Contents

MISSION STATEMENT

To provide our Members 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 OBJECTIVES

- 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 favourable 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 Eightieth Annual General Meeting of the Members of the New Building Society Limited will be held **at 10.30 a.m** on **Saturday, April 18, 2020** 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, 2019.

2. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Mr. Kalyan Tiwari and Mrs. Chandrawati Ramson who being eligible, offer themselves for re-election - Rule 47(2).

3. To fix the remuneration of the Directors for the year 2020.

4. To appoint Auditors for the year 2020.

5. To fix the remuneration of the Auditors for the year 2020.

6. To approve the sum of **eight million dollars ($8,000,000.00)** for donations to Charity and for Educational purposes for the year 2020.

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
February 17, 2020

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 **Thursday, April 9, 2020.**

- Any Company which is a Member of the Society may by resolution of its Directors authorize 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
Dr. Nanda K. Gopaul
Edwin Verasammy
Kalyan Tiwari
Chandrawatie Ramson
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 St., 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

ATTORNEY-AT-LAW

Messrs. Cameron & Shepherd
2 Avenue of the Republic,
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, North C/burg,
Georgetown, Guyana.

Citizens Bank Guyana Inc.
231-233 Camp Street & South Road.
Lacytown, Georgetown, Guyana.

AUDITORS

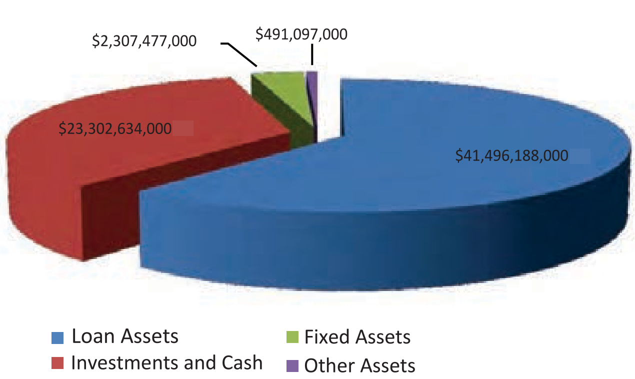
Maurice Soloman & Company
92 Oronoque Street, Queenstown,
Georgetown, Guyana.
Tel: 227-5568. Fax: 227-5564

FIVE-YEAR STATISTICAL INFORMATION (2015 - 2019)

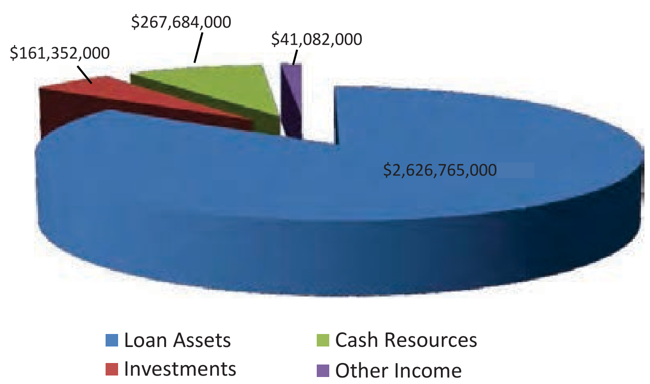
DESCRIPTION	2015 $M	2016 $M	2017 $M	2018 $M	2019 $M
PROFIT	1,259	1,276	1,279	1,202	1,026
TOTAL ASSETS	58,872	59,811	63,236	64,700	67,597
TOTAL MORTGAGE BALANCE	37,368	37,288	38,513	40,023	41,496
INVESTMENTS	18,130	19,426	21,389	20,271	21,664
TOTAL SAVINGS BALANCE	47,186	47,005	49,055	48,859	50,780
RESERVES	11,455	12,638	14,063	15,709	16,720
MORTGAGE LOANS DISBURSED FOR YEAR	3,623	3,196	4,235	4,822	4,827

FINANCIAL HIGHLIGHTS

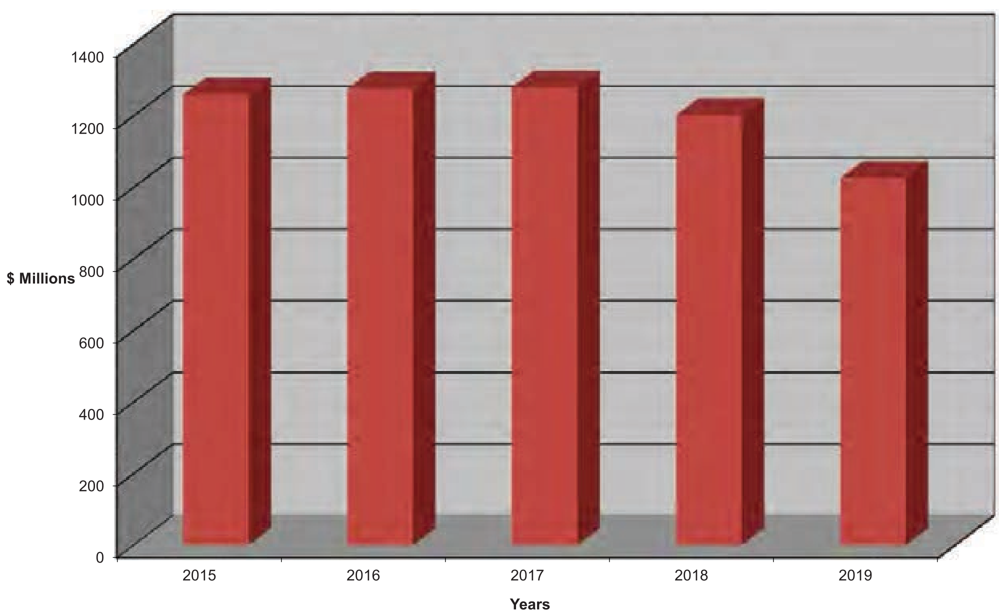
Asset Composition 31st December 2019



Income Distribution 2019

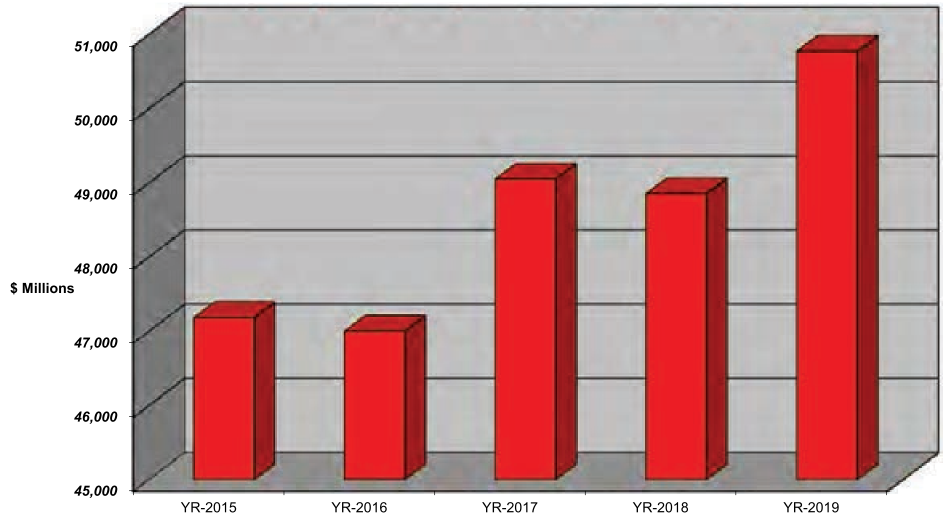


PROFITABILITY - 2015 - 2019

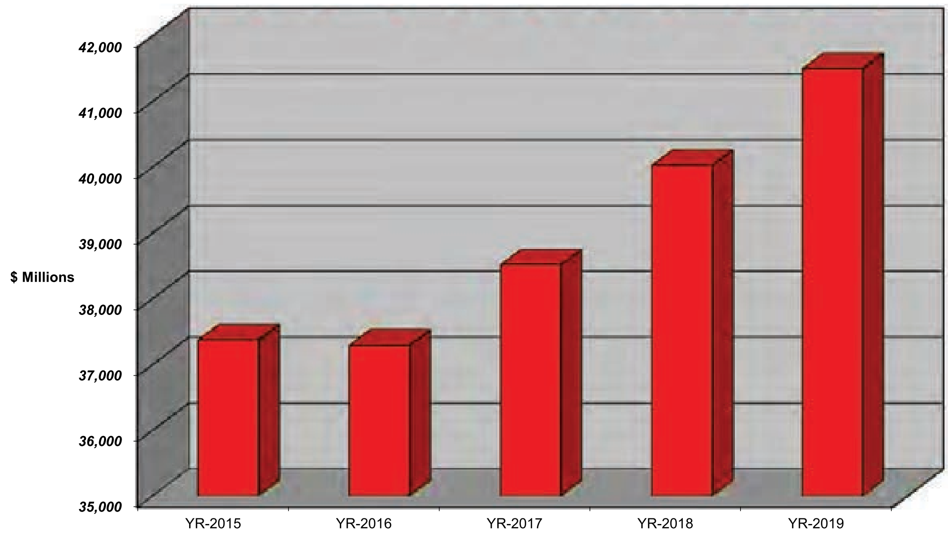


FINANCIAL HIGHLIGHTS (Cont')

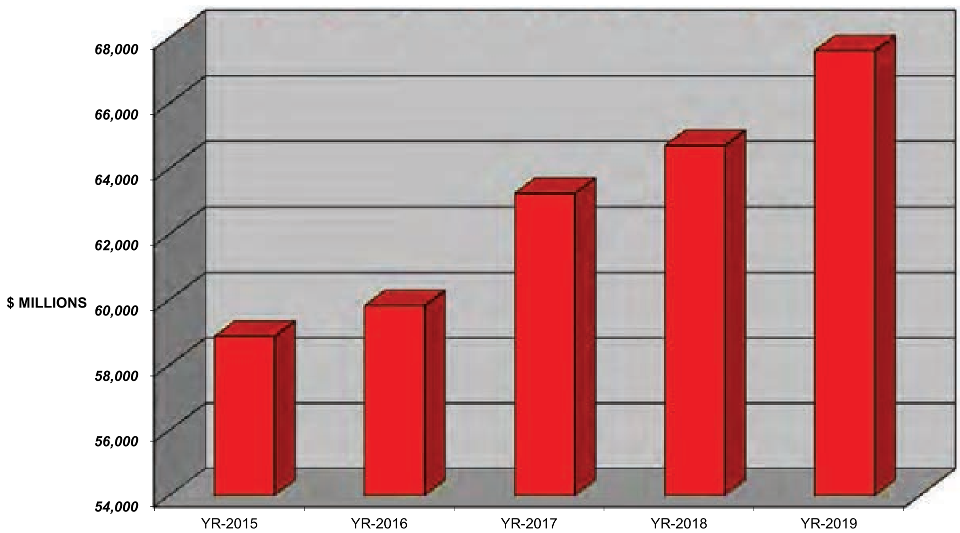
SAVINGS GROWTH 2015 - 2019



MORTGAGE GROWTH 2015 - 2019



ASSET GROWTH 2015 - 2019



CHAIRMAN'S REPORT

We remain strong financially and we look to the future with great optimism.

On behalf of the Board of Directors of the New Building Society Limited which observes its 80th Anniversary in 2020, I am pleased to report that the Society has maintained a strong financial base even as we recorded a net profit of $1.026B for the year 2019, down from the $1.202B recorded in 2018. This result was achieved in spite of the fact that we were operating in a very competitive and complex market place. The main contributing factor for this reduction in profit was lower earnings on liquid asset investments inclusive of Treasury Bills which continued from 2018 into 2019 as well as a new expenditure of over $109 million dollars for the Deposit Insurance Fund managed by the Bank of Guyana as required by a piece of recently enacted Legislation.

As a member-owned Building Society we continue to make decisions in the best interest of our members by maintaining the most competitive interest rates for savers and borrowers alike regardless of the impact on our profits. We strive to protect you, our members, from the impact of low interest rates but we can only do this in the context of maintaining our financial security and viability.

The Directors continuously monitor the financial services market as it evolves along with increased regulations, competition, changing customer behaviors and a growing demand for digital services. Our mutual business model enables us to recognise and respond to the changing environment whilst remaining focused on our members' interests. I am happy to report that the Society is well poised to progress further as we continue to concentrate on our primary role in the future.

ECONOMIC REVIEW

According to the World Bank Global Economic Prospects Report (January 2020), global growth is projected to rise marginally from 2.4 % in 2019, to 2.5% in 2020. Emerging markets and developing economies are anticipated to see growth in 2020. However, this is not likely to be broad-based since it is projected to come from a handful of large emerging economies stabilizing after deep recessions or sharp slowdowns.

The underlying reasons for this bleak outlook are the accumulation of debt in advanced economies, weaker than expected exports and investments in major economies, financial turmoil in emerging and developing economies, widespread slowdown in productivity, re-escalation of trade tensions and price controls.

The World Economic Outlook report (January 2020) also highlighted that downside risks remain prominent, including rising geopolitical tensions, notably between the United States and Iran, intensifying social unrest, further worsening of relations between the United States and its trading partners and economic frictions between other countries. These risks could lead to global growth falling below the projected baseline.

Growth in the Euro Area is projected to decline by 1% in 2020 bringing the projected growth in that region to 2.6% amid weak industrial activity. In the United States, growth is forecasted to slow to 1.8% this year reflecting the negative impact of earlier tariff increases and elevated uncertainty. In China, growth is projected to moderate to 5.9% in 2020. This projection however, could slide further amid fears of the coronavirus worsening over the coming months.

In Latin America, regional growth is estimated to rise to 1.8% for the year 2020 as growth in the largest economies improves and domestic demand picks up at the regional level. In Mexico, this will rise to 1.2%, Colombia 3.6% and Central America is projected at 3% even though Argentina is expected to contract by 1.3%.

In the Caribbean, growth is expected to accelerate to 5.6% primarily due to offshore oil production developments in Guyana.

The Ministry of Finance's mid-year review on Guyana's economy projected growth at 4.4% for the year 2019 compared to 3.4% for the year 2018.

This growth was credited to expansion in the rice, forestry, gold and manufacturing sectors supported by other crops, construction and the services sectors.
On the other hand, the major traditional sectors of sugar, livestock, fishing and bauxite experienced decline in the year 2019.

FINANCIAL RESULTS

Despite the challenges in the external environment, limited investment opportunities and the continuous decline of interest rates in the financial sector in Guyana, the Society, was able to record a profit in excess of $1 Billion dollars for the year ended 2019. The Directors' main focus in the year just ended has been on the reduction of risks and maintaining a healthy regulatory capital among others.

The Board of Directors also constantly monitors key performance indicators including but not limited to the following, liquid assets, mortgages, non-performing loans, administrative expenses and profit.
The principal activities of the New Building Society remain the provision of the most competitive rates for our members and mortgagors alike.

We will continue to monitor changes in the regulatory environment and also take all the necessary steps to continue to comply with the Anti Money Laundering and Countering the Financing of Terrorism Act of Guyana.

REVENUE

Interest income for 2019 was $3.1B compared to $3B generated in 2018. Earnings on loan assets for 2019 were 86% of total interest income (2018 - 84%).

ASSETS
Assets grew by 4.5% to $67.6B in 2019 when compared with 2018 which was $64.7B.

SAVINGS
The Society's Deposit base as at December 31, 2019 was $50.8B when compared with 2018 which was $48.9B representing an increase of 3.9%.

MORTGAGES
The mortgage portfolio at the end of 2019 was $41.5B as against $40B at the end of 2018 representing an increase of 3.8%.

The performance of the mortgage component of our business fell just short of our expectations as a direct result of an overall slow- down in the mortgage market in Guyana.

The Society continued in its efforts to minimize arrears and help borrowers facing financial difficulties by exercising forbearance in compliance with existing regulations and standards. We will continue to monitor our non- performing loans in an effort to reduce same.

COMPLIANCE
Compliance is central to the Society's values and behaviours and as such we continue to adhere to all aspects of the legal and regulatory frameworks locally, regionally and internationally especially the Anti Money Laundering and Countering the Financing of Terrorism regulations inclusive of all amendments.

CORPORATE SOCIAL RESPONSIBILITY
As part of our commitment to continue to be a responsible business entity, the New Building Society Limited has a Corporate Responsibility strategy in place with the aim of ensuring that we support educational and charitable organizations in tangible ways as part of our quest to ensure that communities countrywide benefit from the operations of the Society.

This strategy includes our donation initiative targeting both charitable and educational institutions on either an ad-hoc, monthly, quarterly or annual basis. We have exclusively sponsored a number of charitable, educational and sports related projects over the years.

OUTLOOK TO THE FUTURE
The planned first oil for the year 2020 is expected to have a positive economic impact on the business sector and for the people of Guyana. We at the Society remain optimistic about continued progress in the economy for the year 2020 and beyond.

Having experienced steady growth over the last five years, the Board of Directors continues to look to the future to ensure that the Society is well positioned to continue to thrive.

Our Society is poised to push ahead with our growth strategy during these changing economic times, with the combined knowledge, experience and insight of the Directors, Management and staff.

ACKNOWLEDGMENT
I would like to express my sincere appreciation to our members for their unwavering support and confidence you have placed in the Society over the years. As chairman of the Board of Directors, I wish to acknowledge the crucial role played by each member of staff in the success of the Society. Our continued success would not have been possible without the dedication and hard work of our employees. My fellow Board Members, I thank you for your guidance and steadfast support that each one of you has shown over the past year.

Floyd McDonald

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Floyd Mc Donald
Chairman
February 17, 2020

BOARD OF DIRECTORS

Floyd McDonald, Chairman

Seepaul Narine, Vice - Chairman

Dr. Nanda K. Gopaul, Director

BOARD OF DIRECTORS

Edwin Verasammy, Director

Kalyan Tiwari, Director

Chandrawati Ramson, Director

Anil Kishun, CEO/Director/Secretary

CEO/Director/Secretary's Report

> **The Society's savings portfolio recorded a 3.9% growth, moving from $48.9 B in 2018 to $50.8 B in 2019 which is a reversal of the decline registered for the previous year**

I am pleased to report that the New Building Society has had another good financial year. Despite challenging market conditions and a very competitive environment, we have been able to deliver a strong set of financial results for the year 2019. These results were built on the Society focusing on achieving the key elements of our strategic plan.

One of the major benefits of being a mutual organization is that our customers are at the heart of every major decision we make. The market earnings in 2019 on investments continued to decline from 2018, during the year the Deposit Insurance was also introduced which is a new annual cost and was $109M for 2019. The Society ensured that our customer were shielded from these declining earning and new expenditure by maintain our current interest rates. This decision result is the society recording a profit of $1.026B a decrease over previous year profit of $1.202B.

The New Building Society Limited has a simple mission which is to meet the needs of our customers for savings and residential mortgages. In 2019, we have made further improvements to our mortgage processing and savings customer service. We also maintained our long record of growth by continuing to attract and retain customers with competitive products and excellence service.

The Society's business is organized on the concept of mutuality, consequently our mission and objectives reflect this concept. We ensure that the various steps taken are all designed to meet our fundamental objective to offer a safe place for savings and the best possible interest rates to our savers and mortgagors. The Society's aim is to achieve our two fundamental purposes of helping people to save to meet life's challenges and the opportunity to help people ~~into~~ acquire a place they can call home.

Throughout 2019, we continued to improve our services to provide security and value to our customers as we balance the needs of both savers and borrowers through our decisions. We ensure that our Savers enjoyed a stable interest return during a period of low rates of return on investments and sustain our low affordable rates to borrowers. We were able to maintain our growth in our savings base which resulted in the growth of our assets from $64.7B to $67.6B.

ECONOMIC REVIEW

The Global Growth for 2019 is estimated to be 2.4% and this growth is projected to slightly increase in 2020. The growth in advance economies is expected to slip as softness in manufacturing continues. The emerging market and developed economies are rebounding from a period of substantial weakness and this is expected to accelerate growth in these economies. The Guyana economy is projected to grow by 4.4% for the year 2019 which was as a result of the strong performance in a majority of production areas. The growth in these areas was enough to offset the contraction in sugar, livestock and bauxite industries.

FINANCIAL RESULTS

For Year 2019 the Society recorded a decreased profit over the previous year which was as a direct result of continued declining earnings from liquid assets and the introduction of the deposit insurance cost.

REVENUE

Revenue from mortgages was $2.6B or 86 % of total revenue of $3.1B for the year 2019. This constitutes our main source of income. Disbursement for new mortgages was $4.8B for the year 2019 the same as 2018. This level of increasing mortgage disbursement has resulted in continued growth in our mortgages assets.

The market interest rate earned on Cash Resources continued to decline from the previous year and this has greatly impacted our earnings on cash resources. Revenue earned from these assets was $429 M as compared to $483 M for 2018. This level of interest rate is expected to stabilize and not decline further.

ASSETS

The Society's total assets, which increased by 4.5% for the year 2019 was primarily attributable to the growth in our savings' business. This augment in assets is in line with our strategic objective of ensuring that the Society offers the best market mortgage and saving interest rates to maintain and grow our mortgage and savings business.

SAVINGS

The savers' welfare is at the centre of every strategic decision. The Society's savings portfolio recorded a 3.9% growth, moving from $48.9B in 2018 to $50.8B in 2019 which is a reversal of the decline registered for the previous year. Our savings' members continue to enjoy a high rate of return on their savings causing Interest expense to total $1.063B or 35% of revenues. The provision of such consistently good value and our ongoing effort to improve customer's service to our savers have helped us to grow our savings base.

MORTGAGE

As an intrinsically mutual organization we strive to balance the needs of our savings and mortgage members. Despite a steady decline in interest earnings on investments we ensure that we preserve our strategic objective of low and affordable mortgage rates to safeguard our current and new mortgagors from the volatility of the market interest rate. For the year 2019 the Society processed 1,017 new mortgage applications as compared to 976 for the previous year. Our mortgage ~~a~~ portfolio now stands at $41.5B and increase of $1.5B or 3.8 % over the previous year Portfolio of $40.B·

Our delinquent mortgages continue an increasing trend from the previous year. We continually work with and counsel our defaulting mortgagors in an effort to reduce the level of delinquency. Nevertheless, non performing loans moved from 2.20% to 2.67% of the entire portfolio and resulted in an additional loan provision of $114M.

LIQUIDITY

The Society holds adequate liquid assets to fortify our ability to meet our financial obligations. The Liquidity maintained is higher than the typical levels needed to satisfy our business commitments and regulatory requirements. The Society's liquid asset at end of 2019 totalled $22.4B and cover 44% of members' funds (2018 - 43%). The Liquid Assets make up 33% of the Society's Total Assets on which earnings have been declining and are 14% of total revenue.

CAPITAL ADEQUACY RATIO

The Society's Capital position is one of our key financial strengths and also an indication of our financial security. This reflects our ability to absorb shock to both external and internal business environment. Our capital is made up entirely of retained earnings and is 61% of our risk rated assets. This level of capital reflects our financial robustness and is 25% of our total assets.

CUSTOMER FOCUS

Our core values for customers are to provide a consistently attractive and dependable mortgage and savings product which is complimented by convenient and personal service. We deliver this to our customer with a modern standard and traditional value. We endeavor to continuously support our customers with knowledgeable and well trained staff and welcome feedback from them to improve and modernize their experience.
During the year 2019 the Society continues to improve our internal capabilities as we are gradually and careful upgrading our customer data base to boost our operations resilience. We have successfully taken new steps to better monitor and enhance our customer service.

EMPLOYEES

As a mutual organization, we are immensely proud of our heritage and our mission to support people in owing their own homes and building their savings for the future. Our team works hard to continuously support this mission and build our financial strength while maintaining a strong and sustainable competitive business model. To achieve our mission that is delivered across an infrastructure of seven branches we are forever mindful of the pursuit of our strategy of investing in our people. All our achievements and targets will be measured ultimately in the quality of service we offer which is entrusted to our employees. We spare no effort in ensuring that we create an environment where every member of our team knows that they are part of something special.

OUT LOOK TO THE FUTURE

The year 2019 was another good year for the Society whose assets continue to grow. The business environment is expected to be transformed with the production of oil which will undoubtedly change the quality of life and the economy of Guyana. We are well equipped to deliver our products and services in this anticipated newer and faster-paced economy. Our financial robustness, complemented with our agility, while remaining customer focused, will help us to continue to grow and evolve in this new and exciting period of our history. I am positive that this period will impact the Society, our staff, our customers and most importantly the entire nation.

ACKNOWLEDGMENT

Finally, I would like to thank all of our members, Directors, staff and other stakeholders for their continued support throughout the year as we look forward to another year of sustainable growth in this ~~a~~ new and exciting business environment. We will continue to focus on ensuring that our products and services meet our customers' needs and satisfaction.

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Anil Kishun
CEO/Director/Secretary
February 17, 2020

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

Higher Income Residence

Middle Income Residence

Low Income Residence

MANAGEMENT TEAM

ANIL BEHARRY
Assistant Secretary

SAVITRI SAMAROO
Operations Manager

NOEL FERNANDES
Assistant Operations Manager

RANA PERSAUD
Manager, Berbice Operation

DAVID GIR
IT Systems Administrator

MANAGEMENT TEAM

GUWANTIE HIRALALL
Branch Manager - Rosignol

SEWCHAN RAGHUNANDAN
Branch Manager - Essequibo

SUBRENA BUDHOO
Branch Manager - Rosehall

GLENISS RAMSAHOI
Branch Manager - Mackenzie

SAROJNE RAMDAT
Branch Manager - Corriverton

KHEMRAJ UDIT
Manager - Internal Audit

REPORT OF THE DIRECTORS

For the year ended December 31, 2019

The Directors are pleased to present the 80th Annual Report together with the audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2019.

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 are reliably supported by our key values of fairness, honesty, corporate responsibility, employees' and customers' prioritization.

Business Highlights:

Residential Mortgage Balances increased from $40B in 2018 to $42.1B at the end of the year 2019.

Investors' Balances increased from $48.9B in 2018 to $50.8B in 2019.

Financial Highlights

In the year 2019 NBS:-

	2019 $ Millions	2018 $ Millions	% Change
- Recorded a profit of	1,026	1,202	- 14.6
- Increased Total Reserves to	16,720	15,709	+ 6.4
- Increased Assets under Management to	67,597	64,700	+ 4.5
- Provided New Advances to Mortgagors totali	4,827	4,822	+ 0.1

Mortgages:

As at December 31, 2019, there were 9,837 Mortgage Accounts totaling $42,082M which represented 62% of our Total Assets (2018 – 9,823 Mortgage Accounts totaling $40,438M or 63% of our Total Assets).

Savings:

The value of net receipts for the year 2019 saw a surplus of $1,920M as against a deficit of $196M for the corresponding period of 2018. Our Total Investors' Balances as at December 31, 2019 amounted to $50,780M (2018 - $48,858M).

Assets:

Total Assets as at December 31, 2019 was $67,597 (2018 - $64,700M), representing an increase of approximately 4.5%. All changes in tangible fixed assets during the year are detailed in the Financial Statements. Freehold Lands and Buildings were re-valued in December 2018 and have been included in the Financial Statements at these valuations. Liquid Assets in the form of Cash and Short Term Securities was $20,982M and represented 41% of our Investors' Balances as at December 31, 2019 (2018 – $20,807M – 43%).

Charitable Donations:

At the end of 2019, the Society made donations to several charitable and educational institutions in the communities across the country totaling $5.4M.

Employees:

The New Building Society recognizes the important role employees' play in its continued growth and development and therefore continually trains, motivates and appropriately compensates 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 principle in preparing these Financial Statements.

Directorate:

In accordance with Rule 47(1), the Directors whose names are listed below, will retire after the 80th Annual General Meeting and are eligible for re-election.

- Mr. Kalyan Tiwari
- Mrs. Chandrawati Ramson

Auditors:

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

By Order of the Board,

……………………………

Anil O. Kishun
CEO/Director/Secretary
February 17, 2020

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND SUB COMMITTEES OF THE BOARD

The Board ensures our long term sustainability for the good of our customers and members. We do this by formulating our strategy in order to ensure that we meet the needs of our customers, members and regulators, while remaining competitive and delivering our services adequately with a profit margin to help build our capital over the long term. The main role of the Board of Directors is to ensure that the Society is designed in such a way to ensure that the financial statements, the management of assets and the general financial condition are controlled in a satisfactory manner.

It is also responsible for the formulation of strategies, reviewing of business performance, overseeing the identification and management of risks, ensuring adherence to the relevant laws and regulations and ensuring that the required internal control systems are in place and aligned to our strategy. Years of successive growth and generation of profits are testament to the success and effectiveness of the policies of the Board and their implementation by Management.

The Directors of the Society are committed to best practices in corporate governance and are dedicated to the principles of good corporate governance in order to achieve the highest level of integrity and enhanced stakeholders' value.

In addition to attending Board meetings, Directors are required to serve on one or more of the following Sub Committees which meet on a quarterly basis:-

Role of the Sub Committees of the Board

Sub Committees are chaired by Non-Executive Directors and consist primarily of Non-Executive Directors.

AUDIT AND COMPLIANCE SUB COMMITTEE

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

This Committee is also responsible for the effectiveness of the Society's AML/CFT framework and has an oversight role designed to ensure that there is compliance with all of the relevant laws and regulations. It also reviews the Society's' AML/CFT Policies to ensure that they are consistent with its business model.

Additionally, the Committee reviews the functionality of our internal control mechanism, risk management policies and ensures that observations and recommendations made by the internal and external auditors are addressed. It comprises of three Non-Executive Directors.

Current Chair (Director):	Mr. E. Verasammy
Director:	Mr. F. Mc Donald
Director:	Mrs. C. Ramson

HUMAN RESOURCES SUB COMMITTEE

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

Current Chair (Director):	Mr. S. Narine
Director:	Mr. F. Mc Donald
Director:	Mrs. C. Ramson
Director:	Mr. E. Verasammy

PENSIONS SUB COMMITTEE

The Pensions Sub Committee comprising of three Non-Executive Directors addresses matters related to the management of the Society's defined benefit pension scheme.

Current Chair (Director):	Mr. S. Narine
Director:	Mrs. C. Ramson
Director:	Mr. E. Verasammy

FINANCE SUB COMMITTEE

The Finance Sub Committee considers the external and internal environment of the Society and assesses the opportunities for investment along with the associated inherent risks thereof as part of its strategy to ensure the soundness of such investments. The Committee also reviews the performance of the Society against its budget and addresses issues relating to any shortfalls or cost overruns. It comprises of three Non-Executive Directors.

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

ASSETS AND LIABILITIES SUB COMMITTEE

The Assets and Liabilities Sub Committee monitors market trends and fluctuations in interest rates and considers how these factors will influence investment. The Committee also reviews significant financial risk exposures facing the Society, generally and more specifically in the area of investments. It also monitors the performance of the Society against its budgeted targets and addresses issues relating to any shortfalls. It comprises of three Non-Executive Directors.

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

LOANS SUB COMMITTEE

The Loans Sub Committee which comprises of three 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. Tiwari
Director:	Mrs. C. Ramson

INFORMATION TECHNOLOGY (IT) SUB COMMITTEE

This Sub Committee is tasked with reviewing the Information Technology policies of the Society to mitigate against any potential or real operational risks due to technological failures of the Society which may render it not being able to effectively carry out its day to day operations.

Current Chair (Director): Dr. N.K. Gopaul
Director: Mr. K. Tiwari

Executives and Senior Managers are required to attend meetings of the Sub Committees depending on the nature and functions of each Sub Committee.

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 to enable 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, the Financial Institution Act 1995, the Anti Money Laundering & Countering the Financing of Terrorism Act 2009 and International as amended. Financial Reporting Standards.

- Takes reasonable care to establish, maintain, document and review such systems and internal controls as are appropriate to its business in accordance with the Financial Institutions Act 1995, along with recommendations and guidelines that may be issued by the Bank of Guyana.

BUSINESS OBJECTIVES AND ACTIVITIES

The Society's business objectives and principal activities are to provide the best savings products 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 is subsequently approved by the full Board.

The Society has established ethical rules and policies to ensure that 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
February 17, 2020

STAFF MATTERS



In 2019 three (3) members of staff received long service awards after completing fifteen years of service with Society. From left Mr. Atma L. Rajaram of the Head Office, Ms. Diana Kally of the Rosignol Branch and Mrs. Shakuntala Bharat of the Corriverton Branch

The Society's Secretaries and Typists pose with their floral arrangements and other gifts on Administrative Professionals Day.

Chairman of the Board of Directors, Mr. Floyd Mc Donald, presents the trophy to the captain of the winning Georgetown team, Mr. Anil Beharry, whose team defeated their counterparts from the other Branches at the fun day held at the Malteenoes Sports Club in Georgetown. Directors and staff share the big moment.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE NEW BUILDING SOCIETY LIMITED

MSC 05/2020

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The New Building Society Limited which comprise the Statement of Financial Position as at December 31, 2019, the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out in pages 32 to 63.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), The New Building Society Act 1940, as amended, the Financial Institutions Act 1995, as amended, the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009, as amended, the Anti-Money Laundering and Countering the Financing of Terrorism Regulation 2010, as amended, Deposit Insurance Act No. 15 of 2018 and Credit Reporting Act No. 9 of 2010, as amended

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board for Accountants' Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The key audit matters noted hereunder were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit procedures addressed the key audit matters
Impairment Provision for Loans and Mortgages The Society has mortgages outstanding of $41.496 billion, or 61% of total asset net of provision as referred to in note 6.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NEW BUILDING SOCIETY LIMITED

Key Audit Matters	How our audit procedures addressed the key audit matter
The Society adopted the accounting standard IFRS 9 'Financial instruments' during the financial year. The standard introduces new requirements around two main aspects of how financial instruments are treated – measurement and classification and impairment. IFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and the underlying cashflow characteristics. IFRS 9 contains three principal classification categories for financial assets: - Measured at amortised cost, - Fair value through other comprehensive income (FVOCI); and - Fair value through profit and loss (FVPL). IFRS 9 introduces new impairment rules which prescribe a new forward looking expected credit loss ('ECL') impairment model which takes into account reasonable and supportable forward looking information which will generally result in the earlier recognition of impairment provisions. We have focused on this area, because there are a number of significant judgments which management will need to determine as a result of the requirements in measuring ECL under IFRS 9: - Determining the criteria for a significant increase in credit risk; - Techniques used to determine probability of default (PDs) and loss given default (LGD); and - Factoring in possible future economic scenarios. These judgments have required new models to be built and implemented to measure the expected credit losses on loans and investments. Management engaged a credit modeler expert to assist in the more complex aspects of the expected credit loss model.	With respect to the measurement and classification of the financial assets and liabilities, we read the relevant accounting policies adopted by the Society and compared them to the requirements of IFRS 9. We obtained an understanding of the Society's business model assessment and for a sample of instruments verified solely the inputs into payments of principal and interest test performed by the client with original contracts. We tested the opening equity adjustments in relation to the adoption of the new standard's classification and measurement requirements. With respect to the ECL model, our audit approach was as follows: - We obtained the Society's impairment provisioning policies and compared them to the requirements of IFRS 9; - We tested the ratings used in the ECL model for a sample of instruments. For investment, the Society made comparison to publically available data. For loans, source documents used in the Society's rating process were verified; - For a sample of instruments, we tested whether the significant increase in credit risk and default definitions were appropriately applied and the resulting impact of this on the staging of the instruments. - We tested the loss given default in the ECL calculation for a sample of instruments, including the value of collateral where appropriate. - In assessing the reasonableness of the probability of default, we verified the critical data inputs into the vintage analysis against source documents. - We tested the critical data fields used in the ECL model, such as origination date, date of maturity, credit rating, date of default if any, principal, interest rate, collateral type and value, by tracing data back to source documents. - We tested the completeness of the amounts assessed for impairment on Financial Assets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NEW BUILDING SOCIETY LIMITED

Key Audit Matters	How our audit procedures addresses the key audit matters
Regulatory Environment The Society operates in a highly regulated environment and non-compliance with laws and regulations, particularly the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act of 2009, as amended could result in the Society facing penalties and other administrative sanctions by Central Bank and Financial Intelligence Unit (FIU). The Compliance Officer is responsible for establishing various controls to ensure that the Society is AML/CFT compliant with governing regulations.	Our procedures in relation to this key audit matter included, but were not limited to, the following: We evaluated and tested the Society's internal controls with emphasis on compliance with AML/CFT policy. This include s: • A review of policy and procedures in place including of approval of those policies by those charged with governance. • Adequate training and refresher programmes for new and existing bank personnel including those charged with governance. • Testing of transactions to ensure AML/CFT requirements are carried out by bank personnel. • Reporting to Financial Intelligence Unit (FIU) are in conformity with the requirements of the AML/CFT Act of 2009, as amended.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), The New Building Society Act 1940, as amended, the Financial Institutions Act 1995, as amended, the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009, as amended, the Anti-Money Laundering and Countering the Financing of Terrorism Regulation 2010, as amended, Deposit Insurance Act No. 15 of 2018 and Credit Reporting Act No. 9 of 2010, as amended, 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. In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

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Maurice Solomon & Co.
Chartered Accountants
February 18, 2020

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

	NOTE	2019	2018
Assets			
Cash Resources	5	**16,364,149**	15,308,675
Loan Assets	6	**41,496,189**	40,023,275
Investments	7	**6,938,484**	6,538,535
Property, Plant & Equipment	8	**2,307,477**	2,346,389
Other Assets	9	**209,868**	212,072
Retirement Benefit Surplus	12	**281,229**	271,272
		67,597,396	64,700,218
Investors' Balances, Other Liabilities And Reserves			
Investors' Balances	10	**50,779,568**	48,858,725
Other Liabilities	11	**98,252**	132,027
Assigned Capital	13 (b)	**250,000**	250,000
Revaluation Reserve		**1,048,486**	1,048,486
Retained Earnings		**15,421,090**	14,410,980
		67,597,396	64,700,218

The Board of Directors approved these financial statements for issue on February 17, 2020.

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Chairman

....

Vice-Chairman

....

CEO/Director/Secretary

The notes on pages 32 to 63 form an integral part of the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

	NOTE	2019	2018
INTEREST INCOME ON:			
Loan Assets		**2,626,765**	2,513,866
Investments		**161,352**	192,569
Cash Resources		**267,685**	290,383
		3,055,802	2,996,818
INTEREST EXPENSES	**16**	**1,063,857**	1,052,023
INTEREST REVENUE		**1,991,945**	1,944,795
Other Income			
Profit on Sale of Assets		**615**	560
Fees and Commission Income		**12,367**	6,964
Other Operating Income		**7,065**	6,886
Gain on Exchange		**21,035**	-
TOTAL NET INCOME		**2,033,027**	1,959,205
Operating Expenses			
General Administrative Expenses	**15 (d)**	**(762,756)**	(614,589)
Credit Impairment on Loan Assets	**14;15**	**(114,367)**	(13,075)
Credit Impairment on Investments	**7 (a)**	**-**	(11,079)
Depreciation	**15 (a)**	**(69,330)**	(57,888)
Other Expenses	**15 (e)**	**(60,094)**	(60,693)
Total Operating Expenses		**(1,006,547)**	(757,325)
PROFIT FOR THE YEAR		**1,026,480**	1,201,880
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of Provision of Employee Benefits	**12**	**(16,370)**	6,367
Revaluation of Property, Plant and Equipment		**-**	730,488
Total Other Comprehensive Income		**(16,370)**	736,855
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,010,110**	1,938,735

The notes on pages 32 to 63 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

	Risk Reserves	Assigned Capital	Revaluation Reserves	Retained Earnings	Total
Balance as at 1 January 2019	**-**	**250,000**	**1,048,486**	**14,410,980**	**15,709,466**
Profit for the year	-	-	-	**1,026,480**	**1,026,480**
Other Comprehensive Income	**-**	**-**	**-**	**(16,370)**	**(16,370)**
Balance as at 31 December 2019	**-**	**250,000**	**1,048,486**	**15,421,090**	**16,719,576**
Balance as at 1 January 2018	107,253	250,000	317,998	13,387,328	14,062,579
Initial Recognition of IFRS 9 on Loan Assets **(Note 14)**	-	-	-	(277,670)	(277,670)
Initial Recognition of IFRS 9 on Investment **(Note 7)**	-	-	-	(14,178)	(14,178)
Profit for the year	-	-	-	1,201,880	1,201,880
Other Comprehensive Income	-	-	730,488	6,367	736,855
Total Other Comprehensive Income for the year	-	-	730,488	916,399	1,646,887
Transfer (from) Risk Reserves	(107,253)	-	-	107,253	-
Balance as at 31 December 2018	**-**	250,000	1,048,486	14,410,980	15,709,466

The notes on pages 32 to 63 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

	2019	2018
OPERATING ACTIVITIES		
Net Profit for the year	**1,026,480**	1,201,880
Adjustments for:		
Depreciation	**69,330**	57,888
Net Provision for Impairment on Loan Assets	**114,367**	13,076
Net Provision for Impairment on Investments	**-**	11,079
Utilization of Provision for Impairment on Loan Assets	**(30)**	(16,303)
Movement in Retirement Benefit Plan Liability	**(26,327)**	(26,069)
Gain on Disposal of Property, Plant and Equipment	**(615)**	(560)
OPERATING INCOME BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	**1,183,205**	1,240,991
Loans Advances Net of Repayments	**(1,587,251)**	(1,784,947)
Increase in Other Assets	**2,204**	56,976
Receipts from Investors Net of Withdrawals	**1,920,843**	(196,443)
(Decrease)/Increase in Other Liabilities	**(33,775)**	13,363
NET CASH INFLOW/ (OUTFLOW) - OPERATING ACTIVITIES	**1,485,226**	(670,060)
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	**(30,418)**	(45,097)
Additions to Investments	**(6,107,827)**	(5,498,549)
Redemptions of Investments	**5,707,878**	6,188,900
Net (Increase)/ Decrease in Restricted Cash Resources and Fixed Deposits	**(992,838)**	402,656
Proceeds from the Sale of Property, Plant and Equipment	**615**	560
NET CASH OUTFLOW/(INFLOW) - INVESTING ACTIVITIES	**(1,422,590)**	1,048,471
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**62,636**	378,410
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	**1,576,094**	1,197,684
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	**1,638,730**	1,576,094

The notes on pages 32 to 63 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

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 Guidelines under the purview of the Financial Institutions Act 1995, as amended, the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009, as amended, the Anti-Money Laundering and Countering the Financing of Terrorism Regulation 2010, as amended, Deposit Insurance Act No. 15 of 2018 and Credit Reporting Act No. 9 of 2010, as amended

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 1940 and International Financial Reporting Standards.

The preparation of the Society's financial statements in conformity with International Financial Reporting Standards (IFRSs) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 BASIS OF PREPARATION (cont'd)

a) Standards, amendments and interpretations that are not yet effective and have not been adopted by the Society.

IFRS 3 - Business Combinations: Remeasurement of previously held interest (effective on or after 1 January 2019)

IFRS 3 - Business Combinations: Amendments to clarify the definition of a business (effective on or after 1 January 2020)

IFRS 17 will replace IFRS 4 - Insurance Contracts (effective on or after 1 January 2021)

IAS 1 - Amendments regarding the definition of Material (effective on or after 1 January 2020)

IAS 8 - Amendments regarding the definition of Material (effective on or after 1 January 2020)

IFRS 17 - Insurance Contracts (on or after 1 January 2022)

b) Standards and amendments adopted and has material impact on the Society's financial reporting.

IFRS 1 - First time adoption of IFRS: Amendment ;Removing short tem exemptions (effective on or after 1 January 2018)

IFRS 7 - Transition disclosures; Amendments to IFRS 9 (effective upon the adoption of IFRS 9)

IFRS 9 - Financial Instruments: Classification and measurement, impairment, general hedge accounting and derecognition (effective on or after1 January 2018)

IFRS 15 - Revenue from Contracts with Customers (effective on or before 1 January 2018)

IAS 19 Amendment - Clarifies current service and net interest accounting (effective on or before 1 January 2019)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 BASIS OF PREPARATION (cont'd)

c) The standards and amendments that are effective in the current year and expected to have to no material impact on the Society's financial reporting.

IFRS 11 - Joint arrangements -Amendments, re-measurement of previously held interest (effective on or after 1 January 2019)

IFRS 16 - Leases (on or after 1 January 2019)

IAS 12 - Income taxes: Tax consequences on dividends (on or after 1 January 2019)

IAS 23 - Borrowing Cost: eligible for capitalisation (on or after 1 January 2019)

IAS 28 - Investments in Associates and Joint ventures, Amendments regarding long term interests in associates and joint ventures (on or after 1 January 2019)

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 LOAN ASSETS

Financial Assets (IFRS 9 Recognition)

The Society fully adopts requirements of IFRS 9 using the expected credit loss model on the 1st January 2018.

(i) Impairment of Financial Assets

Under the general approach adopted by the Society, IFRS 9 establishes a three (3) stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognised as Expected Credit Losses (ECL) at each reporting period as well as the amount of interest revenue to be recorded in future periods. ECLs are defined as the weighted average of credit losses, with the respective risks of a default occurring as the weights.

These three stages then determine the amount of impairment to be recognised as Expected Credit Losses (ECL) at each reporting date:

– **Stage 1:** Credit risk has not increased significantly since initial recognition – recognise 12 months ECL, and recognise interest on a gross basis.

– **Stage 2:** Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis.

– **Stage 3:** Impairment occurs when there is objective evidence that an impairment event has occurred at reporting date and a loss allowance equal to lifetime ECLs is recognised and present interest on net basis (i.e. gross carrying amount less loss allowance).

For financial assets classified under Stage 3, the Society directly reduces the gross carrying amount when there is no reasonable expectation of recovery, which required that a write-off constitutes a derecognition event and may relate to either the asset in its entirety or a portion of it.

12 months ECL under Stage 1 is calculated by multiplying the probability of default occurring in the next 12 months by the lifetime ECL that would result from that default, regardless when those losses occur.

Lifetime expected credit losses, results from all possible default events over the life of the financial asset. Lifetime expected credit losses are calculated based on a weighted average of the expected credit losses, with weighings being based on the respective probabilities of default.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 LOAN ASSETS (cont'd)

Financial Assets (IFRS 9 Recognition) (cont'd)

(i) Impairment of Financial Assets (cont'd)

A loss allowance for lifetime expected credit losses is required for financial asset, if the credit risk on that asset has increased significantly since initial recognition. Additionally, the Society elected an accounting policy of recognising lifetime expected credit losses for all contract assets, including those that contain a significant financing component.

ii. Calculation of Expected Credit Losses (ECLs)

The Society has the necessary tools to ensure an adequate estimate and timely recognition of Expected Credit Losses (ECLs). Information on historical loss experiences or the impact of current conditions may not fully reflect the credit risk in lending exposures. In that context, the Society uses experienced credit judgment to thoroughly incorporate the expected impact of all reasonable and supportable forward-looking information, including macroeconomic factors, on its estimate for each stage of ECLs.

The methodologies and key elements for assessing credit risk and measuring the level of allowances ECL estimates are as follows:

Probability of Default (PD) - is assigned to each risk measure and represents a percentage of the likelihood of default. The calculation is for a specific time frame and measures the percentage of loans that default. The PD is then assigned to the risk level, and each risk level has one PD percentage.

Loss Given Default (LGD) - measures the expected loss and is shown as a percentage of Exposure at Default (EAD). LGD represents the amount unrecovered by the lender after selling the underlying asset if a borrower defaults on a loan.

Exposure at Default (EAD) - is seen as an estimation of the extent of risk to which the Society may be exposed to, in the event of, and at the time of, the borrower's default. EAD value of each loan is then used to determine their overall default risk. This risk can be affected by a number of factors as the borrower repays the lender.

Stage 1 - 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 LOAN ASSETS (Cont'd)

Calculation of Expected Credit Losses (ECLs) cont'd

Stage 2 - Lifetime ECL are recognised when the loan assets or investments that have had a significant increase in credit risk since initial recognition , but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses

Stage 3 - Loan Assets have evidence ofi mpairment at the reporting date. Lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). Credit risk on a financial instrument has increased significantly, to consider reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

(b) The Society continues to apply loan provisioning as per requirements of the Bank of Guyana Supervision Guideline No.5 as a statutory compliance with full reporting on a bi-annual basis.

3.4 INVESTMENTS

(a) IFRS 9: Financial Instruments, Recognition and Measurement

The Society classified as subsequently measured its investments at amortised cost under the IFRS 9 using specified conditions of the business model. These investments are non-derivative financial assets with fixed and determinable payments and fixed maturities that management has the positive intent and ability to collect contractual cashflows.

The Society's objective met the conditions of the "Hold to collect business model" states to hold financial assets in order to collect contractual cash flows and solely payments of principal and interest (referred to as “SPPI”) outstanding at specified date.

Investment Securities held by the Society are classified under Amortised cost, as stated under the business model, the Society holds financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as “SPPI”).

• Principal is the fair value of the instrument at initial recognition.

the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk.

(b) Impairment on financial assets are mention in **Note 3.3 (I)** for the requirements of IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 INTEREST RECOGNITION

(a) The Society's financial instruments are measured at amortized cost, with the effective interest method is used to determine 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.

(b) Recognition of Interest Revenue Under IFRS 9

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit - impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 RECOGNITION OF FEES AND 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.

3.8 INVESTORS' BALANCES

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

3.9 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.

3.10 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 (IAS 37). Contingent liabilities have not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 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.

3.12 COMPARATIVES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 IMPAIRMENT LOSSES ON LOAN ASSETS

To identify impairment of 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.

Impairment on Loan Assets are estimated based on the requirements set out in **Note 3.3 (I)** for the recognition and allowances for ECL.

4.2 FINANCIAL ASSETS "HOLD TO COLLECT BUSINESS MODEL"

The Society classifies and subsequentlymeasures its investments at amortised cost under the IFRS 9 using specified conditions of the business model. These investments are non-derivative financial assets with fixed and determinable payments and fixed maturities that management has the positive intent and ability to collect contractual cashflows.

The Society 's objective met the conditions of the "Hold to collect business model" states to hold financial assets in order to collect contractual cash flows and solely payments of principal and interest (referred to as "SPPI") outstanding at specified date.

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.

Expressed in Thousands of Guyana Dollars

	2019	2018
5. CASH RESOURCES		
Redeemable on Demand:		
Cash in Hand	**7,200**	7,200
Cash at Bank, excluding Fixed Deposits	**1,631,530**	1,568,894
Classified as Cash and Cash Equivalents	**1,638,730**	1,576,094
Redeemable after 3 Months:		
Fixed Deposits	**14,725,419**	13,732,581
	16,364,149	15,308,675

6. LOAN ASSETS

	2019	2018
Mortgages	**42,082,328**	40,470,847
Provision for Impairment on Loan Assets (note 14)	**(529,349)**	(415,012)
Unearned Interest	**(56,790)**	(32,560)
	41,496,189	40,023,275

The stages of mortgages and the related Expected Credit Losses (ECL) based on the Society's criteria and policies shown in **Note 3.3 (a)** for the calculation of ECL allowances as follows:

Impairment of Loan Assets (Mortgages)	2019	2018
Stage 1: 12 Month ECL	**150,955**	148,008
Stage 2: Lifetime ECL	**143,974**	97,848
Stage 3: Lifetime Credit Impaired ECL for Financial Assets	**234,420**	169,156
	529,349	415,012

Expressed in Thousands of Guyana Dollars

6. LOAN ASSETS (cont'd)

The table below shows the analysis of the mortgage portfolio by value bands	2019 No. of Securities	2019 Value $	2018 No. of Securities	2018 Value $
Balances not exceeding $1,000,000	**1,409**	**728,460**	1,498	790,538
Balances exceeding $1,000,000 but not $1,500,000	**682**	**851,046**	697	868,686
Balances exceeding $1,500,000 but not $2,000,000	**602**	**1,048,916**	689	1,203,010
Balances exceeding $2,000,000 but not $2,500,000	**696**	**1,559,180**	662	1,495,606
Balances exceeding $2,500,000 but not $3,000,000	**680**	**1,868,746**	660	1,809,729
Balances exceeding $3,000,000 but not $4,000,000	**1,435**	**5,002,442**	1,484	5,191,885
Balances exceeding $4,000,000 but not $5,000,000	**969**	**4,337,468**	986	4,412,987
Balances exceeding $5,000,000 but not $6,000,000	**785**	**4,310,096**	791	4,344,916
Balances exceeding $6,000,000 but not $7,000,000	**663**	**4,288,473**	623	4,036,981
Balances exceeding $7,000,000 but not $8,000,000	**481**	**3,593,392**	459	3,428,852
Balances exceeding $8,000,000 but not $9,000,000	**373**	**3,156,236**	320	2,714,705
Balances exceeding $9,000,000 but not $10,000,000	**367**	**3,479,002**	336	3,197,040
Balances exceeding $10,000,000 but not $11,000,000	**259**	**2,692,628**	224	2,339,595
Balances exceeding $11,000,000 but not $12,000,000	**317**	**3,657,798**	284	3,262,850
Balances exceeding $12,000,000	**119**	**1,451,655**	110	1,340,907
Total	**9,837**	**42,025,538**	9,823	40,438,287

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

	2019	2018
7. INVESTMENTS		
Government of Guyana Treasury Bills	**6,107,827**	5,498,549
Berbice Bridge Company Inc. Bonds	**855,914**	1,065,243
ECL Allowances - **Note 7 (a)**	**(25,257)**	(25,257)
	6,938,484	6,538,535

The movements below shows the credit risk on the Society's Investment Securities that are subject to ECL stage classification.

(a) Credit Impairment of Investments

	2019	2018
Initial Recognition of IFRS 9 (January 1, 2018)	**14,178**	14,178
Credit Losses Movement - Repayments	**11,079**	11,079
	25,257	25,257

8. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Total
Cost				
As at 01 January, 2019	**2,222,706**	**274,813**	**76,000**	**2,573,519**
Additions	**12,505**	**12,512**	**5,400**	**30,418**
Disposals	**-**	**(5,944)**	**(4,500)**	**(10,444)**
As at 31 December, 2019	**2,235,211**	**281,381**	**76,900**	**2,593,493**
Accumulated Depreciation				
As at 01 January, 2019	**-**	**(170,886)**	**(56,244)**	**(227,130)**
Charges for the Year	**(39,015)**	**(23,990)**	**(6,325)**	**(69,330)**
Written back on Disposals	**-**	**5,944**	**4,500**	**10,444**
As at 31 December, 2019	**(39,015)**	**(188,932)**	**(58,069)**	**(286,016)**
Net Book Value				
As at 31 December, 2019	**2,196,196**	**92,449**	**18,831**	**2,307,477**

Freehold land and buildings are recorded at the valuations of the Directors, based on independent professional advice of current valuations carried out by the Chief Valuation Officer (ag.) Mr. Julian Barrington as at December 2018 on the basis of open market value.

Expressed in Thousands of Guyana Dollars

8. PROPERTY, PLANT & EQUIPMENT (cont'd)

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Work-In-Progress	Motor Vehicles	Total
Cost					
As at 01 January, 2018	1,621,789	260,342	2,262	76,000	1,960,393
Additions	28,921	18,438	1,757	-	49,116
Disposals	-	(3,967)	(4,019)		(7,986)
Revaluation	571,996	-	-	-	571,996
As at 31 December, 2018	2,222,706	274,813	-	76,000	2,573,519
Accumulated Depreciation					
As at 01 January, 2018	(130,054)	(152,053)	-	(49,594)	(331,701)
Charges for the Year	(28,438)	(22,800)	-	(6,650)	(57,888)
Written back on Disposals	-	3,967	-	-	3,967
Written back on Revaluation	158,492	-	-	-	158,492
As at 31 December, 2018	-	(170,886)	-	(56,244)	(227,130)
Net Book Value					
As at 31 December, 2018	2,222,706	103,927	-	19,756	2,346,389

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

	2019	2018
Cost	**1,294,354**	1,281,849
Accumulated Depreciation	**(215,650)**	(189,764)
	1,078,704	1,092,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

9. OTHER ASSETS	**2019**	2018
Accrued Interest	**170,313**	187,506
Accounts Receivables and Prepayments	**39,555**	24,566
	209,868	212,072

10. INVESTORS' BALANCES		
Five Dollar Shares	**22,874,138**	21,997,423
Save and Prosper	**26,838,401**	25,773,818
Deposits	**1,067,029**	1,087,484
	50,779,568	48,858,725

11. OTHER LIABILITIES		
Withholding Taxes	**32,579**	31,855
Accounts Payables and Accruals	**25,604**	57,385
Deferred Income	**40,068**	42,787
	98,252	132,027

Expressed in Thousands of Guyana Dollars

12. RETIREMENT BENEFIT PLAN

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

	2019	2018
Present Value of Obligations	**860,624**	799,956
Fair Value of Plan Assets	**(1,885,905)**	(1,495,763)
Effect of Asset Ceiling	**744,052**	424,534
Asset Recognized in the Statement of Financial Position	**(281,229)**	(271,272)

The movement in the Present Value of the Obligation is:

	2019	2018
As at Beginning of Year	**799,956**	669,141
Interest Expense	**45,345**	36,656
Current Service Cost	**22,210**	19,482
Contributions by Plan Participants	**16,006**	15,394
Benefits Paid	**(27,424)**	(75,079)
Actuarial Gain	**4,531**	134,362
As at End of Year	**860,624**	799,956

The movement in the Fair Value of Plan Assets is:

	2019	2018
As at Beginning of Year	**1,495,763**	1,020,188
Actual Return on Plan Assets	**367,226**	502,258
Contributions by the Society	**34,680**	33,352
Contributions by Plan Participants	**16,006**	15,394
Benefits Paid	**(27,424)**	(75,079)
Administrative Expenses	**(346)**	(350)
As at End of Year	**1,885,905**	1,495,763

The amount recognized in the Statement of Profit or Loss:

	2019	2018
Current Service Cost	**22,210**	19,482
Interest Cost	**45,345**	36,656
Expected Return on Plan Assets	**(82,897)**	(55,377)
Administrative Expenses	**346**	350
Interest on Effect of Asset Ceiling	**23,349**	6,172
Total included in Staff Cost	**8,353**	7,283

Expressed in Thousands of Guyana Dollars

12. RETIREMENT BENEFIT PLAN (Cont'd)

The amount recognized in Other Comprehensive Income:

	2019	2018
Change In Assumption Gains	**-**	-
Experience Gains - Demographic	**4,532**	134,363
Experience Gains - Financial	**(284,330)**	(446,881)
Effect of Asset Ceiling	**296,168**	306,151
	16,370	(6,367)
Expected Contributions in Upcoming Year	**52,375**	50,758

The principal assumptions used were:

	2019	2018
Discount Rate	**5.50%**	5.50%
Future Salary Increases	**5.50%**	5.50%
Return on Assets	**5.50%**	5.50%
Mortality	**UP -94 (+1) (with a projection scale AA)**	UP -94 (+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 conditions 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.

Expressed in Thousands of Guyana Dollars

12. RETIREMENT BENEFIT PLAN (Cont'd)

Plan Assets are comprised as follows:

	2019		2018	
Cash Resources	**343,800**	**18%**	318,433	21%
Equity:				
Manufacturing	**321,043**		305,145	
Distribution	**106,269**		74,484	
Financial Institutions	**1,063,778**		745,836	
	1,491,090	**79%**	1,125,465	75%
Debt Instruments	**51,015**	**4%**	51,865	4%
	1,885,905	**100%**	1,495,763	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:

	2019	2018	2017	2016	2015
Present Value of Obligation	**860,522**	799,956	669,141	747,933	689,112
Fair Value of Plan Assets	**1,885,905**	1,495,763	1,020,188	840,179	868,409

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	**860,522**	
Discount Rate -1%	1,040,608	20.93%
Discount Rate +1%	723,442	-15.93%
Salary Increases -1%	797,903	-7.28%
Salary Increases +1%	932,594	8.38%
Increase average life expectancy by 1 year	875,324	1.72%
Decrease average life expectancy by 1 yea	845,721	-1.72%

13. RESERVES AND CAPITAL

a) 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 Bank Of Guyana Supervision Guideline No.5.

The Risk Reserve decreased to **Nil** at year end where the opening balance was transferred to Retained Earnings as shown in the Statement of Changes In Equity which was due to the requirement of the transition from IAS 39 to IFRS 9 as of the January 1, 2018.

b) Assigned Capital

As required by the Financial Institutions Act 1995 & Amendment 2018, 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

FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in Thousands of Guyana Dollars

		2019	2018
14.	**CREDIT IMPAIRMENT ON LOAN ASSETS**		
	As at Beginning of Year	**415,012**	140,569
	Credit Losses movements, repayments, etc.	**(30)**	(16,303)
	Initial Recognition of IFRS 9 ECLs	**-**	277,670
		414,982	401,936
	ECL on new advances during the year	**114,367**	13,076
	As at End of Year	**529,349**	415,012

			2019	2018
15.	**NON-INTEREST EXPENSES BY NATURE**			
	(a)	Depreciation	**69,330**	57,888
	(b)	Credit Impairment on Advances (Note 14)	**114,367**	13,076
	(c)	Credit Impairment on Debt Assets (Note 7)	**-**	11,079
	(d)	**General Administrative Expenses**		
		Staff Costs (Note 17)	**477,794**	441,614
		Electricity	**41,140**	39,818
		Software License Fee	**11,628**	22,264
		Advertising	**4,680**	3,420
		Postage and Telephone	**12,119**	11,847
		Deposits Insurance	**110,157**	-
		Other	**105,238**	95,626
			762,756	**614,589**
	(e)	**Other Expenses**		
		Security	**51,670**	51,780
		Charitable and Educational Donations	**5,424**	5,913
		Auditors' Remuneration	**3,000**	3,000
			60,094	**60,693**
	Total Non-Interest Expenses		**1,006,547**	**757,325**

		2019	2018
16.	**INTEREST EXPENSES**		
	Five Dollar Shares	**328,298**	325,768
	Save and Prosper Shares	**720,542**	711,353
	Deposits	**15,017**	14,902
		1,063,857	1,052,023

Expressed in Thousands of Guyana Dollars

17. STAFF COSTS

	2019	2018
Wages and Salaries	**324,437**	301,113
Social Security Costs	**21,436**	20,020
Pension Costs	**8,353**	7,283
Other Staff Costs	**123,568**	113,198
	477,794	441,614

18. RELATED PARTY TRANSACTIONS

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

(a) MORTGAGES

	2019	2018
Balance as at Beginning of Year	**27,196**	28,438
Effects of Changes in Key Management Personnel	**11,139**	-
Mortgages issued during the Year	**-**	1,100
Mortgage Interest Charged during the Year	**1,430**	1,166
Mortgage Payments during the Year	**(3,252)**	(3,508)
Balance as at End of Year	**36,513**	27,196

No provision has been required in 2019 and 2020 for the mortgages granted to related parties.

(b) INVESTORS' BALANCES

	2019	2018
Balance as at Beginning of Year	**115,903**	137,064
Effects of Changes in Key Management Personnel	**-**	-
Deposits Received during the Year	**58,281**	47,579
Interest earned during the Year (net of tax)	**2,653**	2,666
Withdrawals made during the Year	**(60,137)**	(71,406)
Balance as at End of Year	**116,700**	115,903

Expressed in Thousands of Guyana Dollars

18. RELATED PARTY TRANSACTIONS (Cont'd)

(c) KEY MANAGEMENT COMPENSATION

	2019	2018
Short-Term Employee Benefits	**121,914**	115,118
Post-Employment Benefits	**4,533**	4,383
	126,447	119,501

(d) OTHER SERVICES

	2019	2018
Consultancy & Supervision Services (Kalitech Inc.)	**9,367**	-

19. DIRECTORS' COSTS

Directors' Costs included in Key Management Compensation

	2019	2018
Directors' Fees	**5,059**	4,770
Directors' Travel	**5,059**	4,770
Directors' Pension	**2,750**	2,797
	12,868	12,337

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments carried at the Statement of Financial Position date includes 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 were classified into the following categories as stated in notes 3.3 and 3.4 of the financial statements. All of the Society's financial liabilities are classified as financial liabilities measured at amortized cost.

Investment Securities held by the Society are classified under Amortised cost, as stated under the business model, the Society holds financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

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

(a) CATEGORIES OF FINANCIAL INSTRUMENTS (Cont'd)

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.

(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.

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

(c) CREDIT RISK (Cont'd)

To reduce the Society's exposure, cash resources are held with financial institutions licensed in Guyana. Treasury bills investments are issued and guaranteed by the Government of Guyana. 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. The potential borrower is also informed of the statutory requirement for a credit report.

(ii) The initial inspection of the property to be lodged as collateral is carried out by a Senior Manager of the Society along with a Director during which a value is assessed. For loans between ten million dollars ($10M) to twelve million dollars ($12M), two (2) 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 (75%) of the assessed value of the collateral to be lodged and within the statutory lending limits of the Society of twelve million Guyana dollars ($12M).

(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.

Expressed in Thousands of Guyana Dollars

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 (3) 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 pass due nor impaired as at the Statement of Financial Position date and the geographic default rates are shown below.

	2019		2018	
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	**26,862,545**	**0.25%**	26,276,237	0.28%
Berbice	**4,916,282**	**0.75%**	4,920,864	0.61%
Essequibo	**1,369,645**	**0.27%**	1,301,557	0.46%
Linden	**602,539**	**0.00%**	566,924	0.00%
	33,751,011		33,065,582	

During the year there were loan assets totaling $61,249 (2018 - $86,532) which were renegotiated and which would have otherwise been pass due or impaired.

The table below shows the age analysis of loan assets that are past due and impaired mortgages as at the Statement of Financial Position date, along with the estimated fair value of the collateral held against these balances.

	2019	2018
Past Due Accounts		
Pass due up to 30 days	**3,894,981**	3,837,472
Pass due 30 to 90 days	**3,255,271**	2,672,857
Impaired (Over 90 days)	**490,241**	374,271
Total	**7,640,493**	6,884,600
Fair value of collateral	**17,794,250**	15,477,350

Expressed in Thousands of Guyana Dollars

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 and 365 days totalled $262,410 (2018 - $239,841) and $230,891 (2018 - $108,226) respectively.

	2019	2018
	$	$
Demerara, except Linden	**706,636**	426,021
Berbice	**346,313**	322,480
Essequibo	**58,602**	77,164
Linden	**12,725**	30,851
	1,124,276	856,516
Fair value of collateral	**1,992,600**	1,594,200

(ix) RENEGOTIATED LOANS

The carrying amounts of all renegotiated loans aggregated to:

	2019	2018
Renegotiated Loans	**440,589**	589,152

Renegotiations normally involve the deferral of repayments for members experiencing temporary cash flow problems. This request are usually considered by management and approved for the facilities to service sastisfactorily by the borrower under revised conditions. The renegotiations were primarily refinancing of facilities or rescheduling of payments.These facilities continue to earn interest and are aged based on the original terms.

Expressed in Thousands of Guyana Dollars

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

(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 $201,499 (2018 – $268,410) with an effective interest rate of 0.5% (2018 – 0.5%). Should the interest rates on the floating rate instruments increase/decrease by 50 basis points (2018 – 50 basis points), with all other variables held constant, the profit for the year would increase/decrease by $1,007 (2018 – $1,342).

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 2019				
Cash Resources	**15,716,313**	**-**	**647,836**	**16,364,149**
Loan Assets	**2,874,516**	**38,621,673**	**-**	**41,496,189**
Investments	**6,083,210**	**855,274**	**-**	**6,938,484**
Other Assets (Property, Plant and Equipment / Retirement Benefit Surplus)	**-**	**-**	**2,798,574**	**2,798,574**
Total Assets	**24,674,039**	**39,476,947**	**3,446,410**	**67,597,396**
Investors' Balances	**50,779,568**	**-**	**-**	**50,779,568**
Other Liabilities	**-**	**-**	**98,251**	**98,251**
Total Investors' Balances and Other Liabilities	**50,779,568**	**-**	**98,251**	**50,877,819**
Interest Sensitivity Gap	**(26,105,529)**	**39,476,947**	**3,348,159**	

Expressed in Thousands of Guyana Dollars

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 2018				
Cash Resources	14,493,760	-	814,915	15,308,675
Loan Assets	2,995,154	37,028,121	-	40,023,275
Investments	6,538,535	-	-	6,538,535
Other Assets (Property, Plant and Equipment / Retirement Benefit Surplus)	-	-	2,829,733	2,829,733
Total Assets	24,027,449	37,028,121	3,644,648	64,700,218
Investors' Balances	48,858,725	-	-	48,858,725
Other Liabilities	-	-	132,027	132,027
Total Investors' Balances and Other Liabilities	48,858,725	-	132,027	48,990,752
Interest Sensitivity Gap	(24,831,276)	37,028,121	3,512,621	

The effective interest rates/yields on significant financial instruments are as follows:	2019 %	2018 %
Fixed Deposits	**1.8**	2.1
Mortgages	**6.2**	6.2
Investments	**2.3**	2.9
Investors' Balances	**2.1**	2.2

Expressed in Thousands of Guyana Dollars

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.

	Up to one year	One to five years	Over five years	Total
As at 31 December 2019				
Cash Resources	16,364,149	-	-	16,364,149
Loan Assets	2,874,516	8,951,394	29,670,279	41,496,189
Investments	6,083,210	855,274	-	6,938,484
Other Assets	209,868	-	-	209,868
Total Assets	25,531,743	9,806,668	29,670,279	65,008,690
Investors' Balances	50,779,568	-	-	50,779,568
Other Liabilities	58,184	24,925	15,143	98,252
Total Investors' Balances and Other Liabilities	50,837,752	24,925	15,143	50,877,820
Net Liquidity Gap	(25,306,009)	9,781,743	29,655,136	

Expressed in Thousands of Guyana Dollars

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 2018				
Cash Resources	15,308,675	-	-	15,308,675
Loan Assets	2,995,154	8,878,203	28,149,917	40,023,275
Investments	5,498,549	1,039,987	-	6,538,535
Other Assets	212,072	-	-	212,072
Total Assets	24,014,450	9,918,190	28,149,917	62,082,557
Investors' Balances	48,858,725	0	-	48,858,725
Other Liabilities	89,240	26,376	16,411	132,027
Total Investors' Balances and Other Liabilities	48,947,965	26,376	16,411	48,990,752
Net Liquidity Gap	(24,933,516)	9,891,813	28,133,507	

(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:	2019	2018
British Pound Sterling	**70,290**	68,299
United States Dollar	**719,105**	692,880

Expressed in Thousands of Guyana Dollars

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

(f) FOREIGN EXCHANGE RISK (Cont'd)

At 31 December 2019, if the Guyana dollar had weakened / strengthened by 1% against the British Pound Sterling, with all other variables held constant, profit for the year would have been $703 (2018 – $683) higher / lower.

At 31 December 2019, if the Guyana dollar had weakened / strengthened by 1% against the US Dollar, with all other variables held constant, profit for the year would have been $7,191 (2018 - $6,929) higher / lower).

21. 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
	31/12/2019	**31/12/2018**				
Loan Assets	**Asset - 44,366,964**	Asset - 43,541,721	Level - 2	The fair value of the loan assets was estimated 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 - 6,107,827**	Asset - 5,498,549	Level - 2	The fair values have been estimated by applying discounted cash flows analysis, using current market rates.	N/A	N/A
Investments - Berbice Bridge Company Inc. Bonds	**Asset - 929,244**	Asset - 1,463,680	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

Expressed in Thousands of Guyana Dollars

21. 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
	31/12/2019	**31/12/2018**				
Freehold Land and Buildings	**Asset - 2,222,706**	Asset - 2,222,706	Level - 3	The appraisal was carried out in December 2018 using a market approach that reflected observed prices for 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.

22. 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 of the court was in favour of the plaintiff. The Society has appealed this ruling and is confident of success on appeal. This amount is lodged with the Registrar of the Supreme Court of Judicature.

(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 of the court was in favour of the plaintiff. This amount is lodged with the Registrar of the Supreme Court of Judicature and the sum of $15,898 was paid to one of Plaintiff by an order from the Caribbean Court of Justice. The Society has appealed this ruling and is confident of success on appeal.

(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. Judgment was granted on July 20,2017 in favour of one of the Plaintiffs by the High Court, this employee was paid $59,033 from the Society's Pension Scheme by an Court Order. The Society has appealed this judgment. The remaining two (2) matters are currently engaging the attention of the High Court.

(d) OTHER MATTERS

In January 2017,the Society filed two (2) writs against the Town Clerk of the City of Georgetown and others in relation to parking meters positioned near or adjacent to the Society's Chief Office. The High Court ruled in the Society's favor in one of the writs which has since been appealed. The other matter is awaiting a date for hearing in the High Court.

CORPORATE SOCIAL RESPONSIBILITIES
Our Contributions and Sponsorships

Mr. Robin Mc Lean, Shelter Administrator of the Guyana Releif Council, receives NBS' Donation from Mrs. Savitri Samaroo, Operations Manager, to assist in the Council's activities.

Employees of the New Amsterdam Prison Service accept NBS' donation of toys to assist in their Annual Christmas Tree Light-up & Kids' Party.

Mrs. Gleniss Ramsahoi, Manager of NBS' Mackenzie Branch Office, in the presence of other members of staff, hands over a cheque to Mr. Haslyn Small, Head-teacher of Mackenzie High School, to assist in the purchase of an intercom system for the School.

CORPORATE SOCIAL RESPONSIBILITIES
Our Contributions and Sponsorships

Mr. Roger Harper, President of the Georgetown Cricket Association (GCA), accepts NBS' Sponsorship cheque for the Second Division 40-Over Cricket Competition from Mr. Anil Kishun, the Society's CEO/ Director/Secretary. NBS Directors and other members of the GCA look on approvingly.

Mr. Anil Kishun, CEO/Director/ Secretary, presents Corporal Stacy Wilson with 3 Trophies for the 1st, 2nd and 3rd Place finishers in the 800 Metres Men 'B' Class Race at the Guyana Police Force Annual Athletics and Swimming Championships.

Mr. Mark Archibald, Chairman of the Disabled Persons Network of Region 5, receives the Society's donation from Mrs. Malveka Bridgelall, a Customer Service Representative at our Rosignol Branch in the presence of Mrs. Guwantie Hiralall, the Manager among others.

CORPORATE SOCIAL RESPONSIBILITIES
Our Contributions and Sponsorships

Mrs. Shakuntala Bharrat of NBS' Corriverton Branch Office, in the presence of Mrs. Sarojne Ramdat, Manager, among others, presents a trophy to Mr. Shalimar Smith, Senior Master at the Skeldon High School for presentation at the School's graduation ceremony.

Mr. Rana Persaud, Manager of NBS' Berbice Operations, hands over the Society's donation of footballs to representatives of the Heart of Oak Masters Football Club for use in their summer camp for children.

Mr. Kenrick Richardson, a member of staff of NBS' Mackenzie Branch Office, presents a plaque to Ms. Sherry-Ann Abrams, a teacher at the Linden Foundation Secondary School, to be awarded to one of the school's top performers at CSEC 2019.

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