

CHAIRMAN'S REPORT

I am once again pleased to report to all stakeholders of the Guyana Bank for Trade and Industry Limited that the Bank has achieved a net after tax profit for the year of \$991M and that the Directors have again recommended the highest dividend payout in absolute terms in the life of the Bank of \$7.50 per share.

I recall that in my Report to you last year, I suggested that globally the outlook for 2009 was grim. I am not happy to report that though there were some bright sparks, such as the recovery of the Stock Markets and the return to profitability of some major banks, that some of the leading economies of the developed world were unable to pull out of the recession as employment continued to rise and the usual remedy of tax and spend did not provide the fillip to their economies as was to have been expected.

A highly deregulated financial system which was at the heart of the economic melt down of the world's leading economies, and which was made more adventurous by the laxity of regulatory bodies, had to be bailed out with taxpayers money by governments, most notably the Obama Administration. Some have proffered the view that the genesis of the crisis lay in allowing commercial banks the latitude of dealing in the Equity Markets and Derivatives Market and they have now called for a return to the previous practice when commercial banks stuck to their core activity of granting loans.

These thoughts have relevance for us in the Caribbean, especially Trinidad and Jamaica with more developed financial systems, and should provide a guide for us as we seek to deepen and consolidate our financial systems as one aspect of our strategy to develop our economies.

So in the face of a Global Economic Crisis in 2009, how did Guyana fare? From several reports on the economic performance of Guyana, it must be said that we did quite well. A report of the Caribbean Development Bank (CDB) described Guyana's economy in 2009 as being resilient. This was no doubt as a result of holding to a sound macro-economic policy and fiscal discipline even though the rate of borrowing continued to gradually increase.

According to statistics put out by the Minister of Finance in his Budget 2010 Presentation, the economy experienced real growth of

2.3% in 2009. Even though this was less than the 3.1% growth achieved in 2008, this is a commendable performance especially after experiencing a decline in the first half of the year.

It was not a particularly good year for sugar even though production was higher in 2009 than in 2008. The industry continued to be affected by the weather, industrial disputes and technical problems with the Skeldon Factory, and in spite of better prices for sugar, it had to be rescued by the Government. Because of the role of sugar plays in the economy, it is to be hoped that the turn around plan for the industry becomes



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effective sooner rather than later.

Rice production was also a major contributor to the overall growth, as production in 2009 surpassed the budgeted target and the previous year's production. Exceptionally high prices for rice and paddy in the latter half of 2008 and the first half of 2009 spurred an increase in acreage cultivated. Unfortunately, profits to farmers and millers were squeezed between the high costs of fertilizer and fuel and the subsequent sharp decline in prices.

But the shining star of the economy was the production of over 300,000 ozs. of gold in the year. The incentive for greater production was the high price for gold which topped US\$1,000 per oz. in the year, no doubt, the beneficiary of the loss of confidence in other stores of value.

The CDB report also highlighted the stability of the Guyana dollar, attributing this to "a strong balance of payments performance". The balance of payments recorded a surplus of US\$234M in 2009 and with a decline in imports, greater net capital inflows and revenue collection that surpassed the target set, the year turned out better than was expected after the half year report of the Bank of Guyana.

After many delays, the Takutu Bridge connecting south-western Guyana to north-eastern Brazil was finally opened. The statistics of usage of the bridge suggests that it will bring a fillip to the trade between us and Brazil and it was this expectation that caused us to open a Branch in Lethem, Rupununi, in 2006. I am happy to report that this Branch, like all our other Branches, is doing very well.

We also were able to observe the impact of a full year of operation of the Berbice River Bridge. Here again, statistics of usage supports the viability of the enterprise and vindicate our decision to be a part of the funding of the bridge.

Another highlight of the year was Guyana's embarking on a course to combat climate change with a Low Carbon Development Strategy (LCDS) and our signing of an agreement with Norway to combat climate change by reducing deforestation and forest degradation in exchange for carbon credits. This was a bold step as it has implications for our forestry and mining sectors, and the passing of new laws to regulate these two sectors to be consistent with our LCDS has already caused some social upheavals and will probably have to be studied in depth to arrive at a proper balance between the competing interests.

The Bank has done well in 2009. Profit after tax rose by 5.39% and our asset base grew by 9.29%

to \$53.9B. Our Head Office is nearing completion and will be opened shortly. Our Grove/Diamond Branch was started in 2009 and is expected to be completed by September 2010. Our Branch Expansion Programme is a demonstration of our confidence in the economy and of our resolve to be a part of the financial landscape of our country in spite of the difficult global economic situation. The Global Financial Crisis, which has barely touched the Financial Sector of Guyana, reached our real economy as remittances into Guyana were significantly reduced and the collapse of the CLICO Group left thousands of policyholders and pension fund contributors not knowing whether or when they would recover their investments.

The Bank continues to be optimistic about the future of our country. The government has unveiled a budget of \$143B for 2010 and expects to fund this expenditure in part with current revenue of nearly \$100B. Inflation which was recorded as 3.6% in 2009 is hoped to be kept to the rate of 4% in 2010. This is an indication that the Government will be continuing its macroeconomic policies that have brought us steady, if not significant growth.

In this context, the Banking Sector will remain very competitive; all banks enjoy high liquidity and aggressively seek out sound lending opportunities. We will do no less in 2010 and with the sound guidance of the Board of Directors, the experience and professionalism of the Management and staff of the Bank, I look forward to greater success for the year ahead.

It is often said that change is inevitable, and during the year the Bank's longstanding C. E. O, Mr. Radha Krishna Sharma, tendered his resignation from the Bank. Mr. Sharma, who had served the Bank with dedication and success in that capacity for nine years, believed it was time to formulate his career in other areas. Mr. John T. Tracey, Director-Credit, a most experienced Banker, took over the helm of the Bank and became the new C.E.O. We wish Mr. Sharma every success in his new path and thank him for his years of service to the Bank.

I therefore must extend thanks to our customers who have stayed with us and for whom we will continue to use the advances of technology, our size, reach and home grown knowledge to offer the finest banking service.

In the same vein, I wish to thank the Directors, Management and staff, and shareholders of the Bank for their support to the Bank which enabled us to have another successful year.