ANNUAL REPORT 2024

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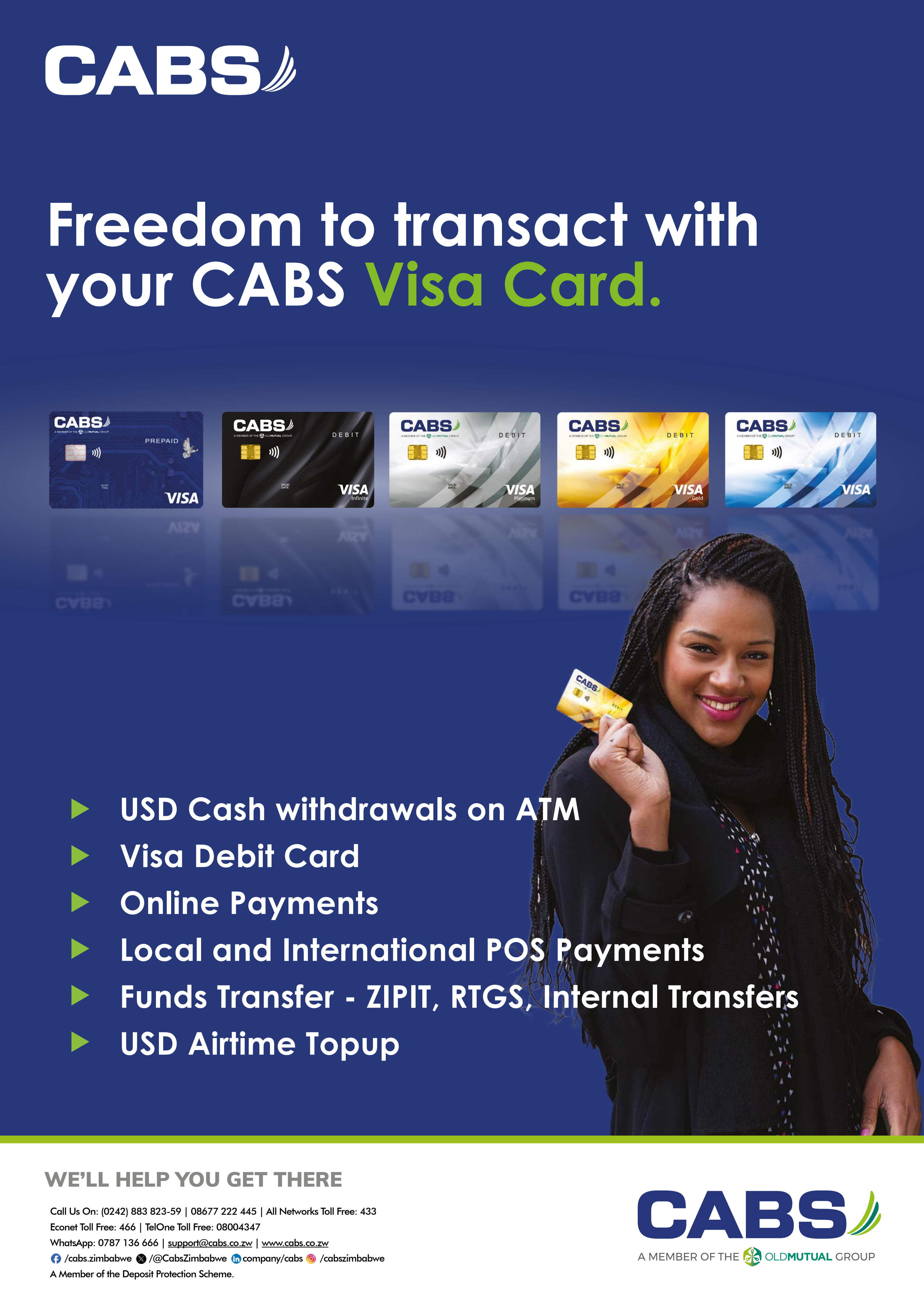
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DIRECTORATE AND ADMINISTRATION

Board of Directors

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

Board Audit Committee

DK Shinya	Chairman
JC Tapambgwa	Member
MJR Dube	Member

Board Risk and Compliance Committee

JC Tapambgwa	Chairman
DK Shinya	Member
ST Hosack	Member

Board Credit Committee

JC Tapambgwa	Chairman
T Mutaviri	Member
W Gillwald	Member

Board Loans Review Committee

MJR Dube	Chairman
S Matsekete	Member
DK Shinya	Member

Board ICT Committee

W Gillwald	Chairman
ST Hosack	Member
T Mutaviri	Member

Executive Committee Members

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

Asset and Liability Committee

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

Regional Councils

Manicaland

FJ Meglic	Chairman
CK Holland	Member

Matabeleland / Midlands

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

Head Office and Registered Office

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

Auditors

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

Preparation of Annual Report

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

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

NOTICE TO MEMBERS

For the year ended 31 December 2024

Notice is hereby given that the seventieth (70th) Annual General Meeting (AGM) of Members of CABS (the Society) will be held via Microsoft Teams on Wednesday, 21 May 2025 at 1230hrs.

ORDINARY BUSINESS

Minutes of last Annual General Meeting

1. To approve minutes of the Annual General Meeting held on Wednesday 15 May 2024.

Financial statements and statutory reports

2. To receive, consider and adopt the financial statements, as well as Directors' and Auditors' Reports for the financial year ended 31 December 2024.

Directorate

3. Mr. MJR Dube, Mr. W Matsaira and Mr W Gillwald retire by rotation in terms of Rule 71 of the CABS Rules and, being eligible, offer themselves for re-election.

4. To confirm the remuneration of Directors amounting to USD413 458 for the year ended 31 December 2024

Dividends

5. To confirm the total dividend for the year ended 31 December 2024 of USD12 million, comprising the first interim dividend for 2024 amounting to USD6 million as declared by the Board on 21 August 2024 and the second interim dividend amounting to USD6 million as declared by the Board on 27 December 2024.

External auditors

6. To approve the appointment of Axcentium as the Society's External Auditor for the ensuing year.

7. To approve the external auditors' remuneration amounting to USD225 272 for the year ended 31 December 2024.

Any other business

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

Electronic Annual Report
The Society's 2024 Annual Report is now available on the Society's website www.cabs.co.zw.

By order of the Board

H R NHARINGO
COMPANY SECRETARY

Registered Office
3 Northend Close
Northridge Park
Highlands
HARARE

19 March 2025

ANNUAL FINANCIAL REVIEW
For the year ended 31 December 2024

	Audited USD		
	31 December 2024 USDm	31 December 2023 USDm	31 December 2022 USDm
ASSETS			
Cash and cash equivalents	138.44	130.93	71.34
Investment securities	42.10	80.18	23.98
Other assets	62.39	54.43	22.10
Loans and advances	192.03	167.90	100.68
Non-current assets held for sale	0.25	0.35	0.25
Property and equipment	41.58	53.72	28.26
Investment property	21.41	25.72	11.73
Intangible assets	0.21	0.35	0.62
Total assets	**498.41**	**513.58**	**258.96**
LIABILITIES			
Deposits	241.13	221.98	109.23
Credit lines	55.36	92.38	59.09
Trade and other liabilities	30.47	34.33	10.15
Deferred taxation	3.54	4.48	1.92
Shareholder's equity	167.91	160.41	78.57
Total liabilities	**498.41**	**513.58**	**258.96**
Income and expenses			
Net interest income	25.28	26.02	
Allowance for expected credit losses (ECL)	(3.36)	(5.24)	
Income from lending activities	21.92	20.78	
Net non-interest income	63.40	128.40	
Allowance for ECL	(0.44)	(0.74)	
Total income	**84.88**	**148.44**	
Operating expenses	(52.73)	(52.21)	
- Administration	(28.11)	(29.34)	
- Depreciation	(3.31)	(2.80)	
- Staff costs	(21.31)	(20.07)	
Suplus before impairments	**32.15**	**96.23**	
Impairment on non-financial assets	(0.28)	(0.59)	
Monetary loss	-	(25.15)	
Net surplus for the year	**31.87**	**70.49**	

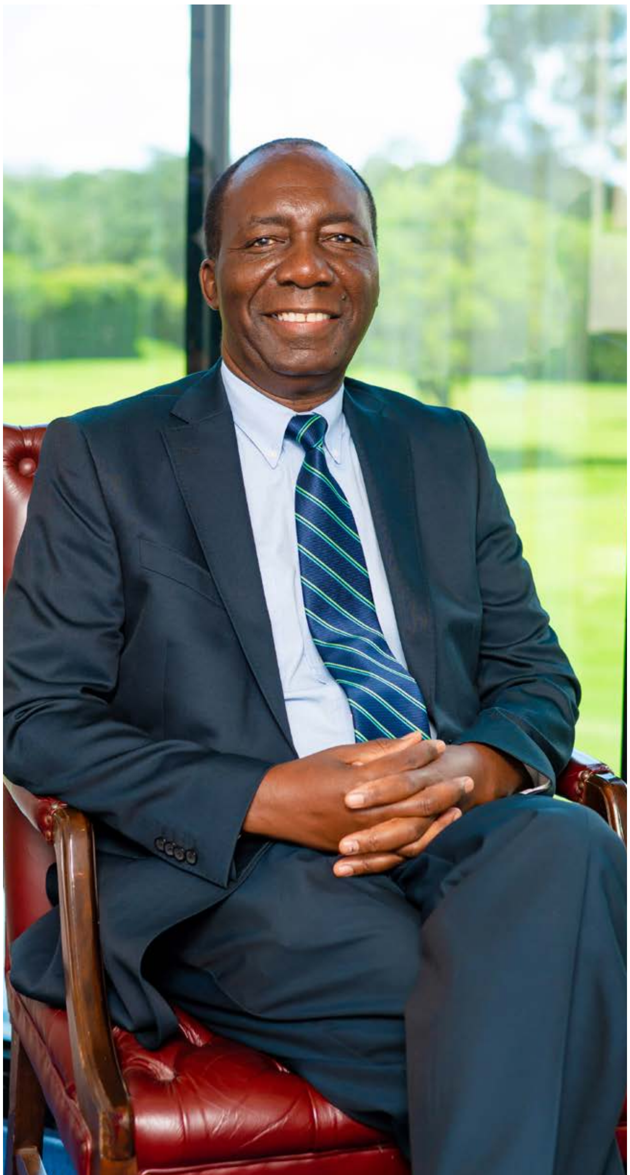
ANNUAL FINANCIAL REVIEW (continued)

For the year ended 31 December 2024

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Tier 1 capital		
Ordinary class "A" share capital	-	0.01
Retained earnings	116.03	99.21
Exposures to insiders and connected parties	(5.39)	(0.83)
Less Tier 1 allocated to market risk	(6.49)	(5.89)
Les Tier 1 allocated for operational risk	(2.23)	(2.34)
Total Tier 1 capital	**101.92**	**90.16**
Tier 2 capital		
Revaluation reserve (limited by Tier 1)	34.80	45.21
General provisions (limited to 1.25% of TRWA)	5.56	4.92
Total Tier 2 capital	**40.36**	**50.13**
Tier 3 capital		
Allocation of capital for market risk	6.49	5.89
Allocation of capital for operational risk	2.23	2.34
Total Tier 3 capital	**8.72**	**8.23**
Deductions from total capital		
Encumbered assets	(20.00)	-
Equity investments in non subsidiary company	(0.37)	(0.88)
Total deductions from total capital	**(20.37)**	**(0.88)**
Total regulatory capital	**130.63**	**147.64**
Total risk weighted assets	**445.26**	**393.82**
Capital adequacy ratio	**29.34%**	**37.49%**
Regulatory minimum capital adequacy ratio	**12.00%**	**12.00%**
Liquidity ratio	**63.32%**	**73.57%**
• Total liquid assets	185.62	229.52
• Total liabilities to the public	293.14	311.96
Return on average assets	**6.39%**	**13.73%**
• Surplus for the year	31.87	70.49
• Average assets	498.41	513.58
Return on equity	**18.98%**	**43.94%**
• Surplus for the year	31.87	70.49
• Shareholders' equity	167.91	160.41

The USD capital numbers have been derived from the BSD1 reports prepared in line with RBZ guidelines, converted to USD at the closing rate of ZWG25.7985:USD1 for 31 December 2024 and ZWL6 089.4700:USD1 for 31 December 2023.

CHAIRMAN'S STATEMENT
For the year ended 31 December 2024



> The Society has been consistent in meeting customer needs by responding adeptly to changes in market trends whilst maintaining sustainable business practices to increase shareholder value.

Dear Shareholder

The year 2024 was characterised by macro-economic hurdles which affected the operating environment. These hurdles included an intense El Niño which led to one of the worst droughts in over 40 years, causing a substantial contraction in the agricultural sector. The drought also impacted power generation negatively due to a reduction in output from Kariba. The country experienced steep exchange rate depreciation in the first quarter of the year. This was followed by the introduction of a new currency, the Zimbabwe Gold (ZWG), in April 2024. The new currency maintained stability on the Interbank Market until September 2024 when the currency was devalued by 74.23%.

Financial performance

CABS delivered stable financial performance in 2024, marked by a 5.49% increase in lending income compared to the prior year and a 17.52% growth in net fee and commission income. Exchange rate movements resulted in an unrealised gain of USD21.39m in 2024, compared to USD71.29m in 2023. Operating expenses remained stable with a marginal increase of 1.00% from 2023. The Society's functional currency transitioned to the United States Dollar (USD) effective 1 January 2024 hence there was no monetary loss in 2024. A monetary loss of USD25.15m was recorded in 2023 due to the effects of hyperinflation on monetary assets and liabilities.

Investing in the economy

During the year, the Society undertook several initiatives to support economic growth and development. Listed below are some of these initiatives:

- CABS increased its facilities with the Trade and Development Bank and renewed the Afreximbank facility. The Society is currently at advanced stages of concluding other lines of credit for the benefit of the productive sector;
- Trade facilitation through tailor-made pre-shipment facilities;
- Lending to the productive sector, including Micro, Small and Medium Enterprises;
- Supporting key pillars of the economy that generate foreign currency; and
- Driving financial inclusion through enhanced access to banking services, an expanded branch network and enhanced digital platforms. CABS is currently running the Affirmative Finance Action for Women in Africa (AFAWA) project funded by the African Development Bank for the empowerment of women-owned/run MSMEs with skills and facilitating ease of access to funding. On completion of the project, CABS will make inroads in extending financing to more women in business.

CHAIRMAN'S STATEMENT (continued)

For the year ended 31 December 2024

Corporate social responsibility

CABS remains steadfast in its commitment to corporate social responsibility (CSR), embedding sustainability and community investment at the core of its operations. Initiatives in the reporting period spanned across key areas such as education, healthcare, environmental conservation, sports, the arts and financial literacy.

During the year, CABS took a bold stand in the fight against cancer, focusing on breast cancer, childhood cancer, as well as prostate and testicular cancers. Recognising the critical importance of early detection and access to treatment, we supported awareness campaigns and donated chemotherapy drugs to assist those in need. Through these efforts, CABS not only provided tangible support to patients but also fostered a culture of proactive healthcare within communities.

Environmental sustainability remains a key pillar of the CABS CSR strategy. The Society actively participated in tree planting initiatives to promote sustainability and combat deforestation. Through partnerships with key stakeholders, CABS contributed to national reforestation efforts, reinforcing its commitment to a greener future. This dedication to sustainability was recognised in December 2024 when CABS received the Environmental, Social, and Governance (ESG) Award for Inclusive Development of Sustainable Development Goals (SDGs) at the Zimbabwe National ESG and CSR Achievement Awards. Through these efforts, CABS continues to create meaningful and lasting impact across Zimbabwe.

Corporate governance

The Society's Board of Directors adopts sound corporate governance principles to ensure that it operates within the expected risk appetite. Per the Society's policy, several board meetings were completed during the year to ensure that we minimise risk exposures whilst leveraging on our strengths as a business to increase shareholder value. There were no changes to the 2024 Board composition.

Compliance Issues

Given that the Society operates in a highly regulated environment there is need for the Board to be compliant with regulatory requirements and this is monitored on an ongoing basis by the Board of Directors. There is constant evaluation of operations by the Board to oversee compliance of the Society on a broader scale, which has led to sound business practices being implemented.

Outlook

Economic growth is poised to improve from last year on the back of a better rainfall season which will underpin a recovery in agricultural output. The mining sector, particularly gold, appears to be well positioned for a good year. Liquidity in the market has generally been tight since the beginning of the year. While this has brought a welcome stability in the exchange rate, the hope is that continued tightness in liquidity does not restrict credit growth and in so doing compromise economic growth. CABS will continue with its objective of meeting customer needs by responding adeptly to changes in market trends, while maintaining sustainable business practices.

Appreciation

In 2024, CABS reached its 75th anniversary and I would like to extend gratitude to our stakeholders who have been the cornerstone of our success. These include our customers, strategic partners, management and staff as well as the Board of Directors. In conclusion, I would like to commend management and staff for delivering commendable results.

Washington Matsaira
Chairman

19 March 2025

MANAGING DIRECTOR'S REPORT
For the year ended 31 December 2024

Introduction
The year ended 31 December 2024 was marked by a complex and challenging economic landscape. Despite these conditions, CABS delivered commendable performance with emphasis placed on protecting the value of the balance sheet. The Society continued to play a role in supporting the economy through provision of critical working capital and capital expenditure funding to key sectors of the economy. Strategic investments in digital banking channels enhanced customer experience, facilitating seamless transactions in both ZWG and USD.

Celebrating 75 Years of Excellence
In 2024, CABS celebrated its 75th anniversary, a significant milestone that underscores the Society's resilience, innovation, and commitment to serving Zimbabwe's financial needs. Over the decades, CABS has evolved from its roots as a building society to a full financial services offering while maintaining its core mission of empowering individuals, businesses, and communities. This anniversary was marked by a reflection on our achievements, honouring past and present leadership, and reaffirming our mission, vision, and values. Looking ahead, CABS remains dedicated to driving financial inclusion, fostering economic growth, and delivering exceptional service to our customers.

Financial performance
CABS achieved satisfactory performance on the back of increased non-funded income, bolstered by payment transactions in key economic segments as well as foreign currency translation gains. The digitalisation strategy resulted in a positive customer experience by widening transaction channel options. We added USD account transacting capabilities to our digital channels in response to growing customer demand, which was positively embraced. We continued to support the borrowing requirements of our customers through a combination of local funding and offshore lines of credit. The introduction and growth of USD digital lending channels such as EezyCredit and FlexiCredit supported CABS' lending activities during the year.

The surplus for the year dropped by 54.79% to USD31.87mm (2023: USD70.49m). This drop was mainly due to a decrease in other income from USD89.31m to USD17.46m. The main contributor to the decline was the impact of the change in functional currency from local currency to USD, resulting in exchange gains and fair value losses on investment properties declining by USD49.90m and USD18.53m, respectively. Net interest income declined by 2.84% to USD25.28m (2023: USD26.02m), while net fee and commission income increased by 17.52% to USD45.94m (2023: USD39.09m). Operating expenses were stable.

> "Over the decades, CABS has evolved into a trusted financial institution, continuously adapting to economic changes while maintaining its core mission of empowering individuals, businesses, and communities."

MANAGING DIRECTOR'S REPORT

For the year ended 31 December 2024

Dividends

During the course of the year, CABS declared and paid dividends amounting to USD12m.

Investing in innovation

In 2022, CABS initiated its digital transformation journey, commencing with a thorough review of all bank-wide processes to establish a foundational framework for transformation and automation.

Our process automation journey has yielded numerous benefits from cost containment, customer experience, and employee experience perspectives over the past three years, with the following being some of the most impactful:

- Introduced new internet banking platforms for both corporates and individuals;
- Enabled customers to submit their telegraphic transfer (TT) application forms electronically. This has contributed to a quick turnaround in foreign payments;
- Decentralised instant card issuance across key branches; and
- Introduced cash deposit-taking Automated Teller Machines as well as offsite ATMs at key centres of economic activity.

Investing in the communities we serve

CABS is committed to Corporate Social Responsibility (CSR), understanding the significant role it plays in positively impacting individuals and communities. The bank believes in fostering sustainable growth and creating lasting change. This dedication was acknowledged in December 2024 when CABS received the Environmental, Social, and Governance (ESG) Award for Inclusive Development of Sustainable Development Goals (SDGs) at the Zimbabwe National ESG and CSR Achievement Awards. The bank also earned recognition at the Banks & Banking Survey Awards 2024, where we were named first runner-up for the Environmental, Social, and Governance (ESG) Award.

Investing in the economy

CABS is committed to playing its part in the economic development of the country. Our role as a financier has seen us providing working capital and capital expenditure loans to the productive sectors of the economy. CABS was active in the agriculture and mining sectors as well as infrastructure development in 2024. In support of availing funding to propel growth in the country, CABS renewed its USD40 million facility with Afreximbank and increased its facility with the Trade and Development Bank to USD50 million. The deployment of this funding into the productive sectors of the economy resulted in employment creation, an increase in the tax base, and enhanced food security for families. The Society was also active in promoting trade and development through tailor-made trade facilities that enabled beneficiaries to seamlessly import raw materials and capital equipment.

Investing in our people

Our skills development programme remained a key focus area, with several initiatives aimed at enhancing employee capabilities. Notably:

- We successfully conducted Chinese language exams for Level 2, boosting language proficiency and cross-cultural communication skills among staff;
- CABS' top performers, through Old Mutual Limited's partnership with Emeritus, benefited from the various training programmes; and
- We maintained our commitment to employee well-being by investing in sporting activities, promoting a healthy work-life balance among our staff.

Appreciation

I would like to express my heartfelt gratitude to our stakeholders for their contribution in our remarkable journey. To our valued customers, thank you for your loyalty and trust in us. Your support has been instrumental in our growth and success. To our regulatory authorities, we appreciate your guidance and oversight, which have helped shape our industry, along with ensuring compliance with the highest standards. To our dedicated staff, we salute your hard work, commitment, and passion for delivering exceptional financial services. We are proud of our 75-year heritage and excited about the future. Here's to many more years of growth, innovation, and service excellence! Thank you again for being part of our story.

M Mpofu
Managing Director

19 March 2025

REPORT OF THE DIRECTORS
For the year ended 31 December 2024

Overview
The financial statements of CABS for the year ended 31 December 2024 are prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board. We are proud to report that 2024 marked a significant milestone in our history, as we celebrated our 75th year of existence. This achievement is a testament to our enduring commitment to serving our members and contributing to the economic development of Zimbabwe. Following the discontinuation of the hyperinflationary environment and the adoption of the United States Dollar (USD) as the functional and reporting currency, our financial performance and position are presented in a more stable currency. This change has improved the comparability and reliability of our financial statements, providing a clearer picture of our financial health and performance. As we look to the future, we remain focused on delivering value to our stakeholders, investing in innovative technologies, and strengthening our position as a leading financial institution in Zimbabwe.

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

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

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

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

Compliance with legislation
These Financial Statements have been prepared under the historical cost convention (except for fair value measurement where applicable), agree with the underlying books and records, have been properly prepared in accordance with the Accounting Policies set out in note 1, and comply with the disclosure requirements of the Building Societies Act (Chapter 24:02).

Compliance with IFRS
The financial statements are prepared in compliance with IFRS Accounting Standards as issued by the International Acounting Standards Board. Complying with IFRS achieves consistency with the financial reporting framework by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

The IFRS Accounting Standards Conceptual Framework provides that, in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 ***The Effects of Changes in Foreign Exchange Rates*** (IAS 21) requires an entity to apply certain parameters in determining the functional currency of an entity, for use in preparing financial statements. The Society assessed these parameters and determined that its functional currency changed from ZWL to USD effective 1 January 2024, as both primary and secondary indicators pointed towards a USD functional currency.

The Directors are not aware of areas of non-compliance with IFRS Accounting Standards in the 2024 financial statements. However, the directors would like to draw the attention of users of the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as valuation of unlisted investments as well as the carrying value of certain receivables. While management believes that these factors have been sufficiently taken into account in the 2024 financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and users of the financial statements should pay close attention to these.

REPORT OF THE DIRECTORS (continued)

For the year ended 31 December 2024

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Results from operations		
Net interest income	25.28	26.02
Allowance for ECL	(3.36)	(5.24)
Income from lending activities	**21.92**	**20.78**
Net non-interest income	63.40	128.40
Allowance for ECL	(0.44)	(0.74)
Income from non-lending activities	**62.96**	**127.66**
Total income	**84.88**	**148.44**
Operating expenses	(52.73)	(52.21)
Impairment on non-financial assets	(0.28)	(0.59)
Monetary loss	-	(25.15)
Surplus for the year	**31.87**	**70.49**

Net interest income decreased marginally in 2024 from USD26.02m in 2023 to USD25.28m in 2024, while net non-interest income declined by 50.62% from USD128.40m to USD63.40m. The decline in net non-interest income is due to the decrease in unrealised exchange gains as well as fair value gains on investment property. Asset quality remained good, although the non-performing loans ratio increased to 2.50% in 2024. The Society recorded a surplus of USD31.87m in 2024 compared to USD70.49m achieved in 2023.

Share capital and reserves

Details of share capital of the Society are set out in note 20 to the Society's financial statements.

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

These financial statements were approved by the Board of Directors on 19 March 2025 and were signed on its behalf by:

W MATSAIRA
CHAIRMAN

19 March 2025

DK SHINYA
NON-EXECUTIVE DIRECTOR

19 March 2025

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2024

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

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

Board Composition
As of 31 December 2024, the Board comprised three (3) executive Directors, two (2) non-executive Directors and six (6) independent non-executive Directors, as shown in the table below. All Board Committees were chaired by independent non-executive Directors.

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

Board and Board Committee meeting attendance
During the year ended 31 December 2024, the Board and its five (5) Committees met at least four (4) times.

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

Key
^ New member
# Ceased to be a member
- Not a member
* 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
The Board Audit Committee is responsible for the integrity of the Society's financial statements and the effectiveness of the systems of governance, risk management and internal control, and for monitoring the effectiveness and objectivity of the internal and independent auditors. Every year, the Board Audit Committee reviews the authority, resources and scope of work of the internal audit and approves the internal audit plan. It considers the appointment and fees of both audit and non-audit services for the independent auditors, who have unrestricted access to it. It also monitors internal and independent auditors' performance against expectations.

The members of this Committee comprise three (3) independent non-executive Directors. The Committee met four (4) times during the year ended 31 December 2024.

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2024

Board Risk and Compliance Committee

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

The Board Risk and Compliance Committee comprises three (3) independent non-executive Directors. The Committee met four (4) times during the year ended 31 December 2024.

Board Credit Committee

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

The Board Credit Committee currently comprises two (2) independent non-executive Directors and one (1) non-executive Director. The Board Credit Committee met nine (9) times during the year ended 31 December 2024. Four (4) of the meetings were quarterly meetings and the other (5) meetings were credit application approval meetings.

Board Loans Review Committee

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

As of 31 December 2024, the Committee comprised two (2) independent non-executive Directors and one (1) non-executive Director. The Board Loans Review Committee met four (4) times during the year ended 31 December 2024.

Board ICT Committee

The primary role of the Committee is to oversee the implementation of the ICT and digital transformation strategy, to assess the impact of information technology on the business, as well as to review the cyber security measures implemented by the Society.

The Committee currently comprises two (2) independent non-executive Directors and one (1) non-executive Director. The ICT Committee met five (5) times during the year ended 31 December 2024.

Management Executive Committee (EXCO)

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

Asset and Liability Committee (ALCO)

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2024

Risk Management System

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

1. **Credit risk**

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

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

2. **Liquidity risk**

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

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

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

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

3. **Compliance risk**

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

4. Market risk (foreign exchange and interest rate)

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

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

CABS uses the Standardised Approach to calculate regulatory capital requirements relating to market risks, with significant progress in migrating to the more advanced approaches for Market Risk.
Market risk is governed by board-approved policies that cover management, identification, measurement and monitoring. Market risk limits are approved at board level and are reviewed periodically, but at least annually.

These limits include the following:

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

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

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

5. Operational risk

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

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

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

6. Strategic risk

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

7. Reputational risk

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

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

8. Model risk

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

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

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

9 Climate risk

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

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

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

Governance of climate risk

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

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

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

Risks and ratings

The RBZ is mandated to conduct regular examinations of the banks and financial institutions it regulates. The latest Onsite Examination of the Society was in June 2023 and the overall assessment resulted in a rating of 2 (Satisfactory) on the CAMELS scale. The CAMELS rating evaluates financial institutions on capital adequacy, asset quality, management, earnings, liquidity and sensitivity to market risk.

The CAMELS and Risk Assessment ratings are summarised below:

CAMELS Component	June 2023 Ratings
Capital	1 - Strong
Asset quality	1 - Strong
Management	2 - Satisfactory
Earnings	1 - Strong
Liquidity	1 - Strong
Sensitivity to market risk	2 - Satisfactory
Overall composite rating	**2 - Satisfactory**

Key

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

Summary of risk matrix from RBZ Onsite Inspection of June 2023

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

Interpretation of the Risk Matrix

Levels of inherent risk

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

CORPORATE GOVERNANCE STATEMENT (continued)

For the year ended 31 December 2024

Adequacy of risk management systems

Weak	Risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.
Acceptable	Management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, those have to be recognised and are being addressed. Management information systems are generally adequate.
Strong	Management effectively identifies and controls all types of risk areas posed by the relevant functional areas or per inherent risk. The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are in place. The policies comprehensively define the banking institution's risk tolerance. Responsibilities and accountabilities are effectively communicated.

Overall composite risk

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

Direction of overall composite risk

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

Internal control environment

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

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

Monitoring of controls

The Society's internal audit function carries out regular reviews of operational and control procedures. The internal audit function operates independently of executive management, reporting to the Board Audit Committee, with unrestricted access to the Board Audit Committee Chair, and reporting on operational lines to the Managing Director. The Internal Audit Charter is reviewed by the Board Audit Committee and the Board of Directors regularly and governs audit activities within the Society. The audit work programme is integrated with the work of the independent auditors to enhance the combined effectiveness of their respective functions. A formal report is prepared for each audit assignment and corrective actions agreed with management in response to its recommendations. Key findings are provided to the Board Audit Committee.

Management structures

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

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

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

Client relations

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

CABS Financial Crime Compliance Statement

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

Compliance environment

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

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Central Africa Building Society

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Central Africa Building Society (the Society) set out on pages 28 to 92 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Banking Act (Chapter 24:20).

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Central Africa Building Society

Report on the audit of the financial statements (continued)

Key audit matters

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

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Change in functional and presentation currency</td></tr>
<tr><td>
Refer to Note 1.3 and Note 1.5 of the financial statements for disclosures around the change in functional and presentation currency.
The Society changed its functional currency from Zimbabwean Dollars ("ZWL") to the United States Dollars ("US$") effective 1 January 2024. Consequently, the presentation currency for the financial statements was changed from ZWL to US$. The comparative financial information has been restated to take into account the change in presentation currency.
The change in functional currency has been determined to be a key audit matter due to the significant audit effort that was required in auditing the change.
Key areas of audit focus included:

The assessment of the Directors' judgement in concluding that there was a change in functional currency;
The methodology applied in converting the general balances (which were in ZW$ and / or Zimbabwe Gold) to US$; and
Compliance with IFRS Accounting Standards in changing the presentation currency of the comparative financial statements to US$.

</td><td>
To address the key audit matter, we performed the following procedures:

Reviewed the Society's functional currency assessment for the year ended 31 December 2024;
Assessed the appropriateness of the date of change of functional currency;
Recomputed the US$ take on balances as at 1 January 2024;
Assessed the appropriateness of the methodology applied by management to convert general ledger balances to a US$ functional currency;
Performed independent recomputation of the conversions;
Recomputed the comparative financial information in US$; and
Assessed whether the disclosures in the financial statements are appropriate and in accordance with IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

We have considered the judgements, assumption and disclosures for the change in functional currency to be appropriate.
</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Central Africa Building Society

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
Determination of expected credit losses	
Refer to Note 3 of the financial statements for the detailed disclosure on the expected credit losses. This was considered to be a key audit matter as the determination of the expected credit losses requires significant judgement. The models used to determine the provisions are complex and might not have taken into account all relevant information and assumptions including: • The classification of loans into appropriate stages (Stage 1, 2 or 3); • Macroeconomic data for forecasts; and • Probability of default (PD), Loss Given Default (LGD), and exposure at Default (EAD). Due to the judgement applied in determining the Expected Credit Losses, we have determined this to be a key audit matter.	To address the key audit matter, we performed the following procedures: • Reviewed the Society's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9; • Obtained an understanding of the internal control over financial reporting including critical inputs and the model used which support the Society's assertions with respect to completeness, compliance and consistent application of methodology; • Tested the design and implementation of controls with respect to the determination of the expected credit losses; • Involved our internal information technology experts to test design and implementation of controls with respect to the general information controls (GITCs) in the System; • Tested the completeness and accuracy of loans and advances, treasury bills, off balance sheet items and other financial assets included in the ECL calculations;

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Central Africa Building Society

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
Determination of expected credit losses (continued)	
	With the assistance of an auditor's expert, performed an independent assessment on the appropriateness of the model by performing the following: • Obtained an understanding of the Society's internal rating models for financial assets and whether the rating model was appropriate; • For a sample of exposures, tested the appropriateness of the Society's staging; • Tested assumptions used in the ECL calculations and assessed them for reasonableness; • For a sample of exposures, tested the appropriateness of determining exposure at default, probability of default; • Assessed the completeness of collateral recognised during the period under review; • Assessed the consistency of inputs and assumptions used by the Society's management to determine expected credit losses; and • Assessed whether the appropriate disclosures have been included, and presentation requirements have been properly reflected in the financial statements. The determined ECL was found to be appropriate in terms of the relevant accounting standards and management's estimates and judgements were deemed to be appropriate.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Central Africa Building Society

Report on the Audit of the Financial Statements (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Directorate and Administration Information, Notice to Members, Annual Financial Review, Chairman's Statement, Managing Director's Report and Corporate Governance Statement which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the Companies and Other Business Entities Act (Chapter 24:31) and the Banking Act (Chapter 24:20) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Central Africa Building Society

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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

Report on other legal and regulatory requirements

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(b)
The financial statements of the Society are properly drawn up so as to disclose the state of the Society's affairs at 31 December 2024 for its financial year ended on that date, so far as is required by the provisions of this Act applicable to the class of bank concerned.

Section 193(2)
We have no matters to report in respect of this section of the Act.

Axcentium.

Axcentium
Per: Lawrence Nyajeka
Registered Auditor
PAAB Certificate Number: 0598
Harare, Zimbabwe

28 March 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm*
Interest income	2	35.95	41.56
Interest expense	2	(10.67)	(15.54)
Net interest income before impairment on financial assets		25.28	26.02
Allowance for ECL	3	(3.36)	(5.24)
Income from lending activities		**21.92**	**20.78**
Fee and commission income	4.1	61.00	52.39
Fee and commission expense	4.1	(15.06)	(13.30)
Net fee and commission income		45.94	39.09
Other income	4.2	17.46	89.31
Net non-interest income before impairment on financial assets		63.40	128.40
Allowance for ECL	3	(0.44)	(0.74)
Income from non-lending activities		**62.96**	**127.66**
Operating income for the year		**84.88**	**148.44**
Operating expenses	5	(52.73)	(52.21)
Impairment on non-financial assets	3	(0.28)	(0.59)
Monetary loss		-	(25.15)
Surplus for the year		**31.87**	**70.49**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax		**(8.34)**	**20.67**
Movement in revaluation reserve		(10.86)	22.03
Movement in regulatory reserve		2.52	(1.36)
Total comprehensive income for the year		**23.53**	**91.16**

** Refer to note 1.3*

STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	Audited USD		
		31 December 2024 USDm	31 December 2023 USDm*	31 December 2022 USDm*
ASSETS				
Cash and cash equivalents	8	138.44	130.93	71.34
Investment securities	9	42.10	80.18	23.98
Other assets	10	62.39	54.43	22.10
Loans and advances	11	192.03	167.90	100.68
Non-current assets held for sale	12	0.25	0.35	0.25
Property and equipment	13	41.58	53.72	28.26
Investment property	14	21.41	25.72	11.73
Intangible assets	15	0.21	0.35	0.62
Total assets		**498.41**	**513.58**	**258.96**
LIABILITIES				
Deposits	16	241.13	221.98	109.23
Credit lines	17	55.36	92.38	59.09
Trade and other liabilities	18	30.47	34.33	10.15
Deferred taxation	19	3.54	4.48	1.92
Total liabilities		**330.50**	**353.17**	**180.39**
SHAREHOLDER'S EQUITY				
Ordinary class "A" share capital	20.1	6.04	6.04	6.04
Retained earnings	20.2	130.32	109.43	50.98
Regulatory provision reserve	20.3	-	2.52	1.16
Non-distributable reserve	20.4	0.25	0.25	0.25
Revaluation reserve	20.5	30.30	41.17	19.14
Share-based payment reserve	20.6	1.00	1.00	1.00
		167.91	**160.41**	**78.57**
Total equity and liabilities		**498.41**	**513.58**	**258.96**

** Refer to note 1.3*

W MATSAIRA
CHAIRMAN
Harare

19 March 2025

DK SHINYA
NON-EXECUTIVE DIRECTOR
Harare

19 March 2025

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Audited USD						
	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share based payment reserve	Total equity
	USDm	USDm	USDm	USDm	USDm	USDm	USDm
Balance as at 1 January 2024	**6.04**	**109.43**	**2.52**	**0.25**	**41.17**	**1.00**	**160.41**
Surplus for the year	-	31.87	-	-	-	-	31.87
Transfer between reserves	-	2.52	(2.52)	-	-	-	-
Dividends paid	-	(13.50)	-	-	-	-	(13.50)
Revaluation	-	-	-	-	(10.87)	-	(10.87)
Balance as at 31 December 2024	**6.04**	**130.32**	**-**	**0.25**	**30.30**	**1.00**	**167.91**

	Audited USD						
	Share capital	Retained earnings	Regulatory provision reserve	Non distributable reserve	Revaluation reserve	Share based payment reserve	Total equity
	USDm	USDm	USDm	USDm	USDm	USDm	USDm
Balance as at 1 January 2023*	**6.04**	**50.98**	**1.16**	**0.25**	**19.14**	**1.00**	**78.57**
Surplus for the year	-	70.49	-	-	-	-	70.49
Transfer between reserves	-	(1.36)	1.36	-	-	-	-
Dividends paid	-	(10.68)	-	-	-	-	(10.68)
Revaluation	-	-	-	-	22.03	-	22.03
Balance as at 31 December 2023	**6.04**	**109.43**	**2.52**	**0.25**	**41.17**	**1.00**	**160.41**

** Refer to note 1.3*

Celebrating our 75th anniversary under the theme: Helping you realise your dreams since 1949.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm*
Cash flows from operating activities			
Surplus for the year		31.87	70.49
Adjustments for:			-
Net interest income	2	(25.28)	(26.02)
Allowance for ECL on interest earning financial assets	3	3.36	5.24
Allowance for ECL on non-interest earning financial assets	3	0.72	1.33
Fair value loss/(gain) on investment property	4.2	5.01	(13.51)
Effects of exchange rate movements on non-current assets held for sale	4.2	0.10	(0.11)
Fair value loss/(gain) on equity investments	4.2	1.53	(2.88)
Depreciation and amortisation	5	3.31	2.80
Interest on lease liability	13.3	0.09	0.15
Other non-cash items		(1.65)	0.40
Unrealised foreign currency exchange gains		(17.47)	(52.12)
Operating cash flows before working capital changes		**1.59**	**(14.23)**
Increase in other assets		(87.22)	(21.21)
(Increase)/decrease in loans and advances		(66.99)	56.87
Increase in deposits		125.55	23.55
Increase in other liabilities		41.20	13.81
Operating cash flows after working capital changes		**14.13**	**58.79**
Interest income received		40.78	41.90
Dividend received		(0.18)	(0.27)
Interest expense paid		(10.47)	(16.96)
Net cash flows from operating activities		**44.26**	**83.46**
Cash flows from investing activities			
Additions to property and equipment	13	(1.64)	(3.82)
Additions to investment property	14	-	(0.48)
Purchase of investment securities		(375.74)	(246.10)
Maturity of investment securities		413.19	196.27
Dividend received		0.18	0.27
Net cash flows generated from/(utilised in) investing activities		**35.99**	**(53.86)**
Cash flows from financing activities			
Dividends paid		(13.50)	(10.68)
Lease payments		(0.42)	(0.31)
Credit lines received		55.69	50.15
Credit lines paid		(92.71)	(112.12)
Net cash flows utilised in financing activities		**(50.94)**	**(72.96)**
Net (decrease)/increase in cash and cash equivalents		**29.31**	**(43.36)**
Effects of exchange rate changes on cash and cash equivalents		(21.80)	102.95
Cash and cash equivalents at the beginning of the year		**130.93**	**71.34**
Cash and cash equivalents at the end of the year	8	**138.44**	**130.93**

** Refer to note 1.3*

1 Material Accounting Policy Information

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

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

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

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

1.3 Basis of preparation
The financial statements have been prepared and presented on the basis that they reflect the information necessary to be fair in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, as well as the requirements of the Companies and Other Business Entities Act [Chapter 24.31] and the Banking Act (Chapter 24.20). They are based on the statutory records that are maintained under the historical cost convention as modified by the revaluation of owner occupied properties, as well as the fair valuation of investment properties and financial instruments.

*Comparative figures have been restated to effect the change in functional currency from 1 January 2024.

Basis of measurement
The Zimbabwean economy met the key indicators of being in a hyperinflationary economy as described under IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29). On 5 April 2024, the Government of Zimbabwe through the Monetary Policy Statement and S1 60, introduced a new currency Zimbabwe Gold (ZWG) to replace the ZWL.

Due to the increase in the volume and value of transactions in United States dollar (USD), the Society adopted the USD as its functional currency effective 1 January 2024. In determining the change in functional currency, the Society considered the primary indicators below in line with IAS 21 paragraph 9:
(i) the currency that mainly influences revenue generation which is now USD;
(ii) the currency that mainly influences salaries, materials and other costs in the service provision process which is now USD; and
(iii) the currency in which funds from financing activities are generated, and these are mainly in USD.

1.4 Approval of financial statements
The financial statements were approved by the Board on 19 March 2025.

1.5 Functional and presentation currency
The financial statements have been prepared in USD which is the Society's functional currency since 1 January 2024. Prior to this period, the Society has been preparing and presenting its financial statements in ZWL, which was a hyperinflationary currency. When the Society changed its functional currency to USD on 1 January 2024, it applied the translation procedures applicable to the new functional currency prospectively from the date of change in line with IAS 21 paragraph 35.

Impact of change in functional currency
When ceasing the preparation of hyperinflationary accounting, IAS 29 paragraph 38 requires entities to treat the amounts expressed in the measuring unit current at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements. Therefore, the ZWL opening balances on 1 January 2024 were all converted to USD using the closing interbank rate at 31 December 2023.

As a result of the change in functional currency, a third balance sheet has been prepared for comparison purposes in line with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8).

Due to the application of varying exchange rates in different markets between the ZWL and the USD currencies, the translated hyperinflation adjusted numbers as at 31 December 2023 carried USD values that were substantially different from the supplementary valuations determined in USD for the same period by external valuers. The disparity resulted in the opening USD balances for assets carried at fair value being overstated in comparison to the values derived from USD-based valuations. The 2023 valuations were performed using ZWL inputs which were appropriate because of the Society's previous functional currency. Below are the day-one variances that arose from the different valuation bases.

1 Material Accounting Policy Information (continued)

1.5 Functional and presentation currency (continued)

Below are the day-one variances that arose from the different valuation bases.

Fair value assets through profit or loss

	IAS 29 ZWL value @ 31 December 2023 ZWLm	USD equivalent 1 January 2024 USDm	Reduction in asset balance USDm	Reduction in deferred tax USDm	Reduction in current year surplus USDm	Adjusted opening balance USDm
Investment property	156 589.15	25.72	(5.57)	0.28	(5.29)	20.15
Non-current assets held for sale	2 164.00	0.35	(0.07)	-	(0.07)	0.27
	158 753.15	**26.07**	**(5.64)**	**0.28**	**(5.36)**	**20.42**

Fair value assets through other comprehensive income

	IAS 29 ZWL value @ 31 December 2023 ZWLm	USD equivalent 1 January 2024 USDm	Reduction in asset balance USDm	Reduction in deferred tax USDm	Reduction in other comprehensive income USDm	Adjusted opening balance USDm
Land and buildings	288 692.16	47.41	(11.62)	(0.58)	(11.62)	35.79
	288 692.16	**47.41**	**(11.62)**	**(0.58)**	**(11.62)**	**35.79**

The table below shows the interbank exchange rates against USD1 used in the conversion of the financial statements.

Year end	Closing rate
31 December 2023	6 089.4700 (ZWL to USD)
31 December 2024	25.7985 (ZWG to USD)

Except as otherwise indicated, financial information presented in millions of United States dollars has been rounded to two decimal places.

1.6 Use of judgements and estimates

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

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

A. Judgements

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

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

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is included in determination of fair value on financial and non-financial assets with significant unobservable inputs i.e. investment property and owner-occupied properties.

1 Material Accounting Policy Information (continued)

1.6 Use of judgements and estimates (continued)

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

1.7 Cash and cash equivalents

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

1.8 Foreign currency transactions

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

1.9 Taxation

The Society was exempt from income tax in 2024 in terms of the Third schedule paragraph 2(c) of the Income Tax Act (Chapter 23:06). However, an amendment was made to paragraph 2 (c), to read that only receipts and accruals from mortgage finance is exempt from income tax. The Society is now liable to pay income tax effective 1 January 2025.

The Society is subject to capital gains tax on the sale of specified assets as per the Capital Gains Tax Act (Chapter 23:01). IAS 12 ***Income Taxes*** requires the provision of deferred tax on all temporary differences. Since the Society was exempt from income tax, only deferred capital gains tax is provided on certain qualifying temporary differences for the year ended 31 December 2024. Deferred capital gains tax is provided on those temporary differences which are expected to reverse as a result of the Society's intention to sell the specified assets.

1.10 Revenue

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

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

Interest income and expense

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

Fee and commission income

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

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

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

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

Trading income

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

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

1 Material Accounting Policy Information (continued)

1.11 Employee benefits

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

Short term benefits

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

Termination benefits

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

Post-employment benefits

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

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

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

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

The National Social Security Authority Fund has legislated contribution rates.

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

1 Material Accounting Policy Information (continued)

1.12 Share-based payments

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

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

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

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

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

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

1 Material Accounting Policy Information (continued)

1.13 Non-current assets held for sale (continued)

Measurement

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

1.14 Property and equipment

Recognition and measurement

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

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

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

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

Revaluation of freehold land and buildings

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

Depreciation

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

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

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

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

Reclassification of owner-occupied property to investment property

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

Subsequent expenditure

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

1 Material Accounting Policy Information (continued)

1.14 Property and equipment (continued)

Derecognition

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

1.15 Investment property

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

Reclassification of investment property to owner-occupied property

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

Disposal of investment property

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

1.16 Impairment of non-financial assets

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

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

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

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

1.17 Provisions

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

1.18 Related party disclosures

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

1 Material Accounting Policy Information (continued)

1.19 Leases

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

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

i. As a lessee

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

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

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

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

1 Material Accounting Policy Information (continued)

1.19 Leases (continued)

Short-term leases and leases of low-value assets

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

ii. As a lessor

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

1.20 Financial instruments

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

Recognition and initial measurement

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

Financial assets

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

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

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

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

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

1 Material Accounting Policy Information (continued)

1.20 Financial instruments (continued)

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

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

Business model assessment

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

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

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

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

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

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

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

Financial liabilities

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

Reclassifications

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

1 Material Accounting Policy Information (continued)

1.20 Financial instruments (continued)

Derecognition of financial instruments

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

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

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

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

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

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

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

Modifications of financial assets and financial liabilities

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

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

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

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

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

1 Material Accounting Policy Information (continued)

1.20 Financial instruments (continued)

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

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

No impairment is recognised on equity investments.

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

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

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

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

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

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

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

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

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

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

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

1 Material Accounting Policy Information (continued)

1.20 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

1 Material Accounting Policy Information (continued)

1.20 Financial instruments (continued)

Restructured financial assets

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

Credit-impaired financial assets

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

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

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

1 Material Accounting Policy Information (continued)

1.20 Financial instruments (continued)

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

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

1.22 Inventories
Inventories comprise largely costs for the construction of houses for sale under housing projects. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the first in first out principle and includes borrowing costs capitalised in accordance with the Society's accounting policies and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Additional disclosures with respect to inventory are included in note 10.3.

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

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

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

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

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

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

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

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

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

1 Material Accounting Policy Information (continued)

1.25 Fair value hierarchy

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

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

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

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

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

The disclosure is included in note 21.

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

In the current year, the Society has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Below are the standards that were effective in the current year:

Pronouncement	Effective date
Lease Liability in a Sale and Leaseback	1 Jan 2024
Supplier Finance Arrangements	1 Jan 2024
Non-current Liabilities with Covenants	1 Jan 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 Jan 2024
IFRS S2 Climate-related Disclosures	1 Jan 2024
Classification of Liabilities as Current or Non-current	1 Jan 2024

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

A number of new standards or revised/amended standards are effective for annual years beginning after 1 January 2025 and earlier application is permitted.

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

Pronouncement	Effective date
Amendments to IAS 21 – Lack of exchangeability	1 January 2025
Classification of financial assets IFRS 9	1 January 2026
IFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 — Subsidiaries without Public Accountability	1 January 2027

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
2	**Net interest income**		
	Interest income	**35.95**	**41.56**
	Loans and advances	32.55	36.57
	Mortgage loans	2.34	3.23
	Term loans and overdrafts	30.21	33.34
	Investment securities	3.40	4.99
	Treasury bills	0.88	3.45
	Money market investments	2.52	1.54
	Interest expense	**(10.67)**	**(15.54)**
	Credit lines	(9.22)	(12.76)
	Money market deposits	(1.28)	(2.67)
	Savings deposits	(0.17)	(0.11)
	Net interest income	**25.28**	**26.02**
3	**Impairment reconciliation**		
	Allowance for ECL on interest earning financial assets	**3.36**	**5.24**
	Loans and advances	3.51	3.52
	Investment securities	(0.15)	1.72
	Allowance for ECL on non-interest earning financial assets	**0.72**	**1.33**
	Unauthorised overdrafts	0.44	0.74
	Other financial assets	0.28	0.59
		4.08	**6.57**

		Notes	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
4	**Net non-interest income**			
4.1	**Net fee and commission income**			
	Fee and commission income		**61.00**	**52.39**
	Commission fees		7.91	7.83
	Service fees		46.61	36.56
	Administration fees		6.48	8.00
	Fee and commission expense		**(15.06)**	**(13.30)**
	Transactional commission expense		(12.86)	(11.82)
	Other commissions and fee expense		(2.20)	(1.48)
	Net fee and commission income		**45.94**	**39.09**
4.2	**Other income**			
	Housing projects trading profit	4.2.1	0.97	0.30
	Rental income from investment property	4.2.2	1.56	0.94
	Fair value (loss)/gain from equity investments	10.2	(1.53)	2.88
	Effects of exchange rate movements on non-current assets held for sale	12	(0.10)	0.11
	Fair value (loss)/gain on investment property	14	(5.01)	13.52
	Dividend and other income from equity investments		0.18	0.27
	Foreign exchange gain		21.39	71.29
	Net other income		**17.46**	**89.31**
	Rental income is ancillary to the Society's income.			
4.2.1	**Trading income**			
	Housing projects sales		1.30	0.83
	Cost of housing units sold		(0.31)	(0.35)
	Gross profit		0.99	0.48
	Project operating expenses		(0.02)	(0.18)
	Write-down on housing projects		-	-
	Net trading profit		**0.97**	**0.30**
4.2.2	**Investment property**			
	Rental income		5.69	4.95
	Less expenses		(4.13)	(4.01)
	Net rental income		**1.56**	**0.94**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

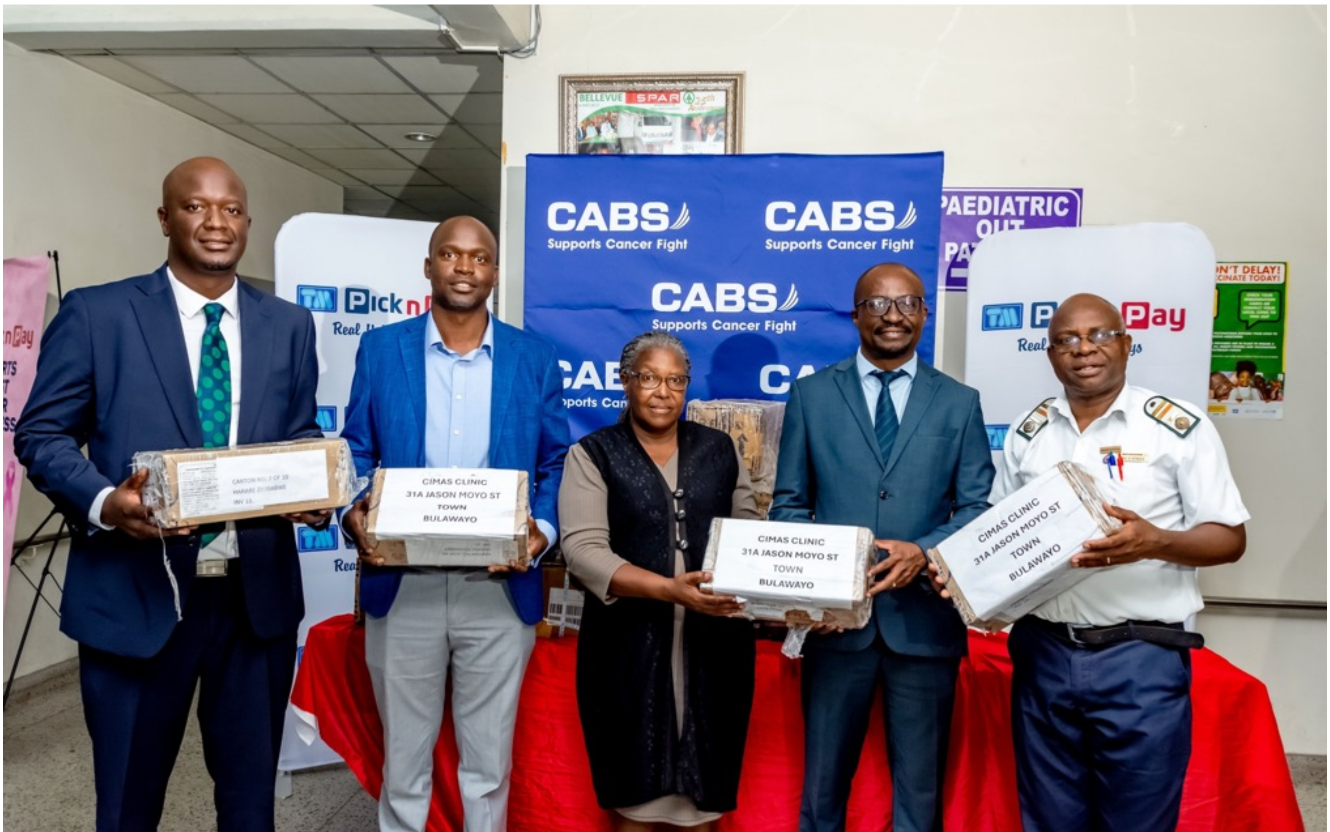
		Notes	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
5	**Operating expenses**			
	Advertising and marketing		2.59	2.31
	Auditors' remuneration		0.23	0.48
	Buildings security cost		1.08	1.70
	Cash in transit cost		0.70	0.68
	Deposit protection premium		0.72	0.49
	Directors' remuneration		0.41	0.30
	Other expenses		2.82	1.66
	Information systems maintenance		7.16	7.35
	Insurance premiums		2.11	1.79
	Maintenance of vehicles		0.79	1.39
	Occupancy cost		2.68	3.20
	Old Mutual Foundation		0.09	0.37
	Outsourced services - Old Mutual Group		3.66	3.39
	Stationery and printing		0.77	1.30
	Telephones and postage		0.41	0.56
	Travelling and subsistence		1.89	2.37
	Administration		**28.11**	**29.34**
	Property and equipment	13	3.16	2.54
	Intangible assets	15	0.15	0.26
	Depreciation and amortisation		**3.31**	**2.80**
	Salaries, wages, and bonuses		17.33	17.34
	Pension contributions		1.41	0.99
	Other staff costs		2.57	1.74
	Staff costs		**21.31**	**20.07**
	Total operating expenses		**52.73**	**52.21**

The number of persons employed by the Society as at 31 December 2024 was 808 (2023: 730)

6 Custodial and trustee services

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

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Statement of trading income and expenses		
Income	**1.22**	**1.29**
Custodial revenue	1.00	1.14
Trustee revenue	0.22	0.15
Less operating expenses	**(0.44)**	**(0.37)**
Custodial expenses	(0.40)	(0.29)
Trustee expenses	(0.04)	(0.08)
Net trading profit	**0.78**	**0.92**
Analysis of funds under management		
Funds held for related parties	567.23	670.59
Funds held for third parties	481.00	548.66
Total funds under management	**1 048.23**	**1 219.25**

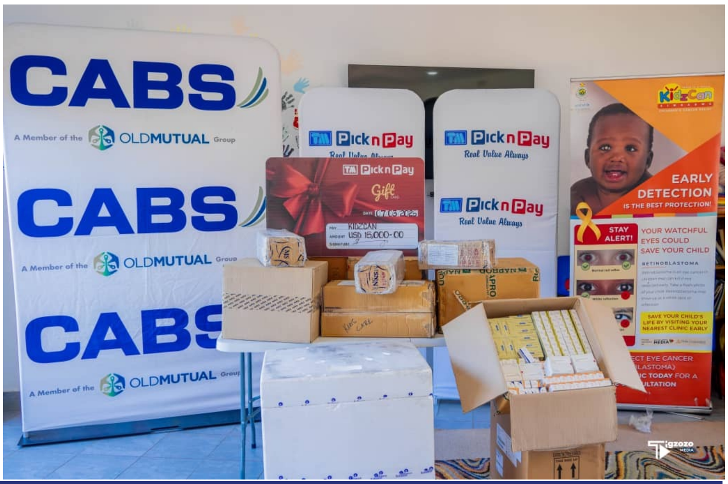


CABS and TM Pick n Pay handing over a total of USD150 000 worth of cancer medicines to Mpilo Central Hospital, in Bulawayo. TM Pick n Pay contributed USD100 000 and CABS USD50 000.

7 Financial instruments analysis

7.1 Classification of financial assets and liabilities

	Notes	Audited USD		
		Fair value through profit or loss USDm	Amortised cost USDm	Total carrying amount USDm
As at 31 December 2024				
Assets				
Cash and cash equivalents	8	-	138.44	138.44
Investment securities	9	-	42.10	42.10
Other financial assets	10	4.31	28.01	32.32
Loans and advances	11	-	192.03	192.03
		4.31	**400.58**	**404.89**
Liabilities				
Deposits	16	-	241.13	241.13
Credit lines	17	-	55.36	55.36
Other liabilities	18	-	27.93	27.93
		-	**324.42**	**324.42**
As at 31 December 2023				
Assets				
Cash and cash equivalents	8	-	130.93	130.93
Investment securities	9	-	80.18	80.18
Other financial assets	10	6.32	27.11	33.43
Loans and advances	11	-	167.90	167.90
		6.32	**406.12**	**412.44**
Liabilities				
Deposits	16	-	221.98	221.98
Credit lines	17	-	92.38	92.38
Other liabilities	18	-	29.99	29.99
		-	**344.35**	**344.35**



CABS and TM Pick n Pay handing over a donation of chemotherapy drugs worth USD80 000 to KidzCan Zimbabwe, supporting the fight against childhood cancer. TM Pick n Pay contributed USD50 000 and CABS USD30 000. TM Pick n Pay donated a further USD30 000 to assist patients with proper nutrition and transportation costs.

7 Financial instruments analysis (continued)

7.2 Composition of gains and losses on financial instruments

	Notes	Audited USD			
		Fair value through profit or loss USDm	Amortised cost financial assets USDm	Amortised cost financial liabilities USDm	Total USDm
December 2024					
Interest income	2	-	35.95	-	35.95
Dividends received	4.2	0.18	-	-	0.18
Fair value loss	4.2	(6.64)	-	-	(6.64)
Total income		**(6.46)**	**35.95**	**-**	**29.49**
Interest expense	2	-	-	(10.67)	(10.67)
Allowance for ECL	3	-	(3.80)	-	(3.80)
Total expenses		-	**(3.80)**	**(10.67)**	**(14.47)**
December 2023					
Interest income	2	-	41.56	-	41.56
Dividends received	4.2	0.27	-	-	0.27
Fair value gain	4.2	16.51	-	-	16.51
Total income		**16.78**	**41.56**	**-**	**58.34**
Interest expense	2	-		(15.54)	(15.54)
Allowance for ECL	3	-	(5.98)	-	(5.98)
Total expenses		**-**	**(5.98)**	**(15.54)**	**(21.52)**

8 Cash and cash equivalents

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Cash balances	39.42	38.39
Bank balances	31.20	66.47
Statutory reserves	0.18	25.56
Gold Backed Digital Tokens (GBDT) balance	67.64	0.51
	138.44	**130.93**

GBDT balance held as at 31 December 2024 were entirely made up of the Society's customer deposits.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

		Note	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
9	**Investment securities**			
	Money market investments		37.02	34.68
	Treasury bills		5.24	47.45
			42.26	82.13
	Allowance for ECL	9.2	(0.16)	(1.95)
			42.10	**80.18**
9.1	**Maturity analysis - gross**			
	On demand to 3 months		16.86	49.69
	1 to 3 months		2.55	1.97
	3 months to 6 months		0.58	11.84
	6 months to 1 year		0.45	13.65
	1 year to five years		20.41	1.87
	Over 5 years		1.41	3.11
			42.26	**82.13**

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

9.2 Impairment analysis

	Audited USD			
	31 December 2024 USDm	31 December 2024 USDm	31 December 2023 USDm	31 December 2023 USDm
	Stage 1			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
At the beginning of the year	**82.13**	**(1.95)**	**24.37**	**(0.39)**
	(39.87)	**1.79**	**57.76**	**(1.56)**
Purchases and interest accruals	42.26	(0.16)	716.76	(17.03)
Repayments	(82.13)	1.95	(44.26)	0.69
Monetary adjustment	-	-	(614.74)	14.78
At the end of the year	**42.26**	**(0.16)**	**82.13**	**(1.95)**

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

10 Other assets

	Notes	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
Other overdrafts and tenants debtors	10.1	-	-
Investment in equity	10.2	4.31	6.32
Housing projects	10.3	1.94	2.25
Statutory receivable	10.4	1.31	1.42
Prepayments		4.83	3.42
Other financial assets		28.01	27.11
Other non-financial assets		21.99	13.91
		62.39	**54.43**

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

10.1 Other overdrafts and accrued rental income

	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
Other overdrafts	1.68	1.28
Gross other financial assets at amortised cost	1.68	1.28
Allowance for ECL	(1.68)	(1.28)
Net other financial assets at amortised cost	**-**	**-**

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

	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
10.2 Investment in equity		
Opening balance	6.32	3.05
Exchange gain	(0.48)	0.39
Fair value gain	(1.53)	2.88
Closing balance	**4.31**	**6.32**

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

	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
10 Other assets (continued)		
10.3 Inventory work in progress		
- Budiriro housing project	1.29	1.49
- Pumula housing project	0.65	0.76
	1.94	**2.25**

	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
Housing projects - inventory work in progress		
Opening balance	2.25	2.61
Cost of sales	(0.31)	(0.36)
	1.94	**2.25**

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

10.4 Statutory receivable

	Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
Principal amount	2.18	2.18
Exchange gain	-	-
Gross amount due	**2.18**	**2.18**
Loss allowance	(0.87)	(0.76)
Net amount due	**1.31**	**1.42**

In January 2022, through the Finance Act number 7 of 2021, the Government of Zimbabwe assumed responsibility of discharging the outstanding registered blocked funds/legacy debts on the RBZ's balance sheet through the issuance of long-term Government securities. At 31 December 2024, a balance amounting to USD2.18m remained outstanding as blocked funds out of the USD27.73m that was approved by the RBZ in 2019.

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

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
11	**Loans and advances**		
	Gross amount owing	197.23	173.89
	Allowance for ECL	(5.20)	(5.99)
	Loans and advances	**192.03**	**167.90**
11.1	**Maturity analysis**		
	Less than one month	10.01	15.22
	1 to 3 months	15.33	6.98
	3 to 6 months	19.24	6.89
	6 months to 1 year	30.15	44.63
	1 year to five years	119.67	95.90
	Over 5 years	2.83	4.27
		197.23	**173.89**
11.2	**Concentration**		
	Housing	16.50	12.38
	Individuals	38.40	21.98
	Commercial and industrial	142.33	139.53
		197.23	**173.89**

11.3 Sectorial analysis of loans and advances

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

Sector		Audited USD	
	Note	31 December 2024 USDm	31 December 2023 USDm
Agriculture		56.65	59.99
Construction, Transport and Communication		6.95	3.53
Distribution		20.18	7.65
Financial Services		3.87	0.82
Manufacturing		16.35	12.88
Mortgages		18.23	13.44
Private/Individuals		42.27	24.11
Services		4.23	5.16
Mining		12.77	17.74
Energy		15.73	28.57
Total		**197.23**	**173.89**
Allowance for ECL	11.6	(5.20)	(5.99)
		192.03	**167.90**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

11 Loans and advances (continued)

11.4 Age analysis of loans and advances

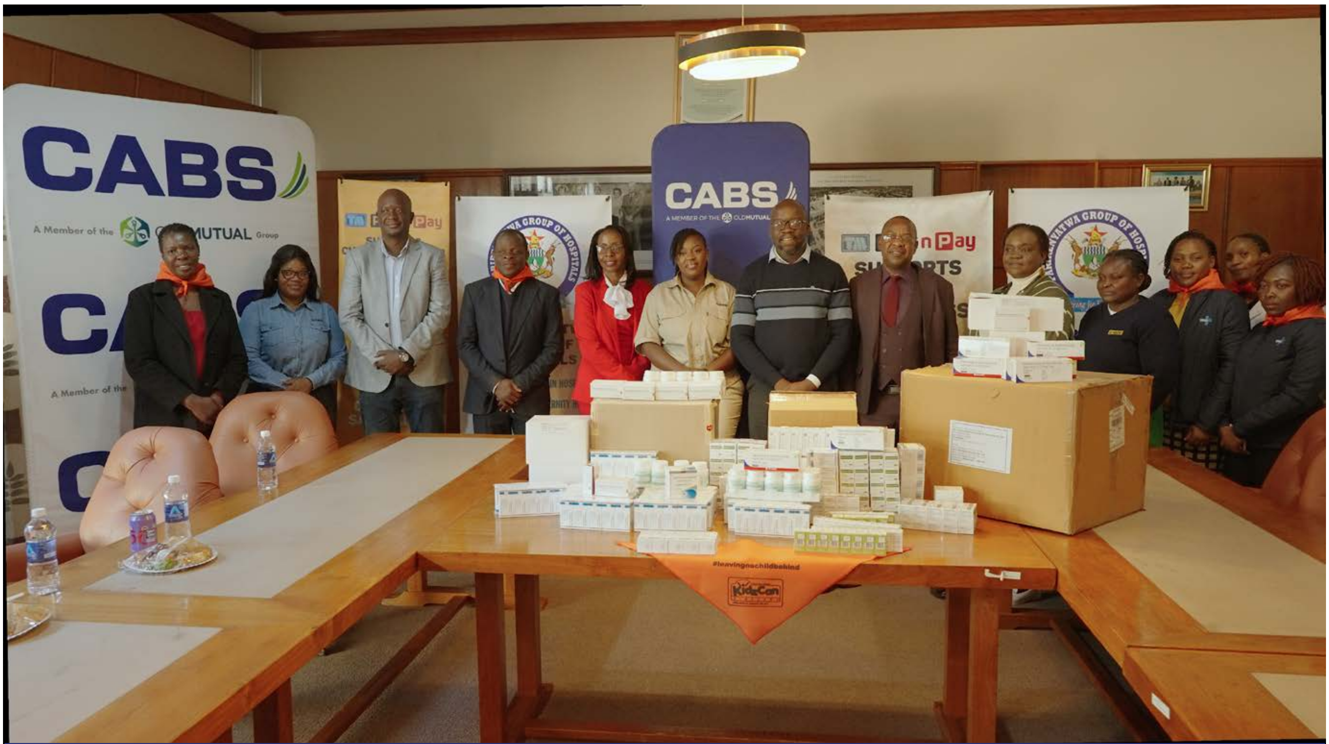
The table below gives an aged analysis of loans and advances representing primarily the exposures of the Society's operations:

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Neither past due nor impaired	156.36	173.61
Past due but not impaired	37.89	0.21
Past due but less than 1 month	26.89	-
Past due greater than 1 month but less than 3 months	11.00	0.21
Impaired loans and advances (non-performing loans)	2.98	0.07
Gross loans and advances	**197.23**	**173.89**
Allowance for ECL	(5.20)	(5.99)
Total net loans and advances	**192.03**	**167.90**

The book continues to be short term in nature reflecting the obtaining operating environment. RBZ maintained a tight monetary policy stance in the year which slowed down the growth of the local currency book.

11.5 Commitment for loans and advances	**3.75**	**14.88**

The USD loan book growth was steady in the year. The operating environment remained difficult and inflationary pressures continued after the introduction of the ZWG. To this end, the Society remains cautious and prudent, limiting exposure to foreign currency earning companies and individuals.



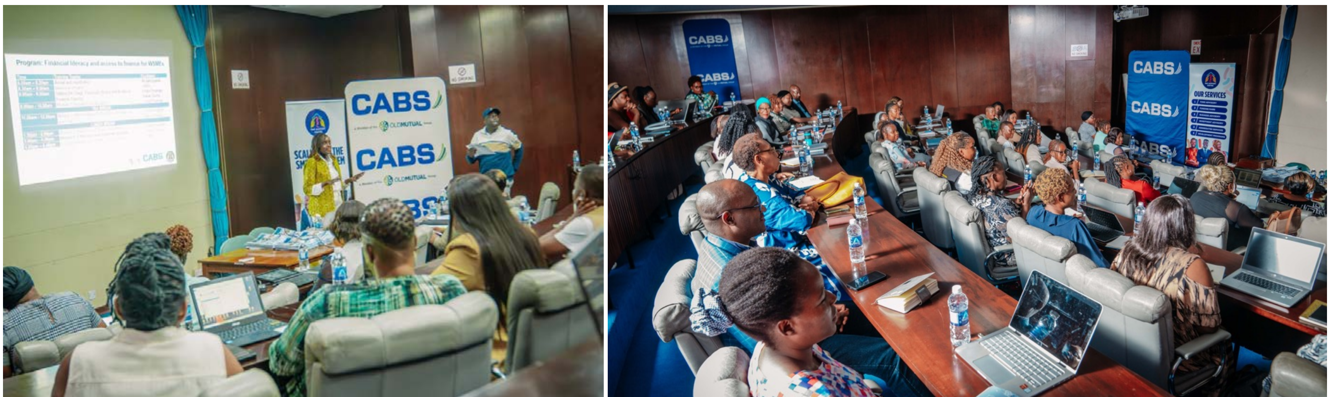
CABS and TM Pick n Pay support KidzCan in the fight against childhood cancer.

11 Loans and advances (continued)

11.6 ECL analysis

	Audited USD - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm
As at 1 January 2024	**134.65**	**(0.72)**	**5.77**	**(0.76)**	**2.53**	**(0.67)**	**142.95**	**(2.15)**
	8.10	**1.54**	**1.52**	**(0.43)**	**(2.31)**	**0.46**	**7.31**	**1.57**
Originations and interest accruals	68.24	0.53	4.64	(0.89)	(0.02)	-	72.86	(0.36)
Repayments and derecognitions	(59.46)	0.29	(3.61)	0.35	(2.48)	0.57	(65.55)	1.21
Transfer to:								
Stage 1	0.51	-	(0.50)	0.09	(0.01)	-	-	0.09
Stage 2	(1.09)	0.02	1.10	(0.06)	(0.01)	-	-	(0.04)
Stage 3	(0.10)	-	(0.11)	0.02	0.21	(0.04)	-	(0.02)
Monetary adjustment	-	0.70	-	0.06	-	(0.07)	-	0.69
As at 31 December 2024	**142.75**	**0.82**	**7.29**	**(1.19)**	**0.22**	**(0.21)**	**150.26**	**(0.58)**

	Audited USD - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm
As at 1 January 2024	**22.84**	**(0.12)**	**7.10**	**(2.23)**	**1.00**	**(1.49)**	**30.94**	**(3.84)**
	13.56	**0.01**	**0.84**	**0.37**	**1.63**	**(1.16)**	**16.03**	**(0.78)**
Originations and interest accruals	22.44	(0.26)	2.01	(0.55)	0.10	(0.07)	24.55	(0.88)
Repayments and derecognitions	(5.37)	0.02	(1.74)	0.83	(1.41)	0.21	(8.52)	1.06
Transfer to:								
Stage 1	-	(0.01)	-	-	-	-	-	(0.01)
Stage 2	(1.29)	0.01	1.43	(0.54)	(0.14)	0.10	-	(0.43)
Stage 3	(2.22)	0.01	(0.86)	0.28	3.08	(0.76)	-	(0.47)
Monetary adjustment	-	0.24	-	0.35	-	(0.64)	-	(0.05)
As at 31 December 2024	**36.40**	**(0.11)**	**7.94**	**(1.86)**	**2.63**	**(2.65)**	**46.97**	**(4.62)**



CABS and African Development Bank Group upskilling women and providing them with the tools for better financial access and decision-making.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

11 Loans and advances (continued)

11.6 ECL analysis (continued)

	Audited USD - Unsecured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm
As at 1 January 2023	**61.60**	**0.19**	**2.15**	**(0.84)**	**0.24**	**(0.13)**	**63.99**	**(0.78)**
	73.05	**(0.91)**	**3.62**	**0.08**	**2.29**	**(0.54)**	**78.96**	**(1.37)**
Originations and interest accruals	1 097.16	(5.14)	20.01	(1.57)	1.31	(0.78)	1 118.48	(7.49)
Repayments and derecognitions	(27.18)	(1.55)	23.43	(0.55)	17.33	0.10	13.58	(2.00)
Transfer to:								
Stage 1	0.14	-	(0.13)	0.04	(0.01)	0.01	-	0.05
Stage 2	(3.41)	0.02	3.41	(3.05)	(0.01)	-	(0.01)	(3.03)
Stage 3	(2.74)	0.01	(0.31)	0.04	3.05	(4.95)	-	(4.90)
Changes in risk parameters	(990.92)	5.75	(42.79)	5.17	(19.38)	5.08	(1 053.09)	16.00
As at 31 December 2023	**134.65**	**(0.72)**	**5.77**	**(0.76)**	**2.53**	**(0.67)**	**142.95**	**(2.15)**

	Audited USD - Secured loans							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm	Gross carrying amount USDm	Allowance for ECL USDm
As at 1 January 2023	**35.62**	**(0.40)**	**3.58**	**(1.35)**	**0.08**	**(0.06)**	**39.28**	**(1.81)**
	(12.78)	**0.28**	**3.52**	**(0.88)**	**0.92**	**(1.43)**	**(8.34)**	**(2.03)**
Originations and interest accruals	66.49	(0.64)	6.87	(2.27)	6.33	(11.35)	79.69	(14.26)
Repayments and derecognitions	72.00	0.38	44.94	(7.35)	2.05	(0.48)	118.99	(7.45)
Transfer to:								
Stage 1	1.31	(0.05)	(1.31)	0.86	-	-	-	0.81
Stage 2	(5.17)	0.03	5.17	(8.31)	-	-	-	(8.28)
Stage 3	(0.01)	-	(0.19)	0.07	0.20	(1.15)	-	(1.08)
Changes in risk parameters	(147.40)	0.56	(51.96)	16.12	(7.66)	11.55	(207.02)	28.23
As at 31 December 2023	**22.84**	**(0.12)**	**7.10**	**(2.23)**	**1.00**	**(1.49)**	**30.94**	**(3.84)**

The loan booked increased whilst the ECL decreased due to the improvement in the quality of the book.

	Audited USD	
	31 December 2024 ZWGm	31 December 2023 ZWGm
12 Non-current assets held for sale		
Opening valuation	**0.35**	**0.24**
Effects of exchange rate movements on non-current assets held for sale	(0.10)	0.11
Closing valuation	**0.25**	**0.35**

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

13 Property and equipment

	Audited USD					
	Land at fair value	Buildings at fair value	Leased buildings at cost	Office equipment	Vehicles	Total
	USDm	USDm	USDm	USDm	USDm	USDm
31 December 2024						
Opening net book value	5.21	42.20	0.72	3.66	1.93	53.72
Additions	-	-	-	1.35	0.29	1.64
Reclassifications to investment property	(0.08)	(0.63)	-	-	-	(0.71)
Modifications	-	-	0.42	-	-	0.42
Revaluation loss	(1.19)	(9.67)	-	-	-	(10.86)
Depreciation charge	-	-	(0.52)	(1.50)	(0.61)	(2.63)
Closing net book value	**3.94**	**31.90**	**0.62**	**3.51**	**1.61**	**41.58**
Cost or valuation	3.94	31.90	1.45	12.51	3.78	53.58
Accumulated depreciation	-	-	(0.83)	(9.00)	(2.17)	(12.00)
Net book value	**3.94**	**31.90**	**0.62**	**3.51**	**1.61**	**41.58**
31 December 2023						
Opening net book value	2.66	21.54	0.61	2.42	1.02	28.25
Additions	-	0.01	-	2.41	1.40	3.82
Modifications	-	-	0.28	-	-	0.28
Revaluation gain	2.55	21.36	-	-	-	23.91
Depreciation charge	-	(0.71)	(0.17)	(1.17)	(0.49)	(2.54)
Closing net book value	**5.21**	**42.20**	**0.72**	**3.66**	**1.93**	**53.72**
Cost or valuation	5.21	42.20	1.03	11.16	3.48	63.08
Accumulated depreciation	-	-	(0.31)	(7.50)	(1.55)	(9.36)
Net book value	**5.21**	**42.20**	**0.72**	**3.66**	**1.93**	**53.72**

Owner-occupied property is carried on the balance sheet at its fair value, determined annually through independent valuations conducted by both external and internal professionals. These valuers possess relevant professional qualifications and possess recent experience in valuing properties of a similar type and location. Fair values for the Society's owner-occupied property are estimated by referencing recent market transactions involving comparable properties within the same locale

Key assumptions applied in the valuation process include:
- The underlying valuation has been prepared in USD;
- Rentals input used was the passing rentals in the market; and
- Cap rates for selected properties were slightly adjusted to reflect property specific factors.

Property valuations adhered to International Valuation Standards. Income-generating properties were valued using the Direct Capitalization Method (DCM), while landholdings and residential properties were assessed through the market approach. This valuation methodology remains consistent with the approach employed in December 2023.

Valuation inputs used were based on observed market transactions during prior and current periods. The rentals remain stable during the period under review reflecting a stable currency.

Capitalisation rates employed in this valuation were derived from an analysis of historical transaction data, supplemented by a limited number of recent market sales. These rates were then refined to account for the unique characteristics of the subject property and its individual performance.

The property market continues to be resilient with steady occupancy level across sectors despite the office CBD reporting significant void level compared to other sectors. Looking ahead, demand for retail, office parks and industrial remain resilient despite the tough operating environment while main development activity continues on the residential sector.

13 Property and equipment (continued)

13.1 Leased assets

Property and equipment include leased buildings.

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
13.1.1 Right of use assets		
Property		
Balance at the beginning of the year	0.72	0.61
Modifications	0.42	0.28
Depreciation charge for the year	(0.52)	(0.17)
Balance at the end of the year	**0.62**	**0.72**
13.1.2 Lease liabilities		
Balance at the beginning of the year	**0.58**	**0.38**
Modifications	0.29	0.11
Lease payments	(0.42)	(0.31)
Finance cost	0.09	0.15
Exchange gain	0.11	0.63
Effects of inflation adjustment	-	(0.37)
Balance at the end of the year	**0.65**	**0.58**
Lease liabilities included in the statement of financial position		
Current	0.35	0.30
Non-current	0.30	0.28
Total	**0.65**	**0.58**

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
13.3 Amounts recognised in profit or loss		
Interest on lease liabilities	0.09	0.15
Depreciation charge for the year	0.53	0.17
	0.62	**0.32**

The Society paid a total of USD0.42m towards rental and other operating costs.

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
14	**Investment property**		
	Opening fair value	25.72	11.73
	Additions	-	0.48
	Reclassifications	0.70	
	Fair value (loss)/gain	(5.01)	13.51
	Closing fair value	**21.41**	**25.72**

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

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

A full list of locations where land and buildings are situated can be viewed at the Society's head office at Northridge Park, Harare. The properties are leased out under operating leases to various tenants. The initial contracts are for a minimum period of twelve months after which they may be extended as negotiated.

Assets pledged as security are disclosed in note 17.

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
15	**Intangible assets**		
	Opening carrying amount		
	Cost	4.51	1.30
	Accumulated amortisation	(4.16)	(0.69)
		0.35	**0.61**
	Movement in intangible assets		
	Additions	0.01	-
	Amortisation charge	(0.15)	(0.26)
		(0.14)	**(0.26)**
	Closing carrying amount		
	Cost	4.52	4.51
	Accumulated amortisation	(4.31)	(4.16)
		0.21	**0.35**

Intangible assets comprise right of use licences.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

		Audited USD 31 December 2024 USDm	Audited USD 31 December 2023 USDm
16	**Deposits**		
	Money market deposits	29.75	37.96
	Savings deposits	211.20	183.51
	GBDT deposits	0.18	0.51
		241.13	**221.98**
	Maturity analysis		
	Less than 1 month	232.77	203.34
	1 to 3 months	3.99	2.75
	3 to 6 months	3.38	6.33
	6 months to 1 year	-	8.07
	1 to 5 years	0.99	0.97
	Over 5 years	-	0.52
	Gross nominal outflow	**241.13**	**221.98**
	Concentration		
	Financial institutions	55.87	59.76
	Companies	136.05	99.25
	Individuals	49.21	62.97
		241.13	**221.98**

	Audited USD 31 December 2024 %	Audited USD 31 December 2023 %
Concentration		
Financial institutions	23.17%	26.92%
Companies	56.42%	44.71%
Individuals	20.41%	28.37%
	100.00%	**100.00%**

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
17	**Credit lines**		
	African Export-Import Bank (Afreximbank)	32.37	38.70
	European Investment Bank (EIB)	12.99	16.23
	Trade and Development Bank (TDB)	10.00	37.45
		55.36	**92.38**
	Maturity analysis		
	Less than 1 month	3.94	50.28
	1 to 3 months	8.43	7.44
	3 to 6 months	5.52	6.66
	6 months to 1 year	22.91	-
	1 year to five years	14.56	28.00
		55.36	**92.38**

	Currency	**Nominal amount**	**Maturity date**
Afreximbank 3 months SOFR +5.5%	USD	40 000 000	1 December 2025
Afreximbank 3 months SOFR +7.5%	USD	10 000 000	30 January 2026
Afreximbank 3 months SOFR +5.75%	USD	40 000 000	19 March 2027
Afreximbank Fixed rate 7.5%	USD	20 000 000	22 August 2027
EIB Fixed rate 4.1030%	EUR	15 000 000	28 February 2028
TDB 6 months SOFR +5.00%	USD	50 000 000	13 July 2026

As security for the TDB loan, the Society registered bonds and issued powers of attorney to register bonds (in the event of default) over properties with a total value of USD33.49m as at 31 December 2024 (both investment properties and owner occupied properties). The Afreximbank facility is secured by a first-ranking fixed charge over the balance from time to time on the collection account; promissory notes to a value equivalent to 100% of the relevant utilisation; and an assignment agreement relating to an assignment provided by the Society in favour of Afreximbank in respect of all CABS security.

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
18	**Trade creditors and other liabilities**		
	Trade creditors	12.21	20.32
	Other financial liabilities	15.07	9.09
	Lease liabilities	0.65	0.58
	Deferred revenue	2.54	4.34
		30.47	**34.33**

Included in other financial liabilities are employee related accruals.

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
19	**Deferred taxation**		
	As at the beginning of the year	4.48	0.40
	Other timing differences	(0.94)	4.08
	As at the end of the year	**3.54**	**4.48**

The deferred tax liability takes into consideration the provisions of IAS 12 paragraph 47 which require deferred tax assets and liabilities to be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
20	**Share capital and reserves**		
20.1	**Ordinary class "A" share capital**	**6.04**	**6.04**

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

		Audited USD	
20	**Share capital and reserves**	31 December 2024 USDm	31 December 2023 USDm
20.2	**Retained earnings**		
	As at the beginning of the year	109.43	50.98
	Net surplus for the year	31.87	70.49
	Dividend	(13.50)	(10.68)
	Transfer between reserves	2.52	(1.36)
	As at the end of the year	**130.32**	**109.43**
20.3	**Regulatory provision reserve**		
	As at the beginning of the year	2.52	1.16
	Regulatory impairment allowance	(2.52)	1.36
	As at the end of the year	**-**	**2.52**
20.4	**Non-distributable reserve**	**0.25**	**0.25**
20.5	**Revaluation reserve**		
	As at the beginning of the year	41.17	19.14
	Revaluation of property	(10.87)	22.03
	As at the end of the year	**30.30**	**41.17**
20.6	**Share-based payment reserve**		
	As at the beginning of the year	1.00	1.00
	As at the end of the year	**1.00**	**1.00**

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

21.1 Fair value hierarchy

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

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

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

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

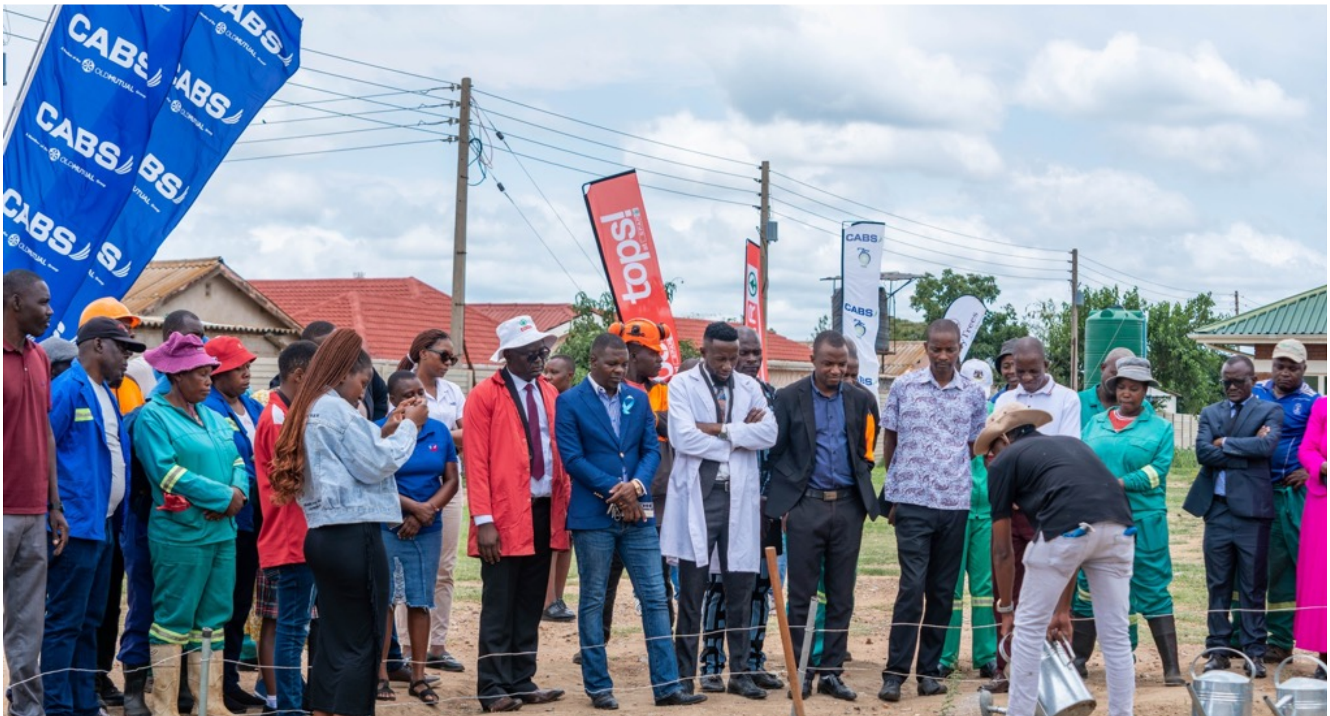
The Society deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. A transfer between Level 2 and Level 3 occurs when the majority of the significant inputs used to determine fair value of the instrument become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

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

21.1 Fair value hierarchy

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. Financial instruments whose carrying amount approximate fair value have been excluded from the analysis below.

		Audited USD			
	Notes	Level 1 USDm	Level 2 USDm	Level 3 USDm	Total USDm
As at 31 December 2024					
Assets at fair value through profit or loss					
Investment in equity	10	-	-	4.31	4.31
Investment property	14	-	-	21.41	21.41
Non-current assets held for sale	12	-	-	0.25	0.25
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	13	-	-	35.83	35.83
		-	**-**	**61.80**	**61.80**
As at 31 December 2023					
Assets at fair value through profit or loss					
Investment securities	10	-	-	6.32	6.32
Investment property	14	-	-	25.72	25.72
Non-current assets held for sale	12	-	-	0.35	0.35
Owner occupied property (land and buildings)	13	-	-	47.41	47.41
		-	**-**	**79.80**	**79.80**



CABS, in partnership with SPAR Zimbabwe and My Trees Trust, donated 2 000 trees to 36 council schools in Harare. This initiative demonstrates our commitment to environmental sustainability.

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

21.2 Reconciliation of level 3 items

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Balance as at 1 January	79.80	39.24
Additions	-	0.48
Depreciation recognised on owner occupied property	(0.52)	(0.71)
Gains or losses for the period:		
Fair value gain through profit or loss	(7.13)	16.50
Revaluation gain on owner occupied property	(10.35)	24.29
Closing balance	**61.80**	**79.80**

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

21.3 Fair value estimation

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

Effect of changes in significant unobservable assumptions to reasonable possible alternatives

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

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

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

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

21.3 Fair value estimation (continued)

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

Type of property	Key observable inputs	Inter-relationships between unobservable inputs and key fair value measurements
Office and retail properties *Valuation approach:* Income capitalisation	*Office* • Capitalisation rates: 7.5% to 11.0% • Market rentals per m2: USD2.50 to USD9.00 • Vacancy rates: 0% to 72% *Retail* • Capitalisation rates: 8.5% to 11.00% • Market rentals per m2: USD2.50 to USD8.00 • Vacancy rates: 0% to 100%	The estimated fair value would increase/(decrease) if >net rental income increased/(decreased) >capitalisation rates are lower/(higher) >vacancies decreased/(increased) The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential *Valuation approach:* Direct comparison/ Market approach	Residential rent from USD200 to USD1,800	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).
Land *Valuation approach:* Direct comparison/ Market approach	Land value per m^2: USD 0.16 to USD80.00	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).

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

Sensitivity analysis - Valuation inputs	**USDm**
Sensitivity analysis	**Fair value (decrease)/ increase**
An increase of 1% in capitalisation rates would decrease the fair value by:	(5.54)
A decrease of 1% in capitalisation rates would increase the fair value by:	4.35
A 10% increase in market rentals per m^2 would increase the fair value by:	5.17
A 10% decrease in market rentals per m^2 would decrease the fair value by:	(5.17)
An increase of 10% in land value per m^2 would increase the fair value by:	0.66
A decrease of 10% in land value per m^2 would decrease the fair value by:	(0.66)

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

21.4 Fair value hierarchy for assets and liabilities not measured at fair value

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

Treasury bills and investment securities

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

Loans and advances

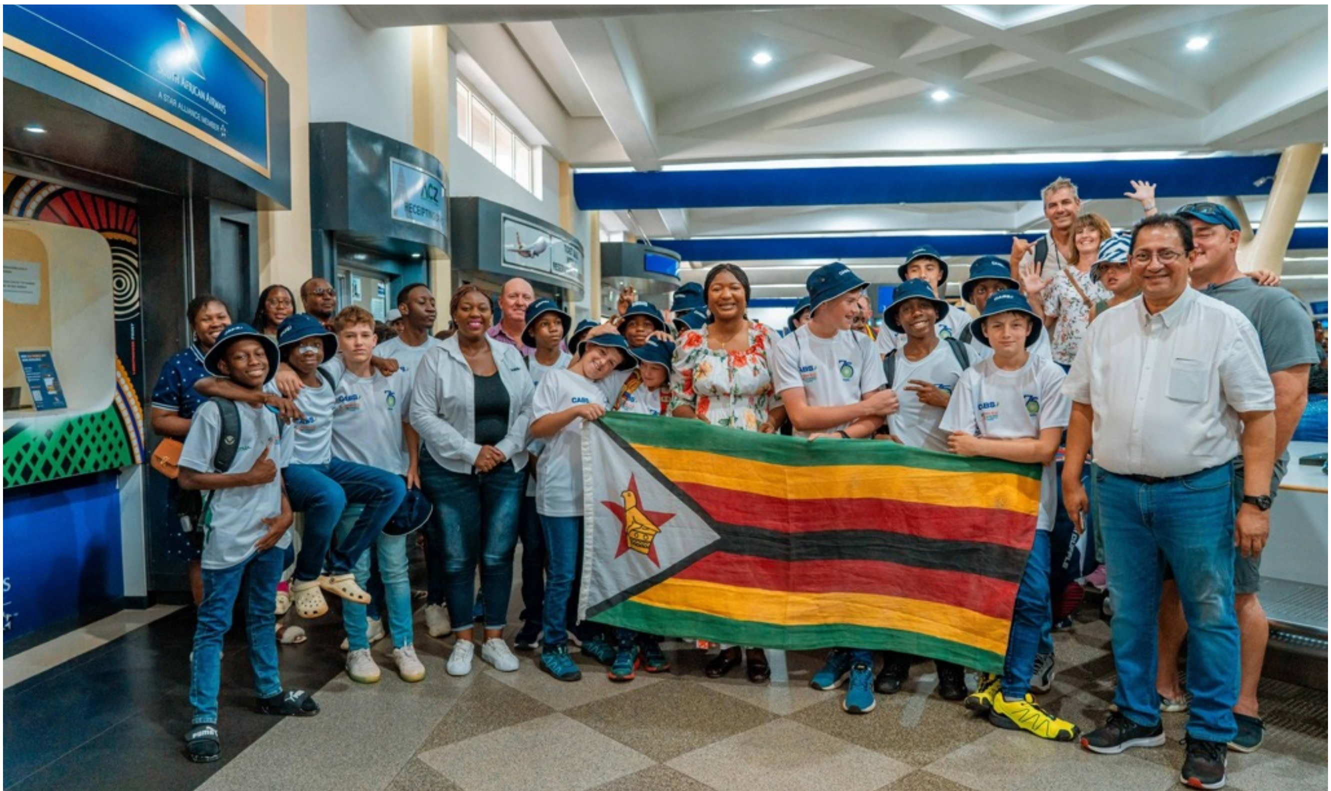
Loans and advances presented within note 11 at amortised cost in terms of IFRS 9 and therefore not carried at fair value principally comprise of fixed rate financial assets and are classified as Level 3.

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

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

Credit lines

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



CABS is a proud sponsor of cricket and, together with Old Mutual, sponsors the Old Mutual Colts and CABS Under-13 Cricket Cup.

22 Related party disclosures

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

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

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

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

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
22.1	**Loans to Directors**		
	Opening balance	0.83	-
	Issued during the year	5.33	7.13
	Interest and insurance charges	0.03	2.19
	Repayments during the year	(0.08)	(2.09)
	Monetary loss	-	(6.40)
	Closing balance	**6.11**	**0.83**

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

		Audited USD	
		31 December 2024 USDm	31 December 2023 USDm
22.2	**Balances with group companies**		
	During the year the Society had transactions with group companies and the outstanding balances at year end were:		
	Amounts due to fellow subsidiaries	1.91	0.08
	Amounts due from fellow subsidiaries	0.13	0.64
	Amounts due to the holding company	0.15	0.12
22.3	**Transactions with group companies**		
	The Society entered into normal business transactions with Group companies. Income earned and interest payable in respect to these transactions as listed below:		
	Interest payable to fellow subsidiaries	0.13	0.18
	Outsourced services to Group companies	1.14	0.03
22.4	**Loans to executives and senior management**	0.44	0.53

These loans were granted in accordance with staff loan schemes.

22.5	**Compensation of key management personnel**		
	The remuneration of Directors and other members of key management during the year was as follows:		
	Short term benefits	1.49	2.04
	Post employment benefits	0.08	0.11
	Total compensation	**1.57**	**2.15**

The CABS remuneration policy aims to attract, motivate and retain high-performing employees by competitively and fairly rewarding their contributions to the organisation's strategic goals and stakeholder value. This is achieved through transparent structures, covering both direct and indirect remuneration, that drive prudent decision-making.

22.6	**Directors' fees**	**0.41**	**0.30**

		Audited USD	
23	**Post employment employee benefits**	31 December 2024 USDm	31 December 2023 USDm
	Old Mutual Group Pension Fund	1.00	0.70
	NSSA	0.41	0.29
		1.41	**0.99**

Old Mutual Group Pension Fund - Defined contribution fund
The pension fund is a defined contribution pension fund and the amount of benefits is determined by contributions made into the fund plus profits that are declared from time to time by the fund's trustees. The contributions to the pension fund by the employer are charged to the statement of profit or loss.

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

24 Share-based payments

24.1.1 OMZIL Management Incentive Share Scheme

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

24.1.2 Composition of share-based payment liabilities

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Total liability	**1.00**	**1.00**

25 Risk management

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

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

The CABS risk universe is clearly defined, monitored and managed through the Society's risk management framework. The Society's major risks are:

- Credit risk;
- Climate risk;
- Liquidity risk;
- Market risk;
- Compliance risk;
- Operational risk;
- Information Technology risk;
- People risk;
- Strategic risk;
- Reputational risk;
- Conduct risk.
- Model risk;
- Anti-money laundering risk; and
- Legal risk;

25 Risk management

25.1 Credit risk

Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Society's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Society considers and consolidates all elements of risk exposure (such as individual obligor default risk, country and sector risk). Environmental, Social and Governance (ESG), as well as Climate risk related issues are also considered when assessing credit risk.

Impaired loans and securities

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

Past due but not impaired loans

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

Exposure to counterparties

The Society is also exposed to counterparties arising from money market trading.

Loans and advances renegotiated

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

The Early Alert and Classified Accounts Committees

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

The Management Credit Committee

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

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

25 Risk management (continued)

25.1 Credit risk (continued)

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

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

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

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

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

The valuation and management of collateral is governed by the Credit Policy. The total registered collateral value for advances was USD166.81m inclusive of guarantees (2023: USD115.84m).

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

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

	31 December 2024 USDm	31 December 2023 USDm	Principal type of collateral held
Type of credit exposure			
Treasury bills	0%	0%	None
Fixed deposits	100%	100%	Treasury Bills
Mortgage loans	100%	100%	Property
Corporate loans	84%	86%	Property
Consumer loans	85%	85%	Insurance

25 Risk management (continued)

25.1 Credit risk (continued)

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

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

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

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

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Property	**0.25**	**0.35**

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

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25 Risk management (continued)

25.1 Credit risk (continued)

Regulatory loan loss provisioning

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

31 December 2024 - Audited USD					
Credit Risk grade	**Type**	**Provisioning criteria**	**Gross loans USDm**	**Allowance for impairment USDm**	**Net loans USDm**
Grade A B C	Pass	1-2% general provision	161.35	(1.61)	159.74
Grade D E F G	Special mention	3-10% general provision	32.91	(2.00)	30.91
Grade H	Sub standard	20% specific provision on balance less security value	0.85	(0.23)	0.62
Grade I	Doubtful	50% of total outstanding balance less security value	1.57	(0.83)	0.74
Default	Loss	100% of total outstanding balance less security held	0.55	(0.46)	0.09
		Portfolio total	**197.23**	**(5.13)**	**192.10**

31 December 2023- Audited USD					
Credit Risk grade	**Type**	**Provisioning criteria**	**Gross loans USDm**	**Allowance for impairment USDm**	**Net loans USDm**
Grade A B C	Pass	1-2% general provision	119.29	(2.41)	116.88
Grade D E F G	Special mention	3-10% general provision	50.93	(3.13)	47.80
Grade H	Sub standard	20% specific provision on balance less security value	0.83	(0.40)	0.43
Grade I	Doubtful	50% of total outstanding balance less security value	2.78	(2.52)	0.26
Default	Loss	100% of total outstanding balance less security held	0.06	(0.06)	-
		Portfolio total	**173.89**	**(8.52)**	**165.37**

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

25 Risk management (continued)

25.2 Climate risk

Climate risk is defined as the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Climate risk is usually divided into two (2) broad categories: physical risk and transition risk, these are defined as follows:

- Physical risks arise from the physical climate (and weather) impacts that result from the changing climate. Physical risks result from hazards that are usually subdivided into acute and chronic hazards. The former includes weather-related or weather-exacerbated events, whose incidence increase with climate change, such as floods, hurricanes, droughts, and wildfires. The latter includes gradual, long-term trends such as rising average temperatures and sea levels.
- Transition risks arise from the economic transformation and any dislocation needed to drastically reduce, and eventually eliminate, net greenhouse gas emissions to reach net zero emissions - a goal that many countries including Zimbabwe have set for themselves to reach by 2050. The drivers of transition risk include factors such as tighter government policies to reduce emissions (e.g., through carbon taxes), technological changes (e.g., cheaper renewables making fossil fuel–based power generation less economical by comparison), and bottom-up consumer pressures for sustainable products.

Climate risk has spill-over effects that manifest in different risks, these include:

- Credit risk - defaults by businesses and individuals, increased insurance gap and collateral depreciation;
- Operational risk - supply chain disruptions, forced facility closure, among others;
- Liquidity risk - increased demand for liquidity and refinancing risk.

The board is ultimately responsible for the institution's climate risk management and is supported by the Board Risk and Compliance Committee (BRCC) in executing their mandate to oversee climate risk. The Board Loans Review Committee (BLRC) will oversee credit related climate risk aspects. Reporting to the BRCC and BLRC is done quarterly.

EXCO is responsible for providing recommendations to the Board on the institution's objectives, plans, strategic options, and policies as they relate to climate risks that are assessed to be material. Reporting to EXCO on climate risk is to be done monthly.

Sustainability Steering Committee

The main function of the Committee is to develop the Society's ESG (including climate) Strategy which is aligned to the Society's overall business strategy and goals; monitor progress against the Climate Risk Implementation Plan as well as implementation of the Climate strategy; and climate metrics against the agreed thresholds. The Sustainability Steering Committee meets monthly to deliberate on sustainability (including climate risk) matters. The Sustainability Steering Committee is assisted by the Sustainability Working Group which is comprised of representation from various departments within CABS. The Sustainability Working Group also meets monthly.

Climate risk is governed by the Climate Risk Policy which is subordinate to the bank's Environmental Social and Governance (ESG) Policy (to be renamed the Sustainability Policy).

25.3 Liquidity risk

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

Liquidity ratio

The liquidity ratio is the ratio of net liquid assets to deposits from customers and other short term liabilities. For this purpose, net liquid assets are considered as including cash and cash equivalents and short term dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowings and liabilities maturing within the same short term period.

25 Risk management (continued)

25.3 Liquidity risk (continued)

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

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

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

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

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

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

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

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Total liquid assets	185.62	229.52
Total liabilities to the public	293.14	311.96
Liquidity ratio	63%	74%
Maximum for the year	74%	91%
Minimum for the year	40%	62%
Average for the year	57%	77%

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

25 Risk management (continued)

25.3.1 Liquidity coverage ratio (continued)

The LCR as at 31 December 2024 is shown below.

Category	Sub-category	Total weighted value 31 December 2024 USDm	Total weighted value 31 December 2023 USDm
High Quality Liquid Assets (HQLA)			
	Total HQLA, of which:	**44.06**	**82.06**
	Level 1 assets	44.06	82.06
	Level 2A assets	-	-
	Level 2B assets	-	-
Cash outflows			
	Retail deposits and deposits from small business customers, of which:	**2.48**	**0.16**
	Stable deposits	2.48	0.06
	Less stable deposits	-	0.10
	Unsecured wholesale funding, of which:	**32.36**	**31.65**
	Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions	-	-
	Non-operational deposits (all counterparties)	32.36	31.65
	Unsecured debt	-	-
	Secured wholesale funding	**3.94**	**94.42**
	Additional requirements, of which:	**-**	**-**
	Outflows related to derivative exposures and other collateral requirements	-	-
	Outflows related to loss of funding on debt products	-	-
	Credit and liquidity facilities	-	-
	Other contractual funding obligations	3.94	-
	Other contingent funding obligations	-	-
	Total cash outflows	**38.78**	**126.23**
Cash inflows			
	Total cash inflows	**132.68**	**99.26**
	Reverse repo and other secured lending transactions	-	-
	Credit or liquidity facilities provided to the reporting bank	-	-
	Operational deposits held at other financial institutions	-	-
	Other inflows by counterparty	132.68	99.26
	Other contractual cash inflows	-	-
	Total HQLA	**44.06**	**82.06**
	Total net cash outflows	**9.69**	**31.56**
	Liquidity coverage ratio (%)	**454.53%**	**260.01%**

Main drivers of LCR

The main drivers of LCR are a healthy buffer of HQLA and lower outflow which is buoyed by higher funding sources from demand deposits which contributed 83.06% of total deposits as at 31 December 2024.

Composition of HQLA

The composition of HQLA is as follows as at 31 December 2024:

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

25 Risk management (continued)

25.3.1 Liquidity coverage ratio (continued)

The split of HQLAs as at 31 December 2024 is shown below:

Asset	Composition	
	31 December 2024 USDm	31 December 2023 USDm
Coins and bank notes	92.35%	46.79%
RBZ balances	0.18%	11.43%
Treasury bills	7.47%	23.25%
Open Market Operation bills	0%	18.53%

25.3.2 Liquidity gap analysis

Liquidity gap analysis as at 31 December 2024	Audited USD					
	On demand to 3 months USDm	3 months to 1 year USDm	1 year to 5 years USDm	Over 5 years USDm	Non-determinant maturity USDm	Total USDm
Assets						
Cash and cash equivalents	113.66	24.50	0.28	-	-	138.44
Investment securities	19.66	1.03	20.41	1.00	-	42.10
Trade and other assets	26.77	-	-	-	35.62	62.39
Loans and advances	20.14	49.39	119.67	2.83	-	192.03
Intangible assets	-	-	-	-	0.21	0.21
Property and equipment	-	-	-	-	41.58	41.58
Investment property	-	-	-	-	21.41	21.41
Non-current assets held for sale	-	-	-	-	0.25	0.25
Total assets	**180.23**	**74.92**	**140.36**	**3.83**	**99.07**	**498.41**
Liabilities						
Deposits	232.77	7.37	0.99	-	-	241.13
Credit lines	3.93	36.86	14.57	-	-	55.36
Trade and other liabilities	12.21	-	-	-	18.26	30.47
Deferred taxation	-	-	-	-	3.54	3.54
Shareholders' equity	-	-	-	-	167.91	167.91
Total liabilities	**248.91**	**44.23**	**15.56**	**-**	**189.71**	**498.41**
Net liquidity gap	**(68.68)**	**30.69**	**124.80**	**3.83**	**(90.64)**	**-**
Cumulative liquidity gap	**(68.68)**	**(37.99)**	**86.81**	**90.64**	**-**	**-**

While the market profile of deposits is skewed to transitory deposits, behaviourally these tend to be sticky. The mismatch in the liquidity gap analysis is managed through the liquid asset and liquid coverage ratios, in line with regulatory and internal thresholds.

25 Risk management (continued)

25.3 Liquidity risk (continued)

25.3.2 Liquidity gap analysis

Liquidity gap analysis as at 31 December 2023	Audited USD					
	On demand to 3 months USDm	3 months to 1 year USDm	1 year to 5 years USDm	Over 5 years USDm	Non-determinant maturity USDm	Total USDm
Assets						
Cash and cash equivalents	129.16	1.66	0.11	-	-	130.93
Investment securities	51.78	25.50	1.87	1.03	-	80.18
Loans and advances	21.42	-	-	-	33.01	54.43
Other assets	21.19	47.60	97.24	1.87	-	167.90
Intangible assets	-	-	-	-	0.35	0.35
Property and equipment	-	-	-	-	53.72	53.72
Investment property	-	-	-	-	25.71	25.71
Non-current assets held for sale	-	0.36	-	-	-	0.36
Total assets	**223.55**	**75.12**	**99.22**	**2.90**	**112.79**	**513.58**
Liabilities						
Deposits	206.10	14.40	0.97	-	0.51	221.98
Credit lines	57.82	6.67	27.89	-	-	92.38
Trade and other liabilities	26.97	-	-	-	7.36	34.33
Deferred taxation	-	-	-	-	4.48	4.48
Shareholders' equity	-	-	-	-	160.41	160.41
Total liabilities	**290.89**	**21.07**	**28.86**	**-**	**172.76**	**513.58**
Net liquidity gap	**(67.34)**	**54.05**	**70.36**	**2.90**	**(59.97)**	**-**
Cumulative liquidity gap	**(67.34)**	**(13.29)**	**57.07**	**59.97**	**-**	**-**

25 Risk management (continued)

25.4 Market risk

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

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

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

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

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

These limits include the following:
- Dealer and trading limits;
- Counterparty limits; 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.

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

25.4.1 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:

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Increase/(decrease) in interest rates on interest income		
0.5%	0.05	0.03
1%	0.09	0.06
2%	0.19	0.11
(2)%	(0.19)	(0.11)
(1)%	(0.09)	(0.06)
(0.5)%	(0.19)	(0.03)

Interest rate repricing gap

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

25 Risk management (continued)

25.4 Market risks (continued)

25.4.1 Exposure to interest rate risk

Interest rate repricing and gap analysis December 2024	Audited USD				
	On demand to 3 months USDm	3 months to 1 year USDm	1 year to 5 years USDm	Over 5 years USDm	Total
Assets					
Investment securities	19.66	1.04	20.40	1.00	42.10
Loans and advances	20.14	49.39	119.67	2.83	192.03
Total assets	**39.80**	**50.43**	**140.07**	**3.83**	**234.13**
Liabilities					
Deposits	232.77	7.37	0.99	-	241.13
Credit lines	3.94	36.86	14.56	-	55.36
Total liabilities	**236.71**	**44.23**	**15.55**	**-**	**296.49**
Net liquidity gap	**(196.91)**	**6.20**	**124.52**	**3.83**	**(62.36)**
Cumulative interest rate repricing liquidity gap	**(196.91)**	**(190.71)**	**(66.19)**	**(62.36)**	**-**

Interest rate repricing and gap analysis December 2023	Audited USD				
	On demand to 3 months USDm	3 months to 1 year USDm	1 year to 5 years USDm	Over 5 years USDm	Total
Assets					
Investment securities	51.78	25.50	1.87	1.03	80.18
Loans and advances	21.19	47.60	97.24	1.87	167.90
Total assets	**72.97**	**73.10**	**99.11**	**2.90**	**248.08**
Liabilities					
Deposits	206.09	14.40	0.97	0.52	221.98
Credit lines	57.72	6.66	28.00	-	92.38
Total liabilities	**263.81**	**21.06**	**28.97**	**0.52**	**314.36**
Net liquidity gap	**(190.84)**	**52.04**	**70.14**	**2.38**	**(66.28)**
Cumulative interest rate repricing liquidity gap	**(190.84)**	**(138.80)**	**(68.66)**	**(66.28)**	**-**

25.4.2 Exposure to foreign currency risk

The Society is exposed to exchange rate movement of various currencies against the United States dollar. Below are the foreign currency exposures for the Society as at 31 December 2024.

	Exchange rates 31 December 2024
Currency name	**USD**
Zimbabwe Gold (ZWG)	25.7985
South African Rand (ZAR)	18.7949
Great British Pound (GBP)	1.2547
Euro (EUR)	1.0401
Botswana Pula (BWP)	13.9860
Chinese Yuan (CNY)	7.2988

25 Risk management (continued)

25.4 Market risk (continued)

	Assets Cash and cash equivalents 2024	Net USD equivalent as at 31 December 2024	Effect on profit of 10% depreciation 2024	Effect on profit of 10% appreciation 2024
Zimbabwe Gold	**ZWGm**	**USD**	**USD**	**USD**
	(220.70)	(8.55)	0.86	(0.86)
South African Rand	**ZARm**	**USD**	**USD**	**USD**
	38.77	2.06	(0.21)	0.21
Great British Pound	**GBPm**	**USD**	**USD**	**USD**
	0.19	0.24	(0.02)	0.02
Euro	**EURm**	**USD**	**USD**	**USD**
	0.23	0.24	(0.02)	0.02
Botswana Pula	**PULAm**	**USD**	**USD**	**USD**
	1.53	0.11	(0.01)	0.01
Chinese Yuan	**CNYm**	**USD**	**USD**	**USD**
	0.36	0.05	(0.01)	0.01

25.5 Compliance risk

Compliance risk is the risk that the Society fails to comply with the letter and spirit of all statutes, supervisory requirements and industry codes of conduct which apply to its business.

The Society seeks to bring the highest standards of compliance best practice in all areas of its operations. As part of the Compliance Risk Management Framework, the Society has an independent compliance function that proactively ensures compliance with all regulatory requirements that are overseen by the Board Risk and Compliance Committee, the Board Audit Committee and the Board.

CABS financial crime compliance statement

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

Compliance environment

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

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

The Society settled the following penalties to the Reserve Bank of Zimbabwe:

- USD21 700 in September 2024 for non-compliance with the Agency Banking Prudential Standards No1/2016 BSD; and
- USD4 200 in February 2025, concerning non-compliance with the Banking Regulations of 2000, related to the untimely submission of regulatory returns for December 2024.

25 Risk management (continued)

25.5 Compliance risk (continued)

Sustainability compliance

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

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

25.6 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 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, people risk, process risk and systems risk. The Society has a low preference for operational risk, however there is zero-tolerance for some sub-components of the risk. The risk preferences and appetite limits are set out in the Society's Risk Strategy and Appetite Statement. This is reviewed at least annually by the Board, upon recommendation by the Board Risk and Compliance Committee.

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

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

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

25 Risk management (continued)

25.6 Operational risks (continued)

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

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

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

25.7 Information Technology (IT) risk

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

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

25.8 People risk

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

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

25 Risk management (continued)

25.9 Strategic risk

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

25.10 Reputational risk

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

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

25.11 Conduct risk

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

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

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

25.12 Model Risk

Model risk is the risk of loss resulting from the incorrect development, implementation, or use of financial models in decision-making processes. It arises due to errors in model design, assumptions, input data, or inappropriate application of models. Model risk is a sub-component of operational risk and is managed within the Society's Model Risk Policy. The Society's Model Risk Policy sets out governance requirements, including the model development, validation, approval, and ongoing monitoring processes. Model risk management is integrated into the risk management framework to ensure that models used for pricing, risk assessment, capital allocation, and other key financial decisions are robust, transparent, and fit for purpose.

25 Risk management (continued)

25.12 Model Risk (continued)

The Society applies the following controls to mitigate model risk:

- A formal model development and validation process, including independent model review and approval.
- Regular back-testing and benchmarking of models against actual outcomes to ensure accuracy and reliability.
- Ongoing monitoring and periodic reassessment of models to ensure continued effectiveness in a changing business environment.
- A model inventory and documentation process to ensure transparency in model governance and lifecycle management.
- Escalation and reporting of model limitations and weaknesses to the Group Model Risk Committee; Executive Committee; and Board Risk and Compliance Committee.
- Stress testing of key models to assess their sensitivity to extreme conditions and potential financial impacts.

The Society adopts a conservative approach to model risk and ensures that all models undergo rigorous assessment before implementation.

25.13 Anti-Money Laundering (AML) Risk

AML risk is the risk that the Society may be used to facilitate money laundering, terrorist financing, or other illicit financial activities. It arises from inadequate systems, processes, or controls in place to detect, prevent, and report suspicious transactions. The Society is committed to maintaining a robust AML framework in line with regulatory requirements and international best practices. The Financial Crime Risk Policy guides Society's approach to preventing financial crime and ensuring compliance with applicable laws and regulations.

Key measures implemented to manage AML risk include:

- Customer due diligence (CDD) and flagging politically exposed people.
- Transaction monitoring to detect and report suspicious activity.
- Regular training programs to ensure employees are aware of AML risks and compliance requirements.
- Regulatory reporting of suspicious activity to the Financial Intelligence Unit (FIU) and relevant authorities.
- Ongoing risk assessments to identify emerging threats and update control measures accordingly.

The CABS Board of Directors and BRCC, through the Anti-Money Laundering Committee (AMLCOM) oversees the overall management of AML/CTF compliance risks, including the approval and implementation of AML/CFT measures. New customers are accepted with due care, and CABS operations are protected from abuse by criminal organisations and individuals. By proactively identifying and mitigating financial crime risks, we aim to protect our customers, our reputation, and the overall stability of the Zimbabwean financial sector. CABS co-operate fully with local and international competent authorities and law enforcement agencies in combating money laundering and countering financing of terrorism.

25.14 Legal Risk

Legal risk is the risk of loss resulting from non-compliance with laws, regulations, contractual obligations, or adverse legal actions. It arises due to changes in regulatory requirements, contractual disputes, litigation, or failure to adequately manage legal exposures. The Society has a Legal Risk Policy that ensures compliance with applicable laws and regulations while protecting the society from potential legal challenges. The Legal Department plays a key role in providing oversight, guidance, and proactive risk management. The controls include continuous monitoring of regulatory changes, legal review of contracts, compliance frameworks, engagement with legal advisors, employee training, and escalation of legal issues to the Board Risk and Compliance Committee. These measures ensure that the organization remains compliant with evolving legal requirements and reduces exposure to legal liabilities.

Key areas of legal risk include:

- Contracts - Ensuring that all contracts and agreements are legally sound, align with regulatory requirements, and are reviewed by legal experts to mitigate contractual risks.
- Competition Law - Adhering to fair competition practices and avoiding anti-competitive behavior that could result in legal and financial penalties.
- Litigation - Managing potential and ongoing legal disputes effectively to minimize financial and reputational damage.

The Society adopts a proactive approach to legal risk management by embedding compliance into business processes and ensuring that all regulatory requirements are adhered to effectively.

26 Capital management

The RBZ sets and monitors capital requirements for the Society through quarterly BSD1 returns. In implementing current capital requirements, the RBZ required the Society to maintain a minimum capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighted assets and a minimum capital requirement of USD30 million from 31 December 2021 onwards. The Society was compliant with respect to the minimum capital requirement by 31 March 2021 and remained compliant at 31 December 2024.

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

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

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

The Society's policy is to maintain a strong capital base so as to maintain depositor confidence and sustain future developments of the business. The Society's regulatory position as at 31 December 2024 was as follows:

	Audited USD	
	31 December 2024 USDm	31 December 2023 USDm
Tier 1 capital		
Ordinary class "A" share capital	-	0.01
Retained earnings	116.03	99.21
Exposures to insiders and connected parties	(5.39)	(0.83)
Less Tier 1 allocated to market risk	(6.49)	(5.89)
Les Tier 1 allocated for operational risk	(2.23)	(2.34)
Total Tier 1 capital	**101.92**	**90.16**
Tier 2 capital		
Revaluation reserve (limited by Tier 1)	34.80	45.21
General provisions (limited to 1.25% of TRWA)	5.56	4.92
Total Tier 2 capital	**40.36**	**50.13**
Tier 3 capital		
Allocation of capital for market risk	6.49	5.89
Allocation of capital for operational risk	2.23	2.34
Total Tier 3 capital	**8.72**	**8.23**
Deductions from total capital		
Encumbered assets	(20.00)	-
Equity investments in non subsidiary company	(0.37)	(0.88)
Total deductions from total capital	**(20.37)**	**(0.88)**
Total regulatory capital	**130.63**	**147.64**
Total risk weighted assets	**445.26**	**393.82**
Capital adequacy ratio	**29.34%**	**37.49%**
Regulatory minimum capital adequacy ratio	**12.00%**	**12.00%**

The USD capital numbers have been derived from the BSD1 reports prepared in line with RBZ guidelines, converted to USD at the closing rate of ZWG25.7985:USD1 for 31 December 2024 and ZWL6 089.4700:USD1 for 31 December 2023.

27 External credit rating

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

Rating class	Rating scale	Ratings	Rating outlook	Issue date
Long-term	National	A+	Stable	Jul-2024
Long-term	National	A+	Evolving	Jul-2023
Long-term	National	A+	Evolving	Nov-2022

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

28 Going concern

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

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

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

29 Subsequent events

The Society was exempt from income tax in 2024 in terms of the Third schedule paragraph 2(c) of the Income Tax Act (Chapter 23:06). However, an amendment was made to paragraph 2 (c), to read that only receipts and accruals from mortgage finance is exempt from income tax. The Society becomes liable to pay income tax effective 1 January 2025.

CABS

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