

STATEMENT BY

**M S FOFANA
DEPUTY GOVERNOR
BANK OF SIERRA LEONE**

ON

THE OFFICIAL OPENING

OF THE

LUMLEY BRANCH OF FIRST INTERNATIONAL BANK (SL) LTD

ON

FRIDAY 3RD NOVEMBER 2006

Mr. Chairman

Hon. Vice President, Mr. Solomon E Berewa

Hon. Ministers

Hon. Members of Parliament

Board of Directors

Management and Staff of First International Bank SL (Ltd).

Distinguished Ladies and Gentlemen

I am happy to be here with you to participate in the official opening ceremony of the Lumley Branch of the First International Bank (FIB). The Lumley area has never before had banking services at its doorsteps. The opening of this branch today will provide the opportunity for the people of this community as well as other surrounding communities to enjoy these services.

Mr. Chairman, the First International Bank (FIB) has continued to position itself to provide financial services to the people of this country. The bank began operations in 2002 with only one office in Sierra Leone; it's Head Quarters at Charlotte Street. Today the bank is opening its fourth branch here at Lumley; a welcome movement away from our city centre. I hope this is signalling the bank's expansion towards the provincial cities in the near future.

Commercial Banks are, by nature of their business, dynamic institutions. They must respond positively and efficiently, to the ever growing demands for their services. Growth in both geographical spread, as well as in their products, is the

best way to respond to this challenge. I believe that this is just what, First International Bank is doing and deserves commendation and congratulations.

Though the commercial banking industry is still narrow, relative to the market of our economy, its potential to grow is quite big. However, the general performance so far of the banking sector as a whole has remained satisfactory.

The total assets of the industry increased by Le187.24 billion to Le789.73 billion as at end August 2006 from Le602.50 billion in August 2005. Shareholders' fund expanded by 10.57% over the period 31st August 2005 – 31st August 2006. Current profits of the industry increased by Le2.5 billion to Le24.4 billion for the period ended 31st August 2006 from Le21.92 billion for the period 31st August 2005.

Advances to customers have also grown significantly. Gross advances grew by 10.35% from Le169.35 billion (August 2006) to Le186.88 billion (August 2005). Given the composition of their deposits, (69.60% demand, 27.17% savings and 3.01% time deposit), this is an encouraging development.

Banks also invested a significant portion of their assets in government securities. Holdings of such securities increased by Le72.85 billion to Le236.90 billion as at 31st August 2006 from Le164.05 billion as at end August 2005.

This analysis shows that there is considerable potential for the growth of the banking industry in Sierra Leone. But more importantly, it shows how the industry is working with both the public and private sectors to build a stronger nation.

By and large, the general good performance of the industry is mirrored by performance of First International Bank.

The bank's resource base increased by Le5.00 billion to Le21.82 billion as at end August 2006 from Le16.81 billion as at 31st August 2005. Investments increased to Le4.75 billion from Le3.49 billion; shareholders' funds grew to Le2.82 billion from Le2.72 billion; while deposits rose to Le18.25 billion from Le12.95 billion over the same period.

Distinguished Ladies and Gentlemen, Banks as financial intermediaries, play a key role in mobilizing savings and extending credits. Bank credits make possible the financing of agriculture, fishing, mining and industrial activities; all of which are pre-requisites for growth and wealth creation. But this can only be fully realised if banks diversify their products along the needs of their clients. This will not only help deepen the financial sector, but will also strengthen economic growth generally. It is equally important to emphasise that borrowed resources from banks are credits and should be treated as such. This means that customers must repay such credits. This is because funds granted as loans are people's deposits

and non-repayment will grossly hamper the ability of banks to engage in financial intermediation and hence economic activities.

Ladies and Gentlemen, the opening of the First International Bank Branch at Lumley will no doubt promote existing businesses, provide a conducive environment for investment opportunities, and stimulate economic growth. This branch will certainly enable the people of Lumley and its environs to have access to more funds through credit extension for investment, which will lead to more job opportunities.

It is my hope that you will relate well with the bank and take great advantage of the opportunities, which the Bank will provide.

As a central bank, the Bank of Sierra Leone stands ready to work with all stakeholders to protect the credibility of the banking industry in Sierra Leone. For example, in a bid to combat money laundering, Bank of Sierra Leone in collaboration with other stakeholders is putting in place measures for the full implementation of the provisions of the Anti-Money Laundering Act 2005, in order to prevent money launderers from using our stable financial system to legitimise their criminal activities.

In closing my brief remarks, let me take this opportunity to congratulate the Board, Management and Staff of the First International Bank for the bold step taken to open this branch.

I thank you all for your attention.