

Our Value Creation Summary 2020



Capricorn Group

About this summary

The Capricorn Group's 2020 performance summary provides a brief overview of the financial year from 1 July 2019 to 30 June 2020. We include a short profile of the Group and explain what happened this year – and how we acted as Connectors of Positive Change.

When we refer to the Group in this summary, we mean Capricorn Group's financial services operations in Namibia, Botswana and Zambia. These operations are primarily focused on banking, insurance, wealth and asset management, microfinance and telecommunications.

The purpose of this summary is to keep our stakeholders informed and to respond to their request for a quick read version of the integrated report. This summary does not replace our full integrated report and annual financial statements. It is an extract from the 2020 Integrated Annual Report approved by the board on 15 September 2020.

Any forward-looking statements in this summary are uncertain and your investment or engagement decisions should not be based on these.

We welcome feedback from our stakeholders and would like to answer any further questions. Make contact with Marlize Horn on investorrelations@capricorn.com.na or +264 (61) 299 1226.

For our full integrated report, the full financial statements and more detail on all aspects included in this summary, please go to www.capricorn.com.na.

This year has been one in which we learned to embrace change in a new way. We stepped into roles and shoes that none of us anticipated. No matter what we faced, we made connections, we made a difference and took our responsibility as Capricorn citizens seriously.

Thinus Prinsloo, Group CEO



THE CAPRICORN ★

BRAND STORY

From the beginning, the stars have filled Africans with wonder.

Our ancestors did not just gaze upon their beauty as they stared up at the night sky.

They used the constellations of stars for the measurement of time, seasons, cycles, and direction.

One such constellation is Capricornus, called by ancient people "the southern gate of the sun".

It is from this constellation that the Tropic of Capricorn got its name many centuries ago, when the sun was in the Capricornus constellation at the time of the southern solstice.

All lines of latitude have geographical relevance, but to the people of southern Africa, the Tropic of Capricorn is more.

Spanning across the centre of Namibia, it ties together the lands of southern Africa, receiving the brightest rays of the sun on the summer solstice.

It signals the time of abundance with flourishing offerings from nature.

We took our inspiration from the Tropic of Capricorn, the band that symbolised abundance and created positive change for the people.

Creating positive change is what every single member of our organisation strives to achieve every day.

To find innovative ways in which to bring together our customers and their aspirations.

We passionately believe that by connecting the people of this region to opportunity and prosperity, we can help taking the region closer to realising its greatest self.

Our humble beginnings in Windhoek were born out of a tenacious spirit of entrepreneurship.

Since then, our journey has led us on a path of achievements, growing us beyond Windhoek and Namibia.

Rooted in the pillars of "W" for Windhoek where it all began, the three lines of our logo represent our values of being open, dedicated and inspired.

We are proud of our logo that reflects our legacy and how we got to where we are now.

And as before, we will always achieve our successes by holding true to our values.

Along with this, we will continue to reach for the stars,

Only now we seek them in the eyes of the ones whose lives we've made better.

Not only are we inspired by the dreams of those who call this beautiful part of Africa home,

But we want to make these dreams a reality for them.

The future shines brightly, and we will journey towards it as one.

We are Capricorn.

GROUP AT A GLANCE

Capricorn Group is a leading Namibian-owned financial services group listed on the NSX. We have three banking subsidiaries operating in Namibia, Botswana and Zambia, with other subsidiaries and associates providing adjacent and complementary products and services. Our customers range from personal to corporate, small and medium enterprises. Our value proposition is built around customers rather than products or channels. We apply data and digital technology in transactional banking services, products and functionality to address future customer needs.

Our purpose is: “Improving lives through leadership in financial services by being Connectors of Positive Change”.

We enable the execution of our purpose through six key competencies.

These key competencies are:

1. Understanding the Capricorn Group and competitor environment
2. Deep understanding of customer needs
3. Relentless drive to improve performance
4. In-depth business insight
5. Unlock potential in self and others
6. Excellence in execution

We realise our purpose by making deliberate strategic choices and by working according to The Capricorn Way. The Capricorn Way directs us towards positive change and is underpinned by three beliefs:

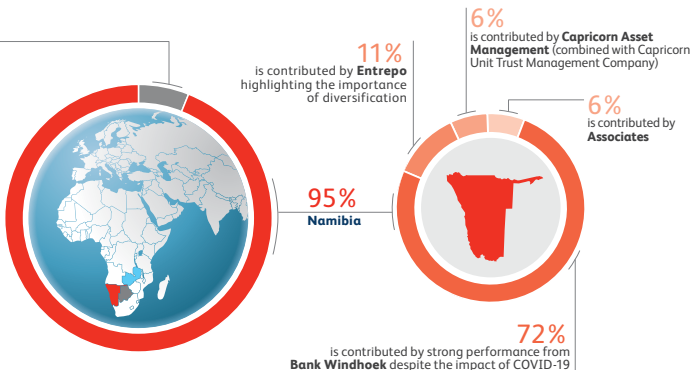


Geographic contribution to comprehensive income attributable to shareholders

5%
Botswana through solid performance at **Bank Gaborone**

Lines of business

- Banking
- Specialised finance
- Foreign exchange and trade finance
- Lending
- Wealth management
- Asset management
- Unit trust management
- Bancassurance
- Property development and evaluation



Our material matters for value creation

We have a stakeholder-inclusive approach that is applied in how we govern the Group, run the business and mitigate risk. We want to be catalysts of sustainable opportunities. Our engagement process identifies, assesses and tracks matters that are material to value creation.

Our eight material matters



Ethical Leadership
(Business and Management)



Financial and cybercrime



Demand for specialist skills driving focused development, training and diversity



Fintech, insurtech and evolving digital assets



Credit risk management and mitigating losses due to bad debt



Meeting customer needs and expectations



Responding to a changing regulatory and operating context



Enhancing and optimising management and operational systems

Our AsOne2020 strategy positions the Group to compete effectively in a dynamic market and is based on operational excellence. Our strategy development and risk management processes are fully integrated, both also considering our material matters. Oversight for the latter is provided by Group principal risk officers according to our 14 principal risks. Quarterly strategy dashboards and risk management reports feed into a mature governance system where a range of committees are mandated to track performance and ensure effective control.

Our AsOne2020 strategic choices

Focus on building our foundation in Namibia, Zambia and Botswana to get to a position of market leadership



Win in Namibia, Zambia and Botswana through operational excellence (lean, efficient, fast) and effective execution




Compete in Namibia, Botswana and Zambia through strategic relationships and partnerships in insurtech, fintech, mobile and telco, and education



In considering other African countries beyond 2020, target technological/ borderless/cyber opportunities above bricks and mortar entry. Evaluate opportunities, whether cyber or bricks and mortar, on a case-by-case basis

Our 14 principal risks

1. Capital Risk
2. Compliance
3. Credit
4. Finance and tax
5. Financial crime
6. Investment management
7. Legal
8. Liquidity
9. Market
10. Operations
11. People
12. Reputation
13. Strategic
14. Technology

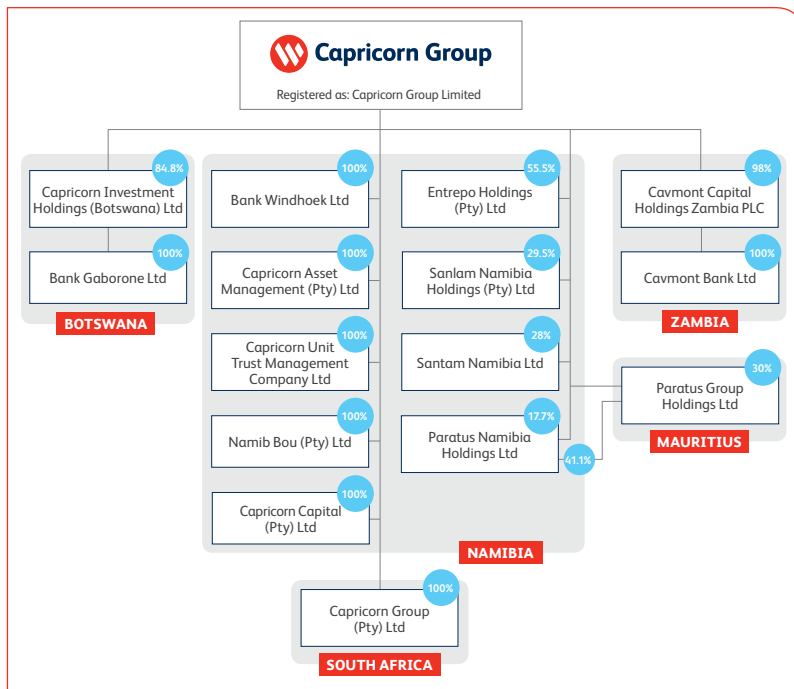
The background image is a sunset scene over a savanna. Several acacia trees are silhouetted against a bright orange and yellow sky. The sky transitions to a deep blue at the top, where many stars are visible. A constellation, Capricornus, is highlighted with white stars and dotted lines. The constellation's main stars form a large 'V' shape. The text is overlaid on the upper left and bottom right of the image.

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They used the constellations of stars for the measurement of time,
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Tropic of Capricorn got its name many centuries ago,
when the sun was in the Capricornus constellation
at the time of the southern solstice.

The Group has a diversified shareholder base, with total direct and indirect previously disadvantaged shareholding of 42.85 % and Namibian shareholding of 98.64 % as at 30 June 2020.

GROUP STRUCTURE



Shareholders



Employees



Strategic alliance partners



Government and regulators



Customers



Communities



Suppliers



Trade Unions



Media

Bank Windhoek

Capricorn Asset Management

Bank Gaborone

Capricorn Capital

Namib Bou




Cavmont Bank



Sanlam

entrepo



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DID YOU KNOW?

1. Bank Windhoek, the Group's flagship brand, is the largest locally owned bank and the second largest commercial bank in Namibia. It was also the first commercial bank in southern Africa to issue a green bond.
2. Capricorn Asset Management (CAM) is a fully-fledged asset manager offering a wide range of investment products across the risk spectrum to retail and institutional investors alike. CAM is one of the largest asset managers in Namibia with more than N\$30 billion of assets under management.
3. The Capricorn Unit Trust Management Company Ltd, administered by CAM, has been the market leader in Namibia since 2004 in terms of assets under management in the unit trust sphere.
4. Bank Gaborone is on a growth trajectory in Botswana with a proven capability to regularly launch new products and services leading to significant new customer growth. The bank has increased its market share from 7.0% to 7.5% over the last year.
5. Entrepo Holdings (Pty) Ltd is expanding in the government employee market through a highly efficient, distinct and competitive capability to approve and disburse loans, and to provide credit protection cover.
6. Paratus Group, operating in 24 African countries, has grown into a full-service network spanning the African continent and connecting customers internationally.

GROUP CHAIRMAN'S MESSAGE

- The character, strength and resilience of our Capricorn Group citizens ensured commendable results in a distressed economic and business environment.
- Our capital position remains strong, and we continue to have the backing of our two shareholders of reference, Capricorn Investment Holdings and the Government Institutions Pension Fund. We are maintaining a healthy liquid asset buffer.
- The COVID-19-related reduction in the repo rates of central banks in the region resulted in a sharp decrease in the Group's gross interest revenue of N\$211 million over the last quarter of the financial year.
- We accepted an offer by the Nigeria-based Access Bank Group to acquire Cavmont Bank, with the transaction agreements concluded shortly after the financial year-end.

Whether one looks at business from a micro-perspective, or steps back and takes a macroview on a global level beyond the countries where we operate, the same picture emerges: one of massive uncertainty, bleak recessionary outlooks and huge socioeconomic challenges. This all comes in the wake of COVID-19, the most impactful global event since the Second World War. In last year's chairman's message, I said that we did not expect meaningful improvement in economic and market conditions but that we were hopeful that the drought would be broken. We are grateful for much improved rainfall in the past year but lament the devastating impact the pandemic and the response thereto had on our economies and markets.

I can only marvel at the character, strength and resilience of the men and women of Capricorn Group in responding to the challenges and threats of COVID-19. They continued the delivering of services while protecting their own and customers' health, assisted customers in financial distress with deferment of loan instalments and bridging facilities. They provided financial support and supplied much-needed equipment to healthcare institutions, raised awareness and disseminated information about the virus, supported vulnerable communities with food, water and sanitation, and assisted government in the delivery of financial relief measures. They did all of this with dedication and passion in the spirit of The Capricorn Way.

Group results for 2020 are testimony to this dedication and hard work. Reporting a profit from continuing operations of N\$1.01 billion in this distressed economic and business environment is commendable. The board of directors ("board") declared a final dividend of 50 cents per share, prudently balancing the protection of the Group's capital and the needs of shareholders.

In line with global markets and with added pressure of low liquidity the NSX local index declined by 15.7% from 610.92 to 515.07 over the year ended 30 June 2020. The closing price of a Capricorn Group share decreased by 12.6% over the same period to N\$13.99 at the reporting date. This represents a price-to-book ratio of 1.1 (2019: 1.4). Our capital position remains strong, and we continue to have the backing of our two shareholders of reference, Capricorn Investment Holdings and the Government Institutions Pension Fund. We are maintaining a healthy liquid asset buffer and have appropriate contingency funding facilities at our disposal. We have a robust risk, internal control and assurance framework in place.

Reflecting on the 2020 financial year, several aspects stand out:

- **Our core Namibian market was in troubled economic waters long before COVID-19 reached our shores.** We have been operating under difficult trading and policy conditions with little evidence of necessary structural reforms in sight.
- **Significant reductions in interest rates brought some relief for our customers** but significantly reduced our banks' interest revenue. The sharp reduction in the repo rates of central banks in the region resulted in a decrease in the Group's gross interest revenue of N\$211 million over the last quarter of the financial year.
- **We delivered good customer experiences** judging by the overall customer satisfaction score of 79% and a Net Promoter Score of 55 points, substantially higher than the industry benchmark of around 40 points. This tells us that our customers have had positive experiences across most of the banks' service channels and are likely to actively promote our business.

- **Our employees are more engaged and committed than ever before.** The Group's annual mirror survey results showed a remarkable improvement in the number of fully engaged employees. Overall participation increased from 78% to 89% and fully engaged employees increased from 31% to 43%. I believe this is attributable to a leadership team that listens and finds new ways of working. When employees are engaged, they collaborate and go out of their way to solve problems – a capability that stood out in the way our employees responded to COVID-19.
- **Zambia's economic woes continued** with severe drought conditions, unreliable and restricted electricity supply, lower mining output on the back of subdued copper prices, growing fiscal deficits and government debt, high inflation and weakening currency. This prompted the Group to positively consider the offer by the Nigeria-based Access Bank Group to acquire Cavmont Bank. Transaction agreements for the sale of Cavmont Bank to Access Bank Zambia were concluded shortly after the financial year-end. The transaction is subject, among others, to regulatory approvals as well as shareholders' approval.
- **Namibia faced the alarming reality of large-scale corruption** exposed in the fishing industry. This brought stakeholders together as we recognised the need to act collectively and swiftly to pre-empt further scandals. More people now recognise the importance of an ethical culture in business and government. The Group has a formal approach and framework, including a policy and structures for monitoring and reporting on ethics. We encourage our employees, suppliers, business partners and other stakeholders to be vigilant and decisive and to support our efforts to expose and avoid any form of corruption or potentially fraudulent behaviour.
- **Our strategy cycle** that started in 2018, focusing on the pursuit of operational excellence, ended on 30 June 2020. This inward looking phase positioned us well for a more outward, customer-centric strategy cycle. The board was actively involved in thinking through and shaping the new AsOne2023 strategy with management subsequently modelling and developing the plans to execute the new strategy. As the COVID-19 pandemic interrupted this process, we added a shorter-term game plan to specifically address its potential impacts, while continuing on the path directed by our choices for the next cycle.

At the start of a new financial year, our priorities are tied to the stability and sustainability of our Group for the benefit of all our stakeholders. This is only possible through the commendable commitment and passion of our Capricorn citizens. I want to express my heartfelt appreciation for their resilience, dedication and hard work during these difficult times. I also thank our board members, who walked the extra mile in all aspects of discharging their fiduciary duty this year. We had tough conversations and difficult decisions to make, which I believe were made possible by the integrity and the character of the people around our boardroom table.

I thank our shareholders for their continued trust, notwithstanding a declining share price. My final words of thanks are directed at our valued customers who remain the main reason for our being. We will continue to serve you and support you as we together navigate the uncertain path ahead. We do not expect meaningful improvement in the short term. However, we believe that opportunities will emerge from this turmoil that will bring positive change for the Group and our stakeholders.



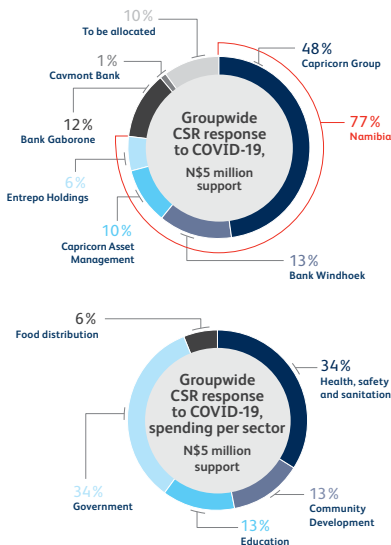
Johan Swanepoel >
Group chairman



The Capricorn Way is our moral compass and North Star. It encourages exceptional performance and living positive change among our employees – the people we lead.

The COVID-19 pandemic overshadowed many planned activities and opportunities to act as Connectors of Positive Change. These included some of Capricorn Group's signature "Inspire" stakeholder events and the annual Connector conference. The tenure of the existing members of NeXtGen board was extended to December 2020 as their plans were put on hold.

In response to the pandemic, Capricorn Group committed N\$5 million to support government and vulnerable communities in Namibia over a period of four months to July 2020. Through the collective efforts of all Group entities, who made further contributions, we are true Connectors of Positive Change during this difficult time.



Positive change in times of need

During the COVID-19 pandemic, Bank Windhoek actively identified opportunities to assist customers and communities beyond financial contributions to projects.

Bank Windhoek provided specific support for small and medium-sized enterprises ("SMEs") with an annual turnover of under N\$10 million, customers in the tourism sector, the agriculture value chain, transport and health sectors, and clients who lost all or part of their salary income due to the fallout of COVID-19.

The bank launched a fast-track application process for the deferment of capital and interest payments on term loan facilities, vehicle and asset finance, mortgage loans and overdraft facilities up to N\$2.5 million for an initial period of up to three months. The fast-track process was designed to simplify applications and facilitate a quick response to ensure clients are assisted timeously.

Bank Windhoek recognises that senior citizens often rely on the interest earned on their investment. The bank offered them preferential interest rates on fixed deposits for periods of 12, 18 and 24 months while guaranteeing the return and capital for the period. To help stabilise investment income, the bank paid monthly interest and, for some accounts, implemented no transaction fees at Bank Windhoek ATMs, free point-of-sale transactions and free access to all electronic channels.

The bank identified the informal settlements in Windhoek as communities in urgent need of collective support. Approximately 300,000 citizens face factors such as poor hygiene, inadequate water supply and lack of access to information regarding COVID-19 in vernacular languages. Bank Windhoek joined other private sector partners in support of the Mayoral Relief Fund to purchase 10,000-litre water tanks to provide these communities with much-needed access to clean and safe water.

Bank Windhoek donated N\$258,000 to translate relevant information about COVID-19 into all vernaculars and to broadcast it on radio services of the national broadcasting company. Bank Windhoek assisted the Ministry of Health to procure 50 reagent testing kits and nasopharyngeal swab collection kits used for COVID-19 testing, which allowed for 500 tests to be conducted.

Bank Windhoek is a proudly Namibian bank and is committed to addressing the plight of our country and our people to ensure the sustainability and future growth of our clients, and ultimately the Namibian economy.

Connecting contributions to COVID-19 needs

Vulnerable people in our societies are our main priority. Below are highlights of our financial contributions towards the COVID-19 pandemic:

N\$240,000 contributed to Step out of Poverty through Education, Encouragement and Support ("SPES") charity

Capricorn Group and Entrepo made this contribution to support teachers with a small grant for four months and enable SPES to acquire and distribute food parcels to children, teachers and their immediate families.

N\$300,000 contributed to Imago Dei Welfare and Poverty Relief Association (Groot Aub Community Project)

Hygiene and sanitation are key to fighting the COVID-19 pandemic. Capricorn Group contributed to building a safe housing structure that will house 60 – 80 children, accommodate 250 children in the "Come and Go" food programme, have proper running water and provide a safe outside playground area.

N\$70,000 contributed to the Imago Dei Welfare and Poverty Relief Association (Make a Noise COVID-19 Feeding Scheme)

CAM contributed to nutritional meals for orphans and vulnerable children in the informal settlement of 8ste Laan, Otjomuise. This included health education sessions to teach children how to stay safe and healthy during the pandemic.

N\$150,000 CAM contributed to the Gondwana Care Trust

This trust helps provide children of vulnerable communities across Namibia with a warm meal and basic hygiene items.

N\$150,000 CAM contributed to the Pupkewitz Foundation

This foundation provided healthcare workers with protective gear and ventilators. It also supports the Ethel Pupkewitz feeding scheme.

N\$300,000 contributed to the Namibia Red Cross Society ("NRCS")

Through the NRCS's network of volunteers, the funds supported community sanitation and provided protection kits to marginalised communities. Packages included water storage containers, Tippy Taps, mask sets, gloves and disinfectants. Funding also supported volunteer training and food distribution.

N\$1,000,000 contributed to the Namibian National Emergency Disaster Relief Fund

The funds were received by the office of the Prime Minister and will be distributed nationwide by government.

N\$500,000 contributed to the Ministry of Health

The Ministry of Health provided us with a list of specific medical items that they need to fight the pandemic. As part of the contribution, Bank Windhoek spent N\$330,000 on testing kits to date.

BWP400,000 contributed to the National COVID-19 Relief Fund in Botswana

Bank Gaborone contributed funds that included a donation to the Botswana Gender Based Violence Prevention and Support Centre and a radio show named Health Chat. This assisted in informing and conversing with Batswana on issues around COVID-19. Some branches made in-kind donations in partnership with the communities we serve.

ZMW\$7,200 contributed to the Zambian Ministry of Health and the University Teaching Hospital

The funds contributed to frontline protective clothing as part of a larger donation through the Bankers Association of Zambia. We also donated face masks to our adopted maternity ward at the University Teaching Hospital for nurses, cleaners and caretakers.

FINANCIAL PERFORMANCE SUMMARY

	2019	2020	TREND
Total income (N\$'000)	3,492,357	3,505,288	↑
Operating profit (N\$'000)*	1,325,772	1,300,362	↓
Profit for the year after tax (N\$'000)	1,015,299	856,412	↓
Total comprehensive income for the year (N\$'000)	1,023,901	926,827	↓
Earnings per share (cents)	181.6	148,6	↓
Dividends per share (cents)	66	50	↓
Net asset value per share (cents)	1,136	1,232	↑
Return on average equity (%)	16.3	12.6	↓
Return on average assets (%)	2.1	1.6	↓
Cost-to-income ratio (%)	60.8	59.4	↓
Capital adequacy ratio (%)	14.9	14.8	↓

* Discontinued operations included for 2019

Events that shaped the year under review

- **Strong Group performance during the first nine months of the year** with an increase in profit before tax of 15.6% before the impact of COVID-19.
- **The COVID-19 pandemic** caused substantial financial strain during the last three months of the financial year, with a significant impact on interest margins as a result of the unprecedented rates cuts, a decrease in non-interest income following lockdown measures, and an increase in impairments due to the financial pressure on various clients.
- **Capricorn Group contributed N\$5 million to COVID-19 relief measures** which included direct support to Government as well as projects to support vulnerable communities.
- **We successfully implemented IFRS 16 lease requirements.**
- **The sale of Cavmont Bank**, which had been loss-making for three years, to Access Bank Zambia was announced and the transaction is expected to be completed during the last quarter of 2020.
- **Capricorn Group acquired a 30% shareholding in Paratus Group Holdings Limited** on 1 July 2019 in line with our long-term ambition and strategic choices to transform the business using data and digital.

Salient performance features from our main subsidiaries

Bank Windhoek

1.7%
growth in net interest
income (2019: 10.0%)

24.4%
growth in liquid assets,
(2019: 15.3%)

10.8%
deterioration in
operating profit
(2019: 10.6% increase)

Net interest margin of
4.3%
(2019: 4.6%)

Bank Gaborone

31.0%
growth in net interest
income (2019: 2.2%)

7.6%
deterioration in
operating profit
(2019: 11.4% increase)

Net interest margin of
4.6%
(2019: 4.1%)

7.5%
market share
(2019: 7.0%)

11.5%
loan book growth
(2019: 14.0%)

Capricorn Asset Management

N\$31.3 billion
assets under management

14.2%
growth in assets under management

12.6%
growth in non-interest income

Entrepo Finance

Net business inflows of
N\$197 million
resulted in the total loan
book increasing by
19.0% to
N\$1.2 billion

Entrepo Life

Premium income
decreased by
3.5% to
N\$186 million
Claims paid increased by
15.3% to
N\$30.7 million

Financial value distributed

Future expansion and growth

N\$747 million • 22.9%



Employees

N\$1.1 billion • 33.2%

In addition to remuneration,
employees receive rewards,
recognition and have opportunities
for career and personal development.



Suppliers

N\$450 million • 13.8%

Suppliers have a market for their
products and services, and
opportunities to expand the range
and nature of their contracts with
the Group.



Government and regulators

N\$553 million • 16.9%

The Group pays taxes, duties and
licence fees in the territories where we
operate, and supports government in
maintaining a stable, trustworthy and
well-functioning financial system.



Communities

N\$14.5 million • 0.4%

Capricorn Group employees
volunteer and support community
projects in addition to financial
contributions that are focused on
training and a range of development
outcomes.



Shareholders

N\$417 million • 12.8%

Shareholders receive dividends and
benefit from funds retained for future
growth opportunities.

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We passionately believe that by connecting the people of this region to opportunity and prosperity, we can help taking the region closer to realising its greatest self.

PERFORMANCE HIGHLIGHTS

Capricorn Group's results are evidence of mature and robust operations and people. By ensuring the well-being of the business, our employees and clients as a priority, Capricorn Group endured and performed well under extremely challenging conditions. The Group's performance was significantly impacted by the Covid-19 pandemic during the last quarter of the financial year, with full-year profit after tax contracting by 15.6% to N\$856.4 million. Profit after tax from continuing operations, i.e. excluding Cavmont Bank losses, amounts to N\$1,012 million, 2.2% lower than the prior year. We are proud of the performance delivered by our business units and associates.

Bank Windhoek delivered strong results; however, profitability was under pressure towards the end of the financial year due to the systemic measures taken by the Bank of Namibia in support of the economy post the outbreak of COVID-19. The key action that affected Bank Windhoek was the significant reduction in the Namibia repo rate by 225 bps.

Bank Gaborone delivered solid results with its strong focus on client service and expansion. It now has a centralised branch administration centre and opened a new branch in our "bank of the future" format. Bank Gaborone launched a mobile app to enable instant, on the go banking for retail clients and convenient, secure and efficient Electronic Payment Solutions for businesses, including Point of Sale (POS).



Thinus Prinsloo >
Group chief executive officer

On 31 July 2020, our Zambian subsidiary, Cavmont Capital Holdings Zambia Plc ("CCHZ"), signed a Share Purchase Agreement with Access Bank (Zambia) Limited to acquire Cavmont Bank. The combined bank will be a top 10 bank in Zambia and have a larger customer base, significantly higher asset base and will be well positioned to service the growing Zambian market.

CAM continued growing fee income due to new inflows and rotation into higher fee generating funds. Assets under management increased by 14.2% to N\$31.3 billion – a significant growth milestone.

Entrepo once again delivered solid performance and increased profit after tax by 18.0% to N\$202.6 million. New business is sourced from an established and expanding branch infrastructure, and from a mobile sales office and online application capability.



REFLECTING ON OUR ASONE2020 STRATEGY CYCLE

The three-year strategy cycle that came to an end this financial year focused on operational excellence, executed through four strategic choices and guided by the behaviours in The Capricorn Way.

We achieved a significant part of what we set out to do. By applying operational excellence as a deliberate strategy, we were able to get solutions through our systems and channels to the client.

Significant achievements over the three-year period included:

- Bank Windhoek now has the highest market share for loans and advances in key segments and second highest market share for deposits in Namibia.
- Bank Windhoek increased the number of customers per full-time employee over the three years with an additional nine customers per employee.

Compared to the previous strategy cycle from 2014 to 2017, we improved our ability to achieve better throughput and faster delivery of our strategic projects. COVID-19 came as an accelerator. Many of the tools we introduced in terms of Agile have become key in tracking actions and monitoring progress during this time. COVID-19 was an igniter of taking Agile further.

A focus of the 2018-2020 strategy cycle was to improve our execution abilities. We adopted Agile methodologies and built eight execution platforms to assist, among others, with strategy execution; these platforms proved to be effective – for both strategy and non-strategy projects.

The new AsOne2023 strategy features our strategic choices and a refreshed, focused purpose statement.

Lessons learned from our previous strategy cycles

- Be more deliberate about implementation and shared accountability for execution
- Focus on both strategy metrics and targets as well as on change management to drive execution (The Capricorn Way)
- Over communicate on strategy

Measuring and monitoring progress

During previous strategy cycles we focused on data to derive quantitative evidence of impact and progress. For 2021 – 2023 we refined our strategy execution measuring and monitoring approach as follows:

- We will continue to measure progress on strategy execution by focusing on both quantitative and qualitative strategy performance metrics
- Our strategy metrics will encompass lead, current and lag indicators which encourage strategic thinking and position us to deal with uncertainty and complexity
- The entities will identify the strategy metrics and targets relevant to their unique competitive environments
- As per current practice, performance against targets will inform specific strategy execution actions by each entity
- On a quarterly basis a consolidated view about strategy execution performance will be submitted to the Group board to monitor strategy implementation, progress and challenges




Our humble beginnings in Windhoek were born out of a tenacious spirit of entrepreneurship.

Since then, our journey has led us on a path of achievements, growing us beyond Windhoek and Namibia.

Rooted in the pillars of "W" for Windhoek where it all began, the three lines of our logo represent our values of being open, dedicated and inspired. We are proud of our logo that reflects our legacy and how we got to where we are now.

And as before, we will always achieve our successes by holding true to our values.

A person is silhouetted against a vibrant night sky. The Milky Way galaxy is visible as a bright, colorful band of light stretching across the sky. In the upper left corner, a constellation of stars is connected by dotted lines. The person is standing on a dark, silhouetted hill or ridge, looking up at the stars.

Along with this, we will continue to reach for the stars,
Only now we seek them in the eyes of the ones whose lives we've made better.
Not only are we inspired by the dreams of those who call this beautiful
part of Africa home,
But we want to make these dreams a reality for them.
The future shines brightly, and we will journey towards it as one.

Seven solar projects boosted by Bank Windhoek's green bond

Bank Windhoek became the first commercial bank in southern Africa to issue a green bond and was recognised internationally when it received the Green Bonds Pioneer Award from Climate Bonds in 2019.

The decision to issue a green bond followed earlier initiatives as an implementing partner of the Sustainable User of Natural Resources and Energy Finance ("SUNREF") programme launched by the Agence Française de Développement ("AFD"). This experience encouraged Bank Windhoek to continue expanding its green lending activities when the country experienced a period of severe drought, increasing energy costs and unreliable electricity imports.

Namibia's relatively hot dry climate and abundant sunlight resource highlighted the opportunity for investment in energy production. This, in turn, supported Namibia's Vision 2030 as per the National Renewable Energy Policy, which aims for energy security by positioning the country to generate 70% or more of the electricity demand from renewable energy sources. The vision is for Namibia to ultimately become a net electricity exporter by 2030.

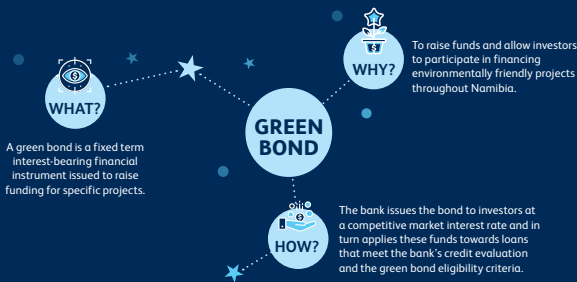
Bank Windhoek responded by raising alternative funds in the debt market through a local green bond issuance, of which the proceeds were used to finance eligible green projects within the borders of Namibia. Seven solar photovoltaic ("PV") projects were successfully financed within 12 months after the initial green bond issuance.

The green bond was a milestone for Bank Windhoek and Capricorn Group, setting the tone of our commitment to sustainable finance and the growth of renewable energy generation locally and regionally. The green bond issuance created a sustainable investment vehicle for institutional investors and a favourable financing mechanism for customers.

At a debrief session with investors, they unanimously agreed that the green bond should be seen as an important tool for creating public awareness on the links between sustainable development and favourable finance. They are keen to participate in further such initiatives from Bank Windhoek.

Bank Windhoek published its first Green Impact Report in 2020 following the successful disbursement of the proceeds within 12 months after issuance. As part of the Bank Windhoek board resolution and NSX listing requirements, an independent external green bond audit was conducted and we received an unqualified limited assurance report. The report provides details of projects that received funding from green bond proceeds and highlights the core environmental impact indicators on a project level basis as indicated in the Green Bond Framework and according to the International Capital Market Association's Green Bond Principles.

Our aim is to establish Bank Windhoek as the green financier of choice for sustainable projects in Namibia. Thus, we are committed to ensuring adequate access to low-cost debt and other favourable financing mechanisms to enable our customers to transition to a low-carbon, climate-resilient environment.



Which projects qualify to benefit?

- Renewable energy
- Energy and resource efficiency
- Green buildings
- Sustainable waste management
- Sustainable land use
- Sustainable water management
- Clean transportation
- Climate change adaptation
- Green trade
- Climate smart agriculture
- Non-energy greenhouse gas ("GHG") emission reduction

BOARD MEMBER PROFILES

**JOHANNES
JACOBUS
SWANEPOEL (60)**

BCom (Hons)
(Accounting),
CA(SA), CA(Nam)

Independent
non-executive
chairman



**DANIEL
GERHARDUS
FOURIE (62)**

BCom (Hons), CA(SA),
CA(Nam)

Lead independent
non-executive
director



**GIDA
NAKAZIBWE-
SEKANDI (67)**

LLB, Accredited Public
Relations Practitioner
(APR)

Independent
non-executive
director



**KEPHAS BRIAN
BLACK (65)**

Executive and Senior
Management diplomas
from the University of
Stellenbosch

Independent
non-executive
director



**HEINRICH MIHE
GAOMAB II (50)**

BCom (Hons),
Postgraduate
Diploma: Quantitative
Development Economics,
MSc Quantitative
Development Economics

Non-executive director



**MARTHINUS
JOHANNES
PRINSLOO (49)**

BCompt (Hons), CA(SA)

Group chief executive
officer and executive
director (Group CEO)



**JACOBUS
CHRISTIAAN
BRANDT (77)**

BA LLB

Non-executive
director



**EST MALAIKA
SCHIMMING-
CHASE (50)**

LLB (Hons) SC

Independent
non-executive director



**DIRK JOHANNES
REYNEKE (58)**

BCom, BCompt (Hons),
CA(SA), Diploma in
Advanced Banking

Independent
non-executive
director



**JOHANNES
JACOBUS
ESTERHUYSE (42)**

BCompt (Hons), CA(SA)

Financial director



**GOMS
MENETTÉ (53)**

MBA, Postgraduate
Diploma in Management
Studies, National
Diploma in Business
Administration

Non-executive
director



**ERNA SOLOMON
(58)**

BSc (Ed), BSc (Hons),
MSc, Global Executive
Development
Programme

Independent
non-executive director



OUR GOVERNANCE SUMMARY

Capricorn Group and its subsidiaries are committed to the principles of sound corporate governance, which are characterised by discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. By subscribing to these principles, the Group believes that all stakeholders' interests are promoted, including the creation of long-term shareholder value.

An important role of the board is to define the vision and purpose of the Group (including its strategic intent and choices) and its values (manifested by The Capricorn Way), which constitute its organisational culture, associated behaviours and norms. The board also ensures that procedures and practices are in place to protect the Group's assets and reputation, and mitigate risk.

Governance milestones for 2020

- Ongoing reviews and improvements in line with the King IV™ principles and related recommended practices were actioned. 23 of 27 proposed actions are on track or successfully concluded, and the remaining four are delayed by the pandemic.
- Additional board meetings were held to consider and confirm the Group's response to the pandemic and the consequences of related regulations. The board expressed its satisfaction with management's proactive thinking and the successful implementation of business continuity measures.
- The ethics strategy was implemented, and a board-approved, three-year action plan commenced.
- We appointed an independent non-executive director with strong information technology skills to the board effective November 2019.
- Comprehensive internal evaluations of the boards, committees, directors and company secretaries of Capricorn Group, CAM and the three banks were completed to ensure that we operate efficiently, have robust conversations and to address any gaps.
- There was early involvement of non-executive directors in planning and setting the strategy for the next strategy cycle.



Capricorn Group

BOARD OF DIRECTORS





We are Capricorn.

www.capricorn.com.na