CABS

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ANNUAL REPORT 2023

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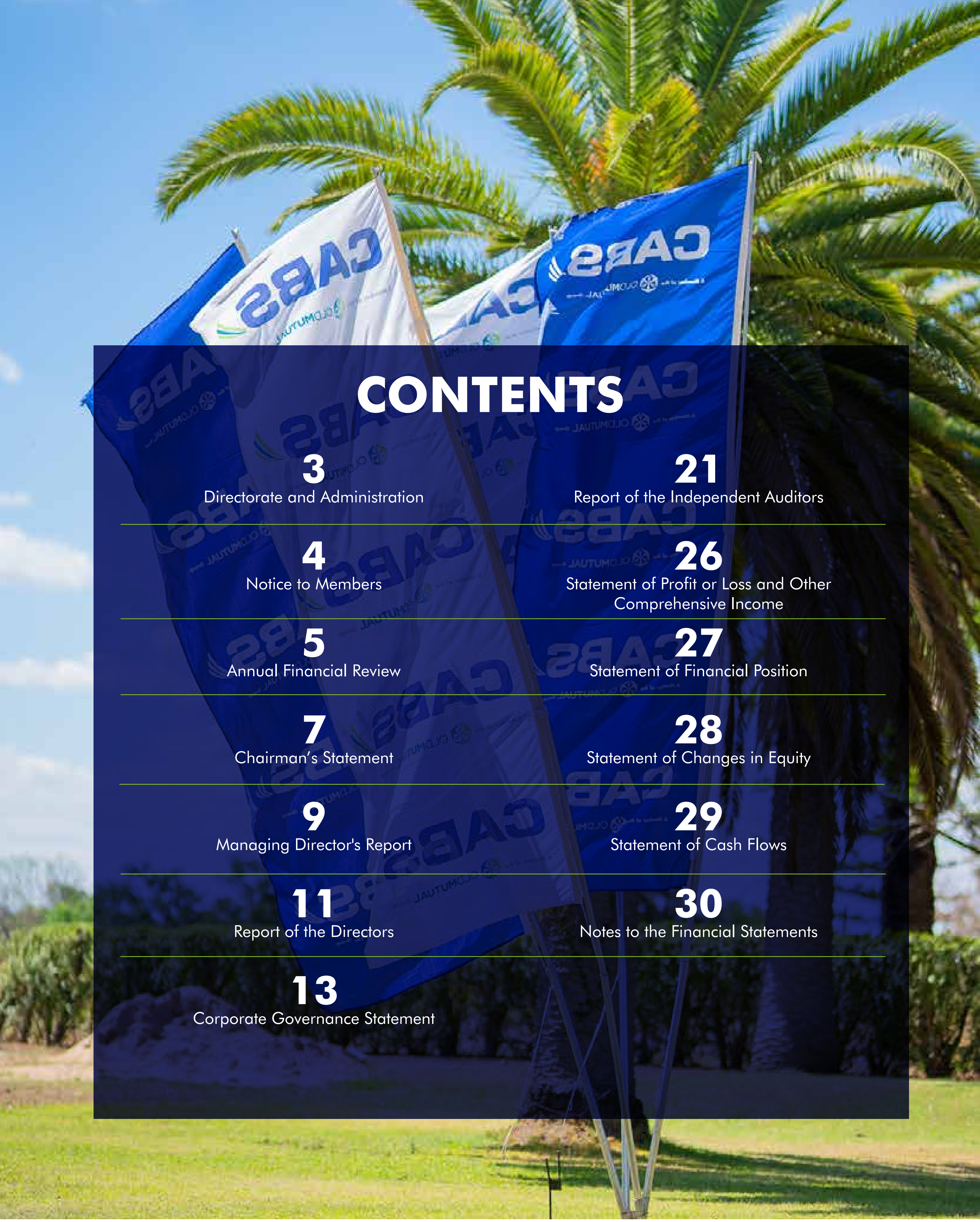

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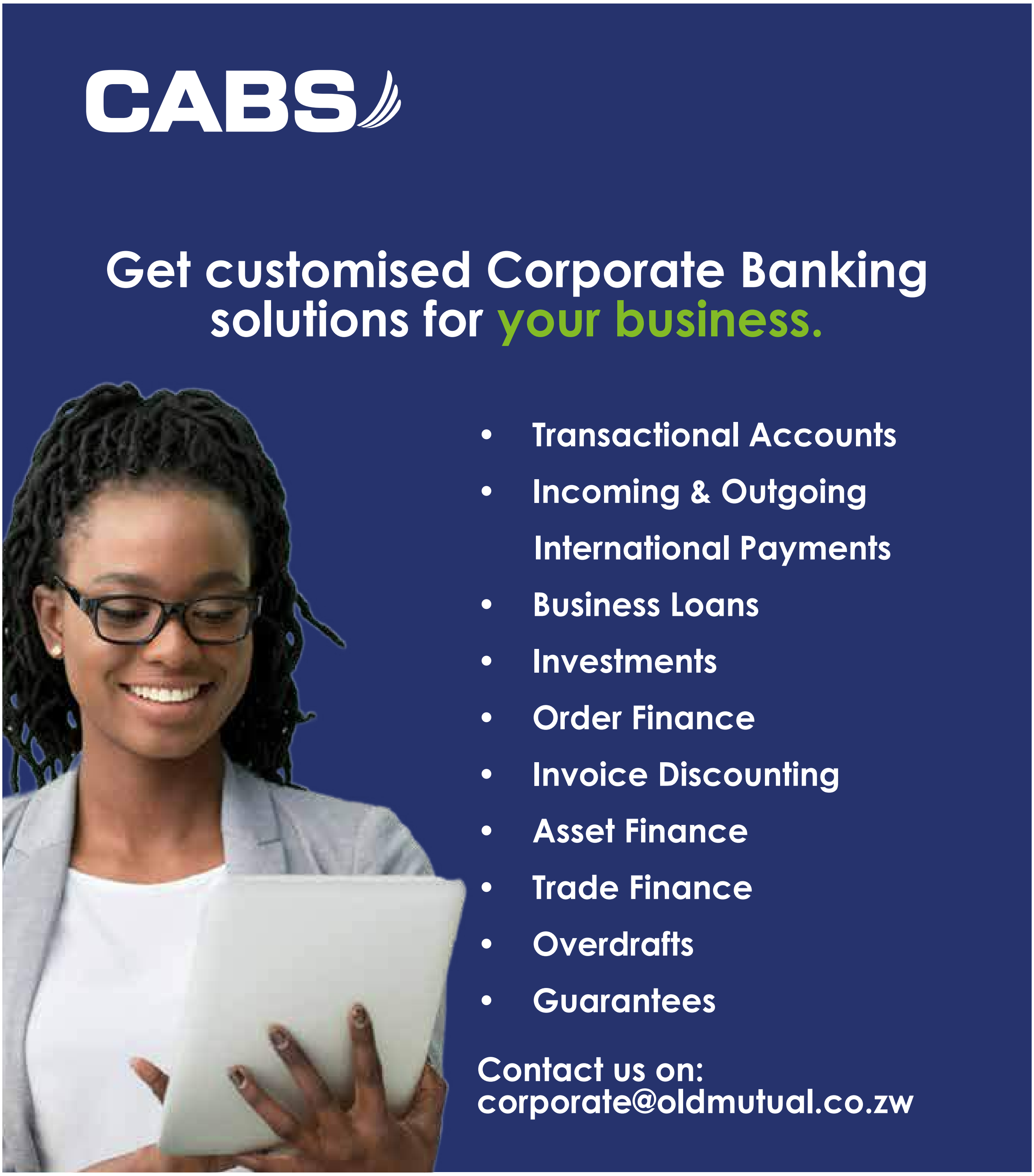


DIRECTORATE AND ADMINISTRATION

Board of Directors

W Matsaira***	BA (UNISA), FIOBZ [Chairman]
M Mpofu*	B Sc Eng., CFA, MBA (Managing Director)
CT Ndoro*	MBA, BBS (Hons) (Deputy Managing Director)
VC Muyambo*	CA(Z), BCompt (Hons) (Chief Finance Officer)
MJR Dube***	BAcc (UZ), MBA (MSU) CA (Z)
W Gillwald ***	Dip. Mech Eng, Dip. Agric
ST Hosack***[1]	BEng Hons (UK), MBA (1 October 2023)
S Matsekete**	BAcc. (UZ), MBL (UNISA), AIBZ, CA(Z)
T Mutaviri (Mrs) **	BBS (UZ), MBA(USA)
DK Shinya (Mrs)***[2]	CA(Z), BCompt Hons, MBA (1 August 2023)
JC Tapambgwa***	BAcc, CA (Z)
AE Siyavora***[3]	CA (Z), BCompt, MBL

Board Audit Committee

MJR Dube	Chairman
JC Tapambgwa	Member
DK Shinya	Member

Board Risk and Compliance Committee

JC Tapambgwa	Chairman
MJR Dube	Member
W Gillwald	Member

Board Credit Committee

JC Tapambgwa	Chairman
T Mutaviri	Member
W Gillwald	Member

Board Loans Review Committee

MJR Dube	Chairman
S Matsekete	Member
DK Shinya	Member

Board ICT Committee

W Gillwald	Chairman
D Shinya	Member
T Mutaviri	Member

Executive Committee Members

M Mpofu	Managing Director [Chairman]
CT Ndoro	Deputy Managing Director
VC Muyambo	Chief Finance Officer
J Chipunza	Acting Head of Operations
E Dzonga	Head of Risk
B Gumbo	Head of Treasury
P Kudakwashe	Head of Credit
S Manyoni	Head of Custodial Services
FE Machawira	Head of Compliance
T Mutenga	Chief Internal Auditor
I Masona	Head of Digital Banking
T Muzvidzwa	Head of Information and Communication Technology (ICT)
HR Nharingo	Company Secretary
C Nzombe	Head of Human Capital
B Sithole	General Manager Commercial Services
L Thebethebe	Head of Marketing
C Zvokuomba	Head of Retail Banking

Asset and Liability Committee

M Mpofu	Chairman
CT Ndoro	Member
VC Muyambo	Member
J Chipunza	Member
E Dzonga	Member
P Kudakwashe	Member
FE Machawira	Member
B Gumbo	Member
B Sithole	Member
C Zvokuomba	Member

Regional Councils
Manicaland

FJ Meglic	Chairman
CK Holland	Member

Matabeleland / Midlands

MT Jumo	Chairman
BA Friend	Member
RL Kriel	Member
SM Mapuvire	Member
NC Marsh	Member

Head Office and Registered Office
3 Northend Close, Northridge Park,
Highlands P O Box 2798, Harare, Zimbabwe
Telephone: +263 (242) 883823
Fax: +263 (242) 883804
Email: management@cabs.co.zw

Auditors
Deloitte & Touche
West Block, Borrowdale Office Park, Borrowdale,
P.O Box 267, Harare, Zimbabwe
Tel: +263 (242) 8677000261
Fax: +263 (242) 852130

Preparation of annual report
This annual report has been prepared under the supervision of the Chief Finance Officer, Valerie Muyambo, a member of the Institute of Chartered Accountants of Zimbabwe, membership number M3336.

1. Mr. ST Hosack was appointed to the CABS Board of Directors with effect from 01 October 2023.
2. Mrs. DK Shinya was appointed to the CABS Board of Directors with effect from 01 August 2023.
3. Mr. AE Siyavora retired from the CABS Board after the expiry of his tenure on the Board with effect from 31 March 2023.

* Executive Director
** Non-Executive Director
*** Independent Non-Executive Director

NOTICE TO MEMBERS

For the year ended 31 December 2023

Notice is hereby given that the sixty-ninth (69th) Annual General Meeting (AGM) of Members of CABS (the Society) will be held via Microsoft Teams on Wednesday, 15 May 2024.

ORDINARY BUSINESS

Minutes of last Annual General Meeting

1. To approve minutes of the Annual General Meeting held on Monday 8 May 2023.

Financial statements and statutory reports

2. To receive, consider and adopt the financial statements, as well as Directors' and Auditors' Reports for the financial year ended 31 December 2023.

Directorate

3. Mrs T Mutaviri, Mr S Matsekete and Mr JC Tapambgwa retire by rotation in terms of Rule 71 of the CABS Rules and, being eligible, offer themselves for re-election.

4. Mr ST Hosack, having been appointed to the Board of Directors on 1 October 2023, retires in terms of Rule 63 of the CABS Rule Book and, being eligible, offers himself for re-election.

5. Mrs DK Shinya, having been appointed to the Board of Directors on 01 August 2023, retires in terms of Rule 63 of the CABS Rule Book and, being eligible, offers herself for re-election.

6. To note the retirement of Mr AE Siyavora from the Board with effect from 31 March 2023.

7. To confirm the remuneration of Directors amounting to ZWL1,112,114,194.14 for the year ended 31 December 2023.

Dividends

8. To confirm the total dividend for the year ended 31 December 2023, comprising an interim dividend for 2023 amounting to ZWL28.96 billion (paid as US$ 5.00 million) as declared by the Board on 10 August 2023 and a final dividend for 2023 amounting to US$1.50 million as declared by the Board on 14 March 2024.

External auditors

9. To approve the external auditors' remuneration amounting to ZWL2 892 748 078.15 for the year ended 31 December 2023.

10. To elect an independent auditor for the ensuing year.

Any other business

11. To transact all such other business as may be transacted at an Annual General Meeting.

Electronic Annual Report
The Society's 2023 Annual Report is now available on the Society's website www.cabs.co.zw.

By order of the Board

H R NHARINGO
COMPANY SECRETARY

Registered Office
3 Northend Close
Northridge Park
Highlands
HARARE

14 March 2024

ANNUAL FINANCIAL REVIEW
For the year ended 31 December 2023

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
ASSETS				
Cash and cash equivalents	797 322.44	434 398.28	797 322.44	90 397.12
Investment securities	488 238.05	146 042.43	488 238.05	30 391.04
Other assets	331 521.38	134 604.52	270 260.78	21 946.58
Loans and advances	1 022 395.85	613 091.49	1 022 395.85	127 582.70
Non-current assets held for sale	2 164.00	1 498.58	2 164.00	311.85
Property and equipment	327 154.24	172 086.55	297 313.21	32 223.06
Investment property	156 589.15	71 456.66	156 589.15	14 869.94
Intangible assets	2 160.98	3 746.66	123.97	161.84
Total assets	**3 127 546.09**	**1 576 925.17**	**3 034 407.45**	**317 884.13**
LIABILITIES AND EQUITY				
Deposits	1 351 747.23	665 129.11	1 351 747.23	138 411.59
Credit lines	562 564.48	359 800.25	562 564.48	74 873.47
Trade and other liabilities	209 049.90	61 796.20	198 002.11	12 315.07
Deferred taxation	27 270.46	11 670.64	27 270.46	2 428.63
Shareholder's equity	976 914.02	478 528.97	894 823.17	89 855.37
Total liabilities and equity	**3 127 546.09**	**1 576 925.17**	**3 034 407.45**	**317 884.13**
Income and expenses				
Net interest income	158 453.54	158 562.30	83 391.54	24 103.74
Allowance for expected credit losses (ECL)	(31 908.26)	(11 820.81)	(30 304.77)	(2 430.21)
Income from lending activities	126 545.28	146 741.49	53 086.77	21 673.53
Net non-interest income	781 921.89	242 912.73	739 569.18	52 924.39
Allowance for ECL	(4 512.03)	(3 968.29)	(4 512.03)	(825.79)
Total income	**903 955.14**	**385 685.93**	**788 143.92**	**73 772.13**
Operating expenses	**(317 953.72)**	**(137 873.32)**	**(192 040.38)**	**(20 089.36)**
- Administration	(178 683.65)	(67 735.85)	(115 704.98)	(10 845.69)
- Depreciation	(17 040.98)	(12 962.11)	(4 233.73)	(556.47)
- Staff costs	(122 229.09)	(57 175.36)	(72 101.67)	(8 687.20)
Surplus before impairments	**586 001.42**	**247 812.61**	**596 103.54**	**53 682.77**
Impairment on non-financial assets	(3 575.73)	(724.61)	(3 575.73)	(139.05)
Monetary loss	(153 157.51)	(105 052.24)	-	-
Net surplus for the year	**429 268.18**	**142 035.76**	**592 527.81**	**53 543.72**

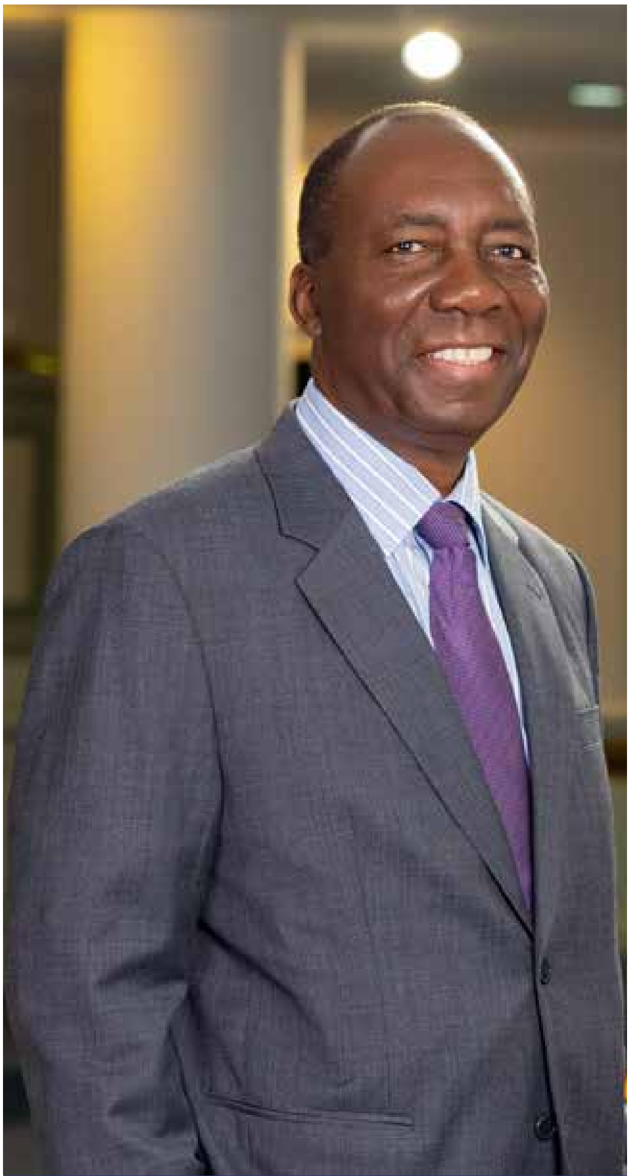
ANNUAL FINANCIAL REVIEW (continued)

For the year ended 31 December 2023

	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
Tier 1 capital		
Ordinary class "A" share capital	35.00	35.00
Retained earnings	604 138.01	59 463.65
Exposures to insiders and connected parties	(5 041.18)	(0.60)
Less Tier 1 allocated to market risk	(35 860.46)	(3 663.67)
Les Tier 1 allocated for operational risk	(14 223.81)	(2 147.13)
Total Tier 1 capital	**549 047.56**	**53 687.25**
Tier 2 capital		
Revaluation reserve (limited by Tier 1)	275 283.05	28 883.06
General provisions (limited to 1.25% of TRWA)	29 976.60	3 132.52
Other	7.27	7.27
Total Tier 2 capital	**305 266.92**	**32 022.85**
Tier 3 capital		
Allocation of capital for market risk	35 860.46	3 663.67
Allocation of capital for operational risk	14 223.81	2 147.13
Total Tier 3 capital	**50 084.27**	**5 810.80**
Deductions from total capital		
Equity investments in non subsidiary companies	(5 350.97)	(3 326.42)
Total from total capital	**(5 350.97)**	**(3 326.42)**
Total regulatory capital	**899 047.78**	**88 194.48**
Total risk weighted assets	**2 398 183.09**	**250 601.27**
Capital adequacy ratio	37.49%	35.19%
Regulatory minimum capital adequacy ratio	12.00%	12.00%
Liquidity ratio	**73.57%**	**71.30%**
• Total liquid assets	1 397 629.23	128 002.61
• Total liabilities to the public	1 899 739.97	179 425.88
Return on average assets	**35.35%**	**28.77%**
• Surplus for the year	592 527.81	53 543.72
• Average assets	1 676 145.79	186 110.17
Return on equity	**60.65%**	**53.77%**
• Surplus for the year	592 527.81	53 543.72
• Shareholders' equity	976 914.02	99 580.60

CHAIRMAN'S STATEMENT

For the year ended 31 December 2023



" The Society's corporate social investment covers several vital pillars, including education, sports, arts, culture, environmental conservation, and support for disadvantaged groups within our society. "

Dear Shareholder

The Society's financials reflect resilience in the face of a challenging macro-economic environment. The operating environment has been largely characterised by high inflation, pricing distortions, local currency instability and local currency shortages. The year-on-year inflation closed at 380.54% against 243.8% (determined using the Total Consumption Poverty Line approach) recorded in the previous year. The Zimbabwe dollar (ZWL) depreciated against the United States dollar (US$) from an interbank rate of 684.33 at the beginning of the year to close at 6,104.72 as at 31 December 2023. Despite the challenges, the Society recorded a satisfactory set of results for the year under review.

Inflation-adjusted results

Inflation-adjusted surplus improved to ZWL429.27bn (2022: ZWL142.04bn). The growth was mainly due to improvements in non-interest income, which grew by 189.5% to ZWL238.08bn from ZWL82.24bn. Net interest income declined marginally by 0.07% due to the increase in the cost of offshore lines of credit in the year under review. Operating expenses grew by 130.6% from ZWL137.87bn to ZWL317.95bn due to the general increase in prices of goods and services.

Total assets grew by 98.3% to ZWL3.13tn (2022: ZWL1.58tn). The growth was mainly due to the increase in deposits and credit lines which rose by 103% and 56%, respectively. Loan book quality remained good during the year, with the non-performing loans ratio closing the year at 2.10%.

Human resources

CABS remains committed to the well-being of all employees. The business implemented initiatives to cushion employees and continues to monitor the environment and explore further measures. To address mental well-being concerns, we partnered with leading wellness providers, offering confidential counselling and stress management sessions to employees. This had a positive impact on employees' ability to cope with mental health issues, as reported in our internal surveys. Furthermore, through continuous dialogue and proactive engagement, a harmonious industrial relations climate was maintained.

Investing in the economy

The Society continues to play an important role in supporting economic development through various initiatives. These initiatives include:

- Arranging lines of credit and trade finance facilities for the benefit of local businesses. The Society continued to strengthen relationships with offshore providers of funding, including Afreximbank, African Development Bank and Trade and Development Bank;
- Lending to the productive sectors of the economy;
- Supporting the generation of foreign currency through advancing loans to the export sectors of the economy;
- Supporting the growth of Small and Medium Enterprises through the provision of working capital and capital expenditure loans;
- Facilitating the inward remittance of funds from the diaspora through enhanced partnerships with money transfer agencies; and
- Advancing mortgages and salary-based consumer loans to support cash flow requirements for civil servants and private sector employees through efficient technology-based platforms such as EezyCredit.

CHAIRMAN'S STATEMENT (continued)

For the year ended 31 December 2023

Corporate social responsibility

CABS is committed to corporate social responsibility, recognising the importance of making a positive impact on the lives of individuals and communities. The Society believes in sustainable growth and impact, and this commitment was recognised through the prestigious Environmental, Social and Governance (ESG) award for inclusive development of Sustainable Development Goals (SDGs) at the 7th Zimbabwe National Annual ESG and Responsible Business Awards held in December 2023.

The Society's corporate social investment covers several vital pillars, including education, sports, arts, culture, environmental conservation, and support for disadvantaged groups within our society.

CABS has continued to contribute to sporting and cultural activities in Zimbabwe. These include cricket, swimming, hockey, chess, rugby, and the National Institute of Allied Arts (NIAA) Speech and Drama Festival. These initiatives promote talent and creativity of Zimbabwean youths.

Corporate governance

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

Compliance issues

The Society was largely compliant with regulatory requirements.

The Society has an independent Compliance function that ensures that it complies with all regulatory requirements, with oversight by the Board Risk and Compliance Committee, the Board Audit Committee, and the Board.

Outlook

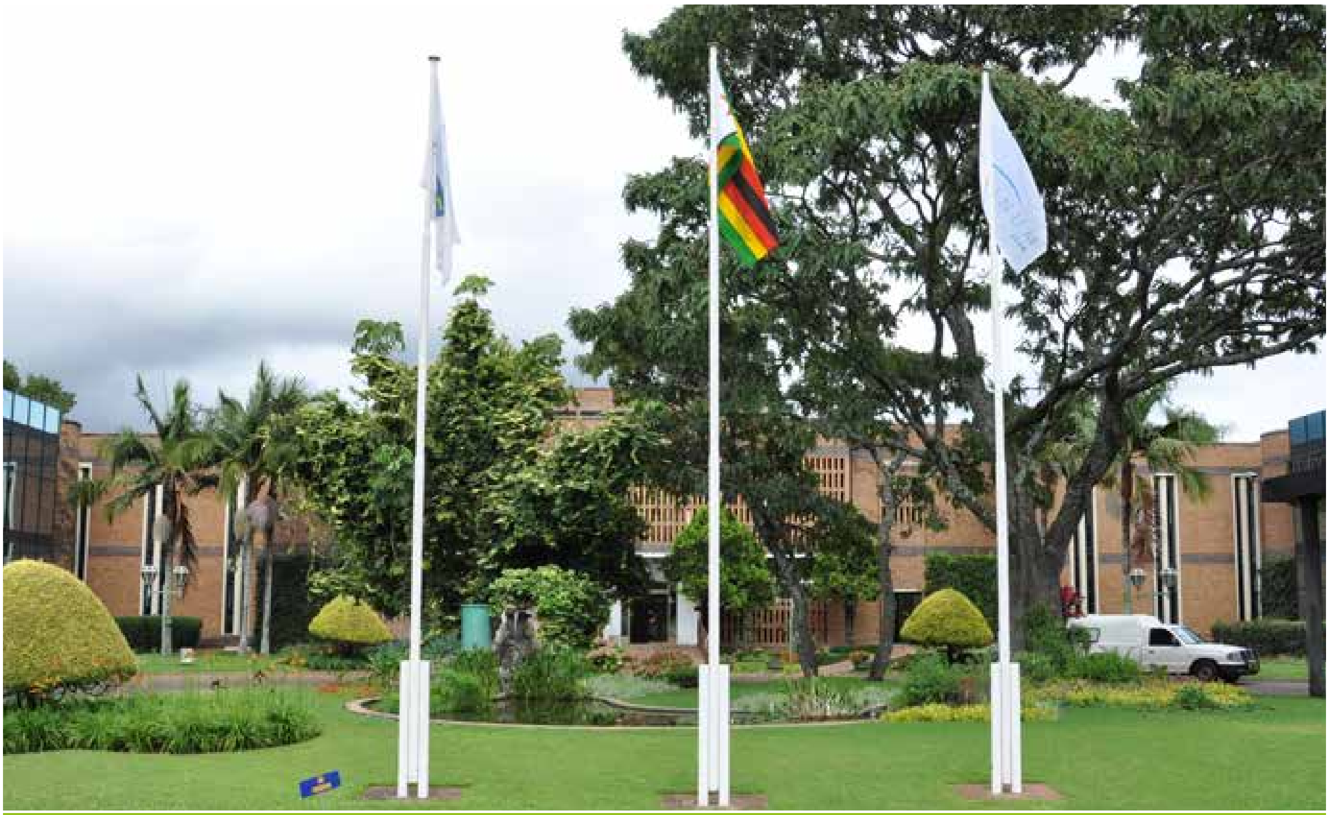
Foreign currency shortages and the relationship between income and expenses under inflationary conditions continue to pose challenges. The Society continues to rely on the implementation of prudent fiscal and monetary policies and will continue to play its part by providing full banking services to its customers, as well as ensuring that shareholder value is preserved.

Appreciation

I would like to express my profound appreciation to our valued customers who are at the core of our business, fellow Directors on the Board, strategic partners, Management and Staff for the continued commitment to the well-being of the Society. The Society is celebrating its 75th anniversary in 2024, a milestone that serves as a testament to our collective resilience and determination, charting our course into the future.

Washington Matsaira
Chairman

14 March 2024



MANAGING DIRECTOR'S REPORT
For the year ended 31 December 2023

Introduction
CABS's performance remained satisfactory in the reporting period despite the challenging operating environment characterised by year-on-year inflation of 380.54% (determined using the Total Consumption Poverty Line approach). The Society continued to play a pivotal role in the economy by capacitating the key sectors through provision of working capital and capital expenditure funding. We continued investment in digital banking channels, thereby enhancing customer experience through processing transactions in both ZWL and US$ currencies.

Financial performance
The Society's surplus increased by 202% to ZWL429.27bn (2022: ZWL142.04bn) in inflation-adjusted terms.

The Society achieved satisfactory performance on the back of increased non-funded income, bolstered by payment transactions in key economic segments. The digitalisation strategy resulted in positive customer experience by widening transaction channel options. We added US$ services to our digital channels in response to the growing use by our customers and this was positively embraced. Performance was also boosted by foreign currency translation gains and property fair value gains on investment property.

The Society continued to support the borrowing requirements of its customers through a combination of local funding and offshore lines of credit. The introduction and growth of USD digital lending channels such as EezyCredit and Flexicredit, supported CABS lending activities during the year.

In historical terms, the Society recorded a surplus amounting to ZWL592.53bn (2022: ZWL53.54bn), which was a growth of 1,006.7%. Net interest income grew by 246.0% to ZWL83.39bn (2022: ZWL24.10bn). Net fee and commission income increased by 1,067.6% to ZWL139.18bn (2022: ZWL11.92bn). Operating expenses increased by 855.9% to ZWL192.04bn (2022: ZWL20.09bn).

Investing in innovation
CABS remains dedicated to innovating and refining products and processes for the benefit of our stakeholders. We fostered an iterative digital transformation culture to adapt to customers' evolving needs. During the period under review, we introduced several enhancements to our internet banking platform. This includes the addition of EezySend, our local remittance service, allowing customers to send money conveniently without handling cash. In addition, the Society enabled nostro accounts to conduct digital transactions through mobile banking, covering services from RTGS and ZIPIT to purchasing airtime. These value-added services have not only increased access but also reduced costs for our customers.

Investing in the economy
CABS remains committed to supporting public and private sector investment in Zimbabwe. The Society has continued to source offshore lines of credit for on-lending to sub-borrowers in key sectors of the economy such as agriculture, mining, energy, and manufacturing. A collective amount of US$110m was received during the year from Afreximbank and the Trade and Development Bank. We continue to support small and medium-sized enterprises (SMEs) through value chain financing and financial literacy programmes. CABS also received a grant from the African Development Bank, through the Affirmative Finance Action for Women in Africa (AFAWA) to be applied towards the implementation of a technical assistance program to develop women-led Small, Micro, and Medium Enterprises (SMMEs). CABS also deployed trade facilities such as Transaction Guarantees and Letters of Credit for use by exporting and importing customers in support of smooth cross-border trading.

" CABS remains dedicated to innovating and refining products and processes for the benefit of our stakeholders. "

MANAGING DIRECTOR'S REPORT

For the year ended 31 December 2023

We supported the industry and commerce through efficient processing of collections and payments, notably deployment of additional point-of-sale machines (POS), multi-currency POS terminals and efficient processing of inward and outward international payments.

Investing in the communities we serve

The Society remains steadfast in its commitment to Corporate Social Investment that positively impacts communities across Zimbabwe. Our focus on education, sports, arts, culture, environmental conservation, and support for disadvantaged groups underscores our dedication.

In 2023, we allocated resources to various causes, including cancer awareness and treatment, promotion of children's rights, raising Alzheimer's awareness, and support for children's homes. We continued investing in solar-powered boreholes in schools, which saw us close the year with a total of 23 boreholes drilled across the country.

By fostering talent in sports and culture through various activities including cricket, swimming, hockey, chess, rugby, and the National Institute of Allied Arts (NIAA) Speech and Drama Festival, we contribute to the overall growth and well-being of Zimbabwe's youth. Our holistic approach to corporate social investments reflects the Society's unwavering commitment to making a meaningful and positive difference in society.

Substantial investment strides were made in the environmental sustainability space through initiatives such as tree planting and wildlife protection, achieved through partnerships with like-minded stakeholders, including Antelope Park and the Friend Animal Foundation.

The Society also takes pride in its support for sustainable community development, as demonstrated by our investment in the Kariba International Tiger Fish Tournament (KITFT). This tournament focuses on sustainability, promotes catch and release practices, and channels proceeds towards donations for underprivileged communities.

The Society's contributions in financial literacy are evident through Old Mutual's On-the-Money Training, which provides essential financial knowledge to our existing and potential customers, emphasising our dedication to financial inclusion and literacy.

Investing in our people

Recognising our people as our greatest asset, the Society continues to invest in employee development. We provided access to internationally recognised online learning platforms for all employees, resulting in the completion of over 100 training courses and certification programs. This led to a significant increase in employee skills and competencies, as measured by internal assessments. The Society continued to invest in sporting activities for employees. Our thrust is to continue to transform into an inclusive, high-performing and respectful culture.

Appreciation

I would like to express my gratitude to our customers, regulatory authorities, partners, shareholders and staff for their collaboration and commitment over the years. As we celebrate our 75th anniversary in 2024, we look back at the achievements, honour the great leadership and reflect on our mission, vision, and values. Together with our customers and partners, we have achieved a lot and we remain steadfast in our dedication to delivering exceptional financial services in the next 75 years and beyond.

M Mpofu
Managing Director

14 March 2024

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

Overview

The separate financial statements of the Society are prepared based on IAS 29 ***Financial Reporting in Hyperinflationary Economies*** (IAS 29). These financial statements comply with IAS 29 in all material respects. The Society, in line with trends observed in the rest of the economy, has seen an increasing proportion of transactions denominated in United States Dollars, a currency which is not subject to hyperinflation. This has presented some practical challenges in the preparation of the financial statements, and it is the view of the directors that IAS 29 did not fully envisage a situation where a hyperinflationary economy effectively has other currencies besides the local currency in official circulation as mediums of exchange, and also in use in determining the price of goods and services. Users of the financial statements are advised to consider the implications of the multi-currency environment on the business and are also referred to notes 1.5 and 1.26 for further disclosures.

Responsibility

The Directors are responsible for the preparation and fair presentation of the financial statements of the Society in accordance with the applicable Financial Reporting Framework for entities in Zimbabwe, including the requirements of Building Societies Act (Chapter 24:02), relevant sections of the Banking Act (Chapter 24:20) and the Securities and Exchange Act (Chapter 24:25). Financial statements comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the Notes to the Financial Statements.

The Directors are also responsible for such internal controls as they determine are necessary for the financial statements to be free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective risk management system.

Based on their assessment, the Directors are satisfied that the Society will continue to operate as a going concern into the foreseeable future.

The independent auditor is responsible for reporting on whether the separate financial statements approved by the Board are fairly presented in accordance with the applicable financial reporting framework.

Compliance with legislation

These inflation adjusted financial statements are based on the application of the consumer price index on underlying accounting records that were maintained on the historical cost convention (except for fair value measurement where applicable), have been properly prepared in accordance with the Society's accounting policies, and comply with the disclosure requirements of the Building Societies Act (Chapter 24:02), relevant sections of the Banking Act (Chapter 24:20) and the Securities and Exchange Act (Chapter 24:25).

Compliance with IFRSs

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

Complying with IFRSs achieves consistency with the financial reporting framework by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognised reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

The IFRS Conceptual Framework provides that, in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 ***The Effects of Changes in Foreign Exchange Rates*** (IAS 21) requires an entity to apply certain parameters in determining the functional currency of an entity, for use in preparing financial statements.

The directors are not aware of other areas of non-compliance with IFRS in the 2023 financial statements. However, the directors would like to draw the attention of users of the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as property valuations, valuation of unlisted investments as well as the carrying value of certain receivables. In addition, there is a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believes that these factors have been sufficiently taken into account in the 2023 financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these.

REPORT OF THE DIRECTORS (continued)

For the year ended 31 December 2023

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Results from operations				
Net interest income	158 453.54	158 562.30	83 391.54	24 103.74
Allowance for ECL	(31 908.26)	(11 820.82)	(30 304.77)	(2 430.21)
Income from lending activities	**126 545.28**	**146 741.48**	**53 086.77**	**21 673.53**
Net non-interest income	781 921.89	242 912.73	739 569.18	52 924.39
Allowance for ECL	(4 512.03)	(3 968.28)	(4 512.03)	(825.79)
Income from non-lending activities	**777 409.86**	**238 944.45**	**735 057.15**	**52 098.60**
Total income	**903 955.14**	**385 685.93**	**788 143.92**	**73 772.13**
Operating expenses	(317 953.72)	(137 873.32)	(192 040.38)	(20 089.36)
Impairment on non-financial assets	(3 575.73)	(724.61)	(3 575.73)	(139.05)
Monetary loss	(153 157.51)	(105 052.24)	-	-
Surplus for the year	**429 268.18**	**142 035.76**	**592 527.81**	**53 543.72**

Restated net interest income decreased marginally in 2023 from ZWL158.56bn in 2022 to ZWL158.45bn in 2023 due to an increase in interest rates on offshore loans. Restated non-interest income improved from ZWL242.91bn in 2022 to ZWL781.92bn in 2023 mainly due to increases in the nominal values of transactions. Asset quality remained good, although the non-performing loans ratio increased to 2.10% in 2023. The Society recorded a restated surplus of ZWL429.27bn in 2023 compared to ZWL142.04bn achieved in 2022.

Share capital and reserves

Details of share capital of the Society are set out in note 20 to the Society's separate financial statements. There were no movements during the year except for IAS 29 restatements.

The Directors have assessed the ability of the Society to continue operating as a going concern and believe that the preparation of financial statements using the going concern assumption is still appropriate.

These financial statements were approved by the Board of Directors on 14 March 2024 and were signed on its behalf by:

W MATSAIRA **CHAIRMAN**	**MJR DUBE** **NON-EXECUTIVE DIRECTOR**
14 March 2024	**14 March 2024**

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2023

The Board adheres to the principles of corporate governance derived from the Banking Act [Chapter 24:20] as amended in 2015, Banking Regulations 2000, Building Societies Act [Chapter 24:02], Reserve Bank of Zimbabwe Act [Chapter 22:15], the Reserve Bank Corporate Governance Guidelines, the Zimbabwean National Code on Corporate Governance, the Old Mutual Group Governance Framework (GGF) as well as corporate governance best practice. The aforementioned Acts, Regulations RBZ and National Corporate Governance Codes, CABS Code of Conduct and CABS Board Charter are available to Directors for reference regarding their fiduciary duties and obligations.

The Board and Director evaluation process is carried out annually as prescribed in the Reserve Bank of Zimbabwe Board and Director Evaluation Framework.

Board Composition
As of 31 December 2023, the Board comprised three (3) executive Directors, two (2) non-executive Directors and six (6) independent non-executive Directors, as shown in the table below. All Board Committees were chaired by independent non-executive Directors.

The Chairman of the Society is an independent non-executive Director. The Chairman does not have any relationship with the Society or with its Directors, staff, or business associates, which might reasonably be regarded as compromising his independence. The Board continues to monitor the independence of all independent directors.

		Board	Audit Committee	Risk and Compliance Committee	Credit Committee	Loans Review Committee	ICT Committee
	Number of meetings held	**4**	**4**	**4**	**6**	**4**	**4**
1.	Mr W Matsaira	4	-	-	-	-	-
2.	Mr M Mpofu	4	-	-	-	-	-
3.	Mr CT Ndoro	3	-	-	-	-	-
4.	Ms VC Muyambo	4	-	-	-	-	-
5.	Mr MJR Dube	4	4	2/2 ^	-	4	-
6.	Mr W Gillwald	4	-	4	3/3 ^	3/3#	4
7.	Mr S Matsekete	4	-	-	-	1/1 ^	-
8.	Mrs T Mutaviri	4	-	-	5	-	4
9.	Mr AE Siyavora	1/1#	1/1#	1/1#	1/1#	-	1/1#
10.	Mr JC Tapambgwa	4	4	4	6	-	1/1 ^
11.	Mrs DK Shinya	2 ^	1/1 ^	-	-	1/1 ^	1/1 ^
12.	Mr ST Hosack	1 ^	-	-	-	-	-

Key
^ New member
# Ceased to be a member
- Not a member

Board and Board Committee meeting attendance
During the year ended 31 December 2023, the Board and its five (5) Committees met at least four (4) times.

Board Committees
The Board has appointed the following Board and Management committees to assist it in discharging its responsibilities:

Board Audit Committee
The Board Audit Committee is responsible for the integrity of the Society's financial statements and the effectiveness of the systems of governance, risk management and internal control, and for monitoring the effectiveness and objectivity of the internal and independent auditors. Every year, the Board Audit Committee reviews the authority, resources and scope of work of the internal audit and approves the internal audit plan. It considers the appointment and fees of both audit and non-audit services for the independent auditors, who have unrestricted access to it. It also monitors internal and independent auditors' performance against expectations.

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2023

The members of this Committee comprise three (3) independent non-executive Directors. The Committee met four (4) times during the year ended 31 December 2023.

Board Risk and Compliance Committee

The primary purpose of the Committee is to review, on behalf of the Board, management's recommendations on risk, particularly concerning the structure and implementation of the Society's risk framework, including the quality and effectiveness of internal controls, risk appetite limits, risk profile and capital management processes. The Committee reports to the Board, identifying any matters in respect of significant risks to the Society, for which it considers that action or improvement is needed, and makes recommendations as to the adequacy of the risk mitigation plans. The Committee works closely with the Board Audit Committee concerning the systems of risk management and internal controls.

The Board Risk and Compliance Committee comprises three (3) independent non-executive Directors. The Committee met four (4) times during the year ended 31 December 2023.

Board Credit Committee

The Board Credit Committee is responsible for the management of credit risk. It reviews and recommends for approval by the Board, reasonable and prudent lending policies, strategies, standards and procedures in respect of loans, to avoid undue credit risks and potential losses and to obtain a reasonable return. It further reviews the loans granted to ensure that the Society's lending policies are adhered to and that loans are granted within normal risk parameters.

The Board Credit Committee currently comprises two (2) independent non-executive Directors and one (1) non-executive Director. The Board Credit Committee met six (6) times during the year ended 31 December 2023.

Board Loans Review Committee

The primary role of the Committee is to review loans granted to ensure compliance with granting limits, strategies, processes and procedures and includes evaluation of the entire lending function in the Society.

As of 31 December 2023, the Committee comprised two (2) independent non-executive Directors and one (1) non-executive Director. The Board Loans Review Committee met four (4) times during the year ended 31 December 2023.

Board ICT Committee

The primary role of the Committee is to oversee the activities and the impact of information technology on the business, as well as to review the cyber security measures implemented by the Society.

The Committee currently comprises two (2) independent non-executive Directors and one (1) non-executive Director. The ICT Committee met four (4) times during the year ended 31 December 2023.

Management Executive Committee (EXCO)

TThe EXCO comprises the Managing Director (Chair), the Deputy Managing Director, the Chief Finance Officer, Acting Head of Operations, Chief Internal Auditor, Head of Digital Banking, Head of Human Capital, Head of Risk, Head of Retail Banking, Head of Credit, Head of Custodial Services, Head of Compliance, Head of Treasury, Head of Marketing, General Manager Commercial Services, Head of ICT and Company Secretary. The Committee meets monthly and provides a link between the Board and Management and undertakes, among other duties, risk policy reviews as well as the identification and management of key risks and opportunities. They give recommendations to the Board on appropriate properties for purchase and/or development and on capital expenditure. The Committee is also responsible for strategy implementation.

Asset and Liability Committee (ALCO)

The Committee comprises the Managing Director (Chair), the Deputy Managing Director, the Chief Finance Officer, Head of Risk, Acting Head of Operations, Head of Retail Banking, Head of Credit, Head of Compliance, Head of Treasury and General Manager Commercial Services. The Committee meets monthly to discuss money market activities and counterparty exposures. The Committee drives the most appropriate strategy for the Society in terms of the mix of assets and liabilities, determines the appropriate level of liquidity, ensures that agreed funding limits are not exceeded, and ensures the appropriate structure of the statement of financial position in terms of funding mix, capital adequacy and risk management policy.

Management Credit Committee (MCC)

The MCC members are the Managing Director (Chair), the Deputy Managing Director, Head of Credit, Head of Treasury and the Chief Finance Officer. The General Manager Commercial Services, Acting Head of Operations, Head of Retail Banking, Head of Compliance, Head of Risk and Company Secretary attend the meetings. The Committee is responsible for the assessment and sanctioning of credit within its delegated lending discretion and recommending credit above its limit to the Board Credit Committee and the main Board. The MCC also has the responsibility to set and review credit policy, monitor compliance with the policy, as well as oversee and approve changes to credit risk management systems.

Anti-Money Laundering Committee (AML)

The AML Committee meets monthly and is responsible for overseeing the implementation of the money laundering and terrorist financing prevention programme, and ensuring the adoption of a comprehensive and risk-based approach to AML. The members are the Deputy Managing Director (Chair), Head of Compliance, General Manager Commercial Services, Head of Retail Banking, Head of Treasury, Head of Risk, Acting Head of Operations and Head of Retail Banking. The Head of ICT attends the meetings.

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2023

Sustainability Steering Committee (SSC)
This Committee was established in 2023 and it was initially referred to as the Environmental, Social and Governance (ESG) Committee. The SSC meets monthly and is responsible for the development and implementation of the Society's sustainability framework and strategy. The members are the Deputy Managing Director (Chair), Head of Risk, Head of Compliance, Acting Head of Operations, Head of Retail Banking, Head of Credit, Chief Finance Officer, Head of Human Capital, Head of Marketing, General Manager Commercial Services, Head of Treasury and the Company Secretary. The Head of Custodial Services attends meetings.

Classified Account Committees (CAC)
The CAC meets monthly and its main function is to review, monitor and recover on non-performing loans. The CAC's mandate also includes recommending recovery strategies to ensure speedy and complete recoveries. The members are the Deputy Managing Director (Chair), Head of Credit, Chief Finance Officer, Head of Treasury and Head of ICT. The Company Secretary, General Manager Commercial Services, Acting Head of Operations, Head of Retail Banking, Head of Operations, Head of Retail Banking, Head of Risk and Head of Compliance attend the meetings.

Early Alert Committee (EAC))
The EAC meets monthly and is responsible for identifying, reporting and proactively managing accounts with a deteriorating credit risk status. The members are the Head of Credit (Chair), Chief Finance Officer, Deputy Managing Director, Managing Director, Head of Operations and Head of Treasury. The Head of Risk, Head of Compliance and Company Secretary attend the meetings.

Loan Loss Provisioning Committee (LLPC)
The LLPC meets monthly and is responsible for ensuring that the loan portfolio is appropriately provisioned, classified and that the extent of provisioning is in compliance with regulatory, statutory, and international accounting standards requirements, as well as the Society's Credit Risk Management Policy. The members are the Head of Risk (Chair), Chief Finance Officer, Deputy Managing Director, Head of Credit, Head of Treasury and Head of Compliance. The General Manager Commercial Services, Acting Head of Operations and Head of Retail Banking attend the meetings.

ICT Steering Committee
The ICT Steering Committee meets monthly to oversee the implementation and management of the Society's information technology architecture, strategy, risk management plan, projects portfolio, data protection and information security. The members are the Managing Director (Chair), Deputy Managing Director, Chief Finance Officer, Head of ICT, Head of Retail Banking, General Manager Commercial Services, Acting Head of Operations, Head of Retail Banking, Head of Credit, Head of Compliance, Head of Risk and Head of Marketing. The Head of Digital Banking attends the meetings.

Risk Management System
The Board executes its mandate to oversee the Society's risk management as follows:

1. **Credit risk**
   The Management Credit Committee (MCC) is responsible for implementing the Board approved risk management strategies and policies for the management of credit risk under the oversight of the Board Credit Committee. The applicable activities include:
   - 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, members of MCC, the Board Credit Committee and the Board of Directors according to the size of facility;
   - Reviewing and assessing credit risk. The Society's Board Credit Committee assesses all credit exposures in excess of designated limits prior to facilities being committed to customers. Renewal and review of facilities are subject to the same review process;
   - Providing oversight over climate risk where it has a bearing on credit risk;
   - Limiting concentration of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market and liquidity (for investment securities);
   - Reviewing compliance with agreed exposure limits including those for selected industries and product types. Regular reports are provided to the Society's Board Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken;
   - Providing advice, guidance and specialist skills to promote best practice throughout the Society in the management of credit risk; and
   - Regular audits of the Society's credit processes are undertaken by the Old Mutual Group Internal Audit and the Society's Internal Audit.

Capital requirements for credit risk are subject to Basel II Modified Standardised Approach. The Society is progressively migrating to the advanced IRB approaches.

2. **Liquidity risk**
   By its role in the maturity transformation of short-term deposits into long-term loans, the Society is inherently vulnerable to liquidity risk. Therefore, the Society will always ensure that at any given time, there is sufficient liquidity to meet its obligations and sets aside a sufficient buffer to cater for unforeseen stress events that can arise in the normal course of business. The Society performs extensive stress testing and scenario analysis to ensure regulatory compliance and the ability to meet future liquidity requirements. The Society's liquidity risk framework ensures that there is clarity and consistency

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2023

within CABS on liquidity risk identification, measurement, control, monitoring and reporting.

ALCO is responsible for the management of liquidity risk under the oversight of the Board Risk and Compliance Committee and the Board. All liquidity risk policies and procedures are subject to review and approval by ALCO, the Board Risk and Compliance Committee and the Board.

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 departments.

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

3. Compliance risk

The Society has an independent Compliance function that ensures the Society complies with all regulatory requirements, with oversight by the Board Risk and Compliance Committee, the Board Audit Committee and the Main Board.

4. Market risk (foreign exchange and interest rate)

The Society's transactions are mainly exposed to the following risk types:

- Foreign exchange risk which is the potential adverse impact on earnings and economic value of assets and liabilities of the Society as a result of exchange rate movements or volatility.
- Interest rate risk (IRRBB) which refers to the exposure of the Society's financial position to adverse movements in interest rates.

CABS uses the Standardised Approach to calculate regulatory capital requirements relating to market risks, with significant progress in migrating to the more advanced approaches for Market Risk.

Market risk is governed by board-approved policies that cover management, identification, measurement and monitoring. Market risk limits are approved at board level and are reviewed periodically, but at least annually.

These limits include the following:

a. Dealer and trading limits
b. Counterparty limits
c. Limits by type of instruments
d. Limits on maturity profiles.

The Society employs both an earnings and economic-value perspective to measure interest rate sensitivity on a monthly basis. This includes a repricing profile analysis, simulated modelling of the bank's NII and EVE for a standard interest rate shock, and stress- testing of NII and EVE for multiple stressed-interest-rate scenarios.

Overall authority for managing market risk is vested in ALCO under the oversight of the Board Risk and Compliance Committee and the Board. The Society separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by the treasury department and include positions arising from market making and proprietary position taking (on the money market), together with financial assets and liabilities that are managed on a fair value basis.

5. Operational risk

The primary responsibility for the development and implementation of controls to address operational risk is assigned to EXCO under the oversight of the Board Risk and Compliance Committee. 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; and
- Reporting of risks and operational losses to the risk department.

Compliance with the Society's operational policies and standards is supported by periodic reviews undertaken by Group Internal Audit. The results of these audits are discussed with management of the department to which they relate, and summaries are submitted to EXCO and the Board Audit Committee. Capital requirements for operational risk are subject to Basel II Alternative Standardised Approach.

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2023

6. Strategic risk

EXCO is responsible for the implementation of the Board approved strategic risk policy under the oversight of the Board Risk and Compliance Committee and the Board. In implementing the Society's strategy, the Board and EXCO determine and allocate financial and operating targets to departments. Monitoring of progress against the action plans is done on a monthly basis and strategic risk mitigation is done through the formulation and implementation of operational (action) plans.

7. Reputational risk

The Board has delegated responsibility for effective management of reputational risk to the Board Risk and Compliance Committee and to EXCO. Board-approved reputational risk related policies are in place. Line management has the primary responsibility for reputational risk identification and mitigation. Reputational risk management and monitoring is done in the following ways:

- Communication of information about the Society to the public or press releases is done in line with the provisions of the internal and external communications guidelines and with approval from EXCO. This facilitates building the Society's reputational capital (through positive information) and minimising the impact of adverse reputational risk events;
- All material events that have a potential to impact the Society's reputation are immediately escalated to the Head of Marketing, Managing Director, Head of Compliance and Head of Risk; and
- Any exposures to reputational risk are captured in the events log, with controls to mitigate the risk.

8. Model risk

The Board has entrusted the oversight of model risk management primarily to the Board Risk and Compliance Committee (BRCC). The BRCC is mandated to ensure the adequacy of resources devoted to the development, operation, and validation of significant models, including the provision of requisite skills and training.

The EXCO is also responsible for the comprehensive supervision of model risk across the organisation. The key functions and accountabilities of the EXCO encompass:

- Reviewing and endorsing significant model changes and advancements, subsequently presenting recommendations for approval to the BRCC.
- Assessing all model validation reports, endorsing action plans devised to address identified issues, and diligently tracking progress against the agreed-upon remediation plans.
- Governing model risk in accordance with the Society's approved model risk appetite.
- Vigilantly monitoring emerging model risks within the organization.
- Ensuring compliance of models with the Society's model risk and governance policy, with a commitment to promptly escalating breaches as warranted, and critically evaluating proposed rectification plans.

9 Climate risk

The Society is exposed to climate risk mainly through lending activities. The following sectors and/or customer categories have been identified as being prone to the impacts of climate risk, which impacts may result in credit risk (due to deterioration of asset quality).

- Agricultural sector: The impacts to clients in this sector (sugarcane, tobacco, cereal, and blueberries farmers) are physical risks, particularly acute physical risks, such as floods and drought. Chronic physical risks considered are heat waves and weather phenomenon such as El Nino.
- The retail and distribution sector is also affected by acute physical risks (floods and cyclones) which may render such clients markets inaccessible.
- Exporters and importers are potentially impacted by physical risks which may result in supply chain disruptions. They are also prone to transition risk (particularly, legal and policy changes, as well as consumer pressure).
- Individuals are prone to both physical risks (floods and drought) and transition risk. This may impact their income base as well as value of collateral held (if it is in the form of physical assets).

There is also a possible impact on the branch network. This could arise in the event that there are branches located in areas prone to physical risks e.g. floods and the said branches are damaged in the event of the risk(s) materialising. Operational risk may also arise from supply chain disruptions.

Governance of climate risk

The Board has ultimate accountability for environmental, social and governance (ESG) risks, including climate risk.

Oversight over the broad ESG risks as well as climate risk is provided by the Board Risk and Compliance Committee (BRCC). The Board Loans Review Committee (BLRC) also considers climate risk where it has a bearing on credit risk.

Management oversight is provided by the EXCO, with support from the SSC. The SSC, in turn. is supported by the Sustainability Working Group. Management responsibility for climate risk is assigned to the Head of Credit. with support from Risk Management and Compliance. Climate risk related discussions are held at the monthly EAC meetings.

CORPORATE GOVERNANCE STATEMENT (continued)
For the year ended 31 December 2023

Risks and ratings

The RBZ is mandated to conduct regular examinations of the banks and financial institutions it regulates. The latest Onsite Examination of the Society was in June 2023 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	May 2018 Ratings	June 2023 Ratings
Capital	1 - Strong	1 - Strong
Asset quality	3 - Fair	1 - Strong
Management	3 - Fair	2 - Satisfactory
Earnings	1 - Strong	1 - Strong
Liquidity	2 - Satisfactory	1 - Strong
Sensitivity to market risk	2 - Satisfactory	2 - Satisfactory
Overall composite rating	**2 - Satisfactory**	**2 - Satisfactory**

Key

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

Summary of risk matrix from RBZ Onsite Inspection of June 2023

Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	**Low**	**Acceptable**	**Low**	**Stable**
Liquidity	**Low**	**Acceptable**	**Low**	**Stable**
Foreign exchange	**Low**	**Acceptable**	**Low**	**Stable**
Interest rate	**Low**	**Acceptable**	**Low**	**Stable**
Strategic risk	**Moderate**	**Acceptable**	**Moderate**	**Stable**
Operational risk	**High**	**Acceptable**	**High**	**Stable**
Legal and compliance	**Low**	**Acceptable**	**Low**	**Stable**
Reputation	**Low**	**Acceptable**	**Low**	**Stable**
Overall	**Low**	**Acceptable**	**Low**	**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.

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2023

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 ways 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 mitigate 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 institution'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.

Internal control environment

The Board is ultimately responsible for the Society's systems of internal control and for reviewing their effectiveness. The internal control systems are designed to meet the particular needs of the Society and its business operations and the risks to which they are exposed. However, these systems can only provide reasonable but not absolute assurance against material misstatement or loss, since they are designed to manage rather than eliminate the risks of pursuing chosen business objectives.

The Combined Code requires that Directors review the effectiveness of the Society's systems of internal control, which include financial, operational, compliance and risk management.

Monitoring of controls

The Society's internal audit function carries out regular reviews of operational and control procedures. The internal audit function operates independently of executive management, reporting to the Board Audit Committee, with unrestricted access to the Board Audit Committee Chair, and reporting on operational lines to the Managing Director. The Internal

Audit Charter is reviewed by the Board Audit Committee and the Board of Directors regularly and governs audit activities within the Society. The audit work programme is integrated with the work of the independent auditors to enhance the combined effectiveness of their respective functions. A formal report is prepared for each audit assignment and corrective actions agreed with management in response to its recommendations. Key findings are provided to the Board Audit Committee.

Management structures

The Society has an appropriate organisational structure for planning, controlling and monitoring its business operations in order to achieve its objectives. Within the overall strategic and financial objectives of the Society, agreed by the Board, the management of the Society is delegated to the Managing Director who also governs the conduct and performance of the executive managers of the Society's business operations within the agreed business strategy.

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2023

The Society's strategic direction is regularly reviewed by the Board, and the Managing Director considers the strategy for the individual business operations with executive management on a disciplined basis. Annual budgets are prepared with performance targets for each business operation set by the Managing Director in conjunction with the executive managers. The Society's plan is then reviewed by the Board in light of the Society's objectives. Performance against the plan is monitored actively at Board level.

The Managing Director receives monthly summaries of the financial results of the Society's business operations and supplies them to all members of the Board. Additionally, the Managing Director, in conjunction with executive management, formally reviews the progress of the business operations on a monthly basis including a review of key risk factors. The Society and its business operations have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud.

Client relations

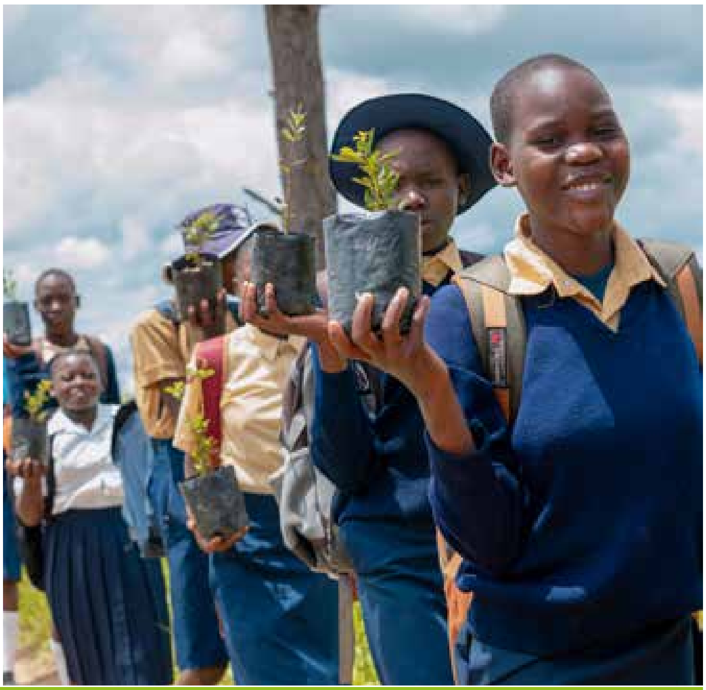
The Society is committed to a process of continuing dialogue with its clients to enhance existing services and introduce new products as required.

CABS Financial Crime Compliance Statement

The country continues to grapple with financial crime, manifesting in corruption, tax evasion, smuggling, and various forms of fraud. The Society recognizes that these economic crimes have an adverse impact on individuals and communities wherever they take place. Addressing this complex issue remains a critical priority for fostering a more transparent and robust financial environment. The Society does not tolerate any deliberate breach of financial crime laws and regulations (bribery, corruption, money laundering, terrorist financing, proliferation of finance, sanctions, or tax evasion facilitation) that apply to the transactions we undertake. CABS has a dedicated Financial Crime function, which sits within Compliance. The Financial Crime function facilitates risk-based expert support and oversight to the business. The Society adopted a holistic approach to financial crime compliance anchored on the AML policy framework that sets the minimum control requirements in four key risk areas: anti-bribery and corruption (ABC); Anti-Money Laundering, Counter-Terrorist Financing and Counter Proliferation Financing (AML/CFT/CPF); anti-tax evasion facilitation and sanctions.

Compliance environment

The Society's compliance risk is managed through a Board-approved Compliance Programme. There are policies such as the AML/CFT/CPF and Sanctions Screening Programme (SSP), as well as other internal policies and processes which cover legal, regulatory and other technical requirements relevant to the business. The Society's AML/CFT/CPF and SSP are also geared towards ensuring the Society meets best practice with regard to AML/CFT/CPF through the use of integrated financial crime solutions. Customer acceptance and management of the Society's financial crime compliance is managed through the AML Committee. The Compliance function, through the regulatory change management process, assists management to identify, assess and mitigate regulatory risks associated with current or emerging regulations. The Compliance function also independently monitors departments to ensure adherence to policies, procedures and other regulatory and technical requirements mindful of the impact that regulatory breaches have on the CABS brand, relationships with key regulators, third party banking partners and customers.



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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE CENTRAL AFRICA BUILDING SOCIETY
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

Opinion

We have audited the inflation adjusted financial statements of Central Africa Building Society ("the Society"), set out on pages 26 to 93, which comprise the inflation adjusted statement of financial position as at 31 December 2023, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including material accounting policy information.

In our opinion, the inflation adjusted financial statements present fairly, in all material aspects, the inflation adjusted financial position of the Society as at 31 December 2023, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Building Societies Act (Chapter 24:02), relevant sections of the Banking Act (Chapter 24:20) and the Securities and Exchange Act (Chapter 24:25).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the inflation adjusted financial statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted financial statements for the current year. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE CENTRAL AFRICA BUILDING SOCIETY
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

Key audit matter	How the matter was addressed in the audit
1. Valuation of expected credit losses on financial assets	
As detailed in note 3, the Society reported expected credit losses of ZWL 39 996.02 million on the inflation adjusted statement of financial position (2022: ZWL 16 513.71 million). This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment. The models u7sed to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate. Due to the judgement applied in determining the complex ECL, we have determined this to be a key audit matter. Note 11.6 to the inflation adjusted financial statements provides detailed information with respect to the determination of the expected credit losses.	To address the key audit matter, we performed the following procedures: • Reviewed the Society's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9; • Obtained an understanding of the robustness of internal controls over financial reporting including critical inputs and the model used which support the Society's assertions with respect to completeness, compliance and consistent application of the methodology; • Tested the design and implementation of controls with respect to the determination of the expected credit losses; • Involved our internal information technology experts to test design and implementation of controls with respect to the general information controls (GITCs) in the Oracle System; • Tested the completeness and accuracy of loans and advances, treasury bills, off balance sheet items, and other financial assets included in the ECL calculations; With the assistance of an auditors' expert, performed an independent assessment on the appropriateness of the model by performing the following: • Obtained an understanding of the Society's internal rating models for financial assets to assess whether the rating model was appropriate; • Reviewed the appropriateness of the Society's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages; • For a sample of exposures, tested the appropriateness of the Society's staging; • Tested assumptions used in the ECL calculations and assessed them for reasonableness; and • For a sample of exposures, tested the appropriateness of determining exposure at default, and probability of default. • Assessed the completeness of collateral recognised during the period under review; • Assessed the consistency of inputs and assumptions used by the Society's management to determine expected credit losses; and • Assessed whether the appropriate required disclosures have been included and presentation requirements have been properly reflected in the financial statements. The valuation was found to be appropriate in terms of the relevant accounting standards and management's estimates and judgements were deemed to be prudent.

Key audit matter	How the matter was addressed in the audit
2. Valuation of owner-occupied property and investment property	
As detailed in notes 13 and 14 at 31 December 2023, the Society reported owner occupied properties at fair value of ZWL 288 692.15 million and investment properties at fair value of ZWL 156 589.15 million and (2022 – ZWL 147 402.66 million and ZWL 71 456.66 million respectively). The valuation of owner-occupied and investment property was an area which required significant judgements by management and required the involvement of valuation experts. The Society measures owner occupied property and investment property at fair value at each reporting date which is determined using either valuation techniques, or the market comparison approach. We identified the valuation of investment properties and owner-occupied property as representing a key audit matter. The valuation of investment properties is subjective as a result of judgements made in respect of future cash flows, the timing of those cash flows and the determination of appropriate discount rates. Judgements and estimates used in the valuation of properties have been disclosed in notes 13 and 21 of the inflation adjusted financial statements.	To address the key audit matter, we performed the following procedures: • Convened meetings with managements' valuation experts to obtain an understanding of the assumptions employed in the valuation of investment property; • Performed an assessment of the external valuer's competence, capabilities and objectivity; • Engaged with external valuation experts to obtain an understanding of their own independent assumptions, and valuation conclusions, then, proceeded to compare the independent valuers' valuations to those of management and challenged any noted deviations in approach or valuation outcomes; • Performed an assessment of the Society's valuation techniques against acceptable industry practice and IFRS requirements and where applicable compared derived property values with similar properties within the market and/or recently settled market transactions; • Evaluated consistency in the Society's valuation techniques with prior years; • Evaluated the accuracy, completeness and reasonability of input data from which the valuations are derived and inspected source documents where applicable; and • Evaluated whether disclosures made in the financial statements were in accordance with requirements of International Financial Reporting Standards (IFRS). The valuation of the owner-occupied property and investment property was found to be appropriate in terms of the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE CENTRAL AFRICA BUILDING SOCIETY
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

Other information

The directors are responsible for the other information. The other information comprises the Notice to Members, Annual Financial Review, Chairman's statement, Managing Director's report, Report of the Directors, Corporate Governance statement and the historical cost financial information which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the inflation adjusted financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Building Societies Act (Chapter 24:02), relevant sections of the Banking Act (Chapter 24:20) and the Securities and Exchange Act (Chapter 24:25), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE CENTRAL AFRICA BUILDING SOCIETY
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

Auditor's responsibilities for the audit of the inflation adjusted financial statements

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory matters

The Inflation adjusted financial statements of the Society are properly drawn up in accordance with the disclosure requirements required by the Building Societies Act (Chapter 24:02), relevant sections of the Banking Act (Chapter 24:20) and the Securities and Exchange Act (Chapter 24:25).

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Lawrence Nyajeka
Partner
PAAB Certificate Number: 0598

27 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Interest income	2	253 055.56	192 788.01	137 359.08	29 603.56
Interest expense	2	(94 602.02)	(34 225.71)	(53 967.54)	(5 499.82)
Net interest income before impairment on financial assets		158 453.54	158 562.30	83 391.54	24 103.74
Allowance for ECL	3	(31 908.26)	(11 820.82)	(30 304.77)	(2 430.21)
Income from lending activities		**126 545.28**	**146 741.48**	**53 086.77**	**21 673.53**
Fee and commission income	4.1	319 045.07	125 021.65	186 382.44	18 212.50
Fee and commission expense	4.1	(80 968.81)	(42 783.30)	(47 198.38)	(6 289.65)
Net fee and commission income		238 076.26	82 238.35	139 184.06	11 922.85
Other income	4.2	543 845.63	160 674.38	600 385.12	41 001.54
Net non-interest income before impairment on financial assets		781 921.89	242 912.73	739 569.18	52 924.39
Allowance for ECL	3	(4 512.03)	(3 968.28)	(4 512.03)	(825.79)
Income from non-lending activities		**777 409.86**	**238 944.45**	**735 057.15**	**52 098.60**
Operating income for the year		**903 955.14**	**385 685.93**	**788 143.92**	**73 772.13**
Operating expenses	5	(317 953.72)	(137 873.32)	(192 040.38)	(20 089.36)
Impairment on non-financial assets	3	(3 575.73)	(724.61)	(3 575.73)	(139.05)
Monetary loss		(153 157.51)	(105 052.24)	-	-
Surplus for the year		**429 268.18**	**142 035.76**	**592 527.81**	**53 543.72**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss, net of tax		**125 836.76**	**58 719.74**	**232 510.79**	**23 034.62**
Movement in revaluation reserve		134 129.56	65 786.76	246 399.99	24 505.25
Movement in regulatory reserve		(8 292.80)	(7 067.02)	(13 889.20)	(1 470.63)
Total comprehensive income for the year		**555 104.94**	**200 755.50**	**825 038.60**	**76 578.34**

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
ASSETS					
Cash and cash equivalents	8	797 322.44	434 398.28	797 322.44	90 397.12
Investment securities	9	488 238.05	146 042.43	488 238.05	30 391.04
Other assets	10	331 521.38	134 604.52	270 260.78	21 946.58
Loans and advances	11	1 022 395.85	613 091.49	1 022 395.85	127 582.70
Non-current assets held for sale	12	2 164.00	1 498.58	2 164.00	311.85
Property and equipment	13	327 154.24	172 086.55	297 313.21	32 223.06
Investment property	14	156 589.15	71 456.66	156 589.15	14 869.94
Intangible assets	15	2 160.98	3 746.66	123.97	161.84
Total assets		**3 127 546.09**	**1 576 925.17**	**3 034 407.45**	**317 884.13**
LIABILITIES					
Deposits	16	1 351 747.23	665 129.11	1 351 747.23	138 411.59
Credit lines	17	562 564.48	359 800.25	562 564.48	74 873.47
Trade and other liabilities	18	209 049.90	61 796.20	198 002.11	12 315.07
Deferred taxation	19	27 270.46	11 670.64	27 270.46	2 428.63
Total liabilities		**2 150 632.07**	**1 098 396.20**	**2 139 584.28**	**228 028.76**
SHAREHOLDER'S EQUITY					
Ordinary class "A" share capital	20.1	36 806.72	36 806.72	35.00	35.00
Retained earnings	20.2	666 419.78	310 457.09	604 138.02	59 459.41
Regulatory provision reserve	20.3	15 359.83	7 067.03	15 359.83	1 470.63
Non-distributable reserve	20.4	1 520.92	1 520.92	1.45	1.45
Revaluation reserve	20.5	250 702.32	116 572.76	275 283.05	28 883.06
Share-based payment reserve	20.6	6 104.45	6 104.45	5.82	5.82
		976 914.02	**478 528.97**	**894 823.17**	**89 855.37**
Total equity and liabilities		**3 127 546.09**	**1 576 925.17**	**3 034 407.45**	**317 884.13**

W MATSAIRA
CHAIRMAN
Harare

14 March 2024

MJR DUBE
NON-EXECUTIVE DIRECTOR
Harare

14 March 2024

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

Audited Inflation Adjusted	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserve ZWLm	Non distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2023	**36 806.72**	**310 457.09**	**7 067.03**	**1 520.92**	**116 572.76**	**6 104.45**	**478 528.97**
Surplus for the year	-	429 268.18	-	-	-	-	429 268.18
Transfer between reserves	-	(8 292.80)	8 292.80	-	-	-	-
Dividend	-	(65 012.69)	-	-	-	-	(65 012.69)
Revaluation	-	-	-	-	134 129.56	-	134 129.56
Balance as at 31 December 2023	**36 806.72**	**666 419.78**	**15 359.83**	**1 520.92**	**250 702.32**	**6 104.45**	**976 914.02**

Audited Inflation Adjusted	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserve ZWLm	Non distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2022	**36 806.72**	**186 622.00**	**-**	**1 520.92**	**50 786.00**	**6 104.45**	**281 840.09**
Surplus for the year	-	142 035.76	-	-	-	-	142 035.76
Transfer between reserves	-	(7 067.03)	7 067.03	-	-	-	-
Dividend	-	(11 133.64)	-	-	-	-	(11 133.64)
Revaluation	-	-	-	-	65 786.76	-	65 786.76
Balance as at 31 December 2022	**36 806.72**	**310 457.09**	**7 067.03**	**1 520.92**	**116 572.76**	**6 104.45**	**478 528.97**

Unaudited Historical	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserve ZWLm	Non distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2023	**35.00**	**59 459.41**	**1 470.63**	**1.45**	**28 883.06**	**5.82**	**89 855.37**
Surplus for the year	-	592 527.81	-	-	-	-	592 527.81
Transfer between reserves	-	(13 889.20)	13 889.20	-	-	-	-
Dividend	-	(33 960.00)	-	-	-	-	(33 960.00)
Revaluation	-	-	-	-	246 399.99	-	246 399.99
Balance as at 31 December 2023	**35.00**	**604 138.02**	**15 359.83**	**1.45**	**275 283.05**	**5.82**	**894 823.17**

Unaudited Historical	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserve ZWLm	Non distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2022	**35.00**	**8 887.99**	**-**	**1.45**	**4 376.14**	**5.82**	**13 306.40**
Surplus for the year	-	53 543.72	-	-	-	-	53 543.72
Transfer between reserves	-	(1 472.30)	1 470.63	-	1.67	-	-
Dividend	-	(1 500.00)	-	-	-	-	(1 500.00)
Revaluation	-	-	-	-	24 505.25	-	24 505.25
Balance as at 31 December 2022	**35.00**	**59 459.41**	**1 470.63**	**1.45**	**28 883.06**	**5.82**	**89 855.37**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
Cash flows from operating activities					
Surplus for the year		429 268.18	142 035.76	592 527.81	53 543.72
Adjustments for:					
Net interest income	2	(158 453.54)	(158 562.30)	(83 391.54)	(24 103.74)
Allowance for ECL on interest earning financial assets	3	31 908.26	11 820.81	30 304.77	2 430.21
Allowance for ECL on non-interest earning financial assets	3	4 512.03	3 968.28	4 512.03	825.79
Fair value gain on investment property	4.2	(82 239.32)	(32 106.66)	(139 838.53)	(12 487.85)
Fair value gain on non-current assets held for sale	4.2	(665.42)	(639.89)	(1 852.15)	(259.87)
Fair value gain on equity investments	4.2	(17 564.32)	(532.40)	(30 094.79)	(2 774.34)
Depreciation and amortisation	5	17 040.98	12 962.11	4 233.73	556.47
Interest on lease liability		912.15	441.96	490.46	63.21
Other non-cash items		2 464.64	23.22	10 187.18	346.06
Unrealised foreign currency exchange gains		(317 363.76)	(112 258.63)	(317 363.76)	(23 360.72)
Operating cash flows before working capital changes		**(90 180.16)**	**(132 847.74)**	**69 715.21**	**(5 221.06)**
Increase in other assets		(125 649.57)	(4 965.41)	(164 516.46)	(11 555.18)
Decrease/(increase) in loans and advances		346 290.69	109 818.61	(134 069.63)	(44 028.81)
Increase in deposits		143 420.42	7 219.65	670 203.42	70 245.06
Increase/(decrease) in other liabilities		84 105.54	(7 699.62)	122 960.56	4 979.69
Operating cash flows after working capital changes		**357 986.92**	**(28 474.51)**	**564 293.10**	**14 419.70**
Interest income received		255 164.65	185 602.77	132 006.14	27 778.16
Dividend received		(1 663.17)	(1 426.88)	(921.96)	(206.57)
Interest expense paid		(103 256.42)	(37 334.36)	(65 169.44)	(6 162.70)
Net cash flows from operating activities		**508 231.98**	**118 367.02**	**630 207.84**	**35 828.59**
Cash flows from investing activities					
Additions to property and equipment	13	(23 258.30)	(11 871.94)	(8 231.38)	(1 397.45)
Additions to investment property	14	(2 893.17)	-	(1 880.68)	-
(Purchase)/maturity of investment securities		(303 464.22)	(65 883.40)	(415 198.56)	(22 585.42)
Dividend received		1 663.17	1 426.88	921.96	206.57
Net cash flows utilised in investing activities		**(327 952.52)**	**(76 328.46)**	**(424 388.66)**	**(23 776.30)**
Cash flows from financing activities					
Dividends paid		(65 012.69)	(11 133.64)	(33 960.00)	(1 500.00)
Lease payments		(1 887.16)	(1 244.47)	(1 887.16)	(200.40)
Credit lines received		305 380.81	182 152.03	305 380.81	26 604.15
Credit lines paid		(682 758.40)	(188 224.67)	(395 349.66)	(4 150.40)
Net cash flows (utilised in)/from financing activities		**(444 277.44)**	**(18 450.75)**	**(125 816.01)**	**20 753.35**
Net (decrease)/increase in cash and cash equivalents		**(263 997.98)**	**23 587.81**	**80 003.17**	**32 805.64**
Effects of exchange rate changes on cash and cash equivalents		626 922.14	221 756.34	626 922.15	46 146.90
Cash and cash equivalents at the beginning of the year		**434 398.28**	**189 054.13**	**90 397.12**	**11 444.58**
Cash and cash equivalents at the end of the year	8	**797 322.44**	**434 398.28**	**797 322.44**	**90 397.12**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies

1.1 Reporting entity
CABS (the 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 (OMZIL), a company registered and incorporated in Zimbabwe.

Nature of business
The Society conducts principal businesses of mortgage lending, other lending, custodial services, deposit acceptance and investing. The Society provides loans and advances to individuals, corporates and investment institutions.

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

1.3 Basis of preparation
The financial statements provide information about the financial position, results of operations, and changes in the financial position of the Society. The financial statements are prepared in Zimbabwe dollars. The symbol "ZWL" denotes Zimbabwe dollars unless explicitly indicated otherwise. They are based on the statutory records that are maintained under the historical cost convention and restated to take into account the effects of inflation in accordance with the International Accounting Standard 29 (IAS 29) *Financial Reporting in Hyperinflationary Economies*, with the exception of items carried at fair value which include investment and securities, investment property and land and buildings.

Since 2019, Zimbabwe has met the key indicators of being a hyperinflationary economy as described under IAS 29. The inflation adjusted financial statements represent the principal financial statements of the Society. Historical cost financial statements have been presented as supplementary information to the restated financial statements. Consequently, the auditors have not expressed an opinion on them.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. Whilst in previous years the restatement of the historical cost numbers was based on the conversion factors derived from the ZWL consumer price index (CPI) issued by the Zimbabwe National Statistics Agency (ZIMSTAT), publication of the ZWL CPI was stopped in January 2023 upon the introduction of Statutory Instrument (SI) 27 of 2023 on 3 March 2023 and is, therefore, no longer available for use in restating financial statements under IAS 29. SI 27 announced that the official inflation rate would be a blended rate which measures inflation based on a weighted average of price movements in Zimbabwean dollars and United States dollars (US$) over a given period of time. This instrument serves to recalibrate inflation reports to reflect the dual currency nature of incomes and prices in the Zimbabwean economy.

Given that the functional currency of the Society is the ZWL, a blended inflation rate is not ideal in the preparation of restated financial statements under IAS 29 as it incorporates the inflation movements of the US$. US$ transactions currently account for more than 80% of the transactions in the economy, according to ZIMSTAT, which are not subject to hyperinflation. It is also the Society's assessment that the use of conversion factors based on a blended CPI would not achieve compliance with IAS 29.

For restated financial statements to be prepared after 1 February 2023, the Society is using the movements in the Poverty Datum Line (PDL) (alternatively called the Total Consumption Poverty Line (TCPL) which is also published by ZIMSTAT, which measures the amount required to purchase both non-food and food items for a family at the poverty line. By analysing the correlation between the movement in PDL and the officially published ZWL CPI from January 2021 to December 2022, we observed a strong relationship with a correlation coefficient of 0.99. While IAS 29 provides for the use of exchange rate movements as a proxy for inflation where a general price index is not available, we did not observe a strong relationship between ZWL CPI and the exchange rate movements over the previous two financial reporting periods. Consequently, the estimated CPI after February 2023 has been derived by adjusting the last published ZWL CPI (published in January 2023) by the monthly movement of the PDL. The indices and conversion factors used to restate the accompanying financial statements as at 31 December 2023 are given below:

Dates	Indices	Conversion factors
31 December 2023	65 704.40	1.0000
31 December 2022	13 672.91	4.8054
31 December 2021	3 977.48	16.5191

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.3 Basis of preparation (continued)

The main procedures applied for the above-mentioned IAS 29 restatement are as follows:

a) All transactions and balances for the year ended 31 December 2023 have been restated as follows:
- i. Monetary assets and liabilities that were carried at amounts current at reporting date were not restated because they were already expressed in terms of the monetary unit current at the reporting date;
- ii. Non-monetary assets and liabilities that were not carried at amounts current at the reporting date and components of Shareholder's equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2023;
- iii. Property and equipment were restated by applying the change in the index from the date of purchase to 31 December 2023. Depreciation amounts are based on restated costs. Owner-occupied buildings are revalued the end of each quarter, and therefore are being carried at amounts current at the reporting date and are not restated. The depreciation charges are based on the opening revalued amounts for each quarter;
- iv. Deferred tax was calculated on restated carrying amounts;
- v. Profit or loss items/transactions, except the depreciation and amortisation charges explained above, were restated by applying the change in the index from the date of the transaction to 31 December 2023;
- vi. The effect of inflation on the net monetary position of the entity is included in the Statement of Profit or Loss and Other Comprehensive Income as a loss on monetary position; and
- vii. All items in the Statement of Cash Flows are expressed in terms of the measuring unit current at the reporting date.

b) All transactions and balances for the year ended 31 December 2022 have been restated as follows:
- i. Monetary assets and liabilities and items that are carried at fair value or at amounts that were current at 31 December 2022 were restated by applying the change in the index from 31 December 2022 to 31 December 2023;
- ii. Non-monetary assets and liabilities that were not carried at amounts current at 31 December 2022 and components of shareholders equity were restated by applying the change in the index from the date of the transaction that gave rise to them or if applicable from the date of their most recent revaluation to 31 December 2023.
- iii. Profit or loss items/transactions, except depreciation and amortisation, were restated by applying the change in the index from the date of the transaction to 31 December 2023. Depreciation and amortisation charges are based on restated costs.
- iv. Deferred tax was calculated based on restated carrying amounts.

The Society's financial statements have been prepared on a going concern basis which the directors believe to be appropriate.

1.4 Approval of financial statements

The financial statements were approved by the Board on 14 March 2024.

1.5 Functional and presentation currency

The separate financial statements of the Society are prepared based on IAS 29. These financial statements comply with IAS 29 in all material respects. The Society, in line with trends observed in the rest of the economy, has seen an increasing proportion of transactions denominated in United States Dollars, a currency which is not subject to hyperinflation. This has presented some practical challenges in the preparation of the financial statements, and it is the view of the directors that IAS 29 did not fully envisage a situation where a hyperinflationary economy effectively has other currencies besides the local currency in official circulation as mediums of exchange, and also in use in determining the price of goods and services. Users of the financial statements are advised to consider the implications of the multi-currency environment on the business and are also referred to notes 1.5,1.26 and 29 for further disclosures.

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognised reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

The IFRS Conceptual Framework provides that, in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 ***The Effects of Changes in Foreign Exchange Rates*** (IAS 21), requires an entity to apply certain parameters in determining the functional currency of a company, for use in preparing financial statements. IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.5 Functional and presentation currency (continued)

Statutory Instrument (SI) 185 of 2020 paved way for the use of a multi-currency system for domestic transactions. Consequently, the ZWL and some foreign currency forms are acceptable as legal tender in Zimbabwe.

On 27 June 2022, the Government issued SI 118A of 2022 that sought to amend the Exchange Control Act, and gazetted the use and reference rate to be the interbank rate. On 7 June 2023, the Bank further liberalised the foreign exchange market and introduced the Wholesale Foreign Exchange Auction. This was in an effort to strengthen the interbank foreign exchange market under the Willing-Buyer Willing-Seller (WBWS) arrangement. Under this arrangement, the RBZ auctions foreign exchange to Authorised Dealers at market-determined exchange rates for them to onward sell to their customers.

The table below shows the interbank exchange rates against US$1 since adoption of the reference rate:

Year end	Closing rate
31 December 2023	6 104.722
31 December 2022	684.3339

IAS 21 requires entities to assess what their functional currency is under such circumstances. The Society's assessment was based on weighting the value of local currency transactions against the foreign currency ones. Foreign currency transactions make up 41.5% of the total value of transactions for the year ended 31 December 2023. It is management's view that this does not constitute a significant weighting and the use of the interbank exchange rate does not materially impact on the accuracy of the financial statements.

The ZWL remains the Society's functional and presentation currency. Except as otherwise indicated, financial information is presented in millions of ZWL rounded to two decimal places.

1.6 Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future affected period.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.5 - Determination of the Society's functional currency;
- Note 1.3 - Hyperinflationary considerations; and
- Note 1.20 - Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is included in determination of fair value on financial and non-financial assets with significant unobservable inputs i.e. investment property and owner-occupied properties.

1 Significant Accounting Policies (continued)

1.6 Use of judgements and estimates (continued)

- Note 1.20 - Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition;
- Note 21 - Determination of fair value on financial and non-financial assets with significant unobservable inputs i.e. investment property and owner-occupied properties; and
- Note 10.2 - Determination of fair value on investment in equity.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise bank notes, balances at banks, money at call, unrestricted balances held with the central bank and highly liquid financial assets with original maturities of less than three months. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes.

1.8 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the ruling exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Exchange gains or losses on foreign currency transactions are recognised in the statement of profit or loss and other comprehensive income.

1.9 Taxation

In terms of the third schedule paragraph 2(c) of the Income Tax Act (Chapter 23:06), the Society is exempt from income tax. However, the Society is subject to capital gains tax on the sale of specified assets as per the Capital Gains Act (Chapter 23:01). IAS 12 ***Income Taxes*** requires the provision of deferred tax on all temporary differences. Since the Society is exempt from income tax, only deferred capital gains tax is provided on certain qualifying temporary differences. Deferred capital gains tax is provided on those temporary differences which are expected to reverse as a result of the Society's intention to sell the specified assets.

1.10 Revenue

IFRS 15:114 requires an entity to disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Society's revenue is made up of interest and non-interest income.

Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate.

Fee and commission income

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Society recognises revenue when it transfers control over a service to a customer. Fee and commission income is recognised as the related services are performed.

Fee and commission income is for banking services provided to retail and corporate customers, including account management, provision of overdraft facilities, local and foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account monthly. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged monthly. The rates for fee and commission income are set and reviewed by the Society on a need basis.

1 Significant Accounting Policies (continued)

1.10 Revenue (continued)

Revenue from account maintenance services fees is recognised over time as the service is provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

Revenue from custodial and trustee services is recognised over time as the service is provided based on the size of the portfolio and agreed rates.

Trading income
Trading income comprises net sales from housing units and gains from dealing activities.

Revenue from sale of housing units is recognised at the point in time when the transaction takes place and after payment of full amount. There are no significant credit terms.

1.11 Employee benefits

Employee benefits consist of all forms of consideration given by the Society in exchange for services rendered by employees.

Short term benefits
Short term benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the year in which the employees render the related services. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plan if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits
Termination benefits are employee benefits payable as a result of the Society's decision to terminate employment before normal retirement date or contractual date or an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are recognised as an expense when the Society is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Society has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Post-employment benefits
Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Defined contribution pension funds are post-employment benefit plans under which the Society pays fixed contributions into a separate fund and will have no obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits relating to employees' services in current and prior years.

The Society provides for retirement benefit obligations in respect of its employees as follows:
- Old Mutual Group Pension Fund - Defined Contribution Fund (note 23).
- National Social Security Authority Fund (NSSA) (note 23).

1 Significant Accounting Policies (continued)

1.11 Employee benefits (continued)

The defined contribution pension fund is funded at agreed fixed rates of contribution of 12.0% and 7.5% of pensionable salary by the Society and eligible employee respectively. The Society's contribution is charged to the Statement of Profit or Loss and Other Comprehensive Income in the year to which it relates.

The National Social Security Authority Fund has legislated contribution rates.

Contributions by the Society are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year to which they relate.

1.12 Share-based payments

Equity settled share-based payment transactions with employees
The Society receives services from employees as consideration for equity instruments of OMZIL. The fair value of the employee services is measured at the grant date, by reference to the fair value of the equity instruments. If the equity instruments granted vest immediately and an employee is not required to complete a specified year of service before becoming unconditionally entitled to the instruments, the services received are recognised in profit or loss for the year in full on the grant date, with a corresponding increase in equity. Where the equity instruments do not vest until the employee has completed a specified year of service, it is assumed that the services rendered by the employee, as consideration for the equity instruments, will be received in the future during the vesting year. The services are accounted for in profit or loss in the statement of comprehensive income as they are rendered during the vesting year, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related service and non-market performance vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of share awards that do meet the related service and non- market performance conditions at the vesting date. Where the equity instruments are no longer outstanding, the accumulated share-based payment reserve in respect of those equity instruments is transferred to retained earnings.

Cash settled share-based payment transactions with employees
The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair value is expensed over the year until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the statements of comprehensive income as staff costs.

Measurement of fair value of equity instruments guaranteed
The equity instruments granted by the Society are measured at fair value at the measurement date using standard- option pricing valuation models. The valuation technique is consistent with generally acceptable valuation methodologies for pricing financial instruments and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments. Vesting conditions, other than market conditions, are not taken into account in determining fair value. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount.

The parent company, OMZIL, issues equity settled share-based payments to certain employees of the Society. A liability equal to the portion for the services received is recognised at the current fair value determined at each financial year end date for the cash settled share-based payments. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Where appropriate, fair value is measured using the Black-Scholes pricing model. The liability is transferred to equity on the exercise date.

1.13 Non-current assets held for sale
The Society classifies a non-current asset as held for sale if its carrying amount will be recovered mainly through selling the asset rather than through use.

Classification
The conditions for a non-current asset to be classified as held for sale are as follows:
a) The assets must be available for immediate sale in their present condition and its sale must be highly probable;
b) The asset must be currently marketed actively at a price that is reasonable in relation to its current fair value;
c) The sale should be completed, or expected to be so, within a year from the date of the classification;
d) The actions required to complete the planned sale will have been made; and
e) It is unlikely that the plan will be significantly changed or withdrawn.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.13 Non-current assets held for sale (continued)

Measurement
a) Immediately prior to classification as held for sale, the carrying amount of the asset is measured in accordance with applicable IFRSs;
b) After classification, it is measured at the lower of carrying amount and fair value less costs to sell;
c) Impairment must be considered at the time of classification as held for sale and subsequently;
d) Subsequent increases in fair value cannot be recognised in profit or loss in excess of the cumulative impairment that has been recognised with this IFRS or with IAS 36 ***Impairment of Assets***; and
e) Non-current assets (or disposal groups) classified as held for sale are not depreciated.

1.14 Property and equipment

Recognition and measurement
Office equipment and vehicles are measured at cost less accumulated depreciation and accumulated impairment. Items of freehold land and buildings are carried at revalued amount.

Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is an integral part to the functionality of the related equipment is capitalised as part of the equipment.

Where items of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount. The gain or loss is recognised on a net basis in profit or loss.

Revaluation of freehold land and buildings
Revaluations of land and buildings are conducted on the basis of estimated open market values by the Society's and Old Mutual Group's own professionally qualified valuers at the end of each financial year. A selected number of valuations are verified by independent qualified valuers with knowledge and experience in the locations of the relevant properties. The accumulated depreciation on buidings is eliminated against the gross carrying amount of the asset. The effects of revaluation of freehold land and buildings are either credited or debited to other comprehensive income to reflect change of value. The revaluation reserve is utilised when the asset is sold.

Depreciation
Depreciation is recognised in the statement of profit or loss on straight line method over the estimated useful lives of each part of an item of property and equipment at such rates as are considered appropriate to write off the cost or valuation of such assets over the expected useful lives. Leased assets are depreciated over the shorter of the lease term or their useful life.

The rates of depreciation are applied as follows for current and comparative years:

Buildings	2% per annum
Vehicles	20% per annum
Office equipment	20% per annum

Depreciation method, useful lives and residual values are reassessed and adjusted at each financial year end and adjusted if appropriate.

Reclassification of owner-occupied property to investment property
When an item of property and equipment is transferred to investment property following a change in use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised as follows: any gain is recognised in equity to the extent that it does not constitute an impairment reversal which is recognised in profit or loss while any loss is recognised in equity to the extent that the amount is not greater than previous revaluation gains with the excess loss being recognised in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised when it will result in probable future economic benefits and has a cost which can be measured reliably. Expenditure incurred to replace a separate component of an item of property or equipment is capitalised to the cost of the item and the component replaced is derecognised. All other expenditure is recognised in the Statement of Profit or Loss and Other Comprehensive Income when incurred.

1 Significant Accounting Policies (continued)

1.14 Property and equipment (continued)

Derecognition
On derecognition of property or equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the Statement of Profit or Loss and Other Comprehensive Income in the year of derecognition. In the case of owner-occupied property, any surplus in the revaluation reserve in respect of the individual property is transferred to retained earnings upon disposal.

1.15 Investment property
Investment properties are properties which are held either to earn rental income or for capital appreciation, or for both. Investment properties are measured initially at cost, including transaction costs. After initial recognition investment properties are measured at fair value by professionally qualified valuers. The valuations are prepared by considering the aggregate of the net annual rentals receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the cash flows is then applied to the net annual rentals to arrive at the property valuation. Any gain or loss arising from a change in fair value is recognised in profit or loss in the statement of profit or loss.

Reclassification of investment property to owner-occupied property
If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. When the Society begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property and equipment during redevelopment.

Disposal of investment property
Gains or losses arising from the retirement or disposal of investment property shall be recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year of retirement or disposal.

1.16 Impairment of non-financial assets
The carrying amounts for the Society's tangible, intangible assets and statutory receivables are reviewed at each statement of financial position date to determine whether there is indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment is recognised whenever the carrying amount of an asset or its cash-generating ability exceeds the recoverable amount.

The recoverable amount of impaired non-financial assets is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

For an asset that does not independently generate cash inflows, the recoverable amount is determined from the cash generating unit to which the asset belongs.

An impairment is reversed if there has been a change in the estimates used to determine recoverable amounts and only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognised.

1.17 Provisions
Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.18 Related party disclosures
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making operating decisions. The Society has related party relationships with fellow subsidiaries of OMZIL, the parent company and key management employees and their close family members. Transactions and balances with related parties are shown in note 22.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.19 Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At inception of a contract, the Society assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Society uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into on or after 1 January 2019.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Society has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Society recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Society's incremental borrowing rate. Generally, the Society uses its incremental borrowing rate as the discount rate. The Society determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Society is reasonably certain to exercise, lease payments in an optional renewal year if the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Society presents right-of-use assets that do not meet the definition of investment property in property and equipment and lease liabilities in other liabilities in the statement of financial position.

1 Significant Accounting Policies (continued)

1.19 Leases (continued)

Short-term leases and leases of low-value assets

The Society has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Society recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Society acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Society makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease if not, then it is an operating lease. As part of this assessment, the Society considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Society is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Society applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Society applies IFRS 15 to allocate the consideration in the contract. The Society applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Society further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Society recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Generally, the accounting policies applicable to the Society as a lessor in the comparative year were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting year that resulted in a finance lease classification.

1.20 Financial instruments

Financial instruments are accounted for in terms of IFRS 9 ***Financial Instruments***, which became effective from 1 January 2018.

Recognition and initial measurement

The Society initially recognises loans and advances and debt securities issued on the date when they are originated. All other financial assets and liabilities are initially recognised on the trade date when the Society becomes party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value, plus or less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets

On initial recognition, a financial asset is classified as measured at either: amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if it meets the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Society may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.20 Financial instruments (continued)

All other financial assets are classified as measured at fair value through profit or loss.

In addition, on initial recognition, the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Society makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Society's stated objective for managing the financial assets is achieved and how cash flows are realised.

  Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Society considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Society considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Society's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Society holds a portfolio of long-term fixed rate loans for which the Society has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Society has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial liabilities

The Society classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Society changes its business model for managing financial assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.20 Financial instruments (continued)

Derecognition of financial instruments

Financial assets
The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Society enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Society retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Society neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Society continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Society retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Society securitises various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitisation vehicles and in the Society transferring substantially all of the risks and rewards of ownership. The securitisation vehicles in turn issue securities to investors. Interests in the securitised financial assets are generally retained in the form of senior or subordinated tranches, interest-only strips or other residual interests (retained interests). Retained interests are recognised as investment securities and carried at FVOCI. Gains or losses on securitisation are recorded in other revenue.

Financial liabilities
The Society derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modifications of financial assets and financial liabilities

Financial assets
If the terms of a financial asset are modified, the Society evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

Financial liabilities
The Society derecognises a financial liability when its contractual obligation is discharged or cancelled or expired.

The Society derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Society's trading activity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.20 Financial instruments (continued)

Impairment of financial assets - Expected Credit Losses (ECL)
The Society recognises loss allowances for ECL on the following financial instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment is recognised on equity investments.

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Society in accordance with the contract and the cash flows that the Society expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Society if the commitment is drawn down and the cash flows that the Society expects to receive;and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Society expects to recover.

The Society measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Society considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of investment grade (a rating that indicates that a debt instrument has a relatively low risk of default).

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Society has adopted the General Approach in the measurement of ECL. Under the General Approach, the Society determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

Stage 1 is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Society recognises a 12 month ECL and recognises interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2 is where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2 the Society recognises lifetime ECL but interest income will continue to be recognised on a gross basis.

Stage 3 is where the financial asset is credit-impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Society continues to recognise lifetime ECL but will now recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

1 Significant Accounting Policies (continued)

1.20 Financial instruments (continued)

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis (internal and external), based on the Society's historical experience and expert credit assessment and including forward-looking information. The Society also takes into account the 30 day past due backstop indicator and credit risk grades. A loan is considered to be in default when the borrower is 30 days past due on any material credit obligation to the Society.

Credit risk grades
The Society allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Key inputs into the measurement of ECL
The key inputs into the measurement of ECL are the term structure of the following variables: probability of default (PD); loss given default (LGD), and exposure at default (EAD).

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Society estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan to value (LTV) ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Society derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

Subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Society measures ECL considering the risk of default over the maximum contractual year (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Society considers a longer year. The maximum contractual year extends to the date at which the Society has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk gradings; collateral type; date of initial recognition; remaining term to maturity; industry; and geographic location of the borrower.

For portfolios in respect of which the Society has limited historical data, external benchmark information is used to supplement the internally available data.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.20 Financial instruments (continued)

Restructured financial assets

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Society assesses whether financial assets carried at amortised cost and debt financial assets carried at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Society on terms that the Society would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless if there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Society considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Society cannot identify the ECL on the loan commitment component separately from those on the drawn component:
    - The Society presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
    - Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Society determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Society's procedures for recovery of amounts due.

1 Significant Accounting Policies (continued)

1.20 Financial instruments (continued)

Portfolio impairment
The portfolio impairment relates to the inherent risks of losses which although not specifically identified, are known to be present in any loan portfolio.

1.21 Sale and repurchase agreements
The Society enters into purchases (sales) of the investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the applicable accounting policy as appropriate. The proceeds from the sale of the investments are reported under deposits. The difference between the sale and repurchase agreement is treated as interest and accrued over the life of the agreement using the effective interest rate method. Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in net interest income. The obligation to return them is recorded at fair value as a trading liability.

1.22 Inventories
Inventories comprise largely costs for the construction of houses for sale under housing projects. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the first in first out principle and includes borrowing costs capitalised in accordance with the Society's accounting policies and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Additional disclosure in respect of inventory are included in note 9.3.

1.23 Paid up permanent shares
Paid up permanent share capital is classified as equity if it is non-redeemable and any dividends are discretionary at the option of the Directors. Paid up permanent share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the Statement of Profit or Loss and Other Comprehensive Income as interest expense.

Dividends
Dividends on paid up permanent shares are recognised as a liability in the year in which they are declared. Dividends are paid out of the surplus generated by the Society during the year.

1.24 Intangible assets
Intangible assets are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment.

Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method are reviewed at least each financial year-end. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation year or method, as appropriate, and treated as changes in accounting estimates.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when the Society can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. The carrying value of capitalised development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation of intangible assets
Amortisation expense is recognised in the statement of profit of loss on straight line method over the estimated useful life of the intangible assets at such rates as are considered appropriate to write off the cost or valuation of such assets over the expected useful lives.

The rate of amortisation is applied at 20% per annum.

Amortisation method, useful lives and residual values are reassessed and adjusted at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.25 Fair value hierarchy

IFRS 13 *Fair Value Measurement* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The disclosure is included in note 21.

1.26 Hyperinflationary accounting

Initial application

In the reporting year in which the Society identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior reporting year, the Society shall apply the requirements of this policy as if the economy had always been hyperinflationary.

Therefore, in relation to non-monetary items measured at unaudited historical cost, the Society's opening statement of financial position at the beginning of the earliest year presented in the financial statements shall be restated to reflect the effect of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting year.

For non-monetary items carried in the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting year.

Profit or loss items/transactions, except the depreciation and amortisation charges, are to be restated by applying the change in the index from the date of the transaction to the current report year. Depreciation and amortisation amounts are based on restated costs.

At the end of the reporting year, deferred tax items are recognised and measured in accordance with IAS 12. However, the deferred tax figures in the opening statement of financial position for the reporting year shall be determined as follows:

i the Society remeasures the deferred tax items in accordance with IAS 12 after it has restated the nominal carrying amounts of its non-monetary items at the date of the opening statement of financial position of the reporting year by applying the measuring unit at that date.

ii. the deferred tax items remeasured in accordance with (i) are restated for the change in the measuring unit from the date of the opening statement of financial position of the reporting year to the end of that reporting year.

The Society applies the approach in (i) and (ii) in restating the deferred tax items in the opening statement of financial position of any comparative years presented in the restated financial statements for the reporting year in which the Society applies this policy.

Subsequent application

After the Society has restated its financial statements, all corresponding figures in the financial statements for a subsequent reporting year, including deferred tax items, are restated by applying the change in the measuring unit for that subsequent reporting year only to the restated financial statements for the previous reporting period.

Monetary loss or gain

The effect of inflation on the net monetary position of the Society is included in the income statement as loss or gain on monetary position.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1 Significant Accounting Policies (continued)

1.27 Application of new and revised International Financial Reporting Standards (IFRSs) that are effective for the current year

In the current year, the Society has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Below are the standards that were effective in the current year:

Pronouncement	Effective date
Insurance Contracts	1 Jan 2023
IFRS 17	1 Jan 2023
Extension of the Temporary Exemption from Applying IFRS 9	1 Jan 2023
Disclosure of accounting policies	1 Jan 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
Definition of accounting estimates	1 Jan 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 Jan 2023
International Tax Reform — Pillar Two Model Rules	1 Jan 2023

Application of new and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective

A number of new standards or revised/amended standards are effective for annual years beginning after 1 January 2024 and earlier application is permitted.

The Society has not early adopted the new or amended standards in preparing these financial statements. The following standard(s) are expected to have no material impact on the Society's separate financial statements in the year of first application.

New and revised IFRSs not yet effective:

Pronouncement	Effective date
Lease Liability in a Sale and Leaseback	1 Jan 2024
Supplier Finance Arrangements	1 Jan 2024
Non-current Liabilities with Covenants	1 Jan 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 Jan 2024
IFRS S2 — Climate-related Disclosures	1 Jan 2024
Classification of Liabilities as Current or Non-current	1 Jan 2024
Lack of exchangeability	1 Jan 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
2	**Net interest income**				
	Interest income	**253 055.56**	**192 788.01**	**137 359.08**	**29 603.56**
	Loans and advances	222 672.00	180 717.99	123 334.06	27 714.40
	Mortgage loans	19 636.43	15 696.65	9 914.35	2 567.91
	Term loans and overdrafts	203 035.57	165 021.34	113 419.71	25 146.49
	Investment securities	30 383.56	12 070.02	14 025.02	1 889.16
	Treasury bills	20 987.48	6 609.02	8 276.05	1 076.00
	Money market investments	9 396.08	5 461.00	5 748.97	813.16
	Interest expense	**(94 602.02)**	**(34 225.71)**	**(53 967.54)**	**(5 499.82)**
	Credit lines	(77 635.71)	(23 286.89)	(45 846.46)	(3 730.86)
	Money market deposits	(16 274.92)	(10 110.41)	(7 758.37)	(1 631.76)
	Savings deposits	(691.39)	(828.41)	(362.71)	(137.20)
	Net interest income	**158 453.54**	**158 562.30**	**83 391.54**	**24 103.74**
3	**Impairment reconciliation**				
	Allowance for ECL on interest earning financial assets	**31 908.26**	**11 820.82**	**30 304.77**	**2 430.21**
	Loans and advances	21 467.39	9 812.38	19 858.64	2 011.63
	Recovery of loans previously written off	(7.90)	(8.45)	(2.64)	(1.13)
	Investment securities	10 448.77	2 016.89	10 448.77	419.71
	Allowance for ECL on non-interest earning financial assets				
	Unauthorised overdrafts	4 512.03	3 968.28	4 512.03	825.79
	Impairment on non-financial assets				
	Reconciling items and cloned cards	3 575.73	724.61	3 575.73	139.05
		39 996.02	**16 513.71**	**38 392.53**	**3 395.05**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

		Notes	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
4	**Net non-interest income**					
4.1	**Net fee and commission income**					
	Fee and commission income		**319 045.07**	**125 021.65**	**186 382.44**	**18 212.50**
	Commission fees		47 693.51	28 642.17	26 761.75	3 996.68
	Service fees		222 624.73	81 039.11	132 975.29	12 098.82
	Administration fees		48 726.83	15 340.37	26 645.40	2 117.00
	Fee and commission expense		**(80 968.81)**	**(42 783.30)**	**(47 198.38)**	**(6 289.65)**
	Transactional commission expense		(71 981.21)	(39 192.53)	(41 498.31)	(5 807.40)
	Other commissions and fee expense		(8 987.60)	(3 590.77)	(5 700.07)	(482.25)
	Net fee and commission expense		**238 076.26**	**82 238.35**	**139 184.06**	**11 922.85**
4.2	**Other income**					
	Housing projects trading profit	4.2.1	1 848.96	2 450.15	2 208.97	365.91
	Rental income from investment property	4.2.2	5 703.98	843.93	3 131.76	101.26
	Fair value gain from equity investments	10.2	17 564.32	532.40	30 094.79	2 774.34
	Fair value gain on non-current assets held for sale	12	665.42	639.89	1 852.15	259.87
	Fair value gain on investment property	14	82 339.32	32 106.66	139 838.53	12 487.85
	Dividend and other income from equity investments		1 663.17	1 426.88	921.96	206.57
	Foreign exchange gain		434 160.46	122 674.47	422 336.96	24 805.74
	Net other income		**543 845.63**	**160 674.38**	**600 385.12**	**41 001.54**

Rental income is ancillary to the Society's income.

		Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
4.2.1	**Trading income**				
	Housing projects sales	5 112.89	2 917.77	2 761.70	441.79
	Cost of housing units sold	(2 160.64)	(16.15)	(0.98)	(2.22)
	Gross profit	2 952.25	2 901.62	2 760.72	439.57
	Project operating expenses	(1 074.97)	(451.47)	(545.86)	(73.66)
	Write-down on housing projects	(28.32)	-	(5.89)	-
	Net trading profit	**1 848.96**	**2 450.15**	**2 208.97**	**365.91**
4.2.2	**Investment property**				
	Rental income	30 144.10	11 171.07	16 550.56	1 340.37
	Less expenses	(24 440.12)	(10 327.14)	(13 418.80)	(1 239.11)
	Net rental income	**5 703.98**	**843.93**	**3 131.76**	**101.26**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

		Notes	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
5	**Operating expenses**					
	Advertising and marketing		14 052.93	7 309.42	8 439.65	1 159.76
	Auditors' remuneration		2 892.75	1 866.87	2 892.75	388.49
	Buildings security cost		10 333.95	3 341.23	6 098.72	517.33
	Cash in transit cost		4 155.28	1 702.04	2 590.92	255.38
	Deposit protection premium		2 979.80	1 542.84	1 588.29	226.41
	Directors' remuneration		1 815.02	535.76	1 112.11	111.49
	Other expenses		10 125.21	2 813.25	14 407.55	811.20
	Information systems maintenance		44 779.73	13 502.48	27 374.09	2 093.89
	Insurance premiums		10 926.85	5 124.72	6 462.25	747.97
	Maintenance of vehicles		8 436.27	3 749.11	4 678.00	576.34
	Occupancy cost		19 461.19	7 263.52	11 655.40	1 102.51
	Old Mutual Foundation		2 246.81	1 488.58	1 081.77	184.94
	Outsourced services					
	- Old Mutual Group		20 624.28	9 404.78	12 432.08	1 425.65
	Stationery and printing		7 985.95	1 516.55	4 300.60	230.92
	Telephones and postage		3 439.69	1 036.20	1 882.64	157.48
	Travelling and subsistence		14 427.94	5 538.50	8 708.16	855.93
	Administration		**178 683.65**	**67 735.85**	**115 704.98**	**10 845.69**
	Property and equipment	13	15 455.32	11 262.66	4 195.86	519.36
	Intangible Assets	15	1 585.66	1 699.45	37.87	37.11
	Depreciation and amortisation		**17 040.98**	**12 962.11**	**4 233.73**	**556.47**
	Salaries, wages, and bonuses		105 594.19	50 783.35	63 541.50	7 735.71
	Pension contributions		6 012.66	1 269.60	2 416.11	179.80
	Other staff costs		10 622.24	5 122.41	6 144.06	771.69
	Staff costs		**122 229.09**	**57 175.36**	**72 101.67**	**8 687.20**
	Total operating expenses		**317 953.72**	**137 873.32**	**192 040.38**	**20 089.36**

The number of persons employed by the Society as at 31 December 2023 was 730 (2022: 680).

6 Custodial and trustee services

The Society provides custodial and trustee services to individuals and institutions by holding assets on behalf of customers. Included in Fee and commission income, as well as operating expenses, are CABS Custodial Services revenue and expenses as detailed below:

	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
Statement of trading income and expenses				
Income	**7 815.73**	**4 459.55**	**4 410.40**	**562.54**
Custodial revenue	6 917.45	4 034.03	3 903.50	497.88
Trustee revenue	898.28	425.52	506.90	64.66
Less operating expenses	**(2 239.11)**	**(1 384.09)**	**(1 186.65)**	**(190.32)**
Custodial expenses	(1 737.10)	(1 069.17)	(920.60)	(147.65)
Trustee expenses	(502.01)	(314.92)	(266.05)	(42.67)
Net trading profit	**5 576.62**	**3 075.46**	**3 223.75**	**372.22**
Analysis of funds under management				
Funds held for related parties	4 091 731.82	1 579 602.84	4 091 731.82	328 711.13
Funds held for third parties	3 347 780.58	1 462 919.66	3 347 780.58	304 429.67
Total funds under management	**7 439 512.40**	**3 042 522.50**	**7 439 512.40**	**633 140.80**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

7 Financial instruments analysis

7.1 Classification of financial assets and liabilities

	Notes	Audited Inflation Adjusted Fair value through profit or loss ZWLm	Amortised cost ZWLm	Total carrying amount ZWLm
As at 31 December 2023				
Assets				
Cash and cash equivalents	8	-	797 322.44	797 322.44
Investment securities	9	-	488 238.05	488 238.05
Other financial assets		-	203 609.56	203 609.56
Loans and advances	11	-	1 022 395.85	1 022 395.85
		-	**2 511 565.90**	**2 511 565.90**
Liabilities				
Deposits	16	-	1 351 747.23	1 351 747.23
Credit lines	17	-	562 564.48	562 564.48
Other liabilities	18	-	182 646.98	182 646.98
		-	**2 096 958.69**	**2 096 958.69**
As at 31 December 2022				
Assets				
Cash and cash equivalents	8	-	434 398.28	434 398.28
Investment securities	9	-	146 042.43	146 042.43
Other financial assets		-	58 140.44	58 140.44
Loans and advances	11	-	613 091.49	613 091.49
		-	**1 251 672.64**	**1 251 672.64**
Liabilities				
Deposits	16	-	665 129.11	665 129.11
Credit lines	17	-	359 800.25	359 800.25
Other liabilities	18	-	54 375.81	54 375.81
		-	**1 079 305.17**	**1 079 305.17**

	Notes	Unaudited Historical Fair value through profit or loss ZWLm	Amortised cost ZWLm	Total carrying amount ZWLm
As at 31 December 2023				
Assets				
Cash and cash equivalents	8	-	797 322.44	797 322.44
Investment securities	9	-	488 238.05	488 238.05
Other financial assets		-	203 609.56	203 609.56
Loans and advances	11	-	1 022 395.85	1 022 395.85
		-	**2 511 565.90**	**2 511 565.90**
Liabilities				
Deposits	16	-	1 351 747.23	1 351 747.23
Credit lines	17	-	562 564.48	562 564.48
Other liabilities	18	-	182 646.98	182 646.98
		-	**2 096 958.69**	**2 096 958.69**
As at 31 December 2022				
Assets				
Cash and cash equivalents	8	-	90 397.12	90 397.12
Investment securities	9	-	30 391.04	30 391.04
Other financial assets		-	12 098.87	12 098.87
Loans and advances	11	-	127 582.70	127 582.70
		-	**260 469.73**	**260 469.73**
Liabilities				
Deposits	16	-	138 411.59	138 411.59
Credit lines	17	-	74 873.47	74 873.47
Other liabilities	18	-	11 315.46	11 315.46
		-	**224 600.52**	**224 600.52**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

7 Financial instruments analysis (continued)

7.2 Composition of gains and losses on financial instruments

	Notes	Audited Inflation Adjusted			
		Fair value through profit or loss ZWLm	Amortised cost financial assets ZWLm	Amortised cost financial liabilities ZWLm	Total ZWLm
December 2023					
Interest income	2	-	253 055.56	-	253 055.56
Dividends received	4.2	1 663.17	-	-	1 663.17
Fair value gain	4.2	17 564.32	-	-	17 564.32
Total income		**19 227.49**	**253 055.56**	**-**	**272 283.05**
Interest expense	2	-	-	(94 602.02)	(94 602.02)
Allowance for ECL	3	-	(36 420.29)	-	(36 420.29)
Total expenses		-	**(36 420.29)**	**(94 602.02)**	**(131 022.31)**
December 2022					
Interest income	2	-	192 788.01	-	192 788.01
Dividends received	4.2	1 426.88	-	-	1 426.88
Fair value gain	4.2	532.40	-	-	532.40
Total income		**1 959.28**	**192 788.01**	**-**	**194 747.29**
Interest expense	2	-	-	(34 225.74)	(34 225.74)
Allowance for ECL	3	-	(15 789.08)	-	(15 789.08)
Total expenses		**-**	**(15 789.08)**	**(34 225.74)**	**(50 014.82)**

	Notes	Unaudited Historical			
		Fair value through profit or loss ZWLm	Amortised cost financial assets ZWLm	Amortised cost financial liabilities ZWLm	Total ZWLm
December 2023					
Interest income	2	-	137 359.08	-	137 359.08
Dividends received	4.2	921.96	-	-	921.96
Fair value gain	4.2	30 094.79	-	-	30 094.79
Total income		**31 016.75**	**137 359.08**	**-**	**168 375.83**
Interest expense	2	-	-	(53 967.54)	(53 967.54)
Allowance for ECL	3	-	(34 816.80)	-	(34 816.80)
Total expenses		**-**	**(34 816.80)**	**(53 967.54)**	**(88 784.34)**
December 2022					
Interest income	2	-	29 603.56	-	29 603.56
Dividends received	4.2	206.57	-	-	206.57
Fair value gain	4.2	2 774.34	-	-	2 774.34
Total income		**2 980.91**	**29 603.56**	**-**	**32 584.47**
Interest expense	2	-	-	(5 499.82)	(5 499.82)
Allowance for ECL	3	-	(3 255.99)	-	(3 255.99)
Total expenses		**-**	**(3 255.99)**	**(5 499.82)**	**(8 755.81)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

		Note	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
8	**Cash and cash equivalents**					
	Cash balances		233 799.99	98 990.46	233 799.99	20 599.65
	Bank balances		404 782.90	299 096.93	404 782.90	62 241.27
	Statutory reserves		155 659.85	36 310.89	155 659.85	7 556.20
	ZiG balances		3 079.70	-	3 079.70	-
			797 322.44	**434 398.28**	**797 322.44**	**90 397.12**

ZiG balances held as at 31 December 2023 were entirely made up of the Society's customer deposits.

		Note	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
9	**Investment securities**					
	Money market investments		211 205.48	37 819.61	211 205.48	7 870.16
	Treasury bills		288 924.66	110 567.35	288 924.66	23 008.77
			500 130.14	148 386.96	500 130.14	30 878.93
	Allowance for ECL	9.2	(11 892.09)	(2 344.53)	(11 892.09)	(487.89)
			488 238.05	**146 042.43**	**488 238.05**	**30 391.04**
9.1	**Maturity analysis - gross**					
	On demand to 3 months		302 556.20	134 882.54	302 556.20	28 068.70
	1 to 3 months		11 976.55	884.90	11 976.55	184.15
	3 months to 6 months		72 111.51	12 619.52	72 111.51	2 626.09
	6 months to 1 year		83 146.21	-	83 146.21	-
	1 year to five years		11 411.10	-	11 411.10	-
	Over 5 years		18 928.57	-	18 928.57	-
			500 130.14	**148 386.96**	**500 130.14**	**30 878.94**

The Society classifies bankers' acceptances as loans and advances. The Society does not, at present, trade in derivatives of any form.

9.2 Impairment analysis

	Audited Inflation Adjusted 31 December 2023 Stage 1		Audited Inflation Adjusted 31 December 2022 Stage 1	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
At the beginning of the year	**148 386.96**	**(2 344.53)**	**18 045.35**	**(288.09)**
	351 743.18	(9 547.56)	130 341.61	(2 056.44)
Purchases and interest accruals	4 364 697.72	(103 783.76)	148 386.96	(2 344.53)
Repayments	(269 484.25)	4 257.88	(18 045.35)	288.09
Monetary adjustment	(3 743 470.29)	89 978.32	-	-
At the end of the year	**500 130.14**	**(11 892.09)**	**148 386.96**	**(2 344.53)**

	Unaudited Historical 31 December 2023 Stage 1		Unaudited Historical 31 December 2022 Stage 1	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
At the beginning of the year	**30 878.93**	**(487.89)**	**3 755.19**	**(59.95)**
	469 251.21	**(11 404.20)**	**27 123.74**	**(427.94)**
Purchases and interest accruals	500 130.14	(11 892.09)	30 878.93	(487.89)
Repayments	(30 878.93)	487.89	(3 755.19)	59.95
At the end of the year	**500 130.14**	**(11 892.09)**	**30 878.93**	**(487.89)**

The Society does not have any investment securities that were subject to stage 2 and 3 ECL.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

10 Other assets	Notes	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
Other overdrafts and tenants debtors	10.1	-	-	-	-
Investment in equity	10.2	38 499.26	18 582.84	38 499.26	3 867.04
Housing projects	10.3	13 696.80	15 885.74	368.20	375.07
Statutory receivable	10.4	8 664.71	15 233.02	8 664.71	3 169.95
Prepayments		20 847.17	11 213.36	15 450.56	1 902.00
Other financial assets		165 110.29	39 557.64	165 110.29	8 231.83
Other non-financial assets		84 703.15	34 131.92	42 167.76	4 400.69
		331 521.38	**134 604.52**	**270 260.78**	**21 946.58**

- Included in other financial assets are amounts receivable with respect to daily settlements from payment platforms.
- Included in other non-financial assets are prepayments with respect to capital expenditure and services.

10.1 Other overdrafts and accrued rental income

	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
Other overdrafts	7 772.89	3 921.91	7 772.89	816.13
Gross other financial assets at amortised cost	7 772.89	4 082.42	7 772.89	849.54
Allowance for ECL	(7 772.89)	(4 082.42)	(7 772.89)	(849.54)
Net other financial assets at amortised cost	**-**	**-**	**-**	**-**

The Society sets aside 100% provisions for accrued rental income and unauthorised overdrafts.

	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
10.2 Investment in equity				
Opening balance	18 582.84	18 050.44	3 867.04	1 092.70
Additional investment	-	-	-	-
Exchange gain	2 352.10		4 537.43	
Fair value gain	17 564.32	532.40	30 094.79	2 774.34
Closing balance	**38 499.26**	**18 582.84**	**38 499.26**	**3 867.04**

CABS investments in equity are neither listed nor are they tracked on an active market. All investments in equity are valued at fair value and the resulting gains or losses are included in other income in the profit and loss statement. Dividend income is recognised when the right to receive income is established, and this is also presented in other income.

	Audited Inflation Adjusted 31 December 2023 ZWLm	Audited Inflation Adjusted 31 December 2022 ZWLm	Unaudited Historical 31 December 2023 ZWLm	Unaudited Historical 31 December 2022 ZWLm
10.3 Inventory work in progress				
- Hatcliffe housing project	-	28.30	-	5.89
- Budiriro housing project	9 049.29	10 531.95	7.41	8.37
- Pumula housing project	4 647.51	5 325.49	360.79	360.81
	13 696.80	**15 885.74**	**368.20**	**375.07**

NOTES TO THE FINANCIAL STATEMENTS
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		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
10	**Other assets (continued)**				
10.3	**Housing projects - inventory work in progress**				
	Opening balance	15 885.74	17 429.49	375.07	31.35
	Additions	-	(1 527.60)	-	345.94
	Cost of sales	(2 160.64)	(16.15)	(0.98)	(2.22)
	Write down	(28.30)	-	(5.89)	-
		13 696.80	**15 885.74**	**368.20**	**375.07**

Inventory is held at the lower of cost and net realisable value.

10.4 Statutory receivable

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Principal amount	2.18	24.60	2.18	5.12
Exchange gain	13 295.65	16 945.87	13 295.65	3 526.39
Gross amount due	**13 297.83**	**16 970.47**	**13 297.83**	**3 531.51**
Loss allowance	(4 633.12)	(1 737.45)	(4 633.12)	(361.56)
Net amount due	**8 664.71**	**15 233.02**	**8 664.71**	**3 169.95**

In January 2022, through the Finance Act number 7 of 2021, the Government of Zimbabwe assumed responsibility of discharging the outstanding registered blocked funds/legacy debts on the RBZ's balance sheet through the issuance of long-term Government securities. At 31 December 2023, a balance amounting to US$2.18m remained outstanding as blocked funds out of the US$27.73m that was approved by the RBZ in 2019.

The Society recognised a foreign currency denominated statutory receivable with respect to funds transferred to RBZ. Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and are settled in cash or through another financial asset. This statutory receivable is measured at cost. The instrument has been assessed for impairment in line with IAS 36 and the assessment complies with IAS 36 in all material aspects. It is management's view that the carrying value under IAS 36 is a reliable estimation of the recoverable amount of the statutory receivable.

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
11	**Loans and advances**				
	Gross amount owing	1 058 915.81	628 861.08	1 058 915.81	130 864.31
	Allowance for ECL	(36 519.96)	(15 769.59)	(36 519.96)	(3 281.61)
	Loans and advances	**1 022 395.85**	**613 091.49**	**1 022 395.85**	**127 582.70**
11.1	**Maturity analysis**				
	Less than one month	92 682.71	27 734.23	92 682.71	5 771.42
	1 to 3 months	42 515.61	55 269.33	42 515.61	11 501.41
	3 to 6 months	41 945.01	70 342.33	41 945.01	14 638.05
	6 months to 1 year	271 761.63	108 326.72	271 761.63	22 542.50
	1 year to five years	583 957.04	354 912.44	583 957.04	73 856.33
	Over 5 years	26 053.81	12 276.03	26 053.81	2 554.60
		1 058 915.81	**628 861.08**	**1 058 915.81**	**130 864.31**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

11 Loans and advances (continued)	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
11.2 Concentration				
Housing	75 396.77	46 997.38	75 396.77	9 780.03
Individuals	133 870.80	73 711.33	133 870.80	15 339.13
Commercial and industrial	849 648.24	508 152.37	849 648.24	105 745.15
	1 058 915.81	**628 861.08**	**1 058 915.81**	**130 864.31**

11.3 Sectorial analysis of loans and advances

The Society monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances at the balance sheet date is shown below:

Sector		Audited Inflation Adjusted		Unaudited Historical	
	Note	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
Agriculture		365 324.56	243 647.89	365 324.56	50 702.47
Construction Transport & Communication		21 508.46	19 843.81	21 508.46	4 129.44
Distribution		46 584.65	42 499.01	46 584.65	8 843.93
Financial Services		4 969.95	-	4 969.95	-
Manufacturing		78 460.19	35 749.25	78 460.19	7 439.32
Mortgages		81 856.91	61 576.13	81 856.91	12 813.83
Private/Individuals		146 835.54	81 061.07	146 835.54	16 868.59
Services		31 400.40	15 216.55	31 400.40	3 166.52
Mining		108 045.48	28 133.57	108 045.48	5 854.52
Energy		173 929.67	101 133.80	173 929.67	21 045.69
Total		**1 058 915.81**	**628 861.08**	**1 058 915.81**	**130 864.31**
Allowance for ECL	11.6	(36 519.96)	(15 769.59)	(36 519.96)	(3 281.61)
		1 022 395.85	**613 091.49**	**1 022 395.85**	**127 582.70**

11.4 Age analysis of loans and advances

The table below gives an aged analysis of loans and advances representing primarily the exposures of the Society's operations:

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
Neither past due nor impaired	1 057 192.85	620 581.50	1 057 192.85	129 141.35
Past due but not impaired	1 315.47	6 321.42	1 315.47	1 315.47
Past due but less than 1 month	25.71	123.55	25.71	25.71
Past due greater than 1 month but less than 3 months	1 289.76	6 197.87	1 289.76	1289.76
Impaired loans and advances (non-performing loans)	407.49	1 958.16	407.49	407.49
Gross loans and advances	**1 058 915.81**	**628 861.08**	**1 058 915.81**	**130 864.31**
Allowance for ECL	(36 519.96)	(15 769.59)	(36 519.96)	(3 281.61)
Total net loans and advances	**1 022 395.85**	**613 091.49**	**1 022 395.85**	**127 582.70**

The book continues to be short term in nature reflecting the obtaining operating environment. Despite interest rate changes during the year, the quality of the book remained good.

11.5 Commitment for loans and advances	**90 618.52**	**17 580.33**	**90 618.52**	**3 658.42**

Demand for US$ loans was on the increase during the year. However, the Society remains cautious, and is limiting exposure to foreign currency earning companies and individuals.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

11 Loans and advances (continued)

11.6 ECL analysis

	Audited Inflation Adjusted - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2023	**375 083.77**	**1 126.57**	**13 103.21**	**(5 074.63)**	**1 476.28**	**(781.49)**	**389 663.26**	**(4 729.55)**
	444 884.79	**(5 538.48)**	**22 003.94**	**468.24**	**13 954.56**	**(3 305.39)**	**480 843.29**	**(8 375.63)**
Originations and interest accruals	6 681 131.41	(31 311.97)	121 831.06	(9 537.13)	7 991.52	(4 747.38)	6 810 953.99	(45 596.48)
Repayments and derecognitions	(165 505.06)	(9 433.40)	142 664.83	(3 354.51)	105 538.37	603.34	82 698.14	(12 184.57)
Transfer to:								
Stage 1	875.14	(20.41)	(806.10)	232.91	(69.04)	33.55	-	246.05
Stage 2	(20 745.30)	138.82	20 789.48	(18 557.67)	(44.18)	21.46	-	(18 397.39)
Stage 3	(16 677.65)	75.36	(1 891.55)	232.13	18 569.20	(30 158.57)	-	(29 851.08)
Monetary adjustment	(6 034 193.75)	35 013.12	(260 583.78)	31 452.51	(118 031.31)	30 942.21	(6 412 808.84)	97 407.84
As at 31 December 2023	**819 968.56**	**(4 411.91)**	**35 107.15**	**(4 606.39)**	**15 430.84**	**(4 086.88)**	**870 506.55**	**(13 105.18)**

	Audited Inflation Adjusted - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2023	**216 909.37**	**(2 441.70)**	**21 805.22**	**(8 204.38)**	**483.23**	**(393.96)**	**239 197.82**	**(11 040.04)**
	(77 838.58)	**1 738.61**	**21 442.32**	**(5 363.91)**	**5 607.70**	**(8 749.44)**	**(50 788.56)**	**(12 374.74)**
Originations and interest accruals	404 879.59	(3 905.57)	41 825.17	(13 806.12)	38 575.29	(69 100.31)	485 280.05	(86 812.00)
Repayments and derecognitions	438 434.06	2 289.50	273 669.55	(44 776.13)	12 482.47	(2 949.96)	724 586.08	(45 436.59)
Transfer to:								
Stage 1	8 000.16	(284.87)	(8 000.16)	5 207.81	-	-	-	4 922.94
Stage 2	(31 485.20)	201.21	31 485.20	(50 579.51)	-	-	-	(50 378.30)
Stage 3	(67.42)	0.78	(1 153.48)	441.52	1 220.90	(7 030.00)	-	(6 587.70)
Monetary adjustment	(897 599.77)	3 437.56	(316 383.96)	98 148.52	(46 670.96)	70 330.83	(1 260 654.69)	171 916.91
As at 31 December 2023	**139 070.79**	**(703.09)**	**43 247.54**	**(13 568.29)**	**6 090.93**	**(9 143.40)**	**188 409.26**	**(23 414.78)**

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For the year ended 31 December 2023

11 Loans and advances (continued)

11.6 ECL analysis (continued)

	Audited Inflation Adjusted - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2022	**60 819.57**	**(6 509.41)**	**545.03**	**(288.71)**	**759.60**	**(411.49)**	**62 124.20**	**(7 209.61)**
	314 264.20	**7 635.98**	**12 558.18**	**(4 785.92)**	**716.68**	**(370.00)**	**327 539.06**	**2 480.06**
Originations and interest accruals	736 485.29	(3 162.75)	11 136.04	(675.93)	1 262.15	(250.60)	748 883.48	(4 089.28)
Repayments and derecognitions	(80 986.00)	5 315.78	6 990.24	50.60	(42.72)	93.85	(74 038.48)	5 460.23
Transfer to:								
Stage 1	1 109.67	(9.08)	(1 081.80)	446.14	(27.87)	14.32	-	451.38
Stage 2	(6 524.78)	435.28	6 550.16	(1 755.76)	(25.38)	11.73	-	(1 308.75)
Stage 3	(1 027.69)	39.98	(85.73)	36.04	1 113.42	(864.64)	-	(788.62)
Changes in risk parameters	-	2 868.08	-	(7 164.48)	-	(206.63)	-	(4 503.03)
Monetary adjustment	(334 792.29)	2 148.69	(10 950.73)	4 277.47	(1 562.92)	831.97	(347 305.94)	7 258.13
As at 31 December 2022	**375 083.77**	**1 126.57**	**13 103.21**	**(5 074.63)**	**1 476.28**	**(781.49)**	**389 663.26**	**(4 729.55)**

	Audited Inflation Adjusted - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2022	**399 685.77**	**(14 253.91)**	**16 928.57**	**(2 667.69)**	**306.20**	**(123.12)**	**416 920.54**	**(17 044.72)**
	(182 776.40)	**11 812.21**	**4 876.65**	**(5 536.69)**	**177.03**	**(270.84)**	**(177 722.72)**	**6 004.68**
Originations and interest accruals	77 833.20	(580.45)	4 317.35	(1 685.94)	118.69	(86.45)	82 269.24	(2 352.84)
Repayments and derecognitions	110 373.11	1 805.84	21 065.62	(426.24)	436.38	(5.38)	131 875.11	1 374.22
Transfer to:								
Stage 1	200.53	(22.54)	(199.57)	73.04	(0.96)	0.72	-	51.22
Stage 2	(5 463.31)	1 136.20	5 511.03	(9 169.56)	(47.72)	20.42	-	(8 012.94)
Stage 3	(172.13)	56.27	(37.39)	19.03	209.52	(473.48)	-	(398.18)
Changes in risk parameters	-	699.19	-	(2 300.75)	-	(106.06)	-	(1 707.62)
Monetary adjustment	(365 547.80)	8 717.70	(25 780.39)	7 953.73	(538.88)	379.39	(391 867.07)	17 050.82
As at 31 December 2022	**216 909.37**	**(2 441.70)**	**21 805.22**	**(8 204.38)**	**483.23**	**(393.96)**	**239 197.82**	**(11 040.04)**

11 Loans and advances (continued)

11.6 ECL analysis (continued)

	Unaudited Historical - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2023	**78 053.96**	**234.70**	**2 726.73**	**(1 056.03)**	**307.19**	**(162.63)**	**81 087.88**	**(983.96)**
	741 914.61	**(4 646.62)**	**32 380.40**	**(3 550.33)**	**15 123.64**	**(3 924.28)**	**789 418.65**	**(12 121.23)**
Originations and interest accruals	765 066.90	(3 587.89)	13 960.05	(1 092.80)	915.71	(543.98)	779 942.66	(5 224.67)
Repayments and derecognitions	(18 964.44)	(1 080.93)	16 347.29	(384.38)	12 093.14	69.13	9 475.99	(1 396.18)
Transfer to:								
Stage 1	100.28	(2.34)	(92.37)	26.69	(7.91)	3.84	-	28.19
Stage 2	(2 377.11)	15.91	2 382.17	(2 126.44)	(5.06)	2.46	-	(2 108.07)
Stage 3	(1 911.02)	8.63	(216.74)	26.60	2 127.76	(3 455.73)	-	(3 420.50)
As at 31 December 2023	**819 968.57**	**(4 411.92)**	**35 107.13**	**(4 606.36)**	**15 430.83**	**(4 086.91)**	**870 506.53**	**(13 105.19)**

	Unaudited Historical - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2023	**45 138.25**	**(508.38)**	**4 537.61**	**(1 707.30)**	**100.57**	**(81.97)**	**49 776.43**	**(2 297.65)**
	93 932.56	**(194.67)**	**38 709.92**	**(11 861.01)**	**5 990.37**	**(9 061.44)**	**138 632.85**	**(21 117.12)**
Originations and interest accruals	46 393.24	(447.52)	4 792.55	(1 581.98)	4 420.16	(7 917.88)	55 605.95	(9 947.38)
Repayments and derecognitions	50 238.09	262.34	31 358.50	(5 130.69)	1 430.31	(338.02)	83 026.90	(5 206.37)
Transfer to:								
Stage 1	916.70	(32.64)	(916.70)	596.74	-	-	-	564.10
Stage 2	(3 607.74)	23.06	3 607.74	(5 795.67)	-	-	-	(5 772.61)
Stage 3	(7.73)	0.09	(132.17)	50.59	139.90	(805.54)	-	(754.86)
As at 31 December 2023	**139 070.81**	**(703.05)**	**43 247.53**	**(13 568.31)**	**6 090.94**	**(9 143.41)**	**188 409.28**	**(23 414.77)**

NOTES TO THE FINANCIAL STATEMENTS
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11 Loans and advances (continued)

11.6 ECL analysis (continued)

	Unaudited Historical - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2022	**3 681.82**	**(394.06)**	**32.96**	**(17.50)**	**45.99**	**(24.90)**	**3 760.77**	**(436.46)**
	74 372.14	**628.76**	**2 693.77**	**(1 038.53)**	**261.20**	**(137.73)**	**77 327.11**	**(547.50)**
Originations and interest accruals	84 390.16	(362.41)	1 276.02	(77.45)	144.62	(28.71)	85 810.80	(468.57)
Repayments and derecognitions	(9 279.77)	609.11	800.98	5.80	(4.90)	10.75	(8 483.69)	625.66
Transfer to:								
Stage 1	127.15	(1.04)	(123.96)	51.12	(3.19)	1.64	-	51.72
Stage 2	(747.64)	49.88	750.55	(201.19)	(2.91)	1.34	-	(149.97)
Stage 3	(117.76)	4.58	(9.82)	4.13	127.58	(99.07)	-	(90.36)
Changes in risk parameters	-	328.64	-	(820.94)	-	(23.68)	-	(515.98)
As at 31 December 2022	**78 053.96**	**234.70**	**2 726.73**	**(1 056.03)**	**307.19**	**(162.63)**	**81 087.88**	**(983.96)**

	Unaudited Historical - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
As at 1 January 2022	**24 195.36**	**(862.84)**	**1 024.78**	**(161.50)**	**18.54**	**(7.46)**	**25 238.68**	**(1 031.80)**
	20 942.89	**354.46**	**3 512.83**	**(1 545.80)**	**82.03**	**(74.51)**	**24 537.75**	**(1 265.85)**
Originations and interest accruals	8 918.51	(66.53)	494.70	(193.18)	13.60	(9.91)	9 426.81	(269.62)
Repayments and derecognitions	12 647.14	206.95	2 413.80	(48.84)	50.00	(0.62)	15 110.94	157.49
Transfer to:								
Stage 1	22.98	(2.72)	(22.87)	8.37	(0.11)	0.08	-	5.73
Stage 2	(626.01)	130.19	631.48	(1 050.70)	(5.47)	2.34	-	(918.17)
Stage 3	(19.73)	6.45	(4.28)	2.18	24.01	(54.25)	-	(45.62)
Changes in risk parameters	-	80.12	-	(263.63)	-	(12.15)	-	(195.66)
As at 31 December 2022	**45 138.25**	**(508.38)**	**4 537.61**	**(1 707.30)**	**100.57**	**(81.97)**	**49 776.43**	**(2 297.65)**

The growth in the loan book influenced the growth in the ECL in 2023 in absolute terms.

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
12 Non-current assets held for sale				
Opening valuation	**1 498.58**	**858.69**	**311.85**	**51.98**
Disposals	-	-	-	-
Fair value gain	665.42	639.89	1 852.15	259.87
Closing valuation	**2 164.00**	**1 498.58**	**2 164.00**	**311.85**

Non-current assets held for sale comprise repossessed properties that were held as collateral on defaulted loan facilities. The Society seeks to dispose of these properties in a sale transaction.

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For the year ended 31 December 2023

13 Property and equipment

	Audited Inflation Adjusted					
	Land at fair value ZWLm	Buildings at fair value ZWLm	Leased buildings at cost ZWLm	Office equipment ZWLm	Vehicles ZWLm	Total ZWLm
31 December 2023						
Opening net book value	16 214.29	131 188.38	3 712.54	14 766.65	6 204.69	172 086.55
Additions	4.14	33.47	-	14 669.29	8 551.40	23 258.30
Modifications	-	-	1 680.63	-	-	1 680.63
Revaluation gain	15 537.71	130 046.37	-	-	-	145 584.08
Depreciation charge	-	(4 332.21)	(1 009.78)	(7 102.12)	(3 011.21)	(15 455.32)
Closing net book value	**31 756.14**	**256 936.01**	**4 383.39**	**22 333.82**	**11 744.88**	**327 154.24**
Cost or valuation	31 756.14	256 936.01	6 248.39	67 940.73	21 201.13	384 082.40
Accumulated depreciation	-	-	(1 865.00)	(45 606.91)	(9 456.25)	(56 928.16)
Net book value	**31 756.14**	**256 936.01**	**4 383.39**	**22 333.82**	**11 744.88**	**327 154.24**
31 December 2022						
Opening net book value	7 843.01	68 196.90	2 623.72	16 667.44	4 538.45	99 869.52
Additions	57.62	2 983.74	-	5 175.85	3 654.73	11 871.94
Modifications	-	-	1 614.10	-	-	1 614.10
Revaluation gain	8 313.66	61 679.99	-	-	-	69 993.65
Depreciation charge	-	(1 672.25)	(525.28)	(7 076.64)	(1 988.49)	(11 262.66)
Closing net book value	**16 214.29**	**131 188.38**	**3 712.54**	**14 766.65**	**6 204.69**	**172 086.55**
Cost or valuation	16 214.29	131 188.38	4 605.87	61 027.31	15 191.25	228 227.10
Accumulated depreciation	-	-	(893.33)	(46 260.66)	(8 986.56)	(56 140.55)
Net book value	**16 214.29**	**131 188.38**	**3 712.54**	**14 766.65**	**6 204.69**	**172 086.55**

	Unaudited Historical					
	Land at fair value ZWLm	Buildings at fair value ZWLm	Leased buildings at cost ZWLm	Office equipment ZWLm	Vehicles ZWLm	Total ZWLm
31 December 2023						
Opening net book value	3 374.15	27 299.95	273.22	880.19	395.55	32 223.06
Additions	2.70	21.76	-	5 233.38	2 973.54	8 231.38
Modifications	-	-	382.48	-	-	382.48
Revaluation gain	28 379.29	232 292.86	-	-	-	260 672.15
Depreciation charge	-	(2 678.56)	(429.56)	(671.85)	(415.89)	(4 195.86)
Closing net book value	**31 756.14**	**256 936.01**	**226.14**	**5 441.72**	**2 953.20**	**297 313.21**
Cost or valuation	31 756.14	256 936.01	763.19	6 353.97	3 456.11	299 265.42
Accumulated depreciation	-	-	(537.05)	(912.25)	(502.91)	(1 952.21)
Net book value	**31 756.14**	**256 936.01**	**226.14**	**5 441.72**	**2 953.20**	**297 313.21**
31 December 2022						
Opening net book value	492.10	4 111.05	64.77	273.74	168.21	5 109.87
Additions	11.15	350.68	-	744.42	291.20	1 397.45
Modifications	-	-	291.30	-	-	291.30
Revaluation gain	2 870.90	23 072.90	-	-	-	25 943.80
Depreciation charge	-	(234.68)	(82.85)	(137.97)	(63.86)	(519.36)
Closing net book value	**3 374.15**	**27 299.95**	**273.22**	**880.19**	**395.55**	**32 223.06**
Cost or valuation	3 374.15	27 299.95	380.71	1 124.42	482.68	32 661.91
Accumulated depreciation	-	-	(107.49)	(244.23)	(87.13)	(438.85)
Net book value	**3 374.15**	**27 299.95**	**273.22**	**880.19**	**395.55**	**32 223.06**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

13 Property and equipment (continued)

The carrying amount of owner-occupied property is the fair value of property as determined annually by both external and internal professional valuers, having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued. Fair values are determined through inferring from recent market transactions for similar properties in the same location as the Society's owner-occupied property.

Key assumptions applied in the valuation process include:
- The underlying valuation has been prepared in ZWL;
- Rentals are benchmarked in USD but payable in ZWL;
- ZWL rentals have a low default risk compared to USD rentals; and
- Softer cap rates were applied because of the valuation currency.

The properties were valued in accordance with the International Valuation Standards, with income generating properties valued using the Direct Capitalisation Method (DCM) while landholdings and residential properties were valued using the market approach. The approach was the same as previously adopted in December 2022.

Valuation inputs used were based on observed market transactions during prior and current periods. Frequent rent reviews were done during the period under review to mitigate the impact of inflation on ZWL rentals.

Capitalisation rates applied in the valuation were based on prior transactions, as well as the few observed current market transactions, with adjustments done to consider building specific factors and subject property performance. Portfolio voids and collections rates remained stable during the period under review while the demand for retail, industrial and office park remain strong albeit the obtaining volatile macro-economic environment.

13.1 Leased assets
Property and equipment include leased buildings.

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
13.1.1 Right of use assets				
Property				
Balance at the beginning of the year	3 712.54	2 623.72	273.22	64.77
Modifications	1 680.63	1 614.10	382.48	291.30
Depreciation charge for the year	(1 009.78)	(525.28)	(429.56)	(82.85)
Balance at the end of the year	**4 383.39**	**3 712.54**	**226.14**	**273.22**
13.1.2 Lease liabilities				
Balance at the beginning of the year	**2 307.77**	**336.33**	**480.24**	**69.99**
Modifications	640.14	2 497.58	640.10	519.74
Lease payments	(1 887.16)	(963.05)	(1 887.16)	(200.41)
Finance cost	912.15	251.90	490.46	52.42
Exchange gain	3 825.14	185.01	3 825.14	38.50
Effects of inflation adjustment	(2 249.26)	-	-	-
Balance at the end of the year	**3 548.78**	**2 307.77**	**3 548.78**	**480.24**

		Audited Inflation Adjusted		Unaudited Historical	
13	**Property and equipment**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
13.2	**Lease liabilities included in the statement of financial position**				
	Current	1 839.01	1 397.28	1 839.01	290.77
	Non-current	1 709.77	910.49	1 709.77	189.47
	Total	**3 548.78**	**2 307.77**	**3 548.78**	**480.24**
13.3	**Amounts recognised in profit or loss**				
	Interest on lease liabilities	912.15	441.96	490.46	63.21
	Depreciation charge for the year	1 009.78	525.28	429.56	82.85
		1 921.93	**967.24**	**920.02**	**146.06**

The Society paid a total of ZWL1.3bn towards rental and other operating costs.

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
14	**Investment property**				
	Opening fair value	71 456.66	39 350.00	14 869.94	2 382.09
	Additions	2 893.17	-	1 880.68	-
	Fair value gain	82 239.32	32 106.66	139 838.53	12 487.85
	Closing fair value	**156 589.15**	**71 456.66**	**156 589.15**	**14 869.94**

The Society's current lease arrangements, which are entered into on an arm's length basis, and which are comparable to those for similar properties in the same location, are considered. Rentals are reviewed regularly in response to inflation.

Details of the valuation methodology have been disclosed in notes 13 and 21.

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.

Assets pledged as security are disclosed in note 17.

		Audited Inflation Adjusted		Unaudited Historical	
15	**Intangible assets**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
	Opening carrying amount				
	Cost	7 928.31	36 380.67	231.42	231.42
	Accumulated amortisation	(4 181.65)	(22 099.76)	(69.58)	(32.47)
		3 746.66	**14 280.91**	**161.84**	**198.95**
	Movement in intangible assets				
	Reclassifications	-	(8 834.80)	-	-
	Amortisation charge	(1 585.68)	(1 699.45)	(37.87)	(37.11)
		(1 585.68)	**(10 534.25)**	**(37.87)**	**(37.11)**
	Closing carrying amount				
	Cost	27 458.51	7 928.31	231.42	231.42
	Accumulated amortisation	(25 297.53)	(4 181.65)	(107.45)	(69.58)
		2 160.98	**3 746.66**	**123.97**	**161.84**

Intangible assets comprise right of use licences.

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		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
16	**Deposits**				
	Money market deposits	231 212.43	120 919.86	231 212.43	25 163.10
	Savings deposits	1 117 455.10	544 209.25	1 117 455.10	113 248.49
	ZiG deposits	3 079.70	-	3 079.70	-
		1 351 747.23	**665 129.11**	**1 351 747.23**	**138 411.59**
	Maturity analysis				
	Less than 1 month	1 238 215.41	601 337.61	1 238 215.41	125 136.75
	1 to 3 months	16 752.91	57 150.41	16 752.91	11 892.85
	3 to 6 months	38 520.65	5 963.89	38 520.65	1 241.07
	6 months to 1 year	49 146.78	318.98	49 146.78	66.38
	1 to 5 years	5 935.54	225.05	5 935.54	46.83
	Over 5 years	3 175.94	133.17	3 175.94	27.71
	Gross nominal outflow	**1 351 747.23**	**665 129.11**	**1 351 747.23**	**138 411.59**
	Concentration				
	Financial institutions	363 903.79	180 861.83	363 903.79	37 636.86
	Companies	604 378.31	352 513.78	604 378.31	73 357.18
	Individuals	383 465.13	131 753.50	383 465.13	27 417.55
		1 351 747.23	**665 129.11**	**1 351 747.23**	**138 411.59**

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 %	31 December 2022 %	31 December 2023 %	31 December 2022 %
Concentration				
Financial institutions	26.92%	27.19%	26.92%	27.19%
Companies	44.71%	53.00%	44.71%	53.00%
Individuals	28.37%	19.81%	28.37%	19.81%
	100.00%	**100.00%**	**100.00%**	**100.00%**

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
17	**Credit lines**				
	African Export-Import Bank (Afreximbank)	235 632.83	177 682.72	235 632.83	36 975.30
	European Investment Bank (EIB)	98 844.86	61 064.48	98 844.86	12 707.35
	Norsad Capital Limited (Norsad)	-	33 181.28	-	6 904.94
	Shelter Afrique	-	3 853.47	-	801.90
	Trade and Development Bank (TDB)	228 086.79	84 018.30	228 086.79	17 483.98
		562 564.48	**359 800.25**	**562 564.48**	**74 873.47**
	Maturity analysis				
	Less than 1 month	306 767.46	33 889.46	306 767.46	7 052.31
	1 to 3 months	45 372.05	24 598.22	45 372.05	5 118.82
	3 to 6 months	40 612.14	47 454.36	40 612.14	9 875.13
	6 months to 1 year	-	48 301.45	-	10 051.40
	1 year to five years	169 812.83	205 556.76	169 812.83	42 775.81
		562 564.48	**359 800.25**	**562 564.48**	**74 873.47**

NOTES TO THE FINANCIAL STATEMENTS
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17 Credit lines (continued)

	Currency	Nominal amount	Maturity date
Afreximbank 3 months LIBOR + 5.5%	US$	40 000 000	1 December 2025
Afreximbank 3 months LIBOR + 5.5%	US$	40 000 000	31 December 2025
Afreximbank 3 months LIBOR + 7.5%	US$	10 000 000	31 January 2026
EIB Fixed rate 4.1030%	EUR	15 000 000	28 February 2028
TDB 12 months LIBOR + 5%	US$	25 000 000	14 July 2024
TDB 6 months LIBOR + 6.75%	US$	25 000 000	26 October 2024

As security for the TDB loan the Society registered bonds and issued powers of attorney to register bonds (in the event of default) over properties with a total value of ZWL24.94bn as at 31 December 2023 (both investment properties and owner occupied properties). The Society repaid the TDB working capital tranche of US$18.30m on 6 October 2023. The Shelter Afrique loan was repaid in full on 6 December 2023. The Afreximbank facility is secured by a first-ranking fixed charge over the balance from time to time on the collection account; promissory notes to a value equivalent to 100% of the relevant utilisation; an assignment agreement relating to an assignment provided by the Society in favour of Afreximbank in respect of all CABS security. The Norsad Capital facility of US$10.00m was prepaid on 11 December 2023.

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	**31 December 2022 ZWLm**	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
18 Trade and other liabilities				
Trade creditors	123 740.40	34 489.10	123 740.40	7 177.09
Other financial liabilities	55 357.80	17 578.94	55 357.81	3 658.13
Lease liabilities	3 548.78	2 307.77	3 548.78	480.24
Deferred revenue	26 402.92	7 420.39	15 355.12	999.61
	209 049.90	**61 796.20**	**198 002.11**	**12 315.07**

Included in other financial liabilities are employee related accruals.

19 Deferred taxation				
As at the beginning of the year	11 670.64	5 826.46	2 428.63	352.71
Other timing differences	15 599.82	5 844.18	24 841.83	2 075.92
As at the end of the year	**27 270.46**	**11 670.64**	**27 270.46**	**2 428.63**

Deferred tax is comprised of potential capital gains tax on properties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
20	**Share capital and reserves**				
20.1	**Ordinary class "A" share capital**				
	Comprising 35 000 000 authorised, issued and fully paid shares of $1 each.	**36 806.72**	**36 806.72**	**35.00**	**35.00**

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

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
20.2	**Retained earnings**				
	As at the beginning of the year	310 457.09	186 622.00	59 459.41	8 887.99
	Net surplus for the year	429 268.18	142 035.76	592 527.81	53 543.72
	Dividend	(65 012.69)	(11 133.64)	(33 960.00)	(1 500.00)
	Transfer between reserves	(8 292.80)	(7 067.03)	(13 889.20)	(1 472.30)
	As at the end of the year	**666 419.78**	**310 457.09**	**604 138.02**	**59 459.41**
20.3	**Regulatory provision reserve**				
	As at the beginning of the year	7 067.03	-	1 470.63	-
	Regulatory impairment allowance	8 292.80	7 067.03	13 889.20	1 470.63
	As at the end of the year	**15 359.83**	**7 067.03**	**15 359.83**	**1 470.63**
20.4	**Non-distributable reserve**	**1 520.92**	**1 520.92**	**1.45**	**1.45**
20.5	**Revaluation reserve**				
	As at the beginning of the year	116 572.76	50 786.00	28 883.06	4 376.14
	Transfer between reserves	-	-	-	1.67
	Revaluation of property	134 129.56	65 786.76	246 399.99	24 505.25
	As at the end of the year	**250 702.32**	**116 572.76**	**275 283.05**	**28 883.06**
20.6	**Share-based payment reserve**				
	As at the beginning of the year	6 104.45	6 104.45	5.82	5.82
	Fair value gain	-	-	-	-
	As at the end of the year	**6 104.45**	**6 104.45**	**5.82**	**5.82**

21 Determination of fair value of financial and non-financial assets

21.1 Fair value hierarchy

Description of hierarchy	Types of instruments classified in the respective levels
Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets	Listed equity securities, listed government securities and other listed debt securities and similar instruments that are actively traded.
Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data, with a majority determined with reference to observable prices.
Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process. All businesses have significant processes in place to perform reviews of the appropriateness of the valuation of Level 3 instruments.

Most valuation techniques employ only observable data and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable, and, for them, the derivation of fair value is more judgmental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs. Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

The Society deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. A transfer between Level 2 and Level 3 occurs when the majority of the significant inputs used to determine fair value of the instrument become unobservable.

21 Determination of fair value of financial and non-financial assets (continued)

21.1 Fair value hierarchy

The table below analyses 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 categorized. Financial instruments whose carrying amount approximate fair value have been excluded from the analysis below.

		Audited Inflation Adjusted			
	Notes	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
As at 31 December 2023					
Assets at fair value through profit or loss					
Investment in equity	10	-	-	38 499.26	38 499.26
Investment property	14	-	-	156 589.15	156 589.15
Non-current assets held for sale	12	-	-	2 164.00	2 164.00
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	13	-	-	288 692.16	288 692.16
		-	**-**	**485 944.57**	**485 944.57**
As at 31 December 2022					
Assets at fair value through profit or loss					
Investment securities	10	-	-	18 582.83	18 582.83
Investment property	14	-	-	71 456.65	71 456.65
Non-current assets held for sale	12	-	-	1 498.58	1 498.58
Owner occupied property (land and buildings)	13	-	-	147 402.62	147 402.62
		-	**-**	**238 940.68**	**238 940.68**

		Unaudited Historical			
	Notes	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
As at 31 December 2023					
Assets at fair value through profit or loss					
Investment in equity	10	-	-	38 499.26	38 499.26
Investment property	14	-	-	156 589.15	156 589.15
Non-current assets held for sale	12	-	-	2 164.00	2 164.00
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	13	-	-	288 692.16	288 692.16
		-	**-**	**485 944.57**	**485 944.57**
As at 31 December 2022					
Assets at fair value through profit or loss					
Investment securities	10	-	-	3 867.04	3 867.04
Investment property	14	-	-	14 869.94	14 869.94
Non-current assets held for sale	12	-	-	311.85	311.85
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	13	-	-	30 674.09	30 674.09
		-	**-**	**49 722.92**	**49 722.92**

21 Determination of fair value of financial and non-financial assets (continued)

21.2 Reconciliation of level 3 items

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Balance as at 1 January	238 940.74	134 299.08	49 722.91	8 129.92
Additions	2 930.78	3 041.32	1 905.14	361.83
Depreciation recognised on owner occupied property	(4 332.21)	(1 672.25)	(2 678.55)	(234.68)
Gains or losses for the period:				
Fair value gain through profit or loss	100 469.06	33 279.00	171 785.48	15 522.05
Revaluation gain on owner occupied property	147 936.20	69 993.59	265 209.59	25 943.79
Closing balance	**485 944.57**	**238 940.74**	**485 944.57**	**49 722.91**

The fair value of the Society's properties are categorised into Level 3 of the fair value hierarchy through their use of unobservable units.

21.3 Fair value estimation

The table below analyses assets carried at fair value by the valuation method. The different levels have been defined as follows; quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is as prices or indirectly (that is, derived from prices) (level 2) and inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

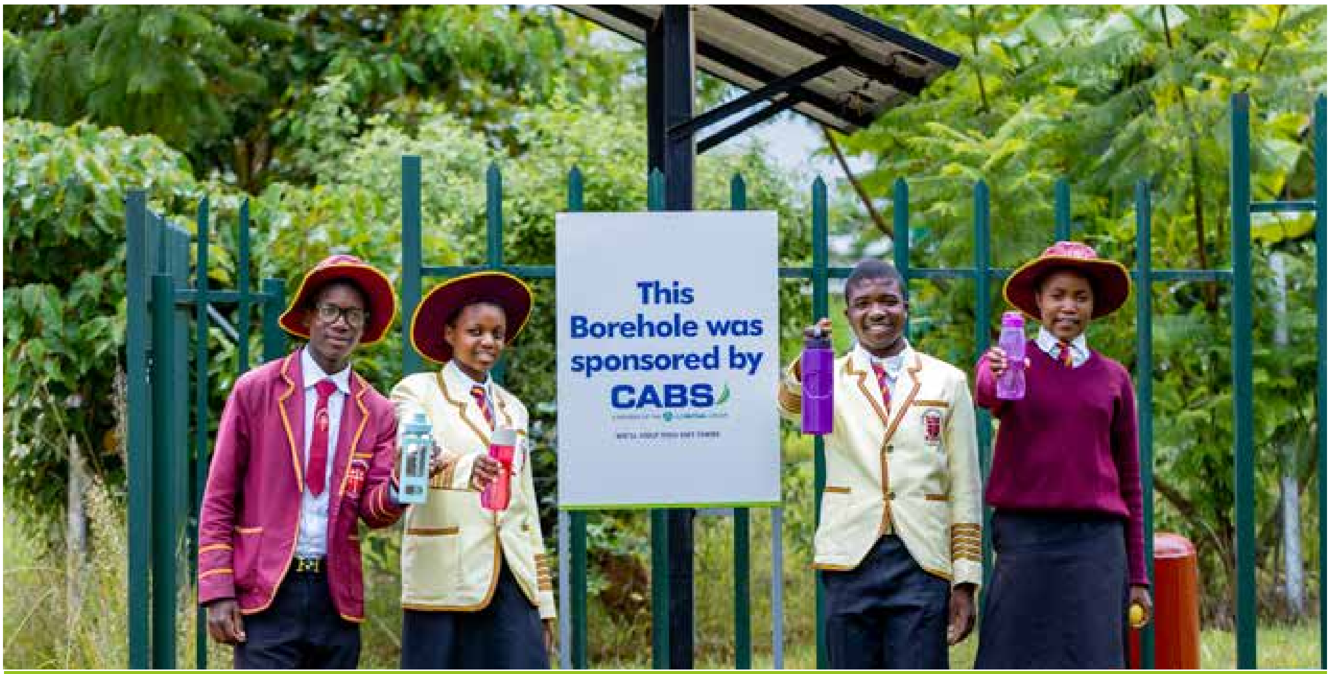
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

21 Determination of fair value of financial and non-financial assets (continued)

21.3 Fair value estimation (continued)

Effect of changes in significant unobservable assumptions to reasonable possible alternatives (continued)

Type of property	Key observable inputs	Inter-relationships between unobservable inputs and key fair value measurements
Office and retail properties *Valuation approach:* Income capitalisation	*Office* • Capitalisation rates: 6.0% to 8.6% • Market rentals per m^2: ZWL17 258 to ZWL56 912 • Vacancy rates: 0% to 54% *Retail* • Capitalisation rates: 6.5% to 8.8% • Market rentals per m^2: ZWL16 914 to ZWL47 000 • Vacancy rates: 0% to100%	The estimated fair value would increase/(decrease) if >net rental income increased/(decreased) >capitalisation rates are lower/(higher) >vacancies decreased/(increased) The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential *Valuation approach:* Direct comparison/ Market approach	Residential rent from ZWL1 400 000 to ZWL4 500 000	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).
Land *Valuation approach:* Direct comparison/ Market approach	Land value per m^2: ZWL237 261	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).



21 Determination of fair value of financial and non-financial assets (continued)

21.3 Fair value estimation (continued)

Effect of changes in significant unobservable assumptions to reasonable possible alternatives (continued)

Sensitivity analysis
The table below shows a sensitivity analysis of the property values.

Sensitivity analysis - Valuation inputs	ZWLm
Sensitivity analysis	**Fair value increase/ (decrease)**
An increase of 1% in capitalisation rates would decrease the fair value by:	(51 527.16)
A decrease of 1% in capitalisation rates would increase the fair value by:	47 809.07
A 10% increase in market rentals per m^2 would increase the fair value by:	40 141.94
A 10% decrease in market rentals per m^2 would decrease the fair value by:	(40 141.94)
An increase of 10% in land value per m^2 would increase the fair value by:	6 296.71
A decrease of 10% in land value per m^2 would decrease the fair value by:	(6 296.71)

21.4 Fair value hierarchy for assets and liabilities not measured at fair value
Certain financial instruments of the Society are not carried at fair value principally treasury bills investments securities loans and advances credit lines and other financial assets and financial liabilities at amortised cost.

Treasury bills and investment securities
For investment securities and treasury bills presented within note 9 at amortised cost in terms of IFRS 9 and therefore not carried at fair value the fair value has been determined based either on discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 3).

Loans and advances
Loans and advances presented within note 11 at amortised cost in terms of IFRS 9 and therefore not carried at fair value principally comprise of fixed rate financial assets and are classified as Level 3.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposals of such loans and advances there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The Society is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

For specifically impaired loans and advances the carrying value as determined after consideration of the Society's IFRS 9 credit impairments is considered the best estimate of fair value.

Credit lines
Credit lines presented within note 17 as financial liabilities at amortised cost in terms of IFRS 9 are not carried at fair value. The fair value is determined using either available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

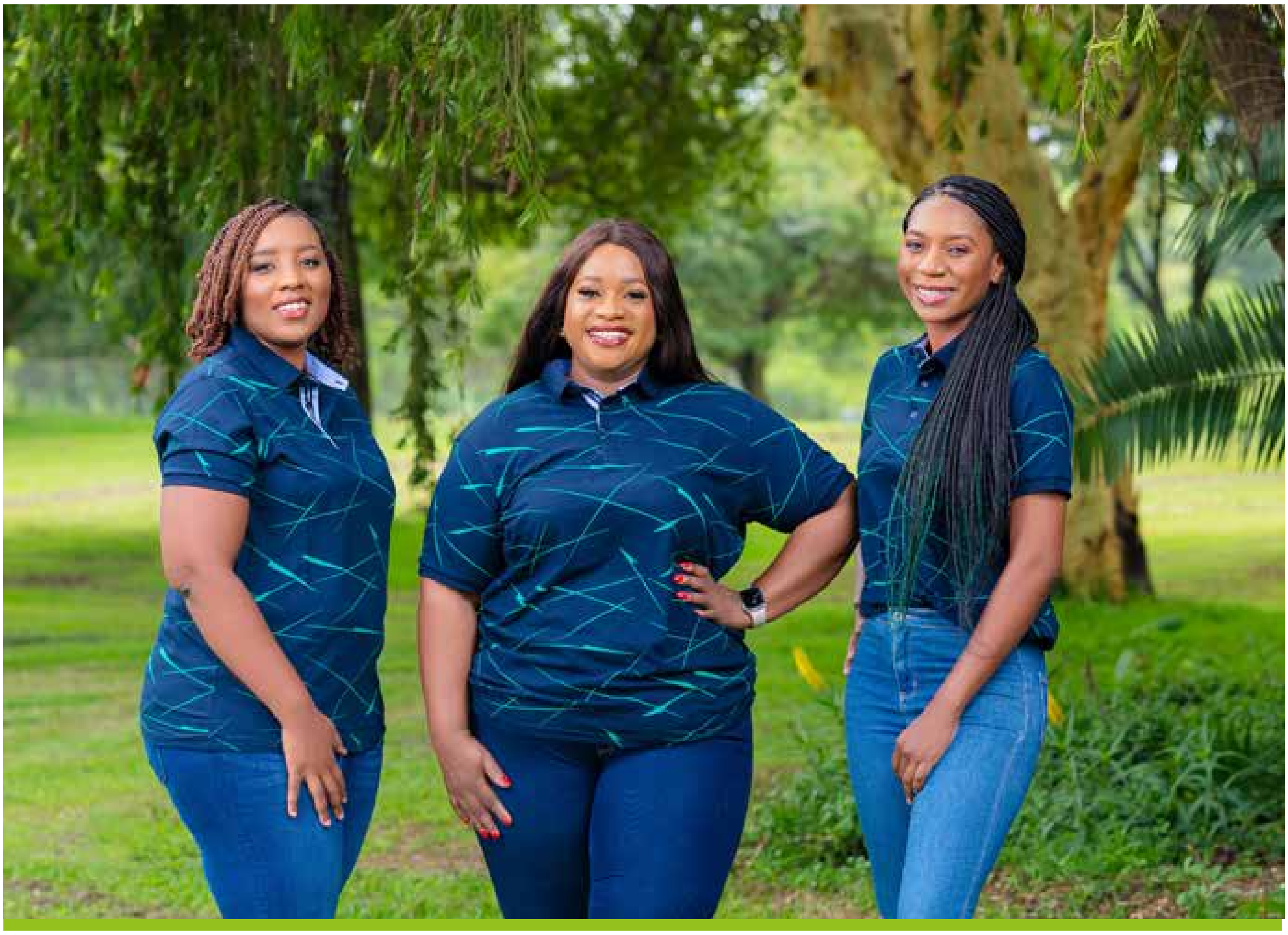
22 Related party disclosures

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

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 Investment Group Zimbabwe (Private) Limited;
- Old Mutual Life Assurance Company Zimbabwe Limited;
- Old Mutual Funeral (Private) Limited;
- Old Mutual Securities (Private) Limited;
- Old Mutual Finance (Private) Limited;
- Old Mutual Digital Services (Private) Limited; and
- RM Insurance Holdings (100% shareholder of Old Mutual Insurance Company (Private) Limited).

Key management personnel
Key management personnel include members of the executive committee who are the Managing Director, Deputy Managing Director, Chief Finance Officer, General Manager Commercial Services, Head of Digital Banking, Head of Risk, Head of Human Capital, Head of Treasury, Head of Compliance, Head of Credit, Acting Head of Operations, Head of Retail Banking, Head of Custodial Services, Head of Marketing, Chief Internal Auditor, Head of ICT and Company Secretary.



NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
22.1	**Loans to Directors**				
	Opening balance	2.88	5.00	0.60	1.04
	Issued during the year	43 392.05	73.28	4 972.09	15.25
	Interest and insurance charges	13 339.32	30.51	1 528.49	6.35
	Repayments during the year	(12 737.76)	(105.91)	(1 459.56)	(22.04)
	Monetary loss	(38 954.87)	-	-	-
	Closing balance	**5 041.62**	**2.88**	**5 041.62**	**0.60**

Loans and advances to Directors are made on the same terms and conditions as in the normal course of business at arm's length, except for the executive Directors' that are in accordance with staff loan schemes.

		Audited Inflation Adjusted		Unaudited Historical	
		31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
22.2	**Balances with group companies**				
	During the year the Society had transactions with group companies and the outstanding balances at year end were:				
	Amounts due to fellow subsidiaries	503.06	5 267.58	1 096.17	1 096.17
	Amounts due from fellow subsidiaries	3 878.51	620.48	129.12	129.12
	Amounts due to the holding company	757.50	3 640.12	757.50	757.50
22.3	**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:				
	Interest payabale to fellow subsidiaries	229.15	180.73	229.15	37.61
	Outsourced services to Group companies	35.61	55.55	35.61	11.56
22.4	**Loans to executives and senior management**	3 505.67	3 235.75	3 505.67	673.35
	These loans were granted in accordance with staff loan schemes.				
22.5	**Compensation of key management personnel**				
	The remuneration of Directors and other members of key management during the year was as follows:				
	Short term benefits	30 869.33	17 097.14	11 768.73	2 478.30
	Post employment benefits	353.24	145.80	134.67	19.85
	Total compensation	**31 222.57**	**17 242.94**	**11 903.40**	**2 498.15**
22.6	**Directors' fees**	**1 815.02**	**535.76**	**1 112.11**	**111.49**

23 Post employment employee benefits

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Old Mutual Group Pension Fund	4 254.07	985.21	2 465.42	48.02
NSSA	1 758.59	213.41	1 018.32	10.66
	6 012.66	**1 198.62**	**3 483.74**	**58.68**

Old Mutual Group Pension Fund - Defined contribution fund
The pension fund is a defined contribution pension fund and the amount of benefits is 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 profit or loss.

National Social Security Authority (NSSA)
All employees are members of the National Social Security Authority, which includes the Workmen's Compensation Fund, to which both the employer and the employees contribute.

24 Share-based payments

24.1.1 OMZIL Management Incentive Share Scheme
This scheme operates for the benefit of management and its primary purpose is to attract, reward and retain senior and middle management. Share allocations vest three years after the allocation date, subject to the condition that the participant remains in the OMZIL Group's employment for the three years. Prior to vesting, participants are to be paid dividends in respect of the shares allocated.

24.1.2 Composition of share-based payment liabilities

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Total liability	**6 104.45**	**1 775.80**	**5.82**	**5.82**

25 Risk management
The CABS risk management framework is enshrined in the three lines of assurance principle of enterprise risk management, where all officers in the institution are responsible for risk management, albeit with differing levels of responsibility.

The eight principles of CABS' enterprise risk management policy are: risk management skills, competencies and resources; risk governance; risk culture; risk strategy and appetite; risk identification, assessment, management, monitoring and reporting; risk acceptance; risk transfer; and combined assurance.

The CABS risk universe is clearly defined, monitored and managed through the Society's risk management framework. The Society's major risks are:
- Credit risk;
- Liquidity risk;
- Market risk;
- Compliance risk;
- Operational risk;
- Information Technology risk;
- People risk;
- Strategic risk;
- Reputational risk; and
- Conduct risk.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management

25.1 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). Climate risk, as well as Environmental, Social and Governance (ESG) related issues are also considered when assessing credit risk.

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
These are loans and securities where contractual interest or principal payments are past due but the Society believes that impairment is not appropriate, 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.

Loans and advances renegotiated
Restructuring of loans include extended repayment arrangements, modifications and deferral of repayments. Restructuring policies and practices are based on indicators and criteria that in the judgment of management, indicate that repayments will most likely continue. These policies are kept under continuous review.

The Early Alert and Classified Accounts Committees
The main function of the Early Alert Committee is to timely identify, promptly report and proactively manage credit risk with a view to identifying accounts with potential to deteriorate in terms of asset quality, on an ongoing basis. The Classified Accounts Committee reviews and monitors non-performing loans including the recovery progress thereof and recommend recovery strategies with a view to ensuring speedy and complete recoveries.

The Management Credit Committee
The Management Credit Committee (MCC) is responsible for implementing the Board approved risk management strategies and policies for the management of credit risk under the oversight of the Board Credit Committee. The applicable activities include:

- 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, members of MCC, the Board Credit Committee and the Board of Directors according to the size of facility;
- Reviewing and assessing credit risk. The Society's Board Credit Committee assesses all credit exposures in excess of designated limits prior to facilities being committed to customers. Renewal and review of facilities are subject to the same review process;
- Limiting concentration of exposure to counterparties and industries (for loans and advances), as well as by issuer, credit rating band, market and liquidity (for investment securities);
- Reviewing compliance with agreed exposure limits including those for selected industries and product types. Regular reports are provided to the Society's Board Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken;
- Providing advice, guidance and specialist skills to promote best practice throughout the Society in the management of credit risk;
- Overseeing the development and implementation of appropriate management reporting system (Credit MIS) within the institution;
- Regular audits of the Society's credit processes are undertaken by Internal Audit Department; and
- Capital requirements for credit risk are subject to Basel II Modified Standardised approach. The Society is progressively migrating to the advanced IRB approaches.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management (continued)

25.1 Credit risk (continued)

Write-off policy
The Society writes off a loan when the Management 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.

Credit risk mitigation
Credit risk mitigation refers to the actions that can be taken by the Society to manage its exposure to credit risk so as to align such exposure with its risk appetite. This is influenced by external forces such as the economic cycle or internal factors such as a change in risk appetite. Credit risk mitigation normally focuses on taking on collateral, as well as the management of such collateral.

In granting a credit facility, the Society considers both the counterparty's collateral and financial position. Should a counterparty be unable to settle its obligations, the Society takes possession of collateral as full or part settlement of such amounts. In general, the Society seeks to dispose the collateral which is not readily convertible into cash as soon as the market for the relevant asset permits. Non-current assets held for sale (note 12) represent repossessed collateral property which the Society intends to convert into cash within the coming year. The Society generally segregates collateral received into the following two classes:

Financial collateral
The Society takes financial collateral to support credit exposures in the trading book. This includes cash and debt securities in respect of derivative transactions. These transactions are entered into under terms and conditions that are standard industry practice in securities borrowing and lending activities.

Non-financial collateral
In secured financial transactions the Society takes other physical collateral to recover outstanding exposure in the event of the borrower being unable or unwilling to fulfil its obligations. This includes mortgages over property (both residential and commercial), liens over business assets (including, but not limited to, plant, vehicles, aircraft, inventories, trade debtors and financial securities that have a tradable market, such as shares and other securities) and guarantees from parties other than the borrower.

The valuation and management of collateral is governed by the Credit Policy. The total registered collateral value for advances was ZWL705 404.48m inclusive of guarantees (2022: ZWL21 736.21m).

The Society holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Collateral held and other credit enhancements
Percentage of exposure subject to collateral requirements:

	31 December 2022 ZWLm	31 December 2021 ZWLm	Principal type of collateral held
Type of credit exposure			
Treasury bills	0%	0%	None
Fixed deposits	100%	100%	Treasury bills
Mortgage loans	100%	100%	Property
Corporate loans	84%	86%	Property
Consumer loans	85%	85%	Insurance

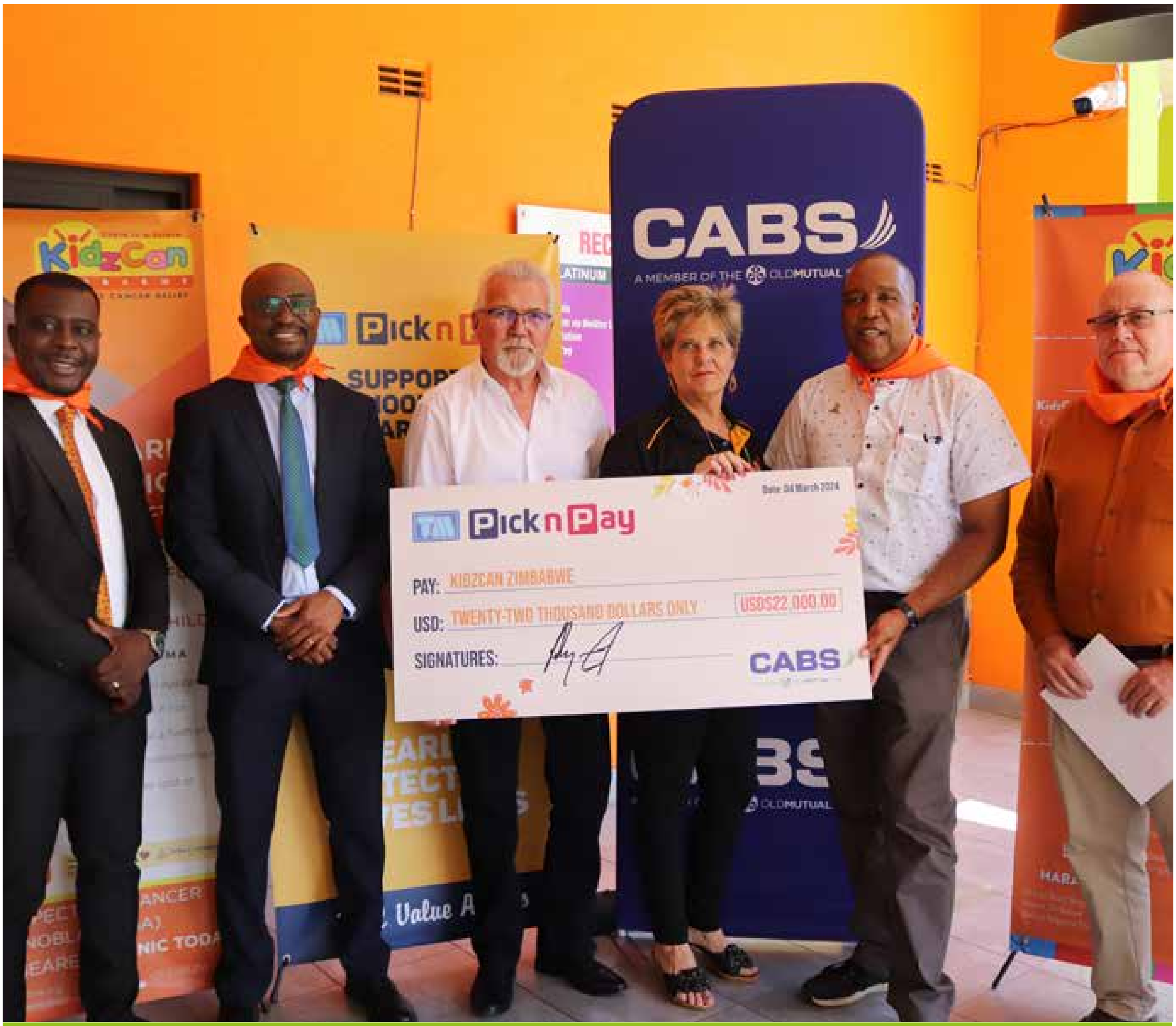
25 Risk management (continued)

25.1 Credit risk (continued)

The following tables stratify credit exposures from mortgage loans and advances by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for loans and advances is based on the collateral value at origination updated based on changes in house price indices.

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Society generally requests that corporate borrowers provide it. The Society may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Because of the Society's focus on corporate customers' creditworthiness, the Society does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely.

For credit-impaired loans, the Society obtains appraisals of collateral because it provides input into determining the management credit risk action.



NOTES TO THE FINANCIAL STATEMENTS
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25 Risk management (continued)

25.1 Credit risk (continued)

Assets obtained by taking possession of collateral
Details of financial and non-financial assets obtained by the Society during the year by taking possession of collateral held as security against loans and advances and held at the year end, are shown below.

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Property	-	-	-	-

The Society's policy is to pursue timely realisation of the collateral in an orderly manner. The Society does not generally use the non-cash collateral for its own operations.

Regulatory loan loss provisioning
Provisioning is determined on the basis of account classification whereby provisions are uniformly determined for specific grades. The Society establishes an allowance for impairment based on the class of each loan and in line with the RBZ guidelines on provisions. The provisioning methodology is summarised below:

31 December 2023 - Audited Inflation Adjusted					
Credit Risk grade	**Type**	**Provisioning criteria**	**Gross loans ZWLm**	**Allowance for impairment ZWLm**	**Net loans ZWLm**
Grade A B C	Pass	1-2% general provision	726 430.12	14 703.34	711 726.78
Grade D E F G	Special mention	3-10% general provision	310 164.15	19 084.35	291 079.80
Grade H	Sub standard	20% specific provision on balance less security value	5 053.78	2 406.71	2 647.07
Grade I	Doubtful	50% of total outstanding balance less security value	16 929.83	15 350.25	1 579.58
Default	Loss	100% of total outstanding balance less security held	337.93	335.14	2.79
		Portfolio total	**1 058 915.81**	**51 879.79**	**1 007 036.02**

31 December 2022 - Audited Inflation Adjusted					
Credit Risk grade	**Type**	**Provisioning criteria**	**Gross loans ZWLm**	**Allowance for impairment ZWLm**	**Net loans ZWLm**
Grade A B C	Pass	1-2% general provision	410 802.88	9 869.28	400 933.60
Grade D E F G	Special mention	3-10% general provision	216 100.04	11 461.32	204 638.72
Grade H	Sub standard	20% specific provision on balance less security value	1 081.80	683.57	398.23
Grade I	Doubtful	50% of total outstanding balance less security value	483.76	414.95	68.81
Default	Loss	100% of total outstanding balance less security held	392.60	387.18	5.42
		Portfolio total	**628 861.08**	**22 816.30**	**606 044.78**

25 Risk management (continued)

25.1 Credit risk (continued)

31 December 2023 - Unaudited Historical					
Credit Risk grade	**Type**	**Provisioning criteria**	**Gross loans ZWLm**	**Allowance for impairment ZWLm**	**Net loans ZWLm**
Grade A B C	Pass	1-2% general provision	726 430.12	14 703.34	711 726.78
Grade D E F G	Special mention	3-10% general provision	310 164.15	19 084.35	291 079.80
Grade H	Sub standard	20% specific provision on balance less security value	5 053.78	2 406.71	2 647.07
Grade I	Doubtful	50% of total outstanding balance less security value	16 929.83	15 350.25	1 579.58
Default	Loss	100% of total outstanding balance less security held	337.93	335.14	2.79
		Portfolio total	**1 058 915.81**	**51 879.79**	**1 007 036.02**

31 December 2022 - Unaudited Historical					
Credit Risk grade	**Type**	**Provisioning criteria**	**Gross loans ZWLm**	**Allowance for impairment ZWLm**	**Net loans ZWLm**
Grade A B C	Pass	1-2% general provision	85 486.98	2 053.77	83 433.21
Grade D E F G	Special mention	3-10% general provision	44 969.84	2 385.07	42 584.77
Grade H	Sub standard	20% specific provision on balance less security value	225.12	142.25	82.87
Grade I	Doubtful	50% of total outstanding balance less security value	100.67	86.35	14.32
Default	Loss	100% of total outstanding balance less security held	81.70	80.57	1.13
		Portfolio total	**130 864.31**	**4 748.01**	**126 116.30**

The Society also takes into account provisioning requirements of IFRS 9 (Financial Instruments) and makes the most prudent provisions for its loans and advances based on the two methods. Where the regulatory provisions are higher than the IFRS 9 impairment, the excess is treated as an appropriation from retained earnings.

25.2 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations for its financial liabilities. The key measures used by the Society for managing liquidity risk are the liquidity gaps and monitoring of key liquidity risk metrics that include liquidity ratio and the loan to deposit ratio (LDR). The institution has also adopted the Basel III metrics which are liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Stress and scenario testing is a key risk management process being used to compliment the Society's sound liquidity risk management.

Liquidity ratio

The liquidity ratio is the ratio of net liquid assets to deposits from customers and other short term liabilities. 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 borrowings and liabilities maturing within the same short term period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management (continued)

25.2 Liquidity risk (continued)

Liquidity gap
The liquidity gap is the difference between assets and liabilities in a given maturity period.

The Society manages its contractual liquidity gap through treasury operations to acquire deposits of suitable tenor and price from the market. As a contingency, the Society has also entered into liquidity support arrangements with suitable counter parties, to which it has ready access, in need.

Loan to deposit ratio
The loan to deposit ratio is used to assess the Society's level of total loans against total deposits. The metric also assists to assess the level of liquid assets held to survive a liquidity crisis.

ALCO
ALCO is responsible for the management of liquidity risk under the oversight of the Board Risk and Compliance Committee and the Board. All liquidity policies and procedures are subject to review and approval by ALCO, the Board Risk and Compliance Committee and the Board.

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 departments.

The Society monitors liquidity risk by compliance with liquidity regulations of the Building Societies Act (Chapter 24:02) and the Banking Regulations as well as the submission of monthly liquidity returns to the RBZ. In addition, the Society matches long term liabilities to long term investments and this is monitored through the Board Risk and Compliance Committee.

Details of the liquidity ratio as at 31 December are given below:

	Audited Inflation Adjusted		Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm	31 December 2023 ZWLm	31 December 2022 ZWLm
Total liquid assets	1 397 629.23	615 109.34	1 397 629.23	128 002.61
Total liabilities to the public	1 899 739.97	862 220.97	1 899 739.97	179 425.88
Liquidity ratio	73.6%	71.3%	73.6%	71.3%
Maximum for the year	90.7%	74.0%	90.7%	74.0%
Minimum for the year	62.4%	40.0%	62.4%	40.0%
Average for the year	76.6%	57.0%	76.6%	57.0%

25.2.1 Liquidity coverage ratio
The liquidity coverage ratio has the underlying objective of promoting the short-term resilience of the liquidity risk profile of banking institutions by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) to survive a significant stress scenario lasting for thirty (30) calendar days.

25 Risk management (continued)

25.2.1 Liquidity coverage ratio (continued)

Given that this is the first year of disclosure, no comparative analysis of the LCR or its major constituents has been done. The LCR as at 31 December 2023 is shown below.

Category	Sub-category	Total weighted value ZWLm
High Quality Liquid Assets (HQLA)		
	Total HQLA, of which:	**499 671.43**
	Level 1 assets	499 671.43
	Level 2A assets	-
	Level 2B assets	-
Cash outflows		
	Retail deposits and deposits from small business customers, of which:	**974.89**
	Stable deposits	393.25
	Less stable deposits	581.64
	Unsecured wholesale funding, of which:	**192 747.14**
	Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions	-
	Non-operational deposits (all counterparties)	192 747.14
	Unsecured debt	-
	Secured wholesale funding	**574 980.80**
	Additional requirements, of which:	**-**
	Outflows related to derivative exposures and other collateral requirements	-
	Outflows related to loss of funding on debt products	-
	Credit and liquidity facilities	-
	Other contractual funding obligations	-
	Other contingent funding obligations	-
	Total cash outflows	**768 702.83**
Cash inflows		
	Total cash inflows	**604 419.56**
	Reverse repo and other secured lending transactions	-
	Credit or liquidity facilities provided to the reporting bank	-
	Operational deposits held at other financial institutions	-
	Other inflows by counterparty	604 419.56
	Other contractual cash inflows	-
	Total HQLA	**499 671.43**
	Total net cash outflows	**192 175.71**
	Liquidity coverage ratio (%)	**260.01%**

Main drivers of LCR

The main drivers of LCR are a healthy buffer of HQLA and lower outflow which is buoyed by higher funding sources from demand deposits which contributed 83.06% of total deposits as at 31 December 2023.

Composition of HQLA

The composition of HQLA is as follows as at 31 December 2023:

- Coins and bank notes;
- Reserve Bank of Zimbabwe (RBZ) balances;
- Treasury bills; and
- Open Market Operation bills.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management (continued)

25.2.1 Liquidity coverage ratio (LCR)

The split of HQLAs as at 31 December 2023 is shown below:

Asset	Composition
Coins and bank notes	46.79%
RBZ balances	11.43%
Treasury bills	23.25%
Open Market Operation bills	18.53%

25.2.2 Liquidity gap analysis

Liquidity gap analysis as at 31 December 2023	Audited Inflation Adjusted					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	786 517.82	10 119.16	685.12	0.34	-	797 322.44
Investment securities	315 299.64	155 257.72	11 411.10	6 269.59	-	488 238.05
Trade and other assets	130 434.89	-	-	-	201 086.49	331 521.38
Loans and advances	129 042.20	289 864.30	592 116.60	11 372.75	-	1 022 395.85
Intangible assets	-	-	-	-	2 160.98	2 160.98
Property and equipment	-	-	-	-	327 154.24	327 154.24
Investment property	-	-	-	-	156 589.15	156 589.15
Non-current assets held for sale	-	2 164.00	-	-	-	2 164.00
Total assets	**1 361 294.55**	**457 405.18**	**604 212.82**	**17 642.68**	**686 990.86**	**3 127 546.09**
Liabilities						
Deposits	1 255 061.68	87 667.43	5 935.54	2.91	3 079.67	1 351 747.23
Credit lines	352 139.51	40 612.14	169 812.83	-	-	562 564.48
Trade and other liabilities	164 259.21	-	-	-	44 790.69	209 049.90
Deferred taxation	-	-	-	-	27 270.46	27 270.46
Shareholders' equity	-	-	-	-	976 914.02	976 914.02
Total liabilities	**1 771 460.40**	**128 279.57**	**175 748.37**	**2.91**	**1 052 054.84**	**3 127 546.09**
Net liquidity gap	**(410 165.85)**	**329 125.61**	**428 464.45**	**17 639.77**	**(365 063.98)**	**-**
Cumulative liquidity gap	**(410 165.85)**	**(81 040.24)**	**347 424.21**	**365 063.98**	**-**	**-**

Liquidity gap analysis as at 31 December 2022	Audited Inflation Adjusted					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	434 039.50	339.41	12.16	7.21	-	434 398.28
Investment securities	133 622.28	12 420.15	-	-	-	146 042.43
Loans and advances	80 922.14	174 188.68	346 012.52	11 968.15	-	613 091.49
Other assets	34 688.00	-	15 232.96	-	84 683.56	134 604.52
Intangible assets	-	-	-	-	3 746.66	3 746.66
Property and equipment	-	-	-	-	172 086.55	172 086.55
Investment property	-	-	-	-	71 456.66	71 456.66
Non-current assets held for sale	-	1 498.58	-	-	-	1 498.58
Total assets	**683 271.92**	**188 446.82**	**361 257.64**	**11 975.36**	**331 973.43**	**1 576 925.17**
Liabilities						
Deposits	658 488.04	6 282.87	225.04	133.16	-	665 129.11
Credit lines	58 487.68	95 755.87	205 556.70	-	-	359 800.25
Trade and other liabilities	-	-	-	-	61 796.20	61 796.20
Deferred taxation	-	-	-	-	11 670.64	11 670.64
Shareholders' equity	-	-	-	-	478 528.97	478 528.97
Total liabilities	**716 975.72**	**102 038.74**	**205 781.74**	**133.16**	**551 995.81**	**1 576 925.17**
Net liquidity gap	**(33 703.80)**	**86 408.08**	**155 475.90**	**11 842.20**	**(220 022.38)**	**-**
Cumulative liquidity gap	**(33 703.80)**	**52 704.28**	**208 180.18**	**220 022.38**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management (continued)

25.2.2 Liquidity gap analysis (continued)

Liquidity gap analysis as at 31 December 2023	Unaudited Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	786 517.82	10 119.16	685.12	0.34	-	797 322.44
Investment securities	315 299.64	155 257.71	11 411.10	6 269.60		488 238.05
Other assets	-	8 664.71	-	-	261 596.07	270 260.78
Loans and advances	129 042.20	289 864.30	592 116.60	11 372.75	-	1 022 395.85
Intangible assets	-	-	-	-	123.97	123.97
Property and equipment	-	-	-	-	297 313.21	297 313.21
Investment property	-	-	-	-	156 589.15	156 589.15
Non-current assets held for sale	-	-	-	-	2 164.00	2 164.00
Total assets	**1 230 859.66**	**463 905.88**	**604 212.82**	**17 642.69**	**717 786.40**	**3 034 407.45**
Liabilities						
Deposits	1 255 061.68	87 667.43	5 935.54	2.91	3 079.67	1 351 747.23
Credit lines	352 139.51	40 612.14	169 812.83	-	-	562 564.48
Trade and other liabilities	-	-	-	-	198 002.11	198 002.11
Deferred taxation	-	-	-	-	27 270.46	27 270.46
Shareholders' equity	-	-	-	-	894 823.17	894 823.17
Total liabilities	**1 607 201.19**	**128 279.57**	**175 748.37**	**2.91**	**1 123 175.41**	**3 034 407.45**
Net liquidity gap	**(376 341.53)**	**335 626.31**	**428 464.45**	**17 639.78**	**(405 389.01)**	**-**
Cumulative liquidity gap	**(376 341.53)**	**(40 715.22)**	**387 749.23**	**405 389.01**	**-**	**-**

Liquidity gap analysis as at 31 December 2022	Unaudited Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	90 322.46	70.63	2.53	1.50	-	90 397.12
Investment securities	27 806.44	2 548.60	-	-	-	30 355.04
Other assets	7 218.48	-	3 169.94	-	11 558.15	21 946.57
Loans and advances	16 839.68	36 248.20	72 004.28	2 490.54	-	127 582.70
Intangible assets	-	-	-	-	161.85	161.85
Property and equipment	-	-	-	-	32 223.06	32 223.06
Investment property	-	-	-	-	14 869.94	14 869.94
Non-current assets held for sale	-	311.85	-	-	-	311.85
Total assets	**142 187.06**	**39 179.28**	**75 176.75**	**2 492.04**	**58 813.00**	**317 848.13**
Liabilities						
Deposits	137 029.60	1 307.45	46.83	27.71	-	138 411.59
Credit lines	12 171.13	19 926.53	42 775.81	-	-	74 873.47
Trade and other liabilities	8 991.18	-	-	-	3 323.89	12 315.07
Deferred taxation	-	-	-	-	2 428.63	2 428.63
Shareholders' equity	-	-	-	-	89 855.37	89 855.37
Total liabilities	**158 191.91**	**21 233.98**	**42 822.64**	**27.71**	**95 607.89**	**317 884.13**
Net liquidity gap	**(16 004.85)**	**17 981.30**	**32 354.11**	**2 464.33**	**(36 794.89)**	**-**
Cumulative liquidity gap	**(16 004.85)**	**1 976.45**	**34 330.56**	**36 794.89**	**-**	**-**

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For the year ended 31 December 2023

25 Risk management (continued)

25.3 Market risk

Market risk is the risk of adverse changes to the CABS statement of financial position or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments. This occurs when exchange rates change between the time a society's trading position is opened and the time when it is squared off, affecting exchange profit/loss. The two major components of market risk that affect the Society are foreign exchange risk and interest rate risk.

The Society's transactions are mainly exposed to the following foreign exchange risk types:

Translation risk is the risk to earnings or capital arising from the translation of the Society's assets and liabilities to local currency. Transaction risk which occurs when exchange rates change between the time that an obligation is incurred and the time it is settled, thus affecting cash flows. Economic Exposure which reflects the change in the present value of the institution's future expected cash flows as a result of unexpected changes in exchange rates.

Interest rate risk (IRRBB) is the risk arising from repricing and/or maturity mismatches of on-and-off balance sheet components across the Society.

CABS uses the Standardized Approach to calculate the regulatory capital requirements relating to general market risks. Market risk is governed by Board-approved policies that cover management, identification, measurement and monitoring. Market risk limits are approved at Board level and are reviewed periodically, but at least annually.

These limits include the following:
- Dealer and trading limits;
- Counterparty limits;
- Limits on maturity profiles.

The Society employs both an earnings and economic-value perspective to measure interest rate sensitivity on a monthly basis. This includes a repricing profile analysis, simulated modelling of the bank's NII and EVE for a standard interest rate shock, and stress-testing of NII and EVE for multiple stressed-interest-rate scenarios.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The Assets and Liabilities Committee (ALCO) is responsible for the management of market risk under the oversight of the Board Risk and Compliance Committee and the Board. All market risk policies and procedures are subject to review and approval by ALCO, the Board Risk and Compliance Committee and the Board.

25.3.1 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. Capital requirements for market risk are subject to Basel II standardised approach.

Sensitivity analysis

At the reporting date, the net interest income sensitivity of the banking book for a 2% parallel movement in interest rates measured over 12 months is highlighted below:

	Unaudited Historical	
	31 December 2023 ZWLm	31 December 2022 ZWLm
Increase/(decrease) in interest rates on interest income		
0.5%	183.33	42.48
1%	366.66	84.95
2%	733.32	169.91
(2)%	(733.32)	(169.91)
(1)%	(366.66)	(84.95)
(0.5)%	(183.33)	(42.48)

Interest rate repricing gap

The interest rate repricing gap is the difference between interest bearing assets and interest bearing liabilities in a given maturity interval.

25 Risk management (continued)

25.3 Market risks (continued)

25.3.1 Exposure to interest rate risk

Interest rate repricing and gap analysis December 2023	Audited Inflation Adjusted				
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	221 529.91	155 257.72	18 092.27	-	394 879.90
Loans and advances	129 042.20	289 864.30	592 116.60	11 372.75	1 022 395.85
Total assets	**350 572.11**	**445 122.02**	**610 208.87**	**11 372.75**	**1 417 275.75**
Liabilities					
Deposits	145 558.85	87 667.43	5 935.54	2.91	239 164.73
Credit lines	352 139.51	40 612.14	169 812.83	-	562 564.48
Total liabilities	**497 698.36**	**128 279.57**	**175 748.37**	**2.91**	**801 729.21**
Net liquidity gap	**(147 126.25)**	**316 842.45**	**434 460.50**	**11 369.84**	**615 546.54**
Cumulative interest rate repricing liquidity gap	**(147 126.25)**	**169 716.20**	**604 176.70**	**615 546.54**	**-**

Interest rate repricing and gap analysis December 2022	Audited Inflation Adjusted				
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	106 013.42	12 420.15	-	-	118 433.57
Loans and advances	80 922.14	174 188.69	346 012.52	11 968.14	613 091.49
Total assets	**186 935.56**	**186 608.84**	**346 012.52**	**11 968.14**	**731 525.06**
Liabilities					
Deposits	117 903.77	6 282.88	225.04	133.16	124 544.85
Credit lines	58 487.68	95 755.82	205 556.75	-	359 800.25
Total liabilities	**176 391.45**	**102 038.70**	**205 781.79**	**133.16**	**484 345.10**
Net liquidity gap	**10 544.11**	**84 570.14**	**140 230.73**	**11 834.98**	**247 179.96**
Cumulative interest rate repricing liquidity gap	**10 544.11**	**95 114.25**	**235 344.98**	**247 179.98**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management (continued)

25.3 Market risks (continued)

25.3.1 Exposure to interest rate risk

Interest rate repricing and gap analysis December 2023	Unaudited Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	221 529.91	155 257.72	18 092.27	-	394 879.90
Loans and advances	129 042.20	289 864.30	592 116.60	11 372.75	1 022 395.85
Total assets	**350 572.11**	**445 122.02**	**610 208.87**	**11 372.75**	**1 417 275.75**
Liabilities					
Deposits	145 558.85	87 667.43	5 935.54	2.91	239 164.73
Credit lines	352 139.51	40 612.14	169 812.83	-	562 564.48
Total liabilities	**497 698.36**	**128 279.57**	**175 748.37**	**2.91**	**801 729.21**
Net liquidity gap	**(147 126.25)**	**316 842.45**	**434 460.50**	**11 369.84**	**615 546.54**
Cumulative interest rate repricing liquidity gap	**(147 126.25)**	**169 716.20**	**604 176.70**	**615 546.54**	**-**

Interest rate repricing and gap analysis December 2022	Unaudited Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	22 061.11	2 584.60	-	-	24 645.71
Loans and advances	16 839.68	36 248.20	72 004.28	2 490.54	127 582.70
Total assets	**38 900.79**	**38 832.80**	**72 004.28**	**2 490.54**	**152 228.41**
Liabilities					
Deposits	24 535.46	1 307.45	46.83	27.71	25 917.45
Credit lines	12 171.13	19 926.53	42 775.81	-	74 873.47
Total liabilities	**36 706.59**	**21 233.98**	**42 822.64**	**27.71**	**100 790.92**
Net liquidity gap	**2 194.20**	**17 598.82**	**29 181.64**	**2 462.83**	**51 437.49**
Cumulative interest rate repricing liquidity gap	**2 194.20**	**19 793.02**	**48 974.66**	**51 437.49**	**-**

25.3.2 Exposure to foreign currency risk

The Society is exposed to exchange rate movement of various currencies against the United States dollar. Below are the foreign currency exposures for the Society as at 31 December 2022.

Currency name	Exchange rate 31 December 2023	31 December 2022
United States Dollar (US$)	6 104.7226	684.3339
South African Rand (ZAR)	333.33	40.32
Great British Pound (GBP)	7 796.0360	824.5881
Euro (EUR)	6 760.3690	728.5419
Botswana Pula (BWP)	455.4123	53.6860

25 Risk management (continued)

25.3 Market risk (continued)

	Assets Cash and cash equivalents 2023	Assets Cash and cash equivalents 2022	Net ZWL equivalent as at 31 December 2023	Net ZWL equivalent as at 31 December 2022	Effect on profit of 10% depreciation 2023	Effect on profit of 10% depreciation 2022	Effect on profit of 10% appreciation 2023	Effect on profit of 10% appreciation 2022
United States Dollar	**US$m**	**US$m**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	71.49	62.77	436 413.70	42 958.58	(43 641.37)	(4 295.86)	43 641.37	4 295.86
South African Rand	**ZARm**	**ZARm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	22.57	50.50	7 523.77	2 036.49	(752.38)	(203.65)	752.38	203.65
Great British Pound	**GBPm**	**GBPm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	0.13	0.28	1 045.39	231.49	(104.54)	(23.15)	104.54	23.15
Euro	**EURm**	**EURm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	0.36	0.57	2 427.67	413.35	(242.77)	(41.34)	242.77	41.34
Botswana Pula	**BWPm**	**BWPm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	1.86	2.91	845.28	155.98	(84.53)	(15.60)	84.53	15.60

25.4 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 its operations. As part of the Compliance Risk Management Framework, the Society has an independent compliance function that proactively ensures compliance with all regulatory requirements that are overseen by the Board Risk and Compliance Committee, the Board Audit Committee and the Board.

CABS financial crime compliance statement

The Society recognises that economic crimes have an adverse effect on individuals and communities wherever they take place. The Society does not tolerate any deliberate breach of financial crime laws and regulations (bribery, corruption, and money laundering, sanctions, or tax evasion facilitation) that apply to the transactions we undertake. The Society has a dedicated Financial Crime function, which sits within Compliance. The Financial Crime function facilitates risk-based expert support and oversight to the business. The Society adopted a holistic approach to Financial Crime Compliance anchored on AML policy framework that sets the minimum control requirements in four key risk areas: anti-bribery and corruption (ABC); anti-money laundering & counter-terrorist financing (AML); anti-tax evasion facilitation and sanctions.

Compliance environment

The Society's compliance risk is managed through a Board-approved Compliance Programme. There are policies such as the Anti Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Sanctions Screening Programme (SSP) as well as other internal policies and processes, which cover legal, regulatory, and other technical requirements relevant to the business. The Society's AML/CFT and SSP are also geared towards ensuring the Society meets best practice with regards to AML/CFT through the use of integrated Financial Crime solutions. Customer Acceptance and management of the Society's financial crime compliance is managed through the AML Committee, a sub-committee of the CABS EXCO.

The Compliance function, through the Regulatory Change Management Process, assists Management to identify, assess and mitigate regulatory risks associated with current or emerging regulations. The Compliance function also independently monitors departments to ensure adherence to policies,procedures and other regulatory and technical requirements mindful of the impact that regulatory breaches have on the CABS brand, relationships with key regulators, third party banking partners and customers.

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For the year ended 31 December 2023

25 Risk management (continued)

25.4 Compliance risk (continued)

Sustainability compliance

The Compliance function also plays a pivotal role in ensuring we comply with sustainability standards and best practice measures as directed in the Board-approved ESG Framework. The Compliance function advises the business on all matters of sustainable financing and governance as they relate to CABS services and products including the customers who bank with the Society. We additionally advise all these stakeholders on their role in meeting and maintaining ESG standards.

Following the Regulator's call for financial institutions to adopt measure to enforce sustainability in the financial sector, CABS is working with various local and international stakeholders to further develop and finetune the current ESG Framework. CABS is currently collaborating with Regulators, and we are engaged in sustainability certification with the Sustainability Standards and Certification Initiative (SSCI) managed by the European Organisation for Sustainable Development (EOSD).

25.5 Operational risks

Operational risk is the risk of a loss resulting from inadequate or failed internal processes, people, systems and external events. This includes legal risk but excludes reputational risk and strategic risk.

The Society has an operational risk policy that is supported by several supplementary and detailed risk policies covering information security risk, damage to physical assets, financial crime risk, model risk, human resources (people) risk, process risk and systems risk. The Society has a low preference for operational risk, however there is zero-tolerance for some sub-components of the risk. The risk preferences and appetite limits are set out in the Society's Risk Strategy and Appetite Statement This is reviewed at least annually by the Board, upon recommendation by the Board Risk and Compliance Committee.

The Society has an independent Operational Risk Management Function (ORMF) that is responsible for the design, maintenance and ongoing development of the Operational Risk Framework. The Operational Risk Framework has methodologies and tools that are applied to identify and assess risks as well as provide information used in the determination of mitigating measures.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Management Executive Committee (EXCO) under the oversight of the Board Risk and Compliance Committee. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Risk and control self-assessments (RCSA) that are conducted quarterly to proactively identify and actively mitigate risks. These self-assessments cover assessment of the adequacy and effectiveness of controls designed to mitigate risks;
- Key risk indicators for monitoring operational risks which act as an early indicator of a potential increase in risk exposure and/or a potential breakdown of controls.
- Risk event data collection, reporting and escalation. Risk events are reported at least monthly to EXCO and quarterly to the Board Risk and Compliance Committee;
- Departmental risk meetings; Periodic on-site risk reviews;
- Audit Findings Tracking (AFT) Committee; and
- Stress testing of operational risk losses to identify potential vulnerabilities in the control environment.

25 Risk management (continued)

25.5 Operational risks (continued)

In addition to the onsite risk reviews, regular monitoring of activities is conducted by the Compliance Department. The Internal Audit Department provides independent assurance that controls and systems are functioning efficiently and as intended. The controls maintained by the Society which are subjected to evaluation include:

- Reconciliation and monitoring of transactions;
- Appropriate segregation of duties, including the independent authorisation of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation and record retention;
- Escalation and reporting of operational losses and risk events;
- Risk mitigation, including insurance where this is cost effective;
- Business continuity management and development of contingency plans;
- Training and professional development; and
- Ethical and business standards.

The Society applies the Standardised Approach for operational risk capital assessment.

25.6 Information Technology (IT) risk

IT risk is the risk of loss due to failure of systems and/or related processes, and an inadequate or inefficient information security. The fast-paced digitalisation of the financial services sector, characterised by device interoperability and faster digital technology adoption, has resulted in proliferation of technology related risks, key amongst them cybercrime. Cybercrime risk is the risk relating to criminal and fraudulent activities involving online and information technology. It is a sub-component of information security risk (which is in turn a sub-component of information technology risk), which is the risk of failure to protect the confidentiality, integrity and/or availability of information technology assets from unauthorized access, use, disclosure, disruption, modification, or destruction.

The Executive and ICT Steering Committees have the primary responsibility to oversee implementation of technology and information security controls and mitigate cyber and other technology related threats and failures under the oversight of the Board ICT Committee. The Information Technology Risk Policy, Information Security Risk Policy and the Financial Crime Risk Policy are complementary in governing technology and cybersecurity risks.

25.7 People risk

People risk is the risk relating to the business workforce resourcing, utilisation/productivity, skills, competencies, and behaviours to manage and operate the business, including engaging with customers. It includes issues related to the loss of essential skills, failure to fill certain positions and inability to retain and/or attract skilled staff who can meet the demands of a changing environment. The risk also includes the lack of adequate backup or succession plans, which may affect continuity and quality of work.

The Society has a People Risk Policy that is supported by various standards including the Maadili Charter (Code of Ethics) to sustainably acquire and retain appropriate skills. The Maadili Charter underpins the behaviours that are consistent with the values of the Society and serves to guide how the Society's people interact amongst each other, with customers, communities and other stakeholders.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

25 Risk management (continued)

25.8 Strategic risk

The CABS Managing Director is mandated to oversee implementation of the CABS Strategic Risk Policy by the Board Risk and Compliance Committee (BRCC). The Managing Director is supported by the EXCO to develop strategic and significant operational objectives, and related initiatives and coordinates its resources to enable the Society to deploy available capability and capacity to meet its strategic and operational objectives. EXCO assists the Managing Director to monitor the Society's progress in achieving its strategic and operational objectives and conducts risk assessments to identify material Strategic, External and Growth (Business) risks when formulating and monitoring delivery of the strategy and business plans. Where EXCO believes that any such strategic and operational objectives will not be achieved, they recommend appropriate remedial actions, monitor and report to the Board. The Board plays an active role in overseeing strategy formulation and business planning in fulfilment of their fiduciary duties to the business and ensure that CABS operates within the Board-approved risk preferences and appetite limits set out in the CABS Risk Strategy and Appetite Statement.

25.9 Reputational risk

The Board has delegated responsibility for effective management of reputational risk to the Board Risk and Compliance Committee and to EXCO. Board approved reputational risk related policies are in place. Line management has the primary responsibility for reputational risk identification and mitigation. Reputational risk management and monitoring is done in the following ways:

- Communication of information about the Society to the public or press releases is done in line with the provisions of the internal and external communications guidelines and with approval from EXCO. This facilitates building the Society's reputational capital (through positive information) and minimising the impact of adverse reputational risk events;
- All material events that have a potential to impact the Society's reputation are immediately escalated to the Marketing Executive, Managing Director, Head of Compliance and Head of Risk; and
- Any exposures to reputational risk are captured in the internal risk events log, with controls to mitigate the risk.

25.10 Conduct risk

Conduct risk refers to the likelihood of harm arising out of the decisions and actions of CABS, which harm may befall customers, employees, the Society itself and its shareholders, as well as the market in which CABS operates.

The CABS EXCO has the primary responsibility to implement the Society's Market Conduct Framework under the oversight of the Board Risk and Compliance Committee.

Conduct risk emerges where there is insufficient consideration of outcomes of strategy or its execution on the various stakeholders that the Society owes obligations to. The Society has no appetite for negative conduct risk outcomes and has put in place measures, through a Board-approved Market Conduct Risk Framework, that include policies and procedures to safeguard Treating Customers Fairly (TCF) principles within the Society and all third parties who deal with the Society. The TCF principles emanate from the Banking Act, the Consumer Protection Framework under the supervision of the Reserve Bank of Zimbabwe. The Society has a dedicated Compliance Function responsible for monitoring compliance with conduct risk regulations and policies.

26 Capital management

The RBZ sets and monitors capital requirements for the Society through quarterly BSD1 returns. In implementing current capital requirements, the RBZ required the Society to maintain a minimum capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighted assets and a minimum capital requirement of US$30 million from 31 December 2021 onwards. The Society was compliant with respect to the minimum capital requirement by 31 March 2021 and remained compliant at 31 December 2023.

CABS was designated as a Domestic Systemically Important Institution (D-SIB) for the period January to December 2023 and, thus, required to maintain a minimum Tier 1 ratio of 9%. This included a surcharge of one percentage point for Higher Loss Absorbance (HLA) that needed to be maintained throughout 2023. During the year ended 31 December 2023, the Society was compliant. This designation was further confirmed for the period January to December 2024.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

26 Capital management (continued)

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 goodwill, intangible assets and exposure to insiders and connected counterparties.
- Tier 2 capital which includes revaluation reserves and subordinated debt

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 2023 was as follows:

	Unaudited Historical	
CAPITAL ADEQUACY	**31 December 2023 ZWLm**	**31 December 2022 ZWLm**
Tier 1 capital		
Ordinary class "A" share capital	35.00	35.00
Retained earnings	604 138.01	59 463.65
Exposures to insiders and connected parties	(5 041.18)	(0.60)
Less Tier 1 allocated to market risk	(35 860.46)	(3 663.67)
Les Tier 1 allocated for operational risk	(14 223.81)	(2 147.13)
Total Tier 1 capital	**549 047.56**	**53 687.25**
Tier 2 capital		
Revaluation reserve (Limited by Tier 1)	275 283.05	28 883.06
General provisions	29 976.60	3 132.52
Other	7.27	7.27
Total Tier 2 capital	**305 266.92**	**32 022.85**
Tier 3 capital		
Allocation of capital for market risk	35 860.46	3 663.67
Allocation of capital for operational risk	14 223.81	2 147.13
Total Tier 3 capital	**50 084.27**	**5 810.80**
Deductions from total capital		
Equity investments in non subsidiary companies	(5 350.97)	(3 326.42)
Total from total capital	**(5 350.97)**	**(3 326.42)**
Total regulatory capital	**899 047.78**	**88 194.48**
Total risk weighted assets	**2 398 183.09**	**250 601.27**
Capital adequacy ratio	**37.49%**	**35.19%**
Regulatory minimum capital adequacy ratio	**12.00%**	**12.00%**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

27 External credit rating

The Society is assessed by the Global Credit Rating Company (GCR), a credit rating agency accredited by the Reserve Bank of Zimbabwe. Below are the ratings by the GCR for the Society for the past 3 years:

Rating class	Rating scale	Ratings	Rating outlook	Issue date
Long-term	National	A+	Evolving	Jul-2023
Long-term	National	A+	Evolving	Nov-2022
Long-term	National	A+	Stable	Jul-2021

The evolving outlook is reflective of the operating conditions exacerbated by a hyperinflationary environment, exchange rate deterioration and unstable monetary policy resulting in a more volatile financial profile.

28 Going concern

The Society has a strong brand, as the largest and oldest building society in Zimbabwe, and benefits from the association and strong support from its parent, Old Mutual Zimbabwe Limited. The Society has a comprehensive banking product presence which enables it to maintain stable revenue streams and strong capital and liquidity positions.

In terms of managing liquidity, the Society ensures as far as possible that it will always have sufficient liquidity to meet both its short term and long term liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation. In terms of capital management, the Society is adequately capitalised and always ensures compliance with regulatory benchmarks.

The Directors have assessed the ability of the Society to continue operating as a going concern and are satisfied it has the resources to continue in business for the foreseeable future. The Directors have engaged themselves to continuously assess the Society's ability to continue as a going concern and to determine the continued appropriateness of the going concern assumption that has been used in preparation of the separate financial statements. Therefore, the preparation of these separate financial statements on a going concern basis is still appropriate.

29 Foreign currency denominated transactions and balances

Following the gazetting of SI 185 of 2020 on 24 July 2020 which requires sellers of goods and services to display, quote, and offer prices in both the Zimbabwean (ZWL) and foreign currency at the ruling auction exchange rate, the Zimbabwean economy effectively became a multi-currency environment with the ZWL and US$ being the dominant currencies. According to ZIMSTAT, US$ transactions currently account for more than 80% of the transactions in the economy. In line with the requirements of IAS 21, we have assessed our functional currency and determined it to be to be the inflationary ZWL and have thus presented our financial statements in ZWL on an inflation adjusted basis.

However, from the time that SI 185 was promulgated, there has been a gradual increase in the proportion of foreign currency business, with the US$ being the dominant foreign currency within the business. Foreign currency denominated transactions and balances are included in our financial statements at applicable exchange rates in line with the requirements of IAS 21.

A summary of foreign currency transactions and balances included in our financial statements and the respective financial statement lines that they have been reported in is shown below, presented in US$.

29 Foreign currency denominated transactions and balances (continued)

Balances denominated in foreign currency

	2023 US$m	2022 US$m
Assets		
Cash and cash equivalents	119.83	115.66
Investment securities	43.18	8.91
Statutory receivable	2.18	5.12
Loans and advances	149.23	147.25
Other assets	5.42	2.28
Total assets	**319.84**	**279.22**
Liabilities		
Lines of credit	92.38	108.63
Deposits	138.01	100.21
Other liabilities	15.00	11.83
Total liabilities	**245.39**	**220.67**

Transactions denominated in foreign currency

	2023 US$m	2022 US$m
Revenue		
Interest income	22.64	16.19
Fee and commission income	19.17	9.88
Other income	0.54	2.46
Total revenue	**42.35**	**28.53**

30 Subsequent events

There were no significant subsequent events affecting the financial statements for the year ended 31 December 2023.