

2015
Annual Report





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Mission Statement

To provide our members with the very best Mortgage and Savings products through a large network of branches, modern technology and a disciplined, affable and well trained staff and to uphold our social responsibilities through involvement in worthwhile community projects.

Business Objective

To provide a broad range of Mortgage and Savings Products through a wide network of branches.

To provide independent financial advice on products offered.

To practice prudent management to ensure financial stability.

To provide excellent customer service using modern technology and a highly efficient and disciplined staff.

To provide employees with very favorable working conditions thereby enhancing their personal growth and development.

To be a respected and appreciated corporate citizen.



Notice of Meeting

Notice is hereby given that the Seventy-Sixth Annual General Meeting of the Members of the New Building Society Limited will be held at 10.30 a.m on Saturday, 16th April, 2016 at the Society's Chief Office at Lot 1 North Road & Avenue of the Republic, Georgetown.

AGENDA

1. To receive the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2015.
2. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Messrs. Floyd Mc Donald and Edwin Verasammy, who being eligible, offer themselves for re-election - Rule 47(2).
3. To fix the remuneration of the Directors for the year 2016.
4. To appoint Auditors for the year 2016.
5. To fix the remuneration of the Auditors for the year 2016.
6. To approve the sum of **\$8,000,000** for donations to Charity and for Educational purposes for the year 2016.
7. To transact any other business of which due notice shall have been given in accordance with Rule 36.

By Order of the Board,



.....
Anil Kishun
CEO/Director/Secretary
24th February, 2016

Please Note:

- **Only Members holding at least one of the following Accounts are entitled to attend the meeting –**
Save & Prosper Accounts - **minimum balance \$1,000:**
Five Dollar Share Accounts - **minimum balance \$1,000:**
- **Only first named Members** holding any of the Accounts mentioned above will be allowed entry.
- A proxy need not be a member of the Society. A Member may uplift one proxy form from any of the Society's Offices and the form must be returned no later than 2.30 p.m. on 12th April, 2016.
- Any Company which is a Member of the Society may by resolution of its Directors authorise such person as it thinks fit to act as its representative at the meeting.
- Please bring your **Passbook and some form of Identification** to gain entry to the Meeting.

Corporate Information

BOARD OF DIRECTORS

Floyd Mc Donald - Chairman
Seepaul Narine - Vice-Chairman
Moen M. Mc Doom, S.C.
Dr. Nanda K. Gopaul
Kenneth Joseph
Edwin Verasammy
Anil Kishun - *CEO/Director/Secretary*

CHIEF OFFICE

1 North Road & Avenue of the Republic,
Georgetown, Guyana.
Tel: 227-4444 Fax: 225-0832
Website: www.nbsgy.com
Email: nbsltd@networksgy.com

BRANCHES

New Amsterdam

15-16 New Street, New Amsterdam,
Berbice, Guyana.
Tel: 333-2157, 2893, 5024 Fax: 333-5642

Rosignol

196 Section 'A', Rosignol,
West Coast Berbice, Guyana.
Tel: 330-2341 Fax: 330-2268

Corriverton

31 No. 78 Village, Corriverton,
Corentyne, Berbice, Guyana.
Tel: 335-3239 Fax: 335-3344

Rosehall

26 B Public Road, Williamsburg,
Corentyne, Berbice, Guyana.
Tel: 322-5035 Fax: 322-5036

Mackenzie

34 A Republic Avenue, Mackenzie,
Linden, Guyana.
Tel: 444-6543 Fax: 444-6066

Essequibo

29 Henrietta,
Essequibo Coast, Guyana.
Tel: 771-4956 Fax: 771-4954

ATTORNEYS-AT-LAW

Messrs. Cameron & Shepherd

2 Avenue of the Republic,
Georgetown, Guyana.

Messrs. Mc Doom & Co.

215 King Street & South Road,
Lacytown,
Georgetown, Guyana.

BANKERS

Bank of Nova Scotia

104 Carmichael Street,
North Cummingsburg,
Georgetown, Guyana.

Republic Bank (Guyana) Limited

38-40 Water Street, Robbstown,
Georgetown, Guyana.

Bank of Baroda (Guyana) Inc.

10 Avenue of the Republic, Robbstown,
Georgetown, Guyana.

Guyana Bank for Trade & Industry Limited

47-48 Water Street, Robbstown,
Georgetown, Guyana.

Demerara Bank Limited

230 Camp & South Streets, Lacytown,
Georgetown, Guyana.

Citizens Bank Guyana Inc.

201 Camp & Charlotte Streets,
Lacytown, Georgetown, Guyana.

AUDITORS

Maurice Solomon & Company

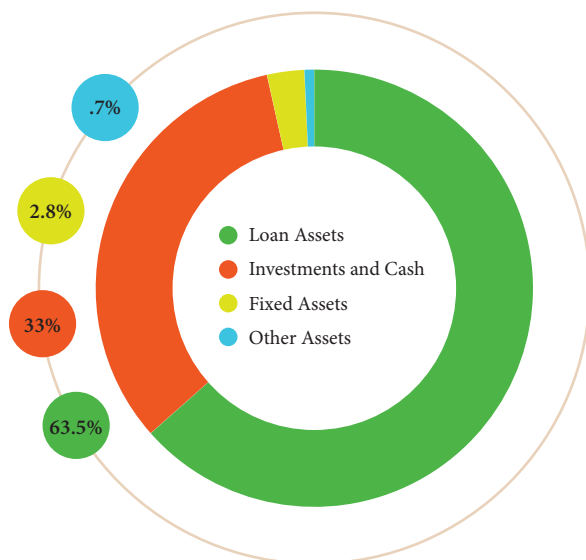
92 Oronoque Street, Queenstown,
Georgetown, Guyana.
Tel: 227-5568 Fax: 227-5564

Five-Year Statistical Information (2011-2015)

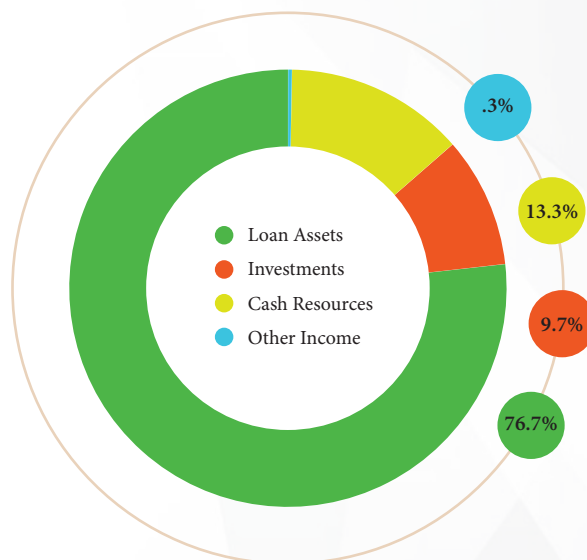
DESCRIPTION	2011 \$M (Restated)	2012 \$M (Restated)	2013 \$M	2014 \$M	2015 \$M
PROFIT	772	813	993	1,447	1,259
TOTAL ASSETS	45,557	49,024	53,973	56,440	58,872
TOTAL MORTGAGE BALANCE	23,506	27,705	32,880	36,946	37,368
INVESTMENTS	19,644	18,417	17,972	16,211	18,130
TOTAL SAVINGS BALANCE	38,474	41,024	44,730	45,883	47,186
RESERVES	6,948	7,842	8,950	10,377	11,455
MORTGAGE LOANS DISBURSED FOR YEAR	4,201	6,754	7,764	6,843	3,623

Financial Highlights

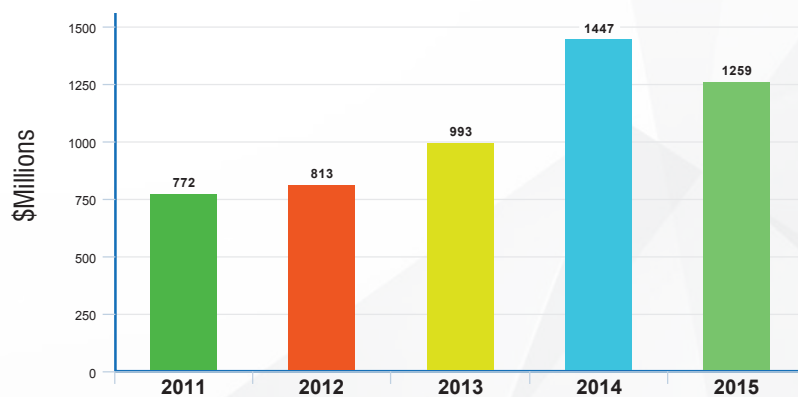
Asset Composition 31st December, 2015



Income Distribution 2015

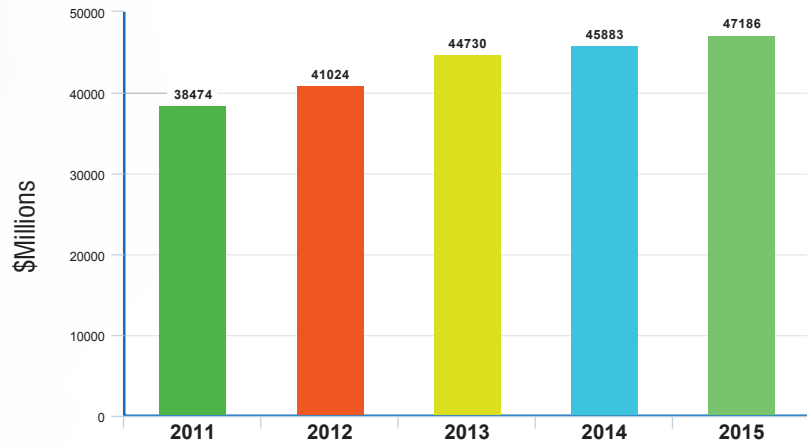


Profitability: 2011 - 2015

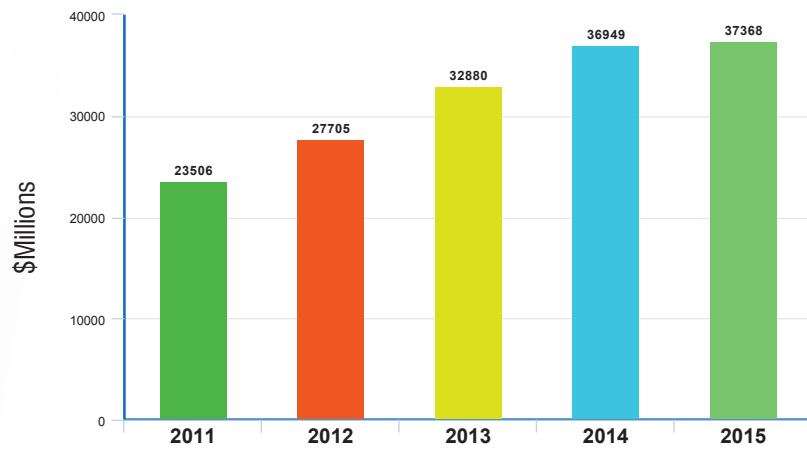


Financial Highlights (cont'd)

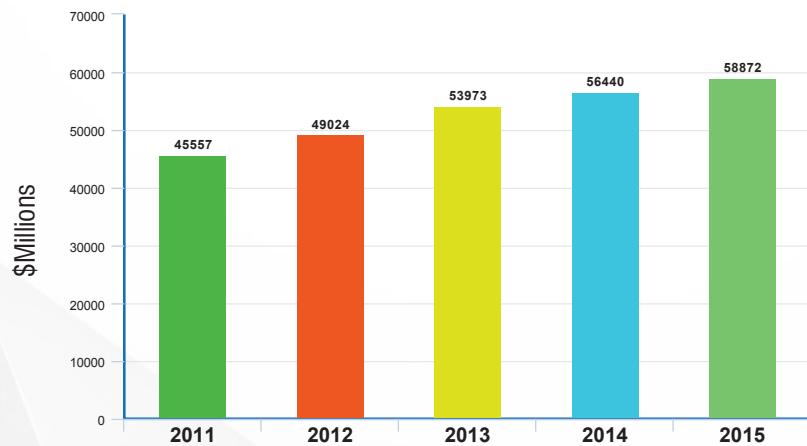
Savings Growth 2011 - 2015



Mortgage Growth 2011 - 2015



Asset Growth 2011 - 2015





Chairman's Report

“ Our operating profit of \$1.259B for the year ended 2015, is the highest in the history of the Society (2014–\$1.168B) and represents an increase of 8% over last year. ”

As we celebrate the 76th Anniversary of the New Building Society Limited, I am delighted to report that we have yet again surpassed \$ 1 Billion dollars in profit for the year ended December 31, 2015. Our operating profit of \$1.259B for the year ended 2015, is the highest in the history of the Society (2014–\$1.168B) and represents an increase of 8% over last year.

It is imperative that our Society's profitability be continually improved since we are expected to generate enough funds to support future growth and to fund the development and implementation of policies and strategies to serve you, our stakeholders.

As part of our governance framework, the Society regularly reviews its operations to ensure that regulatory capital requirements are achieved and sustained.

With the recent amendment of the Anti-Money Laundering and Countering the Financing of Terrorism legislation, the New Building Society remains ready to support the regulatory body as it seeks to improve disclosure and operational standards in the industry.

ECONOMIC REVIEW

On the International front, there are rising concerns in many economies about liquidity and credit risks and the impact of anti-money laundering legislations. Many developed and emerging economies are grappling with systems, policies and guidelines to regulate their financial sectors. The global financial crisis that occurred in 2007, clearly demonstrated how an organization's approach to risk management can result in significant competitive advantage or cause the organization to collapse. The recent fragility of the global financial system also saw the need for Financial Institutions, like the New Building Society, to take protective action. This reality has also caused many Governments all over to take steps to protect their financial sectors.

During 2015, global growth slowed considerably but is expected to recover slowly in 2016. This slow pace is due, in part, to weaknesses in the major emerging markets causing spillovers which will constrain growth in developed countries. Falling commodity prices, decrease in trade and capital flows and bouts of volatile interest rates all contributed to slow global growth in 2015.

Chairman's Report (cont'd)

However, both China and India are poised to experience increased levels of growth in 2016 compared to 2015. Russia on the other hand, after suffering an economic downturn in 2015, is heading straight into recession this year.

Locally, Guyana's economy grew by 3% in 2015 signaling a ten year period of constant growth. Economic growth in the Caribbean however, declined in 2015 compared with 2014. The rice and sugar industries in Guyana performed creditably despite the many challenges experienced in 2015 recording 8.3% and 6.9% growth respectively over 2014. Mining, quarrying, manufacturing, and the services sectors also recorded growth in Guyana in 2015.

FINANCIAL RESULTS

The year 2015 was another excellent year for The New Building Society, where like 2014; we have recorded another land mark operating profit in excess of \$1 billion dollars despite a small margin between savings and mortgage rates. Our continued success is a reflection of our commitment to continuously strive to tailor our services to satisfy the needs of our customers. Additionally, it is a demonstration of our prudent strategies and controlled expenses over the years which are in line with our modern mutual concept. It is also an indication that the Society has robust internal controls and comprehensive risk management techniques allowing us to minimize losses.

We will continue to review emerging regulations on compliance and capital adequacy requirements and take steps to implement changes as necessary.

Revenue

Interest income for 2015 was \$3.1B compared to \$2.8B in 2014, representing a 10% increase. Earnings on loan assets were 77% of total interest income. As the Society continues to grow, we have managed to reduce our expenses and keep them in line with budgeted targets. Operating expenses was 33% of net income for the period under review.

Assets

Assets grew by \$2.5B or 4% to \$58.9B (2014 - \$ 56.4B) for the year under review.

Savings

The Society's Deposit base improved from \$45.9 B in 2014 to \$47.1B in 2015 representing a 3% increase. This steady growth in our savings portfolio over the past five years is an indication of our members' confidence in our products and services. The society depends on this growth in savings to make advances to our mortgagors. The income generated

from this activity is utilized to assist with operational and other expenses with all excess income being transferred to retained earnings.

Mortgages

The granting of residential mortgages is the core of our business. However, the reduction in the level of disbursements to \$3.6B in 2015 from \$6.8B in 2014 may seem disappointing but this is due in part to the opening up of the low income mortgage market to other competitors coupled with the Society's stringent risk management policies. We did not see the need to increase our appetite for risk but instead focused mainly on assisting first time home owners to realize their dreams of acquiring their own homes. Our members can be assured of our cautious and prudent lending policy, one in which we are constantly mindful that it is our Members' funds that we are lending. The mortgage portfolio was \$37.4B at the end of 2015.

The Society is the leading mortgage institution in the country and plays an important role in the nation's housing drive. As a responsible entity we are obligated to ensure that our borrowers can afford their housing loans, not only in the short term, but in the long term. As a result, we continue in our efforts to disburse quality loans and keep arrears at a manageable level. This is evident when analyzing our non-performing loans as against our gross loans ratio, which was below 1% at the end of 2015.

The Society also employs compassionate measures to assist those borrowers experiencing financial difficulties. Provision for any eventual loss has been made in accordance with the Society's accounting policy for loan losses.

CUSTOMER FOCUS

The Society is fully aware that leadership plays an important role in the delivery of excellent customer service. We understand that a strong commitment by management to service quality energizes our employees to perform at their best in delivering exceptional customer service. With this in mind, we will continue to build an educated and flexible workforce. We have also invested in a new computer software package aimed at improving our IT systems. We consider this to be essential in allowing us to compete in a rapidly evolving marketplace.

The goal of fulfilling our customers' needs takes precedence over the goal of profit maximization and as a result, we are constantly searching for ways to enhance their satisfaction with our service. We at the Society see the quest for service excellence as a never ending journey. We see each customer as an asset that will help the Society to grow in the long run.

Chairman's Report (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

Each organization has a responsibility to the citizens who are a part of its external environment. Financial performance has long since been linked to the relationship that exists between a company and the environment in which it operates. The Society is cognizant of the fact that it is constantly being judged by both internal and external stakeholders as to whether its actions are socially responsible or not. These perceptions are key to the Society's financial performance and as such, we at the New Building Society have, over the years pursued those policies and decisions which are desirable in terms of the objectives and values of our customers.

We have over the years made contributions to our community through our donation initiative targeting both charitable and educational institutions on a monthly, quarterly and annual basis. Our track record will show that we have sponsored a number of charitable, educational and sports related projects over the years. We have also embraced high environmental and occupational health and safety standards.

EMPLOYEES

A company's human resource is its most important asset and is the key to success of that organization. We at the New Building Society have long recognized this and as a result, significant emphasis is placed on creating a culture of continuous learning and personal development for our employees.

Studies have proven that 70% of learning takes place on the job, 20% through interaction with others and a mere 10% by attending training courses. As such, we are constantly searching for new ways to provide our employees with the right tools on the job, to enhance their learning.

Personal growth for our staff is encouraged through our training and educational development programs, financial assistance for improved qualification as well as participation in several sporting activities.

OUTLOOK TO THE FUTURE

As the financial sector in Guyana prepares to deal with the new requirements under the recently amended Anti-Money Laundering and Countering the Financing of Terrorism Act, we at the Building Society will be taking the necessary steps to ensure that we comply with the relevant laws. The Supervisory Body in Guyana, the Bank of Guyana, will in 2016, move to implement the BASEL II framework which addresses the capital requirements for financial institutions. The BASEL II framework speaks mainly to the operational risks of the institution.

To our valued customers and members, we remain committed to our key principles of fairness, excellent service and security as we develop and adapt our services to meet your ever-changing needs. The provision of an environment of comfort to you as you conduct business with us is also important and as a result, construction has commenced on a spanking new building at our Corriverton location to better serve you. In addition, our Linden, Henrietta and Rose Hall branches have all undergone significant renovation works in 2015.

Despite a projected slow growth rate in economies worldwide, we anticipate that the local housing drive will gain momentum in 2016.

ACKNOWLEDGMENT

The year 2015 was a year of significant improvement by the Society when compared with 2014. I would like to take this opportunity to express my appreciation to all of our customers and members for their continued support and confidence in The New Building Society.

I would wish to commend the Management and Staff of the Society for their continued dedication to the goals and objectives of the Society. We will, in 2016 continue to concentrate on building a motivated and flexible workforce whose main focus will be to deliver exemplary service to you, our loyal members.

To my fellow Directors, I wish to acknowledge the support and selfless commitment you provided to the successful functioning of the Society during the year under review.

Let us all work together to further promote the ideals of the New Building Society.



Floyd Mc Donald

Chairman

24th February, 2016

Board of Directors



Left to right:

Floyd Mc Donald, *Chairman*

Seepaul Narine, *Vice-Chairman*

Moen M. Mc Doom, *S.C., Director*



Left to right:
Dr. Nanda K. Gopaul, *Director*
Kenneth Joseph, *Director*
Edwin Verasammy, *Director*
Anil Kishun, *CEO/Director/Secretary*

Chief Executive Officer's Report



As a mutual Building Society, one of our core objectives is to prioritize the delivery of value to the benefit of current and future members' savings and residential mortgage needs. I am delighted to report that in 2015 The New Building Society Limited (NBS) was able to reward its members generously and at the same time deliver financial results which reflect the success of our mutual strategy and financial strength. The Society was once again able to achieve sustainable growth and profit consistent with its objectives and mutual status to secure a healthy future. We were also able to generate funds to support future growth and investment as well as ensuring that our financial ratios meet regulatory requirements. This success resulted from the prudence and the dedication of the Society's Board of Directors, hard work by the Management and Staff and the continued support of our loyal members.

The Profit of \$1.259B earned in 2015 is our highest operating profit and it is the second consecutive year that the Society is reporting a profit of over \$1B. The Society's policy of profit sufficiency instead of profit maximization has resulted in our members enjoying the best market rate of returns on their savings, while simultaneously rewarding mortgagors with the most affordable rates of interest.

“The year 2015 was another good year for the Society. The Society recorded an operating profit of \$1.259B an 8% increase over 2014 operating profit of \$1.168B, despite holding our interest rates for both savings and mortgages constant and maintaining sound financial statements.”

Chief Executive Officer's Report

Understanding our members' needs is critical to our success and the delivery of tangible benefits to them is central to everything we do. Our approach to this is a combination of our superior market products and efficient service. This approach has resulted in a loyal, growing and stable deposits base and hence of our ability to continue supporting the dreams of persons owning their own homes. The consistent growth in our savings and mortgages has seen an increase of the Society's Total Assets under management to \$58.9B.

ECONOMIC REVIEW

Global growth fell short of expectations in 2015. This trend had continued from the year 2014 because of the disappointing performance of the developing and emerging economies, which have driven global growth especially after the 2007/8 global financial crisis. The weak growth in emerging economies will continue to weigh on global growth in 2016, but it is expected that economic activity will pick up modestly for 2016. The spillover from the emerging economies will also constrain growth in developing countries to below 5% for 2016. Growth in China is expected to further slow down while Russia and Brazil are expected to remain in recession. The bright spot is expected to be the South Asia Region with India leading the way.

Guyana like the global community also recorded a low economic growth of 3% which was below its target of 3.4%. All the local key industries experienced various forms of distress, especially the traditional industries such as sugar and rice which performed below expectations. The trend is not expected to continue in 2016 as growth is expected to be 4.4%. This will be supported by new fiscal and monetary measures announced in the 2016 Budget. These measures are expected to put the country on a recovery platform for the economy to achieve a higher growth rate in 2016.

FINANCIAL RESULTS

The year 2015 was another good year for the Society. The Society recorded an operating profit of \$1.259B an 8% increase over 2014 operating profit of \$1.168B, despite holding our interest rates for both savings and mortgages constant and maintaining sound financial management.

Revenue

Total revenue for the year 2015 was \$3.1B of which mortgage revenue was \$2.4B or 77 % of total revenue earned. In keeping with the Society's mutual heritage, the Mortgage revenue was spread across a portfolio of approximately 10,000 mortgages and earned approximately 6.3%, the lowest market rate of return. By prudently managing our resources and seeking best market opportunities for our investments the Society was able to earn \$708M for investments other than mortgage at an average rate of 3.8%

Assets

The Society's Assets grew by \$2.5B or 4% in 2015. This continued growth, which was achieved in spite of a very competitive environment, is an indication of the attractiveness and quality of the Society's products and services. This Total Asset growth provides a comfortable risk level for our members.

Savings

The savings rate remained stable and unchanged for the year 2015 and is the highest obtained in the financial sector to the benefit of our members. Our Interest Expense was \$1.2B or 38% of total revenue, thus ensuring that the members are adequately compensated for their risk by sharing substantially in the Society's revenue. The confidence of our existing members and the trust they placed in the Society have resulted in our savings base increasing by \$1.2B or 3% from \$45.9B to \$47.1B.

Mortgage

In keeping with the Society's principal business activity of providing long term residential mortgages financed by savings from members, the Society was able to maintain a stable and increased mortgage portfolio, which grew by 1.4% from \$36.9B to \$37.4B for 2015. This portfolio is 64% of Total Assets. In accordance with our Prudent Risk Assessment Policy and sound mortgage practice, the Society disbursed \$3.6B for 2015 in new mortgage advances in the residential housing market.

Chief Executive Officer's Report (cont'd)

The Society experienced a slight increase in delinquent mortgage accounts; however the non-performing loans are still below 1%, an indication of the Society's robust debt recovery strategies and our policy of ensuring that all delinquent mortgagors are given every opportunity of remedying their financial distress.

Liquidity

Our Liquid Assets increased by \$2.3B or 15% and accounted for 92% of total asset growth. This growth increased the Society's low risk investment portfolio and reduced our risk weighted Assets. Liquid Assets now accounts for 30% of Total Assets and covers 38% of our Members' funds. The prudent management and high level of the Liquid Assets ensure that our Members' savings portfolio is not exposed to high risk. This level of liquidity adequately covers any unanticipated imbalance in cash flows.

Capital Adequacy Ratio

The mutual concept of profit optimizing rather than profit maximization and the fact there is no reward to third party shareholders enables the Society to increase its retained earnings from \$9.8B to \$10.8B providing a capital adequacy ratio of 42% far above the regulatory requirements. This level of retained earnings ensures that our Members have adequate risk coverage in their mandate given to the Board while having generous returns on their investments.

CUSTOMER FOCUS

Engaging our Members in meaningful ways is critical to the success of the Society. Therefore understanding their needs and market opportunities enable us to make strategic decisions to better serve them and grow our business. The Society ensures that its employees are continuously trained, by incorporating modern technology and make readily available tools for them to better tailor their skills to meet an ever changing service environment. We strive as much as possible to ensure customer satisfaction which is largely reflected in the attractive rates obtained, while maintaining our financial viability.

CORPORATE SOCIAL RESPONSIBILITY

Giving is fundamental to the Society's strategic business object and every year the Society's members mandate the Board to set aside a sum of money to be donated to charity and support for educational ventures. Through this mandate we continuously support worthy ventures such as organizations for the elderly, orphanages, humanitarian foundations, counselling and community projects.

As part of our annual event the Society sponsors the Georgetown Cricket Association, Second Division competition and the Berbice Second Division Cricket competition. These events help to give our youths meaningful extra curricula activities and have contributed to the development of the sports and the community in keeping with our vision of supporting positive values in the promotion of youths of our country.

EMPLOYEES

To achieve our high customer standards we ensure that proper placement of staff is given priority. We pride ourselves by having adequate tools and support in place to continuously train and develop our employees. We believe in having people who are passionate and knowledgeable about their jobs, thus resulting in the building of capacity and trust in the Society. We support their professional development and continued personal growth by ensuring that their working environment has all the necessary intrinsic motivational factors which also is complimented by adequate compensation. This creates a team that can easily adapt to different tasks and operational changes which gives us the flexibility to support our members' needs at their convenience.

OUT LOOK TO THE FUTURE

The Society's strategic objective is to ultimately be able to provide the best possible service that meets the needs and expectations of our existing members and makes us an attractive choice for future savers and borrowers.

Chief Executive Officer's Report (cont'd)

The Society will continue to price its mortgage and savings products in keeping with the traditional Building Society's principles and values of the mutuality concept. This is to ensure that we achieve our objective of increasing our membership and mortgage loans to continue our financial growth.

In 2015 the Society embarked on a project to upgrade our application software which will enable us to store more data electronically and thus vastly improving the quality of customer service. With the completion of this project in 2016, the Society is also better tooled to handle new legislative requirements.

ACKNOWLEDGEMENT

Our environment will change as technology, regulations, competition and customer expectations change. Serving our Members first, is what unites all employees of the New Building Society Limited. As always our mission is guided by the Board, the Executive team and every member of Staff, which ensure that the Society continues to meet our members' expectations. To this end I would like to acknowledge and thank the Board, Management and the Staff for their roles in contributing to another successful year for The New Building Society Limited.

To our members and other stakeholders I would like to thank you for your continued support and trust in The New Building Society Limited, as we continue on our path to achieve our vision of a vibrant and strong Financial Institution.



Anil O. Kishun
CEO | Director | Secretary
24th February, 2016

HIGH INCOME RESIDENCE



MIDDLE INCOME RESIDENCE



LOW INCOME RESIDENCE



NBS provides loans for various categories of income earners. These are houses completed with funding from the Society.

Staff Matters

All the hard working Secretarial Staff who diligently serve the Society proudly pose with their Floral Arrangements among other items that were presented to them during Administrative Professional's Week. ▶▶▶



Employees of the New Building Society Limited aptly dressed for the occasion of Emancipation Day. ▶▶▶



Mrs. Savitri Samaroo, Operations Manager receives her Long Service Award from the CEO, Mr. Anil Kishun in the presence of other Senior Officers of the Society. ▶▶▶







Management Team

Top Row (left - right)

Nizamooddeen Mahamad (Assistant Secretary)

Anil Beharry (Senior Branch Manager)

Savitri Samaroo (Operations Manager)

Middle Row (left - right)

Mohamed Majeed (IT Systems Administrator)

Noel Fernandes (Assistant Manager - Mortgage)

Atma L. Rajaram (Manager - Internal Audit)

Rana Persaud (Manager - Berbice Operations)

Bottom Row (left - right)

Bibi A. Jagnarayan (Branch Manager - Rosignol)

Vicky Bharosay (Branch Manager - Corriverton)

Sewchan Raghunandan (Branch Manager - Essequibo)

Eric Johnson (Branch Manager - Mackenzie)

Report of the Directors

For the year ended December 31, 2015

The Directors are pleased to present the 76th Annual Report together with the audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2015.

Principal Business Activities

The main aim of the New Building Society is to provide a broad range of quality Mortgage and Savings Products that are widely available from our network of branches located across the country. These products and services are delivered with quality, efficiency, courtesy and reliability supported by our key values of fairness, honesty, corporate responsibility, employees' and customers' prioritization.

Business Highlights:

Residential Mortgage Balances increased from \$36.9B to \$37.4B at the end of the year.

Savings Balances increased from \$45.9B to \$47.2B.

Financial Highlights

In the year NBS:-

	2015 \$ Millions	2014 \$ Millions	% Change
Recorded a profit of	1,259	1,168	+ 8.0
Increased Total Reserves to	11,455	10,377	+ 10.4
Increased Assets under Management to	58,872	56,440	+ 4.3
Provided New Advances to Mortgagors totaling	3,623	6,843	- 47.0

Mortgages:

As at December 31, 2015, there were 10,031 Mortgage Accounts totaling \$37,444M which represent 64% of our Total Assets (2014 – 10,081 Mortgage Accounts totaling \$37,051M or 66% of our Total Assets).

Savings:

The value of net receipts for the year was \$1,303M (2014 – \$1,153M). Our Total Investors' Balances as at December 31, 2015 was \$47,186M (2014 - \$45,883M).

Assets:

Total Assets as at December 31, 2015 was \$58,872M (2014 - \$56,440), representing an increase of approximately 4%. All changes in tangible fixed assets during the year are detailed in the Financial Statements. Freehold Land and Building were last re-valued in 2013 and have been included in the Financial Statements at these valuations. Liquid Assets in the form of Cash and Short Term Securities was \$17,765 and represented 38% of our Investors' Balances as at December 31, 2015 (2014 - \$15,456 - 34%).

Charitable Donations:

At the end of 2015, the Society made donations to several charitable and educational institutions in the communities across the country totaling \$5.7M.

Employees:

The New Building Society recognizes the important role employees play in its continued growth and development and therefore continually train, motivate and suitably compensate them.

Going Concern:

The Directors are satisfied that the New Building Society has adequate resources to continue in business for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparing these Financial Statements.

Directorate:

In accordance with Rule 47(1), the Directors whose names are listed below, retire after the 76th Annual General Meeting and are eligible for re-election:

- Mr. Floyd Mc Donald
- Mr. Edwin Verasammy

Auditors:

The Auditors Messrs. Maurice Solomon and Company retire and are eligible for re-election.

By Order of the Board,

.....

Anil O. Kishun

CEO | Director | Secretary

24th February, 2016

Report of the Directors

On Corporate Governance

Corporate Governance and Board Committees

The Board ensures long term sustainability for the good of our customers and members. We do this by setting our strategy to ensure we meet the needs of our customers and members and regulators, remain competitive and deliver our services appropriately with a profit to help build our capital over the long term. The Board formulates the strategy, reviews business performance, oversees the identification and management of risks, ensures adherence to laws and regulations and that the required controls are in place and aligned to our strategy. Years of successive growth and generation of profits is testament to the success and effectiveness of the policies of the Board and its implementation by management.

The Directors of the Society are committed to best practice in corporate governance and are dedicated to the policies of good corporate governance in order to achieve the highest level of integrity and enhanced stakeholder's value.

In addition to attending Board meetings, Directors are required to serve on one or more of the following subcommittees:-

Role of Board Committees

Our Board Committees are chaired by a Non-Executive Director and consists primarily of Non-Executive Directors.

Audit and Compliance Committee

The Committee ensures the adequacy of controls and judgments made in financial reporting and regulatory compliance and assesses the effectiveness of internal audit and compliance. The Committee reviews the Terms of Reference of our External Auditors and ensures their continued independence and effectiveness.

The Committee is also responsible for the effectiveness of the Society's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework and has an oversight role designed to ensure that there is compliance with all relevant laws and regulations. It also reviews the Society's AML/CFT Policies to ensure that they are consistent with its business model.

The Committee also reviews the operation of internal controls, risk management policies and matters raised by the internal and external auditors.

Current Chair (Director):	Mr. K. Joseph
Director:	Mr. F. Mc Donald
Director:	Mr. E. Verasammy

Human Resource Committee

The Human Resources Committee comprising three Non-Executive Directors discusses and makes proposals to the Board on organizational structure, employees' compensation and employment policies and procedures. Appointment of key management personnel is approved by this Committee.

Current Chair (Director):	Mr. S. Narine
Director:	Mr. F. Mc Donald
Director:	Mr. K. Joseph

Finance Committee

The Finance Committee considers the external and internal environment of the Society and assesses the opportunities for investment and the associated inherent risk thereof. The Committee also reviews the performance of the Society against its budget and addresses issues for any shortfalls or cost overruns. It comprises three Non-Executive Directors.

Current Chair (Director): Mr. F. Mc Donald
Director: Mr. K. Joseph
Director: Mr. E. Verasammy

Loans Committee

The Loans Committee comprising two Non-Executive Directors is guided by a clearly defined lending policy as approved by the Board. The Committee pays particular attention to the risks relating to lending and assesses our Debt Recovery Management Systems for adequacy and compliance.

Current Chair (Director): Mr. F. Mc Donald
Director: Mr. K. Joseph

Executives and Senior Managers are included in committee meetings as required.

Directors' Responsibilities for Accounting Records and Internal Controls

The Directors have general responsibility for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that the Society:

- keeps accounting records in accordance with the New Building Society (Amendment) Act 2010, and
- Takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business in accordance with the Financial Institutions Act 1995 and recommendations and guidelines as issued by the Bank of Guyana.

Business Objectives and Activities

The Society's business objectives and principal activities are to provide the best savings product and to promote home ownership.

The Board pays continuous attention to the financial market having regard to the provision of attractive rates of interest for investors and mortgagors. We endeavour to continue offering affordable financing for home-building and provide excellent returns to our investors in a safe and secured environment.

Each mortgage or advance granted by the Society is certified by at least one Director, and subsequently approved by the full Board.

The Society has established ethical rules and policies, to ensure the affairs of our Customers and Members remain confidential. We promote a culture of zero tolerance against discrimination of all forms. We strive to resolve all issues communicated to us in writing or orally by our customers and members, in a timely and efficient manner.

On behalf of the Board of Directors



Floyd Mc Donald
Chairman
24th February, 2016

Report of the Independent Auditors

To The Members Of
The New Building Society Limited

We have audited the accompanying financial statements of the New Building Society Limited which comprise the Statement of Financial Position as at 31 December 2015, the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in pages 26 to 57.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the New Building Society Act (Amendment) 2010 (Act No. 12 of 2010) and the Financial Institutions Act 1995, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the New Building Society Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the New Building Society Act (Amendment) 2010 (Act No. 12 of 2010) and the Financial Institutions Act 1995.

Report on Additional Requirement

We have examined the mortgage deeds, transports and other securities belonging to the Society. Title deeds held in respect of mortgages were produced to us and actually inspected by us and we are satisfied that deeds not inspected by us were in the hands of the Society's attorneys or elsewhere in the normal course of the business of the Society.

Maurice Solomon & Co.

Maurice Solomon & Co.

Chartered Accountants

26th February, 2016

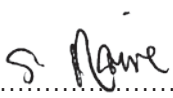
Statement of Financial Position

AS AT 31 DECEMBER 2015
Expressed in Thousands of Guyana Dollars

	NOTE	2015	2014
Assets			
Cash Resources	5	11,640,236	10,723,886
Loan Assets	6	37,368,146	36,945,544
Investments	7	7,815,013	6,626,815
Property, Plant & Equipment	8	1,626,438	1,613,185
Other Assets	9	242,901	195,769
Retirement Benefit Surplus		179,297	334,358
		<u>58,872,031</u>	<u>56,439,557</u>
Investors' Balances, Other Liabilities And Reserves			
Investors' Balances	10	47,185,806	45,883,007
Other Liabilities	11	231,077	179,773
Risk Reserve	13	57,443	40,612
Assigned Capital	13	250,000	250,000
Revaluation Reserve	13	317,998	317,998
Retained Earnings	13	10,829,707	9,768,167
		<u>58,872,031</u>	<u>56,439,557</u>

The Board of Directors approved these financial statements for issue on 24th February, 2015.


.....
Chairman


.....
Vice-Chairman


.....
CEO/Director/Secretary

The notes on pages 29 to 57 form an integral part of the Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

Expressed in Thousands of Guyana Dollars

	NOTE	2015	2014
INTEREST INCOME ON:			
Loan Assets		2,372,295	2,262,091
Investments		298,210	300,048
Cash Resources		410,060	258,687
		3,080,565	2,820,826
INTEREST EXPENSE	16	1,181,626	1,064,125
INTEREST REVENUE		1,898,939	1,756,701
Other Income			
Profit on Sale of Assets		-	279,093
Fees and Commission Income		6,317	16,835
Other Operating Income		5,221	4,946
Gain / (Loss) on Exchange		(20,668)	985
TOTAL NET INCOME		1,889,809	2,058,560
Operating Expenses			
General Administrative Expenses	15	(505,767)	(492,149)
Net Provision for Impairment on Loan Assets	14;15	(13,457)	(9,167)
Depreciation	15	(58,861)	(59,248)
Other Expenses	15	(52,370)	(51,232)
Total Operating Expenses		(630,455)	(611,796)
PROFIT FOR THE YEAR		1,259,354	1,446,764
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of Provision of Employee Benefits		(180,983)	(20,154)
Other Comprehensive Income for the year		(180,983)	(20,154)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,078,371	1,426,610

The notes on pages 29 to 57 form an integral part of the Financial Statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

Expressed in Thousands of Guyana Dollars

	2015	2014
OPERATING ACTIVITIES		
Net Profit for the Year	1,259,354	1,446,764
Adjustments for:		
Depreciation	58,861	59,248
Net Provision for Impairment on Loan Assets	13,457	9,167
Movement in Retirement Benefit Plan Liability	(25,922)	(24,132)
Gain on Disposal of Property, Plant and Equipment	-	(279,094)
	<u>1,305,750</u>	<u>1,211,953</u>
OPERATING INCOME BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		
Loans Advances Net of Repayments	(436,059)	(4,075,175)
Increase in Other Assets	(47,132)	(39,454)
Receipts from Investors Net of Withdrawals	1,302,799	1,152,660
(Decrease)/Increase in Other Liabilities	51,304	(113,204)
	<u>2,176,662</u>	<u>(1,863,220)</u>
NET CASH OUTFLOW - OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(72,114)	(24,199)
Additions to Investments	(6,124,862)	(4,732,333)
Redemptions of Investments	4,936,664	4,273,219
Net Decrease/(Increase) in Restricted Cash Resources and Fixed Deposits	(730,151)	2,219,979
Proceeds from the Sale of Property, Plant and Equipment	-	545,942
	<u>(1,990,463)</u>	<u>2,282,608</u>
NET CASH INFLOW - INVESTING ACTIVITIES		
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	186,199	419,388
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	1,139,396	720,008
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	1,325,595	1,139,396

The notes on pages 29 to 57 form an integral part of the Financial Statements.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

1. ENTITY IDENTIFICATION

The New Building Society Limited was established in Guyana under the New Building Society Act 1940, as amended. Its registered office is located at Lot 1, North Road and Avenue of the Republic, Georgetown.

The Society operates under the purview of the Financial Institutions Act 1995 and the supervision of the Bank of Guyana, as provided under the New Building Society (Amendment) Act 2010 (Act No. 12 of 2010).

The Society is not subject to taxation under the tax regime of Guyana.

2. PRINCIPAL ACTIVITY

The principal activity is the provision of a range of mortgage and savings products.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, and in accordance with the New Building Society Act and International Financial Reporting Standards.

The preparation of the Society's financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Society's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 BASIS OF PREPARATION (cont'd)

a) New and revised standards published and effective for the current financial year:-

IFRS 10	Consolidated financial statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IAS 16	Property, plant and equipment (amendment)
IAS 19	Employee benefits (revision)
IAS 27	Separate financial statements (revision)
IAS 28	Investments in associates and joint ventures (revision)
IAS 32	Financial instruments: Presentation (amendment)
IFRS 7	Financial instruments: Disclosure (amendment)

b) New and revised standards published and effective in future years:-

IFRS 9	Financial Instruments
IFRS 14	Regulatory deferral accounts
IFRS 15	Revenue from contracts with customers
IAS 32	Financial instruments: Presentation (amendment)
IAS 36	Impairment of assets (amendment)
IFRIC 21	Levies

IFRS 9 - Financial Instruments

The standard will be effective for the financial period beginning on 1 October, 2018. All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value.

IFRS 15- Revenue from contracts with customers

The standard will be effective for the financial period beginning on 1 October, 2017. The core principle of the standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 FOREIGN CURRENCIES

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Society operates. The financial statements are presented in Guyana Dollars, which is the Society's functional currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such balances are translated at the prevailing year end exchange rates.

3.3 LOAN ASSETS

Loan assets are stated at amortized cost using the effective interest method. Specific provisions for impairment are made throughout the year and at year end if there is objective evidence that a loan asset is impaired. Objective evidence that a financial asset is impaired includes indications that the borrower is experiencing significant financial difficulty, default or delinquency in interest or principal payments.

If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of the expected future cash flows, including amounts recoverable from collateral, discounted at the original effective interest rate. The specific provision for properties in possession is based on an agreed sales price with a third party or a Director's valuation.

The carrying values of impaired assets are reduced through the use of an allowance account and the amount is recognized in the income statement. Write-offs are made when all or part of a loan asset is deemed uncollectible and are charged against the allowance account. Recoveries in part or in full of amounts previously written off are credited to income.

The Society also collectively assesses its mortgages for impairment by applying historical loss rates to the portion of the portfolio not deemed to be individually impaired.

Renegotiations normally involve the deferral of repayments for members experiencing significant but temporary cash flow problems, in the judgment of management. Renegotiated facilities continue to earn interest and are aged based on the original terms.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 INVESTMENTS

The Society classifies its investments as held-to-maturity securities as these are non-derivative financial assets with fixed and determinable payments and fixed maturities that management has the positive intent and ability to hold to maturity. The investments are carried at amortized cost with premiums and discounts being amortized to the income statement over the period to maturity on an effective yield basis.

3.5 PROPERTY, PLANT & EQUIPMENT

Freehold land and buildings are stated at the revalued amounts less accumulated depreciation thereon. All other fixed assets are stated at cost less accumulated depreciation.

Freehold land is not depreciated. Depreciation on all other assets is calculated on a straight line basis at rates estimated to write off the depreciable assets over their expected useful economic lives.

The following rates are used:-

Buildings	2.0%
Office Furniture	10.0%
Machinery and Equipment	12.5%
Motor Vehicles	20.0%

Increases in the carrying amount arising on the revaluation of land and building are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 PROPERTY, PLANT & EQUIPMENT (cont'd)

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

3.6 INTANGIBLE ASSETS (COMPUTER SOFTWARE)

The cost of acquiring and installing computer software is capitalized and amortized over their estimated useful economic life of eight years on a straight line basis. Costs associated with maintenance of computer software are expensed as incurred.

3.7 INTEREST RECOGNITION

For instruments measured at amortized cost, the effective interest method is used to measure the carrying value of a financial asset or a liability and to allocate the associated interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

3.8 RECOGNITION OF FEES & COMMISSION

Fees and commission are generally recognized on an accrual basis when the service has been provided. Property inspection fees for mortgages that are likely to be drawn down are deferred over the term of the mortgage.

3.9 INVESTORS' BALANCES

Investors' balances are initially recognized at the nominal amount of funds received and subsequently at nominal amount plus accrued interests.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 RETIREMENT BENEFIT PLAN

The Society operates the New Building Society Limited Pension Scheme which is a defined benefit scheme as the amount of pension that an employee will receive on retirement is dependent on years of service and compensation. The assets of the scheme are held independently from those of the Society. The Scheme is funded by employee and Society contributions.

The projected actuarial method is used for the retirement benefit plan. Under this method, the actuarial liabilities consist of the present value of pensions in payment and vested deferred benefits for terminated members, plus that portion of the future benefits expected to be paid to present members which is related to their credited service up to the valuation date. Amounts of pension are determined based on each member's projected final earnings. The current service cost for the defined benefit provisions for the year following the valuation date is the present value of benefits accrued by members with respect to their service in that year.

The characteristics of this actuarial cost method are that it matches year-by-year costs of benefits expected to be accrued by the members each year to the contributions required for those years and, since it results in a pattern of progressively increasing costs for an individual employee as that employee ages, it may also result in progressively increasing costs for the Scheme as a whole if the average age profile of the Scheme membership increases from year to year.

3.11 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when there is a present obligation as a result of a past event, it is probable that the obligation will be settled and it can be reliably estimated. Contingent liabilities have not been recognized.

3.12 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and cash at bank excluding balances redeemable after three months.

3.13 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 IMPAIRMENT LOSSES ON LOAN ASSETS

To identify impairment in the Society's loan assets, judgments are made as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Estimating the quantum and timing of future recoveries involves significant judgment. The size of receipts will depend on the future performance of the borrower and the value of the security, both of which will be affected by future economic conditions; additionally, collateral may not be readily marketable. The actual amount of future cash flows and the date they are received may differ from these estimates and consequently actual losses incurred may differ from those recognized in these financial statements.

4.2 HELD-TO-MATURITY INVESTMENTS

The Society follows the guidance of International Accounting Standards 39 - Financial Instruments: Recognition and Measurement, on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment for which management evaluates its intention and ability to hold such investments to maturity.

4.3 RETIREMENT BENEFIT PLAN

The present value of the retirement benefit plan obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the plan's obligation. The assumptions used are disclosed in note 12 to the financial statements.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015
Expressed in Thousands of Guyana Dollars

	2015	2014
5. CASH RESOURCES		
Redeemable on Demand:		
Cash in Hand	7,200	7,200
Cash at Bank, excluding Fixed Deposits	<u>1,318,395</u>	<u>1,132,196</u>
Classified as Cash and Cash Equivalents	1,325,595	1,139,396
Redeemable after 3 Months:		
Fixed Deposits	<u>10,314,641</u>	<u>9,584,490</u>
	<u>11,640,236</u>	<u>10,723,886</u>
6. LOAN ASSETS		
Mortgages	37,446,352	37,053,045
Properties in Possession	<u>50,312</u>	<u>6,901</u>
	<u>37,496,664</u>	<u>37,059,946</u>
Provision for Impairment on Loan Assets (note 14)	(126,125)	(112,668)
Unearned Interest	<u>(2,393)</u>	<u>(1,734)</u>
	<u>37,368,146</u>	<u>36,945,544</u>

The table below shows the movement to the Properties in Possession

	2015		2014	
	No. of Properties	Value	No. of Properties	Value
As at the Beginning of the Year	4	6,901	7	14,499
Additions in the Year	5	60,819	1	17,256
Disposals in the Year	(1)	(17,408)	(4)	(24,854)
As at End of Year	<u>8</u>	<u>50,312</u>	<u>4</u>	<u>6,901</u>

Properties in possession are sold as soon as practicable, with proceeds used to reduce the outstanding balance.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015
 Expressed in Thousands of Guyana Dollars

6. LOAN ASSETS (cont'd)	2015		2014	
	No. of Securities	Value	No. of Securities	Value
The table below shows the analysis of the mortgage portfolio by value bands				
Balances not exceeding \$1,000,000	1,766	972,758	1,758	983,638
Balances exceeding \$1,000,000 but not \$1,500,000	908	1,122,381	1,007	1,243,722
Balances exceeding \$1,500,000 but not \$2,000,000	742	1,305,963	792	1,383,680
Balances exceeding \$2,000,000 but not \$2,500,000	718	1,608,892	744	1,674,069
Balances exceeding \$2,500,000 but not \$3,000,000	778	2,151,234	768	2,127,085
Balances exceeding \$3,000,000 but not \$4,000,000	1,441	5,097,040	1,405	4,953,486
Balances exceeding \$4,000,000 but not \$5,000,000	1,040	4,672,902	1,002	4,500,920
Balances exceeding \$5,000,000 but not \$6,000,000	736	4,049,238	748	4,096,011
Balances exceeding \$6,000,000 but not \$7,000,000	491	3,178,916	496	3,211,952
Balances exceeding \$7,000,000 but not \$8,000,000	440	3,281,201	438	3,282,234
Balances exceeding \$8,000,000 but not \$9,000,000	208	1,763,108	188	1,569,163
Balances exceeding \$9,000,000 but not \$10,000,000	227	2,170,068	182	1,737,863
Balances exceeding \$10,000,000 but not \$11,000,000	183	1,920,759	166	1,728,898
Balances exceeding \$11,000,000 but not \$12,000,000	258	2,982,097	255	2,940,414
Balances exceeding \$12,000,000	95	1,167,403	132	1,618,176
Total	10,031	37,443,959	10,081	37,051,311

Notes to the Financial Statements

AS AT 31 DECEMBER 2015
Expressed in Thousands of Guyana Dollars

	2015	2014		
7. INVESTMENTS				
Government of Guyana Treasury Bills	6,124,862	4,732,333		
United Kingdom Government Treasury Loans	56,833	178,773		
Berbice Bridge Company Inc. Bonds	<u>1,633,318</u>	<u>1,715,709</u>		
	<u>7,815,013</u>	<u>6,626,815</u>		
8. PROPERTY, PLANT & EQUIPMENT				
	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Total
Cost				
As at 01 January, 2015	1,567,571	284,931	67,665	1,920,167
Additions	3,002	69,112	-	72,114
Disposals	-	(105,967)	-	(105,967)
As at 31 December, 2015	<u>1,570,573</u>	<u>248,076</u>	<u>67,665</u>	<u>1,886,314</u>
Accumulated Depreciation				
As at 01 January, 2015	(51,616)	(200,706)	(54,660)	(306,982)
Charges for the Year	(25,808)	(25,473)	(7,580)	(58,861)
Written back on Disposals	-	105,967	-	105,967
As at 31 December, 2015	<u>(77,424)</u>	<u>(120,212)</u>	<u>(62,240)</u>	<u>(259,876)</u>
Net Book Value				
As at 31 December, 2015	<u>1,493,149</u>	<u>127,864</u>	<u>5,425</u>	<u>1,626,438</u>

Freehold land and buildings are recorded at the valuations of the Directors, based on independent professional advice as a result of valuations carried out by the Chief Valuation Officer (ag.) Mr. Compton P. Outar as at September 2013 on the basis of open market value. There was no subsequent valuations.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015
 Expressed in Thousands of Guyana Dollars

8. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Total
Cost				
As at 01 January, 2014	1,838,845	268,482	67,132	2,174,459
Additions	-	16,449	7,750	24,199
Disposals	(271,274)	-	(7,217)	(278,491)
As at 31 December, 2014	1,567,571	284,931	67,665	1,920,167
Accumulated Depreciation				
As at 01 January, 2014	(30,234)	(174,341)	(54,802)	(259,377)
Charges for the Year	(25,808)	(26,365)	(7,075)	(59,248)
Written back on Disposals	4,426	-	7,217	11,643
As at 31 December, 2014	(51,616)	(200,706)	(54,660)	(306,982)
Net Book Value				
As at 31 December, 2014	1,515,955	84,225	13,005	1,613,185

If freehold land and buildings were stated at historical cost, the carrying values would be:

	2015	2014
Cost	1,204,714	1,201,712
Accumulated Depreciation	(118,104)	(94,010)
	<u>1,086,610</u>	<u>1,203,303</u>

Notes to the Financial Statements

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	2015	2014
9. OTHER ASSETS		
Accrued Interest	241,603	193,027
Accounts Receivables and Prepayments	<u>1,298</u>	<u>2,742</u>
	<u>242,901</u>	<u>195,769</u>
10. INVESTORS' BALANCES		
Five Dollar Shares	21,548,514	20,492,965
Save and Prosper	24,694,706	24,486,052
Deposits	<u>942,586</u>	<u>903,990</u>
	<u>47,185,806</u>	<u>45,883,007</u>
11. OTHER LIABILITIES		
Withholding Taxes	38,893	63,846
Accounts Payables and Accruals	145,598	68,246
Deferred Income	<u>46,586</u>	<u>47,681</u>
	<u>231,077</u>	<u>179,773</u>

Notes to the Financial Statements

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12. RETIREMENT BENEFIT PLAN

2015

2014

The amount recognized in the Statement of Financial Position is as follows:

Present Value of Obligations	689,112	538,205
Fair Value of Plan Assets	(868,409)	(872,563)
	<u>(179,297)</u>	<u>(334,358)</u>

Asset Recognized in the Statement of Financial Position

The movement in the Present Value of the Obligation is:

As at Beginning of Year	538,205	498,524
Interest Expense	36,727	33,348
Current Service Cost	21,920	21,838
Contributions by Plan Participants	12,644	11,686
Benefits Paid	(15,458)	(4,490)
Actuarial Gain	95,074	(22,701)
	<u>689,112</u>	<u>538,205</u>

The movement in the Fair Value of Plan Assets is:

As at Beginning of Year	872,563	828,904
Actual Return on Plan Assets	(28,405)	12,051
Contributions by the Society	27,394	25,318
Contributions by Plan Participants	12,644	11,686
Benefits Paid	(15,458)	(4,490)
Administrative Expenses	(329)	(906)
	<u>868,409</u>	<u>872,563</u>

The amount recognized in the Statement of Profit or Loss:

Current Service Cost	21,920	21,838
Interest Cost	36,727	33,348
Expected Return on Plan Assets	(57,504)	(54,906)
Administrative Expenses	329	906
	<u>1,472</u>	<u>1,186</u>

Total included in Staff Cost

Notes to the Financial Statements

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12. RETIREMENT BENEFIT PLAN (cont'd)	2015	2014
The amount recognized in Other Comprehensive Income:		
Experience Gains - Demographic	95,074	(22,700)
Experience Gains - Financial	<u>85,909</u>	<u>42,854</u>
	<u>180,983</u>	<u>20,154</u>
Expected Contributions in Upcoming Year	<u>39,269</u>	<u>36,898</u>
The principal assumptions used were:		
Discount Rate	5.50%	6.50%
Future Salary Increases	4.50%	5.50%
Return on Assets	5.50%	6.50%
Mortality	UP -94	UP -94
	(+1)(with a projection scale AA)	(+1)(with a projection scale AA)

The expected return on plan assets comprises income and capital gains less a margin for administrative expenses. The income component has been determined by reference to a weighted average of rates of interest at which deposits have been fixed, and the dividend yield on equity holdings. An allowance for capital gains has been determined by considering the proportion of plan assets invested in equity holdings, adjusted for growth in the capital value in line with economic conditions.

Risks specific to the Society arising from the Retirement Benefit Plan:

Interest Risk: A decrease in the bond interest rate will decrease the retirement benefit surplus.

Mortality Risk: The present value of the plan obligation is calculated by reference to the best estimate of the mortality of the plan participants during and after their employment. An increase in the life expectancy of the plan participants will decrease the retirement benefit surplus.

Salary Risk: The present value of the plan obligation is calculated by reference to the future salaries of the plan participants. An increase in the salary of the plan participants will decrease the retirement benefit surplus.

Investment Risk: A decrease in the return on plan assets will decrease the retirement benefit surplus.

Notes to the Financial Statements

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12. RETIREMENT BENEFIT PLAN (cont'd)

	2015		2014	
Plan Assets are comprised as follows:				
Cash Resources	280,693	32%	235,269	27%
Equity:				
Manufacturing	95,050		89,506	
Distribution	79,164		79,554	
Financial Institutions	350,291		402,859	
	524,505	60%	571,919	66%
Debt Instruments (United Kingdom Government Bonds)	63,211	8%	65,375	7%
	868,409	100%	872,563	100%

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

A summary of the plan position and experience adjustments is as follows:

	2015	2014	2013	2012	2011
Present Value of Obligation	689,112	538,205	498,524	(443,758)	(378,785)
Fair Value of Plan Assets	868,409	872,563	828,904	710,933	556,441

Impact of changes in significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The sensitivity analysis provided below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Scenario	Benefit Obligation	% Change in Benefit Obligation
Valuation Results	689,112	
Discount Rate -1%	882,478	28.06
Discount Rate +1%	550,346	-20.14
Salary Increases -1%	612,198	-11.16
Salary Increases +1%	783,848	13.75
Increase average life expectancy by 1 year	702,361	1.92
Decrease average life expectancy by 1 year	675,881	-1.92

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13. A) RESERVES	2015	2014
Revaluation Reserve		
As at Beginning of Year	317,998	587,680
Disposal of Property	-	(269,682)
	<u>317,998</u>	<u>317,998</u>
Retained Earnings		
As at Beginning of Year	9,768,167	8,080,723
Transferred (to)/from Risk Reserve	(16,831)	(8,848)
Realization of Revaluation Gains	-	269,682
	<u>9,751,336</u>	<u>8,341,557</u>
Profit for the Year	1,259,354	1,446,764
Other Comprehensive Income:		
Remeasurement of provision of employee benefits	<u>(180,983)</u>	<u>(20,154)</u>
As at End of Year	<u>10,829,707</u>	<u>9,768,167</u>

B) The Risk Reserve

The Risk Reserve is created as an appropriation of retained earnings to account for the difference between the specific provision created by the Society and the provisions as required under the Financial Institutions Act 1995.

The Society makes specific provisions for non-performing advances based on the difference between the carrying amount and the discounted expected cash flows. These provisions booked as at 31 December, 2015 totalled \$126,125 compared with a provision of \$112,668 as required under the Financial Institutions Act 1995.

The Risk Reserve as at 31 December, 2014 was \$40,612. The increase of \$16,831 is shown as a transfer of Retained Earnings to Risk Reserve. This is shown in note 13 (A).

C) Assigned Capital

As required by the Financial Institutions Act 1995, the Bank of Guyana has assigned the Society's capital of its business as not less than an amount of \$250,000.

Notes to the Financial Statements

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	2015	2014
14. PROVISION FOR IMPAIRMENT ON LOAN ASSETS		
As at Beginning of Year	112,668	107,320
Utilized in the Year	-	(3,819)
Charged for the Year	<u>13,457</u>	<u>9,167</u>
As at End of Year	<u><u>126,125</u></u>	<u><u>112,668</u></u>
15. NON-INTEREST EXPENSES BY NATURE		
Depreciation	58,861	59,248
Net Provision for Impairment (Note 14)	13,457	9,167
Staff Costs (Note 17)	347,704	340,061
Security	43,604	42,279
Electricity	35,009	37,479
Software Licence Fee	18,419	18,383
Advertising	5,420	4,879
Postage and Telephone	10,309	11,095
Charitable and Educational Donations	5,650	5,985
Auditors' Remuneration	3,116	2,968
Other	<u>88,906</u>	<u>80,252</u>
Total Non-Interest Expenses	<u><u>630,455</u></u>	<u><u>611,796</u></u>
16. INTEREST EXPENSE		
Five Dollar Shares	406,917	391,694
Save and Prosper Shares	761,435	659,875
Deposits	<u>13,274</u>	<u>12,556</u>
	<u><u>1,181,626</u></u>	<u><u>1,064,125</u></u>
17. STAFF COST		
Wages and Salaries	295,241	291,680
Social Security Costs	21,273	17,930
Pension Costs	1,472	1,186
Other Staff Costs	<u>29,718</u>	<u>29,265</u>
	<u><u>347,704</u></u>	<u><u>340,061</u></u>

Notes to the Financial Statements

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18. RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties in the normal course of business. The related parties are key management personnel including Directors and Senior Officers of the Society and close family members of such individuals. Mortgages are extended to Senior Officers of the Society at the applicable employee rate of 50% of the prevailing rate. All other transactions are carried out on commercial terms and at prevailing rates.

	2015	2014
(a) MORTGAGES		
Balance as at Beginning of Year	37,859	29,330
Effects of Changes in Key Management Personnel	11,400	-
Mortgages issued during the Year	3,000	9,000
Mortgage Interest Charged during the Year	2,417	1,455
Mortgage Payments during the Year	(6,114)	(1,926)
	<u>48,562</u>	<u>37,859</u>
Balance as at End of Year		
	<u>48,562</u>	<u>37,859</u>
No provision has been required in 2015 and 2014 for the mortgages granted to related parties.		
(b) INVESTORS' BALANCES		
Balance as at Beginning of Year	90,842	81,039
Effect of Changes in Key Management Personnel	(8,653)	-
Deposits Received during the Year	26,620	47,700
Interest earned during the Year (net of tax)	1,956	1,885
Withdrawals made during the Year	(13,976)	(39,782)
	<u>96,789</u>	<u>90,842</u>
Balance as at End of Year		
	<u>96,789</u>	<u>90,842</u>
(c) KEY MANAGEMENT COMPENSATION		
Short-Term Employee Benefits	95,238	94,799
Post-Employment Benefits	4,258	4,435
	<u>99,496</u>	<u>99,234</u>
(d) OTHER SERVICES		
Legal Services from Key Management	<u>7,416</u>	<u>7,679</u>

Notes to the Financial Statements

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19. DIRECTORS' COSTS	2015	2014
Directors' Costs included in Key Management Compensation		
Directors' Fees	4,200	3,840
Directors' Travel	4,200	3,840
Directors' Pension	2,010	2,010
	<u>10,410</u>	<u>9,690</u>

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments carried at the Statement of Financial Position date include cash resources, loan assets, investments, other assets (excluding property, plant and equipment and prepayments), and investors' balances, accounts payables and accruals.

The Society's financial instruments are classified into the following categories identified in IFRS 7: held-to-maturity and loans and receivables. All of the Society's financial liabilities are classified as financial liabilities measured at amortized cost.

Financial assets classified as held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that management has the positive intent and ability to hold to maturity. The Society's investments are classified as held-to-maturity.

Financial assets classified as loans and receivables are non-derivative instruments with fixed or determinable payments that are not quoted in an active market. The Society's cash resources, loan assets and other assets (excluding property, plant and equipment and prepayments) are classified as loans and receivables.

Financial liabilities which are not classified as fair value through the profit and loss are classified as financial liabilities measured at amortized cost. A financial liability which is acquired principally for the purpose of selling in the short term or derivatives are categorized as fair value through the profit and loss. The Society holds no such financial liabilities. As such, the Society's investors' balances, accounts payables and accruals are classified as financial liabilities measured at amortized cost.

There were no changes in these classifications from the prior year.

(b) RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial instruments incorporate the vast majority of the Society's assets and liabilities. The Society's activity involves the acceptance of deposits from investors which are then used to earn an interest margin by investing these funds in high quality assets. The principal risks which arise from this core activity, and which needs to be managed by the Society, are credit risks, liquidity risk, interest rate risks and foreign exchange risk. The Society's objective is to limit its exposure to such risks while maintaining a steady growth in profitability and net asset base. The Society's risk management policies for each of these risks is described in the following parts to this note.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(c) CREDIT RISK

The Society takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises on the Society's holdings of cash resources, investments and loan assets. The maximum credit risk exposure approximates to the carrying values of these assets at the Statement of Financial Position date.

To reduce the Society's exposure, cash resources are held with financial institutions licensed in Guyana or the United Kingdom. The Society's investments are largely in securities issued or guaranteed by governments of Commonwealth countries. The investment in the bonds issued by the Berbice Bridge Company Inc., while not issued or guaranteed by a government of a Commonwealth Country, is considered to be of sound credit quality based on the Society's assessment of the viability of that company's activity; the bond is secured on the assets of that company.

With respect to the exposure to credit risk on mortgages, the following mitigating measures are relied upon.

- (i) Prior to the advancing of funds, an initial interview of the potential borrower is conducted by an Officer of the Mortgage Department. During the interview, the Officer collects information on the proposed project, the income resources to be relied upon for repayments and the property to be lodged as collateral.
- (ii) The initial inspection of the property to be lodged as collateral is carried out by a Senior Manager of the Society with a Director during which a value is assessed. For loans between ten to twelve million dollars, two Directors inspect the property to ensure the collateral is adequate.
- (iii) A recommendation is made for the amount to be approved using information collected on the project, sources of repayment and the assessed value of the collateral to be lodged. The recommendation must be within seventy-five percent of the assessed value of the collateral to be lodged as within the statutory lending limits of the Society of twelve million Guyana dollars.
- (iv) The Board of Directors is required to approve all mortgages regardless of the amount to be disbursed.
- (v) The mortgage must be registered on the collateral prior to the disbursement of funds.
- (vi) For mortgages that involve disbursement of funds in stages, a weekly site inspection is carried out by an Officer of the Mortgage Department to assess the satisfaction of set targets prior to further release of disbursements.
- (vii) Daily reports are generated to identify mortgagors who have defaulted on repayments. The Society has a team within its Mortgage Department that is tasked with the identification and monitoring of defaulting mortgagors.

Notes to the Financial Statements

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20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(c) CREDIT RISK (cont'd)

(viii) A Director of the Society is required to inspect collateral lodged at least once every three years.

Given the homogenous nature of the Society's loan assets, management monitors the overall quality of its portfolio by examining the geographic concentration against historic default rates (foreclosed mortgages as a percentage of the geographic total).

The concentration of loan assets that are neither past due nor impaired as at the Statement of Financial Position date and the geographic default rates are shown below.

	2015		2014	
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	24,255,124	0.41%	23,860,502	0.46%
Berbice	5,441,915	0.29%	5,646,494	0.22%
Essequibo	1,645,595	0.46%	1,738,051	0.25%
Linden	669,706	0.25%	717,472	0.41%
	<u>32,012,340</u>		<u>31,962,519</u>	

During the year there were loan assets totaling \$156,664 (2014 - \$127,548) which were renegotiated and which would have otherwise been past due or impaired.

The table below shows the age analysis of loan assets that are past due as at the Statement of Financial Position date but which are not impaired, along with the estimated fair value of the collateral held against these balances.

	2015	2014
Past due up to 30 days	3,228,052	3,110,409
Past due 30 to 90 days	1,893,887	1,777,055
Past due over 90 days	148,991	130,625
Total	<u>5,270,930</u>	<u>5,018,089</u>
Fair value of collateral	<u>10,781,170</u>	<u>10,190,400</u>

Notes to the Financial Statements

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20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(c) CREDIT RISK (cont'd)

The table below shows the geographic analysis of loan assets that are impaired as at the Statement of Financial Position date, along with the estimated fair value of the collateral held against these balances. All impaired loan assets exceeding 180 days totalled \$29,742 (2014 - \$4,494).

	2015	2014
Demerara, except Linden	100,424	36,730
Berbice	37,043	21,097
Essequibo	23,221	12,873
Linden	-	-
	<u>160,688</u>	<u>70,700</u>
Fair value of collateral	<u>217,300</u>	<u>112,500</u>

(d) INTEREST RATE RISK

The Society assumes interest rate risk from dealing with members and other third parties through fixed term lending or investment activity. The risk arises from movement in interest rates where the Society's financial assets or liabilities have different repricing dates. The Society manages this risk through the retention of the right to change applicable rates on mortgages and investors' balances and the holding of short-term investments.

The Society's interest bearing instruments carry fixed rate of interest except cash resources totaling \$339,523 (2014 - \$453,037) with an effective interest rate of 0.5% (2014 - 0.5%). Should the interest rates on the floating rate instruments increase/decrease by 50 basis points (2014 - 50 basis points), with all other variables held constant, the profit for the year would increase/decrease by \$1,698 (2014 - \$2,265).

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20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(d) INTEREST RATE RISK (cont'd)

The tables below summarize the Society's exposure to interest rate risk by categorizing the carrying amounts of assets and liabilities by the earlier of the contractual repricing or maturity dates.

	Up to one year	Over one year	Non-Interest Bearing	Total
As at 31 December 2015				
Cash Resources	11,031,736	-	608,500	11,640,236
Loan Assets	37,320,227	-	50,312	37,370,539
Investments	6,124,862	1,690,151	-	7,815,013
Other Assets (Property, Plant and Equipment / Retirement Benefit Surplus)	-	-	2,048,636	2,048,636
Total Assets	54,476,825	1,690,151	2,707,448	58,874,424
Investors' Balances	47,185,806	-	-	47,185,806
Other Liabilities	-	-	231,077	231,077
Total Investors' Balances and Other Liabilities	47,185,806	-	231,077	47,416,883
Interest Sensitivity Gap	7,291,019	1,690,151		

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20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(d) INTEREST RATE RISK (cont'd)

	Up to one year	Over one year	Non-Interest Bearing	Total
As at 31 December 2014				
Cash Resources	10,226,693	-	497,193	10,723,886
Loan Assets	36,940,377	-	6,901	36,947,278
Investments	4,732,333	1,894,482	-	6,626,815
Other Assets (Property, Plant and Equipment / Retirement Benefit Surplus)	-	-	2,143,312	2,143,312
Total Assets	51,899,403	1,894,482	2,647,406	56,441,291
Investors' Balances	45,883,007	-	-	45,883,007
Other Liabilities	-	-	179,773	179,773
Total Investors' Balances and Other Liabilities	45,883,007	-	179,773	46,062,780
Interest Sensitivity Gap	6,016,396	1,894,482		

	2015	2014
The effective interest rates/yields on significant financial instruments are as follows:	%	%
Fixed Deposits	4.0	2.2
Mortgages	6.3	6.5
Investments	3.8	4.7
Investors' Balances	2.5	2.3

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20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(e) LIQUIDITY RISK

Liquidity risk is the risk that the Society is not able to meet its financial obligations as they fall due. The Society is exposed to daily calls on its cash resources from investors' accounts and mortgage draw downs. The Society's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding, to retain full public confidence in the solvency of the Society and to enable it to meet all financial obligations. This is achieved through maintaining a prudent level of liquid assets and through management control of the growth of business.

All the Society's financial liabilities are payable within one month of the Statement of Financial Position date. However, in practice, investors' balances are repaid later than on the earliest date on which repayment can be required.

The tables below analyze assets and liabilities of the Society into relevant maturity groupings.

As at 31 December 2015	Up to one year	One to five years	Over five years	Total
Cash Resources	11,640,236	-	-	11,640,236
Loan Assets	2,901,822	8,726,931	25,741,784	37,370,537
Investments	6,298,545	1,185,444	328,633	7,812,622
Other Assets	242,901	1,626,438	179,297	2,048,636
Total Assets	21,083,504	11,538,813	26,249,714	58,872,031
Investors' Balances	47,185,806	-	-	47,185,806
Other Liabilities	189,710	26,105	15,262	231,077
Total Investors' Balances and Other Liabilities	47,375,516	26,105	15,262	47,416,883
Net Liquidity Gap	(26,292,012)	11,512,708	26,234,452	

Notes to the Financial Statements

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20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(e) LIQUIDITY RISK (cont'd)

	Up to one year	One to five years	Over five years	Total
As at 31 December 2014				
Cash Resources	10,723,886	-	-	10,723,886
Loan Assets	2,748,283	8,599,023	25,598,238	36,945,544
Investments	5,021,014	1,148,231	457,570	6,626,815
Other Assets	195,769	1,613,185	334,358	2,143,312
Total Assets	18,688,952	11,360,439	26,390,166	56,439,557
Investors' Balances	45,883,007	-	-	45,883,007
Other Liabilities	251,545	22,496	18,936	292,977
Total Investors' Balances and Other Liabilities	46,134,552	22,496	18,936	46,175,984
Net Liquidity Gap	(27,445,600)	11,337,943	26,371,230	

(f) FOREIGN EXCHANGE RISK

Foreign exchange exposure arises from the Society's holding of foreign-denominated financial assets. Management limits the exposure to unfavourable exchange rate movements by investing in stable currencies.

Aggregate Assets denominated in Foreign Currencies amounted to:	2015	2014
British Pound Sterling	<u>773,928</u>	<u>820,976</u>

At 31 December 2014, if the Guyana dollar had weakened / strengthened by 5% against the British Pound Sterling, with all other variables held constant, profit for the year would have been \$38,696 (2014 – \$41,048 for a 5% change) higher / lower.

Notes to the Financial Statements

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21. CAPITAL COMMITMENT

Capital Commitments for Property and Equipment
 Authorized and Contracted for

2015

2014

90,958

-

22. FAIR VALUE MEASUREMENTS

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31/12/2015	31/12/2014				
Loan Assets	Asset - 40,025,165	Asset - 39,382,190	Level - 2	The fair value of the loan assets was estimated to be using the discounted amount of the estimate of future cash flows expected to be received. Expected cash flows are discounted at the current market rates to determine the fair value.	N/A	N/A
Investments - Government of Guyana Treasury Bills	Asset - 6,131,003	Asset - 4,743,524	Level - 2	The fair values have been estimated by applying discounted cash flows analysis, using current market rates.	N/A	N/A
Investments - United Kingdom Government Treasury Loans	Asset - 72,773	Asset - 198,681	Level - 1	The fair value of the United Kingdom Government Treasury Loans is based on current market value.	N/A	N/A
Investments - Berbice Bridge Company Inc. Bonds	Asset - 1,762,655	Asset - 1,917,522	Level - 2	The fair values have been estimated by applying discounted cash flows analysis, using actuarial discounted rates for similar term investments.	N/A	N/A

Notes to the Financial Statements

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22. FAIR VALUE MEASUREMENTS (cont'd)

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31/12/2015	31/12/2014				
Freehold land and Buildings	Asset - 1,567,572	Asset - 1,567,572	Level - 3	"The appraisal was carried out in September 2013 using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the freehold land and buildings in question, including plot size, location, encumbrances and current use."	"The significant unobservable input is the adjustment for factors specific to the freehold land and buildings in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation."	Granting that the inputs are subjective judgements, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

Cash Resources and Other Assets

Cash Resources and Other Assets: The carrying value of cash resources and other assets approximate to fair value given their short term nature.

Investors' Balances and Other Liabilities

The fair value of investors' balances and other liabilities approximates to the amount repayable on demand as the balances carry no stated maturity.

There were no transfer between levels in the current year.

Notes to the Financial Statements

AS AT 31 DECEMBER 2015
Expressed in Thousands of Guyana Dollars

23. CONTINGENT MATTERS

(a) CLAIM FROM A MEMBER

On 16 October 2007 the Society received a writ from a member seeking an amount of \$7,673 which was allegedly given to an employee of the Society to convert into foreign currency for remittance overseas. The sum, it was claimed, was not remitted or returned to the member. The initial ruling was in favour of the plaintiff. The Society has appealed this ruling and is confident of success on appeal. No provision has been made for the sums in this regard in these financial statements.

(b) CLAIMS FROM BUILDING CONSULTANTS

During December 2008 the Society received three writs of claim totaling \$29,829 from consultants involved in providing architectural, structural engineering and quantity surveying services in respect of preparatory works for the construction of the Society's new Head Office. The initial ruling was in favour of the plaintiff. The Society has appealed this ruling and is confident of success on appeal. No provision has been made for the sums in this regard in these financial statements.

(c) CLAIMS FROM FORMER EMPLOYEES

During 2010, the Society received writs from three former employees seeking damages in excess of fifty million dollars in each case for wrongful dismissal and breach of contract of employment. The trial for these cases are currently engaging the attention of the court.

No provision has been made for the sums claimed in these financial statements as the Society is confident of defending the actions.

(d) ASSET OF RETIREMENT BENEFIT PLAN

As at 10 September, 2010 the court ordered the liquidation of Clico Life and General Insurance Company SA Limited naming the Governor of the Bank of Guyana liquidator. The Society held a flexible annuity policy with this company and an amount of \$50,938 was due to the Society's retirement benefit plan as at 31 December, 2012. As at the date of publication of this report, the liquidation process is continuing. A further payment of the sum of \$30,000 was made in January, 2015 leaving an outstanding balance of \$20,938.

Our Contributions and Sponsorships



Top: Mr. Roger Harper, President of the Georgetown Cricket Association (GCA) says 'THANKS' to NBS for having sponsored the 40-Over Second Division Cricket Competition for teams in the Georgetown area for the 2015/2016 period. Directors, Management and Staff of NBS as well as Executive members of the GCA and Members of the Media were present.

Bottom: Mr. Anil Kishun, CEO/Director/Secretary of the New Building Society Limited presents trophies donated by the Society in support of the Guyana Police Force Annual Athletics Championship to Corporal Linden Mathews of the Police Sports Secretariat. Other NBS' Managers look on approvingly.

Our Contributions and Sponsorships (cont'd)



Top: Mr. Vicky Bharosay, Manager of NBS' Rosehall Branch presents a cheque to Pastor Alfred Charles of the Ainess Seventh Day Adventist Church to assist with the construction of an auditorium. In attendance is the Society's Ms. Zalimoon Baccus.

Middle: Mrs. Bibi Jagarayan, Manager of NBS' Rosignol Branch, presenting a trophy to Mas. Eon Duncan, 2nd Top Student of the Rosignol Primary School.

Bottom: The best graduating student at the Corentyne Comprehensive High School receives his trophy, compliments of NBS from Mr. Mahendra Ramdihal, a member of staff attached to the Society's Rosehall Branch.





the new building society limited

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