Annual Report 2022

STRONGER. BOLDER. BETTER.

VM Investments Limited

Transform Your Everyday

vmil.myvmgroup.com

STRONGER.
BOLDER.
BETTER.

VM Investments
Limited

Our Core

Purpose

01

To educate and empower our Clients to create, grow and sustain their wealth.

Vision

02

To be the leading Caribbean-based mutual provider of financial services.

Mission

03

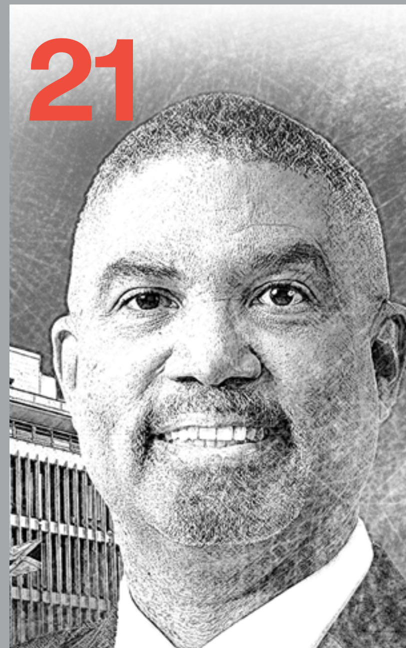
We are a mutual organisation whose purpose is to empower our Members globally to achieve financial well-being through home ownership and innovative investment solutions delivered across multiple channels by an expert and caring team.

Core Values

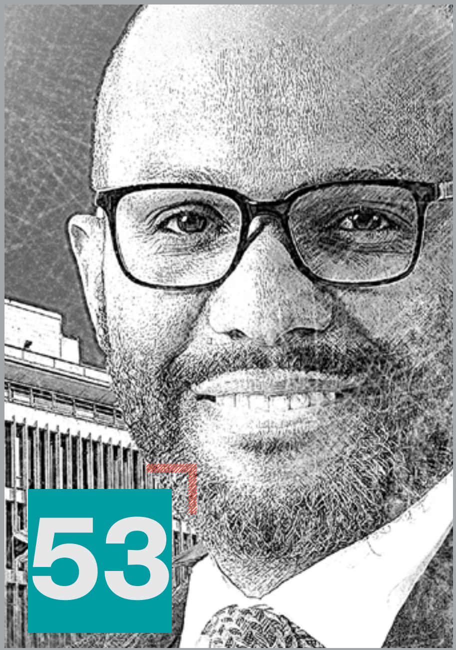
04

- Member Focus
- Integrity
- Teamwork
- Innovation
- Excellence

Contents



Contents



Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VM INVESTMENTS LIMITED (the 'Company') will be held at Training Room, VM Building Society, **73-75 Half Way Tree Road, Kingston 10**, in the parish of Saint Andrew on **Friday, June 9, 2023 at 1:00 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, 2022, 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 108:

   "**THAT** Director **Mr Courtney Campbell** retiring by rotation pursuant to Article 108, of the Articles of Incorporation, who being eligible for re-election, is hereby elected."

   "**That** Director **Mr Milton Samuda** retiring by rotation pursuant to Article 108, of the Articles of Incorporation who being eligible for re-election is hereby elected."

   "**That** Director **Mr Vikram Dhiman** retiring by rotation pursuant to Article 108, of the Articles of Incorporation who being eligible for re-election is hereby elected."

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

   "**THAT** the amount of $26,226,000 included in the Audited Accounts of the Company for the year ended December 31, 2022 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 12th day of May, 2023

BY ORDER OF THE BOARD

Keri-Gaye Brown
Corporate Secretary

REGISTERED OFFICE
6-10 Duke Street
Kingston

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

Directors' Report

Victoria Mutual Investments 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, 2022.

2. The Consolidated Statement of Revenue and Expenses reports pre-tax profit for the year of $886,777,000 from which there has been provided $194,922,000 for corporate income tax, leaving a balance of $691,855,000.

3. **A) Directors Retiring by Rotation pursuant to Article 108:**

   Director **Mr Courtney Campbell** retiring by rotation pursuant to Article 108 of the Articles of Incorporation who being eligible for re-election is hereby elected.

   Director **Mr Milton Samuda** retiring by rotation pursuant to Article 108 of the Articles of Incorporation who being eligible for re-election is hereby elected.

   Director **Mr Vikram Dhiman** retiring by rotation pursuant to Article 108 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. Your Directors wish to thank the Management and Staff of the Company for their participation.

On behalf of the Board

Mr Michael McMorris
Chairman

OUR BUSINESS

Corporate Profile

VM Investments Limited (VMIL) is an investment and financing company incorporated in 1984 and domiciled in Jamaica. VMIL's primary offerings include margin loans, insurance premium financing, lease financing, underwriting services and secured corporate loans. The company has been listed on the Jamaica Stock Exchange's (JSE) Main Market since December 2017 and is now 80% owned by VM Financial Group Limited and 20% by the public.

In 2022, VM Building Society (VMBS), then parent of VMIL, sought a vote from its members on the then-proposed VMBS restructuring exercise to ensure compliance with the Banking Services Act (2014) which mandates that a corporate group which includes both financial entities and non-financial entities, be reorganised by separating the financial services companies from the non-financial companies. The Scheme of Arrangement would see this separation being done by establishing a new financial holding company (FHC) to hold all the financial services companies within the VM Group, and a non-financial holding company (non-FHC) to hold all the non-financial companies in the VM Group. The FHC and non-FHC would both be held by a Mutual Holding Company (MHC) as the ultimate parent company of the VM Group. The MHC would be known as 'VM Group Limited', and the FHC would be called 'VM Financial Group Limited.' The non-FHC would be 'VM Innovations Limited'.

Given these changes, VMIL sought and received majority approval from its shareholders in 2022 to change its ownership Scheme of Arrangement. VMIL became a subsidiary of VM Financial Group Limited and the 20% of the business that is owned by shareholders remained the same with all rights and benefits intact. The Scheme of Arrangement positions the VM Group for greater agility and growth and ensures more robust risk management for sustainability and resilience. As a member of the VM Group, VMIL is guided by its Vision, Mission, Strategic Goals and Core Values.

VMIL is the sole owner of VM Wealth Management Limited (VMWM) and has significant holdings in Carilend, Kingston Properties Limited (KPREIT), Home Choice and Coldbush Organics through VMWM. The company is also currently in the process of merging its 100% acquisition of Republic Funds (Barbados) Inc. under the operations of VMWM.

VM Wealth Management Limited

VM Wealth Management Limited (VM Wealth) is an investment brokerage house licensed with the Financial Services Commission, incorporated and domiciled in Jamaica. VM Wealth is a premier provider of wealth management services, security trading and sales, investment advisory and corporate solutions. Our expert and caring Wealth Managers are committed to transforming lives, whether this means a better future for your family, a thriving business, a retirement that is rich with experience, or a lasting legacy. We deliver smart solutions, unlock maximum value, and propel growth for individuals and organisations. A prime subsidiary of VMIL and member of the VM Group, VM Wealth stands on 145 years of strong, prudent, and dependable financial management services, with an outstanding reputation for excellence in providing Jamaicans and Caribbean nationals throughout the globe with sound financial solutions.

VM Wealth Management Limited:
A History

1994

- 'Alpha Financial Services,' later known as VM Wealth Management, becomes a licensed securities dealer.

1995

- 'Alpha FInancial Services' increased its market share in the Equity market from 1% in March to 3.88% in April.
- It also Increased client base from 18 to 71 accounts (394%) (money market operation).

2002

- 'Alpha FInancial Services' renamed 'Victoria Mutual Wealth Management'

2003

- Net profit and total assets increased by 32% and 24% respectively compared to 2002

2005

- Equity orders were up 980%.
- Equity business had increased 234%.

2008

- Devon Barrett becomes General Manager of VMWM in March.
- VMWM share capital increased by 100 million

2009

- Net profit increased by 96% compared to 2008.
- A new logo is proposed to better encapsulate the company.

2011

- VMWM brokers deal to launch IWC Opportunity Fund 1, an investment product geared towards investors interested in the equity real estate market in New York City (NYC).
- The Asset Management and Capital Markets Unit is introduced.

2013

- VM Wealth Management was recruited to raise US$7.5M for AP Capital Partners, a United States-based private equity firm.
- Second runner-up award for Member Dealer website.

Corporate **Profile**

CONTINUED

VM Wealth Management Limited:
A History CONTINUED

2014

- Help for the children's initiative at Spanish Town Hospital. VMWM donated J$250,000 towards refurbishing

2015

21st ANNIVERSARY

- VM Wealth celebrated its 21st anniversary.

2016

- Enters unit trust market.
- Rezworth Burchenson appointed deputy CEO.
- Brokers ISP FInancial IPO.
- Brokered PJX IPO, the largest IPO in 2016.
- Best Chamber Medium Enterprise Nominee.
- JSE Best Practices Awards – 1st Runner-up – Expansion of Investors & Listed Companies Base.

IPO

2017

- VMWM raised JMD 690 million from IPO
- VMWM places 1st and 3rd in JSE Market Research Competition

2018

- VMWM makes first private equity investment, in Coldbush Organics.
- VM Wealth launches two new unit trust products: Equity Fund (USD) and VM Wealth Money Market Fund (JMD).
- VM Wealth Classic Portfolio has highest growth rate for the year.

2019

- Rezworth Burchenson becomes CEO of VMIL and VMWM.
- VMWM reports 14.3% growth.
- Adoption of CFA Institute Statement of Investor Rights.
- JSE Best Practices Awards – 1st Runner-up – Member Dealers Website – VMWM.

2020

- VMWM launches Premium Wealth Management services.
- Structures corporate note for Stewart's Hardware.
- Opens Ocho Rios branch and increases number of branches from 4 to 10.
- VM Wealth Classic Portfolio has second highest growth rate for the year.

2021

- Republic Bank/Republic Funds Acquisition was announced.
- Best Corporate Advisory Team.
- VMIL launches scholarship programme.
- VMWM offers free advisory services to SMEs to aid restructuring post COVID-19.
- Launches WealthWise podcast.

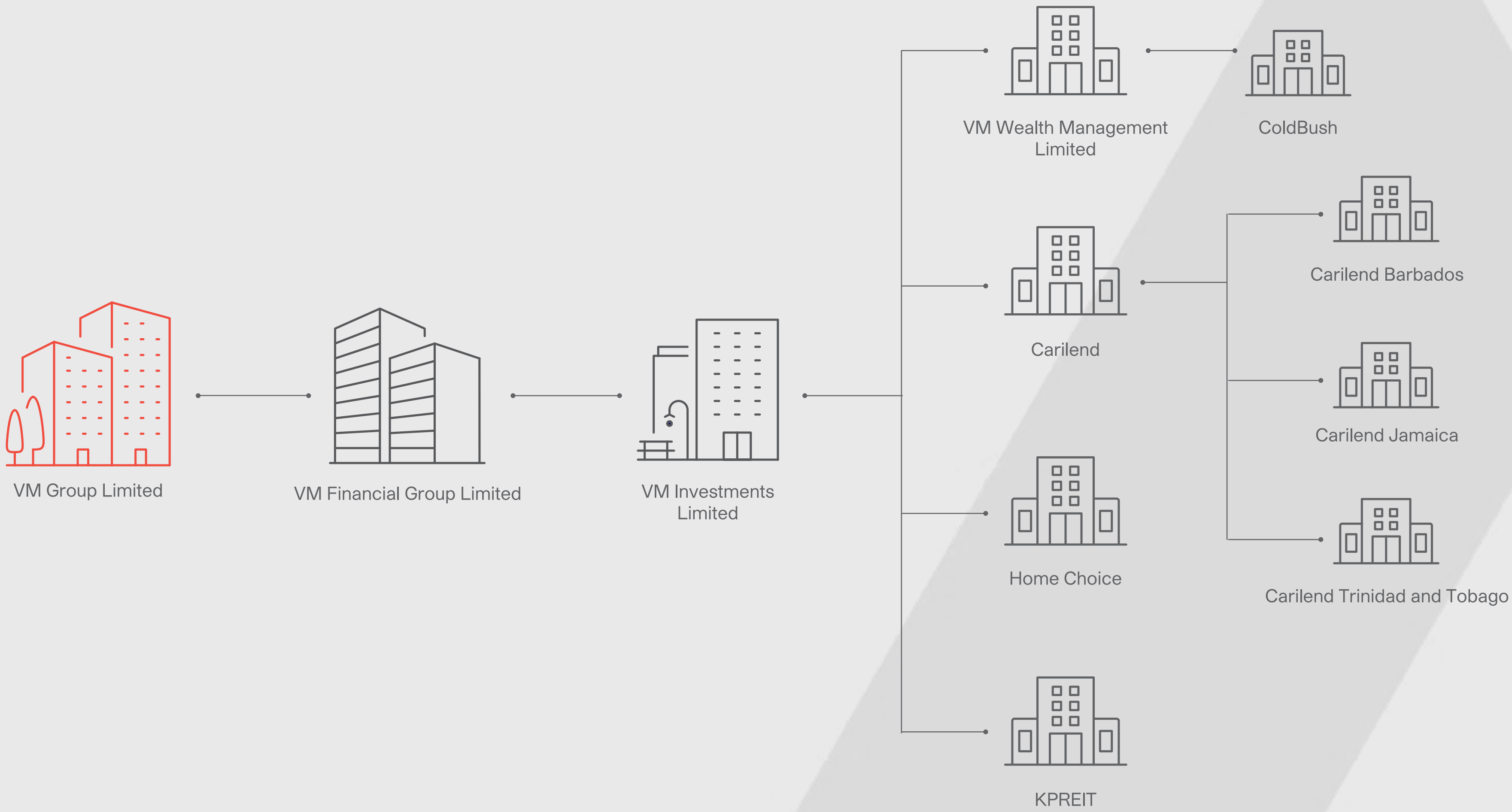
2022

- VMWM acquires stake in Home Choice.
- MoneyMasters signs VM Wealth as lead broker.
- Brian Frazer appointed deputy CEO at VMIL.
- VMIL joins London-based Actus Partners to power SMEs.
- VMWM brokers Dolla IPO.
- Kingston Beta partnership established.

The Journey Continues...

OUR BUSINESS

Group Organisational Chart



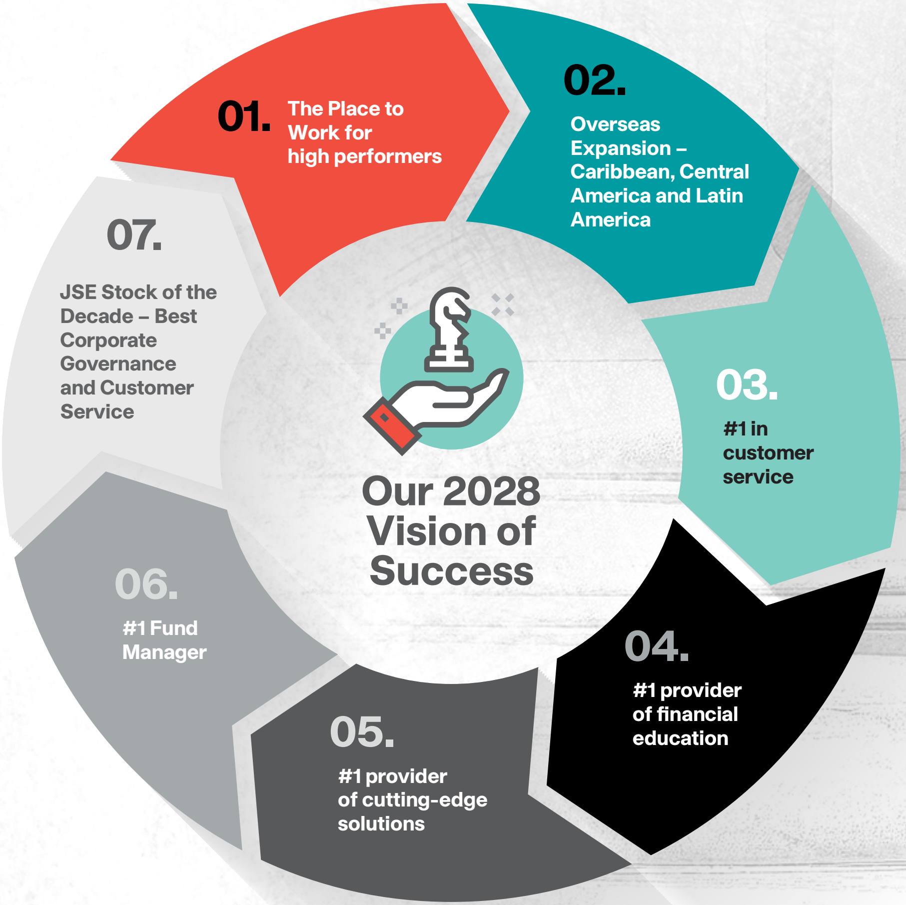
vmil.myvmgroup.com

STRONGER.
BOLDER.
BETTER.

VM Investments
Limited

OUR BUSINESS

VMIL Strategy



2028 Vision of Success

We remain committed to our 2028 Vision of Success, which will be demonstrated by the achievement of the following:

1. The Place to Work for high performers
2. Overseas Expansion – Caribbean, Central America and Latin America
3. #1 in customer service
4. #1 provider of financial education
5. #1 provider of cutting-edge solutions
6. #1 Fund Manager
7. JSE Stock of the Decade – Best Corporate Governance and Customer Service

To achieve these successes, we review our strategic goals, objectives, and initiatives each year, and we monitor the monthly performance of our strategies using the Balanced Scorecard.

The Balanced Scorecard

VMIL employs the Balanced Scorecard (BSC) methodology to measure and manage the performance of our strategy. Under the BSC framework, we break down our strategy into objectives and initiatives which align with the four perspectives of the BSC: Financial, Customer, Internal Processes, and Learning & Growth.

Each unit within VMIL also uses the BSC framework to monitor its performance and ensure coordination with the strategic objectives. In this way, the strategy is clearly articulated, and the team is better able to see and understand how their work is impacting their unit's performance and, by extension, VMIL's performance.

With clearly articulated objectives and performance measures, we have found that this methodology has helped us to significantly improve our performance, increase our efficiency, and boost our customer service. We are confident that our strategy will drive our continued growth as we strive to exceed our customers' expectations and be the pinnacle of service excellence.

2022 Strategic Achievements

Last year, we promised that our Strategic Initiatives would be supported by 4 Strategic Pillars – Process Improvements, Digitisation, Diaspora Engagement, and Growth/Regional Expansion. We are pleased to highlight our important achievements for 2022, presented within the context of these pillars.

VMIL Strategy

CONTINUED

#	Project/Initiative Name:	Strategic Goal:	Strategic Objective:	Achievements:
1	Brand Awareness/Products/Grow Client Base	Empowered Members	C1 – Grow Active Members & Clients C3 – Strengthen the VMIL Brand	▸ We entered partnerships with the Jamaica Reggae Industry Association, Kingston Beta, and London-based Actus Partners. ▸ Wealth Talks Webinars
2	Digitization/Automation Initiatives	Modern Mutual	IP1 – Exploit Digital Technologies	▸ Retail Statement Delivery is now done via our Client Portal ▸ New and improved Customer Management System (CMS) was rolled out to enhance our customers' online experience
3	Diaspora Engagement	Strong, Integrated Group	F1 – Profitable Revenue Growth F3 – Widen Market Scope C1 – Grow Active Members & Clients	▸ Diaspora in UK, US and Canada engaged in collaboration with other VM Group strategic units
4	Enhance Private Equity Framework	Strong, Integrated Group	F1 – Profitable Revenue Growth	▸ JASMEF Fund was successfully launched.
5	Overseas Expansion	Strong, Integrated Group	F1 – Profitable Revenue Growth F3 – Widen Market Scope C1 – Grow Active Members & Clients	▸ We acquired 100% stake in RFI Barbados.
6	Improve Sales Output	Employer of Choice	F1 – Profitable Revenue Growth C2 – Improve Customer Experience IPN – Effective Client Relationship Management	▸ Carilend Trinidad & Tobago began operations
7	Carry Out Mergers and Acquisitions	Strong, Integrated Financial Group	LG2 – Manage Investment Portfolios and Carry Out Mergers and Acquisitions	▸ We acquired a 10% stake in Home Choice.

VMIL 2021-2023 Strategy Map

Financial	F1: Profitable Revenue Growth	F2: Increase Capital	F3: Widen Market Scope	
Customer	C1: Grow Active Members & Clients	C2: Improve Customer Experience	C3: Strengthen the VMIL Brand	C4: Build Financial Literacy
Internal Processes	IP1: Exploit Digital Technologies	IP3: Impactful Community Service	IP5: Integrate SBUs	
	IP2: Increase Efficiency	IP4: Manage Risks	**IP6: Effective Client Relationship Management**	
Learning & Growth	LG1: Engage Team Members	LG2: Manage Investment Portfolios & Carry Out Mergers & Acquisitions	LG3: Innovative Products - Within and Across SBUs	

vmil.myvmgroup.com

STRONGER.
BOLDER.
BETTER.

VM Investments
Limited

OUR BUSINESS

Market Trends

Customer Experience

Customer experience is more than customer service. Customers are expecting increasingly personalised financial services solutions and they want to be able to manage all their finances in one place – conveniently on their devices. VM's Service Vision is to be the pinnacle of service excellence for our Members and Clients at all points of contact. Additionally, the Group has embarked on comprehensive Digital Transformation that would see customers' digital experience transformed. At the heart of this is the customers' experience, meeting the customer where they want to be. Our goal is to drive an exceptional client experience at all digital touchpoints and to attain greater efficiency. This fuels our efforts at automating client-facing solutions as well as our internal processes.

Digital Disruption

New technology has energised new products and services to disrupt the way we have done business. The constant push for innovation has been due to the need to streamline operations, rising regulatory requirements, fierce competition and changing customer demands. A key objective of our digital journey is to move VMIL from 'Doing Digital to Being Digital'. It is a comprehensive shift that we recognise is necessary to remain relevant in the financial world of tomorrow. Our vision of transformation drives the digitalisation of our processes, products, and services.

Sustainability/ESG (Environmental, Social and Governance) Investing

Investors are increasingly applying non-financial factors as part of their analysis process to identify material risks and growth opportunities. Beyond Socially Responsible Investing, ESG Investing and analysis incorporates a thorough consideration of factors impacting the fundamental value of an investment and, ultimately, the investment choices to be made. VMIL advanced its ESG agenda significantly with the adoption of its Corporate Social Responsibility (CSR), Stakeholder Engagement and Environmental policies in 2021, and adoption of a comprehensive ESG policy by the VM Group in 2022.

Diversity, Equity & Inclusion

Success is driven by people. An inclusive culture that effectively leverages diverse views to create a fair, healthy, and high-performing organisation fosters Team Member engagement that leads to innovation. Therefore, adaptability is more important than ever. The principles on which VM was founded are grounded in inclusivity.

VM first opened its doors with a mission of empowering economically marginalised Jamaicans to pool their resources to save and acquire homes. This philosophy holds true through VMIL's mission. Diversity is in our DNA and is demonstrated with gender equity at the senior management level and dedicated efforts to improve gender equity at the Board level, as well as the adoption of the VM Group Diversity, Equity & Inclusion Policy in 2022.

OUR BUSINESS

5-Year Statistical Review

	2018	2019	2020	2021	2022
Balance Sheet ($'000)					
Total Assets	21,610,199	25,327,701	29,493,139	30,918,612	29,153,122
Cash & Cash Equivalents	740,538	1,917,241	1,571,567	684,077	1,192,249
Resale Agreements	4,217,141	3,937,275	7,380,680	4,051,332	752,147
Investments Securities	13,241,358	16,718,180	16,366,621	20,399,811	17,560,235
Loan Receivables	1,376,139	1,876,637	1,789,651	3,482,266	5,467,380
Total Liabilities	18,837,775	21,000,873	25,359,543	27,239,389	26,066,635
Repurchase Agreements	15,454,981	16,999,392	20,312,831	19,649,270	15,589,291
Shareholder's Equity	2,772,424	4,326,828	4,133,596	3,679,223	3,086,487
Shareholder's Equity attributable to the owners	2,722,424	4,276,828	4,083,596	3,629,223	3,036,487
Income Statement ($'000)					
Net Interest Income	250,079	260,381	289,622	369,214	253,038
Net Fees & Commission	838,268	933,128	925,323	791,956	1,011,760
Gains From Investment Activities	213,879	485,899	593,988	670,156	996,766
Consolidated Revenues	1,306,775	1,682,961	1,875,589	1,856,147	2,387,189
Total Operating Expense	767,740	881,397	1,240,712	1,197,928	1,500,412
Staff Cost	349,068	518,023	587,487	648,619	764,675
Other Operating Cost	313,230	459,416	533,906	544,443	756,325
Depreciation & Amortisation	28,888	66,452	72,604	79,019	89,410
Taxation	141,437	188,178	165,283	218,187	194,922
Pre-tax Profit	539,035	786,227	598,873	658,219	886,777
Net Profit	397,598	598,049	433,590	440,032	691,855
Profitability Ratios					
Net Interest Margin	1.30%	1.18%	1.12%	1.32%	0.91%
Net Profit Margin	30%	36%	23%	24%	29%
Return on Equity	14.85%	16.85%	10.25%	11.26%	20.45%
Return on Assets	1.91%	2.55%	1.58%	1.46%	2.30%
Cost/Income Ratio	58.75%	52.37%	66.15%	64.54%	62.85%
Effective Tax Rate	26.24%	23.93%	27.60%	33.15%	21.98%

5-Year Statistical Review

	2018	2019	2020	2021	2022
Stock Unit Information					
Earnings Per Share	$0.27	$0.40	$0.29	$0.29	$0.46
Closing Share Price as at December 31	$3.82	$8.97	$5.90	$6.13	$4.02
Price to Earnings Ratio	14.41	22.50	20.41	21.14	8.74
Book Value Per Share	$1.85	$2.88	$2.76	$2.45	$2.06
Price to Book Ratio	2.07	3.11	2.14	2.50	1.95
Dividend Per Share	$0.14	$0.19	$0.03	$0.16	$-
Dividends paid	$210,004.00	$285,005.00	$45,001.00	$232,504.00	$-
Dividend Payout Ratio	52.82%	47.66%	10.38%	52.84%	0.00%
Capital Gains	17.90%	134.82%	-34.23%	3.90%	-34.42%
Statement of Financial Position Ratios					
Investments Securities as a % of Total Assets	55.49%	66.01%	55.60%	65.98%	60.23%
Repurchase Agreements as a % of Total Liabilities	80.10%	80.95%	80.15%	72.14%	59.81%
Capital to Assets Ratio	14.02%	17.08%	14.74%	11.90%	10.59%
Other Statistics					
JSE Index as at December 31	379,790.86	509,916.44	395,614.93	396,155.61	355,896.64
JSE Index Annual Movement	31.70%	34.26%	-22.42%	0.14%	-10.16%
Annual Inflation Rate	2.44%	6.22%	5.20%	6.00%	9.40%
Annual USD Foreign Exchange Rate	$129.72	$134.22	$143.27	$151.62	$154.21
Annual Real GDP Growth	1.09%	0.90%	-10.00%	4.60%	5.20%
Annual Unemployment Rate	9.10%	7.72%	7.61%	8.36%	6.60%

Chairman's **Message**

On behalf of the Board of Directors of VM Investments Limited (VMIL), I am pleased to present the 2022 VMIL Annual Report.

The Directors of VMIL are happy to have provided oversight and guidance to the VMIL Team who, in a time of tremendous social and economic upheaval globally, remained resolute in their commitment to growing and fortifying the business, with particularly keen focus on creating strategic alliances and empowering small and medium entities to thrive, with far reaching implications at the micro and macroeconomic levels.

The year was marked by some significant activities. Perhaps chief among them was our shareholders' overwhelming vote of support for the reorganisation of the VM Group, shifting direct parentage of VMIL to the VM Financial Group Limited, the newly formed financial holding company of VM Group Limited. This change in structure creates a more solid foundation for the businesses of the Group as a whole and opens a world of opportunities for future growth and expansion of VMIL.

Standing Strong

VMIL's financial performance in 2022 remained positive as the business navigated the economic climate by continuously and prudently reviewing strategies and effecting periodic interventions to optimise results.

Consequently, Net Surplus grew by 57%, moving from $440.0M in 2021 to $691.9M in 2022. Total Revenue grew by 28%, or from $1.86B in 2021 to $2.39B in 2022. VMIL also achieved a Return on Equity (ROE) of 20.45%, Capital to Total Assets of 10.59% and Capital Adequacy Ratio of 17.59%, as well as an Enterprise Risk Management (ERM) Score of 85%.

These are commendable results, especially given the economic environment during the year.

Economic Context – Jamaica

A raging war in Europe and pandemic recovery challenges made for a volatile global economic space that had serious implications for Jamaica. Inflation remained sharp in the domestic economy, peaking at 11.79% in April 2022. The main impetus to inflation exceeding the Bank of Jamaica's (BOJ) 4% to 6% mandate was oil and fuel price volatility stemming from the Russia-Ukraine conflict.

In response to the 12 months of consecutive breaches of its inflation ceiling throughout 2022, the Central Bank added 450 basis points to the overnight rate via seven rate hikes, ending the year at 7%. Market interest rates climbed as well. The lagged impact of these rate increases had positive, albeit limited, impact on the domestic inflation rate, which ended the year at 9.35%.

The stock of international reserves remained strong throughout 2022, ending the year at US$3.98B and within the International Monetary Fund's (IMF's) 100% to 150% Assessing Reserve Adequacy standard for emerging market economies. The reserves were used by the BOJ to intervene 26 times in the foreign exchange market, injecting US$747.98M. The Central Bank's interventions, along with the weakening of the US dollar, reduced the volatility of the local currency and contained net foreign exchange losses incurred by VMIL, as the Jamaican dollar appreciated 2% year-over-year against its US counterpart.

Overseas

The IMF identified the Russian invasion of Ukraine and the economic slowdown in China as the most influential forces of pressure in 2022. The Russian invasion caused a severe energy crisis, which saw oil prices quadrupling 2021 levels. However, as Russia was sanctioned by the G7 and COVID-19 restrictions were reinforced in China, demand diminished, and oil prices began stabilising in Q3 2022. In addition to the energy crisis, the conflict resulted in food insecurity within several regions, which caused prices to surge. There have been major growth slowdowns for the world's largest economies, as a third of the global economy faced two consecutive quarters of negative growth and inflation is projected to have peaked at a 70-year high of 8.80%. Consequently, many economies have adopted aggressive monetary policies aimed at slowing inflation.

Growth-focused Strategy

The coordinated expertise of the Board of Directors and the Leadership Team of VMIL is critical to the delivery of a winning strategy for the business. This

Chairman's Message

CONTINUED

is even more pronounced when the climate is as described earlier. We are pleased with the results of this growth-focused VMIL strategy in 2022.

Home Choice

In 2022, VMIL acquired a 10% stake in food-manufacturing company Home Choice Enterprise Limited. The equity injection, which is in keeping with VMIL's mission to empower businesses for transformational growth, is intended to have provided the Portmore-based Home Choice with enough cash to expand production to meet robust demand locally and in foreign markets.

Republic Bank, Carilend

Home Choice is the first manufacturing acquisition for VMIL and follows a 2021 deal with Republic Bank (Barbados) Limited to acquire 100 per cent shareholding in Republic Funds (Barbados) Inc. All required regulatory approvals are expected in time for VMIL to assume ownership control by the second quarter of 2023.

In 2022, Carilend, in which VMIL acquired a 30 per cent stake in 2019, moved into Trinidad via a partnership with Massy Finance.

The Republic Funds deal and Carilend's Trinidad move nurture VMIL's ambitions for regional expansion and begin a new chapter in the business' unfolding story.

JASMEF

VMIL in 2022 also partnered with London-based Actus Partners (Actus), completing the first closing of a new Caribbean private equity fund focused on small and medium enterprises. The fund, named the Jamaica Actus Small & Medium Enterprises Fund I (JASMEF), is supported by the Development Bank of Jamaica to the tune of US$5.5 million via a partnership between the World Bank and the Jamaican Government. VMIL also committed US$10M and will raise additional capital via large institutional fund managers for the final close.

Dolla Financial

Another significant achievement of 2022 that reflects a strategic focus on empowering businesses is VMIL's spearheading of the Dolla Financial $500M IPO – one of the largest in the history of the Junior Market of the Jamaica Stock Exchange. The IPO was oversubscribed by 950 per cent.

Global Recognition

The ongoing purposeful work of VMIL received a nod of approval from CariCRIS, the premier regional rating agency, which reaffirmed our credit ratings: BBB- (regional), BBB (foreign), BBB+(local).

Looking ahead to 2023

These meaningful moves executed in 2022 demonstrate the robust nature of VMIL's strategic plan as well as the commitment of the Directors, Leaders, and Team Members to ensuring the best business results. These purposeful activities will continue into 2023 and beyond.

Next year, as determined by the Board of Directors, the activities of VMIL will be centred on three major initiatives: (1) diversifying and growing revenue lines; (2) building a proficient, best-in-industry sales and service Team; (3) accelerating digitalising and automation. It is expected that the wins and progress achieved in 2022 have set a firm foundation for tremendous future success. This, we believe, will enhance our financial performance while exceeding our clients' and shareholders' expectations.

We appreciate our Team and we appreciate you!

VMIL's Directors are grateful to the committed Leaders and Team Members of the business for their purposeful work in guiding and empowering clients to achieve transformation. We also offer our sincere thanks to our Valued Clients and Shareholders for your continued trust and loyalty. We are privileged to be your partner and to work with you to create, grow, and sustain your wealth.

Michael McMorris
Chairman, VMIL

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 has the distinction of being elected to the post of 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 Promotions 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 NMIA Operations, Chair of the Finance Committee of the Airports Authority of Jamaica, and a Director of the National EXIM Bank of Jamaica.

Mr Matthew Wright, MPhil, MA, BA

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 24 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. He also serves as a Board member for VM Building Society, VM Wealth Management, and VM Finance Limited (UK).

Board of Directors

CONTINUED

Mr Courtney Campbell, MBA (Dist), ACIB, BSc, JP

Mr Courtney Campbell is President and Chief Executive Officer of the VM Group, a leading Jamaican organisation with operations that extend to major financial districts in North America and the United Kingdom.

Courtney joined VM in April 2016 and immediately went about igniting a transformation of the organisation, which includes an ambitious digital strategy that has led to new products and services being delivered in modern, convenient ways. Courtney has leveraged the organisation's cultural beliefs and core values to kindle the VM Team's passion for uplifting Jamaicans. In November 2021, VM Group underwent a brand transformation, signifying publicly the reinvigorated spirit and focus of the Group. Courtney is a strident advocate for greater financial inclusion, which is the founding purpose of VM and a significant motivator behind the work that he does.

Before joining VM, 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 management 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 the VM Building Society and all its subsidiaries as well as associate company, British Caribbean Insurance Company.

He is also Chairman of the VM Foundation. Courtney 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) and the United Church Mission Enterprise.

A Justice of the Peace, Courtney is an Advisory Board Member of the Governor General's Programme for Excellence and an 'I Believe Initiative' Ambassador. He is married to Pauline and they have two sons.

Mr Rezworth Burchenson, MBA, BSc (Hons)

Rezworth Burchenson is a Senior Vice-President and member of the Executive Leadership Team of the VM Group, and CEO of VM Investments Limited (VMIL) and its subsidiary, VM Wealth Management (VMWM).

Rezworth was appointed CEO of VMIL and VMWM in January 2019 after a successful tenure as Deputy CEO of both businesses and CEO of VM Pensions Management Limited.

He is a results-focused, purpose-driven leader with an impressive record of success in the financial services industry. Before joining the VM Group, Rezworth had provided transformative leadership in senior roles, including as CEO of Prime Asset Management Ltd and Vice-President and General Manager of Pan Caribbean Asset Management Ltd, with principal responsibility for managing Jamaica's largest unit trust (Sigma Unit Trust).

Rezworth is well regarded by his industry peers, his Team Members and Clients, and has received accolades for his contribution to the local financial landscape. In 2012, he was named among the PSOJ's exclusive '50 Under Fifty' in the field of investments and finance.

His contribution to the sector also includes serving on the PSOJ's Economic Policy Committee and as a member of the Jamaica Stock Exchange (JSE) Best Practice Committee. He has also served as a Director of:

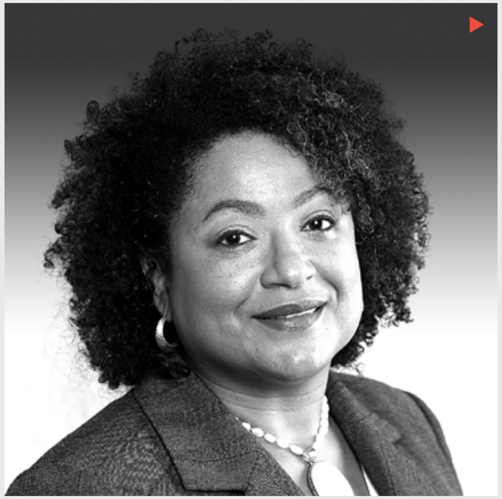
- National Road Operating and Constructing Company (NROCC),
- National Education Trust Ltd (NET);
- Human Resource Management Association of Jamaica, and
- Pension Funds Association of Jamaica (PFAJ).

A Barclays Bank Scholar while at The University of the West Indies, he earned a Bachelor's Degree in Economics (Hons) and an MBA in Banking and Finance (Hons). He also received leadership training at:

- The Wharton School, Aresty Institute of Executive Education
- Advanced Management Programme (AMP 194) at Harvard Business School
- Palladium's Kaplan-Norton Strategy Execution Boot Camp

Rezworth believes strongly in purposeful work and is driven to improve financial inclusion and well-being among Jamaicans at home and abroad.

Board of Directors



Ms Bridget Lewis

Ms Bridget Lewis, experienced financial services professional and change management consultant, joined the Board of Directors of VMIL on December 1, 2021.

Bridget has accumulated more than 25 years of extensive cross-functional, multijurisdictional, financial industry experience, specialising in the development of wealth management strategies for high-net-worth persons and their private companies.

She has held several leadership roles in Wealth Management & Personal Banking with Citi and Scotiabank in Jamaica and Canada, culminating in her position as Director, Global Wealth Management Credit Policy and Process, from October 2014 to April 2016.

Since August 2016, Bridget has been Managing Principal Consultant at Cotton Tree Consulting, working with clients to advance business objectives, improve organisational efficiencies, and promote sustainable, profitable growth and development.

Bridget is currently providing change management consulting services to the Government of Barbados' Ministry of Innovation, Science and Smart Technology – a role she has held since July 2019. Her primary focus is on creating and implementing change management strategies and plans for the Government's Public Sector Modernization Programme. In January 2018, She co-founded SheLeadsIT, a social enterprise operating in Switzerland, Canada, and Jamaica with initiatives in the Caribbean, Africa and Europe. SheLeadsIT focuses on creating opportunities for women and girls to be economically and socially empowered, and to bring about transformational change in their lives and communities. In 2019, she co-founded Caribbean Girls Hack, which engages Caribbean girls and young women in a yearlong programme of online skills training workshops, with internships, to create opportunities for them to expand from being consumers of technology to creators of technology.

Mr Devon Barrett, MBA

Group Chief Investment Officer & Head of the Strategic Investments Unit

A strategic and visionary leader, Devon Barrett has been with the VM Group since March 2008. On September 1, 2016 Devon assumed the role of Group Chief Investment Officer with responsibility for diversifying the Group's investment portfolio. He also served with distinction at the helm of VM Wealth Management (VMWM) where his primary areas of focus included conceptualising and implementing the strategic direction of the Company, managing it's balance sheet, ensuring compliance with all regulatory requirements, and managing the growth in profit and shareholders' value. In January 2019, in keeping with the VM Group's strategic business plan, Devon began focusing solely on his Group Chief Investment Officer role. He was also named head of the newly formed Strategic Investments Unit.

Prior to his tenure at VM, Devon served in senior positions at several financial institutions, including Capital and Credit Securities Limited and the Union Bank of Jamaica Limited, formerly Citizens Bank. This accounts for 20 years of experience in managing foreign - currency investments and deposit portfolios, negotiating foreign exchange and money market deals, and ensuring consistent growth in the respective client bases.

Devon holds an MBA which he acquired at Nova Southeastern University, Florida, and a BSc in Management Studies from The University of the West Indies. A strong negotiator and effective communicator, he inspires his team to achieve greater levels of performance, thereby positively impacting individual growth and development and, ultimately, overall Company results.

Board of Directors

CONTINUED

Mrs Janice McKenley, FCCA, FCA, MBA (Distinction), BSc (Hons)
Group Chief Financial Officer

Mrs Janice McKenley joined the VM Group in July 2007. In the past year, as Group Chief Financial Officer, she was responsible for the Group's Programme Management Office, Procurement and Finance strategies and teams.

Her over 30 years of extensive experience includes formulating and delivering on corporate direction and strategic goals; financial reporting; transforming business processes; talent management; improving financial reporting time frames; budget preparation and regulatory reporting; as well as coordination of external audits and risk management.

Janice's business experience also includes Digitalised Information Systems Risk Management, a speciality honed and developed at PricewaterhouseCoopers, Jamaica and assignments throughout the Caribbean.

A Chartered Accountant by profession, Janice holds an Executive MBA (Distinction) in Finance and a BSc (Upper Class Honours) in Computer Science from The University of the West Indies. She is a Fellow of The Chartered Association of Certified Accountants (UK) and The Institute of Chartered Accountants of Jamaica, of which she is a past council member, and member of the Accounting Standards Committee.

Her favourite pastimes include nurturing orchids in her garden, aerobics in the pool, and spending time with her family.

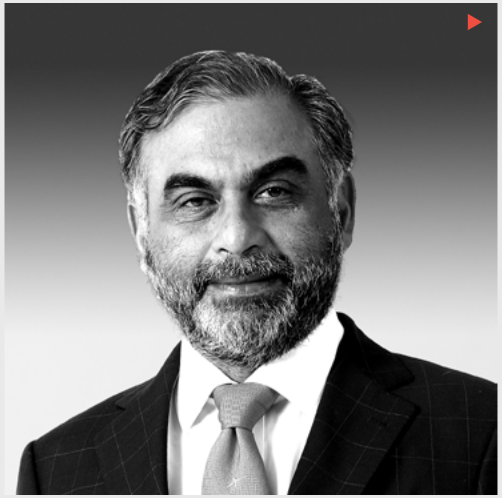
Mr Noel Hann, JP, EJD, FAIA, MCMI

Mr Noel Hann joined the Victoria Mutual family in 1976 and served the Society for over 30 years. As Senior Vice-President, Finance and Chief Financial Officer, he had responsibility for Accounting, Finance, Investment, Pension Fund Administration, Foreign Currency Trading and Information Technology. He retired in 2010 as Senior Vice-President, Group Risk and Compliance. He also has extensive professional experience in manufacturing, construction, and hotel operations.

Noel is a Fellow of The Association of International Accountants (UK) and a member of the Chartered Management Institute (UK). In July 2007, he completed an Executive Juris Doctor (EJD) Law Degree at Concord Law School, California. He has completed several management development programmes, including Financial Management, at the Graduate School of Savings & Loans, North Western University.

A past council member of the Building Societies Association of Jamaica, Noel also serves on the Boards of several companies. He is the Chairman of McGrath High School and the founder and senior pastor of The New Life Tabernacle Church in Bog Walk, St Catherine. A Justice of the Peace, he serves as a Lay Magistrate and is very involved in the communities of Bog Walk and Linstead, having membership on the Community Consultative Committees, as well as the Linstead Hospital Redevelopment Committee. Over the years, Noel has spearheaded numerous programmes geared towards the advancement of young people.

Board of Directors



Mr Vikram Dhiman

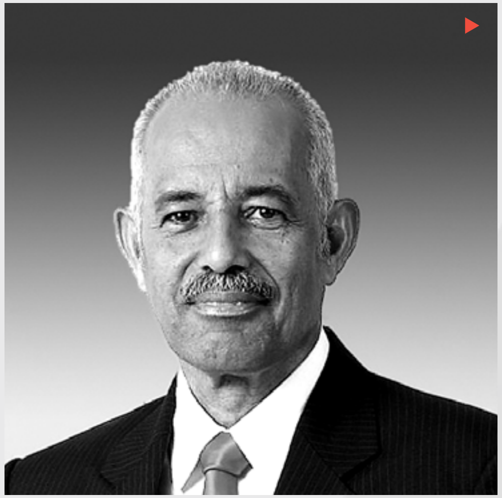
Mr Vikram Dhiman is the Chief Operating Officer of ICD Group Holdings Limited, a Jamaica-based investment holding company with regional and global interests in Real Estate, Construction, Property Management, General Insurance, Business Process Outsourcing and e-Commerce.

He began his career with KPMG in Jamaica and also worked with them in India and the Netherlands. He has worked with the United Nations Compensation Commission, in Geneva, as a valuation specialist for determination of the claims arising from the 1990 Gulf War. After his MBA at INSEAD, he worked at Marakon Associates, a strategy and management consulting firm, at their London office, advising several FTSE100 firms. He joined the ICD Group in 2004 and has been instrumental in shaping and growing the businesses of the Group and has been responsible for creating and managing growth and change with all the companies and businesses that he works.

Vikram is a naturalised Jamaican and has chosen Jamaica as his home. He serves on several private and public-sector boards as part of his employment and as a volunteer. He is the Chairman of British Caribbean Insurance Co. Limited (Jamaica's largest insurance company), and WIHCON Properties Limited, and a past Deputy Chairman of the Special Economic Zone Authority's board. He is a director of Advantage Communications Inc. (Canada), ADV Communications Jamaica Limited, Social Media Group LLC (Puerto Rico), West Indies Home Contractors, ICD Group Holdings Limited, the University Hospital of the West Indies (Private Wing), Victoria Mutual Investments Limited, Lumber Depot Limited, and M.A.G. Medical Supplies Limited. Since 2016, he has been the Honorary Treasurer of the Private Sector Organisation of Jamaica, the umbrella business lobby in Jamaica.

He has served as Treasurer of the Jamaica Golf Association since 2007 and was the Chair of its Junior Golf Committee from 2007-2017. He has raised over US$500,000 for the development and growth of Junior Golf in Jamaica and mentors several executives and CEOs.

Vikram holds a First Class Bachelor's Degree in Mathematics from Christ Church College, Kanpur, India; is a Fellow Member (not in practice) of the Institute of Chartered Accountants of Jamaica; a past practising member of the Institute of Chartered Accountants of India; has passed the American Institute of Certified Public Accountants examination; and also holds an MBA from INSEAD, Fontainebleau, France. He is married to Aditi and they have two sons, Karan (22) and Aman (16), both of whom have represented Jamaica in Taekwondo, Squash, and Golf.



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, Phillip has over four decades of experience in the financial industry. He was also a licensed securities dealer and served as a registered Public Accountant for many years. He currently serves on the boards of VM Investments and VM 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, Phillip enjoys woodworking and farming at home.

Board of Directors

CONTINUED

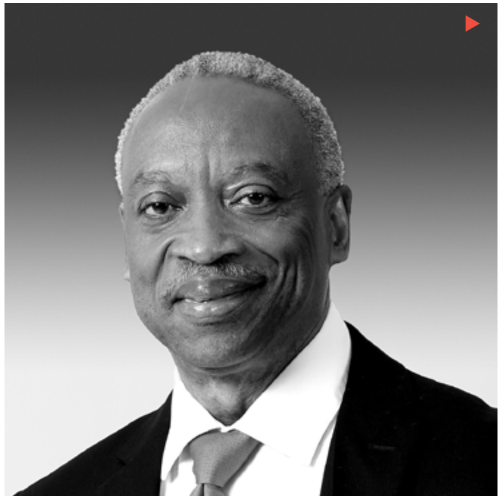
Mrs Sandra M. Shirley-Auxilly, MBA, BSc (Hons)

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 Jamaica 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, The 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 through service and is the Immediate Past Federation Councillor and Past President of Soroptimist International (SI) Jamaica, and a former Vice-President, SI Caribbean Network of clubs.

Sandra attained a BSc (Hons) in Management Studies from The University of the West Indies, majoring in Financial Accounting & Finance, and an MBA in Finance and Banking from Pace University, New York, USA. She completed a Postgraduate Diploma in Investment Appraisal and Risk Analysis from Queens University, Ontario, Canada. She also serves on the boards of Victoria Mutual Wealth Management, Victoria Mutual Pensions Management, and British Caribbean Insurance Company Limited, and is an approved Pension Fund Trustee.



Mr Milton J. Samuda, Esq

Mr Milton J. Samuda is the Managing Partner of Samuda & Johnson and heads the firm's Commercial Department. His practice includes Tourism, Corporate and Hotel Financing; Trade and Transportation; Mining and Energy; Sports and Entertainment; and Maritime Law.

He is a Past Chairman of Jamaica Promotions Corporation (JAMPRO) and a Past President of the Jamaica Chamber of Commerce (JCC). Currently, he is a director of Victoria Mutual Wealth Management Limited, Victoria Mutual Investments Limited, CreditInfo Jamaica Limited, Berger Paints Jamaica Limited, OMS Associates Limited, and the Zed-Makeyla Group. Mr. Samuda is Chairman of Sabina Park Holdings, the Institute of Law and Economics, the National Dance Theatre Company (NDTC), Bresheh Limited, and the Wolmer's Trust.

A member of the Finance & General Purposes Committee of the University of the West Indies, Milton is also a member of the Advisory Board of the Spanish-Jamaican Foundation and serves as the foundation's Secretary.

Milton holds a LLB (Hons) Degree from The University of the West Indies and was admitted to practise in Jamaica in 1982 having completed studies at the Norman Manley Law School. In 1993 he was also admitted to practise in the British Virgin Islands.

An Anglican, Milton is married to Elizabeth and has three children, Matthew, Marlon, and Mariana.

VM Investments
Limited

ESG REPORT

Governance

VMIL is committed to strong and effective governance processes to ensure that the Board and Management are directing VMIL and its operations in the best interests of all our stakeholders, including shareholders, customers, employees, regulators, and the communities in which we work and serve.

VMIL's robust governance model is designed to ensure that it can deliver its strategic plans, while ensuring that appropriate checks and balances are in place in order to maintain the resilience and sustainabilityof our business operations in a challenging environment.

The Role of the Board of Directors:

The Board of Directors, in the discharge of its fiduciary obligations during 2022, continued to focus on Board Effectiveness on key areas which included:

a. Continuous improvement in the practices of Corporate Governance and Risk Management to drive VMIL's execution of the medium and long-term strategy;

b. Directing the execution of strategic plans with flexibility to respond to the changing operating environment;

c. Directing communication and public disclosure through press releases, interim financial reporting, and key strategic issues to keep shareholders and stakeholders adequately informed, guided by the principles of transparency;

d. Reviewing the processes and controls for certification of financial statements, in particular, in matters concerning public disclosure.

Board Oversight Responsibility

The key areas of focus undertaken by the Board are:

- Ensuring effective accountability and stewardship of VMIL, with high levels of management accountability in Board reporting and providing independent review and assessment of the VMIL performance against key business targets.
- Reviewing financial performance, compliance with applicable laws and regulations, and ensuring that the adequacy of internal controls are consistent with the business risks and the operating environment.

Directors' Commitment and Independence

The Board is led by Chairman, Mr Michael Andrew McMorris, who is a Non-Executive Director and has extensive experience in the financial sector and other industries.

Board Members are selected to ensure diverse experience and skills to lead the strategic direction of the Company. Directors' independence is a key tenet of the VMIL Corporate Governance Code.

In keeping with best practices, the Board is composed of a majority of non-executive directors who are deemed to be independent having regard to the following principles:

A Director is deemed independent where s/he:

i. Is not and has not been an employee of the VM Group within the last three (3) years;

ii. Is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board; and

iii. Is able to act in the best interest of VMIL and its shareholders generally.

The Governance model is strengthened by the presence and composition of Non-Executive Directors. The Board of Directors is composed of twelve (12) Directors, of whom eight (8) are Independent and do not perform any management duties, ensuring that decision-making is independent of Management.

The Independent Directors are:

Michael McMorris
Matthew Wright
Milton Samuda
Noel Hann
Phillip Silvera
Sandra Shirley-Auxilly
Vikram Dhiman
Bridget Lewis

Directors' Compensation

In order to achieve our strategic objectives, we require visionary, experienced, and passionate Directors to provide effective guidance and oversight to management. The Corporate Governance, Nominations and Compensation Committee is responsible for reviewing the compensation philosophy of the Company and approving changes to the compensation structure, where necessary.

VMIL compensates its Directors fairly and responsibly in alignment with its strategy and competitively in line with other listed companies on the JSE's Main Market. For the financial year, a total of $26,226,000 was paid to directors of VMIL, an increase of 14.1% over last year's figure of $22,987,000. For the company, the amount paid was $15,170,000, an increase of 16.5% over last year's figure of $13,023,000. The increase in fees resulted from an increased number of meetings as directors are paid a retainer and a per-meeting fee.

Regulatory Compliance

The Group Enterprise Risk Management and Compliance Department ensures adherence to laws, regulations, and best practices. The Group Chief Legal, Compliance and Risk Officer reports to the Board of Directors on changes to the regulatory environment and any related matters.

All compliance-related issues for the year under review have been satisfactorily addressed. The Board actively supports the regulatory framework of VMIL Group and provides adequate oversight to ensure that the financial system is secure, and the interests of clients are protected.

This is done by:

- Maintaining frequent and open communication with the regulators;
- Keeping well-informed on regulatory matters and responding to regulatory requests and reporting schedules in a timely manner;
- Ensuring that all Team Members and Directors are adequately informed about new and existing regulatory guidelines and advisories.

Board Meetings & Attendance

During 2022, the Board held twelve (12) meetings to review and direct the Company's strategic execution and performance. This included the attendance of Executive Management in keeping with accountability standards.

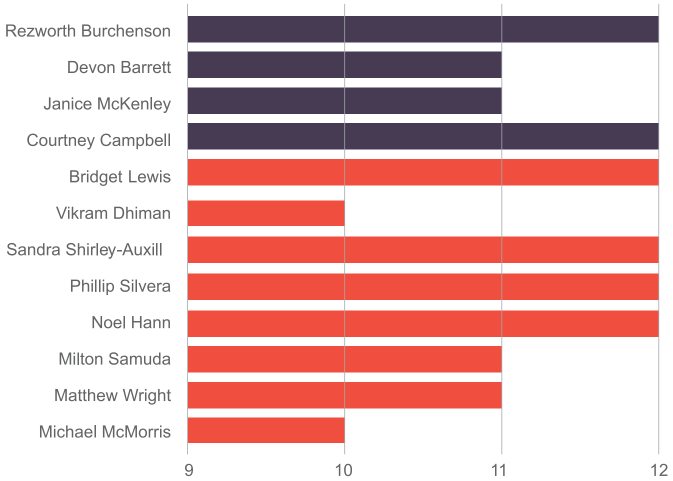
INDEPENDENT DIRECTORS	NO. OF MEETINGS ATTENDED
Michael McMorris	10
Matthew Wright	11
Milton Samuda	12
Noel Hann	12
Phillip Silvera	12
Sandra Shirley-Auxilly	12
Vikram Dhiman	10
Bridget Lewis	12

EXECUTIVE DIRECTORS	NO. OF MEETINGS ATTENDED
Courtney Campbell	12
Janice McKenley	11
Rezworth Burchenson	12
Devon Barrett	11

Governance

CONTINUED

Directors' Meeting Attendance Record



Board Evaluation and Performance Improvement

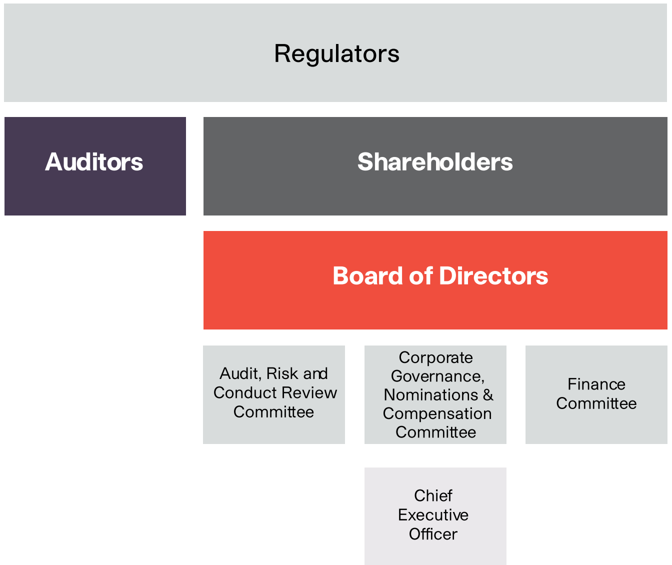
The Board is committed to improving its effectiveness. To that end, the Board assesses its performance on an annual basis with external input being sought periodically. These measures are considered vital to helping the Board safeguard its independence and efficacy in the discharge of its fiduciary responsibilities.

The Board Evaluation is conducted by an independent consultant to provide the assessment framework and provide Directors with the findings for the evaluation.

The Performance Management Framework is also used to identify gaps and guide performance improvement.

The Board conducted a performance evaluation to assess its continued effectiveness. The Board strives for greater efficiencies and to optimise Board and Committee reporting with information and data of relevant content and length to hold management accountable for business performance.

Board Committees:



The Board of Directors is charged with the primary responsibility of providing strategic direction and general oversight of the management of VMIL's business and affairs. To facilitate these objectives, the Board of Directors has established three (3) committees,

1. Corporate Governance, Nominations and Compensation Committee
2. Audit, Risk and Conduct Review Committee, and
3. Finance Committee

Committees are composed mainly of Independent Directors in order to focus on specialized tasks assigned by the Board to each Committee. The VMIL Board and Committees benefit from a diverse composition of members, the majority of whom are Non-Executive Directors, who all bring a wide cross-section of skills and experiences from different industries and professional backgrounds such as banking, accounting, business and law.

Each Committee operates under a Charter setting out its role, responsibilities and deliverables. Each Committee's charter is approved by the Board. The Board and Board Committees have full access to the management of VMIL at any time in order to facilitate access to information on a timely basis to address issues requiring Board deliberation.

Corporate Governance, Nominations and Compensation Committee

This Committee is charged with the responsibility of assisting the VMIL Board in the oversight of the execution of the Corporate Governance Framework, Succession and Talent Management, ESG Oversight, Corporate Social Responsibility, and Stakeholders Disclosure.

The Committee ensured that during 2022, the following Policies were approved and/or updated as appropriate, to guide the Company:

- Corporate Governance
- Environmental
- Stakeholder Engagement
- Trading in Securities to monitor insider trading and general trading in securities
- Diversity, Equity and Inclusion and
- Code of Business Ethics and Conduct

The Committee reviewed the Succession Planning Framework with focus on Talent Management as a key strategic objective and aligned talent management with compensation metrics to drive profitability and long-term value creation.

The Committee also oversaw the Investor Relations and Corporate Social Responsibility monitoring and reporting and engaged the external consultant for the board evaluation process to enable the continuous improvement of the corporate governance function of the company.

The Committee continued to assess measures to enhance the Board's effectiveness through training sessions with the engagement of a consultant to focus on the 'The Mark of a Strategic Board,' All Board Members participated in the training sessions as part of their commitment to keeping abreast of best practices and to operate at a cutting-edge level.

CORPORATE GOVERNANCE, NOMINATIONS and COMPENSATION COMMITTEE/NUMBER OF MEETINGS – SEVEN (7)	
Milton Samuda (Chairman)	Non-Executive 7/7
Michael McMorris	Non-Executive 7/7
Sandra Shirley-Auxilly	Non-Executive 6/7

Audit, Risk & Conduct Review Committee

This Committee assists the VMIL Board in providing oversight of the integrity of the Company's financial statements, complying with legal and regulatory requirements, safeguarding assets, maintaining accounting records and maintaining of an effective system of internal control, as well as the performance of the external auditors and the internal audit function and risk management.

The Committee focuses on reviewing the effectiveness of the Enterprise Risk Management (ERM) framework, risk monitoring and reporting. It ensures adherence to best practices to manage and mitigate risks and respond to risk factors in the changing operating environment. Appropriate stress testing standards are applied to be predictive and forward-looking for long-term sustainability.

The Committee engaged the internal auditor, reviewing and assessing the internal audit plan, testing of controls, and reviewing of internal audit reports to hold management accountable to maintain strong internal controls.

Other important activities carried out by the Committee included engaging the external independent auditors, reviewing the reports and assessing management controls, environment assessment, and reviewing and approving the financial reports, and compliance with disclosure standards and accounting standards to ensure fairness and accuracy of the financial reports.

AUDIT, RISK & CONDUCT REVIEW COMMITTEE/ NUMBER OF MEETINGS – EIGHT (8)	
Phillip Silvera (Chairman)	Non-Executive 8/8
Sandra Shirley-Auxilly	Non-Executive 8/8
Noel Hann	Non-Executive 8/8

Finance Committee

The Finance Committee is charged with the responsibility of providing policy oversight and review, on behalf of the Board, for capital allocation and treasury and credit portfolio management. The Committee reviews, evaluates and recommends major transactions/projects involving major capital expenditure as well as mergers, acquisitions, and divestments.

Governance

CONTINUED

The Committee discharged its responsibilities in respect of the following during 2022:

- Approved transaction for capital related activities to financing the business strategic objectives;
- Reviewed brokerage and arranged transactions as part of oversight of the Company's subsidiary;
- Reviewed and approved transactions for VMIL to align with business growth targets; and
- In its oversight role, directed capital management plans and activities and reviewed and approved appropriate policies to guide capital and liquidity management.

FINANCE COMMITTEE/NUMBER OF MEETINGS – THIRTEEN (13)	
Michael McMorris	Non-Executive 11/13
Phillip Silvera	Non-Executive 11/13
Matthew Wright (Chairman)	Non-Executive 13/13
Noel Hann	Non-Executive 13/13

Directors' Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics is an essential part of the Corporate Governance Framework. It ensures that all Board Members are aligned in respect of their overall fiduciary responsibility to operate at the highest ethical standards. The Code provides for guiding principles to manage and mitigate conflict of interest, fair dealings, securities trading, the protection and proper use of corporate assets, and compliance standard with laws, rules, and regulations.

The Code of Business Ethics and Conduct

The Code of Business Ethics and Conduct is a vital component in VMIL's governance model, which encompasses common steering documents and processes. VMIL has established core values and cultural beliefs that are not only seen as ways of working but as a guide to operate at the highest ethical standards.

Our Codes are designed with principles to manage and mitigate:

- Conflicts of Interest
- Fair Dealings
- Securities Trading
- Improper handling of sensitive information
- Misappropriation
- Protection and proper use of corporate assets; and
- Compliance with laws, rules, and regulations

These codes allow VMIL to be a good corporate citizen and respectful business partner while providing the guidelines of best practices for our Directors, Employees, and Agents throughout the Group to follow. Additional general guidelines include:

- Acceptable Behaviours
- Community Involvement and Social Responsibility
- Environmental Care and Awareness
- Supply Chain Management
- Business Integrity
- Receipt and Distribution of Gifts
- Civic Duties
- Harassment
- Political Activities
- Whistle-blowing

Whistle-blower Policy

This Policy is designed to safeguard the integrity of the VM Group and to support adherence to the Code of Business Ethics and Conduct. This Policy is aimed at providing an added level of anonymity or confidentiality, as an option, to raise legitimate issues or concerns in order to protect Team Members and the organisation. Team Members are encouraged to report any perceived violation of Company policies, laws, rules or regulations, without any fear of retaliation.

The VM Group has elected to use an independent external service provider as its investigator for the purposes of ensuring separation of responsibilities and is committed to maintaining confidentiality to the fullest extent possible and ensuring that those who do report can do so safely, securely, and with confidence that they will be protected and supported by the VM Group and that their report will be subjected to appropriate investigation and conclusion through an efficient process.

Board Composition

The Board of Directors effectively oversees the operations of VMIL, pulling from diverse skill sets and cumulative years of experience in various industries. At the end of December 2022, there were 12 Directors.

The Board and the Board Committees are committed to maximising Board effectiveness, ensuring independence, and applying robust governance standards.

We have made strides in gender equity and equality at the Board level. The Corporate Governance, Nominations and Compensation Committee continues its work to identify suitable persons who meet the needs of the Board with regard to required areas of expertise as part of its succession planning. We also strive to achieve the threshold of 30% female Directors in line with the S&P 500.

Diversity, Equity & Inclusion at VMIL

VMIL, as part of the VM Group, fosters an environment that promotes and encourages diversity among our Team Members, Clients and those with whom we conduct business. Ensuring that all stakeholders feel respected, valued and accepted is important to us at VMIL. Accordingly, in 2022, as a first step to embedding this approach several policies were implemented to provide structured operational guidelines.

Additionally, the important ground-breaking VM Group Diversity, Equity and Inclusion Policy was approved, demonstrating our commitment to building and maintaining a diverse and inclusive organisation.

Diversity, Equity & Inclusion Policy

The VM Group continues to be a champion of inclusion and purposefully executes its mission to uplift its Team Members, Members, and Clients to achieve financial well-being, irrespective of religion, age, race, gender, or socioeconomic background.

This Policy furthers VM Group's longstanding commitment to nurturing a diverse and inclusive workforce which leverages the unique backgrounds and characteristics of all Team Members to contribute to the organisation's success.

The aim of this Policy is to support an inclusive workplace that harnesses the power of diversity for sustainable, competitive advantage, economic growth, and societal progress, where Team Members from different backgrounds may function without any barriers and are provided with opportunities to participate, develop and contribute freely and equitably in attaining our Key Results. To that end, this Policy promotes:

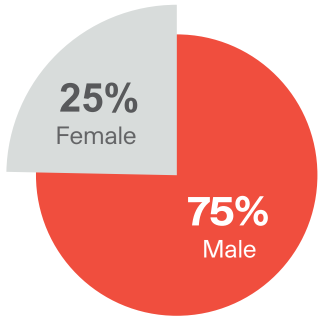
- An organisational culture of diversity, equity, and inclusion of all stakeholders; one that is respectful of the individuality of Team Members and supportive of different ways of thinking.
- A workplace with zero tolerance for discrimination, harassment, and intimidation; a safe and trusting work environment which holds Team Members accountable for their actions.
- A workplace and workforce that embody the basic tenets of respect, integrity, equality, creativity, inclusivity, flexibility, and resilience.
- A culture that fosters awareness around the importance of diversity, equity, and inclusion in the workplace.

Gender Diversity in Leadership

As at December 31, 2022, our Diversity, Equity and Inclusion achievements included:

- Chief Legal, Compliance & Risk Officer is a woman.
- Three members of the VMIL Board are women.
- 50% of our Senior Managers are women.

Board Composition



ESG REPORT

Board Member **Expertise**

The Board of Directors' skills and expertise align with the standards of Board effectiveness and sound governance practices. The skills and expertise leveraged by the Board in their respective oversight roles included:

Industry expertise in Finance/Banking, Strategy Development and Execution, Accounting and Auditing, Risk Management, Legal, Mergers/Acquisition, Strategic Branding/ Marketing, International Management/Entrepreneurship.

	Michael McMorris	Milton Samuda	Noel Hann	Phillip Silvera	Sandra Shirley-Auxilly	Matthew Wright	Courtney Campbell	Rezworth Burchenson	Bridget Lewis	Devon Barrett	Janice McKenley	Vikram Dhiman
	BA	Esq	EFD, FAIA, MCMI	FCCA, FCA	MBA, PMP	MPhil, MA, BA	MBA, ACIB, JP	MBA	MSc, LLB	MBA	MBA, FCCA, FCA	MBA
Auditing / Accounting			■	■	■						■	■
Marketing			■	■	■	■	■					
Strategy Development & Execution		■	■	■	■		■	■	■		■	■
Mergers & Acquisition		■					■			■		■
Entrepreneurship					■							
Regulatory / Legal	■	■	■		■						■	
Finance / Economics	■		■	■	■	■	■	■	■	■		■
Enterprise Risk Management (ERM)			■	■	■	■			■		■	

Board Member Expertise

	Michael McMorris	Milton Samuda	Noel Hann	Phillip Silvera	Sandra Shirley-Auxilly	Matthew Wright	Courtney Campbell	Rezworth Burchenson	Bridget Lewis	Devon Barrett	Janice McKenley	Vikram Dhiman
	BA	Esq	EFD, FAIA, MCMI	FCCA, FCA	MBA, PMP	MPhil, MA, BA	MBA, ACIB, JP	MBA	MSc, LLB	MBA	MBA, FCCA, FCA	MBA
Global Operations (International Markets)					■	■	■		■			■
Information and Communications Technology (ICT) / Digital / Data Privacy & Protection									■		■	
Innovation	■						■	■	■	■		
Talent Management					■				■			
Real Estate	■		■	■			■	■		■		
Environmental, Social & Governance							■	■	■			
Diversity, Equity & Inclusion (DEI)					■				■			

GOVERNANCE

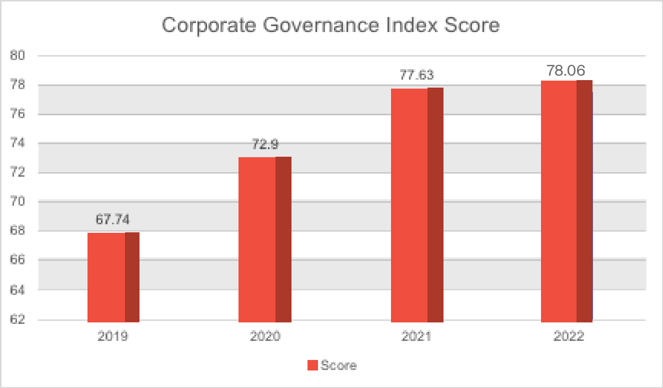
Corporate Governance Index Score

78.06 BB

The culture of strong corporate governance is at the heart of what we do at VMIL. VMIL recognises the need to adhere to best practices in corporate governance and ensures that standards meet and exceed our legal and regulatory requirements. The Jamaica Stock Exchange (JSE), through its independent body, the Corporate Governance Index Review Committee (CGIRC), measures how well companies conform to the various principles of corporate governance. It covers criteria
such as:

1. Shareholders' Rights
2. Equitable Treatment
3. Role of Stakeholders
4. Disclosure & Transparency
5. Responsibilities of the Board
6. JSE Requirements

The Board continuously reviews and discusses the rating criteria and is working to ensure improvement.



Environmental, Social and Governance (ESG) Policy

The VM Group's commitment to transforming the lives of our Members and Clients is unshakable. The current environment demands that our organisation carefully and deliberately embed sustainability in all aspects of our operations. The Environmental, Social & Governance (ESG) policy reflects the continued growth and maturity of the VM Group, as we recognise the evolution of Corporate Social Responsibility (CSR) in a more all-encompassing framework which highlights the integration of systems and processes once thought to be disparate.

The purpose of the ESG policy is to clearly articulate VM Group's position on sustainability issues; to create awareness of ESG principles; and guide the development of activities and initiatives in line with ESG and the overarching Group strategy.

VM Wealth and VM Pensions Team Members prepare to plant a tree for future generations to enjoy at the New Dank Forest Reserve in Clarendon. The Team partnered with the Forestry Department to reforest 1.40 hectares of land in the area.

vmil.myvmgroup.com

ESG REPORT

Corporate **Social Responsibility**

VM Investments
Limited

ESG REPORT

Corporate Social Responsibility

The Social pillar of Environmental, Social and Governance, ESG, is at the core of what we do at VMIL. Since its inception in 1878, VM, now the VM Group, has had at its core, a social agenda of making home ownership accessible to all Jamaicans.

VMIL has extended this responsibility as the investment arm of the VM Group. Our six (6) pillars of social responsibility are consistent with those of the VM Foundation, through which the majority of our philanthropic endeavours are executed. These are:

1. Health & Family
2. Leadership & Nation-Building
3. Youth Empowerment
4. Financial Literacy
5. Environment
6. Maintaining & Promoting Integrity & Ethics in Business

In 2022, VMIL continued to execute on our **CSR Framework** together with the **VM Group ESG Policy**, which was approved by the Board of VMBS in 2022. To underscore its importance to VMIL, our Manager, Research, Business Planning and Investor Relations, Nicole Adamson, was elected Chairperson of the VM Group ESG Committee. ESG will be a focal point of VM Group as it seeks to create value for Members, Team Members and the wider society. In 2022, VMIL disbursed in excess of $4.2 M on CSR programmes, with in excess of 22,000 lives impacted through our various outreach programmes, both in person and online.

During the year, the CSR programme was implemented as follows:

Health & Family

Mental health was a priority for the team at VMIL during 2022. To that end, a number of webinars were organised that addressed issues and presented solutions. On October 11, in commemoration of World Mental Health Week, team Members benefited from a webinar titled 'Depression at Work? Identifying the Signs. Developing the Coping Strategies,' with expertise shared by licensed counseling Psychologist with Family Life Ministries, Kevin Bailey. Team Members were treated to a stay at the Royalton White Sands Resort for a weekend of much-needed rest, relaxation, and bonding. With more than one hundred (100) Team Members participating, the staycation was a success.

Physical health and fitness were equally important priorities, with Team Members meeting regularly to walk, jog, and work out together as part of our 'Run with Wealth' series.

In recognition of Breast Cancer Awareness Month, we built Team Member awareness through the sharing of information and decorating of our offices. Our 28th anniversary celebration was Team Member-centric, and we kept it local on our rooftop deck. We also joined in celebrating VM Group's 144th anniversary celebration in November.

We had fun together, too, and won the VM Group BUGA challenge.

Our annual Sports Day was held on August 3 at Thatch Hill River Park. Team Members were grouped into four (4) teams, with a mix of track and field races and games; and cooled off in the adjacent river afterwards.

Our inaugural Christmas Talent Showcase saw departments reaching deep into their talent recesses to see who could outshine their peers in singing, dancing, acting, comedy, 'dramedy', costume design, among other categories. The hilarity!

Leadership & Nation-Building

The **VM EnRich** programme, formerly known as the Social Enterprise in Secondary Schools (SESS) programme, executed through the VM Foundation, was aimed at strengthening life and coping skills, financial literacy skills, and enterprise development skills in students. The We Imagine Leadership programme that is part of the EnRich programme delivered the life and coping skills segment of the programme. VMIL leaders participated in interviews on their understanding and real-life application of selected issues around Leadership and Citizenship to be used in the training of secondary students.

Once again, we staged our much-anticipated **Post Budget Forum**, with a special focus on solutions to Jamaica's crime problem. The virtual forum, held on March 9, featured presentations from Dr Damien King, who spoke on Jamaica's short and medium-term economic outlook, and Professor Anthony Harriott, who spoke on controlling violent crimes. Emily Shields expertly moderated the forum.

In celebration of International Women's Day, Senior Manager, Trading, Denise Marshall-Miller, delivered the keynote speech at the **Made in Manchester Women's Summit**.

Rezworth Burchenson, CEO of VM Wealth and VM Investments Limited, addresses the annual Post Budget Forum in 2022.

VM Wealth Management provided significant support to Jamaica's creatives through an official partnership with the **Jamaica Reggae Industry Association (JaRIA)**. The partnership kicked off with sponsorship of the 2022 JaRIA's Honour Awards, held on April 17, which included the presentation of the VM Wealth Breakthrough Artiste of the Year Award to reggae performer Jo Benée 'Joby Jay' Morris, best known for her **Big Girl Ting** hit. In addition to her award, Joby Jay was gifted a $50,000 gift certificate for a VM Wealth Unit Trust Portfolio. The event also honoured over 30 reggae icons in 16 categories, including musicians, songwriters, engineers, bands as well as media that have contributed to the impact of the sector.

VMIL supported the **VM Foundation Executive Mentorship Programme** that targeted the VM Foundation tertiary scholarship awardees and their parents/guardians from the 2021/2022 and 2022/2023 cohorts. The goal is to enhance the readiness of scholars for the global marketplace by developing the necessary skills to thrive in their areas of expertise, while giving back to their communities. The Executive Mentorship programme took a group mentorship approach where Executives hosted online sessions with mentees and presented on a specific topic. We are honoured that Mr Gordon Swaby, founder and CEO of EduFocal Limited, and Mrs Michelle Chong, founder and CEO of Honey Bun (1982) Limited and founder of The Honey Bun Foundation, participated as the first executives of this programme.

VMIL has put into action its commitment to supporting the development of the Jamaican and Caribbean technology industries, through sponsorship as a Meet-up Affiliate Partner of **Kingston Beta** in the form of resources for the period June 2022 to June 2023. The partnership includes a contribution of $2.5 million and event space for six (6) meet-ups for up to 100 participants.

Our Gwelodine Ricketts, Manager of Capital Markets, was interviewed on NCU FM as part of VM Wealth's sponsorship of the first annual **876Get eCommerce Summit** held on November 3, 2022. The 876Get eCommerce Summit is aimed at strengthening the existing local ecommerce ventures and products by finding ways for the various players to work together through shared knowledge, resources, and tools. VM Wealth chose to partner in support of the shift towards online business by sharing the accessible funding solutions available from our Corporate Finance team. At the Summit, presenters shared the success stories of major ecommerce players in Manchester, Jamaica.

Hello Beautiful, Be Amazing is a series of Power Talks designed to educate, empower, and inspire young women and girls to build confidence, make better decisions and achieve their full potential. The programme champions self-love, financial education, and personal safety and security through thought-provoking conversations to shift mindsets and stimulate out-of-the-box thinking. Through VMWM's $250,000 sponsorship, the Hello Beautiful, Be Amazing series was able to reach young ladies at:

- **Immaculate Conception High School**
- **St Mary's College**
- **St Andrew High School**
- **St Catherine High School**
- **Wolmer's Girls' School**

VMIL was a Bronze Level strategic partner of the **RevUP Caribbean** Founders Retreat, the Caribbean's first virtual business incubator for high-growth start-ups in December 2022 in Mammee Bay, St Ann. Through our partnership with venture capital incubator First Angels Jamaica, RevUP Caribbean was started as a virtual incubator for start-ups and scale-ups in November 2021. A critical event in the five-month incubation programme was a weekend retreat, facilitated by the global consulting powerhouse McKinsey & Company's Fuel Practice. Our Dwight Jackson, Assistant Vice President, Capital Markets, shared with the business community, the corporate financing opportunities and solutions from VMWM.

Corporate Social Responsibility

CONTINUED

Global Shapers Community, Kingston Hub, in partnership with VMWM, presented the Meet the Leader public forum on November 17 on the rooftop of our New Kingston location. Our Kerice Gray, Senior Trader, one of the featured speakers, spoke on technology and finance, how VM was able to transition during the pandemic, the impact of technology in finance, the importance of data management, and VM's outlook for technology in the financial sector. The Kingston Hub is a dynamic group of young leaders determined to effect transformational change in the community and globally.

Tech Beach Retreat focused on facilitating the nexus among global companies and untapped talents and opportunities for growth. Tech Beach is a global community platform of technology events and programmes that attract world-renowned executives, resources, innovation & media to emerging market ecosystems with the goal of advancement, and capitalisation on growth opportunities. At this three-day Retreat, the VM Wealth Corporate Finance team, sponsored the 'Start-ups Showcase' held on Friday, December 8, 2022, with Assistant VP, Capital Markets, Dwight Jackson, speaking to major players in the tech industry and the 20 business start-ups featured in the showcase. Our Deputy CEO, VM Wealth, Brian Frazer, was also in attendance to support business development with the VM brand.

VM Investments Limited joined the **Founder Institute Jamaica and Tourism Enhancement Fund (TEF) t**o support the launch of the **TEF Incubator Programme** on December 12, 2022, at the VM Wealth Roof Deck. This partnership will see numerous start-ups across Jamaica benefitin from VM's corporate financing opportunities in the years to come. This is also aligned with VMIL's commitment as a key strategic partner in supporting SMEs and start-ups in the tourism sector and beyond. In attendance, was the Honourable Edmund Bartlett – Minister of Tourism, Dr.Carey Wallace – Executive Director of TEF, Mr Courtney Campbell – CEO and President of VM Group, and Rezworth Burchenson – CEO of VMIL/VM Wealth, along with the current graduates of the TEF Innovators Incubator Programme, other business owners, and VM staff members.

The VM Wealth Team was out in full force in April for a beach clean-up activity at the Palisadoes Strip in Kingston.

Youth Empowerment

The VM Foundation Mentorship Programme, which is supported by the MultiCare Youth Foundation, aims at providing valuable guidance to the VM Foundation Scholarship recipients as they navigate the transitions through high school and university. VM Wealth Management Team Members Timeshia Brown, Denise Marshall-Miller and Daniele Clarke participated as mentors to the scholarship awardees during the year.

Our inaugural class of the VMIL Internship Programme saw three (3) scholars joining:

- Sammarieo Brown, our 2021 VMIL Maurice C. Robinson Scholarship recipient and a VM F.E.T.E. Ambassador, commenced internship with the Research Department.
- Tyra Cameron, a Wolmer's Girls alum, joined us from The UWI, where she completed her degree in Actuarial Science. She joined the Risk & Compliance Department.
- Robert Burns completed a double major in Accounting and Economics and joined the Asset Management Department.

University of the West Indies (UWI) undergraduate finance students showcased their presentation skills, through a 'real-life' case study experience related to Capital Structure Policy. The exercise saw the students assume the role of junior analysts on our team, with members of the Capital Markets team acting as the protagonists (representing the entity the case study was about).

VM Wealth Team Members care for the natural environment.

Financial Literacy

Seasons 2 and 3 of the WealthWise podcast gained 3,105 views. The reach was global, including North America, Europe, the Caribbean, Central America, Africa, Asia and the Middle East. Episodes are available on all major podcast platforms. Topics included:

- Boss Babes Building Wealth and Take 2!
- Embracing the Hustle Outside of a 9-5
- Millionaire's Mindset
- Budgeting with the Budget Auntie
- The Evolving Face of Wealth
- Fatherhood, Money & Providing for Your Family
- Adopting an Abundance Mindset
- Dodge the Waves OR Stay the Course?
- Tips for Getting Listed on the JSE
- What the FX
- Investing in JamRock

Environment

We partnered with the Forestry Department in November to plant seedlings in a section of Danks, located in Clarendon, under their Adopt A Hillside programme. Investing in tree planting is a great way to give back to the environment and we were happy to contribute more than 1,000 trees to the '3 Million in 3 years' tree-planting goal of the Forestry Department and help with the issue of global warming. The partnership will span three years and see us contributing $899,095.52.

In an effort to reduce our negative impact on the environment and our carbon emissions, we continue to look for ways to be more efficient in our energy consumption. To that end, we completed the installation of an occupancy sensor for the 53 Knutsford Boulevard location as well as the installation of new generator with adequate capacity to carry the full electrical load of the property, thus ensuring the availability of all services in the absence of JPS power.

We continued our contribution to keeping Jamaica's coastline clean by partnering with the VM Group Project Management Office (PMO) and HTG Engineering to clean a section of the Palisadoes.

Corporate Social Responsibility

CONTINUED

The VM Wealth Team showed support for the environment by turning out in large numbers to help clean up the Palisadoes Strip in Kingston in April.

Nicole Adamson, Manager - Research, Business Planning and Investor Relations, speaks at the VM Wealth Talks event in November.

A few minutes spent planting a tree will benefit others in the long run. The VM Wealth Team is committed to transforming lives.

(From left) Nicole Adamson, Manager - Research, Business Planning and Investor Relations; guest speaker Dr André Haughton, lecturer in economics, and Brian Frazer, Deputy CEO of VM Wealth, share a moment ahead of the VM Wealth Talks event in November.

Maintaining & Promoting Integrity & Ethics in Business

We continued to advance our Great Place to Work Agenda and rolled out the VM Group **Diversity, Equity and Inclusion (DEI) Policy**. The policy has been designed to support an inclusive workplace that harnesses the power of diversity for sustainable competitive advantage, economic growth, and societal progress. Team Members from different backgrounds may function without any barriers and are provided with opportunities to participate, develop, and contribute freely and equitably in attaining our Key Results. Team Members were invited to serve as members of the DEI Steering Committee. In addition to training programmes for the team, the policy includes an action plan to support the alignment of the DEI Goals with the Strategic Goals of the VM Group.

ESG REPORT

Stakeholder Engagement Report

Annual General Meeting

On May 24, 2022, VMIL held its 5th Annual General Meeting via online broadcast where shareholders had the opportunity to vote on resolutions at hand. Questions, queries, and comments were directly addressed during the meeting as well as through our online chat.

Q2 Quarterly Press Briefing

Investors again had the opportunity to connect with the Company at our second-quarter press briefing held in September. This was conducted in hybrid format and involved the participation of our CEO, Senior Manager – Group Finance, and Group President & CEO, who provided updates on the Company's performance for the first half of the year as well as fielded questions from the public.

Investor Briefing – Scheme of Arrangement

In August 2022, shareholders participated in a Scheme Meeting to consider and vote on the approval of a change in the majority ownership of VMIL to the VM Financial Group. This, as the VM Group sought to introduce a new holding structure that would separate the financial and non-financial companies within the Group, in accordance with the Banking Services Act of 2014. Voting was facilitated digitally via private platform and in-person.

Website Updates

As part of our efforts to enhance the aesthetics and intuitiveness of our website, as well as to allow for greater communication and transparency, the following changes were made:

- Updating of Investor Relations page
- VMIL in the News & Articles added to News page
- Board attendance record added to About page
- Executive & Independent Directors distinguished on Board page
- Vision added & Mission updated
- Policies added
- Digital Access Points updated
- Corporate Governance landing page added
- Creation of Financial Calendar
- Press releases issued uploaded to website

Analyst/Journalist meetings with CEO

During the year, meetings were held with investment analysts from other brokerage houses as well as with business journalists, to give insight into VMIL's past and current performance and strategic direction. Feedback was also received about what investors may be looking for in the Company.

CariCRIS Rating Reaffirmed

VMIL's 'BBB' investment-grade credit rating was reaffirmed by regional credit rating agency Caribbean Information and Credit Rating Services Limited (CariCRIS), signifying a moderate credit risk pertaining to our debt obligations. A stable outlook was assigned to this rating amid expectations that the Company will remain profitable and adequately capitalised, despite current geopolitical and economic challenges.

CEO Series – Learn Grow Invest

CEO Mr Rezworth Burchenson addressed the investing public via the Learn Grow Invest Club platform on YouTube in September. He shared information on corporate and retail products and services offered by VMIL and how businesses and individuals can partner with the Company.

ESG REPORT

Our Policies, Frameworks & Guidelines

VM Investments Limited

ESG REPORT

Our Policies, Frameworks & Guidelines

Corporate Governance Policy

VMIL recognises the need to adhere to best practices in corporate governance. Sound corporate governance policies and practices are important to customers, shareholders, and all stakeholders. VMIL is a member of the VM Group and observes the standards established by the Group.

The principles set forth in this policy are geared towards ensuring the ability of the Board of Directors to effectively supervise the strategic direction and operations of VMIL.

Complete VMIL Corporate Governance Policy is available on our website at https://vmil.myvmgroup.com/policy-resources/

Corporate Social Responsibility Framework

The Framework for Corporate Social Responsibility is guided by the VMIL Corporate Governance Policy Principle 14, which states:

The VM Group is committed to the high standards of Corporate and Environment Social Responsibility. The Board should ensure that VMIL acts ethically and responsibly with honesty, integrity, and in a manner consistent with the legitimate interests and expectations of stakeholders and the broader community.

The Board should ensure that its activities are viewed as consistent with being a good corporate citizen a good corporate citizen, supporting stakeholder interests including employees, environmental, social, governance and economic matters. The best interests of VMIL and the VM Group should be understood within the parameters of being a sustainable enterprise and a responsible citizen having regard to the following:

i. To consider not only financial performance but also the impact of the VM Group's operations on all stakeholders, the public, and the environment;
ii. To consider the protection, enhancement and investment in the well-being of the economy, society, and the environment;
iii. To ensure that the VM Group's performance and interaction with its stakeholders are guided by high ethical standards;
iv. To ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship;
v. To ensure that measurable corporate citizenship programmes are implemented; and
vi. To ensure that management develops corporate citizenship policies.

Complete VMIL Corporate Social Responsibility Framework is available on our website at https://vmil.myvmgroup.com/policy-resources/

Environmental Policy

VMIL is committed to good Corporate Citizenship and, therefore, to managing the use of natural resources in the most effective and efficient manner to reduce its environmental impacts and financial costs. VMIL is also committed to investing ethically and in a socially responsible manner so as to maintain a low impact on the environment.

We believe that the health of the environment is crucial to the future of the planet. We want to do our part in preserving our natural resources for the sustainability of life itself. In pursuance of this, we have adopted three (3) environmental goals:

Goal 1. Develop a culture of volunteerism among employees and other stakeholders.

Goal 2. Conserve resources, reduce or eliminate waste, implement conservation techniques (use less energy and water at our facilities), and use resources such as water, energy, and raw materials efficiently and ethically.

Goal 3. Reduce reliance on fossil fuel-based energy sources in favour of renewable ones such as wind and solar power.

Complete VMIL Environmental Policy is available on our website at https://vmil.myvmgroup.com/policy-resources/

Our Policies, Frameworks & Guidelines

CONTINUED

Stakeholder Engagement Policy

Communication with stakeholders no longer takes place solely within the bounds of the proxy season. Stakeholders and companies alike benefit from yearround communication. As VMIL operates in a highly competitive market, continuous and effective Stakeholder Engagement is vital to achieving high Stakeholder trust and accomplishing business targets. A robust and current Stakeholder Engagement Policy (SEP) is therefore a critical component of VMIL's Communications Policy.

VMIL is committed to implementing appropriate management strategies and processes that will identify and manage engagement with its Stakeholders. Stakeholder Engagement continues to be an important consideration for VMIL in communicating our long-term strategy to, and deepening relationships with our stakeholders, and boards are becoming ever more involved in the process.

Complete VMIL Stakeholder Engagement Policy is available on our website at https://vmil.myvmgroup.com/policy-resources/

Dividend Policy

VMIL became a listed entity on the JSE in December 2017. At that time, 20% of the ordinary shares were made available to the public. The dividend policy is based on a philosophy that the Company should be adequately capitalised and retain sufficient funds to expand and strengthen the business going forward.

The purpose of this policy is to guide the frequency and value of dividend payments to ordinary shareholders. The policy shall accordingly be employed in determining any claim by any shareholder, individual or institution regarding the dividend payable, subject to any provisions in the Articles of Association.

ESG REPORT

ESG Disclosures

The tables below reflect VMIL's disclosures relating to ESG factors, with reference to our Organisational Profile, Strategy, Ethics, Governance and Reporting Practice which will provide our stakeholders with a central space to identify and assess our approach to building a sustainable organisation.

In May 2022, the VM Group formalised its ESG framework and, in the process, adopted international standards to guide how we report on our journey towards sustainability.

Description of ESG Disclosure	Cross-Reference or Answer
Name of Organisation	VM Investments Limited
Activities, brands, products and services	VMIL Annual Report
Location of headquarters	53 Knutsford Boulevard, Kingston 5, Jamaica
Location of operations	VMIL operates in 9 locations in Jamaica
Ownership and legal form	Public Company
Markets served	VMIL Annual Report
Scale of operation	VMIL Annual Report
Information on Employees	Stakeholder Engagement Employee Engagement VMIL Annual Report
External Initiatives	Stakeholder Engagement Corporate Social Responsibility VMIL Annual Report
Membership of Associations	Via the VM Building Society: Jamaica Chamber of Commerce Jamaica Manufacturers & Exporters Association Mandeville Chamber of Commerce St Ann Chamber of Commerce Montego Bay Chamber of Commerce

Strategy

Description of ESG Disclosure	Cross-Reference or Answer
VMIL Strategy	Chairman's Report Chief Executive Officer's Report Strategy Section – VMIL Annual Report

Ethics and Integrity

Description of ESG Disclosure	Cross-Reference or Answer
Values, principles, standards and norms of behaviour	Our Core Values
Mechanisms for advice and concerns about ethics	Code of Business Conduct & Ethics

Stakeholder Engagement

Description of ESG Disclosure	Cross-Reference or Answer
List of stakeholder groups	Stakeholder Engagement Corporate Social Responsibility
Identifying and selecting stakeholders	Stakeholder Engagement Corporate Social Responsibility
Approach to stakeholder engagement	Stakeholder Engagement Corporate Social Responsibility

ESG Disclosures

CONTINUED

Governance

Description of ESG Disclosure	Cross-Reference or Answer
Governance structure	Board of Directors Board Committees VMIL Leadership Team
Delegating Authority	Board of Directors Board Committees VMIL Leadership Team
Executive-level responsibility for economic, environmental, and social topics	Board of Directors Board Committees Senior Leadership
Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement
Composition of the highest governance body and its committees	Board of Directors
Chair of the highest governance body	Board of Directors
Role of highest governance body in setting purpose, values, and strategy	Board of Directors
Collective knowledge of highest governance body	Board of Directors Board Committees VMWM Leadership Team

Reporting Practice

Description of ESG Disclosure	Cross-Reference or Answer
Entities included in the consolidated financial statements	VMIL Annual Report
Defining report content and topic boundaries	Executive Summary
List of material topics	Governance and Ethics Group Human Resources, Engaging Our People Environment Stakeholder Engagement
Restatements of information	N/A
Reporting period	January 1 - December 31, 2022
Date of most recent report	December 31, 2021
Reporting cycle	January 1 - December 31, 2022

VM Investments
Limited

GOVERNANCE

Shareholdings

Shareholdings for Top Ten Largest Shareholders for VM Investments Ltd as at December 31, 2022

RANK	NAME	TOTAL SHARES HELD (As at December 31, 2022)	% OWNERSHIP
1	The VM Building Society	1,200,020,000	80
2	PAM – University Hospital Scheme of Pensions	7,560,600	0.5
3	Rezworth Burchenson & Valerie Burchenson	6,400,330	0.43
4	Sagicor Select Funds Limited (Class B' Shares) Financial	6,135,970	0.41
5	JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	5,478,945	0.37
6	Michael McMorris & Christine McMorris	5,055,667	0.34
7	VM Wealth Equity Fund	4,791,347	0.32
8	Rickardo Ebanks & Alda Ebanks	4,537,221	0.30
9	Geoffrey Forde	4,500,000	0.30
10	PAM – Pooled Equity Fund	3,673,648	0.24
TOTAL		1,248,153,728	83.21

Shareholdings for VM Investments Limited Senior Managers / Connected Parties as at December 31, 2022

NAME	SHAREHOLDINGS (As at December 31, 2022)
Valerie Burchenson / Rezworth Burchenson	249,952
Rachelle Burchenson / Rezworth Burchenson	75,000
Rezworth Burchenson / Valerie Burchenson	6,400,330
Oswald Burchenson / Rezworth Burchenson	212,147
Combined Holdings:	6,937,429
Nicole Adamson / Johann Adamson	379,000
Denise Marshall-Miller / Ajani Miller	25,000
Denise Marshall-Miller / Wayne Miller	850,000
Denise Marshall-Miller / Azania Miller	25,000
Denise Marshall-Miller / Akil Parchment	0
Combined Holdings:	900,000
Evette M. Bryan / Shulette Cox	212,000
Jason Bailey	0
Dwight Jackson	0
Brian Frazer	0
Gwelodine Ricketts / Jean Ricketts / Audrea Ricketts	21,300
Gwelodine Ricketts / Jean Ricketts	8,572
Gwelodine Ricketts	4,021
Combined Holdings:	33,893

Shareholdings for VM Investments Limited Directors / Connected Parties as at December 31, 2022

NAME	SHAREHOLDINGS (As at December 31, 2022)
Rezworth Burchenson / Valerie Burchenson / Rachelle Burchenson / Oswald Burchenson	6,937,429
Michael McMorris / Christine McMorris	5,055,667
Courtney Campbell / Pauline Campbell / Dominic Campbell/Adrian Campbell	1,840,826
Janice McKenley / Wilfred McKenzie	1,045,475
Matthew Gray Wright	677,252
Sandra Shirley-Auxilly	413,809
Phillip Silvera / Faye Silvera	372,816
Noel Hann	150,000
Milton Samuda	103,646
Devon Barrett	101,169
Vikram Dhiman	0
Bridget Lewis	0

REPORT ON 2022

Chief Executive Officer's Report

REPORT ON 2022

Chief Executive Officer's Report

CONTINUED

Dear Shareholders,

The last financial year was unprecedented and VMIL confronted numerous obstacles. However, in holding to our purpose of being a leading Caribbean-based Mutual provider of financial services, we provided agile responses to overcome each hurdle. As the year concluded, the following quote caught my attention and I found it fit to share with you, my fellow Shareholders, Team Members and Clients as we venture through the ongoing economic shocks:

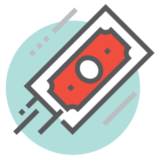
> "Do more than is required. What is the distance between someone who achieves their goals consistently and those who spend their lives and careers merely following? The extra mile."

- Gary Ryan Blair

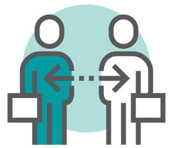
Regardless of the difficulties that the market environment faced, VMIL went the extra mile to produce the best solutions and results for our Cients, Shareholders and Team members. As a result, we experienced several significant non-financial and financial achievements in 2022 that will be expanded upon during 2023.

Non-financial Wins:

Largest JSE Junior Market IPO for Dolla Financial Services Limited (DOLLA)



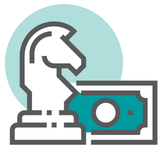
Upsized Kingston Properties Limited (KPREIT) APO



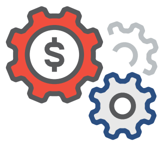
Brokered the MFS Acquisition Limited reverse takeover of SSL Venture Capital Jamaica Limited (SSLVC)

Private equity stake in Home Choice Enterprise Limited

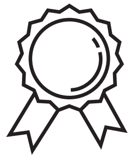
Partnered with the DBJ to launch a private equity fund, JASMEF



Co-brokered the West Indies Petroleum Limited (WIP) cumulative preference share offer



Appointed lead broker by MoneyMasters Limited

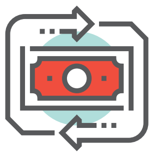


The investment grade 'CariBBB-' credit rating from CariCRIS was reaffirmed

Associate company, Carilend, expanded into Trinidad and Tobago

Increased our stake in KPREIT, which is now an associate company

Financial Wins:

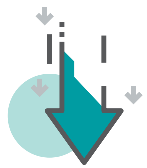


Revenue jumped 28.61%

NPAT grew 57.23%, and the NPAT margin increased to 28.98%

Return on Assets improved to 2.30%

Return on Equity (ROE) improved from 11.26% to 20.45%



Cost to income ratio improved from 64.54% in 2021 to 62.85% in 2022

The local and international economies were poised to experience continued post-pandemic rebounds in 2022, particularly in the stock and bond markets, and the wider financial sector. However, this was short-lived due to central banks responding aggressively to runaway inflation with record high interest rates. This combination saw our Net Interest Income (NII) declining 31.47% year-over-year, while our total operating expenses climbed 17.89% to $1.5 billion, particularly driven by an increase in other operating expenses and staff costs. Ultimately, VMIL recorded a 57.23% improvement in our Net Profit, which closed the financial year at $691.86 million.. VMIL swiftly implemented de-risking strategies, which saw our on-balance sheet assets only declining 4.23% year-over-year, while off-balance sheet assets managed by VM Wealth Management declined 1.64%, along with other business strategies, which increased our brand awareness, regional integration, venturing in the private equity space and digitisation.

Brand Awareness

In 2022, the VMIL brand became more visible as a result of our collaborations with various organisations to advance financial literacy and our outreach to the diaspora. To build strong relationships with small and medium-sized technology companies and inform the public about the significance and benefits of investing, VMIL collaborated with the Jamaica Reggae Industry Association (JaRIA), Kingston Beta, Stocks on the Rocks (SOTR), the Learn, Grow, Invest Club (LGI), Founders Institute Jamaica, Tourism Enhancement Fund (TEF), First Angels Jamaica, Global Shapers Community (Kingston Hub). These partnerships have boded well for our brand and business lines, as individuals from many strata of the Jamaican society have been exposed to our products and services.

Through a partnership with the overseas representative offices of the VM Group, we engaged with diaspora members in the United Kingdom, United States of America, and Canada where we spoke on wealth generation through investing in Jamaica. These engagements resulted in 267 new clients and yielded J$103.84 million in revenue. Our collaborations with the diaspora are expected to deepen in 2023 and continue improving our business lines.

Regional Integration

In November 2021, VMIL and Republic Funds (Barbados) Inc (RFI) inked a contract for VMIL to acquire 100% of RFI, subject to regulatory approval. RFI manages three investment funds that are open to investors and is one of five mutual fund companies operating in Barbados. These three funds are: the Capital Growth Fund, the Income Fund, and the Property Fund. Following the agreement in 2021, VMIL has been working diligently with the team in Barbados to complete the acquisition, which is currently close to conclusion. This RFI acquisition aligns with our goal of regional integration and will allow us to leverage our expertise to reap higher financial results annually.

In 2022, Carilend Caribbean Holdings Company Limited (Carilend) joined forces with Massy Finance to provide 100% online-based personal loans in Trinidad & Tobago. The new online loan facility, known as InstaLoan, is an unsecured personal loan with a one-day turnaround on approvals and no collateral requirements. This ongoing partnership is anticipated to improve Carilend's financial performance and boost profitability earlier than projected.

Private Equity Space

VMIL recognises the importance of small and medium enterprises (SMEs) to the growth and development of our nation and the Caribbean region. With this in mind, we have dived fully into the private equity space, with a sizeable acquisition of St Catherine-based Home Choice Enterprise Limited, and the creation of a private equity fund, Jamaica Actus Small & Medium Enterprises Fund I (JASMEF) alongside the Development Bank of Jamaica (DBJ). Home Choice has been in operation for over twenty-two (22) years and is a staple in the local, regional, and international food processing and packaging market, with a customer base spanning Jamaica and the United States. The investment in Home Choice has been, and will continue to be, mutually beneficial to both VMIL and principals of Home Choice, through improved earning capacities that have been fostered.

VMIL partnered with London-based Actus Partners (Actus) in 2022 to set up a new Caribbean private equity fund, JASMEF, support from the DBJ. JASMEF is targeting a final fund size of US$100M, of which VMIL has committed US$10M, to focus on the development of local and regional SMEs.

Chief Executive Officer's Report

CONTINUED

OTHER BUSINESS HIGHLIGHTS:

Group Restructuring

To expand and fund the products and services offered by VMIL and the wider VM Group, the VM Group has undertaken a Scheme of Arrangement, which was approved by the Supreme Court in November 2022. Under the new organisation structure, additional capital will be available through the creation of VM Financial Group Limited, a new financial holding company, and VM Innovations Limited, a new non-financial holding company, both of which are held under a mutual holding company known as the VM Group Limited. This restructuring will boost the availability of capital, which will be used to improve and expand our Margin Loans Business, Private Equity Fund, Corporate Solutions Business, and Digitisation Drive.

Investor Relations and Corporate Social Responsibility (CSR)

In 2022, we placed greater emphasis on investor relations with the expansion of the Research role to include Business Planning and Investor Relations. Dedicated attention was given to ensure that investors have a direct line to management via the implementation of the Stakeholder Engagement Policy, which was included on our website for full transparency. Additionally, with the approval of the VM Group Environmental, Social & Governance (ESG) policy, we deepened our focus on social responsibility to drive the sustainability practices within our organization. We also sought to ensure we increased our positive impact while reducing our negative impact. To that end, our relationship with the Muslim community was concretized by our partnership with and investment in Home Choice.

Looking Ahead

As we continue on our financial journeys together, the team at VMIL remains committed to transforming lives through wealth creation and financial literacy. I expect 2023 to be challenging but I am confident that our plans and policies can withstand the external shocks. Our main objectives for 2023 include:

- Continued Digital Adoption
- Expanding our Private Equity Framework
- Additional Regional Integration
- Talent Retention and Upskilling
- Community Involvement and Improvement

Thank you for your support in 2022 and we look forward to transforming more lives in 2023!

Rez Burchenson
Chief Executive Officer

REPORT ON 2022

2022 Business Highlights

VM Investments
Limited

REPORT ON 2022

2022 Business Highlights

01.
Successfully launched the **VMIL Internship Programme**

02.
Brokered the **950%** oversubscribed **Dolla IPO,** largest IPO in JSE Junior Market history

03.
Successful **APO - KPREIT**

04.
Partnered with London-based Actus to form a private equity fund, **Jamaica Actus Small and Medium Enterprise Fund 1**

05.
Two of our **USD global bond funds** were the **top two best performers, best in class.**

06.
VM Group Scheme of Arrangement APPROVED

07.
Stock Brokerage Market Share 8.61%

08.
Capital Raised for Clients $4.3B

09.
Capital Raised for VMIL $485M

10.
KPREIT becomes an **Associate Company**

11.
APPROVED **Group DEI Policy**

12.
Co-Brokered **West Indies Petroleum Preference Share Refinancing** $5.8B

2022 Business Highlights

13.
APPROVED
Group ESG Policy

14.
Home Choice
Acquisition

15.
BROKERED
MF Acquisition Ltd
reverse takeover of
SSLVC

16.
CariCRIS
Rating reaffirmed:
CariBBB-

17.
Partnership established with
Kingston Beta
& other Entrepreneur Incubator Groups

18.
WealthWise
Podcast
Seasons 2 & 3

19.
Joined the
Forestry Department's
Adopt-A-Hillside Programme

21.
New Features Added to
VM Wealth Online Client Portal

REPORT ON 2022

Leadership Team

01 **Mr Rezworth Burchenson,** MBA, BSc
Chief Executive Officer

02 **Mr Brian Frazer,** BSc, CFA
Deputy Chief Executive Officer

03 **Mr Dwight Jackson,** MSc
Assistant Vice President
Capital Markets

04 **Mrs Karlene Waugh,** BSc
Assistant Vice President
VM Group, Business Operations

05 **Mrs Evette Bryan**, MBA
Assistant Vice President
Asset Management & Treasury

06 **Mrs Denise Marshall-Miller**
MBA, BBA (Hons)
Senior Manager
Bond, Equity and Digital Asset Trading

Leadership Team

07 **Mrs Tamara Waul-Douglas**, MBA, BA
Senior Manager
Sales & Client Relations

08 **Mrs Sharon Sterling**, MBA
Manager
Marketing

09 **Ms Keisha Mascoll**, BA (Hons)
Senior Manager
Group Marketing (Retail)

10 **Ms Voniel Wynter,** FCCA, FCA, BBA (Hons)
Manager
Group Finance

11 **Mr Jason Bailey,** MSc, (Dist)
Manager
Risk and Compliance

12 **Mrs Nicole Adamson.** CFA, FRM, CSM, MSc
Manager
Research, Business Planning
& Investor Relations

Leadership Team

Mr Rezworth Burchenson
MBA, BSc
Chief Executive Officer

Rezworth Burchenson is a Senior Vice-President and CEO of VM Investments Limited (VMIL) and its subsidiary, VM Wealth Management (VMWM). Rezworth was appointed CEO of VMIL and VMWM in January 2019 after a successful tenure as Deputy CEO of both businesses and CEO of VM Pensions Management Limited. He is a results-focused, purpose-driven leader with an impressive record of success in the financial services industry. Before joining the VM Group, Rezworth had provided transformative leadership in senior roles, including CEO of Prime Asset Management Ltd and Vice-President and General Manager of Pan Caribbean Asset Management Ltd, with principal responsibility for managing Jamaica's largest unit trust (Sigma Unit Trust).

Rezworth is well regarded by his industry peers, his Team Members and Clients, and has received accolades for his contribution to the local financial landscape. In 2012, he was named among the PSOJ's exclusive '50 Under Fifty' in the field of investments and finance.

His contribution to the sector also includes service on the PSOJ's Economic Policy Committee and membership on the Jamaica Stock Exchange (JSE) Best Practice Committee. He has also served as a Director of:

- National Road Operating and Constructing Company (NROCC),
- National Education Trust Ltd (NET),
- Human Resource Management Association of Jamaica, and
- Pension Industry Association of Jamaica (PIAJ).

A Barclays Bank Scholar while at The University of the West Indies, he earned a Bachelor's Degree in Economics (Hons) and an MBA in Banking and Finance (Hons). He also received leadership training at:

- The Wharton School, Aresty Institute of Executive Education
- Advanced Management Programme (AMP 194) at Harvard Business School
- Palladium's Kaplan-Norton Strategy Execution Boot Camp

Rezworth believes strongly in purposeful work and is driven to improve financial inclusion and well-being among Jamaicans at home and abroad.

Mr Brian Frazer
BSc, CFA
Deputy Chief Executive Officer

Brian Frazer joined the VM Group on September 1, 2022, as Deputy Chief Executive Officer at VM Investments Limited (VMIL) and VM Wealth Management Limited (VMWM) with direct responsibility for the Company's Treasury Operations, Trading, Asset Management and Sales & Client Relations divisions. In addition to being responsible for the primary revenue lines, he also supports the Chief Executive Officer with providing oversight of the fiduciary, financial and operating performance of the Company and formulating and executing strategies to grow the business.

Brian has over 20 years of experience in the financial services industry and has vast experience in trading, treasury, asset management, risk management, compliance, corporate governance, operations, and product development. In his previous role within the Scotiabank Group as Vice President and Chief Investment Officer – Asset Management, Brian was responsible for developing the strategic direction for the asset management business lines across the English-speaking Caribbean region, which included product development, product management, and investment management. Brian led an investment management team which had responsibility for the management of assets under management of over US$1.9 Billion on behalf of unit trusts, mutual funds, pension funds, corporate clients, and individual investors across the region. His experience covers all the major asset classes, including public market debt and equities as well as alternative investments such as private debt and equity and real estate.

Brian earned his undergraduate degree in Accounting and Economics at The University of the West Indies (Mona) and has received professional training in accounting, asset/liability management, and risk management both locally and overseas. Brian is a Chartered Financial Analyst (CFA) Charter holder and is a member of the CFA Institute. He is the founding President of CFA Society Jamaica and served as a Director and Chair of the Membership Committee of the Pension Industry Association of Jamaica. Brian was a member of the Advisory Council responsible for establishing the Caribbean Alternative Investments Association (CAIA) and was a founding board member.

Brian served as Managing Director of Scotia Investments Trinidad and Tobago Limited and is a current member of the Audit Committee of the Government of Jamaica's Ministry of Finance and Public Service.

Mr Dwight Jackson
MSc
Assistant Vice President
Capital Markets

Mr Dwight Jackson joined the VM Wealth Management Limited team in February 2021 as Assistant Vice-President, Capital Markets and will be developing and implementing strategies aimed at growing VMWM's and VMIL's market share locally and regionally.

Dwight has more than 10 years of combined experience in the financial industry spanning investment banking, commercial banking, central banking, risk management, model building, and research.

His most recent assignment was in the role of Manager, Origination & Structuring – Investment Banking Unit at NCB Capital Markets. While there, he was instrumental in originating, structuring, arranging, brokering, underwriting, and listing some of the largest IPOs and public offering of shares in Jamaica's history. Prior to that, Dwight was Quantitative Risk Officer, Group Risk Management Division at NCB, where he managed credit risk exposure for the Group with assets of just under J$700 billion, stipulating suitable risk limits for credit portfolios and developing frameworks and models to better analyse and manage risk exposure.

Dwight attained a Master of Science Degree in Economics with concentration in Financial Economics and Game Theory from The University of the West Indies, Mona, and a Bachelor of Science Degree with honours from The University of the West Indies. He is also certified in Corporate Finance from Euromoney Learning, London.

When he is not making big moves in the world of finance, Dwight enjoys watching, playing and talking about football. He is also an avid runner and cyclist.

Mrs Karlene Waugh
BSc
Assistant Vice President
VM Group, Business Operations

A results-focused professional with a passion for efficiency and effectiveness, Mrs Karlene Waugh holds the post of Assistant Vice-President – Business Operations for the VM Building Society. In this capacity, Mrs. Waugh plays a pivotal role in the design & alignment of business objectives to products, process & technology, standardisation of business processes, increased automation of process controls and compliance to internal controls throughout the VMBS Branches & Representative Offices.

Karlene's journey in the financial industry started in 1992 at VMBS in the capacity of Teller at the Half-Way Tree Branch. She has since progressed through the organisation, serving in various positions. These positions include Supervisor – Branch Accounting, Customer Service Representative and Teller, Assistant Manager – Systems and Methods, and Assistant Manager – Half-Way Tree Branch.

With over 20 years of experience in Building Society operations with proven competence in operations, policy & process improvement, Karlene holds a BSc in Management Studies (Hons) from The University of West Indies (Mona). She also has formal training in Risk Management, Credit Administration, Job Evaluation, Change Management and certification in Applied Project Management administered by Project Management Global Institute, Lean Six Sigma – Green Belt administered by CARICODE & Strategy Consultants, Organization Development (OD) administered by CARICODE & UTECH, Caribbean Securities, FX Trading, Brokerage Operations administered by the JSE. Currently pursuing LSS Black Belt Certification and International Coaching Certification.

Mrs Evette Bryan
MBA
Assistant Vice-President
Asset Management & Treasury

Mrs Evette Bryan joined VM Wealth Management Limited as a Client Relations Officer in July 2001. She then advanced to the position of Senior Investment Advisor followed up by Treasury Officer in 2003. Her promotion to Manager, Treasury and Trading in 2011 was followed by further advancement in 2019 to Senior Manager, Treasury and then by a growth in portfolio responsibilities in 2022 to AVP Asset Management and Treasury. This new role brings the challenge of balance between managing assets not only for the VMIL, but also for our suite of Unit Trust products as well as our high-net-worth clients who demand tailor-made portfolio management services.

Having acquired almost 30 years of experience in banking and finance, Evette is quite adept at navigating markets both in normal and turbulent times, as exemplified by 2022. Being part of the high-risk, high-stress industry has also honed her skills in risk management, and mentorship. Prior to joining VM Wealth, she held the position of Accounts Supervisor at one of the leading financial institutions in Jamaica. She was also part of the Fitz-Ritson and Associates teaching staff for a few years, imparting knowledge to the investment banking sector on Portfolio Management, Mutual Funds, and Financial Management. Through her knowledge sharing has moved in-house for the most part, opportunities to share with external groupings are still very much part of her corporate social services to improve the financial knowledge of Jamaicans.

Evette holds an MBA in Banking and Finance from the Mona School of Business, University of the West Indies, Mona. She has also excelled in professional short courses focusing on Leadership, Project Management, Enterprise Risk Management, Strategic Financial Management, and Portfolio Management from the Harvard School of Business, Mona School of Business, and Fitz Ritson and Associates.

Mrs Denise Marshall-Miller
MBA, BBA (Hons)
Senior Manager
Bond, Equity and Digital Asset Trading

Mrs Denise Marshall-Miller joined the VM Wealth Management Limited team as Manager – Bond Trading in February 2011. Her mandate is to facilitate the growth of bond trading revenue by providing internal and external clients with diversified bond options.

Towards this end, she focuses on building and expanding trading relationship with overseas counterparts, providing guidance to the Bond Trading Team, and deepening relations with existing VM Wealth Clients.

July 2019, Mrs Marshall-Miller's portfolio was expanded to include the Stockbrokerage division of the business. She is tasked with growing the equity portfolio, generating trading gains and growing equity commission while educating the client base on investing.

In January 2022, Mrs Marshall-Miller was promoted to Senior Manager – Bond, Equity and Digital Asset Trading. Alternative investments were added to her portfolio She is tasked with generating revenue from both traditional and non-traditional investments.

Denise has over 18 years of experience in the finance industry and has built a strong record of accomplishment as a successful Investment Manager. She consistently demonstrates her expertise in Deal Structuring, Corporate and Sovereign Bond Trading, US Treasury Trading, Portfolio Management, Equity Trading, and Treasury Management.

Her career in investments started at Mayberry Investment as a Wealth Advisor and She quickly rose to Manager, Markets & Trading Department. Her core competence entails negotiation, crafting & executing trading strategies in addition to the creation of customised portfolios specifically designed to meet Clients' investment needs and maximising portfolio returns.

Denise holds an MBA, Finance major from the Mona School of Business and a BBA (Hons) & Diploma (Dist) in Banking and Finance from the University of Technology. She has also attained professional certificates from Harvard, CPTC, Morgan Keegan Bond Schools, and Mona School of Business.

Leadership Team

Mrs Tamara Waul-Douglas
MBA, BA
Senior Manager
Sales & Client Relations

Mrs Tamara Waul-Douglas joined the VM Wealth Team in October 2019 and brings with her more than 20 years' experience in the financial services sector. Since joining the VM Wealth team she has transformed not only the sales culture of the company but made significant improvement in service delivery to clients. This was achieved through a reorganisation of the Sales and Client Relations Unit structure and the implementation and improvement of several administrative processes to enhance service delivery.

Prior to joining the VM Wealth team, she was the Loyalty and Client Retention Manager – Payments Unit, at Sagicor Bank Jamaica Limited. Under her leadership, she assisted with the launch of two new products, MYCASH card and E-Commerce (Retail and B2B). Previous assignments at Sagicor included Branch Manager at the Liguanea, Hope Road, Manor Park, and Knutsford Boulevard Branches.

Tamara holds an MBA in Human Resource Management from Mona School of Business, a Postgraduate Diploma in Business Administration (Hons) from MSB, a Bachelor's Degree in History (Hons) from The UWI and completed a certified Harvard Manage Mentor Programme.

She also serves as a mentor at her alma mater, St Andrew High School for Girls, and enjoys reading and interacting with nature.

Mrs. Waul-Douglas demitted office effective August 12, 2022.

Mrs Sharon Sterling
MBA
Manager
Marketing

Mrs Sharon Sterling assumed responsibility for the marketing activities of Victoria Mutual Wealth Management in April 2015. She has over 15 years' experience in leading marketing, sales and customer service functions in various industries. This multi-faceted background allows her to develop creative positioning strategies, which facilitate the attainment of the organisation's business objectives.

Prior to VMWM, Mrs Sterling successfully led the re-engineering of the Sales Teams at the Hi-Pro Division of the Jamaica Broilers Group and BH Paints. Her strategic approach to marketing is anchored best practices inculcated from working in senior roles in global organisations such as Kimberly Clarke (Puerto Rico), Total Jamaica Ltd and Shell Company (WI) Ltd., as well as from interacting with brand principals from Chile, Italy, France and the United States of America, while managing the Imported Wines and Spirits unit at J Wray and Nephew Ltd.

Mrs Sterling holds an MBA from the University of New Orleans, a BSc in Chemistry and Management from The University of the West Indies, and a Diploma in Teacher Education from the Mico University College. She is also a trained Quality Auditor and Project Manager.

Ms Keisha Mascoll
BA (Hons)
Senior Manager
Group Marketing (Retail)

Ms Keisha Mascoll is VM Group's results focused, customer obsessed Senior Manager of Group Marketing (Retail). She has developed an enviable reputation as a veritable 'Magic Maker' and 'Creative Conjurer' with a keen eye for detail and formidable skills in strategic brand-building.

An accomplished marketer with over 20 years' experience, Keisha was promoted to her current role in October 2021, having excelled in her previously as Group Marketing Manager, a position she had held since joining VM in 2008. Before this, Ms Mascoll was Marketing Manager at First Global Financial Services Limited.

She holds a BA in Mass Communications from The University of the West Indies, Mona; a Certificate in Digital Marketing from Columbia Business School; and a Certificate in Project Management which she earned from the Project Management Global Institute.

Ms Voniel Wynter
FCCA, FCA, BBA (Hons)
Manager
Group Finance

Ms Voniel Wynter was appointed to the post of Manager – Group Finance in September 2018 after almost five years with VM Pensions Management Limited (VMPM), most recently in the post of Assistant Manager, responsible for Client Portfolios and Financial Reporting. Prior to that, Voniel spent four years in the role of Senior Accountant at VMPM.

She has more than 18 years' experience in the fields of Finance and Accounting, the majority of which was with a renowned auditing firm providing auditing services to a wide spectrum of clients in various industries.

Voniel is a Fellow of the Association of Chartered Certified Accountants of England and Wales and is a Member of the Institute of Chartered Accountants of Jamaica. She holds a Bachelor of Business Administration (Honours) from the University of Technology.

Mr Jason Bailey
MSc. (Dist.)
Manager
Risk and Compliance

Mr Jason Bailey joined the VM Group on July 12, 2021, as Manager, Risk and Compliance at VM Investments Limited (VMIL) and VM Wealth Management Limited (VMWM). He is responsible for developing and implementing the Enterprise Risk Management (ERM) and Compliance framework, including facilitating risk assessments; fostering the desired risk and compliance culture through training and awareness, and coaching a team of risk champions; ensuring compliance with regulations, laws, and statutory guidelines; and ensuring that internal policies and procedures are updated in line with international standards and best practices and are being adhered to.

Prior to joining the VM Group, Jason had over five years of experience in the financial services industry, where he worked as a Compliance Officer, an ERM Officer, and then an ERM Manager at Sagicor Group Jamaica Limited. At Sagicor, Jason did significant work which led to the implementation of an ERM framework, ERM policy, ERM procedures, and risk appetite statements and tolerance limits across each business unit that were aligned to international best practices. He also worked on several key initiatives and projects including developing and implementing a fraud management portal, establishing service level agreements, and conducting risk assessments to identify key risks as well as risks inherent in new products, projects, and strategic initiatives. He also participated in the Data Privacy and Protection steering committee and the Data Governance committee at Sagicor.

Jason holds a MSc in Enterprise Risk Management (Distinction) from The UWI, a BSc in Mathematics with Actuarial Science Emphasis (Magna Cum Laude) from NCU and an ASc in Computer Information Science (Magna Cum Laude) also from NCU.

Mrs Nicole Adamson
CFA, FRM, CSM, MSc
Manager
Research, Business Planning & Investor Relations

Nicole has two decades' experience in the financial industry in both the private and public sectors. She joined the team at VM Wealth Management in April 2011 in the capacity of Research Manager and during her tenure has also had responsibility for stockbroking, corporate social responsibility, business planning, and investor relations. Currently, Nicole oversees the team of analysts that provides insights into the local and global economies and offers investment guidance on equities, bonds, and other non-traditional investments. Under her guidance, VM Wealth took 1st and 3rd place in the Jamaica Stock Exchange's (JSE) 2017 Research Analyst competition. Prior to working at VM Wealth Management, Nicole worked at the VM Building Society in the Strategy Department and at the Ministry of Finance and Planning.

Nicole is a CFA Charterholder, Financial Risk Manager (FRM) fellow with the Global Association of Risk Professionals, and a Certified ScrumMaster® with the Scrum Alliance. She holds an MSc in Finance, Economics and Econometrics from the Cass Business School, City University, London, UK, and a BSc (First Class Honours) in Actuarial Science from The University of the West Indies, Mona. She is also a Board member of the Jamaica Island Nutrition Network (JINN), a non-profit organisation dedicated to improving nutrition in students, and a volunteer with CFA Institute and CFA Society Jamaica. She also serves on the Jamaica Chamber of Commerce (JCC) Economic Affairs and Taxation Committee and on the Audit Committee of the Ministry of Foreign Affairs and Foreign Trade.

MD&A

MANAGEMENT DISCUSSION & ANALYSIS

VM Investments Limited

Management Discussion & Analysis

Management Discussion & Analysis

CONTINUED

Introduction

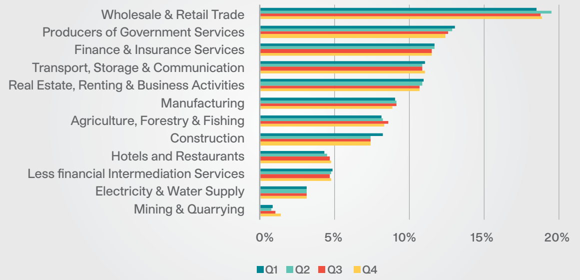
The global economy and, consequently, local macroeconomies were extensively challenged throughout 2022 by the highly contagious Omicron variant of the COVID-19 virus, geopolitical tensions in Europe, escalating inflation rates, and the tightening of global financial positions. As COVID-19 waned in several regions, supply and shipping conditions improved and containment measures were loosened or abandoned, leading to saw a resumption of international travel. VMIL was not immune to the challenges, in particular the adverse effects of rising interest rates. Nevertheless, all units across the organisation exceeded requirements to withstand the global uncertainties and produced remarkable results for you, our shareholders. VMIL's responses to the economic difficulties highlighted some of the VM Group's cultural beliefs: Results Focused, VM Edge, VM Excel, and Together Wi a Winna.

Economic Overview

Jamaica:

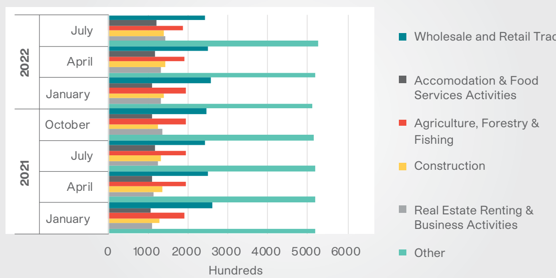
The gradual decline in COVID-19 cases resulted in the withdrawal of the Disaster Risk Management Act (DRMA) during Q1 2022, which contributed to increased tourist arrivals, extended business hours, and the reopening of the entertainment sector. Following 4.60% year-over-year growth in 2021, the domestic economy expanded 3.80% in Q4 2022 and 5.20% year-over-year. The expansions were primarily driven by the services industries, where the 'Hotels and Restaurants' sector experiencing double-digit growth, which offset the contractions in the 'Mining and Quarrying' sector. The domestic economy is expected to continue expanding despite fears of a slowdown in the upcoming months.

% Contributions to GDP Growth



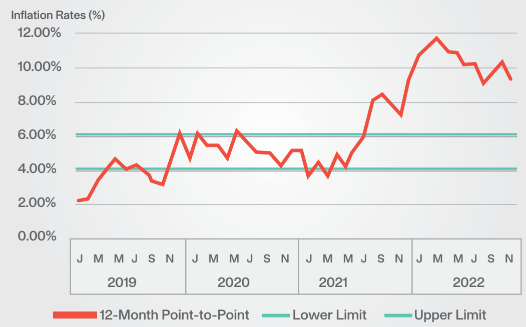
As the economy expanded, the domestic labour market tightened, with the unemployment rate reaching an historic low of 6.00% in April 2022, before increasing slightly to 6.60% in July 2022. 'Construction', 'Agriculture, Forestry and Fishing', 'Wholesale and Retail Trade', 'Accommodation and Food Service Activities' and 'Real Estate and Other Business Activities' contributed the largest numbers to the employed labour force.

Contribution to the Labour Force



Inflation remained 'red-hot' in the domestic economy, having peaked at 11.79% in April 2022. The main impetus to inflation exceeding the Bank of Jamaica's (BOJ) 4% to 6% mandate was oil and fuel price volatility stemming from the Russia-Ukraine conflict. This resulted in the index for 'Electricity, Gas and Other Fuels' surpassing the other indexes and boosting the overall index. In response to the 12-month consecutive breaches throughout 2022, the central bank added 450 basis points to the overnight rate via seven (7) rate hikes, ending the year at 7.00%. Market interest rates climbed as well, mainly yields on floating bonds and reset coupons on variable-rate loans. The lagged impact of these rate increases did little to temper the domestic inflation rate, which ended the year at 9.35%.

12-Month Inflation and Interest Rate



The stock of international reserves remained robust throughout 2022, ending the year at US$3.98 billion and within the International Monetary Fund's (IMF) 100% to

150% Assessing Reserve Adequacy (ARA) standard for emerging market economies. The reserves were used by the BOJ to intervene 26 times in the foreign exchange market, injecting US$747.98 million.

The central bank's interventions, along with US dollar weakening, reduced the volatility of the local currency and contained net foreign exchange losses incurred by VMIL, as the Jamaican dollar appreciated 2.00% year-over-year against the US counterpart. The rebound in the tourism sector contributed to increased jobs, while reducing remittance inflows, due to more "in-cash" transfers. Total net remittances for 2022 were down but the BOJ remained optimistic, with expectations of remittances surpassing the US$3 billion mark in 2023.

The Government of Jamaica (GOJ) remained committed to its debt management strategy, having lowered the debt-to-GDP ratio from 109.70% in FY 2020/21 to 96.30% in FY 2021/22. The GOJ was faced with interest rate, inflation rate, and foreign exchange risks to its existing stock of debt, but the uptick in tax revenue, ongoing local borrowing, and a supplementary revision to the budget supported the GOJ's fiscal accounts. The constant improvement of the GOJ's fiscal space and the recovery of the overall economy resulted in the S&P Global Ratings affirming the 'B+' Long-Term Foreign and Local Currency Issuer Default Rating (IDR), with a stable outlook. As the year moved to a close, Jamaica and the IMF reached a US$1.70 billion agreement under the Resilience and Sustainability Facility (RSF) and Precautionary and Liquidity Line (PLL). The RSF will aid in supporting Jamaica's climate change strategy, and the PLL will offer insurance against growth-related downside risks.

Overseas:

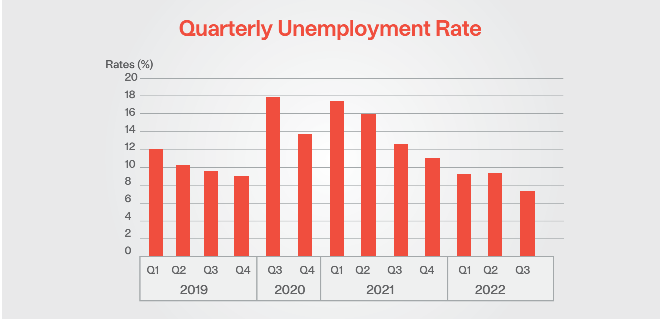
The global economy has been navigating some of the most difficult conditions it has seen since the 2008 Financial Crisis. The IMF has identified the Russian invasion of Ukraine and the economic slowdown of one of the leading global producers, China, as the most influential forces of pressure in 2022. The Russian invasion destabilised the global economy by causing a severe energy crisis, which saw oil prices quadrupling 2021 levels. However, as Russia was sanctioned by the G7 and COVID-19 restrictions were reinforced in China, demand diminished, and oil prices began stabilising in Q3 2022.

In addition to the energy crisis, the conflict resulted in food insecurity within several regions, which caused prices to surge. There have been major growth slowdowns for the world's largest economies, as a third of the global economy faced two consecutive quarters of negative growth and inflation is projected to have peaked at a 70-year high of 8.80%. Thus, many economies have adopted aggressive monetary policies aimed at slowing inflation.

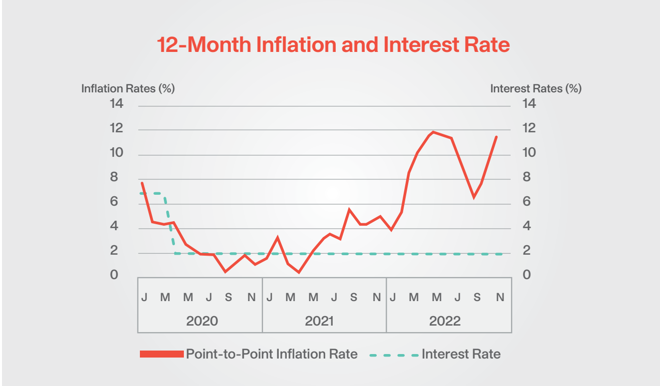
Barbados:

The Barbados economy continued its post-pandemic recovery in 2022, largely owing to the expansion of the tourism sector. The double-digit GDP growth of 10.00% for 2022 rivals the 1.40% recorded in 2021. The improved economic performance, while remaining below pre-pandemic levels, resulted in single-digit unemployment rate in 2022.

While the country was spared the harrowing effects of adverse weather conditions, the external economic environment impacted the non-tourism sectors through product scarcity and elevated prices. Surges in international oil prices contributed to the point-to-point inflation rate



peaking at 11.87% in May 2022, and peaking again at 12.30% in December due to a 3.70% increase in 'Food and Non-Alcoholic Beverages'. These short-term strategies included reduced product mark-ups, a decrease in the value- added tax (VAT) from 17.50% to 7.50% for the first 250 kilowatt-hours of electricity used by households for a six-month period and interim price ceilings on the cost of freight used to determine customs charges and the maximum VAT to be applied to gasolene and diesel.



Management Discussion & Analysis

CONTINUED

The Central Bank of Barbados (CBB) kept the benchmark interest rate constant at 2.00% during the course of 2022, amid upward price pressures. Nonetheless, the financial industry remained robust as capital buffers further improved in 2022, the utilisation of the loan moratoria programme declined, and non-performing loans (NPLs) and the NPL ratio fell. Social and economic recovery efforts supported banks and non-bank financial institutions, which boosted the capital positions and financial performance during 2022.

Elevated international prices, as well as reduced external borrowings from multinational sources, saw the stock of international reserves declining year-over-year by US$272 million to US$1.4 billion in December 2022. Despite this decline, foreign currency revenue earned from the rebounding tourism sector and the international business sector kept the stock of reserves healthy.

The government of Barbados maintained a fiscal surplus for the first half of the current FY 2022/2023, which has reduced the need for borrowing. The main financial transaction done in 2022 was the Dutch Auction, where the government purchased up to US$70 million of its outstanding BARBAD 6.50% 2029 notes at a purchase price of US$92.25 per US$100. While the Dutch Auction will reduce the country's debt burden, Barbados was approved by the IMF for another Extended Fund Facility (EFF), which will support the Barbados Economic Recovery and Transformation Plan (BERT). Additionally, Barbados was the first country to access the IMF's Resilience and Sustainability Trust (RST) programme.

Following several years of ratings downgrades, due to the selective default in 2018, Fitch Ratings assigned a 'B' rating with a stable outlook to Barbados, reflecting the macroeconomic developments achieved by the government. The 'B' rating suggests that default risk is present and indicates that while existing fiscal obligations are being met, the ability to make additional payments is sensitive to shifts in the business and economic landscape. The upgrade, though still not reaching investment grade, is expected to alleviate the costs of borrowing for those operating in Barbados.

Latin America & Caribbean (LAC) Region:

As the LAC continued to recover from the effects of the pandemic, the regional GDP is expected to have grown by 3.00% in 2022, a higher-than-expected rate due to higher commodity prices. The aftermath of the pandemic will take a longer time to fade in the LAC region, especially as it battles higher poverty levels amid global uncertainty and persistent inflationary pressures resulting in rising interest rates in developed countries. These economic shocks have resulted in lower levels of projected growth by the World Bank of 1.60% and 2.30% in 2023 and 2024 respectively.

On a positive note, monetary poverty declined to 28.50% in 2022. Though this is still a high statistic, efforts to further reduce it can be accelerated through addressing the rising educational and health crises which will further exacerbate inequality across the region. The region still faces the ongoing effects of climate change which have caused catastrophic natural disasters to become more frequent. By 2030 it is estimated that 17 million people will be displaced from their homes due to a lack of clean water and exposure to flooding and excessive heat. Hence the region has seen increased climate financing from entities such as the Caribbean Catastrophic Risk Insurance Facility (CCRIF), which provides parametric insurance for Caribbean member countries which experience natural disasters.

United States:

The US realised real GDP growth at an annual rate of 2.60% in Q4 of 2022, a smaller growth rate from the 3.20% expansion in Q3 2022 and the 7.00% expansion in the corresponding period in 2021. The Q4 increase was mainly a reflection of increased inventory investment and consumer spending, which was offset by a decrease in housing investment. It was observed that 17 of the 22 industry groups, including the 4.00% increase in private services producing industry contributed to the fourth-quarter increase in real GDP.

Reduced supply, rising demand, as well as increased oil prices and manufacturing costs caused inflation to peak at 9.06% in June 2022 before decelerating to 6.50% at the end of 2022. In an effort to combat this 40-year-high inflation rate, the Federal Open Market Committee (FOMC) implemented restrictive monetary policy decisions aimed at pulling inflation back to the 2.00% target over time. These robust policy decisions resulted in the US Federal Reserve ending 2022 with its seventh rate hike and placing the Federal Funds Rate in the range of 4.25% - 4.50%, the highest range since December 2007.

The US Federal Reserve (Fed) continued to reduce holdings of Treasury securities, agency mortgage-backed securities (MBS), and agency debt as stated in its phased plans to reduce the size of the Fed's balance sheet. This was executed by scheduling monthly caps for Treasury securities, agency debt, and agency MBS which started taking effect in June 2022. The holdings for Treasury securities agency debt and MBS were $30 billion and $17.5 billion per calendar month, respectively, from June to August and then doubled to $60 billion and $35 billion per month, respectively, from September 2022 going forward.

The US 10-year Treasury yield commenced the year at 1.77% and ended December 2022 at 3.87%. The consecutive increases in the yields reflected the increased inflationary pressures as well as the interest rate hikes made by the Fed throughout the year. Additionally, the spread between the 2-year and 10-year yields first inverted in early July and remained inverted for the remainder of the year. The US stock market saw its worst performance since 2008 with all three major indices ending the year on a decline. The S&P 500 (SPX), the Dow Jones Industrial Average (DJIA), and the Nasdaq Composite (NASDAQ) all ended the year down 19.44%, 8.78% and 33.10%, respectively, in 2022.

The job market has continued to strengthen with the unemployment rate down to 3.50%. As according to the US Bureau of Labour, there was an increase of 223,000 in the non-farm payroll employment during December. This is a 0.40% decrease in comparison to the corresponding period in 2021. The number of unemployed persons ended at 5.7 million in December and the number of long-term unemployed persons fell to 1.1 million as at December 2022. The unemployment rate fluctuated throughout the year but remained low despite Fed actions as the year began with an unemployment rate of 4.00%.

Economic Outlook:

Country	Variable	2020	2021	2022E	2023F	2024F
Jamaica	GDP Growth Rate (%)	-10.00	4.60	3.20	2.00	1.20
	BOJ Policy Rate (%)	0.50	2.50	7.00	7.50	6.75
	Debt-to-GDP (%)	94.80	109.70	96.30	88.00	81.00
	Current Account Balance as a % of GDP	-0.45	0.73	-2.10	-1.30	0.80
	Inflation Rate (%)	5.21	7.30	9.35	6.50	5.31
	Unemployment Rate (%)	7.61	8.35	6.30	7.10	6.50
	Net International Reserves (US $M)	3,130.79	4,000.77	3,978.00	4,250.00	3,980.00
Barbados	GDP Growth Rate (%)	-13.50	-0.30	10.00	4.80	2.10
	CBB Policy Rate (%)	2.00	2.00	2.00	2.00	2.00
	Debt-to-GDP (%)	137.20	137.90	126.90	124.00	122.70
	Current Account Balance as a % of GDP	-5.90	-10.90	-11.00	-9.10	-7.30
	Inflation Rate (%)	3.00	3.00	8.80	7.30	5.90
	Unemployment Rate (%)	13.60	10.90	9.30	9.70	8.40
	Gross Reserves (US $M)	2,660.70	3,058.80	2,805.90	3,270.00	3,100.00
US	GDP Growth Rate (%)	-2.80	5.90	1.90	0.50	1.60
	Fed Funds Rate (%)	0.25	0.25	4.50	5.25	4.75
	Inflation Rate (%)	1.36	7.04	6.50	3.50	2.00
	Unemployment Rate (%)	6.70	3.90	3.50	4.20	3.80

Sources: Ministry of Finance and Planning, Bank of Jamaica, Statistical Institute of jamaica, Central Bank of Barbados, Barbados Statistical Services, Bloomberg, World Bank, US Bereau of labour Statistics

(E) Estimate (F) Forecast

The past year was marred by elevated inflation, rising interest rates and choppy stock markets due to the lingering effects, the pandemic supply chain disruptions and the implications of the Russia-Ukraine war. While many analysts have formed a consensus of a US, UK and Eurozone recession in 2023, central banks and governments remain optimistic of a soft landing and a short-term economic slowdown. The IMF expects global output growth to slow from 3.40% in 2022 to 2.80% in 2023, which is the weakest rate since 2001, outside of the 2008 global financial crisis and the COVID-19-induced recession.

Global inflation, which is expected to have already peaked in 2022, is projected to slow to 7.00% in 2023 and 4.10% in 2024. The pullback in inflation is expected to be driven by the lagged impacts of hawkish central banks, reduced consumer demand, and improved supply conditions. Despite this decline, central banks internationally are anticipated to continue the series of rate hikes, but at a slower pace, before pivoting as early as Q4 2023. The US Federal Reserve is expected to reach its terminal policy interest rate of 5.25% in 2023.

The US job market is expected to soften in 2023, albeit marginally, resulting from stricter monetary policies, which may drag US GDP growth. The World Bank projects US GDP to fall to 0.50% in 2023, from 1.90% in 2022 and 5.90% in 2021.

In addition to the tightened monetary policy measures implemented throughout 2022, the upcoming year should see tailored fiscal policies being utilised to mitigate the current pressures of elevated cost of living. Fiscal support is expected to cautiously continue, even as governments aim to carry on with fiscal consolidation efforts, in a bid to rebuild their fiscal spaces and reduce debt ratios.

Locally, the impacts of the COVID-19 pandemic have started to wane but possible fallouts in our key source markets pose downside risks to the economy for 2023. Slowdowns in these markets, namely the US, Canada, and the UK, are likely to reduce remittance inflows through formal channels, reduce export earnings, and lower foreign direct investments (FDI). Nevertheless, Jamaica is expected to return to pre-pandemic capacity in 2023 on the premise that government revenue will remain afloat, allowing the government to maintain its debt-reduction strategy. The tourism and construction sectors should continue to be the primary drivers of employment and interest rates are anticipated to further rise across the market. NIR is also projected to remain healthy and within the ARA benchmark of 100% - 150%, significantly owed to the new IMF agreement, which should promote stability in the foreign exchange market and lower refinancing risks.

MD&A

Industry Overview

Domestic inflation is projected to pull back to the BOJ's 4% to 6% target by late 2023, but this demonstrates great optimism by the central bank. As international inflation cools, Jamaica's balance of payments is expected to improve in 2023, due to a lower import bill, and the BOJ is expected to be less hawkish. Elevated interest rates are not expected to significantly increase loan defaults in 2023, but deposit-taking institutions (DTI) should remain cautious.

The capital market space is expected to remain active in 2023, mainly with new and additional public offers, as companies seek to raise capital to fund business opportunities. Private corporate bond offerings are also expected to remain upbeat, despite the increase in the cost of borrowing. The JSE Main Market index underperformed expectations in 2022, but the upcoming year may see a marginal improvement. Meanwhile, the JSE Junior Market, which ended the year lower than projected, is expected to continue outperforming the Main Market index, due to its composition of growth stocks.

Industry Overview

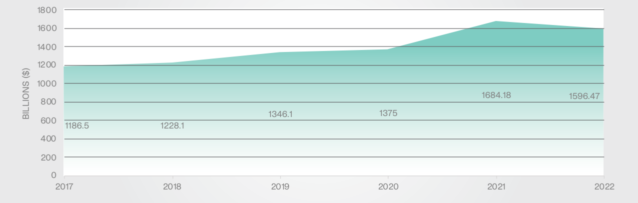
The local financial industry experienced several challenges in 2022 due to external economic shocks and monetary policy aimed at lowering the domestic inflation rate. Nonetheless, the industry was able to make strides and remain stable, as up to the end of August 2022 financial institutions were able to withstand external shocks due to adequate capital and liquidity, which allowed for businesses to remain profitable.

The stability of the industry was assessed by the BOJ, through the Macroprudential Policy Report, which yielded mixed results. The leverage ratio as at the end of August 2022, for deposit taking institutions (DTI's) was above the benchmark requirement of 6.00% at 8.00%, a good indication that there is no overleveraging. The maturity transformation risk metric, as at the end of June 2022, decreased by 1.30%, showcasing lower mismatches between assets and liabilities. The decrease was especially evident for securities dealers and the life insurance sector due to a faster pace of long-term liabilities in relation to long-term assets. However, the sector faced some liquidity issues, as revealed by a 17.40% increase in the liquidity transformation metric at the end of the Q2 2022 quarter, because of a disproportionate decline in liquid assets relative to short term liabilities held by DTI's and securities dealers.

At the end of Q2 2022 the Financial Services Commission (FSC) had thirty-seven (37) companies listed as securities dealers. Though the equity markets took a hit, with the JSE Main Market and Combined Index recording year-to-year declines of 10.16% and 8.11% respectively at the end of 2022, there was an 11.00% year-over-year increase in total balance sheet assets held by securities dealers as at June 30, 2022.

Additionally, total funds under management experienced a 15.10% year-over-year growth to end June 2022 at $1.60 trillion, as the aggregate balance sheet capital for securities dealers welcomed a year-over-year increase of 3.30% to end at $136.30 billion.

The industry has seen a downturn in profits due to challenging market conditions. The main causes for the decrease in non-interest income were trading losses, foreign exchange losses and revaluation losses. Interest income and interest expense grew by 4.10% and 34.90%, respectively, when compared to the corresponding period in 2021, against the backdrop of soaring inflation and interest rates. Cumulative total expenses remained the same as the previous quarter but jumped 17.70% in comparison to the corresponding period of 2021. Net profit of $3 billion was recorded for June 2022, highlighting a 49.20% decrease from the June 2021 period. This significant decline was due to sizeable declines in net profits realized by a major industry player in the securities industry. The prudential ratios, such as the capital to risk weighted asset and capital to total assets, were above the FSC benchmark at the end of Q2 2022, standing at 24.60% and 13.70%, respectively.



Total Funds Under Management December 2017-December 2022

Household loans, which are made up of consumer and residential mortgage loans, fell by 0.30% between June 2022 and August 2022 while the ratio of non-performing loans (NPL's) to total household loans declined by 0.30%. The reduction of DTIs' exposure to households was because of reduced household debt relative to overall growth in assets. However, there was a 3.60% increase in the ratio of household past due loans to total household loans due to greater growth in households past due loans relative to the decline in total household loans.

The mixed performance of the sector was encapsulated by the marginal increase in financial earnings and profitability with DTI's and securities dealers seeing an increase in the Return on Assets (ROA) to 0.60% and 0.40% respectively. These increases occurred against the backdrop of an increased Macro financial index. The index grew from 27.00 in the March 2022 quarter to 33.00 in the June 2022 quarter indicating a downturn in macro financial conditions due to increased annual inflation and slower growth in the JSE.

MD&A
Enterprise **Risk Management**

Risk Process

The scope and nature of VMIL's business operations expose the business to risks as it pursues its strategic objectives and initiatives. Enterprise Risk Management (ERM) at VMIL is an interactive and iterative process that is aligned to international best practice standards and continues to evolve as new and emerging risk exposures that either represents a threat to the achievement of strategic objectives, or an opportunity to gain a competitive advantage are identified and managed.

While risks are proactively identified and managed at VMIL, they are also communicated throughout different levels of the organisation to ensure that an optimal balance between risk and return is achieved to maximise value and minimise potential adverse effects on VMIL's performance, brand, and team engagement. This is supported by innovative risk solutions and methodologies to ensure that risks are adequately managed throughout the three lines of accountability.

Risk Governance

At VMIL, the Board of Directors has ultimate oversight and responsibility for risks and has a fiduciary responsibility to its stakeholders. The Board is supported by the Audit, Risk and Conduct Review Committee, which oversees VMIL's risk management framework, the integrity of the financial statements, compliance with legal and regulatory requirements, as well as the performance of the internal audit function. While the Board has overall responsibility for risk management and VMIL's alignment with established risk appetite statements and tolerance limits, the Board is supported by the:

- Group Finance and Risk Management Committee
- Group Audit Committee
- Group Corporate Governance and Nominations Committee
- VMIL Corporate Governance and Nominations Committee
- VMIL Finance Committee
- VMIL Audit Committee

Enterprise Risk Management (ERM)

(ERM) is defined as an organisation's competency to manage uncertainty and more effectively minimise threats and maximise opportunity. The capacity to adapt makes VMIL more resilient and better able to evolve in the face of marketplace and resource constraints.

VMIL is cognisant of these challenges and will adapt by integrating enterprise risk management practices, thus improving decision-making in governance, strategy, objective setting, and day-to-day operations. This enhances performance by more closely linking strategy and business objectives risks, providing a clear path to creating, preserving, and realising value for the Group.

The ERM Policy is an essential component in the development and maintenance of sound ERM practices. The purpose of the policy is to establish a formal, systematic, and integrated, principle-based approach to identifying, managing, and monitoring risks across VMIL. It defines the key roles and responsibilities of stakeholders to ensure that significant risks are adequately identified, managed, and monitored to create, preserve, and ultimately realise value.

Risk Management Framework

While VMIL continues to manoeuver the COVID pandemic, the ERM Framework continues to be robust and facilitative of growth despite the heightened risk. Risk management continues to be an integral part of good internal control and corporate governance. The Board is responsible for ensuring that an effective risk management framework is in place and promoting a risk-aware culture that ensures that all key risks are adequately managed.

To safeguard and protect VMIL's reputation, the Board and management ensure 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, industry and market benchmarking, transparent disclosures, and communications.

Risk assessments are conducted monthly and are designed to identify events that have the potential to cause strategic objectives and initiatives to deviate from what is expected.

Components and Principles

The ERM Framework at VMIL consists of the five interrelated components and twenty related principles, which represents the fundamental concepts associated with each component.

Enterprise **Risk Management**

CONTINUED

ERM Framework

Mission, Vision & Core Values → Strategy Development → Business Objective Formulation → Implementation & Performance → Enhanced Value →

Governance & Culture	Strategy & Objective-Setting	Performance	Review and Revision	Information, Communication, & Reporting
1. Exercises Board Risk Oversight 2. Establishes Operating Structures 3. Defines Desired Culture 4. Demonstrates Commitment to Core Values 5. Attracts, Develops, and Retains Capable Individuals	6. Analyses Business Context 7. Defines Risk Appetite 8. Evaluates Alternative Strategies 9. Formulates Business Objectives	10. Identifies Risk 11. Assesses Severity of Risk 12. Prioritises Risks 13. Implements Risk Responses 14. Develops Portfolio View	15. Assesses Substantial Change 16. Reviews Risk and Performance 17. Pursues Improvement in Enterprise Risk Management	18. Leverages Information and Technology 19. Communicates Risk Information 20. Reports on Risk Culture, and Performance

Governance and Culture

Governance and culture together form a basis for all other components of enterprise risk management. Governance sets VMIL's tone, reinforcing the importance of enterprise risk management, and establishing oversight responsibilities for it.

Strategy and Objective-Setting

Enterprise risk management is integrated into VMIL's strategic plan through the process of setting strategy and business objectives. With an understanding of business context, VMIL gains insight into internal and external factors and their effect on risk. VMIL sets its risk appetite in conjunction with strategy-setting. The business objectives allow strategy to be put into practice and shape VMIL's day-to-day operations and priorities.

Performance

VMIL identifies and assesses risks that may affect the achievement of strategy and business objectives by utilising approaches that are either qualitative or quantitative, or a combination of both. Risks are prioritised according to their severity with consideration for established risk appetites. VMIL then selects risk responses and monitors performance for change. In this way, VMIL develops a portfolio view of the amount of risk it has assumed in the pursuit of its strategy and organisation-level business objectives.

Review and Revision

By reviewing enterprise risk management capabilities and practices, and performance relative to its targets, VMIL considers how well the enterprise risk management capabilities and practices have increased value over time and will continue to drive value considering substantial changes.

Information, Communication, and Reporting

Communication is the continual, iterative process of obtaining information and sharing it throughout VMIL. Management uses relevant information from both internal and external sources to support enterprise risk management. VMIL leverages information systems to capture, process, and manage data and information. By using information that applies to all components, management reports on risk, culture, and performance.

Three Lines of Defence

1 First Line

Accountable for a risk area (process, application, asset, information, etc.) Identify, assess, manage, mitigate & report on risk

2 Second Line

Interprets regulations and communicates to SBU Monitors compliance with regulation and policies Advises on regulatory issues Designs and deploys the overall risk management framework Monitors adherence to framework Risk Reporting and escalation Maintains risk policies

3 Third Line

Provides independent testing and verification Validates the overall risk framework Provides assurance that the risk management process is functioning as designed

First Line: Core Business

Management is responsible for identifying and managing the performance and risks resulting from practices and systems for which it is accountable. The first line is also responsible for the risks inherent to the strategy and business objectives.

As the principal owners of risk, management sets business objectives, establishes acceptable variation in performance, trains personnel, and reinforces risk responses. In short, the first line implements and carries out the day-to-day tasks to manage performance and risks taken to achieve strategy and business objectives.

Second Line: Support Functions

Support functions (also referred to as business-enabling functions) include management and personnel responsible for overseeing performance and enterprise risk management. They provide guidance on performance and enterprise risk management requirements and evaluate adherence to defined standards. Each of these functions has some degree of independence from the first line, and they challenge the first line to manage performance and take prudent risks to achieve strategy and business objectives. These organisational functions or operating units support the organisation through specialised skills, such as technical risk management expertise, finance, product/service quality management, technology, compliance, legal, human resources, and others.

As management functions, they may intervene directly in modifying and supporting the first line in appropriate risk response.

Third Line: Assurance Functions

Internal audit provides the last line of defence by performing audits or reviews of enterprise risk management practices, identifying issues and improvement opportunities, making recommendations, and keeping the Board and senior leaders up to date on matters requiring resolution. Two factors distinguish the last line of defence from the others: the high level of independence and objectivity (enabled by direct reporting to the Board), and the authority to evaluate and make recommendations to management on the design and operating effectiveness of the organisation overall.

Risk Culture

Risks are inherent in everyday activities. Therefore, VMIL establishes and communicates its risk appetite and its risk tolerance limits in order for appropriate risk taking to occur so that VMIL can make informed risk decisions, innovate, and be competitive. In pursuit of its strategic objectives and initiatives, VMIL utilises systems and the expertise of subject matter experts to determine an appropriate balance between expected return and potential associated risks.

The Board has created an environment for Team Members where integrity, teamwork, innovation, excellence, accountability, and client interests are at the core of VMIL's values and practices. This strong risk culture drives how Team Members approach their work and also guides decision-making.

Enterprise **Risk Management**

CONTINUED

Risk Culture

Overall, we will take a conservative approach to risk and will maintain our risk exposure between tolerable limits that have been set by our management team and approved by our Board. We will be guided by the following key principles:

We will

- maintain the highest ethical and professional standards when dealing with all stakeholders
- consider the needs of our members and seek to serve the communities in which we operate
- protect our capital base and will not introduce any new strategies, products or services that place our long-term value at risk
- maintain a robust enterprise risk management system to effectively identify, assess and manage existing and emerging risks

Key Risks

Financial Risk – is an umbrella term for multiple types of risks including credit risk, market risk, and liquidity risk. It is also due to a lack of robust credit management practices; inadequate assessment of financial strategies; or lack of effective cash flows and cost management needed to:

(a) maximise cash availability, (b) reduce uncertainty of currency, interest rate, credit, and other financial risks, or (c) move cash funds quickly and without loss of value to wherever they are needed most.

a. Market Risks – the risk that the fair value of 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 securities in the market. These arise from changes in interest rates, foreign exchange rates, and equity prices and will affect the value of the holding in the financial instrument.

b. Liquidity Risk – is the risk of failing to meet demands and commitments to provide funds to customers and other third parties. Wholesale and retail funding is monitored to ensure that there is no excessive concentration in future maturities, which enhances VMIL's ability to refinance maturing liabilities. VMIL's management of liquidity and funding risk aims to always ensure that there are sufficient liquid resources to cover cash flow mismatch and/or fluctuation in funding, to retain public confidence, and to enable VMIL to meet its financial obligations as they fall due even during stressful economic environments. VMIL also has a contingency funding plan in place to cope with any extreme or sudden outflow.

c. Credit Risk – the risk of financial loss if a counterparty to a financial instrument fails to meet legal and contractual obligations when they fall due. VMIL faces credit risk from its lending operations and treasury investments to counterparties. The credit portfolio is managed in accordance with VMIL's Credit Policy and underwriting criteria. The Credit Policy is reviewed at least annually by the Board and contains detailed limits to the amounts and types of lending that VMIL can undertake. Treasury counterparty risks and new investments are managed primarily by investing in counterparties which meet the stipulated in the Framework for Managing Counterparty Credit Risk. In addition, VMIL limits exposures to particular counterparties, investment types and investment sizes in accordance with the Investment Policy guidelines and the Framework for Managing Counterparty Credit Risk.

Strategic Risk – the risk of loss arising from VMIL adopting the wrong business strategy, failure to properly execute business strategy, or respond to industry, economy, or technological changes.

VMIL 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.

Operational Risk – the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events which are neither market-related nor credit-related.

VMIL ensures that effective controls exist at the three levels of defence. The earlier the controls are established in the risk journey, the more effective the risk detection and mitigation mechanism will be.

Periodic assessments of all facets of VMIL's operational risks bring more relief to its organisational management. It is imperative to remain risk-ready by gauging regulatory obligations, investing in its technology infrastructure, skills, competencies, processes, and business decisions. VMIL aims to mitigate people risk through a rigorous onboarding process, combined with talent management systems.

Development of customer interface and services is of utmost importance, However, VMIL 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 VMIL's system.

Compliance Risk – the risk of exposure to legal penalties, financial forfeiture, and material loss an organisation faces when it fails to act in accordance with accepted corporate governance standards, the law and regulations, internal policies, or prescribed best practices.

VMIL's regulatory risk framework outlines the governing processes, which aim to ensure that it delivers fair customer outcomes and meets prudential requirements. VMIL's risk and compliance function is responsible for identifying regulatory developments and assisting Team Members in understanding the required regulatory changes, within requisite time scales.

The wrong business strategy, failure to properly execute business strategy, or respond to industry, economy, or technological changes.

VMIL 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.

Emerging Risks

Pandemic – new coronavirus variants and the inability to vaccinate enough people may prolong Covid and hamper recovery efforts and economic growth.

Succession – the ability to attract, retain, and develop key talent in a tightening market where the best and brightest workers engender innovative cultures fit for purpose in the digital age which was fast-tracked by the COVID-19 pandemic where a new normal of working remotely was thrusted upon the world.

The economy – the economic impact, including matters surrounding inflation, continue to represent significant challenges. Uncertainties associated with central bank policies around interest rates, the effects of slow-to-recover supply chains on the economic rebound from pandemic lows, and the restricting effects of coronavirus variants on the economy, escalating fuel, food and other costs.

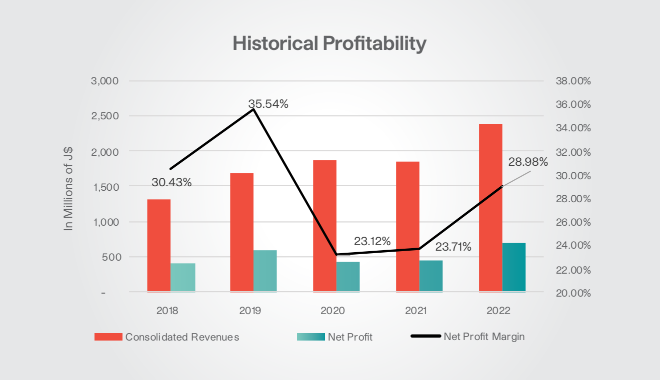
Cyber threats – the transition to many things virtually may have inadvertently created unknown security weaknesses as cybercriminals and others evolve new attack strategies.

MD&A

Group Financial Performance

Group Operating Results

VMIL had to operate in a tighter financial environment in 2022 due to monetary policy enacted to fight high inflation. Nevertheless, the business was still able to achieve positive growth results for revenue, profit before and after tax and margin. Strong decision making, innovative thinking, focused effort from team members as well as customer focus and engagement are to be credited for the financial performance.



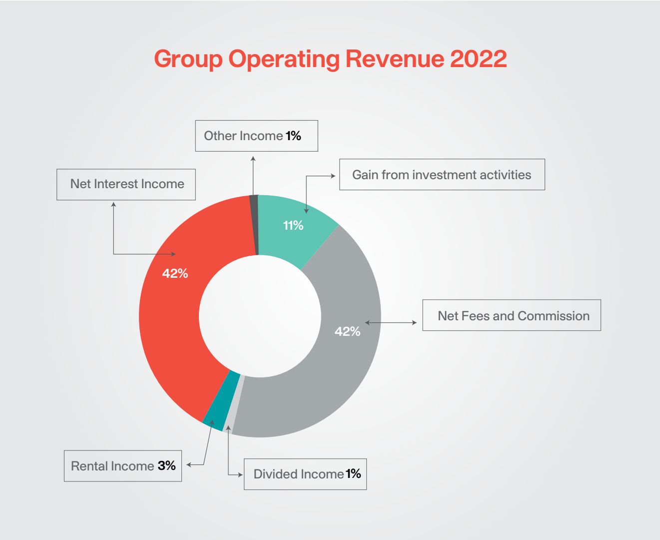
VMIL generated Group Profit before tax of $886.78 million in 2022, a 34.72%, or $228.56 million, improvement compared to 2021. This came through the operations of VMIL and its major subsidiary, VM Wealth Management. Net Profit after tax grew by 57.23%, a nominal increase of $251.82 million to $691.86 million, an improvement from $440.03 million recorded in December 2021. Additionally, tax efficiency increased, as seen by a 10.66% reduction in taxation charges.

Earnings per share for period were $0.46 which is 17 cents more than the December 2021 figure (2021: $0.29).

Operating Revenue

Net fees and commissions and gains from investment activities continue to be the two main revenue-generating lines of business with each contributing 42% of operating revenue – a combined contribution of 84%. Net Interest Income and Rental Income are the other two supporting revenue streams.

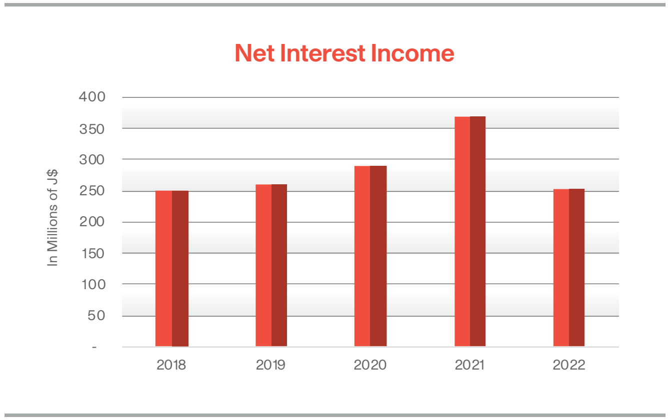
Net Operating Revenue generated $2.39 billion for 2022, a 28.61% or $531.04 million, increase over the $1.86 billion recorded in the previous year. This increase resulted from a 48.74% jump in the gains from investing activities, particularly fixed-income securities, despite the fallout in the equities and bond markets.



Net Interest Income

After steady growth of Net Interest Income for four consecutive years, there was a 31.47%, or $116.18 million, decline when compared 2021. This decline was ultimately due to a 50.97% uptick in interest expense as interest expense which ended 2022 at a high of $1.16 billion. The 24.15% increase in Interest Income was still not sufficient to cushion the increase in expenses, hence cumulating into a decline in Net Interest Income.

Our interest expenses amounted to $1.16 billion, while interest-bearing assets, comprising cash, investment securities, short-term resale agreements, finance lease and loans, totalled $25.10 billion as at December 2022, compared to $28.77 billion for the prior period, declining by 12.75%, or $3.67 billion. The decline resulted from decreases in investment securities and resale agreements of 13.92% and 81.43%, respectively.



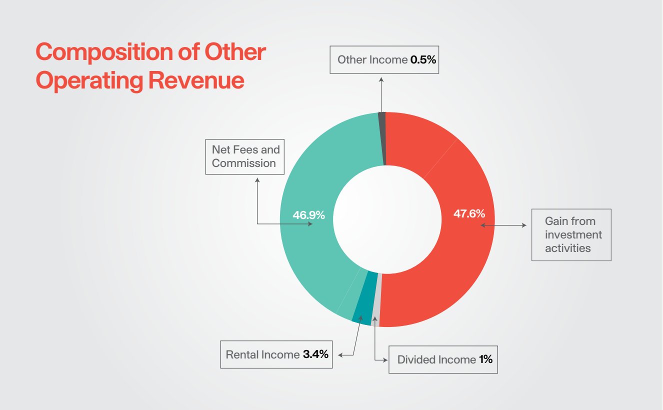
Group Financial Performance

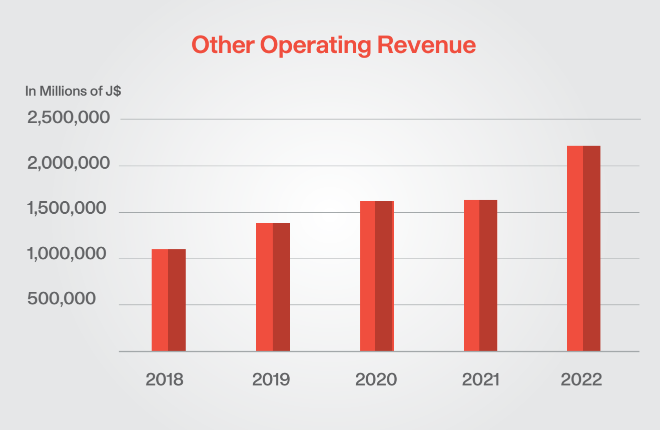
CONTINUED

Other Operating Revenue

The Group's other operating income grew by 43.53% to $2.13 billion during 2022 when compared to the $1.49 billion recorded in 2021. The main revenue generating lines of business continued to be net fees and commissions.

Other Operating Income comprised fixed-income trading gains, equity trading commissions, asset management fees, investment gains, and corporate advisory services fees income. The growth was driven by increases across all revenue segments. However the majority of the improvement occurred from an increase in gains from investment activities to $996.77 million in 2022 when compared to the $670.16 million recorded in the prior year. This was the result of robust investment management strategies. Income from net fees and commissions also heavily contributed to the growth in other operation revenue, increasing to $1.01 billion in 2022 when compared to the $791.96 million posted in 2021. This highlighted the growth in demand for our services year-over-year.

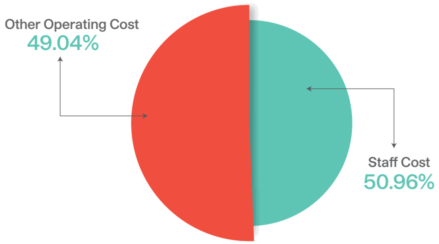




Operating Expenses

In 2022, the business saw operating expenses increase to $1.50 billion from the $1.20 billion recorded in the previous year. This represented an increase of 25.25%. The growth in expenses was mainly attributed to a $211.88 million increase in other operating costs and a $116.06 million increase in staff costs.

Composition of Other Operating Revenue



Staff costs continued to be the main component of operating expenses at 50.96% of the total. Growth in this expense was the result of the business continuing to invest heavily in our human resources, a key underpinning of our strategic direction. Other operating expenses accounted for 49.7% of total expenses. During the year, legal and other professional fees more than doubled from the previous year, growing to $115.86 million from $23.03 million. Other noteworthy contributors to other operating expenses were:

- Advertising and public relations
- Asset tax
- Depreciation and amortisation
- Audit fees
- Group outsourced services
- Software maintenance and IT expenses
- Rent, maintenance and utility.

Efficiency Ratio

The efficiency ratio measures operating efficiency and is calculated by taking the non-interest expenses as a percentage of total revenue. A lower ratio indicates a more efficient business operation. The efficiency ratio of 62.85% in 2022 represented an improvement when compared to the previous year's ratio of 64.54% in 2021.

Group Financial Position Performance

Asset Base

Total assets of $29.15 billion as at December 31, 2022, represented a decrease of 5.71%, or $1.77 billion, over 2021. Despite the growth in most line items, the result was driven primarily by double-digit declines in investment securities (-13.9%) and resale agreements (-81.4%). The main areas of growth in assets came from an increase in our Cash and Cash Equivalents (+$508.17 million), as well as an increase in our loan portfolio (+$1.99 billion).

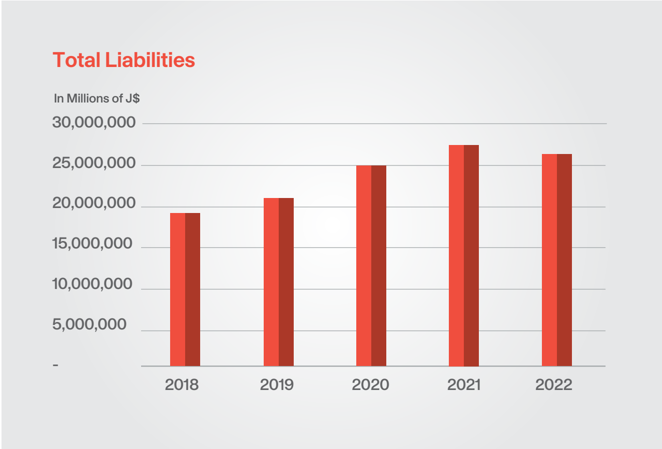
The growth in loans receivable was attributable to forward momentum of our margin loans outstanding, which increased by 66.4% over the previous year as a result of various special promotional offerings extended to our clients during the year. Corporate loans outstanding also surged to $2.34 billion, representing a 47.9% increase. Investment securities and loans are two leading sources of revenue for financial institutions.

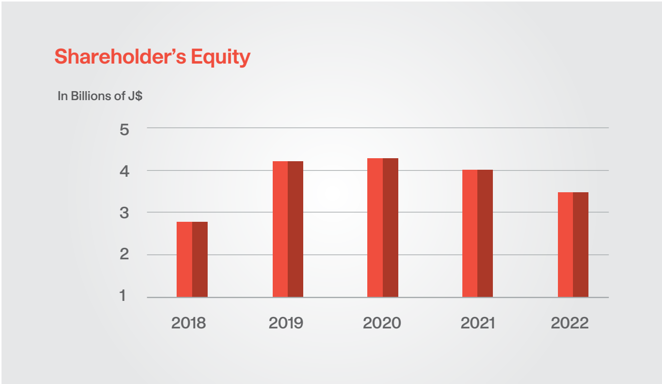
Return on average assets also improved by 85 basis points to 2.30% in 2022 when compared to the figure reported as at December 31, 2021.

Total Liabilities & Shareholders' Equity

In the 2022 financial year, VMIL's funding base expanded considerably as evidenced by a 35.7% growth in loans payable to $7.49 billion accessed through the issuance of bonds by the company. Despite funding growth, total liabilities declined year-over-year by 4.3%, or $1.17 billion, primarily due to redemptions in both J$ repurchase agreements (-$1.66 billion) and US$ repurchase agreements (-$2.40 billion).

Shareholders' equity fell year-over-year by 16.1%, or $592.74 million, ending at $3.09 billion as at December 2022. The out-turn in shareholders' equity was as a result of a $1.30- billion reduction in investment revaluation reserve which negated a 28.9% improvement in Retained Earnings (+$691.86 million).





Capital Management

As at 31 December 2022, our risk-based Capital Adequacy Ratio was 17.59%, comfortably above the regulatory requirement, which requires that the company shall at

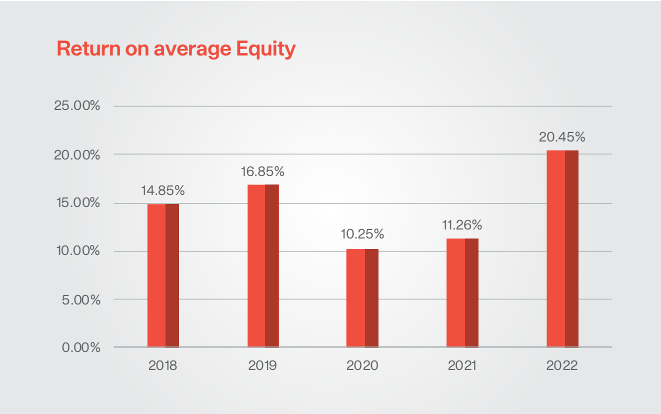
Group Financial Performance

CONTINUED

all times maintain the ratio between its capital base and the aggregate of its risk-weighted balance sheet assets and risk-weighted balances related to foreign exchange exposure of no less than 10%. The company's statutory capital base (total regulatory capital) as at 31 December 2022 was $3.22 billion.

Return on Equity (ROE)

ROE increased for the second consecutive year to 20.45% in 2022, the highest over the last five years and more than pre-pandemic levels. The increase in the return was driven by a 57.23% improvement in Net Income and a 16.1% decline in shareholders' equity.



Liquidity and Funding

As at December 31, 2022, liquidity resources included Cash and Cash Equivalents totaling $1.19 billion.

The key measure used for monitoring liquidity risk is the ninety-day liquidity gap ratio. In computing the ratio, the numerator is calculated by subtracting the total assets maturing in 90 days from the total liabilities maturing in 90 days. The denominator is total liabilities.

The 90-day liquidity gap ratio for VM Wealth Management at the end of the year was 75.32% (2021: 63.37%) This demonstrates the Group's continued ability to meet short-term obligations as they fall due.

VMIL's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management procedures which the business uses include maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis, and maintaining a line of credit with a strong financial institution.

Dividends

No dividends were declared for the financial year ending December 31, 2022. The last dividend declaration is detailed down below:

On November 12, 2021 the Board of Directors declared an interim dividend of $0.155 per ordinary stock unit of the paid-up capital stock of 1,500,025,000 ordinary stock units, paid to the shareholders on record as at November 26, 2021.

Off-Balance Sheet Funds Under Management

VM Wealth Management acts as agent and earns fees for managing Clients' funds on a non-recourse basis under management agreements. As at 31 December 2022, these funds amounted to $33,919,646,000 (2021: $34,709,442,000).

Additionally, at December 31, 2022, there were custodial arrangements for assets totalling $12,756,472,000 (2021: $12,743,221,000).

This means there was a 1.64% decline in our off-balance sheet business, a direct consequence of the increased pressure economic shocks have placed on the investment environment.


STRONGER.
BOLDER.
BETTER.

MD&A

Our Operations

Our Operations

Our Continuous Improvement Programme, which commenced in 2020, remained a pivotal staple throughout 2021. In keeping with the vision of operational excellence, the focus was process transformation and optimisation. Our plans set out to:

- Deliver more customer self-service channels;
- Automate routine activities;
- Increase the level of interoperability between our systems;
- Simplify and streamline operating policies and practices;
- Strengthen the level of control of our operations; and
- Embed a culture of continual improvement.

Some of the operational improvements of 2022 were:

- Optimising our IPO Edge system to facilitate the automated generation of emails regarding allocated shares with little to no manual intervention.
- Enhancing Client Portal to deliver increased functionalities.
- Improved adherence to service levels for JTrader Fund In/Out requests.
- Development of internal productivity tools to fast-track the processing of deposits, dividends, and refunds.

Though fraught with challenges, VMIL has kept the core value of being Member focused at the heart of its operations. Our Group service standards have been strengthened and we have increased the number of touchpoints and frequency for client feedback. We continue to act on client feedback and resolved complaints within the stipulated regulatory guidelines.

Improving our talent through formal training (internal & external), combined with job rotation, was successfully completed in 2022 and will continue throughout 2023.
Our plans for 2023 include:

- Upgrading our core investment system and our client portals.
- Optimising our client statements.
- Introducing more automated solutions, including, but not limited to, an online financial system for our Wealth Clients, a loan application and a standing order processing system.
- Further integrating our systems to provide timely and accurate management and regulatory reporting.
- Further strengthening the level of internal controls at VMIL, ensuring it is operating at Sigma 3 and above.
- Enhancement of data analytical & business intelligence tools to improve business and product decisions.

Information, Communication & Technology

Completed Initiatives

Client Portal Upgrade.

Added new features to the portal including:

- Display Settlement Accounts – Allow Clients to view all settlement accounts associated with their corresponding investment accounts along with currency and available balance

.

- Display Investment Accounts – Allow the Client to view all investment accounts (Unit Trust, Repos, Bonds, and Equities)
- Account Details – Allow clients to view details about investment accounts (Unit Trust, Repos, Bonds, and Equities) along with transaction history.
- Request Tracker Integration – Enables VM Wealth clients to make a request within the portal which will automatically be passed to the Request Tracker without any manual interventions.

Client Statement Distribution Optimisation

Clients would normally get statements quarterly and only monthly if there was a new transaction on their account. We now generate and distribute statements monthly to all Clients.

We transitioned from the printing of statements for all Clients and now distribute them electronically. Retail Clients can now access their statement via the Wealth Client Portal, with a notification being sent monthly when a new statement becomes available.

Investment System Health Check

An extensive health check was done on our investment system to ensure that we are operating within the recommended standards for the provider. Several improvements and optimisations were done following the checks and have resulted in significant improvements in availability and responsiveness to the users.

Dividend Processing Interface

We have improved the process to allow the business to automatically load dividends in bulk with a significant reduction in time. This was also beneficial when it came to refunding Clients from IPO applications.

Infrastructure Improvement

Disaster Recovery Capabilities

Implementation of real-time replication for Windows and iSeries platforms.

Network Improvement

Implementation of SDWAN technology completed at VM Wealth locations.

Projects Planned for 2023

Statement Generation Upgrade.
Reduce the time to generate and distribute statements. There will also be a number of improvements to the statement to allow clients to better understand the document.

Opics Upgrade
Upgrading of the investment management solution to include new features such as core processing enhancements, bug fixes, and other features that will improve user experience. The upgrade will also come with a number of interfaces to allow for more integration and automation.

Client Portal Upgrade
Allow Clients to perform additional transactions and allow corporate Clients to access the portal.

Perform activities to reduce risk exposure and increase reliability

- Compliance with Data Protection Act
  - Data Protection Implementation (consent management/data subject access requests)
  - Data Obfuscation

Our Operations

CONTINUED

Service Delivery

System Availability

In 2022, we recorded exceptional system availability of 100%, above our target of 99.96%. Systems included our core applications, shared services, and network.

Our Digital Transformation Journey

VMIL made significant strides in 2022 with respect to advancing our digital agenda. Our vision of becoming fully integrated and digitally transformed is therefore soon to be a reality. Our aim is to ensure our digital strategy supports our corporate goals for growth and efficiency and we intend to do this through driving an exceptional Client experience at our digital touchpoints.

In 2022, we focused on innovating and developing new digital products as well as establishing new digital business models within the Business Unit. Our energy and drive for improving our internal processes and building the digital capabilities in the organisation, such as improved decision-making through the use of data analytics, expanding our agile capabilities and building digital skills and a digital culture to ensure the transformation of our business, was even more fervent.

Enhancing the Digital Experience of our Member

The experience of our Clients at our digital channels is extremely important to us and as such the continued digitalisation of our products and services, as well as the introduction of new digital channels, was high priority. We are avidly working to enhance the services on our Client Portal, and as such, we successfully launched new features as part of our **Client Management System Wealth Online project**. New features provided for Clients included giving them greater visibility and access to the details of their Settlement & Investment Accounts and Account details. Our focus on digitalising our internal processes maintained momentum as enhancements were made to key processes that impact service delivery to our Clients. Notable was an expansion to our Financial Management System, which was further leveraged to improve services. Localised data analytics integration was also implemented to provide Active Clients data model, which was largely geared at improving productivity and internal efficiencies for our teams that serve you. Our Continuous Improvement Programme (CIP) has multiple programmes of work, led by a cross-functional team dedicated to enhancing VMIL's processes.

Impending launches for 2023 include our **Group Online Onboarding solution** that will deliver the full omnichannel experience to our Clients with regard to being able to onboard themselves remotely through any device with the option of being onboarded for services from any entity in the VM Group. VM Wealth Management currently has 75% of its services being digital, with 90.75% of transactions being done on digital channels. In 2023, our digital programmes will be further expanded to provide more optimized processes and greater self-service capabilities for our Clients.

Enhancing the Digital Capabilities of our People and the Organisation

The fostering of a digital culture and the upskilling of our people are critical to the growth of the digital IQ of the organisation. Our focus on our people remains one of the key pillars of our transformation as we will only be able to move VMIL from "doing digital to being digital" through our people. As such, we continued the expansion of our internal groupwide training programme, VM Digital U, and continued our certification programme for our Team Members in digital courses across the domains of Agile, Design Thinking and Data Analytics, as well as courses for the Group's digital collaboration platform, the world-leading Office 365 solution. The use of these digital capabilities and tools has allowed us to use existing resources more productively and has impacted key metrics and performance indicators across the Group. Significant advancements were also made with respect to the provision and consumption of data to drive decision-making in the organisation. We are also well on our way in the development of a Business Intelligence portfolio. In the upcoming year, we will be adding to that portfolio the use of analytics to assess the quality of the organisation's data, and the further development of Client segmentation analytics to assist our corporate projects in taking a more targeted approach to product delivery.

As we look forward to 2023, we anticipate that on our journey to becoming a digitally transformed organisation, there will be continued development of our people, processes, and technology in order to optimise the way we work to deliver the best service to our valued Clients and that will give them an exceptional experience at all our digital touchpoints.

MD&A

Overview of **Business Lines**

Sales and Client Relations

The year 2022 proved to be challenging for the Sales & Client Relations Team as the market was impacted by numerous adverse changes in monetary policy, volatility in the exchange rate, and geopolitical tension which led to reduced investor confidence and reservation in doing business. We operated in a hybrid environment as some clients were still hesitant to have face-to-face interactions and as such we pivoted to virtual meetings and presentations. Despite the adverse market conditions, we saw an increase in equity trades as several companies were listed on the Jamaica Stock Exchange, which was the catalyst for investors' reaction in the market. The Sales Team shifted their focus to targeting Corporates within the English-speaking Caribbean to drive revenue and extend our footprint in the region.

We implemented several initiatives to drive revenue for 2022.

- Diaspora Engagement
- Standing Order Campaign- 'Invest Regularly'
- Partnership with the Asset Management Team in delivering presentations on our top-performing Unit Trust portfolios to local Corporates
- Collaboration with the Bond Trading Unit for
- Global & Corporate Bond Opportunities
- Targeted Portfolio Managed Clients
- Unit Trust Referrals Campaign

Through these initiatives we were able to:

- Exceed our product line targets
- Onboard new clients locally and internationally
- Generate additional revenue through Diaspora Engagement

As we embark on our journey for 2023, we are committed to improving Client experience and helping our Clients build their wealth and financial education. Our areas of focus will be:

- Increase sales productivity/execution and efficiency
- Diaspora outreach
- Specialised Training of our team members
- Aligning performance incentives with Client needs

Client Relations Highlights

- Client Portal upgrade including:
  - Exchange Rate Displayed on Dashboard
  - Names of joint holders displayed
  - Portfolio Tab
  - Transaction History
  - Settlement accounts with current balances in their respective currencies
  - 24/7 Portfolio Access
  - Updated Request Tracker
  - 91% of Equity Trades done online by our clients via JTrader
  - 3 Team Members certified under the Customer Service Certification Program by Jamaica Customer Service Association (JACSA).
  - 95% of Complaints resolved and closed within SLA
  - 92% of Customer Queries resolved within SLA

Focus & Projects for 2023 to improve efficiency and communication

- Client Segmentation to drive engagement and improve client experience
- Client Portal additional upgrades with priority on Business Accounts registration and access
- Appointment Scheduler for Wealth Advisors
- Digitization of Gift Certificates

Corporate Finance Unit

In 2022, the Corporate Finance Unit results were mixed. Our unit's performance is largely measured by Fee Income on Capital Markets deals, Net Interest Income and Fee Income on Commercial Loans, Leases, Trading Financing and Margin Loans. For this reason, the VM Wealth Management Limited's Corporate Finance Unit operates two (2) subunits:

1. **Lending Solutions:**
   a. Margin Loans;
   b. Commercial Loans;
   c. Lease Financing;
   d. Trade Financing (Receivables and Payables Financing); and
2. **Capital Markes Unit.**

Overview of **Business Lines**

CONTINUED

As a result, we generate interest income from the Lending Solutions Unit along with fee income for each lending product that we onboard. While under the Capital Markets Unit, fee income is generated largely from brokering transactions in the local capital market.

Performance During Financial Year 2022

During the 12-month period, our team was challenged to manage within a market of increasing interest rates, which put pressure on our spread management. Notwithstanding, were able to grow our loan book and we have taken steps to combat increased borrowing costs by increasing rates on our loan portfolio. As such, assuming inflation continues to trend down towards the BOJ target range and that the BOJ keeps its policy rate flat or lowers it, we expect to see a positive impact on our spreads and Net Interest Income in the 2023.

While we were able to grow our loan book in 2022, we faced strong competition in what has become a highly competitive market for corporate finance solutions, which we have responded to by increasing the examination of our operations to ensure efficiency, while partnering with our clients to ensure optimal rates for loans and fees.

The foregoing notwithstanding, the Corporate Finance Unit was able to produce excellent performance as it relates to Fee Income from Capital Markets deals. This was highlighted by transactions such as Dolla Financial Services Limited, which became the largest JSE Junior Market IPO, garnering just under J$5.0B, making it oversubscribed by factor of 10.0x. The Dolla IPO also succeeded in bringing a significant number of new investors into the market. Moreover, Dolla was able to follow up this success by successfully placing in the private market a bond for in excess of J$1.0B. Other successes included the successful closure of the KPREIT APO, MFS Capital acquisition of SSLVC, the brokering of BTP Lot 8 and co-arranging and co-brokering of West Indies Petroleum Limited's J$5.8B Preference Share Refinancing. The aforementioned transactions were key contributors to a successful year for the Capital Markets Unit and the fee income earned as a result.

The Team

The engagement of the Corporate Finance team has grown tremendously over the past year. This is borne out in our Human Resource Engagement Index (HREI) scores as well as technical capabilities developed. The experience garnered in the process has equipped the team to carry on the success of 2022 into 2023.

Outlook

Through the partnership with the Jamaica Manufacturers and Exporters Association (JMEA) and the VM Group, the Corporate Finance Unit has extended an offer of free brokerage services to JMEA members seeking to raise capital and for listing on the JSE Junior Market. We are excited about this partnership and the benefit that will be derived by JMEA members that take up the offer.

In 2023, we expect interest rates to stabilise before trending downwards and we expect this to contribute positively to the performance of JSE. As such, we anticipate more listings in 2023, especially on the JSE Main Market, which over the last 3 years (April 2020 to March 2023) has not seen a single listing. We expect this to change in 2023 as we expect to be part of the list of brokers that will contribute to this development.

We also expect companies that would have put off or delayed projects because of rising interest rates and other uncertainties to re-enter the private market to place bonds and other instruments geared towards raising capital to pursue or complete their corporate strategies. This augurs well for another great year for the Corporate Finance Unit and we are hopeful that these developments will materialise early in 2023.

Treasury & Trading Units

Overview of the strategic initiatives implemented this year and what was achieved.

In 2022, the Board approved a total capital injection of $2.3B to be disbursed over time. Approximately $900M of the was received in two parts in 2022, $600M in March and J$300M in October. The Treasury continued to utilise the tools at its disposal to manage liquidity, in keeping with the Group Investment Policy, which was updated in April 2022.

The Treasury led an initiative to improve efficiency through its 'Go-Green' initiative, which saw a number of paper intensive processes being digitised, particularly with respect to record keeping. This initiative was 95% completed in 2022.

In 2022, the stockbrokerage achieved #1 in volume and value traded during December. This is a significant win for the team, even as we repackaged and relaunched our US equities trading product through our partnership with Interactive Brokers Ltd.

The Treasury Market

Bond trading activity in the USD Global Bond was negligible in 2022, primarily due to the impact the Russia-Ukraine war had on bond prices, both locally and internationally. This made liquidity management challenging as the timing of trades was important, considering the movements in prices of bonds held. Nevertheless, the market for local Government of Jamaica (GOJ) JMD bonds was more favourable and the Treasury used the opportunity to build the portfolio through participation in the Ministry of Finance and the Public Service (MOFPS) auctions.

Foreign exchange (FX) rate swings were even throughout the year, with the first six months seeing appreciation in four of the six months and depreciation in January and April, at the beginning of the first two quarters. The reverse was true for the second half of the year. The first two months saw an appreciation followed by depreciation, then three consecutive months of depreciation, but changing course in December to record an appreciation. The JMD/USD rate at the end of January 2022 was 155.981, with the currency ending the year stronger, at 151.0082. In seeking opportunities and managing the portfolio liquidity, the Treasury maintained a fairly neutral position for 2022.

The inflation rate increased consecutively for the first quarter of the year, closing at 11.79% in March. Thereafter, a trend developed for the second and third quarters where the rate fell moderately but regained momentum in November, closing the year at 9.40% vs the BOJ target range of 4% - 6% for the year. With rising inflation, the BOJ responded by increasing its policy rate, in seven months during the year. Amid abating inflationary pressures, no action was taken in December, and the policy rate closed the year at 7%.

Impact on the Business

The increase in interest rates, carried over from 2021, resulted in an increase in market rates for investment products. As a result, there was an inevitable narrowing of spreads, and a reduction in Net Interest Income. With the BOJ continuing to utilise the interest rate as its tool of choice to combat inflation, JMD market liquidity fell as there emerged a reluctance to commit longer than a week. The shortage of funds on tenors longer than a week resulted in increased cost of sourcing, further impacting interest income.

Asset Management

With the overall industry for collective investments suffering from an approximately $13B fall in funds under management (FUM), VM Wealth Management's collective investment scheme (CIS) unit trust product saw a similar contraction in size, due to a combination of migration to safer alternatives, as well as a fall in asset values. From as early as the fourth quarter of 2021, inflation had been accelerating and this bled into 2022, bringing with it increases in interest rates and consequent declines in fixed-ncome market prices. The balance that typically comes from the equity market was not realised. as that market likewise suffered. Nevertheless, we maintained 6th position in market share.

Despite the challenging environment, three of our nine portfolios, including the Classic Equity Fund, performed ahead of their respective benchmarks. Additionally, two of our three USD global bond funds were in the top two, best in class.

The asset slump, while depressing the Net Asset Value (NAV), provided a myriad of opportunities to acquire premium assets at discounted values. This strategy, along with balancing liquidity, was the main focus of 2022 as we sought to pace investment choices and ride the increasing interest rate wave to its expected end in 2023.

Other than the CIS product, the unit produced positive results for all our Private Managed Fund clients, despite the fall in some asset valuations. Diversity in assets and asset classes aided significantly in these positive results.

Our process leading up to the conclusion of the acquisition of the Republic Funds (Barbados) Inc's (RFI) suite of mutual fund products in Barbados continued, with VMIL receiving approval from all the relevant regulatory agencies in Jamaica and Barbados, with the exception of the Financial Services Commission, (FSC) Barbados. That project is expected to add three additional funds to offer to clients on completion.

During the year, we took the difficult decision to adjust a number of our fees for the Unit Trust product, which can be

Overview of Business Lines

CONTINUED

viewed on our website. We also introduced a lock-up period for specific funds to better foster a culture of investing among our Clients as well as manage liquidity for those funds.

We remain optimistic for 2023, with an expectation of improvement in asset prices, as well as new investment opportunities as the capital market space continues to grow. With this in mind, the Asset Management team continues to work assiduously to not only give the best of returns to its investors, but also to achieve best in class, across the board, for all funds.

Research, Business Planning & Investor Relations

Major Wins for 2022

Stock Picks Outperform

During 2022, we continued to demonstrate diligence in equity analyses and published our 2022 Top Stock Picks. The equity market was a challenging one, plagued by the surge in inflation and consequent increase in interest rates, not only domestically but globally as well. The bond and equity markets defied historical norms and performed in tandem, with both struggling in the challenging environment. Despite this, we had some winners, with our portfolio yielding 38.27% for the year, compared to the return on the market, which was flat.

Top 10 Stock Picks for 2022

Company Name	Ticker	Price December 31, 2021	Price December 31, 2022	Capital Appreciation
FosRich Limited	FOSRICH	$0.905	$3.91	332.04%
Future Energy Source Company	FESCO	$2.88	$5.44	88.89%
Fontana Limited	FTNA	$7.47	$8.93	19.54%
Jamaica Broilers Group	JBG	$29.03	$31.00	6.79%
Wisynco	WISYNCO	$16.7	$17.67	5.81%
Jamaica Producers Group	JP	$22.11	$21.95	-0.72%
Lumber Depot	LUMBER	$3.02	$2.69	-10.93%
Honey Bun (1982) Limited	HONBUN	$9.27	$7.99	-13.81%
GraceKennedy	GK	$100.02	$83.22	-16.80%
The Limners & Bards Limited	LAB	$3.84	$2.76	-28.13%
			Portfolio Yield	38.27%

For 2023, we are anticipating another challenging year, but still believe that there are gains to be had from investing in the local stock market. Our current suite of top picks for 2023 are:

- Future Energy Source Company Limited (FESCO)
- Tropical Battery Limited (TROPICAL)
- Fontana Limited (FTNA)
- Regency Petroleum Limited (RPL)
- FosRich Limited (FOSRICH)
- JMMB Group Limited (JMMBGL)
- Wigton Windfarm (WIG)
- TransJamaican Highway (TJH)
- Jamaica Producers Group (JP)
- Jamaica Broilers Group (JBG)

Internal Customer Satisfaction Survey Score

We placed higher focus on service delivery to our internal stakeholders during the year, with our efforts yielding rewards to the tune of a five-point improvement in our Internal Customer Satisfaction Survey score, from 79% in 2021 to 84% in 2022. Notably, this was the highest score received across departments at VMIL, with improvements registered for all but one survey touchpoint. The team is grateful for the positive feedback and has made note of the recommendations for bettering our previous performance.

Employees of the Quarter

As we focused heavily on team morale and development, the wider organisation recognised our efforts and rewarded two (2) of the Team Members in the Research, Business Planning and Investor Relations Unit with the Employees of the Quarter award for the second and third quarters. We are extremely proud of Melissa Foster and Marlon Rhoden for the outstanding work they have delivered which demonstrates our Core Values of:

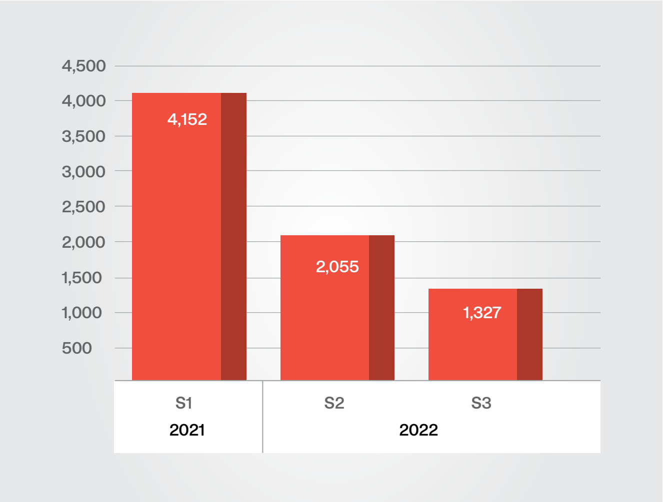
- Member Focus
- Integrity
- Teamwork
- Innovation
- Excellence

Podcast

As the company continues its thrust towards becoming a modern mutual, our efforts were further geared towards the curation of our WealthWise podcast, with two (2) seasons released during 2022. These podcasts are available on all major podcast platforms.

MD&A

Our People



Cross-Pollination – Team Members serving in Cross-functional Capacity

Leadership skills were part of our initiatives, and the team, in the spirit of VM Excel, continued to press forward in this area of their development, which was undertaken by volunteering in various cross-functional capacities across the VM Group. To that end, our Manager Nicole Adamson was elected Chairperson of the VM Group ESG Committee that is responsible for overseeing the roll-out of the ESG programme, following the approval of the ESG Policy in 2021. As a CFA Charterholder, she has also been appointed Chairperson of VMIL's Investment Management Committee. Our Business Planner, Avionne Anderson, volunteered to serve on the Digital Transformation Committee of the VM Group.

Risk And Compliance

Risk and Compliance Maturity Index Assessments

Maturity Index Assessments were implemented and used to evaluate the maturity of the Risk and Compliance Programme against international criteria, and to determine the areas to focus on based on any gaps or opportunities for improvement identified. The assessment captures a 360-degree perspective from all team members.

Data Modelling and Dashboard Creation

Business Intelligence software was utilised to turn data into coherent, visually immersive, and interactive insights to allow for enhanced monitoring, analysis, and forecasting that can be used in decision-making.

Policy & Charter Reviews and Updates

Key Policies and Committee Charters were reviewed and updated with a forward-looking perspective in keeping with the established internal policy standard.

Risk Champions

Risk Champions were established, trained, and mobilised to support or champion particular aspects of the risk management process within each department, allowing for a better spread of risk management across the organisation, enhancing and strengthening ownership of the risk process.

Strengthening the Risk and Compliance Culture

Monthly risk awareness sessions were conducted where key insights impacting the business and the financial sector were discussed, in support of strengthening the already existing risk aware culture.

Our People

VMIL recognises the importance of focusing on our talent strategy aligned to the business strategy. To ensure that we were attracting, developing, motivating, and retaining the right talent for the future, we continued to emphasise our Talent Management Programme, Team Member Wellness, Well-being & Engagement Initiatives and Total Rewards.

Talent Management

In 2022, we maintained the drive to strengthen our internal talent by providing several team members with experienced based learning to build their expertise and competencies. As a result, approximately seventeen percent (17%) of team members were promoted to higher roles including leadership roles. In keeping with our succession plans for senior leadership roles and key positions, we conducted Talent Reviews on our high performers, and we continue to focus on their development and readiness for future roles.

In collaboration with Group Human Resources, one of our 2022 strategic Initiatives spoke to building the bench strength of our second-tier leadership.

Our People

CONTINUED

Approximately thirty-seven percent (37%) of Team Members, including leaders, participated in leadership development programmes the Mona School of Business & Management – General Management level one (1) and General Management level two (2) programmes, Harvard Manage Mentor-Stepping up to Management, Harvard Manage Mentor 12, Fundamentals of Supervisory Management, Becoming Your Best – 12 Principles of Highly Successful Leaders. Other programmes that were offered included Career Development Planning, HR Policies, Retirement Planning, Feelings for Professionals, and New Hire Orientation.

Team Member Wellness, Well-Being, And Engagement

As we continued to advance the Great Place to Work Agenda, we rolled out the Diversity Equity and Inclusion (DEI) Policy. This policy has been designed to support an inclusive workplace that harnesses the power of diversity for sustainable competitive advantage, economic growth, and societal progress. Team Members from different backgrounds may function without any barriers and are provided with opportunities to participate, develop, and contribute freely and equitably in attaining our Key Results.

The Total Well-being of the Team Member, including mental well-being, was given priority focus as we continued to work in a post-pandemic world with Team Members managing the changing workplace requirements while balancing work life with the introduction of the Team Member Well-Being Policy, gym partnership with Express Fitness, and the continued topical wellness and well-being discussions.

Human Resource Engagement Index (HREI) Survey and Results

Through the continuous engagement efforts, in our 2022 HREI results, the overall Engagement score for VM Wealth/VMIL was 75%, mirroring the VM Group's score. We continue to utilise feedback from our HREI Action Plan to improve our HREI results.

Total Rewards

We continue with the Total Rewards Framework as part of the talent acquisition and retention programme, with a focus on specific initiatives that include the continuation of our variable pay structures for our Sales and Revenue Teams, cost reduction incentives and productivity incentive schemes for Sales Support & Other Support Roles.

Employee of the Quarter

As VMIL celebrates another year of achieving several major milestones, we acknowledge that we could not have achieved this without our Team Members. They worked diligently, creatively and remained resilient in carrying out their responsibilities daily despite the challenges we faced in 2022.

At VMIL, we understand the importance of recognising and celebrating our top performers and we do this through our Employee of the Quarter Programme. The programme highlights our quarterly top performers via Group email blast that displays their photograph and the product or products that they excelled in.

For the period January to March 2022, the winner of our Employee of the Quarter was **Miss Kay Young. Kay** is results focused and has always delivered on her duties and responsibilities.

She is detailed-oriented, creative, and committed. Kay collaborates well with all Team Members, both internal and external clients, to ensure that they are satisfied.

For the period April to June 2022, the winner of our Employee of the Quarter was **Miss Melissa Foster.** Melissa is still learning but often presents new ways of doing things and always challenges herself to contribute suggestions for improvement. Melissa is proactive, identifies needs, and brings them to the fore without being asked. She is always prompt or early with her normal assignments, always carrying them out with excellence and seeking to exceed expectations.

For the period August to September 2022, the winner of our Employee of the Quarter was **Mr Marlon Rhoden.** Marlon has taken ownership of his assigned portfolio of duties, performing his tasks with excellence. He approaches all his assignments with enthusiasm, an open mind, and a willingness to learn. Marlon is a great collaborator, and he does all this with a pleasant demeanour and his presence always uplifts the spirit in the room, whether physical or virtual.

For the period October to December 2022, the winner of our employee of the quarter was **Miss Brianna C. Johnson.** Brianna is focused on ensuring that each Team Member is taken care of to the point where colleagues reach out to her for assistance on matters not related to her desk and is always willing to assist once called upon to do so. The quality of service displayed by Brianna is noteworthy. She strives to provide the best service possible to all Members.

Affiliated Companies

Coldbush Organics

VM Investments Limited (VMIL) has taken a private equity stake in Coldbush Organics via its subsidiary, VM Wealth Management (VM Wealth). VM Wealth purchased a five per cent stake in this premium Jamaican chocolate company in October 2018, through its partnership with the FirstAngelsJA Angel Investor network.

As an Associate member of the network since 2015, this deal represented VM Wealth's first private equity investment. The proceeds from the investment were used to increase the acreage under cultivation at Mount Pleasant farm, from an initial five acres to 20 acres and later to the current 50 acres. The Mount Pleasant farm employs between 15 and 24 people depending on production demand. Employees are also allowed to cultivate and reap other crops, including oranges, yams, and bananas, for their own use.

Coldbush Organics produces high-quality chocolate bars made from cocoa grown and processed on the company's farm. The product offerings include internationally awarded 70% premium dark chocolate bars with Jamaican-loved flavours, Jamaican premium 100% chocolate tea balls, natural cocoa powder and natural cocoa Nibs.

Mount Pleasant grows its cocoa at elevations of between 3,000 and 5,000 feet above sea level. This, the owners, Averell and Hellen French, say, gives the consistency of flavour needed to preserve their brand, Mount Pleasant Farms Chocolatiers' growing reputation. For them, the farm-to-bar concept is very important and, therefore, growing their own cocoa will always be a feature of the operations.

Sustainability and fair trading are important at Coldbush and all their products are made according to holistic and sustainable environmental practices. The company supports the local community. Additionally, the chocolates are packaged in eco-friendly 100% tree-free recycled cotton cardstock and hand-screenprinted to reflect its organic and artisanal quality.

Since VM Wealth's initial investment, Coldbush has experienced strong growth. Coldbush achieved sales growth of 84.7% in 2021 generating a modest profit. During 2022, sales remained stable.

Coldbush has received a number of awards, including a Jamaica Observers Food Award in 2013 for its chocolate and peanut spread. In 2017, the business received the Sir Arthur Guinness Trust Award. In 2022, the Mount Pleasant Farm was named among the top global food and drink producers, receiving the Golden Star in the Great Taste Awards for its 70% dark bars.

The vision of the Company is to craft another flagship Jamaican product and it hopes to do that by expanding to a total 100 acres under cocoa, coffee and coconuts in another three to five years.

Through its investment in this and similarly fast-growing companies, VMIL and VM Wealth hope to foster the entrepreneurial spirit of Jamaica and offer support and financial backing to the small and medium enterprises sector.

Kingston Properties

HIGHLIGHTS FOR FY22

- In Q4, 22 KPREIT disposed of one of the two units at W Fort Lauderdale.
- The construction of the units at Gum Tree 5, Cayman Islands, is almost complete.
- KPREIT recently entered into a joint venture arrangement with a Jamaican entity for the development of its property in Cross Roads.
- The business recently acquired an interest in a 120-unit multi-family property in Atlanta, Georgia, named Polaris at East Point.
- KPREIT has incorporated 'green' building methodologies into its best practices in an effort to improve the way it uses energy, water, and building materials.
- The business has also adopted various risk mitigation strategies, inclusive of refinancing credit lines with its financiers.

MD&A
Affiliated Companies

CONTINUED

Financial year ended December 31, 2022

For the year ended December 31, 2022, KPREIT saw its Rental Income increase to US$3.34 million, from US$2.98 million, or by 12.2%, relative to the same period of the prior year. This increase was mainly attributed to increases in the rental rates of some of its properties, as well as higher occupancy levels across its property portfolio in Jamaica. Operating Expenses increased to US$1.48 million, from US$1.28 million, or by 15.6%, on the back of higher staff costs in light of a larger staff complement, as well as higher professional fees. Notwithstanding, KPREIT incurred lower homeowners' association dues and property taxes as it continues to dispose of its condo units in the US. Despite seeing the increase in Operating Expenses, Net Operating Income (NOI) saw an increase to US$1.99 million, from US$1.85 million ,or by 7.9%, attributed to the aforementioned improvement in Rental Income.

Operating Profit grew to US$4.3 million, from US$3.52 million, or by 23.9%, largely due to growth in Rental Income, along with a US$29.7K increase in the gain on disposal of investment properties as three (3) of the company's South Florida condos were reclassified as held for sale, and net realised gains from the disposal of an additional two condo units; this was partially offset by a US$741.05 decrease in the fair value of investment property.

Similarly, Profit Before Income Tax rose to US$3.88 million, from US$3.09 million, or by 25.4%. Finance Income contributed positively to the increase in Profit Before Income Tax as it grew by 29.2% relative FY21. Likewise, Net Earnings increased notably to US$3.79 million, from US$3.01 million.

As at December 31, 2022, Total Assets stood at US$56.20 million, which represented an 11.3% improvement relative to its US$50.4 million position in December 31, 2021. This growth was driven by improvements in the company's Deposit on Investment Property, Investments at fair value through profit or loss, Investment property held for sale, and Cash and Cash Equivalents. The increase in cash was largely fuelled by the cash on hand after the additional public offering concluded in FY22.

Total Liabilities fell to US$11.61 million, from US$17.83 million, or by 34.8%, which was largely due to a 14.6% reduction in Loans Payable. In addition, the company's Current portion of Loans Payable fell to US$918.53K, from US$5.37 million, or by 82.9%.

Total Equity increased significantly to US$44.59 million, from US$32.63 million, or by 36.6%, attributed to a 37.9% increase in Share Capital as the business raised more Equity Capital via an APO. Retained Earnings also grew significantly to US$11.17 million, from US$8.80 million, or by 26.9%, subsequent to the 25.8% improvement in Net Earnings.

Current Ratio rose to 6.14x from 0.64x, mainly due to a massive increase in Investment Property held for sale, along with an increase in Cash and Cash Equivalents which almost doubled. In addition, the Current portion of loans payable fell to US$918.53K, from US$5.37 million. The Current Ratio for the period indicates that the company is likely to meet all its short-term obligations without having to look to other assets. Debt to Equity fell to 0.23 times, from 0.35 times, as both Loans Payable and Current portion of Loans Payable fell notably.

Carilend

2022 has been a of expansion and growth for Carilend. During 2022, Carilend expanded its footprint to Trinidad and Tobago, its third country of operation after Barbados and Jamaica. Carilend continued to grow rapidly, passing the milestones of BB$100,000,000 of loans approved in Barbados and over J$1,000,000,00 approved in Jamaica. In total, Carilend has approved over US$60,000,000 in loans since inception.

In July 2022, Carilend successfully launched its Trinidad and Tobago operations in partnership with Massy Finance, part of the Massy Group of companies. The co-branded loan offering, 'Massy Instaloan powered by Carilend', is available directly to consumers in Trinidad and Tobago. In less than six months, over 8,000 Trinbagonians have already registered to do business with Carilend and over TT$30,000,000 of loans have already been approved.

Carilend is the FinTech company that has revolutionised borrowing and lending in the Caribbean, providing fully online lending services. Their first success was the introduction of a peer-to-peer lending service in Barbados, The phenomenon that has swept the globe is now a billion-dollar industry in the UK, US, and Canada. Peer-to-peer lending connects people who have money to lend with people who want to borrow money in a secure online marketplace. Carilend, which is headquartered in Barbados, is the first of its kind in the region, signalling a new way of borrowing and lending in the Caribbean.

In August 2020, during lockdowns caused by the global pandemic, Carilend successfully launched its Jamaican operations offering the co-branded 'VM e-Loan powered by Carilend' direct to Jamaican consumers. This partnership approach was replicated for the 2022 launch in Trinidad and Tobago with Massy Finance.

Carilend uses advanced technology systems to digitise and automate the borrowing and investing process to give consumers a convenient, easy, and fast experience. One example of this innovation is where Carilend has made the whole process of applying for a loan a 15-minute, simple process, from any device (even on your phone), including uploading your supporting documents. Other areas include automating the Know Your Customer (KYC) processes and having a proprietary credit scorecard working on an automated credit decision engine to speed customer loan approvals.

Carilend now has over 58,000 registered users and has received over 33,000 completed loan applications so far across its 3 countries of operation. All loan applications are processed within one working day. In Barbados, loans are funded by over 1,000 lenders with investments ranging from BB$25 to BB$2,500,000+ invested in peer-to-peer loans via Carilend in Barbados. Carilend reports average returns for Lenders of 8.36% on their current investments. This high return has led to more than BB$7,500,000 in interest paid to lenders.

Carilend was founded in 2015 by the coming together of two seasoned industry executives – one from the telecoms arena, Mark Linehan, and the other from the banking arena, Mark Young. Carilend is led by Mr Young, CEO, with a 25-year track record as a regional senior executive with Barclays and CIBC in the Caribbean. In 2019, a 30% stake in Carilend was acquired by VMIL. A further minority stake was acquired by Kailash Pardasani, the Barbados-based serial entrepreneur.

Carilend is not resting on its laurels and is planning to expand its footprint in 2023 while continuing to rapidly grow its loan book in Barbados, Jamaica and Trinidad and Tobago.

Home Choice

Home Choice Enterprise Limited was founded in 1999 by its Chairperson and CEO Ms Kareema Muncy and became a corporate entity in 2004. Ms Muncey started the Company with US$50 in capital and a knapsack, walking from shop to shop, selling peppered shrimps and guava cheese. Ms Muncey continued to expand the business and today it is a well-known household brand. The company's main products include, but are not limited to, its hallmark peppered shrimps, ginger extract, lime juice, lemon juice, vinegar, recently introduced beverage line including ginger beer and lemon ginger beverages to the market, sauces, soup mixes, and other notable products under the Home Choice brand.

The Company is now supported by sixty-five (65) team members, and operates from a production, warehouse, and storage space of approximately 8,000 square feet. Home Choice distributes to over 3,000 customers across Jamaica. Since its inception, the company has grown its business model by selling to the 'small shop' businesses, to ensure it maintains its service level agreement (SLA), its mission statement. Home Choice largely does its distribution from in-house.

During 2021 and continuing in 2022, Home Choice made a strategic decision to further vertically integrate its business model to protect its shareholders, and simultaneously to maximise shareholder value over the long term. For its liquid line of products (lime juice, lemon juice, ginger extract, etc.) the company was outsourcing these products to a local contract manufacturer. The business model proved successful for several years, but with a stronger balance sheet position in 2022, with profitable operations, as well as the equity fundraise via VM Investments and/or investors, the company's Board ratified the purchase of a manufacturing line for liquid beverages and wound down its relationship with the contract manufacturer. As at March 31, 2022, all manufacturing of Home Choice liquids and beverages are now done in-house.

As a result of this strategic move and increased demand, Home Choice's Net Profit moved from $6.3 million in 2020 to $34.3 million in 2021 and $23.3 million (Draft) for 2022. The fiscal year of 2023 should rapidly see Home Choice Enterprise Limited, continue to transition from a distribution company to a manufacturing and distribution operation, where it is able to secure and protect its intellectual property and its strength in research and development.

2022 **Pictorial Highlights**

022 Pictorial Highlights

vmil.myvmgroup.com

Financial Statements

DECEMBER 31, 2022

VM Investments Limited

Independent Auditors' Report

To the Members of **Victoria Mutual Investments Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Victoria Mutual Investments Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiary ("the group"), set out on pages 104 to 194 which comprise the group's and company's statements of financial position as at December 31, 2022, 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 significant 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, 2022, and of the group's and company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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 *Auditors' 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Fair value of investments

See notes 6 and 29 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The valuation of the group's investment securities requires significant estimation, which is impacted by uncertainty of market factors. These market or economic conditions either has a direct impact on the fair value measurement if fair value is determined based on market prices, or indirectly if a valuation technique is based on input that are derived from market.	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the group's controls over the determination and computation of fair values. • Challenging the reasonableness of yields or prices by comparing to independent pricing sources. • Assessing the reasonableness of significant assumptions used by management. • Involving our own valuation specialists to determine or obtain yields or prices of specific securities and comparing them to those used by management. • Evaluating the adequacy of the disclosures, including disclosure of the degree of estimation uncertainty involved in determining fair values.

Independent Auditors' Report

To the Members of **Victoria Mutual Investments Limited**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

2. Expected credit loss on financial assets

See note 28 (b) of the financial statements

The key audit matter	How the matter was addressed in our audit
The group and company are required to recognize expected credit losses ('ECL') on financial assets, the determination of which involves high estimation uncertainty and requires management to make significant judgements and estimates about the elements considered in calculating the ECL. The key areas requiring greater management judgment include the identification of significant increase in credit risk (SICR), the determination of probability of default, lost given default, exposure at default, management overlay and application of forward-looking information.	Our procedures in this area included the following: • Assessing and testing the design and implementation of the group's and company's control over the determination of expected credit losses. • Updating our understanding of the models used by the group and company for the calculation of expected credit losses, including governance over the determination of key judgements. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.

2. Expected credit loss on financial assets (continued)

The key audit matter (continued)	How the matter was addressed in our audit (continued)
Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. Therefore, impairment of financial assets has a high degree of estimation uncertainty.	Our procedures in this area included the following (continued): • Involving our financial risk management specialists to evaluate the appropriateness of the group's and company's methodology for determining the economic scenarios used and the probability weightings applied to them in determining the forward-looking indicators. • Evaluating the adequacy of the financial statement disclosures, including disclosures of the key assumptions and judgements, for compliance with IFRS 9.

3. Investment in associate

See note 7 of the financial statements

The key audit matter	How the matter was addressed in our audit
The group acquired shareholdings in an equity accounted entity as detailed in Notes of the financial statements.	Our procedures in this area included the following: • Examined the terms of the sale agreement for the property exchanged in the transaction

Independent Auditors' Report

To the Members of **Victoria Mutual Investments Limited**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

3. Investment in associate (continued)

The key audit matter (continued)	How the matter was addressed in our audit (continued)
The classification and measurement of this investment involves significant judgement, having regards to the group's ability to control or significantly influence the relevant activities of the investee entity through Board representation. The acquisition is a significant unusual transaction with a related party because the shareholdings were acquired from related party in exchange for a property owned by the group. The sale price of the property exchanged is consideration for the acquisition of shares. The group is required to determine the fair value of the transaction which involve placing a value on the properties exchanged and the determination of the transaction price for the shares exchanged.	Our procedures in this area included the following (continued): • Involved our own valuation specialist in the review of the valuation of property by the third-party valuator engaged by the management, including challenging valuation methodologies and assumptions used in the said valuation and the reasonableness of the transaction price. • Assessed the extent of the group's influence through considering its voting rights with respect to the equity accounted investee and obtained an understanding of the group's representation on the investee's Board of Directors. • Tested the mathematical accuracy of the calculation including the cost of the investment in associate using the bid price of shares already owned by the group and the transaction price for the number of shares acquired from the related party and the gain on exchange of the property owned by the group.

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 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 group and the company or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report

To the Members of **Victoria Mutual Investments 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at page 103, forms part of our auditors' report.

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.

The engagement partner on the audit resulting in this independent auditors' report is W. Gihan C. de Mel.

KPMG

Chartered Accountants
Kingston, Jamaica

May 3, 2023

Independent Auditors' Report

To the Members of **Victoria Mutual Investments Limited**

Appendix to the Independent Auditors' report

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Victoria Mutual Investments Limited

Consolidated Statement of **Financial Position**

December 31, 2022

	Notes	2022 $'000	2021 $'000 Restated*	2020 $'000 Restated*
ASSETS				
Cash and cash equivalents	4	1,192,249	684,077	1,571,567
Resale agreements	5	752,147	4,051,332	7,380,680
Investment securities	6	17,560,235	20,399,811	16,366,621
Net investment in finance leases	18(b)	131,462	155,836	110,832
Loans receivable	9	5,467,380	3,482,266	1,789,651
Accounts receivable:				
Customers		325,809	227,080	716,005
Brokers		-	-	5,217
Others	10	600,678	493,574	1,092,364
Deferred tax asset	11	1,060,163	333,359	44,083
Property, plant and equipment	12	136,085	908,198	189,187
Intangible asset – computer software	13	300,477	183,079	226,932
Interest in associates	7	1,626,437	-	-
TOTAL ASSETS		29,153,122	30,918,612	29,493,139
LIABILITIES AND EQUITY				
Liabilities:				
Due to ultimate parent society	30(c)	441,722	216,040	197,988
Borrowings	17	7,494,118	5,521,964	3,042,641
Accounts payable:				
Customers		1,081,129	719,915	1,149,953
Brokers		68,724	20,414	-
Others	14	1,217,225	963,220	493,273
Lease liabilities	18(a)	66,345	76,650	85,978
Repurchase agreements	15	15,589,291	19,649,270	20,312,831
Income tax payable		88,781	39,216	37,679
Employee benefit obligation	16(b)(i)	19,300	32,700	39,200
TOTAL LIABILITIES		26,066,635	27,239,389	25,359,543

	Notes	2022 $'000	2021 $'000 Restated*	2020 $'000 Restated*
Equity:				
Share capital	19	707,887	707,887	707,887
Share premium		24,000	24,000	24,000
Investment revaluation reserve	20(a)	(806,791)	488,333	1,157,234
Other reserve	20(b)	21,800	11,267	4,267
Retained earnings		3,089,591	2,397,736	2,190,208
Equity attributable to owners of the company		3,036,487	3,629,223	4,083,596
Non-controlling interest	21	50,000	50,000	50,000
TOTAL EQUITY		3,086,487	3,679,223	4,133,596
TOTAL EQUITY AND LIABILITIES		29,153,122	30,918,612	29,493,139

The financial statements on pages 104 to 194 were approved for issue by the Board of Directors on May 3, 2023
and signed on its behalf by:

_____________________ Chairman
Michael McMorris

_____________________ Chief Executive Officer
Rezworth Burchenson

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

Victoria Mutual Investments Limited

Consolidated Statement of **Financial Position**

December 31, 2022

	Notes	2022 $'000	2021 $'000 Restated*	2020 $'000 Restated*
ASSETS				
Cash and cash equivalents	4	216,608	114,443	80,343
Resale agreements	5	-	692,631	79,997
Investment securities	6	1,102,331	2,116,330	900,905
Net investment in finance leases	18(b)	131,462	155,836	110,832
Loans receivable	9	5,467,380	3,482,266	1,789,651
Accounts receivable:				
Others	10	143,629	97,815	812,425
Deferred tax asset	11	16,573	-	13,345
Property, plant and equipment	12	-	745,701	-
Intangible asset – computer software	13	41,360	-	-
Interest in subsidiary	8	1,009,500	109,500	109,500
Interest in associates	7	1,626,437	-	-
TOTAL ASSETS		9,755,280	7,514,522	3,896,998
LIABILITIES AND EQUITY				
Liabilities:				
Due to ultimate parent society	30(c)	193,593	122,137	130,579
Due to subsidiary company	30(c)	110,805	415,592	13,551
Borrowings	17	7,406,181	5,469,255	3,035,836
Accounts payable:				
Others	14	826,347	604,106	105,634
Repurchase agreements	15	195,152	197,758	-
Income tax payable		59,922	26,760	32,707
Deferred tax liability	11	-	19,318	-
TOTAL LIABILITIES		8,792,000	6,854,926	3,318,307

	Notes	2022 $'000	2021 $'000 Restated*	2020 $'000 Restated*
Equity:				
Share capital	19	707,887	707,887	707,887
Share premium		24,000	24,000	24,000
Retained earnings/(accumulated		231,393	(72,291)	(153,196)
TOTAL EQUITY		963,280	659,596	578,691
TOTAL EQUITY AND LIABILITIES		9,755,280	7,514,522	3,896,998

The financial statements on pages 104 to 194 were approved for issue by the Board of Directors on May 3, 2023
and signed on its behalf by:

______________________ Chairman

Michael McMorris

______________ Chief Executive Officer

Rezworth Burchenson

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

Victoria Mutual Investments Limited

Income Statements

Year ended December 31, 2022

	Notes	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000 Restated*
Interest income calculated using the effective interest method	22	1,399,914	1,127,569	453,270	310,373
Other interest income:					
Finance leases	22	11,711	9,050	11,711	9,050
Interest expense	22	(1,158,587)	(767,405)	(422,236)	(198,117)
Net interest income		253,038	369,214	42,745	121,306
Fees and commissions income	24	1,019,280	800,807	35,940	27,795
Fee and commission expense	24	(7,520)	(8,851)	-	-
Net fees and commissions		1,011,760	791,956	35,940	27,795
Gains from investment activities activities	23	996,766	670,156	378,404	103,412
Rent		74,828	-	74,828	-
Dividend income		33,045	20,874	10,860	257,962
Other income		17,752	3,947	4,283	824
Other operating revenue		2,134,151	1,486,933	504,315	389,993
Net interest income and other operating revenue		2,387,189	1,856,147	547,060	511,299
Operating expenses					
Staff costs	25	(764,675)	(648,619)	-	-
Impairment gains/(losses) on financial assets	28(b)	20,588	(4,866)	(3,412)	(1,487)
Other operating costs	26	(756,325)	(544,443)	(232,941)	(134,592)
		(1,500,412)	(1,197, 928)	(236,353)	(136,079)
Profit before income tax		886,777	658,219	310,707	375,220
Income tax charge	27	(194,922)	(218,187)	(7,023)	(61,811)

	Notes	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000 Restated*
Profit for the year attributable to shareholders of the company		691,855	440,032	303,684	313,409
Earnings per share (expressed as ¢ per share)	33	46¢	29¢		

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

Victoria Mutual Investments Limited

Statements of **Comprehensive Income**

Year ended December 31, 2022

	Notes	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000 Restated*
Profit for the year		691,855	440,032	303,684	313,409
Other comprehensive income (OCI):					
Items that will never be classified to profit or loss:					
Net losses on investment in equity instruments designated at fair value through OCI	6	(64,770)	(163,200)	-	-
Remeasurement of employee benefit obligation	16(b)(i)	15,800	10,500	-	-
Deferred tax on remeasurement of employee benefit obligation	11	(5,267)	(3,500)	-	-
		10,533	7,000	-	-
		(54,237)	(156,200)	-	-
Item that may be reclassified to profit or loss:					
Change in fair value of debt securities at fair value through OCI, net of expected credit losses	29(c)	(1,845,531)	(758,551)	-	-
Deferred tax on change in fair value of investment securities measured at fair value through OCI	11	615,177	252,850	-	-
		(1,230,354)	(505,701)	-	-
Total other comprehensive loss net of tax		(1,284,591)	(661,901)	-	-
Total comprehensive (loss)/income for the year attributable to shareholders of the company		(592,736)	(221,869)	303,684	313,409

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

Victoria Mutual Investments Limited

Group Statement of **Changes in Equity**

Year ended December 31, 2022

	Attributable to owners of the company							
	Share capital [Note (19)] $'000	Share premium $'000	Investment revaluation reserve [Note 20(a)] $'000	Other reserve [Note 20(b)] $'000	Retained earnings $'000	Total $'000	Non-controlling interest (Note 21) $'000	Total equity $'000
Balances at December 31, 2020, as previously reported	707,887	24,000	1,157,234	4,267	2,438,083	4,331,471	50,000	4,381,471
Prior year adjustments (note 35)	-	-	-	-	(247,875)	(247,875)	-	(247,875)
Balances at December 31, 2020, as restated	707,887	24,000	1,157,234	4,267	2,190,208	4,083,596	50,000	4,133,596
Transactions with shareholders:								
Dividends (note 31)	-	-	-	-	(232,504)	(232,504)	-	(232,504)
Comprehensive income:								
Profit for the year, as previously reported	-	-	-	-	564,137	564,137	-	564,137
Prior year adjustments (note 35)	-	-	-	-	(124,105)	(124,105)	-	(124,105)
Profit for the year, as restated	-	-	-	-	440,032	440,032	-	440,032
Other comprehensive income:								
Change in fair value of investment securities, net of deferred tax	-	-	(505,701)	-	-	(505,701)	-	(505,701)
Change in fair value of equities at FVOCI	-	-	(163,200)	-	-	(163,200)	-	(163,200)
Remeasurement of employee benefit obligation, net of deferred tax	-	-	-	7,000	-	7,000	-	7,000
Total other comprehensive loss	-	-	(668,901)	7,000	-	(661,901)	-	(661,901)
Total comprehensive loss for the year, as restated	-	-	(668,901)	7,000	440,032	(221,869)	-	(221,869)
Balances at December 31, 2021, as restated	707,887	24,000	488,333	11,267	2,397,736	3,629,223	50,000	3,679,223
Comprehensive income:								
Profit for the year	-	-	-	-	691,855	691,855	-	691,855
Other comprehensive income:								
Change in fair value of investment securities, net of deferred tax	-	-	(1,230,354)	-	-	(1,230,354)	-	(1,230,354)
Change in fair value of equities at FVOCI	-	-	(64,770)	-	-	(64,770)	-	(64,770)
Remeasurement of employee benefit obligation, net of deferred tax	-	-	-	10,533	-	10,533	-	10,533
Total other comprehensive loss	-	-	(1,295,124)	10,533	-	(1,284,591)	-	(1,284,591)
Total comprehensive loss for the year	-	-	(1,295,124)	10,533	691,855	(592,736)	-	(592,736)
Balances at December 31, 2022	707,887	24,000	(806,791)	21,800	3,089,591	3,036,487	50,000	3,086,487

14

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

Victoria Mutual Investments Limited

Group Statement of **Changes in Equity**

Year ended December 31, 2022

	Share capital [Note (19)] $'000	Share premium $'000	Retained earnings/ (accumulated deficit) $'000	Total $'000
Balances at December 31, 2020, as previously reported	**707,887**	**24,000**	**94,679**	**826,566**
Prior year adjustments (note 35)	-	-	(247,875)	(247,875)
Balances at December 31, 2020, as restated	**707,887**	**24,000**	**(153,196)**	**578,691**
Transactions with shareholders:				
Dividends (note 31)	-	-	(232,504)	(232,504)
Comprehensive income:				
Profit for the year, being total comprehensive income for the year, as previously reported	-	-	437,514	437,514
Prior year adjustments (note 35)	-	-	(124,105)	(124,105)
Profit for the year, being total comprehensive income for the year, as restated	-	-	80,905	80,905
Balances at December 31, 2021, as restated	**707,887**	**24,000**	**(72,291)**	**659,596**
Transactions with shareholders:				
Dividends (note 31)	-	-	-	-
Comprehensive income:				
Profit for the year, being total comprehensive income for the year	-	-	303,684	303,684
Balances at December 31, 2022	**707,887**	**24,000**	**231,393**	**963,280**

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

Victoria Mutual Investments Limited

Statements of **Cash Flows**

Year ended December 31, 2022

	Notes	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000 Restated*
Cash flows from operating activities:					
Profit for the year		691,855	440,032	303,684	313,409
Adjustments for:					
Depreciation	12	36,590	28,707	8,645	-
Amortisation of intangible asset	13	52,820	50,312	515	-
Deferred income		-	40,136	-	40,136
Impairment (gains)/losses on financial assets	28(b)	(20,588)	4,866	3,412	1,487
Change in employee benefit obligation	16(b)(ii)	2,400	4,200	-	-
Amortisation of transaction costs		25,766	21,291	25,766	21,291
Unrealised exchange (gains)/losses on foreign currency balances		(13,425)	(17,664)	(1,706)	14,272
Gains from investment activities		(711,070)	(670,156)	(92,708)	(103,412)
Gain from property/share swap		(285,696)	-	(285,696)	-
Interest income	22	(1,411,625)	(1,136,619)	(464,981)	(319,423)
Dividend income		(33,045)	(20,874)	(10,860)	(257,962)
Interest expense	22	1,151,386	759,227	422,236	198,117
Interest expense on lease liabilities	18(a)	7,201	8,178	-	-
Income tax charge	27	194,922	218,187	7,023	61,811
		(312,509)	(234,849)	(84,670)	(30,274)
Changes in operating assets and liabilities:					
Due to ultimate parent society		71,455	18,052	71,455	(8,442)
Due to subsidiary company		-	-	(304,787)	402,041
Loans receivable		(2,011,900)	(1,674,754)	(2,011,900)	(1,674,754)
Resale agreements		3,291,174	3,042,649	692,631	(612,640)
Accounts receivable		(256,683)	1,192,314	(70,959)	760,744
Accounts payable		843,859	(44,159)	223,880	415,059
Repurchase agreements		(3,856,321)	(690,469)	-	186,830
		(2,230,925)	1,608,784	(1,474,350)	(561,436)
Interest received		1,690,089	1,330,763	485,678	290,789
Interest paid		(1,136,639)	(723,327)	(422,553)	(159,481)
Income tax paid		(262,251)	(281,736)	(9,752)	(60,254)
Net cash (used in)/provided by operating activities		(1,940,726)	1,934,484	(1,420,977)	(490,382)

	Notes	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000 Restated*
Cash flows from investing activities:					
Acquisition of property, plant and equipment	12	(3,553)	(747,718)	(2,020)	(745,701)
Acquisition of intangible asset	13	(170,218)	(6,459)	(41,875)	-
Investment in finance leases		(20,641)	(72,660)	(20,641)	(72,660)*
Proceeds from finance lease repayments		45,782	26,714	45,782	26,714*
Investment in cumulative preference shares		-	(117,633)	-	(117,633)
Purchase of investment securities		(7,168,629)	(17,166,476)*	(1,978,044)	(1,939,762)*
Proceeds from sale of investment securities		7,842,110	13,020,553*	2,525,868	930,397*
Investment in subsidiary	8	-	-	(900,000)	-
Investment in associated company	7	(25,229)	-	(25,229)	-
Dividends received		33,045	5,882	10,860	257,962
Net cash provided by/(used in) investing activities		532,667	(5,057,797)	(385,299)	(1,660,683)
Cash flow from financing activities:					
Proceeds from loans and borrowings	17	2,373,268	3,956,624*	2,338,040	3,910,720*
Repayment of loans and borrowings	17	(426,880)	(1,497,471)*	(426,880)	(1,497,471)*
Payment of lease liabilities	18(a)	(10,305)	(9,328)	-	-
Dividends paid	31	-	(232,504)	-	(232,504)
Net cash provided by financing activities		1,936,083	2,217,321	1,911,160	2,180,745
Net increase/(decrease) in cash and cash equivalents		528,024	(905,992)	104,884	29,680
Cash and cash equivalents at beginning of year		684,077	1,571,567	114,443	80,343
Effect of exchange rate fluctuations on cash and cash equivalents		(19,852)	18,502	(2,719)	4,420
Cash and cash equivalents at end of year	4	1,192,249	684,077	216,608	114,443

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

Victoria Mutual Investments Limited

Notes to the **Financial Statements**

December 31, 2022

1. Identification

Victoria Mutual Investments Limited ("the company") is incorporated and domiciled in Jamaica. The company is an 80% subsidiary of The Victoria Mutual Building Society ("ultimate parent society" or "VMBS"). The ultimate parent society is incorporated in Jamaica under the Building Societies Act. The company's registered office is located at 8-10 Duke Street, Kingston, Jamaica.

The company issued 20% of its ordinary shares to the public and is listed on the Jamaica Stock Exchange.

The company has a wholly-owned subsidiary, Victoria Mutual Wealth Management Limited ("the subsidiary company"), which is incorporated and domiciled in Jamaica. The principal activities of the subsidiary company are stock and investment brokering, the provision of financial and investment advisory services and money market dealing.

The company's activities are administered by its subsidiary company. The company's income during the year was mainly interest, gains from investment activities, fees and commission and dividend income.

The company and its subsidiary are collectively referred to as "the group".

The company 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 consolidated financial statements. No goodwill was identified as part of the transaction.

Effective December 30, 2022, the company acquired a 23% interest in Kingston Properties Limited (KPREIT), a company incorporated and domiciled in Jamaica that invests in real estate assets.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, and comply with the Jamaican Companies Act ("the Act").

New and amended standards and interpretations that became effective during the year:

- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g., direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that became effective during the year (continued):

- **Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets (continued)**

  This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The group does not expect the amendments to have a significant impact on its financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to certain standards and are effective for annual periods beginning on or after January 1, 2022. Those that affect the group's operations are IFRS 9 Financial Instruments and IFRS 16 Leases.

  (i) IFRS 9 Financial Instruments amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The group does not expect the amendments to have a significant impact on its financial statements.

- Amendments to IFRS 16 Leases are effective for annual periods beginning on or after April 1, 2021, with early adoption permitted. The amendments extend the practical expedient by 12 months – i.e., allowing lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f) of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application.

  The group is assessing the impact that the amendment will have on its financial statements.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but 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, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

  A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current.

  It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The group does not expect the amendment to have a significant impact on its financial statements.

- 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.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

2. Basis of preparation (continued)

Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued)

- Amendments to IAS 12 *Income Taxes* (continued)

  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

  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.

  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 group is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "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".

  The group is assessing the impact that the amendment will have on its financial statements.

- 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.

2. Basis of preparation (continued)

Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued)

- Amendments to IAS 8 *Accounting Policies(continued)*

  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.

  The group is assessing the impact that the amendment will have on its financial statements.

(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), measured at fair value.

(ii) Equity securities at fair value through profit or loss (FVTPL), measured at fair value.

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

(iv) Post-employment medical benefit obligation measured at the present value of the obligation as set out in note 3(f)(iii).

(c) Functional and presentation currency

The financial statements are presented in thousands of Jamaica dollars, which is the functional currency of the company.

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, as well as estimates, based on assumptions, that affect the application of accounting policies, and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts may differ from these estimates.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

The estimates, and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) 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 principles set out in IFRS.

(1) Classification of financial assets:

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 requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(i) Key assumptions and other sources of estimation uncertainty

(1) Employee benefit obligation (note 16)

The amounts recognised in the statement of financial position, income statement and statement of profit or loss and other comprehensive income for employee benefits are determined actuarially using several assumptions. The primary assumption used in determining the amounts recognised is the discount rate used to determine the present value of post-employment medical benefits obligation.

The discount rate is determined based on the estimated yield on long-term government securities that have maturity dates approximating the terms of the group's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate of discount by extrapolating from the longest-tenure security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors.

Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(2) Allowance for impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(a) and 28(b), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase 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 3(a) and 28(b).

(3) Fair value of financial instruments

There are no quoted market prices for a significant portion of the company's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. That yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of 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. Some other fair values are estimated based on quotes published by a broker/dealer, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be different from the actual price of the instrument in an actual arm's length transaction as set out in notes 6 and 29(b).

(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 amount recoverable value of the associate. The estimate of the amount recoverable from future operations of the associate is sensitive to the discount rates used (note 7).

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies

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

(a) Financial instruments – Classification, recognition, derecognition 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. In these financial statements:

- Financial assets comprise cash and cash equivalents, resale agreements, investment securities, loans receivable, net investment in finance leases and accounts receivable.

Financial liabilities comprise accounts payable, borrowings, amounts due to related parties, lease liabilities and repurchase agreements.

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

(i) Recognition and initial measurement

The group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The group initially recognises accounts receivable on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the group measures a financial asset or financial liability at its fair value, plus or minus; the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is between the fair value and the purchase/transaction price of the asset/liability.

In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent remeasurement

The group has applied IFRS 9 and classified its financial assets in the following measurement categories:

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

Financial assets

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

(a) 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, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at [note 3(a)(vi)]. Interest income from these financial assets is included in 'Interest income' calculated 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 are measured at fair value through other comprehensive income (FVOCI). Interest income from these financial assets is included in 'interest income' calculated using the effective interest method.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. 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 and presented in the profit or loss statement within the period in which it arises. Interest income from these financial assets is included in 'Other interest income'.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

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:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. 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.

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 company 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 payment of principal and interest.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

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 period.

(b) 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 fair value through profit or loss, except where the group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the 'Gains from investment activities' caption in the statement of profit or loss.

Deferred shares are measured at fair value on initial recognition and subsequently at amortised cost.

Financial liabilities

Financial liabilities are classified as and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading book) and other financial liabilities designated as such at initial recognition.

- Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the group recognises any expense incurred on the financial liability.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iii) Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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. For debt instruments, any cumulative gains or losses that had been recognized in other comprehensive income are recycled through the income statement.

Any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI are not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the group is recognised as a separate asset or liability.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The exchange between the group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iii) Derecognition (continued)

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Measurement and gains and losses

The 'investment securities' caption in the statement of financial position includes:

- 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 measured at FVTPL with fair value changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities 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;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When 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 such equity instruments 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.

Victoria Mutual Investments Limited
Notes to the **Financial Statements** CONTINUED
December 31, 2022

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iv) Measurement and gains and losses (continued)

Specific financial instruments

(1) Derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, bond, interest rate, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk.

The group may use derivatives to manage its own exposure to foreign exchange risk. Derivatives held for risk management purposes are measured initially at fair value in the statement of financial position. Subsequent to initial recognition, derivatives are measured at fair value, and, if the derivative is not held for trading, and is not designated in a qualifying hedge relationship, changes in fair value are recognised immediately in profit or loss.

(2) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. 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 (these investments include short-term deposits where the maturities do not exceed three months from the acquisition date). Cash and cash equivalents are measured at amortised cost.

(3) 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 into transactions whereby it transfers assets but retains either all risks or 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 classified as other liabilities. 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.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(iv) Measurement and gains and losses (continued)

Specific financial instruments (continued)

(3) Resale and repurchase agreements (continued)

The proceeds of sale are reported as liabilities and are carried 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.

(4) Accounts receivable

Accounts receivable are measured at amortised cost less impairment losses.

(5) Share capital

The company's ordinary shares are classified as equity instruments in accordance with the substance of the contractual terms of the instrument. Dividends thereon are recognised as distributions within equity.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(6) Accounts payable

Accounts payable are measured at amortised cost.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

(vi) Impairment

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

- financial assets that are debt instruments; and
- lease receivables.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

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.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the company if the commitment is drawn and the cash flows that the company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the group expects to recover.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

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 are 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.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

Credit-impaired financial assets (continued)

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired 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 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.

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.
- 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 is recognised in profit or loss as a reclassification from OCI.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition, derecognition and measurement (continued)

(vi) Impairment (continued)

Write-off (continued)

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

(b) Investment in associates

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. Interest in associate is accounted for using the equity method for the group and company.

It is recognised separately and initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's and the company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

When the group's and company's share of losses exceeds its interest in an associate, the group's and company's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the group and company has incurred legal or constructive obligations or made payments on behalf of an associate. If the associate subsequently reports profits, the group and company resumes recognising their share of those profits only after their share of profits equals the share of accumulated losses not recognised.

(c) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rates ruling at that date. Transactions in foreign currencies are translated at the foreign exchange rates ruling at the date of the transaction. Gains and losses arising on translation are recognised in profit or loss.

(d) Property, plant and equipment

Land is measured at historical cost. All other items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Depreciation is charged on the straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Computers	5 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Right-of-use assets (leasehold properties)	7-10 years
Buildings	40 years

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

(e) Intangible asset – computer software and amortisation

Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs associated with maintaining computer software programs are recognised in profit or loss as incurred.

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 useful lives, estimated between five and seven years. Amortisation methods, useful lives and residual values are reassessed at each reporting date.

(f) Employee 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 a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described in (ii) and (iii) 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 and charged as an expense, unless not considered material, in which case they are charged when they fall due.

3. Significant accounting policies (continued)

(f) Employee benefits (continued)

(i) General benefits (continued)

Post-employment obligations included in these financial statements are actuarially determined by a qualified independent actuary. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation was conducted in accordance with IAS 19, and the financial statements reflect the group's post-employment benefit obligations as computed by the actuary.

(ii) Defined-benefit pensions

The subsidiary company is a participating employer in a group defined-benefit pension plan operated by the ultimate parent society [see note 16(a)]. Additionally, all residual interest in the scheme belongs to the ultimate parent society. The plan is, therefore, accounted for as a defined-contribution plan in the financial statements of the individual participating subsidiaries, that is, pension contributions, as recommended by the actuary, are expensed as they become due.

The subsidiary company also participates in a defined contribution plan [see note 16(a)]. Contributions are expensed as they become due.

(iii) Employee medical benefits

The subsidiary company provides post-employment medical benefits to retirees.

The group's net obligation in respect of medical benefits provided to retirees is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value.

The discount rate is the yield on long-term government securities that have maturity dates approximating the terms of the group's obligation. The calculation is performed by an independent, qualified actuary using the *projected unit credit* method.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(f) Employee benefits (continued)

(iii) Employee medical benefits (continued)

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses are recognised immediately in other comprehensive income (OCI). The group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the portion of the change in benefit relating to past service by employees is recognised as an expense immediately in profit or loss. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

(g) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

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 income 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 income tax purposes. Deferred 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 by the reporting date.

A deferred 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 utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the group. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3. Significant accounting policies (continued)

(h) Impairment of non-financial assets

The carrying amounts of the group'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.

The recoverable amount of non-financial assets 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. 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 exceeds its recoverable amount.

Impairment losses are recognised in the income statement.

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) Leases

At inception of a contract, the company 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.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices.

Non-lease components have been separated for leases of properties.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(i) Leases (continued)

(a) As a lessee (continued)

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 lease payments that are not paid 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 determines its incremental borrowing rate by obtaining interest rates from The Victoria Mutual Building Society and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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 company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Subsequent to initial recognition, 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.

3. Significant accounting policies (continued)

(i) Leases (continued)

(a) As a lessee (continued)

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 carrying amount of the right-of-use asset has been reduced to zero.

The group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities as such in the statement of financial position.

Short-term leases

The group has elected not to recognise right-of-use assets and lease liabilities for lease that are considered short-term leases. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. (i)

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the group applies IFRS 15 to allocate the consideration in the contract.

The group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(j) Interest

(i) Effective interest rate

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets; or the amortised cost of the financial liability.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(j) Interest (continued)

(i) Effective interest rate (continued)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimate future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(ii) Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(iii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3. Significant accounting policies (continued)

(j) Interest (continued)

Presentation

Interest income calculated using the effective interest method presented in the income statement includes interest on financial assets measured at amortised cost and interest on debt instruments measured at FVOCI; interest expense presented in the income statement includes financial liabilities measured at amortised cost and interest expense on lease liabilities.

(k) Gain or loss from trading and holding securities

Gain or loss on securities trading is recognised when the group becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon remeasurement of those assets.

(l) Dividend income

Dividends are recognised in the income statement when the group's irrevocable right to receive payment is established.

(m) Fee and commission income

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type	Nature and timing of satisfaction of performance obligation, including significant payment term	Revenue recognition under IFRS 15
Equity trading services	The group provides stockbrokering services to customers. A fixed fee is charged for each transaction executed.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

3. Significant accounting policies (continued)

(m) Fee and commission income (continued)

Type	Nature and timing of satisfaction of performance obligation, including significant payment term	Revenue recognition under IFRS 15
Corporate advisory services	The group provides finance-related services including loan administration services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Portfolio asset management service	The group provides portfolio/asset management services. Fees for provides portfolio/asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis.	Revenue from portfolio/asset management services is recognised over time as the services are provided.

4. Cash and cash equivalents

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Bank accounts	1,176,733	667,673	216,608	114,443
Accounts with brokers	15,516	16,404	-	-
	1,192,249	684,077	216,608	114,443

5. Resale agreements

The group purchases government and corporate securities and agrees to resell them on a specified date and at a specified price ('resale agreements').

	Group	
	2022 $'000	2021 $'000
Denominated in Jamaica dollars	329,000	580,000
Denominated in United States dollars [US$2,804,993 (2021: US$22,556,560)]	423,577	3,471,908
	752,577	4,051,908
Less allowance for expected credit losses [note 28(b)(iv)(d)]	(430)	(576)
	752,147	4,051,332

5. Resale agreements (continued)

	Company	
	2022	2021
	$'000	$'000
Denominated in Jamaica dollars	-	-
Denominated in United States dollars [US$ nil (2021: US$4,500,000)]	-	692,640
Less allowance for expected credit losses [note 28(b)(iv)(d)]	-	(9)
	-	692,631

Under collateralised resale agreements, the group obtains securities as collateral on terms which permit it to re-pledge or resell them to others under repurchase agreements as set out in note 14. At December 31, 2022, securities that the group and company held under repurchase arrangements had a fair value of $1,052,283,000 (2021: $7,569,772,000) and $ nil (2021: $2,444,971,000), respectively.

6. Investment securities

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
		Restated*		Restated*
Investment securities at fair value through profit or loss:				
Unquoted equities	81,250	12,748	77,182	4,617
Quoted equities	349,628	574,655	348,931	573,090
Convertible preference shares [see note 35(b)]	-	-	-	-
	430,878	587,403	426,113	577,707
Amortised cost:				
Deferred shares	410,647	410,647	410,647	410,647
Corporate bonds	62,466	942,525	62,466	942,525
Government of Jamaica securities:				
Benchmark investment notes	63,478	63,457	63,478	63,457
US$ bonds [US$ 1,000,000 (2021: US$1,000,000]	151,008	153,920	151,008	153,920
	687,599	1,570,549	687,599	1,570,549

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
		Restated*		Restated*
At fair value through other comprehensive Income				
Quoted equities	808,350	873,120	-	-
Government of Jamaica securities:				
Treasury bills	2,003	-	-	-
Benchmark investment notes	5,617,917	6,775,020	-	-
US$ bonds [US$48,269,281 (2021: US$47,366,084)]	7,289,057	7,290,587	-	-
	12,908,977	14,065,607	-	-
Bank of Jamaica securities:				
J$ Certificates of deposit	-	455,983	-	-
Foreign government securities:				
US$ bonds [US$5,631,596 (2021: US$4,498,253)]	850,417	692,373	-	-
Other public sector securities [US$2,631,043 (2021: US$2,942,369)]	397,309	452,889	-	-
Corporate bonds [US$3,835,031 (2021: US$ $4,200,269)]	908,965	646,505	-	-
J$ Corporate bond	579,121	1,087,308	-	-
	1,488,086	1,733,813	-	-
	16,453,139	18,273,786	-	-
	17,571,616	20,431,737	1,113,712	2,148,256
Less allowance for impairment on instruments at amortised cost [note 28(b)(v)(d)]	(11,381)	(31,926)	(11,381)	(31,926)
	17,560,235	20,399,811	1,102,331	2,116,330
Allowance for impairment on investments at FVOCI [note 28(b)(v)(d)]	77,832	101,729	-	-

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

6. Investment securities (continued)

Investment securities mature, in relation to the reporting date, as follows:

	Group					
	2022					
	Within 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	More than 5 years $'000	No maturity $'000	Total $'000
Investment securities at fair value through profit or loss:						
Unquoted equities	-	-	-	-	81,250	81,250
Quoted equities	-	-	-	-	349,628	349,628
	-	-	-	-	430,878	430,878
At amortised cost:						
Deferred shares	-	410,647	-	-	-	410,647
Corporate bonds				62,466	-	62,466
Benchmark investment notes	-	-	63,478	-	-	63,478
US$ bonds	-	151,008	-	-	-	151,008
	-	561,655	63,478	62,466	-	687,599
At FVOCI:						
Quoted equities	-	-	-	-	808,350	808,350
Debt instruments:						
Benchmark investment notes	400,775	-	1,364,544	3,852,598	-	5,617,917
Treasury bills	2,003	-	-	-	-	2,003
US$ bonds	-	-	1,160,145	6,128,912	-	7,289,057
Foreign government securities	-	-	372,801	477,616	-	850,417
Other public sector securities	-	-	397,309	-	-	397,309
Corporate bonds	554,298	99,524	255,142	579,122	-	1,488,086
	957,076	99,524	3,549,941	11,038,248	-	15,644,789
	957,076	661,179	3,613,419	11,100,714	1,239,228	17,571,616

	Group					
	2021 Restated*					
	Within 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	More than 5 years $'000	No maturity $'000	Total $'000
Investment securities at fair value through profit or loss:						
Unquoted equities	-	-	-	-	12,748	12,748
Quoted equities	-	-	-	-	574,655	574,655
	-	-	-	-	587,403	587,403
At amortised cost:						
Deferred shares	-	-	410,647	-	-	410,647
Corporate bonds	-	-	882,138	60,387	-	942,525
Benchmark investment notes	-	-	63,457	-	-	63,457
US$ bonds	-	-	153,920	-	-	153,920
	-	-	1,510,162	60,387	-	1,570,549
At FVOCI:						
Quoted equities	-	-	-	-	873,120	873,120
Debt instruments:						
J$ Certificates of deposit	209,867	-	246,116		-	455,983
Benchmark investment notes	-	-	3,030,128	3,744,892	-	6,775,020
US$ bonds	866,091	-	772,120	5,652,376	-	7,290,587
Foreign government securities	-	-	157,768	534,605	-	692,373
Other public sector securities	-	-	414,222	38,667	-	452,889
Corporate bonds	-	204,931	882,399	646,483	-	1,733,813
	1,075,958	204,931	5,502,753	10,617,023	-	17,400,665
	1,075,958	204,931	7,012,915	10,677,410	1,460,523	20,431,737

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

6. Investment securities (continued)

Investment securities mature, in relation to the reporting date, as follows (continued):

Certain Bank of Jamaica, Government of Jamaica and foreign government securities are pledged as collateral for repurchase agreements (see note 15).

Government of Jamaica securities having an aggregate face value of $32,000,000 (2021: $32,000,000) have been pledged as collateral against possible overdrafts and uncleared effects at one of the subsidiary company's bankers. The fair value of the securities is $32,018,794 (2021: $32,002,997).

	Company				
	2022				
	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities at fair value through profit or loss:					
Unquoted equities	-	-	-	77,182	77,182
Quoted equities	-	-	-	348,931	348,931
	-	-	-	426,113	426,113
At amortised cost:					
Deferred shares	410,647	-	-	-	410,647
Corporate bonds	-	-	62,466	-	62,466
Benchmark investment notes	-	63,478	-	-	63,478
US$ bonds	151,008	-	-	-	151,008
	561,655	63,478	62,466	-	687,599
	561,655	63,478	62,466	426,173	1,113,712

	Company			
	2021 Restated*			
	1 to 5 years	More than 5 years	No maturity	Total
	$'000	$'000	$'000	$'000
Investment securities at fair value through profit or loss:				
Unquoted equities	-	-	4,617	4,617
Quoted equities	-	-	573,090	573,090
	-	-	577,707	577,707
At amortised cost:			-	
Deferred shares	410,647	-	-	410,647
Corporate bonds	882,138	60,387		942,525
Benchmark investment notes	63,457	-	-	63,457
US$ bonds	153,920	-	-	153,920
	1,510,162	60,387	-	1,570,549
	1,510,162	60,387	577,707	2,148,256

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

6. Investment securities (continued)

Investment securities mature, in relation to the reporting date, as follows (continued):

Certain Bank of Jamaica, Government of Jamaica and foreign government securities are pledged as collateral for repurchase agreements (see note 15).

Government of Jamaica securities having an aggregate face value of $32,000,000 (2021: $32,000,000) have been pledged as collateral against possible overdrafts and uncleared effects at one of the subsidiary company's bankers. The fair value of the securities is $32,018,794 (2021: $32,002,997).

Equity investment securities designated 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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Jamaica Stock Exchange	808,350	873,120	22,185	13,923

None of these investments were disposed of during the year ended December 31, 2022 (2021: Nil), and there were no transfers of any cumulative gains or losses within equity relating to these investments (2021: Nil). The change in fair value on these investments was $64,770,000 for the year ended December 31, 2022 (2021: $163,200,000).

Debt instruments designated at FVOCI

The following table shows the movement in the gross carrying value of debt instruments designated at FVOCI

	Group	
	2022 $'000	2021 $'000
Balance at 1 January	17,400,665	14,165,392
New debt instruments originated or purchased	5,190,585	15,226,714
Debt instruments derecognised	(4,702,606)	(11,317,406)
Purchased (premiums)/discounts amortised	(256,370)	(233,860)
Fair value losses recognised during the year	(1,845,531)	(758,551)
Expected credit loss allowance	23,896	(3,305)
Effect of changes in foreign exchange rates	(165,850)	321,681
Balance at 31 December	15,644,789	17,400,665

7. Interest in associates

	Group and Company	
	2022 **$'000**	**2021** **$'000** **Restated***
Carrying amount of interest in associates:		
Carilend Caribbean Holdings Ltd.	-	-
Kingston Properties Limited	1,626,437	-
	1,626,437	-

Effective August 29, 2019, the company acquired 30% shareholding in Carilend Caribbean Holdings Ltd. (Carilend) at an initial cost of $106,103,000. Carilend's registered office is in St. Thomas, Barbados and its principal activity is the operation of a peer to peer lending platform which efficiently matches borrowers and lenders. The purpose of the acquisition is to generate dividend income and take a position in the fintech sub-sector.

7. Interest in associates (continued)

The following table summarises the financial information of Carilend as included in its own unaudited financial statements as at and for the year ended December 31, 2022 adjusted for fair value adjustments. The financial statements of Carilend are denominated in United States dollars.

	Group and Company 2022 $'000	Group and Company 2021 $'000 Restated*
Percentage ownership interest in Carilend	30%	30%
Non-current assets	1,034,215	94,136
Current assets	132,118	747,271
Total assets	1,166,333	841,407
Non-current liabilities	(1,573,032)	(1,224,568)
Current liabilities	(196,493)	(140,368)
Total liabilities	(1,769,525)	(1,364,936)
Net liabilities (100%)	(603,192)	(523,529)
Carrying amount of interest in Carilend	-	-
Revenue	255,837	148,008
Loss from continuing operations	91,998	110,796
Share of loss from continuing operations	-	-

In testing the carrying value of interest in associate for impairment, the recoverable amount is estimated based on its value-in-use. Where the recoverable amount exceeds the carrying amount, no impairment allowance is made. The recoverable amount of the interest in associate is arrived at by estimating the future cash flows and discounting these cash flows using long-term discount rates applicable to the countries in which the business operates. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. Projected cash flows are estimated over 5 years discounted to present value using a discount rate 18%.

Based on management's assessment, the recoverable amount of the interest in associate was less than the carrying amount; as such, the interest in associate was determined to be impaired and was written off in full. Further assessment revealed that the prior year's impairment assessment was not correctly performed in accordance with IAS 36 Impairment of Assets, and as such, the prior year's balance was also determined to be impaired. The impact of the impairment has been applied retrospectively by adjusting the opening balances of each affected financial statement line item, including interest income, for the earliest period presented [see note 35(d)].

The total of the unrecognised share of losses of the associate since the entity became an associate in August 2019 is $112,801,894 (2021:$105,979,588).

	Group and Company 2022 $'000	Group and Company 2021 $'000
Percentage ownership interest in Kingston Properties Limited	23%	-

	Group and Company 2022 $'000
Non-current assets	7,546,587
Current assets	1,278,626
Total assets	8,825,213
Non-current liabilities	(1,545,566)
Current liabilities	(208,183)
Total liabilities	(1,753,749)
Net Assets (100%)	7,071,464
Carrying amount of interest in KPREIT	1,626,437

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

7. Interest in associates (continued)

Effective December 30, 2022, the company acquired 23% shareholding in Kingston Properties Limited (KPREIT). Accordingly, no share of profits has been recorded by the company in the current year.

The acquisition was effected via a swap transaction with the VM Wealth Unit Trust Property Fund (the Fund Manager being the wholly-owned subsidiary of the company). The company sold its two commercial properties valued at $1,050,000,000 to the VM Wealth Unit Trust Property Fund in exchange for 135,483,871 shares in KPREIT. The company had also acquired 67,895,963 shares in KPREIT during the current year. The fair value of the interest in KPREIT indicated by its quoted price on the Jamaica Stock Exchange as at 31 December 2022 is $1,726,694,790.

The balances 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.

The financial statements of KPREIT are denominated in United States dollars.

8. Interest in subsidiary

	Company	
	2022 $'000	**2021 $'000**
Shares in subsidiary – Victoria Mutual Wealth Management Limited	1,009,500	109,500
	1,009,500	109,500

During the year, the company acquired an additional 112,500,000 ordinary shares in the wholly-owned subsidiary company at $8.00 per unit as issued and fully paid up for the amount of $900,000,000.

9. Loans receivable

	Group and Company	
	2022 $'000	**2021 $'000**
Margin loans	3,208,930	1,929,003
Corporate loans	2,337,600	1,580,877
Insurance premium financing	2,758	29,562
	5,549,288	3,539,442
Less allowance for impairment on instruments at amortised cost [note 28(b)(v)(d)]	(81,908)	(57,176)
	5,467,380	3,482,266

9. Loans receivable (continued)

The following table shows the movement in gross carrying value of loan receivable:

	Group and Company	
	2022 $'000	2021 $'000
Balance at 1 January	3,539,442	1,858,855
New loans granted	3,075,023	3,411,034
Loan repayments	(1,063,123)	(1,736,280)
Effect of changes in foreign exchange rates	(2,054)	5,833
Balance at 31 December	5,549,288	3,539,442

10. Accounts receivable - others

	Group		Company	
	2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000 Restated*
Interest receivable	281,010	294,511	7,552	20,656
Withholding tax and GCT recoverable, net	182,518	130,902	85,869	74,940
Dividends receivable	3,853	-	3,853	-
Other receivables and prepaid expenses	133,297	68,161	46,355	2,219
	600,678	493,574	143,629	97,815

11. Deferred tax asset/(liability)

	Group			
	2022			
	Balance at beginning of year $'000	Recognised in other comprehensive income $'000	Recognised in income (note 27) $'000	Balance at end of year $'000
Property, plant and equipment	23,617	-	8,620	32,237
Investment securities	336,878	615,177	108,270	1,060,325
Interest receivable	(93,586)	-	(5,459)	(99,045)
Dividend receivable	(538)	-	-	(538)
Interest payable	52,555	-	5,990	58,545
Accrued vacation leave	827	-	605	1,432
Employee benefit obligation	8,166	(5,267)	(4,000)	(1,101)
Finance leases	(1,173)	-	9,427	8,254
Lease liabilities	3,635	-	334	3,969
Unrealised foreign exchange losses	2,978	-	(6,893)	(3,915)
	333,359	609,910	116,894	1,060,163

	Group			
	2021			
	Balance at beginning of year $'000	Recognised in other comprehensive income $'000	Recognised in income (note 27) $'000	Balance at end of year $'000
Property, plant and equipment	29,817	-	(6,200)	23,617
Investment securities	58,782	252,850	31,575	343,207
Interest receivable	(82,882)	-	(16,942)	(99,824)
Dividend receivable	(185)	-	(353)	(538)
Interest payable	41,082	-	11,473	52,555
Accrued vacation leave	1,174	-	(347)	827
Employee benefit obligation	13,833	(3,500)	(2,167)	8,166
Finance leases	(2,044)	-	871	(1,173)
Lease liabilities	2,977	-	658	3,635
Unrealised foreign exchange losses	(18,471)	-	21,358	2,887
	44,083	249,350	39,926	333,359

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

11. Deferred tax asset/(liability) (continued)

	Company				
	Balance at December 31, 2020	Recognised in income (note 28)	Balance at December 31, 2021	Recognised in income (note 27)	Balance at December 31, 2022
	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	-	-	-	(619)	(619)
Interest receivable	(3,379)	(6,688)	(10,067)	1,770	(8,297)
Investment securities	17,255	(32,736)	(15,481)	22,976	7,495
Finance leases	(2,044)	871	(1,173)	9,427	8,254
Interest payable	1,513	9,659	11,172	(1,432)	9,740
Tax losses	-	(3,769)	(3,769)	3,769	-
	13,345	(32,663)	(19,318)	35,891	16,573

12. Property, plant and equipment

	Group				
	Leasehold property	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
December 31, 2020	99,275	36,050	110,462	30,600	276,387
Additions	745,701	769	1,248	-	747,718
December 31, 2021	844,976	36,819	111,710	30,600	1,024,105
Additions	2,020	40	977	516	3,553
Disposals	(747,721)	-	-	-	(747,721)
December 31, 2022	99,275	36,859	112,687	31,116	279,937
Depreciation:					
December 31, 2020	22,229	17,442	23,049	24,480	87,200
Charge for the year	11,303	4,553	10,753	2,098	28,707
December 31, 2021	33,532	21,995	33,802	26,578	115,907
Charge for the year	19,948	4,496	10,433	1,713	36,590
Eliminated on disposal	(8,645)	-	-	-	(8,645)
December 31, 2022	44,835	26,491	44,235	28,291	143,852
Net book values:					
December 31, 2022	54,440	10,368	68,452	2,825	136,085
December 31, 2021	811,444	14,824	77,908	4,022	908,198

Effective December 30, 2022, the company sold two commercial properties valued at $1,050,000,000 to the VM Wealth Unit Trust Property Fund in exchange for 135,483,871 shares in KPREIT (note 7). The disposal was a swap transaction with VM Wealth Unit Trust Property Fund (the Fund Manager being the wholly-owned subsidiary of the company). The net book value for the two properties sold totaled $739,076,000.

	Company
	Freehold land and building
	$'000
Cost:	
December 31, 2021	745,701
Additions	2,020
Disposals	(747,721)
December 31, 2022	-
Depreciation:	
December 31, 2021	-
Charge for the year	8,645
Eliminated on disposal	(8,645)
December 31, 2022	-
Net book values:	
December 31, 2022	-
December 31, 2021	745,701

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

13. Intangible asset – computer software

	Group $'000
Cost:	
December 31, 2020	400,513
Additions	6,459
December 31, 2021	406,972
Additions	170,218
December 31, 2022	577,190
Amortisation:	
December 31, 2020	173,581
Charge for the year	50,312
December 31, 2021	223,893
Charge for the year	52,820
December 31, 2022	276,713
Netbook values	
December 31, 2022	300,477
December 31, 2021	183,079

	Company $'000
Cost:	
December 31, 2021	29
Additions	41,875
December 31, 2022	41,904
Amortisation:	
December 31, 2021	29
Charge for the year	515
December 31, 2022	544
Net book values:	
December 31, 2022	41,360
December 31, 2021	-

14. Accounts payable – other

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Payable to unit trust funds	383,697	271,315	383,697	271,315
Interest payable	185,380	168,842	38,961	44,688
Other payables and accrued expenses	648,148	523,063	403,689	288,103
	1,217,225	963,220	826,347	604,106

15. Repurchase agreements

The group sells government and corporate securities, or interests therein, to clients and agrees to repurchase them on a specified date and at a specified price ('repurchase agreements' or 'repos').

	Group	
	2022 $'000	2021 $'000
Denominated in Jamaica dollars	5,027,397	6,684,222
Denominated in United States dollars [US$69,942,500 (2021: US$84,232,321)]	10,561,894	12,965,048
	15,589,291	19,649,270

	Company	
	2022 $'000	2021 $'000
Denominated in Jamaica dollars	60,000	60,000
Denominated in United States dollars [(US$895,000) (2021: US$895,000)]	135,152	137,758
	195,152	197,758

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

15. Repurchase agreements (continued)

At December 31, 2022, securities obtained under resale agreements and certain investments (see notes 5 and 6) and interest accrued thereon are pledged by the group as collateral for repurchase agreements. These financial instruments have a carrying value of $16,463,321,000 (2021: $21,802,317,000) for the group and $214,486,000 (2021:$ 217,377,000) for the company.

16. Employee benefit obligation

(a) Pensions

The group participates in The Victoria Mutual (Defined Benefit) Pension Plan ("Plan"), which is administered by trustees.

The members make compulsory contributions at 5% of pensionable salaries and may elect to pay voluntary contributions up to 14.5% to the extent that the total contributions paid by or on behalf of a member in any year does not, in aggregate, exceed 20% of remuneration in that year.

The employer makes ordinary annual contributions as advised by the Actuary to be adequate, in addition to the members' compulsory contributions, to ensure the solvency of the Plan or to provide for any improvement, so long as such are in keeping with the relevant Act or other applicable legislation. The Plan provides for retirement and death benefits.

The defined benefit plan was closed to new entrants effective December 31, 2016. The new defined contribution plan was approved by the Financial Services Commission and Tax Administration Jamaica with an effective date of January 1, 2017 and will benefit 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 subsidiary company and employees in accordance with the respective Trust Deed and Plan Rules.

The most recent funding actuarial valuation of the defined benefit plan, operated by the ultimate parent society (note 3 f (ii)), performed as of December 31, 2020, indicated that it is adequately funded. The group's contribution to the plans for the year amounted to $10,712,000 (2021: $7,683,000) as set out in note 25.

(b) Medical obligation

The group's obligation in respect of post-employment medical benefits has been recognised primarily in respect of medical benefits for pensioners as follows:

(i) Movements in the present value of the medical obligation recognised in the statement of financial position.

	2022 $'000	2021 $'000
Balance at beginning of year	32,700	39,200
Interest cost	2,600	3,600
Current service cost	500	1,000
Benefits paid	(700)	(600)
Experience adjustments and actuarial gains recognised in OCI	(15,800)	(10,500)
Net credit in profit or loss and OCI	(13,400)	(6,500)
Balance at end of year	19,300	32,700

16. Employee benefit obligation (continued)

(b) Medical obligation (continued)

(ii) Expense recognised in staff costs (note 25):

	2022 $'000	2021 $'000
Current service cost	500	1,000
Interest on obligation	2,600	3,800
Benefits paid	(700)	(600)
	2,400	4,200

(iii) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2022 %	2021 %
Discount rate	13.00	8.00
Medical premiums growth	7.50	7.00

(iv) As at December 31, 2022, the weighted average duration of the employee benefit obligation was 16 years (2021: 21 years).

(v) Sensitivity analysis

A one percentage (2021: a half percentage) point change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the post-employment medical benefit obligations by amounts shown below:

	2022		2021	
	1.0% increase	1.0% decrease	0.5% increase	0.5% decreas e
	$'000	$'000	$'000	$'000
Discount rate	(17,200)	22,000	(29,900)	35,800
Assumed medical cost trend rate	22,000	(17,200)	35,800	(29,200)

17. Borrowings

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fixed and variable unsecured bonds (i)	4,680,524	3,227,490	4,592,587	3,174,781
Fixed rate credit linked note (ii)	410,647	410,647	410,647	410,647
Variable rate unsecured bond (iii)	1,000,000	1,000,000	1,000,000	1,000,000
Other loans (iv)	1,402,947	883,827	1,402,947	883,827
	7,494,118	5,521,964	7,406,181	5,469,255

(i) These are comprised of seven fixed rate unsecured bonds and one variable rate unsecured bond issued by the company. Two bonds issued in 2021 are as follows, less their transactional costs:

$2,292,609,376 fixed rate 5.5% with a maturity date of January 16, 2023
$727,412,255 fixed rate 5.5% with a maturity date of April 30, 2023

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

17. Borrowings (continued)

(Continued)

Four bonds were issued by the company in 2022 from a J$2.5 billion bond issue; balances below are shown less their transaction costs:

- Tranche A -$197,702,682 fixed rate 6.5% with a maturity date of September 30, 2023
- Tranche B - $164,270,840 fixed rate 6.75% with a maturity date of March 31, 2024
- Tranche C - $624,991,008 variable rate (2.5% plus 6 months WATBY) with a maturity date of March 31, 2024
- Tranche D - $319,399,798 fixed rate 8.75% with a maturity date of October 23, 2029

Funds of $266,201,180, net of transaction costs, were received in December 2022 from a J$5.8 billion bond raise.

(ii) The note attracts interest at 6.5% per annum paid quarterly. The principal is repayable in 2023 and is secured by deferred shares issued by the ultimate parent society.

(iii) The bond attracts interest at 7.75% per annum for the first two years and thereafter at a variable rate of 2.5 percentage points above the weighted average yield rate applicable to the six-month treasury bill rate. The bond matures on March 9, 2023 and is unsecured.

(iv) These are comprised of the following:

Two loans from the Development Bank of Jamaica received in October of 2021 for the total of $652,946,800 and attracting an interest rate of 5.75%. The loans are broken down as follows:

- $550,000,000 with a maturity period of 5 years with monthly interest payments and an initial two-year principal payment moratorium.
- $102,946,800 with a maturity period of 2 years requiring interest only monthly payments and principal payment due upon maturity.

A third loan of $750,000,000 from the Development Bank of Jamaica, received in November 2022 and attracting an interest rate of 7.5% per annum for 2 years.

	Group			
	2022		2021	
	Face Value	Carrying Amount	Face Value	Carrying
	$'000	$'000	$'000	$'000
Fixed and variable unsecured bonds (i)	4,622,350	4,680,524	3,221,772	3,227,490
Fixed rate credit linked note (ii)	410,647	410,647	410,647	410,647
Variable rate unsecured bond (iii)	1,000,000	1,000,000	1,000,000	1,000,000
Other loans (iv)	1,402,947	1,402,947	883,827	883,827
	7,435,944	7,494,118	5,516,246	5,521,964

	Company			
	2022		2021	
	Face Value	Carrying Amount	Face Value	Carrying
	$'000	$'000	$'000	$'000
Fixed and variable unsecured bonds (i)	4,622,350	4,592,587	3,221,772	3,174,781
Fixed rate credit linked note (ii)	410,647	410,647	410,647	410,647
Variable rate unsecured bond (iii)	1,000,000	1,000,000	1,000,000	1,000,000
Other loans (iv)	1,402,947	1,402,947	883,827	883,827
	7,435,944	7,406,181	5,516,246	5,469,255

17. Borrowings (continued)

The following tables show reconciliations from the opening balances to the closing balances for borrowings and other loans:

	Group		
	2022		
	Borrowings	Other loans	Total borrowings & other loans
	$'000	$'000	$'000
Balance as at 1 January 2022	4,638,137	883,827	5,521,964
Proceeds from loans and borrowings	1,623,268	750,000	2,373,268
Repayment of loans and borrowings	(196,000)	(230,880)	(426,880)
	6,065,405	1,402,947	7,468,352
Other changes:			
Capitalised borrowing costs	25,766	-	25,766
Balance as at 31 December 2022	6,091,171	1,402,947	7,494,118

	Group		
	2021		
	Borrowings	Other loans	Total borrowings & other loans
	$'000	$'000	$'000
Balance at 1 January 2021	3,042,641	-	3,042,641
Proceeds from loans and borrowings	3,071,676	884,948	3,956,624
Repayment of loans and borrowings	(1,497,471)	-	(1,497,471)
	4,616,846	884,948	5,501,794
Effect of changes in foreign exchange	-	(1,121)	(1,121)
Other changes:			
Capitalised borrowing costs	21,291	-	21,291
Balance as at 31 December 2021	4,638,137	883,827	5,521,964

	Company		
	2022		
	Borrowings	Other loans	Total borrowings & other loans
	$'000	$'000	$'000
Balance as at 1 January 2022	4,585,428	883,827	5,469,255
Proceeds from loans and borrowings	1,588,040	750,000	2,338,040
Repayment of loans and borrowings	(196,000)	(230,880)	(426,880)
	5,977,468	1,402,947	7,380,415
Other changes:			
Capitalised borrowing costs	25,766	-	25,766
Balance as at 31 December 2022	6,003,234	1,402,947	7,406,181

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

17. Borrowings (continued)

The following tables show reconciliations from the opening balances to the closing balances for borrowings and other loans (continued):

	Company		
	2021		
	Borrowings	Other loans	Total borrowings & other loans
	$'000	$'000	$'000
Balance at 1 January 2021	3,035,836	-	3,035,836
Proceeds from loans and borrowings	3,025,772	884,948	3,910,720
Repayment of loans and borrowings	(1,497,471)	-	(1,497,471)
	4,564,137	884,948	5,449,085
Effect of changes in foreign exchange	-	(1,121)	(1,121)
Other changes:			
Capitalised borrowing costs	21,291	-	21,291
Balance as at 31 December 2021	4,585,428	883,827	5,469,255

18. Leases

The group leases office spaces. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Lease payments are renegotiated to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local market conditions.

The office spaces leases were entered into many years ago as combined leases of land and buildings.

Information about leases for which the group is a lessee is presented below.

(a) Leases as lessee

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 11).

	Group	
	Leasehold properties	
	2022 $'000	2021 $'000
Balance at January 1,	99,275	99,275
Depreciation at January 1	33,531	22,229
Depreciation charge for the year	11,303	11,303
	44,834	33,532
Balance at December 31	54,441	65,743

18. Leases (continued)

(a) Leases as lessee (continued)

Lease liabilities:

Undiscounted cashflows of lease liabilities

	Group 2022 $'000	Group 2021 $'000
Less than one year	17,506	17,506
One to five years	59,418	69,163
More than five years	7,760	15,521
	84,684	102,190
Less future interest charges	(18,339)	(25,540)
Carrying amount of lease liabilities	66,345	76,650
Current	11,384	9,662
Non-current	54,961	66,988
	66,345	76,650

(iii) Amounts recognised in profit or loss

	Group 2022 $'000	Group 2021 $'000
Leases under IFRS 16:		
Interest on lease liabilities (note 22)	7,201	8,178
Expenses relating to short-term leases	-	-
	7,201	8,178

(iv) Amounts recognised in statement of cash flows

	Group 2022 $'000	Group 2021 $'000
Lease interest payments	7,201	8,178
Lease principal payments	10,305	9,328
Total cash outflow for leases	17,506	17,506

(v) 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 extension options held are exercisable only by the group and not by the lessors. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(b) Leases as lessor

The group leases out equipment under finance leases in its capacity as a lessor.

The group recognised interest income on lease receivable of $11,711,000 (2021: $9,050,000); see note 22. The allowance for impairment on finance leases receivable was $2,810,000 (2021: $3,577,000).

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

18. Leases (continued)

(a) Leases as lessor (continued)

The maturity analysis of lease receivables showing the undiscounted lease payments to be received after the reporting dates under are as follows:

	Group and Company	
	2022 $'000	2021 $'000
Gross investment in finance leases, receivable:		
2022	-	37,785
2023	50,856	38,377
2024	46,433	39,179
2025	42,778	37,136
2026	19,735	14,911
2027	1,226	-
	161,028	167,388
Unearned finance income	(29,566)	(11,552)
Net investment in finance leases	131,462	155,836

19. Share capital

	2022 $'000	2021 $'000
Authorised:		
5,000,000,000 (2021: 5,000,000,000) ordinary shares at no par value		
Issued and fully paid:		
1,500,025,000 (2021: 1,500,025,000) ordinary shares	713,262	713,262
Less: share issuance costs	(5,375)	(5,375)
	707,887	707,887

(a) On November 9, 2017, a resolution was passed increasing the authorised share capital of the company from 24,000,400 ordinary shares to 5,000,000,000 ordinary shares at no par value.

By way of the said resolution, the major shareholder declared that each of the issued ordinary shares of the company be sub-divided into 50 ordinary stocks (50:1).

On December 27, 2017, the company issued 300,005,000 ordinary shares at a total value of $689,262,000 to the public through an initial public offering.

(b) The issued share capital does not include premium of $24,000,000 (2019: $24,000,000) on the shares, in accordance with Section 39(7) of the Companies Act Jamaica. This has been retained in the share premium account.

20. Reserves

(a) Investment revaluation reserve

This represents:

- the cumulative net change in the fair value of equity securities measured at FVOCI, net of deferred taxes.
- the cumulative net change in the fair value of debt securities measured at FVOCI until the assets are derecognised or reclassified, net of deferred tax.

This amount is increased by the amount of loss allowances on debt securities measured at FVOCI.

(b) Other reserve

This represents accumulated actuarial gains or losses arising from the remeasurement of the post-retirement medical benefit obligation, net of deferred taxes.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

21. Non-controlling interest

This represents convertible preference shares in the subsidiary company, issued to the ultimate parent society.

The holders of this category of preference shares have the right to convert each preference share to one ordinary share. The preference shares are redeemable, redemption being at the option of the subsidiary company and dividends are payable at such time as the subsidiary company may determine. The number of units in this category totals 50,000,000 (2021: 50,000,000).

22. Net interest income

	Group		Company	
	2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000 Restated*
Interest income calculated using the effective interest method:				
Investment securities at FVOCI	847,230	706,772	-	-
Investment securities at amortised cost	48,571	105,396	48,571	105,396
Resale agreements at amortised cost	93,652	110,735	2,365	1,815
Loan receivables at amortised	410,461	204,666	402,334	203,162
	1,399,914	1,127,569	453,270	310,373
Interest income on finance leases	11,711	9,050	11,711	9,050
	1,411,625	1,136,619	464,981	319,423
Interest expense:				
Repurchase agreements	(730,658)	(563,004)	(7,715)	(1,894)
Loans and borrowings	(420,728)	(196,223)	(414,521)	(196,223)
	(1,151,386)	(759,227)	(422,236)	(198,117)
Lease liabilities	(7,201)	(8,178)	-	-
	(1,158,587)	(767,405)	(422,236)	(198,117)
Net interest income	253,038	369,214	42,745	121,306

23. Gains from investment activities

	Group		Company	
	2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000 Restated*
Fixed income securities at FVOCI	618,488	545,570	-	-
Fixed income securities at amoritsed cost	(872)	37,287	(872)	37,287
Convertible preference shares at FVTPL	-	(98,617)	-	(98,617)
Property/share swap (note 7)	285,696	-	285,696	-
Equities at FVTPL	93,666	171,492	98,517	167,366
Unit trust funds at FVTPL	-	1,004	-	953
Net foreign exchange translation (losses)/gains	(212)	13,420	(4,937)	(3,577)
	996,766	670,156	378,404	103,412

Net foreign exchange translation gains include gains and losses arising from the translation of financial assets and liabilities denominated in foreign currencies.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

24. Net fees and commissions

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000 Restated*
Fee and commission income:				
Brokerage activities	70,941	53,551	-	-
Corporate advisory services	509,710	313,047	-	-
Portfolio management fees - unit trust funds	337,460	334,892	-	-
Portfolio management services - other	65,225	65,169	-	-
Commitment fees on loans	35,940	27,795	35,940	27,795
Other	4	6,353	-	-
	1,019,280	800,807	35,940	27,795
Fee and commission expenses:				
Corporate advisory services	(7,520)	(8,851)	-	-
Net fees and commissions	1,011,760	791,956	35,940	27,795

25. Staff costs

	Group	
	2022 $'000	2021 $'000
Salaries and wages	656,657	561,620
Statutory payroll contributions	48,078	36,926
Pension plan contributions [note 16(a)]	10,712	7,683
Post-employment medical benefit [note 16(b)(ii)]	2,400	4,200
Allowances and other benefits	46,828	38,190
	764,675	648,619

26. Other operating costs

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Advertising and public relations	75,896	35,862	10,100	2,880
Asset tax	57,477	60,396	-	-
Audit fees – current	33,292	36,054	10,088	11,534
Bank charges	11,737	8,458	282	379
Communication and courier	14,964	13,004	-	-
Depreciation and amortisation	89,410	79,018	9,160	-
Directors' fees	26,226	22,987	15,170	13,023
Financial Services Commission fees	8,240	13,350	-	-
Irrecoverable GCT	9,239	11,882	-	-
JCSD charges	10,216	4,307	10,216	4,307
JSE charges	8,684	-	8,684	-
Legal and other professional fees	115,863	23,033	84,031	38,094
Outsourced services	59,444	56,717	-	-
Postage and telegraph	-	2,750	-	-
Rent, maintenance and utilities	57,447	39,658	-	-
Software maintenance and IT expenses	79,451	68,293	-	-
Stationery and office supplies	-	2,843	-	-
Trustee fees – retail repurchase agreements	6,328	6,684	-	-
Management fees	-	-	60,776	63,694
Other expenses	92,411	59,147	24,434	681
	756,325	544,443	232,941	134,592

27. Income tax

(a) The charge for income tax is computed at statutory tax rate of 33⅓% (2021: 33⅓%) of the profit for the year for the subsidiary company and 25% (2021: 25%) for the company, as adjusted for tax purposes, and is made up as follows:

	Group		Company	
	2022 $'000	2021 $'000 Restated	2022 $'000	2021 $'000 Restated*
(i) Current income tax				
Current year	311,816	258,113	42,914	29,148
(ii) Deferred income tax (note 11)				
Origination and reversal of temporary differences	(116,894)	(39,926)	(35,891)	32,663
Total income tax charge	194,922	218,187	7,023	61,811

(b) The effective tax rate for 2022 was 21.98% (2021 restated: 33.15%) for the group and 2.26% (2021 restated: 16.47%) for the company of pre-tax profits. The actual tax charge differs from the theoretical tax charge for the year, as follows:

	Group		Company	
	2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000 Restated*
Profit before income tax	886,777	658,219	310,707	375,220
Tax calculated at a rate of:				
25%	77,677	93,805	77,677	93,805
33⅓%	203,767	193,661	-	-
Adjusted for the effects of:				
Income not subject to tax	(115,160)	(183,088)	(76,875)	(58,297)
Expenses not deductible for tax purposes	39,810	77,099	17,393	5,366
Other	(11,172)	36,710	(11,172)	20,937
Actual tax charge	194,922	218,187	7,023	61,811

28. Financial instruments-risk management

(a) 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 its use of financial instruments in the ordinary course of business:

- credit risk
- liquidity risk
- market risk

The Board of Directors of the company has overall responsibility for the establishment and oversight of the group's risk management framework. Senior management of the company and the subsidiary company report to the respective Board of Directors on their activities. The group's risk management policies are designed to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The group regularly reviews its risk management policies and systems to reflect changes in market conditions and product and service offerings. The respective Audit, Risk and Conduct Review Committees of the company and the subsidiary company are responsible for monitoring compliance with the group's risk management policies and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group.

The Audit, Risk and Conduct Review Committees are assisted in these functions by the Victoria Mutual Group's Internal Audit Unit and the Group Risk Management Unit, which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Conduct Review Committees.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(a) Introduction and overview (continued)

The key risks to which the group is exposed and the manner in which it measures and manages them are as follows:

(b) 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 from stock broking activities, investing activities, collateralised lending and deposits with other institutions. Balances arising from these activities include debt securities, resale agreements, cash and cash equivalents and accounts receivable.

(i) Management of credit risk

Credit risk is the single largest risk for the group's business; management therefore carefully manages its exposure to credit risk. Credit risk management and control is delegated to the group's Finance Committees. The Committees are 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.

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 further 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 Loss (ECL) under IFRS 9.

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

The group holds collateral against loans to customers and others in the form of registered securities over assets. Professional and other means are used to arrive at fair values of such collateral, based on the value of collateral assessed at the time of borrowing. These collateral values are updated across the 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.

- Cash and cash equivalents

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

- Resale agreements

  Collateral is held for all resale agreements.

- Investment securities and loans receivable

  Credit risk management includes:

  (i) Margin loans – daily monitoring of the collateral package and executing margin calls or asset sales to address any shortfall. Additional scrutinizing of tradeable securities utilized as collateral and removing those negatively impacted by the pandemic.

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(ii) Collateral and other credit enhancements held against financial assets (continued)

Credit risk management includes (continued):

(ii) Corporate loans - Undertake assessment of loans likely impacted by the current conditions (e.g., Tourism).

In relation to its holding of investment securities, the group manages the level of risk it undertakes by investing substantially in short term Government of Jamaica, Bank of Jamaica and foreign Government debt securities; such securities are generally unsecured.

- Accounts receivable

Exposure to credit risk is managed by regular analysis of the ability of the customers and other counter parties to meet repayment obligations.

(iii) Concentration of credit risk

There is significant concentration of credit risk in that the subsidiary company, being a securities dealer that is obliged to trade mostly debt securities issued by the Government of Jamaica and Bank of Jamaica, holds substantial amounts of these debt securities. The management of the concentration of credit risk is guided by the group's Investment Policy, whereby exposure per debt security is limited to 20%. Compliance with these limits is reported on and monitored monthly.

(iv) Maximum exposure to credit risk and credit quality analysis

The following table sets 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.

Debt securities at FVOCI:

	Group	
	2022	
	Stage 1 12-month ECL $'000	Total $'000
Credit grade		
Investment Grade	645,371	645,371
Non-investment Grade	14,999,418	14,999,418
	15,644,789	15,644,789
Loss allowance [note 28(b)(v)(d)]	(77,832)	(77,832)

	Group	
	2021	
	Stage 1 12-month ECL $'000	Total $'000
Credit grade		
Investment Grade	453,872	453,872
Non-investment Grade	16,946,793	16,946,793
	17,400,665	17,400,665
Loss allowance [note 28(b)(v)(d)]	(101,729)	(101,729)

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(iv) Maximum exposure to credit risk and credit quality analysis (continued)

Resale agreements, loans receivable and debt securities at amortised cost:

	Group			
	2022			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Non-Investment grade	6,787,168	494,079	-	7,281,247
Default	-	-	41,939	41,939
Loss allowance [note 28(b)(v)(d)]	(50,155)	(6,328)	(40,047)	(96,530)
	6,737,013	487,751	1,892	7,226,656

	Company			
	2022			
	Stage 1 Lifetime ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Non-Investment grade	5,837,436	494,079	-	6,331,515
Default	-	-	41,939	41,939
Loss allowance [note 28(b)(v)(d)]	(49,725)	(6,328)	(40,047)	(96,100)
	5,787,711	487,751	1,892	6,277,354

	Group			
	2021			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Non-Investment grade	8,988,737	286,454	25,208	9,300,399
Loss allowance [note 28(b)(v)(d)]	(58,338)	(9,795)	(25,122)	(93,255)
	8,930,399	276,659	86	9,207,144

	Company			
	2021			
	Stage 1 Lifetime ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Non-Investment grade	5,629,469	286,454	-	5,915,923
Default	-	-	25,208	25,208
Loss allowance [note 28(b)(v)(d)]	(57,771)	(9,795)	(25,122)	(92,688)
	5,571,698	276,659	86	5,848,443

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to below for a description of how the group determines when a significant increase in credit risk has occurred.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Please see below which includes an explanation of how the group has incorporated this in its ECL models.

- 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 (Stage 3).

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

The key judgements and assumptions adopted by the group in addressing the requirements of the standard are discussed below:

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and third-party policies including forward-looking information.

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

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

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 counterparties.

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.

For debt securities in the Treasury portfolio which includes benchmark investment notes, treasury bills, US$ bonds, foreign government securities, corporate bonds and other public sector securities (note 6), external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

The key judgements and assumptions adopted by the group in addressing the requirements of the standard are discussed below (continued):

(a) Significant increase in credit risk (continued)

Determining whether credit risk has been increased significantly:

The group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

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.

As a backstop, the group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. 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. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

In assessing whether a borrower is in default, the group considers indicators that are:

- qualitative: e.g., breaches of covenant; extension to the terms granted; early signs of cashflow/liquidity problems;
- quantitative: e.g., overdue status and non-payment on another obligation of the same issuer to the company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

(b) Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the group's Finance team on an annual basis and provide the best and worst estimate view 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 compared 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.

For the economic scenarios used as at December 31, 2022 and 2021, the following key indicators represent scores used to adjust the forward-looking information for Jamaica for the years 2022 and 2023:

	2022	2023
Unemployment rates	6.9%	7.6%
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

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

(b) Incorporation of forward-looking information (continued)

For the economic scenarios used as at December 31, 2022 and 2021, the following key indicators represent scores used to adjust the forward-looking information for Jamaica for the years 2022 and 2023 (continued):

	2022	2023
GDP growth	2.4%	2.0%
Base	0.2	0.2
Upside	0.2	0.2
Downside	0.3	0.3
Inflation rates	8.5%	6.3%
Base	0.1	0.1
Upside	0.1	0.1
Downside	0.2	0.2

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

(c) Measurement of the expected credit loss (ECL)

The ECL is determined by projecting the PD, LGD and 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 prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Loss allowance

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

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

(d) Loss allowance (continued)

Debt securities at FVOCI:

	Group 2022 Stage 1 12-month ECL
	$'000
Balance as at January 1, 2021	101,729
Adjustment to fair value reserve	-
New financial assets originated or purchased	10,708
Financial assets derecognised during the year	(6,112)
Foreign exchange adjustment	(980)
Changes in models/assumptions used in ECL calculation	(27,470)
Net remeasurement of loss allowance	(23,854)
Balance as at December 31, 2022	77,875

	Group 2021 Stage 1 12-month ECL
	$'000
Balance as at January 1, 2021	97,311
Adjustment to fair value reserve	1,113
New financial assets originated or purchased	46,494
Financial assets derecognised during the year	(16,969)
Foreign exchange adjustment	5,922
Changes in models/assumptions used in ECL calculation	(32,142)
Net remeasurement of loss allowance	3,305
	4,418
Balance as at December 31, 2021	101,729

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

(d) Loss allowance (continued)

Debt securities, finance lease, loans receivable and resale agreement at amortised cost:

	Group 2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Balance as at January 1, 2021	58,338	9,795	25,122	93,255
Transfer from stage 1 to stage 2	(2,735)	2,735	-	-
Transfer from stage 2 to stage 1	-	-	-	-
New financial assets originated/purchased	29,343	1,607	-	30,950
Financial assets derecognised during the year	(28,531)	(416)	-	(28,947)
Changes to inputs used in ECL calculation	(6,260)	(7,393)	14,925	1,272
Net remeasurement of loss allowance	(8,183)	(3,467)	14,925	3,275
Balance as at December 31, 2022	50,155	6,328	40,047	96,530

	Group 2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Balance as at January 1, 2021	26,682	39,846	25,175	91,703
Transfer from stage 1 to stage 2	(497)	497	-	-
Transfer from stage 2 to stage 1	2,653	(2,653)	-	-
New financial assets originated/purchased	40,236	9,380	-	49,616
Financial assets derecognised during the year	(1,403)	(37,004)	-	(38,407)
Changes to inputs used in ECL calculation	(9,333)	(271)	(53)	(9,657)
Net remeasurement of loss allowance	31,656	(30,051)	(53)	1,552
Balance as at December 31, 2021	58,338	9,795	25,122	93,255

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(b) Credit risk (continued)

(v) Impairment (continued)

(d) Loss allowance (continued)

Debt securities at amortised cost:

	Company 2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Balance as at January 1, 2022	57,771	9,795	25,122	92,688
Transfer from stage 1 to stage 2	(2,735)	2,735	-	-
Transfer from stage 2 to stage 1	-	-	-	-
New financial assets originated/purchased	28,904	1,607	-	30,511
Financial assets derecognised during the year	(27,955)	(416)	-	(28,371)
Changes in inputs used in ECL calculations	(6,260)	(7,393)	14,925	1,272
Net remeasurement of loss allowance	(8,046)	(3,467)	14,925	3,412
Balance as at December 31, 2022	49,725	6,328	40,047	96,100

	Company 2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Balance as at January 1, 2021	26,180	39,846	25,175	91,201
Transfer from stage 1 to stage 2	(497)	497		-
Transfer from stage 2 to stage 1	2,653	(2,653)	-	-
New financial assets originated/purchased	39,660	9,380	-	49,040
Financial assets derecognised during the year	(892)	(37,004)	-	(37,896)
Changes in inputs used in ECL calculations	(9,333)	(271)	(53)	(9,657)
Net remeasurement of loss allowance	31,591	(30,051)	(53)	1,487
Balance as at December 31, 2021	57,771	9,795	25,122	92,688

28. Financial instruments-risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the group applies include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

The group's liquidity management process, as monitored by the Asset and Liability Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;
(ii) Maintaining a portfolio of highly marketable and diverse assets that can readily be liquidated as protection against any unforeseen interruption to cash flows;
(iii) Optimising cash returns on investments;
(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities;
(v) Maintaining cash reserves well above the Regulatory requirement towards absorbing any additional shocks; and
(vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The subsidiary company 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. In computing the 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 subsidiary company's ninety-day liquidity gap ratio at the end of the year was 75.32% (2021: 63.37%).

During the year there was no change to the nature of liquidity risk to which the group is exposed, or to the manner in which it measures and manages the risk.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(c) Liquidity risk (continued)

The following table presents the undiscounted cash flows payable on the group's financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

In the normal course of business, 65% - 85% of the subsidiary company's repurchase agreements contractually repayable within 3 months and within one year will be rolled-over into new contracts of similar or extended tenure. Subsequent to the year end, new bonds (borrowings) amounted to $5,800,000,000 issued by the company have been used to finance maturing bonds. The group is also able to meet unexpected net cash outflows by selling securities and accessing funding from the ultimate parent society and from other financial institutions.

	Group				
	2022				
	Within 3 months	3 to 12 months	Over 12 months	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Borrowings	3,878,783	1,515,490	2,445,722	7,839,995	7,494,118
Accounts payable	2,220,660	-	-	2,220,660	2,220,660
Repurchase agreements, including interest	11,534,982	4,381,858	-	15,916,840	15,735,709
Lease liabilities	4,377	13,130	67,178	84,685	66,345
Due to ultimate parent society	441,722	-	-	441,722	441,722
	18,080,524	5,910,478	2,512,900	26,503,902	25,958,554

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

	Group				
	2021 Restated				
	Within 3 months	3 to 12 months	Over 12 months	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Borrowings	270,767	245,376	5,481,790	5,997,933	5,521,964
Accounts payable	1,703,549	-	-	1,703,549	1,703,549
Repurchase agreements, including interest	14,984,017	4,793,265	189,052	19,966,334	19,649,270
Lease liabilities	4,377	13,130	84,684	102,191	76,650
Due to ultimate parent society	216,040	-	-	216,040	216,040
	17,178,750	5,051,771	5,755,526	27,986,047	27,167,473

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

	Company				
	2022				
	Within 3 months	3 to 12 months	Over 12 months	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Due to ultimate parent society	193,593	-	-	193,593	193,593
Due to subsidiary	110,805	-	-	110,805	110,805
Borrowings	3,790,846	1,515,490	2,445,722	7,752,058	7,406,181
Accounts payable and accruals	826,272	-	-	826,272	826,272
Repurchase agreements, including interest	195,456	-	-	195,456	195,227
	5,116,972	1,515,490	2,445,722	9,078,184	8,732,078

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

28. Financial instruments-risk management (continued)

(c) Liquidity risk (continued)

	Company 2021 Restated				
	Within 3 months	3 to 12 months	Over 12 months	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Due to ultimate parent society	122,137	-	-	122,137	122,137
Due to subsidiary	415,592	-	-	415,592	415,592
Borrowings	270,767	245,377	5,481,790	5,997,934	5,469,255
Accounts payable and accruals	604,106	-	-	604,106	604,106
Repurchase agreements, including interest	199,121	-	-	199,121	198,150
	1,611,723	245,377	5,481,790	7,338,890	6,809,240

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

There was no change to the Group's approach to managing liquidity risk during the year.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument 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 rate, foreign currency rates and equity prices and will affect the group's income or the value of its holdings of financial instruments.

Market risk is monitored by management which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The group's market risk management process, includes:

- Active monitoring of our portfolio of assets;
- Aisposing of securities deemed most volatile based on historical trading patterns, especially those most susceptible to the negative implications of the pandemic; and
- Disposing of select long dated securities to reduce portfolio duration.
- Foreign currency risk

(i) Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar.

The main currency giving rise to this risk is the United States dollar (US$). The group ensures that this risk is kept to an acceptable level by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to an acceptable level by buying or selling currencies at spot rates when necessary to address short-term imbalances. Foreign exchange gains and losses from these activities are included in other income.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

At the reporting date, the group's exposure to foreign currency risk was as follows, in nominal amounts:

	Group		Company	
	2022 US$'000	2021 US$'000 Restated*	2022 US$'000	2021 US$'000 Restated*
Foreign currency assets:				
Cash and cash equivalents	6,818	3,392	934	362
Resale agreements	2,787	24,433	-	-
Investment securities	61,305	59,041	1,031	1,000
Loans receivable	705	-	705	-
Accounts receivable	10,341	6,945	1,528	53
	81,956	93,811	4,198	1,415
Foreign currency liabilities:				
Borrowings	-	1,500	-	1,500
Accounts payable	16,624	2,760	3,889	380
Repurchase agreements	69,943	88,732	895	895
	86,567	92,992	4,784	2,775
Net foreign currency (liabilities)/assets	(4,611)	819	(586)	(1,360)

Foreign exchange rates

The group uses the average of Bank of Jamaica's buying and selling rates [see note 3(c)]. The rates as at the reporting date were as follows:

	2022	2021
United States dollar	151.0082	153.9200

Sensitivity to foreign exchange rate movements:

A 1% strengthening (2021: 2%) and a 4% weakening (2021: 8%) of the Jamaica dollar against the United States dollar at December 31, 2022 would have increased/(decreased) profit by the amounts shown in the table below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2021.

	Group			
	2022		2021 Restated	
	% Change in Currency Rate	Effect on Profit	% Change in Currency Rate	Effect on Profit
	%	$'000	%	$'000
Currency:				
US$	1% Revaluation	6,963	2% Revaluation	(2,521)
US$	4% Devaluation	(27,852)	8% Devaluation	10,085

	Company			
	2022		2021 Restated	
	% Change in Currency Rate	Effect on Profit	% Change in Currency Rate	Effect on Profit
	%	$'000	%	$'000
Currency:				
US$	1% Revaluation	885	2% Revaluation	4,185
US$	4% Devaluation	(3,538)	8% Devaluation	(16,740)

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

The following table summarises the carrying amounts of assets, liabilities and equity to arrive at the group's interest rate gap based on the earlier of contractual repricing and maturity dates.

	Group 2022				
	Within 3 months $'000	3 to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash and cash equivalents	9,675	-	-	1,182,574	1,192,249
Resale agreements	640,886	111,261	-	-	752,147
Loans receivable	181,300	258,233	5,027,847	-	5,467,380
Investment securities	1,368,661	661,179	14,291,167	1,239,228	17,560,235
Accounts receivable	-	-	-	926,487	926,487
Net investment in finance leases	3,353	-	128,109	-	131,462
Total financial assets	2,203,875	1,030,673	19,447,123	3,348,289	26,029,960
Lease liabilities	-	-	-	66,345	66,345
Repurchase agreements	11,384,158	4,205,133	-	-	15,589,291
Borrowings	3,791,193	1,347,462	2,355,463	-	7,494,118
Due to ultimate parent society	-	-	-	441,722	441,722
Accounts payable	-	-	-	2,367,078	2,367,078
Total financial liabilities	15,175,351	5,552,595	2,355,463	2,875,145	25,958,554
Total interest sensitivity gap*	(12,971,476)	(4,521,922)	17,091,660	473,144	71,406
Cumulative gap	(12,971,476)	(17,493,398)	(401,738)	71,406	-

	Group 2021 Restated				
	Within 3 months $'000	3 to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash and cash equivalents	700	-	-	683,377	684,077
Resale agreements	3,697,988	353,344	-	-	4,051,332
Loans receivable	190,689	425,364	2,866,213	-	3,482,266
Investment securities	3,096,188	1,333,047	14,521,031	1,449,545	20,399,811
Accounts receivable	-	-	-	720,654	720,654
Net investment in finance leases	9,755	28,531	117,550	-	155,836
Total financial assets	6,995,320	2,140,286	17,504,794	2,853,576	29,493,976
Lease liabilities	-	-	-	76,650	76,650
Repurchase agreements	14,921,853	4,727,417	-	-	19,649,270
Borrowings	196,000	-	5,325,964	-	5,521,964
Due to ultimate parent society	-	-	-	216,040	216,040
Accounts payable	-	-	-	1,703,549	1,703,549
Total financial liabilities	15,117,853	4,727,417	5,325,964	1,996,239	27,167,473
Total interest sensitivity gap*	(8,122,533)	(2,587,131)	12,178,830	857,337	2,326,503
Cumulative gap	(8,122,533)	(10,709,664)	1,469,166	2,326,503	-

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	Company 2022				
	Within 3 months	3 to 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	8,977	-	-	207,631	216,608
Investment securities	-	561,655	114,563	426,113	1,102,331
Net investment in finance leases	3,353	-	128,109	-	131,462
Resale agreements	-	-	-	-	-
Loans receivable	181,300	258,233	5,027,847	-	5,467,380
Other receivables	-	-	-	143,629	143,629
Total financial assets	193,630	819,888	5,270,519	777,373	7,061,410
Borrowings	3,703,256	1,347,462	2,355,463	-	7,406,181
Accounts payable	-	-	-	826,347	826,347
Repurchase agreements	195,152	-	-	-	195,152
Due to ultimate parent society	-	-	-	193,593	193,593
Due to subsidiary company	-	-	-	110,805	110,805
Total financial liabilities	3,898,408	1,347,462	2,355,463	1,130,745	8,732,078
Total interest sensitivity gap*	(3,704,778)	(527,574)	2,915,056	(353,372)	(1,670,668)
Cumulative gap	(3,704,778)	(4,232,352)	(1,317,296)	(1,670,668)	(-)

	Company 2021 Restated				
	Within 3 months	3 to 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	114,443	114,443
Investment securities	-	882,000	667,600	566,730	2,116,330
Net investment in finance leases	9,755	28,531	117,550	-	155,836
Resale agreements	692,631	-	-	-	692,631
Loans receivable	190,689	425,364	2,866,213	-	3,482,266
Other receivables	-	-	-	97,815	97,815
Total financial assets	893,075	1,335,895	3,651,363	778,988	6,659,321
Borrowings	196,000	-	5,273,255	-	5,469,255
Accounts payable	-	-	-	604,106	604,106
Repurchase agreements	197,758	-	-	-	197,758
Due to ultimate parent society	-	-	-	122,137	122,137
Due to subsidiary company	-	-	- -	415,592	415,592
Total financial liabilities	393,758	-	5,273,255	1,141,835	6,808,848
Total interest sensitivity gap*	499,317	1,335,895	(1,621,892)	(362,847)	(149,527)
Cumulative gap	499,317	1,835,212	213,320	(149,527)	(-)

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

* The total gap relates to financial instruments recognised in the statement of financial position as there are no unrecognised financial instruments.

Average effective yields by the earlier of contractual re-pricing and maturity dates are as follows:

	Group			
	Within 3 months	3 to 12 months	Over 12 months	Overall average
December 31, 2022:	%	%	%	%
Assets				
J$ Cash and cash equivalents	0.05	-	-	0.05
US$ Cash and cash equivalents	0.30	-	-	0.30
J$ Resale agreements	7.83	7.27	-	7.26
US$ Resale agreements	4.07	-	-	4.07
J$ Investment securities	6.62	6.00	7.12	6.58
US$ Investment securities	-	3.75	7.25	5.50
J$ Margin loans	10.99	10.58	10.68	10.75
J$ Corporate loans	7.95	6.00	8.74	7.56
Net investment in finance leases	8.75	-	7.06	7.91
Liabilities				
Borrowings	5.86	6.63	6.20	6.23
J$ Repurchase agreements	6.25	6.11	-	6.23
US$ Repurchase agreements	3.70	4.28	-	3.89

	Group			
	Within 3 months	3 to 12 months	Over 12 months	Overall average
December 31, 2021:	%	%	%	%
Assets				
J$ Cash and cash equivalents	0.05	-	-	0.05
US$ Cash and cash equivalents	0.30	-	-	0.30
J$ Resale agreements	2.48	-	-	2.48
US$ Resale agreements	2.37	-	-	2.37
J$ Investment securities	2.00	3.47	5.59	5.39
US$ Investment securities	11.63	-	7.27	7.29
J$ Margin loans	9.02	9.20	8.61	8.94
US$ Margin loans	-	-	-	-
Net investment in finance leases	7.75	7.75	7.75	7.75
Liabilities				
Borrowings	5.43	5.41	5.41	5.42
J$ Repurchase agreements	3.38	4.31	-	3.57
US$ Repurchase agreements	2.94	4.06	-	3.21

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Average effective yields by the earlier of contractual repricing and maturity dates are as follows (continued):

	Company			
	Within 3 months	3 to 12 months	Over 12 months	Overall average
December 31, 2022:	%	%	%	%
Assets				
J$ Cash and cash equivalents	0.12	-	-	0.12
US$ Cash and cash equivalents	0.02	-	-	0.02
J$ Margin loans	10.99	10.58	10.68	10.75
J$ Corporate loans	7.95	6.00	8.74	7.56
J$ Investments	-	6.50	6.75	6.63
US$ Investments	-	3.75	-	3.75
Net investment in finance leases	8.75	-	7.06	7.91
Liabilities				
J$ Repurchase agreements	4.50	-	-	4.50
US$ Repurchase agreements	3.63	-	-	3.63
Borrowings	5.86	6.63	6.20	6.23

	Company			
	Within 3 months	3 to 12 months	Over 12 months	Overall average
December 31, 2021:	%	%	%	%
Assets				
J$ Cash and cash equivalents	0.05	-	-	0.05
US$ Cash and cash equivalents	0.30	-	-	0.30
J$ Margin loans	9.02	9.20	8.61	8.94
US$ Margin loans	-	-	-	-
US$ resale agreements	2.18			2.18
J$ Investments	-	7.50	7.20	7.35
US$ Investments	-	-	3.75	3.75
Net investment in finance leases	7.75	7.75	7.75	7.75
Liabilities				
J$ Repurchase agreements	2.20	-	-	2.00
US$ Repurchase agreements	3.00	-	-	3.00
Borrowings	5.43	5.41	5.41	5.42

28. Financial instruments-risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity to interest rate movements

The following shows the sensitivity to interest rate movements at the reporting date on the group's profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis as for 2021.

	2022	2021
J$ interest rates	Increase by 100 bps	Increase by 300 bps
	Decrease by 50 bps	Decrease by 50 bps
US$ interest rates	Increase by 100 bps	Increase by 100 bps
	Decrease by 50 bps	Decrease by 100 bps

2022			2021		
Change in basis points	Effect on profit	Effect on equity	Change in basis points	Effect on profit	Effect on equity
JMD / USD	$'000	$'000	JMD / USD	$'000	$'000
+100 /+100	(87,772)	(910,060)	+300 /+100	(23,499)	(1,522,797)
-50 /-50	43,861	392,708	-50 /-100	89,751	865,353

(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 while managing risk.

The group's equity securities that are listed on the Jamaica Stock Exchange total $1,157,978,000 (2021: $1,397,774,000). An increase or decrease of 6% (2021: 10%) in share prices would result in an increase or an equal decrease, respectively, in profit of $62,936,000 (2021: $56,417,000) and an increase or equal decrease in other comprehensive income of $48,501,000 (2021: $43,656,000).

(e) Capital management

The group's objectives when managing capital are to safeguard the group'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 of the subsidiary company.

The Financial Services Commission ("FSC") stipulates and monitors capital requirements for the non-deposit-taking financial services sector. The FSC requires that the subsidiary 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.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

28. Financial instruments-risk management (continued)

(e) Capital management (continued)

The subsidiary company's regulatory capital position as at the reporting date was as follows:

	2022 $'000	2021 $'000
Tier 1 Capital	3,148,844	2,632,234
Tier 2 Capital	71,800	61,267
Total regulatory capital	3,220,644	2,693,501
Risk-Weighted Assets:		
On statement of financial position	17,431,713	17,588,349
Foreign exchange exposure	609,088	112,591
	18,040,801	17,700,940
Operational risk-weighted assets	269,695	289,168
	18,310,496	17,990,108

Capital adequacy ratios:

	FSC Benchmark	2022	2021
Tier 1 Capital/Total regulatory capital	Greater than 50%	97.77%	97.72%
Total regulatory capital/risk-weighted assets	Minimum 10%	17.59%	14.97%
Actual capital base /total assets	Greater than 6%	15.55%	12.81%

The capital position is sensitive to changes in market conditions. This sensitivity is due primarily to changes in the value of assets and liabilities resulting from changes in interest rates.

There was no change in the way the subsidiary company managed its capital during the financial year.

The Jamaica Stock Exchange ("JSE") monitors the capital requirements of the subsidiary as a member dealer.

The subsidiary company's capital position as at the reporting date was as follows:

	2022 $'000	2021 $'000
Net Free Capital	1,403,687	2,072,859
Minimum Capital Requirements	(875,104)	(1,085,418)
Excess of Net Free Capital	528,583	987,441
Total Liabilities	17,492,655	21,657,407

	JSE Benchmark	2022	2021
Net Free Capital/Total Liabilities	Greater than 5%	8.02%	9.57%

Throughout the year, the subsidiary company met all the requirements of the FSC and JSE relating to capital adequacy.

29. Financial instruments - fair values

(a) Definition and measurement of fair values

The group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities.

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.

29. Financial instruments - fair values (continued)

(a) Definition and measurement of fair values (continued)

When 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 available input data; the group uses 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.

Fair value hierarchy: The different levels in the hierarchy have been defined as follows:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and 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

Included in the Level 3 category are financial assets and 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. The techniques used to estimate fair values, together with the inputs used, are describe below. The use of assumptions and estimates means that the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

29. Financial instruments - fair values (continued)

(b) Valuation techniques for investment securities classified as Levels 2 and 3 as well as any significant unobservable inputs used.

The following table shows the valuation method for each unquoted investment security.

Investment security	Valuation approach	Fair value hierarchy level
Home Choice Enterprise Limited	Income	Level 3
Cold bush	Asset	Level 3
Preference shares	Income	Level 3

Market Approach:

Under the market-based method, the fair market value of a business reflects valuation multiples based on comparable public companies or the price at which comparable businesses are purchased under similar circumstances. Use of the market-based method requires that comparable companies or transactions be available. Transactions may include the recent sales price of the same or similar business in an arm's length transaction, or the market price for the license of the same or similar business to an independent third party.

A major attraction of the market-based method is its simple application when a truly comparable company or transaction is available. This situation is most commonly found when the acquired business is widely marketed to third parties. Under these circumstances, the market-based method represents the most appropriate approach for determining the fair market value of a business. The primary limitation associated with the market-based method is the availability of comparable companies or transactions occurring as of a recent date upon which to establish fair market value.

Asset Approach:

An asset-based method to determining the going-concern value of a business is normally used when (a) the value of the business is directly related to the underlying assets such as real estate, portfolio investments, etc., or (b) the net asset value of the business (under a non-liquidation scenario) is higher than a capitalized earnings value, implying that there is no goodwill associated with the business.

While both the asset based going concern method and the liquidation approach focus on the value of assets and liabilities, typically the liquidation value is lower, due primarily to the consideration of disposition costs, including income tax costs, on the assumed liquidation of the assets.

Income Approach:

An earnings or cash flow-based method to determining the going concern value of a business is normally used when the business being valued is earning a fair return on its capital employed and the hypothetical purchaser wishes to acquire the future indicated earnings generated by the business. The earnings/cash flow value of a going concern is based upon the yield to an investor, at the desired rate of return on investment, having regard to a number of factors such as the rate of return on alternate investments, the degree of risk involved and the liquidity of the investment. An earnings/cash flow-based method suggests a continuation of the business operation and is based upon a hypothetical purchaser's desire to develop the future profits of the business.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

29. Financial instruments - fair values (continued)

(b) Valuation techniques for investment securities classified as Levels 2 and 3 as well as any significant unobservable inputs used.

The following table shows the valuation techniques used in measuring the fair value of investment securities.

Type	Valuation techniques
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.
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.
Units in unit trust funds	• Obtain prices quoted by unit trust managers; and • Apply price to estimate fair value.
Convertible preference shares	• Fair value determined by discounting the future expected cashflows using the after-tax cost of debt of 33.7% (2021: 9.39%, as previously reported)
Unquoted equities	• Obtain growth rate and weighted average cost of capital

Level 3 fair values

In respect of Level 3 instruments, the Group recognised in the profit or loss, total gains of $158,000 (2021: previously reported losses $10,987,000; restated to nil) as a result of the effects of fair value and foreign exchange rate movements.

The following tables shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Group		
	Convertible Preference Shares	Unquoted Equities	Total
	$'000	$'000	$'000
Balance at 1 January 2021, as previously reported	166,814	8,008	174,822
Prior period adjustments (note 35)	(166,814)	-	(166,814)
Balance at 1 January 2021, as restated	-	8,008	8,008
Additions	-	4,069	4,069
Net change in fair value	-	-	-
Effect of changes in foreign exchange rates	-	671	671
Balance at 31 December 2021	-	12,748	12,748
Additions	-	72,494	72,494
Disposals	-	(3,990)	(3,990)
Net change in fair value	-	158	158
Effect of changes in foreign exchange rates	-	(160)	(160)
Balance at 31 December 2022	81,250	81,250	81,250

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

29. Financial instruments - fair values (continued)

(b) Valuation techniques for investment securities classified as Levels 2 and 3 as well as any significant unobservable inputs used (continued).

The following tables shows a reconciliation from the opening balances to the closing balances for Level 3 fair values (continued).

	Company		
	Convertible Preference Shares	**Unquoted Equities**	**Total**
	$'000	**$'000**	**$'000**
Balance at 1 January 2021, as previously reported	166,814	4,251	171,065
Prior period adjustments (note 35)	(166,814)	-	(166,814)
Balance at 1 January 2021, as restated	-	4,251	4,251
Additions	-	-	-
Net change in fair value	-	-	-
Effect of changes in foreign exchange rates	-	366	366
Balance at 31 December 2021	-	4,617	4,617
Additions	-	72,494	72,494
Net change in fair value	-	158	158
Effect of changes in foreign exchange rates	-	(87)	(87)
Balance at 31 December 2022	-	77,182	77,182

(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 2022							
	Carrying amount				Fair value*			
	FVOCI	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:								
Unquoted equities	-	81,250	-	81,250	-	-	81,250	81,250
Quoted equities	808,350	349,628	-	1,157,978	1,157,978	-	-	1,157,978
Government of Jamaica securities	12,908,977	-	214,486	13,123,463	-	13,123,463	-	13,123,463
Foreign government securities	850,417	-	-	850,417	-	850,417	-	850,417
Other public sector securities	397,309	-	-	397,309	-	397,309	-	397,309
Deferred shares	-	-	410,647	410,647	-	410,647	-	410,647
Corporate bonds	1,488,086	-	62,466	1,550,552	-	1,550,552	-	1,550,552
	16,453,139	430,878	687,599	17,571,616	1,157,978	16,332,388	81,250	17,571,616
Financial assets not measured at fair value:1								
Cash and cash resources	-	-	1,192,249	1,192,249				
Resale agreements	-	-	752,147	752,147				
Net investment in finance leases	-	-	131,462	131,462				
Loans receivable	-	-	5,467,380	5,467,380				
Accounts receivable-other	-	-	926,487	926,487				
	-	-	8,469,725	8,469,725				
Financial liabilities not measured at fair value:								
Due to ultimate parent society	-	-	441,722	441,722				
Borrowings	-	-	7,494,118	7,494,118				
Lease liabilities	-	-	66,345	66,345				
Repurchase agreements	-	-	15,589,291	15,589,291				
Accounts payable-other	-	-	2,367,078	2,367,078				
	-	-	25,958,554	25,958,554				

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

29. Financial instruments - fair values (continued)

(c) Accounting classifications and fair values (continued):

	Group 2021 Restated							
	Carrying amount				Fair value*			
	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 measured at fair value:								
Unquoted equities	-	12,748	-	12,748	-	-	12,748	12,748
Quoted equities	873,120	574,655	-	1,447,775	1,447,775	-	-	1,447,775
Government of Jamaica securities	14,065,607	-	-	14,065,607	-	14,065,607	-	14,065,607
Bank of Jamaica securities	455,983	-	-	455,983	-	455,983	-	455,983
Foreign government securities	692,373	-	-	692,373	-	692,373	-	692,373
Other public sector securities	452,889	-	-	452,889	-	452,889	-	452,889
Deferred shares	-	-	410,647	410,647	-	410,647	-	410,647
Corporate bonds	1,733,813	-	1,159,902	2,893,715	-	2,893,715	-	2,893,715
	18,273,785	587,403	1,570,549	20,431,737	1,447,775	18,971,214	12,748	20,431,737
Financial assets not measured at fair value:								
Cash and cash resources	-	-	684,077	684,077				
Resale agreements	-	-	4,051,332	4,051,332				
Net investment in finance leases	-	-	155,836	155,836				
Loans receivable	-	-	3,482,266	3,482,266				
Accounts receivable-other	-	-	720,654	720,654				
	-	-	9,094,165	9,094,165				
Financial liabilities not measured at fair value:								
Due to ultimate parent society	-	-	216,040	216,040				
Borrowings	-	-	5,521,964	5,521,964				
Lease liabilities	-	-	76,650	76,650				
Repurchase agreements	-	-	19,649,270	19,649,270				
Accounts payable-other	-	-	1,703,549	1,703,549				
	-	-	27,167,473	27,167,473				

	Company 2022						
	Carrying amount			Fair value*			
	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 measured at fair value:							
Unquoted equities	77,182	-	77,182 -	-	77,182	77,182	
Quoted equities	348,931	-	348,931	348,931 -	-	348,931	
Government of Jamaica securities	-	214,486	214,486	-	214,486	-	214,486
Deferred shares	-	410,647	410,647	-	410,647	-	410,647
Corporate bonds	-	62,466	62,466	-	62,466	-	62,466
	426,113	687,599	1,113,712	348,931	687,599	77,182	1,113,712
Financial assets not measured at fair value:							
Cash and cash resources	-	216,608	216,608				
Net investment in finance leases	-	131,462	131,462				
Loans receivable	-	5,467,380	5,467,380				
Accounts receivable-other	-	143,629	143,629				
	-	5,959,079	5,959,079				
Financial liabilities not measured at fair value:							
Due to ultimate parent society	-	193,593	193,593				
Due to subsidiary company	-	117,634	117,634				
Borrowings	-	7,406,181	7,406,181				
Repurchase agreements	-	195,152	195,152				
Accounts payable-other	-	826,347	826,347				
	-	8,738,907	8,738,907				

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

29. Financial instruments - fair values (continued)

(c) Accounting classifications and fair values (continued):

	Company 2021 Restated						
	Carrying amount			Fair value*			
	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 measured at fair value:							
Unquoted equities	4,617	-	4,617	-	-	4,617	4,617
Quoted equities	573,090	-	573,090	573,090	-	-	573,090
Government of Jamaica securities	-	217,377	217,377	-	217,377	-	217,377
Deferred shares	-	410,647	410,647	-	410,647	-	410,647
Corporate bonds	-	942,525	942,525	-	942,525	-	942,525
	577,707	1,570,549	2,148,256	573,090	1,570,549	4,617	2,148,256
Financial assets not measured at fair value:							
Cash and cash resources	-	114,443	114,443				
Resale agreements	-	692,631	692,631				
Net investment in finance leases	-	155,836	155,836				
Loans receivable	-	3,482,266	3,482,266				
Accounts receivable-other	-	97,815	97,815				
	-	4,542,991	4,542,991				
Financial liabilities not measured at fair value:							
Due to ultimate parent society	-	122,137	122,137				
Due to subsidiary company	-	415,592	415,592				
Borrowings	-	5,649,255	5,649,255				
Repurchase agreements	-	197,758	197,758				
Accounts payable-other	-	604,106	604,106				
	-	6,988,848	6,988,848				

* The group and company do not disclose the fair values of cash and cash equivalents, net investment in finance leases, resale agreements, loans receivable, accounts receivable, accounts payable, due to ultimate parent society, due to subsidiary company, borrowings and repurchase agreements because the carrying amounts of these financial instruments are a reasonable approximation of fair values.

During the year, the group experienced fair value losses related to instruments that are measured at FVOCI amounting to $1,845,531,000 (2021: $758,551,000), net of expected credit losses and recycling gains of $618,488,000 (2021:545,570,000). See Note 23. The decline is as a result of market conditions such as discount rates, yields and other macro-economic factors that affect the fair values.

30. Related party transactions and balances

(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 or joint control over the group;

(2) has significant influence over the group; or

(3) is a member of the key management personnel of the group or of a parent of the group.

(ii) An entity is related to the group if any of the following conditions applies:

- 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).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an entity of which the other entity is a member).
- Both entities are joint ventures of the same third party.

Notes to the **Financial Statements** CONTINUED

December 31, 2022

30. Related party transactions and balances (continued)

(a) Definition of related party (continued)

(ii) An entity is related to the group if any of the following conditions applies (continued):

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
- The entity is controlled, or jointly controlled, by a person identified in (a)(i) above.
- A person identified in (a)(i) 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).
- The entity or any member of a group of which it is a part providing key management services to the group or to the parent of the group;

(iii) Resale agreements, repurchase agreements, investment securities and loans receivable transactions with related parties have been conducted in the ordinary course of the Group's business at rates and on terms comparable to those with customers that are not related to the Group. Other balances including accounts receivable, accounts payable that is due to or from related parties are unsecured, interest free, and due for settlement within three months after the reporting date.

A related party transaction is a transfer of resources, services or obligations between the group and related parties, regardless of whether a price is charged.

(b) Identity of related parties

The group has a related party relationship with its ultimate parent society, fellow subsidiaries, associate of ultimate parent society, key management personnel, including directors and the pension plan.

(c) The statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash and cash equivalents:				
Ultimate parent society	64,722	34,755	7,155	3,106
Resale agreements:				
Subsidiary	-	-	-	692,631
Ultimate parent society	229,000	300,000	-	-
Repurchase agreements:				
Ultimate parent society	679,363	1,011,150	-	-
Subsidiary		-	195,152	197,758
Associate of ultimate parent society	-	152,317	-	-
Key management personnel, excluding directors	8,654	45,899	-	-
Investment securities:				
Ultimate parent society	410,647	410,647	410,647	410,647
Accounts receivable:				
Ultimate parent society	11,249	4,077	-	-
Subsidiary	-	-		39
Fellow subsidiary	2,316	182	-	-
Loans receivable:				
Directors	1,893	6,761	1,893	6,761
Unit trust funds	-	-	-	-
Due to ultimate parent society	441,722	216,040	193,593	122,137
Due to subsidiary company	-	-	110,805	415,592
Accounts payable – other:				
Associate of ultimate parent society	-	695	-	-
Fellow subsidiaries	-	1,542	-	-
Unit trust funds	383,697	271,315	383,697	271,315
Key management personnel, excluding directors	70	141	-	-

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

30. Related party transactions and balances (continued)

(c) (Continued)

Resale agreements, repurchase agreements, investment securities and loans receivable transactions with related parties have been conducted in the ordinary course of the Group's business at rates and on terms comparable to those with customers that are not related to the Group. Other balances due to or from related parties are unsecured, interest free, and due for settlement within three months after the reporting date.

(d) The income statement includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest and dividend income:				
Ultimate parent society	62,058	57,703	26,730	26,744
Subsidiary - interest	-	-	2,365	1,815
- dividend	-	-	-	252,080
Unit trust funds	-	35,367	-	14,612
Associate company	-	21,244	-	21,244
Directors	361	188	361	188
Management fee income:				
Unit trust funds	337,460	334,892	-	-
Fellow subsidiary	7,455	5,681	-	-
Property/share swap gain:				
Unit trust funds	285,696	-	285,696	-
Commission expense:				
Subsidiary	-	-	35,230	14,612
Operating expenses:				
Subsidiary	-	-	60,776	63,694
Ultimate parent society	257,382	222,049	-	5,132
Interest expense:				
Ultimate parent society	27,387	40,835	-	4,961
Subsidiary	-	-	7,715	1,894
Fellow subsidiaries	-	-	-	-
Associate of ultimate parent society	1,190	6,701	-	-
Key management personnel, excluding directors	307	869	-	-
Dividend expense:		-		
Ultimate parent society	-	186,003	-	186,003
Directors' fees (note 26)	26,226	22,987	15,170	13,023
Short-term employee benefits:				
Key management personnel, excluding directors	54,071	46,952	-	-

31. Dividends

On November 12, 2021, the Board of Directors declared an interim dividend of $0.155 per ordinary stock unit of the paid up capital stock of 1,500,025,000 ordinary stock units, paid to the shareholders on record as at November 26, 2021.

32. Managed funds and custodial arrangements

The group 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, 2022, these funds amounted to $33,919,646,000 (2021: $34,709,442,000).

Additionally, at December 31, 2022, there were custodial arrangements for assets totalling $12,756,472,000 (2021: $12,743,221,000).

As at December 31, 2022, the associated company, Carilend, had the following balances with VM Wealth Unit Trust Funds that are managed by the subsidiary company:

	Group and Company	
	2022 $'000	2021 $'000
Investment securities	966,385	692,916
Accounts payable	8,569	5,319
Borrowings	964,902	307,405

33. Earnings per share

The calculation of basic earnings per share is calculated by dividing the profit for the year attributable to owners of the company of $691,855,000 [2021: $440,032,000 (restated)], by a weighted average number of ordinary shares held during the year.

	2022	2021 Restated
Number of ordinary shares at December 31	1,500,025,000	1,500,025,000
Basic earnings per share (cents)	46¢	29¢

34. Contingent liabilities and capital commitment

The subsidiary company is subject to claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when it is probable that a payment will be made by the subsidiary company, and the amount can be reasonably estimated. The significant matters relating to the subsidiary company are as follows:

(i) Suit has been filed by customers against the subsidiary company for alleged breach of fiduciary duty, abetting of breach of fiduciary duty, breach implied contract and breach of contract related to investment services provided to plaintiff. At the time of this review, no legal opinion was formed on the probable outcome of the case as the dispute was in the early stages. As such, no provision was made in the financial statements for this claim.

(ii) Suit has been filed by customers against the subsidiary company for breach of contract or statutory duty, fraudulent misrepresentation, negligence and negligent misrepresentation. At the time of this review, no date was provided for the arbitration hearing, and no probable outcome of the case was provided. As such, no provision was made in the financial statements for this claim.

During the year, the company entered into an agreement with Jasmef Limited, a company domiciled in St. Lucia, to which the company committed to make capital contributions up to a total agreed amount of US$10 million. These contributions are to be made as set forth in drawdown notices to be delivered to the company by Jasmef. As at 31 December 2022, the company had made capital contributions totaling US$241,660.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

35. Prior period adjustments

The following tables summarize the impact of prior period adjustments in respect of the impairment of the company's investment in the associated company, Carilend, (note 7), the impairment of Carilend's convertible preference shares, and the amortization of commitment fee income on loans.

(a) Statements of Financial Position

	Notes	Group December 31, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Investment securities	35(e)	20,665,880	(266,069)	20,399,811
Accounts receivable: others	35(e)	460,942	(37,072)	493,574
Accounts receivable: others	35(g)	-	69,704	-
Income tax recoverable	35(g)	69,704	(69,704)	-
Interest in associate	35(d)	21,399	(21,399)	-
Others		10,025,227	-	10,025,227
Total assets		31,243,152	(324,540)	30,918,612
Accounts payable: others	35(f)	899,967	63,253	963,220
Income tax payable	35(f)	55,029	(15,813)	39,216
Retained earnings	35(d,e,f)	2,769,716	(371,980)	2,397,736
Others		27,518,440	-	27,518,440
Total liabilities and equity		31,243,152	(324,540)	30,918,612

	Notes	Group January 1, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Investment securities	35(e)	16,526,043	(159,422)	16,366,621
Accounts receivable: others	35(e)	1,061,981	(14,165)	1,092,364
Accounts receivable: others	35(g)	-	44,548	-
Income tax recoverable	35(g)	44,548	(44,548)	-
Interest in associate	35(d)	56,949	(56,949)	-
Others		12,034,154	-	12,034,154
Total assets		29,723,675	(230,536)	29,493,139
Accounts payable: others	35(f)	470,155	23,118	493,273
Income tax payable	35(f)	43,459	(5,780)	37,679
Retained earnings	35(d,e,f)	2,438,083	(247,875)	2,190,208
Others		26,771,979	-	26,771,979
Total liabilities and equity		29,723,676	(230,537)	29,493,139

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

35. Prior period adjustments (continued)

(a) Statements of Financial Position (continued)

	Notes	Company December 31, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Investment securities	35(e)	2,382,399	(266,069)	2,116,330
Accounts receivable: others	35(e)	65,181	(37,072)	97,815
Accounts receivable: others	35(g)	-	69,706	-
Income tax recoverable	35(g)	69,706	(69,706)	-
Interest in associate	35(d)	21,399	(21,399)	-
Others		5,300,377	-	5,300,377
Total assets		7,839,062	(324,540)	7,514,522
Accounts payable: others	35(f)	540,853	63,253	604,106
Income tax payable	35(f)	42,573	(15,813)	26,760
Retained earnings	35(d,e,f)	299,689	(371,980)	(72,291)
Others		6,955,947	-	6,955,947
Total liabilities and equity		7,839,062	(324,540)	7,514,522

	Notes	Company January 1, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Investment securities	35(e)	1,060,327	(159,422)	900,905
Accounts receivable: others	35(e)	782,042	(14,165)	812,425
Accounts receivable: others	35(g)	-	44,548	-
Income tax recoverable	35(g)	44,548	(44,548)	-
Interest in associate	35(d)	56,949	(56,949)	-
Others		2,183,668	-	2,183,668
Total assets		4,127,534	(230,536)	3,896,998
Accounts payable: others	35(f)	82,516	23,118	105,633
Income tax payable	35(f)	38,487	(5,779)	32,707
Retained earnings	35(d,e,f)	94,679	(247,875)	(153,196)
Others		3,911,852	-	3,911,852
Total liabilities and equity		4,127,534	(230,537)	3,896,998

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

35. Prior period adjustments (continued)

(b) Statements of Profit or Loss and Other Comprehensive Income

	Notes	Group December 31, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Net interest income	35(e)	390,458	(21,244)	369,214
Net fees and commissions	35(f)	832,092	(40,136)	791,956
Gains from investment activities	35(d,e)	776,154	(105,998)	670,156
Other operating revenue		24,821	-	24,821
Operating expenses		(1,197,928)	-	(1,197,928)
Share of loss in associate	35(d)	(33,239)	33,239	-
Income tax charge	35(f)	(228,221)	10,034	(218,187)
Profit for the year		564,137	(124,105)	440,032
Other comprehensive loss, net of tax		(661,901)	-	(661,901)
Total comprehensive loss for the year		(97,764)	(124,105)	(221,869)
Earnings per share (expressed as a ¢ per share)	33	38¢		29¢

	Notes	Company December 31, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Net interest income	35(e)	142,550	(21,244)	121,306
Net fees and commissions	35(f)	67,931	(40,136)	27,795
Gains from investment activities	35(d,e)	194,619	(105,998)	103,412
Gains from investment activities	35(g)	-	14,791	-
Other income	35(g)	15,615	(14,791)	824
Other operating revenue		257,962	-	258,786
Operating expenses		(136,079)	-	(136,079)
Share of loss in associate	35(d)	(33,239)	33,239	-
Income tax charge	35(f)	(71,845)	10,034	(61,811)
Profit for the year		437,514	(124,105)	314,233
Other comprehensive income, net of ta:		-	-	-
Total comprehensive income for the ye		437,514	(124,105)	314,233

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

35. Prior period adjustments (continued)

(c) Statements of Cash Flows

	Notes	Group December 31, 2021 As reported $'000	Adjustments $'000	As restated $'000
Cash flows from operating activities:				
Profit for the year	35(d,e,f)	564,137	(124,105)	440,032
Adjustments for:				
Share of loss in associate	35(d)	33,239	(33,239)	-
Deferred income	35(f)	-	40,136	40,136
Amortisation of transaction costs	35(h)	6,679	14,612	21,291
Unrealised exchange losses on foreign currency balances	35(h)	5,703	11,961	17,664
Gains from investment activities	35(d,e)	(776,154)	105,998	(670,156)
Interest income	35(e)	(1,157,863)	21,244	(1,136,619)
Income tax charge	35(f)	228,221	(10,034)	218,187
Accounts receivable	35(h)	1,191,466	848	1,192,314
Accounts payable	35(h)	(39,518)	(4,641)	(44,159)
Repurchase agreements	35(h)	(679,538)	(10,931)	(690,469)
Others		2,546,260	3	2,546,263
Net cash provided by/(used in) operatin activities		1,922,632	11,852	1,934,484
Cash flows from investing activities:				
Net investment in finance leases	35(h)	(45,946)	45,946	-
Investment in finance leases	35(h)	-	(72,660)	(72,660)
Proceeds from finance lease repaymen	35(h)	-	26,714	26,714
Investment securities (purchased)/sold, net	35(h)	(4,158,133)	4,158,133	-
Proceeds from sale of investment securities	35(h)	-	13,020,553	13,020,553
Purchase of investment securities	35(h)	-	(17,166,476)	(17,166,476)
Unrealised exchange gain on foreign currency balances	35(h)	-	(12,210)	(12,210)
Others	35	(850,936)	(2,782)	(853,718)
Net cash used in investing activities		(5,055,015)	(2,782)	(5,057,797)

	Notes	Group December 31, 2021 As reported $'000	Adjustments $'000	As restated $'000
Cash flows from financing activities:				
Proceeds from loan	35(h)	2,472,643	(2,472,643)	-
Proceeds from loans and borrowings	35(h)	-	3,956,624	3,956,624
Repayment of loans and borrowings	35(h)	-	(1,497,471)	(1,497,471)
Unrealised exchange gain on foreign currency balances	35(h)	-	(1,121)	(1,121)
Amortisation of transaction costs	35(h)	-	14,611	14,611
Others	35(h)	(241,832)	(13,490)	(255,322)
Net cash provided by/(used in) financing activities		2,230,811	(13,490)	2,217,321
Net decrease in cash and cash equivale		(901,572)	(4,420)	(905,992)
Cash and cash equivalents at beginning of year		1,571,567	-	1,571,567
Effect of exchange rate fluctuations on cash and cash equivalents		14,082	4,420	18,502
Cash and cash equivalents at end of year		684,077	-	684,077

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

35. Prior period adjustments (continued)

(c) Statements of Cash Flows (continued)

	Notes	Company December 31, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Net Cash flows from operating activities:				
Profit for the year	35(d,e,f)	437,514	(124,105)	313,409
Adjustments for:				
Share of loss in associate	35(d)	33,239	(33,239)	-
Deferred income	35(f)	-	40,136	40,136
Unrealised exchange losses on foreign currency balances	35(h)	2,311	11,961	14,272
Gains from investment activities	35(d,e)	(194,619)	91,207	(103,412)
Interest income	35(e)	(340,667)	21,244	(319,423)
Income tax charge	35(f)	71,845	(10,034)	61,811
Accounts receivable	35(h)	760,097	647	760,744
Accounts payable	35(h)	419,700	(4,641)	415,059
Repurchase agreements	35(h)	197,758	(10,928)	186,830
Others		(1,859,808)	-	(1,859,808)
Net cash used in operating activities		(472,630)	(17,752)	(490,382)
Cash flows from investing activities:				
Net investment in finance leases	35(h)	(45,946)	45,946	-
Investment in finance leases	35(h)	-	(72,660)	(72,660)
Proceeds from finance lease repayments	35(h)	-	26,714	26,714
Investment securities (purchased)/sold, net	35(h)	(1,021,576)	1,021,576	-
Proceeds from sale of investment securities	35(h)	-	930,397	930,397
Purchase of investment securities	35(h)	-	(1,939,762)	(1,939,762)
Others		(605,372)	-	(605,372)
Net cash (used in)/provided by investing activities		(1,672,894)	12,211	(1,660,683)

	Notes	Company December 31, 2021 As previously reported $'000	Adjustments $'000	As restated $'000
Cash flows from financing activities:				
Proceeds from loan	35(h)	2,412,128	(2,412,128)	-
Proceeds from loans and borrowings	35(h)	-	3,910,720	3,910,720
Repayment of loans and borrowings	35(h)	-	(1,497,471)	(1,497,471)
Unrealised exchange gain on foreign currency balances	35(h)	-	1,121	1,121
Others	35(h)	(232,504)	-	(232,504)
Net cash used in) financing activities		2,179,624	2,242	2,181,866
Net increase/(decrease) in cash and cash equivalents		34,100	(4,420)	29,680
Cash and cash equivalents at beginning of year		80,343	-	80,343
Effect of exchange rate fluctuations on cash and cash equivalents		-	4,420	4,420
Cash and cash equivalents at end of year		114,433	-	114,433

35. Prior period adjustments (continued)

(d) Impairment of investment in associated company, Carilend

During the year, the valuation of the company's investment in its associated company, Carilend, indicated that the investment purchased on August 20, 2019, had been significantly impaired and was written down to nil. Further assessment revealed that the prior year's impairment assessment was not correctly performed in accordance with IAS 36 Impairment of Assets, and as such, the prior year's balance was also determined to be impaired. and was written down to nil.

The impact of the impairment has been applied retrospectively by adjusting the opening balances of each affected financial statement line item, including the company's share of losses, for the earliest period presented.

(e) Impairment of investment in convertible preference shares

During the year, the valuation of the company's investment in US$1,800,000 cumulative convertible preference shares issued by its associated company, Carilend, was assessed with the results indicating that there was a reduction in fair value of the investment. Further assessment revealed that the prior year's valuation was not correctly performed in accordance with IFRS 13, *Fair Value Measurement* and as such, the prior year's balance was also determined to be devalued to nil.

Consequentially, the interest income and receivable that were previously recorded, were written off.

The impact of the adjustment to fair value has been applied retrospectively by adjusting the opening balances of each affected financial statement line item, including interest income, for the earliest period presented.

(f) Prior period non-compliance with IFRS

During the year, it was discovered that commitment fees earned by the company on margin and corporate loans were not being recognized over time as the servicing of the loans is provided by the company, i.e., over the tenure of the loans. This was not in compliance with the requirements of IFRS 9, *Financial Instruments*. As a consequence, commitment fee income had been overstated, deferred income had been understated and the related income tax expense had been overstated.

The errors have been corrected by restating each of the affected financial statement line items for the earliest period presented.

(g) Reclassifications

For the purpose of presentation, in the statement of financial position and the income statement for the company, certain balances were reclassified from one line item to another for consistency with the presentation of the financial statements of the subsidiary company.

(i) Withholding tax that was incorrectly classified and shown as Income Tax Recoverable instead of Accounts Receivable; and

(ii) Net foreign exchange translation gains that were incorrectly classified as other income instead of as part of gains from investment of activities.

Victoria Mutual Investments Limited

Notes to the **Financial Statements** CONTINUED

December 31, 2022

37. Subsequent event

Under an approved Scheme of Arrangement for the restructuring of the Society and its subsidiaries, a new mutual holding company, VM Group Limited, along with a new financial holding company, VM Financial Group Limited, were incorporated on February 1, 2023.

The VM Group Limited is wholly owned by its Members and is the parent to VM Financial Group Limited as well as VM Innovations Limited. VM Foundation is limited by guarantee.

VM Financial Group Limited has applied for a license under the Banking Services Act (2014) as the financial holding company for all the companies in the VM Group that offer financial services, namely:

- VM Building Society (formerly The Victoria Mutual Building Society)
- VM Investments Limited (formerly Victoria Mutual Investments Limited and continues as parent to Victoria Mutual Wealth Management Limited)
- VMBS Money Transfer Services Limited
- Victoria Mutual Pensions Management Limited
- Victoria Mutual Finance Limited
- VM Overseas (UK) Limited

British Caribbean Insurance Company Limited (BCIC) is now an associate of the VM Financial Group Limited. Carilend Caribbean Holdings Limited and Kingston Properties Limited (KPREIT) continue to be associated companies of VM Investments Limited.

VM Innovations Limited, the non-financial holding company, is the parent of the other non-financial entity within the VM Group, VM Property Services Limited.

vmil.myvmgroup.com

STRONGER.
BOLDER.
BETTER.

VM Investments
Limited

Corporate Data

BOARD OF DIRECTORS

Mr Michael McMorris (Chairman)

Mr Matthew Wright

Mr Courtney Campbell

Mr Rezworth Burchenson (CEO)

Ms Bridget Lewis

Mr Devon Barrett

Mrs Janice McKenley

Mr Noel Hann

Mr Vikram Dhiman

Mr Phillip G. Silvera

Mrs Sandra M. Shirley-Auxilly

Milton J. Samuda

EXECUTIVE OFFICERS

Rezworth Burchenson (CEO)

Brian Frazer (Deputy CEO)

REGISTERED OFFICE
6-10 Duke Street
Kingston, Jamaica, WI

CORPORATE OFFICE
73-75 HWT Road, Kingston 10, Jamaica, WI

CORPORATE SECRETARY
Keri-Gaye Brown

ATTORNEYS-AT-LAW
Messrs Patterson, Mair, Hamilton | Temple Court
85 Hope Road, Kingston 6, Jamaica, WI

REGISTRAR AGENT
Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston, Jamaica, WI

BANKER
National Commercial Bank
Jamaica Limited
32 Trafalgar Road
Kingston 5, Jamaica, WI

AUDITOR
KPMG
P.O Box 76, 6-10 Duke Street, Kingston
Jamaica, WI

CREDIT RATINGS
CariCRIS investment-grade rating of CariBBB-

SUBSIDIARIES
VM Wealth Management Ltd

AFFILIATES
Carilend
Kingston Properties Ltd
Home Choice Enterprises Ltd
Cold Bush Organics

CONTACT US

Clover Moore
AVP – Corporate Affairs and Communications
VM Group
Email: Clover.Moore@myvmgroup.com
Mobile: (876) 383-2724

Nicole Adamson
Manager – Research, Business Planning and Investor Relations, VM Investments
Email: Nicole.Adamson@myvmgroup.com
Mobile: (876) 564-0299

BRANCH DIRECTORY

BRANCHES

Head Office

53 Knutsford Boulevard, Kingston 5

Liguanea/UTech

Duke Street

Portmore

Mandeville

Ocho Rios

Montego Bay

Savanna-la-Mar

VM Investments Limited

vmil.myvmgroup.com

VM Investments Limited