

**KEYNOTE ADDRESS OF HIS EXCELLENCY THE PRESIDENT,
ALHAJI DR. AHMAD TEJAN KABBAH
ON THE OFFICIAL OPENING CEREMONY OF THE KISSY BRANCH OF
UNION TRUST BANK LIMITED
ON SATURDAY 14TH APRIL, 2007**

SALUTATION

I am very pleased to be here this morning to open yet another branch of the Union Trust Bank. Only a few Saturdays ago, a branch of the Union Trust Bank was opened at Lumley. Today, I have the honour and privilege to open another branch, this time at Kissy. I understand that the Kissy Branch is the 6th for the Union Trust Bank within a period of five years, what progress!

The creation of an indigenous facility that provides valuable services for Sierra Leoneans is always encouraging, but it is even more gratifying to witness a near phenomenal growth of that same facility. Let me take this opportunity to congratulate the Board, Management, staff and shareholders of the Union Trust Bank for this laudable venture.

Economic activity in Sierra Leone is dominated by the informal sector which provides employment for thousands of small businessmen. Growth of the sector is hampered however, by the lack of access to finance and even when the enterprises, which are largely informal, gain access to finance, it is often too costly. The narrow scope of financial access and the high cost of financing business have served to inhibit growth in the financial sector and to slow down entrepreneurship and the creation of jobs.

With the passage of the Banking Act in the year 2000, there has however been a resurgence in the financial sector leading to the liberalization of the sector, the growth of new banks and the development of other financial institutions and services. The enactment of additional financial services legislation in 2001 further facilitated the expansion of the sector and instituted mechanisms for regulating and supervising financial institutions other than commercial banks. As a result, there has been a rapid growth of financial services such as microfinance which cater for the informal sector and the rural areas. With these developments, it can now be truly said that finance has been made accessible to the informal and unbanked sector of the national economy.

Today, the number of commercial banks operating in the country has doubled from four (4) in 1996 to eight (8) and two new applications for licenses are being processed for 2007. There has also been a corresponding increase in the branch network from a total of 14 in 1996 to 27 as at last month. The Kissy Branch we are opening today will bring the number of branch banks to Twenty Eight (28) for the entire industry. Thus, in both real and nominal terms, the financial sector has grown by a hundred percent (100%) over the last ten years. A number of financial agencies have also been established in various economic centers around the country.

Four Community banks have been established by the Central Bank since 2000 and several microfinance service centers have also been established with Finance Salone topping the list at nine (9) branches, six (6) sub-branches, serving a total of some fourteen thousand (14,000) active clients with a loan portfolio of five Billion Leones as at end of operating year 2006.

The Role of Union Trust Bank Limited

According to the Statement of the Governor, Bank of Sierra Leone at the opening of the Union trust Bank branch at Lumley a few Saturdays ago, Union Trust Bank has played a pivotal role in all the developments of the financial sector outlined above. With a total of six branches opened within a period of five years - the last three within six months, this growth is both unprecedented and phenomenal in the history of banking in Sierra Leone. It is equally inspiring.

Union Trust Bank is also unique in that it is the only bank that has a strategic operational relationship with all the Community banks, as they all also serve as sub-agents for the bank's Western Union Money Transfer Service. The Bank is also playing a leading role in the development of the microfinance sub-sector. To this end, arrangements are almost complete for the bank's investment in Finance Salone as a subsidiary.

1996 - 2006 Balance Sheet

Looking back over the last ten years, there is enough justification and visible evidence of very positive developments in the financial sector, the obstacles and challenges created by the war notwithstanding. The success in investment in the financial sector should be replicated however, in other sectors such as manufacturing, agriculture and agribusiness, tourism and mining if our country is to achieve balanced economic growth. This does not mean that the country's liberal policy in the finance and banking sector is to be construed as a license to over-bank the system as this will result in serious structural distortions and a mismatch in the allocation of resources. Foreign potential investors must endeavour to diversify their portfolios into more needy and capital deficient sectors of the national economy. Secondly, in the interest of balanced and sustainable development, potential investors must also diversify their operations into other parts of the country rather than over-concentrate in Freetown and other urban areas. Thirdly, as a primary social responsibility, the growth in financial assets and their profits must be seen to be ploughed back into the national economy to empower other capital-starved sectors. In other words, foreign investment in the financial sector, and in any other sector for that matter, must not be tantamount to asset-stripping in favour of other destinations.

A Decade of Growth and Development

On the big picture over the last ten years (1996-2006), efforts within the financial sector have generally been worthwhile;

- Growth in banking assets has been progressive and sustained,
- Institutional structures and capacities have strengthened,
- Strong foundations for sustained growth and development have been laid,
- The quality of services and products has been remarkably enhanced,
- Portfolio quality and asset management improved as a result of an effective and efficient regulatory and supervisory framework,
- A stock exchange market will soon be in full operation and this will facilitate investment in the private sector generally as well as enable investors to search for funds, buy equity in listed companies and accelerate the privatization process.
- Last, but most significantly, 1996-2006 has been the only decade in the previous 4 or 5 years, when there was no bank closure or failure in the country. On the contrary, there has been a phenomenal growth in the number of new banks.

Finally, it is most gratifying that the lead player in this process of sustained growth and development in the finance and banking sector has been our only indigenous private bank - Union Trust Bank. It can be done and it should be done by other indigenous corporate entities, because it is the only route to sustained growth and national development.

Ladies and gentlemen, it is now my pleasure to declare the Kissy Branch of the Union Trust Bank open.

I thank you for your attention.