

# Chairman's Report

I am happy to report that your Bank has had an excellent year, making significant strides in the market, increasing profitability and growing its size in spite of the solid competition in the industry. Profit after tax for the year ended December 31, 2010 was recorded at \$1.2 billion, which represents an increase of 22% over the previous year, while Total Assets were \$62.6 billion, representing an increase of \$10.4 billion or 16% growth over the previous year.

## International and Regional Economy

The global economy has shown signs of recovery in 2010, albeit slowly, following the financial and commodity price crisis of 2007 and beyond, and even though the IMF raised its forecast of world growth in 2010 to 4.6%, GDP in industrial countries is actually slowing down led by the United States.

Global output was generally expected to grow by 4.8 percent in 2010 and is projected to increase by 3.3 percent in 2011 and by 3.5 percent in 2012. In the last two years, the BRIC Group comprising the economies of Brazil, Russia, India and China have had growth rates ranging from 7 percent to 10 percent and have continued to consolidate their surge in global trade with China maintaining its dominant position in global output growth. These economies are growing at multiple rates of developed countries and are rapidly realigning the global economy.

The US economy grew at 2.1 percent with unemployment at 9.8 percent (Nov 2010). China has become the second largest economy in the world overtaking Japan and has 3 trillion dollars invested in US Treasuries.

Contingent on the global recovery gaining traction, particularly in North America and Europe which supply the majority of Caribbean tourists, Caribbean economies did not fare well in 2010. Of

the 15 Caricom member-states, Guyana and Suriname alone posted significant positive growth rates in 2010. Caribbean economies are estimated to have recorded marginal growth of 0.5 percent in 2010.

“Your Bank’s impressive performance cannot be fully celebrated without a corresponding benefit to you as the investor.”

## Chairman's Report - cont'd

### Domestic Economy

Against a projected real growth in the local economy of 4.4 percent for 2010, the 2011 National Budget indicated that the Guyana economy recorded real growth of 3.6 percent in 2010, following on the growth rates of 2.3 percent in 2009 and 3.1 percent in 2008. Inflation was recorded at 4.5 percent for 2010 as against 3.6 percent for 2009 and 6.4 percent recorded in 2008. Growth in the non-sugar sectors of the economy in 2010 was recorded at 4.3 percent, in which rice grew by 9.2 percent but fishing declined by 10.5 percent.

Overall, export earnings increased for the year by 16.1 percent to US\$891.9 million due to increases in the global prices of our major products. Revenues from export of gold increased by 23 percent to US\$346 million as greater global demand continued to push the price for gold higher. Rice export earnings expanded by 35.5 percent to US\$154.6 million, mainly attributable to a 28.9 percent increase in export volume to 336,313 tonnes coupled with a 5.1 percent increase in average export prices. On the other hand export receipts from sugar suffered a 13.2 percent decline to US\$104 million, on account of a 9.8 percent decline in the average export price and lower export volume. The country's external reserves now stand at US\$780 million.

Monetary targeting remained the framework for monetary policy in 2010. The main policy thrust was to contain the excess liquidity in the banking system in order to attain price stability, promote an efficient and sound financial system and ensure non-inflationary growth. These were addressed through the open market operations primarily by the issuance of treasury bills in the primary market.

The aftermath of the financial crisis, with the Caribbean experiencing disruption through the problems at CL Financial and Stanford Bank, resulted in a reexamination of financial regulation, with international regulators moving to implement Basel III, new capital adequacy rules for banks and other financial institutions that will be implemented in phases over the next several years. In the Caribbean, the role of the Central Bank as regulator became the talking point, and in 2010 the Guyana Government moved to bring more financial services providers under the regulatory ambit of the Central Bank.



Presentation of Georgetown Chamber of Commerce "Longstanding Member Award" to GBTI.

The experiences of the financial crisis in the Caribbean was soon outmatched by the devastating crisis suffered by our sister Caricom country, Haiti, following the massive earthquake, deemed the worst natural disaster in modern history, that struck the country on January 12. The Inter-American Development Bank estimated that the total cost of the disaster was between \$7.2 billion to \$13.2 billion, and with a death toll of over 250,000 persons, which was later compounded by an outbreak

## Chairman's Report - cont'd

of cholera. The country is still coming to grips with the huge cost of the disaster.

### Developments in the Sector

Banks continued to expand their branch network as new locations were opened on the East Bank corridor during the year.

The Credit Reporting Bill, which lays the foundation for a Credit Bureau was passed in 2010. The Bill seeks to establish a credit reporting industry to provide information to creditors about the creditworthiness of borrowers, with the intention of enabling more reliable, competitive and responsible lending while protecting borrowers' rights.

The Small Business Act (SBA) was passed during the year. The objective of the SBA is to provide for an incentive and support programme for small business; the establishment of the Small Business Council, the Small Business Bureau, as well as a Small Business Development Fund. With our economy continuing its growth path, small businesses are key to sustaining growth and providing employment. The Legislation provides the framework to facilitate the establishment of an efficient and expanding small business sector. The Bank looks forward to working with small business owners by providing the necessary financial resources as well as advice.

The resolution of the Clico debacle seems closer as the Court appointed the Governor of the Bank of Guyana as the liquidator and granted the application to liquidate the company.

During the year, the Guyana Association of Bankers (GAB) launched its Code of Banking Practice to the public and members have made the document available on their website.

### Progress at the Bank

The Bank is implementing a robust corporate and consumer banking approach designed to sustain market leadership and competitiveness through market segmentation, customer relationship management, product innovation and improved service delivery, particularly through ATM and other card products.

We were pleased during the year to receive from the Georgetown Chamber of Commerce

and Industry an award for longstanding membership in that body. It is an honour that makes us proud of our heritage as one of the oldest banks in the country and one that has stood alongside commerce and industry, offering support and services in good and bad times

It is within this vein of support that we continued to introduce new banking services and during the year launched our online Web Banking service, new Diamond Branch premises and Women of Worth (WOW) Loan Plan, all aimed at providing technologically advanced and efficient service to the public.

### DIVIDEND

Your Bank's impressive performance cannot be fully celebrated without a corresponding benefit to you as the investor. Earlier in the year, we had paid an interim dividend of \$3.00 per share. We are now proposing a final dividend of \$6.00 per share to bring the total dividend to \$9.00 per share up from \$7.50 paid in the preceding year.

### THE BOARD

In this year our longstanding Director, Mr. Inderjeet Beharry, resigned from the Board after several years of meritorious service, during which time he was an innovator and an inspiring leader whose contributions to the bank are legion. It is my pleasure to have been associated with him on the Board and I am convinced that he has proudly left his mark on the annuals of the bank by his contributions to the deliberations over the years. Please join me therefore in extending our goodwill message to him for his continued good health in the future.

### THE FUTURE

With our ongoing efforts focused on innovation, product development and customer service, I expect that your Bank will become the premier Bank of choice in the coming years. The future of GBTI is luminous in the vein as our head office which opened in July 2010 with the clear objective of continuing, with the support of the rest of the Board, the realization of the vision for our Bank as being the leading bank, not only in Guyana but also further afield.