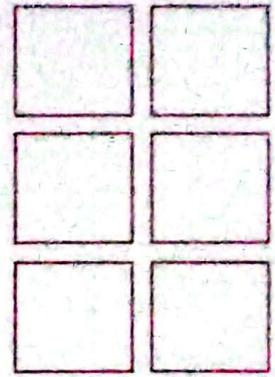


Annual Report
2007



The New Building Society Limited

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Mission Statement

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

Business Objectives

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

To provide independent financial advice on products offered.

To practice prudent management for the continuation of financial stability.

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

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

To be a respected and appreciated corporate citizen.



NOTICE OF MEETING

Notice is hereby given that the Sixty Eighth Annual General Meeting of the Members of the New Building Society Limited will be held at 1.30 p.m. on Saturday, 26 April 2008 at the Berbice High School Auditorium, North Road, Queenstown, New Amsterdam, Berbice.

AGENDA

1. To receive the Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December, 2007.
2. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Messrs. Moen M. Mc. Doom and Stephen G. Bovell and are eligible for re-election - Rule 47(2). There are however, two vacancies to be filled due to the resignation of Messrs. Leon O. Rockcliffe and David A. Yhann.
3. To fix the remuneration of the Directors for the year 2008.
4. To appoint Auditors for the year 2008.
5. To fix the remuneration of the Auditors for the year 2008.
6. To approve the sum of \$8,000,000 for donations to Charity and for Educational purposes for the year 2008.
7. To transact any other business of which due notice shall have been given in accordance with Rule 36.

By Order of the Board,

Ahmad M. Khan
CEO/Director/Secretary
31 March 2008

Please Note:

- Only members holding at least one of the following Accounts are entitled to attend the meeting:
Save & Prosper Accounts
Five Dollar Share Accounts
Mortgage Accounts
It should be noted that only first-named members holding any of the accounts mentioned above will be allowed entry. Also, persons having a current balance of less than \$1,000 or holding a Deposit Savings Account would not be allowed to vote at the meeting.
- Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not be a member of the Society. A member may uplift one proxy form from any of the Society's Offices and the form must be returned no later than 2.30 p.m. on 22 April 2008.
- Any member is eligible to nominate qualified members of the Society for election to the Society's Board of Directors in accordance with Rule #44 and Rule #48. Nominations must be submitted on or before 18 April 2008 at 3:00 p.m.
- Any Company which is a member of the Society may by resolution of its Directors authorise such person as it thinks fit to act as its representative at the meeting.
- Please bring your Passbook and some form of Identification to gain entry to the Meeting.

CORPORATE INFORMATION

BOARD of DIRECTORS

M. M. Mc Doom S.C.
Chairman

Dr. N. K. Gopaul
Vice-Chairman

L. O. Rockcliffe

S. G. Bovell

D. A. Yhann

S. Narine

A. M. Khan
Chief Executive Officer/
Director/Secretary

CHIEF OFFICE

1 Avenue of the Republic
Georgetown, Guyana
Tel: (592) 227-4444
Fax: (592) 225-0832
Website: www.nbsgy.com
Email: nbsltd@networksgy.com

BRANCHES

New Amsterdam
15-16 New St., New Amsterdam,
Berbice.
Tel: (592) 333-2157, 2893, 5024
Fax: (592) 333-5642

Rosignol
196 Section 'A', Rosignol,
West Coast Berbice
Tel: (592) 330-2341 Fax: (592) 330-2268

Corriverton
31 No. 78 Village, Corriverton,
Corentyne, Berbice.
Tel: (592) 335-3239 Fax: (592) 335-3344

Williamsburg
26 B Public Road, Williamsburg,
Corentyne, Berbice.
Tel: (592) 322-5035 Fax: (592) 322-5036

Mackenzie
34 A Republic Avenue, Mackenzie,
Linden.
Tel: (592) 444-6543 Fax: (592) 444-6066

Essequibo
29 Henrietta, Essequibo Coast,
Guyana.
Tel: (592) 771-4956 Fax: (592) 771-4954

ATTORNEYS-AT-LAW

Messrs. Cameron & Shepherd

2 Avenue of the Republic,
Georgetown, Guyana.

Messrs. McDoom & Co.

215 King Street, Stabroek,
Georgetown, Guyana.

BANKERS

Bank of Nova Scotia

104 Carmichael Street,
North Cummingsburg,
Georgetown, Guyana.

Republic Bank (Guyana) Limited

38-40 Water Street,
Georgetown, Guyana.

Bank of Baroda

10 Avenue of the Republic,
Georgetown, Guyana.

Guyana Bank for Trade & Industry Limited

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

Demerara Bank Limited

230 Camp & South Streets,
Georgetown, Guyana.

AUDITORS

Messrs. Jack A. Alli, Sons & Company

145 Crown Street, Queenstown,
Georgetown, Guyana.

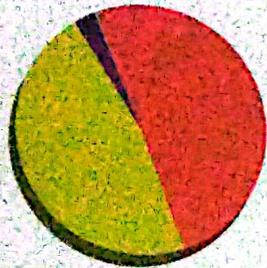
nbs

FIVE-YEAR STATISTICAL INFORMATION

DESCRIPTION	2003	2004	2005	2006	2007
	\$M	\$M	\$M	\$M	\$M
PROFIT	255	397	365	400	392
TOTAL ASSETS	23,699	25,872	28,812	31,463	33,677
TOTAL MORTGAGE BALANCE	10,920	12,461	13,896	15,600	16,992
INVESTMENTS	12,067	12,523	13,887	14,482	15,457
TOTAL SAVINGS BALANCE	20,779	22,506	25,004	27,278	28,937
RESERVES	2,731	3,176	3,585	3,988	4,502
MORTGAGE LOANS DISBURSED FOR YEAR	2,133	2,704	2,720	3,187	2,983

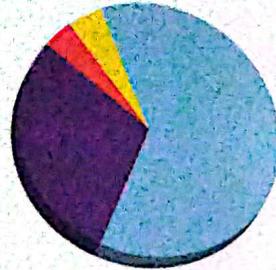
FINANCIAL HIGHLIGHTS

Assets Composition 2007



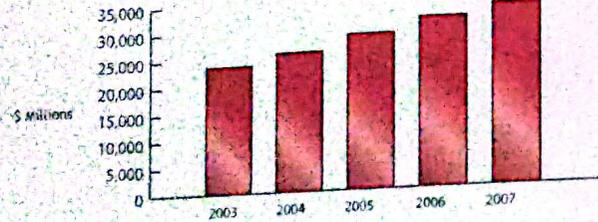
- Loan Assets
- Investments and Cash
- Fixed Assets
- Other Assets

Income Distribution 2007

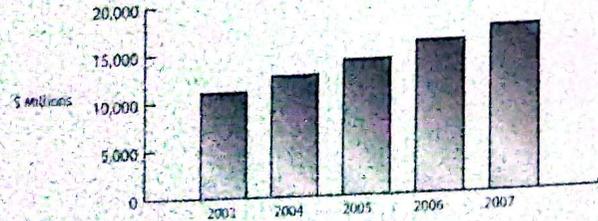


- Loan Assets
- Investments
- Cash Resources
- Other Income

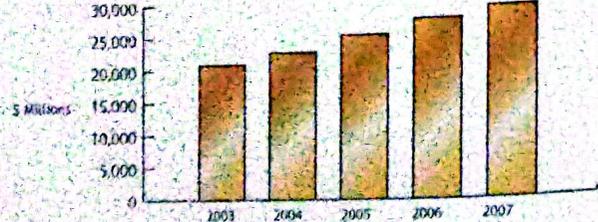
Assets Growth 2003 - 2007



Mortgages Growth 2003 - 2007



Savings Growth 2003 - 2007



BOARD OF DIRECTORS



M. M. McDoom S.C.

Dr. N. K. Gopaul

S. G. Bovell



L. O. Rockcliffe

D. Yhann

S. Narine

A. Khan

I am pleased to present to you the Report and Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2007.

Economic Review:

The reported economic growth of 4.9% in the global economy for 2007 is favourable in comparison to 4.7% recorded in 2006. The US economy grew by 2.2%. This minor incremental increase is attributed to disaster in the sub-prime mortgage market while China registered a growth of 11.4%.

The local economy experienced an increase of 5.4% in gross domestic product (GDP), a favourable percentage compared to 4.7% in 2006. It was reported that growth was recorded in sectors such as sugar, mining, bauxite, gold, construction, forestry and telecommunication.

The reported inflation rate for 2007 was 14% as against 4.2% in 2006. This was attributed to factors such as global price escalation for imported items, (particularly in fuel and food categories), unusually heavy rainfall in food producing regions and the issues with the transition to VAT.

The Guyana Dollar vis-à-vis the US Dollar depreciated modestly by 1.28% but was more pronounced against the Canadian Dollar, Pound Sterling and Euro. The 91-Day Treasury Bills decreased from 4.16% in 2006 to 3.9%.

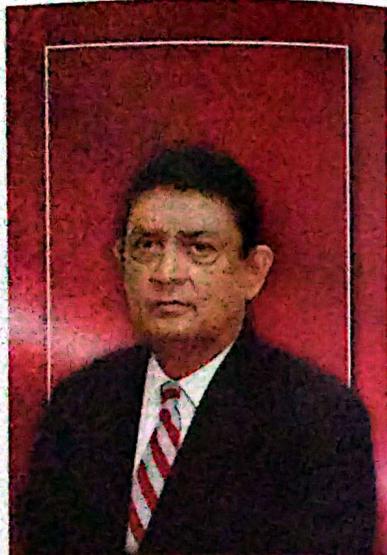
The real GDP growth for 2008 is projected at 4.8%, while inflation is slated to be 6.8%.

Financial Highlights:

I am pleased to announce that the year 2007, despite the many issues that were encountered, for which you were all fully apprised, the Society managed to produce yet another good year. We recorded a profit of \$392M, while maintaining attractive interest rates of borrowing and savings members as obtained in the year 2006.

Our mortgage portfolio, which is our core business, recorded a growth of 8.5% and now stands at \$17.0B for the reporting period. Savings also grew by 6.1% and is now \$28.937B or 86% of our Total Assets. This percentage growth has been stable over the years and is testimony to the confidence shown by our investing members.

The value of Total Assets grew by 7% over the preceding year to \$33.677B. Concomitant with growth in all areas of our operations was the ability to ensure good asset quality as only \$61M or 0.4% of the loan portfolio was required to be provisioned.



“...Our mortgage portfolio, which is our core business, recorded a growth of 8.5% and now stands at \$17.0B for the reporting period. Savings also grew by 6.1% and is now \$28.937B or 86% of our Total Assets...”

A charge of \$74M is included in the financial results and is more fully explained in note 21 of the Financial Statements. This was necessary due to an Order of Court on November 16, 2007, as a result of fraudulent withdrawals of funds from a member's account. Had it not been for this charge our profitability position would have been \$466M which is 17% more than the previous year.

Our Members:

We have continued to serve our members well by providing quality products and services. The strong growth in our mortgage and savings balances was attributed to the excellent value and fair treatment that we provide to our members in the form of better interest rates and lower fees and charges than our competitors.

The construction sector boom around the Caribbean which started as a result of the staging of the Cricket World Cup gave rise to a limited availability of contracting companies in the industry.

Staff:

We would like to welcome our new Chief Executive Officer/Director/Secretary, Mr. Ahmad M. Khan who joined us in October 2007. He brings a wealth of experience totalling over thirty-five years in the Financial Sector. We wish him all the best and we remain confident that he will chart a course for the smooth and efficient functioning of the Society.

We are a service organization and our main customers are our Members. The service provided to our Members by our employees is therefore central to our success. To assist our staff in serving our Members efficiently and professionally, we provide professional training and also encourage them to enhance their qualifications, the cost of which is reimbursed. On behalf of the Board and our Members, we would like to congratulate our employees and thank them for their sterling contributions over the years.

“...The NBS, as the leading mortgage institution has done very well during the year, especially when viewed against the challenges experienced...”

Donations:

We have continued to unselfishly honour our social responsibilities to the community. We support a wide range of worthy causes at the national and local levels. We made donations in excess of \$7M to over 140 charitable organizations during 2007. Our corporate responsibility to national life will continue during 2008.

The Future:

We are hopeful that 2008 will be a brighter and better year for Guyana particularly in the area of crime prevention, since any escalation can have a negative impact on the overall investment climate which can affect development of our physical infrastructure and human capital, which are necessary ingredients for national development.

In his budget presentation, the Minister of Finance indicated that the sum of \$1.5B has been allocated to improve infrastructure for existing and new housing schemes. These include infrastructure work for approximately 3,000 house lots while a further 2,000 low income and middle income house lots will be allocated. There is the expectation that 2,500 Certificates of Title and Transports are likely to be processed.

With better amenities provided in the various housing schemes, it is likely to generate a greater level of activities in the establishment of new homes. We will be taking advantage of these opportunities to make more affordable housing loans available to a wider target group.

With infrastructure works, including roads, water supply and electricity to be done in areas such as La Parfaite Harmonie, Westminster, Ondermeeming, Farmers Field, Plum Park, Sophia and Hope, allottees will be encouraged to build in these areas, thus having a greater utilisation of our products and services.

Conclusion:

The NBS, as the leading mortgage institution has done very well during the year, especially when viewed against the challenges experienced.

I would therefore like to express my heartfelt thanks to our membership and also to my fellow Directors for their co-operation and support during the year under review.

Moen M. Mc Doom
Moen M. Mc Doom, S.C.,
Chairman,
28 March 2008

MANAGEMENT TEAM



N. Mohamed
Assistant Secretary



A. Kishun
Operations Manager



M. Majeed
IT Systems Administrator



A. Beharry
Senior Manager, Berbice Operations



Noel Fernandes
Assistant Mortgage Manager



R. Persaud
Sub Branch Manager, Williamsburg



A. Rajaram
Internal Audit Manager



B. Jagarayan
Sub Branch Manager, Rosignol



S. Raghunandan
Sub Branch Manager (Int), Essequibo



B. Gomes
Sub Branch Manager (Int), Mackenzie



V. Bharosay
Sub Branch Manager (Int), Corriverton

MEMBERS OF STAFF



Staff members of the
Cashiers' Department



Staff members of the Data
Processing and Secretarial
Departments



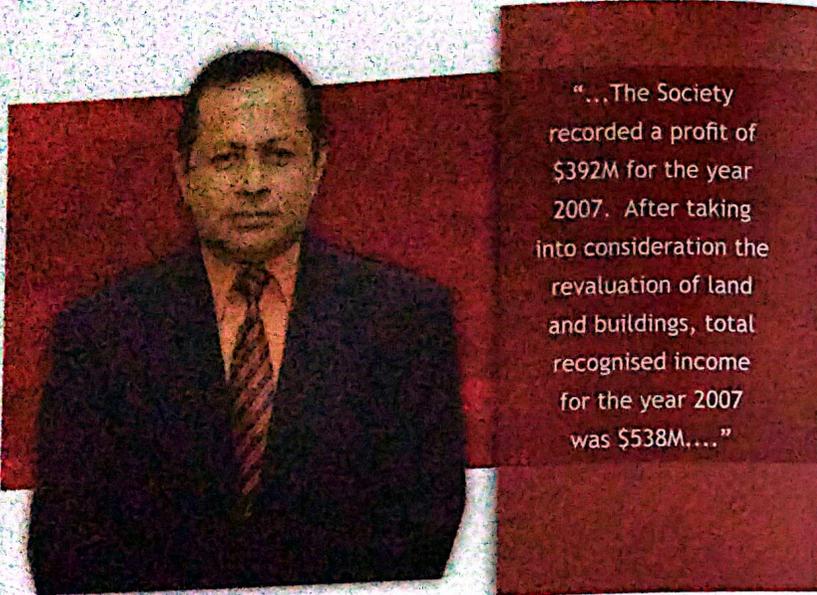
Staff members of the
Mortgage Department



Staff members of the Accounts
and Audit Departments



Staff members of the Customer Services Department



“...The Society recorded a profit of \$392M for the year 2007. After taking into consideration the revaluation of land and buildings, total recognised income for the year 2007 was \$538M....”

Economic Review

The reported economic growth of 5.4% in the domestic economy for 2007 is favourable (projected 4.9%) in comparison to 4.7% recorded in 2006. These factors can be attributed to an increase in investment activities as well as larger volumes of exports of commercial produce namely sugar, lumber and rice. Gold and bauxite contributed to better export earnings due to higher prices on the international markets. The economy was boosted through the hosting of the Cricket World Cup in Guyana during the second quarter of 2007 with major sectors such as construction, engineering, hotelling and tourism benefiting from the international exposure and the influx of visitors during that period.

The reported inflation rate for 2007 is estimated at 14%, as compared to 4.2% for the previous year. This can be primarily attributed to higher prices paid for all imported products and services as a consequence of escalation of commodity prices.

The Society's Performance

In, this my first report, on the Society's performance, I am pleased to announce that we have once again surpassed all of our key financial and operational targets in achieving record earnings despite many challenges during the year.

Financial Performance Indicators

The Society recorded a profit of \$392M for the year 2007. After taking into consideration the revaluation of land and buildings, total recognised income for the year 2007 was \$538M.

Net interest income for the year 2007 was favourable at \$805M as compared with \$707M for the year 2006, while General Administrative Expenses totaled \$337M, an increase of 10% over the previous year.

Total Investors Balances was 86% of our Total Liabilities and Reserves, increasing by 6% to \$28,937M. The

percentages have been consistent over the years and indicative of the attractive rates offered and services provided by the Society.

Gross Mortgage advances for the year was \$2,983M. At December 31, 2007 the mortgage portfolio increased by 8.5% over the previous year to \$16,992M, representing 50.5% of Total Assets.

Total Assets increased by 7.0% to \$33,677M while Liquid Assets totalled \$14,500M representing 50% of Total Savings. This is an indication that the Society had positioned itself to meet the demands of any unforeseen circumstances. This situation is particularly important, since the Society's objective is to satisfy depositors' requests largely on demand, whilst making advances to members on a long term basis.

Gross Reserves totalled \$4,502M, representing an increase of 13.6% over the previous year and 15.6% of Members' funds. The Reserves continue to grow and serve as a buffer against any unforeseen expenses that may be incurred by the Society.

The good financial performance of the Society can be attributed to enhancements to the business processes, strong leadership support and technological advancements.

Customer Service and Operations

Good customer service is the essence that directs how we conduct business. It is the Society's driving force for success and was specifically designed to boost the level of customer satisfaction and to meet Members' expectations across the various branches. The core components for producing effective customer service delivery include establishing a customer-focused vision that is consistent with the needs of our Members, establishing operational and internal control procedures that support customer service by continually measuring employees' and customers' satisfaction and embracing change through improvements in business processes.

Human Resources

The Society has continually invested in its human resources skills through development and training programs geared to enhance the workforce. In terms of recruitment and selection, the Society follows a code that does not discriminate against individuals

based on religion, ethnicity or gender but rather involves assessment of skills and technical aptitude of the applicant.

Technology

Technology has played a critical role in meeting the goals and objectives of the Society by strategically incorporating both operational and infrastructural levels of technology management and creating an environment where technologies are used as part of an approach to improve customer services. In the fiscal year 2007, upgrades were done to our systems resulting in improvements in efficiency, accessibility, redundancy and connectivity between sites. Part of the Society's planned activities includes the use of web technologies and database platforms to allow members to securely access and manage their accounts online.

Community Involvement

The New Building Society has remained committed to the development of Guyana over the year through its continued donations and involvement with charitable organisations.

Future Outlook

The strategic approach that has been adopted by the Society for continuous growth and expansion is based on the provision of quality customer service, customer satisfaction, and the review of internal controls against market best practices and new technologies available.

Acknowledgments

I would like to extend hearty thanks to the Management and Staff who continue to honour us with their commitment and dedication by aligning themselves to the organisation's goals and objectives and to our Members with whom our targets would not have been possible. I would also like to thank the Chairman and the Board of Directors for their guidance and counseling since my appointment.

Ahmad M. Khan,
CEO/Director/Secretary
28 March 2008

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED DECEMBER 31, 2007

The Directors are pleased to present the 68th Annual Report together with the Audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2007.

Principal Business Activities:

The main aim of NBS is to provide a broad range of quality Mortgage and Savings products that are widely available from seven locations across the country and delivered with quality, efficiency, courtesy and reliability. This aim is backed by the key values of fairness, honesty, corporate responsibility, employees' and customers' prioritization.

Business Highlights:

- Residential Mortgage Balances increased by \$1,391M to \$16,992M - (8.9%).
- Savings Balances increased by \$1,658M to \$28,937M - (6.1%).

Financial Highlights:

In the year 2007 NBS:

	2007 \$ Million	2006 \$ Million	% Change
Recorded a profit of	392	400	- 2.0
Increased General Reserves to	4,502	3,964	+ 13.6
Increased Assets under Management to	33,677	31,463	+ 7.0
Provided New Advances to Borrowing Members totalling	2,983	3,187	- 6.4

Mortgages:

At December 31, 2007, there were 7,286 Mortgages in force totalling \$16,992M representing 50.5% of Total Assets (2006 - 6,854 Mortgages totalling \$15,600M - 49.6%).

Mortgages to members on which payments were twelve months or more in arrears amounted to 7 accounts (2006 - 10). The total outstanding balance was \$11 Million (2006 - \$20 Million).

Savings:

The value of Net Receipts for the year was \$1,658M (2006 - \$2,273M). Total Savings Balances as at December 31, 2007 totalled \$28,937M (2006 - \$27,278M).

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED DECEMBER 31, 2007

Assets:

The value of Total Assets as at December 31, 2007 was \$33,677M (2006 - \$31,463M) an increase of 7.0%.

All changes in tangible fixed assets during the year are detailed in the Financial Statements. Freehold Land and Buildings were re-valued as at December 31, 2007 and have been included in the Accounts at these Valuations. Liquid Assets in the form of Cash and Short Term Securities were \$14,500M and represented 50.0% of Total Savings, as at December 31, 2007 (2006 - \$13,600M - 49.8%).

Charitable Donations:

During the year, donations to charities, educational institutions and community groups totalled \$7.0 Million.

Employees:

The New Building Society is cognizant of the critical role played by its employees in its continued growth and development and therefore strives to continually train, suitably compensate and highly motivate our employees.

Going Concern:

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

Directorate:

In accordance with Rule 47(1), the Directors whose names are listed below, retire after the 68th Annual General Meeting and are eligible for re-election.

Moën M. Mc. Doom, S.C.

Stephen G. Bovell

Auditors:

The Auditors Messrs. Jack A. All, Sons and Company retire and are eligible for re-election.

By Order of the Board,


Ahmad M. Khan
CEO/Director/Secretary
28 March 2008

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Board of Directors of New Building Society Limited is comprised of six Non-Executive Directors and the CEO/Director/Secretary as the only executive member. The Board is headed by a Chairman elected by the Directors. The CEO/Director/Secretary is head of the management of the Society and is an employee of the organisation.

Members of the Board bring to the Society a range of professional, financial, corporate and legal skills which they employ in setting the policies, financial strategies and in advising the employer-employee relationships and ensuring a healthy relationship with the Society's members.

The Board pays strict attention to the adherence by the Society to its statutory obligations, industrial relations and compliance with developed standards recognised as governing financial institutions, including those communicated during the interaction with External Auditors of the Society. Particular attention is paid to those operations of the organization falling within the provisions and guidelines imposed by the New Building Society Act and the Rules made thereunder.

The Board meets at least once every month receiving where applicable, reports of its three main Committees and quarterly reports from each of the Society's six branch offices.

The Committees are at present structured and comprised as follows:-

- **Audit Committee** - Two Directors. The Audit Committee monitors the internal controls, risk management and the financials of the Society. The Committee reviews the quarterly and yearly results prior to the submission to the Board for consideration and any matter raised by the internal and external auditors.
Current Chair (Director): Mr. S.G. Bovell
Director: Mr. David A. Yhann
- **Human Resources Committee** - Three Directors. The Human Resources Committee discusses and makes proposals to the Board on Organisational Structure, employees' compensation and employment policies and procedures.
Current Chair (Director): Dr. N.K. Gopaul
Director: Mr. L.O. Rockcliffe
Director: Mr. S.G. Bovell
- **Finance Committee** - Two Directors. The Finance Committee formulates investment and treasury policies and monitors risks associated with lending and treasury operations.
Current Chair (Director): Mr. L.O. Rockcliffe
Director: Dr. N.K. Gopaul

Senior executives may be included in committee meetings as required.

The Board pays continuing attention to the financial market having regard to the provision of attractive rates of interest for Investors and Mortgagors. This encourages financing of home building.

Each mortgage or advance granted by the Society is recommended under the hand of at least one Director and within each three-year period the valuations of all mortgaged properties are re-performed by a physical site visit of a Director.

Communication - NBS communicates with its Members by diverse means including Annual Reports, Annual General Meetings, the press and in particular in areas away from the city, by television and public meetings.


John M. Mc Doon, S.C.
Chairman
28 March 2008

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF
THE NEW BUILDING SOCIETY LIMITED

We have audited the accompanying financial statements of the New Building Society Limited which comprise the balance sheet as at 31 December 2007, and the income statement, the statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 44.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the New Building Society Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

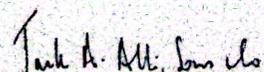
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the New Building Society Limited as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the New Building Society Act.

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 business of the Society.


JACK A. ALLI, SONS & CO.
27 March 2008

BALANCE SHEET
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	Note	2007	2006 (Restated)
ASSETS			
Cash resources	5	2,181,929	1,795,711
Loan assets	6	16,942,242	15,664,585
Investments	7	13,551,731	13,217,283
Property, plant and equipment	8	862,163	730,172
Other assets	9	88,598	55,391
		<u>31,676,664</u>	<u>31,463,142</u>
INVESTORS' BALANCES, OTHER LIABILITIES AND RESERVES			
Investors' balances	10	25,936,694	27,278,197
Other liabilities	11	141,096	123,815
Retirement benefit plan deficit	12	96,696	97,422
Reserves	13	4,502,178	3,963,708
		<u>31,676,664</u>	<u>31,463,142</u>

The notes on pages 22 to 44 form an integral part of the financial statements. The Board of Directors approved these financial statements for issue on 26 March 2008.


CHAIRMAN


VICE-CHAIRMAN


DIRECTOR / SECRETARY

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	Note	2007	2006 (Restated)
Interest Income			
Loan assets		1,282,776	1,150,408
Investments		589,814	550,790
Cash resources		82,356	66,068
		<u>1,945,896</u>	<u>1,767,266</u>
Interest Expense			
Five dollars shares		(462,946)	(431,661)
Save and prosper shares		(651,423)	(612,466)
Deposits		(17,935)	(16,237)
		<u>(1,140,814)</u>	<u>(1,060,364)</u>
Net Interest Income		<u>805,082</u>	<u>706,902</u>
Other Income			
Fee and commission income		11,155	6,648
Gain on exchange		60,755	63,160
Other operating income		6,962	1,427
		<u>889,998</u>	<u>778,137</u>
Total Net Income		<u>889,998</u>	<u>778,137</u>
Operating Expenses			
Provision for impairment on loan assets	14;15	(18,131)	(9,339)
Settlement of claim	15;21	(73,896)	0
General administrative expenses	15	(326,954)	(305,076)
Depreciation	15	(27,913)	(27,084)
Other expenses	15	(41,307)	(36,736)
		<u>(548,201)</u>	<u>(508,235)</u>
Net Profit For The Year		<u>341,797</u>	<u>269,902</u>

The notes on pages 22 to 44 form an integral part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	Note	2007	2006 (Restated)
Net profit for the year	13	399,902	399,902
Revaluation of land and buildings	13	0	0
Total Recognised Income For The Year		399,902	399,902

The impact of the deferral of property inspection fees is disclosed in note 20 to these financial statements.

The notes on pages 22 to 44 form an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	2007	2006 (Restated)
Operating Activities		
Net profit for the year	399,902	399,902
Adjustments for:		
Depreciation	27,084	27,084
Provision for impairment on loan assets	9,339	9,339
Utilization of provision for impairment on loan assets	(17,364)	(17,364)
Movement in retirement benefit plan liability	(6,880)	(6,880)
Loss on disposal of property, plant and equipment	1,143	1,143
Operating income before changes in operating assets and liabilities	413,224	413,224
Loan advances net of repayments	(1,701,318)	(1,701,318)
Increase in other assets	(10,450)	(10,450)
Receipts from investors net of withdrawals	2,273,398	2,273,398
Increase / (decrease) in other liabilities	(14,977)	(14,977)
Net Cash Inflow - Operating Activities	959,877	959,877
Investing Activities		
Purchases of property, plant and equipment	(78,431)	(78,431)
Additions to investments	(13,001,965)	(13,001,965)
Redemptions of investments	12,422,000	12,422,000
Net increase in restricted cash resources and fixed deposits	(277,238)	(277,238)
Proceeds on sale of property, plant and equipment	22	22
Net Cash Outflow - Investing Activities	(935,612)	(935,612)
Net Movement in Cash and Cash Equivalents	24,265	24,265
Cash and Cash Equivalents as at beginning of year	244,208	244,208
Cash and Cash Equivalents as at end of year	268,473	268,473

The notes on pages 22 to 44 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

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, Avenue of the Republic, Georgetown.

The Society is not registered under the Financial Institutions Act 1995 and is not subject to taxation within the tax regime of Guyana.

The Berbice River Bridge Act was effected during 2006 thereby allowing the Society to invest in securities issued by the Berbice Bridge Company Inc. subject to the approval of the Minister of Finance and to restrictions and conditions that the Minister may impose in his discretion.

2. PRINCIPAL ACTIVITY

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

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

The preparation of the Society's financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement 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.

In the current year IFRS 7, 'Financial Instruments: Disclosures' introduces new disclosures relating to financial instruments but does not have any impact on the classification and valuation of the Society's financial instruments.

The following amendment and interpretations to published standards are effective from the current financial period but they are not relevant to the Society's operations:

IAS 1	Presentation of Financial Statements - amendment
IFRIC 7	Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Re-assessment of embedded derivatives
IFRIC 10	Interim financial reporting and Impairment

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Preparation (cont'd)

The following standard, amendment and interpretations to existing standards have been published but are not mandatory for the current financial period and are not expected to be relevant to the Society's operations:

IAS 23	Borrowing costs - amendment
IFRS 8	Operating segments
IFRIC 11	IFRS 2 - Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

IAS 1 (Revised), Presentation of Financial Statements, becomes effective for the year commencing 01 January 2009 and will introduce new formats for the presentation of the primary financial statements, as well as new titles for these statements.

3.2 Foreign Currencies

Functional and presentation currency

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

Transactions and balances

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

3.3 Loan Assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Loan Assets (cont'd)

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

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

From the current year the Society collectively assessed its mortgages for impairment by applying historical loss rates to the portion of the portfolio not deemed to be individually impaired. The impact on the prior year is not considered significant.

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

3.4 Investments

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

3.5 Property, Plant and 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%
Office furniture	10%
Machinery and equipment	12.5%
Motor vehicles	20%

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Property, Plant and Equipment (cont'd)

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 costs to sell and value in use.

3.6 Intangible Asset (Computer Software)

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

3.7 Interest Recognition

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

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

3.8 Investors' Balances

Investors' balances are recognised initially at the nominal amount of funds received and subsequently at amortised cost.

3.9 Retirement Benefit Plan

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

The liability in respect of the scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains / losses. The obligation has been calculated by independent actuaries using the projected unit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the average remaining lives of employees.

3.10 Provisions and Contingent Liabilities

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

3.11 Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Comparatives

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Impairment Losses on Loan Assets

To identify impairment in the Society's loan assets, judgements 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 judgement. 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 recognised in these financial statements.

4.2 Held-to-Maturity Investments

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

4.3 Retirement Benefit Plan

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	2007	2006
5. CASH RESOURCES		
Redeemable on demand:		
Cash in hand	6,800	6,800
Cash at bank, excluding fixed deposits	270,188	261,673
Classified as cash and cash equivalents	276,988	268,473
Restricted cash or redeemable after 3 months:		
Fixed deposits	1,904,941	1,264,238
Berbice Bridge Company Inc. escrow balance	0	263,000
	2,181,929	1,795,711
6. LOAN ASSETS		
Mortgages		
Properties in possession	16,991,573	15,600,239
Other loans and advances	41,624	101,154
	20,327	20,327
Provision for impairment on loan assets (Note 14)	17,053,524	15,721,720
	(61,281)	(57,135)
	16,992,243	15,664,585

The table below shows the movement to the Properties in Possession.

	2007		2006	
	No. of Securities	Value	No. of Securities	Value
As at beginning of year	30	101,154	25	103,464
Additions in the year	2	7,537	10	30,827
Disposals in the year	(18)	(167,067)	(5)	(33,137)
As at end of year	14	41,624	30	101,154

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

6. LOAN ASSETS	2007		2006	
	No. of Securities	Value	No. of Securities	Value
The table below shows the analysis of the mortgage portfolio by value bands:				
Balances not exceeding \$30,000	17	232	26	318
Balances exceeding \$30,000 but not \$50,000	17	662	18	698
Balances exceeding \$50,000 but not \$100,000	19	2,793	36	2,827
Balances exceeding \$100,000 but not \$200,000	41	13,675	73	11,397
Balances exceeding \$200,000 but not \$250,000	50	11,189	47	10,512
Balances exceeding \$250,000 but not \$500,000	339	127,349	309	119,201
Balances exceeding \$500,000 but not \$750,000	192	245,319	389	243,843
Balances exceeding \$750,000 but not \$1,000,000	466	468,635	465	408,864
Balances exceeding \$1,000,000 but not \$1,500,000	1,528	1,460,565	1,450	1,883,802
Balances exceeding \$1,500,000 but not \$2,000,000	1,039	1,844,368	1,063	1,851,827
Balances exceeding \$2,000,000 but not \$2,500,000	829	1,860,462	761	1,712,453
Balances exceeding \$2,500,000 but not \$3,000,000	619	1,702,431	574	1,581,430
Balances exceeding \$3,000,000 but not \$4,000,000	766	2,647,849	719	2,489,715
Balances exceeding \$4,000,000 but not \$5,000,000	796	1,775,805	364	1,623,437
Balances exceeding \$5,000,000 but not \$6,000,000	254	1,405,149	196	1,084,978
Balances exceeding \$6,000,000 but not \$7,000,000	194	1,263,458	166	1,073,778
Balances exceeding \$7,000,000 but not \$8,000,000	207	1,560,417	176	1,324,241
Balances exceeding \$8,000,000	30	161,213	22	176,918
Total	7,286	16,991,573	6,854	15,600,239

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

7. INVESTMENTS	2007	2006
Government of Guyana Treasury Bills	12,381,805	12,143,892
United Kingdom Government Treasury Loans	714,075	752,053
Government of Barbados Guaranteed Bonds	546,095	234,338
Berblce Bridge Company Inc. Bond	390,000	87,000
	13,551,731	13,217,283

8. PROPERTY, PLANT AND EQUIPMENT

Cost	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work in Progress	Total
As at 01 January 2007	639,317	149,347	71,487	46,990	907,141
Additions	20	4,921	0	8,275	13,216
Disposals	0	(1,744)	0	0	(1,744)
Revaluation	131,725	0	0	0	131,725
As at 31 December 2007	771,062	152,524	71,487	55,265	1,050,338
Accumulated Depreciation					
As at 01 January 2007	(7,088)	(109,116)	(60,765)	0	(176,969)
Charges for the year	(7,875)	(17,028)	(3,010)	0	(27,913)
Written back on disposals	0	1,744	0	0	1,744
Revaluation	14,963	0	0	0	14,963
As at 31 December 2007	0	(124,400)	(63,775)	0	(188,175)
Net Book Value					
As at 31 December 2007	771,062	28,124	7,712	55,265	862,163

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

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

Cost	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work In Progress	Total
	As at 01 January 2006	599,645	142,325	71,487	20,172
Additions	322	5,189	0	72,920	78,431
Disposals	0	(4,919)	0	0	(4,919)
Transfers	39,350	6,752	0	(46,102)	0
As at 31 December 2006	<u>639,317</u>	<u>149,347</u>	<u>71,487</u>	<u>46,990</u>	<u>907,141</u>
Accumulated Depreciation					
As at 01 January 2006	0	(96,400)	(57,239)	0	(153,639)
Charges for the year	(7,088)	(16,470)	(3,526)	0	(27,084)
Written back on disposals	0	3,754	0	0	3,754
As at 31 December 2006	<u>(7,088)</u>	<u>(109,116)</u>	<u>(60,765)</u>	<u>0</u>	<u>(176,969)</u>
Net Book Value					
As at 31 December 2006	<u>632,229</u>	<u>40,231</u>	<u>10,722</u>	<u>46,990</u>	<u>730,172</u>

Freehold land and buildings are recorded at the valuations of the Directors, based on independent professional advice as a result of valuations carried out by Rodrigues Architects Limited as at December 2007 on the basis of open market value.

Included in machinery, furniture and equipment is computer software costing \$61,107 (2006 - \$61,107) with accumulated amortisation of \$58,561 (2006 - \$50,923) and carrying value of \$2,546 (2006 - \$10,184). There were no additions or disposals to computer software in the current year or the prior year.

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

	2007	2006
Cost	270,616	270,616
Accumulated depreciation	(16,619)	(13,715)
Net book value	<u>253,997</u>	<u>256,901</u>

The prior year figure has been restated to include the acquisitions in that year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

9. OTHER ASSETS

	2007	2006 (Restated)
Accrued interest	80,371	46,837
Sundry debtors and prepayments	8,227	8,554
	<u>88,598</u>	<u>55,391</u>

10. INVESTORS' BALANCES

Five dollars shares	13,290,014	12,406,711
Save and prosper shares	14,899,465	14,208,511
Deposits	747,215	662,975
	<u>28,936,694</u>	<u>27,278,197</u>

11. OTHER LIABILITIES

Withholding taxes	78,016	71,673
Sundry creditors and accruals	36,324	27,786
Deferred income	26,734	24,356
	<u>141,096</u>	<u>123,815</u>

12. RETIREMENT BENEFIT PLAN

The amount recognised in the balance sheet is as follows:

Present value of obligation	265,330	285,996
Fair value of plan assets	(330,596)	(262,404)
Net (over)/underfunding	(65,266)	23,592
Unrecognised actuarial gain	162,062	73,830
Liability recognised in the balance sheet	<u>96,596</u>	<u>97,422</u>

The movement in the present value of the obligation is:

As at beginning of year	285,996	257,381
Interest expense	19,205	17,662
Current service cost	14,121	11,771
Contribution by plan participants	7,116	7,286
Benefits paid	(19,483)	(9,584)
Actuarial (gain) / loss	(51,637)	1,480
As at end of year	<u>265,330</u>	<u>285,996</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	2007	2006
12. RETIREMENT BENEFIT PLAN (cont'd)		
The movement in the fair value of plan assets is:		
As at beginning of year	262,404	245,255
Expected return on plan assets	17,436	16,373
Contributions by the Society	14,232	15,788
Contributions by plan participants	7,116	7,286
Benefits paid	(9,481)	(9,584)
Actuarial gain / (loss)	38,989	(12,714)
As at end of year	<u>330,696</u>	<u>262,404</u>

The Plan assets include deposits with the Society totalling \$24,677 at the year end (2006 - \$12,685). Interest of \$744 was earned during the year (2006 - \$338).

	2007	2006
The amount recognised in the income statement:		
Current service cost	14,131	11,771
Interest cost	19,205	17,662
Expected return on plan assets	(17,436)	(16,373)
Net actuarial gains	<u>(2,393)</u>	<u>(4,152)</u>
Total included in staff costs	<u>13,507</u>	<u>8,908</u>
Actual return on the plan assets	<u>36,425</u>	<u>3,659</u>
Expected contributions in upcoming year	<u>23,166</u>	<u>23,352</u>
The principal assumptions used were:		
Discount rate	6.5%	6.5%
Future salary increases	6.5%	6.5%
Return on assets	6.5%	6.5%
Mortality	PA(90) - 2	PA(90) - 2

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

31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	2007	2006
12. RETIREMENT BENEFIT PLAN (cont'd)		
Plan assets are comprised as follows:		
Equity	116,031	79,651
Debt instruments	42,932	42,932
Cash resources	171,721	139,821
	<u>330,696</u>	<u>262,404</u>
	100%	100%

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

	2007	2006	2005	2004	2003
Present value of obligation	(265,330)	(285,996)	(257,381)	(232,931)	(247,961)
Fair value of plan assets	<u>330,696</u>	<u>262,404</u>	<u>245,255</u>	<u>199,350</u>	<u>167,417</u>
Surplus / (deficit) before unrecognised actuarial adjustments	<u>65,366</u>	<u>(23,592)</u>	<u>(12,126)</u>	<u>(33,581)</u>	<u>(80,544)</u>
Experience adjustment on obligation	51,637	(1,480)	2,278	39,520	26,500
Experience adjustment on assets	<u>38,989</u>	<u>(12,714)</u>	<u>18,570</u>	<u>11,801</u>	<u>(3,393)</u>

13. RESERVES

	2007	2006 (Restated)
Revaluation Reserve		
As at beginning of year	375,501	375,501
Revaluation during the year	<u>146,688</u>	<u>0</u>
As at end of year	<u>522,189</u>	<u>375,501</u>
Retained Profits		
As at beginning of year	3,612,563	3,209,721
Effect of deferring inspection fees (Note 20)	<u>(24,356)</u>	<u>(21,416)</u>
As at beginning of year (restated)	3,588,207	3,188,305
Net profit for the year	<u>397,782</u>	<u>399,902</u>
As at end of year	<u>3,979,989</u>	<u>3,588,207</u>
Total Reserves	<u>4,502,178</u>	<u>3,963,708</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

Expressed in Thousands of Guyana Dollars

	2007	2006
14. PROVISION FOR IMPAIRMENT ON LOAN ASSETS		
As at beginning of year	57,135	65,160
Charged in year	18,131	9,339
Utilised in year	<u>(13,985)</u>	<u>(17,364)</u>
As at end of year	<u>61,281</u>	<u>57,135</u>
15. NON-INTEREST EXPENSES BY NATURE		
Staff costs (Note 16)	217,559	199,877
Settlement of claim (Note 21)	73,896	0
Depreciation	27,913	27,084
Security	25,853	22,908
Electricity	22,448	20,124
Software licence fee	17,661	14,598
Provision for impairment (Note 14)	18,131	9,339
Advertising	10,536	9,816
Postage and telephone	8,769	8,185
Charitable and educational donations	7,006	7,220
Auditors' remuneration - statutory audit	2,800	2,250
Auditors' remuneration - other assurance services	1,002	0
Operating lease payments	0	825
Other	64,642	56,009
Total Non-Interest Expenses	<u>498,216</u>	<u>378,235</u>
16. STAFF COSTS		
Wages and salaries	174,190	167,352
Social security costs	7,872	7,512
Pension costs	13,507	8,908
Other staff costs	21,990	16,105
	<u>217,559</u>	<u>199,877</u>
17. RELATED PARTY TRANSACTIONS		

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

NOTES TO THE FINANCIAL STATEMENTS
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	2007	2006
17. RELATED PARTY TRANSACTIONS (cont'd)		
(a) Mortgages		
Balance as at beginning of year		28,004
Effect of changes in key management personnel	33,404	6,160
Balance as at beginning of year - adjusted	<u>6,160</u>	<u>33,404</u>
Mortgages issued during the year	39,564	33,715
Mortgage interest charged during the year	600	1,439
Mortgage payments during the year	2,319	2,070
	<u>(5,092)</u>	<u>(3,820)</u>
Balance as at end of year	<u>37,391</u>	<u>33,404</u>
No provision has been required in 2007 and 2006 for the mortgages granted to related parties.		
(b) Investors' Balances		
Balance as at beginning of year		24,528
Effect of changes in key management personnel	29,407	20
Balance as at beginning of year - adjusted	<u>20</u>	<u>29,427</u>
Deposits received during the year	29,427	25,841
Interest earned during the year (net of tax)	27,974	15,180
Withdrawals made during the year	1,228	1,063
	<u>(25,540)</u>	<u>(12,677)</u>
Balance as at end of year	<u>33,089</u>	<u>29,407</u>
(c) Key Management Compensation		
Short-term employee benefits	55,752	60,887
Post-employment benefits	6,757	5,036
	<u>62,509</u>	<u>65,923</u>
(d) Other Services		
Legal services from key management	1,448	2,309

NOTES TO THE FINANCIAL STATEMENTS

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	2007	2006
18. DIRECTORS' COSTS		
Directors' costs included in Key Management Compensation:		
Directors' fees	2,700	2,700
Directors' travel	2,700	2,700
Directors' pension	1,210	1,149
	<u>6,610</u>	<u>6,549</u>

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

Financial instruments carried at the balance sheet date include cash resources, loan assets, investments, other assets (excluding prepayments), and investors' balances, sundry payables and accruals.

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

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

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

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

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

(b) Risks 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 risk, liquidity risk, interest rate risk and foreign exchange risk. The Society's objective is to limit its exposure to such risks while maintaining a steady growth in profitability and net asset base. The Society's risk management policies for each of these risks is described in the following parts to this note.

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Credit risk

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

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

With respect of 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 centralised Mortgage Department. During the interview, the Officer collects information on the proposed project, the income sources to be relied upon for repayments and the property to be lodged as collateral.
- (ii) The initial inspection of the property to be lodged as collateral is carried out by a Senior Manager of the Society along with a Director during which a value is assessed.
- (iii) A recommendation is made for the amount to be approved using information collected on the project, sources of repayment and the assessed value of the collateral to be lodged. The recommendation must be within seventy-five percent of the assessed value of the collateral to be lodged as well as within the statutory lending limit for the Society of eight million Guyana Dollars.
- (iv) The Board of Directors is required to approve all mortgages regardless of the amount to be disbursed.
- (v) The mortgage must be registered on the collateral prior to the disbursement of funds.
- (vi) For mortgages that involve disbursement of funds in stages, a weekly site inspection is carried out by a member of the Mortgage Department to assess the satisfaction of set targets prior to further release of disbursements.
- (vii) Daily reports are generated to identify members who have defaulted on repayments. The Society has a team within its Mortgage Department that is tasked with the identification and monitoring of defaulting members.
- (viii) A Director of the Society is required to inspect collateral lodged at least once every three years.

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

(c) Credit risk (cont'd)

Given the homogenous nature of the Society's loan assets, management monitors the overall quality of its portfolio by examining the geographic concentration against historic default rates (foreclosed mortgages as a percentage of the geographic total). The concentration of loan assets that are neither past due or impaired as at the balance sheet date and the geographic default rates are shown below.

	2007	2006		
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	11,173,882	0.72%	10,137,329	0.79%
Berbice	1,500,553	1.59%	1,676,599	1.76%
Essequibo	632,248	1.29%	539,761	1.51%
Linden	506,360	2.14%	478,046	2.36%
	<u>13,813,043</u>		<u>12,831,735</u>	

During the year, there were loan assets totalling \$52,147 (2006 - \$48,742) which were renegotiated and which would have otherwise been past due or impaired.

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

	2007	2006
Past due up to 30 days	1,154,423	1,227,600
Past due 30 - 90 days	1,408,540	1,172,033
Past due over 90 days	483,604	366,519
Total	<u>3,046,567</u>	<u>2,766,152</u>
Fair value of collateral	<u>5,771,855</u>	<u>4,737,800</u>

The table below shows the geographic analysis of loan assets that are impaired as at the balance sheet date, along with the estimated fair value of the collateral held against these balances. All impaired loan assets were outstanding for more than 180 days, with mortgages totalling \$10,737 (2006 - \$20,180) being outstanding for more than one year.

	2007	2006
Demerara, except Linden	134,765	94,431
Berbice	46,203	18,382
Essequibo	3,022	3,327
Linden	9,924	7,693
Total	<u>193,914</u>	<u>123,833</u>
Fair value of collateral	<u>291,827</u>	<u>153,627</u>
Interest earned on impaired loan assets	<u>13,563</u>	<u>8,431</u>

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19. 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 rates of interest except cash resources totalling \$184,677 (2006 - \$192,936) with an effective interest rate of 3.5% (2006 - 4.8%). Should the interest rates on the floating rate instruments increase / decrease by 50 basis points (2006 - 50 basis points), with all other variables held constant, the net profit for the year would increase / decrease by \$923 (2006 - \$965).

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

As at 31 December 2007	Up to one year	Over one year	Non-interest bearing	Total
Cash resources	2,069,828	0	112,101	2,181,929
Loan assets	16,930,292	0	61,951	16,992,243
Investments	12,365,512	576,206	610,013	13,551,731
Other assets	0	0	950,761	950,761
Total Assets	31,365,632	576,206	1,734,826	33,676,664
Investors' balances	28,936,694	0	0	28,936,694
Other liabilities	0	0	237,792	237,792
Total Investors' Balances And Other Liabilities	28,936,694	0	237,792	29,174,486
Interest Sensitivity Gap	2,428,938	576,206		

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19. 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
<i>As at 31 December 2006 - restated</i>				
Cash resources	1,633,174	0	162,537	1,795,711
Loan assets	15,584,513	0	80,072	15,664,585
Investments	12,359,928	857,355	0	13,217,283
Other assets	0	0	785,563	785,563
Total Assets	29,577,615	857,355	1,028,172	31,463,142
Investors' balances	27,278,197	0	0	27,278,197
Other liabilities	0	0	221,237	221,237
Total Investors' Balances And Other Liabilities	27,278,197	0	221,237	27,499,434
Interest Sensitivity Gap	2,299,418	857,355		

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

	2007	2006
	%	
Fixed deposits	4.1	4.3
Mortgages	4.1	7.4
Investments	4.1	4.4
Investors' balances	4.1	4.1

(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 balance sheet date. However in practice, investors' balances are repaid later than on the earliest date on which repayment can be required.

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

(e) Liquidity Risk (cont'd)

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

	Up to one year	One to five years	Over five years	Total
<i>As at 31 December 2007</i>				
Cash resources	2,181,929	0	0	2,181,929
Loan assets	1,172,112	4,615,400	11,204,731	16,992,243
Investments	12,365,512	576,206	610,013	13,551,731
Other assets	88,598	0	862,163	950,761
Total Assets	15,808,151	5,191,606	12,676,907	33,676,664
Investors' balances	28,936,694	0	0	28,936,694
Other liabilities	116,144	7,129	114,519	237,792
Total Investors' Balances And Other Liabilities	29,052,838	7,129	114,519	29,174,486
Net Liquidity Gap	(13,244,687)	5,184,477	12,562,388	

As at 31 December 2006 - restated

Cash resources	1,795,711	0	0	1,795,711
Loan assets	1,074,895	4,105,600	10,484,090	15,664,585
Investments	12,359,928	578,551	278,804	13,217,283
Other assets	55,391	0	730,172	785,563
Total Assets	15,285,925	4,684,151	11,493,066	31,463,142
Investors' balances	27,278,197	0	0	27,278,197
Other liabilities	101,083	6,495	113,659	221,237
Total Investors' Balances And Other Liabilities	27,379,280	6,495	113,659	27,499,434
Net Liquidity Gap	(12,093,355)	4,677,656	11,379,407	

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

(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:

	2007	2006
British Pound Sterling	880,637	780,011
United States Dollars	146,853	497,338

At 31 December 2007, if the Guyana Dollar had weakened / strengthened by 2.5% against the British Pound Sterling, with all other variables held constant, profit for the year would have been \$22,016 (2006 - \$19,500 for a 2.5% change) higher / lower.

At 31 December 2007, if the Guyana Dollar had weakened / strengthened by 1% against the United States Dollar, with all other variables held constant, profit for the year would have been \$1,460 (2006 - \$4,973 for a 1% change) higher / lower.

(g) Fair Values

Fair value represents an estimate of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act.

Cash resources:

The carrying values of cash resources approximate to fair value given their short-term nature.

Loan assets:

At the balance sheet date the fair value of the loan assets was estimated to be \$17,367,660 using the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. Due to the unavailability of requisite information from the prior year balance sheet date, a similar estimation of fair value could not be completed. However, the carrying value of loan assets is expected to approximate to the fair value as the Society's interest rates effectively set market rates for low and medium sized mortgages.

NOTES TO THE FINANCIAL STATEMENTS
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19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

(g) Fair Values (cont'd)

Investments:

The fair value of the United Kingdom Government Treasury Loans is based on current market value. For the other investments, the fair values have been estimated by applying discounted cash flows analysis, using prevailing rates of return on instruments with similar terms and characteristics. The fair values of the investments at the year end were:

	2007	2006
Government of Guyana Treasury Bills	11,411,000	12,201,179
United Kingdom Government Treasury Loans	750,380	750,380
Government of Barbados Guaranteed Bonds	236,460	236,460
Berbice Bridge Company Inc. Bond	87,000	87,000
	<u>12,484,840</u>	<u>13,275,019</u>

Investors' balances:

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

20. DEFERRAL OF PROPERTY INSPECTION FEES

In the current year the Society amended its policy for recognising property inspection fees by recognising such fees on mortgages that are likely to be drawn down, over the term of the mortgage. Previously the Society recognised property inspection fees fully as income at the inception of the mortgage. The financial statements were adjusted retrospectively with reserves as at 01 January 2006 being reduced by \$21,416. The financial statements for the prior period were impacted as follows:

	2006
Increase in other liabilities (balance sheet)	24,356
Decrease in other income (income statement)	<u>2,940</u>



Higher Income Residence



Middle Income Residence



Low Income Residence



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



COMMUNITY SERVICE

NBS Chairman Mr. Moen Mc Doom presents a cheque to Mrs. Kathy Hughes of the Theatre Guild to assist in the Playhouse's renovation.



NBS Sub-Branch Manager (ag), Mr. Sewchan Raghunandan, presents the Trophy to the winner of the Society's sponsored One-Day Cricket competition on the Essequibo Coast.



NBS Sub-Manager (ag), Mr. Vicky Bharosay presents a cheque to the Roadside Baptist Church at Corriverton, Berbice.