

RATING ANNOUNCEMENT

GCR upgrades Bank Windhoek's Namibian and South African issuer long-term ratings to AA_(NA) and A_(ZA) respectively and Capricorn Group's Namibian long-term issuer rating to AA_(NA); Outlooks Stable

Rating action

Ebene, 30 September 2025 – GCR Ratings (GCR) has upgraded Bank Windhoek Limited's Namibian long-term national scale issuer rating to AA_(NA) from AA_(NA). The short-term issuer rating was affirmed at A1_(NA). At the same time, the South African long term issuer rating has been upgraded to A_(ZA) from A_(ZA). The rating outlooks remain Stable.

Rated entity	Rating class	Rating scale	Rating	Outlook/Watch
Bank Windhoek Limited	Long Term Issuer	National	AA _(NA)	Stable Outlook
	Long Term Issuer	National	A _(ZA)	Stable Outlook
	Short Term Issuer	National	A1 _(NA)	--

GCR has also upgraded Capricorn Group Limited's Namibian long-term national scale issuer rating to AA_(NA) from AA_(NA) with a Stable outlook. The short-term issuer rating was affirmed at A1_(NA).

Rated entity	Rating class	Rating scale	Rating	Outlook/Watch
Capricorn Group Limited	Long Term Issuer	National	AA _(NA)	Stable Outlook
	Short Term Issuer	National	A1 _(NA)	--

Rating rationale

The ratings reflect a strong franchise, disciplined governance, adequate capital, and sound funding/liquidity, with stable risk metrics. The principal exogenous swing factor is Botswana's liquidity cycle, negatively impacting Botswana-based Bank Gaborone Limited's (BG) financial profile.

Bank Windhoek Limited

The ratings of Bank Windhoek Limited (BW, the bank) reflect the strengths and weaknesses of Capricorn Group Limited (Capricorn, the Group). BW is a wholly-owned subsidiary of Capricorn and is viewed to be the core operating subsidiary of the Group, representing a material component of total assets and earnings (over 70%). As such, the ratings of BW are equalised to the group's Anchor Credit Evaluator (ACE). The Group has a multi-line model across banking (BW, BG), asset management (Capricorn Asset Management), insurance/micro-lending (Entrepo, Peo Finance), among others; associates add further breadth (Santam Namibia, Sanlam Allianz Namibia, Paratus).

The competitive position is considered strong, supported by leading franchises in Namibia, and credible digital execution. Capricorn's competitive position is anchored by a systemically important Namibian banking franchise (BW), complemented by a growing platform in Botswana (BG) and leading asset manager, Capricorn Asset Management (CAM). Market shares were robust in Namibia at financial year end 30 June 2025 (2025) demonstrated by BW's share of 34.4% of loans and advances (L&A), making it the largest bank in Namibia by L&A, and CAM's unit trust market share which increased to 37.4% (2024: 34.6%). CAM is Namibia's largest asset manager with N\$57.1 billion (\$3.2 billion) of assets under management (AUM), an increase of 22.5% from 2024. In addition, the franchise strength is enhanced by 1) BG's defensive L&A market share of 8.5%, 2) subsidiaries Peo Finance and Entrepo, which are showing steady growth, and 3) associates Santam Namibia, Sanlam Allianz Namibia, Paratus, which optionality and ecosystem breadth. BW has a wide distribution network comprising 51 branches/agencies (2024: 53), 186 ATMs (including self-service ATMs) (2024: 172), 4,416 merchants (plus 243 e-commerce merchants and 5,962 POS devices (2024: 4,745) in 2025.

Capitalisation is adequate. We forecast a GCR capital adequacy ratio (CAR) range of 15% to 17.5% over the next 12 to 18 months, supported by internal capital generation outpacing risk weighted assets (RWA) growth. Capricorn closed 2025 with a GCR CAR of 15.9%, up from 14.1% in 2024, reflecting earnings accretion and disciplined distributions. We view buffers as appropriate for the Group's risk profile and growth plans. Reserve coverage of stage 3 loans was 76.1% in 2025 and is expected to remain strong over the next 12 to 18 months. At operating entity level, BW reported tier 1 and leverage capital ratios of 17.5% (2024: 17.0%) and 12.1% (2024: 11.4%) respectively, reinforcing standalone resilience. The bank recorded profit after tax of N\$1.4 billion, reflecting year-on-year growth of 9.6% and a RoE of 17.6% against the industry average of 19.8% in 2025.

The risk position is ratings positive. The Group and the bank's asset quality remained resilient. Capricorn's gross non-performing (NPL) ratio (including interest in suspense) stayed at 4.7% in 2025, and the credit loss ratio (CLR) improved to 0.6% in 2025 from 0.7% in 2024. These results reflect stronger conditions in Namibia, offset by pressure in Botswana. We view the Group's risk position as balanced as the CLR is consistent with industry norms, and risk appetite remains aligned with capital/liquidity capacity.

At operating entity level, BW recorded a NPL ratio (including interest in suspense) of 4.0% below the industry average of c.5.0% and 11.3% decrease in NPLs in 2025. Segment asymmetry is notable as BG's NPLs rose 40.2%, resulting in a gross NPL ratio (excluding interest in suspense) of 6.8% (2024: 5.4%) in 2025 amidst tightening liquidity. The loan books of BW and BG are somewhat concentrated to the real estate sector at 23.0% and 34.6% respectively in 2025 (2024: 23.3% and 41.1%). That said, concentration by single name exposure is considered low.

The funding and liquidity assessment is ratings positive. Capricorn's liability funding structure is anchored by granular retail/commercial deposits in Namibia and Botswana, with measured wholesale access. The Group maintains a N\$1 billion contingency funding facility, invested in highly liquid South African assets to sidestep local market constraints. The combination of robust liquidity buffers, a diversified funding base, and tested contingencies offsets any concentration to domestic funding pools and Botswana's system pressures. The Group closed the year 2025 with a loan-to-funding ratio of 88.8% (2024: 86.3%). The GCR liquidity ratios are good with liquid assets covering 2.9x of total wholesale funding (2024: 2.6x) and 34.4% of total deposits (2024:

34.3%). At entity level, BW recorded a liquidity coverage ratio (LCR) of 272.0% and a net stable funds ratio (NSFR) of 122.2% in 2025, comfortably exceeding minimum regulatory requirements.

Capricorn Group Limited

Capricorn’s ratings will be 1 notch lower than the group ACE, reflecting structural subordination for non-operating holding companies (NOHC). In GCR’s opinion, being a NOHC, the entity is largely reliant on cash flows and dividends from its operating subsidiaries, which are regulated entities in this case, and regulators could step in to prevent such upstream distributions in a stress scenario.

Outlook statement

The outlook is Stable. We expect the GCR core capital ratio to track 15% to 17.5% in the next 12-18 months. We also expect the Group to continue attracting lower cost retail deposits, and to maintain sound liquidity while the strain in economic conditions may pressurise asset quality in Botswana.

Rating triggers

Upward rating movement could stem from cost of risk below 0.4% and GCR core capital ratio above 20%. Increased market positioning and scale of the Botswana banking subsidiary could positively impact the ratings. The ratings could be downgraded due to 1) cost of risk deteriorating to above 1%; 2) capitalisation below 13%, 3) a deterioration in liquidity beyond GCR’s expectations, or 4) deterioration in asset quality at entity level.

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Related criteria and research

- Criteria for the GCR Ratings Framework, May 2024
- Criteria for Rating Financial Institutions, May 2024
- GCR Ratings Scales, Symbols & Definitions, May 2023
- GCR Country Risk Scores, September 2025
- GCR Financial Institutions Sector Risk Score, August 2025

Ratings history

Bank Windhoek Limited (Namibian Scale)					
Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term Issuer	Initial	National	AA _(NA)	Stable	September 2005
	Last	National	AA _(NA)	Stable	September 2024
Short Term Issuer	Initial	National	A1+ _(NA)	N/a	September 2005
	Last	National	A1+ _(NA)	N/a	September 2024

Bank Windhoek Limited (South African Scale)

Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term Issuer	Initial	National	A _{-(ZA)}	Stable	November 2013
	Last	National	A _(ZA)	Stable	September 2024

Capricorn Group Limited

Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term Issuer	Initial	National	AA _(NA)	Stable	November 2015
	Last	National	AA _{-(NA)}	Stable	September 2024
Short Term Issuer	Initial	National	A1+ _(NA)	N/a	November 2015
	Last	National	A1+ _(NA)	N/a	September 2024

Risk score summary

Rating Components & Factors	Score
Operating environment	12.00
Country risk score	6.00
Sector risk score	6.00
Business profile	1.50
Competitive position	1.50
Sustainability	0.00
Financial profile	1.00
Capital and Leverage	0.00
Risk	0.75
Funding and Liquidity	0.25
Comparative profile	0.00
Group support	0.00
Peer comparison	0.00
Total Risk Score	14.50

Glossary

Asset Quality	Refers primarily to the credit quality of a bank's earning assets, the bulk of which comprises its loan portfolio, but will also include its investment portfolio as well as off balance sheet items. Quality in this context means the degree to which the loans that the bank has extended are performing (ie, being paid back in accordance with their terms) and the likelihood that they will continue to perform.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Credit Risk	The possibility that a bond issuer or any other borrowers (including debtors/creditors) will default and fail to pay the principal and interest when due.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Downgrade	The rating has been lowered on its specific scale.
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
Forecast	A calculation or estimate of future financial events.
Impairment	Reduction in the value of an asset because the asset is no longer expected to generate the same benefits, as determined by the company through periodic assessments.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer Ratings	See GCR Rating Scales, Symbols and Definitions.
Issuer	The party indebted or the person making repayments for its borrowings.
Liquid Assets	Assets, generally of a short term, that can be converted into cash.
Performing Loan	A loan is said to be performing if the borrower is paying the interest on it on a timely basis.
Provision	The amount set aside or deducted from operating income to cover expected or identified loan losses.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Risk Management	Process of identifying and monitoring business risks in a manner that offers a risk/return relationship that is acceptable to an entity's operating philosophy.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Short Term	Current; ordinarily less than one year.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Exchange Rate Source: Central Bank of Namibia \$1.00 = NAD17.79 (June 2025)
- Audited financial results as at 30 June 2025;
- Breakdown of loan book and funding as at 30 June 2025;
- Industry comparative data.
- Other relevant documents

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