CABS

A Member of the OLDMUTUAL Group

Abridged Financial Results

For the Half Period Ended 30 June 2020

WE'LL HELP YOU GET THERE

CHAIRMAN'S STATEMENT
For the Half Period Ended 30 June 2020

Dear Shareholder

Financial Results
Our results for the first half of 2020 reflect resilience.

Inflation adjusted
The Society realised a net surplus of ZWL601m from a ZWL110m net loss in 2019. Net interest income fell by 21% from ZWL475m in June 2019 to ZWL375m in June 2020, while net fee and commission income grew by 105% from ZWL243m in June 2019 to ZWL498m in June 2020. Inflationary pressures drove operating expenses up by 6% from ZWL590m in June 2019 to ZWL627m in June 2020. Total assets declined by 25% from ZWL18.5b in June 2019 to ZWL13.8b in June 2020. This fall emanates from monetary assets whose values are being eroded by hyperinflation. The Society's investment in real assets continued to act as a store of value with a 66% increase from ZWL1.5b in June 2019 to ZWL2.5b in June 2020.

Historical
The Society realised a net surplus of ZW 1.2b from ZWL60m for the same period in 2019. Net interest income grew by 538% from ZWL37m in June 2019 to ZWL236m in June 2020, while net fee and commission income grew by 1 425% from ZWL20m in June 2019 to ZWL305m in June 2020. Operating expenses increased by 600% from ZWL45m in June 2019 to ZWL315m in June 2020, with unbudgeted for expenditure being incurred toward measures to curb the spread of Covid-19.

The loan book grew by 305% from ZWL964m in June 2019 to ZWL3.9b in June 2020. The quality of the loan book also improved, with non-performing loans declining from 5% in June 2019 to 1% in June 2020.

Tier 1 capital increased from ZWL153m (US$23m) in June 2019 to ZWL1.5b (US$27m) in June 2020.

Human Resources
The difficult operating environment has not spared our staff. However, we remain committed to preserving their wellbeing in view of the challenging economic environment. Consequently, industrial relations remained cordial throughout the reporting period. The Society continues to invest in the training and upskilling of staff.

Operations
In the current Covid-19 environment, the Society continues to exert efforts to enhance service delivery and maintain customer and staff safety, with the following actions being taken for customer convenience:

- Staff was enabled to work remotely from home to facilitate safe social distancing and continued service delivery.
- A limited number of branches remain open to cater for banking activities that otherwise would not be done online such as cash deposits and remittances collection.
- Digital channels remain available through point of sale machines for card transactions, mobile banking services on both the mobile app and *227#, as well as internet banking.

Corporate Social Responsibility and Responsible Business
The Society recognises the need to invest in the communities in which it operates. Through the Old Mutual Group, we have been involved in the Covid-19 pandemic relief efforts in 2020.

The Society has also been involved in initiatives in support of education, sports, and culture. These include sponsorship of the National Institute of Allied Arts Virtual Festival.

The Society continues to extend funding to sectors that are critical for economic recovery such as agriculture, mining, and manufacturing.

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Corporate Governance
The Board of Directors and Management remain committed to best practice 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, as well as to monitor and develop systems and procedures that will further safeguard the Society's assets.

Compliance Issues
The Society was largely compliant with its regulatory requirements.

Board and Senior Executive Changes
The Board welcomed Samuel Matsekete as a member of the CABS Board following his appointment as the Old Mutual Zimbabwe Group Chief Executive Officer. He replaced Jonas Mushosho who retired from the CABS Board after having retired from his role as the Old Mutual Zimbabwe Group Chief Executive Officer. I would like to thank Jonas Mushosho for his immense contribution and wish him well in his future endeavours.

The Board welcomed Cecil Ndoro as a member of the CABS Board following his appointment as the CABS Deputy Managing Director. He previously served as the CABS Head of Corporate Banking before succeeding Mehluli Mpofu who is now the CABS Managing Director.

The Board also welcomed Valerie Muyambo as a member of the CABS Board following her appointment as the CABS Chief Finance Officer. The Board would like to thank Loveness Mahara who served as acting CABS Chief Finance Officer.

Outlook
The Zimbabwean economy continues to experience inflationary pressures and negative economic growth. The Society will continue to play its part in the country's economic recovery by providing full banking services to our customers and supporting the wellbeing of our staff. In addition, the Society will continue its digital transformation initiatives in the outlook period.

I thank the Board of Directors and staff for their dedication and hard work, and most importantly our customers for their support under these challenging conditions.

Washington Matsaira
Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Half Period Ended 30 June 2020

		Unaudited inflation adjusted		Unaudited historical	
	Notes	30 June 2020 ZWLm	30 June 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm
Interest income	2	535.89	748.86	335.32	59.74
Interest expense	2	(161.40)	(273.89)	(99.74)	(22.46)
Net interest income before impairment loss on financial assets		374.49	474.97	235.58	37.28
Impairment loss on interest earning financial assets	3	(184.22)	(40.00)	(184.12)	(7.98)
Income from lending activities		**190.27**	**434.97**	**51.46**	**29.30**
Fee and commission income	4.1	765.99	475.24	465.99	39.63
Fee and commission expense	4.1	(267.61)	(232.53)	(160.78)	(19.45)
Net fee and commission income		498.38	242.71	305.21	20.18
Other income	4.2	781.27	295.44	1 165.68	58.41
Net non-interest income before impairment loss on financial assets		1 279.65	538.15	1 470.89	78.59
Impairment loss on non-interest earning financial assets	3	(14.36)	(12.19)	(14.36)	(1.46)
Income from non-lending activities		**1 265.29**	**525.96**	**1 456.53**	**77.13**
Operating income for the period		**1 455.56**	**960.93**	**1 507.99**	**106.43**
Operating expenses	5	(627.13)	(590.37)	(315.19)	(44.81)
Impairment loss on non-financial assets	3	(14.90)	(17.20)	(8.08)	(2.05)
Monetary loss		(212.47)	(463.19)	-	-
Net surplus/(loss) for the period		**601.06**	**(109.83)**	**1 184.72**	**59.57**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss net of tax		**365.70**	**323.24**	**1 120.49**	**77.73**
Movement in revaluation reserve		350.77	238.94	1 114.79	72.55
Movement in regulatory reserve		14.93	84.30	5.70	5.18
Total comprehensive income for the period		**966.76**	**213.41**	**2 305.21**	**137.30**

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

		Unaudited inflation adjusted			Unaudited historical		
	Notes	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
ASSETS							
Cash and cash equivalents	7	3 000.16	3 770.17	3 682.09	3 000.16	450.18	1 405.55
Investment securities	8	1 101.20	2 072.85	1 012.50	1 101.20	247.51	386.50
Other assets	9	2 503.49	2 435.99	2 073.83	1 984.32	237.04	558.79
Loans and advances	10	3 893.99	8 073.90	3 895.54	3 893.99	964.07	1 487.03
Non-current assets held for sale	11	19.87	17.59	28.19	19.87	2.10	10.76
Property and equipment	12	2 185.88	1 403.47	1 898.79	1 761.19	144.77	573.49
Investment property	13	796.04	526.86	596.92	796.04	62.91	227.86
Intangible assets	14	295.72	163.56	153.64	91.87	7.64	8.08
Total assets		**13 796.35**	**18 464.39**	**13 341.50**	**12 648.64**	**2 116.22**	**4 658.06**
LIABILITIES							
Deposits	15	6 325.09	12 005.03	7 179.95	6 325.09	1 433.47	2 740.78
Credit lines	16	2 569.25	2 647.78	2 351.42	2 569.25	316.16	897.60
Other liabilities	17	731.30	733.62	636.92	436.45	63.94	148.00
Provisions	18	84.54	41.32	64.76	84.54	4.96	24.72
Deferred taxation	19	124.47	72.94	98.58	124.47	8.71	37.63
Total liabilities		**9 834.65**	**15 500.69**	**10 331.63**	**9 539.80**	**1 827.24**	**3 848.73**
SHAREHOLDER'S EQUITY							
Ordinary class "A" share capital	20.1	809.51	809.51	809.51	35.00	35.00	35.00
Retained earnings	20.2	2 369.05	2 075.42	1 753.06	1 536.21	192.08	345.79
Regulatory provision reserve	20.3	-	-	14.93	-	-	5.70
Non-distributable reserve	20.4	33.45	33.45	33.45	1.45	1.45	1.45
Revaluation reserve	20.5	1 108.51	404.14	757.74	1 567.91	92.18	453.12
Share based payment reserve	20.6	134.26	134.26	134.26	5.82	5.82	5.82
Functional currency translation reserve	20.7	(493.08)	(493.08)	(493.08)	(37.55)	(37.55)	(37.55)
Total equity		**3 961.70**	**2 963.70**	**3 009.87**	**3 108.84**	**288.98**	**809.33**
Total equity and liabilities		**13 796.35**	**18 464.39**	**13 341.50**	**12 648.64**	**2 116.22**	**4 658.06**

W MATSAIRA
CHAIRMAN

RCD CHITENGU (MRS)
NON-EXECUTIVE DIRECTOR

24 August 2020

STATEMENT OF CHANGES IN EQUITY
For the Half Period Ended 30 June 2020

Unaudited inflation adjusted

	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserves ZWLm	Non-distributable reserves ZWLm	Revaluation reserves ZWLm	Share based payment reserves ZWLm	Functional currency translation reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2020	**809.51**	**1 753.06**	**14.93**	**33.45**	**757.74**	**134.26**	**(493.08)**	**3 009.87**
Net surplus for the period	-	601.06	-	-	-	-	-	601.06
Transfer between reserves	-	14.93	(14.93)	-	-	-	-	-
Revaluation	-	-	-	-	350.77	-	-	350.77
Balance as at 30 June 2020	**809.51**	**2 369.05**	**-**	**33.45**	**1 108.51**	**134.26**	**(493.08)**	**3 961.70**

Unaudited inflation adjusted

	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserves ZWLm	Non-distributable reserves ZWLm	Revaluation reserves ZWLm	Share based payment reserves ZWLm	Functional currency translation reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2019	**809.51**	**2 100.95**	**84.30**	**33.45**	**165.20**	**133.81**	**-**	**3 327.22**
Net loss for the period	-	(109.83)	-	-	-	-	-	(109.83)
Transfer between reserves	-	84.30	(84.30)	-	-	-	-	-
Revaluation	-	-	-	-	238.94	-	-	238.94
Fair valuation of share based payments	-	-	-	-	-	0.45	-	0.45
Change in functional currency	-	-	-	-	-	-	(493.08)	(493.08)
Balance as at 30 June 2019	**809.51**	**2 075.42**	**-**	**33.45**	**404.14**	**134.26**	**(493.08)**	**2 963.70**

Unaudited historical

	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserves ZWLm	Non-distributable reserves ZWLm	Revaluation reserves ZWLm	Share based payment reserves ZWLm	Functional currency translation reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2020	**35.00**	**345.79**	**5.70**	**1.45**	**453.12**	**5.82**	**(37.55)**	**809.33**
Net surplus for the period	-	1 184.72	-	-	-	-	-	1 184.72
Transfer between reserves	-	5.70	(5.70)	-	-	-	-	-
Revaluation	-	-	-	-	1 114.79	-	-	1 114.79
Balance as at 30 June 2020	**35.00**	**1 536.21**	**-**	**1.45**	**1 567.91**	**5.82**	**(37.55)**	**3 108.84**

Unaudited historical

	Share capital ZWLm	Retained earnings ZWLm	Regulatory provision reserves ZWLm	Non-distributable reserves ZWLm	Revaluation reserves ZWLm	Share based payment reserves ZWLm	Functional currency translation reserve ZWLm	Total equity ZWLm
Balance as at 1 January 2019	**35.00**	**127.33**	**5.18**	**1.45**	**19.63**	**5.79**	**-**	**194.38**
Net surplus for the period	-	59.57	-	-	-	-	-	59.57
Transfer between reserves	-	5.18	(5.18)	-	-	-	-	-
Revaluation	-	-	-	-	72.55	-	-	72.55
Fair valuation of share based payments	-	-	-	-	-	0.03	-	0.03
Change in functional currency	-	-	-	-	-	-	(37.55)	(37.55)
Balance as at 30 June 2019	**35.00**	**192.08**	**-**	**1.45**	**92.18**	**5.82**	**(37.55)**	**288.98**

Abridged Financial Results

For the Half Period Ended 30 June 2020

STATEMENT OF CASH FLOWS
For the Half Period Ended 30 June 2020

	Notes	Unaudited inflation adjusted 30 June 2020 ZWLm	Unaudited inflation adjusted 30 June 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	Unaudited historical 30 June 2019 ZWLm
Cash flows from operating activities					
Net surplus/(loss) for the period		601.06	(109.83)	1 184.72	59.57
Adjustments for:			-		
Net interest income	2	(374.49)	(474.97)	(235.58)	(37.28)
Impairment loss on interest earning financial assets	3	184.22	40.00	184.12	7.98
Impairment loss on non-interest earning financial assets	3	14.36	12.19	14.36	1.46
Fair value gain on investment property	4.2	(174.94)	(144.47)	(563.40)	(39.42)
Fair value loss/(gain) on non-current assets held for sale	4.2	8.32	(1.27)	(9.11)	(1.11)
Dividend received	4.2	-	(5.88)	-	(0.49)
Depreciation and amortisation	5	164.22	128.41	15.89	5.04
Other provisions	18	19.78	(39.81)	59.82	(0.02)
Fair value in share based payments	20.6	-	0.45	-	0.03
Unrealised foreign currency exchange gains		(426.39)	(563.61)	(432.27)	(77.44)
Operating cash flows before working capital changes		**16.14**	**(1 158.79)**	**218.55**	**(81.68)**
(Increase)/Decrease in investment securities		(137.81)	3 757.45	(763.81)	118.44
Decrease/(Increase) in other assets		854.40	830.34	(104.31)	27.04
Decrease/(Increase) in loans and advances		1 740.36	6 317.75	(668.05)	(55.31)
(Decrease)/Increase in deposits		(3 259.11)	(9 970.38)	1 180.07	149.56
(Decrease)/Increase in other liabilities		(60.60)	(281.01)	133.47	(0.24)
Operating cash flows after working capital changes		**(846.62)**	**(504.64)**	**(4.08)**	**157.81**
Interest income received	2	535.89	748.86	335.32	59.74
Interest expense paid	2	(161.40)	(273.89)	(99.74)	(22.46)
Net cash flows from operating activities		**(472.13)**	**(29.67)**	**231.50**	**195.09**
Cash flows from investing activities					
Dividend received		-	5.88	-	0.49
Additions to property and equipment	12	(15.91)	(132.45)	(9.24)	(7.13)
Additions to intangible assets	14	(190.90)	(9.96)	(84.56)	(0.91)
Net cash flows from investing activities		**(206.81)**	**(136.53)**	**(93.80)**	**(7.55)**
Cash flows from financing activities					
Credit lines (paid)/received		(2 310.40)	(1 511.99)	(856.58)	(4.98)
Net cash flows from financing activities		**(2 310.40)**	**(1 511.99)**	**(856.58)**	**(4.98)**
Net (decrease)/increase in cash and cash equivalents		**(2 989.34)**	**(1 678.19)**	**(718.88)**	**182.56**
Cash and cash equivalents at the beginning of the period		**3 682.09**	**2 726.17**	**1 405.55**	**167.48**
Effects of currency translation on cash and cash equivalents		2 307.41	2 722.19	2 313.49	100.14
Cash and cash equivalents at the end of the period	7	**3 000.16**	**3 770.17**	**3 000.16**	**450.18**

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CORPORATE GOVERNANCE
For the Half Period Ended 30 June 2020

The Board adheres to the principles of corporate governance derived from the Reserve Bank Corporate Governance Guidelines, the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Zimbabwean National Code on Corporate Governance and the Old Mutual Emerging Markets Corporate Governance framework as well as corporate governance best practice. The CABS Code of Conduct and CABS Board Charter are available to Directors for reference regarding their fiduciary duties and obligations. The Directors are aware that they may take independent professional advice at the Society's expense, if necessary, for the furtherance of their duties.

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

Board Composition
For the period ended 30 June 2020 the Board comprised; two (2) Executive Directors, three (3) Non-Executive Directors and five (5) Independent Non-Executive Directors, as shown under the table below.

Board and Board Committee meeting attendance
During the period ended 30 June, the Board and its four Committees met at least twice.

		Main Board	Audit Committee	Risk and Compliance Committee	Credit Committee	Loans Review Committee
1	W Matsaira[1]	2	-	-	-	-
2	RCD Chitengu[2]	2	2	2	-	-
3	MJR Dube[2]	2	2	-	-	2
4	DEB Long[2]	2	2	2	2	-
5	AE Siyavora[2]	2	-	-	2	-
6	J Mushosho[3]	1	-	-	-	-
7	S Matsekete[4]	1	-	-	-	-
8	T Mutaviri[5]	2	-	-	-	2
9	AW Keller[6]	2	-	1	1	1
10	SJ Hammond[7]	1	-	-	-	-
11	M Mpofu[8]	2	-	-	-	-
12	C Ndoro[9]	1	-	-	-	-

[1] Independent Non-Executive Director. Chairman of the Board.
[2] Independent Non-Executive Director.
[3] Non-Executive Director. Retired from the Board with effect from 5 February 2020.
[4] Non-Executive Director. Appointed to the Board with effect from 23 March 2020.
[5] Non-Executive Director.
[6] Non-Executive Director. Moved from the Loans Review Committee with effect from 1 April 2020.
[7] Executive Director. Retired from the Board with effect from 1 April 2020.
[8] Executive Director.
[9] Executive Director. Appointed to the Board with effect from 4 May 2020.

NOTES TO THE FINANCIAL STATEMENTS
For the Half Period Ended 30 June 2020

1 Significant Accounting Policies

1.1 Reporting entity
Central Africa Building Society (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), which is a Company registered and incorporated in Zimbabwe.

The subsidiary company is Old Mutual Finance (Private) Limited, which is a registered Microfinance in terms of the Microfinance Act (Chapter 24.02).

Nature of business
The Society and its subsidiary conduct principal businesses of mortgage lending, other lending, deposit acceptance and investing.

1.2 Accounting policies
A summary of the significant accounting policies applied in the preparation of the Financial Statements are set out below. The accounting policies are consistent with those reported in the previous period except as required in terms of the adoption of the new accounting standards and have been consistently followed in all material respects.

1.3 Basis of preparation

Statement of compliance
The Society's Financial Statements have been prepared with a view of complying with International Financial Reporting Standards (IFRSs). These Financial Statements have been prepared in accordance with the requirements of the Building Societies Act (Chapter 24:02).

NOTES TO THE FINANCIAL STATEMENTS
For the Half Period Ended 30 June 2020

1.3 Basis of preparation (continued)

Basis of measurement
The Financial Statements have also been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of properties and fair value adjustment of financial instruments. The PAAB in October 2019 confirmed the market consensus that Zimbabwe had met the characteristics of a hyperinflationary economy and prescribed the application of inflation accounting for periods ended on or after 1 July 2019. The Society adopted the guidance as issued by the PAAB.

Accordingly, the unaudited inflation adjusted Financial Statements represent the principal Financial Statements of the Society. IAS 29 discourages the presentation of historical cost Financial Statements when unaudited inflation adjusted Financial Statements are presented, however, these have been presented as supplementary information to the restated Financial Statements.

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 reporting date and that corresponding figures for previous periods be restated in the same terms.

The restatement of the unaudited historical cost numbers is based on the conversion factors derived from the consumer price index ("CPI") issued by the Zimbabwe Central Statistical Office ("CSO"). Notwithstanding the fact that the change in prices of some commodities were directly linked to exchange rate movements; the Society does not support using exchange rate movements as a direct proxy for average price movements in the economy. The Society believes the CPI best represents average price movements in the economy during 2020 and has applied it in preparation of these Financial Statements. The indices and conversion factors used to restate the accompanying Financial Statements as at 30 June 2020 are given below:

Dates	Indices	Conversion Factors
30 June 2020	1445.60	1.00
31 December 2019	551.82	2.62
30 June 2019	172.61	8.37
31 December 2018	88.81	16.28

1.4 Functional currency
The Society adopted the Zimbabwe Dollar ("ZWL") as its functional currency for both the 2020 and 2019 Financial Statements. SI 33 prescribed the US$ as the Society's functional currency for the period up to February 2019, the impact of the differences between applying the Society's interpretation of IAS 21 and the requirements of SI 33 are not considered material. Post February 2019, all foreign denominated balances and transactions in the Financial Statements were translated into ZWL at the prevailing official exchange rate.

1.5 Separate financial statements
On 1 January 2020 as part of a Group reorganisation, the Society acquired a 100% shareholding in Old Mutual Finance (Private) Limited from Old Mutual Zimbabwe Limited. The Society elected to prepare Separate Financial Statements, with Old Mutual Zimbabwe Limited presenting consolidated Financial Statements for the Zimbabwe group. The investment in Old Mutual Finance (Private) Limited has been accounted for using the cost method.

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.

1.7 Approval of the Financial Statements
The Financial Statements were approved by the board on 24 August 2020.

	Unaudited inflation adjusted 30 June 2020 ZWLm	Unaudited inflation adjusted 30 June 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	Unaudited historical 30 June 2019 ZWLm
2 Net interest income				
Interest income	**535.89**	**748.86**	**335.32**	**59.74**
Mortgage loans	53.63	187.29	31.57	14.85
Term loans and overdrafts	357.44	449.33	224.73	35.84
Treasury bills	17.14	82.55	11.02	6.61
Money market investments	107.68	29.69	68.00	2.44
Interest expense	**(161.40)**	**(273.89)**	**(99.74)**	**(22.46)**
Credit lines	(98.46)	(78.82)	(62.88)	(6.97)
Money market deposits	(60.09)	(185.75)	(34.79)	(14.74)
Term deposits	(0.01)	(0.10)	(0.01)	(0.01)
Savings deposits	(2.84)	(9.22)	(2.06)	(0.74)
Net interest income	**374.49**	**474.97**	**235.58**	**37.28**
3 Impairment reconciliation				
Impairment loss on interest earning financial assets	**184.22**	**40.00**	**184.12**	**7.98**
Loans and advances	136.01	81.61	135.50	12.37
Recovery of loans written off	(0.91)	(41.92)	(0.49)	(4.45)
Investment securities	49.12	0.31	49.11	0.06
Impairment loss on non-interest earning financial assets	**14.36**	**12.19**	**14.36**	**1.46**
Other overdrafts and accrued rental income	14.36	12.19	14.36	1.46
Impairment loss on non-financial assets	**14.90**	**17.20**	**8.08**	**2.05**
Impairment loss on discontinued projects	14.90	17.20	8.08	2.05
	213.48	**69.39**	**206.56**	**11.49**

Abridged Financial Results

For the Half Period Ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

For the Half Period Ended 30 June 2020

		Notes	Unaudited inflation adjusted 30 June 2020 ZWLm	Unaudited inflation adjusted 30 June 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	Unaudited historical 30 June 2019 ZWLm
4	**Net non-interest income**					
4.1	**Net fee and commission income**					
	Fee and commission income		**765.99**	**475.24**	**465.99**	**39.63**
	Commissions		318.97	202.84	187.12	16.76
	Service fees		185.83	106.30	117.14	8.77
	Administration fees		261.19	166.10	161.73	14.10
	Fee and commission expense		**(267.61)**	**(232.53)**	**(160.78)**	**(19.45)**
	Transactional commission expense		(264.19)	(199.52)	(158.73)	(16.81)
	Other commissions and fee expense		(3.42)	(33.01)	(2.05)	(2.64)
	Net fee and commission expense		**498.38**	**242.71**	**305.21**	**20.18**
4.2	**Other income**					
	Housing projects trading profit	4.2.1	14.24	5.35	10.23	0.38
	Rental income from investment property	4.2.2	6.48	6.06	4.10	0.47
	Exchange (loss)/gain on equity investments	9.2	(1.20)	(4.81)	12.78	1.34
	Fair value (loss)/gain on non-current assets held for sale	11	(8.32)	1.27	9.11	1.11
	Fair value gain on investment property	13	174.94	144.47	563.40	39.42
	Income from equity investments		-	5.88	-	0.49
	Foreign exchange gain		595.13	137.22	566.06	15.20
	Net other income		**781.27**	**295.44**	**1 165.68**	**58.41**
4.2.1	**Trading income**					
	Housing projects sales		24.75	119.75	16.19	8.94
	Cost of housing units sold		(9.99)	(109.64)	(5.46)	(8.17)
	Gross Profit		**14.76**	**10.11**	**10.73**	**0.77**
	Project operating expenses		(0.52)	(4.76)	(0.50)	(0.39)
	Net trading profit		**14.24**	**5.35**	**10.23**	**0.38**
4.2.2	**Investment property**					
	Rental income		38.80	28.25	24.54	2.19
	Operating expenses		(32.32)	(22.19)	(20.44)	(1.72)
	Net rental income		**6.48**	**6.06**	**4.10**	**0.47**
5	**Operating expenses**					
	Administration		250.40	265.50	170.06	23.74
	Depreciation and amortisation		164.22	128.41	15.89	5.04
	Staff costs		212.51	196.46	129.24	16.03
	Total operating expenses		**627.13**	**590.37**	**315.19**	**44.81**

The number of persons employed by the Society as at 30 June 2020 was 673 (2019: 720). Women constitute 38% of the Society's management.

		Notes	Unaudited inflation adjusted Fair value through profit or loss ZWLm	Unaudited inflation adjusted Amortised cost ZWLm	Unaudited inflation adjusted Total carrying amount ZWLm
6	**Financial Instruments analysis**				
6.1	**Classification of Financial assets and liabilities**				
	As at 30 June 2020				
	Assets				
	Cash and cash equivalents	7	-	3 000.16	3 000.16
	Investment securities	8	-	1 101.20	1 101.20
	Other financial assets	9	21.41	2.20	23.61
	Loans and advances	10	-	3 893.99	3 893.99
			21.41	**7 997.55**	**8 018.96**
	Liabilities				
	Deposits	15	-	6 325.09	6 325.09
	Credit lines	16	-	2 569.25	2 569.25
	Other financial liabilities	17	-	15.09	15.09
			-	**8 909.43**	**8 909.43**
	As at 30 June 2019				
	Assets				
	Cash and cash equivalents	7	-	3 770.17	3 770.17
	Investment securities	8	-	2 072.85	2 072.85
	Other financial assets	9	29.14	7.79	36.93
	Loans and advances	10	-	8 073.90	8 073.90
			29.14	**13 924.71**	**13 953.85**
	Liabilities				
	Deposits	15	-	12 005.03	12 005.03
	Credit lines	16	-	2 647.78	2 647.78
	Other financial liabilities	17	-	19.06	19.06
			-	**14 671.87**	**14 671.87**
	As at 31 December 2019				
	Assets				
	Cash and cash equivalents	7	-	3 682.09	3 682.09
	Investment securities	8	-	1 012.50	1 012.50
	Other financial assets	9	22.61	2.93	25.54
	Loans and advances	10	-	3 895.54	3 895.54
			22.61	**8 593.06**	**8 615.67**
	Liabilities				
	Deposits	15	-	7 179.95	7 179.95
	Credit lines	16	-	2 351.42	2 351.42
	Other financial liabilities	17	-	42.49	42.49
			-	**9 573.86**	**9 573.86**

	Notes	Unaudited historical Fair value through profit or loss ZWLm	Unaudited historical Amortised cost ZWLm	Unaudited historical Total carrying amount ZWLm
As at 30 June 2020				
Assets				
Cash and cash equivalents	7	-	3 000.16	3 000.16
Investment securities	8	-	1 101.20	1 101.20
Other financial assets	9	21.41	2.20	23.61
Loans and advances	10	-	3 893.99	3 893.99
		21.41	**7 997.55**	**8 018.96**
Liabilities				
Deposits	15	-	6 325.09	6 325.09
Credit lines	16	-	2 569.25	2 569.25
Other financial liabilities	17	-	15.09	15.09
		-	**8 909.43**	**8 909.43**
As at 30 June 2019				
Assets				
Cash and cash equivalents	7	-	450.18	450.18
Investment securities	8	-	247.51	247.51
Other financial assets	9	3.48	0.93	4.41
Loans and advances	10	-	964.07	964.07
		3.48	**1 662.69**	**1 666.17**
Liabilities				
Deposits	15	-	1 433.47	1 433.47
Credit lines	16	-	316.16	316.16
Other financial liabilities	17	-	2.28	2.28
		-	**1 751.91**	**1 751.91**
As at 31 December 2019				
Assets				
Cash and cash equivalents	7	-	1 405.55	1 405.55
Investment securities	8	-	386.50	386.50
Other financial assets	9	8.63	1.12	9.75
Loans and advances	10	-	1 487.03	1 487.03
		8.63	**3 280.20**	**3 288.83**
Liabilities				
Deposits	15	-	2 740.78	2 740.78
Credit lines	16	-	897.60	897.60
Other financial liabilities	17	-	16.22	16.22
		-	**3 654.60**	**3 654.60**

NOTES TO THE FINANCIAL STATEMENTS

For the Half Period Ended 30 June 2020

		Notes	Unaudited inflation adjusted Fair value through profit or loss ZWLm	Unaudited inflation adjusted Amortised cost - financial assets ZWLm	Unaudited inflation adjusted Amortised cost - financial liabilities ZWLm	Total ZWLm
6.2	**Composition of gains and losses on financial instruments**					
	30 June 2020					
	Interest income	2	-	535.89	-	535.89
	Foreign exchange loss	4.2	(1.20)	-	-	(1.20)
	Total income		**(1.20)**	**535.89**	**-**	**534.69**
	Interest expense	2	-	-	(161.40)	(161.40)
	Credit impairment charge	3	-	(184.22)	-	(184.22)
	Total expenses		**-**	**(184.22)**	**(161.40)**	**(345.62)**
	30 June 2019					
	Interest income	2	-	748.86	-	748.86
	Foreign exchange gain	4.2	(4.81)	-	-	(4.81)
	Total income		**(4.81)**	**748.86**	**-**	**744.05**
	Interest expense	2	-	-	(273.89)	(273.89)
	Credit impairment charge	3	-	(40.00)	-	(40.00)
	Total expenses		**-**	**(40.00)**	**(273.89)**	**(313.89)**

	Notes	Unaudited historical Fair value through profit or loss ZWLm	Unaudited historical Amortised cost - financial assets ZWLm	Unaudited historical Amortised cost - financial liabilities ZWLm	Total ZWLm
30 June 2020					
Interest income	2	-	335.32	-	335.32
Foreign exchange gain	4.2	12.78	-	-	12.78
Total income		**12.78**	**335.32**	**-**	**348.10**
Interest expense	2	-	-	(99.74)	(99.74)
Credit impairment charge	3	-	(184.12)	-	(184.12)
Total expenses		**-**	**(184.12)**	**(99.74)**	**(283.86)**
30 June 2019					
Interest income	2	-	59.74	-	59.74
Foreign exchange gain	4.2	1.34	-	-	1.34
Total income		**1.34**	**59.74**	**-**	**61.08**
Interest expense	2	-	-	(22.46)	(22.46)
Credit impairment charges	3	-	(7.98)	-	(7.98)
Total expenses		**-**	**(7.98)**	**(22.46)**	**(30.44)**

		Notes	Unaudited inflation adjusted 30 June 2020 ZWLm	Unaudited inflation adjusted 30 June 2019 ZWLm	Unaudited inflation adjusted 31 December 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	Unaudited historical 30 June 2019 ZWLm	Unaudited historical 31 December 2019 ZWLm
7	**Cash and cash equivalents**							
	Cash balances		1 155.13	570.07	576.49	1 155.13	68.07	220.06
	Bank balances		1 763.61	2 871.38	2 883.77	1 763.61	342.86	1 100.81
	Statutory reserves		81.42	328.72	221.83	81.42	39.25	84.68
			3 000.16	**3 770.17**	**3 682.09**	**3 000.16**	**450.18**	**1 405.55**
8	**Investment securities**							
	Money market investments		148.23	693.18	401.12	148.23	82.77	153.12
	Banker's acceptances		-	273.86	278.76	-	32.70	106.41
	Treasury bills		1 009.09	1 193.24	350.98	1 009.09	142.48	133.98
			1 157.32	2 160.28	1 030.86	1 157.32	257.95	393.51
	Loss allowance	8.2	(56.12)	(87.43)	(18.36)	(56.12)	(10.44)	(7.01)
			1 101.20	**2 072.85**	**1 012.50**	**1 101.20**	**247.51**	**386.50**
8.1	**Maturity analysis**							
	Less than 1 month		144.53	967.95	366.08	144.53	115.58	139.75
	1 to 3 months		6.88	316.34	288.94	6.88	37.77	110.29
	3 to 6 months		12.20	326.29	131.84	12.20	38.96	50.33
	6 months to 1 year		993.49	275.63	98.21	993.49	32.91	37.49
	1 to 5 years		0.22	274.07	130.45	0.22	32.73	49.80
	Over 5 years		-	-	15.34	-	-	5.85
			1 157.32	**2 160.28**	**1 030.86**	**1 157.32**	**257.95**	**393.51**

On the 1st of January 2020, the Society reclassified Banker's acceptance from Investment securities to Loans and advances. The Society does not, at present, trade in derivatives of any form.

		Unaudited inflation adjusted 30 June 2020 Stage 1 Gross carrying amount	Unaudited inflation adjusted 30 June 2020 Stage 1 Allowance for ECL	Unaudited inflation adjusted 30 June 2019 Stage 1 Gross carrying amount	Unaudited inflation adjusted 30 June 2019 Stage 1 Allowance for ECL	Unaudited inflation adjusted 31 December 2019 Stage 1 Gross carrying amount	Unaudited inflation adjusted 31 December 2019 Stage 1 Allowance for ECL
8.2	**Impairment analysis**						
	At the beginning of the period	**1 030.86**	**(18.36)**	**5 468.91**	**(47.39)**	**5 468.91**	**(47.39)**
		126.46	**(37.76)**	**(3 308.63)**	**(40.04)**	**(4 438.05)**	**29.03**
	Purchases and interest accruals	1 409.20	7.67	823.85	60.81	2 407.48	13.49
	Repayments	(80.74)	(91.57)	(1 814.38)	(156.39)	(1 912.78)	(48.75)
	Monetary adjustment	(1 202.00)	46.14	(2 318.10)	55.54	(4 932.75)	64.29
	At the end of the period	**1 157.32**	**(56.12)**	**2 160.28**	**(87.43)**	**1 030.86**	**(18.36)**

	Unaudited historical 30 June 2020 Stage 1 Gross carrying amount	Unaudited historical 30 June 2020 Stage 1 Allowance for ECL	Unaudited historical 30 June 2019 Stage 1 Gross carrying amount	Unaudited historical 30 June 2019 Stage 1 Allowance for ECL	Unaudited historical 31 December 2019 Stage 1 Gross carrying amount	Unaudited historical 31 December 2019 Stage 1 Allowance for ECL
At the beginning of the period	**393.51**	**(7.01)**	**335.98**	**(2.91)**	**335.98**	**(2.91)**
	763.81	**(49.11)**	**(78.03)**	**(7.53)**	**57.53**	**(4.10)**
Purchases and interest accruals	810.24	3.54	64.90	4.79	279.98	1.57
Repayments	(46.43)	(52.65)	(142.93)	(12.32)	(222.45)	(5.67)
At the end of the period	**1 157.32**	**(56.12)**	**257.95**	**(10.44)**	**393.51**	**(7.01)**

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

Abridged Financial Results

For the Half Period Ended 30 June 2020

A Member of the OLDMUTUAL Group

WE'LL HELP YOU GET THERE

NOTES TO THE FINANCIAL STATEMENTS
For the Half Period Ended 30 June 2020

		Unaudited inflation adjusted			Unaudited historical		
	Notes	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
9 Other assets							
Financial assets	9.1.1	2.20	7.79	2.93	2.20	0.93	1.12
Investment in equity	9.2	21.41	29.14	22.61	21.41	3.48	8.63
Housing projects	9.3	210.68	588.31	420.51	26.57	37.86	36.26
RBZ Legacy debt	9.4	1 271.87	958.41	680.22	1 271.87	114.43	259.66
Investment in subsidiary		15.22	-	-	8.54	-	-
Non- financial assets		982.11	852.34	947.56	653.73	80.34	253.12
		2 503.49	**2 435.99**	**2 073.83**	**1 984.32**	**237.04**	**558.79**
9.1 Financial assets							
Other overdrafts		16.49	20.94	19.38	16.49	2.50	7.40
Accrued rental income		6.48	24.12	8.44	6.48	2.88	3.22
Gross financial assets		22.97	45.06	27.82	22.97	5.38	10.62
Loss allowance		(20.77)	(37.27)	(24.89)	(20.77)	(4.45)	(9.50)
Closing balance		**2.20**	**7.79**	**2.93**	**2.20**	**0.93**	**1.12**

The Society adopted the simplified IFRS 9 provisioning method for other overdrafts and accrued rental income.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
9.2 Investment in equity						
Opening balance	22.61	30.28	30.28	8.63	1.86	1.86
Change in functional currency	-	3.67	3.67	-	0.28	0.28
Exchange (loss)/gain	(1.20)	(4.81)	5.27	12.78	1.34	4.08
Fair value (loss)/gain	-	-	(16.61)	-	-	2.41
Closing balance	**21.41**	**29.14**	**22.61**	**21.41**	**3.48**	**8.63**

CABS' investments in equity are neither listed nor are they tracked on an active market. All investments in equity are valued at fair value.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
9.3 Housing projects						
- Chegutu project	-	40.03	24.18	-	4.78	4.79
- Hatcliffe project	6.86	125.67	26.17	6.87	5.88	5.87
- Budiriro project	109.31	329.99	277.11	15.09	23.32	21.56
- Pumula project	94.51	92.62	93.05	4.61	3.88	4.04
	210.68	**588.31**	**420.51**	**26.57**	**37.86**	**36.26**
9.3.1 Housing projects - reconciliation						
Opening balance	420.51	592.49	592.49	36.26	34.72	34.72
Additions	-	105.46	133.03	-	10.61	13.22
Cost of sales	(9.99)	(109.64)	(124.28)	(4.91)	(7.47)	(11.68)
Write down	(175.66)	-	(180.73)	-	-	-
Transfer to out	(24.18)	-	-	(4.78)	-	-
	210.68	**588.31**	**420.51**	**26.57**	**37.86**	**36.26**

On the 1st of January 2020, the Society transferred the land acquired in Chegutu from Inventory to Investment property as its future use had become indeterminate.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
9.4 RBZ Legacy debts asset						
Principal amount	22.73	254.09	76.57	22.73	30.34	29.23
Exchange gain	1 285.73	1 408.56	1 207.28	1 285.73	168.19	460.85
Gross amount due	**1 308.46**	**1 662.65**	**1 283.85**	**1 308.46**	**198.53**	**490.08**
Loss allowance	(36.59)	(704.24)	(603.63)	(36.59)	(84.10)	(230.42)
Net amount due	**1 271.87**	**958.41**	**680.22**	**1 271.87**	**114.43**	**259.66**

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe's ("RBZ") Exchange Control Directive RU/102 of 2019 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL1:US$1 in relation to foreign currency legacy debts to be registered with the RBZ. The Society made applications relating to all its foreign currency obligations in relation to loan repayments for offshore lines of credit, and foreign suppliers of goods and services. The Society recognised a foreign currency denominated asset in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, however, details as to the exact structure and design of the instrument are yet to be availed by the RBZ. The carrying value of the financial instrument reflects management's assessment of the present value of expected net cashflows to be received under this arrangement.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
10 Loans and advances						
Gross amount owing	4 080.78	8 487.53	4 035.40	4 080.78	1 013.46	1 540.42
Loss allowance	(186.79)	(413.63)	(139.86)	(186.79)	(49.39)	(53.39)
	3 893.99	**8 073.90**	**3 895.54**	**3 893.99**	**964.07**	**1 487.03**
10.1 Maturity analysis						
Less than 1 month	190.65	445.79	336.07	190.65	53.23	128.27
1 to 3 months	709.63	820.48	164.47	709.63	97.97	62.85
3 to 6 months	406.64	1 041.16	416.68	406.64	124.32	159.04
6 months to 1 year	637.56	1 685.18	653.24	637.56	201.22	249.33
1 year to five years	2 090.53	4 129.53	2 349.63	2 090.53	493.09	896.92
Over 5 years	45.77	365.39	115.31	45.77	43.63	44.01
	4 080.78	**8 487.53**	**4 035.40**	**4 080.78**	**1 013.46**	**1 540.42**
10.2 Concentration						
Housing	239.92	2 061.12	610.16	239.92	246.11	233.04
Individuals	356.44	1 562.07	573.08	356.44	186.52	218.81
Commercial & industrial	3 484.42	4 864.34	2 852.16	3 484.42	580.83	1 088.57
	4 080.78	**8 487.53**	**4 035.40**	**4080.78**	**1 013.46**	**1 540.42**

10.3 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		Unaudited inflation adjusted			Unaudited historical		
		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
Agriculture		1 771.34	2 159.19	783.91	1 771.34	257.82	299.24
Construction and property		3.28	2 069.25	166.47	3.28	247.08	63.55
Energy and minerals		12.44	140.52	28.67	12.44	16.78	10.94
Light and heavy industry		220.96	1 142.91	264.51	220.96	136.47	100.97
Physical persons		649.02	1 604.95	1 058.95	649.02	191.64	404.23
State and state enterprises		951.30	199.07	1 269.67	951.30	23.77	484.67
Trade and services		63.02	245.97	47.69	63.02	29.37	18.20
Transport and distribution		409.42	925.67	415.53	409.42	110.53	158.62
Total		**4 080.78**	**8 487.53**	**4 035.40**	**4 080.78**	**1 013.46**	**1 540.42**
Impairment	10.6	(186.79)	(413.63)	(139.86)	(186.79)	(49.39)	(53.39)
		3 893.99	**8 073.90**	**3 895.54**	**3 893.99**	**964.07**	**1 487.03**

NOTES TO THE FINANCIAL STATEMENTS
For the Half Period Ended 30 June 2020

10.4 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:

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
Neither past due nor impaired	2 823.17	6 972.44	3 820.64	2 823.17	832.55	1 458.44
Past due but not impaired	1 227.12	1 174.47	132.27	1 227.12	140.00	50.50
-Less than 1 month	640.46	760.39	11.50	640.46	90.56	4.39
-Less than 3 months	586.66	414.08	120.77	586.66	49.44	46.11
Non-performing loans	30.49	340.62	82.49	30.49	40.91	31.48
Total	**4 080.78**	**8 487.53**	**4 035.40**	**4 080.78**	**1 013.46**	**1 540.42**
Impairment	(186.79)	(413.63)	(139.86)	(186.79)	(49.39)	(53.39)
Net loans & advances	**3 893.99**	**8 073.90**	**3 895.54**	**3 893.99**	**964.07**	**1 487.03**
10.5 Commitments	**81.50**	**292.45**	**50.51**	**81.50**	**34.92**	**50.51**

10.6 Impairment analysis

	Unaudited 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
1 January 2020	**1 080.90**	**(21.14)**	**55.41**	**(3.33)**	**24.62**	**(16.32)**	**1 160.93**	**(40.79)**
	990.64	**(22.22)**	**(17.51)**	**(1.71)**	**(9.74)**	**(16.13)**	**963.39**	**(40.06)**
Originations and interest accruals	255.73	(17.39)	-	-	-	-	255.73	(17.39)
Repayments and derecognitions	(22.37)	2.14	(8.82)	0.46	(15.88)	5.66	(47.07)	8.26
Transfer to:								
- Stage 1	4.50	(0.24)	(3.80)	0.10	(0.70)	0.30	-	0.16
- Stage 2	(17.83)	(0.19)	18.27	0.03	(0.44)	0.27	-	0.11
- Stage 3	(5.70)	1.67	(3.22)	0.67	8.92	(4.04)	-	(1.70)
Changes in risk parameters	-	(6.42)	-	(0.99)	-	-	-	(7.41)
Monetary adjustment	776.31	(1.79)	(19.94)	(1.98)	(1.64)	(18.32)	754.73	(22.09)
30 June 2020	**2 071.54**	**(43.36)**	**37.90**	**(5.04)**	**14.88**	**(32.45)**	**2 124.32**	**(80.85)**

	Unaudited 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
1 January 2020	**2 655.36**	**(76.05)**	**152.62**	**(0.94)**	**66.51**	**(22.08)**	**2 874.49**	**(99.07)**
	(784.87)	**(12.25)**	**(92.49)**	**(0.81)**	**(40.67)**	**6.19**	**(918.03)**	**(6.87)**
Originations and interest accruals	428.68	(24.80)	-	-	-	-	428.68	(24.80)
Repayments and derecognitions	(266.88)	6.76	(15.26)	6.74	(12.59)	2.50	(294.73)	16.00
Transfer to:								
- Stage 1	32.74	(0.04)	(27.34)	0.53	(5.40)	0.54	-	1.03
- Stage 2	(292.42)	22.05	294.31	(21.85)	(1.89)	0.39	-	0.59
- Stage 3	(1.15)	0.02	(3.08)	0.12	4.23	(0.30)	-	(0.16)
Changes in risk parameters	-	-	-	-	-	3.46	-	3.46
Monetary adjustment	(685.84)	(16.24)	(341.12)	13.65	(25.02)	(0.40)	(1 051.98)	(2.99)
30 June 2020	**1 870.49**	**(88.30)**	**60.13**	**(1.75)**	**25.84**	**(15.89)**	**1 956.46**	**(105.94)**

	Unaudited 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
1 January 2019	**3 503.19**	**(50.95)**	**165.72**	**(13.20)**	**134.15**	**(107.25)**	**3 803.06**	**(171.40)**
	(668.84)	**(73.65)**	**(68.68)**	**7.65**	**(104.22)**	**62.63**	**(841.74)**	**(3.37)**
Originations and interest accruals	1 866.45	(126.89)	-	-	-	-	1 866.45	(126.89)
Repayments and derecognitions	(163.26)	15.59	(64.39)	3.32	(115.93)	41.33	(343.58)	60.24
Transfer to:								
- Stage 1	32.85	(1.74)	(27.71)	0.69	(5.14)	2.18	-	1.13
- Stage 2	(130.17)	(1.38)	133.42	0.22	(3.24)	1.98	0.01	0.82
- Stage 3	(41.58)	12.12	(23.50)	4.91	65.08	(29.46)	-	(12.43)
Changes in risk parameters	-	(46.84)	-	(7.26)	-	-	-	(54.10)
Monetary adjustment	(2 233.13)	75.49	(86.50)	5.77	(44.99)	46.60	(2 364.62)	127.86
30 June 2019	**2 834.35**	**(124.60)**	**97.04**	**(5.55)**	**29.93**	**(44.62)**	**2 961.32**	**(174.77)**

	Unaudited 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
1 January 2019	**7 540.50**	**(103.69)**	**1 256.34**	**(101.22)**	**703.67**	**(223.14)**	**9 500.51**	**(428.05)**
	(4 144.53)	**69.57**	**587.22**	**(20.46)**	**(416.99)**	**140.08**	**(3 974.30)**	**189.19**
Originations and interest accruals	3 128.80	(181.00)	-	-	-	-	3 128.80	(181.00)
Repayments and derecognitions	(1 947.91)	49.34	(111.38)	49.23	(91.91)	18.28	(2 151.20)	116.85
Transfer to:								
- Stage 1	238.97	(0.28)	(199.52)	3.85	(39.45)	3.93	-	7.50
- Stage 2	(2 134.30)	160.96	2 148.06	(159.47)	(13.77)	2.82	(0.01)	4.31
- Stage 3	(8.40)	0.13	(22.49)	0.90	30.90	(2.16)	0.01	(1.13)
Changes in risk parameters	-	-	-	-	-	25.26	-	25.26
Monetary adjustment	(3 421.69)	40.42	(1 227.45)	85.03	(302.76)	91.95	(4 951.90)	217.40
30 June 2019	**3 395.97**	**(34.12)**	**1 843.56**	**(121.68)**	**286.68**	**(83.06)**	**5 526.21**	**(238.86)**

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10.6 Impairment analysis (continued)

	Unaudited 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
1 January 2019	**3 503.19**	**(50.95)**	**165.72**	**(13.20)**	**134.15**	**(107.25)**	**3 803.06**	**(171.40)**
	(2 422.29)	**29.81**	**(110.32)**	**9.87**	**(109.55)**	**90.94**	**(2 642.16)**	**130.62**
Originations and interest accruals	2 123.12	(74.40)	-	-	-	-	2 123.12	(74.40)
Repayments and derecognitions	(238.44)	6.99	(43.91)	5.42	-	-	(282.35)	12.41
Transfer to:								
- Stage 1	25.10	(0.52)	(21.14)	0.68	(3.96)	1.96	-	2.12
- Stage 2	(166.56)	7.49	167.92	(10.74)	(1.39)	0.68	(0.03)	(2.57)
- Stage 3	(45.92)	8.17	(8.51)	0.68	54.44	(35.52)	0.01	(26.67)
Changes in risk parameters	-	9.80	-	-	-	2.23	-	12.03
Write-offs	-	-	-	-	(39.14)	33.77	(39.14)	33.77
Monetary adjustment	(4 119.59)	72.28	(204.68)	13.83	(119.50)	87.82	(4 443.77)	173.93
31 December 2019	**1 080.90**	**(21.14)**	**55.40**	**(3.33)**	**24.60**	**(16.31)**	**1 160.90**	**(40.78)**

	Unaudited 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
1 January 2019	**7 540.51**	**(103.69)**	**1 256.34**	**(101.22)**	**703.67**	**(223.14)**	**9 500.52**	**(428.05)**
	(4 885.14)	**27.63**	**(1 103.72)**	**100.28**	**(637.16)**	**201.06**	**(6 626.02)**	**328.97**
Originations and interest accruals	6 564.49	(243.08)	-	-	-	-	6 564.49	(243.08)
Repayments and derecognitions	(1 913.65)	51.24	(102.40)	11.45	(118.67)	36.96	(2 134.72)	99.65
Transfer to:								
- Stage 1	411.37	(2.67)	(377.65)	45.84	(33.61)	4.90	0.11	48.07
- Stage 2	(313.94)	2.23	325.89	(5.58)	(11.95)	3.09	-	(0.26)
- Stage 3	(8.70)	-	(8.51)	0.18	17.19	(0.68)	(0.02)	(0.50)
Changes in risk parameters	-	(2.57)	-	(1.55)	-	(4.37)	-	(8.49)
Write-offs	-	-	-	-	(6.38)	5.50	(6.38)	5.50
Monetary adjustment	(9 624.71)	222.48	(941.05)	49.94	(483.74)	155.66	(11 049.50)	428.08
31 December 2019	**2 655.37**	**(76.06)**	**152.62**	**(0.94)**	**66.51**	**(22.08)**	**2 874.50**	**(99.08)**

	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
1 January 2020	**412.61**	**(8.07)**	**21.15**	**(1.27)**	**9.40**	**(6.23)**	**443.16**	**(15.57)**
	1 658.93	**(35.30)**	**16.75**	**(3.77)**	**5.48**	**(26.22)**	**1 681.16**	**(65.29)**
Originations and interest accruals	1 060.89	(33.36)	-	-	-	-	1 060.89	(33.36)
Repayments and derecognitions	621.97	9.39	9.40	(2.56)	(11.10)	(13.40)	620.27	(6.57)
Transfer to:								
- Stage 1	18.01	(13.70)	(16.31)	0.22	(1.69)	0.38	-	(13.10)
- Stage 2	(36.09)	0.06	36.53	(1.66)	(0.45)	0.22	(0.01)	(1.38)
- Stage 3	(5.85)	2.31	(12.87)	0.23	18.72	(13.42)	-	(10.88)
30 June 2020	**2 071.54**	**(43.37)**	**37.90**	**(5.04)**	**14.88**	**(32.45)**	**2 124.32**	**(80.86)**

	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
1 January 2020	**1 013.62**	**(29.03)**	**58.26**	**(0.36)**	**25.39**	**(8.43)**	**1 097.27**	**(37.82)**
	856.87	**(59.26)**	**1.87**	**(1.39)**	**0.45**	**(7.46)**	**859.19**	**(68.11)**
Originations and interest accruals	920.68	(64.22)	-	-	-	-	920.68	(64.22)
Repayments and derecognitions	(58.69)	3.49	(2.53)	0.35	(0.28)	(6.64)	(61.50)	(2.80)
Transfer to:								
- Stage 1	0.37	(0.41)	(0.37)	0.07	-	-	-	(0.34)
- Stage 2	(3.96)	0.86	4.83	(1.36)	(0.86)	0.31	0.01	(0.19)
- Stage 3	(1.53)	1.02	(0.06)	0.02	1.59	(1.12)	-	(0.08)
Changes in risk parameters	-	-	-	(0.47)	-	(0.01)	-	(0.48)
30 June 2020	**1 870.49**	**(88.29)**	**60.13**	**(1.75)**	**25.84**	**(15.89)**	**1 956.46**	**(105.93)**

	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
1 January 2019	**215.21**	**(3.13)**	**10.18**	**(0.81)**	**8.24**	**(6.59)**	**233.63**	**(10.53)**
	123.23	**(11.76)**	**1.41**	**0.15**	**(4.66)**	**1.27**	**119.98**	**(10.34)**
Originations and interest accruals	147.03	(10.00)	-	-	-	-	147.03	(10.00)
Repayments and derecognitions	(12.86)	1.23	(5.07)	0.26	(9.13)	3.26	(27.06)	4.75
Transfer to:								
- Stage 1	2.59	(0.14)	(2.18)	0.05	(0.40)	0.17	0.01	0.08
- Stage 2	(10.25)	(0.11)	10.51	0.02	(0.26)	0.16	-	0.07
- Stage 3	(3.28)	0.95	(1.85)	0.39	5.13	(2.32)	-	(0.98)
Changes in risk parameters	-	(3.69)	-	(0.57)	-	-	-	(4.26)
30 June 2019	**338.44**	**(14.89)**	**11.59**	**(0.66)**	**3.58**	**(5.32)**	**353.61**	**(20.87)**

	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
1 January 2019	**462.44**	**(6.37)**	**77.18**	**(6.22)**	**43.23**	**(13.71)**	**582.85**	**(26.30)**
	(56.96)	**2.30**	**142.96**	**(8.31)**	**(9.00)**	**3.79**	**77.00**	**(2.22)**
Originations and interest accruals	246.45	(14.26)	-	-	-	-	246.45	(14.26)
Repayments and derecognitions	(153.45)	3.89	(8.77)	3.88	(7.24)	1.44	(169.46)	9.21
Transfer to:								
- Stage 1	18.83	(0.02)	(15.72)	0.30	(3.11)	0.31	-	0.59
- Stage 2	(168.13)	12.68	169.22	(12.56)	(1.08)	0.22	0.01	0.34
- Stage 3	(0.66)	0.01	(1.77)	0.07	2.43	(0.17)	-	(0.09)
Changes in risk parameters	-	-	-	-	-	1.99	-	1.99
30 June 2019	**405.48**	**(4.07)**	**220.14**	**(14.53)**	**34.23**	**(9.92)**	**659.85**	**(28.52)**

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10.6 Impairment analysis (continued)

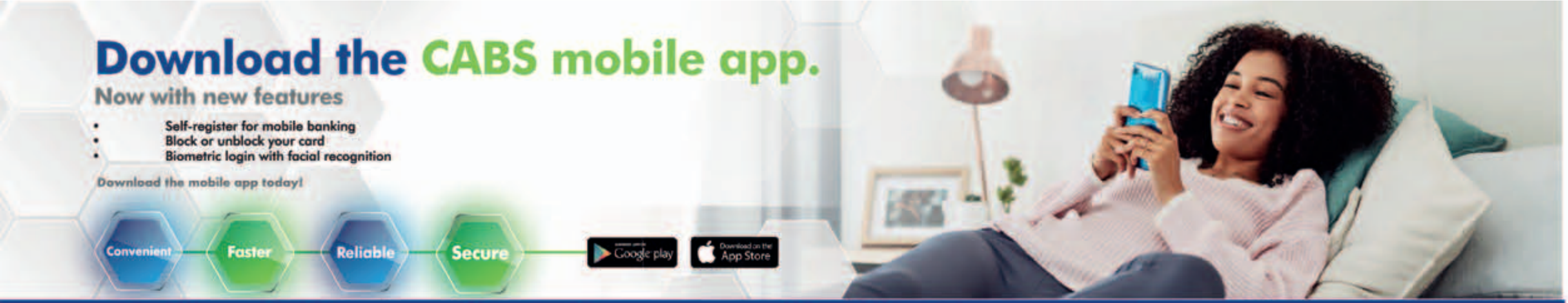
	Unaudited historical - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm	Gross carrying amount ZWLm	Allowance for ECL ZWLm
1 January 2019	**215.21**	**(3.13)**	**10.18**	**(0.81)**	**8.24**	**(6.59)**	**233.63**	**(10.53)**
	197.40	**(4.94)**	**10.97**	**(0.46)**	**1.16**	**0.36**	**209.53**	**(5.04)**
Originations and interest accruals	246.91	(8.65)	-	-	-	-	246.91	(8.65)
Repayments and derecognitions	(27.72)	0.81	(5.11)	0.63	-	-	(32.83)	1.44
Transfer to:							-	-
- Stage 1	2.92	(0.06)	(2.46)	0.08	(0.46)	0.23	-	0.25
- Stage 2	(19.37)	0.87	19.53	(1.25)	(0.16)	0.08	-	(0.30)
- Stage 3	(5.34)	0.95	(0.99)	0.08	6.33	(4.13)	-	(3.10)
Changes in risk parameters	-	1.14	-	-	-	0.26	-	1.40
Write-offs	-	-	-	-	(4.55)	3.92	(4.55)	3.92
31 December 2019	**412.61**	**(8.07)**	**21.15**	**(1.27)**	**9.40**	**(6.23)**	**443.16**	**(15.57)**

	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
1 January 2019	**462.44**	**(6.37)**	**77.18**	**(6.22)**	**43.23**	**(13.71)**	**582.85**	**(26.30)**
	551.18	**(22.66)**	**(18.92)**	**5.86**	**(17.84)**	**5.28**	**514.41**	**(11.52)**
Originations and interest accruals	763.41	(28.27)					763.40	(28.27)
Repayments and derecognitions	(222.55)	5.96	(11.91)	1.33	(13.80)	4.30	(248.26)	11.59
Transfer to:							-	-
- Stage 1	47.84	(0.31)	(43.92)	5.33	(3.91)	0.57	0.01	5.59
- Stage 2	(36.51)	0.26	37.90	(0.64)	(1.39)	0.36	-	(0.02)
- Stage 3	(1.01)	-	(0.99)	0.02	2.00	(0.08)	-	(0.06)
Changes in risk parameters	-	(0.30)	-	(0.18)		(0.51)	-	(0.99)
Write-offs	-	-	-	-	(0.74)	0.64	(0.74)	0.64
31 December 2019	**1 013.62**	**(29.03)**	**58.26**	**(0.36)**	**25.39**	**(8.43)**	**1 097.26**	**(37.82)**

		Unaudited inflation adjusted			Unaudited historical		
		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
11	**Non-current assets held for sale**						
	Opening valuation	**28.19**	**16.95**	**16.95**	**10.76**	**1.04**	**1.04**
	Disposals	-	(0.63)	(10.53)	-	(0.05)	(0.45)
	Fair value (loss)/gain	(8.32)	1.27	21.77	9.11	1.11	10.17
	Closing valuation	**19.87**	**17.59**	**28.19**	**19.87**	**2.10**	**10.76**

Non-current assets held for sale comprise of repossessed properties that were held as collateral on defaulted loan facilities. The Society intends to dispose of the properties in the foreseeable future.

		Unaudited inflation adjusted					
		Land ZWLm	Buildings at fair value ZWLm	Leased buildings at cost ZWLm	Office equipment ZWLm	Vehicles ZWLm	Total ZWLm
12	**Property and equipment**						
	Six months ended 30 June 2020						
	Opening net book value	147.88	1 196.46	15.30	479.24	59.91	1,898.79
	Additions	-	-	-	16.04	(0.13)	15.91
	Change in IFRS 16 parameters	-	-	17.51	-	-	17.51
	Revaluation gain	37.30	331.76	-	-	-	369.06
	Depreciation charge	-	(29.90)	(2.19)	(69.60)	(13.70)	(115.39)
	Closing net book value	**185.18**	**1 498.32**	**30.62**	**425.68**	**46.08**	**2 185.88**
	Cost or valuation	185.18	1 498.32	38.73	1,044.52	143.16	2 909.91
	Accumulated depreciation	-	-	(8.11)	(618.84)	(97.08)	(724.03)
	Net book value	**185.18**	**1 498.32**	**30.62**	**425.68**	**46.08**	**2 185.88**
	Six months ended 30 June 2019						
	Opening net book value	75.55	611.30	-	410.32	33.43	1,130.60
	Additions	-	32.10	-	57.64	42.71	132.45
	IFRS 16 restatement	-	-	13.92	-	-	13.92
	Revaluation gain	27.84	208.42	-	-	-	236.26
	Depreciation charge	-	(15.27)	(1.48)	(74.31)	(18.70)	(109.76)
	Closing net book value	**103.39**	**836.55**	**12.44**	**393.65**	**57.44**	**1 403.47**
	Cost or valuation	103.39	836.55	13.92	877.97	132.12	1 963.95
	Accumulated depreciation	-	-	(1.48)	(484.32)	(74.68)	(560.48)
	Net book value	**103.39**	**836.55**	**12.44**	**393.65**	**57.44**	**1 403.47**
	Twelve months ended 31 December 2019						
	Opening net book value	75.55	611.30	-	410.32	33.43	1 130.60
	Additions	-	73.01	-	208.19	53.89	335.09
	IFRS 16 restatement	-	-	21.27	-	-	21.27
	Revaluation gain	72.33	542.69	-	-	-	615.02
	Depreciation charge	-	(30.54)	(5.97)	(139.27)	(27.41)	(203.19)
	Closing net book value	**147.88**	**1 196.46**	**15.30**	**479.24**	**59.91**	**1 898.79**
	Cost or valuation	147.88	1 196.46	21.27	1,028.64	143.32	2,537.57
	Accumulated depreciation	-	-	(5.97)	(549.40)	(83.41)	(638.78)
	Net book value	**147.88**	**1 196.46**	**15.30**	**479.24**	**59.91**	**1 898.79**



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	Land at fair value ZWLm	Buildings at fair value ZWLm	Unaudited historical Leased buildings at cost ZWLm	Office equipment ZWLm	Vehicles ZWLm	Total ZWLm
12 Property and equipment (continued)						
Six months ended 30 June 2020						
Opening net book value	56.45	456.72	1.95	53.31	5.06	573.49
Additions	-	-	-	8.72	0.52	9.24
Change in IFRS 16 parameters	-	-	17.55	-	-	17.55
Revaluation gain	128.73	1047.29	-	-	-	1176.02
Depreciation charge	-	(5.69)	(1.46)	(7.13)	(0.83)	(15.11)
Closing net book value	**185.18**	**1 498.32**	**18.04**	**54.90**	**4.75**	**1 761.19**
Cost or valuation	185.18	1 498.32	20.77	87.97	8.49	1 800.73
Accumulated depreciation	-	-	(2.73)	(33.07)	(3.74)	(39.54)
Net book value	**185.18**	**1 498.32**	**18.04**	**54.90**	**4.75**	**1 761.19**
Six months ended 30 June 2019						
Opening net book value	4.64	37.55	-	19.78	1.45	63.42
Additions	-	0.46	-	5.57	1.10	7.13
IFRS 16 restatement	-	-	1.66	-	-	1.66
Revaluation gain	7.71	62.40	-	-	6.36	76.47
Depreciation charge	-	(0.49)	(0.17)	(2.96)	(0.29)	(3.91)
Closing net book value	**12.35**	**99.92**	**1.49**	**22.39**	**8.62**	**144.77**
Cost or valuation	12.35	99.92	1.66	43.07	11.33	168.33
Accumulated depreciation	-	-	(0.17)	(20.68)	(2.71)	(23.56)
Net book value	**12.35**	**99.92**	**1.49**	**22.39**	**8.62**	**144.77**
Twelve months ended 31 December 2019						
Opening net book value	4.64	37.55	-	19.78	1.45	63.42
Additions	-	17.85	-	41.71	5.05	64.61
IFRS 16 restatement		-	3.22	-	-	3.22
Revaluation gain	51.81	403.40	-	-	-	455.21
Depreciation charge	-	(2.08)	(1.27)	(8.18)	(1.44)	(12.97)
Closing net book value	**56.45**	**456.72**	**1.95**	**53.31**	**5.06**	**573.49**
Cost or valuation	56.45	456.72	3.22	79.16	8.40	603.95
Accumulated depreciation	-	-	(1.27)	(25.85)	(3.34)	(30.46)
Net book value	**56.45**	**456.72**	**1.95**	**53.31**	**5.06**	**573.49**

The properties were valued by Old Mutual Property Zimbabwe (Private) Limited's qualified valuers and the effective date of the valuation is 30 June 2020. The values of a selected number of properties constituting at least 65% of the portfolio were independently verified by Dawn Properties Limited, Homelux Real Estate, and Integrated Properties.

For the period ended 30 June 2020, valuations were carried out based on US$ parameters and not ZWL. The US$ valuation was converted to ZWL at the interbank rate at the reporting date of ZWL57.36: US$1. The use of US$ parameters is supported by:

- Thin market capitalisation;
- Rentals failing to keep pace with inflation or the exchange rate deteriorations; and
- There being only 16 months' worth of ZWL rental evidence.

In accordance with International Valuation Standards (IVS), the valuation methodologies used were, the Income Approach for income generating properties and the Market Approach for landholdings and residential properties. For the Income Approach, a Two Stage Discounted Cash Flow Approach was used instead of the Direct Capitalisation Approach as the latter assumes stable cash flows into perpetuity, which is not applicable in the current economic environment of high levels of inflation and currency depreciation. The Two Stage Discounted Cash Flow Approach assumed that the current economic environment of depressed rental yields in real terms will last for at most 8 years with more stable real cash flows prevailing beyond the 8 year period into perpetuity.

Assets pledged as security are disclosed in note 16.

12.1 Leased assets

Property and equipment include leased buildings.

	Unaudited inflation adjusted 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm
12.1.1 Right of use assets						
Property						
Balance at the beginning of the period	15.30	-	-	1.95	-	-
IFRS 16 restatement	-	13.92	13.92	-	1.66	1.66
Change in parameters	17.51	-	7.35	17.55	-	1.56
Depreciation charge for the period	(2.19)	(1.48)	(5.97)	(1.46)	(0.17)	(1.27)
Balance at the end of the period	**30.62**	**12.44**	**15.30**	**18.04**	**1.49**	**1.95**
12.1.2 Lease liabilities						
Maturity analysis- contractual undiscounted cash flows						
Less than 1 year	26.17	6.11	7.49	26.17	0.73	2.86
1 to 5 years	24.98	8.55	7.15	24.98	1.02	2.73
Total undiscounted lease liabilities at the end of the period	**51.15**	**14.66**	**14.64**	**51.15**	**1.75**	**5.59**
Lease liabilities included in the statement of financial position						
Current	4.45	2.76	2.70	4.45	0.33	1.04
Non-current	13.21	8.21	2.33	13.21	0.98	0.89
Total	**17.66**	**10.97**	**5.03**	**17.66**	**1.31**	**1.93**
12.2 Amounts recognised in profit or loss						
Interest on lease liabilities	0.51	0.47	0.86	0.28	0.06	0.15
Depreciation charge for the period	2.19	1.49	5.97	1.46	0.17	1.27
	2.70	**1.96**	**6.83**	**1.74**	**0.23**	**1.42**
13 Investment property						
Opening fair value	596.92	382.39	382.39	227.86	23.49	23.49
Transfer from housing projects	24.18	-	-	4.78	-	-
Fair value adjustment	174.94	144.47	214.53	563.40	39.42	204.37
Closing fair value	**796.04**	**526.86**	**596.92**	**796.04**	**62.91**	**227.86**

Investment property comprises office buildings that are leased to third parties under operating leases.

For all investment property leases, the rental income is fixed under the contracts. The income and direct expenditure are shown under note 4.

Details of the valuation methodology have been disclosed in note 12 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 16.

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	Unaudited inflation adjusted 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm
14 Intangible assets						
Opening carrying amount						
Cost	585.31	566.61	566.61	26.62	24.61	24.61
Accumulated amortisation	(431.67)	(394.37)	(394.37)	(18.54)	(16.75)	(16.75)
	153.64	**172.24**	**172.24**	**8.08**	**7.86**	**7.86**
Movement in intangible assets						
Additions	190.90	9.96	18.70	84.56	0.91	2.01
Amortisation charge	(48.82)	(18.64)	(37.30)	(0.77)	(1.13)	(1.79)
	142.08	**(8.68)**	**(18.60)**	**83.79**	**(0.22)**	**0.22**
Closing carrying amount						
Cost	775.99	576.36	585.31	111.32	25.52	26.62
Accumulated amortisation	(480.27)	(412.80)	(431.67)	(19.45)	(17.88)	(18.54)
	295.72	**163.56**	**153.64**	**91.87**	**7.64**	**8.08**
15 Deposits						
Money market deposits	623.80	4 078.53	1 631.71	623.80	487.00	622.87
Term deposits	0.09	6.70	0.55	0.09	0.80	0.21
Savings deposits	5 701.20	7 919.80	5 547.69	5 701.20	945.67	2 117.70
	6 325.09	**12 005.03**	**7 179.95**	**6 325.09**	**1 433.47**	**2 740.78**
Maturity analysis						
Less than 1 month	5 851.15	9 462.43	6 111.62	5 851.14	1 129.86	2 332.97
1 to 3 months	269.37	1 081.71	183.82	269.37	129.16	70.17
3 to 6 months	13.99	384.13	4.51	13.99	45.87	1.72
6 months to 1 year	136.87	28.69	599.43	136.87	3.43	228.82
1 to 5 years	48.43	473.59	100.15	48.44	56.55	38.23
Over 5 years	5.28	574.48	180.42	5.28	68.60	68.87
	6 325.09	**12 005.03**	**7 179.95**	**6 325.09**	**1 433.47**	**2 740.78**
Concentration						
Financial institutions	816.19	3 735.83	1 833.45	816.19	446.08	699.88
Companies	4 738.69	7 186.17	4 074.83	4 738.69	858.07	1 555.47
Individuals	770.21	1 083.03	1 271.67	770.21	129.32	485.43
	6 325.09	**12 005.03**	**7 179.95**	**6 325.09**	**1 433.47**	**2 740.78**

	Unaudited inflation adjusted 30 June 2020 %	 30 June 2019 %	 31 December 2019 %	Unaudited historical 30 June 2020 %	 30 June 2019 %	 31 December 2019 %
Concentration						
Financial institutions	12.90%	31.12%	25.54%	12.90%	31.12%	25.50%
Companies	74.92%	59.86%	56.75%	74.92%	59.86%	56.80%
Individuals	12.18%	9.02%	17.71%	12.18%	9.02%	17.70%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**

	Unaudited inflation adjusted 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm
16 Credit lines						
PTA Bank loan	775.33	838.24	938.13	775.33	100.09	358.11
Shelter Afrique	308.50	390.35	274.67	308.50	46.61	104.85
AFDB loan	1 485.42	1 419.19	1 138.62	1 485.42	169.46	434.64
	2 569.25	**2 647.78**	**2 351.42**	**2 569.25**	**316.16**	**897.60**
Maturity analysis						
Less than 1 month	66.19	62.51	50.11	66.19	7.46	19.13
1 to 3 months	364.37	161.45	316.25	364.37	19.28	120.72
3 to 6 months	132.76	137.22	79.59	132.76	16.39	30.38
6 months to 1 year	509.46	415.16	481.78	509.46	49.57	183.91
1 year to five years	1 496.47	1 871.45	1 423.69	1 496.47	223.46	543.46
	2 569.25	**2 647.79**	**2 351.42**	**2 569.25**	**316.16**	**897.60**

	Tier of debt	First Call Date	Maturity Date	Type of loan
PTA Bank loan US$25m 3 months LIBOR + 6.75%	Senior	Oct-17	Mar-21	Term Loans
Shelter Afrique US$9.6m base rate 8.19% + margin rate of 4%	Senior	Jul-14	Dec-23	Term Loans
Shelter Afrique US$4.8m base rate 8.19% + margin rate of 5%	Senior	Jul-14	Sep-22	Term Loans
AFDB US$25m Loan 6 months libor + 6.5%	Senior	Sep-18	Sep-21	Term Loans
Total				

As security for the TDB loan, the Society registered bonds of US$7m and issued powers of attorney to register bonds (in the event of default) over property with a fair value of US$29.12m as at 30 June 2020 (both Investment property and Owner occupied property). The Shelter Afrique loan is secured by a guarantee from OMZIL as well as a cession of the performing loan book covering two times the exposure at any given time.

	Unaudited inflation adjusted 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm	Unaudited historical 30 June 2020 ZWLm	 30 June 2019 ZWLm	 31 December 2019 ZWLm
17 Other liabilities						
Trade creditors	392.89	437.62	279.60	381.16	46.10	102.56
Cash-settled share based liability	3.76	7.59	8.17	3.76	0.91	3.12
Other financial liabilities	15.09	19.06	42.49	15.09	2.28	16.22
Deferred Revenue	319.56	269.35	306.66	36.44	14.65	26.10
	731.30	**733.62**	**636.92**	**436.45**	**63.94**	**148.00**
18 Provisions						
Opening balance	64.76	81.13	81.13	24.72	4.98	4.98
Net movements	19.78	(39.81)	(16.37)	59.82	(0.02)	19.74
Closing balance	**84.54**	**41.32**	**64.76**	**84.54**	**4.96**	**24.72**
19 Deferred taxation						
As at the beginning of the period	98.58	54.75	54.75	37.63	3.29	3.29
Other timing differences	25.89	18.19	43.83	86.84	5.42	34.34
As at the end of the period	**124.47**	**72.94**	**98.58**	**124.47**	**8.71**	**37.63**

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

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	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
20 Share capital and reserves						
20.1 Ordinary class "A" share capital						
Comprising 35 000 000 authorised, issued and fully paid shares of ZWL1 each.	**809.51**	**809.51**	**809.51**	**35.00**	**35.00**	**35.00**

The Board may at its discretion from time to time issue Ordinary class "A" shares in denominations of ZWL1 each or multiples thereof and all such shares shall carry dividends payable out of the available surplus of the Society.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
20.2 Retained earnings						
As at the beginning of the period	1 753.06	2 100.95	2 100.95	345.79	127.33	127.33
Net surplus/(loss) for the period	601.06	(109.83)	(417.26)	1 184.72	59.57	218.98
Transfer between reserves	14.93	84.30	69.37	5.70	5.18	(0.52)
As at the end of the period	**2 369.05**	**2 075.42**	**1 753.06**	**1 536.21**	**192.08**	**345.79**
20.3 Regulatory provision reserve						
As at the beginning of the period	14.93	84.30	84.30	5.70	5.18	5.18
Regulatory impairment allowance	(14.93)	(84.30)	(69.37)	(5.70)	(5.18)	0.52
As at the end of the period	**-**	**-**	**14.93**	**-**	**-**	**5.70**
20.4 Non distributable reserve	**33.45**	**33.45**	**33.45**	**1.45**	**1.45**	**1.45**
20.5 Revaluation reserve						
As at the beginning of the period	757.74	165.20	165.20	453.12	19.63	19.63
Revaluation of property	350.77	238.94	592.54	1 114.79	72.55	433.49
As at the end of the period	**1 108.51**	**404.14**	**757.74**	**1 567.91**	**92.18**	**453.12**
20.6 Share based payment reserve						
As at the beginning of the period	134.26	133.81	133.81	5.82	5.79	5.79
Fair value gain	-	0.45	0.45	-	0.03	0.03
As at the end of the period	**134.26**	**134.26**	**134.26**	**5.82**	**5.82**	**5.82**
20.7 Translation reserve						
As at the beginning of the period	(493.08)	-	-	(37.55)	-	-
Movement for the period	-	(493.08)	(493.08)	-	(37.55)	(37.55)
As at the end of the period	**(493.08)**	**(493.08)**	**(493.08)**	**(37.55)**	**(37.55)**	**(37.55)**

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 debt 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.

The majority of 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 judgemental. 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.

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 categorised. Financial instruments whose carrying amount approximate fair value have been excluded from the analysis below.

		Unaudited inflation adjusted			
	Notes	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
As at 30 June 2020					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	21.41	21.41
Investment property	13	-	-	796.04	796.04
Non-current assets held for sale	11	-	-	19.87	19.87
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	12	-	-	1 683.50	1 683.50
		-	**-**	**2 520.82**	**2 520.82**
As at 30 June 2019					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	29.14	29.14
Investment property	13	-	-	526.86	526.86
Non-current assets held for sale	11	-	-	17.59	17.59
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	12	-	-	939.94	939.94
		-	**-**	**1 513.53**	**1 513.53**
As at 31 December 2019					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	22.61	22.61
Investment property	13	-	-	596.92	596.92
Non-current assets held for sale	11	-	-	28.19	28.19
Assets at fair value through other comprehensive income				-	
Owner occupied property (land and buildings)	12	-	-	1 344.34	1 344.34
		-	**-**	**1 992.06**	**1 992.06**

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21.1 Fair value hierarchy (continued)

		Unaudited historical			
	Notes	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
As at 30 June 2020					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	21.41	21.41
Investment property	13	-	-	796.04	796.04
Non-current assets held for sale	11	-	-	19.87	19.87
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	12	-	-	1 683.50	1 683.50
		-	**-**	**2 520.82**	**2 520.82**
As at 30 June 2019					
Assets at fair value through profit or loss					
Investment securities	9	-	-	3.48	3.48
Investment property	13	-	-	62.91	62.91
Non-current assets held for sale	11	-	-	2.10	2.10
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	12	-	-	112.27	112.27
		-	**-**	**180.76**	**180.76**
As at 31 December 2019					
Assets at fair value through profit or loss					
Investment securities	9	-	-	8.63	8.63
Investment property	13	-	-	227.86	227.86
Non-current assets held for sale	11	-	-	10.76	10.76
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	12	-	-	513.17	513.17
		-	**-**	**760.42**	**760.42**

21.2 Reconciliation of level 3 items

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
Balance as at the beginning of the period	**1 992.06**	**1 116.48**	**1 116.48**	**760.42**	**68.58**	**68.58**
Change in functional currency	-	3.67	3.67	-	0.28	0.28
Additions	-	32.10	-	-	1.35	-
Disposal of non current assets held for sale	-	(0.63)	73.01	-	(0.05)	17.85
Transfer in	24.18	-	(10.53)	4.78	-	(0.45)
Depreciation recognised on owner occupied property	(29.90)	(15.28)	(30.57)	(5.69)	(0.49)	(2.08)
Gains or losses for the period:						
Fair value gain through profit or loss	166.61	145.73	219.68	572.50	40.53	216.95
Revaluation gain on owner occupied property	369.07	236.27	615.05	1 176.03	0.45	455.21
Exchange gains	(1.20)	(4.81)	5.27	12.78	70.11	4.08
Balance at the end of the period	**2 520.82**	**1 513.53**	**1 992.06**	**2 520.82**	**180.76**	**760.42**

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.

Assets	Valuation technique and inputs
Owner occupied property (land and buildings)	Sales comparison method, market rentals and yields
Investment property	Sales comparison method, market rentals and yields
Non-current assets held for sale	Sales comparison method, market rentals and yields
Investment in equity	Income approach - discount rates, cashflows and growth

Type of property	Valuation approach	Key unobservable inputs	Inter-relationship between unobservable inputs and the fair value measurement
Office, Retail and Industrial Properties	Income Capitalisation	Rental income per square meter and capitalisation rates and vacancies	The estimated fair value would increase if: >net rental income increased; >capitalisation rates decreased; and >vacancies decreased. The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential property	Sales Comparison approach.	Price for comparable properties	The estimated fair value would increase if prices for comparable properties increased. The estimated fair value would decrease if the unobservable inputs changed the other way.
Land	Sales Comparison approach.	Price for comparable properties	The estimated fair value would increase if prices for comparable properties increased. The estimated fair value would decrease if the unobservable inputs changed the other way.
Investment securities	Discounted cash flows (DCF) EBITDA multiples, price earnings ratios, adjusted net asset values, and discounted dividend growth model approach.	Valuation multiples, volatilities, credit spreads, dividend growth rates, internal rates of return, cost of capital and risk premiums	The estimated fair value would increase if the discount rates were decreased. The estimated fair value would decrease if the unobservable inputs changed the other way.

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

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 investments securities, loans and advances, credit lines, and other financial assets and financial liabilities at amortised cost. The calculation of the fair value of these financial instruments represents the Society's best estimate of the value at which these financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date. The Society's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer the financial liability in an involuntary liquidation or distressed sale.

The table below shows the fair value hierarchy only for those assets and liabilities for which the fair value is different to the carrying value and which is being estimated for the purpose of IFRS disclosure. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table:

	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Unaudited inflation adjusted					
30 June 2020					
Treasury bills	1 009.09	-	-	985.36	985.36
30 June 2019					
Treasury bills	1 193.24	-	-	1 843.29	1 843.29
31 December 2019					
Treasury bills	350.98	-	-	290.26	290.26
Unaudited historical					
30 June 2020					
Treasury bills	1 009.09	-	-	916.71	916.71
30 June 2019					
Treasury bills	142.48	-	-	129.13	129.13
31 December 2019					
Treasury bills	133.98	-	-	110.80	110.80

Investment securities
For investment securities other than Treasury bills presented within note 8 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 10 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 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 16 as financial liabilities at amortised cost in terms of IFRS 9 are not carried at fair value. The fair value is determined using discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 3).

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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.

Several 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 Securities (Private) Limited;
- 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 Financial Officer, Head of Corporate Banking, Head of Retail Banking, Head of Risk, Head of Operations, Head of Treasury, Head of Compliance, Head of Credit, and the Marketing Executive.

		Unaudited inflation adjusted			Unaudited historical		
		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
22.1	**Loans to Directors**						
	Opening balance	10.75	258.72	258.72	4.10	15.90	15.90
	Issued during the period	-	50.90	27.17	-	4.01	3.16
	Interest and insurance charges	0.42	11.42	8.25	0.25	0.90	0.96
	Repayments during the period	(1.65)	(15.11)	(136.90)	(0.95)	(1.19)	(15.92)
	Monetary adjustment	(6.12)	(141.63)	(146.49)	-	-	-
	Closing balance	**3.40**	**164.30**	**10.75**	**3.40**	**19.62**	**4.10**

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 Director's which are in accordance with staff loan schemes.

		Unaudited inflation adjusted			Unaudited historical		
		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
22.2	**Balances with group companies**						
	During the period the Society had transactions with group companies and the outstanding balances at period end were:						
	Amounts due to fellow subsidiaries	(16.07)	(1 902.73)	(626.70)	(16.07)	(149.89)	(239.20)
	Amounts due from fellow subsidiaries	12.27	-	4.43	12.27	-	1.69
	Amounts due to the holding company	(15.34)	(3.94)	-	(15.34)	(0.31)	-
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 paid to fellow subsidiaries	5.23	100.16	82.89	9.12	7.89	9.64
	Fees payable to Old Mutual Properties (Private) Limited	5.21	7.36	9.54	3.35	0.58	1.47
	Outsourced services to group	16.30	75.78	85.30	10.80	5.97	7.98
22.4	**Loans to executives and senior management**	**4.65**	**19.85**	**11.13**	**4.65**	**2.37**	**4.25**
	These loans were granted at arm's length.						
22.5	**Compensation of key management personnel**						
	The remuneration of Directors and other members of key management during the period was as follows:						
	Short term employment benefits	66.51	52.96	102.22	40.79	4.21	16.69
	Post employment benefits	0.76	1.11	1.70	0.47	0.09	0.22
	Share based payments	0.56	7.70	8.51	0.56	0.90	3.11
		67.83	**61.77**	**112.43**	**41.82**	**5.20**	**20.02**
22.6	**Directors fees**	**3.81**	**1.93**	**5.87**	**2.05**	**0.16**	**1.20**

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		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
23	**Post employment employee benefits**						
	Old Mutual Group Pension Fund	5.02	6.92	11.26	3.02	0.54	1.47
	NSSA	0.98	3.08	4.45	0.63	0.24	0.53
		6.00	**10.00**	**15.71**	**3.65**	**0.78**	**2.00**

23.1 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.

23.2 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 Equity settled share option program

Indigenisation transaction
In 2012, the Society, through its holding company OMZIL, entered into an indigenisation transaction under the Indigenisation and Economic Empowerment (General) Regulations (Chapter 14:33). Eligible participants received share allocations under various trusts. The allocations represent a share based payment transaction as defined in *IFRS 2 Share based payment*. The shares allocated are issued and fully paid shares in the capital of OMZIL.

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.

		Unaudited inflation adjusted			Unaudited historical		
		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
24.1.2	**Composition of share-based payment liabilities**						
	Total liability	**134.26**	**134.26**	**134.26**	**5.82**	**5.82**	**5.82**

24.2.1 Cash settled share program

Broad Based Employee Share Plan (BBESP)
In the financial year ending 31 December 2018, OMZIL granted share awards to all eligible employees as part of the primary listing of Old Mutual Limited on the Johannesburg Stock Exchange (JSE). All permanent employees of the Group on the date of listing of Old Mutual Limited were eligible to participate, if they were still permanently employed by OMZIL on the grant date of 18 September 2018.

All participants received a fixed Rand value offer of ZAR10 000 converted into the local currency, after reducing the award by the amount needed to cover the tax liability on the award for each employee in compliance with tax legislation which states that share awards are taxable on grant. The actual number of shares granted to each employee was calculated on the grant date using the price of the Old Mutual Limited share on the Johannesburg Stock Exchange.

The BBESP award will be restricted for a period of two years from the grant date. Participants are entitled to receive dividends in respect of the share awards during the restricted period. At the end of the restricted period, the value of the vested share awards will be paid in cash to the participants. The BBESP awards will not be subject to performance conditions; however, the award is subject to the condition that participants remain employed by the Old Mutual Group during the restricted period.

The fair value of services received in return for the BBESP is measured by reference to the fair value of share entitlements granted over the service period. The fair value is measured using the closing price of the Old Mutual Limited share on the Johannesburg Stock Exchange at each reporting date. The cash-settled share based payment liability is maintained in the Society and remeasured at each reporting date during the period up to exercise of the share options, with changes in fair value recorded in profit or loss.

		Unaudited inflation adjusted			Unaudited historical		
		30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
24.2.2	**Composition of share-based payments liability**	**3.76**	**7.59**	**8.17**	**3.76**	**0.91**	**3.12**

	30 June 2020 Number of shares (m)	30 June 2019 Number of shares (m)	31 December 2019 Number of shares (m)
Movement relating to share entitlements and awards during the period are as follows:			
Outstanding, at the beginning of the period	0.20	0.16	0.16
Granted during the period	-	-	0.06
Forfeited during the period	-	-	(0.02)
Transferred in during the period	-	-	0.01
Vested during the period	(0.01)	-	(0.01)
Outstanding, at the end of the period	**0.19**	**0.16**	**0.20**

25 Risk management

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

The 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.

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;
- Strategic risk and
- Reputational risk.

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25 Risk management (continued)

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).

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 judgement of management, indicate that repayments will most likely continue. These policies are kept under continuous review.

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 loans Review Committee and 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, 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;
- Regular audits of the Society's credit processes are undertaken by the Old Mutual Group Internal Audit and the Society's Internal Audit; and
- Capital requirements for credit risk are subject to Basel II Modified Standardised approach.

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.

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Credit risk mitigation
Credit risk mitigation refers to the actions that can be taken by the Society to manage its exposure to credit risk 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 focus on the taking of 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 11) represents repossessed collateral property which the Society intends on converting 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, 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 ZWL1 107.35m (2018:ZWL528.50m).

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.

	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	Principal type of collateral held
Type of credit exposure				
Treasury Bills	0%	0%	0%	None
Fixed deposits	100%	100%	100%	Treasury Bills
Mortgage loans	100%	100%	100%	Property
Corporate loans	55%	60%	19%	Property and guarantees
Consumer loans	85%	85%	85%	Insurance

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 actions.

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.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
Non credit impaired loans						
Less than 50%	10.03	162.30	27.98	10.03	19.38	10.68
51% to 75%	8.56	296.64	34.11	8.56	35.42	13.02
76% to 100%	15.16	838.07	73.32	15.16	100.07	27.99
More than 100%	185.39	543.94	423.55	185.39	64.95	161.68
Total	**219.14**	**1 840.95**	**558.96**	**219.14**	**219.82**	**213.37**
Credit impaired loans						
Less than 50%	0.39	5.86	1.05	0.39	0.70	0.40
51% to 75%	0.22	11.05	1.34	0.22	1.32	0.51
76% to 100%	0.39	30.48	1.89	0.39	3.64	0.72
More than 100%	12.94	187.43	45.11	12.94	22.38	17.22
Total	**13.94**	**234.82**	**49.39**	**13.94**	**28.04**	**18.85**

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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 period by taking possession of collateral held as security against loans and advances and held at the period end, are shown below.

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 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 based on 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:

30 June 2020 - Unaudited inflation adjusted

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	3 692.88	94.67	3 598.21
Grade D,E,F,G	Special mention	3-10% general provision	344.22	14.55	329.67
Grade H	Sub standard	20% specific provision on balance less security held	17.47	9.79	7.68
Grade I	Doubtful	50% of total outstanding balance less security held	5.43	4.01	1.42
Default	Loss	100% of total outstanding balance less security held	20.78	14.14	6.64
		Portfolio total	**4 080.78**	**137.16**	**3 943.62**

30 June 2019 - Unaudited inflation adjusted

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	6 587.20	139.78	6 447.42
Grade D,E,F,G	Special mention	3-10% general provision	1 557.63	77.97	1 479.66
Grade H	Sub standard	20% specific provision on balance less security held	54.02	20.52	33.50
Grade I	Doubtful	50% of total outstanding balance less security held	37.52	16.92	20.60
Default	Loss	100% of total outstanding balance less security held	251.16	131.07	120.09
		Portfolio total	**8 487.53**	**386.26**	**8 101.27**

31 December 2019 - Unaudited inflation adjusted

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	3 305.56	77.54	3 228.02
Grade D,E,F,G	Special mention	3-10% general provision	647.37	30.00	617.37
Grade H	Sub standard	20% specific provision on balance less security held	7.54	4.30	3.24
Grade I	Doubtful	50% of total outstanding balance less security held	11.83	7.54	4.29
Default	Loss	100% of total outstanding balance less security held	63.10	35.42	27.68
		Portfolio total	**4 035.40**	**154.80**	**3 880.60**

30 June 2020 - Unaudited historical

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	3 692.88	94.67	3 598.21
Grade D,E,F,G	Special mention	3-10% general provision	344.22	14.55	329.67
Grade H	Sub standard	20% specific provision on balance less security held	17.47	9.79	7.68
Grade I	Doubtful	50% of total outstanding balance less security held	5.43	4.01	1.42
Default	Loss	100% of total outstanding balance less security held	20.78	14.14	6.64
		Portfolio total	**4 080.78**	**137.16**	**3 943.62**

30 June 2019 - Unaudited historical

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	786.55	16.69	769.86
Grade D,E,F,G	Special mention	3-10% general provision	185.99	9.31	176.68
Grade H	Sub standard	20% specific provision on balance less security held	6.45	2.45	4.00
Grade I	Doubtful	50% of total outstanding balance less security held	4.48	2.02	2.46
Default	Loss	100% of total outstanding balance less security held	29.99	15.65	14.34
		Portfolio total	**1 013.46**	**46.12**	**967.34**

31 December 2019 - Unaudited historical

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	1 261.82	29.60	1 232.22
Grade D,E,F,G	Special mention	3-10% general provision	247.12	11.45	235.67
Grade H	Sub standard	20% specific provision on balance less security held	2.88	1.64	1.24
Grade I	Doubtful	50% of total outstanding balance less security held	4.52	2.88	1.64
Default	Loss	100% of total outstanding balance less security held	24.08	13.52	10.56
		Portfolio total	**1 540.42**	**59.09**	**1 481.33**

The Society also considers 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.

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25 Risk management (continued)

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 ratio, the liquidity gap, and the interest rate repricing gap.

Liquidity ratio

The liquidity ratio 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 borrowings, and liabilities maturing within the same short term period term period.

Liquidity gap

The liquidity gap is the difference between assets and liabilities in each 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 when in need.

Assets and Liabilities Committee

The Assets and Liabilities Committee (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) 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.

Details of the liquidity ratio as at 30 June and 31 December are given below:

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
Total liquid assets	4 101.36	5 843.02	6 002.44	4 101.36	697.69	2 291.29
Total liabilities to the public	8 894.34	14 652.56	9 531.38	8 894.34	1 749.60	3 638.38
Current liquidity ratio	46%	40%	63%	46%	40%	63%
Maximum ratio for the period	65%	42%	63%	65%	42%	63%
Minimum ratio for the period	45%	33%	34%	45%	33%	34%
Average ratio for the period	57%	38%	50%	57%	38%	50%

25.2.1 Liquidity gap analysis

Unaudited inflation adjusted - Liquidity gap analysis

As at 30 June 2020	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	2 997.53	1.94	0.62	0.07	-	3 000.16
Investment securities	144.06	956.93	0.21	-	-	1 101.20
Other assets	-	-	-	-	2 503.49	2 503.49
Loans and advances	859.07	996.40	1 994.84	43.68	-	3 893.99
Intangible assets	-	-	-	-	295.72	295.72
Property and equipment	-	-	-	-	2 185.88	2 185.88
Investment property	-	-	-	-	796.04	796.04
Non-current assets held for sale	-	-	-	-	19.87	19.87
Total assets	**4 000.66**	**1 955.27**	**1 995.67**	**43.75**	**5 801.00**	**13 796.35**
Liabilities						
Deposits	6 120.52	150.86	48.43	5.28	-	6 325.09
Credit lines	430.56	642.22	1 496.47	-	-	2 569.25
Other liabilities	-	-	-	-	731.30	731.30
Provisions	-	-	-	-	84.54	84.54
Deferred taxation	-	-	-	-	124.47	124.47
Shareholder's equity	-	-	-	-	3 961.70	3 961.70
Total liabilities	**6 551.08**	**793.08**	**1 544.90**	**5.28**	**4 902.01**	**13 796.35**
Net liquidity gap	**(2 550.42)**	**1 162.19**	**450.77**	**38.47**	**898.99**	**-**
Cumulative liquidity gap	**(2 550.42)**	**(1 388.23)**	**(937.46)**	**(898.99)**	**-**	**-**

Unaudited inflation adjusted - Liquidity gap analysis

As at 30 June 2019	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	3 770.17	-	-	-	-	3 770.17
Investment securities	1 232.35	577.53	262.97	-	-	2 072.85
Other assets	-	-	-	-	2 435.99	2 435.99
Loans and advances	1 204.55	2 593.51	3 928.29	347.55	-	8 073.90
Intangible assets	-	-	-	-	17.59	17.59
Property and equipment	-	-	-	-	1 403.47	1 403.47
Investment property	-	-	-	-	526.86	526.86
Non-current assets held for sale	-	-	-	-	163.56	163.56
Total assets	**6 207.07**	**3 171.04**	**4 191.26**	**347.55**	**4 547.47**	**18 464.39**
Liabilities						
Deposits	10 544.13	412.79	473.60	574.51	-	12 005.03
Credit lines	223.61	552.40	1 871.77	-	-	2 647.78
Other liabilities	-	-	-	-	733.62	733.62
Provisions	-	-	-	-	41.32	41.32
Deferred taxation	-	-	-	-	72.94	72.94
Shareholder's equity	-	-	-	-	2 963.70	2 963.70
Total liabilities	**10 767.74**	**965.19**	**2 345.37**	**574.51**	**3 811.58**	**18 464.39**
Net liquidity gap	**(4 560.67)**	**2 205.85**	**1 845.89**	**(226.96)**	**735.89**	**-**
Cumulative liquidity gap	**(4 560.67)**	**(2 354.82)**	**(508.93)**	**(735.89)**	**-**	**-**

Unaudited inflation adjusted - Liquidity gap analysis

As at 31 December 2019	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	3 682.09	-	-	-	-	3 682.09
Investment securities	643.36	225.95	128.13	15.06	-	1 012.50
Other assets	-	-	-	-	2 073.83	2 073.83
Loans and advances	483.31	1 032.73	2 268.19	111.31	-	3 895.54
Intangible assets	-	-	-	-	28.19	28.19
Property and equipment	-	-	-	-	1 898.79	1 898.79
Investment property	-	-	-	-	596.92	596.92
Non-current assets held for sale	-	-	-	-	153.64	153.64
Total assets	**4 808.76**	**1 258.68**	**2 396.32**	**126.37**	**4 751.37**	**13 341.50**
Liabilities						
Deposits	6 295.45	603.94	100.15	180.41	-	7 179.95
Credit lines	366.39	561.34	1 423.69	-	-	2 351.42
Other liabilities	-	-	-	-	636.92	636.92
Provisions	-	-	-	-	64.76	64.76
Deferred taxation	-	-	-	-	98.58	98.58
Shareholder's equity	-	-	-	-	3 009.87	3 009.87
Total liabilities	**6 661.84**	**1 165.28**	**1 523.84**	**180.41**	**3 810.13**	**13 341.50**
Net liquidity gap	**(1 853.08)**	**93.40**	**872.48**	**(54.04)**	**941.24**	**-**
Cumulative liquidity gap	**(1 853.08)**	**(1 759.68)**	**(887.20)**	**(941.24)**	**-**	**-**

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25.2.1 Liquidity gap analysis (continued)

Unaudited historical - Liquidity gap analysis

As at 30 June 2020	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	2 997.53	1.94	0.62	0.07	-	3 000.16
Investment securities	144.06	956.93	0.21	-	-	1 101.20
Other assets	-	-	-	-	1 984.32	1 984.32
Loans and advances	859.07	996.40	1 994.84	43.68	-	3 893.99
Intangible assets	-	-	-	-	91.87	91.87
Property and equipment	-	-	-	-	1 761.19	1 761.19
Investment property	-	-	-	-	796.04	796.04
Non-current assets held for sale	-	-	-	-	19.87	19.87
Total assets	**4 000.66**	**1 955.27**	**1 995.67**	**43.75**	**4 653.29**	**12 648.64**
Liabilities						
Deposits	6 120.52	150.86	48.43	5.28	-	6 325.09
Credit lines	430.56	642.22	1 496.47	-	-	2 569.25
Other liabilities	-	-	-	-	436.45	436.45
Provisions	-	-	-	-	84.54	84.54
Deferred taxation	-	-	-	-	124.47	124.47
Shareholder's equity	-	-	-	-	3 108.84	3 108.84
Total liabilities	**6 551.08**	**793.08**	**1 544.90**	**5.28**	**3 754.30**	**12 648.64**
Net liquidity gap	**(2 550.42)**	**1 162.19**	**450.77**	**38.47**	**898.99**	**-**
Cumulative liquidity gap	**(2 550.42)**	**(1 388.23)**	**(937.46)**	**(898.99)**	**-**	**-**

Unaudited historical - Liquidity gap analysis

As at 30 June 2019	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	450.18	-	-	-	-	450.18
Investment securities	147.15	68.96	31.40	-	-	247.51
Other assets	-	-	-	-	237.04	237.04
Loans and advances	143.83	309.68	469.06	41.50	-	964.07
Intangible assets	-	-	-	-	7.64	7.64
Property and equipment	-	-	-	-	144.77	144.77
Investment property	-	-	-	-	62.91	62.91
Non-current assets held for sale	-	-	-	-	2.10	2.10
Total assets	**741.16**	**378.64**	**500.46**	**41.50**	**454.46**	**2 116.22**
Liabilities						
Deposits	1,259.03	49.29	56.55	68.60	-	1,433.47
Credit lines	26.70	65.96	223.50	-	-	316.16
Other liabilities	-	-	-	-	63.94	63.94
Provisions	-	-	-	-	4.96	4.96
Deferred taxation	-	-	-	-	8.71	8.71
Shareholder's equity	-	-	-	-	288.98	288.98
Total liabilities	**1,285.73**	**115.25**	**280.05**	**68.60**	**366.59**	**2,116.22**
Net liquidity gap	**(544.57)**	**263.39**	**220.41**	**(27.10)**	**87.87**	**-**
Cumulative liquidity gap	**(544.57)**	**(281.18)**	**(60.77)**	**(87.87)**	**-**	**-**

Unaudited historical - Liquidity gap analysis

As at 31 December 2019	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	1 405.55	-	-	-	-	1 405.55
Investment securities	245.59	86.25	48.91	5.75	-	386.50
Other assets	-	-	-	-	558.79	558.79
Loans and advances	184.49	394.22	865.83	42.49	-	1 487.03
Intangible assets	-	-	-	-	8.08	8.08
Property and equipment	-	-	-	-	573.49	573.49
Investment property	-	-	-	-	227.86	227.86
Non-current assets held for sale	-	-	-	-	10.76	10.76
Total assets	**1 835.63**	**480.47**	**914.74**	**48.24**	**1 378.98**	**4 658.06**
Liabilities						
Deposits	2 403.14	230.54	38.23	68.87	-	2 740.78
Credit lines	139.86	214.28	543.46	-	-	897.60
Other liabilities	-	-	-	-	148.00	148.00
Provisions	-	-	-	-	24.72	24.72
Deferred taxation	-	-	-	-	37.63	37.63
Shareholder's equity	-	-	-	-	809.33	809.33
Total liabilities	**2 543.00**	**444.82**	**581.69**	**68.87**	**1 019.68**	**4 658.06**
Net liquidity gap	**(707.37)**	**35.65**	**333.05**	**(20.63)**	**359.30**	**-**
Cumulative liquidity gap	**(707.37)**	**(671.72)**	**(338.67)**	**(359.30)**	**-**	**-**

25.3 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.

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 6/12 months is highlighted below:

	Unaudited inflation adjusted			Unaudited historical		
	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
(2)%	(17.10)	(1.90)	(20.15)	(9.83)	(0.15)	(0.45)
(1)%	(8.56)	(3.68)	(10.19)	(4.92)	(0.29)	(0.23)
(0.50)%	(4.28)	(7.36)	(4.98)	(2.46)	(0.58)	(0.11)
0.50%	4.28	7.36	4.98	2.46	0.58	0.11
1%	8.56	3.68	10.19	4.92	0.29	0.23
2%	17.10	1.90	20.15	9.83	0.15	0.45

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.

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25 Risk management (continued)

25.3 Market risks (continued)

25.3.1 Exposure to interest rate risk (continued)

Unaudited inflation adjusted - Interest rate repricing and gap analysis

30 June 2020	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	144.06	956.93	0.21	-	1 101.20
Loans and advances	859.07	996.40	1 994.84	43.68	3 893.99
Total assets	**1 003.13**	**1 953.33**	**1 995.05**	**43.68**	**4 995.19**
Liabilities					
Deposits	461.33	150.86	48.43	5.28	665.90
Credit lines	430.56	642.22	1 496.47	-	2 569.25
Total liabilities	**891.89**	**793.08**	**1 544.90**	**5.28**	**3 235.15**
Net liquidity gap	**111.24**	**1 160.25**	**450.15**	**38.40**	**1 760.04**
Cumulative interest rate repricing liquidity gap	**111.24**	**1 271.49**	**1 721.64**	**1 760.04**	**-**

Unaudited inflation adjusted - Interest rate repricing and gap analysis

30 June 2019	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	1 232.35	577.53	262.97	-	2 072.85
Loans and advances	1 204.55	2 593.51	3 928.29	347.55	8 073.90
Total assets	**2 436.90**	**3 171.04**	**4 191.26**	**347.55**	**10 146.75**
Liabilities					
Deposits	2 798.52	412.79	473.60	574.51	4 259.42
Credit lines	223.61	552.40	1 871.77	-	2 647.78
Total liabilities	**3 022.13**	**965.19**	**2 345.37**	**574.51**	**6 907.20**
Net liquidity gap	**(585.23)**	**2 205.85**	**1 845.89**	**(226.96)**	**3 239.55**
Cumulative interest rate repricing liquidity gap	**(585.23)**	**1 620.62**	**3 466.51**	**3 239.55**	**-**

Unaudited inflation adjusted - Interest rate repricing and gap analysis

31 December 2019	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	643.36	225.95	128.13	15.06	1 012.50
Loans and advances	483.31	1 032.73	2 268.19	111.31	3 895.54
Total assets	**1 126.67**	**1 258.68**	**2 396.32**	**126.37**	**4 908.04**
Liabilities					
Deposits	747.76	603.94	100.15	180.42	1 632.27
Credit lines	366.39	561.34	1 423.69	-	2 351.42
Total liabilities	**1 114.15**	**1 165.28**	**1 523.84**	**180.42**	**3 983.69**
Net liquidity gap	**12.52**	**93.40**	**872.48**	**(54.05)**	**924.35**
Cumulative interest rate repricing liquidity gap	**12.52**	**105.92**	**978.40**	**924.35**	**-**

Unaudited historical - Interest rate repricing and gap analysis

30 June 2020	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	144.06	956.93	0.21	-	1 101.20
Loans and advances	859.07	996.40	1 994.84	43.68	3 893.99
Total assets	**1 003.13**	**1 953.33**	**1 995.05**	**43.68**	**4 995.19**
Liabilities					
Deposits	461.33	150.86	48.43	5.28	665.90
Credit lines	430.56	642.22	1 496.47	-	2 569.25
Total liabilities	**891.89**	**793.08**	**1 544.90**	**5.28**	**3 235.15**
Net liquidity gap	**111.24**	**1 160.25**	**450.15**	**38.40**	**1 760.04**
Cumulative interest rate repricing liquidity gap	**111.24**	**1 271.49**	**1 721.64**	**1 760.04**	**-**

Unaudited historical - Interest rate repricing and gap analysis

30 June 2019	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	147.15	68.96	31.40	-	247.51
Loans and advances	143.83	309.68	469.06	41.50	964.07
Total assets	**290.98**	**378.64**	**500.46**	**41.50**	**1 211.58**
Liabilities					
Deposits	334.16	49.29	56.55	68.60	508.60
Credit lines	26.70	65.96	223.50	0.00	316.16
Total liabilities	**360.86**	**115.25**	**280.05**	**68.60**	**824.76**
Net liquidity gap	**(69.88)**	**263.39**	**220.41**	**(27.10)**	**386.82**
Cumulative interest rate repricing liquidity gap	**(69.88)**	**193.51**	**413.92**	**386.82**	**-**

Unaudited historical - Interest rate repricing and gap analysis

31 December 2019	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	245.59	86.25	48.91	5.75	386.50
Loans and advances	184.49	394.22	865.83	42.49	1 487.03
Total assets	**430.08**	**480.47**	**914.74**	**48.24**	**1 873.53**
Liabilities					
Deposits	285.44	230.54	38.23	68.87	623.08
Credit lines	139.86	214.28	543.46	-	897.60
Total liabilities	**425.30**	**444.82**	**581.69**	**68.87**	**1 520.68**
Net liquidity gap	**4.78**	**35.65**	**333.05**	**(20.63)**	**352.85**
Cumulative interest rate repricing liquidity gap	**4.78**	**40.43**	**373.48**	**352.85**	**-**

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25.3.2 Exposure to foreign currency risk

The Society is exposed to exchange rate movement of various currencies against the Zimbabwe dollar. Below are the foreign currency exposures for the Society as at 30 June and 31 December:

	Exchange rate		
Currency name	**30 June 2020**	**30 June 2019**	**31 December 2019**
United States Dollar (US$)	57.36	6.54	16.77
South African Rand (ZAR)	0.30	0.46	0.84
Great British Pound (GBP)	70.47	8.29	22.00
Euro (EUR)	64.39	7.44	18.81
Botswana Pula (BWP)	4.87	0.62	1.58

	Cash and cash equivalent 2020	Cash and cash equivalent 2019	Net ZWL equivalent as at 30 June 2020	Net ZWL equivalent as at 30 June 2019	Effect on profit of a 10% depreciation 2020	Effect on profit of a 10% depreciation 2019	Effect on profit of a 10% appreciation 2020	Effect on profit of a 10% appreciation 2019
United States Dollar (US$)	**US$m**	**US$m**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	26.57	33.39	1524.06	218.37	(152.41)	(21.84)	152.41	21.84
South African Rand (ZAR)	**ZARm**	**ZARm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	39.03	93.67	129.41	43.09	(12.94)	(4.31)	12.94	4.31
Great British Pound (GBP)	**GBPm**	**GBPm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	0.07	-	4.93	-	(0.49)	-	0.49	-
Euro (EUR)	**EURm**	**EURm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	5.16	1.58	332.25	11.76	(33.23)	(1.18)	33.23	1.18
Botswana Pula (BWP)	**BWPm**	**BWPm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	0.76	2.22	3.70	1.38	(0.37)	(0.14)	0.37	0.14

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. The Society has an independent compliance function that ensures compliance with all regulatory requirements under the oversight of the Board Risk and Compliance and the Board Audit Committees and the Board.

Compliance risk is managed through a Board approved Compliance Programme, the Anti Money Laundering (AML), Counter Terrorist Financing (CTF), and Sanctions Screening Programme (SSP) as well as 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.

25.5 Operational risks

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:

- 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 the Group Internal Audit. The results of these audits are discussed with the 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.

25.6 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.

25.7 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 management 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 policies 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.

26 Risks and ratings

The RBZ conducts regular examinations of the banks and financial institutions it regulates. The latest Onsite Examination of the Society was in May 2018 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
Capital	1 - Strong
Asset Quality	3 - Fair
Management	3 - Fair
Earnings	1 - Strong
Liquidity and funds management	2 - Satisfactory
Sensitivity to market risk	2 - Satisfactory
Overall composite rating	2 - Satisfactory

Key

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

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26 Risks and ratings (continued)

Summary of Risk Matrix - for RBZ Onsite Inspection of May 2018

Type of Risk	Level of Inherent risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Risk
Credit	Moderate	Acceptable	Moderate	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Foreign Exchange	Low	Acceptable	Low	Stable
Interest Rate	Moderate	Acceptable	Moderate	Increasing
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	High	Acceptable	High	Stable
Legal and Compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

Interpretation of the Risk Matrix

Levels of inherent risk

Low	Reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the institution's overall functional condition.
Moderate	Could reasonably be expected to result in a loss, which could be absorbed by a banking institution in the normal course of business.
High	Reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

Adequacy of risk management systems

Weak	Risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important 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 must 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.

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For the Half Period Ended 30 June 2020

27 Capital management

The RBZ sets and monitors capital requirements for the Society through quarterly BSD1 returns. In implementing current capital requirements, the RBZ requires the Society to maintain a minimum Tier 1 capital requirement of US$30m equivalent and capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighted assets with effect from 31 December 2021.

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 include revaluation reserves, and subordinated debt.

The Society's policy is to maintain a strong capital base to maintain depositor confidence and sustain future developments of the business. The Society's regulatory position as at 30 June 2020 was as follows:

Capital adequacy	30 June 2020 ZWLm	30 June 2019 ZWLm	31 December 2019 ZWLm
Tier 1 capital			
Ordinary class "A" share capital	35.00	35.00	35.00
Retained earnings	1 548.29	157.80	302.06
Exposures to insiders and connected parties	(3.40)	(19.90)	(4.10)
Less Tier 1 allocated to market risk	(30.76)	(4.14)	(8.29)
Les Tier 1 allocated for operational risk	(22.91)	(15.87)	(22.91)
Total Tier 1 capital	**1 526.22**	**152.89**	**301.76**
Tier 2 capital			
Revaluation reserve (Limited by Tier 1)	1 433.10	92.18	290.40
General provisions	82.08	17.05	32.17
Other	11.03	8.18	10.39
Total Tier 2 capital	**1 526.21**	**117.41**	**332.96**
Tier 3 capital			
Allocation of capital for market risk	30.76	4.14	8.29
Allocation of capital for operational risk	22.91	15.87	22.91
Total Tier 3 capital	**53.67**	**20.01**	**31.20**
Deductions from total capital			
Shareholding in subsidiaries or holding company	(8.54)	-	-
Lending of a capital nature to associate companies and subsidiaries	(3.36)	-	-
Equity investments in non-subsidiary companies	(21.41)	-	-
Total deductions from total capital	**(33.31)**	**-**	**-**
Total regulatory capital	**3 072.79**	**290.31**	**665.92**
Total risk weighted assets	**6 566.58**	**1 363.61**	**2 573.22**
Capital adequacy ratio	**46.79%**	**21.29%**	**25.88%**

28 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	Expiry date
Long-term	National	A+	Stable Aug-2019
Long-term	National	A+	Stable Aug-2018
Long-term	National	A+	Stable Aug-2017

29 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.

30 Subsequent events

There were no significant subsequent events affecting the financial statements for the period ended 30 June 2020.