Capricorn Group Limited
FY25 Initial Impression
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Capricorn Group Ltd

FY25 Initial Impression

Current Price (c) 2218

Year End 30 June	FY22A	FY23A	FY24A	1H25A	FY25	Recommendation	
Net Interest Income (N$ m)	2,337	2,718	3,088	1,657	3,399	NSX Code	CGP
Non-Interest Income (N$ m)	1,669	1,875	2,141	1,290	2,422	Market Cap (N$ m)	11,498
Profit after Tax (N$ m)	1,146	1,580	1,736	1,063	1,993	Shares in Issue (m)	518
HEPS (c)	205	300	321	394	370	Free Float (%)	26.9
DPS (c)	72	100	112	61	171**	52-Week High (c)	2218
DY (%)	5.5	6.8	5.7	5.9*	7.7	52-Week Low (c)	1954
P/E (x)	6.3	5.0	6.1	5.2*	6.0		
P/B (x)	0.9	0.9	1.0	1.2	1.0		

Source: Capricorn Group Limited, IJG Securities

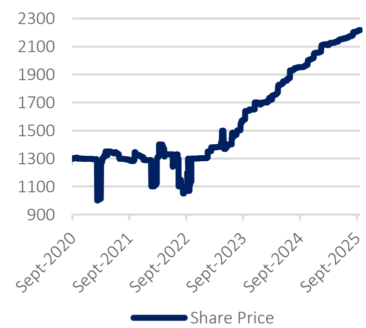
**Annualised*

***Included in DPS figure is the special dividend declared*

FY25 Initial Impression

Capricorn Group Ltd (CGP) released its annual results for the year ended 30 June 2025, reporting a profit after tax of N$1.99 billion. This represents an increase of 14.8% y/y or N$257.2 million. Growth was primarily underpinned by a more cost-efficient funding mix that enhanced net interest margins, alongside strong expansion in non-interest income. Lower impairment charges further supported the improved performance. Headline earnings per share rose 15.3% y/y to 370.0 cents per share (cps) (FY24: 320.7cps), while return on equity (ROE) slightly improved to 18.5% from 18.2% in the prior year. The Group declared a final ordinary dividend of 74cps, bringing the total ordinary dividend for FY25 to 135cps – a 20.5% y/y increase from the 112cps in FY24. In addition, a special dividend of 36cps was declared, resulting in the total dividend for the year amounting to 171cps.

CGP Share Price (c)



(N$ million)	FY24	FY25	Δ %
Interest and Similar Income	6,675.2	6,786.0	1.7%
Interest Expense and Similar Charges	(3,587.1)	(3,387.0)	-5.6%
Net Interest Income	**3,088.1**	**3,399.0**	**10.1%**
Impairment Losses	(328.5)	(315.0)	-4.1%
Net Interest Income after Impairment losses	**2,760.0**	**3,084.0**	**11.8%**
Non-Interest Income	2,141.4	2,422.0	13.1%
Operating Expenses	(2,742.9)	(3,040.0)	10.8%
Operating Profit	**2,158.1**	**2,466.0**	**14.3%**
Share of Associates' Results after Tax	195.1	211.0	8.2%
Profit before Tax	**2,353.2**	**2,677.0**	**13.8%**
Income Tax Expense	(617.4)	(684.0)	10.8%
Profit for the Period	**1,735.8**	**1,993.0**	**14.8%**

Source: CGP

Dividends

CGP declared a final ordinary dividend of 74 cents per share, complemented by a special dividend of 36 cents per share.

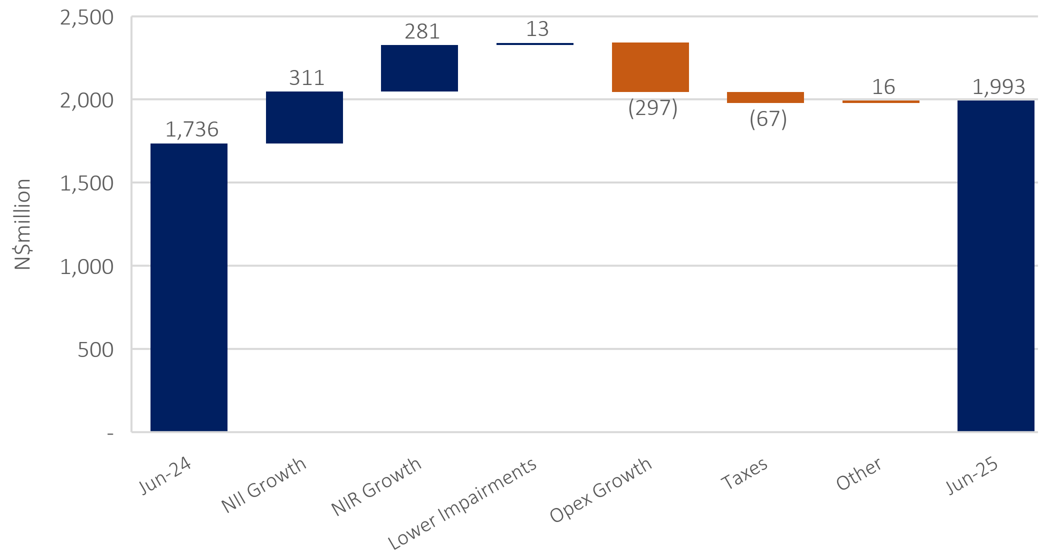
- Last Day to Trade: 03 October 2025
- Ex-Dividend Date: 06 October 2025
- Record Date: 10 October 2025
- Payment Date: 24 October 2025

Net Interest Income (NII): Despite the prevailing low-interest rate environment, CGP delivered a 1.7% y/y increase in interest income to N$6.79 billion. Strategic optimisation of its funding mix helped reduce interest expenses by 5.6% y/y to N$3.39 billion, driving a 10.1% y/y rise in NII to N$3.40 billion. Consequently, the Group's net interest margin expanded to 5.0% in FY25 from 4.8% in FY24, though it remains below FirstRand Namibia's 5.8% for the same period. Notably, growth in the deposit book was achieved without a corresponding rise in interest expenses, underscoring CGP's disciplined cost management. However, within the Group, Bank Gaborone's net interest margin narrowed to 4.3% in FY2025 from 5.1% in FY24, despite reporting an increase of 13.8% y/y in its net interest income.

Non-Interest Revenue (NIR): Benefiting from its diversified operations and investments, CGP recorded a 13.1% y/y increase in NIR, which rose to N$2.42 billion. This performance was driven primarily by higher transaction-based fee volumes, particularly across digital channels. The Group also reported strong growth in assets under management, with assets under management rising by 22.5% y/y to N$57.1 billion (FY24: N$46.6 billion) and asset management fees following suit and increasing by 23.4% y/y. In addition, the net insurance service result strengthened by 17.8% y/y, supported by new business inflows.

Operating Expenses (opex): Opex rose by 10.8% y/y to N$3.04 billion, largely driven by staff and technology costs, which together account for the largest share of expenditure at 63.2% and 9.8%, respectively. Staff costs grew by 10.8% y/y (N$167.8 million) to N$1.72 billion, while ongoing investment in digital infrastructure pushed technology costs up by 21.3% y/y to N$267.0 million. Despite these increases, CGP demonstrated strong cost discipline, improving its cost-to-income ratio to 49.5% (FY24:50.0%) – a level below that of Standard Bank Namibia, but higher than FirstRand Namibia.

Profit After Tax Growth Breakdown



Source: CGP, IJG Securities

Assets and Advances: Total assets increased by 2.7% y/y or N$1.94 billion to N$72.52 billion, supported mainly by growth in loans and advances, as well as cash and cash equivalents. Gross loans and advances expanded by 3.6% y/y to N$52.48 billion, though this trailed PSCE growth of 5.6% y/y – a trend also reflected at FirstRand and Standard Bank Namibia. Cash and cash equivalents, representing 10.6% of total assets, rose 21.3% y/y (N$1.35 billion) to N$7.69 billion. Growth in gross loans and advances was primarily underpinned by a 4.1% y/y increase in term loans to N$19.14 billion and a 13.9% y/y rise in instalment finance, adding N$724.2 million.

Impairments and NPLs: CGP's impairment charges declined by 4.1% y/y to N$315.0 million, supported by improved economic stability in Namibia. By contrast, Bank Gaborone – CGP's subsidiary – recorded an increase in impairment charges, largely reflecting the impact of declining diamond prices on the macroeconomic environment. NPLs rose marginally N$2.44 billion resulting in a NPL ratio of 4.7% - which remained steady since FY24.

Deposits: Total deposits rose by 2.0% y/y to N$52.90 billion, supported by strong growth in current accounts, which increased by 7.3% y/y (N$1.01 billion) to N$14.89 billion. As the lowest-cost source of funding, current accounts contributed positively to the expansion of CGP's net interest margin. Demand deposits also posted robust growth of 10.2% y/y to N$10.12 billion, providing another relatively low-cost funding source compared to NCDs and credit cards. By contrast, NCD balances contracted by 24.7% y/y or N$2.45 billion to N$7.47 billion, further reinforcing margin improvement. CGP's favourable funding mix not only supported a stronger net interest margin but also lifted ROE. CGP further strengthened its capital position, with its capital adequacy ratio improving to 18.1% (FY24: 17.9%).

Our Take

Capricorn Group delivered a strong performance in FY25, underpinned by a more cost-efficient funding base, disciplined cost management and diversified income streams. The Group achieved double-digit growth in profit-after tax and headline earnings, while improving key profitability metrics such as ROE and the cost-to-income ratio. This positions CGP well to sustain growth and competitiveness in Namibia's financial services sector. However, Botswana's struggling diamond sector poses uncertainty for Bank Gaborone's financial performance, and this risk will need to be carefully monitored.

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