



The New Building Society Limited

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



ANNUAL REPORT 2020

The New Building Society Limited



His Excellency, the President of the
Co-operative Republic of Guyana,
Dr. Mohamed Irfaan Ali



**NBS applauds His Excellency, the President,
Dr. Mohamed Irfaan Ali's initiative of house
lots for 50,000 new homes under his
Administration for his first term in office.**



Dr. Ashni Singh, Senior Minister in the Office of the President with responsibility for Finance, Minister of Housing and Water, Collin Croal and the Minister within the Ministry of Housing and Water, Susan Rodrigues

They are all tasked with fulfilling the mandate of the President in Housing.

NBS will support the commitment of the Government in ensuring that Guyanese are housed with affordable Mortgages.

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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

1.

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

2.

To provide independent financial advice on products offered.

3.

To practice prudent management to ensure financial stability.

4.

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

5.

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

6.

To be a respected and appreciated corporate citizen.

NOTICE OF MEETING

Notice is hereby given that the Eighty-first Annual General Meeting of the Members of the New Building Society Limited will be held **at 10.30 a.m** on **Saturday, 24th April, 2021** at the Society's Chief Office at Lot 1 North Road & Avenue of the Republic, Georgetown.

AGENDA

1. To ratify the following (a) Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2019, (b) the appointments of Directors Mr. Kalyan Tiwari and Mrs. Chandrawati Ramson in accordance with Rule 47(1) who were eligible and offered themselves for re-election and were returned unopposed, (c) the appointment of Auditors based on nomination for the year 2020 and the remuneration of the Auditors for the year 2020; and ratify the sum of eight million dollars (\$8,000,000) for donations to Charity and for Educational purposes for the year 2020.
2. To receive the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2020.
3. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Dr. Nanda K. Gopaul and Mr. Seepaul Narine who being eligible, offer themselves for re-election - Rule 47 (2).
4. To fix the remuneration of the Directors for the year 2021.
5. To appoint Auditors for the year 2021.
6. To fix the remuneration of the Auditors for the year 2021.
7. To approve the sum of **eight million dollars (\$8,000,000)** for donations to Charity and for Educational purposes for the year 2021.
8. 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 24, 2021

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 **Friday, 16th April, 2021.**
- 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.
- **Please be advised that strict COVID-19 Rules would be applied.**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Floyd Mc Donald - Chairman
Seepaul Narine - Vice-Chairman
Dr. Nanda K. Gopaul
Edwin Verasammy
Kalyan Tiwari
Chandrawati 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

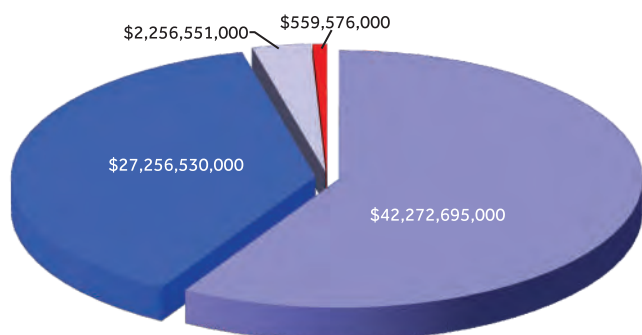
92 Oronoque Street, Queenstown,
Georgetown, Guyana.
Tel: 227-5568. Fax: 227-5564

FIVE-YEAR STATISTICAL INFORMATION (2016 - 2020)

DESCRIPTION	2016 \$M	2017 \$M	2018 \$M	2019 \$M	2020 \$M
PROFIT	1,276	1,279	1,202	1,026	1,072
TOTAL ASSETS	59,811	63,236	64,700	67,597	72,345
TOTAL MORTGAGE BALANCE	37,288	38,513	40,023	41,496	42,273
INVESTMENTS	19,426	21,389	20,271	21,664	25,608
TOTAL SAVINGS BALANCE	47,005	49,055	48,859	50,780	54,404
RESERVES	12,638	14,063	15,709	16,720	17,787
MORTGAGE LOANS DISBURSED FOR YEAR	3,196	4,235	4,822	4,827	3,483

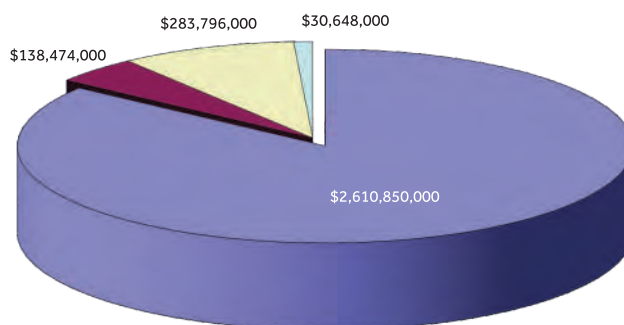
FINANCIAL HIGHLIGHTS

Asset Composition 31st December 2020



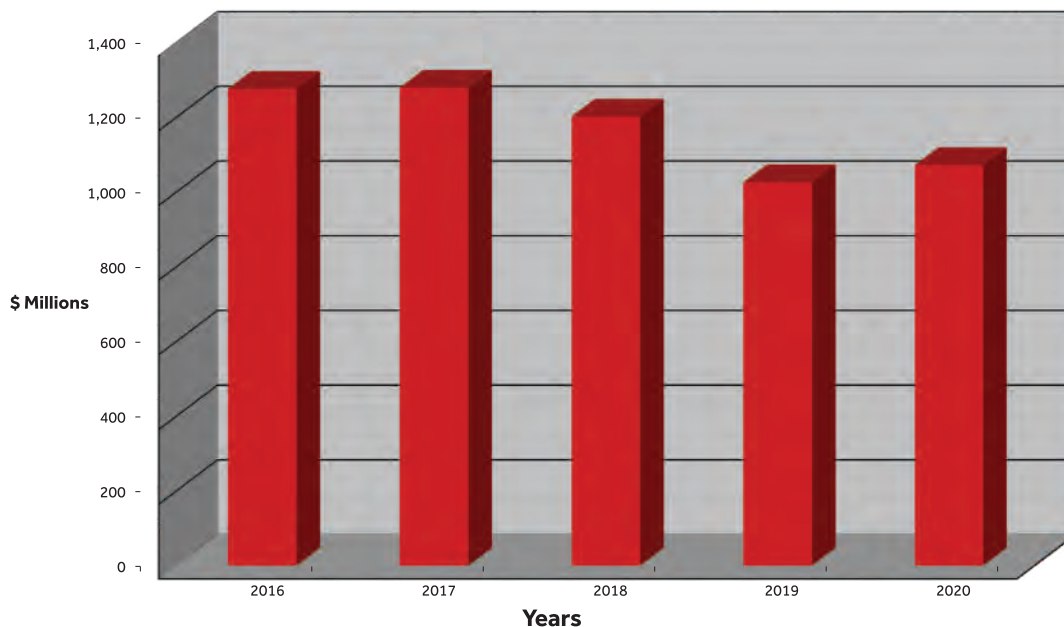
- Loan Assets
- Fixed Assets
- Investments and Cash
- Other Assets

Income Distribution 2020



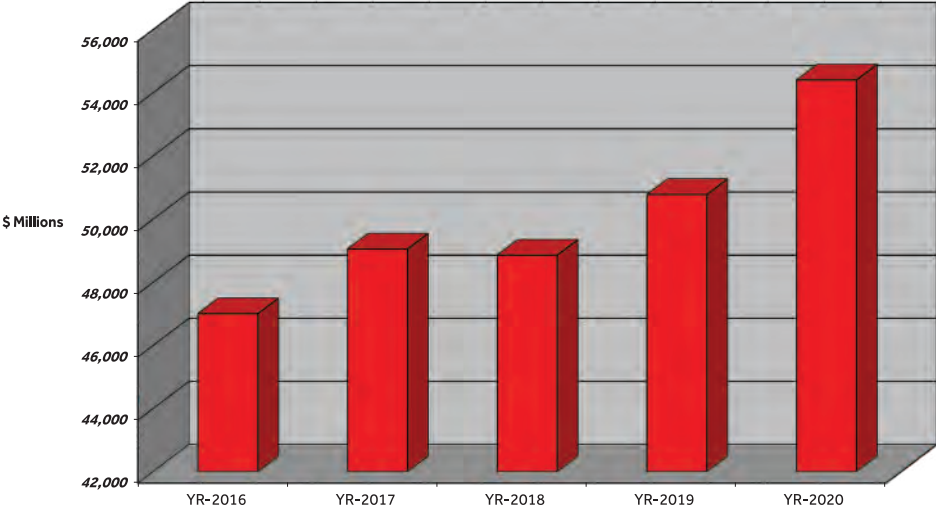
- Loan Assets
- Cash Resources
- Investments
- Other Income

PROFITABILITY - 2016 - 2020

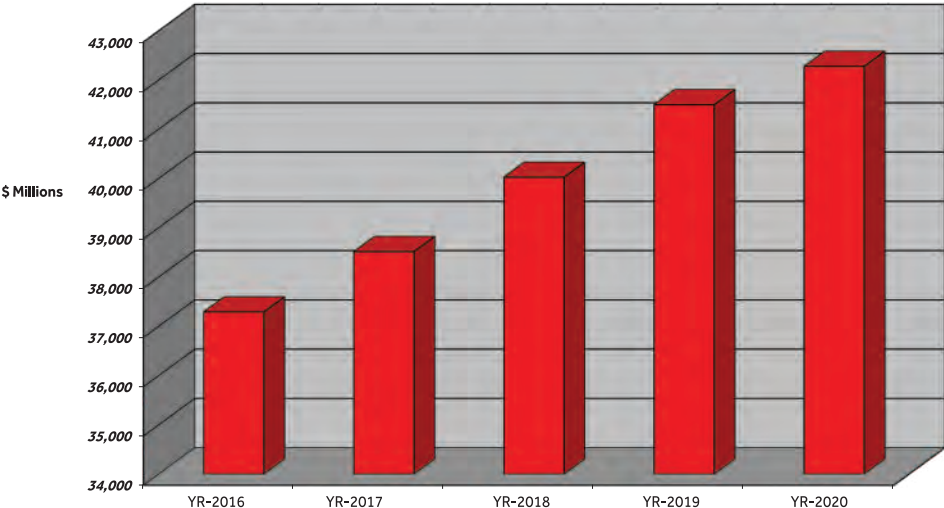


FINANCIAL HIGHLIGHTS (Cont'd)

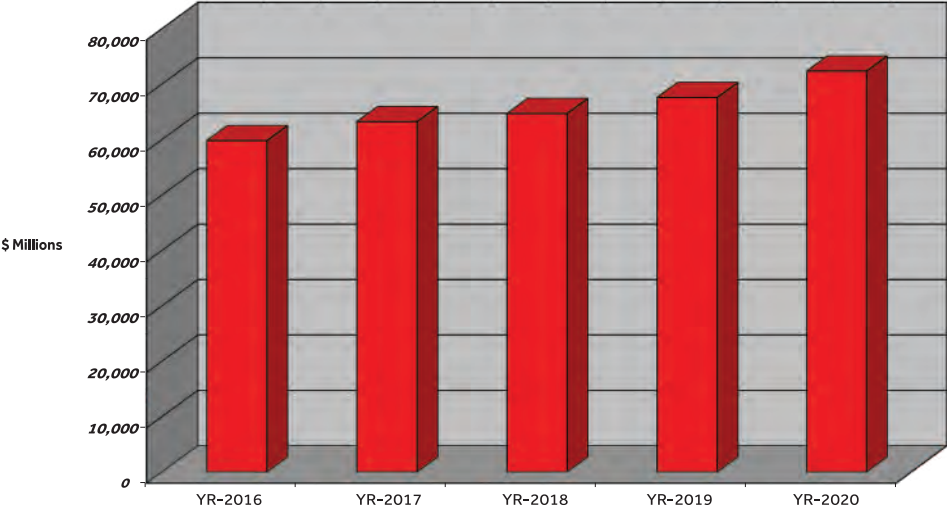
SAVINGS GROWTH 2016 - 2020



MORTGAGE GROWTH 2016 - 2020



ASSET GROWTH 2016 - 2020



CHAIRMAN'S REPORT

“ the
Society
recorded a profit
of **\$1,072B** for the
year ended 2020,
an increase of
4.5% over
2019 ”

This year as we celebrate the 81st Anniversary of the New Building Society Limited, I am pleased to announce on behalf of the Board of Directors that we have surpassed 1 Billion dollars in profit for the seventh successive year. Actually, the Society recorded a profit of **\$1,072B** for the year ended 2020 (2019 - \$1,026B), an increase of **4.5%** over 2019. The environment in which the Society ended its financial year was unparalleled when compared with previous years. Covid-19 has caused extensive economic hardships on the global economy forcing Governments all over the World to respond to the needs of their citizens and take measures to prevent its spread. Additionally, political instability dominated the headlines locally and even internationally.

Despite these new challenges, our financial performance remained strong as we continued to pursue our concept of mutuality and strive to balance the needs of our saving and borrowing members. It is important to note that the Society continued to sustain consistent Balance Sheet growth whilst maintaining our strong capital and liquidity positions well above the regulatory requirements. We at the New Building Society Limited recognise that uncertainties in the global economy are likely to continue and assure our members that we are poised to keep growing in the foreseeable future. The Board continues to maintain strong governance and oversight of the Society's operations.

ECONOMIC REVIEW

According to the *International Monetary Fund World Economic Outlook Report (January 2021)*, global economic output is expected to improve following the collapse in 2020 caused by the COVID-19 pandemic. Growth is projected to be about 5.5% in 2021 compared to a recession in 2020, but is at risk from



setbacks in containing the pandemic which could adversely affect global recovery. Emphasis also needs to be placed on the supervisory assessment of loan quality since non-performing loans are likely to rise rapidly and could potentially derail the recovery process.

Policymakers are faced with the herculean task of formulating policies to drive growth in the year 2021 following a period of weakness in economic activities in many emerging markets and developing economies over the years coupled with the impact caused by the pandemic. COVID-19 drove the global economy into its worst recession since the great depression in the year 1929.

The report also highlighted that the recovery process will be highly dependent on access to vaccine and medical interventions across countries, adapting to controlled contact-intensive activity and new policy measures announced in the United States and Japan to provide support for the global economy. The Euro Area economy contracted by 6.8% in 2020 as a result of the direct impact of the pandemic on France, Italy, Netherlands, Germany and Spain, the largest economies in the bloc. The European Commission however projects a moderate growth rate of 3.8% for 2021 in the zone. In the United States, growth in the economy is projected to approximate at 4.6% by the middle of 2021 after contracting 3.5% in 2020. According to the *World Bank Report (January 2021)*, China is expected to lead the world's economic recovery with a projected growth rate of 7.9% for the year 2021 compared to a 6.8% contraction in 2020.

The World Bank *Global Economic Prospects Report (January 2021)* highlighted that global growth in emerging markets and developing economies is expected to accelerate to 5% this year. The Latin American economy is projected to rise by approximately 3.7% for the year 2021 as the world grapples to control the pandemic. Brazil's economy is anticipated to experience growth at a rate of 3% in 2021. Mexico is also expected to rebound to 3.7% this year, while Argentina is forecasted to grow by 4.9%. In Central America growth is expected to recover to 3.6% in 2021. The Caribbean is likely to rebound to 4.5% strengthened by a partial recovery of tourism in the Region.

Since the initial oil find, Exxon Mobil and partners made a series of discoveries of oil and gas that amounted to at least eight billion barrels of recoverable crude oil reserves making Guyana home to what is being dubbed as "the largest crude oil discovery in recent

years". Further, Exxon estimated that by 2025 oil production should top a whopping 750,000 barrels a day, up from the current 120,000 barrels per day, generating revenue of US\$5 billion for the local economy, hence the reason for the IMF's projection of a high growth rate for Guyana.

Industry consultant, Rystad Energy, expects that government revenues will surge more than 30-fold over the coming decade as the oil boom gains momentum.

Naturally, this news has excited every Guyanese, both here and in the diaspora, especially when they think of the vast transformation of their quality of life as well as the massive improvement in the infrastructure in the entire country this new found wealth can bring. According to the Minister of Finance in his presentation of the National Budget 2021, Guyana experienced overall growth in Real GDP of 43.5% for the year 2020; however, the non-oil sector of the economy recorded a deficit of 7.3%. The Minister noted that Guyana's economy is projected to grow by 20.9% in 2021 with the non-oil sector projecting a 6.1% growth. This growth is attributed to increased economic activities in the oil and gas sectors coupled with improvements in the rice, livestock and other crop sectors. On the other hand, the major traditional sectors of sugar, forestry, fishing, gold, bauxite and other mining, manufacturing, construction and the services sectors all experienced decline in the year 2020 as a result of the pandemic.

FINANCIAL RESULTS

Notwithstanding the negative impact of the COVID-19 pandemic, the Society recorded a profit of \$1,072B for the year ended 2020. The Directors' main focus in the year just ended has been on maintaining financial strength and security, reducing risks and maintaining a healthy regulatory capital among others. The Board of Directors also constantly monitor key performance indicators including but not limited to the following: investments, 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 2020 was \$3B compared to \$3.1B generated in 2019. Earnings on loan assets for 2020 were 86% of total interest income (2019 - 86%).

ASSETS

Assets grew by 7% to \$72.3B in 2020 when compared with 2019 which was \$67.6B.

SAVINGS

The Society's Deposit base as at December 31, 2020 was \$54.4B when compared with 2019 which was \$50.8B representing an increase of 7%.

MORTGAGES

The mortgage portfolio at the end of 2020 was \$42.3B as against \$41.5B at the end of 2019 representing an increase of 2%. During the year 2020 the average new mortgage application rate fell considerably and despite intense competition, the Society continued to review and prepare for any changes, as well as monitoring the key areas of focus including emphasis on non-performing loans. Following the introduction of social distancing measures in March 2020, most of the population was cautious and hesitant to conduct business physically during this unique period which was considered high risk. However, the mortgage market remained resilient as lenders worked to utilize improved technology amid fierce competition as customer behaviours evolved as a result of COVID-19.

The housing market is now showing signs of recovery as lockdown measures are reduced, consumer demand is slowly returning and lenders broaden their product lines. In terms of the direct impact on the Society, the increase in applications as the market reopened, together with the increased call volumes as we supported our borrowing members' requests for deferral of payments placed significant pressure on us. However, due to great effort by our teams, we managed to successfully meet our customers' needs during this uncertain period. We remain committed to providing products and services that meet the needs of our members and will continue to review these in line with any emerging regulatory guidance.

Throughout the year we have also reviewed and re-energized our approach to customer vulnerability, making it possible for us to identify and respond to customer needs more quickly and effectively.

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 Social Responsibility strategy in place with the aim of ensuring that we support educational and charitable organizations in many communities inclusive of where we live and work.

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

Our focus in 2021 will be on continued delivery of excellent services and improving our technology to keep on providing a positive working environment. We remain hopeful that the World economy will begin to show signs of recovery from the pandemic in the latter part of 2021.

The uncertainty over the extent of the COVID-19 pandemic and global economic recovery will certainly affect our financial performance in the short-term. Notwithstanding this, our financial performance has remained strong and resilient and the Board of Directors is optimistic that the Society is well poised to continue this trend.

ACKNOWLEDGMENT

The World is in a period where our members and the Society as a whole are facing considerable challenges due to the COVID-19 pandemic. Despite this, our members continue to show steadfast support of the Society. As Chairman of the Board of Directors, I wish to acknowledge this support and pledge to continue to deliver value to our members by helping them realize their dreams of home ownership. In addition, we would like to recognise our employees all of whom have responded exceptionally in the face of this adversity demonstrating commitment and dedication throughout the year. I wish to acknowledge the support, selfless commitment and counsel provided to me by my fellow Board Members over the past year in advancing the goals of the Society and look forward for your continued support of the Society in the future.



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Floyd McDonald
Chairman
February 24, 2021

BOARD OF DIRECTORS



Floyd Mc Donald, 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 Total Assets grew by \$4.8 B or 7% from \$67.6 B to \$72.3 B

The year 2020 will be remembered as a most unusual one for the New Building Society Limited. The country's uncertain political landscape compounded by the Covid -19 pandemic created a real dilemma for all of us. Those who were responsible for managing the affairs of the country had to manage the well-being of the citizens against the nation's future economic health and wealth. Despite these challenges, I am pleased to report that the Society was able to deliver consistent financial results. I also commend those in charge of managing the affairs of the country for their leadership in such chaotic times.

The Society had to develop new strategic ways of delivering the usual standard of customer service in the Covid-19 pandemic environment. The market earnings on investment continued to decline from 2019. We ensured that our Savers and Mortgagors enjoy the same interest

rates despite the weak earnings market. The Society recorded a profit of \$1.072 B as compared to \$1.026B for the previous year. In keeping with our mission, we continued to expand on our objectives to provide our members with the very best Mortgage and Savings Products. We are always exploring new and strategic ways to improve the quality of our customer service which has ensured that the Society's business growth is in line with our long term strategic growth plan. Our Assets base grew from \$67.6B to \$72.3B.

Being a mutual organization our strategies and plans always ensure that both our Savers and Mortgagors benefit from the best possible interest rates. The Society has always been the market leaders for providing the best interest rates on both Savings and Mortgages. These rates, which are influenced by our external environment and prevailing economies at the time, are consistent with our mission to create tangible value for both categories of our membership.

Undoubtedly, 2020 will be one of the years that will be forever remembered by the global

community because it challenged the world in different and difficult ways. This pandemic also forced businesses to create new and dynamic ways in which business and work can be conducted more efficiently and effectively and it has forever changed the business and work culture in the world. This new paradigm has created new opportunities and even problems for the Society causing us to adapt quickly to ensure we better serve our customers.

ECONOMY REVIEW

The Covid-19 pandemic caused restrictions on economic activities on a global scale, especially in the contact intensive economic sectors. Such restrictions have resulted in global growth contracting by an estimated 3.5% for 2020. The Projected Global growth for 2021 will vary significantly across countries and will be dependent on each country's ability to effectively support their Covid-19 pandemic policies and timely access to vaccines.

In our Local Economy, the Gross Domestic Product (GDP) grew by 43.5 % and our non-oil economy contracted by 7.3 % for 2020. Although 2021 will be the first full year for the new Government, they have presented a budget for a path to recovery, economic dynamism and resilience for the country.

FINANCIAL RESULTS

The Society recorded an increase in profit for the year 2020 which is as a result of the Society's continued stable growth path in both the Savings and Mortgage businesses. Mortgage Revenue was \$2.6 B or 86 % of Total Revenue of \$3B. This level of revenue is consistent with the Society's yearly projections and continues to be our main source of income. Disbursement for new mortgage was \$3.5B as compared to \$4.8B for the previous year, an achievement that is considered to be relatively good in a covid pandemic year.

The Interest earned on cash resources continued to decline with the interest rate on Treasury Bills now pegged at 1%. The lower mortgage disbursements and new deposits resulted in an increase in cash resources

investment of \$4 B. Despite this increase in cash resource investments, revenue from these assets was \$422 M as compared to \$429 M for 2019.

ASSETS

As a mutual concept organization and guided by our mission and objectives, the Society ensured that our Savers and Mortgagors are offered the best market interest rates. The Society's Total Assets grew by \$4.8 B or 7% from \$67.6 B to \$72.3 B. This new landmark of over \$70 B in assets is substantially due to the increase in our Savings Deposit of \$3.6 B or 7% from \$50.8B to \$54.4B.

SAVINGS

The Savers Balance at the end of 2020 was \$54.4 B or 75% of Total Assets. Our savers are one of the Society main priorities because their success and wellbeing are considered in all our strategic decisions. Notwithstanding a pandemic year and continued declining market interest rates on savings products, the Society maintained its savings rates throughout, which were way above the current market rates causing Interest Expense to total \$1.1 B or 37% of revenues. In addition to interest expense, the Society also paid in excess of \$111 M to the Deposit Insurance Fund for further protection of Savers.

MORTGAGES

The Society's vision is to be the chosen Financial Institution for mortgage loans for all potential homeowners. The 2020 economic environment was affected by the Covid-19 pandemic and the political climate due to the country's General Elections. During this period, the Society processed 669 new mortgage applications as compared to 1,017 in 2019. Despite a reduction in mortgage applications, our Loan Assets grew by 2% for 2020 (3.8% 2019) moving from \$41.5 B to \$42.3 B. We maintained our low mortgage rates in 2020 and are strategically placed to support the Government's new and aggressive housing and developmental plans for the country in the coming years. The Global Economic crisis caused by the Covid-19 pandemic created a severe burden on

mortgagors' ability to repay their mortgage installments. In order to assist our mortgagors in this difficult time, the Society partnered with the Government and our regulators by waiving monthly repayments upon requests which resulted in 2,050 mortgagors' repayments being frozen for periods ranging from 3 to 12 months.

LIQUIDITY

As at the end of 2020, the Society retained a strong liquidity position. This level of liquidity is comfortably above the regulatory requirement. The Society's primary liquidity risk exposure arises from our daily business activity. Our Liquid Assets as at the end of 2020 was \$26.6 B (2019 - \$22.4 B) and covered 48% (2019 - 44%) of Members' funds. The earnings on these Assets are 14% of Total Revenue and they accounted for 36% of Total Assets.

CAPITAL ADEQUACY RATIO

The Society maintained strong capital ratios, with capital resources significantly above the regulatory requirements. Our Retained Earnings are 25% of our Total Assets ensuring it's sufficiency for the Society's current and future business needs.

CUSTOMER FOCUS

Throughout the most part of 2020, the Society had to tailor its operations to deliver efficient and effective customer service during the Covid-19 pandemic. We were able to achieve the excellent service that our customers are accustomed to during this difficult period. As part of our strategy, we ensured that all recommended Covid-19 health and safety guidelines were followed. This was achieved by always striving to be fast and proactive adapters of these guidelines. We will ensure that despite the Covid-19 pandemic the Society will continue to improve and maintain its customer satisfaction with our service. We always welcome feedbacks about our service and if practical, immediately correct any dissatisfaction brought to our attention. These feedbacks are incorporated into our customer delivery system to ensure continuous improvement.

EMPLOYEES

Our customer service can only be successful because of our highly engaged staff. They are central to the delivery of our products and services. During the year the Society made sure that the office environment was frequently sanitized and health protocols followed for a safe workplace for our staff. Employees were continuously advised and educated on health protocols to follow both in and out of the office. Maintaining high staff moral and satisfaction during this time was our priority. NBS ensured that all employees were provided with the necessary personal protective gears to safeguard themselves and customers in our office space including the installation of protective shields effectively separating the staff from the customers. It has been a challenging time for the population; the Society will ensure that at all times our staff members' current and future needs and training are adequately addressed.

OUTLOOK TO THE FUTURE

Notwithstanding an unusual year, the Society was still able to achieve excellent financial results. I am confident that the Society has the right strategy to remain relevant and successful for many years to come. Our financial strength will help us to continue to sustainably grow and help more people save and own their own home. This strength will enable us to generate adequate level of profits and deliver a balanced mutual result for our membership.

ACKNOWLEDGEMENT

Without the support of our members, Directors, staff and other stakeholders, these results would not have been possible. For this, I would like to extend a heartfelt thank you and look forward to your continued support. I assure you that the Society will continue to focus on achieving its mandate.



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Anil Kishun
CEO/Director/Secretary
February 24, 2021



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

Effective 1st April 2021

**LOANS above
\$12M up to \$15M
@ 6.25% per annum**



**Higher Income
Residence**

**LOANS above
\$6M up to \$12M
@ 5.95% per annum**



**Middle Income
Residence**

**LOANS (Low Income)
up to \$6M
@ 4.00% per annum**



**Low Income
Residence**

The New Building Society Limited applied and the Government approved the increase in our ceiling from \$12M to \$15M.

MANAGEMENT TEAM



Anil Beharry
Assistant Secretary



Savitri Samaroo
Operations Manager



Noel Fernandes
Assistant Operations Manager



Rana Persaud
Manager, Berbice Operations



David Gir
IT Systems Administrator



Nandanie Lallbeharry
Assistant Mortgage Manager

MANAGEMENT TEAM



Sewchan Raghunandan
Branch Manager - Essequibo



Subrena Budhoo
Branch Manager - Rosehall



Gleniss Ramsahoi
Branch Manager - Mackenzie



Sarojne Ramdat
Branch Manager - Corriverton



Guwantie Hiralall
Branch Manager - Rosignol



Khemraj Udit
Manager - Internal Audit

REPORT OF THE DIRECTORS

For the year ended December 31, 2020

The Directors are pleased to present the 81st Annual Report together with the audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2020.

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 \$42.1B in 2019 to \$42.9B at the end of the year 2020.

Investors Balances increased from \$50.8B in 2019 to \$54.4B in 2020.

Financial Highlights

In the year 2020 NBS:-

	2020 \$ Millions	2019 \$ Millions	% Change
- Recorded a profit of	1,072	1,026	+ 4.5
- Increased Total Reserves to	17,787	16,720	+ 6.4
- Increased Assets under Management to	72,345	67,597	+ 7
- Provided New Advances to Mortgagors totaling	3,483	4,827	-27.8

Mortgages:

As at December 31, 2020, there were 9,666 Mortgage Accounts totaling \$42,928M which represented 59% of our Total Assets (2019 – 9,837 Mortgage Accounts totaling \$42,082M or 62% of our Total Assets).

Savings:

The value of net receipts for the year was \$3,624 M (2019 - \$1,920 M). Our Total Investors' Balances as at December 31, 2020 amounted \$54,404 M (2019 - \$50,780 M).

Assets:

Total Assets as at December 31, 2020 was \$72,345 M (2019 - \$67,597 M), representing an increase of approximately 7%. 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 \$26,644 M and represented 49% of our Investors' Balances as at December 31, 2020 (2019 – \$20,982 M – 41%).

Charitable Donations:

At the end of 2020, the Society made donations to several charitable and educational institutions in the communities across the country totaling \$4.6 M.

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 81st Annual General Meeting and are eligible for re-election.

- Dr. Nanda K. Gopaul
- Mr. Seepaul Narine

Auditors:

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

By Order of the Board,



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Anil O. Kishun
CEO/Director/Secretary
February 24, 2021

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND SUB COMMITTEES OF THE BOARD

The Board ensures the Society's 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 assess 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. McDonald
Director: Mrs. C. Ramson

HUMAN RESOURCES SUB COMMITTEE

The Human Resources Sub Committee comprising four Non-Executive Directors discusses and makes

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE (Cont'd)

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. McDonald
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. McDonald
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. McDonald
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. McDonald
Director: Mr. K. Tiwari
Director: Mrs. C. Ramson

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE (Cont'd)

INFORMATION TECHNOLOGY (IT) SUB COMMITTEE

The Information Technology Sub Committee which comprises of two Non-Executive Directors 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 as amended and International 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

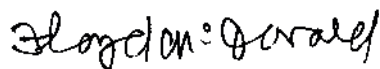
The Society's business objectives and principal activities are to provide the best savings products and to promote home ownership.

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 McDonald
Chairman
February 24, 2021

OTHER MATTERS



Senior Minister in the Office of the President with responsibility for Finance, Dr. Ashni Singh, presents the instrument that empowers the New Building Society Limited to increase the ceiling of Loans to Mortgagors from \$12M to \$15M to the Chairman of the Board of Directors, Mr. Floyd Mc Donald in the presence of the Minister of Housing and Water, Collin Croal on the right and the Minister within the Ministry of Housing and Water, Susan Rodrigues on the left. (Photo – Courtesy of DPI)



Senior Minister in the Office of the President with responsibility for Finance, Dr. Ashni Singh, (third from right) along with Minister of Housing and Water, Collin Croal (second from right) and Minister within the Ministry of Housing and Water, Susan Rodrigues (fourth from right) join in a group picture with New Building Society (NBS) Ltd. Board Chairman, Mr. Floyd McDonald and other Board Members and Executives. (Photo – Courtesy of DPI)

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

MSC 008/2021

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 31 December 2020, 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, 2020, 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/Countering Financial Terrorism 2009 & Regulation 2010, Deposit Insurance Act No. 15 of 2018, Credit Reporting Act No. 9 of 2010 and Credit Reporting Act No. 2 of 2016.

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 matter noted hereunder was 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 matter
Impairment Provision for Loans and Mortgages The Society has mortgages outstanding of \$42.272 billion, or 58% 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

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 cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized 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 matter
<p>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 could result in Society's facing penalties and other administrative sanctions by Central Bank and Financial Intelligence Unit (FIU). The Compliance Officer is responsible to established various controls to ensure that the Society is AML/CFT compliant with governing regulations.</p>	<p>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 includes:</p> <ul style="list-style-type: none"> • 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.

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/Countering Financial Terrorism 2009 & Regulation 2010, Deposit Insurance Act No. 15 of 2018, Credit Reporting Act No. 9 of 2010, Credit Reporting Act No. 2 of 2016 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.

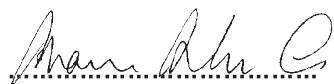
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.



Maurice Solomon & Co.
Chartered Accountants
March 15, 2021

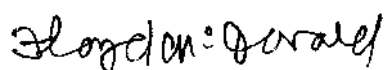
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

	NOTE	2020	2019
Assets			
Cash Resources	5	19,471,218	16,364,149
Loan Assets	6	42,272,695	41,496,189
Investments	7	7,785,312	6,938,484
Property, Plant & Equipment	8	2,256,551	2,307,477
Other Assets	9	256,504	209,868
Retirement Benefit Surplus	12	303,072	281,229
		<u>72,345,352</u>	<u>67,597,396</u>
Investors' Balances, Other Liabilities And Reserves			
Investors' Balances	10	54,404,020	50,779,568
Other Liabilities	11	154,777	98,252
Assigned Capital	13 (b)	250,000	250,000
Risk Reserve		457,169	-
Revaluation Reserve		1,048,486	1,048,486
Retained Earnings		16,030,900	15,421,090
		<u>72,345,352</u>	<u>67,597,396</u>

The Board of Directors approved these financial statements for issue on February 24, 2021.



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 2020

Expressed in Thousands of Guyana Dollars

	NOTE	2020	2019
INTEREST INCOME ON:			
Loan Assets		2,610,849	2,626,765
Investments		138,474	161,352
Cash Resources		283,796	267,685
		<u>3,033,119</u>	<u>3,055,802</u>
INTEREST EXPENSES	16	1,120,803	1,063,857
INTEREST REVENUE		1,912,316	1,991,945
Other Income			
Profit on Sale of Assets		-	615
Fees and Commission Income		24,447	12,367
Other Operating Income		6,201	7,065
Gain on Exchange		-	21,035
TOTAL NET INCOME		1,942,964	2,033,027
Operating Expenses			
General Administrative Expenses	15 (d)	(805,888)	(762,756)
Decrease/(Increase) Impairment on Loan Assets	14;15	62,638	(114,367)
Credit Impairment on Investments	7 (a)	-	-
Depreciation	15 (a)	(65,423)	(69,330)
Other Expenses	15 (e)	(62,353)	(60,094)
Total Operating Expenses		(871,026)	(1,006,547)
PROFIT FOR THE YEAR		1,071,938	1,026,480
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of Provision of Employee Benefits	12	(4,959)	(16,370)
Revaluation of Property, Plant and Equipment		-	-
Total Other Comprehensive Income		(4,959)	(16,370)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,066,979	1,010,110

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 2020

Expressed in Thousands of Guyana Dollars

	Risk Reserves	Assigned Capital	Revaluation Reserves	Retained Earnings	Total
Balance as at 1 January 2020	-	250,000	1,048,486	15,421,090	16,719,576
Profit for the year	-	-	-	1,071,938	1,071,938
Other Comprehensive Income	-	-	-	(4,959)	(4,959)
Transfer to Risk Reserve	457,169			(457,169)	-
Balance as at 31 December 2020	457,169	250,000	1,048,486	16,030,900	17,786,555
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

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 2020

Expressed in Thousands of Guyana Dollars

	2020	2019
OPERATING ACTIVITIES		
Net Profit for the year	1,071,938	1,026,480
Adjustments for:		
Depreciation	65,423	69,330
Net Provision for Impairment on Loan Assets	(62,638)	114,367
Net Provision for Impairment on Investments	-	-
Utilization of Provision for Impairment on Loan Assets	(1,816)	(30)
Movement in Retirement Benefit Plan Liability	(26,803)	(26,327)
Gain on Disposal of Property, Plant and Equipment	-	(615)
OPERATING INCOME BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	1,046,104	1,183,205
Loans Advances Net of Repayments	(712,052)	(1,587,251)
(Decrease)/Increase in Other Assets	(46,636)	2,204
Receipts from Investors Net of Withdrawals	3,624,452	1,920,843
Increase/(Decrease) in Other Liabilities	56,525	(33,775)
NET CASH INFLOW - OPERATING ACTIVITIES	3,968,393	1,485,226
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(14,498)	(30,418)
Additions to Investments	(7,173,402)	(6,107,827)
Redemptions of Investments	6,326,576	5,707,878
Net Increase in Restricted Cash Resources and Fixed Deposits	(3,096,853)	(992,838)
Proceeds from the Sale of Property, Plant and Equipment	-	615
NET CASH OUTFLOW - INVESTING ACTIVITIES	(3,958,177)	(1,422,590)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	10,216	62,636
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	1,638,730	1,576,094
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	1,648,946	1,638,730

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 2020

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 operates under the purview of the Financial Institutions Act 1995, as amended, the Supervision Guidelines of the Bank of Guyana, as provided under the New Building Society Act 1940, as amended, the Anti-Money Laundering & Countering of the Financing of Terrorism Act 2009, as amended & Regulation 2010, as amended, Credit Reporting Act No. 9 of 2010, as amended and Deposit Insurance Act No. 15 of 2018.

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, as amended 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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 term 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 after 1 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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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 are expected to have 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 LOAN ASSETS

(a) Financial Assets (IFRS 9 Recognition)

The Society has fully adopted the 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 weightings being based on the respective probabilities of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 LOAN ASSETS (cont'd)

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 LOAN ASSETS (Cont'd)

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

ii. 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 are the weighted average credit losses with the Probability of Default ('PD') as the weight.

Stage 3 - Loan Assets have evidence of impairment 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.
- Interest is the return within a basic lending arrangement and typically consists of consideration for 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 mentioned in **Note 3.3 (a) (i)** for the requirements of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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 (a) (i)** for the recognition and allowances for ECL.

4.2 FINANCIAL ASSETS "HOLD TO COLLECT BUSINESS MODEL"

The Society classifies and subsequently measures 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

	2020	2019
5. CASH RESOURCES		
Redeemable on Demand:		
Cash in Hand	7,200	7,200
Cash at Bank, excluding Fixed Deposits	1,641,746	1,631,530
Classified as Cash and Cash Equivalents	1,648,946	1,638,730
Redeemable after 3 Months:		
Fixed Deposits	17,822,272	14,725,419
	19,471,218	16,364,149
6. LOAN ASSETS		
Mortgages	42,927,631	42,082,328
Provision for Impairment on Loan Assets (note 14)	(464,895)	(529,349)
Unearned Interest	(190,041)	(56,790)
	42,272,695	41,496,189

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)

Stage 1: 12 Month ECL	314,169	150,955
Stage 2: Lifetime ECL	67,352	143,974
Stage 3: Lifetime Credit Impaired ECL for Financial Assets	83,374	234,420
	464,895	529,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

6. LOAN ASSETS (cont'd)	2020		2019	
	No. of Securities	Value \$	No. of Securities	Value \$
The table below shows the analysis of the mortgage portfolio by value bands				
Balances not exceeding \$1,000,000	1,285	669,614	1,409	728,460
Balances exceeding \$1,000,000 but not \$1,500,000	622	770,267	682	851,046
Balances exceeding \$1,500,000 but not \$2,000,000	585	1,022,417	602	1,048,916
Balances exceeding \$2,000,000 but not \$2,500,000	663	1,488,259	696	1,559,180
Balances exceeding \$2,500,000 but not \$3,000,000	694	1,904,096	680	1,868,746
Balances exceeding \$3,000,000 but not \$4,000,000	1,360	4,732,457	1,435	5,002,442
Balances exceeding \$4,000,000 but not \$5,000,000	929	4,143,468	969	4,337,468
Balances exceeding \$5,000,000 but not \$6,000,000	832	4,551,522	785	4,310,096
Balances exceeding \$6,000,000 but not \$7,000,000	669	4,313,246	663	4,288,473
Balances exceeding \$7,000,000 but not \$8,000,000	511	3,803,566	481	3,593,392
Balances exceeding \$8,000,000 but not \$9,000,000	390	3,302,762	373	3,156,236
Balances exceeding \$9,000,000 but not \$10,000,000	386	3,656,116	367	3,479,002
Balances exceeding \$10,000,000 but not \$11,000,000	250	2,598,217	259	2,692,628
Balances exceeding \$11,000,000 but not \$12,000,000	312	3,593,198	317	3,657,798
Balances exceeding \$12,000,000	179	2,188,385	119	1,451,655
Total	9,667	42,737,590	9,837	42,025,538

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

7. INVESTMENTS	2020	2019
Government of Guyana Treasury Bills	7,173,402	6,107,827
Berbice Bridge Company Inc. Bonds	637,167	855,914
ECL Allowances - Note 7 (a)	(25,257)	(25,257)
	7,785,312	6,938,484

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

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, 2020	2,235,211	281,381	76,900	2,593,493
Additions	4,799	9,699	-	14,498
Disposals	-	(679)	-	(679)
As at 31 December, 2020	2,240,010	290,401	76,900	2,607,312
Accumulated Depreciation				
As at 01 January, 2020	(39,015)	(188,932)	(58,069)	(286,016)
Charges for the Year	(39,257)	(19,986)	(6,180)	(65,423)
Written back on Disposals	-	679	-	679
As at 31 December, 2020	(78,272)	(208,239)	(64,249)	(350,760)
Net Book Value				
As at 31 December, 2020	2,161,738	82,162	12,651	2,256,551

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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

	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	<u>2,235,211</u>	<u>281,381</u>	<u>76,900</u>	<u>2,593,493</u>
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
Written back on Revaluation	-	-	-	-
As at 31 December, 2019	<u>(39,015)</u>	<u>(188,932)</u>	<u>(58,069)</u>	<u>(286,016)</u>
Net Book Value				
As at 31 December, 2019	<u>2,196,196</u>	<u>92,449</u>	<u>18,831</u>	<u>2,307,477</u>

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

	2020	2019
Cost	1,299,153	1,294,354
Accumulated Depreciation	(241,633)	(215,650)
	<u>1,057,520</u>	<u>1,078,704</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

9. OTHER ASSETS	2020	2019
Accrued Interest	213,338	170,313
Accounts Receivables and Prepayments	43,166	39,555
	<u>256,504</u>	<u>209,868</u>
10. INVESTORS' BALANCES		
Five Dollar Shares	24,162,916	22,874,138
Save and Prosper Deposits	29,121,218	26,838,401
	1,119,886	1,067,029
	<u>54,404,020</u>	<u>50,779,568</u>
11. OTHER LIABILITIES		
Withholding Taxes	34,527	32,579
Accounts Payables and Accruals	84,065	25,604
Deferred Income	36,185	40,068
	<u>154,777</u>	<u>98,252</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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	2020	2019
12. RETIREMENT BENEFIT PLAN		
The amount recognized in the Statement of Financial Position is as follows:		
Present Value of Obligations	975,894	860,624
Fair Value of Plan Assets	(2,107,567)	(1,885,905)
Effect of Asset Ceiling	828,601	744,052
Asset Recognized in the Statement of Financial Position	(303,072)	(281,229)
The movement in the Present Value of the Obligation is:		
As at Beginning of Year	860,624	799,956
Interest Expense	49,059	45,345
Current Service Cost	23,236	22,210
Contributions by Plan Participants	17,812	16,006
Benefits Paid	(19,396)	(27,424)
Past Service Cost	2,005	-
Actuarial Gain	42,554	4,531
As at End of Year	975,894	860,624
The movement in the Fair Value of Plan Assets is:		
As at Beginning of Year	1,885,905	1,495,763
Actual Return on Plan Assets	185,928	367,226
Contributions by the Society	38,593	34,680
Contributions by Plan Participants	17,813	16,006
Benefits Paid	(19,396)	(27,424)
Administrative Expenses	(1,276)	(346)
As at End of Year	2,107,567	1,885,905
The amount recognized in the Statement of Profit or Loss:		
Current Service Cost	23,236	22,210
Past Service Cost	2,005	-
Interest Cost	49,059	45,345
Expected Return on Plan Assets	(104,708)	(82,897)
Administrative Expenses	1,276	346
Interest on Effect of Asset Ceiling	40,922	23,349
Total included in Staff Cost	11,790	8,353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

	2020	2019
12. RETIREMENT BENEFIT PLAN (Cont'd)		
The amount recognized in Other Comprehensive Income:		
Change In Assumption Gains	-	-
Experience Gains - Demographic	42,554	4,532
Experience Gains - Financial	(81,220)	(284,330)
Effect of Asset Ceiling	43,625	296,168
	4,959	16,370
 Expected Contributions in Upcoming Year	58,411	52,375

The principal assumptions used were:

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.

NOTES TO THE FINANCIAL STATEMENTS

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	2020		2019	
12. RETIREMENT BENEFIT PLAN (Cont'd)				
Plan Assets are comprised as follows:				
Cash Resources	404,339	19.2%	343,800	18%
Stocks & Bonds	1,700,805	80.7%	1,542,105	82%
Other Assets	2,423	0.1%	-	0%
	1,703,228		1,542,105	
	2,107,567	100%	1,885,905	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:

	2020	2019	2017	2016
Present Value of Obligation	975,894	860,522	669,141	747,933
Fair Value of Plan Assets	2,107,567	1,885,905	1,020,188	840,179

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	975,894	
Discount Rate -1%	1,181,309	21.05%
Discount Rate +1%	817,979	-16.18%
Salary Increases -1%	903,245	-7.44%
Salary Increases +1%	1,057,627	8.38%
Increase average life expectancy by 1 year	992,093	1.66%
Decrease average life expectancy by 1 year	959,694	-1.66%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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 increased to **\$457,169** at year end where the amount was transferred from Retained Earnings as shown in the Statement of Changes in Equity which was due to the requirement of the Supervision Guideline No. 5 and IFRS 9.

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 2020

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	2020	2019
14. CREDIT IMPAIRMENT ON LOAN ASSETS		
As at Beginning of Year	529,349	415,012
Credit Losses movements, repayments, etc.	(64,454)	(30)
Initial Recognition of IFRS 9 ECLs	-	-
	464,895	414,982
ECL on new advances during the year	-	114,367
As at End of Year	464,895	529,349
15. NON-INTEREST EXPENSES BY NATURE		
(a) Depreciation	65,423	69,330
(b) Credit Impairment on Advances (Note 14)	-	114,367
(c) General Administrative Expenses		
Staff Costs (Note 17)	534,055	477,794
Electricity	32,792	41,140
Software License Fee	25,525	11,628
Advertising	4,165	4,680
Postage and Telephone	10,882	12,119
Deposits Insurance	112,904	110,157
Other	85,565	105,238
	805,888	762,756
(d) Other Expenses		
Security	54,268	51,670
Charitable and Educational Donations	4,585	5,424
Auditors' Remuneration	3,500	3,000
	62,353	60,094
Total Non-Interest Expenses	933,664	1,006,547
16. INTEREST EXPENSES		
Five Dollar Shares	345,487	328,298
Save and Prosper Shares	760,009	720,542
Deposits	15,307	15,017
	1,120,803	1,063,857

NOTES TO THE FINANCIAL STATEMENTS

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17. STAFF COSTS	2020	2019
Wages and Salaries	363,100	324,437
Social Security Costs	24,023	21,436
Pension Costs	11,790	8,353
Other Staff Costs	135,142	123,568
	<u>534,055</u>	<u>477,794</u>

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.

	2020	2019
(a) MORTGAGES		
Balance as at Beginning of Year	36,513	27,196
Effects of Changes in Key Management Personnel	-	11,139
Mortgages issued during the Year	-	-
Mortgage Interest Charged during the Year	1,352	1,430
Mortgage Payments during the Year	(3,372)	(3,252)
Balance as at End of Year	<u>34,493</u>	<u>36,513</u>

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

(b) INVESTORS' BALANCES

Balance as at Beginning of Year	116,700	115,903
Effects of Changes in Key Management Personnel	-	-
Deposits Received during the Year	65,184	58,281
Interest earned during the Year (net of tax)	2,852	2,653
Withdrawals made during the Year	(29,061)	(60,137)
Balance as at End of Year	<u>155,675</u>	<u>116,700</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

	2020	2019
18. RELATED PARTY TRANSACTIONS (Cont'd)		
(c) KEY MANAGEMENT COMPENSATION		
Short-Term Employee Benefits	154,835	137,866
Post-Employment Benefits	4,648	4,533
	<u>159,483</u>	<u>142,399</u>
(d) OTHER SERVICES		
Consultancy & Supervision Services (Kalitech Inc.)	-	9,367
	<u>-</u>	<u>9,367</u>
19. DIRECTORS' COSTS		
Directors' Costs included in Key Management Compensation		
Directors' Fees	5,059	5,059
Directors' Travel	5,059	5,059
Directors' Pension	2,737	2,750
	<u>12,855</u>	<u>12,868</u>

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").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in Thousands of Guyana Dollars

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(c) CREDIT RISK (Cont'd)

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

	2020		2019	
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	33,896,242	0.15%	26,862,545	0.25%
Berbice	6,487,004	0.90%	4,916,282	0.75%
Essequibo	1,763,933	0.00%	1,369,645	0.27%
Linden	770,904	0.00%	602,539	0.00%
	<u>42,918,083</u>		<u>33,751,011</u>	

During the year there were loan assets totaling \$51,218 (2019 - \$61,249) which were renegotiated and which would have otherwise been past due or impaired.

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

Past Due Accounts	2020	2019
Pass due up to 30 days	3,794,769	3,894,981
Pass due 30 to 90 days	3,992,450	3,255,271
Impaired (Over 90 days)	1,934,658	490,241
Total	<u>9,721,877</u>	<u>7,640,493</u>
Fair value of collateral	<u>24,915,950</u>	<u>17,794,250</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 \$1,308,568 (2019 - \$262,410) and \$613,236 (2019 - \$230,891) respectively.

	2020	2019
Demerara, except Linden	3,166,179	706,636
Berbice	478,214	346,313
Essequibo	108,975	58,602
Linden	23,121	12,725
	<u>3,776,489</u>	<u>1,124,276</u>
Fair value of collateral	<u>7,898,650</u>	<u>1,992,600</u>

RENEGOTIATED LOANS

The carrying amounts of all renegotiated loans aggregated to:

Renegotiated Loans	<u>385,936</u>	<u>440,589</u>
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Renegotiations normally involve the deferral of repayments for members experiencing temporary cash flow problems. This request is usually considered by management and approved for the facilities to service satisfactorily 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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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 \$383,911 (2019 – \$201,499) with an effective interest rate of 0.5% (2019 – 0.5%). Should the interest rates on the floating rate instruments increase/decrease by 50 basis points (2019 – 50 basis points), with all other variables held constant, the profit for the year would increase/decrease by \$1920 (2019 – \$1,007).

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 2020				
Cash Resources	19,002,933	-	468,285	19,471,218
Loan Assets	3,560,389	39,367,242	-	42,927,631
Investments	7,148,146	637,166	-	7,785,312
Other Assets (Property, Plant and Equipment / Retirement Benefit Surplus)	-	-	2,816,128	2,816,128
Total Assets	29,711,468	40,004,408	3,284,413	73,000,289
Investors' Balances	54,404,020	-	-	54,404,020
Other Liabilities	-	-	154,777	154,777
Total Investors' Balances and Other Liabilities	54,404,020	-	154,777	54,558,797
Interest Sensitivity Gap	(24,692,552)	40,004,408	3,129,636	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(d) INTEREST RATE RISK (Cont'd)

	Up to one year	Over one year	Non-Interest Bearing	Total
As at 31 December 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	

The effective interest rates/yields on significant financial instruments are as follows:

	2020	2019
	%	%
Fixed Deposits	1.6	1.8
Mortgages	6.1	6.2
Investments	1.8	2.3
Investors' Balances	2.1	2.1

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

(e) LIQUIDITY RISK

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

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

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

	Up to one year	One to five years	Over five years	Total
As at 31 December 2020				
Cash Resources	19,471,218	-	-	19,471,218
Loan Assets	3,560,389	9,005,876	30,361,366	42,927,631
Investments	7,148,146	637,166	-	7,785,312
Other Assets	256,504	-	-	256,504
Total Assets	30,436,257	9,643,042	30,361,366	70,440,665
Investors' Balances	54,404,020	-	-	54,404,020
Other Liabilities	154,777	-	-	154,777
Total Investors' Balances and Other Liabilities	54,558,797	-	-	54,558,797
Net Liquidity Gap	(24,122,540)	9,643,042	30,361,366	

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

(e) LIQUIDITY RISK (Cont'd)

	Up to one year	One to five years	Over five years	Total
As at 31 December 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	

(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:	2020	2019
British Pound Sterling	70,445	70,290
United States Dollar	726,305	719,105

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(f) FOREIGN EXCHANGE RISK (Cont'd)

At 31 December 2020, 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 \$704 (2019 – \$703) higher / lower.

At 31 December 2020, 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 \$7,263 (2019 - \$7,191) 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
	31/12/2020	31/12/2019				
Loan Assets	Asset - 45,767,699	Asset - 44,366,964	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 - 7,173,402	Asset - 6,107,827	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 - 691,441	Asset - 929,244	Level - 2	The fair values have been estimated by applying discounted cash flows analysis, using actuarial discounted rates for similar term investments.	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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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
	31/12/2020	31/12/2019				
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 was no transfer between levels in the current year.

NOTES TO THE FINANCIAL STATEMENTS

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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



Mrs. Shakuntala Bharat of NBS hands over a trophy to Mr. Philbert Moore, Chairman of the Community Development Council of No. 77 Housing Scheme to be used in honoring students from the area who were successful in the National Grade Six Assessment 2020.



Rosehall Branch Manager, Mrs. Subrena Budhoo, hands over a cheque to Mrs. Rajshree Singh Harrypersaud of the Humanitarian Mission Guyana Inc., in the presence of other members of staff of the Rosehall Office.



Mr. Anil Kishun presents the Society's donation to Mr. Nicholas Suffrien, President of the Association of Former Members of the Guyana Police Force, to assist in the construction of an Annex to their building.

STAFF MATTERS



Mr. Rana Persaud, Manager of the Berbice Operations, hands over long service Awards to employees who completed 15 years of service with the Society during the year 2020. From left, Mrs. Guwantie Hiralall – Manager of Rosignol Branch Office, Mr. Alvin Alladin – Rosehall Branch, Mr. Arshad Rahaman – New Amsterdam Branch and Mrs. Tajwattie Lackerbj – Rosignol Branch Office.



From left, Mr. Noel Fernandes – Assistant Operations Manager receives his 25-year long service award from NBS' CEO, Mr. Anil Kishun, Ms. Romona Ramanand accepts her 15-year accolade from Assitant Mortgage Manager: Mrs. Nandanie Lallbeharry, while Mr. Anil Beharry: Assistant Secretary, presents Mrs. Chandroutie Ramnauth with her award for 15 years of service.



The New Building Society Limited always recognises the key roles the Secretaries and Typists play and here the recipients proudly display their floral arrangements on Administrative Professionals Day.

