

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

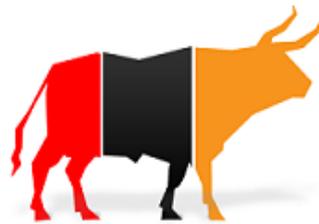
ISSUER



CAVMONT CAPITAL HOLDINGS ZAMBIA PLC ["CAVMONT"]
[Incorporated in the Republic of Zambia]

Company registration number: 41902
Share Code: CCHZ
ISIN: ZM0000000227
Authorised by Rita Mapara - Ndhlovu – Company Secretary

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited

[Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 6 August 2020



CAVMONT CAPITAL HOLDINGS PLC

[Incorporated in the Republic of Zambia]

Company registration number: 41902

Share Code: CCHZ

ISIN: ZM0000000227

["Cavmont" or "the Company"]

CATEGORY 1 ANNOUNCEMENT - TERMS ANNOUNCEMENT IN RESPECT OF THE SALE BY CAVMONT CAPITAL HOLDINGS ZAMBIA PLC ("CCHZ") OF THE ENTIRE SHAREHOLDING IN CAVMONT BANK LIMITED ("CAVMONT BANK")

1. Introduction

Pursuant to the cautionary announcement by CCHZ published on SENS dated 8 July 2020, shareholders are hereby advised that CCHZ has signed a Share Purchase Agreement with Access Bank (Zambia) Limited ("Access Bank Zambia"), a subsidiary of Nigeria based Access Bank Plc, regarding a proposed merger of Access Bank Zambia and Cavmont Bank as at the effective date, subject to the terms and conditions as set out herein ("the transaction").

2. The transaction

In terms of the agreement, CCHZ will dispose of 100% of the issued ordinary share capital of Cavmont Bank ("the Cavmont shares") to Access Bank Zambia, resulting in Cavmont Bank merging with Access Bank.

3. The vendors

CCHZ is a subsidiary of the Capricorn Group Limited ("CGP"), a Namibian-owned financial services group listed on the Namibian Stock Exchange, which holds 98.03% of the ordinary share capital of the Company.

Access Bank Zambia is a subsidiary of Access Bank Plc, Nigeria's largest full-service commercial bank operating through a network of more than 600 branches and service outlets, spanning three continents, 12 countries and 31 million customers. Access Bank Plc is the majority shareholder in Access Bank Zambia.

4. Rationale for the transaction

The merger between Cavmont Bank and Access Bank is a highly complementary transaction, combining Access Bank Plc's wholesale and trade finance capabilities with Cavmont Bank's retail and commercial banking operations. The combined bank will be able to leverage Access Bank Plc's best-in-class digital

platform and product suite and build on Cavmont Bank's branch network and offering to existing customers, creating a platform for further growth.

Following the merger the combined bank is expected to boast a strong capital base in excess of ZMW600 million, significantly exceeding the capital requirement for foreign-owned banks of ZMW520 million under the regulations of the Bank of Zambia. The robust capital structure will not only form the foundation for sustainable banking operations and future growth but will ensure the banks' customer deposit base benefits from the greater security offered by one of the most capitalised banks in the country.

Through this merger, the combined bank will play a role in Zambia's economic recovery by building on Cavmont Bank's contributions to develop entrepreneurs and SME's and making Access Bank Zambia's trade finance, treasury, and corporate lending expertise available to Zambian multi-national customers and SME's via the enhanced distribution network.

5. Terms of the transaction

5.1 Sale consideration and mechanism

CCHZ will dispose of the Cavmont shares to Access Bank Zambia for a cash consideration of ZMW 1, subject to such terms and conditions as are normal for such a transaction.

Furthermore, the Share Purchase Agreement requires that in addition to a minimum adjusted net asset value of ZMW 1 (including existing preference shares of ZMW 176 million and net of intangible assets and any non-transferable deferred tax assets) Cavmont Bank should also have additionally issued preference shares of at least ZMW 300 million at the date of completion of the transaction. To achieve the minimum ZMW 300 million additional preference shares, CGP will, in addition to the existing ZMW 176 million preference shares held in Cavmont Bank, convert existing funding instruments in Cavmont Bank to the value of USD10 million into preference shares and make a further investment into preference shares depending on the final audited results of Cavmont Bank for the financial year ending 30 June 2020.

At the date of amalgamation of Cavmont Bank and Access Bank Zambia, all preference shares in Cavmont Bank will be replaced by preference shares to be issued by Access Bank Zambia for the same nominal value ("the Access Zambia preference shares").

Only ZMW 300 million of the Access Zambia preference shares will accrue interest at an agreed rate. The Access Zambia preference shares must be acquired by Access Bank Plc at any time during the 5 years following the completion of the transaction, for a maximum purchase amount of ZMW 300 million. Access Bank Plc is entitled to deduct certain losses incurred from the preference share purchase amount under certain general and specific loss provisions included in the agreement during the period from the completion date until the purchase of the preference shares. However, such deductions are limited to the preference share purchase amount of ZMW 300 million and an additional guarantee of ZMW 48 million from CGP.

5.2 Effective date

The effective date of the disposal is the date on which the last of the conditions set out in the Share Purchase Agreement is satisfied. Completion is expected during Q4 2020.

5.3 Conditions precedent

The transaction is subject to the fulfilment of certain conditions precedent, including inter alia:

- approval from the CCHZ shareholders;
- approval from the Bank of Zambia;
- approval from the relevant Competition Commissions;
- approval from any other relevant regulatory bodies having oversight over the parties in Zambia, Namibia and Nigeria; and
- subscription by CGP in the preference shares to be issued by Access Bank Zambia.

6. Description of the banks

Cavmont Bank was established on 1 January 2004, following a merger between Cavmont Merchant Bank Limited (incorporated October 1992) and New Capital Bank Plc (incorporated June 1992). The bank was historically a savings bank but was subsequently repositioned as a full scope retail and commercial bank. Cavmont Bank is the 12th largest bank in Zambia with a strong commercial book and retail banking operations with branches in seven provinces of Zambia.

Access Bank Plc is the largest bank in Nigeria both by total assets and number of customers following its merger with Diamond Bank in 2019. It is Access Bank Plc's ambition to be the number one bank in Nigeria and a top ten bank in Africa. Access Bank Plc is building a strong, sustainable Africa-based international bank to support economic prosperity, encourage intra-Africa and inter-Africa trade, and provide the power of banking to millions of people who do not yet have the financial tools to achieve their dreams. Access Bank Plc is now fully focused on building the scale needed to become in a major player in each of its key markets in the African continent (Ghana, Rwanda, Mozambique, Democratic Republic of Congo, Kenya, and Zambia).

7. Pro forma financial effects on CCHZ

The pro forma financial information provided is the responsibility of the directors of CCHZ. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, may not fairly reflect the financial position of CCHZ or results of its operations after the acquisition:

	Before the transaction (ZMW Ngwee)	After the transaction (ZMW Ngwee)	Change (%)
Earnings per share	(13.9)	0.00	-100%
Headline earnings per share	(13.7)	0.00	-100%
Net asset value per share	0.00	0.00	-62%
Net tangible asset value per share	(0.11)	0.00	-100%
Number of shares in issue ('000)	114,046	114,046	0%
Weighted average number of shares in issue ('000)	114,046	114,046	0%

Notes:

1. The audited earnings and headline earnings per share of the continuing operations of CCHZ as published in the annual financial statements for the 12 months ended 30 June 2019 are reflected in Column 1. The pro forma earnings and headline earnings per share for the 12 months ended 30 June 2019, based on assuming the transaction was effected on 1 July 2018 are reflected in Column 2.
2. The audited net asset value and net tangible asset value per share at 30 June 2019 are reflected in Column 1. The effective net asset value and net tangible asset value per share on 30 June 2019 assuming the transaction was effected on 1 July 2018 are reflected in Column 2.

3. The net loss of CCHZ for the year ended 30 June 2019 attributable to the equity holders of the group was ZMW 15.82 million.

8. Classification of the transaction

The transaction is classified as a category 1 transaction as contemplated in section 9 of the Listing Requirements of the Lusaka Securities Exchange and, accordingly, is required to be approved by an ordinary resolution of the shareholders of CCHZ.

9. Circular and Shareholder approval

A circular containing the full details of the transaction, including an Independent Expert's Report, and other required information, incorporating a notice convening the required CCHZ general meeting, will be distributed to CCHZ shareholders within 28 days from the date of this announcement and the salient dates and times of the transaction, including the date of the general meeting, will be announced on SENS in due course.

10. Intended Conditional Offer

CCHZ has received a non-binding expression of interest from CGP, the majority shareholder of CCHZ, in terms of which CGP intends to make an offer to acquire all of the outstanding ordinary shares in CCHZ not currently held by CGP, subject to the Delisting Resolution being approved as set out in the announcement released by CCHZ on 6 August 2020 relating to the Intended Conditional Offer ("Intended Conditional Offer").

The amount offered in terms of the Intended Conditional Offer is cash only consideration of ZMW2 per Offer Share ("Offer Price"), subject to the successful passing of the Delisting Resolution.

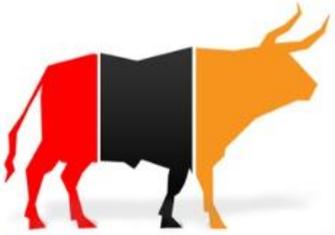
11. Withdrawal of cautionary announcement

Shareholders are referred to the cautionary announcement dated 8 July 2020, and are advised that the cautionary has been withdrawn but that caution should continue to be exercised by Shareholders when dealing in their securities.

By Order of the Board

Rita Mapara- Ndhlovu
Company Secretary

Issued in Lusaka, Zambia on 6 August 2020

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First Issued on 06 August 2020