

**INTEGRATED
ANNUAL REPORT**

18

HIGHLIGHTS



Recipient of the Deloitte Platinum Seal of Achievement in recognition of the attractiveness of the organisation, its commitment to its people and consistent achievement of excellence.

Awarded second place in the large size category of Deloitte's annual "Best Company To Work For" survey in Namibia in 2017.



1st Place winner: 2018 PMR diamond arrow award – Most innovative Company/Institution in Namibia.



Trustco was honoured with Royal status and was placed in the Top 10 of the Sunday Times Top 100 companies of the JSE for the 3rd consecutive year. Royal status is awarded to companies who have consistently placed in the Top 20 positions.



Trustco and Riskowitz Value Fund entered into a historic and ground breaking sale of shares agreement in terms of which Trustco disposed of 20% of the issued share capital of Legal Shield Holdings for the amount of NAD 1.2 billion.



Trustco received an internal preliminary exploration results and estimates report related to Meya's resource from SRK Consulting (Canada) Inc, on 29 June 2018, indicating that both the hurdle components have been achieved with the exploration work done to date i.e. a Resource Statement of at least 3 million carats and/or a Resource Statement of at least USD 1 billion valued at international market price.



Me ya, a 51% held subsidiary of Trustco, discovered the 30th largest diamond globally, the 476 carats Me ya Prosperity Diamond, on the 9th of November 2017.

HIGHLIGHTS



SHARE PRICE

117%



TOTAL ASSETS

21%



NET CASH

107%



NET ASSET VALUE

67%

2018 REVENUE CONTRIBUTION

(percentage)

Banking
and
finance

19

Resources

34

Insurance and its
investments

47

100%

WHAT WE DO

Trustco is a diversified dual listed financial services group that invests and operates in sustainable high growth assets in emerging markets. Trustco operates from three business segments being

- Insurance and its investments
- Resources and
- Banking and finance

GROUP STRUCTURE

THE GROUP HAS THREE BUSINESS SEGMENTS



WHAT WE DO

NAVIGATION TOOLS



GROUP PROFILE



**FINANCIAL
PERFORMANCE**



**ADDITIONAL
INFORMATION**



**INSURANCE AND ITS
INVESTMENTS**



RESOURCES



BANKING AND FINANCE



INCUBATOR



SHARED SERVICES



STAKEHOLDERS



CORPORATE GOVERNANCE



SHAREHOLDERS



INCREASE



DECREASE



REMAINS THE SAME



GO ONLINE



INDICATOR

ABOUT THIS REPORT

SCOPE AND BOUNDARY

The 2018 integrated annual report addresses Trustco's shareholders and present the group's business performance, ambitions and strategy in a balanced and objective way according to international best practises.

This report includes the sustainability report and an accurate account of the group's financial and operational performance for the period 1 April 2017 to 31 March 2018.

This integrated annual report is prepared under the guidance of the International Integrated Reporting Framework which has been adopted by the board. In addition, it conforms to other international and local statutory and reporting frameworks, including the Listings Requirements (LR) of the JSE Limited (JSE) and the Namibian Stock Exchange (NSX).

The audited annual financial statements (presented separately) were prepared in terms of the International Financial Reporting Standards (IFRS) and comply with the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council, in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa, as amended, as far as it is applicable.

All of these reports are available on the group's website at www.tgh.na

In keeping with a global consensus to preserve the environment, only a limited number of reports will be made available in print.

The full report is available online as a pdf at www.tgh.na

MATERIALITY

Trustco defines materiality as both financial and non-financial information, to what it considers to be of material interest to

current and prospective investors and any other stakeholder who wishes to make an informed assessment of the ability of the group to generate value over the short, medium and long term. Any informative and material information after 31 March 2018 has been included and is identified in the report where applicable.

EXTERNAL ASSURANCES AND APPROVAL

It is the responsibility of the board of directors to ensure the integrity of the integrated annual report. The board, assisted by the audit and risk committee, approved this report and has taken steps to ensure the integrity of its content.

Trustco has adopted a combined assurance framework with the aim of optimising, coordinating and integrating assurance, provided by both internal and external assurance providers on risk areas facing the group. Combined assurance oversight and monitoring from internal assurance providers includes the board and the relevant board committees, executive and senior management as well as the internal audit function. External assurance providers include oversight from the external auditors, the JSE and NSX sponsors.

Trustco also appointed external auditors to assist with the internal audit function in the group. PwC was appointed in respect of the banking and finance segment, KPMG in respect of the Sierra Leone operations and EY in respect of the rest of the group.

The annual financial statements were audited and signed by the external auditors, Moore Stephens and BDO Namibia. Apart from the group auditors, additional external audit firms provided external assurance to the board, being Moore Stephens International in respect of the Sierra Leone and Mauritius operations, Deloitte in respect of the banking and finance segment and BDO Namibia for the remaining Namibian operations.

STATEMENT OF THE BOARD OF DIRECTORS OF TRUSTCO GROUP HOLDINGS LIMITED

The board, supported by the relevant board committees, acknowledges its responsibility to ensure the integrity of the contents of the integrated annual report. The board has applied its collective mind to the integrated annual report and is of the opinion that the report addresses all material issues and matters and fairly presents the group's integrated performance. The board unanimously approved this report and authorised its release.

ADV RAYMOND HEATHCOTE SC
CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

DR QUINTON VAN ROOYEN
GROUP MANAGING
DIRECTOR AND CEO

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CHAIRMAN'S REPORT



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MANAGING
DIRECTOR'S REPORT



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CHAIRMAN OF THE
AUDIT AND RISK
COMMITTEE'S REPORT



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BOARD OF DIRECTORS



22

DIRECTORATE

01



CHAIRMAN'S REPORT



AS THE INDEPENDENT CHAIRMAN OF THIS DUAL LISTED COMPANY IN THIS COUNTRY THE SAYING: **"AGAINST ALL ODDS"** COMES TO MIND . . .

ADV RAYMOND HEATHCOTE SC

If Namibia were any other country and if Trustco was just another company, then yes, the current economic contraction would certainly be a depression, and not what is now generally accepted as a mere recession.

"NAMIBIA TODAY IS NO LONGER A TODDLER. IT IS A NATION, SELF ASSURED, FULL OF CONFIDENCE, CONFIDENT OF ITS CAPACITY AND ABILITY TO MOULD ITS DESTINY. WE ENSURED THE ENTRENCHMENT OF DEMOCRACY IN ALL ITS FACETS IN OUR COUNTRY. WE ARE STILL MAKING SIGNIFICANT STRIDES IN OUR EFFORTS TO BRING ABOUT SOCIAL JUSTICE." STATE OF THE NATION ADDRESS, 23 JUNE 1992 – FOUNDING FATHER, DR S NUJOMA

The founding father is correct when he states that Namibia has never demanded entitlement or expected pity or aid from international investors and the development community. Similarly, Trustco is not demanding investment, we are earning it. After all, we are walking tall as an independent nation and our aim should be to rather become the first choice for foreign investors and a preferred destination of investment and developmental capital. Trustco, as a group, aspired towards this target, making this a reality for ourselves this year. Through initiatives guided by the board and spearheaded by management, we can claim we've managed to reach our target, albeit battled and bruised. We never wavered and will never waver, because Trustco does not have a history or reputation of giving up in the face of adversity. Trustco has over the last year secured the inflow of more than NAD 1.45 billion through international transactions alone, and maintained itself as a model for other Namibian businesses to follow.

"LET US RESOLVE TO LOOK OUT FOR ONE ANOTHER IN THIS HOUSE AND NOT HARM ONE ANOTHER, OR OUR VISITORS." PRESIDENT OF THE REPUBLIC OF NAMIBIA, H.E DR HAGE G GEINGOB

His Excellency, President Geingob's words must be echoed. However, Namibians amongst themselves, have allowed social media to become a platform for abuse. Trustco stands for and advocates freedom of speech. That right has its limitations. If we abuse the right, we may become an unattractive destination and investors might see us as unappealing. If we cannot work together to solve what ails our nation, we cannot expect international capital to take risks we seem unwilling to take ourselves? We need true democrats to back up and strengthen institutions so that our national problems can be resolved.

"I HAVE SAID IT BEFORE, AND I WILL SAY IT AGAIN, WE MUST ALWAYS STRIVE TO ENSURE THAT NO NAMIBIAN CITIZEN IS LEFT BEHIND IN OUR DEVELOPMENT EFFORTS." FORMER PRESIDENT, HIFIKEPUNYE POHAMBA

Trustco agrees with His Excellency, the former President of Namibia, Hifikepune Pohamba. Trustco is one of those institutions and the group has led the charge towards economic empowerment for its employees and the community

CHAIRMAN'S REPORT

in which it operates. Trustco promotes and enables all employees with one year of service to become shareholders, so that each employee can share in the risks and rewards of the group's success. Over the past 5 years, the growth in the share price has made many an employee a great deal wealthier, and the board can see how this has affected morale and earnestness in tackling the group's mission of wealth creation. This second least densely populated country is cognisant of the fact that no one can operate as an island, but must cultivate a cohesive culture where all have to work together to achieve our national and international status and commitments.

"WE HAVE SET OURSELVES IDEALS THAT WE MUST FOREVER UPHOLD, NAMELY PURPOSEFULNESS, PERSEVERANCE AND A STRONG DESIRE TO WIN. HOWEVER, OUR PEOPLE SHOULD NOT ONLY HOPE FOR MORE JOBS TO BE CREATED FOR THEM. WE NEED TO BE MORE PROACTIVE AND PARTICIPATE AS ENTREPRENEURS, NOT ONLY AS WORKERS, IN OUR ECONOMY. HARD AND HONEST WORK WILL NOT DO US ANY HARM; INSTEAD, WE WILL BE REWARDED FOR OUR TENACITY AND DILIGENCE." COMMEMORATION OF CASSINGA DAY, 4 MAY 1998 - FOUNDING FATHER, DR S NUJOMA

Trustco also ensures that employees share the fruits of labour by paying a dignified wage and by developing employees like none other. Trustco's wage policy was expanded to the construction division and has now set a new standard for blue collar workers in Namibia. The board implores other businesses to follow our leadership and make a dignified wage a basic condition of employment across the country. Trustco's Top 40 leadership development program also strives to provide elected employees further opportunities by creating a platform to empower them.

"WHERE THERE IS A WILL, THERE IS A WAY, AND WE HAVE THE WILL. WE SHALL SUCCEED. I AM SAYING THIS WITH PROFOUND CONFIDENCE AND BOLDNESS BECAUSE OF WHAT WE ACHIEVED SINCE THE BEAUTIFUL AND PROMISING DAWN OF OUR POLITICAL INDEPENDENCE ON 21 MARCH 1990." STATE OF THE NATION ADDRESS, 30 APRIL 1999 - FOUNDING FATHER, DR S NUJOMA

It is not only the lives of its employees that Trustco enhanced this year. The board was of the opinion that we needed a more varied, more diverse set of independent non-executive members, and in consultation with management launched a successful, albeit heated campaign for their recruitment. Trustco received 63 applications for the board member position, most of whom were a very large number of young successful Namibian individuals with strong leadership qualities, impressive curriculum vitae, but who unfortunately mostly lacked the required boardroom experience for a company of this magnitude.

With this need identified, Trustco subsequently decided to provide Namibians with the opportunity to grow, to be challenged and to be empowered. The group therefore established a junior board, consisting of only Namibians, to empower these young individuals. Both staff members and non-executive candidates were selected as junior board members and will gain experience at the highest levels of corporate governance. Trustco believes that this initiative will be part of our solution to train and empower the next generation of leaders.

Let us take our eyes off our feet struggling in the mud on the road to prosperity and look at the horizon where success and good, compassionate behaviour will only be reached by putting one foot in front of the other. Namibians, as corporate citizens and we, as board members, must first rise to the challenge and focus more on rewarding success and outlive the bad by creating more good. With a newly empowered board, Trustco will never deviate from its destiny to support the Namibian nation, but in every country it operates in we aim to reach the greatest heights, because Trustco does not crawl when it can run.

► SECURED NAD

1.45

BILLION IN CAPITAL

through international transactions alone.

ADV RAYMOND HEATHCOTE SC
CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR



MANAGING DIRECTOR'S REPORT



THE ABC...

ABOUT TRUSTCO

All successful entrepreneurs dared where angels fear to tread. These pioneers exist because of individuals who are prepared to place their wealth, credibility and trust of investors on the line, mostly to benefit the societies they operate in. They are selfless, driven by a sense of urgency, personal sacrifice and the ultimate reward, because they are one with the society they live in. However...

ABOUT AUDITORS

Auditors seem to exist to keep entrepreneurs on the straight and narrow, yet they too often focus on risk avoidance only, on wealth preservation instead of wealth creation. It is a treacherous road towards economic complacency, an irrational fear of growth exacerbated by fear of losing what you have already gained. This is the reason why major audit firms have spectacularly failed the credibility test in recent years. Without great risk, there can be no reward. Trustco's ultimate goal has always been empowerment through wealth creation in order to narrow the income gap, and certainly not wealth retention for the few that accelerates inequality. The focus of the entrepreneur and the auditor should be on improving rather than proving, as it is more value accretive over time.

ABOUT BANKING AND FINANCE

Trustco believes that banking should be demystified, that financial independence should be a right of all Namibians, and that the financial market remains far too unserved by the current participants. We will therefore apply ourselves single-mindedly towards improving financial access and financial literacy for all Namibians. As such, Trustco Bank received capital and applied it by financing mortgage loans, while continuing to develop systems for participation in the national payment stream. With the first EFT processed just a few days ago, the group has also been granted both unit trust and asset management licenses during the past year, and we hope to leverage the opportunities they afford us in enabling all Namibians to share in the Trustco investment machine.

ABOUT DEVELOPMENT

Trustco has always remained ready, waiting for the moments of opportunity, to seize it when it comes, and to be part of the Namibian transition back to hope from the edge of despair. But, while waiting for these moments of opportunity, we don't sit still – rather, we embrace and develop new opportunities during the wait, taking those risks to develop far greater future rewards. Because bad times are always followed by the good times. It's the main reason why we have a dedicated incubator division – to sieve through the sands of the desert to unlock the diamonds of opportunity therein.

ABOUT EDUCATION

With the Namibian government striving towards providing a broader and better suited education for all, our long distance education institution, IOL, not only increased its graduates by 112%, but also launched a vocational training centre. Education, as we say, is the greatest equalizer, and will prove crucial in developing Namibia.

ABOUT ENTREPRENEURS

All new businesses, no matter the size or whether a success or failure, are started by a special breed of resolute men and women. They endure no matter what naysayers may mutter about their innovative ideas. Those with endurance perform better, because their eyes remain fixed upon their beliefs to always improve and impact on the lives of others, to create value for all those that surround them. They are truly special and I salute them. To those that use and bestow the title of entrepreneur and innovator on themselves and use it as camouflage to deceive and defraud because they feed on greed, I hold them in contempt. Like the enemy at the gate they cast suspicion and question the risk takers and wealth creators of this world. If you only create value for yourself and have no desire to share with the rest of humanity, you should not taint the reputations of those that rose higher by dragging either their efforts or achievements down to the level of failure. To call that entrepreneurship is abuse and hide the failures of the weak and unsuccessful.

ABOUT THE FAMILY AND SUCCESSION

As it goes with Trustco, so it goes with the family. As an exception rather than the rule, the family opted to forfeit its management and surety fees to the amount of NAD 61.5 million earned during the reporting period, as the group did not reach board agreed targets. This was done as a gesture to show the family's confidence in the business and the decisions taken to ensure future growth. The family will always provide its support, at its cost and when justified in the opinion of the family, to Trustco whenever it is needed. This year also allowed us the opportunity to further develop and strengthen Quinton Jr's role as Deputy CEO, which he has grown into and performed admirably. My interest is hereby declared. I am confident that proper succession is in place to counter any unexpected challenge and eventuality that may happen. Quinton Jr has demonstrated the ability to identify the best talent, skills and experience and mould it into a cohesive team to vigorously pursue the Trustco ethos of wealth creation and empowerment. Quinton Jr just have one big disadvantage – he's got a Quinton Sr occasionally looking over his shoulder.

ABOUT FUNDERS

All funders are not created equal, but are valued equally. Our funders are our partners in sustainable wealth creation and they remain eager to be part of Trustco's plans going forward. With our wealth addition to their portfolios continuing apace, we've entered into talks to restructure covenants that are by now obsolete and are an obstacle to the continued wealth creation they and our shareholders have become accustomed to. We remain eager to engage the future with willing partners by our side, exploring every opportunity together that we can capitalize on.

ABOUT GOVERNMENT

Namibia remains fortunate to have a government that is responsive and prudent and is taking action to restore the damage done to our economy while maintaining our international reputation of good governance and a principled, unaligned stance towards the rest of the world. I am confident, out of my prior experience, that government will

MANAGING DIRECTOR'S REPORT

stay the course of its transformation agenda that is mainly private sector friendly and allows entrepreneurs to flourish and will even strengthen the bonds between private and public sectors for the common good. The government, after all, exists to serve the people of Namibia, not the other way around.

ABOUT INSURANCE

The insurance segment has been providing its unique service in promoting social justice for all Namibians for more than 17 years now. In the wake of the landmark transaction concluded with Riskowitz Value Fund, management in this segment has been devising and developing strategies to expose the business to more investors in the future which will inevitably see this segment opening up to the wider Namibian and international market. It will allow for investors to concentrate their funds to where their mandates dictate. The properties in this segment's portfolio is undervalued due to IFRS in my opinion, and I intend to rectify this as soon as possible under established guidelines.

ABOUT INTELLIGENCE

Intelligence to my mind is the ability of individuals to pre-empt expected outcomes and predict the behaviour of people even before it happens. It is a characteristic I try to develop not only amongst my senior management, but it is also what I admire most of my trusted advisors on the board.

ABOUT LEADERSHIP

Trustco's performance would not have been possible without the exemplary guidance and experience of our board of directors as well as the executive team that managed to stay the course and steer the group on its path to prosperity. Our new board members had an immediate positive impact, showing their mettle, and I expect their contribution to realise fully in the years ahead. The high value of Jabu has been confirmed by the high calibre of the board members that succeeded him.

ABOUT THE NAMIBIAN ECONOMY

Namibia finally saw an end to the drought that had plagued the country for so long and saw a resurgence in the agriculture industry, while the Bank of Namibia finally managed to wrestle inflation back under control and the man on the street could breathe slightly easier as food inflation decreased once again. Compared to the previous economic downturns of 1993 and 2009, Trustco has withstood bigger waves as the bigger boats on the high seas faces stronger storms. Trustco, as always, remained vigilant and with

fortitude born from experience, is armed to wait for or create moments of opportunity, ready to seize them when the time comes.

ABOUT SOCIAL MEDIA

The new combined media division flexed its muscles into one cohesive behemoth this year, and managed to retain its position as the leading source of Namibian news on social media (especially *Informanté* with more than 330 000 followers). In many ways they determined the tone of the national discourse on key issues, while turning the phenomenon of fake news to their advantage with well researched and factual reporting.

ABOUT SOCIAL MEDIA USERS

The media division was also successful with more effective and factually enlightening the ordinary individual reader about Trustco's strategy and successes in the face of an onslaught of mostly fake and semi-literate analysts and commentators that abuse social media platforms. It exposed questionable agendas on social media platforms that remains known only to themselves and their like-minded and equally financially-illiterate cabal.

ABOUT RESOURCES

In Namibia, Trustco has received a Preparedness to Grant Application for a Mining Licence Notice from the Ministry of Mines and Energy, while the Meya operation in Sierra Leone entered the ring with a bang! The unearthing of the Meya Prosperity Diamond, a 476 carats diamond, was a big diamond in the rough, while our normal exploration activities continued unabated, with results that have been extremely positive, returning high grades in sample results.

ABOUT RISKOWITZ VALUE FUND

In a first-for-Namibia transaction, Riskowitz Value Fund acquired 20% of Legal Shield Holdings, the owner of Trustco's profitable insurance and property investments, for N\$1.2 billion. The investment injected much needed liquidity into the Namibian economy, which Trustco then deployed into high return opportunities, including the funding of Trustco Bank, increasing the group's diamond mining capacity and bolstering the balance sheet. We appreciate the continued support of Riskowitz Value Fund as a long term anchor shareholder. Their dedication to fundamental research and the long term prospects of Trustco serves all stakeholders with an interest in the success of the business well.

ABOUT SUPPORTING STAKEHOLDERS

Trustco's ultimate mission has always been sustainable wealth creation over time for our stakeholders and this year our market capitalisation finally supports that. Starting the year with a market capitalisation of NAD 3.119 billion, we ended with it at NAD 7.237 billion. To all our other stakeholders, customers, friends and investors who joined us on our journey towards sustainable wealth creation, thank you. It would not have been possible without your support.

ABOUT TRUSTCONIANS

To my stalwart employees, who endlessly toil to deliver the performance demanded of them, I salute you. It warms the cockles of my heart that you continue to consider Trustco "The Best Company To Work For" and I will continue to support you, like you have supported Trustco throughout the years. Remember my eternal pledge to you; No employee will ever have to surrender his or her job as a result of poor management decisions or inaction.

ABOUT THE UNIVERSE, LIFE AND EVERYTHING THAT MATTERS

We sometimes just live life, but I think just living should never be enough. We should never stop fighting against the darkness that threatens to let us lose our way. We need constant vigilance against the loss of hope and despair. I remain confident in the group and its stakeholders' ability to weather these storms, to cast our hopes and dreams into reality and propel us into a future of wealth creation for all. We have shown our mettle and are battle hardened. The future is all around us and we have a record of pouncing on opportunity that will always be born in the transition of what was, towards what should be.

Trustco will continue to be a responsible corporate citizen and a champion of improved service, added value, distribution of wealth, dignity and justice for all. We will surely stand to guarantee the reputation of Namibia and its immense growth and investment potential which Trustco will always be ready to support and unlock for the common good and the added wealth to its stakeholders, which is Namibia and the world.



DR QUINTON VAN ROOYEN
GROUP MANAGING DIRECTOR AND CEO



CHAIRMAN OF THE AUDIT AND RISK COMMITTEE'S REPORT



THE CULTURE OF GOOD GOVERNANCE AND **ETHICAL BEHAVIOR** IS MOULDED INTO THE ETHOS OF THE COMPANY

WINTON GEYSERS

Trustco's operations are as diverse as its risks are myriad. The operations are varied from insurance to banking to resources, each with its own associated audit requirements, risk management and regulatory requirements. The ARC has set itself up in such a way as to encompass each and every associated risk in the group and comply with every audit requirement for each operating segment, ensuring that for every risk identified, it could act to mitigate and limit the group's exposure should it occur.

The ARC operates in the following segments:

- The insurance segment, which has two separate ARC's, one for Trustco Life (which included its investments) and the other for Trustco Insurance
- The banking and finance segment, which operated under Trustco Bank
- The Trustco Group Holdings Limited (Trustco) ARC and
- The Trustco ARC had oversight over the resources segment during this reporting period.

Each segmental ARC escalated significant items to the Trustco ARC for notification, review, approval, oversight or rulings.

"NEARLY ALL MEN CAN STAND ADVERSITY, BUT IF YOU WANT TO TEST A MAN'S CHARACTER, GIVE HIM POWER." ABRAHAM LINCOLN, 16TH PRESIDENT OF THE USA

With the ARC having ultimate responsibility for overseeing and ensuring the proper governance of the auditing, risk and compliance function, it implemented a number of changes. The most important was the identification of the need to implement an Auditors Rotation Policy to ensure the ongoing independence of the group's auditors. On the ARC's recommendation, the Auditors Rotation Policy was approved on the 9th of March 2018 by the board, and subsequently Moore Stephens replaced BDO South Africa as the external auditor of Trustco. BDO Namibia remained the external auditor of the Namibian operations (excluding the banking and finance segment) and also rotated the engagement partner at BDO Namibia. Subsequent to the reporting period BDO Namibia also rotated Deloitte for the banking and finance segment as external auditor to ensure ongoing independence. The internal audit function was cosourced between the internal audit department and EY as the independent internal auditor for the group (excluding the banking and finance segment, where PwC acted as the internal auditor). Subsequent to the reporting period EY was appointed as internal auditor for the banking and finance segment, while PwC was appointed as the internal auditor for the Sierra Leone operations.

CHAIRMAN OF THE AUDIT AND RISK COMMITTEE'S REPORT

"WITH EACH NEW DAY IN AFRICA, A GAZELLE WAKES UP KNOWING HE MUST OUTFRONT THE FASTEST LION OR PERISH. AT THE SAME TIME, A LION STIRS AND STRETCHES, KNOWING HE MUST OUTFRONT THE FASTEST GAZELLE OR STARVE. IT'S NO DIFFERENCE FOR THE HUMAN RACE. WHETHER YOU CONSIDER YOURSELF A GAZELLE OR A LION, YOU HAVE TO RUN FASTER THAN OTHERS TO SURVIVE." MOHAMMED BIN RASHID AL MAKTOUM, RULER OF THE EMIRATE OF DUBAI

The other main function of ARC also includes the management of risk of the group. For Trustco, this turns out to be quite complex, with the ARC needing to consider risks ranging from insurance to banking to resources. The ARC satisfied itself on the risk profile, risk tolerance and the risk management that is required for each operating segment.

Stakeholders can rest assured that through thorough deliberation, the ARC obtained a clear understanding of its strengths and weaknesses, its risk profile and of the group's internal control management systems. It continuously monitored the risk tolerance of the group during the reporting period and implemented safety measures to ensure that the risk tolerance of the group is not exceeded. Any identified weaknesses were dealt with immediately.

"THE TRUTH IS RARELY PURE AND NEVER SIMPLE." OSCAR WILDE, IRISH POET

Subsequent to the reporting period, a longstanding member of ARC resigned. I have previously said that it is imperative for every ARC member to have in depth financial knowledge as well as the ability to apply business experience into practical application, and can only applaud the level of expertise serving on this committee. I believe that the newly appointed ARC members will contribute greatly and continue to provide the expert-level balance between risk and reward our stakeholders expect of us.

The ARC has on an ongoing basis assessed the effectiveness of the control framework and, obtained information from management as well as from the internal and external auditors as part of this process. ARC continuously tested management as well as the internal and external auditors on any assessment they made.

A culture of good governance and ethical behaviour is moulded into the ethos of the company and, as ARC, we constantly challenge management to prove that beyond a reasonable doubt. We can attest that both are present and intertwined into the being of the company, to the highest possible level.

If being a good corporate citizen is the minimum requirement, Trustco and this ARC work tirelessly to not only meet, but consistently exceed that goal to remain an industry leader. As chairman of the ARC I can enthusiastically congratulate the company for actively pursuing good governance, cultivating a culture of excellence and at all times being transparent.



WINTON GEYSER
CHAIRMAN OF THE AUDIT
AND RISK COMMITTEE AND
INDEPENDENT NON-EXECUTIVE DIRECTOR

BOARD OF DIRECTORS



ADV RAYMOND HEATHCOTE SC (53)



WINTON JOHN GEYSER (58)



RENIER JACOBUS TALJAARD (58)



KRISTIN NAETT VAN NIEKERK (45)

(Appointed 26 April 2018)



PROF LANA JOY WELDON (45)

(Appointed 26 April 2018)



DR QUINTON VAN ROOYEN (53)

BOARD OF DIRECTORS



FLOORS JACOBUS ABRAHAMS (43)



QUINTON ZANDRE VAN ROOYEN (32)



JABU MAHLANGU (50)

(Resigned on 22 April 2018)

BOARD OF DIRECTORS



ADV RAYMOND HEATHCOTE SC (53)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 29 September 2010

QUALIFICATIONS

BA

LLB

ROLE AT THE COMPANY

- Chairman of the board of directors of Trustco Group Holdings Ltd
- Chairman of the nomination committee of Trustco Group Holdings Ltd

EXPERTISE AND EXPERIENCE

Adv Heathcote is an admitted attorney of the High Court of Namibia and was an acting judge of the High Court of Namibia in 2005, 2007, 2009 and 2011. Several of his judgments have been reported in both the Namibian and South African Law Reports. Adv Heathcote is a member of the Society of Advocates and was honoured by being appointed as senior counsel in 2009. Adv Heathcote served as the president of the Society of Advocates.



WINTON JOHN GEYSER (58)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 29 September 2010

QUALIFICATIONS

BCompt

BCompt (Hons)

CA (SA)

ROLE AT THE COMPANY FOR THE REPORTING PERIOD

- Member of the board of directors of Trustco Group Holdings Ltd
- Chairman of the audit and risk committee of Trustco Group Holdings Ltd
- Member of the remuneration and nomination committee of Trustco Group Holdings Ltd
- Chairman of the board of directors of Trustco Life Ltd
- Member of the audit and risk committee of Trustco Life Ltd
- Chairman of the remuneration and nomination committee of Trustco Life Ltd
- Chairman of the board of directors of Trustco Insurance Ltd
- Member of the audit and risk committee of Trustco Insurance Ltd
- Chairman of the remuneration and nomination committee of Trustco Insurance Ltd

ROLE AT THE COMPANY AFTER THE REPORTING PERIOD

- Member of the board of directors of Trustco Group Holdings Ltd
- Chairman of the audit and risk committee of Trustco Group Holdings Ltd
- Chairman of the board of directors of Trustco Life Ltd
- Member of the audit and risk committee of Trustco Life Ltd
- Chairman of the board of directors of Trustco Insurance Ltd
- Member of the audit and risk committee of Trustco Insurance Ltd
- Member of the board of directors of Trustco Bank Namibia Ltd
- Member of the audit and risk committee of Trustco Bank Namibia Ltd
- Member of the remuneration and nomination committee of Trustco Bank Namibia Ltd
- Chairman of the board of directors of Legal Shield Holdings (Pty) Ltd

EXPERTISE AND EXPERIENCE

Mr Geyser is a member of the South African Institute of Chartered Accountants. He held the position of assistant manager at the audit firm Deloitte, Haskins and Sells (now Deloitte) and later joined their financial management services division where he provided accounting assistance, taxation and estate planning to a number of individuals and companies. Since then he has performed consultancy work and has held various senior positions. Mr Geyser currently holds the position of group managing director of Epic Holdings (Pty) Ltd and various other directorships in Namibian companies.

BOARD OF DIRECTORS



RENIER JACOBUS TALJAARD (58)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 5 July 2012

QUALIFICATIONS

BEcon

FCII

FIISA

ROLE AT THE COMPANY FOR THE REPORTING PERIOD

- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd
- Chairman of the remuneration committee and member of the nomination committee of Trustco Group Holdings Ltd
- Member of the board of directors of Trustco Life Ltd
- Chairman of the audit and risk committee of Trustco Life Ltd
- Member of the remuneration and nomination committee of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd
- Chairman of the audit and risk committee of Trustco Insurance Ltd
- Member of the remuneration and nomination committee of Trustco Insurance Ltd

ROLE AT THE COMPANY AFTER THE REPORTING PERIOD

- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd
- Chairman of the remuneration committee and member of the nomination committee of Trustco Group Holdings Ltd
- Member of the social and ethics committee of Trustco Group Holdings Ltd
- Member of the board of directors of Trustco Life Ltd
- Chairman of the remuneration and nomination committee of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd
- Chairman of the remuneration and nomination committee of Trustco Insurance Ltd
- Chairman of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

Mr Taljaard has vast experience, of more than 27 years, in both the short and long term insurance industries. After completing his FCII studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance and Trustco Life. He served on the board of Trustco Insurance from 2000 to 2006, was appointed to the board of Trustco Group Holdings in 2012 and to the board of Trustco Insurance and Trustco Life as an independent non-executive director in 2013.



KRISTIN NAETT VAN NIEKERK (45)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

South African Citizen

APPOINTED 26 April 2018

QUALIFICATIONS

BA

LLB

MA International Studies and Diplomacy

AWARDS

Admitted as an attorney to the High Court of South Africa

2002: Admitted as an English Solicitor

2009: Admitted as an attorney in New York including the Southern District of New York

2016: Member of the Financial Services Board RE5

ROLE AT THE COMPANY AFTER THE REPORTING PERIOD

- Member of the board of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd
- Member of the remuneration and nomination committee of Trustco Group Holdings Ltd
- Chairperson of the social and ethics committee of Trustco Group Holdings Ltd
- Member of the board of Trustco Life Ltd
- Chairperson of the audit and risk committee of Trustco Life Ltd
- Member of the board of Trustco Insurance Ltd
- Chairperson of the audit and risk committee of Trustco Insurance Ltd
- Member of the board of directors of Legal Shield Holdings (Pty) Ltd

EXPERTISE AND EXPERIENCE

Ms van Niekerk, a British, South African and German citizen, is employed as Head of Legal and Compliance at Allianz Global Corporate and Specialty Africa, a position she has held since July 2013. Ms van Niekerk holds a BA LLB from the University of Natal and a Masters in International Relations from the School of Oriental and African Studies (University of London). She is a qualified lawyer admitted in South Africa, England and Wales and New York.

BOARD OF DIRECTORS



PROF LANA JOY WELDON (45)

INDEPENDENT, NON-EXECUTIVE DIRECTOR
South African Citizen
APPOINTED 26 April 2018
QUALIFICATIONS
B Com (Accounting)
B Compt Hons CA(SA)
RA
MBA

AWARDS

- 2014: Presented at SAAA Eastern Cape Regional Conference
- 2015: Presented at African Accounting and Finance Association PhD Colloquium
- 2017: Presented at University of Fort Hare TLC Colloquium
- 2005-2007: Chaired the Border Kei District Association of SAICA
- 2005-2007: Served on SAICA Southern Regional Council
- 2003-2012: Served on SAICA Training Requirements Committee
- 2007-2012: Served on SAICA Black Trainees sub-committee
- 2009: Served on the Southern African Accounting Association (including a term as President)
- 2012: Served on the International Association for Accounting Education and Research Council

ROLE AT THE COMPANY AFTER THE REPORTING PERIOD

- Member of the board of Trustco Group Holdings Ltd
- Appointed as lead independent director of the board of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd
- Member of the board of Trustco Bank Namibia Ltd
- Chairperson of the audit and risk committee of Trustco Bank Namibia Ltd
- Member of the remuneration and nomination committee of Trustco Bank Namibia Ltd

EXPERTISE AND EXPERIENCE

Professor Weldon, a South African citizen is currently employed as an associate professor and head of subject for Governance and Auditing at the University of Fort Hare. Professor Weldon holds a B Com Accounting (Rhodes), a B Compt Hons (Unisa), a MBA (Edinburgh Business School) and is currently reading for a PhD at Nelson Mandela University. Professor Weldon is a South African Chartered Accountant, has completed the Alternative Exchange Directors Induction Program, is currently completing the chartered director (IODSA) qualification and is a registered assessor (SAICA).



JABU MAHLANGU (50)

INDEPENDENT, NON-EXECUTIVE DIRECTOR
South African Citizen
APPOINTED 4 February 2013
RESIGNED 22 April 2018
QUALIFICATIONS
BCom (Acc)
BCompt (Hons)
CTA and CA (SA)

ROLE AT THE COMPANY

- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd

EXPERTISE AND EXPERIENCE

Mr Mahlangu completed his articles with PricewaterhouseCoopers (PwC) in 1996. He joined the Office for Serious Economic Offences in 1998 and in 2000 returned to PwC where he was appointed as head of the PwC Forensic Services practice in Gauteng and was later admitted as a partner in 2002. Mr Mahlangu further excelled by starting his own company, Ligwa Advisory Services, and has a diverse client base. He has performed audit and forensic related assignments internationally and in addition carried out various statutory appointments.



ATTENTION

Mr Mahlangu resigned as director of the board after serving as an independent non-executive director of Trustco group Holdings Ltd for more than five (5) years.

BOARD OF DIRECTORS



DR QUINTON VAN ROOYEN (53)

EXECUTIVE DIRECTOR AND GROUP MANAGING DIRECTOR

Namibian Citizen

APPOINTED Acquired Trustco in 1992

QUALIFICATIONS

Bluris

LLB

DBL (Honoris Causa)

Business Leadership and Entrepreneurship (IUM)

AWARDS

2003: Voted "Business Communicator of the Year"

2007: Voted second "Most Admired Business Personality of the Year"

2012: Voted Top 10 "Most influential individuals in Namibia" – The Villager newspaper

2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry

2015: NMA Newsmakers Awards - winner of the entrepreneurs category

2016: PMR Africa - diamond arrow award for outstanding service and contribution to economic growth and development of Namibia

EXPERTISE AND EXPERIENCE

Dr van Rooyen's business acumen, skill and leadership are the determining factors that transformed the group into a successful dual listed entity. His creative approach to life makes the mundane extraordinary. He has a fearless attitude towards challenges that makes him an easy leader to follow. His talent and passion is to create products and services that are sustainable, socially responsible and that will yield extraordinary wealth for stakeholders by harnessing opportunities in Namibia and throughout Africa. Dr van Rooyen wholeheartedly believes that the full potential of Africa is yet to be realised and that change is the spice of life.



FLOORS JACOBUS ABRAHAMS (43)

EXECUTIVE DIRECTOR AND GROUP FINANCIAL DIRECTOR

Namibian Citizen

APPOINTED 22 August 2006

QUALIFICATION

BCom

EXPERTISE AND EXPERIENCE

Mr Abrahams completed his articles in 1999. During this period he accumulated experience in the financial sector and serviced various client audits. Mr Abrahams was appointed as group financial manager of Trustco in 2000 and subsequently group financial director in 2004. Mr Abrahams assumed the role of group treasurer in 2013. He was re-appointed as group financial director on a full time basis in 2017.



QUINTON ZANDRE VAN ROOYEN (32)

ALTERNATE DIRECTOR TO THE GROUP MANAGING DIRECTOR AND DEPUTY CEO

Namibian Citizen

APPOINTED 16 March 2016

QUALIFICATIONS

BCom (Law)

LLB

AWARDS

2014: Ranked the "Fittest Man in Africa" at the CrossFit Games held in South Africa

2014: Ranked 42nd in the international Reebok CrossFit Games "Fittest on Earth"

2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry

EXPERTISE AND EXPERIENCE

Mr van Rooyen joined Trustco in 2010 after the completion of his studies with the main purpose to gain experience in the group. Showing a natural flair for business he soon thereafter took up a position within the finance and education divisions in 2011. He specialised in the determination and execution of strategy, including focusing on and developing acquisitions within the division. Mr van Rooyen was appointed as head of the Namibian operations in 2013 and subsequently appointed to serve on various boards of subsidiaries within Trustco. In November 2014 he took charge of the insurance and investments segment and following his success therein was appointed as head of group business in October 2015. He currently holds the position of deputy CEO of the group and act as alternate director to the group managing director.

VISION AND MISSION



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GROUP STRUCTURE



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GROUP STRATEGY



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BUSINESS MODEL



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OUR FOOTPRINT



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OUR HISTORY



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GROUP PROFILE

02

VISION AND MISSION

OUR VISION

With our roots firmly in Namibia and our reach extended into the rest of Africa and the emerging markets beyond, we seek to generate above average growth over time to create wealth for our shareholders, customers and employees while impacting positively on society and our planet.

OUR MISSION

We provide efficient and dynamic services to the industries we operate in, ensuring responsible and sustainable growth that will have a positive impact on society and our environment. We embrace technology to facilitate innovative and affordable solutions in each of our segments. We are accountable to all stakeholders to deliver value and sustainable returns on their investments. We value our employees and recognise their intellectual value and commitment as an important component of our success.

GROUP STRUCTURE

THE GROUP HAS THREE BUSINESS SEGMENTS



GROUP STRATEGY



CORPORATE ACQUISITIONS

The group spends a fair amount of time and effort identifying new opportunities through integrated thinking. Businesses that are capable of a positive incremental increase to earnings per share are considered with a view to potential synergistic relationships within the group. Corporate acquisitions remain part of our DNA and a proven strategy for growth



PRODUCT AND BUSINESS SYNERGIES

In isolation each business contributes incrementally to profitability, but in concert, opportunities abound



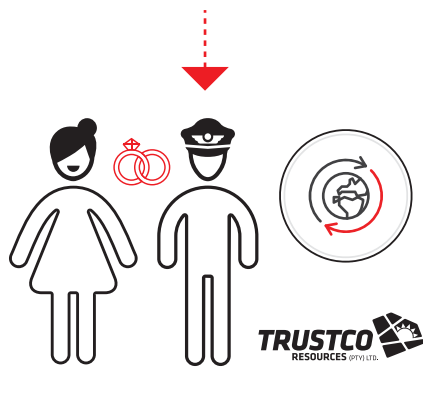
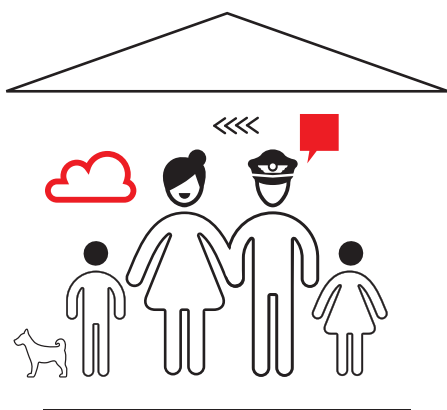
INCREASING MARKET SHARE WITH INNOVATION AND DIGITALISATION

Efficiency, accessibility and customer service drive speed and impact when looking to access the market whilst ensuring optimal outcomes of performance for all stakeholders, including employees and society at large. Management is constantly looking at reviewing the efficiency and sustainability of existing businesses in the group

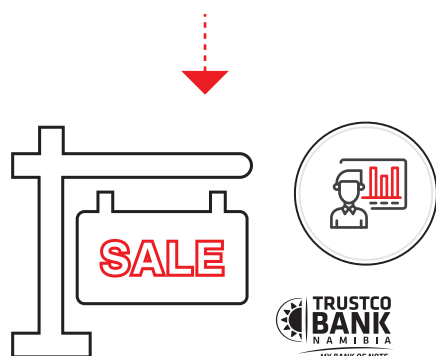
BUSINESS MODEL

IMPACTING ONE NAMIBIAN LIFE AT A TIME.

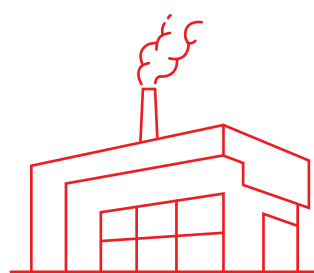
Meet the “Van Wyk” family, your typical Namibian household with two kids and a dog named Rex.



Mr and Mrs van Wyk recently got married after a very romantic proposal from Mr van Wyk with a diamond mined, cut and polished by Trustco Resources.



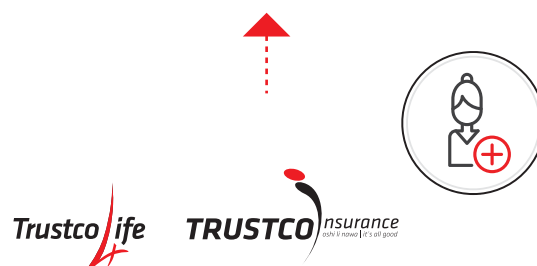
Mr and Mrs van Wyk both have personal bank accounts at Trustco Bank. Mr van Wyk realised his dream of owning his own business with a SME loan from the bank. With a flourishing business, the Van Wyks also applied for a mortgage loan as first time homeowners, being such loyal clients with an outstanding credit record, the loan was granted.



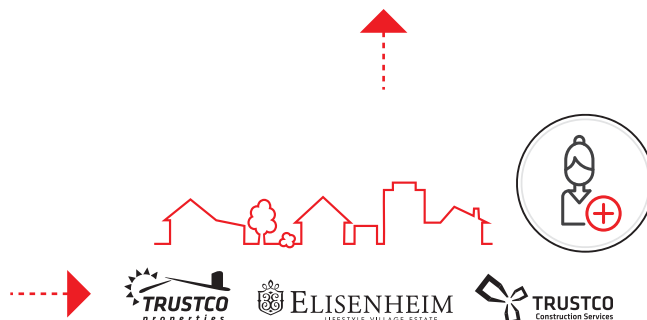
TRUSTCO BANK
NAMIBIA
MY BANK OF NOTE

Lafrenz Park
HERBOTH'S

With new opportunities for expansion arriving for industrial and residential developments at Trustco's Lafrenz Park and Herboth's respectively, Mr van Wyk engaged Legal Shield to guide the process for him to enter into a joint venture to build a storage facility and truck depot, both of which were funded through a commercial loan from Trustco Bank.

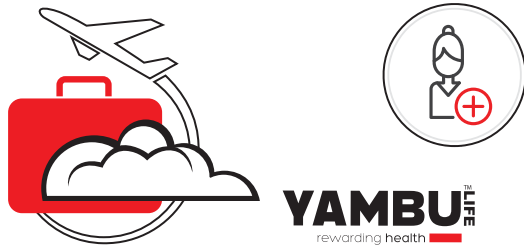


The Van Wyk family took out insurance policies structured to suite their specific needs. Legal insurance cover through Next Generation Legal Shield, business insurance through Business Shield, as well as hospital and disability cover, income protection and life cover for their entire family. The Van Wyks also received legal assistance with the drafting of their will and antenuptial agreement.



The Van Wyks bought their first home at the Elisenheim Lifestyle Estate, a gated community sought after by young families and investors alike. With their mortgage loan and the assistance of Trustco Construction Services, the Van Wyks were able to build the house of their dreams.

BUSINESS MODEL



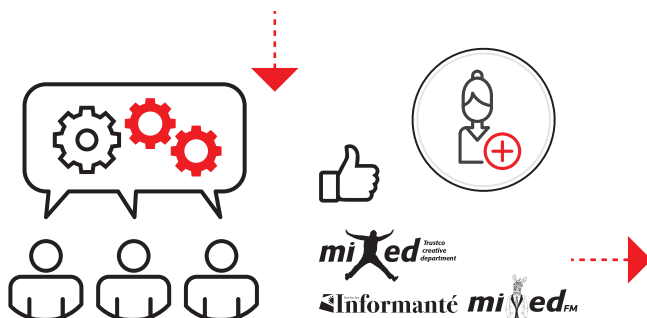
As an up and coming entrepreneur, Mr van Wyk regularly travels with Trustco Air Services' luxury charter planes to his nationwide business operations. Mr van Wyk's South African based businesses also receive legal and business coverage under the South African legal insurance product, Yambu Legal.



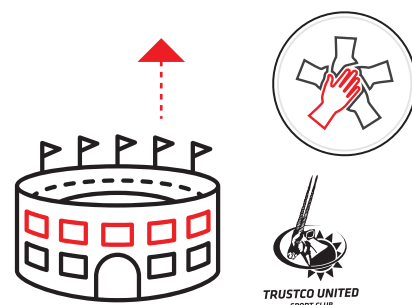
The Van Wyks children expressed a need to further their studies and Trustco's long distance learning facility afforded them with not only the necessary tutelage, but also with financial assistance from Trustco Finance. The Van Wyks daughter went on to study graphic design and their son pursues a qualification in HR. Their son remains hopeful to apply for a position in the shared services segment of Trustco when he graduates. After all, it is one of the "Best Companies To Work For" in Namibia! Both aspire to one day be selected as members of the group's prestigious Top 40 employees.



Mr van Wyk is one of Trustco's 3554 shareholders, whose wealth grew by 742% in the last five years.

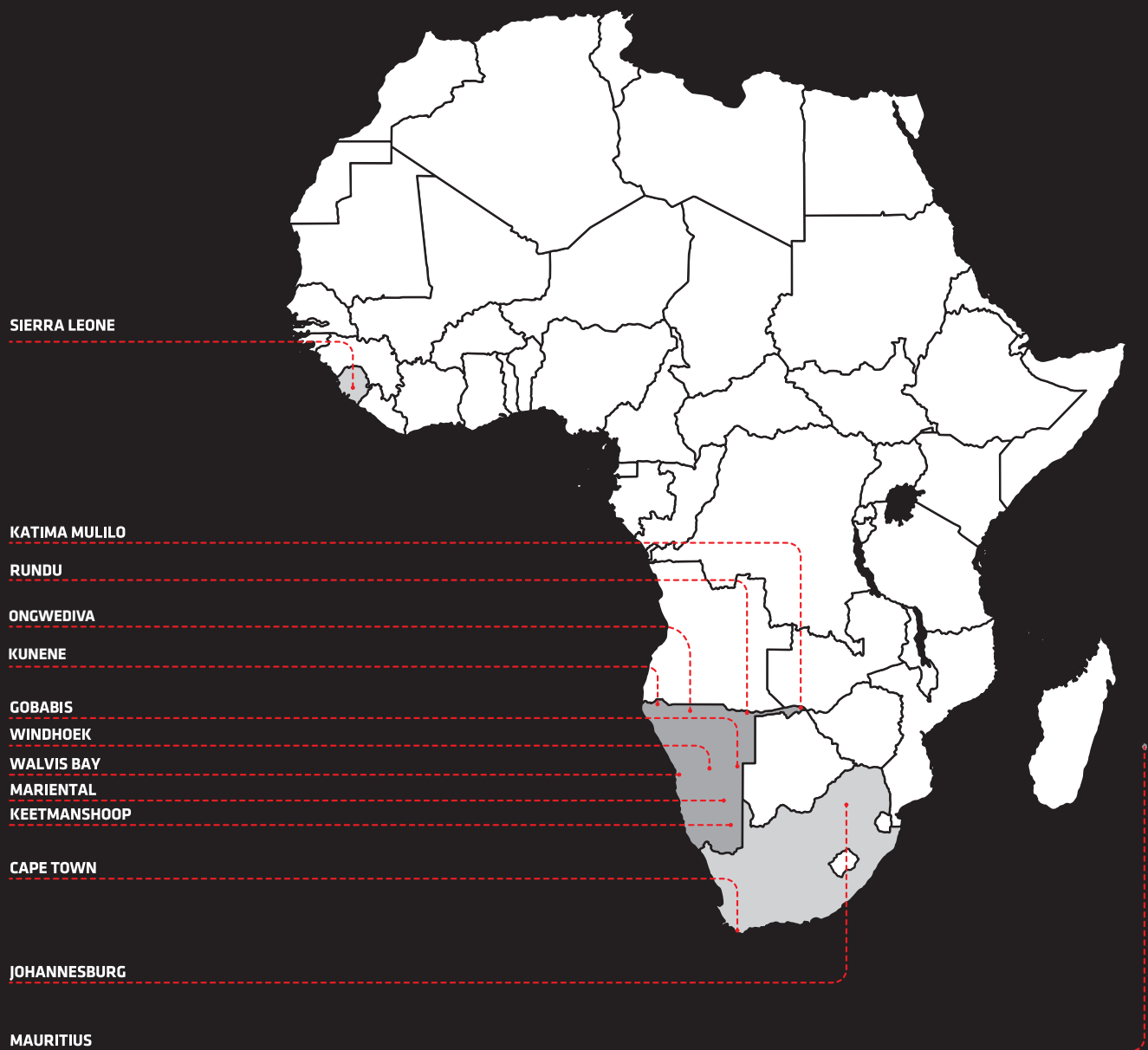


Like many Namibian families, the Van Wyks rely on the *Informanté* as their trusted source of news and for entertainment updates. Trustco merged all its media services into one division, Trustco Media, and the Van Wyks now enjoy even more quality content produced by the TV unit, Mixed FM radio station and top end, thought provoking advertising campaigns from its in house agency, Mixed marketing. To keep abreast of the latest company news, the Van Wyks are part of almost 719 thousand avid followers of the social media and related pages of the group.

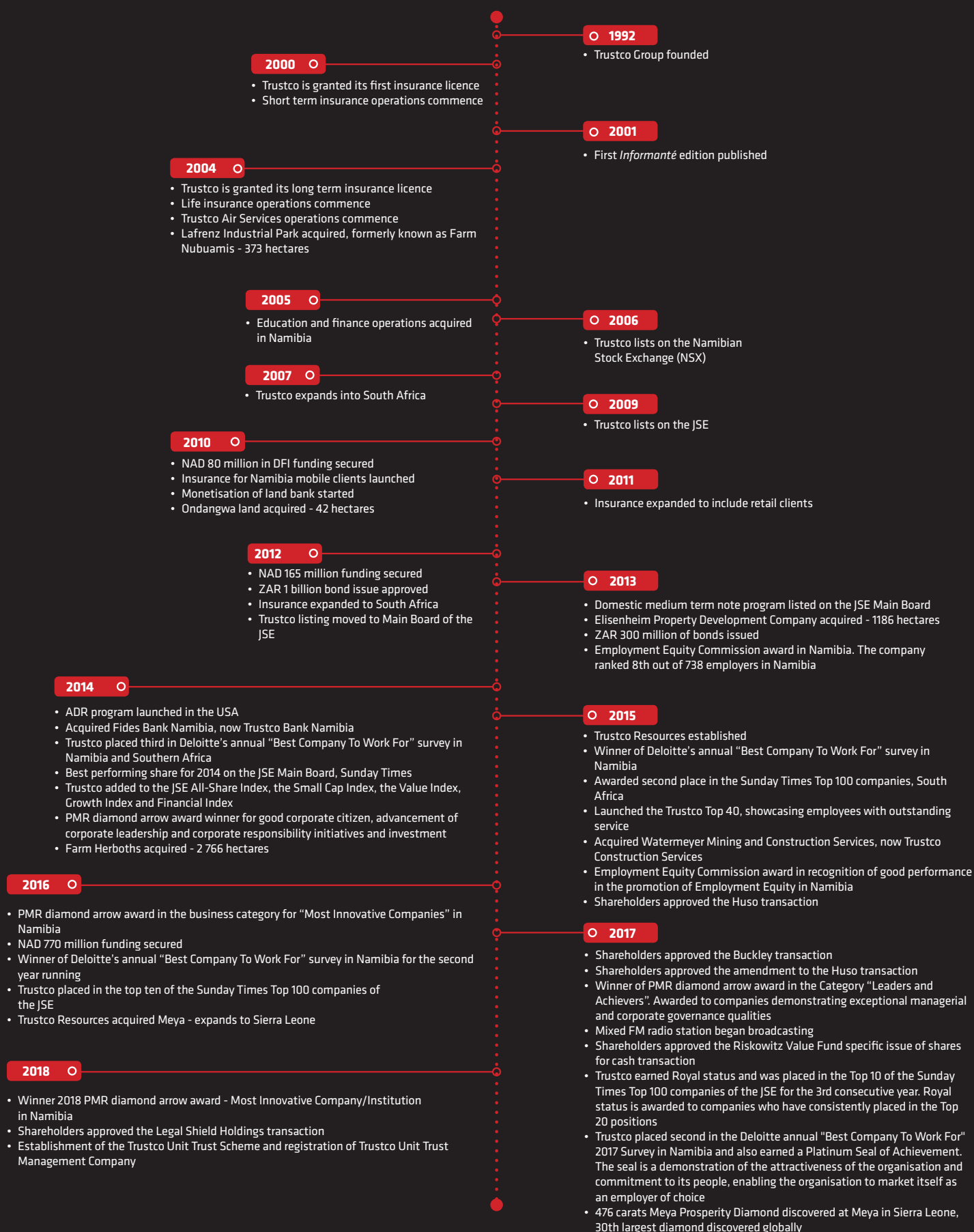


For recreational purposes, the Van Wyks children enjoy sporting activities and walks with Rex at the Trustco United Sports Club, one of many of the CSI investments of the group.

OUR FOOTPRINT



OUR HISTORY



VAULE ADDED STATEMENT



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GROUP FINANCIAL
DIRECTOR'S REPORT



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SUMMARISED GROUP
RESULTS



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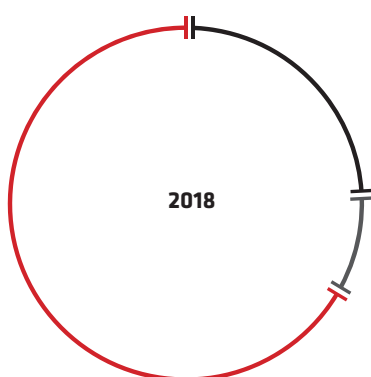
FINANCIAL PERFORMANCE

03

VALUE ADDED STATEMENT

for the year ended 31 March	2018 NAD '000	%	2017 NAD '000	%
Value added is the wealth created by Trustco Group Holdings Ltd and its subsidiaries through the sale of products and provision of services				
Revenue from operations	1 281 733		1 472 229	
Purchases and other direct costs of services	(651 680)		(645 100)	
Wealth created	630 053		827 129	
DISTRIBUTION OF WEALTH CREATED BY THE TRUSTCO GROUP OF COMPANIES				
Employee compensation				
Salaries, wages and other benefits	179 927	28.6	151 130	18.3
Shareholders				
Dividends	-	-	33 091	4.0
Government				
Taxation (PAYE, income tax, VAT, withholding tax, transfer duties, customs duties)	79 445	12.6	58 464	7.1
Retention for expansion and future growth				
Net profit for the year	273 628		529 952	
Depreciation and amortisation	97 043		54 492	
Distribution of wealth created	630 053	100.0	827 129	100.0

DISTRIBUTION OF WEALTH (NAD '000)

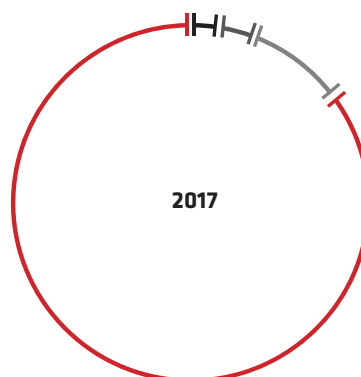


■ -
Shareholders

■ 179 927
Employee compensation

■ 79 445
Government

■ 370 671
Retention for expansion
and future growth



■ 33 091
Shareholders

■ 151 130
Employee compensation

■ 58 464
Government

■ 584 444
Retention for expansion
and future growth

GROUP FINANCIAL DIRECTOR'S REPORT



FLOORS J ABRAHAMS
GROUP FINANCIAL DIRECTOR



SHARE PRICE

117%



TOTAL ASSETS

21%



NET CASH

107%



NET ASSET VALUE

67%

PERFORMANCE OVERVIEW

When the clouds of the economic recession first appeared on the economic horizon with the first of the country's rating agency downgrades, Trustco took notice. It initiated strategies to diversify and secure its operations, with a look towards setting up accelerated future growth once conditions stabilise. While there are signs that Namibia is recovering from this lingering recession, Trustco's diversification strategy has proven successful. The audited results confirm the continuous sustainability of Trustco's business plan to maintain wealth creation for all its stakeholders as well as ordinary Namibians in service to the national household.

To that end, Trustco can announce that it has increased its net asset value per share by 56% during the year to 504 cents per share, even as revenue and net profit reflected the difficulties of operating in a recessionary environment. Yet, it's more often the

cash position of a company that interests its stakeholders and as a result analysis usually starts there.

The NAD 801 million revenue of the group for the year was in cash. With the current conditions in the Namibian property market, Trustco had scaled back its property ambitions until such time the market recovers and with sales in the current pipeline being finalised while servicing new land in preparation for the future. As a result property sales decreased from NAD 770 million to NAD 167 million in the reporting period.

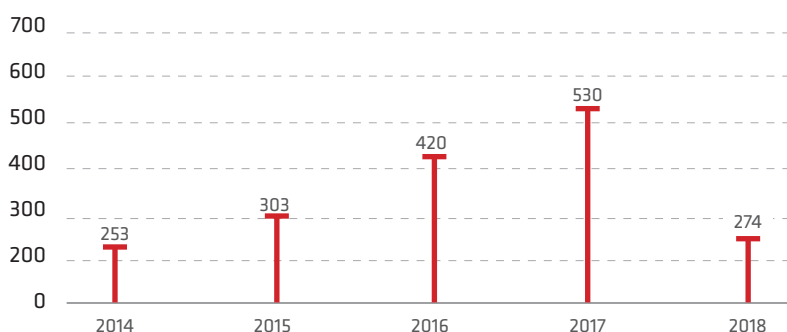
Included in the property sales of FY2017 was non cash sales worth NAD 618 million while the NAD 167 million (cash sales) of FY2018 was complemented by NAD 67 million cash collected from property debtors.

	2018 NAD'000	2017 NAD'000	2016 NAD'000	2015 NAD'000	2014 NAD'000
Revenue	800 939	1 246 762	1 150 286	1 017 073	843 554
NPAT	273 628	529 952	419 798	303 238	252 672
Headline earnings	204 848	542 517	419 432	275 744	141 522
EPS (c)	23.7	69.1	55.4	43.6	33.6
HEPS (c)	27.2	70.8	55.3	39.6	18.8
NAV/Share (c)	504	323	284	201	162
Share price (c)	875	404	310	300	119

GROUP FINANCIAL DIRECTOR'S REPORT

NET PROFIT AFTER TAX

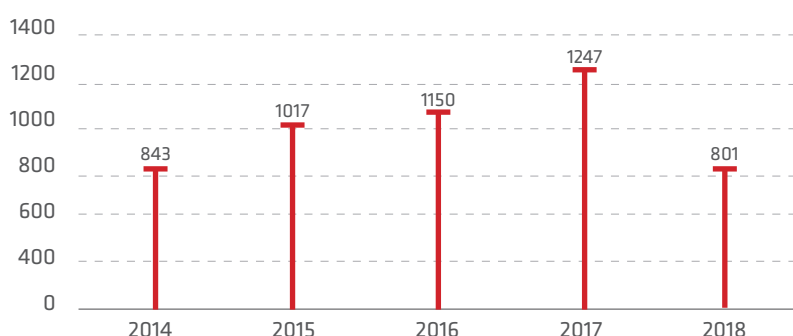
(NAD million)



Net profit after tax of NAD 274 million for the year, decreased by NAD 256 million from the prior year.

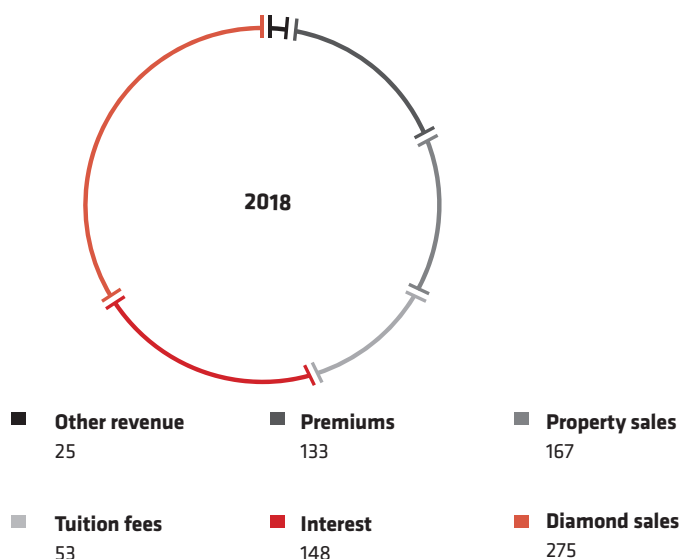
REVENUE

(NAD million)



GROUP REVENUE BY TYPE

(NAD million)



Revenue decreased by 36% to NAD 801 million (FY2017: NAD 1 247 million).

THE RESOURCES SEGMENT'S PROFIT AND ASSETS INCREASED BY 1 351% AND 30% RESPECTIVELY. MANAGEMENT IS SATISFIED WITH THE RESULTS OF THE MINE AND THE GROUP HAS AN OPTION TO INCREASE ITS SHAREHOLDING IN MEYA FROM 51% TO 60%

Trustco wanted to continue expansion, which required additional cash. As a result, the group procured additional funding of NAD 250 million via a convertible equity loan, as well as the widely publicised sale of 20% of insurance and its investments segment to Riskowitz Value Fund for NAD 1.2 billion, of which NAD 840 million had been received during the reporting period. In total, Trustco had amassed a massive NAD 1.96 billion to fund its operations during the year.

Trustco repaid loan capital of NAD 403 million, of which NAD 128 million was for student loans, while servicing interest of NAD 179 million.

Trustco's diversification into diamond mining also had its costs. In total, the group invested NAD 451 million into mining assets and property, plant and equipment during the reporting year to enable the Meya to commence operation. The discovery of the historic Meya Prosperity Diamond contributed NAD 275 million to revenue during the reporting year, with only five months of exploratory operations.

GROUP FINANCIAL DIRECTOR'S REPORT

The group received an internal preliminary exploration and results report on Meya's resource, conducted by SRK Consulting, which estimated that the current exploration work done to date contains at least 3 million carats, valued at USD 1 billion. As a result of the report, the group finalised the provisional accounting of the Meya acquisition and increased the probability of achieving the hurdle payment for the acquisition from 60% to 95%.

LEGAL SHIELD HOLDINGS TRANSACTION

Trustco disposed of 20% of its shareholding in Legal Shield Holdings on 29 March 2018 for NAD 1.2 billion. The transaction is in line with the group's strategy to increase liquidity and at the same time deploy financial resources across the group in order to accelerate growth in other segments. The proceeds received have been reinvested in the banking and finance and resources segments.

At the reporting date, the group had already received 79% of the purchase consideration in cash. The disposal does not constitute a change in control of Legal Shield Holdings.

RETURN ON EQUITY

The group achieved a return on equity (ROE) of 9% (FY2017: 23%). ROE is a measure of ordinary shareholders return based on average book value rather than a market based return.

SEGMENTAL PERFORMANCE

Insurance and its investments

The insurance business performed well in a harsher environment and was able to sustain its margins of profit and will be pursuing new ways of leveraging off its unique position in the Namibian insurance market and grow revenue streams from a more diversified product base.

Cash generated from the realisation of property debtors increased from the previous year and the group believes this trend to improve further into the 2019 financial year as the industrial land serviced during 2018 will also start to transfer during the next reporting period. A tougher trading environment affected property sales, as fewer developers purchased properties and a shift to a more sustainable first-time-buyers' market started to emerge. Most developers were affected by Bank of Namibia's decision to impose more stringent terms on lending for property financing.

The City of Windhoek Municipality approved the establishment of a new industrial township for Windhoek, the capital city of Namibia (refer to Lafrenz Update SENS of 16 February 2018). The increase in fair value (due to the new approval) of the Lafrenz Township, to a large degree, compensated for the decrease in earnings during the financial period.

Trustco Construction has commenced the servicing of Phase IV at Elisenheim in order to continue with the steady pace of transferring serviced land to a population still hungry to own their own piece of land.

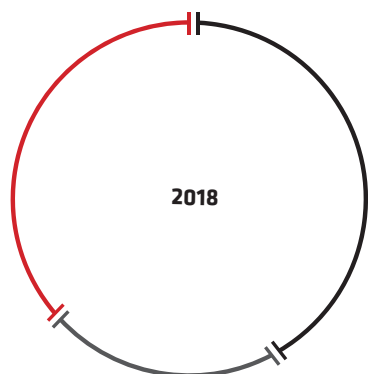
Construction of the first commercial development at Elisenheim will also commence towards the end of 2018, thereby significantly enhancing the lifestyle component of Elisenheim and ultimately property sales.

GROUP FINANCIAL DIRECTOR'S REPORT

INCREASE IN SHARE PRICE

117%

SEGMENT REVENUE CONTRIBUTION (NAD million)



■ Insurance and its investments	■ Banking and finance
374	152
■ Resources	
275	

Banking and finance

The banking and finance segment made significant progress in developing its capabilities by focusing on system implementations and enhancing its electronic platform in preparation towards operating as a full commercial bank. The group also injected new capital of NAD 80 million into Trustco Bank, which was successfully applied across a spectrum of commercial and individual clients. Trustco Bank similarly increased its deposits through normal deposit raising efforts. Although no new debt funding was raised for student finance lending during the year under review, management is in final negotiations to raise funding for expanding the educational loan portfolio to cater for the enormous need for education in Namibia. The performance of the segment is reflective of the liquidity constraints in Namibia.

Resources

Positive results were recorded in this segment. Revenue increased from zero to NAD 275 million on the backdrop of the discovery of the Meya Prosperity Diamond (sold for USD 16.5 million cash). The segment sold 12 400 carats during the period under review. The segment's profit and assets increased by 1 351% and 30% respectively. The group has a contractual option to increase its shareholding in Meya Mining from 51% to 60% after the mining licence has been secured from the Sierra Leone Ministry of Mineral Resources.

Shareholders are referred to the SENS announcement regarding the acquisition by Trustco Resources of 51% interest in Meya, dated 23 August 2016, specifically the "hurdle", which means:

"The results from the work program as at the completion date proving any one of two components, namely, a Resource Statement of at least 3 million carats and/or a Resource Statement of at least USD 1 billion valued at international market price"

Trustco received an internal preliminary exploration results and estimates report related to Meya's resource from SRK Consulting (Canada) Inc, on 29 June 2018, indicating that both the hurdle components have been achieved with the exploration work done to date.

At the time of reporting, the Huso transaction had still not been concluded as the mining licence for Northern Namibia Development Company (NNDC) was still outstanding. However, during the reporting period, the Ministry of Mines and Energy of Namibia (MME) issued a notice of preparedness to grant a mining licence to NNDC subject to a revised Environmental Clearance Certificate from the Ministry of Environment and Tourism of Namibia (MET).

A revised environmental assessment and management plan together with an application for the Environmental Clearance Certificate for large scale mining was submitted to the MET in March 2018. The Environmental Clearance Certificate has subsequently been issued on 13 July 2018 and the MME issued a notice of preparedness to grant a mining licence to NNDC on 20 July 2018. The group believes that the issuing of mining licence shall follow soon which will perfect the Huso transaction.

DIVIDENDS

During the year under review, the board recommended that no dividend be declared for the financial period ended 31 March 2018.

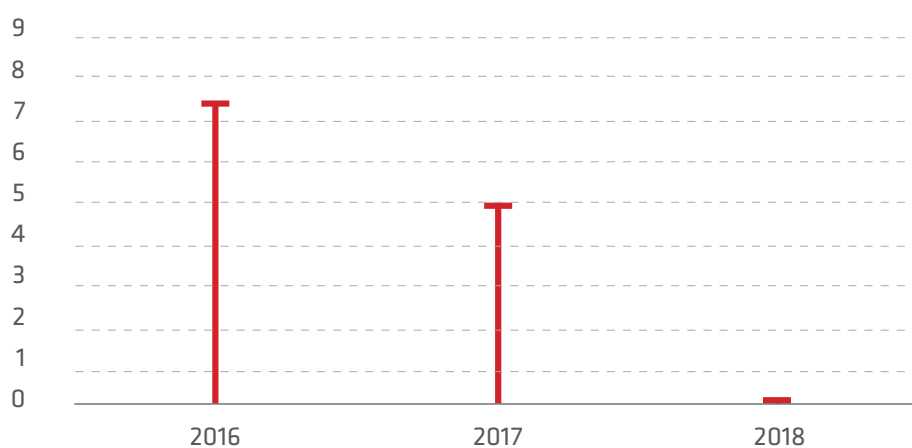
GROUP FINANCIAL DIRECTOR'S REPORT

TREASURY SHARES

During the period under review, the group purchased approximately 3 million treasury shares at an average price of NAD 7.58 per share. The settlement amount of NAD 22.4 million was paid in cash. The market value of all treasury shares held by the group was NAD 400 million as at 31 March 2018.

DIVIDENDS PER SHARE

(cents)



GOING CONCERN

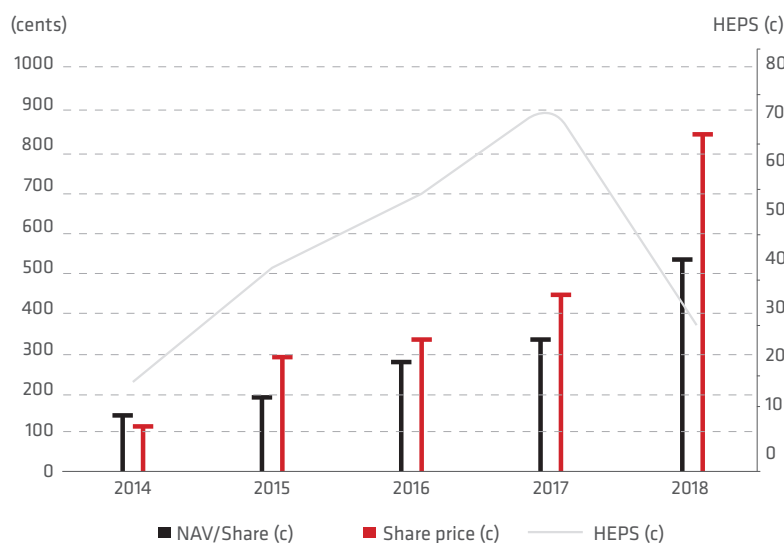
Management is fully aware of the need to continuously assess the going concern of the group throughout the year. Subsequent to the reporting period, Trustco and its longstanding institutional investors (Lenders Group) engaged with one another to facilitate a potential consensual restructuring of the long term debt arrangements offered by the Lenders Group. Management has received correspondence from the Lenders Group reserving the rights currently in place, both in terms of the covenants set out as well as the repayment terms. During these discussions, management has assessed and reconsidered the restrictive financial covenants, as certain of these are deemed to be outdated as they were entered into as far back as ten years ago. Trustco along with the Lenders Group intend to replace the original covenants entered into with a series of updated covenants. These covenants will be aligned to Trustco's current capital structure as well as the development and dynamic nature of its operating segments. Management is confident that an agreement will be entered into and at the time of this report the parties had a stand still agreement and were working towards a revised financing agreement.

GROUP FINANCIAL DIRECTOR'S REPORT

CAPITAL ADEQUACY

As at 31 March 2018 the regulated entities in the group traded off the capital and performance metrics shown below. The group ensures that the entities operate at a prudent buffer. Trustco Finance maintains a capital adequacy in excess of 25% to ensure compliance with the Lenders Group covenants.

	2018		2017		2016	
	Actual %	Required %	Actual %	Required %	Actual %	Required %
Bank capital adequacy	150	15	110	15	51	15
Long term insurer capital adequacy	4 019	20	1 813	20	2 090	20
Trustco Finance capital adequacy	45	25	36	25	34	25



LOOKING TO THE FUTURE

With operations in the resources segment set to intensify, the group expects a full year of production from the Sierra Leone operations that will see its success enabling the other segments to expand their footprint into the Namibian market. The banking and finance segment have systems readied to enable operations as a full commercial bank, while the insurance segment is geared towards exploring any and all synergies with its new minority partner.

FLOORS ABRAHAMS

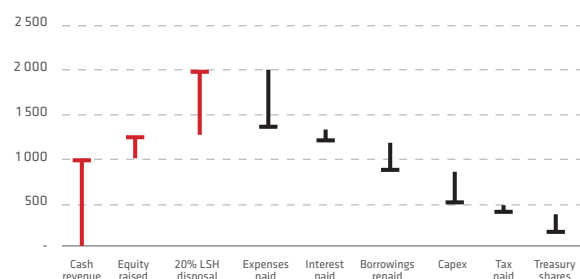
GROUP FINANCIAL DIRECTOR

GROUP FINANCIAL DIRECTOR'S REPORT

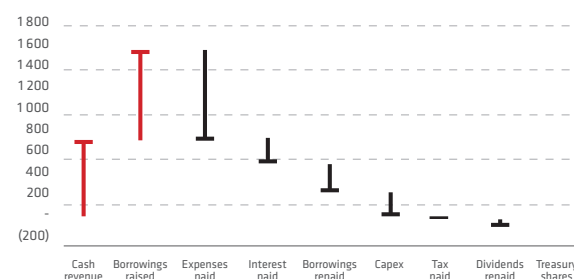
CONSOLIDATED CASH FLOW OF GROUP AND SEGMENTS

▲ Cash inflow ▼ Cash outflow

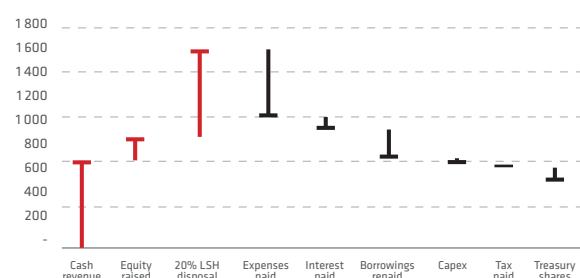
GROUP FY2018 (millions)



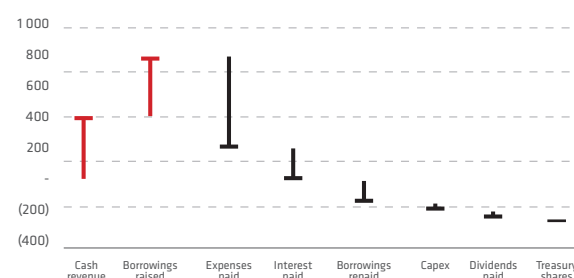
GROUP FY2017 (millions)



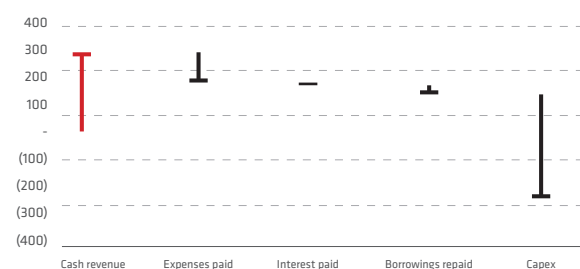
INSURANCE AND ITS INVESTMENTS FY2018 (millions)



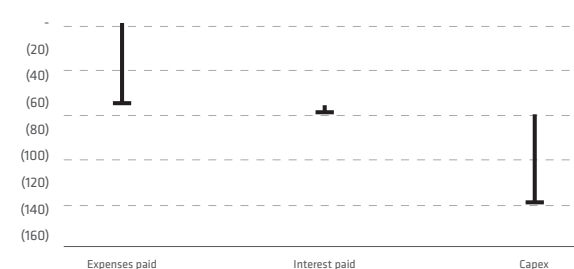
INSURANCE AND ITS INVESTMENTS FY2017 (millions)



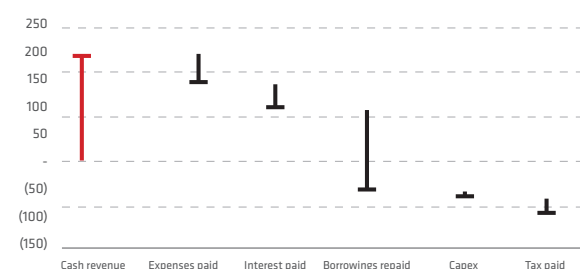
RESOURCES FY2018 (millions)



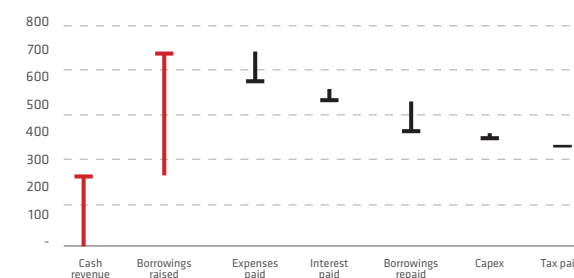
RESOURCES FY2017 (millions)



BANKING AND FINANCE FY2018 (millions)



BANKING AND FINANCE FY2017 (millions)



SUMMARISED GROUP RESULTS

SUMMARISED CONSOLIDATED BALANCE SHEET

	31 March 2018 NAD '000 Audited	31 March 2017 NAD '000 Restated*	
ASSETS			
Cash and cash equivalents	68 942	46 017	
Advances	1 754 103	1 818 811	
Trade and other receivables	684 845	762 225	
Current tax assets	6 004	7 534	
Amounts due by related parties	528 194	-	Includes balance outstanding in terms of the Legal Shield Holdings transaction.
Inventories	370 205	339 278	
Property, plant and equipment	591 515	609 416	
Investment property	1 476 818	1 010 812	
Intangible assets*	462 452	526 791	
Evaluation and exploration assets**	278 638	52 491	
Deferred tax assets	150 656	94 718	
Total assets	6 372 372	5 268 093	
EQUITY AND LIABILITIES			
Liabilities			
Bank overdraft	-	12 640	
Borrowings	1 332 551	1 657 445	
Trade and other payables*	430 279	589 216	
Current tax liabilities	8 938	28 018	
Insurance liabilities	63 057	94 350	
Amounts due to related parties	-	2 678	
Other liabilities	71 760	82 609	
Deferred tax liabilities	299 566	308 687	
Total liabilities	2 206 151	2 775 643	
Capital and reserves			
Share capital	190 245	177 595	In terms of the Riskowitz Value Fund specific issue of shares for cash transaction 55 million shares at NAD 4.25 (nominal price NAD 0.23 and share premium NAD 4.02) were issued.
Share premium	267 400	46 300	
Deemed treasury shares	(200 804)	(178 358)	
Other reserves	44 933	47 875	
Retained income	3 426 491	2 399 031	Cash purchase of 3 million treasury shares at an average price of NAD 7.60. The market value of the total treasury shares at the reporting date was NAD 395 million.
Total	3 728 265	2 492 443	
Non-controlling interest	437 956	7	
Total capital and reserves	4 166 221	2 492 450	
Total equity and liabilities	6 372 372	5 268 093	Include profit realised in terms of the Legal Shield Holdings transaction for NAD 1.2 billion.

* The provisional accounting of the acquisition of Meya was finalised in the year under review and the provisional numbers used in the 2017 financial year were restated. Goodwill and contingent consideration disclosed under intangible assets and trade and other payables respectively, were increased by NAD 111.7 million. Restatement was done within the business combinations measurement period.

** Evaluation and exploration assets were reclassified from intangible assets during the period under review to better reflect the financial position of the group.

--- Commentary based on FY2018 numbers.

SUMMARISED GROUP RESULTS

SUMMARISED CONSOLIDATED INCOME STATEMENT

For the year ended

	31 March 2018 NAD '000	31 March 2017 NAD '000
Revenue	800 939	1 246 762
Cost of sales	(274 265)	(208 896)
Gross profit	526 674	1 037 866
Investment income	480 794	225 467
Operating expenses	(542 489)	(459 895)
Insurance benefits and claims	(34 441)	(48 292)
Finance costs	(188 881)	(173 669)
Profit before tax	241 657	581 477
Income tax expense	31 971	(51 525)
Profit for the period	273 628	529 952
Other comprehensive income:		
Total items that will not be reclassified to profit or loss – revaluation of property, plant and equipment	(5 129)	(23 904)
Total items that may be reclassified to profit or loss – Foreign currency translation adjustment	(22 281)	8 780
Total comprehensive income for the period	246 218	514 828
Profit attributable to:		
Owners of the company	178 830	529 952
Non-controlling interests	94 798	-
Total	273 628	529 952

Includes Meya Prosperity Diamond (476 carats) revenue of USD 16.5 million.

49% share of profit in Meya.

HEADLINE EARNINGS

Profit attributable to ordinary shareholders	178 830	529 952
Adjustments:		
(Profit)/Loss on disposals of property, plant and equipment	(1 832)	18 393
Fair value adjustments on investment properties	(1 964)	80
Impairment of property, plant and equipment	42 173	-
Tax effect	(12 359)	(5 908)
Headline earnings	204 848	542 517
Per share information		
Earnings per share (cents)	23.74	69.11
Diluted earnings per share (cents)	23.47	68.67
Headline earnings per share (cents)	27.19	70.75
Diluted headline earnings per share (cents)	26.88	70.30
Dividends paid per share (cents)	-	5

SUMMARISED GROUP RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended

	31 March 2018 NAD '000 Audited	31 March 2017 NAD '000 Restated*
Cash flows from operating activities		
Cash generated by operations before working capital changes	32 998	651 326
Changes in working capital	(53 671)	(219 286)
Interest received	9 409	432
Finance costs	(188 881)	(170 456)
Net advances repaid/(disbursed)	47 323	(642 579)
Net funding from liabilities for student advances	(128 618)	308 810
Tax paid	(36 311)	(861)
Net cash utilised in operating activities	(317 751)	(72 614)
Cash flow from investing activities		
Additions to property plant and equipment	(26 237)	(27 790)
Proceeds from disposal of property plant and equipment	11 710	42 729
Additions to investment property	(247)	(212)
Advances to related parties*	(180 788)	(27 690)
Additions to intangible assets	(17 896)	(53 946)
Proceeds from disposal of intangible assets	-	1 369
Acquisition of subsidiary, net of cash acquired	-	(14 146)
Additions to evaluations and exploration assets	(226 147)	-
Net cash utilised in investing activities	(439 605)	(79 686)
Cash flow from financing activities		
Transactions with non-controlling interest	840 000	-
Proceeds of convertible financial instrument	250 000	-
Proceeds from borrowings	-	391 972
Repayment of borrowings	(196 276)	(202 636)
Repayment of other liabilities	(78 357)	(52 379)
Dividends paid	-	(33 091)
Purchase of deemed treasury shares	(22 446)	(775)
Net cash generated by financing activities	792 921	103 091
Net change in cash and cash equivalents	35 565	(49 209)
Cash and cash equivalents at beginning of year	33 377	82 586
Cash and cash equivalents at end of year	68 942	33 377

* Advances to related parties in the previous year of NAD 27.7 million were reclassified from financing activities to investing activities for more appropriate disclosure.

SUMMARISED GROUP RESULTS

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Deemed treasury shares	Other reserves	Non-controlling interest	Distributable reserves	Total
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Balance at 1 April 2016	177 595	46 300	-	87 282	-	1 877 887	2 189 064
Transfer between reserves	-	-	-	(24 283)	-	24 283	-
Deemed treasury shares purchased	-	-	(178 358)	-	-	-	(178 358)
Total comprehensive income for the period	-	-	-	(15 124)	-	529 952	514 828
Non-controlling interest	-	-	-	-	7	-	7
Dividends for the period	-	-	-	-	-	(33 091)	(33 091)
Balance at 31 March 2017	177 595	46 300	(178 358)	47 875	7	2 399 031	2 492 450
Issue of shares	12 650	221 100	-	(233 750)	-	-	-
Transfer between reserves	-	-	-	(505)	-	505	-
Deemed treasury shares purchased	-	-	(22 446)	-	-	-	(22 446)
Total comprehensive income for the period	-	-	-	(18 687)	86 074	178 830	246 217
Sale of shares in subsidiary	-	-	-	-	351 875	848 125	1 200 000
Convertible financial instrument	-	-	-	250 000	-	-	250 000
Balance at 31 March 2018	190 245	267 400	(200 804)	44 933	437 956	3 426 491	4 166 221

CONDENSED SEGMENT ANALYSIS

	TOTAL NAD '000	Banking and finance NAD '000	Insurance and its investments NAD '000	Resources NAD '000
2018				
Revenue	800 939	151 555	373 976	275 408
Profit for the year	273 628	(12 218)	146 439	139 407
Segment total assets	6 372 372	1 924 420	3 675 251	772 701
2017				
Revenue	1 246 762	213 029	1 033 733	-
Profit for the year	529 952	60 593	480 501	(11 142)
Segment total assets	5 268 093	1 908 870	2 765 060	594 163

These summarised financial statements do not contain all the information and disclosures required by IFRS in the annual financial statements. Accounting policies used in the summarised group financial statements are the same as those used to prepare the group annual financial statements and consistent with the prior year. The annual financial statements are available online as a pdf at www.tgh.na



INSURANCE AND ITS
INVESTMENTS SEGMENT



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RESOURCES SEGMENT



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BANKING AND FINANCE
SEGMENT



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INCUBATOR



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SHARED SERVICES



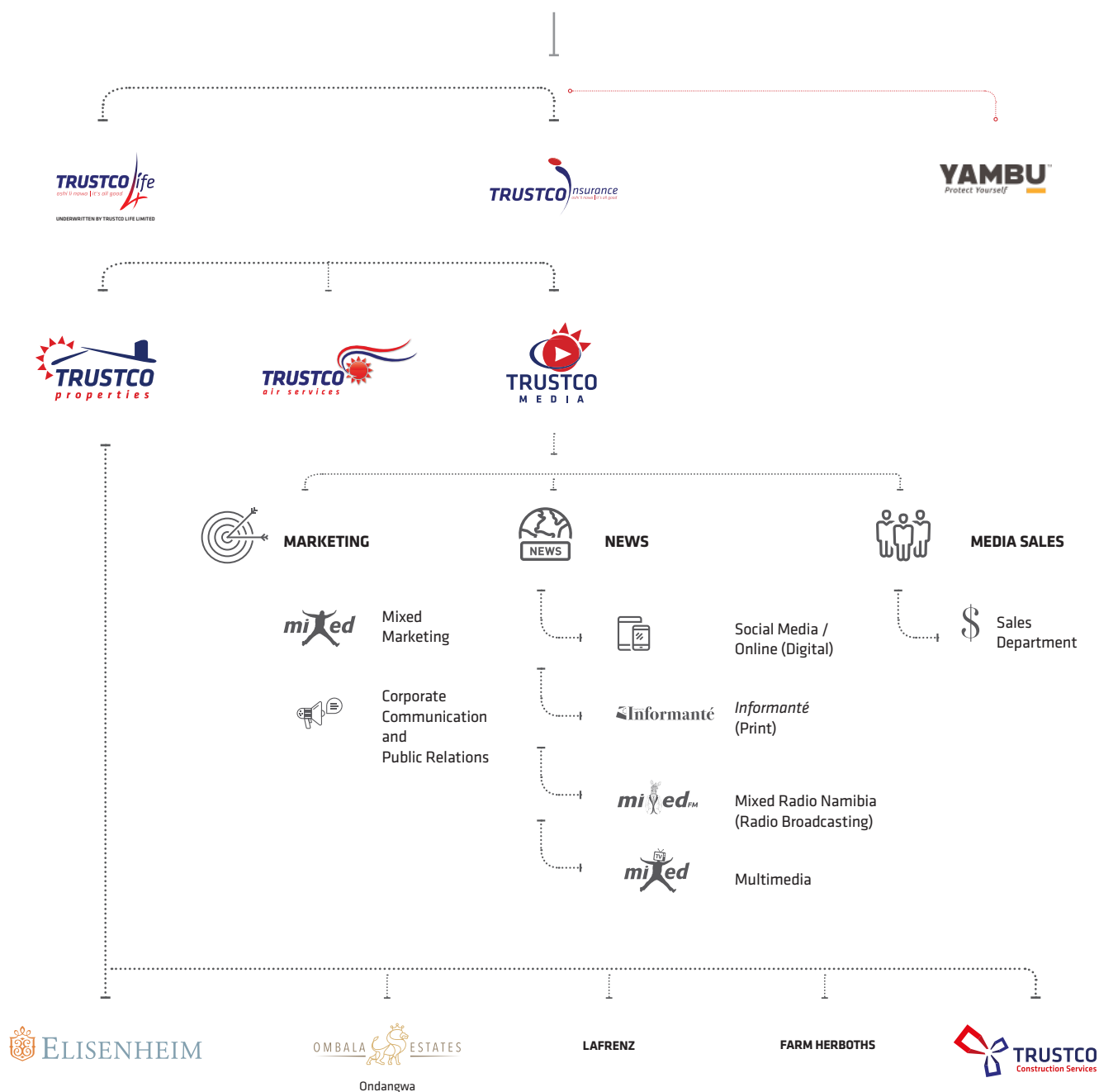
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**SEGMENT
OPERATIONAL
REVIEWS**

04

INSURANCE SEGMENT

INSURANCE AND ITS INVESTMENTS SEGMENT STRUCTURE (HOLDING COMPANY LEGAL SHIELD HOLDINGS)



INSURANCE SEGMENT

CONDENSED CONSOLIDATED FINANCIAL RESULTS

INSURANCE AND ITS INVESTMENTS SEGMENT STATEMENT OF FINANCIAL POSITION	2018 NAD '000	2017 NAD '000
Assets		
Non-current assets		
Property, plant and equipment	375 963	366 959
Investment property	1 477 225	1 008 608
Intangible assets	125 330	138 621
Trade and other receivables	498 398	372 310
Related party balances	1 204 097	1 540 446
	3 681 013	3 426 944
Current assets		
Inventories	335 164	316 602
Trade and other receivables	251 731	387 433
Cash and cash equivalents	15 013	5 464
Other financial assets	368 346	2 502
Other tax receivable	3 938	5 444
	974 192	717 445
Total assets	4 655 205	4 144 389
Equity	1 237 759	1 966 571
Liabilities		
Non-current liabilities		
Insurance liabilities	65 025	93 932
Other financial liabilities	351 159	408 660
Deferred tax	307 043	307 196
Related party balances	1 476 383	1 294 482
	2 199 610	2 104 270
Current liabilities		
Trade and other payables	105 648	72 354
Employee fund	11 041	-
Current tax payable	1 147	1 194
Dividend payable	1 100 000	-
	1 217 836	73 548
Total equity and liabilities	4 655 205	4 144 389

STATEMENT OF COMPREHENSIVE INCOME		
Revenue	413 545	1 058 942
Cost of sales	(185 092)	(243 660)
Gross profit	228 453	815 282
Other operating gains	167 958	(1 038)
Operating expenses	(347 551)	(335 616)
Investment income	461 919	186 776
Finance costs	(139 242)	(97 447)
Profit before tax	371 537	567 957
Taxation	(349)	(20 207)
Profit for the year	371 188	547 750

STATEMENT OF CASH FLOWS		
Cash flows from operating activities	(218 024)	629 858
Cash flows from investing activities	285 074	(598 535)
Cash flows from financing activities	(57 501)	(50 234)
Total cash movement for the year	9 549	(18 911)
Cash at the beginning of the year	5 464	24 375
Total cash at the end of the year	15 013	5 464

NOTE

Insurance South Africa is not included in the condensed consolidated financial results, as it did not form part of the Legal Shield Holdings transaction

INSURANCE SEGMENT

INSURANCE AND ITS INVESTMENTS

Legal Shield Holdings is a subsidiary of the Trustco group and the holding company of the insurance segment and its investments. Legal Shield Holdings owns Trustco Life Limited (Trustco Life) and Trustco Insurance Limited (Trustco Insurance), which house the Namibian long term and short term insurers. The investments division of the insurance segment comprises *inter alia* of Trustco's properties, air services division and strategic media services, which are all wholly owned by Trustco Life.

During the reporting period the group announced one of the biggest financial transactions between a foreign investor and a Namibian company, whereby Riskowitz Value Fund became a minority shareholder in Legal Shield Holdings.

Trustco and Riskowitz Value Fund entered into a sale of shares agreement in terms of which Trustco disposed of 20% (twenty percent) of the issued share capital of Legal Shield Holdings for the amount of NAD 1.2 billion. The sale of the 20% (twenty percent) shareholding in Legal Shield Holdings will not change control of Legal Shield Holdings.

The transaction became effective on 29 March 2018. Shareholders voted in favour of the transaction at the General Meeting with an overwhelming majority of 99.77%.

INSURANCE NAMIBIA

UNDERSTANDING THE BUSINESS

The insurance division within the insurance segment offers a diversified range of financial and risk products to individuals and SME's in Namibia.

Technology based channels such as in- and outbound call centres, social media and other online platforms, mobile communication as well as an established branch network allows for effortlessly accessible financial and risk solutions to existing and prospective members.

Due to the nature of the product offerings, benefits cover often stretch beyond the member and/or the beneficiary to include the family and also support communities in the event of a death, disability, retrenchment, hospitalisation and legal proceedings.

Trustco Insurance continues to be the leader in the Namibian market, providing short term cover to clients against legal expenses ensuring its members' constitutional right to legal representation is protected. In 2006 Trustco applied for and was granted a long term insurance license and commenced its life insurance operations under the name Trustco Life. Holding both licenses and with synergies between other entities within the group, the insurance division offers a "one stop" solution to existing and prospective members.

PRODUCT OFFERINGS

Short term insurance



Legal insurance - Next Generation Legal Shield

Provides cover against legal expenses incurred for criminal, civil, labour, matrimonial and administrative matters. The cost of conveyancing of residential property is also covered. This product also offers an added funeral benefit to the main member and spouse.

Business insurance – Business Shield

Provides cover to a business against legal costs incurred due to labour related matters. Employees receive a free funeral benefit.

INSURANCE SEGMENT

Long term insurance



Life insurance

Provides monetary benefits to compensate for financial impact due to unexpected events such as death, disability and dread disease.

Credit life

Provides cover against risk of unpaid private loans granted by the banking and finance segment of the group in the event of death, disability and/or retrenchment.

Health insurance

Provides monetary benefits to compensate for loss of and the financial impact due to illness resulting in hospitalisation and loss of income.

Cover against the costs of medical consultations and acute medicine in the event that the insured does not have a personal medical aid. (KMC product)

Investment/Savings

Savings option in the form of a five year term investment policy.

YEAR OVERVIEW

The insurance division derives revenue from insurance activities. The performance of these activities is measured against net insurance results as an indicator of profitability. Return on equity is the measure used to indicate the wealth created for shareholders through insurance activities.

The insurance division performed well in a harsher environment and was able to sustain its margins of profit. The implementation of cost saving measures by management, including stricter cash flow management and budgetary controls, curbed the decrease in net profit.

GLIMPSE INTO THE FUTURE

Both short and long term insurers will continue to focus on enhancing insurance products to attract and retain members through financial solutions that suit the pocket and need of the man on the street. Symbiotic relationships between the segments within the group will provide opportunities to increase revenue and the customer base of the insurers.

The highly successful KMC product, currently only available in the capital of Namibia, that covers the cost of medical consultations and includes an acute medicine benefit will be rolled out to other regions within the country in the next reporting period.

INSURANCE SOUTH AFRICA

UNDERSTANDING OUR BUSINESS

The South African insurance division operates as registered Financial Service Providers, offering comprehensive intermediary services to its own bouquet of insurance products, under the Yambu brand, through binder arrangements with registered insurers. Short term insurance policies are marketed and administered within a cell captive held at Guardrisk Insurance Company Limited, and long term insurance policies are underwritten by Constantia Life and Health Assurance Company Limited. The competitive advantages of the Yambu product range are in the benefits it offers as well as affordable insurance products within the mass consumer market.

INSURANCE SEGMENT

PRODUCT OFFERINGS

Short term insurance



Long term insurance

Legal insurance

Provides cover against legal expenses for civil matters in proceedings by or against the insured. Additional benefits include conveyancing fees for residential property, premium waiver and death benefits for the main member and spouse.

Domestic insurance

Provides monetary benefits to compensate for loss of and the financial impact due to death, personal permanent disability and maternity leave for domestic workers.

Business insurance

Provides monetary benefits to compensate for loss of and the financial impact due to death, personal accident within the workplace, temporary and permanent disability, and provides for a premium waiver and 10% cash back after a 36 (thirty six) month claim free period.

▶ THE VALUE
DIGITALISATION
OFFERS TO
BUSINESSES,
RANGES FROM
COST EFFECTIVE
ADMINISTRATION
AND EXPEDITED
SERVICE DELIVERY
TO SIMPLIFIED
AND CONTINUOUS
CONSUMER
INTERACTION

YEAR OVERVIEW

Various distribution opportunities are in different stages of development to fast track potential growth.

Substantial investment was made into the creation of Yambu social media platforms and marketing campaigns are rolled out regularly. All potential marketing opportunities are explored by Yambu to ensure maximum reach. Yambu's search engine optimisation is second to none and topical issues are capitalised on attracting consumer interest and in ensuring relevance. All existing and future product offerings are developed to be complemented by technological innovation and by being compatible with smart phone functionalities and e-commerce demands. The need for instant gratification demanded by the emerging consumer market is taken into account with system development that supports the Yambu product range in providing real time and simplified policy administrative support. The value digitalisation offers to businesses, ranges from cost effective administration and expedited service delivery to simplified and continuous consumer interaction.

GLIMPSE INTO THE FUTURE

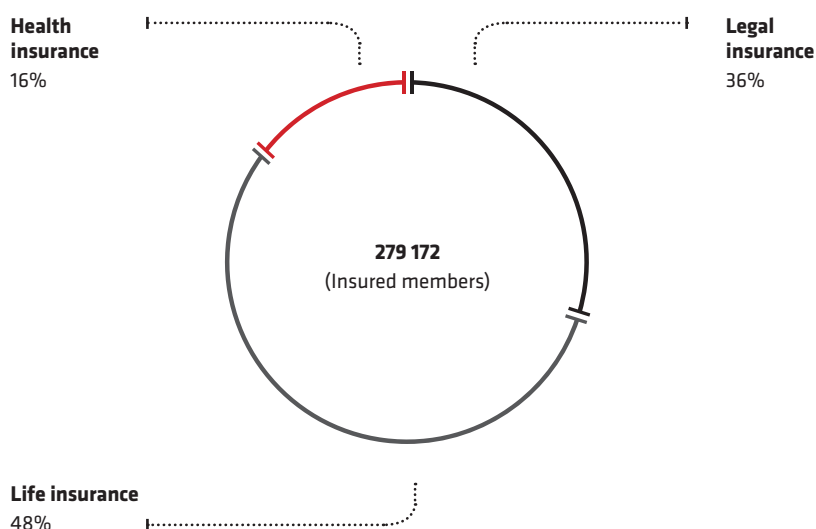
Consideration is given to the development of an application supported product and there is an expectation that it should offer substantial market penetration. Further customised product offerings are also considered in the expansion of the Yambu brand, with the goal of introducing two new products in the designated target markets. Albeit aimed at more advanced and specific target markets, the universal appeal of the products will ensure a captive audience through established distribution channels.

INSURANCE SEGMENT

KEY FINANCIAL INDICATORS

	2018	2017	2016	2015
Gross written premium (NAD'000)	133 145	153 726	192 841	180 861
Claims ratio	26%	31%	24%	24%
Net profit (NAD'000)	40 288	40 370	45 033	-15 451
Number of employees	120	131	134	164
Return on equity	33.07%	42.11%	25.48%	-4.93%
Value of claims incurred (NAD'000)	34 441	48 293	45 894	42 616
Solvency ratio short term	49.96%	41.19%	37.09%	34.29%
CAR ratio life	4 019%	1 813%	2 086%	7 441%

INSURED MEMBERS AS AT 31 MARCH 2018



INVESTMENTS OF THE INSURANCE SEGMENT

OVERVIEW

Trustco invests mostly in mixed use land developments and has continued to engage actively over the past twenty years to deliver serviced land to Namibians from all walks of life. The property division contributes meaningfully to the high public demand for serviced land and is therefore in line with the Government's drive for Vision 2030 – to provide housing to all Namibians and to realise their lifelong dream of owning a home.

The acute shortage of serviced land in the country remains a priority to all and the most profound constraint is the mismatch between the supply of developed land and the demand therefor.

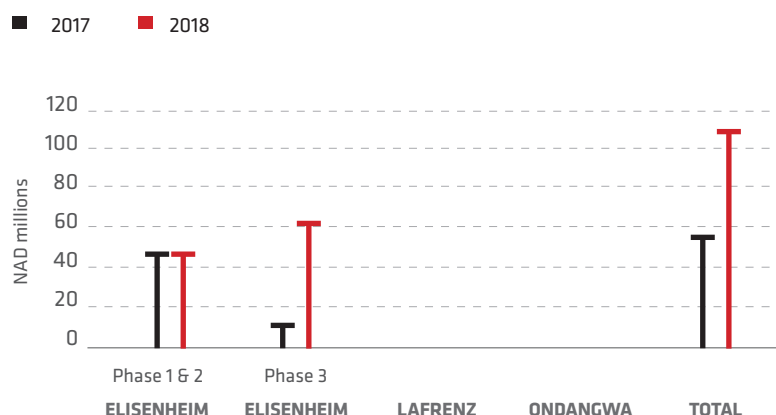
The focus remains on unlocking the value of the property land bank as part of the group strategy and requires:

- capital input for the installation of bulk services
- effective systems and appropriate processes in executing the group's strategy
- sound relationships with government, regulators and municipalities and
- vertical integration with product and service offerings within the group to maximise value extraction.

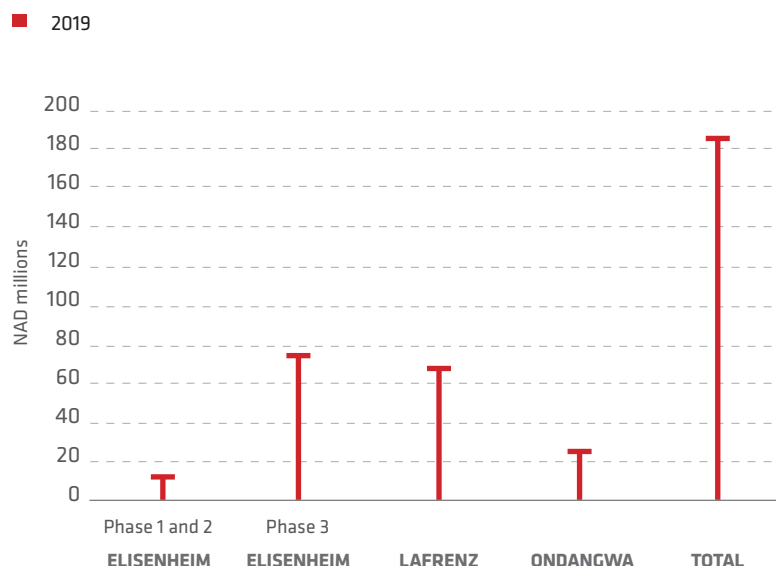
INSURANCE SEGMENT

CASH FLOWS FROM PROPERTY TRANSFERS

During the previous two years Trustco Properties has been able to successfully manage the transfer of erven to buyers thereby generating significant cash inflow for the group. The breakdown of cash generation for the last two years is depicted in the graph below:



At the current pace of transferring serviced erven, the division estimates cash generation from the property division for the next reporting period to be as depicted in the graphs below:

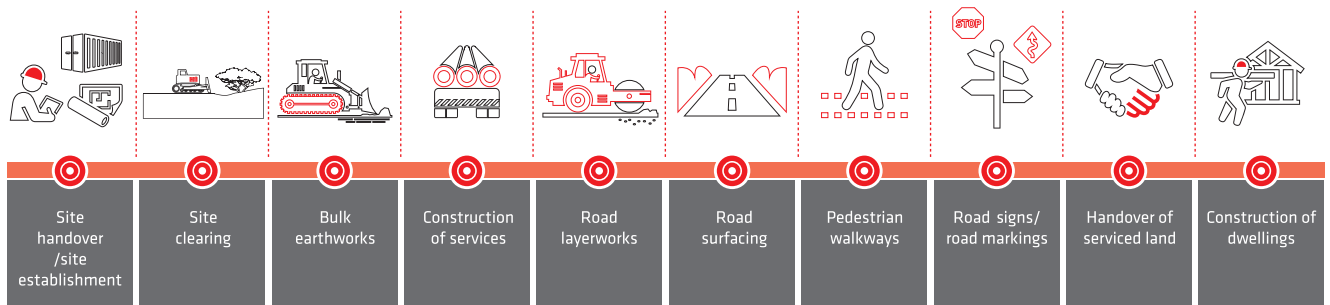


Although evidence of a tougher economic environment is evident in the sales of new erven, the reality is that the sales and transfers of both industrial and residential erven did not come to a standstill. Current sales figures are at the very least sustainable, but an improvement is expected in the sales rates in the next reporting periods as economic circumstances will start to improve and servicing of land is expedited in certain areas.

The current focus of the property division is to transfer the sold properties thereby reducing its debtors and generating cash flow.

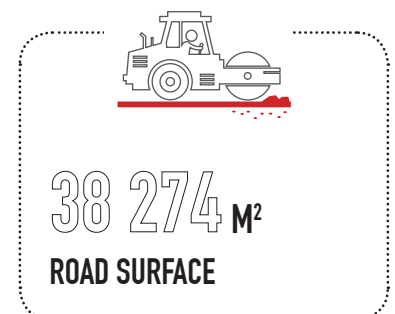
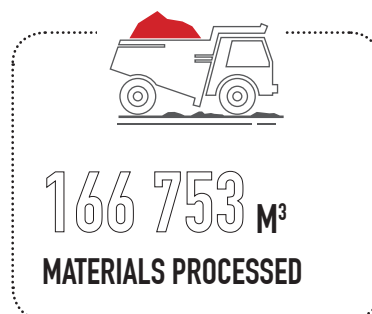
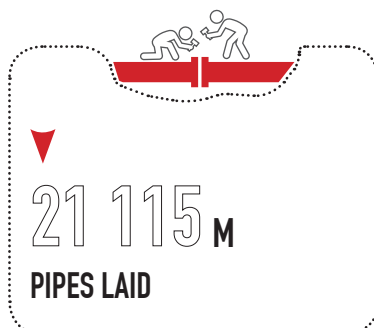
INSURANCE SEGMENT

TRUSTCO CONSTRUCTION



Construction timeline

Trustco Construction specialises in installation of bulk services, thus creating value by meeting market requirements on demand. Trustco Construction has secured contracts for all the developments in the group for the new financial year, ensuring even more potential prospects and opportunities, allowing the division to increase revenue, asset base and profitability.



Completed by Trustco Construction during this year

INSURANCE SEGMENT

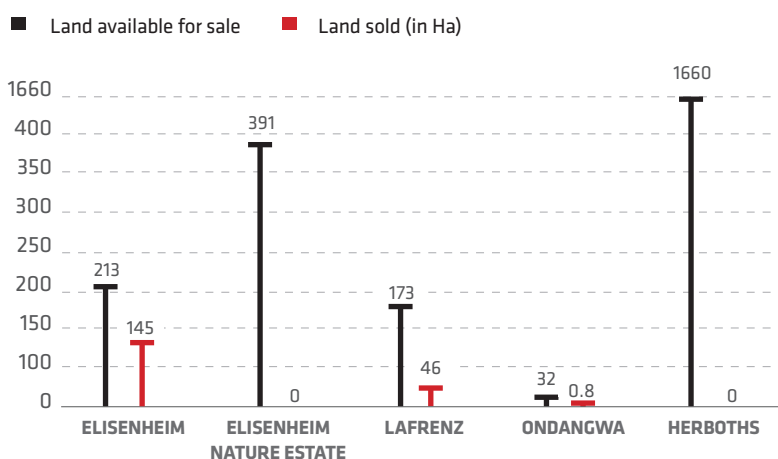
TRUSTCO PROPERTIES

LAND BANK

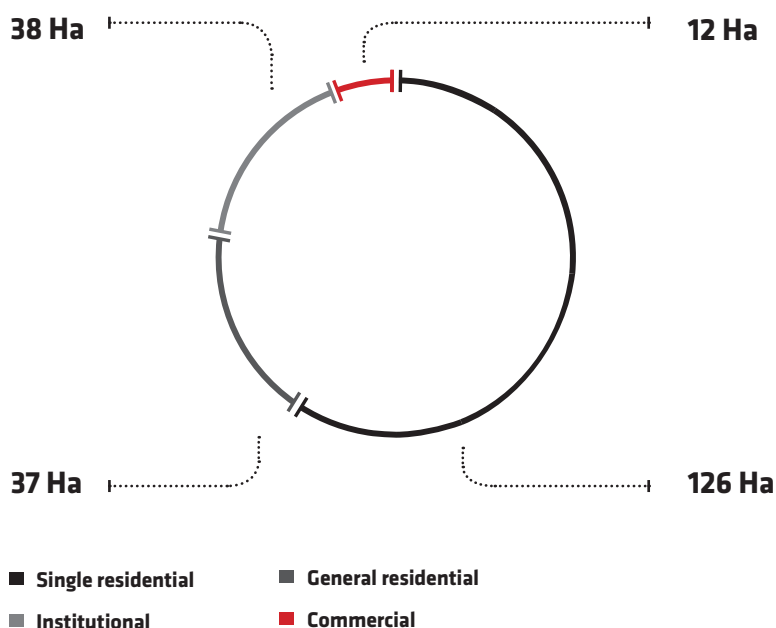
The land bank is defined as undeveloped and unserviced land which will be zoned, proclaimed and serviced in future, sold and finally transferred after the value has been unlocked and optimised. The difference between the land bank and land available for sale, is the provisioning for servitude areas, road construction, lifestyle development, public open spaces, natural topography and flood line limitations.

The land bank currently consists of five developments known as:

- Elisenheim Property Development (Elisenheim)
- Elisenheim Nature Estate
- Lafrenz Industrial Park (Lafrenz)
- Ondangwa development (including Ombala Estate) and
- Farm Herboth's (Herboth's)



ELISENHEIM LAND AVAILABLE FOR SALE



INSURANCE SEGMENT



Elisenheim is developed in phases and is estimated

TO PROVIDE HOUSING TO

44

THOUSAND INDIVIDUALS

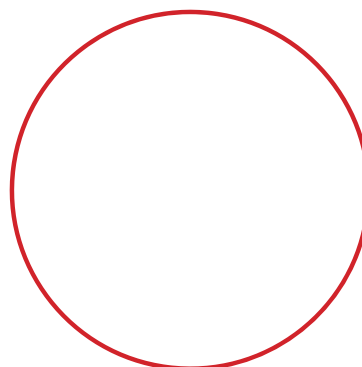
The Elisenheim development situated on the outskirts of Windhoek consists of 213 hectares of sellable land (356 hectares of land bank). Elisenheim is developed in phases and is estimated to provide housing to 44 000 individuals upon completion. The main target markets are young professionals and first time home owners in the medium income group, with only a small percentage focused on higher income groups.

Elisenheim provides the option of either purchasing vacant land or alternatively, with plot and plan options.

ELISENHEIM NATURE ESTATE

The Elisenheim Nature Estate consists of 391 hectares of sellable land (558 hectares of land bank), which is excluded from the above mentioned numbers, and will be developed in future.

LAFRENZ INDUSTRIAL PARK LAND AVAILABLE FOR SALE



Ext 4-6

173 Ha

■ Industrial



APPLICATION APPROVAL

The City of Windhoek Municipality recently approved the application for the establishment of an industrial township which unlocked substantial value in the property division.

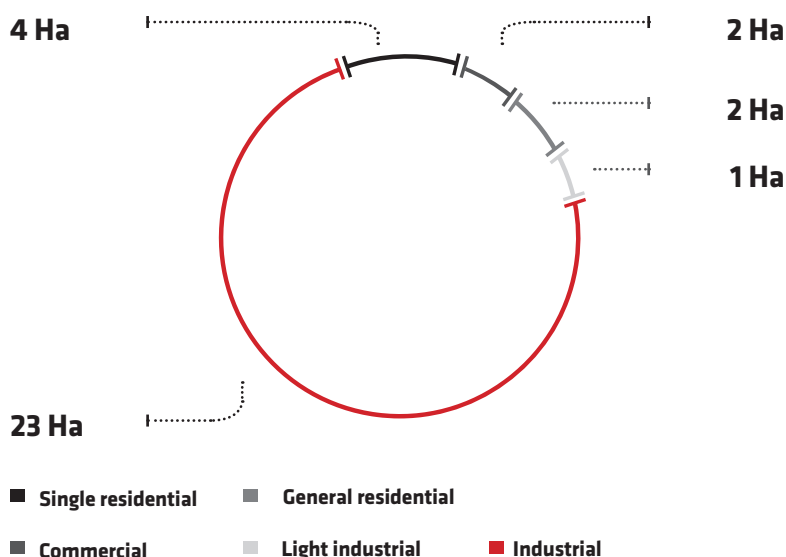
The Lafrenz development is situated on the outskirts of Windhoek. Two portions of the development, known as extension two (2) and three (3) consisting of 116 erven, have been sold to a developer and are currently being serviced by Trustco Construction.

The remaining 173 hectares of sellable land in the Lafrenz development (288 hectares of land bank), consisting of three portions, better known as portion 81, portion 133 and the remainder of portion A of the Farm Nubuamisi No.27, are available for future development. The City of Windhoek Municipality recently approved the application for the establishment of an industrial township which unlocked substantial value in the property division.

INSURANCE SEGMENT

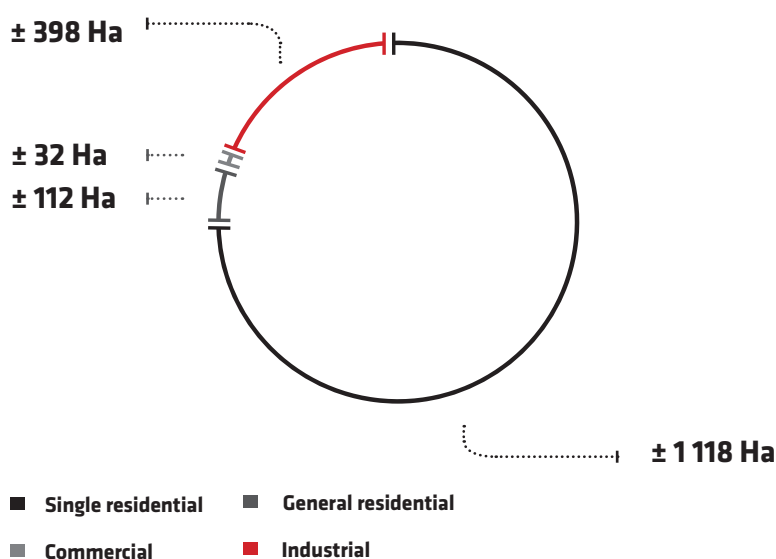
THE PROPERTY DIVISION IS NOT ONLY FOCUSING ON GROWING THROUGH ACQUISITIONS, BUT ALSO BY **CREATING SYNERGETIC** RELATIONSHIPS INTERNALLY

ONDANGWA (INCLUDING THE OMBALA ESTATE) LAND AVAILABLE FOR SALE



The mixed use development situated in Ondangwa, comprises of two portions of land. The one portion of approximately 9 hectares of sellable land (13 hectares of land bank), is currently being serviced. This portion encompasses the residential component known as the Ombala Estate which was launched during the reporting period and is being sold off plan. The remaining portion comprising of approximately 23 hectares of sellable land (29 hectares of landbank) is earmarked for future development.

FARM HERBOTH'S PROPOSED LAND AVAILABLE FOR SALE



The Farm Herboth's development, situated on the outskirts of Windhoek, is estimated at approximately 1 660 hectares of sellable land (2 766 hectares of land bank) for future development.

INSURANCE SEGMENT

GLIMPSE INTO THE FUTURE

During the next twenty four months the property division will mainly focus on:

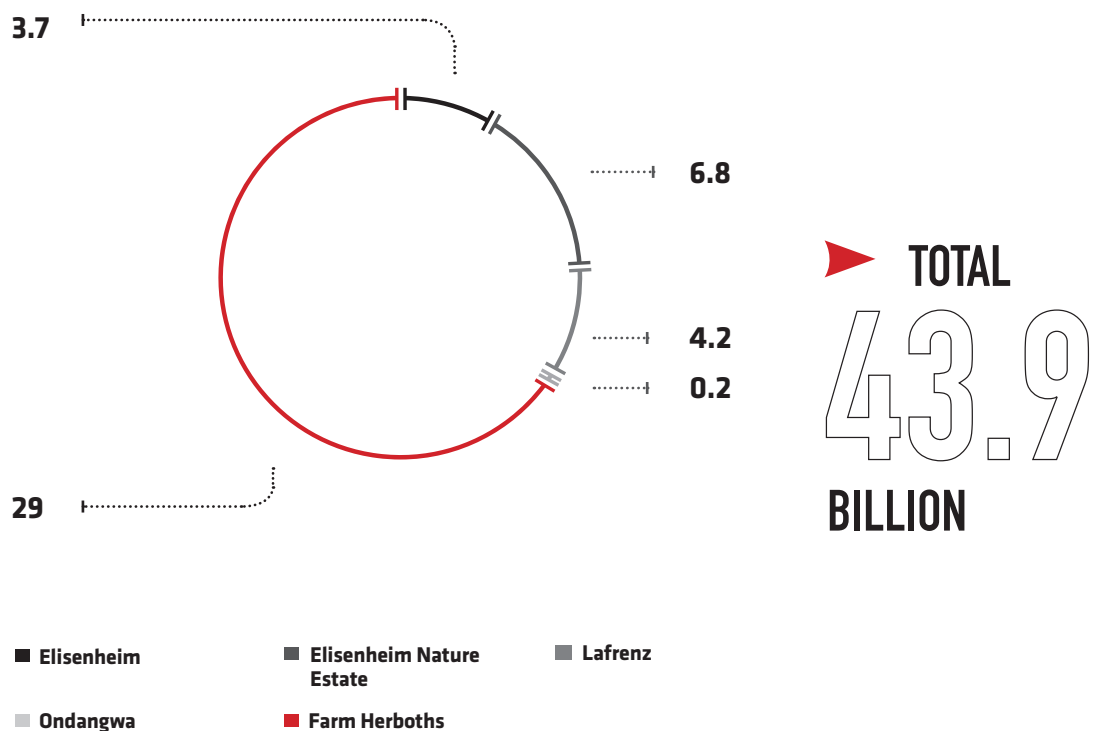
- the development of the commercial precinct at Elisenheim
- installation services and bulk infrastructure and
- transferring erven in order to realise cash from properties previously sold.

In line with the group strategy, the property division is not only focusing on growing through acquisitions, but also by creating synergetic relationships with Trustco Bank, Trustco Insurance and Trustco Life to assist with mortgage financing, underwriting credit and life insurance products.

The total land available for sale in the land bank is currently 2 469 hectares and the vision is that the property division will remain in a position to contribute meaningfully to sustainable revenue growth for at least another 15 to 25 years.

The division will remain focused on expanding its current land bank through strategic acquisitions, developing its existing land, unlocking the value by servicing land and selling and transferring serviced erven.

EXPECTED FUTURE GROSS REVENUE FROM DEVELOPMENTS AT CURRENT PRICES (NAD billion)



INSURANCE SEGMENT

TRUSTCO AIR SERVICES

▶ THE STATE OF THE ART NAVIGATION EQUIPMENT, STRINGENT CONFORMITY TO INDUSTRY BEST SAFETY PRACTICES, QUALITY CONTROL ALONG WITH HIGHLY QUALIFIED AND EXPERIENCED PILOTS, PROVE THE COMPANY'S DEDICATION TO SAFE AND LUXURIOUS TRAVEL

Trustco Air Services (TAS) is a unique private charter company that specialises in flexible and luxury charter flights for both business and leisure travellers, to destinations of choice. With its hangar in the heart of Namibia's capital, Windhoek, TAS stands out as the most diversified and exclusive in the Namibian charter market.

TAS operates a fleet of modern aircraft that comprises two Pilatus PC 12 NG aircraft, an Airbus H125 helicopter, a Learjet 31A and an exquisite Learjet 45XR. All fixed wing aircraft provide plush business class seating in pressurised cabins with climate control, generous legroom space and reclining seats. The state of the art navigation equipment, stringent conformity to industry best safety practices, quality control along with highly qualified and experienced pilots, prove the company's dedication to safe and luxurious travel. The vision is to expand its current market share in the travel tourism industry with flexible and personalised VIP luxury safaris to any destination of choice.

Customers are offered bespoke itineraries, streamlined check-in (20 minutes before take off) and expedited boarding procedures to ensure a relaxed experience in an exclusive environment, while saving hours in travel time. The onboard catering of delectable cuisine and the fully stocked bar will satisfy even the most diverse palate.

The company's affiliation to the group coupled with its sustainable growth and expansion strategy is evidenced in having operated over 200 charter flights during this reporting period. This affiliation enables the different segments in the group to reach the regions, in which they operate, in a matter of just hours to deliver the high level of service that is expected.

INSURANCE SEGMENT



Trustco Air Services fleet

INSURANCE SEGMENT

MEDIA SERVICES



Infomanté Facebook followers

330
THOUSAND

The media services division, comprising of traditional and electronic media platforms, is pioneering media convergence in the best interest of the group, its affiliates and all stakeholders.

The main focus is to monetise group marketing with its exceptional creative footprint into a fully-fledged advertising agency by utilising its radio, with its untold possibilities of streaming, as well as the television department with constant content driven initiatives.

These services not only provide strategic support to the operating segments within the group, but simultaneously strengthen the vision and mission of Trustco to be the most recognised brand and premier company representing Namibian businesses and providing opportunities in the biggest possible market.

NEWSPAPER

The *Infomanté* newspaper solidified its position as the leading media platform in Namibia, integrating social media development with print innovation which creates more choices for consumers and therefore more opportunities for local growth.

Infomanté is strengthening its influence through credible and timeous news dissemination and boasts close to 330 000 Facebook followers. The engagement of *Infomanté* on social media with its readers is amongst the top 23% of all media platforms in the world, and 700% better than its closest competitors, including the local daily news market.

Trustco Media is on the verge of a media revolution by adding free advertising to kick start smaller businesses and also to extend this benefit to regular external corporate clients. A project for vacancy advertising and state tenders as editorial content will transform *Infomanté* into the only choice for the unemployed and entrepreneurs by bringing tender opportunities and employment vacancies to the doorstep of every citizen.

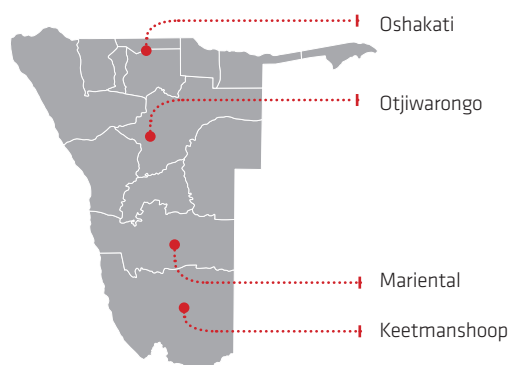
The media strategy will benefit the group and all its segments with the further roll out of the radio station which will unlock the massive commuter market as an essential information as “you go” option. The drive to manage information through advertising opportunities creates a brotherhood between the readers, listeners and Trustco, with the emphasis on trust and the challenge of the group executives and employees to be and to offer the best in customer service.

MARKETING

The mixed marketing department functions as an in-house marketing and advertising agency servicing the group and all its business segments. The department is vital for maintaining sustainable sales and branding objectives. Responsibilities include below and above the line marketing budgets, events management, media liaison as well as executing social corporate investment and sponsorship projects. The group is known for its creative, innovative and unconventional way of communicating its message to stakeholders.

INSURANCE SEGMENT

CURRENT RADIO BROADCASTING TOWERS



MULTIMEDIA

Trustco's newly established multimedia unit houses a seasoned team of multi skilled employees that capture and deliver the group's celebrated culture of innovation and creativity. The department forms part of the group's in-house mixed marketing department. It uses a variety of artistic and communicative media in its role as support to all other divisions in the group. This includes use of full motion videos for IOL lecture recordings as well as drones for a range of material including audio visual advertisements. In addition, the team documents and distributes all events of the group and its subsidiaries as well as host and makes appearances at functions.

The division is currently upgrading its facilities and technology to keep up with the increasing demand for audio visual and new media content for marketing purposes which are required by the operating segments of the group.

RADIO

The latest addition to the segment comprises a radio station known as Mixed FM. The radio channel is a nationwide commercial radio station with an additional streaming footprint, where listeners are reached from as far as Iceland and Australia.

The *Informanté* newspaper, marketing department and the group's in-house multimedia service allows for media house synergies that no other organisation has. The channel broadcasts 24 hours a day, 7 days a week with its interactive programing comprising of a 60% communication and 40% music format. Mixed FM also offers additional extended services which include, but are not limited to, radio recordings, advertising, outside broadcasting, special events broadcasting, studio music recordings, television recordings, local music artist development and cooperative videos. Mixed FM is currently licenced to broadcast to Keetmanshoop, Mariental, Otjiwarongo, Oshakati, the Namibian coast and Rundu. Applications for Windhoek are pending and have been submitted to the Communications Regulatory Authority of Namibia (CRAN) for approval.

COMMUNICATION

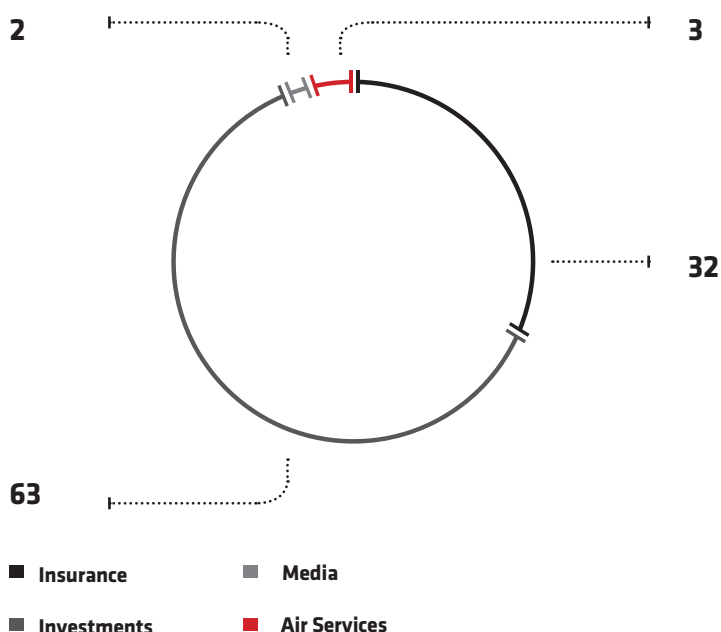
60%

MUSIC FORMAT

40%

INSURANCE SEGMENT INCOME PER DIVISION

(percentage)



APPLICATIONS FOR

Windhoek, have been submitted to the Communications Regulatory Authority of Namibia (CRAN) for approval.

INSURANCE SEGMENT



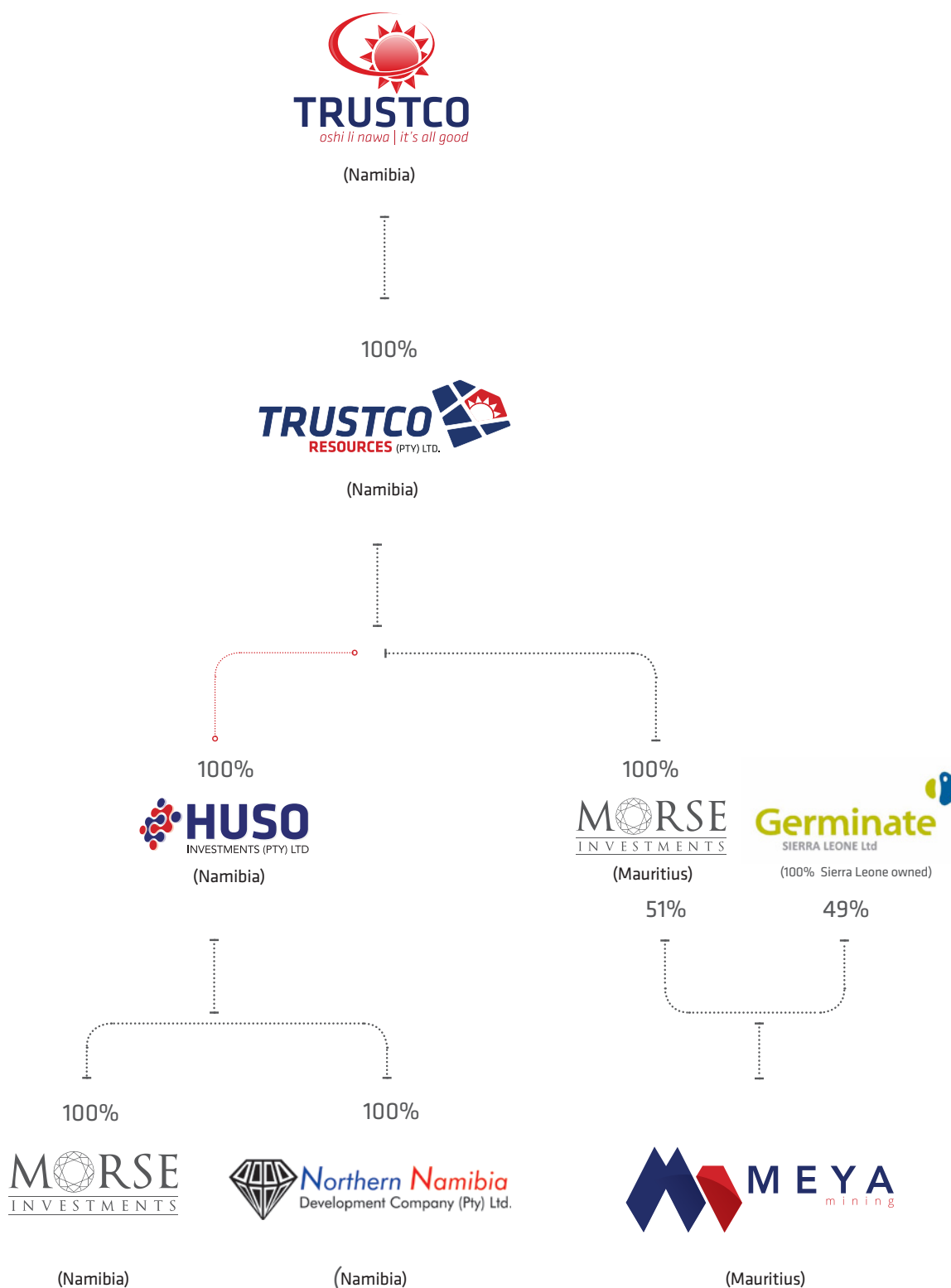
SEGMENT EXCO (f.l.t.r): Carel Fourie (Group Head: Insurance and its investments), Jaco Klynsmith (Head: Media), Chris Jacobie (Group Head: Media), Riaan Lamprecht (COO: Air Services), Annette Brand (Head: Insurance), Marco Erasmus (CFO: Insurance), Desmond van Heerden (Group Head: IT), Jaco Jacobs (Head: Trustco Construction) and Heleen Steyn (Head: Properties)

INSURANCE SEGMENT



RESOURCES SEGMENT

RESOURCES SEGMENT STRUCTURE



NOTE
The Huso transaction was not yet perfected as at 31 March 2018.

RESOURCES SEGMENT

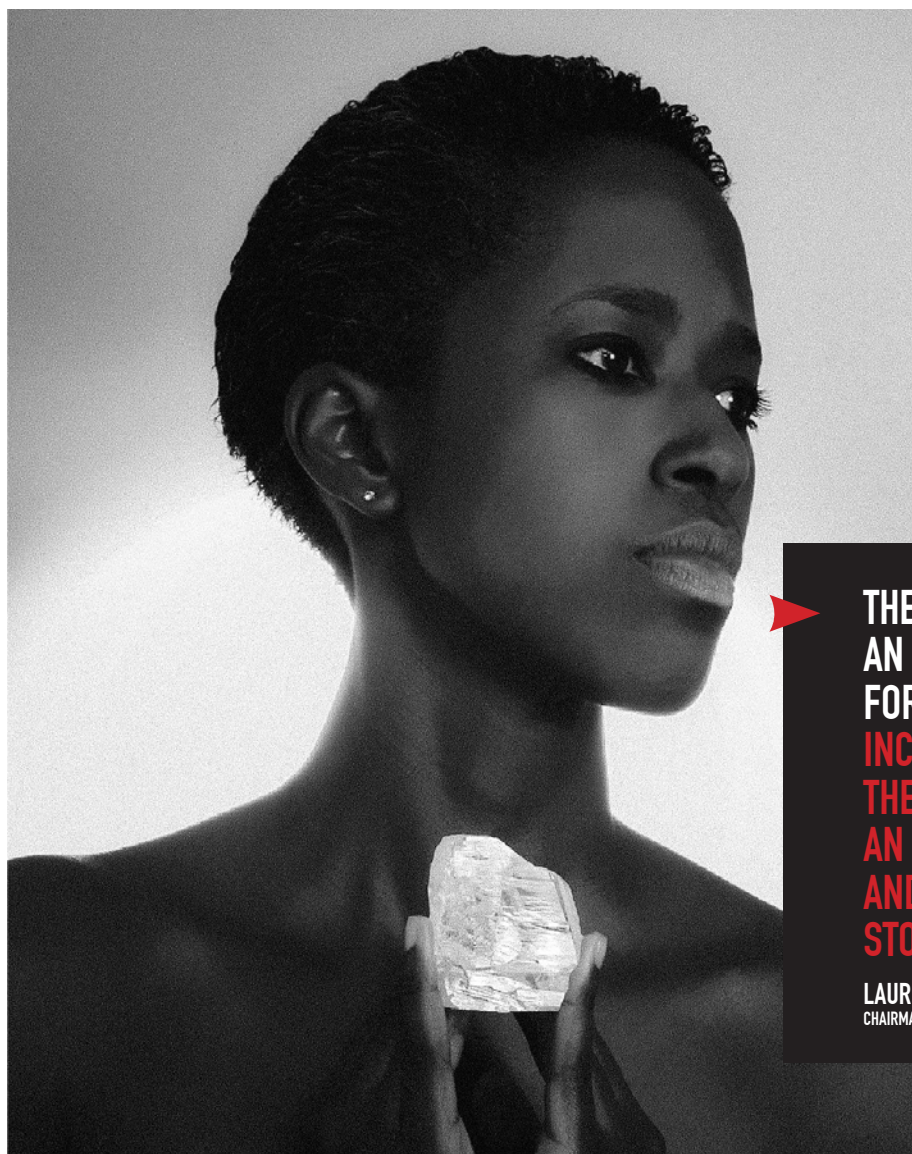
CONDENSED CONSOLIDATED FINANCIAL RESULTS

RESOURCES SEGMENT STATEMENT OF FINANCIAL POSITION	2018 NAD '000	2017 NAD '000
Assets		
Non-current assets		
Property, plant and equipment	155 898	166 858
Intangible assets	552 859	260 053
Amounts due by related parties	21 635	58 448
Deferred tax	21 344	-
	751 736	485 360
Current assets		
Inventories	29 822	2 928
Trade and other receivables	27 459	3 336
Cash and cash equivalents	10 118	1 084
	67 399	7 348
Total assets	819 135	492 708
Equity		
Owners of the company	(6 952)	(12 190)
Non-controlling interest	86 082	7
	79 130	(12 183)
Liabilities		
Non-current liabilities		
Amount due to related parties	301 952	210 325
Deferred tax	-	2 262
	301 952	212 587
Current liabilities		
Trade and other payables	425 257	234 443
Borrowings	12 796	57 861
	438 053	292 304
Total equity and liabilities	819 135	492 708
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	275 407	-
Cost of sales	(81 432)	-
Gross profit	193 975	-
Operating expenses	(66 654)	(19 766)
Finance costs	(22 062)	(1 636)
Profit / (loss) before taxation	105 259	(21 402)
Taxation	10 753	-
Profit / (loss) for the year	116 012	(21 402)
STATEMENT OF CASH FLOWS		
Cash flows from operating activities	285 572	215 662
Cash flows from investing activities	(231 472)	(272 447)
Cash flows from financing activities	(45 066)	57 869
Total cash movement for the year	9 034	1 084
Cash at the beginning of the year	1 084	-
Total cash at the end of the year	10 118	1 084

NOTE

The Huso transaction is excluded from the condensed consolidated financial results as the transaction was not yet perfected as at 31 March 2018.

RESOURCES SEGMENT



THE MEYA PROSPERITY IS AN IMPORTANT MILESTONE FOR GRAFF. WE ARE INCREDIBLY PROUD TO BE THE CUSTODIANS OF SUCH AN EXCEPTIONAL STONE AND HONOURED TO TAKE ITS STORY FORWARDS

LAURENCE GRAFF
CHAIRMAN OF GRAFF DIAMONDS

The Meya Prosperity Diamond

TRUSTCO RESOURCES

CORPORATE STRUCTURE

Trustco Resources (Pty) Limited (Trustco Resources) was incorporated, as a wholly owned subsidiary of Trustco Group Holdings Limited (Trustco), in the Republic of Namibia in accordance with the Companies Act, 28 of 2004, on 17 February 2015 with registration number 2015/0081. Trustco Resources was established as one of the business segments within the Trustco group of companies with an overall strategic focus on the natural resources sector, both nationally as well as internationally. Since its inception Trustco Resources has acquired three business ventures in the diamond sector.

The first acquisition in July 2015 was Huso Investments (Pty) Limited (Huso) from Dr Quinton van Rooyen (Van Rooyen). Huso, which is registered in Namibia, holds 100% interest in two Namibian subsidiaries which are structured as part of the vertical integrated diamond business model within the diamond division. Northern Namibia Development Company (Pty) Limited (NNDC) is a diamond exploration and mining entity operating in the Kunene region and Morse Investments (Pty) Limited (Morse) is a diamond cutting and polishing factory in Windhoek (the Huso transaction).

RESOURCES SEGMENT

The second acquisition in November 2016 was Meya Mining (Meya) where Trustco Resources acquired a 51% interest. Meya was incorporated in Mauritius on 19 August 2016 in accordance with the Mauritian Companies Act, No 15 of 2001 with registration number 141003 C1/GBL. Meya's principal place of business is the Republic of Sierra Leone, it was hence registered to do business in accordance with the Sierra Leone Companies Act, No 5 of 2009, on 14 September 2016 with registration number MUS140916MEYAM00011.

Given its credibility and adherence to international business practices, Mauritius is recognised as a premier international business centre offering; modern, user friendly, secure and reliable frameworks to facilitate international trade to offshore entities. In view of Trustco Resources' international trading requirements, it incorporated Morse Investments Mauritius (MIM) in the Republic of Mauritius on 22 September 2016, with registration number 141796 C1/GBL, mainly to facilitate diamond trading.

GENERAL OVERVIEW OF THE BUSINESS

Trustco Resources was established to pursue opportunities within the natural resources sector in general, however, over the past three years Trustco Resources' focus has been on the diamond industry. It will remain the primary focus until the "mine to market" strategic plan has been realised in accordance with the original vision.

TRUSTCO RESOURCES' MINE TO MARKET STRATEGY

When asked for their strategy, management will present a copy of a five year plan or forecast, based on the present and projected forward. At best, the plan might also outline how to optimise the business based on the present. Trustco believes that it is important, but it does not constitute a complete strategy. Markets are changing at a much faster pace today than before and a strategy should also look at how 'to create the future', a plan on how the business should look in a different world ten years from now.

Traditionally, the diamond industry looked to its future by planning around the present, not trying to position itself to the challenges it will face in ten years, this approach might just be to its long term detriment. It is important to recognise the challenges that the industry faces today and identify the opportunities presented by innovatively looking to the future. Technological advances over the past twelve months present the most exciting developments and opportunities in the industry, as it would certainly be the game changers across the diamond pipeline going forward.

These advances go beyond the existing blockchain systems, whereby mining companies or anyone in the diamond pipeline can create an immutable Chain of Custody (CoC) for transactions, but never before has anyone been able to track the parallel chain followed by the actual physical diamond. That has always been the weak link.

It's only now that new technologies truly enable industry participants to certify provenance and the ability to differentiate its diamonds (individually) with a CoC from source, right through to the consumer and not just create new and value accretive channels to market, but rather to cater for the needs of the fast changing consumer and for a select few, to build a premium diamond jewellery brand and to move away from the waning fortunes of the majority in the industry that continues to sell diamonds generically i.e. increasingly commoditising crystallised carbon. The opportunity and the question to be answered here is how Trustco Resources can be part of changing the existing market.



FACTS

Approximately 96 out of every 100 diamonds are now cut and polished in India – it is the cutting centre of the world.

RESOURCES SEGMENT

A SYNOPSIS OF THE DIAMOND MARKET

Why don't miners own diamond brands?

Until very recently, it wasn't possible for a diamond mining company to build a brand through to retail associated with its own production, mostly because the technology to track a specific diamond from mine to market through an interwoven and complex market, did not exist. Also, the economics of polishing, which is a very different business model to mining, are such that (other than very large diamonds) it is not possible for others to compete on cost alone with Indian diamantaires.

Apart from that, there are also major structural flaws in the industry both in the midstream and at retail, which have stopped diamond mining companies trying to develop their businesses downstream. The first of these is that rough diamonds often sell at a premium to their polished outcome (cost of rough diamond plus cost of polishing versus value of polished outcome), primarily because of the structure of the diamond industry in India. The second is the commoditisation of diamonds at retail, primarily as a result of the internet, which is squeezing profitability along the diamond pipeline.

When rough diamonds are overpriced in relation to polished diamonds, a mining company achieves the highest price for its product by selling rough diamonds by tender or auction for cash, (the exception is for larger special diamonds). Part of the reason why rough diamond prices have outperformed polished diamond prices is that continual technological improvements in cutting and polishing have consistently yielded more in the polished outcome, so *de facto*, the increase in rough prices was partly reflected in producing larger (and therefore more expensive) polished stones. The cost of a polished diamond includes not just the cost of the rough diamond, but also the costs of polishing the stone. However, neither of those reasons fully account for the divergence in rough and polished prices over the past ten years, a divergence that has had a negative impact on profitability in the polishing industry. If one can optimise the present, there is one logical conclusion, mine and sell rough diamonds for cash, do not tie up working capital to polish diamonds and then sell them at a negligible, or even negative margin. A high value mine such as Meya will always be profitable. However, the future requires lateral thinking and the existing structure of the industry is flawed. The signs at present indicate that the diamond business in future is going to be very different.

The Indian conundrum

India's extremely low wage cost structure, together with technological improvements in polishing diamonds over the last twenty years, mean that almost every diamond (96 out of every 100 diamonds) are cut and polished in India. Unless other cutting centres are able to offer some form of differentiation, specialisation or continue operating for political reasons, they are unable to compete.

There is a more fundamental problem with the structure of the diamond industry, which was completely hidden by a booming diamond industry between 2009 and 2012. The boom in the industry was driven by an increasing demand in China and India and resulted in a speculative increase in prices for both rough and polished built on excessive credit. When in 2012, Chinese and Indian diamond demand growth collapsed, followed by a number of significant diamond related bankruptcies in India, the credit bubble burst.

What became clear was that the diamond industry in India was using diamonds to access cheap bank credit, since jewellery (specifically diamond jewellery), is one of India's few major export industries and the banks had to lend to this industry at very subsidised rates.



CHALLENGES

It has proven very difficult for the global diamond centres to compete with cheap credit and the low cost of cutting and polishing in India.

RESOURCES SEGMENT

The cheap and easily accessible credit raised for diamonds was in many cases invested in other industries, such as real estate and the stock market. Diamond manufacturing profitability was secondary to the access to cheap credit. The result was overcapacity, inefficiency and a lack of profitability, in many cases, entirely sustained by the banks.

The commoditisation of polished diamonds

Another structural flaw lies at the retail level. Since 2012, increasing levels of supply, combined with the contraction of available credit to the midstream, changed the dynamics between wholesalers and retail. Diamond manufacturers were forced to sell excess inventory and retailers were granted even longer terms, a substantial increase in diamonds provided on credit further squeezed profitability in the midstream. Behind this is something altogether more important that contributes to the waning fortunes of the majority in the industry.

Looking back, polished diamonds were/are valued according to the 4 C's (Carat (weight), Colour, Clarity and Cut). The concept was created by the GIA in the 1930's to help educate American jewellers about diamonds. De Beers partly adopted it in the early 1940's to help consumers understand their purchase, but their diamond marketing campaigns focussed on a key message to women – "the larger the diamond, the more he loves you".

Towards the end of the 1950's, the Soviet Government started selling its gem quality production through De Beers, except that while the quality was exceptional in terms of size, it was primarily small and medium sized gem diamonds. De Beers was faced with a very real challenge as to how to create a new market to absorb this. In the early 1960's, De Beers stopped promoting diamonds according to their size and started educating consumers that "the better the quality, the more he loves you" and from then onwards, placed the 4 C's at the core of their marketing. Today, almost every polished diamond over 0.3 carats and some even smaller, will be sold and priced with a grading certificate from one of the gemmological laboratories (primarily) against the 4 C's.

In 1978, Martin Rapaport first published his Rapaport (Rap) price list, the first ever polished diamond price list. For the past thirty years, almost every polished diamond has been traded against this price list, where every category of polished diamonds is priced against the 4 C's. The actual trade prices are at a discount to the quoted 'Rap' price, which initially, even when the consumer accessed this price list, allowed the wholesaler, jewellery manufacturer and/or the retailer, to source their diamonds at a discount to the Rap price then prevailing, and still make a margin. Over many years, especially in the US, traders increasingly looked to sell polished diamonds directly to the consumer at the discounted trade price, making a quick turn, but squeezing trade margins. The major disrupter was the internet and with it, easy access to diamond pricing, not least from high turnover / low margin retailers like Blue Nile. What were once healthy retail margins have been further squeezed.

Today the average USA independent jeweller are making great sales, but can't seem to be able to make any margin. What they should ask themselves is, "What am I selling?" If it is selling a VS1, G-H colour, loose polished 1 carat diamond, then the only word that will continue to dominate the business will be discounting, because if they continue to sell diamonds generically without a story they are in trouble, as the internet has disrupted diamond pricing to such a degree that profitability at retail will continue to be squeezed. Ultimately, this will feed its way back to the mining companies who sell for cash, CoC or not.

RESOURCES SEGMENT

Mining companies with high value mines will continue to make money regardless of any scenario, but at some point, the impact of the commoditisation at retail will flow back to their pricing. Is there a different way? How can mining companies sell diamonds and turn the negative economics of local manufacturing in Africa into a benefit?

Technology - the game changer

Today, the Kimberley Certification Process (KP) is at best functional and only guarantees KP compliance however, there remains too many entry points for diamonds of dubious provenance. The ability to track the physical diamond, is the 'Holy Grail' for diamonds - once that happens (across the diamond pipeline), everything changes. New technologies are on the verge of making that possible, using material analytics, which for example would be able to:

- Identify which kimberlite a diamond comes from. One such technology identifies the trace elements in diamonds, as each diamond contains a unique atomic profile from when it was first created deep inside the earth
- Stress map the diamond. When white light enters a diamond, it bends, and because the colours that make up white light have different frequencies, they bend at different degrees. If you isolate one colour and know how that colour light pass through the diamond, you can use very high definition photography to follow how it passes through a diamond. Taking into account the internal stresses in the crystal lattice created when the diamond was formed.
- Map the inclusions. It is also possible to map the exact position and distances between the inclusions in the stone.
- Using high definition photography to map a rough diamond and establish an audit process by mapping the specific characteristics of the diamond.

This will allow the consumer to know which mine the diamond came from and the mining company to follow their diamond the entire way down the pipeline, which of course, fits in with an ever growing demand by consumers to guarantee the provenance of any product.

Branded jewellery is the one area where diamond margins are solid, (where the retailer hasn't allowed their product to become mass market or commoditised) - almost 50% of engagement rings purchased in the US are now branded engagement rings, in China its 79% and in Japan 81%. Brands are doing the emotional work for the seller. They don't sell products, they sell dreams. Technology now enables producers who are working with retailers, to sell a diamond story through its brand, but more importantly, to also benefit from this journey.

Why is this so important now and why is this such an opportunity?

- For the first time, new technology will allow producers to track their diamonds from mine to market (as above)
- Trustco Resources produces its own diamonds and has its own cutting and polishing factory in Namibia (possibly another one in Sierra Leone soon) and what was previously an economic cost, which had to compete with India, shall now become an economic benefit. Trustco Resources will be able to tell the story of the benefits its business brings to the communities and the countries in which it operates, not just from mining, but also from polishing the diamonds - indeed, to build two national brands. Strategically, mining companies that not only mine, but cut and polish their own diamonds as well as design and set the diamonds in jewellery, will find it much easier to maximise the economic profit created.

RESOURCES SEGMENT

The millennial consumer

The millennial consumers are different from previous generations, especially in their attitude. When millennials walk into a jewellery store, they have already spent a lot of time researching on the internet, they understand about the quality of a diamond and the 4 C's, and they don't want to be told what they already know, the seller must take them to a different place. To emotionally attach themselves to brands that, as millennials, they feel an association with, that they are comparable with, that will make people fall in love with the category....."This is us". They want to hear about responsible sourcing and social responsibility, the story around a product that they can be emotionally attached to, to understand the values that the brand stands for and values that the company shares.

Other challenges

Over the past year diamond jewellery sales in the two largest consumer markets, namely the US and China, have increased at a time when supply, which has risen sharply in recent years, appears to be near its peak. Yet, the industry is facing renewed marketing challenges and how it addresses these will define whether and which part/participants within it succeed.

- An increase in the production of laboratory (lab) grown gem diamonds – in 2016 the production was reported to be in excess of 4 million carats (which when polished would equate to approximately 2 million polished carats) was slightly below 10% of total polished natural diamond production. With lab grown diamonds, an increasing quantity of highly sophisticated diamond testing machines have become available to the industry to ensure that these diamonds do not enter the supply chain disguised as natural diamonds. It is also worth noting that over 90% of lab grown production used in jewellery are melee (very small) diamonds, which compete with newly mined diamond production in the under USD 100 per carat range. This diamond production has also seen an increase in new mine supply, a range of diamonds which are too small once polished to be economically tested by a laboratory and certified as such. Producers who by comparison produce diamonds with an average value of > USD 200 per carat will have a significant competitive advantage in terms of demand and competing with the lab grown diamonds.
- India is recognised as the cutting centre of the world. There are many genuine diamond businesses in India, but too often diamonds have become a way of accessing cheap foreign currency, which in turn could be used in investing in other non-diamond related profitable businesses. A number of fraud cases, allied to some bad lending practices, have resulted in the Indian banks tightening credit facilities (now the largest lenders into the diamond sector). Other than the continued lending by middle eastern banks, there are only a few new alternative sources of capital available for the diamond sector. It has proven very difficult for the global diamond centres to compete with cheap credit and the low cost of cutting and polishing in India. However, increasingly as more fraud is exposed in the Indian banking and diamond sectors, Indian manufacturers are forced to adopt industry's best practices.
- The lack of generic diamond advertising over the period up until 2017, increased competition for share of wallet, the slowdown in consumption in China and India (from 2012) and changing consumer buying patterns, resulted in global diamond jewellery consumption increasing by only 1% over the last four years.



The Diamond Producers Association, which started generic advertising for diamonds with a budget of just USD6 million in 2016 will spend USD

70 MILLION

in 2018 to promote natural diamonds to the consumer, building on the exciting campaigns in China and the US while launching a new campaign in India under the theme 'Real is Rare'.

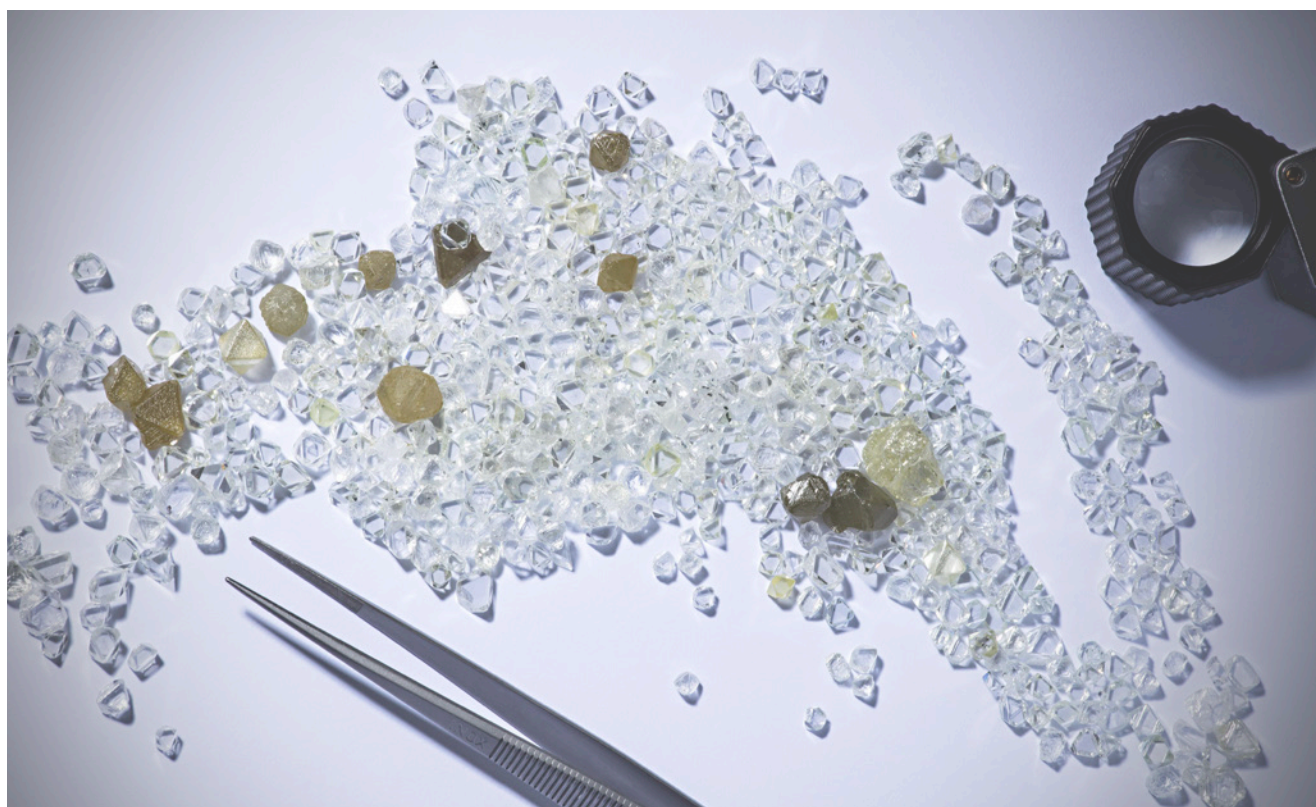
RESOURCES SEGMENT

Challenging times for the industry, but also exciting opportunities for those that get the integration right.

TRUSTCO RESOURCES' STRATEGY IS ITS FUTURE

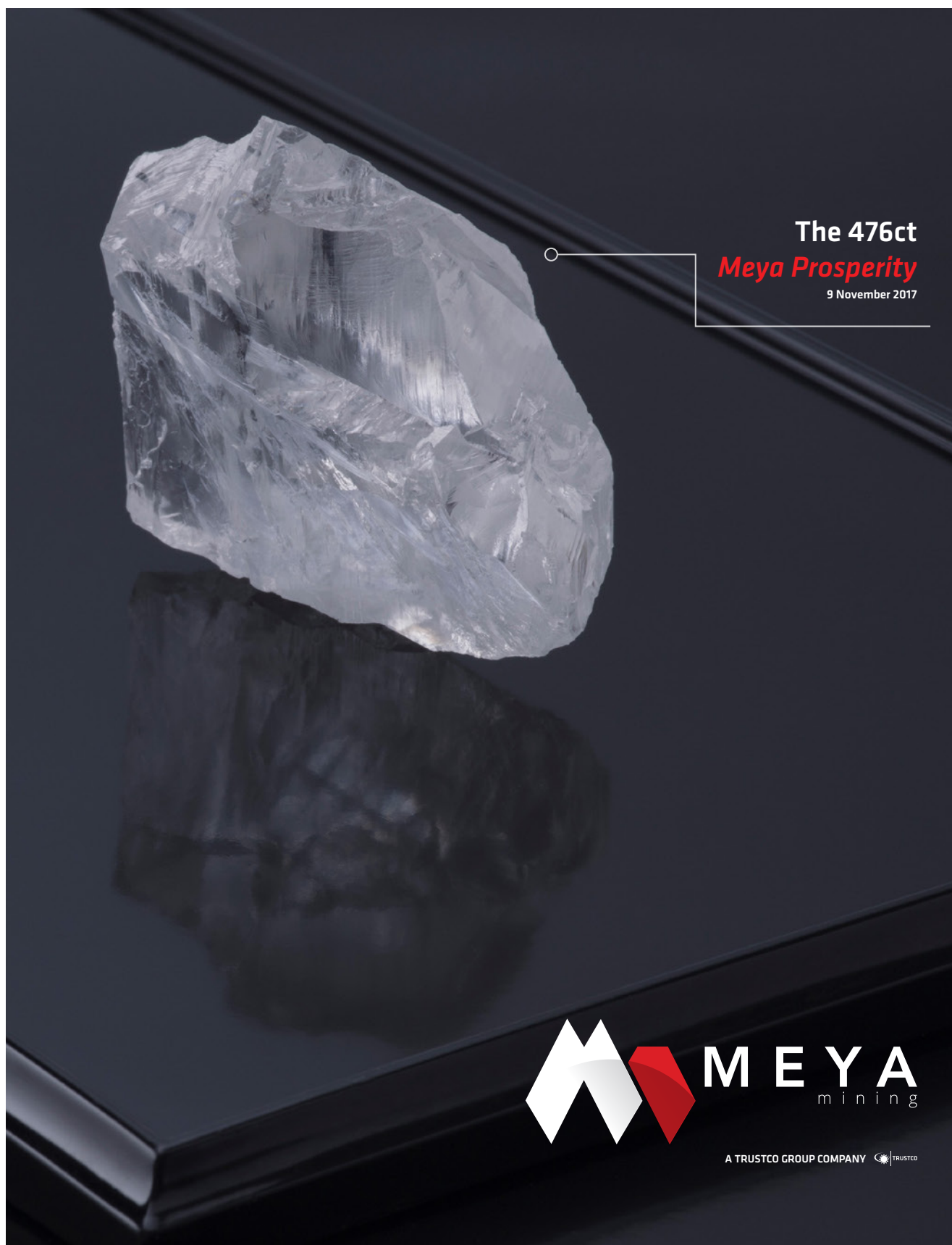
Trustco Resources has been aware of the signs as laid out in the above synopsis, from its inception in 2015 and from the outset, focused on securing the strategic components required to position Trustco Resources favourably once the market forces take full effect. If the ultimate objective is to turn every diamond into a completely unique piece, which could be identified and its legacy traced back to its origin, then the logical conclusion is that fully integrated companies that control every step of a diamond's journey from mine to market, should have a significant competitive advantage.

Trustco Resources "mine to market" strategic plan advanced over the past year, however, progress will be accelerated once the two mining licences are secured and both mines are in commercial production. To complete the vertical integration the following components must still be addressed: technology / information systems i.e. blockchain platform, the retail outlet and brand establishment.




Meya's first sample (melee only)

RESOURCES SEGMENT



The 476ct
Meya Prosperity
9 November 2017



A TRUSTCO GROUP COMPANY  TRUSTCO

RESOURCES SEGMENT

DIAMOND PIPELINE INTEGRATION CHECKLIST

▶ ACTIVITY	▶ TRUSTCO RESOURCES ENTITY	▶ CURRENT STATUS	▶ FUTURE (AT STEADY STATE)	▶ VALUE PROPOSITION
Mine	<p>NNDC (ML156)</p> <p>Registered and operates in Namibia (Skeleton Coast)</p> <p>Placer deposit</p>	<p>Part of the Huso transaction. NNDC received a preparedness to grant a 15 year mining licence (ML) from the Ministry of Mines and Energy (MME). In anticipation of the issuing of the ML, NNDC was placed under care and maintenance from June 2017 to date. The Environmental Clearance Certificate from the Ministry of Environment and Tourism (MET) was issued on 13 July 2018. The ML shall subsequently be issued by MME and operations will recommence.</p>	<p>Mine configuration is 1 million tonne/annum and targeted run of mine (RoM) production is 30 000 carats/annum of high quality Skeleton Coast diamonds. A large portion will be beneficiated in Namibia, targeting the Namibian tourism market.</p> <p>NNDC is investigating blockchain reporting systems.</p>	<p>Original and guaranteed supply.</p> <p>Skeleton Coast diamonds.</p> <p>Namibian brand.</p> <p>Track and traceability of each diamond produced.</p>
Mine	<p>Meya (EL 07/2015)</p> <p>Registered in Mauritius, operates in Sierra Leone</p> <p>Kimberlite deposit</p>	<p>In the process of developing the resource and reserve statement, which is required to secure a 25 year mining licence. The Phase 1 program is scheduled to be concluded by September 2018. Results to date indicate that the geo economic potential is above expectations i.e. high grade and high value.</p>	<p>Mine configuration is 6 million tonnes mined and 360 000 tonne processed per annum / target RoM production of 165 000 carats per annum of high quality as well as exceptional diamonds.</p> <p>Meya is investigating blockchain reporting systems.</p>	<p>Original and guaranteed supply.</p> <p>Exceptional stones e.g. 476.78 carat Meya Prosperity Diamond.</p> <p>Type IIa diamonds.</p> <p>High value diamonds > USD 400/carats average.</p> <p>Track and traceability of each stone produced.</p>
Rough trading	<p>Morse Investments</p> <p>Registered and operates in Namibia</p> <p>Rough trading, cutting and polishing factory</p>	<p>Offtake agreement with NNDC – 100% of RoM production. Morse splits RoM parcels into two categories:</p> <p>(i) for production, to be cut and polished by Morse.</p> <p>(ii) not for production, rough sold to polishing houses via tender system in Antwerp.</p>	<p>Target is to cut and polish at least 10 000 carats from NNDC's i.e. > 0.40 carats stone RoM production and sell the remaining 20 000 carats, those smaller than < 0.40 carats in the rough.</p> <p>Blockchain reporting will be carried through from NNDC.</p>	<p>Value add to stones that are being polished by Morse.</p> <p>Rough diamonds sold via tender in Antwerp reflects true market value at the time of sale.</p> <p>Track and traceability of each diamond purchased and sold.</p>

RESOURCES SEGMENT

▶ ACTIVITY	▶ TRUSTCO RESOURCES ENTITY	▶ CURRENT STATUS	▶ FUTURE (AT STEADY STATE)	▶ VALUE PROPOSITION
Rough trading	Morse (MIM) Registered and operates in Mauritius	<p>Offtake agreement with Meya – full RoM production, excluding exceptional stones i.e. those with individual value > USD 250 000.</p> <p>MIM splits RoM parcels in two categories; (i) for production, to be cut and polished by Morse (ii) not for production, rough sold to polishing houses via tender system in Antwerp.</p> <p>All exceptional stones are sold by Meya using the same tender platform as Morse in Antwerp.</p>	<p>MIM aims to ship at least 12 000 carats of Meya's RoM production to Morse per annum to be benefited in Namibia.</p> <p>The balance of Meya's RoM production will be sold on tender in Antwerp.</p> <p>Blockchain reporting will be carried through from Meya.</p>	<p>Value add to diamonds that are being polished by Morse.</p> <p>Rough diamonds sold via tender in Antwerp reflects true market value at the time of sale.</p> <p>Track and traceability of each diamond purchased and sold.</p>
Cutting and polishing	<p>Morse Investments</p> <p>Cutting and polishing factory</p>	<p>Part of the Huso transaction. Morse is a licenced cutting and polishing factory. In anticipation of the NNDC's ML, Morse was placed under care and maintenance from June 2017 to date.</p> <p>Morse's installed capacity is 80 - 120 stones per day.</p>	<p>Morse's philosophy is to share the diamond's evolution with its customers. To achieve this, the cutting and polishing factory, jewellery design and manufacturing as well as retail shop will be in one location to enhance customer experience and connection with the final product.</p> <p>Blockchain reporting will be carried through from NNDC and Meya.</p>	<p>Customer experience and connection.</p> <p>Track and traceability of each diamond purchased and processed, and sold.</p> <p>EPZ status.</p>

RESOURCES SEGMENT

DIAMOND PIPELINE INTEGRATION CHECKLIST

▶ ACTIVITY	▶ TRUSTCO RESOURCES ENTITY	▶ CURRENT STATUS	▶ FUTURE (AT STEADY STATE)	▶ VALUE PROPOSITION
Jewellery manufac- turing	Morse Jewellery factory	Morse's jewellery design and manufacturing facility is integrated as an extension of the cutting & polishing factory.	To achieve the right customer experience Morse will invest in a new facility in Windhoek that will house the polishing factory, a jewellery factory and retail outlet. The design and ambiance will target international tourists, with a Namibian theme / heritage. Blockchain reporting will be carried through from cutting and polishing factory.	Branding. Customer experience and connection. Track & traceability of each diamond processed. EPZ status.
Jewellery retail	Morse Retail	To be established.	As above.	Branding. Customer experience and connection. CoC certification of each unique piece.

A SYNOPSIS OF THE OPERATIONS

THE HUSO TRANSACTION

At the time of this report the final condition precedent (CP) related to the Huso transaction, namely "that all regulatory requirements, including but not limited to the obtaining of licences and approvals before perfecting the share purchase agreement are met", was still in progress.

RESOURCES SEGMENT



Kunene river

NORTHERN NAMIBIA DEVELOPMENT COMPANY (NNDC)

NNDC's operations were suspended and placed on care and maintenance in June 2017. This is a temporary suspension until the ML has been issued by the MME. NNDC received a "preparedness to grant a mining licence, ML 156" letter from MME on 25 October 2017, with the condition that the Environmental Impact Study and Management Plan should be upgraded from that which applies to an exploration licence to a ML. Thus, it requires a revised Environmental Clearance Certificate from the Ministry of Environment and Tourism (MET). A revised study and environmental management plan was submitted to the MET together with an application for an Environmental Clearance Certificate on 12 March 2018. The Environmental Clearance Certificate has subsequently been issued on 13 July 2018 and MME issued a notice of preparedness to grant a mining licence to NNDC on 20 July 2018.

Once the ML is issued, the final CP's related to the Huso transaction would be fulfilled and the transaction perfected.

MORSE INVESTMENTS

Morse's operations were also suspended in June 2017, due to no production / supply of rough diamonds from NNDC. All relevant authorities, including the Offshore Development Company (which monitors and coordinates all Export Processing Zone (EPZ) related activities in Namibia), were informed of the decision and the reasons therefor. Operations will resume once the Huso transaction has been perfected.



MINING LICENCE

NNDC received an Environmental Clearance Certificate from MET.

RESOURCES SEGMENT

NNDC'S OPERATIONS

Despite some modifications to NNDC's processing plant, the performance during the second quarter of 2017 remained well below the original forecasts.

Month	Planned					Actual				
	Planned tonnes	Planned grade (cpht)	Stones	Carats	Stone size (Cts/Stn)	*IFS ROM tonnes	Rom grade (cpht)	Stones	Carats	Stone size (Cts/Stn)
Apr 17	30 000	5.00	11 538	1 500	0.13	12 540	0.75	730	94	0.13
May 17	30 000	5.00	11 538	1 500	0.13	13 002	0.43	429	56	0.13
Jun 17	30 000	5.00	11 538	1 500	0.13	15 000	0.49	576	73	0.13
Jul 17 operations placed under care and maintenance in anticipation of mining licence										
Totals	90 000	5.00	34 614	4 500	0.13	40 542	0.55	1 735	223	0.13

* Infield screening plant run of mine material

A holistic assessment by Consulmet, a Johannesburg based engineering house, of the current plant configuration, which was designed primarily to treat unconsolidated alluvial material, identified several plant inefficiencies in terms of treating the consolidated material that is typical to placer deposits along the west coast. The consolidated material accounts for the largest portion of NNDC's geological setting. Feed material typically consists of sea shell, sand (fines), round pebbles (oversize) and conglomerates which are solidified matrix of all the aforementioned). Each of the elements in the feed material introduces a unique processing challenge which renders the current flowsheet ineffective and inefficient as the crushing circuits are inadequate which impact liberation and recovery.

This is not a challenge that is unique to NNDC as very few entities have successfully applied the correct crushing, engineering and processing equipment in this application from the outset. Consulmet's track record along the west coast's diamond mining operations suggest that they are best suited to assist NNDC with identifying and resolving the processing issues.



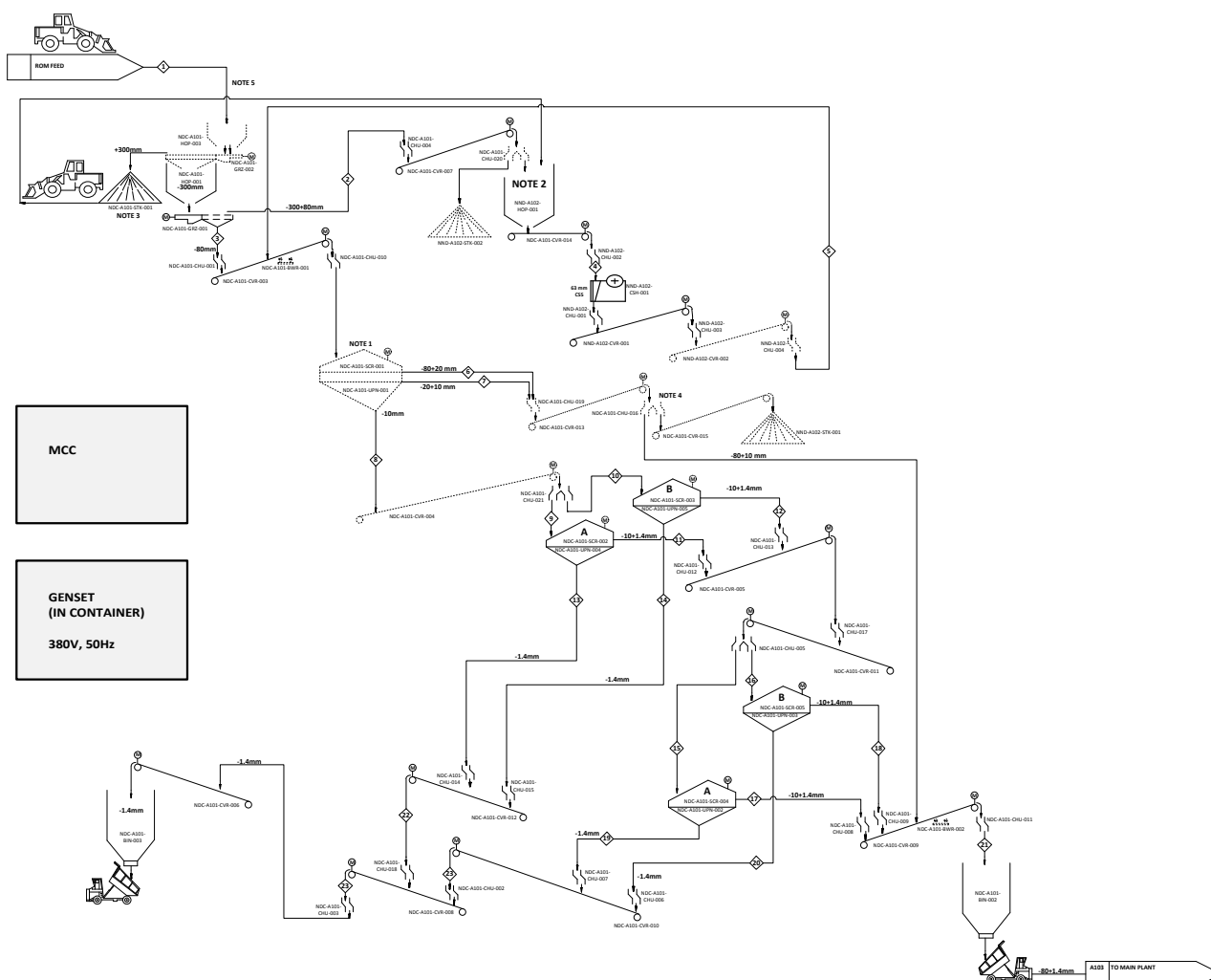
NNDC plant

RESOURCES SEGMENT

CONSULMET'S KEY FINDINGS AND RECOMMENDATIONS

In the current configuration, RoM feed material is not being crushed, unless excessive shell is removed, using a vertical shaft impact (VSI) crusher. This means that only -8 +1.4mm material is being treated through the main plant / Dense Medium Separator (DMS) and any consolidated material / conglomerate, which very likely contains significant quantity and quality of diamonds, is not being treated, but is disposed of as part of the tailings. Seeing that the conglomerate imbedded in the benches might hold a significant resource, it is imperative that the plant configuration be changed in order to process the conglomerate. This includes:

- A staged crushing circuit that could crush down to 8mm needs to be introduced to handle the conglomerate material
- Liberating and screening out the hard black barren bedrock material which is mixed in the RoM material before the crushing stages, as it would be detrimental to any crushing processes and therefore needs to be separated from the conglomerate diamond bearing material before treatment and
- Retain and treat the -12+8mm material which is currently being screened out in the main plant, should be treated through the VSI and subsequently any +1.4mm treated through the DMS plant.



NNDC Infield Screening Plant (IFS) flow sheet

RESOURCES SEGMENT

PLANT CONFIGURATION

75TPH

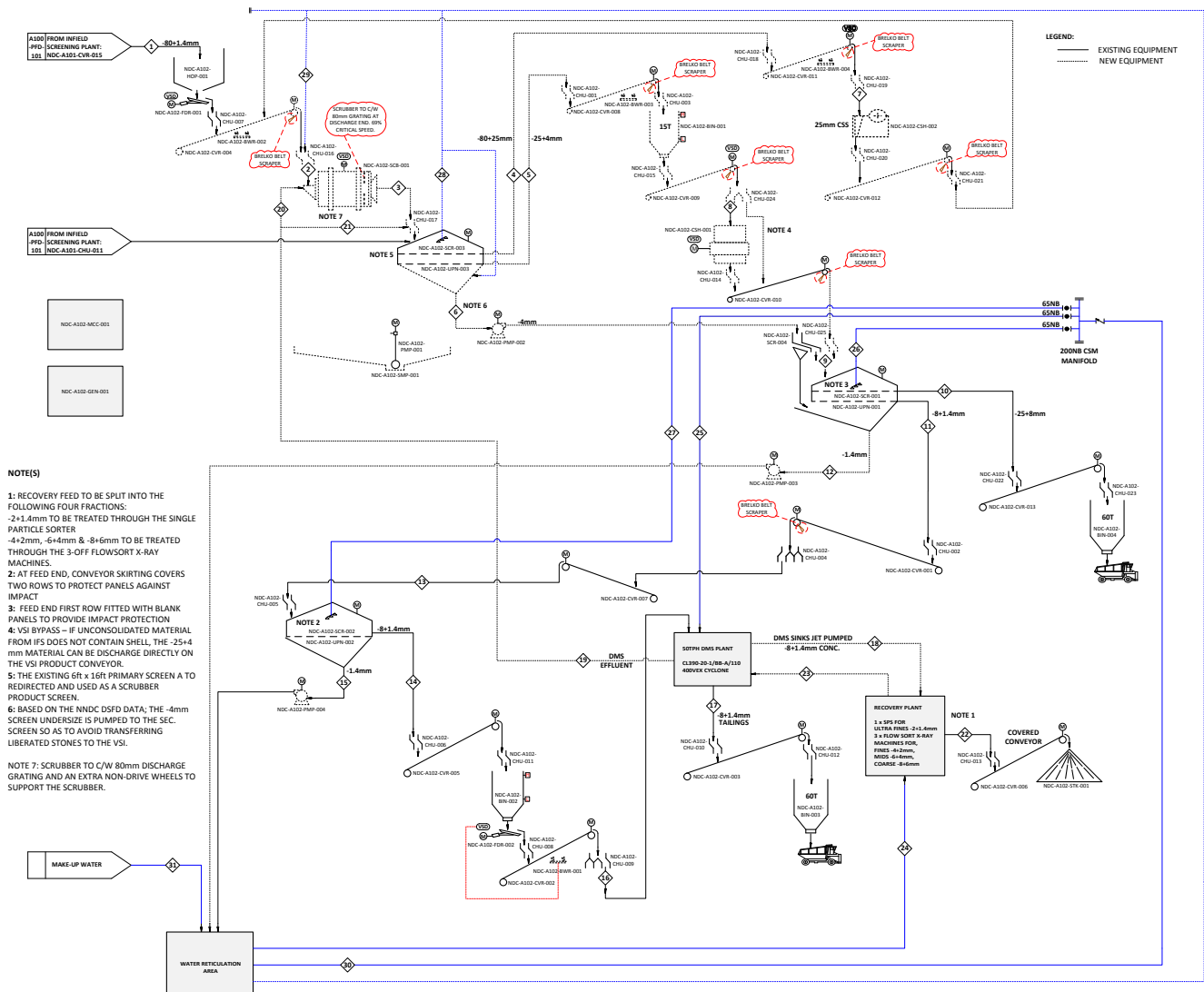
Consulmet also recommended changes to the process flow sheet, including:

- Integrating the infield screening plant with the main plant
- Increasing the main plant configuration to 75tph head feed aiming to attain a 45tph of material processed through the plant and
- A complete reconfiguration of the final recovery to ensure that best process practices are applied.

NNDC is confident that these considerable process additions and modifications to the plant configuration will improve the process effectiveness and efficiency, which without doubt, will improve liberation and recovery of diamonds that are currently locked up. The detail designs and scope of works have been signed off, ready to be implemented as soon as the mining licence is issued.

The NNDC plant upgrade project, which includes procurement, manufacturing, supply, transport, installation and commissioning will be executed by Consulmet on a lump-sum-turn-key (LSTK) basis over a period of 20 weeks.

NNDC future plant flow sheet



RESOURCES SEGMENT

► **SOLD AT AN AVERAGE
PRICE**

153.57

PER CARAT

NNDC DIAMOND SALES

NNDC's RoM production of 223 carats was sold to Morse at an average price of USD 153.57 per carat. This resulted in USD 34 246.11 (NAD 451 021.26 at an exchange rate of NAD 13.17).



Wildlife at NNDC Mine

NNDC ENVIRONMENTAL PROTECTION AND MANAGEMENT

A safety officer and environmentalist are employed by NNDC to ensure compliance with applicable Namibian SHE legislation and implementation of the SHE management plans. All employees complete SHE site induction and training and awareness programs are ongoing.

Emergency preparedness and response procedures are in place and all incidents are investigated and remedial action implemented to prevent recurrence. An internal health and safety audit by an independent consultant is planned for 2018 to assess the current health and safety system and to identify gaps and action plans for continuous improvement.

No material environmental incidents were recorded. Six monthly environmental audits are being conducted by an independent environmental consultant and reports submitted to MET.

RESOURCES SEGMENT

NNDC currently holds the following permits and certificates:

- Environmental Clearance Certificate for ML 156
- Permit to abstract water from Kunene River
- Permit to abstract sea water
- National Radiation Protection Authority Registration and Licencing of NNDC diamond sorting facilities and the 4 x X-ray units in operation at the NNDC facilities and
- Consumer Installation Certificate for bulk diesel fuel storage on site.

A scoping study and an Environmental Management Program project commenced during November 2017 and were finalised and submitted to the MET during March 2018 together with an application for an Environmental Clearance Certificate. The Environmental Clearance Certificate was subsequently received from MET.

The scoping study discusses the background, description, geology and mining activities of exploration projects in detail. All regulatory processes were followed including stakeholder and public consultation and all issues and/or concerns were addressed. Detailed research was conducted on physical environment (regional setting climate archaeology geology, hydrology and hydro geology), biophysical environment (flora, fauna, sensitive areas and impact of infrastructure) as well as socio economic environment (population characteristics, economic profile, poverty levels and housing).



NNDC flora and fauna

RESOURCES SEGMENT

NNDC EMPLOYEES

NNDC employs 49 employees. This number includes the drilling team which was transferred from Trustco Resources to NNDC, of which 46 (94%) are Previously Disadvantaged (PD) and the other three employees (6%) are of Caucasian decent. Only one expatriate person is employed.

A total of 66 034 man hours were logged during the reporting period. The production suspension at the end of June 2017 resulted in a decline of the man hours which increased early in January 2018 when a repair and maintenance program commenced.

NNDC TRAINING

The following formal training was conducted by NNDC staff:

- A NNDC employee was elected and successfully completed a SAMTRAC (NOSA) health and safety training course during November/December 2017. The course was presented by NOSA in Windhoek over a 3 week period. The training included a week long introductory course in preparation for actual SAMTRAC course. The individual will now function as the NNDC safety officer assisted by external consultants.
- A group of 10 NNDC drivers attended a 4x4 Off road training course. This was a 2 day course presented by Namibia 4x4 Off Road Academy on site at the mine. The purpose of this course was to empower drivers of light and heavy vehicles with basic skills and knowledge required for driving in challenging conditions posed by the location of the mine.

NNDC CSR

NNDC's closest Namibian neighbour is located approximately 250km from EPL 2633 whilst a police station at Foz de Cunene is located about 1 km from the NNDC camp on the Angola side.

Frequent governmental visits to the licence area include representatives from the MET (Directorate of Regional Services and Park Management) and the Ministry of Fisheries and Marine Resources (MFMR). Both MET and MFMR make use of the NNDC's campsite and facilities during their stay. NNDC supported Mr Joshua Kazeurua, the acting Chief Warden in the Skeleton Coast National Park, who requested a donation for the International Coastal Clean Up Campaign during September 2017. Participants consisted of the Terrace Bay Police, Sam Nujoma Primary school learners and Torra Conservancy youth who cleaned the Terrace Bay area consisting of angling area, dunes and gravel plains.

RESOURCES SEGMENT

MORSE OPERATIONS

Morse's cutting and polishing factory was operational for two months of the reporting period. Due to the lack of supply from NNDC, operations were suspended in June 2017 and will only resume once the Huso transaction has been perfected. During the reporting period, 1 778 diamonds, weighing 252.25 carats, were received from NNDC of which 452 diamonds, weighing 94.435 carats, were selected for cutting and polishing. Production of these goods resulted in 434 diamonds, weighing 30.783 carats of polished product (average size 0.071 carat per stone). Some 1 561 stones weighing 157.815 carats remained as rough as they were not suitable for production. No further production was done from 1 June 2017 to 31 March 2018.

DIAMOND SALES

Morse sold 1 222.61 carats polished diamonds to Simplexdiam in New York and 141.69 carats GIA certified diamonds via Miranel BVBA in Antwerp through an open tender.

MORSE EMPLOYEES

Morse employs a total staff complement of 54 as at 31 March 2018. It remains the only cutting and polishing factory in Namibia that is 100% Namibian owned and operated.

SAFETY, HEALTH AND ENVIRONMENT

Morse will comply with OSHAS 18001 standard requirements at operational start up.

STRATEGIC PLANNING

Morse is in the process of developing a comprehensive marketing strategy that considers the challenges and opportunities as presented in the above synopsis of the diamond market by addressing the following question.

"How can Morse take the high quality diamonds produced by NNDC and Meya and differentiate it from those that are being sold generically in the market? Branding! Morse diamonds should be different, unique, rare and represent quality and values that are more akin to a luxury brand that are part of changing the existing market, thereby achieving higher pricing, but more importantly...a brand that ensures that all stakeholders maximises economic benefit from each diamond's journey from mine to market."

Increasingly, consumers tend to buy the brands whose values are consistent with their own and the good work that is done in the related communities. Whether it is helping to build a broken country, give employment to people, provide healthcare and schooling, or the preservation of wildlife. Trustco Resources believes that people who share these values will be interested in its story and in its brand.

RESOURCES SEGMENT



476 cts Meya Prosperity



27.89 cts Type IIa



13.36 cts Type IIa

MEYA MINING OPERATIONS

HIGHLIGHTS

Exactly six days after the final sign off of the processing plant, on the 9th of November 2017, Meya recovered a 476.89 carats Type IIa diamond named the Meya Prosperity Diamond, from the first kimberlite bulk sample. To date it is the 30th largest diamond recovered globally. Not only was it a historic achievement in the diamond industry, it was also the first indicator of the intrinsic geo economic potential of the Meya resource. In addition to the Meya Prosperity, the first bulk sample also produced several special stones including a 27.97, 18.61, 17.05, 13.32, 13.31 and 12.90 carats stones as part of a total diamond sample of 3 058.14 carats. A detailed analysis of this sample by QTS Kristal Dinamika in December 2017, indicates that the Type IIa population was higher than 50% in the +10.8 carat sizes and as much as 30% in the 5 to 10 carat and 15% in the +2 carat size ranges.

Extract from the QTS Kristal Dinamika report (December 2017):

"Meya is similar to the majority of mines producing Type IIa diamonds, the smaller the size, the lower the Type IIa population. In the larger sizes; the white Type IIa diamonds are obvious and stand out in a parcel dominated by sharp edged crystal octahedra.

It is estimated that the Type IIa population could be higher than 50% in the +10.8 carat sizes and as much as 30% in the 5 to 10 carat sizes. In the plus 2 carat sizes as much as 15% is estimated.

Many of the important international mines producing Type IIa stones do not see this high a population; which would normally include brown Type IIa stones as well. This initial production of Meya has almost no brown Type IIa stones."

Meya is one of only 4 known primary sources (kimberlite) that produce Type IIa diamonds in the exceptional diamond class, the others being the Premier Mine (South Africa), Letseng Mine (Lesotho) and Karowe Mine (Botswana).

PHASE 1 EXPLORATION PROGRAM (P1)

It was clear from the outset that the 130.38 km² exploration licence, EL07/2015, holds significant geo economic potential, however, it will require time and substantial resources to fully define the resource. The P1 was therefore designed to focus on one geological target, known as Dyke Zone B, across the full extent of the licence area, from the eastern boundary bordering the Koidu Mine, trending westwards over a strike of 12km. The P1 work program focuses specifically on developing a resource and reserve statement that is compliant with international reporting standards (such as the Canadian national instrument NI43-101). This includes the establishment of all the mining, processing and logistical infrastructure, a 10 000m delineation drilling program, microdiamond analysis and petrography as well as three bulk samples. The aim is to conclude P1 within an 18 month period with the key milestone being the submission of the mining licence application by Q4 2018.

RESOURCE DEVELOPMENT PROGRAM

Meya appointed SRK Canada as the Competent Person (CP) based on their previous experience of resource development work in Sierra Leone as well as their specialist skills and knowledge of local, regional as well as global kimberlite deposits.

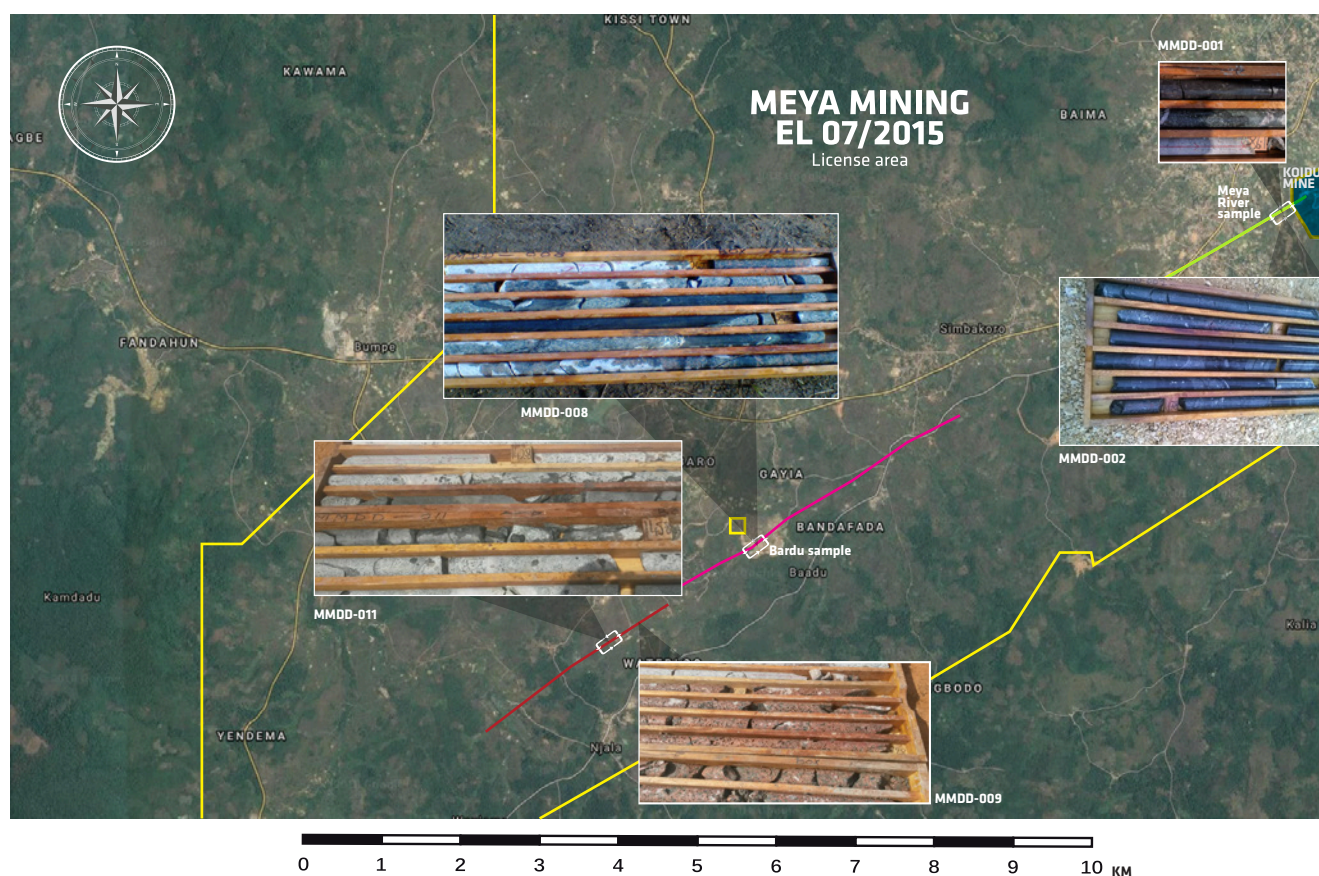
RESOURCES SEGMENT

The primary objectives of the first phase of the Resource Development Program (RDP) are to deliver

- (a) a resource to an indicated level of confidence for the top portion of the 12km strike length of Dyke Zone B
- (b) a depth extension of the resource to inferred level of confidence to a vertical depth of 500m over the strike length of the dyke as well as
- (c) to provide a 25 year mine plan with a mine configuration / depletion rate of 30 000 tonnes ROM per month (25 000 tonne kimberlite).

In addition to 38 delineation core drill holes (9 797m) that were completed in the previous reporting period, Meya drilled an additional 26 holes totalling 6 394m to date. 29 holes were collared, but 3 were abandoned due to bad ground conditions. All holes were surveyed, logged (geological & geotechnical) and densities of lithologies determined. Kimberlite was intersected in 24 holes which were petrographic and micro diamond analysis (MIDA) by the CP sampled in accordance with the procedures specified by the CP.

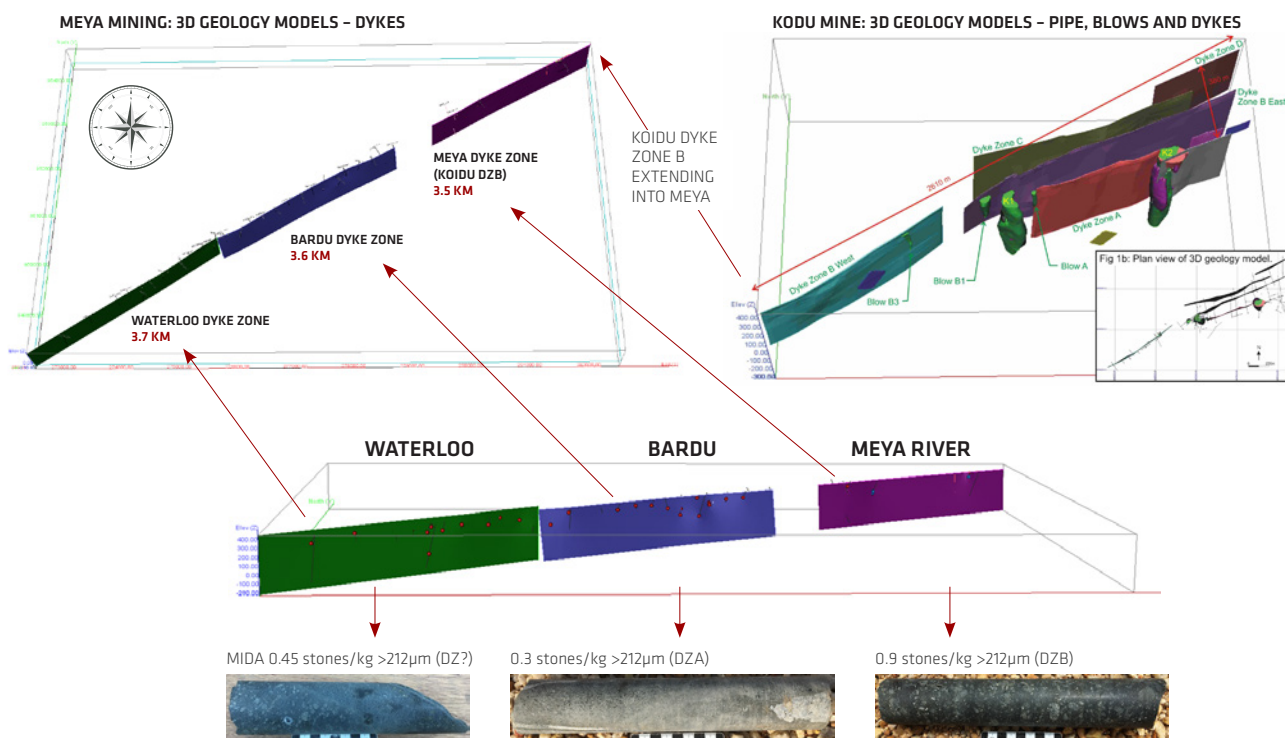
Three bulk sample sites were selected along of Dyke Zone B's 12km strike. Sample 1 – Meya River, is located directly adjacent to the Koidu Mine, sample 2 – Bardu is approximately 7 200m from the Meya River and sample 3 – Waterloo is 9 000m from the Meya River.



Plan view indicating the three dyke panels on the 12km strike. Core photos show dykes intersections close to the sample sites indicated by the white rectangles Waterloo (left), Bardu (Centre) and Meya River (right). Bottom core photo shows leached granite indicating possible nearby kimberlite

RESOURCES SEGMENT

Meya River and Bardu were excavated, mapped, logged and petrographic as well as micro diamond amalgam's MIDA samples collected by SRK before the bulk samples were excavated and treated for macro diamonds. Overburden stripping at the Waterloo sample commenced figured below.



The Meya River Sample (right), Bardu Sample (centre) and Waterloo Sample (left)

Some 1 038 kg of kimberlite material was collected from diamond drill core as well as from the bulk sample areas exposed. These were forwarded to Saskatchewan Research Council Laboratories (SRC) in Canada for petrographic, geochemical and micro diamond analysis. Initial results indicated that the Meya River area returned 0.9 stones (bigger than 212µm) per kilogram, the Bardu area returned 0.3 stones (bigger than 212µm) per kilogram and the Waterloo area 0.45 stones (bigger than 212µm) per kilogram as illustrated above. These results need to be correlated with the macro bulk sample results once they are available.

Meya River's first bulk sample, over a strike of 120m from elevation 395mamsl (metre above mean sea level) to 385mamsl resulted in 5 037 tonne kimberlite being mined during the first week of November 2017. A total of 3 543.01 carats, which included the 476.78 carat Meya Prosperity Diamond, were extracted from this sample. A second bulk sample of 6 407 kimberlite was mined from Meya River along the same strike from elevation 385mamsl to 375mamsl. This sample was also mapped, logged and petrographic as well as MIDA samples were collected. A total of 3 042 carats were extracted from this sample.



FACTS

This discovery concluded that Meya Mining represents one of only four primary diamond deposits where such large, high quality diamonds are being mined.

Meya River's macro diamond sample results were extremely positive and returned high grades averaging at 0.7 carats per tonne. Valuation of these diamond parcels showed high concentration of Type IIa which deliver very high dollar per carat values. Included in the Meya River sample results was the recovery of the Meya Prosperity Diamond (476.73 carats Type IIa, D coloured)

RESOURCES SEGMENT

within the first sample excavated. This discovery concluded that Meya Mining represents one of only four primary diamond deposits where such large high quality diamonds are being mined in the world.

Diamond drill holes to infill areas not sufficiently covered are being drilled. Three deep down plunge large diameter diamond drill holes will be drilled to ensure sufficient micro diamond data from depth extensions.

An initial sample from Bardu, elevation 390mamsl to 380mamsl, over a strike of 180m was mined in January 2018. This sample extracted 2 929 tonnes kimberlite. Notwithstanding the RoM dilution, Meya processed the sample and recovered 747.32 carats. These results are inconclusive, a second Bardu sample as well as at least one Waterloo sample will be excavated and processed during the second quarter of 2018. Samples of the additional core as well as Waterloo sample will be sent to SRC for petrographic, geochemical and micro diamond analysis.

OVERBURDEN / WEATHERED KIMBERLITE

Overburden at both Bardu and Waterloo sample sites were significantly thicker than originally anticipated resulting in additional stripping requirement. A total of 1.2 million tonnes overburden were mined from Bardu alone. It included 14 810 tonnes material identified as decomposed / weathered kimberlite which was stockpiled and fed during initial plant commissioning in July / September 2017. Even though the plant was not designed to treat unconsolidated muddy material, a total of 2 657.13 carats were recovered from the weathered material. This suggests that the grade in the weathered material is 0.18 carats per tonne.

SAMPLING RESULTS

DIAMOND SALES

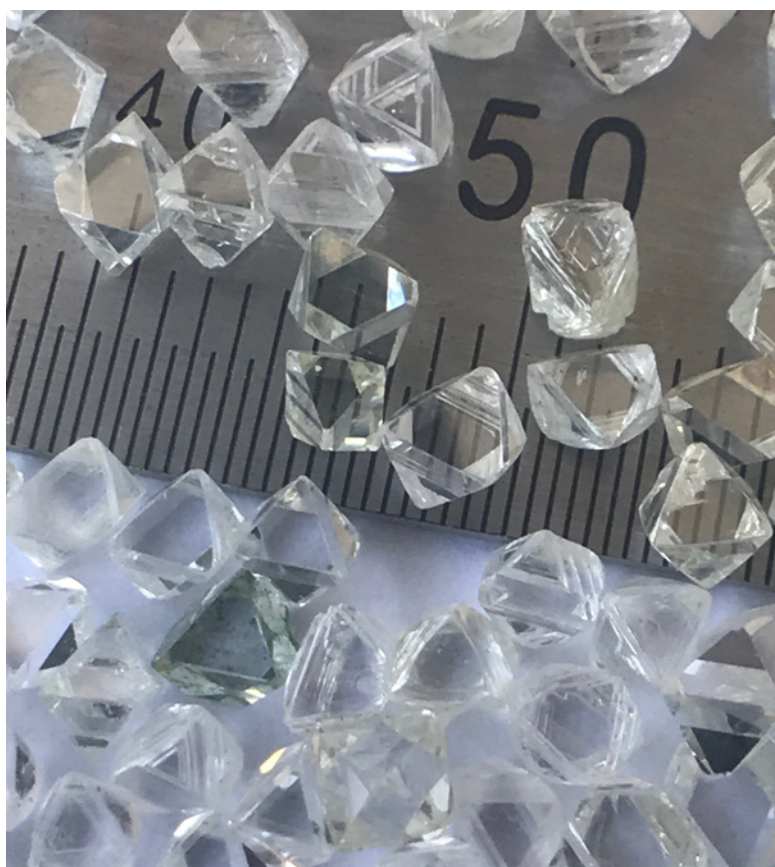
Meya exported six diamond parcels in accordance with the Kimberley Process Certification (KP) and industry best practice principles from Sierra Leone to Antwerp, where all stones were sold by Miranel BVBA on tender. A summary of the results are presented below.

SUMMARY OF RESULTS

▶ SALE #	▶ DATE	▶ CARATS	▶ SELLING PRICE	▶ AVERAGE VALUE	▶ SOURCE
			US\$	US\$ CARAT	
001/2017	3 October 2017	2 646.77	394 363.09	148.99	Bardu decomposed
002/2017	15 December 2017	27.97	488 488.00	17 464.71	Meya River kimberlite
003/2017	15 December 2017	2 613.93	1 125 588.44	430.61	Meya River kimberlite
004/2017	20 December 2017	476.89	16 500 000.00	34 599.17	Meya River kimberlite
001/2018	7 March 2018	4 427.41	1 154 830.11	260.83	Bardu kimberlite
002/2018	28 March 2018	2 109.87	642 979.53	304.74	Meya and Bardu tailings audit
TOTAL		12 302.84	20 306 249.17	1 650.53	

RESOURCES SEGMENT

All diamonds are exported from Sierra Leone in accordance with the Kimberley Certification Process (KP). This includes verification and valuation by the Sierra Leone government valuator as well as an independent valuator prior to a KP Certificate being issued for a specific parcel / export. Export taxes and valuation fees are based on these valuations and paid prior to the actual export. During the reporting period, Meya paid a total of USD 3 289 816 to the Government of Sierra Leone in export taxes and fees.



A selection of the Meya Gem production from export parcels 003 and 004

- **Export parcel 001 (September 2017):** Parcel of diamonds produced from the overburden / weathered kimberlite that were processed in September and sold in October 2017.
- **Export parcel 002 (November 2017):** The Meya Prosperity Diamond, a 476.89 carats diamond discovery, was sold for an amount of USD 16.5 million to Graff Diamonds, a first tier global jewellery brand. An additional bonus payment will be made if the largest polished stone be graded as a D Flawless.
- **Export parcel 003 (November 2017):** Parcel of diamonds produced from the first 5 162 tonne *in situ* kimberlite from bulk sample 1, labelled as the Meya River Sample (Photo of gem quality selection from this parcel as above). The full sample was placed on tender from 5 to 12 December 2017. Important to note that the sample included the 2 diamonds exported as special stones (Export 002 and Export 004).
- **Export parcel 004 (November 2017):** A 27.97 carats Type IIa diamond, was sold for an amount of USD 488 488.

RESOURCES SEGMENT

DIAMOND CHARACTERISTICS AND DAMAGE

Meya contracted Ray Ferraris of QTS Kristal Dinamika (Kristal) to evaluate the macro diamond parcels concurrently with the tender processes. Two reports were submitted which include size frequency, valuation, breakage studies and diamond characteristics of all the macro diamonds produced from the bulk samples.

December 2017 parcel: The first Meya sample produced diamonds dominated by sharp edged crystal octahedra but also Type IIa diamonds in a typical relationship, the smaller the size, the lower the IIa population. There are

Meya sample produced diamonds dominated by sharp edged crystal octahedra



virtually no dodecahedral shaped stones and resorption is minimal. Kristal estimated that the Type IIa population to be higher than 50% in the +10.8 carat sizes and as much as 30% in the 5 to 10 carat sizes whilst as much as 15% is estimated to occur in the plus 2 carat sizes. Important to note is that other international mines producing Type IIa stones do not recover such high a population of Type IIa stones. Furthermore, Meya has almost no brown Type IIa stones which are more apparent at other mines producing Type IIa stones.



RESOURCES SEGMENT

The coated population of diamonds account for 27.5% by weight and around 6% by value. The weaker cleavage, rejection and coated material account for less than 19% of the carat population and less than 2% by value.

Diamond breakage was noted in all sizes down to the +11 sieve size, with a few broken pieces in the -11+5 sieve size. Kristal noted that some of the damage from breakage is severe and possibly crusher related, especially on the larger pieces, as well as the 3 and 10 grainers (4 grainer = 1 carat). The less severe forms of damage noted are transport and impact related, most possibly jet pump impellor related. No blast damage was evident in all the stones studied.

The first Meya parcel delivered in Antwerp has a low percentage of weaker quality goods and a high percentage of white, high quality, high shape goods which include white Type IIa diamonds resulting in a very high kimberlitic dollar value per carat close to USD 600 per carat, excluding the Meya Prosperity.



First diamond parcel

February 2018 parcel: Kristal reported that this parcel is also dominated by sharp edged crystal octahedra and coated stones. The parcel has less large white Type IIa diamonds than the December 2017 parcel, but these remain significant high value diamonds in terms of overall value.

The coated population, including rejections, accounts for approximately 30% of the population by weight and around 6% by value. Weak cleavage goods account for approximately 9% by weight but only 2.3% by value. The premium crystal sawables account for 15% of the weight of the parcel, but 40% of the value.

Diamond breakage was noted in all sizes down to the -7+1 sieve size including the coated stones, but the “Breakage Index” is very low in international terms, especially for a mine producing Type IIa stones. The damage by the crusher is minimal and the majority of the value loss remains with the impacts to points, faces and edges. It is estimated that at least 75% of the stones in the larger sizes have been subjected to impact damage.

RESOURCES SEGMENT



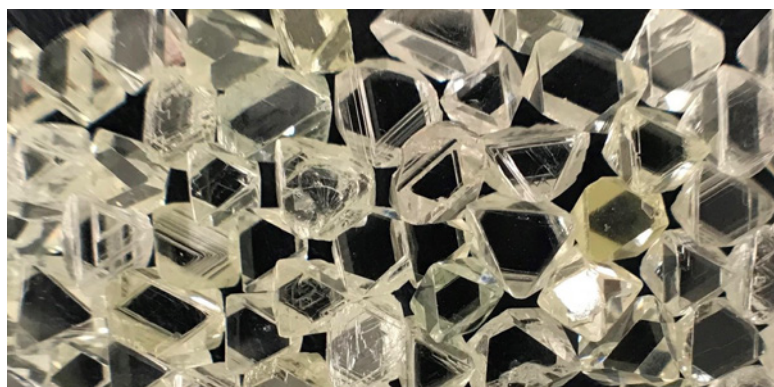
A 6.94 carat white gem crystal with breakage

The damage from the crusher is minimal and was noted mainly in the larger sizes above 1 carat. Kristal Dinamika noted however, that the crusher is most likely responsible for the breakage of the D Colour type IIa 20 carater which yielded the 11.39 and 4.53 carat stones.

No evidence of damage from blasting was noted.

The Meya production has a very low percentage (< 15%) of high and medium fluorescent stones and the market will have noticed this fact as all buyers look for gem parcels with minimum fluorescence.

The high percentage (>90%) of D to F colours as well as off-white colours is very unusual in kimberlite production. Octahedral is by far the most common shape, 74% followed by dodecahedral at approximately 12 % and maccle around 10%.



Very high percentage D to F colours as well as off white colours with octahedral being the most common shape

RESOURCES SEGMENT

SAFETY, ENVIRONMENTAL PROTECTION AND MANAGEMENT

A total of 33 minor injury cases were reported during the period. No lost time or reportable injuries occurred.

A health and safety management system has been developed and implemented as per the requirements of the Sierra Leone Mines and Minerals Act (2009) and Operational Regulations (2012). Standard operating procedures are in place for high risks and SHE induction, training and awareness programs are ongoing.

An emergency preparedness and response procedure is in place and an Advance Life Support (ALS) paramedic is employed on site. All incidents are investigated and remedial action implemented to prevent recurrence.

An internal health and safety audit by an independent consultant is planned for 2018 to assess the current health and safety system and to identify gaps and action plans for continuous improvement with the objective of obtaining OHSAS 18001 certification. A proposal for a Health and Safety Management System implementation for Meya Mining to comply with applicable Sierra Leone legislation and OSHAS 18001 Standard Requirements was finalised.

Cemmats group Ltd (CEMMATS), a leading Multidisciplinary Engineering and Project Management consultancy in Sierra Leone, completed an Environmental and Social Impact Assessment Scoping Study and Assessment during October 2017.

EMPLOYEES

MeYa's full time employees increased from 133 (31 Mar '17) to 262 (31 Mar '18) over the past year. Only 11% of the labour are expatriates whilst 89% are nationals. In addition MeYa employs 149 contractors.

APRIL 2017

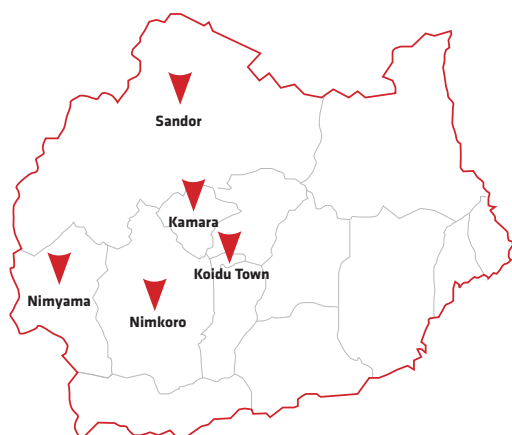
Gender	National	Expatriate	Total
	Apr '17	Apr '17	Apr '17
Male	109	12	121
Female	11	1	12
Total	120	13	133

MARCH 2018

Gender	National	Expatriate	Total
Male	219	24	243
Female	15	4	19
Total	234	28	262

Retention of employees is not a concern as only 2 nationals have resigned during the reporting period. Tropical diseases (Malaria and Typhoid Fever) remain a challenge as 450 cases were diagnosed (Total sick leave accounts for 200 man days) during the reporting period.

RESOURCES SEGMENT



Chiefdoms within the Kono district hosting Meya Mining

CSR COMMUNITY DEVELOPMENT ACTION PLAN

Meya works collaboratively with stakeholders in its host chiefdoms/communities to identify their development needs and develop action plans, which are implemented over a specific period of time. For now only projects that are feasible and achievable within the time frame of the exploration program are being considered.

Meya seeks to implement its community development plans in all three host chiefdoms, namely Nimikoro, Kamara and Tankoro concomitantly, the operational inhibitions that characterise exploration programs do not always allow for that. Projects are therefore prioritised in accordance with the exploration activities by taking a chiefdom-by-chiefdom approach. In line with this methodology, during the first 12 months of its operation, Meya's community development undertakings have been predominantly centred on Nimikoro Chiefdom, which is the main focus of the P1 program.

Two of the three bulk sampling areas are in Nimikoro. Only one is in Tankoro. P1 does not yet involve Kamara Chiefdom, but it is expected that the next phase of exploration will focus on Kamara, which will then make it the epicentre of the Meya community development program.

Given the socio economic homogeneity of the three chiefdoms, it is therefore quite plausible that their development needs are also homogenous. This is reflected in Meya's community development action plan. The table on the next page details the community development plans for the three chiefdoms (those that have been implemented, those that are being implemented and those that are to be implemented) for each project.



Meya Mining plant in Sierra Leone

RESOURCES SEGMENT

► COMMUNITY DEVELOPMENT PLAN	► PROJECT DESCRIPTION	► PROGRESS
Employment of Bardu community women	In an effort to economically empower women in Bardu and nearby communities, Meya has employed 6 women to do the catering for the local staff	Completed
Road rehabilitation (Bumpe-Njaiama Nimikoro road) - 8km	In May 2017, Meya rehabilitated (graded) the Bumpe-Njaiama road	Completed
Culvert (Concrete) Construction- Bandafada to Sawako road	Nimkoro Chiedom Authorities have pointed out that a collapsed wooden stream crossing just south of Bandafada Village has cut off vehicular traffic on this road for some considerable time. Meya has obtained concrete culvert sections in order to address this problem	Completed
Sponsorship campaign for non-violence (Tankoro Youth Organisation football match)	The Sierra Leone general elections were marked by some random acts of violence in Kono and other areas of Sierra Leone	Completed
Construction of blast shelter at Koaquima	A waiting shelter for communities affected by the company's blasting activities	Completed
Employment opportunities	One of the biggest benefits of the company's exploration program to its host chiefdoms is employment creation. As at present, Meya has 262 employees of which 79% of them are from the host chiefdoms. This has generated a lot of economic activities within the nearby communities and has stimulated the growth of the local economy	Ongoing
Drilling of boreholes/provision of potable water	MeYa and chiefdom authorities identified access to potable water as one of their main problems in their community. As a result, MeYa undertook to drill two boreholes (one in Simbakoro and one in Bardu), and set up the infrastructure to address the water needs of the two communities. MeYa has already drilled the Simbakoro while Bardu will be drilled in Q1 2018	Ongoing
Road rehabilitation (Njaiama Old road) - 14km	The Njaiama Old road that links Simbakoro and Njaiama is in a very deplorable state, to the extent that it has affected the movement of people. Meya has started work on sections of the road (steel culverts, granite rock infill and dressing with tailings). Main rehabilitation work has been scheduled for the next dry season	Ongoing
Road rehabilitation (Boroma road)	Due to the heavy rains and heavy vehicular traffic, the main Boroma town road in Koaquima is in a bad condition. Meya has agreed to perform remedial work on it immediately after the rains	Ongoing
Rehabilitation of the MeYa River	Due to years of artisanal mining, the course of the MeYa River has been disrupted. It has long ceased to flow regularly. Hence the area around the river is now a stagnant pool of water, which means whenever it rains heavily, the whole area gets flooded. Meya has undertaken to rehabilitate the area around the river and open the waterway to allow the river to flow	Ongoing
Rehabilitation of the Koidu-Tombodu road - 10km	The road that links Koidu and the chiefdom headquarter town, Tombodu, has been in a very bad state for years now. Meya has made its rehabilitation a key priority.	Ongoing

All of the above community development projects will be implemented within the 36 month development phase of MeYa's exploration program.

RESOURCES SEGMENT

SEGMENT EXCO



JAN JOUBERT
GROUP HEAD: RESOURCES



GERRIT VIVIERS
MANAGER: MINERAL RESOURCES



JOHAN VAN ROOYEN
HEAD: MINING OPERATIONS AND
DEVELOPMENT NNDC



DINO COUTINHO
COO: MEYA



JOHAN BURGER
GENERAL MANAGER:
MORSE



KOBUS RONGE
CFO: MEYA



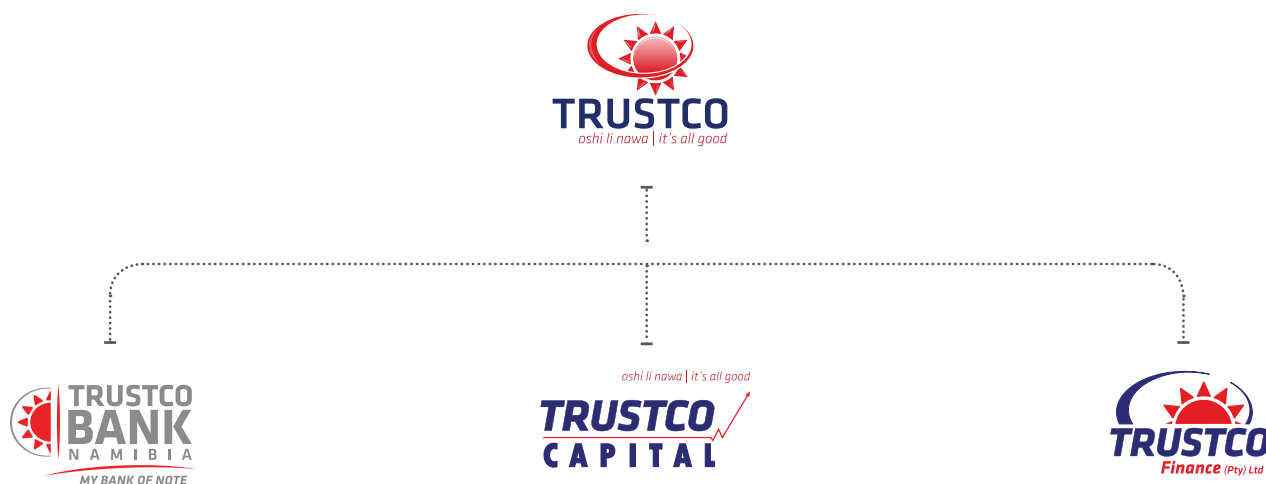
EUGENE GROBBELAAR
FINANCIAL MANAGER:
MORSE AND NNDC

RESOURCES SEGMENT



BANKING AND FINANCE SEGMENT

BANKING AND FINANCE SEGMENT STRUCTURE



BANKING AND FINANCE SEGMENT

CONDENSED CONSOLIDATED FINANCIAL RESULTS

BANKING AND FINANCE SEGMENT STATEMENT OF FINANCIAL POSITION

	2018 NAD '000	2017 NAD '000
Assets		
Non-current assets		
Property, plant and equipment	1 798	3 157
Intangible assets	112 737	110 132
Amounts due by related parties	82 376	108 733
Loans and advances	1 739 208	1 816 681
Deferred tax	2 757	-
	1 938 876	2 038 703
Current assets		
Trade and other receivables	19 842	19 728
Cash and cash equivalents	34 617	7 304
	54 459	27 032
Total assets	1 993 335	2 065 735
Equity and liabilities		
Equity		
Share capital	350 000	270 000
Reserves	20 828	9 841
Retained income	33 393	35 698
	404 221	315 539
Liabilities		
Non-current liabilities		
Amounts due to related parties	1 088 004	1 103 960
Other financial liabilities	426 465	556 918
Deferred tax	-	522
	1 514 469	1 661 400
Current liabilities		
Trade and other payables	53 540	58 544
Current tax payable	6 294	25 328
Deposits	14 811	4 924
	74 645	88 796
Total liabilities	1 589 114	1 750 196
Total equity and liabilities	1 993 335	2 065 735

STATEMENT OF COMPREHENSIVE INCOME

Revenue	198 617	247 078
Cost of sales	(6 488)	(26 136)
Gross profit	192 129	220 942
Other operating income	1 323	3 388
Other operating expenses	(109 177)	(78 120)
Operating profit	84 275	146 210
Investment income	1 550	636
Finance costs	(73 950)	(90 750)
Profit before tax	11 875	56 096
Taxation	(14 180)	(21 940)
(Loss) / profit for the year	(2 305)	34 156

STATEMENT OF CASH FLOWS

Cash flows from operating activities	(7 492)	(3 248)
Cash flows from investing activities	75 372	(188 226)
Cash flows from financing activities	(40 567)	122 089
Total cash movement for the year	27 313	(69 385)
Cash at the beginning of the year	7 304	76 689
Total cash at the end of the year	34 617	7 304

BANKING AND FINANCE SEGMENT

BANKING AND FINANCE



CHALLENGE

Despite the current slowdown in economic activity and pressure on the sovereign rating, Trustco Bank remains cautiously optimistic about the medium term outlook for Namibia.

MACRO-ECONOMIC ENVIRONMENT

The economy lost its momentum which resulted in listless growth across most sectors. High interest rates weighed on consumer spending. While water shortages constrained growth in the agricultural, mining and manufacturing sectors, the completion of several projects in the construction industry came to a relative standstill.

Layoffs in the agricultural, trade and manufacturing sectors along with the hiring freeze in the public sector, contributed to a higher unemployment rate, stagnating real income growth, along with a slowdown in credit demand. During the period under review, both Fitch and Moody's revised Namibia's sovereign credit rating outlook from neutral to negative, highlighting deterioration in the government's fiscal position. Despite the current slowdown in economic activity and pressure on the sovereign rating, Trustco Bank remains cautiously optimistic about the medium term outlook for Namibia.

Over the short run, an increase in public debt arising from fiscal expansion stimulates aggregate demand, which should assist renewed economy growth. However, over the long run economic impact of public debt accumulation can lead to constrained economic growth. Government debt has accumulated by 731% over the last ten years to NAD 72.9 billion and thus the current adjustments to fiscal consolidation drove the economy into its 1st annual contraction.

NAMIBIA'S OPERATING CONTEXT

The Namibian economy was under severe pressure over the past years as growth slowed to -0.08% in the 2017 calendar year, from 0.7% in 2016. Following four quarters of negative growth, the economy is currently in a recession. Government spending was tightly curtailed with a concomitant and significant impact on market liquidity.

Policy rates in Namibia remained stable over the year, however due to the challenges experienced within the overall market liquidity, the short term money market rates saw a drastic increase with a significant deviation to that of the South African yield curve. As a result of these challenges, the banking sector experienced significant increases in the cost of funding, which was exacerbated by low credit growth and sluggish business activity.

From 2018 onward, GDP growth is likely to be supported by an expansion in uranium mining and a slower pace of contraction in construction activity. The Namibia Statistics Agency predicts that private sector credit extension is expected to recover and average between 6% and 8% for the 2018 calendar year.



SOCIAL MEDIA COMMENTS



As a young woman, being financially savvy is a must. Trustco Bank explained their investment products so well and they helped me make the right investment choice for me. Thank you Trustco Bank

TBN recently informed me on their wide range of investment and saving products in a way that has never really been explained to me before by other financial service providers. I feel much better equipped to make discerned investment choices for me and my family. Thank you Trustco Bank Namibia.

BANKING AND FINANCE SEGMENT

TRUSTCO BANK NAMIBIA

▶ THE NAMIBIA
STATISTICS AGENCY
PREDICTS THAT
PRIVATE SECTOR
CREDIT EXTENSION
IS EXPECTED TO
RECOVER AND
AVERAGE BETWEEN
6% AND 8% FOR THE
2018 CALENDAR
YEAR

OVERVIEW

Trustco Bank's vision remains aligned within the group it operates in, to generate above average growth and to create wealth for its shareholders, customers and employees while impacting positively on society and the planet. Trustco Bank continues to service the financial sector as well as the broader Namibian public.

PRODUCTS

Trustco Bank maintained a continuous public awareness savings campaign during the reporting period, coupled with the marketing of its loan products as well as an investment column in the *Informanté* newspaper providing investment advice to the public.

The product suite has undergone a full review to cater for the Namibian market, whilst existing products were improved.

The transactional accounts includes the following:

- **Basic bank account** – ideal for the lower income group or the previously unbanked
- **Sapphire account** – suitable for the middle income group
- **Emerald account** – aimed at the middle to higher income group
- **Diamond account** – targeted for the higher income group
- **Youth account** – introduced for the younger generation, and
- **Business account** – earmarked for businesses.

The investment accounts includes:

- **Savings account** – developed for clients who want to save and have immediate access to their funds
- **Call deposit** – established for clients saving funds for an indefinite period, but require access to their funds on demand
- **Notice deposit** – introduced for clients saving their funds for a specific fixed period and
- **Fixed deposit** – aimed at clients who save funds for a longer period.

VALUE PROPOSITION – CUSTOMER GROWTH

During the implementation of the new banking system, Trustco Bank designed and introduced the following transactional products; Diamond, Sapphire, Emerald and Youth accounts. In terms of Bank of Namibia ("BoN") requirements, Trustco Bank has further introduced a basic bank account called the "All Star" to all existing Fides account holders. In order to reach its goal, to open 10 000 transactional accounts, Trustco Bank envisages targeting the group's existing client base, within the legal framework, which consists of in excess of 160 000 customers. Trustco Bank will continue with financial inclusion initiatives by providing banking services to the previously unbanked population.

BANKING AND FINANCE SEGMENT



SME LOANS ADVANCE COMMERCIAL DEVELOPMENT

A loan from Trustco Bank has breathed second life into a local wood business. Namzam Timbers has been a steadfast and preferred supplier of construction wood to the Namibian market since 1993. Trustco Bank played a key role in servicing the new owner with a commercial SME loan. The Okahandja based team is a great example of how consistency has been rewarded with longevity.

The experienced artisans are positioned to teach their management in every step of the business. They continue developing with nothing more than shelves and floorspace filled with all shapes and sizes of wood. Namzam manufactures pallets, shelving, picket fencing and supplies material for roof construction and a variety of shutter board, OBS and Rhino board.

They are a preferred supplier for wooden DIY product projects.



OKAHANDJA: Namzam Timbers have been servicing the building industry since 1993



SME LOANS ADVANCE COMMERCIAL DEVELOPMENT

When cash flow hampered much needed workshop expansion for Immanuel Shaduka, he found the perfect financial partner in Trustco Bank. Even though he is based in the rural northern town of Outapi, in Namibia, he built his panel beating, car wash, welding, tyre repair and mechanic business to provide top class service. A SME loan added wheel balancing to his offering, saving him on outsourcing costs and precious time by bringing the service in-house.



OUTAPI: Immanuel Shaduka at his newly acquired wheel alignment equipment

During this reporting period, Trustco Bank continued with further system implementation. In addition to the Finastra (previously owned by D + H) Phoenix core banking system, Trustco Bank also completed implementation of Know Your Customer (KYC), Anti Money Laundering (AML), Financial Intelligence Centre (FIC) reporting and Document Management Service (DMS) modules. A significant amount of time was spent on the implementation of the PSD-7 BoN compliance project that relates to the new enhanced electronic funds transfer services, which the industry expects to reach full compliance by end of 2018.

Trustco Bank also initiated a number of internal projects such as launching cell phone banking, online banking, notification and SMS services, as well as a phased approach on card management service channels.

The loan products on offer include:

- SME loans, offered in two forms, namely:
 - Individual business loans or
 - Group loans (known as ELO loans), where loans are offered to a group of people with 7 or more members, similar to a stokvel. The members individually apply for a facility and make repayments and contributions collectively. All members of such a group also remain jointly responsible for the repayment of the loan.
- Invoice discounting / factoring - This product is designed to afford cash flow acceleration against the security of the client's debtor book, unlocking the potential to grow the business even further.
- Personal loans - This product is aimed at private individuals and offers a NAD 50 000 loan over a maximum term of 5 years. Trustco Bank further secures the loan with a credit life policy.
- Mortgage loans, offered in two forms, namely:
 - Zoned residential and
 - Building loans.
- Property loans - Loans are disbursed against commercially zoned properties, e.g. offices, warehousing or light industrial properties principally in the Lafrenz industrial area.

Trustco Bank has obtained regulatory approval to embark upon the next phase of its growth strategy to join and participate in the national clearing and settlement system. All domestic transactions are routed through Namclear, the national switch. Trustco Bank has also joined the Real Time Gross Settlement System (RTGS) for high value transactions. Trustco Bank is in the process of applying for its authorised Dealers Licence which will facilitate foreign exchange transactions, via the SWIFT network. With the completion of the EFT and CMS system, international card transactions will route via the VISA network. Trustco Bank is poised to expand business and fulfil its business and growth strategy.

Trustco Bank's aim for the next reporting period is to convert all clients to Trustco Bank cardholders and to provide them with easy electronic banking facilities. In addition to these basic services, the bank will also provide value added services with different vendors to allow purchases such as airtime and electricity etc.

BANKING AND FINANCE SEGMENT

▶ TARGET MARKET NAD

35

THOUSAND PER MONTH



TRUSTCO BANKS
ON HOME LOANS

Ready to become a property owner?
Our home loan consultants are ready and geared to partner with you in customising a property purchasing package that is unique to your circumstances. Visit any of our branches to start discussions on the most suitable home loan product for you.

TRUSTCO BANK
NAMIBIA
MY BANK OF NOTE



ADVANTAGES

Trustco Bank assists qualifying first time buyers with 100% loans to realise their dreams of owning a home.

The growth in the home and property loan book of Trustco Bank can contribute significantly to the property developments of the group, e.g. Trustco Bank has representation at each development phase and has the first opportunity to assist potential clients with a home loan.

A key opportunity is the estimated 180 000 shortage of houses in Namibia and the fact that the group's property developments, Elisenheim and Ondangwa, are affordably priced to cater for this shortage.

Trustco Bank provides building loans as home financing solutions which enables clients to build new homes, i.e. the mortgage amount is disbursed in phases against the completion of the building project. The percentage of financial assistance from Trustco Bank depends on whether a client is a first or second time buyer. Trustco Bank will assist qualifying first time buyers with a 100% loan to realise their dreams of owning a home.

Trustco Bank, working together with Trustco Properties and Trustco Insurance, recently launched the Ombala Estate at Ondangwa, in the far north of Namibia. Ombala Estate is centrally located in Ondangwa with fully serviced plots adjacent to tarred roads. The Ombala Estate does not only boast land demarcated for single residential, business and commercial units, but also contribute to economic development and growth of the region with its light industrial offering.

The serviced stands at Ombala Estate range from 304 to 597 square metres for single residential stands, while general residential stands vary from 2 292 to 3 298 square metres and light industrial stands between 1 190 to 1 981 square metres.

The Ombala project is proof of the commitment of Trustco Bank to provide affordable housing in Namibia, with one third of the Ombala project already sold to date. A large portion of the applicants are government employees, receiving grants or a subsidy from their employer. Trustco Bank was able to assist employees with guaranteed government payroll deductions, with tailor made home loan facilities. The target market of the far northern region are applicants with a joint income of approximately NAD 35 000 per month. The average selling price for a plot and plan is below NAD 1 million.



50 year old Selma Shigwedha, from Oshitaya, became the first official resident of Ombala after purchasing her 306 square meters stand

BANKING AND FINANCE SEGMENT

RISK MANAGEMENT

The implementation of the King IV corporate governance report (King IV) has seen certain changes in the corporate world. Trustco Bank subscribes to the principles of the King IV. Trustco Bank's corporate governance framework includes the BoN regulations, the NamCode, the Banking Act and the Namibian Companies Act. The board retains ultimate responsibility for ensuring that risks are adequately identified and that Trustco Bank's strategy is properly driven and executed. For more information on Trustco Bank's corporate governance, please refer to the corporate governance section in this report.

Trustco Bank remains committed to engaging at all possible levels with the Namibian Government and various industry forums to promote the national interest, especially on economic and social fronts. An illustration of the commitment towards the national Harambee Prosperity Plan is Trustco Bank's contribution towards the launch of the Ombala housing project in the far north.

Trustco Bank will continue to enhance its relationship with its various regulators in order to ensure full compliance at all times. Trustco Bank's vision is to assist to build a better Namibia and to live by its motto to be a "Bank of Note". Continuous change in the regulatory environment will have an effect on the way the bank does business in future. New regulations tend to fundamentally change the way in which business is conducted and Trustco Bank is committed to adapt to any change in order to contribute to providing positive results.

GLIMPSE IN THE FUTURE

The bank is excited about the recent establishment of an investment product which will in future allow clients to invest in a unit trust. A key part of the strategy of Trustco Bank is to expand its retail capacity in order to attract a much broader base of deposits.

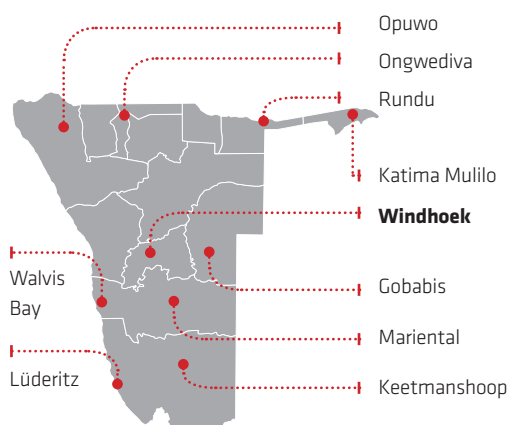
The strategy of Trustco Bank is also to use internet and cell phone banking to broaden its service offering rather than broadening the branch networks, thereby leveraging technology to have a cost efficient route to market while the scale of the institution grows in a sustainable manner.

▶ **TRUSTCO BANK'S
VISION IS TO ASSIST
TO BUILD A BETTER
NAMIBIA AND TO
LIVE BY ITS MOTTO
TO BE A "BANK OF
NOTE"**

BANKING AND FINANCE SEGMENT

TRUSTCO FINANCE

REGIONAL FOOTPRINT



Trustco Finance (Pty) Ltd (Trustco Finance) was acquired during 2005 and for the past 13 years has grown to become the preferred educational loan provider in Namibia.

What makes the division stand out in the industry is its unique business model. Trustco Finance provides 100% financing for all courses offered by the Institute for Open Learning (Pty) Ltd (IOL), which primarily includes tailor made academic courses, the latest Information and Communication Technology (ICT) products and courses, as well as various other short courses. Market research and feasibility studies conducted highlighted that financing, especially for education, proved not only a significant obstacle faced by many individuals, but an insurmountable impediment. Trustco Finance tapped into this market gap by providing direct access to educational funding. The financial intervention platform created by Trustco Finance has enabled existing, prospective and previously excluded students the opportunity to enrol in courses, which now give them the ability to increase their core competencies and socio economic opportunities.

The resounding upward trend in growth has not been all smooth sailing as Trustco Finance has faced obstacles, yet continues to thrive, and has built an admirable reputation as a result. Trustco Finance boasts a current total loan portfolio exceeding NAD 665 million, with non-performing loans (NPL's) at an average of 5% (five percent) during the past 5 years.

FOOTPRINT AND IMPACT

Trustco Finance has an excellent regional footprint with well established local offices in regions throughout the country, primarily rural areas, where almost 80% of the client base resides. Currently, Trustco Finance has 8 regional offices, which includes the head office, and envisages opening two 2 additional satellite offices before March 2019.

Trustco Finance currently has 42 612 active account holders of which fifty percent are females.

OPERATIONAL STRENGTHS

Trustco Finance ensures that only the best business practices are followed in all its in-house policies for onboarding new clients, the majority of which are employed by the government. An existing deduction code, which was issued by the Ministry of Finance, makes provision for direct salary deductions, making it the most secure form for repayments of loans. Avril Payment Solutions (Pty) Ltd is the system used to effectively manage this process. Trustco Finance also has set salary deduction agreements in place with a number of private and parastatal entities to ensure secured repayments on its loan portfolio. The smallest portion of the loan portfolio consists of debit order deductions through Realpay or other prominent commercial banks in Namibia, currently this is not a preferred method of repayment. This method of payment may change in the near future with the introduction of a new debit order system nationwide.

NAMFISA, the regulatory body for Trustco Finance in Namibia, conducts regular onsite inspections and an independent corporate governance and Financial Intelligence Act (FIA) review to ensure compliance of the entity with all related laws, standards and best business practices. Trustco Finance complies with all changes effected in the lending industry, be it changes made by NAMFISA or any other legislative changes.

GLIMPSE INTO THE FUTURE

With the ever growing need for educational financing, the development team of Trustco Finance is tasked to provide a smartphone application which will provide a user friendly interface where existing clients can view account statements or any related information.

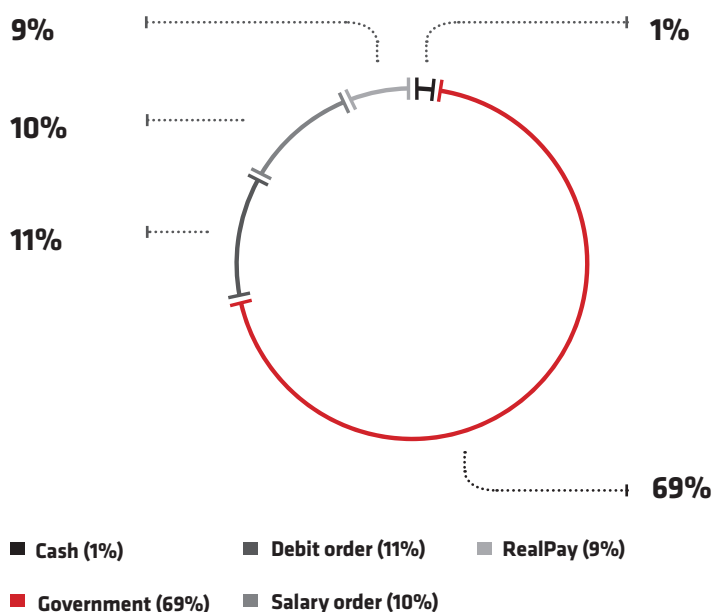
▶ **TRUSTCO
FINANCE
PROVIDES**

100%

financing for all courses offered by IOL.

BANKING AND FINANCE SEGMENT

LOAN REPAYMENT METHODS



Trustco Finance's existing collections department has created additional capacity to keep the average NPL's at 5% for the past 5 years.

The division is currently busy implementing a robotics system, which will allow any repetitive back office work to be automated. This will enable employees to focus on more productive matters such as increased valued customer service and brand marketing.

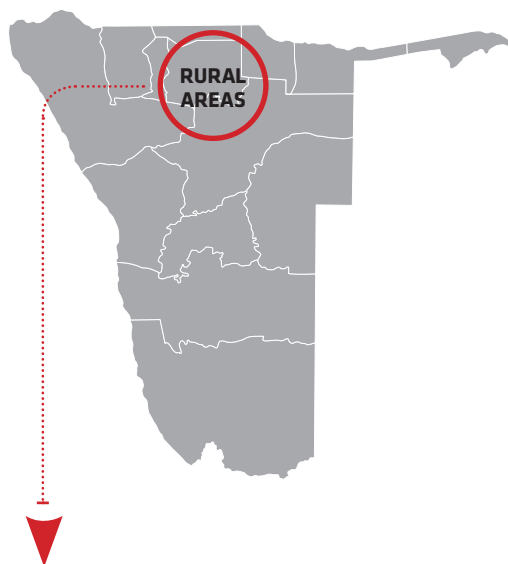
Trustco Finance has committed to a growth initiative amongst its government client database, which is currently 69% of the total loan portfolio, with a target of 11% growth for the 2018/2019 financial year by:

- increasing the portfolio to reach NAD 1 billion during the next 18 months
- with an increased footprint to work towards increasing the overall client database to 60 000 and
- specific focus on attracting more female borrowers in rural areas, to further promote education of this demographic.

The division further intends to introduce a financial literacy initiative through social media and Trustco's local newspaper, *Informanté*, to inform and educate all Namibians of the importance of budgeting, saving and personal financial management.

With all these initiatives Trustco Finance strives to increase revenue, set a new benchmark for customer service, ensure overall operational growth and the sustainability of stakeholder investments.

Given the enormous need for training and education in Namibia, Trustco Finance has been unable to source the level of long term capital required from local banks. Trustco has, however, enjoyed the support of various Development Finance Investors (DFI's), such as AfDB, DEG, responsAbility, Symbiotics, Blue Orchard, Proparco, DBN and other prominent funders, who have been able to provide local currency funding. The rates and terms offered by these funders have set a reasonable benchmark against which to measure other international sources of funding. Trustco Finance is constantly in the process of sourcing external funding to satisfy the huge demand by local students for training programs offered by IOL.



APPROXIMATELY

80%

**OF TRUSTCO FINANCE'S
CLIENT BASE**

are based in the rural areas.

BANKING AND FINANCE SEGMENT

TRUSTCO CAPITAL

Trustco Capital (Pty) Ltd (Trustco Capital) provides long term finance in the form of property advances. Trustco Capital also hosts the trademarks for some of the group's operations, together with other software intangible assets which are licenced to subsidiaries in the group. The main contributor to income is interest received from the sale of land. Currently total advances in this company relates to land sales at Elisenheim and Lafrenz to the value of NAD 1.1 billion.

COMPETITOR ADVANTAGE

The banking and finance segment has the advantage of expanding on the service offering of an established client base within the group. This expansion of services will take place within the normal regulatory framework.

GROUP SYNERGIES

Significant synergies exist between the banking and finance segment and other group subsidiaries, mainly in the form of insurance cover and property finance.

TRUSTCO PROPERTY

The banking and finance segment provides mortgage loans for the clients of Elisenheim, Ondangwa and Lafrenz. Some buyers make use of external development companies and contractors and Trustco Bank provides the mortgages to these clients, leveraging off the fact that it has representation at the sales offices. A target market is government employees that currently constitute about 40% of the loan book. Mortgage repayments from government employees are payroll deducted at source, providing further security. The government provides subsidies to borrowers depending on a tiered scale according to the job of an employee. In addition, the government guarantees 20% of the loan amount.

TRUSTCO LIFE

The banking and finance segment also benefits from the group's insurance subsidiary, Trustco Life. Trustco Bank has introduced a number of new clients during the past year which resulted in an increase in non-interest revenue. The insurance offering provides essential protection to the client, and in turn, adds to the premium income of Trustco Life. In other words, the provision of credit insurance benefits both Trustco Finance from the premium side and Trustco Bank in the event of clients defaulting on their loans. Trustco Bank can also initiate the provision of home and fire insurance, the latter which is compulsory, although clients have a choice of providers.

IOL

The banking and finance segment expects to support its SME loan business through IOL. IOL has a Vocational Training Centre for courses including plumbing, pipefitting, bricklaying and plastering. Trustco Bank plans to provide loans to individuals who wish to start their own small businesses in these particular trades, subject to the appropriate vocational training. In the event that computer hardware is required, Trustco Bank can provide financing and obtain security until the loans are fully paid off.

BANKING AND FINANCE SEGMENT

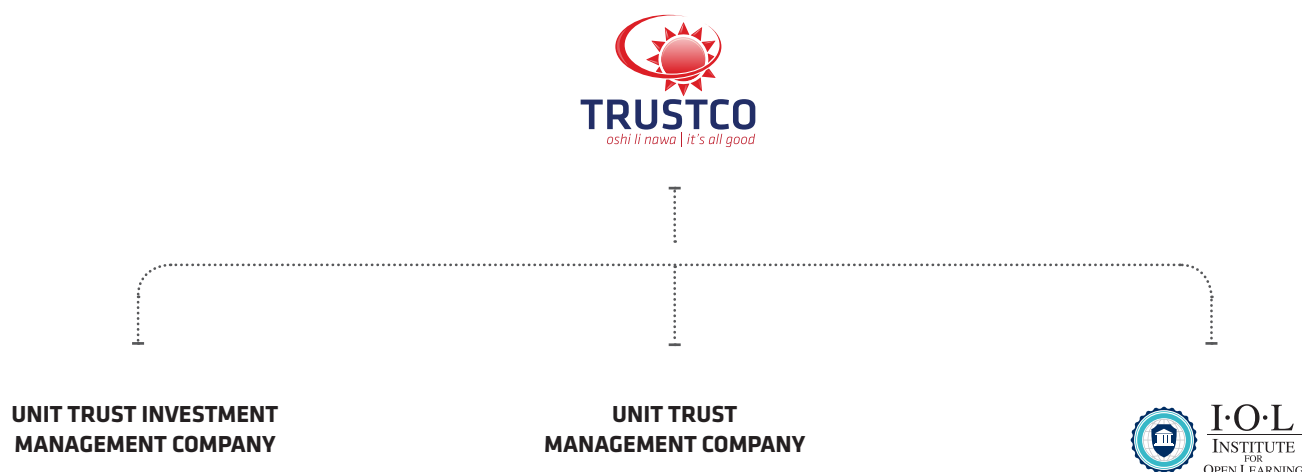


SEGMENT EXCO (f.l.t.r): Malcolm Petersen (COO: Trustco Finance), Angus Claassen (COO: Trustco Finance), Beatha Shitemba (Manager: Risk & Compliance Trustco Bank), Nelao Hitula (COO: Operations & Branches Trustco Bank), Jan Coetzee (COO: Banking & Finance Technology), Thomas Slabbert (Head: Banking & Finance), Anneke Hansen (Trustco Bank Credit Manager), Riaan Bruyns (Deputy CEO: Trustco Bank) and Adri Lambert (Head: Trustco Finance)

BANKING AND FINANCE SEGMENT



INCUBATOR



TRUSTCO INCUBATOR

The business incubator of Trustco is designed to assist, create and accelerate the growth and success of young, new or businesses with potential by providing them with an array of support, resources and services that include physical space, capital, mentoring, shared services and networking connections. These businesses are identified and determined to be of either strategic importance or nascent opportunities and are carefully cultivated in the protected environment in the group until such time they are ready to operate independently.

UNIT TRUST

UNIT TRUST MANAGEMENT AND UNIT TRUST INVESTMENT MANAGEMENT COMPANY

Trustco has, under the ambit of the incubator, set up the relevant structures and applied for the establishment of a Unit Trust Scheme during the reporting year. In January, Trustco received approval from Namfisa for the establishment of the aforementioned as part of the group's operations. The approval included the licencing of a Unit Trust Management Company (Manco) and a Unit Trust Investment Management Company (Investco). The Manco operates as a unit trust management company which manages and controls unit trust schemes, providing administration and compliance services. The Investco will provide the unit trust with investment management and the opportunity to invest in a predominantly Namibian Property Fund. Opportunities in other funds are being explored and will be included as they are identified and as they mature.

The objective of the Unit Trust is to initially provide clients access to the growth in Namibia's economy in the property division. New clients and investors will be approached by reaching out to the group's existing client base, as well as the normal media and marketing channels used by the group.



NOTE

The financial results of the incubator is included in the financial statements of Trustco.

Funds such as these are regulated by Namfisa and as such the registration is also a matter of public record. Standard Bank is the trustee of the Unit Trust Scheme. The group invites the public to view the Trust Deed available on its website at www.tgh.na

INCUBATOR



IOL students

INSTITUTE FOR OPEN LEARNING

Trustco's education division, the Institute for Open Learning (Pty) Ltd (IOL) has flourished as one of the strategic investments in the incubator and continued to shine during the reporting period as it introduced the IOL Vocational Training Centres in line with national development guidelines.

OVERVIEW OF THE REPORTING PERIOD

IOL remains on track in its aspiration of becoming the cornerstone of delivering quality, locally developed, Namibia Qualifications Authority (NQA) accredited qualifications through distance education. IOL has expanded in brand vibrancy as well as geographically, it has shifted attention towards strategies on maintaining its position as the leading distance education institution in Namibia. The institution remains committed to delivering excellent and recognised educational programs, continuously enhancing involvement in community training activities and keeping ahead of societal needs by introducing new educational programs.

IOL's mission for the reporting period was to contribute to the educational, economic and social advancement of all Namibians by being responsive to the educational needs of its students in the workplace, through practices such as Work Integrated Learning (WIL). IOL further lobbied for the development of innovative educational programs and services, thereby fostering collaborative relationships with other stakeholders in education.

IOL's focus during the reporting period was to excel in teaching-learning innovations and related cutting edge technology in pursuance of affordable access to education for as many Namibians as possible.

IOL's core activity, teaching-learning, is to ultimately create value for all its stakeholders by addressing the social capital deficit in communities. The institution's business is closely linked to the Namibian government's National Development Plan and is therefore interwoven into its community engagement activities as well as the innovations it introduces.



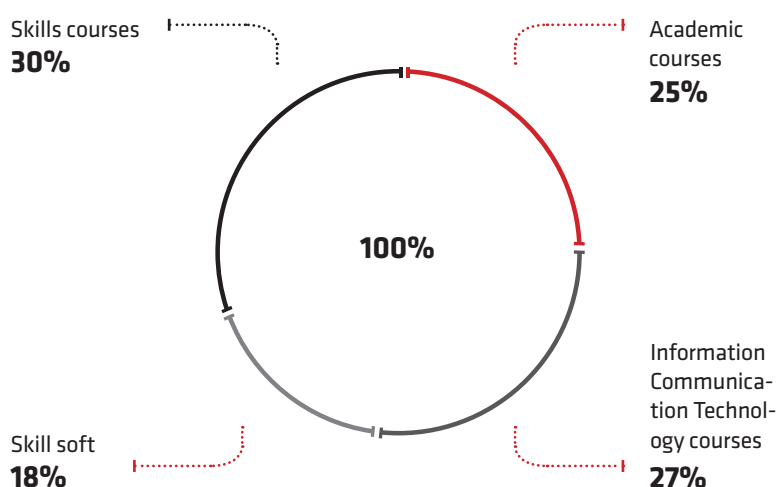
WIL
Work Integrated Learning.

INCUBATOR

SERVICE ENHANCEMENT

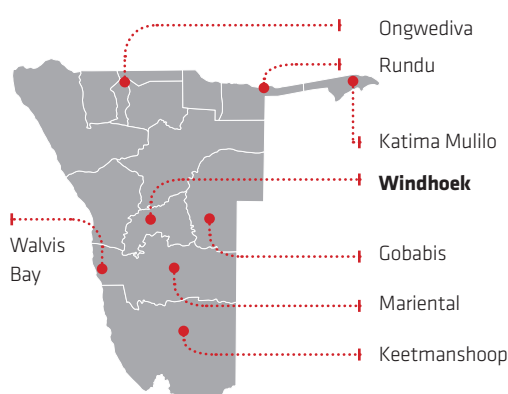
IOL intends to complement services offered at its eight regional centres with the recently acquired information kiosks also known as Touch Assistance Portals (TAP). The kiosks will be set up at strategic locations in the rural areas during the next reporting period and will serve as an accessible platform for students to easily download and upload study material and assignments.

STUDENTS BY COURSE CATEGORY



Other support services rendered by IOL to enhance accessibility and study efficiency is the IOL Mobile Office which visits remote areas to decrease the distances students have to travel to visit a regional office. The Mobile Office schedule is published in the *Informanté* newspaper, the IOL website and on the IOL Facebook page.

REGIONAL FOOTPRINT

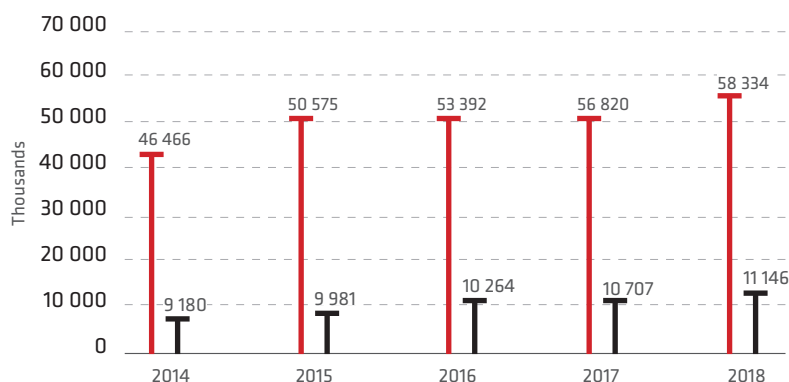


Contact classes are hosted at all regional offices on Saturdays. These classes are recorded and uploaded onto the IOL YouTube channel as well as the portal for students who could not attend the classes. These classes are assignment and exam based and focus is placed on subjects in which students struggle to perform. Contact class timetables are published in the *Informanté* newspaper, the IOL website and on the IOL Facebook page. Further to this, students are allowed to contact tutors telephonically between 18h00 and 20h00 every evening for personal study consultations.

Students are afforded additional assistance by means of a controlled study buddy system. Students are encouraged to form study groups with other students studying in the same area toward the same course. A list of contact details is available to students upon request. Student counselling is provided for students at no added cost to support them in managing stress relating to studies and/or personal life. A Student Representative Council (SRC) was also established to represent students and to act as the liaison between student community and the institution's management.

INCUBATOR

CUMULATIVE STUDENT REGISTRATIONS AND GRADUATIONS



■ Sum of accumulative registrations ■ Sum of accumulative student graduates

IOL recorded an increase of 2.7% in student registrations during the reporting period, with a corresponding increase of 4% in graduation figures. Of the 58 334 students registered with IOL at the end of March 2018, 25% comprise of academic (Education and Policing) courses and 27% of Information Communication and Technology (ICT) courses. The remaining 48% of qualifications conferred are within the realm of soft skills.

► **INCREASE OF**
2.7%

in student registrations.

Financial year	Female	Male	Total students registrations
Up to 2011	13 524	10 994	24 518
2012	2 954	2 969	5 923
2013	2 954	2 773	5 727
2014	4 586	5 806	10 392
2015	2 170	1 939	4 109
2016	16 40	1 177	2 817
2017	1 871	1 557	3 428
2018	1 041	473	1 514
Total	30 740	27 688	58 428

IOL is pleased to report its contribution to ensure gender balance in Namibia with a total of 3 052 more females registered for 2018. In comparison to the 2016/17 period, IOL recorded an increase of 38% in registration of female students.

The increase in enrolment has necessitated that IOL evaluates its staff capacity and skill levels. IOL has a staff complement of 236 of which 130 are full time permanently employed staff and 106 part time tutors on a consultancy basis. The 106 tutors are classified as academic staff. The 130 permanently employed staff consist of 32 academic, 53 academic support and 45 skilled staff.



INTEREST

All 106 tutors are classified as academic staff. The 130 permanently employed personnel consists of 32 academic, 53 academic support and 45 skilled staff.

IOL intends to intensify and enhance the training of its tutors, moderators as well as all support staff during the next reporting period. Particular focus will be on the examination processes, setting and moderating of question papers and the assessment processes. The focus will be to increase retention rates as well as the number of students sitting for examinations and ultimately graduating.

INCUBATOR

THE DEVELOPMENT OF NEW QUALIFICATIONS

IOL successfully developed two new qualifications during the reporting period, namely the Certificate in Early Childhood Education (NQF Level 5) and the Diploma in Early Childhood Education (NQF Level 6). These qualifications will be implemented during next reporting period as the development of the study material and accreditation is still in process. The development of these qualifications is an achievement that bears testimony and serves as an example of IOL's flexibility to change in a dynamic society. The 2011 National Conference of Education Report as well as a Study on the Promotion Guidelines for Junior and Senior Primary Education, conducted by the National Institute for Educational Development (NIED), made certain valuable recommendations for reform in both curriculum and capacity development in basic education and early childhood development, as well as expanding teacher education and lifelong learning amongst other areas. It is in keeping with IOL's commitment to evolve within a dynamic society and adherence to the Harambee Prosperity Plan, committed to develop and introduce a comprehensive and adaptable yet practical Certificate in Early Childhood Education (NQF Level 5) and the Diploma in Early Childhood Education (NQF Level 6).



IOL developed a certificate and diploma in Early Childhood Education



RESULTS

When there was a need for increased capacity in the law enforcement sector, the Institute further enhanced its offerings with the introduction of industry-endorsed programs in policing.

IOL ensured that it stayed ahead of the market when it introduced the Bachelor of Education Senior Primary in 2013 ahead of the revised National Curriculum being implemented for the Senior Primary phase in 2016. The need for increased capacity in the law enforcement sector resulted in IOL further enhancing its offerings with the introduction of industry endorsed programs in policing. The development of these qualifications serves as a response to some of the recommendations by NIED mentioned above.

IOL's scope of accreditation was also expanded in the year under review with two qualifications: Diploma in Education (Level 7) and the Diploma in Education: Secondary (Level 7) which were introduced and submitted for accreditation in the previous financial year.

INCUBATOR

▶ 69.9%

MORE FEMALES

took up skills training compared to

30.1%

MALES

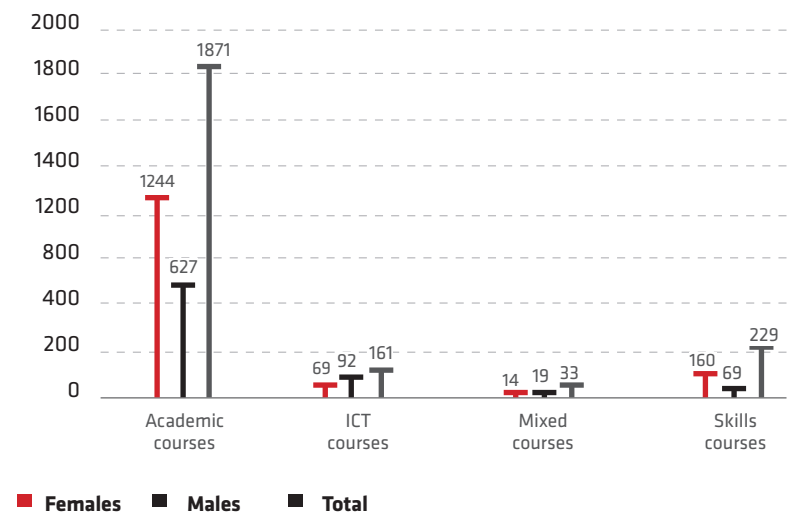
DETERMINING THE DEVELOPMENTAL IMPACT OF IOL GRADUATES

IOL conducted a developmental impact study during the reporting period which determined whether the qualifications the students obtained through IOL made a difference in their lives and in their communities.

Of the graduates that completed the survey, it was found that over half (57%) of those from the academic field received salary increases and 93% of graduates from the ITC field secured better employment. It should be noted that some of the students who completed the survey had only just completed their studies at the time of the survey. For all other qualifications, the survey indicated that the main reason for enrolling with IOL was to find better employment. Also worth mentioning is that two graduates started their own businesses after completing their courses with IOL. The number of graduates that received salary increments exceeded those that indicated an increment as an expectation. This result is the same for those that indicated promotion as a motivation to study through IOL.

The ultimate aim of the developmental impact study is to create a complete database of graduates, currently more than 11 000 graduates with the numbers increasing each year, indicating the impact their studies with IOL has had on their personal and career development. IOL anticipates a larger sample group in the next round of studies which is scheduled for the next reporting period.

BREAKDOWN BY GENDER PER COURSE CATEGORY



INCUBATOR



An IOL graduation that took place on the 22nd of March in Windhoek and on the 29th of March in Ongwediva during the reporting period

IMPROVEMENT OF OVERALL SUCCESS RATE

As depicted in the table below, the graduation rate in virtually all the qualification types exceeded the previous years' figures. IOL also expects the graduation rate to substantially increase during the next financial year. The anticipated increase is attributed to the introduction of IOL's own proprietary qualifications designed and developed since 2011. IOL aims to develop at least one to two new qualifications per annum.

NUMBER OF CERTIFICATES, DIPLOMAS AND DEGREES AWARDED AT EACH QUALIFICATION LEVEL

Qualification	Description	Qualification NQF Level	Graduates 2016/17	Graduates 2017/18
ACPE	Advanced Certificate in Senior Primary Education	LEVEL 7	12	9
ACSE	Advanced Certificate in Secondary Education	LEVEL 7	19	21
BED HONS	Bachelor of Education Honours	LEVEL 8	1	2
BESP	Bachelor of Education in Senior Primary Education	LEVEL 8	0	1
DPPE	Diploma in Pre Primary Education	LEVEL 7	80	276
POLC	Policing Certificate	LEVEL 5	51	54
Total			171	363

► QUALIFICATIONS AWARDED

363

in the reporting period.

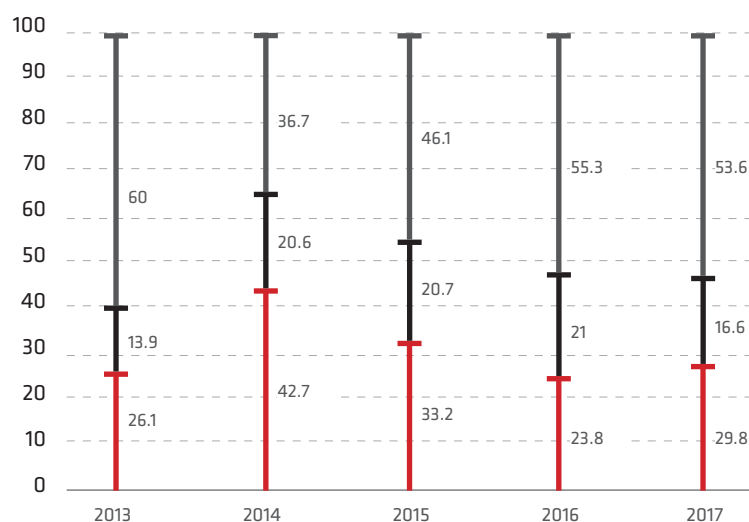
A total of 363 degrees and diplomas were awarded during the reporting period. This figure compares favourably to the 171 diplomas that were awarded in the previous financial year and represent a 112.3% increase. The most significant rise in awards conferred was for the 3 year Diploma in Pre-Primary Education, with 196 more diplomas awarded than in the previous period. IOL also graduated its first student for the 4 year Bachelor of Education: Senior Primary (Level 8), which was developed and introduced in 2013 and for which students have eight years to complete.

An overall growth was recorded in the examination progress during the reporting period. The number of subjects for which students qualified to write examinations for were 22.4% higher at 81 045 subjects against the previous year's 66 101.

INCUBATOR

EXAMINATION STATISTICS

(percent)



■ Wrote and passed ■ Wrote and failed ■ Did not write

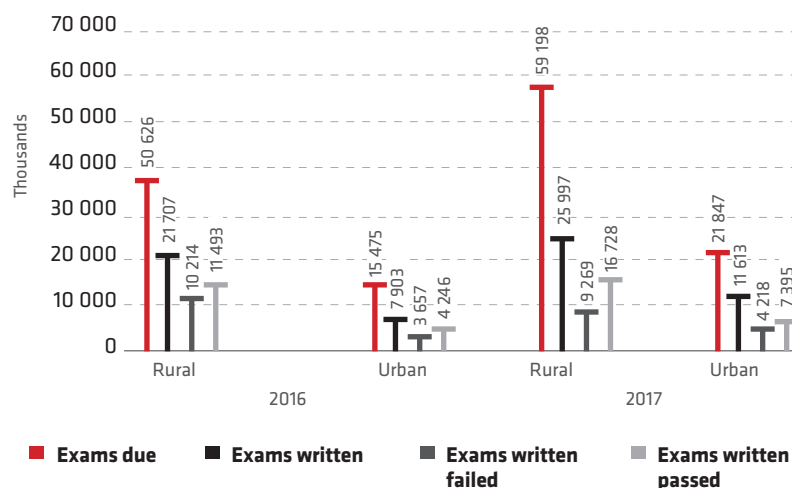
► **OVERALL PASS RATE INCREASED BY**

53.3%

A 27% increase was recorded in the number of students who actually wrote the examination, which contributed significantly to the number of students who passed their examinations, increasing by 53.3%.

While these statistics compare favourably with international distance education trends, IOL noted significant differences in the success rates between rural and urban students, with urban students performing much better. It was found that national telecommunication infrastructure and resulting access to internet services are a great contributing factor to rural students' access to learning material. Students in rural areas for instance, are at a bigger disadvantage as accessing the resources centre presents distance and transport challenges. The student kiosk to be rolled out in the new year will assist greatly in reducing this disadvantage.

URBAN AND RURAL SUBJECTS WRITTEN



INCUBATOR



The IOL VTC facilities situated in the Brakwater industrial area in Windhoek

VOCATIONAL TRAINING CENTRE (IOLVTC)

IOL also focused on improving on its mission to contribute to the educational, economic and social advancement of all Namibians during the reporting period.

The decision to venture into Technical and Vocational Education and Training (TVET) is guided by research findings on the mismatch between VTC related skills supply and labour force demand, an identified need for higher level VTC skills as well as the increasing number of unemployed out of school youth and adults in Namibia.

IOL VTC offers training at the IOL VTC facilities in the Brakwater industrial area in Windhoek. The centre's facility currently has amongst others, an entry level multipurpose workshop, computer facilities, storage facilities and training facilities for Level 1 and 2 training in bricklaying and plastering as well as plumbing and pipefitting trades.

Training started later than anticipated, due to external factors, listed below, which delayed the schedule for the roll out and opening of the IOL VTC:

- The current pressure on the Namibian economy, which resulted in higher cost of importing goods such as ICT tools like the Kindle as well as VTC equipment
- Students who could not afford to pay for their studies and also did not qualify for government or any other financial assistance and
- A substantial number of learners who applied for admission to study and did not meet the admission requirements owing to the large gap between their Grade 12 education and first year tertiary education. This also applies to requirements for TVET.

INCUBATOR

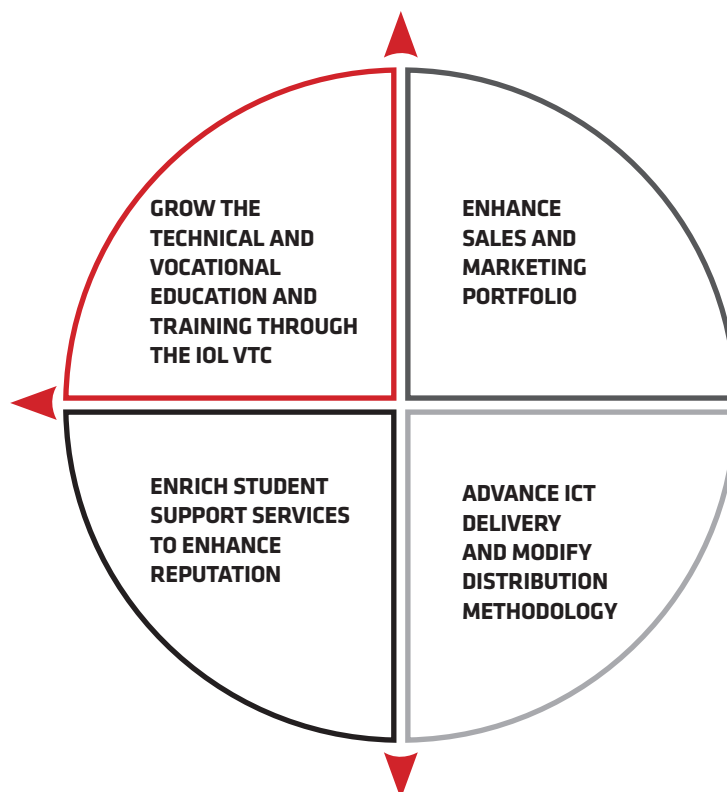
▶ A RECORD STUDENT BASE OF

58 428

students are enrolled in 757 courses.

SHORT, MEDIUM AND LONG TERM STRATEGIC PLAN

During the reporting period IOL recorded a student base of 58 428 students enrolled in 757 qualifications. In an effort to grow both these figures and as a means of aligning to the group's market share expansion strategy, IOL took to addressing the training needs of unemployed out of school youth and adults by establishing the IOL VTC. Operations, both academic and administrative, started with the March 2018 intakes.



IOL plans to further address the mismatch between skills supply and labour market needs through the overall quality management of its qualifications, implementation of comprehensive Work Integrated Learning (WIL) initiatives in its VTC and education offerings as well as improve staff development strategies which will be tied to sales and marketing strategy.

The scope of IOL's strategic plan is branched out into four distinct components:

- **Continue and grow the TVET through the IOL VTC**
Developing a Training of Trainers program and establishment of an assessment department including e-web assessment and pilot short courses in Facilities Management on Level 1 and initiate intake for Level 2 Bricklaying and Plastering and Plumbing and Pipefitting. IOL also intends to develop and implement a WIL policy and process.



FUTURE

IOL plans to further address the mismatch between skills supply and labour market needs through overall quality management of qualifications, implementation of comprehensive Work Integrated Learning (WIL) initiatives in its VTC and education offerings as well as intense staff development strategies which will be tied to the sales and marketing strategy.

INCUBATOR



STUDENTS ENROLLED

558

for educational research across six courses.



SOCIAL MEDIA COMMENTS



Great institution, serves Namibia very well and employs a lot of good people.

I would just personally like to thank Jonathan Jenniker for his awesome assistance! He was so helpful with the complaints that I had. I now have all my study material thanks to him.

• Enhance sales and marketing portfolio

The establishment of TVET by IOL brings new opportunities for market expansion and business acquisitions as well as for maintaining reputation, synergetic relationships within the group and for positive incremental increase to earnings per share:

- IOL will intensify staff development and capacity building through courses offered by IOL
- ongoing external learning sources to unify and strengthen sales and marketing messages
- educating clients on products, services and processes relating to management of their accounts and due diligence
- identify new markets to communicate and distribute IOL products and services
- strengthen research and identify best practices for designing and developing new products/course-product combinations (as well as the marketing thereof) as a means of addressing current market gaps and
- innovative strategies to increase market share (volume of sales), share of mind (how easily can the brand be identified) and share of heart (what is the emotional value of the brand in the market) with regards to selling existing products.

• Enrich student support services to enhance reputation

The student support components of IOL afford trainees an effective and convenient opportunity to interact with their course coordinators, tutors and fellow trainees in real time from the convenience of their immediate surroundings. For the next reporting period IOL anticipates provision of more contact points as a means of increasing its geographical footprint. IOL acquired sample information kiosks and intends to procure these for distribution to outlets countrywide where there are no offices. IOL intends to enhance the kiosks by making use of Office 365 compulsory for trainees, teaching and support staff. This is with the objective of closing the feedback loop and enhancing the teaching learning experience. Office 365 is provided to trainees at no extra cost. IOL also introduced an online examination booking system in an effort to increase the number of students sitting for examinations for the purpose of increasing the rate to 50%, the pass rate to 30%, the graduation rate to 20% and to reach the 60 000 enrolment rate. This will require:

- intensifying training of tutors, moderators as well as all support staff on examination processes
- setting of and moderating question papers and assessment processes
- increasing education and awareness of the examination booking process development among the students and
- introducing new courses and evaluating existing courses.

• Advance ICT delivery and modify distribution methodology

The intention to enhance student support services is tied to the ICT and distribution's resolve to cut on costs by:

- redesigning printed material distributed to students
- reviewing student guides, the welcoming booklet and prospectuses to be more user friendly and to enhance studying
- introducing new short courses and tools for further income generation and
- revisiting and improving the layout offered by the Kindle.

INCUBATOR



In addition to the above, IOL's strategic plan is also to increase the institution's research output. Currently IOL has 558 students enrolled for educational research across six courses of which 50 students have already successfully completed this subject. 166 students are registered to submit research projects of which four have already completed their research projects.

THE IOL BRAND

IOL's brand promises to be dynamic, value driven and excellent at maintaining customer relations. IOL represents innovation and excellence and understands the changing distance education landscape. It is a unique and recognisable brand that communicates a consistent message on its contribution to the field of distance education and its value and service to stakeholders, partners and regulators.

The institute believes in and strives for a high quality assessment process, resources that inspire excellence and adaptability to change and innovate in distance education. It communicates, engages and develops core business capability to increase brand equity, leadership efficiency and community solidarity. IOL will continuously improve its external image and reputation as a collaborative institution and preferred partner in the public, private sector and in communities. This will ensure IOL remains the preferred partner for distance learning in Namibia.

SHARED SERVICES

INFORMATION COMMUNICATION TECHNOLOGY (ICT)

Trustco's ICT department has been an integral part of the group since its inception. The importance of ICT as the burgeoning force of innovation was hardcoded into Trustco's core, and as the prevalence of technology in business grew exponentially, the group was ideally placed to leverage that early decision to rely on ICT based solutions into world class systems that have powered the different segments until today.

Innovation has always been a cornerstone of the group's success and so too it has been with the ICT department. As the group grew, the department always sought out custom built software solutions, built upon commodity hardware to enable both speed of business operations as well as reliability of business systems.

With the advent of several new core businesses in the group, the ICT department has stepped up to provide core business systems and enable quick start up levels of performance to the newest segments of the group. It expanded its ambit to not only be key in meeting strategic objectives of existing segments, but also in terms of corporate and ICT governance in order to ensure all stakeholders have relevant up to date information and are able to make well informed decisions.

The group's ICT department has always been a premier solution provider to Trustco's diversified business segments and is a core support department in the shared services segment.

HARDWARE AND INFRASTRUCTURE

The group has upgraded its core server infrastructure and now operates a Hyper-Converged Infrastructure (HCI) private cloud that integrates computer, storage, virtualisation and networking in a full stack solution. This enables the group to take full advantage of a green energy efficient data centre. The core services with structured data (standard database environment) is stored on the new Hyper-Converged cloud between the primary, secondary (DR) and new tertiary (DR) data centres.

With constant growth and change a natural feature of Trustco, network infrastructure is continuously tested as to its efficiency to handle an ever growing load. A sustainable maintenance plan is also utilised to ensure regular upgrades of the backbone to manage the anticipated increases in capacity required.

SOFTWARE DEVELOPMENT

Trustco's Software Development Life Cycle (SDLC) methodology underpins all the premier in-house software solutions that power the business segments, remaining in use from the start of specific projects, through to the maintenance cycle, ensuring these solutions serve the needs of all stakeholders. Trustco's mature change control process promotes extensive business involvement and ensures that all projects, big and small, meet the needs of the specific business segment without compromising quality, security and integrity of the group's ICT resources.

ICT SUPPORT MANAGEMENT

For the ultimate in service delivery, the ICT department of the group maintains a ticket logging and tracking system within each country to support users and each deployed software solution. This ensures that no service requests are overlooked, and more importantly, that service levels can be maintained with an appropriate prioritisation process to escalate urgent items.



FACTS

Trustco opened its doors in 1992 at the start of the digital revolution, and as a result, innovation via ICT is hardcoded into its core. Trustco's ICT department has always played a crucial role in enabling the business to meet its strategic objectives and providing all stakeholders with relevant and up to date information they must have to make well informed decisions.

SHARED SERVICES

ICT SECURITY MEASURES

As per industry standard, all users are required to authenticate themselves before gaining access to Trustco's network. As such, the group strives to maintain security by maintaining and enforcing password strength policies and conducting password audits to ensure compliance and fair use of ICT resources. While this has been quite successful, there is some evidence of security fatigue setting in with users, and the ICT department has resolved to combat this by reviewing and adjusting its policies as recommended by global best practices to pre-emptively prevent any security fatigue from affecting the integrity of its systems.

ICT POLICIES AND PROCEDURES

The usage of ICT resources is governed by ICT policies that users must sign off and confirm as read and understood before access is granted. All usage is monitored and random spot checks are regularly performed to ensure compliance. These policies are updated and revised regularly as required by the ICT governance charter and policies of the group.

FLEET SERVICES

Trustco Fleet Management Services provides the business segments, management and employees with essential transport solutions and a well maintained, cost effective fleet of vehicles to ensure effective service to the group's customers across Namibia and South Africa.

HUMAN RESOURCES

The human resources department is a multifunctional department operating in Namibia, South Africa and Sierra Leone. The department provides and manages training, recruitment, payroll administration, orientation, skills development, discipline, compliance, employee assessments, occupational health and safety as well as a corporate wellness program.

LEGAL

The group legal department provides in-house legal and advisory services including statutory and regulatory compliance, services, IP portfolio management, management of external legal service providers and management and mitigation of litigation.

COMPANY SECRETARIAL

This department provides company secretarial services to the Trustco group of companies. The company secretary advises the board and its committees on the Namibian and South African Companies Acts, King IV and the JSE and NSX LR's. The company secretary provides professional corporate governance services and ensures all statutory duties and functions are performed.

AUDIT, RISK AND COMPLIANCE

The audit, risk and compliance department, in conjunction with management, assists with implementing, maintaining and strengthening the system of internal controls to enable the ongoing identification and monitoring of an effective and sustainable risk management framework. In compliance with the requirements of King IV report, a Chief Audit Executive (CAE) has overall responsibility for the internal audit function. The internal audit function which was performed in-house in the past, is now co sourced with EY and PwC. This enhances independence and contributes to keeping current with best practice. The internal auditors are invitees to the ARC meetings and report to the ARC.

FINANCE AND TREASURY

The group finance and treasury function assists the board of directors with their oversight function as well as managing liquidity risk, capital reserves and forex risk. Finance is also responsible for the accounting of group results that are audited by the independent auditors of the group.

SHARED SERVICES



SEGMENT EXCO (f.l.t.r): Riaan Bruyns (Group Head: Legal), Floors Abrahams (Financial Director), Marlida Jacobs (Head: Treasury), Amanda Bruyns (Company Secretary), Tania Claassen (CFO) and Elmarie Janse van Rensburg (Group Head: Corporate Affairs)

(In front): Wayne McTeer (Group Head: Audit and Risk and Compliance) and Desmond van Heerden (Group Head: IT)

SHARED SERVICES



STAKEHOLDER ENGAGEMENT



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STAKEHOLDER CATEGORIES



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CORPORATE SOCIAL
INVESTMENT



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STAKEHOLDERS

05

STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

The group firmly believes that engaging its stakeholders is an integral part of its daily operations as opposed to a separate function. Stakeholder engagement is therefore key to achieving the triple context as it contributes to the decision making and accountability of the group in respect of economic, social and environmental matters.

Each key stakeholder group provides a form of capital that contributes to the successful execution of the group strategy, vision and mission.

As an active corporate citizen of Namibia, South Africa, Mauritius and Sierra Leone, the group aspires to be known as a nation builder at the forefront of economic growth in the countries in which it operates. The group realises the importance of open and transparent dialogue with its stakeholders and continuously focuses on improving stakeholder engagement.

STRATEGIC OBJECTIVES AND PRINCIPLES

The overall objective is to improve ongoing engagement with the group's stakeholders and to ensure their needs are considered in decision making.

Strategic objectives:

- support sustainability of business in the long term
- meet changing customer and community demands and expectations
- improve existing relationships with stakeholders and
- ensure best practice engagement and demonstrate leadership in the industries in which the group operates.

Key principles that guide engagement:

Best practice	Follow regulatory and best practices guidelines and demonstrates leadership in the industries in which the group operates
Inclusive	Be inclusive, inviting stakeholders' views where appropriate to improve engagement and to promote accessibility
Informative	Inform stakeholders via open, transparent, relevant and timeous communication
Transparency	Be transparent, clearly outlining what stakeholders can expect and how their feedback will be taken into consideration
Listen	Listen to and seek to understand stakeholders' views and concerns
Responsive	Consider and respond to concerns, providing prompt and clear feedback
Consistent	A proactive, coordinated and consistent approach to engagement across the group
Targeted	Ensure engagement is prioritised, proactive and tailored to specific issues and projects
Measurable	Measure the success of engagement and apply outcomes in designing and developing future engagement.

The group is committed to working together with its stakeholders to understand their needs and to deliver services which address their needs.

STAKEHOLDERS

STAKEHOLDER CATEGORIES



SHAREHOLDERS AND INVESTORS



INTEREST AND RESPONSIBLE

As an active corporate citizen of Namibia, South Africa, Mauritius and Sierra Leone, the group aspires to be known as a nation builder at the forefront of economic growth in the countries in which it operates. The group realises the importance of open and transparent dialogue with its stakeholders and continuously focuses on improving stakeholder engagement.



Type of stakeholder

- current shareholders
- potential shareholders
- lenders and funders
- investment analysts

Engagement

- transparent reporting maintained at all times with shareholders through the integrated annual report, SENS announcements, group website, social media, print media and circulars
- enhanced communication via advertising, face-to-face engagement events and increased media coverage and exposure
- additional to the aforementioned public information, regular reporting to lenders and funders on covenants
- maintain a favourable investment grade credit rating in order to provide more favourable borrowing rates and offer shareholders additional confidence in the security, sustainability and governance of the group.

STAKEHOLDERS



DIRECTORS AND EMPLOYEES



Type of stakeholder

- board members
- employees

Engagement

- a competent, diverse and balanced board and executive leadership team
- the board members are constantly receiving ongoing training on various relevant topics
- the board members are constantly reminded and trained on the importance of corporate governance. Best practices are followed and maintained across the group
- formal and informal communication and correspondence between management and the board through the company secretary
- regular site, off site and other informal visits to ensure a better understanding of operations, projects and progress
- strategic annual planning and budget presentation sessions between the board and senior management
- fair and balanced remuneration packages and target linked incentives for employees
- employees were kept abreast of the content of the integrated annual report of 2017 as well as company policies, on an e-policy system, with compulsory tests in order to qualify for annual salary increments and quarterly bonuses
- wellness program includes free lunches, transport, social scheme benefits, training opportunities and company shares (Refer to remuneration report)
- group communication to employees through various committees and forums including a company intranet
- open door policy with management, daily coffee table meetings and one-on-one meetings with management and HR
- employees offered both formal, informal and in-house training and skills transfer to ensure they are able to successfully fulfil their roles
- quarterly self-assessments with management input and formal annual performance evaluations.

STAKEHOLDERS



SOCIETY



Type of stakeholder

- government and regulatory bodies
- community
- customers
- media
- service providers

Engagement

- committed to the highest standard of compliance with corporate governance principles, legislation and regulations across all segments and to various regulatory bodies
- open and transparent communication with all government agencies, regulators and the public
- charitable donations, community outreach and upliftment programs, sport, education and culture sponsorships as well as the QVRCODE (Refer to the CSI report)
- provision and maintenance of service excellence through constant improvement of products, research of customer expectations and needs, communication via call centres, electronic mail and SMS, social media, contact classes, phone and specially designed roaming mobile offices
- active web and social media interaction to increase visibility (such as Facebook, Instagram, YouTube and Twitter), *Informanté* newspaper, marketing community related topics and corporate activities, media briefings and information sessions
- continuous interaction and service level agreements with service providers.

STAKEHOLDERS

CORPORATE SOCIAL RESPONSIBILITY

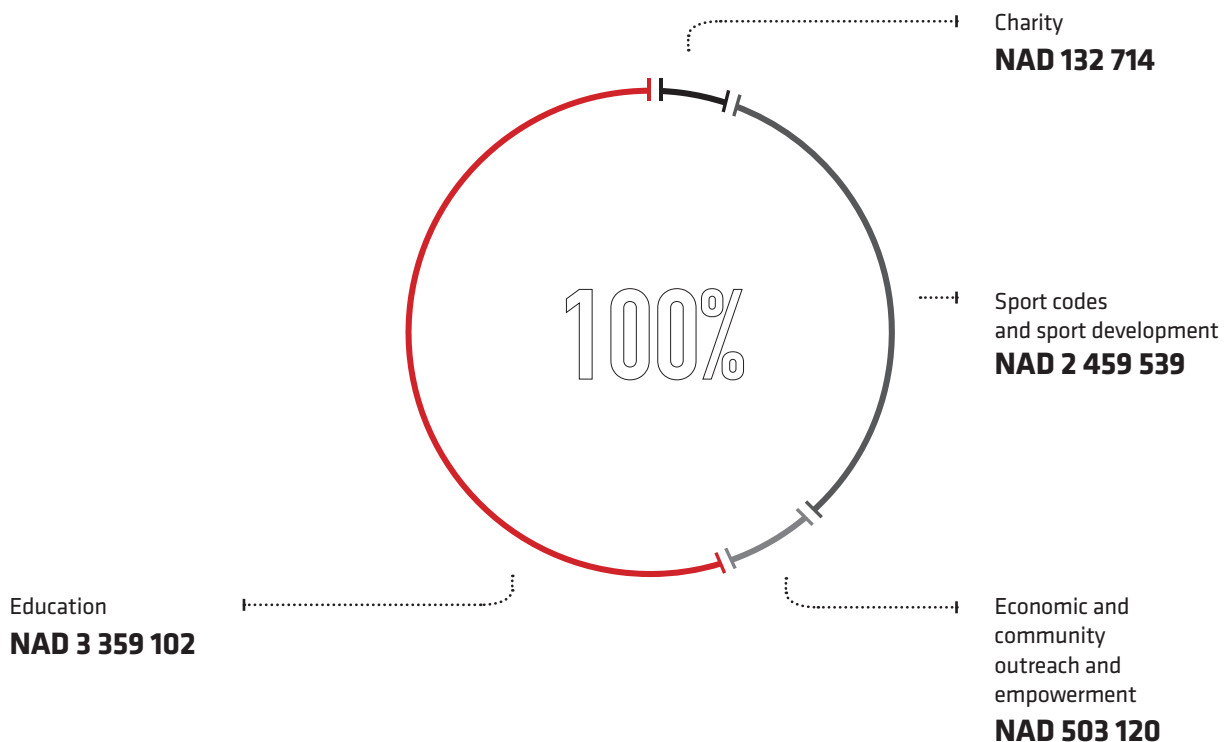
Trustco group and its subsidiaries are committed to the ongoing implementation of a robust, multifaceted corporate social investment (CSI) portfolio which is implemented and integrated across the group.

CSI Philosophy

The group and its subsidiaries subscribe to the implementation of CSI initiatives which seek to augment and enhance the group's strategy whilst aligning the CSI portfolio to international best practices and governance principles.

The group aspires to remain an integral part of the broader societies in which it operates and at the forefront of corporate citizenry whilst investing and impacting the societies in which it operates. The impact of the group's CSI is evidenced in its standing as an exceptional good corporate citizen.

The initiatives engaged during the financial year under review encompassed the advancement of education, empowerment, community development and sport. These initiatives constitute the cornerstone of the group's CSI philosophy and augment its strategy whilst, most imperatively, giving back to the Namibian society.



► **TOTAL NA**
6,45 MILLION
 NAD

STAKEHOLDERS



The Trustco brand accompanied six learners from Delta Secondary School in Windhoek, who participated against teams from 160 different countries in the Global Robotics Olympics that took place from 16 to 18 July 2017 in the United States.



Trustco supports schools and children's welfare organisations as part of its CSI initiatives. The Omusati Early Childhood Development and Day Care Centre in Otjomuise was 2017's beneficiary. Trustco staff contributed to the project by donating gifts for 151 children.

IOL sponsored NAD 100 000 worth of equipment and text books to the best performing regions during the Grade 10 & 12 examinations of 2017.



Legal Shield generously donated 50 goodie bags containing T-shirts, rulers, pens, water bottles and other items to the Rundu Town Council for the Namibian Local Authority Sports and Recreation Association games, hosted during May 2017.



Top 40 staff members of the Trustco group visited and served food to three kindergartens in the Okahandja Park, Goreangab residence and Herero settlement in Windhoek, the capital of Namibia.

Two deserving students were awarded NAD 30 000 each to facilitate their studies as Legal Shield's bursary recipients for the 2018 academic year. Legal Shield has awarded in excess of NAD 900 000 in bursaries over the past 16 years, building the foundation for aspiring students. Each Legal Shield bursary holder will also receive an employment opportunity at Trustco Insurance upon successful completion of their studies.



The winners of the grand prize of Trustco's Annual Golf Day during the reporting period, BDO, at the prestigious Fancourt Golf Course in George, South Africa.



IOL donated books to the value of NAD 3 million to the National Library of Namibia.

The Namibia Tennis Association (NTA), in collaboration with Trustco, hosted two national junior tennis tournaments during 2017, at the tennis courts of the Central Tennis Club in Windhoek. Trustco sponsored the tournaments for a third consecutive year which showcased the talent of 80 junior players from all over the country.



STAKEHOLDERS



► NAD

503 120

Dr Quinton van Rooyen established the QVRCODE in order to address a demand for business advice and mentorship in the country. To date the event has visited communities in all corners of the country from as far as Katima Mulilo to Oranjemund. The genesis of the QVRCODE is a journey of sharing experiences inclusively with the national household.

► EDUCATION



Various educational sponsorships

NAD
45 383

Ministry of Education Arts & Culture

NAD
3 048 000

Bursaries

NAD
265 719

► SPORT



Hockey

NAD
39 282



Soccer

NAD
88 617



Squash

NAD
39 964



Rugby

NAD
105 893



Netball

NAD
5 143



Tennis

NAD
45 163



Gymnastics

NAD
4 370



NAD
1 999 282

► CHARITY



Christmas Drive

NAD
12 750



Davin Trust

NAD
5 000



Huis Maerua

NAD
10 000



Soup Kitchen

NAD
9 245

► OTHER CHARITIES

NAD
95 719

Trustco group and its subsidiaries' commitment to CSI remain an integral part of the group's mission to enhance the potential of and create value in the communities in which it operates. For the reporting period, the group and its employees invested a total of NAD 132 714 through Christmas Drives, the Davin Trust, the Cancer Association of Namibia, soup kitchen initiatives and various other charitable endeavours.



TRUSTCO UNITED
SPORT CLUB

LONG STANDING RELATIONSHIP

Trustco's long standing relationship with the Trustco United Sport Club has provided the club with many opportunities to grow over the last seven years. Trustco provides annual support through financial contributions, co-organising of sporting events, supplying of sport kits as well as the branding of facilities. The club was founded in 1916 and has played a pivotal role in the development of sport in Namibia, today offering sport codes such as Rugby, Cricket, Netball and Hockey.

► NAD
131 825

STAKEHOLDERS



HIGH PERFORMANCE COACHING CLINICS (HPCC)

Trustco prides itself in being a contributor to the development of an equitable society through its CSI. The group invested approximately NAD 1 999 282 in sports skills transfer and youth development during the reporting period.

HPCC were hosted in collaboration with former Springbok coach, Peter de Villiers, as a means of transferring theoretical and practical skills to coaches and athletes of various codes. The HPCC reached over 500 participants across the country.

SUSTAINABILITY REPORT

▶ 146

SUSTAINABILITY

06

SUSTAINABILITY

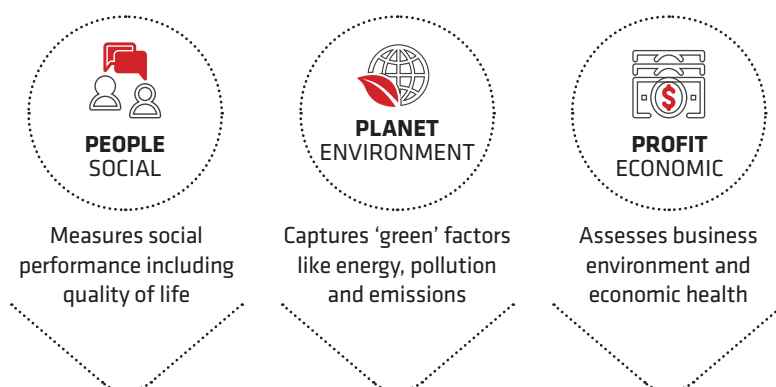
SUSTAINABILITY REPORT

Over the past decades of Trustco's existence, the world at large has made one thing clear – a pure bottom line growth focus may deliver greater profits over the short term, but if it is pursued without due regard to the environment it operates in, long term wealth creation will be impossible. As a result, the group has always been committed to a holistic approach to corporate growth – an approach that focuses on maintaining not only economic development, but also the other pillars of sustainable growth, social development and environmental development and protection.

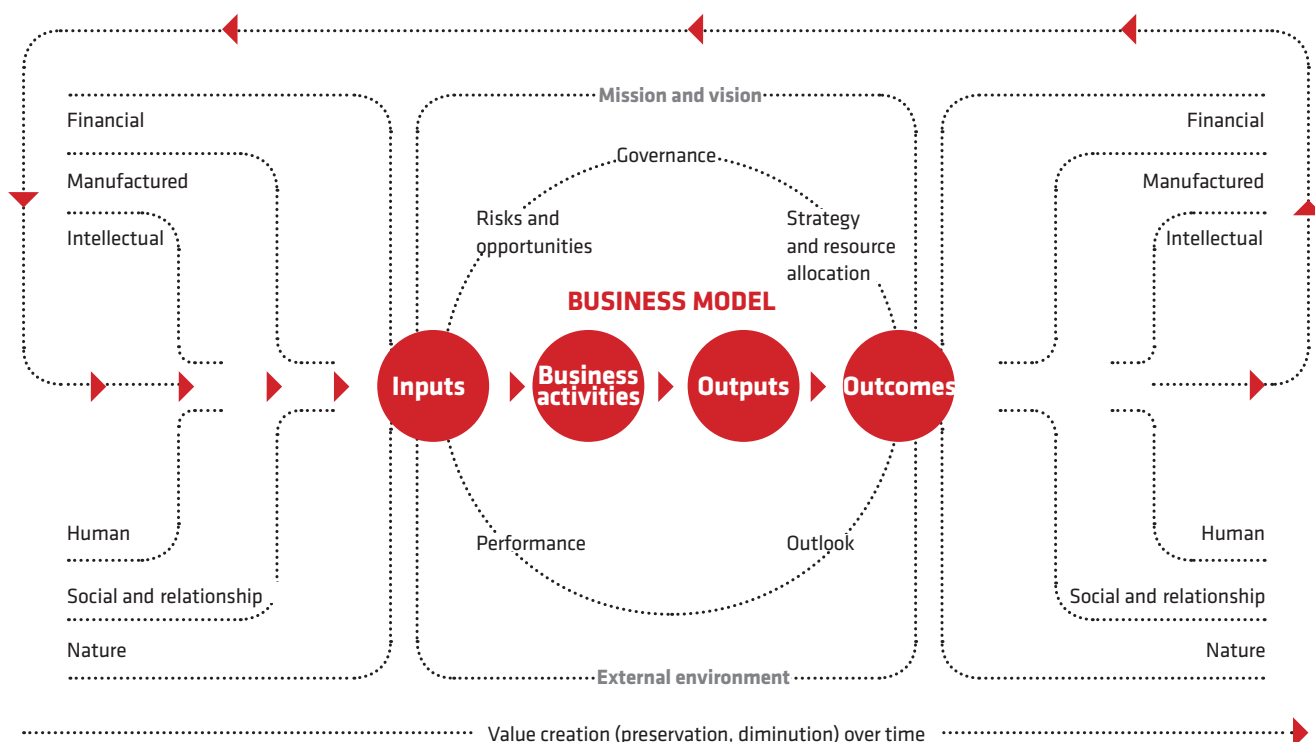
THE THREE PILLARS OF SUSTAINABLE DEVELOPMENT

It is in the interest of long term wealth creation that the group strives to maintain a balance between the three pillars – economic, social and environmental – as well as the six types of capitals that develop between them.

The three pillars of sustainable development interact in various ways to give rise to the six capitals that the group builds upon and develops to ensure its long term success.



CAPITAL DEVELOPMENT FOR SUSTAINABLE GROWTH



SUSTAINABILITY

ENVIRONMENTAL - ECONOMIC RELATIONSHIP: NATURAL CAPITAL

Natural capital is the underlying resource that all other capitals build upon. This not only includes those resources normally thought of as natural capital, such as water, land, minerals etc., but also broader resources, such as biodiversity and ecosystem health. In order to maintain its natural capital, Trustco strives to ensure that substances taken from the earth, either in extraction, use or manufacture does not exceed the environment's ability to neutralise their harmful effects. The group takes responsibility for its operations which may cause harm to the environment and minimises impact by implementing mitigating options and ensuring regulatory compliance.

It is critical that the capacity of the environment to provide ecological system integrity, biological diversity and productivity is protected. As such, any new projects and business expansions, especially under the properties division and the operations of the resources segment, are addressed with Environmental Impact Assessments (EIA) and Environmental Management Plans (EMP). The EIA and EMP identify positive and negative impacts that the group may have on the surrounding environment and communities. Negative impacts are mitigated with the support and input from the public and independent, qualified external and experienced consultants.

All sites in the property division and resources segment are awarded Environmental Clearance Certificates (ECC) as proof of compliance with national, international and best practice regulations. The group's management signed and approved a revised Environmental and Social Management System (ESMS) framework during the reporting period. The ESMS includes policies and procedures which guide and monitor the identification and management of the E&S risks in the group, inclusive of clients funded by Trustco Bank. Identification of E&S risks are approached with a due diligence process that takes into consideration impacts and practices of current and potential clients. All the transactions financed by Trustco Bank and Trustco Finance, which may have major medium or low E&S risks, including reputational risks, are monitored closely during the loan agreement period.

Further environmental initiatives such as awareness through newsletters and ongoing discussions on impacts identified in the EMP are maintained with focus on waste, recycling, saving water and energy and biodiversity. The group also creates cost competitiveness and awareness that deliver environmental gains by fuel consumption cutting, saving on printing by making use of electronic meeting packs and systems and by increasing use of video and telephone conferencing to reduce travel costs and the carbon footprint. The group has also installed green technology at its various operations and offices, such as solar panel energy and energy efficiency bulbs to reduce impact on the environment.

ECONOMIC - ENVIRONMENTAL RELATIONSHIP: MANUFACTURED CAPITAL

Manufactured capital is generally distinguished from natural capital in that this form of capital is produced for the purpose of enabling a business to operate – to produce goods and provide services. This not only encompasses the capital as it is recorded on the balance sheets, but also of the available infrastructure provided by others in the economy the group can use to create value for all stakeholders. In order to maintain manufactured capital, the group's infrastructure, technologies and processes are structured to make less use of natural capital, and focuses on the maximum use of human and intellectual capital. The group has built a brand of diverse investments and development portfolios as a responsible player in the property division. The group, through its subsidiary Elisenheim, concluded a landmark deal to sell 19

SUSTAINABILITY

934m² of commercial land to Oryx Properties Limited (Oryx). Oryx will construct a strip mall with shops, office space and a service station in the Elisenheim lifestyle development on the outskirts of Windhoek. This development will merge with and enhance the environment and bring quality services closer to the residents, workers and visitors of the estate. In addition, the group also launched the Ombala Development Estate in Ondangwa to improve the lives of citizens and contribute to development in the northern region of Namibia.

ENVIRONMENTAL – SOCIAL RELATIONSHIP: HUMAN CAPITAL

Human capital is embodied in the individuals that the group employs. It comprises of their collective individual capabilities, knowledge and skills – from rank-and-file employee up to board level. The group aims to have all its employees enjoy a high standard of social and mental health through the management of a Corporate Wellness Program by the human resources department. The employees are also provided with varied and challenging opportunities for promotions, training and skills development, creative outlets and recreational activities.

Trustco has won awards for the past four years consecutively in the annual Deloitte “Best Company To Work For” survey and also received a Platinum Seal of Achievement during the reporting period. The group has won the competition two years consecutively and has always been placed in the top 3 best companies to work for. The seal of achievement is an acknowledgement of a culture of consistent performance and demonstrates the group’s commitment to its people, enabling the company to market itself as an employer of choice.

In order to further enhance the skills of key personnel in the organisation, the group’s board of directors and top executives of the various segments attended a two day strategic planning and budget presentation as well as the annual board training session.

The group will continue to focus on identifying and pursuing growth opportunities in strategic sectors in Namibia and on the African continent and beyond. In order to pursue its mission to increase value and wealth for its shareholders and perfecting best corporate governance practices for the future, leadership initiatives such as a junior board mentorship program were also implemented subsequent to the reporting period.

The group recognises that there is a limited pool of skilled people available in the job market and to ensure the retention and development of this talent currently in the group, the Top 40 employees are identified and elected by their colleagues annually. These professionals embody leadership, perseverance, excellence, extraordinary performance, are team players, dedicated and represent the Trustco culture at all times.

SOCIAL – ENVIRONMENTAL CAPITAL: SOCIAL & RELATIONSHIP CAPITAL

Social capital is the level of trust that Trustco has accumulated over the years from all its stakeholders, as well as the common values between the group and the society in which it operates that allows it to conduct its business. Trustco has through its subsidiaries provided significantly towards social capital, specifically with regards to ‘social justice’, and in such a way as to ensure trusted and accessible justice and governance can be secured by the group’s clients. The group’s *Informanté* newspaper remains one of the leading newspapers in Namibia with more than 330 000 followers on Facebook, sharing news related to the community, focusing on topics and corporate activities and ensuring communities and society at large share in key positive values and unite with a sense of purpose.

The group also proved its implementation of innovation in an increasingly slow economy in which it operates by earning Royal status and placed in the Top 10

▶ **THIS PROVES
A CULTURE OF
CONSISTENT
PERFORMANCE AND
DEMONSTRATES
THE GROUP’S
COMMITMENT TO ITS
PEOPLE, ENABLING
THE COMPANY TO
MARKET ITSELF
AS A PREFERRED
EMPLOYER IN THE
JOB MARKET**

SUSTAINABILITY

of the Sunday Times Top 100 companies of the JSE for the 3rd consecutive year. Royal status is awarded to companies who have placed in the Top 20 positions for a third consecutive year.

To remain viable and relevant, the group works together with its stakeholders to find value adding solutions within its operating industries. Maintaining long term relationships with key suppliers and customers is one of the group's goals. Effective communication with customers is also vital for improving efficiency and creating savings, and remains key to providing a safe, supportive working and living environment for everyone in the community in which the group operates.

SOCIAL – ECONOMIC CAPITAL: INTELLECTUAL CAPITAL

Intellectual capital is formed by the collaboration and synergy between the intangible capitals and does not only comprise of what is termed 'intellectual property', such as patents, copyrights and licences, but encompasses much more – the collective knowledge and experience held by Trustco, its systems, procedures, its employees and protocols that provides the group with a competitive advantage.

Perhaps the most important fact about intellectual capital development is that its value cannot be developed solely by the group – without its development in the wider socio economic sphere, intellectual capital withers. Evidenced here as a milestone of achievement for the group was the company receiving a PMR Diamond Arrow Award for "Most Innovative Company/Institution in Namibia" and was placed 1st overall with the highest rating, proving the group also provides intellectual capital development to the country as a whole.

In addition to the above, Trustco's Managing Director (MD), Dr Quinton van Rooyen, continued during the reporting period with the hosting of the QVR-CODE countrywide in Namibia to address the demand for business advice in the various communities. The QVR-CODE is a platform where the public, through question and answer sessions, engages with the group MD on various topics like entrepreneurship, leadership and challenges faced by communities as well as discussions based on his journey of achievements.

Internally, Trustco facilitates an environment that strives towards innovation and change, embraces the ability to adapt quickly and proactively to an ever changing environment. Trustco encourages employees to think of solutions for current and future business issues, including its brand and reputation. This sets the group apart from its competitors and gives it a significant competitive advantage.

ECONOMIC – SOCIAL CAPITAL: FINANCIAL CAPITAL

Financial capital aims to accurately represent the value of natural, human, social and manufactured capital and is the ultimate output of the economic growth machine – the measure of wealth creation. In the end, this capital cannot be developed merely by hoarding it – it is the use of financial capital that paves the way for sustainable development. The ESMS policies and procedures of the group, which guide and monitor the identification and management of the E&S risks in the group, tie in with the group's KYC and AML policies, which also extend to employees. Instances of fraud and theft are reality and are dealt with on a zero tolerance basis, as proactively as possible. Trustco also has an established whistle-blowing facility, where cases of fraudulent activities and corruption are reported on an anonymous basis. Ultimately, financial capital also includes funds obtained through financing i.e. both local and foreign investors or generated by means of the group's productivity and operations. The group's supply of financial capital is also a measurement of the group's performance and its success in wealth creation.



companies on the JSE for a 3rd consecutive year.



FACTS:

Trustco incorporates the ability of employees to think of resolutions for current and future issues, including its brand and reputation.

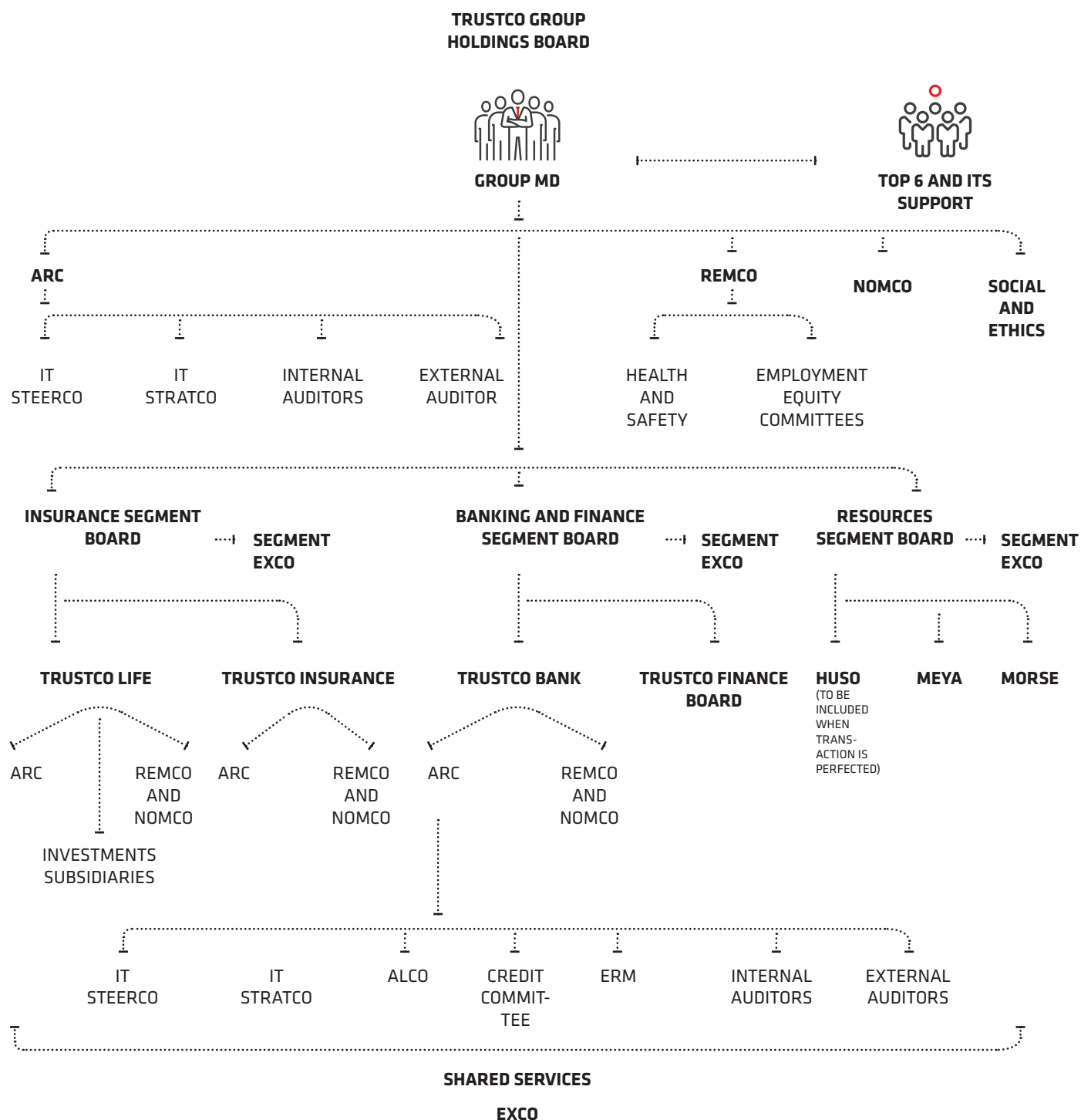
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CORPORATE GOVERNANCE

07

CORPORATE GOVERNANCE

CORPORATE STRUCTURE



CORPORATE GOVERNANCE

THE BOARD

The board's mandate is to act in good faith at all times whilst always considering the best interests of all stakeholders of the company. The role of the board is focused on exercising sound leadership and independent judgement to lead ethically beyond mere legal compliance. The board is committed to maintaining the highest standard of corporate governance and transparency as key components to achieving the vision and growth strategy of the group, as well as to ensure long term sustainability whilst protecting stakeholder value.

THE BOARD OF DIRECTORS

The board's primary governance role and responsibilities are to:

- steer and set strategic direction with regard to both the group's strategy and the way in which specific governance and regulatory areas are to be approached, addressed and conducted
- approve policies and plans that give effect to the strategy and set the direction
- ensure accountability for the group's performance through transparent detailed reporting and disclosures and
- oversee and monitor implementation and execution by management.

The board and senior management engaged in a two day strategic planning and budget presentation session. The senior management included in the session was the Top 6 and its support group as well as representatives of all segments. During this session, the cash flow requirements, strategic vision, budget and planning were discussed, scrutinised and prioritised. The budget was also approved for the next reporting period together with strict accountability and reporting requirements to the board. The board continually oversees and monitors implementation and execution by management.

The board assumes its responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

During the period under review the board:

- approved a revised group internal audit charter which encapsulates the principles of the King IV report
- approved the social and ethics committee charter and established the committee
- approved a revised Environmental and Social Management System (ESMS) policy in line with the monitoring provisions of the social and ethics committee
- approved the gender diversity policy and
- approved a policy on succession planning for the board.

Even though the group maintains a robust corporate governance structure, where the governance framework established subcommittees to support the board in the execution of its duties, the board remains ultimately responsible and accountable to all its stakeholders. Certain authorities have been delegated with specific authority to each subcommittee to enable effective control, while preserving the accountability of the directors of the board. The board is sensitive to balancing the strong entrepreneurial spirit in the group with the interests of all other stakeholders. The Delegation of Authority Policy and the board charter establish a clear balance of power and authority at board level. The company applies the four-eyes principle to ensure that no one director has unfettered powers of decision making.

CORPORATE GOVERNANCE

ETHICAL TONE AT THE TOP

Setting an ethical tone from the top demands that the board and senior management in the group find ways to connect with people inside and outside the organisation. They must openly communicate their values on an ongoing and transparent basis, using different platforms and distribution systems. While the board must establish core values and principles, management must lead by example and their behaviour tells employees what counts and which actions are rewarded or punished. Developing a sense of shared values – a set of beliefs against which all decisions can be measured and tested – is the basis on which long term strategies and successful implementation are built. Failure to align ethics and values to business strategies and the execution of operating plans bears potentially high risk. The board, management and employees of Trustco work together with common interests and shared values banded together to achieve a common goal.

BOARD ASSESSMENT

The board of directors conducted an informal evaluation of its own performance, the performances of its committees, the chairman and also the individual board directors. The evaluation concluded that the board is effective in all material aspects and will continue to identify areas for improvement. No remedial actions were required. The board is satisfied that the evaluation process is improving its performance and effectiveness.

DIRECTOR DEVELOPMENT

Ongoing training is provided to the board of directors of Trustco and its subsidiaries. In light of the newly established resources segment, Trustco initiated training for all its board members and senior management by a resources expert, Mr Richard Chetwode. Mr Chetwode, from Northamptonshire England, is a diamond industry expert who combines comprehensive knowledge of, as well as valuable relationships, in the diamond market and financial markets to educate and give training on the industry, financial impact and risks.

INDEPENDENT AND UNFETTERED ADVICE

The board of directors is encouraged to seek independent advice, at the company's cost, to assist with the execution of its fiduciary duties and responsibilities, if so required. During the period under review, independent advice was not sought by the board. The board of directors also have direct access to the group's external and internal auditors, the company secretary, the CAE and the MD at all times.

BOARD DIRECTOR'S INDEPENDENCE

If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his/her fiduciary duties. None of the non-executive directors have served for longer than nine years.

The board has adopted the practice of reviewing director independence annually and has concluded that all non-executive directors are independent and meet the requirements for the test of independence. In light of two non-executive directors who have been appointed for a period of 7 years, Trustco deemed it prudent to restructure and redeploy directors throughout the group. This will enhance transparency and ensure independence. In accordance with the company's memorandum, articles of association and in terms of the Companies Act, at least one third of non-executive directors shall retire from the board, and if available, may be re-elected by the shareholders at the AGM, provided that the board has confirmed and verified the eligibility of such directors.

CORPORATE GOVERNANCE

▶ IN LIGHT OF TWO NON-EXECUTIVE DIRECTORS WHO HAVE BEEN APPOINTED FOR A PERIOD OF 7 YEARS, TRUSTCO DEEMED IT PRUDENT TO RESTRUCTURE AND REDEPLOY DIRECTORS THROUGHOUT THE GROUP

BOARD COMPOSITION, CHANGES AND STRUCTURES

Directors are appointed through a formal process involving the whole board, assisted by the nomination committee. Appointments to the board are made based on the appropriate balance of knowledge, skills, experience, diversity and independence. This selection criteria ensures a competent and balanced board. During the year under review Trustco launched a campaign to secure additional capacity based on the above mentioned selection criteria and appointed a number of independent non-executive directors, who will be deployed throughout the group. Subsequently the independent non-executive board members were rotated, deployed and allocated in line with their specific expertise to the various segments and board committees. Additional operational boards were established and the independent non-executive directors were also appointed to these boards. The board considered and applied the principles of the group affirmative action policy during the reporting period.

Changes to the board

- Mr Floors Abrahams was appointed as financial director from 5 April 2017. Mr Abrahams has been an executive director since 2006 and was also the group financial director from 2006 to 2013.
- Mr Jabu Mahlangu resigned on 22 April 2018 as independent non-executive director and the board appointed Ms Kristin van Niekerk and Prof Lana Weldon as independent non-executive directors on 26 April 2018. Refer to page 22 to 27 of this report for more information.

Insurance and its investments segment

- The insurance segment holding company (known as Legal Shield Holdings) appointed Ms Kristin van Niekerk, Mr Winton Geyser and Mrs Janene van den Heever as independent non-executive directors. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen and Mr Floors Abrahams serve as the executive directors of the company.
- Trustco Life Ltd (Trustco Life) and Trustco Insurance Ltd (Trustco Insurance) expanded their existing boards, previously consisting of Mr Winton Geyser and Mr Renier Taljaard as independent non-executive directors, to include Ms Kristin van Niekerk and Ms Janene van den Heever as independent non-executive directors. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen and Ms Annette Brand serve as the executive directors of Trustco Life and Trustco Insurance.

Banking and finance segment

- The banking and finance segment holding company was established and appointed Prof Lana Weldon and Mr Winton Geyser as independent non-executive directors. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen, Mr Thomas Slabbert and Mr Floors Abrahams will serve as the executive directors of the holding company.
- Trustco Bank Namibia Ltd (Trustco Bank) made several changes to their existing board. During the reporting period Mr Tom Newton, Mr Stanley Similo and Ms Ndapandula Tshitayi acted as independent non-executive directors. Subsequently Ms Ndapandula Tshitayi resigned. The existing board was expanded and now comprises of Mr Tom Newton, Mr Stanley Similo, Professor Lana Weldon and Mr Winton Geyser as independent non-executive directors. Dr Quinton van Rooyen and Mr Thomas Slabbert serve as executive directors of Trustco Bank.
- Trustco Finance (Pty) Ltd (Trustco Finance) appointed Mr Renier Taljaard as independent non-executive director. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen, Mr Floors Abrahams, Ms Adriana Lambert and Mr Thomas Slabbert serve as executive directors of Trustco Finance.

CORPORATE GOVERNANCE

THE BOARD APPOINTED PROFESSOR LANA WELDON AS A LEAD INDEPENDENT DIRECTOR OF THE BOARD

Resources segment

- Trustco Resources (Pty) Ltd (Trustco Resources) appointed Mr Richard Chetwode as independent non-executive director and Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen, Mr Floors Abrahams and Mr Jan Joubert serve as the executive directors of Trustco Resources.
- The board of Meya consisted of Mr Jimmy How Saw Keng and Mr Chok Yin Lo Kam Cheong as independent non-executive directors and Mr Quinton Zandre van Rooyen, Mr Floors Abrahams and Mr Ibrahim Sorie Kamara as executive directors. Subsequently the directors Mr Jimmy How Saw Keng and Mr Chok Yin Lo Kam Cheong resigned and were replaced with Mr Yuvrai Kumar Juwaheer and Mr Fareeddooddeen Jaubocus as independent non-executive directors as from 22 July 2018.

SUCCESSION PLANNING

The group benefits from having an extensive pool of directors with diverse experience and high levels of competence. The board is satisfied that it is able to identify suitable short, medium and long term replacements from within the group structure.

THE GROUP MANAGING DIRECTOR (MD)

The MD, who is also the CEO of the group, is responsible for leading the implementation and execution of approved board strategy, policies, operational planning and for acting as the link between the board and management. The MD acts as the chairman of the Top 6 and its support committee.

The MD is remunerated in accordance with a management agreement with the group (see annual financial statements for more information). During the year under review, the MD elected to waive his management and surety fees. The MD has no other professional commitments or directorship of governing bodies outside that of the group other than what was disclosed in terms of the Declaration of Conflict Policy of the group. The succession planning is in place for the position of MD.

The functions of the chairman of the board and the MD are clearly separated in the board charter.

THE CHAIRMAN

The chairman of the board was appraised and considered to be an independent non-executive director. The chairman of the board is not a member of the audit and risk committee, but acts as the chairman of the nomination portion of the remuneration committee.

The independence of the chairman was reviewed and evaluated as he has been serving on the board as chairman since September 2010. The chairman was found to be independent. The board appointed Professor Lana Weldon as a lead independent director of the board.

THE FINANCIAL DIRECTOR

During the year under review Mr Floors Abrahams served as the group financial director. The audit and risk committee has assessed the expertise, experience and performance of the group financial director, Mr Abrahams, and found his capabilities and performance satisfactory.

COMPANY SECRETARY

The company secretary is the gatekeeper and the provider of independent guidance on corporate governance to the board and its duties and responsibilities. The board is satisfied that the company secretary maintained an arm's length relationship with the board and its directors during the period under re-



INTERESTS

During the year under review, the MD elected to waive his management and surety fees.

CORPORATE GOVERNANCE

view. The company secretary is not a director of the board. The board assessed the competence of the company secretary in accordance with best practice performance and evaluation criteria and found her qualifications, experience and competence to be satisfactory.

BOARD MEETINGS AND ATTENDANCE

Trustco Group Holdings main board meetings

Board member	23 Jun 2017	14 Aug 2017 (extra- ordinary)	27 Sept 2017	24 Nov 2017	9 Mar 2018
Raymond Heathcote (Chairman)	✓	✓	X	✓	✓
Renier Taljaard	✓	✓	✓	✓	✓
Jabu Mahlangu	✓	X	✓	✓	✓
Winton Geyser	✓	✓	✓	✓	✓
Floors Abrahams	✓	✓	✓	✓	✓
Quinton van Rooyen	✓	✓	✓	✓	✓

✓ Present X Absent

Trustco General Meetings (GM) and Annual General Meeting (AGM)

Board member	13 Jun 2016 GM	19 Oct 2017 AGM	27 Oct 2017 GM
Raymond Heathcote (Chairman)	✓	✓	X
Renier Taljaard	✓	✓	✓
Jabu Mahlangu	X	X	X
Winton Geyser	✓	✓	✓

✓ Present X Absent

BOARD COMMITTEES

The board appointed an audit and risk committee (ARC), a remuneration (remco) and nomination (nomco) committee as well as a social and ethics committee to whom certain functions were delegated. The members of these standing committees are non-executive independent directors of the board, including the chairpersons of the individual committees.

CORPORATE GOVERNANCE

THE AUDIT AND RISK COMMITTEE (ARC)

The ARC provides independent oversight on the effectiveness of the group's assurance function and services. The ARC focuses on combined assurance arrangements, including external assurance service providers, internal audit, the finance function and the integrity of the annual financial statements as well as other external reports issued by the group to the extent delegated by the board. The ARC also has the oversight function of risk governance. In light of the group's varied business segments and various regulatory compliance requirements, the group has four different ARCs. The ARC of Trustco Life, Trustco Insurance and Trustco Bank report to the group ARC of Trustco.

During the reporting period, the ARC of Trustco Life and Trustco Insurance comprised of a combination of independent non-executive and executive directors, the majority of which are independent non-executives. However, subsequently, the committees changed to consist only of independent non-executive directors. The ARC of Trustco Bank comprises only of independent non-executive directors.

The ARC confirmed that appropriate financial reporting procedures exist, are applied and functioning effectively throughout the group.

The internal auditors, the external auditors, the financial officer of each segment, the CAE and senior management attended the ARC meetings.

The ARC is well-informed of the responsibilities and duties of the external auditors and is satisfied that the external auditors are independent of the company. The ARC reviewed the separate and consolidated financial statements of the company and is satisfied that the statements comply with IFRS, SAICA financial reporting guidelines as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of Namibia.

The members of the ARC have the necessary financial literacy, skills and experience and have executed their functions satisfactorily.

ARC MANDATE

The duties of the ARC include those assigned to it by the board and which have been documented in its charter. ARC has, in the year under review, fulfilled its duties which include, but are not limited to:

- nominated a registered, independent external auditor for appointment and determined the fees to be paid as well as the terms of their engagement
- ensured that the appointment of the auditors complies with applicable statutory provisions relating to the appointment of the auditors
- determined, subject to applicable statutory and regulatory provisions, the nature and extent of any non-audit services to be provided, or services that the auditor must not provide to the group or a related party and pre-approved any proposed agreement for the provision of non-audit services to the group
- prepared a report, addressing the items as prescribed in the applicable statutory and regulatory provisions
- made submissions to the board, where applicable, on any matter concerning the group's accounting policies, financial controls, records and reporting
- approved the annual internal audit plan

CORPORATE GOVERNANCE

- maintained oversight over the internal audit function
- nominated independent internal auditors and determined the fees to be paid as well as the terms of engagements and
- applied the auditors rotation policy throughout the group.

ARC MEETINGS AND ATTENDANCE

Committee member	14 Jun 2017	11 Aug (extra-ordinary)	20 Sep 2017	15 Nov 2017	9 Mar 2018
Winton Geyser (Chairman)	✓	✓	✓	✓	✓
Renier Taljaard	✓	✓	✓	✓	✓
Jabu Mahlangu	✓	X	✓	✓	✓

✓ Present X Absent

THE REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO)

The remco and nomco have dual responsibilities. The remco is comprised of independent non-executive directors and assists the board to set and monitor the remuneration policies and make recommendations to the board concerning succession planning and remuneration for all levels of employees within the group, including that of non-executive directors. It ensures compliance with applicable laws and codes of conduct and reviews benefits and performance incentive schemes after considering the group strategy and objectives, which is to create stakeholder value whilst maintaining incentives and retaining essential skills. The remco is satisfied that incentives are based on stretched targets that are verifiable, measurable and relevant.

The remco met twice during the year under review and committee members attendance were as follows:

Committee member	7 Jun 2017	8 Nov 2017
Renier Taljaard (Chairman)	✓	✓
Winton Geyser	✓	✓

✓ Present X Absent

The mandate of nomco includes *inter alia*:

- makes recommendations to the board on the appointment of new executive and non-executive directors through a formal process
- monitors the composition of the board, the board structure, size and diversification and
- initiates and manages performance evaluations of the board.

The nomco met once during the year under review and committee members attendance were as follows:

CORPORATE GOVERNANCE

Committee member	23 Jun 2017
Raymond Heathcote (Chairman)	✓
Renier Taljaard	✓
Winton Geyser	✓

✓ Present X Absent

SOCIAL AND ETHICS COMMITTEE

The committee was established, held an introductory meeting and the first formal meeting was held on 13 June 2018. The social and ethics committee consists of Ms Kristin van Niekerk (chairperson) and Mr Renier Taljaard as the independent committee members and Ms Elmarie Janse van Rensburg as the executive committee member.

The mandate of the social and ethics committee includes monitoring and oversight of the group's activities concerning:

- ethical leadership
- responsible corporate citizenship
- sustainable development
- stakeholder inclusivity and
- social and economic development.

COMPLIANCE STATEMENTS

Primary and secondary listing

The company's primary listing on the JSE means the company is subject to the JSE Listings Requirements (LR). The company's secondary listing on the Namibian Stock Exchange (NSX) means the company is further subject to the NSX LR. The board satisfied itself that the group has complied with the LR of the JSE and NSX.

Annual compliance certificate

The annual compliance certificate confirming the company's compliance with the JSE LR was completed and submitted to the JSE.

King IV

The board accepted and embraced the implementation of the King IV report and has adopted the principles of King IV insofar as the application thereof is in the best interest of the group. Where it was not possible the board explained why it did not and applied alternative principles or practices in line with the overarching governance principles of fairness, accountability, responsibility and transparency. A complete compliance list is available on the company's website at <http://bit.ly/2A6Bzwj>

Gender diversity policy

In accordance with the JSE LR and the formal policy on the promotion of gender diversity, as approved by the board, and available on the company's website at <http://bit.ly/2LojwBY>

CORPORATE GOVERNANCE

PERCENTAGE FEMALE REPRESENTATION ON THE BOARD

Board	Position as at 31 March 2017	Position as at 31 March 2018 and subsequent to the reporting period
Trustco Group Holdings Limited	0%	28%
Trustco Life Limited	0%	42%
Trustco Insurance Limited	0%	42%
Trustco Bank Namibia Limited	20%	16%

Although the policy did not include set voluntary targets, the group achieved its objective by appointing female directors to the board.

Dealing in securities

Trustco is a highly regulated entity and operates within strict rules and guidelines. Trustco at all times adheres to the highest standards of corporate governance, transparency and ethical behaviour and has sufficient policies and procedures in place to ensure that any trading in securities is done in accordance with the rules and regulations. The company secretarial department authorises all directors, associates of directors and all employee trades in Trustco securities.

It is important to note that any investigation by the Financial Sector Conduct Authority (the FSCA) is into trading activities of TTO Securities, trading on the JSE and not into the operations of the company or the affairs of the company. This is confirmed by the FSCA press release of 29 March 2018 as published on their website <https://www.fsc.co.za>

Trustco also reported incidents to the JSE, through its JSE sponsor, where it identified possible suspicious trading activities and will continue to do so in future. Trustco believes this to be its responsibility towards all shareholders.

Sponsor

Sasfin Capital, a division of Sasfin Bank Limited (Sasfin), remained the company's JSE equity and debt sponsor on the JSE, while Simonis Storm Securities (Pty) Ltd acted as the company's NSX sponsor for the reporting period.

Whistle-blowing

The ARC is satisfied that adequate and appropriate provision is made for whistle-blowing processes. No material instances requiring action were encountered during the year under review.

Sustainability reporting

The ARC oversaw the integrity of the integrated annual report and is satisfied that the disclosure of information pertaining to sustainability issues is reliable and consistent with the financial results and other information within the knowledge of the directors of the ARC.

CORPORATE GOVERNANCE

JUNIOR BOARD MENTORSHIP PROGRAM

Trustco received 63 applications for the board director position during the campaign. Most of the applications received were from a large number of young successful Namibian individuals with strong leadership qualities, impressive curriculum vitae *et al*, but who lacked essential boardroom experience. Trustco, as a result, therefore identified the need amongst the youth whereby young Namibian people are given the opportunity to grow, gain experience and be empowered for such positions. The group subsequently implemented a Junior Board mentorship program to empower young individuals with potential who will receive training, guidance and mentorship on all aspects of good corporate governance and all aspects entailed by a position as a director on any board.



Junior board

CORPORATE GOVERNANCE

TOP 6 GROUP EXECUTIVES

The Top 6 is chaired by the group MD and is responsible for the execution of operations in accordance with strategy approved by the board. The Top 6 with its support meet regularly to monitor targets and implement strategy to ensure that objectives and policies remain relevant as well as to discuss operational matters which are material to sustainable growth and ongoing risk management. New initiatives are recommended to board for approval. The Top 6 comprises of selected executives heading business segments and group functions.



DR QUINTON VAN ROOYEN
GROUP MANAGING DIRECTOR



QUINTON Z VAN ROOYEN
GROUP DEPUTY CEO



FLOORS ABRAHAMS
GROUP FINANCIAL DIRECTOR



ELMARIE JANSE VAN RENSBURG
GROUP HEAD: CORPORATE AFFAIRS



JAN JOURBERT
GROUP HEAD: RESOURCES



CHRIS JACOBIE
GROUP HEAD: MEDIA

CORPORATE GOVERNANCE

TOP 6 SUPPORT EXECUTIVES

The Top 6 support executives are carefully handpicked and offered special guidance and support by a respected and trusted Top 6 member with more experience in the group. These support executives are earmarked to join the Top 6 group. They provide essential support, advice and enhance the skills pool of the Top 6.



THOMAS SLABBERT

GROUP HEAD: BANKING AND FINANCE



RIAAN BRUYNs

GROUP HEAD: LEGAL



WAYNE MCTEER

GROUP HEAD: AUDIT, RISK,
COMPLIANCE, TAX AND CAE



AMANDA BRUYNs

COMPANY SECRETARY



CAREL FOURIE

GROUP HEAD: INSURANCE AND
ITS INVESTMENTS SEGMENT



DESMOND VAN HEERDEN

GROUP HEAD: IT

CORPORATE GOVERNANCE

RISK REVIEW

A robust and effective risk management system is crucial to the assessment, monitoring and mitigation of risk identified within the group. The following controls are in place to assist with risk management to ensure the group achieves its strategic and operational goals.

BOARD OVERVIEW

The board of directors is ultimately responsible for the governance of risk in the group, the determination of risk appetite and risk tolerance as well as the implementation, oversight and monitoring through the audit and risk committees. The board discharges its responsibilities for risk management throughout the group governance structure and more specifically the audit and risk committees.

RISK REVIEW

The group maintains effective risk management through internal controls and an assurance framework based on adherence to King IV, the JSE and NSX Listings Requirements, the Namibian and South African Companies Act and the Namcode.

The group continues to remain compliant with all applicable laws and regulations.

RISK MANAGEMENT

Management is accountable to the board for the design, implementation, maintenance, monitoring and integration of the process of risk management in the day-to-day activities of the group. The audit and risk committee is responsible for the oversight of risk management, which includes forming its own opinion on the actual effectiveness of the risk management process in the group operations. This is escalated to the board who further ensures oversight on the framework, policies, opinions and maintenance of the systems of internal controls.

INTERNAL CONTROL SYSTEMS

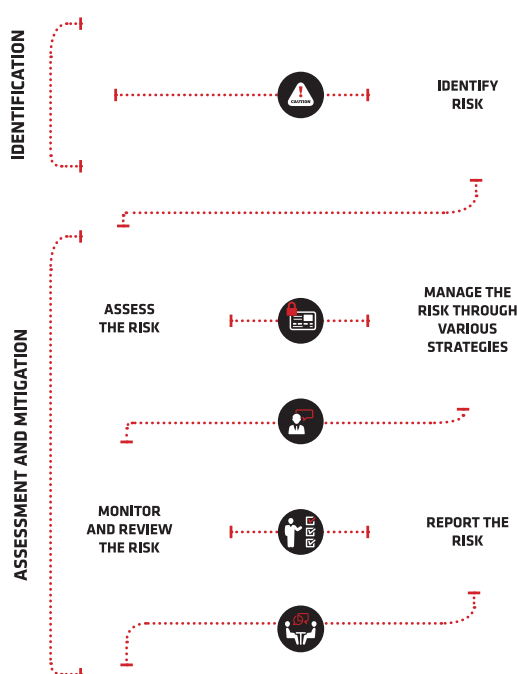
The adherence of the group to control is governed by approved policies and procedures. These are reviewed on a regular basis by management, internal and external audit as well as management committees. Additional audit and risk committees operate throughout the group in the segments to ensure overall oversight of all risks before being escalated to the board.

INTERNAL AUDIT

During the reporting period, the internal audit function was co-sourced with PwC for Trustco Bank and EY for the remainder of the group. Internal audit is responsible for assisting the board and management to maintain an effective internal control environment by evaluating and testing the controls continuously to determine whether it is effective and adequately designed as well as to recommend improvements. The internal auditors provide the audit and risk committee with assurance on the effectiveness of the internal control systems.

EXTERNAL AUDIT

The group has adopted an Auditors Rotation Policy to ensure the independence of the external auditors. Moore Stephens was appointed as the new auditors for Trustco Group Holdings Limited, the South African and the Mauritian entities. Moore Stephens was also appointed as the auditor for the Sierra Leone operations. BDO remained the auditor for the Namibian operations. The engagement partner of BDO was also rotated in line with the Auditors Rotation Policy. The independence of the external auditors is recognised and reviewed regularly by the audit and risk committee. The Lenders Group of Trustco also performed an independent business review on the group during the reporting period, through PwC South Africa.



CORPORATE GOVERNANCE

▶ THE COMPANY PROCEDURES ALSO ENSURE THAT TRADING IN THE COMPANY'S SECURITIES CANNOT OCCUR WITHOUT COMPLYING WITH A THOROUGH VETTING AND APPROVAL PROCESS AT ALL LEVELS IN THE GROUP



INTEREST

The company has a formal policy on the trading in company shares to ensure that the employees conduct securities dealings in compliance with the JSE LR and insider legislations in terms of the Financial Markets Act (SA) and Financial Intelligence Act (Namibia).

EXTERNAL ASSURANCE

Various external parties are used to assess the adequacy and effectiveness of controls and in certain instances, to provide risk assurance and to ensure compliance, for example environmental, ITC and safety audits.

COMPLIANCE

The group faces complex challenges as a leading financial services group that diversified into various industries. It can only comply with all requirements, on all levels, with the different regulatory bodies in the different segments if a proper risk management system is in place and adhered to at all times. The compliance function identifies, assesses, advises, monitors and reports on the compliance risk of the group and its subsidiaries, as well as legal risk in terms of the potential impact of changes in laws and regulations. The company secretarial department, senior management with the assistance of the group CAE, internal audit and the legal department manage compliance with relevant laws and regulations. Any compliance issues or risks identified are monitored and reported to the ARC.

WHISTLE BLOWING

Trustco has an established anonymous reporting facility for whistle-blowing. This facility enables employees and other stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group's activities without fear of victimisation and retribution. There were no cases where significant fraud or theft incidents were reported during the period under review.

PRICE SENSITIVE INFORMATION

No director, officer, employee or associate of any of the aforementioned, may deal either directly or indirectly in the company's shares on the basis of unpublished price sensitive information regarding the company's business or affairs. In addition to the above, no director, officer, employee or associate of any of the aforementioned in possession of price sensitive information may trade in the company's securities during closed periods.

The company also has a formal policy on trading in company shares which has been adopted to ensure that the securities dealings by employees are conducted in compliance with the JSE LR and insider legislation in terms of the Financial Markets Act (SA) and Financial Intelligence Act (Namibia). The company procedures also ensure that trading in the company's securities cannot occur without a thorough vetting, compliance and approval process at all levels throughout the group. The directors, senior management and their associates also have an additional policy that aligns the procedures for trading in the group's securities with the JSE LR.

DIRECTORS DECLARATIONS AND CONFLICT OF INTEREST

Declarations on conflict of interest are done annually as per the Declaration of Conflict Policy of the group. All directors are required to assess any potential conflict of interest and bring such circumstances to the attention of the chairman of the board.

PROHIBITED PERIODS

Closed periods are from the end of the interim and annual reporting periods up to the announcement of financial results for the respective periods or while the company is under a cautionary announcement. The company has a repurchase program in place that allows the company or its subsidiaries to acquire securities during these periods. Trustco did not issue shares for cash during the year under review under its general authority, but issued shares in terms of the Riskowitz Value Fund specific issue of shares for cash transaction.

CORPORATE GOVERNANCE

PRINCIPAL RISKS			
Type of risk	Impact	Mitigating strategies	Focus for the next reporting period
Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations	The realisation of credit risk can cause a considerable loss in revenue and a decline in total asset value. The implementation of IFRS 9 will have a significant impact on the provision for the nonperforming loans within the group	Stringent credit assessments and procedures, overseen by Trustco Bank, Trustco Finance and the group credit committee	Proactive monitoring of nonperforming loans on a continuous basis
Market risk is expressed as the potential loss of capital in securities investments due to changes in risk factors in the financial markets	Reduced returns to shareholders	Continuously update and inform shareholders	Enhancement of reporting and updates to shareholders
Liquidity risk is expressed as the inability to meet short term financial demand as it becomes due. This usually occurs due to the inability to convert a security or fixed asset to cash without loss of capital and/or income in the process	Inability to raise equity and debt to finance new projects and/or meet obligations	The board and senior management engaged in a combined strategic planning and budget presentation session for the next reporting period to align the group strategy with the budget and to ensure pro active approach to cash flow management	Enhance pro active cash flow management procedures
Operational risk is expressed as a loss resulting from inadequate or failed internal processes, people, systems or as a result of unexpected external events	Disruption of the optimal functionality of operations and business activities	Operational risk is mitigated through a network of effective internal controls, policies, procedures and the internal audit department	Identify and optimise current processes and procedures
Reputational risk is the potential that adverse publicity, whether accurate or not, will impact as a loss of trust and confidence in the integrity of the company	It can adversely affect a company's ability to maintain existing, or establish new business relationships and continued access to sources of funding	Delivery of quality service to customers, prompt responses to complaints, claims and adherence to strong governance principles	Delivery of quality service to customers, prompt responses to complaints and claims and adherence to strong governance principles

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REMUNERATION REPORT

08

REMUNERATION REPORT

▶ THE INDIVIDUALS THE GROUP EMPLOYS ARE CHARACTERISED BY INTELLECT, INNOVATION AND INITIATIVE, WHICH IMPARTS THE ABILITY TO ADAPT TO AN EVER-CHANGING WORK ENVIRONMENT AND A UNIQUE CULTURE, ALL OF WHICH ARE CRUCIAL TO THE GROUP'S PURSUIT OF EXCELLENCE

The group strives to ensure that its reward practices are sustainable and aligned with shareholders' interests whilst it recognises the contribution of employees to the growth of the group.

The group promotes entrepreneurship and strives to optimise employee performance by providing a working environment conducive to extraordinary performance, characterised by passion and energy that results in a positive contribution to the success of the group and ultimately the economy it operates in.

The individuals the group employs are characterised by intellect, innovation, integrity and initiative, which imparts the ability to adapt to an ever changing work environment and a unique culture, all of which are crucial to the group's pursuit of excellence.

REMUNERATION PHILOSOPHY

The group philosophy is to ensure that employees are fairly rewarded for their individual value, merit, performance and contribution over a meaningful period to the overall operational and financial success of the group.

The group is committed to a balanced remuneration philosophy which consists of the following components:

- individual performance related remuneration which positively influences and supports the creation of an exceedingly high performing organisation
- rewarding of sustained performance and exceeded performance expectations through extraordinary increases, bonuses, incentives, additional benefits and company shares
- rewards and recognition in the form of promotions and added responsibility
- providing a balanced mix of remuneration, including above industry average salaries, innovative benefits, short term cash incentives and long term rewards
- creating a competitive total remuneration opportunity which aids in competing for the best talent locally and abroad among companies with global operations and global consumers
- protecting and promoting shareholder interests and creating a direct and recognisable alignment between remuneration and risk exposure
- employee growth and development through performance management that is cemented in simplicity and transparency and
- unparalleled working environment where performance is rewarded and where employees can fulfil their potential.

The group recognises that lasting growth is what ultimately builds shareholder value and accordingly the remuneration philosophy is used as a management tool that, when aligned with an effective communication plan, is designed to support, reinforce and align our values, business strategy, operational and financial needs with a goal of growth, profitability and ultimately the creation of wealth for all involved in the group.

REMUNERATION MIX

The group rewards and provides a level of compensation which not only attracts and incentivises employees, but also retains and motivates existing employees to reach their full potential.

Remuneration packages are designed and administered to balance and align directors' and employees' interests in relation to those of all stakeholders. Overall rewards are considered and determined within an effective risk management environment in line with short, medium and long term



INTEREST

Remuneration packages are designed and administered to balance and align directors' and employees' interests in relation to those of all stakeholders.

REMUNERATION REPORT

successes and goals of the group. The group is confident that including equity in performance and retention schemes is the best way to align their interests with the long term success and strategy of the company.

The group participates in and makes use of several industry related salary surveys to substantiate its remuneration data. Individual salaries are benchmarked internally and externally to ensure fairness and competitiveness.

FIXED REMUNERATION

Salary	Commission	Lifestyle benefits
<ul style="list-style-type: none"> Guaranteed base salary based on role, experience, qualifications, responsibilities, skills and market rates. The group has a minimum monthly salary of NAD 3 500 per month for a 40 hour work week across all employee levels in Namibia and South Africa which is above all industry market average minimum wages. 	<p>Commission on sales performance for monthly sales targets.</p>	<p>Staff Social Scheme including life cover, dread disease cover and disability cover, hospital plan, employee fund, housing allowance, company cell phone or allowance, pool car, extended lunch hours for purposes of physical exercise, transport allowance, staff transport, free parking, free lunch, Friday Afternoons Off Policy, long service appreciation bonuses, corporate wellness program, shares gift, Top 40 benefits awarded to elected Top 40 members, in-house training and mentoring, external training, recruitment gift, paternity leave, babbalas leave, paid maternity leave, sabbatical leave, birthday leave, additional sick leave, team building events and flexi time. Certain benefits are applicable to certain job levels only.</p>

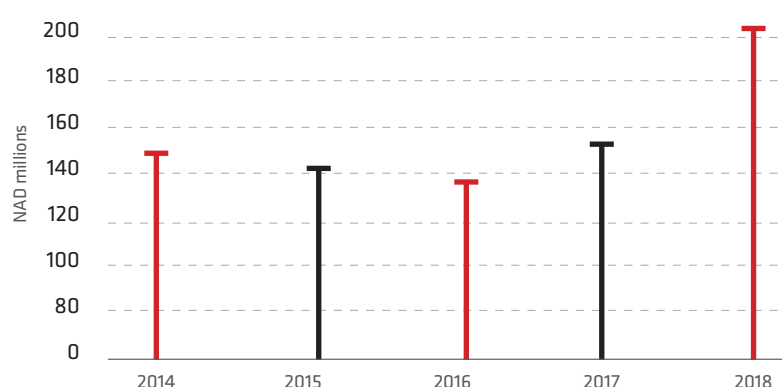
VARIABLE REMUNERATION

Short term incentives	Long term incentives	Trustco performance and retention incentive scheme
<ul style="list-style-type: none"> Short term cash incentives on quarterly extra ordinary sales targets. Quarterly short term cash incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with set board approved financial, budget and other targets. 	<ul style="list-style-type: none"> Quarterly long term equity incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with set board approved financial, budget and other targets. Long service appreciation awards at five year intervals. Company equity gift to the value of NAD 50 000 for employees with one year of service purchased on behalf of the employee, subject to a five year trading restriction. A shares based recruitment gift bought upfront for a new employee on appointment. Dividend payments on company shares purchased on behalf of employees. 	<ul style="list-style-type: none"> The group currently has a 50:50 based incentive and retention scheme. 50% of this incentive is allocated in cash and paid directly to the employee and the remaining 50% is used to purchase Trustco shares for the employee. This incentive scheme aims to retain key skills and to motivate executives over the long term which is essential for sustainable business.

REMUNERATION REPORT

Benefits and awards are granted on the basis that they aid employee retention and/or provide an efficient work environment for the employee. All deferred awards are subject to continued employment. The basic salary of each employee is reviewed annually on an individual basis. Annual increases are based on personal key performance indicators, achieving set individual goals, quarterly employee self-assessments, increased skills or qualifications and market related benchmarking.

GROUP REMUNERATION COMPARATIVES FOR THE PAST 5 YEARS



EMPLOYEE WELLNESS

The group remains committed to the continuous investment in the wellbeing of its valued employees.

Staff Social Scheme

The company offers a staff social scheme with equal employer and employee contributions which provides the following cover and additional benefits:

- hospital cover
- disability benefit
- dread disease cover
- life cover
- various types of additional leave i.e. paternity leave, sabbatical leave, birthday leave, afternoons off, additional sick leave and “babbalas” (hangover) leave
- a corporate wellness program with additional benefits, including free daily staff lunches, physical exercise programs, flu prevention injections, cancer prevention testing and various health and social awareness campaigns throughout the year and
- an employee fund with the same purpose as a savings fund to empower employees by assisting to provide for future financial security and to foster and encourage a culture of saving.

REMUNERATION REPORT

The corporate wellness program is offered by the company to the employees and is a combination of educational, organisational, nutritional, social and environmental awareness programs. It also includes physical fitness programs, life coaching, health coaching and activities designed to support, enhance and promote behaviour conducive to maintaining good physical, social and mental health.

The group recognises that a regular and sound fitness regime is vital to maintain the health and wellbeing of its employees. With more stress comes an increased likelihood of becoming ill. As part of the wellness program the company provides an annual exercise program with external service providers. Fitness sessions are held twice a week for 3 (three) months, after which employees are encouraged to continue in their own time. The company also engages service providers that give employees access to health screenings, counselling and nurse consultations. The company also has a policy that allows middle to senior management to have extended lunch or break time for the purposes of physical fitness exercises.

The corporate wellness program is a proven success and extremely effective to motivate, educate and improve the overall health, emotional, physical and spiritual wellbeing of each valued employee. The program is well established, maintained and ongoing.

HEALTH AND SAFETY

The group values, provides support and protects the health and safety of its employees.

The occupational health and safety management program and system across the group and its segments is aligned with and operated and maintained according to the local regulatory and legislative requirements of each country in which it operates.

TRUSTCO TOP 40

The Trustco Top 40 Policy and initiative was implemented in 2015 and maintained in the subsequent reporting periods. The aim of the policy is to identify and reward employees that rise to and exceed the set high performance expectations of the group. The group aspires to motivate staff to grow, excel and be driven to perform at all times. The main objectives of the policy in appointing the Trustco Top 40 are to give recognition to key employees on any level regardless of position, to motivate and inspire all employees to attain the same level of performance and to provide a platform within the group to foster talent development. The Top 40 is announced once a year after an extensive review, nomination and election process by all employees in the group.

Top 40 benefits include:

- company shares to the value of NAD 40 000
- access to a company pool vehicle
- an annual credit card allowance of NAD 40 000 per Top 40 employee for the sole purpose of international travel to attend an international conference
- additional ten (10) days annual leave to be used in conjunction with the credit card allowance for the purpose of international travel only
- any bonus paid out to a Top 40 member during the term is increased by 40%
- flexi time and
- a smart phone with a credit limit of NAD 2 000 per month.



SOCIAL MEDIA COMMENT



One of the best companies I have ever worked for, out of the box creativity and a place that encourages me to be the best at what I do.



REMUNERATION REPORT

▶ CLINIC VISITS

1 135

EMPLOYEE ENGAGEMENT

In 2017 the Trustco group participated for the fourth time in the Deloitte annual “Best Company To Work For” survey in Namibia. The independent survey has been conducted by Deloitte since the year 2000 and audited the employees’ sentiments covering areas inclusive of *inter alia* values and culture, care and feedback, accomplishment and growth as well as fairness and integrity. Based on the ratings of its employees, Trustco was awarded the highest honour being, a platinum seal of achievement in Namibia, as a demonstration of the attractiveness of the organisation and its commitment to its people and to market itself as an employer of choice. Trustco has consistently been placed in the top three positions in the “Best Company To Work For” survey over the past four years in the large sized company category i.e. companies with more than 500 employees.

The employees participated in the survey administered by the independent company, Deloitte, to measure the degree of alignment between management and the employees. The company achieved a best company index score of 71.06 in the survey, above the benchmark for Namibia which is currently 70.93. The index measures the overall attractiveness of the organisation to its employees and the employee’s alignment with the organisation’s internal brand which supports overall employee retention.

AREAS OF SUCCESS FOR TRUSTCO

LEVERAGE	DIMENSION	DELIGHT
I know how my work relates to the organisation’s goals and priorities	Care and feedback	93%
Teamwork is encouraged and practiced in this organisation	Values and culture	92%
There is a good fit between my talents and abilities and the job I do	Accomplishment and growth	90%
The work that I do gives me a feeling of personal accomplishment	Accomplishment and growth	90%
In the past year, I have had the opportunity to learn and grow at work	Accomplishment and growth	88%
Leadership communicates a clear vision for the future of this organisation	Values and culture	85%

DIVERSITY AND INCLUSION

The company promotes and values diversity at all levels and strives to eliminate any employment or any other practices and processes which may result in unfair discrimination in any form.

EMPLOYMENT EQUITY

Employment equity is viewed by the group as an integral component of its overall group strategy, from board to employee level, to ensure diversity in the company workforce. The group is committed to maintaining a workforce that reflects country demographics in respect of race and gender. The group values its employees and recognises their intellectual value and commitment as an important component to the success of the group.

▶ VACCINATIONS AND CANCER PREVENTION TREATMENTS

1 37

REMUNERATION REPORT

BLOOD DONATIONS

106

318 possible lives saved.

HOSPITAL FUND CLAIMS

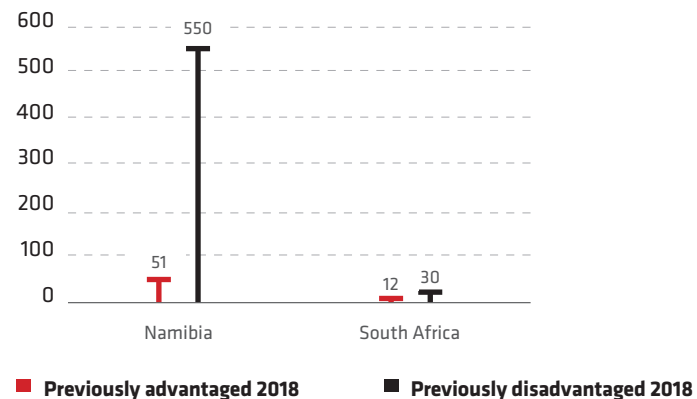
480 THOUSAND NAD

MATERNITY RELATED CLAIMS

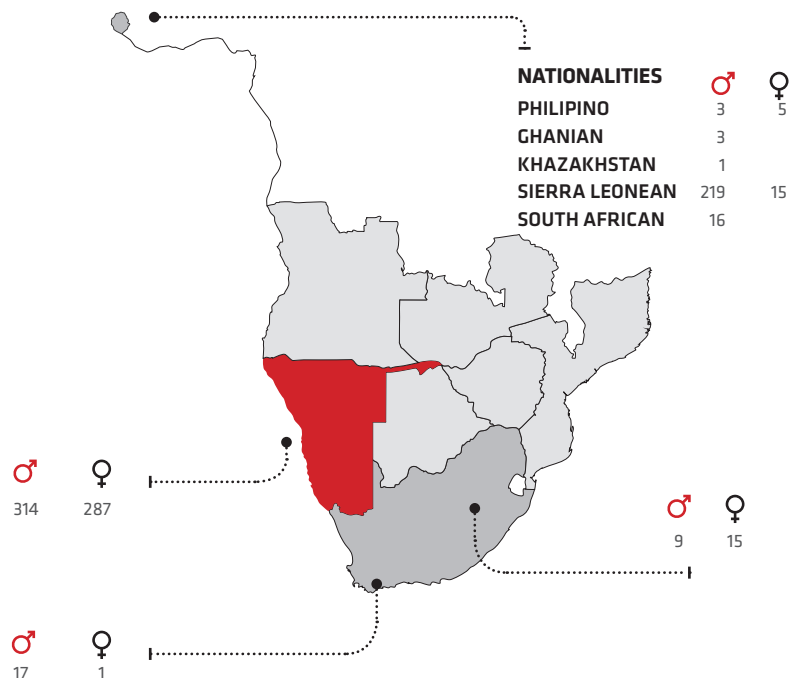
40 THOUSAND NAD

The group has a goal to create and sustain an environment of diversity as its competitive advantage for the future. During the year under review the group was issued its compliance certificates from the Employment Equity Commission in Namibia and South Africa.

EMPLOYMENT EQUITY WORKFORCE PROFILE



WORKFORCE STATISTICS ACCORDING TO GENDER (AS AT MARCH 2018)



2018
TOTALS

NAMIBIA 601 SOUTH AFRICA 42 SIERRA LEONE 262

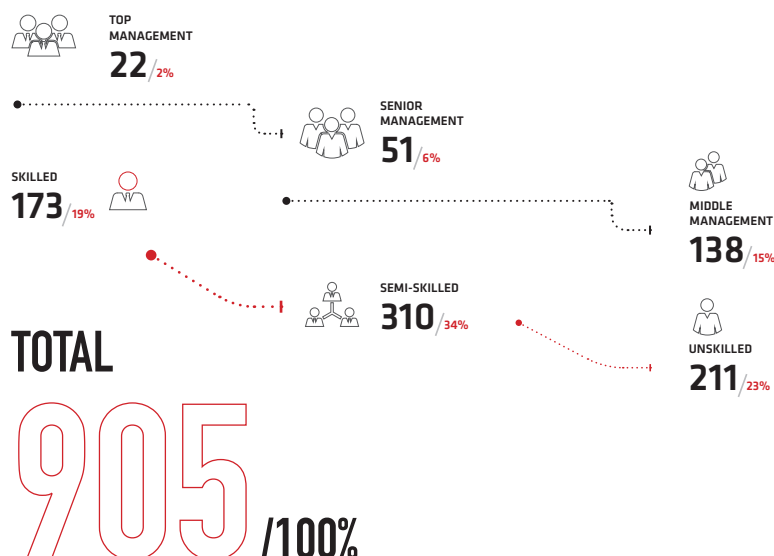
KEY: Male Female

REMUNERATION REPORT

► SABBATICAL LEAVE

1 204 230

NAD



► EMPLOYEES QUALIFYING FOR SABBATICAL LEAVE

22

TOP 3 SALARY EARNERS

EMPLOYEE (MONTHLY EARNINGS)	2018 NAD	2017 NAD	% CHANGE
Employee 1	291 951	262 782	11%
Employee 2	206 168	206 068	0%
Employee 3	195 489	185 760	5%

TRAINING AND DEVELOPMENT

The internal culture of the group enforces a strong emphasis on leadership, skills development and training. Ongoing training needs analysis and performance management measures are in place to ensure and manage sustainable performance of staff. Training needs are identified within the segments and in consultation with the human resources department and management. All employees can explore skills and career development opportunities through the performance management process.

As an employer of choice, the company strives to develop its employees to be as well trained, mentored, developed and up-skilled as possible. In achieving this objective, the group offers comprehensive services, internal training, mentoring and development, on a continuous basis, to all current and new employees commencing employment in the group.

► EXERCISE PROGRAM COST

91 071

NAD

As part of the in-house training offered to the new employee, the employee will have the opportunity for unlimited consultation, training and mentoring and advice with any of the senior employees of the group to ensure that the employee will be able to perform at an optimal standard. For this opportunity that has been afforded to the new employee, as well as the time spent and invested by the company and senior employees on the mentoring, up-skilling, skills transfer, development and training of the new employee, the company charges and invests an amount of 5% of the employee's agreed monthly gross remuneration for a period of twelve months, whereafter it would be

REMUNERATION REPORT

▶ EMPLOYEES PARTICIPATED IN EXERCISE PROGRAM

88

▶ TOTAL TRAINING COURSES ATTENDED

293

▶ FREE LUNCHES COST

3 390 475

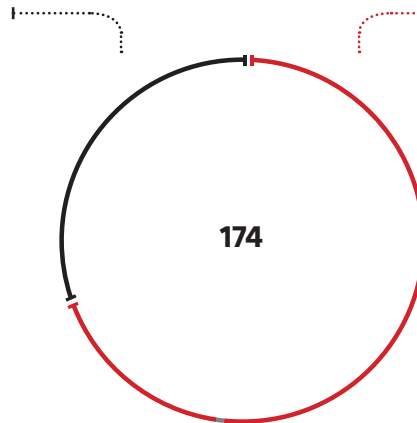
NAD

▶ FREE LUNCHES SERVED

100 528

TOTAL EMPLOYEES TRAINED

Previously advantaged employees trained
30



Previously disadvantaged employees trained
144

▶ TOTAL TRAINING COSTS NAD

813 219

TRAINING LEVIES PAID

Namibia
1 578 792
NAD

South Africa
200 618
ZAR



REMUNERATION REPORT

expected and required from the employee to perform at an optimal level. The company invests this amount upfront on behalf of the employee and will then give this investment, as per contractual agreement between the company and the employee, as a gift to the employee after a period of 24 months of employment.

In both Namibia and South Africa training levies are paid to the respective government institutions based on a percentage of payroll cost. These levies are designed to subsidise and provide skills training and to expand knowledge and competencies to provide a more skilled and productive workforce in each respective country.

The group is committed to creating opportunities and developing the skills of employees outside the scope of their normal positions within the company. To that effect the company has a policy allowing employees, either individually or as a group, to apply for additional workload resulting from a vacant position. This in effect means that the employee or employees may take up the responsibilities of a vacant position, if their workload allows it, within a department and will receive a workload allowance of up to 50% of the estimated salary of that position.

The group is also committed to ensuring that a sound balance remains between experience, which is crucial to the operations of the group, and opportunities for younger employees. The group also takes into consideration that the average life expectancy of individuals is increasing locally and globally. It is therefore the policy of the group that the compulsory retirement age for all employees is 60 years, but may be extended beyond the age of 60 up to a maximum age of 70 years.

LOOKING AHEAD

The group will:

- maintain objectives set for talent development, succession planning and organisational development to ensure sustainable growth as well as to remain an employer of choice
- continue to identify opportunities to improve people management as well as optimise best practices to ensure employee productivity with optimum employee morale
- continue to focus on paying remuneration packages that are competitive to attract, motivate and retain top performers who deliver sustainable results
- strengthen its succession plan and broaden the diversity of its potential successors' list and
- continue to enhance HR systems and process effectiveness to leverage HR analytics to enhance employee productivity and engagement.

CLOSURE

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder approval at the AGM, details of which can be found in the notice of the AGM:

- Binding vote on non-executive directors' fees
- Advisory vote on the remuneration policy and
- Advisory vote on the implementation report.

The group received the support of 99.2% of shareholders who voted in favour of the remuneration philosophy and policies tabled at the 2017 AGM.

▶ RETIREMENT AGE

60

YEARS

but may be extended beyond the age of 60 up to a maximum age of 70 years.

REMUNERATION REPORT

BOARD REMUNERATION 2017

(NAD)

	Fees	Basic	Bonus	Shares	Benefits	Total
HOLDING COMPANY DIRECTORS						
Non-executive directors						
Adv R Heathcote SC	516 459	-	-	-	-	516 459
R Taljaard	273 275	-	-	-	-	273 275
W Geyser	260 667	-	-	-	-	260 667
J Mahlangu	178 743	-	-	-	-	178 743
	1 229 144	-	-	-	-	1 229 144
Executive directors						
Dr Q van Rooyen **	-	-	-	-	-	-
FJ Abrahams*	-	1 801 200	234 436	40 000	532 402	2 608 038
R McDougall (Resigned 31 December 2016)	-	1 598 716	-	-	89 835	1 688 551
M van Niekerk (Resigned 5 April 2017)	-	878 763	-	-	62 580	941 343
	-	4 278 679	234 436	40 000	684 817	5 237 932
SUBSIDIARY COMPANY DIRECTORS						
Non-executive directors						
W Geyser	525 731	-	-	-	-	525 731
R Taljaard	255 082	-	-	-	-	255 082
T Newton	260 352	-	-	-	-	260 352
NJ Tshitayi	127 541	-	-	-	-	127 541
B Similo	119 162	-	-	-	-	119 162
	1 287 868	-	-	-	-	1 287 868
Executive directors						
E Janse van Rensburg*	-	1 276 421	224 263	40 000	302 016	1 842 700
A Lambert*	-	781 948	177 778	40 000	173 410	1 173 136
I Calitz	-	721 200	-	80 000	50 952	852 152
K Fick	-	1 276 937	-	-	972	1 277 909
	-	4 056 506	402 041	160 000	527 350	5 145 897
TOTAL	2 517 012	8 335 185	636 477	200 000	1 212 167	12 900 841

* Benefits include sabbatical leave payout

** Dr Q van Rooyen is remunerated in terms of a management agreement between Trustco and Next Investments (Pty) Ltd (Next), of which Dr Q van Rooyen, is the sole shareholder. Mr QZ van Rooyen, the deputy CEO, is also remunerated by Next.

In terms of the management agreement, a management fee is paid quarterly to Next Investments (Pty) Ltd (Next) as follows:

- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

- If targets are not met, the management fee is halved, whilst, if growth exceeds inflation plus 5%, then the management charge is doubled. Inflation in Namibia was recorded at a 7% year on year growth on 31 March 2017.

- Should the MD be required to pledge certain personal assets as surety for agreements or transactions entered into by the group, the company pays Next a guarantee fee of 2% per annum on the value of assets pledged. The fee is calculated quarterly. For more information refer to note 25 of the annual financial statements of 2017.

REMUNERATION REPORT

BOARD REMUNERATION 2018

(NAD)

	Fees	Basic	Bonus	Shares	Benefits	Total
HOLDING COMPANY DIRECTORS						
Non-executive directors						
Adv R Heathcote SC	527 611	-	-	-	-	527 611
R Taljaard	259 923	-	-	-	-	259 923
W Geyser	309 318	-	-	-	-	309 318
J Mahlangu	187 308	-	-	-	-	187 308
	1 284 160	-	-	-	-	1 284 160
Executive directors						
Dr Q van Rooyen *	-	-	-	-	-	-
FJ Abrahams	-	2 101 200	-	245 000	107 052	2 453 252
QZ van Rooyen *	-	-	-	-	-	-
	-	2 101 200	-	245 000	107 052	2 453 252
SUBSIDIARY COMPANY DIRECTORS						
Non-executive directors						
W Geyser	601 978	-	-	-	-	601 978
R Taljaard	288 223	-	-	-	-	288 223
T Newton	317 508	-	-	-	-	317 508
NJ Tshitayi	144 112	-	-	-	-	144 112
B Similo	134 057	-	-	-	-	134 057
	1 485 878	-	-	-	-	1 485 878
Executive directors						
A Brand	-	845 581	-	100 492	44 213	990 286
A Lambert	-	823 681	-	95 484	227 751	1 146 916
E Janse van Rensburg	-	1 540 511	-	182 000	323 835	2 046 346
I Calitz	-	783 408	-	91 258	56 240	930 906
J Jacobs	-	3 166 269	-	250 000	178 732	3 595 001
J Joubert	2 400 000	-	-	200 551	-	2 600 551
K Fick	-	1 315 282	-	-	86 426	1 401 708
T Slabbert	-	1 438 272	-	167 798	40 812	1 646 882
	2 400 000	9 913 004	-	1 087 583	958 009	14 358 596
GRAND TOTAL	5 170 038	12 014 204	-	1 332 583	1 065 061	19 581 886

* Dr Q van Rooyen is remunerated in terms of a management agreement between Trustco and Next, of which Dr Q van Rooyen, is the sole shareholder. Mr QZ van Rooyen, the deputy CEO, is also remunerated by Next.

In terms of the management agreement, a management fee is paid quarterly to Next. Should the MD be required to pledge certain personal assets as surety for agreements entered into by the group, the company pays Next a guarantee fee of 2% per annum on the value of assets pledged. The fee is calculated quarterly.

Dr Q van Rooyen and Mr QZ van Rooyen, on behalf of Next, waived its management and surety fees totalling NAD 61.5 million for the year under review.

REMUNERATION REPORT



Trustco's Top 40 employees for 2018

SHAREHOLDER INFORMATION



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SHAREHOLDER DIARY



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NOTICE OF ANNUAL
GENERAL MEETING



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FORM OF PROXY



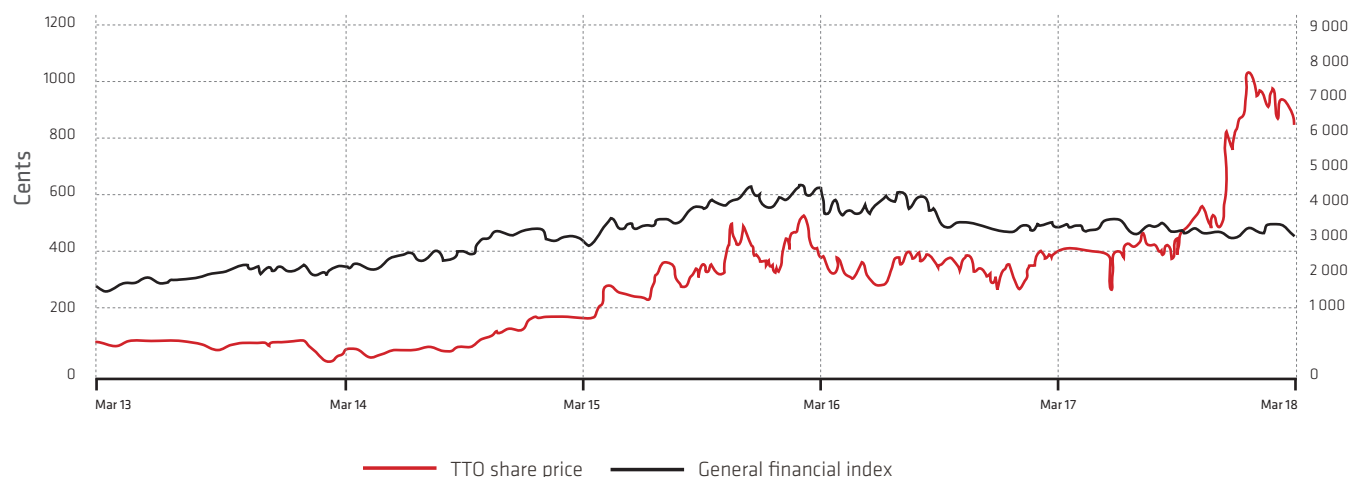
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SHAREHOLDERS

09

SHAREHOLDER INFORMATION

TTO SHARE PRICE VS GENERAL FINANCIAL INDEX



ANALYSIS OF SHAREHOLDING

Shareholding	Shareholders	Shareholder %	Shares	Shareholding %
0-999	1 472	41.42	670 163	0.08
1000-1999	715	20.12	887 515	0.11
2000-2999	251	7.06	586 091	0.07
3000-3999	100	2.81	322 682	0.04
4000-4999	40	1.12	176 546	0.02
5000-5999	178	5.01	909 357	0.11
6000-6999	49	1.38	322 055	0.04
7000-7999	81	2.28	604 303	0.07
8000-8999	43	1.21	358 048	0.04
9000-9999	11	0.31	103 173	0.01
>10000	614	17.28	822 202 157	99.41
Grand total	3 554	100.00	827 142 090	100.00

Country	Shareholders	Shareholder %	Shares	Shareholding %
Namibian	2 875	80.89	422 549 262	51.09
Non-Namibian	679	19.11	404 592 828	48.91
Grand total	3 554	100.00	827 142 090	100.00

SHAREHOLDER INFORMATION

DISTRIBUTION OF SHARES

Category	Shareholders	Shareholder %	Shares	Shareholding %
Corporate	98	2.76	400 374 353	48.40
Individual	3 427	96.42	424 886 169	51.37
Trust	29	0.82	1 881 568	0.23
Grand total	3 554	100.00	827 142 090	100.00

Nature	Shareholders	Shareholder %	Shares	Shareholding %
Associate	8	0.23	247 837	0.03
Director	9	0.25	396 792 592	47.97
Employee	322	9.06	8 965 134	1.08
Employee				
Share Trust	1	0.03	70 425	0.01
Public	3 214	90.43	421 066 102	50.91
Grand total	3 554	100.00	827 142 090	100.00

LARGE SHAREHOLDERS 2017

Names	Sum of shareholding 31 March 2017	Shareholding %
Dr Quinton van Rooyen *	392 554 120	50.84
Pershing LLC ***	237 965 389	30.82
Ithuba Investments LP**	130 370 673	
Riskowitz Value Fund LP*****	65 787 938	
Buckley Capital Partners LP and Buckley Capital Advisors LLC****	41 806 778	
Snowball Wealth (Pty) Ltd**	30 600 000	3.96
Constantia Insurance Company Limited**	14 614 050	1.89
Midbrook Lane (Pty) Ltd**	12 710 389	1.65
Chou, Leo Chih Hao**	8 000 000	1.04
Morgan Stanley Smith Barney LLC**	3 600 000	0.47
Government Employees Pension Fund**	3 389 457	0.44
Grand total	703 433 405	91.11
Total number of issued shares	772 142 090	100.00

* Namibian

** Non-Namibian

*** Pershing LLC is the custodian of record of the shares held by Riskowitz Value Fund, Ithuba Investments LP, Buckley Capital Partners LP and Buckley Capital Advisors LLC.

**** The shares held by Buckley Capital Partners LP and Buckley Capital Advisors LLC relate to the Buckley transaction.

***** Subsequent to financial yearend, up to the date of publication of this report, the group entered into a convertible loan agreement with Riskowitz Value Fund on 6 July 2017. In terms of the agreement, Riskowitz Value Fund will advance NAD 250 million to the group. The loan will be converted into 58 823 529 ordinary shares of the company at a conversion price of NAD 4.25, subject to all requisite regulatory approvals and trigger events (reference is made to the Huso transaction and the Buckley transaction) as set out in the agreement. This agreement will not constitute a change in control. Refer to the SENS announcement dated 7 July 2017 for more information.

SHAREHOLDER INFORMATION

LARGE SHAREHOLDERS 2018

Names	Sum of shareholding	Shareholding %
	31 March 2018	
Dr Quinton van Rooyen*	392 554 120	50.19
Pershing LLC***	275 262 477	35.20
Ithuba Investments LP**	127 806 103	16.34
Riskowitz Value Fund LP**	144 420 433	18.47
Standard Bank nominees**	3 035 941	0.39
Snowball Wealth Pty Ltd**	30 604 785	3.91
Midbrook Lane (Pty) Ltd**	12 402 902	1.59
Constantia Insurance Company Limited**	9 323 377	1.19
Chou Leo Chih Hao**	4 289 760	0.55
Government Employees Pension Fund**	3 389 457	0.43
Acc 10 Percent Wht 1 Bnymsanv As**	3 132 531	0.40
Namibia Capricorn Asset*	2 850 000	0.36
Grand total	733 809 409	93.82
Total number of issued shares	782 075 768	100.00
less deemed treasury shares (45 066 322)		

* Namibian
 ** Non-Namibian
 *** Pershing LLC is the custodian of record of the shares held by Riskowitz Value Fund LP, Ithuba Investments LP and Standard Bank nominees

DIRECTORS' INTEREST 2017

Names	Sum of shareholding	Shareholding %
	31 March 2017	
Abrahams Floors Jacobus	1 416 904	0.18
Calitz Ilana	141 222	0.02
Geyser Winton John	40 116	0.01
Heathcote Raymond	1 336 167	0.17
Janse Van Rensburg Elmarie	747 412	0.10
Lambert Adriana	242 924	0.03
Slabbert Thomas Johan	375 800	0.05
Taljaard Renier Jacobus	18 172	0.00
Van Rooyen Quinton	392 554 120	50.84
Grand total	396 945 360	51.40

DIRECTORS' INTEREST 2018

Names	Sum of shareholding	Shareholding %
	31 March 2018	
Abrahams Floors Jacobus	1 437 170	0.18
Brand Annette	66 989	0.01
Geyser Winton John	97 906	0.01
Heathcote Raymond	1 336 167	0.17
Joubert Jan Sebastian Cilliers	835 972	0.11
Slabbert Thomas Johan	406 301	0.05
Taljaard Renier Jacobus	22 802	0.00
Van Rooyen Quinton	392 554 120	50.19
Grand total	396 757 427	50.72
Total number of issued shares	782 075 768	100.00
less deemed treasury shares (45 066 322)		

SHAREHOLDER DIARY

Financial year end

General Meeting for Legal Shield Holdings transaction

Reviewed results

Audited results

Interim results

Record date to receive notice of Annual General Meeting (AGM)

Last date to trade to be eligible to vote

Record date to be eligible to vote

Last date for lodging forms of proxy for South African shareholders

Last date for lodging forms of proxy for all other shareholders

AGM 2018

2018

31 March

15 May

June

July

November

20 July

11 September

14 September

18 September

18 September

20 September

NOTICE OF ANNUAL GENERAL MEETING

Trustco Group Holdings Limited

(Incorporated in the Republic of Namibia and registered as an external company in South Africa)

Registration number 2003/058

External registration number 2009/002634/10

JSE share code: TTO; NSX share code: TUC

('Trustco Group Holdings Limited' or 'the company')

ISIN NUMBER: NA000A0RF067

IMPORTANT DATES:

Shareholders are advised of the following dates:

2018

Record date to receive notice of AGM

Friday, 20 July

Last date to trade to be eligible to vote:

Tuesday, 11 September

Record date to be eligible to vote:

Friday, 14 September

Last date for lodging forms of proxy for South African shareholders:

Tuesday, 18 September

Last date for lodging forms of proxy for all other shareholders:

Tuesday, 18 September


BUSINESS AT HAND

Notice is hereby given that the annual general meeting of shareholders of the company in respect of the year ended 31 March 2018 will be held at Trustco House, 2 Keller Street, Windhoek, on 20 September 2018 at 10H00 (the AGM or the annual general meeting), to deal with such business as may lawfully be dealt with at the AGM and to consider and if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Namibian Companies Act as amended (the Companies Act), read with the Listings Requirements (LR) of the JSE Limited (JSE) and the provisions of the company's articles of association.

The quorum requirement for the ordinary and special resolutions set out below is sufficient persons being present to exercise, in aggregate, at least 25% (twenty five percent) of all voting rights that are entitled to vote on the resolutions, provided that at least three shareholders of the company are present in person or by proxy at the AGM.

Save for the ordinary resolution number 6 below which must be passed by at least 75% (seventy five percent) of the voting rights exercised, the percentage of voting rights required to pass any of the remaining ordinary resolutions is more than 50% (fifty five percent) of the voting rights exercised on any such ordinary resolution. The percentage of voting rights required to pass any of the special resolutions is at least 75% (seventy five percent) of the voting rights exercised on any such special resolution.

INTEGRATED ANNUAL REPORT

The integrated annual report is available at  www.tgh.na. A limited number of hard copies will be available at the meeting for discussion purposes.

PRESENTATIONS

All presentations made at the meeting will be available at www.tgh.na

AGENDA

ORDINARY DIVIDEND

To note that no dividend (interim or final) will be declared by the board of directors for the financial year ended 31 March 2018.

RESOLUTIONS

1. ORDINARY RESOLUTION NUMBER 1

Presentation of annual financial statements and reports

To receive, consider and adopt the annual financial statements (AFS) of the group for the financial year ended 31 March 2018, together with the independent auditors' reports thereon. The abridged audited AFS, together with the reports, are contained in the company's integrated annual report (IAR).

2. ORDINARY RESOLUTION NUMBER 2

The determination of the maximum number of directors and the re-election of non-executive directors of the company.

NOTICE OF ANNUAL GENERAL MEETING

The company's articles of association determines that the maximum number of directors shall be decided at every AGM.

Further to re-elect by separate resolutions, non-executive directors of the company who retire by rotation in accordance with the provisions of the JSE LR, the Companies Act and the articles of association of the company.

Further to re-elect by separate resolutions, non-executive directors of the company who were appointed since the previous AGM.

2.1 Ordinary Resolution Number 2.1

Resolved that the company may appoint a maximum number of up to twelve directors and shall not have less than five directors.

2.2 Ordinary Resolution Number 2.2

The following non-executive director of the company retires by rotation and being eligible, makes himself available for re-election.

Adv Heathcote is an admitted attorney of the High Court of Namibia and was an acting judge of the High Court of Namibia in 2005, 2007, 2009 and 2011. Several of his judgments have been reported in both the Namibian and South African Law Reports. Adv Heathcote is a member of the Society of Advocates and was honoured by being appointed as senior counsel in 2009. Adv Heathcote served as the president of the Society of Advocates.

2.3 Ordinary Resolution Number 2.3

The following non-executive director of the company retires by rotation and being eligible makes himself available for re-election.

Mr Taljaard has vast experience, of more than 27 years, in both the short and long term insurance industries. After completing his FCII studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance and Trustco Life. He served on the board of Trustco Insurance from 2000 to 2006, was appointed to the board of Trustco Group Holdings in 2012 and to the board of Trustco Insurance and Trustco Life as an independent non-executive director in 2013.

2.4 Ordinary Resolution Number 2.4

The following non-executive director of the company was appointed subsequent to the previous AGM and being eligible make herself available for election.

Professor Lana Weldon, a South African citizen is currently employed as an associate professor and head of subject for Governance and Auditing at the University of Fort Hare. Professor Lana Weldon holds a B Com Accounting (Rhodes), a B Compt Hons (Unisa), a MBA (Edinburgh Business School) and is currently reading for a PhD at Nelson Mandela University. Professor Weldon is a South African Chartered Accountant,

has completed the Alternative Exchange Directors Induction Program, is currently completing the chartered director (IODSA) qualification and is a registered assessor (SAICA).

2.5 Ordinary Resolution Number 2.5

The following non-executive director of the company was appointed subsequent to the previous AGM and being eligible makes herself available for election.

Ms Kristin van Niekerk, a British, South African and German citizen, is employed as Head of Legal and Compliance at Allianz Global Corporate & Specialty Africa, a position she has held since July 2013. Ms van Niekerk holds a BA LLB from the University of Natal and a Masters in International Relations from the School of Oriental and African Studies (University of London). She is a qualified lawyer admitted in South Africa, England & Wales and New York.

3. ORDINARY RESOLUTION NUMBER 3

Re-appointment of external auditors.

'Resolved, on recommendation of the ARC, to appoint Moore Stephens and the auditing partner Candice Whitehead at Moore Stephens as the group independent external auditors for the ensuing year.

Further, resolved on recommendations of the ARC, to re-appoint BDO Namibia the auditing partner and Mrs Magda Nel at BDO Namibia as the group independent external auditors for the ensuing year.

Further, that the terms of engagement and fees of the external auditors be determined by the ARC of the company.'

4. ORDINARY RESOLUTION NUMBER 4

4.1 Ordinary Resolution Number 4.1

The King IV recommends, and the JSE LR require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary resolution number 4.1 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences on the existing remuneration arrangements. However, the board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the company to communicate their concerns to the company secretary, Mrs Amanda Bruyns, within a reasonable period after the AGM.

NOTICE OF ANNUAL GENERAL MEETING

The board will take the outcome of the vote, and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the company's remuneration policy.

Non-binding advisory endorsement of the company's remuneration policy.

'Resolved to approve, through a non-binding advisory vote, the company's remuneration report and remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of the board committees). Refer to page 168 to 176 of the Remuneration Report of this IAR.

4.2 Ordinary Resolution Number 4.2

King IV recommends, and the LR require, that the implementation of a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the company's remuneration policy. Ordinary resolution number 4.2 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences on the existing remuneration arrangements.

However, the board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration implementation report, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the implementation report, or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the company to communicate their concerns to the company secretary, Mrs Amanda Bruyns, within a reasonable period after the after the AGM. The board will take the outcome of the vote, and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the company's remuneration implementation report.

Non-binding advisory endorsement of the company's remuneration implementation report.

'Resolved to approve, through a non-binding advisory vote, the company's remuneration implementation report. Refer to page 168 to 176 of the Remuneration Report of this IAR.

5. ORDINARY RESOLUTION NUMBER 5

Remuneration of non-executive directors.

The board recommended a 10% (ten percent) increase in the fees be approved for the next reporting period 1 April 2018 to 31 March 2019.

'Resolved that the non-executive directors' fees for their services as directors of the company for the financial year ended 2019 are hereby approved.

The schedule of proposed fees are set out below:

		31 March 2018		31 March 2019	
		Chairperson NAD	Member NAD	Chairperson NAD	Member NAD
Board	Monthly fee	36 586	10 241	40 245	11 265
	Fee per meeting	17 716	-	19 487	-
ARC	Annual fee	81 924	49 154	89 126	54 070
	Fee per meeting	10 241	8 192	11 265	9 012
Remco	Annual fee	49 154	32 770	54 070	36 047
	Fee per meeting	8 192	6 144	9 012	6 759
Social & Ethics	Annual fee	-	-	54 070	36 047
	Fee per meeting	-	-	9 012	6 759
Out of office fees	Fee per meeting	12 100	12 100	13 310	13 310

* Subsidiaries boards and committee's fees are 75% of the above mentioned fee structure

6. ORDINARY RESOLUTION NUMBER 6

General authority to issue shares for cash.

'Resolved that all the authorised, but unissued shares in the capital of the company be and are hereby placed under the direct control and authority of the directors of the company, subject to the provisions of the Companies Act, the articles of association of the company and the JSE and NSX LR, which provide inter alia that:

- The general authority be valid until the company's next AGM provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);
- The allotment and issue of the shares must be made to public shareholders as defined in the JSE LR and not to related parties;
- The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- The general issue of shares for cash under this authority may not exceed 15% (fifteen percent) of the company's issued ordinary share capital as at the date of this notice of AGM (net of treasury shares) being 117 311 366 shares;
- The maximum discount at which ordinary shares may be issued is 10% (ten percent) of the volume weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities or any other price agreed to by the JSE;
- Once the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in

NOTICE OF ANNUAL GENERAL MEETING

issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the volume weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the shares and the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share), or any other announcements that may be required in such regard in terms of the JSE LR which may be applicable from time to time; and

- In terms of the JSE LR, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting is required to give effect to this resolution.

7. SPECIAL RESOLUTION NUMBER 1

General authority to repurchase shares

‘Resolved that, subject to compliance with the articles of association of the company (or one or more of its wholly owned subsidiaries), section 89 of the Companies Act, the JSE LR and the requirements of any other stock exchange the company is listed on, the directors of the company be and are hereby authorised at their discretion to procure that the company or one of its wholly-owned subsidiaries acquire, by repurchase, on the JSE ordinary shares issued by the company provided that:

- the repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- authorisation thereto must be given by the company’s and its subsidiaries’ articles of association;
- this general authority will be valid only until the company’s next AGM, provided that it does not extend beyond fifteen months from the date of the passing of this special resolution;
- the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the company’s issued share capital as at the date of passing of this general resolution or 10% of the company’s issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- in determining the price at which the company’s ordinary shares are repurchased by the company in terms of this general authority, the maximum premium at which such ordinary shares may be repurchased will be 10% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the board will have acknowledged by resolution that the company will satisfy the solvency and liquidity test immediately after the repurchase and that since the test was done there have been no material changes to the financial position of the company and the group;

- neither the company nor its subsidiaries will repurchase securities during a prohibited period, as defined in paragraph 3.67 of the JSE LR, unless a repurchase program is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company’s securities independently of, and uninfluenced by the company, prior to the commencement of the prohibited period to execute the repurchase program submitted to the JSE;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be published on SENS and in the financial press; and
- at any point in time the company will appoint only one agent to effect any repurchase(s) on its behalf.’

The directors of the company undertake that they will not effect a general repurchase of shares as contemplated above, unless the following conditions are met:

- 1) the company and the group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the repurchase;
- 2) the company’s and the group’s assets will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the repurchase. For this purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated AFS, which comply with the Companies Act;
- 3) the share capital and reserves of the company and the group are adequate for a period of 12 months following the date of the repurchase; and
- 4) the available working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.

8. ORDINARY RESOLUTION NUMBER 7

The adoption of the ordinary resolution no 1-6 and the special resolution no 1 will authorise any director of the company execute all document and do all such further acts and things as he/she may in his discretion consider appropriate to implement and give effect to the resolutions mentioned above.

‘Resolved that each director of Trustco be and is individually authorised to sign all such documents and do all such other things as may be necessary for or incidental to the implementation of the resolutions mentioned above, passed at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Voting for special resolution

The percentage voting rights required for this special resolution to be adopted is at least 75% of the voting rights exercised on the resolution.

Disclosure in terms of section 11.26 of the JSE LR

The following additional information is provided in terms of paragraph 11.26 the JSE LR for purposes of the special resolution:

Directors' interest

Details of the beneficial direct and indirect interests of directors in the shares of the company are set out below:

Names			Total	Shareholding
	Direct	Indirect	31 March 2017	%
EXECUTIVE DIRECTORS				
Dr Quinton van Rooyen*	392 554 120	-	392 554 120	50.84
Mr FJ Abrahams	1 416 904	-	1 416 904	0.18
Mr R McDougall (Resigned 31 Dec 2016)	35 165	-	35 165	0.0
Ms M van Niekerk (Resigned 5 April 2017)	-	-	-	0.0
NON-EXECUTIVE DIRECTORS				
Mr W Geyser	40 116	-	40 116	0.01
Adv R Heathcote	1 336 167	-	1 336 167	0.17
Mr J Mahlangu	-	-	-	-
Mr R Taljaard	18 172	-	18 172	0.00

* Refer to note 25 in the annual financial statements of 2017

Names			Total	Shareholding
	Direct	Indirect	31 March 2018	%
EXECUTIVE DIRECTORS				
Dr Quinton van Rooyen	392 554 120	-	392 554 120	50.19
Mr FJ Abrahams	1 437 170	-	1 437 170	0.18
NON-EXECUTIVE DIRECTORS				
Mr W Geyser	97 906	-	97 906	0.01
Adv R Heathcote	1 336 167	-	1 336 167	0.17
Mr R Taljaard	22 802	-	22 802	0.00

The % of shareholding is net of treasury shares

NOTICE OF ANNUAL GENERAL MEETING

LARGE SHAREHOLDERS

Names	Sum of shareholding 31 March 2018	Shareholding %
Dr Quinton van Rooyen*	392 554 120	50.19
Pershing LLC***	275 262 477	35.20
Ithuba Investments LP**	127 806 103	16.34
Riskowitz Value Fund LP**	144 420 433	18.47
Standard Bank nominees**	3 035 941	0.39
Snowball Wealth Pty Ltd**	30 604 785	3.91
Midbrook Lane (Pty) Ltd**	12 402 902	1.59
Constantia Insurance Company Limited**	9 323 377	1.19
Chou Leo Chih Hao**	4 289 760	0.55
Government Employees Pension Fund**	3 389 457	0.43
Acc 10 Percent Wht 1 Bnymsanv As**	3 132 531	0.40
Namibia Capricorn Asset*	2 850 000	0.36
Grand total	733 809 409	93.82
Total number of issued shares	782 075 768	100.00
less deemed treasury shares (45 066 322)		

* Namibian

** Non-Namibian

*** Pershing LLC is the custodian of record of the shares held by Riskowitz Value Fund LP, Ithuba Investments LP and Standard Bank nominees

There were no changes in the authorised share capital of the company during the period under review

- The company has 1 672 857 910 unissued securities
- The company does not have a share incentive scheme
- The company repurchased 3 million shares during the year under review.

MATERIAL CHANGE

Other than the facts and developments reported on in the IAR and the AFS of 31 March 2018, there have been no material changes in the affairs or financial position of Trustco and its subsidiaries from 31 March 2018 to the date of the audit report forming part of the AFS.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are recorded, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of paragraph 11.26 of the JSE LR pertaining thereto contain all such information required by law and the JSE LR.

VOTING AND PROXIES

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy/proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company. A form of proxy is attached for the convenience of any certified shareholder and "own name" registered dematerialised shareholder who cannot attend the AGM, but wishes to be represented thereat.

Voting will be performed by way of a poll, so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by him or her. Equity securities held by a share trust or scheme will not have their voting at the AGM taken into account for the purposes of resolutions proposed in terms of the JSE LR.

Shares held as treasury shares are not entitled to vote.

By order of the board
A Bruyns
Company secretary
30 July 2018



FORM OF PROXY

Trustco Group Holdings Limited

(Incorporated in the Republic of Namibia and registered as an external company in South Africa)
Registration number 2003/058
External Registration number: 2009/002634/10
JSE share code: TTO: NSX share code: TUC
(‘Trustco Group Holdings Limited’ or ‘the company’)
ISIN number: NA 000A0RF067

This form of proxy is for use by certificated ordinary shareholders and “own name” dematerialised ordinary shareholders of the company only at the AGM of the company’s shareholders to be held at Trustco House, 2 Keller Street, Windhoek on Thursday, 20 September 2018 at 10H00 (“the annual general meeting” or “the AGM”).

Dematerialised shareholders, other than “own name” dematerialised shareholders, who wish to attend the AGM must instruct their CSDP or broker to issue them with the necessary authority to attend. Should dematerialised shareholders, other than “own name” dematerialised shareholders, be unable to attend the AGM in person, but wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

Shareholders who have dematerialised their shares, other than “own name” dematerialised shareholders, must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary letter of representations to attend or provide their CSDP or broker with their voting instruction should they not wish to attend the company’s AGM in person. Such shareholders must not return this form of proxy to the transfer secretaries.

I/We
Being member/s of Trustco Group Holdings Limited and holding shares entitled me/us to votes
(1 vote per share) do hereby appoint:
..... of or failing him/her
..... of or failing him/her
..... of or failing him/her
the chairman of the AGM as my proxy to vote for me/us on my/our behalf at the AGM.

Signed at on this
day of 2018.

Address:

Signature:

Mark with an X whichever is appropriate. Unless otherwise directed, the proxy will vote or abstain as he/she deems fit in respect of the member’s total holdings. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company. Kindly complete and return the form to the Transfer Secretaries (Pty) Ltd, at 4 Robert Mugabe Avenue by Tuesday, 18 September 2018. South African shareholders must kindly complete and return the form to the Transfer Secretary, Computershare Investor Services (Pty) Ltd Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by Tuesday, 18 September 2018.

General Resolutions	FOR	AGAINST	ABSTAIN
1. Approval of AFS and reports for financial year ended 31 March 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. 2.1 To determine that the company may appoint a maximum number of twelve directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 To re-appoint Adv Raymond Heathcote as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.3 To re-appoint Mr Renier Taljaard as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4 To appoint Prof Lana Weldon as non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.5 To appoint Ms Kristin van Niekerk as non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Moore Stephens and BDO Namibia as independent group external auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. 4.1 Non-binding advisory endorsement of the company’s remuneration policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Non-binding advisory endorsement of the company’s remuneration implementation policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the remuneration of non-executive directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the general authority to issue shares for cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve directors authority to sign documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution			
7. To approve the general authority to repurchase shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed at on this
day of 2018.

Address:

Signature:

FORM OF PROXY

NOTES

1. All shareholders are entitled to attend, be represented and vote at the company's AGM. Each shareholder present in person or represented by proxy at the AGM shall be entitled, on a show of hands, to one vote irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of shareholders he/she represents, have only one vote. On a poll, at the AGM, a shareholder who is present in person or represented by proxy shall be entitled to one vote for each share held or represented.
2. Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than "own name" registered dematerialised shareholders and who wish to attend the AGM must request their CSDP or broker to issue them with a letter of representation. Alternatively, dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by timeframe stipulated.
3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". If a deletion is made such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and who is present at the company's AGM will be entitled to act as proxy to the exclusion of those names that follow.
4. A shareholder's instructions to the proxy as to whether to vote for, against or abstain from voting, and in respect of the relevant number of shares to vote in such a manner, shall, in respect of the resolution, be indicated as follows:
 - a) by the insertion of an "X" in the appropriate box provided to indicate whether to vote for, against, or abstain from voting. Such insertion, without the insertion of the relevant number of shares as contemplated in paragraph (b) below, shall require the proxy to vote or abstain from voting at the company's AGM as indicated by the "X" in respect of all (and not some) of the shareholder's votes exercisable thereat.
 - b) by the insertion of the relevant number of shares held by the shareholder in the company to indicate the number of shares to be voted for, against or abstain from voting (which will indicate the number of votes exercisable by the proxy on behalf of the shareholder on a poll), in the appropriate box provided. Such an insertion, with or without the insertion of an "X", shall require the proxy to vote or abstain from voting at the company's AGM as indicated by the number so inserted in respect of such inserted number (and not a portion) of shares.
 - c) by failure to insert anything in the appropriate box, such failure will be deemed to authorise the chairman of the AGM, if he is the proxy, to vote in favour and any other proxy to vote or abstain from voting at the company's AGM as he/she deems fit in respect of all (or a portion) of the shareholder's votes exercisable thereat.
5. A shareholder is not obliged to use all the votes exercisable by the shareholders, but the total of the votes cast, and in respect of which abstention is recorded, whether by the shareholder of the proxy, may not exceed the total of the votes exercisable by the shareholder.
6. A duly completed form of proxy must be lodged with or posted to the Transfer Secretaries' who must receive the proxy's for all Namibian and South African shareholders, no later than 10h00 on Tuesday, 18 September 2018.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person at the exclusion of any proxy appointed in terms thereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy, in a representative or other legal capacity, must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM, as the case may be.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. The chairman of the AGM may reject or accept any form of proxy, which is completed and/or received, other than in compliance with the notes.
11. In respect of joint holders, any such person may vote at the company's AGM in respect of such joint shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the company's AGM, the person whose name appears first in the register in respect of such shares or his proxy as the case may be, is alone entitled to vote in respect thereof.
12. Equity securities held by a share trust or scheme will not have their votes at the AGM meeting taken into account for the purposes of resolutions proposed in terms of the JSE LR.
13. Unlisted securities (if applicable) and shares held as treasury shares may not vote.

Transfer secretary: Namibia
 Transfer Secretaries (Pty) Ltd
 4 Robert Mugabe Ave
 Windhoek
 Namibia
 or PO Box 2401
 Windhoek, Namibia

Transfer secretary: South Africa
 Computershare Investor
 Services (Pty) Ltd
 Rosebank Towers
 15 Biermann Ave
 Rosebank, 2196
 or PO Box 61051,
 Marshalltown 2107,
 South Africa



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ADDITIONAL INFORMATION

DIRECTORATE OF KEY SUBSIDIARIES

Legal Shield Holdings (Pty) Ltd

Mr Winton Geyser	Independent	Non-executive	Director and chairman	Namibian Citizen
Mrs Janene van den Heever	Independent	Non-executive	Director	Namibian Citizen
Ms Kristin van Niekerk	Independent	Non-executive	Director	South African Citizen
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Mr Floors Abrahams		Executive	Director	Namibian Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen

Trustco Life Limited

Mr Winton Geyser	Independent	Non-executive	Director and chairman	Namibian Citizen
Mr Renier Taljaard	Independent	Non-executive	Director	Namibian Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen
Mrs Janene van den Heever	Independent	Non-executive	Director	Namibian Citizen
Ms Kristin van Niekerk	Independent	Non-executive	Director	South African Citizen
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Ms Annette Brand		Executive	Director	Namibian Citizen

Trustco Insurance Limited

Mr Winton Geyser	Independent	Non-executive	Director and chairman	Namibian Citizen
Mr Renier Taljaard	Independent	Non-executive	Director	Namibian Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen
Mrs Janene van den Heever	Independent	Non-executive	Director	Namibian Citizen
Ms Kristin van Niekerk	Independent	Non-executive	Director	South African Citizen
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Ms Annette Brand		Executive	Director	Namibian Citizen

Elisenheim Property Development Company (Pty) Ltd

Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Ms Marizanne van Niekerk		Executive	Director	Namibian Citizen (Resigned 5 April 2017)

Trustco Group International (Pty) Limited

Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Ms Marizanne van Niekerk		Executive	Director	Namibian Citizen (Resigned 5 April 2017)

Trustco Bank Namibia Limited

Mr Thomas Newton	Independent	Non-executive	Director and chairman	Namibian Citizen
Ms Ndapandula Tshitayi	Independent	Non-executive	Director	Namibian Citizen (Resigned 9 May 2018)
Mr Stanley Similo	Independent	Non-executive	Director	Namibian Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen
Ms Marizanne van Niekerk		Executive	Director	Namibian Citizen (Resigned 5 April 2017)
Prof Lana Weldon	Independent	Non-executive	Director	South African Citizen (Appointed June 2018)
Mr Winton Geyser	Independent	Non-executive	Director	Namibian Citizen (Appointed June 2018)
Mr Thomas Slabbert		Executive	Director	Namibian Citizen (Appointed June 2018)

ADDITIONAL INFORMATION

Trustco Finance (Pty) Limited

Mr Renier Taljaard	Independent	Non-executive	Director and chairman	Namibian Citizen (Appointed June 2018)
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Ms Adriana Lambert		Executive	Director	Namibian Citizen
Mr Floors Abrahams		Executive	Director	Namibian Citizen
Ms Marizanne van Niekerk		Executive	Director	Namibian Citizen (Resigned 5 April 2017)
Mr Thomas Slabbert		Executive	Director	Namibian Citizen

Trustco Resources (Pty) Limited

Mr Richard Chetwode	Independent	Non-executive	Director and chairman	British Citizen (Appointed 1 June 2018)
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen
Mr Quinton Zandre van Rooyen		Executive	Director	Namibian Citizen
Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Jan Joubert		Executive	Director	Namibian Citizen

ADDITIONAL INFORMATION

CREDIT RATINGS

Global Credit Rating Company (GCR)	Short term	Long term	Outlook
Trustco Aug 17	A2 (NA)	BBB+ (NA)	Stable
Trustco Jul 16	A2 (NA)	BBB+ (NA)	Stable
Trustco Jul 15	A2 (NA)	BBB (NA)	Positive
Trustco Jul 14	A3 (NA)	BBB- (NA)	Stable
Trustco Jul 13	A3 (NA)	BBB- (NA)	Stable

FINANCIAL AND OTHER DEFINITIONS AND EXPLANATIONS

► A

AA	Affirmative action
ACPE	Advanced Certificate in Primary Education
AfDB	African Development Bank
ADR	American Depositary Receipt
AFS	Annual financial statements
AGM	Annual general meeting of Trustco
ALCO	Assets and liability committee of Trustco Bank
ALS	Advanced Life Support
AML	Anti Money Laundering
ARC	Audit and risk committee
ASSA	Actuarial Society of South Africa
ALS	Advanced Life Support

► B

Basel II	Banking regulations set by the Basel commission on banking supervision
Basic earnings per share (EPS)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue
BDO	BDO Namibia
BEDHONS	Bachelor of Education Honours
BESP	Bachelor of Education Senior Primary
Board	The board of directors
BoN	Bank of Namibia
BRIC	Brazil, Russia, India and China
Buckley transaction	The specific share repurchase transaction as approved by shareholders on 14 February 2017
B2B	Business to business

► C

CAE	Chief Audit Executive
Capital adequacy ratio	Capital as a percentage of risk-weighted assets
CAR	Capital Adequacy Ratio
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
CIS	Capital Investment System
CMS	Card Management System
CoC	Chain of Custody
COCC	Chain of custody certification
COP	Code of practice
Companies Act	The Namibian Companies Act, Act 28 of 2004
COP	Certificate of Proficiency
Corporate income tax	Any tax on the business calculated on the basis of taxable income

ADDITIONAL INFORMATION

Cost-to-income ratio	Operating expenses as a percentage of total income, after revenue sharing agreements with discontinued operations, but before credit impairments, including share of profit/loss from associates and JV's and profit/losses from disposal of subsidiaries
CP	Conditions precedent
Cts/Stn	Carats per stone
Cpht	Carats per hundred tonne
CPR	Competent Persons Report
CPI	An index of prices used to measure the change in the cost of basic goods and services
CRAN	Communications Regulatory Authority of Namibia
Credit loss ratio	Total impairment charges on loans and advances per income statement as a percentage of gross loans and advances
CSI	Corporate Social Investment

D

DE	Diploma in Education
DECD	Diploma in Early Childhood Development
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
Deloitte	The external auditors for the banking and finance segment during the reporting period
DES	Diploma in Education Secondary
DFI	Developmental funding institution
Dividend cover	Headline earnings per share divided by dividend per share before taxation
Dividend per share	Total dividends to ordinary shareholders in respect of the year, expressed in cents
DJPE	Diploma in Junior Primary Education
DMS	Document Management Service
DPPE	Diploma in Pre-Primary Education
DR	Disaster Recovery
D+H	An information and technology service provider of Trustco Bank

E

EBITDAASA	Earnings before interest, tax, depreciation, amortisation and stock adjustments
Effective tax rate	Direct taxation as a percentage of income before taxation
EFT	Electronic Funds Transfer
EIA	Environmental Impact Assessments
Elisenheim or EPDC	The mixed use development known as Elisenheim and registered in Elisenheim Property Development Company (Pty) Ltd
ELO	Ehangano Lyokupungula nokugandja Omikuli
EMP	Environmental Management Plan
Employee payroll taxes	Comprises payroll taxes and social security tax withheld from employee remuneration inclusive of social security and levies
Employer payroll taxes	Comprises payroll taxes payable as a result of a company's capacity as an employer inclusive of social security and levies
EPL	Exclusive prospecting licence
EPS	Earnings per share
EPZ	Export processing zone
ERM	Enterprise Risk Management
ESIA	Environmental and Social Impact Assessment
EY	Ernst and Young

F

Farm Herboth's	The proposed residential development known as Farm Herboth's and registered in Farm Herboth's (Pty) Ltd
FIA	Financial Intelligence Act
FIC	Financial Intelligence Centre
Fides Bank	Fides Bank Namibia Ltd
FSB	Financial Services Board
FY	Financial year

ADDITIONAL INFORMATION

G	
GCR	Global Credit Rating Company
GM	A general meeting of shareholders called to approve a transaction
GCX	Global Carbon Exchange
GDP	Gross domestic product
GIA	Gemological Institute of America
GRI	Global Reporting Initiative
Gross specific impairment	Balance sheet impairments for non-performing, specifically coverage ratio impaired, loans as a percentage of specifically impaired loans
	Group Trustco group of companies or "Trustco"
H	
Harambee	All pulling together in the same direction
Headline earnings	Determined, in terms of the circular issued by the South African Institute of Chartered Accountants at the request of JSE, by excluding from reported earnings specific separately identifiable remeasurement net of related tax and non-controlling interests
Headline earnings per share	Headline earnings divided by the weighted average number of ordinary shares in issue
HEPS	Headline earnings per share
Herboth's	Portion 3 and remainder of Farm Herboth's No 485
HPP	Harambee Prosperity Plan: Namibian government's action plan towards prosperity for all
HR	Human resources
Huso	Huso Investments (Pty) Ltd
Huso transaction	The transaction approved by shareholders on 5 October 2015 as amended, which amendment was approved by shareholders on 13 June 2017, with regards to the acquisition by Trustco, through Trustco Resources of the entire shareholding in Huso of which Morse and NNDC are wholly owned subsidiaries
I	
ICB	Institute of Certified Bookkeepers
ICDL	International Computer Driving Licence
ICT	Information and communication technology
ID	Identification Document
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
<i>Informanté</i>	Informanté newspaper
IOL	Institute for Open Learning (Pty) Ltd
IOL/VTC	Institute for Open Learning VTC (Pty) Ltd
IMF	International Monetary Fund
IRS ROM	Infield screening run of mine
IT	Information technology
ITSC or IT steerco	Information technology steering committee
IT Stratco	Information technology strategy committee
J	
JSC	Junior Secondary Certificate
JSE	JSE Limited, a company duly registered and incorporated under the laws of South Africa, licenced as an exchange
K	
Khomas Medical Centre	Khomas Medical Centre situated on the corner of Florence Nightingale and Allies Street Khomasdal, Windhoek, Namibia
King III	The King Code of Corporate Governance III (2009)
King IV	The King Code of Corporate Governance IV (2016)
KP	Kimberley Process

ADDITIONAL INFORMATION

KPC	Kimberley Process Certificate
KPI	Key Performance Indicator
KYC	Know Your Customer

► L

Lafrenz	Industrial development in Windhoek, owned by TGI
Land bank	The holding of undeveloped property by Trustco
Legal Shield	Short term insurance product of the insurance division
Legal Shield Holdings	Legal Shield Holdings (Pty) Ltd and the holding company for the insurance segment and its investments
Legal Shield Holdings	The disposal of 20% of Trustco's interest in Legal Shield Holdings to Riskowitz Value Fund for transaction NAD 1.2 billion
LR	Listings Requirements
LSM	Living Standards Measure
LSTK	Lump-sum-turn-key

► M

MD	Managing director of Trustco
Meya	Meya Mining incorporated in Mauritius with registration number 141003C1/GBL
MET	Ministry of Environment and Tourism
MFMR	Ministry of Fisheries and Marine Resources
MIDA	Micro diamond analysis
MIM	Morse Investments Mauritius with registration number 141796C1/GBL
ML	Mining licence
MME	Ministry of Mines and Energy
Moore Stephens	Moore Stephens Johannesburg, external auditor of Trustco Group Holdings Limited
Moore Stephens International	The external auditor of the Sierra Leonean operations and the Mauritian entities respectively
Morse	Morse Investments (Pty) Ltd

► N

NAD	Namibia dollar
NamCode	Corporate Governance Code of Namibia
Namfisa	Namibia Financial Institutions Supervisory Authority
NANTU	Namibian National Teacher's Union
NAV	Net asset value
NCHE	National Council for Higher Education
NCPI	An index of prices used to measure the change in the cost of basic goods and services in Namibia
Net asset value	Equity attributable to ordinary shareholders
Net asset value per share	Net asset value divided by the number of ordinary shares in issue at yearend
Net interest margin	Net interest income as a percentage of total assets, excluding trading derivative assets
Next	Next Investments (Pty) Ltd
NGO's	Non-governmental organisations
NNDC	Northern Namibia Development Company (Pty) Ltd
NOSA	National Occupational Safety Association (South Africa)
Nomco	Nomination portion of the REMCO committee
NPAT	Net profit after tax
NPL	Non-performing loans
NQA	Namibia Qualifications Authority
NQF	National Qualifications Framework
NSX	Namibia Stock Exchange
NSSU	Namibia Schools Sport Union
NSSC	Namibia Senior Secondary Certificate
NTA	Namibia Training Authority
NTA	Namibia Tennis Association

ADDITIONAL INFORMATION

► O

Ondangwa	Proposed mixed use land development in Ondangwa of which the Ombala development forms a part of (registered in the name of Northern Industrial Estates (Pty) Ltd)
OSHAS	Occupational Health and Safety Series
Oshi li Nawa	It's all good
OTC	Over the counter

► P

P1	Phase 1 exploration program for Meya
PAYE	Pay as You Earn
PD	Previously disadvantaged
PMR	Professional Management Review Africa
PMR Awards	PMR Namibia Country Survey Business Excellence
PPE	Property, Plant and Equipment
Profit for the year	Income statement profit attributable to ordinary shareholders
PSD	Payment System Determination
PwC	PricewaterhouseCoopers
PRU	Protective resource unit

► Q

QVR Code	Empowerment initiative for aspiring young entrepreneurs and businessmen and women throughout Namibia
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► R

Rap	Rapaport published polished diamond price list
Real People	Real People (Pty) Ltd
RDP	Resource Development Program
Reinsurance	Insurance or investment risk that is ceded to another insurer in return for premiums
Remco	Remuneration ration portion of the remuneration committee
Return on equity	Headline earnings as a percentage of monthly average ordinary shareholders' funds (expressed as percentage)
Risk appetite	An expression of the maximum level of residual risk that the group is prepared to accept in order to achieve its business objectives
Riskowitz Value Fund	Riskowitz Value Fund LP a New York based partnership registered in accordance with the laws of Delaware, USA
Riskowitz Value Fund specific issue of shares for cash transaction	The transaction approved by shareholders on 26 October 2017 in terms whereof 58 823 529 shares are issued to Riskowitz Value Fund at a price of NAD4.25 per share
ROE	Return on equity
RoM	Run of mine
Rt	Right Honourable
RTGS	Real Time Gross Settlement System

► S

SADC	Southern African Development Community
SAMTRAC	Safety Management Training Course
SAICA	The South Africa Institute of Chartered Accountants
SDLC	Software Development Life Cycle
SENS	Stock Exchange News Service
Shares in issue	Number of ordinary shares in issue as listed on the exchange operated by the JSE
SHE	Safety, Health and Environment
SL	Sierra Leone
SME	Small and medium enterprises
SPES	Step out of poverty through education, encouragement and support
SRC	Saskatchewan Research Council Laboratories

ADDITIONAL INFORMATION

SRK Consulting
SWAPO
SWIFT

Global Mining Industry experts tasked to complete the competent persons report for Meya
South West Africa People's Organisation
Society for Worldwide Interbank Financial Transactions

T

TAP
TAS
Trustco Construction

TFS
TGI
TGH
TPH
Trustco
Trustco Bank
Trustco Capital
Trustco Finance
Trustco Fleet
Trustco Insurance
Trustco Life
Trustco Properties
Trustco Resources
TTO
TOP 40

TUC
TVET

Touch Assistance Portals
Trustco Air Services (Pty) Ltd
Trustco Construction Services (Pty) Ltd, previously known as Watermeyer Mining and Construction Services (Pty) Ltd
Trustco Financial Services (Pty) Ltd
Trustco Group International (Pty) Ltd
Trustco Group Holdings Ltd
Tonnes per hour
Trustco Group Holdings Ltd
Trustco Bank Namibia Ltd
Trustco Capital (Pty) Ltd
Trustco Finance (Pty) Ltd
Trustco Fleet Management Services (Pty) Ltd
Trustco Insurance Ltd
Trustco Life Ltd
Trustco Property Holdings (Pty) Ltd
Trustco Resources (Pty) Ltd
Trustco JSE share code
Program to motivate and reward employees who exceed expectations and excel irrespective of level of employment
Trustco NSX share code
Technical Vocational Education and Training

U

UNAM
USD

University of Namibia
United States Dollar

V

VIT
VSI
VTC
VWAP

Valuables in transit
Vertical shaft impactors
Vocational Training Centre
Volume weighted average price

W

WANOS
Weighted average number of ordinary shares
WIL

Weighted average number of ordinary shares
The weighted average number of ordinary shares in issue during the year as listed on the JSE

Work integrated learning initiatives in its VTC education offerings

Y

YAMBU

The South African insurance brand

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ADR OTC:

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