



UNDERWRITTEN BY TRUSTCO LIFE LIMITED



# INTEGRATED ANNUAL REPORT VOLUME TWO 2019

# HIGHLIGHTS

REVENUE

**216%** 

OPERATIONAL EXPENSES  
DECREASED

 **30%**

PROFIT AFTER TAX

**86%** 

CAPITAL ADEQUACY RATIO FROM

**3.7 to 4.8** 

NET CASH

**144%** 

NET ASSET VALUE PER SHARE

**50%** 



Urban Village ground breaking at the Eisenheim Lifestyle Estate.



Servicing completed at the first section of the second phase of the Lafrenz industrial development.

CASH CLAIMS PAID



**NAD 35**  
MILLION

# WHAT WE DO

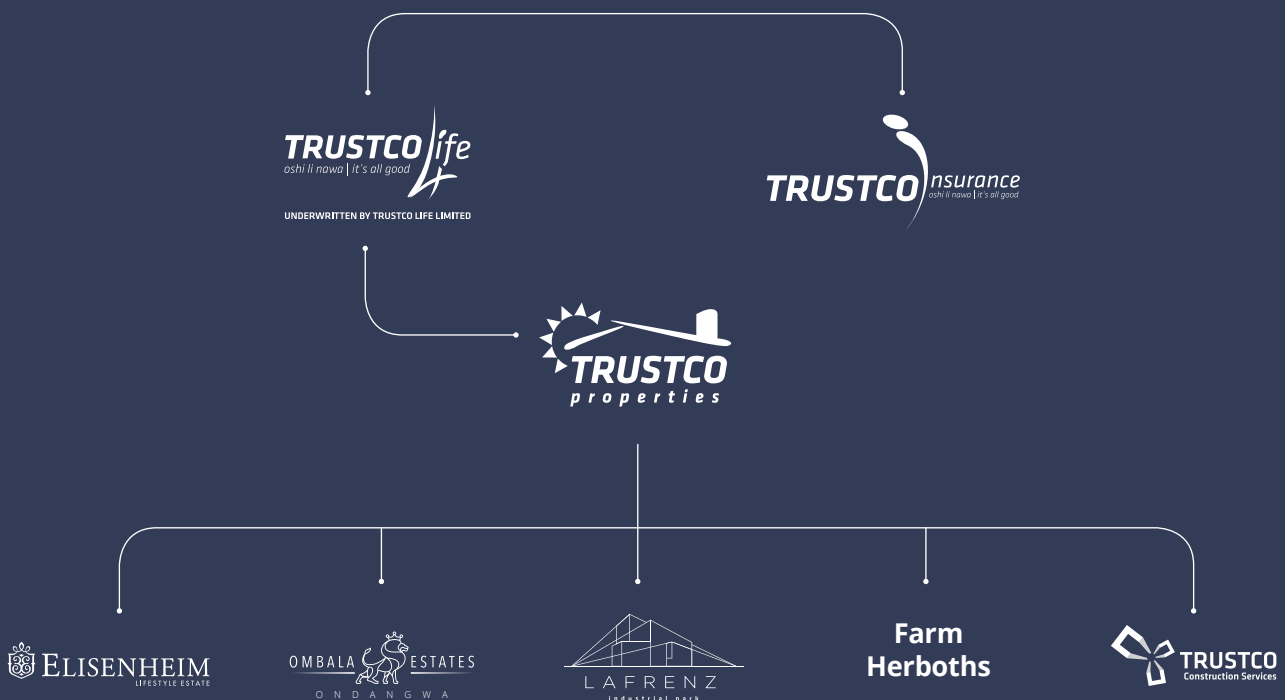
The insurance and its investments segment consists of the insurance division and its underlying investments, which includes Trustco Properties and Trustco Construction Services.

The insurance division offers a diversified range of financial and risk products to individuals and SME's in Namibia and is the holder of short- and long-term insurance licences.

The property division invests mostly in mixed use land development, construction and management thereof to contribute meaningfully to the high public demand for serviced land and housing to Namibians from all walks of life.

## SEGMENT STRUCTURE

### LEGAL SHIELD HOLDINGS



# 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 insurance and its investments segment addresses Trustco's stakeholders and presents the business performance, goals and strategy of the segment in a balanced and objective way in line with 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.

All data supplied within this document applies to the insurance and its investments segment and has been prepared in terms of the guidance of the International Integrated Reporting Framework, which has been adopted by the board. In addition, it conforms to other international and local statutory and reporting frameworks.

The content of this report focuses on the matters that have a material impact on the segment's ability to create and sustain value, and outlines how these matters have been integrated into and considered against the business strategy, risks and opportunities, while considering stakeholder perspectives. Matters were identified using the framework's process guidance that applies to the segment.

Data in this report, relating to financial, economic, social and environmental indicators, remains comparable and consistent with the previous reporting period. The segment's 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 and 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.

This report is a concise communication, complemented by further reporting elements and all reports and information are available on the group's website at [www.tgh.na](http://www.tgh.na)  in portable document format (pdf).

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



## MATERIALITY

The 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 stakeholder who wishes 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.

External auditors are appointed to assist with the internal audit function in the group. EY is the appointed internal auditor in respect of the segment. The annual financial statements were audited and signed by the segment external auditor, BDO Namibia.

### STATEMENT OF THE BOARD OF DIRECTORS OF LEGAL SHIELD HOLDINGS LTD

The board, supported by the relevant segment boards and committees, acknowledges its responsibility to ensure the integrity of the contents of the integrated annual report. The boards 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 segment's integrated performance. The board unanimously approved this report and authorised its release.

A handwritten signature in white ink, appearing to read 'Winton Geyser'.

**WINTON GEYSER**  
CHAIRMAN AND INDEPENDENT  
NON-EXECUTIVE DIRECTOR

A handwritten signature in white ink, appearing to read 'Marco Erasmus'.

**MARCO ERASMUS**  
CHIEF EXECUTIVE OFFICER OF THE INSURANCE  
AND ITS INVESTMENTS SEGMENT

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# 01

## DIRECTORATE





**CHAIRMAN'S REPORT**

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**CHIEF EXECUTIVE OFFICER'S REPORT**

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**CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE'S REPORT**

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**BOARD OF DIRECTORS**

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# CHAIRMAN

# MAN'S REPORT



CHAIRMAN OF THE BOARD AND  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**WINTON  
GEYSER**

# CHAIRMAN'S REPORT


**This report marks the first time that the insurance and its investments segment has published an individual segmental integrated report. It represents yet another milestone in the incredible success story of the Trustco group of companies.**

From humble beginnings as a property development company to a diversified financial services giant and one of the most valuable companies in Namibia, the journey has not always been smooth, but the quality that has been established is clearly evident. Over the past 27 years, Trustco has mastered the art of transforming adversity into opportunities to reach new heights. It is in their nature to rise to every challenge and emerge better from it. This mindset has resulted in the rapid growth and diversification of Trustco's underlying businesses and has now created a need for a separate report to be published for each of the group's segments to tell their own story.

During the last financial year, the insurance and its investments segment has continued to contribute to the success of the group and has celebrated many notable achievements. These have included record financial results, progress in development and construction projects as well as optimisation of the core lines of business. Most importantly, an extensive revision of the segment's long-term strategy was adopted to better combat the challenging economic times. The financial results were boosted as a result of reclassifications of our property portfolios in line with the changes in this strategy. The group remains focused on long-term value creation.

Whilst we celebrate the positive results, we are not distracted from the fact that Namibia finds itself in the grip of an extended recession. Many of our country's people are enduring hard times and it is alarming how many businesses have closed their doors.

**OVER THE PAST 27 YEARS, TRUSTCO HAS MASTERED THE ART OF TRANSFORMING ADVERSITY INTO OPPORTUNITIES TO REACH NEW HEIGHTS. IT IS IN THEIR NATURE TO RISE TO EVERY CHALLENGE AND EMERGE BETTER FROM IT**



"It is not only morally incorrect to tolerate a society in which there are huge disparities between rich and poor, but as history has taught us, economic inequality places the peace and stability of nations in a precarious situation. All over the world, we have and continue to witness the collapse of nations, because certain groups feel left out and lose hope." *Dr Hage G Geingob, President of the Republic of Namibia, State of the Nation Address, 17 April 2019.*

We believe that as corporate leaders it is our obligation to not only look after the interests of our primary stakeholders, but to also contribute to Namibia's economic resurgence. It was in this spirit that Trustco recently announced that it would fund the proposed 2% contribution, called for by the government from all Namibians for drought relief, on behalf of its employees.

We believe, however, that the biggest impact we can make is to continue doing what we have done for the last 27 years. Creating jobs and wealth by seizing opportunities others may not dare to, will be a far greater catalyst for change in Namibia. Our insurance and property businesses are ideally positioned to continue to create long-term value for our shareholders and will continue contributing to the next chapter of the success story of Trustco and Namibia.

I would like to thank all of our loyal staff members, my fellow board members and the group CEO, Dr Quinton van Rooyen, along with his leadership team for their efforts and the indomitable spirit that have fuelled the Trustco success story over many years. I also want to thank our minority shareholder, Riskowitz Value Fund, for their phenomenal support and contributions. Lastly, but by no means least, thank you also to our customers who have put their trust in us and who have been such a big part of our success.

May we continue to strive for the greater heights that will be to the benefit of us all.



**WINTON GEYSER**  
CHAIRMAN OF THE BOARD AND  
INDEPENDENT NON-EXECUTIVE DIRECTOR



CH  
EX

A person wearing a white long-sleeved shirt is leaning their arms on a dark, textured surface. The background is dark blue.

# CHIEF EXECUTIVE OFFICER'S REPORT

CHIEF EXECUTIVE OFFICER

**MARCO  
ERASMUS**

# CHIEF EXECUTIVE OFFICER'S REPORT

**It has been an extraordinary year for Trustco's insurance and its investments segment. Exceptional results have been delivered in an unforgiving operating environment, but more importantly, the group has been strategically positioned for its exciting future prospects.**

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This segment represents the beginning of the Trustco group. Established as a small property development company that began the journey, it later pioneered legal insurance in Namibia to protect the legal rights for Namibians from all walks of life. From this point forward, it diversified into providing life insurance benefits to the mass market and has matured into a financial services giant. The success of this segment also gave birth to the group's education and finance businesses and more recently, has enabled the incubation of a fully fledged commercial banking business, which will disrupt the Namibian old school banking fraternity with modern and contrarian thinking. The recently established resources segment is also likely to dwarf all of the success that Trustco has experienced to date.

The past 18 months have now brought about the dawning of a new era for the segment, affectionately referred to as "Old Trustco", the place where it all began. At Trustco, all strategy is focused on long-term value creation, it is with this in mind that the future of this segment was plotted. It was clear that the context within which it would be delivered would be turbulent and competitive and traditional thinking would not be good enough. In order for group synergies and shareholder value to be optimised, a decision was made that the segment should be repositioned to operate as an independent unit.

Key changes were made to the operating model and governance structures, new appointments were made and the landmark decision to join forces with the Riskowitz Value Fund, as a minority shareholder and business partner, was concluded. Fresh thinking and ambition have been injected into the segment for this exciting era.

One of the key adjustments made to the segment's ambitions was the reassessment of the group's property development timelines, necessitated by the slowdown in the Namibian property market.



# AT TRUSTCO, ALL STRATEGY IS FOCUSED ON LONG- TERM VALUE CREATION, IT IS WITH THIS IN MIND THAT THE FUTURE OF THIS SEGMENT WAS PLOTTED

Following from this reassessment, land stocks earmarked for near-term development were transferred to investment property to be developed at a future date. The impact of this adjustment now more accurately reflects the fair value of the group's property assets.

However, most near-term developments continued apace during the financial year. Section one of the second phase of the Lafrenz industrial development was completed during the year, while the servicing of phase four of the Elisenheim Lifestyle Estate has continued as planned.

The most significant short-term investment currently underway is the development of the "Urban Village @ Elisenheim" retail outlet, which is expected to greatly enhance the living environment for Elisenheim residents and add value to the overall development. Delivery of serviced erven to the public also continued at a steady pace and Elisenheim has virtually been the lone light of activity in the Namibian property market.

Cash collection from the core insurance and property businesses has remained consistent and in line with expectations in spite of the harsh economic environment. A large portion of these proceeds have been applied to further deleverage the property businesses in line with the overall restructuring and repositioning plans for the business.

Insurance realigned marginal business lines to optimise various processes for improved efficiency. The reorganisation was not limited to cost optimisation only, but also focused on diversifying revenue streams through product enhancements in the core insurance business as well as opening up new and innovative distribution channels. These changes are expected to bear fruit in the new financial year.

While the near-term prospect of a reasonable economic recovery remains unlikely, we are passionate about making a difference for our country despite the current economic challenges we face.

"The future does not belong to those who are content with today, apathetic toward common problems and their fellow man alike, timid and fearful in the face of bold projects and new ideas. Rather, it belongs to those who blend passion, reason and courage in a personal commitment to their ideas." *Robert F Kennedy, 64th United States Attorney General.*

I am deeply grateful for all of the phenomenal support from our group leadership team, board members, shareholders and exceptional staff members. None of our success would be possible without your contributions and I thank you sincerely.



**MARCO ERASMUS**  
CHIEF EXECUTIVE OFFICER

# CHAIRMAN

## OF THE AUDIT AND RISK COMMITTEE'S REPORT



CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

**KRISTIN VAN  
NIEKERK**

# CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE'S REPORT

**Legal Shield Holdings Ltd (Legal Shield Holdings) is a subsidiary of Trustco Group Holdings and the holding company of the insurance and its investments segment. Legal Shield Holdings owns Trustco Life Ltd and Trustco Insurance Ltd, which are the group's Namibian long-term and short-term insurers.**

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The investments division of the insurance and its investments segment consists of Trustco properties, Trustco Construction Services and until recently, an air services division and strategic media services. The segment has two separate audit and risk committees (ARC), one for Trustco Life Ltd (which includes its investments) and the other for Trustco Insurance Ltd. I have been privileged to have been chairperson of both of these ARCs since April 2018.

The segment has continued to experience challenges during the financial year, primarily due to the persisting recessionary economic environment. However, the decision to defer various property development projects and thereby reclassifying the inventory stocks to investment property, has resulted in positive returns.

The core insurance business has performed resiliently while consumer disposable income remains under continuous pressure. Various innovations and enhancements in the short-term and life products have encouragingly boosted new business volumes. Credit Life is also expected to recover as soon as new funding arrangements and facilities have been concluded for the Trustco Finance student loan book.

In addition, on the property front, an application for permission to establish the township of Farm Herbothas has been submitted to the City of Windhoek for consideration. Once this approval is obtained, management is confident in its expectations that the value of the property will increase.

Other revenue enhancing initiatives by management include:

- collaboration with the actuaries to adjust the risk appetite on certain products to boost volumes and profitability
- enhancements of the existing Legal Shield product to target new market segments
- innovative marketing campaigns
- new distribution channels for Business Shield are being negotiated
- alternative sources of funding have been identified and are being pursued
- the reclassification of inventory to investment property, including the engagement with the technical specialists, which has recently been effected
- disposal of certain business lines to the Trustco incubator, such as the aircraft business and
- repositioning of the media segment within the group.

The various ARCs within the group are set up in such a way as to encompass each associated risk in the segment and comply with every audit requirement for the segment, ensuring that for every risk identified, management is empowered to act, to mitigate and limit the group's exposure should it occur.

Each committee's role is defined and each committee maintains independent oversight of the audit and risk management activities within the companies of the segment.

Each committee is constituted to ensure that the integrity of reporting, internal financial controls, effective audit function and integrated risk management processes are in place.

The ARC assists the board in:

- ensuring continued independence of the external auditor
- overseeing the external audit process (including non-audit services)
- overseeing segment integrated reporting
- applying the combined assurance model to ensure a coordinated approach to all assurance activities
- reviewing the expertise, resources and experience of the finance function and
- overseeing the segment's internal audit function.

Consistent with these functions, the committees encourage continuous improvement of and foster adherence to group policies, procedures and practices at all levels.

They provide for open communication amongst the independent auditor, financial and senior management, the internal audit functions and the board. Stakeholders can obtain comfort that thorough deliberation and robust conversations are had during the ARC meetings. This allows the non-executive directors and members of the ARC to obtain a clear understanding of the business risk profile, the internal control management systems and overall level of governance. Any identified weaknesses are dealt with proactively, allowing for a culture of excellence, transparency and consistent vigilance.

*"Fear, uncertainty and discomfort are your compasses toward growth. If you run you stand a chance of losing, but if you don't run you've already lost." Barack Obama, former President of the United States of America.*

In these uncertain and challenging times, it is ever comforting to see management look for innovative ways to expand the business whilst dealing with the ever increasing regulatory burdens they face. My thanks go to my fellow ARC members in the insurance and its investments segment, as well as management and my non-executive fellow board members.

**CONSISTENT  
WITH THESE  
FUNCTIONS,  
THE  
COMMITTEES  
ENCOURAGE  
CONTINUOUS  
IMPROVEMENT  
OF AND FOSTER  
ADHERENCE  
TO GROUP  
POLICIES,  
PROCEDURES  
AND PRACTICES  
AT ALL LEVELS**



**KRISTIN VAN NIEKERK**  
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

# BOARD



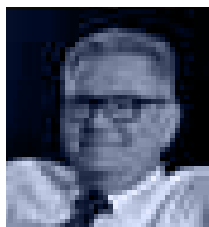


# RD

## BOARD OF DIRECTORS

(f.l.t.r): Renier Taljaard, QZ van Rooyen, Kristin van Niekerk, Dr Quinton van Rooyen, Janene van den Heever, Winton Geyser and Annette Brand (Absent: Floors Abrahams)

# BOARD OF DIRECTORS



## WINTON JOHN GEYSER (59)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

### APPOINTED

29 September 2010

### QUALIFICATIONS

BCompt  
BCompt (Hons)  
CA (SA)

### ROLE IN THE SEGMENT

- Chairman of the board of directors of Legal Shield Holdings Ltd
- Chairman of the board of directors of Trustco Life Ltd
- Member of the audit and risk committee of Trustco Life Ltd
- Chairman of the board of directors of Trustco Insurance Ltd
- Member of the audit and risk committee of Trustco Insurance Ltd

### 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 IN THE SEGMENT

- Member of the board of directors of Trustco Life Ltd
- Member of the audit and risk committee of Trustco Life Ltd
- Chairman of the remuneration committee of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd
- Member of the audit and risk committee of Trustco Insurance Ltd
- Chairman of the remuneration committee of Trustco Insurance Ltd
- Member of the board of directors of Legal Shield Holdings Ltd (appointed 1 June 2019)

### 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 Ltd and Trustco Life Ltd. He served on the board of Trustco Insurance Ltd from 2000 to 2006, was appointed to the board of Trustco Group Holdings in 2012 and to the board of Trustco Insurance Ltd and Trustco Life Ltd as an independent non-executive director in 2013. In 2018 he was appointed to the board of directors of Trustco Finance (Pty) Ltd.





### **JANENE VAN DEN HEEVER (48)**

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Namibian Citizen

#### **APPOINTED**

26 April 2018

#### **ROLE IN THE SEGMENT**

- Member of the board of directors of Trustco Life Ltd
- Member of the remuneration committee of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd
- Member of the remuneration committee of Trustco Insurance Ltd
- Member of the board of directors of Legal Shield Holdings Ltd

#### **EXPERTISE AND EXPERIENCE**

Ms van den Heever, a Namibian citizen, is currently the managing member of Cajaka Furniture Manufacturing. Ms van den Heever has vast experience of over 13 years in corporate business environments with both management and executive experience. Ms van den Heever was previously employed at Trustco Group Holdings up to March 2013, where she served as executive director and on the group's exco. Her position as head of the Namibian operations made her responsible to oversee the successful implementation of the group's strategy and she therefore has notable insight on the practical objectives of the group. She started a new business venture, Cajaka Furniture, in 2013 which provides quality joinery and custom made furniture. She increased the annual turnover year-on-year since Cajaka's inception and manages a staff complement of more than 50 employees. Ms van den Heever has also recently been appointed as an independent non-executive director on the board of Pupkewitz Mega Boards (Pty) Ltd.



### **KRISTIN VAN NIEKERK (46)**

INDEPENDENT, NON-EXECUTIVE DIRECTOR

South African Citizen

#### **APPOINTED**

26 April 2018

#### **QUALIFICATIONS**

BA  
LLB  
MA International Studies and Diplomacy

#### **AWARDS**

Admitted as an attorney to the High Court of South Africa  
2002: Admitted as an English Solicitor  
2009: Admitted as an attorney in New York including the Southern District of New York  
2016: Financial Services Board RE5

#### **ROLE IN THE SEGMENT**

- Member of the board of directors of Trustco Life Ltd
- Chairperson of the audit and risk committee of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd
- Chairperson of the audit and risk committee of Trustco Insurance Ltd
- Member of the board of directors of Legal Shield Holdings Ltd

#### **EXPERTISE AND EXPERIENCE**

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

# BOARD OF DIRECTORS CONTINUED



## DR QUINTON VAN ROOYEN (54)

EXECUTIVE DIRECTOR AND GROUP MANAGING DIRECTOR

Namibian Citizen

### APPOINTED

Acquired Trustco in 1992

### QUALIFICATIONS

Bluris

LLB

DBL (Honoris Causa)

Business Leadership and Entrepreneurship (IUM)

### AWARDS

- 2003: Voted "Business Communicator of the Year"
- 2007: Voted second "Most Admired Business Personality of the Year"
- 2012: Voted Top 10 "Most influential individuals in Namibia" – The Villager newspaper
- 2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry
- 2015: NMA Newsmakers Awards – winner of the entrepreneurs category
- 2016: PMR Africa – diamond arrow award for outstanding service and contribution to economic growth and development of Namibia

### ROLE IN THE SEGMENT

- Member of the board of directors of Legal Shield Holdings Ltd
- Member of the board of directors of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance 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 approach to life makes the mundane extraordinary. He has a fearless attitude towards challenges and 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.



## QUINTON ZANDR  VAN ROOYEN (33)

ALTERNATE DIRECTOR TO THE GROUP MANAGING DIRECTOR AND DEPUTY CEO

Namibian Citizen

### APPOINTED

9 May 2016

### QUALIFICATIONS

BCom (Law)

LLB

### AWARDS

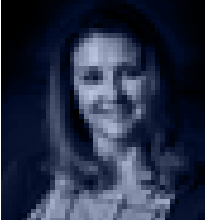
- 2014: Ranked the "Fittest Man in Africa" at the CrossFit Games held in South Africa
- 2014: Ranked 42nd in the international Reebok CrossFit Games "Fittest on Earth"
- 2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian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

### ROLE IN THE SEGMENT

- Member of the board of directors of Legal Shield Holdings Ltd
- Member of the board of directors of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance 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.



### **ANNETTE BRAND (43)**

EXECUTIVE DIRECTOR AND HEAD OF TRUSTCO INSURANCE LIMITED AND TRUSTCO LIFE LIMITED

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Namibian Citizen

**APPOINTED**  
09 May 2019

**QUALIFICATIONS**  
National Diploma in Business Administration

**ROLE IN THE SEGMENT**

- Member of the board of directors of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd

**EXPERTISE AND EXPERIENCE**  
Ms Brand obtained a National Diploma in Business Administration at the Technikon of Cape Town in 1997 and commenced her career as a consultant at an income tax firm. She joined the group in 2003 as finance assistant at the Oshakati northern branch office. In 2005, Trustco opened four more regional offices and she became actively involved in the management of the daily operations, sales and marketing of all units represented in the regions. In 2008 she was promoted to general manager of the regional offices and in 2010 she relocated to Windhoek and joined the insurance team. Ms Brand heads the Namibian insurance unit since 2012.



### **FLOORS ABRAHAMS (44)**

EXECUTIVE DIRECTOR AND GROUP FINANCIAL DIRECTOR

---

Namibian Citizen

**APPOINTED** on the 22 August 2006

**QUALIFICATIONS**  
BCom

**ROLE AT THE SEGMENT**

- Member of the board of directors of Legal Shield Holdings 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.



# 02

**SEGMENT  
PROFILE**



**VISION AND MISSION**

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**SEGMENT STRATEGY**

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**BUSINESS MODEL**

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**OUR FOOTPRINT**

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**OUR HISTORY**

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# SEGMENT OVERVIEW



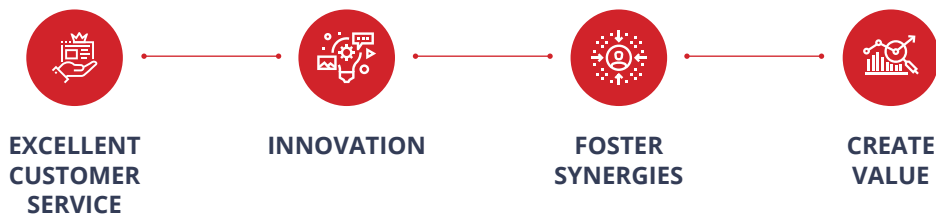
## OUR VISION

To enhance the well-being of our customers, employees, stakeholders and nation as a whole whilst creating sustainable wealth for all by leading the financial services industry and property market in Namibia.

## OUR MISSION

To serve our customers from all walks of life with excellence through forward thinking and innovative solutions in partnership and synergy with the larger Trustco group. We challenge conventional thinking and dare to reimagine the boundaries of progress to achieve more than is expected.

## SEGMENT STRATEGY



# BUSINESS MODEL

## PROVISION OF FINANCIAL AND RISK SOLUTIONS

The insurance business was started in order to protect the legal rights of all Namibians and later diversified into providing life insurance benefits and savings products to the mass market. Insurance provides affordable financial and risk solutions through a well-established branch network and other innovative distribution channels.

## DEVELOPMENT AND DELIVERY OF SERVICED LAND

The property division has unlocked economic value over many years by acquiring virgin land and improving it to meet the housing demand in Namibia. The segment's land assets are ideally situated to cater for the present and future housing needs of the country and will provide a sustainable source of cash flow for the next 20 to 25 years.

## INNOVATION

It is the nature of the group to be dynamic and to constantly create new value propositions for its customers. Innovation typically takes the form of product enhancements, greater utilisation of technology or optimisation of processes where a benefit is created that makes its products more appealing and valuable to its customers.



## INTERGROUP SYNERGIES

Being part of the Trustco group creates a distinct competitive advantage, as opportunities are always available to create value for the other product ranges in the group or to access new customers. Its banking, finance and educational products lend themselves ideally to be enhanced by the insurance product range while property business and the bank also creates an unmatched value proposition in Namibia.

## BUSINESS PARTNERSHIPS

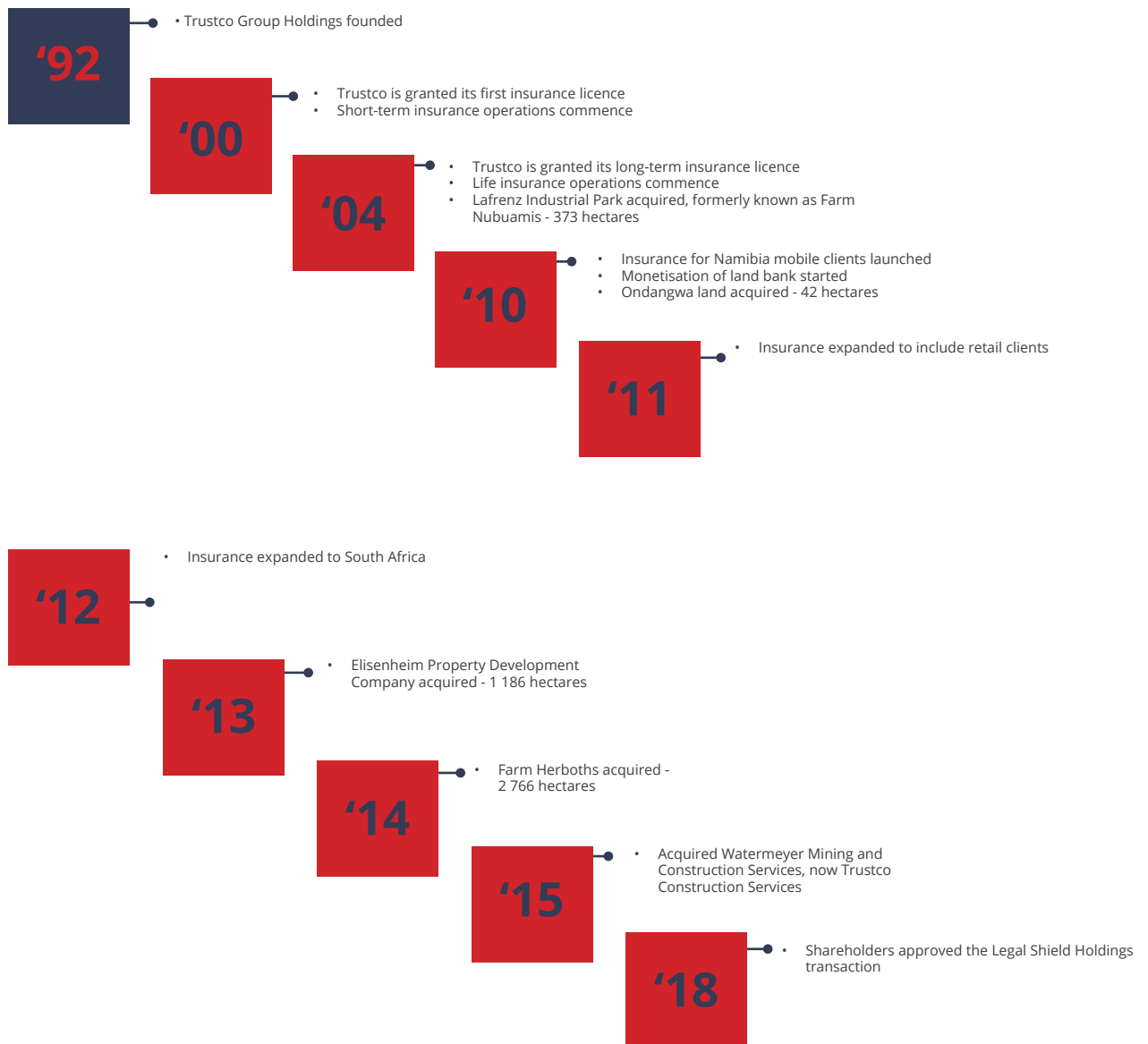
Value is created by joining forces with external business partners to create win-win scenarios between the businesses in the segment, the business partner and the customer.

# OUR FOOTPRINT





# OUR HISTORY





**Q&A**  
**FINANCIAL**  
**PERFORMANCE**



**VALUE ADDED STATEMENT**

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**SEGMENT FINANCIAL REPORT**

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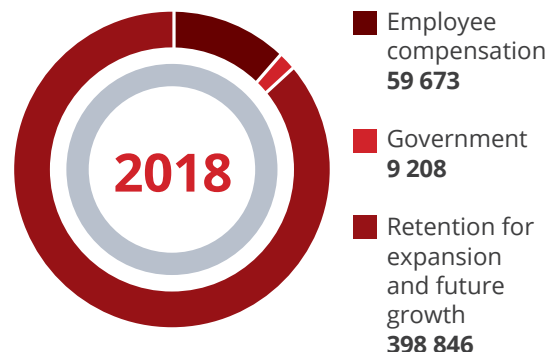
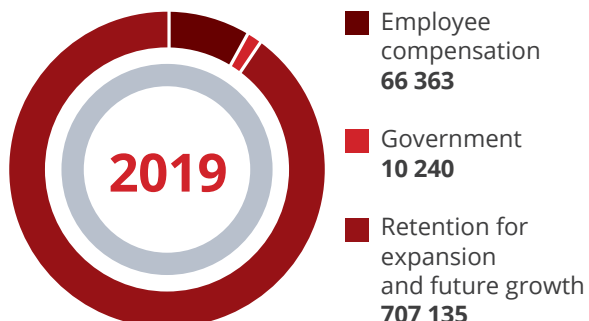
**SUMMARISED SEGMENT RESULTS**

**40**

# VALUE ADDED STATEMENT

Value added statement for the year ended 31 March	2019 NAD '000	%	2018 NAD '000	%
Value added is the wealth created by the insurance and its investments segment through the sale of products and provision of services				
Income from all operations	1 328 753		1 042 128	
Purchases and other direct costs of services	(545 015)		(574 401)	
<b>WEALTH CREATED</b>	<b>783 738</b>		<b>467 727</b>	
<b>DISTRIBUTION OF WEALTH CREATED BY THE INSURANCE AND ITS INVESTMENTS segment</b>				
<b>EMPLOYEE COMPENSATION</b>				
Salaries, wages and other benefits	66 363	9%	59 673	13%
<b>SHAREHOLDERS</b>				
Dividends	-	0%	-	0%
<b>GOVERNMENT</b>				
Taxation (PAYE, income tax, VAT, withholding tax, transfer duties, customs duties)	10 240	1%	9 208	2%
<b>RETENTION FOR EXPANSION AND FUTURE GROWTH</b>				
Net profit for the year	686 253		369 794	
Depreciation and amortisation	20 882		29 052	
<b>Distribution of wealth created</b>	<b>783 738</b>	<b>100%</b>	<b>467 727</b>	<b>100%</b>

## DISTRIBUTION OF WEALTH (NAD '000)





# SEGMENT FINANCIAL REPORT

The segment produced a material increase in revenue and profitability following successful activities focused on repositioning the various businesses to better navigate the challenges presented by the current economic climate.

Revenue increased by 216% to NAD 1.3 billion and profit increased by 86% to NAD 686 million.

## HIGHLIGHTS

- **Transfer of inventory to investment property**

The most significant contribution came from the reassessment of the segment's property development timelines necessitated by the slow-down in the Namibian property market. Following this reassessment, land stocks earmarked for near-term development were transferred to investment property to be developed at a future date. The impact of this adjustment now more accurately reflects the fair value of the segment's property assets on the statement of financial position.

- **Core business contributions**

Cash collection from the core insurance and property businesses remained consistent and in line with expectations in spite of the harsh economic environment. A large proportion of these proceeds have been applied to further de-leverage the property businesses in line with the overall repositioning plans. Positive cash generated from operations amounted to NAD 40 million.



- **Optimising activities**

Other activities included the rationalisation of various business lines as well as the optimisation of various processes to enhance efficiency. This was not limited to cost optimisation only, but also focused on diversifying revenue streams through product

enhancements in the core insurance business as well as opening new and innovative distribution channels. These changes are expected to bear fruit in the new financial year.

## BALANCE SHEET

The segment balance sheet has been optimised through the realignment of the segment, as well as the adjustment to investment properties.

Activities included the transfer of Trustco Capital (resulting in a reduction of loans and advances, as well as intercompany liabilities), Trustco Air Services and Trustco Media (resulting in lower asset and debt levels, but also a more efficient operating structure) to other segments.

The transfer of inventory to investment property resulted in an increase in investment property by over NAD 1 billion, while inventories and property debtors were also reduced as a result of this transfer. Overall property valuations reduced year-on-year as conservative valuation assumptions were applied and accepted as prudent in the current economic climate. Debt on the property portfolio continued to be repaid steadily over the reporting period and was just below NAD 40 million at year end (compared to properties valued at over NAD 2 billion).

The segment's equity increased to over NAD 2 billion at year end as a result of the accumulated profits.

## INCOME STATEMENT

Revenue was largely impacted by the transfer of inventory to investment property, however the core businesses continued to perform solidly despite a deteriorating economic climate.

## CONTRIBUTIONS TO SEGMENT REVENUE

Insurance premiums
Property sales
Rental income
Transfer of inventory to investment property
Other revenue

2019 (NAD) (000)	2018 (NAD) (000)
124 972	129 249
100 115	166 752
30 043	30 774
984 427	-
41 896	79 190
<b>1 281 453</b>	<b>405 965</b>

Revenue in the insurance division decreased due to reduced credit life premiums as a result of a decline in Trustco Finance's activity during the year (this was primarily linked to the funding standstill). All other products held their own and operating profitability increased by NAD 9 million in the division as a result of a favourable claims experience and disciplined operational efficiencies.

Property sales were down year-on-year, largely due to the once-off Oryx Properties Ltd sale in November 2017. Nevertheless, sales continued to be steady and a strong pipeline has been built up, which is likely to deliver early in the 2020 financial year.

Other revenue has decreased with Trustco Capital, Trustco Media and Trustco Air Services being transferred out of the segment. Only nine months of their operating results have been consolidated into the segment results.

Operating expenses reduced significantly as an impairment charge of NAD 42 million on aircraft recorded in 2018, was reversed in the current year due to net exchange rate variations. The transfer of loss making units for the last quarter also contributed to the savings, as well as the group directive to save costs and through innovation and operational efficiencies being implemented effectively.

Finance costs decreased due to a reduction in intergroup related party interest charges and the continued deleveraging of the property book.

## CASH FLOW STATEMENT

Positive cash was generated from operations despite the presence of loss making entities in the segment for the first nine months. The proceeds were generated

by the insurance division and the continued steady conversion of property debtors into cash.

The cash was generally applied to group funding initiatives as well as the settlement of debt.

## OUTLOOK FOR THE NEW FINANCIAL YEAR

While the new financial year will not have a repeat of the NAD 1 billion investment property adjustment, there are a number of positive prospects to look forward to that are expected to bolster earnings in the 2020 financial year:

- new funding raised by Trustco Finance which will result in new Credit Life business
- the completion of various township approvals for Farm Herbotho is expected to boost property valuation adjustments significantly
- conservative positions taken in the current year property valuations are likely to provide protection to any persisting effects of the ailing property market
- various significant property transactions are being negotiated
- initiatives to boost core insurance and property sales have been implemented and are expected to start bearing fruit and
- the efficiently aligned segment is now better positioned to tap into new opportunities available to the group.



# SUMMARISED SEGMENT RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March

Figures in Namibia Dollar thousand

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	38 550	12 726
Advances	-	1 060 448
Trade and other receivables	479 941	781 591
Current tax receivables	2 757	3 938
Amounts due by related parties	89 242	127 810
Inventories	237 536	334 264
Property, plant and equipment	307 712	335 713
Investment property	2 383 555	1 464 725
Intangible assets	30 218	97 053
Other financial assets	503 779	365 844
<b>Total assets</b>	<b>4 073 290</b>	<b>4 584 112</b>
<b>Equity and liabilities</b>		
<b>Liabilities</b>		
Bank overdraft	20 030	55 007
Borrowings	218 545	261 466
Trade and other payables	353 952	141 259
Technical provisions	45 646	64 722
Amounts due to related parties	1 125 088	2 331 220
Other liabilities	41 253	45 445
Deferred tax liabilities	217 423	319 422
<b>Total liabilities</b>	<b>2 021 937</b>	<b>3 218 541</b>
<b>Capital and reserves</b>		
Equity attributable to equity holders of parent		
Share capital	-	-
Other reserves	5 705	6 176
Retained income	2 045 648	1 359 395
<b>Total capital and reserves</b>	<b>2 051 353</b>	<b>1 365 571</b>
<b>Total equity and liabilities</b>	<b>4 073 290</b>	<b>4 584 112</b>

Note: The 2018 integrated annual report (page 53) reported the pro-forma financial results of the insurance and its investments segment including Trustco Capital (Pty) Ltd, which now forms part of the banking and finance segment.



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March

Figures in Namibia Dollar thousand

	2019	2018
Revenue	1 281 453	405 965
Cost of sales	(387 057)	(149 357)
<b>Gross profit</b>	<b>894 396</b>	<b>256 608</b>
Investment and other income	47 300	636 163
Operating expenses	(238 111)	(338 289)
Insurance benefits and claims	(32 892)	(34 127)
Finance costs	(27 839)	(143 065)
<b>Profit before tax</b>	<b>642 854</b>	<b>377 290</b>
Income tax benefit	43 399	(7 496)
<b>Profit for the year</b>	<b>686 253</b>	<b>369 794</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

Figures in Namibia Dollar thousand

	Other reserves	Retained income	Total equity
<b>Balance at 1 April 2017</b>	<b>6 176</b>	<b>2 089 601</b>	<b>2 095 777</b>
Profit for the year	-	369 794	<b>369 794</b>
Dividend paid	-	(1 100 000)	<b>(1 100 000)</b>
<b>Balance at 1 April 2018</b>	<b>6 176</b>	<b>1 359 395</b>	<b>1 365 571</b>
Profit for the year	(471)	686 253	<b>686 253</b>
Dividend paid	-	-	-
<b>Balance at 31 March 2019</b>	<b>5 705</b>	<b>2 045 648</b>	<b>2 051 353</b>

Note: The 2018 integrated annual report (page 53) reported the pro-forma financial results of the insurance and its investments segment including Trustco Capital (Pty) Ltd, which now forms part of the banking and finance segment.

# SUMMARISED SEGMENT RESULTS

CONTINUED

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March

Figures in Namibia Dollar thousand

	2019	2018
<b>Cash flows from operating activities</b>		
Cash generated by operations before working capital changes	39 837	81 980
Changes in working capital	428 432	4 617
<b>Cash generated from operations</b>	<b>468 269</b>	<b>86 597</b>
Investment income	34 746	324 884
Finance costs	(27 839)	(143 065)
Taxation received	-	1 506
<b>Net cash from operating activities</b>	<b>475 176</b>	<b>269 922</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(622)	(33 561)
Proceeds from disposal of property, plant and equipment	-	29
Additions to intangible assets	-	(5 292)
Proceeds from disposal of intangible assets	-	8 593
Purchase of financial assets	-	(201 518)
(Advances to)/proceeds from related parties	(347 564)	26 656
<b>Net cash of investing activities</b>	<b>(348 186)</b>	<b>(205 093)</b>
<b>Cash flows from financing activities</b>		
Net movement of other financial liabilities	(23 268)	(57 103)
Repayment of borrowings	(77 898)	-
<b>Net cash from financing activities</b>	<b>(101 166)</b>	<b>(57 103)</b>
Net change in cash and cash equivalents	25 824	7 726
Cash and cash equivalents at the beginning of the year	12 726	5 000
<b>Cash and cash equivalents at the end of the year</b>	<b>38 550</b>	<b>12 726</b>

Note: The 2018 integrated annual report (page 53) reported the pro-forma financial results of the insurance and its investments segment including Trustco Capital (Pty) Ltd, which now forms part of the banking and finance segment.



A nighttime photograph of a city street with light trails from cars and streetlights. A large white outline of the number '04' is superimposed on the image. The text 'SEGMENT OPERATIONAL REVIEW' is written in red, bold, uppercase letters across the '0' and the top part of the '4'.

**SEGMENT  
OPERATIONAL  
REVIEW**



**OPERATIONAL REVIEW OF THE SEGMENT**

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**INSURANCE NAMIBIA**

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**INVESTMENTS OF THE INSURANCE SEGMENT**

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**TRUSTCO CONSTRUCTION SERVICES**

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**SEGMENT EXCO**

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# OPERATIONAL REVIEW

## INSURANCE AND ITS INVESTMENTS

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

## INSURANCE

### PRODUCT OFFERINGS

#### Short-term insurance



### LEGAL INSURANCE

#### Next Generation Legal Shield

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

### BUSINESS INSURANCE

#### Business Shield

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

#### Long-term insurance



### Life Insurance

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

### Credit Life

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

### Health Insurance

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

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

### Investment and Savings

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

## INVESTMENTS

### PRODUCT OFFERINGS

Trustco properties



ELISENHEIM LIFESTYLE ESTATE



OMBALA ESTATES



LAFRENZ INDUSTRIAL PARK

	ELISENHEIM LIFESTYLE ESTATE	OMBALA ESTATES	LAFRENZ INDUSTRIAL PARK
RESIDENTIAL	✓	✓	
GENERAL RESIDENTIAL	✓	✓	
BUSINESS	✓	✓	
LIGHT INDUSTRIAL		✓	
INDUSTRIAL			✓
INSTITUTIONAL	✓		

## INSURANCE NAMIBIA

Trustco Insurance and Trustco Life are wholly owned by Legal Shield Holdings Ltd. Both insurers operate in a highly regulated environment, offering financial and risk products to individuals and SMEs in Namibia. Over the past 19 years the insurance division has introduced and enhanced various product offerings, tailored to provide affordable risk solutions to individuals previously excluded from traditional insurance. The purpose of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks.

## STAFF COMPLEMENT

# 94

Direct marketing channels together with state-of-the-art technology, designed, tested and implemented in-house, enable the insurer to keep external costs to a minimum and reduce the turnaround time to roll out products, giving the company a competitive advantage in the market. This also ensures that premiums are kept affordable and are not unnecessarily inflated. The short-term insurer continues to be the leader in providing cover against legal expenses to its members, ensuring that their constitutional right to legal representation is protected. Being a diverse group, varied and extensive skills and experience are available to ensure effective management and decision making whilst providing excellent service to its members. With a head office and seven regional offices strategically located across Namibia, with a staff complement of over 90, the insurance division ensures customer service excellence and product offerings that are easily accessible.

The insurance division of the segment derives revenue from insurance activities and has performed resiliently in the persisting recessionary environment where disposable consumer income is under pressure. Credit Life insurance distribution has however been moderated by the ongoing lack of new funding and has decreased year-on-year by NAD 3.5 million. This line of business is expected to recover once new funding arrangements and facilities have been concluded for the Trustco Finance student loan book. In order to mitigate the

effect of this, cost saving measures were successfully implemented and managed throughout the reporting period, resulting in stable monthly recurring cash flow from the insurance businesses.

The insurance operations currently have 102 142 policies in issue and the short-term insurance business maintained a solvency margin of 66.62% (regulatory requirement 15%). The Capital Adequacy Requirement (CAR) of the long-term insurance business was 4 785% as per the latest actuarial valuation (regulatory requirement is one time cover).

The board composition of Trustco Life and Trustco Insurance comprises four non-executive board members and three executive board members. The combined qualifications and expertise of the board of directors ensure that financial services industry knowledge and experience are brought to the table. Quarterly board meetings ensure a balance between performance, risk and sustainability, all in line with the segment goals and strategic objectives. The insurers maintain a good relationship with their external regulator, NAMFISA, with quarterly reporting and on and offsite inspections, ensuring compliance with all statutory and regulatory requirements. The ARC and remco board committees provide an internal mechanism to ensure compliance and good corporate governance practises.

During the year under review, the insurance division relaunched some of its products. The KMC product, that covers the cost of medical consultations and includes an acute medicine benefit as well as the costs of blood tests, was rolled out successfully to the coastal region of Namibia. Expansion into the northern parts of Namibia is expected during the next reporting period. The Trustco 4 Life Plus product provides monetary benefits to compensate for financial impact due to unexpected events such as death, disability and dread disease. An added benefit is getting back all premiums paid after 15 claim free years, a first for Namibia. This product was repositioned with a marketing campaign aimed at the younger generation and those individuals that need a life insurance policy as collateral when buying property.

By popular demand, the insurance division decided to relaunch the PC Winna Mariba game in February 2019. PC Winna Mariba is a computer generated game which can be played once a month by all members giving them a chance to win big cash prizes. The game is open to all members but only paid-up members can claim their prizes. In February and March 2019 NAD 61 000 was paid out in winnings to paid-up members.



## KEY FINANCIAL INDICATORS (‘000)

	2019	2018
Gross written premium	124 972	129 249
Claims ratio	28%	29%
Operating profit	39 095	29 840
Number of employees	94	96
Return on equity	30%	31%
Value of claims incurred	35 408	37 395
Solvency ratio short-term	67%	50%
CAR ratio Life	4 785%	4 019%

## LOOKING FORWARD

Various policy enhancements have been launched in the first quarter of the new financial year. It is expected that these enhancements, that new markets and distribution channels will boost business volumes. The short-term insurance product, Legal Shield, will in future also provide cover for legal matters resulting from a business activity. Currently, Legal Shield members are only covered for legal expenses relating to legal matters in their personal capacity.

In the current economic environment people are constantly looking for a secondary source of income to supplement their monthly fixed salary. For an added premium, Legal Shield members who have additional income besides their primary source, can now also enjoy cover against legal expenses for matters arising from these activities.

Business Shield, another short-term insurance product, provides cover against labour related matters to SMEs and will in future also provide cover against legal expenses incurred from civil matters. The distribution channel for this product will shift from direct marketing to making use of broker houses. This will ensure diversified market penetration.

## INSURED MEMBERS

 **282 107**

# WITH THE CHANGES, UP TO 12 LIVES CAN BE INSURED UNDER ONE POLICY AND THE ENTRY AGE HAS BEEN RAISED

## CLAIMS PAID SINCE INCEPTION

# 337

NAD MILLION

Enhancements to the funeral policy in the long-term insurance business will provide members and prospective members more flexibility and options for insured members. With the improvements, up to 12 lives can be insured under one policy and the entry age has been raised.

Revenue is expected to increase significantly when funding arrangements and facilities with other segments are concluded. Having both long- and short-term licences allows the insurers to use their underwriting experience and expertise to ensure that risks in other business units are covered, thereby increasing revenue within the group and strengthening symbiotic relationships.

# OPERATIONAL REVIEW

CONTINUED

## TRUSTCO LIFE LTD LONG-TERM INSURER INDIVIDUAL AND FAMILY COVER

LIFE EVENT		INABILITY TO WORK		DREAD DISEASE	HEALTH	DEBT
Life insurance	Funeral cover	Disability cover	Income protection	Serious illness cover	Medical cover	Credit life protection

## TRUSTCO INSURANCE LTD SHORT-TERM INSURER INDIVIDUAL FAMILY AND BUSINESS COVER

INDIVIDUAL AND FAMILY	BUSINESS
Legal expenses cover	Labour and legal expenses cover

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# OPERATIONAL REVIEW

## INVESTMENTS OF THE INSURANCE SEGMENT

**Continuous land acquisitions over the past 27 years have resulted in Trustco properties becoming one of the largest privately owned land developers in Namibia with fixed property assets valued at over NAD 2 billion. The company continues to play an active role in shaping the future of the Namibian land owners.**

### TRUSTCO PROPERTIES

#### DEVELOPMENT AND OPERATIONS

The property development and operations division within the segment continues to manage a diverse property and development portfolio including construction and property management services. This culminates in the servicing and subsequent selling of industrial, business and residential erven, while the property management team is focused on the operational requirements of office buildings, including regional offices throughout Namibia.

During the reporting period, more emphasis was placed on the constant evaluation of local and international development trends and realigning strategies accordingly. Furthermore, the focus also shifted towards incorporating smart technologies and automated systems within the provision of bulk infrastructure and services by actively investing in the modernisation and effective maintenance of these systems. In order to remain at the forefront, Trustco properties continuously engaged with consultants and professionals, considered as industry leaders in their respective fields, to ensure a continuous flow of innovative ideas and fresh approaches to actual and potential challenges.

**40.6** BILLION

POTENTIAL FUTURE REVENUE (NAD)

The downturn in consumer buying power affected all aspects of the Namibian economy, including the property market. Despite these challenging conditions, Trustco properties continued to reduce outstanding property debt of NAD 150 million to just below NAD 40 million.

Trustco properties has a balanced portfolio that is constantly optimised with targeted sales and development strategies. This results in added value through new unserviced land acquisitions, enhancing existing business models by pursuing selected top structure development projects and unlocking potential within existing investments through statutory town planning approvals.

Trustco properties has a long-term strategy for continuous growth and is focused to reposition the division and adapt growth strategies to better suit changing markets by:

- carefully maintaining and evaluating existing stock levels and required capital input for the provision of bulk services
- strategically repositioning the business to enter new market segments such as a property rental portfolio and unlocking value potential through construction on own land
- updating and implementing effective systems and appropriate processes in executing strategy
- capitalising on group synergies, specifically in the banking and finance segment to maximise value extraction and
- maintaining sound relationships with government, regulators and municipalities.

Against the background of the growth strategy and safeguarding liquidity in the long-term, the secured financing of all development projects and operational activities is a matter of utmost importance. Capital discipline and efficiency, combined with a decisive financing programme are regarded as the cornerstones of a successful growth strategy.

## CASH FLOWS FROM PROPERTY TRANSFERS

Although property transfers during the reporting year remained slow, Trustco properties continued to generate a consistent inflow of cash through aggressive marketing campaigns, focused sales strategies and variation in land purchase options.

The provision of serviced erven within the Windhoek townlands boundary during the previous reporting period was mostly limited to private developers.

Although an economic slowdown reduced the overall affordability, fresh supply of new property options into the market also remained low. The property division estimates that the actual demand for housing remains high albeit the affordability within the current financial environment suppresses this demand.

A gradual increase in monthly averages in property transfers is expected as properties repositions itself within new market segments. This is done through implementation of overall growth strategies to deliver a variety of housing options and serviced land to Namibians from all walks of life.

## INVENTORY AND INVESTMENTS

Assessment of land valuations and the overall reduction in the aggressive pace at which property developments occurred during the past two years resulted in reclassifying the property portfolio from inventory to investment property. Whereby inventory defines land which has already been fully serviced, or

is in the process of being serviced and being sold. It makes provision for a variety of land uses normally associated with an average township development such as residential, general residential, business, industrial, institutional and public open spaces. The land value within the inventory has already been unlocked and classified by following all statutory planning procedures and completion of constructing electrical and civil services, enabling transfer of erven to the end user.

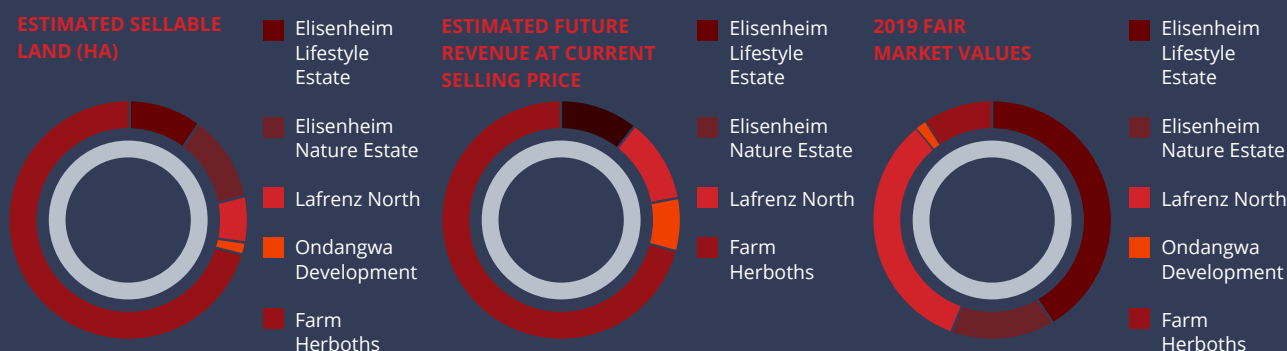
Investments on the other hand include undeveloped and unserviced land, which might or might not have undergone any formal layout planning application and which prevent the normal proceedings of property transfers to individual owners.

“Total Land Bank” comprises the gross area of all land acquisitions over the past 27 years less what has already been sold.

“Sellable land” comprises the Land Bank less land taken up for roads and public open spaces as well as land which cannot be sold because of mountains terrain, rocky outcrops, natural waterways, water bodies and steep slopes.

Reclassification of the property portfolio allows for a more consistent breakdown in current and expected land valuations. A differentiation between inventory and investment within the segment’s portfolio consists of sellable land at current prices and is reflected below:

	TOTAL LAND BANK (HA)	ESTIMATED SELLABLE LAND (HA)	ESTIMATED FUTURE REVENUE AT CURRENT SELLING PRICES (NAD)	FAIR VALUE (NAD)
<b>Elisenheim Lifestyle Estate</b>	402	264	4 323 758 400	993 886 864
<b>Elisenheim Nature Estate</b>	558	279	4 603 500 000	321 927 228
<b>Lafrenz North</b>	285	143	2 788 500 000	834 447 766
<b>Ondangwa</b>	41	31	182 309 330	18 336 344
<b>Farm Herboth</b>	2 766	1 660	28 714 560 000	214 956 798
	<b>4 053</b>	<b>2 377</b>	<b>40 612 627 730</b>	<b>2 383 555 000</b>



Situated directly north on the outskirts of Windhoek, the **Elisenheim Lifestyle Estate** is the largest residential development in Namibia, making provision for over 6 000 erven. Once fully developed, the estate will be a self-contained town where an estimated 44 000 residents will be able to live, work and play. Over the past five years, **Elisenheim** has provided over 1 000 erven ranging between 450 to 1 100 square metres to the Windhoek housing market.

## ELISENHEIM LIFESTYLE ESTATE

A key factor to the creation of the lifestyle estate is that of a heightened sense of security and community by providing access to a selection of lifestyle opportunities that can be enjoyed within a secure environment. This preferred lifestyle has become a reality for many families as an estimated 1 090 households are already accommodated at Elisenheim. It further translates into approximately 3 815 residents, assuming an average of 3.5 people per household.

The main target markets remain young professionals, first time home owners and small families within the medium income group. Consideration has also been given to cater for the rental market as well as the possibility of providing for larger, lower density erven aimed at the higher income group.

To further enhance the lifestyle concept, more focus will be placed on direct investment into the creation of valuable living environments and retaining the dominant features of nature by adopting the notion of "the value is not in the building we live in, but rather the environment in which we are living."

**ELISENHEIM  
HAS PROVIDED  
OVER 1 000  
ERVEN RANGING  
BETWEEN 450 TO  
1 100 SQUARE  
METRES TO THE  
WINDHOEK  
HOUSING  
MARKET**



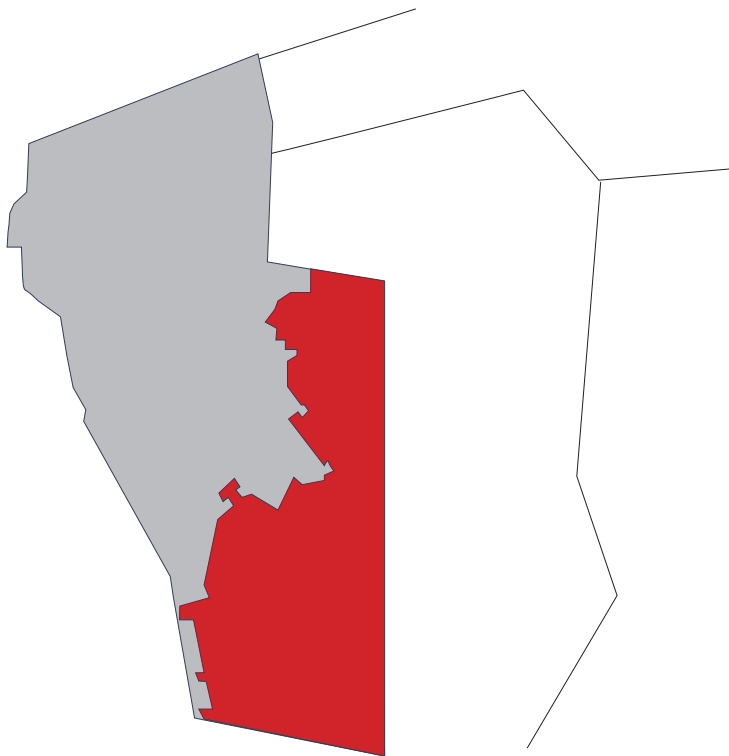
POTENTIAL FUTURE REVENUE (NAD)



**4.3** BILLION / **264** HA

SELLABLE LAND

## ELISENHEIM LIFESTYLE ESTATE



Extent of private nature estate



### ELISENHEIM NATURE ESTATE

The Elisenheim Nature Estate is a pristine natural estate situated adjacent and southeast of the existing Elisenheim Lifestyle Estate.

The proposed mixed use development is estimated to accommodate approximately 2 500 to 3 000 low density residential homes within the estate boundary. It is expected that the Elisenheim Nature Estate will introduce an exciting range of lifestyle choices which will be accessible to a wide range of income groups.

POTENTIAL FUTURE REVENUE (NAD)



**4.6** BILLION / **279** HA

SELLABLE LAND

## ELISENHEIM NATURE ESTATE

## LAFRENZ INDUSTRIAL PARK

The Lafrenz development is situated on the northern outskirts of Windhoek, approximately seven kilometres from the city centre. The industrial development is a natural westward expansion of the already established Lafrenz industrial area, consisting of two recently established townships named Lafrenz Extensions 2 and 3.

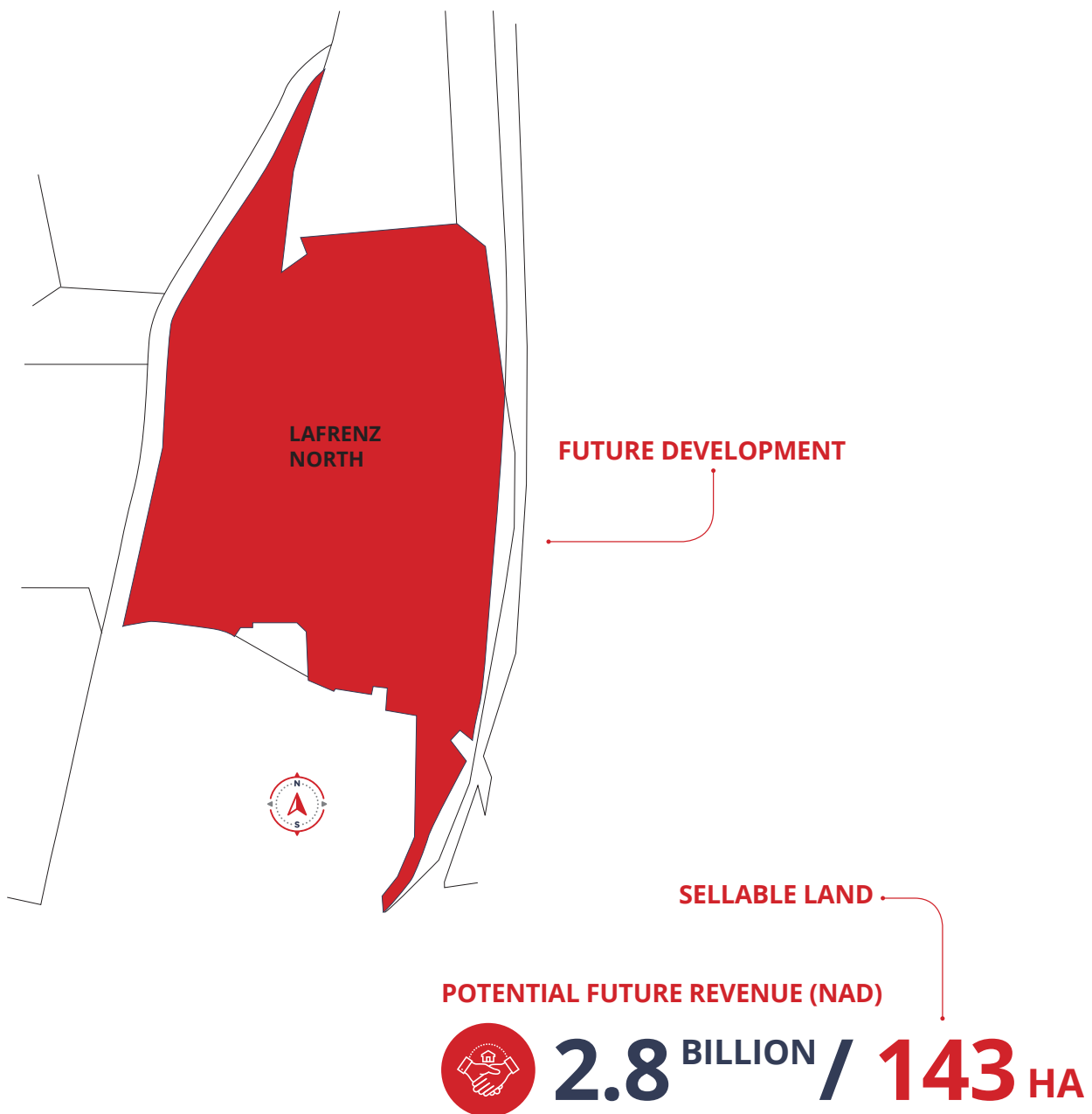




## LAFRENZ NORTH

The remaining 143 hectares of sellable land in the Lafrenz development consists of three portions, known as Portion 81, Portion 133 and the remainder of Portion A of the Farm Nubuamis No. 37 and is available for future development.

The City of Windhoek recently approved the application for the establishment of an industrial township over these portions, which unlocked substantial value.



# OPERATIONAL REVIEW

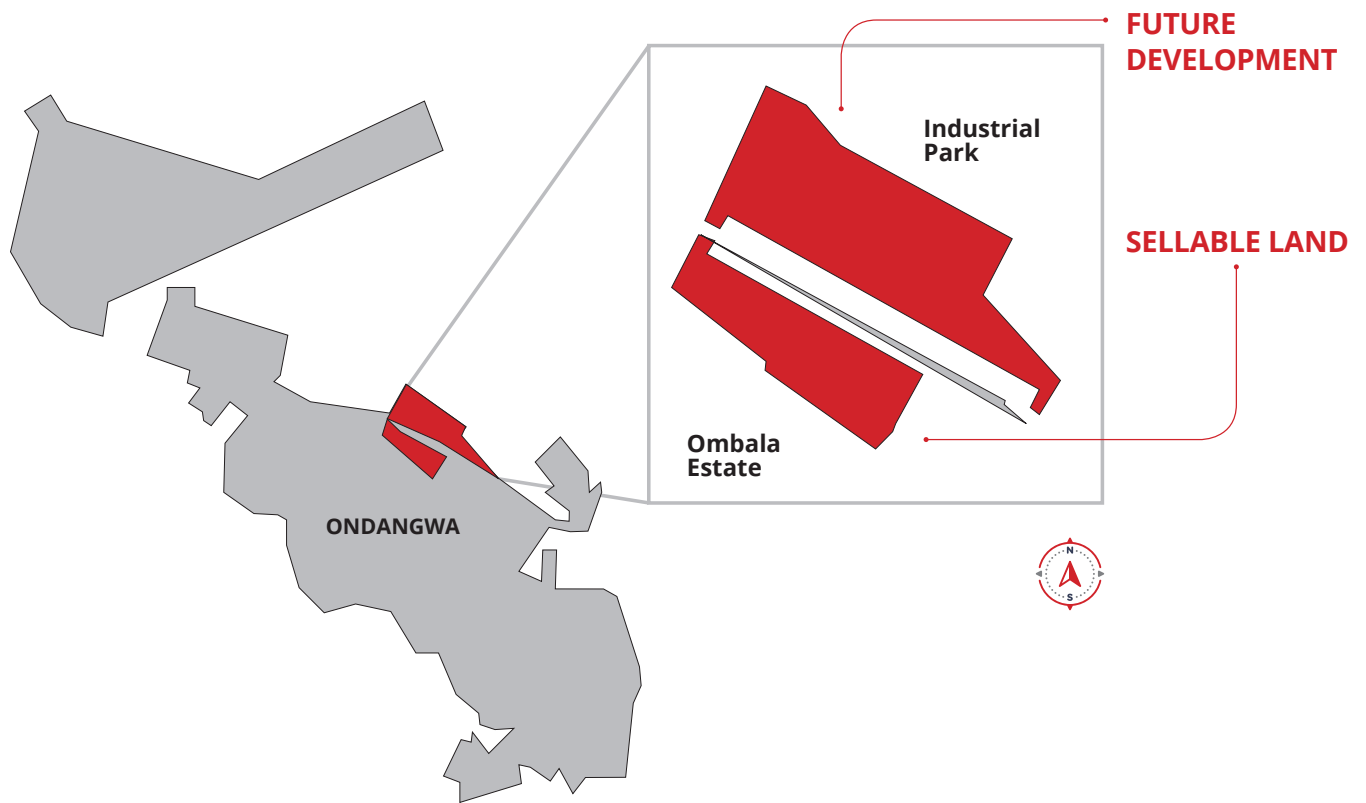
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## ONDANGWA DEVELOPMENT

Ondangwa is a town located in the Oshana region of northern Namibia. The mixed use developments are strategically situated adjacent to the railway station in Ondangwa and comprise two townships, extensions 11 and 12. The Ombala Estate comprises 8 hectares

of inventory and encompasses mainly the residential component which was launched during the previous reporting period and is currently being sold.

Extension 12 (The Industrial Park) comprises approximately 23 hectares of land which is earmarked for future development.



## ONDANGWA



OMBALA  ESTATES

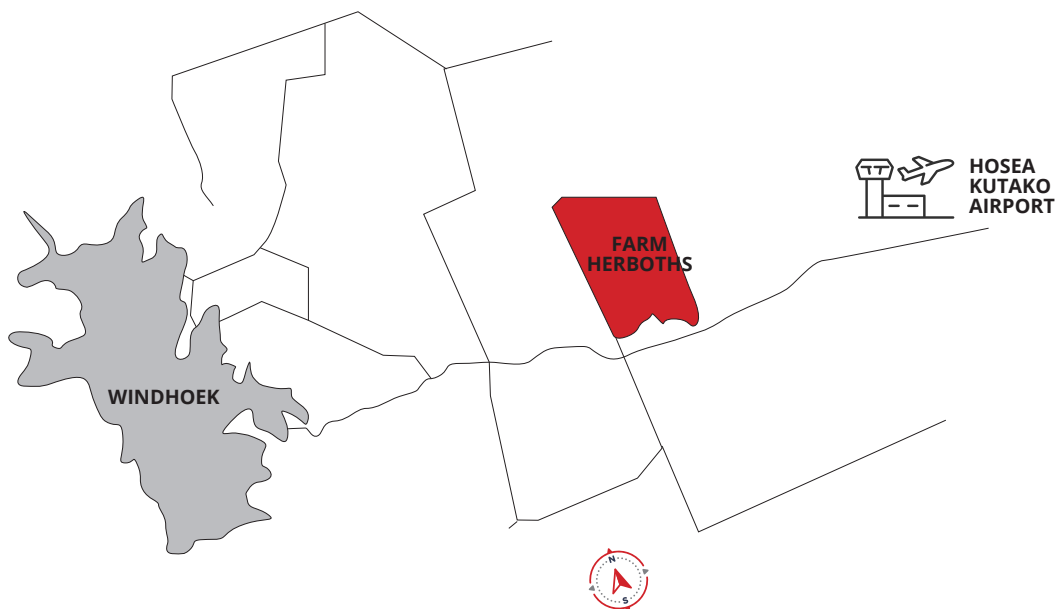
# OPERATIONAL REVIEW

CONTINUED

## FARM HERBOTH'S DEVELOPMENT

The Farm Herboth's development, situated 21 kilometres east of Windhoek, is estimated at approximately 1 660 hectares of investment land. It has also been earmarked for future development.

To unlock this future potential in land value, an application for the permission of the need and desirability to establish the new township was submitted to the City of Windhoek during the reporting period. It is estimated that the increase in fair value, once the new approval has been obtained would be significant.



POTENTIAL FUTURE REVENUE (NAD)



**28.7** BILLION / **1 660** HA

SELLABLE LAND

FARM HERBOTH'S

## TRUSTCO CONSTRUCTION SERVICES

Trustco Construction Services specialises in the installation of bulk services and road infrastructure, thus creating value by meeting market requirements on demand. During the reporting period, Trustco Construction successfully completed the servicing of the first section at the Lafrenz Extension 2 and 3 development.

As part of the segment strategy, Trustco Construction will realign to become a multifaceted construction company, which will be more flexible and right sized to fulfill the group's construction needs. In particular, assisting to unlock the value of existing investment opportunities through top structure development in addition to bulk infrastructure.



## THE ROAD AHEAD

The property division will continue to focus on the following:

- consideration of creating a rental property portfolio
- installation of services and bulk infrastructure
- become more efficient and effective by streamlining processes and improving systems
- develop an alternative approach to development by unlocking the value in our property portfolios
- capitalise on group synergies, specifically in the banking and finance segment
- transferring erven in order to realise cash from properties previously sold and
- enhance the existing business model by pursuing selected top structure development projects.

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

The total land available for sale in the land bank is currently 2 377 hectares. The vision is that the property division will remain in a position to contribute meaningfully to sustainable revenue growth for at least another 20 to 25 years. The division will remain focused on expanding its investments through strategic acquisitions, developing its existing land, unlocking the value by servicing land, as well as selling and transferring serviced erven.

## SELLABLE LAND

 **2 377**

HECTARES


# SEGMENT



# NT EXCO

## INSURANCE AND ITS INVESTMENTS SEGMENT EXCO

(f.l.t.r): Marco Erasmus (Chief Executive Officer), Jaco Jacobs (Head: Trustco Construction Services), Heleen Steyn (Head Property Operations), Edwin Thornley (Head Property Development), Annette Brand (Head Trustco Insurance Ltd and Trustco Life Ltd)



# 05

## **STAKEHOLDERS**





STAKEHOLDER ENGAGEMENT

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# STAKEHOLDERS

## STAKEHOLDER ENGAGEMENT

Any group or individual who can affect or is affected by the segment and its activities is regarded as important to the segment. It is vital for the segment to effectively engage with stakeholders and to implement specific measures to manage and enhance engagement.



### The key objectives considered for stakeholder engagement are:

- understanding the stakeholder engagement
- providing guidance for all stakeholder engagement
- identifying key stakeholders
- identifying effective methods and structures and
- building mutual, respectful and beneficial relationships



### The core values sustaining dealings with stakeholders remain:

- commitment
- respect
- transparency
- inclusiveness and
- trust

The segment believes that good stakeholder engagement is critical. Contributions from various stakeholders to create, validate and improve sustainability is of utmost importance.

The segment identifies its primary stakeholders as those who have an interest in the actions and views of the company and whose actions and views are, in turn, of importance to the segment.

The segment authenticates the identified stakeholder groups through comparison with industry peers.



### The key stakeholders:

- clients
- suppliers
- shareholders
- community
- media
- government and
- regulators

The segment focuses on a stakeholder engagement process with its significant groups that is carried out through various formal and informal methods that include:



- surveys
- evaluations between employees and managers during their annual appraisal
- interaction with key corporate and institutional partners
- interaction with clients, suppliers and meeting industry partners and
- project meetings

The input of stakeholders provides valuable information and relationships that is used to maintain sustainability.


The media and government were engaged with on an *ad hoc* basis throughout the reporting period.



# STAKEHOLDERS

CONTINUED

## STAKEHOLDER CATEGORIES

	TYPE OF STAKEHOLDER	ENGAGEMENT
	Shareholders	<ul style="list-style-type: none"> <li>• Achieving a perfect balance between providing customer service on one hand whilst protecting the shareholders' interest on the other hand</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>• Provision and maintenance of service excellence through constant improvement of products, research on customer expectations and needs, communication <i>via</i> call centres, electronic mail, text messages, social media, telephonically and specially designed mobile offices</li> </ul>
	Employees	<ul style="list-style-type: none"> <li>• Fair and balanced remuneration packages and target linked incentives for employees</li> <li>• Employees are offered both formal, informal and in-house training and skills transfer to ensure they are able to successfully fulfill their roles</li> <li>• Quarterly self-assessments with management input and formal annual performance evaluations</li> <li>• Group communication to employees through various committees and forums including a company intranet</li> <li>• A staff social scheme includes free lunches, transport, a wellness programme and training opportunities and</li> <li>• An open door policy with management, daily coffee table meetings and one-on-one meetings with management and HR.</li> </ul>



### LEGAL SHIELD BURSARY EVENT

Trustco Insurance Ltd, through its Legal Shield product, has devoted itself to support three University of Namibia law students for the 2019 academic year. The students will receive financial support as well as an opportunity to conduct their Work Integrated Learning at Legal Shield upon graduation.

This year's recipients – Bernice Keet, Julia Nampweya and Unjimuna Katjerungu – will each be awarded Legal Shield bursaries amounting to NAD 30 000. The selection process took into account an array of criteria as well as personal attributes. The financial assistance will enable them to focus on their studies rather than the financial hardships one encounters when pursuing a higher education qualification. The Legal Shield bursary initiative has awarded in excess of NAD 1 million to numerous students since 2002.



Board members

- A competent, diverse and balanced board and executive leadership team
- The board members receive ongoing training on various relevant topics
- The board members are trained on the importance of corporate governance. Best practices are followed and maintained across the segment
- Formal and informal communication and correspondence between management and the board through the company secretary
- Regular site, offsite and other informal visits to ensure a better understanding of operations, projects and progress and
- Strategic annual planning and budget presentations sessions, as well as quarterly board meetings between the board and senior management

Regulatory bodies


- Committed to the highest standard of compliance with corporate governance principles, legislation and regulations

Community

- Open and transparent communication with regulators and the public
- Empowerment of youth through annual bursaries, employment opportunities and
- Targeted CSI initiatives

Service providers

- Continuous interaction and service level agreements with service providers.



# 06

**SUSTAINABILITY**



SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT

## ADDING VALUE TO OPERATIONS

The segment ensures value creation for shareholders and the community through sustainable initiatives.

The capitals are used to maximise value through operational inputs whereby risks are managed and mitigated to expand wealth creation.

## SIX CAPITALS





# SUSTAINABILITY REPORT

## INSURANCE

The segment is committed to social upliftment and sustainability and through its operations seeks to make a positive impact on the lives of its customers and all stakeholders.

The insurance division, by its nature contributes to social upliftment through its product range, whether it is by protecting the legal rights of the more than 280 000 insured members or by the peace of mind afforded by the division's myriad offering of financial and risk solutions. Ultimately the products always meet a need which enhances customers' well-being.

The contribution to sustainability in the division is measured on a number of levels:

### SHAREHOLDER RETURNS

Ultimately the business of wealth creation leads to the benefit of all. This is not possible without shareholder trust. A fair return on investment must be achieved to retain the right to use the capital which enables the benefits to flow. Sound practices are in place to ensure that all lines of business are economically viable and reward shareholder investment.

### CUSTOMER SATISFACTION

Meeting the needs of customers is of paramount importance. Without a satisfied customer base, revenues will diminish which will destroy value and sustainability.

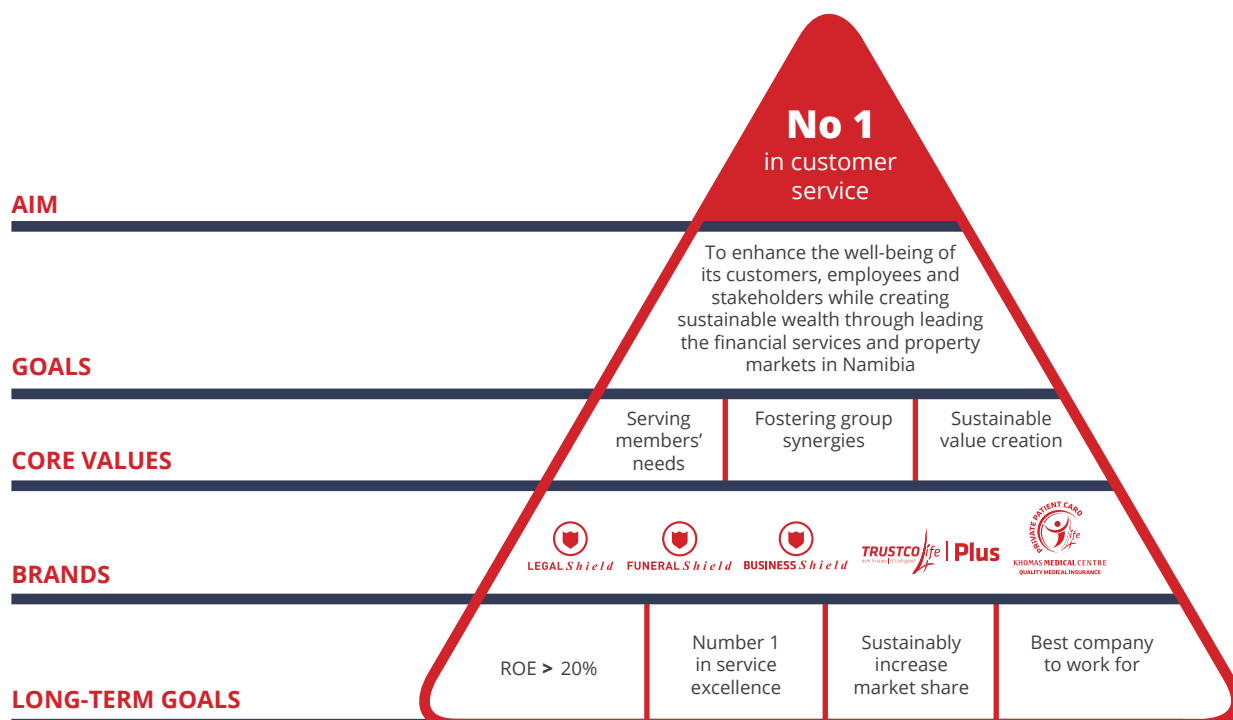
### EMPLOYEE WELL-BEING

Employee well-being is crucial to sustainability as a happy, motivated and engaged workforce enables value creation.

### CORPORATE CITIZENSHIP

Compliance with laws and regulations ensures that the segment contributes positively to the environment in which it operates. In an era where corporate greed and compromised principles are rife, a corporate culture of ethical behaviour has never been more important. Recent corporate scandals have made it clear that without this as a core part of the organisation's DNA, sustainability will not be possible.

All of these factors are intertwined in the manner business is managed, as illustrated below:



# SUSTAINABILITY REPORT

CONTINUED

## INVESTMENTS

### PROPERTIES AND SUSTAINABILITY THEREOF

The property division is built on the foundation of stringent requirements and transparency, while continuing to remain responsible to the community in which it operates and valuing the natural environment. The segment functions in a complex environment and understands that in order to be competitive, sustainability matters should be upfront to create long lasting value for stakeholders. Therefore, addressing and integrating long-term environmental, social and economic issues will assist in evolving sustainability approaches.

### ENVIRONMENT

The properties division complies with laws and regulations as part of environmental stewardship. Environmental responsibilities are identified as focus areas as the division understands the importance of reducing its carbon footprint and impact on

the environment. Environmental consciousness is incorporated into all operational activities.

The daily operations are steered by the Environmental Management Plan (EMP) which was approved by the Ministry of Environment and Tourism (MET). In the EMP, risks and impact are mitigated through various environmentally friendly measures. The mitigation measures contribute to and ensure environmental sustainability on a daily basis.

To ensure best policies and practices, environmental sustainability is monitored onsite. The division takes a proactive approach and chooses to make a positive impact through developing and implementing environmental initiatives that can make a difference.

Environmental compliance minimises environmental impacts through identifying and responding to risks and ensuring accountability.



## ECONOMIC

- Catalyst for growth
- Achieving fiscal stability



## ENVIRONMENT

- Advanced stewardship
- Footprint reducing stability



## SOCIAL

- Building communities
- Developing workforce

**CAPITALS**

**VALUE ADDITION**



**FINANCIAL CAPITAL**

- funding is availed for property investments based on the relationship with investors and other stakeholders and
- purchasing and securing of property assets



**MANUFACTURING CAPITAL**

- the segment upholds and manages existing property assets and continues to build future asset bases for the unit



**HUMAN CAPITAL**

- the competencies and capabilities of trained employees in the division drive performance



**PROPERTIES PROGRESS 2019**

**NATURAL CAPITAL**

- the Environmental Management Plan (EMP) and Environmental and Social Due Diligence (ESDD) are used for environmental risks identification and mitigation during operations to protect the natural environment
- annual planting of protected and indigenous trees on EPDC
- natural paint colour used on the properties developed to blend in with the natural environment
- the Waste Water Treatment Plant (WWTP) is monitored on a monthly basis to ensure that the wastewater is discharged, complies with standards set by the relevant authorities and to prevent downstream pollution
- wastewater from the WWTP is used for gardening and dust suppression on the estate's roads and
- curbing of soil erosion and invader species such as *Prosopis* to prevent environmental degradation



**SOCIAL AND RELATIONSHIP CAPITAL**

- long lasting partnerships with experienced property developers while engaging and strengthening relationships with communities
- community engagement by showcasing cinema nights at EPDC and
- Environmental Clearance Certificate (ECC) and other compliance licences obtained from the competent and relevant authorities to ensure compliance of activities conducted



# SUSTAINABILITY REPORT

CONTINUED

## ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Environmental licences and best practices	Elisenheim property development company (EPDC)	Lafrenz industrial development	Farm Herboth's	Northern industrial estates (ondangwa development)
Environmental and Social Management System (ESMS)	✓	✓	N/A	✓
Environmental Clearance Certificate (ECC)	✓	✓	N/A	N/A
Environmental Management Plan (EMP)	✓	✓	N/A	N/A
Licence: discharge wastewater after treatment	✓	✓	N/A	N/A
Environmental and Social Due Diligence (ESDD)	✓	N/A	✓	✓

### SOCIAL

The property division has developed a relationship with its stakeholders and communities within which it operates. Over the years, through constant dedication, the needs of the people have been met by maximising land value and providing modern and safe housing opportunities.

The division has strategic partnerships with experienced property developers to grow the asset base while continuing to engage and strengthen relationships with communities. Considering an integrated approach by focusing on stakeholder engagement will assist in delivering real value assets according to the communities' unique needs.

### ECONOMIC

The property investments are managed and upgraded into valuable assets through continuous operational performance to increase capital growth for stakeholders.

The economic environment within the property sector in Namibia over the past years has resulted in significant financial challenges, not just for developers, but also for the society. Therefore, during this challenging socio-economic environment, the division offers customers various flexible financial solutions benefitting both parties to curb financial stress. Despite the tough economic challenges, the division grasps the role it plays to assist in catalysing growth and achieving financial stability by maximising property value for stakeholders and the community. Maintaining valuable partnerships gives assurance for viable and productive socio-economic development.





**CORPORATE  
GOVERNANCE**



**CORPORATE STRUCTURE**

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**BOARD EVALUATION**

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**BOARD MEETINGS AND ATTENDANCE**

**84**

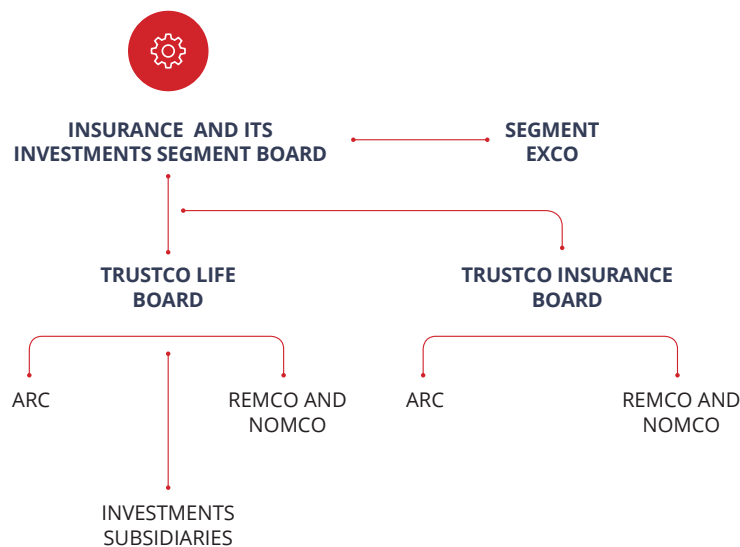
**RISK REVIEW**

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# CORPORATE GOVERNANCE

## COPORATE GOVERNANCE STRUCTURE

The corporate governance framework for the insurance and its investments segment aims and seeks to protect shareholder value and interests, by recognising their legal rights and facilitating cooperation in order to create wealth, employment and a sustainable business. The mandate of the insurance and its investments segment is to provide protection from financial loss through risk management, primarily used to hedge against the risk of a contingent or uncertain loss.



## CHANGES TO THE BOARD

Legal Shield Holdings Ltd (Legal Shield Holdings), a subsidiary of Trustco group, is the holding company of the insurance and its investments segment.

During the period under review the segment boards:

- approved that Trustco Tourism Holdings (Pty) Ltd and its subsidiaries be transferred from the insurance and its investments segment to Trustco Business Developments (Pty) Ltd. This division is known as the air services division and it was subsequently sold within the Trustco group
- approved that Trustco Media (Pty) Ltd and its subsidiaries be sold and transferred from the insurance and its investments segment to Trustco Corporate Management Services (Pty) Ltd. The reason for this was mainly because the media segment was found to provide a support function to the group and conforms with the services provided by the shared services segment
- approved that Legal Shield Holdings be converted from a private to a public company

- approved the appointment of Kristin van Niekerk and Janene van den Heever as independent non-executive directors of Trustco Life, Trustco Insurance and Legal Shield Holdings
- approved the appointment of Annette Brand and Quinton Z van Rooyen as executive directors of Trustco Life and Trustco Insurance
- appointed Renier Taljaard as an independent non-executive director to the board of Legal Shield Holdings (1 June 2019)
- subsequent to the reporting period, the Legal Shield Holdings board approved the establishment of the audit and risk committee (ARC) and the appointment of Kristin van Niekerk, Renier Taljaard and Winton Geysers as committee members
- Subsequent to the reporting period the Legal Shield Holdings board also approved the establishment of the remuneration and nomination committee (remco) and the appointment of Renier Taljaard and Janene van den Heever as committee members.





# CORPORATE GOVERNANCE

CONTINUED

## BOARD EVALUATION

Board evaluation is directly connected to achieving the outcomes and results outlined in the board's strategic plan. Evaluation takes place annually. The board's goal

in doing so, is aimed at improving its performance and effectiveness. The outcome of the self-evaluations assist the respective boards in the execution of their duties in order to be fully efficient.

## LEGAL SHIELD HOLDINGS

	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	ARC was established after the reporting period				
3	Evaluation on how well the remco executed its duties	Remco was established after the reporting period				
4	Questions on how well the directors rated themselves in the execution of their duties					✓
5	Evaluation on how well the chairman of the board, Mr Winton Geyser, executed his duties					✓

## BOARD MEMBERS EVALUATING EACH OTHER

	DIRECTORS	Poor performance	Below average	Average	Above average	Excellent
1	Winton Geyser					✓
2	Kristin van Niekerk					✓
3	Janene van den Heever					✓
4	Quinton van Rooyen					✓
5	Quinton Z van Rooyen					✓
6	Floors Abrahams				✓	

## TRUSTCO LIFE AND TRUSTCO INSURANCE

	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 rated themselves in the execution of their duties					✓
5	Evaluation on how well the chairman of the board, Mr Winton Geyser, executed his duties					✓

## BOARD MEMBERS EVALUATING EACH OTHER

	DIRECTORS	Poor performance	Below average	Average	Above average	Excellent
1	Winton Geyser					✓
2	Kristin van Niekerk					✓
3	Janene van den Heever					✓
4	Renier Taljaard				✓	
5	Quinton van Rooyen					✓
6	Quinton Z van Rooyen					✓
7	Annette Brand			✓		

# CORPORATE GOVERNANCE

CONTINUED

## BOARD MEETINGS AND ATTENDANCE

Legal Shield Holdings board meetings and attendance

Board member	19 June 2018	19 Sep 2018	27 Nov 2018	13 Mar 2019
Winton Geyser (Chairman)	✓	✓	✓	✓
Kristin van Niekerk	✓	✓	✓	✓
Floors Abrahams	✓	✓	✓	✓
Quinton van Rooyen	✓	✓	✓	✓
Quinton Z van Rooyen	✓	✓	✓	✓
Janene van den Heever	✓	✓	✓	✓

✓ Present   x Absent

Trustco Insurance board meetings and attendance

Board member	19 June 2018	19 Sep 2018	27 Nov 2018	13 Mar 2019
Winton Geyser (Chairman)	✓	✓	✓	✓
Renier Taljaard	✓	✓	✓	✓
Kristin van Niekerk	✓	✓	✓	✓
Quinton van Rooyen	✓	✓	✓	✓
Quinton Z van Rooyen	✓	✓	✓	✓
Janene van den Heever	✓	✓	✓	✓
Annette Brand	✓	✓	✓	✓

✓ Present   x Absent

## Trustco Life board meetings and attendance

Board member	19 June 2018	19 Sep 2018	27 Nov 2018	13 Mar 2019
Winton Geysler (Chairman)	✓	✓	✓	✓
Renier Taljaard	✓	✓	✓	✓
Kristin van Niekerk	✓	✓	✓	✓
Quinton van Rooyen	✓	✓	✓	✓
Quinton Z van Rooyen	✓	✓	✓	✓
Janene van den Heever	✓	✓	✓	✓
Annette Brand	✓	✓	✓	✓

✓ Present    x Absent

### BOARD OF DIRECTORS' INDEPENDENCE

The board has adopted the practice of reviewing directors' independence and effectiveness annually and has concluded that all non-executive directors are independent and meet the requirements of independence.

### BOARD COMPOSITION

According to the NamCode, the board must comprise a majority of non-executive directors. The majority of non-executive directors should be independent. Board committees should only comprise of members of the board and should have a majority of non-executive directors. All of the non-executive directors serving on these committees are independent with regard to the insurance and its investments segment.

### BOARD COMMITTEE

During this reporting period, Trustco Life and its subsidiaries were assisted under its established ARC and remco committees. Trustco Insurance also functioned with an established ARC and remco

committee. Subsequent to the reporting period Legal Shield Holdings established an ARC and remco committee to ensure that the ARC and remco committees assist the board of the holding company of the insurance and its investments segment to perform optimally.

### ARC MANDATE

The ARC is responsible for assessing recommendations and reports on the finances, financial controls and risk exposures of the insurance and its investments segment. The committee's function includes review of financial reporting, internal controls, safeguarding of its assets and monitoring of general risk exposure. The committee monitors the competence with which external and internal audits are conducted, confirms and ensures that auditors' recommendations are given due consideration and that auditors are independent in their relationship with the company.

# CORPORATE GOVERNANCE

CONTINUED

## Trustco Life ARC meetings and attendance

Committee member	12 Jun 2018	7 Sep 2018	28 Nov 2018	13 Mar 2019
Winton Geysler (Chairman)	✓	✓	✓	✓
Renier Taljaard	✓	✓	✓	✓
Kristin van Niekerk	✓	✓	✓	✓

✓ Present    x Absent

## Trustco Insurance ARC meetings and attendance

Committee member	12 Jun 2018	7 Sep 2018	27 Nov 2018	13 Mar 2019
Winton Geysler (Chairman)	✓	✓	✓	✓
Renier Taljaard	✓	✓	✓	✓
Kristin van Niekerk	✓	✓	✓	✓

✓ Present    x Absent

## REMUNERATION COMMITTEE (REMCO) MANDATE

The committee is responsible for reviewing and recommending remuneration strategies for the insurance and its investments segment, in line with group strategy, to the board for approval.

The remco for the insurance and its investments segment held two meetings during the reporting period, whereby numerous objectives were discussed pertaining to the implementation of the segment strategies on remuneration and ensuring that the policies based on these strategies and their implementation are compliant, fair and reasonable.

## Trustco Life remco meetings and attendance

Committee member	12 Jun 2018	27 Nov 2018
Renier Taljaard	✓	✓
Janene van den Heever	✓	✓

✓ Present    x Absent

## Trustco Insurance remco meetings and attendance

Committee member	12 Jun 2018	27 Nov 2018
Renier Taljaard	✓	✓
Janene van den Heever	✓	✓

✓ Present    x Absent

## KING IV CODE AND CORPORATE GOVERNANCE

The King IV code provides guidance in terms of good corporate governance practices. One of the virtues it stands for is transparency in the corporate environment.

The insurance and its investments segment aims to achieve and maintain overarching governance to create value in a sustainable environment.



### NOTE

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

# RISK REVIEW

Risk management within the segment is a fundamentally important process in ensuring profitability, growth and long-term sustainability. The operations of the segment are diverse and complicated and require a mature and comprehensive approach to identifying and managing risks within a predetermined risk appetite.

The board acknowledges its responsibility for the entire process of risk management and for evaluating the effectiveness thereof. Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it with the daily operations of the business.

The following risk governance structure is currently in place in the segment and serves as an operational guideline:

## RISK GOVERNANCE STRUCTURE



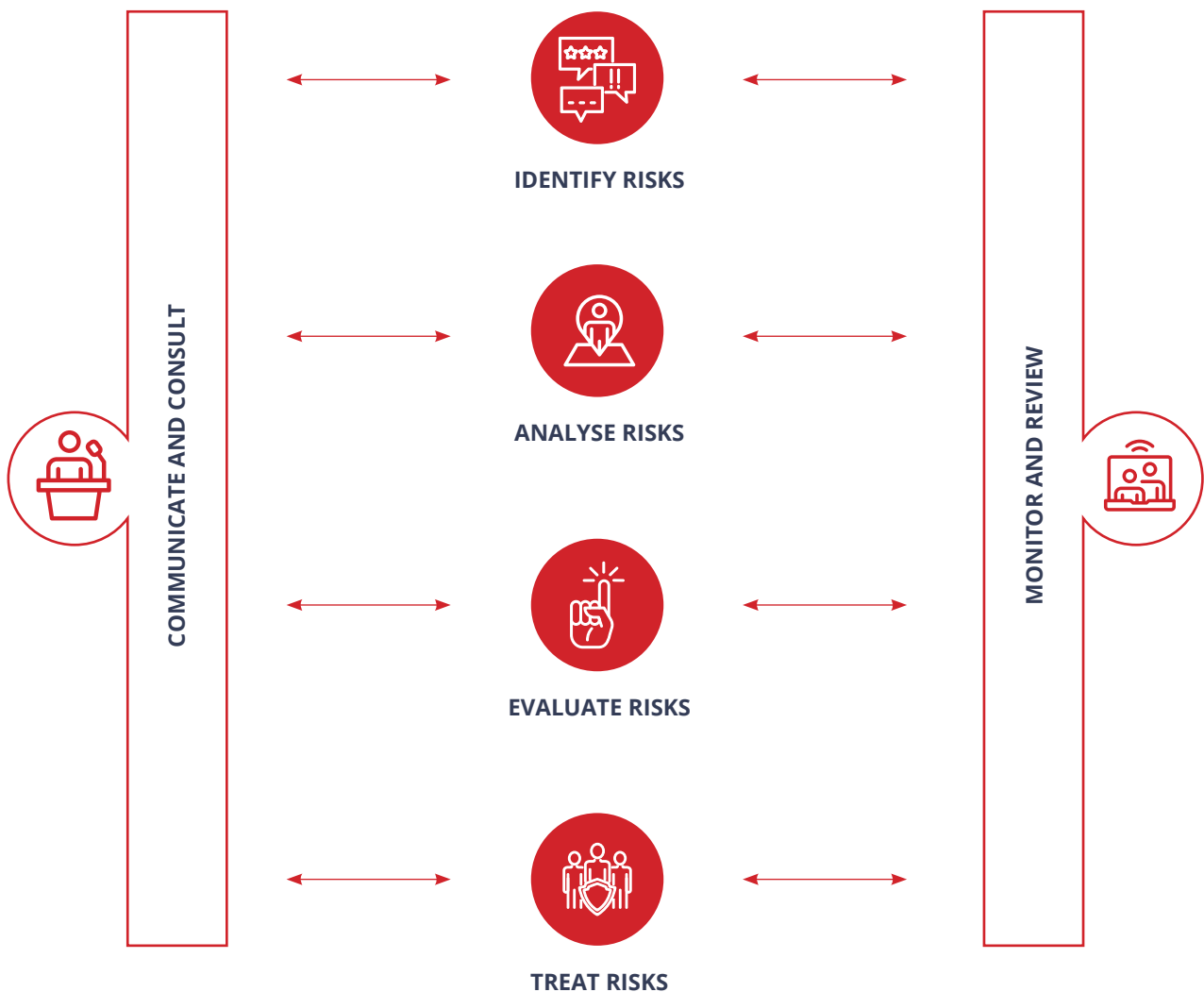
# RISK REVIEW

CONTINUED

Enterprise risk management is an ongoing and cyclical process and includes the determination of a risk appetite and how risks will be identified, measured and managed. The process requires the involvement from all segment employees and a willingness to

understand the risks facing the business, assistance with the creation of appropriate responses to risks and maintaining them within the risk appetite and tolerances established by the board. The cycle is illustrated below:

## ASSESS RISKS



An effective internal control programme cannot be structured without an understanding of the segment's risks and exposures and an effective risk management

process. It is important to the success of the segment's risk management efforts that risks be defined in accordance with the following categories:



# RISKS




Internal and external audit play an important role in the risk management process and provide the third primary line of risk control for operational risk management.

financial reporting management information systems and processes, as well as the relevant controls, which are used for the assessment and reporting of business performance.

External audit also supports the risk control process by auditing the integrity and completeness of the





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# REMUNERATION REPORT

## INSURANCE AND ITS INVESTMENTS SEGMENT

The segment remains committed to its objective of generating wealth for its customers and employees while impacting positively on the environment and the communities in which it operates. Further to this, the segment also places emphasis on recognising the contribution employees make to the growth of the company.

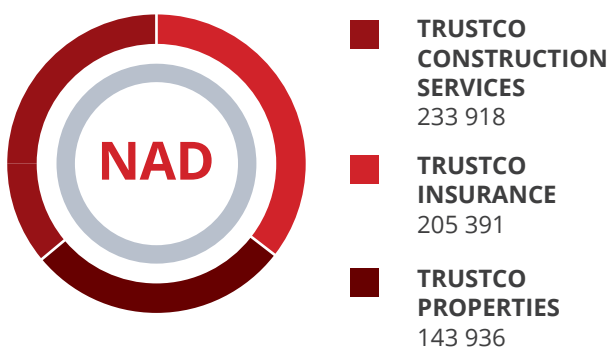
The segment catapults its passion and energy from the group's ethos of nurturing an enterprising mindset among staff. This is done by means of a working environment that is conducive to innovativeness, open communication and proactivity.

The insurance and its investments segment is, to that effect, particular about the teams it builds. Individuals are characterised by intellect, inventiveness and integrity. These traits impart the ability to adapt to an ever changing work environment and a distinctive culture.

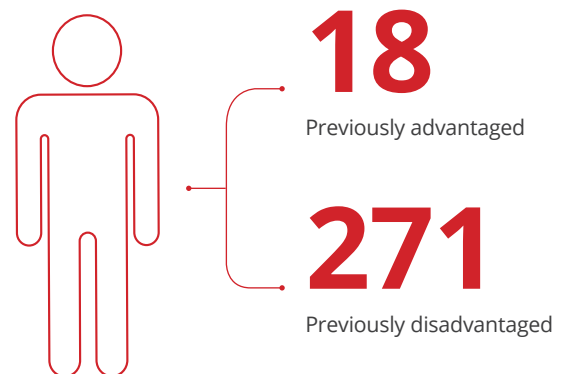
With regard to employee retention and to encourage an efficient work environment, staff are offered salary increments based on personal key performance indicators, achieving set individual goals, quarterly employee self-assessments, increased skills or qualifications and market related benchmarking. Each employee is reviewed annually and on an individual basis.

The insurance and its investments segment has a total staff complement of 289 employees: Trustco Insurance employs 94 employees, Trustco properties 86 employees and Trustco Construction Services (Trustco Construction) 109 employees.

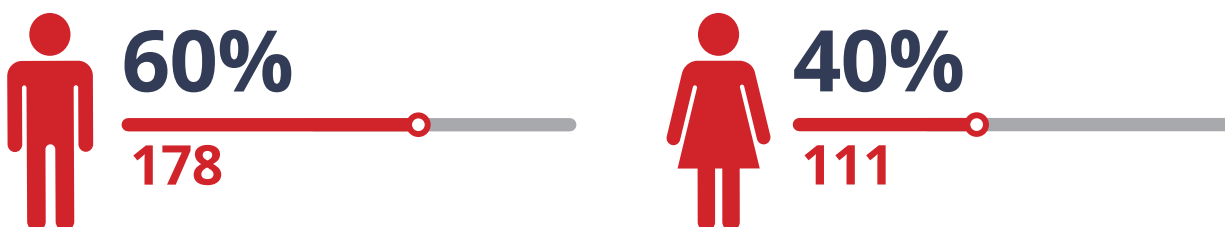
### TRAINING LEVIES PAID IN NAMIBIA



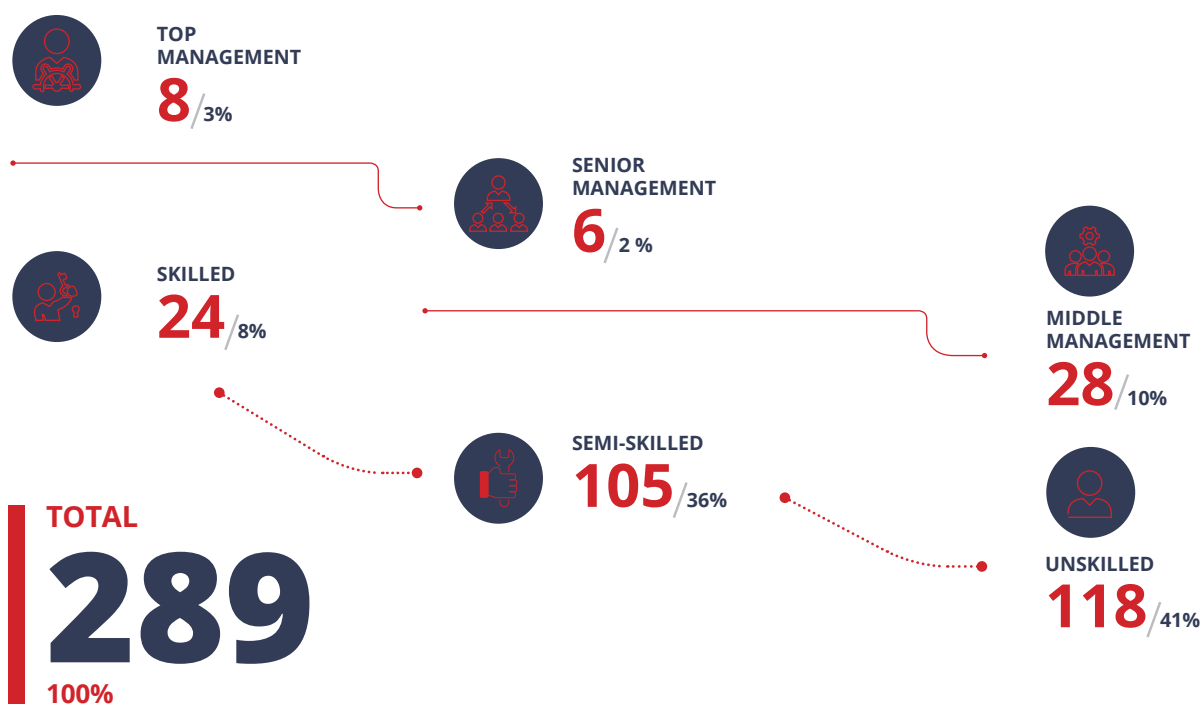
### EMPLOYMENT EQUITY WORKFORCE PROFILE



## WORKFORCE STATISTICS ACCORDING TO GENDER (AS AT 31 MARCH 2019)



## WORKFORCE STATISTICS ACCORDING TO OCCUPATIONAL LEVEL



Employees of the insurance and its investments segment enjoy the following benefits:

- long-term incentives
- short-term incentives
- Trustco 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 and
- in-house training, mentoring and external training.

The segment remains committed to investing in the well-being and development of its valued employees. This commitment includes continuous reviews and amendments to company policies and procedures to ensure relevance as well as clear and understandable objectives that are in line with changing needs, market trends and regulations.

The insurance and its investments segment will remain steadfast in identifying opportunities that ensure employee productivity, optimum staff morale and that also continue to remunerate competitively. The segment intends to attract, motivate and retain top performers who deliver sustainable results.

# REMUNERATION REPORT

CONTINUED

## BOARD REMUNERATION 2019

### INSURANCE AND ITS INVESTMENTS SUBSIDIARY COMPANY DIRECTORS

#### Non-executive directors

	Fees	Basic	Bonus	Shares	Benefits	Total
R Taljaard	430 869	-	-	-	-	430 869
W Geysler	1 355 387	-	-	-	-	1 355 387
J van den Heever	326 672	-	-	-	-	326 672
K van Niekerk	448 356	-	-	-	-	448 356
	<b>2 561 284</b>					<b>2 561 284</b>

#### Executive directors

A Brand	-	901 936	-	40 000	<b>207 741</b>	<b>1 149 677</b>
F Abrahams**	-	2 230 140	-	-	<b>116 185</b>	<b>2 346 325</b>
Q van Rooyen*	-	-	-	-	-	-
Q Z van Rooyen*	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>2 561 284</b>	<b>3 132 076</b>		<b>40 000</b>	<b>323 926</b>	<b>6 057 286</b>

\*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

## BOARD REMUNERATION 2019

### TRUSTCO CONSTRUCTION SERVICES SUBSIDIARY COMPANY DIRECTORS

#### Executive directors

	Fees	Basic	Bonus	Shares	Benefits	Total
J Jacobs		3 328 444	-	-	212 611	3,541 055
K Fick		1 424 466	-	-	122 001	1 546 467
	Resigned (31 March 2019)	-				
<b>GRAND TOTAL</b>	<b>-</b>	<b>4 752 910</b>	<b>-</b>	<b>-</b>	<b>334612</b>	<b>5 087 522</b>



#### NOTE

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

