



Capricorn Group Limited
1H26 Initial Impression: The Going Gets Tough
March 2026



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Capricorn Group Ltd

1H26 Initial Impression

Current Price (c)

2,632

Year End 30 June	1H24	FY24	1H25	FY25	1H26	Recommendation	
Net Interest Income (N\$ m)	1,471	3,088	1,657	3,399	1,691	NSX Code	CGP
Non-Interest Income (N\$ m)	1,111	2,141	1,290	2,422	1,337	Market Cap (N\$ m)	13.644
Profit after Tax (N\$ m)	828	1,736	1,063	1,993	920	Shares in Issue (m)	518
HEPS (c)	152.4	321	196.8	369.7	167.9	Free Float (%)	27.4
DPS (c)	48	112	61	110	58	52-Week High (c)	2,632
DY (%)	5.7*	5.8	5.9*	5.1	4.5*	52-Week Low (c)	2,076
P/E (x)	5.6*	6.0	5.2*	5.9	7.8*		
P/B (x)	1.1	1.0	1.0	1.0	1.2		

Source: Capricorn Group Limited, IIG Securities
*Annualised

1H26 Initial Impression

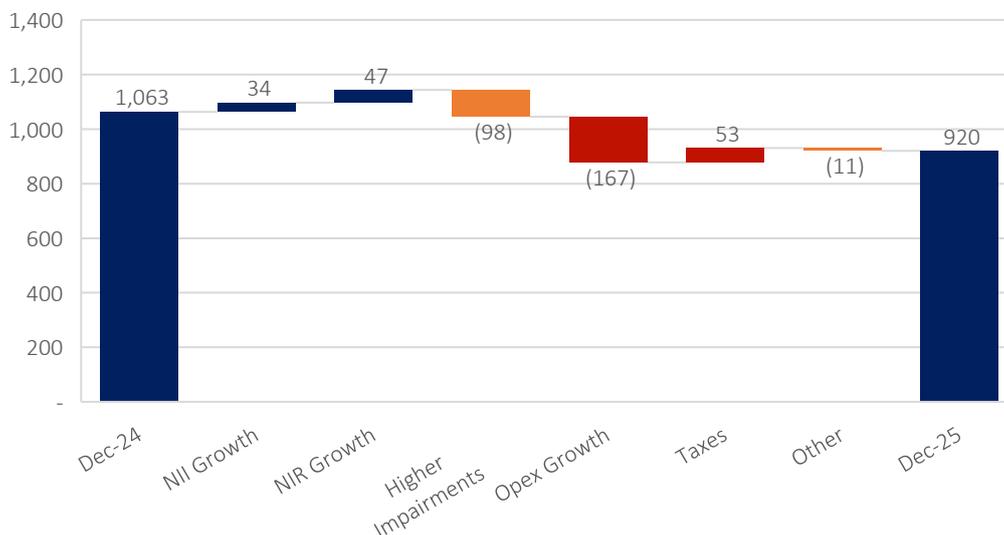
Capricorn Group Ltd (CGP) published results for the six months ended 31 December 2025 (1H26). Profit after tax (PAT) declined by 13.5% y/y to N\$920.0m, earnings were weighed down by elevated credit impairment charges, pressure on net interest margins during the interest rate easing cycle, and a marked rise in operating expenses. The Group reported earnings per share of 167.9 cents, down from 196.8 cents in the comparative period. ROE similarly eased to 15.0% from 19.1%, reflecting lower profitability and reduced efficiency in generating returns for shareholders.

(N\$ million)	1H25	1H26	Δ %
Interest and Similar Income	3,418.1	3,426.0	0.23%
Interest Expense and Similar Charges	(1,760.6)	(1,735.0)	-1.45%
Net Interest Income	1,657.4	1,691.0	2.03%
Impairment Losses	(187.5)	(286.0)	52.53%
Net Interest Income after Impairment losses	1,469.9	1,405.0	-4.42%
Non-Interest Income	1,290.4	1,337.0	3.61%
Operating Expenses	(1,489.8)	(1,657.0)	11.22%
Operating Profit	1,270.5	1,085.0	-14.60%
Share of Associates' Results after Tax	129.8	119.0	-8.32%
Profit before Tax	1,400.3	1,204.0	-14.02%
Income Tax Expense	(336.9)	(284.0)	-15.70%
Profit for the Period	1,063.4	920.0	-13.49%

Source: CGP

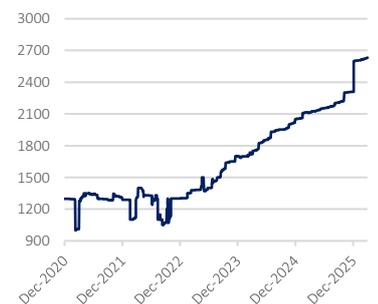
Net Interest Income (NII): NII rose by 2.1% y/y to N\$1.69bn, underpinned by growth of 2.6% in the loan book. However, margins remained constrained amid interest rate cuts in Namibia and higher funding costs in Botswana.

Profit After Tax Growth Breakdown



Source: CGP, IIG Securities

CGP Share Price



Dividends

The Group declared an interim dividend of 58 cents per share, down 4.9% from 61 cents in the prior period.

- Last Day to Trade: 13 March 2026
- Ex-Dividend Date: 16 March 2026
- Record Date: 20 March 2026
- Payment Date: 2 April 2026





0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

Assets and Advances: Total assets expanded by 3.0% y/y or N\$2.11bn to N\$73.43bn, largely driven by a 3.3% y/y or N\$1.36bn rise in gross loans and advances to N\$53.21bn. Term loans grew by 6.1% y/y or N\$1.19bn to N\$20.62bn, contributing the most to this growth. As a comparison, PSCE grew by only 3.9% y/y, reflecting a cautious credit environment, particularly on the household side during the past year. Household credit uptake has been stagnating, with mortgage and overdraft credit showing very limited momentum, signalling ongoing reluctance or inability of consumers to take on new debt.

Impairments and non-performing loans (NPLs): Impairment charges rose to N\$286.0m, up from the N\$187.5m that was recorded during the first half of FY25, driven by an increase in Stage 3 loans across both Namibia and Botswana. NPLs grew by 0.9% to N\$2.6bn, pushing the NPL ratio higher to 4.9%, compared to 4.6% in December 2024.

Non-Interest Revenue (NIR): NIR rose by N\$46.6m or 3.6% y/y underpinned by an increase in net trading income and asset management fees. Net trading income grew by N\$51.0m, representing a 29.6% y/y increase. Asset management fees rose by N\$43.0m, or 35.0% y/y, supported by growth in AUM to N\$63.0bn as at 31 December 2025. Consequently, non-interest income improved to 48.8% of total income, compared to 46.8% in the same period last year.

Deposits: Total deposits grew modestly by 1.1% y/y to N\$52.80bn, supported by increases in demand deposits and term and notice deposits. Demand deposits increased 4.3% y/y to N\$9.16bn, while term deposits grew by 4.5% to N\$14.5bn. NCDs contracted by 13.4% y/y to N\$7.42bn. CGP's capital adequacy ratio strengthened slightly to 18.3%, up from 18.1% in FY25.

Operating Expenses (OPEX): OPEX increased by 11.2% y/y or N\$167.2m to N\$1.66bn, well above Namibia's annual CPI growth of 3.5% y/y over the same period. This was mainly attributable to a 5.3% increase in staff costs, coupled with a 20.8% y/y increase in technology-related spending. Despite costs tracking largely in line with internal budgets, slower revenue growth alongside elevated expenses led to a deterioration in the cost-to-income ratio, which increased from 47.7% to 52.2%.

Our Take

These results point to a business under somewhat pressure rather than one delivering steady underlying momentum. Despite modest asset and loan growth supported by selective demand in term lending, profitability has deteriorated, with ROE declining as well as a cost to income ratio 4.5 percentage points higher. Rising impairments continue to weigh on earnings quality, underscoring a more challenging credit environment, which resulted in PAT declining materially. Combined with a generally subdued national PSCE backdrop, where household credit demand remains weak and broader borrowing momentum is still muted, the bank's performance signals that growth is proving harder to convert into returns.

Conversely, the Bank of Botswana's Monetary Policy Committee (MPC) release on 4 December 2025 indicates that the broader macroeconomic backdrop is beginning to stabilise, with the central bank projecting a gradual recovery and GDP growth of around 3.1% in 2026, supported by improving diamond demand and ongoing reform efforts. Although the interim results make no specific reference to Entrepo, the business may still be impacted by the suspension of the deduction-at-source system, given its relevance to payroll-linked lending. Taken together, these macro-financial dynamics suggest that CGP is operating in a more challenging environment, where strengthening operational efficiency, managing credit risk, and rebuilding earnings momentum will need to be key strategic priorities going forward.

A valuation update will be released following our engagement with management.



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