

## Statement of Financial Position

NOTES	Year ended	Year ended
	31 March 2019	31 March 2018
	NAD'000	NAD'000
<b>Assets</b>		
Interest and similar income	7,851	3,769
Interest expense and similar charges	(1,612)	(2,064)
<b>Net interest income before impairment of advances</b>	<b>6,239</b>	<b>1,705</b>
Other operating income	537	1,324
Finance costs	(493)	(462)
Credit impairment charges	1 (41)	-
Other operating expenses	(27,794)	(30,265)
<b>Loss before taxation</b>	<b>(21,552)</b>	<b>(27,698)</b>
Taxation	2 -	-
<b>Loss for the period</b>	<b>(21,552)</b>	<b>(27,698)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(21,552)</b>	<b>(27,698)</b>

## Statement of Financial Position

NOTES	Year ended	Year ended
	31 March 2019	31 March 2018
	NAD'000	NAD'000
<b>Assets</b>		
Cash and cash equivalents	26,049	33,387
Trade and other receivables	10,118	11,403
Advances	1 50,593	48,312
Property, plant and equipment	982	1,773
Intangible assets	45,707	33,625
<b>Total Assets</b>	<b>133,449</b>	<b>128,500</b>

### Liabilities

Trade and other payables	14,070	4,494
Borrowings	8,082	8,333
Deposits	32,545	14,811
	54,697	27,638

### Equity

Share capital	200,000	200,000
Reserves	20,471	20,954
Retained income	(141,719)	(120,092)
	78,752	100,862
<b>Total Equity and Liabilities</b>	<b>133,449</b>	<b>128,500</b>

## Statement of Cash Flows

NOTES	Year ended	Year ended
	31 March 2019	31 March 2018
	NAD'000	NAD'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	198	235
Interest and similar income	7,851	3,769
Interest expense and similar charges	(1,612)	(2,064)
Cash paid to suppliers and employees	(13,527)	(29,116)
Cash used in operations	(7,090)	(27,176)
(Increase) in advances to customers	(2,880)	(12,708)
Finance costs	(493)	(462)
Increase in deposits	17,734	9,888
<b>Net cash from operating activities</b>	<b>7,271</b>	<b>(30,458)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3)	(99)
Sale of property, plant and equipment	62	577
Purchase of other intangible assets	(14,418)	(20,104)
<b>Net cash from investing activities</b>	<b>(14,359)</b>	<b>(19,626)</b>
<b>Cash flows from financing activities</b>		
Proceeds on share issue	-	80,000
Repayment of borrowings	(250)	(1,836)
<b>Net cash from financing activities</b>	<b>(250)</b>	<b>78,164</b>
<b>Total cash movement for the year</b>	<b>(7,338)</b>	<b>28,080</b>
Cash at the beginning of the year	33,387	5,307
<b>Total cash at end of the year</b>	<b>26,049</b>	<b>33,387</b>

## Statement and Availability

Trustco Bank Namibia prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) and the Namibian Companies Act. The principal accounting policies are consistent in all material aspects with those applied as at 31 March 2018 and there were no revised or new standards adopted in the current year that had an effect on the Bank's reported earnings, financial position and reserves or a material impact on the accounting policies. This announcement is itself not reviewed or audited but is extracted from the underlying audited information. The auditors, BDO Namibia have issued an unmodified opinion on the Bank's financial statements for the year ended 31 March 2019. The audit was conducted in accordance with International Standards on Auditing.

Note that any investment decision by investors and/or shareholders should be based on consideration of the full announcements published on the Trustco Group Holdings website [www.tgh.na](http://www.tgh.na). This announcement is the responsibility of directors. This unaudited announcement is only a summary of the audited annual financial statements, the full version of the results are available on the group's website or at our registered office and head office. Registered office: Trustco House, 2 Keller street, Windhoek, Namibia Head office: NAMP Building, c/o Keller street & Eugene Marais street, Windhoek, Namibia The audited annual financial statements are available at the company's registered and head office for inspection, at no charge, during working hours. Copies of the full announcement may be requested by contacting the investor relations department.

## Overview of the 2019 financial results

### Director's report

The directors have the pleasure of presenting the annual results for the year ended 31 March 2019.

### Nature of business

Trustco Bank Namibia Limited provides innovative banking products, which promote economic development and cater for the banking needs of individuals in growing sectors of the Namibian economy. The bank operates primarily in the retail banking and micro-finance sectors servicing individuals, families and entrepreneurs.

There have been no material changes to the nature of the company's business from the prior year. Trustco Bank Namibia has representation in Oshakati and Windhoek, with its head office situated at c/o Keller Street & Eugene Marais Street, Windhoek.

### Going concern

The directors believe that the company has adequate financial resources to continue in operations for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has sufficient capital and liquidity to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation, which may affect the company.

### Financial results

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

The strong synergies within the Trustco Group were maintained, as Trustco Bank's mortgage

lending at Eisenheim Lifestyle Estate and the Lafrenz Industrial Development continued apace. As a result of this, the secured mortgage lending portfolio increased by 61% year-on-year.

The bank further developed its online capabilities and platforms to enlarge its client offering and improve cost efficiencies. This included system developments for the onboarding of corporate clients for enhanced debit order collections (Endo) through Nam Pay. This has been rolled out to select corporate clients and incremental growth for non-interest revenue is expected in the future.

Interest revenue from loans and advances increased by 120% as the bank continued to expand its lending operations. The bank managed to contain its operational expenses and reflected a saving of 8% year-on-year. Employment cost decreased by 11% to NAD 15 million from NAD 17 million in the previous year, as a digital migration strategy was implemented to automate manual processes and a strategic decision was made to optimise operations. The gross loan book for the bank increased by 6% from NAD 48.3 million in March 2018 to NAD 51.2 million in March 2019. Bank deposits grew by 120% from NAD 14.8 million in March 2018 to NAD 32.5 million in March 2019. The bank made great strides to increase its earnings and balance sheet amid industry barriers.

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

The adjustment resulted in a release of the IFRS 9 provision, but the release was limited to the Minimum statutory reserve of 1%

### Auditors

BDO Namibia

### Company secretary

Komada Holdings (Pty) Ltd

For the year ended	For the year ended
31 March 2019	31 March 2018
NAD'000	NAD'000

### Note 1 - Advances

Gross advances opening balance	48,312	35,604
New advances	19,954	40,499
Interest charged	(6,065)	(2,762)
Advances repaid	(11,009)	(25,029)
Gross advances closing balances	51,192	48,312
Impairment	(599)	-
Net advances	50,593	48,312

### Reconciliation of provision for impairment of loans and receivables

	NAD'000	NAD'000	NAD'000	Total
	Stage 1	Stage 2	Stage 3	
Opening balance at 1 April 2018	551	-	7	558
Transfers (to) from Stage 1	(10)	10	-	-
Transfers (to) from Stage 2	-	-	-	-
Transfers (to) from Stage 3	-	-	-	-
Subsequent changes in ECL	(164)	20	-	(143)
ECL on new exposures raised	192	-	-	191
Impaired amounts written off	-	-	(7)	(7)
	569	30	-	599

### Note 2 - Taxation

The bank did not raise any tax credits or deferred tax assets relating to tax losses in the current or prior periods whilst accounting losses continue. Unrecognised cumulative tax losses of NAD120 million (2018: NAD98 million) would result in a credit to income in future periods of NAD38 million (2018: NAD34 million) if the full assessed loss were to be recognised.

### Note 3 - Capital adequacy

	31 March 2019	31 March 2018
Capital adequacy for the year ended 31 March 2018		
Total risk-weighted capital ratio (minimum 15%)	70%	150%
Tier 1 risk based capital (minimum 7%)	68%	149%
Tier 1 leverage ratio (minimum 6%)	57%	78%

### Directorate

Directors: \*T. Newton (Chairperson), \*Prof L.J. Weldon (South Africa), \*S.B. Similo, \*W. Geyser, Dr Q. van Rooyen, T.J. Slabbert, \*Independent non-executive