



Group Annual
Financial Statements

2024

Capricorn Group

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Statement of responsibility by the board of directors

for the year ended 30 June 2024

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 11 to 117 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, PricewaterhouseCoopers, 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 page 3 to 7.

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 11 to 117, were authorised and approved for issue by the board of directors on 10 September 2024 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

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Capricorn Group Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Capricorn Group Limited's consolidated financial statements set out on pages 8 to 117 comprise:

- > the directors' report for the year ended 30 June 2024;
- > the consolidated statement of financial position as at 30 June 2024;
- > the consolidated statement of comprehensive income for the year then ended;
- > the consolidated statement of changes in equity for the year then ended;
- > the consolidated statement of cash flows for the year then ended; and
- > the notes to the financial statements, including material accounting policy information.

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 consolidated financial statements* section of our report.

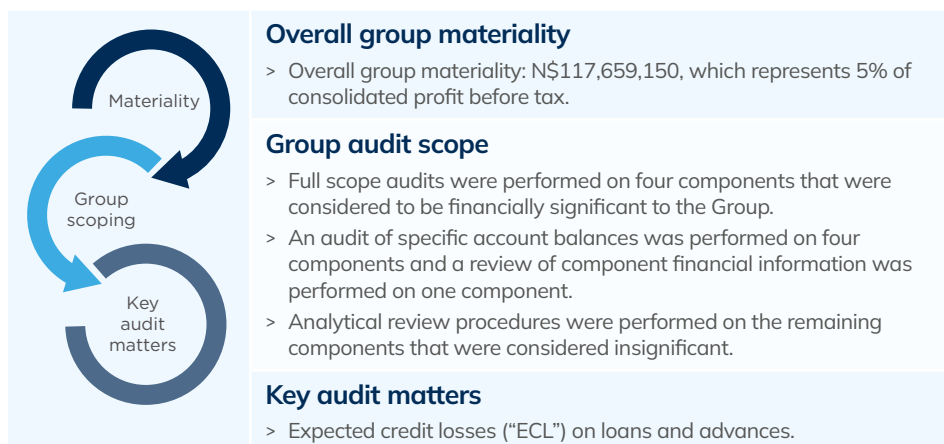
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 Standard)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Our audit approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



Independent auditor's report continued

Overall group materiality	N\$117,659,150
How we determined it	5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We considered four components to be financially significant components to the Group, based on these components' contribution to consolidated profit before tax. These financially significant components were subject to full scope audits. In order to obtain sufficient coverage for purposes of our group audit, an audit of specific account balances was performed on four components while one component was scoped in for a review of its financial information. Analytical review procedures were performed over the remaining components that were considered to be insignificant.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by the group engagement team, component auditors from the local PwC network firm and other PwC network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We had various interactions with our component teams in which we discussed and evaluated recent developments, the scope of the audits, audit risks, materiality, and our audit approaches. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance to the consolidated financial statements.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 our audit addressed the key audit matter
<p>Expected credit losses ("ECL") on loans and advances</p> <p>The key audit matter relates to the consolidated financial statements.</p> <p>Refer to the following accounting policies and notes to the consolidated financial statements as it relates to this key audit matter:</p> <ul style="list-style-type: none"> > Note 3.2 (Credit risk); > Note 4 (Critical accounting estimates and judgements in applying accounting policies); and > Note 16 (Loans and advances to customers) <p>We considered the ECL on loans and advances to customers to be a matter of most significance to our current year audit of the consolidated financial statements due to the following:</p> <ul style="list-style-type: none"> > The significant judgement and assumptions applied by management in determining the ECL; and > The magnitude of the consolidated loans and advances balance, corresponding ECL balance and post model adjustments in relation to the consolidated financial statements. > The effect that ECL has on the Group's credit management policies. <p>As at 30 June 2024, the Group recognised gross loans and advances to customers of N\$50.6 billion against which ECL of N\$1.7 billion was recognised.</p>	<p>Our audit procedures addressed the key areas of significant judgement and estimation in determining ECL on loans and advances as follows:</p> <p>With the assistance of our actuarial expertise, we independently recalculated the ECL and compared this to management's ECL calculation. We noted no material differences.</p> <p>Evaluation of SICR</p> <ul style="list-style-type: none"> > With the assistance of our actuarial expertise, we assessed the appropriateness of the qualitative and backstop criteria which the Group considered when evaluating whether loans and advances experienced a SICR. This was achieved by assessing the appropriateness of the transfer of accounts between different stages. We noted no matters requiring further consideration. <p>Assessment of the input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</p> <p>We assessed the reasonableness of the inputs, assumptions and estimation techniques applied in the measurement of ECL by performing the following procedures:</p> <ul style="list-style-type: none"> > Through discussions with management and inspection of Group's documented methodologies, we obtained an understanding of how the PD, EAD and LGD are applied in the measurement of ECL. Our understanding obtained, included how the ECL models were calibrated to use historical information and forward-looking information to estimate future cash flows.



Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>The measurement of ECL on loans and advances requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.</p> <p>The significant judgements and assumptions applied by the Group in determining the ECL on loans and advances to customers are described in note 3.2.2 and 4(a) to the consolidated financial statements and includes judgements and assumptions applied in the:</p> <ul style="list-style-type: none"> > Evaluation of Significant Increase in Credit Risk ("SICR"); > Assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement; > Incorporation of forward-looking information into the ECL models; > Determination of the write-off point (including consideration of collateral held and watchlist methodology); > Application of post-model adjustments to the ECL balances; and > Assessing the ECL recognised for stage 3 loans and advances. <p>Evaluation of SICR</p> <p>The Group applies judgement in the determination of the quantitative, qualitative and backstop criteria that is considered when evaluating whether loans and advances have experienced a SICR.</p> <p>Assessment of the input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</p> <p>The Group applies judgement in determining the inputs, assumptions and estimation techniques to estimate the PD, EAD and LGD.</p>	<p>Inclusion of forward-looking information and macroeconomic variables in the ECL calculation:</p> <ul style="list-style-type: none"> > We compared the assumptions used in the forward-looking economic model to our own actuarial and economic statistics and independent market data. We noted no matters requiring further consideration. <p>Determination of write-off point</p> <p>We assessed the indicators used in determining the write-off point by performing the following procedures:</p> <ul style="list-style-type: none"> > We tested write-offs that took place during the current year on a sample basis by agreeing the amount written off to management's policy, which indicates the assessment of the write off point. We noted no material exceptions. > We considered whether loans are included in the correct loan stage by recalculating the days in arrears for a sample of loans. We noted no material exceptions. <p>Application of post-model adjustments</p> <p>For all clients on which post-model adjustments were made, we performed the below procedures:</p> <ul style="list-style-type: none"> > We compared management's rationale provided for post-model adjustments of specific clients with elevated risk, to supporting documentation. No material exceptions were noted. > We assessed the security values in place to recalculate the unsecured exposure and, with reference to these we evaluated the provision raised as a post-model adjustments. We noted no matters requiring further consideration. > With the assistance of our actuarial experts, we used lower and upper bound distressed PD's and a probability of write off per client sector, in order to recalculate the post-model adjustment. > Utilising our actuarial expertise, we calculated a range of post-adjusted ECLs and compared management's post-adjusted ECL recognised to our determined range of ECL values. We noted no material variance from our calculated range. 	<p>Incorporation of forward-looking information into the ECL models</p> <p>Significant assumptions about future economic conditions and credit behaviour are applied in the ECL models.</p> <p>Determination of the write-off point</p> <p>Judgement is applied in the determination of the indicators applied in the determination of the write-off point in the ECL models.</p> <p>Application of post model adjustments</p> <p>Adjustments are made to the ECL balances as part of the year-end reporting process to reflect late updates to market data and expert credit judgement.</p> <p>Assessing the ECL recognised for stage 3 loans and advances</p> <p>The Group 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.</p>	<p>Assessing the ECL recognised for stage 3 loans and advances</p> <ul style="list-style-type: none"> > Where ECL was raised for individual exposures, we tested significant judgments and assumptions made by management in their assessment of the recoverability of the exposure. For a sample of stage 3 exposures, we independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level. We noted no matters requiring further consideration. > For the sample above, we also assessed management's determination of stage 3 exposures with reference to the group accounting policy and the methodology applied in the industry and the requirements of IFRS 9. We noted no matters requiring further consideration. > We considered the adequacy and consistent application of the watchlist methodology by reviewing the minutes of monthly meetings held where all watchlist clients were discussed and minuted. We assessed the rationale for inclusion on the watchlist and determined the rationale to be valid. > For collateral held, we inspected a sample of legal agreements and other underlying documentation to assess the existence and the Group's legal right to the collateral held. No material exceptions were noted.



Independent auditor's report continued

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 2024", "Capricorn Group Company Annual Financial Statements 2024" and "Capricorn Group Integrated Annual Report 2024". The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- > Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- > Conclude on the appropriateness of the directors' 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Independent auditor's report continued

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Nina A Coetzer

Partner

Windhoek, Namibia

Date: 10 September 2024



Directors' report

for the year ended 30 June 2024

The directors herewith submit their report with the annual financial statements of Capricorn Group Ltd ('the Group') for the year ended 30 June 2024.

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 84.8% shareholding in Capricorn Investment Holdings (Botswana) Ltd, as at 30 June 2024. The Group has 29.5% shareholding in Sanlam 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
- > BG Insurance Agency (Pty) Ltd (subsidiary of BG)
 - Insurance brokers
- > 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 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



Directors' report continued

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 2024 amounted to:

	2024 N\$'000	2023 N\$'000 (Restated)*
Profit for the year	1,735,782	1,579,941

* Refer to note 1.3.1 (a) of the consolidated annual financial statements for details of the prior period restatement.

Normal dividends of N\$559.5 million (2023: N\$408.8 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 11 to 117.

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:

	2024 %	2023 %
Capricorn Investment Holdings Ltd	43.3	44.0
Government Institutions Pension Fund	26.9	26.9
Nam-mic Financial Services Holdings (Pty) Ltd	8.1	8.1
Held by the public (85,297,311 ordinary shares (2023: 83,916,165))	16.5	16.2
Held by other non-public shareholders	5.2	4.8
> Directors and executive managements' direct and indirect shareholding other than companies mentioned above (13,098,098 ordinary shares (2023: 10,923,965))	2.5	2.1
> Capricorn Group Employee Share Ownership Trust (10,519,134 ordinary shares (2023: 10,996,205))	2.0	2.1
> Capricorn Group Employee Share Benefit Trust (3,420,000 ordinary shares (2023: 3,420,000))	0.7	0.6
4.4 Share analysis – preference shares		
Santam Namibia Ltd	3.2	2.9
Capricorn Investment Holdings Ltd	51.6	47.1
First National Bank of Namibia Ltd	–	50.0
Capricorn Asset Management on behalf of Funds Under Management	45.2	–

4.5 Share incentive plans

The group operates two equity-settled share-based compensation plans: (1) a share appreciation rights plan (SAR) and (2) 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 SAR and CSP plans 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.



Directors' 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
Brandt, J C		Namibian	5 September 1996	2 February 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	
Kali, D T		Namibian	16 September 2021	
Menetté, G		Namibian	23 November 2018	
Nakazibwe-Sekandi, G		Ugandan	30 November 2004	
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	

* M J Prinsloo resigned as Group CEO on 29 February 2024 and became a non-executive director on 1 March 2024.

** D Nuyoma was appointed as a director on 1 January 2024 and became Group CEO on 1 March 2024.

At the annual general meeting held on 25 October 2023, Ms Solomon and Messrs Brandt, Fourie and Gaomab were re-elected as directors. All directors appointed since a previous annual general meeting have to be confirmed at the next annual general meeting.

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 30 October 2024, 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

PricewaterhouseCoopers was the appointed auditor for the 2024 financial year end in accordance with the Companies Act of Namibia.

The board has recommended the appointment of Deloitte as auditors for the 2025 financial year to the shareholders, to be ratified at the annual general meeting to be held on 30 October 2024.

11. Events subsequent to year-end

- 1) On 10 September 2024 a final dividend of 64 cents per ordinary share was declared for the year ended 30 June 2024, payable on 18 October 2024.
- 2) During August 2024 the group acquired an additional 7% shareholding in Capricorn Investment Holdings (Botswana) Ltd, bringing the total shareholding to 91.8%.

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 2024

	Notes	2024 N\$'000	2023 N\$'000 (Restated)
Interest and similar income		6,675,174	5,626,476
Interest and similar expenses		(3,587,068)	(2,908,262)
Net interest income	5.	3,088,106	2,718,214
Credit impairment losses	6.	(328,461)	(235,610)
Net interest income after credit impairment losses		2,759,645	2,482,604
Non-interest income	7.	2,141,351	1,875,412
Fee and commission income	7.1	1,450,494	1,288,294
Net trading income	7.2	270,587	213,258
Other operating income	7.3	88,805	86,504
Insurance service result		156,893	127,365
Insurance revenue	7.4	211,533	194,103
Insurance service expenses	7.5	(54,640)	(66,738)
Insurance finance expenses	7.6	(36,926)	(27,299)
Asset management and administration fees	7.7	211,498	187,290
Operating income		4,900,996	4,358,016
Operating expenses	9.	(2,742,890)	(2,443,939)
Operating profit		2,158,106	1,914,077
Share of associates' results after tax	10.	195,077	182,336
Profit before income tax		2,353,183	2,096,413
Income tax expense	11.	(617,401)	(516,472)
Profit for the period		1,735,782	1,579,941
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in value of debt instruments at fair value through other comprehensive income		38,214	17,643
Income tax expense	11.	(13,188)	(7,722)
Exchange differences on translation of foreign operations		(54,499)	27,126
<i>Items that will not be reclassified to profit or loss</i>			
Change in value of equity instruments at fair value through other comprehensive income		253	576
Income tax expense	11.	(81)	(184)
Total comprehensive income for the year		1,706,481	1,617,380

	Notes	2024 N\$'000	2023 N\$'000 (Restated)
Profit attributable to:			
Equity holders of the parent entity		1,618,141	1,477,277
Non-controlling interests		117,641	102,664
		1,735,782	1,579,941
Total comprehensive income attributable to:			
Equity holders of the parent entity		1,588,971	1,510,593
Non-controlling interests		117,510	106,787
		1,706,481	1,617,380
Earnings per ordinary share for the profit attributable to the equity holders of the parent entity during the year:			
Basic (cents)	12.	319.6	292.0
Fully diluted (cents)	12.	317.6	290.2

* Refer to note 1.3.1 (a) of the consolidated annual financial statements for details of the prior period restatement.



Consolidated statement of financial position

as at 30 June 2024

	Notes	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
ASSETS				
Cash and cash equivalents	13.	6,339,974	6,080,914	6,480,396
Financial assets at fair value through profit or loss	14.	3,339,501	2,588,556	2,183,179
Financial assets at amortised cost	14.	1,047,987	989,432	915,861
Financial assets at fair value through other comprehensive income	15.	7,804,711	5,883,863	5,397,626
Loans and advances to customers	16.	48,793,608	45,396,558	43,226,296
Other assets	17.	549,436	558,336	454,953
Current tax asset		107,706	83,815	85,867
Investment in associates	19.	1,300,401	916,254	816,034
Intangible assets	20.	533,728	449,151	368,891
Property and equipment	21.	639,566	665,423	639,913
Deferred tax asset	27.	127,014	160,881	116,617
Total assets		70,583,632	63,773,183	60,685,633
LIABILITIES				
Due to other banks	22.	194,521	609,543	708,212
Other borrowings	23.	1,863,456	912,935	618,017
Debt securities in issue	24.	4,763,615	5,581,034	6,244,612
Deposits	25.	51,851,462	45,784,775	43,647,452
Other liabilities	26.	1,253,120	1,413,914	1,168,337
Current tax liability		7,189	2,850	2,750
Insurance contract liabilities	26.	517,432	454,561	421,913
Deferred tax liability	27.	–	–	162
Post-employment benefits	28.	21,959	20,752	19,168
Total liabilities		60,472,754	54,780,364	52,830,623

	Notes	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
EQUITY				
Share capital and premium	29.	708,032	686,427	719,096
Non-distributable reserves	32.	73,831	65,346	80,370
Distributable reserves	33.	8,815,914	7,764,910	6,637,862
Equity attributable to the owners of the parent		9,597,777	8,516,683	7,437,328
Non-controlling interests in equity		513,101	476,136	417,682
Total shareholders' equity		10,110,878	8,992,819	7,855,010
Total equity and liabilities		70,583,632	63,773,183	60,685,633

* Refer to note 1.3.1 (a) of the consolidated annual financial statements for details of the prior period restatement.



Consolidated statement of changes in equity

for the year ended 30 June 2024

	Notes	Share capital and premium N\$'000	Non-distributable reserves				Distributable reserves					Non-controlling interests N\$'000	Total equity N\$'000
			Insurance fund reserve N\$'000	Credit risk reserve N\$'000	Margin entitlement reserve N\$'000	EasyWallet reserve N\$'000	SBCR* N\$'000	Fair value reserve N\$'000	General banking reserve N\$'000	FCTR** N\$'000	Retained earnings N\$'000		
Balance reported at 1 July 2022 as previously stated		719,096	57,991	22,322	57	–	27,920	(33,812)	5,232,914	3,600	1,256,799	506,439	7,793,326
Impact of adopting IFRS 17		–	–	–	–	–	–	–	–	–	150,441	(88,757)	61,684
Restated balance at 1 July 2022		719,096	57,991	22,322	57	–	27,920	(33,812)	5,232,914	3,600	1,407,240	417,682	7,855,010
Movement in treasury shares		(40,945)	–	–	–	–	–	–	–	–	–	–	(40,945)
Redemption of ordinary shares		(6,632)	–	–	–	–	–	–	–	–	–	–	(6,632)
Total comprehensive income for the year		–	–	–	–	–	–	10,313	–	23,003	1,477,277	106,787	1,617,380
Profit for the year		–	–	–	–	–	–	–	–	–	1,477,277	102,664	1,579,941
Other comprehensive income		–	–	–	–	–	–	10,313	–	23,003	–	4,123	37,439
Share-based payment charges	33.	–	–	–	–	–	24,413	–	–	–	–	–	24,413
Vesting of shares		14,908	–	–	–	–	(14,908)	–	–	–	–	–	–
Profit on sale of treasury shares		–	–	–	–	–	–	–	–	–	752	–	752
Transfer between reserves		–	3,515	(22,322)	803	2,980	–	–	765,207	–	(750,183)	–	–
Dividends	34.	–	–	–	–	–	–	–	–	–	(408,826)	(48,333)	(457,159)
Restated balance at 30 June 2023		686,427	61,506	–	860	2,980	37,425	(23,499)	5,998,121	26,603	1,726,260	476,136	8,992,819

* Share-based compensation reserve (SBCR).

** Foreign currency translation reserve (FCTR).



Consolidated statement of changes in equity continued

	Notes	Share capital and premium N\$'000	Non-distributable reserves			Distributable reserves					Non-controlling interests N\$'000	Total equity N\$'000
			Insurance fund reserve N\$'000	Margin entitlement reserve N\$'000	EasyWallet reserve N\$'000	SBCR*	Fair value reserve N\$'000	General banking reserve N\$'000	FCTR** N\$'000	Retained earnings N\$'000		
Restated balance at 1 July 2023		686,427	61,506	860	2,980	37,425	(23,499)	5,998,121	26,603	1,726,260	476,136	8,992,819
Movement in treasury shares		2,422	-	-	-	-	-	-	-	-	-	2,422
Redemption of ordinary shares		(5,446)	-	-	-	-	-	-	-	-	-	(5,446)
Total comprehensive income for the year		-	-	-	-	-	25,198	-	(54,368)	1,618,141	117,510	1,706,481
Profit for the year		-	-	-	-	-	-	-	-	1,618,141	117,641	1,735,782
Other comprehensive income		-	-	-	-	-	25,198	-	(54,368)	-	(131)	(29,301)
Share-based payment charges	33.	-	-	-	-	53,550	-	-	-	-	-	53,550
Vesting of shares		24,629	-	-	-	(24,629)	-	-	-	-	-	-
Profit on sale of treasury shares		-	-	-	-	-	-	-	-	1,136	-	1,136
Transfer between reserves		-	4,624	3,861	-	-	-	765,736	(38,610)	(735,611)	-	-
Dividends	34.	-	-	-	-	-	-	-	-	(559,539)	(80,545)	(640,084)
Balance at 30 June 2024		708,032	66,130	4,721	2,980	66,346	1,699	6,763,857	(66,375)	2,050,387	513,101	10,110,878
Notes		29	32.2	32.3		33.5	33.1	33.2	33.3	33.4		

* Share-based compensation reserve (SBCR).

** Foreign currency translation reserve (FCTR).



Consolidated statement of cash flows

for the year ended 30 June 2024

	Notes	2024 N\$'000	2023 N\$'000 (Restated)
Cash flows from operating activities			
Cash receipts from customers	35.1	9,182,738	7,848,625
Cash paid to customers, suppliers and employees	35.2	(6,366,198)	(5,596,569)
Cash generated from operations	35.3	2,816,540	2,252,056
(Increase)/decrease in operating assets			
Net financial assets at amortised cost and fair value through profit or loss		(536,356)	(58,384)
Proceeds from financial assets at fair value through OCI		23,573,878	14,323,717
Purchases of financial assets at fair value through OCI		(25,338,116)	(14,747,502)
Net loans and advances to customers and banks		(3,725,511)	(2,443,593)
Net other assets		41,309	(119,033)
Increase/(decrease) in operating liabilities			
Deposits from customers and due to other banks		5,651,665	2,137,323
Other liabilities		(170,401)	286,855
Net cash generated from operations		2,313,008	1,631,439
Dividends received		24,759	125,854
Other interest received		–	1,369
Income taxes paid	35.4	(684,432)	(577,396)
Income taxes refunds	35.4	68,077	–
Net cash generated from operating activities		1,721,412	1,181,266
Cash flows from investing activities			
Additions to property and equipment	21.	(112,604)	(113,730)
Proceeds on sale of property and equipment		241	–
Additions to intangible assets	20.	(106,958)	(120,535)
Additional shares acquired in associates	35.5	(243,364)	–
Redemption of unit trust investments		1,142,041	924,441
Investments of unit trust investments		(1,203,834)	(1,153,247)
Net cash utilised in investing activities		(524,478)	(463,071)

	Notes	2024 N\$'000	2023 N\$'000 (Restated)
Cash flows from financing activities			
Treasury shares acquired		(45,650)	(74,835)
Treasury shares sold		29,833	61,497
Redemption of ordinary shares		(5,446)	(6,632)
Proceeds from other borrowings	23.	1,383,325	863,982
Redemption of other borrowings	23.	(425,357)	(599,017)
Redemption of debt securities in issue	24.	(2,084,078)	(885,000)
Proceeds from the issue of debt securities	24.	1,253,180	200,000
Lease payments made	26.	(81,123)	(83,142)
Dividends paid	34.	(559,539)	(408,826)
Net cash (utilised in) financing activities		(534,855)	(931,973)
Net increase/(decrease) in cash and cash equivalents from continuing operations			
Cash and cash equivalents at the beginning of the year		6,080,914	6,480,396
Effects of exchange rate changes on cash and cash equivalents		(403,019)	(185,704)
Cash and cash equivalents at the end of the year	13.	6,339,974	6,080,914

* Interest and similar income of N\$6.7 billion (2023: N\$5.6 billion) is included in the receipts from customers line item. Interest and similar expenses of N\$3.1 billion (2023: N\$2.9 billion) is included in the payment to customers, suppliers and employees line item.

In the prior year, the footnote disclosing the interest received and interest paid amounts was erroneously omitted.



Notes to the consolidated annual financial statements

for the year ended 30 June 2024

1. Basis of presentation

The consolidated annual financial statements of Capricorn Group (the group or the company) for the year ended 30 June 2024 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\$'000, unless indicated otherwise.

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 Namibian dollar, 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
Narrow scope amendments to IAS 1 – 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	Assessed to have no significant or material impact on the group.	Mandatory for financial periods commencing on or after 1 January 2023. Date of adoption: 1 July 2023.
Amendments to IAS 12 – Income Taxes: Deferred Tax	The amendment requires entities to recognise deferred tax on single transactions that, on initial recognition gives rise to equal amounts of taxable and deductible temporary differences.	Assessed to have no significant or material impact on the group.	Mandatory for financial periods commencing on or after 1 January 2023. Date of adoption: 1 July 2023.



Notes to the consolidated annual financial statements continued

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
IFRS 17, 'Insurance Contracts'	<p>The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.</p> <p>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.</p>	Refer to note 1.3.1(a)	<p>Mandatory for financial years commencing on or after 1 January 2023.</p> <p>Date of adoption: 1 July 2023.</p>
IFRS 17 – Insurance contracts Amendments	Addressing the concerns and challenges identified, the IASB has formulated specific amendments alongside a series of proposed clarifications aimed at facilitating the implementation of IFRS 17, streamlining certain stipulations of the standard, and smoothing the transition process. These amendments, pertinent to eight distinct aspects of IFRS 17, are crafted not to alter the core principles of the standard but to refine its application and clarity.	Assessed to have no significant or material impact on the group.	<p>Mandatory for financial years commencing on or after 1 January 2023.</p> <p>Date of adoption: 1 July 2023.</p>



Notes to the consolidated annual financial statements continued

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

1.3.1(a) Adoption of IFRS 17 Insurance Contracts

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

The effects of adopting IFRS 17 as at 1 July 2022 are presented in the statement of changes in equity.

Changes to classification and measurement

The implementation of IFRS 17 did not impact the classification of the Group's insurance contracts. IFRS 17 includes three permitted measurement models. The measurement approach refers to the model used for valuing the liabilities and recognising profits in insurance revenue over time and should be appropriate for the contract being measured. All measurement models include two components: an insurance liability for remaining coverage ("LRC") and an insurance liability for incurred claims ("LIC"). The LRC relates to the measurement of the liability where the insured event has not occurred (i.e., the Group's obligation for insured events associated with the unexpired portion of the coverage period). The LIC component relates to the measurement of the liability where the insured event has occurred (i.e. the Group's obligation to investigate and pay claims for insured events that have already occurred and includes events that have occurred but have not been reported). The LRC component depends on the measurement model applied, whereas the measurement of the LIC component is the same under all three measurement models.

According to IFRS 17, specific principles govern the measurement of insurance contracts issued by the Group. It has been demonstrated that these contracts can be measured using the Premium Allocation Approach ("PAA"), simplifying the measurement process when compared to the General Measurement Model ("GMM") outlined in IFRS 17.

Notably, the measurement principles of the PAA diverge from IFRS 4 previously employed by the Group in key aspects:

- > The main revenue recognition principle that IFRS 17 adopts is to recognise revenue (and consequently profit or loss) over the duration of the applicable policyholder contracts to best reflect the delivery of insurance contract services in the specific reporting period.
- > The standard does not allow profits to emerge on "day one" (initial contract recognition date), as was the case under IFRS 4.

- > The total recognised profit or loss outcome of contracts (i.e. the actual cash flows that emerge over the total contract term) remains unchanged. However, the year-by-year reporting of profit or loss outcomes between IFRS 4 and IFRS 17 is different.
- > Insurance revenue, the equivalent of premiums received under IFRS 4, is calculated in accordance with IFRS 17 principles. Therefore, insurance revenue is recognised in line with expected future Insurance Service Expenses, whereas under IFRS 4, all premiums received were recognised when they fell due.
- > Acquisition expenses incurred on long contract boundary portfolios are amortised in a systematic way in line with expected future Insurance Service Expenses, whereas under IFRS 4, all acquisition expenses were recognised when incurred.
- > In measuring the LIC, allowance is made for the time value of money and claims handling expenses, whereas under IFRS 4, no such allowance was made.
- > The expense analysis is more involved and requires a split of total expenses into:
 - Attributable Expenses
 - Acquisition costs
 - Claims-related costs
 - Maintenance costs (other than claims-related costs)
 - Project and once-off costs
 - Non-Attributable Expenses

Changes to presentation and disclosure

The Group presents, in the statement of financial position:

- > The carrying asset amount for groups of insurance contracts issued that are in an asset position.
- > The carrying liability amount for groups 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. Due to the nature of the business, insurance contracts are expected to always be in a liability position. Insurance contract liabilities now include some premium claims and expense accrual components previously shown as trade receivables and payables under IFRS 4.

Significant revisions have been made to the line-item descriptions in the statement of profit or loss and other comprehensive income. The old components (premium income, policyholder benefits, operating expenses, and change in prospective reserve) have been replaced by new categories (insurance revenue, insurance service expenses, finance expenses from insurance contracts, and other non-attributable expenses). These changes represent a shift in presentation, with no direct mapping between the old and new components, aimed at improving clarity and detail in financial reporting.

Additionally, the Group discloses both qualitative and quantitative details regarding:

- > Amounts recognised in its financial statements from insurance contracts,
- > Significant judgments and changes in those judgments when applying the standard.



Notes to the consolidated annual financial statements continued

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

1.3.1(a) Adoption of IFRS 17 Insurance Contracts continued

Statement of financial position

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

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

Statement of Comprehensive Income

	30 June 2023 N\$'000	Impact of changes N\$'000	Restated 30 June 2023 N\$'000
Consolidated statement of comprehensive income (extract)			
Non-interest income	1,887,384	(11,972)	1,875,412
– Net insurance premium income	179,070	(179,070)	–
– Net claims and benefits paid	(50,713)	50,713	–
– Other operating income	70,185	16,319	86,504
– Insurance revenue	–	194,103	194,103
– Insurance service expenses	–	(66,738)	(66,738)
– Insurance finance expenses	–	(27,299)	(27,299)
Operating profit	4,369,988	(11,972)	4,358,016
Share of associates' results after tax	64,864	117,472	182,336
Profit before tax	1,990,913	105,500	2,096,413
Income tax expense	(516,472)	–	(516,472)
Profit for the period	1,474,441	105,500	1,579,941

Statement of Financial Position

	30 June 2023 N\$'000	Impact of changes N\$'000	Restated 30 June 2023 N\$'000
Consolidated statement of financial position (extract)			
Assets			
Investment in associates	537,643	378,611	916,254
Other assets	594,076	(35,740)	558,336
Liabilities			
Other liabilities	1,692,788	(278,874)	1,413,914
Insurance contract liabilities	–	454,561	454,561
Equity			
Distributable reserves	7,503,642	261,268	7,764,910
Non-controlling interests in equity	570,220	(94,084)	476,136

	30 June 2022 N\$'000	Impact of changes N\$'000	Restated 30 June 2022 N\$'000
Consolidated statement of financial position (extract)			
Assets			
Investment in associates	554,895	261,139	816,034
Other assets	470,091	(15,138)	454,953
Liabilities			
Other liabilities	1,405,933	(237,596)	1,168,337
Insurance contract liabilities	–	421,913	421,913
Equity			
Distributable reserves	6,487,421	150,441	6,637,862
Non-controlling interests in equity	506,439	(88,757)	417,682



Notes to the consolidated annual financial statements continued

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

1.3.1(a) Adoption of IFRS 17 Insurance Contracts continued

Restatement of retained earnings opening balance at 1 July 2022

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

Impact on subsidiaries

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

Impact on associates

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

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

1.3.1(b) Change in accounting estimate

During June 2024, 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 2024 N\$'000
Depreciation	17,801
Income tax	(5,696)
Net effect on profit or loss	12,105



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

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



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	<p>IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after 1 January 2027.</p> <p>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.</p> <p><i>Specific requirements for the individual primary financial statements</i></p> <p><i>Statement of Profit or Loss</i></p> <p>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:</p> <ol style="list-style-type: none"> 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. <p>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.</p>	<p>Management is still busy assessing the impact.</p> <p>It is currently management's understanding 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.</p>	<p>Mandatory for financial periods commencing on or after 1 January 2027.</p> <p>Expected date of adoption: 1 July 2027.</p>



Notes to the consolidated annual financial statements continued

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.

In the company, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

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.



Notes to the consolidated annual financial statements continued

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. Any acquisition-related costs are treated as part of the investment in the associate. The notional fair value for the additional stake (including notional goodwill arising on the purchase of the additional stake) is calculated using fair value information at the date when the additional interest is acquired.

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 Namibian 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.



Notes to the consolidated annual financial statements continued

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 or 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 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.



Notes to the consolidated annual financial statements continued

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. 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.



Notes to the consolidated annual financial statements continued

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 and company 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.



Notes to the consolidated annual financial statements continued

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



Notes to the consolidated annual financial statements continued

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
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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.



Notes to the consolidated annual financial statements continued

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, and
- > 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, and
- > 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, treasury bills and other eligible bills, placements with other banks, short-term government securities, and short-term borrowings from other banks. In the statement of financial position, bank overdrafts are shown within 'due to other banks' as liabilities.



Notes to the consolidated annual financial statements continued

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
- 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.



Notes to the consolidated annual financial statements continued

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.



Notes to the consolidated annual financial statements continued

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 and company 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 and company'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 and company 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 and company 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.



Notes to the consolidated annual financial statements continued

2. Summary of material accounting policies continued

2.15 Revenue recognition continued

Revenue recognition continued

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail, microlending and corporate banking services	<p>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.</p> <p>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.</p> <p>Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.</p> <p>Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group.</p>	<p>Revenue from account service and servicing fees is recognised over time as the services are provided.</p> <p>Revenue related to transactions is recognised at the point in time when the transaction takes place.</p>
Asset management service	<p>The Group provides asset management services.</p> <p>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.</p>	<p>Revenue from asset management services is recognised over time as the services are provided.</p>

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.



Notes to the consolidated annual financial statements continued

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 on a stage-of-completion basis. 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 microlending 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 microlending 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 IFRS17.53a.

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).



Notes to the consolidated annual financial statements continued

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.



Notes to the consolidated annual financial statements continued

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 prorata 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 groups of insurance contracts issued that are in an asset position.
- > The carrying liability amount for groups 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.



Notes to the consolidated annual financial statements continued

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 (BARC) 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 BARC.

Risk committee

In addition to the mentioned committees, the risk committee, comprising of members of the executive management team and reporting to the BARC, 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

Significant risks to which the group are exposed are discussed below.

3.1 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 23 to 37 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:

	2024				
	Financial assets/liabilities at fair value through profit or loss N\$'000	Financial assets/liabilities at amortised cost N\$'000	Financial assets at fair value through other comprehensive income N\$'000	Non-financial assets/liabilities N\$'000	Total N\$'000
ASSETS					
Cash and cash equivalents	–	6,339,974	–	–	6,339,974
Financial assets at fair value through profit or loss	3,339,501	–	–	–	3,339,501
Financial assets at amortised cost	–	1,047,987	–	–	1,047,987
Financial assets at fair value through other comprehensive income	–	–	7,804,711	–	7,804,711
Loans and advances to customers	–	48,793,608	–	–	48,793,608
Other assets	27,785	267,827	–	253,824	549,436
Current tax asset	–	–	–	107,706	107,706
Investment in associates	–	–	–	1,300,401	1,300,401
Intangible assets	–	–	–	533,728	533,728
Property and equipment	–	–	–	639,566	639,566
Deferred tax asset	–	–	–	127,014	127,014
Total assets	3,367,286	56,449,396	7,804,711	2,962,239	70,583,632



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.1 Analysis of assets and liabilities continued

	2024				
	Financial assets/liabilities at fair value through profit or loss N\$'000	Financial assets/liabilities at amortised cost N\$'000	Financial assets at fair value through other comprehensive income N\$'000	Non-financial assets/liabilities N\$'000	Total N\$'000
LIABILITIES					
Due to other banks	-	194,521	-	-	194,521
Other borrowings	-	1,863,456	-	-	1,863,456
Debt securities in issue	-	4,763,615	-	-	4,763,615
Deposits	-	51,851,462	-	-	51,851,462
Other liabilities	-	848,375	-	404,745	1,253,120
Current tax liability	-	-	-	7,189	7,189
Insurance contract liabilities	-	-	-	517,432	517,432
Post-employment benefits	-	-	-	21,959	21,959
Total liabilities	-	59,521,429	-	951,325	60,472,754

	2023 (Restated)				
	Financial assets/liabilities at fair value through profit or loss N\$'000	Financial assets/liabilities at amortised cost N\$'000	Financial assets at fair value through other comprehensive income N\$'000	Non-financial assets/liabilities N\$'000	Total N\$'000
ASSETS					
Cash and cash equivalents	-	6,080,914	-	-	6,080,914
Financial assets at fair value through profit or loss	2,588,556	-	-	-	2,588,556
Financial assets at amortised cost	-	989,432	-	-	989,432
Financial assets at fair value through other comprehensive income	-	-	5,883,863	-	5,883,863
Loans and advances to customers	-	45,396,558	-	-	45,396,558
Other assets	-	320,583	-	237,753	558,336
Current tax asset	-	-	-	102,465	102,465
Investment in associates	-	-	-	916,254	916,254
Intangible assets	-	-	-	449,151	449,151
Property and equipment	-	-	-	665,423	665,423
Deferred tax asset	-	-	-	142,231	142,231
Total assets	2,588,556	52,787,487	5,883,863	2,513,277	63,773,183
LIABILITIES					
Due to other banks	-	609,543	-	-	609,543
Other borrowings	-	912,935	-	-	912,935
Debt securities in issue	-	5,581,034	-	-	5,581,034
Deposits	-	45,784,775	-	-	45,784,775
Other liabilities	(23,213)	1,007,084	-	430,043	1,413,914
Current tax liability	-	-	-	2,850	2,850
Insurance contract liabilities	-	-	-	454,561	454,561
Post-employment benefits	-	-	-	20,752	20,752
Total liabilities	(23,213)	53,895,371	-	908,206	54,780,364



Notes to the consolidated annual financial statements continued

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 as 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.



Notes to the consolidated annual financial statements continued

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	2.46%
CG2	Low risk	4.15%
CG3	Moderate risk	3.55%
CG4	Acceptable risk	5.31%
CG5	Borderline	11.82%
CG6	ICU	4.36%
CG7	Substandard	33.23%
CG8	Doubtful	32.55%
CG9	Loss	99.32%

3.2.2 Expected credit loss measurement

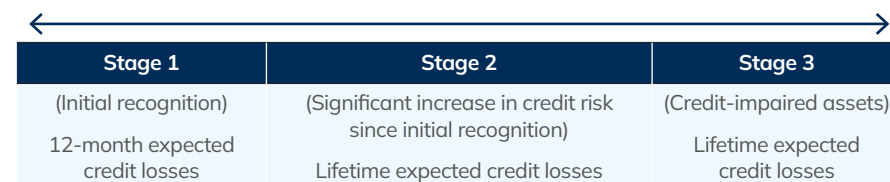
IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- > 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



Notes to the consolidated annual financial statements continued

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 2024 and 30 June 2023. This was also not applied at transit

Climate-related risk consideration

Climate change is the change in the pattern of weather and changes in the oceans and sea levels, impacting ice sheets and available land surfaces. Climate change occurs over time scales of decades or longer.

Climate change will have an impact on most businesses as more frequent events are causing major impacts on products and services, as well as supply chains, loss of asset values and market dislocations.

Forward-looking climate-related risks that could potentially impact an entity is classified as physical risks and transition risks. The banking industry faces both physical and transition risks.

Physical risks

With a constant rise in temperatures, climate change has an impact on farmers and other agricultural industries. Later rain seasons and longer periods of drought also has a significant impact on various sectors.

Transition risk

Market risk – With higher temperatures and an increase in sea levels, it is expected to have an impact on the cost of available natural resources. This will increase the burden placed on existing systems such as roads, pipelines, water supplies to areas, water treatment, power line and other facilities. This will increase the stress placed on governments to spend more to keep current systems running and increase costs in running and maintaining resources.

Reputational risk – Increased expectations on how businesses respond to climate change might hold reputational risks for large entities and might result in loss of revenue, should entities not respond accordingly to expectations raised.

The above risks might have an impact on various sectors of the country and disrupt revenue streams.

The group has taken climate-related risks into consideration with the determination of:

- > Estimations of fair values of assets within level 3 of the fair value hierarchy;
- > Going concern considerations;
- > Useful lives of assets;
- > Provisions, contingent liabilities and contingent assets;
- > Credit risk and
- > Appropriate insurance.

The group has invested in different products such as green bonds to contribute to counteract some climate risks.



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.2 Credit risk continued

3.2.2 Expected credit loss measurement continued

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 unlikelihood 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.

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.

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).



Notes to the consolidated annual financial statements continued

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

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'.

Stage 3

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

- a. The borrower is in long-term forbearance
- b. The borrower is insolvent
- c. The borrower is in breach of financial covenants
- d. 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 Group estimates provision for impairments for stage 3 (non-performing loans) on an individual loan 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 this purpose.

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 2024.. 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 scalar 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	
	2024	2023	2024	2023
Growth in next 12 months	3.10%	3.30%	4.11%	4.00%
Growth in following 12 months	3.90%	3.20%	3.51%	5.10%



Notes to the consolidated annual financial statements continued

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

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 and 2 after applying the sensitivity factor above was as follows:

Sensitivity Analysis	Allowances for credit losses	
	2024 N\$'000	2023 N\$'000
Base ECL for stage 1 and 2	497,412	496,490
Base ECL for stage 3	1,178,814	1,114,845
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	447,671	446,841
GDP 10% deterioration	547,153	546,139
Had the GDP forecast been 10% better or 10% worse, the ECL for stage 3 would be reflected as follows:		
GDP 10% improvement	1,060,933	1,003,361
GDP 10% deterioration	1,296,695	1,226,330

Significant Increase in Credit Risk

For the sensitivity analysis on the SICR rules the quantitative SICR rules were adjusted. The SICR movements per scenario are shown below:

- > Base – 2 credit grades move downwards since origination
- > Lower – 3 credit grades move downwards since origination (less stringent)
- > Upper – 1 credit grade move downwards since origination (more stringent)

Sensitivity Analysis	Allowances for credit losses	
	2024 N\$'000	2023 N\$'000
ECL SICR rules	1,676,226	1,611,335
Lower	1,599,719	1,565,812
Upper	1,690,861	1,643,987

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.



Notes to the consolidated annual financial statements continued

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:

	2024			
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000	Total N\$'000
30 June 2024				
Overdrafts				
Opening balance: 1 July 2023	39,030	81,556	319,961	440,547
Transfers				
Transfer from Stage 1 to Stage 2	(565)	15,596	–	15,031
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	244	(14,080)	–	(13,836)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	(6,352)	(6,352)
New financial assets originated	2,648	–	–	2,648
Changes in PDs and LGDs	(83)	9,514	106,924	116,355
Financial assets derecognised during the period	(1,645)	(30,452)	(10,524)	(42,621)
Write-offs	–	–	(67,720)	(67,720)
Exchange and other movements	3,195	(46)	6,871	10,020
Closing balance: 30 June 2024	42,824	62,088	349,160	454,072
Term loans				
Opening balance: 1 July 2023	79,315	200,798	468,190	748,303
Transfers				
Transfer from Stage 1 to Stage 2	(2,564)	33,923	–	31,359
Transfer from Stage 1 to Stage 3	(3,602)	–	34,561	30,959
Transfer from Stage 2 to Stage 1	410	(8,450)	–	(8,040)
Transfer from Stage 2 to Stage 3	–	(15,325)	74,319	58,994
Transfer from Stage 3 to Stage 1	18	–	(1,071)	(1,053)
Transfer from Stage 3 to Stage 2	–	109	(20,435)	(20,326)
New financial assets originated	35,799	–	–	35,799
Changes in PDs and LGDs	2,540	2,429	36,873	41,842
Financial assets derecognised during the period	(14,251)	(106,311)	(106,283)	(226,845)
Write-offs	–	–	(69,802)	(69,802)
Exchange and other movements	18,737	(191)	(10,985)	7,561
Closing balance: 30 June 2024	116,402	106,982	405,367	628,751



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.2 Credit risk continued

3.2.3 Loss allowance continued

	2024			
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000	Total N\$'000
Mortgages				
Opening balance: 1 July 2023	26,199	36,933	280,522	343,654
Transfers				
Transfer from Stage 1 to Stage 2	(512)	19,512	–	19,000
Transfer from Stage 1 to Stage 3	(88)	–	16,286	16,198
Transfer from Stage 2 to Stage 1	2,092	(25,030)	–	(22,938)
Transfer from Stage 2 to Stage 3	–	(6,322)	30,377	24,055
Transfer from Stage 3 to Stage 1	132	–	(4,362)	(4,230)
Transfer from Stage 3 to Stage 2	–	576	(4,541)	(3,965)
New financial assets originated	14,117	–	–	14,117
Changes in PDs and LGDs	6,473	29,147	112,698	148,318
Financial assets derecognised during the period	(4,325)	(6,713)	(12,796)	(23,834)
Write-offs	–	–	(50,245)	(50,245)
Exchange and other movements	(238)	(51)	(422)	(711)
Closing balance: 30 June 2024	43,850	48,052	367,517	459,419
Instalment finance				
Opening balance: 1 July 2023	18,799	9,513	46,172	74,484
Transfers				
Transfer from Stage 1 to Stage 2	(233)	5,409	–	5,176
Transfer from Stage 1 to Stage 3	(457)	–	7,621	7,164
Transfer from Stage 2 to Stage 1	52	(2,911)	–	(2,859)
Transfer from Stage 2 to Stage 3	–	(1,303)	4,345	3,042
Transfer from Stage 3 to Stage 1	1	–	(363)	(362)
Transfer from Stage 3 to Stage 2	–	49	(773)	(724)
New financial assets originated	7,755	–	–	7,755
Changes in PDs and LGDs	(2,070)	37,261	9,983	45,174
Financial assets derecognised during the period	(1,202)	(743)	(4,604)	(6,549)
Write-offs	–	–	(4,655)	(4,655)
Exchange and other movements	(153)	431	(956)	(678)
Closing balance: 30 June 2024	22,492	47,706	56,770	126,968

	2024			
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000	Total N\$'000
Preference shares and guarantees				
Opening balance: 1 July 2023	4,347	–	–	4,347
New financial assets originated	4,361	–	–	4,361
Changes in PDs and LGDs	231	–	–	231
Financial assets derecognised during the period	(1,923)	–	–	(1,923)
Write-offs	–	–	–	–
Closing balance: 30 June 2024	7,016	–	–	7,016
Total loans and advances	232,584	264,828	1,178,814	1,676,226
Other financial instruments				
Opening balance: 1 July 2023	123,182	–	–	123,182
New financial assets originated	4,704	–	–	4,704
Changes in PDs and LGDs	139	–	–	139
Financial assets derecognised during the period	(385)	–	–	(385)
Exchange and other movements	(30,357)	–	–	(30,357)
Closing balance: 30 June 2024	97,283	–	–	97,283
Total	329,867	264,828	1,178,814	1,773,509



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.2 Credit risk continued

3.2.3 Loss allowance continued

	2023			
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000	Total N\$'000
30 June 2023				
Overdrafts				
Opening balance: 1 July 2022	38,556	69,820	317,406	425,782
Transfers				
Transfer from Stage 1 to Stage 2	(798)	16,296	–	15,498
Transfer from Stage 2 to Stage 1	4,859	(16,898)	–	(12,039)
Transfer from Stage 2 to Stage 3	–	(4,213)	4,213	–
Transfer from Stage 3 to Stage 2	–	–	(603)	(603)
New financial assets originated	789	–	–	789
Changes in PDs and LGDs	(314)	22,514	47,850	70,050
Financial assets derecognised during the period	(4,637)	(4,234)	(7,744)	(16,615)
Write-offs	–	–	(37,030)	(37,030)
Exchange and other movements	575	(1,729)	(4,131)	(5,285)
Closing balance: 30 June 2023	39,030	81,556	319,961	440,547
Term loans				
Opening balance: 1 July 2022	84,570	162,563	273,159	520,292
Transfers				
Transfer from Stage 1 to Stage 2	(2,209)	37,360	–	35,151
Transfer from Stage 1 to Stage 3	(246)	–	21,188	20,942
Transfer from Stage 2 to Stage 1	8,832	(17,629)	–	(8,797)
Transfer from Stage 2 to Stage 3	–	(20,565)	35,880	15,315
Transfer from Stage 3 to Stage 1	11	–	(1,646)	(1,635)
Transfer from Stage 3 to Stage 2	–	143	(836)	(693)
New financial assets originated	19,986	–	–	19,986
Changes in PDs and LGDs	(6,261)	79,493	143,912	217,144
Financial assets derecognised during the period	(16,923)	(44,896)	(15,781)	(77,600)
Write-offs	–	–	(26,008)	(26,008)
Exchange and other movements	(8,445)	4,329	38,322	34,206
Closing balance: 30 June 2023	79,315	200,798	468,190	748,303

	2023			
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000	Total N\$'000
Mortgages				
Opening balance: 1 July 2022	22,812	56,914	344,366	424,092
Transfers				
Transfer from Stage 1 to Stage 2	(632)	30,429	–	29,797
Transfer from Stage 1 to Stage 3	(86)	–	15,752	15,666
Transfer from Stage 2 to Stage 1	5,542	(16,739)	–	(11,197)
Transfer from Stage 2 to Stage 3	–	(8,762)	25,017	16,255
Transfer from Stage 3 to Stage 1	16	–	(1,396)	(1,380)
Transfer from Stage 3 to Stage 2	–	960	(4,497)	(3,537)
New financial assets originated	4,161	–	–	4,161
Changes in PDs and LGDs	5,420	15,010	35,757	56,187
Financial assets derecognised during the period	(16,710)	(39,828)	(127,040)	(183,578)
Write-offs	–	–	(25,223)	(25,223)
Exchange and other movements	5,676	(1,051)	17,786	22,411
Closing balance: 30 June 2023	26,199	36,933	280,522	343,654
Instalment finance				
Opening balance: 1 July 2022	21,056	10,764	37,078	68,898
Transfers				
Transfer from Stage 1 to Stage 2	(232)	5,122	–	4,890
Transfer from Stage 1 to Stage 3	(41)	–	5,058	5,017
Transfer from Stage 2 to Stage 1	1,825	(3,725)	–	(1,900)
Transfer from Stage 2 to Stage 3	–	(8,048)	11,441	3,393
Transfer from Stage 3 to Stage 1	1	–	(126)	(125)
Transfer from Stage 3 to Stage 2	–	–	(330)	(330)
New financial assets originated	4,757	–	–	4,757
Changes in PDs and LGDs	(2,792)	9,985	2,171	9,364
Financial assets derecognised during the period	(6,336)	(1,375)	(5,998)	(13,709)
Write-offs	–	–	(3,559)	(3,559)
Exchange and other movements	561	(3,210)	437	(2,212)
Closing balance: 30 June 2023	18,799	9,513	46,172	74,484



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.2 Credit risk continued

3.2.3 Loss allowance continued

	2023			
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000	Total N\$'000
Preference shares and guarantees				
Opening balance: 1 July 2022	3,097	–	–	3,097
New financial assets originated	2,479	–	–	2,479
Changes in PDs and LGDs	894	–	–	894
Financial assets derecognised during the period	(2,123)	–	–	(2,123)
Closing balance: 30 June 2023	4,347	–	–	4,347
Total loans and advances	167,690	328,800	1,114,845	1,611,335
Other financial instruments				
Opening balance: 1 July 2022	110,123	3,206	–	113,329
Transfers	861	(3,206)	–	(2,345)
New financial assets originated	116	–	–	116
Changes in PDs and LGDs	256	–	–	256
Financial assets derecognised during the period	(47)	–	–	(47)
Exchange and other movements	11,873	–	–	11,873
Closing balance: 30 June 2023	123,182	–	–	123,182
Total	290,872	328,800	1,114,845	1,734,517

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

Overdrafts

- > Gross overdrafts increased by N\$176.6 million (2.8%) compared to the prior period.
- > Non-performing overdrafts decreased by N\$4.9 million year-on-year. The non-performing overdrafts are well secured with a fair value of security of N\$367.8 million.

Term Loans

- > Term loans increased by N\$2.5 billion (15.4%) from the prior period, mainly driven by growth in personal term loans.
- > Non-performing loans increased by N\$64.6 million from the prior period.
- > The non-performing term loans are secured with a fair value of security of N\$567.5 million.

Mortgages

- > Mortgages grew by N\$12.1 million (0.1%) over the prior period.
- > Non-performing mortgage loans decreased by N\$139.50 million (13.7%) year-on-year.
- > The non-performing mortgage loans remain well secured with a fair value of security of N\$516.9 million.

Instalment finance

- > Gross instalment finance loans grew by N\$882.4 million (20.4%) year-on-year.
- > The non-performing instalment finance loans are well secured with a fair value of security of N\$95.1 million.

Preference shares and guarantees

- > Preference shares and guarantees decreased by N\$32.9 million (14.96%) over the prior period.
- > Impairments raised against preference shares and guarantees increased by N\$2.7 million during the year under review.
- > The total impairment raised at the year-end amounts to N\$7 million.

Other financial instruments

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

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

The table represents a worst-case scenario of credit risk exposure to the group as at 30 June 2024 and 2023, 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 to the consolidated annual financial statements continued

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

3.2.4.1 Maximum exposure to credit risk – All Financial instruments

	Notes	Maximum exposure	
		2024 N\$'000	2023 N\$'000 (Restated)
<i>Credit risk exposures relating to on-statement of financial position assets are as follows:</i>			
Cash and cash equivalents	13.	6,339,974	6,080,914
Financial assets at fair value through profit or loss	14.	3,339,501	2,588,556
– Unit trust investments		3,339,501	2,588,556
Financial assets at amortised cost	14.	1,047,987	989,432
– Treasury bills		99,557	42,143
– Government stock		767,078	766,267
– Preference shares		181,352	181,022
Financial assets at fair value through other comprehensive income	15.	7,804,711	5,883,863
– Investment Securities		41,866	40,955
– Treasury bills		6,395,855	4,278,456
– Government stock		301,001	539,719
– Tradable instruments		985,308	949,427
– Exchange traded funds		80,681	71,290
– Corporate bonds		–	4,016
Loans and advances to customers	16.	48,793,608	45,396,558
– Overdrafts		6,516,635	6,340,010
– Term loans		18,376,534	15,925,835
– Mortgages		20,365,406	20,353,270
– Instalment finance		5,217,840	4,335,424
– Preference shares		187,163	220,090
– Impairment		(1,676,226)	(1,611,335)
– Effective interest rate impact per IFRS 9		(193,744)	(166,736)
Other assets*	17.	295,612	320,583
Total exposure on statement of financial position		67,621,393	61,259,906

	Notes	Maximum exposure	
		2024 N\$'000	2023 N\$'000 (Restated)
<i>Credit risk exposure relating to off-statement of financial position items are as follows:</i>			
Liabilities under guarantees	36.	3,866,799	2,414,104
Letters of credit	36.	471,956	631,964
Loan commitments	36.	5,308,859	2,948,866
Total exposure off statement of financial position		9,647,614	5,994,934
Total credit risk exposure		77,269,007	67,254,840

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

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.



Notes to the consolidated annual financial statements continued

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.

Loans and advances

	2024			
	Stage 1 12-month ECL N\$'000	Stage 2 Lifetime ECL N\$'000	Stage 3 Lifetime ECL N\$'000	Total N\$'000
Credit grade – Loans and advances				
Low Risk (CG1 – CG2)	(193,095)	(137,047)	–	(330,142)
Medium Risk (CG3 – CG5)	(30,214)	(68,845)	–	(99,059)
Special monitoring (CG6 – CG7)	(9,131)	(48,933)	–	(58,064)
Doubtful (CG8 – CG9)	(144)	(10,003)	(1,178,814)	(1,188,961)
Loss allowance	(232,584)	(264,828)	(1,178,814)	(1,676,226)
Gross carrying amount ¹	46,246,069	2,017,302	2,400,207	50,663,578
Carrying amount	46,013,485	1,752,474	1,221,393	48,987,352

¹ Excludes the IFRS 9 effective interest rate impact

Financial instruments at amortised cost

	2024			
	Stage 1 12-month ECL N\$'000	Stage 2 Lifetime ECL N\$'000	Stage 3 Lifetime ECL N\$'000	Total N\$'000
Credit grade				
Low risk (CG1)	(97,283)	–	–	(97,283)
Loss allowance	(97,283)	–	–	(97,283)
Gross carrying amount	1,131,363	–	–	1,131,363
Carrying amount	1,034,080	–	–	1,034,080

Loans and advances

	2023			
	Stage 1 12-month ECL N\$'000	Stage 2 Lifetime ECL N\$'000	Stage 3 Lifetime ECL N\$'000	Total N\$'000
Credit grade – Loans and advances				
Low Risk (CG1 – CG2)	(135,072)	(155,938)	(159,124)	(450,134)
Medium Risk (CG3 – CG5)	(24,923)	(96,854)	–	(121,777)
Special monitoring (CG6 – CG7)	(7,599)	(64,731)	–	(72,330)
Doubtful (CG8 – CG9)	(96)	(11,277)	(955,721)	(967,094)
Loss allowance	(167,690)	(328,800)	(1,114,845)	(1,611,335)
Gross carrying amount ¹	41,776,473	2,942,795	2,455,361	47,174,629
Carrying amount	41,608,783	2,613,995	1,340,516	45,563,294

¹ Excludes the IFRS 9 effective interest rate impact

Financial instruments at amortised cost

	2023			
	Stage 1 12-month ECL N\$'000	Stage 2 Lifetime ECL N\$'000	Stage 3 Lifetime ECL N\$'000	Total N\$'000
Credit grade				
Low risk (CG1)	(123,182)	–	–	(123,182)
Loss allowance	(123,182)	–	–	(123,182)
Gross carrying amount	1,112,614	–	–	1,112,614
Carrying amount	989,432	–	–	989,432

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.'



Notes to the consolidated annual financial statements continued

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:

	2024			
	Gross exposure N\$'000	Impairment allowance N\$'000	Carrying amount N\$'000	Fair value of collateral held N\$'000
Credit-impaired assets				
– Overdrafts	598,555	(349,159)	249,396	367,772
– Term Loans	809,711	(404,414)	405,297	567,471
– Mortgages	875,582	(367,517)	508,065	516,885
– Instalment finance	116,855	(57,724)	59,131	95,103
Total credit-impaired assets	2,400,703	(1,178,814)	1,221,889	1,547,231



Notes to the consolidated annual financial statements continued

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)

	2023			
	Gross exposure N\$'000	Impairment allowance N\$'000	Carrying amount N\$'000	Fair value of collateral held N\$'000
Credit-impaired assets				
– Overdrafts	603,530	(319,959)	283,571	327,119
– Term Loans	745,129	(468,111)	277,018	437,534
– Mortgages	1,015,050	(280,681)	734,369	660,335
– Instalment finance	91,652	(46,094)	45,558	50,402
Total credit-impaired assets	2,455,361	(1,114,845)	1,340,516	1,475,390

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. unpaid 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.



Notes to the consolidated annual financial statements continued

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.



Notes to the consolidated annual financial statements continued

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:

	Neither past due nor impaired N\$'000	Special mention			Non-performing	Total N\$'000
		1 – 30 days N\$'000	31 – 60 days N\$'000	61 – 90 days N\$'000	More than 90 days N\$'000	
As at 30 June 2024						
Overdrafts	5,652,835	210,868	48,536	5,841	598,555	6,516,635
Term loans	17,269,420	179,682	41,406	76,315	809,711	18,376,534
Mortgages	18,499,773	690,471	202,895	96,685	875,582	20,365,406
Instalment finance	4,873,028	141,095	55,559	31,303	116,855	5,217,840
Preference shares	187,163	–	–	–	–	187,163
Total gross loans and advances¹	46,482,219	1,222,116	348,396	210,144	2,400,703	50,663,578
Impairments raised	(232,584)	(181,759)	(51,815)	(31,254)	(1,178,814)	(1,676,226)
Net loans and advances¹	46,249,635	1,040,357	296,581	178,890	1,221,889	48,987,352

¹ Excludes the IFRS 9 effective interest rate impact.

	Neither past due nor impaired N\$'000	Special mention			Non-performing	Total N\$'000
		1 – 30 days N\$'000	31 – 60 days N\$'000	61 – 90 days N\$'000	More than 90 days N\$'000	
As at 30 June 2023						
Overdrafts	5,354,949	304,822	31,214	45,495	603,530	6,340,010
Term loans	14,588,416	362,648	167,654	61,988	745,129	15,925,835
Mortgages	18,228,226	604,528	331,059	174,407	1,015,050	20,353,270
Instalment finance	4,126,322	54,506	47,212	15,732	91,652	4,335,424
Preference shares	220,090	–	–	–	–	220,090
Total gross loans and advances¹	42,518,003	1,326,504	577,139	297,622	2,455,361	47,174,629
Impairments raised	(167,690)	(198,138)	(86,207)	(44,455)	(1,114,845)	(1,611,335)
Net loans and advances¹	42,350,313	1,128,366	490,932	253,167	1,340,516	45,563,294

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.



Notes to the consolidated annual financial statements continued

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 calculated based on the amount past due relative to the instalment amount. Loans and advances outstanding for longer than 90 days 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 90 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 we deem 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\$1.5 billion (2023: N\$2.5 billion). The increase in non-performing loans and advances is mainly due to the deterioration of the macro-economic environment.

Refer to note 3.2.3 a) for the range of collateral policies and practices in place.

iii. Non-performing loans and advances by geographical area

Geographical area	2024 N\$'000	2023 N\$'000
Namibia	1,807,441	1,884,305
Botswana	575,662	546,140
Zambia	17,600	24,916
	2,400,703	2,455,361

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:

	2024 N\$'000	2023 N\$'000 (Restated)
Cash and cash equivalents	6,339,974	6,080,914
Financial assets at fair value through profit or loss	3,339,501	2,588,556
Financial assets at fair value through other comprehensive income	7,804,711	5,883,863
Other assets	295,612	320,583

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.



Notes to the consolidated annual financial statements continued

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 AAA N\$'000	Investment grade AA N\$'000	Investment grade A N\$'000	Investment grade BBB N\$'000	Speculative grade BB N\$'000	Unrated N\$'000	Total N\$'000
As at 30 June 2024							
Cash and cash equivalents	–	98,354	315,273	9,072	5,916,857	418	6,339,974
Financial assets at fair value through profit or loss	–	–	–	–	3,339,501	–	3,339,501
– Unit trust and money market investments	–	–	–	–	3,339,501	–	3,339,501
Financial assets at amortised cost	–	–	–	–	1,047,987	–	1,047,987
– Treasury bills	–	–	–	–	99,557	–	99,557
– Government stock	–	–	–	–	767,078	–	767,078
– Preference shares	–	–	–	–	181,352	–	181,352
Financial assets at fair value through other comprehensive income	–	–	–	–	7,797,466	7,245	7,804,711
– Investment securities	–	–	–	–	34,621	7,245	41,866
– Treasury bills	–	–	–	–	6,395,855	–	6,395,855
– Government stock	–	–	–	–	301,001	–	301,001
– Tradable instruments	–	–	–	–	985,308	–	985,308
– Exchange traded funds	–	–	–	–	80,681	–	80,681
Other assets	–	–	–	–	27,785	267,827	295,612
Non-financial assets	–	–	–	–	–	2,962,239	2,962,239
Total assets (excluding loans and advances)	–	98,354	315,273	9,072	18,129,596	3,237,729	21,790,024

	Investment grade AAA N\$'000	Investment grade AA N\$'000	Investment grade A N\$'000	Investment grade BBB N\$'000	Speculative grade BB N\$'000	Unrated N\$'000	Total N\$'000
As at 30 June 2023 (Restated)							
Cash and cash equivalents	265,254	2,663	9,627	45,000	5,693,234	65,136	6,080,914
Financial assets at fair value through profit or loss	–	–	–	–	2,588,556	–	2,588,556
– Unit trust and money market investments	–	–	–	–	2,588,556	–	2,588,556
Financial assets at amortised cost	–	–	–	–	989,432	–	989,432
– Treasury bills	–	–	–	–	42,143	–	42,143
– Government stock	–	–	–	–	766,267	–	766,267
– Preference shares	–	–	–	–	181,022	–	181,022
Financial assets at fair value through other comprehensive income	–	–	–	–	5,802,034	81,829	5,883,863
– Investment securities	–	–	–	–	34,432	6,523	40,955
– Treasury bills	–	–	–	–	4,278,456	–	4,278,456
– Government stock	–	–	–	–	539,719	–	539,719
– Tradable instruments	–	–	–	–	949,427	–	949,427
– Exchange traded funds	–	–	–	–	–	71,290	71,290
– Corporate bonds	–	–	–	–	–	4,016	4,016
Other assets	–	–	–	–	–	320,583	320,583
Non-financial assets	–	–	–	–	–	2,513,277	2,513,277
Total assets (excluding loans and advances)	265,254	2,663	9,627	45,000	15,073,256	2,980,825	18,376,625

Unrated exposures consist mainly of cash balances, due from other banks and other assets, which are short-term and highly liquid in nature. The creditworthiness of government and large commercial banks' money market instruments are of high quality, which poses low credit risk. Other assets consist of accounts receivable, insurance fund asset, derivatives as well as clearing and settlement accounts. Rated and unrated exposures are not collateralised and foreign currency exposures are hedged.

For the company, all financial assets are rated at investment grade (AAA to BBB) for the current period and prior period, except for preference shares and other assets, which are unrated.



Notes to the consolidated annual financial statements continued

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 2024 was N\$287.2 million (30 June 2023: N\$140.8 million). Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the statement of financial position as other assets.

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.

	Exposure N\$'000	Impairment N\$'000	Risk-weighted amounts N\$'000	Written off N\$'000
As at 30 June 2024				
Counterparties				
Sovereign and central bank	8,947,858	–	–	–
Security firms	13,090	–	13,090	–
Public sector entities	835,366	–	315,233	–
Banks	3,475,484	–	1,483,468	–
Corporate	15,725,356	608,260	13,761,188	1,565,414
Retail	13,158,088	300,292	9,774,566	45,167
Residential mortgage properties	13,225,918	146,853	6,628,071	–
Commercial real estate	7,375,374	139,378	7,322,929	–
Other assets	9,539,731	–	5,488,762	–
Included in other assets:				
– Listed shares	–	–	–	–
	72,296,265	1,194,783	44,790,237	1,610,581
Commitments	8,711,786	–	3,191,360	–
As at 30 June 2023				
Counterparties				
Sovereign and central bank	6,386,465	–	–	–
Security firms	21,215	–	21,215	–
Public sector entities	97,070	–	27,192	–
Banks	3,431,452	–	1,611,591	–
Corporate	15,337,563	223,979	15,323,438	–
Retail	11,255,977	644,733	8,191,897	49,624
Residential mortgage properties	12,939,039	75,914	6,691,039	–
Commercial real estate	7,570,445	101,181	7,585,519	–
Other assets	8,217,112	–	4,876,428	–
Included in other assets:				
– Listed shares	34,432	–	34,432	–
	65,256,338	1,045,807	44,328,319	49,624
Commitments	5,997,559	57,570	2,068,667	–



Notes to the consolidated annual financial statements continued

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:

	2024	2023
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\$'000	Financial assets at fair value through other comprehensive income N\$'000	Financial assets at fair value through profit or loss N\$'000	Financial assets at amortised cost N\$'000	Loans and advances to customers N\$'000	Other assets ² N\$'000	Total N\$'000
As at							
30 June 2024							
Agriculture and forestry	-	-	-	-	4,495,897	-	4,495,897
Fishing	-	-	-	-	1,802,442	-	1,802,442
Mining	-	-	-	-	1,452,253	-	1,452,253
Manufacturing	-	-	-	-	1,413,193	-	1,413,193
Building and construction	-	-	-	-	2,989,789	-	2,989,789
Electricity, gas and water	-	-	-	-	2,181,907	-	2,181,907
Trade and accommodation ¹	-	-	-	-	6,122,128	-	6,122,128
Transport and communication	-	-	-	-	1,842,251	-	1,842,251
Finance and insurance	5,224,116	1,119,046	2,510,685	278,635	3,287,502	-	12,419,984
Real estate and business services	-	-	-	-	12,987,624	-	12,987,624
Government	1,115,858	6,685,665	828,816	866,635	4,342,243	-	13,839,217
Individuals	-	-	-	-	6,155,730	-	6,155,730
Other	-	-	-	-	1,396,875	295,612	1,692,487
Impairment	-	-	-	(97,283)	(1,676,226)	-	(1,773,509)
	6,339,974	7,804,711	3,339,501	1,047,987	48,793,608	295,612	67,621,393

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\$'000	Financial assets at fair value through other comprehensive income N\$'000	Financial assets at fair value through profit or loss N\$'000	Financial assets at amortised cost N\$'000	Loans and advances to customers N\$'000	Other assets ² N\$'000	Total N\$'000
As at 30 June 2023 (Restated)							
Agriculture and forestry	–	–	–	–	4,584,535	–	4,584,535
Fishing	–	–	–	–	1,728,421	–	1,728,421
Mining	–	–	–	–	1,213,343	–	1,213,343
Manufacturing	–	–	–	–	1,387,865	–	1,387,865
Building and construction	–	–	–	–	2,476,384	–	2,476,384
Electricity, gas and water	–	–	–	–	1,578,895	–	1,578,895
Trade and accommodation ¹	–	–	–	–	6,025,992	–	6,025,992
Transport and communication	–	–	–	–	1,663,755	–	1,663,755
Finance and insurance	5,384,516	1,076,701	2,588,556	301,979	3,428,680	–	12,780,432
Real estate and business services	–	–	–	–	12,983,237	–	12,983,237
Government	696,398	4,807,162	–	810,635	3,353,544	–	9,667,739
Individuals	–	–	–	–	6,055,303	–	6,055,303
Other	–	–	–	–	527,939	320,583	848,522
Impairment	–	–	–	(123,182)	(1,611,335)	–	(1,734,517)
	6,080,914	5,883,863	2,588,556	989,432	45,396,558	320,583	61,259,906

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\$'000	Financial assets at fair value through other comprehensive income N\$'000	Financial assets at fair value through profit or loss N\$'000	Loans and advances to customers N\$'000	Financial assets at amortised cost N\$'000	Other assets N\$'000	Total N\$'000
As at 30 June 2024							
Namibia	1,857,195	6,738,722	2,148,324	39,268,377	866,635	235,233	51,114,486
Botswana	2,355,347	–	828,816	9,521,979	–	33,908	12,740,050
South Africa	1,706,859	1,065,989	27,758	–	–	26,471	2,827,077
United States of America	311,615	–	–	–	–	–	311,615
Zambia	418	–	–	3,252	181,352	–	185,022
Mauritius	6,110	–	334,603	–	–	–	340,713
Germany	95,920	–	–	–	–	–	95,920
Other countries	6,510	–	–	–	–	–	6,510
	6,339,974	7,804,711	3,339,501	48,793,608	1,047,987	295,612	67,621,393
As at 30 June 2023 (Restated)							
Namibia	1,104,920	4,806,588	1,963,089	36,601,069	808,410	266,809	45,550,885
Botswana	2,498,196	–	298,039	8,448,722	–	53,774	11,298,731
South Africa	1,132,327	1,077,275	–	–	–	–	2,209,602
United Kingdom	12,804	–	–	1,796	–	–	14,600
United States of America	1,183,288	–	–	327,305	167,904	–	1,678,497
Zambia	2,353	–	–	4,043	13,118	–	19,514
Other countries	147,026	–	327,428	13,623	–	–	488,077
	6,080,914	5,883,863	2,588,556	45,396,558	989,432	320,583	61,259,906

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



Notes to the consolidated annual financial statements continued

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 and company'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 and 6 months (debt below N\$200k) or 2 years (debt above N\$200k), the unrecoverable portion will be written off.

Where financial assets have been written off, the group and company 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\$135.7 million (2023: N\$560.5 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 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.



Notes to the consolidated annual financial statements continued

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\$'000	ZMW N\$'000	US\$ N\$'000	€ N\$'000	BWP N\$'000	ZAR ¹ N\$'000	GBP N\$'000	Other ² N\$'000	Total N\$'000
As at 30 June 2024									
ASSETS									
Cash and cash equivalents	1,215,574	418	1,557,790	302,510	1,709,502	1,543,443	1,969	8,768	6,339,974
Financial assets at fair value through profit or loss	2,148,324	–	334,603	–	828,816	27,758	–	–	3,339,501
Financial assets at amortised cost	864,358	11,164	172,465	–	–	–	–	–	1,047,987
Financial assets at fair value through other comprehensive income	6,736,835	–	–	–	–	1,065,989	8	1,879	7,804,711
Loans and advances to customers	38,939,876	3,252	455,362	–	9,390,984	–	–	4,134	48,793,608
Other assets	238,586	–	(2,545)	–	33,908	25,663	–	–	295,612
Total financial assets	50,143,553	14,834	2,517,675	302,510	11,963,210	2,662,853	1,977	14,781	67,621,393
Non-financial assets	2,795,314	–	–	–	166,925	–	–	–	2,962,239
Total assets	52,938,867	14,834	2,517,675	302,510	12,130,135	2,662,853	1,977	14,781	70,583,632
LIABILITIES									
Due to other banks	8,600	–	100,423	–	23,700	61,740	–	58	194,521
Other borrowings	1,150,229	–	620,155	–	–	93,072	–	–	1,863,456
Debt securities in issue	3,724,339	–	–	–	141,906	897,370	–	–	4,763,615
Deposits	39,396,850	–	2,023,110	452,014	9,907,892	51,997	10,623	8,976	51,851,462
Other liabilities	665,747	–	–	–	182,628	–	–	–	848,375
Total financial liabilities	44,945,765	–	2,743,688	452,014	10,256,126	1,104,179	10,623	9,034	59,521,429
Non-financial liabilities	951,325	–	–	–	–	–	–	–	951,325
Total liabilities	45,897,090	–	2,743,688	452,014	10,256,126	1,104,179	10,623	9,034	60,472,754
Total equity (including NCI)	10,110,878	–	–	–	–	–	–	–	10,110,878
Total equity and liabilities	56,007,968	–	2,743,688	452,014	10,256,126	1,104,179	10,623	9,034	70,583,632
Net financial position of financial instruments	5,197,788	14,834	(226,013)	(149,504)	1,707,084	1,558,674	(8,646)	5,747	8,099,964
Credit commitments	–	–	178,304	15,442	–	7,442	–	–	201,188

¹ The Namibian dollar is pegged to the South African rand and is therefore not exposed to currency risk.

² Other foreign currency exposures relate mainly to exposures to the Pound Sterling N\$2.0 million (2023: N\$8.9 million) due from other banks as well as nil (2023: Nil) foreign currency loans and advances to customers. Included in deposits are exposures to the Pound Sterling of N\$10.6 million (2023: N\$3.7 million).



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.3 Market risk continued

3.3.2 Foreign currency risk continued

	NAD N\$'000	ZMW N\$'000	US\$ N\$'000	€ N\$'000	BWP N\$'000	ZAR ¹ N\$'000	Other ² N\$'000	Total N\$'000
As at 30 June 2023 (Restated)								
ASSETS								
Cash and cash equivalents	1,104,920	2,353	1,183,288	147,026	2,498,196	1,132,327	12,804	6,080,914
Financial assets at fair value through profit or loss	2,290,517	–	–	–	298,039	–	–	2,588,556
Financial assets at amortised cost	808,410	13,118	167,904	–	–	–	–	989,432
Financial assets at fair value through other comprehensive income	4,749,454	–	–	–	–	1,133,833	576	5,883,863
Loans and advances to customers	36,601,069	4,043	327,305	1,796	8,448,722	–	13,623	45,396,558
Other assets	266,809	–	–	–	53,774	–	–	320,583
Total financial assets	45,821,179	19,514	1,678,497	148,822	11,298,731	2,266,160	27,003	61,259,906
Non-financial assets	2,513,277	–	–	–	–	–	–	2,513,277
Total assets	48,334,456	19,514	1,678,497	148,822	11,298,731	2,266,160	27,003	63,773,183
LIABILITIES								
Due to other banks	257,994	–	188,854	99,777	1,320	59,607	1,991	609,543
Other borrowings	148,587	–	639,853	–	–	124,495	–	912,935
Debt securities in issue	4,015,349	–	–	–	386,777	1,178,908	–	5,581,034
Deposits	34,641,078	–	1,568,968	94,599	9,476,409	–	3,721	45,784,775
Other liabilities	811,469	–	–	–	218,228	–	–	1,029,697
Total financial liabilities	39,874,477	–	2,397,675	194,376	10,082,734	1,363,010	5,712	53,917,984
Non-financial liabilities	862,380	–	–	–	–	–	–	862,380
Total liabilities	40,736,857	–	2,397,675	194,376	10,082,734	1,363,010	5,712	54,780,364
Total equity (including NCI)	8,992,819	–	–	–	–	–	–	8,992,819
Total equity and liabilities	49,729,676	–	2,397,675	194,376	10,082,734	1,363,010	5,712	63,773,183
Net financial position of financial instruments	(1,395,220)	19,514	(719,178)	(45,554)	1,215,997	903,150	21,291	–
Credit commitments	–	–	338,981	261,112	–	5,195	–	605,288

¹ The Namibian dollar is pegged to the South African rand and is therefore not exposed to currency risk.

² Other foreign currency exposures relate mainly to exposures to the Pound Sterling N\$2.0 million (2023: N\$8.9 million) due from other banks as well as nil (2023: Nil) foreign currency loans and advances to customers. Included in deposits are exposures to the Pound Sterling of N\$10.6 million (2023: N\$3.7 million).



Notes to the consolidated annual financial statements continued

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 Namibian dollar per unit of foreign currency) were used on conversion of foreign currency monetary items at the reporting date:

	2024	2023
USD	18.20	18.74
GBP	23.01	23.67
EUR	19.48	20.37
ZAR	1.00	1.00
ZMW	0.76	1.07
BWP	1.34	1.39

	Effect on profit for the year	
	2024 N\$'000	2023 N\$'000

The following is a sensitivity analysis, monitored on the following major currencies of non-equity instruments, had a 5% change arisen on the various currencies:

US dollar/Namibian dollar	(11,300)	(35,959)
– Foreign currency financial assets	125,884	83,925
– Foreign currency financial liabilities	(137,184)	(119,884)
Euro/Namibian dollar	(7,475)	(2,278)
– Foreign currency financial assets	15,126	7,441
– Foreign currency financial liabilities	(22,601)	(9,719)
Botswana Pula/Namibian dollar	93,701	60,800
– Foreign currency financial assets	606,507	564,937
– Foreign currency financial liabilities	(512,806)	(504,137)
Kwacha/Namibian dollar	742	976
– Foreign currency financial assets	742	976

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.



Notes to the consolidated annual financial statements continued

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\$'000	1 – 3 months N\$'000	3 – 12 months N\$'000	More than 1 year N\$'000	Non-interest sensitive N\$'000	Total N\$'000
As at 30 June 2024						
ASSETS						
Cash and cash equivalents	5,491,432	–	–	–	848,542	6,339,974
Financial assets at fair value through profit or loss	3,266,769	–	274,224	871,046	72,732	3,339,501
Financial assets at amortised cost	–	–	–	–	(97,283)	1,047,987
Financial assets at fair value through other comprehensive income	1,750,832	1,291,706	4,439,335	289,450	33,388	7,804,711
Loans and advances to customers	40,858,584	3,782	102,442	9,505,026	(1,676,226)	48,793,608
Other assets	67,509	–	–	–	228,103	295,612
Total financial assets	51,435,126	1,295,488	4,816,001	10,665,522	(590,744)	67,621,393
Non-financial assets	–	–	–	–	2,962,239	2,962,239
Total assets	51,435,126	1,295,488	4,816,001	10,665,522	2,371,495	70,583,632
LIABILITIES						
Due to other banks	194,521	–	–	–	–	194,521
Other borrowings	96,476	6,805	358,146	1,402,029	–	1,863,456
Debt securities in issue	–	3,195,749	1,325,309	242,557	–	4,763,615
Deposits	29,600,611	6,462,740	11,350,929	4,437,182	–	51,851,462
Other liabilities	–	–	–	–	848,375	848,375
Total financial liabilities	29,891,608	9,665,294	13,034,384	6,081,768	848,375	59,521,429
Total non-financial liabilities	–	–	–	–	951,325	951,325
Total liabilities	29,891,608	9,665,294	13,034,384	6,081,768	1,799,700	60,472,754
Total equity (including NCI)	–	–	–	–	10,110,878	10,110,878
Total equity and liabilities	29,891,608	9,665,294	13,034,384	6,081,768	11,910,578	70,583,632
Interest sensitivity gap (financial instruments)	21,543,518	(8,369,806)	(8,218,383)	4,583,754	(1,439,119)	8,099,964
Cumulative interest sensitivity gap (financial instruments)	21,543,518	13,173,712	4,955,329	9,539,083	8,099,964	
As at 30 June 2023						
Interest sensitivity gap (financial instruments)	21,453,153	(11,623,451)	(4,201,943)	567,244	1,182,659	7,377,662
Cumulative interest sensitivity gap (financial instruments)	21,453,153	9,829,702	5,627,759	6,195,003	7,377,662	

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.



Notes to the consolidated annual financial statements continued

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.

	2024 N\$'000	2023 N\$'000
The following interest-rate sensitivity is based on the effect of changes to the interest rate over a twelve-month period on net interest income:		
50 basis points increase	94,935	85,635
– Increase in interest income	294,760	266,170
– Increase in interest expense	(199,825)	(180,535)
50 basis points decrease	(85,641)	(76,489)
– Decrease in interest income	(281,339)	(252,139)
– Decrease in interest expense	195,698	175,650
100 basis points increase	187,900	169,150
– Increase in interest income	589,102	532,517
– Increase in interest expense	(401,202)	(363,367)
100 basis points decrease	(172,443)	(154,286)
– Decrease in interest income	(563,227)	(504,199)
– Decrease in interest expense	390,784	349,913
200 basis points increase	375,211	337,127
– Increase in interest income	1,176,635	1,065,788
– Increase in interest expense	(801,424)	(728,661)
200 basis points decrease	(345,749)	(310,034)
– Decrease in interest income	(1,128,589)	(1,007,965)
– Decrease in interest expense	782,840	697,931

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

	2024 N\$'000	2023 N\$'000
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)	10,713	7,178
10% decrease in share price (effect on other comprehensive income)	(10,713)	(7,178)
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)	(17,965)	(26,846)
100 basis points decrease in discount rate (effect on profit or loss)	33,362	20,854
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)	(25,418)	(14,152)
100 basis points decrease in discount rate (effect on other comprehensive income)	25,695	14,286



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.3 Market risk continued

3.3.4 Price risk continued

Sensitivity analysis continued

	2024 N\$'000	2023 N\$'000
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)	(7,584)	(8,616)
100 basis points decrease in discount rate (effect on other comprehensive income)	7,932	9,038

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	
	2024 N\$'000	2023 N\$'000
Interest rate risk	52,382	41,938
Foreign exchange risk	2,303	15,032

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.



Notes to the consolidated annual financial statements continued

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:

Group	Contractual undiscounted cash-flows					
	Call to 1 month N\$'000	1 – 3 months N\$'000	3 – 12 months N\$'000	1 – 5 years N\$'000	Over 5 years N\$'000	Total N\$'000
As at 30 June 2024						
Financial liabilities						
Due to other banks	194,521	–	–	–	–	194,521
Other borrowings	6,467	5,216	598,077	1,465,032	–	2,074,792
Debt securities in issue	34,663	23,531	1,164,760	4,036,895	75,348	5,335,197
Deposits	28,536,765	4,403,181	12,031,409	4,943,748	1,903,280	51,818,383
Other liabilities	619,201	27,002	81,007	62,316	58,849	848,375
Total liabilities (contractual maturity dates)	29,391,617	4,458,930	13,875,253	10,507,991	2,037,477	60,271,268
Commitments						
Loan commitments	5,308,859	–	–	–	–	5,308,859
Liabilities under guarantees	3,866,799	–	–	–	–	3,866,799
Letters of credit	471,956	–	–	–	–	471,956
As at 30 June 2023						
Financial liabilities						
Due to other banks	609,543	–	–	–	–	609,543
Other borrowings	51,834	–	218,658	221,248	455,016	946,756
Debt securities in issue	64,288	187,707	2,411,014	3,828,591	74,491	6,566,091
Deposits	23,960,886	4,408,978	11,602,650	4,192,245	1,910,688	46,075,447
Other liabilities	1,096,063	–	–	145,260	21,424	1,262,747
Total liabilities (contractual maturity dates)	25,782,614	4,596,685	14,232,322	8,387,344	2,461,619	55,460,584
Commitments						
Loan commitments	2,948,866	–	–	–	–	2,948,866
Liabilities under guarantees	2,414,104	–	–	–	–	2,414,104
Letters of credit	631,964	–	–	–	–	631,964



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:

Group	Contractual discounted cash flows							Total N\$'000
	Call to 1 month N\$'000	1 – 3 months N\$'000	3 – 12 months N\$'000	1 – 5 years N\$'000	5 – 10 years	Over 10 years N\$'000	Carrying value N\$'000	
As at 30 June 2024								
ASSETS								
Cash and cash equivalents	6,339,974	–	–	–	–	–	–	6,339,974
Financial assets at fair value through profit or loss	3,339,501	–	–	–	–	–	–	3,339,501
Gross financial assets at amortised cost	–	–	274,224	604,358	266,688	–	–	1,145,270
Financial assets at fair value through other comprehensive income	1,765,784	1,291,706	4,444,401	220,229	82,591	–	–	7,804,711
Gross loans and advances to customers	7,095,835	870,136	3,966,985	17,715,899	13,424,442	7,590,281	–	50,663,578
Other assets	272,494	–	(2,545)	20,855	4,808	–	–	295,612
Non-financial instruments	–	–	–	–	–	–	2,962,239	2,962,239
Effective interest rate impact per IFRS 9	–	–	–	–	–	–	(193,744)	(193,744)
Impairment	–	–	–	–	–	–	(1,773,509)	(1,773,509)
Total assets	18,813,588	2,161,842	8,683,065	18,561,341	13,778,529	7,590,281	994,986	70,583,632
LIABILITIES								
Due to other banks	194,521	–	–	–	–	–	–	194,521
Other borrowings	5,982	6,825	533,546	1,317,103	–	–	–	1,863,456
Debt securities in issue	23,010	250,661	861,051	3,628,893	–	–	–	4,763,615
Deposits	28,435,433	4,449,758	12,145,364	4,950,293	1,870,614	–	–	51,851,462
Other liabilities	689,947	–	–	158,428	–	–	–	848,375
Non-financial instruments	–	–	–	–	–	–	951,325	951,325
Total liabilities	29,348,893	4,707,244	13,539,961	10,054,717	1,870,614	–	951,325	60,472,754
Net liquidity gap	(10,535,305)	(2,545,402)	(4,856,896)	8,506,624	11,907,915	7,590,281	43,661	10,110,878
Cumulative liquidity gap	(10,535,305)	(13,080,707)	(17,937,603)	(9,430,979)	2,476,936	10,067,217	10,110,878	



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.4 Liquidity risk continued

Liquidity risk analysis continued

Group	Contractual discounted cash flows						Total N\$'000
	Call to 1 month N\$'000	1 – 3 months N\$'000	3 – 12 months N\$'000	1 – 5 years N\$'000	Over 5years N\$'000	Carrying value N\$'000	
As at 30 June 2023 (Restated)							
ASSETS							
Cash and cash equivalents	6,080,914	–	–	–	–	–	6,080,914
Financial assets at fair value through profit or loss	2,588,556	–	–	–	–	–	2,588,556
Financial assets at amortised cost	–	14,674	125,503	301,979	670,458	–	1,112,614
Financial assets at fair value through other comprehensive income	1,407,406	1,636,043	2,589,122	153,572	97,720	–	5,883,863
Gross loans and advances to customers	6,088,514	69,711	85,666	17,811,504	23,119,234	–	47,174,629
Other assets	320,583	–	–	–	–	–	320,583
Non-financial instruments	–	–	–	–	–	2,513,277	2,513,277
Effective interest rate impact	–	–	–	–	–	(166,736)	(166,736)
Impairment	–	–	–	–	–	(1,734,517)	(1,734,517)
Total assets	16,485,973	1,720,428	2,800,291	18,267,055	23,887,412	612,024	63,773,183
LIABILITIES							
Due to other banks	609,543	–	–	–	–	–	609,543
Other borrowings	1,712	3,425	234,068	673,730	–	–	912,935
Debt securities in issue	49,577	67,721	2,180,203	3,283,533	–	–	5,581,034
Deposits	23,714,397	4,417,396	9,871,393	6,616,510	1,165,079	–	45,784,775
Other liabilities	1,029,697	–	–	–	–	–	1,029,697
Non-financial instruments	–	–	–	–	–	862,380	862,380
Total liabilities	25,404,926	4,488,542	12,285,664	10,573,773	1,165,079	862,380	54,780,364
Net liquidity gap	(8,918,953)	(2,768,114)	(9,485,373)	7,693,282	22,722,333	(250,356)	8,992,819
Cumulative liquidity gap	(8,918,953)	(11,687,067)	(21,172,440)	(13,479,158)	9,243,175	8,992,819	

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.



Notes to the consolidated annual financial statements continued

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.

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

The fair value of unit trust investments is determined with reference to the daily published market prices.

Money market investments

For money market investments, the carrying value approximates its fair value.

Other debt securities

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.

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.



Notes to the consolidated annual financial statements continued

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 by discounting the future expected cash flows using observable market inputs, such as the JIBAR money market rate, as appropriate. Refer to note 3.5(b) for the disclosure of the fair value of other borrowings.

x. Debt securities in issue

Financial instruments included in this category include senior debt, callable bonds and preference shares issued. The fair value of issued debt securities 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. The fair values of these instruments were N\$4.8 billion (2023: N\$5.7 billion), refer to note 3.5(b). The fair value of the issued 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 promissory notes and replica notes. The fair value of promissory notes and replica 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. The fair value of these instruments is N\$51.9 billion (2023: N\$45.8 billion), refer to note 3.5(b).

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 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- > Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- > Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of 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.



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.5 Fair values of financial assets and liabilities continued

b) Fair value hierarchy continued

	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
As at 30 June 2024				
Financial assets measured at fair value				
<i>Financial assets at fair value through profit or loss</i>				
Unit trust and money market investments	–	3,339,501	–	3,339,501
<i>Financial assets at fair value through other comprehensive income</i>				
Derivative financial instruments (included in other assets)	–	27,785	–	27,785
Treasury bills	–	6,395,855	–	6,395,855
Government stock	301,001	–	–	301,001
Tradable instruments	–	985,308	–	985,308
Exchange traded funds	80,681	–	–	80,681
Equity instruments	10,366	–	31,500	41,866
	362,048	10,748,449	31,500	11,171,997

	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
Financial assets for which the fair value is disclosed				
Cash and cash equivalents	–	–	6,339,974	6,339,974
Loans and advances to customers	–	–	49,345,417	49,345,417
Financial assets at amortised cost	764,269	99,524	181,352	1,045,145
Treasury bills	–	99,524	–	99,524
Government stock	764,269	–	–	764,269
Preference shares	–	–	181,352	181,352
Director's valuation of investment in associates	–	1,835,198	–	1,835,198
	764,269	1,934,722	55,866,743	58,565,734
Financial liabilities for which the fair value is disclosed				
Due to other banks	–	–	194,521	194,521
Other borrowings	–	–	1,865,155	1,865,155
Debt securities in issue	–	–	4,815,441	4,815,441
Senior debt	–	–	2,999,410	2,999,410
Preference shares	–	–	782,013	782,013
Debentures	–	–	1,034,018	1,034,018
Deposits	–	–	51,889,032	51,889,032
Current, Savings, Demand, Term and notice, NCDs, Foreign	–	–	51,310,761	51,310,761
Promissory notes	–	–	578,271	578,271
	–	–	58,764,149	58,764,149

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



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.5 Fair values of financial assets and liabilities continued

b) Fair value hierarchy continued

	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
As at 30 June 2023				
Financial assets measured at fair value				
<i>Financial assets at fair value through profit or loss</i>				
Unit trust and money market investments	–	2,588,556	–	2,588,556
<i>Financial assets at fair value through other comprehensive income</i>				
Treasury bills	–	4,278,456	–	4,278,456
Government stock	539,719	–	–	539,719
Corporate bonds	–	4,016	–	4,016
Tradable instruments	–	949,427	–	949,427
Exchange traded funds	71,290	–	–	71,290
Equity instruments	9,455	–	31,500	40,955
	620,464	7,820,455	31,500	8,472,419

	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
Financial assets for which the fair value is disclosed				
Loans and advances to customers	–	–	46,387,489	46,387,489
Financial assets at amortised cost	777,565	43,049	181,022	1,001,636
Treasury bills	–	43,049	–	43,049
Government stock	777,565	–	–	777,565
Preference shares	–	–	181,022	181,022
<i>Director's valuation of investment in associates</i>				
	–	1,105,907	–	1,105,907
	–	1,926,521	46,568,511	48,495,032
Financial liabilities measured at fair value				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments (included in other liabilities)	–	(23,213)	–	(23,213)
Financial liabilities for which the fair value is disclosed				
Other borrowings	–	–	912,935	912,935
Debt securities in issue	–	–	5,653,290	5,653,290
Senior debt	–	–	3,760,987	3,760,987
Preference shares	–	–	861,213	861,213
Debentures	–	–	1,031,090	1,031,090
Deposits	–	–	45,784,775	45,784,775
Current, Savings, Demand, Term and notice, NCDs, Foreign	–	–	45,784,775	45,784,775
	–	–	52,351,000	52,351,000

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



Notes to the consolidated annual financial statements continued

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:

	2024 N\$'000	2023 N\$'000
Opening balance – 1 July	31,500	–
Gains/(losses) in other comprehensive income	–	–
Transfers into/out of level 3	–	31,500
Closing balance – 30 June	31,500	31,500

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.

	2024 N\$'000	2023 N\$'000
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	(1,269,795)	(948,546)
100 basis points decrease in discount rate	1,367,997	1,021,921
100 basis points increase in interest rate	298,733	202,608
100 basis points decrease in interest rate	(234,814)	(184,625)
1 month increase in term to maturity	(238,813)	(274,260)
1 month decrease in term to maturity	290,642	314,245
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	(586)	(140)
100 basis points decrease in discount rate	593	142

	2024 N\$'000	2023 N\$'000
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	(19,732)	(21,268)
100 basis points decrease in discount rate	20,642	22,309
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	(1,629)	(4,791)
100 basis points decrease in discount rate	789	307
100 basis points increase in coupon rate	(1,503)	(2,491)
100 basis points decrease in coupon rate	1,503	2,491
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	(49,622)	(55,241)
100 basis points decrease in discount rate	50,873	56,837
100 basis points increase in coupon rate	51,827	57,862
100 basis points decrease in coupon rate	(51,827)	(57,862)
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	(2,574)	–
100 basis points decrease in discount rate	2,597	–



Notes to the consolidated annual financial statements continued

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)	
			2024	2023
Financial assets measured at fair value				
<i>Financial assets at fair value through profit or loss and at fair value through other comprehensive income</i>				
Treasury bills	Income approach*	Note 1	BW: 7.6% – 9.4%	BW: 7.6% – 9.4%
Government stock	Income approach*	Note 1	BW & Entrepo: 8.5% – 10.1%	BW & Entrepo: 8.1% – 10.8%
Exchange traded funds	Market approach	Note 5	ZAR21.65	ZAR19.13
Corporate bonds	Income approach*	Note 1	N/A	7.8%
<i>Financial assets at fair value through profit or loss</i>				
Unit trust investments	Market approach**	Note 4	5.9% – 8.6%	5.3% – 8.5%
Derivative financial instruments – Interest rate swaps	Income approach*	Note 1	10.2% – 11.3%	7.6% – 11.7%
Derivative financial instruments – OTC currency options	Income approach*	Note 6	18.37 – 22.30	17.40 – 22.60
Financial assets for which the fair value is disclosed				
Loans and advances to customers	Income approach*			
Discount rate		Note 1	BW: 11.5% BG: 5.3% Entrepo: 15.3%	BW: 11.5% BG: 5.3% Entrepo: 15.3%
Earnings rate		Note 2	BW: 3.5% – 21.1% BG: 5.0% – 32.0% Entrepo: 15.3% – 21.0%	BW: 3.5% – 17.5% 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: 8.7% – 9.0%	BW: 8.7% – 9.3%
Government stock	Income approach*	Note 1	BW: 4.6% – 10.1%	BW: 8.1% – 10.8%

	Valuation technique	Types of valuation inputs	Valuation inputs (ranges)	
			2024	2023
Financial liabilities measured at fair value				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments	Income approach*	Note 1	N/A	BW: 7.6% – 11.7%
Financial liabilities for which the fair value is disclosed				
Other borrowings	Income approach*			
Discount rate		Note 1	BW: 8.8% – 10.2% CG: 8.2%***	BW: 9.5% – 10.8% CG: 7.9%***
Earnings rate		Note 1	BW: 8.4% – 9.2% CG: 8.2%***	BW: 9.5% – 10.0% CG: 7.9%***
Debt securities in issue				
Senior debt – unsecured	Income approach*	Note 1	BW: 8.3% – 10.5% BG: 2.3% – 8.9%	BW: 5.0% – 8.9% BG: 6.0%
Debentures	Income approach*	Note 1	BG: 6.4% CG: 9.6% – 10.7%	BG: 6.7% CG: 9.4% – 10.3%
Deposits				
Promissory notes	Income approach*	Note 1	7.8% – 9.2%	N/A

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 net asset value of the underlying assets.

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

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

BW: Bank Windhoek Ltd

BG: Bank Gaborone Ltd

CG: Capricorn Group Ltd



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.6 Insurance risk management

The group assumes insurance risk by issuing insurance contracts, under which the company 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 company 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	LIC	Total estimate: Insurance contract liability	Impact on net profits/equity
Base FY2024 Cohort		349,379	17,849	367,228	-
Sensitivities on assumptions:					
Mortality	5% increase	349,450	18,890	368,340	-
Morbidity	5% increase	349,450	18,890	368,340	(1,112)
	10%				
Retrenchment	increase	349,450	18,890	368,340	-
	10%				
Withdrawal	decrease	350,698	17,849	368,547	(1,319)
Maintenance expenses	5% decrease	349,493	17,814	367,307	(79)
Acquisition expenses	5% decrease	349,625	17,849	367,473	(246)
	10%				
Expense inflation	increase	349,453	17,849	367,302	(74)

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.

Due to the implementation of IFRS17, the method and assumptions for preparing these sensitivities had to be developed anew.

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 2024	June 2023	June 2022	June 2021	June 2020	June 2019
Year 1	8.55%	8.65%	6.91%	5.03%	5.09%	7.48%
Year 2	9.52%	9.77%	9.30%	6.75%	6.62%	8.03%
Year 3	10.20%	10.66%	11.21%	8.26%	7.98%	8.54%
Year 4	10.60%	11.32%	12.63%	9.54%	9.16%	8.99%
Year 5	10.72%	11.74%	13.55%	10.61%	10.17%	9.39%

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.



Notes to the consolidated annual financial statements continued

3. Financial risk management continued

3.7 Capital management continued

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 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.



Notes to the consolidated annual financial statements continued

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	
	2024 N\$'000	2023 N\$'000
Tier 1 capital		
Share capital and premium	753,450	744,635
General banking reserves	6,787,976	6,017,042
Retained earnings	2,617,299	2,036,700
Minority interests	318,961	289,375
Subtotal	10,477,686	9,087,752
Deduct: 50% investments in group entities		
Goodwill	(567,906)	(465,484)
50% investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(461,533)	(354,053)
Net total Tier 1 capital	9,448,247	8,268,215
Tier 2 capital		
Subordinated debt	356,957	382,960
Current unaudited profits (including dividends paid and transfers to general banking reserves)	–	–
Portfolio impairment	498,877	528,632
Minority interests and foreign currency translation adjustments	–	–
Subtotal	855,834	911,592
Deduct: 50% investments in group entities		
50% investments in deconsolidated financial subsidiaries, significant minority and majority insurance entities and significant commercial entities	(444,719)	(323,020)
Net total Tier 2 capital	411,115	588,572
Total regulatory capital	9,859,362	8,856,787

	Capricorn Group	
	2024 N\$'000	2023 N\$'000
Risk-weighted assets:		
Operational risk	6,177,842	5,225,880
Credit risk	47,981,597	46,396,986
Market risk	912,038	665,256
Total risk-weighted assets	55,071,477	52,288,122
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	13.0%	12.5%
Tier 1 risk-based capital ratio	17.2%	15.8%
Total risk-based capital ratio	17.9%	16.9%

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 performed on 30 November 2023, 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.



Notes to the consolidated annual financial statements continued

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) Impairment losses on loans and advances

Estimates in assessing the portfolio impairment are dependent on the analysis of historical data relating to probability of default, emergence period and loss given default. Specific impairment is triggered for individual non-performing loans and special mention accounts. Non-performing loans comprise loans due and unpaid for longer than 90 days.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Refer to notes 2.4 and 3.2.6 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) Post-employment benefits

The present value of the severance pay liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the liability. The assumptions used in determining the net cost include the discount rate. The group determined this discount rate based on the yield of South African government bonds. Other key assumptions are based on generally accepted demographic tables. Refer to note 28.

d) Share-based payments

For share-based payment transactions among group entities, in its separate or group financial statements, the entity receiving the services shall measure the services received as either an equity-settled or a cash-settled share-based payment transaction by assessing:

- > the nature of the awards granted; and
- > its own rights and obligations.

The amount recognised by the entity receiving the services may differ from the amount recognised by the consolidated group or by another group entity settling the share-based payment transaction.

The entity receiving the services shall measure the services received as an equity-settled share-based payment transaction when:

- > the awards granted are its own equity instruments; or
- > the entity has no obligation to settle the share-based payment transaction.

In terms of the share scheme arrangements, the awards granted are Capricorn Group shares, thus the share schemes are treated as equity-settled.

IFRS 2 requires an entity to measure the fair value of the employee services received by reference to the fair value of the equity instruments granted. This fair value depends on a number of factors that are determined on an actuarial basis, at grant date, using a number of assumptions. Any changes in these assumptions will impact the expense and share-based compensation reserve created at grant date. For assumptions made in the valuation of share-based payments refer to note 31.

e) Impairment of goodwill

The recoverable amount of goodwill is tested annually for impairment in accordance with the stated accounting policy. The recoverable amount of the cash generating units ('CGU') has been determined based on value-in-use calculations, being the net present value of the discounted cash flows of the CGU. Refer to note 20.

f) Treatment of income and expenses

Capricorn Group's operating model is that of a lender and provider of funding to banking entities in the group. Consequently, the finance costs paid and investment income received by Capricorn Group on its group financing activities, are treated as revenue in the consolidated financial statements, similar to that of a banking entity, and disclosed as interest expense and interest income respectively.

g) 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.



Notes to the consolidated annual financial statements continued

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

g) Insurance contract liabilities continued

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

It was previously mentioned that 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's 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.

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.

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.



Notes to the consolidated annual financial statements continued

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

g) Insurance contract liabilities continued

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.

h) Measurement of expected credit loss

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 3.2.2.2., 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.

i) Application of IFRS 16

The application of IFRS 16 requires management to make judgements and estimates that affect the measurement of right-of-use assets and lease liabilities. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Assessing whether a contract contains a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

	2024 N\$'000	2023 N\$'000
5. Net interest income		
<i>Interest and similar income</i>		
<i>Amortised cost</i>		
Loans and advances	5,699,744	4,930,062
Cash and short-term funds	387,255	218,513
Financial assets at amortised cost	101,835	94,057
Government stock and other investments	94,075	91,696
Preference shares	7,760	2,361
Financial assets at fair value through other comprehensive income	486,340	383,844
Treasury bills	456,787	336,656
Government stock and other investments	29,553	47,188
Total interest and similar income	6,675,174	5,626,476
<i>Interest and similar expenses</i>		
<i>Amortised cost</i>		
Demand deposits	492,223	373,700
Term and notice deposits	941,337	879,697
Negotiable certificates of deposits	867,887	715,045
Cheque deposits	451,860	295,250
Debt securities in issue	526,558	448,053
Savings deposits	76,591	54,579
Deposits from banks and financial institutions	79,169	43,127
Other borrowings	62,747	45,677
Promissory notes	26,966	–
Other	53,062	43,979
Leases	8,668	9,155
Total interest and similar expenses	3,587,068	2,908,262
Net interest income	3,088,106	2,718,214



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
6. Credit impairment losses		
Increase in specific impairment	148,035	88,688
Increase in specific impairment	101,659	46,660
Increase in interest in suspense impairment	46,376	42,028
Amounts written off as uncollectable	156,315	94,519
Initial specific impairment	142,637	89,784
Written off as uncollectable	13,678	4,735
Increase in portfolio impairment	22,388	48,771
Increase in portfolio impairment for OCI instruments	10,810	13,207
Amounts recovered during the year	(9,087)	(9,575)
	328,461	235,610

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 receivable when circumstances change as the written off amount was debited in full on the statement of comprehensive income.

	2024 N\$'000	2023 N\$'000
7. Non-interest income		
7.1 Fee and commission income		
Transaction and related fees	1,391,293	1,232,032
Income from deposits	673,243	631,768
Transaction based fee income	626,479	522,747
Income from loans and advances	91,571	77,517
Commissions	42,296	40,641
Trust and fiduciary fees	16,905	15,621
	1,450,494	1,288,294

	2024 N\$'000	2023 N\$'000 (Restated)
7.2 Net trading income		
Net foreign exchange gains	122,315	122,523
Net gains/(losses) from financial instruments at fair value	148,272	90,735
	270,587	213,258
Net foreign exchange gains and losses from trading assets includes gains and losses from spot and forward exchange contracts and translation of foreign currency assets and liabilities.		
Net gain from financial instruments at fair value includes the gains and losses from treasury bills, government stock and derivative financial instruments.		
7.3 Other operating income		
Commission and insurance related income	28,813	3,943
Dividend received	24,759	43,738
Support services rendered	795	298
Other	34,438	38,525
	88,805	86,504
7.4 Insurance revenue		
Insurance revenue from contracts measured under PAA	211,533	194,103
	211,533	194,103
7.5 Insurance service expenses		
Insurance claims and other directly attributable expenses	(56,567)	(59,672)
Amortisation of insurance acquisition cash flows	(5,484)	(4,800)
Changes related to past service	7,411	(2,266)
	(54,640)	(66,738)
7.6 Insurance finance expenses		
Finance expenses from insurance contracts	(36,926)	(27,299)
	(36,926)	(27,299)
7.7 Asset management and administration fees		
Asset management and administration fees	211,498	187,290
	211,498	187,290
Total non-interest income	2,141,351	1,875,412



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000 (Restated)
7. Non-interest income		
continued		
7.8 Types of revenue from contracts with customers		
Fee and commission income	1,450,494	1,288,294
Other operating income	29,608	4,241
Asset management and administration fees	211,498	187,290
Income other than from contracts with customers	449,751	395,587
Total revenue	2,141,351	1,875,412
7.9 Disaggregation of revenue from contracts with customers		
a.) Over time		
Transaction and related fees	91,571	77,517
Lending activities	91,571	77,517
Commission and insurance related income	28,813	3,943
Support services rendered	795	298
Asset management and administration fees	211,498	187,290
	332,677	269,048
b.) At a specific point in time		
Transaction and related fees	1,299,722	1,154,515
Cards and electronic channels	673,243	631,768
Transaction based fee income	626,479	522,747
Commissions	42,296	40,641
Trust and fiduciary fees	16,905	15,621
	1,358,923	1,210,777
c.) Income other than from contracts with customers		
	449,751	395,587
Total non-interest income	2,141,351	1,875,412

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

	2024 N\$'000	2023 N\$'000
8. Staff costs		
Salaries and bonuses	1,405,238	1,269,944
Share-based payment expense	53,550	24,413
Staff training costs	21,784	18,187
Pension costs – defined contribution plan	73,395	65,831
Severance pay provision (note 28)	1,207	1,584
	1,555,174	1,379,959
9. Operating expenses		
Expenses by nature		
9.1 Normal operating expenses		
Advertising and marketing	53,155	46,235
Amortisation of intangible assets (note 20)	50,275	51,761
Asset management fees	2,366	2,210
Auditor's remuneration		
– Audit fees	17,680	13,405
– Fees for other services	2,391	2,784
Non-executive directors' emoluments	11,679	10,369
Depreciation of property and equipment (note 21)	168,322	162,565
Finance costs on leases	7,723	7,870
Insurance costs	33,064	28,365
Impairment loss on intangible assets	3,532	–
Loss on disposal of property and equipment	2,123	4,230
Motor vehicle costs	3,665	3,899
Office expenses	15,291	12,036
Professional services	90,199	76,493
Repairs and maintenance	30,518	24,797
Security expenses	23,498	20,844
Staff costs (note 8)	1,555,174	1,379,959
Stamp duty	19,570	17,282
Stationery and printing	15,436	29,656
Subscription fees	18,678	17,989
Technology costs	220,131	180,418
Telephone, postage and courier costs	20,628	19,887
Travelling	18,868	11,348
Water and electricity	26,192	24,539
Other expenses	75,498	85,684
Total normal operating expenses	2,485,656	2,234,625



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
9. Operating expenses		
continued		
9.2 Fee and commission expenses		
Association transaction fees	199,470	174,926
Cash handling fees	45,288	21,102
Commission	12,476	13,286
	257,234	209,314
Total operating expenses	2,742,890	2,443,939

Research and development costs of N\$1,150,918 (2023: N\$1,205,352) are included in operating expenses above.

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

	2024 N\$'000	2023 N\$'000 (Restated)
10. Share of associates' results after tax		
The following represents Capricorn Group's share of the associates' after tax results:		
Profit before taxation	223,844	198,465
Taxation	(28,767)	(16,129)
	195,077	182,336

	2024 N\$'000	2023 N\$'000 (Restated)
11. Income tax expense		
11.1 Normal tax		
Current tax	583,534	560,898
Deferred tax	33,867	(44,426)
Total normal tax	617,401	516,472
Normal tax on other comprehensive income		
Current tax through other comprehensive income	13,269	7,906
– changes in fair value of debt instruments	13,188	7,722
– changes in fair value of equity instruments	81	184
Total income tax expense	630,670	524,378
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 tax and share of associates' results after tax	2,158,106	1,914,077
Other comprehensive income	38,467	18,219
Tax at the applicable tax rate of 32% (2023: 32%)	702,903	618,335
Dividends received	(54,593)	(35,275)
Fair value adjustment on interest free staff loans and investments	(5,438)	(2,240)
Other non-taxable income	(54,819)	(75,682)
Non-deductible expenses	51,279	41,221
Derecognise previously recognised deferred tax asset	7,762	–
Unrecognised deferred tax asset	–	(552)
Difference in tax rates	(16,424)	(16,036)
Prior year adjustment	–	(5,394)
Income tax expense	630,670	524,378
Effective tax rate	28.7%	27.1%



Notes to the consolidated annual financial statements continued

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 company 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 company and held as treasury shares.

	2024		
	Gross N\$'000	Taxation N\$'000	Net N\$'000
<i>Earnings</i>			
Profit for the year attributable to the equity holders of the parent entity			1,618,141
Headline adjustments	5,655	–	5,655
Loss on disposal of assets	2,123	–	2,123
Impairment on intangible assets	3,532	–	3,532
Headline earnings			1,623,796

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

	2024 N\$'000	2023 N\$'000
Number of ordinary shares in issue at year-end ('000) (note 29)	506,329	505,937
Adjusted for effect of future share-based payment transactions ('000)	3,184	3,056
Diluted weighted average number of ordinary shares in issue during the year ('000)	509,513	508,993
<i>Earnings per ordinary share (cents)</i>		
Basic	319.6	292.0
Fully diluted	317.6	290.2
<i>Headline earnings per ordinary share (cents)</i>		
Basic	320.7	300.4
Fully diluted	318.7	298.6

Headline earnings per share is based on the JSE guidance.

13. Cash and cash equivalents

	2024 N\$'000	2023 N\$'000
Cash balances	492,085	488,059
Due from other banks	4,732,031	4,896,457
Balances with the central bank other than mandatory reserve deposits	393,981	278,319
Mandatory reserve deposits with the respective central banks	721,877	418,079
	6,339,974	6,080,914

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



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
14. Financial assets		
Financial assets at fair value through profit or loss		
Unit trust and money market investments*	3,339,501	2,588,556
Current	3,339,501	2,588,556
Financial assets at amortised cost		
Treasury bills	99,557	42,143
Government stock	767,078	768,492
Preference shares	278,635	301,979
	1,145,270	1,112,614
Less expected credit loss allowance	(97,283)	(123,182)
Net financial assets at amortised cost	1,047,987	989,432
Current	271,948	140,177
Non-current	776,039	849,255
	1,047,987	989,432
Movement in impairment on financial assets at amortised cost is as follows for the group:		
Opening balance	123,182	113,328
Impairment charge for the year	4,458	(2,019)
Exchange movements	(30,357)	11,873
Closing balance	97,283	123,182

* Unit trust and money market investments are mandatorily measured at fair value through profit or loss.

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).

	2024 N\$'000	2023 N\$'000
15. Financial assets at fair value through other comprehensive income		
Debt instruments		
Treasury bills	6,395,855	4,278,456
Government stock	301,001	539,719
Tradable instruments ³	985,308	949,427
Corporate bonds	–	4,016
Exchange traded funds ²	80,681	71,290
Equity instruments		
Investment securities – listed ¹	34,621	34,432
Investment securities – unlisted	7,245	6,523
	7,804,711	5,883,863
Current	7,501,891	5,633,870
Non-current	302,820	249,993
	7,804,711	5,883,863
Refer to note 3.5 for fair value methodology used. All debt instruments are unlisted.		
The following represents the amortised cost of instruments where this differs from the fair value:		
Treasury bills	6,370,998	4,265,330
Government stock	294,258	537,752
Exchange traded funds	71,069	71,290
Corporate bonds	–	3,921
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	38,214	17,643
Changes in the fair value of equity instruments at fair value through other comprehensive income	253	576
	38,467	18,219

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 (2023: Nil).

² During the period under review, the group held 3,726,625 units of exchange traded funds, with no further additions or disposals.

³ Tradable instruments held in a portfolio of investments include government bonds, corporate bonds, swaps and money market instruments.



Notes to the consolidated annual financial statements continued

15. Financial assets at fair value through other comprehensive income continued

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 and government stock with a maturity of less than 90 days from inception date, are included in cash and cash equivalents.

Treasury bills with a nominal value of N\$1.05 billion (2023: N\$750 million) 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 (2023: Nil) at the Bank of Namibia. At 30 June 2024, the group received no treasury bills (2023: Nil) for collateral relating to reverse repurchase agreements.

Refer to note 3.5 for fair value methodology used.

	2024 N\$'000	2023 N\$'000
Overdrafts	6,516,635	6,340,010
Term loans	18,376,534	15,925,835
Mortgages	20,365,406	20,353,270
– Residential mortgages	13,200,697	12,939,039
– Commercial mortgages	7,164,709	7,414,231
Instalment finance	5,217,840	4,335,424
Preference shares	187,163	220,090
Gross loans and advances	50,663,578	47,174,629
Effective interest rate impact per IFRS 9 (deferment of loan admin fees)	(193,744)	(166,736)
Gross loans and advances after effective interest impact	50,469,834	47,007,893
Less impairment		
Stage 1 impairment	(232,584)	(167,690)
– Included in the stage 1 impairment		
Off-balance sheet exposure impairment	(6,204)	(3,746)
Stage 2 impairment	(264,828)	(328,800)
Stage 3 impairment	(1,178,814)	(1,114,845)
	48,793,608	45,396,558

N\$2.39 billion (2023: N\$2.1 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\$000	Preference shares and guarantees N\$000	Term loans N\$000	Mortgages N\$000	Instalment finance N\$000	Total N\$000
30 June 2024						
Balance at the beginning of the year	440,547	4,347	748,303	343,654	74,484	1,611,335
Stage 1	39,030	4,347	79,315	26,199	18,799	167,690
Stage 2	81,556	–	200,798	36,933	9,513	328,800
Stage 3	319,961	–	468,190	280,522	46,172	1,114,845
Loan impairments	71,224	2,669	(57,311)	166,721	57,817	241,120
Foreign exchange differences	10,021	–	7,561	(711)	(678)	16,193
Amounts written off during the year as uncollectible	(67,720)	–	(69,802)	(50,245)	(4,655)	(192,422)
Balance at the end of the year	454,072	7,016	628,751	459,419	126,968	1,676,226
Stage 1	42,824	7,016	116,402	43,850	22,492	232,584
Stage 2	62,088	–	106,982	48,052	47,706	264,828
Stage 3	349,160	–	405,367	367,517	56,770	1,178,814
30 June 2023						
Balance at the beginning of the year	425,781	3,097	520,292	424,092	68,898	1,442,160
Stage 1	38,557	3,097	84,570	22,812	21,056	170,092
Stage 2	69,822	–	162,563	56,914	10,763	300,062
Stage 3	317,402	–	273,159	344,366	37,079	972,006
Loan impairments	57,081	1,250	241,853	(77,554)	11,367	233,997
Foreign exchange differences	(5,284)	–	14,782	22,411	(2,212)	29,697
Amounts written off during the year as uncollectible	(37,031)	–	(28,624)	(25,295)	(3,569)	(94,519)
Balance at the end of the year	440,547	4,347	748,303	343,654	74,484	1,611,335
Stage 1	39,030	4,347	79,315	26,199	18,799	167,690
Stage 2	81,556	–	200,798	36,933	9,513	328,800
Stage 3	319,961	–	468,190	280,522	46,172	1,114,845



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
16. Loans and advances to customers continued		
Value of non-performing loans		
Non-performing loans	2,029,105	2,104,629
Interest recognised on these loans (interest in suspense)	371,598	350,732
Non-performing loans inclusive of interest	2,400,703	2,455,361

	2024 N\$'000	2023 N\$'000
The loans and advances to customers include instalment finance receivables which are analysed as follows:		
Repayable within 1 year	1,892,339	1,597,418
Repayable after 1 year but within 5 years	3,826,063	2,823,228
Repayable after 5 years	140,479	397,638
Gross investment in instalment finances	5,858,881	4,818,284
Unearned future finance income on instalment finances	(641,041)	(482,860)
Net investment in instalment finances	5,217,840	4,335,424

	2024		2023	
	N\$'000	%	N\$'000	%
Total impairment by geographical area				
Namibia	1,415,237	84.4	1,360,780	84.5
Botswana	246,641	14.7	229,682	14.3
Zambia	14,348	0.9	20,873	1.3
	1,676,226	100.0	1,611,335	100.0

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 taken directly to the employee loan accounts.

Included in term loans is an amount of N\$20.4 million (2023: N\$20.8 million) relating to the above-mentioned scheme.

The movements on these staff loans were as follows:

	2024 N\$'000	%	2023 N\$'000	%
Maturity analysis of loans and advances to customers for the group were as follows:				
Repayable within 1 month	7,095,835	14.0	6,088,514	12.9
Repayable after 1 month but within 3 months	870,136	1.7	69,711	0.1
Repayable after 3 months but within 6 months	1,554,077	3.0	35,689	0.1
Repayable after 6 months but within 12 months	2,412,908	4.8	49,977	0.1
Repayable after 1 year but within 5 years	17,715,899	35.0	17,811,504	37.8
Repayable after 5 year but within 10 years	13,424,442	26.5	7,354,877	15.6
Repayable after 10 years	7,590,281	15.0	15,764,357	33.4
	50,663,578	100.0	47,174,629	100.0

	2024 N\$'000	2023 N\$'000
Opening balance	20,800	23,424
New loans advanced during the year	9,873	8,588
Loans repaid during the year	(2,601)	(5,289)
Staff costs (adjustment to fair value)	(8,955)	(7,900)
Effective interest charged	1,266	1,977
Closing balance	20,383	20,800



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
17. Other assets			
Financial other assets	295,612	320,583	206,430
Insurance fund asset*	66,130	61,506	57,991
Accounts receivable	32,878	104,294	65,535
Clearing and settlement accounts	168,819	154,783	82,904
Derivative financial instruments (see Note 17.1)**	27,785	–	–
Non-financial other assets	253,824	237,753	248,523
Prepayments	83,086	57,676	55,853
Other taxes	877	829	801
Stock and Property in Possession***	169,861	179,248	191,869
	549,436	558,336	454,953
Less expected credit loss allowance	–	–	–
Net other assets	549,436	558,336	454,953
Current	453,224	491,132	396,962
Non-current	96,212	67,204	57,991
	549,436	558,336	454,953

Refer to note 1.3.1 (a) of the consolidated annual financial statements for details of the prior period restatement.

* 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 is held and interest is earned and capitalised on the balance.

** 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 of work-in-progress and property in possession.

	2024 N\$'000	2023 N\$'000
17.1 Derivative financial instruments		
Assets		
Interest rate swaps	31,137	–
OTC currency options	10,307	–
	41,444	–
Liabilities		
Interest rate swaps	(807)	–
OTC currency options	(12,852)	–
	(13,659)	–
Net derivative asset	27,785	–
Current	2,122	–
Non-current	25,663	–
	27,785	–

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 2024 was N\$744.7 million (2023: N\$637.7 million). The notional principal amount of the outstanding OTC currency options at 30 June 2024 was N\$160.9 million (2023: N\$540.9 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.



Notes to the consolidated annual financial statements continued

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\$000	Effective holding	
				2024 %	2023 %
Subsidiaries of Capricorn Group					
Bank Windhoek Ltd	Namibia	4,920	485,000	100	100
Namib Bou (Pty) Ltd	Namibia	600	23,000	100	100
Capricorn Asset Management (Pty) Ltd	Namibia	53	1,001	95.9	95.7
Capricorn Unit Trust Management Company Ltd	Namibia	1,917	2,000	95.9	95.7
Capricorn Capital (Pty) Ltd	Namibia	4	100	100	100
Capricorn Investment Holdings (Botswana) Ltd	Botswana	52,873	318,858	84.8	84.8
Mukumbi Investments (Pty) Ltd	Zambia	5	33	100	100
Entrepo Holdings (Pty) Ltd	Namibia	15	130,000	55.5	55.5
Capricorn Investment Group (Pty) Ltd	South Africa	0.1	0.1	100	100
Capricorn Hofmeyer Property (Pty) Ltd	Namibia	0.1	0.1	100	100
Subsidiaries of Bank Windhoek Ltd					
Bank Windhoek Nominees (Pty) Ltd	Namibia	0.1	0.1	100	100
BW Finance (Pty) Ltd	Namibia	0.1	0.1	100	100
Bank Windhoek Properties (Pty) Ltd	Namibia	1	1	100	100
Grape Orchard Farming (Pty) Ltd	Namibia	0.1	0.1	100	100
Subsidiaries of Capricorn Investment Holdings (Botswana) Ltd					
Bank Gaborone Ltd (BG)	Botswana	220,000	297,309	100	100
CIH Insurance Brokers (Pty) Ltd	Botswana	1	8,124	100	100
Capricorn Asset Management (Botswana) (Pty) Ltd	Botswana	1	2,579	100	100
Peo Finance (Pty) Ltd	Botswana	30	30	100	100
Subsidiaries of Entrepo Holdings (Pty) Ltd					
Entrepo Life Ltd	Namibia	4	4,200	100	100
Entrepo Finance (Pty) Ltd	Namibia	4	4	100	100

	Aggregate income of subsidiaries (after tax)		Total investment	
	2024 N\$'000	2023 N\$'000 (Restated)	2024 N\$'000	2023 N\$'000
<i>Financial details of subsidiaries</i>				
Subsidiaries of Capricorn Group				
Bank Windhoek Ltd (consolidated)	1,247,929	1,090,639	520,440	520,440
Namib Bou (Pty) Ltd	1,224	2,028	23,000	23,000
Capricorn Asset Management (Pty) Ltd	57,734	49,478	122,423	122,391
Capricorn Unit Trust Management Company Ltd	30,222	26,303	63,109	61,940
Capricorn Capital (Pty) Ltd	(10,112)	210	163	163
Capricorn Investment Holdings (Botswana) Ltd*	190,845	124,096	438,776	438,776
Entrepo Holdings (Pty) Ltd	199,177	188,193	238,680	238,680
Capricorn Investment Group (Pty) Ltd	(92)	315	0.1	0.1
Capricorn Hofmeyer Property (Pty) Ltd	(996)	(686)	11,508	11,508
	1,715,931	1,480,576	1,418,099	1,416,898
Non-current			1,418,099	1,416,898

* The at-acquisition exchange rate of NAD 0.776 has been applied to the conversion of the investment. Average exchange rate for the year of NAD 1.364 (2023: NAD 1.355) has been applied on the conversion of the aggregate income.

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.



Notes to the consolidated annual financial statements continued

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.

	2024 N\$'000	2023 N\$'000 (Restated)
Summarised statement of financial position		
Current assets	325,627	175,918
Current liabilities	237,120	375,410
Current net liabilities	88,507	(199,492)
Non-current assets	1,805,913	1,533,146
Non-current liabilities	1,135,436	592,848
Non-current net assets	670,477	940,298
Net assets	758,984	740,806
Accumulated NCI	337,748	329,659
Summarised statement of comprehensive income		
Total income	360,706	316,919
Profit for the period	199,177	188,193
Total comprehensive income	199,177	188,193
Profit allocated to NCI	88,634	83,746
Dividends paid to NCI	80,545	48,060
Summarised cash flows		
Cash flows from operating activities	(40,213)	102,341
Cash flows from investing activities	(132,898)	(29,472)
Cash flows from financing activities	286,206	(108,101)
Net increase/(decrease) in cash and cash equivalents	113,095	(35,232)

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 2024. 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\$000	Effective holding 2024 %	Effective holding 2023 %	Shares at cost	
					2024 N\$000	2023 N\$000
Associates of Capricorn Group						
Santam Namibia Ltd	1,230	8,307	28.0	28.0	62,905	62,905
Sanlam Namibia Holdings (Pty) Ltd	30	160,665	29.5	29.5	47,290	47,290
Paratus Group Holdings Ltd	65	1,727	36.4	26.0	444,659	201,295
					554,854	311,490

19.1 Santam Namibia Ltd

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

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
Carrying value of investment in associate			
Investment at cost	62,905	62,905	62,905
Share of current year's retained income	38,626	24,724	21,991
– Profit before tax	57,359	33,520	30,731
– Current and deferred tax	(18,733)	(8,796)	(8,740)
Dividends paid	(16,773)	(17,332)	(37,740)
Post-acquisition retained income at the beginning of the year	66,089	58,697	74,625
IFRS 17 adoption	–	–	(179)
	150,847	128,994	121,602
Directors' valuation	276,839	140,512	123,495



Notes to the consolidated annual financial statements continued

19. Investment in associates continued

19.1 Santam Namibia Ltd continued

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.

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
Summarised financial information (unaudited)			
Insurance revenue	1,161,534	724,919	686,514
Profit after tax	164,124	83,095	68,924
Total comprehensive income	164,124	83,095	68,924
Non-current assets	623,706	576,183	516,685
Current assets	615,283	577,507	534,672
Non-current liabilities	(8,324)	(13,291)	(9,348)
Current liabilities	(774,614)	(762,521)	(690,574)
Net asset value	456,051	377,878	351,435
Interest in associate (28%)	127,487	105,634	98,242
Goodwill on acquisition	23,360	23,360	23,360
Carrying value of investment in associate	150,847	128,994	121,602

19.2 Sanlam Namibia Holdings (Pty) Ltd

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

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
Carrying value of investment in associate			
Investment at cost	47,290	47,290	47,290
Share of current year's retained income	145,105	166,044	21,714
– Profit before tax	149,063	168,554	24,452
– Current and deferred tax	(3,958)	(2,510)	(2,738)
Dividends paid	(63,236)	(64,784)	–
Post-acquisition retained income at the beginning of the year	461,007	359,747	76,715
IFRS 17 adoption	–	–	261,318
	590,166	508,297	407,037
Directors' valuation	941,720	564,792	534,198

Technique used for directors' valuation

Sanlam 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.

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
Summarised financial information (unaudited)			
Insurance revenue	1,321,829	930,086	694,041
Profit after tax	409,979	462,368	407,039
Total comprehensive income	409,979	462,368	407,039
Non-current assets	8,016,887	8,265,936	7,049,080
Current assets	613,938	83,689*	729,294
Non-current liabilities	(6,380,640)	6,355,290	(5,856,414)
Current liabilities	(310,023)	(332,078)	(603,432)
Net asset value	1,940,162	1,662,257	1,318,528
Interest in associate (29.5%)	571,560	489,691	388,431
Goodwill on acquisition	18,606	18,606	18,606
Carrying value of investment in associate	590,166	508,297	407,037

* The adjustment to the figures was a result of a reclassification between current and non-current assets.



Notes to the consolidated annual financial statements continued

19. Investment in associates continued

19.2 Sanlam Namibia Holdings (Pty) Ltd continued

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 2024 have been used for equity accounting the share of results of associates for their half year ended 30 June 2024.

19.3 Paratus Group Holdings Ltd

The Group holds an effective 36.4% (2023: 26%) 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.

During the year the Group acquired additional shares in Paratus Group, increasing its shareholding to 36.4% from 26%.

	2024 N\$'000	2023 N\$'000
Carrying value of investment in associate		
Investment at cost	444,659	232,263
Share of current year's retained income	11,346	(8,432)
– Profit before tax	17,422	34,544
– Current and deferred tax	(6,076)	(4,823)
– Loss on share dilution	–	(38,153)
Share of current year other comprehensive income	(53,639)	–
Post-acquisition retained income at the beginning of the year	46,700	55,132
Additional shareholding	110,322	–
– Retained earnings	133,372	–
– FCTR	(23,050)	–
	559,388	278,963
Valuation	616,639	400,603

Technique used for directors' valuation:

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

	2024 N\$'000	2023 N\$'000
Summarised financial information (unaudited)		
Revenue	1,375,600	1,131,807
Profit after tax	58,978	151,936
Total comprehensive income	(97,684)	177,060
Non-current assets	2,096,849	1,520,771
Current assets	549,650	431,417
Non-current liabilities	(366,981)	(308,209)
Current liabilities	(485,937)	(282,183)
Non-controlling interest	(254,687)	(304,743)
Net asset value	1,538,894	1,057,053
Interest in associate (36.4%) (2023: 26.0%)	559,388	317,116
Loss on share dilution	–	(38,153)
Carrying value of investment in associate	559,388	278,963
Total investment in associates (non-current)	1,300,401	916,254*

* Refer to note 1.3.1 (a) of the consolidated annual financial statements for details of the prior period restatement.

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\$'000	Purchased software N\$'000	Intangible assets in develop- ment N\$'000	Internally generated software N\$'000	Total N\$'000
30 June 2024					
Cost					
Cost at 1 July 2023	71,068	68,597	255,401	403,764	798,830
Transfers	-	-	(104,230)	104,675	445
Additions	-	406	100,208	142,711	243,325
Exchange differences	-	6,580	(417)	-	6,163
Disposals	-	-	-	(25,360)	(25,360)
Cost at 30 June 2024	71,068	75,583	250,962	625,790	1,023,403
Amortisation					
Amortisation at 1 July 2023	-	(54,514)	-	(276,960)	(331,474)
Charge for the year	-	(526)	-	(49,749)	(50,275)
Transfer	-	-	-	-	-
Exchange differences	-	(3,657)	-	-	(3,657)
Transfers and Disposals	-	-	-	(82,532)	(82,532)
Amortisation at 30 June 2024	-	(58,697)	-	(409,241)	(467,938)
Impairment loss					
Accumulated impairment loss at 1 July	-	-	-	(18,205)	(18,205)
Charge for the year	-	(3,532)	-	-	(3,532)
Accumulated impairment loss at 30 June	-	(3,532)	-	(18,205)	(21,737)
Net book value at 30 June 2024	71,068	13,354	250,962	198,344	533,728

	Goodwill ¹ N\$'000	Purchased software N\$'000	Intangible assets in develop- ment N\$'000	Internally generated software N\$'000	Total N\$'000
30 June 2023					
Cost					
Cost at 1 July 2022	71,068	50,321	181,474	369,880	672,743
Transfers	-	-	(46,167)	45,704	(463)
Additions	-	804	119,674	57	120,535
Exchange differences	-	17,472	420	-	17,892
Disposals	-	-	-	(11,877)	(11,877)
Cost at 30 June 2023	71,068	68,597	255,401	403,764	798,830
Amortisation					
Amortisation at 1 July 2022	-	(47,233)	(16)	(238,397)	(285,647)
Charge for the year	-	(3,764)	-	(47,997)	(51,761)
Transfer	-	-	16	(16)	-
Exchange differences	-	(3,517)	-	-	(3,517)
Amortisation on disposals	-	-	-	9,450	9,450
Amortisation at 30 June 2023	-	(54,514)	-	(276,960)	(331,474)
Impairment loss					
Accumulated impairment loss at 1 July	-	-	-	(18,205)	(18,205)
Accumulated impairment loss at 30 June	-	-	-	(18,205)	(18,205)
Net book value at 30 June 2023	71,068	14,083	255,705	108,294	449,151

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.

All intangible assets are held by the group, none by the company and all are classified as non-current assets. No assets were encumbered at 30 June 2024 nor 30 June 2023.

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



Notes to the consolidated annual financial statements continued

21. Property and equipment

	Freehold land and buildings N\$'000	Computer and other equipment N\$'000	Motor Vehicles N\$'000	Furniture, fittings and other office equipment N\$'000	Right-of-use assets** N\$'000	Total N\$'000
30 June 2024						
Cost						
Cost at 1 July 2023	162,577	502,308	33,867	347,817	431,112	1,477,681
Additions	34,157	41,777	6,561	30,109	71,532	184,136
Transfers	(41,098)	49,414	–	(8,761)	–	(445)
Exchange differences	–	2,889	327	13,028	(11,707)	4,537
Disposals	–	(159,975)	(2,254)	(27,253)	(39,003)	(228,485)
Cost at 30 June 2024	155,636	436,413	38,501	354,940	451,934	1,437,424
Depreciation						
Accumulated depreciation at 1 July 2023	(25,747)	(335,469)	(17,801)	(217,758)	(215,483)	(812,258)
Charge for the year	(3,097)	(58,087)	(2,990)	(32,582)	(84,740)	(181,496)
Depreciation on useful lives review	–	10,535	30	2,609	–	13,174
Exchange differences	–	3,068	(268)	(5,405)	(6,517)	(9,122)
Depreciation on disposals	–	129,174	1,381	26,059	35,230	191,844
Accumulated depreciation at 30 June 2024	(28,844)	(250,779)	(19,648)	(227,077)	(271,510)	(797,858)
Net book value at 30 June 2024	126,792	185,634	18,853	127,863	180,424	639,566
Additions						
For cash flow purposes						
Cash flow items	34,157	41,777	6,561	30,109	–	112,604
Non-cash flow items	–	–	–	–	71,532	71,532
	34,157	41,777	6,561	30,109	71,532	184,136

	Freehold land and buildings N\$'000	Computer and other equipment N\$'000	Motor Vehicles N\$'000	Furniture, fittings and other office equipment N\$'000	Right-of-use assets** N\$'000	Total N\$'000
30 June 2023						
Cost						
Cost at 1 July 2022	146,439	453,065	32,008	328,537	401,826	1,361,875
Additions*	50,876	47,046	1,880	13,927	79,224	192,953
Transfers	(34,738)	27,458	550	7,193	–	463
Exchange differences	–	2,771	253	4,327	6,351	13,702
Disposals	–	(28,032)	(824)	(6,167)	(56,289)	(91,312)
Cost at 30 June 2023	162,577	502,308	33,867	347,817	431,112	1,477,681
Depreciation						
Accumulated depreciation at 1 July 2022	(22,650)	(312,028)	(16,190)	(188,668)	(182,426)	(721,962)
Charge for the year	(3,097)	(48,724)	(2,010)	(30,201)	(78,533)	(162,565)
Exchange differences	–	(2,316)	(189)	(3,766)	(5,367)	(11,638)
Depreciation on disposals	–	27,599	588	4,877	50,843	83,907
Accumulated depreciation at 30 June 2023	(25,747)	(335,469)	(17,801)	(217,758)	(215,483)	(812,258)
Net book value at 30 June 2023	136,830	166,839	16,066	130,059	215,629	665,423
Additions*						
For cash flow purposes						
Cash flow items	50,876	47,046	1,880	13,927	–	113,729
Non-cash flow items	–	–	–	–	79,224	79,224
	50,876	47,046	1,880	13,927	79,224	192,953

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

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 2024 nor 30 June 2023. All property and equipment are classified as non-current assets.



Notes to the consolidated annual financial statements continued

	2024	2023
22. Due to other banks		
Current accounts	194,521	609,543
	194,521	609,543
Current	194,521	609,543

Balances due to other banks are unsecured with no fixed repayment terms and bears interest at market-related interest rates.

	2024 N\$'000	2023 N\$'000
23. Other borrowings		
Balance as at 1 July	912,935	618,017
Additions	1,383,325	863,982
Redemptions	(425,357)	(599,017)
Accrued interest	62,747	45,677
Coupon payments	(47,178)	(40,632)
Foreign exchange movement	(23,016)	24,908
Balance as at 30 June	1,863,456	912,935
Current	546,353	239,205
Non-current	1,317,103	673,730
	1,863,456	912,935

Other borrowings consist of a long-term funding with AFD (Agence Francaise de Developpement) and Bank of Namibia SME Scheme of N\$269.1 million. The balance is further made up of a Bank One loan of N\$184.5 million, N\$143.0 million sourced from Capricorn Unit Trusts, a loan from the Caliber Capital Trust of N\$75 million, IFC funding of N\$435.7 million and a loan from RMB of N\$756.2 million

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%.

Bank One loan:

The interest is repayable quarterly over the one-year term of the loan with the capital amount being repayable at the end of the loan on 26 October 2024. Interest on the Bank One loan is charged at a fixed rate of 8.15% per annum.

Capricorn Unit Trusts: The capital and all outstanding interest are repayable at the end of the loan term on 1 November 2024. Interest on the loan is charged at a fixed rate of 9.1% 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.

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

RMB loan: The loan bears interest at prime less 0.3%. There is a capital repayment holiday for the first 12 months and thereafter equal quarterly repayments are due over a period of 36 months, with the first repayment due on 31 July 2025.

The group has not defaulted on any debt covenant requirements relating to these loans in the current and previous financial year.

	2024 N\$'000	2023 N\$'000
24. Debt securities in issue		
Balance as at 1 July	5,581,034	6,244,612
Redemptions	(2,084,078)	(885,000)
Additions	1,253,180	200,000
Effective interest	526,558	448,053
Coupon payments	(495,467)	(435,531)
Forex (gain)/loss	(17,612)	8,900
Balance as at 30 June	4,763,615	5,581,034
Current	1,134,722	2,297,501
Non-current	3,628,893	3,283,533
	4,763,615	5,581,034



Notes to the consolidated annual financial statements continued

24. Debt securities in issue continued

Debt instruments	Interest rate	Maturity date	Notes	2024 N\$'000	2023 N\$'000
<i>Senior debt – unsecured</i>					
BWFL23 fixed rate note	8.72%	29-Sep-23	24.1	–	48,822
BWZJ23 floating rate note	3 mth JIBAR + 190 bps	19-Nov-23	24.1	–	344,002
BWFL23 fixed rate note	5.06%	4-Dec-23	24.1	–	150,234
BWJL23 floating rate note	3m JIBAR + 95bps	4-Dec-23	24.1	–	444,664
BWZJ24 floating rate note	3m JIBAR + 200bps	29-Mar-24	24.1	–	500,287
BWJL24 floating rate note	3m JIBAR + 150bps	30-Sep-24	24.1	250,509	252,284
BWZJ25 floating rate note	3m JIBAR + 200bps	11-Feb-25	24.1	334,772	334,619
BWJL25 floating rate note	3m JIBAR + 116bps	2-Dec-25	24.1	354,349	152,896
BWJF26S floating rate note	3m JIBAR + 150bps	2-Jun-26	24.1	410,261	409,253
BWJ1e27 floating rate note	3 mth JIBAR + 215bps	19-May-27	24.1	506,180	506,033
BWJ2e27 floating rate note	3 mth JIBAR	19-May-27	24.1	302,948	302,860
BWFL26 fixed rate note	8.80%	4-Dec-26	24.1	100,651	–
BWZJ26 floating rate note	3m JIBAR + 170bps	27-Nov-26	24.1	252,407	–
BWZJ27 floating rate note	3m JIBAR + 170bps	28-Mar-27	24.1	310,190	–
CGL001 floating rate note	MoPR rate + 421bps	8-Apr-24	24.1	–	181,331
Senior debt issued by Bank Gaborone	2.3%-8.9%	30-Jun-27 - 15-May-34	24.1	125,317	61,446
				2,947,584	3,688,731

Debt instruments	Interest rate	Maturity date	Notes	2024 N\$'000	2023 N\$'000
<i>Preference shares (floating rate note)</i>					
2,500 Preference shares – Santam Namibia Ltd	64.5% of prime	1-Dec-24	24.2	25,152	25,149
40,000 Preference Shares – Capricorn Investment Holdings Limited	3mth JIBAR	23-Mar-27	24.2	405,582	405,320
35,000 Preference Shares – Capricorn Asset Management on behalf of Funds Under Management	72.5% of Namibian prime	14-Mar-25	24.2	351,279	–
35,000 Preference Shares – First National Bank of Namibia	72.1% of Namibian prime	15-Mar-24	24.2	–	354,688
7,606 Preference Shares – First National Bank of Namibia	70.6% of Namibian prime	15-Mar-24	24.2	–	76,056
				782,013	861,213
<i>Debentures</i>					
Capricorn Selekt Fund	3 mth JIBAR + 175bps	28-Apr-26	24.3	71,182	71,174
Capricorn Enhanced Cash Fund	3 mth JIBAR + 175bps	28-Apr-26	24.3	101,688	101,675
Capricorn Investment Fund	3 mth JIBAR + 140bps	28-Apr-25	24.3	152,473	152,422
Capricorn High Yield Fund	3 mth JIBAR + 175bps	28-Apr-26	24.3	81,356	81,341
Capricorn Investment Holdings Ltd	3 mth JIBAR + 235bps	31-Dec-27	24.3	101,788	101,723
Government Institutions Pension Fund (GIPF)	3 mth JIBAR + 235bps	31-Jan-30	24.3	508,941	505,548
Kgori Capital (Pty) Ltd	6.35%	24-Jul-25	24.3	16,590	17,207
				1,034,018	1,031,090
Total debt securities in issue at the end of the year				4,763,615	5,581,034
Listed debt securities				2,822,267	3,627,285
Unlisted debt securities				1,941,348	1,953,749
				4,763,615	5,581,034



Notes to the consolidated annual financial statements continued

24. Debt securities in issue continued

24.1 Senior debt – unsecured

New debt securities issued in the current year include BWFL26, BWZJ26 and BWZJ27.

Interest on 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 57,500 preference shares issued to First National Bank of Namibia is payable quarterly in arrears on the last working day of January, April, July and October. Quarterly repayments of N\$18.75 million are made on the 22,500 preference shares issued to First National Bank of Namibia on the last working day of January, April, July and October. The preference shares were fully redeemed during March 2024.

Interest on the 40,000 preference shares issued to Capricorn Investment Holdings Ltd is payable quarterly in arrears on the last working day of January, April, July and October.

Interest on the 2,500 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 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 P12,060,000 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\$4.8 billion (2023: N\$5.0 billion).

The group is busy engaging market participants on how the possible transition of the interest benchmark reform could work for JIBAR linked instruments.

25. Deposits

	2024 N\$'000	2023 N\$'000
Current accounts	13,882,578	12,051,841
Credit cards	37,962	39,399
Savings accounts	2,178,993	1,934,714
Demand deposits	9,182,579	6,867,738
Term and notice deposits	14,409,255	14,251,101
Negotiable certificates of deposits (NCDs)	9,921,213	8,983,152
Other deposits	2,238,882	1,656,830
	51,851,462	45,784,775

	2024		2023	
	N\$'000	%	N\$'000	%
Maturity analysis within the customer current, savings, deposit account portfolio for the group were as follows:				
Withdrawable on demand	24,674,891	47.6	20,464,608	44.7
Maturing within 1 month	3,760,542	7.3	3,249,789	7.1
Maturing after 1 month but within 6 months	9,288,507	17.9	7,389,391	16.1
Maturing after 6 months but within 12 months	7,306,615	14.1	6,899,398	15.1
Maturing after 12 months	6,820,907	13.2	7,781,589	17.0
	51,851,462	100.0	45,784,775	100.0



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
26. Other liabilities			
Financial other liabilities	848,375	983,871	895,053
Accounts payable and other accruals*	412,548	585,593	468,291
Derivative financial instruments – interest rate swaps**	–	(23,213)	(27,760)
Clearing, settlement and internal accounts	196,305	160,721	203,529
Lease liabilities (see Note 26.2)	239,522	260,770	250,993
Non-financial other liabilities	404,745	430,043	273,284
Indirect taxes***	25,181	31,037	15,966
Employee liabilities	379,564	399,006	257,318
Total other liabilities	1,253,120	1,413,914	1,168,337
Current	1,094,692	1,230,275	980,999
Non-current	158,428	183,639	187,338
	1,253,120	1,413,914	1,168,337

* 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.

* Refer to note 1.3.1 (a) of the consolidated annual financial statements for details of the prior period restatement.

2024	Liability for remaining coverage N\$	Liability for incurred claims – BEL N\$	Liability for incurred claims – RA N\$	Total liability for incurred claims N\$	Total N\$
26.1 Insurance contract liabilities					
Opening insurance contract liabilities	431,650	20,914	1,997	22,911	454,561
Insurance revenue	(211,533)	–	–	–	(211,533)
Insurance service expense					
Incurred claims and other directly attributable expenses	–	54,366	2,201	56,567	56,567
Amortisation of insurance acquisition cash flows	5,484	–	–	–	5,484
Changes related to past service	–	(5,384)	(2,027)	(7,411)	(7,411)
Insurance finance expenses	36,683	213	30	243	36,926
Total amounts recognised in profit or loss	(169,366)	49,195	204	49,399	(119,967)
Cash flows					
Premiums received	241,327	–	–	–	241,327
Claims and other directly attributable expenses paid during the period	–	(50,916)	–	(50,916)	(50,916)
Insurance acquisition cash flows	(7,572)	–	–	–	(7,572)
Total cash flows	233,755	(50,916)	–	(50,916)	182,839
Transfer to other items in Statement of Financial Position – depreciation	–	(1)	–	(1)	(1)
Closing insurance contract liabilities	496,039	19,192	2,201	21,393	517,432



Notes to the consolidated annual financial statements continued

26. Other liabilities continued

26.1 Insurance contract liabilities continued

2023	Liability for remaining coverage N\$	Liability for incurred claims – BEL N\$	Liability for incurred claims – RA N\$	Total liability for incurred claims N\$	Total N\$
Opening insurance contract liabilities	401,576	18,424	1,913	20,337	421,913
Insurance revenue	(194,103)	–	–	–	(194,103)
Insurance service expense	–	–	–	–	–
Incurred claims and other directly attributable expenses	–	57,675	1,997	59,672	59,672
Amortisation of insurance acquisition cash flows	4,800	–	–	–	4,800
Changes related to past service	–	4,199	(1,933)	2,266	2,266
Insurance finance expenses	27,136	143	20	163	27,299
Total amounts recognised in profit or loss	(162,167)	62,017	84	62,101	(100,066)
Cash flows					
Premiums received	196,248	–	–	–	196,248
Claims and other directly attributable expenses paid during the period	–	(59,522)	–	(59,522)	(59,522)
Insurance acquisition cash flows	(4,005)	–	–	–	(4,005)
Total cash flows	192,243	(59,522)	–	(59,522)	132,721
Transfer to other items in Statement of Financial Position – depreciation	(2)	(5)	–	(5)	(7)
Closing insurance contract liabilities	431,650	20,914	1,997	22,911	454,561

2022	Liability for remaining coverage N\$	Liability for incurred claims – BEL N\$	Liability for incurred claims – RA N\$	Total liability for incurred claims N\$	Total N\$
Opening insurance contract liabilities	361,537	16,833	1,945	18,778	380,315
Insurance revenue	(162,056)	–	–	–	(162,056)
Insurance service expense	–	–	–	–	–
Incurred claims and other directly attributable expenses	–	57,475	1,913	59,388	59,388
Amortisation of insurance acquisition cash flows	4,301	–	–	–	4,301
Changes related to past service	–	(8)	(1,960)	(1,968)	(1,968)
Insurance finance expenses	21,301	109	15	124	21,425
Total amounts recognised in profit or loss	(136,454)	57,576	(32)	57,544	(78,910)
Cash flows					
Premiums received	180,771	–	–	–	180,771
Claims and other directly attributable expenses paid during the period	–	(55,968)	–	(55,968)	(55,968)
Insurance acquisition cash flows	(4,272)	–	–	–	(4,272)
Total cash flows	176,499	(55,968)	–	(55,968)	120,531
Transfer to other items in Statement of Financial Position – depreciation	(6)	(17)	–	(17)	(23)
Closing insurance contract liabilities	401,576	18,424	1,913	20,337	421,913

	2024 N\$'000	2023 N\$'000 (Restated)	2022 N\$'000 (Restated)
Insurance contract liabilities			
Current	212,846	195,438	182,340
Non-current	304,586	259,123	239,573
	517,432	454,561	421,913



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
26. Other liabilities continued		
26.2 Lease liabilities		
Maturity analysis – contractual discounted cashflows		
– Within one year	81,094	77,131
– Later than one year but not later than five years	152,990	162,215
– Later than five years	5,438	21,424
Total undiscounted lease liabilities	239,522	260,770
Lease liabilities included in statement of financial position	239,522	260,770
Current	81,094	77,131
Non-current	158,428	183,639
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.		
The weighted average lessee's incremental borrowing applied to the lease liabilities on 1 July was 7.64% (2023: 7.64%).		
Amounts recognised in profit or loss		
Interest on lease liabilities	16,391	17,157
Expenses relating to short-term leases	5,776	16,512
	22,167	33,669
Amounts recognised in statement of cashflows		
Principal payments on lease liabilities	81,123	83,142
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.		
100 basis points increase		
– Increase in interest expense on lease liabilities	1,561	1,626
100 basis points decrease		
– Decrease in interest expense on lease liabilities	(1,561)	(1,626)

	2024 N\$'000	2023 N\$'000
27. Deferred income tax		
Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 32% (2023: 32%).		
The movement on the deferred income tax account is as follows:		
Deferred tax (asset) as at 1 July	(160,881)	(116,455)
Charge to profit or loss	33,867	(44,426)
Accelerated tax depreciation and amortisation	12,531	(3,543)
Loans and receivables	18,239	(35,666)
Government stock and other securities	5,466	16,232
Prepaid expenses	6,132	(4)
Accruals	(24,917)	(11,294)
Loan loss impairment	18,295	17,931
Assessed loss	(1,178)	(5,229)
Other	(701)	(22,853)
Deferred tax asset as at 30 June	(127,014)	(160,881)
Deferred income tax assets and liabilities are attributable to the following items:		
<i>Deferred income tax liability</i>		
Accelerated tax depreciation and amortisation	89,724	77,193
Prepaid expenses	23,637	17,505
Other temporary differences	820	–
	114,181	94,698
<i>Deferred income tax asset</i>		
Accruals	71,259	46,342
Loan loss impairment	–	18,295
Government stock and other securities	(13,188)	(7,722)
Assessed loss	22,333	21,155
Derivative financial instruments	–	1,258
Unrealised foreign exchange gains or losses	4,736	7,590
Loans and receivables	147,516	165,755
Other temporary differences	8,539	2,906
	241,195	255,579
Net deferred income tax asset	(127,014)	(160,881)



Notes to the consolidated annual financial statements continued

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.

	2024 N\$'000	2023 N\$'000
Deferred tax liability		
Non-current	114,181	94,698
Total	114,181	94,698
Deferred tax asset		
Non-current	241,195	255,579
Total	241,195	255,579

	2024 N\$'000	2023 N\$'000
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28. Post-employment benefits

28.1 Severance pay liability

A valuation was performed for 30 June 2024 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)	21,959	20,752
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The movement in the severance pay obligation over the year is as follows:

As at 1 July	20,752	19,168
Current service costs	(722)	(115)
Interest cost	1,929	1,699
As at 30 June	21,959	20,752

	2024 N\$'000	2023 N\$'000
The amounts recognised in the statement of comprehensive income are as follows:		
Current service costs	(722)	(115)
Interest cost	1,929	1,699
	1,207	1,584
The principal actuarial assumptions used were as follows:	%	%
Discount rate	10.7	9.8
Inflation rate	5.4	6.7
Salary increases	6.4	7.7
The following sensitivity of the overall liability to changes in principal assumption is:		
Salary increase 1% lower per annum	(885)	(664)
Salary increase 1% higher per annum	969	732
Inflation increase 1% lower per annum	(670)	(893)
Inflation increase 1% higher per annum	670	808
Discount increase 1% lower per annum	(670)	(893)
Discount increase 1% higher per annum	670	808

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 2024 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%. Post-employment benefits are classified as non-current liabilities.

The expense recognised in the current period in relation to these contributions was N\$73.4 million (2023: N\$65.8 million).



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
29. Share capital and premium		
<i>Authorised share capital</i>		
600,000,000 ordinary shares of 2.5 cents each	15,000	15,000
1,000,000 redeemable preference shares of 1 cent each	10	10
35,000 Class A preference shares of 1 cent each	0.35	0.35
30,000 Class B preference shares of 1 cent each	0.30	0.30
<i>Issued ordinary share capital</i>		
Balance as at 1 July	12,980	12,980
Shares bought back during the year	(20)	–
Balance as at 30 June	12,960	12,980
<i>Share premium</i>		
Balance as at 1 July	758,934	765,566
Shares bought back during the year	(5,446)	(6,632)
Balance at 30 June	753,488	758,934
Less: Treasury shares	(58,416)	(85,487)
Total ordinary share capital and premium	708,032	686,427
<i>Issued number of ordinary shares reconciliation ('000):</i>		
Issued number of shares at the beginning of the year	518,720	519,184
Shares issued during the year	–	–
Shares bought back during the year	(335)	(464)
Issued number of shares at the end of the year	518,385	518,720
Less: Treasury shares	(12,056)	(12,783)
Total number of ordinary shares issued at year-end	506,329	505,937

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 company 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 company has 35,000 Class A and 30,000 Class B preference shares in issue. Interest is payable quarterly in arrears at the end of January, April, July and October. 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 30 October 2024, when the authority can be renewed. Refer to the directors' report.

The company's total number of issued ordinary shares at year-end was 518,385,351 (2023: 518,720,112). All issued shares are fully paid up.

	2024 N\$'000	2023 N\$'000 (Restated)
30. Net asset value per share		
<i>Net asset value per ordinary share (cents)</i>		
Net assets (excluding non-controlling interest) (N\$'000)	9,597,777	8,516,683
Number of ordinary shares in issue at year end ('000)	506,329	505,937
Net asset value per share (cents)	1,896	1,683

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\$ 53.6 million in 2024 (2023: N\$24.4 million), refer to note 8.

Share appreciation rights (SAR)

Share appreciation rights (SAR) are 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 is entitled upon the exercise of the SAR will be 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 are exercisable from the vesting date and have a contractual term of five years. The group has no legal or constructive obligation to repurchase or settle the SAR in cash.



Notes to the consolidated annual financial statements continued

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 Management	Capricorn Investment Holdings (Botswana)	Total
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
30 June 2023					
Opening balance	842	870	286	66	2,064
Vested	(222)	(214)	(75)	(66)	(577)
Closing balance	620	656	211	–	1,487

SARs issued in September 2020 vested in September 2023 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	2024	2023
September 2020	September 2023	September 2025	–	733
September 2021	September 2024	September 2026	695	754
			695	1,487
The weighted average remaining contractual life of options outstanding at the end of the year			3 years	2.5 years

The fair value of SAR granted during the year was determined by using the American Call Option valuation model. The significant inputs into the model are summarised in the table below. Refer to note 8 for the total expense recognised in profit or loss for SAR granted to directors and employees.

As at June	2024	2023
Spot price (N\$)	19.30	14.65
Strike price (N\$)	15.80	10.75
Risk-free rate	8.5%	9.3%
Dividend yield	4.8%	4.5%
Volatility	35%	35%
Membership attrition	6%	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:

	2024 No. of CSPs '000	2023 No. of CSPs '000
Opening balance	6,854	2,967
Granted	4,114	4,871
Vested	(1,326)	(851)
Forfeited	(305)	(133)
Closing balance	9,337	6,854

Outstanding number of CSP's ('000) expected to vest as follows:

Grant date	Vest date	2024	2023
September 2020	September 2023	–	1,346
September 2021	September 2024	1,506	1,552
September 2022	September 2025	3,828	3,956
September 2023	September 2026	4,003	–
		9,337	6,854

The fair value of shares granted during the year was determined with reference to the listed share price at grant date of N\$15.70 (2023: N\$10.75) and taking into account a membership attrition of 6% (2023: 6%). Refer to note 8 for the total expense recognised in profit or loss for shares granted to executive directors and employees.



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000
32. Non-distributable reserves		
32.1 Credit risk reserve		
Balance at 1 July	–	22,322
Transfer from/(to) retained earnings	–	(22,322)
The regulatory credit risk reserve was introduced in order to meet the regulatory requirements for the loan loss portfolio impairment of Bank Windhoek Ltd.		
32.2 Insurance fund reserve		
Balance at 1 July	61,506	57,991
Transfer from retained earnings	4,624	3,515
Balance as at 30 June	66,130	61,506
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.		
32.3 Margin entitlement reserve		
Balance at 1 July	860	57
Transfer from retained earnings	3,861	803
Balance as at 30 June	4,721	860
The margin entitlement reserve is maintained for the SME Covid-19 scheme of Bank of Namibia.		
32.4 EasyWallet reserve		
Balance at 1 July	2,980	–
Transfer from retained earnings	–	2,980
Balance as at 30 June	2,980	2,980
The EasyWallet reserve is maintained in terms of the PSD-3 of Bank of Namibia.		
Total non-distributable reserves	73,831	65,346

	2024 N\$'000	2023 N\$'000
33. Distributable reserves		
33.1 Fair value reserve		
Balance as at 1 July	(23,499)	(33,812)
Change in value of financial assets at fair value through other comprehensive income	25,198	10,313
Balance as at 30 June	1,699	(23,499)
33.2 General banking reserve		
Balance as at 1 July	5,998,121	5,232,914
Transfer from/(to) reserves	765,736	765,207
Transfer from retained earnings	770,360	768,722
Transfer to insurance fund reserve	(4,624)	(3,515)
Balance as at 30 June	6,763,857	5,998,121
The general banking reserve is maintained to fund future expansion.		
33.3 Foreign currency translation reserve		
Balance as at 1 July	26,603	3,600
Revaluation for the year	(54,368)	23,003
Transfer to retained earnings	(38,610)	–
Balance as at 30 June	(66,375)	26,603
	2024 N\$'000	2023 N\$'000 (Restated)
33.4 Retained earnings		
Balance as at 1 July	1,726,260	1,256,799
Impact of adopting IFRS 17	–	150,441
Adjusted balance at the beginning of the year	1,726,260	1,407,240
Profit for the year	1,618,141	1,477,277
Transfer to reserves	(735,611)	(750,183)
Profit on sale of treasury shares	1,136	752
Dividends paid	(559,539)	(408,826)
Balance as at 30 June	2,050,387	1,726,260



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000 (Restated)
33. Distributable reserves		
continued		
33.5 Share-based compensation reserve		
Balance as at 1 July	37,425	27,920
Share-based payment charges recognised in equity	53,550	24,413
Vesting of shares	(24,629)	(14,908)
Balance as at 30 June	66,346	37,425
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	8,815,914	7,764,910

	2024 N\$'000	2023 N\$'000
34. Dividends per share		
Normal dividends amounting to N\$559.5 million (2023: N\$408.8 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:		
<i>Declared during the financial year</i>		
Interim dividend per share (cents)	48	39
<i>Declared after the financial year</i>		
Final dividend per share (cents)*	64	61
Total dividend per share (cents)	112	100
Dividends declared during the year	559,539	(408,826)
Dividends paid during the year	(559,539)	408,826
Dividends payable at year-end	–	–

* Refer also to events subsequent to year-end in the directors' report for details of the final dividend declared after year-end.

	2024 N\$'000	2023 N\$'000 (Restated)
35. Statement of cash flows disclosure information		
35.1 Receipts from customers		
Interest receipts	6,686,109	5,629,869
Commission and fee receipts	1,450,494	1,288,294
Other income received	804,532	734,170
Premiums received	241,603	196,292
	9,182,738	7,848,625
35.2 Payments to customers, suppliers and employees		
Interest payments	3,069,295	2,878,667
Cash payments to employees and suppliers	2,695,770	2,191,305
Claims and other directly attributable expenses paid during the period	58,488	50,434
Other borrowings coupon payments	47,178	40,632
Debt securities coupon payments	495,467	435,531
	6,366,198	5,596,569
35.3 Cash generated from/(utilised in) operations		
Profit before income tax	2,353,183	2,096,413
Dividends received	(24,759)	(125,854)
Other borrowings coupon payments	(47,178)	(40,632)
Debt securities coupon payments	(495,467)	(435,531)
Adjusted for non-cash items:		
– Accrued interest on debt securities	526,558	448,053
– Accrued interest on deposits	39,517	12,028
– Accrued interest on other borrowings	62,747	45,677
– Interest receivable	(4,624)	(4,624)
– Adjustment to fair value of financial instruments	(211,578)	(11,248)
– Amortisation of intangible assets	50,275	51,761
– Depreciation of property and equipment	168,322	162,565
– Impairment on intangible assets	3,532	–
– Share-based payment expense	53,550	24,413
– Scrapping of property and equipment	7,716	4,045
– Credit impairment losses	328,461	235,610
– Provision for post-employment benefits	1,207	1,584
– Share of associates' results after tax	(195,077)	(182,336)
– Net exchange differences	366,236	185,074
– Dividends capitalised to unit trust investments	(176,525)	(91,884)
– Effective interest rate adjustment on loan initiation fees	15,559	–
– Other	(5,115)	(123,058)
	2,816,540	2,252,056



Notes to the consolidated annual financial statements continued

	2024 N\$'000	2023 N\$'000 (Restated)
35. Statement of cash flows disclosure information		
35.4 Income taxes paid		
Amounts receivable / (payable) as at 1 July	99,615	83,117
Current tax charged to profit or loss	(615,453)	(560,898)
Refunds received	(68,077)	–
Amounts (receivable) / payable as at 30 June	(100,517)	(99,615)
Net income taxes paid during the year	(684,432)	(577,396)
35.5 Additional shares acquired in associates		
Cash consideration paid	(243,364)	–
Net cash outflow on acquisition of shares in associates	(243,364)	–
36. Contingent assets, liabilities and commitments		
36.1 Capital commitments		
<i>Authorised but not contracted for:</i>		
Property and equipment	247,767	225,065
Intangible assets	406,217	402,633
<i>Contracted for but not yet incurred:</i>		
For completion of office building	28,000	28,000
	681,984	655,698

	2024 N\$'000	2023 N\$'000
36.2 Letters of credit	471,956	631,964
36.3 Liabilities under guarantees	3,866,799	2,414,104
Guarantees mainly consist of endorsements and performance guarantees.		
36.4 Loan commitments	5,308,859	2,948,866

36.5 Pending litigations

There are a few pending legal or potential claims against the group, the outcome of which cannot at present be foreseen. These claims are not regarded as material, either on an individual or aggregate basis.

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 43.3% (2023: 44.0%) owned by Capricorn Investment Holdings Ltd, which is incorporated in Namibia and 26.9% (2023: 26.9%) owned by Government Institutions Pension Fund, its non-listed major shareholders.

Details of subsidiaries and associates are disclosed in notes 18, 19 and 20.



Notes to the consolidated annual financial statements continued

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 (2023: nil).

During the year, the group and company 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	Subsidiary	Rental
BW 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
BG Insurance Agency (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	Other related party	Banking relationship
Santam Namibia Ltd	Associate	Dividends Banking relationship Insurance relationship
Sanlam Namibia Holdings (Pty) Ltd	Associate	Dividends Insurance relationship Banking relationship
Namclear (Pty) Ltd	Joint venture	Technology services
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



Notes to the consolidated annual financial statements continued

37. Related parties continued

The volumes of related party transactions and outstanding balances at year-end are as follows:

	2024 N\$'000	2023 N\$'000
37.1 Trade and other receivables from related parties		
Other indirect related parties	11,184	9,731
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	122,915	127,181
Key management personnel	321,940	263,870
All loans and advances to related parties 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	1,107,554	1,488,528
Other indirect related parties	1,524,566	1,370,411
Key management personnel	8,700	11,159
All deposits are issued in accordance with the group's normal terms and conditions.		
37.4 Debt securities issued to related parties		
Major shareholders	1,016,311	1,013,883
Other indirect related parties	783,130	430,469
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	11,538	13,731
37.6 Interest and similar expenses paid to related parties		
Major shareholders	173,440	72,664
Other indirect related parties	145,990	42,985
Key management personnel	2,012	533

	2024 N\$'000	2023 N\$'000
37.7 Interest and similar income received from related parties		
Other indirect related parties	80,422	55,242
Key management personnel	23,734	17,064
37.8 Dividends received on ordinary shares from related parties		
Other indirect related parties	80,009	82,116
37.9 Compensation paid to key management		
37.9.1 Executive management team		
Salaries and short term-incentives	27,489	21,906
Pension and medical contributions	1,872	1,695
Other allowances and fringe benefits	3,857	4,048
	33,218	27,649

Compensation paid to key management comprises remuneration and other employee benefits to the executive management team, which excludes executive directors' emoluments.



Notes to the consolidated annual financial statements continued

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 executive management team, including executive directors.

	2024	2023
Number of awards		
Conditional Share Plan – Performance	1,463,000	1,465,000
Conditional Share Plan – Retention	1,451,300	1,001,400
	2,914,300	2,466,400

	Directors' fees		Total N\$'000
	Paid by company N\$'000	Paid by subsidiary N\$'000	

37.9.2 Non-executive directors' emoluments

30 June 2024

Non-executive directors

	Paid by company N\$'000	Paid by subsidiary N\$'000	Total N\$'000
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		Total N\$'000
	Paid by company N\$'000	Paid by subsidiary N\$'000	

30 June 2023

Non-executive directors

Brandt, J C	335	515	850
Fahl, E	316	–	316
Fourie, D G (Chairman)	1,597	1,351	2,948
Gaomab II, H M	429	145	574
Kali, D T	318	–	318
Menetté, G	443	–	443
Nakazibwe-Sekandi, G	616	282	898
Reyneke, D J	616	–	616
Solomon, E	901	–	901
Swanepoel, J J	609	1,896	2,505
Total	6,180	4,189	10,369

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 2024 and 2023 financial years.

37.9.3 Executive directors' emoluments

30 June 2024

Executive directors

	Salary N\$'000	Short-term incentives N\$'000	Pension and medical contri- butions N\$'000	Other allowances and fringe benefits N\$'000	Total N\$'000
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 executive director did not receive any other fees for services as directors or any emoluments other than that disclosed.



Notes to the consolidated annual financial statements continued

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 contri- butions N\$'000	Other allowances and fringe benefits N\$'000	Total N\$'000
30 June 2023					
<i>Executive directors</i>					
Prinsloo, M J	3,423	4,130	226	1,150	8,929
	3,423	4,130	226	1,150	8,929

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 2024			
<i>Executive directors</i>			
Prinsloo, M J	–	238,900	–
Nuyoma, D	–	–	50,000
	–	238,900	50,000
30 June 2023			
<i>Executive directors</i>			
Prinsloo, M J	–	232,600	–
	–	232,600	–

37.10 Directors' holdings in Capricorn Group shares

	2024			2023	
	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
<i>Direct holding:</i>					
Brandt, J W	–	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%
Gaomab II, H M	–	2,000	0.00%	2,000	0.00%
Kali, D T	–	63,370	0.01%	63,370	0.01%
Nakazibwe-Sekandi, G	(100,000)	900,000	0.19%	1,000,000	0.19%
Prinsloo, M J	700,000	3,120,887	0.62%	2,420,887	0.47%
<i>Indirect holding:</i>					
Swanepoel, J J			2.02%		1.98%
Prinsloo, M J			0.00%		0.11%

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 (2023: nil).



Notes to the consolidated annual financial statements continued

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 2024 financial year, the group was providing financial support of N\$11.2 million (2023: N\$28.5 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 microlending 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	
	2024 N\$'000	2023 N\$'000	2024 N\$'000	2023 N\$'000 (Restated)	2024 N\$'000	2023 N\$'000	2024 N\$'000	2023 N\$'000 (Restated)	2024 N\$'000	2023 N\$'000 (Restated)
Net interest income	2,399,759	2,183,893	166,562	163,946	566,639	345,399	(44,854)	24,976	3,088,106	2,718,214
Impairment charges on loans and advances	(243,647)	(200,586)	(3,447)	4,747	(56,050)	(10,941)	(25,317)	(28,830)	(328,461)	(235,610)
Net interest income after loan impairment charges	2,156,112	1,983,307	163,115	168,693	510,589	334,458	(70,171)	(3,854)	2,759,645	2,482,604
Non-interest income	1,619,947	1,380,295	118,781	101,144	186,261	149,447	216,362	244,526	2,141,351	1,875,412
Fee and commission income	1,312,499	1,175,357	–	–	138,093	103,537	(98)	9,400	1,450,494	1,288,294
Net trading income	241,561	163,122	(1,221)	1,076	55,333	44,206	(25,086)	4,854	270,587	213,258
Other operating income	65,887	41,816	35	2	(7,165)	1,704	(6,878)	42,982	51,879	86,504
Insurance service result	–	–	156,893	127,365	–	–	–	–	156,893	127,365
Insurance revenue	–	–	211,533	194,103	–	–	–	–	211,533	194,103
Insurance service expenses	–	–	(54,640)	(66,738)	–	–	–	–	(54,640)	(66,738)
Insurance finance expenses	–	–	(36,926)	(27,299)	–	–	–	–	–	(27,299)
Asset management and administration fee	–	–	–	–	–	–	211,498	187,290	211,498	187,290
Operating income	3,776,059	3,363,602	281,896	269,837	696,850	483,905	146,191	240,672	4,900,996	4,358,016
Operating expenses	(2,024,543)	(1,823,887)	(70,208)	(66,547)	(448,236)	(350,731)	(199,903)	(202,774)	(2,742,890)	(2,443,939)
Operating profit	1,751,516	1,539,715	211,688	203,290	248,614	133,174	(53,712)	37,898	2,158,106	1,914,077
Share of joint arrangement and associates' results after tax	–	–	–	–	–	–	195,077	182,336	195,077	182,336
Profit before income tax	1,751,516	1,539,715	211,688	203,290	248,614	133,174	141,365	220,234	2,353,183	2,096,413
Income tax expense	(503,587)	(449,076)	(12,511)	(15,097)	(57,769)	(30,491)	(43,534)	(21,808)	(617,401)	(516,472)
Profit for the period	1,247,929	1,090,639	199,177	188,193	190,845	102,683	97,831	198,426	1,735,782	1,579,941
Change in value of financial assets at fair value through other comprehensive income	41,466	24,706	–	–	–	–	(2,999)	(6,487)	38,467	18,219
Income tax expense	(13,269)	(7,906)	–	–	–	–	–	–	(13,269)	(7,906)
Exchange differences on translation of foreign operations	–	–	–	–	(861)	33,461	(53,638)	(6,335)	(54,499)	27,126
Total comprehensive income	1,276,126	1,107,439	199,177	188,193	189,984	136,144	41,194	185,604	1,706,481	1,617,380



Notes to the consolidated annual financial statements continued

40. Segment information continued

40.2 Financial information continued

	Banking – Namibia		Term lending and related activities – Namibia		Botswana		Other		Group	
	2024 N\$'000	2023 N\$'000	2024 N\$'000	2023 N\$'000 (Restated)	2024 N\$'000	2023 N\$'000	2024 N\$'000	2023 N\$'000 (Restated)	2024 N\$'000	2023 N\$'000 (Restated)
ASSETS										
Cash and cash equivalents	3,978,549	3,569,268	2,863	(110,232)	2,351,102	2,497,123	7,460	124,755	6,339,974	6,080,914
Financial assets at fair value through profit or loss	2,005,114	1,736,095	281,338	137,382	828,816	296,414	224,233	418,665	3,339,501	2,588,556
Financial assets at amortised cost	864,359	808,410	–	–	–	–	183,628	181,022	1,047,987	989,432
Financial assets at fair value through other comprehensive income	6,799,734	4,915,603	19,668	18,831	–	–	985,309	949,429	7,804,711	5,883,863
Loans and advances to customers	37,470,332	35,826,433	1,798,045	1,527,637	9,521,979	7,910,029	3,252	132,459	48,793,608	45,396,558
Other assets	506,869	421,663	5,433	2,210	33,908	42,847	3,226	91,616	549,436	558,336
Current tax asset	95,837	96,953	3,930	3,242	3,622	1,422	4,317	(17,802)	107,706	83,815
Investment in associates	–	–	–	–	–	–	1,300,401	916,254	1,300,401	916,254
Intangible assets	438,656	354,705	1,557	1,557	45,348	46,991	48,167	45,898	533,728	449,151
Property and equipment	428,305	446,449	8,807	6,464	111,913	128,147	90,541	84,363	639,566	665,423
Deferred tax asset	84,672	97,388	9,887	10,689	6,042	4,598	26,413	48,206	127,014	160,881
Total assets	52,672,427	48,272,967	2,131,528	1,597,780	12,902,730	10,927,571	2,876,947	2,974,865	70,583,632	63,773,183
LIABILITIES										
Due to other banks	167,221	609,543	–	–	27,300	4	–	(4)	194,521	609,543
Other borrowings	269,050	213,082	831,214	60,000	435,667	–	327,525	639,853	1,863,456	912,935
Debt securities in issue	2,822,268	3,447,052	–	–	439,818	386,777	1,501,529	1,747,205	4,763,615	5,581,034
Deposits	41,103,830	36,564,875	–	–	10,783,475	9,443,910	(35,843)	(224,010)	51,851,462	45,784,775
Other liabilities	745,573	678,703	21,467	129,018	170,940	193,215	315,140	412,978	1,253,120	1,413,914
Current tax liability	–	–	–	–	–	–	7,189	2,850	7,189	2,850
Insurance contract liabilities	–	–	517,432	454,561	–	–	–	–	517,432	454,561
Post-employment benefits	17,731	17,061	2,431	1,968	–	–	1,797	1,723	21,959	20,752
Total liabilities	45,125,673	41,530,316	1,372,544	645,547	11,857,200	10,023,906	2,117,337	2,580,595	60,472,754	54,780,364
EQUITY										
Share capital and premium	485,000	485,000	130,005	130,005	233,747	233,747	(140,720)	(162,325)	708,032	686,427
Non-distributable reserves	73,831	65,346	–	–	–	–	–	–	73,831	65,346
Distributable reserves	6,987,923	6,192,305	628,979	822,228	811,783	669,918	387,229	80,459	8,815,914	7,764,910
	7,546,754	6,742,651	758,984	952,233	1,045,530	903,665	246,509	(81,866)	9,597,777	8,516,683
Non-controlling interests in equity	–	–	–	–	–	–	513,101	476,136	513,101	476,136
Total shareholders' equity	7,546,754	6,742,651	758,984	952,233	1,045,530	903,665	759,610	394,270	10,110,878	8,992,819
Total equity and liabilities	52,672,427	48,272,967	2,131,528	1,597,780	12,902,730	10,927,571	2,876,947	2,974,865	70,583,632	63,773,183



Notes to the consolidated annual financial statements continued

41. Cost to income ratio

For cost to income ratio purposes, fee and commission expenses are reclassified from operating expenses to non-interest income.

	Notes	2024 N\$'000	2023 N\$'000 (Restated)
Net interest income	5.	3,088,106	2,718,214
Non-interest income	7.	2,141,351	1,875,412
Fee and commission expenses	9.2	(257,234)	(209,314)
Income used for ratio		4,972,223	4,384,312
Operating expenses	9.	2,742,890	2,443,939
Fee and commission expenses	9.2	(257,234)	(209,314)
Cost used for ratio		2,485,656	2,234,625
Cost to income ratio		50.0%	51.0%



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 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 (BoN).





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