Annual Report 2023

RESET & RISE

VM GROUP

Transform Your Everyday

myvmgroup.com

RESET & RISE

VM GROUP

OUR MISSION

We are a Mutual organisation whose purpose is to empower our Members globally to achieve financial well-being through home ownership and innovative investment solutions delivered across multiple channels by an expert and caring team.

OUR VISION

A leading Caribbean-based, Member-focused organisation transforming lives by advancing the financial well-being of individuals globally.

CORE VALUES

- Member Focus
- Integrity
- Teamwork
- Innovation
- Excellence

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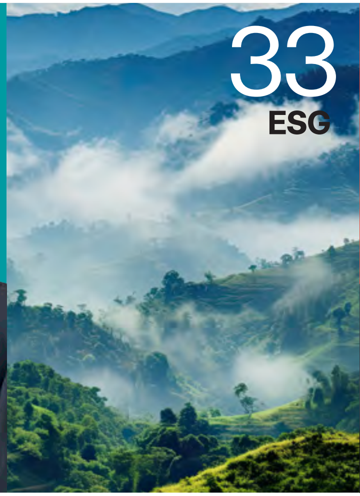

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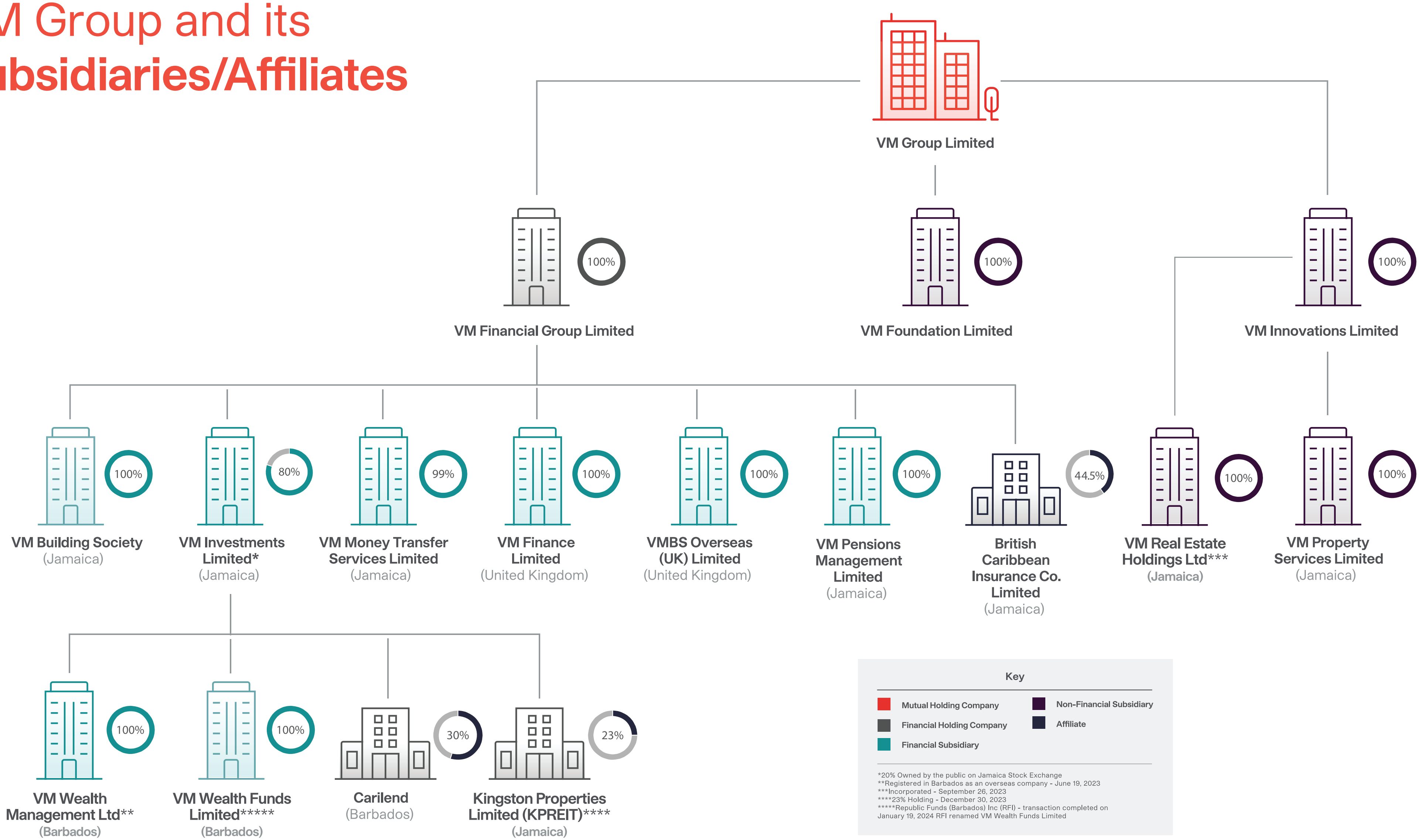
VM Group and its **Subsidiaries/Affiliates**



VM GROUP STRATEGY

VM GROUP

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VM Group **Strategy**

This Strategy Report offers a glimpse at the blueprint that guides VM's path. This blueprint helps us to navigate the complexities of today's financial landscape and allows us to set clear strategic goals.

Who We Are

The VM Group has withstood the test of time, adapting and evolving to meet the changing needs of our Members and clients. We are more committed than ever to fostering financial wellbeing and creating value, while transforming communities.

The organisation-wide transformation that started in 2017 includes the execution of an audacious digital transformation strategy, a cultural revolution, a re-energised image, an ambitious expansion of business lines and measured international expansion. On this journey, we have made many bold moves to close this three-year strategic planning cycle with an expanded pool of products and services, additional electronic touch points, streamlined processes, all while executing impactful transformation via the VM Foundation that continues to improve the lives of Jamaicans in communities across the island.

What We Do

The VM Group is a multi-service enterprise with eight Strategic Business units (SBUs), across two holding companies (VM Financial Group and VM Innovations Limited), and two associate companies, Carilend and British Caribbean Insurance Company (BCIC). Its operations span not just most parishes in Jamaica but also other Caribbean countries, the United Kingdom, and the United States of America. Irrespective of where we operate, the VM Group's Vision, Mission, Core Values and Cultural Beliefs embody the way we do business and propel us to achieve our strategic goals.

Strategic Goals

Our strategic goals, which are highlighted below, serve as our compass, guiding our decisions and actions to ensure sustainable growth and resilience.

Strong, Integrated Group: VM Group entities are cohesive and collaborate in teams to provide high value products, services, and customer experiences. The VM Group upholds best practices in enterprise risk management with a strong capital base and seamless, efficient processes within and across its SBUs.

Modern Mutual: The VM Group leverages relationships, digital channels, and attractive infrastructure with keen attention to the voice of the customer for enhanced service delivery. VM Group is a model corporate citizen with a culture of good conduct and service to community in Latin America and the Caribbean.

Employer of Choice: The VM Group is the preferred place of work and has an engaged team of talented and caring members who listen and collaborate for innovation and superior customer service.

Empowered Members: The VM Group involves Members in critical conversations to improve financial literacy about home ownership and financial well-being. Members are rewarded for their loyalty.

Our strategy reflects who we are, our purpose, our values, our beliefs and what drives us to aspire for a brighter future for our Members, Team Members and partners. It embodies our commitment to realise our strategic goals and established strategic objectives as well as execute on strategic initiatives that serve as actionable steps forward. The table that follows reflects the progress we have made on the strategic initiatives and projects that were slated for implementation in 2023, the final year of the three-year strategic cycle.

VM Group Strategy

PROJECT/INITIATIVE	STRATEGIC OBJECTIVE	STATUS
Transforming the Lives of our Members & Clients		
Launched strategic partnerships with business associations to expand the provision of pensions services and other VM products to their members.	Strong Integrated Group; Modern Mutual	▲
Implement Group Online Onboarding solution	Empowered Members; Modern Mutual	▶
Implement Automated Clearing House (ACH) solution for outgoing credits	Empowered Members; Modern Mutual	▲
Introduce the VM Wealth Client Portal and VMIL IPO Platform	Empowered Members; Modern Mutual	▲
Expanded the pool of products and services by six	Empowered Members	▲
Members' Loyalty Reward Programme	Empowered Members; Modern Mutual	▶
Strengthen/reinforce the new Group Brand	Empowered Members; Modern Mutual	▲
Execute strategies to increase the number of Active Members and clients across the Group	Transforming the Lives of our Team Members	▶
Transforming the Lives of our Team Members		
Build a high engagement and high-trust culture for Team Members by focusing on the following drivers: Leadership, Total Rewards, Work Life and Culture	Employer of Choice	▶
Continue the Total Rewards Framework as part of the talent acquisition and retention programme	Employer of Choice	▲
Introduce eNPS to complement the Group's Human Resource Engagement Index (HREI) Score and to obtain more feedback from Team Members	Employer of Choice	▲
Introduce a Group Sales Function	Employer of Choice	▲
Leverage the new HRMIS to boost productivity through self-service	Employer of Choice	▶
Accelerate the Talent Development and Management Programme by actively developing digital capabilities for roles, align Formal Learning Programmes with Business Needs including data analytics skills, and introduce experience-based learning assignments	Employer of Choice	▶

VM Group **Strategy**

CONTINUED

PROJECT/INITIATIVE	STRATEGIC OBJECTIVE	STATUS
Build bench strength of our second-tier leadership group. Embed a more Robust Reward & Recognition and Performance Improvement Plan (PIP)	Employer of Choice	Ongoing
Transforming the Business		
Facilitate growth of the remittance business by expanding our network into the Caribbean through the acquisition of or partnership with a remittance entity	Strong Integrated Group	Ongoing
Expand the VM Group Footprint across the region	Strong Integrated Group	Ongoing
Canopy Insurance Strategic Alliance	Strong Integrated Group	Ongoing
Create diversified & Integrated products and services across the Group	Strong Integrated Group	Completed
Organisational review of current operating model and introduction of efficiencies across the Group	Strong Integrated Group	Completed
Implement Environmental, Social and Governance (ESG) Framework	Strong Integrated Group	Completed
Enterprise Risk Management (ERM) framework	Strong Integrated Group	Ongoing
Restructuring of the Group completed, VMG and VMFG established	Strong Integrated Group, Modern Mutual	Completed
VMFG raise capital externally	Strong Integrated Group	Completed
VMF source external funding	Strong Integrated Group	Completed
Transforming Lives in Our Communities		
VM Foundation launched with National Land Agency (NLA)	Modern Mutual	Completed
The VM Foundation continues its flagship programmes	Modern Mutual	Ongoing

Completed | Ongoing | Not started


VM GROUP
ADVANTAGE
VM GROUP
Transform Your Everyday

VM Group **Advantage**

Creating Wealth Through Real Estate

VM Group's expertise and experience in all aspects of Real Estate are grounded in our history and have allowed the organisation to help Members and clients advance their wealth creation goals. Our approach is framed by our mission to provide our Members and clients with the opportunity and the means to acquire homes and to cement their financial well-being by capitalising on the VM Advantage. We help others create wealth through various forms of Real Estate asset classes. Today, this VM Real Estate Advantage not only permeates eight of our businesses but is also reflected in our Corporate Social Responsibility (CSR) activities through the VM Foundation.

This strong footing that we have built in wealth creation, coupled with our ability to continuously anticipate and adapt to the demands of our operating environment, our relentless pursuit of digital transformative technologies and processes, and our in-depth understanding of our Members and clients, allow us to remain a leader in helping others achieve financial well-being, irrespective of where in the world they are.

Company	Business Line	Expertise	Performance
VM Building Society (VMBS)	Deposit-taking financial institution: wide range of deposits and loans.	Provides mortgages for residential and commercial properties.	146 years of helping Jamaicans acquire their first home with almost 16,000 mortgage accounts.
VM Investments Limited (VMIL)	Wealth Management & Investment Services	Property Funds provide ownership of Real Estate Units and access to Overseas Real Estate.	Ranked among the top 3 performing funds in the past 6 years and ranked #1 in 3 of those years.
VM Pensions Management (VMPM)	Pensions Management & Advisory	Property portfolios	Owns 182,810 sq. feet of property and real estate fund outperformed its benchmark 4 of the past 5 years.
VM Property Services (VMPS)	Property Management, Real Estate Sales and Project Management	Property valuation, Real Estate sales, Property and Property-related project management.	Manages in excess of 318,000 sq. feet of property. Completed almost 700 property valuations annually over the past 4 years.
VM Finance Limited (VMF) **and Real Estate Holdings Co** (REHC)	Financing Property Development	▶ Finances property developments in UK ▶ Owns property and targets the Real Estate development market in Jamaica	▶ Since it started in 2018, VMF disbursed over £168 million in loans to fund properties in the UK ▶ REHC owns almost 65,000 sq. feet of property.
BCIC and KPREIT	General Insurance and Real Estate Investments	▶ Property Insurance ▶ Real Estate Investment	▶ BCIC ranked 2nd in the industry and property insurance accounts for 50% of its business ▶ KPREIT owns 465,000 sq ft of property with Investment Portfolio valued at US $66M
VM Innovations (VMI)	Fin-tech arm of the Group	PropMan Suite of products	Launched a unique Strata and Community Management System APP to support Strata Corporations and Homeowners Associations.

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **VM GROUP LIMITED** (the "Company") will be held **at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, St Andrew on Tuesday July 30, 2024 at 3 p.m.** to consider, and if thought fit, pass the following resolutions:

1. **Resolution No.1 – Audited Accounts**

   "THAT the Audited Accounts of the Company for the year ended December 31, 2023, and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are adopted."

2. **Resolution No. 2 – Retirement of Directors**

   2A) Retirement by Rotation pursuant to Article 81:

   "THAT Director **Mr Phillip Silvera** retiring by rotation pursuant to Article 81, of the Articles of Incorporation, who being eligible for re-election, is hereby elected."

   "That Director **Dr Maurice McNaughton** retiring by rotation pursuant to Article 81, of the Articles of Incorporation, who being eligible for re-election is hereby elected."

3. **Resolution No. 3 – Directors' Remuneration**

   "THAT the amount of $95,854,000 included in the Audited Accounts of the Company for the year ended December 31, 2023, as remuneration for their services as Directors be and is hereby approved."

4. **Resolution No. 4 – Appointment of Auditors**

   "THAT KPMG, Chartered Accountants, having signified their willingness to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting, at a remuneration to be agreed with the Directors."

DATED THIS **14TH DAY** OF **JUNE 2024**

BY ORDER OF THE BOARD

Keri-Gaye Brown
Corporate Secretary

REGISTERED OFFICE
6-10 Duke Street
Kingston 10

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his/her stead, and a Proxy need not be a Member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. The Form should be lodged at the Registered Office of the Company, at-least forty-eight (48) hours before the time appointed for the Meeting.

The Proxy Form should bear stamp duty of $100.00 or such amounts as prescribed by the Stamp Duty Act before being signed. The stamp duty may be paid by adhesive stamp(s), which are to be cancelled by the person executing the Proxy.

Five-year **Statistical Review**

GROUP	2019	2020	2021 Restated	2022 Restated	2023
Balance Sheet ($'000)					
Earning Assets	127,327,244	133,929,651	161,377,221	166,610,976	**181,329,718**
Loans	62,035,211	77,677,406	102,402,543	111,389,609	**121,930,499**
Total Assets	151,932,096	166,034,983	191,233,701	198,312,606	**213,752,367**
Savings Fund	89,378,675	103,486,876	117,863,706	134,221,577	**142,341,238**
Capital and Reserves	20,109,700	22,199,655	21,229,577	20,876,754	**21,030,363**
Deposit Liabilities ($B)	104,148,052	105,063,228	122,230,742	134,793,203	**144,280,169**
Income Statement ($'000)					
Net Interest Income	4,334,241	5,077,641	5,725,648	5,880,554	**5,903,481**
Operating Revenue	8,998,777	12,554,131	10,914,728	12,472,656	**10,589,417**
Operating Expenses, excl impairment losses	6,757,389	8,051,521	8,879,660	10,344,996	**11,271,309**
Profit/(Loss) before income tax	2,952,798	4,078,587	2,281,841	2,701,536	**(511,593)**
Profit/(Loss) for the year after income tax	2,131,551	2,636,396	1,786,269	1,929,278	**(374,655)**
Share of profits of associates	210,498	111,325	320,810	126,899	**442,161**
Ratios					
Net Interest Margin	3.59%	3.89%	3.88%	3.59%	**3.39%**
Return on Capital	11.85%	12.46%	8.23%	9.16%	**-1.79%**
Return on Average Total Assets	1.50%	1.66%	1.00%	0.99%	**-0.18%**
Efficiency Ratio (Admin Exp:Mean Assets)	4.74%	5.06%	4.97%	5.31%	**5.47%**
Efficiency Ratio (Cost:Income)	73.38%	63.57%	79.03%	82.11%	**102.17%**
Capital & Reserves as a percentage of assets	13.24%	13.37%	11.10%	10.53%	**9.84%**

Performance **Highlights**

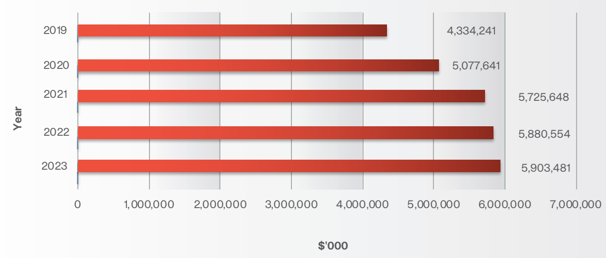
181.3B

EARNING ASSETS

5.9B

NET INTEREST INCOME

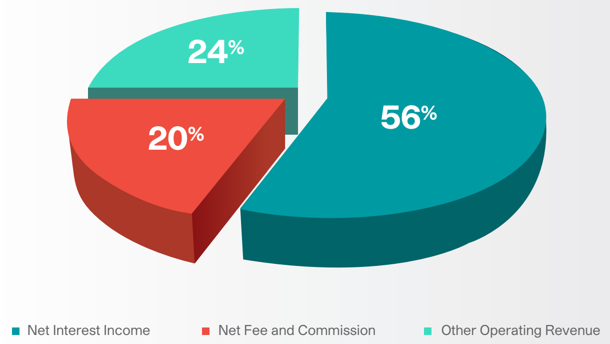
Net Interest Income 2019 - 2023

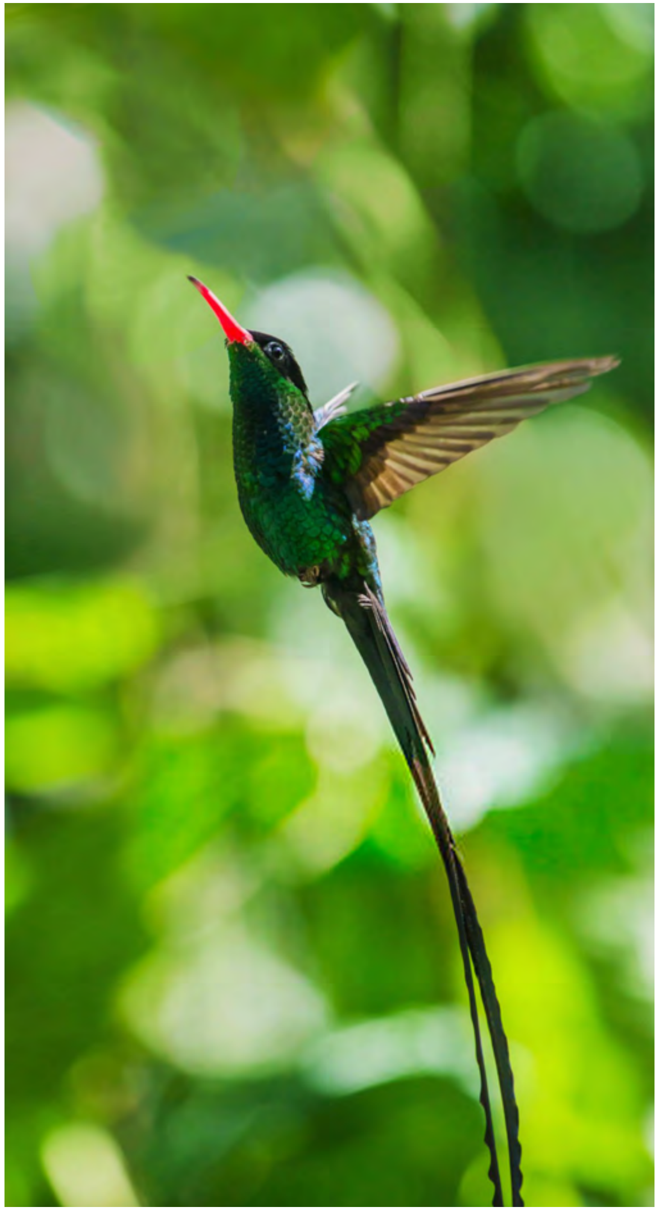


10.6B

OPERATING REVENUE

Distribution of Operating Revenue





Directors' **Report**

VM GROUP LIMITED (the Company)

1. The Directors submit herewith the Consolidated Statements of Revenues and Expenses, Comprehensive Income and Financial Position for the year ended December 31, 2023.

2. The Consolidated Statement of Revenue and Expenses reports pre-tax loss for the year of $511,593,000 to which there has been credited $136,938,000 for corporate income tax, leaving a net loss of $374,655,000.

3. A) Directors Retiring by Rotation pursuant to Article 81:

Director **Mr Phillip Silvera** retiring by rotation pursuant to Article 81 of the Articles of Incorporation, who being eligible for re-election is hereby elected.

Director **Dr Maurice McNaughton** retiring by rotation pursuant to Article 81 of the Articles of Incorporation, who being eligible for re-election is hereby elected.

B) The Auditors, KPMG, have signified their willingness to continue in office.

4. Retirement of **Mr Noel daCosta** effective March 31, 2024.

The Board wishes to record its appreciation to Mr Noel daCosta for outstanding service to the Company.

5. Your Directors wish to thank the Management and Staff of the Company for their participation.

ON BEHALF OF THE BOARD

Mr. Michael McMorris
Chairman

BOARD OF DIRECTORS

Our Board of Directors applies sound corporate governance, which is crucial to the activities of VM Group Limited and its subsidiaries (the Group).

Board of **Directors**

▶ MR MICHAEL MCMORRIS
BA
Chairman

Mr Michael McMorris has served as VM Group Chair since 2011 and VM Investments Limited Chairman since 2017. He is Principal of the business management firm KRONOS Limited and works with local and international investors in the areas of new venture development and strategic management. Mr McMorris also served with distinction as President of the Jamaica Chamber of Commerce for the term 2022/2023.

Michael has had a successful career in both the private and public sectors. He was previously an Executive Director of Jamaica Promotion Corporation (JAMPRO) and prior to that, held the post of CEO with Trafalgar Commercial Bank (now First Global) and Knutsford Capital Merchant Bank, which he helped found. He is a past president of the Jamaica Merchant Bankers Association.

Michael holds a Bachelor's Degree in Economics and Politics & Public Affairs from the University of Miami as well as advanced finance training from Citibank's School of Banking where he started his career. He was a member of the National Academic Honour society Pi Sigma Alpha during his time at the University of Miami and a Deal of the Year winner at Citibank.

Currently, he also serves as Chairman of VM Wealth Management Limited and is a director of several other commercial enterprises.

A strong believer in national service, he has been a member of the Government's Technical Task force on Tourism (Covid) Recovery, Chairman of the Tourism Working Group on Entertainment, Chairman of the Enterprise Group for the Divestment for NMI Airport Operations, Chair of the Finance Committee of the Airport Authority of Jamaica and a Director of the National Exim Bank of Jamaica.

▶ MR MATTHEW WRIGHT
MPhil, MA, BA

Mr Matthew Wright is the Managing Director of York Investment Management S.A., an independent financial advisory firm providing global asset management solutions to the high net worth, family office and institutional client market.

He has over 25 years' experience in investment management, corporate finance, credit risk management, and real estate investment. He is a former Vice-President in the Infrastructure and Energy Finance Group of Citibank Global Capital Markets in New York, with responsibility for providing financial advisory and debt arrangement services to major infrastructure projects in North America, Latin America, and the Caribbean.

Matthew has also served as Assistant Vice-President for Capital Markets in the Emerging Market Corporate Bank for Citibank Jamaica.

As a former Cambridge Commonwealth Scholar, he holds a Master of Philosophy in Environment and Development from Cambridge University in the United Kingdom, a Master of Arts Degree in International Development Policy from Stanford University, California, and a Bachelor of Arts Degree in Economics from Williams College, Massachusetts.

Board of Directors

▶ MR COURTNEY CAMPBELL
MBA (Dist), ACIB, BSc, JP

Mr Courtney Campbell is President and Chief Executive Officer of VM Group Limited and VM Financial Group Limited, whose operations extend from Jamaica to other Caribbean territories and major financial districts in North America and Europe.

Courtney joined VM in April 2016 and immediately went about igniting a transformation of the organisation, including its digital strategy, product and service offerings, brand identity and business structure, resulting in unprecedented growth and expansion. He has leveraged the organisation's cultural beliefs and core values to kindle the VM Team's passion for uplifting Jamaicans. Courtney is a passionate advocate for greater inclusion and financial well-being, which is the founding purpose of VM.

Before joining VM Group, Courtney had already established an enviable record of success in several senior executive roles including that of CEO of GraceKennedy Financial Group. He also spent over 23 years with the National Commercial Bank, serving in various leadership positions, including Head of the Retail Banking Division and other roles instrumental to the bank's success.

He holds a BSc in Management Studies from The University of the West Indies, and an MBA in Finance (Distinction) jointly awarded by the University of Wales & Manchester Business School. He is also a member of the Chartered Institute of Bankers, London.

Courtney is a director of VM Group Limited as well as VM Financial Group Limited and all its subsidiaries, as well as associate company British Caribbean Insurance Company.

He is a Corporate Champion for the UWI STAT, Mona Campus and serves on the Governor-General Jamaica Trust and the Investment Committee of the Council of World Missions. He is a former Chairman of the National Education Trust (NET).

In September 2023, Courtney received the Outstanding Business Leader Award, from the Mona School of Business & Management (MSBM) for his "relentless contributions to nation building". In the same month, he received the Governor General's Medal of Honour for his excellent support of the office of the Governor General's service to the people of Jamaica. In March 2024, Courtney was named as recipient of the prestigious American Friends of Jamaica (AFJ) International Achievement Award for his accomplishments in business and his service to humanity.

He is married to Pauline and they have two sons.

▶ MR BRIAN GOLDSON
MBA, BSc

Mr Brian Goldson is an experienced, innovative business leader and entrepreneur with an extensive and strong track record in delivering a wide range of high-volume, retail consumer transactional financial services throughout the Caribbean over the past 30 plus years.

A focused entrepreneur with a major equity investment in a well-established Caribbean based Fintech company, Brian has more than 30 years of proven experience in starting and building new business enterprises and leading them to top positions in their respective markets in a number of countries in the Caribbean. He has an outstanding track record in establishing and/or managing a wide range of high-volume retail consumer transactional financial services. These include the launch of Western Union Money Transfer Services; F/X Trader; and Bill Express, a bill payment service, in several Caribbean territories.

A former equity trader, Brian has successfully led companies to listings on capital markets. In particular, as Non-Executive Chairman, he led Access Financial Services, a micro-finance institution, to a successful listing on the Jamaica Junior Stock Exchange in October 2009.

Brian served for 16 years as a member of senior management at GraceKennedy and Company including the position of Divisional Director/Chief Operating Officer, Information & Money Service Division. He was a member of the main board from 1999 to 2006. His other previous board appointments include Non-Executive Chairman of Access Financial Services and the Postal Corporation of Jamaica and more recently, Massy Finance Remittances.

Brian attained a BSc in Investment Finance from the University of New Orleans, and an MBA specialising in Strategic Management and Real Estate Finance from Georgia State University.

Board of **Directors**

CONTINUED

▶ MR NOEL DACOSTA
CD; BSc; MASc; MBA; FCII; DTech;

Mr Noel daCosta has served on numerous boards in the private and public sectors, as well as charitable organisations and government-appointed national committees. He has been at the helm of several local and international organisations, including the Jamaica Chamber of Commerce, the Jamaica Institution of Engineers, the Jamaica Debates Commission, the Caribbean Breweries Association, the Master Brewers Association of the Americas, United Way of Jamaica, the National Building Code committee, the Petroleum Trade Reform Committee and the Caribbean Council of United Way Worldwide.

A consultant with over 15 years' experience in Corporate Relations, he also has over three decades of technical and engineering leadership experience in the Petroleum and Brewing Industries. He is a founding partner in the Jentech group of engineering companies. He is a graduate of the University of the West Indies and has postgraduate degrees in Engineering from the University of Waterloo, Business Administration from the University of Toronto, and Insurance from the Chartered Insurance Institute (UK). He is a Fellow of both the Jamaica Institution of Engineers, and the Institution of Chemical Engineers (UK).

Noel was appointed by the Government of Jamaica to the Order of Distinction in the Rank of Commander (CD) for his contributions to engineering and manufacturing and was conferred with an Honorary Doctor of Technology by the University of Technology, for his contribution to nation building.

▶ MRS JEANNE P. ROBINSON-FOSTER
CD, BA (Hons.), LLB (Hons.), CLE

Mrs Jeanne P. Robinson-Foster studied at the University of the West Indies where she earned a Bachelor of Arts degree, followed by a Bachelor of Law and the Certificate of Legal Education. A true Montegonian, she attended primary and high schools in the area and returned there to work after acquiring her professional qualification. In October 2011, she was conferred with the Order of Distinction in the Commander Class (CD), 'in recognition of her significant contribution to the legal profession and community development'.

This Attorney-at-Law has over 30 years' experience and is the founding partner of Robinson-Foster & Associates. Although a legal practitioner at this time, she has earned distinction in the airline industry and teaching profession, having worked at Eastern Airlines and taught at Mount Alvernia High School and The University of Technology.

She received the All-Island Courtesy Award in the Airline Industry and was the All-Island Boss of the Year in 1986.

Jeanne has served as a member of the General Legal Council of Jamaica and was immediate chair of the Mutual Societies Foundation of Jamaica, which sponsored a successful intervention initiative, the Centres of Excellence Programme in six rural-based high schools. A Past President of the Soroptimist Club of Jamaica, she has represented the Building Societies Association on the Governor-General Achievement Awards Cornwall County Committee and has been a member of the Board of the UWI School of Continuing Studies and the Montego Bay Chamber of Commerce. She has also held the post of Director/member of the Board at the Montego Co-operative Credit Union (now Gateway Co-operative Credit Union), Montego Bay High School, Barracks Road Primary, St James High School, the Cornwall Regional Hospital and the Western School's Trust. She was also Chairman of the Board of Sam Sharpe Teachers' College and still serves as a Board member.

Presently, she is chair of The Good Shepherd Foundation, an interdenominational charitable organisation in Montego Bay with specific commitment to the health and education of the poor, the disabled and the disadvantaged. She is actively involved in many other organisations, among them, the International Women's Forum, and is a Deacon of the Calvary Baptist Church. She has been awarded the Friends of Good Shepherd Humanitarian Award (US) in appreciation of her distinguished service to humanity and has also been appointed as the Honorary Consul for Canada in Jamaica.

Board of Directors

▶ MRS SANDRA M. SHIRLEY-AUXILLY
MBA, BSc (Hons)

Mrs Sandra Shirley-Auxilly, Business Facilitator/ Consultant, has extensive experience spanning over 30 years in wealth management, trust banking, strategic planning and implementation in the United States and the Caribbean.

A former licensed securities dealer and President of First Global Financial Services Limited, Sandra is a 2006 Fellow of the Jamaican Institute of Management and a member of the Private Sector Organisation of Jamaica. She is a former Director and Vice President of The Jamaica Chamber of Commerce and has served on various other private and public sector boards, including as Deputy Chairman, The Jamaica Stock Exchange (2008); Secretary, Security Dealers Association (2006-2008); Commissioner, Anti-Dumping & Subsidies Commission and Jamaica Deposit Insurance Company.

A former Senior Research/Teaching Fellow-Finance, Mona School of Business, University of the West Indies, Mona, Sandra has also served in various capacities on technical assistance and project teams funded by private sector and multilateral agencies. Her experience includes entrepreneurship and SME development. She believes in giving back through service and is a Past Federation Councilor and Past President of Soroptimist International (SI) Jamaica, and a former Vice President SI Caribbean Network of clubs.

Sandra attained a B.Sc. (Hons) Management Studies from The University of the West Indies, majoring in Financial Accounting & Finance, and an MBA Finance and Banking from Pace University, New York, USA. She completed a postgraduate Diploma in Investment Appraisal and Risk Analysis from Queen's University, Ontario, Canada. She is also an approved Pension Fund Trustee and a retired member of the Project Management Institute.

▶ DR MAURICE MCNAUGHTON
PhD

Dr Maurice McNaughton is an Engineering Graduate of The University of the West Indies and holds a PhD in Decision Sciences from Georgia State University.

He has over 20 years' senior management and leadership experience in the planning and direction of enterprise level Information Technology in organisations. He currently serves as Director of the Centre for Innovation at the Mona School of Business & Management, University of the West Indies.

His research interest spans the domain of emerging Open ICT ecosystems including Open/Big Data, Digital Transformation and Digital capacity building. He serves the public sector in several capacities including as Chairman of the National Information Systems for Health Steering Committee and the Board of Commissioners of the Overseas Examinations Commission.

Board of **Directors**

CONTINUED

▶ MR PHILLIP G. SILVERA

FCCA, FCA;

Mr Phillip Silvera is a long-standing member of the VM Family and is a former Executive Vice-President of The Victoria Mutual Building Society, where he spent 32 years in various senior positions including Divisional President, Financial Controller and Chief Accountant.

A Fellow of the Association of Chartered Certified Accountants (FCCA) UK and the Institute of Chartered Accountants (FCA) Jamaica, Mr Silvera has over four decades of experience in the financial industry. He was also a licensed Security Dealer and served as a registered Public Accountant for many years.

He currently serves on the boards of Victoria Mutual Investments and Victoria Mutual Wealth Management. He chairs the Audit, Risk and Conduct Review Committees of both companies. Recently, he joined the Board of Kingston Properties Limited, a company listed on the Jamaica Stock Exchange.

Phillip is the Chair of the Board of Directors of Topaz Christian Fellowship and a Past President of the Golden Acres Citizens Association. He previously served on the boards of several other companies, including VMBS Money Transfer, Victoria Mutual Insurance Company, Jamaica Unit Trust and The Caribbean Graduate School of Theology. He is also a past Chairman of J.E.T.S. Limited, operators of MultiLink, Jamaica's largest payment system.

He is married to Faye and they have three children. A former Head Boy of St Mary High School, Mr Silvera enjoys woodworking and farming at home.

▶ MR MICHAEL MCANUFF-JONES

MSc, MBA (distn), ACIB, SPHRi

Mr Michael McAnuff-Jones has vast expertise in the fields of finance and human resources, having spent many years in their practical application in various corporate roles, as well as developing academic excellence in these areas.

He held several key roles across the Scotiabank Group, including Accounting Manager; Assistant General Manager – Operations; Assistant General Manager- Human Resources; Senior Vice-President – Human Resources - Jamaica, Belize and Haiti; and head of Human Resources for the Scotiabank English Caribbean operations. Michael retired from Scotiabank in January 2017 and is currently engaged in part-time Human Resource Management consultancy and pastoral ministry.

Michael is Vice President of The Human Resource Management Association of Jamaica and formerly served as executive chair of the Jamaica Institute of Financial Services. Among other public sector service, he also serves as a Director on the board of the Nature Preservation Foundation/Hope Botanical Gardens, and is Deputy Chairman of the University of Technology (UTech) council.

Michael completed undergraduate studies in Banking and Finance at CAST (now UTech) and also holds an MSc in Social Sciences/ Human Resources from the University of Leicester and an MBA (Distinction) from the University of Wales/ Manchester Business School. He holds professional designations in Banking, Corporate Secretarial practice, and Human Resources, with associateship in the then Institute of Chartered Secretaries and Administrators, then London Institute of Bankers, and is designated as an international Senior Professional in Human Resources by the Human Resource Certification Institute.

Board of Directors

▶ MR COLIN B. WHARFE
FCCA, FCMA, CISA, LLB

Mr Colin Wharfe has more than 30 years of audit and advisory experience at PricewaterhouseCoopers(PwC). He was Territory Senior Partner, PwC Trinidad & Tobago and Member of the Executive Leadership Team for PwC member firms in the Caribbean Region. He was also responsible for the firm's Energy and Utilities Practice and was a member of the PricewaterhouseCoopers Global Energy, Utilities and Mining Group.

Colin has extensive experience in strategic business development, technical financial accounting, and cross border financing. He has an impressive record of successfully building trusted relationships with C-Suite and regional decision makers; seizing control of critical problem areas; delivering on client commitments; leadership development; and adherence to performance, quality and ethical standards.

Colin, who is well respected for his strict personal and professional standards of integrity and ethics, earned a Bachelor of Laws degree from the University of London; is a Certified Information Systems Auditor; a Fellow of the Chartered Institute of Management Accountants; and a Fellow of the Association of Certified Chartered Accountants. He was a University of the West Indies Council Member and Member of the Audit Committee; a United Way Trinidad and Tobago Board Member and Chair of the Audit Committee.

He is a sports aficionado, particularly football and martial arts. He enjoys mentoring young people, which he did as the Youth/Training Development Officer at Club Sando FC in Trinidad and Tobago. He was recently appointed CEO of the Trinidad and Tobago Premier Football League.

▶ MS KERI-GAYE BROWN
LLB
Corporate Secretary

Ms Keri-Gaye Brown joined the VM family in August 2010. An Attorney who has been practicing for over 15 years, she possesses extensive knowledge in the areas of banking law, insurance law, corporate secretarial, securities laws and also in the development of compliance and corporate governance policies.

Prior to joining VM, Keri-Gaye worked in the financial sector and as a litigation practitioner in the Court of Jamaica.

Chairman's **Message**

Michael McMorris
Chairman, VM Group

As we reflect on the challenges and triumphs of the 12 months ended December 2023, it's clear that it was a year of meaningful achievements as well as many lessons which will empower the VM Group to Reset and Rise, given the valuable insights gained along our journey.

The local economy, over the past year displayed noticeable positive trends in key economic indicators, including gross domestic product (GDP) growth (estimated annual growth rate of 2.60%); international reserves (which closed 2023 at a record high of US $4.75 billion); and the unemployment rate (down from 6.28% in 2022 to 4.38% by October 2023). Still, inflationary pressures persisted, including sustained high interest rates and malaise in the local stock market. Additionally, the Jamaican dollar closed the year with a year-over-year depreciation of 1.87% relative to the United States dollar, supported by multiple interventions from the Bank of Jamaica (BOJ).

Economic indicators in the other territories in which we operate – Barbados, United Kingdom (UK), and Unites States of America – painted a similar picture of encouraging economic activity, but with inflation and interest rates remaining relatively high.

Chairman's Message

The local financial sector was challenged while navigating the BOJ's inflation-combatting strategy of retaining a seven percent policy rate for 12 months (highest level since 2018), and stock exchange movement on a downward trend. The higher market interest rates facing deposit-taking institutions negatively impacted various lines of business, and dampened income particularly from lending solutions, and equity trading which suffered as a result of a general negative trend in stock market movement.

For the VM Group, the impact was no different, with a resulting negative outcome on our financial performance. During this review period, the VM Group's Net Loss was $374.66 million, reflecting a worsened position relative to the previous year. Commendable work was done, however, to increase total loans, deposits and assets by $10.54 billion, $8.12 billion and $15.44 billion respectively, setting us up for a return to strong profits in the near term as we optimise earnings from our solid balance sheet growth.

These efforts to strengthen and diversify our future revenue sources by management of our balance sheet included an increase in our ownership stake in British Caribbean Insurance Company (BCIC), expansion of our UK specialty lending business, and our first Jamaica Stock Exchange-listed Preference Share issuance. The latter's addition to our capital of more than $11 billion provides us with flexibility to pursue new growth initiatives and is, we believe, a signal of the firm trust that customers and investors have in our ability to meet the current challenges and to successfully execute our strategy for the further development of our multinational enterprise.

Central to our strategy execution, is the fact that in 2023, the process for restructuring the enterprise was completed, with the incorporation of financial and non-financial holding companies now allowing us new flexibility to rapidly capitalise on growth opportunities as we develop them (evidenced by our successful Preference Share issue highlighted previously). This new structure is fortified by our revised Enterprise Risk Management framework, giving us the confidence and strength to adopt a more proactive approach to exploring new business horizons with the appropriate guardrails in place to ensure resilience and sustainability.

Our mission has always been to help our Members achieve financial well-being and in so doing, secure their future every step of the way. Expanding the number of consumer and business solutions in more places (locally and internationally) where we provide a compelling value proposition, builds upon that commitment and increases our position as a strong Jamaican business serving our people now and well into future.

As we look ahead to 2024, our focus remains unwavering - we will continue to innovate, adapt and evolve, while selecting the best opportunities for our growth and diversification.

I thank all our directors whose diligence and foresight continue to serve this organisation well. On behalf of the Board, I offer heartfelt thanks to the VM Leaders and Team Members for your commitment to those we serve and for staying true to VM's purpose.

Special thanks also to our Members and clients for continuing to believe in us and for affording us the privilege of serving you.

As we Reset and Rise, we are confident that we will emerge stronger and more resilient in the years to come.

Michael McMorris
Chairman, VM Group

CORPORATE GOVERNANCE REPORT

Corporate Governance **Report**

Corporate Governance Statement

VM Group remains deeply committed to sound Corporate Governance principles, practices and processes. This commitment is aligned with managing the Group to be resilient and for the long-term benefit of our Members and stakeholders.

The VM Group Board of Directors' focus is the formulation of strategy and the execution to drive business performance. The governance framework provides for the Board to hold Senior Management accountable for the daily operations and to report to the Board.

Board of Directors

The Board is responsible for making decisions in relation to governance, overall business direction, strategy and oversight for robust risk management, financial matters, regulatory compliance and for effectively managing reputational risk matters.

Role of the Chairman

The Chairman provides leadership to the Board to ensure it operates effectively, setting the tone for sound corporate governance and strategic direction.

Role of Group President and CEO

The Group President & CEO is a Board member and is the only Board member responsible for the daily operations of the business, ensuring operational efficiencies, overseeing adequate risk controls and making sure that cultural values guide daily operations. The Group President & CEO leads the Senior Management Team who are accountable for the collective decisions taken daily to manage the VM Group responsibly.

THE BOARD OF DIRECTORS' MAIN FOCUS FOR 2023

During 2023, the Board's main duties and responsibilities were:

- Strategic Implementation of the new Group Structure under a Scheme of Arrangement to create financial holding company – VM Financial Group Limited in compliance with banking legislation and positioning the Group for resilience and growth.
- Talent Management and Investing in Our People, ensuring an appropriate and effective framework for talent acquisition and the development of the talent with adequate training and experience-based learning.
- Financial Performance by reviewing the financial reports and ensuring that adequate and full information is reported; and approving the audited financial statements.
- Risk Management, Compliance and Internal Controls by overseeing and monitoring the Enterprise Risk Management Framework, compliance with risk appetite and risk tolerance limits. Also, ensuring that the systems of internal controls are effective and that appropriate action plans are in place to achieve compliance.

BOARD COMPOSITION, SKILLS AND MEMBERSHIP

During 2023 the Board was composed of 12 members, with 11 members as non-executives. The Board is chaired by an independent Chairman, Mr Michael McMorris.

The directors who serve on the Board bring diverse skill sets, experiences and backgrounds to provide sound strategic direction for VM Group.

- Strategic planning and management/ Business Strategy Execution
- Banking/financial industry
- Accounting/Auditing
- International Markets
- Information Technology/ Digital
- Risk Management
- Mergers and Acquisitions
- Legal
- Human Resource Management

Corporate Governance **Report**

CONTINUED

The VM Group and VM Financial Group Boards held seven Board meetings during 2023 with two meetings focusing on strategic planning and execution. Directors' attendance and participation at Board meetings is critical to the successful governance of the VM Group.

Number of meetings for VM Group and VM Financial Group – 7

Attendance by Independent Directors

Michael McMorris (Chairman)	7
Mathew Wright (Deputy Chairman)	7
Phillip Silvera	7
Colin Wharfe	7
Noel daCosta	3
Brian Goldson	7
Maurice McNaughton	7
Michael McAnuff-Jones	7
Jeanne Robinson-Foster	7
Sandra Shirley-Auxilly	7
Courtney Campbell – Executive Director	7

BOARD COMMITTEES

The Board executes its fiduciary role through Board Committees with approved charters to guide the duties and responsibilities and for reporting to the Board on the key areas:

a) Group Audit
b) Group Finance and Risk Management
c) Group Corporate Governance, Nominations and Compensation
d) Group Digital & ICT Committee

Each Committee is composed exclusively of non-executive Directors to ensure that the principles of independence are preserved.

The Group Audit Committee

The primary purpose of this Committee is to assist the Board of Directors in fulfilling its accountability for the efficient and effective oversight in the following areas:

a) Integrity of the financial statements
b) Compliance with legal and regulatory requirements
c) Consultation with external auditors on the state of internal controls for VM Group
d) Overseeing the independence of the Group Internal Audit function and the execution of the Internal Audit Plan, and the assessment of the effectiveness of the systems of controls.

COMMITTEE MEMBERS AND ATTENDANCE

During 2023, the Committee held six meetings, with two meetings being held jointly with subsidiary Audit Committees:

Mrs Sandra Shirley-Auxilly	8
Mr Phillip Silvera	8
Mr Colin Wharfe	8

The Group Finance and Risk Management Committee

The Group Finance and Risk Management Committee assists the Board of Directors in fulfilling its responsibilities for overseeing the management of financial matters and risk management.

FINANCIAL OVERSIGHT

a) The financial performance of all entities within the Group
b) The allocation of the Group's capital
c) The assessment and conduct of due diligence for potential major transactions within the Group; approve changes to the Credit Policy and appropriate approval limits
d) The investment and loan portfolios of the Building Society including the review and approval of significant loans and extensions of credit. In this regard, the Committee receives reports from and oversees the work of the Management Committees - Group Asset/ Liability and Credit Committees

ENTERPRISE RISK MANAGEMENT OVERSIGHT

The Group Finance and Risk Management Committee monitors the risk framework of the Group and assists the Board in undertaking the following functions:

a) Establishing the enterprise risk appetite statement and implementing the policy framework to guide the monitoring of a robust Risk Management System
b) Reviewing and evaluating the Group's risk exposures
c) Developing and maintaining an effective risk management culture
d) Monitoring the risk identification, measurement, monitoring and control processes through the enterprise risk management reports

The Group Finance and Risk Management Committee

COMMITTEE MEMBERS AND ATTENDANCE

The Committee held nine meetings during 2023:

Matthew Wright – Chairman	8
Brian Goldson	9
Phillip Silvera	9

The Group Governance, Nomination and Compensation Committee

The mandate of this Committee is to assist the Board of Directors in fulfilling its responsibilities for:

a) Designing an effective Corporate Governance Framework, undertaking periodic reviews and making recommendations for reform, if necessary, to ensure the practice of good corporate governance and amending the framework accordingly
b) Identifying qualified candidates for nomination to the Board and for service on committees of the Board
c) Overseeing the Board Performance Evaluation Survey, assessing the findings and implementing an action plan to address the areas of focus and improvement
d) Formulating and overseeing performance incentive systems for all business units
e) Establishing a policy framework to deal with related party transactions and conflicts of interest

COMMITTEE MEMBERS AND ATTENDANCE

The Committee held three meetings during 2023:

Michael McMorris – Chairman	3
Jeanne Robinson-Foster	2
Maurice McNaugthon	2
Brian Goldson	3
Michael McAnuff-Jones	3

Corporate Governance **Report**

CONTINUED

A key component of the robust Corporate Governance Framework, are the *GUIDELINES FOR BUSINESS CONDUCT.*

The Guidelines for Business Conduct for the Group are applicable to Directors and all employees of the Group and subsidiaries. The guidelines set out the ethical and business conduct requirements which include:

1. Compliance with applicable laws and regulations
2. Executing function with integrity, accountability and honesty
3. Avoidance of conflicts of interest; obligation to declare any potential or actual conflict of interest and obtain guidance
4. Corporate disclosures to be accurate and timely

The Group Digital & ICT Committee

This Committee represent the Boards of Directors of all entities within the VM Group in focusing attention on the sustainability of the VM Group's Business Model and operations supported by digital transformation, robust Information Technology (IT) strategy and execution plans and appropriate resilience standards.

Its mandate includes:

a. Providing oversight and advice to each Board of Directors within the VM Group in respect of Digital and IT strategy, IT investments, IT architecture, IT operating model effectiveness, IT delivery performance, IT resilience controls, and data management strategy for the Group's business models

b. Ensuring appropriate IT governance policies and framework are implemented to assist the Committee and the Board in managing oversight responsibilities for robust and sound sustainable Business Operating Model

c. Monitoring the effectiveness of the IT governance practices that guide the business model and operations where supported by digital capabilities, IT strategy, execution plans and appropriate IT resilience standards

d. Monitor and assess the implementation of the IT projects and the benefits realisation to drive VM Group digital footprint

COMMITTEE MEMBERS AND ATTENDANCE

The Committee held four meetings during 2023:

Maurice McNaughton (Chairman)	4/4
Maya Walrond	4/4
Brian Goldson	4/4
Colin Wharfe	4/4

VM GROUP OVERALL GOVERNANCE PRACTICES AND FRAMEWORK

The Board of Directors will continue to build on the pillars of Corporate Governance which includes the pillars of transparency, independence and ethical practices in order to consistently enhance value for our Members and stakeholders.

ESG

Environmental, Social and **Governance Report**

VM GROUP

Transform Your Everyday

Environmental, Social & Governance (ESG) Report

Enhancing Sustainability Across Functions

At the VM Group, we embrace the importance of Environmental, Social, and Governance (ESG) factors in driving sustainable business practices and creating long-term value for all stakeholders. Our ESG Committee is a dynamic cross-functional team, bringing together expertise from various units to develop and implement strategies that align with our commitment to sustainability. The Committee plays a pivotal role in driving our sustainability agenda forward.

Our ESG Committee operates with a collaborative mindset, leveraging the diverse perspectives and expertise of its members to drive meaningful change. By fostering open communication and cross-functional collaboration, we ensure that ESG considerations are integrated across our business operations and decision-making processes.

What We Have Done So Far

Rolled out our Communication Plan

Effective communication is essential for driving awareness and engagement around our ESG initiatives. Our communication plan includes:

- Regular updates and reports on ESG performance shared internally and externally. This is done through periodic emails and via our intranet portal, VM Appy
- Transparent disclosure of ESG-related information in our annual reports, corporate website, and other public communications
- Engagement with investors, customers, suppliers, and community partners to share insights, gather feedback, and collaborate on shared ESG goals
- Utilisation of various communication channels, including social media, newsletters, webinars, and conferences, to amplify our ESG messaging and reach a broader audience

Developed our Training Plan: Building Capacity for Sustainability

Achieving our ESG objectives requires a well-trained and engaged workforce. Our ESG Training Plan is designed to equip employees across all levels and functions with the knowledge, skills, and resources necessary to integrate sustainability principles into their daily work and contribute to our broader sustainability goals. Through our ESG Training Plan we will:

1. Increase awareness and understanding of ESG concepts, including environmental conservation, social responsibility, and corporate governance
2. Empower employees to identify and address ESG risks and opportunities within their respective roles and functions
3. Foster a culture of sustainability and accountability, where employees are actively engaged in driving positive change and contributing to our sustainability initiatives

By investing in the knowledge and skills of our employees through our ESG Training Plan, we aim to cultivate a workforce that is well-equipped to drive sustainable innovation, foster positive social impact, and uphold the highest standards of corporate governance.

Built on our Existing Environmental and Social Initiatives: Driving Positive Change

Through a range of initiatives, we strive to create a sustainable and socially responsible future. Some of our key environmental and social initiatives that we are proud to lead are:

1. **Plastics Recycling Programme**
   We have been rolling out our plastics recycling programme, reducing plastic waste and promoting environmental conservation. Partnering with the Recycling Partners of Jamaica, we have rolled out recycle bins and cages at four of our locations with plans to roll out to more in 2024.

2. **Electronic Signatures**
   To minimise paper usage and streamline our operations, we have adopted electronic signatures across various processes. This initiative reduces our carbon footprint and enhances efficiency and convenience.

3. **Environmental Clean-up Projects**
   We actively participate in environmental clean-up projects, organising and supporting efforts to clean up local parks, beaches, and other natural areas. These initiatives not only beautify our surroundings but also contribute to the preservation of biodiversity and ecosystem health.

4. **Improving our Occupational Safety, Health and Physical Security and Pursuing ISO 45001**
   We prioritise the health and safety of our employees by implementing an Occupational Safety and Health Administration (OSHA) system. This system ensures compliance with safety regulations, identifies and mitigates workplace hazards, and promotes a culture of safety awareness and accountability. In 2023, we advanced our initiative to become ISO 45001:2018 compliant. We carried out a gap analysis to evaluate our current processes to determine our current state as well as an assessment audit and, based on the findings, we are now in a better position to close gaps that were identified so that we can accelerate towards providing an even safer environment.


CORPORATE SOCIAL RESPONSIBILITY

VM GROUP

Corporate Social **Responsibility**

VM Foundation Update

This was the first year of VM Foundation's newly minted 2023-2027 Strategic Plan which focuses on three key areas: **Youth Development, Community Development, and Parenting** - supporting parents and prospective parents, the unique needs of Jamaica's youth and transforming communities.

The execution of this plan through multiple initiatives, impacted over 90,000 lives. A significant part of the Foundation's work is facilitated through the generosity and volunteerism of VM Team Members. The VM Foundation continues to exceed targets established for donations and lives impacted. We consider our performance in this area as validation of our role as change agent in our communities. Other members of the VM Family including Board Members and Pensioners continued to donate not only their time and participation in initiatives but also made monetary contributions throughout the year.

VM Foundation Projects, Initiatives and Activities

The VM Group's CSR activities and initiatives, through the VM Foundation and otherwise, are directly intertwined with our ESG posture and practice and, as such, in this section we highlight details of the VM Foundation's activities executed during 2023 under each of the three strategic areas.

1. Parenting

The Parenting umbrella spans two major initiatives: Adopt-a-Clinic and Positive Parenting Video Series detailed below.

Adopt-a-Clinic

The VM Foundation continued its work with the St Jago Park Health Centre in St Catherine. As part of this arrangement with the Ministry of Health and Wellness, the Foundation committed to providing resources and other support to upgrading the facility, which serves thousands of residents in St Catherine.

To this end, the Foundation handed over well-needed equipment and appliances, valued close to $1.2 million, to the maternity section of the health centre, which is already improving health care access to its clients.

▲ Colorful creations and youthful imaginations take centre stage at the St Jago Park Health Centre Parenting Expo poster competition.

▲ Irie FM joine the VM Foundation for a live outside broadcast at the Parenting Expo.

Corporate Social **Responsibility**

CONTINUED

Striking the Chords of Parenthood - Entertainers, hosts, and musicians extraordinaire Tami Chin and Wayne Mitchell are riveted by the insights of clinical psychologist Georgia Rose on the set of Positive Parenting.

Series hosts Tami and Wayne are all smiles as we wrap up filming of the final episode and live stream of "Positive Parenting with VM Foundation" in their home.

In 2023, the VM Foundation commemorated Parents Month through another staging of the Financial Wellness and Parenting Expo at the Health Centre. The event, hosted in collaboration with brand sponsors such as Wisynco and National Baking Company featured a Positive Parenting Poster competition and engaged students from nearby schools. Additionally, the winners of the poster competition were awarded tablets and cash prizes.

VM Group took the opportunity to provide attendees with wellness and parenting education, and financial literacy presentations.

Positive Parenting Video Series

The VM Foundation Positive Parenting Video series continues to be a staple as the Foundation strives to support and celebrate parents in innovative and informative ways. In 2023, nearly 200,000 viewers engaged with the reflections of Tami and Wayne Mitchell, the popular duo behind 'Meet the Mitchells'. The couple merged comedy with sound advice and shared their experiences in parenting and revealed strategies to foster resilience in children.

The couple candidly navigated their feelings about their parenting style, contrasting it with that of their parents. Clinical psychologist Georgia Rose joined an episode, providing professional insights on parental expectations and urging parents to accept their children as they are, rather than what parents imagine or expect of them. The series closed with the VM Foundation CEO, Samantha Charles, visiting the Mitchell residence for a live Q&A segment with the couple on their key takeaways and reflections from the series.

2. Community Development

VM Foundation's Special Partnership with The National Land Agency

One of the many far-reaching projects undertaken by the VM Foundation is the partnership with the National Land Agency (NLA), signed in December 2023 and designed to provide land titles to Jamaicans across the island. The agreement which will see investment of up to $30 million over three years is expected to assist up to 400 beneficiaries achieve this important life goal of land ownership. This initiative will continue in earnest in 2024.

National Leadership Prayer Breakfast Charity Initiative

Each new year commences with the VM Group-supported National Leadership Prayer Breakfast, an event that unites leaders from Government and civic society to focus on issues of national importance and to pray together.

Additionally, a beneficiary is identified each year to receive the proceeds from the event, and this year the Students Christian Fellowship and Scripture Union was identified to receive $700,000 including proceeds from the 42nd staging of the event, as well as a donation of $500,000 from the VM Foundation. The Union aims to strengthen effective Christian ministry for secondary and tertiary students across Jamaica, in a push to develop strong and rounded future leaders

3. Youth Development

Impact Programme

The VM Foundation received grant funding from USAID in 2022 through its Local Partner Development Programme. Thanks to this funding and partnership with USAID, VM Impact was launched and delivered between 2022 and 2023. VM Impact is a crime prevention and entrepreneurship training programme for youth who may have been exposed to crime, living in Waltham Park Gardens and surrounding communities. We were supported in identifying youth from those communities who either had small businesses or expressed an interest in entrepreneurship.

The programme was collaborative and focused on providing key financial principles and psychosocial support for participants. We provided seed funding, equipment, business supplies, and guidance in business planning and management for their entrepreneurial journey. In 2023, 13 young entrepreneurs graduated and some were welcomed to the VMBS family, having officially entered the formal banking system through this programme.

▲ These students of the VM Ignite Programme at Shortwood Teachers' College are all smiles because they were selected to receive gift certificates each valued at $40,000. Standing with them is Antoinette England Brown, Programme Administrator – VM Foundation.

▲ Kicking off the return of the Under-13 football competition after a long hiatus!

VM Ignite

Our commitment to youth development undergoes continual refinement, as we work towards consistently helping to address the ever-evolving needs of our young people. Still, financial literacy remains the cornerstone of our initiatives. Our recently revamped VM Ignite programme is a testament to this. Through a revitalised partnership with the Waltham Park New Testament Church of God, the University of Technology, and Shortwood Teachers' College, we touched the lives of nearly 250 tertiary-level students in 2023. VM Ignite is a nine-week course designed to holistically develop students, bridging potential gaps in their socialisation and regular course of study.

VM UpLift

Following a three-year break during the pandemic, the VM Foundation successfully relaunched the football competition component of the VM UpLift programme in St James. Throughout the hiatus, the Foundation remained engaged by providing gear, training, and other forms of support to players, coaches, and their respective schools. However, participants and Team Members expressed joy in finally returning to the field and actively supported matches during the 2023 competition.

In addition to the competition, the Foundation organised a complementary training workshop. The workshop aimed to enhance life skills and coping mechanisms of the players,

Corporate Social **Responsibility**

CONTINUED

Timothy Fokum (left) accepts his award from VM Foundation CEO, Samantha Charles, at the 2023 VM Foundation Scholars Programme Awards ceremony for the county of Surrey held at VMBS Half-Way Tree branch.

Students at the VM EnRich Expo step into the world of innovation and inspiration, as they get ready to showcase their social enterprise projects and network and gather insights with other students and business leaders.

while ensuring that coaches grasp the fundamentals of working with student-athletes. The two-day programme saw participation from athletes, their parents, physical education teachers, and coaches representing 24 schools.

VM Scholars

In 2023, the VM Foundation reported a 55% jump in scholarship applications compared to the previous year. A total of $7.15 million was disbursed in scholarships and bursaries to support the future studies of 74 students at both secondary and tertiary levels across the three counties. Furthermore, bursary payments for tertiary scholars increased from $200,000 in 2022 to $250,000 in 2023.

VM EnRich

VM EnRich, formerly the Social Enterprise in Secondary Schools programme seeks to engage high school students in social enterprise and encourages the development of communication, problem solving, and of course, financial literacy skills. Students participating in VM EnRich are guided in identifying potential income-earning solutions to social and environmental issues that affect them. These solutions are not-for-profit businesses that practise the 'triple bottom line', focus of people, planet and profit. The programme is implemented as a club in schools, with a curriculum that allows students to develop and execute a business plan by the end of the school year.

In the 2022-2023 academic year, a total 80 students actively participated in the programme. An Expo was held in May 2023, which showcased student presentations, a pitch competition, and featured valuable insights from various businesses and industry leaders.

The VM Foundation accommodated online applications for VM EnRich as well as ramped up its promotional efforts and this resulted in the onboarding of six new and four returning schools for the 2023-2024 academic year.

The VM Group through its Foundation commits to maintaining this posture and will in 2024 and beyond, deliver on CSR activities in collaboration with VM Team Members and other partners to touch lives, uplift spirits, and inspire hope.

Skilled drummers from the Charlie Smith 3D Performers entertain the audience alongside their drumming instructor.

2023 PERFORMANCE HIGHLIGHTS

VM GROUP

Transform Your Everyday

Performance Highlights

44.45%
Increased stake in BCIC

23%
Stake in KP REIT

363,402+
Active Membership
grew 57% faster than the previous 3-year average

$2.24M
VM Foundation's contribution to projects
49% increase over 2022

89,547+
Lives Impacted

70+
Number of Key Processes Improved

ESG Prize
VM Wealth

89.17%
New Customers transacting digitally

7

Performance Highlights | cont'd

$11.02B
VMFG Capital Raise via Preference Shares

14.9B+
Mortgages Disbursed

VM Foundation's land title initiative with NLA

$10.589B
Revenue

JM$5B+
VM Finance Specialised Loans disbursed

$23B+
Total Loans Disbursed
VMBS

7.29%
VM Money Transfer Market Share in Remittances
up from **5.05%** in 2020

The VM Group and VM Financial Group were incorporated

Message from the **Group President & CEO**

Courtney Campbell
President and CEO, VM Group

In the still-unfolding, rich history of VM, 2023 will forever be regarded as a year of purposeful and strategic building. It was a year in which, despite formidable headwinds including inhospitable market conditions, the VM Group made pivotal progress towards our boldest ambitions.

Much of our focus and efforts in 2023 were dedicated to fortifying the Group for the long term and the exciting future that we envision. These foundational blocks that were laid through investments in our digital infrastructure and in restructuring the business, impacted our financial outcomes, however, the business is now better equipped for growth and expansion.

The Restructured VM Group

In 2023 we successfully completed the restructuring of the VM Group, which is now the mutual holding company of VM Financial Group and VM Innovations Limited. This restructuring, made possible by your strong support, unlocks new business and operational opportunities, which were previously inaccessible.

Through the newly licensed VM Financial Group, we successfully raised over $11 billion in the market, more than the targeted amount. This achievement not only demonstrates the strong confidence that VM enjoys among our Members and the wider public, but it also empowers the business for greater strategic partnerships.

Financial Performance

Our core business remained robust and resilient and grew even in the face of economic uncertainties. Fees and commissions increased by 22.15% relative to 2022, reflecting the success of a deliberate effort to decrease the Group's dependence on interest income.

Notwithstanding the negative impact of high interest rates on our cost of funds, the strong growth in our total interest income mitigated the overall effect, yielding slight improvement in our net interest income. The growth in our interest income was engineered primarily by a $13.5 billion increase in earning assets, accounting for more than 85% of the growth in total assets. I am pleased that our earning assets increased year-over-year and that the efficiency with which we generated income from these assets also improved relative to 2022.

During 2023, our business was also impacted by declines in the stock market indices and sustained inflationary pressures, specifically, significantly reduced income from our securities trading business. The combined effect of these and other factors resulted in a net loss of $374.66 million for the Group. This outcome emphasised the importance of our revenue diversification strategy. As part of this strategy, we continue to sharpen and grow partnerships. In 2023 we increased our stake in BCIC to 44.45%.

Meanwhile, we have retained a 23% stake in the potential-rich KPREIT. These revenue diversification efforts will be significantly accelerated in 2024 and beyond.
Indeed, VM's diversified business model alleviated some of the environmental impact and allowed the Group to yield solid growth in on- and off-balance sheet assets of $15.44 billion and $3.24 billion respectively.

In 2023, VM continued to be a preferred financial partner for people and businesses accessing loans to meet both short and long term needs; and a trusted steward of savings and investments. Accordingly, our loans, deposits and investment portfolios grew by 9%, 7% and 5% respectively, as did our average 5-year market positions. These gains help us to continue to offer added value via discounted fees and rates, and other benefits.

Additionally, our plans to expand our footprint globally were advanced with the launch of VM Wealth Barbados, our newest business line that extends VM's unique brand of expertise and care to the Eastern Caribbean. Further, our UK operations through our overseas subsidiary, VM Finance, ramped up efforts to provide competitive financing solutions to corporate clients in the UK. In 2023, VM Finance, increased specialised property lending to developers by 17.38%, from GBP52.99 million to GBP62.21 million which generated a 48% year-over-year growth in operating revenue. The VM brand is growing and thriving in the UK.

Transforming Lives of Members and Clients

We genuinely care about the people we serve. This is why, in 2023 we launched six new products and services to meet the evolving needs of Members and clients. We also continued to help bring dreams to life by disbursing over $14.99 billion in mortgages to first-time homeowners. We expanded choice, accessibility and convenience with the addition of new digital channels and system upgrades. These include the Aurora Pension Management Platform to support our Pension Management business; online banking for our business customers; a client portal and IPO platform for our Wealth Management clients. We also expanded services under Automated Clearing House (ACH) to allow greater convenience for inter-bank transfers. To strengthen and safeguard these expanded digital touchpoints, additional investments were made in infrastructure, data

Message from the **President & CEO**

CONTINUED

security and in people power that support these channels. We also continued to enhance our physical locations so that you can conduct in-person business with us in a customer-friendly, modern environment. All 16 VM Building Society branches in Jamaica are now equipped with tablets designed to minimise your wait time and to make it easier for you to share feedback with us.

At VM, we are deliberate about facilitating empowerment through financial education. So, through seminars, workshops, podcasts, digital and traditional media, we continued in 2023 to take the information to the people. This extended to our overseas locations. We hosted townhall meetings in New York, New Jersey and Florida in the US; as well as Brixton in the UK. Our 'VM Power Connect' event catered specifically to Millennials and Gen Zs of Jamaican heritage, as we maintain generational bonds with our extended global VM family. And the message is connecting. In 2023, 2,580 accounts were opened via our overseas offices while mortgages disbursed totalled approximately J$2.386 billion.

We are grateful that as we grow, we continue to receive useful feedback from our Members and clients. Our Customer Loyalty Score remains above 50 and our Customer Survey Score across the six customer dimensions that we track consistently average 80% or higher.

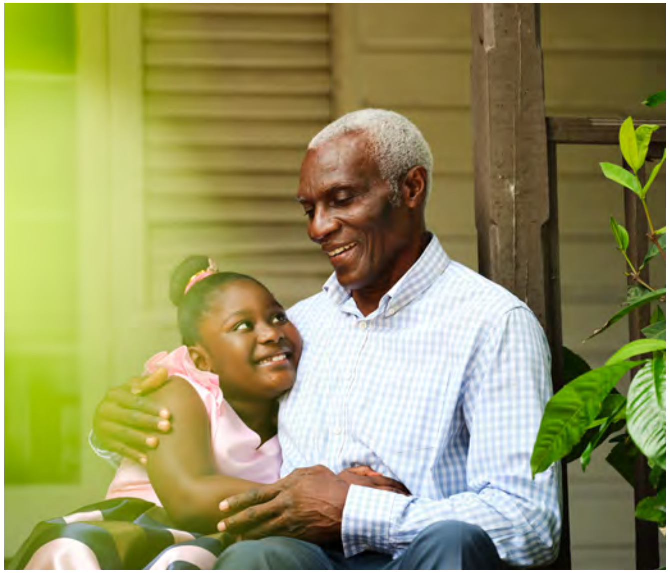
Transforming the Lives of our Team Members

In 2023 we continued to support and strengthen our VM Team. We delivered on several initiatives to advance our **Employer of Choice** agenda, framed by our revised **Cultural Beliefs - Own Up, Team Up, Care Up,** and **Level Up**. These new beliefs highlight the promise we make to each other and to the people we serve. They signify our intention to be accountable, to collaborate, to demonstrate genuine care, and to strive for excellence - always.

We expanded our talent management and succession planning programmes, created personalised career experiences for our workforce, and extended our accelerated development programme. These and other efforts were targeted at engaging, empowering and retaining our strongest people. At the end of 2023, we retained over 98% of our high potential Team Members.

As a 'Learning Organisation', we pride ourselves on building the bench strength of our Leadership Team and during 2023 we supported this programme by developing a cadre of certified coaches. This programme included building an integrated sales force to support our aggressive sales strategy; developing competencies for mission critical and specialised roles; and strengthening the data analytics capabilities across the organisation. In 2023 alone, seven thoughtfully curated training programmes saw Team Members benefitting from 1,268 training hours.

We also continued to help our Team Members build wealth through homeownership, and worked to maintain our Total Rewards Programme which focuses on matching business results with individual and Team performance. We believe that this contributed to our 2023 engagement score of 74%, which continues to significantly outpace both regional and global scores.



Transforming Communities

VM Group has always gone beyond its corporate mandates to drive positive social change. This continued in 2023 with the investment of nearly $40 million, coupled with spirited Team Member volunteerism. The VM Group, through the VM Foundation executed several corporate social responsibility initiatives and, in the process, impacted more than 90,000 lives. Of particular significance is the Foundation's new partnership with the National Land Agency to help provide over 400 land titles to Jamaicans across the island over the next three years.

The Future is Bright

As we look ahead, we anticipate that the operating environment will remain unpredictable. However, I am eminently confident that VM Group's future is bright, and that the sustainability work effected in 2023 will pilot this iconic Jamaican institution to unprecedented success. As we pursue this success, we continue to treat as sacrosanct the strategic imperative of fortifying our guardrails through proactive and careful management of the various risks associated with doing business. We remain committed to further embedding industry-leading risk management practices enterprise-wide, as we seek to optimise outcomes in this regard.

In 2024, we will continue to execute our customer-first strategy, invest in the engagement and retention of our people, and advance our digital transformation programme. We will grow our customer base and serve more communities, staying true to who we are as we navigate the months and years ahead.

Thank You

I offer sincere thanks to our dedicated Board of Directors for their tireless commitment in ensuring VM's sound governance. I offer thanks, too, to our Leadership Team and Team Members who serve this organisation with passion and purpose every day.

Most importantly, thank you to all Members and clients of the VM Group. We are grateful for your continued loyalty and look forward to the great success we will share as we continue our purpose-driven journey together.

Courtney Campbell
Group President & CEO

Group **Executives**

COURTNEY CAMPBELL
MBA (Distinction), ACIB, BSc, JP
Group President & CEO

PETER REID*
BA (Hons)
Deputy Chief Executive Officer
VM Group

JANICE MCKENLEY
FCCA, FCA MBA (Distinction), BSc (Hons)
Group Chief Financial Officer

Group Executives | cont'd

DEVON BARRETT
MBA
Group Chief Investment Officer

PAUL ELLIOTT
AICB, MBA, BSc (Hons)
Chief Executive Officer
VM Building Society

REZWORTH BURCHENSON
MBA, BSc
Chief Executive Officer
VM Wealth Management Ltd

Group **Executives**

CONTINUED

KERI-GAYE BROWN
MBA (Dist), LL.B (Hons)
Group Chief Legal, Risk & Compliance Officer & Corporate Secretary

JUDITH FORTH BLAKE
MBA, BA (Hons)
Group Chief Customer & Brand Officer

DAYTON ROBINSON
PhD
Group Chief Human Resources Officer

Group Executives | cont'd

LEIGHTON SMITH
MBA, BBA
Vice President, VMBS and
Chief Executive Officer
VM Finance Limited

ALLISON MORGAN*
MBA, BA, JP
Chief Executive Officer
VM Property Services Ltd

CARLA MCINTOSH GORDON
MSc, BA, PMP, BSP
Group Chief Strategy Officer

Group **Executives**

CONTINUED

MICHAEL HOWARD
MBA, BSc
Chief Executive Officer
VM Money Transfer Services Ltd

CONROY ROSE
CSC, MBA, BSc
Group Chief Sales Officer

NATALIE BENNETT
MBA
Chief Executive Officer
VM Pensions Management Ltd

Group Executives | cont'd

SHEENA WEDDERBURN REID
MSc, ITIL, CRISC, CISA
Group Chief Digital Officer

RENÉ ALLEN-CASEY
FCCA, FCA, CIA, CIRM, Dip, BA
Group Chief Internal Auditor

NICOLA ANDERSON
MSc, PMP, ITIL, COBIT, ACP
Group Chief Operations Officer

Group **Executives**

CONTINUED

MAURICE BARNES
MSc (Distinction)
Chief Executive Officer
VM Innovations

DALTON RICHARDSON
EMBAI
Group Chief Technology Officer

Senior Leaders with **Group Functions**

01 **DEBBIE DUNKLEY**
FCA FCCA, MBA
Vice President
Group Finance

02 **KARLENE WAUGH**
BSc
Assistant Vice President
Business Operations

03 **CLOVER MOORE**
Assistant Vice President
Group Corporate Affairs and Communications

04 **ADAM HARRIS**
Assistant Vice President
Strategic Investments

05 **SAMANTHA CHARLES**
Chief Executive Officer
VM Foundation

LEADERSHIP TEAMS

VM GROUP

VM Building Society

PAUL ELLIOTT AICB, MBA, BSc (Hons)
Chief Executive Officer
VM Building Society

LEIGHTON SMITH MBA, BBA
Vice President, VMBS and
Chief Executive Officer
VM Finance Limited

SUZETTE RAMDANIE-LINTON B.Sc., MBA, JP
Assistant Vice President
Branch Distribution

LATOYA WILLIAMS
Assistant Vice President
Lending Solutions and Business Services

*Role changed in 2023.

VM Wealth Management Ltd

MR REZWORTH BURCHENSON MBA, BSc
Chief Executive Officer

MR BRIAN FRAZER BSc, CFA
Deputy Chief Executive Officer

MR DWIGHT JACKSON MSc
Assistant Vice President
Capital Markets

MS CHRISTINE BENJAMIN
Senior Manager
Sales & Client Relations

MS VONIEL WYNTER FCCA, FCA, BBA (Hons)
Manager
Group Finance

MRS KARLENE WAUGH BSc
Assistant Vice President
VM Group, Business Operations

MRS EVETTE BRYAN MBA
Assistant Vice President
Asset Management & Treasury

MRS DENISE MARSHALL-MILLER
MBA, BBA (Hons)
Senior Manager
Bond, Equity and Digital Asset Trading

MR JASON BAILEY MSc, (Dist)
Manager
Risk and Compliance

MRS NICOLE ADAMSON CFA, FRM, CSM, MSc
Manager
Research, Business Planning
& Investor Relations

VM Finance Limited (UK)

LEIGHTON SMITH MBA, BBA
Vice President, VMBS and
Chief Executive Officer
VM Finance Limited

ANDREW EVANS*
Deputy Chief Executive Officer

JOHN WYBAR
Relationship Manager
Specialised Lending

JANE KERPENS-LEE
Manager
Credit Administration

SAHEEL WALJI
Relation Manager
Specialised Lending

DONNA BROWN
Senior Manager
Operations & Human Resources

VM Pensions Management

NATALIE K. BENNETT MBA
Chief Executive Officer
VM Pensions Management Ltd

TRAMAIN KIRBY ACCA, ACFE
Manager
Client Portfolio and Financial Reporting

MICHELLE SMITH MBA
Assistant Manager
Pensions Administration

KEDON CLARKE Msc
Assistant Manager
Asset Management

RENEE BURTON BSc
Assistant Manager
Risk and Compliance
(Promoted 2023)

PAUL ANDERSON FCCA, FCA, MSc
Assistant Manager
Sales
(Promoted 2023)

TASHNA CLARKE BSc
Assistant Manager
Financial Reporting
(Promoted 2023)

VM Property Services

ALLISON MORGAN MBA, BA, JP
Chief Executive Officer
VM Property Services Ltd

WHEINA NELSON
Commercial Facilities Officer

MARCIA STERLING
Assistant Manager
Sales/Valuation & Office
Administration

WAYNE ROBINSON
Manager
Property

WINSTON JOSEPHS MRICS
Manager and Qualifying Director
Designate | Valuations

*Role changed in 2023.

VM Money Transfer Services

MICHAEL HOWARD MBA, BSc
Chief Executive Officer
VMBS Money Transfer Services Ltd

RENNATA BLAKE
Senior Manager
Business Support

KAYON MORRISON-SCOTT
Assistant Manager
Compliance

SHELLY-ANN DOUGLAS
Business Network Officer

VM Innovations Ltd

MAURICE BARNES
MSc (Distinction)
Chief Executive Officer
VM Innovations

BRIAN MOWATT
Manager
Products

Overseas Rep Offices

UNITED KINGDOM

LEIGHTON SMITH MBA, BBA
Vice President, VMBS and
Chief Executive Officer
VM Finance Limited

DONNA BROWN
Senior Manager
Operations
UK Representative Offices

Overseas Rep Offices

FLORIDA

SUZETTE ROCHESTER-LLOYD
Chief Representative Officer
Florida

BERESFORD NELSON
Business Development Associate
Florida Representative Office

GRACELIN WILLIAMS
Member Services Specialist
Florida Representative Office

CALENE GROSSETT
Business Support Rep
Florida Representative Office

Overseas Rep Offices

NEW YORK

NATASHA SERVICE
Chief Representative Officer
New York

SHAWNETTE REID
Business Development Associate
New York Representative Office

AKEEM GRACE
Customer Service Representative
New York Representative Office

JACQUELINE POMMELLS
Customer Service Representative
New York Representative Office

Branch Leadership

WESTERN REGION

ANDREA ARSCOTT-ALLEN
Branch Manager
Fairview

KAYDIAN SINCLAIR
Branch Manager
Mandeville

ALLISON SHIELDS
Branch Manager
Savanna-la-Mar

SEAN TAYLOR
Branch Manager
Falmouth

MARSDEN DENNIS
Branch Manager
May Pen

FAITHLINE CAMPBELL
Branch Manager
Market Street

CHARMAINE MCCONNELL-TAYLOR
Branch Manager
Ocho Rios

PETA-GAYE RODGERS
Acting Branch Manager
Santa Cruz

Branch Leadership

EASTERN REGION

LATOYA STEWART-ROWE
Branch Manager
Liguanea

SASHA-GAY WRIGHT-WILSON
Branch Manager
Spanish Town

TANYA MCKAIN
Branch Manager
New Kingston

CHERESE STEWART
Branch Manager
Linstead

RUTH OLIVER
Branch Manager
Duke Street

JOY BUNTING-PUSEY
Branch Manager
Portmore

RICARDO ELLIS
Branch Manager
Half-Way Tree

DIAN CAMPBELL
Branch Manager
University of Technology

MD&A

MANAGEMENT DISCUSSION & ANALYSIS

VM GROUP

Management Discussion & Analysis

The VM Group is a global financial institution with a rich history of nurturing financial inclusion and transforming lives. As a Strong, Integrated Group, we offer Members and clients a wide range of solutions through our Strategic Business Units (SBUs) and associated companies.

With this Management Discussion and Analysis (MD&A) we will provide a comprehensive look at the strategic direction and performance of the business in 2023. The MD&A also provides context for our Audited Financial Statements, including the Notes to the Financial Statements. We will break down this discussion into the following segments, each framed by our mantra to Transform Your Everyday and anchored in our strategic theme of Driving Growth, Innovation and Resilience:

- Operating Environment
- Overall Performance
- Transform Your Everyday: Members and Clients
- Transform Your Everyday: Team Members
- Transform Your Everyday: Communities
- Building a Strong, Integrated Group: Our Diversified Business Lines

We will also discuss what's ahead, by taking a look at some of the goals and initiatives for the upcoming year, taking into consideration the economic conditions, industry indicators, market trends and their anticipated impact on various aspects of our business.

OUR OPERATING ENVIRONMENT

In 2023, the environment was marked by high interest rates, regulatory counter measures, elevated prices and persistent geopolitical tensions. The significant strides made by the Group in 2023 while responding to the impact of these conditions demonstrate the strength of our diversified business model, robust risk management practices, market agility and unrelenting commitment to excellence.

In the sections that follow, we summarise the major economic and other developments that occurred during the financial year 2023 in the various countries/regions in which we operate and provide a preliminary forecast for 2024 and 2025.

Key Economic Indicators by Country – Actual & Forecast

Country	Variable	2021	2022	2023E	2024F	2025F
Jamaica	GDP Growth Rate (%)	4.60	5.20	2.60	1.80	1.70
	BOJ Policy Rate (%)	2.50	7.00	7.00	6.50	6.25
	Inflation Rate (%)	7.30	9.35	6.69	5.31	5.00
	Unemployment Rate (%)	8.35	6.28	4.38	4.80	5.00
Barbados	GDP Growth Rate (%)	-1.30	13.80	4.40	3.20	2.80
	CBB Policy Rate (%)	2.00	2.00	2.00	2.00	2.00
	Inflation Rate (%)	3.00	8.80	8.50	5.90	3.20
	Unemployment Rate (%)	10.90	9.30	8.00	9.90	9.80
USA	GDP Growth Rate (%)	5.90	2.10	2.50	2.10	1.70
	Fed Funds Rate (%)	0.25	4.50	5.50	5.25	4.75
	Inflation Rate (%)	7.04	6.50	3.40	2.40	2.00
	Unemployment Rate (%)	3.90	3.50	3.60	4.30	4.00
UK	GDP Growth Rate (%)	7.60	4.00	0.10	0.60	1.60
	BOE Policy Rate (%)	0.25	3.25	5.25	5.25	n/a
	Inflation Rate (%)	2.6	9.10	7.30	2.75	n/a
	Unemployment Rate (%)	4.50	3.70	4.30	4.40	4.70
Canada	GDP Growth Rate (%)	4.60	3.80	1.10	0.80	2.40
	BOC Policy Rate (%)	0.25	4.25	5.00	5.001	n/a
	Inflation Rate (%)	3.40	6.80	3.90	2.80	2.20
	Unemployment Rate (%)	7.5	5.3	5.40	6.102	n/a

Sources: Ministry of Finance and Planning, Bank of Jamaica, Statistical Institute of Jamaica, Central Bank of Barbados, Barbados Statistical Services, Bloomberg, World Bank, US Bureau of Labor Statistics, Bank of England & Band of Canada Monetary Policy Reports January & February 2024.

Management Discussion & Analysis

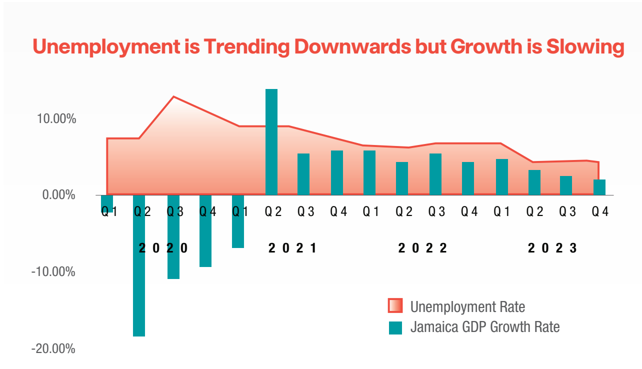
CONTINUED

Jamaica

The local economy demonstrated strength in the face of external economic shocks. Positive trends were observed in key economic indicators, including gross domestic product (GDP) growth, international reserves, and the unemployment rate. However, despite a deceleration in inflation, the local stock market experienced a choppy year as higher interest rates subdued appetite for local equities.

Sustained economic expansion was significantly supported by the vibrant tourism sector and the reopening of JAMALCO, leading to an estimated annual growth rate of 2.60%. The economy came close to full employment in 2023, evidenced by a decrease in the annual average unemployment rate from 6.28% in 2022 to 4.38% by October 2023. However, despite the improvement in employment, the pace of growth slowed, emphasising the need for enhanced productivity.

FIGURE 1: GDP Growth rate & Unemployment Rate - Jamaica



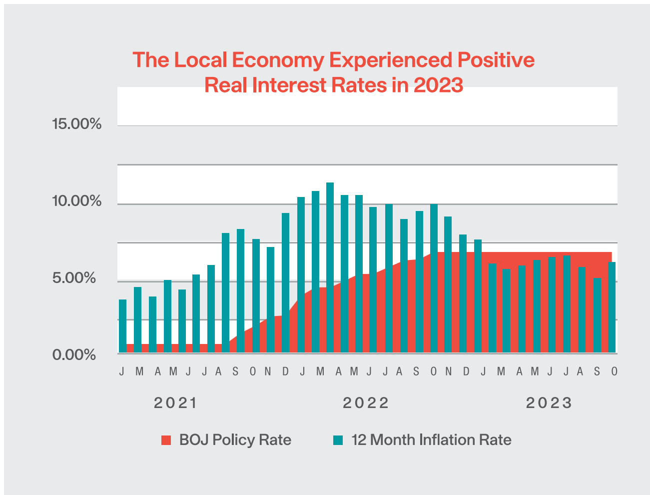
In 2023, average domestic inflation generally decreased to 6.69% from an average of 10.36% in 2022 but remained above the BOJ's 4% to 6% target. The rate was driven primarily by increased transportation costs, higher food prices linked to climate change impacts, and elevated maintenance-related prices.

Despite this, the BOJ kept the overnight policy interest rate steady at 7.00% for the entire year, resulting in a return to positive real interest rates. In addition to the lack of movement in interest rates, global and local bond prices were adversely affected by geopolitical events, although a late-year rally occurred in the Global Bond market.

In 2023, there was a surge in Corporate Papers, with VM Investments Limited's (VMIL's) Corporate Finance Team playing a significant role in introducing multiple papers. Treasury Bill yields exhibited variability throughout the year, concluding with the 91-day tenor at 8.10%, the 181-day tenor at 8.46%, and the 273-day tenor at 8.43% in the December auctions.

Despite experiencing volatility in 2023, the local Jamaican dollar (JMD) closed the period with a depreciation of 0.5% year-over-year against the US dollar (USD) as a result of 35 interventions by the BOJ.

FIGURE 2: Movement in Inflation rate & BOJ Policy Rate - Jamaica



The Government of Jamaica (GOJ) unveiled a record-breaking FY 2023/24 budget, marking the highest level of expenditure in the nation's history. The initial budget of $1.021 trillion was increased to $1.094 trillion in the third supplementary budget. Additionally, tax revenue exceeded projections by 0.17%. and total expenditure lagged the third supplementary estimates by 1.56%.

In light of the generally favourable economic outcomes and outlook, both Moody's Investors Service and S&P Global Ratings upgraded the long-term ratings as indicated in table 2.

TABLE 2: Changes to Jamaica's Credit Ratings

Ratings Agency	Credit Rating Change			Outlook Change		
Moody's	B2	▲	B1	Stable	▲	Positive
S&P Global	B+	▲		Stable	◀▶	
Ratings		◀▶	BB-		▲	Stable
Fitch Ratings	B+		B+	Stable		Positive

Sources: Mopdy's Investors Services, S& P Global Ratings, Fintch Ratings
Upgrade ▲
Rmained Unchanged ◀▶

Industry Overview

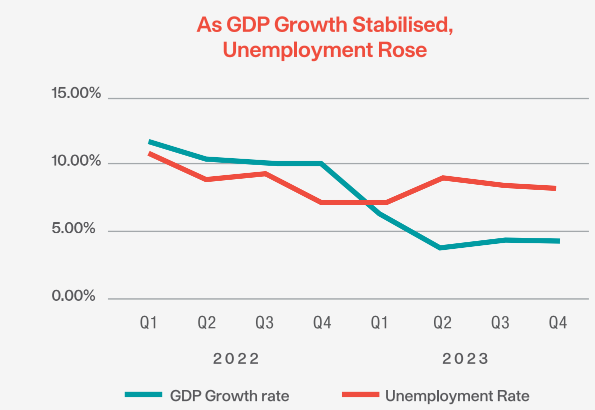
The local financial sector encountered some difficulties in 2023 as relatively high interest rates persisted, and higher market interest rates passed through to the various lines of business of deposit-taking institutions (DTIs). This curtailed new lending solutions issued, particularly mortgages issued by building societies which declined by 28.64%. However, the financial system displayed resilience as at December 2023, with the Risk-Weighted Capital Adequacy Ratio (CAR) of DTIs surpassing the mandate at 14.50%, Liquidity Coverage Ratios (LCRs) exceeding 100%, and the quality of DTIs' loan portfolios being relatively stable at 2.50%, below 2022's 2.60%.

A significant development in 2023 that impacted the financial services sector was the announcement of the implementation of the **Twin Peaks Model** for Jamaica. This model separates financial industry regulation into two main functions - market conduct and consumer protection handled by the Financial Services Commission (FSC), and prudential supervision managed by the BOJ. The implementation will occur in two phases, with the first focusing on legislative amendments and changes in regulatory processes, and the second involving the actual model implementation. The Twin Peaks Model aims to provide a more effective and specialised regulatory framework, emphasising financial stability, market conduct, and consumer protection.

Barbados

Despite grappling with heightened foreign interest rates, geopolitical tensions, and climatic events impacting agricultural output and prices, the Barbadian economy demonstrated resilience and sustained its upward growth trajectory throughout 2023, relatively low interest rates and a downward movement in inflation. Driven by a rebounding tourism sector, the economy recorded an estimated growth rate of 4.40%. This growth not only resulted in increased transaction-based tax revenues, but also played a crucial role in decreasing the debt-to-GDP ratio, narrowing the external current account deficit, and enhancing the profitability of the financial sector.

FIGURE 3: GDP and Unemployment Rates – Barbados



Management Discussion **& Analysis**

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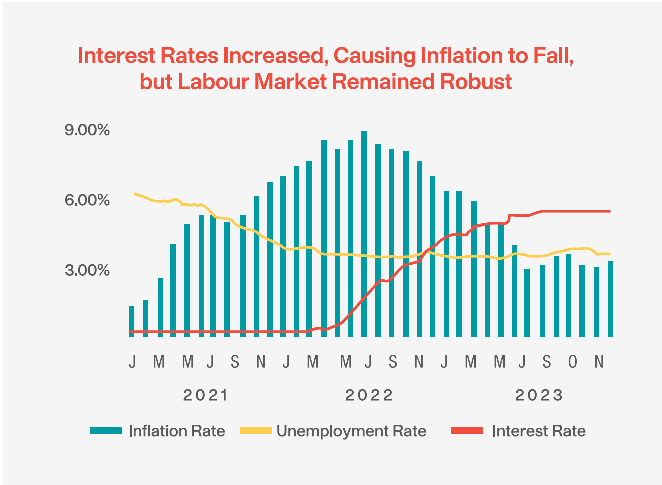
United States

The US economy surpassed expectations, recording a 2.50% GDP growth rate in 2023, amid rising interest rates, but mainly supported by upbeat consumer spending. The Federal Reserve (Fed) added 100 basis points to the Fed Funds Rate in 2023, before pausing at 5.25% - 5.50%.

This resulted in a significant decline in bond prices as well as a slowdown in the inflation rate which closed the year at 3.38%, nearly half the level recorded in December 2022. This deceleration was bolstered by robust conditions in the labour market. Despite challenges in the manufacturing sector, indicated by Purchasing Managers Index (PMI) readings below 50%, the overall labour market remained strong, with the unemployment rate closing the year at 3.70%, just 20 basis points (bps) higher than the previous year's end. Notably, the services sector expanded during this period.

FIGURE 4: Inflation, Interest & Unemployment Rates

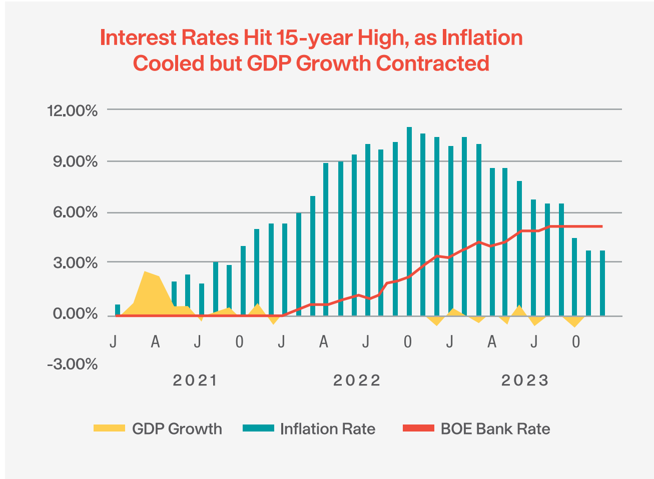


Even in the face of heightened interest rates, the stock market was resilient with year-over-year gains of 24.23%, 43.42% and 13.70% in the S&P 500 Index, Nasdaq Composite and the Dow Jones Industrial Average respectively.

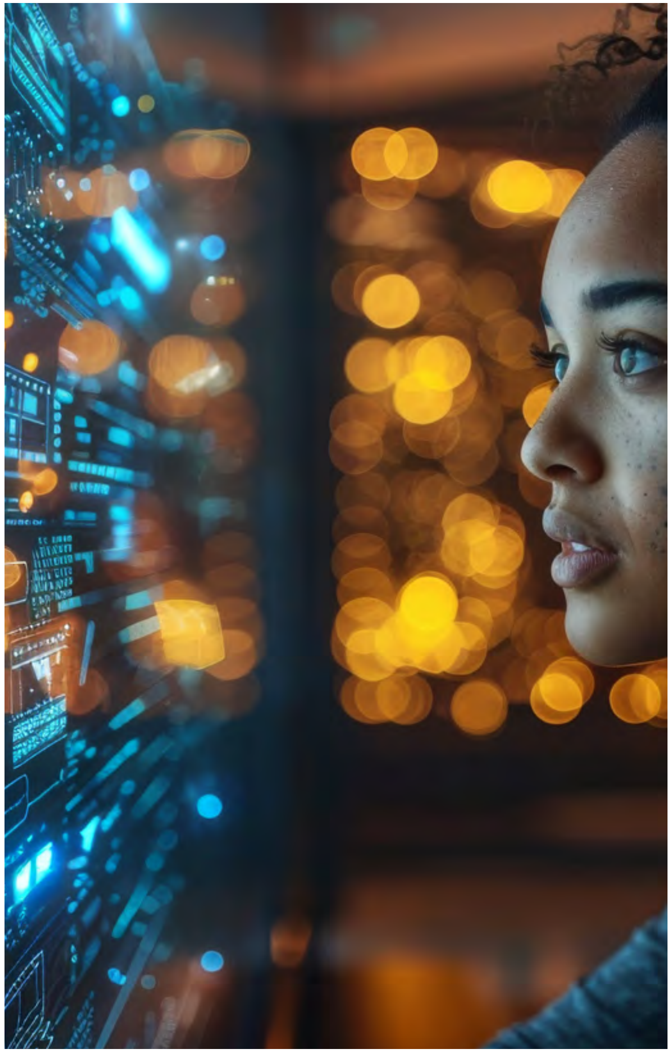
United Kingdom

The UK economy experienced a 0.10% expansion in 2023 compared to 2022, beating the 1.00% contraction that was projected, and overcoming the technical recession at the end of 2023. The economy faced challenges such as elevated inflation, an aggressive central bank, deficiencies in the labour market's structure, sluggish productivity growth, and unfavourable weather conditions. These factors resulted in reduced economic activity, particularly affecting the services and construction sectors.

FIGURE 5: GDP Growth, Inflation, & Interest Rates



Despite the growth implications of higher rates, the BOE may keep rates elevated for a longer period due to labour market tightening in the second half of 2023. The unemployment rate ended 2023 at 3.80%, following a spike to 4.30% for the May to July period.



Economic Outlook

The global economy is projected to sustain its resilience in 2024, transitioning fully from the post-pandemic boom. The IMF forecasts a 3.10% GDP growth rate, equivalent to the estimated rate in 2023. This expansion is to be supported by less aggressive central banks, slower inflation, the full reopening of the Chinese economy, and improved supply conditions.

In 2024, it is anticipated that governments will conclude significant fiscal stimulus packages implemented to address the pandemic's impact and combat historically high inflation. Governments are likely to shift their focus back to debt reduction strategies, which should contribute to decreased instances of demand-pull inflation that were particularly prominent in 2020-21, when numerous stimulus packages were issued. It is expected that themes such as geopolitical tensions, climate change action, election focus and pivots by central banks and their impact will remain prominent in 2024.

Additionally, the GOJ is likely to seek debt financing both domestically and internationally, alongside welcoming Foreign Direct Investment (FDI) for private production initiatives to help temper these effects. Locally, the inflation rate is expected to end 2024 within the BOJ's 4% to 6% target range, but there are upside risks which have set the BOJ on alert to resume rate hikes. Ultimately though, we expect the BOJ to cut rates by Q4 2024, after larger central banks do, in a bid to prevent mass capital flight and exchange rate volatility. The policy interest rate is projected to end 2024 at 6.50%. The fiscal activities of the GOJ are projected to align with the debt reduction strategy, while sustaining a monthly fiscal surplus. However, it is essential for the reserve stock to remain robust to facilitate international trade, bolster the foreign exchange market, and fulfil debt obligations, if necessary, as only the JMGB 11% notes are set to mature in 2024.

Our Overall Performance

The VM Group's Key Business Outcomes

Despite the twists and turns of the operating environment, the VM Group, through focused effort, closed the final year of its three-year strategic cycle with a stronger foundation built to drive **growth, innovation and resilience**.

Our financial performance, seen through the lens of our Net Profit and Operating Revenue growth was disappointing. This was the combined effect of several factors including adverse environmental headwinds such as sustained high interest rates, inflationary pressures and declines in the stock market indices. It was also the result of an increase in expenses as a deliberate effort to invest in resources to ensure the future growth of the business and to build resilience. These two key performance indicators fell short of prior year outcomes by 119.42% and 15.1% respectively. Despite this, the Group, during this period, focused on

Management Discussion **& Analysis**

CONTINUED

effective execution, not only to counter the challenges of the operating environment, but also to secure a strong footing on which to engineer success in the coming years.

Accordingly, we successfully implemented across the Group, a portfolio of initiatives designed to deliver value to our Members and clients, energise and motivate our Team Members, accelerate diversified business growth, advance our work to uplift communities, while building a nimble, robust and resilient organisation.

In 2023, our Members and clients continued to turn to us to finance their homes and other assets, and as such, in 2023 our loan portfolio grew by 9.46% to $121.93 billion, accounting for 8.62% of total industry loans. Our Members and clients continued to express confidence in the VM Group by entrusting us to manage their portfolio of pensions and other funds as well as by investing directly in the Group. During 2023, we grew our Assets under Management by $3.2 billion to $95.96 billion while total assets increased by $18.68 billion to $309.71 billion.

During this period, our businesses outside of Jamaica gained significant ground as we continued to support members of the diaspora in their efforts to achieve financial wellbeing. VM Finance, our subsidiary operating in the UK, reported net profits of GBP1.5 million, 9.03% above prior year, while the contribution of our associated company Carilend Caribbean, continued to outperform its target.

In 2023 also, we expanded our footprint in Barbados with the launch of VM Wealth Barbados aimed at providing additional investment options for potential clients in Barbados and the broader Eastern Caribbean. Year-over-year increases were also realised from our overseas representations in the UK, US and Canada, with total mortgage disbursements valued at $2.39 billion, to assist Jamaicans and other investors living in the diaspora to purchase properties in Jamaica. We also opened over 2,500 new accounts locally as a direct result of our overseas operations in the UK, USA, and Canada.

Additionally, our Members continued to remit funds to their accounts at VM and other financial institutions through VM Money Transfer Services and this helped to increase remittance transactions by about 10% for the 12 months to December 2023; and the number of direct-to-bank transactions improved to reflect a 32% migration rate over the same period.

The Restructured VM Group

On the heels of the significant brand transformation which the VM Group executed in 2021, the VM Group embarked on the journey to formally restructure its operations. The objective of this undertaking was two-fold: to ensure compliance with the Banking Services Act and to provide greater flexibility to capitalise on a wider range of opportunities, previously unavailable. By the end of 2023, the VM Group Limited and VM Financial Group were incorporated, formalising the establishment of these separate entities. These significant changes empower VM to pursue exciting new opportunities. As a building block to this growth, the VM Financial Group was able to raise, in 2023, $11 billion through preference shares.

TRANSFORMING THE EVERYDAY OF OUR MEMBERS AND CLIENTS

The strategies implemented by the VM Group during 2023 were underpinned by our commitment to transform the 'everyday' of our Members and clients both at home and overseas and by so doing, ensure that they are empowered to achieve financial wellbeing. **This included optimising our Digital Transformation Programme to:**

- deliver innovative financial solutions that are aligned to the needs of our Members and clients
- provide a delightful service experience
- facilitate greater financial education
- provide more convenient access to engage with the Group through an expanded suite of electronic and physical touchpoints as well as multiple avenues for feedback

Providing Financial Solutions

In 2023, we enhanced our product and service offerings, in terms of relevance and range, with additional features. We launched six new products and services, including two long-term versions of one of VM's flagship products - **iSave** denominated in both local and US currencies and with all the best features of the original **iSave**.

The VM Group continues to encourage healthy savings habits and, as such, we continue to offer multiple savings options including our latest additions, the **iSave Long Term 3 & 5-year products**, in both local and US currencies, which empowers our Members to accumulate funds purposefully to support their medium to long-term financial goals. Our international credit cards, VM Visa Platinum and Gold, which were introduced in 2022 were officially launched to the public in 2023 with the promise that **'This Card Can'**.

The launch of VM Group's Business Solutions in 2023 was a significant milestone in creating broader awareness of our suite of products and services designed for this segment. We are particularly proud of our MSME Growth and VM Energy Loan which underscore our dedication to better serve the needs of our non-personal Members and clients and our commitment to advance the Group's Environmental, Social and Governance (ESG) agenda to foster a more sustainable future.

In 2023, the VM Wealth Management Global Equity Growth Portfolio achieved remarkable success, boasting the highest returns among US-dollar mutual fund products on the Jamaican financial markets, at 21.14%. Additionally, as Jamaicans warm to planning for retirement, VM Pensions Management realised a solid 21.9%% increase in the number of new Approved Retirement Scheme (ARS) members and delivered above-benchmark portfolio returns to its clients.

Providing Financial Education Because We Care

The financial solutions provided in 2023 were coupled with a comprehensive and robust programme of Financial Education initiatives. This was on full display as we continued to deliver life-enhancing information and engagement via newsletters, advertorials, podcasts, social media posts, seminars and financial wellness sessions. **These initiatives include:**

- Bi-weekly Financial Education tips and video series posted across our social media channels, leveraging the VM Financial Education Hub on our website to promote the rich content there, with the use of Financial Education blogs, VM WealthWise Podcasts and vlogs, and the VM Group Elevate Newsletter.
- Additionally, we executed a number of Financial Education programmes through the VM Foundation, such as VM Enrich, which fosters social enterprise in schools and VM Ignite which focuses on providing financial education in tertiary institutions as part of an overall leadership programme in partnership with Waltham Park New Testament Church of God.
- **The VM Pensions Trustee Summit** held in the first half of the financial year and designed to provide clients with the outlook for 2023 with respect to selected investment classes such as Private Equities. The event showcased VM experts in the area both as presenters and moderator.
- Our Representative Offices in the UK and the US were particularly active in 2023, hosting and facilitating a series of events including townhall meetings under the umbrella of our annual VM Group Diaspora Tour in the USA (New York, New Jersey and Florida) and UK (Brixton). The **"VM Power Connect"** networking event specifically targeted Millennials and Gen Zs of Jamaican heritage. We also partnered with JAMPRO and the Office of the Consulate of Jamaica (Miami) to host a business reception, under the theme: "Vision

Management Discussion & Analysis

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2023 – Business Opportunities in Jamaica".

Listening to our Members and Clients

In 2023 we actively encouraged our Members and clients to share feedback with us. This was done via our contact-free feedback options such as our quarterly Net Promoter Score (NPS) and Customer Service surveys as well as our Complaint Management Portal which records, monitors, reports and analyses all complaints received. This capability helped our Team to better understand what's going well and areas for improvement so that we can tailor our strategies accordingly. In 2023 we were able to resolve, in line with our customers' expectations, 97% of all complaints received via our various channels.

Digitally Transforming the Lives of our Members and Clients

VM's aim is to ensure our digital strategy supports our corporate goals for growth and efficiency while driving an exceptional customer experience at all digital touchpoints. As such, our efforts in 2023 to transform our business by improving decision-making by optimising data analytics, expanding our agile capabilities and building digital skills and a digital culture were robust.

We successfully launched:

- **Group Online Onboarding** which is designed to deliver the full omnichannel experience to Members and clients with the flexibility to onboard themselves remotely with their own device, and to access services from any entity in the Group. In 2023, the pilot solution was implemented for VM Pensions Management and VM Money Transfer Services with the expectation that it will be expanded to include the other subsidiaries in the Group during 2024.
- **Automated Clearing House (ACH) Phase 2**. We improved our ACH offering and capabilities, making ACH available to our Members and clients through online banking and pre-authorised payments. This solution provides a more convenient option to conduct local transfers of funds.
- **FX Trading capabilities via VM Money Express**. Our Members and clients can now enjoy a wider selection of locations where they can conduct their foreign currency transactions. This service, which was previously only available in VMBS branches is now available to six VM Money Express locations.
- **Expansion of our ABM network**. Three new ABMs were added to the network bringing the total number of VM ABMs to 32.
- **The implementation of 'Vikki' the VM Chatbot**, a Live Agent Concierge and the introduction of a Live Chat tool for Member Engagement Centre (MEC) reinforce our commitment to innovation and making it easy for our Members and clients to engage with us.

As at the end of 2023, nearly 80% of our transacting Members are actively using our digital channels and almost 90% of our new Members conduct business

TRANSFORMING THE EVERYDAY OF OUR TEAM MEMBERS

Our People

The VM Group aims to attract, develop, engage, and retain top talent. This is guided by our Strategic Goal of **Employer of Choice** and promulgated through multiple programmes spanning the following dimensions: Talent Development and Retention, Change Management & Culture of Accountability, Engagement, Wellbeing, & Wellness, and Total Rewards. These programmes reflect our genuine care for our Team.

Talent Management

In 2023 VM Group's Talent Management programmes ensured greater alignment of our People Management Strategy with our Business Strategy. We focused on creating personalised career experiences for our workforce through our accelerated development programme where Team Members were provided with experienced-based learning across the organisation at various levels. This programme allows Team Members to acquire or sharpen capabilities required to perform diverse functions associated with their present or expected future roles. This futureproofing of the workforce continues with the application of role-specific and self-paced learning programmes to build the bench strength of our second tier Leaders; equip our integrated sales force to support our related sales strategy; develop competencies for mission critical and specialised roles; and strengthen data analytics capabilities. Additionally, we complemented our training programmes with the continued emphasis on international coaching certification.

Change Management and Culture of Accountability

Our Change Management function and the Culture of Accountability (COA) Integration Programme continued to play critical roles in building organisational resilience and managing disruptions associated with transformational and operational changes. The functions ensure agility in responding to our Team Members and managing the experiences of our Members and clients at all touchpoints.

Team Member Wellbeing, Wellness and Engagement

The wellness and total wellbeing of our Team continue to be a priority for the VM Group. This requires flexibility and thoughtfulness from both Leaders and Team Members. Our **Hybrid, Remote and Flexible Work** arrangements remained a key part of our progressive Human Resources agenda. This Agenda supports diversity, inclusion and a results-focused culture which is a critical component of our **Employer of Choice** strategic objective.

The VM Group continued to embed Team Member wellbeing into the day-to-day operations of the organisation, with the implementation of an online Employee Wellbeing and Assistance Programme as well as the continuation of physical activities.

Total Rewards

Our Total Rewards Framework recognises the value of the total Team Member experience as the basis for a compelling Team Member Value Proposition. The framework reflects a multi-dimensional focus including business results, individual performance, contribution and accountability, as well as Team Member Wellbeing and Development.

Transforming the Lives of our People

Aligned with the VM Group's Digital Transformation is the Group Human Resources digital agenda aimed at providing a digital workplace that drives **Growth, Innovation & Resilience** while simultaneously maximising our Total Team Member Experience. To this end, in 2023 we implemented our integrated Human Resources Management System (HRplus) aimed at modernising and strengthening our processes to enhance how our Team Members execute their functions through greater operational efficiency, effective management oversight, prudent data compliance, strict information security and to foster the proficient movement of talent across the VM Group.

HREI Survey and Results

The VM Group achieved an HREI score of 74% and a participation score of 80%. This is an exceptional result compared to global engagement trends, which averaged

Management Discussion **& Analysis**

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68%.

TRANSFORMING THE EVERYDAY OF OUR COMMUNITIES

The VM Foundation continues to grow and evolve, always grounded in the VM Group's commitment to transform the lives of the communities in which it operates, and this culture of service permeates all aspects of its operations. As the philanthropic arm of the VM Group, the VM Foundation is keen on actively pursuing the goals of the VM Group in the work that it does while integrating Members and Team Members in its activities.

In 2023, the VM Foundation rolled out its new 2023-2027 Strategic Plan focusing on three key areas: Youth

VM Foundation Projects, Initiatives and Activities

A Summary

In 2023 The Foundation invested almost $40 Million in CSR activities and in the process impacted over 90,000 lives.

Strategic Areas of Focus	Projects Defined	Amount Invested	Lives Impacted
Parenting	**Adopt-A-Clinic:** Provides resources and order support to upgrading the St. Jago Clinic.	$4.00 million	74,555
	Positive Parenting Video Series: The Hosts use real-life experiences to provide parents with practical tools and strategies to foster resilience in children.		
Youth Development	**VM Ignite:** A 9-week course to holistically develop students, bridging gaps in their socialization and regular course of study.	$0.85 million	300
	VM EnRich: Engage high school students in social enterprise and encourages the development of '21st Century Skills'.	$13.94 million	1,370
	VM Uplift: A sustainable, holistic, effective and inclusive programme that fosters youth development through sports.	$5.72 million	406
	VM Scholarships: A Students' Assistant Programme that includes scholarships, bursaries, in-kind donations such as laptops, tablets as well as mentorship and coaching.	$12.00 million	74
Community Development and Other Initiatives	**Other Initiatives and Activities:** Partnership with the National Land Agency, National Leadership Prayer breakfast, Financial Literacy Activities, Small Grants and Donations, Child Resiliency Jamaica Library Service Reading Competition.	$3.05 million	13,361

Group Summary of Results ($000's)

	2023	2022*
Net Interest Income	5,903,481	5,880,554
Net Fee and Commission Income	2,096,407	1,716,196
Other Operating Revenue	2,589.529	4,875,906
Total Operating Revenue	**10,589.417**	**12,472,656**
Operating Expenses	11,543,171	9,898,019
Operating Surplus	(953,754)	2,574,637
Extinguishment of dormant deposits	-	1,200,000
Share of Profits of Associate	442,161	126,899
(Loss)/Profit before Income tax	(511,593)	3,901,536
Income Tax	(136,938)	772,258
(Loss)/Profit after Income tax	(374.655)	3,129,278

*Restated

Group Financial Performance

The Restructured VM Group is now even stronger despite the continued global economic headwinds, with total assets of $309.72 billion growing by $18.68 billion over the prior year. This increase was mainly driven by a $10.54 billion or 9.46% growth in the loan book which at the end of the year totalled $121.93 billion, up from $111.39 billion in 2022. New loans disbursed for 2023 amounted to $22.84 billion while repayments and redemptions totalled $12.3 billion.

The depositors and Members of the Group continue to trust the VM Brand and recognise the value of our services, resulting in a $9.49 billion or 7.04% increase in the deposit portfolio to $144.28 billion.

Capital and Reserves

The Group's total capital & reserves increased over 2022 by $153.61 million to $21.03 billion. The reduction in the negative investment valuation reserve was largely due to the year-over-year improvement in global bond prices and the stabilisation of local prices. The non-distributable reserves improved as the underlying instruments also benefited from more favourable prices.

The Society had no transfer to the Reserve Fund and Retained Earnings Reserve in 2023 due to the loss experienced.

Operating Results

The Group recorded a net loss of $374.66 million for the year ended December 31, 2023 representing a decline in profit of $2.3 billion compared to 2022. In 2023, the Group increased our shareholding in BCIC to 44.45% which resulted in a larger share of profits, coupled with the share of profits in Kingston Properties Ltd. (KPREIT) totalling $442.16 m illion, which are included in the results.

The decline in profit is mainly attributable to a reduction in the other operating revenue line and increase in operating expenses.

Management Discussion & Analysis

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Total Operating Revenue

The Group's operating revenue of $10.59 billion, which comprises net interest income, net fees and commissions and other income, represents a $60 million decline when compared to 2022's outcome, which was normalised by removing a one-off gain of $1.82 billion on settlement with specialised financial institutions. Net interest income continued to contribute the most of operating revenue at 55.75%, up from 55.22% in 2022. Net fee and commission income accounted for 19.8%, compared to 16.12% in the previous year.

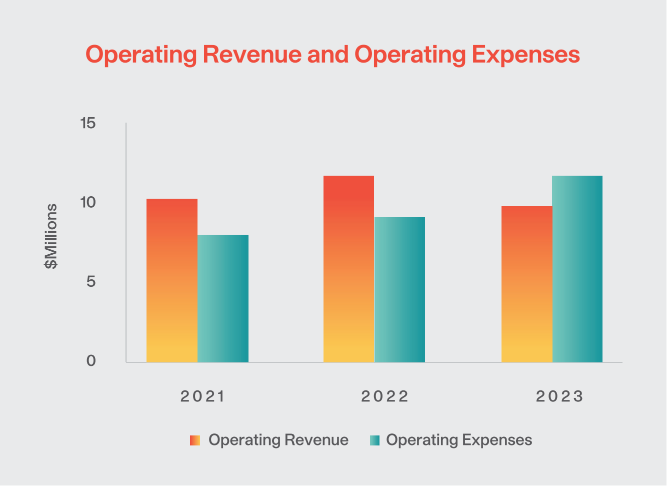
Other operating revenue contributed 24.45% of total operating revenue, a reduction from 28.67% in 2022.

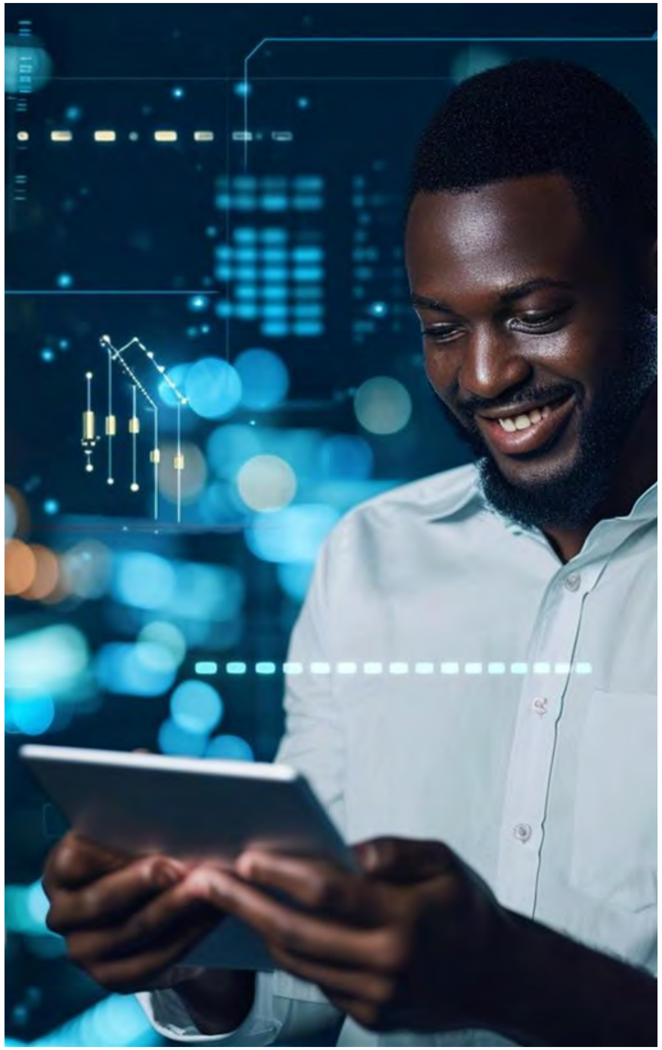
Operating Expenses

Operating expenses, comprising personnel costs, impairment charge on financial assets, depreciation and amortisation, and other operating expenses, increased by 16.62% or $1.65 billion, to $11.54 billion.
With the growth in the Group's loan portfolio which saw new loans disbursed of $22.84 billion as well as an increase in non-accrual loans by $533 million, the impairment charge on financial assets has increased year-over-year by $718.84 million.

Our continued investment in state-of-the-art technology and upgrade of our IT infrastructure to improve efficiency as well as bolster a secure environment, have impacted the operating results in the form of increased computer maintenance expenses, by $262.97 million when compared to 2022.

Increased year-over-year expenses for consultancy and professional fees, utilities and administration expenses, contributed to the climb in other operating expenses, by over $500 million.





Our Business Lines

The business of the VM Group is organised to deliver financial solutions to our Members and clients at all stages of their lives and as such, the financial services we provide, are organised accordingly. In this section, we discuss the 2023 performance of VM Building Society (VMBS), VM Finance Limited (VMF), VM Investment Limited (VMIL), VM Money Transfer Services (VMTS), VM Pensions Management (VMPM), VM Property Services, and VM Innovations (VMI).

Victoria Mutual Building Society (VM Building Society)

The VM Building Society executed strategies in 2023 that were underpinned by our mission of empowering our Members globally to achieve financial wellbeing.

Performance Highlights from 2023

For the 12 months to December 31, 2023, the VM Building Society reported a net loss of $57.36 million. This performance was driven primarily by an 11.66% reduction in total operating revenue relative to 2022. However, loan income, propelled by an almost $8 billion increase in the loan portfolio, and investment income continue to be the main drivers of Net Interest Income, accounting for an average of 19% each. The growth in the loan portfolio helped to push a 5.19% growth in total assets from $167.43 billion in 2022 to $176.12 billion in 2023. Our deposits portfolio also grew by almost $10 billion as our Members continue to trust us with their savings.

Our Members' Savings Fund

At the centre of our deposit-growth strategy, is the continued focus on relationship management at both the retail and corporate level, ensuring that the needs of our Members are met at all life and/or business stages, as well as providing them with the tools required to grow and manage their wealth en route to financial wellbeing and/or building sustainable businesses. The suite of products and services available to our Members includes special savings products such as our flagship product **iSave**, a product grouping which was expanded in 2023 with two long term **iSave** additions, geared towards home ownership and other long-term goals.

The Team is extremely pleased that for the 2023 financial year, our Members continued to entrust us with their savings funds, and the VM Building Society remains committed to honouring this trust every day. This is evident in the $8.52 billion growth in our customers' savings relative to 2022.

We will continue to build on the gains we have made during the year and honour our Members' loyalty as we seek to better understand their financial needs as well as provide opportunities to hear from them and respond efficiently to their feedback.

VMBS' Key Initiatives Executed in 2023

- Official launch of international Gold and Platinum credit cards, solidifying as major offerings for both Members and potential Members
- Introduced two new iSave long-term savings products and two new loans products targeted at business customers
- Expanded fleet of ABMs to 32 with the addition of 3 new units and 32% increase in MultiLink ABM transactions
- Upgraded our platforms to allow real-time account balance updates for Online, ABM and POS transactions. Transactions conducted through our electronic channels improved year over year.
- Restructured VM Building Society as a discrete Deposit-taking Institution (DTI) and completed the renovation of our Spanish Town Branch location
- Launched an Online consumer loan management system to enhance convenience for our Members

Management Discussion & Analysis

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VM Building Society's Plans for 2024

For 2024, the VM Building Society remains committed to its Mission of supporting our Members on their journey to achieving financial wellbeing. Accordingly, the following initiatives are planned for the 12 months to December 2024.

CATEGORY	INITIATIVES FOR 2024
Technological Enhancements	▶ Upgrade our iABMs to support third-party transactions. ▶ Enhance our online banking platform with the addition of new billers. ▶ Implement digital signing solutions across all branches, to improve Member experience. ▶ Implement an online Member portal for transaction requests. Enhance our member queuing system to improve Member experience, including self-queuing.
Product Launches	▶ Launch the Visa Business Credit Card to expand the suite of card products available to our Members. ▶ Launch a special savings programme, geared at savings towards tertiary education.
Operational Improvements	▶ Convert one or more of our branches to a semi-digital branch to improve and enhance our Members' experience. ▶ Redesign branch layouts for transaction efficiency. ▶ Implement an online Onboarding solution. ▶ Implement a solution to allow Members ease of account activation.
iABM Expansion	▶ Deploy eight additional iABMs, to increase the fleet to 40 machines, to further enhance service accessibility.
Member Engagement and Financial Education	▶ Continue financial education programmes. ▶ Continue commitment to incorporate Member feedback in service improvement initiatives.
Member Relations	▶ Deepen relationship with our Members through the continuous improvement in our multiple service touchpoints, including electronic channels.

In 2024, we will continue to listen and respond to our Members by providing additional opportunities and avenues for engagement and feedback on our service delivery at all our Member touchpoints. We will also seek their input on the changes they wish to see in the range of financial solutions and the content of the financial education we provide.

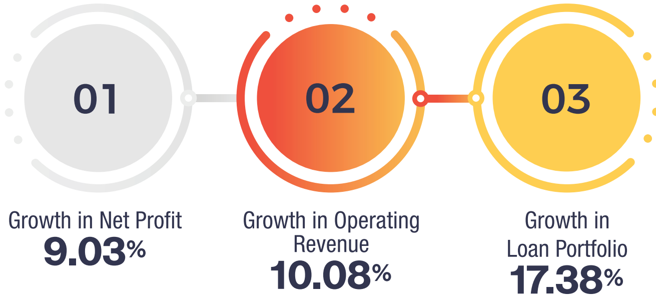
Additionally, we believe that supporting the communities in which we operate is an important part of our commitment to transform lives. Therefore, in 2024 we will continue to collaborate with the VM Foundation to impact lives. The next 12 months promise to be exciting for our Members, clients, and communities as we RESET given the challenges of the past year and RISE to capitalise on the opportunities.

VM Finance Limited (VMF)

VM Finance Limited (VMF) is the UK-based subsidiary of the VM Financial Group. The principal activity of this **Customer Obsessed** and **Results Focused** firm is to provide secured property financing to experienced property professionals under its Specialised Lending Programme. Additionally, the business acts as a mortgage intermediary to advise and arrange residential mortgage contracts for individuals wishing to purchase homes in the UK.

Despite operating outside of Jamaica, VMF remains committed to the mission and the mantra of the VM Group by supporting their clients' efforts to achieve their financial goals, and this approach continued in 2023. The 12 months to December 31, 2023, marked VMF's fifth year of operations in the specialised lending business and it was a year of significant financial achievement. For the third year in a row, VMF reported Net Profit After Tax (NPAT) of over GBP1.5 million and outperforming prior year by 9.03%. This outcome was built on revenue growth of 10.08% and solid loan portfolio growth of 17.38% to GBP62.21million.

VM Finance: Growth in Key Financial Indicators (2023 vs 2022)



Pushed by the additional external funding secured from NatWest Bank at the end of 2022, the rapid, yet sustainable growth of the loan book which continued in 2023 has been underpinned by a robust corporate governance, effective risk management, and compliance framework. The Team expects this growth to continue as they capitalise on the significant potential for future growth of the business within its traditional market of Greater London as well as targeting new regional markets in the UK.

The VMF Team grew the loan portfolio by understanding the needs of their clients and meeting those needs through effective relationship management. It is not surprising therefore that the business enjoys customer satisfaction scores that average close to 100% given their belief that the delivery of unparalleled customer experience by talented and caring Team Members is the key to customer loyalty.

Management Discussion & Analysis

CONTINUED

VMF works hard to identify, develop and retain its team of professionals, without whom the quality of services would be compromised and as such investing in our people remains a top priority. Team Members continued to benefit from tailored training programmes in 2023 along with other initiatives focused on career development and progression. We believe our people are our greatest asset and we will continue to invest in their growth and development even as we seek to expand the team significantly in 2024.
This business also believes in supporting the communities in which it operates as well as the local communities in Jamaica and, as such, it continued in 2023 to partner with the VM Foundation to deliver on impactful activities.

In many ways, 2024 will be a foundation year for VM Finance, as we seek to **Reset and Rise** by establishing the infrastructure and human resources to achieve exponential growth in the years to come. Part of this involves the relocation of our main office to 70 Grace Church Street in the City of London, at the very heart of the financial district. In addition to increased visibility for the business and accessibility for our customers, this move signifies our ambition to be a major player in the property finance market even as we continue to 'punch above our weight class' and transform lives.

VM Investments Limited (VMIL)

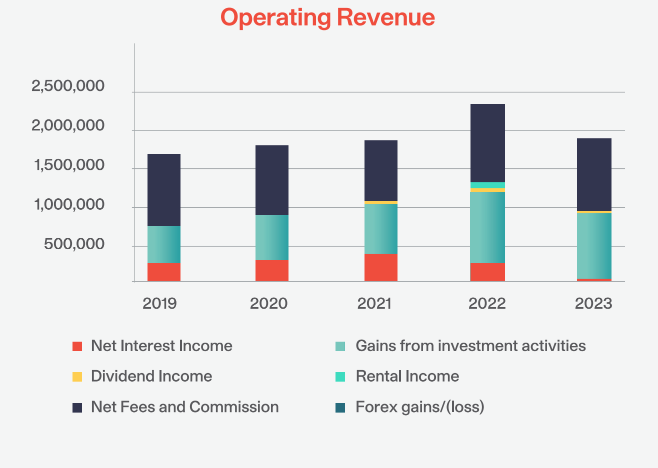
VM Investments Limited (VMIL) is the only arm of the VM Group that is publicly traded and, along with its subsidiary, VM Wealth Management Limited (VMWM) navigated strong external headwinds in 2023. VMIL, driven by a committed Team and an adaptive strategy, paved the way for delivering commendable results and achieved several milestones that positively impacted the lives of clients as well as the communities we serve. One of VMILs most significant achievements in 2023 was the expansion of the Wealth Management business to Barbados as VM Wealth Funds Limited, which officially opened for business on January 22, 2024.

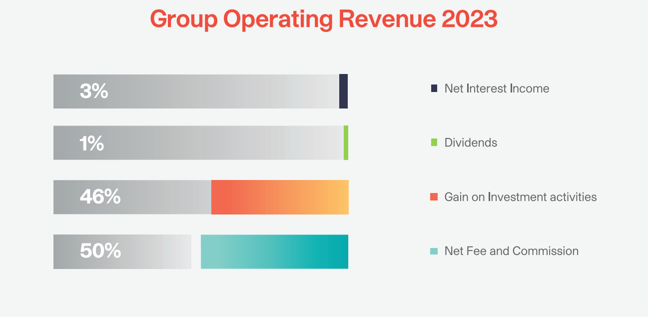
Performance Highlights from 2023

VMIL's 2023 Milestones

- VM Wealth Management, extended its reach into Barbados, securing a license as a restricted mutual fund administrator.
- Successful raised $11.2 billion in preference shares for VM Financial Group, and $2.7 billion for ICR Holdings.
- CariCRIS Credit worthiness rating experienced a positive shift, advancing from BB+ to an investment grade BBB level.
- Green Business Jamaica Award (March 2023 - Feb 2024) from the National Environment and Planning Agency (NEPA).
- Secured the 2nd Runner Up position for Member Dealers Expansion of Investors and Listed Companies Base in the JSE's Best Practices Award.

VMIL experienced a decline in net profit relative to 2022 to $198.84 million driven primarily by 21.49% decline in operating revenue to $1.83 billion and a 33.77% increase in operating expenses. These corresponded to an underperformance in our profitability ratios, despite improvements in our regulatory and risk management ratios, with return on equity (ROE) of 6.08%, VMWM Capital Adequacy Ratio of 27.55% and an Enterprise Risk Management (ERM) Score of 85%.





Improvement in client experience is at the core of everything we do at VMIL and drives our efforts to provide best-in-class service. To this end, we focused on providing our clients with improved access and convenience through automation of our processes.

We enhanced our IPO Edge system to facilitate debt offers, began development of our Loan Edge tool, and upgraded the client portal to offer expanded functionalities. We also welcomed a Business Transformation Manager and an Assistant Manager for Internal Controls & Quality Assurance.

In 2023, a range of impactful products and services left a meaningful impression on our clients. Notably, the VMWM Global Equity Growth Portfolio achieved remarkable success, boasting the highest returns among US-dollar mutual fund products on the Jamaican financial markets, at 21.14%. This outstanding performance accelerated our investors towards their wealth accumulation objectives. Furthermore, our Initial Public Offering (IPO) platform underwent enhancements throughout the year, bolstering self-service capabilities and enabling clients to efficiently submit applications for new IPOs.

VMIL views our Team Members as valuable assets and as such, continued to invest resources to attract, develop, motivate and retain top talent. Consequently, the year in review was marked by significant developments within our Team, both in terms of new additions and internal advancements, including the recruiting of Sean Yearwood, as Country Head of our new Wealth Management arm in Barbados. We continued to support upcoming talent, hosting the VM Wealth Executive Mentorship sessions during the year as well as facilitated three interns on rotation within VM Wealth Management.

VMIL made great strides in formalising, activating and building out our CSR and ESG frameworks with several activities during the year including continued support of the Forestry Department's 'Adopt a Hillside' initiative through our sponsorship of forestry reserve rehabilitation in Danks, Clarendon, and our participation in the 'Feed the Streets' programmes, which underscored our commitment to community welfare through donations in cash and kind.

Management Discussion & Analysis

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VMIL's Plans for 2024

Looking ahead to 2024, our paramount focus will be on revenue diversification, growth, and the acceleration of digitisation. Strengthening our sales and client services teams positions us to better cater to clients' specific objectives. We plan to expand our product lines, offering additional options to enhance wealth creation and growth and provide diversification for investors' portfolios in varying market conditions. We will continue to embrace the opportunities ahead as we anticipate an improved economy. This journey is fuelled by a clear vision and an unwavering commitment to excellence.

VM Pensions Management

VM Pensions Management (VMPM) offers the full range of pension services, namely Pension Investment Management, Pension Administration, Member Education, Pensions Consultancy as well as an Approved Retirement Scheme. In line with the VM Group's commitment to transform the lives of its Members and clients, the VMPM Team delivered value to its clients through a holistic approach to pensions, while maximising clients' investment returns.

VMPM 2023 Highlights

Strong Financial Performance

Over 80% increase in Net Profit relative to 2022

$4 billion Increase in Assets under Management

Business Growth

Continue to optimise the partnership with the JMEA to provide financial solution to its Members

Expand the Prime Corporate ARS Initiative

About 22% increase in the number of newly onboarded ARS Members

Operational Efficiency

Implementation End--of-Day process improvements which reduceda 5-day processing time to less than 2 hours

Customer Experience

Hosted its first Trustee Summit on the Private Equities and the Pension Industry Association of Jamaica Auto-enroled Initiative

Strong performance in Customer LoyaltyScore

Performance Highlights from 2023

Our significant 2023 milestones were achieved through our continued commitment to provide excellent service, timely responses to our clients, consistent compliance with regulatory obligations and the delivery of relevant financial education to our clients.

VMPM acknowledges and continues to demonstrate that its Team Members are its most important resource and as such, employed tools to recruit, develop and retain talent, as well as build successors and transformational Leaders. It is not surprising therefore that during 2023, employee engagement levels remained high as the Leadership Team implemented a series of engagement activities as well as personal and professional development initiatives.

We care deeply about transforming lives and communities. In 2023, in collaboration with the VM Foundation, we delivered on several CSR activities and initiatives including volunteering at the Senior Citizen Council's Senior Treat.

VMPM's Plans for 2024

The year 2024 will see the business expanding and cementing relationships to support its current growth path. The year will also be marked by soliciting and acting on feedback from clients in order to deliver excellent service at all times, and to meet their financial needs with the expansion of our product offerings. Additionally, the Team will remain committed to improving efficiency through implementation of an automated client reporting solution and an end-to-end automated solution for the ARS, thereby accelerating the pace at which we respond to our clients and the improvement the overall efficiency.

VM Money Transfer Services Limited (VMTS)

VM Money Transfer Services Limited (VMTS) constitutes a significant part of the VM Group's 'payments' business and continues to grow in an industry where uncertain economic environment and tight liquidity conditions in our primary source markets resulted in declined remittance flows in 2023 relative to 2022. In the process, this business advanced its objective of being a key player in the remittance industry by expanding its reach and providing greater ease, convenience, and flexibility to our customers. Through our extensive distribution network of over 90 locations island-wide, and in collaboration with global partners, VMTS facilitated the inbound and outbound transfer of customers' funds at any of our VMBS branches, VM Money Express locations, our sub-agents, or via direct deposit to an operating account. Accordingly, VMTS closed the 2023 review period with improved market share of 7.86%, driven by increased transaction volume.

Performance Highlights from 2023

During 2023, VMTS expanded locations islandwide with over 20 new licences, expanded the services offering with foreign currency trading in six of the eight Money Express stores and expanded access to the Direct-to-Bank service with tablets in all eight Money Express locations. The flexibility afforded by this option is particularly important in today's environment and an increasing number of customers continued to use this alternative with the number of Direct-to-Bank transactions increasing to 32% of all transactions.

VMTS 2023 Milestones

Business Growth:

- Market share of remittance transactions increased to 7%.
- Improved growth in remittance transactions relative to 2022.
- Expanded FX trading to 5 of the 8 Money Express locations.

Increased Access:

- Consistent growth in Direct-to-Bank transactions, resulting in 12% transaction migration rate in 2023.
- Network expansion efforts continued with over 20 new licenses in 2023.

Improved Efficiency:

- Improved the timeliness of updating Direct-to-Bank transactions and timely availability of cutomer funds.
- 8 Money Express locations are equipped with tablets, customers can enroll in our Direct-to-Bank for faster service.

Management Discussion & Analysis

CONTINUED

VMTS engaged Team Members in cross-training in various business areas, developing and actioning individual development plans, participating in Talent Management training sessions, as well as mentorship and coaching programmes while embedding a culture that acknowledges and values reward and recognition. In December 2023, several Team Members were rewarded for their dedicated efforts and valuable contributions.

VMTS credits its success to the support received from the communities served and in 2023, expanded its philanthropic efforts, with donations in cash and kind to various charities, including localised projects initiated by each of the VM Money Express locations. This initiative reflects our commitment to giving back to the communities that consistently show us their support.

Plans for 2024

Determined to Reset and Rise above the challenges of 2023, the VMTS Team will in 2024, continue our posture of aggressive growth by broadening the options and avenues available to our Members and Clients to conduct their business and engage with us. We will also in 2024 expand our FX volume in all Money Express stores and will continue to seek out opportunities to provide increased access and convenience to our Customers island-wide. These will run parallel to our efforts to digitalise our business and advance our global growth agenda.

VM Property Services Limited (VMPS)

VM Property Services Ltd. (VMPS), a wholly owned subsidiary of the VM Group through its non-financial arm, continues to be a significant player in Jamaica's real estate and property services markets. In 2023, the completion of the Group's restructuring exercise, now allows this business to market its property management and project management services beyond the Group by targetting external clients to increase its square footage under management.

Performance Highlights from 2023

VMPS 2023 Milestones

Business Growth:

- 13% improvement in operating revenue.
- 70% increase in Property Management Income.
- Almost 23% in Real Estate Sales.
- In 2023 VMPS slosed the highest single sale on record since being incorporated in 1991.

Customer:

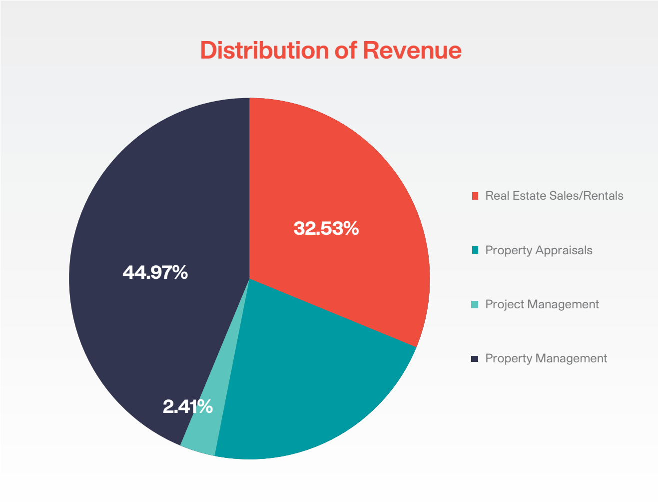
- Targeted Jamaicans in New York and Toronto as part of the annual Diaspora Tour.
- Customer loyalty score improved significantly by almost 20 points to 61.

People and Process:

- Established Online Valuation Request portal allowing clients to submit requests electronically via our website.
- Two certified valuators now in place and VMPS is expanding the sales Teams.

VMPS grew its business with a 70% in property management income and over 20% in real estate sales.

Distribution of Revenue - 2023



Throughout the year, the team focused not only on revenue generating activities but continued the VM tradition of supporting Jamaicans through volunteerism, financial literacy programmes and the work of the VM Foundation. Included in the ESG project involvement during 2023 are National Labour Day project at the Kingston and St. Andrew Parish Library, the Nest Children's Home in Kingston, Read Across Jamaica Day and the HEART/NTVET Career Day. Additionally, the VMPS Team Members continue to make monthly donations to the VM Foundation.

Our Plans for 2024

In 2024, VMPS will continue delivering value-added solutions both to our internal and external clients while engaging our Team Members and participating in more ESG activities. Accordingly, for the upcoming year, VMPS will actively seek to expand its Property Management business to increase our square footage under management as well as continue to forge new corporate relationships to diversify from the retail valuations and capitalise on the bench strength of the in-house MRICS certified valuers.

An important initiative for 2024 is the offering of internships programmes to Trainees from the HEART College of Construction Services in Portmore, St. Catherine. These trainees will spend a year at our managed properties under the tutelage of our experienced Property Mangers as well as being exposed to Project Management as we execute on several major initiatives for the Group in 2024. Additionally, the VMPS' Team will introduce pulse surveys at least three times per year to engage and solicit feedback from our clients more frequently, including from our internal Property and Project Management clients. Our commitment to Reset and Rise remains unwavering and will direct our path and our actions.

VM Innovations Limited (VMI)

Formally up and running in July 2021, the VM Group's Fintech Subsidiary – VM Innovations Limited, was mandated to identify additional opportunities to grow and diversify our revenue streams by creating new business models and to collaborate closely with the VM Group's business lines, to advance their digital transformation projects. VM Innovations operates in a dynamic environment shaped by rapid technological advancement. The adoption of emerging technologies such as artificial intelligence and data analytics continue to influence their product development path.

Performance Highlights from 2023

The main initiatives introduced in 2023 not only transformed our approach to customer service but also reinforced our position as a forward-thinking, Member-focused organisation. They exemplify our dedication to leveraging technology to enhance client interactions and solve issues swiftly, elevating the overall Member experience. These initiatives represent significant strides in our commitment to innovation and customer satisfaction.

- The implementation of 'Vikki' the VM Chatbot marked a technological leap in how we interact with our clients and represents another step into the adoption of Artificial Intelligence technology. The round-the-clock access ensures that our Members and Clients can engage at their convenience.

Management Discussion & Analysis

CONTINUED

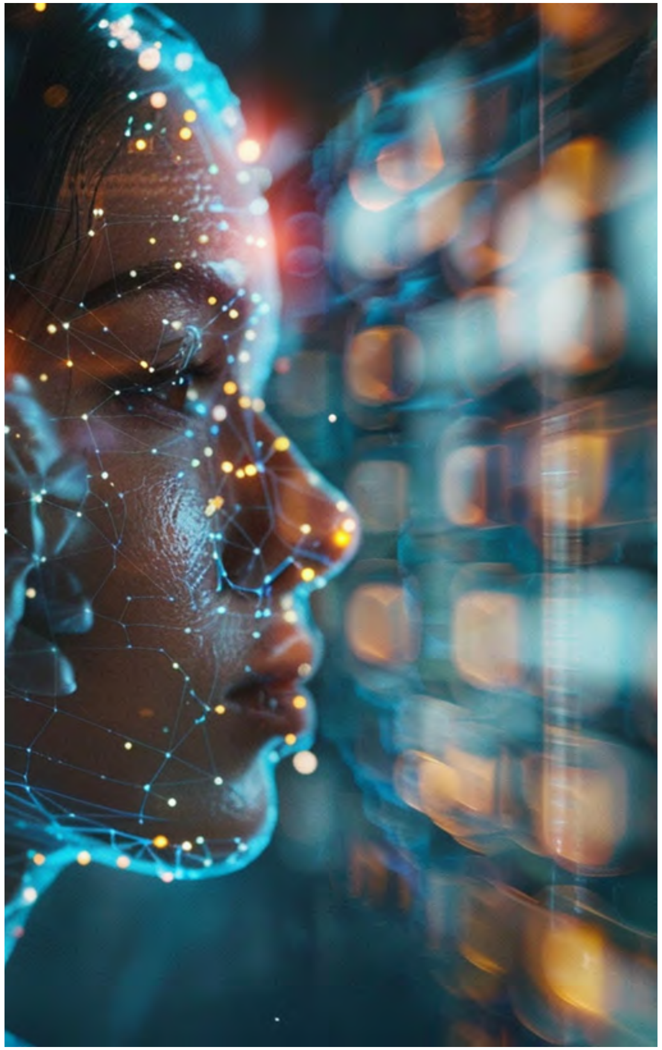
- The Live Chat tool introduced at our Member Engagement Centre connects Members directly with our support representatives, helps to provide personalised support and bridge the gap between digital convenience and human interaction. This tool streamlined the problem-solving process, leading to quicker and more effective resolution of our Members' concerns and queries. The live chat feature is expected to significantly improve the Member experience by fostering stronger relationships.

The importance of continuous learning and keeping abreast of emerging technologies is critical to the success of this Unit and as such during 2023, VMI invested in the use of online learning platforms and courses tailored to the projects and initiatives in the pipeline to facilitate knowledge and skill development, and valuable handholding for the team. As experts in this area, the VMI Team also enabled knowledge sharing sessions in the areas of agile mindset; artificial intelligence and intelligent document processing, allowing for open discussion of ideas and insights relating to emerging technologies as well as opportunities and challenges for the various business lines of the VM Group.

In line with the Group's posture, VMI's commitment to support the communities in which we serve continued in 2023 with all our Team Members contributing to the VM Foundation.

Our Plans for 2024

As we Reset and Rise in 2024 and beyond, VMI will remain laser-focused on transforming the systems within the VM Group for greater efficiency by streamlining operations and enhancing collaboration across all business lines. This strategic move is designed to optimise our processes, to create value for our Members and clients while driving efficiency and helping to build a more sustainable and resilient business model. This will be achieved by leveraging emerging technologies and capitalising on strategic partnerships to create innovative, client-friendly solutions and advance the VM Group's digital transformation agenda.



Enterprise Risk Management and Governance

Overview

Effective risk management supports the delivery of the VM Group's Limited ("VMG") strategic objectives and the sustainable growth of the organisation as a whole. Despite ongoing challenges and the uncertainty surrounding the local and global financial landscape, the Group demonstrated resilience by employing a structured approach to risk management where risks exposures, as they arose, were mitigated and managed.

The uncertainty surrounding the local and global financial landscape coupled with emerging risks trends, such as inflationary pressures, geopolitical instability, cybersecurity threats, climate change events and global health crises have compelled risk management functions to evolve and be more proactive. At the VM Group, we were cognisant of these potential threats and the need for the Group's risk management function to become more dynamic, adaptive, and responsive.

In addressing inflationary pressures, the Group ensured that the appropriate risk management strategies and measures were implemented to effectively manage the exposure to our loan portfolios and investments. We stayed informed about geopolitical developments and continued to implement robust cybersecurity measures such as encryption, multi-factor authentication, regular security audits, and employee training on cybersecurity best practices. Additionally, the Group has embraced the importance of Environmental, Social and Governance (ESG) factors and adopted several sustainable practices, as we strive to create a positive social and environmental impact. Several key activities undertaken included minimising waste generation through our plastics recycling programme and environmental clean-up project, adoption of St. Jago Park Health Centre, and the ISO 45001 Occupational Safety, Health and Security certification programme.

The VM Group Limited is the holding company of the VM Financial Group Limited, VM Foundation and VM Innovations Limited, effective February 1, 2023. The restructuring of the company prompted management to review the existing risk management framework to ensure that the Group is in the best possible position to identify and respond to risk and emerging trends. Consequently, several changes to the risk management framework and process were made to improve methods of recording, assessing, and reporting on financial, compliance, operational and strategic risks.

Our enterprise risk management framework will continue to play a key role in assisting the Group in systematically evaluating potential threats and opportunities, in order to better understand the nature and impact of emerging risks.

VMG's Risk Governance Structure

The VM Group Limited Board of Directors is responsible for ensuring that adequate systems of risk management are in place, and that the Group's strategy, risk appetite, and risk management are consistent. The Board is supported by the Group Finance and Risk Management Committee (GFRMC), a subcommittee of the Board, which oversees the risk management framework, and the Group's overall risk profile. The Committee is responsible for evaluating the adequacy of the risk management function and also plays a role in the decision-making process around significant risks to be undertaken by the Group. The GFRMC meets at least four times per year and more frequently when required.

Additionally, the Board is supported by the Group's Audit Committee whose primary role is fulfilling its accountability for the efficient and effective performance of the Group's compliance with legal and regulatory requirements; the internal controls and control environment; and the performance of the Group's internal audit function.

Management Discussion & Analysis

CONTINUED

The Board and the GFRMC are supported by the following Management Committees:

Key Business Risk	Role of Management Committee
Capital Adequacy, Market and Liquidity Risk	The Group's Asset and Liability Committee (ALCO) is responsible for prudently managing the Group's balance sheet including, capital management, liquidity risk management, interest rate management, foreign currency risk, risk appetite and limits, and regulatory compliance.
Treasury and Investment Risk	The Group's Investment Committee (IC) has oversight responsibility for the implementation of appropriate policies and procedures to support the investment review and approval process for all investments. The IC seeks to protect the Group's capital, preserve shareholder value, and achieve its investment objectives, while maintaining prudent risk management practices.
Credit Risk	The Credit Committee (CC) is responsible for overseeing the management of credit risk exposures arising from lending activities and other credit-related activities, maintaining the quality of the credit portfolio, and support the Group's financial stability while adhering to regulatory requirements and risk management best practices.
Strategic, Operational, Legal and Regulatory	The Executive Risk Management Committee (ERMC), on a group wide basis, is responsible for the assessment of risk reporting submissions covering strategy execution, fraud, information technology, information security, and legal and regulatory compliance with the Group. In addition, the ERMC reviews adequacy of actions plans and mitigating controls, adjust risk ratings where necessary and prioritize risks.

VMG's Risk Management Framework

The VM Group's enterprise risk management framework operates under the "three lines of accountability" principle, which is in line with international standards and best practices. This model provides clarity over roles and responsibilities of staff, where all Team Members take responsibility for managing risks effectively and efficiently, and all risks are identified, measured, assessed, monitored, controlled and mitigated within the context of VMG's risk appetite.

1. **First Line of Accountability** **Management**	Management and line staff, within the subsidiaries and functional business units, undertake day to day risk ownership, identification, assessment and management through implementation of the Group's Risk Management Framework.
2. **Second Line of Accountability** **Oversight Function**	The Group Risk Management function and related independent Compliance functions provide independent oversight and objective challenge of the first line, and accuracy of risk assessments, reporting and mitigation activities.
3. **Third Line of Accountability** **Independent Assurance**	Internal Audit provides independent assessment and assurance to the Board (via the Group's Audit Committee), on the robustness, adequacy and effectiveness of control systems operating within the first and second lines in identifying and managing risk

The Group recognizes that risk management must be embedded into the culture of the organization and remains fully committed to integrating risk management activities into our daily activities and will promote a risk aware culture through our interactions with all stakeholders. This Framework is consistently applied to the VM Group and its subsidiaries in all lines of business, departments and core functions.

Risk Management Guiding Principles

The implementation of an effective enterprise risk management framework for the VM Group and its subsidiaries are based on the following guiding principles:

- Tone at the top: The Group Board of Directors and each subsidiary Board, Executive Management, various committees, and Senior Management Team across subsidiaries, are committed to proactive management of risks according to the risk management framework.
- Integrated approach: Risk management is integrated into all business processes inclusive of strategic planning, operational planning, performance management and change management, across all operating entities within VM Group.
- **Training:** The VM Financial Group promotes risk management training and risk awareness among its Board of Directors, Management, Team Members, and all stakeholders.
- **Risk ownership:** Clear ownership of risk accountabilities, responsibilities, duties, and actions are established and communicated.
- **Application:** A common approach to risk management is in place to promote consistency in the assessment, monitoring and reporting of risk. This includes the application of a "common language" used when discussing risk.
- **Responsive to change:** Respond timely and appropriately to external and internal events and changes to ensure that emerging risks are accurately identified.

Management Discussion & Analysis

CONTINUED

Significant Risks

The VM Group's growth over the past years, in combination with new legislation and regulatory demands, requires the Group to continuously apply an integrated approach to managing key business risks in an effort to minimize our exposure to financial, operational, compliance and strategic risks.

The principal categories of risk to which the VM Group's business was exposed to during the year are as follows:

Key Business Area	Description of Risk	Risk Appetite and Mitigation
Credit Risk	The risk of loss resulting from the failure of a borrower or counterparty to comply with the terms of the financial or contractual arrangements to VM Group. Credit Risk is related to lending, funding, investments and trading activities undertaken by the Group and is subject to regulatory capital requirements.	The VM Group has a Moderate appetite for credit risk within the loan and investment portfolio. This appetite level is maintained by the effective oversight and implementation of prudent lending strategies that balance risk with our commitment to serving our Members. The Group has adopted best practices and standards for risk rating of transactions and review of portfolios with reference to established tolerance levels. Additionally, management committees monitor credit exposures.
Capital Structure	Failure of the Group to ensure compliance with regulatory capital adequacy requirements and not generating sufficient capital for deployment to support the growth of the business and to respond adequately to any material shocks to the permanent capital base, whether due to underperformance, adverse market conditions, systemic market shocks.	The VM Group has a Low appetite for capital structure risk. As such the Group avoids over reliance on a single-type of financing and maintains a balanced debt-equity mix that aligns with the Group's risk tolerance, growth objectives, and cash flow generation to meet the expectations of key stakeholders such as regulators, investors, rating agencies and members, whilst ensuring that the return on capital commensurate with risks undertaken by respective business units, subsidiaries, and overseas branches.
Funding Liquidity	Failure of VM Group to effectively access the capital markets (including offerings of equity and regulatory capital securities) to raise funds or liquidate unencumbered assets to meet liabilities. Moreover, a liquidity position could be adversely affected if the Group is unable to meet deposit withdrawals on demand or at their contractual dates to repay borrowings as they mature or to fund new loans, investments and businesses.	The VM Group has a Low appetite for funding liquidity risk, which is managed by maintaining a prudent funding mix, maturity profile and high-quality liquid assets to cover short term funding needs and unexpected liquidity demands. Additionally, a range of key monitoring metrics, including, but not limited to the Liquidity Coverage Ratio are closely monitored against limits and reported to relevant management committees.

Key Business Area	Description of Risk	Risk Appetite and Mitigation
Market Risk	The risk that the value of, or income arising from, the Group's assets and liabilities changes adversely due to movements in interest rates, exchange rates, equity prices and credit spreads. The main market risk faced by the Group is Interest Rate Risk.	The VM Group has a Moderate appetite for Market Risk and seeks to achieve an acceptable range of earnings volatility resulting from movements in interest rates, foreign exchange rates and equity prices. Market risk is managed effectively by using board approved limits, offsetting of financial assets and liabilities, and maintaining matched portfolios of foreign currency financial assets and liabilities with the maintenance of currency portfolio long or short gap positions. Additionally, the Group uses a range of control measures to manage market risk ranging from specific stop loss control limits, sensitivity analysis, stress testing and Value at risk (VaR).

Operational Risks

Key Business Area	Description of Risk	Risk Strategy and Mitigation
People and Talent Management	Inability to attract, retain and develop people resources appropriately for the delivery of Member and customer expectations and the Group objectives.	The VM Group has a Low overall appetite for people and talent risks. A key focus of the Group's strategy in managing people and talent is to build a purpose-led, culturally diverse, engaged and inclusive workforce, where employees can perform optimally, contribute to the Group's success and realize their career ambitions. To support this, progress is monitored through KPIs and an annual group-wide employee engagement survey. Additionally, personal development plans are put in place to ensure team members continue to develop expertise and experience throughout their employment with the Group. The Group's approach to talent management and executive succession planning is regularly reviewed by the Group Executive Team and overseen by the Group's Governance, Nomination and Compensation Committee of the Board.

Management Discussion **& Analysis**

CONTINUED

Key Business Area	Description of Risk	Risk Strategy and Mitigation
Data Integrity and Reliability	The risk that data integrity (e.g., completeness, accuracy, and accessibility) is compromised as it is captured, processed, stored, summarized, or reported by various systems deployed by the VM Group or its subsidiaries	The VM Group has a Low overall appetite for information technology risk. The Group continues to invest in its technology infrastructure, so that it can maintain and develop products and services suitable for the evolving needs and expectations of Members and clients. The Group is continuously working on establishing a robust data governance framework that defines policies, procedures, and standards for managing data across the organisation. In addition, data quality controls to ensure the accuracy, completeness, and consistency of data was implemented, data encryption techniques were employed to protect sensitive data from unauthorised access and training and awareness sessions were held to educate employees on data management best practices, data securities policies, and their role in maintaining data integrity. While there is a strong focus on the development of customer interface and services, the Group is also aware of external threats, in particular cybercrime attacks designed to deny access to systems and to compromise or misuse the data and assets held on the Group's systems.
IT Reliability and Recovery	The risk that existing applications, systems, or data processing capabilities will not be available to end-users when needed or inability to recover critical data, programs, applications, and data processing capabilities in a timely manner following a disruption, leading to significant operational downtime, loss of revenue and reputational damage for the Group.	
Fraud	Fraud risk refers to the potential threat or likelihood of fraudulent activities occurring internally or externally, which can result in financial losses, reputational damage, legal liabilities, and regulatory sanctions. Fraud risk encompasses various fraudulent behaviors, including theft, embezzlement, bribery, corruption, falsification of financial statements, kickbacks, and fraudulent transactions.	The VM Group has a Low overall appetite for fraud risk and is committed to safeguarding its assets and protecting member's interest by implementing robust internal controls, establishing clear policies and procedures, conducting regular fraud risk assessments, providing ethics training and awareness programs, fostering a culture of integrity and transparency, and implementing fraud detection and monitoring mechanisms. Policies and procedures are in place to ensure that all reported fraud allegations are adequately and consistently addressed by the Fraud Investigation Unit.
Business Continuity	Failures to establish resilient processes, adequate business continuity, and recovery arrangements	The VM Group has a Low appetite to business continuity risks. Business continuity, disaster recovery and crisis management plans are in place and are tested on a regular basis.

Compliance Risks

Key Business Area	Description of Risk	Risk Strategy and Mitigation
Legal and Regulatory	The risk leading to statutory, legal sanctions, material financial loss, or damage to the reputation of the VM Group that may be suffered as a result of failure to comply with all applicable laws, rules, regulations and internal breaches of policies and procedures. Associated risks from engagement with third parties, in breach of laws and regulation.	The VM Group has a Low appetite for legal and regulatory risk as the aim of compliance is to protect the reputation and credibility of the Group and protect the interest of shareholders and depositors and safeguard against legal and regulatory consequences. The Group complies with all legal and regulatory requirements applicable and apply sensible and reasonable interpretation of the requirements and ensure that our compliance activities meet the expectations of our regulators.

Strategic Risks

Key Business Area	Description of Risk	Risk Strategy and Mitigation
Strategy Execution	The risk of loss arising from the Group adopting the wrong business strategy, failure to properly execute business strategy, or respond to industry, economy or technological changes.	The VM Group has a Low appetite for strategic execution risk. The Group aims to mitigate strategic risk through an integrated business strategy, risk appetite and capital planning process; tracking of strategic initiatives and deliverables; investment in processes, systems and people to support new business development and through the regular review of strategic objectives and initiatives by management and the Board.
Project Execution	Failure to plan and execute major projects and initiatives in a systematic and coordinated manner, which may result in financial losses, schedule delays, budget overruns and inability to realize project benefits. This also includes the risk that the Group does not use appropriate technology to achieve competitive advantage resulting in loss of market share.	The VM Group has a Low appetite for project execution risk. The Project Management Office ensures that specific mitigating strategies and actions plans are in place to increase project success rates and deliver outcomes that meet stakeholder's expectations. In addition, post projects reviews and lessons learned are documented and incorporated into project management processes and methodologies.

Management Discussion & Analysis

CONTINUED

Key Business Area	Description of Risk	Risk Strategy and Mitigation
Customer Expectation and Preferences	Failure of VM Group to effectively adapt to new or evolving customer expectations driven by factors such as technological developments, economic trends, demographic patterns and cultural concerns, which threatens the Group's brand and product alignment with its customers' expectations.	The VM Group has a Low appetite for customer expectation and preference risk. The Group continuously strives to maintain customer satisfaction and loyalty. This is done through conducting market research and analysis to understand customer preferences, needs and expectation, clear communication about products and services, and building and maintaining strong relationship with customers though personalized interactions and loyalty programs, while cultivating a member-centric culture with the Group that prioritize customer needs and preferences.
Reputation	Reputational Risk is the potential that negative stakeholder impressions, whether true or not, regarding the VM Group's business practices, actions, or inactions, will or may cause deterioration in the Group's value, brand, liquidity, or Member base.	The VM Group has Zero appetite for reputational risk or knowingly engaging in any business or activity where foreseeable reputational risk and/or damage has not been considered and/or mitigated. To safeguard and protect the Group's reputation and brand, the Board and management ensures that there is a well-established decision process, direct reporting lines with clarity of roles and responsibilities, defined codes of ethics and conduct, periodic monitoring of stakeholder and media analysis, monitoring of corporate rating, industry and market benchmarking and transparent disclosure and communications.


RESET
& RISE
VM GROUP
Transform Your Everyday

2023 Pictorial **Highlights**

The VM Chorale brought the spirit of Christmas alive with our 2023 staging of Carols in the Courtyard.

Courtney Campbell, VM Group President and CEO, gesticulates as he addresses the congregation of the Kingston Open Bible Church, Washington Boulevard, St Andrew, during the Group's Anniversary church service in November.

(From left) Natalie Bennett, CEO, VM Pensions Management Limited, pays tribute to outgoing President John Mahfood at the JMEA M&E Awards Gala, acknowledging his pivotal role in the creation of the Jamaica Manufacturers and Exporters Association Retirement Account (JMERA).

Courtney Campbell (left), VM Group President and CEO, cuts a cake with Ricardo Ellis, Manager, Sales and Service, Half-Way Tree Branch (right) and a Member of the branch during the celebration of the Group's anniversary in November.

(From left) Ackeef Nugent, Cockburn Pen community youth teacher, is captured expressing his gratitude to Michael Howard, CEO, VM Money Transfer Services Limited following the handing over of $100,000 worth of construction material, including doors, paints, cement, toilet and ply board by the VM Team on Saturday, September 30 to assist Nugent with the expansion of a community space to conduct after school sessions with children. The donation formed part of the VMBS Money Transfer's 'Direct to you, with Love' Campaign, which was launched in June with a social media live supported by social media influencer, Aunty Donna.

Pictorial Highlights | cont'd

▲ (Right) David McBean, Executive Director, Mona School of Business and Management (MSBM) presents the MSBM Outstanding Business Leader Award to Courtney Campbell, VM Group President and CEO.

▲ VM Group's 2022 President's Awardee, Kedon Clarke (right), makes his entrance to the stage to receive his award from VM Group President and Chief Executive Officer Courtney Campbell, at the I AM VM Awards at AC Marriott Hotel in St Andrew on May 27.

▲ VM Group President and Chief Executive Officer Courtney Campbell (left) and Group Chief Financial Officer, Janice McKenley engage in a question-and-answer session with the Group's Members during the Special Members' Meeting of the VM Building Society, following the restructuring of the Group.

▲ Members of the VM Chorale in performance at the 2023 staging of VM Easter Inspiration concert in the Half-Way Tree courtyard on April 3.

▲ Nicole Adamson (right), Manager for Research, Business Planning and Investor Relations at VM Wealth, oversees children doing an activity at the launch of the book, "Ayedin Learns Investment". The publication is a partnership between VM Wealth and Keisha Cameron (left), author and Product Owner at VM Investments Limited. The book is intended to teach young children basic principles of investment. The launch was held at VM's Half-Way Tree location on July 8, 2023.

▲ Courtney Campbell (centre), VM Group President and CEO, displays the RJRGLEANER Honour Award for Excellence in Business won by the organisation for the year 2022. VM was selected for the award for successfully repositioning operations, resulting in a diversified and profitable business that is more customer centric. Sharing in the moment is Judith Forth-Blake (left), Group Chief Customer and Brand Officer; and Keri-Gaye Brown (right), Group Chief Legal, Compliance and Risk Officer. The award was presented on September 19, 2023.

2023 Pictorial **Highlights**

▲ VM Labour Day -- Team Members pose at the end of the workday for the Group's 2023 Labour Day activities at the Kingston and St Andrew Parish Library.

▲ Minister of Industry, Investment and Commerce, Senator the Hon. Aubyn Hill (second right), makes a point to Managing Director of food manufacturing company Home Choice, Kareema Muncey (second left). Sharing in the conversation are Rezworth Burchenson (left), CEO of VM Wealth Management and VM Investments Limited; and VM Group Chairman, Michael McMorris. The occasion was the launch of the VM Financial Group Business Finance Suite, in association with the Development Bank of Jamaica (DBJ) and the Jamaica Manufacturers and Exporters Association (JMEA), at the Terra Nova All-Suite Hotel in St. Andrew on October 24.

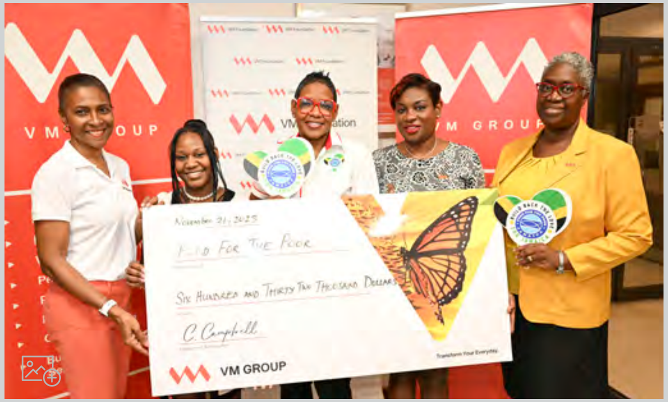
▲ Brian Frazer (left), Deputy CEO, VM Wealth Management and Ryan Parkes (right), CEO, ICR Holdings Limited, sign a contract to officially ink the successful completion of a near $3 billion deal brokered by VM Wealth, which saw ICR Holdings acquiring Island Car Rentals Limited and Jamaica Rental Company Limited.

▲ Rezworth Burchenson, CEO of VM Wealth Management and VM Investments Limited, addresses stakeholders during the 2022 VMIL Annual General Meeting held on June 19, 2023. Looking on is Janice McKinley, VM Group Chief Financial Officer

▲ Michael Howard (second left), CEO of VM Money Transfer Services, presents a symbolic cheque to representatives of the St Andrew North Neighbourhood Watch Council's Uniform Group Project. Representatives sharing in the occasion are (from left) Terral Christian, district commissioner of the St Andrew Cub Scouts Movement; Rennata Blake, senior manager for business support at VM Money Transfer Services; Superintendent Sherika Service, head of the St Andrew North Police Division; Opal Davis, president of the St Andrew North Neighbourhood Watch Council; and Jacqueline Bailey, principal of the Swallowfield Infant and Primary School. The donation was made on November 8 at the Swallowfield Infant and Primary School. The initiative is in support of uniform youth groups in primary schools within the Division.

▲ (From left) Nickoy Young, Senior Director for Land and Administration Management, NLA; Samantha Charles, CEO, VM Foundation; Courtney Campbell, President and CEO, VM Group; Prime Minister Andrew Holness; Cheriese Walcott, CEO, NLA, and Audrey Sewell, Permanent Secretary in the Office of the Prime Minister signing the memorandum of understanding to allow some 400 Jamaicans to benefit from a land titling grant funding initiative provided through the VM Foundation. The ceremony took place on February 24, 2023.

Pictorial Highlights | cont'd



▲ The VM Group, through the 2022 President's Circle Awardees 'Pay it Forward' initiative, on November 21 handed over $632,000 to the Food for the Poor to support the construction of a house for a homeless family. The funds, raised through donations from Team Members and a contribution by the VM Foundation, was to aid in covering the cost of building the house, as well as provide basic furniture. Pictured from left are Samantha Charles, CEO, VM Foundation; De-Ann Davis, senior financial services specialist; Marsha Burrell, marketing manager, Food for the Poor; Natasha Reid, VM's chief of staff; and Ruth Oliver, manager, VMBS Duke Street.

▲ Members of the VM Chorale entertain members of the Jamaican diaspora during an event on the Florida leg of the annual VM Group Diaspora Tour.

▲ (From left) Sister Maxine McIntosh, principal, Holy Childhood High School, proudly collects a cheque donated by VM Group from representatives, Judith Forth-Blake, Group Chief Customer & Brand Officer, VM Group; Clover Moore, Vice President, Group Corporate Affairs and Communications, VM Group; and Conroy Rose, Group Chief Sales Officer, VM Group. As part of its 145th anniversary celebration, the VM Group made a donation of $145,000 to Holy Childhood High School in support of its breakfast feeding programme on Thursday, November 16 at the school's compound in St. Andrew.

▲ VM Group President and CEO, Courtney Campbell (left) is awarded by Governor General, Sir Patrick Allen with the Governor-General's Medal of Honour for 'demonstrating an exemplary degree of excellence in ardently supporting the Governor General in the execution of his roles to the people of Jamaica'.

▲ Michael McMorris, VM Group Chairman, inserts the strips to signify the completion of the listing of the VM Financial Group preference shares on the Jamaica Stock Exchange, during a listing ceremony at the JSE on July 14, 2023.

▲ From left: Peter Reid, Deputy CEO, VM Group Ltd; Samantha Charles, CEO, VM Foundation; Pastor Claudia Ferguson, vice chair, National Leadership Prayer Breakfast (NLPB) Committee; Renaldo Rush, staff worker, Students Christian Fellowship and Scripture Union (SCFSU) Eastern Region; Rev Samuel McCook, chairman of the NLPB Committee; Petula White-Senior, vice chairman, SCFSU and Paul Lewis, acting general secretary, SCFSU, share a photo op following the presentation of a symbolic cheque valued at $700,000 by the VM Foundation and the NLPB to the SCFSU, beneficiaries of the 42nd staging of the breakfast.


Annual Report 2023
FINANCIAL STATEMENTS
December 31, 2023
VM GROUP

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Independent **Auditors' Report**

To the Members of VM Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VM Group Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 107 to 181, which comprise the Group's and Company's statements of financial position as at December 31, 2023, the Group's and Company's income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2023, and of the Group's and the Company's financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

KPMG

Independent **Auditors' Report** CONTINUED

To the Members of VM Group Limited

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

June 3, 2024

Statement of **Financial Position**

December 31, 2023

	Notes	2023 $'000	2022 $'000 Restated*	January 1 2022 $'000 Restated*
ASSETS				
Cash resources	7	11,248,495	11,260,944	8,961,741
Investments - Jamaica Government securities	8	24,908,353	23,337,231	26,218,622
- Other	9	26,664,443	27,299,392	26,506,220
Resale agreements	10	3,782,576	2,116,491	7,293,712
Loans	11	121,930,499	111,389,609	102,402,543
Other assets	13	9,753,199	9,888,722	7,058,108
Income tax recoverable		759,452	191,696	649,698
Deferred tax assets	14(a)	1,368,464	1,129,212	468,133
Employee benefits asset	15	1,284,611	746,011	1,830,011
Interest in associates	17	4,741,299	3,672,962	2,282,482
Intangible assets	18	3,512,387	3,475,208	3,480,485
Investment and foreclosed properties	19	544,053	522,400	349,386
Property, plant and equipment	20	3,254,536	3,282,728	3,732,560
Total assets		213,752,367	198,312,606	191,233,701
LIABILITIES				
Savings fund:				
Shareholders' savings	21	135,373,340	132,457,515	115,621,928
Depositors' savings	22	6,967,898	1,764,062	2,241,778
		142,341,238	134,221,577	117,863,706
Due to specialised institution	23	1,938,931	571,626	4,367,036
		144,280,169	134,793,203	122,230,742
Income tax payable		57,503	179,570	39,216
Other liabilities	24	5,365,882	6,753,758	4,647,453
Repurchase agreements	25	16,348,883	17,714,662	26,193,578
Other borrowings	26	25,448,720	16,835,550	15,010,164
Lease liabilities	27	341,454	421,165	317,497
Deferred tax liabilities	14(b)	10,793	21,844	319,574
Employee benefits obligation	15	868,600	716,100	1,245,900
Total liabilities		192,722,004	177,435,852	170,004,124
EQUITY				
Share capital	28	7,746,058	7,746,058	-
Permanent capital	44	-	-	7,746,058
Reserve fund	29(i), 30	1,684,509	1,684,509	1,560,636
Retained earnings reserve	29(ii), 30	7,225,160	7,225,160	5,323,210
Non-distributable reserve	29(iii)	(156,891)	(446,131)	(172,781)
Credit facility reserve	11(c), 29(iv)	3,090,413	2,569,620	1,950,735
Investment revaluation reserve	29(v)	(1,764,843)	(1,952,524)	859,631
General reserve		10,000	10,000	10,000
Currency translation reserve	29(vi)	338,565	255,496	415,217
Retained earnings		2,357,350	3,296,852	2,935,557
Total equity attributable to equity holders of the company		20,530,321	20,389,040	20,628,263
Non-controlling interest	31	500,042	487,714	601,314
Total equity		21,030,363	20,876,754	21,229,577
Total liabilities and equity		213,752,367	198,312,606	191,233,701

The financial statements on pages 107 to 181 were approved for issue by the Board of Directors on May 31, 2024 and signed on its behalf by:

Brian Goldson Director

Courtney Campbell Director

Countersigned:

Keri-Gaye Brown Corporate Secretary

* See note 43

The accompanying notes are an integral part of the financial statements.

Company Statement of **Financial Position**

December 31, 2023

	Notes	2023 $'000
ASSETS		
Cash resources	7	20
Deferred tax assets		7,962
Interest in subsidiaries	16	18,624,846
Total assets		18,632,828
LIABILITIES		
Due to related entities	12	235,450
Other liabilities	24	37,707
Other borrowings	26	1,000,000
Total liabilities		1,273,157
EQUITY		
Share capital	28	7,746,058
Retained earnings reserve	30	9,678,788
Retained earnings		(65,175)
Total equity		17,359,671
Total liabilities and equity		18,632,828

The financial statements on pages 107 to 181 were approved for issue by the Board of Directors on May 31, 2024, and signed on its behalf by:

_______________Director
Brian Goldson

Countersigned:

_______________Director
Courtney Campbell

_______________Corporate Secretary
Keri-Gaye Brown

The accompanying notes form an integral part of the financial statements.

Income Statements

December 31, 2023

	Notes	Group 2023 $'000	Group 2022 $'000 Restated*	Eleven months period Company 2023 $'000
Interest income, calculated using the effective interest method	33	12,428,055	10,209,008	-
Interest expense	33	(6,524,574)	(4,328,454)	(31,849)
Net interest income/(expense)		5,903,481	5,880,554	(31,849)
Fee and commission income	34	2,415,777	1,918,799	-
Fee and commission expenses	34	(319,370)	(202,603)	-
Net fee and commission income		2,096,407	1,716,196	-
Other operating revenue	35	2,589,529	4,875,906	-
Net interest income/(expense) and other revenue		10,589,417	12,472,656	(31,849)
Personnel costs	36	(5,391,381)	(5,461,022)	(19,028)
Impairment (charge)/credit on financial assets	5(a)(ii)	(271,862)	446,977	-
Depreciation and amortisation	18, 19, 20	(941,986)	(924,745)	-
Other operating expenses	37	(4,937,942)	(3,959,229)	(22,260)
		(11,543,171)	(9,898,019)	(41,288)
Extinguishment of dormant deposits	29(ii)	-	1,200,000	-
Share of profits of associates	17	442,161	126,899	-
(Loss)/profit before income tax		(511,593)	3,901,536	(73,137)
Income tax credit/(charge)	38	136,938	(772,258)	7,962
(Loss)/profit for the year/period		(374,655)	3,129,278	(65,175)
(Loss)/profit attributable to:				
Equity holders' of the Company		(414,424)	2,985,960	(65,175)
Non-controlling interest	31	39,769	143,318	-
		(374,655)	3,129,278	(65,175)

* See note 43

The accompanying notes form an integral part of the financial statements.

Statement of **Comprehensive Income**

December 31, 2023

	Notes	Group 2023 $'000	Group 2022 $'000 Restated*	Eleven months period Company 2023 $'000
(Loss)/profit for the year/period		(374,655)	3,129,278	(65,175)
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Net losses on investments in equity securities designated at FVOCI		(298,350)	(64,771)	-
Net gains/(losses) on remeasurement of employee benefits asset and obligation	15(i)(e),15(ii)(c)	407,000	(358,800)	-
Deferred income tax on net losses on remeasurement of employee benefits asset and obligation	14	(122,285)	107,600	-
		(13,635)	(315,971)	-
Items that may be reclassified to profit or loss:				
Unrealised gains/(losses) on debt securities at FVOCI		492,107	(3,542,257)	-
Deferred income tax on unrealised (losses)/gains on investment securities measured at FVOCI	14	(62,284)	615,177	-
Realised gains/(losses) on fair value of debt securities at FVOCI		2,102	(698)	-
Foreign currency translation difference on foreign exchange operations and other adjustments		90,623	(159,721)	-
Share of investment revaluation of associates		19,351	(78,631)	-
		541,899	(3,166,130)	-
Total other comprehensive income/(loss) for the year, net of tax		528,264	(3,482,101)	-
Total comprehensive income/(loss) for the year/period		**153,609**	**(352,823)**	**(65,175)**
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		165,937	(239,223)	(65,175)
Non-controlling interest		(12,328)	(113,600)	-
		153,609	(352,823)	(65,175)

* See note 43

The accompanying notes form an integral part of the financial statements.

Group Statement of
Changes in Capital and Reserves

December 31, 2023

	Share capital $'000 (note 28)	Reserve fund $'000 (note 30)	Retained earnings reserve $'000 (note 30)	Non-distributable reserve $'000 [note 29 (ii)]	Credit facility reserve $'000 [note 29 (iv)]	Investment revaluation reserve $'000 [note 29 (v)]	General reserve $'000	Currency translation reserve $'000 [note 29 (vi)]	Retained earnings $'000	Total capital and reserves $'000	Non controlling interest attributable to parent $'000 (note 31)	Total capital and reserve $'000
Balances as at January 1, 2022	**7,746,058**	**1,560,636**	**5,323,210**	**(172,781)**	**1,950,735**	**859,631**	**10,000**	**415,217**	**4,169,628**	**21,862,334**	**810,241**	**22,672,575**
Prior period adjustment (note 43)	-	-	-	-	-	-	-	-	(1,234,071)	(1,234,071)	(208,927)	(1,442,998)
Restated as at January 1, 2022	**7,746,058**	**1,560,636**	**5,323,210**	**(172,781)**	**1,950,735**	**859,631**	**10,000**	**415,217**	**2,935,557**	**20,628,263**	**601,314**	**21,229,577**
Profit for the year as restated	-	-	-	-	-	-	-	-	2,985,960	2,985,960	143,318	3,129,278
Other comprehensive income:												
Unrealised losses on debt securities at FVOCI, net of tax	-	-	-	-	-	(2,681,010)	-	-	-	(2,681,010)	(246,071)	(2,927,081)
Foreign currency translation difference on foreign subsidiaries' balances and other adjustments	-	-	-	-	-	-	-	(159,721)	-	(159,721)	-	(159,721)
Realised gains on debt securities at FVOCI	-	-	-	-	-	(698)	-	-	-	(698)	-	(698)
Unrealised losses on equity securities at FVOCI	-	-	-	-	-	(51,816)	-	-	-	(51,816)	(12,954)	(64,770)
Net gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	(273,350)	-	-	-	-	20,043	(253,307)	2,107	(251,200)
Share of investment revaluation of associate	-	-	-	-	-	(78,631)	-	-	-	(78,631)	-	(78,631)
Total other comprehensive income	-	-	-	(273,350)	-	(2,812,155)	-	(159,721)	20,043	(3,225,183)	(256,918)	(3,482,101)
Total comprehensive income for the year	-	-	-	(273,350)	-	(2,812,155)	-	(159,721)	3,006,003	(239,223)	(113,600)	(352,823)
Movements between reserves												
Credit facility reserve transfer	-	-	-	-	618,885	-	-	-	(618,885)	-	-	-
Other transfers [note 29(i)]	-	123,873	701,950	-	-	-	-	-	(825,823)	-	-	-
Total movement between reserves	-	123,873	701,950	-	618,885	-	-	-	(1,444,708)	-	-	-
Dormant deposit transfers [note 29(ii)]	-	-	1,200,000	-	-	-	-	-	(1,200,000)	-	-	-
Balances at December 31, 2022	**7,746,058**	**1,684,509**	**7,225,160**	**(446,131)**	**2,569,620**	**(1,952,524)**	**10,000**	**255,496**	**3,296,852**	**20,389,040**	**487,714**	**20,876,754**

* See note 43

The accompanying notes form an integral part of the financial statements.

Group Statement of
Changes in Capital and Reserves CONTINUED

December 31, 2023

	Share capital $'000 (note 29)	Reserve fund $'000 (note 30)	Retained earnings reserve $'000 (note 30)	Non-distributable reserve $'000 [note2 9 (ii)]	Credit facility reserve $'000 [note 29 (iv)]	Investment revaluation reserve $'000 [note 29 (v)]	General reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total capital and reserves $'000 [note 29 (vi)]	Non controlling interest attributable to parent $'000 (note 31)	Total capital and reserve $'000
Balances as at December 31, 2022	**7,746,058**	**1,684,509**	**7,225,160**	**(446,131)**	**2,569,620**	**(1,952,524)**	**10,000**	**255,496**	**3,296,852**	**20,389,040**	**487,714**	**20,876,754**
Total comprehensive income for 2023												
(Loss) for the year	-	-	-	-	-	-	-	-	(414,424)	(414,424)	39,769	(374,655)
Other comprehensive income:												
Unrealised losses on debt securities at FVOCI, net of tax	-	-	-	-	-	404,908	-	-	-	404,908	24,915	429,823
Foreign currency translation difference on foreign subsidiaries' balances and other adjustments	-	-	-	-	-	-	-	83,069	-	83,069	7,554	90,623
Realised gains on debt securities at FVOCI	-	-	-	-	-	2,102	-	-	-	2,102	-	2,102
Unrealised losses on equity securities at FVOCI	-	-	-	-	-	(238,680)	-	-	-	(238,680)	(59,670)	(298,350)
Net gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	289,240	-	-	-	-	(4,285)	284,955	(240)	284,715
Share of investment revaluation of associate	-	-	-	-	-	19,351	-	-	-	19,351	-	19,351
Total other comprehensive income	-	-	-	289,240	-	187,681	-	83,069	(4,285)	555,705	(27,441)	528,264
Total comprehensive income for the year	-	-	-	289,240	-	187,681	-	83,069	(418,709)	141,281	12,328	153,609
Movements between reserves												
Credit facility reserve transfer	-	-	-	-	520,793	-	-	-	(520,793)	-	-	-
Total movement between reserves	-	-	-	-	520,793	-	-	-	(520,793)	-	-	-
Balances at December 31, 2023	**7,746,058**	**1,684,509**	**7,225,160**	**(156,891)**	**3,090,413**	**(1,764,843)**	**10,000**	**338,565**	**2,357,350**	**20,350,321**	**500,042**	**21,030,363**

* See note 43

The accompanying notes form an integral part of the financial statements.

Company Statement of **Changes in Equity**

Eleven month period December 31, 2023

	Share capital reserve $'000 (note 28)	Retained earnings reserve $'000 (note 30)	Retained earnings $'000	Total $000
Loss for the period, being total comprehensive loss	-	-	(65,175)	(65,175)
Transactions with owners of the company:				
Issue of shares	7,746,058	-	-	7,746,058
Transaction reserves arising from restructuring (note 44)	-	9,678,788	-	9,678,788
Balances at December 31, 2023	7,746,058	9,678,788	(65,175)	17,359,671

The accompanying notes form an integral part of the financial statements.

Group Statement of Cash Flows

Year ended December 31, 2023

	Notes	2023 $'000	2022 $'000 Restated*
Cash flows from operating activities			
(Loss)/profit for the year		(374,655)	3,129,278
Adjustments for:			
Depreciation and amortisation	18, 19, 20	941,986	924,745
Amortisation of borrowing cost		(184,104)	-
Employee benefits asset and obligation		22,400	118,600
Interest income	33	(12,428,055)	(10,209,008)
Interest expense	33	6,593,606	4,328,454
Dividend income		(1,254,460)	-
Gain from property/share swap		-	(285,696)
Loss/(gain) on disposal of investment property and property, plant and equipment		65,769	(373,686)
Gain on investment activities		(1,437,631)	(801,318)
Unrealised fair value (gain)/loss		(59,493)	40,170
Share of profits of associates	17(b)	(442,161)	(126,899)
Impairment charge/(credit) on financial assets		271,862	(446,977)
Impairment charge on non-financial assets		1,188,777	-
Unrealised exchange (gains)/losses on foreign currency balances		(532,066)	2,032,395
Income tax (credit)/expense	38	(136,938)	772,258
		(7,765,163)	(897,684)
Changes in:			
Cash reserves held at Bank of Jamaica		(149,964)	(186,891)
Loan advances, net of repayments		(10,393,193)	(8,729,676)
Change in other assets		1,821,611	(187,458)
Employee benefits, net		(1,500)	76,800
Deposit from customers		7,009,433	15,801,786
Due to specialised institution		1,367,305	(3,795,410)
Change in other liabilities		(1,557,040)	1,986,302
		(9,668,511)	4,067,769
Interest received		10,575,720	8,198,105
Dividend received		124,804	276,479
Interest paid		(5,291,110)	(3,763,920)
Income taxes paid		(987,756)	(409,934)
Net cash (used in)/provided by operating activities		(5,246,853)	8,368,499

	Notes	2023 $'000	2022 $'000 Restated*
Cash flows from investing activities			
Purchase of investments		(43,210,356)	(12,493,989)
Proceeds from disposal of investments		43,960,812	11,175,582
Resale agreements		(1,666,180)	5,177,529
Purchase of intangible assets	18	(586,736)	(560,884)
Acquisition of additional shares in associate		(628,175)	(534,119)
Proceeds from disposal of shares in associates		-	66,434
Repurchase agreements		(1,388,883)	(8,478,916)
Purchase of investment properties	19	(112,733)	(322,405)
Purchase of property, plant and equipment	20	(395,346)	(510,423)
Proceeds of disposal of investment properties		45,903	123,183
Proceeds of disposal of property plant and equipment		-	368,082
Net cash used in investing activities		(3,981,694)	(5,989,926)
Cash flows from financing activities			
Additions on other borrowings	26	20,487,327	6,520,623
Repayments of other borrowing	26	(11,874,157)	(4,695,237)
Payment of lease liabilities	27(d)	(79,102)	(59,252)
Net cash provided by financing activities		8,534,068	1,766,134
Net (decrease)/increase in cash and cash equivalents for year		(694,479)	4,144,707
Cash and cash equivalents at beginning of year		9,940,143	7,827,831
Effect of exchange rate fluctuations on cash and cash equivalents		532,066	(2,032,395)
Cash and cash equivalents at end of year	7	9,777,730	9,940,143

* See note 43

The accompanying notes form an integral part of the financial statements.

Company Statement of Cash Flows

Eleven-month period ended December 31, 2023

	Notes	2023 $'000
Cash flows from operating activities		
Loss for the period		(65,175)
Adjustments for:		
Interest expense	33	31,849
Income tax credit		(7,962)
		(41,288)
Changes in:		
Other liabilities		5,859
Related parties		235,451
Net cash provided by operating activities		200,022
Cash flows from investing activities		
Interest in subsidiaries		(1,200,002)
Net cash used in investing activities		(1,200,002)
Cash flows from financing activities		
Additions to other borrowings	26	1,000,000
Net cash provided by financing activities		1,000,000
Net increase in cash and cash equivalents for period		20
Effect of exchange rate fluctuations on cash and cash equivalents		-
Cash and cash equivalents at end of period	7	20

The accompanying notes form an integral part of the financial statements.

Notes to the **Financial Statements** CONTINUED

December 31, 2023

1. IDENTIFICATION

(a) VM Group Limited ("the Company") was incorporated on February 1, 2023, under the Jamaican Companies Act and domiciled in Jamaica. The registered office of the Company is located at 6-10 Duke Street, Kingston, Jamaica.

The principal activities of the Company and its subsidiaries [note 1(b)] comprises granting loans, accepting deposits, trading in foreign currencies, stockbroking and securities trading, asset management, pension fund management, providing money transfer services, investing funds, investment and financial holding services and real estate services.

The Company was formed as part of a Scheme of Arrangement ("the Scheme") for the restructuring of The Victoria Mutual Building Society ("Society") and its subsidiaries, in keeping with the requirements of the Banking Services Act, 2014. This Scheme which gave rise to the formation of the Company was sanctioned by order of the Supreme Court on November 24, 2022. Upon the Scheme taking effect on February 1, 2023, the subsidiaries listed at (b) were transferred to the Company (see note 44).

As the reorganisation is a transaction among entities under common control, the Group has applied predecessor value method of accounting. Under the predecessor method:

- The Group does not restate assets and liabilities to their fair values. Instead, the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arises.
- The financial statements incorporate the combined companies' results as if the companies had always been combined.
- The corresponding amounts in the financial statements for the previous year reflect the results of the combined companies, as though the restructuring occurred at the beginning of the prior year.

(b) "Group" refers to the Company and its subsidiaries, which are as follows:

Entity	Country of incorporation	Nature of business	Percentage equity held by: The Company	Subsidiaries
VM Financial Group Limited and its subsidiaries:	Jamaica	Financial holding company for the financial entities within the Group	100	-
The Victoria Mutual Building Society	Jamaica	Granting loans and accepting deposits	-	100
VM Investments Limited and its wholly- owned subsidiary:	Jamaica	Investment holding company and select corporate finance services		80
VM Wealth Management Limited	Jamaica	Stockbroking, securities trading, asset management, corporate finance and investment advisory services	-	100
VM Pensions Management Limited	Jamaica	Pension fund management and administration	100	

Notes to the Financial Statements CONTINUED

December 31, 2023

1. IDENTIFICATION (CONT'D)

(b) "Group" refers to the Company and its subsidiaries, which are as follows (cont'd:

Entity	Country of incorporation	Nature of business	Percentage equity held by: The Company	Subsidiaries
Victoria Mutual Finance Limited	United Kingdom	Provision of management services to the Company and specialised lending in the UK	-	100
VM Money Transfer Services Limited	Jamaica	Management of money transfer services	-	99
VMBS Overseas (UK) Limited	United Kingdom	Promotion of the business of the Company	-	100
VM Innovations Limited and its subsidiaries:	Jamaica	Property holding company, development and rental of real property	100	-
VM Property (Services) Limited	Jamaica	Valuations, property management, project management and realtor services	-	100
VM Real Estate Holdings Limited	Jamaica	Realtor services	-	100

(c) Interest in associated companies

(i) The VM Financial Group Limited has a 44.45% (2022: 39.24%) interest in British Caribbean Insurance Company Limited, which is a general insurance company incorporated in Jamaica. This investment is accounted for under the equity method as an associated company in the financial statements.

(ii) VM Investments Limited, a subsidiary of VM Financial Group Limited, holds a 30% interest in Carilend Caribbean Holdings Limited (Carilend), a company incorporated in Barbados that facilitates peer-to-peer lending. This investment is accounted for under the equity method as an associated company in the financial statements.

(iii) VM Investments Limited, a subsidiary of VM Financial Group Limited, holds a 23% interest in Kingston Properties Limited (KPREIT) a company incorporated in Jamaica. This investment is accounted for under the equity method as an associated company in the financial statements.

2. REGULATIONS AND LICENCE

VM Financial Group Limited was granted its licence pursuant to section 19(2) of the Banking Services Act 2014 to operate as a Financial Holding Company by The Bank of Jamaica on November 15, 2023. One of the VM Financial Group Limited's subsidiaries, The Victoria Mutual Building Society, is licensed by the Bank of Jamaica, and its financial statements are delivered, under the Building Societies Act, the Banking Services Act 2014 and applicable Regulations.

Two of the VM Group Limited's subsidiaries, VM Wealth Management Limited and VM Pensions Management Limited, are licensed by the Financial Services Commission. VM Wealth Management Limited is a licensed investment advisor and securities dealer. It is also a member of the Jamaica Stock Exchange and is regulated as a securities broker/dealer.

VM Pensions Management Limited is a licensed pension fund manager.

VM Investments Limited is listed on the main market of the Jamaica Stock Exchange. VM Money Transfer Services Limited is licensed by Bank of Jamaica as a remittance service provider.

Notes to the Financial Statements CONTINUED
December 31, 2023

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards and comply with the relevant provisions of the Banking Services Act and the Jamaica Companies Act.

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group and Company has assessed them and has adopted those which are relevant to its financial statements. The financial statements are prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IFRS Accounting Standards).

Effective January 1, 2023, the Group and Company adopted the amendments to IAS 1, which resulted in the Group/Company disclosing *material* accounting policies, rather than *significant* accounting policies, based on the following definition from the amended standard:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

Other pronouncements under IFRS Accounting Standards did not result in any significant changes to amounts recognised or disclosed in these financial statements. See note 42.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The amendments did not result in any changes to accounting policies themselves (see note 42). Instead, the key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (note 14).

Notes to the Financial Statements CONTINUED

December 31, 2023

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 1 *Presentation of Financial Statements* apply retrospectively and is effective for annual periods beginning on or after January 1, 2024. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

  When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 *Financial Instruments: Presentation*. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

  Companies may have interpreted the existing IAS 1 requirements differently when classifying convertible debt. Therefore, convertible debt may become current.

New and amended standards and interpretations that are not yet effective (cont'd):

- IFRS 18 *Presentation and Disclosure in Financial Statements,* is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating ha
  profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company's main business activities.

  All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

  IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

  IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

The Group is assessing the impact that the amendments will have on its future financial statements.

Notes to the Financial Statements CONTINUED
December 31, 2023

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following:

(i) Debt instruments at fair value through other comprehensive income (FVOCI).

(ii) Certain debt instruments mandatorily classified at fair value through profit or loss.

(iii) Equity securities measured at fair value through profit or loss.

(iv) Certain equity securities designated as at FVOCI measured at fair value.

(v) The employee benefits asset recognised as plan assets, less the present value of the defined-benefit obligation, limited as explained in note 4(i); and

(vi) The defined-benefit liability measured as the present value of the unfunded obligations.

(c) Functional and presentation currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The financial statements are presented in Jamaica dollars ($), which is the functional currency of the Company. The financial statements of other entities included in the financial statements that have different functional currencies are translated into Jamaica dollars in the manner set out in note 4(o). Amounts are rounded to the nearest thousand, unless otherwise stated.

(d) Estimates critical to reported amounts, and judgements in applying accounting policies

The preparation of the financial statements to conform to IFRS requires management to make estimates based on assumptions and judgements. Management also makes judgements, other than those involving estimates, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates and the assumptions underlying them, as well as the judgements, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements that have a significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year include the following:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 4(n) and 5(a).

Notes to the Financial Statements CONTINUED

December 31, 2023

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Estimates critical to reported amounts, and judgements in applying accounting policies (cont'd)

(i) Key sources of estimation uncertainty (cont'd)

(2) Pension and other post-employment benefits

Determining employee benefit amounts to be included in the financial statements requires management to determine the fair value of plan assets and deduct the estimated present value of future benefits that employees have earned in current and prior periods.

Making these estimates requires certain assumptions, including a discount rate, inflation rate, rate of future increases in medical claims, pensions and salaries, as more fully set out in notes 4(i) and 15. Management provides its appointed actuaries with some of the information, including certain key assumptions used in estimating the employee benefit amounts. The uncertainty inherent in these assumptions could mean significant differences between actual results and the estimates determined by management.

(3) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve.

The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach, which is categorised as a Level 2 fair value (see notes 8, 9 and 32). Some other fair values are estimated based on quotes published by brokers/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources have significant estimation uncertainties.

(4) Impairment of the carrying value of interest in associate

Impairment of interest in associate is dependent upon management's internal assessment of future cash flows from the associate. That internal assessment determines the recoverable value of the associate.

(ii) Critical accounting judgements in applying the Group's accounting policies

For the purpose of these financial statements prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

The Group's accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances, and the Group exercises judgement in carrying out such designation.

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding [see note 4(b)(i)] requires management to make certain judgements on its business operations.

Notes to the **Financial Statements** CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

The Group adopted *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. The amendments require the disclosure of "material" rather than "significant" accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements (note 42).

(a) Basis of consolidation

The Scheme was accounted for as follows:

(i) Consolidated financial statements

In the consolidated financial statements the transaction is accounted for as a common control transaction using book value (carry-over basis) accounting, on the basis that the investment has simply been moved from one part of the group to another.

(ii) Separate financial statements

The company accounted for the investments in subsidiaries and associates at the original cost transferred from the Society, the predecessor parent of the group (or a proxy thereof). The issue of shares to the previous mutual fund equity holders was recognised at this cost.

(iii) Ongoing accounting policies

Group's financial statements include the financial statements of the Company and its subsidiaries, after eliminating intra-group amounts and remeasuring its investments in associates using the equity method.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee, and ability to use its power to affect those returns.

Associated entities are those, other than a subsidiary or joint venture, over which the Group has significant influence, but not control, over financial and operating decisions. Significant influence is presumed to exist when the Group holds at least 20% but not more than 50% of the voting power of another entity.

The financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, from the date significant influence commences until the date significant influence ceases.

(iv) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements CONTINUED
December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments - Classification, recognition and de-recognition, and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are classified, recognised, and measured in accordance with the substance of the terms of the contracts as set out herein.

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which, the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

(i) Classification of financial instruments

Financial assets

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

- *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 4(n). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL.
- *Fair value through profit or loss (FVTPL):* Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Other operating revenue' in the period in which it arises. Interest income on these financial assets is included in 'interest income, calculated using the effective interest method'.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Group in determining the business model for a group of assets include:

- Past experience on how the cash flows for these assets were collected;
- How the assets' performance is evaluated and reported to key management personnel;
- How risks are assessed and managed; and
- How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Notes to the **Financial Statements** CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments - Classification, recognition and de-recognition, and measurement (cont'd)

(i) Classification of financial instruments (cont'd)

Financial assets (cont'd)

- *Debt instruments* (cont'd)

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

- *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

Gains and losses on equity investments at FVTPL are included in the 'Other operating revenue' caption in the income statement.

Financial liabilities

The Group classifies non-derivative financial liabilities into the "other financial liabilities" category. These are measured at amortised cost.

(ii) Recognition and derecognition - Non-derivative financial assets and liabilities

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Notes to the Financial Statements CONTINUED
December 31, 2023

4. **MATERIAL ACCOUNTING POLICIES (CONT'D)**

(b) Financial instruments - Classification, recognition and derecognition, and measurement (cont'd)

(ii) Recognition and derecognition - Non-derivative financial assets and liabilities (cont'd)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI), is recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Group has a current legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iii) Measurement gains and losses – non-derivative financial assets

The Investment in Jamaica Government securities "and 'Investment - Other" caption in the statement of financial position include:

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL, with changes recognised in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities irrevocably designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- expected credit loss (ECL) charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(i) Cash resources

Cash resources are measured at amortised cost. They comprise of cash on hand and demand deposits, including unrestricted balances held with the central bank. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments, rather than for investment or other purposes.

These are highly liquid instruments, and include deposits where the maturities do not exceed three months from the acquisition date.

Notes to the Financial Statements CONTINUED
December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments – Other

(ii) Resale and repurchase agreements

Resale agreements are accounted for as short-term collateralised lending and classified at amortised cost. They are measured at fair value on initial recognition and subsequently at amortised cost. The difference between the purchase cost and the resale consideration is recognised in the income statement as interest income using the effective interest method.

The Group enters transactions whereby it transfers assets but retains either, all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Repurchase agreements are accounted for as short-term collateralised borrowing and are measured at amortised cost. On initial recognition and subsequently, the securities given as collateral are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are measured at amortised cost. The difference between the sale consideration and the repurchase price is recognised in the income statement over the life of each agreement as interest expense using the effective interest method.

(iii) Other assets

Other assets are measured at cost or amortised cost, less impairment losses.

(iv) Loans payable

Loans payable are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, with any difference between cost and redemption value recognised in profit or loss on the effective interest basis.

(v) Other liabilities

Other liabilities are measured at amortised cost.

(d) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement or transition date. The right-of-use asset is initially measured at cost, which comprises the present value of the lease liability, plus any initial direct costs incurred and estimated asset retirement costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group accounts for the non-lease components separately.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Financial Statements CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

(i) As a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the right-of-use asset has been fully amortised.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities as such in the statement of financial position.

(ii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on the straight-line basis over the lease term.

(e) Revenue recognition

Revenue arises in the course of the ordinary activities of the Group. The nature of the major items that comprise revenue and the recognition principles are as follow:

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired [see note 4(n)], for which interest revenue is calculated by applying the effective interest rate to their adjusted amortised cost (i.e., net of the expected credit loss allowance).

(ii) Fees, commissions and other income

Commission and other fee income, including account servicing fees, investment management fees, sales commissions, and placement fees, are recognised as the related services are performed. When a loan commitment fee is not expected to result in the draw-down of a loan, it is recognised on the straight-line basis over the commitment period.

(f) Interest expense

Interest expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

Notes to the Financial Statements CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Fee and commission expenses

Fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(h) Income tax

Income tax on the results for the year comprises current and deferred income tax. Taxation is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income (OCI), in which case it is also recognised in OCI.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted as of the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax is not recognised for:

(i) temporary differences on the initial recognition of assets or liabilities in a transaction that is a business combination or that affects neither accounting nor taxable profit; and

(ii) temporary differences related to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

(i) Employee benefits

Employee benefits comprise all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions, annual vacation and sick leave, and non-monetary benefits, such as medical care and housing; post-employments benefits, such as pensions and medical care; other long-term employee benefits, such as long service awards; and termination benefits.

(i) General benefits

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as the related service is provided. The expected cost of vacation leave that accumulates is recognised over the period that the employee becomes entitled to the leave.

Post-employment benefits are accounted for as described in paragraphs (ii), (iii) and (iv) below. Other long-term benefits, including termination benefits, which arise when either: (1) the employer decides to terminate an employee's employment before the normal retirement date, or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned during service and charged as an expense, unless not considered material, in which case they are charged when they fall due for actual payment.

The Group operates a defined-contribution pension plan and a defined-benefit pension plan (see note 15) to provide post-employment benefits.

The defined benefit plan was closed to new entrants effective December 31, 2016. The defined contribution plan was approved by the Financial Services Commission and Tax Administration Jamaica with an effective date of January 1, 2017 for employees who were hired on or after January 1, 2017. Both the defined benefit plan and the defined contribution plan are funded by contributions from the Group and employees in accordance with the respective Trust Deeds and Plan Rules.

(ii) Defined-contribution pension plan

Under the defined contribution plan, retirement benefits are based on the Group's and employees' accumulated contributions plus accretions and, therefore, the Group has no further liability to fund benefits.

Notes to the Financial Statements CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits (cont'd)

(iii) Defined-benefit pension plan

The defined-benefit plan provides benefits for retired employees of Group entities. The subsidiaries are participating employers in a group defined-benefit pension plan operated by the building society subsidiary. The building society subsidiary is directly responsible for any deficit in the plan. Additionally, all residual interest in the scheme belongs to the society. The plan is, therefore, accounted for as a defined-contribution plan in the financial statements of the individual participating subsidiaries and parent holding entities. Each year, the sponsoring entity charges a contribution to each of the group entities on an annual basis, based on the contributions recommended by the actuary.

In respect of defined-benefit arrangements, the employee benefits asset and obligation included in the financial statements are determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the Company's post-employment benefit asset and obligation as computed by the actuary.

The Group's net asset in respect of the defined-benefit pension plan is calculated by estimating the fair value of any plan assets and deducting the present value of future benefit that employees have earned in return for their service in the current and prior periods.

The discount rate is the yield at the reporting date on long-term government securities that have maturity dates approximating the terms of the Group's obligations. In the absence of such instruments in Jamaica, the rate is estimated by extrapolating from the longest tenure security on the market. The calculation is performed by the Group's independent qualified actuary using the Projected Unit Credit Method.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of its defined benefit plan when the settlement occurs.

Remeasurements of the defined benefits asset, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income. The Group determines the net interest income on the net defined benefit asset for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit asset, taking into account any changes in the net defined benefit asset during the year as a result of the contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

When the calculation results in a potential asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(iv) Other post-employment benefits

The Group provides post-employment medical and other benefits. The obligations with respect to these benefits are calculated on a basis similar to that for the defined-benefit pension plan.

Notes to the Financial Statements CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) Interest in subsidiaries

Interest in subsidiaries is measured at cost less impairment losses, in the separate financial statements of the Company.

(k) Intangible assets

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(ii) Computer software

Costs that are directly associated with acquiring identifiable software products which are expected to generate economic benefits beyond one year, are recognised as intangible assets. These assets are measured at cost, less accumulated amortisation and, if any, impairment losses. The assets are amortised using the straight-line method over their expected useful lives, estimated between five to seven years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

(l) Investment and foreclosed properties

(i) Investment property, held to earn rental income and/or for capital appreciation, is measured at cost, less accumulated depreciation and impairment losses. Lease income from investment property is accounted for on the straight-line basis.

(ii) In certain situations, the Group repossesses properties arising from foreclosure on loans in respect of which the borrower is in default. On the date of foreclosure, the repossessed collateral is measured at the carrying amount of the defaulted loan. It is thereafter measured at the lower of carrying amount and fair value less cost to sell, and classified as held-for-sale.

(m) Property, plant and equipment and depreciation

(i) Cost

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised as expenses, as incurred.

Notes to the **Financial Statements** CONTINUED
December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(m) Property, plant and equipment and depreciation (cont'd)

(ii) Depreciation

Property, plant and equipment, with certain exceptions, are depreciated on the straight-line method at annual rates estimated to write off depreciable amounts over the assets' expected useful lives. The exceptions are freehold land, on which no depreciation is provided, and equipment on lease and leasehold improvements, which are amortised over the shorter of their useful lives and the lease terms.

The depreciation rates are as follows:-

Buildings	2.5%
Office furniture and equipment	10 - 30%
Motor vehicles	20 - 25%
Right-of-use	Over life of lease

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(n) Identification and measurement of impairment

(i) Non-derivative financial assets

The Group recognises allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments, including loans and investment securities; and
- lease receivables.

Framework

The Group applies a 'three-stage' model for impairment based on changes in credit quality since initial recognition, as summarised below:

- *Stage 1:* a financial instrument that is not credit-impaired on initial recognition. Credit risk is continuously monitored by the Group.
- *Stage 2:* a significant increase in credit risk ('SICR') since initial recognition is identified, but the financial instrument is not yet deemed to be credit impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.
- *Stage 3:* a financial asset is credit impaired when one or more events (see below) that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Determining whether credit risk has increased significantly (Stage 2)

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative tests based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points;
- qualitative indicators; and
- a backstop of 30 days past due. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. In these cases, the Group determines a 12 month probation period during which the financial asset is required to demonstrate that its credit risk has declined sufficiently.

Notes to the Financial Statements CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Identification and measurement of impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (Stage 3)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- the disappearance of an active market for a security because of financial difficulties;
- a loan that is overdue for 90 days or more, even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields. The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the sovereign debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Purchased or originated credit-impaired financial assets (POCI)

Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of expected credit losses

Expected credit losses (ECL) are probability-weighted estimates of credit losses, measured as follows:

- ECL on financial instruments in Stage 1 are measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months.
- ECL on instruments in Stages 2 or 3 are measured based on expected credit losses on a lifetime basis.
- ECL on undrawn loan commitments are measured at the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive.
- ECL on financial guarantee contracts are measured at the expected payments to reimburse the holder, less any amounts that the Group expects to recover.
- ECL on trade and lease receivables are measured as an amount equal to lifetime ECL.

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Notes to the Financial Statements CONTINUED
December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Identification and measurement of impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Research team on an annual basis and provide the best and worst estimate views of the economy based on the expected impact of interest rates, unemployment rates and gross domestic product (GDP). The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

The Group formulates three economic scenarios: a base case, which is the median scenario, one upside and one downside scenario. The Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The economic scenarios used as at December 31, 2023, the following key indicators represents scores used to adjust the forward-looking information for Jamaica for the years 2023 to 2024:

	2023	2024
Unemployment rates	4.7%	5.0%
Base	0.6	0.6
Upside	0.3	0.3
Downside	0.6	0.6
Interest rates	7.0%	6.5%
Base	0.2	0.2
Upside	0.2	0.2
Downside	0.2	0.2
GDP Growth	2.0%	1.8%
Base	0.2	0.2
Upside	0.2	0.2
Downside	0.3	0.3
Inflation rates	5.5%	4.8%
Base	0.2	0.1
Upside	0.2	0.1
Downside	0.2	0.2

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

Notes to the Financial Statements CONTINUED

December 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Identification and measurement of impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments and financial guarantee contracts: generally, as a provision.
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in OCI/retained earnings

(ii) Non-financial assets

The carrying amounts of the Group's and Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Transactions and balances

Foreign currency transactions are converted into the functional currencies of Group entities at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currencies and classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

(ii) Foreign subsidiaries

For the purpose of consolidating the financial statements of subsidiaries operating outside of Jamaica, assets and liabilities are translated at the closing rates and income and expenses at the average rates for the year. Translation differences are recognised in other comprehensive income and included in the currency translation reserve.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such an item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Group's activities are principally related to the use of financial instruments. The Group, therefore, has exposure to the following risks from the use of financial instruments in the ordinary course of business:

- credit risk
- market risk
- liquidity risk
- operational risk

Notes 5(a) to (d) present information about the Group's exposure to each of the above-listed risks and the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors of the Company has overall responsibility for approving and overseeing management's implementation of the Group's business strategy, risk appetite, enterprise risk management (ERM) framework and policies. The Board has established the following committees for risk management purposes:

(i) Group Finance and Risk Management Committee
(ii) Corporate Governance, Nomination and Compensation Committee
(iii) Group Audit Committee
(iv) Group Digital and IT Committee

These committees are responsible for developing and/or monitoring risk management policies in their specified areas. All Board committees are comprised of non-executive members and report to the Company's Board of Directors on their activities.

The Group Finance and Risk Management Committee is responsible for designing and monitoring an integrated approach to risk management across the Group and ensuring its effectiveness consistent with the strategic risk appetite of the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which the Board, management, team members and all stakeholders of the Group understand their roles, obligations and respective risk exposures.

There are, in addition, an Asset and Liability Committee ("ALCO"), a Credit Committee and an Enterprise Risk Management (ERM) Committee, comprising members of executive management. These Committees report to the Group Finance and Risk Management Committee of the Board. The ALCO has responsibility for liquidity management, interest rate and foreign exchange risk management, capital adequacy management and oversight of treasury performance. The Credit Committee has responsibility for the implementation of appropriate policies and procedures to support the credit review and approval process for the Group. The ERM Committee provides a first layer of oversight for the Group's ERM framework, including methods, policies and procedures to identify, assess, monitor and report on material risks to the attainment of the Group's key performance objectives.

VM Group Limited, VM Financial Group Limited, Victoria Mutual Building Society VM Investments Limited, VM Wealth Management Limited and VM Pensions Management Limited have audit committees. The Company's Audit Committee is responsible for monitoring the Group's compliance with the ERM policies and procedures. The Audit Committees are assisted in these functions by Group Internal Audit, which undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committees.

The main risks to which the Group is exposed are managed as follows:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from credit given to customers in lending activities, investing and stock broking, and in deposits with other financial institutions. Financial assets arising from these activities include loans and other receivables, investment securities, resale agreements, cash resources and accounts receivable.

Notes to the Financial Statements CONTINUED
December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(i) Exposure to credit risk

The maximum credit exposure, that is, the amount of loss that would be suffered if all counter parties to the Group's financial assets were to default at once, is represented as follows:

(1) For financial assets recognised in the statement of financial position:

The carrying amount of financial assets shown on the statement of financial position.

(2) For financial assets not recognised in the statement of financial position:

	Group	
	2023 $'000	2022 $'000
Loan commitments	9,168,821	9,076,458

(ii) Management of credit risk attaching to key financial assets

- Loans receivable

Credit risk is the single largest risk for the Group's business. Credit risk management and control is delegated to the Group's Finance and Risk Management Committee. The Committee is responsible for oversight of credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, and limiting concentration of exposure to counterparties and related parties.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring expected credit losses (ECL) under IFRS 9. See note 4(n) for discussion on measurement of ECL.

The key judgements and assumptions adopted by the Group in addressing the requirements of IFRS 9 are discussed below:

- *Credit risk grades*

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty.

Notes to the Financial Statements CONTINUED
December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(ii) Management of credit risk attaching to key financial assets (cont'd)

- *Credit risk grades (cont'd)*

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

- Debt securities

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Maximum exposure to credit risk and credit quality analysis

The following tables set out information about the maximum exposure to credit risk and the credit quality of financial assets measured at amortised cost, FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

- Loans receivable at amortised cost:

	Group				
	2023				2022
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	Total $'000 Restated*
Credit grade					
Grade 3 - Low risk	29,556,332	424,713	807,821	30,788,866	26,008,006
Grade 4 -5	76,486,178	2,405,978	6,721,176	85,613,332	79,294,663
Grade 6 - 8	2,616,672	181,919	462,840	3,261,431	3,477,175
Grade 9 - 10 - High risk	-	558,361	2,072,686	2,631,047	2,922,937
	108,659,182	3,570,971	10,064,523	122,294,676	111,702,781
Loss allowance	(52,817)	(6,507)	(304,853)	(364,177)	(313,172)
Carrying amount	108,606,365	3,564,464	9,759,670	121,930,499	111,389,609

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(ii) Management of credit risk attaching to key financial assets (cont'd)

- Loans receivable at amortised cost (cont'd):

	Group 2023				2022
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	Total $'000 Restated*
Aging of loans receivables					
Current	101,714,389	391,378	3,584,577	105,690,344	96,843,609
Past due 1-30 days	6,923,270	140,074	1,581,787	8,645,131	6,804,409
Past due 31-60 days	21,523	2,313,328	1,526,259	3,861,110	3,256,228
Past due 61-90 days	-	726,191	876,458	1,602,649	2,675,555
Over 90 days	-	-	2,495,442	2,495,442	2,122,980
	108,659,182	3,570,971	10,064,523	122,294,676	111,702,781
Loan commitments					
Grades 1-3: Low risk	9,168,821	-	-	9,168,821	9,076,458
Loss allowance	(1,103)	-	-	(1,103)	(6,369)

- Debt securities, resale agreements and cash at amortised cost:

	Group 2023				2022
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	Total $'000 Restated*
Credit grade					
Investment grade	4,105,676	837,404	-	4,943,080	5,949,399
Non-investment grade*	19,165,865	2,694,215	-	21,860,080	16,945,798
	23,271,541	3,531,619	-	26,803,160	22,895,197
Loss allowance	(241,291)	(10,853)	-	(252,144)	(130,822)
Carrying amount	23,030,250	3,520,766	-	26,551,016	22,764,375

- Other assets at amortised cost:

	Group 2023				2022
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	Total $'000 Restated*
Credit grade					
Performing	7,057,047	243,054	-	7,300,101	8,382,463
Non-performing	-	-	722,607	722,607	710,756
Default	-	-	721,246	721,246	41,939
Gross carrying amount	7,057,047	243,054	1,443,853	8,743,954	9,135,158
Loss allowance	(9,289)	(6,042)	(698,021)	(713,352)	(513,817)
Carrying amount	7,047,758	237,012	745,832	8,030,602	8,621,341

*Non-investment grade financial assets have credit ratings that range from BB+ to Default

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(ii) Management of credit risk attaching to key financial assets (cont'd)

- Debt securities at FVOCI:

	Group 2023 Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Purchase credit impaired $'000	Total $'000	2022 Total $'000 Restated*
Credit grade						
Investment grade	3,623,812	-	-	-	3,623,812	4,099,385
Non-investment grade*	27,741,478	452,893	-	1,060,394	29,254,765	29,194,584
	31,365,290	452,893	-	1,060,394	32,878,577	33,293,969
Loss allowance	(36,650)	(39,688)	-	-	(76,338)	(176,849)

*Non-investment grade financial assets have credit ratings that range from BB+ to Default

Reconciliation of allowances for ECL

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Debt securities, loans receivable and resale agreements at amortised cost:

	Group 2023 Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	2022 Total $'000 Restated*
Balance at January 1	239,485	56,438	661,888	957,811	1,416,868
Transfer to Stage 1	41,113	(4,363)	(36,750)	-	-
Transfer to Stage 2	(1,729)	4,239	(2,510)	-	-
Transfer to Stage 3	(1,096)	(7,424)	8,520	-	-
New financial assets originated/purchased	20,414	2,217	273,093	295,724	86,957
Financial assets fully derecognised during the period	(95,699)	(33,847)	(22,147)	(151,693)	(116,722)
Changes to inputs used in ECL calculation**	113,577	5,983	102,227	221,787	(409,733)
Foreign exchange adjustment	7,728	158	910	8,796	(5,367)
Net remeasurement of loss allowance**	84,308	(33,037)	323,343	374,614	(444,865)
Other movements:					
Write off against provisions	-	-	(2,752)	(2,752)	(14,192)
Balance at December 31	323,793	23,401	985,231	1,329,673	957,811

** This represents changes in the driving parameters, i.e., Probability of Default, Loss Given Default, Exposure at Default and Forward-looking Information for the respective financial assets

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(ii) Management of credit risk attaching to key financial assets (cont'd)

Reconciliation of allowances for ECL (cont'd)

- Debt securities at FVOCI:

	Group 2023 Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	2022 Total $'000 Restated*
Balance at January 1	132,402	44,447	-	176,849	178,961
Transfer to Stage 2	(63,997)	63,997	-	-	-
Transfer to Stage 3		-	-	-	-
New financial assets originated or purchased	10,710	-	-	10,710	15,030
New financial assets fully derecognised during the period	(21,977)	(44,363)	-	(66,340)	(16,327)
Changes to inputs used on ECL calculation **	(22,195)	(24,393)	-	(46,588)	1,189
Foreign exchange adjustment	1,707	-	-	1,707	(2,004)
Net remeasurement of loss allowance	(95,752)	(4,759)	-	(100,511)	(2,112)
Balance at December 31	36,650	39,688	-	76,338	176,849

** This represents changes in the driving parameters, i.e., probability of default, loss given default, exposure at default and forward-looking information for the respective financial assets

- Loss allowance recognised in income statement during the year is summarized below:

	Group 2023 $'000	2022 $'000 Restated *
Investment securities at amortised cost (notes 8, 9)	111,333	(137,964)
Investment securities at FVOCI [note 5a (ii)]	(100,511)	(2,112)
Loans and notes receivable [note 11(b)]	51,005	(243,054)
Resale agreement (note 10)	95	(308)
Other receivable (note 13)	199,535	(63,539)
Other financial assets (note 7)	10,405	-
	(271,862)	(446,977)

* See note 43

Notes to the **Financial Statements** CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(ii) Management of credit risk attaching to key financial assets (cont'd)

Reconciliation of allowances for ECL (cont'd)

- Loss allowance recognised in income statement during the year is summarized below (cont'd):

  The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributes to changes in the loss allowance.

	2023 Impact: Increase/(decrease)		
	Stage 1	Stage 2	Stage 3
Loans and advances to customers at amortised cost			
Increase in retail credit card loans due to strategic growth initiative	3,965	-	52,099

	2022 Impact: Increase/(decrease)		
	Stage 1	Stage 2	Stage 3
Debt investment securities FVOCI			
Improved risk ratings on corporate bonds	(14,028)	(18,162)	-

Loans with renegotiated terms

Loans with renegotiated terms have been restructured due to deterioration in the borrowers' financial position and the Group has made concessions that it would not otherwise consider. Once a loan is restructured, it remains in this category irrespective of satisfactory performance after restructuring.

At the request of the borrowers, some loans have been restructured with renegotiated terms; arising from changes or anticipated changes in the borrowers' financial position and payment capacity. The Group has accommodated these changes and the loans have returned to satisfactory performance.

As at December 31, 2023, the outstanding principal balances on loans that were restructured during the year amounted to $1,700,000,000 (2022: $600,000,000). The ECL amounts that were transferred from lifetime to 12 months amounted to $41,113,000 (2022: $29,965,000)

Write-off policy, applicable for both periods

The Group writes off loans (and any related allowances for impairment losses) when it determines that the loans are uncollectible. This determination is usually made after considering information such as changes in the borrowers' financial position, or that proceeds from collateral will not be sufficient to cover the entire exposure.

Collateral

Loan collateral represents mortgages over property, liens over motor vehicles and hypothecation of deposits held. The fair value of collateral that the Group held for loans past due (greater than three months) was $34,571,752,075 (2022: $32,771,890,227) in [see note 5(a)(iii)].

Foreclosure

The Group sometimes acquires properties by way of foreclosure in the process of recovering amounts from defaulting borrowers. At the reporting date, the carrying amount of these assets was $113,000 (2022: Nil). The Group's policy is, in accordance with regulatory requirements, to pursue realisation of the collateral in a timely manner, that is, within three years of foreclosure. No financial or other assets (other than real property mentioned herein) were obtained during the year by taking possession of collateral.

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(iii) Collateral and other credit enhancements held against financial assets

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Professional and other means are used to arrive at fair value of such collateral, based on the value of collateral assessed at the time of borrowing. These collateral values are updated across board annually, with individual focus given to individual collateral values (including but not limited to professional valuations) when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

(1) Cash resources

These are held with regulated financial institutions and collateral is not required for such accounts, as management regards the institutions as strong.

(2) Investment securities

The Group manages the level of risk it undertakes by investing substantially in short-term investments, such as Government of Jamaica securities, and subsequently monitoring the financial condition and performance of the debtors/issuers. There is significant concentration in securities issued or guaranteed by Government of Jamaica.

(3) Resale agreements and certificates of deposit

Collateral is held for resale agreements other than those acquired from Bank of Jamaica, as set out in note 5(a)(iii) below.

(4) Other assets

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet repayment obligations and by changing these lending limits where appropriate.

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		
	2023	2022	Collateral type
Loan advances to retail customers			
Mortgage lending	100%	100%	Real property
Auto loans	100%	100%	Liens on motor vehicles
Cash secured loans	100%	100%	Hypothecation of deposits
Credit cards	-	-	
Unsecured lending	-		
Resale agreements	100%	100%	Debt securities
Loan advances to customers *			
Margin loans	75%	99%	Debt and equity securities
Corporate loans	100%	100%	Real property, shares, debt securities

(b) Market risks

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in interest rates, foreign exchange rates, credit spreads and equity prices and will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Group separates its exposure to market risks between trading and non-trading portfolios. Market risks from trading activities are monitored by the ALCO. The ALCO monitors the price movement of securities on the local and international markets for both debt and equity securities. Market risk is managed through the use of Board-approved limits, by offsetting financial assets and liabilities and maintaining matched portfolios of foreign currency financial assets and liabilities and by maintaining currency portfolio long and short gap position.

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates and exchange rates.

Interest rate risk and the other market risks associated with the non-trading portfolio are also monitored by the ALCO and managed in the following way:

(i) Interest rate risk

Interest rate risk is the potential for economic loss due to future interest rate changes within a specified period. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities. It can be reflected as a loss of future net interest income and/or a decline in current fair values.

The Group manages the risk by monitoring the savings fund to ensure its stability, by monitoring lending activity, by adjusting interest rates to the extent practicable within the overall policy of encouraging long-term savings and facilitating home ownership, and by carefully managing interest margins.

The following table summarises the carrying amounts of financial assets and liabilities in the statement of financial position to arrive at the Group's interest rate gap, based on the earlier of contractual re-pricing and maturity dates.

A summary of the interest rate gap at the reporting date, using historical data as a basis, is as follows:

	Group 2023					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash and cash equivalents	4,581,484	-	-	-	6,667,011	11,248,495
Jamaica Government Securities	1,852,169	717,992	2,722,804	19,612,422	2,966	24,908,353
Other investments	40,957	1,720,337	4,676,125	13,038,142	7,188,882	26,664,443
Resale agreements	1,528,941	1,784,753	468,882	-	-	3,782,576
Loans	-	121,930,499	-	-	-	121,930,499
Other assets	-	296,824	1,046,413	3,336,362	3,351,004	8,030,603
Total financial assets	8,003,551	126,450,405	8,914,224	35,986,926	17,209,863	196,564,969

	Group 2023					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Savings fund	81,700,371	18,227,689	33,099,947	9,201,169	112,062	142,341,238
Due to specialised institution	-	-	-	1,936,552	2,379	1,938,931
Other liabilities	-	-	-	-	4,502,273	4,502,273
Repurchase agreements	743,325	10,657,986	4,947,572	-	-	16,348,883
Lease liabilities	-	-	-	341,454	-	341,454
Other borrowings	4,144	7,066,437	2,383,250	15,986,612	8,277	25,448,720
Total financial liabilities	82,447,840	35,952,112	40,430,759	27,465,787	4,624,991	190,921,499
Total interest rate sensitivity gap *	(74,444,289)	90,498,293	(31,516,545)	8,521,139	12,584,872	5,643,470
Cumulative gap	(74,444,289)	16,054,004	(15,462,541)	(6,941,402)	5,643,470	-

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(i) Interest rate risk (cont'd)

A summary of the interest rate gap at the reporting date, using historical data as a basis, is as follows (cont'd):

* The gap is in relation to items recognised in the statement of financial position. There are no "off balance sheet" exposures.

	Group					
	2022 Restated*					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash and cash equivalents	6,588,181	9,675	-	-	4,663,088	11,260,944
Jamaica Government Securities	576,742	1,373,403	347,792	21,039,294	-	23,337,231
Other investments	198,906	1,027,529	5,696,918	12,478,214	7,897,825	27,299,392
Resale agreements	638,219	627,148	851,124	-	-	2,116,491
Loans	-	111,389,609	-	-	-	111,389,609
Other assets	-	181,300	258,233	5,155,956	3,025,852	8,621,341
Total financial assets	8,002,048	114,608,664	7,154,067	38,673,464	15,586,765	184,025,008

	Group					
	2022 Restated*					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Savings fund	78,609,324	16,255,096	33,040,073	5,383,348	933,736	134,221,577
Due to specialised institution	-	-	-	570,999	628	571,627
Other liabilities	-	-	-	-	6,655,446	6,655,446
Repurchase agreements	1,881,333	10,823,537	4,966,736	-	43,056	17,714,662
Lease liabilities	-	-	60,319	294,501	66,345	421,165
Other borrowings	6,029	5,554,654	3,080,391	7,189,117	1,005,359	16,835,550
Total financial liabilities	80,496,686	32,633,287	41,147,519	13,437,965	8,704,570	176,420,027
Total interest rate sensitivity gap *	(72,494,638)	81,975,377	(33,993,452)	25,235,499	6,882,195	7,604,981
Cumulative gap	(72,494,638)	9,480,739	(24,512,713)	722,786	7,604,981	-

* The gap is in relation to items recognised in the statement of financial position. There are no "off balance sheet" exposures.

	Company					
	2023					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash and cash equivalents	-	-	-	-	20	20
Total financial assets	-	-	-	-	20	20
Due to related entities	-	-	-	-	235,451	235,451
Other borrowings	-	-	-	1,000,000	-	1,000,000
Other liabilities	-	-	-	-	37,707	37,707
Total financial liabilities	-	-	-	1,000,000	273,158	1,273,158
Total interest rate sensitivity gap *	-	-	-	1,000,000	(273,138)	(1,273,138)
Cumulative gap	-	-	-	1,000,000	(273,138)	-

* The gap is in relation to items recognised in the statement of financial position. There are no "off balance sheet" exposures.

* See note 43

Notes to the **Financial Statements** CONTINUED
December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(i) Interest rate risk (cont'd)

	Group 2023 Increase	Group 2023 Decrease
Jamaica dollar	25 basis points	25 basis points
Foreign currencies	25 basis points	25 basis points
	$'000	$'000
Effect on surplus for the year	353,232	(3,665,486)
Effect on reserves	948,189	3,370,937

		Group 2022 Restated* Increase	Group 2022 Restated* Decrease
Jamaica dollar		100 basis points	50 basis points
Foreign currencies		100 basis points	50 basis points
	$'000	$'000	
Effect on profit for the year		2,216,174	75,867
Effect on reserves		40,297,775	3,419,075

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations in respect of transactions and balances that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the United States dollar (USD), Canadian dollar (CAD) and the British Pound (GBP).

The Group manages this risk by ensuring that the net exposure is kept to an acceptable level through matching foreign currency assets and liabilities as far as practicable. At the reporting date, the net exposure, in nominal currencies, were as follows:

	Group 2023 USD '000	GBP '000	CAD '000	Group 2022 Restated * USD '000	GBP '000	CAD '000
Foreign currency assets	345,803	147,491	13,784	330,136	140,785	10,501
Foreign currency liabilities	(338,360)	(88,828)	(9,731)	(335,960)	(91,754)	(10,429)
Net foreign currency assets	7,443	58,663	4,053	(5,824)	49,031	72

Sensitivity to foreign exchange rate movements

The Group uses the average of Bank of Jamaica's buying and selling rates for balances denominated in foreign currencies [see policy 4(o)]; the rates are as follows:

	2023 J$	2022 J$
United States dollar	154.27	151.01
Pound Sterling	194.23	179.50
Canadian dollar	116.90	108.20

A 1% strengthening of the Jamaica dollar against the relevant currencies at the reporting date would have increased/(decreased) surplus by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group 2023 $'000	Group 2022 $'000 Restated*
United States Dollar	(11,482)	17,590
Pound Sterling	(113,941)	(88,009)
Canadian Dollar	(4,738)	(156,122)
	(130,161)	(226,541)

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity to foreign exchange rate movements (cont'd)

A 4% (2022: 4%) weakening of the Jamaica dollar against the relevant currencies at the reporting date would have (decreased)/increased surplus by the amounts shown. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group	
	2023	2022
	$'000	$'000
-		Restated *
United States Dollar	45,929	(70,361)
Pound Sterling	455,765	352,035
Canadian Dollar	18,952	624,489
	520,646	906,163

(iii) Equity price risk

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

The equity securities which the Group holds are listed on the Jamaica Stock Exchange. A 6% increase in share prices would result in an increase in surplus of $1,740,297,000 for the Group. A 3% decrease in share prices would result in a decrease in surplus of $870,463,000 for the Group. As at December 31, 2023, the Group holds equity securities classified as fair value through other comprehensive income. A 6% increase in share prices would result in an increase in other comprehensive income of $30,600,000. A 3% decrease in share prices would result in a decrease in other comprehensive income of $15,300,000.

There was no change during the year in the nature of the market risks to which the Group is exposed or the way in which it measures and manages these risks.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to raise cash to settle its financial obligations as they fall due or to meet its lending obligations to maintain public and stakeholder confidence. Liquidity risk could result from the Group's inability to manage unplanned decreases or changes in funding sources and the failure to recognise or address changes in market conditions that affect the Group's ability to liquidate assets quickly and with minimal loss in value. Prudent liquidity risk management requires the Group to maintain sufficient cash and high quality marketable securities, monitor future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities.

The management of the Group establishes and implements procedures to ensure that the Group maintains sufficient liquidity, including a buffer of unencumbered, high quality liquid assets, to meet liabilities that fall due in the short term; to meet any demands for funds by its members and creditors and to withstand a range of stress events, including those involving loss or impairment of both secured and unsecured funding sources.

The daily liquidity position is monitored by reports covering the positions of the Group. All liquidity policies and procedures are subject to review and approval by the Group Finance and Risk Management Committee.

The building society subsidiary, The Victoria Mutual Building Society is subject to externally imposed liquidity ratios. These ratios are taken into account by management in its measurement and management of liquidity risk.

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(i) The key measure used for managing liquidity risk of the Society is the ratio of net liquid assets to prescribed liabilities. For this purpose, liquid assets include cash, cash equivalents and investment in debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. This calculation is used to measure the Society's compliance with the liquidity limit established by the Bank of Jamaica.

	Ratio of net liquid assets to deposits from customers	
	2023	2022
Regulator's minimum required ratio	5.00%	5.00%

	Ratio of net liquid assets to deposits from customers	
	2023	2022
Actual ratios:		
As at December 31	8.24%	6.78%
Average for the year	6.49%	5.93%
Highest % attained for the year	8.24%	6.78%
Lowest % attained for the year	5.00%	5.08%

(ii) The securities dealer subsidiary, VM Wealth Management Limited, manages liquidity risk by keeping a pre-determined portion of its financial assets in liquid form. The key measure used for monitoring liquidity risk is the ninety-day liquidity gap ratio. The numerator is calculated by subtracting the total assets maturing within ninety days from the total liabilities which fall due in ninety days. The denominator is total liabilities. The ninety day liquidity gap ratio at the end of the year was as follows:

	Ninety-day liquidity gap ratio	
	2023	2022
Actual ratio	67.00%	75.32%

(iii) Maturity profile

The following table presents the contractual maturity profile of financial assets and liabilities, including interest payments, on the basis of their earliest possible contractual maturity. However, based on historical experience, high-quality liquid assets held in the portfolio are available to mitigate any liquidity exposure that may arise. The Company's liquidity will be supported by dividends from subsidiaries.

	Group 2023	Contractual undiscounted cash flows					
	Carrying amount $'000	Total cashflow $'000	Within 1 month $'000	One to 3 months $'000	Three to 2 months $'000	One to 5 years $'000	Over 5 years $'000
Financial assets							
Cash and cash equivalents	9,777,730	9,806,995	8,027,272	1,159,806	619,917	-	-
Balances with central Banks	1,470,766	1,470,766	-	-	-	-	1,470,766
Jamaica Government securities	24,908,353	25,851,538	1,859,906	769,706	2,770,439	8,150,670	12,300,817
Other investments	26,664,443	27,038,163	853,215	920,216	3,089,418	12,573,314	9,602,000
Resale agreements	3,782,576	3,807,880	383,745	1,037,076	2,387,059	-	-
Loans	121,930,499	143,376,154	342,832	12,124,218	1,888,201	6,013,061	123,007,842
Other assets	8,030,603	8,270,175	746,950	3,957,063	3,566,162	-	-
Total financial assets	196,564,970	219,621,671	12,213,920	19,968,085	14,321,196	26,737,045	146,381,425
Financial liabilities							
Due to savers	142,341,238	144,938,212	82,062,650	18,227,689	33,994,805	9,211,817	1,441,251
Due to specialise institutions	1,938,931	2,812,972	7,848	15,696	65,212	380,318	2,343,898
Other liabilities	3,609,590	3,610,590	1,898,786	1,700,027	11,777	-	-
Lease liabilities	341,454	459,617	3,763	18,439	67,865	276,257	93,293
Repurchase agreement	16,348,883	16,535,099	752,188	10,095,624	5,622,899	24,388	-
Other borrowings	25,448,720	29,767,805	11,112	8,223,622	3,244,484	18,288,587	-
	190,028,816	198,124,295	84,736,347	38,281,097	43,047,042	28,181,367	3,878,442
Unrecognised loan commitments	9,168,821	9,168,821	9,168,821	-	-	-	-
	199,197,637	207,293,116	93,905,168	38,281,097	43,047,042	28,181,367	3,878,442
On statement of financial position gap being total liquidity gap	(2,632,667)	12,328,555	(81,691,248)	(18,313,012)	(28,725,846)	(1,444,322)	142,502,983
Cumulative gap	-	-	(81,691,248)	(100,004,260)	(128,730,106)	(130,174,428)	12,328,555

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Maturity profile (cont'd)

	Group 2022 Restated * Contractual undiscounted cash flows						
	Carrying amount $'000	Total cashflow $'000	Within 1 month $'000	One to 3 months $'000	Three to 12 months $'000	One to 5 years $'000	Over 5 years $'000
Financial assets							
Cash and cash equivalents	9,940,104	9,501,948	8,328,543	1,173,405	-	-	-
Balances with central Banks	1,320,801	1,341,236	20,435	-	-	-	1,320,801
Jamaica Government securities	23,337,231	23,976,124	587,555	402,778	252,570	15,374,780	7,358,441
Other investments	27,299,392	28,145,347	237,680	847,185	5,197,014	14,886,630	6,976,838
Resale agreements	2,116,491	2,203,527	608,086	816,733	756,350	22,358	-
Loans	111,389,609	133,304,209	47,887	10,235,855	2,042,317	6,468,057	114,510,093
Other assets	8,621,341	8,604,069	268,369	2,921,511	258,233	5,155,956	-
Total financial assets	184,024,969	207,076,460	10,098,555	16,397,467	8,506,484	41,907,781	130,166,173

	Group 2022 Restated *						
	Carrying amount $'000	Contractual cashflow $'000	Within 1 month $'000	One to 3 months $'000	Three to 12 months $'000	One to 5 years $'000	Over 5 years $'000
Due to savers	134,221,577	135,155,730	78,791,788	16,311,848	33,579,859	4,488,331	1,983,904
Due to specialise institutions	571,627	816,996	2,300	4,452	20,329	108,320	681,595
Other liabilities	5,257,715	5,349,784	3,195,763	1,711,631	442,390	-	-
Lease liabilities	421,165	755,550	288,888	4,743	68,347	324,514	129,058
Repurchase agreement	17,714,662	18,062,867	1,906,391	10,799,695	5,356,781	-	-
Other borrowings	16,835,550	17,598,353	1,468,169	4,770,323	4,257,377	7,102,484	-
	175,022,296	177,739,280	85,593,299	33,602,692	43,725,083	12,023,649	2,794,557
Unrecognised loan commitments	9,076,458	9,168,821	9,168,821	-	-	-	-
	184,098,754	186,908,101	94,762,120	33,602,692	43,725,083	12,023,649	2,794,557
On statement of financial position gap being total liquidity gap	(73,785)	20,168,359	(84,663,565)	(17,205,225)	(35,218,599)	29,884,132	127,371,616
Cumulative gap	-	-	(84,663,565)	(101,868,790)	(137,087,389)	(107,203,257)	20,168,359

* See note 43

	Company 2023 Contractual undiscounted cash flows						
	Carrying amount $'000	Total cashflow $'000	Within 1 month $'000	One to 3 months $'000	Three to 12 months $'000	One to 5 years $'000	Over 5 years $'000
Financial assets							
Cash and cash equivalents	20	20	20	-	-	-	-
Total financial assets	20	20	20	-	-	-	-
Financial liabilities							
Other liabilities	37,707	37,707	37,707	-	-	-	-
Due to related parties	235,451	235,451	235,451	-	-	-	-
Other borrowings	1,000,000	1,552,055	-	52,740	93,836	1,405,479	-
	1,273,158	1,825,213	273,158	52,740	93,836	1,405,479	-
On statement of financial position gap being total liquidity gap	(1,273,158)	(1,825,193)	(273,158)	(52,740)	(93,836)	(1,405,479)	-
Cumulative gap	-	-	(273,138)	(325,878)	(419,714)	(1,825,193)	(1,825,193)

There was no change to the Group's approach to managing liquidity risk during the year.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Operational risk (cont'd)

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to eliminate control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Executive ERM Committee with oversight given by the Group Finance and Risk Management Committee. This responsibility is supported by overall Group standards for the management of operational risk to minimise exposure to key operational risk areas, including new products and marketing initiatives, continuity of critical services and processes, talent retention and development, information security and internal and external fraud. Where these risks arise, the Group will consider the impact to its reputation and take measures to mitigate the risk, within the context of its relevant risk appetite.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Group Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management of the Group and the Audit Committees.

6. CAPITAL MANAGEMENT

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of capital adequacy ratios and the possible suspension or loss of one or more licenses. The Group's objectives when managing capital, which is a broader concept than the "capital" mentioned on the face of the statement of financial position are:

- To comply with the capital requirements set by the regulators;
- To safeguard the Company's and its subsidiaries' ability to continue as going concerns, so that the Group can continue to provide benefits for members and other stakeholders; and
- To maintain a strong capital base to support the development of its business.

(a) The Victoria Mutual Building Society

Bank of Jamaica requires that building societies maintain a minimum of 10% of their risk weighted assets in capital.

	2023 $'000	2022 $'000
Regulatory capital	21,046,610	19,917,012
Qualifying capital	19,000,473	17,181,792
On balance sheet risk weighted assets	107,652,931	105,492,410
Off balance sheet risk weighted assets – loan commitments	9,168,821	8,964,865
Foreign exchange exposure	4,176,367	1,329,452
Total risk assessed assets	120,998,119	115,786,727
Risk based capital adequacy ratio	15.70%	17.20%
Regulatory requirement	10.00%	10.00%

(b) VM Pensions Management Limited

VM Pensions Management Limited is regulated by the Financial Services Commission. The subsidiary's regulatory capital position as at the reporting date was as follows:

	2023 $'000	2022 $'000
Tier 1 Capital	233,124	37,305
Risk-weighted assets:		
Operating assets	250,945	236,185
Per statement of financial position	237,262	206,440
Foreign exchange exposure	250,945	30,814
	739,152	473,439

Capital adequacy ratios:	Minimum required		Actual	
	2023	2022	2023	2022
Total regulatory capital/risk-weighted assets	10.00%	10.00%	42.53%	15.72%
Tier 1 Capital/Total regulatory capital	50.00%	50.00%	100.00%	100.00%
Actual capital base/total assets	6.00%	6.00%	64.30%	13.00%

Notes to the Financial Statements CONTINUED

December 31, 2023

6. CAPITAL MANAGEMENT (CONT'D)

(c) VM Wealth Management Limited

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to its shareholders and benefits for other stakeholders, to maintain a strong capital base to support the development of its business and to comply with the capital requirements set by the regulators.

The Financial Services Commission ("FSC") stipulates and monitors capital requirements for the non-deposit-taking financial services sector. The FSC requires that the company maintains a capital base of which at least 50% is to be of Tier 1 capital. In addition, the FSC employs certain ratios to test capital adequacy and solvency.

	2023 $'000	2022 $'000 Restated*
Tier 1 Capital	4,002,053	2,601,168
Tier 2 Capital	70,600	71,800
Total regulatory capital	4,072,653	2,672,968
Risk weighted assets:		
Per statement of financial position	17,271,770	17,431,713
Foreign exchange exposure	338,427	609,088
	17,610,197	18,040,801
Operational risk-weighted assets	316,615	269,695
	17,926,812	18,310,496

Capital ratios	Minimum required		Actual	
	2023	2022	2023	2022 Restated*
Total regulatory qualifying capital Total risk weighted assets	10.00%	10.00%	22.72%	17.59%
Tier 1 Capital/Total regulatory capital	50.00%	50.00%	98.27%	97.77%
Capital base/Total assets	6.00%	6.00%	9.83%	15.55%

7. CASH RESOURCES

	Group		Company
	2023 $'000	2022 $'000	2023 $'000
Cash and cash equivalents for statements of cashflow [see (a)]	9,777,730	9,940,143	20
Cash reserves held at Bank of Jamaica [see (b)]	1,470,765	1,320,801	-
	11,248,495	11,260,944	20

(a) Cash and cash equivalents represents cash on hand, balances with banks and term deposit. This includes an impairment of $10,405,000.

(b) Cash reserves held at Bank of Jamaica represents statutory reserves required by regulation to be held at Bank of Jamaica. They are not available for use by the building society subsidiary in the ordinary course of business. The cash reserve amounts are determined as a percentage of specified liabilities stipulated by Bank of Jamaica. For the cash reserve rate to remain at no more than one per cent of specified liabilities, as defined, the building society subsidiary must have qualifying assets of 40% of specified liabilities.

Notes to the Financial Statements CONTINUED

December 31, 2023

8. INVESTMENTS - JAMAICA GOVERNMENT SECURITIES

	Group 2023 $'000	Group 2022 $'000
FVOCI		
Securities denominated in United States dollars:		
Bonds	12,841,255	13,163,161
Securities denominated in Jamaica dollars:		
Bonds	8,600,902	8,986,696
Certificates of deposit	459,785	280,653
Treasury bills	-	2,003
	9,060,687	9,269,352
Amortised cost		
Securities denominated in United States dollars:		
Bonds		
Certificates of deposit	154,269	151,009
Securities denominated in Jamaica dollars:		
Bonds	219,095	757,634
Securities denominated in Jamaica dollars:		
Certificates deposit	2,050,000	-
Treasury bills	585,281	-
	2,854,376	757,634
	24,910,587	23,341,156
Less: Allowance for impairment on amortised cost-GOJ instruments	(2,234)	(3,925)
	24,908,353	23,337,231

Government securities mature, in relation to the reporting date, as follows:

	Group 2023 $'000	Group 2022 $'000
Within 3 months	2,572,626	1,329,520
From 3 months to 1 year	2,774,859	350,000
From 1 year to 5 years	8,198,511	4,995,731
Thereafter	11,362,357	16,661,980
	24,908,353	23,337,231

Certain Government of Jamaica securities are pledged by the Group as collateral for repurchase agreements (note 25).

Notes to the Financial Statements CONTINUED

December 31, 2023

9. INVESTMENTS – OTHER

	Group 2023 $'000	Group 2022 $'000 Restated*
FVTPL		
Unquoted equities	77,280	72,494
Quoted equities	1,479,017	2,099,334
Mandatorily designated:		
Preference shares	752,597	158
Units in unit trust funds	4,355,852	4,966,741
	6,664,746	7,138,727
Amortised cost		
Bonds	5,588,625	5,191,765
Preference shares	-	410,647
Treasury bills	2,454,693	2,388,162
Term deposits	709,118	618,038
	8,752,436	8,608,612
FVOCI		
Bonds	10,976,635	10,861,456
Ordinary shares - quoted	510,001	808,350
Ordinary shares - unquoted	39	8,637
	11,486,675	11,678,443
	26,903,857	27,425,782
Less: Allowance for impairment on amortised cost	(239,414)	(126,390)
	26,664,443	27,299,392

These investments mature, in relation to the reporting date, as follows:

	Group 2023 $'000	Group 2022 $'000
Within 3 months	1,720,337	906,468
From 3 months to 1 year	4,676,125	5,620,428
From 1 year to 5 years	9,145,855	7,016,669
Over 5 years/no maturity	11,122,126	13,755,827
	26,664,443	27,299,392

* See note 43

Equity investment securities designated as at FVOCI

The following table shows investments in equity securities that are designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long term.

	Group			
	Fair value		Dividend income recognised	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At beginning of the year	808,350	873,120	-	-
Net fair value losses recognised during the year	(298,349)	(64,770)	-	22,185
	510,001	808,350	-	22,185

None of these investments were disposed of during the year ended December 31, 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments. The change in fair value on these investments was $298,350,000 for the year ended December 31, 2023 (2022: $64,770,000).

10. RESALE AGREEMENTS

Government and corporate securities are purchased under agreements to resell them on specified dates and at specified prices on maturity ('resale agreements').

	Group 2023 $'000	Group 2022 $'000
Denominated in Jamaica dollars	1,947,792	422,671
Denominated in United States dollars	1,835,386	1,694,327
	3,783,178	2,116,998
Less: Allowance for impairment	(602)	(507)
	3,782,576	2,116,491

The securities obtained as collateral under resale agreements, may themselves be sold under repurchase agreements (see note 25). At December 31, 2023, such securities had a fair value of $6,460,447,000 for the Group.

Notes to the Financial Statements CONTINUED
December 31, 2023

11. LOANS

(a) Composition of loans

	Group 2023 $'000	Group 2022 $'000 Restated*
Conventional mortgage loans	97,225,636	89,326,855
Mortgage escrow (see below)	702,895	647,022
Total conventional mortgage loans	97,928,531	89,973,877
Share loans	1,788,567	1,757,472
Corporate loans	1,410,441	1,195,027
Consumer loans	8,482,406	9,413,885
Consumer escrow	27,690	31,137
Specialised loans	12,108,456	9,512,760
Staff loans	576,443	462,956
Staff loans escrow	-	(673)
Margin loans	201,150	-
Credit cards	639,553	90,533
Total gross carrying value of loans	123,163,237	112,436,974
Less: Allowance for impairment	(364,177)	(313,172)
Deferred originating fees	(868,561)	(734,193)
Total loans, net	121,930,499	111,389,609

Mortgage escrow represents insurance premiums paid by the building society subsidiary on behalf of mortgagors. These amounts are recoverable over one year and are collected as part of monthly mortgage instalments.

(b) Allowance for impairment

	Group 2023 $'000	Group 2022 $'000 Restated*
Balances at the beginning of the year	313,172	556,226
Loans written off	(25,893)	-
Foreign exchange movement	6,793	-
Net remeasurement of allowance for ECL	70,105	(243,054)
Balances at the end of the year [see (c) below]	364,177	313,172

(c) The total expected loss allowance is broken down as follows:

	Group 2022 $'000	Group 2021 $'000
Regulatory loan loss provision	3,454,590	2,882,792
Less: Impairment allowance based on IFRS 9 [see (b) above]	(364,177)	(313,172)
Credit facility reserve at end of year	3,090,413	2,569,620

(d) Loan principal repayments and mortgage escrow payments are projected to be received, in relation to the reporting date, as follows:

	Group 2023 $'000	Group 2022 $'000 Restated*
Within three months	363,469	692,125
3 months to 1 year	8,684,560	4,747,983
From 1 year to 5 years	10,648,820	12,181,705
Thereafter	102,233,650	93,767,796
	121,930,499	111,389,609

(e) Movement in deferred originating fees

	Group 2023 $'000	Group 2022 $'000 Restated*
At beginning of the year	734,193	440,741
Additions	270,311	363,577
Amortisation	(135,943)	(70,125)
At end of the year	868,561	734,193

* See note 43

Notes to the **Financial Statements** CONTINUED
December 31, 2023

12. DUE TO RELATED ENTITIES

Due to related entities represent balances held by subsidiaries and other related entities in the ordinary course of business. The balances are unsecured, interest free and due within three months.

	Group 2023 $'000	Company 2023 $'000
Due to related entities:		
Due to subsidiaries+	-	235,450

+ These amounts will be settled from dividend income and management fees received from subsidiaries.

13. OTHER ASSETS

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Margin & other loans receivable	4,974,027	5,541,135	-
Interest receivable	1,852,335	1,417,184	-
Rent receivable	53,110	105,188	-
Late fees	148,233	107,612	-
Customers' receivable	423,537	325,809	-
Sundry receivables	1,339,896	1,711,985	-
	8,791,138	9,208,913	-
Less allowance for impairment	(713,352)	(513,817)	-
Deferred origination fees	(47,183)	(73,755)	-
	8,030,603	8,621,341	-
Tax recoverable	1,343,546	947,121	-
Prepayment	379,050	320,260	-
	9,753,199	9,888,722	-

* See note 43

The balances are reflected net of expected credit loss allowance as follows:

	Group 2023 $'000	Group 2022 $'000 Restated*
At beginning of the year	513,817	577,356
Increase (decrease)/increase in allowance	204,003	(49,499)
Write offs	(4,468)	(14,040)
At end of the year	713,352	513,817

	2023 $'000	2022 $'000 Restated*
Movement in deferred origination fees		
At beginning of the year	73,755	63,253
Additions	21,589	46,442
Amortisation	(48,161)	(35,940)
At end of the year	47,183	73,755

* See note 43

Notes to the Financial Statements CONTINUED
December 31, 2023

14. DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets and liabilities are attributable to the following:

	Group					
	2023					
	Assets		Liabilities		Net	
	2023 $'000	2022 $'000 Restated*	2023 $'000	2022 $'000 Restated*	2023 $'000	2022 $'000 Restated*
Investment securities	882,869	1,052,830	-	(369,822)	882,869	683,008
Other receivables	53,705	(11,612)	-	71,209	53,705	59,597
Property, plant and equipment	426,609	33,946	-	289,942	426,609	323,888
Investment property	(300)	-	-	-	(300)	-
Right of use assets	(21,914)	(18,147)	-	-	(21,914)	(18,147)
Lease liability	42,161	22,603	-	11,661	42,161	34,264
Other liabilities	66,933	51,657	(10,793)	2,865	56,140	54,522
Tax loss	50,650	-	-	-	50,650	-
Employee benefits assets	(385,383)	-	-	(223,803)	(385,383)	(223,803)
Employee benefits obligation	252,813	1,775	-	196,677	252,813	198,452
Unrealised foreign exchange loss	321	(3,840)	-	(573)	321	(4,413)
	1,368,464	1,129,212	(10,793)	(21,844)	1,357,671	1,107,368

	Company 2023 $'000
Interest payable	7,962

The Company recognises deferred tax asset based on management's assumption that there will be sufficient future taxable profits against which the assets can be utilised. Embedded in the Group's strategic framework are specific and timebound action plans , designed at enabling the Company to pursue and capitalise on growth and profit making opportunities.

(b) Movement in net temporary differences during the year are as follows:

	Group			
	2023			
	January 1, 2023 $'000	Recognised in income $'000	Recognised in OCI $'000	December 31, 2023 $'000
Investment securities	683,008	262,145	(62,284)	882,869
Other receivables	59,597	(5,892)	-	53,705
Property, plant and equipment	323,888	102,721	-	426,609
Investment property	-	(300)	-	(300)
Right of use assets	(18,147)	(3,767)	-	(21,914)
Lease liability	34,264	7,897	-	42,161
Other liabilities	54,522	1,618	-	56,140
Tax loss	-	50,650	-	50,650
Employee benefits assets	(223,803)	(15,210)	(146,370)	(385,383)
Employee benefits obligation	198,452	30,276	24,085	252,813
Unrealised foreign exchange loss	(4,413)	4,734	-	321
	1,107,368	434,872	(184,569)	1,357,671

	Group			
	2022 Restated *			
	January 1, 2021 $'000	Recognised in income $'000	Recognised in OCI $'000	December 31, 2022 $'000
Investment securities	(88,906)	156,737	615,177	683,008
Other receivables	132,339	(72,742)	-	59,597
Property, plant and equipment	249,013	74,875	-	323,888
Right of use assets	(21,914)	3,767	-	(18,147)
Lease liability	26,791	7,473	-	34,264
Other liabilities	40,186	14,336	-	54,522
Tax loss	(3,769)	3,769	-	-
Employee benefits assets	(549,003)	24,210	300,990	(223,803)
Employee benefits obligation	362,234	29,608	(193,390)	198,452
Unrealised foreign exchange loss	1,588	(6,001)	-	(4,413)
	148,559	236,032	722,777	1,107,368

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

15. EMPLOYEE BENEFITS ASSET/OBLIGATION

The Group operates a defined-benefit plan, under which retirement benefits are calculated by reference to, *inter alia,* final salary. The plan is subject to a triennial actuarial funding valuation, the most recent performed as at December 31, 2019. The valuation as at December 31, 2022 is incomplete. For purposes of determining the employee benefit asset or obligation included in the financial statements at the end of the period and the costs for the period, an IAS 19 actuarial valuation is done each year. The Group also provides post-employment medical benefits to retirees.

(i) Employee benefits asset

The amounts in the statement of financial position in respect of the defined-benefit pension plans and post-employment medical benefits are as follows:

	Group	
	2023 $'000	2022 $'000
Employee benefits asset (i)	1,284,611	746,011
Other post-employment benefits (ii)	868,600	716,100

(a) Amount recognised in the statement of financial position

	Group	
	2023 $'000	2022 $'000
Present value of funded obligations	(7,918,000)	(4,506,500)
Fair value of plan assets	9,202,611	9,109,211
Change in effect of asset ceiling	-	(3,856,700)
	1,284,611	746,011

The asset ceiling has moved to nil due to the stronger financial assumptions used during the year [see note 15(i) (f)].

(b) Movements in the present value of defined benefit obligations

	Group	
	2023 $'000	2022 $'000
Balance at beginning of year	4,506,500	7,282,600
Benefits paid	(260,200)	(268,000)
Employee contributions (basic and voluntary)	208,800	111,100
Interest cost	569,400	596,800
Service cost	62,000	255,900
Transfers in	-	800
Remeasurement loss/(gain) arising from:		
Financial assumptions	2,831,500	(3,472,700)
Balance at end of year	7,918,000	4,506,500

(c) Movement in plan assets

	Group	
	2023 $'000	2022 $'000
Fair value of plan assets at beginning of year9,109,211	9,112,611	
Contributions paid into the plan	210,300	187,000
Benefits paid by the plan	(260,200)	(292,000)
Net interest income on plan assets	1,181,100	724,800
Remeasurement loss on assets included in other comprehensive income	(1,037,800)	(623,200)
Fair value of plan assets at end of year	9,202,611	9,109,211

	Group	
	2023 $'000	2022 $'000
Plan assets consist of the following:		
Equity securities	3,382,000	3,455,800
Government securities	3,387,300	3,383,700
Real estate fund	1,965,500	1,820,300
Other assets	467,811	449,411
	9,202,611	9,109,211

All equity and government securities have quoted prices in active markets. All government securities are issued by Jamaican government.

Notes to the **Financial Statements** CONTINUED

December 31, 2023

15. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(i) Employee benefits asset (cont'd)

(d) (Credit)/charge recognised in the income statement, net

	2023 $'000	2022 $'000
Service costs	62,000	186,100
Interest on obligation	569,400	611,700
Interest on effect of asset ceiling	501,400	-
Net interest income on plan assets	(1,181,100)	(724,800)
	(48,300)	73,000

	Group 2023 $'000	Group 2022 $'000
(e) Charge/(credit) recognised in other comprehensive income, net		
Remeasurement gain on obligations	2,831,500	(3,472,700)
Remeasurement gain on assets	1,037,800	623,200
Change in effect of asset ceiling	(4,358,100)	3,856,700
	(488,800)	1,007,200

(f) Principal financial assumptions at the reporting date (expressed as weighted averages)

	Group 2023 %	Group 2022 %
Discount rate at December 31	11.0	13.0
Future salary increases	6.0	5.5
Future pension increases	6.0	4.5

(g) Sensitivity analysis

A one percentage (2022: one-half percentage) point change at the reporting date to one of the relevant financial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by amounts shown below:

	Group 2023		Group 2022	
	1 % point increase $'000	1 % point decrease $'000	0.5% point increase $'000	0.5% point decrease $'000
Financial assumptions				
Discount rate	(1,013,000)	1,313,300	(4,157,400)	4,932,900
Rate of salary escalation	448,700	(387,600)	4,684,200	(4,350,500)
Future rate of pension	742,800	638,900	4,747,000	(4,298,900)

(h) The Group expects to pay $1,600,000 in contributions to the defined-benefit plan in 2024.

Notes to the Financial Statements CONTINUED
December 31, 2023

15. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(ii) Other post-employment benefits

The employee benefits obligation represents the present value of the constructive obligation to provide medical and other benefits to retirees.

(a) Movement in present value of defined benefit obligation

	Group	
	2023 $'000	2022 $'000
Present value of obligation at the start of the year	716,100	1,245,900
Interest cost	91,000	102,200
Current service cost	14,000	45,900
Benefits paid	(34,300)	(29,500)
Remeasurement gain arising from:		
Financial assumptions	81,800	(648,400)
	868,600	716,100

(b) Charge recognised in the income statement

	Group	
	2023 $'000	2022 $'000
Interest cost	91,000	102,200
Current service cost	14,000	45,900
	105,000	148,100

(c) Items in other comprehensive income

	Group	
	2023 $'000	2022 $'000
Remeasurement gains/(losses) on obligation	81,800	(648,400)

(d) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	Group	
	2023 %	2022 %
Financial assumptions:		
Discount rate	11.0	13.0
Medical claims growth	8.0	7.5

Statistical assumptions:

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining life expectancy of an individual retiring at age 65 is 21 years for males and 26 years for females.

(e) Sensitivity to changes in financial assumptions

A one percentage (2022: one-half percentage) point change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by amounts shown below:

	Group			
	2023		2022	
	1% point increase $'000	1% point decrease $'000	0.5% point increase $'000	0.5% point decrease $'000
Medical cost trend rate and rate of salary escalation	118,400	(96,100)	685,500	(515,800)
Discount rate	(92,900)	116,000	(515,800)	685,500

Notes to the Financial Statements CONTINUED

December 31, 2023

16. INTEREST IN SUBSIDIARIES

	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000
Shares, at cost [see note 1(c)]	-	-	18,624,846

17. INTEREST IN ASSOCIATES

(a) The carrying amount of interest in associated companies represents the cost of shares acquired and the Group's share of post-acquisition reserves in British Caribbean Insurance Company Limited (BCIC), Carilend Caribbean Holdings Limited and Kingston Properties Limited (KPREIT), as follows:

	Group 2023 $'000	Group 2022 $'000 Restated*
Shares, at cost	3,536,211	2,871,078
Share of post- acquisition Comprehensive Income less dividends	1,205,088	801,884
	4,741,299	3,672,962

(b) Group's share of profit/(loss) is analysed out as follows:

	Group 2023 $'000	Group 2022 $'000 Restated*
British Caribbean Insurance Company Limited	277,750	126,899
Kingston Properties Limited (KPREIT)	164,411	-
	442,161	126,899

(c) The following table summarises the financial information of BCIC showing fair value adjustments on acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this associate.

	Group 2023 $'000	Group 2022 $'000
Percentage ownership interest	44.45%	37.16%
Assets	30,625,158	26,189,309
Liabilities	(24,789,547)	(20,546,782)
Net assets (100%)	5,835,611	5,642,527
Carrying amount of interest in BCIC	2,593,929	2,096,763
Goodwill	418,110	-
	3,022,039	2,096,763
Revenue	18,902,324	23,048,610
Profit for the year	624,859	341,493
Other comprehensive loss, net of tax	43,534	(209,529)
Total comprehensive income	668,393	131,964
Group's share of profit of year	277,750	126,899
Share of other comprehensive loss	19,351	(78,631)
Group's share of total comprehensive income	297,101	48,268

The interest in Carilend Caribbean Holdings Limited is not considered material for a similar disclosure.

(d) The following table summarises the financial information of KPREIT. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this associate.

	Group 2023 $'000	Group 2022 $'000
Percentage ownership interest in KPREIT	23%	23%

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

17. INTEREST IN ASSOCIATES (CONT'D)

	Group 2023 $'000	2022 $'000 As originally stated*	2022 $'000 As Restated*
Non-current assets	10,322,387	7,546,587	7,242,310
Current assets	623,920	1,278,626	1,284,427
Total assets	10,946,307	8,825,213	8,526,737
Non-current liabilities	(3,221,889)	(1,545,566)	(1,552,650)
Current liabilities	(338,927)	(208,183)	(209,112)
Total liabilities	(3,560,816)	(1,753,749)	(1,761,762)
Net Assets (100%)	7,385,491	7,071,464	6,764,975
Group's share of net assets	1,698,664	1,626,437	1,555,944
Goodwill and intangible asset recognised on acquisition	20,596	-	20,254
Carrying amount of interest in KPREIT	1,719,260	1,626,437	1,576,198
Revenue	1,083,830		
Profit from continuing operations	714,832		
Share of profit from continuing operations	164,411		

The following table provides a movement in the carrying value of BCIC and KPREIT

	BCIC 2023 $'000	BCIC 2022 $'000	KPREIT 2023 $'000	KPREIT 2022 $'000
At beginning of year	2,096,763	2,282,481	1,576,198	-
Net assets recognised on acquisition	-	-	-	1,576,198
Acquisition/(disposal)	628,175	(66,434)	-	-
Share of profit	277,750	126,899	164,411	-
Share of OCI	19,351	(78,631)	37,772	-
Dividends	-	(167,552)	(59,121)	-
At end of year	3,022,039	2,096,763	1,719,260	1,576,198

The balances used for KPREIT in the prior reporting period were provisional and thus the amounts presented then were on a provisional basis. During the year, the purchase price allocation was completed for KPREIT. Consequently, the financial information obtained was updated to reflect the carrying value of the interest in associate that existed at the acquisition date. This has resulted in an adjustment to the previously reported carrying value of the interest in associate.

The fair value of the interest in KPREIT indicated by its quoted price on the Jamaica Stock Exchange as at 31 December 2023 was J$1,637,208,000 (2022: J$1,726,694,000).

The financial statements of KPREIT are denominated in United States dollars.

The balances for BCIC shares acquisition are provisional as fair value of assets and liabilities for the purposes of this disclosure are yet to be established and are accordingly presented on a provisional basis.

Notes to the **Financial Statements** CONTINUED

December 31, 2023

18. INTANGIBLE ASSETS

	Group			
	Goodwill $'000	Computer software $'000	Work in progress $'000	Total $'000
Cost				
December 31, 2021	609,214	3,504,487	1,327,087	5,440,788
Additions	-	274,689	276,061	550,750
Transfers	-	260,618	(260,618)	-
December 31, 2022	609,214	4,039,794	1,342,530	5,991,538
Additions	-	76,553	510,183	586,736
Transfers	-	104,684	(53,373)	51,311
December 31, 2023	609,214	4,221,031	1,799,340	6,629,585
Amortisation				
December 31, 2021	-	1,950,167	-	1,950,167
Charge for year	-	566,163	-	566,163
December 31, 2022	-	2,516,330	-	2,516,330
Charge for year	-	596,777	-	596,777
Transfers from property, plant and equipment	-	4,091	-	4,091
December 31, 2023	-	3,117,198	-	3,117,198
Carrying value				
December 31, 2023	609,214	1,103,833	1,799,340	3,512,387
December 31, 2022	609,214	1,523,464	1,342,530	3,475,208

Goodwill comprises the excess of cost over fair value of the net assets of VM Pensions Management Limited acquired in 2013. In testing goodwill for impairment, the recoverable amount of the cash-generating unit is estimated based on value-in-use. Where the recoverable amount exceeds the carrying amount, no impairment allowance is made. The recoverable amount of the cash-generating unit is arrived at by estimating the future cash flows and discounting those cash flows using long-term discount rates applicable to Jamaica.

Future sustainable cash flows are estimated based on the most recent projections, after taking account of past experience. The cash flow projections include specific estimates for each of the five years following the reporting date, and a terminal value thereafter. These annual estimates and the terminal value are calculated using an assumed growth rate.

The key assumptions used in the discounted cash flow projections are as follows:

	Group	
	2023 %	2022 %
Discount rate	14.2%	19.0%
Growth rate	1.5%	5.0%

Notes to the **Financial Statements** CONTINUED

December 31, 2023

19. INVESTMENT AND FORECLOSED PROPERTIES

	Group		
	Investment properties $'000	Foreclosed properties $'000	Total $'000
Cost			
December 31, 2021	266,118	160,981	427,099
Additions	322,405	-	322,405
Translation adjustment	(17,598)	-	(17,598)
Disposals	(2,270)	(133,795)	(136,065)
December 31, 2022	568,655	27,186	595,841
Additions	95,866	16,867	112,733
Transfer from property , plant and equipment	566	-	566
Disposals	(75,309)	(16,868)	(92,177)
December 31, 2023	589,778	27,185	616,963
Depreciation			
December 31, 2021	43,972	33,741	77,713
Charge for the year	2,283	6,469	8,752
Eliminated on disposals	-	(13,024)	(13,024)
December 31, 2022	46,255	27,186	73,441
Charge for the year	4,186	3,383	7,569
Eliminated on disposals	(4,603)	(3,497)	(8,100)
December 31, 2023	45,838	27,072	72,910
Net book values			
December 31, 2023	543,940	113	544,053
December 31, 2022	522,400	-	522,400

The fair values of properties were determined, in the case of properties acquired by way of foreclosure, by several different VMBS-approved qualified independent property valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued, and, in the case of investment properties, by management. This fair value measurement has been categorised as Level 3, based on the inputs to the valuation techniques used.

(a) Reconciliation of opening to closing fair value

	Group								
	2021 $'000	Additions $'000	Translation $'000	Disposal $'000	2022 $'000	Additions $'000	Translation $'000	Disposal $'000	2023 $'000
Investment properties	1,396,569	322,405	(17,457)	(2,413)	1,699,104	524,630	-	(71,526)	2,152,208
Foreclosed properties	701,729	-	-	(133,653)	568,076	-	-	(34,868)	533,208
	2,098,298	322,405	(17,457)	(136,066)	2,267,180	524,630	-	(106,394)	2,685,416

(b) Valuation techniques and significant unobservable inputs

The fair value of investment properties was determined generally by the comparison method, taking account of what similar properties in similar locations have been sold for in the recent past (or near similar properties and locations, with appropriate adjustments made) and current market conditions.

(c) Amounts recognized in profit or loss

The property rental income earned by the Group from investment properties which are leased under operating leases amounted to $38.6 million (2022: $22.2 million). Direct operating expenses, arising from the investment property that generated rental income during the year, amounted to $148.9 million (2022: $48.46 million).

(d) Included in Investment properties are two properties at cost of $29,338,739 that management intends to sell. The sale is expected to be completed in May 2024.

Notes to the Financial Statements CONTINUED

December 31, 2023

20. PROPERTY, PLANT AND EQUIPMENT

	Group					
	Right-of-use on leasehold properties	Freehold land and buildings	Office furniture and equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Balances from						
December 31, 2021	433,004	1,504,459	2,771,585	74,573	1,278,882	6,062,503
Translation adjustments	(8,766)	(14,797)	(19,385)	-	-	(42,948)
Additions	171,009	2,551	136,888	-	370,985	681,433
Disposals	(10,962)	(747,721)	(3,734)	(21,348)	-	(783,765)
Transfers from work in progress	-	508,891	271,242	-	(780,133)	-
December 31, 2022	584,285	1,253,383	3,156,596	53,225	869,734	5,917,223
Additions	4,943	-	133,188	-	262,158	400,289
Disposals	(47,185)	-	(102,901)	-	-	(150,086)
Transfer to investment property	-	(566)	-	-	-	(566)
Transfer to intangible asset	-	-	(45,843)	-	(5,468)	(51,311)
December 31, 2023	542,043	1,252,817	3,141,040	53,225	1,126,424	6,115,549
Depreciation						
December 31, 2021	150,826	210,314	1,949,412	29,072	-	2,339,624
Translation adjustments	(3,703)	(314)	(9,813)	-	-	(13,830)
Charge for year	77,250	60,111	211,104	10,528	-	358,993
Eliminated on disposals	(10,962)	(14,286)	(3,697)	(21,348)	-	(50,293)
December 31, 2022	213,411	255,825	2,147,006	18,252	-	2,634,494
Charge for year	75,964	55,001	196,147	10,528	-	337,640
Transfer to intangible asset	-	-	(4,093)	-	-	(4,093)
Eliminated on disposals	(27,507)	(341)	(79,180)	-	-	(107,028)
December 31, 2023	261,868	310,485	2,259,880	28,780	-	2,861,013
Net book values						
December 31, 2023	280,175	942,332	881,160	24,445	1,126,424	3,254,536
December 31, 2022	370,874	997,558	1,009,590	34,973	869,734	3,282,729

Included in leasehold, freehold land and building is land with cost of $38,500,000.

21. SHAREHOLDERS' SAVINGS

	Group	
	2023	2022
	$'000	$'000
General investment ("B") shares	-	2,582,236
Paid up investment ("C") shares	-	127,377,924
	-	129,960,160
Regular savings	135,037,827	129,196,230
Deferred shares	335,513	3,261,285
	135,373,340	132,457,515

B and C Share accounts are savings accounts. Members of the building society who operate an account that is classified as Share account are entitled to voting rights at Annual General Meetings provided that they are the primary account holder, and their account balance satisfies the required minimum.

Effective February 1, 2023, the right of the savers have been transferred from the building society subsidiary to VM Group Limited under the Restructuring arrangement. This means that General investment ('B') and ('C') shares have been converted to regular savings accounts.

Deferred shares are Tier 2 capital and issued by a mutual building society. The deferred shares are paid up capital, interest bearing and an original term to maturity of five (5) years or more.

Included in shareholders' savings are accounts with the following maturity profile:

	Group	
	2023	2022
	$'000	$'000
On demand to 3 months	99,941,375	93,356,973
Three to 12 months	33,099,947	33,040,073
Over 12 months	2,332,018	6,060,469
	135,373,340	132,457,515

Notes to the Financial Statements CONTINUED

December 31, 2023

22. DEPOSITORS' SAVINGS

	Group 2023 $'000	Group 2022 $'000
On demand to 3 months	1,264,552	1,764,062
Over 12 months	5,703,346	-
Due to depositors	6,967,898	1,764,062

23. DUE TO SPECIALISED INSTITUTION

	Group 2023 $'000	Group 2022 $'000
Conventional mortgage loans	1,938,931	571,626

This represents the balance of loans disbursed by the National Housing Trust under joint financing arrangements with borrowers of the Group.

24. OTHER LIABILITIES

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Deposits – private treaty sales	2,286	24,399	-
Customers' and clients' funds	2,731,575	1,725,854	-
Accrued expenses	964,747	1,031,602	37,707
Other payables	1,667,274	3,971,903	-
	5,365,882	6,753,758	37,707

25. REPURCHASE AGREEMENTS

The Group sells government and corporate securities, or interests therein, and agrees to repurchase them on specified dates and at specified prices prior to their maturity ("repurchase agreements").

	Group 2023 $'000	Group 2022 $'000
Denominated in Jamaica dollars	9,342,511	6,459,453
Denominated in United States dollars	6,780,570	10,186,315
Denominated in Sterling	225,802	1,068,894
	16,348,883	17,714,662

Securities obtained under resale agreements and certain investments (see notes 8 and 9) and interest accrued thereon are pledged as collateral for repurchase agreements. These financial instruments have a fair value of $17,517,970,428 (2022: $19,764,104,000) for the Group.

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

26. OTHER BORROWINGS

	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000
Deferred shares (note 21)	2,398,619	7,000,847	-
Bank facility (i)	4,610,386	1,462,347	-
Fixed rate bonds (ii), (iii)	7,506,412	7,372,356	-
Preference shares (iv)	10,933,303	-	-
Variable rate bonds	-	1,000,000	-
Corporate loan (v)	-	-	1,000,000
	25,448,720	16,835,550	1,000,000

The following tables show reconciliations from the opening balances to the closing balances for other borrowings

	Group 2023 $'000	Group 2022 $'000
Balance as at 1 January	16,835,550	15,010,164
Proceeds from other borrowings	20,617,342	6,572,155
Repayments of borrowings	(11,874,157)	(4,721,003)
	25,578,735	16,861,316
Other changes:		
Capital borrowings costs	(130,015)	(25,766)
Balances as at 31 December	25,448,720	16,835,550

	Company 2023 $'000
Balance as at 1 January	-
Proceeds from other borrowings	1,000,000
Repayments of borrowings	-
Balances as at 31 December	1,000,000

(i) These are comprised of the following:

I. A revolving facility agreement with a major UK bank to provide external funding for the UK subsidiary lending business. The maximum facility amount is GBP 30,000,000 (JMD$5,825,625,000) of which GBP 16,000,000 (JMD$ 3,107,000,000) had been drawn down as at December 31, 2023 less transaction cost of GBP 148,140 (JMD$ 28,767,000). The balance is payable in 24 months after the initial draw with an option to extend. The facility carries interest at 2.75% above SONIA, payable monthly in arrears.

II. Three loans from the Development Bank of Jamaica received by VM Investments Ltd. during 2023 for the total of $560,000,000. The loans are broken down as follows:

- $50,000,000 with a maturity period of 4 years with an interest rate of 10.99%
- $300,000,000 with a maturity period of 1 year with an interest rate of 9%
- $210,000,000 with a maturity period of 1 year with an interest rate of 9%

The last two loans received in 2021 and 2022 are as follows:

- $550,000,000 received in October 2021, with a maturity period of 5 years with monthly interest payments at a rate of 5.75% and an initial two year principal payment moratorium.
- $750,000,000 received in November 2022 with a maturity period of 2 years attracting an interest rate of 7.5% per annum.

Notes to the Financial Statements CONTINUED
December 31, 2023

26. OTHER BORROWINGS (CONT'D)

(ii) These are comprised of four fixed rate unsecured bonds and three variable rate unsecured bond issued by VM Investments Limited. Two bonds issued in 2022 less transactional costs are as follows:

Tranche B - $165,934,342 fixed rate 6.75% with a maturity date of December 30, 2024
Tranche C - $631,320,032 variable rate (2.5% plus 6 months WATBY) with a maturity date of March 31, 2024

Four bonds were issued by the company in 2022 from a J$5.8 billion bond issue; balances below are shown less their transaction costs:

- Tranche A -$642,966,218 variable rate 6.75% with a maturity date of December 30, 2024
- Tranche B - $4,759,227,353 fixed rate 11.25% with a maturity date of December 30, 2024
- Tranche C - $325,057,226 fixed rate 10.75% with a maturity date of June 30, 2024
- Tranche D - $15,744,000 variable rate (3.75% plus 6 months WATBY) with a maturity date of December 30, 2027

Funds of $526,188,387, net of transaction costs, were received in December 2023 from a J$530 million bond raise.

Some of the subsidiary's loan agreements are subject to financial covenant clauses, whereby the group is required to meet certain key financial ratios, which failure to satisfy is deemed "an Event of Default".

At December 31, 2023, the subsidiary did not fulfil the Return on Assets ratio (minimum required ratio – 1%) and the Interest Coverage ratio (minimum required ratio – 1.50x) for the fixed and variable corporate bonds in issue.

The Bond Purchasers Agreement states in part that "prepayment of the outstanding Bond obligation shall be required in full in the event of a change of control of the issuer, a material adverse condition or an event of default". Consequently, the outstanding balance of $7,136,513,000 was due and immediately payable as at December 31, 2023.

Notwithstanding the breaches at the reporting year end, the subsidiary, subsequent to the reporting year end, was given an additional quarter to cure the default by rectifying the breaches. Subsequent to the reporting year end, the subsidiary was able to attain the minimum requirements for the financial covenants and the prepayment is no longer an option.

(iii) This represents short to medium term debt obligations of the building society subsidiary. These loans mature within 12 months and attracts annual interest rates of 9.5%.

(iv) On April 28, 2023, VM Financial Group Limited issued three classes of preference shares at a price of J$100 per share for an aggregate subscription of $11,000,000,000. The features of each class of preference share are shown in the table below.

Class	Coupon rate per annum	Dividend payments	Tenor	Allotment value
Fixed Rate Class A	10%	Cumulative/Quarterly	36 months	7,000,000,000
Floating Rate Class B	Government of Jamaica (GOJ) 3 month weighted average Treasury Bill yield +3%	Cumulative/Quarterly	24 months	2,000,000,000
Floating Rate Class C	(60) first 24 months after issue at 12.50%. thereafter GOJ 3 month weighted average Treasury bill yield +3%	Cumulative/Quarterly	60 months	2,000,000,000

The significant terms and conditions of the preference shares are as follows:

(i) The right to a cumulative preferential dividend payable monthly at a rate agreed for each class.
(ii) The right, on winding up, to receive all arrears of dividend and repayment of capital in priority to the ordinary stockholders; and
(iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the company.

(v) In September 2023, the VM Group Limited obtained a loan of $1 billion from the VM Financial Group Limited, which was used to finance its indirect investment in VM Real Estate Holdings Limited. VM Real Estate Holdings Limited is wholly owned by VM Innovations Limited, a subsidiary of VM Group Limited. The principal activity of the VM Real Estate Holdings Limited is to develop, manage, sell and invest in real estate.

Notes to the Financial Statements CONTINUED

December 31, 2023

27. LEASES – IFRS 16

The Group leases office and commercial space. The leases typically run for a period of five years, with options to renew. Right-of-use of assets are presented as leasehold properties and property, plant and equipment (see note 20). Information about lease liabilities for which Group is a lessee is presented below.

Maturity analysis – contractual undiscounted cash flows:

	Group	
	2023	2022
	$'000	$'000
Less than one year	90,087	100,698
One to five years	275,655	330,114
More than five years	93,891	137,898
	459,633	568,710

	Group	
	2023	2022
	$'000	$'000
Carrying amount of lease liabilities:		
Current	65,747	69,200
Non-current	275,707	351,965
	341,454	421,165

(a) Amounts recognised in profit or loss

	Group	
	2023	2022
	$'000	$'000
Leases under IFRS 16:		
Interest on lease liabilities	34,516	35,963

(b) Amounts recognised in statement of cash flows:

	Group	
	2023	2022
	$'000	$'000
Lease interest payments	34,516	35,963
Lease principal payments	79,102	59,252
Total cash outflow for leases	113,618	95,215

(c) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and reassesses this conclusion if there is a significant event or significant changes in circumstances within its control.

At commencement date the Group includes the lease liability for extension options which it is reasonably certain to exercise.

(d) Reconciliation of movements of lease obligations to cash flow arising from financing activities.

	Group	
	2023	2022
	$'000	$'000
Balance at beginning of the year	417,348	312,642
Additions	37,724	198,883
Lease payments	(79,102)	(58,640)
Lease interest expense	(34,516)	(35,537)
Balance at the end of year	341,454	417,348

Notes to the Financial Statements CONTINUED

December 31, 2023

27. LEASES – IFRS 16 (CONT'D)

(e) Leases as lessor

The Group leases out investment property consisting of commercial properties. All leases are classified as operating leases from a lessor perspective. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid at the reporting date.

	Group	
	2023 $'000	2022 $'000
One to two years	83,312	70,278
Two to three years	36,620	82,238
Three to four years	13,015	73,679
Four to five years	13,015	49,912
More than five years	4,658	29,553
	150,620	305,660

28. SHARE CAPITAL

	Group and Company	
	2023 $'000	2022 $'000
Stated:		
Authorised, issued and fully paid		
7,746,058,000 (2022:7,746,058,000) ordinary shares	7,746,058	7,746,058

The share capital of the company was determined by the court approved Scheme of Arrangement effective February 1, 2023, which allowed for the cancellation of the shares in each subsidiary (see note 1 and 44) previously held by Victoria Mutual Building Society and the issuance of new shares in each subsidiary of the Company.

29. RESERVES

(i) Reserve fund

The Banking Services Act and Regulations require the Victoria Mutual Building Society to transfer at least 15% of its net surplus after income tax each year to the reserve fund until the amount of the reserve fund is equal to the amount paid up on its Permanent Capital Fund which, though not formally recognised, is the fund substituted for the capital shares referred to in the Regulations (see note 30) and its deferred shares (note 21).

(ii) Retained earnings reserve

The Regulations permit the Victoria Mutual Building Society to transfer a portion of its profits to a retained earnings reserve, which constitutes a part of the capital base (see note 30). Transfers of profits to the retained earnings reserve are made at the discretion of the Directors but must be communicated to the Bank of Jamaica to be effective.

As per page 34, Section 4.57 (c) (ii) of the Scheme of Arrangement approved by the Court, Bank of Jamaica and members at the Members' Meeting held August 9, 2022, the liability in the Statement of Financial Position represented by 15-year Dormant Accounts amounting to $1,200,000,000, was extinguished and transferred to the Retained Earnings Reserve by way of the Income Statement.

A register has been established of the members of the Victoria Mutual Building Society comprising these dormant accounts aged 15 years and older. If any such member shall thereafter make contact with the Victoria Mutual Building Society, the account will be re-activated and will be accorded full membership rights to title and interest in the restored account in the same manner as if the account were never extinguished.

(iii) Non-distributable reserve

This represents the transfer of net accumulated remeasurement gains on the Group's employee benefits assets and obligations.

(iv) Credit facility reserve

Credit facility reserve represents provisions for loan losses required under the Building Societies Act in excess of the requirements of IFRS [see notes 4(n)(i) and 11(c)].

Notes to the Financial Statements CONTINUED
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29. RESERVES (CONT'D)

(iv) Credit facility reserve

Credit facility reserve represents provisions for loan losses required under the Building Societies Act in excess of the requirements of IFRS [see notes 4(n)(i) and 11(c)].

(v) Investment revaluation reserve

Investment revaluation reserve represents cumulative unrealised gains, net of losses, arising from the changes in fair value of investments measured at fair value through other comprehensive income until the investment is derecognised or impaired.

(vi) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

30. REGULATORY CAPITAL

	Group	
	2023 $'000	2022 $'000 Restated*
Ordinary share capital (note 28)	7,746,058	7,746,058
Reserve fund [note 29(i)]	1,684,509	1,684,509
Retained earnings reserve [note 29(ii)]	7,225,160	7,225,160
Deferred shares (note 21)	335,513	3,261,285
Total regulatory capital [note 6(a)]	16,991,240	19,917,012

"Regulatory capital" has the meaning ascribed in the Regulations.

31. NON-CONTROLLING INTEREST

The following table summarises information relating to the Group's material non-controlling interest (NCI) in VMIL, before any intra-group eliminations:

(a) Statement of financial position

	Group	
	2023 $'000	2022 $'000 Restated*
Total assets	29,506,794	28,941,792
Total liabilities	(27,006,585)	(26,503,220)
Net assets	2,500,209	2,438,572
Carrying amount of NCI	500,042	487,714
NCI percentage	20%	20%

(b) Profit and loss account and other comprehensive income:

	Group	
	2023 $'000	2022 $'000 Restated*
Revenue	3,532,565	3,553,296
Profit	198,843	716,588
Other comprehensive loss	(137,207)	1,284,591
Total comprehensive income/(loss)	61,636	(568,003)
Group's share of total comprehensive profit/(loss)	12,328	(113,601)
Profit allocated to NCI	39,769	143,318
Other comprehensive loss allocated to NCI	(27,441)	(256,918)
Total comprehensive loss allocated to NCI	12,328	(113,600)

Notes to the Financial Statements CONTINUED

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31. NON-CONTROLLING INTEREST (CONT'D)

(c) Statement of cash flows

	Group 2023 $'000	Group 2022 $'000 Restated*
Cash flows used in operating activities	(3,290,914)	(1,940,726)
Cash flows from investment activities	317,926	532,667
Cash flows from financing activities	2,651,527	1,936,083
Net increase in cash and cash equivalents	(321,461)	528,024

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques making use of observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(b) Valuation techniques for investment securities classified as Level 2

The following table shows the valuation techniques used in measuring the fair value of investment securities:

Type	Valuation techniques	Significant Unobservable input	Range of estimates (weighted average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
J$ denominated securities issued or guaranteed by the Government of Jamaica and Bank of Jamaica.	• Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids); • Using this yield, determine price using accepted formula; and • Apply price to estimate fair value.	• There are no significant unobservable inputs		
US$ denominated Government of Jamaica securities, Foreign government securities, public sector securities, deferred shares and corporate bonds.	• Obtain bid price provided by a recognised broker/dealer, namely, Oppenheimer; and • Apply price to estimate fair value.	• There are no significant unobservable inputs		
Units in unit trust funds	• Obtain prices quoted by unit trust managers; and • Apply price to estimate fair value.	• Net asset value	• Investment based	• A significant increase in the expected cash flows would result in a high fair value.

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32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Valuation techniques for investment securities classified as Level 2 (cont'd)

The following table shows the valuation techniques used in measuring the fair value of investment securities (cont'd):

Type	Valuation techniques	Significant Unobservable input	Range of estimates (weighted average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
Convertible preference shares	• Fair value determined by discounting the future expected cashflows using the after-tax cost of debt of 10.36% (2022:8.85%) as previously reported)	• Risk-adjusted discount rate • Expected net cash flows derived from the entity	• Spread of 7.85% (2022:12.8 %) above risk-free interest rate • Investment based	• A significant increase in the spread above the risk-free rate would result in a lower fair value. A significant increase in the expected cash flows would result in a higher fair value.

(c) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

Group – 2023

	Note	Carrying amount: FVOCI $'000	Carrying amount: Fair value through profit or loss $'000	Carrying amount: Amortised cost $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Financial assets									
Cash	7	-	-	9,777,730	9,777,730	-	9,777,730	-	9,777,730
Balances with Central Bank	7	-	-	1,470,766	1,470,766	-	1,470,766	-	1,470,766
Resale Agreement	10	-	-	3,782,576	3,782,576	-	6,460,446	-	6,460,446
Other assets	13	-	-	8,030,603	8,030,603	-	8,030,603	-	8,030,603
Government of Jamaica	8	21,901,941	-	3,006,412	24,908,353	-	24,908,353	-	24,908,353
Preference shares	9	-	752,597	-	752,597	-	-	752,597	752,597
Ordinary shares - quoted	9	510,001	1,479,017	-	1,989,018	1,989,018	-	-	1,989,018
Ordinary shares - unquoted	9	39	77,280	-	77,319	-	-	77,319	77,319
Bonds	9	10,976,635	-	5,588,625	16,565,260	-	16,608,654	-	16,608,654
Loans	11	-	-	121,930,499	121,930,499	-	-	121,930,499	121,930,499
Term deposits	9	-	-	709,118	709,118	-	709,118	-	709,118
Units in unit trust funds	9	-	4,355,852	-	4,355,852	-	4,355,852	-	4,355,852
		33,388,616	6,664,746	154,296,329	194,349,691	1,989,018	72,321,522	122,760,415	197,070,955
Financial liabilities									
Due to specialised institutions	22	-	-	1,938,931	1,938,931	-	1,938,931	-	1,938,931
Other borrowings	26	-	-	25,448,720	25,448,720	-	25,448,720	-	25,448,720
Repurchase agreements	25	-	-	16,348,883	16,348,883	-	17,517,970	-	17,517,970
Lease liabilities	27	-	-	341,454	341,454	-	341,454	-	341,454
		-	-	44,077,988	44,077,988	-	45,247,075	-	45,247,075

Restated* Group – 2022

	Note	Carrying amount: FVOCI $'000	Carrying amount: Fair value through profit or loss $'000	Carrying amount: Amortised cost $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Financial assets									
Cash	7	-	-	9,940,104	9,940,104	-	9,940,104	-	9,940,104
Balances with Central Bank	7	-	-	1,320,801	1,320,801	-	1,320,801	-	1,320,801
Resale Agreement	10	-	-	2,116,491	2,116,491	-	2,132,127	-	2,132,127
Other assets	13	-	-	8,621,341	8,621,341	-	8,621,341	-	8,621,341
Government of Jamaica	8	22,432,513	-	904,718	23,337,231	-	23,337,231	-	23,337,231
Preference shares	9	-	158	410,647	410,805	-	410,647	158	410,805
Ordinary shares - quoted	9	808,350	2,099,334	-	2,907,684	2,907,684	-	-	2,907,684
Ordinary shares - unquoted	9	8,637	72,494	-	81,131	-	81,131	-	81,131
Bonds	9	11,678,443	-	5,191,765	16,870,208	-	16,870,208	-	16,870,208
Treasury bills	9	-	-	2,388,162	2,388,162	-	2,388,162	-	2,388,162
Loans	11	-	-	111,389,609	111,389,609	-	-	111,389,609	111,389,609
Term deposits	9	-	-	618,077	618,077	-	618,077	-	618,077
Units in unit trust funds	9	-	4,966,741	-	4,966,741	-	4,966,741	-	4,966,741
		34,927,943	7,138,727	142,901,715	184,968,385	2,907,684	70,686,570	111,389,767	184,984,021
Financial liabilities									
Due to specialised institutions	22	-	-	571,627	571,627	-	571,627	-	571,627
Other borrowings	26	-	-	16,835,550	16,835,550	-	16,835,550	-	16,835,550
Repurchase agreements	25	-	-	17,714,662	17,714,662	-	19,764,104	-	19,764,104
Lease liabilities	27	-	-	417,348	417,348	-	417,348	-	417,348
		-	-	35,539,187	35,539,187	-	37,588,629	-	37,588,628

Notes to the Financial Statements CONTINUED

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32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Accounting classifications and fair values (cont'd)

		Company 2023							
		Carrying amount				Fair value			
	Note	FVOCI $'000	Fair value through profit or loss $'000	Amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets									
Cash	8	-	-	20	20	20	-	-	20
Financial liabilities									
Due to related entities	13	-	-	235,451	235,451	-	235,451	-	235,451
Other liabilities	25	-	-	37,707	37,707	-	37,707	-	37,707
Other borrowings	27	-	-	1,000,000	1,000,000	-	1,000,000	-	1,000,000
-		-	-	1,273,158	1,273,158	-	1,273,158	-	1,273,158

During the year, the Group experienced fair value losses related to instruments that are measured at FVOCI amounting to $ 188,957,000. The decline is as a result of market conditions such as discount rates, yields and other macro-economic factors that affect the fair values.

33. NET INTEREST INCOME/(EXPENSE)

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Interest income, calculated using the effective interest method:			
Investment securities	4,679,959	3,696,853	-
Loans to customers	7,748,096	6,512,155	-
	12,428,055	10,209,008	-
Interest expense			
Repurchase agreements	(994,692)	(666,519)	-
Borrowings	(1,725,828)	(780,516)	(31,849)
Shareholders' savings	(3,276,609)	(2,042,459)	-
Depositors' savings	(527,445)	(838,960)	-
	(6,524,574)	(4,328,454)	(31,849)
Net interest income/(expenses)	5,903,481	5,880,554	(31,849)

34. NET FEE AND COMMISSION INCOME

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Fee and commission income			
Customers	2,077,040	715,712	-
Associated company	110,479	774,587	-
Other	228,258	428,500	-
	2,415,777	1,918,799	-

* See note 43

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

34. NET FEE AND COMMISSION INCOME (CONT'D)

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Fee and commission expenses			
Inter-bank transaction fees	(137,436)	(104,234)	-
Credit card fees	(50,721)	(29,070)	-
Other	(131,213)	(69,299)	-
	(319,370)	(202,603)	-
Net fee and commission income	2,096,407	1,716,196	-

35. OTHER OPERATING REVENUE

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Foreign exchange trading gains, net	682,355	1,175,007	-
Fees for late payments	141,837	116,074	-
Rent	55,565	93,602	-
Dividends -other	65,683	108,927	-
Gain on investment activities	1,437,631	801,318	-
(Loss)/gains on disposal of property, plant and equipment	(65,769)	373,686	-
Unrealised fair value gains/(losses) on quoted equites and units held in unit trust	59,493	(34,137)	-
Gain on settlement of balance with Specialised financial institution	-	1,823,237	-
Other income	212,734	418,192	-
	2,589,529	4,875,906	-

36. PERSONNEL COSTS

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Salaries	3,174,747	3,612,230	13,623
Statutory payroll contributions	404,935	497,638	2,329
Group life, pension and health insurance contributions note	387,645	237,630	-
Termination payments	28,714	52,009	-
Other staff benefits	1,395,340	1,061,515	3,076
	5,391,381	5,461,022	19,028

Other staff benefits include training, health and wellness cost, uniform and performance appraisal and profit related benefits.

* See note 43

* See note 43

Notes to the Financial Statements CONTINUED

December 31, 2023

37. OTHER OPERATING EXPENSES

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
Asset taxes	434,184	423,125	-
Overseas business development	227,782	220,908	-
Irrecoverable GCT	422,679	366,654	-
Marketing	449,481	460,513	-
Computer maintenance	951,221	688,247	-
Maintenance – buildings, furniture and fixtures	302,064	329,588	-
Insurance	249,938	215,462	-
Administration	387,979	155,572	-
Postage, courier and stationery	164,666	104,476	-
Electricity, water and telephone	255,304	164,521	-
Consultancy and other professional fees	548,437	357,804	-
Audit fees	153,695	118,186	12,507
Directors' fees [note 39(e)]	95,854	67,676	9,753
Security	122,905	110,954	-
Service contracts	-	97,920	-
Direct operating expenses for investment property that generated rental income	104,694	48,464	-
Credit card expenses	67,059	29,159	-
	4,937,942	3,959,229	22,260

38. INCOME TAX EXPENSE

(a) Income tax expense is based on the profit for the year, as adjusted for tax purposes, and is computed at statutory rates of 33⅓% for company and regulated local subsidiaries, 30% for building society subsidiary and 25% for certain foreign and local non-regulated subsidiaries. In computing taxable income of the building society subsidiary, transfers to general reserves (as defined in the Income Tax Act) are exempt from income tax if the general reserves after such transfers do not exceed 5% of assets. The charge is made up as follows:

	Group 2023 $'000	Group 2022 $'000 Restated*	Company 2023 $'000
(i) Current tax expense:			
Current tax at 30%	-	542,249	-
Current tax at 15%, 25% and 33½%	303,092	476,477	-
Adjustment for prior year's over provision	(5,158)	(10,436)	-
	297,934	1,008,290	-
(ii) Deferred tax credit:			
Origination and reversal of other temporary differences [notes 14(a) and (b)]	(434,872)	(236,032)	(7,962)
Actual tax expense recognised	(136,938)	772,258	(7,962)

* See note 43

Notes to the Financial Statements CONTINUED
December 31, 2023

38. INCOME TAX EXPENSE (CONT'D)

(b) Reconciliation of actual tax charge

The effective tax rate, that is, the income tax expense as a percentage of the reported profit, is different from the statutory rates [note (a)] being 27% for the Group and 11% for the Company. The actual income tax expense differs from the expected income tax expense for the year, as follows:

	Group		Company
	2023	2022	2023
	$'000	$'000 Restated*	$'000
(Loss)/profit before income tax	(511,593)	3,901,536	(73,137)
Computed "expected" income tax at 30%	(105,375)	829,857	-
Computed "expected" income tax at 25%, 15% & 33⅓%	107,672	377,223	(24,379)
Computed "expected" income tax at 25%	91,675	62,042	-
Effect of different tax rates for subsidiaries			
Tax effect of treating the following items differently for income tax than for financial statement purposes:			
Tax exempt income	(170,209)	(238,177)	-
Tax losses unutilised	-	-	16,417
Disallowed expenses, net	(55,543)	111,749	-
Unclaimed customer Deposits(>15yrs)	-	(360,000)	-
	(131,780)	782,694	(7,962)
Adjustment for prior years over provision	(5,158)	(10,436)	-
Actual tax (credit)/expense recognised	(136,938)	772,258	(7,962)

* See note 43

39. RELATED PARTY TRANSACTIONS

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(1) has control, joint control or significant influence over the Group;

(2) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is part, provides key management personnel services to the group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties

The Company has related party relationships with its parent company, fellow subsidiaries, direct and indirect subsidiaries, associated companies, directors, executives, and senior officers of those entities. The directors, senior officers and executives are collectively referred to as "key management personnel".

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39. RELATED PARTY TRANSACTIONS (CONT'D)

(c) The statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000
Related entities - Subsidiaries:			
Due to related entities	-	-	(235,450)
Corporate loan	-	-	(1,000,000)
Other liabilities	-	-	(31,849)
Key management personnel			
Executive Management:			
Mortgage loans	410,105	419,393	-
Other loans	109,577	104,200	-
Shareholders' savings	(166,090)	(184,024)	-
Non-executive directors:			
Mortgage loans	55,282	27,144	-
Shareholders' savings	(38,288)	-	
Other loans	3,297	-	-
Other liabilities	(1,435)	(24,408)	-
Associate:			
Investments	-	290,000	-
Other assets	70,548	-	-
Interest on investments	-	2,701	-
Shareholders' savings	-	(958,321)	-

Average interest rates charged on loans are lower than the rates that would be charged in an arm's length transaction. Interest rates on these loans range from .01% to 3.5% and is repayable based on agreed terms. Resale agreements held with related parties mature before first quarter 2024 with an average coupon rate of 4.68%. Repo liability matures in the first quarter 2024 with an average coupon rate of 9.25%. Shareholders savings pay average interest rates of 0.02% to 0.65% on savings and 0.40% to 2.2% on fixed deposits.

The mortgages and secured loans granted are collaterised by the property of the respective borrowers. Other balances are not secured and no guarantees have been obtained. Repayment are on demand and are expected in cash. There is no impairment on any related party lending.

39. RELATED PARTY TRANSACTIONS (CONT'D)

(d) The income statement includes income earned/(expenses incurred) from transactions with related parties, as follows:

	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000
Key management personnel:			
Executive Management:			
Interest from loans	26,629	22,685	-
Interest expense	(2,001)	(1,386)	-
Directors:			
Interest from loans	4,125	2,789	-
Interest expense	(142)	(56)	-
Director fees	(88,549)	(67,676)	-
Other related entities:			
Interest on corporate loans	-	-	(31,849)
Associate:			
Interest expense	-	(75,384)	-
Dividends	-	109,104	-
Interest on investments	-	28,921	-
Interest expense	-	(60,321)	-
Other operating income	149,862	(129,025)	39,384
Other operating expenses	-	(33,657)	-

(e) Key management personnel compensation

In addition to directors' fees paid to non-executive directors (note 37), compensation of key management personnel, included in personnel costs (note 36), is as follows:

	Group 2023 $'000	Group 2022 $'000
Short-term employee benefits	936,783	793,084
Post employment benefits	25,326	11,732
	962,109	804,816

Notes to the Financial Statements CONTINUED
December 31, 2023

39. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Key management personnel compensation (cont'd)

Those key management personnel under the defined benefit pension plan (note 15), in addition to their salaries, are provided with non-cash benefits as well as post-employment benefits. In accordance with the rules of the plan, key management personnel, executive directors retire at age 62 (or 65 if joining after January 1, 2006) and may continue to receive medical benefits, at the discretion and approval of the Board of Directors. In the case of preferential staff rates on loans, this benefit continues to age 65 when the rate is adjusted with reference to market.

Under the Victoria Mutual Building Society's rules, retired non-executive directors who have served the Board continuously for at least five years and have attained the age of 65, receive a pension at a specified percentage of the gross annual average director's fee received during the five years, immediately preceding retirement, or alternatively, a gratuity in lieu of pension, based on a percentage of the annual pensions.

40. CAPITAL COMMITMENTS

Commitments for capital expenditure for the Group amount to approximately $772,034,370. This is to be funded by revenue earned.

41. MANAGEMENT FUNDS AND CUSTODIAL ARRANGEMENTS

Victoria Mutual Wealth Management Limited acts as agent and earns fees for managing clients' funds on a non-recourse basis under management agreements. The Group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements. At December 31, 2023, these funds amounted to $33,162,493,000. Additionally, at December 31, 2023, there were custodial arrangements for assets totalling $25,231,703,000.

Victoria Mutual Pensions Management Limited is responsible for funds under management in respect of segregated and pooled pension funds. Total value of pension assets under management at December 31, 2023 is $62,800,000,000 (2022: $58,800,000,000).

42. CHANGES IN MATERIAL ACCOUNTING POLICIES

(a) Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* from January 1, 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences e.g. leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the "integrally linked" approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as a result of the change. The key impact for the group relates to disclosure of the deferred tax assets and liabilities recognised (see note 14).

(b) Material accounting policy information

The Group adopted *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the disclosure of accounting policies information in the financial statements.

The amendments require the disclosure of "material", rather than "significant" accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates in certain instances in line with the amendments to the information disclosed in note 4 *Material Accounting Policies (2022: Significant accounting policies).*

Notes to the Financial Statements CONTINUED

December 31, 2023

43. CORRECTION OF ERRORS

The following tables summarize the impact of prior period adjustments in respect of:

(i) Treatment of loan origination fees by Victoria Mutual Building Society and VM Investments Limited.
(ii) Impairment of VM Investments Limited interest in its associated company Carilend Caribbean Holdings Limited.

(iii) Impairment of investment in Carilend Caribbean Holdings Limited convertible preference shares.

(iv) Errors in data inputs in expected credit loss model in Victoria Mutual Building Society and VM Wealth Limited on other receivables.

(v) Errors in client settlement accounts in VM Wealth Limited.

(a) Statement of financial position

		Group December 31, 2022		
	Notes	As previously reported $'000	Adjustments $'000	As restated $'000
Investment securities -other	(iii) (f)	27,571,598	(272,206)	27,299,392
Other assets	(i),(iv), (d), (g)	10,367,961	(479,239)	9,888,722
Loans	(i) (d)	112,123,802	(734,193)	111,389,609
Income tax recoverable	(i) (d	123,354	68,342	191,696
Deferred tax assets	(iv),(g)	1,048,928	80,284	1,129,212
Others		48,413,975	-	48,413,975
Total assets		**199,649,618**	**(1,337,012)**	**198,312,606**
Income tax payable	(i),(d)	313,300	(133,730)	179,570
Other liabilities	(v)(h)	6,291,097	462,661	6,753,758
Deferred tax liabilities	(iv),(g)	100,181	(78,337)	21,844
Retained earnings	(i)-(iv),(d)-(i)	4,675,941	(1,379,089)	3,296,852
Non -controlling interest	(ii) –(vi),(d)-(i)	696,231	(208,517)	487,714
Others		187,572,868	-	187,572,868
Total liabilities and equity		**199,649,618**	**(1,337,012)**	**198,312,606**

		Group January 1, 2022		
	Notes	As previously reported $'000	Adjustments $'000	As restated $'000
Investment securities - Other	(iii) (f)	26,772,289	(266,069)	26,506,220
Cash and cash equivalents	(v)(h	8,882,261	79,480	8,961,741
Other assets	(i),(iv), (d), (g),	7,610,901	(552,793)	7,058,108
Loans	(i) (d	102,843,284	(440,741)	102,402,543
Income tax recoverable	(i) (d	581,356	68,342	649,698
Interest in associates	(ii) (e)	2,303,881	(21,399)	2,282,482
Deferred tax assets	(iv),(g)	362,822	105,311	468,133
Others		42,904,776	-	42,904,776
Total assets		**192,261,570**	**(1,027,869)**	**191,233,701**
Income tax payable	(i),(d)	118,909	(79,693)	39,216
Other liabilities	(v)(h),	4,092,695	554,758	4,647,453
Deferred tax liabilities	(iv),(g)	379,510	(59,936)	319,574
Retained earnings	(i)-(v),(d)-(i)	4,169,628	(1,234,071)	2,935,557
Non -controlling interest	(ii) –(vi),(d)-(i)	810,241	(208,927)	601,314
Others		182,690,587	-	182,690,587
Total liabilities and equity		**192,261,570**	**(1,027,869)**	**191,233,701**

Notes to the Financial Statements CONTINUED

December 31, 2023

43. CORRECTION OF ERRORS(CONT'D)

(b) Statement of profit or loss and other comprehensive income

	Notes	Group December 31, 2022 As previously reported $'000	Adjustments $'000	As restated $'000
Interest income, calculated using the effective interest method	(i) (d)	10,161,496	47,512	10,209,008
Interest expense	(i) (d)	(4,328,454)	-	(4,328,454)
Fee and commission income	(i) (d)	2,353,724	(434,925)	1,918,799
Fee and commission expense	(i) (d)	(263,450)	60,847	(202,603)
Other operating revenue	(i),(iii),(h),(f)	4,855,602	20,304	4,875,906
Personnel costs	(i) (d)	(5,466,075)	5,053	(5,461,022)
Impairment credit/(charge) on financial assets	(iv),(g)	358,640	88,337	446,977
Depreciation and amortisation		(924,745)	-	(924,745)
Operating expenses	(i) (f)	(3,958,683)	(546)	(3,959,229)
Extinguishment of deposits		1,200,000	-	1,200,000
Share of profit in associate	(ii),(e),(i)	105,500	21,399	126,899
Income tax charge	(i) (d)	(819,669)	47,411	(772,258)
Profit for the year		**3,273,886**	**(144,608)**	**3,129,278**
Profit/(loss)for the year attributable to :				
Shareholders of the company		3,130,978	(145,018)	2,985,960
Non controlling interest	(ii)-(iv),(d)-(h)	142,908	410	143,318
		3,273,886	(144,608)	3,129,278
Other comprehensive loss, net of tax		(3,482,101)	-	(3,482,101)
Total comprehensive (loss)/income for the year		**(208,215)**	**(144,608)**	**(352,823)**
Total comprehensive (loss)/income for the year attributable to:				
Shareholders of the company		(94,205)	(145,018)	(239,223)
Non controlling interest	(ii)-(iv),(d)-(h)	(114,010)	410	(113,600)
		(208,215)	**(144,608)**	**(352,823)**

	Group December 31, 2022 As previously reported $'000	Adjustments $'000	As restated $'000
Cash flows from operating activities:			
Profit for the year	3,273,886	(144,608)	3,129,278
Adjustments for:			
Shares of profit in associate	(105,500)	(21,399)	(126,899)
Impairment gains on financial assets	(358,640)	(88,337)	(446,977)
Unrealised fair value gain	34,137	6,033	40,170
Gains from investment activities	(812,802)	11,484	(801,318)
Interest income	(10,161,496)	(47,512)	(10,209,008)
Income tax charge	819,669	(47,411)	772,258
Other assets	(247,748)	60,290	(187,458)
Other liabilities	2,078,399	(92,097)	1,986,302
Loans advances, net of repayments	(9,025,132)	295,456	(8,729,676)
Others	22,941,827	-	22,941,827
Net cash provided by operating activities	8,436,600	(68,101)	8,368,499
Cash flows from operating activities:			
Investment securities (purchased)/sold, net	(1,307,028)	(11,379)	(1,318,407)
Other	(4,671,519)	-	(4,671,519)
Net cash (used in)/provided by investing activities	(5,978,547)	(11,379)	(5,989,926)
Cash flow from financing activities:			
Net cash provided by financing activities	1,766,134	-	1,766,134
Net increase/(decrease) in cash and cash equivalents	4,224,187	(79,480)	4,144,707
Cash and cash equivalents at beginning of year	7,748,351	79,480	7,827,831
Effect of exchange rate fluctuations on cash and cash equivalents	(2,032,395)	-	(2,032,395)
Cash and cash equivalents at end of year	**9,940,143**	**-**	**9,940,143**

(d) Treatment of loan origination fees by Victoria Mutual Building Society and VM Investments Limited

Loan origination fees were previously recorded immediately as net fee and commission income. IFRS 9 requires these fees to be capitalized to the loan and the revenue earned to be recorded as part of the interest earned, using the effective interest method.

For the 2022 financial year, loan origination fees have been adjusted against the carrying value of the loan and amortised over the life of the loans using the effective interest method. For 2022 fee and commission income has been reduced, interest income increased, and the related tax effects recognised. Adjustments have been made at 1 January 2022 to take into account these impacts on prior periods

Notes to the Financial Statements CONTINUED
December 31, 2023

43. CORRECTION OF ERRORS (CONT'D)

(e) Impairment of VM Investments Limited interest in the associated company Carilend Caribbean Holdings Limited

During 2022 the valuation of the subsidiary investment in its associated company was significantly impaired and written down to nil. It was further revealed, that the previous valuation done in 2021 was not correctly performed in accordance with IAS 36 Impairment of Assets and the investment was in fact impaired. The investment should have been written down to nil.

(f) Impairment of Carilend's convertible preference shares

During 2022, the valuation of VM Investment Limited investment in the US$1,800,000 cumulative convertible preference shares issued by its associated company Carilend showed a decline in fair value. It was further revealed that the previous valuation done in 2021 was not correctly performed in accordance with IFRS 13, Fair Value Measurement. As such the 2021 balance was also determined to be devalued to nil.

Consequently, the interest income and receivable that were previously recorded were written off.

(g) Expected credit loss model in Victoria Mutual Building Society and VM Wealth Management Limited.

During the year, Victoria Mutual Building Society and VM Wealth Management Limited. performed an evaluation of the other receivable balances from customers for impairment in accordance with IFRS 9. The review revealed that an impairment allowance was required for customer balances commencing from the reporting year ended December 31, 2021. Consequently, ECL allowances were established for those accounts receivable customer balances. The deferred tax impact on the ECL adjustments were also considered and reflected in the prior period adjustments.

(h) Client settlement account in VM Wealth Management Limited.

During the year, VM Wealth Management Limited performed an evaluation of the other liabilities and bank accounts. The review identified that accounts payable and cash and cash equivalents were understated for the years ended December 31, 2021 and 2022.

The impact of the adjustments to the amounts previously reported has been applied retrospectively by adjusting the opening balances of each affected financial statement line item for the earliest period presented.

44. SCHEME OF ARRANGEMENT

Under the court approved "Scheme of Arrangement" the following transactions were effected to recognise VM Financial Group Limited. This is consistent with the accounting policy adopted in the financial statement of the ultimate parent, VM Group Limited and all companies within the group. As such, the adjustments were as follows:

(a) Interest in financial services subsidiary companies were transferred from Victoria Mutual Building Society (VMBS) to the VM Financial Group Limited through a process of cancellation of the shares previously held and reissuing the same number of shares to VM Financial Group Limited on February 1, 2023.

(b) Interest in the associated company, British Caribbean Insurance Company Limited (BCIC) was also transferred from VMBS to VM Financial Group Limited on February 1, 2023.

(c) The membership rights of all members of the Society were cancelled and VM Group Limited, in turn, issued and accorded Membership Rights in VM Group Limited, to all Members of the Society on February 1, 2023.

(d) The Company as at February 1, 2023, determined the net asset value of VMBS is to be $17,424,846,000. The breakdown of the net assets was as follows:

	$'000
Ordinary share capital	7,746,058
Reserve fund	1,684,509
Retained earnings reserve	7,225,160
Non-distributable reserve	(446,131)
Credit facility reserve	2,569,620
Investment valuation reserve	(1,364,370)
General reserve	10,000
	17,424,846

45 SUBSEQUENT EVENTS

(a) On March 28, 2024, Victoria Mutual Building Society sold its holdings in Niquan Energy Trinidad valued at $1,142,000,000 to VM Group Limited, for better alignment of risks, capital and returns.

(b) On March 27, 2024, VM Investments Limited sold its 30% shareholding in Carilend Caribbean Holdings Limited to VM Financial Group Limited, parent company, for US$4,920,000 (JMD$758,999,052). To facilitate the sale, VM Investments Limited authorised and extended a loan facility to VM Financial Group Limited for a term of two (2) years at an interest rate of 10.50% per annum.

Notes to the Financial Statements CONTINUED

December 31, 2023

45 SUBSEQUENT EVENTS (CONT'D)

(c) On January 19, 2024, VM Investments Limited acquired Republic Funds (Barbados) Incorporated (RFI), having received the approval of regulators in Barbados and Jamaica at a cost USD 400,000 (JMD$64,000,000).

VM Wealth Management Limited through its Barbados Office, has assumed the role of administrator of the Mutual Funds, comprising the Republic Capital Growth Fund, Republic Income Fund and the Republic Property Fund.

RFI and the Mutual Funds have been renamed as follows:

Former Name	New Name
Republic Funds (Barbados) Incorporated	VM Wealth Funds Limited
Republic Capital Growth Fund	VM Wealth Capital Growth Fund
Republic Income Fund	VM Wealth Income Fund
Republic Property Fund	VM Wealth Property Fund

Corporate **Data**

External Auditors

KPMG Chartered Accountants

Bankers

- CIBC First Caribbean International Bank of Jamaica Ltd.
- Citibank N.A. (Jamaica Branch)
- National Commercial Bank Jamaica Ltd.
- Sagicor Bank Jamaica Ltd.
- Bank of Jamaica

Panel of Attorneys-At-Law

- Delroy Chuck & Company
- DunnCox
- Phillips, Malcolm, Morgan & Matthies
- O.G. Harding & Company
- Livingston, Alexander & Levy
- Murray & Tucker
- Myers, Fletcher & Gordon
- Nunes, Scholefield, Deleon & Company
- Rattray, Patterson, Rattray
- Robertson, Smith, Ledgister & Company
- Robinson, Phillips & Whitehorne
- Grant, Stewart, Phillips & Malcolm
- Nicholson Phillips
- Samuda & Johnson
- Matthew Hogarth & Co.
- Harrison & Harrison
- Lex Caribbean
- L. Howard Facey & Co.
- Scott, Bhoorasingh & Bonnick
- Russell & Russell
- Earle & Wilson
- Palomino, Gordon-Palomino
- G. Anthony Levy & Company

Group Executives

COURTNEY CAMPBELL
MBA (Distinction), ACIB, BSc, JP
Group President & CEO

PETER REID, BA (Hons)
Deputy Chief Executive Officer
VM Group

JANICE MCKENLEY
FCCA, FCA MBA, BSc
Group Chief Financial Officer

DEVON BARRETT, MBA
Group Chief Investment Office

REZWORTH BURCHENSON, MBA, BSc
Chief Executive Officer
VM Investments Limited & VM Wealth Management

KERI-GAYE BROWN
MBA (Dist), LL.B (Hons)
Group Chief Legal, Risk & Compliance Officer & Corporate Secretary

JUDITH FORTH BLAKE, MBA, BA (Hons)
Group Chief Customer & Brand Officer

DAYTON ROBINSON, PhD
Group Chief Human Resources Officer

ALLISON MORGAN, BA, MBA, JP
Chief Executive Officer
VM Property Services Ltd

CARLA MCINTOSH GORDON
MSc, BA, PMP, BSP
Group Chief Strategy Officer

MICHAEL HOWARD, MBA, BSc
Chief Executive Officer

CONROY ROSE, CSC, MBA, BSc
Group Chief Sales Officer

NATALIE BENNETT, MBA
Chief Executive Officer
VM Pensions Management Ltd

RENÉ ALLEN-CASEY
FCCA, FCA, CIA, CIRM, Dip, BA
Group Chief Internal Auditor

SHEENA WEDDERBURN REID
MSc, ITIL, CRISC, CISA
Group Chief Digital Officer

NICOLA ANDERSON
MSc, PMP, ITIL, COBIT, ACP
Group Chief Operations Officer

DALTON RICHARDSON, EMBAI
Group Chief Technology Officer

MAURICE BARNES, MSc (Distinction)
Chief Executive Officer
VM Innovations

Chief Executive Officers of Subsidiaries

Buidling Society Operations
Paul Elliott
Chief Executive Officer

VM Investments Limited
Rezworth Burchenson
Chief Executive Officer

VM Wealth Management Limited
Rezworth Burchenson
Chief Executive Officer

VM Pensions Management Limited
Natalie Bennett
Chief Executive Officer

VMBS Money Transfer Services Limited
Michael Howard
Chief Executive Officer

VM Property Services Limited
Allison Morgan
Chief Executive Officer

VM Innovations Limited
Maurice Barnes
Chief Executive Officer

Building Society Operations

PAUL ELLIOTT
Chief Executive Officer

LATOYA WILLIAMS
Assistant Vice President
Lending Solutions and Business Services

SUZETTE RAMDANIE-LINTON
Assistant Vice President
Branch Distribution

LEIGHTON SMITH
Vice President, VMBS and
Chief Executive Officer
VM Finance Limited

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MEMBER ENGAGEMENT CENTRE
Marion Lewis
Manager
73-75 Half-Way Tree Road, Kingston 10
Tel: 754-VMBS

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Fax: (876) 929-5224

Toll Free from United States of Anerica and Canada:
1-866-967-VMBS (8627)

Free Phone (from UK): 0-800-068-VMBS (8627)

Opening Hours:
Mondays - Fridays: 7:00 a.m. - 8:00p.m.
Saturdays: 10:00 a.m. - 6:00 p.m.
Sundays: 10:00 a.m. - 3:00 p.m.

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REPRESENTATIVE OFFICES:

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Chief Representative Officer
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Mrs. Natasha Service
Chief Representative Officer
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Brooklyn, New York 11201, USA
Telephone: 347-344-5790 I Fax: 347-344-5791


RESET
& RISE
VM GROUP

VM GROUP

VM GROUP LIMITED (the “Company”)

Annual General Meeting **Form of Proxy**

Postage Stamp

I/We ____

of ____,

being a Member/ Shareholder of the above named Company, hereby appoint

____

of ____,

or failing him, ____,

of ____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the **30th day of July, 2024 at 3:00 p.m.** and at any adjournment thereof.

This form is to be used in favour of the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

Please indicate by inserting a cross (X) in the appropriate box how you wish your votes to be cast.

NOTES:

1. To be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed must be lodged at the Registered Office of the Company, at-least forty-eight (48) hours before the time appointed for the Meeting.
2. The Proxy Form should bear stamp duty of $ 100.00 or such amount as prescribed by the Stamp Duty Act. The stamp duty may be paid by adhesive stamp(s) which shall be affixed to this Form.
3. In the case of joint shareholders, the vote of the Senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
4. To be effective, this form of proxy must be signed by the appointer or his/her attorney, duly authorized in writing or, if the appointer is a corporation, must be under its common seal or be signed by some officer or attorney duly authorized in that behalf.

VM GROUP

VM GROUP LIMITED (the "Company")

Annual General Meeting Form of Proxy

	FOR	AGAINST
1. Resolution No. 1 – Audited Accounts		
2. Resolution No. 2 - Retirement of Directors		
3. Resolution No. 3 – Directors' Remuneration		
4. Resolution No. 4 – Appointment of Auditors		

1. Resolution No. 1 – Audited Accounts

"THAT the Audited Accounts of the Company for the year ended December 31, 2023, and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are adopted."

2. Resolution No. 2 - Retirement of Directors

2A. Retirement by Rotation pursuant to Article 81:

"THAT Director **Mr. Phillip Silvera** retiring by rotation pursuant to Article 81, of the Articles of Incorporation, who being eligible for re-election, is hereby elected."

"That Director **Dr. Maurice McNaughton** retiring by rotation pursuant to Article 81, of the Articles of Incorporation who being eligible for re-election is hereby elected."

3. Resolution No. 3 – Directors' Remuneration

"THAT the amount of $95,854,000 included in the Audited Accounts of the Company for the year ended December 31, 2023, as remuneration for their services as Directors be and is hereby approved."

4. Resolution No. 4 – Appointment of Auditors

"THAT KPMG, Chartered Accountants, having signified their willingness to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting, at a remuneration to be agreed with the Directors."

Dated this 14th day of June 2024

BY ORDER OF THE BOARD

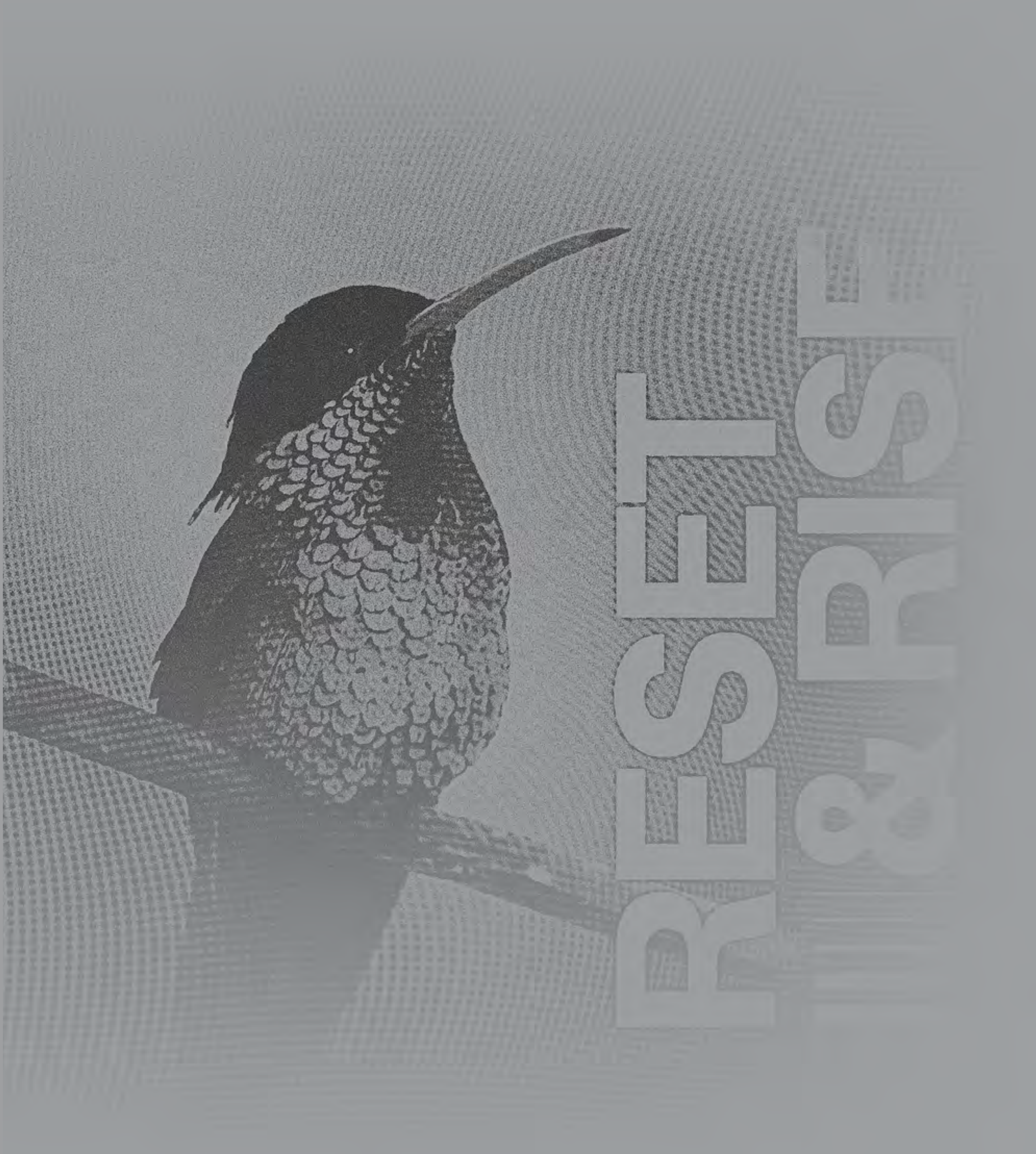
The 1st Public Annual General Meeting

Keri-Gaye Brown
Corporate Secretary

REGISTERED OFFICE
6-10 Duke Street
Kingston

....
SIGNATURE

Signed this .... day of 2024



myvmgroup.com

DESIGN:
VM Creative Unit

AUDITORS:
KPMG Chartered Accountants

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