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Audited Financial Results

For the year ended 31 December 2014

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

Dear Shareholder

Environment
The economy registered an estimated growth of 3.1%, against a regional average of 4.8% and is projected to grow by 3.2% in 2015. Inflation closed the year at -0.8%, reflecting the dampening of inflationary pressures, on the back of cheaper imports; mainly from South Africa; and limited access to credit lines by key productive sectors of the economy due to liquidity constraints. Banking sector deposits closed the year at $5.1 billion, and the liquidity challenges persisted through 2014.

Financial Results
The Society delivered strong growth, with net surplus increasing by 31% to $24,03 million, up from $18,30 million realised in 2013. Net interest income increased by 32%, compared to the same period in 2013. Non interest income increased by 51%, due to the increase in the number of transactions passing through the Society's various delivery channels. Comparatively, operating expenses increased by 37%, mainly due to the impact of business growth and transformation. Consequently, the Society's cost to income ratio decreased from 64% in 2013, to 63% in 2014. Total assets increased by 37%, from $623,3 million to $852,35 million in 2014. This was driven by deposit growth of 41% during the same period. The Society's total loans and advances increased by 38% from $322,31 million, as at 31 December 2013, to $443,53 million, as at 31 December 2014.

Liquidity Management
The Society's prudential liquidity ratio was at 36.4%, against the minimum regulatory ratio of 30%.

Human Resources
Industrial relations remained cordial. The Society was able to retain key staff during the year under review.

Operations
Your Society achieved the following milestones during the period under review:
* Rebranded and refreshed its logo;
* Started branch refurbishment to improve ambience and customer experience;
* Voted the best performing bank in 2014 by The Zimbabwe Independent in their Banks and Banking Survey;
* The new banking system (T24) was stable and sustainable;
* The Society deployed of more ATMs, to make banking more accessible;
* The Society mobilised $10 million from Proparco and $25 million from PTA Bank;
* More point of sale terminals were deployed in order to promote the use of plastic money;
* The Budiriro housing scheme was launched;
* 20 year housing mortgage loans were introduced; and
* Additional services on the mobile banking platform were made available.

Corporate Social Responsibility
The Society recognises the need to continuously plough back, to benefit the communities in which it operates. In the period under review, the Society was involved in a number of initiatives in support of education, sports and culture throughout the country.

Corporate Governance
The Board of Directors and Management remain committed to the best practices in corporate governance. The Audit, Risk and Compliance, Management and other Board Committees met regularly throughout the period under review, to assess operations, evaluate risk, and to continuously develop systems and procedures that will further safeguard the Society's assets.

Compliance Issues
Besides the US$5 000 penalty charged to the Society by Insurance and Pensions Commission (IPEC), the Society was compliant with all laws and regulations governing its activities.

New Additional Disclosure Requirements.
In line with international standards, the Reserve Bank of Zimbabwe issued additional reporting requirements for all financial institutions with effect from 31 December, 2007. The requirements are that a financial institution must publish its CAMELS rating; (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk), Risk Assessment System, and Risk Matrix ratings, as rated by the Reserve Bank of Zimbabwe, in their latest onsite visit. A financial institution must also publish its credit ratings by a reputable credit rating agency, accredited with the Reserve Bank of Zimbabwe. Ratings for the onsite examination in April 2014 by the Reserve Bank of Zimbabwe were as follows:

CAMELS Component	April 2014 Ratings
Capital	1 - Strong
Asset Quality	3 - Fair
Management	2 - Satisfactory
Earnings	2 - Satisfactory
Liquidity	2 - Satisfactory
Sensitivity to market risk	2 - Satisfactory
Composite rating	2 - Satisfactory

The Society, however, continues to be rated highly by an international accredited rating agency, the Global Credit Rating Company (GCR). The latest ratings were as follows: 2014 A+; 2013 A+; 2012 A+.

Directorate
Messrs. W Alberts, D E B Long and Mrs R D C Chitengu will retire from the Board, in terms of Article 71 of the Society's Rules, and being eligible, offer themselves for re-election. Subsequent to year end, Mr S J Hammond was appointed as the Acting Managing Director of the Society, replacing Mr K Terry who moved to Old Mutual Kenya. I would like to thank Mr Terry for his invaluable contribution to the Society over the years. I would also like to welcome Mr Hammond to the Society and wish him a fruitful tenure.

Future Prospects
The Society is pursuing several growth initiatives, to enhance its role in both housing finance and banking. As these initiatives are progressively realised, the Society will certainly continue to remain a positive as well as a progressive force in the country's financial services sector.

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DR L L TSUMBA
CHAIRMAN

17 March 2015

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	31 December 2014 US$	31 December 2013 US$
Interest income	3	80 499 785	65 843 732
Interest expense	3	(37 276 612)	(33 177 292)
Net interest income		43 223 173	32 666 440
Impairment	4	(6 067 743)	(2 741 572)
		37 155 430	29 924 868
Fee and commission income	5.1	35 258 808	24 932 004
Other income	5.2	3 687 853	825 311
Operating income for the year		76 102 091	55 682 183
Operating expenses	6	(51 498 377)	(37 536 520)
Fair value adjustment on investment property and property in possession	13 & 9.2.1	(572 772)	151 374
Net surplus for the year		24 030 942	18 297 037
Other comprehensive income		(1 413 341)	(1 158 602)
Gains on revaluation of owner occupied property	12	337 633	1 175 354
Regulatory impairment allowance	4	(1 750 974)	(2 333 956)
Total comprehensive income for the year		22 617 601	17 138 435

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 December 2014 US$	31 December 2013 US$
ASSETS			
Cash and cash equivalents	7	85 452 467	62 127 214
Financial assets at fair value through profit or loss	8	169 672 956	128 861 076
Other assets	9	63 727 229	20 264 795
Intangible assets	10	12 724 880	13 522 506
Loans and advances	11	443 529 711	322 310 630
Property and equipment	12	51 428 035	49 832 773
Investment property	13	25 818 853	26 388 853
Total assets		852 354 131	623 307 847
LIABILITIES			
Deposits	15	651 465 582	461 575 164
Credit lines	16	49 925 214	24 444 142
Other liabilities	17	11 250 209	18 651 858
Provisions	18	2 899 644	3 115 854
Total liabilities		715 540 649	507 787 018
SHAREHOLDERS' EQUITY			
Ordinary class "A" share capital	19.1	35 000 000	35 000 000
Retained earnings	19.2	68 803 906	46 523 938
Regulatory provision reserves	19.3	2 437 734	4 948 017
Non distributable reserves	19.4	1 445 851	1 445 851
Revaluation reserves	19.5	25 085 055	24 747 422
Share based payment reserves	19.6	4 040 936	2 855 601
Total shareholders' equity		136 813 482	115 520 829
Total liabilities and equity		852 354 131	623 307 847

DR L L TSUMBA
CHAIRMAN

B L NKOMO
NON EXECUTIVE DIRECTOR

HARARE
17 March 2015

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital US$	Non distributable reserves US$	Share based payment reserves US$	Revaluation reserves US$	Retained earnings US$	Regulatory provision reserves US$	Total equity US$
Balance as at 1 January 2014	35 000 000	1 445 851	2 855 601	24 747 422	46 523 938	4 948 017	115 520 829
Net surplus for the year	-	-	-	-	24 030 942	-	24 030 942
Other comprehensive gain/(loss) for the year	-	-	-	337 633	(1 750 974)	-	(1 413 341)
Regulatory impairment allowance	-	-	-	-	-	(2 510 283)	(2 510 283)
Share based payment reserves	-	-	1 185 335	-	-	-	1 185 335
Balance as at 31 December 2014	35 000 000	1 445 851	4 040 936	25 085 055	68 803 906	2 437 734	136 813 482

	Share capital US$	Non distributable reserves US$	Share based payment reserves US$	Revaluation reserves US$	Retained earnings US$	Regulatory provision reserves US$	Total equity US$
Balance as at 1 January 2013	15 000 000	21 445 851	1 112 332	23 572 068	30 560 857	2 614 061	94 305 169
Net surplus for the year	-	-	-	-	18 297 037	-	18 297 037
Capitalisation of non distributable reserves	20 000 000	(20 000 000)	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	1 175 354	(2 333 956)	-	(1 158 602)
Regulatory impairment allowance	-	-	-	-	-	2 333 956	2 333 956
Share based payment reserves	-	-	1 743 269	-	-	-	1 743 269
Balance as at 31 December 2013	35 000 000	1 445 851	2 855 601	24 747 422	46 523 938	4 948 017	115 520 829

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	31 December 2014 US$	31 December 2013 US$
Net surplus for the year		24 030 942	18 297 037
Non-cash items:			
Share based payments provisions	19.6	1 185 335	1 743 269
Fair value adjustment on financial instruments	5.2	(2 391 477)	(638 182)
Profit on sale of property and equipment	5.2	431	(61 987)
Depreciation and ammortisation	6	5 854 724	2 976 760
Fair value adjustment on investment property and property in possession	13	572 772	(151 374)
Provisions and accruals		5 851 533	(6 849 555)
Accrued interest on credit lines	16	816 123	410 828
Operating cash inflows before working capital changes		35 920 383	15 726 796
Increase in other assets		(43 465 206)	(11 459 170)
Increase in loans and advances		(131 548 080)	(46 892 883)
Increase in financial assets at fair value through profit and loss		(38 420 403)	(71 390 030)
Increase in deposits		189 890 418	105 633 263
(Decrease)/increase in other liabilities		(7 401 649)	12 870 725
Net cash generated from operating activities		4 975 463	4 488 701
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets	10	(2 150 419)	(3 845 093)
Additions to property and equipment	12	(4 208 334)	(3 749 289)
Purchases and additions to investment property	13	-	(105 126)
Proceeds from sale of property and equipment		43 594	61 987
Net cash used before financing activities		(1 339 696)	(3 148 820)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net credit lines received	16	24 664 949	4 861 778
Net cash inflows from financing activities		24 664 949	4 861 778
NET INCREASE IN CASH AND CASH EQUIVALENTS		23 325 253	1 712 958
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		62 127 214	60 414 256
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	85 452 467	62 127 214

AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The condensed financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2014 which have been audited by Deloitte & Touche and an unmodified audit opinion issued thereon. The auditor's report is available for inspection at the Society's registered address.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

The Society is committed to achieving high standards of corporate governance. The Society continues to work towards compliance with the provisions of the Combined Code on Corporate Governance and best practice pronouncements.

BOARD OF DIRECTORS
The Board met six times during the year ended 31 December 2014 (including special meetings, sessions devoted to strategy and business planning). Attendance was as tabled below.

	Main Board	Audit Committee	Risk and Compliance Committee	Credit Committee	Laons Review Commitee
Number of meetings held	**6**	**4**	**4**	**4**	**4**
L L Tsumba (Dr)	6				
B L Nkomo	5	4			
L E M Ngwerume	5		3		4
D L Stephenson	6	4		4	
K Terry	6				
J Mushosho	6				
B Zamchiya	6		4		4
D E B Long	6		3	4	
W Alberts	5				3
R D C Chitengu (Mrs)	6	4			
A E Siyavora	5			4	

A Corporate Governance Code of Best Practice and Board Charter are available to Directors for reference regarding their duties and obligations. A Code of Ethics is also available and was distributed to Directors of the Board and all employees of the Society. Directors are aware that they may take independent professional advice at the Society's expense, if necessary, for the furtherance of their duties. The Board carries out a board and peer Director evaluation every year.

The Board currently comprises one executive and ten non-executive Directors, as identified on page 3 of this document. Messrs. J Mushosho and K Terry are also Directors of the Society's parent company, Old Mutual Zimbabwe Limited. With the exception of Messrs J Mushosho, L E M Ngwerume and W Alberts, the other non-executive Directors are considered independent and free from business or other relationship which could materially interfere with the exercise of their independent judgment.

The Rules of the Society require that one third of the Directors (in addition to those appointed by the Board during the year), shall retire each year by rotation. Proposals for re-election are considered by the Shareholders and are not automatic.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity
Central Africa Building Society is a registered Building Society in terms of the Building Societies Act (Chapter 24:02) in Zimbabwe.

The parent company is Old Mutual Zimbabwe Limited, which is a company registered and incorporated in Zimbabwe. The ultimate holding company is Old Mutual Public Limited Company (PLC), which is a Company incorporated and registered in the United Kingdom.

Nature of business
Central Africa Building Society conducts the principal businesses of mortgage lending, deposit acceptance and investing.

2. Accounting policies
The principal accounting policies adopted in the preparation of the annual financial statements are set out below and have been consistently followed in all material respects.

2.1 Basis of preparation
Statement of compliance
The Society's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements are prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of investment properties and owner occupied properties and fair value adjustment of financial instruments. These financial statements have been prepared in accordance with the requirements of the Building Societies Act (Chapter 24:02).

2.2 Functional and presentation currency
The financial statements are presented in United States dollars which is the Society`s functional and presentation currency. Except as otherwise indicated, financial information presented in United States dollars has been rounded to the nearest dollar.

2.3 Use of estimates and judgements
In the process of applying the Society's accounting policies, management made certain judgements and estimates that have a significant impact on the amounts recognised in the financial results. For a detailed analysis of the significant accounting estimates and jadgements, kindly refer to the Society's annual report, which is ready for inspection at the Sosiety's registered office.

2.4 Significant accounting policies
A full set of the Society's accounting policies is available in its annual report, which is ready for inspection at the Society's registered office.

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Audited Financial Results

For the year ended 31 December 2014

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

		Notes	31 December 2014 US$	31 December 2013 US$
3	**Net interest income**			
	Interest income		80 499 785	65 843 732
	Fixed deposits		12 749 691	11 645 050
	Loans and advances		67 750 094	54 198 682
	Interest expense		(37 276 612)	(33 177 292)
	Credit lines		(3 141 561)	(1 913 327)
	Savings certificate deposits		(31 614 882)	(29 098 927)
	Term deposits		(294 229)	(376 497)
	Savings deposits		(2 225 940)	(1 788 541)
	Net interest income		43 223 173	32 666 440

		Notes	31 December 2014 US$	31 December 2013 US$
4	**Impairment**			
	Opening balance		11 913 644	6 838 116
	Movement through other comprehensive income		1 750 974	2 333 956
	Amounts written off during the year		(4 261 256)	-
	Movement through comprehensive income - current year		6 067 743	2 741 572
	Closing balance		15 471 105	11 913 644
	Analysis of closing balance:			
	Bad debts on accrued rental income and accounts in overdraft		4 590 805	1 013 931
	Regulatory provision reserves	19.3	2 437 734	4 948 017
	Loans and advances		8 442 566	5 951 696
			15 471 105	11 913 644

		31 December 2014 US$	31 December 2013 US$
5	**Non interest income**		
5.1	**Fee and commission income**		
	Commissions	2 968 321	1 543 922
	Service fees	23 839 296	15 536 264
	Administration fees	8 451 191	7 851 818
		35 258 808	24 932 004
5.2	**Other income**		
	Investment property		
	Rental income	3 464 681	2 069 657
	Less expenses	(2 167 874)	(1 944 515)
	Net rental income	1 296 807	125 142
	Profit on sale of property and equipment	(431)	61 987
	Fair value adjustment on financial instruments	2 391 477	638 182
	Total other income	3 687 853	825 311

		31 December 2014 US$	31 December 2013 US$
6	**Operating expenses**		
	Administration	27 696 958	19 637 730
	Depreciation and ammortisation	5 854 724	2 976 760
	Staff costs	17 946 695	14 922 030
		51 498 377	37 536 520

The average number of persons employed by the Society during the year ended 31 December 2014 was 617 (2013: 474)

		31 December 2014 US$	31 December 2013 US$
7	**Cash and cash equivalents**		
	Cash balances	41 319 810	28 845 375
	Bank balances	44 132 657	33 281 839
		85 452 467	62 127 214

8 Financial assets at fair value through profit or loss

		31 December 2014 US$	31 December 2013 US$
8.1	**Financial assets at fair value through profit or loss**		
	Fixed deposits	110 447 838	88 081 944
	Bankers' acceptances	5 909 546	-
	Treasury bills	53 145 669	40 612 877
	Stocks and bonds	169 903	166 255
		169 672 956	128 861 076
	Maturity analysis - gross		
	On demand to 3 months	132 637 734	108 479 191
	3 months to 12 months	23 452 931	20 288 426
	1 year to five years	13 582 291	93 459
		169 672 956	128 861 076

8.2 Fair value hierarchy

The table below analyses financial assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	31 December 2014 US$	31 December 2013 US$
Financial assets at fair value through profit or loss		
Fixed deposits	110 447 838	88 081 944
Bankers' acceptances	5 909 546	-
Treasury bills	53 145 669	40 612 877
Stocks and bonds	169 903	166 255
	169 672 956	128 861 076

9 Other assets

		31 December 2014 US$	31 December 2013 US$
9.1	**Other financial assets carried at amortised cost**		
	Sundry debtors	14 558 546	12 807 782
	VAT claim receivable	2 597 963	-
		17 156 509	12 807 782
9.2	**Other non financial assets**		
	Properties in possession	120 000	122 772
	Other assets	1 155 878	211 414
	Stock on hand	60 160	79 419
		1 336 038	413 605
9.2.1	**Property in possession**		
	Opening fair value	122 772	122 772
	Fair value adjustment	(2 772)	-
	Closing fair value at 31 December 2014	120 000	122 772
9.3	**Inventory work in progress**		
	- ZRP housing project	8 321 473	6 304 208
	- Budiriro housing project	36 913 209	739 200
		45 234 682	7 043 408
		63 727 229	20 264 795
10	**Intangible assets**		
	Opening balance	13 522 506	9 906 608
	Additions	2 150 419	3 845 093
	Amortisation	(2 948 045)	(229 195)
	Closing Balance	12 724 880	13 522 506

		31 December 2014 US$	31 December 2013 US$
11	**Loans and advances**		
	Gross amount owing	451 972 277	328 262 326
	Less impairment on loans and advances	(8 442 566)	(5 951 696)
	Loans and advances	443 529 711	322 310 630
	Concentration - gross		
	Low density housing	81 562 240	95 031 466
	High density housing	46 186 614	13 388 350
	Individuals	271 598 504	107 770 261
	Commercial and industrial	52 624 919	112 072 249
		451 972 277	328 262 326
	Maturity analysis - gross		
	On demand to 3 months	58 409 243	39 342 718
	3 months to 12 months	119 214 439	44 216 382
	1 year to five years	213 860 571	92 451 945
	Over 5 years	60 488 024	152 251 281
		451 972 277	328 262 326
	Non - performing loans	35 009 530	33 377 301

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

12 Property and equipment

	Land US$	Buildings US$	Office Equipment, Fixtures & Fittings and Vehicles US$	Total US$
Year ended 31 December 2014				
Opening net book value	4 610 746	37 615 540	7 606 487	49 832 773
Additions	16 719	621 524	3 570 091	4 208 334
Revaluation	41 285	296 348	-	337 633
Disposals	-	-	(44 026)	(44 026)
Depreciation charge	-	(758 909)	(2 147 770)	(2 906 679)
Closing net book value	4 668 750	37 774 503	8 984 783	51 428 035
As at 31 December 2014				
Cost or valuation	4 668 750	41 358 313	15 670 738	61 697 801
Accumulated depreciation	-	(3 583 810)	(6 685 956)	(10 269 766)
Net book value	4 668 750	37 774 503	8 984 782	51 428 035
Year ended 31 December 2013				
Opening net book value	4 588 696	37 146 483	5 920 516	47 655 695
Additions	-	-	3 749 289	3 749 289
Revaluation	22 050	1 153 304	-	1 175 354
Depreciation charge	-	(684 247)	(2 063 318)	(2 747 565)
Closing net book value	4 610 746	37 615 540	7 606 487	49 832 773
As at 31 December 2013				
Cost or valuation	4 610 746	40 440 441	12 144 673	57 195 860
Accumulated depreciation	-	(2 824 901)	(4 538 186)	(7 363 087)
Net book value	4 610 746	37 615 540	7 606 487	49 832 773

Assets pledged as security are disclosed in note 13.

13 Investment property

	Land & Buildings US$
As at 1 January 2014	
Opening fair value	26 388 853
Fair value adjustment	(570 000)
Closing fair value at 31 December 2014	25 818 853
As at 1 January 2013	
Opening fair value	26 132 353
Additions	105 126
Fair value adjustment	151 374
Closing fair value at 31 December 2013	26 388 853

A full list of locations where land and buildings are situated can be viewed at the Society's head office at Northridge Park, Harare.

The properties are leased out under operating leases to various tenants. The initial contracts are for a minimum period of twelve months, after which they may be extended as negotiated.

The properties were valued by Old Mutual Property Zimbabwe (Private) Limited's qualified valuers. A selected number of properties constituting at least 65% of the portfolio were independently valued by Southbay Real Estate (Private) Limited, Knight Frank Real Estate and Dawn Property Consultancy (Private) Limited and compared with values obtained by Old Mutual Property Zimbabwe (Private) Limited.

The Society pledged US$1 million worth of assets and powers of attorney to register bonds over three properties with a total value of US$36,27 million as at 31 December 2014 (both investment properties and owner occupied properties) as security for a credit line from PTA Bank (note 16). Old Mutual Zimbabwe Limited has guaranteed the Shelter Afrique loan for a full amount of US$14,4 million. Shelter Afrique also took a cession of the performing loan book covering two times the exposure at any point in time. The Society secured the Proparco Loan through a negative pledge of assets plus cash security amounting to US$ 555, 555.

14 Operating leases

14.1 Society as a lessee

Non -cancellable operating lease rentals are payable as follows:-	31 December 2014 US$	31 December 2013 US$
Less than one-year	433 710	311 946
Between one and five years	2 108 710	1 516 690
	2 542 420	1 828 636

The Society leases a number of banking hall facilities under operating leases. The leases typically run for an initial period of between one and three years, with an option to renew the lease after that date. Lease payments are increased regularly to reflect market rentals. None of these rentals include contingent liabilities. Operating lease expenses are disclosed as rental expenses.

14.2 Society as a lessor

The Society leases out its investment property under operating leases.

Operating lease rentals are receivable as follows:	31 December 2014 US$	31 December 2013 US$
Less than one year	1 272 255	1 987 386
Between one and five years	6 185 736	9 662 721
	7 457 991	11 650 107

During the year ended 31 December 2014 rental income and repairs and maintenance were recognised as income and expense respectively in the statement of comprehensive income relating to the investment property as in note 5.2. Operating lease income is disclosed as rental income.

		31 December 2014 US$	31 December 2013 US$
15	**Deposits**		
	Savings certificates	459 221 723	299 697 412
	Term deposits	5 554 331	4 608 270
	Savings deposits	186 689 528	157 269 482
		651 465 582	461 575 164
	Maturity analysis		
	On demand to 3 months	460 646 302	415 762 643
	3 months to 6 months	107 617 190	35 012 103
	6 months to 1 year	47 714 710	9 695 392
	1 year to five years	13 489 748	1 105 026
	Over 5 years	21 997 632	-
		651 465 582	461 575 164

	31 December 2014 US$	Percentage %	31 December 2013 US$	Percentage %
Concentration				
Financial institutions	269 273 895	41.0%	194 319 490	42.0%
Companies	283 492 073	44.0%	93 248 631	20.0%
Individuals	98 699 614	15.0%	174 007 043	38.0%
	651 465 582	100%	461 575 164	100%

		31 December 2014 US$	31 December 2013 US$
16	**Credit lines**		
	PTA Bank loan	25 000 000	9 333 334
	Shelter Afrique	14 109 091	14 400 000
	Agritrade funds	-	299 980
	Proparco loan	10 000 000	-
	Accrued interest on credit lines	816 123	410 828
		49 925 214	24 444 142
	Maturity analysis		
	On demand to 3 months	1 754 468	5 119 852
	3 months to 6 months	5 509 098	-
	6 months to 1 year	7 393 786	5 035 020
	1 year to five years	26 487 210	1 745 455
	Over 5 years	8 780 652	12 543 815
		49 925 214	24 444 142

The PTA bank loan is repayable over 3 years while the Shelter Afrique and Proparco loans are repayable over 10 years. The PTA loan was secured in September 2014, the Proparco loan in June 2014 and the Shelter Afrique loans were secured in 2012 and 2013. The PTA loan is secured by a mortgage bond and powers of attorney over immovable property (note 13.1) while the Shelter Afrique loan is secured by a guarantee from Old Mutual Zimbabwe Limited as well as cession of the performing loan book. The Proparco loan is secured by a negative pledge of assets plus cash security deposit.

		31 December 2014 US$	31 December 2013 US$
17	**Other liabilities**		
	Trade creditors	3 670 616	13 640 520
	VAT liability	38 884	17 955
	Deferred revenue	7 229 147	4 982 820
	Unclaimed monies	11 562	10 563
	Liabilities on letters of credits	300 000	-
		11 250 209	18 651 858

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Audited Financial Results

For the year ended 31 December 2014

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18 Provisions

	31 December 2014 US$	31 December 2013 US$
Opening balance	3 115 854	12 706 981
- leave pay and bonus provisions	1 480 283	1 532 204
- impairment loss on staff loans	-	64 016
- share based payment	-	256 510
- Old Mutual Zimbabwe Limited dividend	-	10 000 000
- other	1 635 571	854 251
Net movements	(216 210)	(9 591 127)
Closing balance	2 899 644	3 115 854
- leave pay and bonus provisions	1 983 530	1 480 283
- other	916 114	1 635 571

19 Share capital and reserves

19.1 Ordinary class "A" share capital

	31 December 2014 US$	31 December 2013 US$
Opening balance	35 000 000	15 000 000
Capitalisation issue during the year	-	20 000 000
Closing balance	35 000 000	35 000 000

The Board, may at its discretion, issue from time to time Ordinary Class "A" Paid up permanent shares in denominations of US$1 each or multiples thereof and all such shares shall carry dividends payable out of the available surplus of the Society.

19.2 Retained earnings

	31 December 2014 US$	31 December 2013 US$
Opening balance	46 523 938	30 560 857
Net surplus for the year	24 030 942	18 297 037
General provision for loan loss	(1 750 974)	(2 333 956)
Closing balance	68 803 906	46 523 938

The entire accumulated surplus for the financial year is transferred to the general reserve at the end of the financial period and is a distributable reserve.

19.3 Regulatory provision reserves

	31 December 2014 US$	31 December 2013 US$
Opening balance	4 948 017	2 614 061
Regulatory impairment allowance	(2 510 283)	2 333 956
Closing balance	2 437 734	4 948 017

19.4 Non distributable reserves

	31 December 2014 US$	31 December 2013 US$
Opening balance	1 445 851	21 445 851
Capitalisation issue of Ordinary class "A" share capital	-	(20 000 000)
Closing balance	1 445 851	1 445 851

19.5 Revaluation reserves

	31 December 2014 US$	31 December 2013 US$
Opening balance	24 747 422	23 572 068
Revaluation of properties	337 633	1 175 354
Closing balance	25 085 055	24 747 422

19.6 Share based payment reserves

	31 December 2014 US$	31 December 2013 US$
Opening balance	2 855 601	1 112 332
Share based payment reserve	1 185 335	1 743 269
Closing balance	4 040 936	2 855 601

20 Commitments

For advances:

	31 December 2014 US$	31 December 2013 US$
Aggregate commitments due under advances granted but not yet disbursed	48 282 701	12 755 913

21 Derivative financial instruments

The Society does not, at present, trade in derivatives of any form.

22 Foreign currency exposures

The Society is currently trading in an environment where multiple currencies are in use. The United States dollar [USD] and South African Rand [ZAR] are the major trading currencies. The Society is exposed to exchange rate movement of the rand and other major currencies against the United States dollar.

23 Related party disclosures

Group companies
The Society is a wholly owned subsidiary of Old Mutual Zimbabwe Limited, a company with interests in insurance, asset management, banking, unit trusts and property management. The ultimate holding company is Old Mutual PLC which is a Company incorporated and registered in United Kingdom.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and money market investments. The Society's assets are insured through a related party (Old Mutual Insurance Company (Private) Limited), a subsidiary of the holding company. Other fellow group companies are as follows;

Subsidiaries of parent company

* Old Mutual Life Assurance Company Zimbabwe Limited
* Old Mutual Property Zimbabwe (Private) Limited
* Old Mutual Investment Group Zimbabwe (Private) Limited
* Old Mutual Securities (Private) Limited
* Old Mutual Shared Services (Private) Limited
* Old Mutual Property Investment Corporation (Private) Limited
* Three Anchor Investment (Private) Limited
* Old Mutual Insurance Company (Private) Limited

Other group companies
* MBCA Bank Limited

Key management
Key management include members of the executive committee who are the Managing Director, Chief Financial Officer, General Manager - Corporate Banking, General Manager - Retail Banking, General Manager - Operations, Head of Risk, Corporate Treasurer, Head of Compliance, Head of Credit and Marketing Executive.

23.1 Loans to directors

	31 December 2014 US$	31 December 2013 US$
Opening balance	304 790	249 811
Granted during the year	13 068 515	125 259
Interest and insurance charges	463 109	53 875
Repayments during the year	(556 767)	(124 155)
Closing balance	13 279 647	304 790

Loans and advances to directors are made on the same terms and conditions as in the normal course of business with the exception of executive Directors which are in accordance with the normal staff loan schemes. A loan was granted to Stiefel Investments Private Limited in pursuance of OMZIL's Indigenisation Plan to acquire 3.5% of OMZIL's fully paid up and issued ordinary share capital.

23.2 Balances with group companies

During the year the Society had transactions with group companies and the outstanding balances at year end were:

	31 December 2014 US$	31 December 2013 US$
Amounts due to the holding company	855 640	11 645 567
Amounts due to fellow subsidiaries	205 163 525	146 755 070
	206 019 165	158 400 637
Amounts due from the holding company	20 252	-
Amounts due from fellow subsidiaries	620 199	447 288
	640 451	447 288

The Society had the following bank balances with MBCA, a related party through shareholding by the ultimate holding company (Old Mutual Plc).

	31 December 2014	31 December 2013
Current account balance US$	807 843	1 376 177
Current account balance in South African Rands (ZAR)	814 341	561 859

The Society had the following deposits from MBCA Bank Limited:

	31 December 2014 US$	31 December 2013 US$
Money market deposits	15 000 000	10 000 000
Interest accrued	198 508	157 300
	15 198 508	10 157 300

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23.3 Transactions with group companies

The Society entered into normal business transactions with group companies. Income earned and interest paid in respect to these transactions as listed below:

	31 December 2014 US$	31 December 2013 US$
Bank charges - charged by MBCA Bank	4 093	9 063
Insurance paid to Old Mutual Insurance Company (Private) Limited	1 448 564	955 738
Interest payable to Old Mutual on savings accounts	9,816	2 973
Outsourced services - Old Mutual Shared Services (Private) Limited	5 254 739	3 963 089
Interest payable to fellow subsidiaries	7 710 168	5 269 719

All these transactions were at arm's length basis.

23.4 Loans to executives and senior management

	31 December 2014 US$	31 December 2013 US$
Loans to executives and senior management	1 006 983	1 360 740

These loans were granted on an arm's length basis

24 Post employment employee benefits

24.1 Old Mutual Group Pension Fund - Defined contribution fund
All eligible employees are members of the pension scheme, Old Mutual Group Pension Fund.

The pension fund is a defined contribution pension fund and the amount of benefits are determined by contributions made into the fund plus profits that are declared from time to time by the fund's trustees. The contributions to the pension fund by the employer are charged to the statement of comprehensive income.

24.2 National Social Security Authority (NSSA)
All employees are members of the National Social Security Authority which includes workmen's compensation fund, to which both the employer and the employees contribute.

25 Contingent liabilities

Capital gains tax
The Society has an estimated deferred capital gains tax contingent liability of US$3,59 million arising from temporary differences on owner occupied and investment properties.

26 Financial Risk Management

26.1 Introduction and overview
The Society has exposure to the following risks from its use of financial instruments:
* Credit risk;
* Liquidity risk;
* Market risk;
* Operational risk.

This note presents information about the Society's exposure to each of the above risks, the Society's objectives, policies and processes for measuring and managing risk, and the Society's management of capital.

26.2 Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Society's risk management framework. The Board has established the Society's Asset and Liability Committee (ALCO) and Credit and Risk Committees, which are responsible for developing and monitoring the Society's risk management policies in their specified areas. All board committees except ALCO and EXCO have both executive and non executive members and report regularly to the Board of Directors on their activities.

The Society's risk management policies are established to identify and analyse risks faced by the Society, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Society, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Society's Audit and Risk and Compliance Committees and the Board are responsible for monitoring compliance with the Society's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to other risks faced by the Society. The Society's Audit Committee is assisted in these functions by the Old Mutual Group Internal Audit (GIA) and the Society's Internal Audit. Group Internal Audit and the Society`s Internal Audit undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

26.3 Credit risk
Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Society's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Society considers and consolidates all elements of risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk
The Board of Directors has delegated the responsibility for the management of credit risk to the Society's Board Credit Committee which is responsible for oversight of the Society's credit risk, including:

* Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
* Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to Senior Managers and members of the Management Credit Committee. Large facilities require approval by Society's Board Credit Committee or the Board of Directors.
* *Reviewing and assessing credit risk* Society's Board Credit Committee assesses all credit exposures in excess of designated limits prior to facilities being committed to customers by the business unit concerned. Renewal and review of facilities are subject to the same review process.
* *Limiting concentration of exposure* to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market, liquidity and country (for investment securities).
* *Reviewing compliance* of business units with agreed exposure limits including those for selected industries and product type. Regular reports are provided to the Society's Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.
* *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Society in the management of credit risk.

Regular audits of the Society's credit processes are undertaken by Group Internal Audit and external auditors.

Impaired loans and securities
Impaired loans and securities are loans and securities for which the Society determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreements.

Past due but not impaired loans
Loans and securities where contractual interest or principal payments are past due but the Society believes that impairment is not appropriate, are on the basis of the level of security / collateral available and/or the stage of collection of amounts owed to the Society.

Exposure to counterparties
The Society is also exposed to counterparties arising from money market trading and as at 31 December 2014, the exposure was $169,67 million.

Write off policy
The Society writes off a loan when the Society's Credit Committee determines that the loans/securities are uncollectible. The determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral
The Society holds collateral against loans and advances to customers in the form of mortgage interest over property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. The total registered security value for loans granted was $245,70 million. In addition, the Society has secured 8 301 171 Old Mutual Zimbabwe Shares worth $10,86 million as collateral for the Youth Fund loans.

Settlement risk
The Society's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. The Society charges the maximum lending rate for all parties who fail to honour their obligations on time. Settlement risk is also monitored through risk assessment of counterparties and capping of trading limits in line with the risk profile of each institution.

26.4 Liquidity risk
Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations for its financial liabilities.

Management of liquidity risk
The Society's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Society's reputation. The daily liquidity position of the Society is managed by the treasury department in liaison with the relevant general managers. All liquidity policies and procedures are subject to review and approval by ALCO.

Exposure to liquidity risk
The key measure used by the Society for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and short term dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowing and liabilities maturing within the same short term period. Details of this ratio as at 31 December 2014 are given below.

	31 December 2014 US$	31 December 2013 US$
Total liquid assets	255 125 423	190 988 290
Total liabilities to the public	701 390 796	486 019 306
Liquidity ratio	36%	39%
Maximum for the period	41%	45%
Minimum for the period	35%	30%
Average for the period	38%	40%

The Society monitors liquidity risk by compliance with liquidity regulations of the Building Societies Act (Chapter 24:02) as well as submission of monthly liquidity returns to the Reserve Bank of Zimbabwe (RBZ). In addition the Society matches long term lending to inflows into long term investments and this is monitored through the Risk and Compliance Management Committee.

CABS

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Audited Financial Results

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26.4.1 Liquidity gap analysis 2014

Total position	On demand to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Over 5 years US$	Non-determinant bearing US$	Total US$
Assets						
Cash and cash equivalents	85 452 467	-	-	-	-	85 452 467
Financial assets at fair value through profit or loss	132 637 734	23 452 931	13 582 291	-	-	169 672 956
Loans and advances	58 409 243	119 214 439	213 860 571	52 045 458	-	443 529 711
Intangible assets	-	-	-	-	12 724 880	12 724 880
Other assets	-	-	-	-	63 727 229	63 727 229
Investment property	-	-	-	-	25 818 853	25 818 853
Property and equipment	-	-	-	-	51 428 035	51 428 035
Total assets	276 499 444	142 667 370	227 442 862	52 045 458	153 698 997	852 354 131
Liabilities and equity						
Deposits	460 646 302	155 331 900	13 489 748	21 997 632	-	651 465 582
Credit lines	1 754 468	12 902 883	26 487 211	8 780 652	-	49 925 214
Other liabilities	-	-	-	-	11 250 209	11 250 209
Provisions	-	-	-	-	2 899 644	2 899 644
Ordinary class "A" share capital	-	-	-	-	35 000 000	35 000 000
Retained earnings	-	-	-	-	68 803 906	68 803 906
Regulatory provision reserves	-	-	-	-	2 437 734	2 437 734
Revaluation reserve	-	-	-	-	25 085 055	25 085 055
Non distributable reserves	-	-	-	-	1 445 851	1 445 851
Share based payment reserves	-	-	-	-	4 040 936	4 040 936
Total liabilities and equity	462 400 770	168 234 783	39 976 959	30 778 284	150 963 335	852 354 131
Net liquidity gap	(185 901 326)	(25 567 413)	187 465 903	21 267 174	2 735 662	-
Cumulative liquidity gap	(185 901 326)	(211 468 740)	(24 002 836)	(2 735 662)	-	-

Liquidity gap analysis 2013

Total position	On demand to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Over 5 years US$	Non-determinant bearing US$	Total US$
Assets						
Cash and cash equivalents	62 127 214	-	-	-	-	62 127 214
Financial assets at fair value through profit or loss	108 479 191	20 288 426	93 459	-	-	128 861 076
Loans and advances	39 342 718	44 216 382	92 451 945	146 299 585	-	322 310 630
Intangible asset	-	-	-	-	13 522 506	13 522 506
Other assets	-	-	-	-	20 264 795	20 264 795
Investment property	-	-	-	-	26 388 853	26 388 853
Property and equipment	-	-	-	-	49 832 773	49 832 773
Total assets	209 949 123	64 504 808	92 545 404	146 299 585	110 008 927	623 307 847
Liabilities and equity						
Deposits	415 762 643	44 707 495	1 105 026	-	-	461 575 164
Credit lines	5 119 852	5 035 020	14 289 270	-	-	24 444 142
Other liabilities	-	-	-	-	18 651 858	18 651 858
Provisions	-	-	-	-	3 115 854	3 115 854
Ordinary class "A" share capital	-	-	-	-	35 000 000	35 000 000
Retained earnings	-	-	-	-	46 523 938	46 523 938
Regulatory provision reserves	-	-	-	-	4 948 017	4 948 017
Revaluation reserve	-	-	-	-	24 747 422	24 747 422
Non distributable reserves	-	-	-	-	1 445 851	1 445 851
Share based payment reserves	-	-	-	-	2 855 601	2 855 601
Total liabilities and equity	420 882 495	49 742 515	15 394 296	-	137 288 541	623 307 847
Net liquidity gap	(210 933 372)	14 762 293	77 151 108	146 299 585	(27 279 614)	-
Cumulative liquidity gap	(210 933 372)	(196 171 079)	(119 019 971)	27 279 614	-	-

26.4.2 Interest rate repricing and gap analysis 2014

Total position	On demand to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Over 5 years US$	Non-Interest bearing US$	Total US$
Assets						
Financial assets at fair value through profit or loss	132 637 734	23 452 931	13 582 291	-	-	169 672 956
Loans and advances	58 409 243	119 214 439	213 860 571	52 045 458	-	443 529 711
Total assets	191 046 977	142 667 370	227 442 862	52 045 458	-	613 202 667
Liabilities						
Deposits	460 646 302	155 331 900	13 489 748	21 997 632	-	651 465 582
Credit lines	1 754 468	12 902 883	26 487 211	8 780 652	-	49 925 214
Total liabilities	462 400 770	168 234 783	39 976 959	30 778 284	-	701 390 796
Net liquidity gap	(271 353 793)	(25 567 413)	187 465 903	21 267 174	-	(88 188 129)
Cumulative interest rate repricing liquidity gap	(271 353 793)	(296 921 207)	(109 455 303)	(88 188 129)	(88 188 129)	(88 188 129)

Interest rate repricing and gap analysis 2013

Total position	On demand to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Over 5 years US$	Non-Interest bearing US$	Total US$
Assets						
Cash and cash equivalents	62 127 214	-	-	-	-	62 127 214
Financial assets at fair value through profit or loss	108 479 191	20 288 426	93 459	-	-	128 861 076
Loans and advances	39 342 718	44 216 382	92 451 945	146 299 585	-	322 310 630
Other financial assets	12 807 782	-	-	-	-	12 807 782
Total assets	222 756 905	64 504 808	92 545 404	146 299 585	-	526 106 702
Liabilities						
Deposits	415 762 643	44 707 495	1 105 026	-	-	461 575 164
Credit lines	5 119 852	5 035 020	14 289 270	-	-	24 444 142
Other liabilities	-	-	-	-	-	-
Total liabilities	420 882 495	49 742 515	15 394 296	-	-	486 019 306
Net liquidity gap	(198 125 590)	14 762 293	77 151 108	146 299 585	-	40 087 396
Cumulative interest rate repricing liquidity gap	(198 125 590)	(183 363 297)	(106 212 189)	40 087 396	40 087 396	80 174 793

26.5 Compliance Issues

Compliance risk

Compliance risk is the risk that the Society fails to comply with the letter and spirit of all statutes, supervisory requirements and industry codes of conduct which apply to its business. The Society seeks to bring the highest standards of compliance best practice in all areas of our operations.

Compliance environment

Compliance risk is managed through a Board approved Compliance Programme, internal policies and processes, which include legal, regulatory and other technical requirements relevant to the business. The compliance function provides advice of regulatory and other issues pertaining to the business. The compliance function independently monitors departments to ensure adherence to policies and procedures and other technical requirements.

Besides the US$5 000 penalty charged to the Society by Insurance and Pensions Commission (IPEC), the Society was compliant with all laws and regulations governing its activities.

26.6 Market risks

Market risk is the risk that the Society's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market prices such as interest rates, credit spreads, equity prices and foreign exchange rates. Most market risks arise from trading activities. The Society is primarily exposed to interest rate risk arising from financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Management of market risk

The Society separates its exposure to market risk between trading and non trading portfolios. Trading portfolios mainly are held by the treasury department and include positions arising from market marking and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

Overall authority for market risk is vested in ALCO. The Society's risk department is responsible for detailed risk management policies and for the day to day review of their implementation.

A summary of the Society's interest rate repricing and gap analysis is given in note 26.4.

Exposure to interest rate risk

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Society's financial assets and liabilities to various standard and non standard interest rate scenarios.

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26.7 Operational risks

Operational risk is the direct or indirect loss arising from a variety of causes associated with the Society's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks. Operational risks arise from all of the Society's operations and are faced by all sections of the Society.

The Society's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Society's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Management of operational risks

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

* Reconciliation and monitoring of transactions
* Appropriate segregation of duties including the independent authorisation of transactions
* Compliance with regulatory and other legal requirements
* Documentation of controls and procedures
* Training and professional development
* Ethical and business standards
* Risk mitigation including insurance where it is effective
* Development of contingency plans
* Reporting of risks and operational losses to the risk department

Compliance with Society standards is supported by periodic reviews undertaken by Group Internal Audit. The results of these audits are discussed with the management of the business unit to which they relate and summaries are submitted to the Audit Committee and Executive management of the Society.

26.8 Reserve Bank of Zimbabwe ratings

The Reserve Bank of Zimbabwe conducts regular examinations of Banks and Financial institutions it regulates. The latest onsite examination of the Society was in April 2014 and the overall assessment resulted in a rating of 2 (Satisfactory) on the CAMELS scale. The CAMELS rating evaluates Financial institutions on Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to market risk.

The CAMELS and Risk Assessment ratings are summarised below;

CAMELS Component	April 2014 Ratings
Capital	1 - Strong
Asset Quality	3 - Fair
Management	2 - Satisfactory
Earnings	2 - Satisfactory
Liquidity	2 - Satisfactory
Sensitivity to market risk	2 - Satisfactory
Composite rating	2 - Satisfactory

Key
1. Strong
2. Satisfactory
3. Fair
4. Weak
5. Critical

Summary of risk matrix - April 2014 onsite examination

Type of Risk	Level of Inherent Risk	Adequancy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit	High	Acceptable	Moderate	Stable
Liquidity	Moderate	Acceptable	Moderate	Stable
Foreign Exchange	Low	Strong	Low	Stable
Interest Rate	Moderate	Acceptable	Moderate	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Low	Strong	Low	Stable
Overall	Moderate	Acceptable	Moderate	Stable

Interpretation of the risk matrix

Levels of inherent risk

Low - reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the institution's overall functional condition.

Moderate - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

Adequacy of risk management systems

Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important way and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.

Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, those have to be recognised and are being addressed. Management information systems are generally adequate.

Strong - management effectively identifies and controls all types of risk areas posed by the relevant functional areas or per inherent risk. The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are in place. The policies comprehensively define the banking institution's risk tolerance. Responsibilities and accountabilities are effectively communicated.

Overall composite risk

Low - this would be assigned to low risk areas. Moderate risk areas may be assigned to a low composite risk where internal controls and risk management systems are strong and effectively mitigate much risk.

Moderate - risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

High - risk management systems do not significantly mitigate the high level of risk, thus, the activity could potentially result in a financial loss that would have a significant impact on the banking insitution's overall condition.

Direction of overall composite risk

Increasing - based on the current information, risk is expected to increase in the next twelve months.

Decreasing - based on the current information, risk is expected to decrease in the next twelve months.
Stable - based on the current information, risk is expected to be stable in the next twelve months.

27 Capital Management

The regulator (Reserve Bank of Zimbabwe) sets and monitors capital requirements for the Society on a quarterly basis through quarterly BSD1 Returns. In implementing current capital requirements, the RBZ requires the Society to maintain a minimum capital requirement of US$25 million and capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighted assets.

The Society's regulatory capital is analysed into two tiers:
*Tier 1 capital which includes ordinary paid up capital, share premium, retained earnings and general reserves after deducting for goodwill, intangible assets and exposure to insiders and connected counterparties.
*Tier 2 capital which include revaluation reserves and subordinated debt.

Loans and advances to Directors are made on the same terms and conditions as in the normal course of business with the exception of executive Directors which are in accordance with the normal staff loan schemes. A loan was granted to Stiefel Investments Private Limited in pursuance of OMZIL's Indigenization Plan to acquire 3.5% of OMZIL's fully paid up and issued ordinary share capital. Various limits are applied to elements of the capital base. Tier 2 capital cannot exceed tier 1 capital and qualifying term subordinated loan capital may not exceed 50% of tier 1 capital.

The Society's policy is to maintain a strong capital base so as to maintain depositor confidence and sustain future developments of the business.

The Society's regulatory position as at 31 December 2014 was as follows:

CAPITAL ADEQUACY	31 December 2014 US$	31 December 2013 US$
Tier 1 Capital		
Ordinary class "A" share capital	35 000 000	35 000 000
Retained earnings	70 554 880	46 523 937
Exposures to insiders and connected counterparties	(13 825 531)	(16 668 403)
Less Tier 1 allocated to market risk	(140 161)	(44 133)
Less Tier 1 allocated to operational risk	(7 658 469)	(6 221 050)
Total Tier 1 Capital	83 930 719	58 590 351
Tier 2 Capital		
Tier 2 capital	37 136 027	31 943 985
Tier 3 Capital		
Allocation of capital to market risk	140 161	44 133
Allocation of capital to operational risk	7 658 469	6 221 050
Total Tier 3 capital	7 798 630	6 265 183
Total Regulatory capital	128 865 376	96 799 519
Total risk weighted assets	592 980 330	439 540 462
Capital adequacy ratio	22%	22%

28 Going concern

The Directors have assesed the ability of the Society to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

29 Subsequent events

There were no significant subsequent events affecting the financial statements for the year ended 31 December 2014.