

Annual Report

2022



Gibraltar
INTERNATIONAL BANK

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2022 Snapshot



£8.1m

Full-year pre-tax profit



£1.2bn

Total Customer deposits



18,000+

Personal & Corporate
customers served



£223m

Lent for local housing



129

Full-time bank employees



£45k+

To support local charities



Chairman's Statement

I am very pleased to report that the Bank has performed well in the year to 31 December 2022. It has delivered a strong financial and operational performance.

The numerous base rate increases over the period has had a favourable impact on interest income and consequently on the net profit enabling the Bank to post its record profit to date as well as being able to create a fixed rate mortgage product to our community in these times of higher inflation and cost of living.

The Bank has a strong balance sheet which combined with prudent capital management has enabled us to support customers and play a leading role in continuing to assist the local economy.

Our underlying profit before taxation for 2022 has been £8.1m, compared to £1.0m in 2021.

Net operating income was £25.4m, an increase of 58% over 2021. Our cost income ratio has improved and stands at 68% compared to 93% last year.

Over the past year the Bank has had to deal with the continued impact of major external events such as Brexit, the coronavirus pandemic and the war in Ukraine.

We have also focused on strengthening our relationships with our customers and continue investing in our digital channels. It is evident that the outlook for 2023 remains challenging however we are confident that we have the right strategy in place to meet these challenges and opportunities which lie ahead.

We shall continue to support the needs of our client base and the community by providing the products and services that fulfil their expectations.

It has been an honour to serve as the Bank's first Chair and I will be stepping down at the end of my term later this year.

It has also been a privilege to work with the Board and am confident that I leave the Bank in a very strong position with positive results. I would like to thank especially Mr Peter Isola, Mr Marcus Killick, Mr Peter Montegriffo and Mr Colin Vaughan who will be stepping down having also completed their full terms.



Albert D Langston
MBE, GMD

They together with the rest of the Board have brought to the Bank their individual experience, expertise and perspectives to enrich the Bank's collective decision making.

I take this opportunity to thank them for their collective guidance, wisdom and support during my term as Chair.

I am delighted that Mr Stephen Reyes, who has been a long-standing Board member will be succeeding me as Chair on 1 September 2023.

In February 2023 we said farewell to our CEO Mr Lawrence Podesta who retired and whom we have been fortunate to have had as the Bank's first CEO. We are pleased that he has re-joined the Board as a non-executive director.



I would like to thank Lawrence for his commitment, professionalism and dedication to the Bank during his time as CEO.

Following an extensive selection process, the Bank has appointed Mr Peter Horton as its new CEO to succeed Lawrence. Peter is a career banker and has considerable and relevant experience in the UK and other jurisdictions and we are confident that he is the right person to further grow the role and presence of the Bank in Gibraltar.

I would like to thank Mr Albert Mena for all the support which he has provided during his tenure as Financial Secretary. I look forward to continuing to collaborate with his successor Mr Charles Santos.

I also wish to thank Minister the Hon. Mr Albert Isola MP as well as HM Government of Gibraltar for their continued support.

Finally, I would like to extend my gratitude to the Board and the entire Bank team for all their hard work throughout this year.



CEO's Letter

I am honoured to be writing this first, of what I hope to be the first of many CEO letters in the years to come. I would like begin by expressing my gratitude for the opportunity to lead this fantastic institution into the next phase of its journey.

A great debt is owed to my predecessor, Lawrence Podesta, for the outstanding job he has done over the last eight years. Building a bank from scratch in the 21st century on such a short time-frame is no mean feat, and it is a testament to Lawrence and all those supporting him that we are here today, building on the strong foundations built by him, our esteemed Board, and our exceptional colleagues, to continue building a better Bank for Gibraltar.

The Bank has performed exceptionally well in what proved to be a challenging 2022. With wide ranging macroeconomic factors such as the war in Ukraine and the ongoing challenges surrounding the COVID-19 pandemic impacting the global economy, our balance sheet stayed resilient and continues to allow us to play a leading role in providing vital banking services to our local community.

Despite these global challenges, and some closer to home, such as the continuing uncertainty of Gibraltar's future relationship with the European Union, we have further strengthened our resolve to support the needs of our local community by bringing products and services to the market that specifically serve Gibraltar and its people.

I very much look forward to the responsibility and challenge of leading Gibraltar International Bank as we begin this next chapter, continuing to build a Bank of the community.



Peter Horton
CEO



Strategic Review



Financial Highlights

Gibraltar International Bank takes pride in being more than just a financial institution, we are a Bank of the community, dedicated to the financial wellbeing of our customers, and Gibraltar as a whole. Our 2022 results reflect this commitment, showcasing not only our financial performance, but also our strong connection to the community we serve.

In 2022, our total income rose to £23.1 million compared with £12.5 million in 2021, benefiting from the rising interest rate environment. On the other side, our interest and similar expenses grew to £3.9 million. Despite this increase we have managed our funding costs efficiently, ensuring that we are able to continue offering competitive rates to the community.

With an increase in fee and commission income to £7.0 million (up from £6.0 million in 2021), the Bank achieved a net operating income of £25.4 million, compared to £16.1 million in 2021.

Total assets remained stable, with an increase to £1.304 billion, slightly up from £1.302 billion, while liabilities decreased to £1.242 billion, down from £1.249 billion in 2021.

Pre-tax profit for 2022 was £8.1 million, up from £1.0 million, largely buoyed by the rising rate environment and an increase in fee and commission income.

Our performance in 2022 underscores Gibraltar International Bank's prudent financial management and commitment to the community's financial well-being.

We're not just a bank; we're a trusted partner on the journey to financial success. We extend our gratitude to our community, employees, and shareholders for their unwavering support. Together, we will continue to serve the community and navigate the ever-evolving financial landscape.



Our Customers

We are committed to delivering for the community when it needs us most. Being alongside our customers and supporting them during all of life's big moments will always be our priority. From the branch all the way through the Bank, we are committed to providing the best possible experience for our customers.

Throughout 2022 we began exploring ways to improve digital communications with our clients in order to streamline the execution of basic functions and improve the overall experience. This will continue into 2023 as we continually look inwardly to improve the ways our customers interact with the bank. Our commitment to fairness, efficiency, and consistency has fuelled our efforts to improve the Bank's customer experience on a daily basis.

Serving over half of all Gibraltarians on the Rock gives us immense pleasure as an organisation, but it is also a great responsibility to provide vital banking services to our community.

Ensuring the needs of our community are met is our primary objective, from helping families move into their first home, to providing Gibraltar's thriving business community with the support they need to help their companies, and Gibraltar's economy, continue to show the impressive growth we have seen in recent years.

As the Rock's only truly local commercial bank, we are proud to serve our community and strive every day to make sure Gibraltar gets what it needs in order to continue punching above its weight and fulfil its full potential.

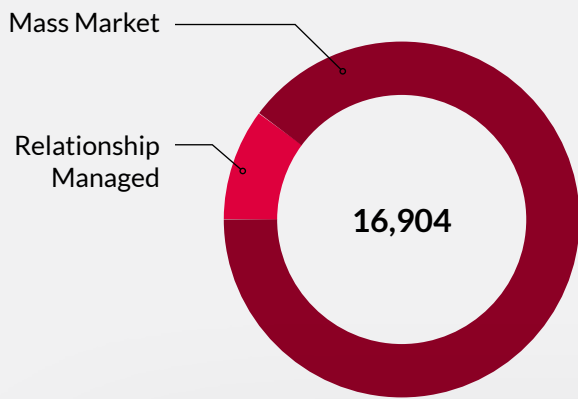




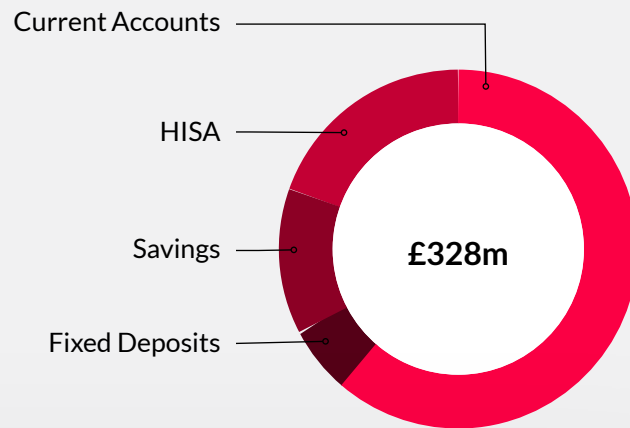
Personal Banking

We service over 16,000 personal banking clients in the local market, providing a full suite of products, including mortgages, personal loans, and a variety of savings accounts to support all yield and liquidity requirements.

Customers



Deposits



Lending

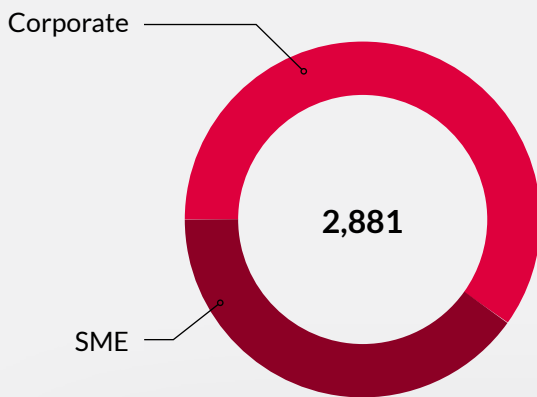




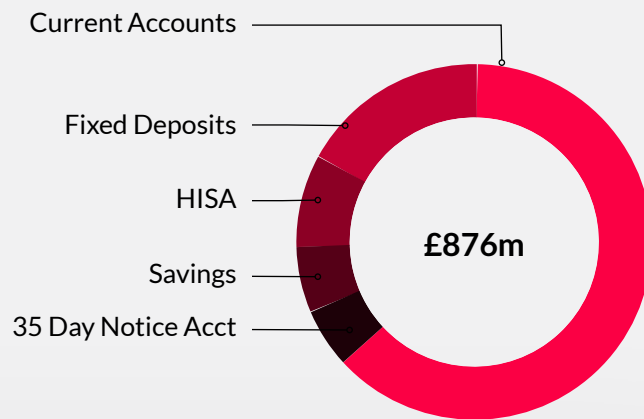
Corporate Banking

We bank over 2,000 corporate customers, ranging from international conglomerates, to small local businesses. We provide a full suite of banking services to cater for the needs of our corporate customers, no matter their size or industry.

Accounts



Deposits



Lending



£69.7m
In commercial mortgages



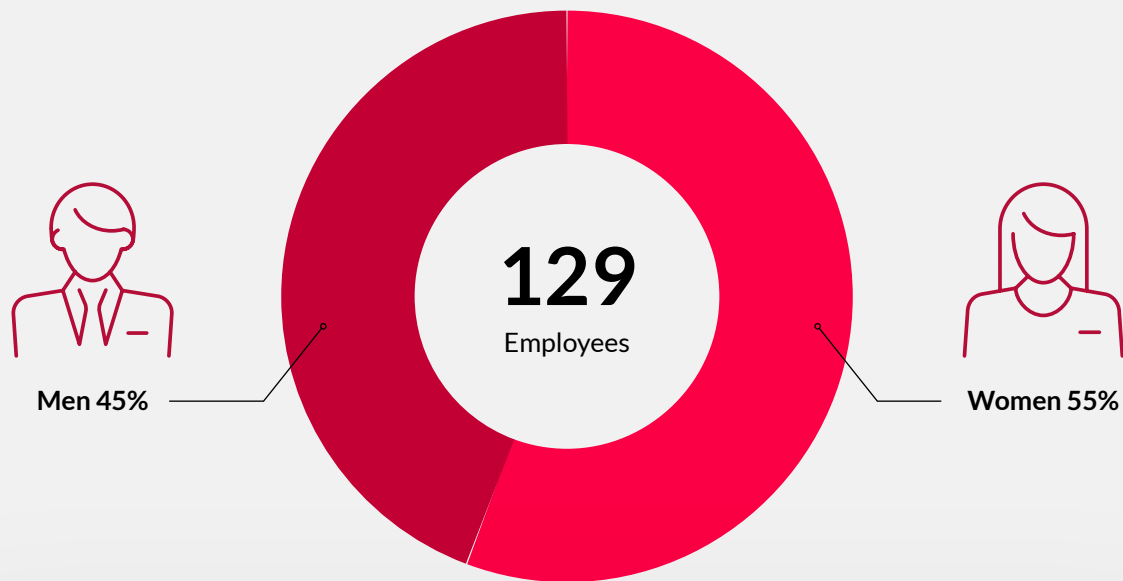
£18.8m
In corporate lending



£919k
In account overdrafts

Our Employees

At Gibraltar International Bank we are proud to promote a diverse, multinational, multi-lingual work environment which we believe contributes to our high staff retention rates. At the core of our culture are our values, which we promote throughout the bank at all levels, regardless of role or responsibility.



5

Years of service, on average



6+

Nationalities



11

Languages spoken

Gibraltar International Bank is committed to promoting a diverse and inclusive workforce. We are acutely aware that this commitment is perhaps not entirely reflected in the composition of our Board and Senior Management Team, however this is an area of great focus for the Bank and we are continually striving to improve.

*All statistics as of 31 December 2022.



Our Employees

Gibraltar International Bank prides itself on fostering a dynamic and diverse team of 129 individuals who bring a wealth of skills and perspectives to the table. With a commitment to gender equality, our workforce reflects a harmonious split, comprising 45% male and 55% female employees.

The cultural richness within our team extends across borders, with representation from over six nationalities. This cultural diversity not only adds vibrancy to our workplace but also enables us to better understand and cater to our diverse local clientele.

Our employees are the backbone of our institution, with an average tenure of five years. We believe this longevity is a testament to the positive and rewarding work environment that Gibraltar International Bank provides. We are deeply committed to employee growth, professional development, and the creation of a workplace where individuals can thrive and contribute to the Bank's success over the years.

Communication is key in our diverse local community, and our team excels in this regard.

With proficiency in 11 languages, our employees effortlessly navigate linguistic barriers, promoting effective collaboration and understanding. This linguistic diversity is not just a reflection of our inclusive workforce but also an asset that enhances the quality of service we provide.

In the ever-evolving landscape of banking, our employees are the driving force behind the Bank's achievements. Their dedication, expertise, and cultural diversity define the ethos of our workplace. They are not merely colleagues; they are a united force pulsating with a collective passion for providing our clients with the best possible service.

As we look to the future, our commitment to cultivating a diverse and inclusive workplace remains unwavering, knowing that it is through our people that we achieve greatness.

Governance & Risk





Board of Directors

The Board of Directors comprises of experienced professionals across the financial, banking, legal, insurance, and gaming industries. They have come together to help build the business from the ground up and drive its future growth.



Albert Langston,
Chairman

Albert Langston MBE, GMD, JP, FCIB, boasts 40+ years in banking, trusts, and company management. He served as Lloyds Bank Gibraltar's Chairman and spent time as General Manager of Barclays Limited.

A Chartered Institute of Bankers Fellow, he received the MBE in 2019 and the Gibraltar Medallion of Distinction. Albert has held influential roles in the Gibraltar Bankers' Association, Gibraltar Deposit Protection Scheme, and as a founding member of the Gibraltar Finance Centre Council.



*Lawrence Podesta,
Non-Executive Director

Lawrence started with Barclays Bank Gibraltar in 1976, holding various roles over his 20-year tenure, including Finance Manager and Head of Retail Lending. In 1996, he joined Lombard Odier & Cie as Chief Financial Officer, later becoming Chief Operating Officer and Deputy CEO.

Lawrence served on the boards of the Gibraltar Investor Compensation Scheme and the Gibraltar Deposit Guarantee Scheme from 2007 to 2013. As CEO, he led Gibraltar International Bank from May 2014 until his retirement in January 2023.

*Appointed as Non-Executive Director on 01 February 2023.



*Peter Horton,
Executive Director

Peter launched his career at Barclays in the UK in 1984 in roles spanning Risk, Project Management, and Corporate Relationship Management. In 1999, he became the Risk Director in Botswana with Barclays Africa, later leading the pan-African Corporate Turnaround function in Kenya. After leaving Barclays in 2004, Peter assumed the role of Director of Corporate Banking at First Caribbean International Bank, overseeing operations in the Bahamas and Turks and Caicos. Peter holds a First Class Honours Degree in Financial Services from UMIST and is an Associate of the Institute of Financial Services.

*Appointed as a Director on 01 February 2023.



David Bruce,
Executive Director

In 2019, David became Gibraltar International Bank's Chief Business Officer, overseeing customer delivery. With qualifications from the Chartered Institute of Bankers, he held various customer-facing roles in Retail, Corporate, Real Estate, Institutional, and Commercial Banking.

Previously with NatWest Group for 28 years, he served as Regional Director & Country Head in Gibraltar and Head of Corporate & Commercial Banking across the UK, Channel Islands, and Gibraltar.



Peter Montegriffo,
Non-Executive Director

Peter is a King's Council Consultant at Hassans International Law Firm, specializing in commercial and private clients. He is experienced in financial services, regulatory, and trust-related issues, notably involving gaming companies' IPOs.

He helped draft legislative changes in trusts, financial services, and gaming in Gibraltar. A former Minister for Trade and Industry, he contributed to economic development and financial services in Gibraltar from 1996 to 2000. He is a graduate of Leeds University and Lincoln's Inn member.



Marcus Killick,
Non-Executive Director

Marcus Killick (LLb Mphil) is the CEO of Isolus law firm, and other businesses such as Callaghan Insurance Brokers Limited, and BetVictor Limited. He is a non-executive member of the Independent Monitoring Authority, established under the EU Withdrawal Act.

He is the former CEO of the Gibraltar Financial Services Commission. He received an OBE in the 2014 New Year's Honours List. He was previously the Chairman of the Gibraltar Investors Compensation Scheme and the Gibraltar Deposit Guarantee Board.



Stephen Reyes, Non-Executive Director

Stephen has been a non-executive director at Gibraltar International Bank since September 2014. With 25 years as a chartered accountant and former managing partner of a 'Big 4' Accounting firm in Gibraltar, he now serves on various boards as a non-executive director.

Stephen chairs the Bank's Audit Committee and has extensive experience in auditing, tax, and advisory roles, as well as leadership positions in industry bodies and several non-profit entities.



Colin Vaughn, Non-Executive Director

Colin Vaughn, PwC's Senior Partner in Gibraltar, has led the firm for 13 years. A former managing partner, he also served as PwC Gibraltar's Assurance, Risk Management, and Operations Leader.

As a past President of the Gibraltar Society of Accountants, held key roles on local boards, including the Regulator's Audit Advisory Panel, Financial Centre Council, Investor Compensation Scheme, and Deposit Guarantee Scheme. Active in local charities, he is a trustee for a local Catholic School.



Peter Isola, Non-Executive Director

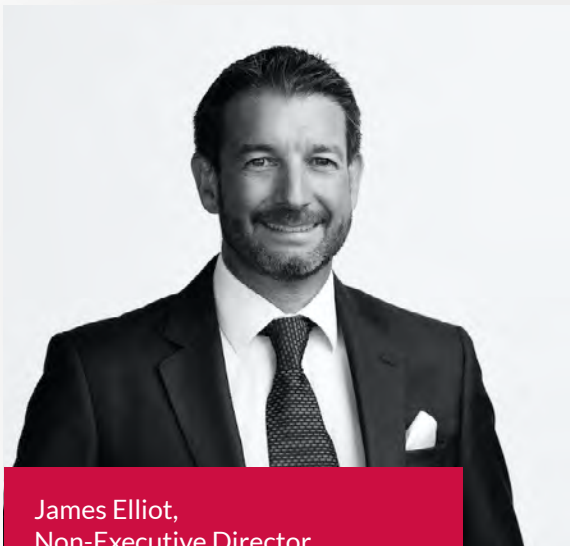
Peter Isola, Senior Partner at Isolas LLP and Chairman of the Fiduciary Group of Companies, is a Board Member of the Gibraltar Financial Services Commission. His expertise spans Private Client, Financial Services, Company, Trust, and Online Gaming. Mr. Isola played a pivotal role in advising the Gibraltar government on significant changes to Gambling laws and contributes to Tolley's "Planning and Administration of Offshore and Onshore Trusts" and Tolley's "International Succession Laws." A former President of the Gibraltar Chamber of Commerce, he serves as a Trustee for the Kusuma Trust and the Peter J Isola Foundation.



Bruno Callaghan, Non-Executive Director

Bruno has 37 years of insurance experience. He started at Willis Faber in 1984, returning in 1989 to establish Callaghan Insurance Brokers and Ace Gibraltar Ltd. Bruno expanded his portfolio with Masbro Brokers and Peninsula Underwriting. He opened the Holiday Inn Express in 2018 and is developing a five-star hotel and residential project on the old Caleta Hotel site.

Bruno served on the Gibraltar Financial Services Commission board and as President of the Gibraltar Chamber of Commerce.



James Elliot, Non-Executive Director

James joined the Board in 2021 and brings a wealth of experience in gaming, law, commerce, and customer care. Formerly a technology and media solicitor, he held various legal roles at AOL Europe and PartyGaming plc. As Group General Counsel and Managing Director at NetEnt AB, he established their Gibraltar office. In 2020, James became the Customer Ombudsman Director for Entain plc, overseeing global safer gambling policy.

Additionally, he serves as a director of the Gibraltar Gaming and Betting Association.



Director's Report

The directors submit their report and the audited financial statements for the year ended 31 December 2022.

Principal activities and review of the business

During the course of 2022 the Bank has maintained its significant market share, whilst offering a range of products and services to personal and corporate clients. The Bank is well positioned for future growth and expansion.

The Bank of England increased the base rate from 0.25% to 3.50% over the course of the year. This has had a significant positive impact on the Bank's generation of net interest income.

The Bank has reacted to these base rate increases and has increased the interest rate payable to clients on savings products. In the latter part of the year, the Bank launched a new fixed rate residential mortgage product to provide an alternative option to clients in an increasing interest rate environment.

Clients were offered an opportunity to switch their existing product to the new fixed rate product at no cost. This product has proved to be extremely successful with a large number of clients.

The global pandemic, COVID-19, has had a significant impact across the world, both socially and economically.

During 2022 the COVID-19 restrictions eased in Gibraltar, however the Bank still has in place the relevant contingency plans. Through necessity, the Bank increased its resilience and has ensured it remains operationally resilient with the necessary protocols and processes in place to continue to offer its key services to clients should we find ourselves in similar circumstances again, COVID-19 or otherwise.

We wish to thank the Bank's first CEO Mr Lawrence Podesta who retired in February 2023 and welcome the appointment of Mr Peter Horton as his successor.

Profit and dividend

The Bank has delivered a strong financial performance and made a profit after taxation of £8,731,651 for the year (2021: £1,023,025). The Bank has no accumulated distributable profits, accordingly the directors do not recommend a dividend for the year ended 31 December 2022 (2021: £nil).

Future prospects and developments

The Bank is well positioned to meet the challenges that it may face in the future and has a strong and committed team in place. This will allow the Bank to continue to support the needs of the client base and community by providing the products and services that fulfil their expectations. During 2023, the Bank is looking to increase its product range by offering structured investment products.

The profit after taxation allows for further business expansion and will assist the Bank to meet its medium to long term objectives and projected regulatory capital requirements. The expected future profits will allow the Bank to utilise its accumulated tax losses and therefore a deferred tax asset has been recognised in the accounts this year.



Business risks

During 2022 the Bank has taken the opportunity of reviewing that the appropriate administrative support is provided to clients. In this respect, the Bank undertook a wide ranging risk based assessment of its operational processes with a view of improving its response to client requirements. The purpose of this review was twofold.

Firstly, to ensure that the Bank's support of client needs improved, thus mitigating operational and reputational risks, and secondly to allow a more proactive business approach by the relationship managed team. Following this review a new structure was established in April 2022, with the teams continually working to improve client service and operational effectiveness.

Further initiatives which the Bank has been undertaking during the year includes the enhancement to its data protection architecture to ensure that this continues to be fit for purpose going forward. The Bank is investing in new systems to further strengthen the controls surrounding client communications given the prevalence of cyber-crime in today's society.

Other areas of the Bank have also benefited from further investment given the Bank's AML architecture will also be further enhanced during 2023. Investments in new systems will benefit the institution in its ability to turnaround new client applications quicker and also enhance the risk monitoring of transactions. These systems will be rolled out through 2023.

Upgraded tax reporting systems are being introduced for the purpose of improving the already robust reporting architecture.

The Bank has also been preparing itself to meet new regulatory initiatives including the "Consumer Duty" requirements and "Operational Resilience". GIB remains proactive and will at all times work to meet the high standards required of these regulatory initiatives which will reduce the potential for unwanted risk and benefit client experience.

Statement of director's responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Gibraltar Companies Act 2014 and the Financial Services (Credit Institutions) (Accounts) Regulations 2021. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



External auditor

The Audit Committee is responsible for monitoring the performance, objectivity and independence of the external auditor and recommend to the Board the appointment of the external auditor. The Audit Committee also approves the external audit plan to ensure the appropriate areas of focus.

The performance of external audit is subject to on-going assessment and to a formal evaluation that is achieved through seeking views on performance from key stakeholders across the Bank. The results of this evaluation are reported to the Audit Committee on an annual basis and the Audit Committee is satisfied with the performance of external audit.

EY Limited have indicated their willingness to be reappointed as auditors for the year ending 2023. A resolution to reappoint EY Limited as auditors will be proposed at the Annual General Meeting.

Financial Report





Statement of comprehensive income

For the year ended 31 December 2022

	2022 (£)	2021 (£)
Interest and similar income	23,090,505	12,503,372
Interest and similar expense	(3,888,861)	(1,684,697)
Net interest income	19,201,644	10,818,675
Fee and commission income	7,014,575	5,993,510
Fee and commission expense	(806,694)	(662,403)
Net fee and commission income	6,207,881	5,331,107
Net gain on the de-recognition of financial assets measured at amortised cost	90,352	82,758
Credit impairment loss	(65,485)	(109,542)
Net operating income	25,434,392	16,122,998
Operating expenses	(16,798,867)	(15,099,973)
Profit before loss on de-recognition of assets	8,635,525	1,023,025
Loss on de-recognition of assets	(543,359)	-
Profit before tax	8,092,166	1,023,025
Taxation	639,485	-
Profit for the year	8,731,651	1,023,025
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	109,796	-93,766
Net gains/(loss) on investment securities measured at fair value through other comprehensive income		
Total other comprehensive income/(loss)	109,796	-93,766
Total comprehensive income for the year	8,841,447	929,259

All items dealt with in arriving at the total comprehensive income for the years ended 31 December 2022 and 31 December 2021 relate to continuing operations.



Statement of financial position

As at 31 December 2022.

Assets	2022 (£)	2021 (£)
Cash on hand	7,840,585	7,370,100
Investment securities at Fair Value through Other Comprehensive Income (FVOCI)	572,601	462,805
Investment securities at amortised cost	82,901,025	87,451,698
Advances to banks	877,224,172	704,109,426
Advances to customers	315,978,648	482,521,528
Other assets	4,707,289	2,498,656
Right-of-use assets	4,638,979	5,466,781
Property and equipment	958,612	1,344,097
Intangible assets	9,355,960	11,206,280
Deferred tax asset	639,485	-
Total assets	1,304,817,356	1,302,431,371
Liabilities		
Customer deposits	1,233,717,975	1,241,003,373
Lease liabilities	5,554,230	6,263,465
Other liabilities	3,172,237	1,633,066
Total liabilities	1,242,444,442	1,248,899,904
Equity		
Share capital	65,000,000	65,000,000
Retained deficit	(3,020,446)	(11,752,097)
Fair value reserve	393,360	283,564
Total shareholder's equity	62,372,914	53,531,467
Total liabilities and equity	1,304,817,356	1,302,431,371

Full audited accounts are available at Companies House.



Gibraltar
INTERNATIONAL BANK

Gibraltar International Bank Limited provides deposit taking and lending facilities to its clients. For this purpose, it is authorised and supervised by the Gibraltar Financial Services Commission. Registered No 109679. Registered Office, 310 Main Street, Inces House Gibraltar, GX11 1AA.

The Bank further reserves the right to change or revise its fees and its interest rates at any time, in particular when money-market conditions have changed, and you are referred to Parts 8 and 10 of the Bank's General Terms and Conditions.