

CHAIRMAN'S REPORT



I am once again pleased to present the Annual Report reviewing the business and operations of the Guyana Bank for Trade and Industry Limited for the financial year ended 31 December 2012. In that, I am happy to report on good performance of the Bank in achieving a net after tax profit for the year of G\$1.81 billion, out of which the Directors have recommended a total dividend payout of G\$16 per share.

Our commitment at the 24th Annual General Meeting was that the Bank would deliver in 2012 financial and operating results to exceed your expectations, and though it was a challenging year, in the end witnessed success and an improved financial performance. Total Assets at the end of the year stood at G\$87.6 billion, an increase of G\$12.5 billion or 17% over 2011, while our capital position remains strong, placing us among the region's best capitalised banks.

During the year your Bank was nominated and received the Georgetown Chamber of Commerce's President's Award, which is given in recognition of a company's achievements, significant investments, growth and good corporate citizenship. We are proud of this recognition of our efforts and achievements as it speaks to our proven leadership in our field.

International Economy

The European debt crisis and the financial state of the US economy, the economic slowdown in major emerging economies, including China, dominated the headlines in 2012. Equally prominent also was the build up to and eventual run off of the US Presidential Elections that saw the return of Mr. Barack Obama as President.

The global economy is softening as the first quarter of 2013 closed, with many European economies contracting and the United States

continuing to recover slowly. GDP growth in the USA is forecast at 2.3 per cent for 2013, and the Eurozone -0.2 per cent. Although China's economy is also in a managed slow-down, it is still expected to grow at 7-8% in 2013. This will see Asia remain the best performing region in the world.

For 2012, of the three largest global economies, those of the USA and Japan each managed to grow, but by only 2.2% and 1.8% respectively, as each struggled to avoid slipping back into recession, while the Chinese economy grew by 7.8%. As for the Eurozone, Greece's near-default, which precipitated the steep drop in confidence in Spain's and Italy's ability to manage their debt and budget deficits, followed by slippage into recession, resulted in an estimated -0.4% growth rate for the zone. Among other significant economies, however, only that of Britain recorded negative growth (-0.1%), while other OECD countries, together with the remainder of the BRICS (Brazil, Russia, India, China and South Africa) experienced positive growth rates.

In its yearend review of the economies of Latin America and the Caribbean, the IDB noted that these have performed stably in the face of a challenging external environment, but the region needed to continue to pursue key reforms to ensure growth in the future. It was moderate in its outlook for 2013, predicting that Latin American and Caribbean economies are expected to grow by an estimated 3.8 percent, compared to the 3.1 percent figure it projected for 2012.

International Banking

Since the onset of the global financial crisis, the reputation of banks throughout the world has been challenged and the monetary policy alternatives of central banks have opened uncharted territory, leading to general concerns about the banking industry. The highly deregulated financial system which was perceived to be at the heart of the economic meltdown of the world's leading



Donation to St Joseph's Mercy Hospital Rehabilitation Project

economies is undergoing significant reforms, and there are now calls for a return to the previous practice when commercial banks stuck to their core activity of granting loans.

The profile of the risk management function has been elevated significantly as regulators require banks to implement comprehensive reforms to improve the definition and management of risks for the organization. Banks will need to focus on maintaining the right balance between systems, processes and models and experienced judgment and institutionalize a strong risk management culture into the everyday activities.

Domestic Economy

In the face of a downturn in the global economy, it can be said that our country performed quite well. Statistics presented in the 2013 National Budget showed that real Gross Domestic Product (GDP) grew by 4.8 per cent in 2012, mirroring the performance of commodity-based economies, particularly the oil and mineral exporters, which have generally fared well in the prevailing global climate.

It is expected that 2013 will bring new challenges as immediately evident in the recent 20% drop in gold prices, which will impact significantly on national revenues and communities dependent on the gold industry for their economic wellbeing. The other export commodity, rice, which has had its fortunes in the recent years tied to the Venezuelan market, could feel some pressure after the result of that country's Presidential Elections.

AT THE BANK

During the year we continued to collaborate with the Caribbean Association of Banks and the local Bankers Association on a number of key issues such as the US FACTA legislation, Corporate Governance Code, Risk Management practices, Regulatory Reporting and Public Disclosure, among other issues. Importantly, at the local level, the Banks are close to finalising the arrangement with Visa International to facilitate the switching of local card transactions among the banks.

As part of our Strategic Plan, our branching programme is continuing, as we grow our network in 2013. We believe that banking services enhances the livelihood of people and are committed to reaching out to communities across the country.

We have made an enormous stride in our migration to a new and robust technology platform. The Board was fully involved in addressing the initial challenges that were faced with this investment in customer service and innovation, and expresses its regrets for any inconvenience our customers may have experienced due to the changeover, and our appreciation for their patience. We are fully committed to using technology to transform the business of banking and will examine new areas of investment in this area to make your Bank the premier force bank technology.

FUTURE OUTLOOK

The Board is conscious that the year ahead looks challenging in a number of areas, however our unique strategy and the momentum we have in adapting to the new environment for banks means we are well placed to deliver value to our shareholders, our customers and the community.

Finally, we will continue to drive the institution towards delivering superior financial performance by focusing on the fundamentals, sticking to our strategy, and keeping a tight grip on risks and costs, so that we can continue to deliver a distinctive combination of growth and returns for you the shareholders.

On your behalf, I would like to acknowledge the commitment and dedication of our management team and of all our staff who have worked so hard in 2012. My thanks also go to my fellow Directors for their commitment and support during the year.