We are here for you...

always

2020 Annual Report

Mission

We are a mutual financial organisation, whose purpose is to empower our Members globally to acquire their own homes and achieve Financial Independence by providing innovative solutions and excellent service, delivered by a highly competent and engaged Team, and through multiple channels. We are committed to partnering with our communities to improve quality of life.

Vision

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

Core Values

- Member Focus
- Integrity
- Teamwork
- Innovation
- Excellence

Standing in the Gap:

VM's COVID-19 response

Many things changed in March 2020 when the first case of COVID-19 was discovered in Jamaica. Lives and livelihoods of people from all walks of life were almost immediately impacted and some will not be the same, even when the world can finally declare the arrival of a post-pandemic era.

One thing that did not change during this time of extraordinary upheaval is Victoria Mutual Group's commitment to transforming the lives of the people we serve. While the pandemic and its many challenges have caused disruption to plans and projections, they did not impede the VM Team's focused and purposeful efforts to deliver meaningful change to people's lives through the thoughtful provision of financial products, services and education. In fact, even as the dark clouds of COVID approached our skies, VM was already actively preparing to stand in the gap for our Members and our Team to minimise the impact of this devastating health crisis. We have always stood side by side with our people, and COVID-19, as formidable as it continues to be, is not enough to shake our resolve. Here are some highlights of the VM Group's work to support our Team, our Members and Clients over the past year.

Standing in the Gap

CONTINUED

For our Members & Clients

900
Members given loan repayment moratoria

$355 million
in value provided to Members through low fees and low mortgage rates charged by the Society, and discounts offered by subsidiaries

Member Support Portal
created to share latest COVID-19 information and to stay close to Members

120 Laptops & Tablet Computers
donated across Jamaica to assist students attending online classes

21 Digital Education Kits
laptops and data-powered smartphones provided to CSEC students on Labour Day

US$25,000 donated to the University Hospital of the West Indies to purchase a high-flow ventilator for the Intensive Care Unit, to combat COVID-19 and other respiratory illnesses.

Care Packages distributed islandwide

2 hybrid AGMs successfully executed, facilitating full participation of Members, even remotely

Upgraded Online Banking and launched Mobile Banking app
giving greater, safer access to Members

Strict enforcement of health & safety protocols
enhanced cleaning, social distancing, mask wearing and temperature checks – at all VM locations

Monetary donation made to the Ministry of Health & Wellness' national COVID-19 response efforts

For our Team

New Client Management Portal
- safe, remote access to account information via VM Wealth

600-plus Team Members attend first ever virtual VM Group Business Conference

UP TO **40%** **of Team Members working remotely**

$42.5 million spent to acquire additional tech equipment to support remote work

5 **Installed 5 new iABMs** boosting transactions via this channel by **19%.**

Special support given to Team Members to help purchase tech equipment for their children

Cost-free access to counselling provided to Team Members and their families via Family Life Ministries

Virtual engagement and recognition sessions & events
I AM VM Awards, pop-up virtual concerts, comedy show, health & wellness webinars, financial planning webinar series.

Contents

The Power of Mutuality

Just 13 years after the Morant Bay Rebellion, Victoria Mutual was founded by clergymen who imagined a better reality for all economically marginalised Jamaicans. They understood the power of collective ambition and the value of mutuality in the achievement of shared goals.

VM was built and remains rooted in the belief that everyone should be able to achieve financial well-being, regardless of social circumstances, and that all people are worthy of empowerment through equitable access to financial products, services and education.

VM's Members are owners of the organisation. As patrons they are more intimately engaged and closely regarded than are customers of other financial institutions.

Mutuality remains at the heart of VM's operations today. As we execute on our purpose of transforming their lives, we are guided by our four Strategic Goals - Modern Mutual; Strong Integrated Financial Group; Model Corporate Citizen and Employer of Choice.

An estimated $355 million in value was created for our Members, through low or no fees, low mortgage rates, higher savings rates offered by the Society and discounts offered to Members by the Society's subsidiaries.

We are more committed than ever to achieving big wins for our Members and Clients. With more than 14 decades of solid experience and a committed, results-driven team, the future is full of promise of even greater things to come.

The Victoria Mutual Building Society and its Subsidiaries/Affiliates

The Victoria Mutual Building Society
(JAMAICA) *1

Victoria Mutual Investments Ltd.
80%
VMIL
(JAMAICA)

Victoria Mutual Properties Ltd.
100%
(JAMAICA)

VMBS Money Transfer Services Ltd.
99%
VMTS *2
(JAMAICA)

Victoria Mutual Finance Ltd.
100%
VMF
(UNITED KINGDOM)

VMBS Overseas (UK) Ltd.
100%
VMOUK
(UNITED KINGDOM)

Victoria Mutual Pensions Management Ltd.
100%
(JAMAICA)

Victoria Mutual Foundation Ltd.
100%
(JAMAICA)

Victoria Mutual Wealth Management Ltd.
100%
VMWM
(JAMAICA)

Victoria Mutual (Property Services) Ltd.
100%
VMPS
(JAMAICA)

AFFILIATED COMPANIES

- **BCIC**
  37.1% owned by the Victoria Mutual Building Society
- **CARILEND**
  30% owned by Victoria Mutual Investments Limited

VM Group Strategy

ABOUT US

Founded in 1878, the VM Group is a mutual organisation in the business of transforming the lives of ordinary Jamaicans both here and across the diaspora. Strategically, over the years and in response to changing needs, our services have expanded from assisting persons to acquire their own homes to include the provision of a wide range of innovative and responsive, industry-leading financial for persons to gain wealth while experiencing improved financial well-being.

The VM Group guarantees that we will be here to help our Members, Clients, Team Members and the wider community navigate the various stages of life. We have been here for you and will continue to be here for you as you work to achieve your financial goals.

Supports Financial Wellness at Every Stage of Life...

YOUTH

Save 2 Grow

We provide our young people with Savings options such as **Save 2 Grow** to start building a life-long saving habit.

COLLEGE STUDENT

iSave
VM Money Transfer

We help our college students meet their current needs by providing access to transfers via **VM Money Transfer**, and saving options such as **Save 2 Grow** for future goals.

YOUNG PROFESSIONAL

iSave, Unit Trust,
1st Mortgage

Young professionals can capitalise on loans such as **Drive Auto** and **Unsecured Loans** for current needs and Saving options such as **iSave, Unit Trusts, Bonds** and **Equities** to save towards future goals.

STARTING A FAMILY

iSave, Unit Trust,
1st Mortgage

Young Families can access their **1st Mortgage, Drive Auto** and **Unsecured Loans**, as well as **Real Estate Services** for current needs and savings options such as **iSave, Unit Trusts** and **Stocks** to save for future goals.

Professionals and Hi-net

Cash Secured/Home Loans, iGain Edge , Unit Trust

Professionals and high -net-worth Members can access loans such as **Cash Secured, Construction** and **Home Equity Loans** for current needs as well as saving and investments options such as **iGain Edge, Money Maker, Unit Trusts, Bonds** and **Stocks** to achieve future goals.

RETIREMENT PLANNING

VM Pensions Solutions

Retirees can benefit from **Cash Secured Loans** and **Pensions Solutions** for Retirement needs and savings options such as **iGain Edge, Money Maker, Unit Trusts** and **Bonds** to achieve future goals.

VM Group Strategy
CONTINUED

WHAT WE DO

Simply put, we Transform Lives!

The VM Group exists to support our Members and Clients as they build their financial wealth and increase financial well-being. We are Member-focussed and as such, we continuously engage our Members and Clients in exchanges which will result in their increased financial knowledge. However, our mission to improve and transform lives is not limited to those who conduct business with us. Rather, we also create opportunities for persons in the wider community to access financial information that will increase their financial knowledge and understanding. Throughout the year, Members, Clients and the general public can access information on our products, services and general financial information through our online platforms, seminars, conferences, one-on-one sessions and town hall meetings. In this past year, much of this was done electronically owing to the pandemic.

THE VM GROUP STRATEGY IN ACTION 2017-2020

In 2016, the VM Group reviewed its Strategy with the aim of ensuring that VM remained relevant, providing the products and services that our Members and Clients needed to advance their financial well-being. Further, with the rapid evolution of technology, particularly in the financial sector, this review also ensured that our processes and policies reflected our changing environment.

Following the rigorous review process, our Vision and Mission statements were revised. In addition, our core values, which underpin the way we operate, were also updated and Strategic Goals were introduced. Strategic Goals are the long-term aspirations of the VM Group and provide our Members and Team Members with greater clarity around the direction of the Group as we work towards fulfilling our purpose.

The four Strategic Goals that have guided the VM Group over the last four years are:

- Strong, Integrated Financial Group
- Modern Mutual
- Employer of Choice
- Model Corporate Citizen

Mission

We are a Mutual financial organisation whose purpose is to empower our Members globally to achieve financial independence by providing innovative solutions and excellent service delivered by a highly competent and engaged team, and through multiple channels. We are commited to partnering with our communities to improve quality of life.

Vision

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

Core Values

Member Focus
Integrity
Teamwork
Innovation
Excellence

During this period, the VM Group has implemented several projects and initiatives aimed at achieving our strategic goals. Since this strategy was implemented, we have reaped immense success having introduced new products as well as reviewed and streamlined many of our processes. The implementation of these initiatives has helped the Group to achieve record results including historic Net Surplus results over the period. Undoubtedly, this ensured that we were well-positioned to navigate the current COVID-19 pandemic. ■

Implementation of the **Enterprise Risk Management Framework**

Successful capital raise through **VMIL IPO**

30% Acquisition of stake in Barbadian Fintech, **Carilend**

Deployed **iABMs** to increase electronic access and service options for our Members

Introduction of new products, some of which include:

- **Lease Financing at VMIL**
- **Auto loans**
- **Unsecured Loans**
- **100% Mortgage Financing**
- **USD Equity Unit Trust**

Established the **VM Foundation**

Established **Innovations**

Established **Finance**

The following are key projects and initiatives undertaken towards achieving our Strategic Goals over the four-year period:

PROJECT/INITIATIVE	STRATEGIC GOAL IMPACTED	STATUS
Implementation of Enterprise Risk Management (ERM) Framework: An Enterprise Risk Management (ERM) Framework was implemented across the VM Group. This involved the development of an ERM Policy and Governance Framework. Subsequently, the ERM framework was rolled-out across the following SBUs: VMBS, VMWM and VMPM. Using this framework, we have been able to improve the monitoring of our top risk exposures, and we will be implementing further improvements regarding the detection and monitoring of risks. The roll-out of the ERM Framework to VMPS and VMTS will be completed in 2021.	Strong, Integrated Financial Group	Ongoing
VMIL IPO: In 2017, 20% of VMIL was offered to Members, Clients and the Public by way of an Initial Public Offering (IPO), to facilitate corporate lending and investing to support well-run Jamaican businesses. The offer was four times oversubscribed. The company raised $690 million and now trades on the Main Market of the Jamaica Stock Exchange (JSE).	Strong, Integrated Financial Group	Completed
Expanded Suite of Products at VMIL: A formal infrastructure was established to enable VMIL to underwrite IPOs in the capital market as well as offer corporate loans including insurance premium financing and lease financing. Additionally, we have launched several new classes of equity unit trust products, including those denominated in foreign currencies.	Strong, Integrated Financial Group Modern Mutual	Completed*
New VMBS Products: In 2017, the VM Group, with the approval of its Members, was able to change the rules governing its operations to begin offering new loan products such as unsecured loans and auto loans. These were launched in 2018 as well as a 100% financing mortgage product: the first of its kind to the local market. In 2019, the commercial auto loan was introduced. The VM Carilend e-Loan was launched in 2020.	Strong, Integrated Financial Group Modern Mutual	Completed*
VMPM Product Update: In 2019, the Approved Retirement Scheme (ARS) was relaunched providing our Members/ self-employed employees with retirement options.	Strong, Integrated Financial Group	Completed
Overseas Expansion & Strategic Investment Activities: We have been actively assessing multiple opportunities for expansion across the region. In 2019, the VM Group acquired a 30% ownership stake in the Barbados Fintech, Carilend and a 44% controlling stake in Kingston Properties REIT Issue. In 2020, we also increased the stake (37.16%) in our associate, BCIC .	Strong, Integrated Financial Group	Completed*
Increased Electronic Access and Increased Access to our Members: We have expanded the ABM network and the deployment of intelligent ABMs (iABMs) at all Branch locations. Additionally, several branches were refurbished and upgraded. The aim of this project is to improve the level of service and convenience for our Members and Clients.	Modern Mutual	Completed
Commenced the Rebranding Initiative: This will see us refreshing our brand image to ensure that it aligns with our current as well as future offerings and strategic positioning.	Modern Mutual	Ongoing
Implemented **VM Express Online** our new online Banking Platform.	Modern Mutual	Completed

Commenced the process of Organisational Restructuring which will position the VM Group to further take advantage of opportunities to establish strategic alliances within the region.	Strong, Integrated Financial Group Modern Mutual	Ongoing with expected completion by end-2021
Successfully integrated the Centre of Excellence for Sales into the Group's organisational structure and operationalised the related processes and functions.	Strong, Integrated Financial Group	Completed
Managed and Proactively Enhanced IT Systems: We have enhanced and managed our IT systems, in particular IT Security, with the introduction of more robust systems and processes. Additionally, the acquisition of new hardware has allowed us to improve system availability to our Team Members resulting in more efficient service to our Members and Clients. In 2020, the Disaster Recovery site was successfully relocated to a world class Tier III level facility located at Caymans.	Strong, Integrated Financial Group	Completed
Implemented a Complaints Management System across the VM Group to ensure that our Members and Clients' concerns are addressed expeditiously.	Strong, Integrated Financial Group	Completed
Developed the Business Plan for the Mortgage Ecosystem	Strong, Integrated Financial Group	Completed
Expanded our Financial Literacy Programme to students at three Tertiary institutions through the VM IGKnight and Financial Education to Empower (FETE) Programmes.	Modern Mutual Model Corporate Citizen	Completed
Continued the VM Scholarship Awards and expanded it to include awards specific to the STEAM (Science, Technology, Engineering, Art, Mathematics) curriculum	Model Corporate Citizen	Completed*
Implemented Several Strategic Training Programmes for our Team Members including Sales & Credit; Language training; Business Intelligence Tools; Agile Practices and Design-thinking.	Employer of Choice	Completed*
Continued with our Robust Leadership Training Programmes including the General Management Leadership and Executive Coaching for members of our Senior Leadership Team.	Employer of Choice	Completed*
Advanced our Strategy to be the Employer of Choice which included the full roll-out of remote and flexi-work arrangements and revised mortgage; and subsidised staff benefits for all Team Members including special assistance programmes which were activated to assist Team Members to cope with the COVID-19 pandemic.	Employer of Choice	Completed*
Implemented Group-wide Training so that all Team Members know and understand how to serve our Members and Clients better.	Employer of Choice Modern Mutual Strong, Integrated Financial Group	Completed*

Renamed an existing subsidiary, VM Innovations, with a mandate to identify additional opportunities to grow and diversify our revenue streams by creating new business models.	Modern Mutual	Completed
VMBS became a member of the Jamaica Bankers Association (JBA) and was admitted to participation in the Automated Clearing House (ACH).	Modern Mutual	Completed
Established the VM Foundation which has impacted the lives of over 230,000 in 2020.	Model Corporate Citizen	Ongoing

Note that though these projects/initiatives have been completed, the nature of the activity is such that we will continue to make improvements and respond to the changing environment within which we operate.

OUTLOOK

The year 2020 was the final year of the existing strategic plan. As such, a comprehensive review of the VM Group's strategy was undertaken. This resulted in a new three-year strategic plan which builds on the solid foundation established over the last four years.

Key Initiatives to Drive Growth, Innovation and Resilience for 2021-2023 are listed below. Several of these initiatives are a continuation of work that has already commenced, thereby reflecting consistency in the VM Group's strategic direction.

Growth

Development of a Mortgage Ecosystem which will simplify and expedite the mortgage process by bringing together all the relevant players on a single platform.

- **Suite of Credit & Debit Cards**
- **FX Trading**
- **Integrated Sales**
- **Expanding the VM Footprint Regionally**

Innovation

- **Digitalising Value Chains**
- **Optimising Data Analytics**
- **Creation of an Innovation Subsidiary***

**The Innovation Subsidiary - VM Innovations-was established at the end of 2020*

Resilience

- **Group Restructuring**
- **Acquire 'Great Place to Work' Certification**
- **Adopt COSO 2017 Framework**
- **Process Review**

Our commitment to transforming the lives of our Members, Clients and Team Members remains consistent. We look forward to continuing the legacy of the VM Group as we transform lives by **Driving Growth, Innovation and Resilience.**

Notice of Annual General Meeting

NOTICE is hereby given that the One Hundred and Forty-Second Annual General Meeting of The Victoria Mutual Building Society will be held virtually via a private-user platform and via the Victoria Mutual Group's social media channels, on Thursday, May 27, 2021 at 2.00 p.m. for the following purposes: -

1. **To receive the Audited Group Accounts for the year ended 31 December 2020 and the Reports of the Directors and Auditors.**

   To consider and if thought fit, pass the following Resolution:

   Resolution No. 1

   "THAT the Audited Group Accounts for the year ended 31 December 2020 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. **To elect Directors.**

   (1) The Directors retiring from office by rotation pursuant to Rule Number 59(1) of the Society's Rules are Mr. Noel daCosta and Mr. Courtney Campbell and being eligible, offer themselves for re-election.

   To consider and if thought fit, pass the following Resolutions:

   Resolution No. 2 (1) (a)

   "THAT Mr. Noel daCosta be and is hereby re-elected a Director of the Society."

   Resolution No. 2 (1) (b)

   "THAT Mr. Courtney Campbell be and is hereby re-elected a Director of the Society."

   (2) In accordance with Rule 60 of the Society's Rule, Mr. Colin Wharfe having been appointed to the Board since the last the Annual General Meeting, will retire from office and being eligible offers himself for election.

   Resolution No. 2 (2) (a)

   "That Mr. Colin Wharfe be and is hereby elected a Director of the Society"

3. **To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.**

   To consider and if thought fit, pass the following Resolution:

   Resolution No. 3

   "THAT KPMG, Chartered Accountants, be and are hereby Auditors of the Society pursuant to Rule 72 (1) of the Society's Rules to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Society".

4. **To transact any other business permissible by the Society's rules at an Annual General Meeting.**

By Order of the Board

Keri-Gaye Brown
Secretary

Dated: 26th Day of March 2020

In accordance with and subject to the provision of Rule 89, a Member of the Society is entitled to appoint a proxy to attend and vote at this meeting in his/her stead. The Proxy form shall be provided by the Secretary on request. The completed Proxy form shall be signed by the Member and delivered to the Secretary at the Chief Office of the Society not less than ten (10) days before the time appointed for holding of the meeting. ■

Five-year Statistical Review

GROUP

Balance Sheet ($'000)	2016	2017	2018	2019	2020
Earning Assets	101,082,872	110,138,310	115,241,749	129,713,545	**136,640,001**
Loans	34,531,088	44,069,750	48,973,660	62,035,211	**77,677,406**
Total Assets	112,207,742	123,174,146	133,117,216	151,932,096	**166,034,983**
Savings Fund	71,965,955	76,379,390	81,941,931	89,378,675	**103,486,876**
Capital and Reserves	14,134,017	15,468,478	15,853,409	20,109,700	**22,199,655**
Deposit Liabilities	82,746,798	88,425,469	95,117,659	104,148,052	**105,063,228**
Income Statement ($'000)					
Net Interest Income	3,816,620	4,016,521	4,220,444	4,334,241	**5,077,641**
Operating Revenue	5,547,502	6,532,968	7,594,686	8,998,777	**12,554,131**
Operating Expenses, excl. impairment losses	4,497,234	5,431,981	5,502,705	6,757,389	**8,051,521**
Surplus before income tax	1,198,979	1,291,440	1,702,849	2,952,798	**4,078,587**
Surplus for the year after income tax	856,598	1,032,774	1,060,517	2,131,551	**2,636,396**
Share of profits of Associates	162,625	210,621	87,840	210,498	**111,325**
Ratios					
Net Interest Margin	3.90%	3.80%	3.73%	3.53%	**3.81%**
Return on Capital	6.43%	6.98%	6.77%	11.85%	**12.46%**
Return on Average Total Assets	0.79%	0.88%	0.83%	1.50%	**1.66%**
Efficiency Ratio (Admin Expense:Mean Assets)	4.17%	4.62%	4.29%	4.74%	**5.06%**
Efficiency Ratio (Cost:Income)	78.76%	80.55%	71.63%	73.38%	**63.57%**
Capital & Reserves as a percentage of assets	12.60%	12.56%	11.91%	13.24%	**13.37%**

CAPITAL AND RESERVES
$22.2B

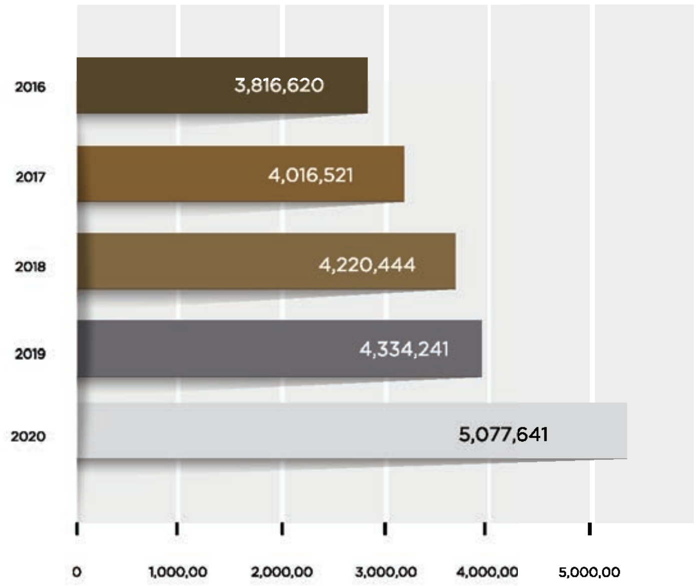
EARNING ASSETS
$136.6B

OPERATING REVENUE
12.6B

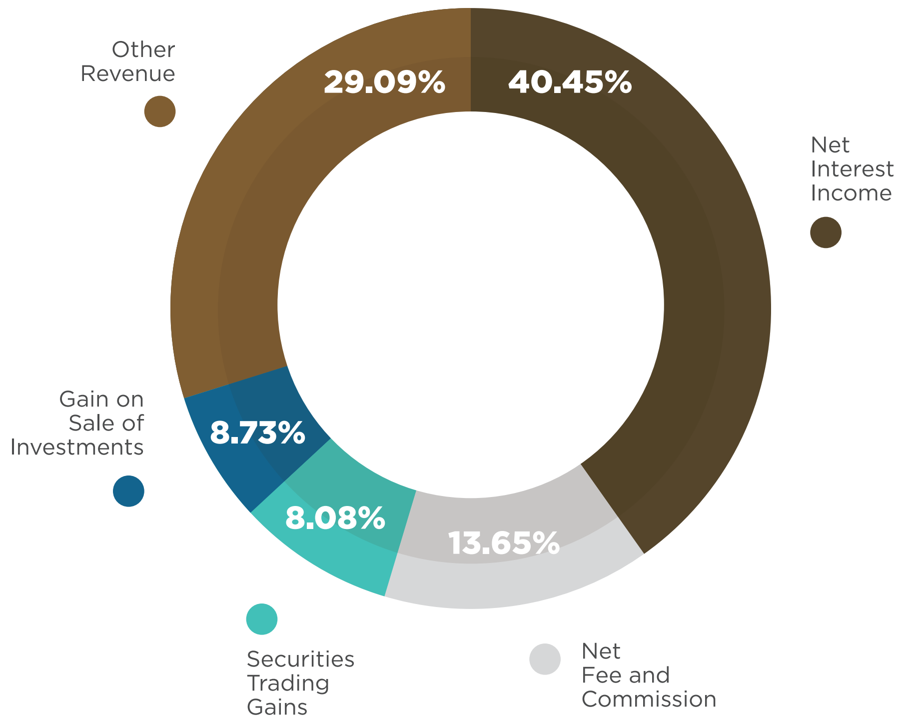
Five-year Statistical Review

CONTINUED

NET INTEREST INCOME 2016 - 2020



DISTRIBUTION OF OPERATING REVENUE (2020)



SOURCES: 2016 - 2020 Audited Financial Statements

Directors' Report

The Directors take pleasure in presenting the One Hundred and Forty-Second Annual Report and Statements of Revenue and Expenditure of the Group and the Society, for the year ended 31 December 2020, together with the Statements of Financial Position of the Group and the Society, as at that date.

SURPLUS

The Group Revenue and Expenditure Account shows Gross Revenue of $12.554 billion (2019: $8.999 billion) and Net Surplus of $2.636 billion (2019: $2.132 billion).

DIRECTORS

The Directors who served the Society since the last Annual General Meeting are:

Mr. Michael McMorris, Chairman
Mr. Matthew Wright, Deputy Chairman
Dr. Judith Robinson *(resigned 31 December 2020)*
Mr. Noel daCosta
Mr. Courtney Campbell
Mrs. Jeanne Robinson-Foster
Mrs. Sandra Shirley-Auxilly
Mr. Brian Goldson
Dr. Maurice McNaughton
Mr. Phillip Silvera
Mr. Michael McAnuff- Jones
Mr. Colin Wharfe *(appointed December 04, 2020)*

ROTATION

In accordance with Rule 59 (1) of the Society's Rules, at the next Annual General Meeting, Mr. Noel DaCosta and Mr. Courtney Campbell will retire by rotation and being eligible, will offer themselves for re-election.

RESIGNATION

Dr Judith Robinson resigned from the Board effective December 31, 2020 after having provided exceptional service to the Society for over 13 years.

APPOINTMENT

In accordance with Rule 60 of the Society's Rules, Mr. Colin Wharfe having been appointed to the Board since the last Annual General Meeting, will retire from office and being eligible offers himself for selection.

AUDITORS

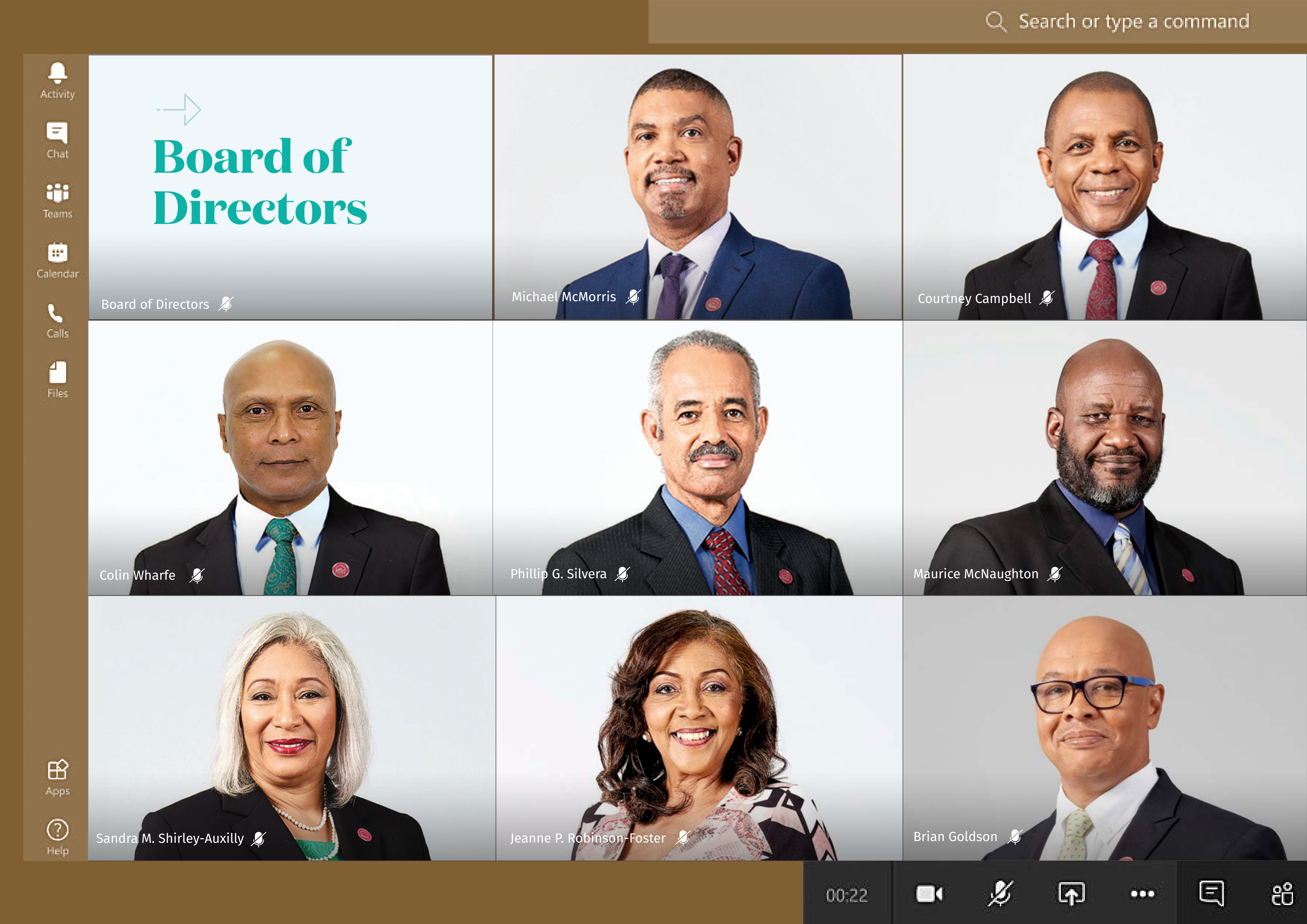
"That KPMG, Chartered Accountants, are hereby Auditors of the Society pursuant to Rule 72 (1) of the Society's Rules to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Society".

The Directors wish to record appreciation to the management and staff for their continued commitment to the Society and for their hard work during the year under review.

By Order of the Board
25th March, 2021

Keri-Gaye Brown
Secretary

8-10 Duke Street, Kingston
Jamaica, West Indies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Calls
Files
Apps
Help
Board of Directors
Board of Directors
Michael McMorris
Courtney Campbell
Colin Wharfe
Phillip G. Silvera
Maurice McNaughton
Sandra M. Shirley-Auxilly
Jeanne P. Robinson-Foster
Brian Goldson
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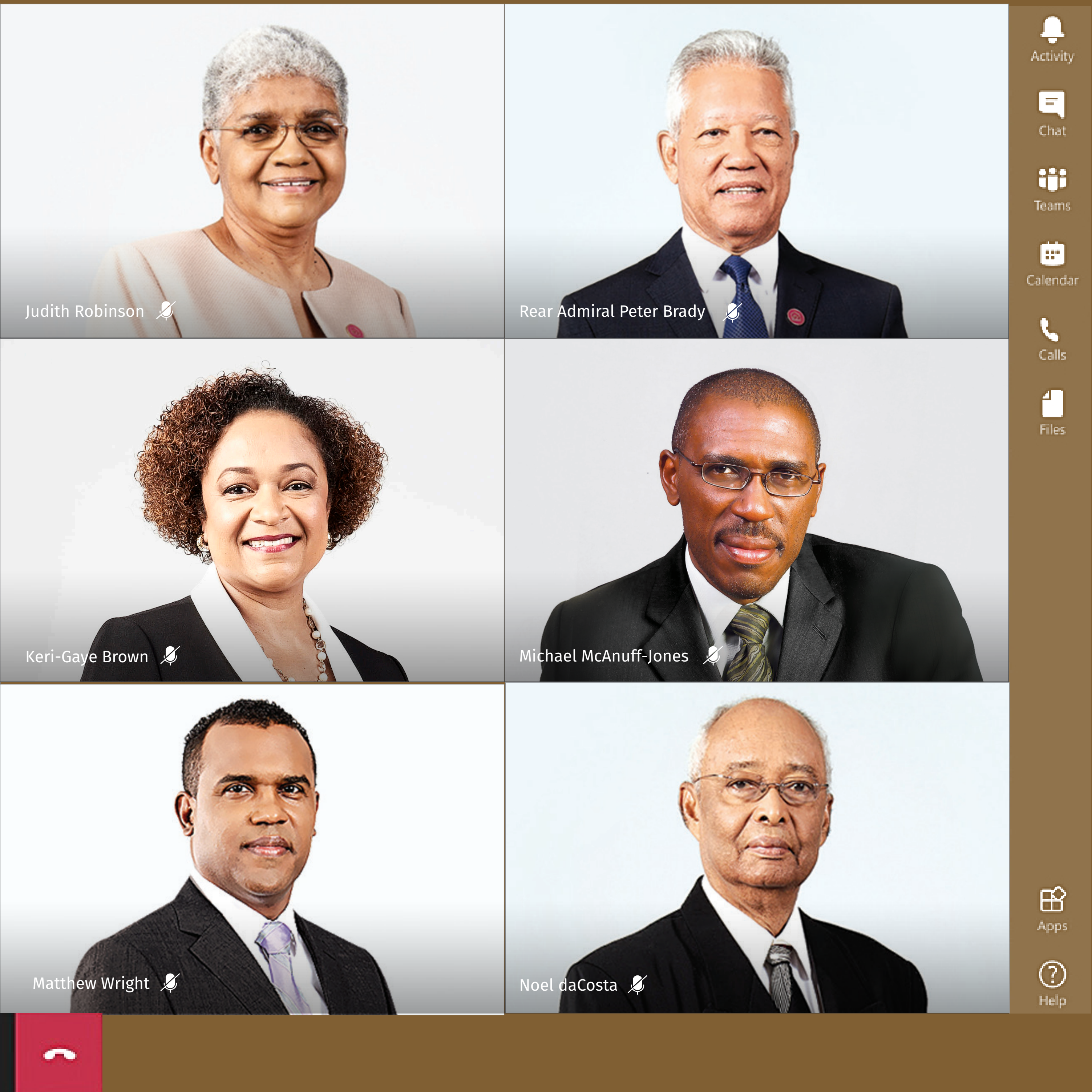

Board of Directors

The Board was effective in their oversight and governance of the Group. They gave their time, interest, wise judgement and strategic thinking.

Mr Michael McMorris, BA - Chairman

Mr Michael McMorris is Chairman of the Board of Directors at Victoria Mutual and has held that office since 2011. 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 has had a successful career in both the private and public sectors. He was previously an Executive Director of Jamaica Promotion Corporation (JAMPRO) and prior to that, held the post of CEO with Trafalgar Commercial Bank (now First Global) and Knutsford Capital Merchant Bank, which he helped found.

Mr McMorris 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.

Currently, he also serves as Chairman of Victoria Mutual Wealth Management Limited and VMBS Money Transfer Services Limited, 1st Vice President of the Jamaica Chamber of Commerce and Director of other commercial enterprises. Previously, he was President of the Merchant Bankers Association, Chairman of the Finance Committee of the Airports Authority of Jamaica and a member of the Board of the National Exim Bank.

Board of Directors

CONTINUED

Mr Matthew Wright, MPhil, MA, BA

Mr Mathew Wright is the Principal of IWC Capital Management LLC, a New York-based private equity firm specialising in multi-family residential and commercial real estate investments in New York City. He has over 13 years' experience in corporate finance, credit risk management and real estate investment. He is a former Vice-President in the Infrastructure 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. Mr Wight has also served as Assistant Vice-President for Capital Markets in the Emerging Market and Corporate Bank for Citibank Jamaica.

Aa former Cambridge Commonwealth Scholar, he holds a Master of Philosophy in Environment and Economic 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 Victoria Mutual Building Society and Victoria Mutual Wealth Management.

Courtney Campbell, MBA (Distinction), ACIB, BSc, JP

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

Courtney assumed this position 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. He 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 Victoria Mutual Building Society and all its subsidiaries as well as associate company British Caribbean Insurance Company. He is also Chairman of the VM Foundation and the United Church Mission Enterprise.

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).

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.

Jeanne P. Robinson-Foster, CD, BA (Hons.), LLB (Hons.), CLE

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

This Attorney-at-Law has over 30 years' experience and is the founding partner of Robinson-Foster & Associates. Although a legal practitioner at this time, Mrs. Robinson-Foster has earned distinction in the airline industry and teaching profession, having worked at Eastern Airlines and taught at Mount Alvernia High School and The University of Technology. She received the All-Island Courtesy Award in the Airline Industry and was the All-Island Boss of the Year in 1986.

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

Presently, she is the chair of The Good Shepherd Foundation, an interdenominational charitable organization in Montego Bay with specific commitment to the health and education of the poor, the disabled and the disadvantaged. She is actively involved in many other organisations and is a Deacon of the Calvary Baptist Church.

Mr Noel daCosta, CD; BSc; MASc; MBA; FCII; DTech

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

A consultant with over fifteen years' experience in Corporate Relations, he also has over three decades of technical and engineering leadership in the Petroleum and Brewing Industries. He is a founding partner in the Jentech group of engineering companies.

He is a graduate of the University of the West Indies, and has postgraduate degrees in Engineering from the University of Waterloo, Business Administration from the University of Toronto, and Insurance from the Chartered Insurance Institute (UK), and is a Fellow of the Jamaica Institution of Engineers, as well as the Institution of Chemical Engineers (UK).

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

Dr Judith Robinson, PhD, FCCA, FCA

Dr Judith Robinson is a Management Consultant and retired Chartered Accountant, who serves as the Chairman of the Audit Committee of the Victoria Mutual Building Society (the Society), member of the Finance and Risk Management Committee, and Chairman of Victoria Mutual Pensions Management Limited. She served as Deputy Chairman of the Society's Board of Directors until January 2019.

Dr. Robinson has a Ph.D. in Public Administration from New York University and records her prime areas of practice interest as organisational learning and organisational development. A former partner in the management consulting practice of Price Waterhouse Jamaica, she has held senior management positions at the Jamaica Telephone Company Ltd, the National Water Commission, and NCR (Jamaica) Ltd.

While completing the doctoral programme at New York University, Dr Robinson was employed to the United Nations as a member of the Audit and Management Consultancy Division of the Office of Internal Oversight where she completed assignments in New York and Geneva, Switzerland.

She has served as a director of companies in the private, public and not-for-profit sectors in Jamaica for more than 40 years, and is especially proud of her service in the 1970s as a director of the J.T.C. Employees Cooperative Credit Union Ltd. (now C&WJ Cooperative Credit Union Ltd.), first as Treasurer and then as President. Most recently she served, inter alia, as Chairman of the National Environment and Planning Agency's Advisory Board, as a director of I.G.L. Limited, and as the Chairman of the Audit Committees of Caribbean Cement Company Limited and the National Water Commission..

Mr Brian Goldson, MBA, BSc

Mr Brian Goldson is an experienced, innovative business leader and entrepreneur with an extensive and strong track record in delivering a wide range of high-volume, retail consumer transactional financial services throughout the Caribbean over the past 29 years.

A Caribbean focused entrepreneur with investments in Fintech companies, Mr Goldson has more than 29 years of proven experience in starting and building new business enterprises and leading them to top positions in their respective markets in a number of countries in the Caribbean. He has an outstanding track record in establishing and/or managing a wide range of high-volume retail consumer transactional financial services. These include the launch of Western Union Money Transfer Services; F/X Trader, a retail cambio/bureau de change; and Bill Express, a bill payment service, in several Caribbean territories.

A former equity trader, Mr Goldson has successfully led companies to listings on capital markets. In particular, as Non-Executive Chairman, he led Access Financial Services, a micro-finance institution, to a successful listing on the Jamaica Junior Stock Exchange in October 2009. Mr. Goldson served for 16 years as a member of senior management at GraceKennedy and Company including the position of Divisional Director/Chief Operating Officer, Information & Money Service Division. He was a member of the main board from 1999 to 2006. His other previous board appointments include Non-Executive Chairman of Access Financial Services and the Postal Corporation of Jamaica.

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

Mr Phillip G. Silvera, FCCA, FCA

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

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

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

Mr. Silvera 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

Board of Directors

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several other companies, including VMBS Money Transfer, Victoria Mutual Insurance Company, Jamaica Unit Trust and The Caribbean Graduate School of Theology. He is also a past Chairman of J.E.T.S. Limited, operators of MultiLink, Jamaica's largest payment system.

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

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

A former Senior Research/Teaching Fellow-Finance, Mona School of Business, University of the West Indies, Mona, Mrs. Shirley-Auxilly 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 Councilor and Past President of Soroptimist International (SI) Jamaica, and a former Vice President SI Caribbean Network of clubs.

Mrs. Shirley-Auxilly attained a B.Sc. (Hons) Management Studies from The University of the West Indies, majoring in Financial Accounting & Finance and an MBA Finance and Banking from Pace University, New York, USA. She completed a Post Graduate 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.

Dr Maurice McNaughton, PhD

Dr Maurice McNaughton is an Engineering Graduate of the University of the West Indies and holds a PhD in Decision Sciences from Georgia State University. He has over 20 years' senior management and leadership experience in the planning and direction of enterprise-level Information Technology in organisations. He currently serves as Director of the Centre of Excellence for IT-enabled innovation at the Mona School of Business & Management, University of the West Indies.

Dr. McNaughton's research interest spans the domain of emerging Open ICT ecosystems and integrates extensive industry experience with focused academic research about the strategic use of ICTs as an enabler of business innovation in small and large enterprises as well as a growth-enabler for developing economies. He serves the public sector in several capacities including as a member of the National ICT Advisory Council and the Board of Commissioners of the Overseas Examinations Commission.

Ms Keri-Gaye Brown, MBA (Distinction), LL.B (Hons)

Ms Keri-Gaye Brown joined the Victoria Mutual family in August 2010 as Senior Vice President, Group Legal, Compliance and Corporate Services. An attorney-at-law who has been practicing for over 15 years, she possesses extensive knowledge in the areas of banking law, insurance law, securities laws, corporate secretarial and also in the development of compliance and corporate governance policies.

Prior to joining Victoria Mutual, Ms. Brown worked in the financial sector and as a litigation practitioner in the court of Jamaica.

Rear Admiral Peter Brady CD, CVO, MMM, JP

Rear Admiral Peter Brady has wide experience in senior and executive management in the military (Defence Force and Coast Guard) and marine administration, nationally, regionally and internationally. He served as Chief of Defence Staff in the Jamaica Defence Force (1990-1998) and was Commanding Officer of the JDF Coast Guard from 1978-1988. Between 1988 and 1989, he was seconded from the Jamaica Defence Force to the Port Authority of Jamaica as a marine consultant to establish a marine secretariat. In 1989 he was appointed Chairman of the Marine Board of Jamaica until its dissolution in 1998 with the passing of the Shipping Act. He was the leader of the team which developed Jamaica's National Security Strategy in 2005-2006. He continues to provide consultancy to the Government of Jamaica on marine policy issues including: maritime transportation relating to inter alia maritime safety and security, environmental protection, standards of training and competency for seafarers. In February 2018 he was appointed to the Police Services Commission.

He was commissioned as an officer for the Jamaica Defence Force at the Royal Canadian School of Infantry, is a graduate of the Royal Naval Staff College, Greenwich London, and has a graduate degree in Maritime Management from Dalhousie University, Canada. Since January 1, 1999, he has been the Director General of the Maritime Authority of Jamaica. In 2006, he was appointed Chairman of the National Hydrographic Committee, and Honorary Consul of the Principality of Monaco. He is an Associate Fellow of The

Nautical Institute. He is the Vice Chairman of the Board of Governors of the World Maritime University in Malmo, Sweden.

He served on the international maritime stage for almost 10 years as Chairman of the UN specialised agency with responsibility for regulating shipping, the International Maritime Organisation's (IMO) Sub-Committee that sets global standards for the qualification and certification of Masters, Chief Engineers, Officers and other crew on international seagoing merchant ships. During that tenure he piloted the comprehensive revision of the international Convention governing the training and certification of seafarers (STCW Convention) which resulted in the 2010 Manila Amendments. He also presided over the Diplomatic Conference in Manila, Philippines in the June 2010 Manila

Amendments. He also presided over the Diplomatic Conference in Manila, Philippines in June 2010, where the major amendments of the STCW Convention and Codes were adopted. In December 2003, he was elected as Chairman of Committee 1 of the 23rd IMO Assembly.

Rear Admiral Brady served as visiting lecturer at the World Maritime University in Malmo, Sweden between 2003 and 2004 and has been a serving member of the World Maritime University Board of Governors (BOG) and was the first non-Chancellor to chair the annual BOG meeting of the university in May 2016. He lectured at his alma mater, the Dalhousie University, Canada on Maritime Security and the International Ship and Port Facility Security (ISPS) Code. He was also instrumental in the training and implementation of the ISPS Code in Jamaica, which came into force on July 1, 2004.

His service in other areas includes:

- **Member** - Board of Management, Caribbean Maritime Training Institute
- **Secretary** – Environment Foundation of Jamaica
- **Member/Vice Chairman** – National Council on Ocean & Coastal Zone Management
- **Justice of the Peace**
- **Member, Marine Pilots Disciplinary Committee**

During his military career he was the recipient of the Legion of Merit (Cdr USA); Commander of the Royal Victorian Order (Commonwealth); Commander of Distinction (CD, Jamaica); Medal of Honour for Meritorious Service (Jamaica Military). In the international maritime arena, he was awarded the prestigious IMO Themed Award for World Maritime Day 2015, at the Seatrade Awards Ceremony in London for his contribution to the development of the global standards for maritime education and training.

Michael McAnuff-Jones, MSc, MBA(distn), ACIB, SPHRi

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

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

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

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

Colin B. Wharfe

Mr Colin Wharfe was appointed to the Board of Directors of the Victoria Mutual Building Society in December 2020. He has more than 30 years of audit and advisory experience at PricewaterhouseCoopers(PwC), most recently as Territory Senior Partner, PwC Trinidad & Tobago and Member of the Executive Leadership Team for PwC member firms in the Caribbean Region. Mr Wharfe was also responsible for the Firm's Energy and Utilities Practice and was a member of the PricewaterhouseCoopers Global Energy, Utilities and Mining Group.

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

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

Mr Wharfe is a sports aficionado, particularly football and martial arts. He enjoys mentoring young people; which he does as the Youth/Training Development Officer at Club Sando FC in Trinidad and Tobago. ■

Board of Directors
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Tribute to Rear Admiral Peter Brady

Rear Admiral Peter Brady, who served as a Director of the VM Group since December 2002, retired on February 29, 2020.

Rear Admiral Brady put his intractable integrity and resolute commitment to sound governance to work for the advancement of the VM Group for 17 years, and has, throughout this time, been a dedicated, keen and treasured member of the Board.

Rear Admiral Brady was a member of the Group Audit Committee, ensuring that the systems of internal controls remained robust and effective. He was also Chairman of the Board of Trustees for the Defined Benefit Plan and the first Chairman of the Board of Trustees of the recently established Defined Contribution Plan, providing stewardship of the pension plans to ensure that the interest of employees and pensioners remained secure.

The VM Group thanks Rear Admiral Brady for his role in the success of the organisation and for his contribution to the growth and resilience of VM. His efforts throughout his tenure will continue to reap valuable rewards as our Members and Clients achieve their dreams of financial wellbeing in the months and years ahead.

Tribute to Dr Judith Robinson

Dr Judith Robinson retired from the Board of Directors of the VM Group effective December 31, 2020, concluding a 13-year tenure marked by enthusiasm, sound judgement and an admirable commitment to the VM purpose of transforming lives.

Dr Robinson gave invaluable service, particularly as Chairwoman of the Group Audit Committee which provided robust oversight in critical matters such as the integrity of the Group's financial statements, compliance with legal and regulatory requirements, performance of the Group's Internal Audit function and reviewing the internal controls and operational environment of the VM Group. She was also a member of the Group Finance and Risk Management Committee, overseeing the capital management of the Group and the Enterprise Risk Management Framework. Dr Robinson also served as Deputy Chairwoman of VMBS, and Chairwoman of VM Pensions Management Limited.

Dr Robinson's remarkable zeal to enhance the welfare of VM's Members and Clients, will continue to bear fruit for many years to come and the Society - its Board, Leadership Team, Team Members and everyone served by this organisation - are indebted to her for her dedication and unrelenting commitment to excellence.

The VM Group thanks Dr Robinson for her years of sterling service and for her role in turning dreams to reality for our Members and Clients

The Chairman's Message

On behalf of the Board of Directors, I am happy to present the 2020 VM Group Annual Report.

This has been a year unlike any other. The COVID-19 pandemic presented unique and complex challenges for people and businesses across the world. Jamaica was not spared the pandemic's effects and the Board is pleased to have supported the VM Team through it all, as they demonstrated admirable resilience, creativity and determination to help you, our Valued Members and Clients, thrive in a most uncertain environment.

The VM Group has been working purposefully for generations to help Jamaicans locally and in the diaspora achieve their financial goals. We have maintained our strong reputation as a trusted financial partner through ingenuity, innovation and unrelenting commitment to excellence. We have retained the loyalty of those we serve because of the genuine care demonstrated in our efforts to transform lives for the better. We hope that, in what was a tough year, you, our Treasured Members and Clients felt our care in a significant way and that you recognise that through it all, we are here for you.

The past three years have seen VM advance significantly in our own transformation. The transformed VM is characterised by operational efficiency, underpinned by innovation and digital technologies, while at our core remaining steadfast in our commitment to our Members and Clients. These tenets enabled the VM Group to quickly adapt to the changing environment brought on by COVID-19 and return strong results.

Solid Performance

At the end of 2020, the VM Group recorded an historic Net Surplus of **$2,636.40 million** representing an increase of **23.68%** when compared to the previous year, while Total On and Off-Balance Sheet Assets increased by **2.88%** to **$251.85 billion**. Total Capital also grew during the year, increasing by **10.39%** to **$22.2 billion**, underpinned by strong core business performance and nimbleness that allowed us to respond to opportunities that the market presented.

Economic Context

This exceptional performance came even as both the global and local economies contracted, with the International Monetary Fund (IMF) projecting global growth of -4.4% for 2020. Locally, the Planning Institute of Jamaica estimated a contraction in the Jamaican economy of between 9%- 11% for the 2020/21 fiscal year.

In an effort to ameliorate the impact of the pandemic, the Bank of Jamaica (BOJ) maintained the accommodative posture that it had throughout 2019. The policy rate of 0.50% remained unchanged and the BOJ implemented several other policies aimed at ensuring that the financial system remained well capitalised and stable.

The sector was driven to adopt rapid digital transformation, having to migrate many of its services to digital channels in order to facilitate compliance with Government's COVID-19 containment measures. Despite a decline in the volume of transactions undertaken, the sector recorded over $1.2 trillion in deposits for the year, demonstrating the continued strength of the industry as well as consumer confidence.

Notwithstanding the sudden recession, Jamaica's responsiveness to the COVID-19 pandemic was aided by the strong macroeconomic performance over the past three years. As such, the Government of Jamaica was able to inject $25 billion through its fiscal stimulus package dubbed the 'CARE programme'. In a similar way, the VM Group's demonstrated resilience throughout 2020 was due largely to initiatives and actions that were implemented in previous years, particularly over the period 2017-2020 where we achieved very strong financial performances and significantly advanced our digital transformation strategy.

Support for Members & Clients

Having this solid footing allowed the VM Group to quickly and seamlessly institute a COVID-19 response aimed at ensuring our Team Members, Members and Clients were not adversely impacted. One significant way in which we were able to provide support to our Members and Clients was by offering moratoria on existing loans and mortgages, as well as discounts on processing fees for new loans. We were also able to provide our business banking clients with special assistance, including free advisory services through Victoria Mutual Investments Limited (VMIL). Throughout the year, we continued to implement our financial education initiatives, which are now a hallmark of doing business with the VM Group, as we strive to ensure that our Members and Clients are empowered to make financial decisions that improve their well-being.

With our digital transformation strategy well underway, we were pleased to have helped our Members and Clients navigate the transition to our online platforms and digital tools while still making special provisions for those persons, particularly the elderly, who needed to visit a VMBS branch.

Standing with our Team

Support for our Team Members was a priority for us, as evidenced by the suite of measures instituted to help nurture their overall wellbeing. The Board approved the payment of special allowances, and those with loan obligations were also given the opportunity to apply for a subsidised staff moratorium. We are particularly keen, however, on the fact that all Team Members were able to access counselling services, free of cost, to help them navigate any mental and emotional adjustments caused by the pandemic.

These are just some of the support initiatives implemented for the Team aimed at ensuring that they felt fully supported and safe as they executed their duties.

Outlook

As we look ahead, we will build on the solid foundation established over the last four years. To this end, the VM Group will continue to build out its business model to ensure resilience, responsiveness and continued growth for these volatile times and beyond. The Board has sanctioned the development of an updated corporate structure with a more robust holding company arrangement for its financial services operations in keeping with the evolving needs of our customers, our drive to thrive in the global financial marketplace, and the imperatives of the Banking Services Act which guides the operations of the VM Group. During 2021, we will provide further details on the changes that will be required after due consultation with our regulators, to ensure long term sustainability and an agile business operating model.

I believe that the strength and foresight of the Board & Leadership Team have prepared and helped guide our outstanding VM Team to boldly pursue excellence for our Members and Clients, even in a year that came with many unexpected challenges.

I thank all our directors and particularly, Dr Judith Robinson and Rear Admiral Peter Brady who demitted office this year. They served with distinction for many years and deserve the Society's deep appreciation. On behalf of the Board, I offer heartfelt thanks to the VM Leaders and Team Members for your commitment to those we serve and for staying true to our organisation's mission to transform lives.

Thanks also to our Members and Clients for believing in us and allowing us to continue serving you. As we navigate this 'new normal' together, rest assured that we will always be responsive to your needs, providing you with the best products, services and support for your financial wellbeing in any circumstance.

Michael A. McMorris
VM Group Chairman

Corporate Governance

Victoria Mutual's high standards of governance are consistent with best practices in Corporate Governance, regulatory expectation and aligned with the VM Group strategy and risk appetite.

The Group is guided by robust Corporate Governance Policies and a set of Guidelines for Business Conduct, the latter of which is applicable to Directors and all employees of the Society and its subsidiaries. **The Guidelines set out the ethical and business conduct requirements which include:**

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

These policies, guidelines and practices are designed to ensure that VM Group operates in a sustainable and responsible manner at all times and enable the Board of Directors of the Society to ensure that the Group is effectively managed in the best interest of our valued Members and all stakeholders.

The Board's remit is founded on the following pillars:

- Developing, approving and overseeing the implementation and execution of the Strategic Plan, including identifying key performance targets, and supporting business plans and initiatives for VM Group, and ensuring that appropriate resources remain available within the Group to facilitate such implementation and execution.
- Approving an acceptable Risk Appetite Statement for the Group and overseeing the effective management of Enterprise Risk; and
- Approving robust policies to guide the VM Group and overseeing adherence to policies and procedures in order to safeguard the VM Group.

Against that background, and in a year when the world was ravaged by the onslaught of COVID-19, the Board directed particular focus to:

- Reviewing and approving the Strategic Plans to account for changes in the environment and business operation to achieve the key targets;
- Establishing new strategic targets for the period 2021-2023;
- Assessing the capital adequacy requirements to support the execution of the strategic plans;
- Reviewing the Compensation Philosophy and talent management plans and initiatives for the VM Group, with a focus on attracting and retaining talent, and ensuring appropriate succession mechanisms and arrangements are in place for Executive Management;
- Assessing the effectiveness of the ERM Framework, and monitoring the VM Group's performance against the Key Risk Indicators; and
- Reviewing and assessing the effectiveness and adequacy of the internal controls, systems of risk management, control environment and regulatory compliance.

While 2020 was a trying year, it served to enable Victoria Mutual to reaffirm its commitment to good governance, and to expand its own definition of what that means for the VM Group. The Board is proud of the following governance-related accomplishments in 2020:

a. Even greater focus on social governance – with the outbreak of COVID-19, Victoria Mutual implemented and enhanced a number of protocols and measures aimed not only at keeping

Corporate Governance
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stakeholders physically well, but also at safeguarding the emotional wellbeing of Team Members. Remote and flexible work policies which were approved in 2018 were applied to full effect, and Team Members were supported in the ways which were necessary to allow them to continue to be productive while feeling safe and cared for. Physical distancing and sanitisation protocols were also adopted for the protection of Members and other stakeholders.

b. Improved oversight of corporate culture and human capital management as enablers of strategy– the Board monitored continued commitment to Team Members' engagement and individual development as part of the VM Group's Balanced Scorecard. The Board also incorporated assessment of the impact of adherence to firm culture on favourable outcomes in internal audits. Under the Board's direction the VM Group embraced the agile approach to project management and execution, as a reflection of the spirit of innovation which is intended to be the Group's hallmark going forward. This commitment to innovation was exemplified through the execution of the Digital Transformation Strategy.

c. Accelerated digital transformation – in furtherance of its strategic objectives, and as part of the Group's response to COVID-19, the Board ensured the implementation and acceleration of digital transformation initiatives to support VM Group's continued provision of service to Members, clients and other valued stakeholders, notwithstanding numerous disruptions to business-as-usual. The VM Group embraced both digitization and digitalization, and moved into the virtual forum without hesitation, in order to minimize disruption for stakeholders.

d. Deepened sense of corporate purpose – as part of the strategic planning exercise for the period 2021 – 2023, the Board approved the reimagining of the Group's strategic goals, vision, and mission, and reaffirmed Victoria Mutual's commitment to its core values, principal among them being Member Focus. **The Vision Statement now reads:**

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

The new Mission Statement reads:

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.

Board Execution of Key Governance Duties for 2020

Board Composition

The Society was served by a Board of Directors consisting of the Group President and CEO and ten (10) non-executive members after Rear Admiral Peter Brady retired effective February 29, 2020 after over twenty years of sterling contribution to The VM Group. The Board continued to be chaired by an independent Chairman, Mr. Michael McMorris.

VM Group continues to benefit from the oversight from directors who bring diverse skill sets, experiences and backgrounds in the following areas to bear in providing sound strategic direction for the Group:

- Strategic Planning and Management/ Business Strategy Execution
- Banking/Financial Industry
- Accounting/Auditing
- International Markets
- Information Technology/Digital
- Risk Management
- Mergers and Acquisitions
- Legal
- Human Resource Management

The Board is ever mindful of the need to carefully consider the optimal composition of Boards with the Group, having regard of age, gender, experience and executive vs non-executive involvement in operations, and with a view to ensuring adequate independent oversight.

Board Meetings

The Board held ten (10) meetings during 2020, with two meetings dedicated to strategic planning and execution. As the table below shows, the average attendance rate for non-executive directors was in excess of 80%.

DIRECTOR	# of Meetings (max. 10)
Mr Michael McMorris (Chairman)	10
Mr Matthew Wright (Deputy Chairman)	9
Dr Judith Robinson	10
Mrs Jeanne Robinson Foster	8
Mr Noel DaCosta	9
Mr Phillip Silvera	10
Mrs Sandra Shirley-Auxilly	10
Mr Brian Goldson	9
Mr Maurice McNaughton	10
Mr Michael McAnuff-Jones	10

Board Committees

The Board has traditionally delegated oversight authority to three (3) Committees in the areas of:

a. Audit
b. Finance and Risk Management; and
c. Corporate Governance, Nominations and Compensation.

In 2020, a fourth Committee, the Group Digital and IT Resilience Committee, was constituted.
Each of these Committees is composed exclusively of non-executive Directors, with approved Charters to guide the Committees' respective roles and responsibilities. The Committees report to the Board at least quarterly.

The Group Audit Committee

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

a. The integrity of the Society's financial statements;

b. The Society's compliance with legal and regulatory requirements;

c. The external audit function, which monitors the effectiveness of internal controls for VM Group; and

d. The internal audit function, which also monitors internal controls and the operational environment for the VM Group.

The Committee also provides oversight of the audit function of all subsidiary companies of the Society.

During 2020, the Group Audit Committee held joint meetings with the Audit Committees of Subsidiaries in order to assess the effectiveness of the Committees and their oversight function, and to implement more robust oversight in consultation with Group Internal Audit and KPMG, the external auditors.

Attendance at Committee Meetings

In 2020, the Committee held nine (9) meetings, with three (3) meetings being held jointly with subsidiary Audit Committees. All Committee members attended all Committee meetings.

Group Audit Committee

Members	Number of Meetings Attended
Dr Judith Robinson – Chair	9/9
Mrs Sandra Shirley-Auxilly	9/9
Mr Phillip Silvera	9/9

The Group Finance and Risk Management Committee

This Committee assists the Board of Directors in fulfilling its responsibilities for financial and risk management oversight, and in particular:

a. The financial performance of all entities within the Group;

b. The allocation of the Group's capital;

c. To assess and conduct due diligence for potential major transactions within the Group;

d. Approval of changes to the Credit Policy and appropriate approval limits;

e. The investment and loan portfolios of the Building Society and subsidiaries, including, the review and approval of significant loans and extensions of credit, which involves receiving reports from and overseeing the work of the Group Asset/Liability and Credit Committees;

f. Establishing the enterprise risk appetite statement and the implementation the policy framework to guide the monitoring of a robust Risk Management System;

g. Review and evaluation of the Group's risk exposures;

h. Development and maintenance of an effective risk management culture; and

i. Monitoring of the risk identification, measurement, monitoring and control processes through the ERM Reports.

Attendance at Committee Meetings

The Committee held twelve (12) meetings during 2020, and all Committee members attended at least 11 meetings.

Group Finance and Risk Management

Members	Number of Meetings Attended
Mr Matthew Wright - Chair	12/12
Mr Michael McMorris	12/12
Dr Judith Robinson	11/12
Mr Brian Goldson	11/12
Mr Phillip Silvera	12/12

The Group Governance, Nomination and Compensation Committee

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

a. Designing an effective Corporate Governance Framework, undertaking periodic reviews and making recommendations for amendment to ensure the practice of good corporate governance.

b. Identifying qualified candidates for nomination to the Board and for service on committees of the Board;

Corporate Governance
CONTINUED

c. Overseeing the Board Performance Evaluation Survey, assessing the finding and implementation of an action plan to address the areas of focus and improvement;

d. The formulation and oversight of performance incentive systems for all business units; and

e. The establishment of a policy framework to deal with related party transactions and conflicts of interest.

Attendance at Committee Meetings
The Committee held seven (7) meetings during 2020, and all members attended at least 50% of meetings.

Group Governance, Nominations and Compensation

Members	Number of Meetings Attended
Mr Michael McMorris - Chair	7/7
Mrs Jeanne Robinson-Foster	6/7
Mr Brian Goldson	7/7
Dr Maurice McNaughton	4/7
Mr Michael McAnuff-Jones	6/7

The Group Digital and IT Resilience Committee

This Committee was constituted in September 2020 to represent the Boards of Directors of all entities within the VM Group in focusing attention on the sustainability of the VM Group's Business Model and Operations supported by digital transformation, robust Information Technology (IT) Strategy and execution plans and appropriate resilience standards. **Its mandate includes:**

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

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

c. Monitoring the effectiveness of the IT Governance practices that guide the Business Model and Operations where supported by digital capabilities, IT Strategy, execution plans and appropriate IT resilience standards.

Attendance at Committee Meetings
The Committee held a single meeting in 2020 after it was constituted, and all members were in attendance. The Committee is supported in its operations by the Group's ICT and Digital Transformation Units, and Team Members from those Units attend Committee meetings as a matter of course.

Group Digital and IT Resilience Committee

Members	Number of Meetings Attended
Dr. Maurice McNaughton	1/1
Mr. Brian Goldson	1/1
Ms. Maya Johnston	1/1

Governance of Subsidiary Companies

In addition to being ultimately accountable to the Board of Directors of the Society, each subsidiary of the Society has its own Board of Directors and Committees which provide specific oversight in relation to matters concerning that particular subsidiary. Each subsidiary Board and Committee meets at least quarterly.

Board Evaluation and Performance Improvement

The Board continues to be committed to improving its effectiveness, and to that end, assesses its performance on an annual basis, with external consultants. These measures are considered vital in helping the Board safeguard its independence and efficacy in the discharge of its fiduciary responsibilities.

In 2020, the Board conducted a substantial overhaul of the framework for assessment of performance, with particular focus on the evaluation tools utilised in relation to individual Directors, Committees, and Boards across the Group.

We are here for you...

always

- VICTORIA MUTUAL

Corporate Social Responsibility

FOUNDATION
Improving Your Quality of Life

The Foundation focuses on leadership and nation building, youth empowerment and improving health and family life, and seeks to positively transform the lives of Jamaicans globally.

INTRODUCTION

The Victoria Mutual Foundation was launched in May 2018 with a mandate to positively transform the lives of Jamaicans globally. To achieve our goals in areas of leadership and nation building, youth empowerment, and health and family life, we work with a clear and robust strategy built on Mutuality, operational excellence in the delivery of our programmes, and creating opportunities for our Team and Members to contribute positively to the communities in which they live and work.

The VM Foundation is a key component of VM Group's Modern Mutual ambitions. As a Modern Mutual, VM is focused on Member satisfaction and participation; Member needs; and reinvestment of our capital to improve lives. Our customer obsession directs our partnership with organisations at home and abroad through the design and delivery of innovative programmes that inspire hope and that support the dreams of many Jamaicans.

Many of the VM Foundation's plans at the beginning of 2020 were derailed by the pandemic. COVID-19, however, did not stymie our drive to effect real and meaningful change in people's lives. We adjusted and focused on some of the most urgent needs of our Members and by extension, the nation. Our targeted and deliberate outreach and partnership with the Jamaican community under the mantra of 'Together, for Jamaica' focused on education, parenting, and community service.

The result was that, despite the global pandemic, the VM Foundation's work benefited 230,000 people. More than J$46 million was spent on our efforts, including J$3.3million given to fortify the national push-back against COVID-19. Over 280 VM Directors, Pensioners and Team Members actively contributed and volunteered with the VM Foundation in a year that really required selfless giving.

NATIONAL PRAYER BREAKFAST

For 34 years, VM has proudly partnered with the National Leadership Prayer Breakfast (NLPB) in a bid to foster greater unity in the nation, particularly among the nation's leaders at all levels and to renew the dedication of the advancement of our Nation. VM Foundation 2020 sponsorship of $5 million to the NLPB is in alignment with the Foundation's goal for leadership and nation building. This Breakfast's focus was on the healing and restorative power of peace under the theme "Pursuing the Power of Peace".

The Breakfast was preceded by a Week of Prayer, during which Religious Leaders; Private Sector Leaders; Public Sector Leaders; Family Leaders; Agricultural Sector Leaders; Educational Leaders; Student, Youth, Emerging and Community Leaders and Political Leaders were prayed for on selected days prior to the January 16th Breakfast.

As is customary, donations were collected at the Breakfast for a selected charity and special project. This year the Child Resiliency Programme (CRP) was the recipient of the donation of $500,000.

Photographed is Courtney Campbell, Chairman, VM Foundation sharing a greeting with the Most Honourable Prime Minister Andrew Holness, O.N., M.P.

EDUCATION

From its inception, the VM Foundation has remained committed to the empowerment of youth in Jamaica. This has meant providing and supporting programmes that aid in their development and education.

In October, the Foundation invested $6.4 million towards the CRP which targets youth between the ages of 9-11 who have been impacted by crime and violence. The programme provides intervention in the form of holistic development of the child displaying at-risk behaviour. The developmental process for each CRP across the island engages approximately 60 Grade 5 children who are referred from six schools. Each CRP operates out of a school, church or community centre as an after-school programme.

In tandem with this, as the pandemic has shifted the normal path of education, the Foundation continued to support its programmes by pivoting to the virtual landscape as it maintains its promise to nation building and to meeting the needs of its Members.

As the nation's schools moved online because of social distancing restrictions, many students were ill-equipped for the transition. With limited access to technology and an inability to afford required data packages, the impact was hard and quick on our students. VM Foundation moved quickly to close the gaps for many of these students. We donated more than 120 smart phones, laptops and tablet computers to students across the island,

LABOUR FOR LEARNING

We channelled this drive to uplift our students, into our Labour Day efforts which we pivoted into a donation blitz dubbed 'VM Labours for Learning'. On Labour Day, May 25, the Foundation effected an islandwide effort, donating 'Digital Education Kits' to 21 CSEC students from different parts of the country. The kits included laptops equipped with Microsoft Office Suite, and smartphones equipped with three-month data plans.

Courts Jamaica and telecommunications provider Flow supported VM's efforts in this initiative by providing the items at reduced cost.

HEAD-START SCHOLARSHIPS

VM Foundation's Head-Start Scholarship Programme, established over 30 years ago to serve, support and encourage academic excellence among VM student savers provided 62 new scholarships and bursaries for the 2020/21 academic year valued at $4.3 million.

SOCIAL ENTERPRISE IN SECONDARY SCHOOLS PROGRAMME

Over the last three years, the VM Foundation has proudly partnered with the British Council to empower teenagers in the Social Enterprise in Secondary Schools (SESS-J) Programme. Established in high schools across the island, the programme aims to increase student knowledge of social innovation and entrepreneurship while developing core skills for learning, life and work. SESS-J has impacted students and teachers across the island through social awareness activities, club activities, training, project activities, social media and publication engagement.

The VM Foundation invested $6 million in the programme in 2020. A microsite was also developed in January 2020 to facilitate the new cohort of 160 students, and hosted past and present information on programme delivery, allowing online access to resources for students and teachers. Additionally, a 6-week online Social Enterprise in Schools programme was also provided in partnership with the British Council.

Daniel Allison, recipient of the Future Plan Scholarship accepts his award and laptop from Naketa West, Manager, VM Foundation.

Photographed from left to right are: Ria Bertram, recipient, Nicole Adamson, Research Manager, VM Group, Dondre Genus, recipient, Alayna Elliot, recipient, Clover Moore, Assistant Vice President, Group Corporate Affairs and Communications, VM Group and Daneil Peart, recipient.

Naketa West, Manager, VM Foundation is photographed with Tishari Collman, First Place Winner of Category One of the Just Write Reading and Writing Competition.

Robert Foster, Branch Manager, VMBS Mandeville Branch is photographed with Garreth Green, first-place winner of Category Two of the Just Write Reading and Writing Competition.

VMBS Money Transfer Services Limited in partnership with the VM Foundation donated three laptops to the New Day Primary and Junior High School in December. Naketa West, Manager, VM Foundation and Michael Howard, CEO, VMBS Money Transfer Services present the devices to Garfield McDonald, Principal, New Day Primary and Junior High School.

The VM Group Corporate Office team, Group Sales Effectiveness and Strategic Investments in partnership with the VM Foundation, on Friday, September 4 donated sanitization items to the Elsie Bemand Girls' Home. The Elsie Bemand Girls' Home has been in operation for over 40 years and is currently home to 12 young ladies ranging from ages 13 to 17 years.

READING AND WRITING COMPETITION

- As part of the country's National Education Week, the VM Foundation launched a reading and writing competition to encourage reading habits, to spark creativity and provide positive engagement. The competition invited children from 8 to 16 years old to submit four-minute videos of themselves reading their original stories for a chance to win VMBS savings account gift certificates. All 100 qualifying entries posted on the VM Group's Facebook page each received a $1,000 gift voucher. Six winners were selected by an independent voting process in two age group categories of 8 to 12 years and 13 to 16 years.

  Also, in keeping with VM's thrust in financial education, the Foundation hosted a three-day financial literacy session for all entrants that exposed students to financial education concepts such as saving, budgeting, and investing.

PARENTING

- Under the Foundation's pillar of Health and Family Life and as an indicator of our commitment to nation building, VM Foundation was happy to invest $4 million towards supporting our nation's parents.

  In April 2020, we launched the COVID-19 Parenting Support Helpline, in partnership with the National Parenting Support Commission (NPSC), UNICEF and Fight for Peace International. Its aim was to provide guidance and information to parents on how to create safe and positive living and learning environments for children at home during this COVID-19 crisis.

  Additionally, the VM Foundation launched the monthly webinar series: 'Parenting with the Foundation'. The series provided resources to promote, support and strengthen existing parenting abilities, promote the development of new competencies within the positive parenting framework, and to enhance the development of children in light of the social problems existing in our country.

SERVICE TO THE COMMUNITY

Altruism is part of the VM culture and identity, so Team Members were moved to support their fellow Jamaicans in a more emphatic way, given the challenges of the year. Therefore, many personal, departmental and unit donations were made to support the VM Foundation as we gave back to our community. Several external organisations and internal departments and units donated food items, masks, sanitisation products and school supplies to several vulnerable groups (elderly, persons with disabilities, children living in children's home and inner-city youth).

1. Donations were made of school supplies to a mother of 8, initiated by the members of VM Group's Business Process Improvements.

2. In May, 400 masks were donated, in collaboration VM Pensions Management, to The Golden Age Home to minimize transfer of the virus among this vulnerable population. Adonijah Group of Schools received assistance for the special needs students of their institution who have been financially affected by COVID-19.

3. Victoria Mutual Wealth Management made a significant contribution of $200,000 to the Jamaica Red Cross to support COVID-19 relief work. The Team also partnered with the Seprod Group to give 500 food packages to schools, churches and foundations selected by their clients across the island; and they continued their support for the Sunbeam Boys' Home including hosting a fun day and providing one resident with a laptop needed for his studies. The business' Team Members also volunteered as mentors for the boys at the home and in several of the Foundation's initiatives as well as in various communities.

4. VM Group continued its collaboration with the Foundation by participating in its first virtual execution of the annual Read Across Jamaica Day with live readings on the VM Group's social media platforms.

ADOPT-A-CLINIC

- With a keen focus on Health and Family Life, the Foundation has collaborated with the Ministry of Health through The Adopt-a-Clinic programme to upgrade and revitalize the St Jago Park Health Centre. Through this partnership that was initiated in 2018, the health centre will benefit from a donation of $1 million each year over a three-year period. This funding will help to benefit the clinic's over 50,000 users by improving the facility infrastructure, maintenance, minor repairs and the acquisition of the new equipment and furniture. This year, the second year of this partnership, the funding was allocated to the purchase of clinical or facility equipment.

OTHER PARTNERSHIPS

The VM Foundation provided small grant funding and partnered with Community Based Organisations (CBO), Non-Governmental Organisations (NGO) and other established organisations to assist in the fight against COVID-19. Of the $3.3 million dollars directed to COVID-19 relief efforts, $1 million was donated to the Private Sector Organisation of Jamaica (PSOJ) COVID-19 Jamaica Response Fund, which distributed aid to areas that needed it most.

Two schools received assistance from the Foundation with the setting up of hand-washing stations. Spanish Town Primary School in St Catherine and Mesquita's Royale Academy in St. Ann were equipped with the stations that will support sanitization efforts when schools return to face-to-face classes.

From its inception, the VM Foundation has been dedicated to purposeful and meaningful work. While nobody predicted the twists and turns that 2020 brought, we are pleased that our efforts were able to meet some pressing and important needs of our fellow Jamaicans. We are ready and energised to continue supporting our country and our people for many years to come.

Photographed are Sasha-Gay Wright-Wilson, Branch Manager, VMBS Spanish Town (left), Patrice Bingham – Senior Financial Service Specialist (right) and Verona Thomas, Vice-Principal, Spanish Town Primary School (centre).

The VM Foundation donated $50,000 to the Mesquita's Royale Academy to assist the institution in their preparation for the school year amid COVID-19. Photographed is Naketa West, Manager, VM Foundation and Terrie-Ann Mesquita, Director and Administrator, Mesquita's Royale Academy.

Courtney Campbell, Chairman, VM Foundation addresses students at the 1st Annual Social Enterprise in Secondary Schools Summit

Courtney Campbell, Chairman, VM Foundation addresses the 2020 PEP Bursary and Scholarship Awardees at the Mandeville Branch.

Photographed is the Honourable Floyd Green, MP, Minister of Agriculture and Fisheries addressing guests at the 1st Annual Social Enterprise in Secondary Schools Summit.

l-r are: Aura Charles, Project Coordinator, PMO, Debbie Dunkley – Vice President, VM Group Finance, Tamara McDermott – Procurement Office, Procurement Department, Ryan Wisdom – Finance Officer, Group Finance, Regina Owen – Programme Administrator, VM Foundation

Photographed is Sasha-Gay Wright-Wilson, Branch Manager, VMBS Spanish Town (centre) with Young Kai Jackson, Patrice Bingham – Senior Financial Service Specialist (right) and Verona Thomas, Vice-Principal, Spanish Town Primary School (left).

The VM Foundation made a monetary donation to the Spanish Town Primary School in support of their sanitation preparation for the upcoming school term. The donation was used to retrofit the school with four hand washing stations. The institution which is over 100 years old and was previously named Barracks Primary currently has over 1600 students enrolled and more than 60 academic staff..

After hearing the touching story of Crystal Clarke (mother of 8), the VM Foundation in collaboration with VM Group Business Process Improvements reached out to her to provide assistance with back-to-school items for seven of her children. Clarke's heart was warmed and filled with gratitude after receiving school bags, textbooks and school supplies for her children.

Photographed are Crystal Clarke (mother of 8), Regina Owen, Programme Administrator, VM Foundation, Sandra Davis Lewis – Senior Business Analyst, Group Business Process Improvements and Jodiann Darby - Business Analyst, Group Business Process Improvements.

Rt. Reverend Stanley G. Clarke, Chairman, NLPBC and Michael McMorris, Chairman, VM Group share a greeting at the National Leadership Prayer Breakfast in 2020.

VMBS Money Transfer Services Limited and VM Group Corporate Office, in partnership with the VM Foundation donated five refurbished laptops as well as nine tablets to the Women's Centre Foundation of Jamaica. Photographed are Dalton Richardson, Group Chief Technology Officer, Michael Howard, CEO, VMBS Money Transfer Services, Natasha Reid, Executive Assistant to the VM Group CEO and Hughton McLeggon, Director of Corporate Services at the Women's Centre.

Regina Owen, Programme Administrator, VM Foundation, Jodian Blackwood – Relationship Officer, Mortgage Centre, VMBS and Teswayne Somers, Maintenance Officer, Linstead Branch, VMBS assist the beautification project at the International First-Born Church Basic and Pre-School.

The VM Foundation donated $50,000 to the International First-Born Church of the Living God in January,2020 to support their beautification project of their Early Childhood Institution.

The VM Foundation donated $50,000 to the Rotary Club of St Andrew North to provide back to school and care packages. Team Members of VM Group's Customer and Brand and Project Management Office joined the members of the Rotary Club on Saturday, October 10, 2020 to make packages and distribute them to recipients. Photographed is Tania Douglas and Renate McDonald of the Project Management Office assisting in the packaging of the items.

PERFORMANCE HIGHLIGHTS 2020

$14.52 Billion

in mortgages disbursed, **24.76% higher** than 2019

TOTAL REVENUE GROWTH

of **31.9%** to **$14.96 Billion**

Best Net Surplus

in VM Group's history – **$2.64 Billion,**

23.68% above the previous year and **41.69%** above the pre-COVID-19 budget

5 NEW iABMs INSTALLED

5 NEW VM WEALTH LOCATIONS

VM Finance's specialised loans increased by **85.62%** to **£34.35 Million**

TOTAL ASSETS increased by **$7.04 Billion** (2.88%) to **$251.85 Billion** (On and Off-Balance Sheet)

$24.95 Billion in total loans disbursed, **39.1% higher** than 2019

$355 Million **in benefits** provided **to Members** through discounted fees across several products and services as well as lower mortgage and other loan rates

Increased stake in BCIC: now 37.16% share

Launch of **Premium Wealth Service** (VM Wealth)

ICT Uptime:
99.48%
at December 2020

Launched new Fintech arm – VM Innovations Limited, a growth-focused market disruptor

126%
GROWTH
in digital remittance transactions

New 3-year Strategic Plan launched

Launch of Carilend Jamaica

Client Management Portal (VM Wealth)

Direct-to-Account launched by VMBS Money Transfer Services

Over 200,000 lives impacted by VM Foundation and other CSR activities

300% increase in number of revamped processes over last year

58% GROWTH in remittance volumes

Relaunch of approved Retirement Scheme (ARS) (VM Pensions Management)

$46 Million contributed by **VM Foundation** to important initiatives

Report from the President & CEO

The VM Team started 2020 determined to complete the final year of our 2017-2020 strategic plan in an emphatic way, thereby creating a solid launching pad for our new 2021-2023 plan. Then came COVID-19 and its resulting shock to economies and businesses across the world. Like many organisations, The Victoria Mutual Group had to quickly adapt to the changed reality and the team proactively reimagined the path ahead.

In a powerful demonstration of VM's Core Values and Cultural Beliefs, the VM Team skillfully and thoughtfully navigated the tumultuous events of the historically challenging year, emerging with some remarkable wins for the people we serve. As is the result of many of life's most difficult seasons, Victoria Mutual is now a stronger, nimbler, and more resilient organisation, traits that will serve the business well as we continue to pursue our bold ambitions and execute on our mission to transform lives.

The year tested the VM Group across many dimensions but not once did the circumstances diminish our resolve to be "here for you, always." This is important, because it reflects who we are and who we have been for more than 14 decades. We stand with and support our Members, Clients, Team Members and communities through all circumstances and will continue to do so with passion and enthusiasm.

VM Group's COVID-19 Response

VM Group took a proactive approach to COVID-19. This included the establishment of a robust Business Continuity Plan ahead of the first COVID-19 case in Jamaica. It also included identifying and efficiently addressing areas that required immediate strengthening across the Group's operations. Led by a cross-functional response team of Executives and other key Leaders, who have been meeting weekly since the start of the pandemic, this multi-pronged approach was implemented on a foundation of consistent, clear and constant communication. We targeted areas of Occupational Health and Safety to ensure that key preventative health and safety measures to protect our Team Members, Members and Clients were established in all VM locations and across all the territories in which we operate. Our COVID-19 response also included the implementation of Member Focused initiatives designed to support our Members and Clients' needs for additional funds, a wider range of self-service options and temporary relief for those who had difficulty meeting their financial obligations. During 2020 we provided moratoria on loan accounts to just under 900 Members. The value of these accounts amounted to approximately $7.5 billion. Most of these Members successfully resumed regular servicing of their loans by the end of the year.

The Group also ensured meaningful support was available to Team Members working remotely by providing the requisite tools and resources, increasing the avenues for communication and feedback as well as financial support.

The Group's Supply Chain and Resource Management Plan safeguarded the adequate resourcing of the Organisation and our Comprehensive Financial Plan proactively mitigated the challenges of possible income shortfalls and unplanned expenses associated with the pandemic.

Strong Financial Performance

Against this extraordinary background, I am pleased to report a year of exceptional results. These results were driven by the refocusing of our efforts on identifying and capitalising on additional revenue and cost containment opportunities to counter the negative effects that market-induced triggers had on some of our traditional revenue streams. This approach reaped great rewards and led to the best Net Surplus outcome in the history of the VM Group. For the 12 months to December 2020, the VM Group reported Net Surplus of $2.64 billion, 23.68% above the previous year and 41.69% above the pre-COVID-19 budget. Driven by a one-off boost in income associated with the net gain from the purchase of loan receivables under the NHT Joint Mortgage Financing Programme with Victoria Mutual Building Society, the Group's revenue grew by 39.51% to $12.55 billion. Additionally, our total assets increased by $7.04 billion (2.88%) to $251.85 billion reflecting strong growth in both On and Off-Balance Sheet Assets. Our operations in 2020 also afforded our Members additional benefits of $355 million through discounted fees across several products and services as well as lower mortgage and other loan rates.

During the year, the VM Group finalised a deal with the ICD Group to purchase an additional 5.66% shareholding in British Caribbean Insurance Company (BCIC), increasing VM's stake to 37.16% with the option to acquire additional shares. BCIC's strong financial and market performance reinforce the significance of this acquisition. BCIC's performance relative to its competitors was recently demonstrated when the company was ranked by the Insurance Association of Jamaica as the leading general insurance company in Jamaica for 2019.

We are Here for our Members & Clients

The VM Group recognises that the choices available to Members and Clients are many, and as such we do not take for granted your preference for the VM Group as your financial partner. We are committed to retaining your trust and confidence every day and we remain singularly focused on helping you achieve your financial goals in a manner that works best for you. We will continue to listen and respond to you as we expand the available avenues for you to provide your feedback. We will seek every opportunity to meet your financial needs with products and services tailored for each stage of your life and with self-serve and electronic options that are convenient and accessible.

Accordingly, in 2020, we increased the number of Members to whom we provided mortgages including first-time homeowners by 10.40% to 880 by issuing over $13.36 billion in mortgages, 23.13% higher than the previous year. We consider this a meaningful achievement and one that is aligned to our purpose to empower our Members to acquire their own homes and achieve financial wellbeing. We experienced another record year in the volume of loans provided to our Members and Clients by disbursing $24.95 billion in total loans, 39.07% higher than we did in 2019. In the United Kingdom, we increased VM Finance's portfolio of specialised property lending by 85.62% or £15.84 to £34.35 million, thereby helping our corporate clients in the real estate industry to achieve their growth objectives. This ramped-

Report from the President and CEO

CONTINUED

up sales effort transcended locations and product lines, as during the financial year we expanded the range of products and services by launching the VM iGain Edge denominated in both Jamaican dollars and Great Britain Pounds. The VM Wealth Management arm also launched Premium Wealth Management services, targeted at high net-worth Clients and a new Unit Trust portfolio, the VM Wealth Maximiser. In seeking to address the pension needs of our Members and Clients, especially small business owners, VM Pensions relaunched its Approved Retirement Scheme (ARS) and increased its accessibility by distributing this product through our VMBS branch network.

In 2020, we also further capitalised on the opportunity to expand lending options to our Members with the introduction of eLoans in the Jamaican market in partnership with Carilend, a FinTech company in which we have a 30% shareholding. During the year, we continued to identify and exploit opportunities to expand the range of simple, convenient and accessible self-help options and as such we upgraded and relaunched our online banking platform, VM Express Online Services, allowing Members and Clients to better manage their accounts with improved transfer and bill payment services. Facilitating our Members and Clients who are always on the move to be able to bank anywhere was an important objective for VM to achieve and this was done in 2020 with the launch of the VM Mobile Banking App. This, of course, presented added value given the gathering restrictions associated with the pandemic and many people's preference to stay home as much as possible.

We also launched the VM Wealth Client Portal which allows Clients online access to their accounts; the VM Mortgage Online Portal providing Members with convenience and flexibility of completing online mortgage applications thereby securing pre-approval letters; and Direct to Account which allows our Money Transfer customers to receive remittances directly to their accounts. The increase in self-help options is fully supported by a strengthened end-to-end IT system to ensure improved availability and increased system uptime.

The VM Team recognised that some of our Members and Clients still needed to conduct some banking, investment and other financial transactions through face-to-face interactions with our Team Members across our network of branches locally and in the diaspora. Accordingly, we not only retrofitted all locations to make them COVID-19 safe, but we also refurbished eight (8) branches to ensure that this important avenue for Member interfacing, feedback, requests and service excellence reflect a modern environment worthy of our Members, Clients and Team Members. During this period, VM Wealth Management expanded its physical locations by opening new offices in Savanna-la-Mar, Westmoreland, Ocho Rios, St Ann and Duke Street, Kingston providing greater access to wealth management and advisory services.

In keeping with our commitment to empower our Members by providing Financial Education because we care, we pivoted to digital, with activities such as online expos, videos and webinars providing useful information to those we serve in a time of tremendous unease. In 2020, we also expanded the range of avenues through which we engage, listen and respond to our Members and Clients to include the Voice of our Member Portal which allows Members to provide feedback on the quality of our service to them.

We are Here for our Communities

Throughout our history, part of our mandate has been to build the communities we serve and in 2020, we did not waver from this commitment. This was advanced through the active volunteerism, financial contribution of our Team Members and the building of alliances with loyal VM Foundation partners. The VM Group, through its Foundation and other corporate social responsibility (CSR) initiatives, projects and programmes contributed $46 million and impacted approximately 230,000 lives. During 2020, our efforts in this area included the Adopt-a-Clinic programme, the donating of 120 laptop computers and tablets to students in support of their academic pursuits, as well as providing care packages to some of our most vulnerable in our communities. We also continued support for the Social Enterprise for Secondary Schools (SESS) programme. Our support was also directed to the activities of the National Parenting Support Commission by supporting the COVID-19 Parenting Hotline, a key area during the pandemic when many parents were facing unprecedented levels of stress and anxiety.

The VM Team remains committed to these causes and will continue to execute in a manner dictated by our mission to transform our communities.

We are Here for our Team Members

In 2020, the VM Group's Core Values and Cultural Beliefs were on full display. COVID-19 called our Team Members to dig deep and stay true to purpose in order to achieve our objectives. To this end, the Group's existing flexi-work and remote work policies were activated at enhanced levels, with approximately 40% of the Team working remotely. During this time of increased physical distance, the Team stayed close and remained able and encouraged to share feedback and insights through our frequent virtual Digital Townhall sessions and other media.

The work of our Team Members during 2020 reinforced the need to continue programmes that will recruit and retain a competent and engaged Team. During 2020, we advanced our Team engagement efforts by expanding our talent management and succession planning initiatives and applied our Employee Value Proposition (EVP) to support their efforts to achieve financial wellbeing. Specifically, we augmented our Talent Management programme to include our VM Digital University which is an online-based training facility designed to boost the digital skill set of all Team Members.

We believe that these factors were primary contributors to the strong engagement score of 76.4% that was achieved in 2020. This engagement score was 3% points higher than that of the previous year and compares favourably with the regional and international benchmarks of 72% and 65% respectively.

Outlook

Given all that has happened and with there likely being many more months to come before COVID-19 is successfully contained, it is difficult to predict, in a detailed way, the path ahead for the local and global economies. What I can say with unshakable confidence, is that the VM Group is stronger and better equipped than ever to ensure that our Members and Clients can continue their journey to financial wellbeing.

The VM Team will continue to execute with excellence and urgency, on our commitment to be always here for our Team Members, our Members, our Clients and our communities. We will continue to expand our reach, not only in Jamaica and the diaspora but also to other territories in the Caribbean and Latin America. The 2020 launch of VM Group's new Fintech arm, VM Innovations Limited, is one indicator of our growth-focused, industry-disrupting posture for the future. This new subsidiary has as its mandate to purposefully hunt and exploit strategically aligned growth opportunities.

A New Strategic Planning Cycle

The end of 2020 brought the close of the current strategic plan for the VM Group. The initiatives implemented over the past four years have laid the foundation on which to build in 2021, the first year of the next three-year strategic plan. Starting in 2021, the VM Group will be operating with a revised Vision, Mission, Strategic Goals, a new Strategic Roadmap and a commitment to Transforming Lives by "Driving Growth, Innovation and Resilience". This theme will frame all the initiatives to be implemented over the next three years beginning in 2021 and includes the exploration of new business models, diversified and integrated products and services, digital value chains and a re-structured Group to exploit growth opportunities.

Thank You

I offer sincere thanks to our always supportive Board of Directors and the Results Focused VM Team for their commitment to the VM Group and for always pursuing excellence for those we serve.

To our Members and Clients, thank you for choosing the VM Group. We stand with you now and will continue to be here for you in the months and years ahead.

Courtney Campbell
President & CEO

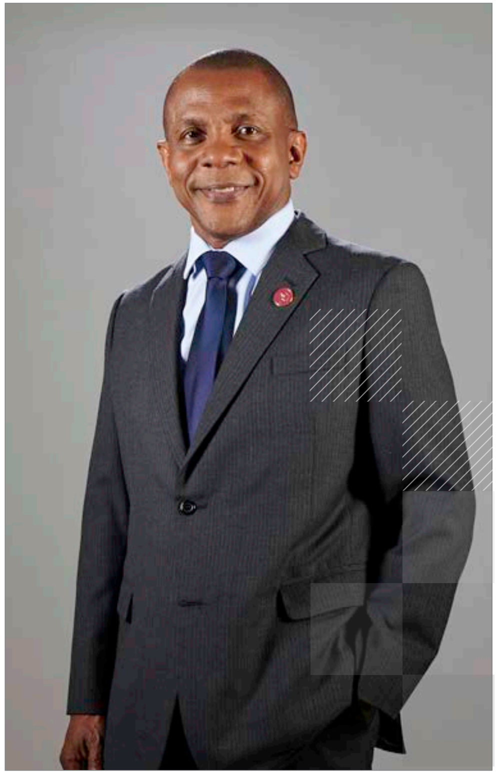
Executive Leadership

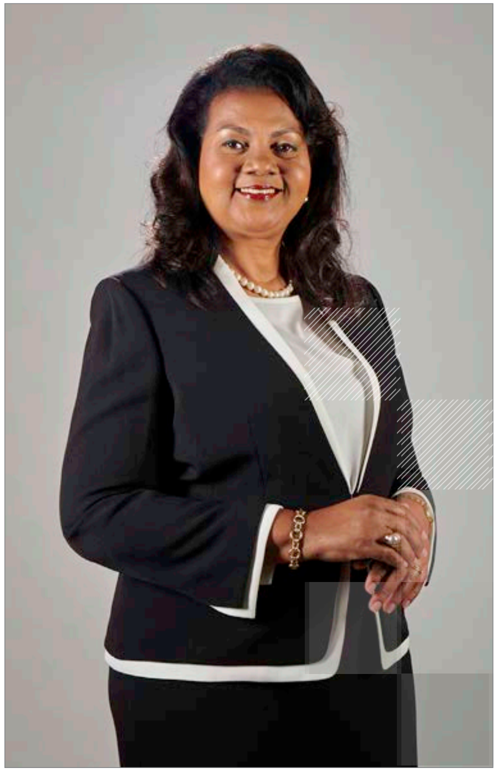
Courtney Campbell, MBA (Distinction), ACIB, BSc, JP
Group President & CEO

Janice McKenley, FCCA, FCA MBA, BSc
Group Chief Financial Officer

Devon Barrett, MBA
Group Chief Investment Officer

Peter Reid, BA (Hons.)
Chief Executive Officer
Building Society Operations





Laraine Harrison, MBA, BA
Group Chief Human Resources Officer

Rezworth Burchenson, MBA, BSc
Chief Executive Officer, VM Wealth Management Ltd.

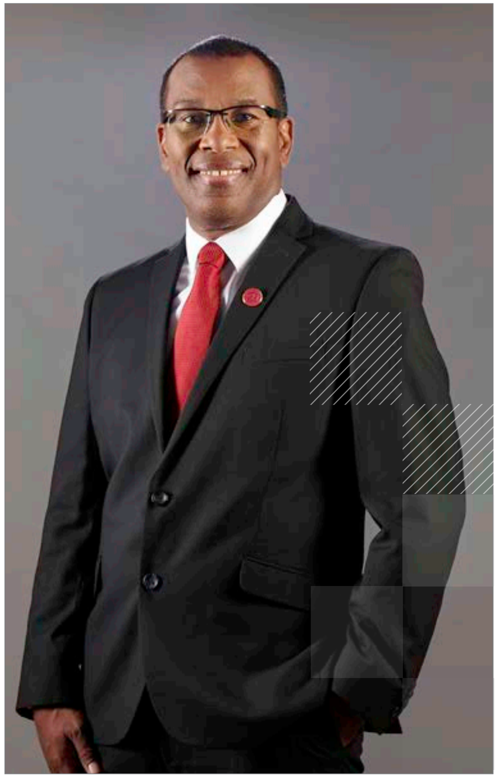
Judith Forth Blake, MBA, BA (Hons.)
Group Chief Customer & Brand Officer

Keri-Gaye Brown, MBA (Dist),LL.B (Hons)
Group Chief Legal, Risk & Compliance Officer & Corporate Secretary

Executive Leadership

CONTINUED

Michael Neita, MBA, BEng, BSc
Chief Executive Officer,
Victoria Mutual Property Services Ltd.



Michael Howard, MBA, BSc
Chief Executive Officer
VMBS Money Transfer Services Ltd.

Carla McIntosh Gordon
MSc, BA, PMP, BSP
Group Chief Strategy Officer

Conroy Rose, CSC, MBA, BSc
Chief Executive Officer
VM Pensions Managment Ltd.

René Allen-Casey, FCCA, FCA, CIA, CIRM, Dip, BA
Group Chief Internal Auditor

Sheena Wedderburn Reid, MSc, ITIL, CRISC, CISA,
Group Chief Digital Officer

Nicola Anderson, MSc, PMP, ITIL, COBIT, ACP
Group Chief Operations Officer

Dalton Richardson, EMBAI
Group Chief Technology Officer

Senior Leaders with Group Functions

Chevonne Ashman, MBA, BSc, PMP
Assistant Vice President Group ICT

Debbie Dunkley, FCA FCCA, MBA
Vice President, Group Finance

Karlene Waugh
Assistant Vice President Business Operations

Dayton Robinson, PhD
Assistant Vice President Group Human Resources

Clover Moore
Assistant Vice President Group Corporate Affairs and Communications

Adam Harris
Assistant Vice President Strategic Investments


We are here for you...
always

Leadership Team

Victoria Mutual Building Society

Peter Reid, BA (Hons.)
Chief Executive Officer
Building Society Operations

Simone George-Davey
Regional Manager
(Eastern) Sales & Service

Latoya Williams
Senior Manager
Lending Solutions

Suzette Ramdanie-Linton
Regional Manager
(Western) Sales & Service

Clive Newman, MBA, FICB
Assistant Vice President
Credit

Leighton Smith, MBA, BBA
Chief Representative Officer
VMBS United Kingdom

Paul Elliot, AICA, MBA, BSc (Hons)
Vice President
Sales

Victoria Mutual Wealth Management Ltd.

Rezworth Burchenson, MBA, BSc
Chief Executive Officer

Colando Hutchinson, MBA, FCA, CFA
Head
Capital Markets

Denise Marshall-Miller, MBA
Manager
Bond Trading

Evette Bryan, MBA
Manager
Treasury and Trading

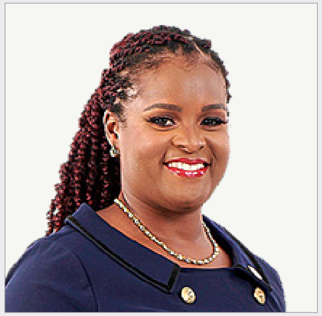
Hekima K Reece, ACCA, AAT
Manager
Business Operations

Natalie K Bennett, MBA, BSc
Manager
Risk & Compliance

Nicole Adamson, CFA, FRM, MSc
Manager
Research and Stockbroking

Tamara Waul Douglas, MBA
Manager
Sales

Sharon Sterling, MBA
Manager
Marketing



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

Nordialee Stewart, MBA, BBA
Manager
Client Services

Davie Martin, MBA
Manager
Asset Management

Leadership Team
CONTINUED

Victoria Mutual Pensions Management

Conroy Rose, CSC, MBA, BSc
Chief Executive Officer

Ann Simmonds-Bourne
Manager
Client Portfolio and Financial Reporting

Natalie K Bennett, MBA
Manager
Risk and Compliance (Acting)

Tamieka Reece, FCCA, MSc, BSc
Manager
Risk and Compliance

Judi-Anne Marzouca, BBA
Manager
Pensions Administration

Davie Martin, MBA
Manager
Asset Management

Victoria Mutual Property Services

Micheal Neita, MBA. BEng. BSc,
Chief Executive Officer

Marcia Sterling
Assistant Manager
Sales/Valuation & Office Administration

Wheina Nelson
Commercial Facilities Officer

Jermaine Williamson, BSc
Senior Valuer

VMBS Money Transfer Services

Michael Howard, MBA, BSc
Chief Executive Officer

Rennata Blake
Senior Business Support Officer

Owen Bruce
Manager
Distribution

Kayon Morrison-Scott
Assistant Manager
Compliance

Branch Leadership

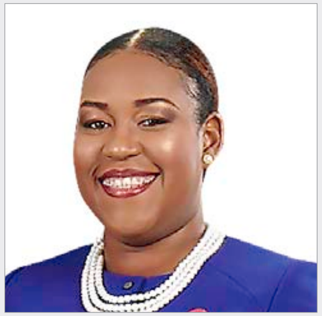
Western Team

Suzette Ramdanie-Linton
Regional Manager
(Western) Sales & Service

Erica Robinson
Branch Manager
Santa Cruz

Andrea Arscott-Allen
Branch Manager
Fairview

Robert Foster
Branch Manager
Mandeville



Allison Shields
Branch Manager
Savanna-La-Mar

Sean Taylor
Branch Manager
Falmouth

Marsden Dennis
Branch Manager
May Pen

Faithline Campbell
Branch Manager
Montego Bay

Charmaine McConnell-Taylor
Branch Manager
Ocho Rios

Eastern Team

Simone George-Davey
Regional Manager
(Eastern) Sales & Service

Allison Morgan
Branch Manager
Half Way Tree

Mendel Thompson
Branch Manager
Liguanea

Sasha-Gay Wright-Wilson
Branch Manager
University of Technology
(UTech), Papine

Shelliann Afflick
Branch Manager
New Kingston

Cherese Stewart
Branch Manager
Linstead

Ruth Oliver
Branch Manager
Spanish Town

Joy Bunting-Pusey
Branch Manager
Portmore

Management Discussion and Analysis

Introduction

The Victoria Mutual Group's fundamental mission, has, for generations, been to deliver on its commitment to nation building and to transforming lives. This continues today in a more focused and emphatic way than ever before.

In 2020, when the world was rattled by the COVID-19 pandemic, VM stepped up for its Members, Clients and Team Members, demonstrating, as we have done for the past 14 decades, that we stand with those we serve through all seasons and circumstances.

The VM Group is headquartered in Jamaica with a global footprint that includes Representative Offices in the United States and the United Kingdom. The Group also maintains a strong brand presence in Canada. VM offers a suite of products and services which include savings, loans, mortgages, commercial lending, investments and wealth management services, pension fund management, real estate services, money transfer services, general insurance via our affiliate company, British Caribbean Insurance Company (BCIC) and online lending via Carilend.

VM serves a diverse client base of individuals, governments, corporations, and financial institutions through our Strategic Business Units (SBUs) and affiliate companies.

This Management Discussion and Analysis (MD&A) provides insights into the performance of the VM Group through the operations and achievements of its SBUs in 2020..

It also includes projections by the Group's Executive Management Team about prospects for 2021 in the context of our Strategic Goals and Core Values.

Economic Overview - Jamaica

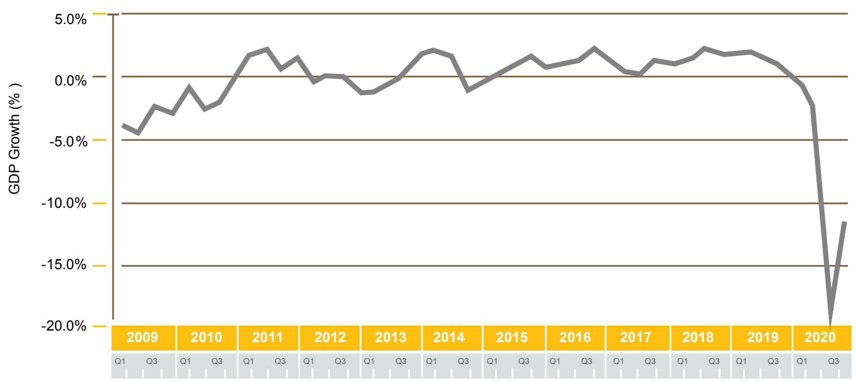
At the end of 2019, Jamaica was well on its way to achieving many of its macroeconomic goals. There were record low unemployment and interest rates, along with improvement in the sovereign credit rating. In November that year, Jamaica successfully completed its Stand-By Arrangement with the International Monetary Fund (IMF).

By the end of 2019, Jamaica's debt to GDP had declined by 7 percentage points compared to 2018, and it was expected to achieve its target of 60% debt to GDP by the 2025/26 fiscal year.

Notwithstanding the expectations, the country experienced lacklustre economic growth which slowed to 0.9% in the 2019 calendar year from 1.8% in 2018. Then came 2020. Any progress made by the economy during the previous period of 2019, including the positive outlook, was unceremoniously derailed by the COVID-19 pandemic.

On March 12, 2020, the first local case of the novel coronavirus was reported. It led the Jamaican government to implement several measures aimed at curbing the spread of the virus. These measures, though necessary, disrupted economic activity forcing the Jamaican economy into recession.

GDP Growth



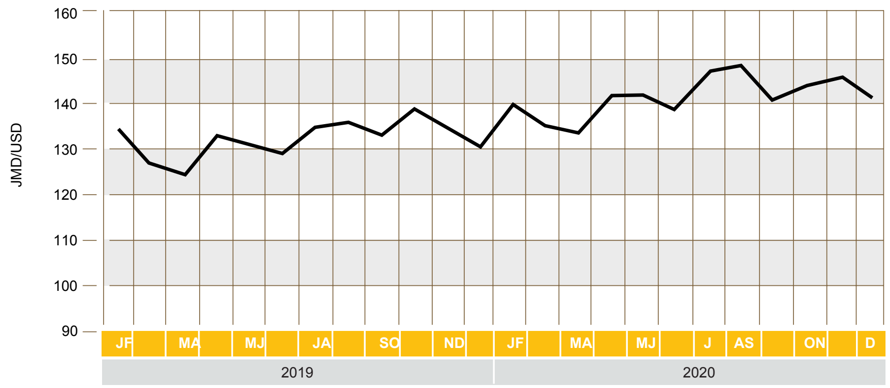
The Jamaican Government, as part of its response to the virus and its effects on the economy, introduced the CARE Programme, a $25 billion fiscal stimulus aimed primarily at assisting people who lost their jobs because of the virus. The Government was also approved to receive a US$520 million disbursement from the IMF under the Rapid Financing Instrument. These proceeds were in place to meet any urgent balance of payments needs that may have arisen.

The Bank of Jamaica (BOJ), for its part, took an accommodative stance amid the crisis. Though interest rates remained unchanged at 0.50%, the BOJ implemented a series of policies to ensure stability within the sector. The Bank closely monitored key performance indicators including liquidity and movement in the exchange rate and provided support, through policy changes, to boost the flow of foreign exchange (FX) in the system.

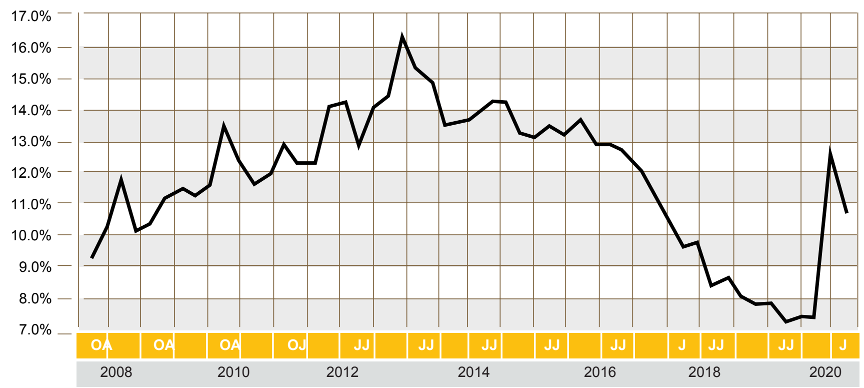
This was supported by the 19.3% increase in remittance inflows between January and October 2020. Nonetheless, the fall-off in tourism was significant enough to dampen the impact of these measures resulting in a marked reduction in FX supply and the depreciation of the local dollar.

As expected, both business and consumer confidence fell in 2020. Consumers were particularly affected by the loss of income from salary cuts or job losses. With a more than 60,000 increase in the unemployed labour force, the unemployment rate increased from 7.19% in October 2019 to 12.6% in July 2020, before regaining some ground to 10.7% in October. Business confidence was particularly impacted by decreased optimism based on the expectation that future business conditions will be more challenging in the short term.

JMD/USD



Unemployment Rate



Inflation closed the year within the targeted 4% - 6% range at 5.21% remaining within this range except for the months of February and June.

MD&A
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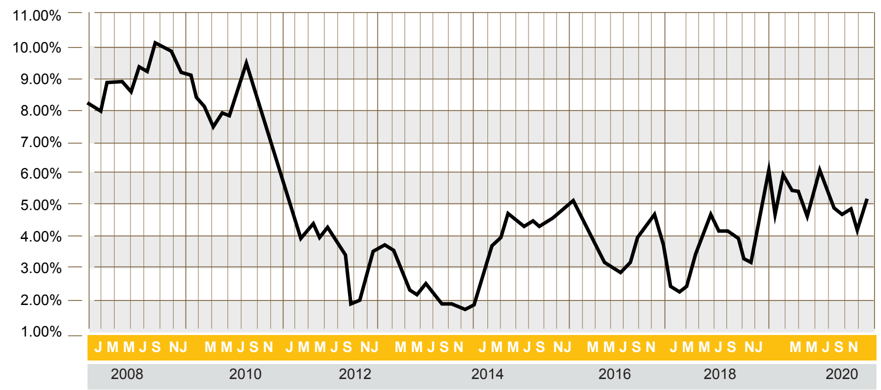
12-Month Point-To-Point Consumer Inflation



Despite the economic shock COVID-19 dealt to the Jamaican economy, international rating agencies affirmed the island's credit rating. The rating agencies did, however, lower their outlook, citing the heightened risk to Jamaica's economy, public finances and external finances given the economic contraction and fall in government revenues. Nonetheless, they expected that the Government's commitment to fiscal discipline would remain once the crisis subsided thereby reducing the likelihood of a sustained deterioration in fiscal metrics.

Industry Overview - Financial Sector

During the first three quarters of the year, the Finance and Insurance Services Industry outperformed the overall economy, contracting by only 1.2%, 5.5% and 5.6% year over year. The industry undertook an accelerated transformation, converting many of its offerings to digital channels to keep up with changes in consumer behaviour and needs during the pandemic. The financial performance of many companies was impacted with higher-than-expected credit losses and lower-than-projected fees as income associated with reduced transaction volume fell, along with the shift to online services which generally attract lower fees.

The stock of loans and advances for Deposit Taking Institutions (DTIs) increased by 10.9% from $932 billion in December 2019 to $1 trillion as of December 2020. The stock of deposits as at December 2020 also increased by 16.8% to $1.4 trillion.

The capital markets also took a significant hit, with the stock market 22.3% lower year-to-date as at the end of March, as investors considered the effects the virus was likely to have on business performance.

As at March 2020, there were 46 licensed intermediaries under the FSC's supervision, 39 of which were securities dealers with AUM totalling $1.38 trillion up from $1.24 trillion the year before.

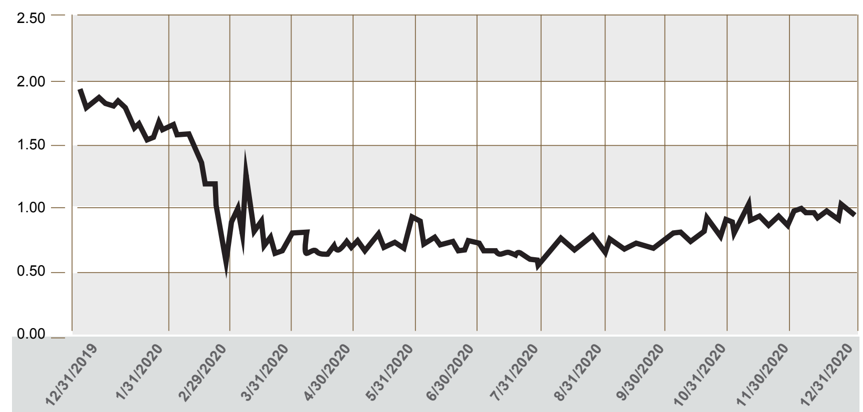
Overseas

The global economy declined in 2020. According to its October report, the IMF expects that the global economy will have contracted by 4.4% in 2020, following growth of 2.8% in 2018. The decline stems from contractions in almost all economies with China being the only major economy expected to grow in 2020 by 1.9%.

Other Major Economies

What was a volatile year, ended on a mild tone for the fixed-income market. The yield on the benchmark US 10-year Treasury closed the trading year just over 1 percentage point lower at 0.91%, having opened at 1.92% in January 2020.

US 10-year Treasury Yield



With the release of COVID-19 vaccines in December, first from Pfizer/BioNtech and then from Moderna, pockets of optimism emerged in the markets and investors ventured into riskier assets. Vaccines from AstraZeneca and the University of Oxford were later approved by the UK. The first round of vaccines was administered in the US on December 14. However, this was tempered by the emergence of several new strains of the virus, with some estimated to be up to 70% more contagious, notably in the UK. Several countries introduced restrictions on travellers from the UK during December and the UK entered a new lock-down early in the new year 2021.

The Federal Reserve strengthened its commitment to support the US economy by maintaining its asset purchase programme until it sees “substantial further progress” in employment and inflation and extended its lending programme, geared towards assisting small business owners accessing funding, until January 8, 2021. It also held interest rates between 0% and 0.25%, where they have been since an emergency cut in the early days of the pandemic, and the interest rate on excess reserves at 0.10%. A spending bill of US$2.3 trillion and US$900 billion stimulus bill were passed by Congress, unlocking the US $600 in stimulus cheques to be disbursed to Americans. However, President Trump had refused to sign the Bill unless Congress amends it to increase the payments to US$2,000.

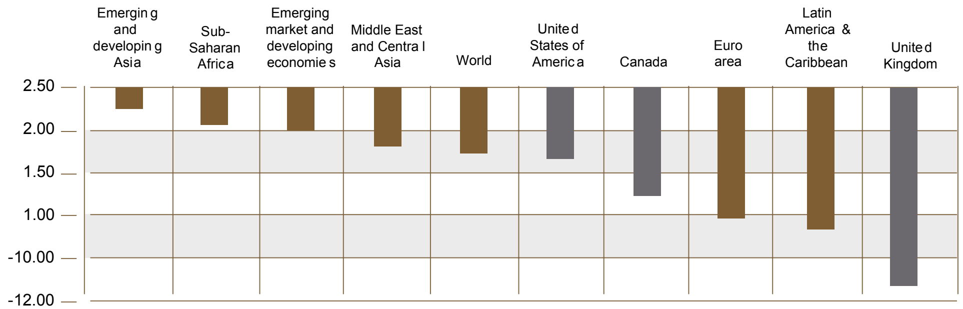
The Bank of England and the UK Government implemented coordinated monetary and fiscal policies in response to the nation’s COVID-19 outbreak. The Bank of England cut its key policy interest rate twice by 65 basis points to 0.1% in March. It also ramped up its quantitative easing programme, announcing that it would increase its holdings of UK Government bonds and sterling non-financial investment grade corporate bonds to £895 billion from an initial £200 billion at the start of the year.

The UK Government also provided stimulus support to the economy. In April amid the strict lockdowns, it unveiled four emergency stimulus packages to support the economy including a £12 billion initial stimulus package, a £350 billion package comprising Government-backed loans, £20 billion in grants and tax cuts for struggling companies, £7 billion in welfare spending, grants to salaried employees worth approximately £17.5 billion and a £9 billion-dollar package for the support of the self-employed. The Government also paid up to 80% of the salaries of furloughed workers in a scheme that ended in August. GDP fell by approximately 9.9% in 2020 due to the fall-out from the virus.

At the end of the year, the much-anticipated Brexit trade deal between the United Kingdom and the European Union was agreed upon, and not a moment too soon, as the UK’s transition period from the EU ended on December 31.

After a series of rate cuts in the first half of 2020, the Bank of Canada has maintained its overnight rate at 0.25%, down 150 basis points from the start of the year. The Bank noted that it would maintain interest rates at this level until the economic shock from the pandemic is absorbed so that the 2% inflation target is ‘sustainably achieved’. The Bank kicked up its quantitative easing programmed implementing a Standing Term Liquidity Facility, where it would provide loans to eligible financial institutions in need of temporary liquidity and committed to buying at least $5 billion Canadian Government bonds per week starting in June. The Federal Government pumped CA $19 billion into the country’s provinces and territories as part of a Safe Restart Agreement to help territories safely reopen and precent future crisis. Overall, the Canadian economy contracted by 5.4% for the calendar year but showed signs of strengthening in the last quarter when GDP grew by 2.3%.

GDP Growth 2020



MD&A
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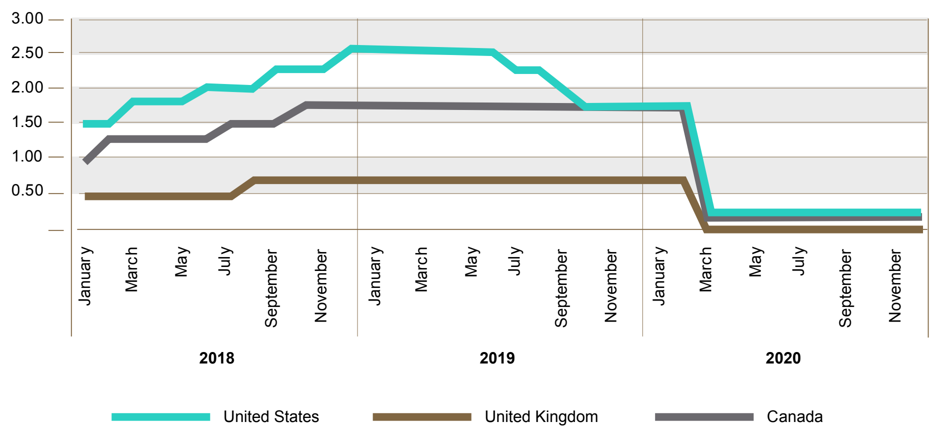
Target Interest Rate



Global growth momentum slowed in the fourth quarter, but are slightly more bullish for 2021. There are still downside risks such as the lack of efficacy of targeted virus control measures and issues with the COVID-19 vaccines, which could prompt a fresh wave of stress in financial markets and a longer-lasting negative wealth and confidence shock. This could depress consumer demand and lead to a prolonged period of below-trend economic activity. In fact, economic activity is still below pre-COVID levels and is not expected to return to or surpass those levels for at least a couple more years. Nevertheless, several sectors have gained some stability recently and are no longer in the 'negative outlook' sphere. Slower roll-out of the vaccines within Latin America, including Jamaica, should limit the recoveries in this region.

OUR OPERATIONS

Given the local and global context, VM actively pivoted where necessary and purposefully went about its work being Customer Obsessed and Results Focused while consistently supporting Members, Clients and Team Members. We did this, while building our operational resilience and delivering in a real and meaningful way on our promise to provide life-changing financial education, because we care.

Even before COVID-19 reached Jamaica's shores, VM had established a high-level cross-functional Response Team with the aim to protect and support for our Members, Clients, Team Members, and the business. The Team started meeting once per week to stay on top of response measures and has maintained this schedule for more than a year.

The improvement of the financial safety and overall well-being of Team Members, Members and Clients is priority. To this end, VM changed how we engage those we serve and how they access various services. We established electronic indemnity, remote dormant account activation and interaction with our in-branch services. Additionally, our Teams purposefully promoted the convenience of conducting transactions via digital channels compared to face-to-face in our branches. We wanted to ensure that those we serve were comfortable with these safe and convenient options – particularly during a pandemic.

Building a culture and mindset of continuous improvement is critical to the success of our operational improvement agenda. Therefore, we continued to invest in the training and development of our Analysts and Implementation Teams. We also augmented our existing Operations Teams with Process Improvement Specialists who have an in-depth knowledge of the industry, the business process improvement methodology, and technology innovation.

Additionally, we demonstrated our intentional commitment to always being there for our Members and Clients, through tangible avenues such as: the suspension of fees and charges, the facilitation of moratorium arrangements and the increase in philanthropic activities.

PRODUCTS & SERVICES

Assets:

Despite the upheavals of 2020, we remained focused on helping those we serve build their financial wellbeing.

We took bold steps and launched new products and services including the VM Goal Maximizer and US Equities Trading through our VM Wealth Management arm for Clients seeking additional investment options and opportunities for long-term financial stability. The launch of the Premium Wealth Unit reflects our desire to cater to all Clients across the financial spectrum. Additionally, Carilend, the Barbados-based fintech in which VMIL holds a 30% stake, launched its Jamaican operations in 2020 with an eLoan, providing faster, simpler, and more convenient access to personal loans.

This year, we expanded our range of Consumer Loan products to include commercial mortgages, and broadened our relationships in the motor vehicle industry by partnering with additional new and used car dealers.

Our efforts in this area resulted in a 37.37% increase in new loans disbursed by VMBS of $20.68 billion, including $13.36 billion in residential mortgages. Similarly, VM Finance Limited, our subsidiary in the UK, disbursed £22.44 million in loans, supporting businesses in the real estate sector. As a result, loan assets grew by £15.84 million or 85.62% in 2020 to close at £34.35M.

Savings:

By focusing on our Members' needs and remaining Customer Obsessed, we continued to provide the tools required on their journey to financial well-being. This includes special and specialised savings products geared towards home ownership and the achievement of other investment goals. VMBS' deposit growth was positively impacted by our iSave for Home product. iSave encourages Members to save towards owning their homes, by providing discounted mortgage rates and special rewards.

Two short-term investment instruments, VM iGain local and sterling savings instruments, were also launched. During the review period, new and existing Members and Clients both locally and in the diaspora entrusted the VM Group with their savings and as such the Savings Fund grew by 16% to close the year at $104.310 Billion.

Engaging our Members:

Given the restrictions associated with the pandemic, VM re-imagined the ways we engage with our Members and Clients. We moved away from face-to-face, on the ground and in-branch events and activities and pivoted to a range of virtual executions, including webinars, web-expos, and other types of digital and social engagements.

The VM Building Society, VM Pensions Management, VM Property Services, VM Wealth Management and VMBS Money Transfer Services all adjusted to ensure communication was not only maintained with Members and Clients but also, in some respects made easier and more frequent. Throughout the year, the number and frequency of our Financial Education programmes, significantly increased via digital newsletters, social media posts, publications and webinars. In addition to the use of traditional communication media, VM Pensions Trustee meetings went virtual and in early 2020, VM Pensions Management staged a well-received trustee training workshop. In the same manner, VM Wealth Management remained consistent in the publication of articles, analyses, insights and updates while hosting webinars and mixers registering several thousand attendees and viewers.

Additionally, in October, our Overseas Representative Offices hosted the Virtual Diaspora Tour to showcase properties for purchase in Jamaica and to share essential financial advice and education. This event was birthed after the successful launch of the Building Society's Virtual Home and Auto Expo in June 2020, which was a VM innovation that paved the way for rest of the local financial industry. The Expo attracted 13,200 viewers on Facebook, 2,700 on YouTube, 2,400 on Instagram; and led to registrations of over 2,600 persons combined from Jamaica, United Kingdom, United States and Canada.

Customer Obsessed:

The Victoria Mutual Group's promise to always be there for our Members and Clients means that we are always striving to ensure that those we serve receive the highest level of customer experience. A substantial part of our commitment to our Members is listening to their concerns.

Therefore, to enable us to better understand our Members and Clients and assist in meeting their financial needs, we gather and analyse customer feedback from across all business units and service touchpoints. VM measures and monitors Member satisfaction through monthly Net Promoter Score (NPS) surveys. This process allows us to provide solutions for Member queries or irritants. Additionally, we implemented a new Group-wide automated Complaints Management platform which allows for easier monitoring, tracking, and addressing of service-related issues whenever they occur and to ensure that we remain alert to any service challenges that our Members and Clients experience.

OUR PEOPLE

Despite the disruption presented by the COVID-19 pandemic to the personal and professional lives or our Team Members, they displayed courage, resilience and adaptability and were provided with strong support from the Leadership Team of the VM Group.

Our Great Place to Work Agenda was advanced in a significant way through the full implementation of our existing Remote and Flexible Work arrangement guidelines, improvement to our variable reward structure, provision of COVID-19 related support to Team Members inclusive of technology support for children, and the use of technology to support our Employee Engagement and Talent Management Activities.

Talent Management

In keeping with our Strategic Goal of being Employer of Choice we thoughtfully and deliberately pivoted on several initiatives designed to attract develop and retain top talent, even as the world contended with a global pandemic.

MD&A
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In 2020, we continued to drive Talent Management Initiatives with focus on Team Members' Individual Development Plans, Career Development Plans for Key Positions (inclusive of hard to fill roles), High Potential & High-Performance Talent and Succession Plans for Senior Leader Positions. As such, for the year 2020, 6 Senior Leaders commenced Executive Coaching, 10 Leaders were placed on an Accelerated Development Programme while 132 Leaders / Team Members benefited from Job Enrichment activities.

Formal Learning Programmes offered throughout the year were aligned with the 2020 Business Plan. We continued to provide training for Team Members in Sales, Credit, 'Digital U' and Financial Education. Under the Financial Education initiative, Team Members were provided with Needs Based Conversations training which will in the future provide support to Members utilising the needs-based survey tool on the VMBS website.

Team Members whose Beginner's Spanish programme was interrupted due to the pandemic were also provided with an opportunity to complete the course through a virtual instructor-led format. Other programmes that were offered included Career Development Planning, HR Policies, Retirement Planning and New Hire Orientation. Our Talent Development Programmes are designed to strengthen leadership capabilities as well as to build expertise for critical areas of the business including sales, service, credit, operations and digital innovation.

EMPLOYEE ENGAGEMENT & WELLNESS ACTIVITIES

Engagement Activities

Our Employee Engagement Initiatives continue to focus on our Business Plan to create and sustain the ideal place to work for our Team Members.. This is facilitated through the execution of modern and relevant activities, that both equip and empower our Team.

I AM VM Awards

The VM Group leveraged technologies to stage the first virtual I AM VM Awards Gala on Saturday, July 25, 2020. While maintaining physical distance, our Team Members and external viewers were brought together through digital platforms, including Zoom, YouTube, Facebook, Instagram, and Microsoft Teams to celebrate the excellent performance of our Team Members in 2019. The event attracted more than 6,000 views.

Wellness Activities

A Victoria Mutual Wellness Committee was formed with the main objective of identifying and executing on targeted activities that support the eight dimensions of wellness. Throughout each quarter the Committee created and implemented wellness activities specially designed to cultivate stronger connections among in-presence and remote Team Members.

Team Members benefited from a number of virtual activities including the "VM Wins Life Series", a "Jerusalema Challenge", several webinars led by medical doctors, mental health professionals, dietitians, and security professionals. These activities were geared towards helping Team Members be more connected, engaged, productive and to adjust to the 'new normal'

VM Group 2020 Business Conference

At the start of each year, VM Team Members participate in our annual Group Business Conference, which typically takes place on the first Saturday of the new year. The Business Conference is an opportunity for the Team to rally around the targets and objectives for the year ahead and to share open and honest feedback with each other.

On January 4, 2020, more than 600 Team Members gathered at the Jamaica Conference Centre in Kingston for VM Group Business Conference themed: **'Together Achieving the Impossible'**.

International motivational speaker David Mead, Igniter from the famed Simon Sinek Organisation – Ignite Leadership, delivered the keynote address to the VM Team which also included Team Members in New York, Florida and the United Kingdom, who participated live via video link. He urged the Team to start with the 'why' to feel inspired, safe and fulfilled at work.

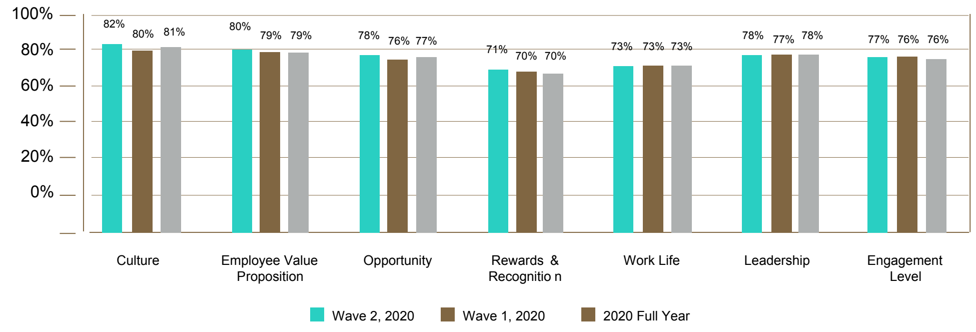
Courtney Campbell, VM Group President & CEO encouraged his global team to focus on the purpose behind the work of the organisation: to increase financial equality which remains paramount among the Team's objectives throughout 2020 and beyond.

HREI Survey and Results

VM Group achieved an engagement target of 76%/85% for 2020 against the target of 77%/80%. The engagement score of 76% is above Global Average for Latin America and the Caribbean but slightly below the VM Group's 2020 HREI Key result of 77%.

The Group's HREI Systemic Action Plan is being updated based on 2020 Full Year results. We are confident that the action plans being developed by teams across the business will see us meeting our 2021 target of 77%/80%.

VM Group High-Level Key Drivers Results Wave 1 Wave 2 & Full Year



The HREI action plans continue to focus on engendering a culture of accountability.

CULTURE OF ACCOUNTABILITY

In 2020, our Culture of Accountability Programme was further strengthened through the implementation of access to online material to bolster our use of the Culture tools and to facilitate the retraining and continuous training of Team Members. In 2021, we will continue with our Culture Integration programme and seek to align culture with purpose to create the VM Team Member Identity.

ENTERPRISE RISK MANAGEMENT AND CONTROL

Sound and keen Risk Management is a part of VM's culture. It allows the business to increase its advantage in the financial sector by striking the right balance between cost and effectiveness. Effective Risk Management also boosts the organisation's performance and enables quick and efficient decision making through strategic risk assessment and governance.

Risk Appetite:

The governance of risk relies on the knowledge of what risks the organisation can and cannot absorb as we aim to achieve our strategic goals. Therefore, our risk management must be aware of the four main categories of risk:

RISK CATEGORY	RISK APPETITE	DESCRIPTION
Strategic	Moderate	The Group has a moderate appetite for Strategic Risk. The VM Group understands the need to balance risk and reward and will ensure that strategic decisions align with the Group's three-year Strategic Plan and overall risk appetite. We are committed to creating value for our Members and will proactively monitor and respond to changes in the business, economic and social environment.
Operational	Low	The Group has a low overall appetite for operational risk. We will seek to minimize exposure to key operational risk areas, including new products and marketing initiatives, continuity of critical services and processes, talent retention and development, information security and internal and external fraud.
Financial	Low	The Group has a moderate appetite to financial risk. We will continue to implement robust credit management practices, adequate assessment of financial strategies to (a) maximize 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.
Compliance	Very low	The Group has a low appetite for legal and regulatory risk. We will comply with all legal and regulatory requirements applicable to us and will apply sensible and reasonable interpretation of the requirements and ensure that our compliance activities meet the expectations of our regulators.

MD&A
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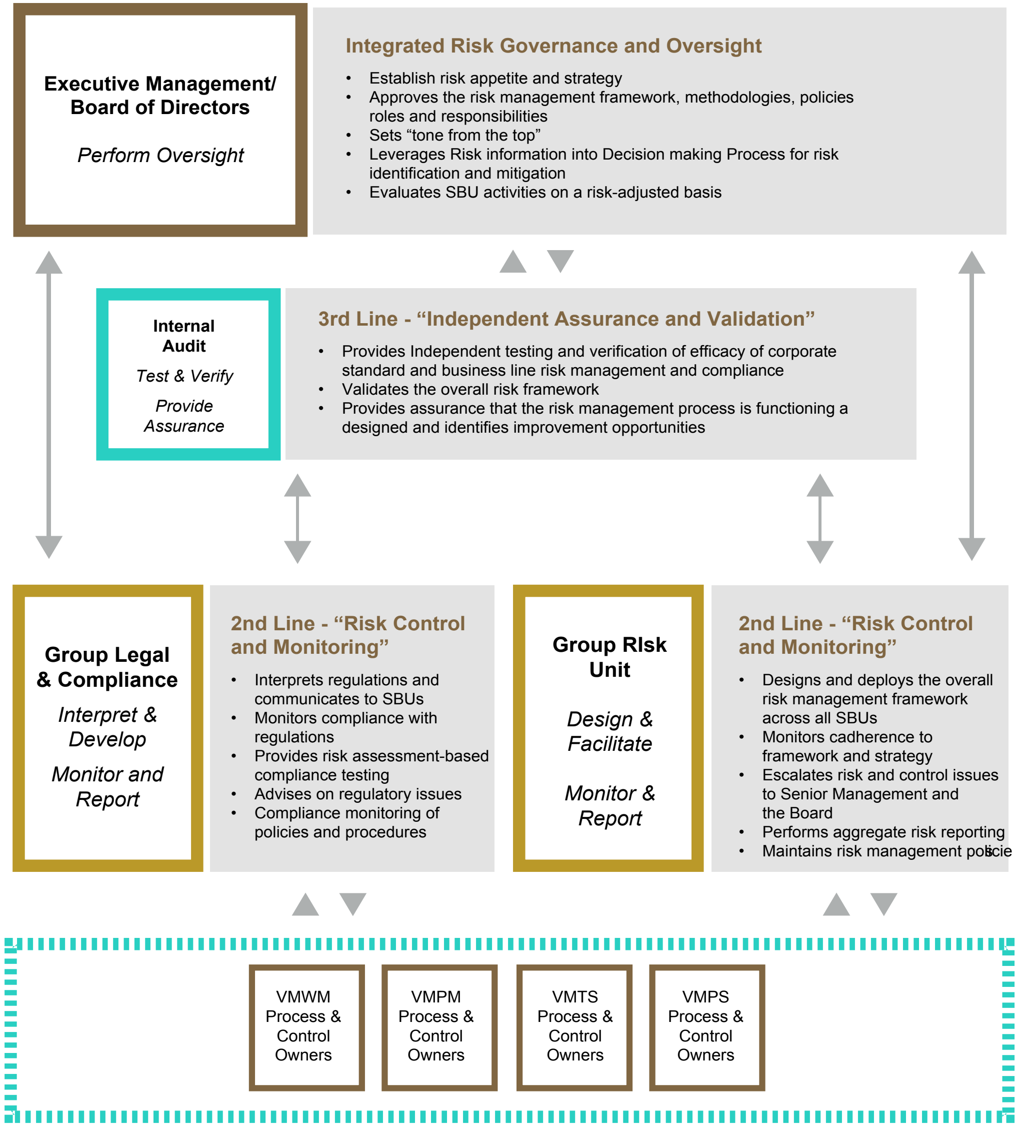
ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

Governance practices must be consistent and robust to keep ahead of the constantly evolving risk. The ERM framework outlines the process of identifying and prioritising risks as well as the appropriate responses. This framework is the scaffolding used to manage, mitigate and report risks.

The Board of Directors is primarily responsible for the governance of risk in the business while the Executive Team is accountable for maintaining common and efficient processes, as Team Leaders oversee their own risk management. This structure allows for a flow of information and procedure among all three management teams through a coordinated bottom-up and top-down cross operation approach. This process reduces the risk of operational failures, misstatements, inaccuracies and errors, fraud and noncompliance with laws and regulations to an acceptable minimum.



MATERIAL RISKS

The material risks that need to be averted are:

- **Credit risk:** risk that a borrower will not meet their financial obligations when they become due. The Group faces credit risk primarily from its mortgage and corporate lending operations.
- Given the size of the Group's exposure to credit risk, the implementation of effective oversight and prudent lending strategies enables the balance of risk with our commitment to serving our Members.
- **Market risk:** risk that the value of, or income arising from, the Group's assets and liabilities is adversely affected due to movements in interest rates; exchange rates and equity prices.
- Market risk is managed within the framework of Board approved limits, offsetting of financial assets and liabilities, and maintaining matched portfolios of foreign currency financial assets and liabilities along with the maintenance of long or short gap currency portfolio positions.
- **Liquidity risk:** risk that the Group, although solvent, either does not have sufficient available resources to enable

it to meet its obligations as they fall due or can secure them only at excessive cost resulting in financial losses, loss of customer confidence and regulatory penalties.

- Liquidity risk is managed by maintaining a prudent funding mix, maturity profile and high-quality liquid assets. The Group closely monitor its liquidity position to confirm that there are adequate resources to meet obligations as they fall due, under a variety of conditions.
- **Operational risk:** risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.
- Where these risks arise, the impact to our reputation is considered and the appropriate measures to mitigate the risk is taken, provided the cost of controlling the risk does not exceed the benefits derived from the lower risk level.
- **Reputational risk**: risk that stakeholder's negative impressions regarding the VM Group's business practices, actions, or inactions, whether true or not, will or may cause deterioration in the Group's value, brand, liquidity, or Member base.
- Reputational risk is managed by implementing business practices, policies and actions that build its reputation for being a strong integrated financial group. We are committed to ensuring that our reputation is safeguarded and protected at all times.
- **Legal and regulatory risk:** failures arising out of internal, regulatory, statutory, or legal non-compliance and associated risks from engagement with third parties.
- The Group complies with all legal and regulatory requirements applicable to us and applies sensible and reasonable interpretation of the requirements to ensure that our compliance activities meet the expectations of our regulators.
- **Strategic risk:** risk of current or prospective adverse impacts to the VM Group's earnings, capital, reputation or standing arising from ineffective strategic decisions, or lack of responsiveness to industry, economic or technological change.
- We are committed to creating value for our Members and proactively monitor and respond to changes in the business, economic and social environment.

KEY ACHIEVEMENTS:

The Board of Directors ensures that our risk management and reporting measures were thoroughly enabled by policies, procedures, assessments and guidance where necessary. Therefore, this year, we strengthened the Risk Management Programme and extended Enterprise Risk Management framework throughout all aspects of our businesses to maintain our Clients' and Members' trust, and to fulfil our responsibility and purpose.

Our focus on integration of risk management meant the expansion of the Enterprise Risk framework throughout the organisation and the delivery of routine, integrated risk reports to Management Committees across the SBUs. Therefore, we ensured consistency across the organisation. We were able to use data from the internal risk registers, internal audit findings, incidents and external assessments. Additionally, we measured the areas of vulnerability to assess our resilience and continuity as well as operationalise risk software to evaluate the factors for effective risk management.

OUTLOOK

- The improvement of the process and procedures of the Enterprise Risk Management Framework (ERF) will affect the quality and the impact of the framework thereby strengthening the risk culture and management. As the framework is embedded into the VM culture, we will be improving the:
  - efficiency of risk and control reports and risk communication campaigns and training,
  - targeting and identifying emerging risk events trends and drivers, and
  - Improving resiliency plans.

OUR DIGITAL TRANSFORMATION CONTINUES

We made significant strides on our digital transformation journey in 2020 and achieved some significant wins.

We continued our journey to achieve our vision of becoming a ***"digital leader, a modern and relevant Mutual"***. In the past year, our goal of driving exceptional customer experience at all digital touchpoints was at the forefront of

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our efforts, and our aim of creating a digital culture within the organisation, to equip our people with the skills and expertise required to advance our transformation programme was effectively implemented and is being felt by our Members and Clients.

In 2020, the Group worked towards achieving these goals, by taking important steps aimed at driving transformation through innovative digitalisation projects, initiatives and training.

Enhancing the Digital Experience of our Members and Clients

Our focus on "delivering a consistently excellent and convenient experience to our Members and Clients that empowers them and communicates our care for them" was reflected in some key deliverables for 2020:

- We upgraded and relaunched our online banking platform **VM Express Online** and introduced our **Mobile Banking App**, with greatly expanded features and digital capabilities. Online banking saw an average monthly registration of 1,505 and an annual registration of 16,550.

- We upgraded our Online Mortgage Portal, a first of its kind in Jamaica, allowing our Members the convenience of accessing pre-approvals within 24 hours.

- We launched our fully online loan application solution, **VM eLoan powered by Carilend**. This is a huge leap for VM in the digital space. The solution boasts a fast and convenient borrowing experience and creates easy access to our unsecured loan products.

- To bolster the digital and competitive footprint of our VM Pensions Management operations, we launched our **ARS Online Dashboard**, a solution that provides 24-hour online access to Approved Retirement Scheme (ARS) Clients served by our Pensions Team, and that gives them real time online access to view their pension details.

- The VMBS Money Transfer Services Team provided additional digital capabilities with the launch of **Xoom - Direct to Account Payments in 2020**. This facility allows for seamless Xoom transfers directly to Members' accounts and as such provides customers with greater convenience and easier access to their funds.

- We continue to expand our ABM network to improve accessibility to digital services for our Members. The growth in the number of **iABMs** being deployed will increase the range of electronic options and self-services capabilities of our Members as well as augment the overall quality of their experience at our digital channels. This was supported by the issuance of 24,178 additional debit cards to our Members.

- During 2020, 80% of VM Wealth Management's equity trading transactions were successfully conducted online. Additionally, VM Wealth launched and upgraded its Client interface and its Client support systems which resulted in the more efficient monitoring and processing of transactions for VM Wealth and contributed to significant increase in customer satisfaction.

- Despite restrictions and challenges, the Overseas Representation offices, across all three countries, were able to serve our Members by optimising digital technologies, in some instances while working completely remotely. Similarly, VM Property Services utilised collaborative tools and online capabilities to deliver their real estate sales and service as well as valuations.

- We continued to digitalise our internal processes. These internal processes are largely a part of our established Continuous Improvement Programme (CIP), led by a cross-functional team dedicated to improving the way we serve and interact with our Members and Clients.

We continued to execute on the projects and initiatives under the umbrella of our Customer Experience Transformation Programme (CETP). This comprehensive three-year design of projects and initiatives across the VM Group focuses specifically on the rollout of digital solutions and the use of new digital capabilities intended to meet the financial needs of our Members and Clients at each stage of their lifecycle and to transform the quality of their experience as they conduct business with the Group.

This was a year of wins for us as we were able to adopt the agile approach to execution by responding quickly to changes, and we successfully launched two solutions for our Members:

- **VM Wealth Client Management System**

  A digital platform for managing VM Wealth customer data and portfolios that promotes greater visibility and self-service for our Clients.

- **Disruptive Mortgage Experience Solution**

  A digital platform which allows Members to submit mortgage information and documentation securely and conveniently with the aim of creating an end-to-end digital mortgage experience.

The execution and rollout of these solutions are revolutionary for VM, as they were developed and launched within an eight-month period. Both solutions were developed in our very first Agile Labs. The involvement of our Members and Clients at all stages during the process was a critical component of the development of both solutions . This is a testament of VM's commitment to building solutions collaboratively with and for those we serve to provide them with the best digital experience.

Enhancing the Digital Capabilities of our People and the Organisation

During the year, we continued to work on growing and nurturing the digital capabilities of our people at VM. In moving VM from 'Doing Digital' to 'Being Digital' it is our belief that the development of our people is integral to the cultural transformation we seek.

In 2020, VM launched our group-wide digital capability development programme, **VM Digital University**. The programme comprises of five levels, and each level includes courses that deliver content across the critical areas of digital expertise such as Agile, Design Thinking, and Data Analytics. Courses also include content on advancing the productivity capabilities of our Team Members with specific tools native to our Group collaboration platform. Team Members are certified based on their rate of completion of courses within the respective levels. The objective is to equip our Team with the skills required to make them competitive and to function effectively in a digital organisation. The **VM Digital University** programme will advance Team Members' speed and the quality of their decision-making, efficiency in the execution of initiatives and projects, and the development of a creative and innovative culture.

As an organisation, our overall percentage digital growth has superseded that of the previous year. We have advanced our execution capabilities, having done significant work in promoting the adoption and use of our digital tools. Our Team Members have benefitted from enhanced digital skills and knowledge and have expressed their perception of the organisation's growth in the digital space.

Going into 2021, we have even greater plans for the digital growth of our organisation, our Team Members, as well as the digital services we expect to deliver to our Members and Clients. We will continue to ensure that our targets for our digital implementation rate and our digital share are achieved. We anticipate the enhancements to our online banking capabilities, particularly for our business banking Members, as well as expanding digital channels and payment services to all our Members. We expect further expansion of our innovation capabilities in collaboration with our newly minted subsidiary, VM Innovations Limited. Our digital transformation implementation rate, as per our digital strategy continues to chart well above our expected targets across our seven pillars of transformation, and we are looking forward to the acceleration of this transformation. With the solid foundation we have laid and structures we have put in place, the realisation of our vision for a digitally and radically transformed VM by 2023 is certain.

OUR PROCESSES

In 2020, VM Group embarked on a comprehensive business process review with the aim of driving business growth through continuous improvement of our Team Members' work, our service to Members and Clients as well as the delivery of fast results to the business. As a result of the review, the changes implemented intended to simplify our processes for greater effectiveness, improve efficiency by driving productivity and adopt a better, faster, simpler and more efficient approach to how we conduct our business.

The Team commenced the implementation of the Continuous Improvement Programme (CIP) to boost productivity and accountability, transparency, execution, and the pace of decision making.

Some of the major wins experienced this year through the CIP are:

- The implementation of a specialisation strategy that organises our efforts on 9 distinct Programmes of Work (PoW) each aimed at transforming our processes and addressing the needs of our Members, Clients and Team Members.
- The establishment of a Group Change Committee (GCC), consisting of the Executive Leadership from across the VM Group to create and optimize meaningful operational synergies and benefits viewed through an enterprise-wide lens.
- Set-up of a cross-functional team for each PoW to modify or establish new approaches to process redesign, organisation redesign, process automation, and change management.
- A 300% improvement in the number of revamped processes over last year because of these operational and organisational changes.

In 2021, we intend to build on the foundational work of 2020 to drive even further process improvements. We will focus our efforts on delivering the following initiatives:

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- Enhancing the self-servicing capabilities available to our Members and Clients allowing them the easy access and convenience they deserve consistently but particularly now given the social distancing requirements brought on by the COVID-19 pandemic.

- Improving how we engage our Members and Clients online by the increased use of personalised communications.

- Reducing the turnaround time and cost of delivery associated with select customer services.

- Automating critical operational processes and management reports for faster decision-making and improved operational process control.

ICT OPERATIONS

During 2020, ICT Operations focused on implementing and maintaining the systems and services required to support the VM Group in providing quality service, reliable and convenient access and needs-based products and services, along with providing our Team Members with an ICT work environment that is consistently stable, efficient and fosters improved productivity. This focus took on added significance during this year of COVID-19.

As the virus spread across the globe, our ICT Team quickly adjusted its 2020 game-plan and immediately deployed additional devices and productivity tools and augmented the requisite support systems to enable more Team Members across the Group to work remotely without any negative impact on productivity or efficiency. The Team ensured that the quality of the experience of our Members and Clients were not compromised by supporting efforts to improve and expand the self-management options available to them.

To better execute its role of improving the delivery of ICT services to the VM Group and laying the foundation for the continued digitalisation of the organisation as well as achieving our goal of being a Modern Mutual, Group ICT was reorganised along two distinct arms. This dual IT focus is being delivered through our Digital Transformation Arm and ICT Operations Arm.

The Digital Transformation team focuses on implementing the strategy for the Victoria Mutual Group ***'Being Digital' by 2023*** while the ICT Operations team implements the strategy of ***providing and supporting the Victoria Mutual Group's ICT systems***.

To support this dual focus, our ICT Operations were further streamlined and resources reallocated to form value streams designated along Business Units. This approach allows for the direct mapping of the needs of a specific Business Unit to the ICT resources assigned to that unit. This reorganisation as well as other efforts and initiatives during the year allowed ICT to effectively implement or support the successful implementation of the following projects and initiatives:

- New Business-specific Solutions: eLoan product, VMBS Money Transfer Services' Direct to Account, ABM Alerts, Online Dashboard for Approved Retirement Scheme (ARS), Service Desk Portal to address ICT related issues faced by Team Members,

- Improved the stability and increase the availability of our systems with several infrastructure upgrades such as core switch and broadband upgrades,

- Relocation of the Disaster Recovery site to a Tier III certified Data Centre. This move allows the VM Group to benefit from 24x7 availability for IT Systems should a disastrous event occur, and

- Strengthened the security posture of our systems with the development, implementation and enforcement of more robust information security policies/ frameworks around remote connectivity, authentication, and data security.

GROUP FINANCIAL PERFORMANCE

Group Financial Position

The Group's total on-balance sheet assets have increased by $14.1 billion or 9.28% year on year to total $166.03 billion at December 31, 2020. This increase was primarily as a result of growth in the loan portfolio $15.64 billion or 25.22%.

Loans, investments and other interest earning assets totalled $136.64 billion, which was an increase of $6.93 billion or 5.34% over that reported for 2019.

The loan portfolio at the end of the year totalled $77.68 billion, up from $62.04 billion reported as at December 31, 2019. Net of repayments and redemptions, the loan book grew by $15.64 billion, of which disbursements totalled $24.95 billion, offset by repayments of $9.31 billion.

The Group's off-balance sheet assets amounted to $85.82 billion as at December 2020, which was $7.06 billion or 7.6% below that reported for 2019.

On & Off Balance Sheet Assets for the VM Group

Figures in '000s	2020	2019
Group On-balance sheet assets	166,034,983	151,932,096
VMWM Off-balance sheet assets	32,823,912	29,477,536
VMPM Off-balance sheet assets	52,992,000	63,400,422
Total	251,850,895	244,810,054
Growth in On & Off balance sheet assets (%)	2.9%	16.8%

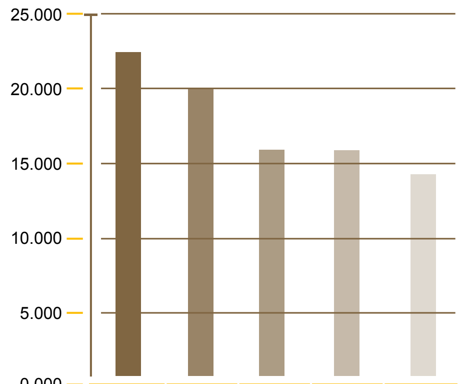
Funding

The depositors and customers of the Group continued to recognize the value of our services, which resulted in the $14.11 billion or 15.78% increase in the funding portfolio to $103.49 billion. The Group continued to develop and implement strategies to retain and increase funding obtained from members and customers by way of savings and repurchase agreements.

Capital & Reserves

The Group's total Capital & Reserves grew from $20.11 billion to $22.20 billion in 2020. The Society continues to transfer 100% of Net Surplus to capital after allocation is made to the Credit Facility Reserve, and in 2020, transferred $1,412.43 million to the Retained Earnings Reserve, and $55.14 million to the Reserve Fund.

Group Total Capital & Reserves



	2020	2019	2018	2017	2016
$Bs	22.200	20.110	15.853	15.468	14.134

Operating Results

The Group recorded a Net Surplus of $2.64 billion for the year ended December 31, 2020, compared to $2.13 billion for 2019. The surplus is inclusive of the Society's share of profits in BCIC totalling $111.33 million. During the year, VMBS acquired US$3 million worth of BCIC shares from ICD Group Holdings Limited, representing approximately 5.66% of BCIC's total share capital, taking the total shareholding to 37.16%.

Group Summary of Results

Figures in $'000s	2020	2019
Net Interest Income	5,077,641	4,334,241
Net Fee & Commission Income	1,713,504	1,697,030
Other Operating Revenue	5,762,986	2,967,506
Total Operating Revenue	12,554,131	8,998,777
Operating Expenses	8,586,869	6,256,477
Operating Surplus	3,967,262	2,742,300
Share of Profits of Associate	111,325	210,498
Surplus before Income Tax	4,078,587	2,952,798
Income Tax	1,442,191	821,247
Surplus after Income Tax	2,636,396	2,131,551

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Operating Surplus, which excludes share of profits in associates, was $3.97 billion for the year, reflecting an increase of $1.22 billion. The growth in Operating Surplus and Other Operating Revenue of 44.67% and 94.2% respectively over the prior year, is attributable to a one-off gain from the purchase of loan receivables from the National Housing Trust (NHT) under its Joint Mortgage Financing Programme with Victoria Mutual Building Society.

Operating Revenue

Operating Revenue includes net interest Income, net fees and commission income and other operating revenue. Operating revenue totalled $12.55 billion representing an increase of 39.51% or $3.56 billion over the prior financial year.

Net interest income accounted for 40.45% of operating revenue, down from 48.16% in 2019. Net fee and commission income accounted for 13.65%, down from 18.9% in the previous year.

Resulting from the Covid 19 Pandemic, the Group experienced Fair Value Losses on Quoted Equities and Unit Trust Investments of $1.28 billion. However, this was strategically mitigated by executing the sale of investments which resulted in gains of $1.1 billion.

Operating Expenses

Operating Expenses, comprising personnel costs, depreciation and amortisation, and other operating expenses, increased by $1.29 billion or 19.2% to $8.05 billion, driven by continued investment in the business to drive operational efficiency and enhance customer service.

- The increase in Personnel costs was primarily as a result of an increase in salaries of $568.15 million and a corresponding increase in statutory payroll contributions $58.5 million. Despite the pandemic, our Team Members were still able to enjoy increased salaries and no loss of benefits. Additionally, we were able to implement aspects of our manpower plan which resulted in an increased staff complement in 2020.
- Depreciation and amortisation expense increased by $232.19 million or 45.3% over 2019, due mainly to the Group's innovation and enhancements of its information technology platforms, implementation of a complaints management system and an onboarding e-Sign solution to improve the quality of service to our valued members.
- Other operating expenses totaled $3.8 billion, reflecting an increase of $1.54 billion or 68.34% over that reported for 2019. This includes increases in impairment losses on financial assets $1.04 billion or 206.87%, computer maintenance of $156.32 million and administration expenses of $72.7 million.
- As part of our risk management during the ongoing pandemic, we frequently carried out sensitivity analyses as well as revisions of the forward-looking indicators which informed our impairment assessment.

KEY PERFORMANCE INDICATORS

The return on average total assets was 1.66%, up from 1.5% for 2019. At the end of the 2020 financial year, the ratio of capital and reserves to total assets was 13.37%, compared to 13.24% in the prior year.

Net Interest Margin, which measures net interest income as a percentage of mean assets, increased from 3.54% in 2019 to 3.81% in 2020.

The Cost to Income ratio reduced from 73.38% in 2019 to 63.57% in 2020.

BUSINESS LINE REPORTS

The VICTORIA MUTUAL Building Society

Victoria Mutual Building Society's strategies in 2020 underpin our mission to empower our Members globally to acquire their own homes by providing innovative financial solutions and delivering excellent service.

Financial Performance

The Society's 2020 financial performance reflected an increase of 66.86% in pre-tax surplus when compared to the previous year. The 2020 performance also reflects a 15.23% increase in net interest income.

Surplus after tax of $2.01B reflected an increase of $622.19M or 44.68% over 2019.

The $613.26M increase in net interest income was the combined result of $627.72M or 10.97% increase in interest income offset by an increase of $14.45M or 0.85% increase in interest expense.

The Society

	2020	2019	2018
Pre-tax Surplus ($M)	**3,167.9**	1,898.3	1,221.7
After-tax Surplus ($M)	**2,014.9**	1,392.7	783.1
Total Assets ($B)	**139.4**	129.3	114.3
Total Loans ($B)	**73.4**	58.9	48.9
Deposit Liabilities ($B)	**105.9**	104.8	96.0
Net Interest Margin (Net Interest Income as % of Mean Interest Earning Assets)	**4.09%**	3.81%	4.05%
Operating Expenses as % of Mean Assets	**4.79%**	4.51%	4.23%
Cost to Income Ratio	**64.21%**	78.64%	74.51%
Capital Adequacy Ratio	**17.81%**	18.59%	21.82%

Interest income earned from the loans book of $4.63 billion was 15.49% higher than the $4.01 billion reported for 2019.

The overall cost of administration increased by $1.76 billion or 34.51% moving from $5.09 billion in 2019 to $6.85 billion in 2020. The personnel cost component increased by $339.05 million or 13.15%, moving from $2.58 billion in 2019 to $2.92 billion in 2020. Other operating expenses of $2.91 billion, increased by $397 million or 15.82% in 2020, compared to $2.51 billion in 2019. Included in these other operating expenses is asset tax of $298.2 million. Depreciation and amortisation charges of $608.78 million increased by $198.65 million or 48.44%. This increase resulted from capital expenditure used to support the business and improve the experience of our members in 2020. Impairment losses of $418.3 million increased by $823 million or 203.32% from an impairment gain of $404.87 million in 2019. The cost to income ratio was 64.21% in 2020 compared to 78.64% in 2019.

We are pleased to report the continued growth in Total Assets of 7.75% during the year, moving from $129.3 billion in 2019 to $139.4 billion at the end of 2020. The financial health of the Society was also assured as the Capital Adequacy Ratio was 17.81% which exceeded the minimum 10% required by the regulators.

Savings

The savings fund (excluding funds due to NHT) at the end of 2020 stood at $104.3 billion, up from $90.1 billion reported at December 2019, representing a year over year increase of $14.3 billion or 15.84%. We anticipate further growth in the deposit portfolio in 2021 as we roll out a comprehensive deposits strategy.

Loans Portfolio

The loan portfolio at the end of 2020 stood at $73.4 billion, up from $58.9 billion reported in December 2019. This represents a year-over-year increase of $14.53 billion or 24.67% in the total loan portfolio. For the period, the Society disbursed a total of $20.68 billion in new loans of which $13.36 billion were residential mortgages. This impressive sales performance reinforced VMBS' commitment to providing superior value proposition to its Members to facilitate home ownership as well as our continued efforts to introduce our Members to the existing range of our Consumer Loan products.

Loan Portfolio Quality

For the review period, the quality of our loan portfolio as reflected by the ratio of non-performing loans to total loans was 2.85% for 2020.

We remain pleased with the overall quality of the loan portfolio, which reflects the prudent Credit Risk Management built into our Adjudication and Arrears Management processes as well as our efforts to work with our Members to ensure that they continue to meet their loan obligations. One such example is our 2020 Moratoria Programme which provided support to our Members who faced challenges servicing their loans as schedule due to the COVID-19 pandemic. In 2020, we granted moratoria to some 900 Members, the majority of whom have resumed loan payments in line with the agreed schedule.

Operational Highlights

During 2020, the Society remained focused on providing our Members with innovative

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products, superior service, improved access via expanded electronic and renovated physical channels as well as financial education to assist them on their path to achieving their financial wellbeing. During 2020:

- We upgraded our Mortgage Portal, a first of its kind in Jamaica, allowing our Members the convenience of accessing pre-approvals within 24hours.
- We expanded our fleet of iABMs by 5 to a total of 25. This manifested itself in an increase of 19% in the number of transactions conducted on our ABM network in 2020.
- Our Duke Street Branch and Offices were upgraded, aligned with our strategic goal of becoming a Modern Mutual.
- We upgraded our Online Banking platform during the year resulting in an average registration per month of 1,505 with an annual registration of 16,550.

2021 Focus

For the upcoming year, we aim to focus on:

- Our ABM Enhancement and Expansion Programme to include an upgrade to allow for the processing of third party and USD transactions as well as the expansion of the iABM fleet to 35.
- Continued provision of Financial Education to our Members while assisting them on their journey towards financial well-being.
- Providing our Members with fast and convenient service at all touchpoints thereby presenting our electronic channels as reliable and accessible options allowing for increased transactions at our iABMs.
- Employing modern design concept and digital tools to redesign and refurbish branch layouts to transform the Member experience to one of convenience, ease and comfort, as well as to allow for the efficient execution of transactions. This initiative includes the full renovation of our downtown Montego Bay Branch and the move to a more convenient and Member-friendly location in Falmouth.
- Continued engagement of our Members and to the extent that is possible, incorporate their feedback in planned improvements at all our touch points.
- Further upgrade of our online banking platform to include the launch of online banking for non-personal accounts (business banking) and adding other billers to enhance the online experience of our Members.
- Creating a digital loan service to enhance our Member experience.

OVERSEAS REPRESENTATIVE OFFICES

The Victoria Mutual Representative Offices support the marketing and promotional activities of the Building Society within the jurisdictions they operate. Through our representative offices, our Members in the diaspora access information on their accounts domiciled in Jamaica, submit documents to update their records and submit applications to purchase property in Jamaica. Our Representative Offices are located in the United Kingdom, Florida and New York. We also conduct business development activities in Canada.

In many ways, COVID-19 impacted our Team Members and Jamaicans in the diaspora markets where our representative offices are located. The impact of the loss of lives, loss of livelihood and businesses, as well as rising unemployment have been especially significant.

True to the VM spirit, we sought to lend a helping hand wherever we could. Through our Corporate Social Responsibility initiatives we partnered with several entities and associations including High Commissions, Consulates, Charities, Past Student Associations, Churches and many others to support Jamaicans in the Diaspora who were impacted by the pandemic.

Despite restrictions and challenges, across all three jurisdictions we were able to serve our Members through purposeful use of digital technologies, in some instances, working completely remotely from some of our office locations. We also hosted our first virtual diaspora tour; partnering with several developers to showcase available properties for purchase in Jamaica and offering important financial education.

A total of 2017 new accounts were opened in 2020 and 667 individuals became new Members of the Building Society. Collectively, a total of £2.4M | USD$1.64M |CDN$500K and JMD$385M was disbursed to assist individuals to purchase property in Jamaica.

VM Finance (UK)

Victoria Mutual Finance Limited (VMF) is the United Kingdom subsidiary of the Victoria Mutual Group. The principal activity of this Customer Obsessed and Results Focused firm is to provide secured property financing to experienced developers. Our business is licensed and regulated by the Financial Conduct Authority (FCA) as a Mortgage Intermediary to 'advise' and 'arrange' regulated (residential) mortgage contracts for individuals wishing to purchase property in the United Kingdom.

Financial Performance

Due in large part to the UK Government's support of the industry, there has been limited impact on the financial performance from the COVID-19 pandemic.

However, VMF is aware of the political climate in the UK due to Brexit and continues to maintain robust operational systems and controls to mitigate reputational or operational risk. Notwithstanding, we remain confident in the resilience of the UK property market and the assets which we lend.

Having commenced operations in June 2018, the business started 2020 with an asset book of £18.8M. For the year, VMF achieved a profit of £356K from operations. Disbursements for the period totalled £22.44 million and loan assets grew by 85.62% or £15.84 million for the year to close at £34.35 million.

Focus 2021

The business continues to monitor the effects of the pandemic along with other potential impacts to the UK economy to ensure that Victoria Mutual Finance Ltd. is strategically aligned for success.

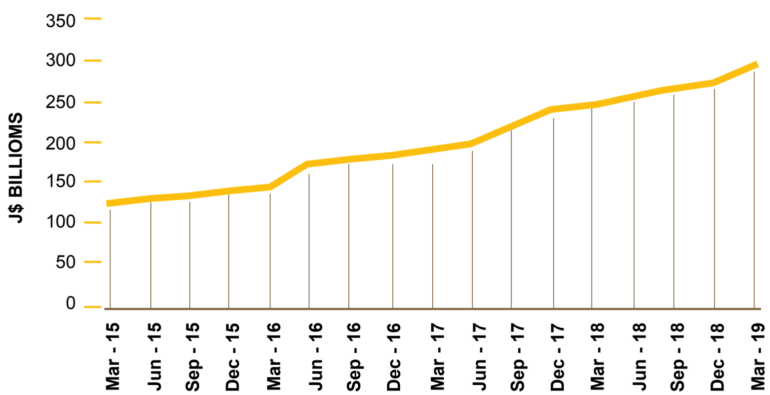
VICTORIA MUTUAL Investments LIMITED

Victoria Mutual Investments Limited (CONSOLIDATED)

In the face of 2020's many challenges, Victoria Mutual Investments Limited (VMIL) understood the anxiety experienced by Clients. Accordingly, we adjusted how we operate to better meet your needs because **We Are Here For You, ALWAYS**. We expanded our range with the introduction of a new Unit Trust, the VM Wealth Goal Maximiser and Premium Wealth Management targeting high net worth Clients. With our Premium Wealth Management, Clients enjoy an array of benefits including a one-stop financial experience in collaboration with other business units across the Group while the VM Wealth Goal Maximiser represents a diversified portfolio giving Clients the opportunity to invest in bonds, stocks, and real estate – all under one Unit Trust portfolio.

For a bit of context, as at March 2019, there were 19 local Unit Trusts, 1 local Mutual Fund and 10 overseas Mutual Funds registered for sale in Jamaica. Of the 19 registered Unit Trusts, one began operations in February 2019, and one other was not yet operational. These Unit Trusts are managed by 11 Securities Dealers.

Funds Under Management - Local CIS



Total funds under management (FUM) for the local Collective Investment Schemes (CIS), that is Unit Trusts and Mutual Funds, totalled $295.6 billion as at March 31st, 2019. This represented a year-over-year increase of $46.4 billion or 18.62%. During the quarter, net purchases decreased from $4.7 billion as recorded in the December 2018 quarter to $2 billion, due to a larger increase in redemptions than purchases. The capital appreciation on assets in the investment portfolios stood at $17.3 billion for the quarter.

In 2020, VMIL improved engagement with our Clients by launching the VM Wealth Client Portal to allow them to view portfolio summaries, create investment objectives, generate statements, view product rates, and create transaction requests. VM Wealth Management, our licensed securities dealer, also provided Clients greater access to wealth management and advisory services with the expansion of physical locations with five new offices at UTech, Ocho Rios, Liguanea, Savanna-la-Mar and Duke Street.

Financial Performance

The financial industry was significantly affected by the COVID-19 pandemic and we saw our performance decline during the first half of the year. We implemented enhanced monitoring measures and constantly reviewed our strategies to meet our targets. Consolidated revenue for the year was $1.88 billion, reflecting an increase of $192.63 million or 11.4% over the $1.68

MD&A
CONTINUED

billion recorded for 2019. This growth in revenue was primarily driven by gains from investment activities, which increased by $108.09 million.

Total assets increased over prior year by 17.4% to $29.72 billion as at December 31, 2020, primarily attributable to an increase in resale agreement balances.
Total liabilities were $25.34 billion as at December 31, 2020, an increase of $4.34 billion or 20.7% over the prior year, driven mainly by the increase in borrowings and repurchase agreements.

Our capital base continues to be strong with total shareholders' equity standing at $4.38 billion, up from $4.33 billion, which resulted in a book value per share of $2.92 (2019: $2.88).

Victoria Mutual Wealth Management continues to be well capitalised, with a risk weighted capital adequacy ratio of 15.56%, above the regulatory requirement of 10%. The capital to total assets ratio of 14.24% far exceeds the regulatory minimum of 6%.

Assets managed on behalf of Clients, on a non-recourse basis, grew by an impressive $3.35 billion or 11.4%, from $29.48 billion as at December 31, 2019 to $32.82 billion as at the end of the current period. The year-over-year growth was fuelled by strong net inflows of $2.18 billion from our Portfolio Management Clients while we had net inflows of $1.17 billion into the Unit Trust portfolios.

Community Service

Team Members increased their contributions to the VM Foundation in 2020 while simultaneously engaging our community directly. Among our Corporate Social Responsibility activities in 2020 were the hosting of a competitive football match with the boys at the Sunbeam Boys' Home as well as the donation of 500 care packages in partnership with Seprod Limited. These packages were distributed across the island through foundations, associations and churches selected by our Clients.

2021 Focus

We know 2021 will bring new challenges, and we are prepared to always be there for our Clients. Our 2021 initiatives are focused on customer experience, digitisation, diaspora engagement, overseas expansion, brand awareness, new products and services executed by empowered Team Members.

Victoria Mutual Pensions Management

VM Pensions Management Limited

Victoria Mutual Pensions Management Limited made major moves in 2020. A few of these are summarized below:

- Our pooled pension clients would have experienced the timely delivery of their monthly reports ahead of the Service Level Agreement, for 11 of out of 12 months.
- Launch of our Approved Retirement Scheme online platform - this allows Members access to their current pension balances, beneficiary and demographic information.
- Launch of the exciting new VMPM Magazine 'Thrive'.

Financial Performance

The results of VM Pensions Management Limited for year ended December 31, 2020 shows a net profit after taxes (NPAT) of $34.3 million. Despite the impact of COVID-19 the business managed to contain its costs effectively throughout the year.

MEMBER & CLIENT FOCUS: PRODUCTS & SERVICES

Despite an unprecedented year, our collaborative Team was able to:

- Ensure Trustees' and Members' meetings continued during COVID-19 by quickly transitioning to virtual meetings. Several of these meetings were focused on Financial Education with an emphasis on improving pensions at retirement and gaining tax benefits by increasing additional voluntary contributions.
- Secure ongoing communication with Trustees and other pensions partners by increased contact through purposed phone calls.
- Guarantee Trustees were kept abreast of amendments to the regulations and changes instituted by the Financial Services Commission and the BOJ.
- Secure the majority of pension payments by online transfer as we worked to reduce the need for Pensioners to be out and about during the pandemic.
- Forge ahead with the implementation of a new database management

system which is far advanced. This system will provide the online solution to our superannuation members, create access for our Human Resource Partners and see significant improvements in efficiencies and service deliveries.

People Development

We believe that an organisation's greatest asset is its human resources, and our Management team continues to embody this precept. Skilled and highly motivated Team Members form the basis of achieving our long-term vision. VMPM recognises that in order to retain these super Team Members, it is important to foster an environment of continuous learning, growth opportunities, high morale and positivity.

PURPOSE-FILLED ACTIVITIES: TEAM, COMMUNITY, MEMBERS & CLIENTS

The Team

Although faced with a significant shift in how social and business interactions were conducted, the Team adapted quickly to established protocols. The Group-wide work-from-home initiative was well received and fully embraced.

Our Clients

Our Clients continue to be top-of-mind. This is evident through our continued build-out of technology-based solutions which will allow for improved efficiencies and better communication channels (e.g. the ARS online platform). Throughout the year, timely trustee meetings and cold calls provided rich feedback and opportunities to add value through our existing services. In early 2020, we staged a trustee training workshop which was well received by all in attendance. Above all, our Fund Managers worked towards steering 86% of all portfolios above benchmarks.

Our Community

During the year, a significant number of corporate social responsibility initiatives were curtailed. However, we continued to lend our support through the VM Foundation. We participated in the preparation and distribution of back-to-school and care packages for youth members of the Harbour View New Testament Church and communities across the island. To help curtail the spread of the coronavirus, VMPM Team Members purchased and donated masks to The Golden Age Home. A laptop computer was gifted to a Jamaica College student as the nation shifted to online schooling.

2021 Focus

In 2021, we'll be putting our best foot forward as we execute on the plans we have developed. The strategy is to deliver superior returns on the portfolios we manage while keeping Team Members optimally trained and engaged. Based on the foregoing, we will:

- continue to demonstrate care for our clients through established Financial Education activities for both our Superannuation and Retirement Scheme Members, helping them to understand the benefits of saving towards retirement.
- leverage our internal resources to have ARS enrolments occurring right across the VM Branch Network with the expectation that iSave for Retirement will become a household name.
- continue to strengthen our online presence and digital footprint for our Superannuation clients.

VICTORIA MUTUAL MONEY TRANSFER

VMBS Money Transfer Services Limited

In 2020, Jamaica saw an increase in remittance inflows, despite the World Bank's prediction that remittances would decrease by 21%. Remittance inflows declined year-over-year in March and April before rebounding in May, after the distribution of stimulus checks in the United States under the CARES Act of April 2020.

Between May and October, remittance inflows experienced year-over-year growth in excess of 30%. The US maintained its position as the largest source of remittance inflows to Jamaica, increasing its share to 68.9%, followed by the United Kingdom (11.0%), Canada (10.6%) and the Cayman Islands (5.8%). For the January to October period, remittance inflows to Jamaica grew by 19.3%, outperforming faster than Mexico (11.7%), Guatemala (5.1%) and El Salvador (2.6%).

Against this background, VMBS Money Transfer Services increased its market share in Jamaica by expanding its reach. We opened 11 additional subagents island-wide, enhanced our services through improved technology, and automated transactions with one of our major partners.

VMBS Money Transfer Services presently serves Clients at over 85 locations across Jamaica providing a number of services including the sending & receiving of funds, SMS notifications of the arrival of funds, bill payments, as well as pick-up and drop off of packages.

We also provide direct deposit of remittance to accounts at any financial institution in Jamaica. This facility allows for seamless transfers directly to Members' accounts and as such provides Customers with greater convenience and easier access to their funds.

Financial Performance

VMBS Money Transfer Services NPAT for 2020 was $190.4 million which exceeded the prior year by $109.73 or 135.98%. Total revenues year over year were exceeded by $260.54 million or 77%. Additionally, total transaction volumes increased over prior year by 58%.

Community Service

Throughout the year, VMBS Money Transfer Services was honoured to give back to our communities. We donated tablets and laptop computers to the New Day Primary School, the Women's Centre, and children in the Grant's Pen community.

The VM Money Express Team Members shared groceries and toiletries with selected charities including Poly Spring Care & Family Health Services, Old Harbour, St Catherine; Hanbury Children's Home, Mandeville, Manchester; Mustard Seed Mary's Child, Kingston 6, St. Andrew; and prepared meals for Fresh Bread Ministries and gifted toys to our Members' children.

VMBS Money Transfer Services is dedicated to ensuring that our community members are always served with compassion, kindness and thoughtfulness.

2021 Focus

The business will be focusing on increasing our presence through various channels, including having a presence within the Caribbean and strengthening our services by building new relationships with new partners.

While we expand locally and regionally, we will be ensuring that we have the right technology to facilitate new services and products by keeping our Clients' needs at the forefront of all we do. We will be driving efficiency through technology which will allow us to decrease cost and improve processing time for cash pick-up and deposits to bank accounts.

VICTORIA MUTUAL PROPERTY SERVICES

Victoria Mutual Property Services

Like many other businesses, Victoria Mutual Property Services (VMPS) experienced challenges in 2020 due to the impact of COVID-19. However, early in the process, VMPS quickly and successfully provisioned all our managed spaces, including all VM locations, for enhanced sanitisation, compliance with the required social distancing protocols and improved air conditioning filtration and ventilation.

Financial Performance

The NPAT for 2020 was $12.27 million compared to $28.96 million in the prior year. The economic fallout of the pandemic has affected the financial performance of our real estate-related revenues lines. The business recorded reduced total revenue growth of 5% year-over-year down to $144.5 million. However, real estate sales and valuations revenues surpassed prior year performance by 1.5% and 7.8% respectively.

Our Real Estate Sales Team embraced the delivery of content via the website and increased the use of collaborative tools, videos and virtual tours to highlight, showcase, contract, sell, and rent 156 properties, for a combined value of $1.58 billion.

The Valuations Team used technology in the inspection, report preparation and delivery process to undertake 798 valuations on properties with a combined valuation of $19.4 billion.

The Property and Project Teams undertook the retrofitting of the properties under management to comply with COVID-19 guidance and protections. During the year, the renovation of 11 branch and office spaces totalling 46,000 sq. ft. were undertaken, including the largest VMBS branch at 8–10 Duke Street. The projects were completed at a cost value of $350 million.

2021 Focus

For 2021, VMPS will focus on continuing to increase our market share in the real estate brokerage and appraisal businesses; implementing the slate of projects prioritised for 2021-2022 and increasing the number of buildings under management. The emphasis will be on embracing technology to further enhance the marketing, delivery of and payment for services.

Financial Statements

December 31, 2020

Independent auditors' report to the Members of Victoria Mutual Building Society

Report on the audit of the financial statements

Opinion

We have audited the separate financial statements of The Victoria Mutual Building Society ("the Society") and the consolidated financial statements of the Society and its subsidiaries ("the Group"), set out on pages 90 to 183, which comprise the Group's and Society's statements of financial position as at December 31, 2020, the Group's and Society's income statements, statements of comprehensive income, changes in capital and reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Society as at December 31, 2020, and of the Group's and the Society's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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.

Independent auditors’ report to the Members of Victoria Mutual Building Society

Report on the audit of the financial statements

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Society to cease to continue as a going concern.

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

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

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

Report on additional matters as required by the Building Societies Act

We have examined the mortgage deeds and other securities belonging to the Society. Title deeds numbering 8,081 were produced to us and actually inspected by us, and we are satisfied that the remaining 278 deeds not inspected by us were in the hands of attorneys or elsewhere in the ordinary course of business of the Society.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, are duly vouched and in accordance with law.

KPMG

Chartered Accountants
Kingston, Jamaica
March 31, 2021

Statement of financial position

December 31, 2020

	Notes	Group 2020 $'000	Group 2019 $'000	Society 2020 $'000	Society 2019 $'000
ASSETS					
Cash and cash equivalents	7	9,215,686	8,266,729	7,644,438	6,636,792
Investments - Jamaica Government securities	8	18,323,948	20,486,898	5,714,165	8,903,578
- Other	9	25,381,855	33,138,225	21,232,799	27,904,082
Resale agreements	10	12,030,300	13,253,859	8,524,215	12,326,777
Loans	11	77,677,406	62,035,211	73,429,428	58,901,250
Other assets	12	13,080,859	4,884,209	6,920,149	2,459,948
Income tax recoverable		16,078	228,658	16,077	209,003
Deferred tax assets	13(a)	51,564	7,684	-	-
Employee benefits asset	14	1,978,511	2,688,511	1,978,511	2,688,511
Interest in subsidiaries	15	-	-	7,857,814	4,331,312
Interest in associates	16	1,975,506	1,439,868	1,095,313	659,200
Intangible assets	17	3,316,785	3,175,720	2,379,326	2,198,406
Investment and foreclosed properties	18	378,644	265,745	383,796	383,065
Property, plant and equipment	19	2,607,841	2,060,779	2,192,364	1,739,709
Total assets		**166,034,983**	**151,932,096**	**139,368,395**	**129,341,633**
LIABILITIES					
Savings fund:					
Shareholders' savings	20	101,895,039	87,902,413	102,718,175	88,574,277
Depositors' savings	21	1,591,837	1,476,262	1,591,837	1,476,262
		103,486,876	89,378,675	104,310,012	90,050,539
Due to specialised institution	22	1,576,352	14,769,377	1,576,352	14,769,377
		105,063,228	104,148,052	105,886,364	104,819,916
Income tax payable		1,131,973	32,746	1,026,178	-
Other liabilities	23	3,831,280	3,763,008	1,724,794	2,208,453
Repurchase agreements	24	22,247,891	14,918,643	5,809,655	1,001,348
Other borrowings	25	9,555,143	6,592,214	6,519,307	4,181,589
Lease liabilities	26	344,596	278,986	153,026	171,765
Deferred tax liabilities	13(b)	439,017	987,347	417,944	976,158
Employee benefits obligation	14	1,222,200	1,101,400	1,158,200	1,047,800
Total liabilities		**143,835,328**	**131,822,396**	**122,695,468**	**114,407,029**

	Notes	Group 2020 $'000	Group 2019 $'000	Society 2020 $'000	Society 2019 $'000
CAPITAL AND RESERVES					
Permanent capital fund	27, 29	7,746,058	7,746,058	7,746,058	7,746,058
Reserve fund	28(i), 29	1,464,444	1,409,308	1,464,444	1,409,308
Retained earnings reserve	28(ii), 29	4,778,119	3,365,687	4,778,119	3,365,687
Non-distributable reserve	28(iii)	(156,191)	380,989	(156,191)	380,989
Credit facility reserve	11(c), 28(iv)	1,862,074	1,314,739	1,862,074	1,314,739
Investment revaluation reserve	28(v)	2,063,774	2,041,507	968,423	707,823
General reserve		10,000	10,000	10,000	10,000
Currency translation reserve	28(vi)	335,952	287,834	-	-
Retained earnings		3,219,130	2,688,212	-	-
		21,323,360	19,244,334	16,672,927	14,934,604
Non-controlling interest	30	876,295	865,366	-	-
Total capital and reserves		**22,199,655**	**20,109,700**	**16,672,927**	**14,934,604**
Total liabilities and capital and reserves		**166,034,983**	**151,932,096**	**139,368,395**	**129,341,633**

The financial statements on pages 90 to 183 were approved for issue by the Board of Directors on March 31, 2021 and signed on its behalf by:

____________ Director
Michael A. McMorris

Countersigned:

____________ Director
Courtney Campbell

____________ Corporate Sercetary
Keri-Gaye Brown

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

Income Statements

Year ended December 31, 2020

	Notes	Group 2020 $'000	Group 2019 $'000	Society 2020 $'000	Society 2019 $'000
Interest income, calculated using the effective interest method	32	7,357,891	6,525,827	6,350,805	5,723,088
Interest expense	32	(2,280,250)	(2,191,586)	(1,709,643)	(1,695,190)
Net interest income		5,077,641	4,334,241	4,641,162	4,027,898
Fee and commission income	33	1,837,607	1,847,866	669,116	494,448
Fee and commission expenses	33	(124,103)	(150,836)	(59,175)	(80,313)
Net fee and commission income		1,713,504	1,697,030	609,941	414,135
Other operating revenue	34	5,762,986	2,967,506	4,769,256	2,550,665
Net interest income and other revenue		12,554,131	8,998,777	10,020,359	6,992,698
Personnel costs	35	(4,046,406)	(3,489,057)	(2,917,206)	(2,578,159)
Impairment (charge)/credit on financial assets		(535,348)	500,912	(418,300)	404,870
Depreciation and amortisation	17, 18, 19	(744,782)	(512,590)	(608,783)	(410,132)
Other operating expenses	36	(3,260,333)	(2,755,742)	(2,908,136)	(2,510,964)
		(8,586,869)	(6,256,477)	(6,852,425)	(5,094,385)
Share of profits of associates	16	111,325	210,498	-	-
Surplus before income tax		4,078,587	2,952,798	3,167,934	1,898,313
Income tax charge	37	(1,442,191)	(821,247)	(1,153,031)	(505,604)
Surplus for the year		2,636,396	2,131,551	2,014,903	1,392,709
Profit attributable to:					
Equity holders' of the Society		2,549,678	2,011,941	2,014,903	1,392,709
Non-controlling interest	30	86,718	119,610	-	-
		2,636,396	2,131,551	2,014,903	1,392,709

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

Statements of Comprehensive Income

Year ended December 31, 2020

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Surplus for the year	2,636,396	2,131,551	2,014,903	1,392,709
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Net (losses)/gains on investments in equity securities designated at FVOCI [note 4(b)(iii)]	(385,050)	869,963	-	-
Net (losses)/gains on remeasurement of employee benefits asset and obligation	(772,650)	237,500	(767,400)	234,900
Deferred income tax on net gains on remeasurement of employee benefits asset and obligation	231,320	(72,975)	230,220	(70,470)
Foreign currency translation difference on foreign exchange operations and other adjustments	48,118	(3,489)	-	-
	(878,262)	1,030,999	(537,180)	164,430
Items that may be reclassified to profit or loss:				
Unrealised gains on debt securities at FVOCI	990,054	1,235,684	910,510	707,549
Deferred income tax on unrealised gains on investment securities measured at FVOCI	(26,286)	(176,045)	-	-
Realised losses/(gains) on fair value of debt securities at FVOCI	(649,910)	61,584	(649,910)	61,584
	313,858	1,121,223	260,600	769,133
Total other comprehensive (loss)/income for the year, net of tax	(564,404)	2,152,222	(276,580)	933,563
Total comprehensive income for the year	**2,071,992**	**4,283,773**	**1,738,323**	**2,326,272**
Total comprehensive income attribute to:				
Equity holders of the Society	2,052,063	3,915,891	1,738,323	2,326,272
Non-controlling interest	19,929	367,882	-	-
	2,071,992	4,283,773	1,738,323	2,326,272

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

Group Statements of Changes in Capital and Reserves

Year ended December 31, 2020

	Permanent Capital Fund	Reserve Fund	Retained earnings reserve	Non - distributable reserve	Credit facility reserve	Investment revaluation reserve	General reserve	Currency translation reserve	Retained earnings	Total capital and reserves	Non controlling interest attributable to parent	Total capital and reserve
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balances at December 31, 2018	**7,746,058**	**1,244,405**	**2,431,236**	**216,559**	**1,021,384**	**242,632**	**10,000**	**291,323**	**1,927,448**	**15,131,045**	**722,364**	**15,853,409**
Total comprehensive income for 2019												
Other comprehensive income:	-	-	-	-	-	-	-	-	2,011,941	2,011,941	119,610	2,131,551
Unrealised gains on debt securities at FVOCI, net of tax	-	-	-	-	-	707,550	-	-	-	707,550	352,089	1,059,639
Foreign currency translation difference on foreign subsidiaries' balances and other adjustments	-	-	-	-	-	-	-	(3,489)	-	(3,489)	-	(3,489)
Realised gains on debt securities at FVOCI	-	-	-	-	-	175,936	-	-	(26,681)	149,255	(87,671)	61,584
Unrealised gains on equity securities at FVOCI	-	-	-	-	-	885,870	-	-	-	885,870	(15,907)	869,963
Net gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	164,430	-	-	-	-	333	164,763	(238)	164,525
Total other comprehensive income	-	-	-	164,430	-	1,769,356	-	(3,489)	(26,348)	1,903,949	248,273	2,152,222
Total comprehensive income for the year, as restated	-	-	-	164,430	-	1,769,356	-	(3,489)	1,985,593	3,915,890	367,883	4,283,773
Movements between reserves												
Credit facility reserve transfer	-	-	-	-	293,355	-	-	-	(293,355)	-	-	-
Other transfers [notes 27 and 28(i)]	-	164,903	934,451	-	-	-	-	-	(1,099,354)	-	-	-
Total movement between reserves	-	164,903	934,451	-	293,355	-	-	-	(1,392,709)	-	-	-
Reclassification	-	-	-	-	-	-	-	-	167,880	167,880	(167,880)	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(57,001)	(57,001)
Share of investment revaluation of associate	-	-	-	-	-	29,519	-	-	-	29,519	-	29,519
Balances at December 31, 2020	**7,746,058**	**1,409,308**	**3,365,687**	**380,989**	**1,314,739**	**2,041,507**	**10,000**	**287,834**	**2,688,212**	**19,244,334**	**865,366**	**20,109,700**

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

Group Statements of Changes in Capital and Reserves CONTINUED

Year ended December 31, 2020

	Permanent Capital Fund	Reserve Fund	Retained earnings reserve	Non - distributable reserve	Credit facility reserve	Investment revaluation reserve	General reserve	Currency translation reserve	Retained earnings	Total capital and reserves	Non controlling interest attributable to parent	Total capital and reserve
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balances at December 31, 2019	7,746,058	1,409,308	3,365,687	380,989	1,314,739	2,041,507	10,000	287,834	2,688,212	19,244,334	865,366	20,109,700
Total comprehensive income for 2020												
Surplus for the year	-	-	-	-	-	-	-	-	2,549,678	2,549,678	86,718	2,636,396
Other comprehensive income:												
Unrealised gains on debt securities at FVOCI, net of tax	-	-	-	-	-	963,768	-	-	-	963,768	-	963,768
Foreign currency translation difference on foreign subsidiaries' balances and other adjustments	-	-	-	-	-	-	-	48,118	-	48,118	-	48,118
Realised gains on debt securities at FVOCI	-	-	-	-	-	(660,424)	-	-	-	(660,424)	10,514	(649,910)
Unrealised gains on equity securities at FVOCI	-	-	-	-	-	(308,040)	-	-	-	(308,040)	(77,010)	(385,050)
Net gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	(537,180)	-	-	-	-	(3,857)	(541,037)	(293)	(541,330)
Total other comprehensive income	-	-	-	(537,180)	-	(4,696)	-	48,118	(3,857)	(497,615)	(66,789)	(564,404)
Total comprehensive income for the year	-	-	-	(537,180)	-	(4,696)	-	48,118	2,545,821	2,052,063	19,929	2,071,992
Movements between reserves												
Credit facility reserve transfer	-	-	-	-	547,335	-	-	-	(547,335)	-	-	-
Other transfers [notes 27 and 28(i)]	-	55,136	1412,432	-	-	-	-	-	(1,467,568)	-	-	-
Total movement between reserves	-	55,136	1,412,432	-	547,335	-	-	-	(2,014,903)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Share of investment revaluation of associate	-	-	-	-	-	26,963	-	-	-	26,963	-	26,963
Balances at December 31, 2020	7,746,058	1,464,444	4,778,119	(156,191)	1,862,074	2,063,774	10,000	335,952	3,219,130	21,323,360	876,295	22,199,655

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

Society Statements of Changes in Capital and Reserves

Year ended December 31, 2020

	Permanent capital fund	Reserve fund	Retained earnings reserve	Non-distributable reserve	Credit facility reserve	Investment revaluation reserve	General reserve	Retained earnings	Total capital and reserve
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$000	$000
Balances at December 31, 2018	7,746,058	1,244,405	2,431,236	216,559	1,021,384	(61,310)	10,000	-	12,608,332
Total comprehensive income for 2019									
Surplus for the year, as previously reported	-	-	-	-	-	-	-	1,392,709	1,392,709
Other comprehensive income:									
Unrealised gains on debt securities at FVOCI, net	-	-	-	-	-	707,549	-	-	707,549
Realised gains on debt securities at FVOCI	-	-	-	-	-	61,584	-	-	61,584
Gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	164,430	-	-	-	-	164,430
Total other comprehensive income	-	-	-	164,430	-	769,133	-	-	933,563
Total comprehensive income for the year, as restated	-	-	-	164,430	-	769,133	-	1,392,709	2,326,272
Movements between reserves									
Credit facility reserve transfer	-	-	-	-	293,355	-	-	(293,355)	-
Other reserves [notes 27 and 28(i)]	-	164,903	934,451	-	-	-	-	(1,099,354)	-
Total movement between reserves	-	164,903	934,451	-	293,355	-	-	(1,392,709)	-
Balances at December 31, 2019,	7,746,058	1,409,308	3,365,687	380,989	1,314,739	707,823	10,000	-	14,934,604
Total comprehensive income for 2019									
Surplus for the year	-	-	-	-	-	-	-	2,014,903	2,014,903
Other comprehensive income:									
Unrealised gains on debt securiies at FVOCI, net	-	-	-	-	-	910,510	-	-	910,510
Realised losses on debt securities at FVOCI	-	-	-	-	-	(649,910)	-	-	(649,910)
Loss on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	(537,180)	-	-	-	-	(537,180)
Total other comprehensive loss	-	-	-	(537,180)	-	260,600	-	-	(276,580)
Total comprehensive income for the year	-	-	-	(537,180)	-	260,600	-	2,014,903	1,738,323
Movements between reserves									
Credit facility reserve transfer	-	-	-	-	547,335	-	-	(547,335)	-
Other reserves [notes 27 and 28(i)]	-	55,136	1,412,432	-	-	-	-	(1,467,568)	-
Total movement between reserves	-	55,136	1,412,432	-	547,335	-	-	(2,014,903)	-
Balances at December 31, 2020	7,746,058	1,464,444	4,778,119	(156,191)	1,862,074	968,423	10,000	-	16,672,927

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

Group Statements of Cash Flows

Year ended December 31, 2020

	Notes	2020	2019
		$'000	$'000
Cash flows from operating activities			
Surplus for the year		2,636,396	2,131,551
Adjustments for:			
Depreciation and amortisation	17,18,19	744,782	512,590
Employee benefits asset and obligation		96,350	71,362
Interest income	32	(7,522,343)	(6,525,827)
Interest expense	32	2,444,702	2,191,586
Losses on disposal of investment property and property, plant and equipment		(26,871)	9,708
Gain on investment activities		(1,096,367)	(275,560)
Unrealised fair value gains		1,276,555	(925,881)
Share of profits of associates	16(b)	(111,325)	(210,498)
Impairment credit on financial assets		535,348	(500,912)
Unrealised exchange gains on foreign currency balances		(330,554)	(63,648)
Income tax expense	37	1,442,191	821,247
		88,864	(2,764,282)
Changes in:			
Loan advances, net of repayments		(15,877,848)	(12,790,427)
Change in other assets		(8,105,462)	324,145
Employee benefits, net		(38,200)	(43,711)
Net receipts from shareholders and depositors		14,031,051	7,559,072
Due to specialised institution		(13,193,025)	1,593,639
Changes in other liabilities		79,693	1,172,598
		(23,014,927)	(4,948,966)
Interest and dividends received		7,790,724	6,942,734
Interest paid		(2,339,239)	(2,291,174)
Income taxes paid		(517,560)	(680,278)
Net cash used by operating activities		(18,081,002)	(977,684)
Cash flows from investing activities			
Government of Jamaica securities		2,090,573	7,575,018
Other investments		6,985,363	(5,450,747)
Resale agreements		1,223,535	(2,957,790)
Purchase of intangible assets	17	(600,085)	(669,197)
Acquisition of additional shares in associate		(436,113)	-
Purchase of investment properties	18	(85,101)	(106,335)
Purchase of property, plant and equipment	19	(802,876)	(491,095)
Proceeds of disposal of property, plant and equipment		100,250	-
Repurchase agreements		7,329,248	961,534
Net cash provided/(used by) investing activities		15,804,794	(1,138,612)
Cash flows from financing activities			
Other borrowings' net		2,962,929	2,715,620
Payment of lease liabilities		(57,131)	(46,572)
Dividend paid to non-controlling interest		(9,000)	(57,001)
Net cash provided by financing activities		2,896,798	2,612,047
Net increase in cash equivalents for year		620,590	495,751
Cash and cash equivalents at the beginning of year		8,266,729	7,702,936
Effect of exchange rate fluctuations on cash and cash equivalents		328,367	68,042
Cash and Cash equivalents at end of year	7	9,215,686	8,266,729

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

Society Statements of Cash Flows

Year ended December 31, 2020

	Notes	2020	2019
		$'000	$'000
Cash flows from operating activities			
Surplus for the year		2,014,903	1,392,709
Adjustments for:			
Depreciation and amortisation	17,18,19	608,783	410,132
Unrealised exchange (gains)/losses on foreign currency balances		(306,919)	119,558
Employee benefits obligation		91,200	68,400
Interest income	32	(6,350,805)	(5,723,088)
Interest expense	32	1,709,643	1,695,190
(Gain)/Losses on disposal of investment property and property, plant and equipment		(26,871)	9,708
Gain on investment activities		(614,085)	(196,031)
Unrealised fair value losses/ (gains)		1,268,331	(925,881)
Impairment charge/(credit) on financial assets		418,300	(404,870)
Income tax expense	37	1,153,031	505,604
		(34,489)	(3,048,569)
Changes in:			
Loan advances, net of repayments		(14,763,831)	(9,888,079)
Interest in subsidiaries		(3,526,502)	(3,060,892)
Change in other assets		(4,443,152)	(263,471)
Employee benefits, net		(38,200)	(43,611)
Net receipts from shareholders and depositors		14,202,510	7,239,780
Due to specialised institution		(13,193,025)	1,593,639
Changes in other liabilities		(483,659)	1,543,652
		(22,280,348)	(5,927,551)
Interest and dividends received		6,455,136	6,074,921
Interest paid		(1,638,923)	(1,703,694)
Income taxes paid		(261,921)	(306,834)
Net cash used by operating activities		(17,726,056)	(1,863,158)
Cash flows from investing activities			
Government of Jamaica securities		3,422,542	7,757,265
Other investments		5,740,124	(3,510,453)
Acquisition of additional shares in associate		(436,113)	-
Resale agreements		3,802,919	(3,748,465)
Repurchase agreements		4,808,307	-
Purchase of intangible assets	17	(577,086)	(662,733)
Purchase of investment properties	18	(85,101)	(106,335)
Purchase of property, plant and equipment	19	(654,281)	(346,962)
Proceeds of disposal of property, plant and equipment		100,250	-
Net cash provided by (used) in investing activities		16,121,561	(617,683)
Cash flows from financing activities			
Payment of lease liabilities	26	(32,496)	(30,919)
Other borrowings' net		2,337,718	1,705,156
Net cash provided by financing activities		2,305,222	1,674,237
Net increase/ (derease) in cash equivalents for year		700,727	(806,604)
Cash and cash equivalents at the beginning of year		6,636,792	7,562,954
Effect of exchange rate fluctuations on cash and cash equivalents		306,919	(119,558)
Cash and Cash equivalents at end of year	7	7,644,438	6,636,792

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

Notes to the financial statements
December 31, 2020

1. IDENTIFICATION

(a) The Victoria Mutual Building Society ("the Society") is incorporated under the Building Societies Act and domiciled in Jamaica. The registered office of the Society is located at 8-10 Duke Street, Kingston, Jamaica.

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

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

Entity	Country of incorporation	Nature of business	Percentage equity held by: The Society	Subsidiaries
Victoria Mutual Investments Limited and its wholly-owned subsidiary:	Jamaica	Investment holding company and select corporate finance services	80	-
Victoria Mutual Wealth Management Limited	Jamaica	Stockbroking, securities trading, asset management, corporate finance and investment advisory services	-	100
Victoria Mutual Pensions Management Limited	Jamaica	Pension fund management and administration	100	-
Victoria Mutual Properties Limited and its wholly-owned subsidiary:	Jamaica	Development and rental of real property	100	-
Victoria Mutual (Property Services) Limited	Jamaica	Valuations, property management, project management and realtor services	-	100
Victoria Mutual Finance Limited	United Kingdom	Provision of management services to the Society and specialised lending in the UK	100	-
VMBS Money Transfer Services Limited	Jamaica	Management of money transfer services	99	-
VMBS Overseas (UK) Limited	United Kingdom	Promotion of the business of the Society	100	-

(c) Interest in associated companies

(i) The Society has a 37.16% (2019: 31.5%) interest in British Caribbean Insurance Company Limited, which is a general insurance company incorporated in Jamaica. This investment is accounted for under the equity method as an associated company in the consolidated financial statements.

(ii) The Group, through its subsidiary, Victoria Mutual Investments Limited, holds a 30% interest in Carilend Caribbean Holdings Limited (Carilend), a company incorporated in Barbados that facilitates peer-to-peer lending. This investment is accounted for under the equity method as an associated company in the consolidated financial statements. No goodwill was identified as part of the transaction.

Notes to the financial statements CONTINUED

December 31, 2020

2. REGULATIONS AND LICENCE

The Society is licensed by Bank of Jamaica, and these financial statements are delivered, under the Building Societies Act, the Banking Services Act 2014 and applicable Regulations.

Two of the Society's subsidiaries, Victoria Mutual Wealth Management Limited and Victoria Mutual Pensions Management Limited, are licensed by the Financial Services Commission. Victoria Mutual Wealth Management Limited is a licensed investment advisor and securities dealer. It is also a member of the Jamaica Stock Exchange and is regulated as a securities broker/dealer. Victoria Mutual Pensions Management Limited is a licensed pension fund manager. VMBS Money Transfer Services Limited is licensed by Bank of Jamaica as a remittance service provider.

Victoria Mutual Investments Limited is listed on the main market of the Jamaica Stock Exchange.

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the relevant provisions of the Building Societies Act and the Banking Services Act.

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

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

- Amendments to IFRS 16 Leases is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact that they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

Notes to the financial statements CONTINUED
December 31, 2020

3. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

The Group does not expect the above amendments to have a significant impact on its 2021 financial statements when adopted.

- Amendments to IFRS 9 *Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases*, are effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address the practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements. The Group does not expect the above amendments to have a significant impact on its 2021 financial statements when adopted.

- 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. 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.

- 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 operation are in relation to 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 above amendments to have a significant impact on its 2022 financial statements when adopted.

- Amendments to IAS 1 *Presentation of Financial Statements,* will apply retrospectively for annual reporting periods beginning on or after January 1, 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, entities 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, the standard requires that a right to defer settlement must have substance and exist at the end of the reporting period. An entity 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 entity 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.

Notes to the financial statements CONTINUED

December 31, 2020

3. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how an entity 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 entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a reporting entity 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 above amendments to have a significant impact on its 2023 financial statements when adopted.

(b) Basis of measurement

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

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

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

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

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

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

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

(c) Functional and presentation currency

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

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

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

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

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

Notes to the financial statements CONTINUED

December 31, 2020

3. BASIS OF PREPARATION (CONT'D)

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

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

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

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

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

(2) Pension and other post-employment benefits

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

Making these estimates requires certain assumptions, including a discount rate, inflation rate, rate of future increases in medical claims, pensions and salaries, as more fully set out in notes 4(i) and 14. Management provides its appointed actuaries with some of the information, including certain key assumptions used in estimating the employee benefit amounts. The uncertainty inherent in these assumptions could mean significant differences between actual results and the estimates determined by management.

(3) Goodwill

Goodwill is not amortised but is tested annually for impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value [see notes 4(k) and 17].

(4) Residual values and useful lives of property, plant and equipment

The residual value and the useful life of each asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the Group (see note 19).

(5) Income taxes

In the ordinary course of the Group's business, it undertakes transactions, and is subject to events, the tax effects of which are uncertain. In the face of such uncertainty, the Group makes estimates and judgements in determining the provision for income taxes. The final tax outcome attributable to matters subject to such estimates and judgements may be materially different from that which is initially recognised. Any such difference will impact the current and deferred income tax provisions in the period in which such determination is made.

Notes to the financial statements CONTINUED

December 31, 2020

3. BASIS OF PREPARATION (CONT'D)

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

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

(6) Fair value of financial instruments

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

The final tax outcome attributable to matters subject to such estimates and judgements may be materially different from that which is initially recognised. Any such difference will impact the current and deferred income tax provisions in the period in which such determination is made.

The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach, which is categorised as a Level 2 fair value (see notes 8, 9 and 31). Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at, from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

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

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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

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

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

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

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

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

(i) Classification of financial instruments

Financial assets

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

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

- *Debt instruments*

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

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

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

Notes to the financial statements CONTINUED

December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Financial assets (cont'd)

- *Debt instruments (cont'd)*

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 (cont'd):

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

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

- *Equity instruments*

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

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

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

Notes to the financial statements CONTINUED
December 31, 2020

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

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

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

Financial liabilities

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

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

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

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

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

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

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

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

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

The 'investment 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 mandatorily measured at FVTPL or designated as at FVTPL, with changes recognised in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities irrevocably designated as at FVOCI.

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

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

Notes to the financial statements CONTINUED
December 31, 2020

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

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

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

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

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

(c) Financial instruments – Other

(i) Cash and cash equivalents

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

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

Cash and cash equivalents are measured at amortised cost.

(ii) Resale and repurchase agreements

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

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

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

(iii) Derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to manage its own exposure to foreign exchange risk.

Notes to the financial statements CONTINUED

December 31, 2020

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

(c) Financial instruments – Other (cont'd)

(iii) Derivatives (cont'd)

Derivatives held for risk management purposes are initially recognised 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.

(iv) Other assets

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

(v) Loans payable

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

(vi) Other liabilities

Other liabilities are measured at amortised cost.

(d) Leases

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

(i) As a lessee

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

The rightofuse asset is subsequently depreciated using the straightline 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 rightofuse asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group accounts for the non-lease components separately.

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

Notes to the financial statements CONTINUED

December 31, 2020

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

(d) Leases (cont'd)

(i) As a lessee (cont'd)

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

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

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

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

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

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

The Group has elected not to recognise right of use assets and lease liabilities for leases of lowvalue assets and shortterm leases. The Group recognises the lease payments associated with these leases as an expense on the straightline basis over the lease term.

(e) Revenue recognition

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

(i) Interest income

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

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

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

(ii) Fees, commissions and other income

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

Notes to the financial statements CONTINUED
December 31, 2020

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

(f) Interest expense

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

(g) Fee and commission expenses

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

(h) Income tax

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

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

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

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

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

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

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

(i) Employee benefits

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

(i) General benefits

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits (cont'd)

(i) General benefits (cont'd)

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

The Group operates a defined-contribution pension plan and a defined-benefit pension plan (see note 14) to provide post-employment benefits.

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

(ii) Defined-contribution pension plan

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

(iii) Defined-benefit pension plan

The defined-benefit plan provides benefits for retired employees of Group entities. In the financial statements of the Society, the plan is accounted for as a defined-benefit plan, as described below, while in the financial statements of the individual participating subsidiaries, the plan is accounted for as a defined-contribution plan, that is, pension contributions by each subsidiary, as recommended by the actuary, are expensed as they become due. The reasons for this are that (1) although the plan exposes the participating subsidiaries to actuarial risks associated with current and former employees of Group entities, there is no stated policy for charging the net defined benefit cost among Group entities, and (2) all residual interest in the plan remains with the Society.

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

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

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

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits (cont'd)

(iii) Defined-benefit pension plan (cont'd)

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

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

(iv) Other post-employment benefits

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

(j) Interest in subsidiaries

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

(k) Intangible assets

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

(ii) Computer software

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

(l) Investment and foreclosed properties

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

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Property, plant and equipment and depreciation

(i) Cost

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(ii) Depreciation

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

The depreciation rates are as follows:-

Buildings	2.5%
Office furniture and equipment	10 - 30%
Motor vehicles	20 - 25%

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

(n) Identification and measurement of impairment

(i) Non-derivative financial assets

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

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Framework

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

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

Determining whether credit risk has increased significantly (Stage 2)

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

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

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

Credit-impaired financial assets (Stage 3)

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

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

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

- The market's assessment of creditworthiness as reflected in the bond yields. The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Credit-impaired financial assets (Stage 3) (cont'd)

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

- The probability of the sovereign debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of expected credit losses

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

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

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Finance team on an annual basis and provide the best and worst estimate views of the economy based on the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. 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.

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

Presentation of allowance for ECL in the statement of financial position

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

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

(ii) 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. Goodwill is tested annually for impairment.

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

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

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

Notes to the financial statements CONTINUED
December 31, 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Non-financial assets (cont'd)

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

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

(o) Foreign currencies

(i) Transactions and balances

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

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

(ii) Foreign subsidiaries

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

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

5. FINANCIAL RISK MANAGEMENT

Introduction and overview

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

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

Notes to the financial statements CONTINUED

December 31, 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

Introduction and overview (cont'd)

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

Risk management framework

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

(i) Group Finance and Risk Management Committee

(ii) Corporate Governance, Nomination and Compensation Committee

(iii) Group Audit Committee

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

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

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

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

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

(a) Credit risk

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

Notes to the financial statements CONTINUED

December 31, 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

Risk management framework **(cont'd)**

(a) Credit risk (cont'd)

(i) Exposure to credit risk

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

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

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

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

	Group and Society	
	2020	2019
	$'000	$'000
Loan commitments	8,166,258	5,036,478

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

- Loans receivable

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

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

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

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

Credit risk grades

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

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework **(cont'd)**

(a) Credit risk (cont'd)

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

- Loans receivable (cont'd)

Credit risk grades (cont'd)

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

- Debt securities

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

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

Maximum exposure to credit risk and credit quality analysis

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

- Loans receivable at amortised cost:

	Group				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Grade 3 - Low risk	15,017,078	493,577	269,435	15,780,090	9,660,170
Grade 4 -5	49,109,777	3,072,493	3,209,745	55,392,015	45,087,178
Grade 6 - 8	2,946,676	479,263	562,471	3,988,410	4,184,927
Grade 9 - 10 - High risk	1,727	-	2,938,671	2,940,398	3,303,619
	67,075,258	4,045,333	6,980,322	78,100,913	62,235,894
Loss allowance	(153,561)	(92,124)	(177,822)	(423,507)	(200,683)
	66,921,697	3,953,209	6,802,500	77,677,406	62,035,211

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Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

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

	Group				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Aging of loans receivable					
Current	66,299,775	-	2,004,556	68,304,331	52,949,157
Past due 1-30 days	775,483	2,709,895	844,546	4,329,924	462,329
Past due 31-60 days	-	1,294,246	659,228	1,953,474	3,719,602
Past due 60-90 days	-	41,192	1,218,655	1,259,847	2,229,172
Over 90 days	-	-	2,253,337	2,253,337	2,875,634
Total	67,075,258	4,045,333	6,980,322	78,100,913	62,235,894
Loan commitments					
Grades 1-3: Low risk	8,166,258	-	-	8,166,258	5,036,478
Loss allowance	(14,405)	-	-	(14,405)	(6,825)

	Society				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Grade 3 - Low risk	10,769,100	493,577	269,435	11,532,112	6,526,210
Grade 4 - 5	49,109,777	3,072,493	3,209,745	55,392,015	45,087,178
Grade 6 - 8	2,946,676	479,263	562,471	3,988,410	4,184,927
Grade 9 - 10 - High risk	1,727	-	2,938,671	2,940,398	3,303,618
	62,827,280	4,045,333	6,980,322	73,852,935	59,101,933
Loss allowance	(153,561)	(92,124)	(177,822)	(423,507)	(200,683)
	62,673,719	3,953,209	6,802,500	73,429,428	58,901,250

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

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

	Society				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Aging of loans receivable					
Current	62,051,798	-	2,004,556	64,056,354	49,374,405
Past due 1-30 days	775,482	2,709,896	844,546	4,329,924	461,929
Past due 31-60 days	-	1,294,246	659,228	1,953,474	3,719,602
Past due 60-90 days	-	41,191	1,218,655	1,259,846	2,229,172
Over 90 days	-	-	2,253,337	2,253,337	3,316,825
Total	62,827,280	4,045,333	6,980,322	73,852,935	59,101,933
Loan commitments					
Grades 1-3: Low risk	8,166,258	-	-	8,166,258	5,036,478
Loss allowance	(14,405)	-	-	(14,405)	(6,825)

- Debt securities and other financial assets at amortised cost:

	Group				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	1,417,090	-	-	1,417,090	3,636,167
Non-investment grade	26,054,463	684,350	225,175	26,963,988	19,572,534
	27,471,553	684,350	225,175	28,381,078	23,208,701
Loss allowance	(296,146)	(61,083)	(128,984)	(486,213)	(157,753)
	27,175,407	623,267	96,191	27,894,865	23,050,948

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

- Debt securities and other financial assets at amortised cost (cont'd):

	Society				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	1,417,090	-	-	1,417,090	3,636,167
Non-investment grade	16,361,897	133,275	200,000	16,695,172	12,894,246
	17,778,987	133,275	200,000	18,112,262	16,530,413
Loss allowance	(269,464)	(21,237)	(103,809)	(394,510)	(133,306)
	17,509,523	112,038	96,191	17,717,752	16,397,107

- Debt securities at FVOCI:

	Group				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	3,791,241	-	-	3,791,241	675,021
Non-investment grade	25,337,852	-	-	25,337,852	38,052,731
	29,129,093	-	-	29,129,093	38,727,752
Loss allowance	(139,898)	-	-	(139,898)	(150,987)

Notes to the financial statements CONTINUED

December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

- Debt securities at FVOCI (cont'd):

	Society				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	3,049,582	-	-	3,049,582	1,853
Non-investment grade	11,983,842	-	-	11,983,842	25,664,370
	15,033,424	-	-	15,033,424	25,666,223
Loss allowance	(42,587)	-	-	(42,587)	(105,670)

Reconciliation of allowances for ECL

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

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

	Group				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Balance at January 1	213,184	51,465	103,201	367,850	699,518
Transfer to Stage 1	28,240	(18,340)	(9,900)	-	-
Transfer to Stage 2	(8,352)	13,127	(4,775)	-	-
Transfer to Stage 3	(6,425)	(2,294)	8,719	-	-
Net re-measurement of loss allowance	239,194	61,309	209,561	510,064	(334,257)
Balance at December 31	465,841	105,267	306,806	877,914	365,261

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

Reconciliation of allowances for ECL (cont'd)

- Debt securities, loans receivable and resale agreements at amortised cost (cont'd):

	Society				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Balance at January 1	188,899	48,714	103,201	340,814	705,313
Transfer to stage 1	28,240	(18,340)	(9,900)	-	-
Transfer to Stage 2	(3,409)	8,184	(4,775)	-	-
Transfer to Stage 3	(6,425)	(2,294)	8,719	-	-
Net re-measurement of loss allowance	230,899	29,157	184,386	444,442	(364,499)
Balance at December 31	438,204	65,421	281,631	785,256	340,814

- Debt securities at FVOCI:

	Group				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Balance at January 1	107,135	44,464	-	151,599	808,167
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net re-measurement of loss allowance	33,913	(44,380)	-	(10,467)	(657,180)
Balance at December 31	141,048	84	-	141,132	150,987

Notes to the financial statements CONTINUED
December 31, 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) **Credit risk (cont'd)**

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

Reconciliation of allowances for ECL (cont'd)

- Debt securities at FVOCI (cont'd):

	Society				
	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Balance at January 1	61,206	44,464	-	105,670	648,307
Transfer to Stage 2	-	-	-	-	-
Net re-measurement of loss allowance	(18,619)	(44,464)	-	(63,083)	(542,637)
Balance at December 31	42,587	-	-	42,587	105,670

Loans with renegotiated terms

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

The main restructuring activities were granting moratoria and rescheduling repayments. At December 31, 2020, the outstanding principal balances on loans that were restructured during the year amounted to $7,700,000,000 (2019: $164,500,000).

Write-off policy, applicable for both periods

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

Collateral

Loan collateral represents mortgages over property, liens over motor vehicles and hypothecation of deposits held. The fair value of collateral that the Group held for loans past due (greater than three months) was $6,652,648,000 (2019: $5,496,692,000) [see note 5(a)(iii)].

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

Reconciliation of allowances for ECL (cont'd)

- Debt securities at FVOCI (cont'd):

Foreclosure

The Group sometimes acquires properties by way of foreclosure in the process of recovering amounts from defaulting borrowers. At the reporting date, the carrying amount of these assets was $283,616,000 (2019: $288,093,000). The Group's policy is, in accordance with regulatory requirements, to pursue realisation of the collateral in a timely manner, that is, within three years of foreclosure. No financial or other assets (other than real property mentioned herein) were obtained during the year by taking possession of collateral.

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

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value of such collateral are based on the value of collateral assessed at the time of borrowing, and generally are not updated, except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

(1) Cash and cash equivalents

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

(2) Investment securities

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

(3) Resale agreements and certificates of deposit

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

(4) Accounts receivable

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

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below:

	Group			
	Loans and advances		Resale agreements	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Real property	87,814,541	82,737,704	-	-
Debt securities	-	-	19,480,720	18,252,455
Liens on motor vehicles	5,508,802	2,954,485	-	-
Hypothecation of deposits	2,384,337	2,768,926	-	-
Subtotal	95,707,680	88,461,115	19,480,720	18,252,455
Against past due (greater than 3 months) but not impaired financial assets:				
Real property	6,454,287	5,348,145	-	-
Against past due (greater than 3 months) and impaired financial assets:				
Real property	198,361	148,547	-	-
Total	102,360,328	93,957,807	19,480,720	18,252,455

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below (cont'd):

	Society			
	Loans and advances		Resale agreements	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Real property	77,728,560	67,392,750	-	-
Debt securities	-	-	10,442,724	13,636,105
Liens on motor vehicles	5,508,802	2,231,743	-	-
Hypothecation of deposits	2,384,337	2,343,416	-	-
Subtotal	85,621,699	71,967,909	10,442,724	13,636,105
Against past due (greater than 3 months) but not impaired financial assets:				
Real property	6,454,287	5,348,145	-	-
Against past due (greater than 3 months) and impaired financial assets:				
Real property	198,361	148,547	-	-
Total	92,274,347	77,464,601	10,442,724	13,636,105

There was no change in the types of exposures to credit risk to which the Group is subject or its approach to measuring and managing this risk during the year.

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks

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

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

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

Management and monitoring of market risks

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

(i) Interest rate risk

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

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

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

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(i) Interest rate risk (cont'd)

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

	Group					
	2020					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	5,220,022	4,713	154,950	-	3,836,001	9,215,686
Jamaica Government Securities	-	-	994,177	17,329,771	-	18,323,948
Other investments	1,709,103	1,850,116	1,745,533	19,558,616	518,487	25,381,855
Resale agreements	2,647,411	10,592,260	2,745,221	-	(3,954,592)	12,030,300
Loans	-	77,677,406	-	-	-	77,677,406
Other assets	-	-	-	-	23,405,788	23,405,788
Total financial assets	9,576,536	90,124,495	5,639,881	36,888,387	23,805,684	166,034,983
Savings fund	63,292,399	20,745,841	18,545,650	902,986	-	103,486,876
Due to specialised institution	-	-	-	1,576,352	-	1,576,352
Repurchase agreements	500,832	17,629,990	4,117,068	-	-	22,247,890
Lease liabilities	1,448	2,924	79,408	260,816	-	344,596
Other liabilities	-	-	-	-	16,179,614	16,179,614
Total financial liabilities	63,794,679	38,378,755	22,742,126	2,740,154	16,179,614	143,835,328
Total interest rate sensitivity gap *	(54,218,143)	51,745,740	(17,102,245)	34,148,233	7,626,070	22,199,655
Cumulative gap	(54,218,143)	(2,472,403)	(19,574,648)	14,573,585	22,199,655	

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

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

(i) Interest rate risk (cont'd)

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

	Group					
	2019					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1,281,690	18,905	-	-	6,966,134	8,266,729
Jamaica Government Securities	-	3,424,076	4,749,839	12,312,983	-	20,486,898
Investments	5,508,817	2,868,528	1,329,553	20,634,026	2,797,301	33,138,225
Resale agreements	1,481,105	7,448,127	1,294,164	3,030,463	-	13,253,859
Loans	-	60,907,772	1,127,439	-	-	62,035,211
Other assets	-	-	-	-	14,751,174	14,751,174
Total financial assets	8,271,612	74,667,408	8,500,995	35,977,472	24,514,609	151,932,096
Savings fund	48,867,450	17,372,469	14,714,650	8,424,106	-	89,378,675
Due to specialised institution	-	114	932	4,903,025	9,865,306	14,769,377
Repurchase agreements	900,036	4,665,015	9,352,280	-	1,312	14,918,643
Lease liabilities	-	-	40,243	238,743	-	278,986
Other liabilities	-	-	-	-	12,476,715	12,476,715
Total financial liabilities	49,767,486	22,037,598	24,108,105	13,565,874	22,343,333	131,822,396
Total interest rate sensitivity gap *	(41,495,874)	52,629,810	(15,607,110)	22,411,598	2,171,276	20,109,700
Cumulative gap	(41,495,874)	11,133,936	(4,473,174)	17,938,424	20,109,700	

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

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

(i) Interest rate risk (cont'd)

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

	Society					
	2020					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	4,397,059	-	154,950	-	3,092,429	7,644,438
Jamaica Government securities	-	-	994,178	4,719,987	-	5,714,165
Investments	1,663,803	1,844,337	1,725,272	15,565,854	433,533	21,232,799
Resale agreements	2,647,411	3,528,062	2,348,742	-	-	8,524,215
Loans	-	73,429,428	-	-	-	73,429,428
Other assets	-	-	-	-	22,823,350	22,823,350
Total financial assets	8,708,273	78,801,827	5,223,142	20,285,841	26,349,312	139,368,395
Savings fund	63,292,399	20,745,841	18,545,650	1,726,122	-	104,310,012
Due to specialised institution	-	-	-	1,576,352	-	1,576,352
Repurchase agreements	500,832	5,308,823	-	-	-	5,809,655
Other borrowings	50,280	-	-	6,469,027	-	6,519,307
Other liabilities	-	-	-	-	4,327,116	4,327,116
Lease liabilities	1,448	2,924	13,557	135,097	-	153,026
Total financial liabilities	63,844,959	26,057,588	18,559,207	9,906,598	4,327,116	122,695,468
Total interest rate sensitivity gap *	(55,136,686)	52,744,239	(13,336,065)	10,379,243	22,022,196	16,672,927
Cumulative gap	(55,136,686)	(2,392,447)	(15,728,512)	(5,349,269)	16,672,927	

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

Notes to the financial statements CONTINUED

December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

(i) Interest rate risk (cont'd)

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

	Society					
	2019					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	897,275	-	-	-	5,739,517	6,636,792
Jamaica Government securities	-	1,486,526	1,462,135	5,954,917	-	8,903,578
Investments	3,526,039	2,865,743	806,519	18,165,470	2,540,311	27,904,082
Resale agreements	3,763,152	3,886,014	919,002	3,758,609	-	12,326,777
Loans	-	58,901,250	-	-	-	58,901,250
Other assets	-	-	-	-	14,669,154	14,669,154
Total financial assets	8,186,466	67,139,533	3,187,656	27,878,996	22,948,982	129,341,633
Savings fund	48,867,450	17,372,469	14,714,650	9,095,970	-	90,050,539
Due to specialised institution	-	114	932	4,903,025	9,865,306	14,769,377
Repurchase agreements	900,036	100,000	-	-	1,312	1,001,348
Other borrowings	-	-	-	-	4,181,589	4,181,589
Other liabilities	-	-	-	-	4,232,411	4,232,411
Lease liabilities	-	-	25,231	146,534	-	171,765
Total financial liabilities	49,767,486	17,472,583	14,740,813	14,145,529	18,280,618	114,407,029
Total interest rate sensitivity gap *	(41,581,020)	49,666,950	(11,553,157)	13,733,467	4,668,364	14,934,604
Cumulative gap	(41,581,020)	8,085,930	(3,467,227)	10,266,240	14,934,604	

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

Sensitivity to interest rate movements

The following table shows the effect on surplus and reserves of a reasonably possible change in interest rates. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

	Group		Society	
	2020			
	Increase	Decrease	Increase	Decrease
Jamaica dollar	100bps	100bps	100bps	100bps
Foreign currencies	100bps	100bps	100bps	100bps
	$'000	$'000	$'000	$'000
Effect on surplus for the year	(13,726)	13,726	(17,206)	17,206
Effect on reserves	2,154,167	1,461,685	(927,142)	1,029,096

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd):

(i) Interest rate risk (cont'd)

Sensitivity to interest rate movements (cont'd)

The following table shows the effect on surplus and reserves of a reasonably possible change in interest rates. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019. (cont'd)

	Group		Society	
	2019			
	Increase	Decrease	Increase	Decrease
	'000	'000	'000	'000
Jamaica dollar				
Foreign currencies	100bps	100bps	100bps	100bps
	100bps	100bps	100bps	100bps
Effect on surplus for the year	(33,268)	30,954	52,972	(52,972)
Effect on reserves	(1,897,659)	1,635,405	(1,282,977)	1,268,536

(ii) Foreign currency risk

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

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

	Group					
	2020			2019		
	USD	GBP	CDN	USD	GBP	CDN
	'000	'000	'000	'000	'000	'000
Foreign currency assets	2,408,731	89,342	10,184	297,569	70,905	8,713
Foreign currency liabilities	(2,389,227)	(89,103)	(9,160)	(290,089)	(68,178)	(9,010)
Net foreign currency assets	19,504	239	1,024	7,480	2,727	(297)

Notes to the financial statements CONTINUED

December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd):

(ii) Foreign currency risk (cont'd)

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

	Society					
	2020			2019		
	USD	GBP	CDN	USD	GBP	CDN
	'000	'000	'000	'000	'000	'000
Foreign currency assets	214,866	68,905	9,845	193,394	70,813	8,651
Foreign currency liabilities	(201,043)	(69,015)	(8,821)	(189,529)	(68,039)	(8,948)
Net foreign currency assets	13,823	(110)	1,024	3,865	2,774	(297)

Sensitivity to foreign exchange rate movements

The Group uses the average of Bank of Jamaica's buying and selling rates for balances denominated in foreign currencies [see policy 5(o)]; the rates are as follows:

	2020	2019
	J$	J$
United States dollar	141.71	131.18
Pound Sterling	190.32	169.37
Canadian dollar	108.77	99.48

A 2% (2019: 4%) strengthening of the Jamaica dollar against the relevant currencies at the reporting date would have increased/(decreased) surplus by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2019.

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States Dollar	(55,278)	(39,252)	(39,177)	(20,280)
Pound Sterling	(910)	(18,478)	419	(18,794)
Canadian Dollar	(2,228)	1,181	(2,228)	1,182
	(58,416)	(56,549)	(40,986)	(37,892)

A 6% (2019: 6%) weakening of the Jamaica dollar against the relevant currencies at the reporting date would have (decreased)/increased surplus by the amounts shown. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2019.

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) **Market risks (cont'd):**

(ii) Foreign currency risk (cont'd)

Sensitivity to foreign exchange rate movements (cont'd)

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States Dollar	165,834	58,878	117,531	30,420
Pound Sterling	2,729	27,717	(1,256)	28,190
Canadian Dollar	6,683	(1,772)	6,683	(1,773)
	175,246	84,823	122,958	56,837

(iii) Equity price risk

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

The equity securities which the Group holds are listed on the Jamaica Stock Exchange. A 5% increase (2019: 10%) in share prices would result in an increase in profit of $131,841,000 (2019: $281,761,600) for the Group and $112,529,000 (2019: $240,592,500) for the Society, respectively. A 10% decrease (2019: 10%) in share prices would result in a decrease in profit of $263,683,000 (2019: $281,761,600) for the Group and $225,058,000 (2019: $240,592,500) for the Society, respectively. As at December 31, 2020, the Group holds equity securities classified as fair value through other comprehensive income. A 5% increase in share prices would result in an increase in other comprehensive income of $51,816,000. A 10% decrease in share prices would result in a decrease in other comprehensive income of $103,632,000.

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

(c) **Liquidity risk**

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

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

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

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The Society is subject to externally imposed liquidity ratios. These ratios are taken into account by management in its measurement and management of liquidity risk.

(i) The key measure used for managing liquidity risk of the Society is the ratio of net liquid assets to prescribed liabilities. For this purpose, liquid assets include cash, cash equivalents and investment in debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. This calculation is used to measure the Society's compliance with the liquidity limit established by Bank of Jamaica.

	Ratio of net liquid assets to deposits from customers	
	2020	2019
Regulator's minimum required ratio	5.00%	5.00%

	Ratio of net liquid assets to deposits from customers	
	2020	2019
Actual ratios:		
As at December 31	8.17%	5.03%
Average for the year	10.42%	8.55%
Highest % attained for the year	13.85%	12.40%
Lowest % attained for the year	7.92%	5.03%

(ii) The securities dealer subsidiary, Victoria Mutual Wealth Management Limited, manages liquidity risk by keeping a pre-determined portion of its financial assets in liquid form. The key measure used for monitoring liquidity risk is the ninety-day liquidity gap ratio. The numerator is calculated by subtracting the total assets maturing within ninety days from the total liabilities which fall due in ninety days. The denominator is total liabilities. The ninety day liquidity gap ratio at the end of the year was as follows:

	Ninety-day liquidity gap ratio	
	2020	2019
Regulator's minimum required ratio	25.00%	25.00%
Actual ratio	47.65%	56.96%

Notes to the financial statements CONTINUED

December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Maturity profile

The following table presents the contractual maturity profile of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	Group						
	Within One month	One to 3 months	Three to 12 months	One to 5 years	Over 5 years	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2020			
Due to savers	63,292,399	20,790,952	18,545,650	1,713,709	12,413	104,355,123	103,486,876
Due to specialised institution	-	-	-	-	2,230,082	2,230,082	1,576,352
Other liabilities	41,601	3,583,746	205,933	-	-	3,831,280	3,831,280
Lease liabilities	1,570	19,287	69,498	199,603	53,884	343,842	344,596
Repurchase agreements	500,832	18,622,389	4,229,888	-	-	23,353,109	22,247,890
Other borrowings	50,280	523,861	1,015,932	8,150,970	-	9,741,043	9,555,143

	Group						
	Within One month	One to 3 months	Three to 12 months	One to 5 years	Over 5 years	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2019			
Due to savers	48,958,655	17,646,086	15,535,502	13,534,650	-	95,674,893	89,378,675
Due to specialised institution	9,775,979	115	952	389,434	4,959,846	15,126,326	14,769,377
Other liabilities	1,963,951	1,465,993	123,082	-	-	3,553,026	3,763,008
Lease liabilities	-	12,354	37,334	146,627	195,397	391,712	278,986
Repurchase agreements	905,348	7,741,026	9,465,626	-	-	18,112,000	14,918,643
Other borrowings	21,662	-	-	4,159,928	-	4,181,590	6,592,214

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Maturity profile (cont'd)

	Society						
	Within One month	One to 3 months	Three to 12 months	One to 5 years	Over 5 years	Contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2020						
Due to savers	63,239,362	14,564,364	19,004,548	8,625,772	-	105,434,046	104,310,012
Due to specialised institutions	-	-	-	-	2,230,082	2,230,082	1,576,352
Other liabilities	1,724,794	-	-	-	-	1,724,794	1,724,794
Lease liabilities	-	7,620	22,789	103,952	75,701	210,062	153,026
Repurchase agreements	500,832	5,308,823	-	-	-	5,809,655	5,809,655
Other borrowings	646	-	24,016	6,722,470	-	6,747,132	6,519,307
	2019						
Due to savers	48,958,655	17,646,086	15,535,502	13,534,650	-	95,674,893	90,050,539
Due to specialised institutions	9,775,979	115	952	389,434	4,959,846	15,126,326	14,769,377
Other liabilities	2,208,453	-	-	-	-	2,208,453	2,208,453
Lease liabilities	-	8,342	24,154	134,361	75,701	242,558	171,765
Repurchase agreements	905,348	96,000	-	-	-	1,001,348	1,001,348

There was no change to the Group's approach to managing liquidity risk during the year.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to eliminate control procedures that restrict initiative and creativity.

Notes to the financial statements CONTINUED
December 31, 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Operational risk (cont'd)

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Executive ERM Committee with oversight given by the Group Finance and Risk Management Committee. This responsibility is supported by overall Group standards for the management of operational risk to minimise exposure to key operational risk areas, including new products and marketing initiatives, continuity of critical services and processes, talent retention and development, information security and internal and external fraud. Where these risks arise, the Group will consider the impact to its reputation and take measures to mitigate the risk, within the context of its relevant risk appetite.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Group Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management of the Group and the Audit Committees.

6. CAPITAL MANAGEMENT

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of capital adequacy ratios and the possible suspension or loss of one or more licenses. The Group's objectives when managing capital, which is a broader concept than the "capital" mentioned on the face of the statement of financial position are:

- To comply with the capital requirements set by the regulators;
- To safeguard the Society's and its subsidiaries' ability to continue as going concerns, so that the Group can continue to provide benefits for members and other stakeholders; and
- To maintain a strong capital base to support the development of its business.

(a) The Society

Bank of Jamaica requires that building societies maintain a minimum of 10% (2019: 10%) of their risk weighted assets in capital.

	Society	
	2020	2019
	$'000	$'000
Regulatory capital (note 29)	19,968,768	18,255,368
Qualifying capital	17,937,448	15,210,198
On balance sheet risk weighted assets	92,293,577	75,061,961
Off balance sheet risk weighted assets - loan commitments	6,274,392	5,036,478
Foreign exchange exposure	2,175,168	1,700,686
Total risk assessed assets	100,743,137	81,799,125
Risk based capital adequacy ratio	17.81%	18.59%
Regulatory requirement	10.00%	10.00%

Notes to the financial statements CONTINUED
December 31, 2020

6. CAPITAL MANAGEMENT (CONT'D)

(b) Victoria Mutual Wealth Management Limited

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to its shareholder and benefits for other stakeholders, to maintain a strong capital base to support the development of its business and to comply with the capital requirements set by the regulators.

The Financial Services Commission ("FSC") stipulates and monitors capital requirements for the non-deposit-taking financial services sector. The FSC requires that the company maintains a capital base of which at least 50% is to be of Tier 1 capital. In addition, the FSC employs certain ratios to test capital adequacy and solvency.

	2020 $'000	2019 $'000
Tier 1 Capital	2,459,708	2,043,132
Tier 2 Capital	54,267	55,734
Total regulatory capital	2,513,975	2,098,866
Risk weighted assets:		
Per statement of financial position	15,861,924	11,889,297
Foreign exchange exposure	742	351
	15,862,666	11,889,648
Operational risk-weighted assets	290,264	281,831
	16,152,930	12,171,479

Capital ratios	Minimum required		Actual	
	2020	2019	2020	2019
Total regulatory qualifying capital				
Total risk weighted assets	10.00%	10.00%	15.56%	17.24%
Tier 1 Capital/Total regulatory capital	50.00%	50.00%	97.84%	97.34%
Capital base/Total assets	6.00%	6.00%	14.24%	16.18%

Notes to the financial statements CONTINUED
December 31, 2020

6. CAPITAL MANAGEMENT (CONT'D)

(c) Victoria Mutual Pensions Management Limited

Victoria Mutual Pensions Management Limited is regulated by the Financial Services Commission. The subsidiary's regulatory capital position as at the reporting date was as follows:

	2020	2019
	$'000	$'000
Tier 1 Capital	141,098	201,668
Risk-weighted assets:		
Operating assets	213,343	254,777
Per statement of financial position	255,537	204,906
Foreign exchange exposure	50,623	42,349
	519,503	502,032

Capital adequacy ratios:	Minimum required		Actual	
	2020	2019	2020	2019
Total regulatory capital/risk- weighted assets	10.00%	10.00%	27.16%	40.17%
Tier 1 Capital/Total regulatory capital	50.00%	50.00%	100.00%	100.00%
Actual capital base /total assets	6.00%	6.00%	41.46%	68.62%

7. CASH AND CASH EQUIVALENTS

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash in hand and at banks and other financial institutions	7,609,738	6,535,121	6,038,490	4,905,184
Statutory reserves held at Bank of Jamaica	973,488	833,290	973,488	833,290
Term deposits at banks	632,460	898,318	632,460	898,318
	9,215,686	8,266,729	7,644,438	6,636,792

Notes to the financial statements CONTINUED

December 31, 2020

7. CASH AND CASH EQUIVALENTS (CONT'D)

Statutory reserves required by regulation to be held at Bank of Jamaica, comprise cash reserves. They are not available for use by the Society in the ordinary course of business. The cash reserve amounts are determined as a percentage of specified liabilities stipulated by Bank of Jamaica. For the cash reserve rate to remain at no more than one per cent of specified liabilities, as defined, the Society must have qualifying assets of 40% (2019: 40%) of specified liabilities.

8. INVESTMENTS - JAMAICA GOVERNMENT SECURITIES

These comprise:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
FVOCI				
Securities denominated in United States dollars:				
Bonds	8,077,187	5,600,006	1,441,990	506,755
Securities denominated in Jamaica dollars:				
Bonds	8,553,987	13,779,922	2,745,087	7,289,853
Certificates of deposit	20,000	-	-	-
Treasury bills	1,139,864	-	994,178	-
	9,713,851	13,779,922	3,739,265	7,289,853
	17,791,038	19,379,928	5,181,255	7,796,608
Amortised cost				
Securities denominated in United States dollars:				
Certificates of deposit	588,091	1,134,680	588,091	1,134,680
Less: Allowance for impairment on amortised cost	(55,181)	(27,710)	(55,181)	(27,710)
	18,323,948	20,486,898	5,714,165	8,903,578

Government securities mature, in relation to the reporting date, as follows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Within 3 months	1,446,383	1,462,135	1,446,383	1,462,135
From 3 months to 1 year	2,743,445	2,527,846	2,743,445	590,296
From 1 year to 5 years	6,537,560	7,446,756	1,524,337	4,139,052
Thereafter	7,596,560	9,050,161	-	2,712,095
	18,323,948	20,486,898	5,714,165	8,903,578

Certain Government of Jamaica securities are pledged by the Group as collateral for repurchase agreements (note 24).

Notes to the financial statements CONTINUED

December 31, 2020

9. INVESTMENTS – OTHER

	Group 2020 $'000	Group 2019 $'000	Society 2020 $'000	Society 2019 $'000
FVTPL				
Quoted equities	2,636,526	2,817,616	2,250,278	2,405,925
Mandatorily designated:				
Preference shares	159,422	58,998	-	-
Units in unit trust funds	4,133,385	5,097,560	4,133,385	4,698,283
	6,929,333	7,974,174	6,383,663	7,104,208
Amortised cost				
Bonds	3,565,525	7,496,877	3,160,219	6,674,512
Preference shares	410,647	-	-	-
Ordinary shares - unquoted	-	3,935	-	-
Treasury bills	1,417,090	5,814,236	1,417,090	5,814,236
Net investment in finance leases	110,832	30,688	-	-
	5,504,094	13,345,736	4,577,309	12,488,748
FVOCI				
Bonds	11,904,061	10,393,412	10,271,788	8,311,087
Ordinary shares - quoted	1,036,320	1,421,370	-	-
Ordinary shares - unquoted	8,047	3,533	39	39
	12,948,428	11,818,315	10,271,827	8,311,126
	25,381,855	33,138,225	21,232,799	27,904,082

These investments mature, in relation to the reporting date, as follows:

	Group 2020 $'000	Group 2019 $'000	Society 2020 $'000	Society 2019 $'000
Within 3 months	2,232,137	2,298,765	2,232,137	-
From 3 months to 1 year	921,929	7,646,462	888,792	7,104,208
From 1 year to 5 years	8,033,100	2,780,145	6,889,274	1,729,555
Thereafter/no maturity	14,194,689	20,412,853	11,222,596	19,070,319
	25,381,855	33,138,225	21,232,799	27,904,082

Notes to the financial statements CONTINUED
December 31, 2020

9. INVESTMENTS – OTHER (CONT'D)

Equity investment securities designated as at FVOCI

The following table shows investments in equity securities that are designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long term.

	Group			
	Fair value		Dividend income recognised	
	2020	2019	2020	2019
	'000	'000	'000	'000
Jamaica Stock Exchange	1,036,320	1,421,370	25,520	20,400
Other entities	8,047	3,533	-	-
	1,044,367	1,424,903	25,520	20,400

None of these investments were disposed of during the year ended December 31, 2020 (2019: nil), and there were no transfers of any cumulative gain or loss within equity relating to these investments (2019: nil). The change in fair value on these investments was $384,432,000 for the year ended December 31, 2020 (2019: 886,166,000).

10. RESALE AGREEMENTS

Government and corporate securities are purchased under agreements to resell them on specified dates and at specified prices on maturity.

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	3,600,000	7,496,764	-	4,356,045
Denominated in Sterling	1,282,591	1,130,569	1,282,591	1,130,569
Denominated in United States dollars	7,148,377	4,627,170	7,241,787	6,840,683
	12,030,968	13,254,503	8,524,378	12,327,297
Less: Allowance for impairment	(668)	(644)	(163)	(520)
	12,030,300	13,253,859	8,524,215	12,326,777

The securities obtained as collateral under resale agreements, may themselves be sold under repurchase agreements (see note 24). At December 31, 2020, such securities had a fair value of $15,420,589,000 (2019: $15,016,253,000) and $10,442,724,000 (2019: $13,636,105,000) for the Group and the Society, respectively.

Notes to the financial statements CONTINUED

December 31, 2020

11. LOANS

(a) Composition of loans

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Conventional mortgage loans	64,112,768	55,555,296	64,112,768	54,427,857
Mortgage escrow (see below)	585,280	357,750	585,280	357,750
Total conventional mortgage loans	64,698,048	55,913,046	64,698,048	54,785,607
Share loans	1,164,987	1,207,732	1,164,987	1,207,732
Corporate loans	596,876	-	596,876	-
Consumer loans	6,885,401	2,737,582	6,885,401	2,737,582
Consumer escrow	38,143	-	38,143	-
Specialised loans	4,247,978	2,006,522	-	-
Staff loans	469,480	371,012	469,480	371,012
Total gross carrying value of loans	78,100,913	62,235,894	73,852,935	59,101,933
Less: allowance for impairment	(423,507)	(200,683)	(423,507)	(200,683)
Total loans, net	77,677,406	62,035,211	73,429,428	58,901,250

Mortgage escrow represents insurance premiums paid by the Society on behalf of mortgagors. These amounts are recoverable over one year and are collected as part of monthly mortgage instalments.

(b) Allowance for impairment

	Group and Society	
	2020	2019
	$'000	$'000
Balances at the beginning of the year	200,683	484,682
Net remeasurement of allowance for ECL	222,824	(283,999)
Balances at the end of the year [see (c) below]	423,507	200,683

Notes to the financial statements CONTINUED
December 31, 2020

11. LOANS (CONT'D)

(c) Credit facility reserve

	Group and Society	
	2020	2019
	$'000	$'000
Regulatory loan loss provision	2,285,581	1,515,422
Less: Impairment allowance based on IFRS 9 [see (b) above]	(423,507)	(200,683)
Credit facility reserve at end of year	1,862,074	1,314,739

(d) Loan principal repayments and mortgage escrow payments are projected to be received, in relation to the reporting date, as follows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Within three months	314,064	3,147,195	314,064	3,147,195
3 months to 1 year	149,387	100,158	149,387	100,158
From 1 year to 5 years	9,271,453	5,076,938	5,023,475	3,949,499
Thereafter	67,942,502	53,710,920	67,942,502	51,704,398
	77,677,406	62,035,211	73,429,428	58,901,250

12. OTHER ASSETS

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Margin & other loans receivable	1,825,084	1,876,637	-	-
Income tax recoverable	58,347	-	-	-
Interest receivable	951,088	859,900	686,962	669,913
Rent receivable	117,568	141,165	117,568	141,165
Withholding tax recoverable	859,613	944,482	843,257	860,399
Late fees	67,178	51,469	57,568	51,469
Receivables from sale of margin loan (see below)	753,596	-	-	-
Customers' receivable	721,222	32,609	-	-
Restricted deposit with central bank	4,014,477	-	4,014,477	-
Sundry receivables and prepayments	3,712,686	977,947	1,200,317	737,002
	13,080,859	4,884,209	6,920,149	2,459,948

Notes to the financial statements CONTINUED
December 31, 2020

12. OTHER ASSETS (CONT'D)

Effective December 31, 2020, a subsidiary entered into a participation agreement to sell a portion of its margin loans portfolio to a related entity. The carrying value of the margin loans sold was $708,370,000. The sale price of $753,596,000 resulted in a gain of $45,226,000.

13. DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets

Deferred tax assets are attributable to the following:

	Group						
	2018	Recognised in income	Recognised in OCI	2019	Recognised in income	Recognised in OCI	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Investments	188,349	(187,349)	-	1,000	110,371	(26,286)	85,085
Other receivables	(40,301)	39,418	-	(883)	(38,322)	-	(39,205)
Property, plant and equipment	12,388	(8,093)	-	4,295	15,289	-	19,584
Finance lease	-	-	-	-	(15,839)	-	(15,839)
Other liabilities	24,918	(26,138)	-	(1,220)	10,443	-	9,223
Employee benefits obligation	16,582	(11,532)	(650)	4,400	2,092	933	7,425
Unrealised foreign exchange loss	(424)	516	-	92	(14,801)	-	(14,709)
Provision for vacation leave	400	(400)	-	-	-	-	-
Unused tax loss	10,783	(10,783)	-	-	-	-	-
	212,695	(204,361)	(650)	7,684	69,233	(25,353)	51,564

Deferred tax assets of approximately $Nil (2019: $5,379,000) have not been recognised in respect of tax losses of certain subsidiaries [note 37(b)], as management does not consider that it is probable that taxable profits will be available against which the asset will be realised within the foreseeable future.

Notes to the financial statements CONTINUED
December 31, 2020

13. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

(b) Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group						
	2018	Recognised in income	Recognised in OCI	2019	Recognised in income	Recognised in OCI	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other receivables	(68)	9,571	-	9,503	37,282	-	46,785
Other liabilities	-	-	-	-	872	-	872
Employee benefits asset	(698,373)	(13,080)	(95,100)	(806,553)	-	-	(806,553)
Property, plant and equipment	16,184	39,572	322	56,078	69,926	-	126,004
Employee benefits obligation	269,090	34,453	22,775	326,318	13,824	230,387	570,529
Unrealised gains on units in unit trust	(263,297)	(277,764)	-	(541,061)	196,013	-	(345,048)
Unused tax loss	-	-	-	-	26	-	26
Investment securities	-	144,413	(176,045)	(31,632)	-	-	(31,632)
	(676,464)	(62,835)	(248,048)	(987,347)	317,943	230,387	(439,017)

	Society						
	2018	Recognised in income	Recognised in OCI	2019	Recognised in income	Recognised in OCI	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits asset	(698,373)	(13,080)	(95,100)	(806,553)	(11,460)	224,460	(593,553)
Property, plant and equipment	19,071	31,614	-	50,685	82,979	-	133,664
Employee benefits obligation	269,190	20,520	24,630	314,340	27,360	5,760	347,460
Other receivables	-	6,431	-	6,431	37,134	-	43,565
Unrealised gains on units in unit trust	(263,297)	(277,764)	-	(541,061)	191,981	-	(349,080)
	(673,409)	(232,279)	(70,470)	(976,158)	327,994	230,220	(417,944)

Notes to the financial statements CONTINUED
December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION

The Group operates a defined-benefit plan, under which retirement benefits are calculated by reference to, inter alia, final salary. The plan is subject to a triennial actuarial funding valuation, the most recent performed as at December 31, 2019. For purposes of determining the employee benefit asset or obligation included in the financial statements at the end of the period and the costs for the period, an IAS 19 actuarial valuation is done each year. The Group also provides post-employment medical benefits to retirees.

The amounts in the statement of financial position in respect of the defined-benefit pension plans and post-employment medical benefits are as follows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Employee benefits asset (i)	1,978,511	2,688,511	1,978,511	2,688,511
Other post-employment benefits (ii)	1,222,200	1,101,400	1,158,200	1,047,800

(i) Employee benefits asset

(a) Amount recognised in the statement of financial position

	Group and Society	
	2020	2019
	$'000	$'000
Present value of funded obligations	(6,440,500)	(5,171,500)
Fair value of plan assets	8,419,011	9,077,400
Unrecognised amount due to limitation	-	(1,217,389)
	1,978,511	2,688,511

(b) Movements in the present value of defined benefit obligations

	2020	2019
Balance at beginning of year	5,170,500	4,280,800
Benefits paid	(252,400)	(186,900)
Employee contributions (basic and voluntary)	125,100	127,400
Interest cost	396,300	308,100
Past service cost	-	1,000
Service cost	142,700	117,100
Transfers in	4,600	14,100
Gain on curtailment	-	(16,700)
Remeasurement loss arising from:		
Financial assumptions	853,700	525,600
Balance at end of year	6,440,500	5,170,500

Notes to the financial statements CONTINUED

December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(i) Employee benefits asset (cont'd)

	Group and Society	
	2020	2019
	$'000	$'000
(c) Movement in plan assets		
Fair value of plan assets at beginning of year	9,077,400	7,775,000
Contributions paid into the plan	131,811	134,200
Benefits paid by the plan	(252,400)	(186,900)
Net interest income on plan assets	675,900	542,400
Transfers in	4,600	14,100
Administration expenses	(14,000)	(14,400)
Remeasurement (loss)/gain on assets included in OCI	(1,204,300)	813,000
Fair value of plan assets at end of year	8,419,011	9,077,400
Plan assets consist of the following:		
Equity securities	3,792,900	4,612,200
Government securities	2,476,400	2,495,600
Real estate fund	1,901,400	1,733,800
Other assets	248,311	235,800
	8,419,011	9,077,400
(d) Credit recognised in the income statement, net		
Service costs	142,700	117,100
Interest on obligation	396,300	308,100
Past service cost	-	1,000
Interest on effect of asset ceiling	91,400	81,600
Gain on curtailment	-	(16,700)
Administration expenses	14,000	14,500
Net interest income on plan assets	(675,900)	(542,400)
	(31,500)	(36,800)

Notes to the financial statements CONTINUED

December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION

(i) Employee benefits asset (cont'd)

(e) Charge/(credit) recognised in other comprehensive income, net

	Group and Society	
	2020	2019
	$'000	$'000
Remeasurement loss on obligations	853,700	525,600
Remeasurement loss/(gain) on assets	1,204,300	(813,000)
Change in effect of asset ceiling	(1,309,800)	(29,500)
	748,200	(316,900)

(f) Principal financial assumptions at the reporting date (expressed as weighted averages)

	Group and Society	
	2020	2019
	%	%
Discount rate at December 31	9.0	7.5
Future salary increases	7.0	5.0
Future pension increases	5.5	3.5

Notes to the financial statements CONTINUED

December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION

(i) Employee benefits asset (cont'd)

(g) Sensitivity analysis

A one half percentage (2019: one-half percentage) point change at the reporting date to one of the relevant financial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by amounts shown below:

	Group			
	2020		2019	
Financial assumptions	0.5% point increase $'000	0.5% point decrease $'000	0.5% point increase $'000	0.5% point decrease $'000
Discount rate	(5,958,500)	6,998,600	(4,894,400)	5,739,600
Rate of salary escalation	6,661,300	(6,243,700)	5,459,100	(5,126,600)
Future rate of pension	6,760,300	(6,149,800)	5,546,300	(5,050,200)

	Society			
	2020		2019	
	0.5% point increase $'000	0.5% point decrease $'000	0.5% point increase $'000	0.5% point decrease $'000
Discount rate	(5,365,800)	6,306,000	(4,427,700)	5,190,000
Rate of salary escalation	(5,998,500)	(5,627,400)	4,933,400	(4,640,800)
Future rate of pension	6,094,000	(5,536,500)	5,018,600	(4,565,600)

(h) The Group expects to pay $6,001,000 in contributions to the defined-benefit plan in 2021.

Notes to the financial statements CONTINUED
December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(ii) Other post-employment benefits

The employee benefits obligation represents the present value of the constructive obligation to provide medical and other benefits to retirees.

(a) Movement in present value of defined benefit obligation

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Present value of obligation at the start of the year	1,101,400	950,400	1,047,800	897,300
Interest cost	84,400	67,900	81,000	64,000
Past service cost	-	1,300	-	-
Current service cost	33,600	28,300	32,400	28,300
Benefits paid	(21,650)	(20,100)	(22,200)	(18,100)
Gain on curtailment	-	(5,800)	-	(5,800)
Remeasurement gain arising from:				
Financial assumptions	24,450	79,400	19,200	82,100
	1,222,200	1,101,400	1,158,200	1,047,800

(b) Charge/(credit) recognised in the income statement

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Gain on curtailment	-	(5,800)	-	(5,800)
Interest cost	84,400	67,900	81,000	64,000
Past service income	-	1,300	-	-
Current service cost	33,600	28,300	32,400	28,300
Benefits paid	(21,650)	(200)	(22,200)	-
	96,350	91,500	91,200	86,500

Notes to the financial statements CONTINUED
December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(ii) Other post-employment benefits (cont'd)

(c) Items in other comprehensive income

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Remeasurement (gain)/loss on obligation	22,700	79,300	19,200	82,100
Prior year adjustment	1,750	-	-	-
	24,450	79,300	19,200	82,100

(d) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	Group and Society	
	2020	2019
	%	%
Financial assumptions:		
Discount rate	9.0	7.5
Medical claims growth	8.0	6.0

Statistical assumptions:

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining life expectancy of an individual retiring at age 65 is 21 years for males and 26 years for females.

(e) Sensitivity to changes in financial assumptions

A one-half percentage (2019: one-half percentage) point change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by amounts shown below:

Notes to the financial statements CONTINUED

December 31, 2020

14. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(ii) Other post-employment benefits (cont'd)

(e) Sensitivity to changes in financial assumptions (cont'd)

	Group			
	2020		2019	
	0.5% point increase	0.5% point decrease	0.5% point increase	0.5% point decrease
	$'000	$'000	$'000	$'000
Medical cost trend rate and rate of salary escalation	1,201,800	(979,300)	1,095,800	(892,900)
Discount rate	(979,300)	1,201,800	(892,900)	1,095,800

	Society			
	2020		2019	
	0.5% point increase	0.5% point decrease	0.5% point increase	0.5% point decrease
	$'000	$'000	$'000	$'000
Medical cost trend rate and rate of salary escalation	1,130,400	(921,600)	1,033,800	(843,000)
Discount rate	(921,600)	1,130,400	(843,000)	1,033,800

15. INTEREST IN SUBSIDIARIES

	Society	
	2020	2019
	$'000	$'000
Shares, at cost [see note 1(b)]	1,362,388	811,888
Current accounts	381,245	201,316
Loans and advances	6,114,181	3,318,108
	7,857,814	4,331,312

Notes to the financial statements CONTINUED
December 31, 2020

16. INTEREST IN ASSOCIATES

(a) The carrying amount of interest in associated companies represents the cost of shares acquired and the Group's share of post-acquisition reserves in British Caribbean Insurance Company Limited (BCIC) and Carilend Caribbean Holdings Limited, as follows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Shares, at cost	1,186,079	749,966	1,095,313	659,200
Share of post-acquisition profits less dividends	671,166	598,604	-	-
Share of investment revaluation reserve	118,261	91,298	-	-
	1,975,506	1,439,868	1,095,313	659,200

(b) Group's share of profit/(loss) is broken out as follows:

	2020	2019
	$'000	$'000
British Caribbean Insurance Company Limited	147,329	225,835
Carilend Caribbean Holdings Limited	(36,004)	(15,337)
	111,325	210,498

Notes to the financial statements CONTINUED

December 31, 2020

16. INTEREST IN ASSOCIATES (CONT'D)

(c) The following table summarises the financial information of BCIC showing fair value adjustments on acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this associate.

	2020	2019
	$'000	$'000
Percentage ownership interest	**37.16%**	**31.5%**
Assets	16,893,765	15,541,958
Liabilities	(12,546,251)	(11,398,494)
Net assets (100%)	4,347,514	4,143,464
Group's share of net assets	1,615,536	1,305,191
Fair value adjustments and elimination of differences in accounting policies and intra-group transactions	303,021	43,916
Carrying amount of interest in BCIC	1,918,557	1,349,107
Revenue	15,587,637	12,568,888
Profit for the year	307,899	716,936
Other comprehensive income, net of tax	89,358	237,652
Total comprehensive income	397,257	954,588
Group's share of profit for year	147,329	225,835
Share of other comprehensive income	26,963	74,860
Group's share of total comprehensive income	174,292	300,695

The interest in Carilend Caribbean Holdings Limited is not considered material for a similar disclosure.

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December 31, 2020

17. INTANGIBLE ASSETS

	Group				Society		
	Goodwill	Computer software	Work in progress	Total	Computer software	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
December 31, 2018	609,215	1,952,964	864,614	3,426,793	1,503,630	798,322	2,301,952
Additions	-	74,426	594,771	669,197	67,962	594,771	662,733
Transfers	-	261,592	(261,592)	-	261,592	(261,592)	-
December 31, 2019	609,215	2,288,982	1,197,793	4,095,990	1,833,184	1,131,501	2,964,685
Additions	-	5,012	595,073	600,085	1,055	576,031	577,086
Transfers	-	779,214	(773,602)	5,612	778,690	(778,690)	-
December 31, 2020	609,215	3,073,208	1,019,264	4,701,687	2,612,929	928,842	3,541,771
Amortisation							
December 31, 2018	-	632,556	-	632,556	545,933	-	545,933
Charge for year	-	287,714	-	287,714	220,346	-	220,346
December 31, 2019	-	920,270	-	920,270	766,279	-	766,279
Charge for year	-	464,632	-	464,632	396,166	-	396,166
December 31, 2020	-	1,384,902	-	1,384,902	1,162,445	-	1,162,445
Carrying value							
December 31, 2020	609,215	1,688,306	1,019,264	3,316,785	1,450,484	928,842	2,379,326
December 31, 2019	609,215	1,368,712	1,197,793	3,175,720	1,066,905	1,131,501	2,198,406
December 31, 2018	609,215	1,320,409	864,613	2,794,237	957,697	798,322	1,756,019

Goodwill comprises the excess of cost over fair value of the net assets of Victoria Mutual Pensions Management Limited (formerly Prime Asset Management Limited) acquired in 2013. In testing goodwill for impairment, the recoverable amount of the cash-generating unit is estimated based on value-in-use. Where the recoverable amount exceeds the carrying amount, no impairment allowance is made. The recoverable amount of the cash-generating unit is arrived at by estimating the future cash flows and discounting those cash flows using long-term discount rates applicable to Jamaica.

Future sustainable cash flows are estimated based on the most recent projections, after taking account of past experience. The cash flow projections include specific estimates for each of the five years following the reporting date, and a terminal value thereafter. These annual estimates and the terminal value are calculated using an assumed growth rate.

The key assumptions used in the discounted cash flow projections are as follows:

	2020	2019
Discount rate	17.4%	25.0%
Growth rate	5.0%	18.5%
Jamaica dollar inflation rate	2.9%	3.0%

Notes to the financial statements CONTINUED

December 31, 2020

18. INVESTMENT AND FORECLOSED PROPERTIES

	Group			Society		
	Investment properties	Foreclosed properties	Total	Investment properties	Foreclosed properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
December 31, 2018	134,381	106,579	240,960	134,381	223,899	358,280
Disposals	-	106,335	106,335	-	106,335	106,335
December 31, 2019	134,381	212,914	347,295	134,381	330,234	464,615
Additions	-	85,101	85,101	-	85,101	85,101
Transfers	112,168	-	112,168	-	-	-
Disposals	-	(90,027)	(90,027)	-	(90,027)	(90,027)
December 31, 2020	246,549	207,988	454,537	134,381	325,308	459,689
Depreciation						
December 31, 2018	37,125	35,376	72,501	37,126	35,376	72,502
Charge for the year	2,282	6,767	9,049	2,282	6,766	9,048
December 31, 2019	39,407	42,143	81,550	39,408	42,142	81,550
Charge for the year	2,282	8,709	10,991	2,282	8,709	10,991
Eliminated on disposals	-	(16,648)	(16,648)	-	(16,648)	(16,648)
December 31, 2020	41,689	34,204	75,893	41,690	34,203	75,893
Net book values						
December 31, 2020	204,860	173,784	378,644	92,691	291,105	383,796
December 31, 2019	94,974	170,771	265,745	94,973	288,092	383,065
December 31, 2018	97,256	71,203	168,459	97,255	188,523	285,778

The fair values of properties were determined, in the case of properties acquired by way of foreclosure, by several different VMBS-approved qualified independent property valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued, and, in the case of investment properties, by management. This fair value measurement has been categorised as Level 3, based on the inputs to the valuation techniques used.

(a) Reconciliation of opening to closing fair value

	Group and Society					
	2018	Additions	2019	Additions	Disposal	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Investment properties	1,377,000	-	1,377,000	-	-	1,377,000
Foreclosed properties	647,327	106,335	753,662	85,101	(90,027)	748,736
	2,024,327	106,335	2,130,662	85,101	(90,027)	2,125,736

Notes to the financial statements CONTINUED

December 31, 2020

18. INVESTMENT AND FORECLOSED PROPERTIES (CONT'D)

(b) Valuation techniques and significant unobservable inputs

The fair value of investment properties was determined generally by the comparison method, taking account of what similar properties in similar locations have been sold for in the recent past (or near similar properties and locations, with appropriate adjustments made) and current market conditions.

19. PROPERTY, PLANT AND EQUIPMENT

	Group					
	Right-of-use on leasehold properties	Freehold land and buildings	Office furniture and equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
December 31, 2018	-	527,323	2,113,688	32,008	444,300	3,117,319
Recognition of right-of-use assets on initial application of IFRS 16	114,705	-	-	-	-	114,705
Translation adjustments	-	(9,922)	3,412	-	-	(6,510)
Additions	188,113	18,247	272,621	165	200,062	679,208
Disposals	-	-	(11,389)	(10,075)	-	(21,464)
Transfers	-	187,225	57,313	-	(244,538)	-
December 31, 2019	302,818	722,873	2,435,645	22,098	399,824	3,883,258
Translation adjustments	2,174	15,103	14,291	-	-	31,568
Additions	105,277	1,123	182,941	-	618,812	908,153
Disposals	-	-	(18,165)	-	-	(18,165)
Transfers to investment properties and intangible assets	-	7,084	38,236	18,484	(181,584)	(117,780)
December 31, 2020	410,269	746,183	2,652,948	40,582	837,052	4,687,034
Depreciation						
December 31, 2018	-	148,144	1,455,086	26,972	-	1,630,202
Translation adjustments	-	(5,365)	3,249	-	-	(2,116)
Charge for year	36,238	25,848	151,492	2,249	-	215,827
Eliminated on disposal	-	-	(11,389)	(10,045)	-	(21,434)
December 31, 2019	36,238	168,627	1,598,438	19,176	-	1,822,479
Translation adjustments	561	(5,796)	5,952	-	-	717
Charge for year	55,647	26,802	181,991	4,719	-	269,159
Eliminated on disposal	-	-	(13,162)	-	-	(13,162)
December 31, 2020	92,446	189,633	1,773,219	23,895	-	2,079,193
Net book values						
December 31, 2020	317,823	556,550	879,729	16,687	837,052	2,607,841
December 31, 2019	266,580	554,246	837,207	2,922	399,824	2,060,779
December 31, 2018	-	379,179	658,602	5,036	444,300	1,487,117

Notes to the financial statements CONTINUED

December 31, 2020

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Society					
	Right-of-use on leasehold properties	Leasehold and freehold land and buildings	Office furniture & equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
December 31, 2018	-	456,207	1,919,849	31,883	444,299	2,852,238
Recognition of right-of-use assets on initial application of IFRS 16	46,918	-	-	-	-	46,918
Additions	142,892	6,701	145,287	-	194,974	489,854
Disposals	-	-	-	(9,950)	-	(9,950)
Transfer from work in progress	-	187,225	57,313	-	(244,538)	-
December 31, 2019	189,810	650,133	2,122,449	21,933	394,735	3,379,060
Recognition of right-of-use assets on initial application of IFRS 16						
Additions	-	-	41,429	-	612,852	654,281
Transfer from work in progress	-	124,779	38,236	18,484	(181,499)	-
December 31, 2020	189,810	774,912	2,202,114	40,417	826,088	4,033,341
Depreciation						
December 31, 2018	-	113,214	1,328,461	26,888	-	1,468,563
Charge for year	24,625	18,245	135,648	2,220	-	180,738
Disposals	-	-	-	(9,950)	-	(9,950)
December 31, 2019	24,625	131,459	1,464,109	19,158	-	1,639,351
Charge for year	24,440	18,904	153,596	4,686	-	201,626
December 31, 2020	49,065	150,363	1,617,705	23,844	-	1,840,977
Net book values						
December 31, 2020	140,745	624,549	584,409	16,573	826,088	2,192,364
December 31, 2019	165,185	518,674	658,340	2,775	394,735	1,739,709
December 31, 2018	-	342,993	591,388	4,995	444,299	1,383,675

Notes to the financial statements CONTINUED
December 31, 2020

20. SHAREHOLDERS' SAVINGS

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
General investment ("B") shares	1,402,203	1,267,515	2,225,339	1,939,379
Paid up investment ("C") shares	94,512,689	80,900,583	94,512,689	80,900,583
	95,914,892	82,168,098	96,738,028	82,839,962
Deferred shares [notes 28(i) and 29]	5,980,147	5,734,315	5,980,147	5,734,315
	101,895,039	87,902,413	102,718,175	88,574,277

Deferred shares are issued on terms that they shall not be withdrawable before the expiration of five years.

Included in shareholders' savings are accounts with the following maturity profile:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
On demand to 3 months	77,116,892	65,265,046	77,940,028	65,265,046
Three to 12 months	17,087,878	14,645,119	17,087,878	14,645,119
Over 12 months	7,690,269	7,992,248	7,690,269	8,664,112
	101,895,039	87,902,413	102,718,175	88,574,277

21. DEPOSITORS' SAVINGS

	Group and Society	
	2020	2019
	$'000	$'000
Due to depositors	1,591,837	1,476,262
Percentage of the Society's mortgage loan balances	2.17%	2.71%

Per section 27(B) of the Building Societies' Act, the total depositors' savings shall not at any time exceed ¾ (75%) of the mortgage loan balance due from members.

Notes to the financial statements CONTINUED

December 31, 2020

22. DUE TO SPECIALISED INSTITUTION

	Group and Society	
	2020	2019
	$'000	$'000
Conventional mortgage loans	1,576,352	14,769,377

This represents the balance of loans disbursed by the National Housing Trust under joint financing arrangements with borrowers of the Group.

During the year, the Society negotiated an early settlement of existing balances with the National Housing Trust, resulting in the derecognition of $15,245,022,000 of the balance and a gain of $4,177,136,000 (note 34).

23. OTHER LIABILITIES

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deposits – private treaty sales	19,081	29,347	19,081	29,347
Customers' and clients' funds	569,837	920,997	569,837	920,977
Accrued expenses	870,002	918,774	831,445	918,774
Other payables	2,372,360	1,893,890	304,431	339,355
	3,831,280	3,763,008	1,724,794	2,208,453

24. REPURCHASE AGREEMENTS

The Group sells government and corporate securities, or interests therein, and agrees to repurchase them on specified dates and at specified prices prior to their maturity ("repurchase agreements").

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	13,394,031	4,894,130	5,809,655	1,001,348
Denominated in United States dollars	8,853,860	10,024,513	-	-
	22,247,891	14,918,643	5,809,655	1,001,348

Securities obtained under resale agreements and certain investments (see notes 9 and 10) and interest accrued thereon are pledged as collateral for repurchase agreements. These financial instruments have a carrying value of $23,664,297,000 (2019: $16,326,849,000) for the Group and $6,404,149,000 (2019: $1,050,051,000) for the Society.

Notes to the financial statements CONTINUED

December 31, 2020

25. OTHER BORROWINGS

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred shares	6,519,307	4,181,589	6,519,307	4,181,589
Variable rate bonds	1,500,000	1,500,000	-	-
Fixed rate bonds	1,535,836	910,625	-	-
	9,555,143	6,592,214	6,519,307	4,181,589

26. LEASES – IFRS 16

The Group leases office space and commercial space. The leases typically run for a period of five years, with options to renew. Right-of-use of assets are presented as leasehold properties and property, plant and equipment (see note 19). Information about lease liabilities for which Group is a lessee is presented below.

Maturity analysis – contractual undiscounted cash flows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Less than one year	71,189	50,594	30,409	32,496
One to five years	289,801	227,248	129,153	132,360
More than five years	94,214	111,221	50,500	75,701
	455,204	389,063	210,062	240,557
Carrying amount of lease liabilities:				
Current	51,717	40,243	22,344	25,231
Non-current	292,879	238,743	130,682	146,534
	344,596	278,986	153,026	171,765

(a) Amounts recognised in profit or loss

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Leases under IFRS 16:				
Interest on lease liabilities	28,313	22,740	13,757	12,875
Expenses relating to short-term leases	1,980	4,574	-	1,906
	30,293	27,314	13,757	14,781

Notes to the financial statements CONTINUED

December 31, 2020

26. LEASES – IFRS 16 (CONT'D)

(b) Amounts recognised in statement of cash flows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Total cash outflow for leases	57,131	46,572	32,496	30,919

(c) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and reassesses this conclusion if there is a significant event or significant changes in circumstances within its control.

At commencement date the Group includes the lease liability for extension options which it is reasonably certain to exercise.

(d) Leases as lessor

The Group leases out investment property consisting of commercial properties. All leases are classified as operating leases from a lessor perspective. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
One to two years	48,021	23,556	16,291	12,600
Two to three years	48,527	25,892	17,092	16,291
Three to four years	44,785	26,593	17,367	17,092
Four to five years	40,163	22,861	18,231	17,367
More than five years	99,072	100,854	82,623	100,854
	280,568	199,756	151,604	164,204

27. PERMANENT CAPITAL FUND

The Regulations (see note 2) require that every building society should maintain a minimum subscribed capital of $25,000,000. At least four-fifths of such subscribed capital is to be paid up in cash. Since "subscribed capital" does not apply to a mutual society, and as agreed with Bank of Jamaica, pending passage of appropriate legislation, a "Permanent Capital Fund" has been established in lieu of subscribed capital [see note 28(i)].

Notes to the financial statements CONTINUED
December 31, 2020

28. RESERVES

(i) Reserve fund

The Banking Services Act and Regulations require the Society to transfer at least 15% of its net surplus after income tax each year to the reserve fund until the amount of the reserve fund is equal to the amount paid up on its Permanent Capital Fund [which, though not formally recognised, is the fund substituted for the capital shares referred to in the Regulations (see notes 27 and 29)] and its deferred shares (note 20).

(ii) Retained earnings reserve

The Regulations permit the Society to transfer a portion of its profits to a retained earnings reserve, which constitutes a part of the capital base (see note 29). Transfers of profits to the retained earnings reserve are made at the discretion of the Directors, but must be communicated to Bank of Jamaica to be effective.

(iii) Non-distributable reserve

This represents the transfer of net accumulated remeasurement gains on the Group's employee benefits assets and obligations.

(iv) Credit facility reserve

Credit facility reserve represents provisions for loan losses required under the Building Societies Act in excess of the requirements of IFRS [see notes 4(n)(i) and 11(c)].

(v) Investment revaluation reserve

Investment revaluation reserve represents cumulative unrealised gains, net of losses, arising from the changes in fair value of investments measured at fair value through other comprehensive income until the investment is derecognised or impaired.

(vi) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Society's net investment in foreign operations.

29. REGULATORY CAPITAL

	Group and Society	
	2020	2019
	$'000	$'000
Permanent capital fund (note 27)	7,746,058	7,746,058
Reserve fund [note 28(i)]	1,464,444	1,409,308
Retained earnings reserve [note 28(ii)]	4,778,119	3,365,687
Deferred shares (note 20)	5,980,147	5,734,315
Total regulatory capital [note 6(a)]	19,968,768	18,255,368

"Regulatory capital" has the meaning ascribed in the Regulations.

Notes to the financial statements CONTINUED
December 31, 2020

30. NON-CONTROLLING INTEREST

The following table summarises information relating to the Group's material non-controlling interest (NCI) in VMIL, before any intra-group eliminations:

(a) Statement of financial position

	2020	2019
	$'000	$'000
NCI percentage	20%	20%
Total assets	29,723,675	25,327,701
Total liabilities	(25,342,200)	(21,000,873)
Net assets	4,381,475	4,326,828
Carrying amount of NCI	876,295	865,366

30. NON-CONTROLLING INTEREST (CONT'D)

(b) Profit and loss account and other comprehensive income:

	2020	2019
	$'000	$'000
Revenue	1,875,589	1,682,961
Profit	433,590	598,049
Other comprehensive (loss)/income	(333,946)	1,241,360
Total comprehensive income	99,644	1,839,409
Group's share of total comprehensive income	79,715	1,471,527
Profit allocated to NCI	86,718	119,610
Other comprehensive (loss)/income allocated to NCI	(66,789)	248,272
Total comprehensive income allocated to NCI	19,929	367,882

(c) Statement of cash flows

	2020	2019
Cash flows from operating activities	(1,027,567)	2,089,688
Cash flows from investment activities	88,786	(1,634,715)
Cash flows from financing activities	572,292	700,421
Net (decrease)/increase in cash and cash equivalents	(366,489)	1,155,394

Notes to the financial statements CONTINUED
December 31, 2020

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques making use of observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial 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 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(b) Valuation techniques for investment securities classified as Level 2

The following table shows the valuation techniques used in measuring the fair value of investment securities:

Type	Valuation techniques
United States Dollar denominated Government of Jamaica, Bank of Jamaica securities and Foreign Government securities	• Obtain bid price provided by a recognised broker/dealer, namely, Oppenheimer • Apply price to estimate fair value
Jamaica Dollar denominated securities issued or guaranteed by Government of Jamaica and Bank of Jamaica	• Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids) • Apply price to estimate fair value
Units in unit trusts	• Obtain prices quoted by unit trust managers • Apply price to estimate fair value

Notes to the financial statements CONTINUED

December 31, 2020

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(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. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Group							
		2020							
		Carrying amount				Fair value			
	Note	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									
Government of Jamaica	8	17,791,038	-	532,910	18,323,948	-	18,323,948	-	18,323,948
Preference shares	9	-	570,069	-	570,069	-	-	570,069	570,069
Ordinary shares - quoted	9	1,036,320	2,636,526	-	3,672,846	3,672,846	-	-	3,672,846
Ordinary shares - unquoted	9	8,047	-	-	8,047	-	8,047	-	8,047
Bonds	9	11,904,061	-	3,565,525	15,469,586	-	15,725,002	-	15,725,002
Treasury bills	9	-	-	1,417,090	1,417,090	-	1,417,090	-	1,417,090
Net investments in finance leases	9	-	-	110,832	110,832	-	-	110,832	110,832
Loans	11	-	-	77,677,406	77,677,406	-	-	75,715,816	75,715,816
Units in unit trust funds	9	-	4,133,385	-	4,133,385	-	4,133,385	-	4,133,385
		30,739,466	7,339,980	83,303,763	121,383,209	3,672,846	39,607,472	76,396,717	119,677,035
Financial liabilities									
Due to specialized institutions	22	-	-	1,576,352	1,576,352	-	-	1,576,352	1,576,352
Other borrowings	25	-	-	9,555,143	9,555,143	-	-	9,714,766	9,714,766
Lease liabilities	26	-	-	344,596	344,143	-	-	342,725	342,725
		-	-	11,476,091	11,476,091	-	-	11,633,843	11,633,843

Notes to the financial statements CONTINUED
December 31, 2020

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Accounting classifications and fair values (cont'd)

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. (cont'd)

		Group 2019							
		Carrying amount				Fair value			
	Note	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									
Government of Jamaica	8	19,379,928	-	1,106,970	20,486,898	-	20,486,989	-	20,486,898
Preference share	9	-	58,998	-	58,998	-	-	58,998	58,998
Ordinary shares - quoted	9	1,421,370	2,817,616	-	4,238,986	4,238,986	-	-	4,238,986
Ordinary shares - unquoted	9	3,533	-	3,935	7,486	-	-	7,468	7,468
Bonds	9	10,393,412	-	7,496,877	17,890,289	-	17,890,289	-	17,890,289
Treasury bills	9	-	-	5,814,236	5,814,236	-	5,814,236	-	5,814,236
Net investment in finance leases	9	-	-	30,688	30,688	-	-	30,688	30,688
Loans	11	-	-	62,035,211	62,035,211	-	-	62,035,211	62,035,211
Units in unit trust funds	9	-	5,097,560	-	5,097,560	-	5,097,560	-	5,097,560
		31,198,243	7,974,174	76,487,917	115,660,334	4,238,986	49,288,983	62,132,365	115,660,334
Financial liabilities									
Due to specialised institutions	22	-	-	14,769,377	14,769,377	-	-	14,769,377	14,769,377
Other borrowings	25	-	-	6,592,214	6,592,214	-	-	6,592,214	6,592,214
Lease liabilities	26	-	-	278,986	278,986	-	-	278,986	278,986
		-	-	21,640,577	21,640,577	-	-	21,640,577	21,640,577

Notes to the financial statements CONTINUED
December 31, 2020

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Accounting classifications and fair values (cont'd)

		Society							
		2020							
		Carrying amount				Fair value			
	Note	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									
Government of Jamaica securities	8	5,181,255	-	532,910	5,714,165	-	5,714,165	-	5,714,165
Ordinary shares - quoted	9	-	2,250,278	-	2,250,278	2,250,278	-	-	2,250,278
Ordinary shares - unquoted	9	39	-	-	39	-	-	39	39
Bonds	9	10,271,788	-	3,160,219	13,432,007	-	13,687,423	-	13,687,423
Treasury bills	9	-	-	1,417,090	1,417,090	-	1,417,090	-	1,417,090
Loans	11	-	-	73,429,428	73,429,428	-	-	71,575,113	71,575,113
Units in unit trust funds	9	-	4,133,385	-	4,133,385	-	4,133,385	-	4,133,385
		15,453,082	6,383,663	78,539,647	100,376,392	2,250,278	24,952,063	71,575,152	98,777,493
Financial liabilities									
Due to specialised institutions	22	-	-	1,576,352	1,576,352	-	-	2,199,085	2,199,085
Other borrowings	25	-	-	6,519,307	6,519,307	-	-	6,725,461	6,725,461
Lease liabilities	26	-	-	153,026	153,026	-	-	152,195	152,195
		-	-	8,248,685	8,248,685	-	-	9,076,741	9,076,741

Notes to the financial statements CONTINUED

December 31, 2020

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Accounting classifications and fair values (cont'd)

		Society							
		2019							
		Carrying amount				Fair value			
	Note	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									
Government of Jamaica securities	8	7,796,608	-	1,106,970	8,903,578	-	8,903,578	-	8,903,578
Ordinary shares - quoted	9	-	2,250,278	-	2,250,278	2,250,278	-	-	2,250,278
Ordinary shares - unquoted	9	39	-	-	39	-	-	39	39
Bonds	9	8,311,087	-	6,674,512	14,985,599	-	14,985,599	-	14,985,599
Treasury bills	9	-	-	5,814,236	5,814,236	-	5,814,236	-	5,814,236
Loans	11	-	-	58,901,250	58,901,250	-	-	58,901,250	58,901,250
Units in unit trust funds	9	-	4,698,283	-	4,698,283	-	4,698,283	-	4,698,283
		16,107,734	6,948,561	72,496,968	95,553,263	2,250,278	34,401,696	58,901,289	95,553,263
Financial liabilities									
Due to specialised institutions	22	-	-	14,769,377	14,769,377	-	-	14,769,377	14,769,377
Other borrowings	25	-	-	4,181,589	4,181,589	-	-	4,181,589	4,181,589
Lease liabilities	26	-	-	171,765	171,765	-	-	171,765	171,765
		-	-	19,122,731	19,122,731	-	-	19,122,731	19,122,731

Notes to the financial statements CONTINUED
December 31, 2020

32. NET INTEREST INCOME

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income, calculated using the effective interest method:				
Investment securities	2,728,827	2,398,772	1,721,741	1,714,786
Loans to customers	4,629,064	4,127,055	4,629,064	4,008,302
	7,357,891	6,525,827	6,350,805	5,723,088
Interest expense				
Borrowings	(771,069)	(618,330)	(41,051)	(17,248)
Shareholders' savings	(927,632)	(1,277,467)	(1,095,259)	(1,277,467)
Depositors' savings	(581,549)	(295,789)	(573,333)	(400,475)
	(2,280,250)	(2,191,586)	(1,709,643)	(1,695,190)
Net interest income	5,077,641	4,334,241	4,641,162	4,027,898

33. NET FEE AND COMMISSION INCOME

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fee and commission income				
Customers	1,092,162	1,734,449	551,532	381,031
Associated company	507,985	102,908	105,362	102,908
Other	237,460	10,509	12,222	10,509
	1,837,607	1,847,866	669,116	494,448
Fee and commission expenses				
Inter-bank transaction fees	(59,175)	(80,374)	(59,175)	(80,313)
Other	(64,928)	(70,462)	-	-
	(124,103)	(150,836)	(59,175)	(80,313)
Net fee and commission income	1,713,504	1,697,030	609,941	414,135

Notes to the financial statements CONTINUED

December 31, 2020

34. OTHER OPERATING REVENUE

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Foreign exchange trading gains, net	1,014,227	938,124	467,478	530,157
Fees for late payments	73,823	55,885	73,823	55,885
Rent	18,853	21,913	18,853	18,811
Dividends -from associates and subsidiaries	-	-	275,951	259,504
-other	20,813	59,183	19,961	59,183
Gain on investment activities	1,096,367	275,560	614,085	196,031
Gain/(loss) on disposal of property, plant and equipment	26,871	(9,708)	26,871	(9,708)
Unrealised fair value (losses)/gains on units held in unit trust	(1,276,555)	925,881	(1,268,331)	925,881
Gain on settlement of balance with Specialised financial institution (note 22)	4,177,136	-	4,177,136	-
Other income	611,451	700,668	363,429	514,921
	5,762,986	2,967,506	4,769,256	2,550,665

35. PERSONNEL COSTS

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries	2,475,820	1,907,670	1,512,349	1,172,097
Statutory payroll contributions	320,723	262,220	265,674	209,007
Pension and medical benefits [note 14, note 38(e)]	64,850	54,900	59,700	49,700
Termination payments	38,466	43,075	33,466	43,075
Other staff benefits	1,146,547	1,221,192	1,046,017	1,104,280
	4,046,406	3,489,057	2,917,206	2,578,159

Notes to the financial statements CONTINUED

December 31, 2020

36. OTHER OPERATING EXPENSES

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Asset taxes	350,316	313,565	298,203	267,725
Overseas business development	185,395	53,002	185,174	252,027
Irrecoverable GCT	365,226	286,098	351,217	276,155
Marketing	294,404	339,841	224,068	261,368
Computer maintenance	520,760	302,507	412,722	256,400
Maintenance – buildings, furniture and fixtures	254,657	200,737	194,875	214,412
Insurance	176,586	131,607	167,193	129,425
Administration	101,263	367,475	423,039	350,650
Postage, courier and stationery	120,099	138,703	86,803	126,554
Electricity, water and telephone	235,425	148,216	228,202	128,636
Consultancy and other professional fees	283,403	187,958	126,247	88,346
Audit fees	83,529	60,237	44,121	30,783
Directors' fees [note 38(e)]	55,559	47,030	20,944	20,024
Security	76,532	54,622	44,860	39,450
Service contracts	107,643	92,914	50,932	37,780
Direct operating expenses for investment property that generated rental income	49,536	31,230	49,536	31,229
	3,260,333	2,755,742	2,908,136	2,510,964

37. INCOME TAX EXPENSE

(a) Income tax expense is based on the surplus for the year, as adjusted for tax purposes, and is computed at statutory rates of 30% for the Society, 33⅓% for regulated local subsidiaries and 25% for certain foreign and local non-regulated subsidiaries. In computing taxable income of the Society, transfers to general reserves (as defined in the Income Tax Act) are exempt from income tax if the general reserves after such transfers do not exceed 5% of assets. The charge is made up as follows:

Notes to the financial statements CONTINUED

December 31, 2020

37. INCOME TAX EXPENSE (CONT'D)

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(i) Current tax expense:				
Current tax at 30%	1,499,059	205,236	1,499,059	205,011
Current tax at 25% and $33^{1}/_{3}$%	347,977	-	-	-
- provision for current year	2,618	280,501	-	-
- adjustment for prior year's under provision	(20,287)	68,314	(18,034)	68,314
	1,829,367	554,051	1,481,025	273,325
(ii) Deferred tax (credit)/charge:				
Tax losses	-	10,783	-	-
Origination and reversal of other temporary differences [notes 13(a) and (b)]	(387,176)	256,413	(327,994)	232,279
	(387,176)	267,196	(327,994)	232,279
Actual tax expense recognised	1,442,191	821,247	1,153,031	505,604

Notes to the financial statements CONTINUED

December 31, 2020

37. INCOME TAX EXPENSE (CONT'D)

(b) Reconciliation of actual tax charge

The effective tax rate, that is, the income tax expense as a percentage of the reported surplus, is different from the statutory rates [note (a)] being 35.36% (2019: 27.81%) for the Group and 36.4% (2019: 26.63%) for the Society. The actual income tax expense differs from the expected income tax expense for the year, as follows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Surplus before income tax	4,078,587	2,952,798	3,167,934	1,898,313
Computed "expected" income tax at 30%	1,278,620	885,840	950,380	569,494
Effect of different tax rates for subsidiaries	330	112,793	-	-
Tax effect of treating the following items differently for income tax than for financial statement purposes:				
Depreciation charge and capital allowances	8,960	11,373	(10,628)	3,614
Tax exempt income	(258,596)	(289,371)	(124,557)	(99,389)
Disallowed expenses and losses, net	451,800	60,561	374,612	(12,572)
Other	(19,545)	(28,263)	(18,742)	(23,857)
	1,461,569	752,933	1,171,065	437,290
Adjustment for prior years (over)/under provision	(19,378)	68,314	(18,034)	68,314
Actual tax expense recognised	1,442,191	821,247	1,153,031	505,604

At the reporting date, taxation losses of certain subsidiaries, subject to agreement by the tax authorities in the relevant jurisdictions, amounted to approximately $ nil (2019: $28,311,000). In Jamaica, these losses may be carried forward indefinitely, but in any one year, prior year losses can be used to offset only 50% of chargeable income (before the deduction of any prior year losses).

Notes to the financial statements CONTINUED

December 31, 2020

38. RELATED PARTY TRANSACTIONS

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(1) has control, joint control or significant influence over the Group;

(2) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is part, provides key management personnel services to the group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties

The Society has related party relationships with its subsidiaries, with its Directors, executives and senior officers, as well as those of its subsidiaries, and with its associated companies [note 1(c)]. The Directors, senior officers and executives are collectively referred to as "key management personnel".

Notes to the financial statements CONTINUED

December 31, 2020

38. RELATED PARTY TRANSACTIONS (CONT'D)

(c) The Society's statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	2020	2019
	$'000	$'000
Subsidiaries:		
Resale agreements	2,066,749	600,829
Repo receivable	25,145	5,188
Loan receivable	6,104,828	3,251,486
Other loans	34,299	-
Shareholders' savings	(823,032)	(676,993)
Repo payable	(7,842)	(575)
Securities sold under repurchase agreements	(1,800,000)	(800,049)
Key management personnel:		
Executive and senior management:		
Mortgage loans	213,383	153,335
Other loans	129,180	73,241
Shareholders' savings	(67,302)	(47,847)
Non-executive directors:		
Mortgage loans	54,954	40,910
Shareholders' savings	(18,138)	(14,972)
Associate:		
Investments	429,711	-
Interest on Investments	2,565	-
Shareholders' savings	(295,537)	(321,647)

Average interest rates charged on loans are lower than the rates that would be charged in an arm's length transaction.

The mortgages and secured loans granted are secured on property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

In relation to balances owing by key management personnel, or their immediate relatives, there has not been any specific allowance for impairment or general provision for losses.

Notes to the financial statements CONTINUED
December 31, 2020

38. RELATED PARTY TRANSACTIONS (CONT'D)

(d) The Society's income statement includes income earned/(expenses incurred) from transactions with related parties, as follows:

	2020	2019
	$'000	$'000
Key management personnel:		
Non-executive and senior management:		
Interest from loans	16,562	11,277
Interest expense	(116)	(211)
Directors:		
Interest from loans	3,279	3,416
Interest expense	(63)	(177)
Subsidiaries:		
Interest and dividends from investments	235,001	258,244
Interest on loans	88,553	37,889
Other operating revenue	70,695	70,695
Interest expense	(41,667)	(37,778)
Other operating expenses	(2,000)	(2,738)
Associate:		
Dividends	40,950	31,500
Interest on investments	2,565	-
Interest expense	(31,663)	(37,192)
Other operating income	106,202	103,748
Other operating expenses	(18,636)	(13,596)
	469,662	425,077

Notes to the financial statements CONTINUED
December 31, 2020

38. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Key management personnel compensation

In addition to directors' fees paid to non-executive directors (note 36), compensation of key management personnel, included in personnel costs (note 35), is as follows:

	Group		Society	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Short-term employee benefits	597,755	442,129	479,322	316,077
Post employment benefits	5,741	3,952	5,741	3,952
	603,496	446,081	485,063	320,029

In addition to their salaries, key management personnel, excluding non-executive directors are provided with non-cash benefits, as well as post-employment benefits under a defined-benefit pension plan (note 14). In accordance with the rules of the plan, key management personnel, executive directors retire at age 62 (or 65 if joining after January 1, 2006) and may continue to receive medical benefits, at the discretion and approval of the Board of Directors. In the case of preferential staff rates on loans, this benefit continues to age 65 when the rate is adjusted with reference to market.

Under the Society's rules, retired non-executive directors who have served the Board continuously for at least five years and have attained the age of 65 receive a pension at a specified percentage of the gross annual average director's fee received during the five years immediately preceding retirement, or alternatively, a gratuity in lieu of pension, based on a percentage of the annual pensions.

39. CAPITAL COMMITMENTS

Commitments for capital expenditure for the Group and the Society amount to approximately $538,992,000 (2019: $453,080,000) at the reporting date.

40. MANAGEMENT FUNDS AND CUSTODIAL ARRANGEMENTS

Victoria Mutual Wealth Management Limited acts as agent and earns fees for managing clients' funds on a non-recourse basis under management agreements. The Group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements. At December 31, 2020, these funds amounted to $32,823,912,000 (2019: $29,477,536,000). Additionally, at December 31, 2020, there were custodial arrangements for assets totalling $13,956,379,000 (2019: $18,807,714,000).

Victoria Mutual Pensions Management Limited is responsible for funds under management in respect of segregated and pooled pension funds. Total value of pension assets under management at December 31, 2020 is $52,992,000,000 (2019: $63,400,000,000).

41. IMPACT OF COVID 19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

Notes to the financial statements CONTINUED

December 31, 2020

41. IMPACT OF COVID 19 (CONT'D)

(i) Established a cross-functional COVID Response Team that focuses on mitigating Occupational Health and Safety, Marketing and Sales, Supply Chain Monitoring and Communications risks, as well as reducing the financial impact of the coronavirus on our operations. The work of the COVID Response Team complements the work of the Asset and Liability Committee(ALCO). The COVID Response Team and the ALCO meet weekly and monthly respectively to discuss strategies and plans for managing the liquidity and the capital needs of the entire VM Group during the pandemic.

(ii) Implemented a Liquidity Recovery Plan, as per the recommendations of our Regulators. The key aspects of the plan include:

- Assessing the daily inflow and outflow of funds (liquidity forecasting);
- Identifying and assessing the adequacy of financial resources for contingent needs;
- Implementing measures geared at strengthening the entity's capital base; and
- Defining escalation and decision-making procedures to ensure that the plan can be executed timely.

(iii) Implemented measures to assist external clients during this crisis, such as:

- Payment moratoria on loans. It is not expected that there will be reclassification of loans from Stage 1 to Stage 2 as these payment holidays should not trigger a significant increase in the credit risk (SICR) unless other criteria indicating SICR are identified.
- Special arrangements with clients, such as increasing their loan to value ratio, based on approval by the appropriate Committee.

(iv) On-going Monitoring of Capital which included sensitivity analyses to determine:

- The impact of a downward adjustment in asset values on our regulatory ratios
- The impact of a downward adjustment in asset values on the projected profitability; and
- The level of capital shortfall, if any, and how additional capital could be raised to address any projected shortfall.

Corporate Data

External Auditors

KPMG Chartered Accountants

Bankers

CIBC First Caribbean International Bank of Jamaica Ltd.

Citibank N.A. (Jamaica Branch)

National Commercial Bank Jamaica Ltd.

Sagicor Bank Jamaica Ltd.

Bank of Jamaica

Panel of Attorneys-At-Law

Delroy Chuck & Company

DunnCox

Phillips, Malcolm, Morgan & Matthies

O.G. Harding & Company

Livingston, Alexander & Levy

Murray & Tucker

Myers, Fletcher & Gordon

Nunes, Scholefield, DeLeon & Company

Rattray, Patterson, Rattray

Robertson, Smith, Ledgister & Company

Robinson, Phillips & Whitehorne

Grant, Stewart, Phillips & Malcolm

Nicholson Phillips

Samuda & Johnson

Matthew Hogarth & Co.

Harrison & Harrison

Lex Caribbean

L. Howard Facey & Co.

Scott, Bhoorasingh & Bonnick

Russell & Russell

Earle & Wilson

Palomino, Gordon-Palomino

G. Anthony Levy & Company

Group Executives

- **Courtney Campbell**, MBA (Distinction), ACIB, BSc, JP
  President & Chief Executive Officer
- **Janice McKenley**, FCCA, FCA, MBA, BSc
  Group Chief Financial Officer
- **Devon Barrett**, MBA, BSc
  Group Chief Investment Officer
- **Peter Reid**, BA (Hons.)
  Chief Operating Officer
  Building Society Operations
- **Keri-Gaye Brown**, LL.B Group
  Chief Legal & Compliance Officer
  & Corporate Secretary
- **Laraine Harrison**, MBA, BA
  Group Chief Human Resources Officer
- **Judith Forth Blake**, MBA, BA (Hons.)
  Group Chief Customer & Brand Officer
- **Rickardo Ebanks**, BSc. (Hons.)
  Group Chief Operations Officer
- **Carla McIntosh Gordon**, MBA, BA, PMP, BSP
  Group Chief Strategy Officer
- **Renee Allen Casey**
  Group Chief Audit Officer

Chief Executive Officers of Subsidiaries

- **Victoria Mutual Pensions Management**
  Conroy Rose
  Chief Executive Officer
- **Victoria Mutual Investments Limited**
  Rezworth Burchenson
  Chief Executive Officer
- **Victoria Mutual Wealth Management Limited**
  Rezworth Burchenson
  Chief Executive Officer
- **VMBS Money Transfer Services Limited**
  Michael Howard, MBA, BA
  Chief Executive Officer
- **Victoria Mutual Property Services Limited**
  Michael Neita, MBA, BEng, BSc
  Chief Executive Officer

Building Society Operations

- **Mr. Paul Elliott**, AICB, MBA, BSc (Hons)
  Vice President, Service and Sales Support
- **Karlene Waugh**, BSc, CiAPM
  Assistant Vice President
  Business Operations
- **Clive Newman**, MBA, FICB
  Assistant Vice President, Credit
- **Mr. Leighton Smith**, MBA, BBA
  Chief Representative Officer, VMBS
  United Kingdom

VMBS Branch Leadership

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Sean Taylor
Branch Manager
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LIGUANEA
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