

INTEGRATED

2019

ANNUAL
REPORT

BANKING AND FINANCE SEGMENT
VOLUME FOUR OF FIVE



TRUSTCO
oshi li nawa | it's all good

HIGHLIGHTS

PROFIT AFTER TAX

NAD

262

MILLION



TOTAL ASSETS INCREASED BY 36% TO

NAD

2.7

BILLION



LOANS ADVANCED INCREASED BY 42% TO

NAD

2.5

BILLION



OPERATIONAL EXPENSES DECREASED

BY

14%



Secured VISA sponsoring bank appointment through MCB in June 2018.



Trustco Bank first electronic funds transfer flowed in June 2018.



Trustco Bank debit order transactions flowed in April 2019.

TOTAL RISK WEIGHTED CAPITAL RATIO

70%

TIER ONE RISK BASED CAPITAL RATIO

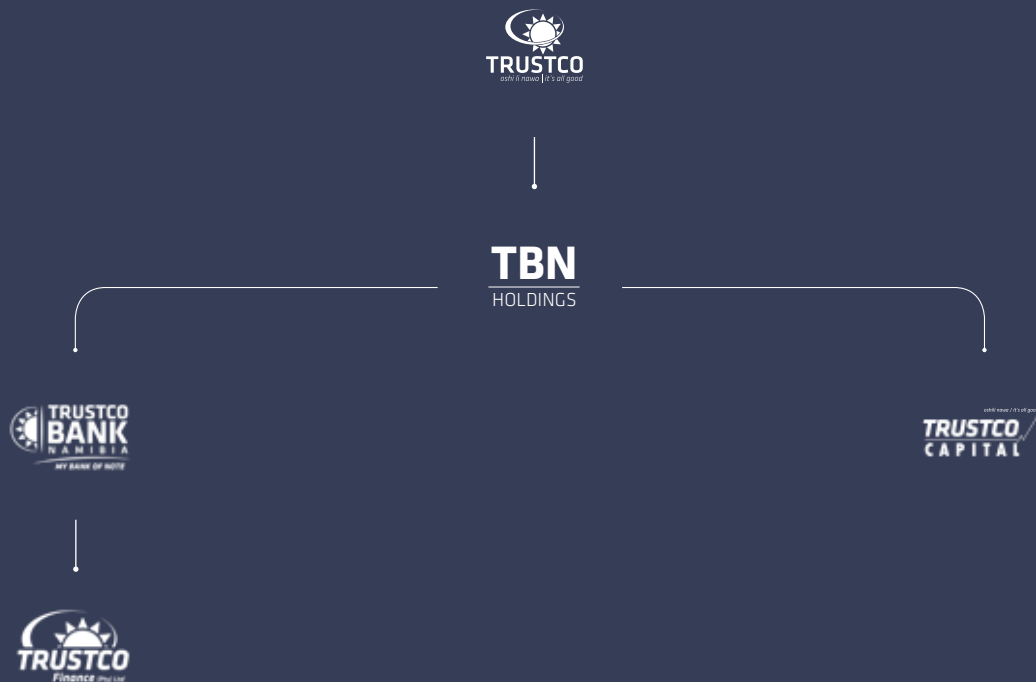
68%

WHAT WE DO

The banking and finance segment comprises:

- a fully fledged bank with innovative banking products which promotes economic development and caters to the banking needs of individuals and businesses alike, whilst
- Trustco Finance provides financial assistance for educational and training purposes ensuring an optimal structure where profits and social investment are aligned and
- Trustco Capital provides long-term property advances.

ENVISAGED SEGMENT STRUCTURE



ABOUT THIS REPORT

SCOPE AND BOUNDARY

The Trustco annual integrated report comprises of five volumes being:

Volume one	Trustco group
Volume two	Insurance and its investments segment
Volume three	Resources segment
Volume four	Banking and finance segment
Volume five	Group annual financial statements


To obtain a meaningful understanding of Trustco's annual integrated report all five volumes, which represent the complete and comprehensive 2019 annual integrated report, must be read.

The 2019 integrated annual report of the banking and finance segment addresses Trustco's stakeholders and presents the business performance, ambitions and strategy of the segment in a balanced and objective way according to international best practices.

This report consists of the integrated annual report of the segment. Included in this report is a fair presentation of the financial and operational performance of the segment and the sustainability report for the period 1 April 2018 to 31 March 2019.

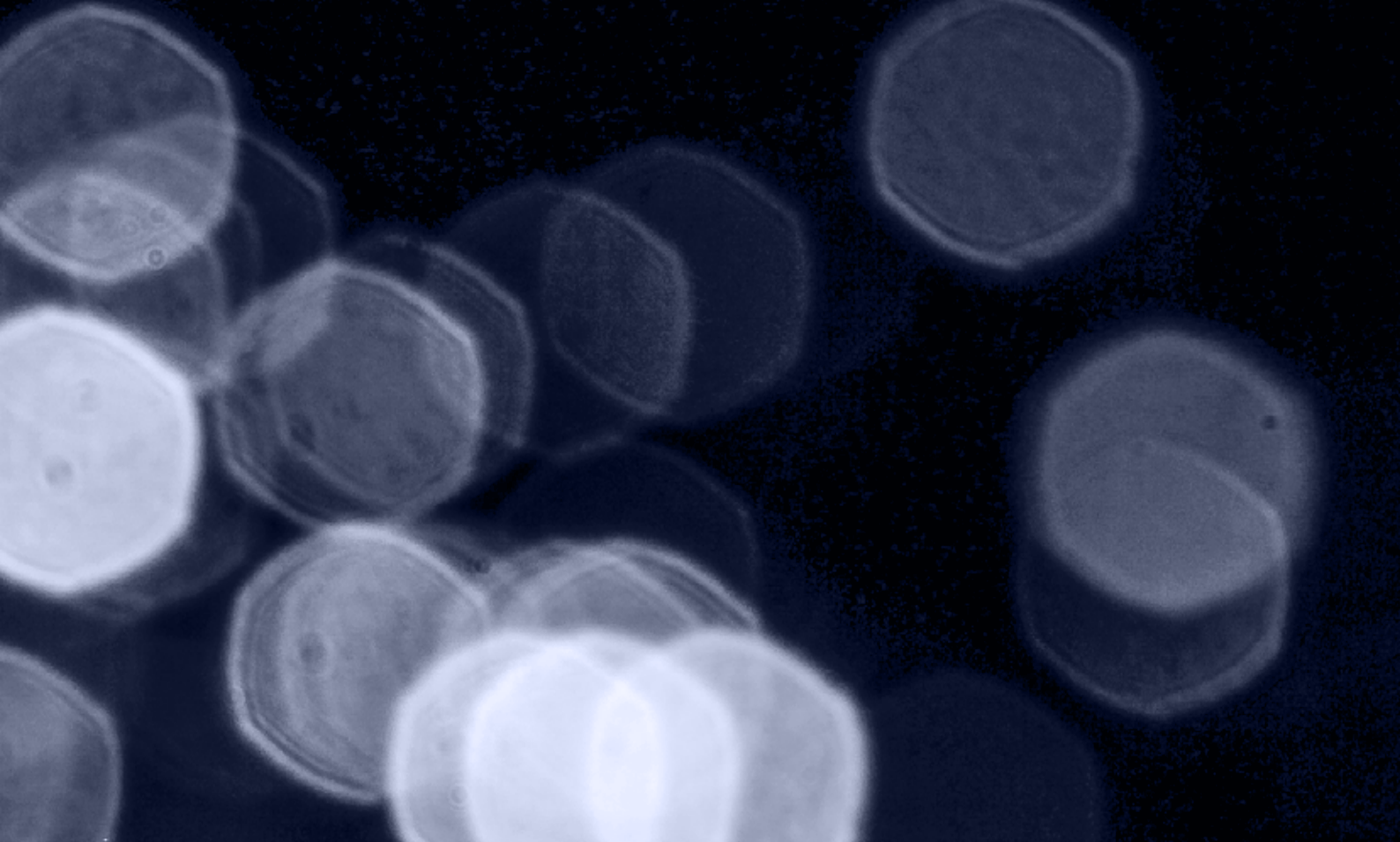
This integrated annual report is prepared in terms of the International Integrated Reporting Framework (IIRF) which has been adopted by the board. In addition, it conforms with other international and local statutory and reporting frameworks.

The individual audited annual financial statements 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 portable document format (PDF) at www.tgh.na 

MATERIALITY

The banking and finance segment defines materiality as both financial and non-financial information, which it considers to be of material interest to current and



prospective investors and any other stakeholders who wish to make an informed assessment of the ability of the segment to generate value over the short- medium- and long-term. Any informative and material information after 31 March 2019 has been included and is identified in the report where applicable.

EXTERNAL ASSURANCES AND APPROVALS

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.

The segment has adopted a combined assurance framework with the aim of optimising, coordinating and integrating assurance, provided by both internal and external assurance providers in risk areas facing the segment. 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.

The banking and finance segment has appointed EY to assist with the internal audit function of the segment.

The annual financial statements were audited and signed by BDO Namibia.

STATEMENT OF THE BOARD OF DIRECTORS OF TBN HOLDINGS LTD AND THE COMPANIES WHICH COMPRISE THE BANKING AND FINANCE SEGMENT

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 integrated performance of the segment. The boards of the segment unanimously approved this report and authorised its release.

PROF LANA WELDON
CHAIRPERSON AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

THOMAS SLABBERT
CHIEF EXECUTIVE OFFICER OF THE
BANKING AND FINANCE SEGMENT

TABLE OF CONTENTS

HIGHLIGHTS	2		
WHAT WE DO	3		
ABOUT THIS REPORT	4		
CHAPTER DIRECTORATE	01	CHAPTER SUSTAINABILITY	06
CHAIRPERSON'S REPORT	12	SUSTAINABILITY REPORT	72
CHIEF EXECUTIVE OFFICER'S REPORT	16	CHAPTER CORPORATE GOVERNANCE	07
BOARD OF DIRECTORS	20	CORPORATE STRUCTURE	76
CHAPTER SEGMENT PROFILE	02	BOARD ASSESSMENT	77
VISION AND MISSION	28	RISK REVIEW	84
SEGMENT STRATEGY	28	<i>PLEASE REFER TO THE TRUSTCO GROUP HOLDINGS INTEGRATED ANNUAL REPORT VOLUME ONE OF FIVE OF THIS COLLECTION FOR A COMPREHENSIVE CORPORATE GOVERNANCE REPORT</i>	
BUSINESS MODEL	29	CHAPTER REMUNERATION REPORT	08
OUR FOOTPRINT	30	REMUNERATION REPORT	88
OUR HISTORY	31	BOARD REMUNERATION 2019	90
CHAPTER FINANCIAL PERFORMANCE	03	<i>PLEASE REFER TO THE TRUSTCO GROUP HOLDINGS INTEGRATED ANNUAL REPORT VOLUME ONE OF FIVE OF THIS COLLECTION FOR A COMPREHENSIVE REMUNERATION REPORT</i>	
VALUE ADDED STATEMENT	34	SHAREHOLDERS	
CHIEF FINANCIAL OFFICER'S REPORT	38	<i>PLEASE REFER TO THE TRUSTCO GROUP HOLDINGS INTEGRATED ANNUAL REPORT VOLUME ONE OF FIVE OF THIS COLLECTION FOR A COMPREHENSIVE SHAREHOLDERS REPORT</i>	
SUMMARISED SEGMENT FINANCIAL PERFORMANCE	42	ADDITIONAL INFORMATION	
FUNDING AND LIQUIDITY MANAGEMENT	44	<i>PLEASE REFER TO THE TRUSTCO GROUP HOLDINGS INTEGRATED ANNUAL REPORT VOLUME ONE OF FIVE OF THIS COLLECTION FOR A COMPREHENSIVE REPORT OF THE DIRECTORATE OF KEY SUBSIDIARIES, CREDIT RATINGS, FINANCIAL, OTHER DEFINITIONS, EXPLANATIONS AND CORPORATE INFORMATION</i>	
CHAPTER SEGMENT OPERATIONAL REVIEW	04		
TRUSTCO BANK NAMIBIA	48		
TRUSTCO FINANCE	54		
TRUSTCO CAPITAL	60		
SEGMENT EXCO	62		
CHAPTER STAKEHOLDERS	05		
STAKEHOLDER ENGAGEMENT	66		
STAKEHOLDER CATEGORIES	66		
<i>PLEASE REFER TO THE TRUSTCO GROUP HOLDINGS INTEGRATED ANNUAL REPORT VOLUME ONE OF FIVE OF THIS COLLECTION FOR A COMPREHENSIVE CSI REPORT</i>			





01

DIRECTORATE



CHAIRPERSON'S REPORT

12

CHIEF EXECUTIVE OFFICER'S REPORT

16

BOARD OF DIRECTORS

20

REPORT

CHAIRPERSON'S

CHAIRPERSON'S REPORT

**PROF LANA
WELDON**

ER S



CHAIRPERSON'S REPORT

I am pleased to present my first chairperson's report since we established a separate holding company for the banking and finance segment. The past financial year marked great progress in executing the vision of being the leader in both short-term lending for students in Namibia and commercial activities at Trustco Bank. The segment is focused on building critical market momentum, which will secure long-term rewards and sustainable benefits for all stakeholders.

THE NAMIBIAN ECONOMY

Financial conditions continued to contract across the market and it was against this backdrop that management realised that the continuous lending predominantly followed by all local banks is under immense pressure.

The government expenditure cuts and subsidiary reforms implemented countrywide were a bid to ensure fiscal sustainability and protect macro-economic stability. For this reason management realised that in order to progress, the bank must pursue a different approach in its client offering by recognising unique strategic initiatives to be implemented in order to create traction in the current banking sector.

The bank implemented the regulations issued by Bank of Namibia (BoN), which focus on and address the need to mitigate risks, protect the interests of stakeholders and strengthen customer protection amongst many other mechanisms, with the optimal goal to guarantee sustainable growth in the financial sector. Furthermore, the bank is now a participant of NAMPAY, the BoN compliance project (PSD-7), which aims to enhance efficiency and ensure integrity within the National Payment System.

DIGITAL MIGRATION STRATEGY

The bank continues to strengthen its operations and facilitates the delivery of enhanced banking services to its clients that will secure sustainable revenue streams into the future. The bank's infrastructural footprint is strategically aligned to enable the bank to focus on finding innovative banking solutions that cater to client needs and great emphasis has been placed on digital migration. With a vision to serve our clients in ways that best suit their preference, at a fraction of a traditional bank's cost, the bank has moved away from the brick

and mortar concept of banking, enabling the bank to eliminate exorbitant and unnecessary overhead costs and focus on investing in creating revolutionary online and mobile banking platforms.

Further strategic objectives include debt raising initiatives in order to strengthen the segment's balance sheet. The bank's ultimate holding company, Trustco Group Holdings Ltd (Trustco), is committed to ensuring that the balance sheet is optimally structured to ensure a self sufficient segment.

With Trustco Finance, the segment aims to build on the past success of micro lending and student finance. For this purpose, international funding is in the final stages of approval. This funding will enable the segment to finance over 30 000 Institute for Open Learning (IOL) students over the next five years and, in essence, address the social deficit and educational constraints rampant in Namibian communities today. As part of our strategy, the board decided to convert Trustco Education (Pty) Ltd, the holding company of Trustco Finance, into a public company and simultaneously change its name to TBN Holdings Ltd. To solidify this transaction, regulatory approval has been sourced to permit TBN Holdings Ltd to acquire the shares of Trustco Capital (Pty) Ltd (Trustco Capital) and for Trustco Bank Namibia Ltd (Trustco Bank) to acquire Trustco Finance (Pty) Ltd (Trustco Finance).

The equity of Trustco Capital increased as part of the restructuring of loan conversions from Trustco group and the aforementioned transactions will result in an exceptionally well-capitalised segment.

This annual report has been prepared and approved in line with the recently updated principles of the King IV Code on Corporate Governance. We expanded

and increased capacity in respect of our compliance, internal audit, information technology, human capital development and risk functions to efficiently and effectively manage the segment's risk management framework.

Support from the board of Trustco Group Holdings, our business partners and clients is highly appreciated and I thank you for your continued support. The segment remains committed to deliver on our mission to provide efficient and affordable financial services to our clients and ensuring responsible lending practices, which will have a positive impact on society. We remain accountable to all stakeholders to deliver excellent value and sustainable products.

On behalf of the executive team, I thank our dedicated employees for their success in strengthening the segment's governance, capital, operations, risk and for their ability to deliver a consistent performance.

PROF LANA WELDON
TBN HOLDINGS LTD
CHAIRPERSON

**FURTHER
STRATEGIC
OBJECTIVES
INCLUDE
DEBT RAISING
INITIATIVES
IN ORDER TO
STRENGTHEN
THE BANKING
AND FINANCE
SEGMENT'S
BALANCE SHEET**

REPORT

**CHIEF
EXECUTIVE
OFFICER**

CHIEF EXECUTIVE OFFICER

**THOMAS
SLABBERT**



CHIEF EXECUTIVE OFFICER'S REPORT

We remain focused on executing the segment's strategy and top business priorities, namely optimal capital utilisation, earnings growth, strict upfront credit scoring, good quality sales, effective collections, cost containment and training and development of employees. These enabled the segment to achieve satisfactory results despite the current difficult business environment.

OPERATING ENVIRONMENT

Namibia has experienced the longest period of negative growth since independence. Private sector credit extension remained subdued between 5% and 8% in the 2019 financial year, well below the historic average of 11%. Our strategy during this period was to implement stricter borrowing criteria. The banking industry earnings in Namibia have been under strain for the past 24 months as a result of contractions in consumer and government spending. The market experienced negative pressure on interest margins following severe liquidity constraints.

BANKING ACTIVITIES

New products were introduced during the past year to complement the existing suite of products. These include vehicle financing, floorplan facilities to car dealers, electronic banking and a group scheme savings plan to encourage a savings culture. Products planned for the ensuing period include mobile banking, value added services such as airtime and electricity purchases and credit and debit cards. The aforementioned is in line with our strategy to increase non-interest revenue. We are in negotiations to partner with various retailers in order to allow our clients to make cash withdrawals across the country, utilising the footprint of prominent retail outlets.

Trustco Bank is proud to announce an increase in interest income of 120% from the loan portfolio. The bank managed to contain its operational expenses and reflected a saving of 8% year-on-year. The overall loan book for the bank increased by 6% from NAD 48.3 million in March 2018 to NAD 51.2 million in March 2019. Bank deposits grew by 120% from NAD 14.8 million in March 2018 to NAD 32.5 million in March

2019. The bank made great strides to increase its earnings and balance sheet amid industry barriers.

CONSERVATIVE RISK MANAGEMENT PRACTICES

Risk management is the identification, assessment and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor and control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities.

Rigorous focus on the fundamentals of risk management is critical for the success of any financial institution. Risk management is a fundamental strength within the segment. We have established a deeply embedded risk culture that stresses accountability and credibility and includes the full involvement of the board and senior executive officers. The ethical tone comes from the top, but the culture is embedded throughout the organisation.

Managing an efficient business requires stringent risk, compliance and corporate governance systems. During the period under review the bank focused on expanding its banking infrastructure, bank systems, compliance, internal audit, information technology systems, human capital development as well as risk and analysis departments to effectively manage the bank's risk management framework.

The segment's approach to risk management is based on well-established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting.

This approach balances strong corporate oversight at executive management level, beginning with proactive participation by the executive committee and the independent audit and risk committee (ARC) in all significant risk matters, with risk management structures, supporting policies, procedures and processes enabling risk assessment in a controlled environment. Risk management is embedded as the responsibility of each employee.

The segment's risk management framework is detailed in this report. This also describes in some detail the nature of the organisational structure put in place to direct, manage and control the activities of the segment.

REGULATION AND COMPLIANCE

The segment's compliance universe consists of all the statutory and regulatory requirements of all relevant legislation and regulation codes applicable to the business activities. The segment has a good, transparent and trusting relationship with its regulators, which include BoN, NAMFISA and the Financial Intelligence Centre.

Compliance risk is managed through internal policies and processes, which include legal, regulatory and business-specific requirements. Regular training and advice is provided to ensure that all employees are familiar with their compliance obligations.

The segment policy that highlights contact with regulators provides a framework that guides *ad hoc* contact with any financial services regulatory authority relevant to the group and the bank, ensuring that communication with regulators is handled promptly and professionally. In terms of the policy, the compliance division is responsible for providing guidance to businesses before and during meetings with regulators, for maintaining a record of all commitments made to regulators and for monitoring the progress of commitments.

THE WAY AHEAD

The segment is investing heavily in digital banking capabilities in order to have the long-term benefits as an objective to provide state of the art services and products. The bank's aim is to increase the efforts in digital banking to enable effortless customer onboarding and enrolment, end-to-end process automation and introduction of a digital call centre. Similar concepts have been introduced at Trustco Finance. With the continuous need for training and education in Namibia, Trustco Finance is in the final stages of concluding funding for the period. Development finance institutions have successfully completed their due diligence efforts.

Trustco Finance's consistent conservative approach to its business model has ensured sustainable growth in the student lending portfolio. We prefer quality above quantity. Our credit granting approach consistently evolves with our clients' needs and behaviour as well as our risk appetite. With continued lending into the market, the risk profile of the book has been adjusted to take into account the increased financial pressure on the Namibian consumer. During the period under review the asset quality of our loan book remained high and the average credit scores of clients remained stable. One of the key value drivers is the quality of new business. Without quality, new business growth is not sustainable.

Detailed affordability calculations are performed prior to extending any loans in order to determine affordability. In line with our conservative approach, additional expense buffers are again included in all affordability assessments.

The segment continued to apply strict upfront credit scoring. The credit scores for the various products are monitored on a monthly basis and are continually adjusted to reduce credit risk and further improve the quality of assets held.

A high priority for the segment is to know and understand its clients and to ensure that channels of communication between our clients and Trustco Finance remain open and easily accessible. For this purpose, the segment improved its call centre in order to launch a Chatbot concept through which we seek to understand our customer needs and to provide innovative solutions that will address these needs. Electronic client onboarding is part of the solution, which we plan to roll out during the new financial year.

With the restructuring within the segment to optimally bolster the balance sheet, the segment will remain focused to improve liquidity in the next reporting period.

THOMAS SLABBERT
CHIEF EXECUTIVE OFFICER

BOARD



RD



BOARD OF DIRECTORS

(f.l.t.r): Winton Geyser, Dr Quinton van Rooyen, Thomas Slabbert, Tom Newton, Prof Lana Weldon and Quinton Z van Rooyen
(Absent: Renier Taljaard, Stanley Similo, Adriana Lambert and Floors Abrahams)

BOARD OF DIRECTORS



PROF LANA JOY WELDON (46)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

South African Citizen

APPOINTED 26 April 2018

QUALIFICATIONS

BCom (Accounting)
BCompt Hons
CA (SA)
RA
MBA
Chartered Director (SA)
MAICD

AWARDS

2003-2012: Member of SAICA Training Requirements Committee
2005-2007: Chaired the Border Kei District Association of SAICA
2005-2007: Member of SAICA Southern Regional Council
2007-2012: Member of SAICA Black Trainees sub-committee
2009 to date: Member of the Southern African Accounting Association (including a term as President)
2012 to date: Member of the International Association for Accounting Education and Research Council
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
2018: Winner of the Professional Category of the Businesswomen's Association (BWA), East London

ROLE AT THE SEGMENT

- Chairperson of the board of directors of TBN Holdings Ltd
- Member of the board of directors 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. Prof Weldon holds a BCom Accounting (Rhodes), a BCompt Hons (Unisa), an MBA (Edinburgh Business School) and is currently reading for a PhD at Nelson Mandela University. Prof Weldon is a South African Chartered Accountant, a South African Chartered Director, a member of the Australian Institute of Chartered Directors and is a registered assessor (SAICA).



WINTON JOHN GEYSER (59)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 29 September 2010

QUALIFICATIONS

BCompt
BCompt (Hons)
CA (SA)

ROLE AT THE SEGMENT

- Member of the board of directors of TBN Holdings 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 Trustco Bank Namibia Ltd

EXPERTISE AND EXPERIENCE

Mr Geysler 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 Geysler currently holds the position of group managing director of Epic Holdings (Pty) Ltd and various other directorships in Namibian companies.



RENIER JACOBUS TALJAARD (59)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 5 July 2012

QUALIFICATIONS

BEcon
FCII
FIISA

ROLE AT THE SEGMENT

- Member of the board of directors of TBN Holdings Ltd
- Chairman of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

Mr Taljaard has vast experience, of more than 29 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.



TOM NEWTON (60)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 22 August 2014

QUALIFICATIONS

BCom
BAcc
CA (SA)
CA (Namibia)

ROLE AT THE SEGMENT

- Chairman of the board of directors of Trustco Bank Namibia Ltd
- Member of the audit and risk committee of Trustco Bank Namibia Ltd

EXPERTISE AND EXPERIENCE

Mr Newton started his auditing career as an article clerk with Goldby Compton and Mc Kelvie in Johannesburg as a senior on the Hubert Davies (now Hudaco) and Darling and then Hodgson construction company (now Group Five). He moved to Namibia with Pim Goldby Touche Ross from Johannesburg to run the Windhoek office in support of the then CDM, now Namdeb diamond mine, and was the audit manager on this important client for three years. He left Namibia for a secondment to Touche Ross in Melbourne and then travelled *via* Nepal, India and France to Touche Ross in London for further work experience. Whilst in London he was involved in the listing of British Gas as well as joined a team of auditors auditing an international engineering company. His love for Africa brought him back to Namibia in 1987 and he became a partner of Neuhaus & Co which had then successfully merged with Pim Goldby. The firm Neuhaus & Co joined Grant Thornton International as Grant Thornton Neuhaus in 2003. Mr Newton took over as managing partner of Grant Thornton Neuhaus in 2013. He has a keen interest in audit quality and has audited audit firms for compliance with ISQC and audit standards in Mauritius, New Zealand, Ukraine, Kenya, Uganda and Zimbabwe as part of the Grant Thornton review teams.

BOARD OF DIRECTORS CONTINUED



STANLEY SIMILO (55)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

APPOINTED 11 May 2018

QUALIFICATIONS

MBA (USA)
BA (USA)

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Bank Namibia Ltd
- Chairman of the remuneration and nomination committee of Trustco Bank Namibia Ltd

EXPERTISE AND EXPERIENCE

Mr Stanley Similo serves as the director general at the Namibian Broadcasting Corporation (Pty) Ltd. Mr Similo has vast experience in the corporate environment and has acquired expertise for management and operations. He was, in his earlier career, appointed as the chief human resources officer at TN Mobile. He previously also served as head of human resources at FNB Namibia Holdings Ltd.



DR QUINTON VAN ROOYEN (54)

EXECUTIVE DIRECTOR, GROUP MANAGING DIRECTOR AND CEO

Namibian Citizen

Acquired Trustco in 1992

QUALIFICATIONS

BJURIS
LLB
BDL (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

ROLE AT THE SEGMENT

- Member of the board of directors of TBN Holdings Ltd
- Member of the board of directors of Trustco Bank Namibia Ltd
- Member of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

Dr van Rooyen's business acumen, skill and leadership are the determining factors that have transformed the group into a successful dual listed entity. His creative and innovative 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 ABRAHAMS (44)

EXECUTIVE DIRECTOR AND GROUP FINANCIAL DIRECTOR

Namibian Citizen

APPOINTED 22 August 2006

QUALIFICATIONS

BCom

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Capital (Pty) Ltd
- Member of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

Mr Abrahams completed his articles in 1999. During this period, he accumulated experience in the financial sector and serviced various audit clients. 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.



ADRIANA LAMBERT (43)

EXECUTIVE DIRECTOR AND HEAD OF TRUSTCO FINANCE

Namibian Citizen

APPOINTED 9 May 2018

QUALIFICATIONS

Senior Examination Certificate

IFRS Training Certificate

Research and Humanities Certificate

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

Ms Lambert is currently the head of Trustco Finance. Prior to her current role, her career commenced as a secretary where after she was promoted to the sales manager of the insurance division in 2000. Due to her success, she was subsequently appointed as the managing director of Trustco Capital and Trustco Properties in 2008. Soon thereafter Ms Lambert was appointed as the head of Trustco Finance. Ms Lambert's expertise and experience in the finance division have complemented the objectives of the segment.

BOARD OF DIRECTORS CONTINUED



THOMAS SLABBERT (62)

EXECUTIVE DIRECTOR AND GROUP HEAD OF THE BANKING AND FINANCE SEGMENT (CEO)

Namibian Citizen

APPOINTED 19 June 2018

QUALIFICATIONS

Senior Management Development Programme (SMDP)
Estate Agent Diploma

ROLE AT THE SEGMENT

- Member of the board of directors of TBN Holdings Ltd
- Member of the board of directors of Trustco Bank Namibia Ltd
- Member of the board of directors of Trustco Capital (Pty) Ltd
- Member of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

With a career spanning over 30 years in banking, Mr Slabbert brings a wealth of experience to his role as the CEO of Trustco Bank Namibia Ltd and as the group head of the banking and finance segment. Prior to joining TBN, he was the head of home loans at one of the top three banks in Southern Africa and managed a portfolio in excess of NAD 11 billion. Mr Slabbert completed his SMDP at the University of Pretoria. He also obtained an estate agent diploma and certification in credit, business risk and lending practices, corporate banking, commercial and industrial banking. Mr Slabbert also headed up a local invoice discounting firm as general manager that managed invoice discounting to large corporate clients in Namibia.



QUINTON ZANDR  VAN ROOYEN (33)

ALTERNATE DIRECTOR TO THE GROUP MANAGING DIRECTOR AND DEPUTY CEO

Namibian Citizen

APPOINTED 25 April 2014

QUALIFICATIONS

BCom (Law)
LLB

AWARDS

- 2014: Ranked the "Fittest Man in Africa" at the Crossfit Games held in South Africa
- 2015: Ranked 42nd in the International Reebok Crossfit Games "Fittest on Earth"
- 2017: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Capital (Pty) Ltd
- Member of the board of directors of Trustco Finance (Pty) Ltd

EXPERTISE AND EXPERIENCE

Mr van Rooyen completed his studies in 2009 and entered the Trustco workforce in 2010, with the aim of gaining experience in the group. Taking a position within the education and microfinance divisions in 2011, he excelled, showing a natural flair for business – especially in the areas of strategic direction and new business development. He was subsequently appointed as head of the Namibian operations in 2013 and served on the various boards of group subsidiaries. By November 2014, he headed up the insurance and its investments segment, before being appointed as head of group business in October 2015. From 2016 onwards, he was instrumental in the negotiations for various group acquisitions, including both the Huso and Meya transactions. He continued in this role as the lead negotiator with the group's 11 international debt funders, which saw him engaging stalwarts such as the IFC, DEG, Norfund and ResponsAbility amongst others, to successfully conclude the group's debt restructuring. He currently holds the position of deputy CEO of the group, as well as alternate director to the group managing director.



**SEGMENT
PROFILE**



VISION AND MISSION

28

SEGMENT STRATEGY

28

BUSINESS MODEL

29

OUR FOOTPRINT

30

OUR HISTORY

31

WHAT WE DO



■ OUR VISION

To be the preferred lending provider with fast and efficient client service and affordable products.

■ OUR MISSION

We aim to provide efficient and affordable financial services to our clients, ensuring responsible lending practices which will have a positive impact on society. We are accountable to all stakeholders to deliver excellent value and sustainable products. We aim to attain the highest level of customer advocacy, be the employer of choice and deliver exceptional returns for stakeholders. This is achieved through teamwork, innovation, accountability, responsibility and ethical behaviour.

■ SEGMENT STRATEGY

The future is defined by the choices made today. There is a distinct vision for the future of the banking and finance segment based on indications of what lies ahead in the industry.

The segment believes that the age unfolding will have at its centre: the customer, the power of evolving technology, the innovative mind and an empathetic heart.

The segment is fully focused on achieving this strategy.

The segment is built on a promise that ensures the loyalty and trust of its stakeholders. The segment's brand is reinforced on a foundation of sound corporate governance practices. Competent risk management processes ensure that confidence in the brand remains strong. The segment's efficient processes, together with a performance culture that drives excellence, ensure that corporate governance and risk management remain an integral part of its core strength that support its strategic initiatives well into the future.

BUSINESS MODEL

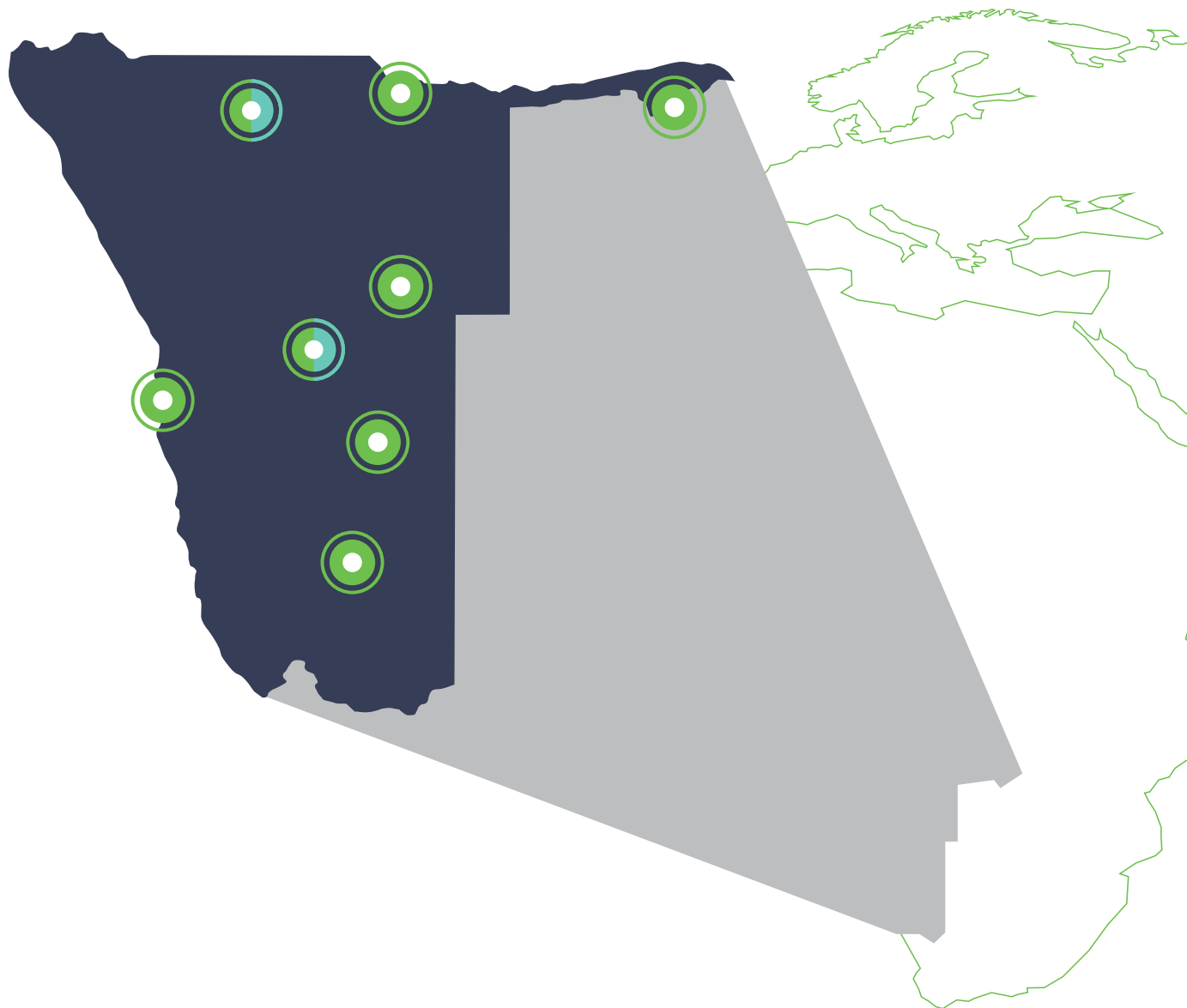
STRATEGIC INITIATIVES

FUNDING	DIGITAL MIGRATION STRATEGY	PRODUCT AND CLIENT STRATEGY	STRATEGIC PARTNERSHIPS
<ul style="list-style-type: none"> • Benefits from new funding lines currently being pursued • Trustco Insurance deposits of NAD 4.5 million per month • Existing funding lines to be repaid by 2021 	<ul style="list-style-type: none"> • Automate business intelligence • Document management warehouse • Electronic client onboarding • Easier KYC processes • Robotics • Chatbot - digital call centre • Develop mobile application • Communication to clients • Payment stream 	<ul style="list-style-type: none"> • Introduce top of the range Visa Infinite credit cards • Sapphire, emerald and diamond debit cards • Introduce credit products such as vehicle financing, invoice discounting and overdraft facilities 	<ul style="list-style-type: none"> • Finteq • Traderoot • Value Added Service – Airtime City and PayToday • Richfield Graduate Institute of Technology new affordable courses included • Financing other educational institutions' courses • Lynkwise and other payment solutions

CHALLENGES	DEVELOPMENT	ADVANTAGES
<ul style="list-style-type: none"> • To implement the segment's business strategy and operational model during the new financial year in line with strategic initiatives • Capitalise the bank • Prepare segment for listing • Raise funding for student loans • Restructure segment through the acquisition of Trustco Finance 	<ul style="list-style-type: none"> • Complete system development • Pursue digital migration strategy • Automate business intelligence • Document management warehouse • Electronic client onboarding • Easier KYC processes • Chatbot digital call centre • Implement robotics 	<ul style="list-style-type: none"> • Access to Trustco group property development infrastructure • Access to Trustco group student client base • Earn income from Trustco Finance loan portfolio (asset base) • Knowledge derived from Fides Bank within the unbanked environment • Derive benefits from Trustco Finance and Trustco Insurance <i>via</i> excess funds placed on deposit within the bank • Cost containment in having less infrastructure and automation of processes

CHANNELS	TARGET MARKET IN NAMIBIA
<ul style="list-style-type: none"> • Lead generation - existing group marketers • Cash handling and client sign on with existing branch infrastructure • Staff complement • Transactional CMS platform and cards (to be rolled out in the current year) • Technology infrastructure is mobile based and value added services offering to be deployed • Self-service initiatives • Online banking platform • Branch networks 	<ul style="list-style-type: none"> • Unbanked clients (initially only in the Oshana region) • Home buyers at Elisenheim and Ondangwa • Business owners within the Lafrenz development • High net worth clients

OUR FOOTPRINT



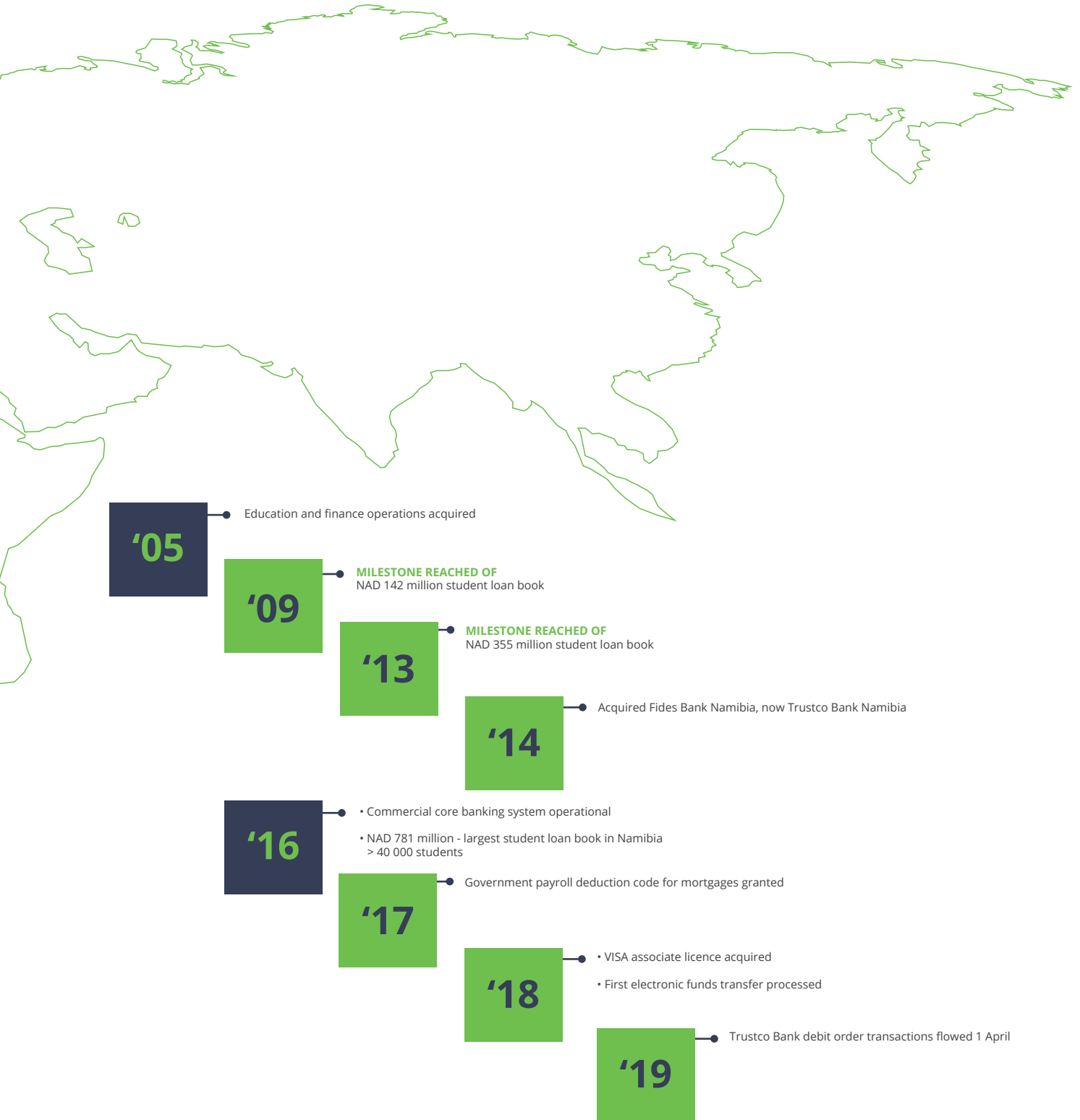
TRUSTCO FINANCE REGIONAL OFFICES

 Windhoek - **Head Office** | Ongwediva | Keetmanshoop | Walvis Bay | Rundu | Katima Mulilo | Gobabis | Mariental

TRUSTCO BANK NAMIBIA REGIONAL OFFICES

 Windhoek - **Head Office** | Oshakati

OUR HISTORY





OSB

**FINANCIAL
PERFORMANCE**



VALUE ADDED STATEMENT

34

CHIEF FINANCIAL OFFICER'S REPORT

38

SUMMARISED SEGMENT FINANCIAL PERFORMANCE

42

FUNDING AND LIQUIDITY MANAGEMENT

44

VALUE ADDED STATEMENT

The banking and finance segment provides innovative banking products which promote economic development and caters to the banking needs of individuals and businesses alike, as well as student lending for educational and training purposes ensuring an optimal structure where profits and social investment are aligned.

Student financing focuses on tailor made courses and learning products offered by IOL, which is invaluable to

the Namibian society. The segment creates value for its shareholders, clients and employees while impacting positively on society.

The continued development and enhancement of systems, client offerings and investment in digital migration will be significant and essential to strengthen the operations of the segment. Therefore, it is critical to retain capital for growth and expansion.

VALUE ADDED STATEMENT for the year ended 31 March	2019 NAD'000	%	2018 NAD'000	%
Value added is the wealth created by the banking and finance segment through the sale of products and provision of services				
Revenue from all operations	454 220		206 982	
Purchases and other direct costs of services	(94 811)		(162 100)	
WEALTH CREATED	359 409		44 882	
DISTRIBUTION OF WEALTH CREATED BY THE BANKING AND FINANCE SEGMENT				
EMPLOYEE COMPENSATION				
Salaries, wages and other benefits	25 664	7%	28 179	63%
Shareholders				
Dividends	-	0%	-	0%
GOVERNMENT				
Taxation (PAYE, income tax, VAT, withholding tax, transfer duties)	10 842	3%	17 458	39%
RETENTION FOR EXPANSION AND OTHER GROWTH	322 903	90%	(755)	-2%
Net profit for the year	262 264		(40 911)	
Depreciation and amortisation	60 639		40 156	
Distribution of wealth created	359 409	100%	44 882	100%

**DISTRIBUTION OF WEALTH
(NAD '000)**



Retention for expansion and other growth -
322 903



Salaries, wages and other benefits -
25 664



Taxation (PAYE, withholding tax, transfer duties) -
10 842



Retention for expansion and other growth
(755)



Salaries, wages and other benefits
28 179



Taxation (PAYE, withholding tax, transfer duties)
17 458

REPORT

CHIEF FINANCIAL OFFICER

IA
'S



CHIEF FINANCIAL
OFFICER'S REPORT

**GEORG
GARRELS**

CHIEF FINANCIAL OFFICER'S REPORT

During the 2019 financial year the banking and finance segment focused on its four fundamental strategic pillars. The continued development of the digital migration strategy especially on the banking platforms and robotics will ultimately drive the financial strategy to optimise the financial performance in the segment and drive long-term profitability.

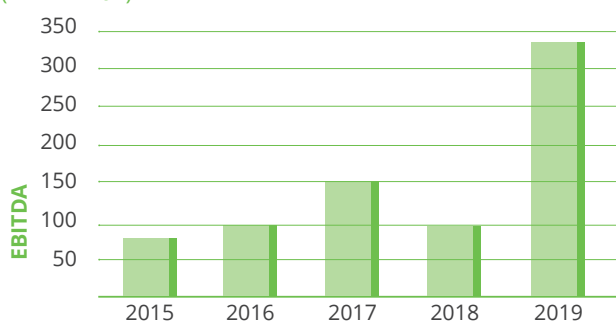
Funding of future operations continued to be a significant focus area. Trustco Finance was in the advanced stages of capital raising at year end. The unsecured lending market continues to be a key focus area and the raising of capital will allow the segment to increase its lending through student loans via the Institute for Open Learning (IOL).

Although the economy was constrained by negative macro-economic factors, the segment was able to record solid growth in its financial results for the year ended 31 March 2019. Net profit after tax increased to NAD 262 million from a loss of NAD 41 million as the group consolidated lending in the segment and operating cost savings were realised.

SIGNIFICANT EARNINGS GROWTH

The segment earnings before interest, taxation, depreciation and amortisation (EBITDA) grew by 248% to NAD 341 million. The significant year-on-year increase was mainly driven by the group's consolidation of lending in the segment and the optimisation of the balance sheet of the segment.

EARNINGS (NAD million)

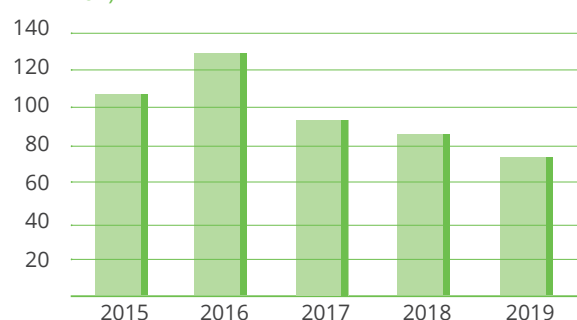


OPERATING COST CONTAINMENT

Operating costs decreased by 14% from NAD 84 million in the prior year to NAD 72 million in the current year.

Employment cost decreased by 9% to NAD 26 million from NAD 28 million in the previous year, as a digital migration strategy was implemented to automate manual processes and a strategic decision was made to optimise operations, especially in the legal and collection departments.

OPERATING COSTS (NAD million)



CAPITAL POSITION

The segment's capital position remains strong, supported by a conservative approach to capital management and holds a level of capital which supports its business, while also growing the capital base ahead of business requirements.

The segment had a debt to equity ratio of 2.51 to 1 at the end of March 2019 compared to the prior year's debt to equity ratio of 2.80 to 1. This was predominantly as a result of the debt restructuring process of the group.

LIQUIDITY AND CAPITAL MANAGEMENT

The bank's tier 1 capital was NAD 69 million at 31 March 2019 (2018: NAD 96 million).

The segment maintained a well capitalised position based on tier 1 capital, total capital adequacy and leverage ratios as set out below.

Bank	Minimum regulatory requirement %	2019	2018
Total risk weighted capital ratio	15	70%	150%
Tier 1 risk based capital ratio	7	68%	149%
Tier 1 leverage ratio	6	57%	78%

SECURED LOANS AND OTHER ADVANCES TO CLIENTS

The majority of the secured loans and other advances to clients in the bank are represented by the secured residential and commercial mortgages and other loans secured by property. The secured home loans portfolio, increased by 325% year-on-year with a gross outstanding balance of NAD 15 million.

UNSECURED LOANS AND OTHER ADVANCES TO CLIENTS

The majority of the unsecured loans are represented by loans provided to students through IOL. The loan portfolio decreased by 12% year-on-year with a gross outstanding balance of NAD 579 million.

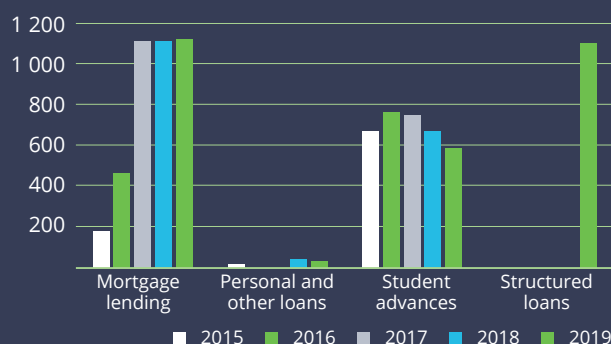
BANK'S TIER 1 CAPITAL

 **69** MILLION

TOTAL NAD

Growth in the bank loans advanced was concentrated within the home loans, while Trustco Finance's advances were impacted by the delay in securing funding from capital raising. The following breakdown shows the growth in the value of loans by product.

LOANS AND ADVANCES PER PRODUCT



FINANCIAL POSITION

At March 2019 the segment had total assets of NAD 2.7 billion compared to the prior year NAD 1.9 billion, reflecting a year-on-year increase of 38%. This can be attributed to the significant increase in the various asset classes such as unsecured loans, secured loans and other advances to clients. These increases were driven by the consolidation of Trustco group lending within the segment *via* Trustco Capital.

The segment had total liabilities of NAD 2.5 billion at March 2019 compared to the prior year's NAD 1.8 billion with loans from shareholders having increased as well as deposits from customers.

Bank customer deposits amounted to NAD 33 million at 31 March 2019 compared to the prior year's NAD 15 million. The deposits were severely impacted by limited liquidity in the market and the segment took this opportunity to focus on developing its systems, internet banking platform and mobile banking application.

CREDIT MANAGEMENT

The segment takes a conservative view when managing credit risk, which begins at the credit granting stage, prior to the advancement of any cash. Over the past twelve months the segment applied even stricter upfront credit scoring and affordability criteria.

CHIEF FINANCIAL OFFICER'S REPORT

CONTINUED

IMPAIRMENTS, PROVISIONS AND COLLECTIONS

Conservative lending practices and strict upfront credit scoring supported by robust collection strategies and processes were maintained and contributed to an improvement in arrears during 2019.

IFRS 9 replaced the IAS 39 Financial Instruments Recognition and Measurement (IAS 39) with effect from 1 January 2018. IFRS 9 introduced new requirements which included an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets. IFRS 9, adopted on 1 April 2018, impacted the segment's results upon transition. The impact to the segment's reserves on transition to IFRS 9 materially relates to IFRS 9's ECL impairment requirements.

There has been a noticeable increase in non-performing loans in Trustco Finance due to the tight macro-economic environment. The IFRS 9 provision has a significant effect on the segment's results.

Loan impairment expense

The segment recorded an increase in the impairment expense of 70% from NAD 29 million in 2018 to NAD 49 million in the current financial year.

THE SEGMENT WAS ABLE TO RECORD SOLID GROWTH IN ITS FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

GEORG GARRELS
CHIEF FINANCIAL OFFICER

SUMMARISED SEGMENT FINANCIAL PERFORMANCE

BANKING AND FINANCE SEGMENT ILLUSTRATIVE CONSOLIDATED FINANCIAL RESULTS

	2019 NAD'000	2018 NAD'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Assets		
Cash and cash equivalents	42 018	34 617
Loans advanced	2 474 027	1 740 856
Trade and other receivables	23 190	10 235
Amounts due from related parties	8 183	13 056
Property and equipment	1 004	1 798
Intangible assets	116 371	112 737
Deferred tax asset	20 338	21 830
Total assets	2 685 131	1 935 128
Equity and liabilities		
Liabilities		
Deposits	32 545	14 811
Borrowings	409 617	426 464
Trade and other payables	72 906	30 294
Amounts due to related parties	1 999 580	1 305 103
Tax payable	7 465	6 294
Total liabilities	2 522 113	1 782 966
Capital and reserves		
Share capital	1	1
Reserves	(251 407)	-
Retained earnings	414 424	152 161
Total capital and reserves	163 018	152 162
Total equity and liabilities	2 685 131	1 935 128

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 NAD'000	2018 NAD'000
Revenue	151 818	204 475
Cost of sales	(2 997)	(6 775)
Gross profit	148 821	197 700
Credit impairment charges	(49 054)	(28 900)
Other operating income	300 273	957
Other operating expenses	(72 595)	(84 622)
Operating profit	327 445	85 135
Investment income	2 129	1 550
Finance costs	(64 647)	(133 656)
Profit before tax	264 927	(46 971)
Taxation	(2 663)	6 060
Profit / (loss) for the year	262 264	(40 911)

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities	(660 674)	149 134
Cash flows from investing activities	(14 428)	(12 501)
Cash flows from financing activities	682 503	(109 320)
Total cash movement for the year	7 401	27 313
Cash at the beginning of the year	34 617	7 304
Total cash at the end of the year	42 018	34 617

FUNDING AND LIQUIDITY MANAGEMENT

TRUSTCO BANK

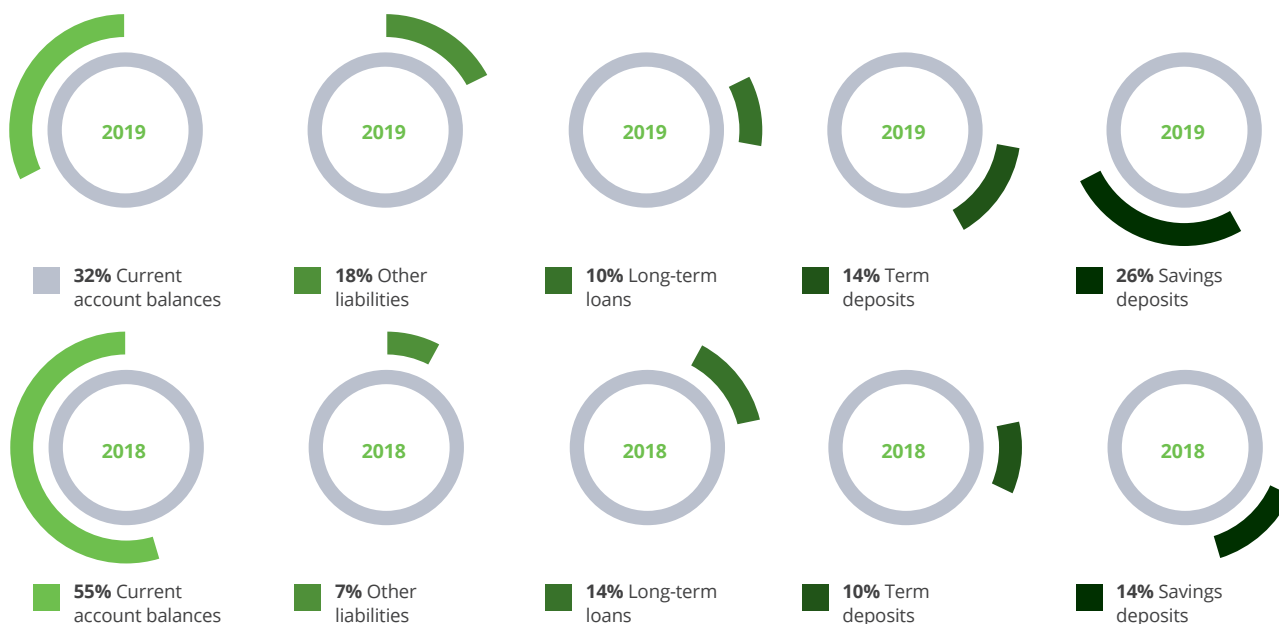
Funding and liquidity are imperative to the resilience of the financial services industry.

The bank places as much importance on funding and liquidity as on capital, to ensure that the bank has sustainable sources of funding and maintains adequate levels of liquidity at all times.

The bank does not compromise on its liquidity in its drive to generate returns for investors. The assets and liabilities committee (ALCO) of the bank, meets monthly and actively monitors the funding and liquidity

requirements and pricing of assets and liabilities whilst taking into account liquidity constraints challenges. The bank has a wider access to retail and wholesale deposits through its branch network as a stable funding source for onward lending.

The bank deploys tools such as compliance with reserve requirements, liquid assets ratio, liquidity coverage ratio, loans to deposits ratio, interest rates, maturity profile of assets and liabilities, sensitivity analysis and contingency funding arrangements for managing its funding and liquidity profile.





Objectives of the bank's funding and liquidity management efforts include:

- honouring customer deposit maturities and withdrawals and other cash commitments efficiently under both normal as well as stressed operating conditions
- compliance with regulatory requirements
- maintaining internal funding and liquidity targets which are more stringent than the regulatory requirements
- optimum usage of liquid assets for maximum profitability thereby meeting the expectations of investors
- funding future business expansion at optimum cost and
- supporting desired credit rating.



**SEGMENT
OPERATIONAL
REVIEWS**



TRUSTCO BANK NAMIBIA

48

TRUSTCO FINANCE

54

TRUSTCO CAPITAL

60

SEGMENT EXCO

62

OPERATIONAL REVIEW

TRUSTCO BANK NAMIBIA LTD

Emerging banks operate in a highly competitive and dynamic environment. Development relating to technology, stakeholder preferences and expectations, new competition, sustainability and regulations make the future of banking even more challenging. All these developments call for strategic responses and action to ensure long-term growth.

As the bank looks ahead, changes in the external environment and evolving customer behaviour create significant opportunities for the bank to take advantage of. The next phase of the bank's strategy will enhance its existing competitive strengths and create new capabilities, enabling it to respond to these changes and transform it into success in the digital world.

The bank's main focus areas are:

- funding
- digital migration strategy
- products and client strategy and
- strategic partnerships

The bank understands that it must be in a constant state of adaptation to respond to these developments if it is to continue to be a sustained value creator.

In addition to its strategic initiatives within its operations, the bank has also identified prudent growth, operational excellence and risk management as three broad operational imperatives for "banking on the future".

- prudent growth – growth in business volumes and revenue with accompanying improvements in profitability and asset quality
- operational excellence – streamlining back office operations to increase speed and achieve execution excellence
- risk management – executing strategies to address other strategic imperatives within the risk thresholds

The bank is cognisant of the need to have a perfect understanding of evolving client preferences and expectations. Taking into consideration the insights drawn from understanding the market, the bank will align its value proposition to match customer expectations. Offering products and services through digital and mobile channels will be a prerequisite. Similarly, the bank has prioritised its intentions to achieve operational excellence and ensure smooth operations while achieving cost efficiencies by investing in technology as well as integrating and modernising legacy systems.

DIGITAL MIGRATION STRATEGY

The bank's digital migration strategy will be deployed and refined over the next three years by automating business processes using a workflow engine, providing data analytics to enable drawing of intelligence reports and forecasting models, which will enhance and create efficiency in its operations and ultimately enable data driven decisions for the future.

- document warehouse – maintain records to ensure clients do not have to submit duplicate documents when applying for different products
- electronic client onboarding – saving client's time by limiting branch visits and servicing client requests electronically
- easier KYC processes – integrated workflow facilitated through digital channels validating information and reducing face-to-face time spent
- chatbot – online client support and near real time responses to queries providing assistance
- robotics – use robotics for repetitive back office processes (e.g. liquidity and maturity process) and expand efficiencies using digital processes and workflows
- data analytics – creating a data warehouse enabling dynamic data mining and providing effective reporting and forecasting tools

The bank made good progress in offering its clients an array of products and services, supported by the necessary software, as outlined in the following high level architectural diagram.

TRUSTCO BANK SYSTEMS ARCHITECTURAL LAYOUT



During the reporting period Trustco Bank introduced its enhanced electronic funds transfer systems integrating into NAMPAY with card services to follow during the next reporting period.

With a vision to serve its clients in ways to best suit their preference, at a fraction of a traditional bank's cost, the bank has moved away from the brick and mortar concept of banking, enabling it to eliminate exorbitant

and unnecessary overhead costs and focus on investing and creating revolutionary online and mobile banking platforms. The segment continued to make large investments in system capabilities and automation during the reporting period.

During 2019 the latter part of the project will be completed and will include the roll out of debit and credit cards.

VISA APPROVED DEBIT CARDS



DIAMOND

Trustco Bank Diamond is a Visa Infinite card. Not many can say they live life by their own rules. Welcome to Visa Infinite, a world of curated indulgences designed to enhance an exclusive lifestyle with no boundaries. Enjoy excellent spending power with a high credit limit, the convenience of a Visa Infinite concierge, personalised privileges, rewards and service.



EMERALD

Trustco Bank Emerald is a Visa Gold card, a premium card used by individuals worldwide. It is accepted by merchants around the world, both traditional and online.



SAPPHIRE

Trustco Bank Sapphire is a Visa Classic card. An ideal first card because of its simplicity, flexibility and worldwide recognition.



MOBILEBANKING



**TIME IS A
CURRENCY**

And Trustco Bank Namibia is going to save you A LOT of it.

Skip the long bank queues and do your banking when it's most convenient for you – online or on our brand new app.

YOUR BANK OF NOTE

PRODUCT AND CLIENT STRATEGY

The bank currently offers an array of loan and investment products to its clients and has added the following product range:

- vehicle finance
- invoice discounting and factoring and
- overdraft facility

As per its commitment to the Namibian Financial Sector Strategy and to promote financial inclusion of the previously unbanked segment, the bank offers a Basic Bank Account (BBA) with low banking fees and charges, benefitting low income earners.

BBA account holders will be eligible for a range of products and services specifically designed, such as group lending, small business loans and savings plans.

Similar to SME offerings, eligible sectors include, but are not limited to; trade, production, agriculture and services. The bank will deliver these products at significantly lower

banking fees compared to the industry, due to the bank's ability to save on operational costs. Specific exclusions are sectors considered ethically or morally controversial or which are excluded by Namibian law. Financing will be dedicated to working capital and investment capital needs of SME's.

Additionally, the bank offers mortgage loans as it has access to a vast selection of serviced land in the form of the Lafrenz industrial development, the Elisenheim Nature Estate and Ombala Residential Estate. The bank is cognisant that the requirement for financial services differs with regard to its clients and aligns its value proposition in terms of products, services and delivery channels to suit and exceed customer expectations across all business lines.

In line with strategic initiatives, the bank continued to expand its operations across all business lines during the reporting year. Activities that furthered these goals are as follows:

CRITERIA	CORPORATE	SME	MICRO	MASS	HIGH NET WORTH
				Individuals not categorised under certain groups	Individuals with banking relationships above set threshold
Price sensitivity	High	Moderate	Low	Low / Moderate	High
Products of interest	Transactional, trade finance and project finance	Invoice factoring, leasing and project financing	Transactional	Transactional and investment	Transactional and investment
Number of transactions	High	Moderate	Low	Moderate	High
Level of engagement	High	Moderate	Low	Moderate	High

The bank aims to roll out new and recently developed products aimed at high net worth clients, during the next reporting period. Various products are developed and aimed at the top end of the market through the VISA Infinite credit card offering, followed by VISA Gold and VISA Classic credit cards.

CLIENT STRATEGY

Historically, the bank has always championed disciplined growth by strengthening the segment leadership and expanding its regional presence. The bank has been able to grow its total assets, loans and receivables to NAD 134 million. Customer deposits grew by 120% to NAD 33 million. Operational elements have been developed to ensure and maintain sustainable growth in the segment.

PRUDENT GROWTH	OPERATIONAL EXCELLENCE	RISK MANAGEMENT
Strengthen leadership	Employee value proposition	Risk appetite
Enhance regional presence	Service standards	Optimising risk return
Diversification (growth)	Internal processes	Emerging risks
Asset quality	Embracing new technologies	Governance/compliance
Brand building	Partnerships/collaboration	Diversification (risk)
New product development	Operational efficiency/costs containment	Funding and liquidity
Pricing and profitability	Performance evaluation	Cyber security
Cross selling	Network optimisation	Disruptive innovations
Capital and stability	Centralisation	New laws, rules and regulations
Inclusive banking	Supply chain	Environmental stewardship
Sales orientation	Processing speeds	Fraud monitoring

OPERATIONAL RESPONSES

Operational responses are closely interconnected and mutually inclusive. The segment has developed appropriate strategic responses for each of these imperatives, for execution by the business units and support service functions.

TRUSTCO FINANCE (PTY) LTD

Trustco Finance (Pty) Ltd (Trustco Finance), acquired in 2005, has consistently applied sound financial principles to ensure high quality analysis for informed decision making that would drive growth. For the past 14 years, Trustco Finance has maintained its credibility as the preferred educational loan provider in Namibia, exhibiting local and international best practices in its finance operations.

The economy does not indicate any easing of current financial challenges faced by many individuals, especially for pursuing an education in Namibia. Trustco Finance's research uncovered the decline and predicted the need to tap into this market by providing individuals with direct access to educational financing. Trustco Finance's financial intervention strategy has created opportunities for thousands of eager individuals to enrol at IOL in order to achieve self actualisation and socio-economic empowerment.

Trustco Finance's growth can be attributed to its sound financial practices which are a cornerstone in building a successful sustainable business. Management has

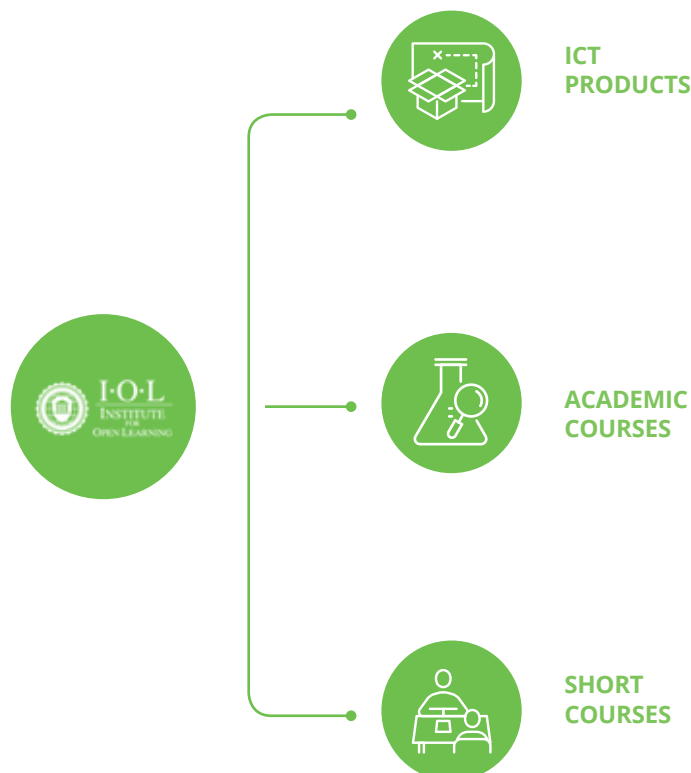
strategised to meet the demands that continue to create growth in spite of the current economic recession.

The current total loan portfolio amounts to NAD 579 million and the segment has made significant strides in the educational sector and is thriving through tough economic and financial times.

BUSINESS MODEL

The business model of Trustco Finance can be viewed as the engine which drives innovation in the lending industry in Namibia. Offering 100% financing on all tailor made academic courses, short courses and the latest Information and Communication Technology (ICT) courses offered by IOL.

With an initial loan portfolio of NAD 5 million in 2005, Trustco Finance has grown from strength to strength to become the preferred student loan lender in Namibia. The risk on the Trustco Finance loan book is limited, as approximately 80% of all current loan repayments are deducted from employees' salaries.



FOOTPRINT

Trustco Finance has an excellent national footprint with well established regional offices throughout Namibia, focusing mainly on the rural areas where approximately 60% of its clients are based. Trustco Finance has a total of eight offices including its head office in Windhoek.

Trustco Finance provides additional support to clients that are unable to travel or visit offices by making use of a mobile office that travels to the most remote areas in Namibia. With its existing 37 000 active account holders, of which 39% are female, the segment is optimistic that it can attract even more account holders through its 2019 strategic expansion plan.

REGULATORY FRAMEWORK

Trustco Finance is regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA) which determines the standards and principles for the finance

industry and closely monitors all financial companies. Over the years, Trustco Finance has established a trusted and positive relationship with NAMFISA.

COMPETITORS

Trustco Finance is the only company in Namibia that provides both education and financing under one umbrella. This bridges a specific market demand as flexible financing terms can be offered to students, who otherwise would not have been eligible for funding. Providing both education and financing has proven to be a unique concept, tailor made for the African market.

FUNDERS

Growth and sustainability of the loan portfolio are imperative to debt funders. The following list indicates current active funders that have contributed significantly to the growth of Trustco Finance.



OPERATIONAL STRENGTHS

The government salary deduction code guarantees security for loan repayments. In addition, the use of the Avril Payment Solutions system integration is to effectively manage all loan disbursements and tracks repayment frequency. The in-house procedures ensure that best business practices are implemented and maintained for existing and prospective clients.

To further monitor and mitigate risk, Trustco Finance is committed to ensuring that yearly internal and external audits are carried out. This is in addition to its monthly internal buddy audit system, reviewing of the risk register and quarterly updates and reporting as directives are issued.

The segment reports the successful and diligent implementation of comprehensive anti-money laundering (AML) and Know Your Customer (KYC) compliance processes as set out in the Financial Intelligence Act (FIA). These are complemented by the employment of a systematic and strategic robotics process to streamline various internal departments and workflows.

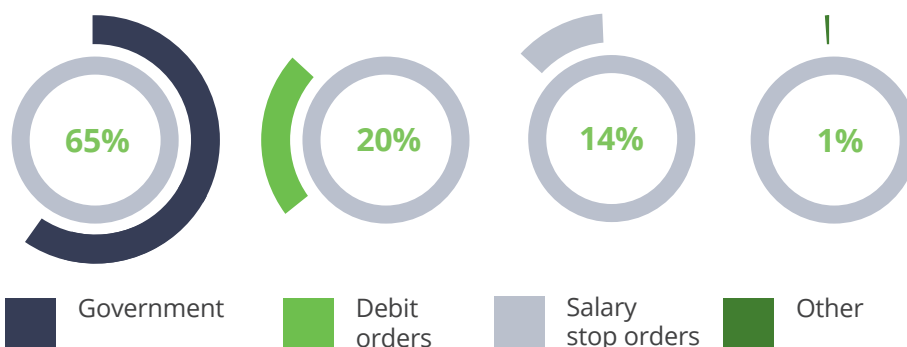
To ensure due diligence, Trustco Finance has instituted a centralised approval process for all loan applications. Credit evaluation currently consists of a three tier process, which includes credit vetting, sanction screening and further independent electronic credit authorisations. Further to this, the segment has established and continuously upgrades systems and procedures in the collections department, the function of which is to recover all overdue loans.

LOAN REPAYMENT METHODS

Almost 80% of the loan book is secured by a government deduction code as well as salary stop order agreements signed with various private companies. Government collections are effected through a third party service provider, Avril Payment Solutions.

Trustco Finance signed an agreement in March 2019 with LynkWise for a new deduction system to effect simplified payments from private companies. This system is similar to that of Avril Payment Solutions.

LOAN REPAYMENT METHODS

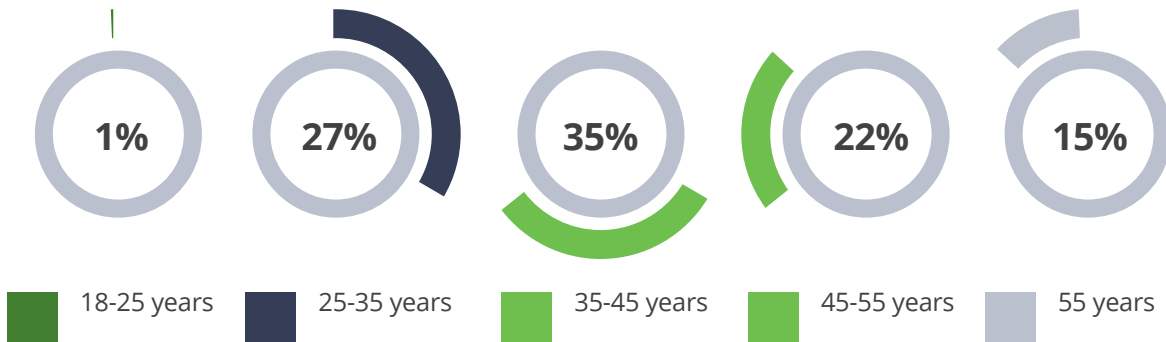




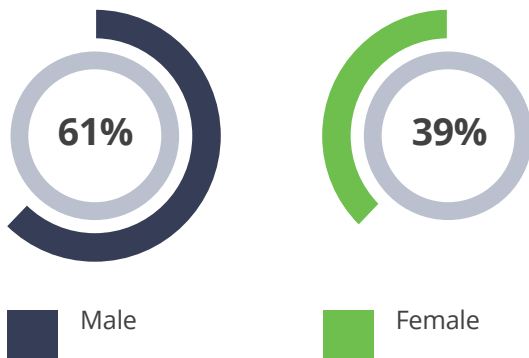
OPERATIONAL REVIEW

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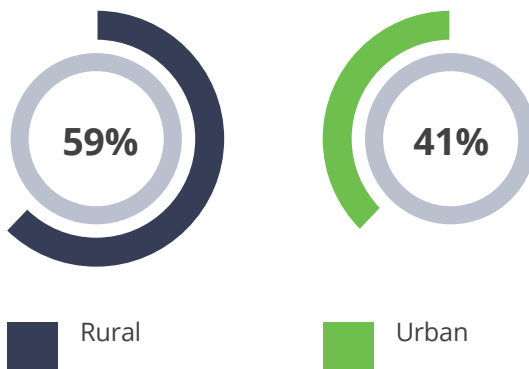
AGE DISTRIBUTION OF THE PORTFOLIO



GENDER DISTRIBUTION OF THE PORTFOLIO



GEOGRAPHICAL DISTRIBUTION OF THE PORTFOLIO



A GLIMPSE INTO THE FUTURE

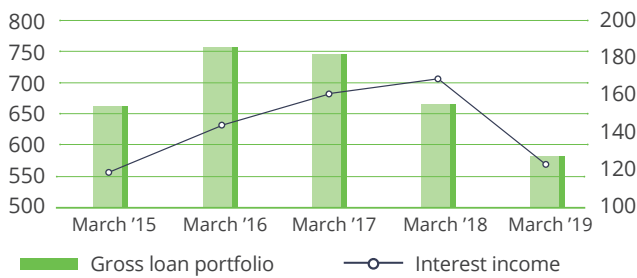
The net loan book is expected to increase to NAD 857 million based on loan advances of NAD 486 million during the next financial year.

HISTORICAL PORTFOLIO SUMMARY

(NAD million)

Loans

Interest income

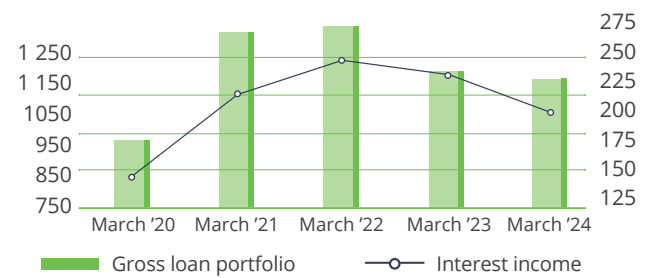


FUTURE PORTFOLIO SUMMARY

(NAD million)

Loans

Interest income



Trustco Finance has estimated that non-performing loans will reduce even further, given that robust legal processes, a structured robotics system as well as focused and committed collections processes are being implemented.

In addition to a complete rebranding exercise, the division is in the process of implementing a digital migration strategy, which includes the Chatbot (digital call centre), development of its own mobile application, further robotics enhancements and convenient repayment options through PayToday and Lynkwise.

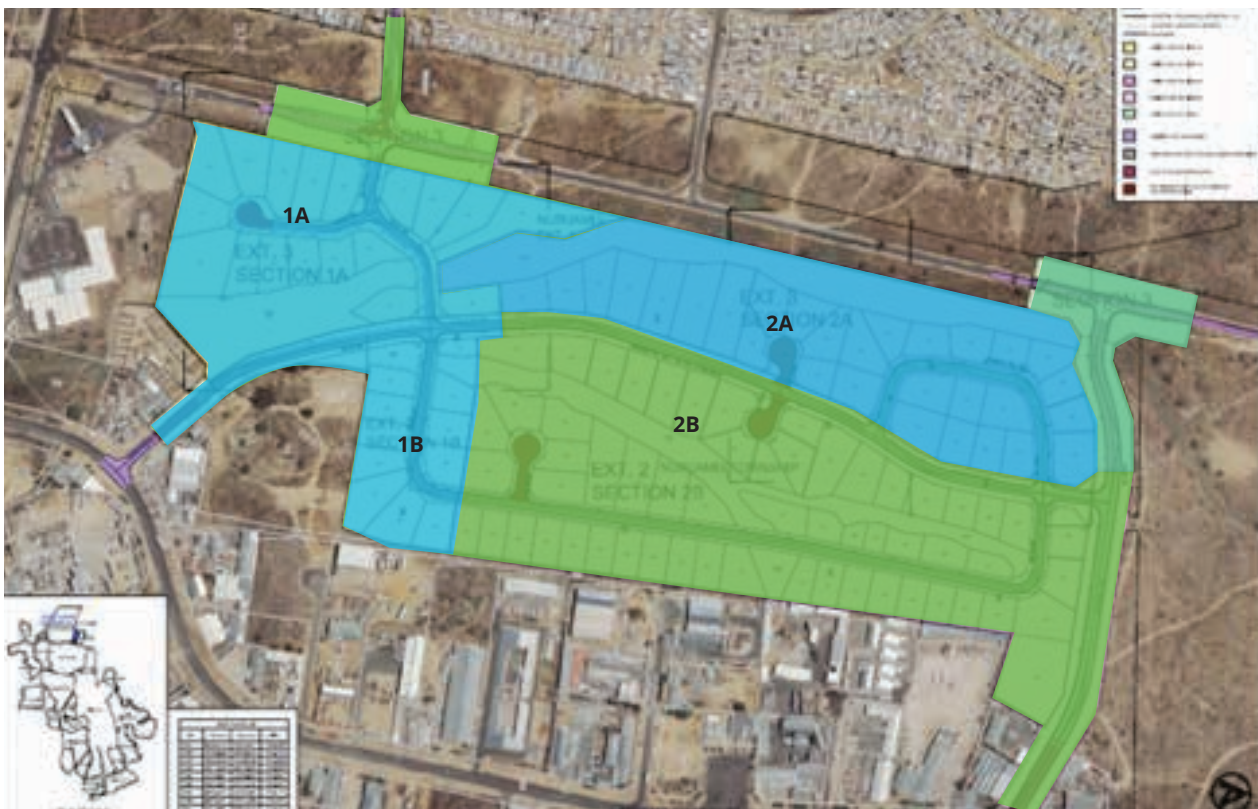
With the increase in IOL student enrolment and the introduction of new and affordable courses through IOL and Richfield Graduate Institute of Technology partnership, Trustco Finance foresees growth in new loan applications of approximately 11 000 by March 2020. This allows room for the implementation of a revolving credit plan to an estimated 20 000 account holders. This number may increase should the segment proceed with plans of financing applicants from other educational institutions.

TRUSTCO CAPITAL

Trustco Capital (Pty) Ltd (Trustco Capital) provides long-term financing in the form of property advances. The main contributor to income is interest received from advances for land sales at Elisenheim Nature Estate and the Lafrenz industrial development from the investments segment. Trustco Capital augments the segment with

structured property development finance, which realised significant profit during the reporting year.

Trustco Capital also hosts the trademarks for the majority of the group companies together with other software and intangible assets, which are licensed to other subsidiaries within the group.



Map of Lafrenz industrial development

The Lafrenz development map depicts the sections 2A and 2B portions of virgin land, which will be developed in future. Portions 1A and 1B have been fully developed and individual erven are in the process of being sold.

The segment has commenced with a restructuring process to optimise the balance sheet, whereafter

management envisages obtaining a minority shareholder for the segment with the aim of improving liquidity and providing the bank with the opportunity to expand its lending operations. Trustco group consolidated lending within the segment, with loans of NAD 1.1 billion advanced through Trustco Capital for structured deals during the reporting period.



SEGMENT



NT EXCO

BANKING AND FINANCE EXCO

(f.l.t.r): Jan Coetzee (Chief Operating Officer Banking & Finance Technology), Georg Garrels (Chief Financial Officer), Thomas Slabbert (Chief Executive Officer), Riaan Bruyns (Deputy Chief Executive Officer), Riaan Steyn (Manager Trustco Finance), Nadia van Schalkwyk (Finance Manager Trustco Finance), Nelao Hitula (Chief Operating Officer Trustco Bank), Adri Lambert (Head of Trustco Finance) and Anneke Hansen (Trustco Bank Credit Manager)



05

STAKEHOLDERS



STAKEHOLDER ENGAGEMENT

66

STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

The segment understands the vital role that stakeholders play in achieving its vision and mission. The segment's priority focus for stakeholder engagement is to maintain a mutual, cordial and beneficial relationship that will enhance and advance its products and service delivery in a professional, timeous and satisfactory manner.

The segment's identified stakeholders comprise all individuals and institutions that are aligned with its business dealings directly and indirectly, especially

those affected by the segment's activities. The segment continues to engage dialogue and solicit feedback on all available platforms to inform and aid decision making as well as products and service improvement across all its components.

SEGMENT OBJECTIVES AND PRINCIPLES

The segment's conclusive objective is guided on the principles of continuous engagement with all its stakeholders to ensure that comprehensive decision making processes are encouraged, implemented and maintained.

STAKEHOLDER CATEGORIES

STAKEHOLDERS AND INVESTORS

- Financial performance
- Governance
- Transparency and disclosure
- Business expansion plans
- Risk management
- Sustainable growth

Engagement activity	Frequency
Annual reports and AGM	Annually
Interim financial statements	Quarterly
Investor presentations	As required
Press conferences and releases	As required
Corporate websites	Continuous

EMPLOYEES AND EMPLOYEE ASSOCIATIONS

- Performance and reward management
- Training and development
- Career advancement opportunities
- Work and life balance
- Value driven corporate culture
- Diversity and inclusion
- Perception of a prosperous future for the segment

Engagement activity	Frequency
Management meetings	Monthly
Performance reviews	Quarterly
Personnel meetings	Monthly
Training programmes	As required
Intranet	Continuous
Staff events	Annually
Employee satisfaction survey	As required

CLIENTS

Customer service
Customer security and privacy
Service quality
Financial inclusion
Affordability of services and convenience
Complaints handling mechanism
Financial education and literacy

Engagement activity

Frequency

Customer visits	Continuous
Complaints received	Continuous
Branch network and contact centre	Continuous
Media advertisements	Continuous
Corporate website	Continuous

GOVERNMENT INSTITUTIONS AND REGULATORS

Compliance with directives (BoN / NAMFISA)
Microfinance and SME development
Consolidation of the financial sector

Engagement activity

Frequency

On site inspections	Annually
Directives and circulars	As required
Meetings and consultations	As required
Press releases	As required
Periodic returns	As required
Submissions to policymakers	As required
Responses to consultation papers	As required
Directives and other regulations as specified	As required

SUPPLIERS AND BUSINESS PARTNERS

Contractual performance
Future business opportunities
Maintaining healthy relationships
Timely settlement of dues
Ease of working
Growth potential

Engagement activity

Frequency

Supplier relationship management	As required
----------------------------------	-------------

STAKEHOLDERS

CONTINUED

COMMUNITY AND ENVIRONMENT

Responsible financing
 Commitment to community
 Financial inclusion
 Microfinance and SME
 Ethics and business conduct
 Environmental performance
 Employment opportunities

Engagement activity	Frequency
Delivery channels	Continuous
Press releases and media briefings	As required
Informal briefings and communications	As required
Public events	As required
Corporate website	Continuous



NOTE

Refer to the group integrated annual report for a comprehensive report on CSI.



SUSTAINABILITY



SUSTAINABILITY REPORT

72

SUSTAINABILITY

REPORT

Sustainability, as applicable to the segment, has two dimensions. Firstly, it is the ability of the segment to sustain its performance into the future as a going concern. Secondly, it relates to the way the segment conducts its business, giving due consideration to society and the environment it operates in and to ensure it is beneficial to the wider community and environment.

The segment is cognisant of the need for and its responsibility to deliver value to all its stakeholders. At the same time, poor social and environmental performance, for example irresponsible lending and investment decisions of the segment, may pose a risk to its sustainability.

The segment is aware that its contribution to society and the environment, besides being economically successful, two mutually inclusive aspects, will influence its overall performance and efficiency of long-term value creation.

Accordingly, integrated thinking now pervades the segment and sustainability is built into its strategy and decision making processes, making it a responsibility of every staff member. This has enabled the segment to take a proactive approach to sustainability by integrating social and environmental consideration into all its core business activities and operations.

These activities vary from responsible lending, investments, new product development, procurement, recycling, use of renewable energy, supporting culture and health. This has made the segment's intermediary role more efficient by balancing the interests of various stakeholders and optimising the trade off between risk and return.

Besides evaluating the feasibility of projects based on cash flow, all business and project loans are screened to ensure compliance with the applicable social and environmental regulations and are monitored on an ongoing basis. This in turn assists the entrepreneurs and SME clients to ensure sustainability of their operations.

Operating in a highly regulated industry, the segment is subject to regulatory oversight of BoN, which has stipulated a range of compliance requirements. The segment accords the highest level of importance to these compliance responsibilities and has complied with all the applicable rules and regulations.

The segment has a code of conduct, which prescribes the expected behaviour of staff relating to ethics, conduct and compliance to ensure their integrity. The code of conduct further provides a relevant point of reference when enforcing corrective disciplinary action.

Demonstrating customer centricity, the segment continued to enhance its offering of unparalleled convenience and unprecedented choice *via* a gamut of banking products and services to its clients through a regional footprint and digital channels, with benchmarked service standards and streamlined internal processes. The segment has made banking and finance more accessible and less intimidating, thereby promoting financial inclusion.

The segment has recognised certain global developments with the potential to disrupt conventional business models of banks, which it also believes will provide opportunities for growth. Leveraging its standing, the segment has developed and implemented new and innovative business strategies involving collaboration, digitalisation and use of the latest technology, data analytics, customer experiences and trust. The segment is confident that these initiatives will assist to realise its growth aspirations. The segment recognises that the higher the value it delivers, the higher the value it can derive in return.

UNDERSTANDING OF THE EVOLVING FUTURE

- Staff code of conduct
- Inclusive culture
- Conservative risk profile
- Wide reach and scope
- Complete range of banking products and services
- Transparency in reporting and disclosures
- Benchmarked service standards
- Robust risk management framework
- Board charter
- Streamlined internal processes
- Sustainability integrated into business strategy and decision making

- Strategies in place to meet emerging risks
- Whistle blowing policy
- View heightened concerns for sustainability as an opportunity
- Financial strength
- Compliance with laws, both in letter and spirit
- Integrated thinking
- Corporate governance framework
- Reputation
- Internal capital adequacy assessment process
- Optimum liquidity

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

An ESMS policy was implemented by management to demonstrate the commitment and importance of managing environmental and social risks.

As part of the Trustco group, the ESMS serves to manage environmental and social risks that are fundamental in protecting the brand in the current financial environment. Guidelines for implementing the ESMS assist companies with managing reputational damages, financial losses and decreasing capital income for shareholders. Principles of the ESMS have assisted the segment to develop policies to proactively identify the environmental and social risks of its operations.

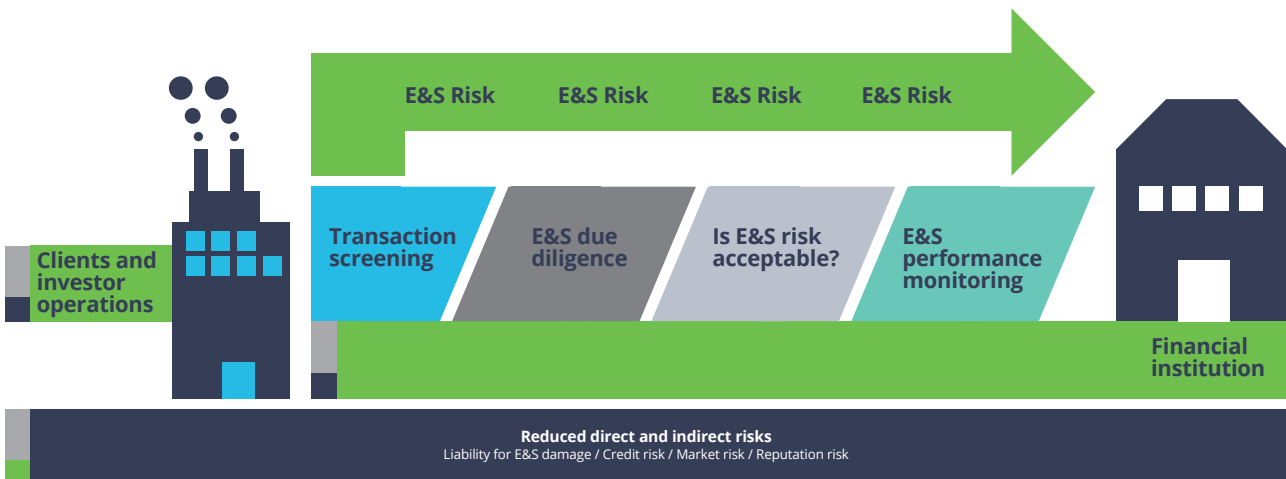
These risks focus especially on potential impacts caused by projects funded directly or indirectly by the segment.

The bank's credit risk policy supports the ESMS by assessing Environmental and Social (E&S) risks.

The bank uses the International Finance Corporation (IFC) principles to screen aspects of a possible investment projects. Projects are also screened against an internal environmental and social risk guideline. The internal screening system automatically excludes or includes possible projects depending on the reputational and financial risk it can cause the company.

The ESMS improves the overall sustainability of a potential investment project. Most importantly, the outcome of the ESMS ensures that the E&S risks of the bank reduce direct and indirect risks from liability for E&S damages, including credit risk, market risk and reputational risk.

OUTCOME OF E&S RISK MANAGEMENT





**CORPORATE
GOVERNANCE**



★ CORPORATE STRUCTURE

76

BOARD ASSESSMENT

77

BOARD MEETINGS AND ATTENDANCE

80

RISK REVIEW

84

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The segment's primary aim focused on compliance with rules and regulations in a highly controlled environment. The board and executive management established the governance framework for executing best practices in good corporate governance, taking into consideration, the structure and operations of the segment. The main regulator of Trustco Bank is the supervision department of Bank of Namibia. Trustco Finance is regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the Financial Intelligence Centre (FIC).

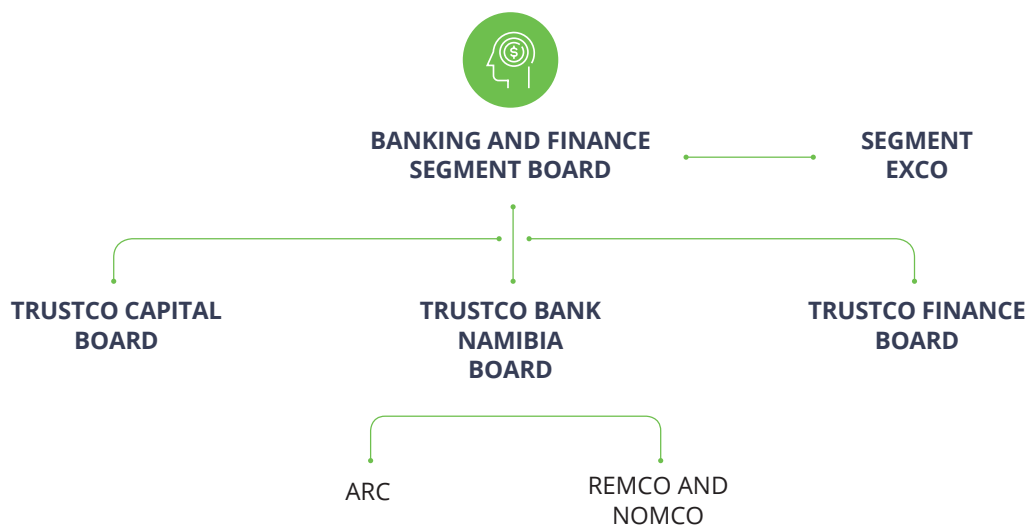
The board and management implemented policies and procedures for transparency and accountability as the pivotal principle for the benefit of its stakeholders. The segment's risk and compliance governance structure emphasises efficient control of its internal policies and processes which include legal, regulatory and business ethics.

STRUCTURE OF THE BANKING AND FINANCE SEGMENT

With the establishment of a separate holding structure for the banking and finance segment, Trustco Bank Namibia Ltd (Trustco Bank), Trustco Finance (Pty) Ltd (Trustco Finance) and Trustco Capital (Pty) Ltd (Trustco Capital) will be housed under TBN Holdings Ltd (TBN Holdings). However, the structure is in different phases of completion and still awaits approvals from Bank of Namibia and NAMFISA.

During the period under review the board:

- approved the conversion of Trustco Education (Pty) Ltd from a private to a public company
- approved the name change of Trustco Education (Pty) Ltd to TBN Holdings
- TBN Holdings board approved the purchase of Trustco Capital from Trustco Business Developments (Pty) Ltd
- approved that Trustco Bank acquire Trustco Finance – awaiting approval from BoN and NAMFISA
- the segment approved the appointment of new external auditors, BDO, and the resignation of Deloitte and
- the segment approved the appointment of EY as the internal auditors.



BOARD ASSESSMENT

Defining the roles of board members assists to create consistent perspectives among the board. The board's self-assessment provides the opportunity to discover where its true interests, abilities, values and skills lie. Utilising this information can be essential to determine the objectives of the board.

TRUSTCO BANK

	Board self-evaluation questionnaire	Poor performance	Below average	Average	Above average	Excellent
1	Evaluation on how well the board executed its duties					✓
2	Evaluation on how well the ARC executed its duties					✓
3	Evaluation on how well the remco executed its duties					✓
4	Questions on how well the directors rate themselves in the execution of their duties					✓
5	Evaluation on how well the chairman of the board executed his duties – Mr T Newton					✓

BOARD MEMBERS EVALUATING EACH OTHER

	Directors	Poor performance	Below average	Average	Above average	Excellent
1	Tom Newton					✓
2	Prof Lana Weldon					✓
3	Stanley Similo					✓
4	Winton Geysler					✓
5	Dr Quinton van Rooyen					✓
6	Thomas Slabbert					✓

CORPORATE GOVERNANCE

CONTINUED

TRUSTCO FINANCE

No	Board self-evaluation questionnaire	Poor performance	Below average	Average	Above average	Excellent
1	Evaluation on how well the board executed its duties					✓
2	Questions on how well the directors rated themselves in the execution of their duties					✓
3	Evaluation on how well the chairman of the board executed his duties - Mr R Taljaard					✓

BOARD MEMBERS EVALUATING EACH OTHER

No	Directors	Poor performance	Below average	Average	Above average	Excellent
1	Renier Taljaard					✓
2	Adriana Lambert					✓
3	Floors Abrahams					✓
4	Quinton Z van Rooyen					✓
5	Dr Quinton van Rooyen					✓
6	Thomas Slabbert					✓



NOTE

Refer to the group integrated annual report for a comprehensive corporate governance report

CORPORATE GOVERNANCE

CONTINUED

BOARD MEETINGS AND ATTENDANCE

TRUSTCO BANK NAMIBIA BOARD MEETINGS AND ATTENDANCE

Board member	20 June 2018	21 Aug 2018	27 Nov 2018	13 Mar 2019
Thomas Newton (Chairman)	✓	✓	✓	✓
Winton Geysler	✓	✓	✓	✓
Stanley Similo	✓	✓	✓	x
Thomas Slabbert	✓	✓	✓	✓
Prof Lana Weldon	✓	✓	✓	✓
Dr Quinton van Rooyen	✓	✓	✓	✓

✓ Present x Absent

TRUSTCO FINANCE BOARD MEETINGS

Board member	20 June 2018	18 Sept 2018	27 Nov 2018	13 Mar 2019
Renier Taljaard (Chairman)	✓	✓	✓	✓
Adriana Lambert	✓	✓	✓	✓
Thomas Slabbert	✓	✓	✓	✓
Floors Abrahams	✓	✓	✓	✓
Quinton Z van Rooyen	✓	✓	✓	✓
Dr Quinton van Rooyen	✓	✓	✓	✓

✓ Present x Absent

BOARD DIRECTORS' INDEPENDENCE

Independence is defined as the absence of relationships between the company and the directors that may impair the directors' independent judgment. It is of utmost importance for a board to have independent directors with the proper industry expertise, ability to ask difficult questions and diversification. The board for the banking and finance segment remains independent in its thinking and execution of duties.

BOARD COMPOSITION, CHANGES AND STRUCTURES

The King IV Report, stipulates that the governing body should assume 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. As previously outlined, the selection of the board is completed through an intricate process of selecting the most suitable persons for a particular board and its respective objectives.

CHANGES TO THE SEGMENT BOARD

- Trustco Finance approved the appointment of Adriana Lambert and Quinton Z Van Rooyen as executive directors
- Trustco Finance approved the appointment of Renier Taljaard as independent non-executive director and chairman
- Trustco Bank approved the appointment of Winton Geysler and Prof Lana Weldon as independent non-executive directors
- Trustco Bank approved the appointment of Thomas Slabbert as executive director.

ARC MANDATE

The ARC is responsible for assessing recommendations and reports on the finances, financial controls and risk exposure of the segment. The committee's function includes review of financial reporting, internal controls, safeguarding of its assets and general risk exposure. The role of this committee is an independent one with accountability to the board and the shareholders. It also has oversight and makes recommendations to the board for final approval.

BOARD COMMITTEES

During the reporting period Trustco Bank was assisted by the ARC and remuneration and nomination committee (remco). In addition to these committees, the segment hosts committees that are mandated with specific tasks to ensure that the segment operates optimally. These include:

- IT Steerco
- ALCO
- Credit committee and
- ERM.

TRUSTCO BANK ARC MEETINGS AND ATTENDANCE

Committee member	12 June 2018	21 Aug 2018	27 Nov 2018	13 Mar 2019
Prof Lana Weldon (Chairperson)	✓	✓	✓	✓
Winton Geysler	✓	✓	✓	✓
Thomas Newton	✓	✓	✓	✓

✓ Present	✗ Absent
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CORPORATE GOVERNANCE

CONTINUED

REMCO MANDATE

The primary function of remco is to assist the board of directors in fulfilling its governance and supervisory responsibilities relating to compensation. The committee reviews and where required, approves the human resource policies, remuneration proposals, succession planning, evaluation of performances and development plans of key managerial personnel, senior management and other employees of the segment. It also provides support in handling the remuneration proposals for the board members including independent directors.

TRUSTCO BANK REMCO MEETINGS AND ATTENDANCE

Committee member	12 June 2018	27 Nov 2018
Stanley Similo (Chairman)	✓	✓
Winton Geysler	✓	✓
Prof Lana Weldon	✓	✓

✓ Present x Absent

KING IV AND CORPORATE GOVERNANCE

The banking and finance segment is committed to good corporate governance as a critical factor in achieving business success. The board of directors of this segment is dedicated to continuing good corporate governance practices. The board is vested with the broadest power for the ordinary and extraordinary management of the segment and more specifically entitled to carry out all deeds deemed necessary to achieve the corporate purpose. Specifically, the board has the power to establish committees and practices in line with the King IV report and has done so in the most effective manner.

RISK REVIEW

The segment is operating in a highly competitive and dynamic environment. From a risk management perspective, the past year was characterised by changes in regulatory frameworks and reporting guidelines.

The rigorous risk management framework in place enabled the segment to successfully manage its risk exposures, strengthen its stability and enhance profitability during the year. The overall risk profile did not undergo any significant changes during the year.

The segment will continue to strengthen its risk management framework by taking into account evolving regulatory requirements, conventional as well as emerging risks and uncertainties. Specific initiatives in this regard will include:

- validating the rating systems externally with the critical mass of information now in place
- implementing a new assets and liabilities management system with an embedded risk based funds transfer pricing mechanism and risk adjusted return calculations, enabling the segment to better align the cost of capital to the risk profile of the borrowers

- gradual shifting of the maturity profile of assets from long- to medium-term to improve the maturity profile of assets and liabilities
- continuing to explore opportunities for regional expansion to other geographies which will diversify the risk profile
- maintaining a persistent focus on emerging risks and continuing to invest in improving protection against cyber security capabilities
- further integrating systems for effective risk management and
- intensifying the mobilisation of stable funding.

The segment is committed to following best practices and market standards in areas of accountability, transparency and business ethics in order to promote sustainability.

Good governance and corporate social investment (CSI) form an integral part of market standards and expectations. At the core of these efforts are integrity issues and the potential reputation risk the segment may encounter in its activities. To manage these issues, the segment maintains a system of risk oversight, risk management and internal control over all material business risks, including the accuracy of financial reporting. The segment's risk management framework encompasses:

RISK MANAGEMENT FRAMEWORK

ALIGNING RISK APPETITE AND STRATEGY

Risk appetite is considered in evaluating strategic alternatives, setting related objectives and developing mechanisms to manage related risks

ENHANCING RISK RESPONSE DECISIONS

The ERM function provides the guidelines to identify and select alternative risks responses - risk avoidance, reduction, sharing and acceptance

REDUCING OPERATIONAL LOSSES

Enhanced capabilities allow identification of potential negative events and establish responses, mitigating measures and reduce associated costs or losses

IDENTIFYING AND MANAGING MULTIPLE AND CROSS-ENTERPRISE RISKS

Every enterprise faces a myriad of risks affecting different parts of the organisation and our ERM function facilitates effective responses to the interrelated impacts and integrated responses to multiple risks

SEIZING OPPORTUNITIES

By considering a full range of potential risk events, management is positioned to identify and proactively realise opportunities

IMPROVING DEPLOYMENT OF CAPITAL

Obtaining robust risk information allows management to effectively assess overall capital needs and enhanced capital allocation

RISK APPETITE

Having risk limits that are measurable prevents the segment from unknowingly exceeding its risk capacity, as market conditions change and can be an effective defence against excessive risk taking.

In setting risk limits, the interaction between risks within and across business lines and their correlated or compounding impact on exposures and outcomes are considered. As such, stress testing occurs at institutional wide level. The board approved limits

balance the trade off between comprehensiveness and the monitoring of costs and effectiveness.

RISK UNIVERSE

An effective internal control programme cannot be structured without an understanding of the risks and exposures. It is important to the success of risk management efforts that risks be defined and identified consistently throughout the banking and finance segment.





**REMUNERATION
REPORT**



REMUNERATION REPORT

88

BOARD REMUNERATION 2019

90

REMUNERATION REPORT

The segment's vision is to generate above average growth, create wealth for its shareholders, clients and employees and impact positively on society and the planet whilst recognising the contribution of employees to the overall growth of the segment.

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

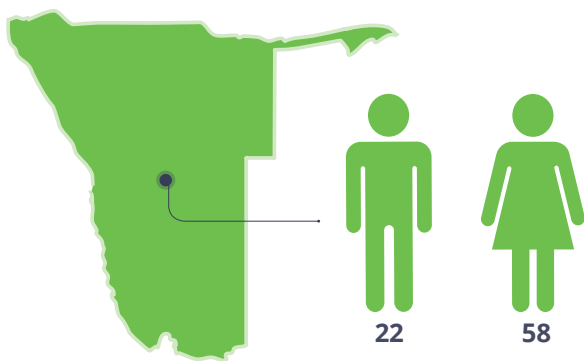
The segment employees are characterised by intellect, innovation, integrity and initiative that imparts the

ability to adapt to an ever-changing work environment and a unique culture.

Benefits are granted on the basis that they aid employee retention and/or provide an efficient work environment for the employees. 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.

The segment employs 80 employees, of which 48 are employed by Trustco Finance and 32 by Trustco Bank.

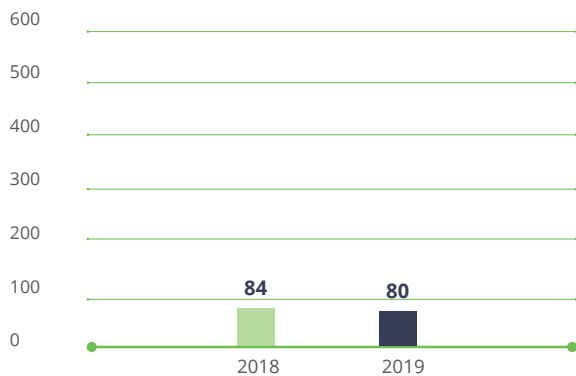
WORKFORCE STATISTICS ACCORDING TO GENDER (AS AT MARCH 2019)



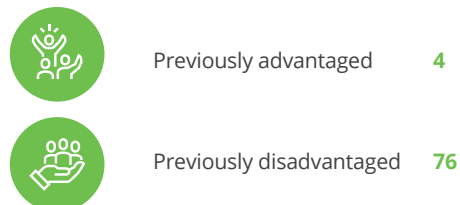
REGIONAL OFFICES EMPLOYEE NUMBERS



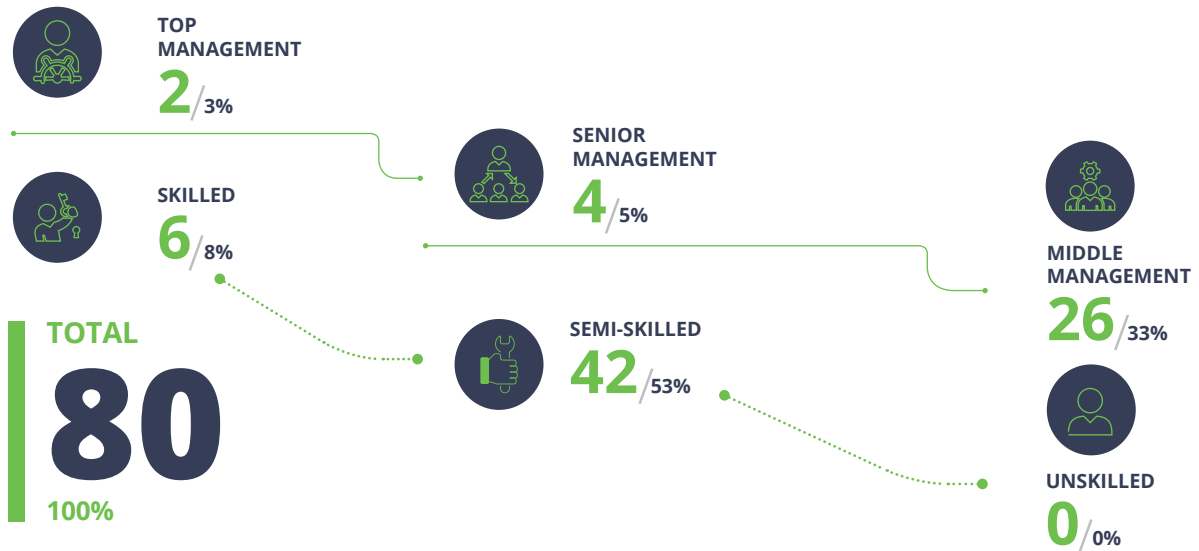
WORKFORCE COMPARATIVES



EMPLOYMENT EQUITY WORKFORCE PROFILE



WORKFORCE ACCORDING TO OCCUPATIONAL LEVEL



TRUSTCO FINANCE

NAD 99 553

TRUSTCO BANK

NAD 153 577



NAD 253 130

TRAINING LEVIES PAID IN NAMIBIA

EMPLOYEE BENEFITS:

- long-term incentives
- short-term incentives
- performance and retention incentive scheme
- guaranteed base salary based on role, experience, qualifications, responsibilities, skills and market rates
- staff social scheme with equal employer and employee contributions which provides cover and additional benefits like hospital cover, disability benefit, dread disease cover, life cover and various types of additional leave
- long service appreciation bonuses
- corporate wellness programme
- shares gift
- in-house training and mentoring and
- external training

The segment remains committed to support the wellbeing and development of its valued employees. Team based activities and games are hosted and arranged for all employees every Friday morning from 7:30 to 8:00 and consist of a variety of creative activities and team games, both physical and/or mental, with the winning team on the day receiving the specific Friday afternoon off. This allows employees some personal time to attend to family matters and or any other preferred activity to relax.

Company policies and procedures are reviewed and amended on a continuous basis to ensure that the segment remains up to date and relevant, that the objective is clear and understandable to all employees and in line with changing needs, market trends and regulations.

Looking ahead, the segment will continue to identify opportunities to improve people management, as well as optimise best practices to ensure employee productivity with optimum employee morale. It will continue to focus on paying remuneration packages that are competitive to attract, motivate and retain top performers who deliver sustainable results.

REMUNERATION REPORT CONTINUED

BOARD REMUNERATION 2019 BANKING AND FINANCE SEGMENT SUBSIDIARY COMPANY DIRECTORS (NAD)

	Fees	Basic	Bonus	Shares	Benefits	Total
Non-executive director						
R Taljaard	392 425					392 425
W Geysler	280 443					280 443
T Newton	473 739					473 739
NJ Tshitayi resigned 11 May 2018	21 584					21 584
S Similo	15 7601					15 7601
L Weldon	479 685					479 685
TOTAL	1 805 477					1 805 477
Executive director						
T Slabbert		1 438 272			40 812	1 479 084
A Lambert		872 266		40 000	53 754	966 020
F Abrahams**		2 230 140			116 185	2 346 325
Q van Rooyen*						
QZ van Rooyen*						
TOTAL		4 540 678		40 000	210 751	4 791 429

*Refer to note 26 in the group annual financial statements

**Mr F Abrahams is remunerated as an executive director by the group and this represents his total remuneration package



NOTE

Refer to the group integrated annual report for a comprehensive remuneration report

