



## PRESS RELEASE

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### Chief Minister's Speech on Opening of Gibraltar International Bank

Ladies and Gentlemen,

What a wonderful day today is turning out to be.

From the arts to the world of high finance, today I am in the privileged position of being able to declare open two fabulous facilities for the whole of our community.

This morning you will have seen the opening of the Mario Finlayson National Gallery of Art.

A new home for our great, home grown, artistic masters to exhibit their stunning creations.

This afternoon, with you all, I am delighted to be sharing the opening of no less spectacular an achievement and no less august an institution.

These days, few Governments around the world are in the business of opening banks.

Indeed, the banking world today is unrecognisable from the banking world of ten years ago.

The global financial crisis has seen those that we often regarded as giants slain because of decisions made by senior and allegedly experienced bankers that had the effect of ruining institutions that had been around for centuries.

Bear Stearns was the most high profile victim of that crisis.

But even amongst us in Gibraltar are institutions that had to resort to Government bail outs and to other less palatable injections of capital.

As a result, hitherto unchallenged banking practices have been put under the microscope.

Even the manner in which LIBOR was set has become the subject of regulatory intervention and prosecutions.



So you will excuse me, Ladies and Gentlemen, if your Government takes a much more prudent course.

We are not going to be taking lessons in banking from anyone.

In fact, what we are doing already with the Gibraltar Savings Bank and now with the Gibraltar International Bank is revolutionising banking in a manner designed to deliver the best possible results for savers, for the taxpayer and for this Community in many different ways.

In the Savings Bank in particular, the work that we are doing is particularly impressive.

Let me give you some concrete examples of what we have done.

Five years ago, the Savings Bank had a reserve of £17m which had been built up over the many years of its existence.

Yet four years ago, the sum was reduced to zero.

The previous administration had taken that full amount for the Government's account.

You heard right.

The Savings Bank's reserve was reduced from £17m to ZERO by the previous administration.

Now, no regulated entity would be able to operate with a capital of Zero.

So if anyone wants to compare the Savings Banks practices to those of regulated credit institutions that would certainly be something to highlight.

You see the previous administration's actions in appropriating the £17m reserve to itself would have led to the Savings Bank being shut down overnight if it had been a regulated credited institution suddenly denuded of its capital.

One reason amongst so many not to now take any advice from the previous administration on how to run the Savings Bank.

Instead of plundering that piggy bank as they did, we have restored it and increased it to £20m.

I think our way of doing things is therefore infinitely better, more prudent and in the interests of savers!

But there is another reason, beyond the spectacular plundering of the Savings Bank reserve piggy bank by the previous administration not to follow their advice on how to run that bank.



You see the deposits in the Savings Bank have increased more than threefold in the time we have been involved in the administration of its affairs.

The deposit base of the Bank is now almost a Billion pounds sterling.

So - a threefold increase in deposits and a twenty million fold increase in reserves.

That is a record to be proud off!

A record that should not just be a source of pride for Her Majesty's Government of Gibraltar, but for all of our Community.

Just as we should all be proud of our growing prosperity.

And of the spectacular growth in our economy.

And of the reducing levels of debt.

So we should all be proud of this more prudent and manifestly more appropriate way to manage Savers' money.

A manifestly better approach to the growth of the Savings Bank.

And a manifestly better approach that I am sure will be reflected in what I have no doubt will be the excellent results to be reproduced in the running of the Gibraltar International Bank which we are launching today.

Because you see we have chosen to run this International Bank people with a track record of running institutions in a manner which is prudent and effective.

From Barclays.

From Lombard Odier.

From Natwest.

All the established names in our local banking scene and beyond.

The people that run the departments that made money for banks.

The people who gave a heart to the business of banking.

The people who understand banking as we do.

As a service for a community that pays its debts as a matter of pride.

The people on whose expertise and knowledge we are building a bank for Gibraltar today and in the future.



Of course this is not what we had anticipated doing.

Our manifesto for the last election stated that we would expand the role of the Savings Bank to take on board the needs of Gibraltar businesses and personal users.

But there is a well-known saying in politics, attributed to Harold MacMillian, who when asked by a journalist what was most likely to blow a Government off course, replied:

“Events dear boy. Events.”

Well how true.

The event in this case was the impossible to predict decision by Barclays to reduce its activity in Gibraltar.

In fact, the decision first announced by Barclays was to close down its Gibraltar operations.

But the Government and the private sector in Gibraltar were able to persuade Barclays to stay.

Although they have retreated from retail banking.

And that called for a remarkable deviation off course.

But not one that thwarted our ambition to grow the Savings Bank, which has shown remarkable growth as I have demonstrated.

But one more ambitious still.

To establish from scratch a new bank for our community.

To find and prepare new premises.

To establish a cadre of men and women to run it.

And to be ready for business in as short a time as technology and the 24 hour clock might allow.

Many thought it could not be done.

That we had set impossible targets.

And that we would fail in the process.

But by jove we've done it.

We have once again confounded our critics.



Establishing a board of independent people to run the bank was not hard.

The names of the people on the board, from banking and from business, were obvious.

They all agreed to my call for them to serve our nation in this way without question.

I want to thank them for their hard work and for the results we see here today.

Albert Langston, the excellent Chairman of the Board of GIB and previously Chairman of the Board of Directors of Lloyds Bank Plc in Gibraltar;

Derek Sene & Lawrence Podesta who are the hands on men.

In an era when bankers are sharing the podium of popularity with politicians, lawyers and estate agents, old style bankers like Albert, Derek and Lawrence are still very much my cup of professional tea!

Marcus Killick, the former CEO of the financial services commission;

Peter Montegriffo: Queens Counsel, a Senior Partner of Hassans, previously deputy Chief Minister and always good friend;

Colin Vaughan, a director of PWC in Gibraltar and a stalwart of the accounting community and Gibraltar Society of Accountants;

Stephen Reyes, a director of Deloitte in Gibraltar and President of the Finance Centre Council;

Tony Welsh, one of nation's our most established businessmen, constantly demonstrating his confidence in the Gibraltar economy with his investments in Gibraltar;

Peter Isola, the Senior Partner at Isola's, one of Gibraltar's major law firms and the longest established and a long term friend also; and

Dilip Dayaram Tirathdas, the former Financial Secretary who has been a wise counsel in the time since I became Chief Minister and is now Counsel of different variety.

Thank you gentlemen one and all for your magnificent contribution to the economy of our small nation in the work you have done to establish an institution that I predict will outlive us all.

We could not have done it without you.

We also could not have done it without the sterling work of Valerie Holliday, banking supremo at Hassans.



Thank you for your hard work and diligence on this project of such huge importance to the Government.

I certainly knew that we could trust Valerie to have the expertise, work ethic and knowledge to deliver in the time available.

Thank you also to those at the Financial Services Commission who have at every turn been able to marry the need to challenge and properly regulate, with advice and wise counsel in the establishment of this newest of our national institutions.

We also managed to find a property.

A property which represents our nation's rich history and its recent nocturnal entertainment!

I can see many of you swaying in this patio. Either tired of listening to speeches or boogying to the memories of the nineties at the then popular Cool Blues.

What a fantastic job has been done of the refurbishment of this property.

The men of GJBS are rightly regarded as those who very often set the standard of quality and of timeliness.

They have not only not let us down here.

They have excelled themselves.

Michael Estella leads a brilliant team, who can't stay long because they are finishing affordable homes, a marina and two new schools in time for September!

No pressure Michael; just a big WELL DONE from all of us who can see the fantastic quality of your work!

Those who might have doubted the choice of venue can now see that the job done reinforces the heritage value of this building and will bring much activity to this part of Southern Main Street.

And this new lease of life that we bring to this area of Southern Main Street emulates the new lease of life we have given to the City Hall today as the magnificent Mario Finlayson National Gallery of Art.

And I can announce today, that the work done will now also be extended to encompass the Inces Hall side of the complex in a similar manner and I trust we will be able to re-establish a cafeteria in the area also.

Although of course producing this fantastic result has and will involve investing money... something some people in our political class seem to be against but we will continue to do prudently and carefully in investing in our nation's future.



And of course, we found the men and women to run this bank.

With dedication.

With soul.

And with commitment.

Men and women who have worked weekends already.

Who are working long hours already.

And who are looking forward to continuing to work hard to establish, not a competitor to others, but a compliment to the banking services already available.

An area where I have to acknowledge with thanks the input of the Gibraltar Bankers Association, the Chamber of Commerce and the Federation of Small Business.

And let me confirm that with mortgages now plentiful in the market from other providers, this bank will take its share of Government co-ownership mortgages so that the offer of mortgages will now exceed the property becoming available.

And this even though GIB is – rightly - subject to concentration limits for its investments, as a regulated credit institution; something which despite recent ill-informed articles in the media is not the case in relation to the Savings Bank.

And with businesses seeking to bank with the GIB also, the range of services will keep expanding.

I acknowledge that there are some minor teething problems being pointed out to us by some of the trade associations, but those are to be expected in the process of establishing a new bank and we are working through those.

In fact, much as is our record in the administration of the Savings Bank, what we are seeing now is that there are waiting lists of people wanting to open personal accounts.

Waiting lists of businesses wanting to open business accounts.

Waiting lists of homeowners wanting to establish mortgages.

What better a way to start your business than with lists of clients wanting your services?

And I know that the bank is working to address these waiting times to ensure all can bank seamlessly after the closure of Barclays retail services.

So a long list of thank you's, I know.



And I hope I have not bored you. If I have, you now know why Oscar acceptance speeches are limited to 45 seconds!

But the serious point is this.

We have delivered this bank in record time; not because it was easy, but because it was hard.

We have delivered it with team work.

With everyone playing a different but equally important role.

From painters, to builders and joiners, to clerical staff, and IT staff, to directors and managing directors and chairman of the board, to minister for financial services to minister for finance and chief minister.

None more important than the other.

All as dedicated as the next.

A collegiate, team based approach where no one man can claim all credit but great things are achieved and all are in it together.

With less than ninety days left for the launch of our nation's University, that is the epitaph of my government and of our great if small nation.

Ladies and Gentlemen,

On the 16<sup>th</sup> December 2013 we promised a modern, innovative and independently managed bank and we have delivered 100% on that commitment.

And so this is the day we launch modern, innovative and independently managed National Bank.

A red letter day indeed.

Thank you.