'21 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (reviewed)

for the six months ended 31 December 2021

Capricorn Group

Contents

FINANCIAL PERFORMANCE OVERVIEW	2
STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS	4
INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	5
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	12

Capricorn Group Limited and its subsidiaries
Registration no: 96/300

Profit from continuing operations
+23.8 % to N$580.5 million
(December 2020: N$469.1 million)

Capital adequacy ratio
15.1 %
(June 2021: 15.0 %)

Gross loans and advances
+3.6 % to N$43.7 billion
(June 2021: N$42.1 billion)

Dividend
32 cents
(December 2020: 22 cents)

Net asset value per share
+5.3 % to 1,363 cents
(June 2021: 1,294 cents)

Financial performance overview

Benefitting from an improved operating environment

- During the six months ended 31 December 2021, the Namibian and Botswana economies benefitted from an improved operating environment and less severe COVID-19 restrictions, when compared to the six months ended 31 December 2020. The increased economic activity, albeit from a low base, had a positive impact on the performance of Capricorn Group ("the Group") with profit from continuing operations increasing by N$111.4 million (23.8 %) year-on-year. Profit from continuing operations of N$580.5 million, however, remains slightly below the pre-COVID profit reported for the six months ended 31 December 2019 (N$587.8 million).
- As previously reported, the sale of Cavmont Bank Limited was concluded on 4 January 2021. Consequently, the N$40.9 million losses relating to our Zambian operations in the comparative period were not repeated in the current period.

Group financial performance

- **Net interest income** increased by 4.9 % year-on-year mainly attributable to an improvement of 50 basis points ("bps") in the net interest margins of Bank Windhoek as a result of an effective funding repricing. Bank Windhoek's net-interest margin increased to 4.4 % for the period ended 31 December 2021 (December 2020: 3.9 %). Over the same period, Bank Gaborone's net interest margin decreased from 3.9 % to 3.5 % following aggressive pricing in the market to attract and retain deposits. Although liquidity is available in Botswana, it is being priced at a premium.
- **Impairment charges** decreased by 21.6 % year-on-year to N$182.0 million, mainly attributable to the improved operating environment positively impacting the key credit risk indicators of the banks. However, the severe impact of the COVID-19 pandemic is still very prevalent, as illustrated by impairment charges for the six months still significantly exceeding pre-COVID charges of N$54.3 million reported for the six months ended 31 December 2019.
- **Non-interest income** increased by N$130.1 million (18.4 %) thanks largely to a significant increase in net trading income of N$69.7 million (180.2 %), mainly from foreign exchange trades and derivatives. Transaction-based fee income increased by N$42.9 million (8.6 %), driven mainly by increased transaction volumes on the back of improved economic activity. Furthermore, the Group's non-interest income was well supported by its diversified revenue streams with net insurance income and asset management fee income increasing by N$11.0 million (20.9 %) and N$3.9 million (5.1 %) respectively
- Despite Namibian inflation increasing to 4.5 % as at 31 December 2021, **operating expenses** growth was well contained at 4.1 % year-on-year. This bears testimony to the Group's focus and ability to contain costs. The increase is mainly due to:
  - Employee costs increased by N$22.1 million (3.9 %), mostly relating to annual salary increases;
  - Operational banking expenses increased by N$7.3 million (7.0 %) on the back of increased transaction volumes in the current period; and
  - Consulting fees increased by N$7.3 million (27.5 %) driven by increased use (during the current period) of external consultants and advisors as part of the implementation of the current Group strategy.
- **Income from associates** decreased by 33.9 % year-on-year, following a significant volume of life insurance claims resulting from the COVID-19 third wave in Namibia during the months of July and August 2021.

VALUE CREATION SUMMARY

The value created by the Group from its improved performance is shared by all of its stakeholders, as illustrated below:

Employees
N$580.8 million
(31.7%)

Suppliers
N$201.2 million
(11.0%)

Government
N$367.4 million
(20.0%)

Capricorn Foundation
N$7.7 million
(0.4%)

Shareholders
N$223.5 million
(12.2%)

Value retained for future expansion
N$452.4 million
(24.7%)

Statement of Financial Position

- Capricorn Group reflected a healthy **liquidity** position as at 31 December 2021 as the Group's liquid assets increased by 10.1% year-on-year. Liquid assets exceeded regulatory requirements in Namibia and Botswana by 109% and 55% respectively.
- **Gross loans and advances** increased by 3.6% to N$43.7 billion during the six months ended 31 December 2021. Bank Windhoek's growth of 2.6% is well above annualised Namibian private sector credit extension growth of 1.2%, indicating the ability and intention of the Group to extend financing to continue to support clients during the pandemic. This growth was mainly attributable to commercial loans. mortgage loans and article finance. Bank Gaborone increased gross loans and advances by 2.8% to P5.1 billion, but due to the strengthening of the pula, this translated to a 6.1% growth in Namibian dollar terms. Entrepo's loan book increased by 2.8% to N$1.47 billion.
- Asset quality remained a key focus area for the Group. Despite the challenging economic environment, the Group's total **non-performing loans ("NPLs")**, increased by 4.5% since June 2021 to N$2.57 billion. This resulted in the NPL ratio increasing marginally from 5.8% to 5.9%. This is well below the industry average NPLs in Namibia, reflecting the effectiveness of the Group's proactive approach with regards to credit risk management.
- The Group maintained its strong capital position and remains well capitalised with a total risk-based capital adequacy ratio of 15.1% (June 2021: 15.0%), well above the minimum regulatory capital requirement of 10.0%.

Outlook

Following modest economic growth in Namibia and Botswana in 2021, the Group expects further economic recovery as COVID-19 restrictions are relaxed and the global pandemic inches closer to endemic status. Thus, the outlook is for improved economic conditions both in Namibia and Botswana, albeit from a lower base.

As we embark on the future, the stability and sustainability of the Group for the benefit of all stakeholders remain our key priority.

Interim dividend

The Group declared an interim dividend of 32 cents per ordinary share. The interim dividend per share for the period under review is 45.5% higher than the interim dividend per share of 22 cents declared during February 2021. As always, the Group seeks to declare an interim dividend that balances prudency, in preserving the Group's capital and liquid asset position, with a fair dividend yield for investors in the current low interest rate environment.

- Last day to trade cum dividend: 11 March 2022
- First day to trade ex-dividend: 14 March 2022
- Record date: 18 March 2022
- Payment date: 30 March 2022

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, play 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 23 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.

The condensed consolidated interim financial statements have been reviewed by the independent auditing firm, PricewaterhouseCoopers, which 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 23, were authorised and approved for issue by the board on 23 February 2022 and are signed on its behalf:

D G Fourie
Group chairperson

M J Prinsloo
Group chief executive officer

Independent Auditor's Review Report on the Condensed Consolidated Financial Statements

to the shareholders of Capricorn Group Limited

We have reviewed the condensed consolidated interim financial statements of Capricorn Group Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2021 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 2021 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.

Pricewaterhouse Coopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek
23 February 2022

Condensed consolidated statement of comprehensive income

for the six months ended 31 December 2021

	Notes	Six months ended December 2021 N$'000 Reviewed	Six months ended December 2020 N$'000 Reviewed (Restated)	Year ended June 2021 N$'000 Audited
Interest and similar income		2,009,225	2,043,745	4,057,427
Interest and similar expenses		(867,117)	(955,057)	(1,802,124)
Net interest income		1,142,108	1,088,688	2,255,303
Impairment charges		(181,950)	(232,095)	(443,748)
Net interest income after impairment charges		960,158	856,593	1,811,555
Non-interest income		836,496	706,382	1,475,911
Operating income		1,796,654	1,562,975	3,287,466
Operating expenses		(1,026,815)	(986,029)	(1,996,935)
Operating profit		769,839	576,946	1,290,531
Share of associates' results after tax		36,337	55,013	103,613
Profit before income tax		806,176	631,959	1,394,144
Income tax expense		(225,677)	(162,901)	(369,843)
Profit from continuing operations		580,499	469,058	1,024,301
Loss from discontinued operations	22	–	(40,916)	(41,274)
Profit for the period		580,499	428,142	983,027
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Change in value of financial assets at fair value through other comprehensive income		142	(104)	(341)
Income tax expense		(45)	33	109
Items that may subsequently be reclassified to profit or loss				
Change in value of debt instruments at fair value through other comprehensive income		(14,377)	(8,344)	(38,353)
Income tax expense related to change in fair value of debt instruments at fair value through other comprehensive income		3,415	2,670	12,273
Loss on net investments in foreign subsidiary		–	(16,920)	–
Exchange differences on translation of foreign operations		31,702	(23,203)	(48,436)
Exchange differences on translation of discontinued operations		–	(30,796)	(30,834)
Total comprehensive income for the period/year		601,336	351,478	877,445
Profit attributable to:				
Equity holders of the parent entity		526,438	379,385	872,326
Non-controlling interests		54,061	48,757	110,701
		580,499	428,142	983,027

Condensed consolidated statement of comprehensive income continued

for the six months ended 31 December 2021

	Notes	Six months ended December 2021 N$'000 Reviewed	Six months ended December 2020 N$'000 Reviewed (Restated)	Year ended June 2021 N$'000 Audited
Total comprehensive income attributable to:				
Equity holders of the parent entity		542,874	306,867	773,623
Non-controlling interests		58,462	44,611	103,822
		601,336	351,478	877,445
Total comprehensive income attributable to:				
Continuing operations		601,336	423,190	949,553
Discontinued operations	22	–	(71,712)	(72,108)
		601,336	351,478	877,445
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	102.9	81.5	178.7
Fully diluted (cents)	14	102.6	81.3	178.2
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)	(8.0)
Fully diluted (cents)	14	–	(7.8)	(8.0)
Earnings per ordinary share in respect of the profit attributable to the equity holders of the parent entity during the period:				
Basic (cents)	14	102.9	73.6	170.7
Fully diluted (cents)	14	102.6	73.5	170.1

Condensed consolidated statement of financial position

as at 31 December 2021

	Notes	Six months ended December 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	Year ended June 2021 N$'000 Audited
ASSETS				
Cash and balances with the central bank		1,718,894	1,762,050	1,319,389
Financial assets at fair value through profit or loss		2,377,055	1,843,297	2,250,127
Financial assets at amortised cost	10	868,535	722,760	850,057
Financial assets at fair value through other comprehensive income		5,118,403	5,072,761	5,120,236
Due from other banks		3,064,274	2,536,002	3,568,665
Loans and advances to customers		42,196,992	40,725,412	40,829,687
Other assets		390,988	525,455	419,142
Current tax asset		147,723	106,686	122,694
Investment in associates		447,985	639,907	524,938
Intangible assets	11	328,653	300,554	284,789
Property and equipment	12	615,352	584,370	609,798
Deferred tax asset		98,367	80,609	113,469
Assets held for sale		–	1,320,529	–
Total assets		57,373,221	56,220,392	56,012,991
LIABILITIES				
Due to other banks		1,041,275	18,496	762,313
Other borrowings	13	603,308	740,945	692,719
Debt securities in issue		5,954,117	5,454,403	6,050,509
Deposits		41,100,574	40,800,656	40,179,699
Other liabilities		1,151,874	932,545	1,199,498
Current tax liability		5,295	1,932	7,786
Deferred tax liability		–	177	118
Post-employment benefits		16,616	28,575	16,126
Liabilities held for sale		–	1,264,838	–
Total liabilities		49,873,059	49,242,567	48,908,768
EQUITY				
Share capital and premium		718,263	723,183	714,575
Non-distributable reserves		56,958	396,510	209,149
Distributable reserves		6,199,655	5,405,801	5,690,210
		6,974,876	6,525,494	6,613,934
Non-controlling interests in equity		525,286	452,331	490,289
Total shareholders' equity		7,500,162	6,977,825	7,104,223
Total equity and liabilities		57,373,221	56,220,392	56,012,991

Condensed consolidated statement of changes in equity

for the six months ended 31 December 2021

		Non-distributable reserves				Distributable reserves						
	Share capital and premium N$'000	Insurance fund reserve N$'000	NIFSR*	Margin entitle-ment reserve	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 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
For the six months ended 31 December 2021 (reviewed)												
Balance at 1 July 2021	714,575	55,990	–	–	153,159	33,110	1,139	4,522,236	(12,508)	1,146,233	490,289	7,104,223
Movement in treasury shares	3,688	–	–	–	–	–	–	–	–	–	–	3,688
Total comprehensive income for the period	–	–	–	–	–	–	(10,865)	–	27,301	526,438	58,462	601,336
Profit for the period	–	–	–	–	–	–	–	–	–	526,438	54,061	580,499
Other comprehensive income	–	–	–	–	–	–	(10,865)	–	27,301	–	4,401	20,837
Share-based payment charges	–	–	–	–	–	1,329	–	–	–	–	–	1,329
Profit on sale of treasury shares	–	–	–	–	–	–	–	–	–	21	–	21
Transfer between reserves	–	966	–	2	(153,159)	–	–	89,997	–	62,194	–	–
Dividends	–	–	–	–	–	–	–	–	–	(186,970)	(23,465)	(210,435)
Balance at 31 December 2021	718,263	56,956	–	2	–	34,439	(9,726)	4,612,233	14,793	1,547,916	525,286	7,500,162

* *Net Investments in foreign subsidiary reserve ("NIFSR")*
** *Share-based compensation reserve ("SBCR")*
*** *Foreign currency translation reserve ("FCTR")*

Condensed consolidated statement of changes in equity continued

for the six months ended 31 December 2021

	Share capital and premium N$'000	Non-distributable reserves				Distributable reserves					Non-controlling interests N$'000	Total equity N$'000
		Insurance fund reserve N$'000	NIFSR*	Margin entitle-ment reserve	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		
For the year ended 30 June 2021 (audited)												
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	(13,536)	–	–	–	–	–	–	–	–	–	–	(13,536)
Total comprehensive income for the year	–	–	–	–	–	–	(26,312)	–	(72,391)	872,326	103,822	877,445
Profit for the year	–	–	–	–	–	–	–	–	–	872,326	110,701	983,027
Other comprehensive income	–	–	–	–	–	–	(26,312)	–	(72,391)	–	(6,879)	(105,582)
Share-based payment charges	–	–	–	–	–	13,938	–	–	–	–	–	13,938
Vesting of shares	10,033	–	–	–	–	(10,033)	–	–	–	–	–	–
Profit on sale of treasury shares	–	–	–	–	–	–	–	–	–	3,841	–	3,841
Transfer between reserves	–	1,890	–	–	153,159	–	25,971	676,143	–	(857,163)	–	–
Reclassification to retained earnings	–	–	19,483	–	–	–	–	–	–	(19,483)	–	–
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	(267,029)		(267,029)
Transfer of FCTR	–	–	–	–	–	–	–	–	(8)	–	8	–
Dividends	–	–	–	–	–	–	–	–	–	(205,000)	(35,500)	(240,500)
Balance at 30 June 2021	714,575	55,990	–	–	153,159	33,110	1,139	4,522,236	(12,508)	1,146,233	490,289	7,104,223

* *Net Investments in foreign subsidiary reserve ("NIFSR")*
** *Share-based compensation reserve ("SBCR")*
*** *Foreign currency translation reserve ("FCTR")*

Condensed consolidated statement of cash flows

for the six months ended 31 December 2021

	Six months ended		Year ended
	December 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	June 2021 N$'000 Audited
Cash flows from operating activities			
Cash generated from operations	**965,717**	1,101,758	986,102
Dividends received	**3,092**	2,055	87,615
Other interest received	**303**	246	632
Taxes paid	**(258,670)**	(159,508)	(435,209)
Net cash generated from operating activities	**710,442**	944,551	639,140
Cash flows from investing activities			
Additions to property and equipment	**(23,163)**	(52,545)	(187,831)
Additions to intangible assets	**(72,926)**	(20,157)	(64,170)
Proceeds on sale of subsidiary	**–**	–	738
Proceeds on sale of associate	**–**	–	96,466
Net cash utilised in investing activities	**(96,089)**	(72,702)	(154,797)
Cash flows from financing activities			
Treasury shares acquired	**(11,758)**	(10,341)	(15,842)
Treasury shares sold	**25,687**	20,002	20,370
Proceeds from other borrowings	**35,506**	171,230	231,198
Other borrowings payments	**(135,147)**	(263,299)	(362,579)
Redemption of debt securities in issue	**(253,339)**	(446,000)	(951,000)
Proceeds from the issue of debt securities	**237,006**	333,331	1,441,104
Lease payments made	**(34,796)**	–	(90,607)
Dividends paid	**(210,435)**	(111,234)	(240,500)
Net cash (utilised in)/generated from financing activities	**(347,276)**	(306,311)	32,144
Net increase in cash and cash equivalents	**267,077**	565,538	516,487
Net decrease in cash and cash equivalents from discontinued operations	**–**	(5,690)	–
Cash and cash equivalents at the beginning of the period/year	**6,771,027**	6,277,817	6,277,817
Effects of exchange rate changes on cash and cash equivalents	**(32,472)**	(8,419)	(23,277)
Cash and cash equivalents at the end of the period/year	**7,005,632**	6,829,246	6,771,027

Notes to the condensed consolidated financial statements

for the six months ended 31 December 2021

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 Capital (Pty) Ltd, Capricorn Investment Group (Pty) Ltd and Capricorn Hofmeyer Property (Pty) Ltd. The company has an 84.8% shareholding in Capricorn Investment Holdings (Botswana) Ltd, which in turn holds 100% of the share capital in Bank Gaborone Ltd (BG), 95.7% in Capricorn Asset Management (Pty) Ltd and Capricorn Unit Trust Management Company Ltd, 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, and a 30.0% shareholding in Paratus Group Holdings Ltd.

These condensed consolidated interim financial statements were approved for issue on 23 February 2022 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 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and presentation and disclosure requirements of the International Accounting Standard ("IAS") 34 Interim Financial Reporting as well as the requirements of 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 2021, 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 judgements

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 2021, 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

Title of standard	Nature of change	Impact	Mandatory application date/ date of adoption by Group
Amendments to interest rate benchmark reform Phase 2 on: IAS 39 Financial Instruments: Recognition and Measurement; IFRS 7 – Financial Instruments: Disclosures and IFRS 9 – Financial Instruments	Interest rate benchmark reform phase 2: The amendments to IAS 39, IFRS 7 and IFRS 9, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. • The amendments enable (and require) entities to continue hedge accounting in the circumstances when changes arise because of the IBOR reform by requiring companies to amend their hedging relationships to reflect: Designating an alternative benchmark rate as the hedged risk; changing the description of hedged item, including the designated portion, and changing the description of how the entity would assess hedge effectiveness. • The amendment to IFRS 7 requires an entity to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform. • The amendments to IFRS 9 enable an entity to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.	The Group assessed these amendments to have no significant impact.	Mandatory for financial periods commencing on or after 01 January 2021. Adoption date by the Group: 01 July 2021
Amendment to IFRS 16 – Leases	Interest rate benchmark reform phase 2: The amendment enables an entity to apply a practical expedient to account for a lease modification required by the IBOR reform.	The Group assessed this amendment to have no significant impact.	Mandatory for financial periods commencing on or after 01 January 2021. Adoption date by the Group: 01 July 2021.

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.

5. Standards and interpretations issued continued

5.3 Restatement of interest recognised on stage 3 loans and advances

IFRS 9 requires that for financial assets in stage 3, entities should recognise interest income on the net carrying amount (gross loans less impairment). Additional interest recognised on loans and advances will be included in the impairment test which will result in an increase in impairment charge line item.

In the December 2020 condensed interim financial statements, the interest on loans and advances in stage 3 and corresponding increase in the impairment unwind on ECL for stage 3 were not recognised as the impact on the net profit before tax was zero.

A third statement of financial position is not presented in the condensed interim financial statements as the restatement only impacts the loans and advances and no other line item on the statement of financial position.

The interest recognised and impairment charge were corrected by restating each of the affected annual financial statement line items for the prior period as follows:

Group	31 December 2020 N$000	Restatement N$000	Restated 31 December 2020 N$000
Consolidated statement of comprehensive income (extract)			
Interest and similar income	1,967,265	76,480	2,043,745
Credit impairment losses	(155,615)	(76,480)	(232,095)
Profit before income tax	631,959	–	631,959
Income tax expense	(162,901)	–	(162,901)
Profit for the period from continuing operations	469,058	–	469,058

	31 December 2020 N$000	Restatement N$000	Restated 31 December 2020 N$000
Consolidated statement of financial position (extract)			
Loans and advances to customers	40,725,412	–	40,725,412
Gross loans and advances	41,876,197	76,480	41,952,677
Total impairment	(1,150,785)	(76,480)	(1,227,265)
Total impact on equity			–

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 2021. There have been no significant changes in the risk management department or risk management policies since the year end.

7. Financial risk management and financial instruments continued

7.2. Credit risk

(a) Collateral

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held to mitigate potential losses are shown below:

As at 31 December 2021	Gross exposure N$'000	Impairment allowance N$'000	Carrying amount N$'000	Fair value of collateral held N$'000
Credit-impaired assets				
– Overdrafts	693 738	(296 554)	397 184	404,731
– Term loans	610 847	(308 653)	302 194	504,436
– Mortgages	1,174,977	(392,897)	782,080	948,188
– Instalment finance	91,574	(38,527)	53,047	63,372
Total credit-impaired assets	2 571,136	(1,036,631)	1,534,505	1,920,727
As at 31 December 2020				
Credit-impaired assets				
– Overdrafts	449,795	(151,976)	297,819	344,392
– Term loans	575,017	(212,509)	362,508	439,988
– Mortgages	1,070,885	(400,666)	670,219	1,029,758
– Instalment finance	83,974	(31,468)	52,506	60,026
Total credit-impaired assets	2,179,671	(796,619)	1,383,052	1,874,164
As at 30 June 2021				
Credit-impaired assets				
– Overdrafts	630,107	(254,387)	375,720	417,922
– Term loans	634,173	(261,146)	373,027	452,101
– Mortgages	1,104,923	(340,498)	764,425	864,969
– Instalment finance	91,117	(47,508)	43,609	52,228
Total credit-impaired assets	2,460,320	(903,539)	1,556,781	1,787,220

7. Financial risk management and financial instruments continued

7.2. Credit risk continued

(b) Credit quality of loans and advances

The banks have a process to proactively manage potential problem accounts to prevent possible losses. These advances are identified with assistance of the branches and are part of monthly credit reporting processes. Impairments on these active accounts are raised in accordance with regulatory requirements under the special mention category. The table below shows the loans and advances age analysis as required by the Banking Institutions Act:

N$'000	Stage 1		Stage 2		Stage 3	
As at 31 December 2021	Not past due	0 – 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Overdrafts	4,821,237	297,712	33,513	11,720	693,738	5,857,920
Term loans	13,122, 912	226,018	208,562	124,926	610,847	14,293,265
Mortgages	17,435,423	513,384	325,528	144,028	1,174,977	19,593,340
Instalment finance	3,371,929	77,255	31,811	11,811	91,574	3,584,380
Preference shares	326,897	–	–	–	–	326,897
Total gross loans and advances	39,078,398	1,114,369	599,414	292,485	2,571,136	43,655,802
Impairments raised	(222,296)	(138,025)	(37,836)	(24,022)	(1,036,631)	(1,458,810)
Net loans and advances	38,856,102	976,344	561,578	268,463	1,534,505	42,196,992

N$'000	Stage 1		Stage 2		Stage 3	
As at 31 December 2020	Not past due	0 – 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Overdrafts	5,054,799	296,475	186,420	18,133	449,795	6,005,622
Term loans	12,741,961	140,347	110,903	42,363	575,017	13,610,591
Mortgages	16,985,298	289,932	227,101	85,412	1,070,885	18,658,628
Instalment finance	3,038,098	51,056	38,758	12,237	83,974	3,224,123
Preference shares	377,231	–	–	–	–	377,231
Total gross loans and advances	38,197,387	777,810	563,182	158,145	2,179,671	41,876,195
Impairments raised	(245,549)	(41,400)	(40,304)	(26,911)	(796,619)	(1,150,783)
Net loans and advances	37,951,838	736,410	522,878	131,234	1,383,052	40,725,412

N$'000	Stage 1		Stage 2		Stage 3	
As at 30 June 2021	Not past due	0 – 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Overdrafts	5,243,036	222,230	45,773	56,648	630,107	6,197,794
Term loans	12,354,651	310,167	138,453	85,530	634,173	13,522,974
Mortgages	16,444,463	695,632	335,010	132,648	1,104,923	18,712,676
Instalment finance	3,114,740	51,620	51,568	15,212	91,117	3,324,257
Preference shares	362,135	–	–	–	–	362,135
Total gross loans and advances	37,519,025	1,279,649	570,804	290,038	2,460,320	42,119,836
Impairments raised	(174,191)	(126,990)	(56,646)	(28,783)	(903,539)	(1,290,149)
Net loans and advances	37,344,834	1,152,659	514,158	261,255	1,556,781	40,829,687

7. Financial risk management and financial instruments continued

7.3. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

Liquidity risk is inherent in the Group's business endeavours and represents the ability of the Group to fund increases in assets and meet its financial obligations in a timely manner as they come due without incurring excessive costs, while complying with all statutory and regulatory requirements. The banks are the largest contributors to the Group's liquidity risk. The liquidity risk framework and Contingency Funding Plan (CFP) sets out the minimum liquidity risk management requirements for the banks, and explains the low-level internal control processes. Under the policy, the banks are required to manage current and future liquidity positions in a prudent manner. This framework formalises the liquidity risk management processes of the banks, the goal of which is to:

- Maintain liquidity risk at a manageable level through assessment and monitoring
- Assess and advise against any permanent or temporary adverse changes to the liquidity position of the banks
- Set and monitor limits for funding mix, investment products and client exposures
- Monitor all applicable financial and statutory ratios
- Identify those liquidity triggers that may entail the activation of the CFP

The framework sets out rules to effectively control liquidity risk within the risk-return parameters dictated by the board of directors' risk appetite. The banks also, from time to time, conduct external-assisted CFP testing to evaluate the effectiveness thereof, while also continuously enhancing the risk management processes.

The framework aims to protect depositors, creditors, shareholders and other stakeholders of the banks by establishing rules and directions for identifying and managing the resolution of possible serious liquidity problems.

Asset liquidity risk represents the availability of sufficient assets in liquid form to meet pressing obligations. In situations where liquid assets on hand could be utilised to earn a higher return instead of paying current obligations, the opportunity cost also plays a role (i.e. potential higher return less the cost of obtaining replacement liquidity). Liquidity management must attempt to match the most appropriate available liquidity to the most appropriate maturing liabilities.

Funding liquidity risk relates to an enterprise's capability to generate funding at short notice at reasonable expense to meet pressing liquidity requirements.

The Group's liquidity management process is outlined in the Group liquidity risk framework which includes, inter alia, the Group's funding strategy. Procedures, as set out in this policy, include the:

- Daily monitoring of liquid assets
- Proactive identification of liquidity requirements and maturing assets
- Liquid asset minimum limit
- Proactive identification of short, medium and long-term liquidity requirements
- Relationship management with other financial institutions

The banks must at all times hold an adequate liquid asset surplus which:

- Includes a buffer portion
- Is additional to credit lines
- Is adequate to cater for unexpected outflows
- Is simultaneously limiting the effect this surplus has on interest margins

7.4. Fair value estimation

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

	December 2021		December 2020		June 2021	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
N$'000	Reviewed		Reviewed		Audited	
Financial assets						
Cash and balances with the central bank	**1,718,894**	1,718,894	1,762,050	1,762,050	1,319,389	1,319,389
Financial assets at amortised cost	**868,535**	913,886	722,760	894,591	850,057	922,769
Due from other banks	**3,064,274**	3,064,274	2,536,002	2,536,002	3,568,665	3,568,665
Loans and advances to customers	**42,196,992**	42,170,053	40,725,412	39,091,011	40,829,687	41,624,541
Other assets	**216,451**	216,451	429,069	429,069	419,142	419,142
Financial liabilities						
Due to other banks	**1,041,275**	1,041,275	18,496	18,496	762,313	762,313
Other borrowings	**603,308**	610,702	740,945	950,695	692,719	688,076
Debt securities in issue	**5,954,117**	5,822,636	5,454,403	5,617,666	6,050,509	6,019,707
Deposits	**41,100,574**	41,100,574	40,800,656	37,945,224	40,179,699	40,179,930
Other liabilities	**817,456**	817,456	760,161	760,161	1,199,498	1,199,498

8. Capital management

During 2012, the Bank of Namibia introduced BID 24 – 'Consolidated supervision', which denotes consolidated rules only for the purposes of computing regulatory minimum capital requirements. These rules do not impact on accounting consolidation of banking Groups, which is done in accordance with IFRS. Although regulatory consolidation may track the accounting consolidation, it is not identical because of a different approach that is prescribed or required for treatment of certain types of transactions and/or subsidiaries.

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended 30 June 2021 and the six-month periods ended 31 December 2021 and 31 December 2020. 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 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	June 2021 N$'000 Audited
Tier 1 capital			
Share capital and premium	753,483	754,956	758,544
General banking reserves	4,638,320	4,348,438	4,547,003
Retained earnings	1,731,270	1,501,498	1,668,013
Minority interests	234,533	210,326	234,561
Subtotal	7,357,606	6,815,218	7,208,121
Deduct: 50 % investments in Group entities			
Goodwill	(282,662)	(208,285)	(205,152)
50 % investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(370,457)	(401,945)	(375,746)
Net total Tier 1 capital	6,704,487	6,204,988	6,627,223
Tier 2 capital			
Subordinated debt	360,476	323,086	312,419
Five-year callable bonds	360,476	323,086	312,419
Current unaudited profits (including dividends paid and transfers to general banking reserves)	140,789	4,338	–
Portfolio impairment	489,232	434,947	469,685
Minority interests and foreign currency translation adjustments	(212,835)	82,907	–
Subtotal	777,662	845,278	782,104
Deduct: 50 % investments in Group entities			
50 % investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(338,504)	(371,874)	(332,669)
Net total Tier 2 capital	439,158	473,404	449,435
Net total Tier 3 capital	136,963	(32,056)	–
Total regulatory capital	7,280,608	6,646,336	7,076,658
Risk-weighted assets:			
Operational risk	4,846,990	4,966,655	4,779,391
Credit risk	42,676,513	41,910,691	41,513,292
Market risk	795,880	393,025	744,732
Total risk-weighted assets	48,319,383	47,270,371	47,037,415
Capital adequacy ratios:			
Leverage capital ratio	12.4 %	11.7 %	12.4 %
Tier 1 risk-based capital ratio	13.9 %	13.1 %	14.1 %
Total risk-based capital ratio	15.1 %	14.1 %	15.0 %

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 2021 is 27.8% (30 June 2021: 28.6% and 31 December 2020: 28.3%).

10. Financial assets at amortised cost

The increase in financial assets at amortised cost from 31 December 2020 is mainly due to addition of new preference shares.

11. Intangible assets

The increase in the net book value of intangible assets from 30 June 2021 is mainly due to the capitalisation of project costs of N$72.9 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 2021 amounted to N$23.2 million.

13. Other borrowings

	December 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	June 2021 N$'000 Audited
Opening Balance	692,719	861,502	861,502
Additions	35,506	171,230	231,198
Repayments	(135,147)	(263,299)	(362,579)
Accrued interest	31,389	25,054	62,083
Coupon payments	(30,791)	(24,604)	(61,321)
Foreign exchange (gain)/loss	9,632	(28,938)	(38,164)
Closing Balance	603,308	740,945	692,719

Other borrowings consist of N$920 million long-term funding with International Finance Corporation ("IFC"), of which N$753 million has been repaid to date, as well as a long-term loan from Agence Française de Développement ("AFD") of N$219 million, of which N$48.7 million has been repaid to date. The balance is further made up of two separate Bank One loans of N$159 million and N$47 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. 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 3.0% 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 2021		
	Gross N$'000	Reviewed Taxation N$'000	Net N$'000
Earnings			
Profit from continuing operations attributable to the equity holders of the parent entity			**526,438**
Headline adjustments	**–**	**–**	**–**
Headline earnings			**526,438**

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

	June 2021		
	Gross N$'000	Audited Taxation N$'000	Net N$'000
Earnings			
Profit from continuing operations attributable to the equity holders of the parent entity			913,435
Headline adjustments	13,919	–	13,919
Loss on disposal of assets	3,694	–	3,694
Impairment loss on intangible assets	1,416	–	1,416
Loss on sale of shares in subsidiaries and associates	8,809	–	8,809
Headline earnings			927,354
Loss from discontinued operation attributable to the equity holders of the parent entity			(41,109)
Headline earnings			(41,109)

14. Earnings and headline earnings per ordinary share continued

	December 2021 Reviewed	December 2020 Reviewed	June 2021 Audited
Number of ordinary shares in issue at period/year end ('000)	**519,184**	519,184	519,184
Less: Treasury shares	**(7,582)**	(3,557)	(8,076)
Weighted average number of ordinary shares in issue during the period/year ('000)	**511,602**	515,627	511,108
Adjusted for effect of future share-based payment transactions	**1,594**	1,450	1,594
Diluted weighted average number of ordinary shares in issue during the period/year ('000)	**513,196**	517,077	512,702
Earnings per ordinary share (cents) from continuing operations			
Basic	**102.9**	81.5	178.7
Fully diluted	**102.6**	81.3	178.2
Headline earnings per ordinary share (cents) from continuing operations			
Basic	**102.9**	81.5	181.4
Fully diluted	**102.6**	81.3	180.9
Earnings per ordinary share (cents) from discontinued operations			
Basic	**–**	(7.9)	(8.0)
Fully diluted	**–**	(7.8)	(8.0)
Headline earnings per ordinary share (cents) from discontinued operations			
Basic	**–**	(5.0)	(7.9)
Fully diluted	**–**	(4.9)	(8.0)
Earnings per ordinary share (cents)			
Basic	**102.9**	73.6	170.7
Fully diluted	**102.6**	73.5	170.1
Headline earnings per ordinary share (cents)			
Basic	**102.9**	76.5	173.4
Fully diluted	**102.6**	76.4	172.9

15. Net asset value per ordinary share

	December 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	June 2021 N$'000 Audited
Net assets (excluding non-controlling interest) (N$'000)	**6,974,876**	6,525,494	6,613,934
Number of ordinary shares in issue at period/year end ('000)	**511,602**	515,627	511,108
Net asset value per ordinary share (cents)	**1,363**	1,266	1,294

16. Dividends per share

Capricorn Group declared and paid dividends amounting to N$196.5 million during the six-month period ended 31 December 2021 (30 June 2021: N$205.0 million and 31 December 2020: N$103.8 million).

Refer to note 20 for dividends declared after the reporting period.

17. Contingent assets, liabilities and commitments

	December 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	June 2021 N$'000 Audited
17.1 Capital commitments			
Contracted for but not yet incurred	**–**	5,190	1,743
Authorised but not contracted for	**289,630**	188,816	227,613
17.2 Letters of credit	**333,048**	96,427	209,717
17.3 Liabilities under guarantees	**2,287,134**	1,791,733	1,345,544
17.4 Loan commitments	**2,919,558**	2,804,978	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 2021.

19. Segment information

The Group considers its banking operations in Namibia and Botswana and micro-lending 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 micro-lending 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 2021 N$'000 Reviewed	December 2020 N$'000 Reviewed	June 2021 N$'000 Audited
Operating income			
Banking – Namibia	**1,364,912**	1,152,599	2,462,910
Micro-lending – Namibia	**152,848**	148,025	318,600
Banking – Botswana	**201,260**	191,018	395,197
Other	**77,634**	71,333	110,759
Total	**1,796,654**	1,562,975	3,287,466
Profit after tax for the period/year			
Banking – Namibia	**407,701**	298,251	669,543
Micro-lending – Namibia	**109,025**	100,256	226,154
Banking – Botswana	**36,476**	25,532	69,734
Other	**27,297**	4,103	17,596
Total	**580,499**	428,142	983,027
Total assets			
Banking – Namibia	**45,252,165**	43,032,327	44,167,407
Micro-lending – Namibia	**1,532,163**	1,365,139	1,457,129
Banking – Botswana	**9,289,661**	8,849,390	8,923,147
Other	**1,299,232**	2,973,536	1,465,308
Total	**57,373,221**	56,220,392	56,012,991

20. Events subsequent to period-end

Dividends declared

On 23 February 2022 an interim dividend of 32 cents per ordinary share was declared for the period ended 31 December 2021, payable on 30 March 2022. The last day to trade shares on a cum dividend basis is on 11 March 2022, the first day to trade ex dividend is 14 March 2022 and the record date is 18 March 2022. 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 2022.

21. Director appointments

Mr Daniel T. Kali and Ms Elizabeth Fahl have been appointed to the board of Capricorn Group with effect from 16 September 2021.

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 anticipated to be concluded during the fourth quarter of 2020, but due to unforeseen circumstances, the sale was only 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.

22. Discontinued operation continued

Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 31 December 2021 and 31 December 2020.

	December 2021 N$'000	December 2020 N$'000
Net interest income	–	41,796
Credit impairment losses	–	(20,284)
Non-interest income	–	26,167
Operating income	–	47,679
Operating expenses	–	(73,211)
Loss before income tax	–	(25,532)
Loss after tax from discontinued operations	–	(25,532)
Costs related to the sale of subsidiary	–	(15,384)
Loss from discontinued operations	–	(40,916)
Exchange differences on translation of discontinued operations	–	(30,796)
Other comprehensive income from discontinued operations	–	(71,712)

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