues.

The Group remains committed to the service and protection of its policyholders, and balancing the interests of all stakeholders.

As these developments may have a material effect on the price of the Company's securities, shareholders are advised to exercise caution when dealing in the Company's securities.

**BY ORDER OF THE BOARD**



**S F Lorimer**

Group Company Secretary

19 February 2024