



Integrated  
Annual Report

**2024**

**Capricorn Group**

# Welcome to our 2024 integrated annual report

## In this report

<b>Navigating our report</b>	<b>2</b>
<b>Who we are</b>	<b>4</b>
Group profile	4
Capricorn Group operating subsidiaries and associates	7
Unlocking value for stakeholders	10
A compelling investment case	18
Five-year review	19
<b>Making positive changes in 2024</b>	<b>20</b>
Group chairperson's message	20
<b>Our strategic direction</b>	<b>22</b>
What informs our strategy	22
Material matters	24
Strategy overview	30
Strategy execution in 2024	33
<b>A positive performance for 2024</b>	<b>42</b>
Group CEO's report	42
Group CFO's report	48
Social and environmental performance summary	59
<b>Governing for value creation</b>	<b>63</b>
Governance overview	63
Board Social and Ethics Committee report	68
Remuneration report	70
<b>Appendices</b>	<b>78</b>

## Driving positive change in 2024

Capricorn Group delivered a strong financial performance with 17.7% growth in previously reported profit after tax to N\$1.74 billion (2023: N\$1.48 billion), while the annualised return on equity ("ROE") increased to 17.9%. This can be attributed to excellent results from our portfolio of businesses which includes the banking subsidiaries, Bank Windhoek and Bank Gaborone, and a solid overall performance from Capricorn Asset Management ("CAM"), Entrepo, Peo Finance and our associates.

We continued to successfully execute our strategy by kicking off the second phase of the #gobeyond digital transformation programme and increasing our shareholding in Paratus Group. We are excited about the opportunities for growth in Namibia and Botswana and are confident that our strategy positions us for sustainable value creation in a complex, challenging, but rewarding operating environment.

We invite you to read more about our performance, outlook, strategy and value created for stakeholders in this report.



## Financial highlights for 2024

**17.9%**

Return on equity ("ROE")

(2023 restated:  
18.7%)



**50.0%**

Cost to income ratio

(2023 restated:  
51.0%)



**5.8%**

Dividend yield\*

(2023: 6.8%)



**17.9%**

Capital adequacy ratio

(2023: 16.9%)



**N\$2.16 billion ▲**

Operating profit (2023 restated: N\$1.91 billion)



**112 cents ▲**

Dividend per share

(2023: 100 cents)



**1,896 cents ▲**

Net asset value per share

(2023 restated:  
1,683)



**319.6 cents ▲**

Earnings per share

(2023 restated:  
292.0 cents)



**320.7 cents ▲**

Headline earnings per share

(2023 restated:  
300.4 cents)



**1.0 ▲**

Price to book ratio\*

(2023: 0.9)



**N\$1.74 billion ▲**

Profit after tax (2023 restated: N\$1.58 billion)



**6.0 ▲**

Price earnings ratio\*

(2023: 5.0)



\* Based on the closing share price as of 30 June 2024.

## Make Positive Changes

A brand campaign has the potential to reinforce unity among employees and affinity among stakeholders. We have run annual brand campaigns since 2017. Our latest brand campaign, "Make Positive Changes," builds on the narrative from last year's "Make Change Positive."

"Make Positive Changes" encourages forward-looking momentum by emphasising a proactive mindset and our shared belief that initiating positive changes benefits the Group and those connected to our brand. It also aligns with our strategic focus on sustainability. By promoting sustainable choices and actions, we leave a legacy of hope and ensure a future where everyone thrives.

**"Make Positive Changes" is a call to action that captures the essence of our purpose and values. It encourages every individual to contribute to a better tomorrow through meaningful, positive actions.**



# Navigating our report

We are proud to present our integrated annual report for 2024. This report is part of our annual reporting suite and reflects our ongoing commitment to transparent reporting and better communication with a broad range of stakeholders.

This integrated annual report ("the report") provides details on the performance, activities and engagements of Capricorn Group Ltd ("the Group" or "Capricorn Group") to deliver value to our stakeholders during the financial year from 1 July 2023 to 30 June 2024 ("the year"). The report is aimed primarily at providers of financial capital.

This report's financial and non-financial information relates to the entities that constitute the Group, as set out on page 7.

## Our 2024 reporting suite

The 2024 reporting suite consists of the following separate elements (including the frameworks and legislation to which they adhere and comply) and is available on our website at [www.capricorn.com.na](http://www.capricorn.com.na):

### This report

Our primary report to stakeholders discloses our ability to create and preserve value over the short, medium, and long term.

### Annual financial statements

We present our financial performance in the Group's audited consolidated annual financial statements.

### Social value report

This report describes the work and impact of the Capricorn Foundation ("the Foundation") and the Group's corporate social responsibilities ("CSR") activities

### Risk report

The report discloses our approach to risk and application of King IV principles.

### King IV™ index

This report provides a synopsis of the Group's application of the principles outlined in King IV.

### Governance report

This report discloses our governance approach and application of King IV principles.

### Notice of annual general meeting ("AGM") and proxy

This notice invites shareholders to attend our AGM and provides a proxy form should a shareholder not be able to attend in person.

## Key regulatory and reporting frameworks

### Integrated annual report

- > The <IR> Framework, January 2021
- > King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™")<sup>1</sup>
- > Companies Act of Namibia, 28 of 2004 ("Companies Act of Namibia")
- > Namibia Stock Exchange ("NSX") Listing Requirements

### Annual financial statements

- > International Financial Reporting Standards ("IFRS")
- > Namibia Banking Institutions Act, 2 of 1998
- > Botswana Banking Act, 13 of 1995

### Risk report

- > King IV™

### Governance report

- > King IV™
- > Companies Act of Namibia
- > NSX Listing Requirements

### Social value report

- > Harambee Prosperity Plan II
- > United Nations Sustainable Development Goals ("SDGs")

### King IV™ index

- > King IV™

### Notice of annual general meeting

- > NSX Listing Requirements
- > Companies Act of Namibia

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



## Our commitment to enhanced reporting

Stakeholders' information needs are evolving, and they demand increased transparency and comparable and decision-useful information. Recognising these trends, the board approved a set of reporting principles guiding our reporting approach. We are committed to meeting regulatory requirements and producing reports demonstrating increased transparency and accountability. Key reporting improvements for 2024 include:

- > Enhancements to our strategy disclosure to show how we define strategy and measure our progress.
- > Increased disclosure of our social and environmental performance.

We are actively developing a detailed roadmap to expand our non-financial disclosures. Our strategy is designed to align with industry best practices, such as the IFRS-S1 and S2 sustainability and climate-related standards. This proactive approach ensures we meet our stakeholders' evolving expectations, enhancing transparency and accountability across our operations.

For more information or feedback on this report or any other elements listed above, contact Marilize Horn at [investors@capricorn.com.na](mailto:investors@capricorn.com.na) or +264 (61) 299 1226.

### Assurance of reporting content

The external auditor's opinion on the annual financial statements is on page 3 of the annual financial statements available online. The auditor's report does not necessarily report on all the information contained in this report. Shareholders are advised that to understand the nature of the auditor's engagement fully, they should obtain a copy of the auditor's report in the annual financial statements at <http://www.capricorn.com.na>.

## Approval of this report

The board authorised the release of this report and other elements of the reporting suite on 10 September 2024.

The board audit, risk and compliance committee ("BARCC") and the Group board social and ethics committee ("BSEC") reviewed the report before submitting it for approval by the board.

The board, which is responsible for the quality and integrity of the reporting suite, including the integrated annual report, approved this report for release to our stakeholders. They concluded that the reporting suite follows the required frameworks and regulatory requirements.

## Forward-looking information

This report contains certain forward-looking statements regarding the results and operations of the Group, which involve risk and uncertainty because they relate to events and circumstances that may or may not occur in the future. The Group's external auditors have not reviewed or reported these forward-looking statements.

### Our material matters

The board and management applied the principle of materiality in determining the content of this report. We considered all matters that could significantly impact the Group's ability to create and preserve value. Read more about our material matters on page 24.



Delivering value to stakeholders



Fostering a positive employee experience across the employee lifecycle to ensure high engagement that leads to sustainable business performance



Embedding a customer-centric service culture



Position ourselves to take advantage of the opportunities emerging from artificial intelligence ("AI"), data and digitisation



Conducting business in the right way



Managing our risks well, including increased regulation, cyber and environmental, social and governance ("ESG") risk



# Who we are

## Group profile

Capricorn Group is a southern African financial services group with a 42-year track record and a presence in Namibia and Botswana.

Since its establishment in 1982, the Group has been an integral part of the Namibian banking sector, proudly maintaining Namibian ownership and listing on the NSX in 2013. Operating in Namibia and Botswana, our two banking subsidiaries are complemented by subsidiaries and associates providing additional financial products and services. These include asset and unit trust management, microlending and long and short-term insurance. We also have exposure to the African telecommunications sector through our shareholding in Paratus Group.

We create value for our stakeholders through our portfolio of existing businesses whilst ensuring the long-term sustainability of our Group through deliberate portfolio management. Across our portfolio, we share a broad spectrum of customers, which includes individuals, large corporates and small and medium enterprises ("SMEs"). Our value proposition is developed around customers and comprises a range of products and services delivered through various physical and digital channels. We aim to better serve customer needs by leveraging the collective capabilities, offerings and synergies across our portfolio. We evolve our shared customer proposition through collaboration, data analytics and digital technologies.

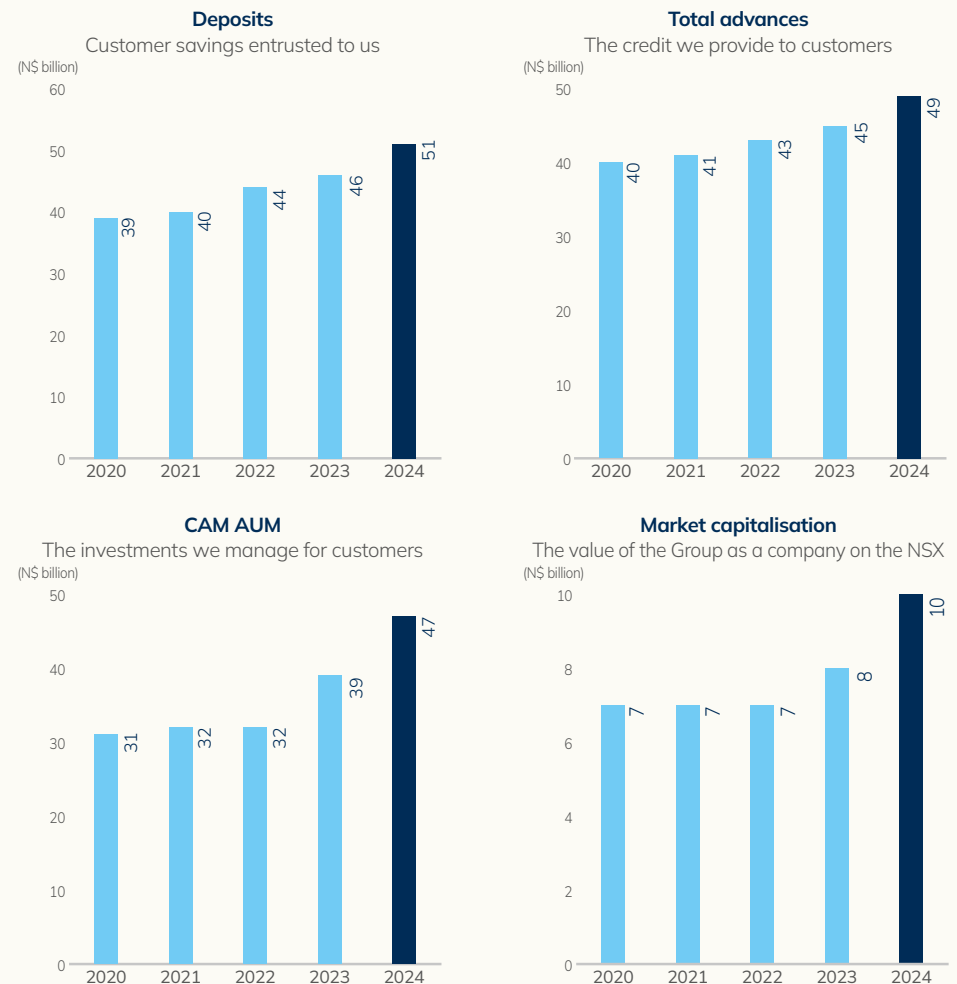
Capricorn Group employs 1,998 individuals, making up a diverse workforce. Our organisational culture champions excellent performance and responsible behaviour. As a Group, we are committed to sustainable economic development in Namibia and Botswana.

### Our operating environment in Namibia and Botswana is influenced by:

- > A stable political environment.
- > Small, open and commodity-linked economies.
- > Upside opportunities linked to an emerging energy sector in Namibia.
- > Growth and diversification of the economy in both Botswana and Namibia.
- > Increasing complexity and changes in regulation.
- > The rapid pace of digitalisation in financial services.
- > An escalating interest in sustainability integration practices.

Read more about our operating environment on page 22.

### Capricorn Group in numbers



## Our footprint

Capricorn Group is an aspirational financial services brand in the southern African region.

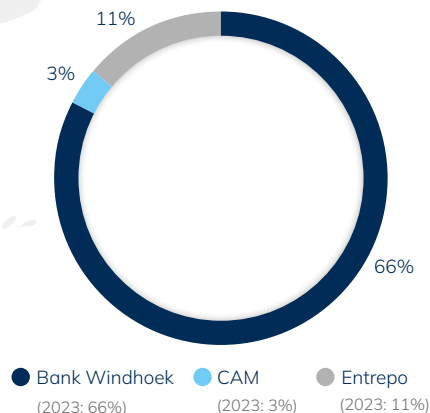
### Namibia

The Group's headquarters are in Windhoek, Namibia. 80.0% of the Group's profit after tax derives from Namibia.\*

#### Number of employees (permanent)



#### Contribution to Group profit after tax



#### Market share in loans and advances



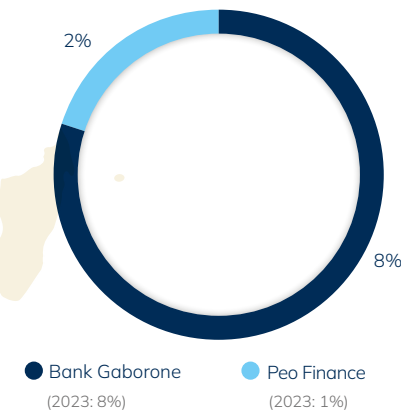
### Botswana

10% of the Group's profit after tax is derived from Botswana through Capricorn Investment Holdings Botswana ("CIHB").\*

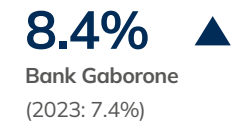
#### Number of employees



#### Contribution to Group profit after tax



#### Market share in loans and advances



### Credit rating

In September 2023, GCR Ratings affirmed the Namibian long and short-term issuer ratings of Bank Windhoek Ltd at AA<sub>(NA)</sub>/A1+<sub>(NA)</sub>. At the same time, the South African national-scale long-term issuer rating has been affirmed as A<sub>(ZA)</sub>. The outlooks are stable.

Capricorn Group Limited's Namibian long and short-term issuer ratings have been affirmed at AA-(NA)/A1+(NA), with a stable outlook.

These affirmations considered the Group's strong and entrenched position as a leading financial services provider with good asset quality, adequate funding and liquidity, and below-peer capitalisation.

\* Based on profit attributable to shareholders.





## What we stand for

### Our purpose:

Improving lives through leadership in financial services by being Connectors of Positive Change.

### What it means to be Connectors of Positive Change

- > We connect our customers to products and services that positively impact their lives
- > We bring positive change to our communities by being a responsible corporate citizen
- > We encourage employee volunteerism through the Changemaker initiatives
- > We connect our customers, partners and suppliers with opportunities for growth
- > We seek to find innovative ways in which to bring together our customers and their aspirations
- > We collaborate with the like-minded to bring about positive change in the countries in which we operate
- > We are catalysts of sustainable opportunities

### The Capricorn Way

We make deliberate strategic choices to realise our purpose and nurture our shared culture, as articulated in The Capricorn Way. It promotes nine behaviours to unlock the potential of each employee and the collective:

1. **Wisdom** – Choose when to speak and act
2. **Responsiveness** – Be concise when you speak. Be silent when you listen
3. **Motivation** – Be an example of what is possible
4. **Resilience** – Navigate the ups and downs with perseverance
5. **Curiosity** – Ask in order to learn, improve and discover
6. **Initiative** – Do not wait to be told what to do
7. **Enjoyment** – Stop, be aware of the good things that are happening, big and small
8. **Impact** – Busy does not equal great results
9. **Engagement** – Be fully present when you are with others

The Capricorn Way directs us towards positive change and is underpinned by three beliefs:

1. Purpose Inspires Leadership
2. Diversity Ignites Quantum Leaps
3. Being Connected Helps Us Grow

### Our brand values

**Inspired:** We strive to empower the communities we operate in.

**Open:** We learn from the best and share our knowledge openly.

**Dedicated:** We build deep customer relationships and put the needs of customers first.

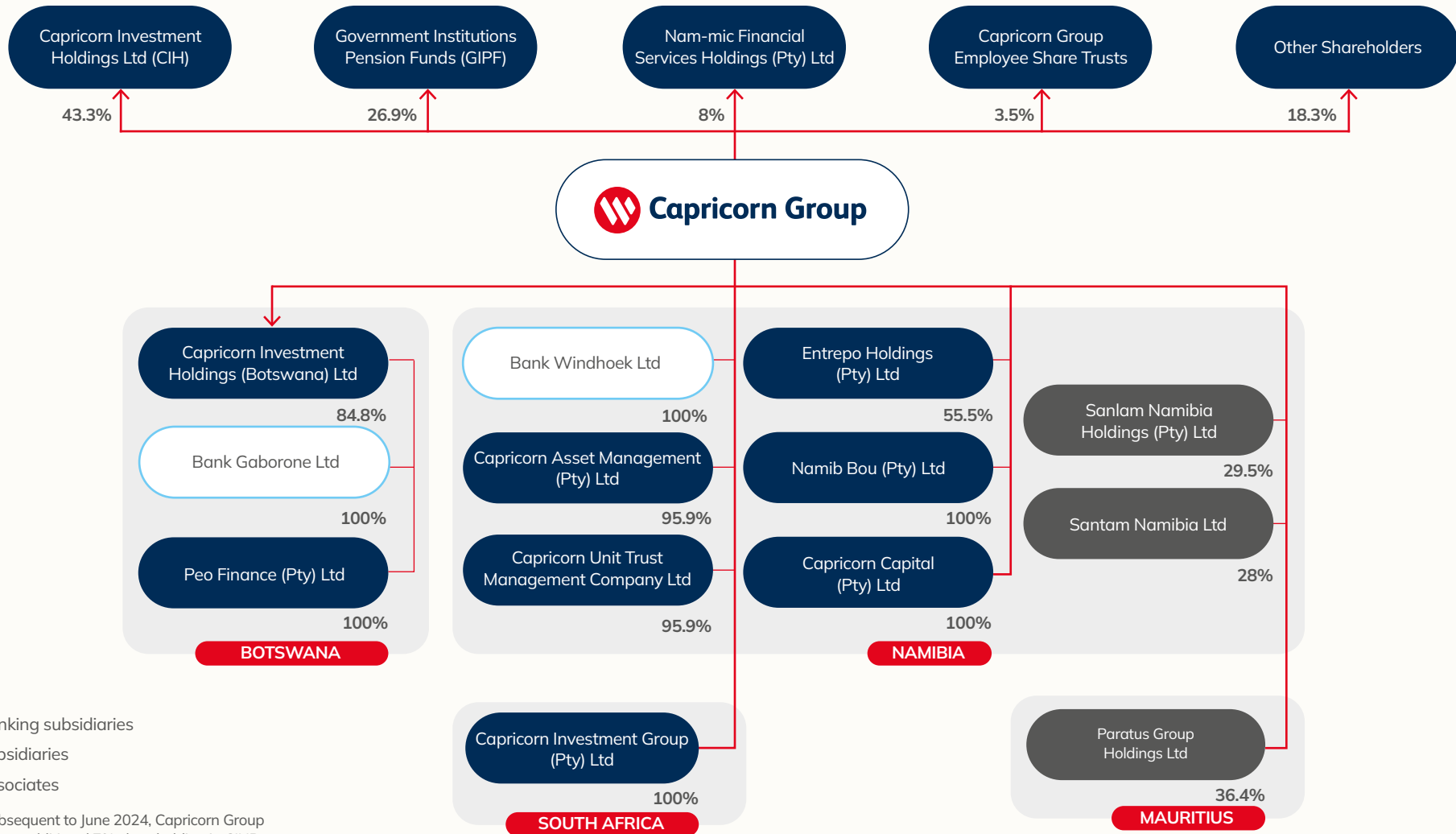




# Capricorn Group operating subsidiaries and associates

## Group Structure

as at 30 June 2024



- Banking subsidiaries
- Subsidiaries
- Associates

**Note:** Subsequent to June 2024, Capricorn Group acquired an additional 7% shareholding in CIHB, increasing the Group's shareholding in CIHB to 91.8%.





As the Group's flagship brand, Bank Windhoek is the largest Namibian lender and the first commercial bank in southern Africa to issue green and sustainability bonds. It is also the sole Namibian bank member of the Nasdaq Sustainable Bond Network.

Bank Windhoek Limited ("Bank Windhoek") is a registered commercial bank with a 42-year track record. It is licensed by the Bank of Namibia, the national banking regulator, to operate within the Namibian market.

### Footprint

Bank Windhoek has an extensive branch network supported by user-friendly, low-cost, and convenient electronic and digital channels across Namibia. This network includes branches, specialist branches, agencies, ATMs, and Cash Express ATMs installed at merchants nationwide, including cash-accepting ATMs. Additionally, we introduced non-cash self-service kiosks last year to provide clients with accessible and easy-to-use self-help options.

### Core capabilities

Bank Windhoek continuously innovates its products and services and uses the latest technology to anticipate evolving customer needs across all segments. Our offerings encompass various transactional, investment, and lending products, along with digital and electronic banking services. For corporate and business customers, our financial solutions include project finance, structured finance, working capital management solutions, and other bespoke investment banking solutions. Our treasury services range from money market to foreign currency exchange services. Our international banking services feature foreign payment products, trade finance, and foreign currency accounts.

Bank Windhoek's private banking services are delivered through Capricorn Private Wealth, a joint venture between Bank Windhoek and CAM. Capricorn Private Wealth addresses the affluent market's banking, wealth, insurance, and advanced wealth management needs.

Our bancassurance offerings include short-term, life, travel, and commercial insurance and guarantees.

Head office	Windhoek, Namibia
MD	Baronice Hans
Date of establishment	1982
Website	<a href="https://www.bankwindhoek.com.na">https://www.bankwindhoek.com.na</a>
Number of ATMs	172 (2023: 160)
Number of branches	53 (2023: 55)



Bank Gaborone's commitment to enhancing the customer experience has made banking more accessible. From introducing the first Card-2-Card instant payment service in Botswana to the roll-out of enhanced internet and mobile banking platforms, we have redefined convenience and how our customers engage with us.

Bank Gaborone is an 18-year-old financial services provider in Botswana. It was established to create a bank for Botswana. The Bank of Botswana awarded the bank a banking licence in February 2006, and it commenced full retail banking business in September.

### Footprint

Bank Gaborone has grown to 12 branches and 23 ATMs nationwide, of which 12 accept cash deposits. Customers can access many banking services 24 hours per day, every day of the year, through smart, secure, and convenient electronic channels. These include online and mobile banking services, bulk payment services, ATMs and point-of-sale ("POS") devices.

### Core capabilities

Our talented employees provide excellent customer service in retail, SME, wholesale banking, and treasury services, among others. We offer transactional banking, savings and investments, foreign exchange services and other tailor-made financial services.

Head office	Gaborone, Botswana
MD	Olebile Makupe
Date of establishment	2006
Website	<a href="https://www.bankgaborone.co.bw">https://www.bankgaborone.co.bw</a>
Number of ATMs	23 (2023: 23)
Number of branches	12 (2023: 12)



## Capricorn Asset Management

CAM is Namibia's largest asset manager, with N\$46.6 billion of AUM, an increase of 20.7% from 2023.

CAM was established in 2006 and provides segregated asset management services to institutional investors (which includes pension funds) and manages and administers the Capricorn Unit Trusts. CAM's key offerings are provided under various Namibia Financial Institutions Supervisory Authority ("NAMFISA") registered licences.

Capricorn Unit Trust Management Company ("CUTM") is a registered unit trust management company established in 2000 with the launch of the Capricorn Selekt Fund. CUTM's market share at the end of June 2024 was approximately 34.6%, with 16 unit trusts covering all major asset classes, including cash, bonds, property, equity, and international equities.

### Core capabilities

CAM offers a wide range of investment products and services across the risk spectrum to retail, corporate and institutional investors, including pension funds, insurance companies, and financial intermediaries.

The Capricorn Investment Platform is provided under CAM as a registered linked investment service provider ("LISP"). It provides access to the full range of Capricorn Unit Trusts, selected funds from other third-party unit trust managers, and direct access to Namibian government bonds and Treasury Bills. In addition, CAM also provides easy access to Capricorn Online, the digital service platform for viewing and managing investment portfolios.

### Unlisted investments

Caliber Capital Trust is approved as an unlisted special purpose vehicle by NAMFISA in terms of Regulation 28 of the Pension Funds Act, 24 of 1956. It is managed by CAM as the registered unlisted investment manager. The fund has an independent board of trustees. Through the fund, we provide exposure to unlisted debt, mainly for Namibian pension funds. It invests in Namibian companies contributing to the Harambee Prosperity Plan II and Vision 2030, driving job creation, import replacement, and industry and infrastructure development. Since its launch, the fund has provided more than N\$500 million of aggregated funding.

<b>Head office</b>	Windhoek, Namibia
<b>MD</b>	Tertius Liebenberg
<b>Date of establishment</b>	CUTM 2000 and CAM 2006
<b>Website</b>	<a href="https://www.cam.com.na">https://www.cam.com.na</a>

## entrepo Holdings

Entrepo's sensible approach towards responsible lending drives our construction of an innovative and cost-effective solution, making it easier for customers to obtain financial support.

Entrepo is a focused and innovative financial services group that provides lending and credit protection products to government employees in Namibia. Our business activities are conducted through two separate legal entities regulated by NAMFISA: Entrepo Finance, a registered microlender, and Entrepo Life, a registered long-term insurer.

Core capabilities Entrepo's tailor-made products are simple, clear, competitively priced, and provide comprehensive and suitable benefits to the chosen target market. Entrepo Finance is a responsible lender and accepts loan applications that are considered against clear and unassailable rules regarding affordability and minimum take-home pay. Entrepo Life offers credit protection, including death, disability, funeral and job loss protection benefits.

<b>Head office</b>	Windhoek, Namibia
<b>MD</b>	Leonard Louw
<b>Date of establishment</b>	2014 (Acquired by Capricorn Group in 2018)
<b>Website</b>	<a href="https://www.entreponamibia.com/">https://www.entreponamibia.com/</a>

### More information about our associates is available online:

**Paratus Group Holdings Ltd:** [www.paratus.africa](http://www.paratus.africa)

**Sanlam Namibia Holdings (Pty) Ltd:** [www.sanlam.com/namibia](http://www.sanlam.com/namibia)

**Santam Namibia Ltd:** [www.santam.na](http://www.santam.na)

## Peo Finance

A newer entrant in microlending in Botswana, Peo Finance is experiencing rapid growth in revenue and the number of customers it serves.

Peo Finance is a microlender offering loans to central government employees and pensioners.

Although Peo Finance operates as a standalone entity, it leverages Bank Gaborone's strong brand equity and networks to scale its operations. Bank Gaborone provides funding to support its loan book growth and helps to raise awareness of Peo Finance's offering through cross-selling and joint promotions.

In 2022, Peo Finance secured BWP480 million in funding from the International Finance Corporation to help Peo Finance grow and better tailor its lending, including through a new digital system.

<b>Head office</b>	Gaborone, Botswana
<b>Acting MD</b>	Joachim Klitzke
<b>Date of establishment</b>	2021



# Unlocking value for stakeholders

The Group's business model creates value for stakeholders by consistently delivering quality financial services, products and advice that help our customers thrive.

## Inputs

<p><b>Social and relationship capital</b></p> <p>We have long-standing and new customers across diversified segments in Namibia and Botswana</p> <p>Leadership in various industry bodies, initiatives of national interest and key domains relevant to financial services</p> <p>We contract with a range of reliable suppliers</p> <p>Customer loyalty: Bank Windhoek is the largest locally-owned bank and the second-largest commercial bank in Namibia</p> <p>The Foundation and Changemaker initiatives contribute to communities in need</p> <p>The Capricorn brand is recognised and respected in the region</p>	<p><b>Manufactured capital</b></p> <p>Bank Windhoek: 53 branches/agencies, 172 ATMs (including self-service ATMs), 3,045 merchants (plus 150 e-commerce merchants and 4,745 POS devices)</p> <p>Bank Gaborone: 12 branches/agencies, 24 ATMs (including self-service ATMs), 900 merchants and 1,278 POS devices</p> <p>24-hour customer contact centre</p> <p>IT systems and business continuity facilities</p> <p>Digital banking, apps and other platforms</p>	<p><b>Intellectual capital</b></p> <p>A Group structured as a portfolio of financial services and related businesses with a focus on creating value from shared capabilities, offerings and synergies across investments</p> <p>Our purpose, The Capricorn Way and our brand values promote positive employee behaviours</p> <p>A group strategy and aligned subsidiary strategies to deliver our value proposition to stakeholders</p> <p>Core functions, strategic partners and service providers with the deep subject matter expertise required to develop and deliver our service offerings</p> <p>Over 240 years of collective board member experience</p> <p>We have established risk and compliance management and governance frameworks supported by a Risk Culture to mitigate 14 principal risks, each with executive ownership at subsidiary and Group levels</p> <p>We drive ethics awareness and behaviour through the ethics strategy and plan, which is supported by the Group Code of Ethics and Conduct Policy and Suppliers Code of Conduct</p>
<p><b>Human capital</b></p> <p>A stable workforce with a 6.98% attrition rate (2023: 6.77%)</p> <p>We are implementing initiatives to enhance our employee value proposition and build a diverse and inclusive workforce</p> <p>1,998 permanent employees (2023: 1,921)</p> <p>N\$17.1 million training investment (2023: N\$14.9 million)</p>	<p><b>Financial capital</b></p> <p>Retained income of N\$8.8 billion (2023 restated: N\$7.7 billion)</p> <p>Total assets of N\$70.6 billion (2023 restated: N\$63.8 billion)</p> <p>Total loans and advances of N\$48.8 billion (2023: N\$45.4 billion)</p> <p>Total deposits of N\$51.9 billion (2023: N\$45.8 billion)</p> <p>CAM AUM of N\$46.6 billion (2023: N\$38.6 billion)</p>	<p><b>Natural capital</b></p> <p>Renewable natural resources, including water, energy and paper</p> <p>Non-renewable natural resources such as metals and minerals used in equipment, furniture and buildings</p>

## Business activities

<p><b>Transactions</b> We facilitate payments</p>	<p><b>Loans, credit and deposits</b> We provide credit, loans and savings or investment products</p>	<p><b>Asset management</b> We invest and manage assets on behalf of customers</p>
<p><b>Advisory</b> We provide investment banking and advisory services</p>	<p><b>Bancassurance</b> We provide short and long-term insurance products</p>	<p><b>Foreign exchange and trade finance</b> We provide currency access to global markets</p>

## Outputs

<p><b>Products and services</b></p> <ul style="list-style-type: none"> <li>&gt; Banking</li> <li>&gt; Specialised finance</li> <li>&gt; Foreign exchange and trade finance</li> <li>&gt; Lending</li> <li>&gt; Wealth management</li> <li>&gt; Asset management</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Unit trust management</li> <li>&gt; Bancassurance</li> <li>&gt; Property development and evaluation</li> <li>&gt; Microlending</li> <li>&gt; Insurance</li> </ul>	<p><b>Waste</b></p> <ul style="list-style-type: none"> <li>&gt; Customer waiting time</li> <li>&gt; Losses due to internal errors</li> <li>&gt; Paper, plastic and technology hardware waste</li> <li>&gt; Excess use of water, electricity and fuel</li> <li>&gt; Operational carbon emissions</li> </ul>
--	---	--



# Our six capitals outcomes

## Social and relationship capital

Our 2024 stakeholder audit indicated that key stakeholders report a positive experience when engaging with Group and Bank Windhoek employees. We have positive community impacts through the Foundation and Changemaker platform. Our net promoter score, a measure of whether customers recommend us, improved to 46%.

### Key decisions in 2024

- > The Group launched a new corporate brand campaign centred on our ability to “Make Positive Changes” to build affinity with stakeholders.
- > Bank Gaborone’s board approved the launch of the Capricorn Foundation Botswana to provide focus for our CSR activities.

Read more about our customer performance metrics on page 29 and our social performance on page 59.



## Future capital availability

Social and relationship capital is derived from trust gained through the following:

Our reputation, brand and stakeholder-inclusive approach protect the future availability of social and relationship capital.

Our Group sustainability integration programme objectives aim to ensure that we remain relevant in society.

Our governance framework and ethics strategy guide us to remain a responsible corporate citizen.

The Group Risk Internal Control and Assurance Framework enables us to deliver products and services safely and responsibly

## Human capital

We have a positive working environment with high levels of employee engagement. The Mirror survey results, our annual employee engagement survey, indicate that our overall engagement score is 84%, with a fully engaged score of 53%. This is higher than the industry benchmark.

### Key decisions in 2024

- > Deliberate direction from the board to drive diversity, equity and inclusion (“DE&I”) and to make leadership capabilities with a focus on mindsets a strategic choice.
- > Deployment of a DE&I specific survey.
- > The choice to drive DE&I from within the organisation and asking employees to nominate themselves to be part of this strategic choice. 75 early adopters joined this journey.
- > Deliberate action around the mapping of talent to understand key individuals in critical roles.
- > Strong focus on all eight wellness dimensions.
- > A decision to revisit The Capricorn Way to ensure that it is still relevant and aligns with the organisation’s strategic direction.
- > The Group granted employees in Namibia a 7% annual increase and 8.3% in Botswana to support them in an inflationary environment.

Read more about our human capital management on page 27.



## Future capital availability

Talent is expected to remain scarce in the short, medium, and long term. We will enhance our employee value proposition and focus on investing in training, development, and retention to attract, retain, and incentivise our talented workforce.

## Intellectual capital

Our technology investments have contributed to higher transaction volumes, increased non-interest income, and higher customer adoption rates of our mobile apps. As a result of our effective financial crime risk management plan, we have experienced limited losses due to financial crime.

### Key decisions in 2024

- > Our banking subsidiaries allocated investment to the second phase of the #gobeyond to build our data warehouse and roll out our new branch design.
- > We launched the Bank Windhoek Namibia Special Risks Insurance Association (“NASRIA) Credit Guarantee Scheme to increase SMEs’ access to bank loans.
- > We strengthened our risk and compliance management frameworks through independent assessments of our fraud risk management framework, implementing recommendations to improve our anti-money laundering and counter-terrorism financing and proliferation (“AML/CTF/CPF”) policies and frameworks and developed a Group Environmental Risk Management Framework.
- > Corporate portfolio management practices were adopted as part of our strategy processes to promote a sharper focus on value-creating opportunities at a portfolio level.



## Future capital availability

In recent times, knowledge has become the most important intangible asset for financial services groups. We will continue to build our intellectual capital to manage our risks and take advantage of opportunities. We have the right people to lead our digital transformation journey, and our technology decisions are overseen by an experienced Group board IT committee (“GBITC”).

King IV™ principles are fully embedded in all subsidiaries.





## Manufactured capital

We refined our new branch design based on feedback from customers and employees and will complete the branch roll out in 2026.

### Key decisions in 2024

- > We opened no new branches (2023: 55) and closed one branch in Namibia.
- > We continued rolling out new technologies to our branch network in Namibia and Botswana.
- > We are expanding our office footprint through a new customised development in Windhoek's central business district ("CBD") to accommodate a growing need for office and parking space. The development will also be the new home of our main Bank Windhoek branch.

Read more about our new offices on page 43.

## Future capital availability

We are well-resourced to fund our future manufactured capital needs. Currency depreciation against the US dollar will increase the cost of IT and specialised equipment.



## Financial capital

Through disciplined capital allocation, we aimed to unlock long-term value across the business and deliver returns for our shareholders. Our cost to income ratio improved to 50.0% (2023 restated: 51.0%), and our ROE increased to 17.9% (2023: 17.6%). Liquidity in Namibia and Botswana has improved substantially, supporting the availability of funding for loan book growth.

### Key decisions in 2024

- > We allocated N\$243.4 million in capital to increase our shareholding in Paratus Group from 26% to 36.4%.
- > We continued to invest in #gobeyond, our digital transformation programme.
- > We returned N\$560 million to shareholders through dividends, reflected in a dividend payout ratio of 33.4% (2023: 35.2%).

Read more in our Group CFO's report on page 48.



## Natural capital

Through the Bank Windhoek sustainability bond, we deployed N\$390.70 million in funding for sustainable development projects and renewable energy.

### Key decisions in 2024

- > We developed a draft Group Environmental Risk Management Framework to guide how we identify and mitigate our environmental risks.
- > We initiated a carbon analysis of Bank Windhoek's loan book to assist with identifying and managing sustainability and climate-related risks and opportunities.
- > We explored an experimental recycling initiative to support the drive of reuse, reduce and recycling initiatives across the Group.
- > Continue to drive sustainable finance products and services.

Read more about our sustainability strategic choice on page 36.

## Future capital availability

Natural capital resources, including water, are constrained, while climate change impacts our agricultural customers.

Our Group sustainability integration programme aims to reduce our reliance and impact on natural resources, reduce our vulnerability to environmental risks and prepare the Group to contribute to achieving Namibia and Botswana's Nationally Determined Contributions to reduce carbon emissions.

Our Group Risk Internal Control and Assurance Framework is being enhanced to enable the identification and management of climate risks.

Read more about our trade-offs for 2024 in the Group CEO's report on page 42.



## Shared financial value as an outcome

The Group's positive financial performance for 2024 allowed us to create value for our major stakeholders and contribute to the socioeconomic development of Namibia and Botswana.

Our stakeholders shared in the Group's total value creation of N\$5.1 billion (2023: N\$4.4 billion) as follows:

▲ **11.3%**

Employees

**N\$1.3 billion**

In addition to remuneration, employees receive rewards and recognition and have career and personal development opportunities.

▲ **16.5%**

Direct and indirect taxes

**N\$1.2 billion**

The Group pays taxes, duties and licence fees in the territories where we operate. This enables governments to deliver on their national development plans, improve and maintain public infrastructure and fund public services such as health, education and welfare programmes.

▲ **19.1%**

Communities

**N\$25.8 million**

The Capricorn Foundation is the Group's main CSR vehicle in Namibia and is funded by our subsidiaries. All subsidiaries run their own CSR initiatives.

We are committed to supporting local industry and employment as much as possible. 86% of our total operating expenses were paid to suppliers and employees located within the regions in which we operate. In addition to the value created directly by the Group, the Capricorn Unit Trusts distributed a total value of N\$2.4 billion during the 2024 financial year.

▲ **13.9%**

Suppliers

**N\$924 million**

Suppliers have a market for their products and services and opportunities to expand the range and nature of their contracts with the Group. The Group is committed to procuring from local suppliers, including SMEs.

▲ **9.3%**

Retained for future growth

**N\$1.1 billion**

We allow for sufficient financial reserves to fund our #gobeyond digital transformation programme and other growth opportunities.

▲ **36.9%**

Shareholders

**N\$560 million**

Shareholders receive dividends and long-term capital growth benefits from funds retained for future growth opportunities.

## Value created for customers

The Group creates value for customers through a combination of financial products, services, and enhanced customer experiences. Over the past four years, the Group invested N\$403 million in the digital transformation of its banks to improve operational efficiencies and the overall customer experience. In 2024, our banking subsidiaries enabled customers to improve their lives through a range of long and short-term financial solutions and loans:

- > New home loans: N\$2.2 billion.
- > New vehicle and asset finance: N\$3.8 billion.
- > Sustainability loans: N\$390.70 million
- > New SME loans N\$3.4 billion.
- > New business loans N\$6.3 billion.

### Bank Windhoek: Delivering value to customers through technology

#### Successfully transforming the delivery of cash

Individuals and SMEs cannot be charged for cash deposits. Previously, these free services were only offered through a labour-intensive traditional model at branches.

50 cash accepting ATMS deployed

58% of cash deposits under N\$5000 migrated to cash accepting ATMs

45% of total cash deposits migrated to cash accepting ATMs

#### Improved customer experience:

60% of cash transactions are completed outside of normal banking hours.

#### Enhancing the banking mobile app

We prioritised delivering the services that have the biggest positive customer impact while constantly improving the stability, security, and user experience of our mobile app.

61,000 active monthly users

N\$467 million in average value of transactions on the mobile app per month.

53% of account confirmations completed on the mobile app and self-service kiosk

#### Improved customer experience:

The continually increasing customer adoption rates and usage of the mobile app are a testament to it being a value-adding channel.



# Considering our stakeholders' needs and interests

Effective stakeholder engagement and management are essential to our sustainability and ongoing success.

Our stakeholders are those groups impacted by the Group's business activities and have an interest in our success. Through our stakeholder-inclusive approach and, considering their issues and providing solutions, we gain internal and external support for our activities and growth plans, which create and preserve stakeholder value. Our stakeholder interactions are shaped by The Capricorn Way and our purpose of being Connectors of Positive Change.

## Responsibility for stakeholder management

- 1 The **board** is ultimately responsible for the Group's stakeholder relationship management and engagement strategy.
- 2 The board mandates that the **BSEC** oversee the effective coordination of stakeholder relationship management.
- 3 The board tasks the executive committee ("Exco") with executing the stakeholder management strategy and ensuring operational integration throughout the Group.

We govern our stakeholder relationships using the King IV™ principles. The 2024 governance report, page 2 explains how we apply these principles.

We also comply with the regulatory requirements for risk-based supervision ("Basel II"), where interacting and consulting with stakeholders, formal and informal, are an integral part of our risk management strategy.

## Stakeholder management matrix

We categorise our key material stakeholders based on their influence and interest in our Group. We evaluate the quality of our relationships to pinpoint opportunities and allocate resources when planning stakeholder events or contributions. We use the matrix below to categorise our key stakeholders.

High	<b>High-power, low-interest</b> stakeholders have a great deal of influence on the Group but have little interest in it. We aim to keep them satisfied.	<b>High-power, high-interest</b> stakeholders have a great influence on and a significant interest in the Group. We want to engage and satisfy these stakeholders fully.
	<b>Low-power, low-interest</b> stakeholders have little influence on the Group and little interest in its activities. We monitor them.	<b>Low-power, high-interest</b> stakeholders have little influence but are interested in the Group. We keep them adequately informed.
Low		High

## Tools and directives

The **Group Stakeholder Relationship Management Policy** reflects our values and beliefs and supports management's commitment to creating an enabling business environment. The policy underlines the importance of responding to evolving stakeholder expectations and fosters open, honest communication to build trust and cooperation.

The **Capricorn Stakeholder Relationship Management Guide** explains why stakeholder relationships are critical to our success. The guide identifies and maps stakeholder groups and shares tools and templates to capture stakeholder information and engagement activities. This guide also provides for a continuous feedback loop.

Our **stakeholder engagement plans** are developed to proactively respond to material matters and align with the Group's strategy. Entity plans include specific activities, channels and desired outcomes and are submitted to the BSEC quarterly, which reviews and monitors stakeholder issues.





# Stakeholder mapping summary

In 2024, we aligned our stakeholder engagement plans with the outcomes of the dipstick brand audit.

 <h2>Shareholders</h2> <p>Our 3,788 shareholders hold shares in the entity listed on the NSX. We communicate with shareholders through stock exchange news, results and reports and our AGM, where they vote on resolutions and elect board members. Our shareholder analysis is on page 78.</p>	 <h2>Employees</h2> <p>Capricorn Group has 1,998 permanent employees across Namibia, Botswana and South Africa who undertake specific work and have set responsibilities against agreed remuneration. 66% of employees in Namibia belong to trade unions, and 58% in Botswana. Read more about our engagement with employees in the material matters section on page 27.</p>	 <h2>Customers</h2> <p>Our customers are the individuals, groups, businesses or institutions that use our products and services and hold accounts or policies with one of our banks or subsidiaries. We engage with customers in the process of facilitating transactions or providing advice. Our engagement is through electronic communications and in-person meetings. Our call centres deal with queries and complaints, and customers contact the Office of the Ombudsman if their expectations are unmet. Our Customer Service Charter sets the required customer service levels.</p>	 <h2>Communities</h2> <p>Communities are groups or networks of people with a common agenda, cause or interest who collaborate by sharing ideas, information and other resources. They include non-profit organisations. We engage with communities through public events and respond to proposals or requests for support submitted to Group entities through the Bank Gaborone, Bank Windhoek and Entrepo CSR initiatives and the Capricorn Foundation.</p>
 <h2>Suppliers</h2> <p>Our supplier base includes individuals or companies providing goods and services. These range from consumables used in branches to complex IT services in the banks. Through service-level agreements and contracts, we ensure high service levels and confidentiality.</p>	 <h2>Media</h2> <p>The media includes journalists, editors and producers who manage the communications channels through which news, entertainment, education, data, or promotional messages are disseminated. We communicate with the media through press releases and interviews. We also host regular media lunches and workshops to build relationships and develop a deeper understanding of our Group.</p>	 <h2>Government and regulators</h2> <p>The Namibian and Botswana governments define and administer public policy and exercise executive, political, and sovereign power through customs, institutions, and laws. Government regulators ensure compliance with the provisions of specific acts, such as the Banking Act 13 of 1995. Our primary regulators are NAMFISA, the Bank of Namibia, and the Bank of Botswana.</p>	 <h2>Strategic alliance partners</h2> <p>We partner with companies or associates that enable us to share resources to complete a specific mutually beneficial project. This includes, for example, our associates Sanlam and Santam, which allows us to offer bancassurance products to our customers.</p>

## Focus areas for 2024

### In 2024, we focused on:

- > Aligning our stakeholder engagement plans with the outcome of the dipstick brand audit.
- > Conducting a comprehensive stakeholder audit.
- > Validating the Group's strategic choices with key stakeholders.
- > Promote collaboration between the Group and its subsidiaries on various stakeholder engagements to maximise impact.
- > Developing a comprehensive stakeholder engagement and communication plan to onboard our new Group CEO.

## Focus areas for 2025

### In 2025, we will focus on:

- > Unpacking the feedback from the comprehensive stakeholder audit, which commenced in May 2024 and concluded in August 2024, and aligning our stakeholder engagement plan and communication strategy to address any gaps or needs identified by our key stakeholders.
- > Enhancing collaboration between the Group and its subsidiaries on various stakeholder engagements to maximise impact.

Relationship quality legend:

- 1 Strong relationship of trust and mutual understanding
- 2 Good-quality, value-adding relationship
- 3 Good relationship but needs to improve to add value



## Stakeholder highlights for 2024

Stakeholders communicate their interests and needs in various formats and channels. Our engagements with employees are covered on page 27, while our collaborations with non-profits are covered on page 61.

In 2024, 1,688 employees participated in the annual Mirror survey, representing an 88% response rate. **Employees participate in the self-assessment survey, which measures employee engagement, represented by the levels of employee commitment and their willingness to do more than what is expected.** The survey recorded an overall score of 84% (2023: 86%), comprising of 53% fully engaged and 31% semi-engaged employees. The Mirror survey results have generally remained consistently favourable since the survey's inception in 2017. It is interesting to note that the score for willingness has increased substantially from 8.0 out of 10 in 2021 (7.7) when the last full diagnostic survey took place, indicating that employees are now more willing to go the extra mile in their work.

In February 2024, the Group hosted a national pre-budget public discussion in collaboration with the Economic Association of Namibia, GIZ and the High Economic Intelligence ("HEI"). The event titled **"The national budget in an election year: Fiscal expansion and strategic priorities"** covered the economic implications of expected fiscal expansion in the national budget and the alignment of spending and fiscal reforms with the nation's development priorities.

The Connector Programme is an employee-driven platform established to ensure that employees are well-informed about the **Group's purpose, values, behaviours, Group strategy and The Capricorn Way and are ready and open to embracing positive change.** In 2024, Connectors were instrumental in creating awareness of the Group's strategic choice related to sustainability integration practices and the objectives of the sustainability integration programme. This includes creating awareness and sensitivity around employees' individual footprints and encouraging more sustainable habits, including focusing on upcycling and reducing waste.

In November 2023, the Capricorn Foundation and the Lithon Foundation joined forces to host a non-governmental organisation ("NGO") capacity-building workshop. Themed **"Strengthening the management of NGOs to foster socioeconomic development communities in Namibia,"** the workshop empowered NGOs to manage their organisations and navigate the local and international donor landscape. Topics included financial management, compliance requirements, branding and marketing strategies, and understanding funding streams.

In March 2024, Capricorn Group hosted an investor relations workshop titled "New generation reporting." **The workshop focused on changes in the reporting world, including stakeholders' growing demands for new information and increased transparency, especially in sustainability and climate-related disclosures.** Players from various sectors of the Namibian economy attended the event, including NSX-listed companies, private firms, and state-owned entities.

The Group continued supporting women's participation in sports by **sponsoring the Capricorn Eagles, Namibia's national women's cricket team and sponsoring the annual Capricorn Schools Netball League.** In June 2024, Capricorn Group and its subsidiaries CAM and Capricorn Private Wealth announced the expansion of its sponsorship agreement with Cricket Namibia to include the under-19 women's cricket team, further underlying our commitment to developing women's cricket in Namibia.

**The Changemaker Programme, the Group's employee volunteerism programme, aims to unite employees to tackle the issues faced by society's most vulnerable and give back to the communities** in which the Group operates. This financial year, over 300 employees participated in Changemaker initiatives. More information on the programme can be found in the 2024 social value report, available online.

**The MyCapricorn app is a vital engagement platform for all entities.** There are currently 1,860 registered users, 93% of all employees, and, on average, 557 active users per month. The app is both a communications channel and a source of learning material for employees. This includes wellness podcasts, leadership learnings and access to the Digital Academy. The app is accessible on laptops, tablets and smartphones. In Namibia, we offer a chargeback on data, so employees do not have to use their own data.

In April 2024, Capricorn Group partnered with the Namibia Revenue Agency ("NamRA") to deliver a training workshop for the agency's recently established management risk department and enterprise risk management committee. The workshop, which the Group's risk experts facilitated, covered **best practices for identifying and analysing potential risks and taking precautionary steps to manage risk effectively.**



## COP28 unlocks value for Capricorn Group

The United Nations Conference on Climate Change has organised an annual conference, the Conference of the Parties or COP, for nearly 200 countries since 1995. COP addresses climate change and mitigating its worst impacts. In addition, world leaders and both public and private sector representatives engaged in various discussions and negotiations to mobilise favourable funding to alleviate the impacts of climate change amid the ongoing wars, global energy crises, rising inflation, and other social issues that the world, especially developing countries like Namibia, are facing. COP28 was held in Dubai from 30 November to 13 December 2023.

The Capricorn Foundation and Bank Windhoek donated a combined N\$500,000 to the Namibian Ministry of Environment, Forestry and Tourism to support Namibia's active participation at COP28. Capricorn Group, Capricorn Foundation and Bank Windhoek representatives were part of the Namibian delegation for the third consecutive year and hosted panel discussions and presentations.

COP28 was an opportunity to build new networks, nurture existing relationships and position the Group as a partner choice for key stakeholders, including governments and international investors. It provided a platform to learn from the experiences of other nations, philanthropies and organisations, both private and public. While COP28 focuses on climate change mitigation and adaptation initiatives, there are other opportunities, focusing on innovative and inclusive sustainable finance and the "just transition" movement that the Group can support and capitalise on. COP28 may not have been the transformative turning point hoped for, but rather a necessary step on the long journey towards a sustainable future for all.

**Capricorn Group's active participation in COP28 demonstrated our commitment to addressing sustainability and climate-related risks, fostering sustainable development, and solidifying our role as a key partner in local and global climate action initiatives.**



# A compelling investment case

Our strong financial position, diverse operations and deep local knowledge position the Group for sustained growth and quality earnings.

## Financial resilience

All our subsidiaries and associates delivered strong financial results for 2024:

The Group's profit after tax improved 10.0% to N\$1.74 billion despite a difficult operating environment.

The Group has a healthy balance sheet and is adequately capitalised to exploit growth opportunities.

The Group's cost to income ratio improved to 50.0% and cost discipline remains a priority while investing for future growth.

### Access to capital

Capricorn Group has two shareholders of reference – the Government Institutions Pension Fund ("GIPF"), the largest institutional investor in Namibia, and Capricorn Investment Holdings ("CIH"), the founding holding company of Bank Windhoek. They ensure stability, liquidity and access to capital.

## Diversification

We have a portfolio of diverse financial services-related offerings, including banking, asset management, microlending, insurance, and telecommunications, broadening our revenue streams while reducing our risks.

We seek to increase collaboration and intersection points between our entities to unlock new possibilities and customer solutions.

### Diversification away from net interest income

The Group's non-interest income grew by 14.2% to N\$2.14 billion, while profit share from associates grew by 200.7% to N\$195.1 million over what was reported in the prior year, as we seek to reduce our dependence on net interest income.

### Geographic expansion

We have operations in two countries and have the opportunity to expand our activities in Botswana. This could further increase operational efficiencies, gain market share, and increase our ROE.

### Opportunities for growth

We are well-positioned to capitalise on opportunities in both Namibia and Botswana, including the emerging energy sector.

Read more about our opportunities in our Group chairperson's report on page 20.

## A track record of investment success

Our investment philosophy is responsible and responsive to operating conditions. We diversify, never speculate, and continuously monitor and evaluate actual performance. Every investment opportunity is unique, and we take time to understand its features and clearly define and quantify its risk factors.

### ROE and ROIE

We track ROE as a measure of quality earnings and aim to achieve a 20% ROE in the longer term. We also consider the return on incremental equity ("ROIE"), where a higher portion of profits are retained to invest in growth opportunities. While this may result in lower dividends in the short term, shareholders will benefit from higher dividends over time.

In 2024, we increased our shareholding in Paratus Group Holdings to 36.4%, which increases our exposure to the African telecommunications opportunity.

Peo Finance, our microlending business in Botswana, continues to scale and increased its profit after tax by 248.2% in 2024.

Our investment in digital transformation ensures our continued relevance to customers.

## Our five strategic choices will enable our future success.



**Deliberate portfolio action** to deliver more value as a collective



**Data and digital** to harness the benefits of AI and other newer technologies



**Sustainability** to respond to sustainability and climate-related risks and opportunities



**Diversity, equity & inclusion ("DE&I")** to create a supportive environment where employees thrive



**Leadership** to develop the right mindsets to execute our strategy



# Five-year review

	2024	2023 Restated	2022	2021	2020
<b>Statement of comprehensive income (N\$'000)</b>					
Total income	5,229,457	4,593,626	4,006,082	3,731,214	3,505,610
Operating profit	2,158,106	1,914,077	1,507,656	1,290,531	1,300,362
Profit after tax	1,735,782	1,579,941	1,145,881	983,027	856,412
Total comprehensive income	1,706,481	1,617,380	1,129,445	877,445	926,827
Earnings per share (cents)	319.6	292.0	204.9	170.7	148.6
Headline earnings per share (cents)	320.7	300.4	205.4	173.4	157.2
Dividends per share (cents)	112	100	72	60	50
<b>Statement of financial position</b>					
Total assets	70,583,632	63,773,183	60,439,632	56,012,991	50,677,955
Total loans and advances to customers	48,793,608	45,396,558	43,226,296	40,829,687	40,078,622
Total deposits	51,851,462	45,784,775	43,647,452	40,179,699	39,323,264
Net asset value per share (cents)	1,896	1,683	1,427	1,294	1,232
<b>Performance indicators (%)</b>					
Return on average equity	17.9	18.7	15.0	13.5	12.6
Return on average assets	2.6	2.5	2.0	1.7	1.6
Impairment charges to average gross loans and advances	0.67	0.51	0.85	1.07	1.01
Non-interest income as % of operating income	43.7	43.0	45.9	44.9	44.5
Cost to income ratio	50.0	51.0	51.1	51.7	50.8
Closing share price (cents) at 30 June	1,930	1,465	1,330	1,300	1,399
Price to book ratio at closing price per share	1.0	0.9	0.9	1.0	1.1
Price earnings ratio at closing price per share	6.0	5.0	6.5	7.6	9.4
<b>Capital adequacy (%)</b>					
Total risk-based capital ratio	17.9	16.9	15.8	15.0	14.7

	2024	2023	2022	2021	2020
Number of employees	1,998	2,226	2,152	2,043	2,125
Number of branches	65	67	66	68	66
Assets under management (N\$ billion)	46.6	38.6	32.1	31.8	31.3



# Making positive changes in 2024

## Group chairperson's message

As a board, we have confidence in the leadership of the Group to fulfil its purpose and ambitions while creating value for all its stakeholders.



### Key achievements

- > Improved net interest margins due to high interest rates.
- > An improved funding mix and higher market liquidity lowered the cost of funding.
- > Lowest cost to income ratio ever, demonstrating excellent cost management.
- > Bank Windhoek's non-performing loan ("NPL") ratio remained below the industry average in Namibia.
- > Bank Gaborone's NPL ratio compared favourably with peers.

### Key challenges

- > The depreciating Namibian dollar caused substantial increases in IT expenses.
- > Customers were financially strained due to high inflation, especially in food, and the high interest rate environment.
- > Above inflation-related employee cost increases remained a significant expense but supported high living costs.
- > Impairments and provisions for bad debt were substantially higher than the prior year due to customers' financial constraints.

## Context to Group performance

While Namibia's GDP grew by 4.5% in 2023, the economy is still small, with high unemployment and inequality. In Botswana, economic growth decelerated to 2.7% in 2023, weighed down by lower demand for diamond exports. While Botswana is considered a middle-income country, it is a small open economy facing development challenges similar to those faced by countries with lower income levels. In both Namibia and Botswana, private sector credit extension came under pressure, a clear indication that these economies are not performing.

In May 2024, the Namibian government declared a State of Emergency following the worst drought experienced in 100 years. According to media reports, every one in five Namibians is considered food insecure. Against the backdrop of scarce rains, thousands of households have already registered for the government-funded drought relief programme. As part of the response, the government urged Namibians to prioritise assistance to vulnerable communities to protect their livelihoods. The Group is evaluating how Bank Windhoek can ease the burden on its agricultural customers and how the Foundation can alleviate suffering of vulnerable communities.



## Exciting prospects for Namibia

After several promising discoveries along its coast, Namibia has become an oil exploration hotspot. Oil majors have made discoveries estimated in the billions of barrels, with the first production expected to come online within five years. The finding could put Namibia on par with neighbouring Angola, whose reserves are estimated at around 13 billion barrels and whose production rivals Africa's top producer, Nigeria.

We await regulatory and legal certainty as the oil majors and the Namibian government discuss capitalising off the country's energy assets. While Namibia undoubtedly needs the oil majors' specialised experience, we hope for adequate regulation to ensure local participation and skills development.

The oil finds and exciting developments in green hydrogen led to large foreign direct investment flows and improved trust in Namibia's prospects. This year, the Namibia Investment Promotion and Development Board ("NIPDB"), in partnership with the Ministry of Mines and Energy, played an important role in positioning Namibia as a globally competitive investment centre.

### Namibian growth opportunities for Capricorn Group

Revived sector growth:

- > Mines placed under care and maintenance are returning to production.
- > The tourism sector continues to recover and is now the second biggest employer in Namibia.
- > The logistics sector is growing as the country increasingly transports goods to landlocked countries.

We are engaging with role players including TransNamib and the Ministry of Transport on securing funding and structuring deals to develop Namibia's much needed rail infrastructure.

## Investing in the African connectivity opportunity

During the financial year, the board approved a N\$243.4 million investment into Paratus Group to increase our shareholding from 26% to 36.4%. This additional investment will lead to further diversification of capabilities that are complementary to our financial services offering to customers and provide exposure to the high-growth telecommunications sector. The Group is actively exploring opportunities to increase synergies with Paratus Group and our subsidiaries, including creating new customer offerings.

In May 2024, Paratus Namibia, with financial support from Capricorn Group, successfully concluded its rights issue and raised N\$602 million, doubling its market capitalisation on the NSX. A large portion of the capital raised comes from the Paratus Group (61.9%). Paratus Namibia will use the funding to develop the network required to compete aggressively with the current mobile operators.

We decided to participate at the holding company level (Paratus Group Holdings) as we seek access to both the Namibian mobile telecommunications opportunity and Paratus Group's other growth plans on the continent.

We are excited about the Namibian mobile opportunity and the Paratus Group's exposure to the telecommunications sector in several southern African countries.

## Strong corporate citizenship

Our CSR initiatives reflect our Group's determination and commitment to be Connectors of Positive Change. In 2024, the Group invested N\$25.8 million (2023: N\$21.7 million) through the Capricorn Foundation and our subsidiaries into CSR projects in Namibia and Botswana. The Capricorn Foundation contributed to a portfolio of more than 40 programmes and projects across Namibia with a focus on education, economic advancement and vulnerability programmes.

Read more about our CSR activities on page 61 and in our 2024 social value report, available online.

## A new leadership chapter

The start of David Nuyoma's tenure as Group Chief Executive Office ("Group CEO") and executive director in March 2024 marked the start of a new chapter for Capricorn Group. We are confident in his ability to lead us in a dynamic and challenging business environment. David will also serve as a director of the Bank Windhoek and Capricorn Foundation boards.

Over more than 25 years, David contributed to shaping financial services, policy planning, development banking, SME development and promoting trade and investment in Namibia. He is an accomplished executive leader who held CEO positions at the GIPF and the Development Bank of Namibia. David chaired the NSX and has been a member of several regional and national boards. His dedication to national development was evident through his positions as Commissioner of the National Planning Commission and as a member of the late President Geingob's Economic Advisory Council.

On behalf of the board, I thank Thinus Prinsloo, the former Group CEO for his visionary leadership that has been a cornerstone of the Group's success. He was instrumental in developing a unified brand, common purpose and a shared culture, which have all contributed to setting us apart in the industry. We wish him success in his new role as executive director at CIH, the Group's largest shareholder. He will also continue to serve the Group as a shareholder representative on the board and several of our subsidiary boards.

## Board changes

In February 2024, we announced the retirement of Koos Brandt as a non-executive director of the board. Koos, one of the founders of Capricorn Group, served on the board since the company's establishment in 1996 and was Group chairperson until 2017. We thank him for his wise counsel, invaluable input and guidance to the board and its committees over the years. He continues to serve as a non-executive director of the Bank Windhoek board.

We welcomed Jacobus (Cobus) Brandt as non-executive director, in February 2024. Cobus has been the alternate non-executive director for Koos since 2016 and a non-executive director of CIH since 2018. Cobus holds an accounting qualification and substantial experience in the financial and agricultural sectors. The board welcomes Cobus and looks forward to his contributions.

## Appreciation

I am grateful for our dedicated employees and management teams for another set of strong financial results despite a constrained operating environment.

I thank my fellow directors for their support and insights throughout the year. I also acknowledge the boards of our entities for the guidance they provide their management teams. Finally, I thank our loyal and diverse customers for their continued support and faith in the Group's ability to Make Change Positive.



**Gerhard Fourie**  
Group chairperson



# Our strategic direction

## What informs our strategy

We continually monitor strategic drivers that pose unique opportunities and risks and require optimised responses from the Group.

### The macroeconomic picture

At the outset of the financial year, expectations for the global economy were low. At the time, banking stresses in the USA and Europe were acute. Recessions were predicted to roll through key economies, including the United States, Canada, Mexico, the UK, Brazil, Korea, and Russia. It led to fears that financial disruption or a significant credit crunch would derail the global economy. This put the health of financial systems, including that of Namibia, Botswana, and South Africa, under scrutiny. Fortunately, these economies were relatively unscathed, while banks maintained more than adequate capitalisation ratios.

We reached the end of an aggressive global monetary tightening campaign, with the last interest rate hikes implemented. Over the financial year, policy-driven interest rates plateaued, albeit at record high levels last seen 15 years ago. Restrictive monetary policy threatened to choke off the nascent recoveries of many economies, including Namibia, Botswana and South Africa.

Central banks remain wary of inflation risks. However, recent trends pave the way for monetary policy easing. Although South African inflation remains persistent, it is expected to decrease, potentially allowing the South African Reserve Bank to lower rates. The Bank of Botswana has already taken this step, anticipating that inflation will remain within the 3% to 6% target range. The Bank of Namibia is also likely to ease over the course of the coming financial year.

Namibia's outlook has brightened considerably, a substantial shift from recent times, when bleak prospects were expected. Foreign direct investment into the country reached record levels during 2023. By the first quarter of 2024, the real economy grew at 4.7% year-on-year, following 11 quarters of notable growth. The economy appears set for several years of positive growth, provided that the November 2024 elections solidify socioeconomic stability and drought conditions improve.

Botswana's recent GDP numbers showed a contraction in economic activity. Diamond mining experienced a severe downturn, and the agricultural sector is facing extreme drought. The International Monetary Fund cut its forecast for real growth for Botswana to only 1%.

In South Africa, bleakness has been replaced by cautious optimism that political change after the May 2024 elections can arrest deteriorating socioeconomic conditions. However, for growth to reach more than the 1% to 2% range, consumer, business, and investor confidence must recover significantly.

**Although South African inflation remains persistent, it is expected to decrease, potentially allowing the South African Reserve Bank to lower rates.**

The global economy still faces several headwinds. Forward-looking indicators are troubling, interest rates are at record levels, and confidence is buffeted by political uncertainty and geopolitical conflict. In the United States, leading indicators remain deeply in negative territory, at levels that were previously associated with sharp slowdowns and financial shocks.

Demand for credit from households and businesses remain subdued in Namibia, Botswana and South Africa. While Botswana is unlikely to react much to further cuts in already low interest rates, there is scope for credit growth in Namibia and South Africa when interest rates are lowered. The real prime rates for the three geographies are 6.9%, 3.3%, and 6.6% for Namibia, Botswana, and South Africa, respectively. These restrictive real interest rate levels leave little leeway for consumers and firms to take up credit, especially when considering higher costs elsewhere, such as fuel prices that are roughly 50% higher than two and a half years ago.

**Floris Bergh**  
Chief economist  
Capricorn Asset Management





## Our regulatory context

### Namibia

In 2024, an unprecedented number of regulatory changes required significant resources to ensure compliance. The Bank of Namibia introduced requirements to improve financial inclusion, enhance information security, and modernise the national payments system. These changes in the payment environment resulted in several IT projects with challenging deadlines.

The central bank's instant payment project aims to enhance financial inclusion by enabling efficient, instant transactions on any device, including non-smartphones. This project, set to launch in 2025, will significantly reduce the time and costs of transactions, making them more accessible to rural and informal sectors.

Legislative amendments and new laws were also passed as part of a plan led by the Financial Intelligence Centre to stave off Namibia's greylisting by the Financial Action Task Force ("FATF"). These required a rapid turnaround to amend policies and standards at Capricorn Group. Namibia was placed on the grey list in February 2024. Capricorn Group remains abreast of developments in the regulatory environment, provides inputs to draft regulations as part of the consultative process and adapts our policies and control frameworks in line with new regulations as and when required. Our anti-money laundering policies and framework were designed with the FATF recommendations in mind.

The Bank of Namibia recognises the severity of climate-related risks to the Namibian economy. It is actively developing policies to support sustainability and climate-related risk mitigation activities and efforts within the financial system. These aim to enhance the financial services industry's ability to integrate sustainability considerations into its processes and incorporate climate stress testing and scenario analysis. To spearhead and coordinate sustainability-linked initiatives, the Bank of Namibia has established a dedicated sustainability function. This function is pivotal in promoting sustainable finance across the financial sector, ensuring that sustainability is embedded in financial practices and decision-making.

Our fit-for-purpose sustainability programme strategically positions the Group to respond to emerging regulatory requirements concerning decarbonisation and environmental risk management. This proactive approach ensures compliance with potential future regulations, reinforcing our commitment to sustainable practices and building resilience against material environmental risks.

### Botswana

There were several regulatory developments in 2024. The Income Tax Act was enacted to harmonise this act with the Retirement Funds Act of 2022 and provide more income for pensioners. The amendment broadens and increases the tax-exempt portion of specific lump sums payable to employees.

The Data Protection Act of 2018 has some negative implications for Bank Gaborone's strategy related to the trans-border flow of data and the processing and storage of personal data. To comply with the act's provisions, Bank Gaborone has developed a migration plan for all IT systems currently hosted in Namibia. Implementation is underway.

The Banking Act of 2023 is yet to be effective, with draft banking regulations circulated to all commercial banks for their review and input in March 2024. The act has new provisions impacting the day-to-day operations of the banking business. Bank Gaborone has commenced a compliance risk management plan to comply with potential new provisions.

Bank Gaborone has conducted gap analyses on these pieces of legislation, engaged stakeholders, and developed compliance monitoring plans.

## Politics

Namibia, Botswana and South Africa anticipated leadership transitions with potentially significant implications for policy, regulatory frameworks and strategic direction across sectors. The smooth transition of power, maintaining government stability and navigating policy shifts are critical factors to consider in our strategy.

Post-pandemic economic reforms and recovery have remained an important area focus of governments in the region together with addressing corruption and enhancing governance in the face of corruption scandals. These have raised public discontent with government accountability.

## Technology

The use of artificial intelligence ("AI") and machine learning ("ML") in financial services continues to evolve rapidly. These technologies are being deployed for customer segmentation, fraud detection, risk assessment and personalised recommendations. AI-driven chatbots and advisors are enhancing customer service and investment strategies. AI is also powering advanced analytics for better decision-making and risk management. Generative AI is becoming mainstream through pervasive delivery platforms, which is transforming the world of work and the competitive landscape.

## Social landscape

Namibia and Botswana have portions of the population that are unbanked or underbanked. Promoting financial inclusion is an important facet of the governments' financial services strategy in both countries. This involves ensuring that individuals and businesses, particularly those in rural and underserved areas, can access affordable and appropriate financial services. Strategies such as mobile banking, agent banking, and digital financial services play a vital role in bridging the financial inclusion gap and empowering marginalised populations to participate in the formal financial system.

Consumer protection is an important social consideration in a national financial services strategy to ensure robust consumer protection mechanisms safeguard the rights and interests of consumers, particularly those vulnerable to exploitation and predatory practices. This type of regulation typically aims to improve transparency, fair treatment and responsible lending practices and reduce mis-selling and excessive debt burdens.



# Material matters

Our material matters influence our strategy and act as a filter for determining the material information included in this report.

## Determining our material matters

Capricorn Group revisits its material matters every year as we recognise that materiality is dynamic and that shifts in stakeholder perspectives can present unexpected business risks or opportunities. The material matters are workshopped by senior management in a process that considers the operating environment, business drivers, our principal risks and stakeholder views and concerns. We also benchmark our material matters against those reported by other financial services groups while consulting global risk reports and research on the banking sector.

Defining our material matters culminates in the board assessing and approving a final list. The BSEC approved the material matters, on the recommendation of the Group Exco and Group risk committee, in May 2024.






















































Responses to these material matters are integrated in our strategic choices and operations and progress is reflected in our integrated annual report. Each of the responses to material matters are assigned to an executive, and the board mandates board committee oversight.

## Previous material matters

1. Conducting business the right way
2. Managing risks effectively
3. Embedding a customer-centric service culture
4. Building agile and high-performing teams
5. Making a positive impact on society

## Our material matters for 2024 – 2025

In 2024, we introduced a revised set of material matters. We introduced two new material matters related to delivering value to shareholders and benefiting from technology opportunities. We removed the material matter related to making a positive impact on society, as it is one facet of delivering value to stakeholders.

Rank	Material matter	Related principal risk and Group principal risk officer ("GPRO") oversight	Board committee oversight	Timeframe
1	 Delivering value to stakeholders	 Compliance  Credit  Finance and tax  Financial crime  People  Legal  Liquidity  Operations  Investment management  Reputation  Strategic  Technology  Cyber  Market	BARCC, BSEC	Short, medium and long term
2	 Managing our risks well, including increased regulation, cyber and ESG risk	 Compliance  Credit  Finance and tax  Financial crime  People  Legal  Liquidity  Operations  Investment management  Reputation  Strategic  Technology  Cyber  Market	BARCC	Short, medium and long term
3	 Conducting business in the right way	 Reputation  Strategic  Operations  Technology  Legal  Compliance  People	BSEC	Short, medium and long term
4	 Fostering a positive employee experience across the employee lifecycle to ensure high engagement that leads to sustainable business performance	 People  Operations  Strategic	Human resources ("HR") committee, Remuneration committee ("Remco")	Short and medium term
5	 Position ourselves to take advantage of the opportunities emerging from AI, data and digitisation	 Strategic  Strategic  Technology  Reputation  Operations	Group board IT committee ("GBITC")	Short, medium and long term
6	 Embedding a customer-centric service culture	 Technology  Cyber  Financial crime  Operations	BSEC, GBITC	Short and medium term





## Delivering value to stakeholders

We aim to deliver increased value to stakeholders and embody our brand promise of being Connectors of Positive Change.

The Group's objective has always been to deliver sustainable long-term value to its stakeholders by growing responsibly. This means being aware of the needs and priorities of stakeholders, including customers, employees, society, regulators, shareholders and the government and responding in a balanced way through our strategy.

### Stakeholder engagement audit

We conducted a stakeholder engagement audit to gain insights into key external stakeholders' communication, relationships and expectations. Qualitative in-depth interviews were conducted with key stakeholders of the Group, Bank Windhoek, Bank Gaborone and CAM. This was supported by a quantitative survey targeting the media, community-based organisations and critical suppliers. The overall response rate to the survey was 73%, compared to 61% in 2021. Key findings of the survey indicate:

- > Respondents strongly associate the Group, particularly Bank Windhoek, with being truly Namibian, which evokes a sense of pride and motivates stakeholders to be associated with the brands.
- > Respondents highlighted a positive experience when engaging with Group and Bank Windhoek employees.
- > Respondents perceive the Group as caring for the community through the Capricorn Foundation.

Read more about how stakeholders share in the Group's financial value creation on page 13, our investment case on page 18 and our contributions to Namibia and Botswana's socioeconomic development on page 61.

### Link to strategy

This material matter relates to the following strategic choices:



#### Material matter outlook

We have a strong track record of delivering value to stakeholders and initiatives in place to maintain this record. Capricorn Group is well-positioned for future growth and quality earnings thanks to its substantial capital and liquidity position, diversified operations, deep local knowledge, and strong relationships.



## Managing our risks well, including increased regulation, cyber and ESG risk

Our long-term sustainability relies on robust risk management and responding appropriately to evolving and emerging risks in our environment.

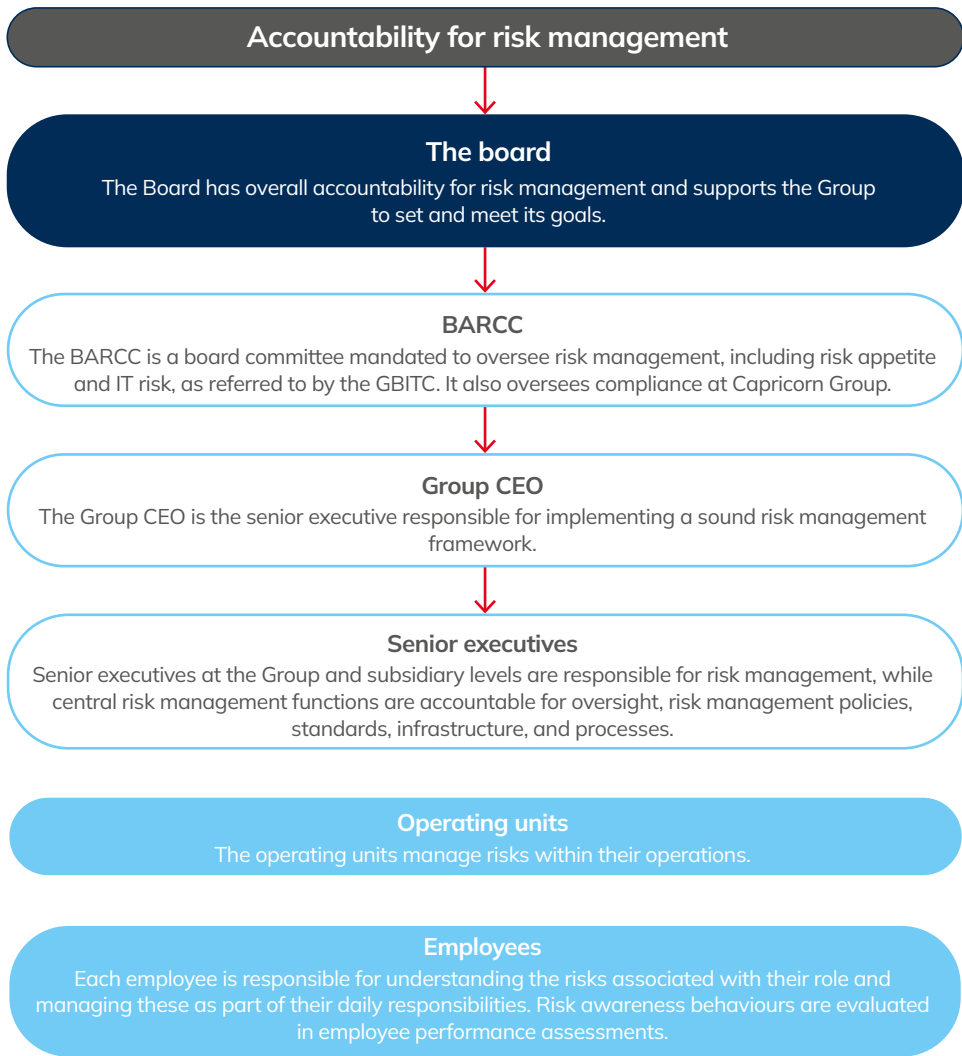
The Group's risk management approach is shaped by our business objectives and formal risk capacity, appetite, and tolerance statements. Standards, sound practices, and the minimum regulatory requirements per risk type inform risk practices. Our approach is forward-looking and supported by technology, data, and insights to embed controls within our processes. Robust risk management allows us to make more considered and sustainable decisions and conduct our operations and deliver products and services safely and responsibly.

### Fostering better risk practices

We continuously assess the adequacy of our risk management frameworks through self or independent assessments. During the past year we assessed our Financial Crime Risk Management Framework and implemented recommendations related to our Anti-money Laundering Framework emanating from a 2023 assessment. We also conducted an independent ethics risk assessment and an assessment of the Basel risk type frameworks (market, credit and operational risk). An internal audit was conducted on the Group's operational risk practices. Results from the assessments inform formal action plans to improve our risk and control frameworks.

The Group offers a voluntary certification programme in Risk Culture building. This personal self-development programme of eight to nine months of study aims to create a decentralised capacity for Risk Culture awareness and skills that support the effective management of risk in the Group. In 2024, 58 participants from Namibia and Botswana graduated as Capricorn Group Certified Risk Culture Builders.





## The role of assurance

Assurance functions, including internal audit, management assurance and compliance, have varying degrees of independence from operating units and perform oversight and monitoring activities as second and third lines in a combined assurance model. The model identifies instances of non-conformance to policy to be rectified through a formal remediation process. Compliance is monitored through a formal, rolling three-year compliance monitoring plan. This plan is delivered as a shared service through the Group compliance monitoring function, which has completed its third year of operation. In 2024, we continued to embed our compliance monitoring process and procedures, and we expanded the scope of our monitoring plan.

## Addressing increased regulation, cyber and environmental risks

We are sufficiently resourced to address increased financial services regulation in Namibia and Botswana. The BARCC oversees compliance at Capricorn Group. The Group's compliance monitoring unit is executing a plan to monitor compliance for core legislation in Namibia and anti-money laundering compliance Group-wide.

As a financial services group with digital channels and a digitised and connected environment, cybercrime and the risk of cyberattacks on critical infrastructure is inherently high. Research from the Boston Consulting Group indicates financial services companies are 300 times more likely to be targeted by a cyberattack than other companies. Common cyber threats include phishing, malware, ransomware, and distributed denial-of-service ("DDoS") attacks. We continue strengthening our capabilities to avoid, detect and mitigate cyber risk.

In 2024, we developed a first draft of an Environmental Risk Management Framework that outlines the Group's approach to managing material environmental risk, with a special focus on physical and transition risks. We consider environmental risks a factor in other risk types, including financial and non-financial risks. This influences our risk management approach and mitigation tactics.

Read more about risk management in the 2024 risk report available online.

## Link to strategy

This material matter relates to the following strategic choices:



## Material matter outlook

We continually review and enhance our risk management capabilities, identifying new risks and mitigating known threats to ensure continued resilience and sustainability.





## Conducting business in the right way

We uphold high ethical standards and treat our stakeholders with respect. We strive to set an example of ethical behaviour and embody exemplary leadership in the countries where we operate.

Ethical behaviour is essential for our sustainability. Shareholders expect management to behave as stewards of their investment by fostering ethical conduct and enabling adequate controls to avoid reputational issues and value erosion. Employees expect management to lead by example and oversee the fair and consistent application of disciplinary procedures and policies. The Group encourages a culture of openness and psychological safety to allow for challenging conversations and diverse perspectives.

### How we build a solid ethical foundation

We promote ethical business conduct and institutionalise ethical behaviour:

- > Our Group Code of Ethics and Conduct Policy and the behaviours outlined in The Capricorn Way (see page 6) offer practical advice on doing business the right way. The Group Code of Ethics and Conduct Policy was reviewed during the reporting period.
- > Several policies and procedures support lawful behaviour and organisational integrity by providing direction and guardrails that align with sound practices.
- > The Group periodically conducts an independent ethics risk assessment to identify improvement areas. This assessment forms the basis for an enterprise-wide ethics strategy and programme. The most recent assessment was conducted during this reporting period.
- > An "Ask Us" line is provided for employees to seek further information on ethics. Ethical concerns can be reported internally to Ethics Champions as set out in the relevant policies. Deloitte operates an independent, anonymous whistleblowing line for employees to report ethical issues, fraud and alleged unlawful conduct.

In its qualitative risk appetite statement, our board has formally stated that it has no appetite for unethical conduct. The BSEC oversees ethics at the Group and reviews the outcomes of matters reported through our confidential whistleblowing line and management ethics reports.

Read more in our BSEC report on page 68.

### Link to strategy

This material matter relates to the following strategic choices:



#### Material matter outlook

By embedding ethical behaviours and acting with integrity, the Group earns the trust and respect of employees, customers and other stakeholders. This ethical foundation provides the platform for continued growth and sustainability over the long term.



## Fostering a positive employee experience across the employee lifecycle to ensure high engagement that leads to sustainable business performance

Retaining and developing adaptable and highly skilled people is essential to our value creation and sustainability.

Capricorn Group requires skilled and committed employees to execute the strategy and ensure a durable competitive advantage. We invest in talent development to give employees the best exposure, opportunity, and training to realise their full potential. This commitment is supported by The Capricorn Way, which intends to unlock potential in individuals and the collective. At Capricorn Group, we focus on the following four people practice areas:

### Attract and attain talent to build a high-potential, high-performing talent pool

- > Employee value proposition
- > Recruitment and selection
- > Onboarding
- > Young talent programme
- > External bursaries
- > Remuneration

### Optimise business efficiency by deploying our talent

- > Talent identification
- > Talent review
- > Succession planning
- > Talent rotation programme
- > Performance development
- > Workforce planning

### Develop talent through targeted functional and leadership development

- > Career conversations
- > Functional development
- > Leadership development
- > Coaching and mentoring
- > High-potential programme
- > Digital Academy
- > Internal bursaries

### Retain talent through tailored retention packages

- > Employee engagement
- > Wellness
- > Recognition
- > New ways of work



## Attracting talent

### Recruitment strategy

Enhancing our employer brand directly impacts our ability to attract professional talent within middle and senior management, where it is more challenging to source skills. Hence, leveraging the Group's total rewards approach to recognition and our hybrid working model supports the Group's ability to attract top talent.

### Partnership for outsourced digital and data skills

We are working with several external partners to address critical talent shortages in key strategic areas, including IT, financial risk and data management. Our partnership extends across borders to ensure that we have the best skills available at the right time to deliver sustainable impact.

We have also enhanced the capacity of our team in South Africa, where the availability and experience of IT and data skills are more abundant.

### Talent investment

Our Talent Investment Framework leverages attracting and attaining talent, optimising talent, developing talent, and retaining talent via various strategies and tactics. These strategies and tactics are closely aligned with the organisation's strategy to ensure the impact and achievement of the organisational objectives. There is a strong focus on retentive measures for identified internal talent. The framework is informed by an understanding of the business landscape and the environment in which we operate.

### Young talent programme

As part of strengthening our employer brand and ensuring sufficient young talent pools, the Group has a defined programme with various initiatives with a focus on high-potential young talent. The newest addition to the initiatives is the Emerging Bankers Programme, which was designed to hire, develop, and possibly retain school leavers in remote areas. The Capricorn Foundation committed N\$1 million towards this initiative.

### Material matter outlook

We have strong competencies in attracting, developing and retaining top talent in a scarce skills environment. We acknowledge that our continued success relies on continually enhancing our employee value position while keeping pace with human capital trends. We expect the competition for skills to accelerate, and we will match this with an ongoing focus on talent management, of which leadership development is a crucial component.

Read more about our leadership strategic choice on page 40.

## Trends shaping our world of work

Difficult financial conditions include a high cost of living, high levels of indebtedness and the need to support many dependents.

Digital transformation and the emergence of AI and automation are causing employees anxiety and fear of job losses. Digital transformation must be accompanied by change management.

There is a heightened demand for skills in data and digital, compliance and financial risk management.

An underperforming education system that does not prepare young people for work results in high youth unemployment.

Businesses are increasingly involved in supporting the holistic wellbeing of their employees, including their mental, physical, and financial wellbeing.

The concept of sustainability is gaining momentum among younger employees who want to work for a company that makes a positive difference to society and the planet.

## Succession and talent planning

Talent investment is a holistic approach across the value chain of the employee with the aim of ensuring a positive employee experience. Understanding the talent landscape and mapping succession plans is a deliberate outcome of a well-defined talent approach. Understanding the organisation's talent is key, and multiple data points, including assessments, are used in order to determine the talent list. Based on this, a gap analysis is completed, and development actions are crafted to be fit-for-purpose and aligned to the identified needs. Several initiatives are in place to support the overall talent investment approach.

## Employee engagement

Engaged employees are more committed and motivated, which leads to higher productivity, which drives sustainable business performance. Since implementing the Mirror survey, our employee engagement survey, and addressing the identified issues, we have noted marked improvements, with results consistently higher than the benchmark.

Read more about employee engagement on page 16, diversity, equity and inclusion ("DE&I") strategic choice on page 39 and our leadership strategic choice on page 40.

## Link to strategy

This material matter relates to the following strategic choices:





## Position ourselves to take advantage of the opportunities emerging from AI, data and digitisation

New technologies are set to permanently transform every niche of the financial sector. We seek to harness the opportunities provided by AI, data, and digitisation to create a competitive edge.

Financial services firms are leveraging new technologies, including cloud computing, big data, advanced analytics, machine learning, blockchain, AI, robotics, and biometrics to optimise legacy IT infrastructure.

Our future value creation will be impacted by how we adopt and deploy new technologies to increase operational efficiencies, meet customers' needs and provide new business opportunities. Many possibilities can be unlocked through the right technologies, which are also rapidly advancing.

### Data analytics and visualisation improving decision-making

We made a significant investment in a modern data warehouse, a project that will be completed in 2025. Ultimately, we seek to build a culture of data-informed decision-making with skilled people operating within a data-led governance framework. We also aim to develop a 360-degree view of each customer, drawing on data capabilities. Without leveraging data, offering customer hyper-personalisation, including customised financial advice, is impossible.

### Several business cases for AI

AI provides many exciting possibilities for banks. These include improved fraud monitoring and detection tools, data visualisation and analytics for informed decision-making, loan processing by analysing customer data, and contract and legal document drafting.

### Digitisation offers a seamless and more secure customer experience.

Digitisation in banking enables banks to offer touchless processing of most banking-related tasks and self-servicing capabilities to their customers. It provides customers with seamless access to banking services through digital channels, making payments, investing, and managing their finances while supporting and assisting employees in becoming more efficient and productive.

Read more about our #gobeyond digital transformation programme initiatives on page 35.

### Link to strategy

This material matter relates to the following strategic choices:



### Material matter outlook

We anticipate that AI, data and digitisation will become more pervasive in the banking and financial services sector. We are investigating test cases for data and AI and expect to begin integrating these into our operations in 2025.



## Embedding a customer-centric service culture

Customers' expectations from financial services firms are increasingly sophisticated. We aim to deliver a seamless and intuitive experience across all channels while supporting our customers' financial wellbeing.

We have a varied customer base across financial needs, ages, income brackets, industries, and two countries. We segment our customer base to better understand their needs and expectations. We create unique customer value propositions with focused solutions for demographics like high-income earners or small businesses. Our customer engagement strategy varies across different market categories. Customers require safe, dependable, and convenient financial services to meet their evolving needs.

### Improved customer service through technology

#gobeyond aims to enhance customer value through migrating high-volume, low-value transactions onto digital channels while providing access to high-value advice in branches. The programme will develop tools for better sales engagements and relationship building while digitising simple customer enquiries and transactions.

### Customer experience metrics

Our customer experience metrics, as measured by the annual Determinants of Service Quality ("DSQ") surveys, show excellent scores for Bank Windhoek. The bank's overall DSQ key metrics indicate a stable position year-on-year on the majority of key metrics assessed, with the exception of value for fees, where a slight decrease (3%) was experienced. Our net promoter score improved to 46% (2023: 45%). This is a good rating in terms of the net promoter score benchmark. Bank Windhoek restructured its customer contact centre into a customer service centre to improve turnaround times and assist customers with more complex queries. The bank focuses more on sales and outbound services facilitated through the customer service centre.

During the reporting period Bank Gaborone used QR code questionnaires and contact centre statistics to measure its customer satisfaction. These results indicate that the bank treats customers with professionalism and maintains high levels of service excellence. Bank Gaborone moved its contact centre from Windhoek to Gaborone, which involved setting up a local environment, securing software licensing, and recruiting employees. This centre opened on 30 November 2023.

Read more about #gobeyond in our strategy section on page 35.

### Material matter outlook

We can attract new customers and expand our market share by providing better customer service and enhancing our offering. Compared to Namibia, our operations in Botswana have a stronger chance of growing market share.

### Link to strategy

This material matter relates to the following strategic choices:



# Strategy overview

Our five strategic choices set the direction for our strategy, entrenching our competitive advantage through the combined offering and synergies of our diverse portfolio to unlock value for stakeholders.

## Our strategy snapshot



We believe in the power of collective value creation.

<b>Our purpose</b>	Improving lives through leadership in financial services by being Connectors of Positive Change.
<b>Our ambition</b>	Connecting our customers and other stakeholders to our strong financial services portfolio and value networks through our Capricorn brand, employees and distribution channels. We will grow a sustainable, profitable, thriving organisation that delivers a sustained 20% ROE.

### Our five strategic choices will enable our purpose and ambition

- Choice 1:** Deliberate portfolio action for growth and value creation
- Choice 2:** Transform our business through data and digital solutions
- Choice 3:** Integrate sustainability practices to create a business advantage
- Choice 4:** Promote diversity, equity and inclusion ("DE&I")
- Choice 5:** Develop leadership

### Our focus







<p><b>Employees</b></p> <p>Success depends on good leadership, the right culture, the skills and support of our people, and the handshake between the company and employees in achieving superior performance.</p>	<p><b>Customers</b></p> <p>We differentiate ourselves through our unique service offering and customer experiences, driven by a customer-centric strategy and culture.</p>	<p><b>Sustainability</b></p> <p>We transform sustainability integration into a competitive business advantage while generating positive environmental and social impacts.</p>	<p><b>Data and digital</b></p> <p>We use data and digital technology to transform our business and customer experience, implementing new technologies and data capabilities such as microservices ("Apls"), AI and machine learning.</p>	<p><b>Value creation</b></p> <p>Our portfolio of businesses, brand, culture, and distribution channels contribute to a strong value network that enables us to build and focus on value-adding initiatives. Our strategies are chosen based on the highest value and cascaded.</p>	<p><b>Brand management</b></p> <p>We leverage a single unified and powerful brand to realise our ambition.</p>
--	--	---	--	--	--





# Our enabling themes

We have identified enabling themes that support our strategy. These are the conditions for our strategy to succeed.

 <b>Risk and compliance</b> We have a well-developed risk control and compliance assurance programme.	 <b>Stakeholder engagement and communication</b> We have a stakeholder-inclusive approach and consult widely when developing our strategy.	 <b>Business development</b> We have rigorous internal processes for determining how we invest in new businesses. We also have the infrastructure to develop something from concept to actual investment.	 <b>Capital and portfolio focus</b> We allocate capital efficiently by developing business cases for investments and evaluating them against our ROE targets.	 <b>Operating model and collaboration</b> Our operating model ensures that the Group is structured effectively to execute strategy. We compete in the marketplace while understanding we serve common goals.	 <b>Business platform execution engine</b> Our business evolution is supported by our IT platform engine and informed by our emerging data and analytics capabilities.
--	---	--	--	---	---



# Developing our strategy

We have a Group strategy, which the Exco reviews annually with substantial input and discussion from subsidiary management teams and senior subject matter experts in the Group. The board reviews the strategy formulation and execution progress and provides directional guidance each year.


















In March 2024, the board approved the addition of a new strategic choice, namely, deliberate portfolio action for growth and value creation. This expanded upon the previous strategic choice related to intrapreneurial action to contribute to a sustainable organisation. A key feature of the new strategic choice is the incorporation of corporate portfolio management practices in our strategy processes to guide deliberate actions to maximise the value created through our portfolio of investments.

All entities have approved strategy plans which are tailored to local operating conditions and business lines and execution scorecards to guide management. Entity strategies are aligned across the Group to support the achievement of the Group's strategic objectives. Management provides feedback on strategy execution through strategy scorecards which are reviewed by the respective boards every quarter.

## What informs our strategy

In our annual strategic review, we adopted an integrated approach that considered our operating context (read more on page 22) and our material matters (read more on page 24).

Our material matters align with our strategic choices and stakeholder themes

Key strategic drivers	Our strategic choices	Our material matters	Stakeholder themes (issues and priorities)
<p>Political leadership change in the region</p> <p>Economic recovery and stability</p> <p>The needs and priorities of society, notably financial inclusion and trends such as urbanisation</p> <p>Developments and risks in the technology domain, notably AI, machine learning, and cyber risk, and their impact on the world of work and the competitiveness of offerings to customers</p> <p>Ongoing changes in the regulatory environment in line with central bank strategies for financial services and external influences such as trading partners (climate regulation) and international organisations (FATF)</p> <p>Environmental risks in the region. For Namibia and Botswana, there are physical and transition risks and opportunities associated with an increasingly dry and hotter climate</p>	<p>Choice 1: Deliberate portfolio action for growth and value creation</p>  <p>Choice 2: Transform our business through data and digital solutions</p>  <p>Choice 3: Integrate sustainability for competitive advantage</p>  <p>Choice 4: Develop Leadership</p>  <p>Choice 5: Cultivate Diversity, Equity &amp; Inclusivity</p> 	<p>Delivering value to our stakeholders</p>  <p>Managing our risks well, including increased regulation, cyber and ESG risk</p>  <p>Conducting business the right way</p>  <p>Fostering a positive employee experience across the employee lifecycle</p>  <p>Position ourselves to take advantage of the opportunities emerging from AI, data and digitisation</p>  <p>Embedding a customer-centric service culture</p> 	<p>Growth</p>  <p>Risk management</p>  <p>Ethical conduct in the market</p>  <p>Social responsibility</p>  <p>Customer service and value</p>  <p>Shareholder value</p> 



# Strategy execution in 2024

## Choice 1: Deliberate portfolio action

We seek to increase collaboration and interconnectivity among the Group's entities and respond to market opportunities as a collective.

At our Group board strategy session in March 2024, we reaffirmed our commitment to delivering value to stakeholders through proactive portfolio management. Central to this strategic choice are three key objectives:

1. We will build and sustain growth in our existing businesses.
2. We will evolve our offering of products and services around the needs of our shared customers.
3. We will explore new and innovative options for growth and long-term sustainability.

This strategic choice relates to taking advantage of the Group's structure as a portfolio of financial services and related

businesses while minimising potential downsides. Our structure offers several advantages: it allows us to compete for a share of customers' wallets through a diverse offering and share knowledge and resources while reducing costs.

The Group has built strong individual businesses, many of which are market leaders. The focus over the next two years is to build synergies between entities, while taking customer privacy and regulation into account. Capricorn Private Wealth is an example of a successful business created from a collaboration between Bank Windhoek and CAM to provide a competitive basket of products and services to a shared customer.

### The business outcomes we seek

- > Increased value unlocked for shareholders through deliberate portfolio management.
- > Enhanced competitiveness through a more diverse offering to customers.
- > Long-term sustainability through continuous strategic innovation.



### Pulling on these levers

- > Responding to our shared customer needs.
- > Harnessing the potential benefits from synergies in the group.
- > Communicating the value that we create for shareholders.



### Key results we are tracking

The key results that the Group is tracking are not disclosed here due to their confidential nature.

### Progress in 2024

- > In Botswana, Peo Finance continued to scale its operations and increased its contribution to after tax profits by 248.2%.
- > We allocated capital to increase our shareholding in Paratus Group to increase our portfolio's diversification.

### Our strategy achievements in numbers

	2024 BWP'000	2023 BWP'000	2022* BWP'000
Peo Finance profit after tax	27.5	7.9	(6.7)

## The Paratus Namibia opportunity

During the financial year, the Capricorn Group's board approved a N\$243.4 million investment into Paratus Group to increase our shareholding from 26% to 36.4%.

Over the last two decades, Paratus Group has become a fully-fledged telecommunications operator with an extensive African network. With a holding company in Mauritius, Paratus Group operates in seven African countries and connects more than 35 African countries through a distributed reseller network. It is well-positioned to scale further.

Following the rights issue, Paratus Group holds a 53.8% interest in Paratus Namibia, listed on the NSX. In May 2024, Paratus Namibia concluded its rights issue and raised N\$602 million, doubling its market capital. Of this, 61.9% or N\$400 million of the capital comes from the Paratus Group. The recapitalisation will allow Paratus Namibia to transform its business model to meet changing market needs, unlock better returns from existing infrastructure and leverage economies of scale. Paratus Namibia will launch a Namibian mobile operator with competitive pricing, superior service and network availability. Its planned mobile roll out will increase its market from a fixed line market of approximately 80,000 houses to a potential three million mobile connections.

**As a known and trusted strategic partner, we strongly believe in the Paratus Group's capacity to grow and unlock value. We also look forward to exploring synergies between our financial services businesses and Paratus Namibia's telecommunications offering.**

\* Peo Finance commenced operations in December 2021.



## Choice 2: Data and digital

We aim to reduce our cost-to-serve while achieving superior, personalised customer and employee experiences. This should all be accomplished through replicable and scalable technology that grants Capricorn Group a competitive advantage.

Improving our digital and data capabilities has been a focus for the Group for several years. We are working towards a future where simple customer interactions are seamless and complex requests are supported by technology without the need to visit a bank. There will always be a need for the human element, but employees will be equipped with technology tools to provide better advice and a highly customised experience.

### The business outcomes we seek

- > Improved customer and employee experience.
- > Reduced cost to serve customers.
- > An increased number of customers, contribution per customer, and market share increase.
- > Replicability and scalability of our technology stack.



### Pulling on these levers

- > Omni-channel solutions for sales and service activities.
- > Incentivising customers to migrate to the most appropriate channels.



### Key results we are tracking

- > DSQ survey results to reflect customer satisfaction and experience.
- > Mirror survey results reflecting employee experience.
- > Cost-per-volume transaction targets.
- > Revenue growth targets.
- > Value proposition differentiation and shared deployment of digital solutions across Bank Windhoek and Bank Gaborone as measured by the number of shared solutions.

### Progress in 2024

- > The development of a new modern hybrid-cloud data warehouse infrastructure, the first release of which will be completed in 2025.
- > Refined the new branch model with rollout planned for 2025.
- > Rolled out 63 self-service cash-accepting devices across Namibia and Botswana.
- > There has been a 36% increase in the adoption of the Bank Windhoek mobile app, measured by active users per month.
- > There are already a number of use cases where we are deploying machine learning and AI models to improve sales and reduce customer churn.
- > Bank Windhoek expanded its digital capabilities, including opening the Otjiwarongo Branch and regional hub, multiple enhancements to its mobile app, including adding features such as wallet-to-account transfers and digital bank confirmation letters, and increasing services at self-service kiosks in branches.
- > Bank Windhoek launched its new E-Money division to revolutionise its E-Money business.
- > Bank Gaborone enhanced its mobile app, e-pula channel and online banking experience. Improvements include the launch of EasyWallet, digital bank confirmation levels, an e-statement printing option and the ability to pay international beneficiaries.

### Priorities for 2025

- > Bank Windhoek: Rollout of newly enhanced iBank to personal and business customers.
- > Bank Windhoek: Rollout of Mobile App to business customers.
- > Bank Windhoek: Revamp of far northern and southern branches equipped with digital and self-service technology.
- > Bank Gaborone: New treasury solution.
- > Bank Gaborone: Introduce agency banking model.
- > Bank Windhoek and Bank Gaborone: Advanced data capabilities including AI.
- > Bank Windhoek and Bank Gaborone: Continuous enhancements on App including stability, security, user experience and new functionalities.

### Our strategy achievements in numbers

Bank Windhoek increased transaction value by

**54%**

over the last financial year

Bank Windhoek increased transaction volume by

**35%**

over last financial year

Bank Windhoek has

**65 000**

active monthly customers on the Mobile App platform

Bank Windhoek processed over

**79 000**

transactions to the value of N\$67 million of cash deposits under N\$5 000 at cash-accepting ATMs



## Implementing phase two of #gobeyond

The #gobeyond programme began with a discovery phase to explore what #gobeyond meant for Bank Windhoek and Bank Gaborone. This phase was informed by extensive employee and customer engagement, including focus groups and customer interviews. We mapped the desired customer journeys and set up a roadmap to achieve these.

2021

We boosted our execution capabilities, specifically in IT delivery. We released updates to both mobile banking apps, began deploying cash-receiving ATMs and implemented a new online banking platform for Bank Gaborone.

2022

Increased access to banking services grew transaction volumes on digital channels. The customer adoption rates and usage of our banking apps indicate that customers perceive these as value-adding channels.

2023

We redesigned the customer experience and the onboarding journeys for the most common transactional accounts. The aim was to create a frictionless experience that includes biometrics to simplify future bank engagements and make these much more secure.

We also rethought the branch model and created a redesigned, modern branch supported by technology. For example, handling cash used to be a time-consuming service performed over the counter, while cash deposits are now processed through cash-receiving ATMs at no cost to the customer.

### #gobeyond phase two, major focus areas

#### Deploy new branch model

Roll out the new branch model across Namibia and Botswana, supported by change management, and train employees on technology and new ways of working.

#### Develop modern data infrastructure and capabilities

Investing in data capabilities and delivering the new data warehouse in 2025. Deploying the architecture and infrastructure to support modern-day data management and analytics and developing use cases.

#### Exploration of AI and other technologies

Exploring what AI and other emerging technologies can offer. Customers with better financial behaviours offer better profitability and sustainability for banks in the medium to long term. We are considering how to implement rewards and incentives for healthy financial behaviour.

#### Knowledge sharing with subsidiaries

While the scope of #gobeyond has been limited to our banks, other subsidiaries are beginning digital transformation journeys. Here, they can draw on the resources and experience of the #gobeyond team. For example, CAM is drafting a digital transformation roadmap to automate manual tasks and improve the customer experience.

**We never forget that the human element is essential. While customers prefer to access services through the app or online, they also want to speak to a consultant at a branch for other needs.**





## Choice 3: Sustainability

We will integrate sustainability to create a business advantage while conserving the environment, increasing our social contribution, and maintaining sound governance. We aim to demonstrate the impact of commercial sustainability opportunities introduced across our portfolio to serve our shared customers.

The Capricorn Group recognised sustainability as a critical strategic theme and growth enabler in 2014. By 2023, sustainability was solidified as a key strategic priority, leading to the development of a formal Group-wide sustainability integration programme. The sustainability agenda is spearheaded by the Group's sustainability function, supported by a dedicated sustainability steering committee and working group. This structure facilitates extensive collaboration among sustainability champions across the Group, the Capricorn Foundation, and other key stakeholders, ensuring a cohesive and integrated approach to sustainability across all operations. This initiative underscores our commitment to sustainable development and stakeholder engagement, reflecting our long-term vision and strategic direction.

### The Sustainability Integration Programme summary

The Capricorn Group's sustainability integration programme is structured as a three-phased, multi-year initiative designed to embed sustainability into our core operations. Building on the foundation we laid during this financial year, we have outlined the objectives and key results we intend to achieve in the next reporting period.

- > **Phase 1:** Focuses on building a solid foundation by incorporating sustainability principles into our existing business practices and culture.
- > **Phase 2:** Embedding sustainability foundation and enhancing reporting and disclosure.
- > **Phase 3:** Optimising the sustainability integration based on insights and lessons learnt.

### Sustainability integration programme focus areas

#### Sustainability risk management

Identifying, measuring and managing environmental risks and incorporating the management of these risks in the risk management framework.

#### Decarbonisation

Support the achievement of national and global climate change objectives through lending and investment portfolio decisions by adopting relevant practices and preparing for potential disclosures.

#### Sustainability opportunities

Identifying and pursuing potential opportunities arising from climate adaptation, mitigation, transitioning to a green economy and other sustainability areas.

#### Own environmental footprint

Cultivating a sustainability-oriented culture through formal internal programmes to reduce our environmental impact, focusing on reduce, reuse and recycle initiatives.



### The business outcomes we seek

- > Strategically position the Group for distinct business advantage through shared capabilities and an established reputation in the sustainability space.



### Pulling on these levers

- > Understanding and responding to stakeholder issues and priorities to harness commercial opportunities and remain relevant in society.
- > Conform proactively to approaching market and regulatory requirements.
- > Manage our risks well.



### Key results we are tracking

- > DSQ survey results to reflect customer satisfaction and sustainability and climate-related risk profiles are managed according to industry best practices.
- > A new product or initiative per entity that harnesses sustainability opportunities and produces revenue or reduces cost.
- > Our carbon emission position is disclosed and supported by formal targets.
- > Launch a Group-wide recycling and waste reduction initiative supported by goals and targets.
- > A notable improvement in Group-wide sustainability awareness.

## Progress in 2024

### Sustainability risk management

- > The Group finalised the design of a Group Environmental Risk Management Framework, which is in the process of approval. This framework aims to formalise and enhance our ability to identify, assess, and manage material environmental risks, both physical and transitional.

### Decarbonisation

- > The Group is developing its decarbonisation strategy and is in the process of completing a Group operational carbon footprint assessment that is aligned with the Green House Gas Protocol Scope 1, 2, and 3 assessments standards to establish a baseline that will inform and support the execution of the next phase.
- > Bank Windhoek is completing a comprehensive financed emissions assessment of its loan book to understand the carbon footprint and expose to environmental risks of its lending activities.

### Sustainability opportunities

- > The Group sustainability office, in partnership with the Foundation, convened a specialised workshop that brought

together representatives from across the Group to review and select our new SDGs that the Group will focus on in making a meaningful impact.

- > The Group identified sustainability-related commercial opportunities and established a tracking and progress reporting mechanism to identify and track progress across the Group.

### Own environmental footprint

- > The Group launched a sustainability awareness campaign and implemented various initiatives to establish a baseline understanding of sustainability and climate-related matters. These efforts aimed to identify knowledge gaps and support the cultivation of a sustainability-oriented culture across the Group.
- > The Group developed and launched bespoke sustainability training courses consisting of various engaging modules to help our employees build knowledge and understanding of key sustainability-related principles and practices.
- > The Group experimented with a reduce, reuse and recycle programme, a proactive measure designed to reduce our environmental footprint, cultivate a culture of conscientious waste management and show our ongoing commitment to embedding sustainability-related practices throughout the organisation.

## Priorities for 2025

- > Implement the Group Environmental Risk Management Framework and consider enhancements through materiality assessments and formulating key performance and key risk indicators.
- > Continue to identify and harness sustainability-related opportunities.
- > Formulate a Group decarbonisation strategy based on the results of the carbon footprint assessment and relevant industry guidance.
- > Continue to promote and support the rollout of the recycling initiative, enhancing communication with stakeholders to foster engagement and participation.
- > Improve data quality and reporting by establishing ESG data management infrastructure, ensuring accurate and comprehensive reporting of our ESG commitments and performance.
- > Enhance community engagement through targeted social impact initiatives, leveraging the Foundation to support local development projects that align with our priority SDGs.

## Our strategy achievements in numbers

Bank Windhoek facilitated 88 projects in Namibia with a total value of **N\$390.7 million**, encompassing renewable energy, sustainable agriculture, water management, clean transportation and education initiatives.

Caliber Capital Trust made an impact on sustainable development by investing **N\$20 million** in a commercial renewable energy initiative.

Results from the sustainability survey showed that **84%** of our employees believe that prioritising sustainability integration is crucial, demonstrating strong alignment between our strategic objectives and our employees' values.



## Redefining our SDGs

In September 2015, the United Nations member states adopted the 2030 Agenda for Sustainable Development, outlining a future of prosperity for both people and the environment, supported by 17 SDGs. In 2020, the Capricorn Group identified eight priority SDGs for inclusion in its CSR Policy strategic review and prioritisation of SDGs.

In October 2023, we engaged with the United Nations to receive specialised training and consulting to reassess our priority SDGs and set tangible targets for each goal. With guidance from a UN-accredited specialist, we refined our focus to three primary SDGs: SDG 2 (Zero Hunger), SDG 4 (Quality Education), and SDG 8 (Decent Work and Economic Growth), with a significant emphasis on SDG 13 (Climate Action). This selection underscores our commitment to addressing major local and global challenges that align closely with our core operational values and capabilities.

### Rationale for SDG selection

The deliberate choice for selecting SDG 2, SDG 4, and SDG 8 is closely aligned with the Group's overarching purpose, values, and business imperatives. By prioritising these SDGs, we aim to enhance the focus and impact of our programmes, reinforcing our dedication to inclusive growth, social equity, and sustainable development.

Using a structured approach, we identified specific targets for each SDG, benchmarking them against leading banks and financial services groups. In May 2024, the Capricorn Foundation board approved these targets. Dedicated champions were appointed to lead the implementation process, which included identifying initiatives, establishing baseline data, collecting new data, and reporting on progress. A comprehensive data management process was established to ensure accurate impact reporting, facilitate informed decision-making, and drive systemic change.

Refer to the 2024 social value report for more details on our projects that contribute towards the SDGs.

## Our SDG strategy statements and targets



**Goal:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

### Commitment to Food Security and Sustainable Agriculture

We are dedicated to enhancing food security, improving nutritional outcomes, and advancing sustainable agricultural practices within our markets, with a specific focus on target populations and regions. By 2030, our goal is to increase access to nutritious foods for 10,000 households and double productivity at 50 small-scale farmers, utilising sustainable, innovative practices and technologies. In partnership with communities, governments, NGOs and the private sector, we strive to build resilient food systems that can withstand environmental challenges and support the wellbeing of our communities.

#### Selected targets

<b>TARGET 2-1</b>  UNIVERSAL ACCESS TO SAFE AND NUTRITIOUS FOOD	<b>TARGET 2-3</b>  DOUBLE THE PRODUCTIVITY AND INCOMES OF SMALL-SCALE FOOD PRODUCERS	<b>TARGET 2-A</b>  INVEST IN RURAL INFRASTRUCTURE, AGRICULTURAL RESEARCH, TECHNOLOGY AND GENE BANKS
---	--	---



**Goal:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

### Commitment to Quality Education

We commit to ensuring inclusive and equitable quality education by providing every individual with access to all levels of education, regardless of background or circumstance. We aim to eliminate gender disparities and enforce the inclusion of the marginalised, focusing on enhancing the learning environment, teacher qualifications and curricula to foster effective learning outcomes. Our dedication extends to supporting lifelong learning opportunities, from early childhood to adult education, by facilitating vocational training, tertiary education and skills development programmes. We pledge to monitor and achieve measurable improvements in educational attainment, aiming to equip individuals with the skills and knowledge necessary to succeed in a dynamic and evolving global landscape.

#### Selected targets

<b>TARGET 4-2</b>  EQUAL ACCESS TO QUALITY PRE-PRIMARY EDUCATION	<b>TARGET 4-4</b>  INCREASE THE NUMBER OF PEOPLE WITH RELEVANT SKILLS FOR FINANCIAL SUCCESS	<b>TARGET 4-5</b>  ELIMINATE ALL DISCRIMINATION IN EDUCATION
--	---	--



**Goal:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

### Commitment to Inclusive Economic Growth

We are resolute in our commitment to catalyse inclusive economic growth, actively tackle unemployment and engender a fertile environment for entrepreneurship and innovation. We pledge to propel this vision through discerning investments, particularly in sectors poised for growth and technological advancement. In parallel, we will drive comprehensive skills development programmes tailored to empower the youth and adults in transition, ensuring everyone has equitable access to the tools needed for productive employment. By fostering partnerships with educational institutions, industry leaders and policymakers, we will champion initiatives that promote vocational training, digital literacy and entrepreneurial acumen. We aim to generate employment and cultivate a dynamic and resilient workforce ready to navigate and shape the evolving economic landscape.

#### Targets selected

<b>TARGET 8-2</b>  DIVERSIFY, INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY	<b>TARGET 8-3</b>  PROMOTE POLICIES TO SUPPORT JOB CREATION AND GROWING ENTERPRISES
--	---





## Choice 4: Diversity, Equity and Inclusion (“DE&I”)

We will achieve our DE&I goals throughout the organisation and ensure that the diversity of our workforce drives the success of our portfolio of businesses.

We are committed to a workplace that reflects the demographics of the countries where we operate. Diverse cultures have a broader appeal and attraction to top talent, while inclusivity fosters higher levels of empathy and awareness. This results in greater collaboration and a positive, welcoming, psychologically safe working environment. From an equity perspective, several policies have been amended to accommodate more equitable treatment. This was expanded to include how we conduct performance reviews, reward practices, and learning and development spend.

DE&I refers to not only race and gender but also diversity in age, perspectives and being differently abled.

Our main goals with this choice are to:

- 1 Implement and execute the transformation initiatives focused on race, gender and age.
- 2 Promote equitable practices and inclusion for the customer and employee.
- 3 Promote inclusion at work where no one feels left behind. For several years, the Group has prioritised transformation targets, and we drive these as part of our recruitment process.

### The business outcomes we seek

- > A unified people experience across entities and geographies.
- > Engaged, collaborative and sustainable culture with digital ways of competing at the core.
- > Continue to thrive financially while improving society.

### Pulling on these levers

- > Ensure sufficient representation across the different domains of diversity.
- > Use data, employee feedback, our stated corporate culture aspirations and our Leadership Mindset Framework to inform our actions and initiatives.

### Key results we are tracking

- > Regrettable attrition rates among employees within the domains of diversity relative to those not within those domains.
- > Performance, reward and training spend rates among employees within the domains of diversity relative to those not within those domains.
- > 'Inclusion' indicators in our employee feedback surveys and engagements.
- > Diversity of new hires going forward.

### Our strategy achievements in numbers

Inclusion score in DE&I survey, which is above benchmark

**7.2**

### Progress in 2024

- > The Group implemented a DE&I survey to ascertain the understanding of the different concepts, identify the positive trends and highlight the areas of concern. This was used as input to craft the further DE&I programme objectives and inform the business unity plans.
- > The Group identified 75 early adopters to be ambassadors for the programme. These individuals underwent training, and monthly engagement sessions have been set up to transfer knowledge and ensure engagement
- > A number of customised online learning modules have been rolled out across the Group to create awareness and embed the concepts associated with DE&I. This is further supported by conversation cards that are used by both line leaders and early adopters to initiate discussions at the team level.

- > The Employment Equity Commissioner for the next three years have been announced, and progress is tracking well.
- > Capricorn Group, Bank Windhoek and CAM met the targets set by the equity employment commissioner.
- > Bank Windhoek continued to roll out its DE&I plan in accordance with the actions identified by the unconscious bias programme and the 2023 DE&I survey results.
- > Bank Gaborone committed to hiring three disabled employees by the end of 2026. In 2024, one person was appointed as a permanent employee, and another was recruited as an intern.
- > Bank Gaborone has signed a Memorandum of Understanding with the University of Botswana to recruit economically disadvantaged graduates.

### Priorities for 2025

- > Achieve an equitable workplace where all members feel they belong through various DEI management training.
- > Create a psychologically safe workplace using tools that amplify employee voice and participation in value creation.
- > Build a diverse workforce across all levels in respective entities with keen focus on gender, age, ability, ethnicity, and social class. This will be achieved by leveraging recruitment strategies and the respective employer brand.



## Choice 5: Leadership

We will develop leadership mindsets to develop and lead a portfolio of individually competitive businesses with strong team members.

We recognise the power of cultivating leadership mindsets and create collaboration platforms throughout the Group. This requires building an understanding of leadership mindsets and how they contribute to effective strategy execution. While the Group's overarching practices will guide and govern the initiatives, operating units will ensure that they are locally relevant and supportive of entity goals.

### The business outcomes we seek

- > A unified people experience across entities and geographies.
- > Continue to thrive financially while improving society

### Pulling on these levers

- > Developing leadership mindsets that support Group strategy creation and execution.
- > Increase collaboration internally and externally.
- > Continued learning to secure new capabilities and mindsets.

### Key results we are tracking

- > A variety of leadership and cultural development indicators and artefacts.

### Progress in 2024

- > The Leadership Summit was successfully facilitated in September 2023 with the launch of leadership mindsets as a key theme.
- > To build knowledge within the human capital community, a programme was designed that human capital practitioners attended. The aim of the programme was to ensure that the human capital community understands the concepts related to building leadership capabilities, especially around mindsets. This community of practice is continuing.
- > The beginning of 2024 was focused on business unit-specific sessions to unpack leadership capabilities specific to that entity's strategic objectives. This work culminated in an overall Group Leadership Capability Framework with key mindsets identified.

- > Bank Windhoek's leadership development initiatives for 2024 focused on targeted coaching and training sessions with an emphasis on emotional intelligence, advanced negotiation skills, problem-solving and critical thinking.
- > Bank Gaborone initiated activities to build mentally agile teams including developing a culture blueprint aligned to The Capricorn Way and introducing mindset change initiatives.
- > CAM developed the CAM Way as its leadership philosophy to encourage mindsets associated with curiosity, collaboration and growth. The entity is developing a cross-functional mentorship programme and has identified the first cohort of participants.

### Priorities for 2025

- > Design Group Leadership Capability Framework by 2024 and validate and pilot it per entity by February 2025
- > Roll out leadership programme, ensuring embedment across executive and senior level leaders in 2025.
- > Development of a leadership mindset assessment to establish a baseline for improvement by end 2025.
- > Integrate the leadership capability model (inclusive of mindsets) into human capital practices and policies to improve the employee experience.
- > Plan the next steps for execution regarding reimagining and enhancing The Capricorn Way.

### Our strategy achievements in numbers

Culture

**76 employees**

participated in focus groups throughout all entities

Feedback provided to

**Group CEO**

Feedback to all entity

**Executive Management Teams (EMT)**

Leadership mindsets

**250 leaders**

reached at Leadership Summit in 2023

**One-on-one**

sessions held with four entity managing directors

EMT sessions held with

**39 representatives** from all entities



## Why leadership mindsets matter

The human capital ecosystem requires a focus on multiple dimensions to ensure sustainable change and impact. Leadership capabilities are the bridge between leadership thinking and leadership action and are essential for realising business objectives and achieving sustainable business success. Leadership mindsets shape the behaviours key to business success and building capabilities.

We believe leaders need to develop a human-centric approach to managing people. This includes considering more than just profit and productivity and allowing for their team members' perspectives, unique challenges and stages of career. It is also about self-awareness of a leader's own strengths, development areas and intentions. Leadership is a skill that can be learned, and we support leaders at various management levels to develop their skills. This includes:

### Coaching programme

We introduced a coaching programme in 2023 to train leaders to use any conversation as a coaching conversation.

### Online library

We offer leaders access to an online library of coaching material and resources.

### Peer coaching circles

The peer coaching circles allow leaders to discuss topics they have in common.

**Being a humancentric leader requires having a genuine intention to help team members succeed and find fulfilment at work.**

## Risk management supporting strategy execution

The Group Risk, Internal Control and Assurance Framework ("GRICAF"), which is at the core of enterprise risk management, is directed by our strategic choices. These choices guide us in terms of risk management infrastructure, key skills and risk management capabilities. The implications of the strategic choices, shown below, inform the strategic focus areas for risk and compliance management in the Group.

Our five strategic choices	How enterprise risk management supports successful execution
<b>Deliberate portfolio action</b>	As we explore opportunities to optimise the value created through our portfolio, our risk management system and capabilities enable us to support the board in defining risk appetite and identifying and assessing risks associated with new opportunities or changes in our portfolio composition. This allows the board to make and exit investments in a safe and responsible manner and monitor changes in our risk profile. Importantly, we must assess the impact of our decisions on capital levels and our compliance with minimum regulatory requirements.
<b>Data and digital</b>	We foster efficiencies and build lean, safe control frameworks into business processes and systems. We use analytics, management information and data-driven solutions, including financial analytics and scenario testing, to make better decisions. We evolve our analytics capabilities towards prediction and prescription. We ensure that we develop our cyber risk capabilities alongside our investments in technology.
<b>Sustainability</b>	In 2024, we developed a Group Environmental Risk Management Framework to formalise how we identify, assess and mitigate environmental risks. Read more on page 37.
<b>DE&amp;I</b>	We contribute to diversity and capacity building through ethics and Risk Culture programmes, which promote openness and transparency in our leadership and conduct and rigour and agility in our decision-making regarding risk management.
<b>Leadership</b>	

Read more about strategic risk and how we mitigate this in the 2024 risk report, available online.



# A positive performance for 2024

## Group CEO's report

Our strong financial results for 2024 can be attributed to our focus on supporting customers while executing our strategy and staying true to our purpose.

It is a privilege to present my first report as the Group CEO of Capricorn Group. Our financial results highlight our collective achievements and reaffirm Capricorn Group's position as a leading player in our industry. We recorded a pleasing 12.0% increase in operating profits and an improved ROE of 17.9%. We were pleased with the performance of all our subsidiaries, especially considering the difficult operating environment. For our banks, income growth was supported by higher net interest margins and good momentum in other non-interest income due to an increase in transactional activity attributable to the banks' ongoing digital transformation drive.

2024 proved challenging with a steep rise in impairments as customers came under financial pressure in Namibia and Botswana. This was not unexpected, given the economic conditions, and we have taken measures to proactively address it. We are already seeing a pleasing downward trend and are confident that impairments will normalise as the interest rate cycle turns.

### Ensuring customer relevance through technology

We continued to invest in technology in the second phase of our #gobeyond digital transformation journey. We enhanced and tested the new digitally enabled branch model and are now at a point where we can scale across the network. We also kickstarted a new data and AI initiative and are deploying the architecture and infrastructure to support modern-day data and analytics capabilities. Finalising the data platforms will be a focus for 2025. We will also begin testing use cases to build a culture of data-led decision-making. These critical projects lay the foundation for scaling digital enablement in the coming years. As always, we build our cybersecurity capabilities alongside our technology investments.

### A workforce with depth and commitment

Since joining the Group in January 2024, I have been impressed by the depth of the Group and the dedication, agility and resilience of its employees. We also have excellent Exco skills at the Group and subsidiary level. The Group has a healthy organisational culture, which is evident in the commitment and willingness observed among employees. The 2024 Mirror survey, our employee engagement survey, reinforced my observation of the culture and indicates a high level of engagement. This demonstrates that management is actively promoting a positive work environment and interacting with all levels of employees.



Employees feel strongly about our organisation and employer brand, as demonstrated by our strong net promoter score of +21%. The Mirror survey measured our net promoter score based on how many employees would recommend the Group to friends and family. A high net promoter score is positive, and we track performance over time as an indicator of the health of our employer brand.

Read more about our technology investments on page 34 and our employee experience on page 27.

## Expanding our footprint in Windhoek

We are expanding our offices in Windhoek's CBD to accommodate a growing need for office and parking space. The construction of a new 13-storey building commenced in February 2024 with a planned completion date of June 2026. We are working with the developer to create a modern workplace fostering collaboration and employee wellbeing while incorporating best environmental practices. The building will be home to our Windhoek branch and various Capricorn Group and Bank Windhoek departments. This development will ultimately connect with the existing Capricorn Group building on Kasino Street, which will also undergo renovations to modernise the building's exterior. Our decision to remain in Windhoek's CBD honours our heritage in this part of the city.

**Our employee net promoter score is a source of pride, reflecting that employees are not just satisfied but proud to be part of the Group. This contributes to a strong team spirit and a positive work environment.**

## Bank Windhoek: Steady growth, but customers under pressure

Bank Windhoek's net profit after tax grew 14.4% to N\$1.25 billion (2023: N\$1.09 billion). The bank enjoyed significant growth across all its key segments, particularly Selekt Platinum, Capricorn Private Wealth and SME. The Corporate Institutional Banking ("CIB") team also secured important deals in the mining and retail sector. In the business banking segment, the bank appointed agricultural and mining experts to grow its exposure to these industries. The Specialist Finance team had a stellar year, retaining its market leadership position and recording growth in its vehicle and asset finance branch.

The bank's capital and liquidity position remains sound, with liquidity ratios well above regulatory requirements. The bank continued to grow local cheap funding sources, including current and savings deposits, while not increasing foreign funding sources. The bank has made pleasing gains in the deposits market share. Bank Windhoek benefits from an improved funding mix and is growing transactional balances at a faster rate than other sources of funding.

Bank Windhoek is the local market leader in loans and advances, ending the year with a 35.5% market share. It is considered a dominant player in the Namibian banking industry. While this will limit growth opportunities, the bank will maintain market share by providing superior customer service and enhancing its offerings.

## Our trade-off decisions in 2024

The Group makes trade-off decisions informed by our purpose, strategic choices and desired business model outcomes. The examples below illustrate our trade-offs in 2024:

- > We allocated capital to increase our shareholding in Paratus Group, which we believe will deliver higher returns to shareholders over time in lieu of a special dividend to shareholders in the short term.
- > Investing in technology for #gobeyond requires staggered projects to meet our budget and resourcing requirements. We must select projects carefully and accept that we cannot pursue every digital opportunity, even if this leads to a competitor gaining a competitive advantage in some areas.



Due to some large recoveries during the year, NPLs decreased slightly, despite an inflow of NPLs in the current year. The provision for bad and doubtful debts was increased to provide a sufficient coverage ratio. Higher credit impairments reflect strain on customers and increased by 21.5% to N\$243.6 million. The bank has allocated additional resources to manage NPLs, recover bad debts and rehabilitate customers. Early results indicate that these efforts are successful.

Non-interest income increased, driven by higher transactional volumes, particularly on electronic channels. The benefits of the bank's ongoing investment in digital transformation contributed to this. Key initiatives and focus areas for 2024 include:

- > Rolling out the revised design for branches to transform the physical channel to places where we can cultivate strong customer relationships. To date, Bank Windhoek completed renovations and converted two branches (Otjiwarongo and Outjo) to the new design in 2024 under the roll-out plan. Grootfontein and Tsumeb branches are the next confirmed branches, which will undergo renovations and be completed in October and November 2024.
- > The introduction of the self-service hub is one of the key features of the branch of the future initiative under the #gobeyond programme, which aims to empower customers to easily transact 24 hours a day, seven days a week, in a safe and secure environment. The self-service hub will include the following machines for customer convenience:
  - **Self-service banking machine:** (View/print statements, get a stamped bank confirmation letter, view your balance, change your card PIN and manage card limits).
  - **Bulk cash accepting ATM:** (Deposit bulk cash into transactional accounts, deposit bulk cash into savings accounts, change your card PIN and get a mini statement).
  - **Cash accepting ATM:** (Deposit cash into transactional and savings accounts, change your card PIN, get a mini statement, withdraw cash and EasyWallet funds).
  - **Multi-lingual ATM:** (Interact with our ATMs in one of eight local languages).
- > Enhancing the Bank Windhoek app to improve the user experience, technical stability, and security. Introducing biometric measures on the app has been a big step forward for security. App users can now access bank confirmation letters and statements and make card and limited EFT changes through the app.

- > Implementing a project to replace the bank's data architecture, allowing the business to become more data-driven and use technologies such as AI and machine learning. The first deliverables of this multi-year programme will be completed in 2025.
- > Launching a new brand campaign titled "Is it possible to love a bank?" to introduce a narrative that builds affinity between the bank and its stakeholders.
- > Disbursing N\$200 million in the SME Recovery Loan Scheme, demonstrating the bank's support for the SME sector.
- > Introducing the NASRIA Credit Guarantee Scheme, which extends a 60% guarantee on loans by eligible SME and small commercial clients, addressing the challenge of insufficient viable collateral (read more on page 61).

### Outlook and expectations

According to the Bank of Namibia's Economic Outlook for March 2024, the domestic economy is expected to decelerate to 3.7% in 2024 before improving to 4.1% in 2025. This is due to weaker global demand and slower growth in primary industries (agriculture, fishing and mining). A decline in agricultural production is linked to the drought in some regions of Namibia.

Bank Windhoek is concerned about the impact of prolonged higher interest rates on consumer and business customers and anticipates challenges in managing NPLs.

Bank Windhoek will deliver its digital transformation strategy to enhance the overall customer experience and achieve its growth and revenue diversification ambitions. The bank is also exploring how to best participate in and create value for customers in Namibia's emerging energy sector, including oil and gas, green hydrogen, and renewable energy opportunities.

## Bank Gaborone: Gains in retail and scheme lending book

### Highlights

- > Robust growth in the retail sector and increase in POS commissions.
- > Expansion of the agricultural portfolio.
- > Key appointments to support POS acquisitions.
- > Agreements signed with unions to provide banking services to their members.

Bank Gaborone's profit after tax increased 33.1% to BWP105.8 million (2023: BWP79.5 million). The bank focused on growing its retail business portfolio and improving customer solutions. This is evident in the growth of the bank's SME book thanks to an enhanced customer value proposition. The consolidated scheme lending book grew by 130.6%. However, the micro-loans segment declined by 10%. The bank recorded a pleasing 38% increase in POS commissions and now benefits from a fully resourced team, which includes a head of merchant acquisition and specialised sales and technical support personnel. The bank experienced a 17.8% growth in deposits to BWP8.2 billion (2023: BWP6.81 billion).

The bank's updated credit appetite resulted in strong growth in the agricultural portfolio, which tapped into the government's subsidy programmes. These programmes aim to increase citizenship participation in the sector.

Managing the bank's NPLs was challenging, especially among its SME and individual customers. To reduce NPLs, the bank implemented a focussed collection strategy.

According to the African Development Bank, Botswana's GDP growth slowed to 2.7% in 2023, compared to 5.8% in 2022, due to weak global diamond demand and drought conditions. Average inflation fell to 5.3% in 2023, which is within the Bank of Botswana's acceptable range of 3% to 6%.



In June 2024, the central bank reduced its monetary policy rate by 25 basis points to 2.15%, following a 25 basis point reduction in December 2023.

Key initiatives and focus areas for 2024 include:

- > Enhancing its app and online channels by improving the ability to request a bank confirmation letter, print e-statements and pay international beneficiaries.
- > Converting two branches to its new format, offering greater efficiencies, supported by new technologies and processes.
- > Onboarding over 200 new POS devices thanks to agreements with two major retailers.
- > Signing an agreement with the Botswana Teachers Union to provide competitive and tailored banking solutions to members, including teachers, lecturers, education employees and retired teachers. The offering includes free mandatory financial counselling.
- > Partnering with the Botswana Nurses Union to provide subsidised and tailored banking solutions for its members.
- > Introducing EasyWallet, which allows the bank to reach the unbanked population, providing convenient access to funds without a bank account.
- > Launching Easy-2-Pay, an affordable mobile point-of-sale payment solution to meet the needs of small businesses.
- > Exploring sustainable financing offerings, including favourable funding solutions for renewable energy investments.

## Outlook and expectations

While GDP growth is expected to recover in 2024 as diamond sales improve, Botswana faces several downside risks, including El Niño-driven weather patterns and structural changes to the global diamond market. However, Botswana is a stable democracy with strong institutions and is executing a strategy to diversify away from mining. This should position the country for sustainable growth in the medium to long term.

Bank Gaborone intends to scale and grow its market share, especially in employer schemes and SME lending. The bank will enhance the customer experience through digital technology, including remote onboarding.

## Peo Finance: Reaching scale

Peo Finance, our microlending business in Botswana, continued to scale and attract new customers in its second full year of operation. Its operating profit grew from a profit before tax of BWP10.2 million in 2023 to a profit of BWP37.2 million for the 2024 financial year. The microlender caters to central government employees and pensioners but plans to expand its customer base to include local government and parastatal employees.

At year end, loans and advances stood at BWP435.8 million, a year-on-year growth of BWP53.3 million.

## Outlook and expectations

Botswana offers a significant market opportunity for microlending. Peo Finance aims to grow responsibly and sustainably to ensure that the quality of the loan book remains high. With investments in technology, Peo Finance's ability to process loans, including conducting the pre-assessment and due diligence, will provide growth opportunities in the market.

## Capricorn Asset Management: Gratifying AUM growth

CAM's net profit after tax increased by 15.7% to N\$87.7 million (2023: N\$75.8 million), mainly attributable to solid growth in AUM, especially among institutional clients, which includes the acquisition of various segregated mandates. CAM delivered its highest-ever AUM of N\$46.6 billion, a growth of 20.7% for the year, while its AUM growth since 30 June 2019 is 70%. Despite increased costs due to regulatory compliance, the business has maintained a cost to income ratio at or below 44% for the last five years. CAM is Namibia's leading fixed-income house and continues to benefit from increased demand for Namibian government bonds. In 2024, CAM's total bonds under administration exceeded the N\$4 billion market.

CUTM's market share in the money market and fixed-income asset classes now stands at 45.4%. Caliber Capital Trust continues to be a sought-after offering in the unlisted space and is enhancing its client proposition.

Key initiatives and focus areas for 2024 included:

- > Developing a proof of concept for a family office offering to meet the investment needs of the wealth segment.
- > Sponsoring several key events, including the cocktail evening for the 2023 Sanlam Investment Summit in November 2023, the CAM VIP lounge at the Bank Windhoek Seaworks, Seafood and Music Festival in May 2024 and partnering with the Capricorn Group and the Chartered Financial Analyst ("CFA") Institute of Namibia to host a Capricorn Inspire Session.
- > Hosting an Investment Insights session in collaboration with Capricorn Private Wealth. Professor Thuli Madonsela was the keynote speaker who gave some insights into the South African elections along with our chief economist, Floris Bergh.
- > Receiving its 2024 Affirmative Action certificate obtaining an 'A' grade symbol for complying with the Employment Equity Standards, obtaining an overall score of 88.8%.
- > Completing a six-month senior management leadership programme for executive management in August 2023.
- > Moving its offices to Capricorn Corner in March 2024 to allow for the expansion and growth of the company, provided an opportunity to launch the new offices and host stakeholders from various segments.

## Outlook and expectations

CAM will focus on expanding its customer base and AUM by leveraging its well-known brand and market presence. This includes officially launching its family office offering.

CAM is embarking on a digitisation journey to improve its client experience, including digitising client onboarding and compliance processes while automating reporting and other administration. In the first phase, CAM will establish technology-supported customer management capabilities. In contrast, phase two aims to empower customers, including brokers and advisors, with self-service capabilities through a dedicated portal. In June 2024, CAM appointed a chief digital officer to drive this journey.



## Entrepo: Benefits from new funding structure and terms

Entrepo delivered solid results across all its key performance indicators despite growth constraints in its chosen target market. The business produced a profit after tax of N\$199.2 million (2023 restated: N\$188.2 million) and recorded an ROE of 27.0%.

With strong new business inflows, the insurance revenue at Entrepo Life increased 9.0% to N\$211.5 million, while the value of new loans granted at Entrepo Finance increased by 16.1% year-on-year. Entrepo benefited from implementing a new fit-for-purpose funding structure and financing terms. The new structure will allow Entrepo to acquire funding in line with the growth of its loan book.

### Outlook and expectations

Entrepo will maintain its straightforward and efficient business model and continue to achieve an ROE of over 20%. The business is positioned to take advantage of future growth prospects when they present themselves. In March 2024, the Namibian government announced a 5% increase in civil servants' salaries, which bodes well for the 2025 financial year. The business expects sustained pressure on net interest margins over the medium term.

## A positive outlook

**As a Group, we can create more value than we would as individual businesses by promoting unity in diversity and leveraging synergies within our environment.**

Our world is fraught with geopolitical tensions and economic uncertainties. Yet, despite a volatile global picture, there are promising signs of growth, especially in Namibia, which has significant oil discoveries and a promising renewable energy sector, including green hydrogen.

We are proud to contribute to discussions about Namibia's energy future and support initiatives promoting sustainable growth and development. The Group is well-positioned and adequately resourced to capitalise on the opportunities available in Namibia and Botswana.

The lessons from the past year emphasise the importance of adaptability and preparedness. Our purpose and strategic choices are guardrails to help us stay on track and execute our plans effectively. The Group refined its strategic priorities for 2024 and 2025.

The Group is a family of related businesses, and our value amounts to more than the sum of the individual entities. We may have different names, but our surname is Capricorn. We affirmed our commitment to deliver value to stakeholders through deliberate portfolio management for growth and value creation as our top strategic choice. This encompasses building and sustaining growth in our businesses, optimising our financial services and products to serve a shared customer and exploring innovative growth opportunities. The updated strategy emphasises targeted growth and leveraging synergies within our ecosystem to optimise value creation and sustainable growth.

Two of the Group's five strategic choices relate to people, leadership and DE&I, underlying how people are critical to delivering our objectives. We unlock value through exceptional customer service, empowering our employees, ensuring shareholders' solid returns, and enhancing community care.

As we digitise our activities, in line with our data and digital strategic choice, we remain cognisant of cybersecurity risks and sensitise our customers to newer, more sophisticated risks.

As our identity and ethos are closely linked to the wellbeing of the countries where we operate, we take responsibility for positive change and creating an environment of empowerment and prosperity for all. Sustainability as a strategic choice highlights our commitment to ESG matters and our role as a responsible corporate citizen.

Read more about our strategy on page 30.

## A note of thanks

**Let us Make Positive Changes together and drive impactful, lasting transformation in our communities and beyond.**

I thank Capricorn Group employees and board members for their warm welcome and time invested in onboarding me into the Group. I am impressed by the depth and calibre of the board and its members, who have varied skills and represent society in terms of gender and race. I had a unique opportunity to engage with Koos Brandt, a founder and significant figure in the organisation's history, which added a special touch to my welcome. I also enjoyed my interactions with the Bank of Namibia and the Bank of Botswana and am grateful for their warm reception of my appointment.

We value our relationships with stakeholders, and our success would not be possible without our customers, partners, and suppliers. Thank you for your continued support, and we look forward to fruitful engagements in 2025.



**David Nuyoma**  
Group CEO





## A word from outgoing Group CEO Thinus Prinsloo

I am immensely proud of the Group and its record of strong financial performance and consistent value creation for stakeholders despite difficult operating conditions since 2016. We have successfully navigated several risks and challenges, including COVID-19 while balancing different stakeholder interests.

During my tenure, we continued to diversify the Group, including investing in Botswana with Bank Gaborone, Entrepo in Namibia, Paratus Group operating across Africa and headquartered in Mauritius and most recently Peo Finance, which was established in Botswana during 2022. These investments have performed beyond our expectations, broadening our revenue streams while reducing our risks. Thanks to our investments in #gobeyond, we improved our future relevance with customers offering more convenient channels while embarking on a journey to unlock further value for stakeholders. We also established the Capricorn Foundation which has become a respected contributor to various communities across Namibia.

The Group's success is thanks to its wonderful people and strong culture. I am also proud of our efforts to build strong, committed, and cohesive teams that continually deliver against our strategy. We have reaped the rewards of deliberating and crafting The Capricorn Way and building a united Capricorn Group brand. The Capricorn Group brand was launched in September 2016 and has become an aspirational symbol of Namibian excellence and relevance for the region.

We are grateful for our positive reputation and deep relationships with our stakeholders. I thank the board for the wisdom over the years, the Group Exco for the drive and passion for the business, the executive management teams and employees across all the subsidiaries for their support over the past seven years. I look forward to my new role as a steward for the Group in various board positions and to seeing the Group grow even further.



# Group CFO's report

Our results demonstrate resilience and successful strategic execution, with profit after tax increasing 9.9% over the restated prior period and ROE improving to 17.9%.

## Growth momentum despite a difficult environment

Capricorn Group delivered a solid financial performance with improvements in profit after tax and ROE. The strong performance is attributable to loan book growth and increased transaction volumes, offset to some extent by higher credit impairment charges.

These positive financial results are despite difficult operating conditions, where businesses and consumers face financial strain due to higher interest rates and weaker economic growth. While the inflation rate in Namibia and Botswana has moderated somewhat, the cost of living remains elevated.

The ongoing economic impact combined with higher interest rates continued to put pressure on key credit risk indicators, with impairment charges increasing by 39.4% to N\$328.5 million. The Group continues to hold prudent provisions for expected credit losses.

The Group experienced a noteworthy 13.6% year-on-year increase in net interest income, driven by higher interest rates, a 7.5% year-on-year growth in the loan book and prudent management of the cost of funding. The lending businesses managed their cost of funding very effectively, as Bank Windhoek maintained their net interest margin over 5.0% for the majority of the financial year, while the net interest margin at Bank Gaborone improved 131 basis points from 3.81% to 5.12%.

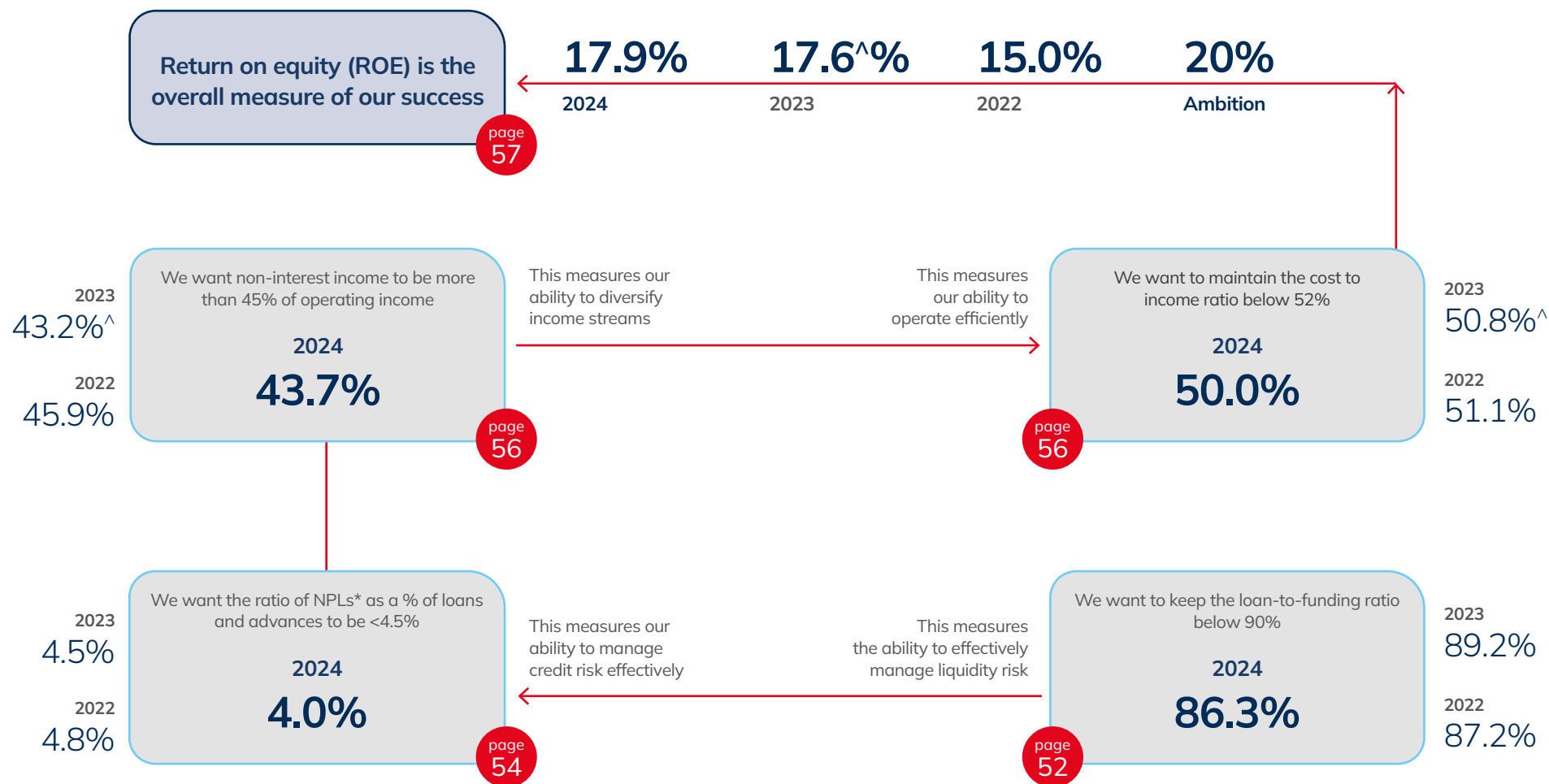
Non-interest income also increased by 14.2%, largely attributable to an 12.6% increase in transaction-based fees, especially from digital channels, particularly POS and merchant transactions. Asset management fees from CAM increased by 12.9% due to strong growth in AUM.

Operating expenses registered a 12.2% year-on-year increase. This rise can be attributed to a 22.9% increase in variable operational banking expenses, directly linked to increased transaction and trading volumes. Excluding these operational banking expenses, the growth in overall expenses was contained at 11.2%. Much of this growth is associated with increased employee costs, driven by annual increases and the filling of key vacancies, especially in IT positions.



Our associates Sanlam Namibia and Santam Namibia delivered strong financial performances. However, the move to IFRS 17 led to significant changes in the value of insurance liabilities, given the use of different valuation approaches. Before the IFRS 17 restatement of the preceding period, the Group recorded a substantial 200.7% year-on-year increase in income from associates, amounting to N\$130.2 million. However, the recognition of substantial previously unrecognised IFRS 17 profits in the restated prior period resulted in a much lower 7.0% increase in income from associates to N\$195.1 million.

Capricorn Group retained a healthy liquidity position as its liquid assets increased by 19.1% to N\$18.5 billion. Liquid assets exceeded minimum regulatory requirements in Namibia and Botswana by 127% and 143%, respectively.



\* Excluding interest in suspense

<sup>^</sup> As reported before the IFRS 17 restatement.



## Key indicator trends

	2024	2023 <sup>^</sup>	2022	2021
Return on equity (%)	17.9	17.6	15.0	13.5
Earnings per share year-on-year growth (%)	9.5	31.8	20.0	14.9
Headline earnings per share year-on-year growth (%)	6.8	35.6	18.5	10.3
Net asset value per share year-on-year growth (%)	12.7	14.4	10.3	5.0
Cost to income ratio (%)	50.0	50.8	51.1	51.7
Operating profit year-on-year growth (%)	12.7	27.8	16.8	(0.8)
Profit after tax year-on-year growth (%)	9.9	28.7	16.6	14.8
Total risk-weighted capital ratio (%)	17.9	16.9	15.8	15.0
Dividend per share (cents)	112	100	72	60

<sup>^</sup> As reported in 2023 prior to IFRS 17 restatement.

## Financial highlights

ROE increased to

**17.9%**

(2023:17.6%).

Group profit after tax increased by 9.9% to

**N\$1.74 billion**

(2023 (restated): N\$1.58 billion).

Earnings per share increased 9.5% to

**319.6 cents**

(2023 restated: 292.0 cents).

Net interest income increased by 13.6% to

**N\$3.09 billion**

(2023: N\$2.72 billion).

Non-interest income increased by 14.2% to

**N\$2.14 billion**

(2023 restated: N\$1.88 billion).

Bank Windhoek increased its dominant market share of loans and advances to

**35.5%**

(2023: 35.2%).

CAM and CUTM grew its net profit before tax by N\$18.1 million

**16.7%**

CAM is the largest asset manager in Namibia, with the highest ever AUM of

**N\$46.6 billion**

as at 30 June 2024

(2023: N\$38.6 billion).

Net asset value per share increased by 12.7% to

**1,896 cents**

(2023 restated: 1,683 cents).

Peo Finance continued to scale and increased its operating profit 265.4% to

**BWP37.2 million**

(2023: BWP10.2 million).

## Impact of IFRS 17

IFRS 17 requires a full retrospective application for disclosure purposes. Consequently, the comparative figures for the year ended 30 June 2023 were restated. All comparisons to figures from the prior year in this report are based on the restated amounts unless explicitly stated otherwise.

Implementing IFRS 17 – “Insurance Contracts” - improved the Group's profitability. This improvement primarily stems from reduced discretionary policyholder reserves following the application of IFRS 17. Excluding the positive impact of IFRS 17 on the Group's capital reserves, ROE for 2024 would have been 18.25%.

## 2025 guidance

We are progressing well towards our ambition of generating higher, more sustainable returns for shareholders. Based on the current macroeconomic assumptions, the Group expects:

- > To achieve an ROE of above 18.0%.
- > To achieve cost to income ratio of below 50%.
- > To maintain the loan-to-funding ratio below 90%
- > To improve on the NPLs as a percentage of loans and advances.



## Salient performance of our main subsidiaries

### Bank Windhoek

**9.9%**

growth in net interest income  
(2023: 17.8%)

**21.5%**

increase in impairment charges  
(2023: 38.7% decrease)

**17.4%**

growth in non-interest income  
(2023: 12.5%)

**23.7%**

increase in liquid assets  
(2023: 9.3%)

**13.8%**

increase in operating profit  
(2023: 32.8%)

**4.1%**

decrease in NPLs (including interest in suspense)  
(2023: 4.0% decrease)

**35.5%**

market share in loans and advances  
(2023: 35.2%)

Net interest margin of

**4.94%**

(2023: 5.06%)

### Bank Gaborone

**40.8%**

growth in net interest income  
(2023: 12.0% decrease)

**362%**

increase in impairment charge  
(2023: 58.1% decrease)

**8.6%**

growth in non-interest income  
(2023: 14.3%)

**15.6%**

growth in liquid assets  
(2023: 11.6% decrease)

**26.6%**

increase in operating profit  
(2023: 22.5%)

**9.7%**

increase in NPLs  
(2023: 14.3%)

**8.4%**

market share in loans and advances  
(2023: 7.4%)

Net interest margin of

**5.12%**

(2023: 3.81%)

### Capricorn Asset Management and Capricorn Unit Trust Management

**N\$46.6 billion**

AUM  
(2023: N\$38.6 billion)

**20.7%**

growth in AUM  
(2023: 20.3%)

**16.7%**

increase in operating profit  
(2023: 9.8%)

### Entrepo

Loan book increased by 17.8% to

**N\$1.81 billion**

(2023: N\$1.53 billion)

**172.6%**

improvement in loan write-offs to a recovery of N\$3.4 million  
(2023: charge of N\$4.7 million)

**5.8%**

increase in profit after tax to  
N\$199.2 million  
(2023 (restated): N\$188.2 million)

**15.2%**

increase in external funding as a percentage of the total loan book from 30.8% to 46.0%

**23.2%**

increase in insurance service result to  
N\$156.9 million  
(2023: N\$127.4 million)

**33.2%**

decrease in claims to N\$34.1 million  
(2023: N\$51.0 million)

### Peo Finance

Loan book increased by 13.9% to

**BWP435.8 million**

(2023: BWP382.5 million)

**42.2%**

decrease in loan write-offs to  
BWP4.4 million  
(2023: BWP7.6 million)

**248.2%**

increase in profit after tax to BWP27.5 million  
(2023: BWP7.9 million)



## Consolidated income statement

	2024 N\$'000	2023 (Restated) N\$'000	% increase/ Decrease
Interest and similar income	6,675,174	5,626,476	18.6
Interest and similar expenses	(3,587,068)	(2,908,262)	23.3
Net interest income	3,088,106	2,718,214	13.6
Credit impairment losses	(328,461)	(235,610)	39.4
<b>Net interest income after credit impairment losses</b>	<b>2,759,645</b>	<b>2,482,604</b>	<b>11.2</b>
Non-interest income	2,141,351	1,875,412	14.2
<b>Operating income</b>	<b>4,900,996</b>	<b>4,358,016</b>	<b>12.5</b>
Operating expenses	(2,742,890)	(2,443,939)	12.2
<b>Operating profit</b>	<b>2,158,106</b>	<b>1,914,077</b>	<b>12.7</b>
Share of associates' results after tax	195,077	182,336	7.0
<b>Profit before income tax</b>	<b>2,353,183</b>	<b>2,096,413</b>	<b>12.2</b>
Income tax expense	(617,401)	(516,472)	19.5
<b>Profit for the period</b>	<b>1,735,782</b>	<b>1,579,941</b>	<b>9.9</b>

## Protecting our balance sheet and ensuring adequate liquidity

We prioritise sufficient liquidity over maximising profits. The management and board consider this crucial trade-off in their decision-making.

In 2024, Namibia experienced significantly higher levels of market liquidity thanks to positive investor sentiment and increased foreign direct investment. Liquidity has remained within Namibia despite higher interest rates in South Africa. In Botswana, market liquidity improved significantly due to amendments to the Retirement Funds Act, which stipulates that pension funds must raise their domestic holdings to a minimum of 50% of their total assets progressively between 2023 and 2027.

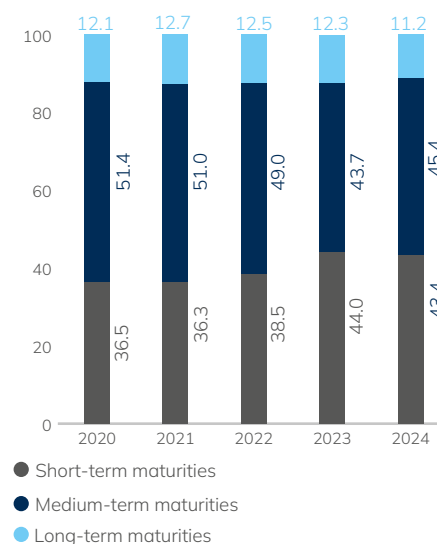
### Reducing our cost of funding

The Group actively manages its reliance on major depositors and has a variety of funding sources. Our loan-to-funding ratio is one of our main liquidity drivers. While a high ratio boosts profitability, it also increases the Group's liquidity risk. We aim to balance our profitability and liquidity risk by maintaining our loan-to-funding ratio below 90%. In 2024, our ratio decreased to 86.3% (2023: 89.2%) as funding growth exceeded growth in advances.

Our cost of funding directly influences our net interest margins. A high interest rate environment and increased liquidity has resulted in an improved net interest margin over the last two years.

The expectation is for interest rates to reduce in the coming financial year. The Group has a strategy in place to reduce reliance on longer-term, expensive maturities, to offset the impact of interest rate reductions in future.

### Reducing reliance on longer term maturities



Overall, funding increased by 10.9%, largely due to an increase in local funding sources such as deposits. We balance shorter-term with longer-term maturities to allow for sustainable liquidity and manage funding costs. The Group targets other funding sources to grow its asset base, including high-deposit sectors and the deployment of POS devices to attract current account deposits.

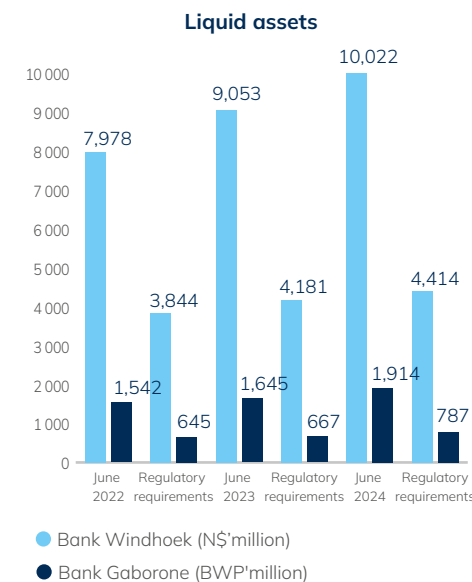
Bank Windhoek increased funding by 9.2% to N\$44.4 billion (2023: N\$40.8 billion). The bank lowered its cost of funding by growing cheap local funding sources, including cheques and savings deposits, while not increasing foreign funding sources. The bank grew its transactional balances at a faster rate than other sources of funding.

The additional funding was used to meet a 4.6% growth in loans and advances (2023: 2.1%).

Bank Gaborone's funding increased 17.8% to BWP8.0 billion (2023: BWP6.8 billion). The funding growth can be attributed to a growth in both retail and wholesale deposits. Retail deposits benefited from the bundled offering in the lending scheme proposition while also attracting savings and current accounts, as evidenced by the growth in current deposits. The bank's loan-to-funding ratio decreased from 86.3% to 85.7% year-on-year.

### A strong liquidity position

The Group maintained a strong liquidity position, with liquid assets rising by 19.1% year-on-year. In Namibia and Botswana, liquid assets surpassed regulatory requirements by 127% and 143%, respectively. Bank Windhoek increased qualifying regulatory liquid assets by 10.7% and Bank Gaborone by 16.4%.



Consolidated income statement	Bank Windhoek N\$'millions	Bank Gaborone BWP'millions
Regulatory requirements	4,414	787
Actual liquid assets	7,491	1,914
Surplus liquid assets	3,077	1,127
Surplus after buffer portfolio	5,608	1,127
Absolute liquidity surplus, including Group facilities	6,708	1,351

The Group has N\$1.0 billion in liquid assets in South Africa, in addition to the banks' liquidity buffers. We issued committed facilities to our two banks on the strength of these liquid assets. When these committed facilities are considered, Bank Windhoek and Bank Gaborone have available liquidity buffers of N\$6.71 billion and BWP1.35 billion. This serves as a safety margin of 152% and 171% above minimum requirements.

## Capital adequacy

The Group enhanced its already robust capital position with a total risk-based capital adequacy ratio of 17.9% (2023:16.9%). This is comfortably above the minimum regulatory capital requirement of 12.5%. Capital adequacy for the Group is as follows:

%	Tier 1 leverage ratio	Tier 1 risk-based capital ratio	Total risk-weighted capital ratio
Minimum requirement	6.0	7.0	12.5
Capricorn Group	13.0	17.2	17.9

At the end of 2024, Bank Windhoek and Bank Gaborone's capital was in a strong position:

%	Required minimum ratio	Actual ratio at the end of the year
Bank Windhoek	12.5	17.9
Bank Gaborone	12.5	15.7

The Group is expected to maintain its capital ratios and will not require additional capital in the immediate future. The Group has access to capital through its NSX-listing.

## Protecting asset quality

As customers faced increased financial pressure in Botswana and Namibia, we experienced higher impairments.

### Loans and advances

Gross loans and advances increased by 7.4% to N\$50.7 billion this year, above the Namibian private sector credit extension growth of 1.8%. This growth can be attributed to growth in term and article finance loans.

- > Bank Windhoek's gross loans and advances increased by 4.6%. The most significant increases were in term and instalment finance loans.
- > Bank Gaborone gross loans and advances grew by 16.9% with increases in overdrafts, term loans and article finance.
- > Entrepo increased its loan book by 17.8% year-on-year in a difficult and saturated market.
- > Peo Finance grew its gross loans and advances to BWP448.3 million in its third year of operations.

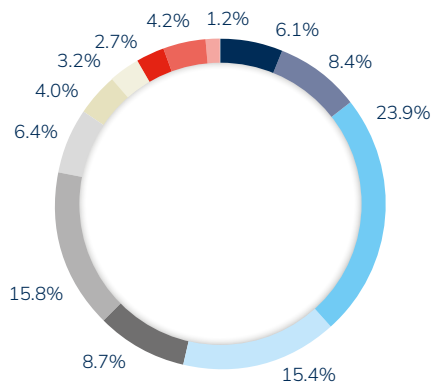
	2024	2023	2022	2021	2020
Bank Windhoek (N\$'million)	39,038	37,325	36,549	34,899	31,893
Bank Gaborone (BWP'million)	6,863	5,868	5,317	4,967	4,238
Entrepo (N\$'million)	1,805	1,532	1,416	1,428	1,035
Peo Finance (BWP'million)	448	391	180	–	–

Bank Windhoek is above the 35% market share, so the Namibian Competition Commission considers it a dominant player. While the bank's scope for growth in loans and advances is limited, we plan to maintain market share. Bank Gaborone's market share in terms of loans and advances is 8.4%, breaching the 8% threshold for the first time during the 2024 financial year.

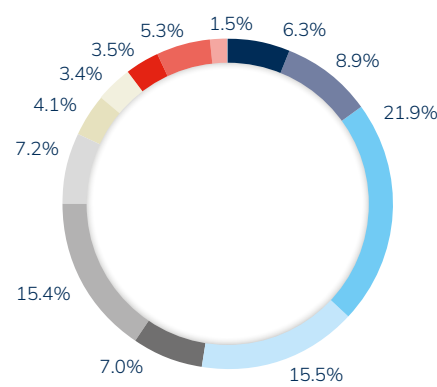
Bank Windhoek's loan book is well-diversified across various sectors to spread credit risk. Bank Gaborone's sector diversification continued to improve in 2024.



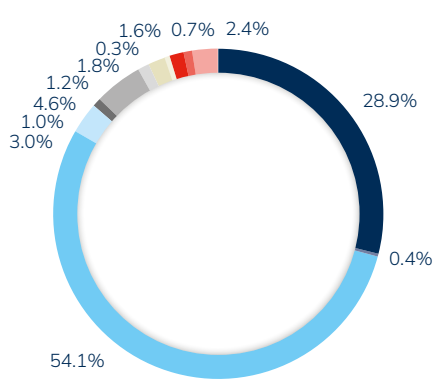
**Bank Windhoek  
loan portfolio per sector 2023**



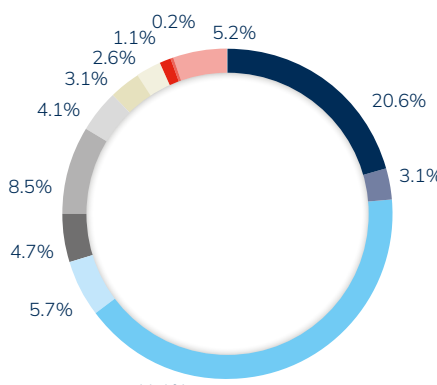
**Bank Windhoek  
loan portfolio per sector 2024**



**Bank Gaborone  
loan portfolio per sector 2023**



**Bank Gaborone  
loan portfolio per sector 2024**



## New measures introduced to reduce NPLs

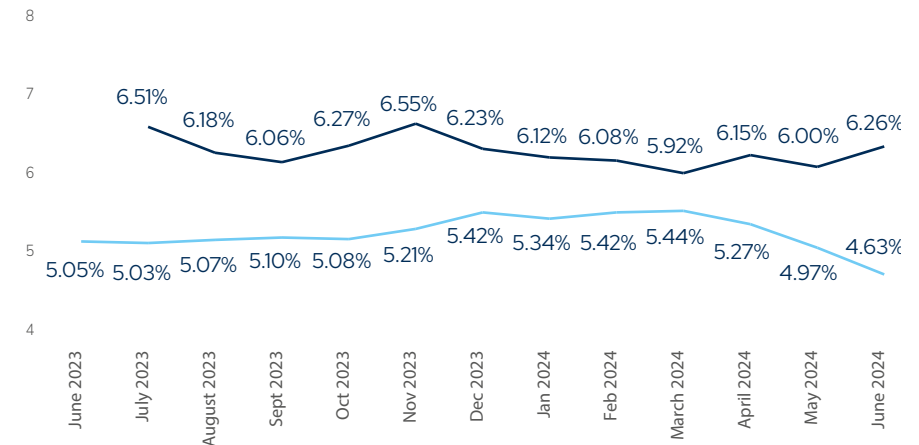
In 2024, the Group's NPLs excluding interest in suspense decreased to N\$2.03 billion (2023: N\$2.10 billion), resulting in the NPL ratio, excluding interest in suspense, decreasing to 4.0% (2023: 4.5%). This ratio is below Namibia's industry average and reflective of our prudent approach to credit risk management. We anticipate that NPLs will improve further as the interest rate cycle turns. Both banks are focused on enhancing their credit management processes, including pre-legal, credit assessment and collections. In 2024, we enhanced the resources within our pre-legal department.

Our loan loss rate increased from 0.51% to 0.67%, but is still in line with industry norms. Aligned with industry standards, this loan loss rate includes additional impairment on interest recognised on the net carrying value of NPLs.

Despite difficult macroeconomic conditions and a prolonged period of higher interest rates, Bank Windhoek's NPLs decreased on the back of some large recoveries during the financial year. The bank's NPL ratio, excluding interest in suspense, improved from 5.1% in 2023 to 4.6%. The impairment charges to the income statement increased 21.5% to N\$243.6 million (2023: N\$200.6 million).

Bank Gaborone's NPLs increased 9.7% year-on-year, and impairment charges to the income statement increased 362% to BWP37.3 million (2023: BWP8.0 million), following a release of the COVID-related macroeconomic overlay of BWP15 million in the previous year.

**NPLs**



● Bank Windhoek  
● Bank Gaborone

At Entrepo Finance, impairment charges reflected a recovery of N\$3.4 million. (2023: charge of N\$4.7 million). Peo Finance experienced 41.3% lower loan write-offs and provisions to BWP4.4 million (2023: BWP7.5 million).





## A track record of quality earnings

We maintain our earnings quality through stringent credit management, growing our non-interest income and containing operating expenses.

Bank Windhoek's net interest income grew by 9.9% in 2024 on the back of 4.6% loan book growth and the endowment effect of the higher interest rate cycle.

Bank Gaborone's net interest income increased by 40.8% due to continued loan and an improving net interest margin. Both banks managed their cost of funding prudently, resulting in net interest margin improvements.

The interest expense at Bank Windhoek and Bank Gaborone was 26.1% and 6.0% higher than in 2023 due to growth in total funding and higher interest rates. An effective cost of funding strategy is in place to manage interest expense.

The central banks of Namibia and Botswana have adopted prudent monetary policy measures to counteract inflationary pressures and protect local currencies in volatile global market conditions caused by geopolitical tensions.

The Bank of Namibia did not change the repo rate in the 2024 financial year. While the Bank of Namibia follows the South African Reserve Bank's position on interest rates, Namibia remains 50 basis points below South Africa's rate of 8.25%. The Bank of Botswana cut the interest rates by 25 basis points in December 2023 and 25 basis points in June 2024. At year end, the MoPR interest rate for Botswana was 2.15%.

The current outlook is that inflation will stay within the target range of both central banks in the short to medium term, with interest rates possibly decreasing in the 2025 financial year.

### Bank Windhoek

Interest income

▲ 18.1%

**N\$5.20 billion**

Interest expense

▲ 26.1%

**N\$2.8 billion**

### Bank Gaborone

Interest income

▲ 20.1%

**BWP734.8 million**

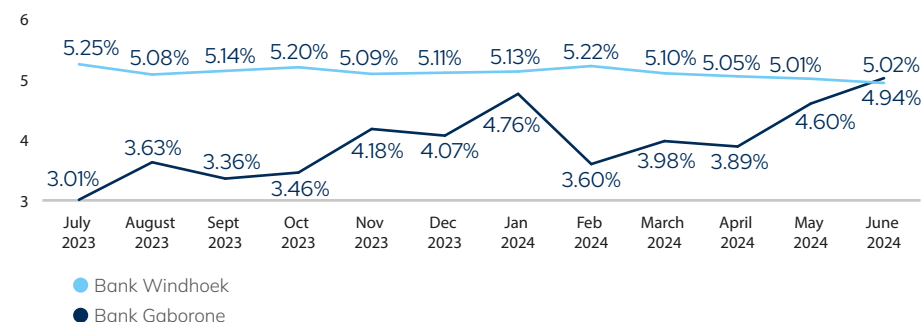
Interest expense

▲ 6.0%

**BWP385.7 million**

N\$'000	June 2024	June 2023	June 2022	June 2021	June 2020
Interest and similar income	6,675,174	5,626,476	4,187,290	4,057,427	4,725,908
Interest and similar expenses	(3,587,068)	(2,908,262)	(1,850,174)	(1,802,124)	(2,541,932)
Net interest income	3,088,106	2,718,214	2,337,116	2,255,303	2,183,976
Impairment charges	(328,461)	(235,610)	(367,303)	(443,748)	(407,448)
Net interest income after loan impairment charges	2,759,645	2,482,604	1,969,813	1,811,555	1,776,528

### Net interest margin trends



Entrepo Finance's net interest income increased by 1.6% to N\$166.6 million. Entrepo's interest margins came under pressure as loans are priced at fixed rates while funding rates are variable. This put pressure on margins in the current higher interest rate environment. Peo Finance's net interest income increased by 69.0% to BWP49.3 million.



## Non-interest income

Non-interest income increased by 14.2% to N\$2.14 billion (2023 restated: N\$1.88 billion).

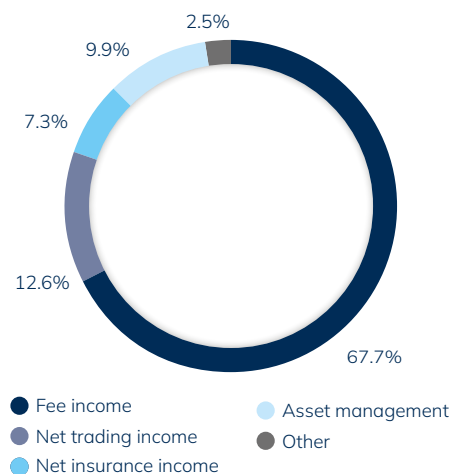
N\$'000	Bank Windhoek N\$'000			Bank Gaborone BWP'000		
	2024	2023	2022	2024	2023	2022
Non-interest income	1,619,947	1,380,295	1,226,532	131,912	121,417	106,206

Bank Windhoek increased its non-interest income by 17.4%, driven by higher transaction volumes on electronic channels. Bank Gaborone grew non-interest income by 8.6% from increased transaction volumes.

Our diversified income streams supported non-interest income, including asset management fee income of N\$211.5 million (2023: N\$187.3 million). Entrepo's net insurance service result increased to N\$156.9 million (2023: N\$127.4 million)

## Diversification of non-interest income

%	2024	2023	2022
Fee income	67.7	68.3	68.3
Net trading income	12.6	11.3	12.6
Net insurance income	7.3	6.8	6.8
Asset management fees	9.9	9.9	9.9
Other	2.5	3.7	2.4



Operating expenses will rise faster than inflation as we invest in growth areas and digital transformation. However, gross income is expected to grow faster than expenses, resulting in a healthy bottom line.

## Managing our operating expenses

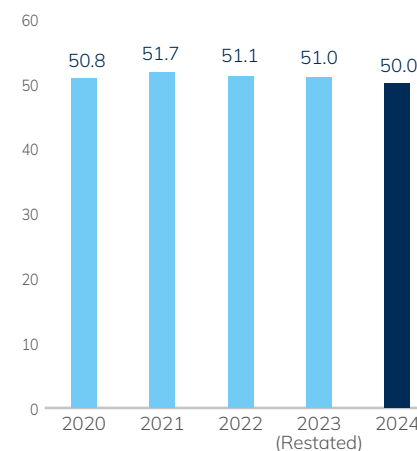
Operating expenses increased by 12.2% to N\$2.74 billion. This includes a 22.9% increase of N\$47.9 million in variable operational banking expenses, directly linked to increased transaction and trading volumes. Excluding operational banking expenses, the growth in overall expenses was contained at 11.2%.

Our people-related costs are our largest expense category, but this is not the optimal place to contain costs as it results in lower morale and unwanted attrition. The above inflation increases relates to investments made in the skills pool needed for future growth.

Our cost to income ratio is healthy at 50.0%, our best outcome ever. This is below our target of 52%, which is an excellent outcome considering many of our IT expenses are US dollar-based and the Namibian dollar depreciated substantially during our financial year. Our continued investment in infrastructure, technology, and new capabilities will bear fruit in the medium term and position the Group for long-term success.

Notes to operational costs	N\$'000	2024	2023	2022
Employee costs increased by 12.7% (2023: 14.0%), largely driven by annual increases and the filling of key vacancies, particularly with respect to IT resources.	Employee costs	1,555,174	1,379,959	1,210,948
Property-related expenses were well-contained in 2024.	Property expenses (including depreciation)	275,307	264,209	249,857
Technology costs increased by 22.0% (2023: 22.4%) due to additional software and resources to support the group's digitalisation drive.	Technology	220,131	180,418	147,347
Operational banking expenses increased by 22.9% as transaction volumes increased.	Operational banking expenses	257,234	209,314	263,432
Other expenses were contained at an inflationary increase of 6.1%.	Other	435,044	410,039	263,138

## Cost to income ratio (%)\*



\* Our cost to income ratio is aligned with industry standards. When calculating the cost to income ratio, banking and related fee and commission expenses are treated as a reduction in non-interest income rather than operating expenses.



## Continued growth in operating profit

Our operating profit increased 12.1% to N\$2.14 billion (2023 restated: N\$1.91 billion).

N\$'000	2024	2023 Restated	2022	2021	2020
Operating profit	2,158,106	1,914,077	1,507,656	1,290,531	1,300,362
Share of profit from joint ventures and associates	195,077	182,336	67,697	103,613	66,528
Profit before income tax	2,353,183	2,096,413	1,575,353	1,366,890	1,366,890
Profit from continuing operations	1,735,782	1,579,941	1,145,881	1,024,301	1,012,095
Loss from discontinued operation	–	–	–	(41,274)	(155,683)
Profit after tax	1,735,782	1,579,941	1,145,881	983,027	856,412

## ROE gains for 2024

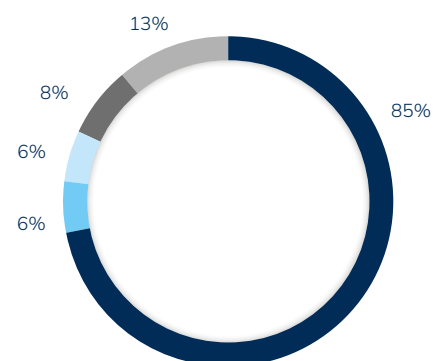
We monitor ROE to gauge our overall performance in generating shareholder returns. To enhance ROE, we will focus on continued diversification, synergies between our subsidiaries and digital investments to improve the customer experience.

The Namibian banking sector remained liquid, profitable, and well-capitalised, with some concern for asset quality. According to the Bank of Namibia's 2023 annual report, the sector's profitability, as measured by ROE, increased to 18.4% at the end of 2023 from 15.7% at the end of 2022.

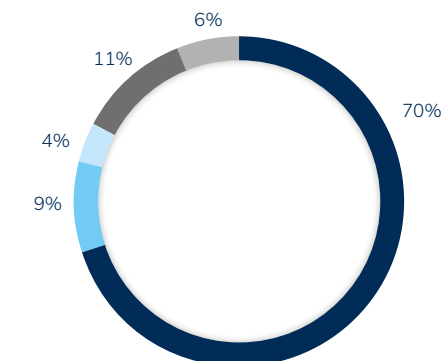
The Group achieved an ROE of 17.9% (2023: 17.6%). This improved ROE was due to a 14.2% increase in non-interest income, an improved funding mix and a growing loan book, higher transaction volumes, and well-managed expenses despite inflationary pressures.

Capricorn Group entities' and associates' diversified profit attributable to shareholders	2024	2023	2022	2021	2020
Bank Windhoek	70%	76%	72%	67%	85%
Cavmont Bank	–	–	–	(4%)	(18%)
CIH (Botswana)	9%	7%	6%	6%	6%
CAM and CUTM	4%	5%	6%	7%	6%
Associates	11%	4%	6%	11%	8%
Entrepo	6%	8%	10%	13%	13%

Capricorn Group entities' and associates' diversified profit attributable to shareholders 2020



Capricorn Group entities' and associates' diversified profit attributable to shareholders 2024



- Bank Windhoek
- Cavmont Bank (-18%)
- CIH (Botswana)
- CAM and CUTM
- Associates
- Entrepo



## Contribution from associates

The combined income from all associates increased by 200.7% overall prior to the restatement of the prior period. (2023 unrestated: 52.2% growth).

### Sanlam Namibia

Sanlam Namibia delivered a strong performance on the back of good mortality profits, IFRS 17 adjustments and reserve releases. Its contribution to Group profits increased by 198%, before the prior period restatement to account for IFRS 17. The adoption of IFRS 17 proved challenging but was successfully implemented. Given the overall economic conditions and volatile markets, the investment businesses did not achieve targets. The priorities for Sanlam Namibia in 2025 include maintaining growth in new business sales for the life and investment offering while improving margins.

### Santam Namibia

Santam Namibia's financial performance exceeded expectations. Strong growth was recorded in the specialist solutions and commercial and personal insurance segments. Performance was negatively impacted by increased costs for non-motor claims and a drop in income from its salvage business. Its contribution to Group profits increased by 56.2%. In 2025, the insurer will launch its new claims centre and non-motor claims process to streamline the user experience. Santam's specialised solutions division will market its new offerings.

### Paratus Group

The Paratus Group celebrated its 20th anniversary in February 2023. In 2024, the group signed a multi-year agreement with Ceragon Networks, a global wireless communications provider, to provide solutions in Angola, Mozambique and Namibia and a reseller agreement with Starlink to provide satellite connectivity services across Africa. The group is establishing nine new entities, mainly in East Africa, to sell Starlink services. Other focus areas for 2024 included deploying fibre and planning future data centres. Paratus Group achieved its revenue targets for 2024 despite foreign exchange volatility challenges, and its contribution to Group profits was N\$11.3 million (2023: N\$29.7 million).

Read more about our increased shareholding in Paratus Group in the strategy section on page 33.

## Ensuring attractive shareholder returns

The Group declared a final dividend of 64 cents per ordinary share. Including the interim dividend of 48 cents per ordinary share, this represents a total dividend of 112 cents per ordinary share (2023: 100 cents). This is a 12.0% increase on the total dividend per share for 2024, with the dividend payout ratio decreasing to 33.4% (2023: 35.2%). This reduction stems from increased profits relating to IFRS 17, which has not yet translated into cash reserves available for distribution to shareholders. The Group balances offering attractive returns for shareholders with retaining capital to support growth and diversification.

At the 2022 and 2023 AGM, shareholders approved a special resolution authorising the company to buy back shares. The purpose of the share repurchase scheme is to improve the liquidity in the Namibian listed equity market and create an opportunity for smaller shareholders to trade their shares in a market with low liquidity. Since January 2023, the Group has repurchased and cancelled 799,048 shares at a total cost of N\$12.1 million.

### Dividend payment details

**Last day to trade cum dividend:** 27 September 2024

**First day to trade ex-dividend:** 30 September 2024

**Record date:** 4 October 2024

**Payment date:** 18 October 2024



**Johan Maass**  
Group CFO



# Social and environmental performance summary

We acknowledge our responsibilities to our employees and the communities where we operate.

## Supporting our employees

### Employee wellness

The Group adopted an integrated wellness approach, including mental, physical, social and financial wellbeing. This approach includes webinars, motivational books, articles and facilitated sessions. We also incorporate ergonomic principles to make the workplace comfortable and support good health. We continue to enhance the wellness element of the human capital strategy as there is a direct link between wellness and employee engagement and, therefore, business performance. In 2025, we plan to implement a wellness app that supports employees and provides health data to health professionals.

### Group employee wellness services

#### Mental wellbeing

We refer mental health matters to psychologists, counsellors, and psychiatrists.

#### Physical wellbeing

A general practitioner and nurse visit the head office weekly and offer flu vaccines, vitamin injections, family planning advice, and medical consultations.

#### Social and financial wellbeing

Coaches and specialised trainers offer life coaching and team wellness engagement sessions, while financial experts provide financial wellness coaching and advice.

### Human rights

Human rights are enshrined in Namibia and Botswana's constitutions. Capricorn Group is committed to upholding human rights and complying with the laws associated with the jurisdictions in which we operate. Our internal policies and procedures protect employees' human rights and detect and remedy violations. The Group's Suppliers' Code of Conduct is enforced by procurement departments that also perform supplier due diligence covering human rights, labour and ethics.

### Labour

The Group's policy is not to employ forced, migratory, or child labour. Our internal rules and labour regulations, which govern employment in all jurisdictions, protect workers' rights. The law protects workers' ability to organise themselves through labour unions. The Group has implemented policies and mechanisms which enable violations, when they occur, to be reported anonymously and dealt with effectively through independent and formal processes. A formal grievance procedure protects employee rights.

The HR committee oversees all labour-related matters, including the Policy Framework. New employees are informed of policies through an induction programme, and policy changes are communicated to all employees as and when they occur.

The Remuneration Policy outlines the Group's remuneration principles and is the guiding document regarding fair and equitable remuneration.



## Group workforce profile

We monitor our workforce profile as we work towards our diversity goals. Our voluntary and involuntary turnover rate for employees is 6.89%. We continue to emphasise diversity in terms of race and gender through our recruitment, talent development, and retention strategies. We have a disability strategy to promote the appointment of disabled employees. In 2024, we did not appoint any disability employees, but had a number of internal employees listing disabilities.

Capricorn Group employee profile	Permanent employees	% male	% female	% permanent of total employees	% contract	Total 2024	Total 2023	Total 2022
Namibia	1,680	36%	64%	85%	15%	1,979	1,883	1,807
Botswana	309	34%	66%	91%	9%	341	334	320
South Africa	9	56%	44%	24%	76%	38	9	25
Total	1,998	42%	58%	85%	15%	2,358	2,226	2,152

Group indicator	2024	2023	2022
Female permanent employees	64%	63%	64%
Racially disadvantaged permanent employees	80%	78%	78%
Women in senior management	38%	38%	34%
Women in middle management	60%	59%	61%
Racially disadvantaged employees in senior management	33%	33%	34%
Racially disadvantaged employees in middle management	72%	71%	67%
Non-Namibian workforce*	2%	2%	2%
New employees aged <24 (%)	19%	5%	14%
New employees aged 25 – 35	62%	67%	61%
New employees aged 36 – 45	12%	20%	25%
New employees aged 46 – 55	7%	8%	0%
Employee turnover annualised	7%	7%	7%
Training hours Bank Windhoek, CAM and Namib Bou (hours)	144,248	132,089	27,408
Training hours Bank Gaborone (hours)	12,821	12,127	2,762
Total investment in training (N\$'million)	17.1	14.9	7.6
Diversity score from the Namibia Preferential Procurement Corporation (%)	98.8	98.8	98.74

\* Namibia only indicator.



## Building better societies

In keeping with our brand promise of being Connectors of Positive Change, we take pride in our contributions to a better and more equal society.

### Building a prosperous future for Namibia

Capricorn Group is committed to contributing to Namibia's economic development:

- > Bank Windhoek supports the Harambee Prosperity Plan II for 2021 to 2025 through our ethics initiatives, governance structures, commercial offerings and growth plans, financing renewable energy and sustainable development projects and community investments.
- > Bank Windhoek participates in the Brand Namibia Committee in partnership with the Ministry of Information, Communication and Technology, the Ministry of Environment, Forestry and Tourism and the NIPDB. Brand Namibia is an initiative that markets the country globally while supporting local businesses.
- > In November 2023, the Capricorn Foundation and Bank Windhoek donated a combined N\$500,000 to the Namibian Ministry of Environment, Forestry and Tourism to support Namibia's participation in COP28.
- > CAM's Caliber Capital Trust invests in Namibian companies contributing to the Harambee Prosperity Plan II and Vision 2030, driving job creation, import replacement, and industry and infrastructure development. Since its launch, the fund has provided more than N\$524 million of aggregated funding.

Read more about our participation in COP28 on page 17.

### Bank Windhoek and NASRIA partner to catalyse SME growth

In May 2024, Bank Windhoek and Namibia's risks insurer, NASRIA, announced their partnership in the Credit Guarantee Scheme agreement to the amount of N\$50 million. The bank is the latest financial institution to implement the scheme which provides much-needed funding to aspiring entrepreneurs, fostering innovation, job creation and economic growth.

Many SMEs have strong prospects for success but lack the necessary collateral to obtain loans. To manage their risks appropriately, banks require collateral to protect their capital if an SME cannot repay. By ensuring credit is granted to qualifying SMEs, the scheme substantially reduces the collateral requirement. Upon being assessed as bankable and only lacking collateral, the SME can be considered for a collateral cover of 60% of the principal loan amount, and NASRIA will provide this collateral.

Bank Windhoek is committed to creating similar offerings to assist Namibian, women-led, and youth-led businesses in participating in the economy.

### Our contribution to CEEP in numbers

Bank Gaborone has pledged **BWP400 million** towards Debswana CEEP and P100m to Morupule Coal Mine CEEP. A total of P500m to CEEP programme.

Small Medium Enterprises providing drilling and contractor services to mines

**37** small businesses funded

## Supporting Botswana's economic development

Bank Gaborone plays a critical role in providing relevant financial services and funding to grow Botswana's economy and supporting inclusivity and sustainable wealth creation. The bank aims to see more citizen-owned companies assisted in creating an ecosystem where jobs are created, local suppliers grow, and, most importantly, help boost the economy. Our approach to citizen empowerment is deliberate and is aligned with our commitment towards realising the Economic Inclusion Act of 2021.

Botswana is known for its established diamond industry, which relies heavily on exports. Over the past three years, the bank has supported the Citizen Economic Empowerment Programme ("CEEP") at Debswana Diamond Company and Morupule Coal Mine. The programme aims to increase citizen inclusion within the company's supply chain while creating jobs and building sustainable businesses.

### The Capricorn Foundation

Established in February 2020, the Foundation is a non-profit association incorporated under Section 21 of the Company's Act in Namibia. Over the past four years as the Group's primary CSR vehicle, the Foundation has executed its mandate and has become a thought leader in the non-profit space. It has built strong networks and promoted collaboration with non-profits and the government.

In addition to the Foundation's efforts, the Capricorn Group's CSR initiatives benefit the community. The Group's Changemaker programme has also effectively involved our employees in the vulnerability programmes supported by the Foundation.

Bank Gaborone provides access to financial services by funding SMEs and offering mentoring and coaching opportunities. This helps improve financial stability while boosting the country's savings and investments.

## Our contribution per CSR category

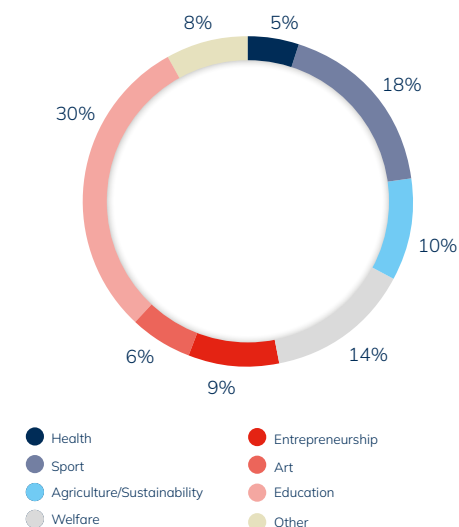
In 2024, the Capricorn Group and its entities in Namibia and Botswana, including the Capricorn Foundation, invested N\$25.8 million (2023: N\$21.7 million) in CSR activities. This represents more than 1.5% of profit after tax and is in line with the Group's CSR policy guideline of 1% of profit after tax.

All Namibian subsidiaries contribute funds to the Foundation. The Foundation is well funded with a 0.85% of net profit after tax contribution from Bank Windhoek and CAM and a 0.55% of net profit after tax contribution from Entrepo in 2024. Subsidiaries apply the remainder of their net profit after tax to their own signature CSR activities.

This is a consolidated view of the CSR activities of the Capricorn Foundation, Capricorn Group, Bank Windhoek, Bank Gaborone, CAM and Entrepo. Each entity has specific CSR focus areas.

For more details regarding our CSR initiatives and achievements, view our 2024 social value report, available online.

CSR investment per focus area by Capricorn Group and subsidiaries



## Environmental initiatives in 2024.

All large and influential institutions will be expected to take a position on climate change and other sustainability issues. Here, banks have a role in addressing the interconnected sustainability crises we face.

### Environment

Bank Windhoek's engagement in green and sustainability bonds stands out as an area of action due to the scale of funding involved, integration into the bank's core business, alignment with international sound practice and tracking of impact using appropriate SDG metrics. Bank Gaborone is currently exploring green financing opportunities.

The Group's operations have a limited direct environmental impact; however, lending activities can indirectly impact society and the environment if not managed. Bank Windhoek manages environmental and social risks through the Environmental and Social Management System ("ESMS") Policy and Procedure.

No changes were made to the Bank Windhoek exclusion list, which is used to assess customers against activities that are not permitted due to unacceptable environmental and social impacts. No customers are at risk of material breaches of environmental laws and regulations or unacceptable social and environmental impacts.

### Sustainability campaign

In November 2023, a comprehensive Group-wide sustainability campaign was launched to address the gaps identified in an extensive sustainability survey conducted across the organisation. The survey revealed a strong overall understanding of sustainability concepts while highlighting specific areas needing improvement. To bridge these gaps, we have implemented an ongoing training programme and an interactive communications plan.

This initiative includes various engaging online training modules focused on sustainability and climate concepts and principles, designed to enhance knowledge and promote best practices across the Group.

### Experimental recycling initiative

We are committed to embedding Group-wide sustainability-related practices and are planning to introduce a recycling initiative. This initiative is part of our Group's sustainability awareness campaign and is a proactive measure to reduce our environmental footprint and cultivate a culture of conscientious waste management. We are currently in the experimental phase and undergoing initial setup, with plans to roll out these initiatives to the main buildings in and around Windhoek in the next reporting period.

## Capricorn Corner earns EDGE Advanced certification



In March 2024, Capricorn Corner, the Group's state-of-the-art building in Klein Windhoek, proudly became the first Namibian structure to earn the prestigious EDGE Advanced green building certification from the International Finance Corporation ("IFC"). This internationally recognised certification is a testament to the building's superior environmental performance.

EDGE, which stands for Excellence in Design for Greater Efficiencies, is an innovative platform offering a green building standard and certification system utilised in 170 countries.

It provides a quantifiable framework to showcase the financial benefits of sustainable building practices and facilitates the mainstream adoption of green buildings.

Capricorn Corner adheres to world-class environmental standards, featuring design choices that optimise energy use through energy-efficient and natural lighting, as well as solar panels. Additionally, the building incorporates water-saving taps and a water monitoring system to prevent leaks, significantly reducing water usage.

These sustainable measures not only contribute to environmental conservation but also provide commercial advantages by lowering operational costs and enhancing returns for shareholders.

Despite the challenges posed by COVID-19, Capricorn Corner was successfully completed and inaugurated in 2021. The construction phase generated 250 jobs over 16 months and injected N\$110 million into the local economy, offering crucial economic support during a challenging period.

**Achieving this certification underlines our commitment to sustainable practices and investing responsibly. The building is highly energy efficient with a low environmental footprint. It also significantly enriched the surrounding communities by generating local employment opportunities and nurturing a sustainability-orientated culture.**





# Governing for value creation

## Governance overview

The board and its committees are accountable for establishing effective leadership and ethical practices and applying excellent corporate governance practices. We support the principles of transparency, discipline, independence, accountability, responsibility, fairness and social conscience.

The board acknowledges that the leadership tone is set from the top. The work done in embedding The Capricorn Way emphasises creating an ethical culture with behaviours based on a common set of values. By adhering to these values, we protect the interests of stakeholders and our long-term viability. We are also entrenching a Risk Culture that supports dynamic risk management.

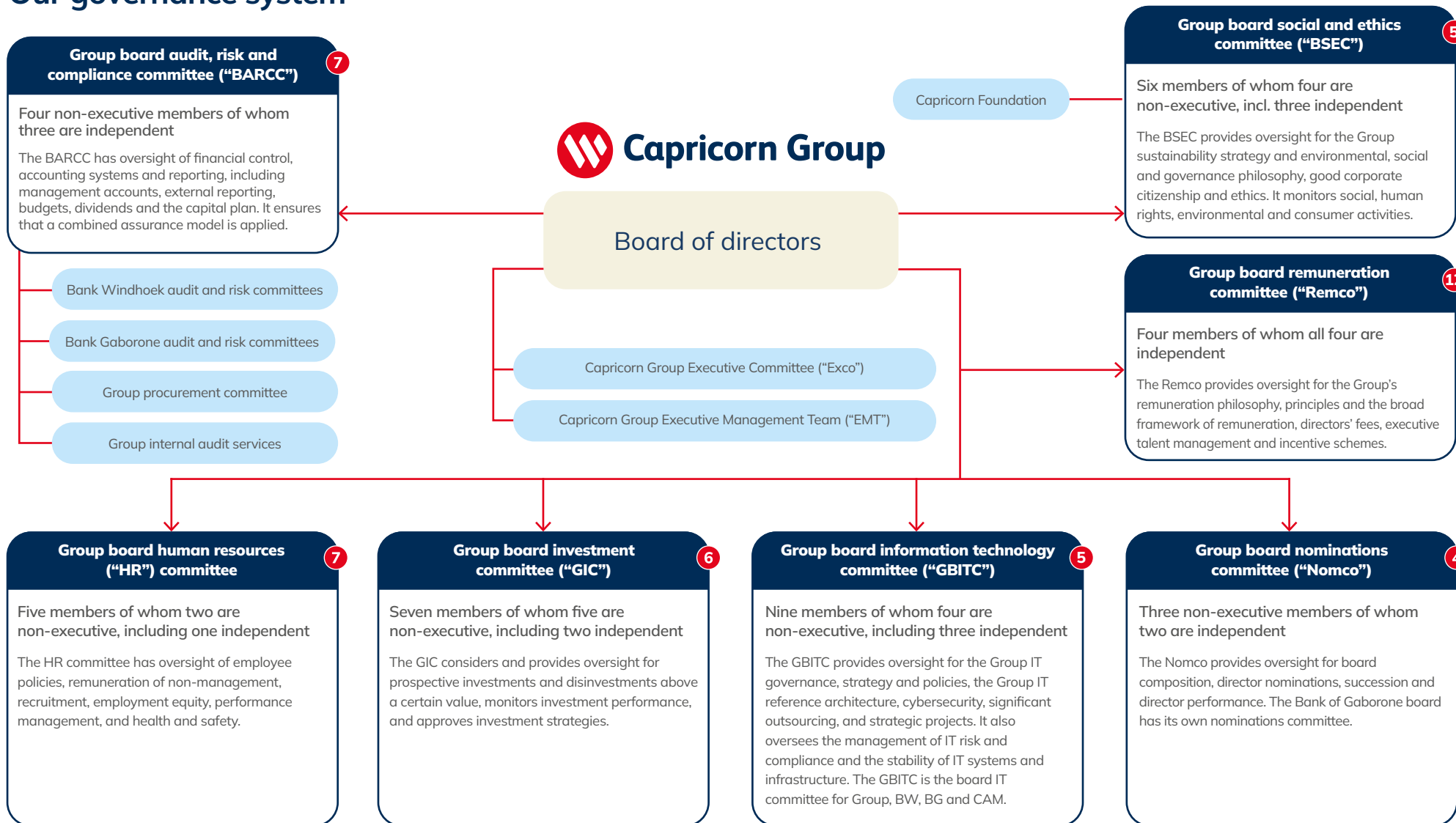
Key board practices and activities focus on:

- > Open and rigorous discussion.
- > Active participation.
- > Consensus in decision-making.
- > Independent thinking and alternate views.
- > Reliable and timely information.

More detailed information about the Group's practices can be found in the 2024 governance report available online.



# Our governance system



# Number of meetings per annum.



The board follows a structured approach to meetings, supported by a timely flow of documents to ensure that the oversight responsibilities of the boards of subsidiaries and the Group board and its committees are carried out effectively. Board and committee members as at 30 June 2024 and their attendance at these committees' meetings during the year are as follows:

Director	Category	Board	BARCC	Group board HR committee	Group board Remco	Group board Nomco	Group board investment committee	BSEC	GBITC
	Meetings held	8	7	7	12	4	6	5	5
D G Fourie	Independent non-executive Chairperson	8*			12	4	6		
J W Brandt**	Non-executive	4					1		
E Fahl	Independent non-executive	7		6					
H M Gaomab II	Non-executive	6					6*	5	
D T Kali	Independent non-executive	6			7			5	
G Menetté	Non-executive	8	7	7*					
G Nakazibwe-Sekandi	Independent non-executive	8			12*			5*	
D Nuyoma	Group CEO and executive director	4		2			3	1	2
M J Prinsloo	Non-executive	8							5
D J Reyneke	Independent non-executive	6	7*						5
E Solomon	Independent non-executive	8	4						5*
J J Swanepoel	Independent non-executive	8	7		12	4*	5		

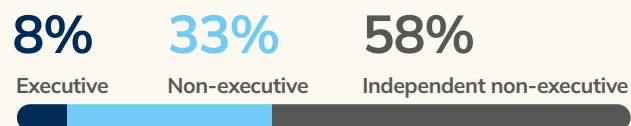
\* Chairperson.

\*\* Mr Jacobus Wynand (Cobus) Brandt was appointed as a non-executive director, effective 2 February 2024.

## Board leadership, composition and diversity

Capricorn Group has a unitary board with an appropriate mix of executive, non-executive and independent directors. The size of the board is dictated by the company's articles of association, which require a minimum of five and a maximum of 12 directors.

### Status



### Tenure



Nomco assessed the independence of the non-executive directors classified as independent and confirmed their continued classification as independent. Johan Swanepoel, Gida Sekandi and Thinus Prinsloo have all served for more than nine years. Thinus Prinsloo is not classified as independent. The independent classification for Johan Swanepoel and Gida Sekandi was reassessed and confirmed.

### Race



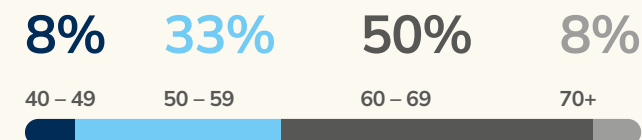
The board aims for a PDI ratio of 50%.

### Gender



The board aims for a female component of at least 30%.

### Age



The national banking regulator, the Bank of Namibia, published a revised "Determination on the Appointment, Duties and Executive Officers of Banking Institutions and Controlling Companies ("BID-1")" in December 2022. The revised BID introduced a limitation on the age of non-executive directors of 70 years, after which the regulator's approval is required for a director to continue serving as a non-executive director. Koos Brandt retired from the board in February 2024, and Gida Sekandi will retire on 31 October 2024, in line with the regulator's approval.



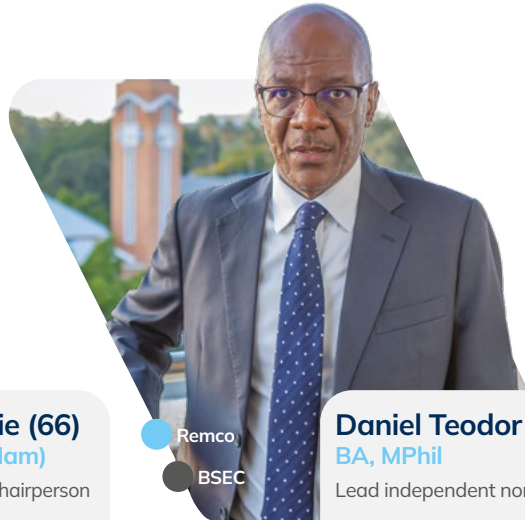
# Summary board member profiles

Full board member profiles are available in the governance report.



- Remco
- Nomco
- GIC

**Daniel Gerhardus Fourie (66)**  
**BCom (Hons), CA(SA), CA(Nam)**  
 Independent non-executive board chairperson  
 Appointed to the board in 2015  
 Appointed as board chairperson with effect from 1 January 2022



- Remco
- BSEC

**Daniel Teodor Kali (55)**  
**BA, MPhil**  
 Lead independent non-executive director  
 Appointed to the board in 2021



- GIC
- GBTIC
- HR
- BSEC

**David Nuyoma (61)**  
**BA(Hons), MA**  
 Group CEO and executive director  
 Appointed to the board in 2024



- GIC

**Jacobus Wynand Brandt (43)**  
**BCom**  
 Non-executive director  
 Appointed to the board in 2024



- HR

**Elizabeth Fahl (64)**  
**Certificates in Human Resources Management, Management Development Programme**  
 Independent non-executive director  
 Appointed to the board in 2021



- GIC (Chair)
- BSEC

**Heinrich Mihe Gaomab II (54)**  
**BCom (Hons), PGDip in Quantitative Development Economics, MSc Quantitative Development Economics**  
 Non-executive director  
 Appointed to the board in 2018





HR (Chair)  
BARCC

**Goms Menetté (57)**  
MBA, PGDip in Management Studies,  
NDip in Business Administration  
Non-executive director  
Appointed to the board in 2018



Remco (Chair)  
BSEC (Chair)

**Gida Nakazibwe-Sekandi (71)**  
LLB, Accredited Public Relations  
Practitioner (APR)  
Independent non-executive director  
Appointed to the board in 2004



GBITC

**Marthinus Johannes Prinsloo (53)**  
BCompt (Hons), CA(SA) Cert.Dir.  
Non-executive director  
Appointed to the board in 2013



BARCC (Chair)  
GBITC

**Dirk Johannes Reyneke (62)**  
BCom, BCompt (Hons), CA(SA),  
NDip in Advanced Banking  
Independent non-executive director  
Appointed to the board in 2017



BARCC  
GBITC (Chair)

**Erna Solomon (62)**  
BSc (Ed), BSc (Hons), MSc, Global  
Executive Development Programme  
Independent non-executive director  
Appointed to the board in 2019



Remco  
Nomco (Chair)  
GIC  
BARCC

**Johannes Jacobus Swanepoel (64)**  
BCom (Hons) (Accounting), CA(SA),  
CA(Nam)  
Independent non-executive director  
Appointed to the board in 1999



# Board social and ethics committee report

As a BSEC, we oversee and provide strategic direction regarding ethics, sustainability, and CSR agenda across the Group.

We have enhanced our ethics capabilities and are pleased with the momentum and engagement around sustainability integration across the Group. Through the Group's CSR activities, including the Capricorn Foundation, we contribute to a better and more equitable society.

## BSEC focus areas for 2024

- > Maintaining and enhancing our ethics programme.
- > Reviewing and monitoring the implementation of the recommendations from the Ethics Institute of South Africa's assessment regarding procurement and ethics risks.
- > Overseeing the implementation of the Group sustainability integration programme and related initiatives.
- > Supporting the Capricorn Foundation in reviewing its strategy, including its response to contributing to the priority SDGs.
- > Monitoring the execution of the Group and subsidiary stakeholder engagement plans.

## Ethics in action 2024

In 2024, we reviewed critical ethics policies, including the Group Whistleblower Policy. Here, we strengthened the protections offered to whistleblowers, including new measures to protect their identities. Our confidential ethics hotline is available to employees and other stakeholders to report unethical behaviour or conduct. Every incident is reported in the ethics reports, which are submitted to BSEC at its quarterly meetings. We continue to build trust in this hotline.

In the Group Code of Ethics and Conduct Policy, we reviewed the ethics around receiving gifts. We discourage receiving gifts and provide guidance in the policy regarding acceptance of gifts in kind. Where it is culturally inappropriate to decline, gifts will be donated to the Capricorn Foundation to support a deserving cause.

Read more about our approach to ethics in our material matters section on page 27.

## Protecting our ethical culture

The Group is continually working to maintain and improve on our ethical culture. The Group's ethics strategy and plan are facilitated throughout the Group by Ethics Champions (the Group CEO and subsidiary managing directors and coordinators). The BSEC monitors the progress against the strategy and plan every quarter.

In 2023, we reviewed the results of a second independent assessment conducted by the Ethics Institute of South Africa. The assessment measured the Group's ethics management and produced an ethics risk profile for each Group entity. Quantitative (surveys to all employees) and qualitative (one-on-one or group interviews) methods were used during the assessment.

The results show that we have made progress with maturing our ethics culture; however, there are areas for improvement.

We continued to monitor the implementation of our ethics training programme, which includes an online course with three modules. We monitor the completion rates across the Group and continue reinforcing the importance of ethics through regular communications.



## Anti-corruption

Capricorn Group is committed to maintaining a culture of high ethical and moral standards, honesty, and opposition to fraud and corruption. As a listed entity, Capricorn Group conforms to the principles espoused in the King IV™ report, which requires a statement by the board confirming compliance with all applicable laws. This includes the Namibian Anti-Corruption Act, 8 of 2003, criminalising corrupt conduct and practices.

We create awareness of anti-corruption through induction training, internal communication and annual conferences held for branch administrators covering anti-corruption. No cases of corruption or bribery were reported or investigated within or against the Group

## Our sustainability integration programme gains momentum

The sustainability integration programme is designed to position the Group to effectively respond to sustainability risks and opportunities, support National Sustainable Development Priorities, contribute meaningfully to our priority SDGs, and facilitate the transition to a low-carbon and climate-resilient economy in alignment with Nationally Determined Contributions and regulations. While we take pride in the substantial progress achieved through our sustainability initiatives, further efforts are necessary to meet our objectives and key results as defined by our sustainability strategic choice and its four focus areas and associated initiatives

## Sustainability risk management

The Group developed a Group Environmental Risk Management Framework in consultation with subject matter experts, which will strengthen our ability to identify, assess and manage material environmental risks, including physical and transition risks.

## Decarbonisation

In October 2023, the BSEC resolved that the Group will align its decarbonisation commitments and goals with the Namibia and Botswana government actions, including commitments, targets and regulatory requirements. The BSEC also decided to disclose its goals, targets, and progress when targets have been set, and quality data is available. In addition, Bank Windhoek is completing a loan book analysis to understand the carbon footprint of lending activities.

## Sustainability opportunities

One of the four focus areas of the sustainability integration programme is establishing a deliberate focus on identifying and pursuing sustainability-related opportunities.

Here, we will benefit from the insights of Justina Alders-Sheya, appointed to the Bank Windhoek board and welcomed the Group BSEC in May 2024. Justina has significant experience in sustainable finance gained at European financial institutions. We believe she will add significant value to BSEC and the organisation through her experience in tapping into the commercial side of sustainability and evolving sustainability reporting requirements.

## Own environmental footprint

A Group-wide sustainability awareness campaign launched in November 2023 was developed in response to the results of a comprehensive sustainability and ESG survey. The feedback indicates a commendable overall understanding of sustainability concepts and identified specific areas requiring training and communication. These gaps are being addressed through an ongoing communications plan. The Group is also exploring an experimental recycling initiative, which will be launched in 2025.

## Contributing to society through CSR

The Group is committed to positively impacting society through its CSR activities and the work of the Foundation. The Foundation focuses on long-term and high-impact projects but also recognises the need to support short-term projects that care for society's most vulnerable. For example, the BSEC is considering how the Group should support communities facing food insecurity due to drought.

This year, the BSEC supported the Foundation in refining its strategy, focusing on assessing its existing SDGs to determine whether they are the best fit for the Foundation. In April 2024, the BSEC and the Foundation board approved the three priority SDGs. Following this approval, management was tasked with refining fit-for-purpose target setting, goals and an impact reporting strategy for each of the three prioritised SDGs. The Foundation board approved eight SDG targets in June 2024 and a recommendation will be made to the BSEC to adopt these eight targets. The Group's CSR Policy will then be amended to reflect the prioritised SDGs and eight targets. SDG champions were selected to refine the objectives, strategy and actions for all targets.

Read more about the Group's CSR activities, including the Foundation, in the social performance summary on page 59 and our 2024 social value report, available online.

## Looking forward

The BSEC will continue to monitor the implementation of the foundation phase and provide strategic direction to the Group's sustainability integration programme.

In 2025, the BSEC will oversee the following focus areas:

- > Implementing the recommendations from the ethics risk assessment conducted during 2024 through the Group's ethics strategy and plan.
- > Overseeing the foundation phase of implementing the Group's sustainability strategy.
- > Overseeing the implementation of the stakeholder engagement strategy in response to the outcome of the comprehensive stakeholder engagement audit report.
- > Overseeing efforts to improve the customer experience and value proposition and adhere to the Bank of Namibia's guidance on customer fairness.
- > The Group and Foundation's performance against its eight SDG targets.
- > The Group's endeavour to procure more goods and services from local providers.

### Guidance on where to find more information relating to BSEC oversight themes

<b>The Foundation</b>	Our stakeholder section from page 14 Social and environmental performance summary from page 59
<b>Ethics and anti-corruption</b>	Our stakeholder section from page 14 Material matters: Conducting business in the right way from page 27
<b>Equality and the prevention of unfair discrimination</b>	Our strategic choices: Choice four from page 39
<b>Social and economic development activities</b>	Our stakeholder section from page 14 Social performance summary from page 59
<b>Environment</b>	Social and environmental performance summary from page 62 Our strategic choices: Choice three from page 36
<b>Equality and the prevention of unfair discrimination</b>	Our stakeholder section from page 14 Material matters: Embedding a customer-centric service culture from page 29

Gida Nakazibwe-Sekandi  
BSEC chairperson



# Remuneration report

This section of the integrated report presents a comprehensive overview of our remuneration practices and policy, which are designed to attract, motivate, and retain the talent necessary to achieve our strategic objectives and create long-term value for our stakeholders.

Our remuneration framework is aligned with principles of fairness, competitiveness, and performance. It reflects our commitment to responsible corporate governance and is structured to support our organisation's sustainable growth. We aim to provide transparency into how our remuneration aligns with our business strategy, performance constructs, and the interests of our shareholders.

The report will detail the components of our remuneration packages, including fixed remuneration, variable incentives, benefits and long-term incentive plans. Each element is carefully calibrated to support our strategic objectives while adhering to market standards and regulatory requirements.

We will further highlight human capital practices and how they relate to the Group's remuneration practices. It will include a future view of initiatives planned within the people space specifically related to remuneration.

This report aims to demonstrate how remuneration practices contribute to the organisation's strategic objectives to drive employee engagement and ensure alignment with our corporate values and stakeholder expectations.

The remuneration report covers our organisational alignment to remuneration practices and the link between the human capital strategy and remuneration and reward.

This report describes our remuneration philosophy and approach and is broken down into the following parts:

- > Part one: Organisational alignment to remuneration practices
- > Part two: Remuneration governance.
- > Part three: Overview of the Group Remuneration Policy.
- > Part three: Future considerations for human capital and remuneration practices.

## Part one: Organisational alignment to remuneration practices

The Capricorn Way is our code for unlocking potential across multiple stakeholder groupings. It combines our beliefs as individuals, team members, and society. The beliefs are anchored in behaviours that reflect our unique culture. It is good practice to review this on a regular basis to ensure that it aligns with the strategic direction. The Group has initiated a process that ensures that our culture remains relevant and that employees can resonate with it as part of the organisational ecosystem.

Read more about The Capricorn Way on page 6.

Our culture is the foundation of our people strategy and informs our people practices, including our reward philosophy. The Group's holistic reward philosophy is comprehensive, encompassing both

monetary and non-monetary elements. It is underpinned by a total reward framework and supporting remuneration practices.

We incorporate King IV principles in our remuneration framework, which ensures that we balance risk optimisation while aligning with our strategy, policies and procedures. Providing fair and responsible remuneration is a crucial principle that our Group continues to embrace. The Remuneration Policy is regularly reviewed to ensure its effectiveness, competitiveness and compliance with regulatory requirements.

Remuneration and reward practices are central to ensuring that talent is attracted and retained, productivity is measured and rewarded, and our employer brand is valued, ultimately leading to engaged employees.

### The key focus areas of the Group's remuneration practices

#### Talent investment

We ensure fair and competitive remuneration to attract high-quality talent. In 2023, we improved our understanding of market pay practices for executives and specialised skills by completing a detailed and targeted benchmarking exercise. We will continue to build on these practices by exploring how scarce skills and resources are remunerated, following a total reward approach.

#### Motivation and productivity

Remuneration packages are linked to performance. An effective remuneration model encourages productivity, enhances performance, and retains talent. The model is informed by Group, business unit, and individual performance data and is further supported by talent information.

#### Brand reputation

Our reward philosophy is an element of our employee value Proposition ("EVP") supported by our strong brand. This area deserves ongoing attention as it is important for employees to understand the dynamic interplay between strategy, purpose and culture and how our brand supports these elements.

#### Employee engagement

Engaged employees are more productive, which impacts business performance. Since the implementation of the Mirror survey in 2017, employee engagement levels have continued to improve. Read more on page 16.





## The human capital strategy and link to remuneration and reward

Apart from the abovementioned elements, we ensure that our human capital strategy is fit for purpose and central to our Group strategy. Acknowledging that human capital practices are part of a larger ecosystem is important. Remuneration and reward practices are essential anchoring points. These practices are embedded in the human capital strategy of the organisation. The following highlights the key strategic human capital focus areas related to remuneration practices for the past year:

### Strategy: Business and individual performance

Understanding the organisation's new strategic direction and focus areas is key for each employee. As we concluded 2024, we renewed our focus on ensuring employees understand the strategic choices, how they translate into objectives and their role in accomplishing the set targets. We have established a stronger connection between business and individual performance objectives, which will be a priority in the new strategic cycle. This involves evaluating individuals' financial and non-financial contributions and setting targets for each employee based on the strategic objectives.

We are embedding robust practices to drive performance. Performance objectives are aligned with the Group and business unit strategic initiatives and business plans. Consistency checks are performed to enhance fairness and ensure contracted objectives are achieved. Performance is centred around achieving business objectives and fostering the organisation's values. The overall performance rating of an individual is also influenced by measuring behaviour through a 360-degree process.

Read more about our strategy on page 30.

### Business objective measurement focus areas



## Diversity, Equity and Inclusion (“DE&I”)

We are incorporating DE&I principles into our organisational DNA. As part of this journey, we provide all employees with equal opportunities and fair remuneration. Our approach involves embedding DE&I into our people practices, emphasising that this is not a programme but an integral part of our culture. We promote equitable remuneration practices, review equity as part of performance and talent data, and provide all employees with robust learning and development opportunities. By enhancing these practices, we aim to attract and retain a diverse workforce, enhance employee engagement and foster a more inclusive and productive work environment.

In 2023, we scrutinised remuneration data, including salary adjustments, promotions, and turnover, through an equity lens to ensure alignment with strategic objectives.

Our DE&I progress is assessed through our annual engagement survey and a dedicated DE&I survey. In 2024, our diversity scores increased, but our inclusivity scores showed a slight decline. A dedicated programme is in place to address inclusivity concerns. We have identified 75 early adopters across the Group to champion various inclusivity initiatives.

### Talent investment approach

As our talent investment strategy evolves, we strive to consistently apply it throughout the employee lifecycle to ensure a positive employee experience. This integration involves connecting talent management with remuneration practices. Our Talent Investment Framework is designed to identify high-potential individuals.

We assess individuals based on five main attributes: attitude, judgement, drive, influence and ambition, in conjunction with their performance. This comprehensive evaluation allows us to develop effective talent retention and development strategies, encompassing both monetary and non-monetary incentives.

This process is well-embedded in the organisation, and the talent strategy will evolve as the organisation matures to ensure that it remains relevant.

### Market relevance

We must ensure that the Group remains relevant from a market pay parity perspective. The Group regularly conducts a benchmarking exercise to assess our remuneration competitiveness. This includes financial and non-financial services industry pay points across the region. The data informs fixed and variable pay adjustments and ensures that practices remain fair and competitive. These practices inform our remuneration philosophy and approach and, in turn, guide policy formation.



## Part two: Remuneration governance

Our policy and practices adhere to regional benchmarks and align with all stakeholder expectations. Remco utilises Bowmans, an independent and objective consultancy, to annually review and advise the Group on remuneration practices and principles. Operating guidelines define appropriate performance conditions for all reward elements, including fixed remuneration, short-term incentives (“STI”), and long-term incentives (“LTI”).

The Group takes a total reward approach when reviewing individual remuneration. This implies that the mix between total guaranteed pay (“TGP”), STI, and LTI is adequately positioned relative to the benchmark data.

Remco governs remuneration. The governance chapter on page 64 discusses the committee's roles and responsibilities.

### Remco focus areas for 2024

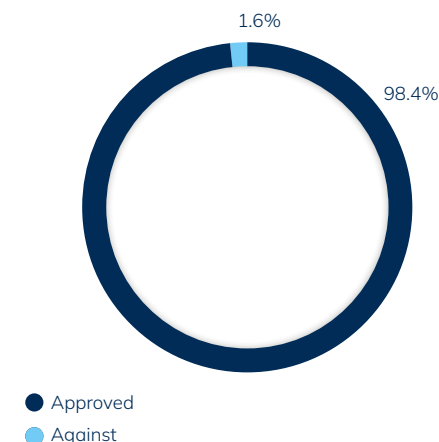
Remco confirms that all stipulated duties have been completed and that it adhered to its terms of reference for the year ending 30 June 2024. The main actions and suggestions of Remco included:

- > The Remuneration Policy's elements, including the STI and LTI operating guidelines and how these awards are allocated, were adopted. The pay mix principles proposed in 2023 were also adopted. This ensured that the practices were fit-for-purpose and adjusted based on market movements to ensure fair and equitable remuneration to support retention.
- > The continued review of the succession across the Group, which profiles both internal and external talent. The aim is to have a talent map that ensures bench strength and will enable us to track internal and external talent, grow and develop internal talent and mitigate risk should vacancies arise.
- > Ongoing support of the DE&I programme and acknowledging the importance of effective remuneration and reward practices to support DE&I. This is further enhanced with a specific focus on equitable pay practices across all employee groups. This annual review is completed across the Group.
- > Adopting leadership capabilities, with a specific focus on mindsets, as a key strategic choice. The human capital ecosystem relies on effective leaders executing the organisation's strategy in a manner that supports employee engagement.
- > Remco provided oversight for the Group CEO recruitment process.
- > Several key subsidiary executives were appointed during 2024 with the involvement and approval of Remco. These appointments were essential to ensure the delivery of the Group's strategy.
- > Daniel Kali, the lead independent non-executive director was appointed as a member of Remco.

### Non-binding advisory vote

At the AGM in October 2023, shareholders were requested to cast a non-binding advisory vote on the Remuneration Policy and the remuneration of the non-executive directors for the 2024 financial year.

**Remuneration Policy voting results  
(% of issued shares)**



The voting results indicate support for the Remuneration Policy. Therefore, no major changes were made to the policy.

Part three of this report reflects the policy implementation for the financial year, allowing shareholders to observe how the Group's stated policies translate into actual outcomes for senior management and executives. As in previous years, shareholders will be requested to cast a non-binding advisory vote at the forthcoming AGM on the Remuneration Policy contained in part three of this report.



## Part three: Group Remuneration Policy

The Group's remuneration philosophy ensures that all employees are rewarded fairly and appropriately. In determining remuneration, Remco and the HR Committee consider relevant market benchmarks while ensuring that sufficient emphasis is placed on pay for performance.

Our human capital practices are supported by a comprehensive remuneration philosophy summarised in our Remuneration Policy. The policy is reviewed biennially to ensure it remains relevant and market related.

All Group entities have consistently applied the policy, with country and sector-specific adjustments where required. We aim to give stakeholders an understanding of how our practices translate into policy and actual outcomes for executives and senior management. This section sets out the policy adjustments and applications for 2024.

### Remuneration guiding principles

The Group's guiding principles for managing remuneration are as follows:

**Total reward:** The Group takes a total reward approach to reviewing individual remuneration. This implies that the TGP, STI, and LTI mix is adequately positioned relative to the benchmark data, as highlighted in part one of this report.

**Pay for performance:** Fair pay as it relates to performance is the cornerstone of the remuneration philosophy. All remuneration practices are structured to clearly differentiate between individuals based on performance.

**Variable pay:** The variable pay component of total reward aligns with seniority (organisational level) as the ability to impact business results increases in relation to the level of seniority. This is reflected in the higher quantum of STI and LTI opportunities for more senior levels compared to junior employees. Benchmark data is obtained on a regular basis, and subsequently, the STI and LTI operating guidelines are updated to reflect market movements relative to variable pay at all levels of the organisations. Variable pay takes performance and talent data into consideration.

**Risk Culture:** Reward plans are structured to discourage excessive risk-taking. Being aware of risks is critical for all employees and is contained in each employee's performance contract. The reward philosophy encourages risk management within the risk appetite set by the board with approved policies and procedures. The policy, therefore, provides for malus and clawback pertaining to these risk elements.

**Consistency and fairness:** The reward philosophy provides a framework that encourages consistency, allows for differentiation where it is fair, rational, and explicable and applies an equity lens to the process. Benchmarking is performed annually using consistent and recognised methodologies to inform remuneration decisions.

**Communication and transparency:** The remuneration philosophy, policy, practices, and processes for determining individual pay levels are transparent and communicated to all employees. Further work is underway to ensure a thorough understanding of pay practices, as this has been highlighted as a priority.

**Malus and clawback:** Where defined events occur, redress against remuneration is provided through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). Malus and clawback provisions and their application are captured in the Remuneration Policy and executed by Remco. In 2024, no instances of malus or clawback were instituted.

The above principles are implemented through various elements of pay to ensure a holistic total reward approach.



## Total reward view: Elements of pay

The table below provides an overview of the elements of pay applicable to Group employees.

Element	Detail	Commentary for 2024
<b>Fixed remuneration (basic salary or TGP)</b>	This is reviewed annually based on performance against contracted output, and we use benchmark data to ensure market-aligned pay. On the senior and executive levels, the Group focuses on a pay progression model where talent is also considered in determining an individual's fixed pay position. The Group focuses on paying between 80%-120% of the compensation (compa ratio) of the market, calculated at the midpoint of the pay range per job level. The pay range of job levels is adjusted yearly based on external market movements and the consumer price inflation index. Employees can structure a portion of their basic pay to suit their circumstances.	Annual remuneration adjustments are affected on 1 September every year, and a rigorous process is applied to determine the quantum of individual increases and variable pay components. During this process, remuneration structures and pay ranges are evaluated and adjusted where necessary relative to market movements.  The Group granted employees in Namibia a 7% annual increase and 8.3% in Botswana to support them in an inflationary environment.
<b>Benefits</b>	Benefits include pension, Group life fund, and medical aid membership. Contributions are made by the employee and the employer for pension funds and Group life benefits. In addition, the Group contributes 100% towards medical aid for non-managerial employees. Benefits may include mortgage bond interest subsidies, housing, car, entertainment, or other allowances, depending on the employee's job level. Company contributions are calculated as part of the employee's TGP.	There were no changes to benefits in 2024.
<b>Variable Remuneration: STI</b>	<p>The short-term incentive aims to align employees' performance. This is a cash-based scheme open to all employees. It aims to align employees' performance with the Group's strategy and motivate and reward employees who outperform the agreed performance measures</p> <p>The policy further makes provision for including both Group and business unit performance as a factor in determining pay-out. A further refinement was done to benchmark the quantum per job level. The allocation of individual pay-outs is based on different levels and predetermined performance hurdles for the Group, each business, and individuals. A detailed model governs the pay-out thresholds per job level as contained in the STI operating guidelines. Remco is mandated to apply certain deferral principles, which was not applied for this financial year. The design and quantum of the annual performance bonus are regularly reviewed against best market practices.</p> <p>The bonus pool is calculated based on consolidated Group profit. The percentage of profit is modified according to Group performance during the year, relative to profit before tax and annual ROE targets. Where company performance is below the threshold level, no bonus pool will accrue for senior management and executives.</p>	An external review was conducted to ensure that the model used and the allocations per job level were still competitive. Adjustments were made to the STI operating guidelines where needed to align with market practices. This aligns the individual's focus with the Group's strategic choices.
<b>Variable Remuneration: LTI</b>	A key element of talent retention is the LTI awards. These include share appreciation rights ("SAR"), conditional shares, or a combination. In instances where retention is required, LTI's are awarded, subject to a vesting condition of continued tenure within the Group. In addition, employees from a specified grade level may participate in the Group's share purchase scheme to purchase Capricorn Group shares at the volume-weighted average price over the previous 12 months with the option of an interest-free loan repayable over nine years. Full ownership of these shares vests after three to five years.	In 2023, an external review was conducted to ensure the job-level allocations were still market-relevant. As a result, adjustments were made to the LTI operating guidelines to align with market practices. No changes were made in 2024, as the principles remain relevant.



## Share Appreciation Reward (SAR) plan

The Group has a formal SAR plan in place as part of the LTI process. No SAR awards were issued in 2024.

Terms	Detail
<b>Purpose</b>	The SAR plan aims to attract, retain, and reward selected employees who can contribute to the Group's future success and strategy. It also stimulates employees' personal commitment and continued service. In addition, the plan promotes and aligns employee interests with the company's shareholders.
<b>Operation</b>	Participants receive conditional SARs, which vest after three years, subject to the satisfaction of the performance condition and continued employment of the participant. After vesting, the SARs may be exercised up to five years after the award date.
<b>Participants</b>	Executive directors, executive managers and selected members of senior and middle management.
<b>Performance period</b>	Three years.
<b>Plan limits</b>	An aggregate limit for the SAR plan, the conditional share plan ("CSP"), and the share purchase scheme: 7.5% of the company's issued shares.
<b>Performance conditions</b>	The performance condition applicable to all awards is the achievement of budgeted cumulative profit after tax and ROE over the performance period. The budget, in turn, reflects the expected outcome of the strategic plans and actions. The vesting period is three years.

## Conditional Share Plan ("CSP")

Terms	Detail
<b>Purpose</b>	To attract, retain and reward selected employees who can contribute to the Group's future and stimulate their involvement, encouraging continued service. Under the CSP, participants receive conditional shares that vest after three years, subject to the satisfaction of the performance conditions over the performance period.
<b>Operation</b>	In some instances, where a retention risk exists, conditional shares that vest after three years and are subject to the participant's continued employment by the Group but are not subject to performance conditions may be awarded.
<b>Participants</b>	Executive directors, executive managers and selected members of senior and middle management.
<b>Performance period</b>	Three years.
<b>Plan limits</b>	An aggregate limit applies between the SAR plan, the CSP, and the share purchase scheme, being 7.5% of the company's issued shares.
<b>Performance conditions</b>	The performance condition applicable to all awards is the achievement of budgeted cumulative profit after tax and ROE over the performance period. The budget, in turn, reflects the expected outcome of the strategic plans and actions.

## Share purchase scheme

The Capricorn Group Employee Share Ownership Trust was established in 2000 to help employees buy Capricorn Group shares. Employee share ownership promotes the Group's continued growth and aligns employees' and shareholder interests.

Shares can be purchased annually through a nine-year interest-free loan. The maximum number of shares employees can purchase on loan varies by job grade. Any dividends declared after purchase accrue to the employee, who can receive the dividend in cash or pay it into the loan account.

## Share benefit Scheme

The Capricorn Group Employee Share Benefit Trust benefits non-managerial employees not at the supervisory level. Since its establishment in 2005, the trust has distributed dividends earned on the shares held by these beneficiaries every year. 204 employees currently benefit from this scheme.

Given the elements highlighted in the remuneration policy, the following indicates the implementation and impact of these policy statements in practice.



## Fair and equitable remuneration

Central to pay practices is the principle that employees at the same level, doing the same work at the same level of performance, need to be rewarded equitably. Three years ago, the Group embarked on a specific benchmarking remuneration analysis to ensure equitable pay across all job levels. Where data suggested areas of improvement, these were addressed.

Excluding any outliers, the Group's gender pay gap median stands at 13%, while the market's is 17%. This indicates that the Group's pay gap is better than market averages. Pay equity will remain a continuous focus of our remuneration strategy.

Several South African organisations have assessed the pay ratio between the top 5% and bottom 5% earners. The Group's ratio of the average pay of the top 5% to the bottom 5% is eight, meaning that the top 5% earn eight times more than the bottom 5%. This ratio encompasses executive management, significantly influencing the 5/5 analysis, and pay ratios can vary considerably across different organisations and sectors.

South African organisations disclosing pay gap data typically report an average ratio of 12. The Capricorn Group is well below that of its South African counterparts. The Group places importance on fairness and equity in its remuneration practices. The lower reported ratio indicates reduced income inequality and implies an equitable distribution across job levels.

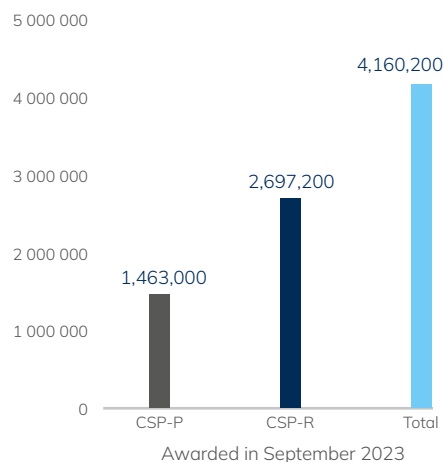
Minimum salaries are continuously reviewed, and salary scales are adjusted accordingly. This is benchmarked to ensure alignment with the market. Salary scales are used to ensure internal parity and are considered as part of the recruitment process.

During 2023, both non-managerial and managerial employees in Namibia received an average of 8% increase in fixed remuneration. These adjustments were linked to performance ratings. This adjustment was above the market benchmark.

## Remuneration paid

Remuneration paid to executive management is disclosed in note 37.9 to the annual financial statements. This comprises remuneration and other employee benefits to the executive management team, which excludes executive directors' emoluments. The executive director did not receive additional fees for services as a director or any emoluments other than those disclosed.

## CSP awards to the key Group management



## Number of shares acquired under the share purchase scheme

The number of shares acquired by employees in the Group's share purchase scheme in November 2023 was 811,696 (November 2022: 512,997). All shares awarded to or purchased by employees under the various LTI schemes were acquired from existing shareholders, and no new shares were allotted by the company for this purpose.

## Dividends paid under the share benefit scheme.

In October 2023, 279 employees were paid dividends totalling N\$3.5 million (October 2022: N\$2.4 million).

## Non-executive directors' fees

Non-executive directors do not participate in any STI or LTI nor employment contracts with the company. The Group reviews their fees annually and submits them to shareholders for approval.

Non-executive director fees reflect the directors' roles and membership of the board and its committees.

The resolution relating to non-executive director fees for the 2025 financial year is in the notice of the AGM, which is available online.

	N\$ annual retainer	N\$ attendance per meeting	No. of meetings
Board of directors	124,400	23,800	4
Board audit, risk and compliance committee	43,000	27,200	4
Group board remuneration committee	21,200	13,600	4
Group board nominations committee	21,200	10,200	4
Group board human resources committee	21,200	10,200	4
Group board investment committee	21,200	10,200	2
Group board social and ethics committee	21,200	17,000	3
Group board information technology committee	21,200	25,500	4

A 75% premium is paid to the chairperson of each of the committees and boards. Furthermore, the independent non-executive chairperson of Capricorn Group Ltd is paid an annual retainer of N\$765,000.

**Remco is comfortable with the consistent application of the Remuneration Policy in 2024, without any deviations and with the policy's successful achievement of its objectives. Continually reviewing the policy and practices is vital to ensure alignment with the Group's strategic direction and market best practices.**



## Part four: Future considerations for human capital and remuneration practices

**“Retention will be a focus, which means prioritising employee benefits around career paths, reskilling and upskilling. We also see employers putting a larger proportion of remuneration budgets into variable rewards, which can be adjusted in line with business performance.”**

- Chi Tran, data business lead at Mercer

The human capital ecosystem must consider multiple dimensions to ensure sustainable change and impact. The forward-looking view for remuneration is centred around the following key themes:

### Leadership capability investment

As part of the new strategic cycle, we embarked on a journey to craft a Leadership Capability Framework that includes mindsets. Leadership capabilities are the bridge between leadership thinking and action and are essential for achieving business objectives and sustainable success. Mindsets shape the behaviours that are essential to business success and building capabilities.

Read more about the Group's strategy on page 30.

### Strategy integration into performance practices

Employees must grasp the organisation's updated strategy. Emphasis will be placed on translating strategy into performance objectives. Employees must understand their role in strategy execution and its links to remuneration and reward. A key change will be the more visible incorporation of sustainability targets into performance contracts. Sustainability is a strategic choice for the organisation and should be reflected in the employees' performance objectives.

### Talent investment

We need to invest in our people across the employee lifespan and value chain. We seek to cultivate an environment that promotes engagement, motivation, productivity, and continuous learning, which all contribute to our growth. Aligning our talent investment strategy with Group strategy is essential to driving sustainable business impact anchored in our organisational culture and leadership focus. An effective remuneration strategy ensures that we have the right reward mechanisms to attract and retain top talent. It's a key element as part of the employee value proposition.

### DE&I

Our vision is to build an inclusive, diverse, and equitable workplace that is rich in diverse leaders and talent. We aim to include more visible DE&I practices in the employee experience to fully leverage DE&I as a source of competitiveness and sustainability. We will create an equitable workplace where

all employees are engaged and feel they belong. This will be achieved through a focus on improving data analysis on people practices and policies based on internal and external customer and stakeholder feedback. If employees are treated equitably, they will treat others the same.

### A focus on culture

The foundation for all people practices is an effective culture that fosters engagement and positive employee experiences. The Group has embarked on a process to review The Capricorn Way and related artefacts, given changes in our world of work and the organisation's future direction. Pending the outcome, further work will be initiated to ensure that we adopt a culture that resonates with the employees, supports inclusivity, creates a positive experience and fosters engagement. This will impact how leadership capabilities are defined, how performance is contracted and how talent is retained and developed. When a company's remuneration strategy aligns with its culture, it can enhance employee engagement and performance. Effective remuneration practices also assist in influencing employee behaviour and driving a high-performance culture.

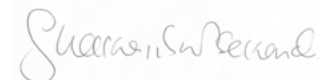
### Remuneration practices

The organisation will drive a total reward process, where collaborative Group-wide practices ensure sustainable success for our stakeholders. We will always focus on fair and equitable practices, balancing affordability and quality of life for all employees. We will refine current remuneration practices, including the pay progression model, rewarding scarce skills resources, and allocating incentives based on Group, business unit, and individual performance while enhancing salary scales to reflect market practices.

As chairperson of the Remuneration Committee, I am pleased to present this final report as my term concludes. Throughout my tenure, our committee has upheld rigorous standards of governance, ensuring executive remuneration aligns with company performance and shareholder interests. I am grateful for the collaboration of my fellow committee members in navigating various complexities and enhancing transparency in our approach to remuneration and rewards.

I extend gratitude to members of executive management for their valuable insights and contributions to inform our discussions and guide our deliberations. We have ensured that our remuneration framework remains robust and aligned with our strategic objectives, emphasising fairness and accountability.

Our framework aims not only to attract top talent but also to foster sustainable growth and shareholder value. Thank you to shareholders and stakeholders for your trust and support. It has been an honour to serve, and I remain dedicated to the ongoing success of our Group.



**Gida Nakazibwe-Sekandi**

Chairperson: Group remuneration committee



# Appendices

## Group shareholding

### Analysis of shareholders on 30 June 2024

Distribution of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
1 – 99	12	0.3%	645	0.0%
100 – 499	150	4.0%	35,722	0.0%
500 – 999	1,058	27.9%	614,684	0.1%
1,000 – 1,999	696	18.4%	823,806	0.2%
2,000 – 2,999	351	9.3%	801,425	0.2%
3,000 – 3,999	147	3.9%	484,049	0.1%
4,000 – 4,999	106	2.8%	455,616	0.1%
5,000 – 9,999	463	12.2%	2,858,949	0.5%
10,000 and above	805	21.2%	512,310,635	98.8%
<b>Total shareholders</b>	<b>3,788</b>	<b>100.0%</b>	<b>518,385,351</b>	<b>100.0%</b>
Namibian residents	3,730	98.5%	515,166,258	99.4%
Non-resident of Namibia	58	1.5%	3,219,093	0.6%
<b>Category</b>				
Corporate bodies	87	2.3%	274,632,871	53.0%
Private individuals	3,532	93.2%	42,611,415	8.2%
Pension funds and medical aid societies	25	0.7%	158,487,919	30.6%
Nominees and trusts	144	3.8%	42,653,146	8.2%

#### Beneficial shareholding of 5% or more

Capricorn Investment Holdings Ltd	43.3%
Including the effective shareholding of Mr JC Brandt	19.2%
Government Institutions Pension Fund	26.9%
Nam-mic Financial Services Holdings (Pty) Ltd	8.0%

Shareholder structure	Number of shareholders	% shareholding
Shares held by the public	3,754	24.5%
Directors' direct and indirect shareholding	8	2.9%
Directors of subsidiaries and executive management's direct and indirect shareholding	22	20.2%
Shareholders holding 10% and more, excluding those held by directors.	2	49.7%
Capricorn Group Employee Share Ownership Trust, excluding those held by directors and executive management	1	2.0%
Capricorn Group Employee Share Benefit Trust	1	0.7%
<b>Total</b>	<b>3,788</b>	<b>100.0%</b>

## Shareholders' diary

Financial year-end	30 June 2024
AGM	30 October 2024
<b>Results</b>	
Announcement of interim results for the half-year ended 31 December 2024	27 February 2025





# Glossary of terms

<b>AGM</b>	Annual general meeting	<b>HR</b>	Human resources
<b>AML</b>	Anti-money laundering	<b>IFRS</b>	International Financial Reporting Standards
<b>ATM</b>	Automatic teller machine	<b>&lt;IR&gt; Framework</b>	The IFRS Foundation's Integrated Reporting Framework
<b>AUM</b>	Assets under management	<b>IFC</b>	International Finance Corporation
<b>BARCC</b>	Board audit, risk and compliance committee	<b>IT</b>	Information technology
<b>Board</b>	Board of directors	<b>King IV™</b>	The King IV Report on Corporate Governance™ for South Africa, 2016
<b>BSEC</b>	Group board social and ethics committee	<b>LISP</b>	Linked investment service provider
<b>CAM</b>	Capricorn Asset Management	<b>LTI</b>	Long-term incentive
<b>CEO</b>	Chief executive officer	<b>NAMFISA</b>	Namibia Financial Institutions Supervisory Authority
<b>Companies Act of Namibia</b>	The Companies Act of Namibia, 28 of 2004	<b>Nasdaq</b>	National Association of Securities Dealers Automated Quotations
<b>CPD</b>	Continuous professional development	<b>NGO</b>	Non-governmental organisation
<b>CSP</b>	Conditional share plan	<b>Nomco</b>	Group board nominations committee
<b>CSR</b>	Corporate social responsibility	<b>NPL</b>	Non-performing loan
<b>CUTM</b>	Capricorn Unit Trust Management Company	<b>NSI</b>	Namibia Standards Institute
<b>DSQ</b>	Determinants of Service Quality	<b>NSX</b>	The Namibian Stock Exchange
<b>Exco</b>	Executive committee	<b>POS</b>	Point-of-sale
<b>EMT</b>	Executive management team	<b>Remco</b>	Group board remuneration committee
<b>ESG</b>	Environmental, social and governance	<b>ROE</b>	Return on equity
<b>Foundation</b>	The Capricorn Foundation	<b>SAR</b>	Share appreciation right
<b>GBITC</b>	Group board information technology committee	<b>SDGs</b>	United Nations Sustainable Development Goals
<b>GDP</b>	Gross domestic product	<b>SME</b>	Small and medium-sized enterprise
<b>GPRO</b>	Group principal risk officer	<b>STI</b>	Short-term incentive
		<b>TGP</b>	Total Guaranteed Pay



# Notes

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---







**#MakePositiveChanges**

**[www.capricorn.com.na](http://www.capricorn.com.na)**

**Connect with us for positive change**

To find out more about Capricorn Group, visit [www.capricorn.com.na](http://www.capricorn.com.na)  
or send an email to [investorrelations@capricorn.com.na](mailto:investorrelations@capricorn.com.na)