

Governance



From left to right: Mr. Tatafu Moeaki (Secretary for Finance), Mrs. Sinaitakala Tu'itahi, Mr. Steven Edwards (Chairman), HRH Princess Salote Mafile'o Pilolevu Tuita, Mr. Richard Prema, Dr. Sione Ngongo Kioa (Governor)

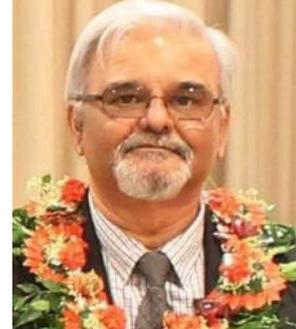
Board of Directors



Chairman
Mr. Steve Edwards



Director
HRH Princess Salote Mafile'o
Pilolevu Tuita



Director
Mr. Richard Prema



Director
Mrs. Sinaitakala Tu'itahi



Governor
Dr. Sione Ngongo Kioa



Director (Secretary for Finance)
Mr. Tatafu Moeaki

Key Decision Makers

The Board of Directors comprises of the Chairman (non-executive Director), the Governor, Secretary for Finance, and 4 other non-executive Directors. The Governor, who is the Chief Executive Officer of the Bank, is responsible to the Board for the management and execution of the Bank's policy. Under the NRBT Act and the Amendment Acts, the Directors are appointed for terms of up to five years by the Minister of Finance and may be reappointed. As at the end of June 2015, one director position was vacant.

In accordance with the Act, the Board must meet at least 10 times during the calendar year to discuss and formulate the policies of the Bank and to monitor its operations. The Board Sub-Committee also met regularly to discuss and vet all Board matters well before every Board meeting and fulfil any requirements for further consideration at the Board. While the Board Sub-Committee met 19 times during the financial year, the Board met 29 times to formulate the policy of the Bank, monitor the Bank's operations and provided strategic direction and advice to the Governor.

The Board of Directors are responsible for the Reserve Bank's policy and affairs. This involves constantly reviewing the performance of the Reserve Bank in the conduct of its functions and its use of resources, and may give advice to the Governor not only to sustain the efficient and effective management of the Bank's operation but also to ensure that the Reserve Bank delivers its core functions in compliance with the NRBT Act and related Acts.

Section 9A of the NRBT Amendment Act 2014, which came into effect in October 2014, specifies the powers and functions of the Board which may not be delegated. During the year, the Board of Directors diligently carried out these powers and functions and defined and adopted the accommodative monetary policy stance which was published in the bi-annual Monetary Policy Statements in August 2014 and February 2015. The Directors also reviewed the exchange rate basket but did not recommend any change to the regime for the determination of the external value of the Tongan currency. The Directors also defined and adopted financial stability policies,

foreign exchange policies and other policies of the Bank regarding the execution of its functions. These policies included the amendments to the NRBT Exchange Control Policy Guidelines as well as the Anti-money laundering Policy and Guidelines.

During the year, major changes to the financial system were approved by the Board to ensure financial stability was maintained and the continuation of banking services to the people of Tonga. During the year, the Directors considered and approved the sale of shares and the revocation of WBOT's bank licence and the simultaneous issuance of a new bank licence to BSP subject to conditions as well as the commercialization of the Tonga Development Bank. The Directors also met and discussed with the commercial banks directors and management their compliance with the bank license requirements and prudential statements to ensure that depositors funds are protected at all times. The Directors discussed the commercial banks liquidity, capital, credit growth and profitability as well as their exchange rates, interest rates and fees & charges. To maintain financial stability, the Directors also approved and issued 3 directives to one commercial bank of which as at the end of June 2015 only one of these directives remains in force. During the year, the Board did not issue any new prudential statements by the Bank. To supervise the implementation of the policies and the exercise of the functions of the Bank, the Directors were updated on a monthly basis by management at Board meetings. The implementation of the NRBT's functions by management was also discussed at the sub-committee meetings.

To ensure the operations of the Bank are carried out efficiently and effectively during the year, the Directors approved the review and changes to general policies and internal rules applicable to the administration and operations of the Bank. The revised policies adopted and implemented during the year include the accounting policy with changes on the amortisation of the currency notes and coins. The Directors also approved the review and amendments to the Reserve Bank's terms and conditions of employment which are outlined in the NRBT Terms and Conditions of service policies. During



the year, the Board also approved changes to the Staff Remuneration Policy through changes to the Provident Fund Scheme Rules and staff benefits including the Staff Loan Scheme Policy and Staff Travel Policy. These changes contributed to strengthening the Bank's Corporate Plan strategic priority of positioning the Bank as the employer of choice while maintaining a high staff retention rate.

The Directors also endorsed the 2013/14 annual budget of the Bank as well as the annual report for 2013/14. Monthly financial statements comparing the actual financial outcomes against the budget were also approved by the Directors and sent to the Minister of Finance and the Prime Minister's Office to be published in the Government Gazette. The Board also recommended the appointment of Price Waterhouse Coopers as the external auditors of the Bank to the Minister in accor-

dance with section 53 of the National Reserve Bank Act. The Board met with the external auditor to discuss the external audit report 2013/14 and monitored management's response and actions.

The Directors also determined and approved the denominations and design of the new banknotes and coins under section 25 of the National Reserve Bank Act, and arranged for the minting of coins and the printing of currency notes which was successfully launched to mark the coronation of His Majesty King Tupou VI on the 29th June 2015.

The highlight of the Bank's milestone achievements during the year and to mark its 25th anniversary were the Board approval of the first Corporate Plan for the Bank 2015-2017 and the NRBT logo.