



“Given the global economic scenario and local banking sector conditions, the Bank has had a good year. Profit after tax for the year was \$1,382 million compared to \$1,204 million in 2010, representing a 15 % increase in profits. Return on equity was 18.4% and return on average assets was 2.01%.”

Chief Executive Officer’s Report

With elections widely expected in 2011 and eventually held on November 28, 2011, the usual effect of such occurrences was caution on the part of some investors. This was just one of several challenges posed to the Bank in 2011. In anticipation of such caution and in response to other challenges, the Bank directed its efforts to continuing its focus on streamlining its operations, and strengthening its base by effective cost cutting measures.

I am therefore pleased to report that the combined efforts of the Board of Directors, Management and staff, along the strategies outlined for the year have resulted in a net income after tax of \$1.382B. This represents a growth rate of 15%.

The global economy is still in an uncertain phase. Global activity has weakened and become more

Chief Executive Officer's Report - cont'd

uneven, confidence has fallen recently, and downside risks are growing. Against a backdrop of unresolved structural fragilities, a number of shocks have hit the international economy this year. Japan was struck by the devastating Great East Japan earthquake and tsunami, and unrest swelled in some oil-producing countries. 2011 has been a year of sluggish growth, significant uncertainty and unprecedented downgrades in some of the world's economies.

In the Region, the economies are beginning to turn the corner after a long and deep recession although more slowly than our Latin American neighbours, with some parts of the Caribbean lagging others.

ECONOMIC REVIEW OF 2011

Real economic growth for the first half of 2011 reached 5.9 % and was driven by the agriculture, mining and quarrying, manufacturing and services sectors. Favourable weather conditions, high commodity prices, increased investment and spending were the major factors responsible for the sectors' performance. The second half of the year was projected to have economic growth at a slower pace with an anticipated overall growth of about 4.6% for the year.

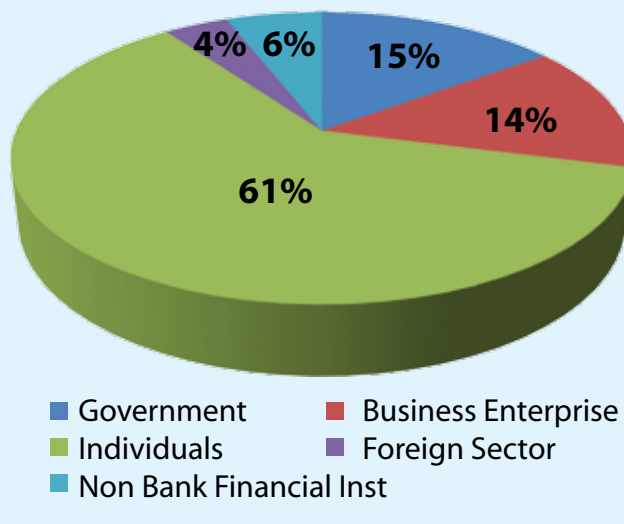
PERFORMANCE OF THE LOCAL COMMERCIAL BANKING SECTOR

The Banking Sector in Guyana continues to perform well given the constraints of the global economic scenario. Spurred on by a growing economy, Total Commercial Bank Assets continued to expand at a rate of 11% to \$328.3.1B from 296.1B (\$32.2B increase) as at December 2011. By comparison the rate of growth in 2010 was 17% or \$24.5B.

DEPOSITS

Total deposits of the sector at December 2011 stood at \$274.1 billion, an 11% increase for the year compared to the 16% growth for 2010. Savings deposits grew by 9% to \$167.7 billion, Time deposits increased by 15% to \$51.9 billion and Demand deposits increased 11% to \$54.4B.

Concentration of Deposits 2011

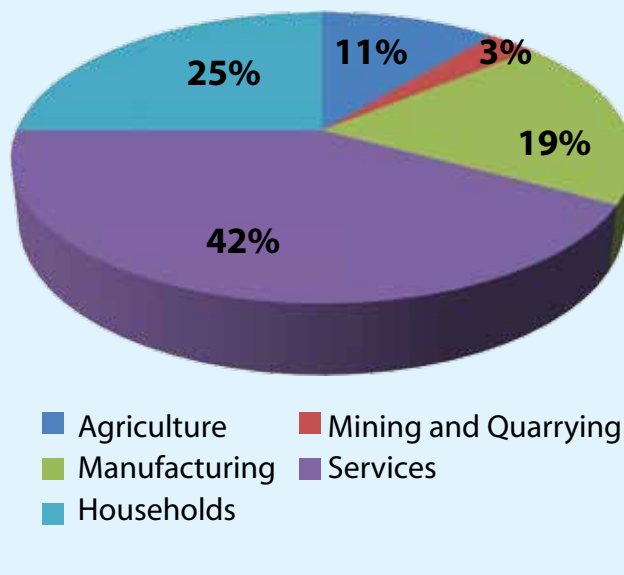


LENDING

Total loans and advances of the Banking Sector stood at \$133.4B at the end of 2011; an increase of \$23.7B or 22%. Credit to Deposit ratio stood at 34% as at 2011 compared to 31% in 2010.

Loans increased to all sectors of the economy in 2011. Lending to individual customers increased by \$3.1 billion while lending to business enterprises increased by \$13.6 billion. Loans to the Agriculture sector increased by \$2.8B to \$9.7B, a 42 % increase.

Distribution of Loans 2011



LIQUIDITY

The financial sector continued to exceed the minimum statutory requirements. At December 2011, banks held \$110B in liquid assets, which represented 34% of their Total Assets. This represented an excess liquidity position of 51B or 86%. Minimum Reserve Requirements were also exceeded and stood at \$37.8B, an excess of \$5B or 13%.

INTEREST RATES

The 91 days Treasury Bill rate, the benchmark for the interest rate structure, declined from 3.8% throughout most of 2010, to 2.5% in 2011. The commercial banks' weighted average small savings rate declined from the average of 2.67% for 2010 to 1.83 % for 2011.

Interest rates continued to trend downwards reducing the cost of borrowing for businesses. In 2011, the weighted average lending rate declined by 27 basis points to 11.68%

EXCHANGE RATE

The Guyana dollar remained fairly stable during the year. The market exchange rate per US dollar averaged \$203.70 for 2011, from \$203.50 for 2010.

REVIEW OF THE BANK'S PERFORMANCE

Given the global economic scenario and local banking sector conditions, the Bank has had a good year. Profit after tax for the year was \$1,382 million compared to \$1,204 million in 2010, representing a 15 % increase in profits. Return on equity was 18.4% and return on average assets was 2.01%.

Total assets at the end of 2011 was \$75B, reflecting a growth of \$12.4B (20%) growth over 2010. This represents 23% of Total Commercial Banks Assets in Guyana (2010: 21%).

Earnings per share rose by 5.3% to \$34.59 with the book value per share rising to \$187.60. At the end of the financial year, the Bank's shares

were priced at 1.47 times book value.

OPERATIONS IN 2011

REVENUES

Revenues for 2011 amounted to \$4,548 million, an increase of 4% over that for 2010. Net interest income increased by 7% while non-interest income decreased by 9%. With increased competition, we have seen spreads narrowing on both interest income and foreign exchange trading.

Our revenue stream is shown below:-

Figures in G\$000

<u>Revenue Items</u>	<u>2011</u>	<u>2010</u>
Loans and Advances	2,521,027	1,985,994
Treasury Bills &		
Foreign Bank Deposits	534,464	868,612
Investments	535,731	571,532
Other	956,979	952,857
Total	4,548,198	4,378,995

EXPENSES

Total expenditure for the year was \$2,587 million compared to \$2,722 million in 2010. Interest expense accounted for \$947 million while non-interest expense stood at \$1,640 million, down 4% from 2010. We have commenced significant reviews of the Bank's operations with the aim of rationalisation of expenses as well as to obtain increased value for money on services required.

TOTAL ASSETS

The Bank's asset base has grown by \$12.4 billion or 20% compared to the \$8.8billion (16%) growth for 2010. Our share of commercial bank assets has increased to 23% from 21% for the year.

Our mix of assets at the end of the year was 45% Cash Resources; 11.6% Government-backed and other Primary Securities; 32% Loans and Advances and 10% Fixed and Other Assets.

DEPOSITS

We have seen significant growth in our deposit base. As our branch network continues to expand, we anticipate continued growth in deposits. The Bank's deposit base has recorded overall growth for the year of \$12.9B or 25%. GBTI's share of Total Bank Deposits is now 24% up from 22% in 2010.

Our deposit mix was consistent with previous years. The savings deposit category continues to record strong growth (\$5B in 2011 versus \$4B in 2010), and accounted for \$34.1B or 51% of total deposits (2010 = 54%). We continue to strive to cater for every need of our deposit customers who we consider the foundation of our Bank. Consequently in addition to our many deposit products, we emphasised to our staff the importance of relationship with our customers and offered interest rates above the market average.

INVESTMENTS

Our investments portfolio continues to be well managed and diversified to meet our liquidity needs and long term initiatives. Increased liquidity in the banking system resulted in increased demands for Treasury Bills. As a result of lower yields available, we reduced our holdings in Treasury Bills from \$19B to \$15.8B.

Our Foreign Investment portfolio grew by \$3.4B to \$8.3B as we increased our holdings overseas so as to benefit from more attractive returns from yet safe instruments. We have maintained our risk averse nature in our investment decisions and the portfolio has had positive returns. Our portfolio consists mostly of debt instruments within the Caricom region.

LOANS AND ADVANCES

The Bank's loan portfolio at the end of the year stood at \$24B, reflecting a net growth of \$4.7B or 25% over Dec. 2010 (\$6.2B).

With our increased branch network, the Bank has managed to increase its share of lending in the local market to 18% in 2011. (2010:17%).

The bank's Credit to Deposit ratio was consistent at 40% at the end of 2011. The loan portfolio remains well diversified as it includes a healthy balance of lending to individuals and business enterprises.

Our Loan portfolio is also spread across all the major sectors of the local economy. We have modelled our portfolio based on the economic structure of Guyana as we truly believe that the private sector should be the engine of growth in our country.

Advances to the Agriculture sector increased by \$1.1B and represents 10% of our portfolio. During the year, we collaborated with the Ministry of Agriculture to launch the Agricultural Export Diversification Programme. The objective of this programme is to increase the export growth rate and to establish services and institutions for sustainable development in non traditional agricultural exports in areas such as aquaculture, fruits and vegetables and livestock.

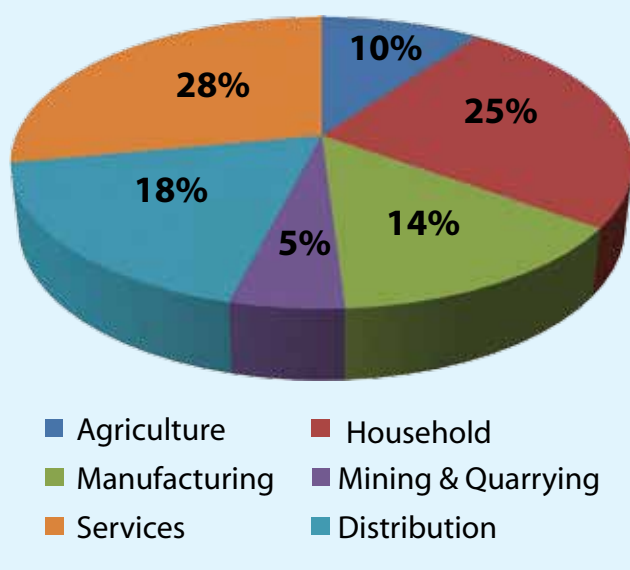
Lending to households grew by 21% or \$1B as we have increased consumer lending. Our 'WOW' Loans scheme has performed to our satisfaction and we have seen improvements in the lives of many single women who have now developed stable incomes and households. During the year we also launched "Express Loans"; a facility that allows eligible customers to obtain loans within minutes.

Lending to the Corporate and Trade Sectors remains strong and stands at \$14.3B. With the upsurge in mining activity, we have adequately managed our exposure to this sector and foresee continued growth in this area.

The distribution of our Loan Portfolio at December 2011 was as follows:

Sector	G\$M
Agriculture	2,342
Household	5,999
Manufacturing	3,270
Mining and Quarrying	1,237
Services	4,235
Distribution	6,967
Total	24,050

Distribution of Loans 2011



CAPITAL ADEQUACY

The Bank monitors its Capital Adequacy with reference to the risk-based capital adequacy guidelines issued by the Bank of Guyana in keeping with the BASEL convention.

GBTI remains well capitalised with the Bank's Tier 1 Capital Adequacy Ratio standing at 19.50% as at December 31, 2011, well above the prescribed minimum of 8%.

Total Tier 1 and Tier 11 Capital was 20.95% of risk-adjusted assets at December 31, 2011 compared to 22.02% at the end of the previous year.

RISK MANAGEMENT AND INTERNAL CONTROL

Integral to the operations and continued existence of the institution is risk management. Through a sound system of internal controls, that includes policies, procedures and information system, the Bank has adequately managed its operational risks.

The Bank's internal control system is monitored by an Inspection Division that reports directly to the Audit Committee of the Board of Directors. The Division's Annual Work Programme focuses on the key operating procedures and system of financial controls that are designed specifically to address the risks to which the Bank is

exposed. The Division consistently reviews the effectiveness of the internal control process and makes appropriate recommendations for revisions to the Audit Committee.

The Bank has also adopted a top-down approach to risk management, where risk management is a key element at all levels of the Bank, including strategic planning.

In the year we commissioned a diagnostic evaluation of our risk management structure by the IFC and are in the process of strengthening this structure.

CUSTOMER SERVICE

Effective customer service is a key to success for any financial institution. We continue to monitor our operations to ensure that they are complimentary to the needs of our customers. Where necessary, we have re-engineered our policies and procedures so as to facilitate a more efficient processing of customers' transactions in an environment that remains stable and secure.

With our branches spread across Guyana, it is possible to walk into a Branch of GBTI any day of the week. This is part of our strategy of reaching out to Guyanese all across the country.

Our general marketing activities continued during the year for all products and services through direct approaches, mass advertising and community outreach exercises. Prize competitions were also held during the year targeting the users of specific services: Early Savers, Prime Life Savings, Kaieteur Classic Card (ATM) and Point of Sale (POS).

HUMAN RESOURCES

The quality of our human resources is one of our most valuable assets and the harnessing of this resource is a vital pillar in the success of the Bank.

We view our roles as employers as an integral in the development of the lives of our employees. We believe it is our responsibility to assist in their personal and professional development.

Chief Executive Officer's Report - cont'd

Our policies are set with this aim in mind. We endeavour to provide a safe and productive working environment for our employees that will foster greater output.

We strive to cultivate a corporate culture that is based upon a genuine interest in the customer. As such, our focus has been in bringing new products and services to them using technological advancements and delivering these with proficiency in comfortable surroundings by a well motivated staff.

COMMUNITY RELATIONS

As a Guyanese owned financial institution, we view our social responsibility seriously. Our forms of support for the development of the wider community include sponsorship of programmes in the fields of the arts, education, and sport and culture.

Members of the GBTI Early Savers Club who were highly successful at the National Grade Six Assessment received bursary awards from the Bank in September 2011, in recognition of their excellent achievement. This year, awards were presented to fifteen (15) students who attained above 450 marks.

Some of the other activities sponsored by the branches during the year included career guidance talks, hosting of school students, repainting of pedestrian crossings and donations of books and trophies for various Prize Giving ceremonies.

The Bank has an extensive programme of community activities that is conducted through our branches, which we believe serves in a tangible way to demonstrate our continuing commitment to fostering the development of communities. We remain firm in our goal to maintain and strengthen our links with the various organisations that play a pivotal role in enriching lives of our communities, and have continued to reach out annually through financial donations and other means of support.

In June 2011, the Bank made a sizeable donation to aid persons affected by the flood in the

Rupununi. A special loan package was also made available for farmers and householders who had suffered damages to their crops as a result of the natural disaster.

The Bank also participated in the first Annual Women's Expo (Feminiton) in July 2011 and the International Building Expo in September 2011 in order to offer its services and advise e potential customers on how they can capitalise on our services and help to make their lives easier.

In September 2011, GBTI donated an ambulance to the East Bank Demerara Regional Hospital as fulfilment of a promise made at the opening of the Bank's Diamond Branch in 2010. Other community related activities included the Bank's Annual Donation Ceremony, Launch of the 2012 Almanac and the Annual Bursary Awards.



Chairman of the Board of Directors Mr. Robin Stoby S.C handing over the keys of the Ambulance to then Minister within the Ministry of Health Dr. Bheri Ramsaran, for the East Bank Demerara Regional Hospital.

In October 2011, the Bank hosted its Annual Inter-Secondary School Impromptu Speech Competition. This competition was for the first time extended to schools in Region Three and saw participation of a total of twenty five (25) schools. In this competition, St Joseph High emerged victorious over Patentia Secondary School in the final match.



St. Joseph High School wins the 2011 Impromptu Speech Competition

LOOKING AHEAD

Experts believe that until at least the middle of the next decade, global growth is likely to average approximately 3% per year – a rate somewhat below the average of the last two decades.

The Caribbean region continues to be vulnerable to changes in global economic and financial market conditions because of limited economic diversification, underdeveloped capital markets, sizable current account deficits and relatively high public debt burdens.

Guyana's economy is expected to grow by 4.8% this year driven mainly by buoyant commodity prices and increased production of gold and bauxite, along with agricultural crops such as rice and sugar. The developments of Oil Exploration, Bauxite Mining and Hydro Electricity should see significant inflows of capital and increased economic activity in 2012.

The political climate has entered into a new dimension with a minority government in place. This climate calls for cooperation amongst all parliamentary bodies to ensure that the legislative infrastructure is in place to effectively manage the growing economy without any disruptions.

As the Banking Industry expands in 2012, there are some challenges that the Bank will face.

The need for building capacity to handle the increased level of economic activity is evident. We believe that our efforts in the last few years have put us in the position to take advantage of these opportunities and cope with the challenges.

The banking public also requires more modern banking services such as web banking and international card services. A renewed focus on meeting the needs of our customers will be undertaken to ensure that the institution becomes the market leader in the quality and efficiency of service rendered to the banking public. We foresee significant positive changes in our operations in 2012. During the year, we researched several banking application software and finally chose the solution "Flexcube" owned by the world renowned company Oracle, to drive our operations into the future.

We will continue to expand our branch network across Guyana and be the pioneers in certain geographical areas. We are heartened by our success in Lethem and intend to commission a building within the first half of this year in that area that will facilitate a full suite of banking services.

Competition amongst local banks will continue to be intense as liquidity in the system remains high and opportunities for investments remain limited.

ACKNOWLEDGEMENTS

I am fortunate to be surrounded by a very committed, motivated and experienced team whose invaluable efforts have contributed to the successes of 2011.

To our customers, business partners and colleagues, I express my sincere gratitude for your support during 2011. Meeting your needs will continue to be a priority of the Bank.

I wish to acknowledge the guiding role of the Chairman and other Directors of the Board and thank them for their support and their very sterling contributions to the Bank. ■