



## **TRUSTCO GROUP HOLDINGS LIMITED**

Incorporated in the Republic of Namibia

(Registration number 2003/058)

NSX Share Code: TUC

JSE Share Code: TTO

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067 ("the Company" or "Trustco")

## **MEDIA RELEASE**

18 December 2023

### **TRUSTCO ANNOUNCES RESULTS FOR 2023 FINANCIAL YEAR**

Trustco Group Holdings Limited today announced its financial results for the 2023 financial year ended 31 August 2023. Despite navigating a challenging investment landscape, the diversified Namibian-based investment group again showcased resilience and adaptability.

Trustco sustained a solid financial footing, closing the year with NAD 1.15 billion in shareholders' equity. The investment portfolio, valued at NAD 3.1 billion as of August 31, 2023, comprises unlisted African entities across various sectors, including short- and long-term insurance, real estate, commercial banking, micro-finance, education and mining.

This financial year witnessed a decline in the Group's Net Asset Value (NAV), reducing to NAD 1 153 million from NAD 1 834 million in the previous year. Similarly, NAV/Share experienced a decrease, dropping to 117c from 186c, reflecting the challenging worldwide economic environment. During this financial year, the portfolio experienced a decline in valuations largely due to the collective surge in discount rates totalling 11.68% (approximately NAD 650 million, or 66c per share). Forecasts suggest a potential moderation in these rates, hinting at their reduction in the coming years, which may reverse the valuation declines.

#### **TRUSTCO GROUP HOLDINGS LIMITED**

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**DIRECTORS:** ADV. R. HEATHCOTE (CHAIRMAN) (NON EXECUTIVE), DR. Q. VAN ROOYEN (MANAGING DIRECTOR), MR. F.J. ABRAHAMS (FINANCIAL DIRECTOR)  
MR. W. GEYSER (NON EXECUTIVE), MR. R. J. TALJAARD (NON EXECUTIVE), MS. J. VAN DEN HEEVER (NON EXECUTIVE), KOMADA HOLDINGS (PTY) LTD (COMPANY SECRETARY)



The real estate portfolio witnessed a 42% decline in property values over the past few years due to Loan-to-Value (LTV) restrictions imposed by the Bank of Namibia. However, post-financial year end, the Bank of Namibia revised its LTV ratio prerequisites for prospective homebuyers, reducing mandatory deposits from up to 50% to a maximum of 10% for properties beyond the second. This was only effected after a High Court challenge by Trustco. This adjustment is expected to re-stimulate the historically buoyant property market, increase sales, and expedite property development timelines, all leading to improved valuations in the future.

The mining portfolio (Meya Mining) achieved commercial production, bolstering the monetization of Trustco's USD 116 million investment and moving anticipated dividend payments closer. This validates Trustco's calculated investment in diamond mining since 2016, diversifying Trustco's investment basket by asset class, geography as well as by currency. During the year, there was a notable escalation in the country risk component of its discount rate, consequently limiting its fair value gains.

In commercial banking and micro-financing, higher interest rates have contributed to revenue growth. However, the spectre of higher inflation poses risks of borrower defaults and credit demand contraction due to fiscal and monetary tightening. To mitigate the impact of COVID-19, the micro-financing portfolio has allocated NAD 210 million since 2020 for expected credit losses and credit relief to students. The ongoing restructuring of international debt influenced the timely deployment of fresh capital for this leverage model, affecting the portfolio's valuation.

Amid challenging economic conditions, the education portfolio exhibited resilience having served over 62 000 students since its inception. It is currently experiencing a temporary slowdown in growth due to its close association with the lending operations of the micro-financing portfolio.

In the insurance portfolio, heightened inflation and monetary tightening produced mixed effects. Higher interest rates boosted investment returns, but they also raised liabilities and capital requirements, which lowered the value of the overall insurance portfolio.

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Trustco Group's Chairman, Adv. Raymond Heathcote SC commented: "This year presented headwinds from global dynamics and domestic policy changes impacting investment firms. However, Trustco has the fortitude to navigate challenges while creating superior value. Regulations are essential but cannot solely dictate our path to prosperity. Our commitment to the highest governance standards, business ethics and community upliftment remains unwavering."

Trustco's Group MD, Dr Quinton van Rooyen stated: "Trustco remains a family-centric enterprise, co-investing with more than 5 100 other investors, including 94 local and international institutional partners. We are deeply committed to long-term investment growth, as demonstrated by our stellar track record: a 69% CAGR in NAV since inception and a robust 18.1% since listing in 2006. It's the audacious spirit of entrepreneurship that's the true driver of economic success. We focus on creating long-term value for our investors by daring to challenge norms, innovate, steering towards a future of enduring growth and opportunity."

The complete Integrated Annual Report for the 2023 financial year is available as from today on Trustco's website at [www.tgh.na](http://www.tgh.na).

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