Group Annual Financial Statements

2025

Capricorn Group

Index

Statement of responsibility by the board of directors

for the year ended 30 June 2025

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

To enable the directors to meet these responsibilities:

> the 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, 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 year 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 financial statements presented on pages 6 to 111 have been prepared in accordance with the provisions of the Namibian Companies Act and comply with IFRS® Accounting Standards.

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

Comprehensive insurance cover is in place as required by the Bank of Namibia BID 14 – 'Determinations on minimum insurance for banking institutions'.

The financial statements have been audited by the independent auditing firm, Deloitte & Touche, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The independent auditor's report is presented on pages 3 to 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 financial statements, set out on pages 6 to 111, were authorised and approved for issue by the board of directors on 16 September 2025 and are signed on their behalf.

D G Fourie
Chairman

D Nuyoma
Group Chief Executive Officer

Independent auditor’s report

To the members of Capricorn Group Limited

Opinion

We have audited the financial statements of Capricorn Group Limited and its subsidiaries (the “Group”), set out on pages 6 to 111, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information and the directors’ report.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Namibian Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia.

We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Impairment of advances	
The impairment of advances is accounted for under International Financial Reporting Standards (IFRS) 9 Financial Instruments and is an area of significant management judgement and estimation. Local and international economic volatility continue to translate to uncertainty, particularly around the incorporation of forward-looking information, to predict default rates and the realisation of collateral. As a result, the Group continued to enhance models, processes and judgements over the course of the year as part of their ongoing annual improvements. We identified the impairment of advances, and specifically the ECL approach adopted, to be a matter of significant importance to our current year audit due to the following: • The materiality of Advances to the financial statements; • The level of judgement applied in determining the ECL on advances; and • The uncertainty related to continued global and local economic volatility. The inputs into the modelling process require significant management judgement, including: • The input assumptions and methodologies applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL calculations;	Our audit of the impairment of advances included, inter alia, the following audit procedures performed with the assistance of our credit and actuarial specialists: • Across all significant portfolios we assessed the advances impairment practices applied by management against the requirements of IFRS 9; • In addition, we tested the design and implementation of relevant controls over the processes used to calculate impairments; and • We assessed the Group’s probability weighted macroeconomic scenario reports and analysed the outlined methodology, scenario views and associated probabilities in terms of the principles of IFRS 9, including the review of the approval of the macroeconomic outlook. We performed the following procedures on the ECL for all material advances portfolios with the assistance of our credit and actuarial experts: • Obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9 and best practice; • Assessed the reasonableness of the SICR criteria adopted by management and tested whether this was correctly and consistently applied in the models; • Evaluated a sample of advances against management’s definition of default to assess completeness of stage 3 advances;

Independent auditor's report continued

Key Audit Matter	How the matter was addressed in the audit
Impairment of advances	
• The assessment of whether there has been a significant increase in credit risk (SICR) event since origination date of the exposure to the reporting date. IFRS 9 requires that accounts reflecting signs of SICR should be reported as Stage 2 and attract a lifetime ECL provision, relative to Stage 1 accounts which attract a 12 month ECL; • Assumptions used to estimate the recoverable amounts and timing of future cash flows of individual exposures, which have been classified as nonperforming. • The determination of the lifetime of a financial instrument subject to ECL assessment; and • The incorporation of unbiased probability weighted forward-looking information. Related disclosures in the financial statements: • Note 2.3 - Accounting policy for financial instruments; • Note 3.2 – Credit Risk • Note 4 – Critical accounting estimates, assumptions and judgements; and • Note 16 – Loans and Advances to customers.	In respect of non-performing advances, inspected a sample of legal agreements and underlying supporting documentation to assess the existence of a legal right to collateral and assessed the expected realisable value and timing of future cash flows; • Assessed the application of forward-looking information in the ECL calculation, including a selection of relevant macroeconomic variables such as gross domestic product (GDP) and the central bank rates, and assessing whether these variables were appropriate indicators of future losses; • Confirmed that the latest available and relevant probability weighted forward looking information has been appropriately incorporated within the impairment models by comparing these to widely available market data; • Assessed the accuracy of the Group's ECL model comparing by comparing the model against the requirements of IFRS 9; • Recalculating the results of the Group's ECL model based on independently obtained inputs at a parameter level and in total and investigated any material variances; and • We evaluated the adequacy of the disclosures made in terms of the requirements of IFRS 9. Based on the procedures performed over the Impairment of advances as well as the related disclosures thereof, we did not identify material misstatements in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "Capricorn Group Annual Financial Statements 2025", "Capricorn Group Company Annual Financial Statements 2025" and "Capricorn Group Integrated Annual Report 2025", which we obtained prior to the date of this auditor's report. The other information does not include the financial statements, the director's report and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of Capricorn Group Limited and its subsidiaries (the "Group") for the year ended 30 June 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 September 2024.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS® Accounting Standards as issued by the IASB and the requirements of the Namibian Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor’s report continued

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as basis for forming an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and review of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Johann Cronjé
Partner
Windhoek
16 September 2025

Deloitte & Touche Registered Accountants and Auditors Chartered Accountants (Namibia)
Registration No: 9407, Deloitte Building, Maerua Mall Complex, Jan Jonker Road, Windhoek, Namibia
PO Box 47, Windhoek, Namibia

Directors: M Harrison, G Brand
Partners: J Cronjé, H De Bruin, P Parry

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Directors' report

for the year ended 30 June 2025

The directors herewith submit their report with the annual financial statements of Capricorn Group Ltd ('the Group') for the year ended 30 June 2025.

1. General review

Capricorn Group is a Namibian registered holding company and has been listed on the Namibian Stock Exchange (NSX) since 20 June 2013. Its investments comprised 100% shareholdings in Bank Windhoek Ltd, Mukumbi Investments Ltd, Capricorn Capital (Pty) Ltd, Capricorn Investment Group (Pty) Ltd, Capricorn Hofmeyer Property (Pty) Ltd, Namib Bou (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 and an 92.0% shareholding in Capricorn Investment Holdings (Botswana) Ltd, as at 30 June 2025. The Group has 29.5% shareholding in Sanlam Allianz Namibia Holdings (Pty) Ltd, 28% in Santam Namibia Ltd and 36.4% in Paratus Group Holdings Ltd.

2. Business activities

The following business activities are conducted through the Group's subsidiaries and associates:

Subsidiaries:

> Bank Windhoek Ltd (BW)
– Banking
> Namib Bou (Pty) Ltd
– Property development and property valuation
> Capricorn Unit Trust Management Company Ltd (CUTM)
– Unit trust management
> Capricorn Asset Management (Pty) Ltd (CAM)
– Asset management
> Capricorn Investment Holdings (Botswana) Ltd (CIHB)
– Investment holding company
> Capricorn Capital (Pty) Ltd (CAP)
– Financial consultancy
> Mukumbi Investments Ltd (Mukumbi) (Dormant)
– Investment holding company
> Entrepo Holdings (Pty) Ltd (Entrepo)
– Investment holding company
> Capricorn Investment Group (Pty) Ltd
– Group support services
> Capricorn Hofmeyer Property (Pty) Ltd
– Property investment

Subsidiaries of Bank Windhoek Ltd:

> Bank Windhoek Nominees (Pty) Ltd (dormant)
– Custodian of third-party investments
> BW Finance (Pty) Ltd
– Term lending
> Bank Windhoek Properties (Pty) Ltd
– Property investment
> Grape Orchard Farming (Pty) Ltd (Dormant)

Subsidiaries of Capricorn Investment Holdings (Botswana) Ltd:

> Bank Gaborone Ltd (BG)
– Banking
> CIH Insurance Brokers (Pty) Ltd (dormant)
– Insurance broking
> Peo Finance (Pty) Ltd
– Term lending
> Capricorn Asset Management (Botswana) (Pty) Ltd (dormant)
– Asset management

Subsidiaries of Entrepo Holdings (Pty) Ltd

> Entrepo Finance (Pty) Ltd
– Term lending
> Entrepo Life Ltd
– Long-term insurance

Associates:

> Sanlam Allianz Namibia Holdings (Pty) Ltd
– Life insurance
> Santam Namibia Ltd
– Short-term insurance
> Paratus Group Holdings Ltd
– ICT network solutions, satellite connectivity and infrastructure.

Special purpose entities:

> Capricorn Group Employee Share Ownership Trust
– Special purpose entity for share incentive scheme
> Capricorn Group Employee Share Benefit Trust
– Special purpose entity for share incentive scheme
> Bank Windhoek EasyWallet Accounts Trust
– Special purpose entity to protect E-money

Registered address of Capricorn Group Ltd:
6th floor | Capricorn Group Building | Kasino Street
Windhoek | Namibia
Company registration number: 96/300
Country of incorporation: Republic of Namibia

3. Financial results and dividends

The directors report that the Group's net profit after taxation from the above business activities for the year ended 30 June 2025 amounted to:

	2025 N$'million	2024 N$'million
Profit for the year	1,993	1,736

Ordinary dividends of N$621 million (2024: N$560 million) were declared and paid by the Group during the year under review. Refer to note 34 to the consolidated annual financial statements for details on dividends per share.

Full details of the financial results of the Group are set out on pages 9 to 111.

4. Share capital

4.1 Ordinary shares

The Group's authorised share capital is 600,000,000 ordinary shares of 2.5 cents each.

For full details on the changes to issued ordinary share capital, refer to note 29 to these consolidated annual financial statements.

4.2 Preference shares

The Group has 1,000,000 authorised preference shares of 1 cent each, 35,000 Class A preference shares and 30,000 Class B preference shares both of 1 cent shares.

For full details on the issued preference share capital and the change to issued preference share capital, refer to notes 24 and 29 to the consolidated annual financial statements.

4.3 Share analysis – ordinary shares

The following shareholders have a beneficial interest of five percent or more of the issued ordinary shares of the Group at year-end:

	2025 %	2024 %
Capricorn Investment Holdings Ltd	41.6	43.3
Government Institutions Pension Fund	26.9	26.9
Nam-mic Financial Services Holdings (Pty) Ltd	8.1	8.1
Held by the public (97,751,722 ordinary shares (2024: 85,297,311))	18.8	16.5
Held by other non-public shareholders	4.6	5.2
> Directors and executive managements' direct and indirect shareholding other than companies mentioned above (8,580,578 ordinary shares (2024: 13,098,098))	1.7	2.5
> Capricorn Group Employee Share Ownership Trust (11,733,674 ordinary shares (2024: 10,519,134))	2.2	2.0
> Capricorn Group Employee Share Benefit Trust (3,420,000 ordinary shares (2024: 3,420,000))	0.7	0.7

4.4 Share Analysis – preference shares

	2025 %	2024 %
Santam Namibia Ltd	3.2	3.2
Capricorn Investment Holdings Ltd	51.6	51.6
Capricorn Asset Management on behalf of Funds Under Management	45.2	45.2

4.5 Share incentive plans

The Group operates an equity-settled share-based compensation plan: a conditional share plan (CSP), under which the entities within the Group receive services from employees as consideration for equity instruments (shares) of Capricorn Group. All grants under the CSP plan are subject to approval by the Group Board Remuneration Committee ("Remco"). Refer to note 31 in the consolidated annual financial statements for more information.

The Group also operates a share purchase scheme (note 16 to the consolidated annual financial statements) and the Capricorn Group Employee Share Benefit Trust. The Capricorn Group Employee Share Benefit Trust is intended as an incentive to employees on lower job levels to promote the continued growth of the Group by giving them an opportunity to share in dividends distributed by the Group, without beneficial rights to the shares.

5. Subsidiaries

For details relating to the subsidiaries of Capricorn Group refer to note 18 to the consolidated annual financial statements.

Director's report continued

6. Associates

For details relating to the associates of Capricorn Group, refer to note 19 to the consolidated annual financial statements.

7. Management by third party

No business of the Group or any part thereof or of a subsidiary has been managed by a third person or a company in which a director has an interest.

8. Directors and company secretary

The Capricorn Group board composition during the year was as follows:

Non-executive		Nationality	Date Appointed	Date Resigned
Amutenya, O		Namibian	29 November 2024	
Brandt, J W		Namibian	2 February 2024	
Fahl, E		Namibian	16 September 2021	
Fourie, D G	Chairperson	Namibian	29 October 2015	
Gaomab II, H M		Namibian	20 August 2018	29 November 2024
Gomachas, R M M		Namibian	11 December 2024	
Kali, D T		Namibian	16 September 2021	
Menetté, G		Namibian	23 November 2018	11 December 2024
Nakazibwe-Sekandi, G		Ugandan	30 November 2004	31 October 2024
Prinsloo, M J		South African	4 March 2013	
Reyneke, D J		South African	19 May 2017	
Solomon, E		South African	1 November 2019	
Swanepoel, J J		Namibian	1 July 1999	
Executive				
Nuyoma, D	Group CEO	Namibian	1 January 2024	
Maass, J	Group Financial Director	Namibian	22 November 2024	

At the annual general meeting held on 30 October 2024, Ms E Fahl and Mr DT Kali were re-elected as directors. All directors appointed since a previous annual general meeting have to be confirmed at the next annual general meeting. Mr D Nujoma's appointment as Group CEO and executive director was confirmed, as was the appointment of Messrs MJ Prinsloo and JW Brandt as non-executive directors.

The authorised but unissued ordinary and preference shares of the Group are under the control of the directors of Capricorn Group, subject to the provisions of the Banking Institutions Act, section 229 of the Companies Act and the listing requirements of the Namibian Stock Exchange.

This authority expires at the forthcoming annual general meeting on 5 November 2025, when this authority can be renewed.

H G von Ludwiger was the company secretary during the year under review. The business and postal addresses of the company secretary are:

Capricorn Group Building
Kasino Street
Windhoek
Namibia

P.O. Box 15
Windhoek
Namibia

9. Directors' interests

The directors' interests are disclosed in note 37.

10. Auditor

Deloitte & Touche was the appointed auditor for the 2025 financial year end, and will continue in office as auditor, until the next annual general meeting, in accordance with the Companies Act of Namibia.

11. Events subsequent to year-end

1) On 16 September 2025 a final ordinary dividend of 74 cents per share and a special dividend of 36 per share were declared for the year ended 30 June 2025, payable on 24 October 2025.
   - Last trade cum dividend: 3 October 2025
   - Ex-dividend date: 6 October 2025
   - Record date: 10 October 2025
2) After year-end, the Namibian Ministry of Finance, together with the Bank of Namibia and NAMFISA, announced that it had concluded a review of the Government Payroll Deduction Management System (PDMS). Industry consultations to present the outcomes of the review and deliberate on the way forward have been scheduled for September 2025. As Entrepo and BW Finance rely on the PDMS for loan collections, this development introduces uncertainty regarding the future of the mechanism and could affect the risk profile and business model of the respective subsidiaries. Management is actively engaging with stakeholders and preparing contingency collection measures.

No other matters which are material to the financial affairs of the Group have occurred between year-end and the date of approval of the consolidated annual financial statements.

12. Going concern

The board performed a rigorous assessment of whether the Group is a going concern in the light of the prevailing economic conditions and other available information about future risks and uncertainties. The projections of the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these consolidated and separate financial statements, including performing sensitivity analysis. The Group's projections and sensitivity analysis show that the Group has sufficient capital, liquidity and positive future performance outlook to continue to be able to operate within the level of its current financing and as a result it is appropriate to prepare the consolidated financial statements on a going concern basis.

Consolidated statement of comprehensive income

for the year ended 30 June 2025

	Notes	2025 N$'million	2024 N$'million
Interest and similar income		6,786	6,675
Interest and similar expenses		(3,387)	(3,587)
Net interest income	5	3,399	3,088
Credit impairment losses	6	(315)	(328)
Net interest income after credit impairment losses		3,084	2,760
Non-interest income	7	2,422	2,141
Fee and commission income	7.1	1,558	1,450
Net trading income	7.2	343	271
Other operating income	7.3	119	89
Insurance service result		185	157
Insurance revenue	7.4	236	212
Insurance service expenses	7.5	(51)	(55)
Insurance finance expenses	7.6	(44)	(37)
Asset management and administration fees	7.7	261	211
Operating income		5,506	4,901
Operating expenses	9	(3,040)	(2,743)
Operating profit		2,466	2,158
Share of associates' results after tax	10	211	195
Profit before income tax		2,677	2,353
Income tax expense	11	(684)	(617)
Profit for the period		1,993	1,736
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in value of debt instruments at fair value through other comprehensive income		10	38
Income tax expense	11	(1)	(13)
Exchange differences on translation of foreign operations		(100)	(54)
Items that will not be reclassified to profit or loss			
Change in value of equity instruments at fair value through other comprehensive income		2	-
Income tax expense	11	(1)	-
Total comprehensive income for the year		1,903	1,707

	Notes	2025 N$'million	2024 N$'million
Profit attributable to:			
Equity holders of the parent entity		1,858	1,618
Non-controlling interests		135	118
		1,993	1,736
Total comprehensive income attributable to:			
Equity holders of the parent entity		1,768	1,589
Non-controlling interests		135	118
		1,903	1,707
Earnings per ordinary share for the profit attributable to the equity holders of the parent entity during the year:			
Basic (cents)	12	367.3	319.6
Fully diluted (cents)	12	364.1	317.6

Consolidated statement of financial position

as at 30 June 2025

	Notes	2025 N$'million	2024 N$'million
ASSETS			
Cash and cash equivalents	13	**7,689**	6,340
Financial assets at fair value through profit or loss	14	**2,656**	3,339
Financial assets at amortised cost	14	**1,169**	1,048
Financial assets at fair value through other comprehensive income	15	**7,146**	7,805
Loans and advances to customers	16	**50,621**	48,794
Other assets	17	**593**	549
Current tax asset		**10**	108
Investment in associates	19	**1,244**	1,300
Intangible assets	20	**606**	534
Property and equipment	21	**676**	640
Deferred tax asset	27	**112**	127
Total assets		**72,522**	70,584

	Notes	2025 N$'million	2024 N$'million
LIABILITIES			
Due to other banks	22	**311**	195
Other borrowings	23	**1,730**	1,864
Debt securities in issue	24	**4,167**	4,764
Deposits	25	**52,899**	51,851
Other liabilities	26	**1,447**	1,253
Current tax liability		**30**	7
Insurance contract liabilities	26	**639**	517
Post-employment benefits	28	**23**	22
Total liabilities		**61,246**	60,473
EQUITY			
Share capital and premium	29	**627**	708
Non-distributable reserves	32	**87**	74
Distributable reserves	33	**10,084**	8,816
Equity attributable to the owners of the parent		**10,798**	9,598
Non-controlling interests in equity		**478**	513
Total shareholders' equity		**11,276**	10,111
Total equity and liabilities		**72,522**	70,584

Consolidated statement of changes in equity

for the year ended 30 June 2025

			Non-distributable reserves			Distributable reserves						
	Notes	Share capital and premium N$'million	Insurance fund reserve N$'million	Margin entitlement reserve N$'million	EasyWallet reserve N$'million	SBCR* N$'million	Fair value reserve N$'million	General banking reserve N$'million	FCTR** N$'million	Retained earnings N$'million	Non-controlling interests N$'million	Total equity N$'million
Balance at 1 July 2023		686	62	1	3	37	(23)	5,998	27	1,726	476	8,993
Movement in treasury shares		2	-	-	-	-	-	-	-	-	-	2
Redemption of ordinary shares		(5)	-	-	-	-	-	-	-	-	-	(5)
Total comprehensive income for the year		-	-	-	-	-	25	-	(54)	1,618	118	1,707
Profit for the year		-	-	-	-	-	-	-	-	1,618	118	1,736
Other comprehensive income		-	-	-	-	-	25	-	(54)	-	-	(29)
Share-based payment charges	33	-	-	-	-	54	-	-	-	-	-	54
Vesting of shares		25	-	-	-	(25)	-	-	-	-	-	-
Profit on sale of treasury shares		-	-	-	-	-	-	-	-	1	-	1
Transfer between reserves		-	4	4	-	-	-	766	(39)	(735)	-	-
Dividends	34	-	-	-	-	-	-	-	-	(560)	(81)	(641)
Balance at 30 June 2024		708	66	5	3	66	2	6,764	(66)	2,050	513	10,111

			Non-distributable reserves			Distributable reserves						
	Notes	Share capital and premium N$'million	Insurance fund reserve N$'million	Margin entitlement reserve N$'million	EasyWallet reserve N$'million	SBCR* N$'million	Fair value reserve N$'million	General banking reserve N$'million	FCTR** N$'million	Retained earnings N$'million	Non-controlling interests N$'million	Total equity N$'million
Balance at 1 July 2024		708	66	5	3	66	2	6,764	(66)	2,050	513	10,111
Movement in treasury shares		(100)	-	-	-	-	-	-	-	-	-	(100)
Total comprehensive income for the year		-	-	-	-	-	10	-	(100)	1,858	135	1,903
Profit for the year		-	-	-	-	-	-	-	-	1,858	135	1,993
Other comprehensive income		-	-	-	-	-	10	-	(100)	-	-	(90)
Share-based payment charges	33.4	-	-	-	-	50	-	-	-	-	-	50
Vesting of shares		19	-	-	-	(19)	-	-	-	-	-	-
Profit on sale of treasury shares		-	-	-	-	-	-	-	-	(2)	-	(2)
Change in ownership interest in subsidiary		-	-	-	-	-	-	-	-	13	(82)	(69)
Transfer between reserves		-	3	1	9	-	-	949	39	(909)	-	92
Dividends	34	-	-	-	-	-	-	-	-	(621)	(88)	(709)
Balance at 30 June 2025		627	69	6	12	97	12	7,713	(127)	2,389	478	11,276
Notes		29	32.1	32.2	32.3	33.4		33.1	33.2	33.3		

* Share-based compensation reserve (SBCR).
** Foreign currency translation reserve (FCTR).

Consolidated statement of cash flows

for the year ended 30 June 2025

	Notes	2025 N$'million	2024 N$'million
Cash flows from operating activities			
Cash receipts from customers*	35.1	**9,057**	9,183
Cash paid to customers, suppliers and employees**	35.2	**(6,600)**	(6,366)
Cash generated from operations	35.3	**2,457**	2,817
(Increase) / decrease in operating assets			
Net financial assets at amortised cost and fair value through profit or loss		**527**	(536)
Proceeds from financial assets at fair value through OCI		**13,951**	23,574
Purchases of financial assets at fair value through OCI		**(12,670)**	(25,338)
Net loans and advances to customers and banks		**(2,128)**	(3,727)
Net other assets		**(29)**	41
Increase / (decrease) in operating liabilities			
Deposits from customers and due to other banks		**1,140**	5,652
Other liabilities		**328**	(170)
Net cash generated from operations		**3,576**	2,313
Dividends received		**149**	25
Income taxes paid	35.4	**(637)**	(684)
Income taxes refunds	35.4	**87**	68
Net cash generated from operating activities		**3,175**	1,722
Cash flows from investing activities			
Additions to property and equipment	21	**(161)**	(113)
Additions to intangible assets	20	**(136)**	(107)
Additional shares acquired in associates	35.5	**-**	(243)
Redemption of unit trust investments		**1,459**	1,142
Investments of unit trust investments		**(1,482)**	(1,204)
Net cash utilised in investing activities		**(320)**	(525)

	Notes	2025 N$'million	2024 N$'million
Cash flows from financing activities			
Treasury shares acquired		**(68)**	(46)
Treasury shares sold		**59**	30
Redemption of ordinary shares		**-**	(5)
Proceeds from other borrowings	23	**252**	1,383
Redemption of other borrowings	23	**(408)**	(425)
Redemption of debt securities in issue	24	**(583)**	(2,084)
Proceeds from the issue of debt securities	24	**3**	1,253
Lease payments made	26	**(86)**	(81)
Additional shares acquired in subsidiaries		**(69)**	-
Dividends paid	34	**(621)**	(560)
Net cash utilised in financing activities		**(1,521)**	(535)
Net increase / (decrease) in cash and cash equivalents from operations		**1,334**	662
Cash and cash equivalents at the beginning of the year		**6,340**	6,081
Effects of exchange rate changes on cash and cash equivalents		**15**	(403)
Cash and cash equivalents at the end of the year	13	**7,689**	6,340

* Interest and similar income received of N$6.8 billion (2024: N$6.7 billion) is included in the receipts from customers line item.
** Interest and similar expenses paid of N$3.3 billion (2024: N$3.1 billion) are included in the payment to customers, suppliers and employees line item.

Notes to the consolidated annual financial statements

for the year ended 30 June 2025

1. Basis of presentation

The consolidated annual financial statements of Capricorn Group (the Group) for the year ended 30 June 2025 have been prepared in accordance with IFRS Accounting Standards, IFRIC® Interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee effective at the time of preparing these statements and in the manner required by the Namibian Companies Act and the Namibian Stock Exchange. The consolidated annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income and financial liabilities held at fair value through profit or loss and all derivative contracts.

The preparation of consolidated annual financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements, are disclosed in note 4.

The level of rounding used for the amounts presented in the annual financial statements is N$'million, unless indicated otherwise. This is a change from the prior year annual financial statements, where the level of rounding used was N$'000.

1.1. Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing. The Group continues to adopt the going concern basis in preparing its consolidated annual financial statements.

1.2. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated annual financial statements are presented in Namibia dollar (N$), which is the functional and presentation currency of the Group.

1.3. Standards and interpretations issued

1.3.1. Standards and interpretations issued affecting amounts reported and disclosures in the current year

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
Amendments to IAS 1 – Presentation of Financial Statements	These amendments require the following changes to presentation: > 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.	Assessed to have no significant or material impact on the Group.	Mandatory for financial periods commencing on or after 1 January 2024. Date of adoption: 1 July 2024.
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.	Assessed to have no significant or material impact on the Group.	Mandatory for financial periods commencing on or after 1 January 2024. Date of adoption: 1 July 2024.

1. Basis of presentation continued

1.3. Standards and interpretations issued continued

1.3.1. Standards and interpretations issued affecting amounts reported and disclosures in the current year continued

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
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.	Assessed to have no significant or material impact on the Group.	Mandatory for financial years commencing on or after 1 January 2024. Date of adoption: 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.	Assessed to have no significant or material impact on the Group.	Mandatory for financial years commencing on or after 1 January 2024. Date of adoption: 1 July 2024.

1.3.1(a) Change in accounting estimate

During June 2025, the estimated total useful lives of certain items of equipment and intangible assets used were revised. The net effect of the changes in the current financial year was a decrease in depreciation of N$17.8 million. Following the effect on profit or loss:

	30 June 2025 N$'million
Depreciation	18
Income tax	(6)
Net effect on profit or loss	12

1.3.2. Standards and interpretations issued but not yet effective that are expected to be relevant to the Group

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
Amendments to IAS 21 - Lack of Exchangeability	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: 1 July 2025.
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: > clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; > clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; > add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and > make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2026. Expected date of adoption: 1 July 2026.
Annual improvements to IFRS Accounting Standards – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: > IFRS 1 First-time Adoption of International Financial Reporting Standards; > IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; > IFRS 9 Financial Instruments; > IFRS 10 Consolidated Financial Statements; and > IAS 7 Statement of Cash Flows.	The Group is not expecting a material impact.	Mandatory for financial periods commencing on or after 1 January 2026. Expected date of adoption: 1 July 2026.

Notes to the consolidated annual financial statements continued

1. Basis of presentation continued

1.3. Standards and interpretations issued continued

1.3.2. Standards and interpretations issued but not yet effective that is expected to be relevant to the Group continued

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
IFRS 18 – Presentation and Disclosure in Financial Statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. *Specific requirements for the individual primary financial statements* *Statement of Profit or Loss* All items of income and expense in a reporting period are required to be included in the statement of profit or loss unless an IFRS Accounting Standard requires or permits otherwise. They then need to be classified in one of five categories in the statement of profit or loss: 1. the operating category where an entity is required to classify all income and expenses that are not classified in the other categories; 2. the investing category; 3. the financing category; 4. the income taxes category; and 5. the discontinued operations category. To classify income and expenses in the operating, investing, and financing categories, an assessment is needed whether an entity has a specified main business activity—that is a main business activity of investing in particular types of assets or providing financing to customers. If this is the case, the entity classifies in the operating category some income and expenses that would have been classified in the investing or financing category if the activity were not a main business activity.	The Group expects that there will be no impact on the valuation of the income statement or balance sheet items, however, the format of the income statement will change. Detailed work on this standard will commence in the 2027 financial year.	Mandatory for financial periods commencing on or after 1 January 2027. Expected date of adoption: 1 July 2027.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements, which complies with IFRS Accounting Standards and the Companies Act of Namibia, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Consolidation

2.1.1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.1.2. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported in the consolidated statement of comprehensive income as profit or loss attributable to non-controlling interests.

2.1.3. Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.1.4. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2. Summary of material accounting policies continued

2.1. Consolidation continued

2.1.4. Associates continued

The Group determines, at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of associates' results' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the consolidated annual financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

Investments in associates are measured at cost less impairment in the company's financial statements. For summarised financial information on the Group's associates accounted for on the equity method, refer to note 19.

When the Group increases its stake in an associate it applies the 'cost-of-each-purchase' method. Under this method the cost of an associate acquired in stages is measured as the sum of the consideration paid for each purchase plus a share of the investee's profits and other equity movements. The consideration paid for the additional interest is added to the carrying amount of the equity-method investee without specific allocation to the underlying assets and liabilities of the investee. The additional ownership interest effectively increases the notional goodwill relating to the equity-method investee. After the transaction, the share of the investee's profit or loss and other comprehensive income recognised by the Group is based on the new ownership interest. Any acquisition-related costs are treated as part of the investment in the associate.

2.2. Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated annual financial statements are presented in Namibia dollar (N$), which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under trading income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

2.3. Financial instruments

2.3.1. Measurement methods

Amortised cost and effective interest

The financial assets or financial liabilities are measured at the amount recognised at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider the expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

The carrying value of loans and advances to customers is based on the calculation of the effective interest rate (EIR). This EIR is used in the IFRS 9 expected credit loss model for calculating provisions and to amortise any unearned loan origination fees over the contractual life of loans and advances.

The loan repayment calculation is based on the contractual rate, term, and capital amount including the loan origination fee. This adjusted instalment including the loan origination fee is used to determine the effective interest rate of the loan. The carrying value of loans and advances to customers is calculated using this effective interest rate.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets. Interest on financial assets classified as stage 3 under IFRS 9 is calculated using the effective interest rate on the net carrying amount of the financial assets.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a part to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

2. Summary of material accounting policies continued

2.3. Financial instruments continued

2.3.1. Measurement methods continued

Initial recognition and measurement continued

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference immediately when the fair value is based on quoted price in an active market for an identical asset of liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss. In the event that fair value is not based on level 1 inputs, the fair value adjustment is deferred. The deferral is then amortised over the life of the instrument or realised when settled.

Financial assets that have subsequently become credit-impaired (or 'stage 3'), interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

2.3.2. Financial assets

(i) Classification and subsequent measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

> Fair value through profit or loss (FVPL)

> Fair value through other comprehensive income (FVOCI); or

> Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds as well as exchange traded funds.

Classification and subsequent measurement of debt instruments depend on:

(i) The Group's business model for managing the asset; and
(ii) The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

> Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance at recognition date and also subsequent measurement. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

> Fair value through profit or loss: assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented within the non-operating income' in the period in which it arises. The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

> Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest that are not designated at FVPL are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Non-operating income'. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

2. Summary of material accounting policies continued

2.3.2. Financial assets continued

(i) Classification and subsequent measurement continued

Debt instruments continued

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flow represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group's management has elected, at initial recognition, to irrevocably designate the investment security portfolio at fair value through other comprehensive income (refer to note 15). These investments are held for purposes other than to generate investment returns. Fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

All other equity instruments are recognised at fair value through profit and loss.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

> An unbiased and probability-weighted amount that is determined by using the expected credit loss model;

> The time value of money; and

> Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.2.2 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. A substantial modification of the contractual cash flows results in the Group derecognising the original financial asset and recognising a 'new asset' at fair value and recalculating a new effective interest rate for the asset. If modified contractual cashflows differs by more than 10% from original contractual cashflows, the modification will be deemed to be substantial. The date of renegotiation is consequently considered to the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and whether (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price and the criteria for derecognition are therefore not met.

2. Summary of material accounting policies continued

2.3. Financial instruments continued

2.3.3. Financial liabilities

(i) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss: this classification is applied to derivatives. Financial guarantee contracts and loan commitments (see note 2.13).

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2.3.4. Determination of fair value

Specific valuation techniques used to value financial instruments include:

> the use of quoted market prices or dealer quotes for similar instruments;

> the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

> the fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date; and

> the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

2.3.5. Derecognition

The Group derecognises a financial asset when:

> the contractual rights to the asset expire; or where there is a transfer of the contractual rights to receive the cash flows of the financial asset and substantially all of the risks and rewards related to the ownership of the financial asset are transferred; or

> the Group retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and rewards associated with the asset.

Where the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the financial asset in its entirety and recognises a financial liability for the consideration received. These financial assets and the related financial liabilities may not be offset.

Where the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group determines whether it has retained control of the financial asset. In this case:

> if the Group has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer; or

> if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The Group derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. A substantial modification of the terms and conditions of an existing financial liability or part of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new one. A substantial modification to the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

2.3.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.3.7. Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, which include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when its fair value is positive and as liabilities when its fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day one. Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

2. Summary of material accounting policies continued

2.3. Financial instruments continued

2.3.7. Derivative financial instruments continued

The Group's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and the derivatives are disclosed separately in the statement of financial position.

2.3.8. Interest capitalised on stage 3 impaired loans and advances

IFRS 9 requires that interest income for loans and advances classified as stage 3 be calculated on the net carrying amount, which will result in a portion of contractual interest being suspended. Interest capitalised on stage 3 loans and advances, therefore, does not impact the net carrying amount of the financial asset as presented on the statement of financial position.

2.3.9. Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or deposits due to customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities borrowed are not recognised in the consolidated and separate annual financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

2.4. Intangible assets

2.4.1. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in "intangible assets" and carried at cost less accumulated impairment losses. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating-units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2.4.2. Computer software and development costs

Intangible assets are initially recognised at cost. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets in development are carried at cost.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives as follows:

Purchased software	3 – 7 years
Internally generated software	3 – 5 years

2. Summary of material accounting policies continued

2.5. Property and equipment

Land and buildings mainly comprise branches and offices. All property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Motor vehicles	5 – 7 years
Furniture, fittings and other office equipment	7 – 17 years
Computer and other equipment	3 – 10 years
Buildings	47 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in profit or loss.

Investment properties held by Group companies and which are occupied by other Group companies are recognised as property and equipment in the consolidated annual financial statements.

2.6. Repossessed property

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed property is included under other assets as inventory as it is held for sale in the ordinary course of business, at the lower of cost or net realisable value, and is derecognised when the asset is sold to a third party.

2.7. Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

> tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8. Leases

2.8.1. IFRS 16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits associated with the use of the asset throughout the period of use; and
- the Group has the right to direct or use the asset. The Group has the right to direct or use the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lessee accounting

The Group leases various offices, branches and houses (buildings). Rental contracts are typically made for fixed periods of 3 to 10 years, but may have extension options.

Depreciation on right of use assets is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Buildings	3 – 10 years

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets are presented as part of 'property and equipment', while lease liabilities are presented as part of 'other liabilities' on the statement of financial position.

2. Summary of material accounting policies continued

2.8. Leases continued

2.8.1. IFRS 16 Leases continued

Initial recognition

At the commencement date a lessee recognises a right-of-use asset and a lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index rate or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs,
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Depreciation starts at the commencement date of the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be repayable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in any way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

Short-term and leases of low-value assets

Payments associated with short-term leases of equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lessor accounting

The Group is not part of lease contracts where it is the lessor.

2.9. Cash and cash equivalents

Cash and cash equivalents are stated at cost which approximates fair value due to the short-term nature of these instruments.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, balances with less than three months' maturity from the acquisition date, including cash and non-restricted balances with the central bank and short-term borrowings from other banks.

2. Summary of material accounting policies continued

2.10. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as an interest expense.

2.11. Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

> The amount of the loss allowance (calculated as described in note 3.2.2); and

> The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 3.2.2). The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

2.12. Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid leave, sick leave and bonuses) are recognised in the period in which the service is rendered and are not discounted.

2.12.1. Pension obligations

The Group operates a defined contribution plan. The plan is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as assets to the extent that a cash refund or a reduction in the future payments is available. The Group provides no other post-retirement benefits to their retirees.

2.12.2. Severance pay provision

In terms of the Labour Act of Namibia, the Group is required to make payments (or provide other benefits) to employees when it terminates their employment. The implication of this requirement is that severance pay has to be paid to all employees when the employee:

(i) is dismissed (except if due to misconduct or poor performance);
(ii) dies while employed; and
(iii) retires upon reaching the age of 65.

The Group therefore has an obligation, in terms of IAS 19 'Employee benefits'. The benefit is unfunded and is valued using the projected unit credit method as prescribed by IAS 19 'Employee benefits'. Refer to note 28 for assumptions made in the determination of the Group's liability with respect to severance pay.

2.12.3. Leave pay

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to the reporting date.

2.12.4. Performance bonuses

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit before tax after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. Summary of material accounting policies continued

2.13. Share-based payments

The Group operates two equity-settled share-based compensation plans: 1) a share appreciation rights plan; and 2) a conditional share plan, under which the entities within the Group receive services from employees as consideration for equity instruments (shares) of Capricorn Group Ltd (refer to the directors' report and remuneration report (unaudited) for more details of each plan). Equity-settled share purchase schemes are valued at grant date. The fair value of the employee services received in exchange for the grant of the shares and share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares and share options granted:

- including any market performance conditions (e.g. an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.14. Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14.1. Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property and equipment, revaluation of certain financial assets and liabilities including derivative contracts and tax losses carried forward and, in relation to acquisitions, from the difference between the fair values of the net assets acquired and their tax base.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liabilities, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Deferred tax related to fair value re-measurement of investments held at fair value through other comprehensive income is also recognised in other comprehensive income and is subsequently recognised in profit or loss together with the deferred gain or loss.

2.14.2. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2. Summary of material accounting policies continued

2.15. Revenue recognition

This policy outlines the principles and guidelines for recognising revenue in accordance with IFRS 15: Revenue from contracts with customers, and relevant Namibian legislation. The objective of this policy is to establish a comprehensive framework for recognising revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Scope

This policy applies to all revenue-generating activities of the Group, including but not limited to:

> Transactional Fees & Service charges;

> Knowledge based Fees;

> Trading Income;

Revenue is recognised only when the Group can identify the contract and performance obligations (i.e., the different services) and determine the transaction price, which is then allocated to the identifiable performance obligations. This recognised revenue excludes amounts collected on behalf of third parties.

Revenue recognition

Step 1: Identify the contract with a customer

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The Group will recognise a contract with a customer when the following criteria are met:

> The parties have approved the contract and are committed to performing their respective obligations.

> The Group can identify each party's rights regarding the services to be transferred.

> The Group can identify the payment terms for the services to be transferred.

> The contract has commercial substance.

> It is probable that the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer.

Step 2: Identify the performance obligations in the contract

Performance obligations are promises in a contract to transfer to a customer services that are distinct. A service is distinct if:

> The customer can benefit from the service on its own or together with other readily available resources.

> The Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract.

Transactional Fees & Service charges

Transactional & Service charges are recognised when the services are rendered, in accordance with the stipulations of the Banking Institutions Act.

Knowledge based Fees

Fees and commissions are recognised as the related services are performed. If the fees are for services provided over a period of time, they are recognised on a straight-line basis over the service period, in compliance with the pre-agreed terms.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties, e.g. VAT. The transaction price is determined based on the terms of the contract and the Group's fees & charges guidelines.

Step 4: Allocate the transaction price to the performance obligations in the contract

The Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the Group would sell a promised service separately to a customer.

Step 5: Recognise revenue when the Group satisfies a performance obligation

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to a customer. A performance obligation is satisfied when the customer obtains control of the service. Control can be transferred over time or at a point

in time.

Revenue from customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a service to a customer.

2. Summary of material accounting policies continued

2.15. Revenue recognition continued

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail, term lending and corporate banking services	The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees.	Revenue from account service and servicing fees is recognised over time as the services are provided.
	Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate banking customers in each jurisdiction on an annual basis.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
	Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.	
	Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group.	
Asset management service	The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis.	Revenue from asset management services is recognised over time as the services are provided.

2.15.1. Net trading income

Net trading income comprises all gains and losses from changes in the fair value of financial assets and liabilities at fair value through profit or loss as well as foreign exchange gains and losses arising from instruments held at fair value through profit or loss.

2.15.2. Interest income and expenses

Interest income and expenses are recognised in profit or loss for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income and dividend income on financial assets at fair value through other comprehensive income are included in 'net interest income' or 'dividend income', respectively.

When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original effective interest rate.

2.15.3. Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionment basis. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

2. Summary of material accounting policies continued

2.15. Revenue recognition continued

2.15.4. Other income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Dividend income is recognised when the right to receive payment is established.

Other income from the sale of residential units comprises the fair value of the consideration received or receivable, shown net of value-added tax, returns, rebates and discounts. Income is recognised when control over the property has been transferred to the customer. The properties have no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, income on the sale of residential units is recognised at a point in time when the legal title has passed to the customer. Other income from consultations and valuations are recognised as services are delivered.

2.16. Share capital

2.16.1. Share issue

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options, or to the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds.

2.16.2. Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued and is classified as equity.

2.16.3. Treasury shares

Where any Group company purchases the company's (Capricorn Group company) equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Shares held by the employee share trusts and other Group companies, which form part of the consolidated Group, are deducted from total shareholders' equity until the shares are sold.

2.17. Inventory (residential units)

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), also including borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventory include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

2.18. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the consolidated annual financial statements in the period in which the dividends are declared by the board of directors.

Dividends for the year that are declared after the reporting date are dealt with in the events subsequent to year-end note in the directors' report.

2.19. Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated annual financial statements, as they are not assets of the Group.

2.20. Operating segments

The Group considers its banking operations in Namibia and Botswana as two operating segments; the other major operating segment is the term lending activities in Namibia. Other components include property development, asset management and unit trust management. However, these components each contribute less than 10% to the Group revenue, assets and profit for the year. Therefore, the Group has no significant components other than banking and term lending in Namibia and Botswana. This is in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Chief Executive Officer of the Group. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

In assessing the performance of the banking operations, the Group Chief Executive Officer reviews the various aggregated revenue streams, the total costs and the assets and liabilities related to the banking activities, which have been disclosed in the various notes to the consolidated annual financial statements.

2.21. Insurance contract liabilities

Premium Allocation Approach

A simplified premium allocation approach ("PAA") is available for contracts that have a coverage period of 12 months or less or if it is reasonably expected that the PAA would produce a measurement of the insurance liability for remaining coverage ("LRC") that would not materially differ from the one produced applying the general measurement model ("GMM"), according to IFSR17.53a.

A detailed investigation was performed to consider whether, for the Group, the PAA would provide a measurement of the LRC (for an annual Group) that would not differ materially from the LRC calculated by applying the GMM. This investigation concluded that the PAA is an actuarially sound approximation of the GMM. The insurance contracts are, therefore, eligible to be measured under the PAA (IFRS17.53a).

2. Summary of material accounting policies continued

2.21. Insurance contract liabilities continued

Premium Allocation Approach continued

The Group made an accounting policy choice to apply the PAA to all Groups. The continued application of the PAA is governed by the Group's "Methodology Document 2 – Estimate of Future Cash Flows & Valuation Methodology", which will be a key consideration during year-end valuations and subject to external audit.

The PAA is used for subsidiaries and does not include associates.

Allowance for time-value-of-money

The following accounting policies have been adopted related to the allowance for the time value of money:

> To adjust the carrying amount of the LRC to reflect the time value of money and the effect of financial risk, and

> To adjust future cash flows for the time value of money for claims incurred but not yet paid.

Insurance contracts classification

The Group applied IFRS 17 to all insurance contracts. A contract is classified as an insurance contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Group sells one product, a term-based life contract, and Groups contracts by the financial year they are issued when determining cohorts. The Group recognises contracts when insurance coverage starts or premiums are due. The Group has no reinsurance arrangements, and therefore the remaining documentation excludes any specific reinsurance considerations.

Insurance contracts accounting treatment

Separating components from or combining insurance contracts

The Group has no investment contracts with discretionary participation features, embedded derivatives, investment components, or distinct service components. No contracts that may need to be combined were identified.

Modifications

The policy contracts for the Group don't give the policyholder any right to change the contract. The contract may, however, be changed should both parties agree to the change. In practice, this can happen when the underlying loan agreement changes, which is then operationally treated as a cancellation of the existing contract and the issue of a new contract with a new contract termination date (different from the original one).

As this change is not a contractual right and results in a substantially different contract boundary (IFRS17.72a.iii.), such a change will be treated as a de-recognition of the original contract and recognition of the new contract.

Level of aggregation

Portfolios:

An entity identifies portfolios to determine the level of aggregation. A portfolio comprises contracts subject to similar risks and managed together. Each contract is, at inception, allocated to one portfolio.

IFRS 17 requires a current assessment for any new business written. Portfolios for an entity might change over time for new business or the existing in-force business. It is not possible to change groups (unless contract modification applies). A contract must be assigned to a group at initial recognition of the contract, and therefore portfolios may not cut across groups.

As the Group sells one product, and there are no reasons to believe contracts do not have similar risks or are not managed together, it only considers one portfolio.

Profitability:

Each portfolio should be divided into groups that distinguish onerousness and profitability, and the entity aggregates individual contracts into these groupings. Each contract can be assigned to one of three categories:

> Onerous (loss-making) at initial recognition.

> At initial recognition, the contract has no significant possibility of becoming onerous subsequently.

> Any remaining contracts in the portfolio.

Considering the annual cohorts, proportionality, and practicability of treatment otherwise:

> It can be illustrated that all such annual groups are profitable with no significant possibility of becoming onerous subsequently.

> It is assumed that the profitability classification will apply to all contracts (within a portfolio), irrespective of the exact date of recognition during the financial year.

The ongoing PAA eligibility requirements, ongoing experience monitoring, and the annual valuation process will provide regular updates and confirm continued profitability levels.

This profitability classification means the Group doesn't need to consider any additional requirements for onerous contracts. Therefore, the remaining documentation excludes any considerations for onerous contracts, specifically the Loss Component.

2. Summary of material accounting policies continued

2.21. Insurance contract liabilities continued

Insurance contracts accounting treatment continued

Level of aggregation continued

Date of recognition:

An entity should establish the group at initial recognition of the first contract, which will be part of that group and should not reassess the composition of the group subsequently except in the cases of a specified contract modification or derecognition. New contracts are added to the group as they are issued. IFRS 17 requires that the period for which contracts are grouped may be no more than one year.

The Group groups contracts by the financial year in which they are issued.

Contract boundaries

The Group offers a single premium product without the ability or rights to unilaterally cancel the contract or adjust premiums or benefits. All contracts have a boundary equal to the contract term: 12, 24, 36, 42, 48 or 60 months.

Measurement – Premium Allocation Approach

The Group uses a proportionally simplified PAA LRC methodology set out in its “Methodology Document 2 - Estimate of Future Cash Flows & Valuation Methodology”, summarised below.

The measurement under the PAA can be summarised as (IFRS17.55):

> PAA LRC at the start of the period.
> plus the premiums received in the period.
> less the premium amount recognised as insurance revenue for coverage provided in that period.
> less insurance acquisition cash flows
> plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period.
> plus any adjustment to a financing component.

The Group follows the standard measurement methodology described above, but some specific measurement considerations of the LRC are described below:

> The chosen PAA LRC components:

– Premium Refund Account:

As a pro-rata premium is refunded on early settlement, a Premium Refund Account is built up in line with expected future surrenders. This component will reduce with expected settlement payments. When this prorate premium refund takes place, it will be accounted for as (negative) revenue and, therefore, not be included in insurance service expenses. The Premium Refund Account is akin to the GMM refund portion of Best- Estimate Liability (“BEL”) plus Risk Adjustment (“RA”).

– Modifications and Experience Variances

The precise method of allowing for de-recognition due to modifications is not prescribed, while the PAA will generally not require an explicit adjustment for experience variances. However, to ensure that the method is consistent with a more prescriptive GMM, the Group applies the method set out below, derived from GMM principles:

- The recognised amounts will allow for experience variances (from contractual benefits), applying principles used for the GMM’s Contractual Service Margin, the only difference is to consider Insurance Service Expenses rather than Coverage Units.
  - The combined impact is
    - The inclusion of a “Change in Premium Refund Account less Modification Refund Amount” component to the abovementioned build-up items.
    - Adjusting the recognised amounts for combined experience variances (i.e. from contractual benefits and due to modifications).

Presentation

Statement of financial position

The Group presents, in the statement of financial position:

> The carrying asset amount for portfolios of insurance contracts issued that are in an asset position.
> The carrying liability amount for portfolios of insurance contracts issued that are in a liability position.

Deferred acquisition cost assets, in respect of acquisition costs incurred but not yet fully amortised, are included in the carrying amount of the related groups of insurance contracts issued.

Statement of Profit or loss and other comprehensive income

The Group breaks down the total amount recognised in the statement of profit or loss and comprehensive income into distinct components: insurance service result, encompassing insurance revenue, insurance service expense, and insurance finance income or expenses. The Group includes the entire change in Risk Adjustment within the insurance service result.

3. Financial risk management

Any business that requires a return on capital investment is exposed to financial risks. Managing these risks continues to play a pivotal role within the Group to ensure an appropriate balance is reached between risks and returns. The board of directors is ultimately responsible to manage risks that may either have a positive or negative impact on its financial performance, and which may ultimately have an adverse effect on the continued operations of the Group. However, it is the responsibility of management to identify risks, whether real or anticipated, within their business units, and take appropriate actions.

Management's approach to risk management is to ensure all significant risks are identified and managed, and the returns are balanced with the risks taken. Compliance with a set of comprehensive risk management policies is an integral part of the Group's day-to-day activities and systems of internal controls have been implemented to prevent and detect risks.

The key principles forming the foundation of the Group's risk management process include:

> adoption of a risk management framework which applies to all business units and risk types;

> risk assessment, measurement, monitoring and reporting;

> independent reviews and assessment; and

> risk governance processes.

The following subcommittees have been formed to assist the board audit, risk and compliance committee (BARCC) to manage risks:

Board credit committee (BCC) and board lending committee (BLC)

One of the Group's primary activities is lending to retail and commercial borrowers. The Group accepts deposits from customers or borrows money from investors at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in quality assets. The BCC and BLC are tasked to ensure this objective is achieved through the sanctioning of credit and thereby ensuring credit exposures remain within an acceptable range of credit standing. Such exposures involve not just loans and advances reflected on the statement of financial position, but also guarantees and other commitments such as letters of credit.

Asset and liability committee (ALCO)

The primary responsibility of the ALCO is the management of market and liquidity risks within set risk capacity, appetite and tolerance thresholds whilst at the same time optimising the Group's profitability and capital position. The ALCO reviews the macro-economic environment, as well as historical financial and strategic performance as inputs in a strategy development process, which is supported by simulations and forecasting. The Group trades in financial instruments where it takes positions in traded instruments, including derivatives, to take advantage of, and hedge against adverse, short-term market movements in bonds and in foreign currency, interest rate and commodity prices. Amongst other responsibilities, ALCO is tasked to monitor the risks associated with these activities.

Risk management includes the setting of trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. In addition, with the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

The ALCO also carries the primary responsibility of monitoring the Group's liquidity position, as well as formulating the funding strategy. The interest rate subcommittee reviews the economic environment and recommends interest rate views to ALCO. ALCO activities are reported to the BARCC.

Risk committee

In addition to the mentioned committees, the risk committee, comprising of members of the executive management team and reporting to the BARCC, was established. Its primary responsibilities are to:

> evaluate the risk management model employed by the Group in terms of effectiveness and efficient deployment of resources (i.e. cost versus benefit);

> discuss and identify gaps and weaknesses in the management information system to enable management to make the correct decisions;

> discuss the findings and recommendations of the Group's risk functions and evaluate whether appropriate action has been taken when necessary;

> enhance general risk awareness within the Group;

> monitor the management of risks to ensure that the Group complies with the Bank of Namibia's guidelines for effective risk management; and

> discuss in detail any identified, unidentified and potential risks that are material to the Group.

Notes to the consolidated annual financial statements continued

3. Financial risk management continued

Credit risk forum (CRF)

The purpose of the CRF is to have an oversight of credit risk management in accordance with the board approved credit risk framework, in order to achieve and maintain an acceptable credit risk profile and an adequate risk and control framework.

On portfolio credit risk level, the scope of the CRF includes:

> portfolio analysis and performance;
> key risk indicators and trends;
> risk adjusted pricing performance on portfolio level;
> discuss and review credit portfolio risk and recommend to the business units risk enhancement;
> product and pricing strategies;
> discuss and review of annual risk appetites and stress testing of the credit portfolio before submission to the risk committee; and
> discuss and review collateral and recommend necessary improvements. The CRF facilitates compliance with:
> Basel and other best practices for credit risk management;
> applicable legislative acts;
> Bank of Namibia determinations; and
> Group credit policies.

IFRS 9 committee

The IFRS 9 committee is the main forum where specific matters that cause deterioration in credit risk are discussed. At this meeting decisions are made on the risk associated with the prevailing and forecasted macroeconomic conditions and the impact on specific sectors in the applicable economies.

The IFRS 9 committee is established to make the following decisions at each reporting period in terms of the impairment allowance model utilised by the Group:

1. Assumptions
2. Inputs, including macro-economic variables
3. Results
4. Movements in sectors/regions
5. Sign-off total impairments for the reporting period
6. Significant risks to which the Group are exposed are discussed below.

Analysis of assets and liabilities

Financial assets and financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies on pages 17 to 31 describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statement of financial position per category of financial instrument to which they are assigned and therefore measured. The table includes non-financial assets and liabilities to reconcile to the statement of financial position excluding assets/liabilities held for sale:

	2025				
	Financial assets / liabilities at fair value through profit or loss N$'million	Financial assets / liabilities at amortised cost N$'million	Financial assets at fair value through other compre-hensive income N$'million	Non-financial assets / liabilities N$'million	Total N$'million
ASSETS					
Cash and cash equivalents	-	7,689	-	-	7,689
Financial assets at fair value through profit or loss	2,656	-	-	-	2,656
Financial assets at amortised cost	-	1,169	-	-	1,169
Financial assets at fair value through other comprehensive income	-	-	7,146	-	7,146
Loans and advances to customers	-	50,621	-	-	50,621
Other assets	43	228	-	322	593
Current tax asset	-	-	-	10	10
Investment in associates	-	-	-	1,244	1,244
Intangible assets	-	-	-	606	606
Property and equipment	-	-	-	676	676
Deferred tax asset	-	-	-	112	112
Total assets	2,699	59,707	7,146	2,970	72,522

3. Financial risk management continued

3.1. Analysis of assets and liabilities continued

	2025				
	Financial assets / liabilities at fair value through profit or loss N$'million	Financial assets / liabilities at amortised cost N$'million	Financial assets at fair value through other compre-hensive income N$'million	Non-financial assets / liabilities N$'million	Total N$'million
LIABILITIES					
Due to other banks	-	311	-	-	311
Other borrowings	-	1,730	-	-	1,730
Debt securities in issue	-	4,167	-	-	4,167
Deposits	-	52,899	-	-	52,899
Other liabilities	8	1,003	-	436	1,447
Current tax liability	-	-	-	30	30
Insurance contract liabilities	-	-	-	639	639
Post-employment benefits	-	-	-	23	23
Total liabilities	8	60,110	-	1,128	61,246

	2024				
	Financial assets / liabilities at fair value through profit or loss N$'million	Financial assets / liabilities at amortised cost N$'million	Financial assets at fair value through other compre-hensive income N$'million	Non-financial assets / liabilities N$'million	Total N$'million
ASSETS					
Cash and cash equivalents	-	6,340	-	-	6,340
Financial assets at fair value through profit or loss	3,339	-	-	-	3,339
Financial assets at amortised cost	-	1,048	-	-	1,048
Financial assets at fair value through other comprehensive income	-	-	7,805	-	7,805
Loans and advances to customers	-	48,794	-	-	48,794
Other assets	28	268	-	253	549
Current tax asset	-	-	-	108	108
Investment in associates	-	-	-	1,300	1,300
Intangible assets	-	-	-	534	534
Property and equipment	-	-	-	640	640
Deferred tax asset	-	-	-	127	127
Total assets	3,367	56,450	7,805	2,962	70,584
LIABILITIES					
Due to other banks	-	195	-	-	195
Other borrowings	-	1,864	-	-	1,864
Debt securities in issue	-	4,764	-	-	4,764
Deposits	-	51,851	-	-	51,851
Other liabilities	-	848	-	405	1,253
Current tax liability	-	-	-	7	7
Insurance contract liabilities	-	-	-	517	517
Post-employment benefits	-	-	-	22	22
Total liabilities	-	59,522	-	951	60,473

3. Financial risk management continued

3.2. Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Significant changes in the economy of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Credit risk, together with large exposures, is monitored by the board audit, risk and compliance committee.

In addition to credit risk through a loan, the Group is exposed to counterparty credit risk, which is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Unlike credit exposures to loans, exposures to counterparty credit could result in a positive or negative impact to the financial performance of the Group, depending on the underlying market factors. Such risk is associated primarily with derivative transactions.

3.2.1. Credit risk measurement

a) Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group has developed statistical models to support the quantification of credit risk. These quantitative models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring the credit risk of loans and advances at a counterparty level, the Group considers three components, namely: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default' (EAD); and (iii) the expected loss on the defaulted obligations the 'loss given default' (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 (note 3.2.2).

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee) and are embedded in the Group's daily operational management.

i. *Probability of default (PD)*

The probability of default is an indication of the probability that a given loan will default. Under Basel III and IFRS 9 the elements that make up a loss are defined as economic loss and will include direct and indirect costs associated with collecting on the exposure such as allocations of internal overheads and other non-cash costs. The PD in Basel III and IFRS 9 is calculated using historical data of defaults as well apply forward looking adjustments to the historical PD to align the PD to the expected future economic conditions.

ii. *Exposure at default (EAD)*

The exposure at default under Basel III and IFRS 9 will take into account an expectation of future draw-downs until the default event has occurred by utilising loan run down for amortising products and a credit conversion factor for non-amortising products. For example, for a loan this is the face value at the default date. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

iii. *Loss given default (LGD)*

Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur (1 – recovery rate). It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel III and IFRS 9.

The LGD is calculated using historical data.

b) Financial assets measured at amortised cost

Assets in this category mainly relate to investments in financial instruments that have an external credit rating. Implied probability of defaults have been benchmarked against published estimates by external credit rating agencies. LGD's were benchmarked against Basel best practice. The implied PD's and LGD's are used to calculate expected credit losses for these assets.

Credit risk grading

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of is fed into the rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

The credit grades are calibrated such that the risk of default increases exponentially at each risk grade.

3. Financial risk management continued

3.2. Credit risk continued

3.2.1. Credit risk measurement continued

b) Financial assets measured at amortised cost continued

The following are additional considerations for each type of portfolio held by the Group:

i. *Retail*

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their creditworthiness – such as unemployment and previous delinquency history – is also incorporated into the behavioural score. This score is mapped to a PD.

ii. *Corporate*

For wholesale business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit systems on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

The Group's rating method comprises 9 rating levels for instruments not in default (CG1 to CG9). The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

iii. *Treasury*

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on released default rates over the prior 12 months, as published by the rating agency.

Rating	Meaning	Implied PD
CG1	Virtually no risk	1.90%
CG2	Low risk	3.63%
CG3	Moderate risk	3.31%
CG4	Acceptable risk	4.59%
CG5	Borderline	7.03%
CG6	ICU	3.62%
CG7	Substandard	16.18%
CG8	Doubtful	31.27%
CG9	Loss	98.15%

3.2.2. Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

> A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

> If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Please refer to note 3.2.2.1 for a description of how the Group determines when a significant increase in credit risk has occurred.

> If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 3.2.2.2 for a description of how the Group defines credit- impaired and default.

> Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 3.2.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

> A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should incorporate forward-looking information. Note 3.2.2.4 includes an explanation of how the Group has incorporated this in its ECL models.

Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis (refer to note 3.2.2.5).

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition) 12-month expected credit losses	(Significant increase in credit risk since initial recognition) Lifetime expected credit losses	(Credit-impaired assets) Lifetime expected credit losses

3. Financial risk management continued

3.2. Credit risk continued

3.2.2. Expected credit loss measurement continued

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

3.2.2.1. Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The credit rating at the reporting date has deteriorated significantly (moved down two rating levels e.g. CG1 to CG3), compared to the credit rating at initial recognition of the account.

The thresholds for the significant increase in credit risk is determined by mapping the SICR roll rates to the actual historical arrears roll rates. An account can move back to stage 1 if its credit score improves again.

Qualitative criteria

Accounts are classified on a watch list when there is qualitative information available on the client's credit risk increasing. These accounts are moved over to stage 2.

The qualitative criteria used to determine whether accounts have increased in credit risk include, but is not limited to:

- Repayment ability of clients
- Collateral valuations
- Sector in which the client operates
- Natural events (i.e. drought)
- Debtors not paying across industries

The criteria used to identify SICR are monitored and reviewed periodically for the appropriateness by the independent Credit Risk team. Once the above matters improved sufficiently, an account can be moved back to stage 1.

Backstop

A backstop is applied and the financial instruments considered to have experienced a significant increase in credit risk if the borrower is 30 or more days past due on its contractual payments.

An account can move back to stage 1 if it is less than 30 days past due.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2025 or 30 June 2024.

3.2.2.2. Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Qualitative criteria

The borrower is more than 90 days past due on its contractual payments.

Quantitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is insolvent
- The borrower is in breach of financial covenants
- It is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria and it is fully paid up for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions. This is in line with regulatory requirements. When an account has been fully paid up for six months it is moved back to stage 1 or stage 2.

3.2.2.3. Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation
- EAD is based on the amount the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Group includes the current drawn balance plus any further amount that is to be expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of financial product or asset segmentation. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan

3. Financial risk management continued

3.2. Credit risk continued

3.2.2. Expected credit loss measurement continued

3.2.2.3. Measuring ECL – Explanation of inputs, assumptions and estimation techniques continued

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12 month PD. The maturity profile looks at how defaults develop on a portfolio from the point of observation throughout the remainder of the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio segment. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

> For amortisation products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/ refinance assumptions are also incorporated into the calculation.

> For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. This is supported by historical analysis of recoveries per portfolio segment, including the discounting of the recoveries to the default date as well as the recovery costs accounted for.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

3.2.2.4. Forward-looking information incorporated in the ECL models

The measurement of the expected credit loss (ECL) allowance for financial assets requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring ECL, including:

> Determining criteria for significant increase in credit risk;

> Choosing appropriate models and assumptions for the measurement of ECL;

> Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

> Establishing groups of similar financial assets for the purposes of measuring ECL.

IFRS 9 outlines a 'three-stage' model for impairment based on changes on credit quality since initial recognition as summarised below:

> A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the bank.

> If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.

> If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Refer to note 3.2.2.2 for the definition of the Group to classify a financial instrument as in default.

The Group and estimates provision for impairments for stage 3 (non-performing loans) on an individual basis. Each loan's impairment is calculated as exposure less a discounted value of collateral held.

Stage 1 and 2

The assessment and calculation of ECL incorporates forward-looking information (FLI). The forecast of economic variables, regression analysis and expert judgement is applied and confirmed through internal governance structures to apply a forward-looking view for the ECL calculation. With the simultaneous impact of a multi-year recession statistical inference needs to be supplemented by qualitative expert judgment and input to ensure reliable and plausible forecasts are achieved. The Group has performed historical analysis and identified key macro-economic inputs impacting the default rates of the Group's assets and in determining key credit risk ratios and overlays. Historical relationships between macro-economic data and default rates have been identified as inputs into the FLI model. These relationships are used to project future default rates based on current macro-economic forecasts. The Group mainly applied forecasted domestic macro-economic conditions as FLI. Regression modelling techniques were used for these purposes.

3. Financial risk management continued

3.2. Credit risk continued

3.2.2. Expected credit loss measurement continued

3.2.2.4. Forward-looking information incorporated in the ECL models continued

Stage 1 and 2 (continued)

The Group applied GDP changes as the main macro-economic indicator in the FLI modelling process. Changes in monetary interest rates were excluded from the modelling process.

The Group applies a 'sensitivity factor' (the rate of change of default rates relative to the average default rate during the PD calibration period) to forecasted GDP growth. The calibration spans from May 2018 to April 2025. PD's were calibrated to historical GDP growth rates on an annual basis using regression modelling. Negative GDP growth is mostly associated with an increase in default rates, while positive GDP growth is associated with a reduction in default rates. The sensitivity factor is used to compute a scalar to the current default rates of each type of loan product that the Group has. The scaler was applied to the current PDs per product type for all stage 1 and stage 2 exposures.

The following table shows the GDP growth assumptions used in calculating the scalar in the forward-looking model:

	Namibia		Botswana	
	2025	2024	2025	2024
Growth in next 12 months	**3.00%**	3.10%	**2.20%**	4.11%
Growth in following 12 months	**5.00%**	3.90%	**2.56%**	3.51%

Qualitative factors influencing FLI

Expert judgement was applied to determine factors other than GDP that could influence future default rates. The Group has offered financial relief to clients in the form of restructured exposures as well as deferral of payments for up to 3 months at a time. All clients to who relief was offered were assessed on an individual basis. Where the financial relief was deemed sufficient to assist the client in servicing debt again in future, its staging and probability of default remained unchanged. Should the financial relief be considered not to be of a temporary nature, the client is treated as distressed and a higher probability of default is assigned as per the base and FLI ECL models.

Sensitivity Analysis

Expected credit losses calculated for stage 1, 2 and 3 after applying the sensitivity factor above was as follows:

	Allowances for credit losses	
Sensitivity Analysis	2025 N$'million	2024 N$'million
Base ECL for stage 1 and 2	**441**	497
Base ECL for stage 3	**1,217**	1,179
Had the GDP forecast been 10% better or 10% worse, the ECL for stage 1 and 2 would be reflected as follows:		
GDP 10% improvement	**397**	447
GDP 10% deterioration	**485**	547
Had the GDP forecast been 10% better or 10% worse, the ECL for stage 3 would be reflected as follows:		
GDP 10% improvement	**1,095**	1,061
GDP 10% deterioration	**1,339**	1,297

3.2.2.5. Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the group has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

> Product type

> Repayment type

> Collateral type

The groupings above only applies to stage 1 and stage 2 credit impairments. All stage 3 exposures are assessed individually.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the IFRS 9 committee.

3. Financial risk management continued

3.2. Credit risk continued

3.2.3. Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

> Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and

> Lifetime ECL;

> Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

> Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

> Impacts on the measurement of ECL due to changes made to models and assumptions;

> Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

> Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and

> Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see note 3.2.10)

Post model adjustments

Post model adjustment are short-term adjustments to the ECL balances as part of the year-end reporting process to reflect late updates to market data and expert credit judgement.

Specific to the group, the idiosyncratic risk associated to the specific client, where post model adjustments are necessary to ensure adequate provisions are held to cater for risk not adequately captured by the general models.

The post model adjustment is quantified by comparing the exposure on the identified clients versus the present value of the security available and the provisions kept by the current models. Any exposure above this value is then additionally kept as a post model adjustment outside of the model.

The group had post model adjustments in the current year included in stage 2.

The following table explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	2025			
	Stage 1 N$'million	Stage 2 N$'million	Stage 3 N$'million	Total N$'million
30 June 2025				
Overdrafts				
Opening balance: 1 July 2024	43	62	349	454
Transfers				
Transfer from Stage 1 to Stage 2	(1)	10	-	9
Transfer from Stage 1 to Stage 3	(78)	-	89	11
Transfer from Stage 2 to Stage 1	-	(12)	-	(12)
Transfer from Stage 3 to Stage 2	-	5	(11)	(6)
New financial assets originated	82	16	-	98
Changes in PDs and LGDs	7	(9)	22	20
Financial assets derecognised during the period	(1)	(11)	(5)	(17)
Write-offs	-	-	(34)	(34)
Exchange and other movements	(2)	1	6	5
Closing balance: 30 June 2025	50	62	416	528
Term loans				
Opening balance: 1 July 2024	117	106	405	628
Transfers				
Transfer from Stage 1 to Stage 2	8	11	-	19
Transfer from Stage 1 to Stage 3	2	8	-	10
Transfer from Stage 2 to Stage 1	1	(24)	-	(23)
Transfer from Stage 2 to Stage 3	-	(18)	169	151
Transfer from Stage 3 to Stage 1	-	-	(1)	(1)
New financial assets originated	5	15	-	20
Changes in PDs and LGDs	(24)	14	101	91
Financial assets derecognised during the period	(8)	(21)	(51)	(80)
Write-offs	-	-	(178)	(178)
Exchange and other movements	11	2	9	22
Closing balance: 30 June 2025	112	93	454	659

3. Financial risk management continued

3.2. Credit risk continued

3.2.3. Loss allowance continued

	2025			
	Stage 1 N$'million	Stage 2 N$'million	Stage 3 N$'million	Total N$'million
Mortgages				
Opening balance: 1 July 2024	45	46	368	459
Transfers				
Transfer from Stage 1 to Stage 2	-	11	-	11
Transfer from Stage 1 to Stage 3	(1)	-	29	28
Transfer from Stage 2 to Stage 1	1	(18)	-	(17)
Transfer from Stage 2 to Stage 3	-	(7)	21	14
Transfer from Stage 3 to Stage 1	-	-	(4)	(4)
Transfer from Stage 3 to Stage 2	-	-	(1)	(1)
New financial assets originated	8	4	-	12
Changes in PDs and LGDs	3	8	(28)	(17)
Financial assets derecognised during the period	(4)	(8)	(11)	(23)
Write-offs	-	-	(96)	(96)
Exchange and other movements	(1)	1	-	-
Closing balance: 30 June 2025	51	37	278	366
Instalment finance				
Opening balance: 1 July 2024	21	48	57	126
Transfers				
Transfer from Stage 1 to Stage 2	-	5	-	5
Transfer from Stage 1 to Stage 3	(3)	-	15	12
Transfer from Stage 2 to Stage 1	-	(4)	-	(4)
Transfer from Stage 2 to Stage 3	-	(3)	5	2
New financial assets originated	4	4	-	8
Changes in PDs and LGDs	(4)	(36)	18	(22)
Financial assets derecognised during the period	(1)	(2)	(1)	(4)
Write-offs	-	-	(35)	(35)
Exchange and other movements	-	(1)	10	9
Closing balance: 30 June 2025	17	11	69	97

	2025			
	Stage 1 N$'million	Stage 2 N$'million	Stage 3 N$'million	Total N$'million
Preference shares and guarantees				
Opening balance: 1 July 2024	7	-	-	7
New financial assets originated	5	-	-	5
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(4)	-	-	(4)
Write-offs	-	-	-	-
Closing balance: 30 June 2025	8	-	-	8
Total loans and advances	238	203	1,217	1,658
Other financial instruments				
Opening balance: 1 July 2024	97	-	-	97
New financial assets originated	8	-	-	8
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(1)	-	-	(1)
Exchange and other movements	2	-	-	2
Closing balance: 30 June 2025	106	-	-	106
Total	344	203	1,217	1,764

3. Financial risk management continued

3.2. Credit risk continued

3.2.3. Loss allowance continued

	2024			
	Stage 1 N$'million	Stage 2 N$'million	Stage 3 N$'million	Total N$'million
30 June 2024				
Overdrafts				
Opening balance: 1 July 2023	38	82	320	440
Transfers				
Transfer from Stage 1 to Stage 2	(1)	16	-	15
Transfer from Stage 2 to Stage 1	-	(14)	-	(14)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	(6)	(6)
New financial assets originated	2	-	-	2
Changes in PDs and LGDs	2	8	107	117
Financial assets derecognised during the period	(1)	(30)	(11)	(42)
Write-offs	-	-	(68)	(68)
Exchange and other movements	3	-	7	10
Closing balance: 30 June 2024	43	62	349	454
Term loans				
Opening balance: 1 July 2023	79	201	468	748
Transfers				
Transfer from Stage 1 to Stage 2	(3)	34	-	31
Transfer from Stage 1 to Stage 3	(3)	-	34	31
Transfer from Stage 2 to Stage 1	-	(8)	-	(8)
Transfer from Stage 2 to Stage 3	-	(15)	74	59
Transfer from Stage 3 to Stage 1	-	-	(1)	(1)
Transfer from Stage 3 to Stage 2	-	-	(20)	(20)
New financial assets originated	35	-	-	35
Changes in PDs and LGDs	3	2	37	42
Financial assets derecognised during the period	(14)	(106)	(106)	(226)
Write-offs	-	-	(70)	(70)
Exchange and other movements	20	(2)	(11)	7
Closing balance: 30 June 2024	117	106	405	628

	2024			
	Stage 1 N$'million	Stage 2 N$'million	Stage 3 N$'million	Total N$'million
Mortgages				
Opening balance: 1 July 2023	27	37	281	345
Transfers				
Transfer from Stage 1 to Stage 2	(1)	20	-	19
Transfer from Stage 1 to Stage 3	-	-	16	16
Transfer from Stage 2 to Stage 1	2	(25)	-	(23)
Transfer from Stage 2 to Stage 3	-	(6)	30	24
Transfer from Stage 3 to Stage 1	-	-	(4)	(4)
Transfer from Stage 3 to Stage 2	-	1	(5)	(4)
New financial assets originated	14	-	-	14
Changes in PDs and LGDs	6	29	113	148
Financial assets derecognised during the period	(5)	(7)	(13)	(25)
Write-offs	-	-	(50)	(50)
Exchange and other movements	1	(1)	-	-
Closing balance: 30 June 2024	44	48	368	460
Instalment finance				
Opening balance: 1 July 2023	19	11	46	76
Transfers				
Transfer from Stage 1 to Stage 2	-	5	-	5
Transfer from Stage 1 to Stage 3	-	-	7	7
Transfer from Stage 2 to Stage 1	-	(3)	-	(3)
Transfer from Stage 2 to Stage 3	-	(2)	5	3
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	(1)	(1)
New financial assets originated	7	-	-	7
Changes in PDs and LGDs	(2)	37	10	45
Financial assets derecognised during the period	(1)	(1)	(5)	(7)
Write-offs	-	-	(4)	(4)
Exchange and other movements	(1)	1	(1)	(1)
Closing balance: 30 June 2024	22	48	57	127

3. Financial risk management continued

3.2. Credit risk continued

3.2.3. Loss allowance continued

	2024			
	Stage 1 N$'million	Stage 2 N$'million	Stage 3 N$'million	Total N$'million
Preference shares and guarantees				
Opening balance: 1 July 2023	4	-	-	4
New financial assets originated	5	-	-	5
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(2)	-	-	(2)
Closing balance: 30 June 2024	7	-	-	7
Total loans and advances	233	264	1,179	1,676
Other financial instruments				
Opening balance: 1 July 2023	123	-	-	123
Transfers				
New financial assets originated	4	-	-	4
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	-	-	-	-
Exchange and other movements	(30)	-	-	(30)
Closing balance: 30 June 2024	97	-	-	97
Total	330	264	1,179	1,773

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

Overdrafts

> Gross overdrafts decreased by N$4 million (0.1%) year-on-year.
> Inclusive in the movement is new overdrafts of N$1.054 million that were advanced to clients and N$237 million overdrafts that were settled during the financial period.
> Non-performing overdrafts increased by N$48 million (8.0%) year-on-year.
> The non-performing overdrafts are well secured, with a collateral fair value of N$305 million.
> During the year N$34 million was written off on overdrafts.
> No loan modifications during the financial period that resulted in gains/losses

Term Loans

> Term loans increased by N$759 billion (4.1%) year-on-year, mainly driven by growth in personal term loans.
> Inclusive in the movement is new term loans of N$4,953 million that were advanced to clients and N$2,365 million that were settled during the financial period.
> Non-performing term loans increased by N$137 million (16.9%) year-on-year.
> The non-performing term loans are well secured, with a collateral fair value of N$648 million.
> During the year N$178 million was written off on term loans.
> No loan modifications during the financial period that resulted in gains/losses.

Mortgages

> Mortgages grew by N$470 million (2.3%) year-on-year.
> Inclusive in the movement is new loans of N$3,110 million that were advanced to clients and N$1,930 million that were settled during the financial period.
> Non-performing mortgage loans decreased by N$175 million (20.0%) year-on-year.
> The non-performing mortgage loans are well secured, with a collateral fair value of N$499 million.
> During the year N$96 million was written off on mortgages.
> No loan modifications during the financial period that resulted in gains/losses.

Instalment finance

> Gross instalment finance loans grew by N$724 million (13.9%) year-on-year.
> Inclusive in the movement is new loans of N$2,567 million that were advanced to clients and N$789 million that were settled during the financial period.
> Non-performing instalment finance loans increased by N$31 million (26.5%) year-on-year.
> The non-performing instalment finance loans are well secured, with a collateral fair value of N$104 million.
> During the year N$35 million was written off on instalment finance.
> No loan modifications during the financial period that resulted in gains/losses.

Preference shares and guarantees

> Exposure to preference shares and guarantees decreased by N$133 million (71.1%) due to the conversion of a significant preference share arrangement into a term loan facility.
> An impairment allowance of N$7 million was recognised against this portfolio as at year-end.
> There were no write offs during the current financial period.
> No loan modifications during the financial period that resulted in gains/losses.

Other financial instruments

> The movement during the year is mainly due to changes in the exchange rate.

3. Financial risk management continued

3.2. Credit risk continued

3.2.4. Maximum exposure to credit risk before collateral held or other credit enhancements

3.2.4.1 Maximum exposure to credit risk – All Financial instruments

The table represents a worst-case scenario of credit risk exposure to the Group as at 30 June 2025 and 2024, without taking account of any collateral held or other credit enhancements attached. For all assets listed on the statement of financial position, the exposures set out below are based on carrying amounts as reported.

	Notes	Maximum exposure 2025 N$'million	2024 N$'million
Credit risk exposures relating to on-statement of financial position assets are as follows:			
Cash and cash equivalents	13.	7,689	6,340
Financial assets at fair value through profit or loss	14.	2,656	3,339
- Unit trust investments		2,567	3,339
- Exchange traded funds		89	-
Financial assets at amortised cost	14.	1,169	1,048
- Treasury bills		203	100
- Government stock		785	767
- Preference shares		181	181
Financial assets at fair value through other comprehensive income	15.	7,103	7,763
- Treasury bills		5,811	6,396
- Government stock		289	301
- Tradable instruments		978	985
- Exchange traded funds		-	81
- Corporate bonds		25	-
Loans and advances to customers	16.	50,621	48,794
- Overdrafts		6,513	6,517
- Term loans		19,136	18,377
- Mortgages		20,835	20,365
- Instalment finance		5,942	5,218
- Preference shares		54	187
- Impairment		(1,658)	(1,676)
- Effective interest rate impact per IFRS 9		(201)	(194)
Other assets*	17.	271	296
Total exposure on statement of financial position**		69,509	67,580

	Notes	Maximum exposure 2025 N$'million	2024 N$'million
Credit risk exposure relating to off-statement of financial position items are as follows:			
Liabilities under guarantees	36.	3,765	3,867
Letters of credit	36.	241	472
Loan commitments	36.	4,821	5,309
Total exposure off statement of financial position		8,827	9,648
Total credit risk exposure		78,336	77,228

* Other assets exposed to credit risk include insurance fund asset, accounts receivable, derivatives as well as clearing and settlement accounts.

** During the preparation of the annual financial statements, management identified a misclassification in the prior year relating to the disclosure of maximum exposure to credit risk. Investment securities, comprising equity instruments not exposed to credit risk of N$42 million, were incorrectly included under financial assets at fair value through other comprehensive income. This resulted in total financial assets at fair value through other comprehensive income decreasing from N$7,805 million to N$7,763 million, consequently the total credit exposures decreased by the same amount. The classification and related disclosures have been corrected for both the current and prior year to align with the requirements of IFRS 7.

The most significant exposures are derived from loans and advances to banks and customers.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loans and advances portfolio and other securities based on the following:

> The Group employs a range of policies and practices to mitigate credit risk. Refer to note 3.2.3.

> Mortgage loans, which represent the biggest group in the loans and advances to customers portfolio, are backed by collateral.

> All financial assets, other than loans and advances, are neither past due nor impaired.

3. Financial risk management continued

3.2. Credit risk continued

3.2.4. Maximum exposure to credit risk before collateral held or other credit enhancements continued

3.2.4.2. Maximum exposure to credit risk – Financial instruments subject to the impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	2025			
	Stage 1 12-month ECL N$'million	Stage 2 Lifetime ECL N$'million	Stage 3 Lifetime ECL N$'million	Total N$'million
Credit grade - Loans and advances				
Low Risk (CG1 - CG2)	(198)	(65)	-	(263)
Medium Risk (CG3 - CG5)	(32)	(105)	-	(137)
Special monitoring (CG6 -CG7)	(8)	(30)	-	(38)
Doubtful (CG8 - CG9)	-	(3)	(1,217)	(1,220)
Loss allowance	(238)	(203)	(1,217)	(1,658)
Low Risk (CG1 - CG2)	36,578	670	-	37,248
Medium Risk (CG3 - CG5)	8,534	1,032	-	9,566
Special monitoring (CG6 -CG7)	2,941	234	-	3,175
Doubtful (CG8 - CG9)	27	22	2,442	2,491
Gross carrying amount[1]	48,080	1,958	2,442	52,480
Carrying amount	47,842	1,755	1,225	50,822

[1] Excludes the IFRS 9 effective interest rate impact

	2025			
	Stage 1 12-month ECL N$'million	Stage 2 Lifetime ECL N$'million	Stage 3 Lifetime ECL N$'million	Total N$'million
Credit grade - Financial instruments at amortised cost				
Low risk (CG1)	(107)	-	-	(107)
Loss allowance	(107)	-	-	(107)
Gross carrying amount (CG1)	1,276	-	-	1,276
Carrying amount	1,169	-	-	1,169

	2024			
	Stage 1 12-month ECL N$'million	Stage 2 Lifetime ECL N$'million	Stage 3 Lifetime ECL N$'million	Total N$'million
Credit grade - Loans and advances				
Low Risk (CG1 - CG2)	(194)	(136)	-	(330)
Medium Risk (CG3 - CG5)	(30)	(69)	-	(99)
Special monitoring (CG6 -CG7)	(9)	(49)	-	(58)
Doubtful (CG8 - CG9)	-	(10)	(1,179)	(1,189)
Loss allowance	(233)	(264)	(1,179)	(1,676)
Low Risk (CG1 - CG2)	34,891	659	-	35,550
Medium Risk (CG3 - CG5)	8,522	689	-	9,211
Special monitoring (CG6 -CG7)	3,164	273	-	3,437
Doubtful (CG8 - CG9)	25	40	2,401	2,466
Gross carrying amount[1]	46,602	1,661	2,401	50,664
Carrying amount	46,369	1,397	1,222	48,988

[1] Excludes the IFRS 9 effective interest rate impact

	2024			
	Stage 1 12-month ECL N$'million	Stage 2 Lifetime ECL N$'million	Stage 3 Lifetime ECL N$'million	Total N$'million
Credit grade - Financial instruments at amortised cost				
Low risk (CG1)	(97)	-	-	(97)
Loss allowance	(97)	-	-	(97)
Gross carrying amount (CG1)*	1,145	-	-	1,145
Carrying amount	1,048	-	-	1,048

* During the preparation of the annual financial statements, management identified incomplete disclosures in the prior year relating to IFRS 7.35, specifically the presentation of the gross carrying amount of loans and advances that did not include a breakdown by credit risk grades. The disclosures for both the current year and the prior year have been updated to include the required credit quality breakdown.

There are no purchased credit-impaired financial assets included in the above tables. Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 3.2.2 'Expected credit loss measurement. For better disclosure, the gross exposures were also split into ECL grades in the current and prior year.

Other receivables, which primarily consist of operational items, are not included in the disclosure above as they are not subject to internal credit risk grading due to their nature and low credit risk exposure.

3. Financial risk management continued

3.2. Credit risk continued

3.2.5. Risk limit control and mitigation policies

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a monthly basis and are subject to regular review. Limits on the level of credit risk by country are approved by the board of directors. The exposure to any one borrower, including banks and brokers, is further restricted by sub-limits covering on and off-statement of financial position exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Exposure to credit risk is managed up front when an application for credit is received. The credit risk management model is utilised by the Group and assesses the three components of safety, desirability and profitability. Throughout the lifespan of the credit facility, regular analyses of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations are assessed and lending limits are changed where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, insurance and corporate and personal guarantees. The amount the Group is willing to lend unsecured is restricted and approved by the board.

Placements with banks, including loans and advances to banks, are subject to the normal credit process. The credit limits to these banks take into consideration ratings performed by external rating agencies.

Other specific control and mitigation measures are outlined below:

a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. Within the credit risk area, mandates are predetermined in order to ensure that the applicable level of authority provides guidance and approval for advances. Risk exposure to advances is reduced by obtaining approved security as defined by the board credit committee and listed in the advance instruction manual.

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation and the principal collateral types for loans and advances are:

> cash deposited with and ceded to the Group;

> deposits with any registered financial institution and ceded to the Group;

> life insurance policies with a confirmed surrender value; and

> any other form of tangible collateral security subject to approval by the board credit committee.

> covering mortgage bonds over physical property.

Collateral per class of loans and advances:

Mortgages:

> first, second and third covering bond; and

> cession of fire policy.

Instalment finance:

> the instalment finance contract binds the underlying article as security.

The following security can be given for any loan class depending on the circumstances and purpose of the loan:

> suretyships;

> registered cession of life insurance policy;

> any other form of tangible collateral security subject to approval by the board credit committee; and

> cession of fixed deposits, notice deposits, bills, bonds, shares, investments or debtors.

Valuation methodologies (which include applying a hair-cut to the fair value of collateral depending on a number of factors) and the period of validity on collateral are outlined in established policies, which are approved by the board.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

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 in order to mitigate potential losses are shown below:

	2025			
	Gross exposure N$'million	Impairment allowance N$'million	Carrying amount N$'million	Fair value of collateral held N$'million
Credit-impaired assets				
- Overdrafts	646	(415)	231	339
- Term Loans	947	(456)	491	778
- Mortgages	701	(277)	424	536
- Instalment finance	148	(69)	79	147
Total credit-impaired assets	2,442	(1,217)	1,225	1,800

3. Financial risk management continued

3.2. Credit risk continued

3.2.5. Risk limit control and mitigation policies continued

a) Collateral continued

Collateral per class of loans and advances (continued)

	2024			
	Gross exposure N$'million	Impairment allowance N$'million	Carrying amount N$'million	Fair value of collateral held N$'million
Credit-impaired assets				
- Overdrafts	598	(349)	249	368
- Term Loans	810	(404)	406	567
- Mortgages	876	(368)	508	517
- Instalment finance	117	(58)	59	95
Total credit-impaired assets	2,401	(1,179)	1,222	1,547

The value of tangible collateral disclosed above is limited to the outstanding balance, therefore any over-collateralised portion of a loan is excluded from the value of tangible collateral. Impairments are raised for under-collateralised non-performing loans, resulting in a net exposure of nil.

Property valuation

In the case where a property is offered as security in the form of covering a mortgage bond, the valuation of the property is valid for two years in the banking book (excluding residential properties offered for home loans). A revaluation of the property needs to be done when there is an indication that the value of the property has declined. A revaluation of the property by an approved valuator is required when a further advance or additional mortgage is applied for, when the mortgage defaults, when an application for the release of collateral or any additional security is received or for properties in possession. Homeowners comprehensive insurance is compulsory for all mortgage loans. All articles financed by the Group must be comprehensively insured.

Life insurance valuation

Life insurance that is used as security for loans taken out at the Group is ceded to the group and the cession is registered by the insurance company. The values of the life insurance policies ceded to the Group must be updated at least annually to determine the security value and to establish whether premiums are up to date.

Credit life insurance

In the case of micro-loans, the customer signs a formal loan agreement and sufficient credit life insurance is ceded to the Group. A formal payroll agreement between the applicant's employer and the Group is also signed. Non-government applicants must sign an acknowledgement of debt and cede their surplus benefits (e.g. accumulated leave) payable on termination of service to the Group.

Long-term finance and lending to corporate entities are generally secured. In addition, in order to minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Although revolving individual credit facilities are generally unsecured, these are only granted to clients after stringent credit reviews.

b) Financial instruments subject to master netting arrangements (MNA) and similar agreements

In accordance with IAS 32 the Group offsets financial assets and financial liabilities and presents the net amount in the statement of financial position only if there is both a legally enforceable right to offset and there is an intention to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously. The Group is subject to a MNA in the form of ISDA agreements with counterparties. ISDA agreements, under which swaps and derivatives are traded, may not be legally enforceable as one transaction to enforce post insolvency set-off and netting within Namibia, thus the IAS 32 set off requirements are not met. Consequently, no financial assets and financial liabilities, subject to MNA's, have been presented on the net amount in the statement of financial position.

c) Derivatives

The Group maintains strict control limits on net open derivative positions (i.e. the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements.

Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

3. Financial risk management continued

3.2. Credit risk continued

3.2.5. Risk limit control and mitigation policies continued

d) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurance that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

3.2.6. Credit quality of loans and advances and other financial instruments

(i) Credit quality and management of loans and advances

Initial applications

The banks (Bank Windhoek and Bank Gaborone) are the largest contributors to the Group's credit risk. The banks apply a standardised approach when assessing applications for credit. All applications are completed according to the banks' risk model, which covers all information required to make an informed decision when granting advances. The risk model has the main components of safety, desirability and profitability which is further broken down as:

> background;
> needs;
> financial position;
> security;
> desirability;
> profitability; and
> recommendation – positive/negative aspects.

Internal scoring models are used except for the micro-loans book, where the Delphi score forms part of the assessment.

Subsequent credit assessments

Management information system reports were developed over time in order to effectively monitor and manage the quality of the loan portfolio and pro-actively identify problem accounts and trends. The following reports are generated:

> Excesses are reported on a daily basis and reviewed annually.
> The branches submit a monthly report on specific issues in order to take remedial actions on dormant accounts, suspended accounts, irregular accounts (outstanding 30 days and longer), outstanding security, special mention accounts, guarantees, letters of credit and foreign exchange contracts, floor plans, savings accounts in overdraft and bad debts written off within branch mandates.
> The credit department submits a monthly report to the executive management team and a more detailed report to the board of directors on a quarterly basis regarding the status of the credit portfolio of the Group.
> Monthly statistics per product are used to monitor the quality and management of the loan portfolio per branch.
> All clients with exposures approved above branch level are interviewed by credit before non-performing accounts are transferred to the legal collections branch.
> All transfers to the legal collections branch with a material impairment are scrutinised by
> the credit department and categorised under:

– poor assessment;
– poor management;
– poor collateral management;
– economic reasons; and
– other.

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.

3. Financial risk management continued

3.2. Credit risk continued

3.2.6. Credit quality of loans and advances and other financial instruments continued

(i) Credit quality and management of loans and advances continued

Subsequent credit assessments continued

The table below shows the loans and advances age analysis as required by the Banking Institutions Act:

		Special mention			Non-performing	
	Neither past due nor impaired N$'million	1 – 30 days N$'million	31 – 60 days N$'million	61 – 90 days N$'million	More than 90 days N$'million	Total N$'million
As at 30 June 2025						
Overdrafts	5,502	196	163	6	646	6,513
Term loans	17,806	144	220	19	947	19,136
Mortgages	19,409	477	164	84	701	20,835
Instalment finance	5,584	124	70	16	148	5,942
Preference shares	54	-	-	-	-	54
Total gross loans and advances[1]	48,355	941	617	125	2,442	52,480
Impairments raised	(238)	(114)	(74)	(15)	(1,217)	(1,658)
Net loans and advances[1]	48,117	827	543	110	1,225	50,822

[1] Excludes the IFRS 9 effective interest rate impact.

		Special mention			Non-performing	
	Neither past due nor impaired N$'million	1 – 30 days N$'million	31 – 60 days N$'million	61 – 90 days N$'million	More than 90 days N$'million	Total N$'million
As at 30 June 2024						
Overdrafts	5,653	211	48	6	599	6,517
Term loans	17,270	180	41	76	810	18,377
Mortgages	18,500	690	203	97	875	20,365
Instalment finance	4,873	141	56	31	117	5,218
Preference shares	187	-	-	-	-	187
Total gross loans and advances[1]	46,483	1,222	348	210	2,401	50,664
Impairments raised	(233)	(181)	(52)	(31)	(1,179)	(1,676)
Net loans and advances[1]	46,250	1,041	296	179	1,222	48,988

[1] Excludes the IFRS 9 effective interest rate impact.

Further information of the impairment allowance for loans and advances to customers is provided in note 16.

3. Financial risk management continued

3.2. Credit risk continued

3.2.6. Credit quality of loans and advances and other financial instruments continued

(ii) Non-performing loans and advances

Loans and advances are managed with reference to the days in arrears. Days in arrears are taken as the number of days past due. Loans and advances outstanding for longer than 90 days and more are considered non-performing and are included in stage 3 for the loss allowance calculation. As determined by the regulatory requirements, any asset which is overdue 30 days or more but less than 89 days shall be classified as special mention, at a minimum and is subject to impairment in accordance with the stage 2 calculations. The Group follows a more conservative approach than the regulators and already classifies loans in 0 - 30 days on a watchlist, where, on a case-by-case basis, indicators of a possible future loss event exist.

Additionally, loans that are made to a specific industry or individuals that are not past due, but are deemed to be risky are assessed and in certain instances subject to impairment in accordance with the stage 2 calculations. Loans categorised on the watchlist are performing but subject to the impairment in accordance to the IFRS 9 calculations.

Non-performing loans and advances to customers before taking into consideration the cash flows from collateral held is N$1.6 billion (2024: N$1.5 billion). The increase in non-performing loans and advances is mainly due to the deterioration of the macro-economic environment.

Refer to note 3.2.5 a) for the range of collateral policies and practices in place.

(iii) Non-performing loans and advances by geographical area

Geographical area	2025 N$'million	2024 N$'million
Namibia	1,603	1,807
Botswana	822	576
Zambia	17	18
	2,442	2,401

(iv) Credit quality of financial assets other than loans and advances

As at 30 June the following financial instruments are neither past due nor impaired:

	2025 N$'million	2024 N$'million
Cash and cash equivalents	7,689	6,340
Financial assets at fair value through profit or loss	2,656	3,339
Financial assets at fair value through other comprehensive income	7,146	7,805
Other assets	271	296

Balances with the central bank, treasury bills and government stock (financial assets at fair value through other comprehensive income) are subject to counterparty limits. Balances due from other banks are also subject to counterparty limits and together with credit ratings are factors in determining the investment decision.

The Group applies credit ratings in line with regulatory requirements to reflect the credit risk of financial instruments. External credit ratings from reputable international rating agencies are utilised for cross border exposures, which is augmented with thorough internal credit and financial analyses in the determination and setting of exposure limits. Distinction between two broad credit quality classes are made, i.e. investment grade (AAA to BBB) and speculative/high-yield (BB and lower). If no ratings are available (i.e. certain African countries) these exposures are classified as unrated and are subject to much stricter lending criteria.

3. Financial risk management continued

3.2. Credit risk continued

3.2.6. Credit quality of loans and advances and other financial instruments continued

(iv) Credit quality of financial assets other than loans and advances continued

The following section summarises the credit quality of financial assets and exposures to corresponding and counterparty banks for 30 June.

	Investment grade AA N$'million	Investment grade A N$'million	Investment grade BBB N$'million	Speculative grade BB N$'million	Unrated N$'million	Total N$'million
As at 30 June 2025						
Cash and cash equivalents	17	135	1,147	5,284	1,106	7,689
Financial assets at fair value through profit or loss	-	-	-	2,656	-	2,656
- Unit trust and money market investments	-	-	-	2,567	-	2,567
- Exchange traded funds	-	-	-	89	-	89
Financial assets at amortised cost	-	-	-	1,169	-	1,169
- Treasury bills	-	-	-	203	-	203
- Government stock	-	-	-	787	-	787
- Preference shares	-	-	-	179	-	179
Financial assets at fair value through other comprehensive income	-	-	-	7,103	-	7,103
- Treasury bills	-	-	-	5,811	-	5,811
- Government stock	-	-	-	289	-	289
- Tradable instruments	-	-	-	978	-	978
- Corporate bonds	-	-	-	25	-	25
Other assets	-	-	-	271	322	593
Non-financial assets	-	-	-	-	2,648	2,648
Total assets (excluding loans and advances and investment securities)	17	135	1,147	16,483	4,076	21,858

3. Financial risk management continued

3.2. Credit risk continued

3.2.6. Credit quality of loans and advances and other financial instruments continued

(iv) Credit quality of financial assets other than loans and advances continued

	Investment grade AA N$'million	Investment grade A N$'million	Investment grade BBB N$'million	Speculative grade BB N$'million	Unrated N$'million	Total N$'million
As at 30 June 2024						
Cash and cash equivalents	98	315	9	5,917	-	6,339
Financial assets at fair value through profit or loss	-	-	-	3,340	-	3,340
- Unit trust and money market investments	-	-	-	3,340	-	3,340
Financial assets at amortised cost	-	-	-	1,048	-	1,048
- Treasury bills	-	-	-	100	-	100
- Government stock	-	-	-	767	-	767
- Preference shares	-	-	-	181	-	181
Financial assets at fair value through other comprehensive income	-	-	-	7,798	7	7,805
- Investment securities	-	-	-	35	7	42
- Treasury bills	-	-	-	6,396	-	6,396
- Government stock	-	-	-	301	-	301
- Tradable instruments	-	-	-	985	-	985
- Exchange traded funds	-	-	-	81	-	81
- Corporate bonds	-	-	-	-	-	-
Other assets	-	-	-	28	268	296
Non-financial assets	-	-	-	-	2,962	2,962
Total assets (excluding loans and advances)	98	315	9	18,131	3,237	21,790

Unrated exposures consist mainly other assets, which are short-term and highly liquid in nature. Other assets consist of accounts receivable, insurance fund asset, derivatives as well as clearing and settlement accounts.

3. Financial risk management continued

3.2. Credit risk continued

3.2.6. Credit quality of loans and advances and other financial instruments continued

(iv) Credit quality of financial assets other than loans and advances continued

The following risk weightings are applied for due from other banks when calculating the risk-based capital ratios:

a) Long-term claims

Exposures to banks assigned a credit risk assessment rating of AAA to AA-	20%
Exposures to banks assigned a credit assessment rating of A+ to BBB- or unrated	50%
Exposures to banks assigned a credit assessment rating of BB+ to B-	100%
Exposures to banks assigned a credit assessment rating of below B-	150%

b) Short-term claims

Claims denominated and funded in domestic currency with an original maturity of three months or less, assigned a credit assessment rating of AAA to BBB- or unrated	20%
Exposures to banks assigned a credit risk assessment rating of AAA to AA	20%
Exposures to banks assigned a credit assessment rating of A+ to BBB- or unrated	20%
Claims to banks assigned a credit assessment rating of BB+ to B- or unrated	50%
Claims to banks assigned a credit assessment rating of below B-	150%

Unchanged from prior period risk weightings.

3.2.7. Repossessed collateral

The Group obtains assets by taking possession of collateral held as security. The value of the assets still on the statement of financial position for 30 June 2025 was N$209 million (30 June 2024: N$287 million). Repossessed property is classified in the statement of financial position as other assets. Repossessed properties are derecognised when the assets are sold to third parties.

3.2.8. Credit risk weighted amounts

The following risk-weighted amounts, including related impairments and write-offs, have been assigned to the components of credit risk for the Group, as defined in BID 5 - 'Determination on capital adequacy'. The figures will not reconcile to the statement of financial position as it represents statutory, risk-weighted amounts.

As at 30 June 2025	Exposure N$'million	Impairment N$'million	Risk-weighted amounts N$'million	Credit Risk Mitigation N$'million
Counterparties				
Sovereign and central bank	7,544	-	-	-
Security firms	18	-	18	-
Public sector entities	793	-	270	-
Banks	5,667	-	2,416	-
Corporate	15,340	620	14,017	760
Retail	15,275	311	10,912	618
Residential mortgage properties	13,428	141	6,407	560
Commercial real estate	7,493	151	7,377	-
Other assets	9,578	-	6,018	-
Included in other assets:				
- Listed shares	-	-	-	-
	75,136	1,223	47,435	1,938
Commitments	8,703	-	2,836	-
As at 30 June 2024				
Counterparties				
Sovereign and central bank	8,948	-	-	-
Security firms	13	-	13	-
Public sector entities	835	-	315	-
Banks	3,475	-	1,486	-
Corporate	15,725	608	13,761	1,565
Retail	13,158	300	9,775	45
Residential mortgage properties	13,201	147	6,628	-
Commercial real estate	7,165	139	7,323	-
Other assets	9,776	-	5,489	-
Included in other assets:				
- Listed shares	-	-	-	-
	72,296	1,194	44,790	1,610
Commitments	8,712	-	3,191	-

3. Financial risk management continued

3.2. Credit risk continued

3.2.8. Credit risk weighted amounts continued

Only claims on banks are risk-weighted based on external credit assessment for capital adequacy calculations. The Group utilises available external rating agencies' ratings on both short-term and long-term exposures. No amounts are deducted from the Group's capital.

The Bank of Namibia does not have its own credit rating. The sovereign and central bank credit risk weighting has been 0% for local currency issued and controlled by the central bank. The long-term country credit ratings by an external credit rating agency for Namibia and Botswana were as follows:

	2025	2024
Namibia long-term local currency issuer default rating	BB-	BB-
Namibia long-term issuer default rating	BB-	BB-
Botswana long-term local currency issuer default rating	BBB+	BBB+
Botswana long-term issuer default rating	BBB+	BBB+

3.2.9. Credit concentration risk

The Group manages credit concentration risk by imposing credit risk concentration caps on the exposure for different loans and advances classifications, such as product classes, regions and industry. The credit risk concentration caps are directly linked to the board-approved risk capacity, appetite and tolerance thresholds, and are managed as part of the risk management process. The credit concentration risk is also further assessed using stress testing and scenario analyses quantitative models.

The following table breaks down the Group's main credit exposure at their gross amounts, as categorised by the industry sectors of counterparties:

	Cash and cash equivalents N$' million	Financial assets at fair value through other comprehensive income N$' million	Financial assets at fair value through profit or loss N$' million	Financial assets at amortised cost N$' million	Loans and advances to customers N$' million	Other assets[2] N$' million	Total N$' million
As at 30 June 2025							
Agriculture and forestry	-	-	-	-	4,608	-	4,608
Fishing	-	-	-	-	1,476	-	1,476
Mining	-	-	-	-	1,635	-	1,635
Manufacturing	-	-	-	-	1,600	-	1,600
Building and construction	-	-	-	-	3,204	-	3,204
Electricity, gas and water	-	-	-	-	1,640	-	1,640
Trade and accommodation[1]	-	-	-	-	6,292	-	6,292
Transport and communication	-	-	-	-	2,238	-	2,238
Finance and insurance	6,970	1,033	2,655	286	3,739	43	14,726
Real estate and business services	-	-	-	-	13,553	-	13,553
Government	719	6,113	-	990	3,128	-	10,950
Individuals	-	-	-	-	7,846	-	7,846
Other	-	-	1	-	1,320	228	1,549
Impairment	-	-	-	(107)	(1,658)	-	(1,765)
	7,689	7,146	2,656	1,169	50,621	271	69,552

[1] Trade and accommodation includes all loans and advances granted to individuals that acquire property for residential purposes through closed corporation entity types, e.g. residential mortgage loans and advances granted to hotels, lodges, restaurants and the related.

[2] Other assets include the insurance fund asset, accounts receivable, derivatives as well as clearing and settlement accounts.

Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.2. Credit risk continued

3.2.9. Credit concentration risk continued

	Cash and cash equivalents N$' million	Financial assets at fair value through other comprehensive income N$' million	Financial assets at fair value through profit or loss N$' million	Financial assets at amortised cost N$' million	Loans and advances to customers N$' million	Other assets[2] N$' million	Total N$' million
As at 30 June 2024							
Agriculture and forestry	-	-	-	-	4,496	-	4,496
Fishing	-	-	-	-	1,802	-	1,802
Mining	-	-	-	-	1,452	-	1,452
Manufacturing	-	-	-	-	1,413	-	1,413
Building and construction	-	-	-	-	2,990	-	2,990
Electricity, gas and water	-	-	-	-	2,182	-	2,182
Trade and accommodation[1]	-	-	-	-	6,122	-	6,122
Transport and communication	-	-	-	-	1,842	-	1,842
Finance and insurance	5,224	1,119	2,510	278	3,288	-	12,419
Real estate and business services	-	-	-	-	12,988	-	12,988
Government	1,116	6,686	829	867	4,342	-	13,840
Individuals	-	-	-	-	6,156	-	6,156
Other	-	-	-	-	1,397	296	1,693
Impairment	-	-	-	(97)	(1,676)	-	(1,773)
	6,340	7,805	3,339	1,048	48,794	296	67,622

[1] Trade and accommodation includes all loans and advances granted to individuals that acquire property for residential purposes through closed corporation entity types, e.g. residential mortgage loans and advances granted to hotels, lodges, restaurants and the related.

[2] Other assets include the insurance fund asset, accounts receivable, derivatives as well as clearing and settlement accounts.

3.2.10. Credit risk concentration by geographical area

	Cash and cash equivalents N$' million	Financial assets at fair value through other comprehensive income N$' million	Financial assets at fair value through profit or loss N$' million	Loans and advances to customers N$' million	Financial assets at amortised cost N$' million	Other assets N$' million	Total N$' million
As at 30 June 2025							
Namibia	**1,366**	**6,168**	**2,098**	**40,375**	**988**	**108**	**51,103**
Botswana	**2,288**	**-**	**-**	**10,246**	**-**	**120**	**12,654**
South Africa	**3,611**	**978**	**121**	**-**	**-**	**43**	**4,753**
United States of America	**37**	**-**	**-**	**-**	**-**	**-**	**37**
Zambia	**-**	**-**	**-**	**-**	**181**	**-**	**181**
Mauritius	**6**	**-**	**437**	**-**	**-**	**-**	**443**
Germany	**95**	**-**	**-**	**-**	**-**	**-**	**95**
Egypt	**267**	**-**	**-**	**-**	**-**	**-**	**267**
Other countries	**19**	**-**	**-**	**-**	**-**	**-**	**19**
	7,689	**7,146**	**2,656**	**50,621**	**1,169**	**271**	**69,552**
As at 30 June 2024							
Namibia	1,857	6,739	2,148	39,269	867	236	51,116
Botswana	2,355	-	829	9,522	-	34	12,740
South Africa	1,707	1,066	28	-	-	26	2,827
United States of America	312	-	-	-	-	-	312
Zambia	-	-	-	3	181	-	184
Mauritius	6	-	334	-	-	-	340
Germany	96	-	-	-	-	-	96
Other countries	7	-	-	-	-	-	7
	6,340	7,805	3,339	48,794	1,048	296	67,622

There are no exposures to other foreign countries which are not recorded on the statement of financial position.

3. Financial risk management continued

3.2. Credit risk continued

3.2.11. Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators revealing no reasonable expectation of recovery, include

(i) ceasing enforcement activity,

(ii) where the Group's recovery method is foreclosing on the collateral and

(iii) collateral value is very low relative to the outstanding capital exposure.

The Group categorises a receivable for write off when there is no collateral or security to cover the debt and not necessarily based on the timeframe that the debtor is unable to pay debt. Below is the detailed policy for secured and unsecured financial assets:

- Secured financial assets: Ensure that all collateral security is realised and perform research on any additional collateral to be used. If the collateral value does not exceed the financial asset value, the unrecoverable portion will be written off.
- Unsecured financial assets: The long outstanding financial assets will be handed over to debt collectors and if no recovery is made within 1 year (debt below N$200k) or 1 year (debt above N$200k), the unrecoverable portion will be written off.

Where financial assets have been written off, the Group continues to engage in enforcement activities (accounts are handed over to debt collectors for a further period of 6 months) attempting to recover the receivable due. The total contractual amount outstanding on financial assets that were written off during the year under review, but is still subject to enforcement activities is N$250 million (2024: N$136 million).

3.2.12. Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to the term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the under the original terms at initial recognition, when the modifications are not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after the restructuring, so that the assets are moved from Stage 3 to Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have been performed in accordance with the new terms for six consecutive months or more.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

3.3. Market risk

The Group takes on exposure to market risks. Market risks arise from net open positions in interest rate, foreign currency and commodity products, all of which are exposed to general and specific market movements. It is the Group's policy not to enter into long-term, unhedged fixed interest rate contracts for loans and advances. Interest rate structures of deposits reflect the interest rate view and strategy of the ALCO and maturity structures of term deposits are in line with the ALCO policy. Interest rate structures are addressed on a monthly basis by the ALCO. External market resources are used in the determination of interest rate views by the interest rate subcommittee.

3.3.1. Market risk measurement techniques

The Group employs several measurement techniques to assess potential exposures to market change. Sensitivity analysis is applied to measure the impact of changes in interest rates. This measure is of importance in assessing the exposure of the Group's trading portfolio and the effect of such changes on the interest margin.

Other measurement techniques include comprehensive analysis of maturities, both from the advances and funding perspective.

3.3.2. Foreign currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign currency risk is managed through the market risk framework as well as the treasury dealing policy, both of which are approved by the board.

Market risk is managed by closely monitoring the limits as set out in the market risk framework. The Group follows a conservative approach to the products it deals with, and the approved products as well as the limits thereof are detailed in the dealing limits policy.

The board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored continuously.

The traders' limits are a function of responsibility, experience and qualifications. Foreign currency risk management is achieved through an automated risk management system, and the limit management is independently administered by the middle office risk function within the risk department. All traders are required to sign off on the applicable policies, must be knowledgeable on its contents, and have them on hand when trading. All excesses on limits are immediately flagged, investigated, mitigated, and escalated if required.

Models and stress tests are used to gain an increased understanding of the market risk environment. In addition, foreign exchange positions are managed via stop loss orders and closing or hedging out unwanted exposure via derivatives or in the spot market. Additionally, it is the Group's policy to close out all forward and option foreign currency transactions via back-to-back forward and option foreign currency transactions with counterparty banks, which is also diligently monitored by the independent middle office risk function.

3. Financial risk management continued

3.3. Market risk continued

3.3.2. Foreign currency risk continued

The table below summarises the Group's exposure to foreign currency exchange rate risk at year-end. Included in the table are the Group's financial instruments at the carrying amounts, categorised by currency:

Concentration of foreign currency denominated financial instruments

	NAD N$'million	ZMW N$'million	USD N$'million	EUR N$'million	BWP N$'million	ZAR[1] N$'million	GBP N$'million	Other[2] N$'million	Total N$'million
As at 30 June 2025									
ASSETS									
Cash and cash equivalents	1,337	-	3,015	488	1,188	1,631	17	13	7,689
Financial assets at fair value through profit or loss	2,098	-	437	-	-	121	-	-	2,656
Financial assets at amortised cost	988	9	172	-	-	-	-	-	1,169
Financial assets at fair value through other comprehensive income	6,164	-	-	-	-	978	-	4	7,146
Loans and advances to customers	40,135	-	428	178	9,880	-	-	-	50,621
Other assets	108	-	4	-	120	39	-	-	271
Total financial assets	50,830	9	4,056	666	11,188	2,769	17	17	69,552
Non-financial assets	2,777	-	-	-	193	-	-	-	2,970
Total assets	53,607	9	4,056	666	11,381	2,769	17	17	72,522
LIABILITIES									
Due to other banks	-	-	-	2	133	176	-	-	311
Other borrowings	1,292	-	376	-	-	62	-	-	1,730
Debt securities in issue	3,462	-	-	-	143	562	-	-	4,167
Deposits	39,056	-	3,994	472	9,259	83	25	10	52,899
Other liabilities	725	-	3	-	280	3	-	-	1,011
Total financial liabilities	44,535	-	4,373	474	9,815	886	25	10	60,118
Non-financial liabilities	1,128	-	-	-	-	-	-	-	1,128
Total liabilities	45,663	-	4,373	474	9,815	886	25	10	61,246
Total equity (including NCI)	11,276	-	-	-	-	-	-	-	11,276
Total equity and liabilities	56,939	-	4,373	474	9,815	886	25	10	72,522
Net financial position of financial instruments	6,295	9	(317)	192	1,373	1,883	(8)	7	9,434
Credit commitments	-	-	105	-	-	4	-	-	109

[1] The Namibia dollar is pegged to the South African rand and is therefore not exposed to currency risk. The inclusion of NAD in the table is solely for the purpose of aligning the figures with the face of the statement of financial position.

[2] Other foreign currency exposures relate mainly to exposures to the Swiss franc and Australian dollar.

3. Financial risk management continued

3.3. Market risk continued

3.3.2. Foreign currency risk continued

	NAD N$'million	ZMW N$'million	USD N$'million	EUR N$'million	BWP N$'million	ZAR[1] N$'million	GBP N$'million	Other[2] N$'million	Total N$'million
As at 30 June 2024									
ASSETS									
Cash and cash equivalents	1,215	-	1,558	303	1,710	1,543	2	9	6,340
Financial assets at fair value through profit or loss	2,148	-	334	-	829	28	-	-	3,339
Financial assets at amortised cost	864	11	173	-	-	-	-	-	1,048
Financial assets at fair value through other comprehensive income	6,737	-	-	-	-	1,066	-	2	7,805
Loans and advances to customers	38,940	3	456	-	9,391	-	-	4	48,794
Other assets	239	-	(3)	-	34	26	-	-	296
Total financial assets	50,143	14	2,518	303	11,964	2,663	2	15	67,622
Non-financial assets	2,795	-	-	-	167	-	-	-	2,962
Total assets	52,938	14	2,518	303	12,131	2,663	2	15	70,584
LIABILITIES									
Due to other banks	9	-	100	-	24	62	-	-	195
Other borrowings	1,151	-	620	-	-	93	-	-	1,864
Debt securities in issue	3,725	-	-	-	142	897	-	-	4,764
Deposits	39,397	-	2,023	452	9,908	52	10	9	51,851
Other liabilities	666	-	-	-	182	-	-	-	848
Total financial liabilities	44,948	-	2,743	452	10,256	1,104	10	9	59,522
Non-financial liabilities	951	-	-	-	-	-	-	-	951
Total liabilities	45,899	-	2,743	452	10,256	1,104	10	9	60,473
Total equity (including NCI)	10,111	-	-	-	-	-		-	10,111
Total equity and liabilities	56,010	-	2,743	452	10,256	1,104	10	9	70,584
Net financial position of financial instruments	5,195	14	(225)	(149)	1,708	1,559	(8)	6	8,100
Credit commitments	-	-	178	16	-	7		-	201

[1] The Namibia dollar is pegged to the South African rand and is therefore not exposed to currency risk. The inclusion of NAD in the table is solely for the purpose of aligning the figures with the face of the statement of financial position.

[2] Other foreign currency exposures relate mainly to exposures to the Swiss franc and Australian dollar.

3. Financial risk management continued

3.3. Market risk continued

3.3.2. Foreign currency risk continued

The following exchange rates (number of units of Namibia dollar per unit of foreign currency) were used on conversion of foreign currency monetary items at the reporting date:

	2025	2024
USD	**17.79**	18.20
GBP	**24.36**	23.01
EUR	**20.87**	19.48
ZAR	**1.00**	1.00
ZMW	**0.74**	0.76
BWP	**1.33**	1.34

The following sensitivity analysis has been prepared based on the major currencies of non-equity instruments to assess the potential impact of a 5% change in exchange rates. The sensitivity analysis is prepared on the basis of a hypothetical 5% strengthening or weakening of the exchange rates of the respective currencies. The exchange rates used are based on the prevailing exchange rates at the reporting date. The methods and assumptions used in preparing the sensitivity analysis have not changed from the previous year.

	Effect on profit for the year	
	2025 N$'million	2024 N$'million
US dollar / Namibian dollar	**(16)**	(11)
- Foreign currency financial assets	**203**	126
- Foreign currency financial liabilities	**(219)**	(137)
Euro / Namibian dollar	**9**	(8)
- Foreign currency financial assets	**33**	15
- Foreign currency financial liabilities	**(24)**	(23)
Botswana Pula / Namibian dollar	**78**	94
- Foreign currency financial assets	**569**	607
- Foreign currency financial liabilities	**(491)**	(513)
Kwacha / Namibian dollar	**-**	1
- Foreign currency financial assets	**-**	1

There are no foreign currency sensitivities on other comprehensive income.

3.3.3. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly.

Assets and liabilities are classified as interest sensitive if the interest rate is floating (classified in the 'up to 1 month' bucket), or if the interest rate applied to the outstanding principal balance fluctuates contractually during its lifespan (classified at the earliest of reprise or maturity). The key assumption made is that when an asset or liability matures within a certain bucket, the principal amount will be reprised. If an asset matures the proceeds are reinvested and when any liability matures the liability is replaced with new funding. Balances classified as 'non-interest sensitive' are not affected by changes in interest rates, e.g. statutory cash balances with the Bank of Namibia, which carries no interest. The balances included in the buckets are therefore exposed to both cash flow risk (to the extent that interest rates are floating) and fair value risk (to the extent that interest rates are fixed until reprised). This is in the manner consistent with information communicated to key management.

In line with the South African Reserve Bank (SARB) and the Market Practitioners Group's (MPG) benchmark reform agenda, the Johannesburg Interbank Average Rate (JIBAR) is being phased out and replaced by the South African Rand Overnight Index Average (ZARONIA) as the preferred alternative reference rate. ZARONIA is a nearly risk-free, transaction-based, overnight benchmark rate that reflects the interest rate at which unsecured overnight funds are traded in South Africa's money markets. Unlike JIBAR, which is a forward-looking term rate incorporating credit and liquidity risk, ZARONIA is backward-looking and based on actual overnight transactions, enhancing transparency and robustness in financial benchmarks. The industry-wide transition is expected to be completed by 31 December 2026, after which JIBAR will cease to be published. The transition includes the application of appropriate Credit Adjustment Spreads (CAS) to ensure economic equivalence between legacy JIBAR-based instruments and their ZARONIA-based replacements. The Group supports this transition and is actively reviewing and updating its contracts, systems, and risk models to accommodate the move to ZARONIA. Existing financial instruments such as the derivative instruments, debt securities in issue and other borrowings referencing JIBAR will incorporate fallback provisions aligned with market guidance, and new issuances will increasingly reference ZARONIA. The Group is assessing the impact of transitioning to ZARONIA.

3. Financial risk management continued

3.3. Market risk continued

3.3.3. Interest rate risk continued

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

(i) Interest rate risk analysis

	Up to 1 month N$'million	1 - 3 months N$'million	3 - 12 months N$'million	More than 1 year N$'million	Non-interest sensitive N$'million	Total N$'million
As at 30 June 2025						
ASSETS						
Cash and cash equivalents	6,573	-	-	198	918	7,689
Financial assets at fair value through profit or loss	2,564	-	-	-	92	2,656
Financial assets at amortised cost	-	-	322	666	181	1,169
Financial assets at fair value through other comprehensive income	1,321	1,743	3,850	197	35	7,146
Loans and advances to customers	40,000	74	224	7,594	2,729	50,621
Other assets	14	-	-	-	257	271
Total financial assets	50,472	1,817	4,396	8,655	4,212	69,552
Non-financial assets	-	-	-	-	2,970	2,970
Total assets	50,472	1,817	4,396	8,655	7,182	72,522
LIABILITIES						
Due to other banks	311	-	-	-	-	311
Other borrowings	20	9	71	1,474	156	1,730
Debt securities in issue	(279)	2,852	1,072	522	-	4,167
Deposits	32,556	4,249	11,996	4,098	-	52,899
Other liabilities	-	-	-	-	1,011	1,011
Total financial liabilities	32,608	7,110	13,139	6,094	1,167	60,118
Total non-financial liabilities	-	-	-	-	1,128	1,128
Total liabilities	32,608	7,110	13,139	6,094	2,295	61,246
Total equity (including NCI)	-	-	-	-	11,276	11,276
Total equity and liabilities	32,608	7,110	13,139	6,094	13,571	72,522
Interest sensitivity gap (financial instruments)	17,864	(5,293)	(8,743)	2,561	3,045	9,434
Cumulative interest sensitivity gap (financial instruments)	17,864	12,571	3,828	6,389	9,434	
As at 30 June 2024						
Interest sensitivity gap (financial instruments)	21,544	(8,370)	(8,218)	4,583	(1,439)	8,100
Cumulative interest sensitivity gap (financial instruments)	21,544	13,174	4,956	9,539	8,100	

The interest rate sensitivity gap is determined based on methodology applied when reviewing interest rate risk. The interest rate sensitivity gap is measured and monitored at the banking subsidiary ALCO monthly..

3. Financial risk management continued

3.3. Market risk continued

3.3.3. Interest rate risk continued

(ii) Interest rate sensitivity analysis

An interest sensitivity analysis shows how net interest income will perform under a variety of scenarios. The sensitivities below measure the effect of overall changes in interest rates on profit or loss (net interest income) as defined by the banks' interest rate modelling tool. The extent of the shock (50, 100 or 200 basis points) is applied to all interest rates in the system and the effects of these shocks are detailed below.

	2025 N$'million	2024 N$'million
50 basis points increase	**85**	95
- Increase in interest income	**307**	295
- Increase in interest expense	**(222)**	(200)
50 basis points decrease	**(99)**	(85)
- Decrease in interest income	**(300)**	(281)
- Decrease in interest expense	**201**	196
100 basis points increase	**207**	188
- Increase in interest income	**645**	589
- Increase in interest expense	**(438)**	(401)
100 basis points decrease	**(184)**	(172)
- Decrease in interest income	**(647)**	(563)
- Decrease in interest expense	**463**	391
200 basis points increase	**412**	376
- Increase in interest income	**1,287**	1,177
- Increase in interest expense	**(875)**	(801)
200 basis points decrease	**(370)**	(346)
- Decrease in interest income	**(1,297)**	(1,129)
- Decrease in interest expense	**927**	783

3.3.4. Price risk

The following fair value financial instruments expose the Group to price risk: derivative financial instruments, treasury bills, government stock and unit trust investments measured at fair value through profit or loss, corporate bonds, exchange traded funds and equity securities measured at fair value through other comprehensive income. The Group generally does not undertake equity exposure. The exposure arose due to specific circumstances and are managed individually.

Sensitivity analysis

	2025 N$'million	2024 N$'million
i) Equity instruments - listed securities		
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of equity securities had the following changes arisen on the significant inputs:		
10% increase in share price (effect on other comprehensive income)	**13**	11
10% decrease in share price (effect on other comprehensive income)	**(13)**	(11)
ii) Derivative financial instruments		
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of derivative instruments had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate (effect on profit or loss)	**(9)**	(18)
100 basis points decrease in discount rate (effect on profit or loss)	**9**	33
iii) Financial assets at fair value through other comprehensive income		
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of treasury bills had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate (effect on other comprehensive income)	**(25)**	(25)
100 basis points decrease in discount rate (effect on other comprehensive income)	**23**	26

3. Financial risk management continued

3.3. Market risk continued

3.3.4. Price risk continued

Sensitivity analysis continued

	2025 N$'million	2024 N$'million
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of government stock had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate (effect on other comprehensive income)	(6)	(8)
100 basis points decrease in discount rate (effect on other comprehensive income)	6	8

3.3.5. Market risk capital charge

The following capital charges have been assigned to the components of market risk for the banking group, as defined in BID 5 - 'Determination on capital adequacy':

	Capital charges	
	2025 N$'million	2024 N$'million
Interest rate risk	49	52
Foreign exchange risk	6	2

3.4. 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; and

> 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; and

> relationship management with other financial institutions.

3. Financial risk management continued

3.4. Liquidity risk continued

In general, the banks do not engage in complex activities or structures and therefore it is considered unnecessary to employ sophisticated and expensive models when determining liquidity needs under various scenarios. A basic but thorough forward-looking analysis is conducted in the day-to-day, as well as monthly analysis of liquidity positions, needs and risks. Limits and rules stipulated in the liquidity risk management policy and by ALCO form the basis for daily quotes on deposits to ensure that an optimal mix and concentrations are maintained.

As part of the banks' strategy, the banks continuously focuses on diversifying their funding sources and reducing their reliance on large depositors, which is a common occurrence in the southern African financial markets. That said, the banks utilise a broad range of deposit and funding products to attract all spheres of clients and has strong market share representation in all categories.

Refer to note 23 for other borrowings obtained during the year and, note 24 for the redemption and additions to debt securities.

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; and
- is simultaneously limiting the effect this surplus has on interest margins.

Liquidity risk analysis

The table presents the cash flows payable by the Group by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows, hence it does not reconcile to the values reflected on the statement of financial position:

3. Financial risk management continued

3.4. Liquidity risk continued

Liquidity risk analysis continued

	Contractual undiscounted cash-flows					
	Call to 1 month N$'million	1 - 3 months N$'million	3 - 12 months N$'million	1 - 5 years N$'million	Over 5 years N$'million	Total N$'million
As at 30 June 2025						
Financial liabilities						
Due to other banks	311	-	-	-	-	311
Other borrowings	19	9	232	1,354	376	1,990
Debt securities in issue	21	20	1,697	3,109	601	5,448
Deposits	32,194	3,147	12,361	5,286	2,692	55,680
Other liabilities	988	11	44	137	2	1,182
Total liabilities (contractual maturity dates)	33,533	3,187	14,334	9,886	3,671	64,611
Commitments	8,827	-	-	-	-	8,827
Loan commitments	4,821	-	-	-	-	4,821
Liabilities under guarantees	3,765	-	-	-	-	3,765
Letters of credit	241	-	-	-	-	241
As at 30 June 2024						
Financial liabilities						
Due to other banks	195	-	-	-	-	195
Other borrowings	12	5	598	1,663	-	2,278
Debt securities in issue	35	24	1,165	4,037	75	5,336
Deposits	28,657	4,498	12,760	6,393	2,879	55,187
Other liabilities	619	27	81	62	59	848
Total liabilities (contractual maturity dates)	29,518	4,554	14,604	12,155	3,013	63,844
Commitments	9,648	-	-	-	-	9,648
Loan commitments	5,309	-	-	-	-	5,309
Liabilities under guarantees	3,867	-	-	-	-	3,867
Letters of credit	472	-	-	-	-	472

During the current financial year, the Group identified that the prior year comparative amounts disclosed for the undiscounted cash flows relating to deposits and other borrowings were not correct. The previously disclosed amount for deposits of N$51,818 million has been changed to N$55,187 million and the amount for other borrowings of N$2,074 million has been changed to N$2,278 million The changes have been made to ensure compliance with IFRS 7 *Financial Instruments: Disclosures*, specifically paragraph 39(a) and B11E–B11F, which require entities to disclose a maturity analysis for financial liabilities that presents the remaining contractual undiscounted cash flows.

Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.4. Liquidity risk continued

Liquidity risk analysis continued

In terms of BID 18 'Public disclosures for banking institutions' the maturity breakdown of a banking institution's whole credit portfolio should be disclosed. This disclosure, for Capricorn Group, is detailed below:

	Contractual discounted cash-flows							
	Call to 1 month N$'million	1 - 3 months N$'million	3 - 12 months N$'million	1 - 5 years N$'million	5 - 10 years N$'million	Over 10 years N$'million	Carrying value N$'million	Total N$'million
As at 30 June 2025								
ASSETS								
Cash and cash equivalents	7,689	-	-	-	-	-	-	7,689
Financial assets at fair value through profit or loss	2,656	-	-	-	-	-	-	2,656
Gross financial assets at amortised cost	-	-	549	691	36	-	-	1,276
Financial assets at fair value through other comprehensive income	1,356	1,743	3,850	162	35	-	-	7,146
Gross loans and advances to customers	8,477	1,649	6,179	24,347	10,977	851	-	52,480
Other assets	230	-	-	41	-	-	-	271
Non-financial instruments	-	-	-	-	-	-	2,970	2,970
Effective interest rate impact per IFRS 9	-	-	-	-	-	-	(201)	(201)
Impairment	-	-	-	-	-	-	(1,765)	(1,765)
Total assets	20,408	3,392	10,578	25,241	11,048	851	1,004	72,522
LIABILITIES								
Due to other banks	311	-	-	-	-	-	-	311
Other borrowings	18	9	227	1,041	435	-	-	1,730
Debt securities in issue	14	-	1,539	1,971	643	-	-	4,167
Deposits	31,769	5,522	9,665	3,296	2,647	-	-	52,899
Other liabilities	856	9	35	109	2	-	-	1,011
Non-financial instruments	-	-	-	-	-	-	1,128	1,128
Total liabilities	32,968	5,540	11,466	6,417	3,727	-	1,128	61,246
Net liquidity gap	(12,560)	(2,148)	(888)	18,824	7,321	851	(124)	11,276
Cumulative liquidity gap	(12,560)	(14,708)	(15,596)	3,228	10,549	11,400	11,276	

Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.4. Liquidity risk continued

Liquidity risk analysis continued

	Contractual discounted cash-flows							
	Call to 1 month N$'million	1 - 3 months N$'million	3 - 12 months N$'million	1 - 5 years N$'million	5 - 10 years N$'million	Over 10 years N$'million	Carrying value N$'million	Total N$'million
As at 30 June 2024								
ASSETS								
Cash and cash equivalents	6,340	-	-	-	-	-	-	6,340
Financial assets at fair value through profit or loss	3,339	-	-	-	-	-	-	3,339
Gross financial assets at amortised cost	-	-	274	604	267	-	-	1,145
Financial assets at fair value through other comprehensive income	1,766	1,292	4,444	220	83	-	-	7,805
Gross loans and advances to customers	7,097	870	3,967	17,716	13,424	7,590	-	50,664
Other assets	273	-	(3)	21	5	-	-	296
Non-financial instruments	-	-	-	-	-	-	2,962	2,962
Effective interest rate impact per IFRS 9	-	-	-	-	-	-	(194)	(194)
Impairment	-	-	-	-	-	-	(1,773)	(1,773)
Total assets	18,815	2,162	8,682	18,561	13,779	7,590	995	70,584
LIABILITIES								
Due to other banks	195	-	-	-	-	-	-	195
Other borrowings	6	7	534	1,317	-	-	-	1,864
Debt securities in issue	23	251	861	3,629	-	-	-	4,764
Deposits	28,435	4,450	12,145	4,950	1,871	-	-	51,851
Other liabilities	690	-	-	158	-	-	-	848
Non-financial instruments	-	-	-	-	-	-	951	951
Total liabilities	29,349	4,708	13,540	10,054	1,871	-	951	60,473
Net liquidity gap	(10,534)	(2,546)	(4,858)	8,507	11,908	7,590	44	10,111
Cumulative liquidity gap	(10,534)	(13,080)	(17,938)	(9,431)	2,477	10,067	10,111	

The table above represents the Group's maturity mismatch between assets and liabilities based on contractual maturities, which represents a worst-case scenario and is therefore not representative of business as usual. Policies and procedures are in place to mitigate liquidity risk, which is detailed in the narrative above, as well as the risk and compliance report. Due to the composition of the liquidity market in Namibia, a negative maturity mismatch between assets and liabilities is an industry norm.

3. Financial risk management continued

3.5. Fair values of financial assets and liabilities

a) Fair value estimation

The Group is presumed to be a going concern, and the fair value methodology is therefore appropriate. Fair value is the current price to purchase an asset or to transfer a liability. Such a transaction is characterised by an arm's length and orderly transaction in a free market (neither party is compelled to act), between hypothetical willing, able and well-informed market participants. In addition, the fair value methodology is utilised to accurately reflect the current market conditions and the appropriate market price of such a transaction on the reporting date.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities) is based on quoted market prices at the reporting date. The active market should be characterised by sufficient supply and demand by market participants, supported by adequate frequency and volumes to accurately approximate the true market price of such a transaction on an ongoing basis. The quoted market price used for financial assets held by the Group is the price within the current bid-ask price, which is the most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques to approximate the fair value. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These valuation techniques include quoted market prices or dealer quotes for similar instruments in active and inactive markets, and discounted cash flow valuation techniques.

(i) Cash and cash equivalents

Due to its short-term nature, the carrying amount approximates the fair value of these financial assets.

(ii) Derivative financial instruments (included in other assets/liabilities)

Derivative financial instruments are classified as fair value through profit or loss using valuation techniques supported by observable market prices or rates (exchange traded). Over-the-counter (OTC) transactions are also measured at fair value based on the following valuation techniques:

> Forward contracts are valued based on the daily mark-to-market value of the forward contract. The market rates are obtained from the Thompson Reuters foreign currency rate platform. Spot foreign currency transactions not yet matured are marked-to-market based on end of trading day quoted Thompson Reuters market rates.

> Interest rate swaps are valued by discounting the expected future fixed and floating interest rate cash flow streams with the applicable South African money market yield curves. The future fixed rate cash flows are based on the terms of the contractual agreements, while the floating rate cash flows are approximated using the estimated forward rate yield curve in line with contractual agreements.

> Option contract values are determined using the Black-Scholes pricing model, utilising real-time market data on the required inputs.

> Commodity swaps are valued by discounting the expected future cash flow streams based on commodity price differentials. The future cash flows are calculated with reference to forward commodity prices obtained from Bloomberg as at valuation date, discounted at relevant discount rates and multiplied by the applicable foreign exchange rate where relevant. These forward prices and exchange rates are in line with the contractual terms of each swap agreement

(iii) Financial assets at fair value

Treasury bills

Treasury bills are measured at fair value through other comprehensive income based on the discounted valuation technique using quoted market prices and rates.

Government stock

Government stock and other bonds guaranteed by the Namibian, South African or Botswana governments are measured at fair value through other comprehensive income based on the discounted valuation technique using quoted market prices. The Bond Exchange of South Africa bond pricing model is utilised to determine the fair value.

Unit trust investments

Unit trust investments are classified and measured as financial assets at fair value through profit or loss. The fair value is determined based on the statements received from the respective unit trust fund managers, which reflect the published repurchase price at the reporting date. This, in turn, is based on the net asset value of the underlying asset.

Corporate bonds

Corporate bonds guaranteed by the respective corporates are measured at fair value through other comprehensive income based on the discounted valuation technique using quoted market prices.

Exchange traded funds

Exchange traded funds are measured at fair value determined with reference to the JSE price of the underlying exchange traded funds unit price.

(iv) Financial assets at amortised cost

Treasury bills

Treasury bills, without the intention to trade, are classified as held to maturity and recognised at amortised costs. The fair value is determined for disclosure purposes based on the discounted valuation technique using quoted market prices and rates.

Government stock

Government stock and other bonds guaranteed by either the Namibian or South African governments, without the intention to trade, are classified as held to maturity and recognised at amortised cost. The fair value is determined for disclosure purposes based on the discounted valuation technique using quoted market prices. The Bond Exchange of South Africa bond pricing model is utilised to determine the fair value.

3. Financial risk management continued

3.5. Fair values of financial assets and liabilities continued

a) Fair value estimation continued

(v) Investment securities Listed

For listed investment securities, the fair value is derived by using stock market prices, adjusted for any restrictions on its tradability.

(vi) Due to other banks

Amounts due to other banks include interbank placements. The carrying amount of overnight deposits represents its fair value, as it is short-term and callable on demand.

(vii) Loans and advances to customers

The loans and advances to customers are recognised at amortised cost. The fair value is determined for disclosure purposes by discounting the future expected cash flows using observable market inputs, such as the prime rate, as appropriate. For short maturity loans and advances the carrying value approximates the fair value. Unobservable market inputs are developed using the best information available that market participants would use when pricing the loan. The credit risk will be approximated by the carrying values of defaulted and impaired accounts. Refer to note 3.5(b) for the disclosure of the fair value of loans and advances.

(viii) Other assets and liabilities

The nominal values less impairment of other assets and liabilities are assumed to approximate their fair value, due to the short-term nature of these assets and liabilities.

(ix) Other borrowings

Other borrowings are recognised at amortised cost. The fair value is determined for disclosure purposes is determined by discounting the future expected cash flows using observable market inputs, such as the JIBAR money market rate, as appropriate.

(x) Debt securities in issue

Financial instruments included in this category include senior debt, preference shares and debentures issued. The fair value of issued debt securities other than debentures and preference shares for disclosure purposes is estimated by discounting the future contractual cash flows at the available market interest rate. Refer to to the fair value hierarchy table disclosure of debt securities in issue. The fair value of the issued debentures and preference shares approximates the carrying value, due to the floating rate nature of the instruments. Refer to note 24.

(xi) Deposits

The carrying amount approximates the fair value of these financial liabilities, except for deposits exceeding maturity dates of 12 months. The fair value of deposits and promissory notes for disclosure purposes is estimated by discounting the future contractual cash flows at the available market interest rate. Quoted prices for similar instruments are utilised in the event that active prices are not available.

(xii) Financial instruments not recorded on the statement of financial position

The estimated fair values of the financial instruments not recorded on the statement of financial position are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

b) Fair value hierarchy

IFRS Accounting Standards specify 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 OTC 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.

3. Financial risk management continued

3.5. Fair values of financial assets and liabilities continued

b) Fair value hierarchy continued

	Level 1 N$'million	Level 2 N$'million	Level 3 N$'million	Total N$'million
As at 30 June 2025				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	89	2,567	-	2,656
Unit trust and money market investments	-	2,567	-	2,567
Exchange traded funds	89	-	-	89
Financial assets at fair value through profit or loss				
Derivative financial instruments (included in other assets)	-	43	-	43
Financial assets at fair value through other comprehensive income	4	7,103	39	7,146
Treasury bills	-	5,811	-	5,811
Government stock	-	289	-	289
Tradable instruments	-	978	-	978
Corporate bonds	-	25	-	25
Equity instruments	4	-	39	43
	93	9,713	39	9,845

	Level 1 N$'million	Level 2 N$'million	Level 3 N$'million	Total N$'million
Financial assets for which the fair value is disclosed				
Loans and advances to customers	-	-	50,621	50,621
Financial assets at amortised cost	-	1,003	181	1,184
Treasury bills	-	203	-	203
Government stock	-	800	-	800
Preference shares	-	-	181	181
Director's valuation of investment in associates	-	-	2,031	2,031
	-	1,003	52,833	53,836
Financial liabilities measured at fair value				
Financial assets at fair value through profit or loss				
Derivative financial instruments (included in other liabilities)	-	8	-	8
Financial liabilities for which the fair value is disclosed				
Other borrowings	-	-	1,730	1,730
Debt securities in issue	-	-	4,167	4,167
Senior debt	-	-	2,360	2,360
Preference shares	-	-	776	776
Debentures	-	-	1,031	1,031
Deposits	-	-	52,899	52,899
Current, Savings, Demand, Term and notice, NCDs, Foreign	-	-	52,899	52,899
	-	-	58,796	58,796

No significant transfers between level 1, level 2 or level 3 fair value measurements occurred during the year under review.

All financial assets and liabilities not disclosed above have been excluded due to their carrying amounts approximating their fair values.

3. Financial risk management continued

3.5. Fair values of financial assets and liabilities continued

b) Fair value hierarchy continued

	Level 1 N$'million	Level 2 N$'million	Level 3 N$'million	Total N$'million
As at 30 June 2024				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
Unit trust and money market investments	-	3,339	-	3,339
Derivative financial instruments (included in other assets)	-	28	-	28
Financial assets at fair value through other comprehensive income	91	7,682	32	7,805
Treasury bills	-	6,396	-	6,396
Government stock*	-	301	-	301
Tradable instruments	-	985	-	985
Exchange traded funds	81	-	-	81
Equity instruments	10	-	32	42
	91	11,049	32	11,172

	Level 1 N$'million	Level 2 N$'million	Level 3 N$'million	Total N$'million
Financial assets for which the fair value is disclosed				
Loans and advances to customers	-	-	49,345	49,345
Financial assets at amortised cost	-	863	181	1,044
Treasury bills	-	99	-	99
Government stock	-	764	-	764
Preference shares	-	-	181	181
*Director's valuation of investment in associates***	-	-	1,835	1,835
	-	863	57,700	58,563
Financial liabilities for which the fair value is disclosed				
Other borrowings	-	-	1,865	1,865
Debt securities in issue	-	-	4,815	4,815
Senior debt	-	-	2,999	2,999
Preference shares	-	-	782	782
Debentures	-	-	1,034	1,034
Deposits	-	-	51,889	51,889
Current, Savings, Demand, Term and notice, NCDs, Foreign	-	-	51,311	51,311
Promissory notes	-	-	578	578
	-	-	58,569	58,569

* During the preparation of the annual financial statements, management identified a misclassification in the prior year relating to the fair value hierarchy disclosures. Specifically, government stock of N$301 million was incorrectly classified as Level 1 instead of Level 2, and the director's valuation of investment in associates was incorrectly classified as Level 2 instead of Level 3. The classification and related disclosures have been corrected for both the current and prior year to align with the requirements of IFRS 13.

All financial assets and liabilities not disclosed above have been excluded due to their carrying amounts approximating their fair values.

3. Financial risk management continued

3.5. Fair values of financial assets and liabilities continued

b) Fair value hierarchy continued

Changes in level 3 instruments with recurring fair value measurements are as follows:

	2025 N$'million	2024 N$'million
Opening balance - 1 July	32	32
Gains/(losses) in other comprehensive income	-	-
Transfers into/out of level 3	-	-
Closing balance - 30 June	32	32

c) Sensitivity analysis

The sensitivity analysis performed below are for financial instruments for which the fair value is disclosed. Sensitivity analysis performed on financial instruments recognised at fair value are included in note 3.3.4.

	2025 N$'million	2024 N$'million
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of loans and advances had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(1,377)	(1,270)
100 basis points decrease in discount rate	1,487	1,368
100 basis points increase in interest rate	259	299
100 basis points decrease in interest rate	(250)	(235)
1 month increase in term to maturity	(243)	(239)
1 month decrease in term to maturity	274	291
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of treasury bills at amortised cost had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(1)	(1)
100 basis points decrease in discount rate	1	1

	2025 N$'million	2024 N$'million
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of government stock at amortised cost had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(21)	(20)
100 basis points decrease in discount rate	22	21
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of other borrowings had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(1)	(2)
100 basis points decrease in discount rate	-	1
100 basis points increase in coupon rate	(1)	(2)
100 basis points decrease in coupon rate	1	2
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of debt securities had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(28)	(50)
100 basis points decrease in discount rate	29	51
100 basis points increase in coupon rate	30	52
100 basis points decrease in coupon rate	(30)	(52)
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of promissory notes had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	-	(3)
100 basis points decrease in discount rate	-	3

3. Financial risk management continued

3.5. Fair values of financial assets and liabilities continued

d) Details of level 2 and level 3 fair value instruments

	Valuation technique	Types of valuation inputs	Valuation inputs (ranges) 2025	Valuation inputs (ranges) 2024
Financial assets measured at fair value				
Financial assets at fair value through profit or loss and at fair value through other comprehensive income				
Treasury bills	Income approach*	Note 1	**BW: 6.5% – 7.7%**	BW: 7.6% – 9.4%
Government stock	Income approach*	Note 1	**BW & Entrepo: 7.8% – 9.5%**	BW & Entrepo: 8.5% – 10.1%
Financial assets at fair value through profit or loss				
Unit trust investments	Market approach**	Note 4	**-**	5.9% – 8.6%
Exchange traded funds	Market approach	Note 5	**ZAR23.84**	ZAR21.65
Derivative financial instruments – Interest rate swaps	Income approach*	Note 1	**7.3% – 8.4%**	10.2% – 11.3%
Derivative financial instruments – Commodity swaps	Income approach*	Note 1	**17.7% - 17.8%**	N/A
Financial assets for which the fair value is disclosed				
Loans and advances to customers				
Discount rate	Income approach*	Note 1	**BW: 10.5% BG: 6.8% Entrepo: 16.5%**	BW: 11.5% BG: 5.3% Entrepo: 15.3%
Earnings rate	Income approach*	Note 2	**BW: 3.5% - 18.7% BG: 2.8% - 32.0% Entrepo: 16.5%**	BW: 3.5% - 21.1% BG: 5.3% – 32.0% Entrepo: 15.3% – 21.0%
Term to maturity		Note 3	**3 – 360 mths**	3 – 360 mths
Financial assets at amortised cost				
Treasury bills	Income approach*	Note 1	**BW: 7.6% – 7.7%**	BW: 8.7% – 9.0%
Government stock	Income approach*	Note 1	**BW: 7.8% – 11.2%**	BW: 4.6% – 10.1%

	Valuation technique	Types of valuation inputs	Valuation inputs (ranges) 2025	Valuation inputs (ranges) 2024
Financial liabilities measured at fair value				
Derivative financial instruments - Interest rate swaps	Income approach*	Note 1	**7.3% - 8.4%**	10.2% - 11.3%
Derivative financial instruments - Commodity swaps	Income approach*	Note 1	**17.7% - 17.8%**	N/A
Financial liabilities for which the fair value is disclosed				
Other borrowings				
Discount rate	Income approach*	Note 1	**BW: 8.0% – 9.2%**	BW: 8.8% – 10.2% CG: 8.2%***
Earnings rate	Income approach*	Note 1	**BW: 7.9% – 9.4%**	BW: 8.4% – 9.2% CG: 8.2%***
Debt securities in issue	Income approach*	Note 1		
Senior debt – unsecured	Income approach*	Note 1	**BW: 7.2% – 9.5% BG: 6.8% – 8.9%**	BW: 8.3% – 10.5% BG: 2.3% – 8.9%
Debentures	Income approach*	Note 1	**BG: 6.4% CG: 8.5% – 10.6%**	BG: 6.4% CG: 9.6% – 10.7%
Deposits				
Promissory notes	Income approach*	Note 1	**N/A**	7.8% – 9.2%

For the relationship of observable inputs to fair value refer to note 3.3.4 for items measured at fair value and note 3.5 c) for items disclosed at fair value.

* Present value of expected future cash flows.

** 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 daily published prices.

Note 5: Valuations are performed on the market price per day.

Note 6: These represent the strike prices on currency options and are per U$1.00.

BW: Bank Windhoek Ltd

BG: Bank Gaborone Ltd

CG: Capricorn Group Ltd

3. Financial risk management continued

3.6. Insurance risk management

The Group assumes insurance risk by issuing insurance contracts, under which the Group agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) affecting the policyholder occurs. Insurance risk includes liability (mortality and morbidity) risk and business (expense and lapse) risk.

For accounting purposes insurance risk is defined as risk other than financial risk.

Risk management objectives and policies for mitigating insurance risk

The Group effectively manages its insurance risk through the following mechanisms:

> The maintenance and use of sophisticated management information systems, which provide current data on the risks to which the business is exposed and the quantification of such risks.

> Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.

> The mix of assets, which is driven by the nature and term of the insurance liabilities. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest-bearing assets to match the guaranteed portion of liabilities.

Sensitivity analysis for key inputs and assumptions in the insurance contract liability

	Magnitude and direction of sensitivity	LRC N$'million	LIC N$'million	Total estimate: Insurance contract liability N$'million	Impact on net profits/ equity N$'million
Base FY2025 Cohort		436	16	452	-
Sensitivities on assumptions:					
Mortality	5% increase	-	-	-	-
Morbidity	5% increase	436	17	453	(1)
Retrenchment	10% increase	-	-	-	-
Withdrawal	10% increase	437	16	453	(1)
Maintenance expenses	5% decrease	437	16	453	-
Acquisition expenses	5% decrease	437	16	453	-
Expense inflation	10% increase	436	16	452	-

	Magnitude and direction of sensitivity	LRC N$'million	LIC N$'million	Total estimate: Insurance contract liability N$'million	Impact on net profits/ equity N$'million
Base FY2024 Cohort		349	18	367	-
Sensitivities on assumptions:					
Mortality	5% increase	349	19	368	-
Morbidity	5% increase	349	19	368	(1)
Retrenchment	10% increase	349	19	368	-
Withdrawal	10% decrease	351	18	369	(1)
Maintenance expenses	5% decrease	349	18	367	-
Acquisition expenses	5% decrease	350	18	368	-
Expense inflation	10% increase	349	18	367	-

In preparing the sensitivities, the following methods were followed:

> LRC: The liabilities for remaining coverage are calculated using assumptions made at initial recognition, and therefore only new business assumptions were adjusted as per the sensitivity table.

> LIC: The IBNR portion of the liability for incurred claims is calculated applying a Bornhuetter-Ferguson method. Therefore, the independent loss estimates were adjusted as per the sensitivity table.

Discount rate used

Discount rates are applied to the insurance contract liability estimates per financial-year cohort. The rates used, expressed as annual forward rates, are:

	June 2025	June 2024	June 2023	June 2022	June 2021	June 2020
Year 1	**7.54%**	8.55%	8.65%	6.91%	5.03%	5.09%
Year 2	**9.25%**	9.52%	9.77%	9.30%	6.75%	6.62%
Year 3	**10.26%**	10.20%	10.66%	11.21%	8.26%	7.98%
Year 4	**10.57%**	10.60%	11.32%	12.63%	9.54%	9.16%
Year 5	**10.17%**	10.72%	11.74%	13.55%	10.61%	10.17%

3. Financial risk management continued

3.7. Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are to:

> comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
> safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
> maintain a strong capital base to support the development of its business.

Capital management for the banking group

The Bank of Namibia requires each bank or banking group to maintain the following capital adequacy ratios:

> Tier 1 capital to total assets, as reported in the statutory return, at a minimum of 6%, referred to as the leverage capital ratio;
> Tier 1 capital to risk-weighted assets at a minimum of 7%, referred to as Tier 1 risk- based capital ratio; and
> Total regulatory capital to risk-weighted assets at a minimum of 10%, referred to as total risk-based capital ratio.

The Group's regulatory capital is divided into three tiers:

> Tier 1 capital: share capital (net of any book values of the treasury shares, if any), non-controlling interest arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital;
> Tier 2 capital: qualifying subordinated loan capital and collective impairment allowances; and
> Tier 3 capital: includes short-term subordinated debt that may be used only to cover a portion of the banking institution's capital charges for market risk.

The Bank of Namibia has adopted a standardised approach to Basel III, with risk-weighted assets being measured at three different levels, operational risk, market risk and credit risk.

During 2012, the Bank of Namibia introduced BID 24 – 'Consolidated supervision', which denotes consolidation 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 Accounting Standards. 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. According to the statutory framework, the Group entities are treated as follows in the Capricorn Group:

Subsidiaries	Consolidated supervision approach	Accounting consolidation approach
Bank Windhoek Ltd	Full consolidation	Full consolidation
Namib Bou (Pty) Ltd	Deduction approach	Full consolidation
Capricorn Unit Trust Management Company Ltd	Deduction approach	Full consolidation
Capricorn Asset Management (Pty) Ltd	Deduction approach	Full consolidation
Capricorn Hofmeyer Property (Pty) Ltd	Deduction approach	Full consolidation
Capricorn Investment Holdings (Botswana) Ltd (CIHB)	Full consolidation	Full consolidation
Capricorn Capital (Pty) Ltd	Deduction approach	Full consolidation
Mukumbi Investments (Pty) Ltd	Deduction approach	Full consolidation
Entrepo Holdings (Pty) Ltd	Full consolidation	Full consolidation
Entrepo Finance (Pty) Ltd	Full consolidation	Full consolidation
Entrepo Life Ltd	Deduction approach	Full consolidation

Associates	Consolidated supervision approach	Accounting consolidation approach
Sanlam Allianz Namibia Holdings (Pty) Ltd	Deduction approach	Equity accounted associates
Santam Namibia Ltd	Deduction approach	Equity accounted associates
Paratus Group Holdings Ltd	Deduction approach	Equity accounted associates

Deduction approach means deductions of 50 percent of the cost of investment in the affiliate is made from Tier 1 capital and 50 percent from Tier 2 capital.

3. Financial risk management continued

3.7. Capital management continued

Capital management for the banking group continued

The table below summarises the composition of regulatory capital and the ratios of Capricorn Group for the years ended 30 June, at consolidated supervision level. During these two years, the individual entities within the group complied with all externally-imposed capital requirements to which they are subjected.

	Capricorn Group	
	2025 N$'million	2024 N$'million
Tier 1 capital		
Share capital and premium	759	754
General banking reserves	7,757	6,788
Retained earnings	2,616	2,617
Minority interests	269	319
Subtotal	11,401	10,478
Deduct: 50% investments in group entities		
Goodwill	(629)	(568)
50% investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(489)	(462)
Net total Tier 1 capital	10,283	9,448
Tier 2 capital		
Subordinated debt	338	357
Portfolio impairment	456	499
Subtotal	794	856
Deduct: 50% investments in group entities		
50% investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(445)	(445)
Net total Tier 2 capital	349	411
Total regulatory capital	10,632	9,859

	Capricorn Group	
	2025 N$'million	2024 N$'million
Risk-weighted assets:		
Operational risk	7,405	6,178
Credit risk	50,271	47,981
Market risk	1,055	912
Total risk-weighted assets	58,731	55,071
The increase in risk-weighted assets during the year is mainly attributable to the increase in credit risk, which relates to the growth in loans and advances and the acquisition of Entrepo during the year under review.		
Capital adequacy ratios:		
Leverage capital ratio	13.8%	13.0%
Tier 1 risk-based capital ratio	17.5%	17.2%
Total risk-based capital ratio	18.1%	17.9%

In addition to the above minimum capital requirements, the Bank of Namibia requires the Group to perform an internal capital adequacy and assessment process (ICAAP) in terms of Pillar II of Basel III, which has been documented and approved by the board. The process results in:

> the identification of all significant risk exposures to the banking group;
> the quantification of risk appetites for the major risks identified; and
> control measures to mitigate the major risks.

Based on the ICAAP assessment submitted on 30 November 2024, which includes a capital projection for the next five years, it is envisaged that the group will be able to maintain its capital ratios and will not require additional capital.

4. Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.2.2., which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

> Determining criteria for significant increase in credit risk;
> Choosing appropriate models and assumptions for the measurement of ECL;
> Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
> Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.2.1.

Refer to note 16 for a detailed analysis of the impairment of loans and advances. Refer to notes 2.3 and 3.2.1 for more information on assumptions and judgements applied when determining the impairment of loans and advances.

b) Fair value of financial instruments

The fair value of financial instruments requires the use of estimates and judgements. Refer to note 3.5 for methodology and assumptions applied.

c) Insurance contract liabilities

Insurance liability for remaining coverage

The measurement of insurance liability for remaining coverage ("LRC") is dependent on the following assumptions:

> Risk rates, i.e. mortality, morbidity, critical illness and job loss rates.
> Withdrawal rates, i.e. due to early loan settlements, the premium is proportionally refunded.
> Expense allocations, i.e. split of actual expenses incurred between acquisition, maintenance, and claims-handling costs, and non-attributable expenses. The expense allocation assumptions are based on an expense allocation exercise performed annually by the Group.
> Inflation rates, as maintenance expenses are assumed to increase by consumer price inflation. The inflation rates are based on the difference between the nominal and the real Namibian risk-free yield curves.

Ongoing Premium Allocation Approach eligibility requirements

The Group has elected to apply the Premium Allocation Approach ("PAA") to simplify the measurement of insurance contracts. The continued application of the PAA is governed by the Group's "Methodology Document 2 - Estimate of Future Cash Flows & Valuation Methodology", which will be a key consideration during year-end valuations and subject to external audit. In essence, it should be demonstrated that the PAA is appropriate for the specific business recognised during that financial year.

Aggregation

The Group groups contracts by the financial year in which they are issued when determining cohorts. The PAA method should, therefore, be done at the annual cohort level. The workings are, however, done at a lower level (i.e., the month issued and policy duration). In the interest of simplicity, the PAA LRC calculations are also done at the lower level and then summed to the required level. This is deemed a modelling simplification, and the resulting impact is immaterial.

The PAA LRC build-up method is required for each financial year. The workings, however, consider the calculations using a monthly frequency. As such, the PAA LRC calculations are then built up monthly. This is not deemed a simplification and is not contradictory to requirements.

Insurance liability for incurred claims

The insurance liability for incurred claims ("LIC") consists of an Incurred-but-not-Reported Reserve ("IBNR") and an Outstanding Claims Reserve ("OCR").

The Group primarily applies the Bornhuetter-Ferguson method to calculate IBNR. It's dependent on the same assumptions as LRC, excluding withdrawals. In addition, it is dependent on recent claims reporting delays and patterns.

The OCR includes all claims received but not yet settled. The simplifying assumptions implicit in the methodology are that:

> all claims will be settled in full,
> no further claims handling costs will be incurred, and
> claims will be paid immediately after the accounting reporting date.

Given the nature of this liability and its immaterial size, these simplifications are deemed appropriate. The methodology, therefore, requires no estimates.

Best-estimate assumptions

The Group uses best-estimate assumptions produced by the Actuarial Function for Statutory Solvency Reporting as these meet all IFRS 17 requirements.

4. Critical accounting estimates and judgements in applying accounting policies continued

c) Insurance contract liabilities continued

Discount rates

The Group allows for the time value of money in both its LRC and LIC. The Group uses the bottom-up approach as this aligns best with Statutory Solvency Reporting and is simpler to implement. Due to the complexity of deriving discount rates and the relatively small impact the choice of the assumptions may have, the Group:

> In line with Statutory Solvency Reporting, assumes that Namibian government bond yields do not include credit risk.
> Uses the yields published by the Bank of Namibia to derive the liquid risk-free yield curves.

Due to the Group's contract design characteristics and the material surrender activity experienced, the LRC is seen as liquid. No illiquidity premium is thus required.

Refer to note 3.6 for discount rates used.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk ("RA") is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of insurance contracts. The RA reflects an amount that an insurer would require to remove the uncertainty that future cash flows will exceed the expected value amount.

Due to the elected valuation approach, the RA will have a minimal impact on the LRC. At the same time, the risk related to the LIC is only an insignificant portion of incurred insurance services. As such, the Group has chosen to use a Margins Approach to determine its RA, applying the margins as specified in regulatory reporting requirements.

This approach is expected to be similar to an RA calculated between 78% and 82% confidence levels. At each year-end, the valuation process will include explicit checks that the margins remain within these confidence levels.

In the interest of simplicity and considering the materiality of possible decisions:

> The RA factors are calibrated at a higher level (as detailed in the section below).
> The RA is allocated to lower levels (where required) using margins.
> No diversification benefits are assumed.
> The Group does not disaggregate the change in the RA between the insurance service result and insurance finance income/expenses (IFRS17.81). The entire change in the RA is included as part of the insurance service result.

Expense Analysis

The attributable expenses can broadly be considered to include the following:

> Incremental expenses that are directly attributable to a single contract, e.g., premium collection
> Overheads not directly attributable to a single policy/contract but incurred to service (new or existing business) on a portfolio level, e.g. the costs relating to a division set up to service a specific product/portfolio
> "Unavoidable expenses" that would need to be incurred to operate, e.g. finance, IT, etc. These include once-off/project costs that are unavoidable, such as compliance/legislative costs.

The expense cash flows refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses will be recognised separately in profit or loss.

Detailed information about the carrying amounts is set out in note 26.1.

5. Net interest income

	2025 N$'million	2024 N$'million
Interest and similar income		
Amortised cost		
Loans and advances	**5,804**	5,700
Cash and short-term funds	**346**	387
Financial assets at amortised cost	**80**	102
Government stock and other investments	**74**	94
Preference shares	**6**	8
Financial assets at fair value through other comprehensive income	**556**	486
Treasury bills	**532**	457
Government stock and other investments	**24**	29
Total interest and similar income	**6,786**	6,675
Interest and similar expenses		
Amortised cost		
Demand deposits	**518**	492
Term and notice deposits	**1,005**	941
Negotiable certificates of deposits	**717**	868
Cheque deposits	**418**	452
Debt securities in issue	**394**	527
Savings deposits	**78**	76
Deposits from banks and financial institutions	**86**	79
Other borrowings	**139**	63
Promissory notes	**23**	27
Other	**-**	53
Leases	**9**	9
Total interest and similar expenses	**3,387**	3,587
Net interest income	**3,399**	3,088

6. Credit impairment losses

	2025 N$'million	2024 N$'million
Increase in specific impairment	44	148
Increase in specific impairment	44	102
Increase in interest in suspense impairment	-	46
Amounts written off as uncollectable	361	156
Initial specific impairment	286	143
Written off as uncollectable	75	13
(Decrease)/increase in portfolio impairment	(72)	22
(Decrease)/increase in portfolio impairment for OCI instruments	(6)	11
Amounts recovered during the year	(12)	(9)
	315	328

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

Subsequent recoveries of amounts previously written off are credited to the credit impairment losses line item. Financial assets are only written off if there is no reasonable expectation at that time to recover the debt, however recoveries are recorded when money is received back from customers when their circumstances change, as the written off amount was debited in full on the statement of comprehensive income.

7. Non-interest income

	2025 N$'million	2024 N$'million
7.1 Fee and commission income		
Transaction and related fees	1,515	1,391
Income from deposits	796	673
Transaction based fee income	698	626
Income from loans and advances	21	92
Commissions	32	42
Trust and fiduciary fees	11	17
	1,558	1,450

7. Non-interest income continued

	2025 N$'million	2024 N$'million
7.2 Net trading income		
Net foreign exchange gains	167	123
Net gains/(losses) from financial instruments at fair value	176	148
	343	271
7.3 Other operating income		
Commission and insurance related income	32	29
Dividend received	24	25
Support services rendered	-	1
Other	63	34
	119	89
7.4 Insurance revenue		
Insurance revenue from contracts measured under PAA	236	212
	236	212
7.5 Insurance service expenses		
Insurance claims and other directly attributable expenses	(56)	(57)
Amortisation of insurance acquisition cash flows	(6)	(5)
Changes related to past service	11	7
	(51)	(55)
7.6 Insurance finance expenses		
Finance expenses from insurance contracts	(44)	(37)
	(44)	(37)
7.7 Asset management and administration fees		
Asset management and administration fees	261	211
	261	211
Total non-interest income	2,422	2,141
7.8 Types of revenue		
Fee and commission income	1,558	1,450
Other operating income	32	30
Asset management and administration fees	261	211
Income other than from contracts with customers	571	450
Total revenue	2,422	2,141

Notes to the consolidated annual financial statements continued

7. Non-interest income continued

	2025 N$'million	2024 N$'million
7.9 Disaggregation of revenue from contracts with customers		
Transaction and related fees	1,515	1,391
Commissions	32	42
Trust and fiduciary fees	11	17
Commission and insurance related income	32	29
Support services rendered	-	1
Asset management and administration fees	261	211
	1,851	1,691
7.10 Income other than from contracts with customers		
Net foreign exchange gains	167	123
Net gains/(losses) from financial instruments at fair value	176	148
Insurance revenue	236	212
Insurance service expenses	(51)	(55)
Insurance finance expenses	(44)	(37)
Other	87	59
	571	450
Total non-interest income	2,422	2,141

Refer to note 41 for the cost to income ratio calculation.

8. Staff costs

	2025 N$'million	2024 N$'million
Salaries and bonuses	1,554	1,405
Share-based payment expense	50	54
Staff training costs	32	22
Pension costs - defined contribution plan	86	73
Severance pay provision (note 28)	1	1
	1,723	1,555

9. Operating expenses

Expenses by nature

	2025 N$'million	2024 N$'million
9.1 Normal operating expenses		
Advertising and marketing	59	53
Amortisation of intangible assets (note 20)	54	50
Asset management fees	4	2
Auditor's remuneration		
- Audit fees for the statutory audits of the Group - Deloitte	15	-
- Audit fees for the statutory audits of the Group - PwC	2	18
- Regulatory related services	1	2
Non-executive directors' emoluments	12	12
Depreciation of property and equipment (note 21)	179	168
Finance costs on leases	6	8
Insurance costs	37	33
Impairment loss on intangible assets	-	4
Loss on disposal of property and equipment	3	2
Motor vehicle costs	4	4
Office expenses	18	15
Professional services	77	90
Repairs and maintenance	30	31
Security expenses	27	23
Staff costs (note 8)	1,723	1,555
Stamp duty	15	20
Stationery and printing	14	15
Subscription fees	22	19
Technology costs	267	220
Telephone, postage and courier costs	21	21
Travelling	22	19
Water and electricity	24	26
Other expenses	89	76
Total normal operating expenses	2,725	2,486

Notes to the consolidated annual financial statements continued

9. Operating expenses continued

	2025 N$'million	2024 N$'million
9.2 Fee and commission expenses		
Association transaction fees	274	199
Cash handling fees	24	45
Commission	17	13
	315	257
Total operating expenses	3,040	2,743

Research and development costs of N$2 million (2024: N$1 million) are included in operating expenses above.

Refer to note 41 for the cost to income ratio calculation.

10. Share of associates' results after tax

	2025 N$'million	2024 N$'million
The following represents Capricorn Group's share of the associates' after tax results:		
Profit before taxation	240	224
Taxation	(29)	(29)
	211	195

11. Income tax expense

	2025 N$'million	2024 N$'million
11.1 Normal tax		
Current tax	669	583
Deferred tax	15	34
Total normal tax	684	617
Normal tax on other comprehensive income		
Current tax through other comprehensive income	2	13
- changes in fair value of debt instruments	1	13
- changes in fair value of equity instruments	1	-
Total income tax expense	686	630
11.2 Tax rate reconciliation		
The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate as follows:		
Profit before income tax	2,677	2,158
Other comprehensive income	12	38
Tax at the applicable tax rate of 31% (2024: 32%)	834	703
Dividends received	(126)	(55)
Fair value adjustment on interest free staff loans and investments	(4)	(6)
Other non-taxable income	(151)	(55)
Non-deductible expenses	146	51
Derecognise previously recognised deferred tax asset	-	8
Difference in tax rates	(20)	(16)
Change in tax rate	7	-
Income tax expense	686	630
Effective tax rate	25.5%	28.7%

12. Earnings and headline earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to the equity holders of the parent entity for the year, by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Headline earnings per share is calculated by dividing the Group's profit for the year attributable to the equity holders of the parent entity after excluding identifiable remeasurements, net of tax, by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2025		
	Gross N$'million	Taxation N$'million	Net N$'million
Earnings			
Profit for the year attributable to the equity holders of the parent entity			1,858
Headline adjustments	12	-	12
Loss on disposal of assets	3	-	3
Loss on discontinued operations of associate	9	-	9
Headline earnings			1,870

	2024		
	Gross N$'million	Taxation N$'million	Net N$'million
Earnings			
Profit for the year attributable to the equity holders of the parent entity			1,618
Headline adjustments	6	-	6
Loss on disposal of assets	2	-	2
Impairment on intangible assets	4	-	4
Headline earnings			1,624

	2025	2024
Number of ordinary shares in issue at year-end ('000) (note 29)	505,822	506,329
Adjusted for effect of future share-based payment transactions ('000)	4,413	3,184
Diluted weighted average number of ordinary shares in issue during the year ('000)	510,235	509,513
Earnings per ordinary share (cents)		
Basic	367.3	319.6
Fully diluted	364.1	317.6
Headline earnings per ordinary share (cents)		
Basic	369.7	320.7
Fully diluted	366.5	318.7

The Group has presented headline earnings per share in line with the guidance issued by the South Africa Institute of Chartered Accountants, ("SAICA") Circular 1/23 terms in the absence of local guidance.

13. Cash and cash equivalents

	2025 N$'million	2024 N$'million
Cash balances	594	492
Due from other banks	6,376	4,732
Balances with the central bank other than mandatory reserve deposits	268	394
Mandatory reserve deposits with the respective central banks	451	722
	7,689	6,340

Mandatory reserve deposits held at central banks are subject to restrictions and limitations, but are available for use by the Group. Balances with central banks other than mandatory deposits are interest sensitive. Cash balances as well as mandatory reserve deposits with central banks are non-interest-bearing.

Notes to the consolidated annual financial statements continued

14. Financial assets

	2025 N$'million	2024 N$'million
Financial assets at fair value through profit or loss		
Unit trust and money market investments[1]	2,567	3,339
Exchange traded funds[2]	89	-
	2,656	3,339
Current	2,656	3,339

[1] Unit trust and money market investments are unlisted and are mandatorily measured at fair value through profit or loss.

[2] During the period under review, the Group held 3,726,625 (2024: 3,726,625) units of exchange traded funds, with no further additions or disposals.

	2025 N$'million	2024 N$'million
Financial assets at amortised cost		
Treasury bills	203	99
Government stock	787	767
Preference shares	286	279
	1,276	1,145
Less expected credit loss allowance	(107)	(97)
Net financial assets at amortised cost	1,169	1,048
Current	442	272
Non-current	727	776
	1,169	1,048
Movement in impairment on financial assets at amortised cost is as follows for the group:		
Opening balance	97	123
Impairment charge for the year	8	4
Exchange movements	2	(30)
Closing balance	107	97

Financial assets at fair value through profit or loss are presented within 'operating activities' in the statement of cash flows. Changes in fair values of financial assets at fair value through profit or loss are recorded in 'net gain/(loss) from financial instruments at fair value through profit or loss' in the statement of comprehensive income (note 7.2.)

15. Financial assets at fair value through other comprehensive income

	2025 N$'million	2024 N$'million
Debt instruments		
Treasury bills	5,811	6,396
Government stock	289	301
Tradable instruments[2]	978	985
Corporate bonds	25	-
Exchange traded funds	-	81
Equity instruments		
Investment securities - listed[1]	36	35
Investment securities - unlisted	7	7
	7,146	7,805
Current	6,949	7,502
Non-current	197	303
	7,146	7,805
Amounts recognised in other comprehensive income		
During the year under review, the following gains / (losses) were recognised in other comprehensive income:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	10	38
Changes in the fair value of equity instruments at fair value through other comprehensive income	2	-
	12	38

[1]Listed ordinary shares are held as follows: 13,035 shares in Dundee Precious Metals Inc and 28,308 shares in China Africa Resources Plc. The election was made to recognise the equity instruments at fair value through other comprehensive income. No dividends were received during the year under review (2024: Nil).

[2] Tradable instruments held in a portfolio of investments include government bonds, corporate bonds and money market instruments.

Treasury bills and government stocks are securities issued by the Namibian treasury department for a term of three months, six months, nine months, a year or longer.

Treasury bills with a nominal value of N$1.51 billion (2024: N$1.05 billion) are available at the Bank of Namibia for collateral should the need arise for short-term commitments on the interbank system. At year-end, there were no treasury bills utilised for security purposes (2024: Nil) at the Bank of Namibia. At 30 June 2025, the group received no treasury bills (2024: Nil) for collateral relating to reverse repurchase agreements.

Refer to note 3.5 for fair value methodology used. All debt instruments are unlisted.

Notes to the consolidated annual financial statements continued

16. Loans and advances to customers

	2025 N$'million	2024 N$'million
Overdrafts	6,513	6,517
Term loans	19,136	18,377
Mortgages	20,835	20,365
- Residential mortgages	13,603	13,200
- Commercial mortgages	7,232	7,165
Instalment finance	5,942	5,218
Preference shares	54	187
Gross loans and advances	52,480	50,664
Effective interest rate impact per IFRS 9 (deferment of loan admin fees)	(201)	(194)
Gross loans and advances after effective interest impact	52,279	50,470
Less impairment		
Stage 1 impairment*	(238)	(233)
Stage 2 impairment	(203)	(264)
Stage 3 impairment	(1,217)	(1,179)
	50,621	48,794

*The stage 1 impairment includes off-balance sheet exposure impairment of N$6 million (2024: N$6 million).

N$2.95 billion (2024: N$2.39 billion) of loans and advances have been ceded.

Movement in impairment on loans and advances to customers is as follows for the group:

	Overdrafts N$'million	Preference shares and guarantees N$'million	Term loans N$'million	Mortgages N$'million	Instalment finance N$'million	Total N$'million
30 June 2025						
Balance at the beginning of the year	454	7	628	460	127	1,676
Stage 1	43	7	117	44	22	233
Stage 2	62	-	106	48	48	264
Stage 3	349	-	405	368	57	1,179
Loan impairments	103	1	187	2	(4)	289
Foreign exchange differences	5	-	22	-	9	36
Amounts written off during the year as uncollectible	(34)	-	(178)	(96)	(35)	(343)
Balance at the end of the year	528	8	659	366	97	1,658
Stage 1	50	8	112	51	17	238
Stage 2	62	-	93	37	11	203
Stage 3	416	-	454	278	69	1,217
30 June 2024						
Balance at the beginning of the year	441	4	747	344	75	1,611
Stage 1	39	4	79	26	19	167
Stage 2	82	-	200	37	10	329
Stage 3	320	-	468	281	46	1,115
Loan impairments	71	3	(57)	167	58	242
Foreign exchange differences	10	-	8	(1)	(1)	16
Amounts written off during the year as uncollectible	(68)	-	(70)	(50)	(5)	(193)
Balance at the end of the year	454	7	628	460	127	1,676
Stage 1	43	7	117	44	22	233
Stage 2	62	-	106	48	48	264
Stage 3	349	-	405	368	57	1,179

16. Loans and advances to customers continued

	2025 N$'million	2024 N$'million
Value of non-performing loans		
Non-performing loans	**2,079**	2,029
Interest recognised on these loans (interest in suspense)	**363**	372
Non-performing loans inclusive of interest	**2,442**	2,401

	2025 N$'million	%	2024 N$'million	%
Total impairment by geographical area				
Namibia	**1,259**	**75.9**	1,415	84.4
Botswana	**382**	**23.0**	247	14.7
Zambia	**17**	**1.0**	14	0.8
	1,658	**100.0**	1,676	100.0
Maturity analysis of loans and advances to customers for the group were as follows:				
Repayable within 1 month	**7,810**	**14.9**	7,097	14.0
Repayable after 1 month but within 3 months	**962**	**1.8**	870	1.7
Repayable after 3 months but within 6 months	**1,487**	**2.8**	1,554	3.1
Repayable after 6 months but within 12 months	**2,498**	**4.8**	2,413	4.8
Repayable after 1 year but within 5 years	**18,571**	**35.4**	17,716	35.0
Repayable after 5 years but within 10 years	**12,079**	**23.0**	13,424	26.5
Repayable after 10 years	**9,073**	**17.3**	7,590	15.0
	52,480	**100.0**	50,664	100.0

	2025 N$'million	2024 N$'million
The loans and advances to customers include instalment finance receivables which are analysed as follows:		
Repayable within 1 year	**1,917**	1,893
Repayable after 1 year but within 5 years	**4,469**	3,826
Repayable after 5 years	**238**	140
Gross investment in instalment finances	**6,624**	5,859
Unearned future finance income on instalment finances	**(682)**	(641)
Net investment in instalment finances	**5,942**	5,218

Under the terms of lease agreements, no contingent rentals are payable. These agreements relate to motor vehicles and equipment.

The Group has a share purchase scheme in which it has a mechanism to allow employees to purchase shares in Capricorn Group at a value that approximates fair value at the date of sale of shares. The shares are sold via an interest free loan provided by Bank Windhoek Ltd. Such loans are full recourse loans and if not repaid, Bank Windhoek Ltd may legally take possession of the employee's personal assets. Thus, the share purchase scheme does not fall within the scope of IFRS 2 'Share-based payment'. The benefit employees receive relating to the interest free element of the loan is expensed over the period of the loan.

Included in term loans is an amount of N$27 million (2024: N$20 million) relating to the above-mentioned scheme.

The movements on these staff loans were as follows:

	2025 N$'million	2024 N$'million
Opening balance	**20**	21
New loans advanced during the year	**16**	10
Loans repaid during the year	**-**	(3)
Staff costs (adjustment to fair value)	**(13)**	(9)
Effective interest charged	**4**	1
Closing balance	**27**	20

Notes to the consolidated annual financial statements continued

17. Other assets

	2025 N$'million	2024 N$'million
Financial other assets	271	296
Insurance fund asset*	-	66
Accounts receivable	36	33
Clearing and settlement accounts	192	169
Derivative financial instruments (see Note 17.1)**	43	28
Non-financial other assets	322	253
Prepayments	59	83
Other taxes	10	1
Stock and Property in Possession***	253	169
	593	549
Current	540	453
Non-current	53	96
	593	549

* Insurance fund asset pertains to a fund held in Santam for self-insurance against risks not covered by insurance policies, more specifically for the excess on insurance. A cash balance was held, and interest was earned and capitalised on the balance. The fund was not subject to any IFRS 17 reserving disclosure.

** Derivative financial instruments meet the definition of held for trading and are measured at fair value through profit or loss.

*** Stock and Property in Possession comprises work-in-progress and property in possession.

17.1. Derivative financial instruments

	2025 N$'million	2024 N$'million
Assets		
Interest rate swaps	39	31
Commodity swaps	4	-
OTC currency options	-	10
	43	41
Liabilities		
Interest rate swaps	-	(1)
OTC currency options	-	(12)
	-	(13)
Net derivative asset	43	28
Current	1	2
Non-current	36	26
	37	28

Interest rate swaps are commitments to exchange one set of cash flows for another and result in an economic exchange of a fixed rate for a floating rate or vice versa. No exchange of principal takes place.

The notional principal amount of the outstanding interest rate swap contracts at 30 June 2025 was N$1.4 billion (2024: N$745 million). The notional principal amount of the outstanding OTC currency options at 30 June 2025 was nil (2024: N$161 million).

Refer to note 3.1 for disclosure relating to financial and non-financial assets included for other assets.

Refer to note 3.2.6 for credit quality disclosure of financial instruments included in other assets.

18. (a) Investment in subsidiaries

The following information relates to the group's financial interests in its unlisted subsidiaries:

	Principal place of business and country of incorporation	Number of shares held '000	Issued ordinary share capital and premium N$'million	Effective holding 2025 %	Effective holding 2024 %
Subsidiaries of Capricorn Group					
Bank Windhoek Ltd	Namibia	4,920	485	**100**	100
Namib Bou (Pty) Ltd	Namibia	600	23	**100**	100
Capricorn Asset Management (Pty) Ltd	Namibia	53	1	**95.9**	95.9
Capricorn Unit Trust Management Company Ltd	Namibia	1,917	2	**95.9**	95.9
Capricorn Capital (Pty) Ltd	Namibia	4	-	**100**	100
Capricorn Investment Holdings (Botswana) Ltd	Botswana	57,365	319	**92.0**	84.8
Mukumbi Investments (Pty) Ltd	Zambia	5	-	**100**	100
Entrepo Holdings (Pty) Ltd	Namibia	15	130	**55.5**	55.5
Capricorn Investment Group (Pty) Ltd	South Africa	-	-	**100**	100
Capricorn Hofmeyer Property (Pty) Ltd	Namibia	-	-	**100**	100
Subsidiaries of Bank Windhoek Ltd					
Bank Windhoek Nominees (Pty) Ltd	Namibia	-	-	**100**	100
BW Finance (Pty) Ltd	Namibia	362,970	363	**100**	100
Bank Windhoek Properties (Pty) Ltd	Namibia	1	20	**100**	100
Grape Orchard Company (Pty) Ltd	Namibia	-	-	**100**	100

	Principal place of business and country of incorporation	Number of shares held '000	Issued ordinary share capital and premium N$'million	Effective holding 2025 %	Effective holding 2024 %
Subsidiaries of Capricorn Investment Holdings (Botswana) Ltd					
Bank Gaborone Ltd (BG)	Botswana	220,000	297	**100**	100
CIH Insurance Brokers (Pty) Ltd	Botswana	1	8	**100**	100
Capricorn Asset Management (Botswana) (Pty) Ltd	Botswana	1	3	**100**	100
Peo Finance (Pty) Ltd	Botswana	30	-	**100**	100
Subsidiaries of Entrepo Holdings (Pty) Ltd					
Entrepo Life Ltd	Namibia	4	4	**100**	100
Entrepo Finance (Pty) Ltd	Namibia	4	4	**100**	100

18. (a) Investment in subsidiaries continued

	Aggregate income of subsidiaries (after tax)		Total investment	
	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million
Financial details of subsidiaries				
Subsidiaries of Capricorn Group				
Bank Windhoek Ltd (consolidated)	**1,396**	1,248	**520**	520
Namib Bou (Pty) Ltd	**1**	1	**23**	23
Capricorn Asset Management (Pty) Ltd	**71**	58	**122**	122
Capricorn Unit Trust Management Company Ltd	**36**	30	**63**	63
Capricorn Capital (Pty) Ltd	**(2)**	(10)	**-**	-
Capricorn Investment Holdings (Botswana) Ltd	**167**	191	**508**	439
Entrepo Holdings (Pty) Ltd	**263**	199	**239**	239
Capricorn Investment Group (Pty) Ltd	**1**	-	**-**	-
Capricorn Hofmeyer Property (Pty) Ltd	**-**	(1)	**12**	12
	1,933	1,716	**1,487**	1,418
Non-current			**1,487**	1,418

* The at-acquisition exchange rate of NAD 0.776 has been applied to the conversion of the investment in Capricorn Investment Holdings (Botswana) Ltd from Botswana Pula to NAD. The average exchange rate for the year of NAD 1.337 (2024: NAD 1.364) has been applied on the conversion of the aggregate income from Botswana Pula to NAD.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held by the parent company do not differ from the proportion of ordinary shares held.

18. (b) Non-controlling interests

Set out below is summarised financial information for Entrepo Holdings (Pty) Ltd that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	2025 N$'million	2024 N$'million
Summarised statement of financial position		
Current assets	**281**	326
Current liabilities	**271**	237
Current net assets	**10**	89
Non-current assets	**2,213**	1,806
Non-current liabilities	**1,393**	1,136
Non-current net assets	**820**	670
Net assets	**830**	759
Accumulated NCI	**369**	338
Summarised statement of comprehensive income		
Total income	**470**	361
Profit for the period	**263**	199
Total comprehensive income	**263**	199
Profit allocated to NCI	**117**	89
Dividends paid to NCI	**85**	81
Summarised cash flows		
Cash flows from operating activities	**(17)**	(40)
Cash flows from investing activities	**60**	(133)
Cash flows from financing activities	**(44)**	286
Net (decrease)/increase in cash and cash equivalents	**(1)**	113

Refer to note 37 for related party transactions and balances with subsidiaries.

19. Investment in associates

Set out below are the associates of the Group as at 30 June 2025. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

	Number of shares held '000	Issued ordinary share capital and premium N$'million	Effective holding 2025 %	Effective holding 2024 %	Shares at cost 2025 N$'million	2024 N$'million
Associates of Capricorn Group						
Santam Namibia Ltd	1,230	8	**28.0**	28.0	**63**	63
Sanlam Allianz Namibia Holdings (Pty) Ltd	30	161	**29.5**	29.5	**47**	47
Paratus Group Holdings Ltd	65	2	**36.4**	36.4	**445**	445
					555	555

19.1. Santam Namibia Ltd

The Group holds a 28% interest in Santam Namibia Ltd, a short-term insurance company. Santam's principal place of business is in Namibia.

	2025 N$'million	2024 N$'million
Carrying value of investment in associate		
Investment at cost	**63**	63
Share of current year's retained income	**44**	39
- Profit before tax	**60**	58
- Current and deferred tax	**(16)**	(19)
Dividends paid	**(22)**	(17)
Post-acquisition retained income at the beginning of the year	**88**	66
	173	151
Directors' valuation	**253**	277

Technique used for directors' valuation

Santam Namibia Ltd is not listed on a stock exchange and therefore has no quoted market price available for its shares. The directors' valuation was determined by using its price to book value basis of valuation.

	2025 N$'million	2024 N$'million
Summarised financial information (unaudited)		
Insurance revenue	**1,311**	1,162
Profit after tax	**145**	164
Total comprehensive income	**145**	164
Non-current assets	**671**	624
Current assets	**367**	615
Non-current liabilities	**(18)**	(8)
Current liabilities	**(485)**	(775)
Net asset value	**535**	456
Interest in associate (28%)	**150**	128
Goodwill on acquisition	**23**	23
Carrying value of investment in associate	**173**	151

19.2. Sanlam Allianz Namibia Holdings (Pty) Ltd

The Group holds an effective 29.5% in Sanlam Allianz Namibia Holdings (Pty) Ltd, a Namibian company providing a variety of financial services. Sanlam Allianz Namibia's principal place of business is in Namibia.

	2025 N$'million	2024 N$'million
Carrying value of investment in associate		
Investment at cost	**47**	47
Share of current year's retained income	**164**	145
- Profit before tax	**168**	149
- Current and deferred tax	**(4)**	(4)
Dividends paid	**(102)**	(63)
Post-acquisition retained income at the beginning of the year	**543**	461
	652	590
Directors' valuation	**1,132**	942

Technique used for directors' valuation

Sanlam Allianz Namibia Holdings (Pty) Ltd is a private company and there is no quoted market price available for its shares. The directors' valuation was determined by using the price to embedded value basis of valuation.

Notes to the consolidated annual financial statements continued

19. Investment in associates continued

19.2. Sanlam Allianz Namibia Holdings (Pty) Ltd continued

	2025 N$'million	2024 N$'million
Summarised financial information (unaudited)		
Insurance revenue	2,143	1,322
Profit after tax	526	410
Total comprehensive income	526	410
Non-current assets	8,459	8,017
Current assets	828	614
Non-current liabilities	(6,703)	(6,381)
Current liabilities	(435)	(310)
Net asset value	2,149	1,940
Interest in associate (29.5%)	634	572
Goodwill on acquisition	18	18
Carrying value of investment in associate	652	590

The associates above have December financial year-ends and are incorporated in Namibia. The country of incorporation/registration is also their principal place of business. The results of associates are equity accounted. Management accounts as at 30 June 2025 have been used for equity accounting the share of results of associates for their half year ended 30 June 2025.

19.3 Paratus Group Holdings Ltd

The Group holds an effective 36.4% in Paratus Group Holdings Ltd (Paratus). Paratus and its subsidiaries and associates provide services in 24 African countries, the most significant of which are Angola, Zambia, Botswana and Namibia.

	2025 N$'million	2024 N$'million
Carrying value of investment in associate		
Investment at cost	445	445
Share of current year's retained income	3	11
- Profit before tax	12	17
- Current and deferred tax	(9)	(6)
Share of current year other comprehensive income	(95)	(54)
Post-acquisition retained income at the beginning of the year	120	47
Post-acquisition FCTR at the beginning of the year	(54)	-
Additional shareholding	-	110
	419	559
Valuation	646	617

Technique used for directors' valuation:

The directors' valuation was determined by using its price to book value basis of valuation.

	2025 N$'million	2024 N$'million
Summarised financial information (unaudited)		
Revenue	2,148	1,376
Profit after tax	74	59
Total comprehensive income	83	(98)
Non-current assets	2,896	2,097
Current assets	1,070	550
Non-current liabilities	(1,307)	(367)
Current liabilities	(751)	(486)
Non-controlling interest	(780)	(255)
Net asset value	1,128	1,539
Interest in associate (36.4%)	410	559
Carrying value of investment in associate	419	559

	2025 N$'million	2024 N$'million
Carrying value of investment in associates		
Santam Namibia Ltd	173	151
Sanlam Allianz Namibia Holdings (Pty) Ltd	652	590
Paratus Group Holdings Ltd	419	559
Total investment in associates (non-current)	1,244	1,300

Refer to note 37 for related party transactions and balances with associates.

Notes to the consolidated annual financial statements continued

20. Intangible assets

	Goodwill[1] N$'million	Purchased software N$'million	Intangible assets in develop-ment N$'million	Internally generated software N$'million	Total N$'million
30 June 2025					
Cost					
Cost at 1 July 2024	71	75	251	627	1,024
Transfers	-	4	(112)	103	(5)
Additions	-	1	109	26	136
Exchange differences	-	(2)	(1)	-	(3)
Cost at 30 June 2025	71	78	247	756	1,152
Amortisation					
Amortisation at 1 July 2024	-	(59)	-	(409)	(468)
Charge for the year	-	(4)	-	(61)	(65)
Amortisation on useful lives review	-	-	-	11	11
Exchange differences	-	(2)	-	-	(2)
Amortisation at 30 June 2025	-	(65)	-	(459)	(524)
Impairment loss					
Impairment loss at 1 July 2024	-	(4)	-	(18)	(22)
Charge for the year	-	-	-	-	-
Impairment loss at 30 June 2025	-	(4)	-	(18)	(22)
Net book value at 30 June 2025	71	9	247	279	606

	Goodwill[1] N$'million	Purchased software N$'million	Intangible assets in develop-ment N$'million	Internally generated software N$'million	Total N$'million
30 June 2024					
Cost					
Cost at 1 July 2023	71	69	255	404	799
Transfers	-	-	(104)	105	1
Additions	-	-	100	143	243
Exchange differences	-	6	-	-	6
Disposals	-	-	-	(25)	(25)
Cost at 30 June 2024	71	75	251	627	1,024
Amortisation					
Amortisation at 1 July 2023	-	(55)	-	(277)	(332)
Charge for the year	-	(1)	-	(49)	(50)
Exchange differences	-	(3)	-	-	(3)
Amortisation on disposals	-	-	-	(83)	(83)
Amortisation at 30 June 2024	-	(59)	-	(409)	(468)
Impairment loss					
Impairment loss at 1 July 2023	-	-	-	(18)	(18)
Charge for the year	-	(4)	-	-	(4)
Impairment loss at 30 June 2024	-	(4)	-	(18)	(22)
Net book value at 30 June 2024	71	12	251	200	534

[1] Goodwill is tested for impairment on annual basis as per the requirements of IAS 36. Goodwill is allocated to each subsidiary based on its initial acquisition. Each subsidiary is deemed to be an individual cash-generating units (CGUs). The recoverable amount of the CGUs was determined using fair value calculations of the individual companies that gave rise to the goodwill asset.

No assets were encumbered at 30 June 2025 or 30 June 2024.

No instance was detected which indicated the impairment of the goodwill.

21. Property and equipment

	Freehold land and buildings N$'million	Computer and other equipment N$'million	Motor vehicles N$'million	Furniture, fittings and other office equipment N$'million	Right-of-use assets** N$'million	Total N$'million
30 June 2025						
Cost						
Cost at 1 July 2024	156	436	39	355	452	1,438
Additions	87	50	8	16	89	250
Transfers	(96)	26	-	75	-	5
Exchange differences	-	-	-	-	(2)	(2)
Disposals	-	(9)	(2)	(15)	(99)	(125)
Cost at 30 June 2025	147	503	45	431	440	1,566
Depreciation						
Accumulated depreciation at 1 July 2024	(29)	(250)	(20)	(227)	(272)	(798)
Charge for the year	(4)	(66)	(2)	(36)	(80)	(188)
Depreciation on useful life review	-	11	-	(2)	-	9
Exchange differences	-	-	-	-	-	-
Depreciation on disposals	-	8	1	12	66	87
Accumulated depreciation at 30 June 2025	(33)	(297)	(21)	(253)	(286)	(890)
Net book value at 30 June 2025	114	206	24	178	154	676
Additions						
For cash flow purposes						
Cash flow items	87	50	8	16	-	161
Non-cash flow items	-	-	-	-	89	89
	87	50	8	16	89	250

** Right-of-use assets comprise the leases of various offices, branches and houses. Right-of-use assets' titles are restricted by lease liabilities.

	Freehold land and buildings N$'million	Computer and other equipment N$'million	Motor vehicles N$'million	Furniture, fittings and other office equipment N$'million	Right-of-use assets** N$'million	Total N$'million
30 June 2024						
Cost						
Cost at 1 July 2023	163	502	34	348	431	1,478
Additions*	34	42	7	30	72	185
Transfers	(41)	49	-	(9)	-	(1)
Exchange differences	-	3	-	13	(12)	4
Disposals	-	(160)	(2)	(27)	(39)	(228)
Cost at 30 June 2024	156	436	39	355	452	1,438
Depreciation						
Accumulated depreciation at 1 July 2023	(26)	(335)	(18)	(218)	(215)	(812)
Charge for the year	(3)	(58)	(3)	(33)	(85)	(182)
Depreciation on useful lives review	-	11	-	3	-	14
Exchange differences	-	3	-	(5)	(7)	(9)
Depreciation on disposals	-	129	1	26	35	191
Accumulated depreciation at 30 June 2024	(29)	(250)	(20)	(227)	(272)	(798)
Net book value at 30 June 2024	127	186	19	128	180	640
Additions*						
For cash flow purposes						
Cash flow items	34	42	7	30	-	113
Non-cash flow items	-	-	-	-	72	72
	34	42	7	30	72	185

Details regarding the fixed properties as required in terms of Schedule 4 of the Companies Act are available to shareholders at the registered office of the group. This information will be open for inspection in terms of the provisions of section 120 of the Companies Act, 2004. No assets were encumbered at 30 June 2025 or 30 June 2024. All property and equipment are classified as non-current assets.

22. Due to other banks

	2025 N$'million	2024 N$'million
Current accounts	311	195
	311	195
Current	311	195

Balances due to other banks are unsecured with no fixed repayment terms and bears interest at market-related interest rates.

23. Other borrowings

	2025 N$'million	2024 N$'million
Balance as at 1 July	1,864	913
Additions	252	1,383
Redemptions	(408)	(425)
Accrued interest	139	63
Coupon payments	(109)	(47)
Foreign exchange movement	(8)	(23)
Balance as at 30 June	1,730	1,864
Current	254	547
Non-current	1,476	1,317
	1,730	1,864

Other borrowings consist of a long-term funding with AFD (Agence Francaise de Developpement) and Bank of Namibia SME Scheme of N$207 million. The balance is further made up of a N$156 million loan sourced from Capricorn Unit Trusts, IFC funding of N$376 million, a N$75 million loan from the Caliber Capital Trust, and a N$763 million loan from FNB Namibia Ltd. Furthermore, a revolving credit facility of N$153 million has been secured with FNB Namibia Ltd.

AFD: The loan is repayable semi-annually over a 7-year term with quarterly interest repayments. The first capital repayment was made in December 2020. Interest on the AFD loan is charged at 3-month JIBAR plus a spread of 1.131%.

The Bank of Namibia's SME scheme offers an initial 6-month payment holiday for each loan advanced. All loans issued under this scheme accrue interest at the prevailing repo rate of Namibia.

Capricorn Unit Trusts: The capital and all outstanding interest are repayable at the end of the loan term on 30 September 2025. Interest on the loan is charged at a fixed rate of 9.1% per annum.

Loan with International Financial Corporation of USD40 million: The facility allows 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 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 1.5% and is repayable at the end of the loan term.

FNB loan: The loan is repayable in eight equal quarterly instalments commencing two years from the first interest payment date of 1 July 2024. The first quarterly repayment is therefore due on 1 July 2026. The loan bears interest at Namibian prime less 0.3%.

FNB revolving credit facility: The facility is repayable 365 days from the date on which the lender gives written notice of cancellation of the facility. The facility bears interest at the Namibian prime rate less 0.25%.

The Group has not defaulted on any debt covenant requirements relating to these loans in the current and previous financial year.

24. Debt securities in issue

	2025 N$'million	2024 N$'million
Balance as at 1 July	4,764	5,581
Redemptions	(583)	(2,084)
Additions	3	1,253
Effective interest	394	527
Coupon payments	(409)	(495)
Forex (gain) / loss	(2)	(18)
Balance as at 30 June	4,167	4,764
Current	1,571	1,135
Non-current	2,596	3,629
	4,167	4,764

24. Debt securities in issue continued

Debt instruments	Interest rate	Maturity date	Notes	2025 N$'million	2024 N$'million
Senior debt - unsecured					
BWJI24 floating rate note	3m JIBAR + 150bps	30-Sep-24	24.1	-	251
BWZJ25 floating rate note	3m JIBAR + 200bps	11-Feb-25	24.1	-	335
BWJL25 floating rate note	3m JIBAR + 116bps	2-Dec-25	24.1	**353**	354
BWJF26S floating rate note	3m JIBAR + 150bps	2-Jun-26	24.1	**410**	410
BWZJ26 floating rate note	3m JIBAR + 170bps	27-Nov-26	24.1	**252**	252
BWFL26 fixed rate note	8.80%	4-Dec-26	24.1	**101**	101
BWZJ27 floating rate note	3m JIBAR + 170bps	28-Mar-27	24.1	**310**	310
BWJ1e27 floating rate note	3 mth JIBAR + 215bps	19-May-27	24.1	**506**	506
BWJ2e27 floating rate note	3 mth JIBAR	19-May-27	24.1	**303**	303
Senior debt issued by Bank Gaborone	2.3%-8.9%	30-Jun-27 - 15-May-34	24.1	**125**	126
				2,360	2,948

	Interest rate	Maturity date	Notes	2025 N$'million	2024 N$'million
Preference shares (floating rate note)					
2,500 Preference shares - Santam Namibia Ltd	64.5% of prime	01-Dec-25	24.2	**25**	25
35,000 Preference Shares - Capricorn Asset Management on behalf of Funds Under Management	72.5% of Namibian prime	14-Mar-26	24.2	**351**	351
40,000 Preference Shares - Capricorn Investment Holdings Limited	3mth JIBAR	23-Mar-27	24.2	**400**	406
				776	782
Debentures					
Capricorn Selekt Fund	3 mth JIBAR + 175bps	28-Apr-26	24.3	**71**	71
Capricorn Enhanced Cash Fund	3 mth JIBAR + 175bps	28-Apr-26	24.3	**102**	102
Capricorn Investment Fund	3 mth JIBAR + 95bps	28-Apr-26	24.3	**152**	152
Capricorn High Yield Fund	3 mth JIBAR + 175bps	28-Apr-26	24.3	**81**	81
Capricorn Investment Holdings Ltd	3 mth JIBAR + 235bps	30-Jun-27	24.3	**100**	102
Government Institutions Pension Fund (GIPF)	3 mth JIBAR + 235bps	31-Jan-30	24.3	**508**	509
Kgori Capital (Pty) Ltd	6.35%	24-Jul-25	24.3	**17**	17
				1,031	1,034
Total debt securities in issue at the end of the year				**4,167**	4,764
Listed debt securities				**2,235**	2,822
Unlisted debt securities				**1,932**	1,942
				4,167	4,764

24. Debt securities in issue continued

24.1. Senior debt – unsecured

Interest is paid quarterly except for BWFL26 which is paid semi-annually.

The instruments mentioned above are under Bank Windhoek's Medium Term Note Programme, a programme registered with the Johannesburg and Namibian Stock Exchanges.

24.2. Preference shares

Interest on the 40,000 Class A preference shares issued to Capricorn Investment Holdings Ltd is payable quarterly in arrears on the last working day of March, June, October and December.

Interest on the 2,500 Class A preference shares issued to Santam Namibia Ltd is payable quarterly in arrears on the last working day of February, May, August and November.

Interest on the 35,000 Class A preference shares issued to Capricorn Asset Management on behalf of Funds Under Management is payable quarterly in arrears on 14 March, 14 June, 14 September and 14 December.

24.3. Debentures

On the 24th July 2020, the Group issued a senior unsecured non-convertible debenture at face value of P12.1m to Kgori Capital (Pty) Ltd, with an interest at 6.35% nominal annual compounded semi-annually.

Interest on the other debentures is paid quarterly in arrears.

Debt securities in issue comprises subordinated debt, senior debt, preference shares and debentures with a combined nominal value of N$4.2 billion (2024: N$4.8 billion).

25. Deposits

	2025 N$'million	2024 N$'million
Current accounts	14,890	13,882
Credit cards	43	38
Savings accounts	2,393	2,179
Demand deposits	10,119	9,183
Term and notice deposits	14,880	14,409
Negotiable certificates of deposits (NCDs)	7,467	9,921
Other deposits	3,107	2,239
	52,899	51,851

	2025 N$'million	%	2024 N$'million	%
Maturity analysis within the customer current, savings, deposit account portfolio for the group were as follows:				
Withdrawable on demand	24,850	47.0	24,675	47.6
Maturing within 1 month	6,919	13.1	3,760	7.3
Maturing after 1 month but within 6 months	10,668	20.2	9,288	17.9
Maturing after 6 months but within 12 months	4,520	8.5	7,307	14.1
Maturing after 12 months	5,942	11.2	6,821	13.2
	52,899	100.0	51,851	100.0

26. Other liabilities

	2025 N$'million	2024 N$'million
Financial other liabilities	1,011	848
Accounts payable and other accruals*	241	413
Clearing, settlement and internal accounts	545	196
Lease liabilities (see Note 26.2)	217	239
Derivative financial instruments - interest rate swaps** (see Note 26.3)	8	-
Non-financial other liabilities	436	405
Indirect taxes***	49	25
Employee liabilities	387	380
Total other liabilities	1,447	1,253
Current	1,329	1,095
Non-current	118	158
	1,447	1,253

* No material provisions as per IAS 37 are included in this line item.

** Derivative financial instruments meet the definition of held for trading and are measured at fair value through profit or loss.

*** Other taxes include VAT, stamp duties and withholding tax.

Refer to note 3.1 for disclosure relating to financial and non-financial assets included for other liabilities.

26.1. Insurance contract liabilities

2025	Liability for remaining coverage N$'million	Liability for incurred claims -BEL N$'million	Liability for incurred claims - RA N$'million	Total liability for incurred claims N$'million	Total N$'million
Opening insurance contract liabilities	496	19	2	21	517
Insurance revenue	(236)	-	-	-	(236)
Insurance service expense					-
Incurred claims and other directly attributable expenses	-	54	2	56	56
Amortisation of insurance acquisition cash flows	6	-	-	-	6
Changes related to past service	-	(9)	(2)	(11)	(11)
Insurance finance expenses	44	-	-	-	44
Total amounts recognised in profit or loss	(186)	45	-	45	(141)
Cash flows					
Premiums received	312	-	-	-	312
Claims and other directly attributable expenses paid during the period	-	(43)	-	(43)	(43)
Insurance acquisition cash flows	(6)	-	-	-	(6)
Total cash flows	306	(43)	-	(43)	263
Transfer to other items in Statement of Financial Position - depreciation	-	-	-	-	-
Closing insurance contract liabilities	616	21	2	23	639

26. Other liabilities continued

26.1. Insurance contract liabilities continued

2024	Liability for remaining coverage N$'million	Liability for incurred claims -BEL N$'million	Liability for incurred claims - RA N$'million	Total liability for incurred claims N$'million	Total N$'million
Opening insurance contract liabilities	432	21	2	23	455
Insurance revenue	(212)	-	-	-	(212)
Insurance service expense					-
Incurred claims and other directly attributable expenses	-	54	2	56	56
Amortisation of insurance acquisition cash flows	5	-	-	-	5
Changes related to past service	-	(5)	(2)	(7)	(7)
Insurance finance expenses	37	-	-	-	37
Total amounts recognised in profit or loss	(170)	49	-	49	(121)
Cash flows					
Premiums received	241	-	-	-	241
Claims and other directly attributable expenses paid during the period	-	(51)	-	(51)	(51)
Insurance acquisition cash flows	(7)	-	-	-	(7)
Total cash flows	234	(51)	-	(51)	183
Transfer to other items in Statement of Financial Position - depreciation	-	-	-	-	-
Closing insurance contract liabilities	496	19	2	21	517

	2025 N$'million	2024 N$'million
Insurance contract liabilities		
Current	394	213
Non-current	245	304
	639	517

26.2. Lease liabilities

	2025 N$'million	2024 N$'million
Maturity analysis - contractual discounted cashflows		
- Within one year	70	81
- Later than one year but not later than five years	145	153
- Later than five years	2	5
Total undiscounted lease liabilities	217	239
Lease liabilities included in statement of financial position	217	239
Current	70	81
Non-current	147	158

The group leases various offices, branches and houses. Rental contracts are typically made for fixed periods of 5 to 10 years, but may have extension options. The lease terms do not contain restrictions on the group's activities concerning further leasing, distribution of dividends or obtaining additional funding.

	2025 N$'million	2024 N$'million
Amounts recognised in profit or loss		
Interest on lease liabilities	14	16
Expenses relating to short-term leases	8	6
	22	22
Amounts recognised in statement of cashflows		
Principal payments on lease liabilities	86	81

Interest rate sensitivities

The following interest rate sensitivity is based on the effect of changes to the incremental borrowing rate over a twelve-month period on the interest expense on lease liabilities.

	2025 N$'million	2024 N$'million
100 basis points increase		
- Increase in interest expense on lease liabilities	2	2
100 basis points decrease		
- Decrease in interest expense on lease liabilities	(2)	(2)

26.3. Derivative financial instruments

	2025 N$'million	2024 N$'million
Liabilities		
Interest rate swaps	5	-
Commodity swaps	3	-
	8	-
Non-current	8	-

27. Deferred income tax

	2025 N$'million	2024 N$'million
Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2024: 32%).		
The movement on the deferred income tax account is as follows:		
Deferred tax asset as at 1 July	**127**	161
Charge to profit or loss	**(15)**	(34)
Accelerated tax depreciation and amortisation	**(19)**	(13)
Loans and receivables	**(29)**	(18)
Government stock and other securities	**10**	(6)
Prepaid expenses	**6**	(6)
Accruals	**(16)**	25
Loan loss impairment	**21**	(18)
Assessed loss	**(3)**	1
Other	**15**	1
Deferred tax asset as at 30 June	**112**	127
Deferred income tax assets and liabilities are attributable to the following items:		
Deferred income tax liability		
Accelerated tax depreciation and amortisation	**(109)**	(90)
Prepaid expenses	**(17)**	(23)
Government stock and other securities	**(3)**	-
Derivative financial instruments	**(3)**	(1)
	(132)	(114)
Deferred income tax asset		
Accruals	**55**	71
Loan loss impairment	**21**	-
Government stock and other securities	**-**	(13)
Assessed loss	**19**	22
Unrealised foreign exchange gains or losses	**8**	5
Loans and receivables	**118**	147
Other temporary differences	**23**	9
	244	241
Net deferred income tax asset	**112**	127

27. Deferred income tax continued

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	2025 N$'million	2024 N$'million
Deferred tax liability		
Non-current	**(132)**	(114)
Total	**(132)**	(114)
Deferred tax asset		
Non-current	**244**	241
Total	**244**	241

28. Post-employment benefits

28.1. Severance pay liability

	2025 N$'million	2024 N$'million
A valuation was performed for 30 June 2025 by an independent actuary on the Group's liability with respect to severance pay. The benefit is not funded.		
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligation (non-current)	23	22
The movement in the severance pay obligation over the year is as follows:		
As at 1 July	22	21
Current service costs	(1)	(1)
Interest cost	2	2
As at 30 June	23	22

	2025 N$'million	2024 N$'million
The amounts recognised in the statement of comprehensive income are as follows:		
Current service costs	(1)	(1)
Interest cost	2	2
	1	1
The principal actuarial assumptions used were as follows:	%	%
Discount rate	10.7	10.7
Inflation rate	5.4	5.4
Salary increases	6.4	6.4
The following sensitivity of the overall liability to changes in principal assumption is:		
Salary increase 1% lower per annum	(2)	(1)
Salary increase 1% higher per annum	2	1
Inflation increase 1% lower per annum	(1)	(1)
Inflation increase 1% higher per annum	1	1
Discount increase 1% lower per annum	(1)	(1)
Discount increase 1% higher per annum	1	1

28.2. Medical aid scheme

The Group has no liability in respect of post-retirement medical aid contributions.

28.3. Pension schemes

All full-time permanent employees are members of the CIH Group Retirement Fund, a defined contribution plan, which has been registered in Namibia in accordance with the requirements of the Pension Funds Act. The fund is governed by the Pension Funds Act, 1956, which requires a statutory actuarial valuation every three years. The latest statutory actuarial valuation was carried out on 31 March 2025 and in the actuary's opinion the fund was in a sound financial position at that date. 84% of the Group's employees are covered by the plan. The valuation confirmed that the value of the assets in the fund exceeded the value of the actuarially determined liabilities.

The Group currently contributes 12% of basic salary to the fund, while the members contribute 7.5%.

The expense recognised in the current period in relation to these contributions was N$86 million (2024: N$73 million).

29. Share capital and premium

	2025 N$'million	2024 N$'million
Authorised share capital		
600,000,000 ordinary shares of 2.5 cents each	15	15
1,000,000 redeemable preference shares of 1 cent each	-	-
77,500 Class A preference shares of 1 cent each	-	-
Issued ordinary share capital		
Balance as at 1 July	13	13
Shares issued during the year	-	-
Balance as at 30 June	13	13
Share premium		
Balance as at 1 July	753	758
Shares bought back during the year	-	(5)
Balance at 30 June	753	753
Less: Treasury shares	(139)	(58)
Total ordinary share capital and premium	627	708
Issued number of ordinary shares reconciliation ('000):		
Issued number of shares at the beginning of the year	518,385	518,720
Shares bought back during the year	-	(335)
Issued number of shares at the end of the year	518,385	518,385
Less: Treasury shares	(12,563)	(12,056)
Total number of ordinary shares issued at year-end	505,822	506,329

Issued ordinary shares

Ordinary shares have a par value of N$0.025. They entitle the holder to participate in dividends and to share in the proceeds of winding up the Group in proportion to the number of shares held. These rights are subject to the prior entitlements of the preference shares, which are classified as liabilities.

Issued preference share capital

The Group has 77,500 Class A preference shares in issue. Interest is payable quarterly in arrears. The preference shares are classified as a liability and disclosed in note 24 (debt securities in issue).

Unissued shares

All the unissued shares are under the control of the directors in terms of a general authority to allot and issue them on such terms and conditions and at such time as they deem fit. This authority expires at the forthcoming annual general meeting on 5 November 2025, when the authority can be renewed. Refer to the directors' report.

The Group's total number of issued ordinary shares at year-end was 518,385,351 (2024: 518,385,351). All issued shares are fully paid up.

30. Net asset value per share

	2025	2024
Net asset value per ordinary share (cents)		
Net assets (excluding non-controlling interest) (N$'million)	10,798	9,598
Number of ordinary shares in issue at year end ('000)	505,822	506,329
Net asset value per share (cents)	2,135	1,896

31. Share-based payments

The Group operates two equity-settled share-based compensation plans: (1) a share appreciation rights plan and (2) a conditional share plan, under which the entities within the Group receive services from employees as consideration for equity instruments (shares) of Capricorn Group (refer to the remuneration report (unaudited) for details of each plan).

The total expense for the share-based compensation plans is N$50 million in 2025 (2024: N$54 million), refer to note 8.

Share appreciation rights (SAR)

Share appreciation rights (SAR) were granted to executive directors and to selected employees for no consideration (exercise price of zero). The number of Capricorn Group shares to which each employee was entitled upon the exercise of the SAR was calculated with reference to the increase in the value of the employer company or Capricorn Group's share price over the period from grant date to the exercise date. SAR are conditional on the employee completing three years of service after grant date (the vesting period), and subject to the relevant employer company achieving its pre-determined performance conditions over the performance period. SAR were exercisable from the vesting date and had a contractual term of five years. The Group had no legal or constructive obligation to repurchase or settle the SAR in cash.

31. Share-based payments continued

Share appreciation rights (SAR) continued

Details of the number of SAR outstanding ('000) are as follows:

	Capricorn Group	Bank Windhoek	Capricorn Asset Manage-ment	Total
30 June 2025				
Opening balance	**316**	**280**	**99**	**695**
Vested	**(316)**	**(280)**	**(99)**	**(695)**
Closing balance	-	-	-	-
30 June 2024				
Opening balance	620	656	211	1,487
Vested	(325)	(313)	(112)	(750)
Forfeitures	21	(63)	-	(42)
Closing balance	316	280	99	695

SARs issued in September 2021 vested in September 2024 and were exercised during the current financial year. No SAR expired during the periods covered by the above tables.

SAR's outstanding ('000) at the end of the year have the following vesting and expiry dates:

Grant date	Vest date	Expiry date	2025	2024
September 2021	September 2024	September 2026	-	695
The weighted average remaining contractual life of options outstanding at the end of the year			-	3 years

As at 30 June 2025, there were no SARs in issue. Accordingly, no fair value assumptions were applied for the current reporting period. The SAR valuation inputs applied in the prior year are presented below for comparative purposes:

As at June	2025	2024
Spot price (N$)	-	19.30
Strike price (N$)	-	15.80
Risk-free rate	-	8.5%
Dividend yield	-	4.8%
Volatility	-	35%
Membership attrition	-	6%

Conditional share plan (CSP)

Capricorn Group shares are granted to selected employees for no consideration.

The allocation of shares are conditional on the employee completing three years of service after grant date (the vesting period). The group has no legal or constructive obligation to repurchase or settle the shares in cash.

Details of the number of shares outstanding are as follows:

	2025 No. of CSPs '000	2024 No. of CSPs '000
Opening balance	**9,337**	6,854
Granted	**3,069**	4,114
Vested	**(1,509)**	(1,326)
Forfeited	**(207)**	(305)
Closing balance	**10,690**	9,337

Outstanding number of CSP's ('000) expected to vest as follows:

Grant date	Vesting date	2025	2024
September 2021	September 2024	-	1,506
September 2022	September 2025	**3,781**	3,828
September 2023	September 2026	**4,007**	4,003
September 2024	September 2027	**2,902**	-
		10,690	9,337

The fair value of shares granted during the year was determined with reference to the listed share price at grant date of N$19.54 (2024: N$15.70) and taking into account a membership attrition of 6% (2024: 6%). Refer to note 8 for the total expense recognised in profit or loss for shares granted to executive directors and employees.

32. Non-distributable reserves

	2025 N$'million	2024 N$'million
32.1 Insurance fund reserve		
Balance at 1 July	66	62
Transfer from retained earnings	3	4
Balance as at 30 June	69	66
The insurance reserve was created to fund a portion, net of deferred tax, of the regulatory requirement to hold a certain level of insurance specific for banking risk.		
32.2 Margin entitlement reserve		
Balance at 1 July	5	1
Transfer from retained earnings	1	4
Balance as at 30 June	6	5
The margin entitlement reserve is maintained for the SME Covid-19 scheme of Bank of Namibia.		
32.3 EasyWallet reserve		
Balance at 1 July	3	3
Transfer from retained earnings	9	-
Balance as at 30 June	12	3
The EasyWallet reserve is maintained in terms of the PSD-3 of Bank of Namibia.		
Total non-distributable reserves	87	74

33. Distributable reserves

	2025 N$'million	2024 N$'million
33.1 Fair value reserve		
Balance as at 1 July	2	(23)
Change in value of financial assets at fair value through other comprehensive income	10	25
Balance as at 30 June	12	2
33.2 General banking reserve		
Balance as at 1 July	6,764	5,998
Transfer from/(to) reserves	949	766
Transfer from retained earnings	952	771
Transfer to insurance fund reserve	(3)	(5)
Balance as at 30 June	7,713	6,764
The general banking reserve is maintained to fund future expansion.		
33.3 Foreign currency translation reserve		
Balance as at 1 July	(66)	27
Revaluation for the year	(100)	(54)
Transfer from retained earnings	39	(39)
Balance as at 30 June	(127)	(66)
33.4 Retained earnings		
Balance as at 1 July	2,050	1,726
Profit for the year	1,858	1,618
Transfer to reserves	(909)	(735)
Change in ownership interest in subsidiary	13	-
Profit on sale of treasury shares	(2)	1
Dividends paid	(621)	(560)
Balance as at 30 June	2,389	2,050
33.5 Share-based compensation reserve		
Balance as at 1 July	66	37
Share-based payment charges recognised in equity	50	54
Vesting of shares	(19)	(25)
Balance as at 30 June	97	66
The share-based compensation reserve is used to recognise: • the grant date fair value of share appreciation rights issued to employees but not exercised (refer to note 31); and • the grant date fair value of conditional shares issued to employees (refer to note 31).		
Total distributable reserves	10,084	8,816

Notes to the consolidated annual financial statements continued

34. Dividends per share

* Refer also to events subsequent to year-end in the directors' report for details of the final dividend declared after year-end.

	2025 N$'million	2024 N$'million
Normal dividends amounting to N$621 million (2024: N$560 million) were declared and paid by the company during the year under review. The normal dividends declared represent interim and final dividends per share as follows:		
Declared during the financial year		
Interim dividend per share (cents)	61	48
Declared after the financial year		
Final ordinary dividend per share (cents)*	74	64
Special dividend per share (cents)*	36	-
Total dividend per share (cents)	171	112
Dividends declared during the year	621	560
Dividends paid during the year	(621)	(560)
Dividends payable at year-end	-	-

35. Statement of cash flows disclosure information

	2025 N$'million	2024 N$'million
35.1 Receipts from customers		
Interest receipts	6,835	6,686
Commission and fee receipts	1,486	1,450
Other income received	424	805
Premiums received	312	242
	9,057	9,183
35.2 Payments to customers, suppliers and employees		
Interest payments	3,299	3,070
Cash payments to employees and suppliers	2,734	2,696
Claims and other directly attributable expenses paid during the period	49	58
Other borrowings coupon payments	109	47
Debt securities coupon payments	409	495
	6,600	6,366

	2025 N$'million	2024 N$'million
35.3 Cash generated from / (utilised in) operations		
Profit before income tax	2,677	2,353
Dividends received	(149)	(25)
Other borrowings coupon payments	(109)	(47)
Debt securities coupon payments	(409)	(495)
Adjusted for non-cash items:		
- Accrued interest on debt securities	394	527
- Accrued interest on deposits	24	40
- Accrued interest on other borrowings	139	63
- Interest receivable	(7)	(5)
- Effective interest on financial instruments	(532)	(212)
- Amortisation of intangible assets	54	50
- Depreciation of property and equipment	179	168
- Impairment on intangible assets	-	4
- Share-based payment expense	50	54
- Loss on disposal of property and equipment	3	8
- Credit impairment losses	315	328
- Provision for post-employment benefits	1	1
- Share of associates' results after tax	(211)	(195)
- Net exchange differences	199	366
- Dividends capitalised to unit trust investments	(154)	(177)
- Effective interest rate adjustment on loan initiation fees	-	16
- Other	(7)	(5)
	2,457	2,817
35.4 Income taxes paid		
Amounts receivable / (payable) as at 1 July	101	100
Current tax charged to profit or loss	(671)	(615)
Refunds received	(87)	(68)
Amounts (receivable) / payable as at 30 June	20	(101)
Net income taxes paid during the year	(637)	(684)
35.5 Additional shares acquired in associates		
Cash consideration paid	-	(243)
Net cash outflow on acquisition of shares in associates	-	(243)

36. Contingent assets, liabilities and commitments

	2025 N$'million	2024 N$'million
36.1 Capital commitments		
Authorised but not contracted for:		
Property and equipment	**361**	248
Intangible assets	**254**	406
Contracted for but not yet incurred:		
For completion of office building	**-**	28
	615	682
36.2 Letters of credit	**241**	472
36.3 Liabilities under guarantees	**3,765**	3,867
Guarantees mainly consist of endorsements and performance guarantees.		
36.4 Loan commitments	**4,821**	5,309

36.5 Pending litigations

There are a number of 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 aggregate basis. Any material pending litigations for which there is a probable cash outflow and that has a material effect has been provided for accordingly.

37. Related parties

In accordance with IAS 24, the Group defines related parties as:

(i) the parent company;
(ii) subsidiaries;
(iii) associate companies;
(iv) entities that have significant influence over the Group. If an investor has significant influence over the Group that investor and its subsidiaries are related parties of the Group. The Group is Capricorn Group and its subsidiaries;
(v) post-retirement benefit funds (pension fund);
(vi) key management personnel being the Capricorn Group executive directors and the Group's executive management team;
(vii) close family members of key management personnel (individual's spouse/domestic partner and children; domestic partner's children and dependants of individual or domestic partner); and
(viii) entities controlled, jointly controlled or significantly influenced by any individual referred to in (vi) and (vii).

Capricorn Group is listed on the Namibian Stock Exchange and is 41.6% (2024: 43.3%) owned by Capricorn Investment Holdings Ltd, which is incorporated in Namibia and 26.9% (2024: 26.9%) owned by Government Institutions Pension Fund, its non-listed major shareholders.

Details of subsidiaries and associates are disclosed in notes 18 and 19.

37. Related parties continued

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. No specific impairment has been recognised in respect of loans granted to key management personnel during the year under review (2024: nil).

During the year, the Group transacted with the following related parties:

Entity	Relationship	Type of transaction
Capricorn Investment Holdings Ltd	Major shareholder	Support services Banking relationship
Government Institutions Pension Fund	Major shareholder	Support services Banking relationship
Bank Windhoek Ltd	Subsidiary	Support services Banking relationship
Bank Windhoek Properties (Pty) Ltd BW	Subsidiary	Rental
Finance (Pty) Ltd	Subsidiary	Support services Banking relationship
Bank Windhoek Nominees (Pty) Ltd	Subsidiary	Custodian of third-party relationships
Capricorn Investment Holdings (Botswana) Ltd	Subsidiary	Banking relationship
Bank Gaborone Ltd	Subsidiary	Support services Banking relationship
Peo Finance (Pty) Ltd	Subsidiary	Banking relationship
CIH Insurance Brokers (Pty) Ltd	Subsidiary	Banking relationship
Capricorn Asset Management (Botswana) (Pty) Ltd	Subsidiary	Banking relationship
Entrepo Holdings (Pty) Ltd	Subsidiary	Banking relationship Support services
Entrepo Life Ltd	Subsidiary	Banking relationship
Entrepo Finance (Pty) Ltd	Subsidiary	Banking relationship

Entity	Relationship	Type of transaction
Capricorn Asset Management (Pty) Ltd	Subsidiary	Support services Banking relationship
Capricorn Unit Trust Management Company Ltd	Subsidiary	Banking relationship
Capricorn Capital (Pty) Ltd	Subsidiary	Support services Banking relationship
Mukumbi Investments Ltd	Subsidiary	Banking relationship
Namib Bou (Pty) Ltd	Subsidiary	Support services Banking relationship
Capricorn Investment Group (Pty) Ltd	Subsidiary	Support services
Capricorn Hofmeyer (Pty) Ltd	Subsidiary	Property investment
Paratus Group Holdings Ltd	Associate	Banking relationship
Paratus Telecommunications (Pty) Ltd	Subsidiary of associate	Banking relationship
Santam Namibia Ltd	Associate	Dividends Banking relationship Insurance relationship
Sanlam Allianz Namibia Holdings (Pty) Ltd	Associate	Dividends Insurance relationship Banking relationship
Capricorn Group Employee Share Ownership Trust	Special purpose entity	Banking relationship
Capricorn Group Employee Share Benefit Trust	Special purpose entity	Banking relationship
Bank Windhoek EasyWallet Accounts Trust	Special purpose entity	Banking relationship
Capricorn Foundation (Non-profit association incorporated under section 21)	Special purpose entity	Banking relationship

37. Related parties continued

The volumes of related party transactions and outstanding balances at year-end are as follows:

	2025 N$'million	2024 N$'million
37.1 Trade and other receivables from related parties		
Other indirect related parties	14	11
Refer to note 17 for terms and conditions related to receivables from related parties.		
37.2 Loans and advances to related parties		
Other indirect related parties	327	123
Key management personnel	69	322
All loans and advances to related partied are issued in accordance with the group's normal terms and conditions. All loans and advances to related parties are fully performing.		
37.3 Deposits from related parties		
Major shareholders	681	1,108
Other indirect related parties	135	1,525
Key management personnel	12	9
All deposits are issued in accordance with the group's normal terms and conditions.		
37.4 Debt securities issued to related parties		
Major shareholders	1,008	1,016
Other indirect related parties	782	783
Refer to note 24 for the terms and conditions related to debt securities in issue.		
37.5 Expenses paid to related parties		
Other indirect related parties	18	12
37.6 Interest and similar expenses paid to related parties		
Major shareholders	93	173
Other indirect related parties	52	146
Key management personnel	1	2

	2025 N$'million	2024 N$'million
37.7 Interest and similar income received from related parties		
Other indirect related parties	18	80
Key management personnel	6	24
37.8 Dividends received on ordinary shares from related parties		
Other indirect related parties	124	80
37.9 Compensation paid to key management		
37.9.1 Executive management team		
Salaries and short term-incentives	29	27
Pension and medical contributions	2	2
Other allowances and fringe benefits	4	4
	35	33

Compensation paid to key management comprises remuneration and other employee benefits to the executive management team, which excludes executive directors' emoluments.

37. Related parties continued

37.9. Compensation paid to key management continued

37.9.1. Executive management team continued

The following long-term incentives were awarded to the Capricorn Group Executive Committee.

	2025	2024
Number of awards - Capricorn Group Executive Committee		
Conditional Share Plan - Performance	669,400	669,800
Conditional Share Plan - Retention	143,400	172,900
	812,800	842,700

37.9.2. Non-executive directors' emoluments

	Directors' fees		
	Paid by company N$'000	Paid by subsidiary N$'000	N$'000
30 June 2025			
Non-executive directors			
Amutenya, O	212	-	212
Brandt, J W	372	291	662
Fahl, E	389	-	389
Fourie, D G (Chairman)	1,816	1,758	3,574
Gomachas, R M M	180	-	180
Kali, D T	571	-	571
Prinsloo, M J	527	344	870
Reyneke, D J	713	-	713
Solomon, E	1,022	391	1,413
Swanepoel, J J	676	2,564	3,240
Total	6,478	5,347	11,824

	Directors' fees		
	Paid by company N$'000	Paid by subsidiary N$'000	N$'000
30 June 2024			
Non-executive directors			
Brandt, J W	292	342	634
Fahl, E	357	-	357
Fourie, D G (Chairman)	1,888	1,474	3,362
Gaomab II, H M	435	129	564
Kali, D T	476	-	476
Menetté, G	501	-	501
Nakazibwe-Sekandi, G	690	323	1,013
Prinsloo, M J	103	115	218
Reyneke, D J	683	-	683
Solomon, E	1,051	-	1,051
Swanepoel, J J	775	2,045	2,820
Total	7,251	4,428	11,679

Directors' fees consist of a quarterly retainer and a fee for attendance of meetings. No fees relating to other services (e.g. commission) have been paid during the 2025 and 2024 financial years.

37.9.3. Executive directors' emoluments

	Salary N$'000	Short-term incentives N$'000	Pension and medical contribu-tions N$'000	Other allowances and fringe benefits N$'000	Total N$'000
30 June 2025					
Executive directors					
Nuyoma, D	4,923	2,440	-	30	7,393
Maass, J*	901	-	189	381	1,471
	5,824	2,440	189	411	8,864

* Includes remuneration from 22 November 2024, the date of appointment as Financial Director.

The executive directors did not receive any other fees for services as directors or any emoluments other than that disclosed.

37. Related parties continued

37.9. Compensation paid to key management continued

37.9.3. Executive directors' emoluments continued

	Salary N$'000	Short-term incentives N$'000	Pension and medical contributions N$'000	Other allowances and fringe benefits N$'000	Total N$'000
30 June 2024					
Executive directors					
Prinsloo, M J*	2,653	6,152	185	813	9,803
Nuyoma, D**	2,347	-	-	15	2,362
	5,000	6,152	185	828	12,165

* The figures disclosed only cover the period up to 29 February 2024 when M J Prinsloo resigned as Group CEO.

** D Nuyoma was appointed as a director on 1 January 2024 and became Group CEO on 1 March 2024.

The following long-term incentives were awarded to the executive directors.

Number of awards	Share Appreciation Rights	Conditional Share Plan-Performance	Conditional Share Plan-Retention
30 June 2025			
Executive directors			
Nuyoma, D	-	161,300	-
Maass, J*	-	-	-
	-	161,300	-
30 June 2024			
Executive directors			
Prinsloo, M J	-	238,900	-
Nuyoma, D	-	-	50,000
	-	238,900	50,000

* Includes awards from 22 November 2024, the date of appointment as Financial Director.

37.10. Directors' holdings in Capricorn Group shares

	2025			2024	
	Number of ordinary shares acquired/(sold) during the current year	Number of ordinary shares at year-end	% held	Number of ordinary shares at year-end	% held
Direct holding:					
Brandt, J W	-	10,000	0.00%	10,000	0.00%
Fahl, E	-	247,074	0.05%	247,074	0.05%
Fourie, D G (Chairperson)	-	178,300	0.03%	178,300	0.03%
Kali, D T	-	63,370	0.01%	63,370	0.01%
Maass, J	-	9,080	0.00%	9,080	0.00%
Prinsloo, M J	(1,030,850)	2,090,037	0.40%	3,120,887	0.62%
Indirect holding:					
Swanepoel, J J			1.06%		2.02%

All shareholdings are beneficial.

No change occurred to the above shareholdings between year-end and not more than one month prior to the date of the notice of the AGM.

38. Assets under custody

As at year-end, the Group has no assets under custody (2024: nil).

39. Consolidated structured entities

The Group assesses whether it has control over structured entities in terms of IFRS 10. Where the Group has control over a structured entity it is consolidated in terms of IFRS 10. The Group's structured entities are the Capricorn Group Employee Share Ownership Trust and Capricorn Group Employee Share Benefit Trust.

The Group has control over these structured entities, as the trustees are appointed by the Group's board of directors. The structured entities are therefore consolidated.

No contractual obligation exists for the Group to provide any financial or other support to the consolidated structured entities. The Group will provide financial support from time to time for the purchase of shares for the share incentive schemes. As at the end of the 2025 financial year, the Group was providing financial support of N$18 million (2024: N$11 million) to the Capricorn Group Employee Share Ownership Trust.

40. Segment information

The Group considers its banking operations in Namibia and all activities in Botswana as major operating segments; the other major operating segment is the term lending and related activities in Namibia. Other components include property development, asset management and unit trust management. However, these components each contribute less than 10% to the Group's revenue, assets and profit for the year. Therefore, the Group has no significant components other than banking and term lending in Namibia and Botswana. This is in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Chief Executive Officer of the Group. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

In assessing the performance of the banking operations, the Group Chief Executive Officer reviews the various aggregated revenue streams, the total costs and the assets and liabilities related to the banking activities. The financial information included below is based on the banks' audited annual financial statements which complies with IFRS Accounting Standards measurement and recognition criteria. In order to reconcile to the statement of comprehensive income and statement of financial position all entities that do not qualify as separate segments, as well as consolidation journal entries, are included in the 'other' column.

40.1. Entity-wide disclosures
40.1.1. Products and services

Operating segments

Banking operations – Namibia
Term lending and related activities – Namibia
Botswana Operations

Brand

Bank Windhoek Ltd (BW)
Entrepo Holdings (Pty) Ltd
Bank Gaborone Ltd (BG)
Peo Finance (Pty) Ltd

Description

(BW & BG) - Corporate and executive banking, retail banking services and specialist finance.
Entrepo – Term lending and life insurance services.
Peo Finance - Term lending services.

Product and services

Bank Windhoek Ltd and Bank Gaborone Ltd conduct business as registered banks and provide comprehensive banking services. Clients include both individuals and corporate clients.

Entrepo is an investment holding company, its subsidiaries are engaged in life insurance and financial services in Namibia.

Peo Finance conducts business as a registered term lender in Botswana.

40.1.2. Geographical segments

There are no other segment operations outside Namibia and Botswana.

40.1.3. Major customers

Segment reporting requires the disclosure of an entity's reliance on its major customers, if revenue from transactions with a single customer is ten percent or more of the entity's revenue. The Group does not have customers that contribute ten percent or more to its revenue and is therefore not reliant on a single major customer.

Notes to the consolidated annual financial statements continued

40. Segment information continued

40.2. Financial information

	Banking - Namibia		Term lending and related activities - Namibia		Botswana		Other		Group	
	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million
Net interest income	**2,593**	2,400	**224**	167	**637**	567	**(55)**	(46)	**3,399**	3,088
Impairment charges on loans and advances	**(141)**	(244)	**(22)**	(3)	**(144)**	(56)	**(8)**	(25)	**(315)**	(328)
Net interest income after loan impairment charges	**2,452**	2,156	**202**	164	**493**	511	**(63)**	(71)	**3,084**	2,760
Non-interest income	**1,798**	1,620	**144**	119	**231**	186	**249**	216	**2,422**	2,141
Transaction and related fees	**1,370**	1,253	**-**	-	**145**	138	**-**	-	**1,515**	1,391
Income from deposits	**743**	673	**-**	-	**53**	-	**-**	-	**796**	673
Transaction based fee income	**608**	488	**-**	-	**90**	138	**-**	-	**698**	626
Income from loans and advances	**19**	92	**-**	-	**2**	-	**-**	-	**21**	92
Commissions	**31**	42	**-**	-	**1**	-	**-**	-	**32**	42
Trust and fiduciary fees	**11**	17	**-**	-	**-**	-	**-**	-	**11**	17
Fee and commission income	**1,412**	1,312	**-**	-	**146**	138	**-**	-	**1,558**	1,450
Net trading income	**280**	242	**3**	(1)	**67**	55	**(7)**	(25)	**343**	271
Other operating income	**106**	66	**-**	-	**18**	(7)	**(5)**	30	**119**	89
Insurance service result	**-**	-	**185**	157	**-**	-	**-**	-	**185**	157
Insurance revenue	**-**	-	**236**	212	**-**	-	**-**	-	**236**	212
Insurance service expenses	**-**	-	**(51)**	(55)	**-**	-	**-**	-	**(51)**	(55)
Insurance finance expenses	**-**	-	**(44)**	(37)	**-**	-	**-**	-	**(44)**	(37)
Asset management and administration fee	**-**	-	**-**	-	**-**	-	**261**	211	**261**	211
Operating income	**4,250**	3,776	**346**	283	**724**	697	**186**	145	**5,506**	4,901
Operating expenses	**(2,298)**	(2,025)	**(54)**	(71)	**(501)**	(448)	**(187)**	(199)	**(3,040)**	(2,743)
Operating profit	**1,952**	1,751	**292**	212	**223**	249	**(1)**	(54)	**2,466**	2,158
Share of associates' results after tax	**-**	-	**-**	-	**-**	-	**211**	195	**211**	195
Profit before income tax	**1,952**	1,751	**292**	212	**223**	249	**210**	141	**2,677**	2,353
Income tax expense	**(556)**	(503)	**(29)**	(13)	**(56)**	(58)	**(43)**	(43)	**(684)**	(617)
Profit for the period	**1,396**	1,248	**263**	199	**167**	191	**167**	98	**1,993**	1,736
Change in value of financial assets at fair value through other comprehensive income	**4**	41	**-**	-	**-**	-	**8**	(3)	**12**	38
Income tax expense	**(2)**	(13)	**-**	-	**-**	-	**-**	-	**(2)**	(13)
Exchange differences on translation of foreign operations	**-**	-	**-**	-	**-**	(1)	**(100)**	(53)	**(100)**	(54)
Total comprehensive income	**1,398**	1,276	**263**	199	**167**	190	**75**	42	**1,903**	1,707

During the preparation of the annual financial statements, management identified a presentation inconsistency in the prior year relating to the disclosure of segment information under IFRS 15. Fee and commission income figures were not adequately disaggregated in accordance with the standard's requirements. The presentation and related disclosures have been corrected for both the current and prior year to ensure compliance with IFRS 15.

40. Segment information continued

40.2. Financial information continued

	Banking - Namibia		Term lending and other related activities - Namibia		Botswana		Other		Group	
	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million	2025 N$'million	2024 N$'million
ASSETS										
Cash and cash equivalents	5,439	3,979	2	3	2,247	2,351	1	7	7,689	6,340
Financial assets at fair value through profit or loss	2,296	2,005	240	281	31	829	89	224	2,656	3,339
Financial assets at amortised cost	988	864	-	-	-	-	181	184	1,169	1,048
Financial assets at fair value through other comprehensive income	6,148	6,800	20	20	-	-	978	985	7,146	7,805
Loans and advances to customers	38,403	37,470	2,206	1,798	10,246	9,522	(234)	4	50,621	48,794
Other assets	460	507	5	5	130	34	(2)	3	593	549
Current tax asset	-	96	3	4	7	4	-	4	10	108
Investment in associates	-	-	-	-	-	-	1,244	1,300	1,244	1,300
Intangible assets	501	439	1	1	59	45	45	49	606	534
Property and equipment	492	428	9	9	114	112	61	91	676	640
Deferred tax asset	60	85	8	10	11	6	33	26	112	127
Total assets	54,787	52,673	2,494	2,131	12,845	12,903	2,396	2,877	72,522	70,584
LIABILITIES										
Due to other banks	311	167	-	-	-	27	-	1	311	195
Other borrowings	207	269	990	831	376	436	157	328	1,730	1,864
Debt securities in issue	2,234	2,822	-	-	421	440	1,512	1,502	4,167	4,764
Deposits	42,598	41,104	-	-	10,594	10,783	(293)	(36)	52,899	51,851
Other liabilities	1,060	746	31	22	283	171	73	314	1,447	1,253
Current tax liability	25	-	-	-	-	-	5	7	30	7
Insurance contract liabilities	-	-	639	517	-	-	-	-	639	517
Post-employment benefits	19	18	3	2	-	-	1	2	23	22
Total liabilities	46,454	45,126	1,663	1,372	11,674	11,857	1,455	2,118	61,246	60,473
EQUITY										
Share capital and premium	485	485	130	130	330	234	(318)	(141)	627	708
Non-distributable reserves	87	74	-	-	-	-	-	-	87	74
Distributable reserves	7,761	6,988	701	629	841	812	781	387	10,084	8,816
Equity attributable to the owners of the parent	8,333	7,547	831	759	1,171	1,046	463	246	10,798	9,598
Non-controlling interests in equity	-	-	-	-	-	-	478	513	478	513
Total shareholders' equity	8,333	7,547	831	759	1,171	1,046	941	759	11,276	10,111
Total equity and liabilities	54,787	52,673	2,494	2,131	12,845	12,903	2,396	2,877	72,522	70,584

41. Cost to income ratio

For cost to income ratio purposes, fee and commission expenses are reclassified from operating expenses to non-interest income.

	2025 N$'million	2024 N$'million
Net interest income	**3,399**	3,088
Non-interest income	**2,422**	2,141
Fee and commission expenses	**(315)**	(257)
Income used for ratio	**5,506**	4,972
Operating expenses	**3,040**	2,743
Fee and commission expenses	**(315)**	(257)
Cost used for ratio	**2,725**	2,486
Cost to income ratio	**49.5%**	50.0%

Glossary of Terms

Basel III
The capital adequacy framework issued by the Bank for International Settlements aimed at aligning banks' capital requirements with relevant risk profile and risk practices.

Capital adequacy requirement (CAR)
The minimum amount of capital required to be held, as determined by the Bank of Namibia.

Cost to income ratio (%)
Operating expenses, divided by total operating income.

Earnings per share (cents)
The Group profit for the year attributable to the equity holders of the parent entity divided by the weighted average number of ordinary shares in issue during the year.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Headline earnings
Profit for the year attributable to the equity holders of the parent entity from trading operations, excluding goodwill gain or losses, capital profits and losses and recycled profits or losses on available-for-sale financial instruments. Headline earnings do not measure sustainable earnings.

Headline earnings per share (cents)
Headline earnings divided by the weighted average number of ordinary shares in issue during the year.

Net asset value per share (cents)
Net assets excluding non-controlling interest (NCI) divided by the weighted average number of ordinary shares in issue during the year.

Price earnings ratio
Closing share price (cents) divided by earnings per share (cents).

Price to book ratio
Closing share price (cents) divided by net asset value per share (cents).

Return on average assets (ROA) (%)
Group profit for the year attributable to the equity holders of the parent entity divided by average total assets.

Return on average shareholders' equity (ROE) (%)
Group profit for the year attributable to the equity holders of the parent entity divided by average total shareholders' equity.

Tier I capital ratio
Net total Tier I capital (after deduction of goodwill and 50% of cost of investments in affiliates) divided by total risk-weighted assets.

Tier II capital ratio
Net total Tier II capital (after deduction of 50% of cost of investments in affiliates) divided by total risk- weighted assets.

Total risk-based capital ratio
Total regulatory capital (Tier I, II and III capital) divided by total risk-weighted assets.

Tier I leverage ratio
Net total Tier I capital (after deduction of goodwill and 50% of cost of investments in affiliates) divided by gross assets (total assets plus specific and general impairment).

The central bank
The Bank of Namibia (B

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