AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CABS

We want to do things better Do You?

A Member of the OLD MUTUAL Group

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

Dear Shareholder

Environment
The economic stability brought about by the introduction of the multi-currency system continued into 2013. The economy grew by 3.4% in 2013, down from an initial projection of 5%. The economy experienced a liquidity crunch during the last half of the year. Economic growth is expected to continue through 2014. Banking sector deposits increased from $4,4 billion as at 31 December 2012, to $4,7 billion as at 31 December 2013.

Financial Results
Your Society recorded a surplus of $18,30 million in a challenging operating environment characterised by liquidity challenges, high level of non performing loans, slowdown in economic activity, declining capacity utilisation and a negative balance of payments position. Net interest income increased by 10%, in line with the 16% increase in loans and advances. Net interest income contributed 56% of the Society's total income, in line with the Society's focus on lending and housing finance. Non interest income increased by 13%, mainly due to increases in the number of transactions through the Society's various delivery channels. Operating costs increased by 33% mainly due to the impact of business growth on staff costs and other administration costs. Consequently, the Society's cost to income ratio increased from 56% in 2012, to 67% in 2013.

Total assets increased by 28% during the period under review. This was driven by deposit growth of 30% during the same period. The Society's total loans and advances increased by 16% from $278,16 million as at 31 December 2012, to $322,31 million as at 31 December 2013.

Liquidity Management
The Society remains prudent when lending funds to various sectors of the economy. The Society continues to place great priority on ensuring customer access to their funds. The Society's prudential liquidity ratio increased from 33% as at 31 December 2012, to 41% as at 31 December 2013.

Human Resources
Industrial relations remained cordial. The Society retained key staff during the twelve months under review.

Operations
Your Society achieved the following milestones during the year under review:
* Successfully implemented a new banking system (T24);
* Deployed 56 ATMs to make banking more accessible;
* Mobilised $9,6 million from Shelter Afrique to finance long term mortgage loans;
* Deployed more point of sale terminals to promote the use of plastic money in a predominantly cash economy;
* Introduced additional services on the mobile banking platform and
* Continued its focus on housing financing.

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

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

Compliance Issues
The Society was in compliance with relevant regulatory requirements and pronouncements.

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

There was no onsite visit by the Central Bank during the period under review and, therefore, there are no ratings to publish at this time. Ratings will be published when available. The Society, however, continues to be rated highly by an international accredited rating agency, the Global Credit Rating Company (GCR). The latest ratings were as follows: 2013 A+; 2012 A+; 2011 A+; 2010 A+; 2009 A+; 2008 A+; 2007 A+.

Directorate
During the year under review, Messrs. T M Johnson, J O Meikle, P W Fearnhead, S J Hammond and I T Mashinya retired from the Board of Directors with effect from 19 March 2013. I would like to thank them for their contribution.

The Society welcomes Mrs R D C Chitengu, Messrs. D E B Long, B Zamchiya and W Alberts who accepted appointment to the Board of Directors with effect from 1 January 2013 and Mr A E Siyavora who also accepted appointment to the Board of Directors with effect from 1 March 2013.

Future Prospects
Your Society continues to pursue a number of initiatives to enhance its role in banking and housing finance. I have no doubt, therefore, that the initiatives will positively impact the performance of your Society over time, thereby ensuring that CABS remains a dominant force in the financial services sector.

DR L L TSUMBA
CHAIRMAN

18 March 2014

Auditors' Report

The condensed financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2013 which have been audited by Deloitte and Touche and an unmodified audit opinion issued thereon. The auditor's report is available for inspection at the Society's registered address.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 US$	31 December 2012 US$
Interest income	3	65 843 732	49 331 911
Interest expense	3	(33 177 292)	(19 571 932)
Net interest income		32 666 440	29 759 979
Impairment	4	(2 741 572)	(2 134 225)
		29 924 868	27 625 754
Fee and commission income	5.1	24 932 004	22 553 842
Other income	5.2	825 311	306 376
Operating income for the year		55 682 183	50 485 972
Operating expenses	6	(37 536 520)	(28 277 678)
Fair value adjustment on investment property	13	151 374	1 533 364
Net surplus for the year		18 297 037	23 741 658
Other comprehensive income		(1 158 602)	6 251 341
Gains on revaluation of owner occupied property	12	1 175 354	7 090 266
Regulatory impairment allowance	4	(2 333 956)	(838 925)
Total comprehensive income for the year		17 138 435	29 992 999

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 US$	31 December 2012 US$
ASSETS			
Cash and cash equivalents	7	62 127 214	60 414 256
Financial assets at fair value through profit or loss	8	128 861 076	56 832 864
Other assets	9	20 264 795	8 805 625
Intangible asset	10	13 522 506	9 906 608
Loans and advances	11	322 310 630	278 159 319
Property and equipment	12	49 832 773	47 655 695
Investment property	13	26 388 853	26 132 353
Total assets		623 307 847	487 906 720
LIABILITIES			
Deposits	15	461 575 164	355 941 901
Credit lines	16	24 444 142	19 171 536
Other liabilities	17	18 651 858	5 781 133
Provisions	18	3 115 854	12 706 981
Total liabilities		507 787 018	393 601 551
SHAREHOLDERS' EQUITY			
Ordinary class "A" share capital	19.1	35 000 000	15 000 000
Retained earnings	19.2	46 523 938	30 560 857
Regulatory provision reserves	19.3	4 948 017	2 614 061
Non distributable reserves	19.4	1 445 851	21 445 851
Revaluation reserves	19.5	24 747 422	23 572 068
Share based payment reserves	19.6	2 855 601	1 112 332
Total shareholders' equity		115 520 829	94 305 169
Total liabilities and equity		623 307 847	487 906 720

DR L L TSUMBA
CHAIRMAN

K TERRY
MANAGING DIRECTOR

HARARE
18 March 2014

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital US$	Non distributable reserves US$	Share based payment reserves US$	Revaluation reserves US$	Retained earnings US$	Regulatory provision reserves US$	Total equity US$
Balance as at 1 January 2012	15 000 000	21 445 851	-	16 481 802	7 658 124	1 775 136	62 360 913
Net surplus for the year	-	-	-	-	23 741 658	-	23 741 658
Other comprehensive income for the year	-	-	-	7 090 266	(838 925)	-	6 251 341
Regulatory impairment allowance	-	-	-	-	-	838 925	838 925
Share based payment reserves	-	-	1 112 332	-	-	-	1 112 332
Balance as at 31 December 2012	15 000 000	21 445 851	1 112 332	23 572 068	30 560 857	2 614 061	94 305 169

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 US$	31 December 2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year		18 297 037	23 741 658
Non-cash items:			
Share based payment reserves	19.6	1 743 269	1 112 332
Fair value adjustment on financial instruments	5.2	(638 182)	(670 900)
Profit on sale of property and equipment	5.2	(61 987)	(2 331)
Depreciation and amortisation	6	2 976 760	2 112 976
Fair value adjustment on investment property	13	(151 374)	(1 533 364)
Provisions and accruals		(6 849 555)	541 616
Accrued interest on credit lines	16	410 828	538 333
Operating cash inflows before working capital changes		15 726 796	25 840 320
Increase in other assets		(11 459 170)	(2 882 807)
Increase in loans and advances		(46 892 883)	(83 682 389)
Increase in financial assets at fair value through profit and loss		(71 390 030)	(4 334 085)
Increase in deposits		105 633 263	122 471 854
Increase in other liabilities		12 870 725	401 448
Net cash inflow from operating activities		4 488 701	57 814 341
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets	10	(3 845 093)	(6 890 632)
Additions to property and equipment	12	(3 749 289)	(4 689 572)
Purchases and additions to investment property	13	(105 126)	-
Proceeds from sale of property and equipment		61 987	3 000
Net cash (outflows) / inflows before financing activities		(3 148 820)	46 237 137
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit lines received / (paid)	16	4 861 778	(2 912 804)
Net cash inflows / (outflows) from financing activities		4 861 778	(2 912 804)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 712 958	43 324 333
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		60 414 256	17 089 923
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	62 127 214	60 414 256

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

2.1 Basis of preparation

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

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

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

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

3 Net interest income	Notes	31 December 2013 US$	31 December 2012 US$
Interest income		65 843 732	49 331 911
Fixed deposits		11 645 050	6 100 316
Loans and advances		54 198 682	43 231 595
Interest expense		(33 177 292)	(19 571 932)
Credit lines		(1 913 327)	(1 668 662)
Savings certificates deposits		(29 098 927)	(16 460 748)
Term deposits		(376 497)	(278 971)
Savings deposits		(1 788 541)	(1 163 551)
Net interest income		32 666 440	29 759 979

4 Impairment		31 December 2013 US$	31 December 2012 US$
Opening balance		6 838 116	3 864 966
Movement through other comprehensive income		2 333 956	838 925
Movement through comprehensive income		2 741 572	2 134 225
Closing balance		11 913 644	6 838 116
Analysis of closing balance:			
Bad debts on accrued rental income		1 013 931	631 139
Regulatory provision reserves	19.3	4 948 017	2 614 060
Loans and advances	11	5 951 696	3 592 917
		11 913 644	6 838 116

AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CABS

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

5 Non interest income

	31 December 2013 US$	31 December 2012 US$
5.1 Fee and commission income		
Commissions	1 543 922	1 914 427
Service fees	15 536 264	14 822 978
Administration fees	7 851 818	5 816 437
	24 932 004	22 553 842
5.2 Other Income		
Investment property		
Rental income	2 069 657	2 149 526
Less expenses	(1 944 515)	(2 516 381)
Net rental income	125 142	(366 855)
Profit on sale of property and equipment	61 987	2 331
Fair value adjustment on financial instruments	638 182	670 900
Total other income	825 311	306 376

6 Operating expenses

	31 December 2013 US$	31 December 2012 US$
Administration	19 637 730	15 064 315
Depreciation of property, equipment and amortisation of intangible assets	2 976 760	2 112 976
Staff costs	14 922 030	11 100 387
Total operating expenses	37 536 520	28 277 678

7 Cash and cash equivalents

	31 December 2013 US$	31 December 2012 US$
Cash balances	28 845 375	23 567 980
Bank balances	33 281 839	36 846 276
	62 127 214	60 414 256

8 Financial instruments

	31 December 2013 US$	31 December 2012 US$
8.1 Financial assets at fair value through profit or loss		
Fixed deposits	88 081 944	56 832 864
Treasury bills	40 612 877	-
Stocks and bonds	166 255	-
Financial assets at fair value through profit or loss	128 861 076	56 832 864
Maturity analysis - gross		
On demand to 3 months	108 479 191	54 102 849
3 months to 12 months	20 288 426	2 730 015
1 year to five years	93 459	-
	128 861 076	56 832 864

8.2 Fair value hierarchy

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

Financial assets at fair value through profit or loss	31 December 2013 Level 2 US$	31 December 2012 Level 2 US$
Fixed deposits	88 081 944	56 832 864
Treasury bills	40 612 877	-
Government stocks	166 255	-
	128 861 076	56 832 864

9 Other assets

	31 December 2013 US$	31 December 2012 US$
9.1 Other financial assets carried at amortised cost		
Staff debtors	-	118 164
Sundry debtors	12 807 782	5 077 184
	12 807 782	5 195 348
9.2 Other non financial assets		
Properties in possession	122 772	122 772
Other assets	211 414	-
Stock on hand	79 419	101 319
	413 605	224 091
9.3 Inventory work in progress		
- ZRP housing project	6 304 208	1 916 234
- Budiriro housing project	739 200	1 469 952
	7 043 408	3 386 186
	20 264 795	8 805 625

10 Intangible asset

	31 December 2013 US$	31 December 2012 US$
Opening balance	9 906 608	3 015 976
Additions	3 845 093	6 890 632
Amortisation	(229 195)	-
Closing Balance	13 522 506	9 906 608

11 Loans and advances

	Notes	31 December 2013 US$	31 December 2012 US$
Gross amount owing		328 262 326	281 752 236
Less impairment	4	(5 951 696)	(3 592 917)
Loans and advances		322 310 630	278 159 319
Concentration - gross			
Low density housing		95 031 466	87 279 986
High density housing		13 388 350	9 151 398
Individuals		107 770 261	100 587 957
Commercial and industrial		112 072 249	84 732 895
		328 262 326	281 752 236
Maturity analysis - gross			
On demand to 3 months		39 342 718	71 570 419
3 months to 12 months		44 216 382	102 192 723
1 year to five years		92 451 945	11 557 710
Over 5 years		152 251 281	96 431 384
		328 262 326	281 752 236

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12 Property and equipment

	Land US$	Buildings US$	Office Equipment, Fixtures & Fittings and Vehicles US$	Total US$
Year ended 31 December 2013				
Opening net book value	4 588 696	37 146 482	5 920 517	47 655 695
Additions	-	-	3 749 289	3 749 289
Revaluation	22 049	1 153 305	-	1 175 354
Depreciation charge	-	(684 247)	(2 063 318)	(2 747 565)
Closing net book value	4 610 745	37 615 540	7 606 488	49 832 773
Year ended 31 December 2012				
Opening net book value	3 588 015	31 692 927	2 708 560	37 989 502
Additions	-	-	4 689 572	4 689 572
Revaluation	1 000 681	6 089 585	-	7 090 266
Disposals - cost	-	-	(669)	(669)
Depreciation charge	-	(636 030)	(1 476 946)	(2 112 976)
Closing net book value	4 588 696	37 146 482	5 920 517	47 655 695

Assets pledged as security are disclosed in note 13.

13 Investment property

	Land US$	Buildings US$	Total US$
Opening fair value as at 01 January 2013	2 646 100	23 486 253	26 132 353
Additions	-	105 126	105 126
Fair value adjustment	16 651	134 723	151 374
Closing fair value at 31 December 2013	2 662 751	23 726 102	26 388 853
	Land US$	**Buildings US$**	**Total US$**
Opening fair value as at 01 January 2012	2 492 764	22 106 225	24 598 989
Fair value adjustment	153 336	1 380 028	1 533 364
Closing fair value at 31 December 2012	2 646 100	23 486 253	26 132 353

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 six months after which they may be extended as negotiated. The Society pledged US$49,08 million worth of assets (both investment properties and owner occupied properties) as security for credit line from PTA Bank (note 16). Old Mutual Zimbabwe Limited has guaranteed the Shelter Afrique loan for a full amount of $14,4 million.

14 Operating leases

14.1 Society as a lessee

Non - cancellable operating lease rentals are payable as follows:-

	31 December 2013 US$	31 December 2012 US$
Less than one-year	311 946	198 516
Between one and five years	1 516 690	913 174
	1 828 636	1 111 690

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

14.2 Society as a lessor

The Society leases out its investment property under operating leases.
Operating lease rentals are receivable as follows:

	31 December 2013 US$	31 December 2012 US$
Less than one year	1 987 386	2 149 526
Between one and five years	9 662 721	9 887 818
	11 650 107	12 037 344

During the year ended 31 December 2013 rental income and repairs and maintenance were recognised as income and expense respectively in the statement of comprehensive income relating to the investment property as in note 5.2. Operating lease income is disclosed as rental income.

15 Deposits

	31 December 2013 US$	31 December 2012 US$
Savings certificates	299 697 412	209 679 541
Term deposits	4 608 270	5 910 504
Savings deposits	157 269 482	140 351 856
	461 575 164	355 941 901
Maturity analysis		
On demand to 3 months	415 762 643	276 406 957
3 months to 6 months	35 012 103	36 242 619
6 months to 1 year	9 695 392	10 021 595
1 year to five years	1 105 026	33 270 730
	461 575 164	355 941 901

Concentration	31 December 2013 US$	31 December 2013 Percentage %	31 December 2012 US$	31 December 2012 Percentage %
Financial institutions	194 319 490	42.0%	133 061 652	38.0%
Companies	93 248 631	20.0%	76 191 225	21.0%
Individuals	174 007 043	38.0%	146 689 024	41.0%
	461 575 164	100%	355 941 901	100%

16 Credit lines

	31 December 2013 US$	31 December 2012 US$
*PTA Bank loan	9 333 334	13 333 233
*Shelter Afrique	14 400 000	4 799 990
Agritrade funds	299 980	499 980
Accrued interest on credit lines	410 828	538 333
	24 444 142	19 171 536
Maturity analysis		
On demand to 3 months	5 119 852	3 980 741
3 months to 6 months	-	-
6 months to 1 year	5 035 020	3 810 972
1 year to five years	14 289 270	11 379 823
	24 444 142	19 171 536

*PTA bank and Shelter Afrique loans are repayable over three years and ten years respectively. These were sourced for the purpose of long term housing financing. The PTA loan is secured by mortgage bond and power of attorney over immovable property (note 12) while the Shelter Afrique loan is secured by a guarantee from Old Mutual Zimbabwe Limited.

17 Other liabilities

	31 December 2013 US$	31 December 2012 US$
Trade and other creditors	13 616 231	527 151
VAT Liability	17 955	94 328
Deferred revenue	4 982 820	5 092 850
Unclaimed monies	10 563	11 820
Withholding taxes payable	24 289	54 984
	18 651 858	5 781 133

18 Provisions

	31 December 2013 US$	31 December 2012 US$
Opening balance	12 706 981	12 165 365
- leave pay and bonus provisions	1 532 204	755 899
- impairment loss on staff loans	64 016	-
- share based payment	256 510	357 558
- Old Mutual Zimbabwe Limited dividend	10 000 000	10 000 000
- other	854 251	1 051 908
Net movements	(9 591 127)	541 616
Closing balance	3 115 854	12 706 981
- leave pay and bonus provisions	1 480 283	1 532 204
- impairment loss on staff loans	-	64 016
- share based payment	-	256 510
- Old Mutual Zimbabwe Limited dividend	-	10 000 000
- other	1 635 571	854 251

19 Share capital and reserves

	31 December 2013 US$	31 December 2012 US$
19.1 Ordinary class "A" share capital		
Opening balance	15 000 000	15 000 000
Capitalisation issue during the year	20 000 000	-
Closing balance	35 000 000	15 000 000

The Board, may at its discretion, issue from time to time Ordinary Class "A" Paid up permanent 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. The Directors resolved at the last Annual General Meeting to transfer from the Non-Distributable Reserves an amount of US$20,000,000 (twenty million United States Dollars) to Ordinary Share Capital.

19.2 Retained earnings	31 December 2013 US$	31 December 2012 US$
Opening balance	30 560 857	7 658 124
Net surplus for the year	18 297 037	23 741 658
General provision for loan loss	(2 333 956)	(838 925)
Closing balance	46 523 938	30 560 857

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

19.3 Regulatory provision reserves	31 December 2013 US$	31 December 2012 US$
Opening balance	2 614 061	1 775 136
Regulatory impairment allowance	2 333 956	838 925
Closing balance	4 948 017	2 614 061

19.4 Non distributable reserves	31 December 2013 US$	31 December 2012 US$
Opening balance	21 445 851	21 445 851
Capitalisation issue of Ordinary class "A" share capital	(20 000 000)	-
Closing balance	1 445 851	21 445 851

19.5 Revaluation reserves	31 December 2013 US$	31 December 2012 US$
Opening balance	23 572 068	16 481 802
Revaluation of properties	1 175 354	7 090 266
Closing balance	24 747 422	23 572 068

19.6 Share based payment reserves	31 December 2013 US$	31 December 2012 US$
Opening balance	1 112 332	-
Share based payment reserve	1 743 269	1 112 332
Closing balance	2 855 601	1 112 332

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

20 Commitments

	31 December 2013 US$	31 December 2012 US$
For advances:		
Aggregate commitments due under advances granted but not yet disbursed.	12 755 913	12 591 272

21 Derivative financial instruments

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

22 Foreign currency exposures

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

23 Related party disclosures

Group companies

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

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

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

Other group companies
* MBCA Bank Limited

Key management personnel

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

23.1 Loans to directors

	31 December 2013 US$	31 December 2012 US$
Opening balance	249 811	216 094
Granted during the year	125 259	64 538
Interest and insurance charges	53 875	56 265
Repayments during the year	(124 155)	(87 086)
Closing balance	304 790	249 811

Loans and advances to Directors are made on the same terms and conditions as in the normal course of business with the exception of executive Directors which are in accordance with the normal staff mortgage scheme.

23.2 Balances with group companies

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

	31 December 2013 US$	31 December 2012 US$
Amounts due to the holding company	11 645 567	2 934 614
Amounts due to fellow subsidiaries	146 755 070	99 746 461
	158 400 637	102 681 075
Amounts due from the holding company	-	218 204
Amounts due from fellow subsidiaries	447 288	224 822
	447 288	443 026

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

	31 December 2013 US$	31 December 2012 US$
Current account balance US$	1 376 177	5 789 621
Current account balance in South African rands	561 859	6 954 598

The Society had the following money market placements with MBCA:	31 December 2013 US$	31 December 2012 US$
Money market placements	10 000 000	10 000 000
Interest accrued on placements	157 300	31 075
	10 157 300	10 031 075

23.3 Transactions with group companies

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

	31 December 2013 US$	31 December 2012 US$
Bank charges - charged by MBCA bank	9 063	371 187
Insurance paid to RM Insurance	955 738	874 548
Interest payable to Old Mutual Zimbabwe Limited	2 973	2 673
Outsourced services - Old Mutual Shared Services (Pvt) Ltd	3 963 089	3 423 469
Interest payable to fellow subsidiaries	5 269 719	7 111 641

All these transactions were done at an arms' length basis.

23.4 Loans to executive and senior management	31 December 2013 US$	31 December 2012 US$
Loans to executive and senior management	1 360 740	832 162
	1 360 740	832 162

These loans were granted on an arms' length basis.

24 Post employment employee benefits

24.1 Old Mutual Group Pension Fund - Defined contribution fund

All eligible employees are members of the pension scheme, Old Mutual Group Pension Fund.

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

24.2 National Social Security Authority (NSSA)

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

25 Financial Risk Management

25.1 Introduction and overview

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

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

25.2 Risk management framework

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

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

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

25 Financial Risk Management (continued)

25.3 Credit risk

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

Management of credit risk

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

* Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

* Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to members of the Management Credit Committee to the Management Credit Committee. Large facilities require approval by Society's Credit Committee or the Board of Directors.

* Reviewing and assessing credit risk. Society's Credit Committee assesses all credit exposures in excess of designated limits prior to facilities being committed to customers by the business unit concerned. Renewal and review of facilities are subject to the same review process.

* Limiting concentration of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market, liquidity and country (for investment securities).

*Reviewing compliance of business units with agreed exposure limits including those for selected industries and product type. Regular reports are provided to the Society's Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.

* Providing advice, guidance and specialist skills to business units to promote best practice throughout the Society in the management of credit risk.

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

Impaired loans and securities

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

Past due but not impaired loans

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

Exposure to counterparties

The Society is also exposed to counterparties arising from money market trading and as at 31 December 2013, the exposure was $128,9 million.

Write off policy

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

Collateral

The Society holds collateral against loans and advances to customers in the form of mortgage interest over property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. The total registered security value for loans granted was $228,09 million. In addition, the Society has secured 8 301 171 Old Mutual Zimbabwe Shares worth $11,6 million as collateral for the Youth Fund loans.

Settlement risk

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

25.4 Liquidity risk

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

Management of liquidity risk

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

Exposure to liquidity risk

The key measure used by the Society for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and short term dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowing and liabilities maturing within the same short term period. Details of this ratio as at 31 December 2013 are given below.

	31 December 2013 US$	31 December 2012 US$
Total liquid assets	190 988 290	117 247 120
Total liabilities to the public	461 575 164	355 941 901
Liquidity ratio	41%	33%
Maximum for the period	45%	33%
Minimum for the period	30%	28%
Average for the period	40%	30%

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

25.5 Compliance Issues

Compliance risk

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

Compliance environment

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

The Society has been compliant with all laws and regulations governing its activities and has not been subject to any fines resulting from non compliance in 2013.

25.6 Market risks

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

Management of market risk

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

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

A summary of the Society's interest rate repricing and gap analysis is given in note 29 and 30.

25.7 Operational risks

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

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

Management of operational risks

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:
* Reconciliation and monitoring of transactions
* Appropriate segregation of duties including the independent authorisation of transactions
* Compliance with regulatory and other legal requirements
* Documentation of controls and procedures
* Training and professional development
* Ethical and business standards
* Risk mitigation including insurance where it is effective
* Development of contingency plans
* Reporting of risks and operational losses to the risk department

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

AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CABS

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

26 Capital Management

The regulator (Reserve Bank of Zimbabwe) sets and monitors capital requirements for the Society on a quarterly basis through quarterly BSD1 Returns. In implementing current capital requirements, the RBZ requires the Society to maintain a minimum capital requirement of US$20 million and capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighted assets.

The Society's regulatory capital is analysed into two tiers:

*Tier 1 capital which includes ordinary paid up capital, share premium, retained earnings and general reserves after deducting for goodwill, intangible assets and exposure to insiders and connected counterparties.
*Tier 2 capital which include revaluation reserves and subordinated debt.

Various limits are applied to elements of the capital base. Tier 2 capital cannot exceed tier 1 capital and qualifying term subordinated loan capital may not exceed 50% of tier 1 capital.

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

The Society's regulatory position as at 31 December 2013 was as follows:

CAPITAL ADEQUACY	31 December 2013 US$	31 December 2012 US$
Tier 1 Capital		
Ordinary class "A" share capital	35 000 000	15 000 000
Retained earnings	46 523 937	30 560 857
Exposures to insiders and connected counterparties	(16 668 403)	(12 533 721)
Less Tier 1 allocated for market risk	(44 133)	(164 329)
Less Tier 1 allocated for operational risk	(6 221 050)	(3 378 206)
Total Tier 1 capital	58 590 351	29 484 601
Tier 2 Capital		
Tier 2 capital	31 943 985	29 484 601
Total Tier 2 capital	31 943 985	29 484 601
Tier 3 Capital		
Allocation of capital for market risk	44 133	164 329
Allocation of capital for operational risk	6 221 050	3 378 206
Total Tier 3 capital	6 265 183	3 542 535
Total Regulatory capital	96 799 519	62 511 737
Total risk weighted assets	439 540 462	375 036 003
Capital adequacy ratio	22%	17%

27 Going concern

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

28 Subsequent events

There were no significant subsequent events affecting the financial statements for the year ended 31 December 2013.

29 Liquidity gap analysis

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

30 Interest rate repricing and gap analysis

Total position	On demand to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Over 5 years US$	Non-determinant maturity US$	Total US$
Assets						
Financial assets at fair value through profit or loss	108 479 191	20 288 426	93 459	-	-	128 861 076
Loans and advances	39 342 718	44 216 382	92 451 945	146 299 585	-	322 310 630
Total assets	147 821 909	64 504 808	92 545 404	146 299 585	-	451 171 706
Liabilities						
Deposits	415 762 643	44 707 495	1 105 026	-	-	461 575 164
Credit lines	5 119 852	5 035 020	14 289 270	-	-	24 444 142
Other liabilities	-	-	-	-	-	-
Total liabilities and equity	420 882 495	49 742 515	15 394 296	-	-	486 019 306
Net liquidity gap	(273 060 586)	14 762 293	77 151 108	146 299 585	-	(34 847 600)
Cumulative liquidity gap	(273 060 586)	(258 298 293)	(181 147 185)	(34 847 600)	(34 847 600)	(34 847 600)

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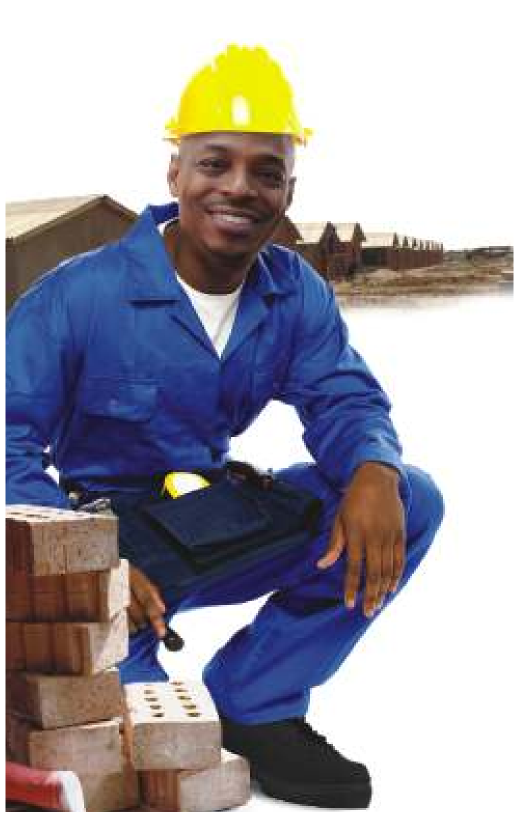
CABS IN THE COMMUNITY

CABS BUDIRIRO HOUSING SCHEME



CABS is on the verge of completing its US$62 million low-cost housing scheme in Harare's Budiriro area with the first batch of the 3 102 units scheduled to be handed over to buyers in the first quarter of 2014.

The project is part of the CABS/ Old Mutual five- year plan to produce 15 000 low income housing units across the country. Under the housing schemes the Old Mutual Group will use its group synergies as CABS will be providing mortgage loans, Old Mutual Property project management services, Old Mutual Life Assurance Company and RM Insurance cover for the home owners.

According to CABS Managing Director Mr Kevin Terry, 1 593 houses will be handed over at the end of phase one of the project which started in 2011. "This is a project targeting first time home owners in the low-income bracket and we hope that through this project and many others, more and more Zimbabweans will realize their dreams of owning a home".

The Budiriro housing project is the biggest such venture in the country over the past 20 years. The houses will be sold for between US$22 000 and US$27 000 and the properties are divided into 2 695 stands being 300 square metres and 407 stands measuring 240 square metres. The type of stands also have provision to allow for extension of the houses to a maximum of 168 square metres for the 240 square metre stands and a maximum of 210 square metres for the 300 square metre stands.

CABS PARTNERS THE ARTS INDUSTRY

The name CABS has become synonymous with various social responsibility activities. Throughout the 65 years of operating in the country, CABS has built close relationships with the communities in which it operates in. The social responsibility programmes are designed to identify opportunities for and promote sustainable development in Zimbabwe.

Each year CABS partners the arts industry of Zimbabwe through Harare International Festival of the Arts. HIFA is now no doubt an iconic event in our country. It has consistently managed to promote what we stand for as a country through unifying and bringing people of different cultures in one place buzzing with creative energy. CABS has been a consistent partner of HIFA in a goal to uplift the arts industry and support a platform promoting local artists.

CABS AND OLD MUTUAL 'ON THE MONEY' FINANCIAL EDUCATION.

CABS has partnered with its parent company Old Mutual Zimbabwe to bring financial education to the market. CABS and Old Mutual have started using workshops to help the market in general, to better manage their money. The

program started with the training of journalists from most of the media houses in Harare. Workshops for staff and customer groups have also started in a bid to re-cultivate a savings culture within the Zimbabwean market

CABS Managing Director Mr. Kevin Terry, explains that CABS has recognised the role financial literacy can play in improving the state of savings in Zimbabwe. "Our partnership with Old Mutual will help us extend free financial education to an important segment of the Zimbabwean population," he said.

A recent study has found out that more and more Zimbabwean households are caught between their limited incomes and their deep desire to save for their own financial future and that of their children. The CABS/Old Mutual financial education programme, 'On the Money', uses the memorable imagery and characters of The Big Five animals to explain the key principles of good money management and show people how to get out of debt and start saving.

The Group CEO of Old Mutual, Mr Jonas Mushosho, said with regards this programme "We can't overstate the importance of the link between personal savings habits and economic growth." As a country, we need to understand that our individual and collective approach to saving will have a long-term impact on the economic prospects of the nation.

TEXTACASH CHIBHANZI / INYUKU PROMOTION

There were weekly prizes of $1 000 as well as twenty bonus prizes of $100 awarded per week for the duration of the Textacash Fast Chibhanzi/Inyuku Promotion. The promotion was aimed at encouraging use of mobile banking as a way of financial inclusion. The first $1 000 winner was Linda Mhaka from Karoi who was overjoyed. She was unemployed and said she was going to use her money to start her own business.

An ecstatic Spiwe Hwata, a vendor in Mutare won the big prize of $10 000 in the promotion.

Textacash is a low cost bank account that can be operated by a Textacash card and a cell phone, whichever is most convenient for the customer. There is no minimum balance required and no monthly service charge, and all that is needed to open the account is a national ID.

Textacash Statistics

Textacash is currently processing over 1 200 000 transactions per month valued at about $ 9 million. To date Textacash has acquired 260 000 subscribers with an average of 8.5 transactions per customer and an increase of 64% in frequency of use from January 2014. Textacash statistics as at 31st of January 2014 have seen a 28% growth in volume of activity at our Agents throughout the country, with top performing Agents dealing with as many as 2600 customers per month.