FINANCIAL RESULTS

For the half year ended 30 June 2021

CHAIRMAN'S STATEMENT
For the half year ended 30 June 2021

Dear Shareholder

Financial results

The six months ended 30 June 2021 continued to be characterised by Covid-19 induced macroeconomic challenges that affected planned economic recovery in some sectors. Despite this, the Society managed to display resilience with income from banking operations remaining positive.

Inflation adjusted results

During the first half year ended 30 June 2021, the Society attained a surplus amounting to ZWL1.07bn, a decline from ZWL1.24bn that was achieved in June 2020. The decline in the surplus was largely driven by a rise in operating costs.

Net interest income and net fee income improved significantly during the period. Net interest income grew by 124% to ZWL1.74bn in 2021 (2020: ZWL0.77bn), while net fee and commission income grew by 96% to ZWL2.02bn in 2021 (2020: ZWL1.03bn). Employee well-being initiatives and foreign obligations drove operating expenses up by 41% to ZWL1.83bn during the first half year of 2021 (2020: ZWL1.3bn).

The Society's financial position improved during the six months, with total assets increasing by 13% from ZWL30.60bn at 31 December 2020 to ZWL34.54bn in 30 June 2021. The loan book grew by 92% from ZWL8.51bn as at 31 December 2020 to ZWL16.38bn as at 30 June 2021, while non-performing loans remained below 0.5% throughout the period under review.

Historical results

In the six months to June 2021, the Society achieved a surplus amounting to ZWL1.72bn (2020: ZWL1.18bn) in historical cost terms.

Net interest income grew by 599% to ZWL1.65bn in 2021 (2020: ZWL0.24bn), while net fee and commission income grew by 504% to ZWL1.84bn in 2021 (2020: ZWL0.31bn). Operating expenses increased from ZWL0.32bn in 2020 to ZWL1.55bn in 2021, an increase of 391%, with higher expenditure being incurred towards foreign obligations due to exchange rate movements compared to the same period in 2020.

Human resources

The Society remains committed to preserving the well-being of its staff. The industrial relations climate has remained largely harmonious due to continuous engagements with staff. In 2021, the Society continued to adhere to the Ministry of Health and Child Care, as well as World Health Organisation Covid-19 prevention guidelines to protect staff and clients. The Society also continued to facilitate interventions through various wellness programmes to support its employees.

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 regulatory requirements.

Outlook

2021 is projected to end on an improved note compared to 2020, despite uncertainties relating to the Covid-19 pandemic. The Government's Covid-19 vaccination program is expected to reduce the impact of the pandemic. The implementation of prudent fiscal and monetary policies is anticipated to strengthen the economic stability as witnessed in the first half of the year. The Society will continue to play its part in the country's economic recovery by providing full banking services to clients.

I thank the Board of Directors and staff for their dedication and hard work, and most importantly our clients for their continued support.

Washington Matsaira
Chairman

31 August 2021

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MANAGING DIRECTOR'S REPORT
For the half year ended 30 June 2021

The Society continues to remain in a strong position despite the difficulties brought about by the Covid-19 pandemic. The period ended 30 June 2021 saw reduced national lockdowns and this supported an improvement in economic performance.

Financial performance

The Society achieved a solid performance on the back of an increase in lending and growth in digital transactions.

The Society recorded real growth in the loan book in inflation adjusted terms and a 124% improvement in the net interest margin.

The digitalisation strategy resulted in an increase in the volume of digital transactions through provision of a safer and more convenient digital experience for our clients. Net fee and commission income grew by 96% in inflation adjusted and 504% in historical terms.

The Society was compliant with the Reserve Bank of Zimbabwe's revised Tier 1 capital requirement of the ZWL equivalence of US$30m, ahead of the 31 December 2021 deadline. Capital preservation and growth measures being implemented by the Society are yielding positive results, with Tier 1 capital increasing from ZWL2.63bn (US$32.20m) in December 2020 to ZWL4.22bn (US$49.41m) in June 2021. Our strong capital position has allowed us to return capital to our shareholder in the form of dividends for a second consecutive year.

The Society encouraged clients to use digital platforms for their transacting needs and only visit branches for non-digital services. During the period, Covid-19 screening exercises were carried out at the Society's branches countrywide and assistance was provided to staff members who were either infected or affected by the virus.

Investing in innovation

The Society recorded the following achievements in its digital transformation journey during the period:

- A WhatsApp banking platform that allows clients to transact while on WhatsApp: Our clients simply need to save the number 0777 227 227, send a message saying "Hi" and then go through the registration process. The platform has various banking services which include but are not limited to balance enquiry, mini statement, airtime purchase, internal funds transfer and ZIPIT.
- The Society zero-rated its services for the CABS Mobile Banking Application and CABS Secure WhatsApp Banking link to enable customers to enjoy these services without any data.
- Eezy Credit, an instant payday loan facility accessible through our *227# USSD platform: Our clients can now access instant loans that become payable on the next salary date, with a maximum loan amount of half of their net salary. The service is available to clients who receive their salaries through a CABS account.
- Enhancements on the Mobile Banking Application for Android users: Our clients can now download or share a digitally stamped proof of payment after transacting using the CABS Mobile Banking Application. Rollout of the solution on IOS is currently in the pipeline and expected to be launched soon.
- The Society has added Zuva and Telone as billers on the CABS Mobile Banking Application. All payments made will instantly reflect in the two billers' accounts.

The Society's digital transformation initiatives aim at improving customer convenience and reducing physical interactions that might expose our clients and staff to the Covid-19 virus. The Society will continue to focus on bringing innovation to our clients for a better banking experience.

Investing in the economy

The Society is committed to supporting private sector investment in Zimbabwe, as well as enabling our customers to invest for the future and create economic opportunities. As part of this commitment, the following initiatives were undertaken:

- Enabling resilience for our export clients through the provision of targeted foreign currency financing. In the six months ending 30 June 2021, the Society increased its foreign currency loan book twofold, with agricultural firms being the largest beneficiaries.
- We have a reasonably balanced portfolio of correspondent banking relationships after recently securing an additional correspondent banking relationship with EBI SA Groupe, Ecobank, Paris, to support both inward and outward international payments for our customers.
- The Society has increased access to local currency consumer lending through the Flexi Credit, CPS and Eezy Credit facilities.
- CABS received €15 million long-term financing from the European Investment Bank (EIB). This was part of the EIB's rapid response programme across Africa that aims to strengthen economic resilience with respect to the Covid-19 pandemic. The facility will allow for longer loan repayment tenures which, in turn, will have a positive impact on our clients' cash flows.

Investing in the communities we serve

The Society recognises the need to invest in the communities in which it operates. Initiatives undertaken during the first half of the year include investment in social health infrastructure through the drilling of boreholes in schools in Harare and Bulawayo.

MANAGING DIRECTOR'S REPORT (continued)
For the half year ended 30 June 2021

Investing in our people

Our people remain our greatest asset and we continue to explore ways to enhance their development. The Society facilitates various local and foreign training programs for staff to maintain and enhance their skills so that they are better able to serve clients. In the wake of the Covid-19 pandemic, the Society shifted to online learning for staff, with topics ranging from financial literacy to management being covered.

Outlook and appreciation

The economy is projected to grow in 2021. We will continue to play our role as an intermediary to support our customers and, in the process, aid economic growth.

On behalf of management, I would like to thank our clients for their support so far in 2021 and our staff at CABS for their commitment and resilience in serving our clients despite the ongoing challenges brought about by Covid-19 related disruptions and the new ways of work. I would also like to thank our regulators for their continued support, as well as our Board as we continue to benefit from their expertise, leadership and strategic direction.

The Society will continue to focus on delivering on its long-term strategy of meeting our clients' needs and preserving shareholder value.

M Mpofu
Managing Director

31 August 2021

CORPORATE GOVERNANCE STATEMENT
For the half year ended 30 June 2021

The Board adheres to the principles of corporate governance derived from the Reserve Bank of Zimbabwe 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 Group 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 six months ended 30 June 2021, the Board comprised three (3) executive Directors, two (2) non-executive Directors and seven (7) independent non-executive Directors, as shown in the table below.

Board and Board Committee meeting attendance

During the six months ended 30 June 2021, the Board and its five Committees met at least once.

		Main Board	Audit Committee	Risk and Compliance Committee	Credit Committee	Loans Review Committee	ICT Committee
	Number of meetings held	**2**	**3**	**2**	**2**	**2**	**1**
1	Mr W Matsaira***	2	-	-	-	-	-
2	Mr M Mpofu*	2	-	-	-	-	-
3	Mr CT Ndoro*	2	-	-	-	-	-
4	Ms VC Muyambo*	2	-	-	-	-	-
5	Mrs RCD Chitengu***	2	3	1	-	-	-
6	Mr MJR Dube***	2	3	-	-	2	-
7	Mr W Gillwald***	2	-	-	-	1	-
8	Mr J Idesoh**	2	-	-	-	-	1
9	Mr DEB Long***	2	2	2	2	-	-
10	Mr S Matsekete**	2	-	-	-	-	-
11	Mrs T Mutaviri***	2	-	-	1	1	1
12	Mr AE Siyavora***	2	-	-	2	-	1

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

Board Committees

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

Board Audit Committee

RCD Chitengu (Mrs) — Chairman
DEB Long — Member
MJR Dube — Member

Board Risk and Compliance Committee

DEB Long — Chairman
RCD Chitengu (Mrs) — Member
J Idesoh — Member (Appointed 9 February 2021)

Board Credit Committee

AE Siyavora — Chairman
DEB Long — Member
T Mutaviri — Member (Appointed 9 February 2021)

Board Loans Review Committee

MJR Dube — Chairman
RCD Chitengu (Mrs) — Member (Appointed 9 February 2021)
W Gillwald — Member
T Mutaviri — Member (Resigned 9 February 2021)

Board ICT Committee (Established 11 February 2021)

T Mutaviri — Chairman
J Idesoh — Member
AE Siyavora — Member

Board Audit Committee

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

The members of this Committee currently comprise three independent non-executive Directors and it is chaired by an independent non-executive Director. The Committee met three times during the period ended 30 June 2021.

Board Risk and Compliance Committee

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

The Committee comprises three non-executive Directors, two of whom are independent, and is chaired by an independent non-executive Director.

Board Credit Committee

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

The Board Credit Committee currently comprises three independent non-executive Directors and is chaired by an independent non-executive Director. The Board Credit Committee met two times during the period ended 30 June 2021.

Board Loans Review Committee

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

The Committee currently comprises three independent non-executive Directors and is chaired by an independent non-executive Director. The Board Loans Review Committee met two times during the period ended 30 June 2021.

Board ICT Committee

The Board ICT Committee held its first meeting on 23 April 2021. The Committee was established to have strategic oversight and governance of the Society's strategic investment in information and communications technology (ICT), as well as data protection and information management. The Committee ensures that prudent and reasonable steps are taken with respect to ICT governance. It also reviews and assesses risks associated with information technology (IT), including disaster recovery, business continuity and IT security. The Committee comprises three non-executive Directors, two of whom are independent, and is chaired by an independent non-executive Director.

CABS

A Member of the OLDMUTUAL Group

FINANCIAL RESULTS

For the half year ended 30 June 2021

WE'LL HELP YOU GET THERE

INTERNAL AUDITOR'S STATEMENT
For the half year ended 30 June 2021

Internal audit continued to support the Board and executive management in their mandate to protect the Society's assets, reputation, and business sustainability by independently assessing governance, risk management and internal control processes. The focus during the first half of the year was on ensuring that emerging risks, given the fast changing business and technology landscape, are anticipated and proactively managed as the Society navigates the challenges induced by the Covid-19 pandemic. Internal audit thus prioritised auditing of high risk areas such as information and communication technology, retail operations and compliance.

The function was adequately resourced and enabled to discharge its function during the current remote working arrangements. The delivery of the approved annual audit plan is on course and the Internal Audit Charter was reviewed by the Board Audit Committee during the first quarter as required by internal auditing standards.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 30 June 2021

		Inflation Adjusted		Historical	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Notes	ZWLm	ZWLm	ZWLm	ZWLm
Interest income	2	1 956.29	1 107.39	1 843.04	335.32
Interest expense	2	(220.69)	(333.52)	(197.17)	(99.74)
Net interest income before impairment loss on financial assets		**1 735.60**	**773.87**	**1 645.87**	**235.58**
Impairment loss on interest earning financial assets	3	(337.94)	(380.68)	(337.94)	(184.12)
Income from lending activities		**1 397.66**	**393.19**	**1 307.93**	**51.46**
Fee and commission income	4.1	2 816.58	1 582.87	2 592.12	465.99
Fee and commission expense	4.1	(800.08)	(553.00)	(749.71)	(160.78)
Net fee and commission income		**2 016.50**	**1 029.87**	**1 842.41**	**305.21**
Other income	4.2	307.17	1 614.45	537.93	1 165.68
Net non-interest income before impairment loss on financial assets		**2 323.67**	**2 644.32**	**2 380.34**	**1 470.89**
Impairment loss on non-interest earning financial assets	3	(423.91)	(29.67)	(423.91)	(14.36)
Net non-interest income after impairment loss on financial assets		**1 899.76**	**2 614.65**	**1 956.43**	**1 456.53**
Operating income for the period		**3 297.42**	**3 007.84**	**3 264.36**	**1 507.99**
Operating expenses	5	(1 827.80)	(1 295.93)	(1 548.70)	(315.19)
Impairment on non-financial assets	3	-	(30.79)	-	(8.08)
Monetary loss		(398.81)	(439.06)	-	-
Net operating surplus for the period		**1 070.81**	**1 242.06**	**1 715.66**	**1 184.72**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss, net of tax		**(329.36)**	**755.70**	**146.53**	**1 120.49**
Movement in revaluation reserve		(329.36)	724.85	146.53	1 114.79
Movement in regulatory reserve		-	30.85	-	5.70
Total comprehensive income for the period		**741.45**	**1 997.76**	**1 862.19**	**2 305.21**

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STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

		Inflation adjusted			Historical		
		30 June 2021	30 June 2020	31 December 2020	30 June 2021	30 June 2020	31 December 2020
	Notes	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
ASSETS							
Cash and cash equivalents	7	7 017.13	6 199.67	6 626.47	7 017.13	3 000.16	5 490.56
Investment securities	8.1	661.14	2 275.57	4 161.04	661.14	1 101.20	3 447.76
Other assets	9	4 884.02	5 173.32	5 023.43	3 070.84	1 984.32	2 858.31
Loans and advances	10	16 381.43	8 046.71	8 514.45	16 381.43	3 893.99	7 054.91
Non-current assets held for sale	11	29.76	41.06	34.20	29.76	19.87	28.34
Property and equipment	12.1	3 643.80	4 517.00	4 048.37	3 077.09	1 761.19	2 703.98
Investment property	13	1 345.34	1 644.97	1 551.56	1 345.34	796.04	1 285.59
Intangible assets	14	631.93	611.09	645.31	142.92	91.87	92.80
Total assets		**34 544.55**	**28 509.39**	**30 604.83**	**31 725.65**	**12 648.64**	**22 962.25**
LIABILITIES							
Deposits	15	19 152.76	13 070.45	16 016.21	19 152.76	6 325.09	13 270.73
Credit lines	16	3 813.99	5 309.21	3 806.40	3 813.99	2 569.25	3 153.91
Trade and other liabilities	17	2 693.58	1 685.30	2 245.49	2 005.72	520.99	1 304.68
Deferred taxation	18	201.28	257.21	231.26	201.28	124.47	191.62
Total liabilities		**25 861.61**	**20 322.17**	**22 299.36**	**25 173.75**	**9 539.80**	**17 920.94**
SHAREHOLDER'S EQUITY							
Ordinary class "A" share capital	19.1	1 672.96	1 672.96	1 672.96	35.00	35.00	35.00
Retained earnings	19.2	5 134.84	4 895.85	4 428.01	4,004.75	1 536.21	2 640.69
Regulatory provision reserve	19.3	-	-	-	0.00	-	-
Non-distributable reserve	19.4	69.13	69.13	69.13	1.45	1.45	1.45
Revaluation reserve	19.5	1 528.55	2 290.83	1 857.91	2 504.88	1 567.91	2 358.35
Share-based payment reserve	19.6	277.46	277.46	277.46	5.82	5.82	5.82
Translation reserve	19.7	-	(1 019.01)	-	-	(37.55)	-
Total equity		**8 682.94**	**8 187.22**	**8 305.47**	**6 551.90**	**3 108.84**	**5 041.31**
Total equity and liabilities		**34 544.55**	**28 509.39**	**30 604.83**	**31 725.65**	**12 648.64**	**22 962.25**

W MATSAIRA
CHAIRMAN

31 August 2021

RCD CHITENGU (MRS)
NON-EXECUTIVE DIRECTOR

31 August 2021

STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2021

Inflation Adjusted

	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share-based payment reserve	Translation reserve	Total equity
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Balance as at 1 January 2021	**1 672.96**	**4 428.01**	**-**	**69.13**	**1 857.91**	**277.46**	**-**	**8 305.47**
Surplus for the period	-	1 070.81	-	-	-	-	-	1 070.81
Dividend	-	(363.98)	-	-	-	-	-	(363.98)
Revaluation	-	-	-	-	(329.36)	-	-	(329.36)
Balance as at 30 June 2021	**1 672.96**	**5 134.84**	**-**	**69.13**	**1 528.55**	**277.46**	**-**	**8 682.94**

Inflation Adjusted

	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share-based payment reserve	Translation reserve	Total equity
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Balance as at 1 January 2020	**1 672.96**	**3 622.93**	**30.86**	**69.13**	**1 565.98**	**277.46**	**(1 019.01)**	**6 220.31**
Surplus for the period	-	1 242.06	-	-	-	-	-	1 242.06
Transfer between reserves	-	30.86	(30.86)	-	-	-	-	-
Revaluation	-	-	-	-	724.85	-	-	724.85
Balance as at 30 June 2020	**1 672.96**	**4 895.85**	**-**	**69.13**	**2 290.83**	**277.46**	**(1 019.01)**	**8 187.22**

Inflation Adjusted

	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share-based payment reserve	Translation reserve	Total equity
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Balance as at 1 January 2020	**1 672.96**	**3 622.93**	**30.86**	**69.13**	**1 565.98**	**277.46**	**(1 019.01)**	**6 220.31**
Surplus for the year	-	1 919.53	-	-	-	-	-	1 919.53
Transfer between reserves	-	(988.15)	(30.86)	-	-	-	1 019.01	-
Dividend	-	(126.30)	-	-	-	-	-	(126.30)
Revaluation	-	-	-	-	291.93	-	-	291.93
Balance as at 31 December 2020	**1 672.96**	**4 428.01**	**-**	**69.13**	**1 857.91**	**277.46**	**-**	**8 305.47**

Historical

	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share-based payment reserve	Translation reserve	Total equity
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Balance as at 1 January 2021	**35.00**	**2640.69**	**-**	**1.45**	**2 358.35**	**5.82**	**-**	**5 041.31**
Surplus for the period	-	1 715.66	-	-	-	-	-	1 715.66
Dividend	-	(351.60)	-	-	-	-	-	(351.60)
Revaluation	-	-	-	-	146.53	-	-	146.53
Balance as at 30 June 2021	**35.00**	**4 004.75**	**-**	**1.45**	**2 504.88**	**5.82**	**-**	**6 551.90**

Historical

	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share-based payment reserve	Translation reserve	Total equity
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Balance as at 1 January 2020	**35.00**	**345.79**	**5.70**	**1.45**	**453.12**	**5.82**	**(37.55)**	**809.33**
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**

Historical

	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share-based payment reserve	Translation reserve	Total equity
	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
Balance as at 1 January 2020	**35.00**	**345.79**	**5.70**	**1.45**	**453.12**	**5.82**	**(37.55)**	**809.33**
Surplus for the year	-	2 426.75	-	-	-	-	-	2 426.75
Transfer between reserves	-	(31.85)	(5.70)	-	-	-	37.55	-
Dividend	-	(100.00)	-	-	-	-	-	(100.00)
Revaluation	-	-	-	-	1 905.23	-	-	1 905.23
Balance as at 31 December 2020	**35.00**	**2 640.69**	**-**	**1.45**	**2 358.35**	**5.82**	**-**	**5 041.31**

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

		Inflation Adjusted		Historical	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		ZWLm	ZWLm	ZWLm	ZWLm
Cash flows from operating activities	**Notes**				
Net surplus for the period		1 070.81	1 242.06	1 715.66	1 184.72
Adjustments for:					
Net interest income	2	(1 735.60)	(773.87)	(1 645.87)	(235.58)
Impairment loss on interest earning financial assets	3	337.94	380.68	337.94	184.12
Impairment loss on non-interest earning financial assets	3	423.91	29.67	423.91	14.36
Fair value loss/(gain) on properties	4.2	210.67	(344.18)	(61.18)	(563.40)
Dividend received	4.2	(37.36)	-	(35.54)	-
Depreciation and amortisation	5	240.84	339.35	63.84	15.89
Unrealised foreign currency exchange gains		(76.09)	(880.93)	(75.91)	(441.38)
Operating cash flows before working capital changes		**435.12**	**(7.22)**	**722.85**	**158.73**
(Increase)/decrease in investment securities		3 136.56	(284.78)	2 423.28	(763.81)
Decrease/(increase) in other assets		151.15	1 765.57	(225.04)	(104.31)
Decrease/(increase) in loans and advances		(7 921.25)	3 596.35	(9 380.87)	(668.05)
(Decrease)/increase in deposits		2 859.76	(6 734.76)	5 605.23	1 180.07
(Decrease)/increase in other liabilities		477.98	(84.35)	705.37	193.29
Operating cash flows after working capital changes		**(860.68)**	**(1 749.19)**	**(149.18)**	**(4.08)**
Interest income received	2	1 956.29	1 107.39	1 843.04	335.32
Interest expense paid	2	(220.69)	(333.52)	(197.17)	(99.74)
Net cash flows from operating activities		**874.92**	**(975.32)**	**1 496.69**	**231.50**
Cash flows from investing activities					
Dividend received		37.36	-	35.54	-
Additions to intangible assets	14	(14.25)	(394.48)	(56.24)	(84.56)
Additions to property and equipment	12	(168.00)	(31.52)	(244.21)	(9.24)
Net cash flows from investing activities		**(144.89)**	**(426.00)**	**(264.91)**	**(93.80)**
Cash flows from financing activities					
Dividends paid		(363.98)	-	(351.60)	-
Credit lines (paid)/received		(156.64)	(4 774.31)	495.85	(856.58)
Net cash flows from financing activities		**(520.62)**	**(4 774.31)**	**144.25**	**(856.58)**
Net increase in cash and cash equivalents		**209.41**	**(6 175.63)**	**1 376.03**	**(718.88)**
Cash and cash equivalents at the beginning of the period		**6 626.46**	**7 608.83**	**5 490.56**	**1 405.55**
Effects of currency translation on cash and cash equivalents		181.26	4 766.47	150.54	2 313.49
Cash and cash equivalents at the end of the period	**7**	**7 017.13**	**6 199.67**	**7 017.13**	**3 000.16**

CABS

A Member of the OLDMUTUAL Group

FINANCIAL RESULTS

For the half year ended 30 June 2021

WE'LL HELP YOU GET THERE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the half year ended 30 June 2021

1 Significant Accounting Policies

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

The parent company is Old Mutual Zimbabwe Limited (OMZIL), which is a Company registered and incorporated in Zimbabwe.

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

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

1.3 Basis of preparation

Statement of compliance
The Society`s separate financial statements have been prepared with a view of complying with International Financial Reporting Standards (IFRSs). Full compliance has been achieved except for measurement of the RBZ legacy debt. IFRSs comprise of International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC). These separate financial statements have been prepared in accordance with the requirements of the Building Societies Act (Chapter 24:02), relevant sections of the Banking Act (Chapter 24:20) and the Securities and Exchange Act (Chapter 24:25).

Basis of measurement
The separate financial statements are 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 Public Accountants and Auditors Board (PAAB), in October 2019, confirmed the market consensus that the Zimbabwean economy had met the characteristics of a hyperinflationary economy and prescribed the application of inflation accounting for years ended on or after 1 July 2019. The Society adopted the guidance as issued by the PAAB. For the period ended 30 June 2021, the country continued experiencing hyperinflationary pressures, with the inflation rate closing at 106.64% as at 30 June 2021.

Accordingly, the inflation adjusted separate financial statements represent the principal separate financial statements of the Society. IAS 29 discourages the presentation of historical cost separate financial statements when inflation adjusted separate financial statements are presented. However, these have been presented as supplementary information to the IAS 29 restated separate financial statements.

IAS 29 requires that the separate 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 years be restated in the same terms.

The restatement of the 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 2021 and have thus applied it in the preparation of these separate financial statements. The indices and conversion factors used to restate the accompanying separate financial statements as at 30 June 2021 are given below.

Dates	Indices	Conversion Factors
30 June 2021	2 986.45	1.0000
31 December 2020	2 474.51	1.2069
30 June 2020	1 445.21	2.0664

1.4 Approval of separate financial statements
The separate financial statements were approved by the Board on 16 August 2021.

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1.5 Functional and presentation currency
The separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

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

The IFRS Conceptual Framework provides that, in applying fair presentation to the separate financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the separate financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 ***The Effects of Changes in Foreign Exchange Rates*** (IAS 21), requires an entity to apply certain parameters in determining the functional currency of a company, for use in preparing separate financial statements. IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 (SI 33) of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and prescribed the way certain balances in the separate financial statements may be treated because of the recognition of the Zimbabwe Dollar (ZWL) as currency in Zimbabwe. It is the Society's view that the prescribed parity in value between local currency and the US$ did not accurately reflect underlying market economic conditions.

For the 2019 financial year, SI 33 also applied up to 22 February 2019. The exchange differences that arose on translating foreign currency denominated assets and liabilities on the date of change in the Society's functional currency were accounted for through the currency conversion reserve. The reserve is not available for distribution as profits. In February 2019, the interbank market was introduced, for trading of currencies, for which the starting exchange rate was ZWL2.5 to US$1. The exchange rate closed the year, at 31 December 2019, at ZWL16.774 to US$1. On 26 March 2020, the RBZ suspended the managed floating exchange rate system and adopted a fixed exchange rate system at the rate of ZWL25 to US$1 with effect from 27 March 2020. This rate was in use till 23 June 2020.

On 23 June 2020, the RBZ introduced a weekly foreign exchange auction. The trades are conducted weekly with the exchange rate from the last auction being the official rate for the week. The auction determined rate was the official exchange rate used in converting foreign denominated transactions and balances in these separate financial statements. The closing exchange rate as at 31 December 2020 was ZWL81.79 to US$1.

On 24 July 2020, Statutory Instrument 185 of 2020 (SI 185) was gazetted. The regulation paved way for the use of a multi-currency system for domestic transactions. IAS 21 requires entities to assess what their functional currency is. The Society's assessment was based on weighting the value of local currency transactions against the foreign currency ones. Foreign currency transactions make up 12% of the total value of transactions for the period. It is management's view that this does not constitute a significant and the continued use of the official exchange rate does not materially impact on the accuracy of the separate financial statements.

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

1.6 Separate financial statements
On 1 January 2020, the Society acquired CABS Custodial ("CABSCUS") and Old Mutual Finance ("OMFIN") from OMZIL. CABSCUS became a division/ department, while OMFIN became a subsidiary. However, as part of the Group reorganisation, OMFIN was transferred to OMZIL with effect from 1 January 2021. The pooling of interest accounting approach was applied. The pooling of interests accounting approach required that assets and liabilities of CABSCUS and OMFIN be transferred from OMZIL to CABS at their carrying amounts.

	ZWLm
CABS Custodial	4.03
	4.03

The Society elected to prepare separate financial statements, with OMZIL presenting consolidated separate financial statements for the Zimbabwe Group. The investment in OMFIN was accounted for using the cost method. The Society elected to use the consolidation exemption as per IFRS 10 paragraph 4a until 31 December 2020. The consolidated financial statements for the Zimbabwe Group can be found on www.oldmutual.co.zw.

1.7 Use of judgements and estimates
The preparation of separate 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

1 Significant Accounting Policies (continued)

1.7 Use of judgements and estimates (continued)

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

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

B. Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 2021 is included in the following notes:

- Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition;
- Determination of write downs for inventory with significant unobservable inputs; and
- Determination of fair value on financial and non-financial assets with significant unobservable inputs i.e. investment property and owner-occupied properties.

			Inflation Adjusted		Historical	
			30 June	30 June	30 June	30 June
			2021	2020	2021	2020
		Notes	ZWLm	ZWLm	ZWLm	ZWLm
2	**Net interest income**					
	Interest income		**1 956.29**	**1 107.39**	**1 843.04**	**335.32**
	Loans and advances		**1 803.24**	**849.45**	**1 701.31**	**256.30**
	Mortgage loans		124.85	110.82	134.62	31.57
	Term loans and overdrafts		1 678.39	738.63	1 566.69	224.73
	Investment securities		**153.05**	**257.94**	**141.72**	**79.02**
	Treasury bills		64.92	35.43	59.66	11.02
	Money market investments		88.13	222.51	82.06	68.00
	Interest expense		**(220.69)**	**(333.52)**	**(197.17)**	**(99.74)**
	Credit lines		(155.38)	(203.46)	(144.97)	(62.88)
	Money market deposits		(55.71)	(124.17)	(52.17)	(34.79)
	Term deposits		-	(0.02)	-	(0.01)
	Savings deposits		(9.60)	(5.87)	(0.03)	(2.06)
	Net interest income		**1 735.60**	**773.87**	**1 645.87**	**235.58**
3	**Impairment reconciliation**					
	Impairment loss on interest earning financial assets		**337.94**	**380.68**	**337.94**	**184.12**
	Loans and advances	10.6	427.41	281.06	427.40	135.50
	Recovery of loans written off		(0.06)	(1.88)	(0.05)	(0.49)
	Investment securities	8.2	(89.41)	101.50	(89.41)	49.11
	Impairment loss on non-interest earning financial assets		**423.91**	**29.67**	**423.91**	**14.36**
	Rental debtors and unauthorised overdrafts	9.1.2	344.54	29.67	344.54	14.36
	Legacy debt		79.37	-	79.37	-
	Impairment on non-financial assets		**-**	**30.79**	**-**	**8.08**
	Impairment on discontinued project		-	30.79	-	8.08
			761.85	**441.14**	**761.85**	**206.56**
4	**Net non-interest income**					
4.1						
	Fee and commission income		**2 816.58**	**1 582.87**	**2 592.12**	**465.99**
	Commissions		1 125.71	659.13	1 059.49	187.12
	Service fees		838.51	384.01	733.64	117.14
	Administration fees		852.36	539.73	798.99	161.73
	Fee and commission expense		**(800.08)**	**(553.00)**	**(749.71)**	**(160.78)**
	Transactional commission expense		(667.65)	(545.93)	(625.02)	(158.73)
	Other commissions and fee expense		(132.43)	(7.07)	(124.69)	(2.05)
	Net fee and commission income		**2 016.50**	**1 029.87**	**1 842.41**	**305.21**
4.2	**Other income**					
	Housing projects trading profit	4.2.1	109.48	29.43	100.61	10.23
	Rental income from investment property	4.2.2	7.42	13.39	7.27	4.10
	Fair value (loss)/gain on equity investments		(27.96)	(19.67)	-	21.89
	Fair value (loss)/gain on investment property		(210.67)	344.18	61.18	563.40
	Dividend and other income from equity investments		37.36	-	35.54	-
	Foreign exchange gain		391.54	1 247.12	333.33	566.06
	Net other income		**307.17**	**1 614.45**	**537.93**	**1 165.68**
4.2.1	**Trading income**					
	Housing projects sales		120.84	51.14	111.26	16.19
	Cost of housing units sold		(5.87)	(20.64)	(4.07)	(4.91)
	Gross profit		**114.97**	**30.50**	**107.19**	**11.28**
	Project operating expenses		(5.48)	(1.07)	(6.58)	(1.05)
	Net trading profit		**109.49**	**29.43**	**100.61**	**10.23**
4.2.2	**Investment property**					
	Rental income		12.30	80.18	12.05	24.54
	Expenses		(4.88)	(66.79)	(4.78)	(20.44)
	Net rental income		**7.42**	**13.39**	**7.27**	**4.10**
5	**Operating expenses**					
	Administration		834.86	517.44	782.86	170.06
	Depreciation and amortisation		240.84	339.35	63.84	15.89
	Staff costs		752.10	439.14	702.00	129.24
	Total operating expenses		**1 827.80**	**1 295.93**	**1 548.70**	**315.19**

The number of persons employed by the Society as at 30 June 2021 was 701 (Dec 2020: 656), constituting 378 men and 323 women.

FINANCIAL RESULTS

For the half year ended 30 June 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2021

6 Financial instruments analysis

6.1 Classification of financial assets and liabilities

	Notes	Inflation Adjusted: Fair value through profit or loss ZWLm	Inflation Adjusted: Amortised cost ZWLm	Inflation Adjusted: Total carrying amount ZWLm
As at 30 June 2021				
Assets				
Cash and cash equivalents	7	-	7 017.13	7 017.13
Investment securities	8.1	-	661.14	661.14
Investment in equity	9.2	136.27	-	136.27
Loans and advances	10	-	16 381.43	16 381.43
		136.27	**24 059.70**	**24 195.97**
Liabilities				
Deposits	15	-	19 152.76	19 152.76
Credit lines	16	-	3 813.99	3 813.99
Other liabilities	17	-	572.86	572.86
		-	**23 539.61**	**23 539.61**
As at 30 June 2020				
Assets				
Cash and cash equivalents	7	-	6 199.67	6 199.67
Investment securities	8.1	-	2 275.57	2 275.57
Investment in equity	9.2	44.24	-	44.24
Loans and advances	10	-	8 046.71	8 046.71
		44.24	**16 521.95**	**16 566.19**
Liabilities				
Deposits	15	-	13 070.45	13 070.45
Credit lines	16	-	5 309.21	5 309.21
Other liabilities	17	-	31.18	31.18
		-	**18 410.84**	**18 410.84**
As at 31 December 2020				
Assets				
Cash and cash equivalents	7	-	6 626.47	6 626.47
Investment securities	8.1	-	4 161.04	4 161.04
Investment in equity	9.2	164.23	-	164.23
Loans and advances	10	-	8 514.45	8 514.45
		164.23	**19 301.96**	**19 466.19**
Liabilities				
Deposits	15	-	16 016.21	16 016.21
Credit lines	16	-	3 806.40	3 806.40
Other liabilities	17	-	275.63	275.63
		-	**20 098.24**	**20 098.24**

	Notes	Historical: Fair value through profit or loss ZWLm	Historical: Amortised cost ZWLm	Historical: Total carrying amount ZWLm
As at 30 June 2021				
Assets				
Cash and cash equivalents	7	-	7 017.13	7 017.13
Investment securities	8.1	-	661.14	661.14
Investment in equity	9.2	136.27	-	136.27
Loans and advances	10.1	-	16 381.43	16 381.43
		136.27	**24 059.70**	**24 195.97**
Liabilities				
Deposits	15	-	19 152.76	19 152.76
Credit lines	16	-	3 813.99	3 813.99
Other liabilities	17	-	598.33	598.33
		-	**23 565.08**	**23 565.08**
As at 30 June 2020				
Assets				
Cash and cash equivalents	7	-	3 000.16	3 000.16
Investment securities	8.1	-	1 101.20	1 101.20
Investment in equity	9.2	21.41	-	21.41
Loans and advances	10	-	3 893.99	3 893.99
		21.41	**7 995.35**	**8 016.76**
Liabilities				
Deposits	15	-	6 325.09	6 325.09
Credit lines	16	-	2 569.25	2 569.25
Other liabilities	17	-	15.09	15.09
		-	**8 909.43**	**8 909.43**
As at 31 December 2020				
Assets				
Cash and cash equivalents	7	-	5 490.56	5 490.56
Investment securities	8.1	-	3 447.76	3 447.76
Investment in equity	9.2	136.08	-	136.08
Loans and advances	10	-	7 054.91	7 054.91
		136.08	**15 993.23**	**16 129.31**
Liabilities				
Deposits	15	-	13 270.73	13 270.73
Credit lines	16	-	3 153.91	3 153.91
Other liabilities	17	-	228.36	228.36
		-	**16 653.00**	**16 653.00**

6.2 Composition of gains and losses on financial instruments

	Notes	Inflation Adjusted: Fair value through profit or loss ZWLm	Inflation Adjusted: Amortised cost financial assets ZWLm	Inflation Adjusted: Amortised cost financial liabilities ZWLm	Inflation Adjusted: Total ZWLm
As at 30 June 2021					
Banking interest and similar income	2	-	1 956.29	-	1 956.29
Trading, investment and similar income	4.2	37.36	-	-	37.36
Fair value loss on equity investments	4.2	(27.96)	-	-	(27.96)
Total income		**(9.40)**	**1 956.29**	**-**	**1 965.69**
Banking interest payable and similar expenses	2	-	-	(220.69)	(220.69)
Credit impairment charges	3	-	(337.94)	-	(337.94)
Total expenses		**-**	**(337.94)**	**(220.69)**	**(558.63)**
As at 30 June 2020					
Banking interest and similar income	2	-	1 107.38	-	1 107.38
Trading, investment and similar income	4.2	-	-	-	-
Fair value loss on equity investments	4.2	(19.67)	-	-	(19.67)
Total income		**(19.67)**	**1 107.38**	**-**	**1 087.71**
Banking interest payable and similar expenses	2	-	-	(333.52)	(333.52)
Credit impairment charges	3	-	(380.68)	-	(380.68)
Total expenses		**-**	**(380.68)**	**(333.52)**	**(714.20)**

	Notes	Historical: Fair value through profit or loss ZWLm	Historical: Amortised cost financial assets ZWLm	Historical: Amortised cost financial liabilities ZWLm	Historical: Total ZWLm
As at 30 June 2021					
Banking interest and similar income	2	-	1 843.04	-	1 843.04
Trading, investment and similar income	4.2	35.54	-	-	35.54
Fair value gain on equity investments	4.2	-	-	-	-
Total income		**35.54**	**1 843.04**	**-**	**1 878.58**
Banking interest payable and similar expenses	2	-	-	(197.17)	(197.17)
Credit impairment charges	3	-	(337.94)	-	(337.94)
Total expenses		**-**	**(337.94)**	**(197.17)**	**(535.11)**
As at 30 June 2020					
Banking interest and similar income	2	-	335.32	-	335.32
Trading, investment and similar income	4.2	-	-	-	-
Fair value gain on equity investments	4.2	21.89	-	-	21.89
Total income		**21.89**	**335.32**	**-**	**357.21**
Banking interest payable and similar expenses	2	-	-	(99.74)	(99.74)
Credit impairment charges	3	-	(184.12)	-	(184.12)
Total expenses		**-**	**(184.12)**	**(99.74)**	**(283.86)**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2021

		Notes	Inflation Adjusted: 30 June 2021 ZWLm	Inflation Adjusted: 30 June 2020 ZWLm	Inflation Adjusted: 31 December 2020 ZWLm	Historical: 30 June 2021 ZWLm	Historical: 30 June 2020 ZWLm	Historical: 31 December 2020 ZWLm
7	**Cash and cash equivalents**							
	Cash balances		1 579.78	2 387.02	3 507.02	1 579.78	1 155.13	2 905.84
	Bank balances		4 831.88	3 644.40	2 862.46	4 831.88	1 763.61	2 371.78
	Statutory reserves		605.47	168.25	256.99	605.47	81.42	212.94
			7 017.13	**6 199.67**	**6 626.47**	**7 017.13**	**3 000.16**	**5 490.56**
8	**Investment securities**							
8.1	**Investment securities analysis**							
	Money market investments		-	306.31	1 570.87	-	148.23	1 301.59
	Treasury bills		674.71	2 085.23	2 714.47	674.71	1 009.09	2 249.16
			674.71	**2 391.54**	**4 285.34**	**674.71**	**1 157.32**	**3 550.75**
	Loss allowance		(13.57)	(115.97)	(124.30)	(13.57)	(56.12)	(102.99)
			661.14	**2 275.57**	**4 161.04**	**661.14**	**1 101.20**	**3 447.76**
	Maturity analysis							
	Less than 1 month		99.26	298.66	1 497.40	99.26	144.53	1 240.7
	1 to 3 months		2.36	14.22	2.91	2.36	6.88	2.41
	3 months to 6 months		559.52	25.21	1 976.10	559.52	12.20	1 637.38
	6 months to 1 year		-	1 937.03	674.25	-	937.37	558.67
	1 year to five years		-	0.45	10.38	-	0.22	8.60
	Over 5 years		-	-	-	-	-	-
			661.14	**2 275.57**	**4 161.04**	**661.14**	**1 101.20**	**3 447.76**

8.2 Impairment analysis

Inflation Adjusted	June 2021 Stage 1 Gross carrying amount	June 2021 Stage 1 Allowance for ECL	June 2020 Stage 1 Gross carrying amount	June 2020 Stage 1 Allowance for ECL	December 2020 Stage 1 Gross carrying amount	December 2020 Stage 1 Allowance for ECL
Gross carrying value						
At the beginning of the period	**4 285.34**	**(117.79)**	**2 130.21**	**(31.45)**	**2 130.44**	**(31.45)**
	(3 610.63)	**104.22**	**261.33**	**(84.52)**	**2 154.90**	**(92.85)**
Purchases and interest accruals	674.71	(13.57)	2 912.03	15.85	3 704.28	(148.41)
Repayments	(4 285.34)	117.79	(166.84)	(189.22)	(2 006.01)	80.35
Monetary adjustment	-	-	(2 483.86)	88.85	456.63	(24.79)
At the end of the period	**674.71**	**(13.57)**	**2 391.54**	**(115.97)**	**4 285.34**	**(124.30)**

Historical	June 2021 Stage 1 Gross carrying amount	June 2021 Stage 1 Allowance for ECL	June 2020 Stage 1 Gross carrying amount	June 2020 Stage 1 Allowance for ECL	December 2020 Stage 1 Gross carrying amount	December 2020 Stage 1 Allowance for ECL
At the beginning of the period	**3 550.75**	**(102.99)**	**393.51**	**(7.01)**	**393.51**	**(7.01)**
	(2 876.04)	**(89.42)**	**763.81**	**(49.11)**	**3 157.24**	**(95.98)**
Purchases and interest accruals	674.71	(13.57)	810.24	3.54	3 527.77	(102.32)
Repayments	(3 550.75)	102.99	(46.43)	(52.65)	(370.53)	6.34
At the end of the period	**674.71**	**(13.57)**	**1 157.32**	**(56.12)**	**3 550.75**	**(102.99)**

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

		Notes	Inflation Adjusted: 30 June 2021 ZWLm	Inflation Adjusted: 30 June 2020 ZWLm	Inflation Adjusted: 31 December 2020 ZWLm	Historical: 30 June 2021 ZWLm	Historical: 30 June 2020 ZWLm	Historical: 31 December 2020 ZWLm
9	**Other assets**							
	Other overdrafts and tenant debtors	9.1	-	4.55	-	-	2.20	-
	Investment in equity	9.2	136.27	44.24	164.23	136.27	21.41	136.08
	Housing projects	9.3	782.01	678.67	787.88	17.50	26.57	21.57
	RBZ legacy debt	9.4	1 313.92	2 628.25	1 721.94	1 313.92	1 271.87	1 426.77
	Investment in subsidiary		-	31.45	44.04	-	8.54	18.54
	Other non-financial assets		2 651.82	1 786.16	2 305.34	1 603.15	653.73	1 255.35
			4 884.02	**5 173.32**	**5 023.43**	**3 070.84**	**1 984.32**	**2 858.31**

On 1 January 2020, OMZIL carried out a Group reorganisation which resulted in the Society acquiring 100% of the ordinary share capital in OMFIN. The investment has been accounted for using the cost method.

		Inflation Adjusted: 30 June 2021 ZWLm	Inflation Adjusted: 30 June 2020 ZWLm	Inflation Adjusted: 31 December 2020 ZWLm	Historical: 30 June 2021 ZWLm	Historical: 30 June 2020 ZWLm	Historical: 31 December 2020 ZWLm
9.1	**Other overdrafts and tenant debtors**						
	Other overdrafts	115.91	34.08	61.51	115.91	16.49	50.97
	Accrued rental income	56.34	13.39	1.62	56.34	6.48	1.34
	Gross financial assets	**172.25**	**47.47**	**63.13**	**172.25**	**22.97**	**52.31**
	Loss allowance	(172.25)	(42.92)	(63.13)	(172.25)	(20.77)	(52.31)
	Closing balance	**-**	**4.55**	**-**	**-**	**2.20**	**-**

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

		Inflation Adjusted: 30 June 2021 ZWLm	Inflation Adjusted: 30 June 2020 ZWLm	Inflation Adjusted: 31 December 2020 ZWLm	Historical: 30 June 2021 ZWLm	Historical: 30 June 2020 ZWLm	Historical: 31 December 2020 ZWLm
9.2	**Investment in equity**						
	Opening balance	164.23	46.72	46.72	136.08	8.63	8.63
	Change in functional currency	-	-	-	-	-	
	Fair value (loss)/gain	(27.96)	(2.48)	117.51	0.19	12.78	127.45
	Closing balance	**136.27**	**44.24**	**164.23**	**136.27**	**21.41**	**136.08**

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

		Inflation Adjusted: 30 June 2021 ZWLm	Inflation Adjusted: 30 June 2020 ZWLm	Inflation Adjusted: 31 December 2020 ZWLm	Historical: 30 June 2021 ZWLm	Historical: 30 June 2020 ZWLm	Historical: 31 December 2020 ZWLm
9.3	**Inventory work in progress**						
	- Hatcliffe housing project	5.63	44.81	9.58	5.63	6.87	7.94
	- Budiriro housing project	579.86	474.51	582.23	6.30	15.09	8.47
	- Pumula housing project	196.52	159.35	196.07	5.57	4.61	5.16
		782.01	**678.67**	**787.88**	**17.50**	**26.57**	**21.57**
9.3.1	**Housing projects - inventory work in progress**						
	Opening balance	787.88	869.05	869.05	21.57	36.26	36.26
	Additions	-	-	9.82	-	-	3.18
	Cost of sales	(5.87)	(20.64)	(23.80)	(4.07)	(4.91)	(7.70)
	Write down	-	(119.77)	-	-	-	-
	Reclassifications	-	-	(17.22)	-	-	(5.38)
	Transfer to investment property	-	(49.97)	(49.97)	-	(4.78)	(4.79)
		782.01	**678.67**	**787.88**	**17.50**	**26.57**	**21.57**

On 1 January 2020, the Society transferred the land acquired in Chegutu from inventory to investment property as its future use had become indeterminate.

		Inflation Adjusted: 30 June 2021 ZWLm	Inflation Adjusted: 30 June 2020 ZWLm	Inflation Adjusted: 31 December 2020 ZWLm	Historical: 30 June 2021 ZWLm	Historical: 30 June 2020 ZWLm	Historical: 31 December 2020 ZWLm
9.4	**RBZ legacy debt asset**						
	Principal amount	16.68	46.97	21.51	16.68	22.73	17.82
	Exchange gain	1 406.93	2 656.89	1 737.02	1 406.93	1 285.73	1 439.26
	Gross amount due	**1 423.61**	**2 703.86**	**1 758.53**	**1 423.61**	**1 308.46**	**1 457.08**
	Loss allowance	(109.69)	(75.61)	(36.59)	(109.69)	(36.59)	(30.31)
	Net amount due	**1 313.92**	**2 628.25**	**1 721.94**	**1 313.92**	**1 271.87**	**1 426.77**

FINANCIAL RESULTS

For the half year ended 30 June 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2021

9 Other assets (continued)

9.4 RBZ legacy debt asset (continued)

On 24 June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed by the Reserve Bank of Zimbabwe's (RBZ) Exchange Control Directive RU/102 of 2019 directing 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. For the financial six months ended 30 June 2021, the Society has received an equivalent of US$2.6m from the RBZ. The principal amount has declined from 2020 due to repayments by the RBZ. The carrying value of the financial instrument at 31 December 2020, reflects management's assessment of the present value of expected net cash flows to be received under this arrangement. In the absence of determinable contractual terms, the auditors determined that the legacy debt asset from the RBZ is not a foreign currency denominated asset in terms of IAS 21 and should not have been converted at the auction determined exchange rate as at 30 June 2021.

		Inflation Adjusted			Historical		
		30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
10	**Loans and advances**						
	Gross amount owing	17 346.79	8 432.70	9 175.12	17 346.79	4 080.78	7 602.33
	Allowance for ECL	(965.36)	(385.99)	(660.67)	(965.36)	(186.79)	(547.42)
		16 381.43	**8 046.71**	**8 514.45**	**16 381.43**	**3 893.99**	**7 054.91**
10.1	**Maturity analysis**						
	Less than 1 month	993.08	393.97	754.16	993.08	190.65	624.88
	1 to 3 months	1 512.32	1 466.41	797.62	1 512.32	709.63	660.89
	3 to 6 months	1 896.67	840.30	995.24	1 896.67	406.64	824.64
	6 months to 1 year	2 982.43	1 317.48	1 564.18	2 982.43	637.56	1 296.05
	1 year to five years	9 556.87	4 319.96	4 959.62	9 556.87	2 090.53	4 109.45
	Over 5 years	405.42	94.58	104.30	405.42	45.77	86.42
		17 346.79	**8 432.70**	**9 175.12**	**17 346.79**	**4 080.78**	**7 602.33**
10.2	**Concentration**						
	Housing	884.79	495.78	517.41	884.79	239.92	428.72
	Individuals	1 654.73	736.59	707.02	1 654.73	356.44	585.82
	Commercial and industrial	14 807.27	7 200.33	7 950.69	14 807.27	3 484.42	6 587.79
		17 346.79	**8 432.70**	**9 175.12**	**17 346.79**	**4 080.78**	**7 602.33**

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 reporting date is shown below:

Sector	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Agriculture	6 844.74	3 660.37	4 570.80	6 844.74	1 771.34	3 787.28
Construction and property	291.84	6.78	174.73	291.84	3.28	144.78
Energy and minerals	688.77	25.71	977.76	688.77	12.44	810.15
Light and heavy industry	3 280.82	456.60	10.89	3 280.82	220.96	9.02
Physical persons	2 743.75	1 341.16	1 948.66	2 743.75	649.02	1 614.62
State and state enterprises	721.45	1 965.81	545.51	721.45	951.30	452.00
Trade and services	2 775.42	976.27	946.77	2 775.42	472.44	784.48
Gross loans and advances	**17 346.79**	**8 432.70**	**9 175.12**	**17 346.79**	**4 080.78**	**7 602.33**
Allowance for ECL	(965.36)	(385.99)	(660.67)	(965.36)	(186.79)	(547.42)
Total net loans	**16 381.43**	**8 046.71**	**8 514.45**	**16 381.43**	**3 893.99**	**7 054.91**

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:

		Inflation Adjusted			Historical		
		30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
	Neither past due nor impaired	16 509.98	5 833.92	6 680.34	16 509.98	2 823.17	6 680.34
	Past due but not impaired	**793.95**	**2 535.77**	**891.90**	**793.95**	**1 227.12**	**891.90**
	Past due but less than 1 month	242.21	1 323.47	115.88	242.21	640.46	115.88
	Past due, greater than 1 month but less than 3 months	551.74	1 212.30	776.02	551.74	586.66	776.02
	Impaired loans and advances (non-performing loans)	42.84	63.01	30.09	42.84	30.49	30.09
	Gross loans and advances	**17 346.79**	**8 432.70**	**7 602.33**	**17 346.79**	**4 080.78**	**7 602.33**
	Allowance for ECL	(965.36)	(385.99)	(547.42)	(965.36)	(186.79)	(547.42)
	Total net loans and advances	**16 381.43**	**8 046.71**	**7 054.91**	**16 381.43**	**3 893.99**	**7 054.91**
10.5	**Commitment for loans and advances**	**4 211.87**	**384.13**	**3 266.40**	**4 211.87**	**61.82**	**61.82**

10.6 Impairment analysis

Inflation Adjusted - Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2021	**1 570.21**	**(249.98)**	**54.84**	**(9.08)**	**26.09**	**(20.57)**	**1 651.15**	**(279.62)**
	783.83	**(296.21)**	**10.95**	**0.01**	**11.92**	**(8.52)**	**806.70**	**(304.72)**
Originations and interest accruals	1 195.50	(367.82)	27.68	(6.10)	8.17	(6.37)	1 231.35	(380.29)
Repayments and derecognitions	(47.07)	3.19	(12.46)	4.89	(2.62)	1.91	(62.15)	9.99
Transfers	-	-	-	-	-	-		
Stage 1	11.67	(0.21)	(10.95)	1.26	(0.72)	0.26	-	1.31
Stage 2	(21.00)	0.83	21.47	(2.50)	(0.47)	0.17	-	(1.50)
Stage 3	(9.33)	0.23	(3.90)	0.79	13.23	(8.89)	-	(7.87)
Monetary adjustment	(345.94)	67.57	(10.89)	1.67	(5.67)	4.40	(362.50)	73.64
As at 30 June 2021	**2 354.04**	**(546.19)**	**65.79**	**(9.07)**	**38.01**	**(29.09)**	**2 457.85**	**(584.34)**

Inflation Adjusted - Secured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2021	**5 777.70**	**(256.00)**	**1 369.16**	**(123.20)**	**168.89**	**(1.85)**	**7 315.75**	**(381.05)**
	8 481.57	**(229.94)**	**(752.31)**	**57.70**	**(156.11)**	**(1.11)**	**7 573.15**	**(173.35)**
Originations and interest accruals	11 247.46	(409.58)	-	-	-	-	11 247.46	(409.58)
Repayments and derecognitions	(1 857.39)	123.17	(105.46)	24.04	1.09	(0.68)	(1 961.76)	146.53
Transfers	-	-	-	-	-	-	-	-
Stage 1	781.57	(12.24)	(642.73)	29.50	(138.84)	0.04	-	17.30
Stage 2	(193.03)	4.86	193.25	(14.32)	(0.22)	0.02	-	(9.44)
Stage 3	(1.13)	-	(0.41)	0.03	1.54	(0.91)	-	0.88
Monetary adjustment	(1 495.91)	63.85	(196.96)	18.45	(19.68)	0.42	(1 712.55)	80.96
As at 30 June 2021	**14 259.27**	**(485.94)**	**616.85**	**(65.50)**	**12.78**	**(2.96)**	**14 888.90**	**(554.40)**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2021

10 Loans and advances (continued)

10.6 Impairment analysis (continued)

Inflation Adjusted - Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2020	**2 233.62**	**(43.68)**	**114.50**	**(6.88)**	**50.88**	**(33.72)**	**2 399.00**	**(84.29)**
	2 047.10	**(45.93)**	**(36.18)**	**(3.54)**	**(20.14)**	**(33.33)**	**1 990.78**	**(82.80)**
Originations and interest accruals	528.45	(35.94)	-	-	-	-	528.45	(35.94)
Repayments and derecognitions	(46.23)	4.42	(18.23)	0.95	(32.82)	11.70	(97.28)	17.07
Transfers								
Stage 1	9.30	(0.50)	(7.85)	0.21	(1.45)	0.62	-	0.33
Stage 2	(36.84)	(0.39)	37.75	0.06	(0.91)	0.56	-	0.23
Stage 3	(11.78)	3.45	(6.65)	1.38	18.43	(8.35)	-	(3.52)
Changes in risk parameters	-	(13.27)	-	(2.05)	-	-	-	(15.32)
Monetary adjustment	1 604.20	(3.70)	(41.20)	(4.09)	(3.39)	(37.86)	1 559.61	(45.65)
As at 30 June 2020	**4 280.72**	**(89.61)**	**78.32**	**(10.42)**	**30.74**	**(67.05)**	**4 389.78**	**(167.09)**

Inflation Adjusted - Secured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2020	**5 487.15**	**(76.05)**	**315.38**	**(0.94)**	**66.51**	**(45.63)**	**5 869.04**	**(122.62)**
	(1 621.89)	**(25.31)**	**(108.76)**	**(1.66)**	**(84.05)**	**12.80**	**(1 814.70)**	**(14.17)**
Originations and interest accruals	885.84	(51.25)	-	-	-	-	885.84	(51.25)
Repayments and derecognitions	(551.49)	13.97	(31.53)	13.93	(26.02)	5.17	(609.04)	33.07
Transfers								
Stage 1	67.66	(0.08)	(27.34)	1.10	(11.16)	1.12	29.16	2.14
Stage 2	(604.27)	45.57	294.31	(45.15)	(3.91)	0.81	(313.87)	1.23
Stage 3	(2.38)	0.04	(3.08)	0.25	8.74	(0.62)	3.28	(0.33)
Changes in risk parameters	-	-	-	-	-	7.15	-	7.15
Monetary adjustment	(1 417.25)	(33.56)	(341.12)	28.21	(51.70)	(0.83)	(1 810.07)	(6.18)
As at 30 June 2020	**3 865.26**	**(101.36)**	**206.62**	**(2.60)**	**(17.54)**	**(32.83)**	**4 054.34**	**(136.79)**

Inflation Adjusted - Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2020	**2 233.77**	**(43.68)**	**114.51**	**(6.88)**	**50.89**	**(33.73)**	**2 399.17**	**(84.29)**
	(663.56)	**(206.31)**	**(59.67)**	**(2.18)**	**(24.81)**	**13.16**	**(784.04)**	**(195.33)**
Originations and interest accruals	2 602.11	(528.17)	-	-	-	-	2 602.11	(528.17)
Repayments and derecognitions	(331.77)	14.46	15.59	1.09	(3.33)	1.45	(319.51)	17.00
Transfers								
Stage 1	16.76	(0.33)	(13.55)	0.75	(3.21)	0.77	-	1.19
Stage 2	(66.72)	17.68	66.93	(20.32)	(0.22)	0.11	(0.01)	(2.53)
Stage 3	(27.87)	11.48	(9.03)	5.46	36.89	(22.15)	(0.01)	(5.21)
Changes in risk parameters		(6.36)	-	(2.39)	-	(7.28)	-	(16.03)
Monetary adjustment	(2 856.07)	284.93	(119.61)	13.23	(54.94)	40.26	(3 030.62)	338.42
As at 31 December 2020	**1 570.21**	**(249.99)**	**54.84**	**(9.06)**	**26.08**	**(20.57)**	**1 651.13**	**(279.62)**

Inflation Adjusted - Secured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2020	**5 487.65**	**(157.16)**	**315.42**	**(1.94)**	**137.45**	**(45.66)**	**5 940.52**	**(204.76)**
	290.05	**(98.84)**	**1 053.74**	**(121.26)**	**31.44**	**43.81**	**1 375.23**	**(176.29)**
Originations and interest accruals	12 037.65	(488.96)	-	-	-	-	12 037.65	(488.96)
Repayments and derecognitions	(500.58)	16.26	965.92	(0.40)	(34.43)	16.70	430.91	32.56
Transfers								
Stage 1	26.73	(0.37)	(23.30)	0.08	(3.43)	0.65	-	0.36
Stage 2	(1 713.85)	250.69	1 713.92	(250.69)	(0.07)	0.02	-	0.02
Stage 3	(319.85)	0.07	(0.72)	-	320.57	(6.11)	-	(6.04)
Changes in risk parameters	-	(229.16)	-	-	-	-	-	(229.16)
Monetary adjustment	(9 240.05)	352.63	(1 602.08)	129.75	(251.20)	32.55	(11 093.33)	514.93
As at 31 December 2020	**5 777.70**	**(256.00)**	**1 369.16**	**(123.20)**	**168.89**	**(1.85)**	**7 315.75**	**(381.05)**

Historical - Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2021	**1 301.05**	**(207.13)**	**45.44**	**(7.52)**	**21.62**	**(17.04)**	**1 368.11**	**(231.69)**
	1 053.00	**(339.06)**	**20.36**	**(1.54)**	**16.41**	**(12.03)**	**1 089.77**	**(352.63)**
Originations and interest accruals	1 114.26	(342.82)	25.80	(5.69)	7.62	(5.93)	1 147.68	(354.44)
Repayments and derecognitions	(43.87)	2.97	(11.61)	4.56	(2.44)	1.78	(57.92)	9.31
Transfers								
Stage 1	10.88	(0.20)	(10.21)	1.18	(0.67)	0.24	-	1.22
Stage 2	(19.57)	0.77	20.01	(2.33)	(0.43)	0.16	0.01	(1.40)
Stage 3	(8.70)	0.22	(3.63)	0.74	12.33	(8.28)	-	(7.32)
As at 30 June 2021	**2 354.05**	**(546.19)**	**65.80**	**(9.06)**	**38.03**	**(29.07)**	**2 457.88**	**(584.32)**

Historical - Secured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2021	**4 959.82**	**(212.12)**	**1 134.46**	**(102.08)**	**139.94**	**(1.53)**	**6 234.22**	**(315.73)**
	9 299.46	**(273.83)**	**(517.62)**	**36.57**	**(127.15)**	**(1.42)**	**8 654.69**	**(238.68)**
Originations and interest accruals	10 483.13	(381.75)	-	-	-	-	10 483.13	(381.75)
Repayments and derecognitions	(1 731.17)	114.80	(98.29)	22.40	1.02	(0.63)	(1 828.44)	136.57
Transfers								
Stage 1	728.46	(11.41)	(599.06)	27.49	(129.40)	0.04	-	16.12
Stage 2	(179.91)	4.53	180.11	(13.35)	(0.20)	0.02	-	(8.80)
Stage 3	(1.05)	-	(0.38)	0.03	1.43	(0.85)	-	(0.82)
As at 30 June 2021	**14 259.28**	**(485.95)**	**616.84**	**(65.51)**	**12.79**	**(2.95)**	**14 888.91**	**(554.41)**

Historical - Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 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	0.01	(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)
As at 30 June 2020	**2 071.54**	**(43.37)**	**37.90**	**(5.04)**	**14.88**	**(32.45)**	**2 124.32**	**(80.86)**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

10 Loans and advances (continued)

10.6 Impairment analysis (continued)

	Unaudited Historical - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2019	**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)
As at 31 December 2019	**1 870.49**	**(88.29)**	**60.13**	**(1.75)**	**25.84**	**(15.89)**	**1 956.46**	**(105.93)**

	Historical - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2020	**412.61**	**(8.07)**	**21.15**	**(1.27)**	**9.40**	**(6.23)**	**443.16**	**(15.57)**
	888.44	**(199.06)**	**24.29**	**(6.25)**	**12.22**	**(10.81)**	**924.95**	**(216.12)**
Originations and interest accruals	1 054.42	(214.02)	-	-	-	-	1 054.42	(214.02)
Repayments and derecognitions	(134.44)	5.86	6.32	0.44	(1.34)	0.55	(129.46)	6.85
Transfers								
Stage 1	6.79	(0.63)	(5.49)	0.31	(1.30)	0.51	-	0.19
Stage 2	(27.04)	7.17	27.12	(7.21)	(0.09)	0.04	(0.01)	-
Stage 3	(11.29)	4.65	(3.66)	2.21	14.95	(6.86)	-	-
Changes in risk parameters	-	(2.09)	-	(2.00)	-	(5.05)	-	(9.14)
As at 31 December 2020	**1 301.05**	**(207.13)**	**45.44**	**(7.52)**	**21.62**	**(17.04)**	**1 368.11**	**(231.69)**

	Historical - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 January 2020	**1 013.62**	**(29.03)**	**58.26**	**(0.36)**	**25.38**	**(8.43)**	**1 097.26**	**(37.82)**
	3 946.20	**(183.09)**	**1 076.20**	**(101.72)**	**114.56**	**6.90**	**5 136.96**	**(277.91)**
Originations and interest accruals	4 877.94	(198.14)	-	-	-	-	4 877.94	(198.14)
Repayments and derecognitions	(118.47)	6.59	391.41	(0.16)	(13.94)	6.78	259.00	13.21
Transfers								
Stage 1	10.83	(0.30)	(9.44)	0.03	(1.39)	0.41	-	0.14
Stage 2	(694.49)	101.59	694.52	(101.59)	(0.01)	-	0.02	-
Stage 3	(129.61)	0.03	(0.29)	-	129.90	(0.29)	-	(0.26)
Changes in risk parameters	-	(92.86)	-	-	-	-	-	(92.86)
As at 31 December 2020	**4 959.82**	**(212.12)**	**1 134.46**	**(102.08)**	**139.94**	**(1.53)**	**6 234.22**	**(315.73)**

11 Non-current assets held for sale

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Opening valuation	**34.20**	**58.26**	**58.26**	**28.34**	**10.76**	**10.76**
Additions	-	-	-	-	-	-
Disposals	-	(17.20)	(15.23)	-	-	(7.37)
Fair value gain/(loss)	(4.44)	-	(8.83)	1.42	9.11	24.95
Closing valuation	**29.76**	**41.06**	**34.20**	**29.76**	**19.87**	**28.34**

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

12 Property and equipment

Inflation Adjusted	Land at fair value ZWLm	Buildings at fair value ZWLm	Leased buildings at cost ZWLm	Office Equipment ZWLm	Vehicles ZWLm	Total ZWLm
Six months ended at 30 June 2021						
Opening net book value	333.90	2 702.14	82.01	799.20	131.12	4 048.37
Additions	-	51.00	-	89.20	27.80	168.00
Change in IFRS 16 parameters	-	-	34.02	-	-	34.02
Revaluation gain	(40.58)	(352.81)	-	-	-	(393.39)
Depreciation charge	-	(27.02)	(8.47)	(156.99)	(20.72)	(213.20)
Closing net book value	**293.32**	**2 373.31**	**107.56**	**731.41**	**138.20**	**3 643.80**
Cost or valuation	293.32	2 373.31	135.68	2 337.78	372.73	5 512.82
Accumulated depreciation	-	-	(28.12)	(1 606.37)	(234.53)	(1 869.02)
Net book value	**293.32**	**2 373.31**	**107.56**	**731.41**	**138.20**	**3 643.80**
Six months ended at 30 June 2020						
Opening net book value	306.60	2 472.64	31.62	990.42	123.81	3 925.09
Additions	-	-	-	31.79	(0.27)	31.52
Change in IFRS 16 parameters	-	-	36.18	-	-	36.18
Revaluation gain	77.10	685.56	-	-	-	762.66
Depreciation charge	-	(61.79)	(4.53)	(143.82)	(28.31)	(238.45)
Closing net book value	**383.70**	**3 096.41**	**63.27**	**878.39**	**95.23**	**4 517.00**
Cost or valuation	382.70	3 096.41	80.03	2 158.20	295.83	6 013.17
Accumulated depreciation	-	-	(16.76)	(1 278.80)	(200.61)	(1 496.17)
Net book value	**382.70**	**3 096.41**	**63.27**	**879.40**	**95.22**	**4 517.00**
Twelve months ended 31 December 2020						
Opening net book value	306.60	2 472.64	31.62	990.42	123.81	3 925.09
Additions	-	45.52	-	121.72	48.75	215.99
Change in IFRS 16 parameters	-	-	57.79	-	-	57.79
Revaluation (loss)/gain	28.30	233.44	-	-	-	261.74
Depreciation charge	-	(49.46)	(7.36)	(313.98)	(41.44)	(412.24)
Closing net book value	**334.90**	**2 702.14**	**82.05**	**798.16**	**131.12**	**4 048.37**
Cost or valuation	333.90	2 702.14	101.66	2 248.58	344.93	5 731.21
Accumulated depreciation	-	-	(19.65)	(1 449.38)	(213.81)	(1 682.84)
Net book value	**333.90**	**2 702.14**	**82.01**	**799.20**	**131.12**	**4 048.37**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

12 Property and equipment (continued)

Historical	Land at fair value ZWLm	Buildings at fair value ZWLm	Leased buildings at cost ZWLm	Office Equipment ZWLm	Vehicles ZWLm	Total ZWLm
Six months ended at 30 June 2021						
Opening net book value	276.72	2 238.94	31.58	114.01	42.73	2 703.98
Additions	-	13.41	-	199.30	31.50	244.21
Change in IFRS 16 parameters	-	-	32.63	-	-	32.63
Revaluation gain	16.60	137.40	-	-	-	154.00
Depreciation charge	-	(16.44)	(7.90)	(27.88)	(5.51)	(57.73)
Closing net book value	**293.32**	**2 373.31**	**56.31**	**285.43**	**68.72**	**3 077.09**
Cost or valuation	293.32	2 373.31	71.29	357.13	79.21	3 174.26
Accumulated depreciation	-	-	(14.98)	(71.70)	(10.49)	(97.17)
Net book value	**293.32**	**2 373.31**	**56.31**	**285.43**	**68.72**	**3 077.09**
Six months ended at 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	1 047.29	-	-	-	1 176.02
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**
Twelve months ended 31 December 2020						
Opening net book value	56.45	456.72	1.95	53.31	5.06	573.49
Additions	-	2.69	-	78.98	39.85	121.52
Change in IFRS 16 parameters		-	35.44	-	-	35.44
Revaluation (loss)/gain	220.27	1 803.33	-	-	-	2 023.60
Depreciation charge	-	(23.80)	(5.81)	(18.28)	(2.18)	(50.07)
Closing net book value	**276.72**	**2 238.94**	**31.58**	**114.01**	**42.73**	**2 703.98**
Cost or valuation	276.72	2 238.94	38.66	157.83	47.71	2 759.86
Accumulated depreciation	-	-	(7.08)	(43.82)	(4.98)	(55.88)
Net book value	**276.72**	**2 238.94**	**31.58**	**114.01**	**42.73**	**2 703.98**

The properties were valued by Old Mutual Property Zimbabwe (Private) Limited's qualified valuers and the effective date of the valuation is 30 June 2021. The values of a selected number of properties constituting at least 65% of the portfolio were independently verified by EPG Global Edenview Property Group, Homelux Properties Zimbabwe, and Dawn Property Consultancy (Private) Limited.

Assets pledged as security are disclosed in note 16.

12.1 Operating leases

Property and equipment comprise owned and leased assets that do not meet the definition of investment property. The lased assets are made up of land and buildings.

12.1.1 Right of use assets

	Inflation Adjusted			Historical		
Property	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Balance at the beginning of the period	**82.01**	**31.62**	**31.62**	**31.58**	**1.95**	**1.95**
Change in parameters	34.02	36.18	57.79	32.63	17.55	35.44
Depreciation charge for the period	(8.47)	(4.53)	(7.36)	(7.90)	(1.46)	(5.81)
Balance at the end of the period	**107.56**	**63.27**	**82.05**	**56.31**	**18.04**	**31.58**

12.1.2 Lease liabilities

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Maturity analysis - contractual undiscounted cash flows						
Less than one year	94.64	54.08	55.02	94.64	26.17	45.59
One to five years	90.33	51.62	52.51	90.33	24.98	43.51
Total undiscounted lease liabilities at the end of the period	**184.97**	**105.70**	**107.53**	**184.97**	**51.15**	**89.10**
Lease liabilities included in the statement of financial position						
Current	34.42	9.20	20.01	34.42	4.45	16.58
Non-current	29.46	27.21	17.13	29.46	13.21	14.19
Total	**63.88**	**36.41**	**37.14**	**63.88**	**17.66**	**30.77**

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
12.2 Amounts recognised in profit or loss						
Interest on lease liabilities	4.59	1.05	20.01	4.13	0.28	16.58
Depreciation charge for the period	8.47	4.53	17.13	7.90	1.46	14.19
	13.06	**5.58**	**37.14**	**12.03**	**1.74**	**30.77**

13 Investment property

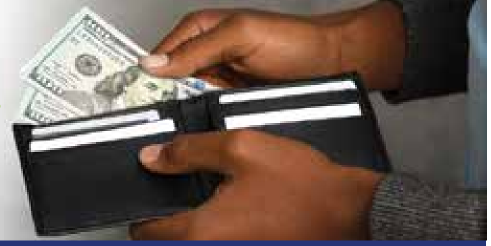
Investment property						
Opening fair value	1 551.56	1 233.62	1 233.62	1 285.59	227.86	227.86
Transfer from housing projects	-	49.97	49.97	-	4.78	4.79
Fair value adjustment	(206.22)	361.38	267.97	59.75	563.40	1 052.94
Closing fair value	**1 345.34**	**1 644.97**	**1 551.56**	**1 345.34**	**796.04**	**1 285.59**

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.

14 Intangible assets

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Opening carrying amount						
Cost	1 592.67	1 209.63	1 209.63	112.79	26.62	26.62
Accumulated amortisation	(947.36)	(892.10)	(892.10)	(19.99)	(18.54)	(18.54)
	645.31	**317.53**	**317.53**	**92.80**	**8.08**	**8.08**
Movement in intangible assets						
Additions	14.25	394.48	383.04	56.24	84.56	86.17
Amortisation charge	(27.62)	(100.92)	(55.25)	(6.11)	(0.77)	(1.45)
	(13.37)	**293.56**	**327.79**	**50.13**	**83.79**	**84.72**
Closing carrying amount						
Cost	1 606.72	1 604.11	1 592.67	169.16	111.32	112.79
Accumulated amortisation	(974.79)	(993.02)	(947.36)	(26.24)	(19.45)	(19.99)
	631.93	**611.09**	**645.31**	**142.92**	**91.87**	**92.80**

Intangible assets comprise right of use licences.



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FINANCIAL RESULTS

For the half year ended 30 June 2021

WE'LL HELP YOU GET THERE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
15 Deposits						
Money market deposits	1 387.43	1 289.05	542.72	1 387.43	623.80	449.69
Term deposits	0.03	0.20	0.13	0.03	0.09	0.10
Savings deposits	17 765.30	11 781.20	15 473.36	17 765.30	5 701.20	12 820.94
	19 152.76	**13 070.45**	**16 016.21**	**19 152.76**	**6 325.09**	**13 270.73**
Maturity analysis						
Less than 1 month	17 766.36	12 091.07	15 758.73	17 766.36	5 851.15	13 057.39
1 to 3 months	-	556.64	114.15	-	269.37	94.58
3 to 6 months	241.00	28.91	3.11	241.00	13.99	2.58
6 months to 1 year	231.60	282.83	6.19	231.60	136.87	5.13
1 to 5 years	889.20	100.08	50.88	889.20	48.43	42.16
Over 5 years	24.60	10.92	83.15	24.60	5.28	68.89
	19 152.76	**13 070.45**	**16 016.21**	**19 152.76**	**6 325.09**	**13 270.73**

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Concentration						
Financial institutions	2 249.42	1 686.61	1 375.99	2 249.42	816.19	1 140.12
Companies	13 646.40	9 792.25	12 109.47	13 646.40	4 738.69	10 033.68
Individuals	3 256.94	1 591.59	2 530.75	3 256.94	770.21	2 096.93
	19 152.76	**13 070.45**	**16 016.21**	**19 152.76**	**6 325.09**	**13 270.73**

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Concentration						
Financial institutions	12%	13%	9%	12%	13%	9%
Companies	71%	75%	75%	71%	75%	75%
Individuals	17%	12%	16%	17%	12%	16%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
16 Credit lines						
Shelter Afrique	310.42	637.50	446.06	310.42	308.50	369.60
African Development Bank (AfDB)	2 194.87	3 069.53	2 543.84	2 194.87	1 485.42	2 107.78
African Export-Import Bank (Afreximbank)	1 308.70	-	200.45	1 308.70	-	166.09
Trade and Development Bank (TDB)	-	1 602.18	616.05	-	775.33	510.44
	3 813.99	**5 309.21**	**3 806.40**	**3 813.99**	**2 569.25**	**3 153.91**
Maturity analysis						
Less than 1 month	2 371.39	136.78	112.28	2 371.39	66.19	93.03
1 to 3 months	1 076.69	752.95	657.16	1 076.69	364.37	544.51
3 to 6 months	45.26	274.34	53.43	45.26	132.76	44.27
6 months to 1 year	129.77	1 052.77	2 681.93	129.77	509.46	2 222.20
1 year to 5 years	190.88	3 092.37	301.60	190.88	1 496.47	249.90
	3 813.99	**5 309.21**	**3 806.40**	**3 813.99**	**2 569.25**	**3 153.91**

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	Currency	Nominal amount (m)	Tier of debt	First Call Date	Type of loan
Shelter Afrique	US$	3.64	Senior	31-Dec-23	Term Loans
AfDB	US$	25.71	Senior	13-Sep-21	Term Loans
Afreximbank	US$	15.33	Senior	30-Jun-23	Term Loans
Total	**US$**	**44.68**			

As security for the Trade and Development Bank loan, the Society registered bonds of US$7 million and issued powers of attorney to register bonds (in the event of default) over properties with a total value of US$30 million as at 30 June 2021 (both investment properties and owner-occupied properties). 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.

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
17 Trade and other liabilities						
Trade creditors	1 225.02	986.58	1 126.72	1 180.60	465.70	899.58
Cash-settled share-based liability	-	7.77	-	-	3.76	-
Other financial liabilities	572.86	31.18	275.63	598.33	15.09	228.36
Deferred revenue	895.70	659.77	843.14	226.79	36.44	176.74
	2 693.58	**1 685.30**	**2 245.49**	**2 005.72**	**520.99**	**1 304.68**

18 Deferred taxation	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
As at the beginning of the period	231.26	203.72	203.72	191.62	37.63	37.63
Other timing differences	(29.98)	53.49	27.54	9.66	86.84	153.99
As at the end of the period	**201.28**	**257.21**	**231.26**	**201.28**	**124.47**	**191.62**

Deferred tax comprises potential capital gains tax on properties.

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
19 Share capital and reserves						
19.1 Ordinary class "A" share capital						
Comprising 35 000 000 authorised, issued and fully paid shares of ZWL1 each.	**1 672.96**	**1 672.96**	**1 672.96**	**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.

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
19.2 Retained earnings						
As at the beginning of the period	4 428.01	3 622.93	3 622.93	2 640.69	345.79	345.79
Net surplus for the period	1 070.81	1 242.06	1 919.53	1 715.66	1 184.72	2 426.75
Transfer between reserves	-	30.86	(988.15)	-	5.70	(100.00)
Dividend	(363.98)	-	(126.30)	(351.60)	-	(31.85)
As at the end of the period	**5 134.84**	**4 895.85**	**4 428.01**	**4 004.75**	**1 536.21**	**2 640.69**
19.3 Regulatory provision reserve						
As at the beginning of the period	-	30.86	30.86	-	5.70	5.70
Regulatory impairment allowance	-	(30.86)	(30.86)	-	(5.70)	(5.70)
As at the end of the period	**-**	**-**	**-**	**-**	**-**	**-**

Regulatory reserve relates to the excess of regulatory provisions over IFRS 9 provisions.

19.4 Non-distributable reserve	**69.13**	**69.13**	**69.13**	**1.45**	**1.45**	**1.45**

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For the half year ended 30 June 2021

19 Share capital and reserves (continued)	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
19.5 Revaluation reserve						
As at the beginning of the period	1 857.90	1 565.83	1 565.98	2 358.40	453.12	453.12
Revaluation of properties	(329.35)	725.00	291.93	146.48	1 114.79	1 905.23
As at the end of the period	**1 528.55**	**2 290.83**	**1 857.91**	**2 504.88**	**1 567.91**	**2 358.35**
19.6 Share-based payment reserve						
As at the beginning of the period	277.46	277.46	277.46	5.82	5.82	5.82
As at the end of the period	**277.46**	**277.46**	**277.46**	**5.82**	**5.82**	**5.82**
19.7 Translation reserve						
Opening balance	-	(1 019.01)	(844.33)	-	(37.55)	(37.55)
Transfer between reserves	-	-	844.33	-	-	37.55
As at the end of the period	**-**	**(1 019.01)**	**-**	**-**	**(37.55)**	**-**

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

20.1 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 being 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 unobservable inputs exist.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments.

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

Most valuation techniques employ only observable data and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable and, for those, 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 with 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 most 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 from Level 1 to Level 2 when an active, traded primary market ceases to exist for that financial instrument. A transfer from Level 2 to Level 3 occurs when most of the significant inputs used to determine fair value of the instrument become unobservable.

The table on the next page 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 amounts approximate fair value have been excluded from the analysis on the next page.

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 amounts approximate fair value have been excluded from the analysis below.

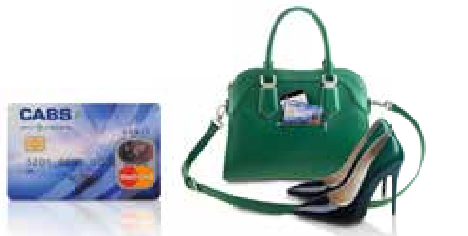
		Inflation Adjusted			
	Notes	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
As at 30 June 2021					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	136.27	136.27
Investment property	13	-	-	1 345.34	1 345.34
Non-current assets held for sale	11	-	-	29.76	29.76
Assets at fair value through other comprehensive income					
Owner-occupied property (land and buildings)	12	-	-	2 666.63	2 666.63
		-	**-**	**4 178.00**	**4 178.00**
As at 30 June 2020					
Assets at fair value through profit or loss					
Investment securities	9	-	-	44.24	44.24
Investment property	13	-	-	1 644.97	1 644.97
Non-current assets held for sale	11	-	-	41.06	41.06
Assets at fair value through other comprehensive income					
Owner-occupied property (land and buildings)	12	-	-	3 480.11	3 480.11
		-	**-**	**5 210.38**	**5 210.38**
As at 31 December 2020					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	164.23	164.23
Investment property	13	-	-	1 551.56	1 551.56
Non-current assets held for sale	11	-	-	34.20	34.20
Assets at fair value through other comprehensive income					
Owner-occupied property (land and buildings)	12	-	-	3 037.04	3 037.04
		-	**-**	**4 787.03**	**4 787.03**

		Historical			
	Notes	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
As at 30 June 2021					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	136.27	136.27
Investment property	13	-	-	1 345.34	1 345.34
Non-current assets held for sale	11	-	-	29.76	29.76
Assets at fair value through other comprehensive income					
Owner-occupied property (land and buildings)	12	-	-	2 666.63	2 666.63
		-	**-**	**4 178.00**	**4 178.00**
As at 30 June 2020					
Assets at fair value through profit or loss					
Investment securities	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 31 December 2020					
Assets at fair value through profit or loss					
Investment in equity	9	-	-	136.08	136.08
Investment property	13	-	-	1 285.59	1 285.59
Non-current assets held for sale	11	-	-	28.34	28.34
Assets at fair value through other comprehensive income					
Owner-occupied property (land and buildings)	12	-	-	2 515.66	2 515.66
		-	**-**	**3 965.67**	**3 965.67**

20.2 Reconciliation of level 3 items

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Balance as at the beginning of the period	**4 786.03**	**4 117.84**	**4 117.84**	**3 965.67**	**760.42**	**760.42**
Additions	51.00	-	45.52	13.41	-	2.69
Disposal of non-current assets held for sale	-	(17.20)	(15.23)	-	-	(7.37)
Transfer in (investment in equity)	-	49.97	49.97	-	4.78	4.79
Depreciation recognised on owner-occupied property	(27.02)	(61.79)	(49.46)	(16.44)	(5.69)	(23.80)
						-
Gains or losses for the period:						**-**
Fair value gain/(loss) through profit or loss	(238.62)	358.90	376.65	61.36	585.29	1 205.34
Fair value gain/(loss) through other comprehensive income	(393.39)	762.66	261.74	154.00	1 176.02	2 023.60
Balance at the end of the period	**4 178.00**	**5 210.38**	**4 787.03**	**4 178.00**	**2 520.82**	**3 965.67**

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



FINANCIAL RESULTS

For the half year ended 30 June 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

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

20.3 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).

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.

Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined based on 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.

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, cash flows 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 metre and capitalisation rates and vacancies	The estimated fair value would increase if: • net rental income increased; • capitalisation rates decreased; and/or • 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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20.4 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 investment securities, loans and advances, credit lines, and other financial assets and financial liabilities carried 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 of 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
Inflation Adjusted	ZWLm	ZWLm	ZWLm	ZWLm	ZWLm
30 June 2021		.			
Treasury bills	674.70	-	-	658.84	658.84
30 June 2020					
Treasury bills	2 085.20	-	-	2 036.19	2 036.19
31 December 2020					
Treasury bills	2 714.50	-	-	2 244.84	2 244.84
Historical					
30 June 2021					
Treasury bills	674.70	-	-	612.94	612.94
30 June 2020					
Treasury bills	1 009.10	-	-	916.71	916.71
31 December 2020					
Treasury bills	2 249.20	-	-	1 860.03	1 860.03

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 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 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).

21 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 the parent company
- Old Mutual Investment Group Zimbabwe (Private) Limited;
  Old Mutual Finance (Private) Limited;
- Old Mutual Life Assurance Company Zimbabwe Limited;
- Old Mutual Property Zimbabwe (Private) Limited;
- Old Mutual Securities (Private) Limited;
- Old Mutual Shared Services (Private) Limited; and
- RM Insurance Holdings (100% shareholder of Old Mutual Insurance Company (Private) Limited).

21.1 Key management personnel

Key management personnel include members of the Executive Committee who are the Managing Director, Deputy Managing Director, Chief Finance Officer, Human Capital Executive, Head of Corporate Banking, Head of Retail Banking, Head of Risk, Head of Operations, Head of Treasury, Head of Compliance, Head of Credit, Head of Custodial Services, Head of ICT and the Head of Marketing.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

21 Related party disclosures (continued)

Group companies (continued)

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
21.2 Loans to Directors						
Opening balance	12.53	22.21	22.19	10.38	4.10	4.10
Issued during the period	-	-	15.33	-	-	6.21
Interest and insurance charges	0.45	0.87	5.55	0.45	0.25	2.25
Repayments during the period	(4.38)	(3.41)	(5.38)	(4.38)	(0.95)	(2.18)
Monetary adjustment	(2.15)	(12.65)	(25.16)	-	-	-
Closing balance	**6.45**	**7.02**	**12.53**	**6.45**	**3.40**	**10.38**

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 those of Executive Directors which are in accordance with staff loan schemes.

	Inflation Adjusted			Historical		
21.3 Balances with group companies	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
During the year, the Society had transactions with Group companies and the outstanding balances at year end were:						
Amounts due to/(from) fellow subsidiaries	(780.12)	(33.21)	82.48	(780.12)	(16.07)	68.34
Amounts due from fellow subsidiaries	55.52	25.36	32.10	55.52	12.27	26.60
Amounts due to/(from) the holding company	(125.05)	(31.70)	54.09	(125.05)	(15.34)	44.82
21.4 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 payable to fellow subsidiaries	83.35	10.81	12.84	77.68	9.12	4.77
Fees payable to Old Mutual Property Zimbabwe (Private) Limited	14.63	10.77	-	13.64	3.35	-
Outsourced group services	67.57	33.68	95.39	63.28	10.80	57.51
21.5 Loans to key management personnel	**42.57**	**4.65**	**16.70**	**42.57**	**8.99**	**16.70**
These loans were granted at arm's length.						
21.6 Compensation of key management personnel						
The remuneration of Directors and other members of key management during the period was as follows:						
Short term benefits	229.62	137.44	372.52	214.02	40.79	218.52
Post employment benefits	2.55	1.57	3.40	2.38	0.47	1.84
	232.17	**139.01**	**375.92**	**216.40**	**41.26**	**220.36**
21.7 Directors' fees	**11.81**	**7.87**	**16.16**	**11.03**	**2.05**	**81.28**
22 Post employment employee benefits						
Old Mutual Group Pension Fund	18.18	10.37	22.88	16.95	3.02	12.29
NSSA	2.78	2.03	4.57	2.59	0.63	2.53
	20.96	**12.40**	**27.45**	**19.54**	**3.65**	**14.82**

22.1 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 and Other Comprehensive Income.

22.2 National Social Security Authority (NSSA)

All employees are members of the NSSA, which includes the Worker's Compensation Insurance Fund, to which both the employer and the employees contribute.

23 Share-based payments

23.1 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.

23.2 Composition of share-based payment liabilities

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Total liability	**277.46**	**277.44**	**229.90**	**5.82**	**5.82**	**5.82**

24 Risk management

The CABS risk management framework is enshrined in the three lines of of assurance 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;
- Cybersecurity risk;
- Operational risk;
- Strategic risk; and
- Reputational risk.

24.1 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, as well as from 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 includes 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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

24 Risk management (continued)

24.1 Credit risk (continued)

The Classified Accounts Committee
The main function of the Classified Accounts Committee is to review and monitor non-performing loans, including the recovery progress thereof and recommend recovery strategies with a view to ensuring speedy and complete recoveries.

Early Alert Committee
The main function of the Early Alert Committee is to timely identify, promptly report and proactively manage accounts which show deteriorating credit signs on an on-going basis to protect the Society's interest.

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

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to senior managers, members of MCC, the Board Credit Committee and the Board of Directors according to the size of facility;
- Reviewing and assessing credit risk. The Society's Board Credit Committee assesses all credit exposures in excess of designated limits prior to facilities being committed to customers. Renewal and review of facilities are subject to the same review process;
- Limiting concentration of exposure to counterparties, 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 the Basel II Modified Standardised approach.

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

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

In granting a credit facility, the Society considers both the counterparty's collateral and financial position. Should a counterparty be unable to settle its obligations, the Society takes possession of collateral as full or part settlement of such amounts. In general, the Society seeks to dispose the collateral which is not readily convertible into cash as soon as the market for the relevant asset permits. Non-current assets held for sale (note 11) represent repossessed collateral property which the Society intends to convert into cash within the coming year. The Society generally segregates collateral received into the following two classes:

Financial collateral
The Society takes financial collateral to support credit exposures in the trading book. This includes cash and debt securities in respect of derivative transactions.

These transactions are entered into under terms and conditions that are standard industry practice in securities borrowing and lending activities.

Non-financial collateral
In secured financial transactions, the Society takes other physical collateral to recover outstanding exposures in the event of the borrower being unable or unwilling to fulfil their 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 ZWL5 282.07m.

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.

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

	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	Principal type of collateral held
Type of credit exposure				
Treasury bills	0%	0%	-	None
Fixed deposits	1.00	1.00	1.00	Treasury bills
Mortgage loans	1.00	1.00	1.00	Property
Corporate loans	0.55	0.55	0.60	Property and
Consumer loans	0.85	0.85	0.85	Insurance

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

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to them. 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.

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Non credit-impaired loans						
Less than 50%	253.77	20.73	165.04	253.77	10.03	136.75
51% to 75%	415.77	17.69	11.60	415.77	8.56	9.61
76% to 100%	183.07	31.33	135.86	183.07	15.16	112.57
More than 100%	31.35	383.10	130.37	31.35	185.39	108.02
Total	**883.96**	**452.85**	**442.87**	**883.96**	**219.14**	**366.95**
Credit-impaired loans						
Less than 50%	0.09	20.73	4.16	0.09	10.03	3.45
51% to 75%	0.17	17.69	2.32	0.17	8.56	1.92
76% to 100%	0.44	31.33	1.68	0.44	15.16	1.39
More than 100%	0.13	383.10	-	0.13	185.39	-
Total	**0.83**	**452.85**	**8.16**	**0.83**	**219.14**	**6.76**

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 period end, are shown below.

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Property	-	-	-	-	-	-

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

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

30 June 2021 - Inflation adjusted

Credit Risk grade	Type	Provisioning criteria	IFRS 9 Stage	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	Stage 1	14 523.34	327.52	14 195.82
Grade D,E,F,G	Special mention	3-10% general provision	Stage 2	2 780.59	137.19	2 643.40
Grade H		20% specific provision on balance less security value	Stage 3	9.16	6.78	2.38
Grade I	Sub standard	50% of total outstanding balance less security value	Stage 3	6.69	6.50	0.19
Default	Doubtful	100% of total outstanding balance less security held	Stage 3	27.00	23.77	3.23
		Portfolio total		**17 346.78**	**501.76**	**16 845.02**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

24 Risk management (continued)

24.1 Credit risk (continued)

30 June 2020 - Inflation adjusted

Credit Risk grade	Type	Provisioning criteria	IFRS 9 Stage	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	Stage 1	4 455.98	114.59	4 341.38
Grade D,E,F,G	Special mention	3-10% general provision	Stage 2	415.35	17.56	397.79
Grade H		20% specific provision on balance less security value	Stage 3	21.08	11.81	9.26
Grade I	Sub standard	50% of total outstanding balance less security value	Stage 3	6.55	4.84	1.71
Default	Doubtful	100% of total outstanding balance less security held	Stage 3	25.07	170.31	(145.23)
		Portfolio total		**4 924.03**	**319.11**	**4 604.91**

31 December 2020 - Inflation adjusted

Credit Risk grade	Type	Provisioning criteria	IFRS 9 Stage	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	Stage 1	7 265.10	160.53	7 104.57
Grade D,E,F,G	Special mention	3-10% general provision	Stage 2	1 873.85	125.13	1 748.71
Grade H	Sub standard	20% specific provision on balance less security value	Stage 3	4.20	3.45	0.75
Grade I	Doubtful	50% of total outstanding balance less security value	Stage 3	8.75	7.65	1.10
Default	Loss	100% of total outstanding balance less security held	Stage 3	23.35	18.82	4.54
		Portfolio total		**9 175.25**	**315.58**	**8 859.67**

30 June 2021- Historical

Credit Risk grade	Type	Provisioning criteria	IFRS 9 Stage	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	Stage 1	14 523.34	327.52	14 195.82
Grade D,E,F,G	Special mention	3-10% general provision	Stage 2	2 780.59	137.19	2 643.40
Grade H		20% specific provision on balance less security value	Stage 3	9.16	6.78	2.38
Grade I	Sub standard	50% of total outstanding balance less security value	Stage 3	6.69	6.50	0.19
Default	Doubtful	100% of total outstanding balance less security held	Stage 3	27.00	23.77	3.23
		Portfolio total		**17 346.78**	**501.76**	**16 845.02**

30 June 2020 - Historical

Credit Risk grade	Type	Provisioning criteria	IFRS 9 Stage	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	Stage 1	3 692.88	94.97	3 597.91
Grade D,E,F,G	Special mention	3-10% general provision	Stage 2	344.22	14.55	329.67
Grade H		20% specific provision on balance less security value	Stage 3	17.47	9.79	7.68
Grade I	Sub standard	50% of total outstanding balance less security value	Stage 3	5.43	4.01	1.42
Default	Doubtful	100% of total outstanding balance less security held	Stage 3	20.78	141.14	(120.36)
		Portfolio total		**4 080.78**	**264.46**	**3 816.32**

31 December 2020 - Historical

Credit Risk grade	Type	Provisioning criteria	IFRS 9 Stage	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	Stage 1	6 019.64	133.01	5 886.63
Grade D,E,F,G	Special mention	3-10% general provision	Stage 2	1 552.61	103.68	1 448.93
Grade H	Sub standard	20% specific provision on balance less security value	Stage 3	3.48	2.86	0.62
Grade I	Doubtful	50% of total outstanding balance less security value	Stage 3	7.25	6.34	0.91
Default	Loss	100% of total outstanding balance less security held	Stage 3	19.35	15.59	3.76
		Portfolio total		**7 602.33**	**261.48**	**7 340.85**

The Society also takes into account provisions requirements of IFRS 9 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.

Covid-19 mitigants
The ongoing Covid-19 pandemic has continued to increase the Society's credit risk. The following mitigants were put in place to manage the credit risk from Covid-19:

- Selective lending to prioritise clients providing essential goods and services in view of the current tight liquidity challenges;
- Continuously review the impact of Covid-19 on the sustainability of borrowers' businesses and their ability to meet facility terms and conditions;
- Vigilant monitoring and identification of borrowing accounts showing signs of distress as a result of Covid-19. Clients whose operations are adversely affected by Covid-19 to the extent of threatening sustainability are identified and monitored closely; and
- Counterparties exhibiting signs of distress are closely monitored through an early alert process.

24.2 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 and the liquidity 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.

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

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

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Total liquid assets	9 115.44	8 475.23	10 787.51	9 115.44	4 101.36	8 938.33
Total liabilities to the public	22 965.29	18 379.65	19 822.61	22 965.29	8 894.34	16 424.64
Liquidity ratio	40%	46%	64%	40%	46%	64%
Maximum for the period	65%	65%	70%	65%	65%	70%
Minimum for the period	40%	45%	45%	40%	45%	45%
Average for the period	54%	57%	61%	54%	57%	61%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

24 Risk management (continued)

24.2 Liquidity risk (continued)

24.2.1 Liquidity gap analysis

Liquidity gap analysis as at 30 June 2021	Inflation Adjusted					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	7 017.13	-	-	-	-	7 017.13
Investment securities	99.54	561.60	-	-	-	661.14
Loans and advances	2 365.88	4 607.60	9 025.00	382.95	-	16 381.43
Other assets	-	-	-	-	4 834.02	4 834.02
Non-current assets held for sale	-	-	-	-	29.76	29.76
Property and equipment	-	-	-	-	3 643.80	3 643.80
Investment property	-	-	-	-	1 345.34	1 345.34
Intangible assets	-	-	-	-	631.93	631.93
Total assets	**9 482.55**	**5 169.20**	**9 025.00**	**382.95**	**10 484.85**	**34 544.55**
Liabilities						
Deposits	17 766.40	472.55	889.21	24.60	-	19 152.76
Credit lines	3 448.07	175.04	190.88	-	-	3 813.99
Other liabilities	-	-	-	-	2 693.58	2 693.58
Deferred taxation	-	-	-	-	201.28	201.28
Shareholder's equity	-	-	-	-	8 682.94	8 682.94
Total liabilities	**21 214.47**	**647.59**	**1 080.09**	**24.60**	**11 577.80**	**34 544.55**
Net liquidity gap	**(11 731.92)**	**4 521.61**	**7 944.91**	**358.35**	**(1 092.95)**	**-**
Cumulative liquidity gap	**(11 731.92)**	**(7 210.31)**	**734.60**	**1 092.95**	**-**	**-**

Liquidity gap analysis as at 30 June 2020	Inflation Adjusted					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	6 194.24	4.01	1.28	0.14	-	6 199.67
Investment securities	297.70	1 977.44	0.43	-	-	2 275.57
Loans and advances	1 775.20	2 059.03	4 122.22	90.26	-	8 046.71
Other assets	-	-	-	-	5 173.32	5 173.32
Non-current assets held for sale	-	-	-	-	41.06	41.06
Property and equipment	-	-	-	-	4 517.00	4 517.00
Investment property	-	-	-	-	1 644.97	1 644.97
Intangible assets	-	-	-	-	611.09	611.09
Total assets	**8 267.14**	**4 040.48**	**4 123.93**	**90.40**	**11 987.44**	**28 509.39**
Liabilities						
Deposits	12 647.70	311.74	100.10	10.91	-	13 070.45
Credit lines	889.70	1 327.11	3 092.40	-	-	5 309.21
Other liabilities	-	-	-	-	1 685.30	1 685.30
Deferred taxation	-	-	-	-	257.21	257.21
Shareholders' equity	-	-	-	-	8 187.22	8 187.22
Total liabilities	**13 537.40**	**1 638.85**	**3 192.50**	**10.91**	**10 129.73**	**28 509.39**
Net liquidity gap	**(5 270.26)**	**2 401.63**	**931.43**	**79.49**	**(1 857.71)**	**-**
Cumulative liquidity gap	**(5 270.26)**	**(2 868.63)**	**(1 937.20)**	**(1 857.71)**	**-**	**-**

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Liquidity gap analysis as at 31 December 2020	Inflation Adjusted					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	6 624.95	0.14	0.82	0.56	-	6 626.47
Investment securities	1 456.79	2 694.20	10.05	-	-	4 161.04
Loans and advances	1 440.04	2 375.12	4 602.49	96.80	-	8 514.45
Other assets	-	-	-	-	5 023.43	5 023.43
Intangible assets	-	-	-	-	34.20	34.20
Property and equipment	-	-	-	-	4 048.37	4 048.37
Investment property	-	-	-	-	1 551.56	1 551.56
Non-current assets held for sale	-	-	-	-	645.31	645.31
Total assets	**9 521.78**	**5 069.46**	**4 613.36**	**97.36**	**11 302.87**	**30 604.83**
Liabilities						
Deposits	15 922.63	9.29	50.88	33.41	-	16 016.21
Credit lines	769.45	2 735.36	301.59	-	-	3 806.40
Other liabilities	-	-	-	-	2 245.49	2 245.49
Deferred taxation	-	-	-	-	231.26	231.26
Shareholder's equity	-	-	-	-	8 305.47	8 305.47
Total liabilities	**16 692.08**	**2 744.65**	**352.47**	**33.41**	**10 782.22**	**30 604.83**
Net liquidity gap	**(7 170.30)**	**2 324.81**	**4 260.89**	**63.95**	**520.65**	**-**
Cumulative liquidity gap	**(7 170.30)**	**(4 845.49)**	**(584.60)**	**(520.65)**	**-**	**-**

Liquidity gap analysis as at 30 June 2021	Historical					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	7 017.13	-	-	-	-	7 017.13
Investment securities	99.54	561.60	-	-	-	661.14
Loans and advances	2 365.97	4 607.60	9 025.00	382.86	-	16 381.43
Other assets	-	-	-	-	3 070.84	3 070.84
Non-current assets held for sale	-	-	-	-	29.76	29.76
Property and equipment	-	-	-	-	3 077.09	3 077.09
Investment property	-	-	-	-	1 345.34	1 345.34
Intangible assets	-	-	-	-	142.92	142.92
Total assets	**9 482.64**	**5 169.20**	**9 025.00**	**382.86**	**7 665.95**	**31 725.65**
Liabilities						
Deposits	17 766.40	472.56	889.21	24.59	-	19 152.76
Credit lines	3 448.07	175.04	190.88	-	-	3 813.99
Other liabilities	-	-	-	-	2 005.72	2 005.72
Deferred taxation	-	-	-	-	201.28	201.28
Shareholders' equity	-	-	-	-	6 551.90	6 551.90
Total liabilities	**21 214.47**	**647.60**	**1 080.09**	**24.59**	**8 758.90**	**31 725.65**
Net liquidity gap	**(11 731.83)**	**4 521.60**	**7 944.91**	**358.27**	**(1 092.95)**	**-**
Cumulative liquidity gap	**(11 731.83)**	**(7 210.23)**	**734.68**	**1 092.95**	**-**	**-**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

24 Risk management (continued)

24.2 Liquidity risk (continued)

24.2.1 Liquidity gap analysis (continued)

Liquidity gap analysis as at 30 June 2020	Historical					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	2 997.50	1.97	0.62	0.07	-	3 000.16
Investment securities	144.06	956.93	0.21	-	-	1 101.20
Loans and advances	-	-	-	-	1 984.32	1 984.32
Other assets	859.07	996.40	1 994.84	43.68	-	3 893.99
Non-current assets held for sale	-	-	-	-	19.87	19.87
Property and equipment	-	-	-	-	1 761.19	1 761.19
Investment property	-	-	-	-	796.04	796.04
Intangible assets	-	-	-	-	91.87	91.87
Total assets	**4 000.63**	**1 955.30**	**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	-	-	-	-	520.99	520.99
Deferred taxation	-	-	-	-	124.47	124.47
Shareholders' 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	**(2 550.45)**	**1 162.22**	**450.77**	**38.47**	**898.99**	**-**
Cumulative liquidity gap	**(2 550.45)**	**(1 388.23)**	**(937.46)**	**(898.99)**	**(0.02)**	**-**

Liquidity gap analysis as at 31 December 2020	Historical					
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Non-determinant maturity ZWLm	Total ZWLm
Assets						
Cash and cash equivalents	5 489.31	0.12	0.68	0.45	-	5 490.56
Investment securities	1 207.07	2 232.36	8.33	-	-	3 447.76
Loans and advances	1 193.19	1 967.98	3 813.54	80.20	-	7 054.91
Other assets	-	-	-	-	2 858.31	2 858.31
Non-current assets held for sale	-	-	-	-	28.34	28.34
Property and equipment	-	-	-	-	2 703.98	2 703.98
Investment property	-	-	-	-	1 285.59	1 285.59
Intangible assets	-	-	-	-	92.80	92.80
Total assets	**7 889.57**	**4 200.46**	**3 822.55**	**80.65**	**6 969.02**	**22 962.25**
Liabilities						
Deposits	13 193.20	7.70	42.16	27.67	-	13 270.73
Credit lines	637.60	2 266.47	249.84	-	-	3 153.91
Other liabilities	-	-	-	-	1 304.68	1 304.68
Deferred taxation	-	-	-	-	191.62	191.62
Shareholders' equity	-	-	-	-	5 041.31	5 041.31
Total liabilities	**13 830.80**	**2 274.17**	**292.00**	**27.67**	**6 537.61**	**22 962.25**
Net liquidity gap	**(5 941.23)**	**1 926.29**	**3 530.55**	**52.98**	**431.41**	**-**
Cumulative liquidity gap	**(5 941.23)**	**(4 014.94)**	**(484.39)**	**(431.41)**	**-**	**-**

24.3 Market risk

Market risk is the risk of adverse changes to the CABS statement of financial position or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments. The Society's transactions are mainly exposed to the following risk types:

Foreign exchange risk, which is the risk to earnings or capital arising from the translation of the Society's assets and liabilities to local currency.

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

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

- Dealer and trading limits;
- Counterparty limits;
- Limits by type of instruments; and
- Limits on maturity profiles.

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

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

24.3.1 Exposure to interest rate risk

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Society's financial assets and liabilities to various standard and non-standard interest rate scenarios. Capital requirements for market risk are subject to Basel II standardised approach.

Sensitivity analysis

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

	Inflation Adjusted			Historical		
	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Increase/(decrease) in interest rates on interest income						
-2%	(14.24)	(20.31)	48.66	(13.27)	(9.83)	40.32
-1%	(7.08)	(10.17)	97.75	(6.64)	(4.92)	80.99
-0.5%	(3.54)	(5.08)	197.23	(3.32)	(2.46)	163.42
0.5%	3.54	5.08	(197.23)	3.32	2.46	(163.42)
1%	7.08	10.17	(97.75)	6.64	4.92	(80.99)
2%	14.24	20.31	(48.66)	13.27	9.83	(40.32)

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.

Interest rate repricing and gap analysis 30 June 2021	Inflation Adjusted				
	On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Investment securities	99.54	561.60	-	-	661.14
Loans and advances	2 365.88	4 607.60	9 025.00	382.85	16 381.43
Total assets	**2 465.42**	**5 169.20**	**9 025.00**	**382.85**	**17 042.57**
Liabilities					
Deposits	17 766.40	472.55	889.21	24.60	19 152.76
Credit lines	3 448.07	175.04	190.88	-	3 813.99
Total liabilities	**21 214.47**	**647.59**	**1 080.09**	**24.60**	**22 966.75**
Net liquidity gap	**(18 749.05)**	**4 521.61**	**7 944.91**	**358.25**	**(5 924.28)**
Cumulative interest rate repricing liquidity gap	**(18 749.05)**	**(14 227.44)**	**(6 282.53)**	**(5 924.28)**	**-**

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FINANCIAL RESULTS

For the half year ended 30 June 2021

WE'LL HELP YOU GET THERE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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24 Risk management (continued)

24.3.1 Exposure to interest rate risk (continued)

Interest rate repricing and gap analysis 30 June 2020	Inflation Adjusted On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Investment securities	297.70	1 977.44	0.43	-	2 275.57
Loans and advances	1 775.20	2 059.03	4 122.22	90.26	8 046.71
Total assets	**2 072.90**	**4 036.47**	**4 122.65**	**90.26**	**10 322.28**
Liabilities					
Deposits	12 647.70	311.74	100.10	10.91	13 070.45
Credit lines	889.70	1 327.11	3 092.37	-	5 309.18
Total liabilities	**13 537.40**	**1 638.85**	**3 192.47**	**10.91**	**18 379.63**
Net liquidity gap	**(11 464.50)**	**2 397.62**	**930.18**	**79.35**	**(8 057.35)**
Cumulative interest rate repricing liquidity gap	**(11 464.50)**	**(9 066.88)**	**(8 136.70)**	**(8 057.35)**	**-**

Interest rate repricing and gap analysis 31 December 2020	Inflation Adjusted On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Investment securities	1 456.79	2 694.20	10.05	-	4 161.04
Loans and advances	1 440.04	2 375.12	4 602.49	96.80	8 514.45
Total assets	**2 896.83**	**5 069.32**	**4 612.54**	**96.80**	**12 675.49**
Liabilities					
Deposits	15 922.63	9.29	50.88	33.40	16 016.20
Credit lines	769.45	2 735.36	301.59	-	3 806.40
Total liabilities	**16 692.08**	**2 744.65**	**352.47**	**33.40**	**19 822.60**
Net liquidity gap	**(13 795.25)**	**2 324.67**	**4 260.07**	**63.40**	**(7 147.11)**
Cumulative interest rate repricing liquidity gap	**(13 795.25)**	**(11 470.58)**	**(7 210.51)**	**(7 147.11)**	**-**

Interest rate repricing and gap analysis 30 June 2021	Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	99.54	561.60	-	-	661.14
Loans and advances	2 365.97	4 607.60	9 025.00	382.86	16 381.43
Total assets	**2 465.51**	**5 169.20**	**9 025.00**	**382.86**	**17 042.57**
Liabilities					
Deposits	17 766.40	472.56	889.21	24.59	19 152.76
Credit lines	3 448.07	175.04	190.88	-	3 813.99
Total liabilities	**21 214.47**	**647.60**	**1 080.09**	**24.59**	**22 966.75**
Net liquidity gap	**(18 748.96)**	**4 521.60**	**7 944.91**	**358.27**	**(5 924.18)**
Cumulative interest rate repricing liquidity gap	**(18 748.96)**	**(14 227.36)**	**(6 282.45)**	**(5 924.18)**	**-**

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Interest rate repricing and gap analysis 30 June 2020	Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	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	6 120.52	150.86	48.43	5.28	6 325.09
Credit lines	430.56	642.22	1 496.47	-	2 569.25
Total liabilities	**6 551.08**	**793.08**	**1 544.90**	**5.28**	**8 894.34**
Net liquidity gap	**(5 547.95)**	**1 160.25**	**450.15**	**38.40**	**(3 899.15)**
Cumulative interest rate repricing liquidity gap	**(5 547.95)**	**(4 387.70)**	**(3 937.55)**	**(3 899.15)**	**-**

Interest rate repricing and gap analysis 31 December 2020	Historical On demand to 3 months ZWLm	3 months to 1 year ZWLm	1 year to 5 years ZWLm	Over 5 years ZWLm	Total
Assets					
Investment securities	1 207.07	2 232.36	8.33	-	3 447.76
Loans and advances	1 193.19	1 967.98	3 813.54	80.20	7 054.91
Total assets	**2 400.26**	**4 200.34**	**3 821.87**	**80.20**	**10 502.67**
Liabilities					
Deposits	13 193.20	7.70	42.16	27.67	13 270.73
Credit lines	637.60	2 266.47	249.84	-	3 153.91
Total liabilities	**13 830.80**	**2 274.17**	**292.00**	**27.67**	**16 424.64**
Net liquidity gap	**(11 430.54)**	**1 926.17**	**3 529.87**	**52.53**	**(5 921.97)**
Cumulative interest rate repricing liquidity gap	**(11 430.54)**	**(9 504.37)**	**(5 974.50)**	**(5 921.97)**	**-**

The Society is exposed to exchange rate movements of various currencies against the Zimbabwe dollar. Below are the foreign currency exposures for the Society as at 30 June 2021:

	Exchange rate 30 June 2021	30 June 2020	31 December 2019
Currency name			
United States Dollar (US$)	85.37	57.36	81.79
South African Rand (ZAR)	0.17	0.30	0.18
Great British Pound (GBP)	118.73	70.47	111.80
Euro (EUR)	101.97	64.39	100.41
Botswana Pula (BWP)	7.87	4.87	7.57

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2021

24 Risk management (continued)

24.3.2 Exposure to foreign currency risk

	Assets Cash and cash equivalents 2021	Assets Cash and cash equivalents 2020	Net ZWL equivalent as at 30 June 2021	Net ZWL equivalent as at 31 December 2020	Effect on profit of 10% depreciation 2021	Effect on profit of 10% depreciation 2020	Effect on profit of 10% appreciation 2021	Effect on profit of 10% appreciation 2020
United States Dollar	**US$m**	**US$m**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	21.37	16.59	1 824.46	1 356.55	(182.45)	(135.66)	182.45	135.66
South African Rand	**ZARm**	**ZARm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	6.17	2.62	36.29	14.54	(3.63)	(1.45)	3.63	1.45
Great British Pound	**GBPm**	**GBPm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	0.18	0.28	21.46	31.06	(2.15)	(3.11)	2.15	3.11
Euro	**EURm**	**EURm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	1.8	1.48	179.83	148.77	(17.98)	(14.88)	17.98	14.88
Botswana Pula	**BWPm**	**BWPm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**	**ZWLm**
	2.3	0.66	17.72	4.96	(1.77)	(0.50)	1.77	0.50

24.4 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 environment

Compliance risk is managed through a Board-approved Compliance Programme. There are policies such as; 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 on regulatory and other issues pertaining to the Society. The compliance function independently monitors departments to ensure adherence to policies and procedures and other technical requirements.

24.5 Cybercrime/Cybersecurity Risk

Cybercrime Risk is the risk relating to criminal and fraudulent activities involving online and information technology. It is a sub-component of information security risk (a sub-component of information technology risk), which is the risk of failure to protect the confidentiality, integrity and/or availability of information technology assets from unauthorised access, use, disclosure, disruption, modification, or destruction.

The CABS Executive Committee (EXCO) and ICT Steering Committees (ICT Steercom) have the primary responsibility to implement Information Security controls and mitigate cyber threats under the oversight of the Board ICT Committee. The Society has an Information Technology Risk Policy, an Information Security Risk Policy and a Financial Crime Risk Policy that are complementary in governing cybersecurity risks. The Society has a low appetite for information technology risk and a zero appetite for financial crime risk.

The threat landscape in the financial services industry has increased due to device interoperability, fast digital technology adoption and accelerated by Covid-19 related implications. Accordingly, the Society augmented the Risk and Information Security Unit responsible for spearheading response to cybercrime and championing the ICT risk culture interventions. Training on cybersecurity is conducted regularly to build and enhance user awareness for both internal and external stakeholders. A Cybersecurity Incident Response Team (CSIRT) was set up to improve incident response capabilities and to act as the first responder to computer security incidents within the Society as well as to perform vital functions in identifying, mitigating, reviewing, documenting and reporting all findings.

24.6 Operational risks

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Executive Committee (EXCO) under the oversight of the Board Risk and Compliance Committee.

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

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

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

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

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

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

24.7 Strategic risk

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

24.8 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 the potential to impact the Society's reputation are immediately escalated to the Head of Marketing, Managing Director, Head of Compliance and Head of Risk; and
- Any exposures to reputational risk are captured in the internal risk events log, with controls to mitigate the risk.

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	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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24 Risk management (continued)

24.7 Reputational risk (continued)

Summary of risk matrix from RBZ Onsite Inspection of May 2018

Type of risk	Level of Inherent risk	Adequacy of risk management systems	Overall Composite risk	Direction of overall composite risk
Credit	Moderate	Acceptable	Moderate	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Foreign exchange	Low	Acceptable	Low	Stable
Interest rate	Moderate	Acceptable	Moderate	Increasing
Strategic	Moderate	Acceptable	Moderate	Stable
Operational	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 have to be recognised and are being addressed. Management information systems are generally adequate.
Strong	Management effectively identifies and controls all types of risk areas posed by the relevant functional areas or per inherent risk. The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are in place. The policies comprehensively define the banking institution's risk tolerance. Responsibilities and accountabilities are effectively communicated.

Overall composite risk

Low	This would be assigned to low risk areas. Moderate risk areas may be assigned to a low composite risk where internal controls and risk management systems are strong and effectively mitigate much risk.
Moderate	Risk management systems appropriately mitigate inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.
High	Risk management systems do not significantly mitigate the high level of risk, thus, the activity could potentially result in a financial loss that would have a significant impact on the banking institution's overall condition.

Direction of overall composite risk

Increasing	Based on the current information, risk is expected to increase in the next twelve months.
Decreasing	Based on the current information, risk is expected to decrease in the next twelve months.
Stable	Based on the current information, risk is expected to be stable in the next twelve months.

25 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 regulatory core capital requirement of US$30m equivalent by 31 December 2021. As at 30 June 2021, the Society was compliant with respect to the minimum capital requirement.

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 so as to maintain depositor confidence and sustain future developments of the business. The Society's regulatory position as at 30 June 2021 was as follows:

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For the half year ended 30 June 2021

CAPITAL ADEQUACY	30 June 2021 ZWLm	30 June 2020 ZWLm	31 December 2020 ZWLm
Tier 1 Capital			
Ordinary class "A" share capital	35.00	35.00	35.00
Retained earnings	4 468.37	1 548.29	2 926.56
Exposures to insiders and connected parties	(6.45)	(3.40)	(9.39)
Less Tier 1 allocated to market risk	(140.98)	(30.76)	(181.13)
Less Tier 1 allocated for operational risk	(137.57)	(21.91)	(137.57)
Total Tier 1 Capital	**4 218.37**	**1 527.22**	**2 633.47**
Tier 2 Capital			
Revaluation reserve (Limited by Tier 1)	2 504.88	1 433.10	2 358.35
General provisions	322.28	82.08	199.26
Other	7.21	11.03	7.27
Total Tier 2 Capital	**2 834.37**	**1 526.21**	**2 564.88**
Tier 3 Capital			
Allocation of capital for market risk	140.98	30.76	181.13
Allocation of capital for operational risk	137.57	22.91	137.57
Total Tier 3 Capital	**278.55**	**53.67**	**318.70**
Deductions from total capital			
Shareholding in subsidiary company	(18.57)	(8.54)	(18.54)
Lending of a capital nature to associate companies and subsidiaries		(3.36)	-
Equity investments in non subsidiary companies	(111.77)	(21.41)	(111.77)
Total from total capital	**(130.34)**	**(33.31)**	**(130.31)**
Total regulatory capital	**7 200.95**	**3 073.79**	**5 386.74**
Total risk weighted assets	**22 300.87**	**6 566.58**	**15 938.33**
Capital adequacy ratio	**32.29%**	**46.79%**	**33.79%**
Regulatory minimum capital adequacy ratio	**12%**	**12%**	**12%**

26 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-2021
Long-term	National	A+	Stable	Aug-2020
Long-term	National	A+	Stable	Aug-2019

27 Custodial services

The Society provides custodial trust services to individuals and institutions by holding assets on behalf of customers. As at 30 June 2021, assets under custody amounted to ZWL125.28bn (30 June 2020: ZWL107.11bn) and fee income amounting to ZWL63.22m on an inflation adjusted basis (30 June 2020: ZWL15.88m) had been received in return for these services. Assets held for related parties as at 30 June 2021 amounted to ZWL76.80bn (30 June 2020: ZWL31.23bn) and fee income received from related parties as at 30 June 2021amounted to ZWL37.78m (30 June 2020: ZWL10.43m).

28 Going concern

The Society managed to maintain a strong liquidity and capital position throughout the financial period ended 30 June 2021.

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.

Impact of Covid-19

Covid-19 has significantly shifted business and economic activity during the period under review.

The virus continues to spread globally, with governments continuing to adopt restrictive measures to reduce the spread of the virus, resulting in a reduction of economic activities in both the global and domestic financial markets. The Society has considered the future impact Covid-19 might have on the business as a going concern.

Restrictive measures such as lockdowns and reduced operational times for businesses aimed at reducing the number of Covid-19 infections have the potential to negatively affect the operations of the Society. The following actions were taken to minimise the negative impact of the measures on the Society's operations:

- A significant number of staff were vaccinated and continued to work remotely from home to facilitate safe social distancing and continued service delivery.
- Branches have remained 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.
- The Society introduced WhatsApp Banking and easily accessible service that allowed customers to do their banking via WhatsApp chat.
- The Society zero-rated its services for the CABS Mobile App and CABS Secure WhatsApp Banking link to enable customers to enjoy these services without any data.

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

29 Subsequent events

There were no significant subsequent events affecting the financial statements for the six months ended 30 June 2021.