



**Capricorn Group Limited**  
**(previously Capricorn Investment Group Limited)**  
**(Incorporated in the Republic of Namibia)**  
**(Date of Registration: 5 September 1996)**  
**(Registration Number: 96/300)**  
**Share code: CGP ISIN: NA000A1T6SV9**  
**("Capricorn Group")**

## **TRADING STATEMENT**

In terms of the Listing Requirements of the Namibian Stock Exchange, companies are required to publish a trading statement as soon as they become aware that the financial results for the period to be reported on next will be significantly different from those of the previous corresponding period, or when results are, in the issuer's view, price sensitive and important enough to be made the subject of a trading update.

On 6 August 2020, Capricorn Group announced the proposed disposal of our Zambian banking operation, Cavmont Bank Limited ("Cavmont Bank") and subsequent merger of Access Bank Zambia with Cavmont Bank. The transaction is expected to be completed during quarter four of 2020. Consequently, the results of Cavmont Bank will be disclosed as a discontinued operation in the consolidated results of Capricorn Group in the current and comparative periods as required by IFRS 5.

Profit after tax from continuing operations for the financial year ended 30 June 2020 is expected to decrease by between 0% and 5% compared to the previous year. This decrease is mainly due to materially higher impairment charges for the financial year as a result of the forward-looking nature of the IFRS 9 expected credit loss model. Even though only three months of the year ended 30 June 2020 were impacted by the COVID-19 pandemic, Capricorn Group applied a forward looking economic overlay and stressed scenario on its performing loan book, which resulted in a material increase in impairment provisions. Furthermore net interest income was negatively impacted by the 275 basis points reduction in the REPO rate of Bank of Namibia during H2.

Including the discontinued operations of Cavmont Bank, Capricorn Group anticipates profit after tax for the year ended 30 June 2020 to decrease by between 10% and 20% compared to the prior year. The reduction is mainly attributable to the increased loss of Cavmont Bank and due to a materially higher impairment charge across all banks in the Capricorn Group as explained above. The increased loss of Cavmont Bank is largely due to the reversal of a deferred tax asset in anticipation of the proposed transaction with Access Bank Zambia as well as once off restructuring costs incurred during the first half of the financial year.

As a result of the abovementioned, headline earnings and earnings per share for the year ended 30 June 2020 are expected to be materially lower than the prior year by between 10% and 20%.

This trading statement has not been reviewed or reported on by the Capricorn Group external auditors. The results for the year ended 30 June 2020 are expected to be published on or about 17 September 2020.

By order of the Board  
Windhoek  
3 September 2020

**Sponsor**



PSG Wealth Management (Namibia) (Pty) Ltd  
Member of the Namibian Stock Exchange