



Condensed Consolidated Interim Financial Statements (reviewed)

for the six months ended 31 December

2023

Capricorn Group

In June 2023, the Capricorn Group unveiled an internal and external three-month brand campaign to elevate brand awareness and build customer loyalty and affinity. Our brand journey has evolved from 2017 with "Positive Change", to "I am Capricorn", "We are Capricorn", "Stronger Together" and "Together we Thrive". Our brand statement for 2023 is "Make Change Positive". This statement is a compelling call to action that encourages us and our stakeholders to participate in creating positive change in our daily lives. It conveys a forward-looking and proactive mindset and the belief that change can lead to positive outcomes.

#MakeChangePositive



Contents

Financial performance overview	2
Statement of responsibility by the board of directors	4
Independent auditor's review report on interim financial statements	5
Condensed consolidated interim statement of comprehensive income	6
Condensed consolidated interim statement of financial position	8
Condensed consolidated interim statement of changes in equity	9
Condensed consolidated interim statement of cash flows	12
Notes to the condensed consolidated interim financial statements	13



Highlights

Return on equity (annualised)

16.8%

(Dec 2022*: 18.2%)



Dividend per share

48 cents

(Dec 2022: 39 cents)



Cost to income ratio

48.2%

(Dec 2022*: 50.5%)



Profit after tax

N\$827.6 million

(Dec 2022*: N\$769.8 million)



Capital adequacy ratio

17.6%

(June 2023: 16.9%)



Earnings per share

152.4 cents

(Dec 2022*: 142.1 cents)



Net asset value per share

1,786 cents

(June 2023*: 1,683 cents)



Gross loans and advances

N\$48.9 billion

(June 2023: N\$47.2 billion)



* Restated to account for the introduction of IFRS 17

Group Financial Performance

Group Financial Performance

Capricorn Group Limited achieved solid results with profit after tax for the six months ended 31 December 2023 increasing by 18.5% to N\$827.6 million compared to a profit after tax of N\$698.2 million that was reported in the comparative period in the prior year. This represents an increase of 19.4% in earnings per share to 152.4 cents. Annualised return on equity increased from 16.6% to 16.8% year-on-year. The strong performance is attributable to loan book growth and increased transaction volumes, offset to some extent by escalated credit impairment charges. Furthermore, the Group's profitability benefitted from implementing IFRS 17 – "Insurance Contracts". This improvement primarily stems from reduced discretionary policyholder reserves following the application of IFRS 17. Excluding the positive impact of IFRS 17 on the Group's capital reserves, return on equity would have been 17.3% for the 6 months ended 31 December 2023.

IFRS 17 requires full retrospective application for disclosure purposes. Consequently, the comparative figures for the six month period ended on 31 December 2022 were restated. Following this restatement of the comparative period figures, the Group's profit after tax for the six months ended 31 December 2023 represents a year-on-year increase of 7.5%. Similarly, both headline earnings and earnings per share for the same period experienced year-on-year growth of 7.2%. All comparisons to figures from the prior period further in this announcement are based on the restated amounts, unless explicitly stated otherwise.

Net interest income

Capricorn Group experienced a noteworthy 12.0% year-on-year increase in net interest income, driven by higher interest rates, an 8.5% year-on-year growth in the loan book and prudent management of cost of funding. The lending businesses managed their cost of funding very effectively, leading to a 23 basis point enhancement of the net interest margin to 5.1% for Bank Windhoek, while the net interest margin at Bank Gaborone increased commendably from 3.1% to 4.1%.

Impairment charges

The ongoing economic impact on increased inflation rates combined with higher interest rates caused by geopolitical instability continued to put pressure on key credit risk indicators with non-performing loans increasing from N\$2.46 billion in June 2023 to N\$2.66 billion in December 2023. Consequently, impairment charges increased by N\$98.0 million to N\$252.9 million year-on-year. The Group continues to hold prudent provisions for expected credit losses.

Non-interest income

Non-interest income for the half year increased by N\$177.5 million (19.0%) mainly attributable to an increase of fee and commission income of N\$67.0 million (10.1%) and net trading income of N\$57.1 million (62.4%). Asset management fees from Capricorn Asset Management increased by 13.4% due to strong growth in unit trusts, exceptional growth and satisfactory growth in Capricorn Private Wealth (a joint venture between Capricorn Asset Management and Bank Windhoek) and satisfactory growth in pension fund assets.

Value created by Capricorn Group and shared among stakeholders

The group created value of N\$2.42 billion during the six months ended 31 December 2023, which was shared by its main stakeholders as follows:

Employees
N\$563 million

Suppliers
N\$515 million

Government
N\$574 million

Communities
N\$19.8 million

Shareholders
N\$314 million

Retained for future expansion
N\$438 million

Operating expenses

Operating expenses registered an 11.5% year-on-year increase, totalling N\$1371 million. This rise can be attributed to an increase of N\$48.8 million (42.7%) in variable operational banking expenses, directly linked to increased transaction and trading volumes. Excluding these operational banking expenses, the growth in overall expenses was contained at 8.1% (N\$88.3 million). The majority of this growth is associated with an increase in staff costs amounting to N\$61.2 million (9.4% increase year-on-year), primarily driven by annual increases and the filling of key vacancies, particularly in respect of IT resources.

Income from associates

Before the IFRS 17 restatement of the preceding period, the Group recorded a substantial 95.3% year-on-year increase in income from associates, amounting to N\$46.7 million. This growth is attributed to both organic expansion and the impact of IFRS 17 in the current year. However, the recognition of substantial previously unrecognised IFRS 17 profits in the restated prior period, resulted in a 24.4% decline in income from associates of N\$30.9 million being reported.

Liquidity

Capricorn Group retained a healthy liquidity position as at 31 December 2023 as the Group's liquid assets increased by 10.9% (N\$1.56 billion) year-on-year. Liquid assets exceeded minimum regulatory requirements in Namibia and Botswana by 135% and 114% respectively as at 31 December 2023.

Loans and advances

Gross loans and advances increased by N\$3.8 billion year-on-year, mainly driven by growth in term loans of N\$2.3 billion (15.5%), instalment finance of N\$750 million (18.9%) and overdrafts of N\$423 million (6.8%).

Asset quality remained a key focus area for the group. Despite the challenging economic environment, the Group's total non-performing loans (NPLs) was contained to N\$2.66 billion (June 2023: N\$2.46 billion) as the group continues to manage credit risk on a pro-active basis. This resulted in the NPL ratio increasing slightly from 5.2% to 5.4% over the six months ended 31 December 2023. The NPL ratio remains below the industry average.

Capital adequacy

The Group enhanced its already robust capital position with a total risk-based capital adequacy ratio of 176% as at 31 December 2023 (June 2023: 16.9%).

Outlook

The central banks of both Namibia and Botswana have adopted prudent monetary policy measures to counteract inflationary pressures and to protect local currencies in volatile global market conditions brought about by spreading geopolitical tensions. The current outlook is that inflation will stay within the target range of both central banks in the short to medium term, with the possibility of interest rates decreasing in the coming 12 months.

The Bank of Namibia's Economic Outlook for December 2023 predicts a deceleration in economic growth, primarily attributed to weakened global demand and an expected contraction in the agriculture sector. The projections indicate real GDP growth rates of 3.9%, 3.4%, and 3.1% for the years 2023, 2024, and 2025, respectively. Despite these challenges, the overarching commitment of Capricorn Group remains focused on sustained growth for the benefit of all stakeholders.

Interim dividend

The Group declared an interim dividend of 48 cents per ordinary share. The interim dividend per share for the period under review is 23.1% higher than the interim dividend per share of 39 cents declared in the comparative period. The Group considered its capital and liquidity position when declaring an interim dividend that balances prudence and future growth capacity with a fair dividend yield for investors.

- > Last day to trade cum dividend: 14 March 2024
- > First day to trade ex-dividend: 15 March 2024
- > Record date: 22 March 2024
- > Payment date: 5 April 2024

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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; and
- > 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 6 to 30 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, 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 5.

The directors of the Group are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders.

The condensed consolidated interim financial statements, set out on pages 6 to 30, were authorised and approved for issue by the board on 27 February 2024 and are signed on their behalf:



D G Fourie
Chairman



M J Prinsloo
Group Chief Executive Officer

Independent auditor's review report on interim 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 2023 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 Accounting 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 2023 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* and the requirements of the Companies Act of Namibia.

PricewaterhouseCoopers

PricewaterhouseCoopers

Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Nina A Coetzer

Partner

Windhoek, Namibia

Date: 27 February 2024



Condensed consolidated interim statement of comprehensive income

for the six months ended 31 December 2023

	Notes	Six months ended		Year ended
		December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed (Restated)	June 2023 N\$'000 Reviewed (Restated)
Interest and similar income		3,263,083	2,612,260	5,626,476
Interest and similar expenses		(1,792,335)	(1,299,467)	(2,908,262)
Net interest income		1,470,748	1,312,793	2,718,214
Credit impairment losses	9	(252,886)	(154,893)	(235,610)
Net interest income after impairment charges		1,217,862	1,157,900	2,482,604
Non-interest income		1,111,131	933,636	1,875,412
Fee and commission income		733,175	666,184	1,288,294
Net trading income		148,715	91,573	213,258
Other operating income		56,750	39,785	70,185
Net insurance premium income		87,994	73,652	167,098
Net claims and benefits paid		(18,157)	(28,059)	(50,713)
Asset management and administration fees		102,654	90,501	187,290
Operating income		2,328,993	2,091,536	4,358,016
Operating expenses		(1,329,250)	(1,192,139)	(2,443,939)
Operating profit		999,743	899,397	1,914,077
Share of associates' results after tax		95,570	126,465	182,336
Profit before income tax		1,095,313	1,025,862	2,096,413
Income tax expense	10	(267,669)	(256,081)	(516,472)
Profit for the period*		827,644	769,781	1,579,941

* Refer to note 5.3 for information on the restatement.

Condensed consolidated interim statement of comprehensive income continued

	Notes	Six months ended		Year ended
		December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed (Restated)	June 2023 N\$'000 Reviewed (Restated)
Other comprehensive income				
<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		35,339	3,219	17,643
Income tax expense		(9,712)	(338)	(7,722)
Exchange differences on translation of foreign operations		3,429	2,625	27,126
<i>Items that will not be reclassified to profit or loss</i>				
Change in value of equity instruments at fair value through other comprehensive income		(77)	10	576
Income tax expense		25	(3)	(184)
Total comprehensive income for the period / year		856,648	775,294	1,617,380
Profit attributable to:				
Equity holders of the parent entity		770,699	725,633	1,477,277
Non-controlling interests		56,945	44,148	102,664
		827,644	769,781	1,579,941
Total comprehensive income attributable to:				
Equity holders of the parent entity		799,182	730,747	1,510,593
Non-controlling interests		57,466	44,547	106,787
		856,648	775,294	1,617,380
Earnings per ordinary share for the profit attributable to the equity holders of the parent entity during the period:				
Basic (cents)	21	152.4	142.1	292.0
Fully diluted (cents)	21	151.5	141.6	290.2

Refer to note 5.3 for information on the restatement.



Condensed consolidated interim statement of financial position

as at 31 December 2023

	Notes	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed (Restated)	June 2023 N\$'000 Reviewed (Restated)
ASSETS				
Cash and cash equivalents		6,670,903	5,372,448	6,080,914
Financial assets at fair value through profit or loss		2,174,997	2,027,651	2,588,556
Financial assets at amortised cost	11	1,013,238	1,013,276	989,432
Financial assets at fair value through other comprehensive income		5,824,195	5,875,830	5,883,863
Loans and advances to customers	12	47,119,591	43,509,861	45,396,558
Other assets	13	567,969	405,432	594,076
Current tax asset		99,720	96,713	83,815
Investment in associates	14	1,080,672	936,348	916,254
Intangible assets	15	471,652	401,551	449,151
Property and equipment	16	621,716	651,335	665,423
Deferred tax asset		183,471	110,760	160,881
Total assets		65,828,124	60,401,205	63,808,923
LIABILITIES				
Due to other banks		435,255	388,811	609,543
Other borrowings	17	952,114	460,720	912,935
Debt securities in issue	18	5,108,841	5,602,877	5,581,034
Deposits	19	48,259,948	44,130,529	45,784,775
Other liabilities	20	1,061,924	960,278	1,459,740
Current tax liability		6,279	3,967	2,850
Insurance contract liabilities		461,244	418,278	444,475
Deferred tax liability		–	162	–
Post-employment benefits		21,467	20,501	20,752
Total liabilities		56,307,072	51,986,123	54,816,104
EQUITY				
Share capital and premium		713,769	726,928	686,427
Non-distributable reserves		69,637	59,682	65,346
Distributable reserves		8,248,144	7,184,141	7,764,910
Equity attributable to the owners of the parent		9,031,550	7,970,751	8,516,683
Non-controlling interests in equity		489,502	444,331	476,136
Total shareholders' equity		9,521,052	8,415,082	8,992,819
Total equity and liabilities		65,828,124	60,401,205	63,808,923

Refer to note 5.3 for information on the restatement.



Condensed consolidated interim statement of changes in equity

for the six months ended 31 December 2023

	Non-distributable reserves				Distributable reserves						Total equity N\$'000
	Share capital and premium N\$'000	Insurance fund reserve N\$'000	Credit risk reserve N\$'000	Margin entitlement 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	
For the six months ended 31 December 2022 (reviewed)											
Balance reported at 1 July 2022	719,096	57,991	22,322	57	27,920	(33,812)	5,232,914	3,600	1,256,799	506,439	7,793,326
Impact of adopting IFRS 17	-	-	-	-	-	-	-	-	150,441	(88,757)	61,684
Restated balance as at 1 July 2022	719,096	57,991	22,322	57	27,920	(33,812)	5,232,914	3,600	1,407,240	417,682	7,855,010
Movement in treasury shares	7,832	-	-	-	-	-	-	-	-	-	7,832
Total comprehensive income for the period	-	-	-	-	-	2,888	-	2,226	725,633	44,547	775,294
Profit for the period	-	-	-	-	-	-	-	-	725,633	44,148	769,781
Other comprehensive income	-	-	-	-	-	2,888	-	2,226	-	399	5,513
Share-based payment charges	-	-	-	-	1,251	-	-	-	-	-	1,251
Loss on sale of treasury shares	-	-	-	-	-	-	-	-	(193)	-	(193)
Transfer between reserves	-	1,539	-	95	-	-	(1,539)	-	22,227	-	-
Dividends	-	-	(22,322)	-	-	-	-	-	(206,214)	(17,898)	(224,112)
Restated balance at 31 December 2022	726,928	59,530	-	152	29,171	(30,924)	5,231,375	5,826	1,948,693	444,331	8,415,082

Refer to note 5.3 for information on the restatement.

** 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 2023

	Non-distributable reserves				Distributable reserves						Total equity N\$'000
	Share capital and premium N\$'000	Insurance fund reserve N\$'000	Margin entitlement reserve N\$'000	Easy-Wallet 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	
For the six months ended 31 December 2023 (reviewed)											
Restated balance at 1 July 2023	686,427	61,506	860	2,980	37,425	(23,499)	5,998,121	26,603	1,726,260	476,136	8,992,819
Movement in treasury shares	19,730	-	-	-	-	-	-	-	-	-	19,730
Redemption of ordinary shares	7,612	-	-	-	-	-	-	-	-	-	7,612
Total comprehensive income for the period	-	-	-	-	-	25,575	-	2,908	770,699	57,466	856,648
Profit for the period	-	-	-	-	-	-	-	-	770,699	56,945	827,644
Other comprehensive income	-	-	-	-	-	25,575	-	2,908	-	521	29,004
Share-based payment charges	-	-	-	-	1,250	-	-	-	-	-	1,250
Profit on sale of treasury shares	-	-	-	-	-	-	-	-	1,137	-	1,137
Transfer between reserves	-	2,283	2,008	-	-	-	(2,283)	-	(2,008)	-	-
Dividends	-	-	-	-	-	-	-	-	(314,044)	(44,100)	(358,144)
Balance at 31 December 2023	713,769	63,789	2,868	2,980	38,675	2,076	5,995,838	29,511	2,182,044	489,502	9,521,052

** 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 2023

	Non-distributable reserves					Distributable reserves					Non-controlling interests N\$'000	Total equity N\$'000
	Share capital and premium N\$'000	Insurance fund reserve N\$'000	Credit risk reserve N\$'000	Margin entitlement reserve N\$'000	Easy-Wallet 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 2023												
Balance reported at 1 July 2022 (audited)	719,096	57,991	22,322	57	-	27,920	(33,812)	5,232,914	3,600	1,256,799	506,439	7,793,326
Impact of adopting IFRS 17	-	-	-	-	-	-	-	-	-	150,441	(88,757)	61,684
Restated balance as at 1 July 2022 (reviewed)	719,096	57,991	22,322	57	-	27,920	(33,812)	5,232,914	3,600	1,407,240	417,682	7,855,010
Movement in treasury shares	(40,945)	-	-	-	-	-	-	-	-	-	-	(40,945)
Redemption of ordinary shares	(6,632)	-	-	-	-	-	-	-	-	-	-	(6,632)
Total comprehensive income for the year	-	-	-	-	-	-	10,313	-	23,003	1,477,277	106,787	1,617,380
Profit for the year	-	-	-	-	-	-	-	-	-	1,477,277	102,664	1,579,941
Other comprehensive income	-	-	-	-	-	-	10,313	-	23,003	-	4,123	37,439
Share-based payment charges	-	-	-	-	-	24,413	-	-	-	-	-	24,413
Vesting of shares	14,908	-	-	-	-	(14,908)	-	-	-	-	-	-
Profit on sale of treasury shares	-	-	-	-	-	-	-	-	-	752	-	752
Transfer between reserves	-	3,515	(22,322)	803	2,980	-	-	765,207	-	(750,183)	-	-
Dividends	-	-	-	-	-	-	-	-	-	(408,826)	(48,333)	(457,159)
Restated balance at 30 June 2023	686,427	61,506	-	860	2,980	37,425	(23,499)	5,998,121	26,603	1,726,260	476,136	8,992,819

Refer to note 5.3 for information on the restatement.

** Share-based compensation reserve (SBCR)

*** Foreign currency translation reserve (FCTR)



Condensed consolidated interim statement of cash flows

for the six months ended 31 December 2023

	Notes	Six months ended	Year ended	
		December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Cash flows from operating activities				
Cash generated from operations		1,585,481	205,751	1,631,439
Dividends received		2,717	2,270	125,854
Other interest received		–	369	1,369
Income taxes paid		(329,022)	(271,498)	(577,396)
Income taxes refunds		26,287	–	–
Net cash generated from/(utilised in) operating activities		1,285,463	(63,108)	1,181,266
Cash flows from investing activities				
Additions to property and equipment		(31,554)	(72,089)	(113,730)
Additions to intangible assets		(51,717)	(69,578)	(120,535)
Additional shares acquired in associates		(80,030)	–	–
Transfer to restricted cash	13	(163,334)	–	–
Redemption of unit trust investments		311,500	338,000	924,441
Investments of unit trust investments		(75,000)	(155,106)	(1,153,247)
Net cash (utilised in)/generated from investing activities		(90,135)	41,227	(463,071)
Cash flows from financing activities				
Treasury shares acquired		(10,951)	(22,702)	(74,835)
Treasury shares sold		45,650	35,510	61,497
Redemption of ordinary shares		(7,612)	–	(6,632)
Proceeds from other borrowings		437,615	332,400	863,982
Redemption of other borrowings		(395,180)	(501,694)	(599,017)
Redemption of debt securities in issue		(1,017,250)	(847,500)	(885,000)
Proceeds from the issue of debt securities		556,000	226,597	200,000
Lease payments made		(41,073)	(25,248)	(83,142)
Dividends paid		(314,044)	(224,112)	(408,826)
Net cash utilised in financing activities		(746,845)	(1,026,749)	(931,973)
Net increase/(decrease) in cash and cash equivalents		448,483	(1,048,630)	(213,778)
Cash and cash equivalents at the beginning of the period/year		6,080,914	6,480,396	6,480,396
Effects of exchange rate changes on cash and cash equivalents		141,506	(59,318)	(185,704)
Cash and cash equivalents at the end of the period/year		6,670,903	5,372,448	6,080,914

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2023

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 a 84.8% shareholding in Capricorn Investment Holdings (Botswana) Ltd, which in turn holds 100% of the share capital in Bank Gaborone Ltd (BG) and Peo Finance (Pty) Ltd, 95.9% 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 31.0% shareholding in Paratus Group Holdings Ltd.

These condensed consolidated interim financial statements were approved for issue on 27 February 2024 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 2023, have been prepared in accordance with the recognition and measurement criteria of the IFRS Accounting Standards, IFRIC Interpretations issued by the IFRS Interpretations Committee, 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 2023, which have also been prepared in accordance with IFRS.

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 2023, 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
Narrow scope amendments to IAS 1 - 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	Assessed to have no significant or material impact on the Group.	Mandatory for financial periods commencing on or after 1 January 2023. Date of adoption: 1 July 2023.
Amendments to IAS 12 – Income Taxes: Deferred Tax	The amendment requires entities to recognise deferred tax on single transactions that, on initial recognition gives rise to equal amounts of taxable and deductible temporary differences.	Assessed to have no significant or material impact on the Group.	Mandatory for financial periods commencing on or after 1 January 2023. Date of adoption: 1 July 2023.
IFRS 17, 'Insurance Contracts'	<p>The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.</p> <p>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.</p>	Refer to note 5.3	Mandatory for financial years commencing on or after 1 January 2023. Date of adoption: 1 July 2023.
IFRS 17 – Insurance contracts Amendments	Addressing the concerns and challenges identified, the IASB has formulated specific amendments alongside a series of proposed clarifications aimed at facilitating the implementation of IFRS 17, streamlining certain stipulations of the standard, and smoothing the transition process. These amendments, pertinent to eight distinct aspects of IFRS 17, are crafted not to alter the core principles of the standard but to refine its application and clarity.	Assessed to have no significant or material impact on the group.	Mandatory for financial years commencing on or after 1 January 2023. Date of adoption: 1 July 2023.

5. Standards and interpretations issued continued

5.2 Standards and interpretations issued but not yet effective

Title of standard	Nature of change	Impact	Mandatory application date/Date of adoption by Group
Amendment to IFRS 16 'Leases'	Lease Liability in a Sale and Leaseback: The narrow-scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in a profit or loss any gain or loss relating to the partial or full termination of a lease.	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2024. Expected date of adoption date: 1 July 2024.
Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2024. Expected date of adoption date: 1 July 2024.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2024. Expected date of adoption date: 1 July 2024.
Amendments to IAS 21 - Lack of Exchangeability (Amendments to IAS 21)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2025. Expected date of adoption date: 1 July 2025.
Amendments to IAS 1 - Presentation of Financial Statements	These amendments require the following changes to presentation: <ul style="list-style-type: none"> > Classification of liabilities as current or non-current: Narrow-scope amendments to clarify how to classify debt and other liabilities as current or non-current. > Disclosure of accounting policies: Entities should disclose material accounting policy information rather than significant accounting policies. Additional guidance added to explain how an entity can identify this. 	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2024. Expected date of adoption: 1 July 2024.

5.3 Adoption of IFRS 17 Insurance Contracts

Following the specific recognition and measurement criteria in IFRS 17, consequential amendments were also made to the presentation and disclosure requirements for insurance contracts. This standard requires retrospective application and is effective for annual reporting periods starting on or after 1 January 2023. The Group had opted not to early adopt this standard, and the transition period therefore commenced from 1 July 2022, as if IFRS 17 had always been effective.

The effects of adopting IFRS 17 on the interim financial results at 1 July 2022 are presented in the statement of changes in equity. In the interim statement of cash flows, the cash flows generated/utilised in operating, investing, and financing activities remain the same upon the adoption of IFRS 17.



5. Standards and interpretations issued continued

5.3 Adoption of IFRS 17 Insurance Contracts continued

Statement of financial position

Policyholder liabilities were previously disclosed within "Other liabilities". IFRS 17 requires portfolios of insurance contracts to be classified separately as either insurance contract assets or insurance contract liabilities. The interim financial statements have been restated to disclose the IFRS 17 insurance contract liabilities separately.

The table below summarises the changes brought about by IFRS 17 that had a significant impact on the Group.

Statement of Comprehensive Income

Group	31 December 2022 N\$'000	Impact of changes N\$'000	Restated 31 December 2022 N\$'000
Consolidated statement of comprehensive income (extract)			
Non-interest income	939,622	(5,986)	933,636
- Net insurance premium income	79,638	(5,986)	73,652
Operating profit	2,097,522	(5,986)	2,091,536
Share of associates' results after tax	48,923	77,542	126,465
Profit before tax	954,306	71,556	1,025,862
Income tax expense	(256,081)	-	(256,081)
Profit for the period	698,225	71,556	769,781

Group	30 June 2023 N\$'000	Impact of changes N\$'000	Restated 30 June 2023 N\$'000
Consolidated statement of comprehensive income (extract)			
Non-interest income	1,887,384	(11,972)	1,875,412
- Net insurance premium income	179,070	(11,972)	167,098
Operating profit	4,369,988	(11,972)	4,358,016
Share of associates' results after tax	64,864	117,472	182,336
Profit before tax	1,990,913	105,500	2,096,413
Income tax expense	(516,472)	-	(516,472)
Profit for the period	1,474,441	105,500	1,579,941

5. Standards and interpretations issued continued

5.3 Adoption of IFRS 17 Insurance Contracts continued

Statement of Financial Position

Group	31 December 2022 N\$'000	Impact of changes N\$'000	Restated 31 December 2022 N\$'000
Consolidated statement of financial position (extract)			
Assets			
Investment in associates	597,668	338,680	936,348
Liabilities			
Other liabilities	1,173,116	(212,838)	960,278
Insurance contract liabilities	–	418,278	418,278
Equity			
Distributable reserves	6,959,480	224,661	7,184,141
Non-controlling interests in equity	535,752	(91,421)	444,331

Group	30 June 2023 N\$'000	Impact of changes N\$'000	Restated 30 June 2023 N\$'000
Consolidated statement of financial position (extract)			
Assets			
Investment in associates	537,643	378,611	916,254
Liabilities			
Other liabilities	1,692,788	(233,048)	1,459,740
Insurance contract liabilities	–	444,475	444,475
Equity			
Distributable reserves	7,503,642	261,268	7,764,910
Non-controlling interests in equity	570,220	(94,084)	476,136



5. Standards and interpretations issued continued

5.3 Adoption of IFRS 17 Insurance Contracts continued

Restatement of retained earnings opening balance at 1 July 2022

The adoption of IFRS 17 resulted in the restatement of the opening balance of retained earnings on 1 July 2022, increasing by an amount of N\$150.4 million.

Impact on subsidiaries

The adoption of IFRS 17 for Entrepo Holdings (Pty) Ltd on 1 July 2022 resulted in an increase in insurance contract liabilities and a reduction in retained earnings of N\$199.5 million due to a change in measurement model to comply with the requirements of IFRS 17. Profits are recognised as and when services are provided, applying a systematic method for the release of such profits.

Impact on associates

The adoption of IFRS 17 for Sanlam Namibia Holdings (Pty) Ltd on 1 July 2022 resulted in an increase in the Group's share of the associate's reserves of N\$261.3 million. This is mainly due to the release of discretionary reserves and changes in model assumptions between IFRS 17 and IFRS 4. Insurance contract liabilities must be measured on a best estimate basis, adjusted with a risk adjustment for non-financial risk.

The adoption of IFRS 17 for Santam Namibia Ltd on 1 July 2022 resulted in a decrease in the Group's share of the associate's reserves of N\$179.5 thousand. The impact was not significant as the PAA model used for IFRS 17 was closely aligned with the IFRS 4 model.

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 2023. 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:

	Gross exposure N\$'000	Impairment allowance N\$'000	Carrying amount N\$'000	Fair value of collateral held N\$'000
As at 31 December 2023				
Credit-impaired assets				
- Overdrafts	760,915	(396,485)	364,430	438,483
- Term loans	842,062	(399,470)	442,592	529,128
- Mortgages	965,659	(401,569)	564,090	650,956
- Instalment finance	94,364	(42,263)	52,101	61,947
Total credit-impaired assets	2,663,000	(1,239,787)	1,423,213	1,680,514
As at 31 December 2022				
Credit-impaired assets				
- Overdrafts	609,984	(306,199)	303,785	344,171
- Term loans	663,774	(301,700)	362,074	404,333
- Mortgages	1,023,897	(395,396)	628,501	708,652
- Instalment finance	83,982	(37,677)	46,305	52,681
Total credit-impaired assets	2,381,637	(1,040,972)	1,340,665	1,509,837
As at 30 June 2023				
Credit-impaired assets				
- Overdrafts	603,530	(319,959)	283,571	327,119
- Term loans	745,129	(468,111)	277,018	437,534
- Mortgages	1,015,050	(280,681)	734,369	660,335
- Instalment finance	91,652	(46,094)	45,558	50,402
Total credit-impaired assets	2,455,361	(1,114,845)	1,340,516	1,475,390



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	Neither past due nor impaired	Special Mention			Non-performing	Total
		0 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	
As at 31 December 2023						
Overdrafts	5,169,908	610,270	60,544	58,973	760,915	6,660,610
Term loans	13,256,818	2,623,762	260,519	192,631	842,062	17,175,792
Mortgages	16,461,243	1,998,607	409,072	279,870	965,659	20,114,451
Instalment finance	4,554,258	60,507	12,137	4,009	94,364	4,725,275
Preference shares	213,679	–	–	–	–	213,679
Total gross loans and advances	39,655,906	5,293,146	742,272	535,483	2,663,000	48,889,807
Impairments raised	(452,198)	(62,957)	(8,798)	(6,475)	(1,239,787)	(1,770,215)
Net loans and advances	39,203,708	5,230,189	733,474	529,008	1,423,213	47,119,592

N\$'000	Neither past due nor impaired	Special Mention			Non-performing	Total
		0 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	
As at 31 December 2022						
Overdrafts	5,045,208	465,794	88,350	28,585	609,984	6,237,921
Term loans	12,139,463	1,515,868	370,665	174,000	663,774	14,863,770
Mortgages	16,099,809	2,032,795	436,318	180,991	1,023,897	19,773,810
Instalment finance	3,622,179	210,166	43,477	15,221	83,982	3,975,025
Preference shares	226,396	–	–	–	–	226,396
Total gross loans and advances	37,133,055	4,224,623*	938,810	398,797	2,381,637	45,076,922
Impairments raised	(447,662)	(51,052)	(19,439)	(7,936)	(1,040,972)	(1,567,061)
Net loans and advances	36,685,393	4,173,571	919,371	390,861	1,340,665	43,509,861

* On the back of the holiday season, there were numerous late payments that inflated the exposure in the '0-30 days' bracket with more than N\$2 billion as at 31 December 2022, which have subsequently been paid and transferred back into the 'neither past due nor impaired' bracket.

N\$'000	Neither past due nor impaired	Special Mention			Non-performing	Total
		0 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	
As at 30 June 2023						
Overdrafts	5,354,949	304,822	31,214	45,495	603,530	6,340,010
Term loans	14,588,416	362,648	167,654	61,988	745,129	15,925,835
Mortgages	18,228,226	604,528	331,059	174,407	1,015,050	20,353,270
Instalment finance	4,126,322	54,506	47,212	15,732	91,652	4,335,424
Preference shares	220,090	–	–	–	–	220,090
Total gross loans and advances	42,518,003	1,326,504	577,139	297,622	2,455,361	47,174,629
Impairments raised	(167,690)	(198,138)	(86,207)	(44,455)	(1,114,845)	(1,611,335)
Net loans and advances	42,350,313	1,128,366	490,932	253,167	1,340,516	45,563,294

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 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 between level 1, level 2 or level 3 fair value measurements occurred during the six months ended 31 December 2023. There were no changes in valuation techniques during the period.



7. Financial risk management and financial instruments continued

7.4 Fair value estimation continued

Details of level 2 and level 3 fair value instruments:

Valuation inputs - ranges

<i>Financial assets measured at fair value</i>	Valuation technique	Type of valuation inputs	31 Dec 2023 Reviewed	31 Dec 2022 Reviewed	30 June 2023 Reviewed
<i>Financial assets at fair value through profit or loss and at fair value through other comprehensive income</i>					
Treasury bills	Income approach*	Note 1	BW: 7.6% – 9.0%	BW: 7.4% – 9.1%	BW: 7.6% – 9.4%
Government stock	Income approach*	Note 1	BW & Entrepo: 8.6% – 9.8%	BW & Entrepo: 9.0% – 11.5%	BW & Entrepo: 8.1% – 10.8%
Unit trust investments	Market approach**	Note 4	BW: 6.0% – 8.6%	BW: 4.0% – 6.7%	BW: 5.3% – 8.5%
Other debt securities					
- Corporate bonds	Income approach*	Note 1	11.4%	10.3%	7.8%
Financial liabilities measured at fair value					
Derivative financial instruments	Income approach*	Note 1	BW: 7.1% – 11.2%	BW: 3.9% – 12.8%	7.6% – 11.7%
Financial assets for which the fair value is disclosed					
<i>Loans and advances to customers</i>					
			BW: 11.5%	BW: 10.5%	BW: 11.5%
			BG: 5.3%	BG: 5.3%	BG: 5.3%
- Discount rate	Income approach*	Note 1	Entrepo: 15.3%	Entrepo: 15.3%	Entrepo: 15.3%
			BW: 7.0% – 21.8%	BW: 7.3% – 20.7%	BW: 3.5% – 17.5%
			BG: 3.8% – 32.0%	BG: 3.8% – 32.0%	BG: 5.3% – 32.0%
			Entrepo:	Entrepo:	Entrepo:
- Earnings rate	Income approach*	Note 2	15.3% – 21.0%	15.3% – 21.0%	15.3% – 21.0%
- Term to maturity	Income approach*	Note 3	3 – 360 mths	3 – 360 mths	3 – 360 mths
<i>Financial assets at amortised cost</i>					
Treasury bills	Income approach*	Note 1	7.6% – 8.8%	7.9% – 8.6%	BW: 8.7% – 9.3%
Government stock	Income approach*	Note 1	BW: 4.7% – 11.4%	BW: 3.4% – 11.5%	BW: 8.1% – 10.8%
Financial liabilities for which the fair value is disclosed					
<i>Other borrowings</i>					
- Discount rate	Income approach*	Note 1	BW: 8.8% – 10.3%	BW: 8.1% – 9.8%	BW: 9.5% – 10.8%
			CG: 8.2%***	CG: 7.0%***	CG: 7.9%***
- Earnings rate	Income approach*	Note 2	BW: 7.8% – 9.4%	BW: 7.7% – 8.4%	BW: 9.5% – 10.0%
			CG: 8.2%***	CG: 7.0%***	CG: 7.9%***
<i>Debt securities in issue</i>					
Senior debt - unsecured	Income approach*	Note 1	BW: 8.4% – 12.0%	BW: 3.9% – 6.6%	BW: 5.0% – 8.9%
			BG: 7.5%	BG: 7.0%	BG: 6.0%
Deposits					
Promissory notes	Income approach*	Note 1	BW: 7.9% – 8.6%	N/A	N/A

* 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.

Note 4: Valuations are performed per fund based on the net asset value of the underlying assets.

BW: Bank Windhoek Ltd

BG: Bank Gaborone

CG: Capricorn Group

7. Financial risk management and financial instruments continued

7.4 Fair value estimation continued

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

N\$'000	December 2023		December 2022		June 2023	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	Reviewed		Reviewed (Restated)		Reviewed (Restated)	
Financial assets						
Cash and cash equivalents	6,834,237	6,834,237	5,372,448	5,372,448	6,080,914	6,080,914
Financial assets at amortised cost	1,013,238	1,026,342	1,013,276	1,058,627	989,432	922,769
Loans and advances to customers	47,119,591	47,220,454	43,509,861	43,610,724	45,396,558	41,624,541
Other assets	353,678	353,678	230,895	230,895	594,076	594,076
Financial liabilities						
Due to other banks	435,255	435,255	388,811	388,811	609,543	609,543
Other borrowings	952,114	954,041	460,720	468,114	912,935	688,076
Debt securities in issue	5,108,841	5,079,905	5,602,877	5,471,396	5,581,034	6,019,707
Deposits	48,259,948	48,259,948	44,130,529	44,130,529	45,784,775	45,785,006
Other liabilities	756,141	756,141	723,496	723,496	1,029,699	1,029,699



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. In line with BID requirements, prior period capital adequacy ratios have not been restated.

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended 30 June 2023 and the six-month periods ended 31 December 2023 and 31 December 2022. 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 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Tier 1 capital			
Share capital and premium	746,036	764,071	744,635
General banking reserves	6,343,881	5,251,073	6,017,042
Retained earnings	2,151,956	1,879,128	2,036,700
Minority interests	289,375	263,469	289,375
Subtotal	9,531,248	8,157,741	9,087,752
Deduct: 50% investments in Group entities			
Goodwill	(481,578)	(343,358)	(465,484)
50% investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(404,680)	(354,453)	(354,053)
Net total Tier 1 capital	8,644,990	7,459,930	8,268,215
Tier 2 capital			
Subordinated debt	377,463	393,626	382,960
Current unaudited profits (including dividends paid and transfers to general banking reserves)	539,484	319,674	-
Portfolio impairment	594,158	536,916	528,632
Minority interests and foreign currency translation adjustments	60,278	(174,174)	-
Subtotal	1,571,383	1,076,042	911,592
Deduct: 50% investments in Group entities			
50% investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(363,052)	(338,504)	(323,020)
Net total Tier 2 capital	1,208,331	737,538	588,572
Total regulatory capital	9,853,321	8,197,468	8,856,787
Risk-weighted assets:			
Operational risk	5,623,168	5,037,759	5,225,880
Credit risk	48,723,262	43,624,914	46,396,986
Market risk	1,564,476	814,437	665,256
Total risk-weighted assets	55,910,906	49,477,110	52,288,122
Capital adequacy ratios:			
Leverage capital ratio	12.8%	12.9%	12.5%
Tier 1 risk-based capital ratio	15.5%	15.1%	15.8%
Total risk-based capital ratio	17.6%	16.6%	16.9%

9. Credit impairment losses	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Increase in specific impairment	148,496	48,767	88,688
Increase in specific impairment	128,999	21,153	46,660
Increase in interest in suspense impairment	19,497	27,614	42,028
Amounts written off as uncollectable	51,569	45,756	94,519
Initial specific impairment	45,186	42,132	89,784
Written off as uncollectable	6,383	3,624	4,735
Increase in portfolio impairment	57,082	64,005	48,771
Increase in portfolio impairment for OCI instruments	–	–	13,207
Amounts recovered during the period/year	(4,261)	(3,635)	(9,575)
	252,886	154,893	235,610

Impairment charges reflect the movement in provisions as per the IFRS 9 models.

10. 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 2023 is 26.8% (30 June 2023: 27.0% and 31 December 2022: 28.2%).

11. Financial assets at amortised cost

The increase in financial assets at amortised cost is due to additions to treasury bills obtained during the period under review.

12. Loans and advances to customers	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Overdrafts	6,660,610	6,237,921	6,340,010
Term loans	17,175,792	14,863,770	15,925,835
Mortgages	20,114,451	19,773,810	20,353,270
- Residential mortgages	12,924,774	12,453,935	12,939,039
- Commercial mortgages	7,189,677	7,319,875	7,414,231
Instalment finance	4,725,275	3,975,025	4,335,424
Preference shares	213,679	226,396	220,090
<i>Gross loans and advances</i>	48,889,807	45,076,922	47,174,629
Effective interest rate impact per IFRS 9	–	–	(166,736)
<i>Gross loans and advances after effective interest impact</i>	48,889,807	45,076,922	47,007,893
<i>Less impairment</i>			
Stage 1 impairment	(514,796)	(498,714)	(167,690)
Stage 2 impairment	(15,273)	(27,375)	(328,800)
Stage 3 impairment	(1,239,787)	(1,040,972)	(1,114,845)
	47,119,951	43,509,861	45,396,558



13. Other assets

Included in other assets is restricted cash of N\$163.3 million held in an escrow account, set aside for a proposed investment in Paratus Group Holdings Ltd. Completion of the transaction is subject to Conditions Precedent being met no later than 30 June 2024.

14. Investment in associates

The increase in investment in associates can be attributed to the following:

- > The Group acquired an additional 5% shares in Paratus Group Holdings Ltd for a consideration of N\$80.0 million on 22 December 2023. The Group now holds an effective 31% (June 2023: 26%) in Paratus.
- > The adoption of the new IFRS 17 standard resulted in an increase of N\$378.6 million in the Group's share of Sanlam Namibia Holdings (Pty) Ltd's reserves as at 30 June 2023. The comparative periods have been appropriately restated. Refer to note 5.3 for information on the restatement.

15. Intangible assets

The increase in the net book value of intangible assets from 30 June 2023 is mainly due to the capitalisation of project costs of N\$51.7 million, which also represents the total additions and transfers for the period.

16. Property and equipment

Total additions to property and equipment during the period ended 31 December 2023 amounted to N\$31.6 million. Right-of-use assets of N\$191.3 million are included in the balance.

17. Other borrowings

	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Opening Balance	912,935	618,017	618,017
Additions	437,615	332,400	863,982
Repayments	(395,180)	(501,694)	(599,017)
Accrued interest	14,616	10,837	45,677
Coupon payments	(10,167)	(10,700)	(40,632)
Foreign exchange (gain)/loss	(7,705)	11,860	24,908
Closing Balance	952,114	460,720	912,935

Other borrowings consist of a long-term loan from Agence Française de Développement ("AFD") and Bank of Namibia SME Scheme of N\$256.6 million. The balance is further made up of a Bank One loan of N\$185.4, a loan from the Caliber Capital Trust of N\$60 million, and IFC Funding of N\$450.1 million.

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%.

Bank One loan: The interest 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 SOFR plus a spread of 3.0%.

Loan with International Financial Corporation of USD40 million. The facility allows to draw down in two tranches of USD25 million and USD15 million respectively. The facility is repayable in six consecutive instalments. The first tranche was disbursed in the month of September 2022 and the interest rate for the tranche was fixed at 11.54% per annum.

The Caliber Capital Trust loan bears interest at Namibian 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 period under review.

18. Debt securities in issue

Senior debt to the value of N\$556 million was issued during the six months ended 31 December 2023. Total interest during the period amounted N\$162 million with repayments of N\$1.02 billion.

19. Deposits

	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Current accounts	12,707,588	10,864,601	12,051,841
Credit cards	588,763	28,664	39,399
Savings accounts	1,974,555	1,821,776	1,934,714
Demand deposits	7,106,010	6,222,002	6,867,738
Term and notice deposits	12,909,705	13,273,695	14,251,101
Negotiable certificates of deposits (NCDs)	10,597,071	10,135,873	8,983,152
Other deposits	2,376,256	1,783,918	1,656,830
	48,259,948	44,130,529	45,784,775

20. Other liabilities

Lease liabilities of N\$222.6 million are included in the balance.

21. Earnings and headline earnings per ordinary share

	December 2023 Reviewed		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit attributable to the equity holders of the parent entity			770,699
<i>Headline adjustments</i>	-	-	-
Headline earnings			770,699

	December 2022 Reviewed (Restated)		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit attributable to the equity holders of the parent entity			725,633
<i>Headline adjustments</i>	-	-	-
Headline earnings			725,633

	June 2023 Reviewed (Restated)		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit attributable to the equity holders of the parent entity			1,477,277
<i>Headline adjustments</i>	42,383	-	42,383
Loss on disposal of assets	4,230	-	4,230
Loss on dilution of associates	38,153	-	38,153
Headline earnings			1,519,660



21. Earnings and headline earnings per ordinary share continued

	December 2023 Reviewed	December 2022 Reviewed (Restated)	June 2023 Reviewed (Restated)
Number of ordinary shares in issue at period/year-end ('000)	518,488	519,184	518,720
Less: Treasury shares	(12,783)	(8,679)	(12,783)
Weighted average number of ordinary shares in issue during the period/year ('000)	505,705	510,505	505,937
Adjusted for effect of future share-based payment transactions	3,056	1,864	3,056
Diluted weighted average number of ordinary shares in issue during the period/year ('000)	508,761	512,369	508,993
<i>Earnings per ordinary share (cents)</i>			
Basic	152.4	142.1	292.0
Fully diluted	151.5	141.6	290.2
<i>Headline earnings per ordinary share (cents)</i>			
Basic	152.4	142.1	300.4
Fully diluted	151.5	141.6	298.6

22. Net asset value per ordinary share

	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed (Restated)	June 2023 N\$'000 Reviewed (Restated)
Net assets (excluding non-controlling interest) (N\$'000)	9,031,550	7,970,751	8,516,683
Number of ordinary shares in issue at period/year-end ('000)	505,705	510,505	505,937
Net asset value per ordinary share (cents)	1,786	1,561	1,683

23. Dividends per share

Capricorn Group declared and paid dividends amounting to N\$314.4 million during the six month period ended 31 December 2023 (30 June 2023: N\$408.8 million and 31 December 2022: N\$207.7 million).

Refer to note 27 for dividends declared after the reporting period.

24. Contingent assets, liabilities and commitments

24.1 Capital commitments

	December 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed	June 2023 N\$'000 Reviewed
Contracted for but not yet incurred	–	–	28,000
Authorised but not contracted for	546,950	359,884	627,698

24.2 Letters of credit

	562,213	486,625	631,964
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24.3 Liabilities under guarantees

	3,097,091	1,897,307	2,414,104
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24.4 Loan commitments

	1,678,719	2,665,458	2,948,866
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24.5 Pending litigation

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.

25. Related parties

The Group did not enter into material new related party transactions and balances for the six months ended 31 December 2023.

26. 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 2023 N\$'000 Reviewed	December 2022 N\$'000 Reviewed (Restated)	June 2023 N\$'000 Reviewed (Restated)
Operating income			
Banking – Namibia	1,770,314	1,625,240	3,363,602
Term lending and related activities – Namibia	139,316	117,009	266,632
Banking – Botswana	271,118	268,744	483,905
Other	148,245	80,543	243,877
Total	2,328,993	2,091,536	4,358,016
Profit after tax for the period/year			
Banking – Namibia	569,280	512,067	1,090,639
Term lending and related activities – Namibia	98,295	78,721	188,095
Banking – Botswana	53,867	59,978	102,683
Other	106,202	119,015	198,524
Total	827,644	769,781	1,579,941
Total assets			
Banking – Namibia	49,851,156	46,864,252	48,272,967
Term lending and related activities – Namibia	1,589,784	1,527,424	1,597,780
Banking – Botswana	11,465,773	9,764,619	10,927,571
Other	2,921,411	2,244,910	3,010,605
Total	65,828,124	60,401,205	63,808,923



26. Segment information continued

Impact of adopting IFRS 17 on segment information

	31 December 2022 N\$'000	Impact of changes N\$'000	Restated 31 December 2022 N\$'000
<i>Operating income</i>			
Term lending and related activities - Namibia	122,995	(5,986)	117,009
<i>Profit after tax for the period / year</i>			
Term lending and related activities - Namibia	84,707	(5,986)	78,721
Other	41,473	77,542	119,015
<i>Total assets</i>			
Other	1,906,230	338,680	2,244,910
	30 June 2023 N\$'000	Impact of changes N\$'000	Restated 30 June 2023 N\$'000
<i>Operating income</i>			
Term lending and related activities - Namibia	278,604	(11,972)	266,632
<i>Profit after tax for the period / year</i>			
Term lending and related activities - Namibia	200,067	(11,972)	188,095
Other	81,052	117,472	198,524
<i>Total assets</i>			
Other	2,631,994	378,611	3,010,605

27. Events subsequent to period-end

Dividends declared

On 27 February 2024 an interim dividend of 48 cents per ordinary share was declared for the period ended 31 December 2023, payable on 5 April 2024. The last day to trade shares on a cum dividend basis is on 14 March 2024, the first day to trade ex dividend is 15 March 2024 and the record date is 22 March 2024. 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 2024.

28. Director appointment/resignation

Mr David Nuyoma has been appointed as the new Group Chief Executive Officer Designate, effective from 1 January 2024, and he will assume the substantive role of Group CEO from 1 March 2024. Mr Koos Brandt has retired as non-executive director on the Capricorn Group board effective 2 February 2024. Mr Cobus Brandt has been appointed as non-executive director, effective 2 February 2024, in line with the board succession plan.

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