75 Years of banking generations

For generations, your financial breakthrough has been at the heart of our CABS business. Our bank accounts support you in realising your financial dreams.

Helping you realise your dreams since 1949

CABS

A Member of the OLDMUTUAL Group

UNAUDITED FINANCIAL RESULTS

For the half year ended 30 June 2024

WE'LL HELP YOU GET THERE

CHAIRMAN'S STATEMENT
For the half year ended 30 June 2024

As we reflect on the financial results for the half year ended 30 June 2024, we commemorate a momentous occasion in our history: CABS's 75th anniversary. This milestone represents not only 75 years of service but also our enduring resilience, innovation, and dedication to our stakeholders and the communities we are privileged to serve.

Since our inception in 1949, CABS has evolved from a building society into one of the leading financial institutions in the country. Our 75th anniversary is a moment of reflection on our rich history, achievements and the countless lives we have impacted over the decades. We have remained steadfast in our mission to provide affordable financial solutions that empower our customers. Many thanks to our customers for the trust you have continued to place in us over the years.

Operating environment
The Society demonstrated resilience as it protected shareholder value in the period under review, despite the challenging macroeconomic backdrop. While the first quarter of the year was characterised by currency and exchange rate challenges, the second quarter, however, witnessed relative stability in the pricing of goods and services following the introduction of measures to restore confidence and stabilise the local currency, including the introduction of a new currency, Zimbabwe Gold (ZWG).

Change in functional currency
The first quarter of 2024 saw a significant increase in the volume of foreign-denominated transactions, with the US$ being the dominant currency. The primary indicators for the determination of the Society's functional currency have been assessed according to IAS 21 and reflect a shift in the functional currency to US$ in the period under review, effective 1 January 2024.

Financial results
The Society recorded a surplus of ZWG110.43m for the period ended 30 June 2024 against ZWG1,469.15m in June 2023. This significant disparity is caused by distortions arising from IFRS related adjustments in the application of IAS 29 through to translation of the resultant ZWL numbers to US$, and then to ZWG as our presentation currency.

As a result of the change in functional currency, there has been a shift in the basis of valuation for fair valued assets from a local currency basis to US$. This shift resulted in technical day-one differences between the opening US$ values that were derived from pure US$ valuations, and the IAS 29 values translated to US$. The surplus and total comprehensive income for the period, if we exclude the impact of day-one adjustments would be as follows:

Impact of change in functional currency on surplus

	30 June 2024 ZWGm	30 June 2023 ZWGm
Net surplus for the period (IFRS)	**110.43**	**1 469.15**
Add day 1 adjustments:		
Fair value loss on investment property	71.66	-
Fair value loss on assets held for sale	1.09	-
Adjusted surplus	**183.18**	**1 469.15**
Impact of change in functional currency on comprehensive income		
Total comprehensive income for the period (IFRS)	**(36.31)**	**2 065.92**
Add day 1 adjustments:		
Fair value loss on investment property	71.66	-
Fair value loss on assets held for sale	1.09	-
Movement in revaluation reserve	149.73	-
Adjusted total comprehensive income for the period	**186.17**	**2 065.92**

Human resources
CABS is dedicated to investing in its people. We recognise that our employees are our most valuable asset and the driving force behind our long-term growth and success. By actively investing in the development of their skills, knowledge, and capabilities, we are cultivating a workforce that is not only more productive and innovative, but also better equipped to adapt to the evolving landscape of the future of work. Throughout 2024, the Human Capital function has focused on fostering a culture of high performance, excellence, growth, and inclusivity through culture, learning and wellness initiatives to foster engagement and celebrate our diversity. We have continued to prioritise talent acquisition, development, and retention strategies that align with our Society's strategic goals.

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

Corporate social responsibility
The Society also recognises that it plays an important role in Zimbabwe and it aims to make the communities in which it operates better. We encourage and empower our employees to get involved with local communities and use their skills and, where possible, the Society's resources to positively impact these communities. Examples of initiatives the Society participated in during the period under review are as follows:

- We partnered with TM Pick n Pay Zimbabwe to help support KidzCan Zimbabwe in their fight against childhood cancer. The campaign ran in March and CABS donated US$15,000 that was used to buy chemotherapy drugs for cancer patients.
- The Operations team donated leave days toward Rose of Sharon Orphanage in Zimre Park. CABS matched the raised amount which resulted in a donation of blankets, winter socks and groceries to support the well-being of the children residing there. The orphanage provides care for children aged between 3 months and 18 years.

Compliance issues
The Society was largely compliant with regulatory requirements.

Outlook
The economic outlook remains uncertain, albeit with the introduction of the new currency. Society will continue to provide full banking services to its customers in support of the country's economic development.

Appreciation
I would like to sincerely thank our valued customers who are the foundation of our success and our Board of Directors, strategic partners, management, and staff for their unwavering dedication to the Society's continued success.

Washington Matsaira
Chairman

28 September 2024

MANAGING DIRECTOR'S REPORT
For the half year ended 30 June 2024

I am pleased to present the Society's half year results for the period ending 30 June 2024 as CABS celebrates its 75th anniversary. This milestone is testament to our unwavering commitment to innovation, together with exceptional customer service, while running a profitable financial service organisation. Since our founding in 1949, we have grown and evolved, yet always staying true to our core values and mission. Over the past 75 years, we have faced challenges and celebrated successes, all the while maintaining our dedication to excellence. I would like to thank our customers for supporting us throughout the years.

Financial performance
The Society's performance demonstrates resilience in the reporting period, despite the challenging operating environment which was characterised by high ZWL inflation in the first quarter of the year. Inflation normalised following introduction of the ZiG (now ZWG) on 5 April 2024.

Despite the challenging operating environment, a surplus of ZWG110.43m was recorded during the period under review (June 2023: ZWG1,469.15m). Net interest income decreased by 33.98% to ZWG78.96m (June 2023: ZWG119.60m) while net fee and commission income increased by 55.64% to ZWG343.02m (June 2023: ZWG220.39m). Operating expenses increased by 7.18% to ZWG295.43m (June 2023: ZWG275.63m). The material variances between the two comparative periods have been influenced by the impact of the application of IAS 29 on prior year numbers. Balance sheet growth of 4.2% was recorded in the period, mainly due to credit line drawdowns amounting to US$34m.

Investing in innovation
The Society continues to foster agile innovation through its transformation programs to enhance customer experience and improve efficiencies in our processes through process optimisation and automation. During the first half of 2024, the Society introduced several projects to enhance customer experience through use of digital platforms. The following initiatives were undertaken:

- Session resumption on USSD - This has aided in providing clients with a seamless process in the event of timeout caused by slow connections.
- The CABS mobile application was upgraded and now offers improved performance, faster loading times, simplified navigation and access.
- As part of enhancing customer experience, our digital channels (USSD, WhatsApp Banking, Mobile App and Internet Banking) incorporated additional bill payments and EezySend on their platforms.

Going forward, the Society will continue to explore and implement more solutions to improve both customer and employee experience.

Investing in the economy
The Society embarked on a series of initiatives and projects to add value to the development of the economy. The following initiatives were undertaken in the period under review:

- CABS secured offshore long-term funding for deployment into the productive sectors of the economy. During the first half of the year, CABS drew down facilities from Afreximbank and the Trade and Development Bank. These funds were deployed into key sectors of the economy. Being long-term, the funding is benefiting key sectors such as mining and agriculture by enhancing trade, enabling capital investment and generating employment.
- In partnership with African Development Bank (AfDB), the Society progressed conducting research to develop a value proposition for Women-led SMEs. The outcome of this is to further capacitate the Society to effectively assist women-led businesses.
- CABS opened intermediary bank accounts that enable us to serve the Chinese banking market.
- As part of food security and to counter the effects of the El Niño induced drought, the Society has worked with customers in the grain supply chain to provide funding for this year's farmer cropping seasons. Nearly US$10m has been disbursed to support production of grain.

Investing in the communities we serve
As CABS, we are mindful of the communities in which we operate and have made corporate social investment an essential part of our business. We partnered with various organisations during the period under review. Key among these, CABS sponsored the National Institute of Allied Arts (NIAA), which promotes Arts and Culture education amongst children. By supporting such initiatives, we are promoting expression of our culture amongst our communities to strengthen our traditional identity.

Investing in our people
Our people's contribution underpins the Society's collective success. As such, the Society strives to provide a competitive Employee Value Proposition (EVP) through a process that involves continuously assessing our EVP in the current environment with employee satisfaction as a key focus area. We seek to

MANAGING DIRECTOR'S REPORT (continued)
For the half year ended 30 June 2024

deliver value for our people by focusing on several aspects, including ensuring work-life balance, competitive remuneration, offering career development and various wellness offerings.

While the external landscape remains uncertain, we are confident that we are well positioned to navigate the challenges and seize the opportunities ahead. We remain focused on continuing to deliver excellence for our customers, and sustained value for shareholders, in 2024 and beyond.

Appreciation
I would like to thank our customers for making this journey possible through their continued support. I extend my heartfelt gratitude to the Board of Directors for their guidance and staff for their steadfastness, dedication and hard work.

M Mpofu
Managing Director

28 September 2024

CORPORATE GOVERNANCE STATEMENT
For the half year ended 30 June 2024

The Board of Directors and Management remain committed to best practice in corporate governance. To this end, 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.

Board Composition
As of 30 June 2024, the Board comprised three (3) Executive Directors, two (2) Non-Executive Directors and six (6) Independent Non-Executive Directors. 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.

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

Board and Board Committee meeting attendance
As of 30 June 2024, all five (5) Board Sub Committees had a minimum of three (3) directors and were each chaired by an Independent Non-Executive Director. This was in compliance with the regulatory requirement that each Board Sub Committee have a minimum of three (3) members.

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

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

[1] DK Shinya was appointed as the Board Audit Committee chair effective 16 May 2024. She takes over from the previous chair, MJR Dube, who still sits on the Board Audit Committee for continuity.
[2] ST Hosack was appointed to the Board Risk and Compliance Committee effective 16 May 2024.
[3] DK Shinya was appointed to the Board Risk and Compliance Committee effective 16 May 2024.
[4] ST Hosack was appointed to the Board ICT Committee effective 16 May 2024.

Board Committee Composition
The Board Committee Composition as of 30 June 2024 appears below.

Board Audit Committee

DK Shinya	Chairman[1]
MJR Dube	Member
JC Tapambgwa	Member

Board Risk and Compliance Committee

JC Tapambgwa	Chairman
S Hosack	Member [2]
D Shinya	Member [3]

Board Credit Committee

JC Tapambgwa	Chairman
T Mutaviri	Member
W Gillwald	Member

Board Loans Review Committee

MJR Dube	Chairman
D Shinya	Member
S Matsekete	Member

Board ICT Committee

W Gillwald	Chairman
T Mutaviri	Member
S Hosack	Member

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 twice during the period ended 30 June 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 and capital management processes. The Committee reports to the Board, identifying any matters in respect of significant risks to the Society, for which it considers that action or improvement is needed, and makes recommendations as to the adequacy of the risk mitigation plans. The Committee works closely with the Board Audit Committee concerning the systems of risk management and internal controls.

The Board Risk and Compliance Committee comprises three (3) independent non-executive Directors. The Committee met twice during the period ended 30 June 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 four (4) times during the period ended 30 June 2024.

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.

The Board Loans Review Committee currently comprises two (2) independent non-executive Directors and one (1) non-executive Director. The Board Loans Review Committee met twice during the period ended 30 June 2024.

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

The Board ICT Committee currently comprises two (2) independent non-executive Directors and one (1) non-executive Director. The ICT Committee met twice during the period ended 30 June 2024.

Transforming to serve you better

From the years of Pass-books to today's digital world, we continue to invest in technology to serve you better.

Helping you realise your dreams since 1949

CABS

A Member of the OLDMUTUAL Group

UNAUDITED FINANCIAL RESULTS

For the half year ended 30 June 2024

WE'LL HELP YOU GET THERE

INTERNAL AUDITOR'S STATEMENT
For the half year ended 30 June 2024

Internal audit is positioned as a trusted business partner to the bank, providing assurance and consulting services to help the Board and Executive Management to protect the assets, reputation and sustainability of the Society. During the period under review internal audit continued to, in line with its mandate as contained in the Society's Internal Audit Charter, independently review the controls, risk management and governance practices of the bank. At half year, 45% of the annual approved had been covered and resources are in place to complete the rest of the plan by year-end. The team enjoyed free and unfettered access to people, information and data and reported to the Chairman of the Audit Committee.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 30 June 2024

	Notes	30 June 2024 ZWGm	30 June 2023 ZWGm
Interest income	2	202.49	274.28
Interest expense	2	(82.52)	(92.49)
Net interest income before impairment on financial assets		119.97	181.79
Allowance for ECL	3	(41.01)	(62.19)
Income from lending activities		**78.96**	**119.60**
Fee and commission income	4.1	423.95	298.55
Fee and commission expense	4.1	(80.93)	(78.16)
Net fee and commission income		343.02	220.39
Other income	4.2	(11.20)	1 705.13
Net non-interest income before impairment on financial assets		331.82	1 925.52
Allowance for ECL	3	(3.27)	(13.78)
Income from non-lending activities		**328.55**	**1 911.74**
Operating income for the period		**407.51**	**2 031.34**
Operating expenses	5	(295.43)	(275.63)
Impairment on non-financial assets	3	(1.65)	(5.55)
Monetary loss		-	(281.01)
Surplus for the period		**110.43**	**1 469.15**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax		**(146.74)**	**596.77**
Movement in revaluation reserve		(145.44)	542.20
Movement in regulatory reserve'		(1.30)	54.57
Total comprehensive income for the period		**(36.31)**	**2 065.92**

STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	30 June 2024 ZWGm	31 December 2023 ZWGm
ASSETS			
Cash and cash equivalents	8	1 826.99	1 775.68
Investment securities	9	863.38	1 087.33
Other assets	10	892.15	738.32
Loans and advances	11	2 797.00	2 276.93
Non-current assets held for sale	12	3.46	4.82
Property and equipment	13	591.63	728.59
Investment property	14	277.66	348.73
Intangible assets	15	4.80	4.81
Total assets		**7 257.07**	**6 965.21**
LIABILITIES			
Deposits	16	2 762.22	3 010.42
Credit lines	17	1 464.24	1 252.86
Trade and other liabilities	18	577.21	465.57
Deferred taxation	19	47.78	60.73
Total liabilities		**4 851.45**	**4 789.58**
SHAREHOLDER'S EQUITY			
Ordinary class "A" share capital	20.1	81.97	81.97
Retained earnings	20.2	1 584.51	1 484.15
Regulatory provision reserve	20.3	35.51	34.21
Non-distributable reserve	20.4	3.39	3.39
Revaluation reserve	20.5	412.88	558.32
Share-based payment reserve	20.6	13.59	13.59
Translation reserve	20.7	273.77	-
		2 405.62	**2 175.63**
Total equity and liabilities		**7 257.07**	**6 965.21**

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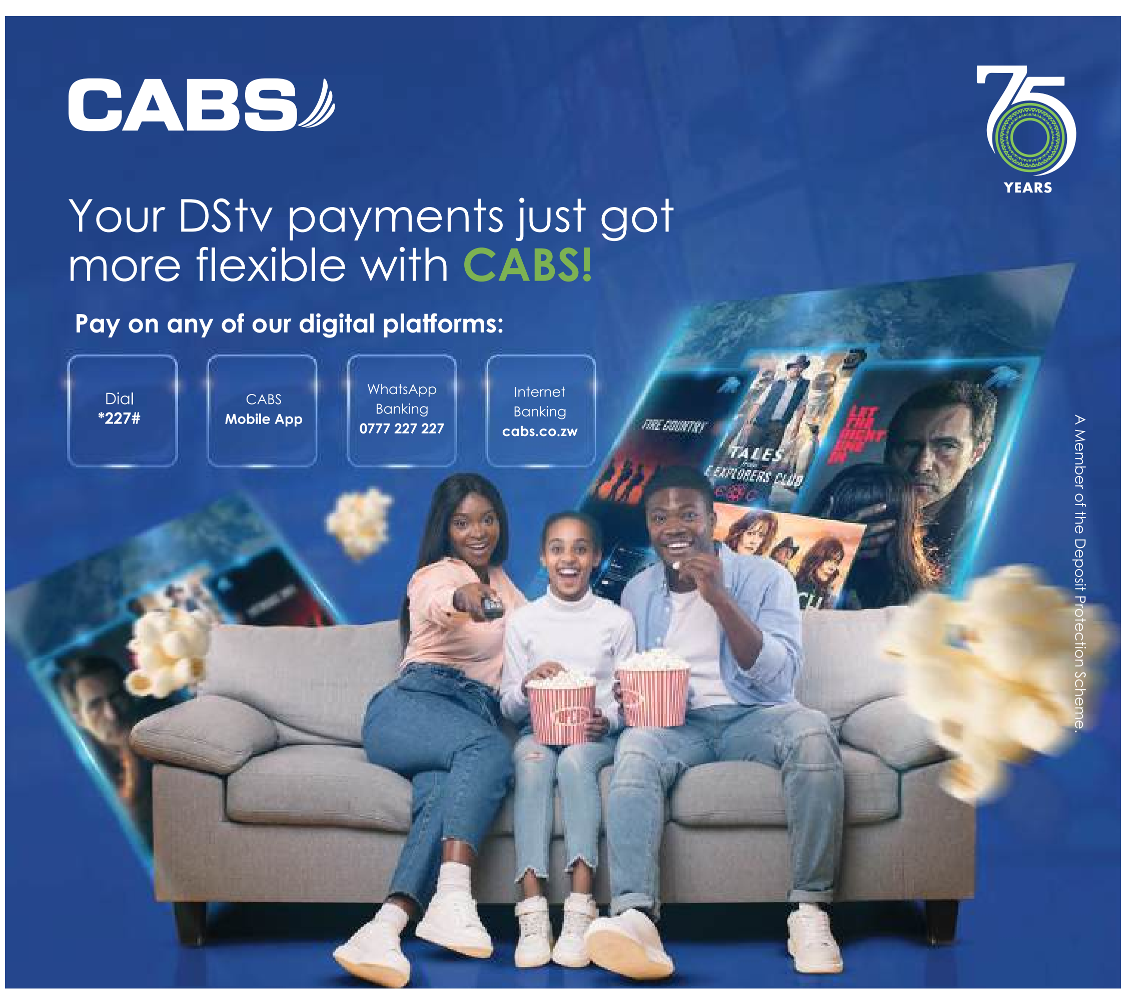
W MATSAIRA
CHAIRMAN

28 September 2024

MJR DUBE
NON-EXECUTIVE DIRECTOR

28 September 2024



STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2024

	Share capital ZWGm	Retained earnings ZWGm	Regulatory provision reserve ZWGm	Non-distributable reserve ZWGm	Revaluation reserve ZWGm	Share based payment reserve ZWGm	Translation reserves ZWGm	Total equity ZWGm
Balance as at 1 January 2024	**81.97**	**1 484.15**	**34.21**	**3.39**	**558.32**	**13.59**	**-**	**2 175.63**
Surplus for the period	-	110.43	-	-	-	-	-	110.43
Transfer between reserves	-	(1.30)	1.30		-	-	-	-
Dividend	-	(8.77)	-	-	-	-	-	(8.77)
Revaluation	-	-	-	-	(145.44)	-	-	(145.44)
Change in functional currency	-	-	-	-	-	-	273.77	273.77
Balance as at 30 June 2024	**81.97**	**1 584.51**	**35.51**	**3.39**	**412.88**	**13.59**	**273.77**	**2 405.62**

	Share capital ZWGm	Retained earnings ZWGm	Regulatory provision reserve ZWGm	Non-distributable reserve ZWGm	Revaluation reserve ZWGm	Share based payment reserve ZWGm	Translation reserves ZWGm	Total equity ZWGm
Balance as at 1 January 2023	**81.97**	**691.41**	**15.74**	**3.39**	**259.61**	**13.59**	**-**	**1 065.71**
Surplus for the year	-	956.00	-	-	-	-	-	956.00
Transfer between reserves	-	(18.47)	18.47	-	-	-	-	-
Dividend	-	(144.79)	-	-	-	-	-	(144.79)
Revaluation	-	-	-	-	298.71	-	-	298.71
Balance as at 31 December 2023	**81.97**	**1 484.15**	**34.21**	**3.39**	**558.32**	**13.59**	**-**	**2 175.63**

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2024

	Notes	30 June 2024 ZWGm	31 December 2023 ZWGm
Cash flows from operating activities			
Surplus for the period		110.43	1 469.15
Adjustments for:			
Net interest income	2	(119.97)	(181.79)
Allowance for ECL on interest earning financial assets	3	41.01	62.19
Allowance for ECL on non-interest earning financial assets	3	4.92	19.33
Fair value loss/(gain) on investment property	4.2	71.07	(330.64)
Fair value loss/(gain) on non-current assets held for sale	4.2	1.36	(3.62)
Fair value loss/(gain) on equity investments	4.2	0.83	(70.25)
Depreciation and amortisation	5	4.50	16.52
Interest on lease liability		0.41	2.03
Other non-cash items		(16.82)	12.24
Unrealised foreign currency exchange gains		-	(1 297.83)
Operating cash flows before working capital changes		**97.74**	**(304.67)**
Decrease in investment securities		193.77	255.30
Increase in other assets		(159.59)	(22.69)
(Increase)/decrease in loans and advances		(530.90)	701.37
Decrease in deposits		(248.20)	(748.55)
Increase/(decrease) in other liabilities		112.90	(72.13)
Operating cash flows after working capital changes		**(534.28)**	**(191.37)**
Interest income received	2	202.49	274.28
Dividend received	4.2	(0.14)	(1.67)
Interest expense paid	2	(82.52)	(92.49)
Net cash flows from operating activities		**(414.45)**	**(11.25)**
Cash flows from investing activities			
Dividend received		0.14	1.67
Additions to property and equipment	13	(9.08)	(51.80)
Additions to investment property	14	-	(6.44)
Net cash flows utilised in investing activities		**(8.94)**	**(67.82)**
Cash flows from financing activities			
Dividends paid		(8.77)	(144.79)
Lease payments		(1.68)	(3.49)
Credit lines received		321.22	324.47
Credit lines paid		(109.84)	(845.14)
Net cash flows (utilised in)/from financing activities		**200.93**	**(668.95)**
Net decrease in cash and cash equivalents		**(222.46)**	**(748.02)**
Cash and cash equivalents at the beginning of the period		1 775.68	966.36
Effects of exchange rate changes on cash and cash equivalents		**273.77**	**1 557.34**
Cash and cash equivalents at the end of the period	7	**1 826.99**	**1 775.68**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the half year ended 30 June 2024

1 Significant Accounting Policies

1.1 Reporting entity

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

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

Nature of business

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

1.2 Accounting policies

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

1.3 Basis of preparation

The financial statements are prepared from 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.

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)* since 2019. On 5 April 2024, the Government of Zimbabwe through the Monetary Policy Statement and SI 60, introduced a new currency Zimbabwe Gold (ZWG) to replace the ZWL.

The Society adopted the US$ as its functional currency effective 1 January 2024. Below are the indices and conversion factors used to convert prior year numbers to US$.

Dates	Indices	Conversion factors
31 December 2023	65 704.40	1.00
30 June 2023	42 710.71	1.54

Conversion of foreign currency transactions and balances

The Society used the interbank exchange rates prevailing at the dates of transactions to convert transactions in currencies other than the Society's functional currency.

1.4 Approval of financial statements

The financial statements were approved by the Board on 28 September 2024.

UNAUDITED FINANCIAL RESULTS

For the half year ended 30 June 2024

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the half year ended 30 June 2024

1 Significant Accounting Policies (continued)

1.5 Functional and presentation currency

Impact of change in functional currency

Due to the application of varying exchange rates in different markets between the ZWL and the US$ currencies, the translated hyperinflation adjusted numbers as at 31 December 2023 carried US$ values that were substantially different from the supplementary valuations determined in US$ for the same period by external valuers. The disparity resulted in the opening US$ balances for assets carried at fair value being overstated in comparison to the values derived from US$-based valuations. However, 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. 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	US$ equivalent ZWGm	Reduction in asset balance ZWGm	Reduction in deferred tax ZWGm	Reduction in current period surplus ZWGm	Adjusted opening balance ZWGm
Investment property	156 589.15	348.73	(75.43)	(3.77)	(71.66)	273.30
Non-current assets held for sale	2 164.00	4.82	(1.15)	(0.06)	(1.09)	3.67
	158 753.15	**353.55**	**(76.58)**	**(3.83)**	**(72.75)**	**276.97**

Fair value assets through other comprehensive income

	IAS 29 ZWL Value @ 31 December 2023 ZWLm	US$ Equivalent ZWGm	Reduction in asset balance ZWGm	Reduction in deferred Tax ZWGm	Reduction in other comprehensive income ZWGm	Adjusted opening balance in ZWGm
Land and buildings	288 692.16	642.93	(157.61)	(7.88)	149.73	485.32
	288 692.16	**642.93**	**(157.61)**	**(7.88)**	**149.73**	**485.32**

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 some 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 1.3 - Ceasing hyperinflationary reporting; and
- Note 1.5 - Determination of the Society's functional currency.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 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.

- Note 10.2 - Determination of fair value on investment in equity; and
- Note 21 - Determination of fair value on financial and non-financial assets with significant unobservable inputs i.e. investment property and owner-occupied properties.

		Note	30 June 2024 ZWGm	30 June 2023 ZWGm
2	**Net interest income**			
	Interest income		**202.49**	**274.28**
	Loans and advances		172.76	231.81
	Mortgage loans		16.49	22.92
	Term loans and overdrafts		156.27	208.89
	Investment securities		29.73	42.47
	Treasury bills		9.59	34.76
	Money market investments		20.14	7.71
	Interest expense		**(82.52)**	**(92.49)**
	Credit lines		(72.87)	(70.29)
	Money market deposits		(9.15)	(21.39)
	Savings deposits		(0.50)	(0.81)
	Net interest income		**119.97**	**181.79**
3	**Impairment reconciliation**			
	Allowance for ECL on interest earning financial assets		**(41.01)**	**(62.19)**
	Loans and advances		(10.83)	(55.80)
	Recovery of loans previously written off		-	0.02
	Investment securities		(30.18)	(6.41)
	Allowance for ECL on non-interest earning financial assets		**(3.27)**	**(13.78)**
	Unauthorised overdrafts		(3.27)	(13.78)
	Impairment on non-financial assets		**(1.65)**	**(5.55)**
	Reconciling items and cloned cards		(1.65)	(5.55)
			(45.93)	**(81.52)**
4	**Net non-interest income**			
4.1	**Net fee and commission income**			
	Fee and commission income		**423.95**	**298.55**
	Commission fees		55.74	81.71
	Service fees		309.73	157.25
	Administration fees		58.48	59.59
	Fee and commission expense		**(80.93)**	**(78.16)**
	Transactional commission expense		(69.55)	(71.54)
	Other commissions and fee expense		(11.38)	(6.62)
	Net fee and commission expense		**343.02**	**220.39**
4.2	**Other income**			
	Housing projects trading profit	4.2.1	6.11	2.37
	Rental income from investment property	4.2.2	17.50	9.10
	Fair value (loss)/gain from equity investments	10.2	(0.83)	70.25
	Fair value (loss)/gain on non-current assets held for sale	12	(1.36)	3.62
	Fair value (loss)/gain on investment property	14	(71.07)	330.64
	Dividend and other income from equity investments		0.14	1.67
	Foreign exchange gain		38.31	1 287.48
	Net other income		**(11.20)**	**1 705.13**

Rental income is ancillary to the Society's income.

		30 June 2024 ZWGm	30 June 2023 ZWGm
4.2.1	**Trading income**		
	Housing projects sales	6.37	5.40
	Cost of housing units sold	-	(1.96)
	Gross profit	6.37	3.44
	Project operating expenses	(0.26)	(1.00)
	Write-down on housing projects	-	(0.07)
	Net trading profit	**6.11**	**2.37**
4.2.2	**Investment property**		
	Rental income	20.82	9.85
	Less expenses	(3.32)	(0.75)
	Net rental income	**17.50**	**9.10**
5	**Operating expenses**		
	Administration	153.30	147.18
	Depreciation and amortisation	4.48	16.52
	Staff costs	137.65	111.93
	Total operating expenses	**295.43**	**275.63**

The number of persons employed by the Society as at 30 June 2024 was 804 (Dec 2023: 730).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the half year ended 30 June 2024

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 and trustee revenue and expenses as detailed below:

	30 June 2024 ZWGm	30 June 2023 ZWGm
Statement of trading income and expenses		
Income	**10.71**	**1.49**
Custodial revenue	8.79	1.34
Trustee revenue	1.92	0.15
		-
Less operating expenses	**(1.01)**	**(0.49)**
Custodial expenses	(0.99)	(0.45)
Trustee expenses	(0.02)	(0.04)
Net trading profit	**9.70**	**1.00**
Analysis of funds under management		
Funds held for related parties	6 569.73	7 394.24
Funds held for third parties	7 010.68	6 007.84
Total funds under management	**13 580.41**	**13 402.08**

7 Financial instruments analysis

7.1 Classification of financial assets and liabilities

	Note	Fair value through profit or loss ZWGm	Amortised cost ZWGm	Total carrying amount ZWGm
As at 30 June 2024				
Assets				
Cash and cash equivalents	8	-	1 826.99	1 826.99
Investment securities	9	-	863.38	863.38
Other financial assets	10	78.30	469.50	547.80
Loans and advances	11	-	2 797.00	2 797.00
		78.30	**5 956.87**	**6 035.17**
Liabilities				
Deposits	16	-	2 762.22	2 762.22
Credit lines	17	-	1 464.24	1 464.24
Other liabilities	18	-	577.21	577.21
		-	**4 803.67**	**4 803.67**
As at 31 December 2023				
Assets				
Cash and cash equivalents	8	-	1 775.68	1 775.68
Investment securities	9	-	1 087.33	1 087.33
Other financial assets	10	85.74	367.71	453.45
Loans and advances	11	-	2 276.93	2 276.93
		85.74	**5 507.65**	**5 593.39**
Liabilities				
Deposits	16	-	3 010.42	3 010.42
Credit lines	17	-	1 252.86	1 252.86
Other liabilities	18	-	29.99	29.99
		-	**4 293.27**	**4 293.27**

7.2 Composition of gains and losses on financial instruments

		Fair value through profit or loss ZWGm	Amortised cost financial assets ZWGm	Amortised cost financial liabilities ZWGm	Total ZWGm
June 2024					
Interest income	2	-	202.49	-	202.49
Dividends received	4.2	0.14	-	-	0.14
Fair value gain	4.2	(73.26)	-	-	(73.26)
Total income		**(73.12)**	**202.49**	**-**	**129.37**
Interest expense	2	-	-	(82.52)	(82.52)
Allowance for ECL	3	-	(41.01)	-	(41.01)
Total expenses		**-**	**(41.01)**	**(82.52)**	**(123.53)**
June 2023					
Interest income	2	-	274.28	-	274.28
Dividends received	4.2	1.67	-	-	1.67
Fair value gain	4.2	404.50	-	-	404.50
Total income		**406.17**	**274.28**	**-**	**680.45**
Interest expense	2	-	-	(92.49)	(92.49)
Allowance for ECL	3	-	(62.19)	-	(62.19)
Total expenses		**-**	**(62.19)**	**(92.49)**	**(154.68)**

		30 June 2024 ZWGm	31 December 2023 ZWGm
8	**Cash and cash equivalents**		
	Cash balances	494.84	520.69
	Bank balances	876.05	901.48
	Statutory reserves	445.36	346.65
	ZiG balances	10.74	6.86
		1 826.99	**1 775.68**

Gold-backed digital token balances held as at 30 June 2024 were entirely made up of the Society's customer deposits.

		Note	30 June 2024 ZWGm	31 December 2023 ZWGm
9	**Investment securities**			
	Money market investments		443.80	470.37
	Treasury bills		462.87	643.45
			906.67	1 113.82
	Allowance for ECL	9.2	(43.29)	(26.49)
			863.38	**1 087.33**

		30 June 2024 ZWGm	31 December 2023 ZWGm
9	**Investment securities**		
9.1	**Maturity analysis - gross**		
	On demand to 3 months	486.15	673.18
	1 to 3 months	26.77	26.67
	3 months to 6 months	-	160.60
	6 months to 1 year	393.75	185.17
	1 year to five years	-	26.04
	Over 5 years	-	42.16
		906.67	**1 113.82**

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

9.2 Impairment analysis

	30 June 2024 Stage 1		31 December 2023 Stage 1	
	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm
At the beginning of the period	**1 113.82**	**(26.49)**	**330.47**	**(5.22)**
	(207.15)	**(16.80)**	**783.35**	**(21.27)**
Purchases and interest accruals	906.67	(43.29)	9 720.43	(231.13)
Repayments	(1 113.82)	26.49	(600.16)	9.47
Monetary adjustment	-	-	(8 336.92)	200.39
At the end of the period	**906.67**	**(43.29)**	**1 113.82**	**(26.49)**

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

UNAUDITED FINANCIAL RESULTS

For the half year ended 30 June 2024

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2024

10 Other assets

	Note	30 June 2024 ZWGm	31 December 2023 ZWGm
Other overdrafts and tenants debtors	10.1	4.52	-
Investment in equity	10.2	78.30	85.74
Housing projects	10.3	30.46	30.50
Statutory receivable	10.4	20.38	19.30
Prepayments		90.54	46.43
Other financial assets		464.98	367.71
Other non-financial assets		202.97	188.64
		892.15	**738.32**

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

10.1 Other overdrafts and accrued rental income

	30 June 2024 ZWGm	31 December 2023 ZWGm
Other overdrafts	17.81	17.31
Gross other financial assets at amortised cost	17.81	17.31
Allowance for ECL	(13.29)	(17.31)
Net other financial assets at amortised cost	**4.52**	**-**

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

10.2 Investment in equity

	30 June 2024 ZWGm	31 December 2023 ZWGm
Opening balance	85.74	41.39
Disinvestment	(6.61)	-
Fair value (loss)/gain	(0.83)	5.24
Exchange loss or gain value (loss)/gain	-	39.11
Closing balance	**78.30**	**85.74**

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

10.3 Inventory work in progress

	30 June 2024 ZWGm	31 December 2023 ZWGm
- Hatcliffe housing project	(0.04)	-
- Budiriro housing project	20.15	20.15
- Pumula housing project	10.35	10.35
	30.46	**30.50**

10.3.1 Housing projects - inventory work in progress

	30 June 2024 ZWGm	31 December 2023 ZWGm
Opening balance	30.50	35.38
Cost of sales	(0.04)	(4.82)
Write down	-	(0.06)
	30.46	**30.50**

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

10.4 Statutory receivable

	30 June 2024 ZWGm	31 December 2023 ZWGm
Principal amount	29.62	29.56
Exchange gain	0.30	0.06
Gross amount due	**29.92**	**29.62**
Loss allowance	(9.54)	(10.32)
Net amount due	**20.38**	**19.30**

In January 2022, the Finance Act No. 7 of 2021 was gazetted into law. The Act provides for the discharging of outstanding registered blocked funds on the RBZ's balance sheet by the Government of Zimbabwe. A total of US$27.73m was approved by the RBZ in 2019 for CABS, while a balance amounting to US$2.18m was outstanding as at 30 June 2024. The terms of discharge of the blocked funds are yet to be determined by the Minister of Finance and Economic Development.

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 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.

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11 Loans and advances

	30 June 2024 ZWGm	31 December 2023 ZWGm
Gross amount owing	2 855.20	2 358.27
Allowance for ECL	(58.20)	(81.34)
Loans and advances	**2 797.00**	**2 276.93**

11.1 Maturity analysis

	30 June 2024 ZWGm	31 December 2023 ZWGm
Less than one month	343.13	206.41
1 to 3 months	111.25	94.68
3 to 6 months	281.29	93.41
6 months to 1 year	441.10	605.23
1 year to five years	1 656.20	1 300.51
Over 5 years	22.23	58.03
	2 855.20	**2 358.27**

11.2 Concentration

	30 June 2024 ZWGm	31 December 2023 ZWGm
Housing	149.30	167.91
Individuals	457.41	298.14
Commercial and industrial	2 248.49	1 892.22
	2 855.20	**2 358.27**

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	Note	30 June 2024 ZWGm	31 December 2023 ZWGm
Agriculture		1 051.81	813.60
Construction Transport & Communication		116.79	47.90
Distribution		163.66	103.75
Financial Services		9.33	11.07
Manufacturing		218.89	174.74
Mortgages		177.06	182.30
Private/Individuals		382.81	327.01
State and state enterprises		-	-
Services		58.00	69.93
Mining		297.83	240.62
Energy		379.02	387.35
Total		**2 855.20**	**2 358.27**
Allowance for ECL	11.6	(58.20)	(81.34)
		2 797.00	**2 276.93**

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

	30 June 2024 ZWGm	31 December 2023 ZWGm
Neither past due nor impaired	2 781.86	2 354.43
Past due but not impaired	48.02	2.93
Past due but less than 1 month	22.26	0.06
Past due greater than 1 month but less than 3 months	25.76	2.87
Impaired loans and advances (non-performing loans)	25.32	(0.16)
Gross loans and advances	**2 855.20**	**2 357.20**
Allowance for ECL	(58.20)	(81.34)
Total net loans and advances	**2 797.00**	**2 275.86**

The loan book continues to be short term in nature reflecting the obtaining economic environment. The book withstood economic headwinds experienced in the first quarter of the year and quality of the book remained good as reflected by an NPL of 0.92% as of 30 June 2024.

	30 June 2024 ZWGm	31 December 2023 ZWGm
11.5 Commitment for loans and advances	**8.03**	**201.81**

Demand for US$ loans has been on the increase during the period. Increased demand in ZWG is anticipated in the second half.

11.6 ECL analysis

Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm
As at 1 January 2024	**1 943.73**	**(1.53)**	**91.78**	**(12.06)**	**40.34**	**(10.68)**	**2 075.85**	**(24.27)**
	234.58	**4.18**	**(89.66)**	**(9.49)**	**(38.48)**	**12.99**	**106.44**	**7.68**
Originations and interest accruals	1 912.72	(7.58)	2.06	(0.75)	1.41	(0.66)	1 916.19	(8.99)
Repayments and derecognitions	(62.08)	(0.99)	(14.00)	1.26	(6.20)	4.75	(82.28)	5.02
Transfer to:	-	-	-	-	-	-	-	-
Stage 1	0.49	(0.01)	(0.46)	0.15	(0.03)	0.01	-	0.15
Stage 2	(0.81)	-	0.81	(0.01)	-	-	-	(0.01)
Stage 3	(0.17)	-	(0.34)	0.06	0.51	(0.16)	-	(0.10)
Monetary adjustment	(1 615.57)	12.76	(77.73)	10.20	(34.17)	9.05	(1 727.47)	11.61
As at 30 June 2024	**2 178.31**	**2.65**	**2.12**	**(21.55)**	**1.86**	**2.31**	**2 182.29**	**(16.59)**

Secured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm
As at 1 January 2024	**153.44**	**2.30**	**113.06**	**(35.46)**	**15.92**	**(23.91)**	**282.42**	**(57.07)**
	329.61	**(0.90)**	**55.74**	**5.13**	**5.14**	**11.23**	**390.49**	**15.46**
Originations and interest accruals	152.66	(1.98)	14.21	(2.54)	-	-	166.87	(4.52)
Repayments and derecognitions	281.29	(3.60)	132.67	(19.51)	16.67	(2.67)	430.63	(25.78)
Transfer to:	-	-	-	-	-	-	-	-
Stage 1	0.37	(0.16)	(0.37)	0.12	-	-	-	(0.04)
Stage 2	(6.94)	0.03	6.94	(3.61)	-	-	-	(3.58)
Stage 3	(0.01)	-	(1.95)	0.63	1.96	(6.35)	-	(5.72)
Monetary adjustment	(97.76)	4.81	(95.76)	30.04	(13.49)	20.25	(207.01)	55.10
As at 30 June 2024	**483.05**	**1.40**	**168.80**	**(30.33)**	**21.06**	**(12.67)**	**672.91**	**(41.61)**

Unsecured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm
As at 1 January 2023	**980.62**	**2.95**	**34.24**	**(13.28)**	**3.86**	**(2.04)**	**1 018.72**	**(12.37)**
	963.11	**(4.48)**	**57.54**	**1.22**	**36.48**	**(8.64)**	**1 057.13**	**(11.90)**
Originations and interest accruals	17 467.14	(81.87)	318.53	(24.93)	20.89	(12.42)	17 806.56	(119.22)
Repayments and derecognitions	(432.70)	(24.66)	372.98	(8.77)	275.92	1.58	216.20	(31.85)
Transfer to:								
Stage 1	2.29	(0.05)	(2.11)	0.60	(0.18)	0.09	-	0.64
Stage 2	(54.24)	0.36	54.36	(48.52)	(0.12)	0.06	-	(48.10)
Stage 3	(43.60)	0.20	(4.95)	0.61	48.55	(78.85)	-	(78.04)
Changes in risk parameters	(15 975.78)	101.54	(681.27)	82.23	(308.58)	80.90	(16 965.63)	264.67
As at 31 December 2023	**1 943.73**	**(1.53)**	**91.78**	**(12.06)**	**40.34**	**(10.68)**	**2 075.85**	**(24.27)**

Secured loans	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm	Gross carrying amount ZWGm	Allowance for ECL ZWGm
As at 1 January 2023	**567.09**	**(6.38)**	**57.01**	**(21.45)**	**1.26**	**(1.03)**	**625.36**	**(28.86)**
	(413.65)	**8.68**	**56.05**	**(14.01)**	**14.66**	**(22.88)**	**(342.94)**	**(28.21)**
Originations and interest accruals	1 058.52	(10.21)	109.35	(36.09)	100.85	(180.66)	1 268.72	(226.96)
Repayments and derecognitions	1 146.24	5.99	715.48	(117.06)	32.63	(7.71)	1 894.35	(118.78)
Transfer to:							-	-
Stage 1	20.92	(0.74)	(20.92)	13.62	-	-	-	12.88
Stage 2	(82.31)	0.53	82.31	(132.23)	-	-	-	(131.70)
Stage 3	(0.18)	-	(3.02)	1.15	3.20	(18.38)	-	(17.23)
Changes in risk parameters	(2 556.84)	13.11	(827.15)	256.60	(122.02)	183.87	(3 506.01)	453.58
As at 31 December 2023	**153.44**	**2.30**	**113.06**	**(35.46)**	**15.92**	**(23.91)**	**282.42**	**(57.07)**

There were notable improvements in the quality of the loan book during the period, resulting in a decrease in the ECL.

12 Non-current assets held for sale

	30 June 2024 ZWGm	31 December 2023 ZWGm
Opening valuation	**4.82**	**3.34**
Fair value (loss)/gain	(0.21)	1.48
Impact of change in functional currency (see note 1.5)	(1.15)	-
Closing valuation	**3.46**	**4.82**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2024

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

	Land at fair value ZWGm	Buildings at fair value ZWGm	Leased buildings at cost ZWGm	Office equipment ZWGm	Vehicles ZWGm	Total ZWGm
Six months ended at 30 June 2024						
Opening net book value	70.72	572.21	9.76	49.74	26.16	728.59
Additions	-	-	-	3.61	5.47	9.08
Modifications	-	-	3.88	-	-	3.88
Revaluation gain	1.02	11.16	-	-	-	12.18
Impact of change in functional currency (see note 1.5)	(17.34)	(140.28)	-	-	-	(157.62)
Depreciation charge	-	(2.91)	(0.46)	(0.69)	(0.42)	(4.48)
Closing net book value	**54.40**	**440.18**	**13.18**	**52.66**	**31.21**	**591.63**
Cost or valuation	54.40	440.18	17.79	154.91	52.69	719.97
Accumulated depreciation	-	-	(4.61)	(102.25)	(21.48)	(128.34)
Net book value	**54.40**	**440.18**	**13.18**	**52.66**	**31.21**	**591.63**
31 December 2023						
Opening net book value	36.11	292.16	8.27	32.89	13.82	383.25
Additions	0.01	0.07	-	32.67	19.05	51.80
Modifications		-	3.74	-	-	3.74
Revaluation gain	34.60	289.64	-	-	-	324.24
Depreciation charge	-	(9.66)	(2.25)	(15.82)	(6.71)	(34.44)
Closing net book value	**70.72**	**572.21**	**9.76**	**49.74**	**26.16**	**728.59**
Cost or valuation	70.72	572.21	13.91	151.31	47.22	855.37
Accumulated depreciation	-	-	(4.15)	(101.57)	(21.06)	(126.78)
Net book value	**70.72**	**572.21**	**9.76**	**49.74**	**26.16**	**728.59**

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

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

The properties were valued in accordance with the International Valuation Standards, with income generating properties valued using the Direct Capitalisation Method (DCM) while landholdings and residential properties were valued using the market approach. The approach was the same as previously adopted in December 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 applied in the valuation were based on prior transactions, as well as the few observed current market transactions, with adjustments done to consider building specific factors and subject property performance. The property market has been 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.

13.1 Leased assets

Property and equipment include leased buildings.

	30 June 2024 ZWGm	31 December 2023 ZWGm
13.1.1 Right of use assets		
Property		
Balance at the beginning of the period	9.76	8.27
Modifications	3.88	3.74
Depreciation charge for the period	(0.46)	(2.25)
Balance at the end of the period	**13.18**	**9.76**
13.1.2 Lease liabilities		
Balance at the beginning of the period	**7.90**	**5.14**
Lease modifications	0.44	1.43
Lease expense paid	(0.57)	(4.20)
Finance cost	0.68	2.03
Exchange gain	2.30	8.51
Effects of inflation adjustment	-	(5.01)
Balance at the end of the period	**10.75**	**7.90**

	30 June 2024 ZWGm	31 December 2023 ZWGm
13.2 Lease liabilities included in the statement of financial position		
Current	(2.15)	(4.10)
Non-current	(8.60)	(3.80)
Total	**(10.75)**	**(7.90)**
13.3 Amounts recognised in profit or loss		
Interest on lease liabilities	0.42	2.03
Depreciation charge for the period	0.46	2.25
	0.88	**4.28**

The Society paid a total of ZWG2.70m towards rental and other operating costs.

14 Investment property

	30 June 2024 ZWGm	31 December 2023 ZWGm
Opening fair value	348.73	159.14
Additions	-	6.44
Fair value adjustment	4.36	183.15
Impact of change in functional currency (see note 1.5)	(75.43)	-
Closing fair value	**277.66**	**348.73**

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.

15 Intangible assets

	30 June 2024 ZWGm	31 December 2023 ZWGm
Opening carrying amount		
Cost	61.15	17.66
Accumulated amortisation	(56.34)	(9.32)
	4.81	**8.34**
Movement in intangible assets		
Reclassifications	-	-
Amortisation charge	(0.01)	(3.53)
	(0.01)	**(3.53)**
Closing carrying amount		
Cost	61.15	61.15
Accumulated amortisation	(56.35)	(56.34)
	4.80	**4.81**

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16 Deposits

	30 June 2024 ZWGm	31 December 2023 ZWGm
Money market deposits	216.15	514.93
Savings deposits	2 535.33	2 488.64
ZiG deposits	10.74	6.85
	2 762.22	**3 010.42**
Maturity analysis		
Less than 1 month	2 700.47	2 757.58
1 to 3 months	37.18	37.31
3 to 6 months	0.41	85.79
6 months to 1 year	-	109.45
1 to 5 years	13.42	13.22
Over 5 years	10.74	7.07
Gross nominal outflow	**2 762.22**	**3 010.42**
Concentration		
Financial institutions	93.17	810.43
Companies	418.12	1 345.99
Individuals	2 250.93	854.00
	2 762.22	**3 010.42**

	30 June 202 %	31 December 2023 %
Concentration		
Financial institutions	3%	27%
Companies	15%	45%
Individuals	82%	28%
	100%	**100%**

17 Credit lines

	30 June 2024 ZWGm	31 December 2023 ZWGm
African Export-Import Bank (Afreximbank)	644.36	524.77
European Investment Bank (EIB)	200.23	220.13
Trade and Development Bank (TDB)	619.65	507.96
	1 464.24	**1 252.86**
Maturity analysis		
Less than 1 month	348.36	683.19
1 to 3 months	41.92	101.05
3 to 6 months	642.36	90.45
6 months to 1 year	82.78	-
1 year to five years	348.82	378.17
	1 464.24	**1 252.86**

	Currency	Nominal amount	Maturity date
Afreximbank Capex 3 months SOFR + 5.75% p.a. Working Capital 3 months SOFR + 5.50% p.a.	US$	40 000 000	19 March 2027
Afreximbank ZETDC Syndicated Facility 3 months SOFR + 5.50%	US$	40 000 000	1 December 2024
Afreximbank ZETDC Syndicated Facility 3 months SOFR + Credit Spread + 7.50%	US$	10 000 000	30 January 2026
EIB Fixed rate 4.1030%	EUR	15 000 000	28 February 2028
TDB One year tenor – 12 months SOFR + 5.00% p.a Two-year tenor – 12 months SOFR + 5.50% p.a. Three-year tenor – 12months SOFR + 6.25% p.a.	US$	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 ZWG452.34m as at 30 June 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; an assignment agreement relating to an assignment provided by the Society in favour of Afreximbank in respect of all CABS security.

18 Trade and other liabilities

	30 June 2024 ZWGm	31 December 2023 ZWGm
Trade creditors	77.99	275.58
Other financial liabilities	425.69	131.19
Lease liabilities	62.78	58.80
Deferred revenue	10.75	-
	577.21	**465.57**

Included in other financial liabilities are employee related accruals.

19 Deferred taxation

As at the beginning of the period	60.73	25.99
Other timing differences	(12.95)	34.74
As at the end of the period	**47.78**	**60.73**

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

20 Share capital and reserves

	30 June 2024 ZWGm	31 December 2023 ZWGm
20.1 Ordinary class "A" share capital		
Comprising 35 000 000 authorised, issued and fully paid shares of $1 each.	**81.97**	**81.97**

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.

	30 June 2024 ZWGm	31 December 2023 ZWGm
20.2 Retained earnings		
As at the beginning of the period	1 484.15	691.41
Net surplus for the period	110.43	956.00
Transfer between reserves	(1.30)	(18.47)
Dividend	(8.77)	(144.79)
As at the end of the period	**1 584.51**	**1 484.15**
20.3 Regulatory provision reserve		
As at the beginning of the period	34.21	15.74
Transfer between reserves	1.30	18.47
As at the end of the period	**35.51**	**34.21**
20.4 Non-distributable reserve	**3.39**	**3.39**

The reserve relates to amounts which are not available for distribution to shareholders.

20.5 Revaluation reserve		
As at the beginning of the period	558.32	259.61
Revaluation of properties	(145.44)	298.71
As at the end of the period	**412.88**	**558.32**
20.6 Share-based payment reserve		
As at the beginning of the period	13.59	13.59
Fair value gain	-	-
As at the end of the period	**13.59**	**13.59**

The reserve relates to the cost incurred by the Society for transactions which are equity settled (note 24).

20.7 Translation reserve		
Opening balance	-	-
Transfer between reserves	273.77	-
As at the end of the period	**273.77**	**-**

This reserve relates to the impact of currency translation from US$ to ZWG.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2024

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.

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.

		Level 1 ZWGm	Level 2 ZWGm	Level 3 ZWGm	Total ZWGm
As at 30 June 2024					
Assets at fair value through profit or loss					
Investment in equity	10.2	-	-	78.30	78.30
Investment property	14	-	-	277.66	277.66
Non-current assets held for sale	12	-	-	3.46	3.46
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	12	-	-	494.58	494.58
		-	**-**	**854.00**	**854.00**
As at 31 December 2023					
Assets at fair value through profit or loss					
Investment in equity	10	-	-	85.74	85.74
Investment property	14	-	-	348.73	348.73
Non-current assets held for sale	12	-	-	4.82	4.82
Assets at fair value through other comprehensive income					
Owner occupied property (land and buildings)	13	-	-	642.93	642.93
		-	**-**	**1 082.22**	**1 082.22**

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21.2 Reconciliation of level 3 items

	30 June 2024 ZWGm	31 December 2023 ZWGm
Balance as at the beginning of the period	79.80	39.24
Additions	-	0.48
Disposal of non current assets held for sale	(6.61)	-
Depreciation recognised on owner occupied property	(2.91)	(0.71)
		-
Gains or losses for the period:		-
Fair value gain through profit or loss	(73.26)	16.50
Revaluation gain on owner occupied property	(145.44)	24.29
Exchange gains	-	-
Closing balance	**(148.42)**	**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.

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% • Market rentals per m²: US$2.95 to US$9.15 • Vacancy rates: 0% to 71% *Retail* • Capitalisation rates: 8.5% to 11% • Market rentals per m²: US$2.5 to US$6.00 • Vacancy rates: 0% to100%	The estimated fair value would increase/(decrease) if >net rental income increased/(decreased) >capitalisation rates are lower/(higher) >vacancies decreased/(increased) The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential *Valuation approach:* Direct comparison/ Market approach	Residential rent from US$200 to US$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 m²: US$1.79	The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).

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

21.3 Fair value estimation (continued)

Sensitivity analysis

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

Sensitivity analysis - Valuation inputs	US$m
Sensitivity analysis	**Fair value increase/(decrease)**
An increase of 1% in capitalisation rates would decrease the fair value by:	(5.44)
A decrease of 1% in capitalisation rates would increase the fair value by:	4.24
A 10% increase in market rentals per m² would increase the fair value by:	5.08
A 10% decrease in market rentals per m² would decrease the fair value by:	(5.08)
An increase of 10% in land value per m² would increase the fair value by:	0.70
A decrease of 10% in land value per m² would decrease the fair value by:	(0.70)

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).

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 Property Zimbabwe (Private) Limited;
- Old Mutual Securities (Private) Limited;
- Old Mutual Finance (Private) Limited;
- Old Mutual Funeral Services (Private) Limited;
- Old Mutual Digital Services (Private) Limited; and
- Old Mutual Insurance Company (Private) Limited).

Key management personnel

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

		30 June 2024 ZWGm	31 December 2023 ZWGm
22.1	**Loans to Directors**		
	Opening balance	11.23	0.01
	Issued during the period	35.38	96.63
	Interest and insurance charges	2.27	29.71
	Repayments during the period	(15.45)	(28.37)
	Monetary loss	-	(86.75)
	Closing balance	**33.43**	**11.23**

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.

		30 June 2024 ZWGm	31 December 2023 ZWGm
22.2	**Balances with group companies**		
	During the period the Society had transactions with group companies and the outstanding balances at year end were:		
	Amounts due to fellow subsidiaries	13.93	1.12
	Amounts due from fellow subsidiaries	16.29	8.64
	Amounts due to the holding company	1.68	1.69
22.3	**Transactions with group companies**		
	The Society entered into normal business transactions with Group companies. Income earned and interest paid in respect to these transactions as listed below:		
	Interest payabale to fellow subsidiaries	-	0.51
	Outsourced services to Group companies	12.34	0.08
22.4	**Loans to executives and senior management**	1.53	7.81

These loans were granted in accordance with staff loan schemes.

		30 June 2024 ZWGm	31 December 2023 ZWGm
22.5	**Compensation of key management personnel**		
	The remuneration of Directors and other members of key management during the period was as follows:		
	Short term benefits	33.70	25.46
	Post employment benefits	4.16	0.31
	Total compensation	**37.86**	**25.77**
22.6	**Directors' fees**	**2.82**	**4.04**

23 Post employment employee benefits

	30 June 2024 ZWGm	31 December 2023 ZWGm
Old Mutual Group Pension Fund	4.76	9.47
NSSA	2.15	3.92
	6.91	**13.39**

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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

	30 June 2024 ZWGm	31 December 2023 ZWGm
Total liability	**13.59**	**13.59**

25 Risk management

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

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

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

- Credit risk;
- Liquidity risk;
- Market risk;
- Compliance risk;
- Operational risks;
- Information Technology risk;
- People risk;
- Strategic risk;
- Model risk;
- Climate risk;
- Reputational risk; and
- Conduct risk.

25.1 Credit risk

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

Impaired loans and securities

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

Past due but not impaired loans

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

Exposure to counterparties

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

Loans and advances renegotiated

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

The Early Alert and Classified Accounts Committees

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

The Management Credit Committee

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

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

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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.

Collateral held and other credit enhancements

Percentage of exposure subject to collateral requirements

Type of credit exposure	30 June 2024 ZWGm	31 December 2023 ZWGm	Principal type of collateral held
Treasury bills	0%	0%	None
Fixed deposits	100%	100%	Treasury bills
Mortgage loans	100%	100%	Property
Corporate loans	87%	86%	Property
Consumer loans	85%	85%	Insurance

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

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

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

Assets obtained by taking possession of collateral

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

	30 June 2024 ZWGm	31 December 2023 ZWGm
Property	-	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
For the half year ended 30 June 2024

25 Risk management (continued)

25.1 Credit risk (continued)

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

Regulatory loan loss provisioning

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

30 June 2024

Credit Risk grade	Type	Provisioning criteria	Gross loans ZWGm	Allowance for impairment ZWGm	Net loans ZWGm
Grade A B C	Pass	1-2% general provision	2 303.64	49.16	2 254.48
Grade D E F G	Special mention	3-10% general provision	526.24	32.87	493.37
Grade H	Sub standard	20% specific provision on balance less security value	12.23	4.26	7.97
Grade I	Doubtful	50% of total outstanding balance less security value	11.92	6.47	5.45
Default	Loss	100% of total outstanding balance less security held	1.17	0.92	0.25
		Portfolio total	**2 855.20**	**93.68**	**2 761.52**

31 December 2023

Credit Risk grade	Type	Provisioning criteria	Gross loans ZWGm	Allowance for impairment ZWGm	Net loans ZWGm
Grade A B C	Pass	1-2% general provision	1 617.80	32.75	1 585.05
Grade D E F G	Special mention	3-10% general provision	690.75	42.50	648.25
Grade H	Sub standard	20% specific provision on balance less security value	11.26	5.36	5.90
Grade I	Doubtful	50% of total outstanding balance less security value	37.70	34.19	3.51
Default	Loss	100% of total outstanding balance less security held	0.75	0.75	-
		Portfolio total	**2 358.26**	**115.55**	**2 242.71**

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

25.2 Liquidity risk

Liquidity risk is the risk that CABS has insufficient assets or is unable to realise assets in order to settle its financial obligations when they fall due. 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 liabilities. For this purpose, net liquid assets are considered as including cash and cash equivalents and dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowings and liabilities maturing within the same short term period.

Liquidity gap

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

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

Assets and Liabilities Committee

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

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

The Society monitors liquidity risk by compliance with liquidity regulations of the Building Societies Act (Chapter 24:02) 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 30 June 2024 are given below:

	30 June 2024 ZWGm	31 December 2023 ZWGm
Total liquid assets	3 155.35	3 112.60
Total liabilities to the public	2 997.53	4 230.83
Liquidity ratio	105.3%	73.6%
Maximum for the period	105.3%	90.7%
Minimum for the period	68.3%	62.4%
Average for the period	86.8%	76.6%

25 Risk management (continued)

25.2.1 Liquidity coverage ratio

The liquidity coverage ratio (LCR) 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. It was introduced by the Basel Committee on Banking Supervision (BCBS) in response to the 2007/2008 global financial crisis.

The LCR as at 30 June 2024 is shown below.

Category	Sub-category	Total weighted value ZWGm 30 June 2024	Total weighted value ZWGm 31 December 2023
High Quality Liquid Assets (HQLA)			
	Total HQLA, of which:	**1 039.70**	**99.97**
	Level 1 assets	1 039.70	99.97
	Level 2A assets	-	-
	Level 2B assets	-	-
Cash outflows			
	Retail deposits and deposits from small business customers, of which:	**23.75**	**0.39**
	Stable deposits	23.65	0.16
	Less stable deposits	0.10	0.23
	Unsecured wholesale funding, of which:	**380.98**	**77.14**
	Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions	-	-
	Non-operational deposits (all counterparties)	380.98	77.14
	Unsecured debt	-	-
	Secured wholesale funding	**489.78**	**230.11**
	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	-	122.77
	Other contractual funding obligations	347.31	107.34
	Other contingent funding obligations	142.47	
	Total cash outflows	**894.51**	**307.64**
Cash inflows			
	Total cash inflows	**1 370.46**	**241.89**
	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	1 370.46	241.89
	Other contractual cash inflows	-	
	Total net cash outflows	**475.95**	**65.75**
	Total HQLA	**1 039.70**	**199.97**
	Total net cash outflows	**223.63**	**76.91**
	Liquidity coverage ratio (%)	**464.93%**	**260.01%**

Main drivers of LCR

The main drivers of LCR are a healthy buffer of High-Quality Liquid Assets (HQLAs) and lower outflow which is buoyed by higher funding sources from demand deposits as at 30 June 2024.

Composition of HQLA

The composition of HQLA is as follows as at 30 June 2024:
- Coins and bank notes;
- Reserve Bank of Zimbabwe (RBZ) balances;
- Treasury bills; and
- Open Market Operation bills.

Liquidity coverage ratio (LCR)

The split of HQLAs as at 30 June 2024 is shown below:

Asset	Composition
Coins and bank notes	47.59%
RBZ balances	11.30%
Treasury bills	4.38%
Open Market Operation bills	36.73%

Concentration of funding sources

The Society's funding profile is largely skewed towards relatively cheaper retail deposits as at 30 June 2024. The Society does not have significant funding concentration from any counterparty.

Description of the degree of centralisation of liquidity management

The CABS Board has the overall responsibility for ensuring there are sufficient processes in place for the identification, measuring, monitoring and management of liquidity risk. The Board delegated responsibility for on-going monitoring of the effectiveness of liquidity risk management to the Board Risk and Compliance Committee, which meets on a quarterly basis and to ALCO, which meets monthly.

Monitoring exposure to liquidity risk is done through reports tabled to management and with frequency ranging from daily to monthly. Liquidity management is a central function of CABS Treasury.

25.2.2 Liquidity gap analysis

Liquidity gap analysis as at 30 June 2024	On demand to 3 months ZWGm	3 months to 1 year ZWGm	1 year to 5 years ZWGm	Over 5 years ZWGm	Non-determinant maturity ZWGm	Total ZWGm
Assets						
Cash and cash equivalents	1 826.99	-	-	-	-	1 826.99
Investment securities	469.63	393.75	-	-	-	863.38
Trade and other assets	464.98	-	-	-	427.17	892.15
Loans and advances	332.03	710.88	1 634.53	119.56	-	2 797.00
Non-current assets held for sale	-	-	-	-	3.46	3.46
Property and equipment	-	-	-	-	591.63	591.63
Investment property	-	-	-	-	277.66	277.66
Intangible assets	-	-	-	-	4.80	4.80
Total assets	**3 093.63**	**1 104.63**	**1 634.53**	**119.56**	**1 304.72**	**7 257.07**
Liabilities						
Deposits	870.07	445.58	458.58	987.99	-	2 762.22
Credit lines	626.35	489.07	348.82	-	-	1 464.24
Trade and other liabilities	566.46	-	-	-	10.75	577.21
Deferred taxation	-	-	-	-	47.78	47.78
Shareholders' equity	-	-	-	-	2 405.62	2 405.62
Total liabilities	**2 062.88**	**934.65**	**807.40**	**987.99**	**2 464.15**	**7 257.07**
Net liquidity gap	**1 030.75**	**169.98**	**827.13**	**(868.43)**	**(1 159.43)**	**-**
Cumulative liquidity gap	**1 030.75**	**1 200.73**	**2 027.86**	**1 159.43**	**-**	**-**

25 Risk management (continued)

25.2.2 Liquidity gap analysis (continued)

Liquidity gap analysis as at 31 December 2023	On demand to 3 months ZWGm	3 months to 1 year ZWGm	1 year to 5 years ZWGm	Over 5 years ZWGm	Non-determinant maturity ZWGm	Total ZWGm
Assets						
Cash and cash equivalents	1 751.62	22.54	1.52	-	-	1 775.68
Investment securities	702.19	345.77	25.41	13.96	-	1 087.33
Trade and other assets	290.49	-	-	-	447.83	738.32
Loans and advances	287.38	645.54	1 318.68	25.33	-	2 276.93
Non-current assets held for sale	-	4.82	-	-	-	4.82
Property and equipment	-	-	-	-	728.59	728.59
Investment property	-	-	-	-	348.73	348.73
Intangible assets	-	-	-	-	4.81	4.81
Total assets	**3 031.68**	**1 018.67**	**1 345.61**	**39.29**	**1 529.96**	**6 965.21**
Liabilities						
Deposits	2 795.09	195.24	13.22	0.01	6.86	3 010.42
Credit lines	784.23	90.45	378.18	-	-	1 252.86
Trade and other liabilities	365.81	-	-	-	99.76	465.57
Deferred taxation	-	-	-	-	60.73	60.73
Shareholders' equity	-	-	-	-	2 175.63	2 175.63
Total liabilities	**3 945.13**	**285.69**	**391.40**	**0.01**	**2 342.98**	**6 965.21**
Net liquidity gap	**(913.45)**	**732.98**	**954.21**	**39.28**	**(813.02)**	**-**
Cumulative liquidity gap	**(913.45)**	**(180.47)**	**773.74**	**813.02**	**-**	**-**

25.3 Market risk

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

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

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

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

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

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

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

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

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

25.3.1 Exposure to interest rate risk

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Society's financial assets and liabilities to various standard and 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:

	30 June 2024 ZWGm	31 December 2023 ZWLm
Increase/(decrease) in interest rates on interest income		
0.5%	0.21	733.32
1%	0.42	366.66
2%	0.83	183.33
(2)%	(0.83)	(183.33)
(1)%	(0.42)	(366.66)
(0.5)%	(0.21)	(733.32)

Interest rate repricing gap

The Interest Rate Repricing Gap is the difference between interest bearing assets and interest bearing liabilities in a given maturity interval.

Interest rate repricing and gap analysis June 2024	On demand to 3 months ZWGm	3 months to 1 year ZWGm	1 year to 5 years ZWGm	Over 5 years ZWGm	Total
Assets					
Investment securities	469.63	393.75	-	-	863.38
Loans and advances	332.03	710.88	1 634.53	119.56	2 797.00
Total assets	**801.66**	**1 104.63**	**1 634.53**	**119.56**	**3 660.38**
Liabilities					
Deposits	870.07	445.58	458.58	987.99	2 762.22
Credit lines	626.35	489.07	348.82	-	1 464.24
Total liabilities	**1 496.42**	**934.65**	**807.40**	**987.99**	**4 226.46**
Net liquidity gap	**(694.76)**	**169.98**	**827.13**	**(868.43)**	**(566.08)**
Cumulative interest rate repricing liquidity gap	**(694.76)**	**(524.78)**	**302.35**	**(566.08)**	**-**

Interest rate repricing and gap analysis December 2023	On demand to 3 months ZWGm	3 months to 1 year ZWGm	1 year to 5 years ZWGm	Over 5 years ZWGm	Non-determinant maturity ZWGm	Total
Assets						
Investment securities	702.19	345.77	25.41	13.96	-	1 087.33
Loans and advances	287.38	645.54	1 318.68	25.33	-	2 276.93
Total assets	**989.57**	**991.31**	**1 344.09**	**39.29**	**-**	**3 364.26**
Liabilities						
Deposits	2 795.09	195.24	13.22	0.01	6.86	3 010.42
Credit lines	784.23	90.45	378.18	-	-	1 252.86
Total liabilities	**3 579.32**	**285.69**	**391.40**	**0.01**	**6.86**	**4 263.28**
Net liquidity gap	**(2 589.75)**	**705.62**	**952.69**	**39.28**	**(6.86)**	**(899.02)**
Cumulative interest rate repricing liquidity gap	**(2 589.75)**	**(1 884.13)**	**(931.44)**	**(892.16)**	**(899.02)**	**-**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2024

25 Risk management (continued)

25.3.2 Exposure to foreign currency risk

The Society is exposed to exchange rate movement of various currencies against the United States dollar. Below are the foreign currency exposures for the Society as at 30 June 2024.

	Exchange rate	
	30 June 2024	31 December 2023
	Base currency ZWG	Base currency ZWL
Currency name		
United States Dollar (US$)	13.70	6 104.72
South African Rand (ZAR)	1.3181	333.33
Great British Pound (GBP)	16.97	7 796.04
Euro (EUR)	14.36	6 760.37
Botswana Pula (BWP)	0.99	455.41
Chinese Yuan (CNY)	0.52	-

	Assets Cash and cash equivalents 30 June 2024	Assets Cash and cash equivalents 31 December 2023	Net ZWG equivalent as at 30 June 2024	Net ZWG equivalent as at 31 December 2023	Effect on profit of 10% depreciation 30 June 2024	Effect on profit of 10% depreciation 31 December 2023	Effect on profit of 10% appreciation 30 June 2024	Effect on profit of 10% appreciation 31 December 2023
United States Dollar	**US$m**	**US$m**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**
	82.96	71.49	1 136.75	969.52	(113.68)	(96.95)	113.68	96.95
South African Rand	**ZARm**	**ZARm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**
	25.85	22.57	19.61	306.09	(1.96)	(30.61)	1.96	30.61
Great British Pound	**GBPm**	**GBPm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**
	0.06	0.13	0.97	1.76	(0.10)	(0.18)	0.10	0.18
Euro	**EURm**	**EURm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**
	0.22	0.36	3.11	4.88	(0.31)	(1.49)	0.31	0.49
Botswana Pula	**BWPm**	**BWPm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**
	1.93	1.86	1.91	25.22	(0.19)	(2.52)	0.19	2.52
Chinese Yuan	**CNYm**	**CNYm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**	**ZWGm**
	1.93	-	1.01	-	(0.10)	-	0.10	-

25.4 Compliance risk

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

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

CABS financial crime compliance statement

The Society recognises that economic crimes have an adverse effect on individuals and communities wherever they take place. The Society does not tolerate any deliberate breach of financial crime laws and regulations (bribery, corruption and money laundering, sanctions, or tax evasion facilitation) that apply to the transactions we undertake. The Society has a dedicated Financial Crime function, which sits within Compliance.

The Financial Crime function facilitates risk-based expert support and oversight to the business. The Society adopted a holistic approach to Financial Crime Compliance anchored on AML/CFT policy framework that sets the minimum control requirements in four key risk areas: anti-bribery and corruption (ABC); anti-money laundering and counter-terrorist financing; anti-tax evasion facilitation and sanctions.

Compliance environment

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

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

Sustainability compliance

The Compliance function also plays a pivotal role in ensuring that the Society complies with sustainability standards and best practice measures as directed by the Board-approved ESG Framework. The Compliance function advises 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 measures to enforce sustainability in the financial sector, CABS is working with various local and international stakeholders to further develop and fine-tune 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). During 2022, CABS strategically engaged external capacity building partners through a Board-approved plan as we embed our ESG Framework.

25.5 Operational risks

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

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

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

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

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

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

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

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

25.6 Information Technology (IT) risk

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2024

25 Risk management (continued)

25.7 People risk

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

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

25.8 Strategic risk

The Managing Director is mandated to oversee implementation of the 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 Risk Strategy and Appetite Statement.

25.9 Reputational risk

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

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

25.10 Conduct risk

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

The 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.

25.11 Risks and ratings

The RBZ conducts regular examinations of the banks and financial institutions it regulates. The latest onsite examination of the Society was in May 2018 and the overall assessment resulted in a rating of 2 (Satisfactory) on the CAMELS scale. The CAMELS rating evaluates financial

The CAMELS and Risk Assessment ratings are summarised below:

CAMELS Component	May 2018 Ratings
Capital	1 - Strong
Asset quality	3 - Fair
Management	3 - Fair
Earnings	1 - Strong
Liquidity	2 - Satisfactory
Sensitivity to market risk	2 - Satisfactory
Overall composite rating	**2 - Satisfactory**

Key

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

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	**Moderate**	**Acceptable**	**Moderate**	**Stable**
Foreign exchange	**Low**	**Acceptable**	**Low**	**Stable**
Interest rate	**Moderate**	**Acceptable**	**Moderate**	**Increasing**
Strategic risk	**Moderate**	**Acceptable**	**Moderate**	**Stable**
Operational risk	**High**	**Acceptable**	**High**	**Stable**
Legal and compliance	**Moderate**	**Acceptable**	**Moderate**	**Stable**
Reputation	**Moderate**	**Acceptable**	**Moderate**	**Stable**
Overall	**Moderate**	**Acceptable**	**Moderate**	**Stable**

Interpretation of the Risk Matrix

Levels of inherent risk

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

Adequacy of risk management systems

Weak	Risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.
Acceptable	Management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, those 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, 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, 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.

26 Capital management

The RBZ sets and monitors capital requirements for the Society through quarterly BSD1 returns. In implementing current capital requirements, the RBZ required the Society to maintain a minimum capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighted assets and a minimum capital requirement of US$30 million from 31 December 2021 onwards. The Society was compliant with respect to the minimum capital requirement by 31 March 2021 and remained compliant at 30 June 2024.

CABS was designated as a Domestic Systemically Important Institution (D-SIB) for the period January to December 2023 and, thus, required to maintain a minimum Tier 1 ratio of 9%. This included a surcharge of one percentage point for Higher Loss Absorbance (HLA) that needed to be maintained throughout 2024. The Society was compliant during the period ending 30 June 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.

UNAUDITED FINANCIAL RESULTS

For the half year ended 30 June 2024

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2024

26 Capital management (continued)

The Society's policy is to maintain a strong capital base so as to maintain depositor confidence and sustain future developments of the business. The Society's regulatory position as at 30 June 2024 was as follows:

CAPITAL ADEQUACY	30 June 2024 ZWGm	31 December 2023 ZWGm
Tier 1 capital		
Ordinary class "A" share capital	0.01	0.01
Retained earnings	1 639.58	99.21
Exposures to insiders and connected parties	(35.38)	(0.83)
Less Tier 1 allocated to market risk	(90.48)	(5.89)
Les Tier 1 allocated for operational risk	(5.69)	(2.34)
Total Tier 1 capital	**1 508.04**	**90.16**
Tier 2 capital		
Revaluation reserve (Limited by Tier 1)	470.09	45.21
General provisions	70.85	4.92
Other	-	-
Total Tier 2 capital	**540.94**	**50.13**
Tier 3 capital		
Allocation of capital for market risk	90.48	5.89
Allocation of capital for operational risk	5.69	2.34
Total Tier 3 capital	**96.17**	**8.23**
Deductions from total capital		
Equity investments in non subsidiary companies	(5.18)	(0.88)
Total from total capital	**(5.18)**	**(0.88)**
Total regulatory capital	**2 139.97**	**147.64**
Total risk weighted assets	**5 667.51**	**393.82**
Capital adequacy ratio	**37.76%**	**37.49%**
Regulatory minimum capital adequacy ratio	**12.00%**	**12.00%**

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 stable outlook is premised on CABS stable financial profile. An additional factor supporting the outlook is the expectation of the end of hyperinflation in the operating locale.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2024

28 Going concern

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

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

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

29 Foreign currency denominated transactions and balances

SI 185 of 2020 paved the way for sellers of goods and services to display, quote, and offer prices in both local and foreign currency at the ruling official exchange rate. The Zimbabwean economy effectively became a multi-currency environment with the ZWG and US$ being the dominant currencies. According to the 2024 Monetary Policy Statement, US$ transactions account for more than 80% of the transactions in the economy. For the Society, there has been a gradual increase in the proportion of transactions towards the US$ and management is in the process of making considerations to adopt the US$ as the functional currency.

Foreign currency denominated transactions and balances are included in our financial statements at applicable exchange rates in line with the requirements of IAS 21.

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

	June 2024 US$m	December 2023 US$m
Assets		
Cash and cash equivalents	113.74	119.83
Investment securities	44.08	43.18
Statutory receivable	2.18	2.18
Loans and advances	163.09	149.23
Other assets	2.24	5.42
Authorised overdrafts	16.49	-
Total assets	**341.82**	**319.84**
Liabilities		
Lines of credit	106.85	92.38
Deposits	141.69	138.01
Other liabilities	11.13	15.00
Total liabilities	**259.67**	**245.39**
Transactions denominated in foreign currency		
Revenue		
Interest income	13.61	22.64
Fee and commission income	18.69	19.17
Other income	0.02	0.54
Total revenue	**32.32**	**42.35**

30 Subsequent events

There were no significant subsequent events affecting the financial statements for the half year ended 30 June 2024.

Guests at the CABS 75th Anniversary Event