

CAPRICORN GROUP LTD

and its subsidiaries

Registration no: 96/300

Condensed Consolidated Interim Financial
Statements (reviewed)
for the six months ended 31 December 2020



Capricorn Group

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FINANCIAL PERFORMANCE OVERVIEW

FACING THE COVID-19 CHALLENGES

- Capricorn Group (“the Group”) met the challenges of the COVID-19 pandemic head-on. The agility and quick decision-making within the Group allowed it to quickly sense and respond to ever changing challenges. During this time, the Group managed to provide financial relief to our clients and job security to our employees, while implementing strategies to ensure the sustainability of the Capricorn Group.
- The Group’s profit from continuing operations decreased by N\$118.8 million, (20.2%) relative to the pre-COVID comparable period. This year-on-year decrease is mainly due to interest margin compression and increased impairment provisions. Lower interest margins are a result of unprecedented interest rate decreases enacted by central banks to counter the slowdown in the economy. Increased impairment provisions resulted from the extremely challenging economic and market conditions in the wake of imposed lockdowns and other responses to the pandemic.
- As previously reported, the sale of Cavmont Bank Ltd was concluded on 4 January 2021. Consequently, the losses made by Cavmont Bank Ltd in the current and prior reporting periods are disclosed under discontinued operations.
- The review of the Group financial performance below is based on the results of continuing operations.

GROUP FINANCIAL PERFORMANCE

- Net interest income and interest margins were negatively impacted during 2020 following significant interest rate cuts of 275 basis points by Bank of Namibia and 100 basis points by Bank of Botswana. Despite the interest rate cuts, net interest margin reductions of Bank Windhoek and Bank Gaborone were well contained at only 0.53% and 0.38% year-on-year respectively. This was achieved mainly through effective management of cost of funding. Entrepo had seen a growth of 26.9% in net interest income. On a consolidated level, net interest income before impairment charges decreased by 6.8% year-on-year mainly as a result of reduced margins.
- Impairment charges increased to N\$155.6 million. This is a direct result of the economic impact of the COVID-19 pandemic during the period under review compared to comparable period before the pandemic. Given the current uncertainty, the Group applied a prudent forward-looking approach, consistent with the requirements of IFRS 9, in determining expected credit losses in the challenging current economic conditions.
- Non-interest income increased by 3.2% year-on-year despite the difficult operating environment and the material impact of the COVID-19 preventative regulations on financial activities across the regions where we operate. Growth was mainly attributable to a 5.6% increase in income from electronic channels and asset management fee income increasing by 13.0% to N\$77.4 million. This achievement highlights the positive impact of the Group’s diversification strategy in cushioning the impact of the steep interest rate cuts experienced. Growth in income from electronic channels and asset management fees were offset by a decline of 22.7% in trading revenue.
- Roughly 80% of the Group’s operating expenses are fixed and could not be adjusted in line with lower expected income since the onset of the pandemic. In addition, a significant part of the Group’s technology costs, which increased by 21.5% year-on-year, are denominated in US dollar and was severely impacted by a weakening of the Namibian dollar against the US dollar. Despite these shocks, the Group contained the increase in operating expenses to 2.4%. This bears testimony to the Group’s ability to contain costs during adverse economic conditions such as the COVID-19 pandemic.
- Income from associates increased by 34.5% year-on-year, mainly attributable to the additional contribution from the Paratus Group in the current year.

STATEMENT OF FINANCIAL POSITION

- The Group managed liquidity prudently in line with the Group’s philosophy of liquidity taking preference over profit maximisation. Capricorn Group’s liquidity position remained healthy since the outbreak of the global pandemic, as reflected by a 7.1% increase in the Group’s liquid assets year-on-year.
- Gross loans and advances increased by 1.8% to N\$41.8 billion during the six months ended 31 December 2020. Bank Windhoek’s gross loans and advances increased by 4.8% to N\$34.7 billion during this period, exceeding annualised private sector credit extension growth of 2.0%. The growth was mainly attributable to commercial loans, overdrafts and mortgage loans reflecting how the bank supported the local economy. Bank Gaborone increased gross loans and advances by 2.3% to BWP4.8 billion, but due to a deterioration of the Botswana Pula, its loans and advances decreased by 4.7% in Namibian dollar terms. Entrepo’s loan book increased by 10.6%.
- Asset quality remained a key focus area for the Group. However, the challenging economic environment, exacerbated by the impact of the pandemic, has had a negative impact on the Group’s total non-performing loans (NPLs), which increased by 12.7% to N\$2.2 billion during the current period. The Group’s NPL ratio increased from 4.7% to 5.2%. Due to the significant increase in provision for expected credit losses the NPL coverage ratio increased to 53.2% (December 2019: 44.8%).
- The Group remains well capitalised with a total risk-based capital adequacy ratio of 14.1%, well above the minimum regulatory capital requirement of 10.0%. The strong capital position will stand the Group in good stead while navigating the perfect storm brought about by the COVID-19 economic shock.

FINANCIAL PERFORMANCE OVERVIEW (continued)

OUTLOOK

The forecasted contraction of the economies in Namibia and Botswana of 8.4% and 6.0% for 2020 effectively puts GDPs of these countries back to levels reported for 2015. Notwithstanding the forecast of modest economic growth for 2021 from this reduced base, the Group's economic outlook remains fairly bleak. As a result, we expect the increase in customer defaults to continue, with impairment charges remaining high and interest rates remaining at the current all-time lows. The negative financial impact of these factors is expected to be offset by growth in non-interest income largely from our non-banking subsidiaries and associates which were not as negatively impacted by the pandemic. The disposal of our loss-making operations in Zambia is expected to have a material positive impact on the profitability of the Group going forward.

INTERIM DIVIDEND

The Group declared an interim dividend of 22 cents per ordinary share. The interim dividend per share for the period under review is 10% higher than the final dividend per share of 20 cents declared during September 2020. The Group believes that the interim dividend balances prudence, in preserving the Group's capital and liquid asset position, with a fair dividend yield for shareholders, whose earnings came under severe pressure since the onslaught of the global pandemic and depressed economic conditions.

- Last day to trade cum dividend: 12 March 2021
- First day to trade ex-dividend: 15 March 2021
- Record date: 19 March 2021
- Payment date: 31 March 2021



STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and objectivity of the condensed consolidated interim financial statements that fairly present the state of affairs of the Group at the end of the period, the profit and cash flow for the period and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board of directors ("board") and management set standards and management implements systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.
- The Group's internal audit function, which operates unimpeded and independently from operational management, and has unrestricted access to the various Group board audit, risk and compliance committees, appraises, evaluates and, when necessary, recommends improvements in the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.
- The board audit, risk and compliance committees of the Group subsidiaries, together with the external and internal auditors, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the period under review.

The Group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis.

The condensed consolidated interim financial statements presented on pages 5 to 22 have been prepared in accordance with the provisions of the Companies Act of Namibia, 28 of 2004 ("Companies Act of Namibia") and comply with the International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The directors have no reason to believe that the Group will not be a going concern in the year ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on a going concern basis.

Comprehensive insurance cover is in place as required by the Bank of Namibia BID 14 – Determinations on Minimum Insurance for Banking Institutions.

The condensed consolidated interim financial statements have been reviewed by the independent auditing firm, PricewaterhouseCoopers, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board and committees of the board. The directors believe that all representations made to the independent auditor during the review were valid and appropriate. The independent auditor's review report is presented on page 4.

The condensed consolidated interim financial statements, set out on pages 5 to 22, were authorised and approved for issue by the board on 23 February 2021 and are signed on their behalf:

J J Swanepoel
Group chairman

M J Prinsloo
Group chief executive officer

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Capricorn Group Limited

We have reviewed the condensed consolidated interim financial statements of Capricorn Group Ltd in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2020 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Capricorn Group Limited for the six months ended 31 December 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the Companies Act of Namibia.



PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek
23 February 2021



CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2020

	Notes	Six months ended		Year ended
		December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Interest and similar income		1,967,265	2,404,085	4,622,831
Interest and similar expenses		(955,057)	(1,317,625)	(2,541,932)
Net interest income		1,012,208	1,086,460	2,080,899
Impairment charges		(155,615)	(54,296)	(304,371)
Net interest income after impairment charges		856,593	1,032,164	1,776,528
Non-interest income		706,382	684,573	1,424,711
Operating income		1,562,975	1,716,737	3,201,239
Operating expenses		(986,029)	(963,373)	(1,900,877)
Operating profit		576,946	753,364	1,300,362
Share of joint arrangement's results after tax		–	1,855	2,817
Share of associates' results after tax		55,013	40,895	63,711
Profit before income tax		631,959	796,114	1,366,890
Income tax expense		(162,901)	(208,261)	(354,795)
Profit from continuing operations		469,058	587,853	1,012,095
Loss from discontinued operations		(40,916)	(30,628)	(155,683)
Profit for the period		428,142	557,225	856,412
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Change in value of debt instruments at fair value through other comprehensive income		(104)	(6,263)	786
Income tax expense		33	–	(251)
<i>Items that may subsequently be reclassified to profit or loss</i>				
Change in value of debt instruments at fair value through other comprehensive income		(8,344)	–	37,877
Income tax expense related to change in fair value of debt instruments at fair value through other comprehensive income		2,670	–	(12,121)
Loss on net investments in foreign subsidiary		(16,920)	(11,297)	(19,483)
Exchange differences on translation of foreign operations		(23,203)	2,560	53,888
Exchange differences on translation of discontinued operations		(30,796)	(304)	9,719
Total comprehensive income for the period		351,478	541,921	926,827
Profit attributable to:				
Equity holders of the parent entity		379,385	509,661	760,973
Non-controlling interests		48,757	47,564	95,439
		428,142	557,225	856,412



CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (continued)

for the six months ended 31 December 2020

	Notes	Six months ended		Year ended
		December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Total comprehensive income attributable to:				
Equity holders of the parent entity		306,867	493,791	822,670
Non-controlling interests		44,611	48,130	104,157
		351,478	541,921	926,827
Total comprehensive income attributable to:				
Continuing operations		423,190	572,853	1,072,791
Discontinued operations		(71,712)	(30,932)	(145,964)
		351,478	541,921	926,827
Earnings per ordinary share in respect of the profit from continuing operations attributable to the equity holders of the parent entity during the period:				
Basic (cents)	14	81.5	105.4	178.4
Fully diluted (cents)	14	81.3	105.2	177.9
Earnings per ordinary share in respect of the profit from discontinued operations attributable to the equity holders of the parent entity during the period:				
Basic (cents)	14	(7.9)	(5.9)	(29.8)
Fully diluted (cents)	14	(7.8)	(5.8)	(29.7)
Earnings per ordinary share in respect of the profit attributable to the equity holders of the parent entity during the period:				
Basic (cents)	14	73.6	99.5	148.6
Fully diluted (cents)	14	73.5	99.4	148.2



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

		Six months ended		Year ended
	Notes	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
ASSETS				
Cash and balances with the central bank		1,762,050	1,247,283	909,117
Financial assets at fair value through profit or loss		1,843,297	2,248,542	2,314,333
Financial assets at amortised cost	10	722,760	839,553	712,757
Financial assets at fair value through other comprehensive income		5,072,761	5,163,340	5,773,633
Due from other banks		2,536,002	1,649,729	2,996,527
Loans and advances to customers		40,725,412	39,715,279	40,078,622
Other assets		525,455	462,382	398,656
Current tax asset		106,686	116,690	110,404
Investment in associates		639,907	599,235	581,800
Interest in joint arrangement		–	12,871	–
Intangible assets	11	300,554	275,440	287,451
Property and equipment	12	584,370	477,363	602,494
Deferred tax asset		80,609	98,623	54,938
Assets held for sale		1,320,529	–	1,517,394
Total assets		56,220,392	52,906,330	56,338,126
LIABILITIES				
Due to other banks		18,496	1,273,584	969,143
Other borrowings	13	740,945	913,026	861,502
Debt securities in issue		5,454,403	5,411,139	5,642,291
Deposits		40,800,656	37,924,064	39,323,264
Other liabilities		932,545	858,251	1,297,597
Current tax liability		1,932	3,494	2,256
Deferred tax liability		177	–	192
Post-employment benefits		28,575	12,628	14,929
Liabilities held for sale		1,264,838	–	1,496,888
Total liabilities		49,242,567	46,396,186	49,608,062
EQUITY				
Share capital and premium		723,183	719,543	718,078
Non-distributable reserves		396,510	103,502	34,617
Distributable reserves		5,405,801	5,308,263	5,555,410
		6,525,494	6,131,308	6,308,105
Non-controlling interests in equity		452,331	378,836	421,959
Total shareholders' equity		6,977,825	6,510,144	6,730,064
Total equity and liabilities		56,220,392	52,906,330	56,338,126



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2020

	Non-distributable reserves				Distributable reserves						
	Share capital and premium N\$'000	Insurance fund reserve N\$'000	NIFSR* N\$'000	Credit risk reserve N\$'000	SBCR** N\$'000	Fair value reserve N\$'000	General banking reserve N\$'000	FCTR*** N\$'000	Retained earnings N\$'000	Non-controlling interests N\$'000	Total equity N\$'000
For the six months ended 31 December 2019 (reviewed)											
Balance at 1 July 2019	720,302	51,125	–	34,829	23,221	695	3,843,797	5,000	1,136,427	345,382	6,160,778
Movement in treasury shares	(759)	–	–	–	–	–	–	–	–	–	(759)
Total comprehensive income for the period	–	–	(11,297)	–	–	(6,263)	–	1,690	509,661	48,130	541,921
Profit for the period	–	–	–	–	–	–	–	–	509,661	47,564	557,225
Other comprehensive income	–	–	(11,297)	–	–	(6,263)	–	1,690	–	566	(15,304)
Share-based payment charges	–	–	–	–	5,000	–	–	–	–	–	5,000
Profit on sale of treasury shares	–	–	–	–	–	–	–	–	(196)	–	(196)
Transfer between reserves	–	1,614	–	27,231	–	–	3,657	–	(32,502)	–	–
Change in ownership of subsidiary	–	–	–	–	–	–	–	–	2,436	(2,436)	–
Transfer of FCTR	–	–	–	–	–	–	–	2	–	(2)	–
Dividends	–	–	–	–	–	–	–	–	(184,362)	(12,238)	(196,600)
Balance at 31 December 2019	719,543	52,739	(11,297)	62,060	28,221	(5,568)	3,847,454	6,692	1,431,464	378,836	6,510,144
For the six months ended 31 December 2020 (reviewed)											
Balance at 1 July 2020	718,078	54,100	(19,483)	–	29,205	1,480	3,846,093	59,891	1,618,741	421,959	6,730,064
Movement in treasury shares	5,105	–	–	–	–	–	–	–	–	–	5,105
Total comprehensive income for the period	–	–	(16,920)	–	–	(104)	–	(49,827)	373,744	44,585	351,478
Profit for the period	–	–	–	–	–	–	–	–	379,385	48,757	428,142
Other comprehensive income	–	–	(16,920)	–	–	(104)	–	(49,827)	(5,641)	(4,172)	(76,664)
Share-based payment charges	–	–	–	–	1,250	–	–	–	–	–	1,250
Profit on sale of treasury shares	–	–	–	–	–	–	–	–	1,136	–	1,136
Transfer between reserves	–	955	–	377,858	–	–	476,398	–	(855,211)	–	–
Dividends	–	–	–	–	–	–	–	–	(96,995)	(14,213)	(111,208)
Balance at 31 December 2020	723,183	55,055	(36,403)	377,858	30,455	1,376	4,322,491	10,064	1,041,415	452,331	6,977,825

* Net investments in foreign subsidiary reserve ("NIFSR")

** Share-based compensation reserve ("SBCR")

*** Foreign currency translation reserve ("FCTR")



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 31 December 2020

	Non-distributable reserves				Distributable reserves						
	Share capital and premium N\$'000	Insurance fund reserve N\$'000	NIFSR* N\$'000	Credit risk reserve N\$'000	SBCR** N\$'000	Fair value reserve N\$'000	General banking reserve N\$'000	FCTR*** N\$'000	Retained earnings N\$'000	Non-controlling interests N\$'000	Total equity N\$'000
For the year ended 30 June 2020 (audited)											
Balance at 1 July 2019	720,302	51,125	—	34,829	23,221	695	3,843,797	5,000	1,136,427	345,382	6,160,778
Movement in treasury shares	(8,720)	—	—	—	—	—	—	—	—	—	(8,720)
Total comprehensive income for the year	—	—	(19,483)	—	—	26,291	—	54,889	760,973	104,157	926,827
Profit for the year	—	—	—	—	—	—	—	—	760,973	95,439	856,412
Other comprehensive income	—	—	(19,483)	—	—	26,291	—	54,889	—	8,718	70,415
Share-based payment charges	—	—	—	—	12,480	—	—	—	—	—	12,480
Vesting of shares	6,496	—	—	—	(6,496)	—	—	—	—	—	—
Profit on sale of treasury shares	—	—	—	—	—	—	—	—	1,917	—	1,917
Transfer between reserves	—	2,975	—	(34,829)	—	(25,506)	2,296	—	55,064	—	—
Change in ownership interest in subsidiary	—	—	—	—	—	—	—	—	2,436	(2,436)	—
Transfer of FCTR	—	—	—	—	—	—	—	2	—	(2)	—
Dividends	—	—	—	—	—	—	—	—	(338,076)	(25,142)	(363,218)
Balance at 30 June 2020	718,078	54,100	(19,483)	—	29,205	1,480	3,846,093	59,891	1,618,741	421,959	6,730,064

* Net investments in foreign subsidiary reserve ("NIFSR")

** Share-based compensation reserve ("SBCR")

*** Foreign currency translation reserve ("FCTR")

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 31 December 2020

	Six months ended		Year ended
	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
<i>Cash flows from operating activities</i>			
Cash generated from/(utilised in) operations	1,101,758	(421,039)	1,933,045
Dividends received	2,055	47,144	97,350
Other interest received	246	453	891
Taxes paid	(159,508)	(191,751)	(353,500)
Net cash generated from/(utilised in) operating activities	944,551	(565,193)	1,677,786
<i>Cash flows from investing activities</i>			
Additions to property and equipment	(52,545)	(25,910)	(103,005)
Proceeds on sale of property and equipment	–	315	112
Additions to intangible assets	(20,157)	(25,702)	(70,668)
Acquisition of associates	–	(218,935)	(215,003)
Net cash utilised in investing activities	(72,702)	(270,232)	(388,564)
<i>Cash flows from financing activities</i>			
Treasury shares acquired	(10,341)	(11,712)	(21,698)
Treasury shares sold	20,002	10,757	26,058
Proceeds from other borrowings	171,230	–	146,435
Other borrowings payments	(263,299)	(83,636)	(312,868)
Redemption of debt securities in issue	(446,000)	(407,436)	(762,182)
Proceeds from the issue of debt securities	333,331	142,750	700,872
Lease payments made	–	–	(89,617)
Dividends paid	(111,234)	(196,600)	(363,218)
Net cash utilised in financing activities	(306,311)	(545,877)	(676,218)
Net increase/(decrease) in cash and cash equivalents	565,538	(1,381,302)	613,004
Net (decrease)/increase in cash and cash equivalents from discontinued operations	(5,690)	–	(70,388)
Cash and cash equivalents at the beginning of the period	6,277,817	5,791,650	5,791,650
Effects of exchange rate changes on cash and cash equivalents	(8,419)	(48,106)	(56,449)
Cash and cash equivalents at the end of the period	6,829,246	4,362,242	6,277,817



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

1. GENERAL INFORMATION

Capricorn Group Ltd ("Capricorn Group" or "the Group") is a Namibian registered company that acts as an investment holding company and provides consulting and support services to the other Group companies. Its main investments comprise 100% shareholdings in Bank Windhoek Ltd ("BW"), Namib Bou (Pty) Ltd, Capricorn Asset Management (Pty) Ltd, Capricorn Unit Trust Management Company Ltd, Capricorn Mobile (Pty) Ltd, Capricorn Capital (Pty) Ltd, Capricorn Investment Group (Pty) Ltd and Capricorn Hofmeyer Property (Pty) Ltd. The company has a 84.8% shareholding in Capricorn Investment Holdings (Botswana) Ltd, which in turn holds 100% of the share capital in Bank Gaborone Ltd ("BG"), a 99.7% shareholding in Capricorn Capital Holdings Zambia Plc, which owns 100% of Cavmont Bank Ltd ("CB"), a 55.5% shareholding in Entrepo Holdings (Pty) Ltd ("Entrepo") which owns 100% of Entrepo Life Ltd and Entrepo Finance (Pty) Ltd, a 29.5% shareholding in Sanlam Namibia Holdings (Pty) Ltd, a 28% shareholding in Santam Namibia Ltd, a 17.7% shareholding in Paratus Namibia Holdings Ltd and a 30.0% shareholding in Paratus Group Holdings Ltd.

These condensed consolidated interim financial statements were approved for issue on 23 February 2021 and have been reviewed, not audited.

2. BASIS OF PRESENTATION

The reviewed condensed consolidated interim financial statements of Capricorn Group Ltd for the six months ended 31 December 2020, have been prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards ("IFRS"), interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC"), and presentation and disclosure requirements of the International Accounting Standard (IAS) 34 Interim Financial Reporting as well as the Companies Act of Namibia. The condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2020, which have also been prepared in accordance with IFRS.

The comparative information presented in the statement of comprehensive income has been represented to exclude the discontinued operation, which is disclosed separately in note 22.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for amendments listed in note 5. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 June 2020, except for amendments listed in note 5.

5. STANDARDS AND INTERPRETATIONS ISSUED

5.1 Standards and interpretations issued affecting amounts reported and disclosures in the current financial period

There are no new standards issued affecting amounts reported in the current financial period.

5.2 Standards and interpretations issued but not yet effective

Standard issued but not yet effective that could have a material impact on the Group is IFRS 17 Insurance Contracts.

6. SEASONALITY OF OPERATIONS

Capricorn Group does not experience any significant seasonality of business operations.

7. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

7.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 June 2020. There have been no significant changes in the risk management department or risk management policies since the year-end.

7.2 Liquidity risk

Senior debt to the value of N\$317 million was raised during the six months ended 31 December 2020 under the Group's Medium Term Note Programme registered with the NSX and JSE.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

7. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

7.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – 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). This level includes the majority of the over-the-counter derivative contracts, traded loans and issued structured debt. The sources of input parameters like JIBAR yield curve or counterparty credit risk are Bloomberg and Reuters.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. No transfers of financial instruments have been made between fair value hierarchy levels during the six months ended 31 December 2020. There were no changes in valuation techniques during the period.

Assets and liabilities measured at fair value

	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
As at 31 December 2020 (reviewed)				
<i>Financial assets measured at fair value</i>				
Financial assets measured at fair value through profit or loss	1,265,815	577,482	–	1,843,297
Financial assets measured at fair value through other comprehensive income	–	5,072,761	–	5,072,761
	1,265,815	5,650,243	–	6,916,058
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments (included in other liabilities)	–	10,971	–	10,971
As at 31 December 2019 (reviewed)				
<i>Financial assets measured at fair value</i>				
Financial assets measured at fair value through profit or loss	669,875	1,578,667	–	2,248,542
Financial assets measured at fair value through other comprehensive income	2,516	5,159,370	1,454	5,163,340
	672,391	6,738,037	1,454	7,411,882
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments (included in other liabilities)	–	4,801	–	4,801
As at 30 June 2020 (audited)				
<i>Financial assets measured at fair value</i>				
Financial assets at fair value through profit or loss	953,980	1,360,353	–	2,314,333
Financial assets at fair value through other comprehensive income	2,479	5,769,641	1,513	5,773,633
	956,459	7,129,994	1,513	8,087,966
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments (included in other liabilities)	–	10,863	–	10,863



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

7. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

7.3 Fair value estimation (continued)

			Valuation inputs – ranges		
	Valuation technique	Type of input	31 Dec 2020 Reviewed	31 Dec 2019 Reviewed	30 June 2020 Audited
Details of level 2 fair value instruments:					
<i>Financial assets measured at fair value</i>					
Treasury bills	Income approach*	Note 1	BW: 4.0% – 4.4% BG: 1.0 – 1.5%	BW: 6.8% – 7.8% BG: 1.7 – 2.3%	BW: 4.2% – 4.6% BG: 1.0% – 1.5%
Government stock	Income approach*	Note 1	BW & Entrepo: 4.7% – 9.6%	BW & Entrepo: 7.0% – 10.4%	BW & Entrepo: 5.1% – 10.4%
Unit trust funds	Market approach**	Note 2	BW: 4.1% – 4.6%	BW: 7.1% – 7.7%	BW: 5.1% – 5.8%
Other debt securities					
– Corporate bonds	Income approach*	Note 1	N/A	9.1%	5.8%
– OTC currency options	Income approach*	Note 1	US\$15.3 €17.26	US\$13.6 – 17.6	US\$15.2 – 21.02 €16.8 – 17.3
– Derivative financial instruments	Income approach*	Note 1	8.1% – 10.3%	7.7% – 10.3%	8.1% – 10.3%
<i>Financial liabilities measured at fair value</i>					
Derivative financial instruments	Income approach*	Note 1	8.1% – 10.3%	7.7% – 10.3%	8.1% – 10.3%
<i>Financial assets for which the fair value is disclosed</i>					
	Income approach*	Note 1	N/A	N/A	N/A
Treasury bills	Income approach*	Note 1		CB: 25.4% – 27.5%	
	Income approach*	Note 1	BW: 7.5% – 9.8%	BW: 7.5% – 10.4%	BW: 5.1% – 10.4%
Government stock	Income approach*	Note 1	–	–	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

7. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

7.3 Fair value estimation (continued)

			Valuation inputs – ranges		
	Valuation technique	Type of input	31 Dec 2020 Reviewed	31 Dec 2019 Reviewed	30 June 2020 Audited
Loans and advances to customers					
				BW: 10.3 % BG: 6.3 %	
– Discount rate	Income approach*	Note 1	BW: 7.5% BG: 5.3% Entrepo: 15.3%	CB: 12.0 % – 31.0 % Entrepo: 18.5 % – 21.5 %	BW: 7.75 % BG: 5.8 % Entrepo: 15.5 %
				BW: 6.5 % – 19.1 % BG: 4.3 % – 41.0 %	BW: 4.0 % – 16.6 % BG: 3.8 % – 32.0 %
– Earnings rate	Income approach*	Note 2	BW: 4.1% – 14.8% BG: 3.3% – 32.0% Entrepo: 15.3% – 21.0%	CB: 8.0 % – 33.3 % Entrepo: 18.5 % – 21.5 %	BW: 4.0 % – 16.6 % BG: 3.8 % – 32.0 % Entrepo: 15.5 % – 21.5 %
– Term to maturity	Income approach*	Note 3	3 – 360 mths	3 – 360 mths	3 – 360 mths
Other borrowings					
– Discount rate	Income approach*	Note 1	BW: 4.5% – 8.3% CG: 3.3%***	BW: 7.7 % – 10.6 % CG: 4.2 %***	BW: 4.8 % – 8.8 % CG: 3.7 %***
– Earnings rate	Income approach*	Note 2	BW: 4.5% – 10.9% CG: 3.3%***	BW: 7.6 % – 14.5 % CG: 4.2 %***	BW: 4.6 % – 12.4 % CG: 3.7 %***
Debt securities in issue					
Five-year callable bonds	Income approach*	Note 1	BW: N/A BG: 2.6%	BW: 9.8 % BG: 3.6 %	BW: 6.1 % BG: 2.6 %
Senior debt – unsecured	Income approach*	Note 1	BW: 4.3% – 6.0% BG: 2.6%	BW: 7.7 % – 9.9 % BG: 7.0 %	BW: 5.4 % – 6.6 % BG: 2.6 %
Deposits					
Promissory notes	Income approach*	Note 1	BW: 3.3% – 3.8%	BW: 6.8 % – 7.6 %	BW: 3.9 % – 4.3 %

* Income approach: Present value of expected future cash flows.

** Market approach: The fair value is determined with reference to the daily published market prices.

*** Loan denominated in US dollars.

Note 1: Observable interest rates and yield curves observable at commonly quoted intervals.

Note 2: Contractual interest rates per transaction observable on the banking system.

Note 3: Contractual maturities per transaction observable on the banking system.

BW: Bank Windhoek Ltd

BG: Bank Gaborone

CB: Cavmont Bank Ltd

CG: Capricorn Group



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

7. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

7.3 Fair value estimation (continued)

The following table represents the fair value of financial instruments carried at amortised cost on the statement of financial position:

	December 2020		December 2019		June 2020	
	Carrying value Reviewed	Fair value Reviewed	Carrying value Reviewed	Fair value Reviewed	Carrying value Audited	Fair value Audited
Financial assets						
Cash and balances with the central bank	1,762,050	1,762,050	1,247,283	1,247,283	909,117	909,117
Financial assets at amortised cost	722,760	817,417	839,553	894,591	712,757	787,665
Due from other banks	2,536,002	2,536,002	1,649,729	1,649,729	2,996,527	2,996,527
Loans and advances to customers	40,725,412	39,486,911	39,715,279	39,091,011	40,078,622	39,690,536
Other assets	429,069	429,069	462,382	462,382	398,656	398,656
Financial liabilities						
Due to other banks	18,496	18,496	1,273,584	1,273,584	969,143	969,143
Other borrowings	740,945	749,042	913,026	950,695	861,502	869,065
Debt securities in issue	5,454,403	5,462,424	5,411,139	5,617,666	5,642,291	5,664,993
Deposits	40,800,656	40,805,740	37,924,064	37,945,224	39,323,264	39,323,495
Other liabilities	760,161	760,161	858,251	858,251	1,297,597	1,297,597

8. CAPITAL MANAGEMENT

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended 30 June 2020 and the six-month periods ended 31 December 2020 and 31 December 2019. During these three periods, the individual entities within the Group complied with all of the externally imposed capital requirements to which they are subjected.

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Tier 1 capital			
Share capital and premium	754,956	765,507	760,667
General banking reserves	4,348,438	3,784,408	3,868,463
Retained earnings	1,501,498	1,441,120	2,188,674
Minority interests	210,326	182,106	214,424
Subtotal	6,815,218	6,173,141	7,032,228
Deduct: 50 % investments in Group entities			
Goodwill	(208,285)	(101,489)	(101,489)
50 % investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(401,945)	(416,231)	(411,574)
Net total Tier 1 capital	6,204,988	5,655,421	6,519,165

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

8. CAPITAL MANAGEMENT (continued)

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Tier 2 capital			
Subordinated debt	323,086	409,572	433,535
Five-year callable bonds	323,086	409,572	433,535
Current unaudited profits (including dividends paid and transfers to general banking reserves)	4,338	336,316	–
Portfolio impairment	434,947	376,114	392,626
Minority interests and foreign currency translation adjustments	82,907	57,545	–
Subtotal	845,278	1,179,547	826,161
Deduct: 50 % investments in Group entities 50 % investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(371,874)	(371,874)	(371,874)
Net total Tier 2 capital	473,404	807,673	454,287
Net total Tier 3 capital	(32,056)	–	(33,947)
Total regulatory capital	6,646,336	6,463,094	6,939,505
Risk-weighted assets:			
Operational risk	4,966,655	5,151,778	5,112,099
Credit risk	41,910,691	38,469,543	41,354,688
Market risk	393,025	801,406	654,509
Total risk-weighted assets	47,270,371	44,422,727	47,121,296
Capital adequacy ratios:			
Leverage capital ratio	11.7%	11.4%	12.1%
Tier 1 risk-based capital ratio	13.1%	12.7%	13.8%
Total risk-based capital ratio	14.1%	14.6%	14.7%

9. INCOME TAXES

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2020 is 28.2% (30 June 2020: 27.2% and 31 December 2019: 28.3%).

10. FINANCIAL ASSETS AT AMORTISED COST

The decrease in financial assets at amortised cost from 31 December 2019 is mainly due to the reclassification of certain financial assets to assets held for sale.

11. INTANGIBLE ASSETS

Total additions in intangible assets during the period under review are mainly due to the capitalisation of development costs of internally generated assets of N\$20.2 million, which also represents the total additions and transfers for the period.

12. PROPERTY AND EQUIPMENT

Total additions to property and equipment during the period ended 31 December 2020 amounted to N\$52.5 million.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

13. OTHER BORROWINGS

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Opening balance	861,502	996,372	996,372
Additions	171,230	–	146,435
Repayments	(263,299)	(83,636)	(312,868)
Accrued interest	25,054	45,473	85,256
Coupon payments	(24,604)	(43,206)	(83,728)
Foreign exchange (gain)/loss	(28,938)	(1,977)	30,035
Closing balance	740,945	913,026	861,502

Other borrowings consist of N\$920 million long-term funding with International Finance Corporation (“IFC”), of which N\$601 million has been repaid to date, as well as a long-term loan from Agence Française de Développement (“AFD”) of N\$216 million. The balance is further made up of a Bank One loan of N\$146 million and a loan from the Caliber Capital Trust of N\$60 million.

The IFC loan is repayable semi-annually over a seven-year term with quarterly interest repayments. The first capital repayment was made in December 2017. Interest on the IFC loan is charged at three-month JIBAR plus an average spread of 2.95%.

The AFD loan is repayable semi-annually over a seven-year term with quarterly interest repayments. The first capital repayment is due in December 2020. Interest on the AFD loan is charged at three-month JIBAR plus a spread of 1.131%.

The interest on the Bank One loan is payable quarterly over the one-year term of the loan with the capital amount being repayable at the end of the loan. Interest on the Bank One loan is charged at three-month LIBOR plus a spread of 2.3%.

The Caliber Capital Trust loan bears interest at Bank Windhoek prime plus 3.5% and is repayable at the end of the loan term.

The Group complied with all debt covenant requirements relating to these loans in the current financial year.

14. EARNINGS AND HEADLINE EARNINGS PER ORDINARY SHARE

	December 2020 Reviewed		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit from continuing operations attributable to the equity holders of the parent entity			420,301
<i>Headline adjustments</i>	–	–	–
Headline earnings			420,301
Loss from discontinued operation attributable to the equity holders of the parent entity			(40,916)
<i>Headline adjustments</i>	15,384	–	15,384
Costs related to the sale of subsidiary	15,384	–	15,384
Headline earnings			(25,532)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

14. EARNINGS AND HEADLINE EARNINGS PER ORDINARY SHARE (continued)

	December 2019 Reviewed		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit from continuing operations attributable to the equity holders of the parent entity			539,646
<i>Headline adjustments</i>	(103)	29	(74)
Profit on sale of property and equipment	(103)	29	(74)
Headline earnings			539,572
Loss from discontinued operation attributable to the equity holders of the parent entity			(29,985)
Headline earnings			(29,985)
	June 2020 Audited		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit from continuing operations attributable to the equity holders of the parent entity			913,387
<i>Headline adjustments</i>	43,473	(114)	43,359
Loss on disposal of assets	1,781	(114)	1,667
Impairment loss on intangible assets	18,205	–	18,205
Fair value loss on disposal of shares in associate	23,487	–	23,487
Headline earnings			956,746
Loss from discontinued operation attributable to the equity holders of the parent entity			(152,414)
<i>Headline adjustments</i>	1	–	1
Other	1	–	1
Headline earnings			(152,413)



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

14. EARNINGS AND HEADLINE EARNINGS PER ORDINARY SHARE (continued)

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Number of ordinary shares in issue at period-end ('000)	519,184	519,184	519,184
Less: Treasury shares	(3,557)	(7,068)	(7,239)
Weighted average number of ordinary shares in issue during the period ('000)	515,627	512,116	511,945
Diluted weighted average number of ordinary shares in issue during the period ('000)	517,077	512,934	513,395
<i>Earnings per ordinary share (cents) from continuing operations</i>			
Basic	81.5	105.4	178.4
Fully diluted	81.3	105.2	177.9
<i>Headline earnings per ordinary share (cents) from continuing operations</i>			
Basic	81.5	105.4	186.9
Fully diluted	81.3	105.2	186.4
<i>Earnings per ordinary share (cents) from discontinued operations</i>			
Basic	(7.9)	(5.9)	(29.8)
Fully diluted	(7.8)	(5.8)	(29.7)
<i>Headline earnings per ordinary share (cents) from discontinued operations</i>			
Basic	(5.0)	(5.9)	(29.7)
Fully diluted	(4.9)	(5.8)	(29.7)
<i>Earnings per ordinary share (cents)</i>			
Basic	73.6	99.5	148.6
Fully diluted	73.5	99.4	148.2
<i>Headline earnings per ordinary share (cents)</i>			
Basic	76.5	99.5	157.2
Fully diluted	76.4	99.3	156.7

15. NET ASSET VALUE PER ORDINARY SHARE

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Net assets (excluding non-controlling interest) (N\$'000)	6,525,494	6,131,308	6,308,105
Number of ordinary shares in issue at period-end ('000)	515,627	512,116	511,945
Net asset value per ordinary share (cents)	1,266	1,197	1,232

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

16. DIVIDENDS PER SHARE

Capricorn Group declared and paid dividends amounting to N\$103.8 million during the six-month period ended 31 December 2020 (30 June 2020: N\$342.7 million and 31 December 2019: N\$186.9 million).

Refer to note 21 for dividends declared after the reporting period.

17. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
17.1 Capital commitments			
Contracted for but not yet incurred	5,190	9,314	1,743
Authorised but not contracted for	188,816	157,541	227,613
17.2 Letters of credit	96,427	107,460	209,717
17.3 Liabilities under guarantees	1,791,733	1,165,290	1,345,544
17.4 Loan commitments	2,804,978	1,827,896	2,757,157

17.5 Pending litigations

There are a few pending legal or potential claims against the Group, the outcome of which cannot at present be foreseen. These claims are not regarded as material, either on an individual or Group basis. Provisions have been raised for these to the extent that the outcome is known.

18. RELATED PARTIES

The Group did not enter into material new related party transactions and balances for the six months ended 31 December 2020.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

19. SEGMENT INFORMATION

The Group considers its banking operations in Namibia and Botswana and microlending activities in Namibia as three operating segments. Other components include property development, unit trust management and asset management. However, these components each contribute less than 10% to the Group revenue, assets and net profit after tax, therefore the Group has no significant components other than banking and microlending activities. This is consistent with the internal reporting provided to the chief operating decision-maker, identified as the Group chief executive officer. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed	June 2020 N\$'000 Audited
Operating income			
Banking – Namibia	1,152,599	1,350,649	2,443,825
Microlending – Namibia	148,025	134,208	278,745
Banking – Botswana	191,018	176,681	353,672
Other	71,333	55,199	124,997
Total	1,562,975	1,716,737	3,201,239
Profit after tax for the period			
Banking – Namibia	298,251	443,492	721,448
Microlending – Namibia	100,256	96,519	202,630
Banking – Botswana	25,532	32,615	54,206
Other	4,103	(15,401)	(121,872)
Total	428,142	557,225	856,412
Total assets			
Banking – Namibia	43,032,327	41,199,327	42,852,688
Microlending – Namibia	1,365,139	1,366,790	1,459,685
Banking – Botswana	8,849,390	7,901,430	9,055,401
Other	2,973,536	2,438,783	2,970,352
Total	56,220,392	52,906,330	56,338,126

20. EVENTS SUBSEQUENT TO PERIOD-END

Dividends declared

On 23 February 2021 an interim dividend of 22 cents per ordinary share was declared for the period ended 31 December 2020, payable on 31 March 2021. The last day to trade shares on a cum dividend basis is on 12 March 2021, the first day to trade ex dividend is 15 March 2021 and the record date is 19 March 2021. The interim dividend has not been recognised as a liability in the condensed consolidated interim financial statements. It will be recognised in the statement of changes in equity for the year ended 30 June 2021.

Sale of Cavmont Bank

During January 2021, the Group concluded the sale of its banking subsidiary, Cavmont Bank Ltd, a wholly owned subsidiary of Cavmont Capital Holdings Zambia Plc to Access Bank (Zambia) Ltd, a subsidiary of Access Bank Plc.

21. DIRECTOR RETIREMENT

Mr Kephass Brian Black retired from the Capricorn Group board at the annual general meeting held on 27 October 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 December 2020

22. DISCONTINUED OPERATION

Description

On 31 July 2020 the Group signed a Share Purchase Agreement with Access Bank (Zambia) Ltd, a subsidiary of Access Bank Plc, to sell its banking subsidiary in Zambia, Cavmont Bank Ltd, a wholly owned subsidiary of Cavmont Capital Holdings Zambia Ltd ("CCHZ"). The transaction was concluded during January 2021. Following the sale of Cavmont Bank Ltd, the shareholders also approved the delisting of CCHZ from the Lusaka Securities Exchange ("LuSe"), which became effective on 14 January 2021.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 31 December 2020 and 31 December 2019.

	December 2020 N\$'000 Reviewed	December 2019 N\$'000 Reviewed
Net interest income	41,796	44,935
Credit impairment losses	(20,284)	(1,312)
Non-interest income	26,167	27,132
Operating income	47,679	70,755
Operating expenses	(73,211)	(114,713)
Loss before income tax	(25,532)	(43,958)
Income tax expense	–	13,330
Loss after tax from discontinued operations	(25,532)	(30,628)
Costs related to the sale of subsidiary	(15,384)	–
Loss from discontinued operations	(40,916)	(30,628)
Exchange differences on translation of discontinued operations	(30,796)	(304)
Other comprehensive income from discontinued operations	(71,712)	(30,932)



Details for QR code

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Alternatively, visit <https://www.capricorn.com.na/Pages/News-Centre/Capricorn-Group-IR2021.aspx>



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