

RATING ANNOUNCEMENT

GCR affirms Bank Windhoek's Namibian and South African long-term issuer ratings of AA_(NA) and A_(ZA), respectively, and Capricorn Group's Namibian long-term issuer rating of AA_(NA); Outlook Stable

Rating action

Johannesburg, 29 September 2026 – GCR Ratings (GCR) has affirmed Bank Windhoek Limited's Namibian long-term national scale issuer rating of AA_(NA) and short-term issuer rating of A1_(NA). GCR has also affirmed its South African long-term issuer rating of A_(ZA). The 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 affirmed Capricorn Group Limited's Namibian long-term national scale issuer rating of AA_(NA) with a Stable outlook, and its short-term issuer rating of 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 affirmed ratings on Capricorn Group Limited (Capricorn or the Group) and its core banking subsidiary, Bank Windhoek Limited (Bank Windhoek or BW), reflect the entrenched market position of the Namibian franchise, sound capitalisation and adequate liquidity. These strengths are balanced against a funding profile that remains partly reliant on institutional deposits and the weaker financial performance of Botswana-based Bank Gaborone Limited (BG), reflecting pressure from Botswana's credit cycle.

The analysis reflects the strengths and weaknesses of the wider Capricorn Group. Bank Windhoek is operationally critical to Capricorn, contributing more than 75% of Group assets and earnings. Accordingly, BW's ratings remain equalised to the Group's Anchor Credit Evaluation (ACE).

The competitive position assessment is rating positive, supported by Capricorn's diversified franchise and the strong market positions of its Namibian subsidiaries. The Group operates across banking, asset management, insurance and microlending, with associates further broadening the franchise through Santam Namibia, Sanlam Allianz Namibia and Paratus. At the financial year ended 30 June 2026, Capricorn Asset Management

remained one of Namibia's largest asset managers and the leading unit trust provider, with a 40.2% market share, while Entrepo Finance (a Namibian provider focused on lending solutions for government employees) accounted for about 28% of Namibia's term-lending portfolio. These businesses support franchise depth and earnings diversification. However, the assessment is moderated by weaker performance at Bank Gaborone, whose modest 7.9% share of advances in 2026 (2025: 8.5%), margin pressure and elevated credit risk constrain the Group's regional franchise strength.

Bank Windhoek remains one of Namibia's leading banking franchises, underpinned by a long operating history, strong brand recognition, an established customer base and a diversified product offering. BW reported a 31.5% national lending market share in 2026 and maintains a broad distribution network through its branches and expanding digital channels. The bank has also shown resilience in key product lines within Namibia's banking sector, which is dominated by four banking groups, three of which are subsidiaries of South African banks. GCR views BW's governance profile positively, reflecting a mature framework, effective strategic execution and advanced sustainability integration. We expect BW to maintain its focused regional product strategy while preserving a diversified overall offering.

Capitalisation is adequate. The Group's GCR core capital ratio is expected to remain between 17% and 18% over the next 12 to 18 months, supported by internal capital thresholds and a dividend payout ratio of 30.0% to 40.0%. This range broadly aligns with other leading Namibian banking groups. Conservative loan origination, strong annuity income and the Group's ability to sustain profitability despite challenging conditions in Botswana are expected to keep return on equity at the lower end of the 14.5% to 17.0% range over the next 18 months. At operating entity level, BW reported tier 1 and leverage capital ratios of 18.6% (2025: 17.5%) and 12.0% (2025: 12.1%), respectively, reinforcing its standalone resilience.

The Group's risk profile remains manageable, supported by prudent underwriting and strong governance. Group credit quality weakened in financial 2026, as stronger conditions in Namibia were offset by pressure in Botswana. The gross non-performing loan (NPL) ratio rose to 5.5% from 4.7%, while the credit loss ratio increased to 0.9% from 0.6%. Bank Windhoek's asset quality remained comparatively resilient, with its gross NPL ratio broadly stable at 3.9% (2025: 4.0%) and materially below Bank Gaborone's level of above 13%. We do not expect material deterioration in Group asset quality over the next 18 months, given Capricorn's well-developed risk management framework. However, a credit loss ratio above 100bps could exert negative rating pressure.

Funding remains predominantly deposit-based, supported by an established retail franchise that provides stable funding across the cycle. The Group also maintains a strong liquidity position, with holding-company liquid assets exceeding N\$1 billion and additional buffers across operating subsidiaries. Funding flexibility is supported by BW's established access to domestic debt capital markets, including its sustainability-linked bond programme. However, institutional depositor concentrations continue to constrain the funding profile. While these concentrations are partly mitigated by long-standing relationships, further diversification remains an important medium-term objective. At entity level, BW reported liquidity coverage and net stable funding ratios of 216.3% and 123.4%, respectively, at 30 June 2026 (2025: 272.0% and 122.2%), comfortably above regulatory requirements.

Capricorn Group Limited

Capricorn's ratings are positioned one notch below the Group ACE to reflect structural subordination at the non-operating holding company (NOHC) level. In GCR's opinion, Capricorn is largely reliant on cash flows and dividends from regulated operating subsidiaries, and regulators could restrict upstream distributions under a stress scenario.

Outlook statement

The Stable outlooks reflect our expectation that Capricorn will sustain its entrenched competitive position, resilient asset quality, and sound funding and liquidity profile over the next 12 to 18 months, while Group capitalisation remains at least at current levels. We also expect Bank Gaborone's asset quality and earnings to continue stabilising into financial 2027, following the deterioration recorded in financial 2026.

Rating triggers

Positive rating action could follow a sustained strengthening of the competitive position, particularly in Botswana, alongside maintained or improved Group capitalisation over the next 12 to 18 months. Negative rating action could follow a failure of Bank Gaborone's asset quality and earnings to stabilise into financial 2027, material increase in the credit loss ratio, or limited progress in reducing institutional depositor concentrations.

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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, August 2026
GCR Financial Institutions Sector Risk Score, June 2026

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 2025
Short Term Issuer	Initial	National	A1 ₊ _(NA)	N/a	September 2005
	Last	National	A1 ₊ _(NA)	N/a	September 2025

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 2025

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 2025
Short Term Issuer	Initial	National	A1+ _(NA)	N/a	November 2015
	Last	National	A1+ _(NA)	N/a	September 2025

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) the ratings represent 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 through in-person interaction, online virtual interaction, and electronic and/or verbal communication. The quality of information received was considered adequate and was independently verified where possible. Information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Audited financial results as at 30 June 2026;
- Breakdown of loan book and funding as at 30 June 2026;
- Industry comparative data.
- Other relevant documents

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