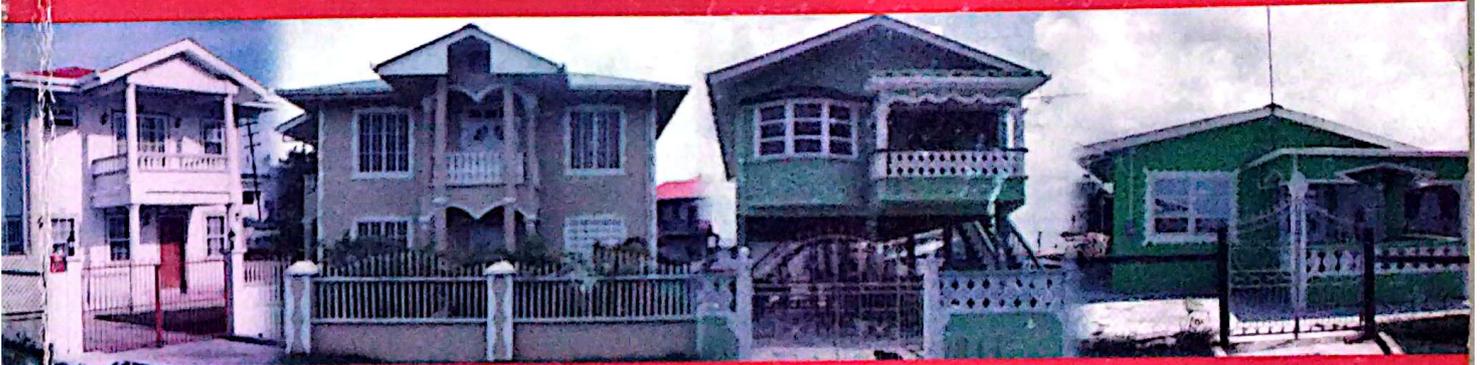


THE NEW BUILDING SOCIETY LIMITED



Annual Report 2011

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MISSION STATEMENT

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

BUSINESS OBJECTIVE

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

To provide independent financial advice on products offered.

To practice prudent management to ensure financial stability.

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

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

To be a respected and appreciated corporate citizen.

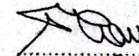
NOTICE OF MEETING

Notice is hereby given that the Seventy-Second Annual General Meeting of the Members of the New Building Society Limited will be held at 10.30 a.m. on Saturday, 28th April, 2012 at the Society's new Chief Office Building at Lot 1 North Road & Avenue of the Republic, Georgetown

AGENDA

1. To receive the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2011.
2. To elect Directors in accordance with Rule 47(1). The Directors retiring by rotation are Messrs. Dr. Nanda K. Gopaul and Seepaul Narine, who being eligible offer themselves for re-election - Rule 47(2).
3. To fix the remuneration of the Directors for the year 2012.
4. To appoint Auditors for the year 2012.
5. To fix the remuneration of the Auditors for the year 2012.
6. To approve the sum of \$8,000,000 for donations to Charity and for Educational purposes for the year 2012.
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
15th March, 2012

Please Note:

- Only members holding at least one of the following Accounts are entitled to attend the meeting -

Save & Prosper Accounts	-	minimum balance \$1,000:
Five Dollar Share Accounts	-	minimum balance \$1,000:
- Only first named members holding any of the accounts mentioned above will be allowed entry.
- A proxy need not be a member of the Society. A member may uplift one proxy form from any of the Society's Offices and the form must be returned no later than 2.30 p.m. on 25th April, 2012.
- 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

Dr. N. K. Gopaul - Chairman
 Floyd Mc Donald - Vice-Chairman
 Moen M. Mc Doom S.C.
 Seepaul Narine
 Chandrawattie Ramson
 Kenneth Joseph
 Ahmad M. Khan - CEO/Director /Secretary

CHIEF OFFICE

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

BRANCHES

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

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

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

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

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

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

Citizens Bank Guyana Inc.
 201 Camp & Charlotte Sts.
 Lacytown, Georgetown, Guyana.

AUDITORS

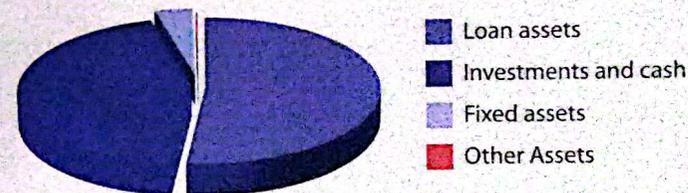
Maurice Soloman & Company
 Tel: 337-4683. Fax: 337-4684
 92 Oronoque Street, Queenstown,
 Georgetown, Guyana.

FIVE-YEAR STATISTICAL INFORMATION (2007 - 2011)

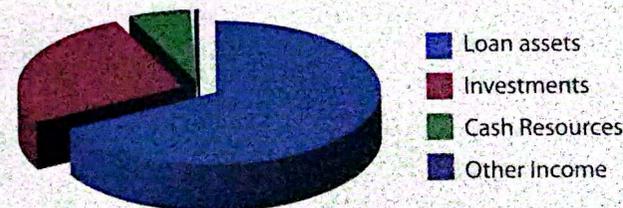
DESCRIPTION	2007 \$M	2008 \$M	2009 \$M	2010 \$M	2011 \$M
PROFIT	392	288	568	577	772
TOTAL ASSETS	33,677	35,556	37,903	41,831	45,379
TOTAL MORTGAGE BALANCE	16,992	19,045	20,941	21,593	23,506
INVESTMENTS	15,457	15,368	15,164	18,203	19,644
TOTAL SAVINGS BALANCE	28,937	30,529	32,310	35,668	38,474
RESERVES	4,502	4,790	5,358	5,935	6,707
MORTGAGE LOANS DISBURSED FOR YEAR	2,983	3,870	3,922	2,948	4,201

FINANCIAL HIGHLIGHTS

ASSET COMPOSITION - 31ST DECEMBER 2011

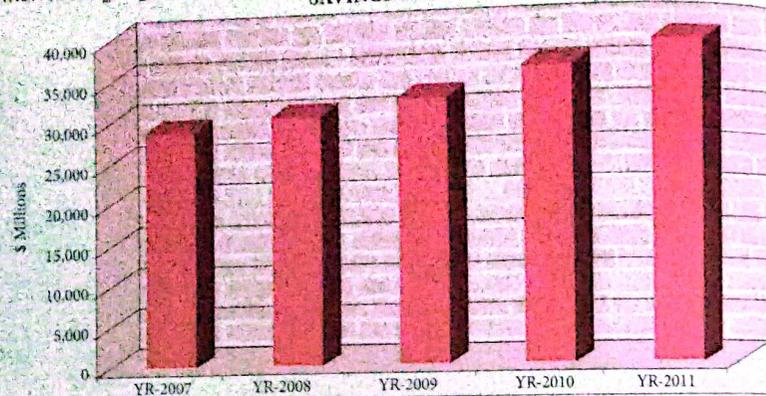


INCOME DISTRIBUTION 2011

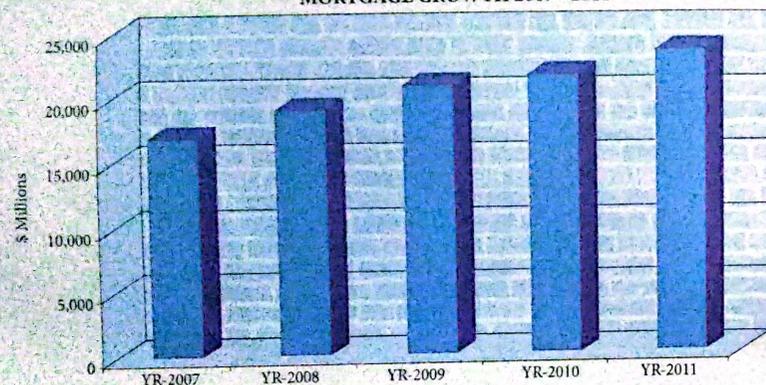


Financial Highlights (Cont'd)

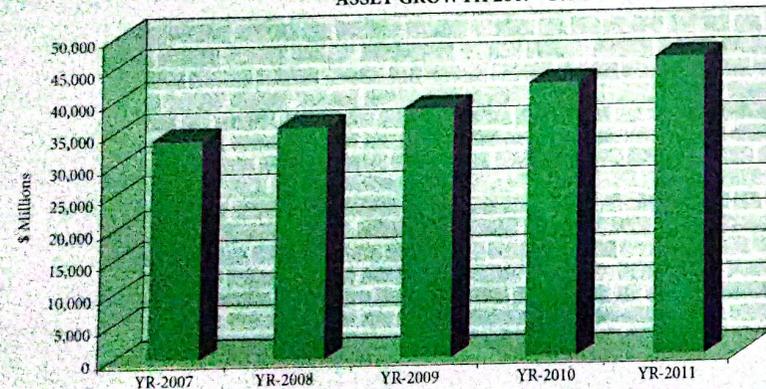
SAVINGS GROWTH 2007 - 2011



MORTGAGE GROWTH 2007 - 2011



ASSET GROWTH 2007 - 2011



CHAIRMAN'S REPORT

“We disbursed mortgage advances for the year totalling \$4.2B, another record, which was 43% higher than the previous year”



I am pleased to report that the financial year 2011 was an excellent one for the Society. The results achieved are even more impressive when seen against an increasingly competitive environment, not only for deposit business but for a greater share of the mortgage market.

I am especially pleased and proud that today for the first time in a long time we are hosting our Annual General Meeting under our own roof and in a spacious environment.

ECONOMIC OUTLOOK:

The global economy continues to grow at a rate of 4% at the end of the third quarter. It is expected to sustain this level of growth for the year 2011 largely due to continued good performances of emerging and developing countries.

Guyana's economy continues to benefit from higher commodity prices at the end of the third quarter. Production of sugar, rice, bauxite and gold increased while that of forestry, fishing and diamond decreased. Inflation was estimated at 3.1% due to rising food prices.

The Guyana dollar remained fairly stable relative to the US Dollar depreciating marginally by .025% while Treasury Bills yields decreased and is just above 2%. This was due to continued high excess liquidity and competitive bidding.

It is projected that total growth for 2011 will be approximately 5.1% while inflation is predicted at 4.8%.

FINANCIAL PERFORMANCE:

The Society is governed by Special Ordinance of the Laws of Guyana and is therefore limited in its investment opportunities with regard to its excess funds. Over 78% of our liquid cash is in the form of Government of Guyana Treasury Bills which currently yield approximately 2% in interest. The rates existing for Fixed Deposits at the commercial banks are not much different with us holding approximately \$3.5B.

However, despite the above depressed rates, Total

Chairman's Report (Cont'd)

Investments earned averaged 4% for the year largely due to the returns from the Berbice Bridge Investment.

It is also to be noted that notwithstanding the Society is currently governed under the New Building Society's Act, Chapter 36:21, the Supervision by the Bank of Guyana, must be seen as a positive sign.

FINANCIAL RESULTS:

The results for the year under review show a record profit of \$772M being made, an increase of 34% over the previous year. This was achieved despite reducing our mortgage rates for lower, middle and higher income mortgagors at the beginning of the year from 4.75%, 6.95% and 7.95% to 4.25%, 6.25% and 7.45% respectively. We will continue to strive for better terms and conditions for our mortgagors, since our main objective is still to ensure that as many persons as possible own their homes. This remain an objective that existed since 1940 when we were first established.

During the year under review, we disbursed mortgage advances for the year totalling \$4.2B, another record, which was 43% higher than the previous year. The mortgage portfolio is 52% of Assets or 61% of Total Savings. This must be viewed as being sound in financial terms.

Although Total Mortgages increased by 9% and is currently \$23,572M at year end, Asset quality continues to be excellent as we recorded very low levels of arrears of 0.4% and a similar percentage for provisioning on loan impairment.

With respect to those persons who are in arrears, they are generally mortgagors who genuinely fall on bad times or those who are bad managers of their affairs or those who have no intention of paying. Fortunately, the percentage for the last category is very small where the overwhelming majority of borrowers view their repayment obligations very seriously. For those few who face financial difficulties, the Society will do its best to assist including repayment re-arrangements. We however, will not shirk in our responsibility to protect the Society's interest against defaulters.

The Society's Savings Balances as at December 31,

2011 was \$38,474M or 85% of Total Assets and grew by 8% over the previous year. This growth is due to the higher interest rates which on average are paid by the Society and is the benefit of the mutual status of Building Societies and the fact that they are not profit-maximising businesses.

Building Societies are mutual organizations and are dependent on the funds provided by their investing members to make home loans affordable and readily available. They are thus committed to ensuring the integrity of all deposit funds under their care.

With respect to Total Assets, it grew by 9% to \$45.4B while Reserves stood at \$6.7B representing 15% of Total Assets or 17% of Members' Funds. These ratios are among the highest in the financial sector and offered greater protection for depositors, whose funds are of paramount importance.

The Society's Total Liquidity was \$17.6B or 39% of Total Assets or 46% of Members' Funds. Our Liquid Assets holdings as defined by the Central Bank at year-end stood at \$9.1B as at year-end, while the required minimum holdings was \$3.8B which indicate that we are \$5.3B above what is required by the Supervisory authority – the Bank of Guyana.

OUR MEMBERSHIP:

Building Societies do not seek to maximise shareholders return. They however seek to maximise the overall well-being of their members and customers and it is in this regard we the Directors, Management and staff place emphasis.

We are proud to say that our mortgage products are the best that are offered anywhere in the country and have resulted in very affordable rates of interest charged nationally. Simultaneously, we are able to maintain more attractive savings products than our competitors, directly as a result of our mutuality status and the need to stay ahead of the competition.

The construction of our new Chief Office is now completed and although there were unforeseen delays, it is poised to serve our membership in a more spacious and convenient environment. We would like to thank all those who have made this

venture possible and look forward to serving you our members and customers in a more meaningful way. We should all feel proud, especially when you hear the positive comments on this imposing edifice which now adores our capital city.

HUMAN CAPITAL:

Human resource is a critical element in organizations, be it in manufacturing, distribution or services. Our staff worked assiduously during 2011 to provide the kind of service that makes the NBS one that is sound, solid and reliable.

The vast experience accumulated by employees both at the senior and junior levels over the years is serving to ensure continuity of institutional knowledge, so vital to the health of the Society in its quest to maximise efficiency. This is clearly shown in our operations to date. We continue to build on our employees' experiences through on-the-job training and financially assist them in improving their qualifications. We continue to pay particular interest in their welfare and do everything possible in ensuring that they feel a sense of belonging, as part of one big family.

CORPORATE RESPONSIBILITIES:

As a fairly large and reputable company in Guyana, we are always mindful of our commitment to community development particularly since we are spread throughout the country, having seven (7) branches in operation. Each year, members would approve sums of money to be donated to various charitable and educational institutions to make life easier for those in need. This year will be no different.

OUTLOOK:

We are continually refining our strategy with a view to meeting the various challenges ahead. We are cognizant of the numerous possibilities that exist in the housing sector, particularly with the opening of the East Bank corridor between Eccles and Herstelling and also the numerous housing schemes throughout the country where house lots are constantly being developed.

As mentioned before, our liquidity is fairly high, earning interest on instruments that are less than attractive. Besides, the prices for imported building materials have increased to the extent that it will cost substantially higher to build a home than say

two years ago.

To meet these challenges our membership approved an increase in our ceiling for any one security last year from \$12M to \$15M. This, however, will have to be assented to by the Minister of Finance before it becomes operable. We are working towards making this a reality, so that our financial resources can be more beneficially utilized to the advantage of our members and customers.

With limited lucrative investment opportunities available, it is incumbent on us to deploy more of our resources into our core business, i.e. mortgages, so that we can surpass the previous year's record disbursements of \$4.2B. We must continue to look at ways where we can improve and make easier the processing and approving of loan applications.

GENERAL:

The NBS, over the 72 years of its existence has done an excellent job in fulfilling its main objectives. We are a members' organisation where the responsibilities of Directors are to the members for dealing sensibly and safely with the funds which have been entrusted to them.

The Board of Directors takes this fiduciary responsibility very seriously. We would like to assure our members and customers that along with our Management and Staff, we are committed to ensuring a strong and stable financial system that would redound to the benefit of all concerned.

Finally, I would like to thank my fellow Directors for their continued support, our Staff for their commitment and most of all members and customers for the faith they placed in us.

It was a pleasure serving you in my capacity as Chairman over these past few years. As you are aware that I have been appointed a Minister of the Government and as a consequence, I have indicated to my colleague Directors that I would be unable to continue as Chairman. I am indeed appreciative to all for the confidence reposed in me.


Dr. Nanda K. Gopaul
 Chairman
 15th March, 2012

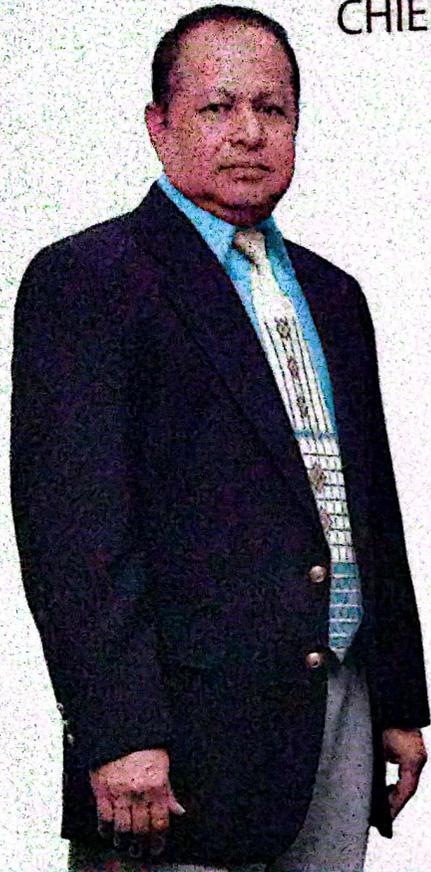
BOARD OF DIRECTORS



Standing
 Seepaul Narine - Director, Ahmad M. Khan - CEO/Director Secretary
 Kenneth Joseph - Director, Moen M. Mc Doom, S.C. - Director

Sitting
 Dr. Nanda K. Gopaul - Chairman, Chandrawati Ramiah - Director
 Floyd Mc Donald - Vice-Chairman

CHIEF EXECUTIVE OFFICER (CEO) REPORT



“ The Society has recorded its highest profit of \$772M, a whopping 34% more than the previous year's profit ”

and Europe. Brazil's inward-oriented economy and moderately free market system has seen it emerging as the leading economy in Latin America and the second largest in the western hemisphere. China and India are growing rapidly, though they have pursued different developmental paths.

In Guyana, our economy continued to perform well, building on the achievement of five consecutive years of growth since 2006. Traditional and non-traditional sectors have recorded marked improvements in overall performance at the end of 2011.

PERFORMANCE OF THE SOCIETY

It is with great pride that I report that the Society has had another defining moment in its history. It would seem as though the Society has gotten into the habit of rewriting its own history, since for the past three (3) years, the Society has declared record-breaking profits. In the year 2011, the Society has recorded its highest profit of \$772M, a whopping 34% more than the previous year's profit. Underpinning this remarkable achievement is our financial strength and strong risk management that borders with our conservative and prudent approach thereby giving us the flexibility to take advantage of opportunities and market conditions.

Best wishes to you my fellow Guyanese, members and customers. I am pleased to report that the year 2011 has been another successful one for the Society. We have recorded our highest profit of \$772M, a whopping 34% more than the previous year's profit. Despite the many challenges, including those associated with an election year, we have come through 2011 as you would expect – strong and full of momentum.

OVERVIEW OF THE ECONOMY

The global economy has been affected by the challenges and complexities in the United States

The financial services sector continues to be highly liquid. This has led to diminishing yields on Treasury Bills and interest earned on Fixed Deposit accounts. A large proportion of our liquid assets is invested in Treasury Bills. Notwithstanding this, the Society continued to offer favorable returns to our Customers and Members on their investments and simultaneously too, provide affordable mortgage financing to promote home ownership.

KEY FINANCIAL PERFORMANCE INDICATORS

Our Total Assets at the end of 2011 was \$45.3M and at the end of 2010, it was \$41.8M representing an increase of \$3.5M or 8%. Our role as the premier mortgage provider, ability to offer attractive returns to our Savers and our distinguished level of customer service has contributed significantly to this achievement.

At the end of 2011, our Loans Portfolio accounted for 51% of our Total Assets. The portfolio grew by 9% over the previous year as we continued with our tradition of promoting home ownership with affordable financing. The government's aggressive housing drive also played a significant role in this accomplishment. We had reduced our interest rates on all categories of mortgages on at least two (2) occasions during the year. At the end of 2011, the Society had disbursed for the first time in its history, advances to the tune of \$4B to prospective and existing home owners.

The Society's investors' balances grew by \$2.8M or 7% to \$38.5M at the end of 2011 (2010 - \$35.7M), as our Customers and Members continued to demonstrate their overwhelming confidence in the New Building Society.

The Society's liquid assets' at the end of 2011 was \$17.6B as against \$16B at the end of the previous year representing an increase of 10%. This demonstrates that the Society has a sufficient level of liquidity to cover any cash flow imbalances and fluctuations in funding and further, retain full public confidence in the solvency of the Society.

Our investment in the Berbice Bridge continued to yield the highest returns amongst our investment portfolio. At the end of the year we have earned and

received interest totalling approximately \$179M. Our total earnings' to date is approximately \$584M or 32% of our total investment in this venture.

Our Total Reserves at the end of 2011 stood at \$6B as against \$5B at the end of 2010, representing an increase of 13%. Our Total Reserves at the end of 2011 represent approximately 17% of our Investors' Balances, an unprecedented high in the financial services sector. The grand vision of my fellow Directors, support from my management team, a committed workforce and by no means the least, strong leadership, has led to this, another significant achievement for the Society.

CAPITAL ADEQUACY RATIO

In accordance with the Financial Institution Act 1995, Banks are required to maintain a Capital Base of an amount not less than 8% of its Weighted Risk Assets. At the end of 2011, the Society's Capital Adequacy Ratio, under Tier 1 and Tier 11, were computed as 36% and 39% respectively. These are excellent results which provide a solid platform for future growth and expansion in our mortgages and revenues.

CUSTOMER SERVICE AND OPERATION

The Society has continued with its core belief that a customer service of the highest quality is pivotal for its success as it greatly assists in its strategic direction. We achieve this by direct interaction between our employees and customers thereby gaining invaluable insight of our customers' perceptions and needs.

HUMAN RESOURCES

The Society's astounding performance of 2011 and the past years have been tremendously due to the skills and talents of our employees who have worked tirelessly to upkeep our tradition of being the premier mortgage institution and providing a safe and secure environment for our Customers and Members.

The Society continues to train and encourage our employees to pursue academic and professional studies relevant to their jobs thereby enabling them to meet the changing needs of the banking

CEO's Report (Cont'd)

environment.

We follow a strict code of ethics and do not discriminate against any religion, ethnicity, gender or class in our employment practices.

TECHNOLOGY

The banking environment continues to evolve and the Society is cognizant of just how critical technology has been in this evolution. The Society continues to derive maximum benefits from its information technology systems and will endeavour to upgrade them as the need arises. Our present systems allow us to keep abreast with the performances of our geographically spread locations.

ANTI-MONEY LAUNDERING

The Society continues to take measures to identify and prevent money laundering and the financing of terrorist activities. There are ongoing efforts by the Society to fully implement the requirements of the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009. In this regard, the Society has been cooperating fully with the initiatives of local and international agencies geared at protecting the financial sector of the evils of money laundering and other financial crimes.

COMMUNITY INVOLVEMENT

We have continued with our instrumental role of being involved in worthwhile community initiatives. We see this as one way of giving back to our Customers and Members who have supported

the Society throughout its existence. During the year, the Society had disbursed \$7M to several deserving charitable institutions, schools and other non-profit organizations.

FUTURE OUTLOOK

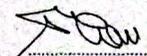
We remain confident that the banking environment in Guyana will continue to be sound, vibrant, and regulated in the year 2012. As the Government continues with its housing drive, the Society is confident that though competition will be keen, the opportunities for growth will continue.

ACKNOWLEDGEMENT

I express my profound gratitude to our Customers and Members for their overwhelming confidence and support which has seen the Society grow from strength to strength over the years.

My sincere appreciation to the Chairman and my fellow Directors for their vision, guidance and support throughout 2011.

I wish to express heartfelt thanks to the employees of the New Building Society at all levels for their resilience, dedication and hard work throughout 2011.



Ahmad M. Khan
CEO/Director/Secretary
15th March, 2012

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



High Income Residence



Middle Income Residence



Low Income Residence

MANAGEMENT TEAM



Sitting L - R:
Anil Beharry Senior Manager - Berbice Operations,
Nizam Mohamed Assistant Secretary
Anil Kishun Operations Manager

Standing L - R:
Bibi A. Jagnarayan
Branch Manager - Rosignol,
Sewchan Raghunandan
Branch Manager - Essequibo,
Belinda Gomes
Branch Manager - Mackenzie,
Atma L. Rajaram
Manager - Internal Audit,
Noel Fernandes
Assistant Manager - Mortgage,
Mohamed Majeed
IT Systems Administrator,
Vicky Bharosay
Branch Manager - Corriverton,
Berinthia Vasconcellos
Supervisor - Office Administration,
Rana Persaud
Branch Manager - Rosehall.

REPORT OF THE DIRECTORS

For the year ended December 31, 2011

The Directors are pleased to present their Report together with the Audited Financial Statements of the New Building Society Limited (NBS) for the year ended December 31, 2011.

Principal Business Activities

The main aim of NBS is to provide a broad range of quality Mortgage and Savings Products, through our network of branches geographically spread across the country, by delivering these with quality, efficiency, courtesy and reliability. This aim is fully endorsed with pertinent values of fairness, honesty, corporate responsibility, employees' and customers' prioritization.

Business Highlights:

Residential Mortgage Balances increased by \$1,947M or 9% to \$23,572M at the end of year.

Savings Balances increased by \$2,806M or 7.9% to \$38,474M at the end of year.

Financial Highlights:

In the year 2011 NBS: -

	2011 \$ Million	2010 \$Million	% Change
- Recorded a profit of	772	577	+ 33.8
- Increased Total Reserves to	6,707	5,935	+ 13.0
- Increased Assets under Management to	45,379	41,831	+ 8.5
- Provided New Advances to Mortgages totaling	4,201	2,948	+ 42.5

Mortgages:

As at the end of December 31, 2011, there were 8,471 Mortgage Accounts totaling \$23,572M which represent 51.9% of our Total Assets (2010 - 8,195 Mortgage Accounts totaling \$21,625M or 51.7% of our Total Assets).

There were 11 Mortgage Accounts with balances totaling 48 Million (2010- 4 Accounts with balances totaling \$11 Million), whose repayments were twelve months or more in arrears.

Savings:

The value of net receipts for the year was \$2,806M (2010- \$3,358M). Our total Investors' Balances as at December 31, 2011 totaled \$38,474M (2010 - \$35,668M).

Assets:

Total Assets as at December 31, 2011 was \$45,379M (2010- \$41,831M), an increase of approximately 8.5%.

All changes in tangible fixed assets during the year are detailed in the Financial Statements. Freehold Land and Buildings were last re-valued 2007 and have been included in the Financial Statements at these valuations. Liquid Assets' in the form of Cash and Short Term Securities was \$17,635M and represented 45.8% of our Investors' Balances as at December 31, 2011 (2010 - \$16,054M - 45.0%).

Charitable Donations:

At the end of 2011, The Society had made donations to several deserving charitable institutions, schools and community groups totaling \$6.5M.

Employees:

The New Building Society recognizes the critical role its employees plays in its continued growth and development and therefore continually train, highly motivate and suitably compensate 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 these Financial Statements.

Directorate:

In accordance with Rule 47(1), the Directors whose names are listed below, retire after the 72nd Annual General Meeting and are eligible for re-election.

Dr. Nanda K. Gopaul

Mr. Seepaul Narine

Auditors:

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

By Order of the Board,


Ahmad M. Khan,
CEO | Director | Secretary
15th March, 2012

REPORT OF THE DIRECTORS on Corporate Governance

The principles of corporate governance entail how well corporations are managed, directed or controlled in such manner that it fulfills its goals and objectives. It refers to the framework of systems, principles and processes by which these corporations are governed and the relationship with their stakeholders in the long term.

The Board of Directors of the New Building Society Limited recognizes that transparency, disclosure, financial controls and accountability are the pillars of any good system of corporate governance and as such, has adopted the recommendations contained in Supervision Guideline No. 8 issued by the Bank of Guyana under the Financial Institutions Act 1995. We endeavor to attain the highest level of governance to enhance stakeholder's value.

The composition of our Board is made up of six (6) 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 Directors of the Society are elected by the Members of the New Building Society. In accordance with the Rules of the Society, two (2) Directors retire annually on a rotational basis and are eligible for re-election. The CEO/Director/Secretary heads the Management Team of the Society and is an employee of the organization.

Members of the Board come from a diverse and distinct background and bring to the Society, a wide range of professional, financial, corporate, industrial relations and legal skills which they employ to effectively guide and direct the affairs of the Society.

These include, but not limited to, setting the policies and financial strategies, pursuing good employer-employee practices and ensuring a healthy relationship with the Society's Customers and Members. With this kind of experience

and knowledge, the Directors have been able to discharge their responsibilities effectively and efficiently.

The Board pays strict attention to the adherence by the Society of its statutory obligations, industrial relations and compliance with developed standards aimed at ensuring good governing practices of financial institutions and also, those communicated during the interaction with the External Auditors. Particular attention is paid to those operations of the organization falling within the provisions and guidelines imposed by the Financial Institutions Act 1995, the New Building Society Act and the Rules made thereunder.

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

The Committees which meet periodically or as often as the need arise, are at present structured and comprised as follows:-

Audit Committee – The Audit Committee is charged with the responsibility of reviewing the scope, results and cost-effectiveness of internal and external audit, reviews financial statements including the accounting policies adopted and the implementation of changes as well as the significant financial reporting judgments in them, considers the independence of internal auditors and of the independence and objectivity of the external auditors.

The Committee also reviews the operation of internal controls, risk management policies and matters raised by the internal and external auditors.

Current Chair (Director): Mr. M.M. Mc Doom, S.C.
Director: Mr. F. Mc Donald

Human Resources Committee – The Human Resources Committee discusses and makes proposals to the Board on organizational structure, employees' compensation and employment policies and procedures. Appointment of key management personnels are approved by this Committee.

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

Finance Committee – The Finance Committee considers the external and internal environment of the society and assesses the opportunities for investment and the associated inherent risks thereof. The Committee also reviews the performance of the Society against its' budget and address issues for any shortfalls.

Current Chair (Director): Mr. F. Mc Donald
Director: Mr. K. Joseph

Loans Committee – The Loans Committee 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 Debts Recovery Management Systems for adequacy and compliance.

Current Chair (Director): Mr. F. Mc Donald
Director: Mr. K. Joseph

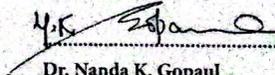
Executives and Seniors Managers are included in committee meetings as required. The Board pays continuing attention to the financial market having regard to the provision

of attractive rates of interest for investors and mortgagors. We endeavor to continue offering affordable financing for home-building and provide excellent returns to our Investors in a safe and secured environment.

Each mortgage or advance granted by the Society is recommended under the hand of at least one Director, and triennially, valuations of all mortgaged properties are performed by a physical site visit of a Director.

The Society has established ethical rules and policies, to ensure the affairs of our Customers and Members remain confidential. We promote a culture of honesty and integrity and have a zero tolerance approach against discrimination of all form. We strive to resolve all issues communicated to us in writing or orally by our Customers and Members, in a timely and efficient manner.

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.



Dr. Nanda K. Gopaul

Chairman

15th March, 2011

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 Statement of Financial Position as at 31 December 2011, the Statement of Comprehensive Income and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in pages 23 to 49.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards, the New Building Society Act (Amendment) 2010 (Act No. 12 of 2010) and the Financial Institutions Act 1995. This responsibility includes: designing, implementing and maintaining the 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. These 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' judgment, including the assessment of the risk 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 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements New Building Society Act (Amendment) 2010 (Act No. 12 of 2010) and the Financial Institutions Act 1995.

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.
Correspondent firm  Grant Thornton
16th March, 2012

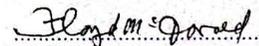
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

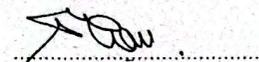
Expressed in Thousands of Guyana Dollars

	NOTE	2011	2010
Assets			
Cash Resources	5	3,959,186	4,894,706
Loan Assets	6	23,505,718	21,592,737
Investments	7	16,100,068	13,661,487
Property, Plant & Equipment	8	1,734,720	1,516,927
Other Assets	9	79,788	164,715
		<u>45,379,480</u>	<u>41,830,572</u>
Investors' Balances, Other Liabilities And Reserves			
Investors' Balances	10	38,474,434	35,667,784
Other Liabilities	11	133,753	155,167
Retirement Benefit Plan Deficit	12	64,601	72,740
Risk Reserve	13	185,020	153,530
Assigned Capital	13	250,000	250,000
Revaluation Reserve	13	522,189	522,189
Retained Earnings	13	5,749,483	5,009,162
		<u>45,379,480</u>	<u>41,830,572</u>

The Board of Directors approved these financial statements for issue on March 15, 2012


Chairman


Vice-Chairman


Director/Secretary

The notes on pages 26 to 49 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

Expressed in Thousands of Guyana Dollars

	NOTE	2011	2010
INTEREST INCOME ON:		1,528,979	1,545,509
Loan Assets		595,385	630,588
Investments		138,572	209,522
Cash Resources		<u>2,262,936</u>	<u>2,385,619</u>
INTEREST EXPENSE	16	1,006,906	1,358,857
		<u>1,256,030</u>	<u>1,026,762</u>
INTEREST REVENUE			
Other Income		5,004	8,987
Fee and Commission Income		5,231	2,929
Other Operating Income		<u>1,266,265</u>	<u>1,038,678</u>
TOTAL NET INCOME			
Operating Expenses		(392,205)	(388,259)
General Administrative Expenses	15	(16,821)	(13,258)
Net Provision for Impairment on Loan Assets	14;15	(21,274)	(17,032)
Depreciation	15	(26,175)	(7,118)
Net Loss on Exchange	15	(37,980)	(35,827)
Other Expenses	15	<u>(494,455)</u>	<u>(461,494)</u>
Total Operating Expenses			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>771,810</u>	<u>577,184</u>

The notes on pages 26 to 49 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

Expressed in Thousands of Guyana Dollars

	2011	2010
OPERATING ACTIVITIES	771,810	577,184
Net Profit for the Year		
Adjustments for:		
Depreciation	21,274	17,032
Net Provision for impairment on Loan Assets	16,821	13,258
Utilization of Provision for Impairment on Loan Assets	(5,484)	(1,897)
Movement in Retirement Benefit Plan Liability	(8,139)	(1,722)
Gain on Disposal of Property, Plant and Equipment	<u>(1,413)</u>	
OPERATING INCOME BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	794,869	603,855
Loans Advances Net of Repayments	(1,924,318)	(663,378)
Decrease in Other Assets	84,927	97,996
Receipts from Investors Net of Withdrawals	2,806,650	3,357,652
Decrease in Other Liabilities	<u>(21,414)</u>	<u>(5,351)</u>
NET CASH INFLOW-OPERATING ACTIVITIES	<u>1,740,714</u>	<u>3,390,774</u>
INVESTING ACTIVITIES	(239,558)	(435,727)
Purchase of Property, Plant and Equipment	(13,676,111)	(11,159,507)
Additions to Investments	11,237,530	8,550,211
Redemptions of Investments	997,172	(429,401)
Net (Increase)/Decrease in Restricted Cash Resources and Fixed Deposits	1,905	
Proceeds from the sale of Property, Plant and Equipment	<u>(1,679,062)</u>	<u>(3,474,424)</u>
NET CASH OUTFLOW-INVESTING ACTIVITIES	<u>(1,679,062)</u>	<u>(3,474,424)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	61,652	(83,650)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	353,675	437,325
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>415,327</u>	<u>353,675</u>

The notes on pages 26 to 49 form an integral part of the Financial Statements.

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 operates under the purview of the Financial Institutions Act 1995 and the supervision of the Bank of Guyana, as provided under the New Building Society (Amendment) Act 2010 (Act No. 12 of 2010).

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 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 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.

a) Standards, amendments and interpretations effective in 2011 that are either not relevant or with no material impact on the Society's financial reporting.

IAS 1 - Amendments as part of Improvements to IFRSs 2010 (1 January, 2011)

IAS 24 - Related parties (1 January, 2011)

IAS 27 (2008) - Amendments as part of Improvements to IFRSs 2010 (1 July, 2010)

IAS 32 - Classification of Rights Issues (1 February, 2010)

IAS 34 - Amendments as part of Improvements to IFRSs 2010 (1 January, 2011)

IFRS 1 - Short term Disclosure Exemption - IFRS 7 (1 July, 2010)

IFRS 1 - Short term Disclosure Exemption - IFRS 9 (1 July, 2010)

IFRS 1 - Three amendments to IFRS 1 (1 January, 2011)

IFRS 3 - Amendments to IFRS 3 - 2008 (1 July, 2010)

IFRS 7 - Amendments as part of Improvements to IFRSs 2010 (1 January, 2011)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 BASIS OF PREPARATION (cont'd)

a) Standards, amendments and interpretations effective in 2011 that are either not relevant or with no material impact on the Society's financial reporting (cont'd)

IFRIC 13 - Amendments as part of Improvements to IFRSs 2010 (1 January, 2011)

IFRIC 14 - Prepayments of a Minimum Funding Requirement (1 January, 2011)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (1 July, 2010)

b) Standards, amendments and interpretations to existing standards that are not yet effective and are not expected to have a significant impact on the Society's financial reporting.

IAS 1 - Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (1 July, 2012)
The amendments to IAS 1 Presentation of Financial Statements require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement.

IAS 12 - Income taxes (1 January, 2012)

A rebuttable supposition that deferred tax on investment property measured using fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and a condition that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis

IAS 19 - Employee Benefits (Revised) (1 January, 2013)

The revised standard introduces primary amendments to the recognition and presentation of defined benefit plans as well as to the required disclosures.

IAS 27 - Separate Financial Statements (1 January, 2013)

The Standard calls for an entity preparing separate financial statements, to account for investments in subsidiaries, associates, and jointly controlled entities at either cost, or in accordance with IFRS 9 Financial Instruments. It also covers with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

IFRS 1 - First time adoption of IFRS (Amended) (1 July, 2011)

First time adoption of IFRS (Amendment)- Provides guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation.

IFRS 7 - Financial Instruments: Disclosures (1 July, 2011)

The amendment requires additional disclosures about financial assets that have been transferred, but not derecognised, to enable the users of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities.

IFRS 9 - Financial Instruments: Classification and Measurement (Phase 1) (1 January, 2013)

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 BASIS OF PREPARATION (cont'd)

b) Standards, amendments and interpretations to existing standards that are not yet effective and are not expected to have a significant impact on the Society's financial reporting (cont'd)

IFRS 10 - Consolidated Financial Statements (1 January, 2013)

Required disclosures when investments in jointly controlled entities are accounted for at fair value through profit or loss.

IFRS 11 - Joint Arrangements (1 January, 2013)

The principle is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement. It is an improvement on IAS 31 because it establishes a clear principle that is applicable to the accounting for all joint arrangements.

IFRS 12 - Disclosure of Interests in Other Entities (1 January, 2013)

The objective is to require the disclosure of information that facilitates the users of financial statements to assess the nature of, and risks associated with, its interests in other entities and the consequences of those interests on its financial position, financial performance and cash flows.

IFRS 13 - Fair Value Measurement (1 January, 2013)

Defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

IFRS 13 - Fair Value Measurement (1 January, 2013)

Defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

As previously mentioned, all of the above listed amendments and interpretations are either not relevant or have no material impact on the Society's financial reporting.

3.2 FOREIGN CURRENCIES

Functional and Presentation Currency

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

Transactions and balances

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

3.3 LOAN ASSETS

Loan assets are stated at amortized 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
AS AT 31 DECEMBER 2011

3. 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 flows, 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 recognized in the income statement. Write-offs are made when all or part of a loan asset is deemed uncollectible and are charged against the allowance account. Recoveries in part or in full of amounts previously written off are credited to income.

The Society also collectively assesses its mortgages for impairment by applying historical loss rates to the portion of the portfolio not deemed to be individually impaired.

Renegotiations normally involve the deferral of repayments for members experiencing significant but temporary cash flow problems, in the judgment 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 amortized cost with premiums and discounts being amortized to the income statement over the period to maturity on an effective yield basis.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 PROPERTY, PLANT & 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 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 INTANGIBLE ASSETS (COMPUTER SOFTWARE)

The cost of acquiring and installing computer software is capitalized and amortized 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 amortized 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.

3.8 RECOGNITION OF FEES & COMMISSION

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.

3.9 INVESTORS' BALANCES

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

3.10 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.

For the defined benefit pension plan, the liability equals the present value of the defined benefit obligation less the fair value of the plan assets adjusted for unrecognized actuarial gains and losses and unrecognized past service costs. The cost of providing the pensions is computed and charged to the income statement in accordance with the requirements of IAS 19 – Employee Benefits. The corridor approach under IAS 19 is applied to actuarial gains and losses. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the present value of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 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. Contingent liabilities have not been recognized.

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 in 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.

4.2 HELD-TO-MATURITY INVESTMENTS

The Society follows the guidance of International Accounting Standards 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 judgment 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
AS AT 31 DECEMBER 2011

Expressed in Thousands of Guyana Dollars

	2011	2010
5. CASH RESOURCES		
Redeemable on Demand:	7,200	7,200
Cash in Hand	408,127	346,475
Cash at Bank, excluding Fixed Deposits	415,327	353,675
Classified as Cash and Cash Equivalents		
Redeemable after 3 Months:	3,543,859	4,541,031
Fixed Deposits	<u>3,959,186</u>	<u>4,894,766</u>
6. LOAN ASSETS		
Mortgages	23,571,552	21,624,924
Properties in Possession	8,227	30,537
Other Loans and Advances	21,425	21,425
	<u>23,601,204</u>	<u>21,676,886</u>
Provision for Impairment on Loan Assets (note 14)	(95,486)	(84,149)
	<u>23,505,718</u>	<u>21,592,737</u>

The table below shows the movement to the Properties in Possession

	2011		2010	
	No. of Properties	Value	No. of Properties	Value
As at the beginning of the year	8	30,537	8	28,224
Additions in the year	2	9,812	4	25,050
Disposals in the year	(6)	(32,122)	(4)	(22,737)
As at end of year	<u>4</u>	<u>8,227</u>	<u>8</u>	<u>30,537</u>

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

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011

Expressed in Thousands of Guyana Dollars

6. LOAN ASSETS (cont'd)	2011		2010	
	No. of Securities	Value	No. of Securities	Value
The table below shows the analysis of the mortgage portfolio by value bands				
Balances not exceeding \$1,000,000	1,723	1,005,054	1,630	957,065
Balances exceeding \$1,000,000 but not \$1,500,000	1,334	1,654,300	1,388	1,731,213
Balances exceeding \$1,500,000 but not \$2,000,000	958	1,675,111	993	1,729,117
Balances exceeding \$2,000,000 but not \$2,500,000	802	1,797,453	854	1,917,006
Balances exceeding \$2,500,000 but not \$3,000,000	718	1,977,479	678	1,857,340
Balances exceeding \$3,000,000 but not \$4,000,000	962	3,339,073	938	3,193,973
Balances exceeding \$4,000,000 but not \$5,000,000	703	3,147,316	611	2,737,104
Balances exceeding \$5,000,000 but not \$6,000,000	440	2,409,596	459	2,524,798
Balances exceeding \$6,000,000 but not \$7,000,000	324	2,101,400	267	1,744,298
Balances exceeding \$7,000,000 but not \$8,000,000	261	1,958,402	263	1,968,371
Balances exceeding \$8,000,000 but not \$9,000,000	71	595,606	42	346,053
Balances exceeding \$9,000,000 but not \$10,000,000	44	415,359	40	383,481
Balances exceeding \$10,000,000 but not \$11,000,000	33	343,425	14	149,374
Balances exceeding \$11,000,000 but not \$12,000,000	73	848,323	12	313,218
Balances exceeding \$12,000,000	25	303,655	6	72,513
Total	<u>8,471</u>	<u>23,571,552</u>	<u>8,195</u>	<u>21,624,924</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011

Expressed in Thousands of Guyana Dollars

	2011	2010
7. INVESTMENTS		
Government of Guyana Treasury Bills	13,676,111	11,159,507
United Kingdom Government Treasury Loans	553,957	631,980
Berbice Bridge Company Inc. Bonds	1,870,000	1,870,000
	<u>16,100,068</u>	<u>13,661,487</u>

8. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work in Progress	Total
Cost					
As at 01 January, 2011	771,062	149,117	102,987	726,093	1,749,259
Additions	-	5,168	-	234,390	239,558
Disposals	-	(2,134)	(19,630)	-	(21,764)
As at 31 December, 2011	<u>771,062</u>	<u>152,151</u>	<u>83,357</u>	<u>960,483</u>	<u>1,967,053</u>
Accumulated Depreciation					
As at 01 January, 2011	(30,408)	(130,166)	(71,758)	-	(232,332)
Charges for the year	(10,136)	(4,838)	(6,300)	-	(21,274)
Written back on Disposals	-	1,643	19,630	-	21,273
As at 31 December, 2011	<u>(40,544)</u>	<u>(133,361)</u>	<u>(58,428)</u>	<u>-</u>	<u>(232,333)</u>
Net Book Value					
As at 31 December, 2011	<u>730,518</u>	<u>18,790</u>	<u>24,929</u>	<u>960,483</u>	<u>1,734,720</u>

NOTES TO THE FINANCIAL STATEMENTS
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8. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Machinery, Furniture and Equipment	Motor Vehicles	Work in Progress	Total
Cost					
As at 01 January, 2010	771,062	149,608	71,487	322,836	1,314,993
Additions	-	970	31,500	403,257	435,727
Disposals	-	(1,461)	-	-	(1,461)
As at 31 December, 2010	<u>771,062</u>	<u>149,117</u>	<u>102,987</u>	<u>726,093</u>	<u>1,749,259</u>
Accumulated Depreciation					
As at 01 January, 2010	(20,272)	(126,694)	(69,795)	-	(216,761)
Charges for the year	(10,136)	(4,933)	(1,963)	-	(17,032)
Written back on Disposals	-	1,461	-	-	1,461
As at 31 December, 2010	<u>(30,408)</u>	<u>(130,166)</u>	<u>(71,758)</u>	<u>-</u>	<u>(232,332)</u>
Net Book Value					
As at 31 December, 2010	<u>740,654</u>	<u>18,951</u>	<u>31,229</u>	<u>726,093</u>	<u>1,516,927</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. There was no subsequent valuation.

NOTES TO THE FINANCIAL STATEMENTS
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Expressed in Thousands of Guyana Dollars.

8. PROPERTY, PLANT & EQUIPMENT (Cont'd)	2011	2010
If freehold land and buildings were stated at historical cost, the Carrying values would be:		
Cost	270,636	270,636
Accumulated Depreciation	<u>(28,335)</u>	<u>(25,411)</u>
	<u>242,301</u>	<u>245,225</u>
9. OTHER ASSETS		
Accrued Interest	77,656	160,078
Accounts Receivables and Prepayments	<u>2,132</u>	<u>4,637</u>
	<u>79,788</u>	<u>164,715</u>
10. INVESTORS' BALANCES		
Five Dollar Shares	16,775,394	15,372,264
Save and Prosper	20,921,197	19,572,544
Deposits	<u>777,843</u>	<u>722,976</u>
	<u>38,474,434</u>	<u>35,667,784</u>
11. OTHER LIABILITIES		
Withholding Taxes	56,623	84,829
Accounts Payables and Accruals	40,419	36,255
Deferred Income	<u>36,711</u>	<u>34,083</u>
	<u>133,753</u>	<u>155,167</u>
12. RETIREMENT BENEFIT PLAN		
The amount recognised in the Balance Sheet is as follows:		
Present value of Obligations	378,785	425,373
Fair Value of Plan Assets	<u>(556,441)</u>	<u>(474,957)</u>
Net Overfunding	(177,656)	(49,584)
Unrecognised Actuarial Gain	242,257	122,324
Liability Recognised in the Balance Sheet	<u>64,601</u>	<u>72,740</u>

NOTES TO THE FINANCIAL STATEMENTS
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12. RETIREMENT BENEFIT PLAN (Cont'd)	2011	2010
The movement in the present value of the obligation is:		
As at beginning of year	425,373	393,889
Interest Expense	28,137	26,146
Current Service Cost	17,013	16,748
Contributions by Plan Participants	8,425	8,909
Benefits Paid	(10,414)	(8,950)
Actuarial Gain	(89,749)	(11,369)
As at end of year	<u>378,785</u>	<u>425,373</u>
The movement in the Fair Value of Plan Assets is:		
As at beginning of year	474,957	372,105
Expected Return on Plan Assets	31,430	24,813
Contributions by the Society	19,141	19,303
Contributions by Plan Participants	8,425	8,909
Benefits Paid	(10,414)	(8,950)
Actuarial Gain	32,902	58,777
As at end of year	<u>566,441</u>	<u>474,957</u>
The amount recognised in the Income Statement		
Current Service Cost	17,013	16,748
Interest Cost	28,137	26,146
Expected Return on Plan Assets	(31,430)	(24,813)
Net Actuarial Gain	(2,719)	(500)
Total included in staff cost	<u>11,001</u>	<u>17,581</u>
Actual Return on Plan Assets	<u>64,332</u>	<u>83,590</u>
Expected contributions in upcoming year	<u>29,206</u>	<u>27,779</u>
The principal assumptions used were:		
Discount Rate	6.50%	6.50%
Future Salary Increases	5.50%	5.50%
Return on Assets	6.50%	6.50%
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
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	2011		2010	
12. RETIREMENT BENEFIT PLAN (Cont'd)				
Plan Assets are comprised as follows:				
Equity	275,996	50%	157,118	33%
Debt Instruments	52,132	9%	65,931	14%
Cash Resources	228,313	41%	251,908	53%
	<u>556,441</u>	<u>100%</u>	<u>474,957</u>	<u>100%</u>

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

	2011	2010	2009	2008	2007
Present Value of Obligation	(378,785)	(425,373)	(393,889)	(354,474)	(265,330)
Fair Value of Plan Assets	<u>556,441</u>	<u>474,957</u>	<u>372,104</u>	<u>375,984</u>	<u>330,696</u>
Surplus/(Deficit) Before Unrecognised Actuarial Adjustments	<u>177,656</u>	<u>49,584</u>	<u>(21,785)</u>	<u>21,510</u>	<u>65,366</u>
Experience Adjustment on Obligation	89,749	11,369	3,681	(56,881)	51,637
Experience Adjustment on Assets	<u>(32,902)</u>	<u>(58,777)</u>	<u>(52,490)</u>	<u>5,852</u>	<u>38,989</u>

13.

A) RESERVES

	2011	2010
Revaluation Reserve		
As at beginning and end of year	<u>522,189</u>	<u>522,189</u>
Retained Earnings		
As at beginning of year	5,009,162	4,835,508
Transferred to Assigned Capital	(250,000)	(250,000)
Transferred to Risk Reserve	(31,489)	(153,530)
	<u>4,977,673</u>	<u>4,431,978</u>
Net Profit for the year	<u>771,810</u>	<u>577,184</u>
As at end of year	<u>3,749,483</u>	<u>5,009,162</u>

B) 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 the Financial Institutions Act 1995. The Society makes specific provisions for non-performing advances based on the difference between the carrying amount and the discounted expected cash flows. These provisions booked as at 31 December, 2011 totalled \$95,486 compared with a provision of \$280,505 as required under the Financial Institutions Act 1995. The Risk Reserve as at 31 December, 2010 was \$153,530. The increase of \$31,489 is shown as a transfer of Retained Earnings to Risk Reserve. This is shown in note 13 (A).

NOTES TO THE FINANCIAL STATEMENTS
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13. RESERVES (Cont'd)

C) Assigned Capital

As required by the Financial Institutions Act 1995, the Bank of Guyana has assigned the Society's capital of its business as not less than an amount of \$250,000.

	2011	2010
14. PROVISION FOR IMPAIRMENT ON LOAN ASSETS		
As at beginning of year	84,149	72,788
Charged for the year	16,821	13,258
Utilised in the year	<u>(5,484)</u>	<u>(1,897)</u>
As at end of year	<u>95,486</u>	<u>84,149</u>

15. NON-INTEREST EXPENSES BY NATURE

Net Loss on Exchange	26,175	7,118
Depreciation	21,274	17,032
Net Provision for Impairment (Note 14)	16,821	13,258
Staff costs (Note 17)	273,853	271,166
Security	28,723	27,441
Electricity	23,751	22,585
Software Licence Fee	15,139	13,817
Advertising	7,040	9,585
Postage and Telephone	9,761	9,456
Charitable and Educational Donations	6,457	6,098
Auditors' Remuneration	2,800	2,800
Other	62,661	61,138
Total Non-Interest Expenses	<u>494,455</u>	<u>461,494</u>

16. INTEREST EXPENSE

Five Dollar Shares	387,449	522,564
Save and Prosper Shares	604,402	818,493
Deposits	15,055	17,800
	<u>1,006,906</u>	<u>1,358,857</u>

17. STAFF COST

Wages and Salaries	225,015	216,260
Social Security Costs	9,513	10,389
Pension Costs	10,685	17,581
Other Staff Costs	28,640	26,936
	<u>273,853</u>	<u>271,166</u>

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18. 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.

	2011	2010
(a) MORTGAGES		
Balance as at beginning of year	15,482	16,773
Effect of Changes in Key Management Personnel		(943)
Balance as at beginning of year - adjusted	15,482	15,830
Mortgages issued during the year	8,890	740
Mortgage Interest Charged during the year	816	692
Mortgage Payments during the year	(2,166)	(1,780)
Balance as at end of year	<u>23,022</u>	<u>15,482</u>
No Provision has been required in 2011 and 2010 for the mortgages granted to related parties		
(b) INVESTOR'S BALANCES		
Balance as at beginning of year	91,746	46,235
Deposits Received during the year	51,108	64,087
Interest earned during the year (net of tax)	2,452	1,721
Withdrawals made during the year	(28,561)	(20,297)
Balance as at end of year	<u>116,745</u>	<u>91,746</u>
(c) KEY MANAGEMENT COMPENSATION		
Short-Term Employee Benefits	76,177	71,495
Post-Employment Benefits	3,211	3,201
	<u>79,388</u>	<u>74,696</u>
(d) OTHER SERVICES		
Legal Services from key Management	<u>4,811</u>	<u>7,132</u>

NOTES TO THE FINANCIAL STATEMENTS
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19. DIRECTORS' COSTS

Directors' Costs included in Key Management Compensation

	2011	2010
Directors' Fees	2,700	2,700
Directors' Travel	2,700	2,700
Directors' Pension	1,970	2,010
	<u>7,370</u>	<u>7,410</u>

20. 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 property, plant and equipment and prepayments), and investors' balances, accounts 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 amortized 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 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.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011

20. 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 counter party 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 bonds issued by the Berbice Bridge Company Inc., while not issued or guaranteed by a government of a Commonwealth Country, is considered to be of sound credit quality based on the Society's assessment of the viability of that company's activity; the bond is secured on the assets of that company.

With respect to the exposure to credit risk on mortgages, the following mitigating measures are relied upon.

- (i) Prior to the advancing of funds, an initial interview of the potential borrower is conducted by an Officer of the Mortgage Department. During the interview, the Officer collects information on the proposed project, the income resources to be relied upon for repayments and the property to be lodged as collateral.
- (ii) The initial inspection of the property to be lodged as collateral is carried out by a Senior Manager of the Society with a Director during which a value is assessed. For loans between ten to twelve million dollars, two Directors inspect the property to ensure the collateral is adequate.
- (iii) A recommendation is made for the amount to be approved using information collected on the project, sources of repayment and the assessed value of the collateral to be lodged. The recommendation must be within seventy-five percent of the assessed value of the collateral to be lodged as within the statutory lending limits of the Society of twelve 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 an Officer of the Mortgage Department to assess the satisfaction of set targets prior to further release of disbursements.
- (vii) Daily reports are generated to identify mortgagors who have defaulted on repayments. The Society has a team within its Mortgage Department that is tasked with the identification and monitoring of defaulting mortgagors.
- (viii) A Director of the Society is required to inspect collateral lodged at least once every three 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).

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

(c) CREDIT RISK (Cont'd)

The concentration of loan assets that are neither past due or impaired as at balance sheet date and the geographic default rates are shown below.

	2011		2010	
	Value	Default Rate	Value	Default Rate
Demerara, except Linden	14,117,596	0.37%	13,174,102	0.41%
Berbice	3,077,995	0.43%	2,619,689	0.56%
Essequibo	1,164,535	0.25%	1,034,354	0.37%
Linden	493,847	0.81%	505,447	0.93%
	<u>18,853,973</u>		<u>17,333,592</u>	

During the year there were loan assets totaling \$20,566 (2010 - \$19,276) 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.

	2011	2010
Past due up to 30 days	1,797,481	1,757,218
Past due 30 to 90 days	1,877,551	1,618,578
Past due over 90 days	745,267	687,072
Total	<u>4,420,299</u>	<u>4,062,868</u>
Fair value of collateral	<u>9,644,810</u>	<u>7,789,941</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 totaling \$48,080 (2010 - \$11,258) being outstanding for more than one year.

	2011	2010
Demerara, except Linden	250,757	189,256
Berbice	27,098	27,167
Essequibo		
Linden	19,426	12,041
	<u>297,281</u>	<u>228,464</u>
Fair value of collateral	<u>511,550</u>	<u>363,200</u>
Interest earned on Impaired Loan Assets	<u>21,921</u>	<u>15,021</u>

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

(d) INTEREST RATE RISK

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

The Society's interest bearing instruments carry fixed rate of interest except cash resources totaling \$240,348 (2010 - \$451,144 with an effective interest rate of 1.6% (2010 - 3.0%). Should the interest rates on the floating rate instruments increase/decrease by 50 basis points (2010 - 50 basis points), with all other variables held constant, the net profit for the year would increase/decrease by \$1,201 (2010 - \$2,255).

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

	Up to one year	Over one year	Non-Interest Bearing	Total
As at 31 December 2011				
Cash Resources	3,543,859	-	415,327	3,959,186
Loan Assets	23,476,066	-	29,652	23,505,718
Investments	13,676,111	2,423,957	-	16,100,068
Other Assets (Property, Plant and Equipment)	-	-	1,814,508	1,814,508
Total Assets	40,696,036	2,423,957	2,259,487	45,379,480
Investors' Balances	38,474,434	-	-	38,474,434
Other Liabilities (Retirement Benefit Plan Deficit)	-	-	198,354	198,354
Total Investors' Balances and Other Liabilities	38,474,434	-	198,354	38,672,788
Interest Sensitivity Gap	2,221,602	2,423,957		

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

(d) INTEREST RATE RISK

As at 31 December 2010	Up to one year	Over one year	Non-Interest Bearing	Total
Cash Resources	4,541,031	-	353,675	4,894,706
Loan Assets	21,540,775	-	51,962	21,592,737
Investments	11,159,507	2,501,980	-	13,661,487
Other Assets (property, plant and Equipment)	-	-	1,681,642	1,681,642
Total Assets	37,241,313	2,501,980	2,087,279	41,830,572
Investors' Balances	35,667,784	-	-	35,667,784
Other Liabilities (Retirement Benefit Plan Deficit)	-	-	227,907	227,907
Total Investors' Balances and Other Liabilities	35,667,784	-	227,907	35,895,691
Interest Sensitivity Gap	1,573,529	2,501,980		

The effective interest rates/yields on significant financial instruments are as follows:	2011 %	2010 %
Fixed Deposits	3.4	4.5
Mortgages	6.7	7.0
Investments	4.0	4.6
Investors' Balances	2.7	3.9

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

(e) LIQUIDITY RISK

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

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

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

	Up to one year	One to five years	Over five years	Total
As at 31 December 2011				
Cash Resources	3,959,186	-	-	3,959,186
Loan Assets	1,975,466	6,967,783	14,562,469	23,505,718
Investments	13,975,508	1,959,466	165,094	16,100,068
Other Assets	79,788	-	1,734,720	1,814,508
Total Assets	19,989,948	8,927,249	16,462,283	45,379,480
Investors' Balances	38,474,434	-	-	38,474,434
Other Liabilities	100,369	16,632	81,353	198,354
Total Investors' Balances and Other Liabilities	38,574,803	16,632	81,353	38,672,788
Net Liquidity Gap	(18,584,855)	8,910,617	16,380,930	

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

(e) LIQUIDITY RISK (Cont'd)

As at 31 December 2010	Up to one year	One to five years	Over five years	Total
Cash Resources	4,894,706	-	-	4,894,706
Loan Assets	1,735,060	6,388,991	13,468,686	21,592,737
Investments	11,216,052	2,077,278	368,157	13,661,487
Other Assets	164,715	-	1,516,927	1,681,642
Total Assets	18,010,533	8,466,269	15,353,770	41,830,572
Investors' Balances	35,667,784	-	-	35,667,784
Other Liabilities	121,084	14,648	92,175	227,907
Total Investors' Balances and Other Liabilities	35,788,868	14,648	92,175	35,895,691
Net Liquidity Gap	(17,778,335)	8,451,621	15,261,595	

(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:	2011	2010
British Pound Sterling	797,159	811,084

At 31 December 2011, if the Guyana dollar had weakened / strengthened by 5% against the British Pound Sterling, with all other variables held constant, profit for the year would have been \$39,858 (2010 - \$40,554 for a 5% change) higher / lower.

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

(a) 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 \$24,037,150 (2010 - \$22,501,516) using the discounted amount of the estimate of future cash flows expected to be received. Expected cash flows are discounted at the current market rates to determine the fair value.

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 investment at the year-end were:

	2011	2010
Government of Guyana Treasury Bills	13,681,803	11,163,856
United Kingdom Government Treasury Loans	617,455	682,892
Berbice Bridge Company Inc. Bonds	1,870,000	1,870,000
	<u>16,169,258</u>	<u>13,716,748</u>

Investors' Balances:

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

21. CAPITAL COMMITMENT

	2011	2010
Capital Commitments for Property and Equipment Authorised and Contracted for	<u>184,817</u>	<u>194,974</u>

22. CONTINGENT MATTERS

(a) CLAIM FROM A FINANCIAL INSTITUTION

The Society is currently defending a claim with a potential liability of \$26,423 from a financial institution on a matter relating to advances to a housing developer. The Society is still awaiting a trial date. No provision has been made for this matter in these financial statements as the Society is confident of defending the claim.

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22. CONTINGENT MATTERS (Cont'd)

(b) 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. Hearing commenced in February 2012 and adjourned for continuation. No Provision has been made for this amount in these financial statements as the Society is confident of defending the claim.

(c) CLAIMS FROM BUILDING CONSULTANTS

During December 2008 the Society received three writs of claim totaling \$29,829 from consultants involved in providing architectural, structural engineering and quantity surveying services in respect of preparatory works for the construction of the Society's new Head Office. The sums, it was claimed, represent outstanding consideration due to the consultants for services provided and were determined using the agreed fee bases applied to a building construction bid amount which was recommended by the consultant in October 2007. Hearings have started in January 2012 and continuing. No provision has been made for the sums claimed in these financial statements as the Society is confident of defending the actions.

(d) CLAIMS FROM FORMER EMPLOYEES

During 2010, the Society received writs from three former employees seeking damages in excess of fifty million dollars in each case for wrongful dismissal and breach of contract of employment. The trial for these cases are currently engaging the attention of the court. No provision has been made for the sums claimed in these financial statements as the Society is confident of defending the actions.

(e) ASSET OF RETIREMENT BENEFIT PLAN

As at 31 December 2009, the Society's retirement benefit plan held a flexible annuity policy with Clico Life and General Insurance Company SA Limited amounting to \$110,938.

As at 10 September, 2010 the court ordered the liquidation of this company naming the Governor of the Bank of Guyana liquidator. During 2011 an initial amount of \$60,000 was received from the liquidator, reducing the amount due to \$50,938. As at the date of the reporting period, the liquidation process is continuing.

STAFF MATTERS



The Society's Directors including Chairman, Dr. Nanda Gopaul and Chief Executive Officer, Mr. Ahmau Khan, pose with His Excellency, President Donald Ramotar and his entourage which included the Honourable Prime Minister, Mr. Samuel Hinds and the Honourable Finance Minister, Dr. Ashni Singh shortly after their arrival at the NBS' New State-of-Art Chief Office Building to grace the Society's Christmas Party.

NBS' employees pause for a photograph after winning the ERC Culture Fest 2011 Cricket Competition held at Albion.



The Society's CEO presents Mr. Mohamed Majeed with his long service award while other long service awardees and other members of Staff look on.

DONATIONS



Mr. Anil Beharry, Senior Manager, Berbice Operations presents a cheque to Mr. Carl Moore of the Berbice Cricket Board for sponsorship of the NBS' Second Division Cricket Competition for 2011. Other members of Staff of the Society's New Amsterdam Branch look on.

Ms. Vashti Dhanpat of the Society's New Amsterdam Branch presents a Trophy, compliments of NBS to one of the Top Graduating Students of the Cumberland Primary School held at the School.



Mrs. Subrena Budhoo, then Acting Manager of the Society's Rose Hall Branch hands over paint for the upgrading of pedestrian crossings to Deputy Superintendent, Calvin Brutus and Sergeant Anisley Woode of the Whim Police Station.