

2021

ANNUAL REPORT



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

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



**NBS applauds His Excellency, the President,
Dr. Mohamed Irfaan Ali and his Administration for the ongoing
infrastructure works across Guyana.**

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MISSION STATEMENT

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

BUSINESS 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-second (82nd) Annual General Meeting of the Members of the New Building Society Limited will be held **at 10:30 hours on Saturday, 26th March, 2022** at the Society's Chief Office at Lot 1 North Road & Avenue of the Republic, Georgetown.

AGENDA

1. To receive the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2021 and matters arising thereafter.
2. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Messrs. Floyd McDonald and Edwin Verasammy who being eligible, offer themselves for re-election - Rule 47(2).
3. To fix the remuneration of the Directors for the year 2022.
4. To appoint Auditors based on nomination for the year 2022.
5. To fix the remuneration of the Auditors for the year 2022.
6. To approve the sum of **eight million dollars (\$8,000,000)** for donations to Charity and for Educational purposes for the year 2022.
7. To transact any other business of which due notice shall have been given in accordance with Rule 36.

By Order of the Board,



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Anil Kishun
CEO/Director/Secretary
February 22nd, 2022

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 13:30 hours on **Thursday, 17th March, 2022.**
- 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 Protocols 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 (2017- 2021)

DESCRIPTION	2017 \$M	2018 \$M	2019 \$M	2020 \$M	2021 \$M
PROFIT	1,279	1,202	1,026	1,072	916
TOTAL ASSETS	63,236	64,700	67,597	72,345	77,146
TOTAL MORTGAGE BALANCE	38,513	40,023	41,496	42,273	43,821
INVESTMENTS	21,389	20,271	21,664	25,608	29,026
TOTAL SAVINGS BALANCE	49,055	48,859	50,780	54,404	58,309
RESERVES	14,063	15,709	16,720	17,787	18,710
MORTGAGE LOANS DISBURSED FOR YEAR	4,235	4,822	4,827	3,483	4,933

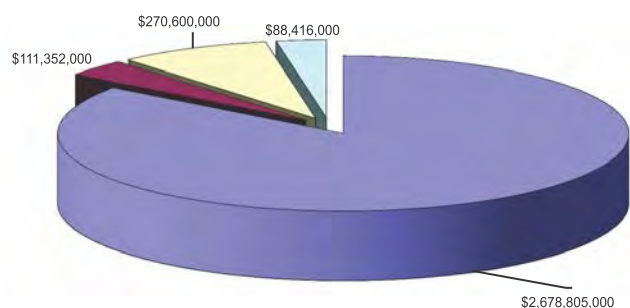
FINANCIAL HIGHLIGHTS

Asset Composition 31st December 2021



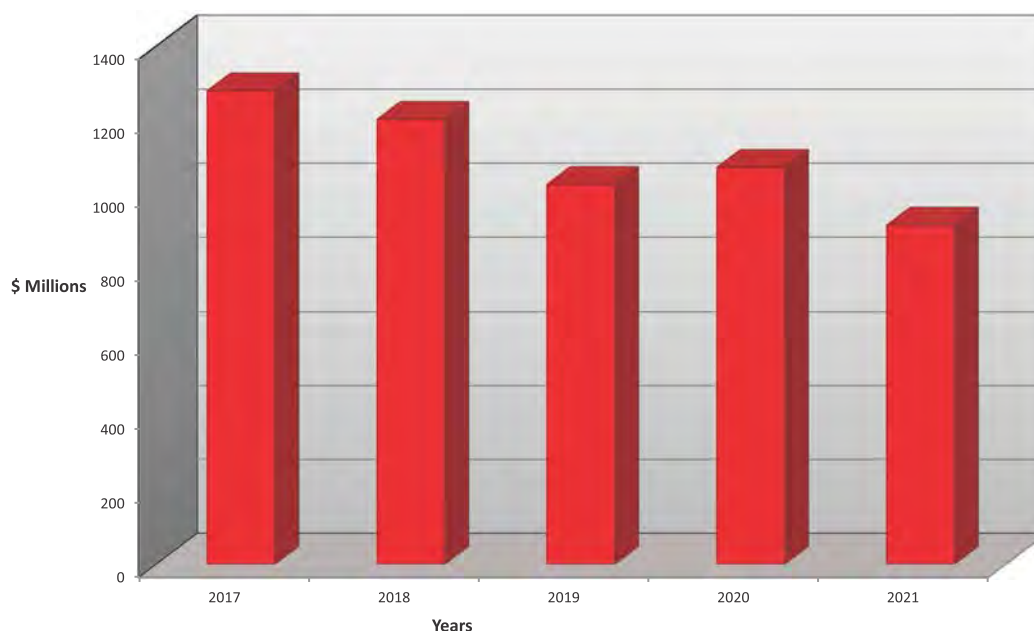
- Loan Assets
- Investments and Cash
- Fixed Assets
- Other Assets

Income Distribution 2021



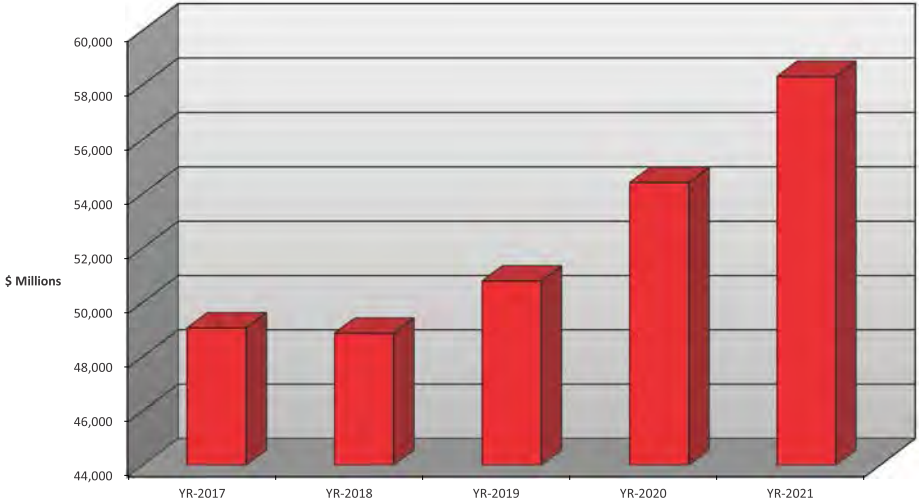
- Loan Assets
- Cash Resources
- Investments
- Other Income

PROFITABILITY - 2017 - 2021

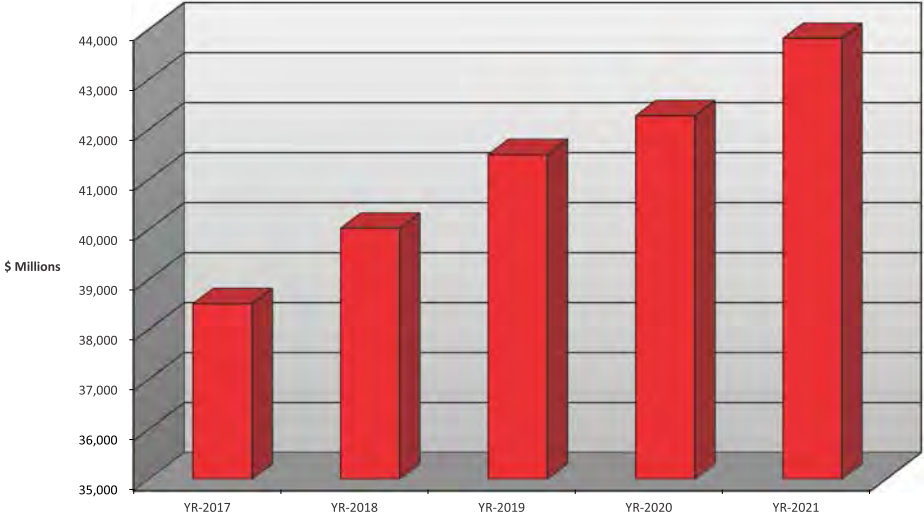


FINANCIAL HIGHLIGHTS (Cont'd)

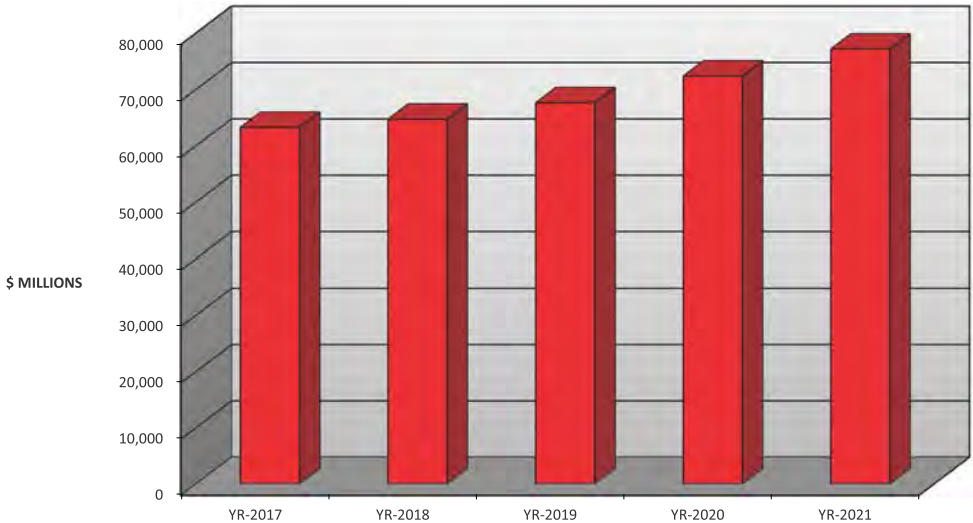
SAVINGS GROWTH 2017 - 2021



MORTGAGE GROWTH 2017 - 2021



ASSET GROWTH 2017 - 2021



CHAIRMAN'S REPORT



The Society recorded a profit of \$916M for the year ended 2021



This year as we celebrate the 82nd Anniversary of the New Building Society Limited, I am pleased to announce on behalf of the Board of Directors that the Society recorded a profit of \$916M for the year ended 2021 (2020- \$1,072B).

As restrictions continued in 2021 which limited face-to-face activities as a result of national efforts to combat the effects of the Covid-19 pandemic and the deliberate decision made by the Board to reduce mortgage interest rates to the benefit of our mortgagors, the Society ended its financial year with a reduction in profits when compared with the previous year. The pandemic continued to affect the livelihoods of the people resulting in an increase in non-performing loans which had a negative effect on the financial performance of the Society.

Notwithstanding these challenges, the New Building Society sustained its strong financial performance as we pursued our concept of mutuality and strove to balance the needs of our savers and borrowers. Our Balance Sheet remained robust and exhibited continued growth whilst maintaining our strong capital and liquidity positions, well above the regulatory requirements. Another key focus of the Directors in 2021 was maintaining financial strength, security and reducing risks.

The Directors have recognized that the unprecedented uncertainties in the global economy brought on by the pandemic are likely to continue in the foreseeable future, hence we take this opportunity to assure you, our members, that the

CHAIRMAN'S REPORT

Society is well placed to keep growing in the future. The Board continues to maintain strong governance and oversight of the Society's operations to fulfil its responsibilities of ensuring the Society's long-term sustainability.

ECONOMIC REVIEW

The World Economic Outlook report (January 2022), by the International Monetary Fund, projects global growth in 2022 at 4.4% down from its 2021 position of 5.9%. This downward moderation is due largely to the impact of the new Omicron Covid-19 variant which is causing supply chain disruptions, border closures, and risks of higher inflation worldwide. The world economic recovery was also hampered by ongoing geopolitical tensions in several regions and the likelihood of increased natural disasters as a result of climate change. Growth in the Euro Area is projected at 3.9% for the year 2022 compared to 5.2% during 2021 as inflation persists due to the continuous spread of the Covid-19 virus. France, Italy, Netherlands, Germany, and Spain; the largest economies in the bloc continue to experience restrictions, shortages of labour, and supply chain disturbances.

The United States economy is projected to grow by 4% in 2022 down from 5.6% in 2021. According to the *World Bank Report (January 2022)*, China's economy is also expected to experience a slower growth rate of 5.1% compared to an estimated 8% for the year 2021.

The World Bank *Global Economic Prospects report (January 2022)* projected that global growth in emerging markets and developing economies is expected to decelerate to 4.6% this year down from its 6.3% in 2021. Many countries in this area depend heavily on tourism, a sector that was severely impacted by the pandemic. It is anticipated that the Latin American economy will moderate to 2.4% in 2022. Brazil's economy is expected to slow down in 2022 to 1.4%, Mexico to 3%, and Argentina to 2.6% respectively. The Caribbean on the other hand is likely to experience growth of 11% as the region rebounds from the pandemic.

Guyana's Minister of Finance in his presentation of the National Budget 2022, emphasized the effects of the Covid-19 pandemic on the world's economy, Guyana included. He noted, however, that despite this and the impact of widespread flooding in 2021, Guyana's real GDP grew by approximately 19.9%.

Noteworthy, was the increase in the total number of barrels of oil produced in 2021 which amounted to 42.7 million barrels compared to 27.2 million barrels in 2020. The non-oil sector of the economy also recorded a growth of 4.6%.

The Minister noted that the effects of the flooding were felt mainly in the agriculture, and fishing sectors which were estimated to have contracted by 9.1% during the year just ended. Sugar, rice, and the other crops subsectors were the main contributors to this decline. According to the Minister, the timber, livestock, forestry and quarrying subsectors along with the services and construction sectors all contributed positively to the economy by recording growth during 2021.

Guyana is a new oil and gas producing economy with exploration activities projected to grow further in 2022. The World Bank in its latest *Global Economic Prospects report (January 2022)* projects that Guyana's GDP is expected to double in 2022 with a growth rate of 49.7% largely due to the increase in oil production.

FINANCIAL RESULTS

Despite the negative impact of the COVID-19 pandemic which caused an increase in non-performing loans, the Society recorded a profit of \$916M for the year ended 2021.

The Board of Directors constantly monitors 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 savers and mortgagors alike.

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

REVENUE

Interest income for 2021 was \$3.1B same as in 2020. Earnings on loan assets for 2021 were 88% of the total interest income (2020 - 86%).

ASSETS

Assets grew by 7% to \$77.1B in 2021 when compared with 2020 which was \$72.3B.

SAVINGS

The Society's Deposit base as of December 31, 2021 was \$58.3B representing an increase of 7% when compared with 2020 which was \$54.4B.

MORTGAGES

The mortgage portfolio at the end of 2021 was \$43.8B as against \$42.3B at the end of 2020 representing an increase of 4%. Despite the impact of the Covid-19 pandemic, the Society's mortgage portfolio experienced growth during the latter part of 2021. As the Government's housing drive gains momentum in 2022 and the housing market rebounds from the effects of the pandemic, the Society expects increased applications for home loans from first-time borrowers. Our lending criteria are designed to allow us to help borrowers to own their homes whilst at the same time protecting our members' funds and minimizing arrears. The Society's robust lending policies and financial performance have made it possible for us to further reduce mortgage rates in 2021 to the benefit of our existing and potential mortgagors whilst maintaining savings rates at the same level, as we continued focusing on returning value to our members. As we continue to grow from strength to strength, we are cognizant of and adhere to all regulatory guidelines.

We are aware that the pandemic adversely affected many of our members and resulted in job losses and a reduction in disposable income. As a caring Society, we responded by approving repayment deferrals through the granting of moratoria. Simultaneously, we continued to monitor and manage our risks associated with non-performing loans which have grown over the past year, a phenomenon experienced not only by the Building Society but other operators in the financial sector as a whole.

COMPLIANCE

Compliance is central to the Society's values and behaviors 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 of the 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 to ensure 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 several charitable, educational and sports-related projects over the years.

OUTLOOK TO THE FUTURE

The year 2021 was another challenging one for the Society and we look to the future with cautious expectation as the global economy is battling to rebound from the effects of the Covid-19 pandemic. Our focus in 2022 will remain on achieving our strategic goals and sustaining our financial performance. To this end, the Society reaffirms its commitment to providing exceptional service to you our loyal members and to continue to support our colleagues and the community. The Society is poised to continue to grow as the housing market is expected to accelerate in 2022.

ACKNOWLEDGMENT

As the world continues to face the challenges of the COVID-19 pandemic, our members have remained steadfast in their support of the Society and as your Chairman, I reaffirm the Society's commitment to continue to assist our members in their quest for homeownership. I also take this opportunity to recognize and commend our employees all of whom have responded remarkably well to the changes and challenges brought about by the pandemic. I thank you for your continued commitment and dedication throughout the year. To my fellow Directors, I am grateful for your dedication, and guidance over the past year. I believe that we all look forward to continue to support each other as we work together to achieve the goals of the Society in the future.



Floyd McDonald

Chairman

22nd February, 2022

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 assets grew by \$4.8B or 6.6% from \$72.3B at the end of 2020, to \$77.1B in the current year.



The year 2021 continued under the cloud of the Covid-19 pandemic which placed tremendous hardships on the Society's business environment. There were numerous interventions by the government to mitigate the effect of these hardships on the citizens of the country. The Society also helped to mitigate against these hardships by reducing mortgage interest rates across its entire mortgage portfolio. The lowering of the interest rates also led to the reduction of repayments for our mortgagors and, helped them to cushion the financial impact of this pandemic. Despite the uncertainty of the business environment, the Society was still able to achieve financial results that were consistent with our Strategic Business Plans.

The Society recorded a profit of \$916M for year 2021 as compared to \$1.071B for the previous year. The reduction of profit was directly as a result of the reduction in mortgage interest

rates. As the pandemic continued along its path of destruction, the Society ensured that its mortgagors and savers' financial well-being took priority over profits. Provisions were already made in the Society's Strategic Business Plans for 2021 for reduced profitability in 2021 in light of the continued effect of the pandemic. The Society's exceptionally strong assets base allowed us to do so quite comfortably. This reduced profitability did not affect the growth of our total assets, savings and mortgage portfolios, since they all reflected growth in line with our Strategic Business Plans.

As a mutual organization our priorities are our savers and mortgagors. All our strategies and plan for 2021 were made to ensure that our savers and mortgagors were supported during this difficult year. In addition to reducing mortgage interest rates, the Society maintained its current interest rates on the savings products. These savings interest rates are currently the most competitive rates in our business environment.

The services that are offered by the Society are deemed to be key/critical to the government's programs and policies, particularly in relation to housing. As such the Society remained open to

business throughout 2021 ensuring all Covid-19 Protocols were followed to ensure the safety of our staff and customers.

ECONOMY REVIEW

The world economy in 2021 was simultaneously faced with Covid-19, inflation and policy uncertainty. Despite these challenges the global growth for 2021 was estimated to be 5.5 % by the World Bank. This growth is expected to decelerate in 2022 and 2023 as pent-up demand dissipates and as fiscal and monetary support is unwounded across the world. In our local economy the Gross Domestic (GDP) is estimated to have grown by 19.9% while non-oil GDP indicated a 4.6% growth. This GDP growth is likely to be among the three fastest growing economies in the world for 2021. The country's budget for 2022 was presented with a projected GDP growth of 47.5% for the year and is likely to be the highest for any country in world.

FINANCIAL RESULTS

The Society recorded a decrease in its profitability for the year 2021. This decrease was as a result of the Society reducing its mortgage interest rates to cushion the adverse financial impact caused by the Covid-19 Pandemic.

REVENUE

Mortgage revenue was \$ 2.7 B or 87% of total revenue of \$3.1B for the current year representing a slight increase from the previous year (2020- \$ 2.6 B or 86% of total revenue of \$3B). Mortgage continues to be the Society's main source of revenue in keeping with our mandate to provide affordable mortgage loans. The interest rates on cash resources continued to decline in 2021 and, are now 1% on all cash resource instruments. Despite an increase of \$2.6B on our cash resources, the 1% rate of return on these investment instruments resulted in the Society earning only \$382M as returns, compared to \$422M in 2020.

ASSETS

The Society's assets primarily consist of mortgage and liquidity investments. The Society is guided by our mutual concept and thus, ensures that the composition of our assets is beneficial to our mortgagors and savers. The Society's assets grew by \$4.8B or

6.6% from \$72.3B at the end of 2020, to \$77.1B in the current year. This growth of assets was considerably due to the increase in our Savings Deposit of \$3.9B or 7% from \$54.4B at the end of 2020, to \$58.3B in the current year.

SAVINGS

A key element of the Society's Strategic Business Plan is to promote the growth of our savings portfolio. We continue to offer higher rates of interest in the savings market to ensure that our savers enjoy excellent rates of return. The savers' balance as at the end of 2021 was \$58.3B or 76% of Total Assets (2020- \$54.4B or 75% of Total Assets). Interest expense continued to be the main use of revenues and was \$1.2B or 39% of Revenues for the current year (2020 - \$1.1B or 37% of Revenues). The deposit insurance cost was over a \$100M and these funds are designed to safeguard savers and ensure further confidence in the savings market. The Society continuously promotes savings as a means of helping our members to build financial wealth. In keeping with this objective, the Society has maintained its interest rates throughout the year inspite of declining market trends.

MORTGAGE

The mortgage portfolio grew by 3% from \$42.3B at the end of 2020, to \$ 44.1 B for the current year. The disbursement of mortgages for 2021 was \$4.9B as compared to \$3.5B for 2020. We processed approximately 995 new mortgage applications for 2021 as against 669 for the previous year. This increase in mortgage business is directly attributable to the government's aggressive housing drive. This level of increase in mortgage activity is expected to continue in the coming years. The Society had reduced its mortgage interest rates twice in the last 8 months to accommodate the government's vision for the housing sector. We are prepared to play a significant role to ensure that persons can own a home of their own with our affordable borrowing conditions. The Covid-19 pandemic and its effects continue to create severe burdens on our mortgagors' ability to meet their repayment obligations. Our Non - Performing Loans was 9% at the end of 2021 (2020 – 9%). The Society continues to work with our mortgagors who are experiencing

significant financial constraints to pay their installments, by granting in excess of 2000 moratoria ranging from 3-12 months to cushion the financial impact of the pandemic; further, foreclosure actions instituted, were only done under extreme circumstances.

LIQUIDITY

The Society is a deposits taking institution and is mindful of its regulators and operational obligation to maintain sufficient liquid assets in normal and sometimes difficult economic conditions. Our liquid asset at the end of 2021 was \$30.5B, which represents an increase of \$3.9B or 14% over the previous year's position. This level of liquidity covers 52% (2020 48%) of members' fund. Total Liquid Assets represents 40% of our Total Assets and earns 13% of total revenues.

CAPITAL ADEQUACY RATIO

The Society's retained earnings represent 25% of our Total Assets. This robust level of capital is above the regulator's requirement. This ensures that the Society is adequately capitalized to sufficiently cushion any adverse economic events.

CUSTOMER FOCUS

The Covid-19 Pandemic continued to adversely affect the human and financial resources of the Society's operating environment. Notwithstanding this, the Society quickly adapted in 2020 to this challenging work environment and continued in 2021 to ensure that our staff and customers adhered to all new Covid-19 guidelines, to minimize the impact of this pandemic. Despite the pandemic the Society was able to adequately engage and train our staff to deliver our services as effectively and efficiently as possible. The Society being a key designated service provider adopted a guiding principle as best as possible, to provide a safe environment for our customers and staff during the pandemic. We were able to maintain the operation of all the Society's branches; also the level of business activity remained the same and customers were efficiently served in spite of reduced banking hours.

EMPLOYEES

Covid-19 has impacted our team members in the way they work and deliver our products and

services to the customers. Our team leaders continue to adapt a collaborative and inclusive organization culture to fully support our staff members. This approach ensured that the Society contained the effect of the pandemic as much as possible, especially the mental health of our team members. We were able to maintain adequate communication channels, provide training and other support to our staff members during these difficult times. We ensured that at all times staff members were educated and followed all health guidelines to ensure that they were mentally comfortable to function in the Society's business environment.

The pandemic was challenging but also invoked new and dynamic ways to deliver our products and services. The Society will use this new tool to better train and involve our team members to facilitate their future growth and development.

OUTLOOK TO THE FUTURE

The New Building Society undertakes to strive to achieve its strategic objectives of being a responsible mutual Building Society. We intend to stay true to our core mutual objectives of our business model. We will all times strive to ensure that our strategic objectives form an integral part of any strategic decision the Society makes, so as to provide the most affordable mortgages and be a trusted place for people wishing to save. The Society will aggressively participate and support the government in its vision of providing over 50,000 new homes and, modern infrastructure in this new oil economy in the years ahead.

ACKNOWLEDGMENT

The Society's success over several decades is due to the highly dedicated and professional Directors, Team leaders and Staff members; to whom I offer my sincere heartfelt thanks. This has been another challenging year for us, but particularly for our frontline staff who have continued to keep our network of branches opened. I close by wishing everyone a safe, secure and healthy 2022.



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Anil Kishun
CEO/Director/Secretary
22nd February, 2022



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



Higher Income Residence



Middle Income Residence



Low Income Residence

MANAGEMENT TEAM



Anil Beharry
Assistant Secretary



Savitri Samaroo
Operations Manager



Noel Fernandes
Assistant Operations Manager



Rana Persaud
Manager, Berbice 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



Latchmi Beepat
Human Resource Officer

REPORT OF THE DIRECTORS

For the year ended December 31, 2021

The Directors are pleased to present the 82nd Annual Report together with the audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2021.

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 \$42.9B in 2020 to \$44.5B at the end of the year 2021.

Investors Balances increased from \$54.4B in 2020 to \$58.3B in 2021.

Financial Highlights

In the year 2021 NBS:-

	2021 \$ Millions	2020 \$ Millions	% Change
- Recorded a profit of	916	1,072	- 14.6
- Increased Total Reserves to	18,710	17,787	+ 5.2
- Increased Assets under Management to	77,105	72,345	+ 6.6
- Provided New Advances to Mortgagors totaling	4,933	3,483	+ 41.6

Mortgages:

As at December 31, 2021, there were 9,583 Mortgage Accounts totaling \$44,477M which represented 59% of our Total Assets (2020 – 9,666 Mortgage Accounts totaling \$42,928M or 58% of our Total Assets).

Savings:

The value of net receipts for the year was \$3,905M (2020 - \$3,624M). Our Total Investors' Balances as at December 31, 2021 amounted \$58,309M (2020 - \$54,404M).

Assets:

Total Assets as at December 31, 2021 were \$77,105 (2020 - \$72,345M), representing an increase of approximately 6.3%. All changes in tangible fixed assets during the year are detailed in the Financial Statements. Freehold Land and Buildings were re-valued in December 2021 and have been included in the Financial Statements at these valuations. Liquid Assets in the form of Cash and Short Term Securities were \$30,446M and represented 52% of our Investors' Balances as at December 31, 2021 (2020 – \$26,644M – 49%).

Charitable Donations:

At the end of 2021, the Society made donations to several charitable and educational institutions in the communities across the country totaling \$4.657M.

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:

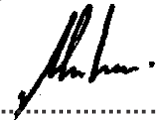
In accordance with Rule 47(1), the Directors whose names are listed below, will retire after the 82nd Annual General Meeting and are eligible for re-election.

- Mr. Floyd Mc Donald
- Mr. Edwin Verasammy

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
22nd February, 2022

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 organized in such a manner to ensure that the financial statements, the management of its assets and the general financial affairs of the business are controlled in a satisfactory manner in keeping with generally accepted accounting standards and principles.

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

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

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

Role of the Sub Committees of the Board

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

AUDIT AND COMPLIANCE SUB COMMITTEE

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

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

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

Current Chair (Director): Mr. E. Verasammy

Director: Mr. F. McDonald

Director: Mrs. C. Ramson

HUMAN RESOURCES SUB COMMITTEE

The Human Resources Sub Committee comprising of three 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. The 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

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

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

Director: Mr. K. Tiwari

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

DIRECTORS' RESPONSIBILITIES FOR ACCOUNTING RECORDS AND INTERNAL CONTROLS

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

The Directors are also responsible for ensuring that the Society:

- Keeps accounting records in accordance with the New Building Society (Amendment) Act 2010, the Financial Institution Act 1995, the Anti Money Laundering & Countering the Financing of Terrorism Act 2009 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

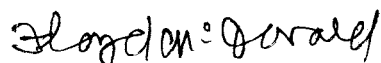
The Society's business objectives and principal activities are to provide the best savings products and to promote home ownership.

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 secure 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



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Floyd McDonald

Chairman

22nd February, 2022

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

MSC 04/2022

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 2021, 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 31 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, 2021, 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 the Financing of Terrorism Act 2009 & Regulation 2010, as amended, Deposit Insurance Act No. 15 of 2018 and Credit Reporting Act No. 9 of 2010 as amended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The key audit 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 \$43.7 billion, or 57% 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 cashflow characteristics. IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortised cost,
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit and loss (FVPL).

IFRS 9 introduces new impairment rules which prescribe a new forward looking expected credit loss ('ECL') impairment model which takes into

account reasonable and supportable forward looking information which will generally result in the earlier recognition of impairment provisions.

We have focused on this area, because there are a number of significant judgments which management will need to determine as a result of the requirements in measuring ECL under IFRS 9:

- Determining the criteria for a significant increase in credit risk;
- Techniques used to determine probability of default (PDs) and loss given default (LGD); and
- Factoring in possible future economic scenarios.

These judgments have required new models to be built and implemented to measure the expected credit losses on loans and investments. Management engaged a credit modeler expert to assist in the more complex aspects of the expected credit loss model.

With respect to the measurement and classification of the financial assets and liabilities, we read the relevant accounting policies adopted by the Society and compared them to the requirements of IFRS 9.

We obtained an understanding of the Society's business model assessment and for a sample of instruments verified solely the inputs into payments of principal and interest test performed by the client with original contracts.

We tested the opening equity adjustments in relation to the adoption of the new standard's classification and measurement requirements.

With respect to the ECL model, our audit approach was as follows:

- We obtained the Society's impairment provisioning policies and compared them to the requirements of IFRS 9;
- We tested the ratings used in the ECL model for a sample of instruments. For investment, the Society made comparison to publically available data. For loans, source documents used in the Society's rating process were verified;
- For a sample of instruments, we tested whether the significant increase in credit risk and default definitions were appropriately applied and the resulting impact of this on the staging of the instruments.
- We tested the loss given default in the ECL calculation for a sample of instruments, including the value of collateral where appropriate.
- In assessing the reasonableness of the probability of default, we verified the critical data inputs into the vintage analysis against source documents.
- We tested the critical data fields used in the ECL model, such as origination date, date of maturity, credit rating, date of default if any, principal, interest rate, collateral type and value, by tracing data back to source documents.
- We tested the completeness of the amounts assessed for impairment on Financial Assets.

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

Key Audit Matters	How our audit procedures addresses the key audit matter
<p>Regulatory Environment</p> <p>The Society operates in a highly regulated environment and non-compliance with laws and regulations, particularly the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act of 2009, as amended could result in the Society facing penalties and other administrative sanctions by the Central Bank and Financial Intelligence Unit (FIU).</p> <p>The Compliance Officer is responsible for establishing 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, as amended.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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.



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Maurice Solomon & Co.
Chartered Accountants
February 24th, 2022

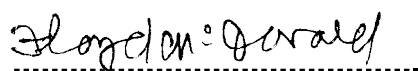
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

	NOTE	2021	2020
Assets			
Cash Resources	5	22,091,664	19,471,218
Loan Assets	6	43,821,308	42,272,695
Investments	7	8,409,416	7,785,312
Property, Plant & Equipment	8	2,268,493	2,256,551
Other Assets	9	213,824	256,504
Defined Benefit Asset	12	341,688	303,072
		<u>77,146,393</u>	<u>72,345,352</u>
Investors' Balances, Other Liabilities And Reserves			
Investors' Balances	10	58,309,443	54,404,020
Other Liabilities	11	127,193	154,777
Assigned Capital	13 (b)	250,000	250,000
Risk Reserve		677,481	457,169
Revaluation Reserve		1,048,486	1,048,486
Retained Earnings		16,733,790	16,030,900
		<u>77,146,393</u>	<u>72,345,352</u>

The Board of Directors approved these financial statements for issue on February 22nd, 2022.



Chairman



Vice-Chairman



CEO/Director/Secretary

The notes on pages 31 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 2021

Expressed in Thousands of Guyana Dollars

	NOTE	2021	2020
INTEREST INCOME ON:			
Loan Assets		2,678,805	2,610,849
Investments		111,352	138,474
Cash Resources		270,600	283,796
		<u>3,060,757</u>	<u>3,033,119</u>
INTEREST EXPENSES	16	1,213,663	1,120,803
INTEREST REVENUE		<u>1,847,094</u>	<u>1,912,316</u>
Other Income			
Gain on Disposal of non-current assets		5,422	-
Fees and Commission Income		21,281	24,447
Other Operating Income		36,457	6,201
Reversal of Impairment on Investment	7	25,256	-
TOTAL NET INCOME		<u>1,935,510</u>	<u>1,942,964</u>
Operating Expenses			
General Administrative Expenses	15 (b)	(879,676)	(805,888)
(Increase)/ Decrease Impairment on Loan Assets	14	(10,123)	62,638
Depreciation	15 (a)	(71,747)	(65,423)
Other Expenses	15 (e)	(57,707)	(62,353)
Total Operating Expenses		<u>(1,019,253)</u>	<u>(871,026)</u>
PROFIT FOR THE YEAR		<u>916,257</u>	<u>1,071,938</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of Provision of Employee Benefits	12	6,945	(4,959)
Total Other Comprehensive Income		<u>6,945</u>	<u>(4,959)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>923,202</u></u>	<u><u>1,066,979</u></u>

The notes on pages 31 to 63 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

	Risk Reserves	Assigned Capital	Revaluation Reserves	Retained Earnings	Total
Balance as at 1 January 2021	457,169	250,000	1,048,486	16,030,900	17,786,555
Profit for the year	-	-	-	916,257	916,257
Other Comprehensive Income for the year	-	-	-	6,945	6,945
Transfer to Risk Reserve	220,312	-	-	(220,312)	-
Balance as at 31 December 2021	677,481	250,000	1,048,486	16,733,790	18,709,757
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 for the year	-	-	-	(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

The notes on pages 31 to 63 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

	2021	2020
OPERATING ACTIVITIES		
Net Profit for the year	916,257	1,071,938
Adjustments for:		
Interest payable on Treasury Bills and Fixed Deposits	(210,332)	(264,041)
Reversal of Impairment on Investments	(25,256)	-
Depreciation	71,747	65,423
Net Provision for Impairment on Loan Assets	10,123	(62,638)
Utilization of Provision for Impairment on Loan Assets	-	(1,816)
Movement in Retirement Benefit Plan Liability	(31,671)	(26,803)
Gain on Disposal of Property, Plant and Equipment	(5,424)	-
OPERATING INCOME BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	725,444	782,063
Loans Advances (net of repayments)	(1,558,737)	(712,052)
Decrease/(Increase) in Other Assets	42,680	(46,636)
Receipts from Investors Net of Withdrawals	3,905,423	3,624,452
(Decrease)/Increase in Other Liabilities	(27,584)	56,525
NET CASH INFLOW - OPERATING ACTIVITIES	3,087,227	3,704,352
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(85,245)	(14,498)
Additions to Investments	(8,354,450)	(7,122,698)
Redemptions of Investments	7,810,568	6,326,576
Net Increase in Restricted Cash Resources and Fixed Deposits	(2,639,459)	(2,883,515)
Proceeds from the Sale of Property, Plant and Equipment	6,980	-
NET CASH OUTFLOW - INVESTING ACTIVITIES	(3,261,606)	(3,694,135)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(174,379)	10,216
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	1,648,946	1,638,730
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	1,474,567	1,648,946

The notes on pages 31 to 63 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 2021

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 1: Amendments resulting from annual improvements; subsidiary as a first time adopter (effective 1 January 2022)

IFRS 3: Amendments the Conceptual framework (effective 1 January 2022)

IFRS 4, 7: Amendments regarding replacement issues in the context of IBOR reform (effective 1 January 2022)

IFRS 9: Amendments resulting from annual improvements; fees in the 10 per cent test for derecognition of financial liabilities (effective 1 January 2022)

IFRS 17: Amendments to address concerns and implementation challenges that were identified after original standard was published (effective 1 January 2023)

IAS 1: Amendments regarding the classification of liabilities and the disclosure of accounting policy (effective 1 January 2023)

IAS 8: Amendments regarding the definition of accounting estimates (effective 1 January 2023)

IAS 12: Amendments regarding deferred tax on leases and decommissioning obligations

IAS 16: Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

IAS 37: Amendments regarding the costs to include when assessing whether a contract is onerous.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 BASIS OF PREPARATION (cont'd)

b) 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 16: Amendments regarding replacement issues in the context of IBOR reform (effective 1 January 2021)

IFRS 16: Amendments to extend the exemption from assessing whether a COVID -19 related rent concession is a lease modification (effective 1 April 2021)

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 2021

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 requires 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 2021

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 2021

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

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.

Provisioning

The Society follows the conditions of the Bank of Guyana Supervision Guidelines and Financial Institution Act 1995 and applies loan provisioning under the following classification categories:

<u>Classification</u>	<u>Level of Provision</u>
Pass	0%
Pass due	0%
Substandard	20%
Doubtful	
Loss	100%

A general provision of 1% of the portion of the loan portfolio not individually assessed is also made.

During the year, the Society continued to provide support to qualified borrowers whose operations and livelihood were impacted by the COVID -19 pandemic. These borrowers were granted moratorium on loan payments up to 31 December 2021. Management and the Board of Directors would continue to monitor these accounts so as to provide temporary relief measures where necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 INVESTMENTS

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

The Society classified and 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" which requires the holding of financial assets in order to collect contractual cash flows and solely payments of principal and interest (referred to as "SPPI") outstanding at specified dates.

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 2021

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.

INTEREST RECOGNITION

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.

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 2021

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 RECOGNITION OF FEES AND COMMISSION

Fees and commission are recognised as earned in the statement of profit or loss account.

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 DEFINED BENEFIT PLAN

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

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

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

3.10 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when there is a present obligation as a result of a past event, it is probable that the obligation will be settled and it can be reliably estimated (IAS 37). Contingent liabilities have not been recognized.

3.11 PROPERTIES IN POSSESSION

Properties are carried at lower of carrying amount and fair value less costs to sell. Fair values of these assets are determined by independent valuers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 CASH AND CASH EQUIVALENTS

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

3.13 COMPARATIVES

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

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" which requires the holding of 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 2021

Expressed in Thousands of Guyana Dollars

	2021	2020
5. CASH RESOURCES		
Redeemable on Demand:		
Cash in Hand	7,200	7,200
Cash at Bank, excluding Fixed Deposits	1,467,367	1,641,746
Classified as Cash and Cash Equivalents	<u>1,474,567</u>	<u>1,648,946</u>
Redeemable after 3 Months:		
Fixed Deposits	20,617,097	17,822,272
	<u>22,091,664</u>	<u>19,471,218</u>
6. LOAN ASSETS		
Mortgages	44,477,472	42,918,142
Properties in Possession (b)	31,444	9,488
Provision for Impairment on Loan Assets (notes 6 (c) & 14)	(475,018)	(464,895)
Unearned Interest	(212,590)	(190,041)
	<u>43,821,308</u>	<u>42,272,694</u>

PROPERTIES IN POSSESSION

Properties are carried at lower of carrying amount and fair value less costs to sell. Fair values of these assets are determined by independent valuers.

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	87,109	314,169
Stage 2: Lifetime ECL	59,245	67,352
Stage 3: Lifetime Credit Impaired ECL for Financial Assets	328,664	83,374
	<u>475,018</u>	<u>464,895</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

	2021		2020	
	No. of Securities	Value	No. of Securities	Value
6. LOAN ASSETS (cont'd)				
The table below shows the analysis of the mortgage portfolio by value bands				
Balances not exceeding \$1,000,000	1,207	625,983	1,285	669,614
Balances exceeding \$1,000,000 but not \$1,500,000	561	698,917	622	770,267
Balances exceeding \$1,500,000 but not \$2,000,000	563	983,355	585	1,022,417
Balances exceeding \$2,000,000 but not \$2,500,000	649	1,452,453	663	1,488,259
Balances exceeding \$2,500,000 but not \$3,000,000	651	1,785,858	694	1,904,096
Balances exceeding \$3,000,000 but not \$4,000,000	1,314	4,567,978	1,360	4,732,457
Balances exceeding \$4,000,000 but not \$5,000,000	957	4,282,284	929	4,143,468
Balances exceeding \$5,000,000 but not \$6,000,000	821	4,494,736	832	4,551,522
Balances exceeding \$6,000,000 but not \$7,000,000	672	4,329,750	669	4,313,246
Balances exceeding \$7,000,000 but not \$8,000,000	520	3,874,275	511	3,803,566
Balances exceeding \$8,000,000 but not \$9,000,000	428	3,620,329	390	3,302,762
Balances exceeding \$9,000,000 but not \$10,000,000	398	3,773,900	386	3,656,116
Balances exceeding \$10,000,000 but not \$11,000,000	261	2,709,768	250	2,598,217
Balances exceeding \$11,000,000 but not \$12,000,000	334	3,842,118	312	3,593,198
Balances exceeding \$12,000,000	247	3,223,180	179	2,188,385
Total	9,583	44,264,882	9,667	42,737,590

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

	2021	2020
7. INVESTMENTS		
Government of Guyana Treasury Bills	8,409,416	7,173,402
Berbice Bridge Company Inc. Bond	-	637,167
ECL Allowances - Note 7 (a)	-	(25,257)
	<u>8,409,416</u>	<u>7,785,312</u>

The Bond was fully repaid within the year.

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
Credit Losses Movement - Repayments	-	11,079
	<u>-</u>	<u>25,257</u>

8. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work in Progress	Total
Cost					
As at 01 January, 2021	2,240,010	290,401	76,900	-	2,607,311
Additions	7,843	15,120	62,000	282	85,245
Disposals	-	(2,748)	(54,500)	-	(57,248)
As at 31 December, 2021	<u>2,247,853</u>	<u>302,773</u>	<u>84,400</u>	<u>282</u>	<u>2,635,308</u>
Accumulated Depreciation					
As at 01 January, 2021	78,271	208,240	64,247	-	350,758
Charges for the Year	39,355	21,079	11,313	-	71,747
Written back on Disposals	-	(2,748)	(52,942)	-	(55,690)
As at 31 December, 2021	<u>117,626</u>	<u>226,571</u>	<u>22,618</u>	<u>-</u>	<u>366,815</u>
Net Book Value					
As at 31 December, 2021	<u>2,130,227</u>	<u>76,202</u>	<u>61,782</u>	<u>282</u>	<u>2,268,493</u>
As at 01 January 2021	<u>2,161,739</u>	<u>82,161</u>	<u>12,653</u>	<u>-</u>	<u>2,256,553</u>

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 Office as at December 2021 on the basis of open market value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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, 2020	2,235,211	281,381	76,900	2,593,492
Additions	4,799	9,699	-	14,498
Disposals	-	(679)	-	(679)
As at 31 December, 2020	<u>2,240,010</u>	<u>290,401</u>	<u>76,900</u>	<u>2,607,311</u>
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	<u>78,272</u>	<u>208,239</u>	<u>64,249</u>	<u>350,760</u>
Net Book Value				
As at 31 December, 2020	<u>2,161,738</u>	<u>82,162</u>	<u>12,651</u>	<u>2,256,551</u>
As at 01 January 2020	<u>2,196,196</u>	<u>92,449</u>	<u>18,831</u>	<u>2,307,476</u>

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

	2021	2020
Cost	1,306,996	1,299,153
Accumulated Depreciation	(267,773)	(241,633)
	<u>1,039,223</u>	<u>1,057,520</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

9. OTHER ASSETS	2021	2020
Accrued Interest	155,366	213,338
Accounts Receivables and Prepayments	58,458	43,166
	<u>213,824</u>	<u>256,504</u>
10. INVESTORS' BALANCES		
Five Dollar Shares	25,569,469	24,162,916
Save and Prosper	31,572,767	29,121,218
Deposits	1,167,206	1,119,886
	<u>58,309,442</u>	<u>54,404,020</u>
11. OTHER LIABILITIES		
Withholding Taxes	37,427	34,527
Accounts Payables and Accruals	86,692	84,065
Deferred Income	3,074	36,185
	<u>127,193</u>	<u>154,777</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

2021

2020

12. DEFINED BENEFIT ASSET

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

Present Value of Obligations	1,106,820	975,894
Fair Value of Plan Assets	(2,809,619)	(2,107,567)
Effect of Asset Ceiling	1,361,111	828,601
Asset Recognized in the Statement of Financial Position	(341,688)	(303,072)

The movement in the Present Value of the Obligation is:

As at Beginning of Year	975,894	860,624
Interest Expense	55,037	49,059
Current Service Cost	27,037	23,236
Contributions by Plan Participants	19,988	17,812
Benefits Paid	(44,512)	(19,396)
Past Service Cost	-	2,005
Actuarial losses	73,376	42,554
As at End of Year	1,106,820	975,894

The movement in the Fair Value of Plan Assets is:

As at Beginning of Year	2,107,567	1,885,905
Actual Return on Plan Assets	683,679	185,928
Contributions by the Society	43,308	38,593
Contributions by Plan Participants	19,988	17,813
Benefits Paid	(44,512)	(19,396)
Administrative Expenses	(411)	(1,276)
As at End of Year	2,809,619	2,107,567

The amount recognized in the Statement of Profit or Loss:

Current Service Cost	27,037	23,236
Past Service Cost	-	2,005
Interest Cost	55,037	49,059
Expected Return on Plan Assets	(116,421)	(104,708)
Administrative expenses	411	1,276
Interest on Effect of Asset Ceiling	45,573	40,922
Total included in Staff Cost	11,637	11,790

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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	2021	2020
12. DEFINED BENEFIT ASSET (cont'd)		
Re-measurements recognized in other comprehensive income:		
Experience Gains - Demographic	73,376	42,554
Experience Gains - Financial	(567,258)	(81,220)
Effect of Asset Ceiling	486,937	43,625
	<u>(6,945)</u>	<u>4,959</u>
Expected Contributions in Upcoming Year	<u>66,323</u>	<u>58,411</u>

Reconciliation of opening and closing entries in Statement of Financial Position

Opening defined benefit asset	(303,072)	(281,228)
Net pension cost	11,636	11,790
Re-measurements recognised in OCI	(6,945)	4,959
Society's contribution paid	(43,307)	(38,593)
	<u>(341,688)</u>	<u>(303,072)</u>

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	UP -94
	(+1) (with a projection scale AA)	(+1) (with a projection scale AA)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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12. DEFINED BENEFIT ASSET (cont'd)

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.

	2021		2020	
Plan Assets are comprised as follows:				
Cash Resources	475,577	16.9%	404,339	19.2%
Stocks & Bonds	2,331,541	83.0%	1,700,805	80.7%
Other Assets	2,502	0.1%	2,423	0.1%
	<u>2,809,619</u>	<u>100%</u>	<u>2,107,567</u>	<u>100%</u>

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:

	2021	2020	2019	2018	2017
Present Value of Obligation	1,106,820	975,894	860,522	799,956	669,141
Fair Value of Plan Assets	<u>2,809,619</u>	<u>2,107,567</u>	<u>1,885,905</u>	<u>1,495,763</u>	<u>1,020,188</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

12. DEFINED BENEFIT ASSET (cont'd)

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	1,106,820	
Discount Rate -1%	1,335,152	20.63%
Discount Rate +1%	929,433	-16.03%
Salary Increases -1%	1,024,398	-7.45%
Salary Increases +1%	1,197,272	8.17%
Increase average life expectancy by 1 year	1,124,218	1.57%
Decrease average life expectancy by 1 year	1,089,443	-1.57%

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 **\$677,481** 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 2021

Expressed in Thousands of Guyana Dollars

	2021	2020
14. CREDIT IMPAIRMENT ON LOAN ASSETS		
As at Beginning of Year	464,895	529,349
Movements for the year	10,123	(64,454)
As at End of Year	<u>475,018</u>	<u>464,895</u>
15. NON-INTEREST EXPENSES BY NATURE		
(a) Depreciation	71,747	65,423
(b) General Administrative Expenses		
Staff Costs (Note 17)	592,624	534,055
Electricity	31,383	32,792
Software License Fee	33,266	25,525
Advertising	3,507	4,165
Postage and Telephone	10,635	10,882
Deposits Insurance	117,048	112,904
Other	91,213	85,565
	<u>879,676</u>	<u>805,888</u>
(c) Other Expenses		
Security	49,550	54,268
Charitable and Educational Donations	4,657	4,585
Auditors' Remuneration	3,500	3,500
	<u>57,707</u>	<u>62,353</u>
Total Non-Interest Expenses	<u>1,009,130</u>	<u>933,664</u>
16. INTEREST EXPENSES		
Five Dollar Shares	366,425	345,487
Save and Prosper Shares	830,993	760,009
Deposits	16,246	15,307
	<u>1,213,664</u>	<u>1,120,803</u>

NOTES TO THE FINANCIAL STATEMENTS

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17. STAFF COSTS	2021	2020
Wages and Salaries	403,215	363,100
Social Security Costs	26,444	24,023
Pension Costs	11,637	11,790
Other Staff Costs	151,328	135,142
	<u>592,624</u>	<u>534,055</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.

	2021	2020
(a) MORTGAGES		
Balance as at Beginning of Year	34,493	36,513
Mortgages issued during the Year	2,000	-
Mortgage Interest Charged during the Year	1,201	1,352
Mortgage Payments during the Year	(4,152)	(3,372)
Balance as at End of Year	<u>33,542</u>	<u>34,493</u>

No provision has been required for the mortgages granted to related parties.

(b) INVESTORS' BALANCES

Balance as at Beginning of Year	155,675	116,700
Deposits Received during the Year	118,925	65,184
Interest earned during the Year (net of tax)	3,877	2,852
Withdrawals made during the Year	(82,353)	(29,061)
Balance as at End of Year	<u>196,124</u>	<u>155,675</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

	2021	2020
18. RELATED PARTY TRANSACTIONS (cont'd)		
(c) KEY MANAGEMENT COMPENSATION		
Short-Term Employee Benefits	162,626	154,835
Post-Employment Benefits	5,267	4,648
	<u>167,893</u>	<u>159,483</u>
19. DIRECTORS' COSTS		
Directors' Costs included in Key Management Compensation		
Directors' Fees	5,580	5,059
Directors' Travel	5,580	5,059
Directors' Pension	2,462	2,737
	<u>13,622</u>	<u>12,855</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 2021

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 2021

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.

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 fifteen million dollars (\$15M), 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 fifteen million Guyana dollars (\$15M).
- (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 2021

Expressed in Thousands of Guyana Dollars

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

(c) CREDIT RISK (cont'd)

(viii) A Director of the Society is required to inspect collateral lodged at least once every three (3) years.

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

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

	2021		2020	
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	28,424,964	0.19%	33,896,242	0.15%
Berbice	2,647,986	0.75%	6,487,004	0.90%
Essequibo	1,333,862	0.44%	1,763,933	0.00%
Linden	554,179	0.46%	770,904	0.00%
	<u>32,960,991</u>		<u>42,918,083</u>	

During the year there were loan assets totaling \$86,635 (2020 - \$51,218) 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.

	2021	2020
Past Due Accounts		
Pass due up to 30 days	3,626,578	3,794,769
Pass due 30 to 90 days	3,631,834	3,992,450
Impaired (Over 90 days)	2,105,572	1,934,658
Total	<u>9,363,984</u>	<u>9,721,877</u>
Fair value of collateral	<u>18,325,770</u>	<u>24,915,950</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 \$1,147,763 (2020 - \$1,308,568) and \$841,166 (2020 - \$613,236) respectively.

	2021	2020
Demerara, except Linden	3,474,915	3,166,179
Berbice	440,721	478,214
Essequibo	89,717	108,975
Linden	40,358	23,121
	<u>4,045,711</u>	<u>3,776,489</u>
Fair value of collateral	<u>8,585,750</u>	<u>7,898,650</u>

RENEGOTIATED LOANS

The carrying amounts of all renegotiated loans aggregated to:

Renegotiated Loans	<u>547,725</u>	<u>385,936</u>
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Renegotiations normally involve the deferral of repayments for mortgagors experiencing temporary cash flow problems. These requests are usually considered by management and approved for the mortgagors under revised conditions. 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 2021

Expressed in Thousands of Guyana Dollars

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

(d) INTEREST RATE RISK

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

The Society's interest bearing instruments carry fixed rate of interest except cash resources totaling \$1,186,652 (2020- \$383,911) with an effective interest rate of 0.5% (2020- 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 \$5,933 (2020-\$1,920).

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 2021				
Cash Resources	21,695,322	-	396,342	22,091,664
Loan Assets	3,800,882	40,676,589	31,444	44,508,915
Investments	8,409,416	-	-	8,409,416
Other Assets	-	-	213,824	213,824
Total Assets	33,905,620	40,676,589	641,610	75,223,819
Investors' Balances	58,309,442	-	-	58,309,442
Other Liabilities	127,193	-	-	127,193
Total Investors' Balances and Other Liabilities	58,436,635	-	-	58,436,635
Interest Sensitivity Gap	(24,531,015)	40,676,589	641,610	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in Thousands of Guyana Dollars

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

(d) INTEREST RATE RISK (cont'd)

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

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

	2021	2020
	%	%
Fixed Deposits	1.3	1.6
Mortgages	6.0	6.1
Investments	1.3	1.8
Investors' Balances	2.1	2.1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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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 2021				
Cash Resources	22,091,664	-	-	22,091,664
Loan Assets	3,800,882	9,760,676	30,947,358	44,508,916
Investments	8,409,416	-	-	8,409,416
Other Assets	213,824	-	-	213,824
Total Assets	34,515,786	9,760,676	30,947,358	75,223,820
Investors' Balances	58,309,442	-	-	58,309,442
Other Liabilities	127,193	-	-	127,193
Total Investors' Balances and Other Liabilities	58,436,635	-	-	58,436,635
Net Liquidity Gap	(23,920,849)	9,760,676	30,947,358	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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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 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	

(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:

	2021	2020
British Pound Sterling	70,460	70,445
United States Dollar	732,281	726,305

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

(f) FOREIGN EXCHANGE RISK (cont'd)

At 31 December 2021, 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 \$705 (2020 – \$704) higher / lower.

At 31 December 2021, 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 \$7,323 (2020 - \$7,263) higher / lower).

21. FAIR VALUE MEASUREMENTS

The Society assets and liabilities based on the following hierarchy contained in IFRS 13:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.

Level 3: Inputs for the asset that are not based on observable market data .

The table below shows the fair value of assets which are not carried at fair value on the statement of financial position but for which disclosure of fair value is required.

Assets	IFRS 13 Level	2021 Fair value	2021 Carrying amount	2020 Fair value	2020 Carrying amount
Loan Assets	Level 2	48,077,761	43,821,308	45,767,699	42,272,695
Investments	Level 2	8,438,600	8,409,416	7,810,568	7,785,312

The fair values of loan assets are based on net present values using discount rates reflected of market rates for similar assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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21. FAIR VALUE MEASUREMENTS (cont'd)

(a) Property, Plant and Equipment

During 2021, revaluations of Society's properties were done by the Chief Valuation Office on the basis of open market value. The revalued amount approximated the carrying amount in the financial statements. The valuations of properties are classified at level 2.

(b) Cash Resources and Other Assets

Cash Resources and Other Assets: The carrying value of cash resources and other assets

(c) Investors' Balances and Other Liabilities

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

There were no transfer between levels in the current year.

22. CONTINGENT MATTERS

(a) CLAIM FROM A MEMBER

On 16 October 2007 the Society received a writ from a member seeking an amount of \$7,673 which was allegedly given to an employee of the Society to convert into foreign currency for remittance overseas. The sum, it was claimed, was not remitted or returned to the member. The initial ruling of the court was in favour of the plaintiff. The Society has appealed this ruling and is confident of success on appeal. This amount is lodged with the Registrar of the Supreme Court of Judicature.

(b) CLAIMS FROM BUILDING CONSULTANTS

During December 2008 the Society received three (3) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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22. CONTINGENT MATTERS (cont'd)

(c) CLAIMS FROM FORMER EMPLOYEES

During 2010, the Society received writs from three (3) 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.

23. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

The Board of Directors approved a reduction of interest rates on mortgages from 6.25% to 5.95% p.a to both current and new loans for values between \$6M to \$15M. In addition, low income loans from \$6M and below, interest rate is 4% per annum for qualified borrowers. These new rates are effective 1 January 2022.

SIGNIFICANT CONTRIBUTIONS



Ms Renita Hennis, Mortgage Supervisor of the Head Office conversing with the Honorable Minister within the Ministry of House and Water, Ms. Susan Rodrigues at the 6th Dream Realized activity held at the Guyana National Stadium on 15th October, 2021.



Mrs Guwantie Hiralal & Mrs. Tajwattie Lackerbaj pose for a photo with the Honorable Minister of Housing and Water, Mr. Collin D. Croal at the Ministry of Housing, Dream Realized Housing Drive held at the Blairmont Community Centre on 8th December, 2021.



Mrs. Guwantie Hiralal, Rosignol Sub-Branch Manager conversing with a potential customer at the Ministry of Housing, Dream Realized Housing Drive held at the Blairmont Community Centre on 8th December, 2021.



Mrs. Simone Mohanlall and Ms. Rebecca Singh of the Head Office interacting with the Honorable Minister within the Ministry of House and Water, Ms. Susan Rodrigues and proud landowners at the Dream Realized Activity held at the Arthur Chung Conference Centre on 27th August, 2021.



Mrs Guwantie Hiralal & Mrs. Tajwattie Lackerbaj of the Rosignol Sub Branch conversing with potential customers at the Ministry of Housing, Dream Realized Housing Drive held at the Blairmont Community Centre on 8th December, 2021.

CORPORATE SOCIAL RESPONSIBILITIES

Our Contributions and Sponsorships



Ms. Shakuntala Bharat, Chief Cashier at the Society's Corriverton Branch presents a trophy to Mr. Deonauth, representative of the Corriverton Primary School for their Annual Graduation ceremony. Other members of staff were in attendance.



Mr. Barry Bobby, Secretary of the Disabled People Network, accepts NBS's contribution from Mr. Kamal Persaud of NBS' Rosignol Branch. Other members of staff were in attendance.



Ms. Tracy Kingston, Graduate Senior Mistress of the St. George's High School proudly displays the trophy donated by The New Building Society Limited for the best graduating student for Electronic Document Preparation (EDPM) for 2020



Ms. Antonia Chichester, Secretary at the Society's Chief office, presents Ms. Anjali Jagnarine, School Improvement Action Committee (SIAC) member of the Enmore Primary School with a trophy for that School's Annual Prize Giving Exercise.



Representative from the West Demerara Secondary School accepts a trophy donated by the New Building Society Limited for the best graduating student in Integrated Science (2020) for the School's Annual Graduation and Prize Giving Ceremony

STAFF MATTERS



The Director/Secretary/CEO, Mr. Anil Kishun deservedly collects his token of appreciation, for completing more than twenty-five years of service to the Society, from the Operations Manager, Mrs. Savitri Samaroo whilst other senior employees looked on.



Mrs. Gaitri Seojattan, a Savings/Accounts Supervisor, of the Head Office proudly collects her long service award for completing more than twenty-five (25) years of service to the Society, from the Director/ Secretary/CEO, Mr. Anil Kishun.



Mrs. Gleniss Ramsahoi, Manager of our Linden Branch cheerfully collects her long service award, for completing more than fifteen (15) years of service to the Society, from Ms. Tonisha Bridglall, an employee of the Branch.



Ms. Anuradha Ragunath, a Senior Cashier at our Head Office is very delightful as she collects her long service award, for completing more than fifteen (15) years of service to the Society, from our Assistant Secretary, Mr. Anil Beharry.



The Society continues to recognize the key contributions of our Secretarial / Administrative Officers and the roles they play for the smooth functioning of the Society. In this picture, our Secretarial / Administrative Officers posed with their floral arrangements and gifts on Administrative Professionals Day 2021.



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