



# 2022 ANNUAL REPORT

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**The New Building Society Limited**





**NBS is supportive of the vision of His Excellency, the President, Dr. Mohamed Irfaan Ali and his team for the massive infrastructural and housing projects across the country.**

# Contents

2.	Mission Statement
2.	Business Objectives
3.	Notice of Meeting
4.	Corporate Information
5.	Five-year Statistical Information
5.	Financial Highlights
7.	Chairman's Report
10.	Board of Directors
12.	CEO/Director/Secretary's Report
16.	Management Team
18.	Report of the Directors
20.	Report of the Directors on Corporate Governance
23.	Independent Auditor's Report
27.	Statement of Financial Position
28.	Statement of Profit or Loss and Other Comprehensive Income
29.	Statement of Changes in Equity
30.	Statement of Cash Flows
31.	Notes to the Financial Statements
65.	Significant Contributions
67.	Corporate Social Responsibilities
68.	Staff Matters

# 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-third Annual General Meeting of the Members of the New Building Society Limited will be held **at 10:30 hours on Saturday, 25<sup>th</sup> March, 2023** 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 31<sup>st</sup> December, 2022 and matters arising thereafter.
2. To advise that Director, Mr. Edwin Verasammy requested to be retired with effect from 1<sup>st</sup> January 2023 and in accordance with Rule 43 of the Society, the Board has filled the vacancy with **Mr. Walter Robindranauth Persaud – Businessman/Entrepreneur** who is a qualified member and is eligible for such appointment to replace Mr. Edwin Verasammy. The confirmation of this appointment is hereby requested.
3. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Mrs. Chandrawati Ramson and Mr. Kalyan Tiwari who being eligible, offer themselves for re-election - Rule 47(2).
4. To fix the remuneration of the Directors for the year 2023.
5. To appoint Auditors for the year 2023.
6. To fix the remuneration of the Auditors for the year 2023.
7. To approve the sum of **eight million dollars (\$8,000,000)** for donations to Charity and for Educational purposes for the year 2023.
8. 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  
22<sup>nd</sup> February, 2023

### **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 14:00 hours on **Friday, 17<sup>th</sup> March, 2023**.
- 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 COVID-19 Protocols are encouraged.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dr. Nanda K. Gopaul - Chairman  
Chandrawati Ramson - Vice-Chairman  
Floyd Mc Donald  
Seepaul Narine  
Edwin Verasammy  
Kalyan Tiwari  
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](http://www.nbsgy.com)  
Email: [nbsltd@networksgy.com](mailto: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

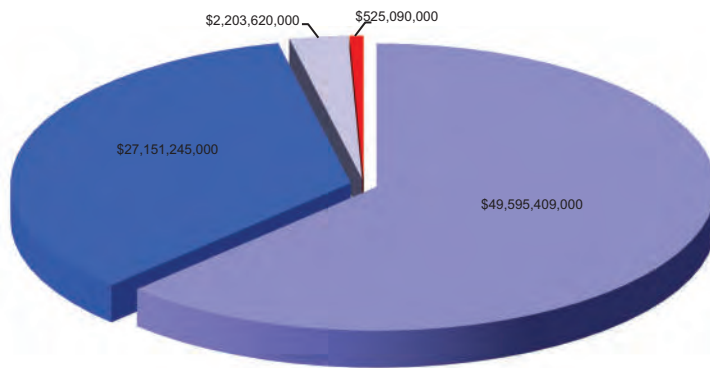
92 Oronoque Street, Queenstown,  
Georgetown, Guyana.  
Tel: 227-5568. Fax: 227-5564

## FIVE-YEAR STATISTICAL INFORMATION (2018- 2022)

DESCRIPTION	2018 \$M	2019 \$M	2020 \$M	2021 \$M	2022 \$M
PROFIT	1,202	1,026	1,072	916	932
TOTAL ASSETS	64,700	67,597	72,345	77,146	81,788
TOTAL MORTGAGE BALANCE	40,023	41,496	42,273	43,821	50,179
INVESTMENTS	20,271	21,664	25,608	29,026	27,151
TOTAL SAVINGS BALANCE	48,859	50,780	54,404	58,309	61,976
RESERVES	15,709	16,720	17,787	18,710	19,694
MORTGAGE LOANS DISBURSED FOR YEAR	4,822	4,827	3,483	4,933	9,761

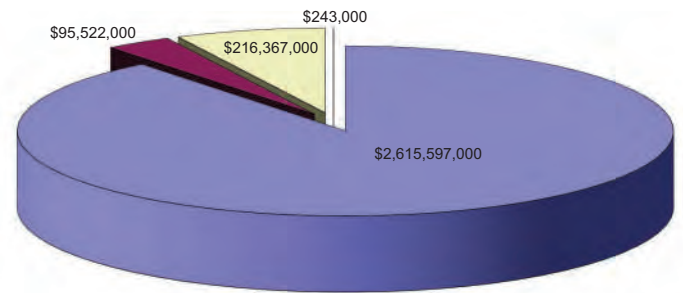
## FINANCIAL HIGHLIGHTS

Asset Composition 31st December 2022



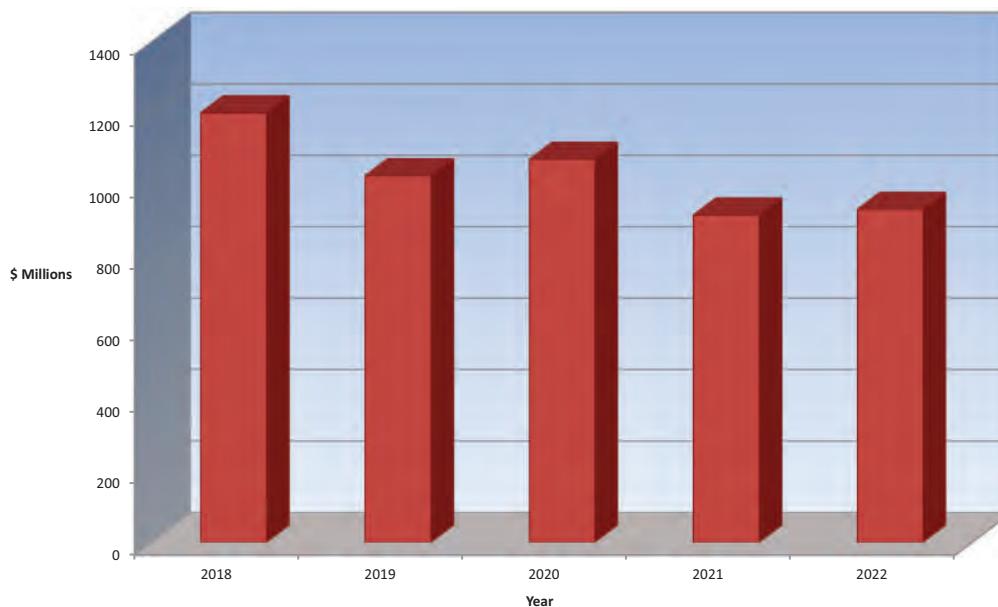
■ Loan Assets  
■ Investments and Cash  
■ Fixed Assets  
■ Other Assets

Income Distribution 2022



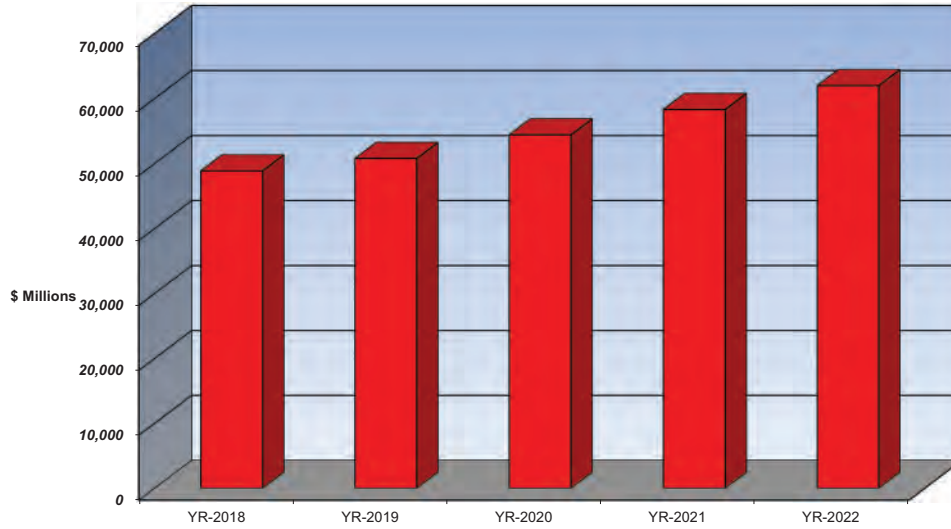
■ Loan Assets  
■ Investments  
■ Cash Resources  
■ Other Income

## PROFITABILITY - 2018 - 2022

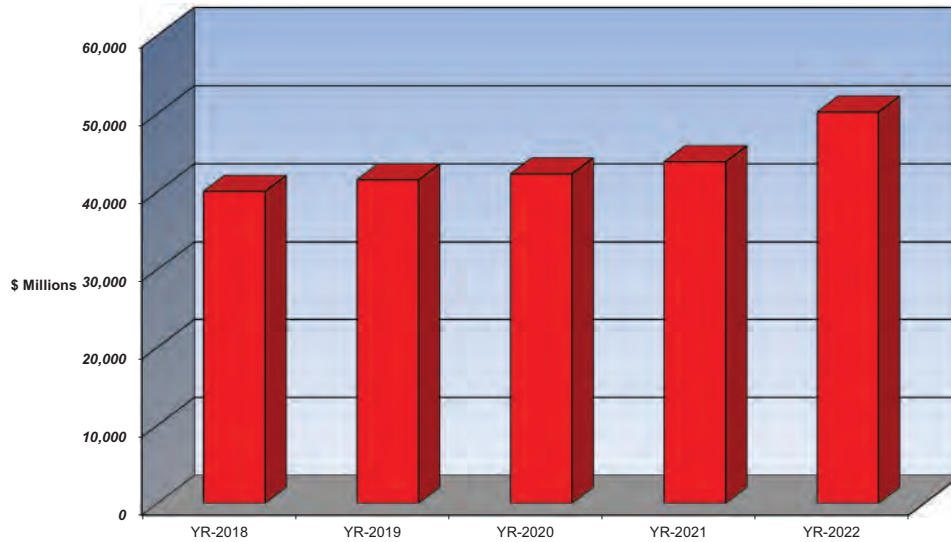


## FINANCIAL HIGHLIGHTS (Cont'd)

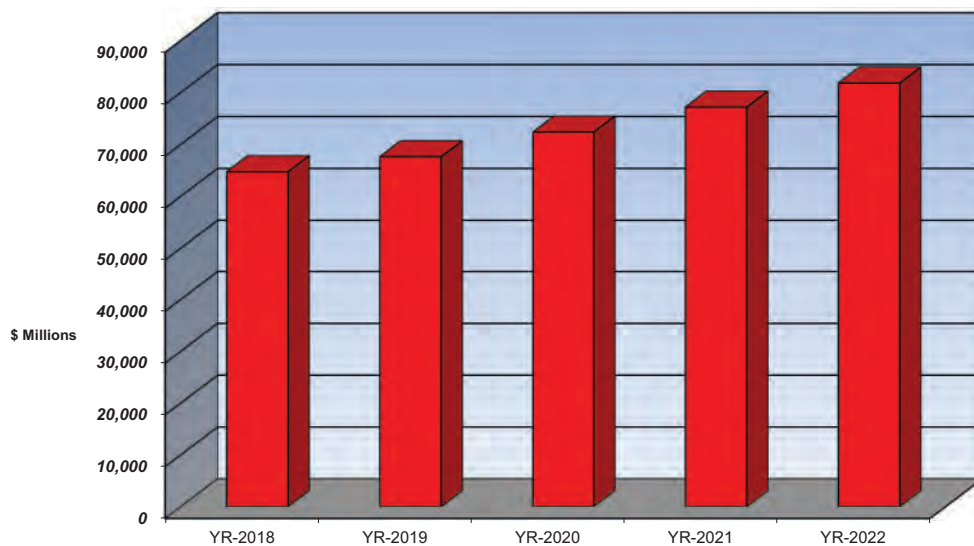
### SAVINGS GROWTH 2018 - 2022



### MORTGAGE GROWTH 2018 - 2022



### ASSET GROWTH 2018 - 2022





# CHAIRMAN'S REPORT



The Society  
recorded a profit of  
\$932M for the  
year ended 2022



This year, as the New Building Society celebrates its 83rd Anniversary, I am pleased to announce on behalf of the Board of Directors that the Society recorded a profit of \$932M for the year ended 2022 (2021- \$916M).

During the year 2022, the Board of Directors deliberately reduced the interest rates on all categories of mortgages to the benefit of our mortgagors and to further the Government of Guyana's housing drive. Additionally, as the COVID-19 pandemic continued to affect the livelihoods of the citizens of the country, the Society continued to support members and colleagues whilst at the same time maintaining financial resilience.

To this end, the Society would have subsidized interest on mortgage accounts to the tune of over \$300M for 2022 and a projected reduction in mortgage interest to the tune of approximately \$600M for 2023. This means, therefore, that our 10,000 plus mortgagors would benefit directly to the tune of 900 million dollars rebate over these two years and will continue to benefit from these reductions for the lifetime of their loans.

The Society welcomes the decision of the government to grant low interest status to its competitors for loans up to \$20M which is in direct competition with the Society. The NBS has been the trailblazer in the housing market from inception and we will continue to offer the lowest rates on mortgages to our customers. Unlike some of the commercial banks, all of our existing and new customers enjoy our low interest rates and are repaying their mortgages at these reduced rates.

Despite a challenging and competitive financial



# CHAIRMAN'S REPORT

sector, 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 2022 was maintaining financial strength, and security whilst reducing risks.

The Board of Directors is cognizant of both local and global economic challenges as the world continues to emerge from the COVID-19 pandemic. As a result, we would like to reassure you, our members, that the Society is soundly positioned to keep growing in the future as Guyana's economy is poised to experience significant growth from its oil and gas sector in 2023 and beyond.

The Board continues to maintain strong governance and oversight of the Society's operations to fulfill its responsibilities of ensuring the Society's long-term sustainability. As the Society continues to grow, we the Directors are cognizant of and adhere to all regulatory guidelines.

## ECONOMIC REVIEW

The World Bank Global Economic Prospects Report (January 2023), projects that the global economy will experience slow growth of 1.7% down from its original projection of 3% for the year 2023. This projection was revised downwards as a result of unpredictable global economic shortfalls in many emerging markets and developing economies (EMDE's). The Russia / Ukraine war now just past its first anniversary, COVID-related setbacks in health and education, supply chain disruptions and a decline in tourism have been named as some of the major impediments facing numerous economies globally.

The world's economy is also constantly under threat from increased levels of natural disasters such as prolonged flooding, earthquakes, hurricanes and volcanoes to name a few resulting from escalating climate change.

According to the World Bank report, there will be zero growth in the Euro Area in 2023, compared to 3.5% growth in 2022. China's growth is projected at 4.3% for the year 2023 compared to a moderated growth of 3% during 2022 as inflation persists due to the aftermath of the Covid-19 virus. Growth in advanced economies like the

United States is predicted at 0.5 % whilst emerging markets and developing economies are anticipated to grow at a rate of 3.4% during 2023. In the report, growth in East Asia and the Pacific region is projected to increase to 4.3%, whilst Europe and Central Asia are expected to moderate to 0.1% and Latin America 1.3% during the year 2023. The Caribbean is also expected to experience a slower growth rate of 3.4% in 2023 compared to 7.7% in 2022.

Guyana's economy on the other hand is estimated to have grown by 62.3% in 2022 with the non-oil sector recording a growth of 11.5%. This is according to Dr. Ashni Singh, M.P., Senior Minister in the Office of the President with responsibility for Finance during his presentation of the National Budget 2023.

The Minister noted that the oil and gas sector is anticipated to have grown by 124.8% in 2022 producing 101.4 million barrels compared to 42.7 million barrels in 2021.

According to the Minister, the agriculture, forestry and fishing sectors; rice, other crops and livestock industries, mining and quarrying subsectors along with the services and construction sectors all recorded growth during 2022.

Guyana's economy is projected to expand rapidly as a result of significant growth in the oil and gas sector, ongoing capital and construction projects such as the Gas to Shore Energy project, the construction of a New Bridge across the Demerara River and the Amaila Falls Hydro project and the housing expansion drive, to name a few.

## FINANCIAL RESULTS

Although the COVID -19 pandemic continued to affect the livelihoods of citizens all over the world, including Guyana, the Society recorded a profit of \$932M for the year ended 2022. 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 interest 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 2022 was \$2.9B compared to \$3.1B in 2021. Earnings on loan assets for 2022 were 89% of the total interest income (2021 - 88%).

## ASSETS

Total Assets grew by 6.1% to \$81.8B in 2022 when compared with 2021 which was \$77.1B.

## SAVINGS

The Society's Savings Portfolio as of December 31, 2022, was \$62B representing an increase of 6.3% when compared with 2021 which was \$58.3B.

## MORTGAGES

The mortgage portfolio at the end of 2022 was \$49.6B as against \$43.8B at the end of 2021 representing an increase of 13.2%.

The year 2022 saw an increase in our mortgage business as the housing market showed signs of recovery from the COVID-19 pandemic and the acceleration of the Government's housing program, especially during the latter part of 2022. The Society's lending policies are crafted with you, our members in mind, to allow borrowers to own their homes whilst at the same time protecting savers' funds.

During the year 2022, the Society continued to work with mortgagors whose incomes were adversely affected by the COVID-19 pandemic with continued repayment deferrals and the granting of moratoria. Simultaneously, the Board continued to monitor and manage our risks associated with non-performing loans which have grown over the past years, a phenomenon experienced not only by the Building Society but other operators in the financial sector.

## 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. Additionally, the Society ensures that all customers and staff members are treated fairly during its daily operations. Our total donation including sports sponsorship amounted to \$4.5M were made to 134 entities.

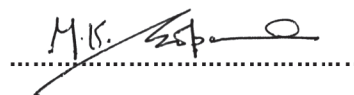
## OUTLOOK TO THE FUTURE

Despite the bleak outlook for many smaller countries, emerging markets and developing economies due to the aftershock of the COVID-19 pandemic and persistent adverse weather patterns, Guyana is poised to experience continued growth and development. This can be attributed to the continuous growth of the oil and gas sectors and related industries particularly the construction sector. The recently signed contracts of over 56.8 billion dollars to 126 contractors for housing developments throughout the country reflects government commitment to advance the housing drive in an unprecedented manner. Thousands of new house lots will become available to Guyanese and greater reliance will be placed on the financial sectors to finance new and modern homes to individuals. The Society, as in the past, stands ready and financially capable to meet every demand in the housing sector.

The Society's main focus in 2023 will be on achieving our strategic goals and sustaining our financial performance. The Board of Directors remains committed to providing excellent service to you, our loyal members and to continue to support our colleagues and the wider community.

## ACKNOWLEDGMENT

On behalf of the Board of Directors I extend sincere thanks to the CEO, the Management team and all of our employees for their continued dedication and commitment throughout the years. I would also like to thank our members for their demonstration of confidence and loyalty to the Society. I am also grateful for the commitment and support of my fellow directors over the past year and I look forward to working together with all of you to promote home ownership, and to further advance the mission of the Society.



Dr. Nanda K. Gopaul  
Chairman  
22nd February 2023

# BOARD OF DIRECTORS



**Dr. Nanda K. Gopaul**  
Chairman



**Chandrawati Ramson**  
Vice - Chairman



**Floyd Mc Donald**  
Director



# BOARD OF DIRECTORS



**Seepaul Narine**  
Director



**Edwin Verasammy**  
Director



**Kalyan Tiwari**  
Director



**Anil Kishun**  
CEO/Director/Secretary

# CEO/Director/ Secretary's Report



**The total assets  
as at the end of  
2022 were \$81.8 B  
as compared to  
\$77.1 B as at the  
end of 2021.**



I am pleased to report on another successful year for the Society inspite of the continued adverse impact on the global economy from the Covid-19 pandemic and the Ukraine/ Russia war. The policies implemented by the Government during this period provided a stable macroeconomic environment which allowed the Society to achieve continued growth in all of its key financial indicators. The Society supported these policies by reducing the interest rates on mortgage.

The reduction of these rates and other measures implemented, resulted in mortgage financing becoming more easily affordable to a greater number of persons. This along with the Government's aggressive housing drive has resulted in an increase of the Society's mortgage portfolio.

One of the strengths of a mutual organization is the ability to take on a long term view. The profit for year 2022 was \$932M as compared to \$916M for 2021. This stable level of profits is as a result of the Society's strategic objective of profits sufficiency rather than profit maximization. This objective always ensures that polices are implemented for the benefit of both our mortgagors and savers.

The financial performance of the Society compared favorably to our budgeted targets. The sustained level of profits and achieving our goals and targets has largely contributed to our strong assets base. The Society's assets, savings and mortgage portfolios all grew in line with our strategic budgeted expectations.

The Society being the premier mortgage loan institution always ensures that it meets its mission. All of our decisions are made to provide the best mortgage and savings products to our customers. Despite reducing the interest rates on mortgages, the Society maintained its current interest rates on savings. The Society also reduced the requirements and time for processing applications for mortgages and further, implemented the regulators' simplified due diligence guidelines for establishing and maintaining existing low risk savings accounts.

These new operating procedures enhanced the delivery of the Society's customer service and ease of doing business with our stakeholders. This provided us with a competitive strategic position to increase our mortgage and savings portfolio and to



capitalize on the external opportunities being created by the government's aggressive policies to grow the economy.

## **ECONOMY REVIEW**

According to the International Monetary Fund (IMF) the global economic growth is expected to reduce to 3.2 percent for 2022, down from 6 percent in 2021. This slowdown in growth is largely due to high inflation, the cost of living crisis and tightening financial conditions in most regions. These economic burdens along with the lingering COVID 19 pandemic and the Ukraine/Russia war have resulted in one of the weakest global growth.

Our local economy grew by 62.3 percent overall for 2022, and is considered the fastest growing economy in the world. This growth is largely due to the stellar performance of the oil and gas industry and non oil economy which contributed 11.5 percent of this growth.

The Honourable, Dr. Ashni Singh, M.P., Senior Minister in the Office of the President with responsibility for Finance presented the 2023 budget on the theme "Improving lives today, building prosperity for tomorrow" and has projected a 25.1 percent in real GDP for 2023.

## **FINANCIAL RESULTS**

The Society recorded a marginal increase of profit for the year 2022 when compared to 2021. This profit was as a result of the Society further reducing its interest rates on mortgage to assist with the Government's aggressive housing drive.

## **REVENUE**

Mortgage revenue for 2022 was \$ 2.6B or 89% of total revenue of \$2.9B as compared to \$2.7B or 87% of total revenue of \$3.1B for 2021. This reduction of total mortgage and total revenue was as a result of lowered interest rates to make mortgages more affordable.

Interest on cash resources was \$312M for 2022 as compared to \$382 M for 2021. The rates of return on cash resources average around 1% for the year. Cash resources for 2022 are \$ 29.3B or 35% of total assets (2021 40%).

## **ASSETS**

The Society's total assets' increased by 6.1 percent or \$4.7B. This growth was primarily driven by an increase of our mortgage portfolio of \$5.8B and offset by a reduction of liquid assets of \$1.2B. The total assets as at the end of 2022 were \$81.8 B as compared to \$77.1 B as at the end of 2021.

## **SAVINGS**

Member's savings are, and will remain the most important part of the Society's strategic plans. It remains a vital key of the Society to maintain an appropriate rate of return for its savers given the highly competitive savings market. Savers Balance for 2022 was \$62B or 76% of total assets as compared to \$58.3B or 76% of total assets in 2021. Interest expense for 2022 was \$1.3 B or 44% of total revenues of \$2.9B as compared to \$1.2B or 38% of total revenues of \$3.1B for 2021. This high level of percentage returns, to our savers despite a decrease in revenue, supports our strategic objectives of ensuring that our savers enjoy a high rate of return.

## **Mortgage**

The Government's aggressive housing policies, has led to the resilience of the home loans market and a significant increase in demand for mortgages. The Society's Board of Directors after having reviewed our operating systems and, with improved credit risk analysis, we were able to amend our systems to ensure that mortgages were processed in a more timely and efficient manner. The Society has disbursed \$9.8B for 2022 as compared to \$4.9B for 2021 in new mortgage loans and processed 1,540 new mortgages through the Court. We are proud that we were able to assist numerous first time homeowners in 2022.

Non-performing loans moved from 9% as at the end of 2021 to 7.7% at the end of 2022. This reduction was as a result of increased economic activities after most of the COVID-19 restrictions were lifted and a reduction of mortgage repayment from the significant reduction of interest rates on our mortgages.

## LIQUIDITY

Liquid assets decreased to \$29.3B (2021- \$30.5 B) as we maintained a prudent liquidity buffer which was 47% (2021- 52 %) of Members' funds. Liquid assets accounted for 10% (2021 13%) of total revenues earned. This level of liquidity is also significantly above the minimum regulatory requirements. The quantity of Liquid assets is high and is principally held in deposits with local banks and in the Government of Guyana's Treasury Bills.

## CAPITAL ADEQUACY RATIO

The Society's equity is principally made up of retained earnings in the general reserves which represent 22% of total assets. This level of capital is considerably above the regulator's requirement and is 29% of Members' funds.

## CUSTOMER FOCUS

The primary objective of the Society is to provide affordable residential mortgages and, sustain the high level of returns to our savers. Our objectives are putting our members first, ensuring that we deliver the best possible customer service experience. This is done by treating our customers fairly and giving them the flexibility in how they interact with us. Customers who are in vulnerable situations and experiencing financial difficulties are provided with assistance.

The Society has started the digital transformation of its savings records and to this end is pleased with the progress made thus far to process a large volume of savers' transactions digitally. This digitization has created a good long term value and improves the customer service outcome for both our savers and mortgagors. The Society will continue to focus on creating value for our customers whether through better interest rates or customer service.

## EMPLOYEES

The Society provided support during the COVID-19 pandemic to ensure that everyone stayed safe and connected. However, during the year, most of the COVID-19 restrictions were lifted and this resulted in the Society resuming to its normal operating hours. We continue to strive for an inclusive and inspiring workplace for everyone. To this end our human resources policies support an environment for staff to build and advance their career development through internal and external

academic training. We promote a culture of good physical and mental wellbeing of our staff with straightforward policies, a safe and stable work environment and simplified operating processes. The board of directors ensures our remuneration strategy is tailored to the broader economic trends.

We support clear and adequate communication channels and are committed to ensuring that society remains a great place to work. We are continually looking at ways to innovate and improve our working environment and staff well being.


## OUTLOOK TO THE FUTURE

The COVID-19 pandemic had impacted the way business was done and these changes will stay with us for a long time. The Society remains focus on our objectives and core purpose in making home ownership more accessible and affordable as well as creating long term value to our savers. We will continue finding ways to improve our customer service and endeavor to operate with a pertinent standard of prudence.

In 2022 we significantly reduced our interest rates on mortgages by 40 % on 50% of the mortgage portfolio. This reduction is projected to significantly decrease our profits for 2023. We will continue to support the government's housing drive to quickly modernize Guyana.

## ACKNOWLEDGEMENT

Finally, I would like to once again to thank the Board of Directors, Management and Staff Members for their outstanding effort in serving our members, customers and other stakeholders, and for supporting each other through the course of another very challenging year. I wish everyone a productive and constructive 2023.



Anil Kishun  
CEO/Director/Secretary  
22<sup>nd</sup> 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



**Simone Mohanlall**  
Assistant Mortgage Manager



**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, 2022

The Directors are pleased to present the 83<sup>rd</sup> Annual Report together with the audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2022.

### 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 \$44.5B in 2021 to \$50.2B at the end of the year 2022.

Investors Balances increased from \$58.3B in 2021 to \$62B in 2022.

### Financial Highlights

In the year 2022 NBS:-

	2022 \$ Millions	2021 \$ Millions	% Change
- Recorded a profit of	932	916	1.7
- Increased Total Reserves to	19,694	18,710	+ 5.3
- Increased Assets under Management to	81,788	77,105	+ 6.1
- Provided New Advances to Mortgagors totaling	9,761	4,933	+ 97.9

### Mortgages:

As at December 31, 2022, there were 10,036 Mortgage Accounts totaling \$50,179M which represented 61.4% of our Total Assets (2021 – 9,583 Mortgage Accounts totaling \$44,477M or 59% of our Total Assets).

### Savings:

The value of net receipts for the year was \$3,666 (2021 - \$3,905). Our Total Investors' Balances as at December 31, 2022 amounted to \$61,976M (2021 - \$58,309M).



**Assets:**

Total Assets as at December 31, 2022 were \$81,788M (2021 - \$77,146M), representing an increase of approximately 6%. All changes in tangible fixed assets during the year are detailed in the Financial Statements. Liquid Assets in the form of Cash and Short Term Securities were \$29,316M and represented 47% of our Investors' Balances as at December 31, 2022 (2021 - \$30,446M - 52%).

**Charitable Donations:**

At the end of 2022, the Society made donations to several charitable and educational institutions in the communities across the country totaling \$4,481M.

**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 83<sup>rd</sup> Annual General Meeting and are eligible for re-election.

- Mrs. Chandrawati Ramson

- Mr. Kalyan Tiwari

**Auditors:**

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

By Order of the Board,

  
.....

Anil O. Kishun  
CEO/Director/Secretary  
22<sup>nd</sup> February, 2023

# REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

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**

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

### HUMAN RESOURCES SUB COMMITTEE

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

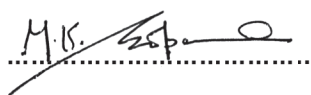
The Society's business objectives and principal activities are to provide the best savings products and to promote home ownership.

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



**Dr. Nanda K. Gopaul**  
**Chairman**  
**22<sup>nd</sup> February, 2023**



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

MSC 08/2023

## 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 2022, 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 9 to 42.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2022, 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 & Regulations 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
<b>Impairment Provision for Loans and Mortgages</b>  The Society has mortgages outstanding of \$49.5 billion, or 61% of total asset net of provision as referred to in note 6.	

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

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><b>Regulatory Environment</b></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:</p> <p>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"> <li>▪ A review of policy and procedures in place including approval of those policies by those charged with governance.</li> <li>▪ Adequate training and refresher programmes for new and existing bank personnel including those charged with governance.</li> <li>▪ Testing of transactions to ensure AML/CFT requirements are carried out by bank personnel.</li> <li>▪ Reporting to Financial Intelligence Unit (FIU) are in conformity with the requirements of the AML/CFT Act of 2009, as amended.</li> </ul>

## 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 & Regulations 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 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.

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

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

We also:

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

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

## Report on Additional Requirement

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



**Maurice Solomon & Co.**  
**Chartered Accountants**  
**February 27th, 2023**




# STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	NOTE	2022	2021
<b>Assets</b>			
Cash Resources	5	20,637,662	22,091,664
Loan Assets	6	49,595,409	43,821,308
Investments	7	8,744,404	8,409,416
Property, Plant & Equipment	8	2,203,620	2,268,493
Other Assets	9	183,402	213,824
Defined Benefit Asset	12	423,483	341,688
		<b>81,787,981</b>	<b>77,146,393</b>
<b>Investors' Balances, Other Liabilities And Reserves</b>			
Investors' Balances	10	61,975,828	58,309,443
Other Liabilities	11	118,092	127,193
Assigned Capital	13 (b)	250,000	250,000
Risk Reserve		487,249	677,481
Revaluation Reserve		1,048,486	1,048,486
Retained Earnings		17,908,326	16,733,790
		<b>81,787,981</b>	<b>77,146,393</b>

The Board of Directors approved these financial statements for issue on February 22nd, 2023.

  
.....  
Chairman

  
.....  
Vice-Chairman

  
.....  
CEO/Director/Secretary

The notes on pages 31 to 64 form an integral part of the Financial Statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	NOTE	2022	2021
<b>INTEREST INCOME ON:</b>			
Loan Assets		2,615,597	2,678,805
Investments		95,765	111,352
Cash Resources		216,367	270,600
		<b>2,927,729</b>	<b>3,060,757</b>
<b>INTEREST EXPENSES</b>	<b>16</b>	<b>1,281,073</b>	<b>1,213,663</b>
<b>INTEREST REVENUE</b>		<b>1,646,656</b>	<b>1,847,094</b>
<b>Other Income</b>			
Gain on Disposal of non-current assets		-	5,422
Fees and Commission Income		562,303	21,281
Other Operating Income		12,499	36,457
Reversal of Impairment on Investment	7	-	25,256
Loss on Exchange Rate		(4,097)	-
<b>TOTAL NET INCOME</b>		<b>2,217,361</b>	<b>1,935,510</b>
<b>Operating Expenses</b>			
General Administrative Expenses	15 (b)	(947,988)	(879,676)
Increase in Impairment on Loan Assets	14	(186,551)	(10,123)
Depreciation	15 (a)	(76,100)	(71,747)
Other Expenses	15 (c)	(74,859)	(57,707)
<b>Total Operating Expenses</b>		<b>(1,285,498)</b>	<b>(1,019,253)</b>
<b>PROFIT FOR THE YEAR</b>		<b>931,863</b>	<b>916,257</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of Provision of Employee Benefits	12	52,441	6,945
<b>Total Other Comprehensive Income</b>		<b>52,441</b>	<b>6,945</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>984,304</b>	<b>923,202</b>

The notes on pages 31 to 64 form an integral part of the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2022**

Expressed in Thousands of Guyana Dollars

	Risk Reserves	Assigned Capital	Revaluation Reserves	Retained Earnings	Total
<b>Balance as at 1 January 2022</b>	<b>677,481</b>	<b>250,000</b>	<b>1,048,486</b>	<b>16,733,790</b>	<b>18,709,757</b>
Profit for the year	-	-	-	<b>931,863</b>	<b>931,863</b>
Other Comprehensive Income for the year	-	-	-	<b>52,441</b>	<b>52,441</b>
Transfer to Risk Reserve	<b>(190,232)</b>	-	-	<b>190,232</b>	-
<b>Balance as at 31 December 2022</b>	<b>487,249</b>	<b>250,000</b>	<b>1,048,486</b>	<b>17,908,326</b>	<b>19,694,061</b>
<b>Balance as at 1 January 2021</b>	<b>457,169</b>	<b>250,000</b>	<b>1,048,486</b>	<b>16,030,900</b>	<b>17,786,555</b>
Profit for the year	-	-	-	<b>916,257</b>	<b>916,257</b>
Other Comprehensive Income for the year	-	-	-	<b>6,945</b>	<b>6,945</b>
Transfer to Risk Reserve	<b>220,312</b>	-	-	<b>(220,312)</b>	-
<b>Balance as at 31 December 2021</b>	<b>677,481</b>	<b>250,000</b>	<b>1,048,486</b>	<b>16,733,790</b>	<b>18,709,757</b>

The notes on pages 31 to 64 form an integral part of the Financial Statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	2022	2021
<b>OPERATING ACTIVITIES</b>		
<b>Net Profit for the year</b>	<b>931,863</b>	916,257
<b>Adjustments for:</b>		
Interest payable on Treasury bills and Fixed deposits	(126,626)	(210,332)
Reversal of Impairment on Investments	-	(25,256)
Depreciation	76,100	71,747
Net Provision and write offs for Impairment on Loan Assets	186,551	10,123
Movement in Retirement Benefit Plan Liability	(29,354)	(31,671)
Gain on Disposal of Property, Plant and Equipment	-	(5,424)
<b>OPERATING INCOME BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>1,038,534</b>	725,444
Loans Advances (net of repayments)	(5,960,653)	(1,558,736)
Decrease in Other Assets	30,422	42,680
Receipts from Investors Net of Withdrawals	3,666,385	3,905,423
Decrease in Other Liabilities	(9,101)	(27,584)
<b>NET CASH (OUTFLOW)/INFLOW - OPERATING ACTIVITIES</b>	<b>(1,234,413)</b>	3,087,227
<b>INVESTING ACTIVITIES</b>		
Acquisitions of Property, Plant and Equipment	(11,227)	(85,245)
Additions to Investments	(8,744,404)	(8,354,450)
Redemptions of Investments	8,409,416	7,810,568
Net Decrease/(Increase) in Restricted Cash Resources and Fixed Deposits	2,336,882	(2,639,459)
Proceeds from the Sale of Property, Plant and Equipment	-	6,980
<b>NET CASH INFLOW/(OUTFLOW) - INVESTING ACTIVITIES</b>	<b>1,990,667</b>	(3,261,606)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>756,254</b>	(174,379)
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>1,474,567</b>	1,648,946
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>2,230,821</b>	1,474,567

The notes on pages 31 to 64 form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 New Building Society Act 1940, as amended, the Financial Institutions Act 1995, as amended, the Supervision Guidelines of the Bank of Guyana, as provided under the Financial Institutions Act 1995, as amended, the Anti-Money Laundering & Countering of the Financing of Terrorism Act 2009, as amended & Regulations 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 2022

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)

IAS12: 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.

IAS37: 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

#### a) 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.

#### b) 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 2022

Expressed in Thousands of Guyana Dollars

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.3 LOAN ASSETS

#### (a) Financial Assets (IFRS 9 Recognition)

The Society has fully adopted the requirements of IFRS 9 using the Expected Credit Loss model on the 1st January 2018.

#### (i) Impairment of Financial Assets

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

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

- **Stage 1:** Credit risk has not increased significantly since initial recognition – recognise 12 months ECL, and recognise interest on a gross basis.
- **Stage 2:** Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis.
- **Stage 3:** Impairment occurs when there is objective evidence that an impairment event has occurred at reporting date and a loss allowance equal to lifetime ECLs is recognised and present interest on net basis (i.e. gross carrying amount less loss allowance).

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022

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) Loans Provisioning and Classification

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, as amended and applies loan provisioning under the following classification categories:

Classification	Level of Provision
Pass	0%
Special Mention	0%
Substandard	20%
Doubtful	20%
"Loss:	
Year One	20%
Year Two	40%
Year Three	100%

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

The Society continued to provide support to qualified borrowers whose operations and livelihood were impacted by COVID -19 pandemic up to August 31, 2022. As a result of these measures, many borrowers benefitted from this relief. In the effort of unwinding Covid 19 measures, the Society continues to monitor these facilities to reduce credit and liquidity risks.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

- Principal is the fair value of the instrument at initial recognition.
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk.

(b) Impairment on financial assets are mentioned in **Note 3.3 (a) (i)** for the requirements of IFRS 9.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.5 PROPERTY, PLANT & EQUIPMENT

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

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

The following rates are used:-

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

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

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

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

### 3.6 INTEREST RECOGNITION

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 2022

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 an independent valuator.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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" states to hold financial assets in order to collect contractual cash flows and solely payments of principal and interest (referred to as "SPPI") outstanding at specified date.

### 4.3 RETIREMENT BENEFIT PLAN

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	2022	2021
<b>5. CASH RESOURCES</b>		
Redeemable on Demand:		
Cash in Hand	7,200	7,200
Cash at Bank, excluding Fixed Deposits	2,223,621	1,467,367
Classified as Cash and Cash Equivalents	2,230,821	1,474,567
Redeemable after 3 Months:		
Fixed Deposits	18,406,841	20,617,097
	20,637,662	22,091,664
<b>6. LOAN ASSETS</b>		
Mortgages	50,178,671	44,477,472
Properties in Possession (a)	-	31,444
Provision for Impairment on Loan Assets (notes 6 (b) & 14)	(424,980)	(475,018)
Unearned Interest	(158,282)	(212,590)
	49,595,409	43,821,308

## (a) 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 an independent valuator.

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:

## (b) Impairment of Loan Assets (Mortgages)

Stage 1: 12 Month ECL	79,938	87,109
Stage 2: Lifetime ECL	45,866	59,245
Stage 3: Lifetime Credit Impaired ECL for Financial Assets	299,176	328,664
	424,980	475,018



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	2022		2021	
<b>6. LOAN ASSETS (cont'd)</b>				
The table below shows the analysis of the mortgage portfolio by value bands	<b>No. of Securities</b>	<b>Value</b>	<b>No. of Securities</b>	<b>Value</b>
Balances not exceeding \$1,000,000	<b>1,132</b>	<b>574,496</b>	1,207	625,983
Balances exceeding \$1,000,000 but not \$1,500,000	<b>533</b>	<b>666,488</b>	561	698,917
Balances exceeding \$1,500,000 but not \$2,000,000	<b>547</b>	<b>961,796</b>	563	983,355
Balances exceeding \$2,000,000 but not \$2,500,000	<b>661</b>	<b>1,471,798</b>	649	1,452,453
Balances exceeding \$2,500,000 but not \$3,000,000	<b>687</b>	<b>1,888,541</b>	651	1,785,858
Balances exceeding \$3,000,000 but not \$4,000,000	<b>1,236</b>	<b>4,271,241</b>	1,314	4,567,978
Balances exceeding \$4,000,000 but not \$5,000,000	<b>1,020</b>	<b>4,570,093</b>	957	4,282,284
Balances exceeding \$5,000,000 but not \$6,000,000	<b>878</b>	<b>4,795,520</b>	821	4,494,736
Balances exceeding \$6,000,000 but not \$7,000,000	<b>767</b>	<b>4,958,327</b>	672	4,329,750
Balances exceeding \$7,000,000 but not \$8,000,000	<b>568</b>	<b>4,247,700</b>	520	3,874,275
Balances exceeding \$8,000,000 but not \$9,000,000	<b>461</b>	<b>3,910,306</b>	428	3,620,329
Balances exceeding \$9,000,000 but not \$10,000,000	<b>426</b>	<b>4,045,386</b>	398	3,773,900
Balances exceeding \$10,000,000 but not \$11,000,000	<b>296</b>	<b>3,097,798</b>	261	2,709,768
Balances exceeding \$11,000,000 but not \$12,000,000	<b>324</b>	<b>3,733,809</b>	334	3,842,118
Balances exceeding \$12,000,000 but not \$13,000,000	<b>104</b>	<b>1,279,414</b>	247	3,223,180
<b>Bal C/F to next page</b>	<b>9,640</b>	<b>44,472,713</b>	<b>9,583</b>	<b>44,264,882</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	2022		2021	
<b>6. LOAN ASSETS (cont'd)</b>				
The table below shows the analysis of the mortgage portfolio by value bands	<b>No. of Securities</b>	<b>Value</b>	<b>No. of Securities</b>	<b>Value</b>
<b>Bal B/F from previous page</b>	<b>9,640</b>	<b>44,472,713</b>	<b>9,583</b>	<b>44,264,882</b>
Balances exceeding \$13,000,000 but not \$14,000,000	<b>63</b>	<b>848,512</b>	-	-
Balances exceeding \$14,000,000 but not \$15,000,000	<b>159</b>	<b>2,318,034</b>	-	-
Balances exceeding \$15,000,000 but not \$16,000,000	<b>74</b>	<b>1,123,719</b>	-	-
Balances exceeding \$16,000,000 but not \$17,000,000	<b>8</b>	<b>129,611</b>	-	-
Balances exceeding \$17,000,000 but not \$18,000,000	<b>8</b>	<b>141,231</b>	-	-
Balances exceeding \$18,000,000 but not \$19,000,000	<b>9</b>	<b>165,227</b>	-	-
Balances exceeding \$19,000,000 but not \$20,000,000	<b>16</b>	<b>317,643</b>	-	-
Balances exceeding \$20,000,000	<b>25</b>	<b>503,699</b>	-	-
<b>Total</b>	<b>10,002</b>	<b>50,020,389</b>	<b>9,583</b>	<b>44,264,882</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	2022	2021
<b>7. INVESTMENTS</b>		
Government of Guyana Treasury Bills	<u>8,744,404</u>	<u>8,409,416</u>

## 8. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work in Progress	Total
<b>Cost</b>					
As at 01 January, 2022	2,247,853	302,773	84,400	282	2,635,308
Additions	42	6,533	-	4,652	11,227
Transfers	4,778	156	-	(4,934)	-
Disposals	-	(3,547)	-	-	(3,547)
As at 31 December, 2022	<u>2,252,673</u>	<u>305,915</u>	<u>84,400</u>	<u>-</u>	<u>2,642,988</u>
<b>Accumulated Depreciation</b>					
As at 01 January, 2022	117,626	226,571	22,618	-	366,815
Charges for the Year	39,515	20,980	15,605	-	76,100
Written back on Disposals	-	(3,547)	-	-	(3,547)
As at 31 December, 2022	<u>157,141</u>	<u>244,004</u>	<u>38,223</u>	<u>-</u>	<u>439,368</u>
<b>Net Book Value</b>					
As at 31 December, 2022	<u>2,095,532</u>	<u>61,911</u>	<u>46,177</u>	<u>-</u>	<u>2,203,620</u>
As at 1 January 2022	<u>2,130,227</u>	<u>76,202</u>	<u>61,782</u>	<u>282</u>	<u>2,268,493</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

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

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work in Progress	Total
<b>Cost</b>					
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	2,247,853	302,773	84,400	282	2,635,308
<b>Accumulated Depreciation</b>					
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	117,626	226,571	22,618	-	366,815
<b>Net Book Value</b>					
As at 31 December, 2021	2,130,227	76,202	61,782	282	2,268,493
As at 1 January 2021	2,161,739	82,161	12,653	-	2,256,553

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

	2022	2021
Cost	1,311,816	1,306,996
Accumulated Depreciation	(294,009)	(267,773)
	1,017,807	1,039,223



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

## 9. OTHER ASSETS

	2022	2021
Accrued Interest	126,626	155,366
Accounts Receivables and Prepayments	56,776	58,458
	<u>183,402</u>	<u>213,824</u>

## 10. INVESTORS' BALANCES

Five Dollar Shares	26,468,371	25,569,469
Save and Prosper	34,362,226	31,572,767
Deposits	1,145,231	1,167,206
	<u>61,975,828</u>	<u>58,309,442</u>

## 11. OTHER LIABILITIES

Withholding Taxes	38,674	37,427
Accounts Payables and Accruals	79,418	86,692
Deferred Income	-	3,074
	<u>118,092</u>	<u>127,193</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

	2022	2021
<b>12. DEFINED BENEFIT ASSET</b>		
<b>The amount recognized in the Statement of Financial Position is as follows:</b>		
Fair Value of Plan Assets	3,772,709	2,809,619
Present Value of Obligations	(1,300,694)	(1,106,820)
Effect of Asset Ceiling	(2,048,531)	(1,361,111)
<b>Asset Recognized in the Statement of Financial Position</b>	<b>423,483</b>	<b>341,688</b>
<b>The movement in the Present Value of the Obligation is:</b>		
As at Beginning of Year	1,106,820	975,894
Interest Expense	63,203	55,037
Current Service Cost	31,061	27,037
Contributions by Plan Participants	22,783	19,988
Benefits Paid	(23,050)	(44,512)
Past Service Cost	6,323	-
Actuarial losses	93,555	73,376
<b>As at End of Year</b>	<b>1,300,695</b>	<b>1,106,820</b>
<b>The movement in the Fair Value of Plan Assets is:</b>		
As at Beginning of Year	2,809,619	2,107,567
Actual Return on Plan Assets	914,423	683,679
Contributions by the Society	49,364	43,308
Contributions by Plan Participants	22,783	19,988
Benefits Paid	(23,050)	(44,512)
Administrative Expenses	(430)	(411)
<b>As at End of Year</b>	<b>3,772,709</b>	<b>2,809,619</b>
<b>The amount recognized in the Statement of Profit or Loss:</b>		
Current Service Cost	31,061	27,037
Past Service Cost	6,323	-
Interest Cost	63,203	55,037
Expected Return on Plan Assets	(155,867)	(116,421)
Administrative expenses	430	411
Interest on Effect of Asset Ceiling	74,861	45,573
<b>Total included in Staff Cost</b>	<b>20,010</b>	<b>11,637</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

12. DEFINED BENEFIT ASSET (Cont'd)	2022	2021
<b>Re-measurements recognized in other comprehensive income:</b>		
Experience Gains - Demographic	93,555	73,376
Experience Gains - Financial	(758,555)	(567,258)
Effect of Asset Ceiling	612,559	486,937
	<u>(52,441)</u>	<u>(6,945)</u>
Expected Contributions in Upcoming Year	<u>78,848</u>	<u>66,323</u>

## Reconciliation of opening and closing entries in statement of financial position

Opening defined benefit asset	(341,688)	(303,072)
Net pension cost	20,010	11,636
Re-measurements recognised in OCI	(52,441)	(6,945)
Society's contribution paid	(49,364)	(43,307)
	<u>(423,483)</u>	<u>(341,688)</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 2022

Expressed in Thousands of Guyana Dollars

## 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.

	2022		2021	
Plan Assets are comprised as follows:				
Cash Resources	437,351	11.6%	475,577	16.9%
Stocks & Bonds	3,331,937	88.3%	2,331,541	83.0%
Other Assets	3,421	0.1%	2,502	0.1%
	3,772,709	100%	2,809,619	100%

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

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

	2022	2021	2020	2019	2018
Present Value of Obligation	1,300,695	1,106,820	975,894	860,522	799,956
Fair Value of Plan Assets	<u>3,772,709</u>	<u>2,809,619</u>	<u>2,107,567</u>	<u>1,885,905</u>	<u>1,495,763</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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
<b>Valuation Results</b>	1,300,694	
Discount Rate -1%	1,573,156	20.95%
Discount Rate +1%	1,083,361	-16.71%
Salary Increases -1%	1,197,672	-7.92%
Salary Increases +1%	1,407,105	8.18%
Increase average life expectancy by 1 year	1,317,436	1.29%
Decrease average life expectancy by 1 year	1,283,915	-1.29%

## 13. RESERVES AND CAPITAL

### a) The Risk Reserve

The Risk Reserve is created as an appropriation of retained earnings to account for the difference between the specific provision created by the Society and the provisions as required under Bank of Guyana Supervision Guideline No.5.

The Risk Reserve decreased to **\$487,249** 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 2022

Expressed in Thousands of Guyana Dollars

	2022	2021
<b>14. CREDIT IMPAIRMENT ON LOAN ASSETS</b>		
Increase/(Reduction) for the year	(50,039)	10,123
Loss accounts written off for the year	236,589	-
As at End of Year	<u>186,551</u>	<u>10,123</u>
<b>15. NON-INTEREST EXPENSES BY NATURE</b>		
<b>(a) Depreciation</b>	<b>76,100</b>	<b>71,747</b>
<b>(b) General Administrative Expenses</b>		
Staff Costs (Note 17)	623,015	592,624
Electricity	32,353	31,383
Software License Fee	33,984	33,266
Advertising	2,023	3,507
Postage and Telephone	12,073	10,635
Deposits Insurance	118,567	117,048
Other	125,973	91,213
	<u>947,988</u>	<u>879,676</u>
<b>(c) Other Expenses</b>		
Security	56,135	49,550
Charitable and Educational Donations	4,482	4,657
Auditors' Remuneration	3,500	3,500
	<u>64,117</u>	<u>57,707</u>
<b>Total Non-Interest Expenses</b>	<b><u>140,217</u></b>	<b><u>1,009,130</u></b>
<b>16. INTEREST EXPENSES</b>		
Five Dollar Shares	375,422	366,425
Save and Prosper Shares	889,808	830,993
Deposits	15,843	16,246
	<u>1,281,073</u>	<u>1,213,664</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

## 17. STAFF COSTS

	2022	2021
Wages and Salaries	415,639	403,215
Social Security Costs	28,876	26,444
Pension Costs	20,010	11,637
Other Staff Costs	158,490	151,328
	<u>623,015</u>	<u>592,624</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.

### (a) MORTGAGES

Balance as at Beginning of Year	33,542	34,493
Mortgages issued during the Year	23,140	2,000
Mortgage Interest Charged during the Year	1,192	1,201
Mortgage Payments during the Year	(7,652)	(4,152)
Balance as at End of Year	<u>50,222</u>	<u>33,542</u>

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

### (b) INVESTORS' BALANCES

Balance as at Beginning of Year	196,124	155,675
Effect of Changes in Key Management Personnel	(25,438)	-
Deposits Received during the Year	153,486	118,925
Interest earned during the Year (net of tax)	3,590	3,877
Withdrawals made during the Year	(161,318)	(82,353)
Balance as at End of Year	<u>166,444</u>	<u>196,124</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

18. RELATED PARTY TRANSACTIONS (Cont'd)	2022	2021
<b>(c) KEY MANAGEMENT COMPENSATION</b>		
Short-Term Employee Benefits	126,553	162,626
Post-Employment Benefits	6,178	5,267
	<u>132,731</u>	<u>167,893</u>

## 19. DIRECTORS' COSTS

Directors' Costs included in Key Management Compensation

Directors' Fees	7,476	5,580
Directors' Travel	7,476	5,580
Directors' Pension	2,524	2,462
	<u>17,476</u>	<u>13,622</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 2022

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 2022

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, during which a value is assessed. For mortgages between ten million dollars (\$10M) to twenty million dollars (\$20M), two (2) Directors are required to approve the application.
- (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 Society's assessed value and within the statutory lending limits of the Society of twenty million Guyana dollars (\$20M).
- (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, inspections are carried out by an Officer of the Mortgage Department to assess the satisfaction of the project, 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 2022

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.

	2022		2021	
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	32,179,152	0.30%	28,424,964	0.19%
Berbice	5,593,148	1.22%	2,647,986	0.75%
Essequibo	1,458,185	0.19%	1,333,862	0.44%
Linden	728,790	0.18%	554,179	0.46%
	<u>39,959,275</u>		<u>32,960,991</u>	

During the year there were loan assets totaling \$106,342 (2021 - \$86,635) 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.

	2022	2021
<b>Past Due Accounts</b>		
Pass due up to 30 days	2,987,233	3,626,578
Pass due 30 to 90 days	3,188,347	3,631,834
Impaired (Over 90 days)	1,837,181	2,105,572
Total	<u>8,012,761</u>	<u>9,363,984</u>
Fair value of collateral	<u>22,297,420</u>	<u>18,325,770</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 \$1,146,219 (2021 - \$1,147,763) and \$699,746 (2021 - \$841,166) respectively.

	2022	2021
Demerara, except Linden	3,171,736	3,474,915
Berbice	476,282	440,721
Essequibo	149,749	89,717
Linden	50,222	40,358
	<u>3,847,989</u>	<u>4,045,711</u>
Fair value of collateral	<u>8,333,500</u>	<u>8,585,750</u>

### RENEGOTIATED LOANS

The carrying amounts of all renegotiated loans aggregated to:

Renegotiated Loans	<u>106,342</u>	<u>547,725</u>
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Renegotiations normally involve the deferral of repayments for members experiencing temporary cash flow problems. This request is usually considered by management and approved for the facilities to service satisfactorily by the borrower under revised conditions. The renegotiations were primarily refinancing of facilities or rescheduling of payments. These facilities continue to earn interest and are aged based on the original terms.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 \$ 1,155,808 (2021 - \$1,186,652) with an effective interest rate of 0.5% (2021- 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 \$ 5,779 (2021 - \$5,933).

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
<b>As at 31 December 2022</b>				
Cash Resources	19,562,649	-	1,075,013	20,637,662
Loan Assets	4,160,783	46,017,889	-	50,178,672
Investments	8,744,404	-	-	8,744,404
Other Assets	-	-	183,402	183,402
<b>Total Assets</b>	<b>32,467,836</b>	<b>46,017,889</b>	<b>1,258,415</b>	<b>79,744,140</b>
Investors' Balances	61,975,828	-	-	61,975,828
Other Liabilities	118,092	-	-	118,092
<b>Total Investors' Balances and Other Liabilities</b>	<b>62,093,920</b>	<b>-</b>	<b>-</b>	<b>62,093,920</b>
<b>Interest Sensitivity Gap</b>	<b>(29,626,084)</b>	<b>46,017,889</b>	<b>1,258,415</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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
<b>As at 31 December 2021</b>				
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
<b>Total Assets</b>	<b>33,905,620</b>	<b>40,676,589</b>	<b>641,610</b>	<b>75,223,819</b>
Investors' Balances	58,309,443	-	-	58,309,443
Other Liabilities	127,193	-	-	127,193
<b>Total Investors' Balances and Other Liabilities</b>	<b>58,436,636</b>	<b>-</b>	<b>-</b>	<b>58,436,636</b>
<b>Interest Sensitivity Gap</b>	<b>(24,531,016)</b>	<b>40,676,589</b>	<b>641,610</b>	

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

	2022	2021
	%	%
Fixed Deposits	1.18	1.3
Mortgages	5.2	6.0
Investments	1.1	1.3
Investors' Balances	2.1	2.1

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

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

### (e) LIQUIDITY RISK

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

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

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

	Up to one year	One to five years	Over five years	Total
<b>As at 31 December 2022</b>				
Cash Resources	20,637,662	-	-	20,637,662
Loan Assets	4,160,783	10,212,948	35,804,941	50,178,672
Investments	8,744,404	-	-	8,744,404
Other Assets	-	-	183,402	183,402
<b>Total Assets</b>	<b>33,542,849</b>	<b>10,212,948</b>	<b>35,988,343</b>	<b>79,744,140</b>
Investors' Balances	61,975,828	-	-	61,975,828
Other Liabilities	118,092	-	-	118,092
<b>Total Investors' Balances and Other Liabilities</b>	<b>62,093,920</b>	<b>-</b>	<b>-</b>	<b>62,093,920</b>
<b>Net Liquidity Gap</b>	<b>(28,551,071)</b>	<b>10,212,948</b>	<b>35,988,343</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

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

### (e) LIQUIDITY RISK (Cont'd)

	Up to one year	One to five years	Over five years	Total
<b>As at 31 December 2021</b>				
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
<b>Total Assets</b>	<b>34,515,786</b>	<b>9,760,676</b>	<b>30,947,358</b>	<b>75,223,820</b>
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
<b>Net Liquidity Gap</b>	<b>(23,920,849)</b>	<b>9,760,676</b>	<b>30,947,358</b>	

### (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:

	2022	2021
British Pound Sterling	62,935	70,460
United States Dollar	741,124	732,281

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in Thousands of Guyana Dollars

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

### (f) FOREIGN EXCHANGE RISK (Cont'd)

At 31 December 2022, 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 \$629 (2021 – \$704) higher / lower.

At 31 December 2022, 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 \$7,411 (2021 – \$7,323) 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.

### (a) Loans and Investments

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	2022 Fair value	2022 Carrying amount	2021 Fair value	2021 Carrying amount
Loan Assets	Level 2	55,324,586	49,595,409	48,077,761	43,821,308
Investments	Level 2	8,770,000	8,744,404	8,438,600	8,409,416

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 2022

Expressed in Thousands of Guyana Dollars

## 21. FAIR VALUE MEASUREMENTS (Cont'd)

### (b) Cash Resources and Other Assets

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

### (c) Investors' Balances and Other Liabilities

The fair value of investors' balances and other liabilities approximate 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 ruling of the Hight Court and that of the Court of Appeal were in favour of the plaintiff. The Society has opted not to pursue the matter further. 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 the Plaintiffs 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 2022**

Expressed in Thousands of Guyana Dollars

## **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 trials 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 a Court Order. The Society successfully appealed the judicial award of this judgement in the Court of Appeal. Notwithstanding this, the Plaintiff was granted leave by the Court of Appeal to challenge this decision at the Caribbean Court of Justice. One of the two (2) remaining matters is 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 by the Town Clerk. No date has been fixed for this matter to be heard. The other writ was withdrawn by the Society.

# SIGNIFICANT CONTRIBUTIONS



Senior Executives and Staff members of The New Building Society pose for a photo with the Honorable Minister of Housing and Water, Mr. Colin D. Croal at the International Building Expo 2022 hosted by the Ministry of Housing and Central Housing and Planning Authority in July 2022.



Left to Right: Operations Manager, Mrs. Savitri Samaroo, and Chairman, Dr. Nanda Gopaul, with other members of staff at the Society's booth for the International Building Expo 2022 hosted by the Ministry of Housing and Central Housing and Planning Authority in July 2022.



Left to right: Mr. Vickchand Ramphal, R.D.C Region No.5 Chairman, Honorable Minister Mr. Colin Croal, Mrs. Guwantie Hiralal, Branch Manager of the Rosignol Branch, Mrs. Miriam Zaman, Cashier of Rosignol Branch and Mr. Faizul Jafarally M.P, all of whom were in attendance at the Central Housing and Planning Authority Dream Realized housing drive at Shieldstown, West Bank Berbice on November 4th 2022.



Left to right: Mr. Jeremy Singh, Mr. Brian Baker, Ms. Romesha Sheopersaud, Ms. Saleen Captain and Mr. Alvin Alladin, members of staff of the various branch offices in Berbice, in attendance at the Berbice Expo, held at Albion Sports Complex on October 14<sup>th</sup> 2022.



Left to right: Members of Staff of the New Amsterdam Branch, Messrs. Trevor Ramdeholl and Sanjay Rahim, Honorable Minister within the Ministry of Housing & Water, Ms. Susan Rodrigues and Branch Manager - Berbice Operations, Mr. Rana Persaud, in attendance at the Central Housing and Planning Authority Dream Realized housing drive held at the University Of Guyana - Berbice Campus on October 14th 2022.



Left to right: Mr. Shankar Persaud, Mrs. Cimone Roopchand, Mrs. Sarojne Ramdat - Sub Branch Manager of the Corriverton Branch and Mr. Mahendra Ramdihai, in attendance at the Berbice Expo, held at Albion Sports Complex on October 16<sup>th</sup> 2022.



## SIGNIFICANT CONTRIBUTIONS (CONT'D)



Above is a meeting between NBS, the New Hayven Merchant Bank and EFG International to discuss global investment and asset management opportunities

# CORPORATE SOCIAL RESPONSIBILITIES

## Our Contributions and Sponsorships 2022



Ms. Antonia Chichester, Senior Confidential Secretary of The New Building Society presents a trophy to Mr. Wendell Lambert, representative from the Mercy Wings Vocational and Day Care Centre for the Second-Best Graduating Student in Electrical Installation.



Ms. Taylor, representative from the East Ruimveldt Secondary School accepts a trophy, compliments of the New Building Society Limited, for the Best Graduating Student, Ms. Wanika Peters of the 2021 academic year.



Ms. Lakiesha Adams, Graduate Assistant Mistress and Ms. Akeisha Abrams, Assistant Mistress from the West Demerara Secondary School, proudly displays a trophy donated by The New Building Society Limited for the Best Graduating Student, Ms. Elizabeth Laljie, in Portuguese for the academic year 2021.



Mr. Rana Persaud, Branch Manager, Berbice Operations hands over a trophy, donated by the New Building Society Limited, to Ms. Hemwattie Mangal, Head Teacher of Edinburgh Primary School for their annual graduation exercise. Also in attendance are members of staff of the New Amsterdam Branch.



Customer Service Clerk, Ms. Kezia Nedd presents a trophy, donated by the New Building Society Limited, to Ms. Melissa Smith, Headteacher of the Mackenzie High School towards their Annual Prize Giving Exercise 2022. Present also was Customer Service Clerk, Ms. Trines Jeffrey.



Mr. Alvin Alladin, Chief Accounts Clerk of the Rose Hall Branch hands over a trophy to Mr. Imran Ally, Headteacher of Winifred Gaskin Memorial Secondary School for their annual graduation exercise. In attendance were other members of staff of the Rose Hall Branch.



# STAFF MATTERS



The Society continues to recognize and celebrate the work of our Secretarial / Administrative Officers for their invaluable contributions towards the functioning of the Society throughout the year. In this picture, our Secretarial / Administrative Officers are honored with floral arrangements and other tokens of appreciation on Administrative Professionals Day 2022.



Our IT Systems Administrator, Mr. David Gir who has served the Society in excess of fifteen (15) years is honored for his dedicated and selfless service. In this picture, he is presented with his long service award by our Chairman, Dr. Nanda K. Gopaul.



Mr. Mahendra Ramdihal, a Senior Cashier of our Rose Hall branch is honored for completing in excess of fifteen (15) years of service to the Society. In this picture, he proudly collects his long service award from Vice Chairman, Mrs. Chandrawati Ramson.



Mrs. Monocca Peters, a Secretary at our Head Office is honored after having completed in excess of fifteen (15) years of service to the Society. In this picture, she proudly collects her long service award from Vice Chairman, Mrs. Chandrawati Ramson.



Ms. Sharon Gibbs, a Cleaner at our Head Office is presented with a long service award after having completed in excess of fifteen (15) years of service to the Society. In this picture, she proudly collects her award from Director, Mr. Floyd McDonald.



Mr. Mark Garrett, a Security Guard/Doorman attached to our Head Office is honored for completing in excess of fifteen (15) years of service to the Society. In this picture he is presented with a long service award by Director, Mr. Kalyan Tiwari.

## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





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