

# Annual Report

---

31 December 2023





# Table of Contents

---

## 1. To our Stakeholders

- 1.1 Chairman's Statement
- 1.2 CEO's Letter

## 2. This is TNB

- 2.1 TNB at a Glance
- 2.2 Our Purpose and Strategy Framework
- 2.3 Operating Environment

## 3. Our Customers

- 3.1 Client Value Proposition
- 3.2 What we offer?

## 4. Strong Foundations through Professionalism

- 4.1 Risk management
- 4.2 Compliance

## 5. Sustainability

- 5.1 TNB Commitments
- 5.2 Our Chosen SDG's
- 5.3 Environmental
- 5.4 Social

## 6. Financials

- 6.1 Profit and Loss Account
- 6.2 Balance Sheet



# To our Stakeholders

---

# 1.0





# 1.1

# Chairman's Statement

## An Exceptional Year

In general, 2023 was an exceptional year for Trusted Novus Bank (TNB), delivering a return on equity of 9.6% that exceeded our internal targets. Income from our core operations continued to rise and expenses to fall as opportunities for increased efficiencies were sought, contributing to our overall financial performance. Additionally, our commitment to innovation and customer-centric strategies propelled us forward amidst a challenging economic landscape. Throughout the year, TNB demonstrated resilience and adaptability, positioning us for continued success in the future. I am therefore pleased to report that TNB's profit before tax for the year is £8.6m compared to a loss of £1.6m in 2022.

Volatility remained a defining feature of the macroeconomic environment in 2023, fuelled by factors such as higher interest rates, lingering inflationary pressures, and ongoing conflicts in regions like the Ukraine and the Middle East. While central banks responded to inflationary pressures with rate hikes, concerns over economic slowdown persisted, impacting consumer spending and business investments worldwide. Since December 2021, we've seen 14 successive interest rate rises by the Bank of England, the fastest rate

cycle since the 1970s. UK inflation started at very high levels of over 10% before falling through the year. Monetary policy was tightened substantially with the Bank of England's base rate reaching 5.25% in August 2023. Interest rates rose for customers across most markets. High interest rates and the rising cost of living forced many people to re-evaluate how they spend and save, prompting a slowdown in the local housing market. They also drove customers into retail fixed-term loans and deposits where balances grew rapidly. Businesses and households managed their cash flows more tightly resulting in a weaker environment for lending, as business confidence fluctuated through the year, which saw Sterling strengthening against both the US dollar and the Euro, whilst the FTSE 100 index of shares closed modestly higher than it opened in 2023. Yet despite the global economic challenges and increased geopolitical tensions, markets were remarkably resilient in 2023, with key indices reflecting growth and investor optimism for both equity and bond markets for 2024.

The events

of 2023 serve to remind us all that the strength of a bank should be measured against the quality of its deposit base. Against the backdrop of a succession of high-profile banking failures and turbulence across the banking sector in 2023, TNB continued to consolidate its strong position in the local market by staying focused on client service. During the period of market uncertainty, our relationship banking model underpinned the confidence our clients have in us, demonstrated by the fact that we had net inflows of deposits during that time. TNB's long-term approach and cautious banking model resonates well with discerning clients looking for a bank where they can build a long-term relationship. TNB's strategy to hold high levels of liquidity, with no reliance on wholesale funding meant that the Bank operated with a consistently strong liquidity position during the period, reassuring clients of its robustness and resilience.

On the lending side, TNB has continued to pursue its strategy to focus on prudent, high-quality, and capital efficient lending, and again despite the impact of the challenging macroeconomic environment there were no signs of stress on the loan

book, owing to TNB's cautious underwriting approach with relatively low loan-to-value (LTV) ratios. However, whilst our strategic bond portfolio continued to perform well, the Board took the prudent approach to reduce TNB's credit risk exposure on our mark-to-market portfolio, as our Treasury function continues to monitor our strategic portfolios closely. Our strong equity and liquidity positions allow us to take advantage of our pipeline of new lending opportunities. Drawing our first loan in the UK in 2023 marks a significant milestone in our expansion efforts, as an important strategic move that reflects our commitment to broadening our geographical footprint and seizing opportunities in new markets. As we look ahead, we remain focused on leveraging our expertise and strengths to establish a strong presence in the UK market, further bolstering TNB's position as a dynamic and forward-thinking financial institution.

Whilst the outlook for the UK and Gibraltar economies remains uncertain, TNB remains alert to any potential increase in credit risk. TNB's improved profitability and robust financial strength, means it remains well positioned to make the most of the opportunities in 2024. We expect TNB to continue to benefit from the





business model it has established over many years.

In delivering the strategic aims of "Reshaping the now. Building for the future", our dedication to secure, efficient, and scalable information technology remains unwavering as we navigate our digital transformation journey and pursue sustainable business growth. In September 2021, we embarked on a formal partnership with Temenos SA, making a significant stride in our digital evolution. Our collaboration with Temenos will enable us to offer our customers access to the cutting-edge digital functionalities of Temenos Transact. This strategic alliance not only bolsters our capabilities but also facilitates seamless integration with diverse product suites and network partners, exponentially broadening our service spectrum. Throughout the past year, we have allocated substantial resources towards exploring opportunities for synergising the finest elements of the digital and physical realms, all while preserving and enhancing the bespoke banking experience synonymous with TNB. This comprehensive endeavour has entailed a meticulous examination of every facet of the customer journey to ensure that new technologies augment and refine our service delivery seamlessly. While we initially aimed for a 2023 go-live date for the new platform, we encountered unforeseen complexities that prompted us to revise our timeline. Consequently, we have adjusted our plans, and the go-live date is now set for 2024. Despite this temporary delay, we view it as an

opportunity to further refine and optimise our digital infrastructure, ensuring a seamless transition for our valued customers. This strategic initiative signifies a substantial investment in the future of banking services, underscoring TNB's commitment to innovation and excellence. By embracing the latest technologies and adapting to evolving market dynamics, we are well-positioned to deliver an unparalleled customer experience, solidifying our position as a prime mover in the local banking sector.

### Enhancing Risk Governance

Our Board remains dedicated to upholding strong corporate governance and robust risk management practices. We prioritise protecting our customers and stakeholders while seizing valuable business opportunities in a rapidly evolving environment. Throughout the past year, our Audit & Risk Committee (ARC) and Board Credit Committee (BCC) have enhanced our Risk Management Framework, strengthening our risk culture and control environment. These efforts ensure we effectively manage risks while pursuing strategic objectives.

Committed to continuous improvement and anticipating future challenges while fostering sustainable growth, the Board has reviewed its governance structure to ensure it remains robust and effective. In line with our forward-looking approach, we will be implementing enhancements to our Board and executive committee structures in 2024. These changes are

designed to strengthen oversight and ensure our governance framework continues to meet the evolving needs of the Bank and its stakeholders.

Our proactive approach to governance ensures that we remain well-positioned to protect stakeholder interests and uphold our reputation as a trusted institution.

### Sustainability and being at the Centre of the Community we serve

As Chairman of the Board, it is particularly pleasing to see the continued emphasis placed on sustainability throughout TNB and how it is embedded in everyday decision making. We believe that sustainable growth will come from building closer relationships with our customers and wider stakeholders and our ability to better serve them at every stage of their lives. We have laid solid foundations on which to build the capacity for growth, positioning us well for 2024 and beyond. So, whilst the economic environment we operate in is constantly changing, understanding the multiple influences on our business and our customers enables us to be prepared for change, responding quickly and creating value for the long term.

Amid rising financial pressures, our relationship managers in 2023 continued to offer support to our corporate business customers to grow stronger, manage costs, find the right funding solutions and reduce risk in

volatile markets. Our ambition is to help remove barriers to enterprise and to provide businesses in Gibraltar the support they need to grow. We are also helping people take control of their finances, offering solutions to make the most of their money, safely and securely – now and into the future. We have also made helping address climate change and supporting our customers in their transition to net zero a key strategic priority by assisting our customers in making sustainable choices, whether it be through creating value from the commercial partnership opportunities arising from the transition to a net-zero economy, to reducing the financial hurdles for transitioning to sustainable practices. Putting our customers at the heart of our strategy and deepening our relationships with them to better meet their needs is part of our social contract to deliver long-term sustainable value for all our stakeholders. Our people are at the heart of our business, and I am grateful to our employees for their hard work, enthusiasm, and dedication throughout 2023. At TNB we are an engaged and resilient team, and I am particularly pleased that our employees feel proud to deliver great service to our customers. We will continue to invest in future talent by providing our employees with the skills and capabilities to fulfil their potential and maintain our high-performing culture, with programmes designed to enhance skills and support career prospects. These initiatives are equipping our people with the tools and opportunities to develop their careers today for tomorrow.



## Looking Forward

As we reflect on the past year, I would like to take this opportunity to extend our sincere gratitude to Christian Bjorlow for his exceptional leadership and contributions to the Bank during his tenure. Under his guidance, we have navigated significant challenges, strengthened our operations, and laid a solid foundation for future growth. We wish Christian all the best in his future endeavours.

At the same time, we are excited to welcome Christian Garcia as our new Chief Executive Officer. With his extensive experience and proven track record, we are confident he will lead the Bank into a new chapter of success and innovation. We look forward to working together as we continue to serve our stakeholders and pursue our long-term strategic objectives.

Looking to 2024, geopolitics will undoubtedly remain a major concern, as regional conflicts continue. Troubling though such events are, history suggests that the global economy and capital markets can remain seemingly unaffected by them. Meanwhile, the business cycle may remain relatively benign. The two big cyclical headwinds of these past two years – energy costs and monetary policy – seem likely to become tailwinds. In our own business, we remain positive and will continue to invest in growth, without ever losing the focus on our clients, as their satisfaction is our first priority.

## And finally, a vote of thanks...

On behalf of my fellow directors, I would like to express our gratitude to our clients, employees as well as to our members of the Senior Management Team for a very successful 2023. As always, the continued success of TNB reflects the hard work and commitment of our employees. On behalf of the Board, I extend our thanks for their contribution in 2023 – their drive to do the best for our customers and for the community we serve makes TNB a bank 'out of the ordinary'.





# 1.2 | CEO's Letter

## **2023 was a truly remarkable year for TNB, marked by outstanding achievements across the board.**

I would like to begin by paying tribute to our previous CEO, Christian Bjørløw, for his exceptional leadership and the tremendous impact he has had on our organisation over the years. Thank you, Christian, for your dedication and contributions. Our success last year is a testament to the outstanding performance of our entire team.

We achieved strong revenue growth across all business sectors, largely driven by favorable interest rates, leading to our highest return on equity in over a decade. These financial achievements, combined with our strategic initiatives, have significantly enhanced shareholder value. As we look ahead to 2024, I am optimistic about the opportunities that lie before us. We believe these opportunities will support our continued strong performance, even as we anticipate shifts in interest rate trends.

However, we remain mindful of the challenges that the current global landscape presents. The ongoing conflicts in Europe and the Middle East are deeply concerning, with the potential for further escalation, worsening humanitarian crises, and additional market volatility. While the anticipated decrease in interest rates this year may stimulate economic activity, uncertainty continues to shape the outlook.

Amid these uncertainties, our commitment to our core mission remains steadfast: to serve our customers and clients, providing them with the support they need to navigate any financial challenges they may face.





# Financial Summary

---

The Bank's results are a testament to the way we remained focused in 2023. Reported profit before tax was £8.6m, which was £10.1m higher than in 2022. Total operating income was up 95% in 2023 at £23.8m, with total expenses up 11%.

Our disciplined approach to capital allocation and balance sheet management delivered an attractive return on equity for our shareholder in 2023 of 9.6%.

TNB remains highly liquid and well capitalised with a Common Equity Tier 1 (CET1) ratio of 22.4% (unaudited). TNB's Liquidity Coverage Ratio (LCR) remains high and well over the minimum required ratio at 266% (unaudited).

## Profit and Loss

Net profit after tax is up £9m compared to previous year, £4.6m of which relates to an increase in net interest and fee income, aided by the increasing interest rates during the year, and the remainder being largely due to an increase in the mark-to-market portfolio.

## Net Fee and Commission Income

Non interest income increased by 14%, mainly attributable to fees and commissions from lending activities due to large drawdowns during the year, and fees and commissions from card services, which are no longer considered a green fee.

## Operating Expenses

Total operating expenses have increased by 13% (£1.7m) compared to the previous year. This is partly attributable to the prevailing inflationary environment, which has led to higher costs across various aspects of the organisation. Staff costs remain the largest component of our cost base, at 53%. There has been an increase in staff during the year of 5 employees, together with an average cost of living increase of 3% in 2023.







## Balance Sheet

In the current environment a strong balance sheet, disciplined risk management and effective capital allocation are important differentiators. Our loan book is well balanced and well diversified by sector and the level of defaults remains nil.

## Lending

Total assets grew by £88 million to reach £686 million during the year, primarily due to a £114 million increase in loans and advances to credit institutions, driven by excess liquidity from a rise in deposits. Although TNB set a target of £129.5 million in new loans, achieving 95% of this goal, overall lending to customers remained stable. This stability was attributed to higher repayments, influenced by the rising interest rate environment.

## Deposits

Due to the rising interest rates, deposits increased by £80 million during the year, largely driven by a growth in fixed-term deposits, exceeding our deposit growth target by £22.8 million (134%).

## Other Assets

Over the year, TNB made a significant investment of £5.8 million in intangible assets, specifically for the development of the new core banking system. Additionally, the sale of £24 million from the high-yield bond portfolio contributed to the increase in loans and advances to credit institutions, helping to manage the excess liquidity.

## Capital

We ended the year with a CET1, Tier 1 and total capital ratio of 22.64%. The level of capital held throughout the year was comfortably in excess of regulatory requirements.





## Future Developments

---

Looking ahead, favourable interest rates and solid underlying business growth will carry this performance into 2024. Our goal remains to sustain a high return on equity while remaining mindful of the fluctuations in the interest rate cycle and their impact on net interest income. Nevertheless, we remain confident on our ability to identify various growth opportunities within our strategy that capitalise on our strengths.

For TNB, our commitment lies in leading the charge in technological advancements within the financial sector. This commitment is integral to our continuous efforts to refine operations and elevate customer experience.

2024 will most likely see the introduction of our new core banking solution, empowering the Bank to offer an enriched customer journey. This innovative platform will facilitate seamless access to our services across multiple channels, including online and mobile banking, thereby enhancing convenience, flexibility, and security for our customers in managing their financial affairs. Moreover, this technological enhancement will fortify our risk

management protocols, bolster data analytics capabilities, and ensure adherence to regulatory standards, reaffirming our commitment to operating at the highest levels of security and compliance.

We deeply appreciate the ongoing support from our stakeholders, including customers, shareholders, employees, and the wider community. We remain steadfast in our dedication to delivering favourable outcomes and augmenting shareholder value in the forthcoming year. We are committed to ensuring that TNB is a future-ready and resilient organisation with a focus on long-term value creation. Our business is underpinned by strong governance and risk management practices, and an ethos of being a trustworthy financial institution.

We continue to believe in TNB's strong market position within Gibraltar and serving both local and international clients through various business lines and remain confident of its underlying value and the future prospects of its evolving business model.



# This is TNB

---

# 2.0



# 2.1

## TNB at a glance

**Trusted Novus Bank (TNB) serves over 3,800 customers, offering a comprehensive set of banking products and services to support our customers' everyday banking needs.**

**We offer full banking services to personal, corporate and private clients.**

Throughout the year, our commitment to becoming the bank of choice in Gibraltar has remained our guiding principle, enabling us to proactively support individuals, families, and businesses during challenging times. While the impact of COVID-19 has lessened, economic uncertainties, including rising interest rates, have continued to test resilience. We have stood by our customers, delivering strong financial performance and helping them navigate these challenges. To sustain our support and foster growth, we are investing in technology and deepening relationships with customers through insights and shared goals. By offering personalised advice and tailored products, we strive to positively influence our customers' lives. Collaborating with partners and upholding prudent risk management, we remain confident in our underlying business strength. Our profitability in 2023 reflects this confidence, and we are well-positioned, highly liquid, and well-capitalised, committed to our long-term vision of creating a sustainable future for our customers, colleagues, and society.

Customers



**3,837**

Customers Served

Strength



**22.4%**

Capital Ratio

Loan Book



**£289m**

Assets Under Management



**£959m**

Loan-to-Deposit Ratio



**49%**



# Our Purpose and Strategy Framework

# 2.2

**“To be the trusted bank for our customers and stakeholders”**

**Christian Garcia, CEO**





# SUPPORTED BY... OUR STRATEGIC PRIORITIES



## Achieved through... Our Purpose

To make banking an enjoyable and out of the ordinary experience. Customer service is our top priority and the key to our success.

## Delivered via... Our Business Model

Differentiation – we have developed a client value proposition for the key segments we wish to serve, co-creating banking solutions based on client engagement. By using data analysis to understand clients wants, needs, pain points and behaviours, we have been able to develop more targeted and personalised banking solutions.

We recognise that the pace of change in technology is the main disruptor in our industry and we look forward to leveraging the benefits of our new core banking system, significantly enhancing our technological capability

## Strengthened by... Our Values

Our values drive our customer-centric approach, shaping everything we do within our organisation and aligning our Vision, Mission, and Employee goals. As these values evolve, they continue to guide our customers, inspire employees, and ensure the long-term sustainability of our business.

# Transparent Resilient United Sustainable Tailored Equal Driven



## Transparent



We are open and honest with our business activities and encourage a feedback culture.

We manage expectations through regular communication and provide timely, clear and concise communication

## Resilient



We have the ability to quickly react to change. We are mindful of our long-term relations, committed in our approach and continuously work on building our resilience.

## United



We trust each other and have a sense of belonging. We strive to maintain a positive, fun and optimistic environment as we work towards our common goals. We are one team as we share common values and we live them.

## Sustainable



We empower our employees to encourage motivation and build retention. We challenge the norm to achieve greater success and develop long term relationships with all of our stakeholders.

# TRUSTED

## Tailored



We accommodate and provide a personalised service for our clients individuals needs. We challenge the norm as we do not believe that one size fits all.

## Equality



We listen, we care, we communicate and lead by example, as we are an organisation that values inclusivity and diversity.

We apply respect and interest to ensure the quality of our service is offered.

## Driven



We are an engaged workforce, determined and persevering. We aim to exceed expectations as we believe in what we do and support each other to help reach our goals.



# 2.3 | Operating Environment

## Message from the Chief Operating Officer

2023 has been a pivotal year for TNB as we continued to navigate an evolving landscape of economic challenges, regulatory changes, and technological advancements. Following the global uncertainty of previous years I am proud of TNB's continued commitment to serving our clients, employees, and the wider community.

## Economic Challenges and Resilience

Inflation continued to be a dominant issue in 2023, driven by lingering energy market volatility and global supply chain disruptions. Central bank interest rates remained high and making borrowing more costly for individuals and businesses and we experienced a reduced demand for lending in Gibraltar, which contributed to a slowdown in the pace of property price growth.

Nonetheless, we remained resilient, focusing on strategies to support our clients in this challenging environment. We introduced more flexible financing options, such as extended fixed-rate lending, helping to shield borrowers from fluctuating interest rates and providing more certainty in their financial

planning. TNB was also at the forefront of supporting the purchasers at Hassan Centenary Terraces, as the latest wave of shared ownership was released and we look forward to supporting future shared ownership projects.

## Regulatory Landscape and Strengthened Compliance

A major focus this year was ensuring that we met evolving regulatory requirements. In 2023, Gibraltar successfully implemented the final FATF recommendations, leading to the jurisdiction's removal from the grey list in early 2024. This was a welcome development, enhancing the reputation of Gibraltar's financial services sector. At TNB, we further strengthened our Compliance and Risk Management functions to ensure we continue to meet the highest international standards. This was not just about meeting regulatory obligations but about building lasting trust with our clients and stakeholders.

## Community and Sustainability

TNB has always been committed to supporting our community, and 2023 was no exception. In addition, we reinforced our focus on sustainability by integrating Environmental, Social, and Governance

(ESG) principles into our lending policies and operational strategies.

We also remained a key partner in Gibraltar's economic development, supporting key infrastructure and construction projects that are essential to the territory's growth. Our commitment to local businesses and retail clients remained strong, particularly as we saw continued recovery in the tourism sector, which had a positive knock-on effect on many of our clients.

## Looking Ahead

As we move into 2024, TNB is poised for continued growth and innovation. We remain committed to enhancing our technological capabilities while delivering the personalised service that our clients value. With the potential resolution of the Schengen agreement on the horizon, we anticipate greater business confidence in the local market, which could unlock new opportunities for both investment and growth.

TNB's focus remains clear: supporting our community through strong client focus, offering tailored solutions, building trust and embracing innovation for the benefit of our clients and for Gibraltar.





# Our Customers

---

# 3.0



# Client Value 3.1 Proposition

**Our goal is to create a bank that simplifies, rewards, and personalises money management for our customers. We firmly believe in fair treatment, transparency, assisting vulnerable customers, clear communication in easily understandable language, and not charging hidden fees.**

Offering a comprehensive range of products and services, we cater to all banking needs with an added personal touch. Exceptional customer service remains our top priority.





# 3.2

## What do we offer?

| Corporate Banking   | Personal Banking  | Private Banking   |
|---|---|---|
| <p><b>Business Banking</b></p> <ul style="list-style-type: none"> <li>- Available for Gibraltar based businesses with a meaningful local presence</li> <li>- Current accounts in multiple currencies</li> <li>- Online banking</li> <li>- Debit and Credit card services</li> <li>- Currency exchanges and forward lines</li> <li>- Cashier and ATM services</li> <li>- Trade finance products</li> <li>- Deposits and savings products</li> <li>- Commercial loans &amp; overdrafts</li> <li>- Buy to let mortgages</li> <li>- Construction finance</li> </ul> <p><b>Intermediary Banking</b></p> <ul style="list-style-type: none"> <li>- Available for select business partners with a GFSC license for trust, company management, etc.</li> <li>- Same services as for Business Banking</li> </ul> <p><b>UK Real Estate Finance</b></p> <ul style="list-style-type: none"> <li>- Provide real estate financing for UK based clients and properties</li> </ul> | <ul style="list-style-type: none"> <li>- Retail banking services to personal local clients</li> <li>- Current accounts in multiple currencies</li> <li>- Online banking</li> <li>- Debit and Credit card services</li> <li>- Currency exchanges</li> <li>- Cashier and ATM services</li> <li>- Safe deposit boxes</li> <li>- Deposits and savings products</li> <li>- Investment products for regular contributions or lump sum savings</li> <li>- Residential mortgages (variable and fixed rates)</li> <li>- Buy-to-let mortgages</li> <li>- Personal loans and overdrafts</li> </ul> | <ul style="list-style-type: none"> <li>- Available for local clients with assets over £250k (over £500k for international clients)</li> <li>- Retail banking services</li> <li>- Discretionary Portfolio Management investment service</li> <li>- Advisory investment service</li> <li>- Execution only investment trading</li> <li>- Lombard loans</li> <li>- FX and forward currency lines</li> </ul> |
|   |   |   |



# 4.0

---

# Strong Foundations Through Professionalism



# 4.1

# Risk Management

## Risk Management Overview

TNB operates within a Risk Management Framework (RMF), aiming to comprehend potential adverse outcomes associated with operating a financial enterprise and establishing tolerable parameters for such occurrences. It is not the goal of risk management to eliminate all risks entirely. Instead, TNB focuses on employing resources effectively and efficiently, necessitating prudent risk management practices. Deviating from this approach could result in significant difficulties, costs, and unintended consequences.

Our risk management approach involves identifying, assessing, and mitigating threats, while also leveraging opportunities and addressing business requirements. By employing proactive, detective, and responsive actions and controls, we encourage desired conduct and events while preventing undesired outcomes. These effective risk management measures ensure the Bank's stability and resilience, as outlined in this annual report.

**To achieve the RMF objectives, the Bank must employ actions and implement controls to ensure it is addressing uncertainty and acting with integrity while pursuing its objectives. The Bank must respond appropriately to desirable and undesirable events, conditions and conduct.**





# Risk Culture

An effective RMF needs to resonate throughout the organisation and its dissemination needs to be facilitated. This is achieved through the following channels:

## 1. Communication

The Board of Directors are responsible for providing Management with timely, clear and transparent objectives together with the risk appetite which they are proposing and that needs to be set in achieving these objectives. This is achieved via the organisation of relevant Management Meetings and any forums which may exist as subsets to Management from time to time. Management will ensure that all employees have access to broad information on the Bank's performance and objectives set, as well as sufficient information to allow those interested in familiarising themselves with the role they play in the organisation.

## 2. Emphasising the 3LoD Model

First line: Communication of the concept of Business Risk Owners ("BRO") is an important step in ensuring that employees take ownership and feel accountable for risk which they are immediately exposed to as they perform their day-to-day role.

Second line: Will provide risk oversight and advice to support the first line in managing risks, including the development of business continuity plans, as part of the Board's risk mitigation strategy planning. Assessing the adequacy and effectiveness of risk governance and control activities.

Third line: Independent assurance where risk management principles are assessed in determining whether these are being implemented effectively across both 1st and 2nd lines.

## 3. Assessing Risk Culture and its Development

The CRO is responsible for ensuring that a risk culture assessment is performed at least annually. This is a useful exercise which aims to assess how risk is perceived by employees, how it impacts them and what their role is. More significantly, the annual assessment will be able to provide details on its evolution and will be an important metric on evaluating effectiveness of communication.



# Risk Governance and Oversight

---

Ultimately accountable for any financial loss or reduction in shareholder value, TNB's Board of Directors is responsible for identifying the risks to which TNB is exposed in relation to its activities and ensuring that proper mandates, policies, authority levels, risk frameworks and systems are in place and functioning effectively.

The message that emanates from TNB's Board of Directors encourages the taking of controlled risks, the grasping of new opportunities and the use of innovative approaches to further the interests of TNB within its overall internal control framework, the management of which is integrated with the Board's other corporate governance objectives.

By clarifying strategy, competitive context and corporate philosophy and values through communications, training, and leadership action, Management reinforces the risk appetite of the Board of Directors.

The Board's message further translates into authority hierarchies (delegated financial authorities and devolved responsibilities), job descriptions, specific policies and work instructions and other devices and control mechanisms intended to counter identified risks impacting on TNB's capacity to secure its corporate objectives. Material non-compliance with prescribed procedures constitutes in itself an unacceptable risk. To the degree that an officer does not comply with TNB policies, procedures or standards of conduct, Management takes appropriate disciplinary action to maintain the effectiveness of the control environment. Indeed, the control environment in TNB is significantly influenced by the

extent to which its officers recognise that they will be held accountable. Staff appraisals, promotional activities and other communication methods (e.g. visual items to enhance awareness) present further opportunities for conveying either directly or implicitly the corporate values of TNB and hence its risk culture.

## Oversight of Strategy and Risk

The Board is responsible for identifying the risks to which the Bank is exposed in relation to its activities and ensuring that proper mandates, policies, authority levels, risk frameworks and systems are in place and functioning effectively. The Board encourages the taking of controlled risks, exploring new opportunities and the use of innovative approaches to further strengthen the internal control framework.

## The Board's Control over Business Activities

The Board's mandate is to oversee the conduct of the Bank's affairs by working with and through Management, in particularly in matters concerning:

- Financial performance
- The appetite and management of risk
- The management of the loan portfolio
- The processes for determining the adequacy of provisions for credit exposures
- The Bank's asset/liability management



# 4.2 | Compliance and Legal

At TNB, we recognise the critical importance of adhering to legal and regulatory frameworks. Our commitment to compliance is integral to our role within the community, particularly in areas such as combatting money laundering, terrorism financing, and proliferation financing.

The Compliance and Legal team operates under three main pillars:

## 1. Managing Compliance Risk

We actively monitor and manage compliance risk by staying aligned with the legal and regulatory requirements applicable to TNB. This involves conducting compliance checks, testing, and thematic reviews. We also handle complaints and collaborate with internal teams to enhance compliance practices. Regular training is provided across the organisation to strengthen our understanding and adherence to these standards. Our goal is to serve as an effective second line of defence, fostering robust business practices and preventing regulatory breaches.

## 2. Regulatory Scanning

We continuously review new regulatory developments and initiatives that impact the Bank. By working closely with the business, we ensure these changes are implemented effectively. As regulatory frameworks evolve, such as those related to ESG, Pillar 3 disclosures, and capital requirements, we help the Bank adapt accordingly. Over the past year, we have collaborated with the business on initiatives like Operational Resilience and exploring the requirements of Consumer Duty.

## 3. Support

We provide ongoing support to the business on strategic initiatives, while addressing any issues that arise, such as those involving vulnerable clients. Our team remains focused on delivering the necessary guidance and expertise as the Bank navigates its strategic direction.

Looking ahead, the compliance team is well-prepared for the next phase of the Bank's growth. A key focus will be on further enhancing the depth of experience, expertise, and skills in regulatory matters within the organisation.





# Sustainability

---

# 5.0



# 5.1

## TNB Commitments

At TNB, our mission is to become the green bank of choice, committed to embedding sustainability at the core of everything we do. As we look towards the future, our vision is clear: to be a leading corporate citizen in the realm of Environmental, Social, and Governance (ESG). We believe that a strong and ambitious focus on ESG will not only create sustainable value for our shareholders but also enrich the lives of our customers, employees, and the local community.

### Commitment to the UN Principles

Guided by the most far-reaching and universally recognised standards, the UN Principles for Responsible Banking, we have set a course to align our operations with these principles over the coming decades. While our ultimate goal is to fully meet these standards, we have identified key areas of focus, particularly aligning with specific UN Sustainable Development Goals (SDGs), that are most relevant to our current operations. We will continue to expand our commitment to these SDGs over a 10-30 year plan.

### Our Values and ESG

TNB's core values of sustainability, transparency, and equality are deeply intertwined with our ESG strategy. We are committed to strengthening our efforts in all three areas—environmental, social, and governance—going beyond the expectations placed upon us as a local bank. Our dedication to these principles reflects our belief that responsible banking is not just a duty but a

path to long-term success and positive community impact.

### Together We Care Initiative

In 2023, we launched the “Together We Care” Plan, a comprehensive initiative aimed at fostering a culture of responsibility and care within TNB. To achieve success, this plan requires a strong commitment from every member of our team. Our ESG leaders are dedicated to inspiring and motivating all colleagues to actively participate in this journey under the slogan “Together We Care.” To keep the momentum, we have established a dedicated internal news channel, ensuring continuous communication and regular updates on our ESG efforts. Externally, we are signaling our commitment through events, press releases, social media, and other channels, demonstrating that at TNB, we care deeply about our environment, our colleagues, our clients, and our local community. By promoting responsible behavior, we aim to lead by example and inspire others to join us in our mission.

### Looking Forward

As we continue on this journey, we are confident that our strong ESG focus will drive sustainable growth and create lasting value for all our stakeholders. We are excited about the path ahead and remain committed to making a positive impact on the world around us, ensuring that TNB not only meets but exceeds the expectations of what it means to be a responsible and sustainable bank.





# Our Chosen SDG's 5.2

The Bank's ESG strategy is focused on creating a positive impact on both the environment and society, while upholding strong governance standards. We have chosen six of the UN Sustainable Development Goals (SDGs) that are most relevant to our operations and are committed to advancing these through targeted initiatives. Below, we highlight examples of our efforts aligned with these six SDGs.



## (3) Good Health & Well-Being

We prioritise the well-being of our employees by introducing a comprehensive well-being programme, including flexible working policies that support a balanced work-life environment. Additionally, we are committed to giving back to our communities through various charity initiatives, fostering a culture of care and social responsibility.

## (8) Decent Work and Economic Growth

We ensure clarity around roles and duties to support full, productive employment and decent work for all. Our commitment extends to promoting sustained and inclusive growth through strong consumer protection measures, regular policy reviews, and fostering a healthy corporate culture that values every employee's contribution.

## (4) Quality Education

We believe in the power of education to drive positive change. Our initiatives include educating clients on ESG principles through our articles, providing internship programmes to develop future talent, and offering financial education to our employees, ensuring they are equipped with the knowledge and skills to thrive in their careers.

## (9) Industry, Innovation, and Infrastructure

We are committed to building resilient infrastructure and fostering innovation. Our approach includes handling customer complaints efficiently, conducting customer satisfaction surveys, and preparing for critical functions. We also implement initiatives to reduce cash usage, aligning with our goal of driving progress in industry and innovation.

## (5) Gender Equality

We are dedicated to promoting diversity and gender equality within our organisation. Our initiatives focus on creating an inclusive environment where everyone, regardless of gender, can thrive and contribute to our shared success.

## (13) Climate Action

We actively participate in climate action through various initiatives. Our Treasury ESG investments and carbon offsetting efforts contribute to a more sustainable future. We also focus on expanding our range of ESG products across TNB and optimising internal facilities to reduce our environmental impact.

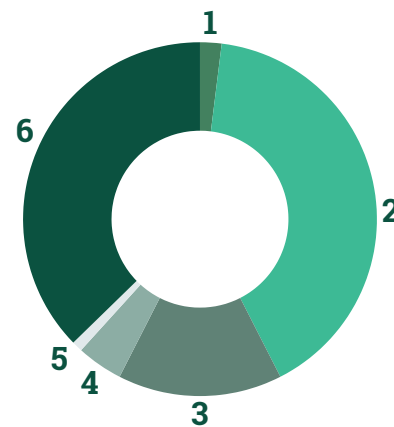


# 5.3 | Environmental

TNB is committed to minimising its environmental impact and has partnered with Sustainabuild Ltd, a local leader in sustainability, to produce a comprehensive CO2 report. Established in 2023, Sustainabuild specialises in energy efficiency and environmental solutions. Through this collaboration, we are able to assess our carbon

footprint, benchmark our progress against previous years, and identify opportunities for further improvement. In addition to reducing CO2 emissions, we are also enhancing our recycling efforts and exploring other ways to contribute to a more sustainable future.

| Scope   | Category                     | Percentage |
|---------|------------------------------|------------|
| Scope 1 | 1 Company Facilities         | 1.1%       |
|         | 2 Purchased Electricity      | 41.3%      |
| Scope 2 | 3 Business Travel            | 15.3%      |
|         | 4 Employee Commuting         | 4.3%       |
|         | 5 Water Supply               | 0.2%       |
|         | 6 Purchased Goods & Services | 37.8%      |
| Scope 3 |                              |            |



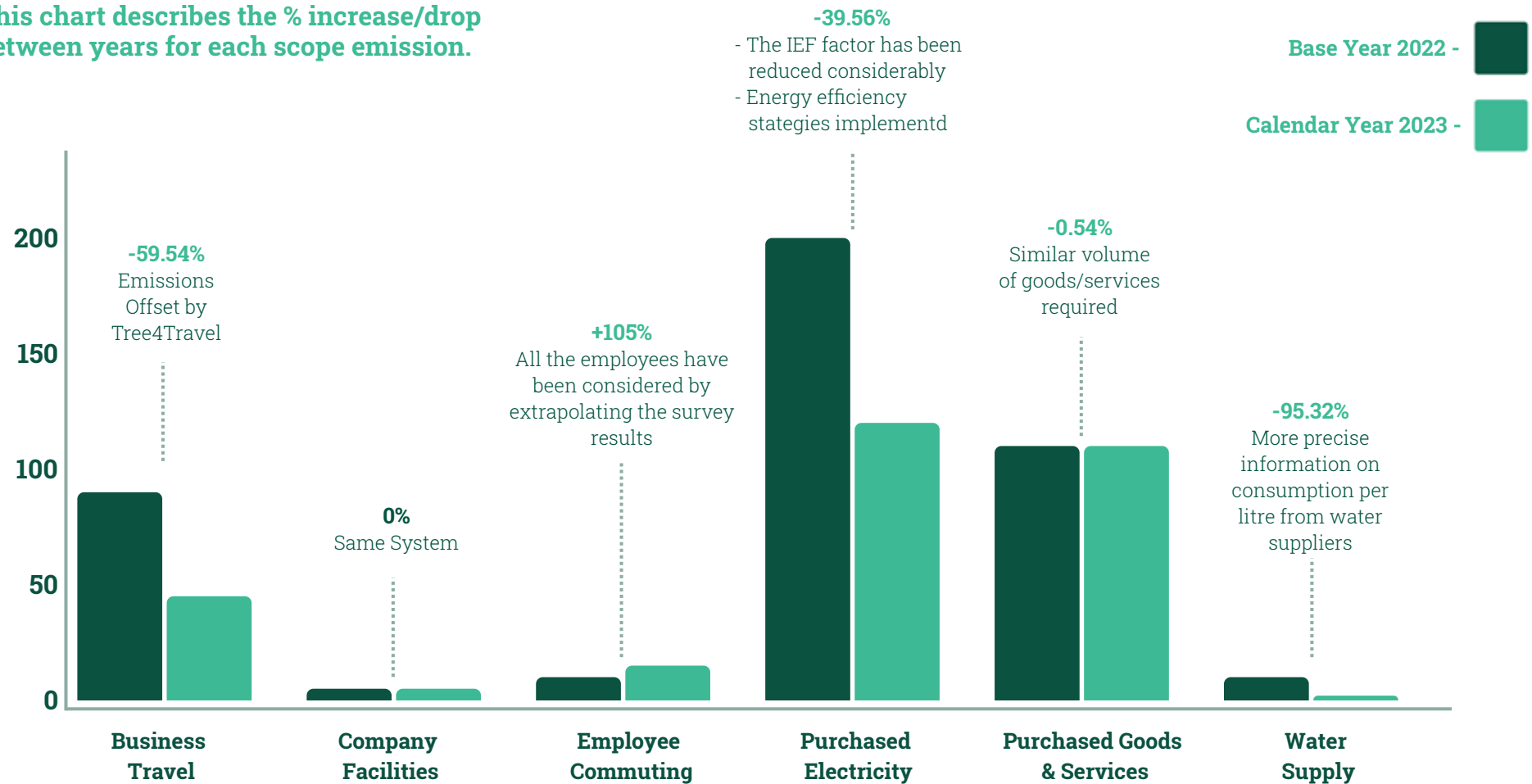
In the reporting period, the total greenhouse gas (GHG) emissions for the company amounted to approximately 289.89 metric tonnes of CO2 equivalent (CO2eq).

The emissions were categorised into Scopes 1, 2 and 3, with the largest share coming from electricity consumption and purchased goods & services.

Strategic efforts should focus on reducing emissions within Scope 2 and key Scope 3 categories to achieve overall sustainability goals.



This chart describes the % increase/drop between years for each scope emission.



### Year 2023 VS Base Year

Compared to base year, notable changes were observed across different scopes emissions:

- **On scope 2** (Indirect Emissions from Purchased Electricity): there was a significant reduction.
- **On Scope 3** (Other Indirect Emissions): emissions from purchased goods and services decreased slightly while business travel saw a substantial reduction

and water supply emission dropped drastically.

- However, emissions from employee commuting increased considerably and no emissions were recorded from investments.

These changes highlight improvements in several areas, particularly in electricity consumption and business travel, while indicating the need for further action on other areas to align with overall sustainability goals.



As part of our commitment to sustainability, the Bank has implemented a comprehensive approach to offsetting carbon emissions from business travel. In 2023, our team collectively flew 280,146km across 99 flights, resulting in 44.14 tons of CO<sub>2</sub> emissions. Additionally, 54 nights of hotel stays contributed an additional 2.3 kilograms of CO<sub>2</sub>.

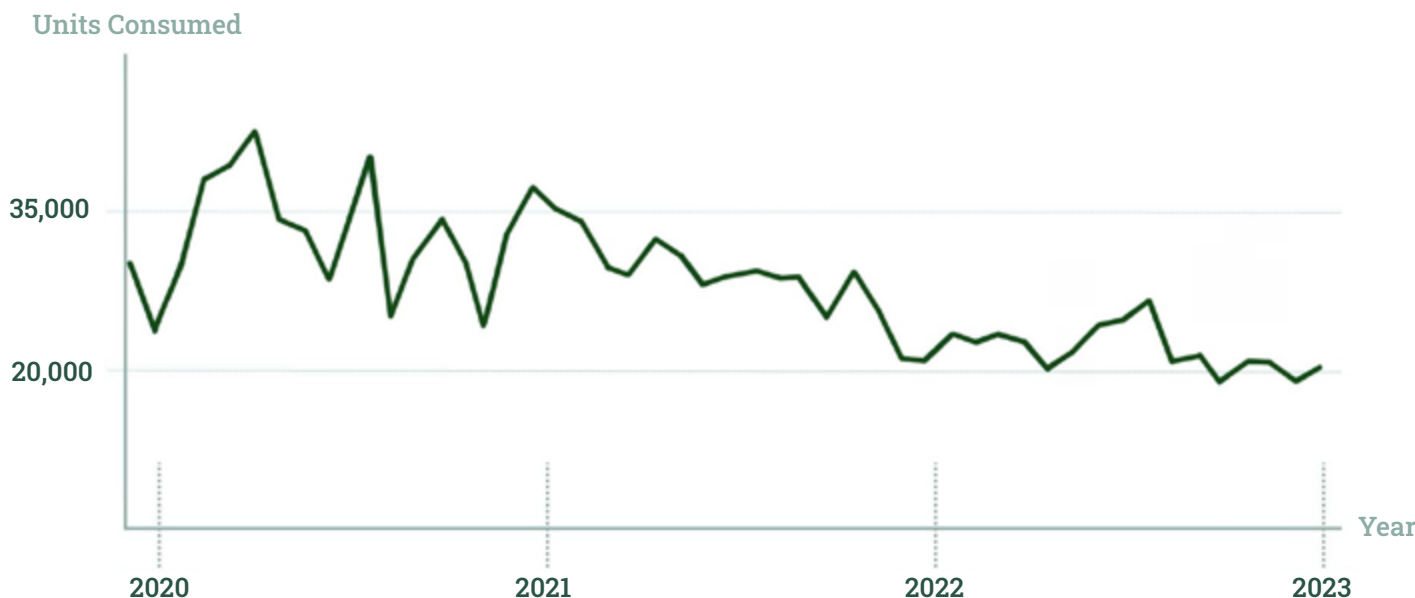
To counterbalance this impact, we partnered with Trees4Travel, a trusted organisation known for its transparent and effective environmental initiatives. Through this partnership, we purchased and planted 368 trees, specifically chosen to offset our carbon footprint; a total amount of 8.7 tons of CO<sub>2</sub>. Trees4Travel provides a tangible and meaningful way to connect with our environmental impact, offering transparency and traceability throughout the process.

Trees4Travel's model not only focuses on reforestation but also contributes to the broader goal of reversing climate change. By planting trees in developing countries, they help restore ecosystems, support biodiversity, and create employment opportunities for local communities. Recognising that trees take time to mature and reach their full carbon-sequestering potential, Trees4Travel pairs each tree with a share of United Nations-certified emissions reductions (CERs). These CERs represent investments in renewable energy projects, which provide an immediate reduction in carbon emissions.

This dual approach—combining tree planting with renewable energy investments—ensures that our efforts have both an immediate and long-term impact, aligning with our broader sustainability goals and reinforcing our commitment to reducing our environmental footprint.



# Energy Efficiency



Our commitment to reducing energy consumption is reflected in the steady decline in overall usage from January 2021 to December 2023, as depicted in the accompanying graph. While the initial drop in early 2021 can be attributed to COVID-19 restrictions and lockdown measures, the continued decrease in energy consumption post-2021 demonstrates our sustained efforts to enhance energy efficiency across our operations.

Several key initiatives have contributed to this reduction. Notably, we replaced the original air conditioning systems installed in our TNG house in 1992 with more energy-efficient models,

significantly lowering our cooling-related energy usage. Additionally, we removed portable heating appliances, further reducing our consumption. In terms of lighting, we optimised the setup and replaced outdated systems with more efficient alternatives, leading to lower energy use and better overall lighting management.

Our IT department also played a crucial role in this effort by migrating servers to the cloud, allowing us to remove energy-intensive equipment from our onsite facilities. Furthermore, they have optimised workstation setups by replacing dual monitors with a single, larger screen that supports split-screen

functionality, reducing both energy consumption and electronic waste.

Lastly, we've seen positive results from our ongoing efforts to raise awareness of sustainability practices among our employees, fostering a culture of energy consciousness that continues to drive down our consumption rates. These initiatives collectively have resulted in energy consumption levels that are now consistently lower than those seen before 2021, underscoring our commitment to sustainable operations.



# Integrating ESG into our Investment Portfolio

The Bank allocates a portion of its capital and excess liquidity to a diversified portfolio of bonds. While the majority of these bonds consist of high-quality government securities, a smaller allocation is directed towards bonds issued by private sector entities.

When investing excess liquidity in bonds issued by commercial entities, we employ a positive screening approach in our selection process. This means we actively seek exposure to companies that demonstrate superior performance on Environmental, Social, and Governance (ESG) factors compared to their peers.

| Category % |     |
|------------|-----|
| Leader     | 58% |
| Average    | 5%  |
| Laggard    | 0%  |
| Not Rated  | 37% |

We intentionally avoid investments in bonds issued by companies involved in Controversial Weapons, Tobacco, and Thermal Coal, among other areas of concern.

|  | Portfolio | Benchmark |
|--|-----------|-----------|
| Controversial Weapons (no exposure)        | 0%        | 0%        |
| Tobacco > 5% of Revenue                    | 0%        | 0%        |
| Thermal Coal > 5% of Revenue               | 0%        | 0%        |
| CO2 Intensity (TCO2/US Dm EVIC) Scope 1+2  | 23.55     | 69.79     |
| CO2 Intensity (TCO2/US Dm Sales) Scope 1+2 | 40.02     | 105.34    |
| Ratio of Certified Sustainable Debt        | 12%       | N/A       |

Furthermore, we prioritise lending to projects that have a positive impact on ESG factors. For example, we purchase bonds from companies committed to using the loan proceeds for investments in new equipment or technology aimed at reducing their carbon footprint, minimising waste, conserving water, or other sustainability initiatives.

Many of these projects are certified and monitored by independent third parties to ensure that funds are used as intended. Currently, these “sustainable” or “green” bonds represent 12% of our corporate bond portfolio, and we anticipate this proportion to grow as the market for such instruments continues to mature.





### Clean up the world:

A group of colleagues from the Bank actively participated in the "Clean Up the World" campaign, dedicating their morning to making a positive impact. During the cleanup, they collected not only plastic waste but also a significant amount of other rubbish, contributing to a cleaner and more sustainable environment for Gibraltar. Their efforts reflect a strong commitment to environmental responsibility and teamwork.

### Nautilus Project:

The Nautilus Project visited the Bank and delivered an insightful presentation on the impact of Oceanic Climate Change. The session was not only highly engaging but also offered a fresh perspective on the critical environmental challenges facing our oceans. It was an eye-opening experience that deepened our understanding of how climate change affects marine ecosystems and emphasised the importance of sustainable practices towards our oceans.

### Green Week:

The Bank actively participated in Green Week, an event centred around ecotourism, environmental conservation, sustainable development, and the celebration of our natural and cultural heritage. Throughout the week, the Bank contributed to a range of educational, commercial, and technical initiatives that emphasised sustainability and responsible stewardship of resources. These efforts included supporting workshops on sustainable business practices, and sponsoring clean-up campaigns in natural reserves. Additionally, the Bank hosted seminars on eco-friendly financial products, the start of green loans and investments, and partnered with educational institutions such as the Gibraltar College and the Charity Cye-Cyl to raise awareness about the importance of conservation and the circular economy. By taking part in these diverse initiatives, the Bank demonstrated its commitment to fostering environmental sustainability and long-term development.

# Fostering Sustainability: Our Environmental Contributions

### Blue Week:

The Bank took part in Blue Week, an initiative that allows the Gibraltar community to engage with and positively impact their local marine environment in meaningful ways. As part of the event, the Bank took part in a window display competition, where businesses along Main Street showcased creatively designed storefronts with an environmental theme. The Bank's display stood out amongst other stores, earning the Bank first place in the competition. This recognition highlights our commitment to sustainability and community involvement.

### Recycling Initiatives:

Our Bank is strongly committed to sustainability, incorporating responsible recycling practices into our daily operations as we work towards becoming a paper-free organisation. We have introduced new waste bins with separate compartments for plastic, cardboard, and organic materials to ensure proper waste management and minimise environmental impact. In addition, we recycle used ink cartridges, outdated computer equipment, and batteries. Energy efficiency is another key focus, with the installation of low-energy LED lighting and automated systems for switching lights on and off. These initiatives not only reduce our environmental footprint but also foster a culture of sustainability among employees and customers, reflecting our dedication to environmental preservation and responsible corporate citizenship.



# 5.4 | Social

## Looking after Our People

---

**As a values-based organization, TNB prioritises the well-being and development of its employees. We firmly believe that our employees are our greatest asset, and are dedicated to creating a workplace culture that fosters inclusion, development and growth.**

Our organisation continues its commitment to maintaining a strong and engaged workforce that reflects our values and supports our mission. We invest in our employees through training and development opportunities that promote career growth and align with our business needs.

As we continue to grow and evolve as an organisation, we will remain dedicated to fostering a positive and supportive workplace culture that empowers our employees to do their best work and contribute to our collective success.



INVESTORS  
IN PEOPLE | Gold

The external perspective gained from assessment and accreditation by Investors in People (IIP) in September 2021 to assess how well TNB leads, supports, and manages its human assets led to TNB's shortlisting in 2022 as one of IIP's top 20 organisations in the Gold Award category.



# Workplace Environment

Creating an empowering, engaging and motivating working environment is critical for attracting and retaining top talent, fostering innovation and creativity and driving business success within our organisation.

## Key elements to achieve this are:

### Corporate Culture

By incorporating input from our workforce, we have redefined our values, which now serve as guiding principles for our actions, decisions, and interactions with each other, customers, and stakeholders. As a team, we are dedicated to upholding these values daily, aiming to build a robust, ethical, and sustainable bank for the present and future.

### Promoting Life Balance

TNB prioritises a holistic approach to life balance, valuing work as a meaningful aspect of employees' lives while prioritising personal well-being and fulfilment. By embracing this approach, TNB aims to create a motivated, engaged, and high-performing workforce capable of thriving personally and professionally.

### Recognition and Reward

TNB has implemented a Recognition and Reward (R&R) scheme to ensure employees focus on the right tasks, take ownership of their development, and align them with the Bank's ultimate goals. This scheme offers clarity on individual contributions, providing autonomy, personal development opportunities, and financial recognition. We believe that our R&R scheme not only motivates our employees but also helps to retain top talent and create a culture of excellence and achievement.

### Communication

At TNB, we acknowledge the significance of clear and regular communication at all levels to create an empowering and engaging work environment. This entails regular updates on business performance, sharing organisational goals and objectives, and actively seeking input and feedback from employees.

### Learning and Development

Embracing a mindset of continuous learning brings personal and professional growth, increased job satisfaction and improved retention rates, enhanced agility, and adaptability to stay ahead of emerging trends. It also provides a competitive advantage, driving long-term growth and profitability. We prioritise ongoing education and training for employees at all levels, whether through formal programs or informal mentorship and coaching opportunities.



# Investing and Developing our People

---

Investing in employee development is crucial for building a skilled, engaged, and high-performing workforce. By providing opportunities for skill and knowledge enhancement, our employees become better equipped to contribute to our organisation's success, embrace new challenges, and drive innovation and growth.

## Improved Performance

If our employees have the right skills and knowledge, this improves their performance, leading to increased productivity, higher quality work, and better outcomes for the organisation.

## Enhanced Talent Retention

Offering growth and development opportunities within the organisation increases employee retention, reducing costs related to turnover and recruitment.

## Improved Innovation and Creativity

At TNB we believe that by offering employees the opportunity to learn and grow, they are better able to contribute new ideas and perspectives, driving innovation and creativity within the organisation.



## As part of our ongoing project to cultivate an evolving work culture, we have developed several key initiatives during 2023.

These include a Leadership Programme, a Coaching and Mentoring Programme, proactive planning for continuing professional development (CPD) requirements, and individual level on-the-job learning and development plans. These efforts enhance leadership capabilities, foster growth and support, and ensure a proactive approach to skill development at all levels of our organisation.

At TNB, we are committed to supporting education and personal development. A prime example of this commitment is the recent achievement of Bjarne Low, who successfully completed his Master of Business Administration (MBA) degree. His journey began in 2020, driven by the belief that age should never limit one's aspirations and potential. With TNB's encouragement, he embarked on this challenging path, balancing work responsibilities, personal commitments, and academic studies over three years. His dedication and resilience exemplify the spirit of continuous learning that we strive to foster within our organisation. By celebrating this success, we highlight the importance of investing in personal and professional growth. TNB's support for employee education not only enhances individual capabilities but also contributes to a more skilled and motivated workforce, reinforcing our commitment to sustainable and inclusive growth.

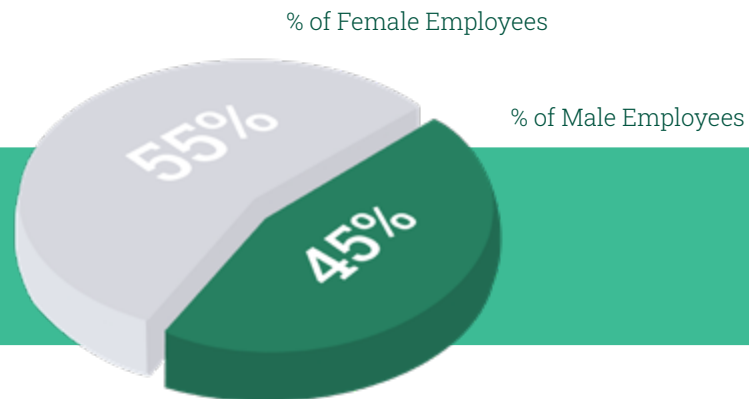




# HR Stats

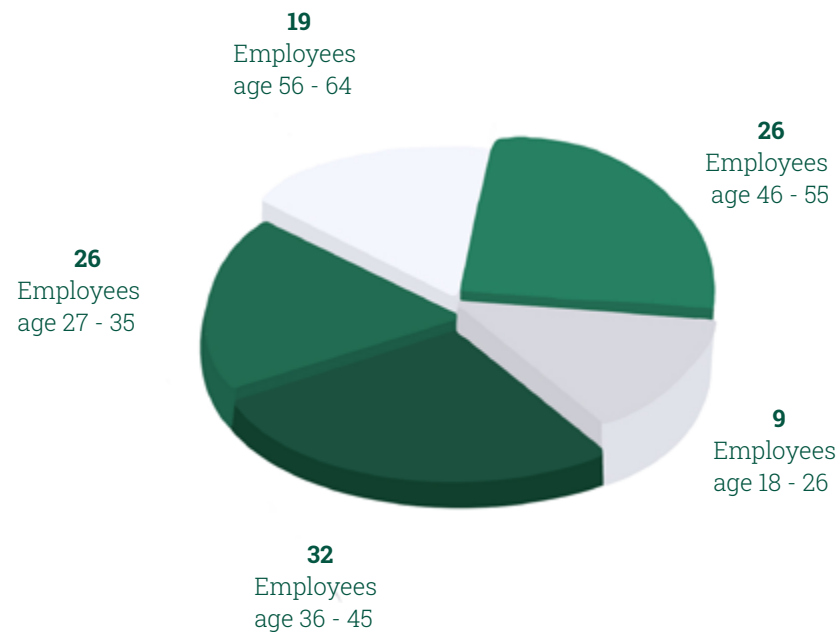
## Strengthening our Focus

The following key statistics give an insight into our workforce composition, employee satisfaction and well-being, and our diversity and inclusion initiatives.



### Employee Composition

| Year Ending December 2023                      |     |
|--|-----|
| <b>Diversity and Inclusion</b>                 |     |
| Total Number of Employees                      | 112 |
| Total Female Employees                         | 61  |
| Total Male Employees                           | 51  |
| Total Leadership Positions (Managers)          | 9   |
| Total Women in Leadership Positions (Managers) | 1   |
| Total Leadership Positions (Heads of)          | 11  |
| Total Women Leadership Positions (Heads of)    | 5   |
| Total Senior Management                        | 5   |
| Total Women in Senior Management               | 0   |
| Total New Employees                            | 16  |
| Total Employees Terminated                     | 11  |





## Employee Wellbeing

Year Ending December 2023

| Employee Wellbeing  |        |
|---|--------|
| Employee Turnover   | 10.10% |
| Average number of days worked from home per employee                    | 10.29  |
| Number of employees on maternity leave                                  | 3      |
| Average number of sick days per employee                                | 5.25   |
| Number of employees utilising flexible working arrangements (part time) | 11     |
| Average working hours per day   | 6.75   |

Average Age of  
Employees



Average  
Tenure



Retention  
Rate



Employee  
Turnover





# Diversity and Inclusion

---

In TNB, we prioritise diversity and inclusivity, aiming to create an environment where every employee feels valued, respected, and supported. While we don't have a specific gender balance target, our organisation is dedicated to fostering a culture that values diversity, equality, and inclusivity in all aspects. Our merit-based approach to recruitment and promotion ensures equal opportunities for all employees, regardless of gender or other characteristics.

We acknowledge the importance of gender diversity and continually improve our recruitment and promotion practices to attract and retain top talent from diverse backgrounds. By embracing diversity, we enhance our ability to serve clients, community, and foster trust within our workforce.

To ensure our commitment to diversity and equality, we have established a dedicated steering committee focused on driving initiatives, policies, and programs that promote inclusion throughout the organisation. This committee is actively working to implement strategies that support our diversity and equality goals, and we will communicate updates and progress to all employees on a regular basis. We are all responsible for cultivating a culture of inclusivity, where everyone's contributions are valued and respected.

Our commitment to diversity and inclusion is an ongoing journey, and we remain committed to monitoring progress and exploring new ways to further enhance inclusivity and diversity in our workplace.

## Inclusive and Age Diverse Culture

At TNB, we are dedicated to fostering a culture that celebrates diversity across all age groups. Our HR department has prioritized creating an inclusive and age-diverse environment where individuals from all generations feel comfortable and appreciated. Our strategy involves a comprehensive, four-phase approach, starting with adhering to our Retirement Policy to ensure we meet the needs of our diverse workforce.

We engage employees aged 55+ in discussions about their future work preferences and retirement options. We provide tools and resources, such as workshops and presentations, to help all employees achieve their retirement and financial goals. We integrate these needs into regular career development conversations, aligning them with our future strategies. Lastly, we focus on effective succession planning to retain and share the valuable experience and expertise of our employees.

By implementing this approach, TNB ensures a supportive environment for all employees, celebrating diversity and fostering growth across all age groups.

## Supported Employment Scheme

Our Bank proudly participates in the Supported Employment Scheme, a vital initiative established by HMGOG and Unite the Union, which helps individuals with significant disabilities secure and retain paid employment. This initiative aligns with our ESG goals by promoting inclusivity and equal opportunities within our workforce. Through this programme, employees receive the same terms and conditions as their colleagues, ensuring fair benefits, safe working conditions, and career advancement opportunities. This commitment reflects our belief that work is essential to enhancing quality of life and should be accessible to everyone.

## Summer Placements

In 2023, the Bank provided four summer placements, offering students valuable hands-on experience in the financial sector. These placements allowed participants to gain practical insights into the banking industry, develop professional skills, and explore potential career paths. By supporting young talent through these opportunities, we aim to foster growth and encourage future leaders in the field.





# Wellbeing Programme

The TNB Wellbeing Program, launched at the end of 2023, aims to create a supportive environment while enhancing engagement, motivation, and productivity. By proactively addressing employee concerns, the programme seeks to attract and retain talent and contribute to a positive culture where all employees feel valued. Central to its missions are the six pillars of focus:

**Physical Health** – achieving and maintaining a healthy body, through nutrition exercise, sleep, and self-care practices. The Bank actively promotes physical wellbeing through initiatives such as providing fresh fruit several times a week for all employees. There is an allocated a specific budget for this effort, underscoring our dedication to maintaining a healthy workplace. During 2023, over £18k was spent on fruit!

**Mental Clarity** – the ability to feel, think clearly, solve problems and cope with challenging situations.

**Financial Health** – having financial health and stability and the ability to meet financial obligations, manage expenses, save for the future and experience a sense of security.

**Social Connectivity** – cultivating meaningful relationships and supportive community both at work and in your personal life.

**Growth and Development** – seeking personal and professional growth and development, setting goals to continually evolve and reach your full potential.

**Environmental Consciousness** – embracing sustainability and eco-friendly practices taking care of your environment now and for future generations.

There will be various initiatives and programmes organised and tailored to each pillar, commencing from 2024, ensuring a holistic approach to employee wellbeing, and creating a nurturing environment that empowers employees to thrive both personally and professionally.





# Our Customers

## Vulnerability Work

The Bank, in line with its commitment, established a vulnerability policy in 2023 to formalise its approach to identifying, assessing, and managing vulnerable customers. This policy underscores the importance of treating all customers deemed vulnerable with fairness, clarity, and respect, aligning actions with their needs and the Bank's values. The Bank is dedicated to recognising, evaluating, and addressing the needs of vulnerable customers to ensure they receive equitable and appropriate care. This commitment involves treating all identified vulnerable customers with fairness, transparency, and respect, aligned with their individual requirements and our organisational principles. To achieve this, the Bank emphasises the importance of employee training in identifying vulnerability and responding appropriately, enabling them to

provide tailored support swiftly to prevent or mitigate potential harm. Team leaders are tasked with ensuring their teams possess adequate awareness and understanding of vulnerable customers, offering guidance on managing challenging situations. Recognising the potential stress associated with serving vulnerable clients, the Bank offers guidance and assistance to employees handling such cases and extends support to employees who may themselves be vulnerable.

Staff members were mandated to complete e-learning on 'Understanding vulnerable customers' and 'Caring for vulnerable customers' which reflects the Bank's dedication to equipping its employees with the necessary knowledge and skills to effectively identify and support vulnerable customers.





# Our Community

**At TNB we aim to support local initiatives and contribute to the local community of Gibraltar. As a responsible corporate citizen, we believe in giving back and making a positive impact on the lives of our fellow community members.**

As part of our commitment to enhancing financial literacy within the community, and in response to the challenging economic environment marked by inflation, tax, and interest rate increases, TNB launched a Community Banking Series that includes educational content shared on our social media platforms. Through this initiative, we provide valuable guidance on budgeting, including tips on how to effectively manage expenses and save. We educate the public on the importance of saving a certain percentage of their income and the benefits of having a robust savings plan. Additionally, as interest rates rise, we offer advice on how to make money work more efficiently and suggest areas where customers can cut back to increase savings. By equipping individuals with the knowledge to make informed decisions about saving, investing, and borrowing, we aim to foster greater financial stability and economic well-being. This initiative not only fosters greater customer engagement and trust but also helps us attract new clients and retain existing ones. Through these efforts, TNB demonstrates our dedication to the financial well-being of our community, showing that our commitment to customers extends far beyond traditional banking transactions.

Additionally, we introduced a Fixed Rate Mortgage

for both existing and new clients, with priority given to our current customers, and a new Discounted Interest Loan exclusively for existing clients. To further assist our clients, we have produced an educational video on Fixed Rate Loans as part of our Community Banking Series, designed to educate clients about banking products and services. These tailored, sustainable solutions reflect our commitment to supporting our clients through these challenging times.

## Affordable Homes Campaign

As part of our "Affordable Homes Campaign," TNB hosted Gibraltar's first ever property related Expo in April 2023. This event was open to invited guests from our database seeking affordable mortgage solutions, as well as the general public. The Expo featured around 18 local business clients connected to the property sector, including lawyers, home insurance providers, refurbishment experts, and furniture suppliers, offering a comprehensive range of products and services under one roof. Some exhibitors provided exclusive discounts and offers to visitors. We estimated over 500 people visited the Expo, marking a huge success for both the Bank and the participating local companies.



At TNB we aim to support local initiatives and contribute to the local community of Gibraltar.

**As a responsible corporate citizen, we believe in giving back and making a positive impact on the lives of our fellow community members.**

We actively support our local community through initiatives such as sponsorships of sports, charities and organisations. By partnering with local organisations and investing in community projects, we strive to strengthen the fabric of our community and create a lasting legacy of support and engagement.

# Society

## Our Corporate Social Responsibility (CSR)



### Gibraltar Rugby Youth

Sponsorship in Gibraltar's Rugby is a first for TNB where we will be supporting sports at grass roots level. Youth Rugby Championship (YRC) focus is on small-sided teams where every child feels included, is involved with the game and has a greater chance of touches on the ball. It provides structured meaningful competition, not a win at all costs mentality, but the grounding for what it takes to win and lose. This environment offers the opportunity of goal setting, personal player development opportunities, the sense of achievement and with their experienced coaches, a fun and safe environment. Gibraltar Rugby core values are very much aligned to those of TNB.



### Gibraltar Padel Tennis Association (GPTA)

Padel tennis is officially considered to be the fastest-growing sport in the world and in Gibraltar this is no exception. As the GPTA is a non-profit organisation, funds from sponsorship received go towards the development of the sport locally, including the training of coaches, the cost of tournament organisation and prizes and our junior development programme.



**We are committed to empowering the youth of Gibraltar through our partnership with local non-profit organisations. By supporting various training and education programs, we aim to provide young individuals with the necessary tools to develop their skills and knowledge.**

These programmes are designed to equip them for their future work life, enabling them to thrive in their chosen fields.

## Education

---

### Preparing young minds to make important financial decisions



#### Gibraltar College Annual Awards Ceremony

As part of our ongoing mission to support the local community, TNB proudly sponsors the Gibraltar College Annual Awards Ceremony, held in Champion Park. This event celebrates the achievements of outstanding students and is attended by their families and teachers. Both the College Principal and Minister Cortes have expressed their gratitude to TNB for our continued support.



#### Young Enterprise

The Bank proudly supports the Gibraltar Young Enterprise scheme by providing essential banking services to the participating teams. By opening bank accounts for these young entrepreneurs, we offer them practical experience in managing finances, which is crucial for their business ventures. This support helps them gain valuable insights into financial management and fosters their entrepreneurial spirit, equipping them with the skills needed to succeed in the business world.



## CYE-CYL

TNB is proud to support the Gibraltar-based charity CYE-CYL, which is dedicated to enhancing young people's creativity and entrepreneurial spirit beyond traditional academic achievements. As one of the main sponsors, TNB has contributed a total of £10k during 2023, and exceeding over £30k in the last three years, alongside providing voluntary hours from our employees to support various events organized by the charity. These include the Outdoor Challenge, where participants engage in team-building activities at a residential outdoor education center; the Innovation Challenge, which fosters entrepreneurship and creativity by raising funds for local charity partners; and the Community Challenge, where participants explore photography, drama, arts, and sports while volunteering with local community partners like Mount Alvernia and Clubhouse Gibraltar. Through these initiatives, we help young people build confidence, drive, and ambition, equipping them with practical skills for future employment or further education. Additionally, TNB supports the CYE CLE Innovation Hub, which is dedicated to aiding youth in their transition into adulthood by providing valuable insights into areas beyond the traditional school curriculum. We assist in facilitating workshops that cover essential topics such as budgeting, financial literacy, and the process of opening a bank account. This collaboration reflects our commitment to equipping young individuals with practical skills and knowledge for their future.

## Internship Programme

In 2023, TNB launched an innovative internship programme, offering three interns a unique two-year experience on a full fixed-term contract. To qualify, candidates needed to have completed higher education within two years of the start date. In their first year, the interns gain invaluable experience across all sectors of the Bank, allowing them to build a comprehensive understanding of the industry. In the second year, they have the opportunity to focus on a specific area of interest, with the potential to continue their career with the Bank at the end of the programme. This experience not only helps them build a strong CV but also includes financial support for relevant banking certificates or education, and the guidance of a dedicated mentor throughout their journey. Here at TNB, it is our culture and values that define us, which is why we are committed to providing our interns with an impactful experience. We aim to bridge the gap between the knowledge students gain in school and university and the practical skills required in the workplace.



## Composition of the Board

The Board of Directors includes the non-executive chairman, the non-executive deputy chairman, four non-executive directors and one executive director (the CEO).

The Board is chaired by Peter Caetano, who sets the tone for its governance by leading, guiding, and developing the Board to ensure its effectiveness in all aspects of its role as well as effective communication and information flows with key stakeholders. The non-executive directors bring fresh and diverse perspectives and experience to the Board's discussions and decision-making to monitor the delivery of TNB's strategy against the governance, risk and control framework established by the Board.

During the year, the composition of the Board was refreshed to ensure it continues to have an effective balance of skills, knowledge, experience, and diversity to deliver on TNB's strategic objectives. The size and composition of the Board is kept under review to ensure an appropriate balance of skills and experience is maintained. TNB aims to ensure that at least half of the non-executive directors on the Board, including the Board Chair, are independent.

All appointments to the Board are based on merit with candidates assessed against objective criteria. The Board recognises the importance of having a wide range of perspectives to draw upon and any appointments will seek to increase its diversity while not compromising on the quality of the Board.

# Roles and Responsibilities of the Board



## Peter Caetano - Chairman

Peter joined the Board as an independent non-executive director in July 2020 and in March 2022 he was appointed Chairman. With a banking career that spans over thirty-five years, twenty of these based in Geneva, Switzerland, he returned to Gibraltar in March 2014 to take up the role of CEO of Lombard Odier & Cie (Gibraltar) Limited, the Gibraltar subsidiary of the Swiss private banking group, prior to the acquisition of its client base by J. Safra Sarasin Group in July 2019. With extensive experience in international private banking and investment management, he also serves on the Board of the Gibraltar Financial Services Commission (GFSC).

### Appointed

July 2020. Peter was appointed Board Chair on 24 March 2022.

### Committee Memberships

Since 24 March 2022 Peter has been Chair of the Board Credit Committee (BCC) and since 27 July 2022 has served as a member of the Audit & Risk Committee (ARC). Joseph E. (Melo) Triay replaced Peter as ARC Chair on 1 December 2022.



## Adrian Olivero – Deputy Chairman

Adrian played an important role in the change of control process, which saw the Bank become an independent credit institution. Prior to his appointment to the Board, he served as Managing Director of Finsbury Trust & Corporate Services Limited and brings over thirty years' experience in strategic planning, corporate governance, as well as responsibility for a wide range of private and institutional clients.

### Appointed

July 2020

### Committee Memberships

Adrian was appointed a member of the Board Credit Committee (BCC) on 24 March 2022.



### **Nyreen Llamas Non-Executive Director**

Nyreen has over twenty years' experience in corporate, commercial, and regulatory matters (both as external advisor and within operations). She trained as a lawyer and was called to the Bar in 2001 (Gibraltar and England & Wales). In 2020 she joined RG Advisors Limited, a private family office, as Senior Advisor on Strategy and Legal matters. Ancillary to her principal roles, she has served as a non-executive director at Gibraltar International Bank and is currently a member of the Public Service Commission of Gibraltar, appointed pursuant to the Gibraltar Public Service Commission Act, as well as an alternate non-executive director at Recognise Bank Limited (UK).

#### **Appointed**

June 2022

#### **Committee Memberships**

Nyreen has been a member of the Board Credit Committee since 16 June 2022.



### **Joseph E. (Melo) Triay Non-Executive Director**

Joseph E. (Melo) Triay is a barrister-at-law and was called to the Bar of the Supreme Court of Gibraltar in 1982. As a practicing lawyer he has extensive experience in numerous areas of the law, but he is recognised as a leading individual in the banking and finance sector. He is regularly involved in financial services work and often advises the Gibraltar Financial Services Commission. He is a former member of the Gibraltar Financial Services Commission and former chairman of the Bar in Gibraltar.

#### **Appointed**

June 2022

#### **Committee Memberships**

Melo was appointed a member of the Audit & Risk Committee (ARC) on 16 June 2022 and since 1 December 2022 has served as ARC Chair.



### **Nguyen Thi Thien Huong Non-Executive Director**

Nguyễn Thị Thiên Hương has worked in financial services for over twenty-five years, having held senior credit and risk management positions at the Vietnam Technological & Commercial Stock Bank, as well as the Vietnam Maritime Commercial Joint Stock Bank (MSB), where she currently serves as the Vice Chair to the MSB Board.

#### **Appointed**

July 2020

#### **Committee Memberships**

Madam Huong is a member of the Board Credit Committee.



### **Nilesh Banglorewala Non-Executive Director**

A qualified Chartered Accountant since 1988, Nilesh has over thirty years' experience in Finance and Corporate Banking, spanning across Asia, Canada, and the Gulf region with International Banks. He has held various senior management roles including Chief Financial Officer for Standard Chartered Bank, Indonesia, and Vietnam Maritime Commercial Joint Stock Bank (MSB). He brings to the Board his extensive industry knowledge and financial and operational expertise gained within financial services internationally. Nilesh also serves as a non-executive director on the board of PG Bank, Vietnam.

#### **Appointed**

January 2021

#### **Committee Memberships**

Nilesh is a member of the Audit & Risk Committee.





### Long T. Vo – Non-Executive Director

Long, who joined the Board on 12 June 2024, brings his vast experience of digital transformation, business and technology integration, strategy planning and execution, entrepreneurship, and innovation.

Long oversees the digital transformation of ROX Group (formerly known as TNG Holdings Vietnam) and its subsidiaries. Before joining the group, he has held leadership roles at IBM Vietnam, PwC Consulting (Vietnam), and VPBank. In a career spanning more than 27 years, he has helped firms and agencies in the financial services sector and fintech community adopt digital strategies, transform their operating models and strengthen information technology capabilities. Long holds a PhD degree in Mathematics and Physics.

### Appointed

June 2024



### Christian Garcia-Executive Director

Christian Garcia was appointed as Chief Executive Officer of Trusted Novus Bank on 12 June 2024. Until his promotion his role in the Bank was Chief Risk Officer.

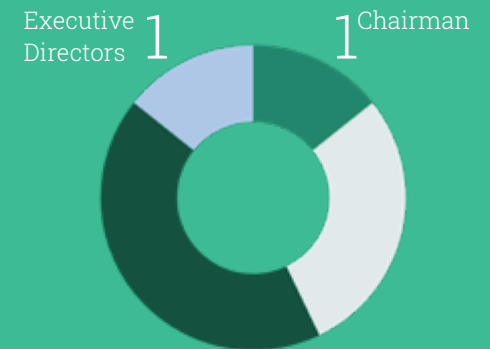
After a short spell in audit and assurance, Christian accumulated over 20 years of experience in financial, operational and risk management roles in both private banking and retail sectors. He has been working closely with the local community through his 3 year presidency of the Gibraltar Bankers Association and membership of the Gibraltar Finance Centre Council. He more recently has a permanent representation on the Business Key Advisory Group at the University of Gibraltar. He holds 2 Fellowships within 3 Royal Charters in accounting, banking and investment services (ACCA, CBI and CISI respectively).

### Appointed

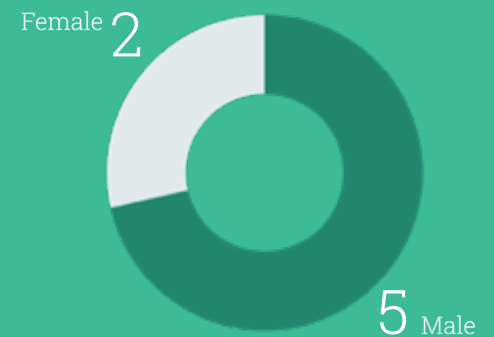
June 2024

The charts below show the balance of the Board and composition of the Board by gender diversity (as of 31 December 2023)

### Board Composition



### Board Gender





## Roles of the Board

The Board is the principal decision-making body for all matters of strategic, financial, risk, regulatory and reputational significance, and is accountable to the shareholder and external stakeholders for creating and delivering long-term sustainable value. Having regard to the interests of all stakeholders the Board drives informed, collaborative and accountable decision-making, while promoting the highest standards of corporate governance and ethical culture to deliver on TNB's mission, values, and strategic objectives.

The Board is responsible for approving TNB's strategy, risk appetite and related policy statements. These policy statements establish TNB's overall appetite for risk and set out the control environment within which it operates. Implementation of strategy and these policies is the responsibility of the Chief Executive Officer (CEO) and the Senior Management Team (SMT), who report to the Board. In its role of reviewing and approving the financial statements, the Board is ultimately responsible for ensuring the integrity of financial reporting, and that financial controls and systems of risk management remain effective. In formulating the three-year Strategy

Plan, the Board considers opportunities and threats in the external business environment and internal strengths and weaknesses to identify critical success factors and priority issues.

## Board Responsibilities

The Board has oversight of how management implements TNB's strategy and retains control through challenge at Board, and Board committee, meetings. A clear division of responsibilities exists between the roles of the Chairman and the CEO. Whereas the responsibility to lead and manage the work of the Board resides with the Chairman, the day-to-day management of TNB's business is delegated to the CEO, who is supported in this role by the SMT.

## Company Secretary

The Company Secretary provides advice on governance matters and support to the Board and its committees. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board and serves as an experienced sounding board for the Chairman and CEO. The Company Secretariat works closely

with the Chairman, the CEO, the chairs of the Board and executive committees and members of the Senior Management Team to set meeting agendas, circulate management information to the Board and its committees, and the recording of minutes.

## Board Activities

To discharge its duties effectively, the Board meets at least four times a year, based on a defined timetable, supplemented by ad-hoc Board meetings to deal with matters arising outside the usual meeting schedule. Standing agenda items such as financial and business performance, risk, compliance, human resources, and strategic matters are reviewed and discussed, with a comprehensive Board pack circulated beforehand so that Directors are given the opportunity to consider the issues to be discussed. Detailed minutes and actions arising out of the discussions are documented. At the Board's request, members of the Senior Management Team routinely attend Board meetings to provide updates and insights on specific discussion items. This facilitates non-executive directors' engagement with the Executive and drives constructive challenge to senior management thinking. Board committees are convened as per their respective Terms of Reference.



## Working Towards Role Profiles

---

Defining role profiles has involved a comprehensive approach to nurturing both new and existing talent within the Bank. By clearly outlining these profiles, we can better align individual strengths and aspirations with organisational needs, fostering a culture of continuous development and growth. This process has included creating a career progression skills matrix that maps out the necessary competencies and experiences

required for advancement. Such a matrix serves as a valuable tool for identifying skill gaps, setting clear expectations, and providing targeted development opportunities. Ultimately, this approach has not only enhanced employee satisfaction and retention but has also ensured that the Bank is well-equipped with skilled professionals ready to meet future challenges.





# Remuneration

**TNB's remuneration principles have been designed to support a remuneration framework that aligns with TNB's vision, values and strategy. This is appropriate to changing market conditions and that complies with legal and regulatory requirements and expectations.**

The principles that support sound remuneration practices are shown opposite.

TNB's cultural norms also find expression through TNB's remuneration philosophy - that compensation should remain fair and competitive to attract, motivate and retain talent and create sustainable shareholder value by rewarding good performance while avoiding bonus-centric compensation arrangements, which tend to distort individual motivations and encourage excessive risk-taking.

TNB's Reward & Recognition programme is designed to drive employee performance while ensuring positive outcomes for customers and stakeholders. The Board continues to oversee TNB's

Reward & Recognition programme, a variable remuneration award scheme established in 2022, to ensure that total reward remains appropriate and aligned with TNB's long-term strategy, business objectives, and Board risk appetite. These awards are based on individual performance and contributions against agreed objectives—both financial and non-financial—assessed by what has been delivered and how it was delivered, as well as TNB's financial results for the year. Discretionary awards for exceptional performance are intended to recognise employees who have exceeded expectations in terms of effort and results achieved.

Base remuneration is set by reference to market rates and reviewed, although not necessarily changed, annually. Increases are typically to ensure appropriate pay positioning relative to the market and in connection with promotions or changes in role responsibilities. In addition, consideration is given to salary adjustments for increases in cost of living.

Whereas talent is at the heart of everything, and that attracting and retaining good people is critical to our ongoing success, the Board recognises that building a positive reputation by striking the right cultural balance is what keeps TNB on track to becoming the employer of choice.



# Remuneration Principles

---

## 1. Long-term Value Creation

Shareholder value creation is delivered through a strong focus on appropriately stretching short-term goals that build to long-term performance.

## 2. Transparency

There is a clear link between the upside and downside outcomes experienced by all TNB stakeholders through variable remuneration, supported by setting clear performance and risk accountabilities.

## 3. Fairness & Consistency

Remuneration reflects the broader employee value proposition and is market competitive to attract and retain high calibre talent, without putting undue upward pressure on the market or unduly compromising internal equity.

## 4. Alignment with Values

TNB's values-based and sound risk management culture strongly influences all employee remuneration elements and outcomes.

## 5. Appropriate Risk Behaviour

Remuneration supports the risk management framework, promoting individual and collective accountability for sound risk management, enabling appropriate downward adjustments to remuneration (including to zero), while also providing potential upside for sound risk management.

## 6. Fitness for Purpose

Remuneration Arrangements are fit for purpose, reflecting both the measurable value of performance and the non-financial drivers of longer-term value creation.

## 7. Positive Performance Outcomes

Remuneration motivates and rewards sustainable outperformance beyond day-to-day role accountabilities and discourages poor performance, excessive risk-taking, or non-compliant behaviour through reward consequences.

## 8. Simplicity & Proportionality

TNB's remuneration approach is simple, transparent, and stable and guided by proportionality (e.g., the ratio of Annual Variable Remuneration to Fixed Remuneration should be appropriate).



# Consumer Protection

---

The Bank is deeply committed to protecting our clients' cash and assets. We have stringent controls in place to ensure that client funds are properly managed and that we adhere to the latest regulatory requirements. Recognising that mortgages and other investment opportunities often represent significant financial decisions, we prioritise providing comprehensive information to our clients and allowing them ample time to consider their options thoroughly. We also understand that clients may experience vulnerability at various stages of their lives. Our goal is to offer support and assistance during these challenging times. Over the past year, we have introduced a policy to address client vulnerability and have provided training to all our colleagues. We are dedicated to continuing this training and raising awareness to better serve our clients' needs.

Additionally, the Bank participates in the Gibraltar Deposit Guarantee Scheme, which protects clients' deposits up to a specified limit, ensuring their funds are safe even in the unlikely event of a bank failure. We also place a strong emphasis on protecting our clients from fraud and scams. Through regular communication and educational initiatives, we provide guidance on recognising and avoiding fraudulent activities. Our comprehensive consumer protection measures reflect our unwavering commitment to the safety and well-being of our clients.

## Fraud and Scams

At TNB, ensuring the security and protection of our customers is paramount. Recognising the growing threat of fraud and scams in today's digital landscape, we are committed to implementing robust measures to safeguard our customers' interests. In 2023, we prioritised customer education initiatives, posting over 10 informative updates on our social media platforms. These posts included essential guidance on

payments awareness, emphasising the importance of verifying beneficiary details and double-checking email instructions when making transactions. We also shared tips on protecting accounts, staying safe from scams, and enhancing cybersecurity through our "Stop, Verify and Think" campaign. During peak times like Black Friday, we produced videos to raise awareness about online scams and fraudulent websites. Additionally, we highlighted fraud awareness week with practical advice on preventing banking fraud and provided updates on the latest scam tactics. By equipping our customers with the knowledge and tools necessary to identify and prevent fraudulent activities, we reinforce our dedication to their security and well-being.

## AML Training

TNB mandates Anti-Money Laundering (AML) and corruption courses for all employees, emphasising ethical conduct and regulatory compliance. This requirement ensures that every team member is equipped to identify and prevent illicit financial activities, fostering a culture of integrity and accountability. By integrating these courses into our training program, TNB demonstrates its commitment to responsible business practices, aligning with our ESG goals and contributing to a sustainable and ethical business environment.

## Policies on Conflicts of Interest

During the year, the Board revised the Bank's policy on conflicts of interests. The Bank stresses strongly that all of its employees be aware of the risk of conflicts of interests in their work, and take appropriate action to prevent or address conflicts of interests in Bank operations.



# Customer Experience



## Customer Satisfactory Survey

TNB has a yearly customer survey, which empowers us to continuously enhance our services based on valuable client insights. Our dedicated staff play a vital role in delivering exceptional client experience. In our latest client feedback survey, we're pleased to see that clients are generally satisfied with the quality of our products and the personalised service provided by our staff. This satisfaction is reflected in our improved Net Promoter Score (NPS) of 67.25%, a significant increase from 44.6% last year. Clients particularly value the efficiency and knowledge of our personnel, as well as the excellent service in our corporate sector. However, there are opportunities for further enhancement, including making our online banking platform more user-friendly and introducing a mobile banking app. Additionally, clients have expressed a desire for more frequent and clear communication, especially concerning product updates and system downtimes. Strengthening our online presence and addressing concerns about

fees and payment issues will also help build greater trust and satisfaction. We are committed to addressing these areas to ensure an even better experience for all our clients. Show an update of the results as per prior year annual report (with this years results)

## Complaints Framework

In the fourth quarter of 2022, TNB introduced a revamped complaints framework that brought about substantial enhancements in how we manage complaints, spanning from initial recognition to final resolution. This framework redefines the scope of a complaint, delineates roles and duties clearly, and furnishes directives for addressing complaints equitably and impartially within predetermined timelines. Moreover, it establishes a systematic method for documenting and monitoring complaints. It also enables us to conduct root cause analysis of complaints, allowing us to identify opportunities for making changes and improvements for the benefit of our clients. We recorded 106 complaints in 2023.



**Delivering positive outcomes and an out-of-the ordinary experience for customers at all stages of the customer lifecycle will always remain a priority for TNB. In 2022, the Board approved a new product**

**approval policy designed to ensure a thorough risk assessment is conducted on new products and services and on any significant changes to existing ones.**

TNB's commitment to providing a fair, efficient, and consistent process for the resolution of customer complaints was the driving force behind the work undertaken in the past year to translate Board policy into good practice, with an emphasis on designing a framework that is responsive, collaborative, and accessible, promoting visibility and traceability. This is all underpinned by a broader quality culture that sees complaints as an opportunity for service improvement.

The new framework significantly improves TNB's approach to handling complaints from identification through to resolution and closure, redefining what constitutes a

complaint, clarifying roles and responsibilities, and providing guidance for responding to complaints fairly and objectively within established timeframes.

Our goal is to create a bank that simplifies, rewards, and personalises money management for our customers. We firmly believe in fair treatment, transparency, assisting vulnerable customers, clear communication in easily understandable language, and not charging hidden fees.

Offering a comprehensive range of products and services, we cater to all banking needs with an added personal touch. Exceptional customer service remains our top priority.





## Banking on a Greener Future

During this past year, TNB has continued to be present and connected with our local community, not only by way of our prominent position as a trusted provider of financial services and helping our clients navigate these challenging times, but through actions and engagements that seek to make a positive environmental and social impact. In 2022 TNB implemented various community initiatives intended to deliver long-term benefits for the economy, the environment and society, ranging from our contribution to financial education in visits to schools to promote financial literacy, to supporting community projects, local charities, and sporting endeavours. TNB recognises the need for ongoing engagement and is committed to extending the reach and impact of its ESG footprint. This involves collaborating with other local entities and firms in the public and private sectors towards shared goals. TNB values open communication with stakeholders, both within and outside formal disclosure frameworks, to provide transparency on its operations' impact on communities and the measures taken to promote positive outcomes. The Board acknowledges the importance of measurable and achievable ESG initiatives within specified timeframes, providing regular progress updates to our stakeholders.

## Investing in our future

The evolving nature of ESG programs presents challenges in aligning TNB's priorities with shifting business objectives, operations, and

stakeholder values. Our future mission is to become the Green Bank of Choice and our vision is for TNB to become a leading corporate citizen in respect of ESG. During 2022, TNB established an ESG Steering Group to work closely with the Senior Management Team and the Board. The group's advisory mandate includes preparing a blueprint for integrating ESG into the business strategy, taking into account new frameworks, regulations, and changing stakeholder priorities. By actively involving the ESG Steering Group, TNB aims to ensure meaningful ESG performance measures, transparency, and accountability within its existing policy-making framework. This collaborative effort demonstrates TNB's commitment to advancing ESG objectives and integrating them into our core business strategy. The topics we aim to address within our long-term ESG strategy range from promoting a healthy corporate culture and staff wellbeing, to supporting charity work, consumer protection, carbon offsetting and offering greener solutions across our product palette. With sustainability now at the forefront of public discourse as well as consumer and investor decision making, our Treasury team continues to work on improving the ESG profile of TNB's own investment portfolio, as well as offering socially responsible financial investment solutions for our clients. For us here at TNB, it is important for us to communicate our progress both internally to colleagues, as well as externally to customers and our local community. This is currently an exciting time for TNB, for both those working within the Bank as well as for our customers and we are looking forward to seeing what the future holds, especially for ESG.





# Financial Review

---

# 6.0



# 6.1 Profit and Loss Account

## For the year ended 31 December 2023

|   | 2023         | 2022         |
|---|--------------|--------------|
| Interest receivable                             | 32,212,824   | 14,171,161   |
| Interest payable                                | (17,443,874) | (3,488,569)  |
| Net interest income                             | 14,768,950   | 10,682,591   |
| Fees and commission receivable                  | 5,804,782    | 5,818,782    |
| Fees and commission payable                     | (1,011,263)  | (1,214,786)  |
| Dealing Profits                                 | 4,286,456    | (3,048,057)  |
|   | 9,079,974    | 1,555,939    |
| Total operating income                          | 23,848,924   | 12,238,530   |
| Administrative expenses                         | (7,763,142)  | (6,957,797)  |
| Depreciation and amortisation                   | (320,533)    | (283,462)    |
| Other operating charges                         | (7,139,988)  | (6,428,812)  |
| Adjustments to provisions                       | (42,354)     | (122,068)    |
| Bad debts recovered                             | -            | -            |
|   | (15,266,018) | (13,792,139) |
| (Loss)/profit on ordinary activities before tax | 8,582,907    | (1,553,608)  |
| Tax on loss/(profit) on ordinary activities     | (991,273)    | 206,976      |
| (Loss)/profit for the financial year            | 7,591,634    | (1,346,632)  |



# Balance Sheet 6.2

For the year ended 31 December 2023

|  | 2023               | 2022               |
|--|--------------------|--------------------|
| <b>ASSETS</b>  |                    |                    |
| Cash   | 2,020,234          | 3,914,864          |
| Loans and advances to credit institutions                  | 251,806,549        | 136,509,589        |
| Loans and advances to customers                            | 289,050,383        | 289,218,869        |
| Investments in debt instruments - High Yield               | 10,749,081         | 34,973,040         |
| Investments in debt instruments - Amortised Bond Portfolio | 110,435,624        | 119,074,221        |
| Investments in equity instruments                          | 2,789,554          | 2,317,337          |
| Tangible fixed assets                                      | 331,107            | 429,847            |
| Intangible fixed assets - New core banking platform        | 11,882,464         | 5,063,664          |
| Derivative financial instruments                           | 273,669            | 278,245            |
| Other assets   | 3,241,260          | 2,863,049          |
| Assets held temporarily                                    | 244,754            | 244,754            |
| Prepayments and accrued income                             | 5,799,073          | 4,378,612          |
| <b>Total assets</b>  | <b>688,623,751</b> | <b>599,266,091</b> |
| <b>LIABILITIES</b>   |                    |                    |
| Amounts owed to credit institutions                        | 61,283             | 4,269,858          |
| Amounts owed to customers                                  | 594,670,893        | 512,925,737        |
| Current accounts   | 275,224,894        | 375,278,786        |
| Fixed term deposits  | 319,446,000        | 137,646,951        |
| Other liabilities  | 2,466,758          | 1,327,555          |
| Corporation tax payable                                    | 568,878            | 261,589            |
| Derivative financial instruments                           | 470,053            | 538,820            |
| Accruals and deferred income                               | 3,595,326          | 743,606            |
|  | <b>601,833,191</b> | <b>520,067,165</b> |
| Called up share capital                                    | 26,500,000         | 26,500,000         |
| Profit and loss account                                    | 60,290,560         | 52,698,926         |
| <b>Total liabilities</b>                                   | <b>688,623,751</b> | <b>599,266,091</b> |



---

Annual Report / 31 December 2023

---