Annual Report

31 December 2024

TRUSTED NOVUS BANK

Table of Contents

To our Stakeholders

1.0

1.1 Chairman's Statement

When I first became Chief Executive of the Gibraltar Financial Services Commission, I had an introductory lunch with the Board of Jyske Bank. At that meeting, they presented me with a book entitled The Smallest Bank in the World, which recounted the history of Galliano's Bank which was established in Gibraltar in 1855 and later acquired by Jyske Bank. Written by Paco Galliano, the book told the story of one family's vision in building a bank at the heart of Gibraltar's community.

At the time, I had no idea that, just over twenty years later, I would be appointed Chairman of that very institution. Today, under its new name Trusted Novus Bank (TNB), the Bank stands as an independent and firmly established part of Gibraltar's financial services community.

Now, five years into its new chapter, TNB has secured its place in the next stage of this long and proud evolution. In many ways, the Bank's development mirrors that of Gibraltar's financial services industry as a whole: growing in sophistication, broadening its services, and delivering quality to a wider client base. Like Gibraltar itself, the Bank has moved from providing primarily local services to becoming an integral part of the international financial community. This progress has required patience, vision, and skill, qualities that both Gibraltar and TNB have consistently demonstrated. It is therefore with great pride that I present my first Chairman's Report. I do so against a backdrop of strong results for the year under review, a year in which TNB delivered both growth and profitability. The credit for these results rests with the commitment of our staff, management team, and my Board predecessors, who led the Bank through this period with energy and professionalism.

The results speak for themselves. During the year:

- **Client deposits** grew by over 4%, from £595 million to £620 million.
- **Lending** increased significantly, from £289 million to £401 million.
- **Profit after tax** rose by over 23%, reaching nearly £9.4 million.

These achievements are a reflection of the Bank's strong foundations, prudent management, and commitment to delivering value to our clients and community.

Banking is central to Gibraltar's success. The jurisdiction cannot grow without a strong local banking sector. People rightly expect that their savings are safeguarded by trusted institutions within Gibraltar, and that mortgages and financing are provided by banks that understand the needs of the community. Without locally rooted banks such as TNB, there is no financial services sector and no sustainable jurisdictional growth. Our relationship with Gibraltar is therefore not simply supportive, it is symbiotic. The strength of one depends upon the other. Other parts of the finance sector such as DLT are nice to have, banking is essential to survival.

Within the banking sector, competition is healthy and necessary. No single institution can meet all needs, and it is to Gibraltar's credit that successive Governments have supported diversity in banking. The creation of Gibraltar International Bank following Barclays' departure is one such example of foresight. Similarly, we are grateful to the former Minister for Financial Services for his role in enabling the change of ownership of TNB when Jyske re-focused on Northern Europe. This transition, approved and overseen by the Gibraltar Financial Services Commission (GFSC) was managed smoothly and effectively, allowing TNB to continue serving the jurisdiction without interruption.

The TNB Board, past and present, together with the Executive team, successfully managed what could otherwise have been a complex transition. Today, we inherit a strong and stable platform, staffed by experienced professionals and guided by a refreshed Board, which now includes four new Independent Non-Executive Directors, myself among them. With this foundation, we are well positioned to innovate further, introduce new products, and expand our services for clients both locally and internationally. Central to all our efforts, however, remains our unwavering focus on our clients. Treating them fairly and serving them well will always be the cornerstone of our growth and success.

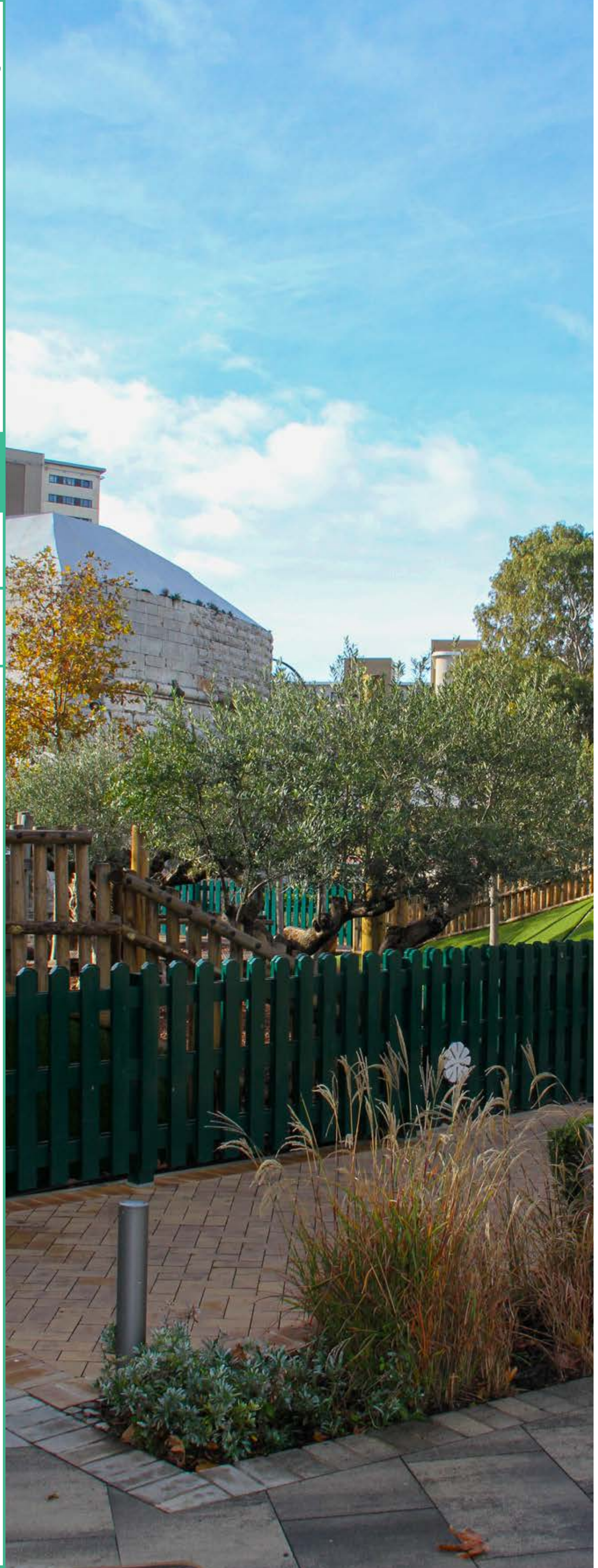
We are also preparing for the introduction of additional local regulations as well as international requirements under the 3.1 reforms to Basel III framework. We are additionally investing in significantly upgrading our IT systems during 2025.

Looking ahead

The wider economic environment continues to present challenges. The global economy remains uncertain, and within Gibraltar the anticipated treaty with the European Union will undoubtedly bring significant implications for businesses and citizens alike. While TNB cannot influence the outcome of such matters, we can and will respond with resilience and adaptability, ensuring we continue to support our clients and the jurisdiction.

On behalf of the Board

Both its new members and those who continue to serve, I wish to extend my sincere thanks to our predecessors, our staff, our clients, the Government of Gibraltar, the regulator, and all our stakeholders. Together, we look forward to building on the bank's proud heritage and securing its future as a trusted and innovative financial partner for Gibraltar and beyond.



1.2 Directors Report

2024 was an exceptional year for TNB (the Bank).

Building on the success of 2023, the Bank has continued to deliver outstanding results. Despite a downward shift in interest rates from mid-year, we exceeded prior benchmarks. Our loan portfolio grew by 39%, driving a substantial uplift in revenue growth, supported by both interest income and net fee and commission income, resulting in one of our strongest returns on equity so far. Alongside our financial progress, our strategic initiatives are enhancing shareholder value.

Our strategic priorities remain focused on enhancing long-term shareholder value through sustainable growth and continued innovation.

Looking ahead to 2025, we are optimistic about the opportunities for both the Bank and our clients. We believe the strength of our underlying performance will continue, even as we adapt to potential changes in the interest rate environment.

Nonetheless, the global backdrop remains challenging. Ongoing conflicts in Europe and the Middle East are deeply concerning, with risks of escalation, worsening humanitarian crises, and heightened market volatility. Trade tensions are also resurfacing, with the recent introduction of tariffs by the US adding further uncertainty to the global trade outlook. While the anticipated reduction in interest rates may help stimulate economic activity, the broader outlook remains uncertain.

In this context, our commitment to our core purpose remains unwavering: to support our clients and help them navigate any financial challenges they may face.

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3

1.3 Future Developments

Looking ahead, while the interest rate environment is expected to shift, our strong underlying business fundamentals position us well for continued performance into 2025. We remain focused on maintaining a resilient return on equity, while closely monitoring the evolving interest rate cycle and its implications for net interest income. Our strategic priorities continue to centre around sustainable growth and leveraging our core strengths to identify new opportunities.

At TNB, we are steadfast in our ambition to lead on technological progress within the financial services sector. This is a key pillar of our long-term strategy to drive operational efficiency and deliver an exceptional client experience.

Our new core banking platform will be implemented during 2025. This transformative upgrade will unlock a significantly enhanced customer journey, enabling seamless, secure access to services across digital and physical channels. With improved functionality in online and mobile banking, the new platform will offer greater flexibility, convenience, and responsiveness to our customers' financial needs.

In parallel, the system will strengthen our internal capabilities, enhancing risk management, data analytics, and regulatory compliance, ensuring that we continue to operate to the highest standards of control and oversight.

We are grateful for the continued trust and support of our stakeholders, clients, shareholders, employees, and the broader community. As we move into 2025, we remain committed to delivering strong performance, deepening customer relationships, and creating long-term value for all.

The directors remain dedicated to positioning TNB as a resilient, forward-looking organisation focused on delivering long-term value. The business continues to be guided by robust governance and risk management frameworks, along with a strong commitment to being a trusted financial institution.

The directors maintain their confidence in TNB's solid market presence in Gibraltar and its ability to serve both local and international clients across a range of business lines. The directors also remain confident about the bank's underlying value and the future potential of its evolving business model.

1.4 Financial Summary

The Bank's results are a testament to the way we remained focused in 2024. Reported profit before tax was £10.8m, which was £2.2m higher than in 2023. Net operating income was up 18.4% in 2024 at £28.2m, with total non-operating expenses up 14.4%.

Our disciplined approach to capital allocation and balance sheet management delivered an attractive return on equity for our shareholder in 2024 of 10.8%.

TNB remains highly liquid and well capitalised with a Common Equity Tier 1 (CET1) ratio of 17.5% (unaudited). TNB's Liquidity Coverage Ratio (LCR) remains high at 220% (unaudited) and well over the minimum required ratio of 100%.

1.5 TNB at a glance

Customers	Strength	Loan Book	Assets Under Mangement	Loan: Deposit Ratio	Deposits

3,480	17.5%	£401m	£973m	65%	£620m
Customers Served	Capital Ratio				

Strong Foundations Through Professionalism

2.0

2.1 Risk Management

Risk Management Overview

TNB operates within a Risk Management Framework (RMF) designed to understand potential adverse outcomes associated with running a financial institution and to define acceptable boundaries for such events. The aim is not to eliminate all risks, but to manage them prudently, ensuring resources are used effectively and efficiently. Failure to do so may lead to significant challenges, costs and unintended consequences.

Our approach involves identifying, assessing and mitigating threats, while also leveraging opportunities and meeting business needs. Through proactive, detective and responsive controls, we promote desired behaviours and outcomes while preventing adverse ones. These measures underpin the Bank's stability and resilience, as detailed in this report.

To meet RMF objectives, the Bank must act with integrity, address uncertainty and respond appropriately to both favourable and unfavourable events, conditions and behaviours.

Risk Culture

Risk management is not confined to the risk team, it must permeate the entire organisation. Engagement is fostered through:

1. Communication

The Board of Directors are responsible for providing Management with timely, clear and transparent objectives together with the risk appetite to be applied when achieving these objectives. Bank's management ensures that all employees have access to information on the Bank's set objectives, risk appetite, performance and risk management framework as well as sufficient information to allow them to familiarise themselves with the role they play in the organisation as a whole and in risk management of the Bank.

2. Emphasising the 3LoD Model

Communication of the concept of Business Risk Owners is an important step in ensuring that employees take ownership and feel accountable for risk which they are immediately exposed to in their day-to-day work. The Chief Risk Officer is responsible for ensuring that the RMF underlines this principle.

3. Assessing Risk Culture and its Development

The Chief Risk Officer oversees assessments of risk culture, how employees perceive risk, its impact and their role in managing these risks. These assessments track cultural evolution and help evaluate communication effectiveness.

The Board, supported by its committees, is responsible for embedding a strong risk culture and ensuring policies reinforce this goal. Risk awareness is a core competency across all roles and policies are designed to support cultural development.

Risk Governance and Oversight

The Board of Directors is ultimately accountable for financial loss or diminished shareholder value. It identifies key risks and ensures mandates, policies, authority levels, frameworks and systems are in place and functioning effectively.

The Board promotes controlled risk-taking, innovation and opportunity-seeking within the internal control framework, aligned with broader governance objectives. Management reinforces the Board's risk appetite through strategy, training and leadership.

This message is reflected in delegated authorities, job descriptions, policies and control mechanisms. Non-compliance with procedures is considered an unacceptable risk. Disciplinary action is taken where necessary to maintain control effectiveness.

Accountability is reinforced through appraisals, promotions and awareness initiatives.

The Board determines the nature and extent of principal risks and the governance structures required to manage them.

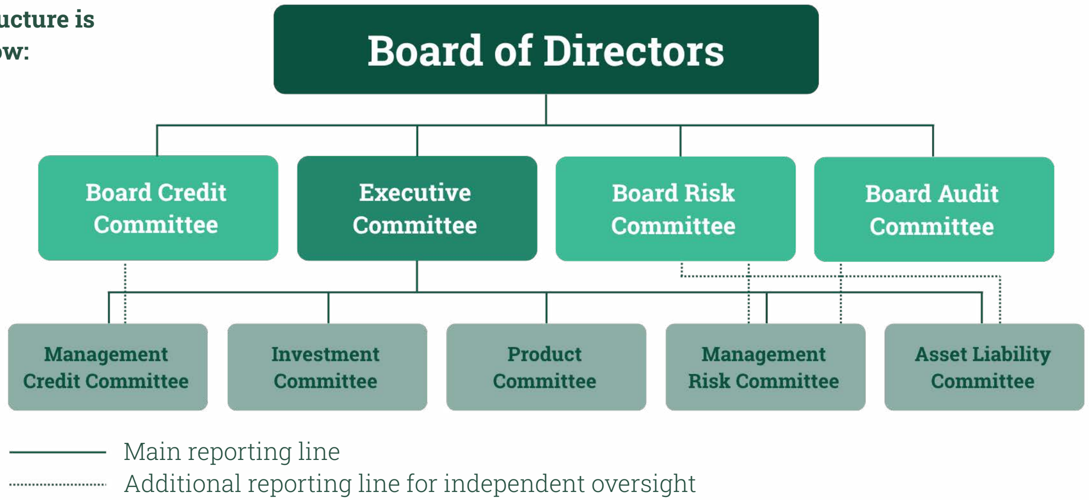
Specifically, it:

- **Sets business strategy and risk appetite.**
- **Defines and agrees risk policies aligned with strategy.**
- **Establishes governance structures and RMF principles.**
- **Makes strategic decisions and delegates actions.**
- **Defines the methodology by which risk management and compliance is reviewed.**
- **Seeks assurance on RMF effectiveness and policy compliance with set risk policy.**
- **Reports to stakeholders on risk management and compliance,**
- **Ensures financial activities are independently reviewed and audited.**

Board of Directors and Committee Structures

The Board of Directors delegates powers to a number of committees that support the Board in its management role. The Board and its committees are responsible for maintaining sound risk management and internal control systems and embedding a strong risk culture throughout the organisation and for ensuring that appropriate policies are put in place to support this goal.

The overall Board and committee structure is presented below:



In principle, each of the Board committees fulfils a similar role, in that, operating under a Board delegated mandate, they provide a forum for the direction and challenge of the management of the Bank, whilst monitoring business performance and risk exposures. In particular:

The Board Credit Committee

Evaluates and approves credit applications and exposures to clients and counterparties beyond the granting authority set by the Board for the Management Credit Committee, advises the Board on credit and lending strategies, credit risk appetite and lending authority framework, evaluates and approves management actions to resolve material high-risk non-performing exposures, including individual write downs/impairments and credit provisioning methodology.

The Executive Committee

Serves as the operating arm of the Board in all matters related to corporate governance, being responsible for day-to-day management of the Bank in all matters not reserved to the Board of Directors to successfully implement objectives of the Bank in line with the business strategy and the risk appetite approved by the Board of Directors; it is tasked i.a. with developing and implementing business plans, policies and procedures as well as budgets that have been approved by the Board of Directors.

The Board Risk Committee

Assists the Board in fulfilling its risk oversight and monitoring obligations; in particular it advises the Board on the overall risk appetite, tolerance and strategy and oversees and advises the Board on the current risk exposures and future risk strategy; it also oversees the risk management framework implementation at the Bank.

The Board Audit Committee

Assists the Board in enhancing confidence in the integrity of the Bank's processes and procedures relating to internal control and corporate reporting as well as in fulfilling its responsibilities in respect of the control environment at the Bank.

The Executive Committee has appointed its sub-committees to assist this committee in fulfilling its responsibilities. The sub-committees of the Executive Committee comprise:

- **Management Credit Committee is tasked with approving credit applications and reviewing credit applications requiring approval by the Board Credit Committee, as well as monitoring credit risk exposures.**

- **Investment Committee is tasked with responsibilities concerning management of investment risk resulting from investment products offered by the Bank.**

- **Asset Liability Committee is tasked with responsibilities concerning managing actual and emerging risks and opportunities in relation to Bank's balance sheet structure to ensure prudent capital and liquidity management.**

- **Management Risk Committee is tasked with responsibilities concerning management of financial risks (including portfolio credit risk) and non-financial risks, reviewing risk reports and addressing high-risk items, as well as enhancing and implementing the risk management framework.**

- **Product Committee is tasked with responsibilities concerning introduction of new products and changing the existing product offer of the Bank while ensuring consumer duty perspective is taken into account, as well as monitoring products' performance and competitive landscape.**

Responsibilities of the Board of Directors, its committees and sub-committees are described in their terms of reference and applicable policies. The Board of Directors monitors the performance of its committees which prepare relevant reports on a regular basis.

If any of the Board committees or sub-committees are temporarily unable to perform its duties, in particular if it is not fully appointed, or if a decision by the Board is required as a matter of urgency, all issues can be processed by the Board of Directors without a prior review or recommendation by these committees or sub-committees, even when such a review or recommendation is normally required in accordance with this Policy or other policies or procedures.

The Bank's day-to-day management is also supported by various business units that according to their competences and areas of responsibility provide the Board and all its committees and sub-committees with relevant information and recommendations and implement decisions of these bodies.

2.2 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 operate 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 and ESG, 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.

Roles and Responsibilities of the Board

2.3

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).

Adrian Olivero
Deputy Chairman

Adrian was instrumental in the change of control process which saw TNB become an independent credit institution in 2020. 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 and corporate governance. Adrian is currently the CEO of TNG Global, one of Gibraltar's largest real estate investment companies.

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 served as a member of the Board Credit Committee (BCC) from 16 June 2022 to 4 March 2024.

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.

Resigned

October 2024.

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 (BCC).

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.

Resigned

October 2024.

Long T. Vo
Non-Executive Director

Long joined the Board on 12 June 2024, bringing his vast experience of digital transformation, business and technology integration, strategy planning and execution, entrepreneurship, and innovation. Long has overseen the digital transformation of ROX Group (formerly known as TNG Holdings Vietnam) and its subsidiaries. Before joining the Group, he 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.

Committee Memberships

Long is not a member of a Board committee.

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 has accumulated over 20 years of experience in financial, operational and risk management roles in both private banking and retail sectors. He holds 2 Fellowships within 3 Royal Charters in accounting, banking and investment services (ACCA, CBI and CISI respectively).

Appointed

June 2024.

Committee Memberships

Christian is not a member of a Board committee.

Christian Bjørløw
Chief Executive Officer (CEO)

Christian moved to Gibraltar in 2002 to become Manager of Private Banking, a position he held until his appointment to the Board as Chief Executive Officer in June 2007. For over thirty five years he has worked in financial services. Before his appointment to CEO, his main specialism was delivering private banking, wealth & asset management solutions for the local market. Christian retained the office of CEO after the change of ownership of Trusted Novus Bank, thereby ensuring continuity of executive leadership, stability, and progression.

Appointed

June 2007.

Committee Memberships

Christian is not a member of a Board committee.

Resigned

March 2024.

Financial Review

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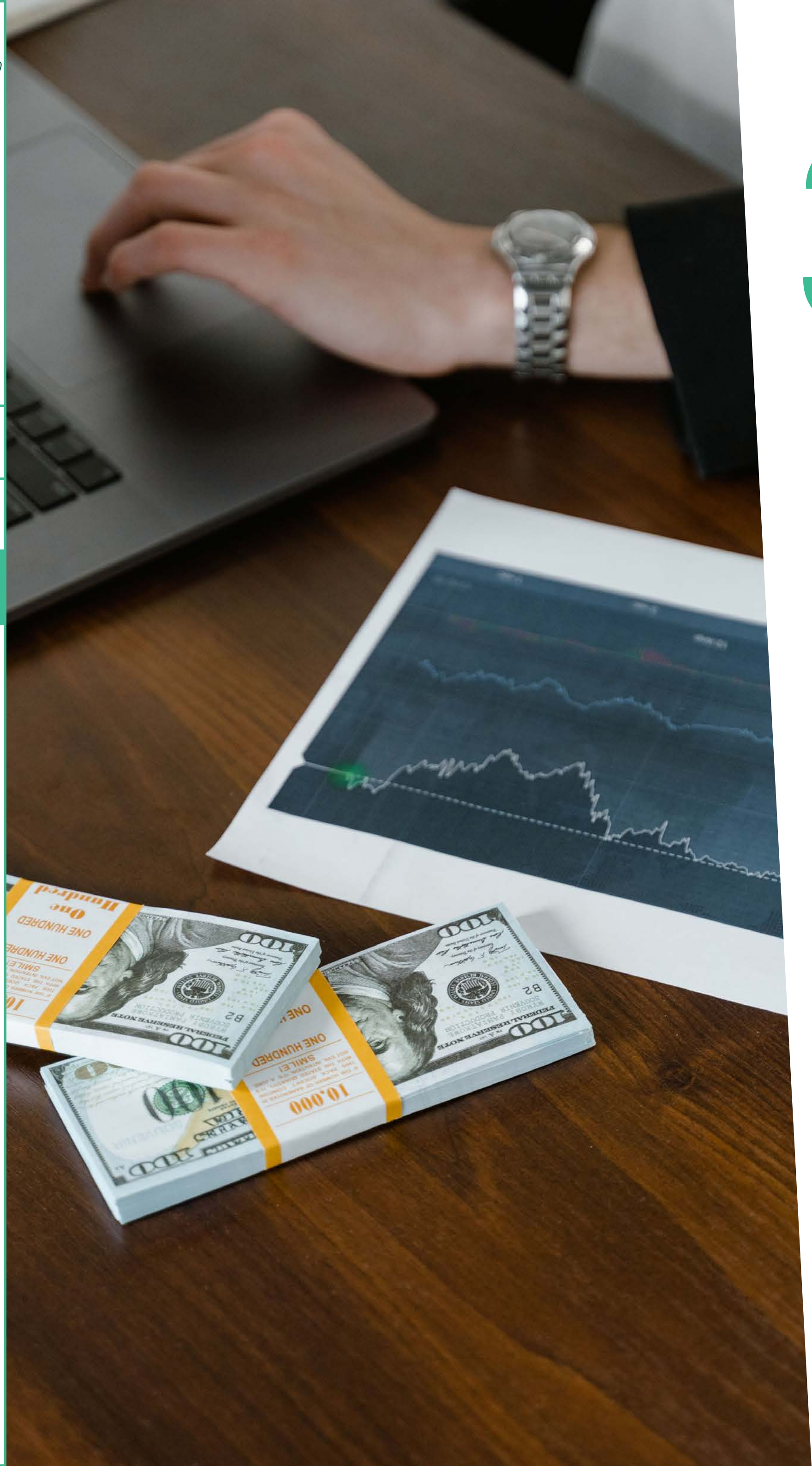

3.1 Profit and Loss Account

For the year ended 31 December 2024

	2024 GBP	2023 GBP
Interest receivable	40,911,309	32,212,824
Interest payable	(20,108,702)	(17,443,874)
Net interest income	20,802,607	14,768,950
Fees and commissions receivable	5,629,280	5,804,782
Fees and commissions payable	(1,088,406)	(1,011,264)
Dealing profits	2,885,966	4,286,456
	7,426,840	9,079,974
Net operating income	28,229,447	23,848,924
Administrative expenses	(9,527,191)	(7,763,142)
Depreciation and amortisation	(340,198)	(320,533)
Other operating charges	(7,448,916)	(7,139,988)
Adjustments to provisions	(155,048)	(42,354)
	(17,471,353)	(15,266,017)
Profit on ordinary activities before tax	10,758,094	8,582,907
Tax on profit on ordinary activities	(1,390,779)	(991,273)
Profit on ordinary activities after tax	9,367,315	7,591,634

Balance Sheet 3.2

For the year ended 31 December 2024

	2024 GBP	2023 GBP
ASSETS		
Cash and balances at central banks	1,034,732	2,020,234
Loans and advances to credit institutions	189,032,611	251,806,549
Loans and advances to customers	401,274,633	289,050,383
Investments in debt instruments at fair value	-	10,749,081
Investments in debt instruments at amortised cost	93,633,562	110,435,624
Investments in equity instruments	3,400,233	2,789,554
Tangible fixed assets	11,531,276	331,107
Investment property	1,959,400	-
Intangible fixed assets	19,907,633	11,882,464
Derivative financial instruments	571,451	273,669
Other assets	3,245,110	3,241,259
Assets held temporarily	244,754	244,754
Prepayments and accrued income	5,905,399	5,799,073
Total assets	731,740,794	688,623,751
LIABILITIES		
Amounts owed to credit institutions	10,446,722	61,283
Amounts owed to customers	619,890,940	594,670,893
Other liabilities	3,787,481	2,466,758
Corporation tax payable	1,401,456	568,878
Derivative financial instruments	238,440	470,053
Accruals and deferred income	3,817,880	3,595,326
	639,582,919	601,833,191
Called up share capital	26,500,000	26,500,000
Profit and loss account	65,657,875	60,290,560
Total liabilities and equity	731,740,794	688,623,751
MEMORANDUM ITEMS		
Guarantees	6,358,587	5,413,472

Annual Report / 31 December 2024