



Victoria Mutual Building Society

Scheme of **Arrangement**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

PART 4 (THE EXPLANATORY STATEMENT) OF THIS CIRCULAR COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 207 OF THE COMPANIES ACT, 2004. THIS CIRCULAR CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED WILL RESULT IN THE CONVERSION OF VICTORIA MUTUAL BUILDING SOCIETY (“THE SOCIETY”) TO A PROPRIETARY BUILDING SOCIETY AND THE FURTHER REORGANISATION OF THE VM GROUP UNDER A MUTUAL HOLDING COMPANY

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR SECURITIES DEALER, INVESTMENT ADVISER, BANK MANAGER, ATTORNEY-AT-LAW, ACCOUNTANT OR OTHER INDEPENDENT PROFESSIONAL ADVISER, WHO IF, YOU ARE TAKING ADVICE IN JAMAICA, IS AUTHORISED UNDER THE SECURITIES ACT TO PROVIDE SUCH ADVICE, OR FROM AN APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IF YOU ARE IN A COUNTRY OUTSIDE JAMAICA.

**CONVERSION OF
VICTORIA MUTUAL BUILDING SOCIETY
TO A PROPRIETARY BUILDING SOCIETY**

AND

**FURTHER REORGANISATION OF THE VM GROUP OF ENTITIES UNDER A
MUTUAL HOLDING COMPANY**

**to be effected by Schemes of Arrangement under Section 100 of the Banking Services Act,
2014 and Sections 206 and 207 of the Companies Act, 2004**

AND

Notice of a meeting of Members of the Society and Notices of meetings of the Shareholders of the Scheme Companies all summoned by Order of the Supreme Court of Judicature of Jamaica.

Your attention is drawn to the letter from the Chairman of VMBS which is set out in **Part 3** (Letter from the Chairman) of this Circular and which strongly recommends that you vote in favour of the Resolutions to be proposed at the Court Ordered Members’ Meeting. A statement explaining the Schemes appears in **Part 4** (Explanatory Statement) of this Circular.

Notices of the Court Ordered Members’ Meeting of the Society and other Scheme Entities will be held at the following dates and time at the following venues.

Scheme Entity	Date	Time	Venue/Online Forum
The Society	August 9, 2022	3:00 p.m.	National Arena, Arthur Wint Drive, Kingston 5
VMIL	August 10, 2022	3:00 p.m.	73-75 Half Way Tree Road, Kingston, Saint Andrew
VM Money Services	July 15, 2022	10:00 a.m.	73-75 Half Way Tree Road, Kingston, Saint Andrew
VM Pensions	July 19, 2022	10:00 a.m.	73-75 Half Way Tree Road, Kingston, Saint Andrew
VM Innovations	July 27, 2022	10:00 a.m.	73-75 Half Way Tree Road, Kingston, Saint Andrew
BCIC	July 26, 2022	10:00 a.m.	73-75 Half Way Tree Road, Kingston, Saint Andrew

Capitalized words and phrases used in this Circular shall have the meanings given to them in **Part 8** (Definitions) of this Circular.

The actions to be taken in respect of the Court-ordered Members’ of the Society, VMIL, VM Money Services and BCIC are set out in **Part 1** of this Circular. The other Scheme Entities (being VM Pensions and VM Innovations) are closely-held private companies with no other shareholders and no special advice need be given to VMBS which is the sole or principal shareholder of these companies.

Proxy Forms

VMBS

Members will find enclosed with this Circular a Blue Form of Proxy for use in connection with the Court-ordered Members’ Meeting for the Society and a Yellow Form of Proxy for use in connection with the Annual General Meeting (“AGM”) of VMBS. Whether or not you intend to attend the VMBS Court-ordered Members’ Meeting or the Annual General Meeting of VMBS in person, please complete and sign each of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to:

The Corporate Secretary
 Victoria Mutual Building Society
 73-75 Half-Way-Tree Road.
 Kingston 10,
 Jamaica

Alternatively you may send your proxies by email to **VMproxies@myvmgroup.com**. If you are sending them from outside Jamaica you should do so as soon as possible and, in any event, so as to be received by the deadline set out on the relevant form. If the Blue Form of Proxy for the VMBS Court-ordered Members’ Meeting or the Yellow Form of Proxy for the AGM is not returned by the specified time, it may be handed to the Chairman of the respective VMBS Scheme Meeting or the AGM before the start of that Meeting and will still be valid.

VMIL

Members of VMIL will find enclosed with this Circular a Form of Proxy for use in connection with the Court-ordered Meeting for the company. Whether or not you intend to attend the VMIL Court-ordered Members' Meeting in person, please complete and sign each of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to:

The Corporate Secretary
Victoria Mutual Investments Limited
73-75 Half-Way-Tree Road.
Kingston 10,
Jamaica

Alternatively you may send your proxies by email to **VMproxies@myvmgroup.com**. If you are sending them from outside Jamaica you should do so as soon as possible and, in any event, so as to be received by the deadline set out on the relevant form. If the Form of Proxy for the VMIL Court-ordered Members' Meeting is not returned by the specified time, it may be handed to the Chairman of the VMIL Court-ordered Meeting before the start of that Meeting and will still be valid.

VM Money Services

Members of VM Money Services will find enclosed with this Circular a Form of Proxy for use in connection with the Court-ordered Meeting for the company. Whether or not you intend to attend the VM Money Services Court-ordered Members' Meeting in person, please complete and sign each of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to:

The Corporate Secretary
VMBS Money Transfer Services Limited
73-75 Half-Way-Tree Road.
Kingston 10,
Jamaica

Alternatively you may send your proxies by email to **VMproxies@myvmgroup.com**. If you are sending them from outside Jamaica you should do so as soon as possible and, in any event, so as to be received by the deadline set out on the relevant form. If the Form of Proxy for the VM Money Services Court-ordered Members' Meeting is not returned by the specified time, it may be handed to the Chairman of the VM Money Services Court-ordered Meeting before the start of that Meeting and will still be valid.

BCIC

Members of BCIC will find enclosed with this Circular a Form of Proxy for use in connection with the Court-ordered Meeting for the company. Whether or not you intend to attend the BCIC Court-ordered Members' Meeting in person, please complete and sign each of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to:

The Corporate Secretary
Victoria Mutual Building Society
73-75 Half Way Tree Road
Kingston 10

Alternatively you may send your proxies by email to **VMproxies@myvmgroup.com**. If you are sending them from outside Jamaica you should do so as soon as possible and, in any event, so as to be received by the deadline set out on the relevant form. If the Form of Proxy for the BCIC Court-ordered Members' Meeting is not returned by the specified time, it may be handed to the Chairman of the BCIC Court-ordered Meeting before the start of that Meeting and will still be valid.

If you sign and deliver a Form of Proxy, you may still attend the relevant meeting. In such a case, your attendance at such meeting would revoke the proxy for that meeting. It is important that you also read the rest of this Circular.

If you have any questions, including in relation to the completion and return of the Forms of Proxy, please call the Victoria Mutual Group (VM Group) Member Engagement Centre at:

1 (876) 754-8627 (Flow)

TOLL FREE:

From Jamaica	1-888—937-8627
From United States of America	1-866-967-8627
From Canada	1-866-967-8627
From United Kingdom	0-8000-068-8628

The VMBS Member Engagement Centre's telephone lines are open Monday to Friday 7 a.m. to 8 p.m., Saturday 10 a.m. to 6 p.m. and Sunday 10 a.m. to 3 p.m. including public holidays. The Society provides toll free access to the Centre, however, in some cases, different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and quality assurance purposes. **VMBS Member Engagement Agents cannot provide advice on the merits of the transaction or give any financial, legal or tax advice.**

The statements contained in this Circular are made as at the date of this Circular, unless some other time is specified in relation to them, and service of this Circular shall not give rise to any representation that there has been no change in the facts set forth in the Circular since that date. Nothing contained in this Circular shall be deemed to be a forecast, projection or estimate of the future financial performance of the Society or any other VM Group Company except where otherwise stated. Save as required by applicable laws or regulations neither the Society nor any other VM Group Company assume any obligation to, and do not intend to, update any forward-looking statements contained in this Circular as a result of new information or future events or developments.

No person has been authorised to make any representations on behalf of the Society or any VM Group Company concerning any of the Schemes which are inconsistent with the statements contained in this Circular and any such representations, if made, may not be relied upon as having been authorised.

The contents of this Circular are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this Circular you should consult your own legal adviser, securities dealer, investment adviser, bank manager or tax adviser for legal, business, financial or tax advice.

This Circular does not constitute, and may not be used for the purposes of an invitation or the solicitation of a vote in respect of any of the Schemes by any person in any jurisdiction: (i) in which such solicitation or invitation is not authorised; or (ii) in which, or to any person to whom, it is unlawful to make such solicitation or invitation or would impose any unfulfilled registration, publication or approval requirements on the Society or any of the VM Group Companies, or any of their respective directors, officers, agents and advisers. No action has been taken nor will any action be taken in any jurisdiction outside Jamaica by any person that would permit a public solicitation in any such jurisdiction where action for that purpose is required to render public solicitation lawful, nor has any such action been taken with respect to the possession or distribution of this Circular other than in any jurisdiction where action for that purpose is not required. Neither the Society nor any of its subsidiaries, nor their respective agents or advisers accepts any responsibility for any violation of any of these restrictions by any other person.

General Notice to Overseas Members

No solicitation or offer is being made, directly or indirectly, in or into any Restricted Jurisdiction or by the use of mail, or by any other means including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication of interstate or foreign commerce of, or any facility of a national securities exchange of a Restricted Jurisdiction and no election or acceptance by any use, means or facility or from within any such Restricted Jurisdiction shall be permitted. Accordingly, unless otherwise determined by the Society, copies of this Circular and any documentation relating to the Society's, VM Money Service's, BCIC's or VMIL's Court-ordered

Meeting are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send any such documents in or into or from any such Restricted Jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this Circular and/or otherwise intends to, forward this Circular and/or any other documentation relating to the Transaction to any jurisdiction outside Jamaica should inform themselves of, and observe, any applicable legal or regulatory requirements of any relevant jurisdiction.

Neither the Society nor any of the VM Group Companies or their respective directors, officers, agents and advisers is making any representation to any Member of the Society regarding the legality of any vote under the laws of any overseas jurisdiction. Each Member should consult with his, her or its own advisers as to the legal, tax, business, financial and related aspects of voting on the proposed Resolutions

Notice to US Members

This Circular is not an offer, or solicitation of an offer to purchase securities in the United States or to solicit votes and the Membership Rights which will be granted by the new Mutual Holding Company, VM Group Limited (“MHC”) in connection with the Society’s Scheme of Arrangement have not been, and will not be registered under the US Securities Act or under the securities law of any state, district or other jurisdiction of the United States. No regulatory clearance in respect of those Membership Rights has been, or will be, applied for in any other jurisdiction.

Forward-looking Statements

This document (including the information incorporated by reference herein) contains statements about the Society and companies within the VM Group which are or may be deemed to be “forward-looking statements” which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and therefore subject to risks and uncertainties which could cause results to differ materially from the future results expressed or implied by the forward-looking statement. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “projects”, “future-proofing” or words or terms of similar substances or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “might”, “will”, “be taken”, “occur”, or “achieve”. Such statements are qualified in their entirety by inherent risks and uncertainties surrounding future expectations. Forward-looking statements may include statements relating to the following: (i) future capital expenditure, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses, future prospects; (ii) business and management strategies in the expansion and growth of VMBS or the VM Group’s operations and potential synergies resulting from the demutualisation and the reorganisation of the Society; or (iii) the effect of economic conditions in Jamaica and globally on VMBS and the VM Group as a whole.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on key assumptions. Many factors may cause the actual results, performance or achievements of Victoria Mutual Building Society or any of the Scheme Companies, the Financial Holding Company, the Non-Financial Holding Company or the VM Group, as a whole, to be materially different from any future results, performance or achievements expressed or implied in the forward-looking statements. Important factors that could cause actual results, performance or achievements of VMBS or any of the Scheme Companies or the Financial Holding Company, the Non-Financial Holding Company or the VM Group, as a whole, to differ materially from expectations include, among other things, general business and economic conditions in Jamaica or globally, industry trends, competition, changes in government policy, changes in economic, political or social stability in Jamaica, disruptions in business operations due to hurricane and other natural disasters, interest rate and currency fluctuations, the failure to obtain requisite licences, regulatory approvals and consents on a timely basis. Accordingly, all forward looking statements should be construed in light of such factors.

Neither the Society nor any of the Scheme Companies, their directors, officers or advisers provides any representation, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

Other than in accordance with its legal obligations or regulatory requirements neither the Society nor any member of the VM Group including the Mutual Holding Company, the Financial Holding Company or the Non-Financial Holding Company is under any obligation, and they each expressly disclaim any intention or obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

THIS DOCUMENT IS NOT A PROSPECTUS OR A PROSPECTUS EQUIVALENT DOCUMENT.

Publication of this Document

A copy of this document will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on the Society's website at www.VMBS.com. For the avoidance of doubt, save as expressly stated herein, the contents of that website or any other website on which it is posted are not, do not form part of, and are not incorporated herein.

To obtain a hardcopy of this document or any other Scheme Document please visit the nearest VMBS Branch or VM Money Services outlet or contact the VM Group Member Engagement Centre (876) 754-8627 (Flow).

The Member Engagement Centre's telephone lines are open twenty-four (24) hours a day. You will not receive a hard copy of such documents unless you expressly request it.

This Circular is dated July 6, 2022

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PART 1 ACTION TO BE TAKEN BY VMBS MEMBERS

As a Member of the Society you are eligible to vote

For the reasons set out in the Circular, the VMBS Directors unanimously consider that the reorganization described in this Circular is in the best interest of the VMBS Members. Accordingly, in order to implement the reorganization, the VMBS Directors strongly recommend that you vote in favour of the VMBS Scheme which involves the conversion of VMBS from a mutual building society to a proprietary building society owned by FHC which in turn shall be owned by MHC.

Information you should consider

You should read this Circular in particular the Explanatory Statement, Part 4, and the Scheme of Arrangement, Part 5.

Vote at the Court Ordered Members' Meeting and the General Meeting

The VMBS Scheme will require approval at a Meeting of Members convened by order of the Court. This meeting will be held at the National Arena, Arthur Wint Drive, Kingston 5 starting at 3:00 p.m. on August 9, 2022.

Please check that you have received the following with this Circular:

- a Blue Form of Proxy for use in respect of the Court-ordered Meeting of the Society;
- a Yellow Form of Proxy for use in respect of the AGM of VMBS;
- a reply-paid envelope for use in Jamaica for the return of the Blue Form of Proxy and the Yellow Form of Proxy. .

If you have not received all of these documents please contact the VM Group Member Engagement Centre at:

(876) 754-8627 (Flow)

It is important that for the Court-ordered Members' Meeting of the Society in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the Members' opinion. Whether or not you intend to attend any of those Meetings, you are therefore strongly encouraged to complete, sign and return your Proxy Forms in accordance with the instructions below. If you attend any of the Meetings afterwards, your Proxy will be voided and you will be able to cast your own vote.

How to return proxy forms

The Blue or Yellow Proxy Forms may be returned:

- (a) by post addressed to the:

Corporate Secretary
Victoria Mutual Building Society
73-75 Half Way Tree Road
Kingston 10
- (b) by delivering them to any branch of the Society or of VM Money Services;
- (c) by email to: VMproxies@myvmgroup.com

Proxy Forms may also be downloaded from the website at www.VMBS.com and hardcopies will be available at all VM Money Services locations along with a pre-paid envelope to facilitate return of the completed Proxy Form. These envelopes will be pre-addressed as follows:

**The Corporate Secretary
Victoria Mutual Building Society
73-75 Half Way Tree Road
Kingston 10
Jamaica**

Additionally, Members of the Society may also hand in completed proxies, when they attend the Court-ordered Meeting.

Please contact the VM Group Member Engagement Centre if you are having difficulties in returning your proxies.

When Proxies should be returned

Proxies should be returned as soon as possible and in any event by the following times and dates.

- Blue Form of Proxy for the Court-ordered Members' Meeting of the Society by 3:00 p.m. on August 5, 2022; and
- Yellow Form of Proxy for the AGM of VMBS by 3:00 p.m. on July 30, 2022.

Alternately Blue Forms of Proxy and/or the yellow Forms of Proxy may be handed to the Chairman of the relevant Meeting before the start of the relevant Meeting and will be valid.

PART 1A ACTION TO BE TAKEN BY VMIL STOCKHOLDERS

As a member of VMIL you are eligible to vote

For the reasons set out in the Circular, the VMIL Directors unanimously consider that the reorganization described in this Circular is in the best interest of VMIL, VMIL stockholders and the VM Group in general. Accordingly, in order to implement the reorganization, the VMIL Directors strongly recommend that you vote in favour of the VMIL Scheme.

Information you should consider

You should read this Circular in particular the Explanatory Statement, Part 4, and the Scheme of Arrangement, Part 5.

Vote at the Court Ordered members' Meeting

The VMIL Scheme will require approval at a Meeting of members convened by order of the Court. This meeting will be held at the 73-75 Half Way Tree Road, Kingston 10, starting at 3:00 p.m. on August 10, 2022.

Please check that you have received the following with this Circular:

- a Form of Proxy for use in respect of the Court-ordered Meeting of VMIL; and
- a reply-paid envelope for use in Jamaica for the return of the Form of Proxy.

If you have not received all of these documents please contact the VM Group Member Engagement Centre at:

(876) 754-8627 (Flow)

It is important that for the Court-ordered members' Meeting of VMIL as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the members' opinion. Whether or not you intend to attend any of those Meetings, you are therefore strongly encouraged to complete, sign and return your Proxy Form in accordance with the instructions below. If you attend the Meeting afterwards your Proxy will be voided and you will be able to cast your own vote.

How to return proxy forms

The Proxy Forms may be returned:

- (a) by post addressed to the:

Corporate Secretary
Victoria Mutual Investments Limited
73-75 Half Way Tree Road
Kingston 10

- (b) by delivering them to any branch of the Society;
- (c) by email to: **VMproxies@myvmgroup.com**

Proxy Forms may also be downloaded from the website at <https://vmil.myvmgroup.com> and hardcopies will be available at all VMIL, VMBS and VM Money Services locations along with a pre-paid envelope to facilitate return of the completed Proxy Form. These envelopes will be pre-addressed as follows:

**The Corporate Secretary
Victoria Mutual Investments Limited
73-75 Half Way Tree Road
Kingston 10
Jamaica**

Additionally, members of VMIL may also hand in completed proxies, when they attend the Court-ordered Meeting.

Please contact the VM Group Member Engagement Centre if you are having difficulties in returning your proxies.

When Proxies should be returned

Proxies should be returned as soon as possible and in any event by 3:00 p.m. on August 8, 2022.

Alternately Proxy Forms may be handed to the Chairman of the Court-ordered Meeting before the start of the Meeting and will be valid.

PART 1B ACTION TO BE TAKEN BY VM MONEY SERVICES MEMBERS

As a member of VM Money Services you are eligible to vote

For the reasons set out in the Circular, the VM Money Services' Directors unanimously consider that the reorganization described in this Circular is in the best interest of VM Money Services, VM Money Services members and the VM Group in general. Accordingly, in order to implement the reorganization, the VM Money Services' Directors strongly recommend that you vote in favour of the VM Money Services Scheme.

Information you should consider

You should read this Circular in particular the Explanatory Statement, Part 4 and the Scheme of Arrangement, Part 5.

Vote at the Court Ordered Members' Meeting

The VM Money Services Scheme will require approval at a Meeting of members convened by order of the Court. This meeting will be held at 73-75 Half Way Tree Road, Kingston in the Parish of Saint Andrew starting at 10:00 a.m. on July 15, 2022.

Please check that you have received the following with this Circular:

- a Form of Proxy for use in respect of the Court-ordered Meeting of VM Money Services; and
- a reply-paid envelope for use in Jamaica for the return of the Form of Proxy.

If you have not received all of these documents please contact the VM Group Member Engagement Centre at:

(876) 754-8627 (Flow)

It is important that for the Court-ordered Members' Meeting of VM Money Services as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the members' opinion. Whether or not you intend to attend any of those Meetings, you are therefore strongly encouraged to complete, sign and return your Proxy Form in accordance with the instructions below. If you attend the Meeting afterwards your Proxy will be voided and you will be able to cast your own vote.

How to return proxy forms

The Proxy Forms may be returned:

- (a) by post addressed to the:

Corporate Secretary
VMBS Money Transfer Services Limited

73-75 Half Way Tree Road
Kingston 10

- (b) by delivering them to any branch of the Society;
- (c) by email to: **VMproxies@myvmgroup.com**

Proxy Forms may also be downloaded from the website at www.vmmoneytransfer.com and hardcopies will be available at all VMIL, VMBS and VM Money Services locations along with a pre-paid envelope to facilitate return of the completed Proxy Form. These envelopes will be pre-addressed as follows:

**The Corporate Secretary
VMBS Money Transfer Services Limited
73-75 Half Way Tree Road
Kingston 10
Jamaica**

Additionally, members of VM Money Services may also hand in completed proxies, when they attend the Court-ordered Meeting.

Please contact the VM Group Member Engagement Centre if you are having difficulties in returning your proxies.

When Proxies should be returned

Proxies should be returned as soon as possible and in any event by 10:00 a.m. on July 13, 2022.

Alternately Proxy Forms may be handed to the Chairman of the Court-ordered Meeting before the start of the Meeting and will be valid.

PART 1C ACTION TO BE TAKEN BY BCIC MEMBERS

As a member of BCIC you are eligible to vote

For the reasons set out in the Circular, the BCIC Directors unanimously consider that the reorganization described in this Circular is in the best interest of BCIC, BCIC members and the VM Group in general. Accordingly, in order to implement the reorganization, the BCIC Directors strongly recommend that you vote in favour of the BCIC Scheme.

Information you should consider

You should read this Circular in particular the Explanatory Statement, Part 4, and the Scheme of Arrangement, Part 5.

Vote at the Court Ordered Members' Meeting

The BCIC Scheme will require approval at a Meeting of members convened by order of the Court. This meeting will be held at 73-75 Half Way Tree Road, Kingston in the Parish of Saint Andrew starting at 10:00 a.m. on July 26, 2022.

Please check that you have received the following with this Circular:

- a Form of Proxy for use in respect of the Court-ordered Meeting of BCIC; and
- a reply-paid envelope for use in Jamaica for the return of the Form of Proxy.

If you have not received all of these documents please contact the VM Group Member Engagement Centre at:

(876) 754-8627 (Flow)

It is important that for the Court-ordered Members' Meeting of BCIC as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the members' opinion. Whether or not you intend to attend any of those Meetings, you are therefore strongly encouraged to complete, sign and return your Proxy Form in accordance with the instructions below. If you attend the Meeting afterwards your Proxy will be voided and you will be able to cast your own vote.

How to return proxy forms

The Proxy Forms may be returned:

- (a) by post addressed to the:

The Corporate Secretary
Victoria Mutual Building Society
73-75 Half Way Tree Road
Kingston 10

Jamaica

- (b) by delivering them to any branch of the Society;
- (c) by email to: **VMproxies@myvmgroup.com**

Proxy Forms may also be downloaded from the website at www.VMBS.com and hardcopies will be available at all VMIL, VMBS and VM Money Services locations along with a pre-paid envelope to facilitate return of the completed Proxy Form. These envelopes will be pre-addressed as follows:

Victoria Mutual Building Society
73-75 Half Way Tree Road
Kingston 10
Jamaica

Additionally, members of BCIC may also hand in completed proxies, when they attend the Court-ordered Meeting.

Please contact the VM Group Member Engagement Centre if you are having difficulties in returning your proxies.

When Proxies should be returned

Proxies should be returned as soon as possible and in any event by 10:00 a.m. on July 22, 2022.

Alternately Proxy Forms may be handed to the Chairman of the Court-ordered Meeting before the start of the Meeting and will be valid.

PART 2 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The date and time given below are indicative only and are based on VMBS' current expectation and may be subject to change including as a result of changes to anticipated Court dates or regulatory consultation. In particular, the date for the Court hearing to sanction the Schemes (and accordingly all subsequent events) has not been fixed with the Registrar of the Supreme Court and is based on past experience in dealing with similar proceedings and on the assumption that Court dates will be available. If Court dates are not available the other dates which are dependent on that date will be subject to corresponding adjustment. If any of the dates below changes materially the revised date will be published on the VMBS website at www.VMBS.com

Activity	Last Date
Voting Record Time ¹	August 5, 2022 at 3:00 p.m.
Court Ordered Members' Meeting ^{2, 3}	August 9, 2022 at 3:00 p.m.
Society's Annual General Meeting	August 9, 2022 immediately following the Court Ordered Members' Meeting
Court hearing to sanction the Scheme	November 24, 2022 or such earlier date as may be ordered
Scheme Record Time ⁴	November 30, 2022
Effective Date ⁵	December 1, 2022

All times shown in this Circular are Jamaican times unless otherwise stated.

Directors

If the Scheme is approved and becomes effective, it is anticipated that the composition of the boards of MHC, FHC, Non-FHC and VMBS will be as follows:

¹ Forms of Proxy for the Court Ordered Members Meeting not returned by this time may be handed to the Chairman of the Court Ordered Members Meeting before the start of that meeting.

² If either the Court Ordered Members Meeting or the Annual General Meeting ("AGM") is adjourned, the Voting Record Time for the adjourned meeting (s) will be 6.00 p.m. on the day which is two days before the date of the Court adjourned meeting and 10 days before the date of the adjourned AGM. The Voting Record Time is the last day by which proxies for a meeting should be lodged with the Society.

³ The Court Ordered Members Meeting and AGM will both be held at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston, Jamaica.

⁴ This date is indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme.

⁵ This is the date that the Court Order is filed with the Companies Office of Jamaica.

DIRECTORS	MHC	FHC	NON-FHC	VMBS
<i>Michael McMorris, B.A.</i>	✓	✓		
<i>Matthew Wright, M.Phil., M.A., B.A.</i>	✓	✓		✓
<i>Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.</i>	✓	✓	✓	✓
<i>Jeanne Robinson-Foster, C.D., B.A.(Hons), LL.B(Hons), C.L.E.</i>	✓	✓		✓
<i>Brian Goldson, MBA, B.Sc.</i>	✓	✓	✓	✓
<i>Phillip Silvera, F.C.C.A., F.C.A.</i>	✓	✓		✓
<i>Sandra Shirley-Auxilly, M.B.A., B.Sc. (Hons)</i>	✓	✓		
<i>Maurice McNaughton, PhD, M.Sc., B.Sc.</i>	✓	✓	✓	✓
<i>Colin B. Wharfe, F.C.C.A., F.C.M.A, LL.B</i>	✓	✓		✓
<i>Noel daCosta, M.B.A., M.Sc., B.Sc., C.D.</i>	✓	✓		
<i>Michael McAnuff-Jones, M.Sc., M.B.A., A.C.I.B., SPHRI</i>	✓	✓		✓
<i>Peter Reid, B.A.</i>				✓
<i>Noel Hann, E.J.D., F.A.I.A., M.C.M.I.</i>			✓	

Additional Directors may be appointed after completion of the re-organisation.

Brief particulars of the above directors are set out below:

Michael McMorris, B.A. - Chairman

Mr. Michael McMorris is Chairman of the Board of Directors at VMBS 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 Limited (now First Global Bank Jamaica Limited) and Knutsford Capital Merchant Bank Limited, of which he was one of the founders.

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.

Matthew Wright, MPhil, MA, BA

Matthew Wright is the Managing Director of York Investment Management S.A., an independent financial advisory firm providing global asset management solutions to the high net worth, family office and institutional client market. He has over 24 years' experience in investment management, corporate finance, credit risk management and real estate investment. He is a former Vice-President in the Infrastructure and Energy Finance Group of Citibank Global Capital Markets in New York, with responsibility for providing financial advisory and debt arrangement services to major infrastructure projects in North America, Latin America and the Caribbean. Mr Wright has also served as Assistant Vice-President for Capital Markets in the Emerging Market Corporate Bank for Citibank Jamaica.

As a former Cambridge Commonwealth Scholar, he holds a Master of Philosophy in Environment and Development from Cambridge University in the United Kingdom, a Master of Arts Degree in International Development Policy from Stanford University, California, and a Bachelor of Arts Degree in Economics from Williams College, Massachusetts. He also serves as a Board member for VM Building Society, VM Wealth Management and VM Finance Limited (UK).

Courtney Campbell, M.B.A. (Distinction), A.C.I.B., B.Sc., J.P.

Mr. Courtney Campbell was appointed to his current role of President and Chief Executive Officer of VMBS in April 2016.

Before joining VMBS, Mr. Campbell had served in several senior executive roles including that of CEO of GraceKennedy Financial Group Limited. He also spent over 23 years with the National Commercial Bank Jamaica Limited, serving in various management positions, including Head of the Retail Banking Division and other roles instrumental to the bank's success.

He holds a B.Sc. in Management Studies from The University of the West Indies, and an M.B.A. 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.

Mr. Campbell is a director of VMBS and all its subsidiaries including BCIC. He is also Chairman of the VM Foundation and the United Church Mission Enterprise.

Mr. Campbell 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).

Mr. Campbell is an Advisory Board Member of the Governor-General's Programme for Excellence and an 'I Believe Initiative' Ambassador. He is also a Justice of the Peace.

Jeanne P. Robinson-Foster, C.D., B.A. (Hons.), LL.B. (Hons.), C.L.E.

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 (O.D.) in the Commander Class, 'in recognition of her significant contribution to the legal profession and community development'.

She has over 30 years' experience as an Attorney-at-Law 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. 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.

Brian Goldson, M.B.A., B.Sc.

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 Limited and the Postal Corporation of Jamaica.

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

Phillip G. Silvera, F.C.C.A., F.C.A.

Mr. Phillip Silvera is a long-standing member of the Victoria Mutual Family and is a former Executive Vice-President of VMBS, 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 Investment Limited and Victoria Mutual Wealth Management Limited. He chairs the Audit, Risk and Compliance Committees of both companies.

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 several other companies, including VM Money Services, 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.

Sandra M. Shirley-Auxilly, M.B.A., B.Sc. (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 is also the Federation Councillor and Past President of Soroptimist International (SI) Jamaica and 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 M.B.A. in 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 Limited, Victoria Mutual Pensions Management Limited and British Caribbean Insurance Company Limited and is an approved Pension Fund Trustee.

Maurice McNaughton, Ph.D.

Dr. Maurice McNaughton is an Engineering Graduate of the University of the West Indies and holds a Ph.D. 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.

Colin B. Wharfe, F.C.M.A, F.C.C.A, LL.B.

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 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.

Noel daCosta, MBA, M.Sc., B.Sc., C.D.

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 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).

In 2012 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 in 2019 he was conferred with an Honorary Doctor of Technology for his contribution to nation building by the University of Technology.

Michael McAnuff-Jones, M.Sc., M.B.A., A.C.I.B, SPHRI

Mr. McAnuff-Jones is an expert in the fields of finance and human resources, having spent many years in their practical application in various corporate roles.

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 M.Sc. in Social Sciences/Human Resources from the University of Leicester and the M.B.A. (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.

Mr Peter Reid, B.A.

Mr. Peter Reid is a career Banker with over 30 years' experience in the financial services sector with expertise in sales and management, credit, financial analysis, financial advisory and deal structuring.

Mr. Reid holds the title of Chief Executive Officer with direct responsibility for the Building Society Operations. Prior to joining Victoria Mutual, he was a District Vice President providing sales and service, and strategic leadership for the Bank of Nova Scotia Jamaica Limited. Mr. Reid, who holds a Bachelor of Arts Degree with Honours in International Studies from York University (Toronto), has held a number of directorships on Boards of several enterprises including GraceKennedy Currency Trading Services Limited, Guardian Life Limited, Guardian Life Asset Management Jamaica Limited, the National Water Commission and West Indies Alliance Insurance Company Limited.

Mr Noel Hann, E.J.D., F.A.I.A, MCMI

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

Mr Hann is a fellow of The Association of International Accountants (UK) and a member of the Chartered Management Institute (UK). In July 2007, he completed an Executive Juris Doctor

(EJD) Law Degree at Concord Law School, California, specialising in the technical area with options in Cyberlaw, Patent Litigation, Intellectual Property and Patent Claim Drafting. He has completed several management development programmes, including Financial Management, at the Graduate School of Savings & Loans, North Western University.

A past Council Member of the Building Societies Association of Jamaica, Mr Hann also serves on the Boards of several companies. He is the Chairman of the McGrath High School and the founder and senior pastor of The New Life Tabernacle Church in Bog Walk, St. Catherine. As Justice of the Peace, he serves as a Lay Magistrate and is very involved in the communities of Bog Walk and Linstead, being on the Community Consultative Committees, as well as the Linstead Hospital Redevelopment Committee.

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PART 3

LETTER FROM THE CHAIRMAN & DEPUTY CHAIRMAN

Directors

Michael McMorris, B.A.

Matthew Wright, M.Phil., M.A., B.A.

Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.

Jeanne Robinson-Foster, C.D., B.A.(Hons), LL.B(Hons), C.L.E.

Brian Goldson, MBA, B.Sc.

Phillip Silvera, F.C.C.A., F.C.A.

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Maurice McNaughton, PhD, M.Sc., B.Sc.

Colin B. Wharfe, F.C.C.A., F.C.M.A, LL.B

Noel daCosta, M.B.A., M.Sc., B.Sc., C.D.

Michael McAnuff-Jones, M.Sc., M.B.A., A.C.I.B., SPHRI

July 6, 2022

Dear Members

Reorganisation of the VM Group

The VM Group seeks to provide you, our Members, with diverse and innovative product and service offerings. In keeping with our drive to harness more opportunities, we have also undertaken an organisational restructuring exercise to give your Group greater agility for the pursuit of prospects in any and all of our markets. Simultaneously, our strategy and culture of high-performance demands that we strive continuously to improve your experience with us as your financial service provider. We, therefore intend to undertake a comprehensive organisational process re-design in the coming year for a much more efficient and responsive interface with you both, in person and digitally.

The VM Group was established to help build Jamaica as a more inclusive society, and we remain steadfast in the belief that we can help anyone achieve their financial goals, regardless of social class or background.

The upcoming years promise to be exciting, and we stand ready to deliver the products and services that suit your lifestyle needs. We will continue to be responsive to your demands while demonstrating our desire to see all Jamaicans do well financially. Additionally, in all areas of our business and through our corporate philanthropy activities led by the VM Foundation, we will be champions for the promotion of financial literacy and financial inclusion as we work to fulfil our purpose.

Against that background, the re-organisation of the VM Group is necessary to satisfy **three key objectives**. It will:

1. allow the VM Group to conform with legal requirements under the **Banking Services Act, 2014** which took effect in September 2015; similar requirements having been previously stipulated in section 64 of the Building Societies Act
2. preserve the **existing mutuality rights of members** by transferring those rights from the Society to a newly-established **Mutual Holding Company**, which will own the Society and all VM Group subsidiaries; and

3. facilitate the **conversion of your Society from a mutual building society to a proprietary building society** with the **flexibility** to raise capital *should we need to do so*.

It is our belief that if we do not reorganise our VM Group, our long-term viability will be compromised, as the non-proprietary building society structure affords us limited room to raise the funds we need to compete effectively and grow in the future. Moreover, as the present structure of the VM Group is not consistent with the Banking Services Act it means that were the Society to continue under its current structure it would be violating the law.

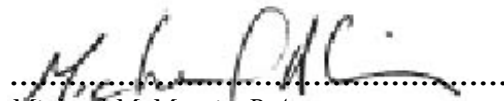
Despite the legal requirement, it should be noted that the particular option chosen by the Society to effect this reorganization is not one which is prompted by the Bank of Jamaica nor mandated by law.

In the documents included in your package, we, **the Board of Directors**, have provided full and fair disclosure of the nature and process of the proposed reorganisation of the VM Group; and, we are positive that this information, which includes details, in addition to explanatory notes simplifying the legal documents, will assist you to make an informed decision.

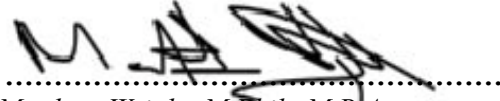
We encourage you to **read all of the documents** provided carefully and urge you to vote in favour of the reorganisation, which we believe will be in your best interest as a Member of the Society. If you require additional information you may contact a VM Group Member Engagement Centre at the telephone numbers listed above. **VM Group Member Engagement Centre cannot provide advice on the merits of the transaction or give any financial, legal or tax advice.**

The VMBS Board of Directors unanimously approved the proposal on **January 28, 2021**, and strongly recommends that you vote **“YES”** to the reorganisation of the VM Group. All Directors of the Society unanimously and whole-heartedly support the proposed reorganisation. If you are not able to attend the meetings then please appoint the Chairman or another Director or other person, as your proxy, to vote on your behalf and return the proxy form as directed in this document without delay.

Signed by on behalf of the Board by:



.....
Michael Morris, B.A.
Chairman



.....
Matthew Wright, M.Phil., M.B.A.
Deputy Chairman

PART 4 EXPLANATORY STATEMENT UNDER SECTION 207 OF THE COMPANIES ACT, 2004

4.1 It was announced in the Press on June 10, 2022 that the Supervisory Committee under the Banking Services Act (“BSA”), had granted a letter of no objection to a plan for the re-organisation of the VM Group. The plan is designed to bring the VM Group into compliance with the BSA, and involves the following key elements; namely: (i) the conversion of the Victoria Mutual Building Society (“VMBS” or “the Society”) from a mutual building society to a proprietary building society; (ii) the establishment of a financial holding company (“FHC”) which will hold all the financial entities in the VM Group including VMBS, and a non-financial holding company (“Non-FHC”) which will hold the non-financial subsidiaries; and (iii) the establishment of a mutual holding company (“MHC”) which will sit atop the Group and will hold directly the two intermediate holding companies and in which the Members of the Society will hold membership rights.

4.2 The Society is a mutual organisation owned by its Members – not by shareholders. In converting to a proprietary building society, the Society will become an entity owned by a single shareholder; namely VM Financial Group Limited (i.e. the FHC). The Board of the Society wishes to maintain the concept of mutual ownership where the entire organisation will continue to be owned by Members of the Society. As will be explained in greater detail, this will be achieved by establishing, as the ultimate parent company of the entire group, a mutual holding company (“MHC”) owned by the Members.

4.3 The Banking Services Act (“the BSA”) was promulgated in 2014 but its commencement date was deferred pending preparation of companion Regulations. These regulations were subsequently brought into force in July 2015. The BSA was brought into operation on September 30, 2015 (See *the Banking Services Act, 2014 (Appointed Day) Notice (PRR 808A Vol. CXXXVII, Tuesday, September 29, 2015 No. 212A)*).

4.4 Among other things, the BSA requires a corporate group which includes both financial entities and non-financial entities (called a “mixed conglomerate”) to reorganise itself by separating the financial services companies from the non-financial companies. Similar requirements were to be found in the Building Societies Act, 2004. However, the compliance framework has been enhanced under the BSA. The BSA anticipates that this separation will be done by establishing a financial holding company (“FHC”) which will hold all the financial services companies and a non-financial holding company (“Non-FHC”) which will hold all the non-financial companies.

4.5 Thus, the Schemes of Arrangement, which are proposed, seek to achieve three (3) key objectives, namely:

- (a) the conversion of the Society from a mutual building society to a proprietary building society so that it can be held by the FHC and not by the Members of the Society;

- (b) the preservation of mutual ownership of the VM Group through a Mutual Holding Company; and
- (c) the reorganization of the VM Group to comply with the Banking Services Act (which incorporates similar requirements which were contained in the Building Societies Act, 2004) by organizing all of the financial entities including the Society under the FHC and separating VM Innovations Limited (formerly Victoria Mutual Properties Limited) from the financial entities and treating it as the non-financial holding company under the direct ownership of the MHC.

A. The Society

4.6 The Society was formed on November 14, 1878 by a group of Clergymen led by then Rector of the Kingston Parish Church, the Rev. G.W. Downer. VMBS is a mutual organisation founded on the belief that all Jamaicans, regardless of socio-economic status, should have the opportunity to realise their dreams of homeownership and growing their net worth. Over the past two decades, VMBS in accordance with its vision and objectives broadened the range of its products and services to provide Members, wherever they are in the world and at whatever stage of life, with access to other financial solutions.

VMBS is part of the VM Group which is committed to providing broad-based financial education to help guide persons who do business with VMBS, as well as those in the wider community, to make better financial decisions with the goal of improving their well-being.

VM Group’s commitment to community is also demonstrated through the VM Foundation, which provides opportunities for the group to promote financial literacy and inclusion across all sectors of the society.

4.7 The Society has approximately 1,331,814 Members on its Register, which according to their contact addresses on record are primarily distributed among the following countries:

<i>Country</i>	<i>Number of Members (approx.)</i>
Jamaica	1,134,679
United Kingdom	70,441
United States of America	92,562
Canada	19,213
Others	14,919

4.8 According to its 2021 audited financial statements the Society now has:

- (a) a capital base of J\$14,629,904,000 comprising:
Permanent Capital Fund, Statutory Reserve Fund and Retained Earnings Reserve
- (b) members’ Equity of J\$16,750,030,000

(c)	a mortgage portfolio of	J\$79,588,170,000 [gross mortgage loans]
(d)	local accounts	J\$68,515,491,985 (liabilities)
(e)	Overseas accounts	J\$48,012,957,015 (liabilities)
(f)	total savings fund	J\$116,528,449,000 [incl. deferred shares]
(g)	total assets	J\$160,467,017,000.

thus making it one of the largest deposit-taking institutions in Jamaica.

4.9 The Society has overseas representative offices in:

- (a) the United Kingdom at:
 - (i) 380 Brixton Road, Brixton, London, SW9 7AW;
 - (ii) 520 High Street, Tottenham, London N17 9SX;
 - (iii) 174 Dudley Road, Edgbaston, Birmingham B18 7QX;
- (b) the United States of America at:
 - (i) Florida: 2600 S University Drive, Suite #109, Miramar, FL 33025, USA.
 - (ii) New York: 300 Cadman Plaza West, One Pierrepont Plaza, 12th Floor, Brooklyn New York, 11201, USA.

While these representative offices promote the products and services of the Society, they are not licensed to take deposits in the jurisdictions in which they operate and are not licensed as a bank or a foreign bank branch in the said jurisdictions.

Directors of the Society

4.10 The current directors of the Society are:

Michael McMorris, B.A.
 Matthew Wright, M.Phil., M.A., B.A.
 Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.
 Jeanne Robinson-Foster, C.D., B.A.(Hons), LL.B(Hons), C.L.E.
 Brian Goldson, M.B.A., B.Sc.
 Phillip Silvera, F.C.C.A., F.C.A.
 Sandra Shirley-Auxilly, M.B.A., B.Sc. (Hons)
 Maurice McNaughton, Ph.D., M.Sc., B.Sc.
 Colin B. Wharfe, F.C.C.A., F.C.M.A, LL.B
 Noel daCosta, M.B.A., M.Sc., B.Sc., C.D.
 Michael McAnuff-Jones, M.Sc., M.B.A., A.C.I.B., SPHRI

Secretary

Keri-Gaye Brown – M.B.A., LL.B. (Hons)

B The Scheme Companies

4.11 The Scheme Companies comprise of four Subsidiaries of the Society and one Affiliate company. Note that VMBS currently owns two subsidiaries incorporated in the United Kingdom – Victoria Mutual Finance Limited and VMBS Overseas (UK) Limited. It is anticipated that these will be transferred to FHC after the Schemes have been concluded. VMBS is also the sole member of Victoria Mutual Foundation Limited (“VM Foundation”). It is anticipated that MHC shall become the sole member of VM Foundation after the conclusion of the Schemes.

Victoria Mutual Investments Limited (“VMIL”)

4.12 Victoria Mutual Investments Limited (VMIL) was registered as an industrial and provident society under the Industrial and Provident Society Act in 1984. In 1999, VMIL, by special resolution, converted from an industrial and provident society to a company under the then existing Companies Law of Jamaica. It is an 80% owned subsidiary of VMBS. VMIL is an investment and financing company. VMIL’s operations are managed by Victoria Mutual Wealth Management Limited (“VM Wealth”), a wholly owned subsidiary of VMIL. VMIL was listed on the Main Market of the Jamaica Stock Exchange on December 29, 2017.

4.13 VMIL has an authorised capital of 6,176,019,600 ordinary shares of no par value and 12,000,000 preference shares. VMIL has issued a total of 1,500,025,000 ordinary shares and no preference shares. The shares in VMIL are held as follows:

Shareholders	No. of Ordinary Shares	No. of Preference Shares	% of ordinary capital
VMBS	1,200,020,000	Nil	80
General Public	300,005,000	Nil	20
Total	1,500,025,000		100

4.14 The current directors of VMIL are:

Michael McMorris, B.A., Chairman
Milton Samuda, LL.B
Noel Hann, E.J.D., F.A.I.A., M.C.M.I.
Phillip Silvera, F.C.C.A., F.C.A.
Sandra Shirley-Auxilly, M.B.A., B.Sc. (Hons)
Matthew Wright, M.Phil., M.A., B.A.
Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.
Rezworth Burchenson, M.B.A., B.Sc.
Devon Barrett, M.B.A., B.Sc.
Janice McKenley, F.C.C.A., F.C.A., M.B.A., B.Sc. (Hons)
Vikram Dhiman, M.B.A., B.Sc.
Bridget Lewis, B.Sc. LL.M.

4.15 VMIL has one wholly-owned subsidiary, namely VM Wealth which was incorporated on June 8, 1989. VMIL also acquired 30% of the issued share capital in Carilend Caribbean Holdings Limited (“Carilend”) in 2009. Two VM executives were elected to sit on the Carilend Board of Directors.

4.16 For the financial year ended 2021 VMIL recorded gross revenue of J\$876,794,000. After tax profits were J\$437,514,000.

Victoria Mutual Pensions Management Limited (“VM Pensions”)

4.17 VM Pensions Management Limited was incorporated on February 3, 1988, with the name Manufacturers Finance Company Limited, and later changed its name to Prime Asset Management Limited. Prime Asset Management Limited was acquired by, and became a wholly owned subsidiary of the Society in 2013. The company changed its name on May 18, 2017 to Victoria Mutual Pensions Management Limited. VM Pensions provides various pension services to its clientele which include pension investment management and administration.

4.18 VM Pensions has an authorised share capital of 6,300,000 ordinary shares of no par value of which are owned as follows:

Shareholders	No. of Ordinary Shares	No. of Preference Shares	% of ordinary capital
VMBS	6,300,000	Nil	100
Total	6,300,000	Nil	100

The current directors of VM Pensions are:

Sandra Shirley-Auxilly, M.B.A., B.Sc. (Hons)
 Devon Barrett, M.B.A., B.Sc.
 Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.
 Rezworth Burchenson, M.B.A., B.Sc.
 Michael McAnuff Jones, M.Sc., M.B.A., A.C.I.B., SPHRI (Chairman)
 Glenn Lawrence, B.Sc.

For the financial year ended December 31, 2021, VM Pensions recorded gross revenue of J\$357,519,000. After tax profits were J\$43,678,000.

VMBS Money Transfer Services Limited (“VM Money Services”)

4.19 VM Money Services was incorporated on October 20, 2004 and is domiciled in Jamaica. It is majority owned by VMBS with a single minority shareholder. VM Money Services provides remittance services to customers in Jamaica.

4.20 The authorised share capital of VM Money Services is 883,290 ordinary shares all of which have been issued and are held as follows:

Shareholders	No. of Ordinary Shares	No. of Preference Shares	% of ordinary capital
VMBS	883,140	Nil	99.990
Payout (Jamaica) Limited	150	Nil	0.010
Total	883,290	Nil	100.000

4.21 The current directors of VM Money Services are:

Michael McMorris, B.A.,
Phillip Silvera, F.C.C.A., F.C.A.
Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.
George Patsalos, B.S.E.E
Brian Goldson, MBA, B.Sc. Chairman
Peter Reid, B.A.
Maya Johnston, M.B.A., B.Sc., B.E.

For the financial year ended December 31, 2021 VM Money Services recorded gross revenue of J\$701,443,545. After tax profits were J\$167,444,087.

VM Innovations Limited (“VM Innovations”)

4.22 VM Innovations was incorporated on March 31, 1988 as Victoria Mutual Properties Limited. The company changed its name to VM Innovations Limited on October 5, 2021. VM Innovations provides real estate, appraisal, rental and property management services in Jamaica. It is anticipated that VM Innovation will play a critical role in the development and implementation of new business models supported by technology platforms to position the Group for growth. The focus will be centered on Innovation Management and training to support digital transformation initiatives and building capabilities.

4.23 The authorised share capital of VM Innovations is 500,000,000 ordinary shares of no par value of which 400,000,000 ordinary shares are issued and are all held by the Society.

Shareholders	No. of Ordinary Shares	No. of Preference Shares	% of ordinary capital
VMBS	400,000,000	Nil	100
Total	400,000,000	Nil	100

4.24 The current directors of VM Innovations are:

Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.
Dr. Maurice McNaughton, Ph.D. – Chairperson
Brian Goldson, M.B.A., BSc
Noel Hann, EJD, FAIA, MCFI

VM Innovations has one wholly-owned subsidiary, namely Victoria Mutual (Property Services) Limited which was incorporated on August 7, 1991.

4.25 For the financial year ended December 31, 2021 VM Innovations recorded gross revenue of J\$419,000. The company made a loss of \$61,869,000.

British Caribbean Insurance Company Limited (“BCIC”)

4.26 BCIC was incorporated on April 23, 1962. In 2010, VMBS sold its insurance business to BCIC, and then acquired shares in BCIC. VMBS acquired a further tranche of shares in BCIC in 2020 and 2021. BCIC provides insurance services to customers in Jamaica, Barbados and Turks and Caicos.

4.27 The authorised share capital of BCIC is 145,985,401 ordinary shares and 72,992,701 preference shares, all of which have been issued and are held as follows.

Shareholders	No. of Ordinary Shares	No of Preference Shares	% of ordinary capital
VMBS	57,286,478	28,643,240	39.24
ICD Group Limited	88,698,923	44,349,461	60.76
Total	145,985,401	72,992,701	100.00

4.28 The current directors of BCIC are:

Vikram Dhiman, M.B.A., B.Sc.
 Peter Levy
 Courtney Campbell, M.B.A., ACIB, B.Sc., J.P.
 Joseph Matalon, B.Sc.
 Peter Melhado, M.B.A., B.Sc.
 Devon Barrett, M.B.A., B.Sc.
 Paul Hanworth, M.A., M.Sc., ACA, C.P.A.
 Philip Armstrong, B.Sc.
 Sandra Shirley-Auxilly, M.B.A., B.Sc. (Hons)
 Audrey Richards, M.B.A., B.Sc.
 Marcus James, M.Sc., B.A.

4.29 For the financial year ended December 31, 2021, BCIC recorded revenue of J\$17,316,240. After tax profits for the year were J\$926,860,000.

C. Regulatory Regime

VMBS

4.30 The entities in the VM Group are regulated by a variety of statutory enactments, rules and regulations. The Society in particular was incorporated under the Building Societies Act and its operations are primarily regulated by that Act and the Banking Services Act.

Banking Services Act

4.31 The Banking Services Act (“BSA”), together with its attendant regulations, regulates the provision of “banking business” in Jamaica. Banking business is defined under the BSA to include, among other things, the receiving of deposits from the public which may be invested by way of advances to customers. No person may carry on banking business in Jamaica without a bank, merchant bank or building society licence. The BSA establishes two authorities which oversee the operations of the Act; namely the Supervisor and the Supervisory Committee. The BSA appointed the Governor of the Bank of Jamaica (BOJ) as the Supervisor. The Supervisory Committee consists of 5 members which include the Supervisor, the Deputy Supervisor of banks and financial institutions appointed under the Bank of Jamaica Act, a senior executive of the BOJ and two other persons appointed by the Minister of Finance and who are not employees of the BOJ. VMBS is licensed as a building society under the BSA and carries on business as such under the regulatory control of the Supervisor and the Supervisory Committee.

4.32 Section 100 of the BSA sets out the legal regime applicable to building societies which propose to implement schemes of arrangement. Pursuant to that section, the Supervisory Committee must approve of the Scheme before the Court can order a meeting of members to consider the Scheme.

Building Societies Act

4.33 The Building Societies Act, as amended by the BSA, regulates the operation of building societies in Jamaica, and governs how these societies may interact with their members.

VM Pensions

4.34 VM Pensions is registered with the FSC as a licensed Investment Manager and a licensed Pension Administrator under the Pensions (Superannuation Funds and Retirement Schemes) Act and a licensed Securities Dealer under the Securities Act.

Pensions (Superannuation Funds and Retirement Schemes) Act

4.35 The Pensions Act and subsidiary regulations govern the pensions industry in Jamaica. These regulate the approval and registration of approved superannuation funds, retirement schemes, trustees and responsible officers, and the licensing of administrators and investment managers. The Act empowers the Financial Services Commission (“FSC”) to regulate and supervise the pensions industry generally.

VM Wealth

4.36 VM Wealth is also registered with the FSC as a licensed Securities Dealer and carries on business as such under its regulatory supervision.

Securities Act

4.37 The Securities Act provides for the licensing, operation and supervision of entities dealing in securities as well as the regulation of the capital markets. The Act establishes the FSC as the entity to regulate the provision of services within this industry.

BCIC

4.38 BCIC is registered with the FSC as a General Insurance Company and carries on business as such.

Insurance Act

4.39 The Insurance Act, and related regulations, govern the issues of capital adequacy and solvency in the Insurance sector and have given the FSC, as regulator, wide powers to supervise and instruct the industries in best practice.

VM Money Services

Bank of Jamaica Act

4.40 Money Transfer and Remittance Agents are regulated by the Bank of Jamaica Act. Under the Bank of Jamaica Act, entities are required to obtain the approval of the Minister of Finance and the Public Service to engage in the business of remittance and money transfer services and entities licensed to operate such businesses are required to do so in accordance with directions of the Minister. The Bank of Jamaica has supervisory and licensing authority over money transfers and remittance agencies through the delegation of such authority by the Minister of Finance and the Public Service by instrument of delegation dated 11th February 2005 granted pursuant to Section 22B(6) of the Bank of Jamaica Act.

4.41 VM Money Services has been granted approval by the Bank of Jamaica, acting on behalf of the Minister of Finance and the Public Service, to engage in the operation of remittance businesses in Jamaica as Primary Agents, and falls under the supervision thereof. The licence granted to VM Money Services to engage in remittance businesses will expire on October 11, 2022.

D. Reasons for the Schemes of Arrangement

4.42 The schemes of arrangement ("the Schemes") are designed to achieve three principal objectives.

(A) Compliance with the Banking Services Act

4.43 The BSA was passed on July 8, 2014. It was, however, not brought into force until September 30, 2015 by the then Minister of Finance and Planning. The reason for postponing the effective date of the Act was to allow the Bank of Jamaica and the Parliamentary Counsel to

complete the drafting of companion regulations, which are crucial to the operation of the Act. Thus, a set of regulations have been made and were gazetted in September 2015.

4.44 The BSA adopted some of the key elements of the Basel II Accord – a set of globally recommended standards adopted by the Basel Committee on Banking Supervision designed to strengthen banking systems globally. Unlike its predecessor, the Banking Act, the BSA focuses on “consolidated supervision” – the concept that the financial institution should be regulated along with its parent company and subsidiaries. Consistent with the principles of consolidated supervision the BSA requires the following:

- (a) That where, as in the case of the VM Group, a group of companies exists and two or more of them are financial institutions and at least one is a deposit-taking institution the group must reorganize itself such that a financial holding company (“FHC”) is established to hold the financial institutions including the deposit-taking institution or the deposit-taking institution could elect to become the financial holding company of the group but, in either case, the financial holding company cannot hold, directly or indirectly, any non-financial company. (See section 69 of the BSA).
- (b) That companies which carry on commercial activities other than financial services (such as VM Innovations) should not be part of a financial group. (See section 69 (B) of the BSA).
- (c) That a licensee under the BSA (such as a bank, a building society or a financial holding company) can only own a subsidiary which is a financial institution – thus the Society cannot continue to own VM Innovations and other non-financial entities in the VM Group. (See section 73 of the BSA). As stated above, the legislation echoes earlier requirements under the Building Societies Act, 2004.

The BSA confers power on the Supervisor (i.e. the Governor of the Bank of Jamaica) to require companies belonging to a group structure which is not compliant with the Act to restructure the group to become compliant and failure to do this within 12 months or such longer period as the Supervisor may allow is a criminal offence. (See section 72 of the BSA).

4.45 The VM Group in its current corporate architecture is non-compliant with the BSA (see Appendix 3 for current structure of the VM Group). Indeed, since 2002 it was not compliant with amendments made to the Building Societies Act. The directors of the Society have determined that the non-financial companies such as VM Innovations and its subsidiary, Victoria Mutual (Property Services) Limited (“VM Property Services”), have important roles to play in the continued development of the VM Group as a whole, and as such ought to be maintained within the broader VM Group.

VM Property Services:

4.46 VM Property Services supports the VM Group in providing real estate and property management services. Over the next five years, VM Property Services intends to:

- a) Operate and expand its role as a Realtor and continue to offer the service of the sale and rental of Jamaican properties to the open market through a team of realtors associates.
- b) Provide property appraisals and valuations for Jamaican properties to clients in the open market.
- c) Provide commercial property management to entities in the VM Group and to expand the service to Non VM Group property owners.
- d) provide project management services (for consultation and building equipment improvement activities) to the VM Group entities and to entities outside of the Group.
- e) embark on property development and project management services on behalf on VMPS, VM Group entities and the open market.

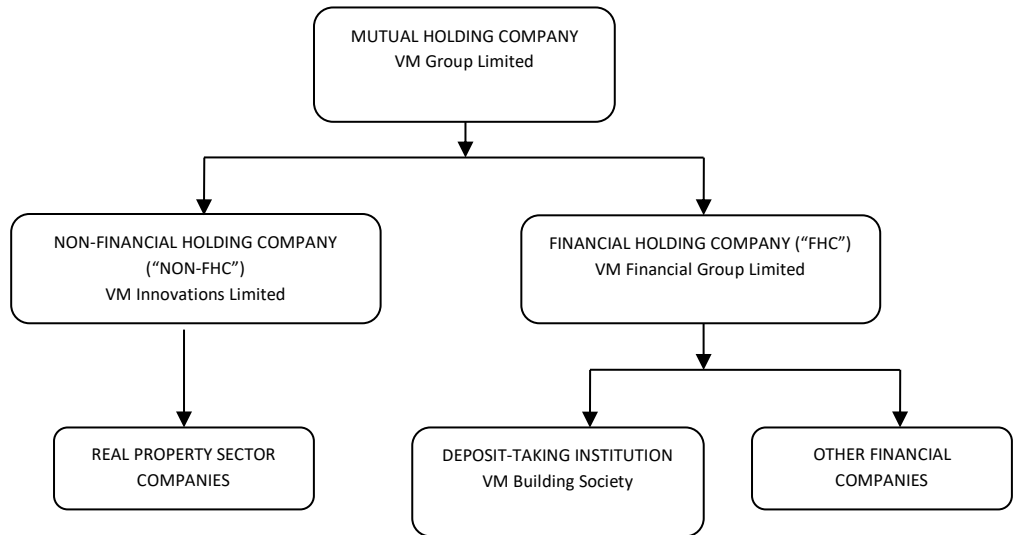
VM Innovations Limited:

4.47 VM Innovations is the entity within the VM Group which will provide the infrastructure, both technical and otherwise, to develop and implement new business models to position the Group for growth. Over the next five years, it is intended that VM Innovations will take the following steps to enhance the value of the VM Group by:

- a) Supporting, maintaining and continuously enhancing the Mortgage Ecosystem Platform.
- b) Facilitating the migration and transition of the New Mortgage Ecosystem Model to core VM Operations.
- c) Implementing and supporting the SME eCommerce platform.
- d) Developing, deploying and supporting Phase 1 of an Artificial Intelligence based Personal Digital Assistant which drives cross selling of VM's products and services and provides financial education to clients.
- e) Providing innovative Management, Consulting and Training Services to SME's to support their Digital Transformation initiatives and ensuring capabilities for accessing VM's digital offerings.
- f) Generating revenue and profit from new innovative products and services including the platforms, API's.
- g) Providing services for the review and evaluation of tech-startups investments and partnerships.
- h) Ongoing ideation, design prototyping and implementation of new business models utilising emerging technologies.

4.48 The Board of your Society therefore feels that there are very good business reasons to retain, within the VM Group, the existing non-financial entities. Your Board also maintains that it is also important to adopt a group structure which would enable the Group to take advantage of emerging business opportunities in the real sector - that is to say the non-financial sector.

Figure#1: below indicates the proposed organisational structure



4.49 In the structure depicted above the financial holding company (“FHC”) and its subsidiaries would be subject to “consolidated” regulatory supervision under the BSA. Accordingly, the Schemes will therefore seek to separate the financial entities within the VM Group from the non-financial or real sector companies and will place them under a separate financial holding company (“FHC”). The non-financial subsidiaries will be placed under a non-financial holding company (“Non-FHC”). Both intermediate holding companies would be wholly-owned subsidiaries of a mutual holding company at the top of the corporate pyramid.

4.50 After careful analysis with the aid of professional legal and accounting advice from Patterson Mair Hamilton and KPMG respectively, your Directors believe that the proposed reorganisation of the VM Group is the most effective way of keeping the group together whilst facilitating compliance with the requirement of consolidated supervision in accordance with the BSA.

(B) Preservation of Mutuality

4.51 The second objective of the Schemes is the preservation of mutual ownership of the VM Group. The Society which is presently the parent of the Group is owned not by shareholders, but by you, its members as a whole. From the date of its incorporation to the present time, the Society has prospered under mutual ownership by its members. Your Directors do not want to change this ownership model to one which focuses on profits for shareholders, who may not even be customers of the organisation.

4.52 At the same time mutual ownership presents certain challenges under the BSA. Since a mutual company operates on the basis of one member one vote, it is not an effective vehicle for raising equity or permanent capital. One of the statutory responsibilities of a financial holding company (“FHC”) within a financial group is to ensure that the deposit-taking institution within the Group and other financial entities are adequately capitalized. (See section 75 of the Banking

Services Act). This is a “carry-over” requirement from the previous regulatory regime under the Building Societies Act, 2004.

4.53 In order to preserve ownership of the Group by its members and yet have a financial holding company (“FHC”) capable of raising external capital when needed as contemplated by the BSA it is necessary to establish a financial holding company (“FHC”) as the intermediate holding company for the deposit-taking institution (such as the Society) and the other financial companies, but with a mutual holding company (“MHC”) as the ultimate parent company of the Group. The members of the Society would therefore, through the MHC, continue to own the Group and the intermediate FHC as the organ through which external capital may be raised to satisfy the BSA requirement. (See figure #3 at paragraph 4.101.)

(C) Conversion of Society to a Proprietary Building Society

4.54 The third objective of the Scheme is the conversion of your Society from a mutual building society to a proprietary building society under the Building Societies Act. As a result of the conversion the Society would cease to be a mutual building society and become a proprietary building society. This is necessary because under the reorganization plan the Society must be held by the financial holding company (FHC) and for that to occur it has to become a proprietary entity capable issuing ownership or equity shares so that it can be consolidated into the FHC for accounting purposes and be subject to consolidated supervision, as required by the BSA.

(D) The Schemes

4.55 The VM Group reorganisation will be implemented by a series of steps including schemes of arrangement. Each of the steps and the schemes are described below in respect of each entity.

The Victoria Mutual Building Society Scheme (“The VMBS Scheme”)

4.56 VMBS is a building society. The objectives of its reorganisation are to:

- (a) convert VMBS to a proprietary building society owned 100% by FHC;
- (b) compensate Members for loss of their membership rights in the Society on its conversion to a proprietary building society by causing MHC (the newly-established holding company for the entire VM Group) to issue similar memberships rights to such Members;
- (c) capitalise J\$1.2 billion of the Society’s retained earnings reserve and issue shares to FHC.

4.57 The reorganisation of VMBS will be effected by a Court-sanctioned Scheme of Arrangement between VMBS and its Members. The terms of the Scheme are set out in **Part 5** of this document. This Scheme will only become effective if the following events occur:

- (a) the Supervisory Committee or other relevant authority granting an approval or no objection confirmation to the conversion to a proprietary building society to take effect as at the Effective Date;
- (b) the Members of the Society must pass a Special Resolution to take effect on the Effective Date to change the name of the Society to VM Building Society and to adopt in the process a set of Rules in a prescribed form;
- (c) as at the Effective Date, the following Scheme is duly sanctioned by the Court, as respects VMBS namely:
 - (i) the Society shall be converted from a mutual building society to a proprietary building society;
 - (ii) the liability in the balance sheet of VMBS as at the date when the Scheme becomes effective (“the Effective Date”) represented by 15-year Dormant Accounts and being approximately J\$1.2 billion (or such amount as may exist as at the Effective Date) shall be extinguished and the revenue reserves arising therefrom shall be constituted as part of the capital base of the Society in the form of retained earnings reserve;
 - (iii) the Membership Rights of all Members in the Society shall be cancelled;
 - (iv) all of the sum standing to the credit of the Permanent Capital Fund being approximately J\$7,746,058,000.00 shall be capitalized and allotted and issued to FHC as fully paid proprietary shares, free from all Encumbrances (at the issue price of J\$1.00 per share);
 - (v) in consideration for the Society issuing such shares to FHC, FHC will, in turn, issue a similar number of ordinary shares to MHC; and
 - (vi) in consideration for MHC receiving such shares from FHC, MHC will issue to the Members of the Society Membership Rights in MHC to all Members of the Society.

MHC shall also establish and maintain a register of Members of the Society with 15-year Dormant Accounts who would have been eligible for the grant of Membership Rights were their account not a 15-year Dormant Account and, if any such Member or his personal representative or assigns shall thereafter make contact with the Society and shall activate his 15-Year Dormant Account, such Member or his personal representative or assigns shall be accorded full Membership Rights as from the Effective Date and his right, title and interest in, and to, his 15-Year Dormant Account shall be restored as of the Effective Date to the same extent and in the same manner as if the account were never extinguished as of the Effective Date of the Scheme.

4.58 Immediately upon the completion of the above transactions the results will be as follows:

- (a) the Society will become a proprietary building society;
- (b) the Society will be wholly-owned by FHC;
- (c) FHC, in turn, will be wholly-owned by MHC;
- (d) MHC will be wholly-owned by persons who were Members of the Society immediately prior to the cancellation of Membership Rights referred to in paragraph 4.67(c)(ii) above; and
- (e) Approximately J\$1.2 Billion liability in the balance sheet of VMBS represented by 15-year Dormant Accounts will be extinguished and the relevant amount will constituted as part of the capital base of the Society in the form of retained earnings reserve.

The resulting structure of the VM Group after the completion of the Scheme and the transfer of the UK subsidiaries and VM Foundation is set out in Appendix 4 below.

The Victoria Mutual Investments Limited Scheme (“The VMIL Scheme”)

4.59 VMIL is an investment and financing company which provides margin loans and corporate loans to customers. Its operations are managed by its wholly owned subsidiary, VM Wealth. VM Wealth is a licensed securities dealer offering stock and investment brokering, investment advisory services and securities dealing services to clients. The objective of the reorganisation of this company is to cause it to become a subsidiary of FHC. The reorganisation of VMIL will be effected by a Court-sanctioned Scheme of Arrangement between VMIL and its ordinary shareholders. This Scheme will become effective only if the Scheme of Arrangement in respect of VMBS and its demutualisation shall occur.

4.60 The VMIL Scheme will involve the following, namely:

- (a) all the ordinary shares issued by VMIL and held by VMBS shares will be cancelled;
- (b) immediately upon such cancellation, the capital reserves arising from the cancellation of such share capital shall be capitalized and a similar number of ordinary shares shall be issued by VMIL directly to FHC; such new shares to be credited as fully paid; and
- (c) in consideration for receiving the new VMIL shares, FHC shall allot and issue a similar number of ordinary shares to MHC; such FHC Shares to be credited as fully paid.

The effect of the foregoing Scheme is that VMIL will thereby become a direct subsidiary of FHC.

The Victoria Mutual Pensions Management Limited Scheme (“The VM Pensions Scheme”)

4.61 VM Pensions provides an array of pension services in Jamaica. The objective of the reorganisation of this company is to cause VM Pensions to become a wholly-owned subsidiary of FHC. The reorganisation of VM Pensions will be effected by a Court-sanctioned Scheme of Arrangement between VM Pensions and its sole shareholder (being VMBS). This Scheme will become effective only if the Scheme of Arrangement in respect of VMBS and its demutualisation shall become effective.

4.62 The VM Pensions Scheme will involve the following, namely:

- (a) all the shares issued by VM Pensions and held by VMBS will be cancelled;
- (b) immediately upon such cancellation, the capital reserves arising from the cancellation of such share capital shall be capitalized and a similar number of shares shall be issued by VM Pensions directly to FHC; such new shares to be credited as fully paid; and
- (c) in consideration for receiving the new VM Pensions shares, FHC shall allot and a similar number of ordinary shares to MHC; such FHC Shares to be credited as fully paid.

The effect of the foregoing Scheme is that VM Pensions will thereby become a direct subsidiary of FHC.

The VMBS Money Transfer Services Limited Scheme (“The VM Money Services Scheme”)

4.63 VM Money Services provides remittance services to customers in Jamaica. The objective of the reorganisation of VM Money Services is to cause it to become a subsidiary of FHC. The reorganisation of VM Money Services will be effected by a Court-sanctioned Scheme of Arrangement between VM Money Services and its shareholders. This Scheme will become effective only if the Scheme of Arrangement in respect of VMBS and its demutualisation shall occur.

4.64 The VM Money Services Scheme will involve the following, namely:

- (a) all the shares issued by VM Money Services and held by VMBS will be cancelled;
- (b) immediately upon such cancellation, the capital reserves arising from the cancellation of such share capital shall be capitalized and a similar number of shares shall be issued by VM Money Services directly to FHC; such new shares to be credited as fully paid; and

- (c) in consideration for receiving the new VM Money Services shares, FHC shall allot and issue (free from Encumbrances) a similar number of ordinary shares to MHC; such FHC Shares to be credited as fully paid.

The effect of the foregoing Scheme is that VM Money Services will thereby become a direct subsidiary of FHC.

The British Caribbean Insurance Company Limited Scheme (“The BCIC Scheme”)

4.65 BCIC provides general insurance services to customers in the Caribbean. The objective of the reorganisation of BCIC is to cause it to become a subsidiary of FHC. The reorganisation of BCIC will be effected by a Court-sanctioned Scheme of Arrangement between BCIC and its shareholders. This Scheme will become effective only if the Scheme of Arrangement in respect of VMBS and its demutualisation shall occur.

4.66 The BCIC Scheme will involve the following, namely:

- (a) all the shares issued by BCIC and held by VMBS will be cancelled;
- (b) immediately upon such cancellation, the capital reserves arising from the cancellation of such share capital shall be capitalized and a similar number of shares shall be issued by BCIC directly to FHC; such new shares to be credited as fully paid; and
- (c) in consideration for receiving the new BCIC shares, FHC shall allot and issue (free from Encumbrances) a similar number of ordinary shares to MHC; such FHC Shares to be credited as fully paid.

The effect of the foregoing Scheme is that BCIC will thereby become a direct subsidiary of FHC.

The VM Innovations Limited Scheme (“The VM Innovations Scheme”)

4.67 VM Innovations provides real estate, appraisal, rental-property management services in Jamaica. The objective of the reorganisation of this company is to cause VM Innovations to become a wholly-owned subsidiary of MHC. The reorganisation of VM Innovations will be effected by a Court-sanctioned Scheme of Arrangement between VM Innovations and its shareholder (being VMBS). This Scheme will become effective only if the Scheme of Arrangement in respect of VMBS and its demutualisation shall occur.

4.68 The VM Innovations Scheme will involve the following, namely:

- (a) all the shares issued by VM Innovations and held by VMBS will be cancelled;

immediately upon such cancellation, the capital reserves arising from the cancellation of such share capital shall be capitalized and a similar number of shares shall be issued by VM Innovations directly to MHC; such new shares to be credited as fully paid.

The effect of the foregoing Scheme is that VM Innovations will thereby become a direct subsidiary of MHC.

E. Action to be taken in respect of the VMBS Scheme

4.69 It is important that for the Court Ordered Members' Meeting and the Annual General Meeting (AGM) of the Society, as many votes as possible are cast so that Court may be satisfied that there is a fair and reasonable representative of Members' opinion on the VMBS Scheme. You are therefore strongly encouraged to attend the Meetings but if you are unable to, please submit both your Forms of Proxy as soon as possible to:

**The Corporate Secretary
Victoria Mutual Building Society
73-75 Half Way Tree Road Kingston 10
Jamaica.**

Voting at the Court Ordered Members' Meeting

4.70 The VMBS Scheme will require approval of the Scheme at a meeting of members of the Society by not less than 75% of the members present and voting on the Scheme Resolution. This meeting will be held at:

The National Arena
Arthur Wint Drive
Kingston 5
Jamaica

at 3:00 p.m. on August 9, 2022

4.71 Each member regardless of how many accounts he may have with the Society or the balance(s) in his respective account(s) will have one (1) vote.

Voting at the AGM

4.72 Implementation of the Scheme will also require the passing of a special resolution to change the name of the Society. A special resolution must be passed by a 75% majority of the Members present and voting at the meeting in person or by proxy. **Each member shall have one (1) vote. Please note that merely submitting a Proxy does not result in an automatic vote. The person appointed to be your Proxy must attend and cast his/her vote.** A proxy must vote as directed by you but if you do not give him directions how he should vote he may vote in whatever way he pleases.

4.73 The AGM will be held at the same place/ in the same format as the Court Ordered Members' Meeting at approximately 6:00 pm on the same day (or as soon thereafter as the Court Ordered Members' Meeting is concluded or adjourned).

Notices

4.74 Notice of the Court Ordered Members' Meeting is set out in **Appendix 1** and Notice of the AGM is set out in **Appendix 2** of this document.

PLEASE CHECK TO MAKE SURE THAT YOU HAVE RECEIVED WITH THIS DOCUMENT THE FOLLOWING:

- A BLUE Form of Proxy for use in respect of the Court Ordered Members' Meeting on August 9, 2022; and
- A YELLOW Form of Proxy for use in respect of AGM on August 9, 2022.

4.75 If you have not received the Forms of Proxy please contact VMBS' Member Engagement Centre as set out below. The Scheme Documents can be viewed on the VMBS website at www.VMBS.com. Forms of proxies may also be downloaded from that web site and completed and delivered to any VMBS location (including any VM Money Services outlet).

4.76 If you do not plan to attend the Court Ordered Members' Meeting or the AGM, PLEASE COMPLETE, SIGN AND RETURN BOTH THE BLUE AND YELLOW FORMS OF PROXY in accordance with the instructions written on them, as soon as possible, so as to be received by:

The Corporate Secretary
Victoria Mutual Building Society
73-75 Half-Way-Tree Road
Kingston 10

but in any event, no later than 10 days before the date of the AGM or any adjourned meeting thereof, in the case of the Yellow Form, and 48 hours before the date of the Scheme Meeting or an adjournment thereof in the case of the Blue Form. This would allow your votes to be counted at the Meeting in the event of your absence. Stamped addressed envelopes will be available for posting proxies to the Corporate Secretary of the Society.

4.77 If the Blue Form of Proxy for use at the Court Ordered Members' Meeting is not lodged with the Corporate Secretary of the Society by 3:00 p.m. on August 5, 2022 it may be handed to the Chairman of the Court Ordered Members' Meeting before the start of the Meeting. However, the Yellow form of proxy for use at the AGM CANNOT be handed to the chairman of the meeting before the start of the AGM and must, according to the Rules of the Society, be received by the Society by 3.00 p.m. on July 30, 2022 to be valid – that is at least 10 days before the AGM is scheduled to begin. This latter requirement is mandated by the current Rules of the Society.

4.78 As an alternative to sending your Form of Proxy in hard copy format to the Secretary you may submit Forms of Proxy in one of the following ways:

- (a) by e-mail to: **VMproxies@myvmgroup.com**

- (b) delivery to any branch of the Society.

THE COMPLETION AND RETURN OF FORMS OF PROXY WILL NOT PREVENT YOU FROM ATTENDING AND VOTING IN PERSON AT EITHER THE COURT ORDERED MEMBERS' MEETING OR THE AGM. IF AFTER SUBMITTING A FORM OF PROXY YOU ATTEND THE MEETING IN PERSON THEN YOUR PROXY WILL BE INVALID AND YOU WILL BE ENTITLED TO VOTE IN PERSON.

The Society will stamp unstamped proxies which are otherwise valid.

VM GROUP MEMBER ENGAGEMENT CENTRE

4.79 If you have not received a set of the relevant documents by e-mail or from publication in a daily newspaper you may:

- (a) **pick up a set at any Office of the Society (including any VMIL branch or VM Money Services outlet);**
- (b) **call the VMBS Member Engagement Centre, which will be open Monday to Friday 7 a.m. to 8 p.m., Saturday 10 a.m. to 6 p.m. and Sunday 10 a.m. to 3 p.m. including public holidays, at:**

(876) (Flow) (876) 8754-8627

TOLL FREE:

From Jamaica 1-888-937-8627

From United States of America 1-866-967-8627

From Canada 1-866-967-8627

From United Kingdom 0-800-068-8627

- (c) **e-mail the VM Group Member Engagement Centre:
questions@myvmgroup.com**

Please note that calls to the VMBS Member Engagement Centre may be monitored or recorded. Please also note that the Member Engagement Centre will only be able to provide information contained in this document and the Engagement Centre Operators will be unable to give advice on the merits of the conversion of the Society to a proprietary building society or any of the Schemes or to provide financial, investment or legal advice. Members are recommended to consult their own independent professional adviser in respect of such matters.

F. How the Scheme will be implemented

4.80 A scheme of arrangement is a statutory procedure undertaken with the approval of the Court through which a variety of corporate transactions affecting a company and its shareholders or a company or its creditors may be implemented. The statutory provisions which govern schemes

of arrangement are found in sections 205-211 of the Companies Act, 2004. It is made applicable to building societies by section 100 of the Banking Services Act.

The VMBS Scheme

4.81 The VMBS Scheme will be a scheme between the Society and its Members. The objective of the VMBS Scheme is to:

- (a) convert VMBS to a proprietary building society (VM Building Society);
- (b) transfer all of the Membership Rights to MHC; and
- (c) extinguish liabilities represented by 15-year Dormant Accounts.

4.82 The VMBS Scheme will be implemented as follows:

Step # 1

- (a) First, VMBS files an Application to the Court for an Order by the Court to convene a meeting of its Members to consider and vote upon the proposed VMBS Scheme. That Application was filed on June 22, 2022 and was accompanied by the following documents:
 - (i) An Affidavit sworn by Courtney Campbell, President & CEO, of the Society;
 - (ii) The draft of the Scheme of Arrangement; and
 - (iii) this Explanatory Statement

The purpose of the Explanatory Statement is to explain to the Members of the proposed VMBS Scheme, its effect and the reasons for it.

The Application to the Court was heard on July 5, 2022 before the Hon. Mrs. Justice C. Brown Beckford in the Supreme Court of the Judicature of Jamaica. The learned Judge granted the Order in the terms proposed for the Court Ordered Members' Meeting to be held.

Step # 2

- (b) Step #2 is for the meeting which the Court has ordered to be held, to be summoned. In most cases a court meeting would be summoned by sending through the post a notice of the meeting together with the relevant document relating to the meeting. In the case of a scheme the relevant documents which must accompany the notice would be:

- (i) a form of Proxy;
- (ii) the draft of the Scheme of Arrangement; and
- (iii) the Explanatory Statement.

The Society has approximately 1,331,814 Members located in Jamaica, Canada, the United States, the United Kingdom, the Caribbean and other territories. Research has shown that to distribute by ordinary mail a letter size package containing documents running to say 250 pages to the Society’s Members (as of 2021) in these locations would be highly expensive as shown in the table below.

<i>Location</i>	<i>Members</i>	<i>Postage Cost (J\$)</i>
Canada	18,790	18,038,400
Jamaica	1,125,606	675,363,600
United Kingdom	69,118	96,765,200
United States of America	88,585	66,438,750
Total	1,302,099	856,605,950

It would be cost-prohibitive to send the Court documents via the post. Accordingly, with the approval of the Court, the Scheme Documents for the VMBS Scheme will be circulated and made available to Members by the following means:

- (i) publishing a notice of the Court Ordered Members’ Meeting in a local newspaper;
- (ii) placing copies in all VMBS and VM Money Services offices for pick-up by Members;
- (iii) e-mailing copies to Members who have provided the Society with their e-mail addresses or who request the Scheme Documents and provide an e-mail address to the Society;
- (iv) sending text messages to members regarding the meetings and availability of the Scheme Documents;
- (v) uploading the documents on a special page created on the VMBS website at www.VMBS.com
- (vi) provided that same is not inconsistent with applicable law and regulation in any relevant country and, in the absolute judgment of the Society’s Board of Directors, can be carried out without undue logistical or other burden on the Society, by conducting a series of virtual town hall meetings to which Member, including Overseas Members shall be invited to participate electronically;

- (vii) by holding town hall meetings in key locations where pockets of Members reside such as Kingston, Mandeville, Montego Bay; and
- (viii) radio announcements telling members how they can get copies of the Scheme Documents.

Step# 3 – The Meeting

- (c) VMBS will hold two meetings on the same day. First, the Court Ordered Members' Meeting at 3:00 p.m. and an Annual General Meeting ("AGM") at approximately 6:00 p.m. (or as soon thereafter as the Court Ordered Members' Meeting is concluded or adjourned). The Court Ordered Members' Meeting is the meeting convened pursuant to the Order of the Court. The purpose of this meeting is to consider and approve the VMBS Scheme. At this meeting the VMBS Scheme will be explained and Members will then be asked to vote by ballot on the Scheme i.e. yes or no.

KPMG will act as scrutineers. Each Member of the Society will have one vote only, regardless of the numbers of accounts or the balance in his account(s) or his mortgage or other loan balance which he may have with the Society. For the Scheme to be approved at least 75% of the Members present and voting, whether in person or by proxy, on the VMBS Scheme must vote "yes" for the Scheme.

The second meeting, (the AGM) will occur seamlessly after the Court Ordered Members' Meeting. The purpose of this Meeting is to consider a special resolution to convert the Society to a proprietary building society and to adopt new Rules A special resolution means that the motion must be approved by at least 75% of the Members, present and voting in person or by proxy, on the motion. The adoption of the special resolution at the AGM is conditional upon the Scheme Resolution being passed by the requisite majority at the Court Ordered Members' Meeting.

Step# 4 – Second Court Hearing

- (d) Assuming that the Scheme Resolution and the special resolution are passed, a second Application would be made to the Court. For this, a Chairman's Report setting out the results of the Court Ordered Members' Meeting would be prepared together with an Affidavit of the Secretary of VMBS swearing that the Court Ordered Members' Meeting was properly convened and held.

If the Court is satisfied that the VMBS Scheme is fair to its Members and the proper procedures were followed it would be expected to make an Order sanctioning (that is to say, approving) the VMBS Scheme.

After the Court Order is made the Society would file a copy of the Order with the Registrar of Companies upon which the Scheme will become effective.

Upon the VMBS Scheme becoming effective it will be binding on all VMBS Members, irrespective of whether or not they attended or voted at the Court Ordered Members' Meeting (and if they attended and voted, whether or not they voted in favour of the Scheme.)

The Other Schemes

4.83 Concurrently with the VMBS Scheme each of the other Scheme Companies would be undertaking their own Schemes of Arrangement. The major difference between each of those Schemes and the VMBS Scheme is that the Scheme Companies are all subsidiaries of VMBS or private companies in which VMBS holds shares or is a member. Each of those Schemes will be between the relevant Scheme Company and its shareholders which in the case of 100%-owned subsidiaries will be VMBS or other companies in which VMBS has an interest, such as VMIL, BCIC and VM Money Services.

4.84 In the case of those Scheme Companies which are 100%-owned subsidiaries the relevant scheme meetings will be relatively simple because only VMBS would be voting as the sole shareholder although in some cases nominee shares might be held by officers of VMBS and such nominee shareholders may also be required to vote as directed by VMBS.

4.85 The procedure described above relative to VMBS would obtain in relation to these companies which are wholly-owned and controlled by VMBS. Thus, in relation to these companies the procedure would be as follows:

- (a) An Application was made to the Court for an Order that a meeting of the shareholders of each such Company be held. These Applications were made at the same time as the Application for VMBS.
- (b) These Applications were heard at the same time as the application for VMBS and the Hon. Mrs. Justice C. Brown Beckford made similar Orders for a Meeting of the shareholder(s) of each such Scheme Company to be held. As subsidiaries of VMBS, VMBS can consent to the Court-ordered meeting being held at any time unless prohibited by the Court Order.
- (c) Each Court Ordered Members' Meeting will be held and if the VMBS Scheme is approved by the requisite majority of Members then VMBS will also approve or cause the relevant Scheme in respect of each such Scheme Company to be likewise approved. In the case of each Scheme Company, its Scheme must be approved by a majority in number of the shareholders holding not less than 75% of the votes cast on the resolution.
- (d) The (i) Chairman's Report in respect of each Company would be prepared and filed in Court along with (ii) the Secretary's Affidavit swearing that the relevant scheme meeting was duly held and (iii) an Application for the Final Court Order seeking a Final Order of the Court sanctioning each Scheme.

- (e) When the Court Order sanctioning a Scheme is filed with the Registrar of Companies each of these Schemes would become effective.

4.86 VMIL and VM Money Services are 80% and 99.99% subsidiaries respectively of VMBS. VMBS also holds 38.55% of the issued shared capital in BCIC. The minority shareholder's (majority shareholder's in the case of BCIC) interest in these companies must be respected. Thus, the scheme meetings for each of these companies must be convened formally by 21 days' notice unless the minority shareholders consent to short notice. The procedure summarized in paragraph 4.82 above (with the exception of calling for a Annual General Meeting, and that notice will be given directly to the shareholders) will apply *mutatis mutandis* to the scheme in relation to these subsidiaries. Additionally, Members of VMIL, BCIC and VM Money Services are to send their proxy forms to the following addresses:

If to VMIL:

The Corporate Secretary
Victoria Mutual Investments Limited
73-75 Half-Way-Tree Road
Kingston 10

If to VM Money Services:

The Corporate Secretary
VMBS Money Transfer Services Limited
73-75 Half-Way-Tree Road
Kingston 10

If to BCIC:

The Corporate Secretary
Victoria Mutual Building Society
73-75 Half Way Tree Road
Kingston 10

4.87 In the case of each of the Scheme Companies, the Scheme resolution is deemed to be passed if two (2) voting thresholds are achieved. Thus the Scheme Resolution must be approved by:

- (a) a majority in number of the shareholders in attendance at the meeting; ("Head Count Test"); and
- (b) such majority must have voted not less than 75% of the votes cast on the resolution in favour of the resolution ("the Majority-in-Value Test").

The Court Ordered Members' Meeting for VMBS

4.88 The Court Ordered Members' Meeting for VMBS which has been convened for 3:00 p.m. on August 9, 2022 at the National Arena, Arthur Wint Drive, Kingston 5, Jamaica, is being held at the direction of the Court for the purpose of enabling the Members of the Society to consider, and if thought appropriate, to vote to approve the VMBS Scheme. The Court will not generally exercise its discretion to grant the final Court Order sanctioning the VMBS Scheme unless the Scheme is approved at the Court Ordered Members' Meeting by the requisite statutory majority – in this case 75% of the votes cast on the resolution.

4.89 At the Court Ordered Meeting, voting will be by poll and each Member present in person or by proxy will be entitled to one vote. In order for a Scheme to be approved at the Court Meeting the law (section 206 of the Companies Act) requires that those voting to approve the Scheme must:

- (a) represent a simple majority in number of that Scheme's Shareholders present and voting in person or by proxy; and
- (b) represent not less than 75% in nominal value of Scheme Shares held by that Scheme's Shareholders present and voting in person or by proxy.

In the case of VMBS however, since each Member has only one (1) vote regardless of the number of accounts which he has with the Society or the balance standing to the credit of his account(s) or his mortgage or other loan balance it means that the only voting requirement is that 75% of the votes which are cast on the Scheme Resolution must be in favour of the Resolution.

4.90 **At the Court Ordered Members' Meeting, it is particularly important that as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Members' opinion. You are therefore strongly recommended to submit your Forms of Proxy as soon as possible.**

4.91 You will find the Notice of the Court Ordered Meeting for VMBS at Appendix 1 of this document.

The AGM for VMBS

4.92 The AGM for VMBS has been convened for approximately 6:00 p.m. (or as soon thereafter as the Court Ordered Members' Meeting is concluded or adjourned) on August 9, 2022 to consider, and if thought fit, pass the following Resolutions:

As a Special Resolution

- (a) *“That subject to, and contingent upon, the Scheme of Arrangement proposed by the Society being sanctioned by the Supreme Court of Judicature of Jamaica and the Supervisory Committee granting its approval or no objection confirmation to the Scheme that, with effect from the Effective Date of such Scheme of Arrangement, the Society hereby changes its name to **VM Building Society** and*

that the draft Rules attached hereto as an Appendix (or if not attached available for review at www.myvmgroup.com) be and are hereby adopted as the Rules of the Building Society”.

As an Ordinary Resolution

- (b) *“That the Directors be and are hereby authorised to bring into effect the Schemes of Arrangement and cause the Society to implement the Schemes of Arrangement relative to its various subsidiaries.”*

4.93 Resolution (a) is being proposed at the AGM in order to authorize the building society to change its name and adopt new Rules by passing a special resolution to this effect. Resolution (b) is being proposed purely out of an abundance of caution to authorize the Board of Directors of VMBS to vote as shareholders in the various Scheme Companies as respect their respective other Schemes and generally to implement all the Schemes which are proposed.

4.94 Each Special Resolution will require votes in favour of not less than 75% of the votes cast on the Resolutions. The Chairman of the AGM intends to exercise his rights to demand that the vote of the Members at the AGM be conducted by way of a poll. Each Member of the Society will have one vote.

4.95 You will find the Notice of the AGM at Appendix 2 of this document.

Chairman of the VMBS Scheme Meeting

4.96 The Court has ordered that the VMBS Scheme Meeting be chaired by Michael McMorris, or if he is absent (or present but unwilling to chair the meeting), then by Matthew Wright, or if Matthew Wright is absent (or present but unwilling to chair the Meeting), then by Courtney Campbell.

Chairman of the VMBS AGM

4.97 This meeting is not being held pursuant to the Court Order – it is being held by order of the Board. The Chairman of the Board will customarily chair this meeting but if he is absent (or present but unwilling to chair the meeting) then the Deputy Chairman, Matthew Wright will take the chair. If Matthew Wright is absent (or present but unwilling to take the chair) then the Directors present must approve one of their number to chair the Meeting.

Chairman of Other Scheme Meetings

4.98 The Chairmen of the Scheme Meetings in respect of the Scheme Companies and their substitutes in the event of their being absent or otherwise unwilling to act are as shown in the following table:

<i>Company</i>	<i>Chairman</i>	<i>1st Substitute</i>	<i>2nd Substitute</i>
VMIL	Michael McMorris	Milton Samuda	Noel Hann
VM Pensions	Michael McAnuff-Jones	Sandra Shirley-Auxilly	Courtney Campbell
VM Money Services	Brian Goldson	Michael McMorris	Courtney Campbell
VM Innovations	Maurice McNaughton	Courtney Campbell	Noel Hann
BCIC	Vikram Dhiman	Courtney Campbell	Peter Levy

G. Mutuality

4.99 The Society from its inception to the present time has been a mutual society. That means it has no shareholders. Its members (being persons holding deposit accounts and persons who are granted mortgage loans) are the “owners” of the Society. As a mutual organisation, the Society does not have to pay out profits (in the form of dividends) to shareholders – indeed it has no shareholders. Instead profits are customarily passed through to the members by way of lower fees, lower mortgage loan rates and comparatively higher interest rates on deposit.

4.100 One disadvantage of being a mutual society is that VMBS cannot effectively raise equity capital: that is to say, it cannot issue ordinary shares because it cannot have proprietary shareholders with voting rights based on the number of shares held. As a building society each Member, regardless of the size and number of accounts which he holds, has only one vote. Under the Bank of Jamaica (Building Societies) Regulations, 1999 (now repealed) and the BSA allowance was (and is) made for mutual building societies to issue what are called “deferred shares”. Although called “shares” they are in the nature of interest-bearing debt instruments and are generally expected to be redeemed after a designated period.

4.101 Two principal aims of the Banking Services Act, 2014 is to cause financial groups which have a licensed deposit-taking institution among its members to be organized to facilitate effective consolidated supervision and for the financial holding company in the group to be placed in a position to support the capital and liquidity needs of financial subsidiaries within the financial group. In addition, your Directors want to maintain the ownership of the VM Group in the hands of the Members. To achieve all those seemingly conflicting objectives the Society will reorganize itself as follows:

- (a) First, it will be converted to a proprietary building society which will continue to operate as a proprietary building society under the BSA

- (b) The membership rights which the Members have in the Society will be cancelled and the building society (renamed VM Building Society, formerly VMBS) will issue shares to VM Financial Holding Company Limited (“FHC”).
- (c) In consideration for receiving shares in the building society (formerly VMBS) FHC will issue shares to a new mutual holding company (“MHC”).
- (d) MHC will then issue membership rights and automatically admit to membership all the Members of the Society (except those with 15-year Dormant Accounts) thereby compensating them for the loss of membership rights in the Society. Members who hold 15-year Dormant Accounts will be eligible for and granted Membership Rights in MHC on request or, if they elect, repayment of their account balance from the Society.

Figure #2: below illustrates the present ownership structure of the VM Group.

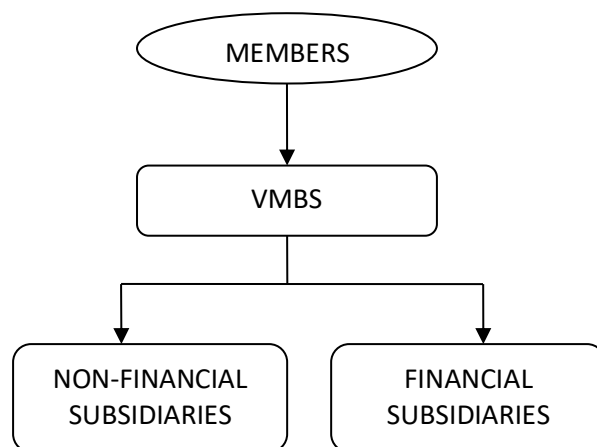
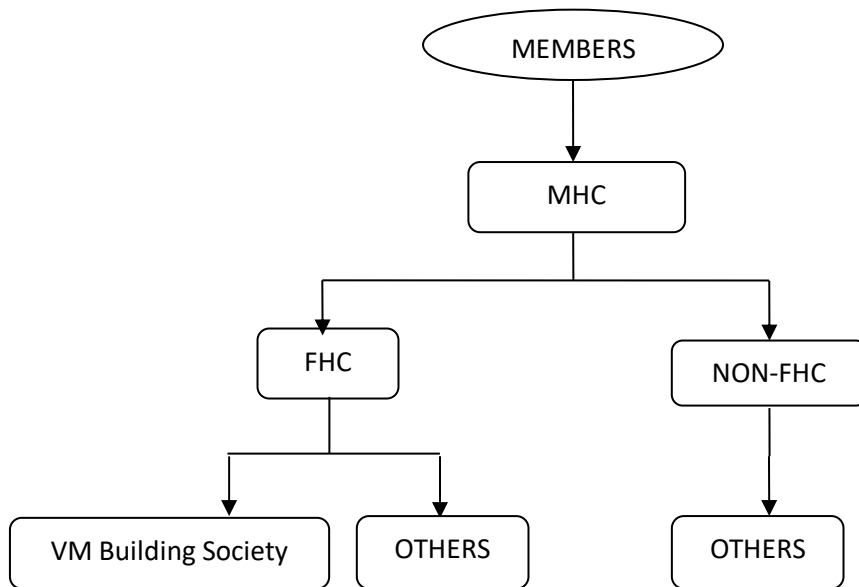


Figure #3: below illustrates the ownership structure of the VM Group after the completion of the reorganisation process:



4.102 Figure #3 clearly shows that the Members will own the MHC which will in turn own the new FHC and Non-FHC and both FHC and the Non-FHC will own all the existing companies in the Group. Thus no company or any value will, as a result of the reorganisation, leave the VM Group and the entire group will, as before, continue to be owned by the Members under the principle of mutuality.

H. Preservation of Mutuality

4.103 Your Directors also believe that it is in the interest of the VM Group and the Members, as a whole that the VM Group should continue under mutual ownership and should be protected from the risk of predatory demutualisation. To this end the Articles of Incorporation of the MHC have been structured to safeguard against predatory take-over of the VM Group. These safeguards reflect the fact that the customary line of attack is to acquire control of the Board of the MHC and then to cause the Board to undertake a scheme or some other transaction designed to achieve demutualisation.

4.104 In the United Kingdom, Australia and other Commonwealth countries mutual societies have been demutualized by outsiders commonly called “carpetbaggers” who do so by offering one-time bonus payments or other initial benefits to members with very little regard to the long term viability of the society. The following are the features which are entrenched into the Articles of Incorporation of the MHC to guard against such third party predation and take-over.

Staggered Board

4.105 The constitution of most companies provides that one-third of the directors shall retire by rotation at each annual general meeting. It means that if a controlling shareholder wants to change the entire board against the wishes of the directors, it would take him three (3) years to complete

the process unless he resorted to a special procedure under the Companies Act, 2004 to remove the directors, against their will. In the case of the MHC, the staggering of the board will be extended over a longer period –that is to say, at each annual general meeting only two (2) of the directors will retire by rotation. Thus, in the absence of resorting to the special procedure under section 179 of the Companies Act, 2004 to remove a director, it would take a predator a longer period to completely remove all the existing directors and install directors nominated by him.

4.106 Admittedly, this is not a strong defensive barrier because a determined predator may use the special notice procedure in section 179 of the Companies Act, 2004 to remove a sitting director against his will if he can muster a majority vote in general meeting.

Nomination for election to the Board

4.107 A second and more robust defence against so-called “*carpet bagging*” is a provision in the Articles of the MHC dealing with the nomination of board candidates from the floor. The constitution of most companies customarily provide that a potential candidate for a board seat who is not recommended by the existing directors must be proposed by a shareholder who is qualified to attend and vote at the relevant general meeting. Additionally, the proposer must not less than 14 nor more than 21 days before the date of the meeting, serve a notice upon the company of his intention to propose the appointment of the candidate from the floor and the candidate must also provide to the company a signed consent of his willingness to stand for election to the Board. The purpose of this prior notice requirement is to enable the existing directors to undertake a background check of the candidate before the date of the meeting and be in a position to take an informed position on his candidacy.

4.108 A common strategy of outsiders (carpetbaggers) who wish to launch a plan to acquire control of a building society is to elect directors supportive to their cause on the board of the society. In order to achieve their aim, they encourage non-members to join the Society by opening small savings accounts on the promise of a windfall in profits upon demutualisation. The result, if the plan succeeds, is that the new members, whose only interest in joining was to participate in benefits promised by the carpetbaggers, would receive benefits which should otherwise accrue to the incumbent Members whose association with the Society over the years would have contributed to its success.

4.109 In order to counter this form of blatant opportunism by outsiders, the Articles of the MHC provides that a candidate for election to the Board of the MHC who is not recommended by the existing Board must be proposed in writing by at least 100 Qualified Two Year Members of the Society who, on the date on which the MHC received the notice of intention to nominate the candidate held an account (“Qualifying Account”) during the last 2 years or a non-defaulting loan for a period of not less than two (2) years

4.110 Although the proposed candidate may be elected by a majority vote, the fact that he must be proposed under the signature of not less than 100 Qualified Two Year Members means that new Members who join only for the prospect of reaping a possible windfall profit on demutualisation will not be allowed to propose a candidate for election to the Board or to vote on the resolution.

Note also that a Qualified Two Year Member may only propose one candidate during any 12 month period.

Predation Event

4.111 In the Articles, the following terms have the following meanings:

“Predation Event” means any act done by or on behalf of an Acquirer in pursuance of:

- (i) the demutualisation of the MHC or any attempt to demutualise the MHC; or
- (ii) the acquisition of a Substantial Interest, directly or indirectly, in the Financial Holding Company or the Society without the consent of the Incumbent Directors; or
- (iii) the acquisition of the business of the Society or a substantial part of such business without the consent of the Incumbent Directors; or
- (iv) the Packing of the Board; or
- (v) the request by any one or more Members of the Company under section 135 of the Companies Act or otherwise to circulate to the Members any Members’ motion, resolution or written circular which is not unanimously supported and endorsed by all the Incumbent Directors; or
- (vi) the requisition of a special general meeting pursuant to these Articles or the Act with a view of proposing any motion or resolution in pursuance, directly or indirectly, of any of the matters set out as a Predation Event herein;
- (vii) the solicitation of proxies to vote or refrain from voting on any resolution proposed at any general meeting of the MHC or the FHC; or
- (viii) the material modification of the ownership structure of the VM Group; or
- (ix) the deletion or modification of any of the Mutuality Articles;

“Acquirer” means any one or more persons, acting in concert, who shall launch or implement any plan or proposal which could result in a Predation Event or the aim of which is to cause a Predation Event;

“Incumbent Directors” means, as at any time, the Directors of MHC who have served as directors of MHC for the immediately preceding three (3) years and, for this purpose, during the first three (3) years after the Effective Date of the Scheme, service on the Board of the Society shall be treated as service on the board of the MHC;

“Mutuality Trustee” means The Victoria Mutual Foundation or any other charitable organization or non-profit organization appointed by a majority of the Incumbent Directors as the Mutuality Trustee;

“Packing the Board” or other cognate expression means to lobby or solicit proxies (i) to secure the appointment to the board of two (2) or more persons whose election to the board is not recommended by the Incumbent Directors; or (ii) to vote against a person whose election to the board is recommended by the Incumbent Directors; or (iii) to remove one or more Incumbent Directors from the Board pursuant to section 179 of the Companies Act, 2004 if a majority of the Incumbent Directors shall deliver a letter to the Secretary signed by them confirming their confidence in the Incumbent Director(s) proposed to be removed;

“Qualified Two Year Member” means a Member who in the case of an individual must be at least 18 years of age at the Relevant Date and must have been a Member for at least 24 months before the Relevant Date;

“Relevant Date” means, with respect to a Qualified Two Year Member or the term “Incumbent Directors” (as defined above), for each of the following purposes the date set opposite such purpose; namely:

<i>Purpose</i>	<i>Relevant Date</i>
Removing a director pursuant to a resolution	The date on which the Society received notice of the relevant resolution
Nominating a candidate for election as a Director	The date on which the Society received the notice of such nomination
Amendment to, or removal of the Mutuality Rules or any of them	The date of the general meeting at which the vote on resolution is to occur.

“Substantial Interest” means with reference to the Society or the FHC, 30% of the voting shares of the Society or the FHC (as the case may be).

Assignment of Conversion Benefits and Collateral Benefits

4.112 “Conversion Benefits” means any dividend, shares, bonus, or other distribution (whether payable in cash, securities, benefit in kind, or other assets) or any option, subscription right, warrant or other property, right or benefit of whatsoever kind including any future or contingent right or property payable or promised to a Member or which may be granted to, or acquired by, a Member upon the occurrence of a Predation Event, the cost or burden of which shall fall upon the Society or its successor or any of its subsidiaries or affiliates. For the avoidance of doubt, Conversion Benefit shall include any waiver or write-off of any principal, interest or other sum owing by a Member to the Society or any Member of the VM Group or any other benefit in kind paid, granted or promised to a Member or any other person by reason of the Member’s rights and,

for this purpose, similar benefits given or promised to a Member's spouse or other family member shall be deemed to be a benefit granted to the Member himself;

4.113 On becoming a Member of MHC (and this includes both existing Members of the Society who acquired their membership rights in the MHC via the VMBS Scheme and new Members who become customers of the Society) such Member, by provisions in the Articles of Incorporation of MHC, irrevocably assign all Conversion Benefits and Collateral Benefits given or promised to him to the Mutuality Trustee. Each Member also appoints the Secretary of MHC as his or her attorney-in-fact to sign any document or instrument which may be required to perfect such assignment. This means that Members will not be able to receive for their own enjoyment any Conversion Benefits or Collateral Benefits and are therefore unlikely to be motivated to support a predatory attempt at demutualisation.

Back-up Option

4.113(A) As a separate right in favour of the Mutuality Trustee, each Member agrees that if for any reason the foregoing assignment is held to be unenforceable by any court of competent jurisdiction, the Mutuality Trustee shall have an option to purchase from each Member all its Conversion Benefits and Collateral Benefits for a price of one Jamaica dollar (J\$1.00). This option may be exercised by the Mutuality Trustee serving a notice upon the Secretary of the Society, as agent for each Member, and each Member hereby appoints the Secretary generally to sign, seal and deliver and otherwise perfect any such legal or other assignment to the Mutuality Trustee and to sign and deliver all such further deeds and documents and to do all such acts and things as may be required for the full exercise of the powers hereby conferred.

Powers of Incumbent Directors

4.114 The provisions of the Mutuality Rules may not be amended, supplemented, removed or otherwise nullified except by the following procedure. First the Incumbent Directors must unanimously resolve in writing that it is in the best interest of the Society that these Mutuality Rules be amended, supplemented, removed or otherwise nullified and make a recommendation to the Qualified Two Year Members for the Mutuality Rules to be amended, supplemented, revoked or otherwise nullified in the manner recommended by such Incumbent Directors. Subject to such unanimous resolution being passed by the Incumbent Directors, a special general meeting must then be called of the Qualified Two Year Members and at such meeting the relevant resolution approving the amendment, supplementation, removal or other nullification of the Mutuality Rules must be approved by a special resolution passed by such Qualified Two Year Members. For the avoidance of doubt, Members of the Society who are not Qualified Two Year Members shall have no right to attend or vote at such general meeting.

FHC and the Society

4.115 *Pre-emption Rights*: FHC, Non-FHC and VMBS would be able to issue shares to raise capital as "needed". Indeed any of these companies could be listed on a recognized stock exchange. The Articles of FHC will provide that if it issues shares, to a third party (otherwise than in an initial public offer) then such third party will be bound by a pre-emption condition to offer such shares first to MHC before effecting any sale of such shares to a third party.

4.116 The Articles of FHC, Non-FHC and VMBS all contain a regime which gives power to their respective Board of Directors, if such Board has reason to believe that a person has acquired an interest in shares of the relevant company which is not apparent from the register, to require the registered holder to disclose to the Board the identity of the person actually interested in shares registered in the name of such holder. Failure to respond accurately to such a request within 30 days will entitle the Board power to suspend the voting rights attached to the affected shares.

Membership of MHC

4.117 All existing members of the Society will, if the Schemes are implemented, automatically become members of MHC, the entity which will own VMBS and all the other companies in the VM Group. Future customers of VMBS who establish any account with the Society, whether deposit or current account, credit card account or any mortgage or other loan account will, on signing the relevant account opening and membership documents, become members of the MHC with rights to attend and vote at meetings of MHC, subject to its Articles of Incorporation, and otherwise to enjoy membership benefits customarily in the form of reduced fees and charges for services or otherwise whatsoever. Customers of the Scheme Companies are not currently members of the Society and will not become members of MHC.

Dated on July 6, 2022

A handwritten signature in black ink, appearing to read "Michael McMorris", is written over a horizontal dotted line.

Michael McMorris, B.A.
Chairman

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION**

CLAIM NO. 2022 SU CD 00286

IN THE MATTER of (i) The Victoria Mutual Building Society; (ii) Victoria Mutual Investments Limited; (iii) Victoria Mutual Pensions Management Limited (iv) VMBS Money Transfer Services Limited (v) British Caribbean Insurance Company Limited and (vi) VM Innovations Limited.

AND IN THE MATTER of the Companies Act, 2004 and the Banking Services Act, 2014

**COMPOSITE SCHEMES OF ARRANGEMENT
UNDER SECTIONS 206-208 OF THE COMPANIES ACT, 2004
and
SECTION 100 OF THE BANKING SERVICES ACT, 2014**

- AMONG**
- (1) THE VICTORIA MUTUAL BUILDING SOCIETY AND ITS MEMBERS;**
 - (2) VICTORIA MUTUAL INVESTMENTS LIMITED AND THE HOLDERS OF ITS ISSUED SHARES;**
 - (3) VICTORIA MUTUAL PENSIONS MANAGEMENT LIMITED AND THE HOLDERS OF ITS ISSUED SHARES;**
 - (4) VMBS MONEY TRANSFER SERVICES LIMITED AND THE HOLDERS OF ITS ISSUED SHARES;**
 - (5) BRITISH CARIBBEAN INSURANCE COMPANY LIMITED AND THE HOLDERS OF ITS ISSUED SHARES;**
 - (6) VM INNOVATIONS LIMITED AND THE HOLDERS OF ITS ISSUED SHARES.**

PRELIMINARY

1 Interpretation

1.1 In this Composite Scheme, unless inconsistent with the context, the following expressions shall respectively bear the following meanings:

- “Affiliates”** any company or other legal entity in which the Society holds, directly or indirectly, more than 20% but less than 50% of the issued equity capital;
- “Building Society Licence”** means a building society licence granted to VMBS by the Supervisory Committee under the BSA to carry on banking business within the meaning of the BSA, in the category of a building society;
- “BOJ”** Bank of Jamaica;
- “BSA”** the Banking Services Act, 2014;
- “Court”** the Supreme Court of Judicature of Jamaica;
- “Court Meeting”** a meeting of the Members of the Society or the holders of any class of Scheme Shares issued by a Scheme Company convened by a direction of the Court issued pursuant to section 206 of the Companies Act, 2004 to consider and, if thought fit, approve the Scheme relative to the Society or such Scheme Company, as the case may be, including any adjournment of such meeting;
- “Demutualisation”** the process by which the Society, being a mutual building society, is converted to a proprietary building society and the term “demutualised” shall be construed likewise;
- “Dormant Accounts”** shall be construed in accordance with sub-paragraph 1.2 below.
- “Effective Date”** the date on which the Schemes or any of them becomes effective in accordance with their terms;
- “Encumbrance”** any mortgage, charge, pledge, lien or other security interest, or any other type of preferential arrangement to secure any obligation, any retention of title, easement, or right of way over real property, or any other encumbrance over property or any agreement to create any of the foregoing;
- “Excluded Overseas**

<u>Members</u>	Overseas Members in respect of which VMBS is advised or determines that engaging them in the voting process in the country in which they reside or sending Scheme Documents to them would or may infringe the laws of such country or would or may require compliance with any governmental requirement or other consent or any registration or filing or other formality which cannot be complied with, or compliance with which VMBS, in its absolute discretion, regards as unduly onerous;
<u>FHC</u>	VM Financial Group Limited, a company incorporated under the laws of Jamaica and being the proposed financial holding company (as contemplated by the BSA) of the VM Group;
<u>FSC</u>	Financial Services Commission;
<u>Holder</u>	a registered holder of any one or more Scheme Share(s) and includes any person(s) entitled on transmission to one or more Scheme Share(s);
<u>JMD</u> or <u>J\$</u>	signifies the lawful currency of Jamaica;
<u>Members</u>	the members of VMBS at any relevant time;
<u>Membership Rights</u>	all the rights and privileges vested in a Member of VMBS;
<u>MHC</u>	VM Group Limited, which if the Schemes are sanctioned, will become the new mutual holding company for the VM Group;
<u>Minister</u>	the Minister of Finance and the Public Service;
<u>Non-FHC</u>	VM Innovations Limited, a company incorporated under the laws of Jamaica and being the proposed non-financial holding company within the VM Group;
<u>Order Date</u>	the date on which the Order to summon a meeting of a Scheme Entity is made or, if later, the date on which the Order is expressed to take effect;
<u>Overseas Members</u>	the members of VMBS whose address on the register of members is outside Jamaica;
<u>Reduction of Capital</u>	the process by which the share capital of a Scheme Company is cancelled or reduced;

<u>“Society”</u>	Victoria Mutual Building Society (sometimes also called VMBS), a building society incorporated under the Building Societies Act;
<u>“Schemes”</u>	the schemes of arrangement between VMBS and its Members and between each of the other Scheme Entities and its respective shareholders (in their respective present form or with or subject to such modification, or addition or condition approved or imposed by the Court and agreed to by the affected Scheme Entity) and “Scheme” means any one of such Schemes;
<u>“Scheme Companies”</u>	the following Subsidiaries and Affiliate of VMBS, namely: <ul style="list-style-type: none"> (i) Victoria Mutual Investments Limited; (ii) VMBS Money Transfer Services Limited; (iii) Victoria Mutual Pensions Management Limited; (iv) British Caribbean Insurance Company Limited; and (v) VM Innovations Limited; and “Scheme Company” means any one of them;
<u>“Scheme Documents”</u>	this document setting out the Schemes, the Explanatory Statement, Notices of the Court Meetings, forms of Proxy and any other document which is required to be circulated to Members of the Society or to Shareholders of a Scheme Company, as the case may be;
<u>“Scheme Entities”</u>	the Society and the Scheme Companies and “Scheme Entity” means any one of them;
<u>“Scheme Shares”</u>	as respect any Scheme Company the shares issued by such Scheme Company which are to be cancelled or otherwise affected by a Scheme;
<u>“Scheme Record Time”</u>	6:00 p.m. on the Business Day before the Effective Date;
<u>“Subsidiary”</u>	with reference to a company, has the meaning ascribed thereto in section 151 of the Companies Act, 2014;
<u>“Supervisor”</u>	the Supervisor as defined in the Banking Services Act, 2014 or any other agency or department of Government responsible for the regulatory supervision of building societies in Jamaica;

<u>“Supervisory Committee”</u>	the committee, by the same name, established under the BSA;
<u>“VM Group”</u>	VMBS and its Subsidiaries and Affiliates;
<u>“VMBS”</u>	Victoria Mutual Building Society (sometimes also called “the Society”), a building society established and existing under the Building Societies Act.

Dormant Account

1.2 A deposit account with the Society shall be treated as a **“Dormant Account”** if during a continuous period of 18 months the relevant customer (or his personal representative, committee of management or other competent body empowered to act on his behalf) did not (whether by reason of death or otherwise) undertake any transaction on the account including, but not limited to a withdrawal, fund transfer or deposit to the credit of such account provided that an account shall not be treated as dormant if during the relevant period (i) the customer had another account on which he (and not another co-account holder) carried out one or more transaction(s) on his instructions; (ii) he was alive and mentally capable but was prevented by a court order or other legally binding restriction disclosed to the Society from undertaking transaction on the relevant account; or (iii) the holder of the account had given notice to the Society that he would not be conducting transactions in relation to the account during such particular period. The term **“15-year Dormant Account”** means an account which has remained a Dormant Account for a continuous period of at least 15 years (not including the for this purpose the first 18 months which caused the account to be classified as a Dormant Account) prior to the date of filing the Application for a Court Order to convene meetings to consider this Composite Schemes. This means that a 15-year Dormant Account would not have been subject to any customer initiated activity for a period of at least 16 ½ years in total.

1.3 In this Composite Scheme, unless the context otherwise requires, references to one gender shall include other genders and the singular shall include the plural and *vice versa*.

1.4 Headings and bold type face are for convenience only and shall be ignored in the interpretation of this document;

1.5 References to the word “include” or “including” shall be construed without limitation.

1.6 The terms “herein”, “hereof”, “hereby”, “hereto” or other cognate expression shall be deemed to refer to this entire Scheme document or a specified paragraph in this Scheme document, as the context may require.

1.7 References to “the Articles of Incorporation” of a Company shall include the Articles of Association of such Company if it has not adopted Articles of Incorporation following the Companies Act 2004 coming into effect and references to “the Articles of Association” of a Company shall include the Articles of Incorporation of such Company if it has adopted Articles of Incorporation following the Companies Act, 2004 coming into effect.

2 **Preliminary Statements**

2.1 VMBS, MHC, FHC, Non-FHC and each of the Scheme Companies have each agreed to appear by counsel at the court hearing to consent to the Scheme relative to it or as a Scheme may affect it and to undertake to the Court to be bound by the terms of the Scheme relative to it or as a Scheme may affect it and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by any of them or on their behalf for the purpose of giving effect to any of the Schemes.

2.2 The Society is a mutual building society established under the Building Societies Act. As at December 31, 2021 (being the latest practical date prior to the date of filing the Application for Court Order in this Composite Scheme of Arrangement) (“the Filing Date”) the Society had approximately 1,331,814 Members on record, which according to their contact addresses on record are primarily distributed among the following countries:

<i>Country</i>	Number of Members
Jamaica	1,134,679
United Kingdom	70,441
United States of America	92,562
Canada	19,213
Others	14,919
Total	1,331,814

2.3 The Board of Directors of the Society has resolved that the requisite steps should be taken to procure that:

- (a) the Society be Demutualised and converted to a proprietary building society;
- (b) that the VM Group should be re-organized, to conform to the requirements of the BSA, and that the Society and other financial or regulated companies within the VM Group should be held directly by an intermediate financial holding company; being FHC, in this case;
- (c) the non-financial entities owned by the Society should be re-organized under the direct ownership of a non-financial holding company; being Non-FHC, in this case;
- (d) both FHC and Non-FHC should be held by a mutual holding company (being MHC in this case) in which Members shall be granted Membership Rights similar in all respects to their membership rights in the Society; thereby preserving the mutuality of the VM Group;
- (e) other ancillary structural changes (as described herein) shall be made to the VM Group to conform to the BSA and otherwise to facilitate greater operational efficiency.

2.4 The Board of Directors of each of the other Scheme Entities has likewise resolved to undertake and to carry out relative to it the scheme of arrangement proposed herein to be carried out as a consequence of, or complementary to, the principal scheme to be carried out by the Society.

Part 1- The VMBS Scheme

3 Demutualisation

3.1 The Society is a registered mutual building society and carries on business as such under the regulatory control of BOJ through the Supervisor and the Supervisory Committee under the BSA (formerly under the control of the BOJ and the Minister).

3.2 It is proposed that the Society shall undertake the Scheme described in paragraphs 3.3 to 3.5 below on terms that such Scheme shall become effective contingently upon the Members of the Society passing a special resolution, to take effect as at the Effective Date, to change the name of the Society to VM Building Society and to adopt the Rules attached hereto as **Appendix 1**.

3.3 At the Effective Date:

- (a) the Society shall be converted from a mutual building society to a proprietary building society;
- (b) the liability in the balance sheet of the Society represented by 15-Year Dormant Accounts and being the amount of approximately J\$1.2 billion (or such greater or lesser amount as may exist as at the Effective Date) shall be extinguished and the revenue reserve arising therefrom shall be constituted as part of the capital base of the Society in the form of retained earnings reserve;
- (c) the Membership Rights of all Members of the Society shall be cancelled and extinguished;
- (d) all of the sum standing to the credit of the Permanent Capital Fund being approximately J\$7,746,058,000.00 shall be capitalized and allotted and issued to FHC as fully paid proprietary shares, free from all Encumbrances (at the issue price of J\$1.00 per share);
- (e) in consideration of the issue by the Society to FHC of the proprietary shares aforesaid, pursuant to sub-paragraph (d) above, FHC shall, in turn, allot and issue to MHC, a similar number of ordinary shares in the capital of FHC; such new ordinary shares to be credited as fully paid and to be issued free from all Encumbrances;
- (f) in consideration of the issue by FHC to MHC of the ordinary shares aforesaid, pursuant to sub-paragraph (e) above, MHC shall, in turn:

- (i) issue and accord Membership Rights to all Members of the Society (including Overseas Members but excluding Members with only 15-year Dormant Accounts) as at the Effective Date;
- (ii) establish and maintain a register of Members of the Society with 15-year Dormant Accounts who would have been eligible for grant of Membership Rights were their account not a 15-year Dormant Account and, if any such Member or his personal representative or assigns shall thereafter make contact with the Society and shall activate his 15-Year Dormant Account, such Member or his personal representative or assigns shall be accorded full Membership Rights as from the Effective Date and his right, title and interest in, and to, his 15-Year Dormant Account shall be restored as of the Effective Date to the same extent and in the same manner as if the account were never extinguished as of the Effective Date.

3.4 Forthwith and contingently upon the matters set out in paragraph 3.3 above:

- (a) MHC shall establish a register of members which shall consist of all persons who were Members of the Society as at the Effective Date (“Register of Members”) but it shall not be necessary to issue to such Members any membership certificate, card or other evidence of membership; and
- (b) FHC and the Society shall each prepare and deliver to the BOJ, within 45 days of the Effective Date, a balance sheet prepared as at the Effective Date in respect of (i) FHC and (ii) the Society; each such balance sheet to be signed and certified by the Chief Executive Officer and the Chief Financial Officer of the VM Group, as giving a true and fair view of the assets and liabilities of FHC and VMBS, as the case may be.

3.5 The rights and privileges and obligations and liabilities of all employees and customers of the Society and all other persons having contractual or other legal relationship with the Society or which may otherwise owe any duty or obligation to the Society or to which the Society may owe any duty or obligation shall continue to subsist in favour of, or against, the Society to the same extent as they would have subsisted if this Scheme had not been done, save and except the Membership Rights of Members which shall be dealt with as stated in paragraph 3.3 above. For the avoidance of doubt all claims, legal or arbitration proceedings to which the Society was a party or otherwise involved shall not be affected in any way by the Scheme and shall continue in the name of, or against, the Society, as the case may be.

Part 2 – VMIL Scheme

4 Share Capital – VMIL

4.1 The authorized and issued share capital of Victoria Mutual Investments Limited (“VMIL”) as at as at the date hereof is as follows:

	<i>Authorised</i>	<i>Issued</i>
Ordinary Shares	5,000,000,000	1,500,025,000
Preference Shares	Nil	Nil
Total	5,000,000,000	1,500,025,000

4.2 The issued share capital of VMIL as at the date hereof is held as shown in the following table:

<i>Names of Shareholders</i>	<i>Ordinary Shares</i>	<i>Preference Shares</i>
The Society	1,200,020,000	Nil
General Public	300,005,000	Nil
Total	1,500,025,000	

4.3 Forthwith and contingently upon the Demutualisation taking effect the share capital of VMIL shall be reduced by cancelling and extinguishing all of the issued ordinary shares held by the Society but not by other stockholders classified as “the General Public”.

4.4 Forthwith and contingently upon the Reduction of Capital referred to in paragraph 4.3 above taking effect and notwithstanding anything to the contrary in the Articles of Incorporation of VMIL an amount equal to the nominal amount of such cancelled shares shall be deducted from the share capital account of VMIL and credited to the capital reserve account of VMIL and such capital reserve shall be capitalised and applied in paying up, in full, such number of ordinary shares (herein called “the New VMIL Shares”) as shall be equal to the number of ordinary shares cancelled pursuant to paragraph 4.3 above which New VMIL Shares shall be allotted with the same rights and privileges as were attached to the cancelled shares as stated above and issued (free from Encumbrances) credited as fully paid to FHC and, in consideration therefor, FHC shall allot and issue a similar number of ordinary shares to MHC (free from Encumbrances) and credited as fully paid.

4.5 Contingently upon the Demutualisation referred to in paragraph 4.3 taking effect, VMIL shall subject to: (i) the passing of a special resolution of the members of the company pursuant s.17 of the Companies Act and; (ii) obtaining the consent of the Registrar of Companies, change its name to VM Investments Limited.

Part 3 – VM Pensions Scheme

5 Share Capital – VM Pensions

5.1 The authorised and issued share capital of Victoria Mutual Pensions Management Limited (“VM Pensions”) as at the date hereof is as follows:

	<i>Authorised</i>	<i>Issued</i>
Ordinary Shares	6,300,000	6,300,000
Total	6,300,000	6,300,000

5.2 The issued share capital of VM Pensions as at the date hereof is held as shown in the following table:

<i>Name of Shareholder</i>	<i>Number & Type of Shares</i>
The Society	6,300,000
Total	6,300,000

5.3 Forthwith and contingently upon the Demutualisation taking effect the share capital of VM Pensions shall be reduced by cancelling and extinguishing all of the issued shares in the capital of VM Pensions.

5.4 Forthwith and contingently upon the Reduction of Capital referred to in paragraph 5.3 above taking effect and notwithstanding anything to the contrary in the Articles of Incorporation of VM Pensions an amount equal to the nominal amount of such cancelled shares shall be deducted from the share capital account of VM Pensions and credited to the capital reserve account of VM Pensions and such capital reserve shall be capitalised and applied in paying up, in full, such number of ordinary shares (herein called “the New VM Pensions Shares”) as shall be equal to the number of ordinary shares cancelled pursuant to paragraph 5.3 above which New VM Pensions Shares shall be allotted and issued (free from Encumbrances) credited as fully paid to FHC and, in consideration therefor, FHC shall allot and issue a similar number of ordinary shares to MHC (free from Encumbrances) and credited as fully paid.

5.5 Contingently upon the Demutualisation referred to in paragraph 5.3 taking effect, VM Pensions shall subject to: (i) the passing of a special resolution of the members of the company pursuant s.17 of the Companies Act and; (ii) obtaining the consent of the Registrar of Companies, change its name to VM Pensions Management Limited.

Part 4 - VM Money Services Scheme

6 Share Capital – VM Money Services

6.1 The authorised and issued share capital of VMBS Money Transfer Services Limited (“VM Money Services”) as at the date hereof is as follows:

	<i>Authorised</i>	<i>Issued</i>
Ordinary Shares	883,290	883,290
Total	883,290	883,290

6.2 The issued share capital of VM Money Services as at the date hereof is held as shown in the following table:

<i>Name of Shareholder</i>	<i>Number & Type of Shares</i>
The Society	883,140 Ordinary
Payout (Jamaica) Limited	150 Ordinary

Total	883,290 Ordinary
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6.3 Forthwith and contingently upon the Demutualisation taking effect the share capital of VM Money Services shall be reduced by cancelling and extinguishing all of the issued shares in the capital of VM Money Services held by the Society but not by Payout (Jamaica) Limited.

6.4 Forthwith and contingently upon the Reduction of Capital referred to in paragraph 6.3 above taking effect and notwithstanding anything to the contrary in the Articles of Incorporation of VM Money Services an amount equal to the nominal amount of such cancelled shares shall be deducted from the share capital account of VM Money Services and credited to the capital reserve account of VM Money Services and such capital reserve shall be capitalised and applied in paying up, in full, such number of ordinary shares (herein called “the New VM Money Services Shares”) as shall be equal to the number of ordinary shares cancelled pursuant to paragraph 6.3 above which New VM Money Services Shares shall be allotted and issued (free from Encumbrances) credited as fully paid to FHC and, in consideration therefor, FHC shall allot and issue a similar number of ordinary shares to MHC (free from Encumbrances) and credited as fully paid.

6.5 Contingently upon the Demutualisation referred to in paragraph 6.3 taking effect, VM Money Services shall subject to: (i) the passing of a special resolution of the members of the company pursuant s.17 of the Companies Act and; (ii) obtaining the consent of the Registrar of Companies, change its name to VM Money Transfer Services Limited.

Part 5 - VM Innovations Scheme

7 Share Capital – VM Innovations

7.1 The authorized and issued share capital of VM Innovations Limited (“VM Innovations”) as at the date hereof is as follows:

	<i>Authorised</i>	<i>Issued</i>
Ordinary Shares	500,000,000	400,000,000
Total	500,000,000	400,000,000

7.2 The issued share capital of VM Innovations as at the date hereof is held as shown in the following table:

<i>Name of Shareholder</i>	<i>Number & Type of Shares</i>
The Society	400,000,000 - Ordinary
Total	400,000,000 - Ordinary

7.3 Forthwith and contingently upon the Demutualisation taking effect the share capital of VM Innovations shall be reduced by cancelling and extinguishing all of the issued shares in the capital of VM Innovations.

7.4 Forthwith and contingently upon the Reduction of Capital referred to in paragraph 7.3 above taking effect and notwithstanding anything to the contrary in the Articles of Incorporation

of VM Innovations an amount equal to the nominal amount of such cancelled shares shall be deducted from the share capital account of VM Innovations and credited to the capital reserve account of VM Innovations and such capital reserve shall be capitalised and applied in paying up, in full, such number of ordinary shares (herein called “the New VM Innovations Shares”) as shall be equal to the number of ordinary shares cancelled pursuant to paragraph 7.3 above which New VM Innovations Shares shall be allotted and issued (free from Encumbrances) credited as fully paid to MHC.

Part 6 – BCIC Scheme

8 Share Capital - BCIC

8.1 The authorised and issued share capital of British Caribbean Insurance Company Limited (“BCIC”) as at the date hereof is as follows:

	<i>Authorised</i>	<i>Issued</i>
Ordinary Shares	160,000,000	145,985,401
Preference Shares	85,000,000	72,992,701

8.2 The issued share capital of BCIC as at the date hereof is held as shown in the following table:

<i>Name of Shareholder</i>	<i>Ordinary Shares</i>	<i>Preference Shares</i>
The Society	56,275,876	28,137,939
ICD Group Limited	89,709,525	44,854,762
Total	145,985,401	72,992,701

8.3 Forthwith and contingently upon the Demutualisation taking effect the share capital of BCIC shall be reduced by cancelling and extinguishing all of the issued shares in the capital of BCIC held by the Society only.

8.4 Forthwith and contingently upon the Reduction of Capital referred to in paragraph 8.3 above taking effect and notwithstanding anything to the contrary in the Articles of Incorporation of BCIC an amount equal to the nominal amount of the such cancelled shares shall be deducted from the share capital account of BCIC and credited to the capital reserve account of BCIC and such capital reserve shall be capitalised and applied in paying up, in full, such number of ordinary shares and preference shares (herein called “the New BCIC Shares”) as shall be equal to the number of ordinary shares and preference shares cancelled pursuant to paragraph 8.3 above which New BCIC Shares shall be allotted and issued (free from Encumbrances) credited as fully paid to FHC.

Share Certificates for Cancelled Shares

9. With effect from the Effective Date each existing share certificate representing a holding of cancelled Scheme Shares shall cease to be valid in respect of such holding and each holder thereof shall be bound at the request of the relevant Scheme Company to deliver up the same to

the relevant issuing Scheme Company or to any person appointed by such Scheme Company to receive the same for cancellation or to destroy such share certificate.

10. With effect from the Effective Date, as regards Scheme Shares which are cancelled, appropriate entries will be made in the register of members of the issuing Scheme Company to reflect their cancellation.

Matters affecting the VMBS and VMIL Schemes

11. In light of the wide membership of the Society (which exceeds 1,000,000 Members), it would be impractical to send sets of Scheme Documents (which will contain in excess of 250 pages) through the post or by courier to each Member. Even if that were possible the attendant postage cost by ordinary mail would, according to research done by the Society exceed **J\$856,605,950**. Moreover, it is inconceivable that the postal system could deal with such a large volume of mail within the notice period of some 21 days. Accordingly, the delivery or service of notices, documents and the like required to be made under the VMBS Scheme shall be effected in the following manner:

- (a) by electronic mail, in the case of Members who have provided the Society with their respective e-mail address;
- (b) by establishing a special web page on the VMBS Website to which Members will be granted access to view, read and/or print Scheme Documents;
- (c) by having the facility at all branch offices of the Society for Members to get printed copies of the Scheme Documents or to view and read copies of Scheme Documents on a computer terminal in the banking hall;
- (d) by conducting a series of town hall meetings in Kingston, Mandeville, Montego Bay and other places in Jamaica determined by the Board of Directors at which limited printed copies of the Scheme Documents and CD-ROM containing the Scheme Documents will be distributed;
- (e) provided that same is not inconsistent with applicable law and regulation in any relevant country and, in the absolute judgment of the Society's Board of Directors, can be carried out without undue logistical or other burden on the Society, by conducting a series of virtual town hall meetings to which Member, including Overseas Members shall be invited to participate electronically;
- (f) by publishing notice of the Court Meeting in a daily newspaper with island wide circulation at least 14 days before the date of the Court Meeting;
- (g) by publishing at least two announcements per day on a Jamaican radio station during the last 10-day period leading up to the Court Meeting informing Members of the Society where and how Scheme Documents may be obtained.

12. The delivery or service of notices, documents and the like required to be made under the VMIL Scheme shall be effected in the same manner as set out in paragraph 11 above.

Miscellaneous Provisions

13. All delivery or service of notices, documents of title and the like required to be made under each Scheme (other than the VMBS and VMIL Schemes) shall be effected by personal delivery or delivery by prepaid courier or by posting the same in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the relevant register of members of the relevant Scheme Company (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the relevant register of members in respect of the joint holding) at the Scheme Record Time.

14. None of the Scheme Companies shall be responsible for any loss or delay in the transmission of any notice, share certificate or documents posted in accordance with paragraph 13 above and all such notices, documents or cheques, shall be posted at the risk of the persons entitled thereto.

Operations of this Scheme

15. None of the Directors of VMBS or any of the other Scheme Entities will receive any bonus or other benefit as a result of the success or otherwise of any of the Schemes or as respects any of the Scheme Entities and the Schemes will have no effect on the interest of any Director, in his capacity as such. Directors do not hold directly or indirectly any beneficial interest in any Scheme Shares.

16. Each Scheme shall become effective as respects the relevant Scheme Entity as soon as an official copy of the Order under section 206(3) of the Companies Act, 2004 shall have been duly delivered by or on behalf of such Scheme Entity to the Registrar of Companies in Jamaica for registration and, in the case of the reduction of capital, registered by the Registrar.

17. The Society and any Scheme Entity affected thereby may consent on behalf of all persons concerned to any modification of, or addition to, any of the Schemes or to any condition which the Court may approve or impose.

Excluded Overseas Members

18. If in the case of any Member of the Society residing in any country or territory outside Jamaica and with respect to which the Scheme relative to the Society or the dispatch of Scheme Documents (in hard copy or electronic form or by electronic means) to such Member in such country or territory would or might infringe the laws of such country or territory or would or might require the Society to obtain any governmental or other consent or any registration, filing or other formality or condition which the Society is, in its opinion, unable to comply with or which the Society regards as unduly onerous or would delay the implementation of the Scheme, then the Society may, in its sole discretion, determine that no Scheme Documents shall be dispatched to such Member.

Dated the 5th day of July, 2022

FILED BY Patterson Mair Hamilton Temple Court, 85 Hope Road, Kingston 6 in the Parish of Saint Andrew, Attorneys-at -law for and on behalf of the Applicants whose address for service is that of his said Attorneys-at-Law.

Appendix 1

RULES OF VM BUILDING SOCIETY (ALL PREVIOUS RULES RESCINDED)

Title of Rules

1. These Rules may be cited as the VM Building Society Rules.

Interpretation

2. (1) In these Rules, except so far as is otherwise provided or the context otherwise requires:—

“*Account*” means a deposit account, any other savings account or investment account established with the Society whereby the Society accrues a liability to the relevant account holder;

“*The Act*” means the Building Societies Act, as same may be amended, amended and restated or re-enacted from time to time;

“*Board*” or “*Directors*” means the Board of Directors, for the time being, of the Society;

“*BSA*” means the Banking Services Act, 2014, as same may be amended, amended and restated or re-enacted from time to time;

“*Chief Executive Officer*” means the person for the time being who is responsible under the immediate authority of the Directors for the conduct of the Society's business;

“*Chief Office*” means the chief registered office of the Society from time to time;

“*Customer*” means a Depositor or any other person who establishes an Account with the Society or who is granted a Loan by the Society;

“*Depositor*” means any person who deposits money with the Society;

“*Funding Shares*” means any of the classes of shares referred to in paragraph (1) of Rule 7 hereof;

“*General Reserve Fund*” means the amount accumulated by transfer from the accrued surplus less charges in the case of deficits or as permitted by the Act or the Rules and maintained for the protection of investors’ funds;

“*Group Affinity Benefits*” means benefits such as discounts for goods and services offered under any marketing affinity programme established by the Society with a third party for the benefit of the Customers of the Society and other companies in the VM Group;

“*Incumbent Director*” means, as at any time, the Directors of the Society who have served as directors of the Society for the immediately preceding three (3) years before the Relevant Date (as defined in Rule 24(2)) or if there is no Relevant Date the commencement of the relevant Predation Event and for this purpose service on the Board prior to the adoption of these Rules shall count as service on the board of the Society for this purpose;

“*in writing*” or other similar expressions shall, unless the contrary intention appears, be construed as including references to (i) printing, lithography, photography, and other modes of representing or reproducing words in a visible form or (ii) writing represented in electronic form, in a case where the relevant Customer, Member or other intended recipient of such document consents to such documents or information being sent to him in that electronic form or by electronic means;

“*Investor*” means a person who holds any Funding Share in the Society;

“*Loan*” means any mortgage loan, term loan, credit advance or other credit facility granted by the Society to a Customer;

“*Member*” means any person who is the holder of a Proprietary Share in the Society whether such share is fully or partly paid up (but excluding the holder of any Funding Shares);

“*month*” means a calendar month;

“*mortgage*” includes any legal or equitable mortgage or charge on any property, granted to the Society to secure money or money's worth loaned by the Society to a Customer; and “*mortgage money*” means money or money's worth, secured by such a mortgage;

“*Mortgagor*” means a person who grants a mortgage to the Society as security for a Loan made or obligation assumed by the Society and includes any person from time to time deriving title under the original mortgagor or entitled to redeem any such mortgage according to his interest or right in the mortgaged property;

“*MHC*” means VM Group Limited, the ultimate parent and mutual holding company of the VM Group or any successor thereof;

“*Officer*” means anyone employed by the Society to carry out a specific function on its behalf;

“*Pass Book*” means a pass book or other evidence or record of a Customer’s transactions as may from time to time be provided by the Society and, for the avoidance of doubt, the term shall also include electronic evidence of a Customer’s record of transactions made accessible to such Customer by use of a pass word or other code or device and for the further avoidance of doubt the term includes the official record kept by the Society of a Customer’s account whether in electronic or other form;

“*person*” includes any corporate body, firm, partnership, Government or any department or sub-division of any Government;

“*Proprietary Share*” means a share issued by the Society which has the rights and privileges set out in Rule 6 hereto;

“*property*” means any real or personal property (including securities, intellectual property and money) of any kind and interest or rights in any such property;

“*RTGS*” means the Real-Time Gross Settlement System administered by the Bank of Jamaica or any other interbank settlement system which replaces or supplements such system;

“*Rules*” means the Rules of the Society from time to time in force;

“*Rules Adoption Date*” means the date as of which these Rules are adopted;

“*Secretary*” means the Secretary for the time being of the Society and includes joint secretaries or any of them and an Assistant Secretary;

“*Society*” means VM Building Society;

“*special resolution*” means a resolution passed at a duly convened meeting of the Members by a majority of not less than three-fourths of the Members present in person or by proxy and voting on such resolution;

“*upkeep*” means the amount subscribed by a mortgagor for maintenance of any mortgaged property;

“*VM Group*” means the MHC and all of its Subsidiaries (including the Society) and the term “Subsidiary” shall have the meaning ascribed thereto by section 151 of the Companies Act, 2004;

“*year*” or “*financial year*” means the Society's fiscal year and every such year shall be taken to expire on the 31st December unless the Board otherwise provides.

(2) In these Rules:

- (a) references to one gender include all other genders and words importing the singular number shall include the plural number and *vice versa*;
- (b) reference to any statutes, regulations, rules, guidelines or other subordinate legislation shall mean and include such statutes, regulations, rules, guidelines or other subordinate legislation as may be amended from time to time or as replaced by such other statutes, regulations, rules, guidelines or other subordinate legislation with substantially the same objects;

- (c) headings and sub-headings are for ease of reference only and shall not affect the interpretation of these Rules;
 - (d) general references to statute shall include a reference to any subordinate legislation made under that statute;
 - (e) unless the context otherwise requires, the words “hereof,” “herein” and “hereunder” and words of similar import, when used in the Rules, shall refer to the Rules as a whole and not to any particular provision thereof;
 - (f) references to (or to any specific provision of) any Act or enactment shall be deemed to include a reference to any re-enactment thereof for the time being in force or any modification thereof having substantially the same legal effect;
 - (g) capitalised terms used herein which are defined in the Act or the BSA shall, unless defined herein or the context otherwise requires, have the meaning ascribed thereto by the Act or the BSA as the case may be;
 - (h) where any action is expressed to be taken “within” a specified time it shall be sufficient if such action is taken on the last day of such period.
- (3) For the purposes of these Rules a document or any information is sent:
- (a) in “*hard copy form*” if it is sent or supplied in paper copy or similar form capable of being read and references to “*hard copy*” shall have a corresponding meaning;
 - (b) in “*electronic form*” if it is sent or supplied on any electronic storage device (such as compact disc) which is capable of being read by a computer or other similar device ;
 - (c) by “*electronic means*” if it is:
 - (i) sent initially and received at its destination by means of a computer or other electronic equipment for the processing (which expression includes digital compression) or storage of data;
 - (ii) posted on a web site or other data base and electronic access provided to the Members or other relevant person;
 - (iii) entirely transmitted, conveyed and received by wire, by radio, by optical or other electromagnetic means of transmitting data; but excluding telex and facsimile transmissions.

Name of Society

3. (1) The name of the Society is “VM BUILDING SOCIETY”.

Chief Office

- (2) The Chief Office of the Society shall be at No. 6-10 Duke Street in the City and Parish of Kingston or at such other place as the Directors may from time to time determine.

Branch Offices

- (3) Branch offices or agencies of the Society may be established at such other places, as the Directors may from time to time determine subject to the approval of the Supervisory Committee, for receiving subscriptions and for the conduct of such other business of the Society as the Directors may from time to time determine and may be permissible under law. For the avoidance of doubt “agencies” means agencies owned and operated by third parties which are approved to operate as agent to the Society in accordance with the BSA or any regulations made thereunder.

Objects & Powers of the Society

Objects

4. (1) The Society is established pursuant to the Act for the purposes of:
- (a) encouraging and facilitating savings and home ownership by making Loans secured on residential or other property and funded substantially or in part by savings of Customers and funds placed on deposits by Depositors;
 - (b) raising, by deposits or subscription of its Members and Investors and otherwise as hereinafter mentioned, a fund from which advances may be made to Customers by way of mortgage upon the security of freehold property or upon the security of such other property as may be authorised by law together with such collateral security, as the Directors may require;
 - (c) to carry on any other financial services which may lawfully be carried on by building societies;
 - (d) carrying on any business necessary in the ordinary course of the Society’s business as a deposit taking institution, including businesses in the field of information technology, data processing, and communication relating to its business and the business of the VM Group or with respect to housing and accommodation;
 - (e) to the fullest extent permitted by law, carrying on or participating in any business or other activity which, in the opinion of the Board or any duly

authorised officer or employee of the Society, may conveniently be carried on in connection with any other activity of the Society or for developing, taking advantage of or protecting any of the property or income of the Society or any connected undertaking of the Society or managing any risks associated with the activities of the Society or any connected undertaking of the Society;

- (f) to the fullest extent permitted by law, the Society may enter into and make such provision or arrangements for Group Affinity Benefits as the Directors may deem fit.

Powers

(2) The powers of the Society are set out below. These may be exercised in connection with any of the Society's objects:

- (a) to do all things which, in the opinion of the Board of Directors or any duly authorized officer or employee of the Society, are necessary or may help the Society to achieve any of its objects (including, for example, raising capital and other funds in any manner, whether or not involving the issue of securities);
- (b) to guarantee or enter into any indemnity or other arrangement relating to the discharge of any other person's obligations;
- (c) to make donations and provide assistance of any kind to any person, body or association having any charitable, public or community purpose or object;
- (d) to exercise any power of the Society for any consideration of any kind (including, for example, in the form of securities or obligations of another person) or for no consideration;

(3) Subject to the BSA or any regulation made thereunder, anything which the Society may do lawfully may be done by it in any part of the world and either alone or in partnership, association or joint venture with one or more other persons and either directly or indirectly.

(4) In addition, the Society has power to dispose of all or any part of its business or property. The Society also has power to take any lawful steps with a view to a merger or amalgamation with another entity, a transfer of all or part of its engagements to another entity or a winding up of the Society or distribution of all or any of its property or to convert to a company (including a banking company) or undertake any scheme of arrangement.

Interpretation of Objects & Powers

(5) The objects and powers set out in Rules 4(1) and 4(2) above are to be interpreted by using the following principles:

- (a) each sub-paragraph and each activity referred to in any sub-paragraph is to be interpreted in the broadest possible sense, but subject to the provisions of the BSA, and any examples given are not to be interpreted as restricting the meaning of the purpose or power which they relate to;
- (b) each sub-paragraph and each activity referred to in any sub-paragraph is to be interpreted separately and (without qualifying the fact that the Society's principal purpose is making Loans which are secured on residential property and are funded substantially by its Investors and Customers) none of the sub-paragraphs or activities is to be interpreted in a way which would make it subordinate or incidental to another sub-paragraph or activity unless the wording expressly requires this.

Raising of Funds

5. The Society may borrow money and receive deposits as hereinafter provided.

SHARES AND SUBSCRIPTIONS

Shares & Subscriptions

Proprietary Shares

6. (1) The Society may issue Proprietary Shares upon such terms and conditions as the Directors may from time to time deem fit. A Proprietary Share shall confer on the holder the following rights and privileges:

As to Income

The right to be paid such dividend as the Directors may from time to time at their sole discretion determine, out of the distributable reserves of the Society, provided that no dividend shall be paid on the Proprietary Shares so long as any dividend shall be due and unpaid on any Funding Share, and as regards the payment of dividends, the Proprietary Shares shall be subordinated to all classes of Funding Shares.

As to Capital

The right on a winding up or other return of capital to repayment of the capital and distribution of remaining surplus after all debts and obligations of the Society have been indefeasibly discharged and the capital and share premium (if any) and dividends have been paid in full on all classes of Funding Shares.

As to Voting

The right to receive notice of and to be present and to speak and vote, either in person or by proxy, at general meetings of the Society or by way of written resolution.

On a show of hands every holder of Proprietary Shares present in person shall have one vote and on a poll every such holder, present in person or by proxy, shall have one vote for each Proprietary Share held by him on in respect of which he holds a proxy.

(2) Proprietary Shares may be held only by:

- (a) VM Financial Group Limited or any other company which for the time being is licenced under the BSA as the financial holding company for the VM Group;
- (b) MHC; or
- (c) any other person approved by all of the Incumbent Directors for the time being and sanctioned by way of a special resolution passed by the Members of the Society.

(3) With the unanimous consent of all Incumbent Directors and a special resolution passed by Members of the Society, Proprietary Shares issued by the Society may be offered to the public and/or may be listed on the Jamaica Stock Exchange or any other recognized stock exchange.

Funding Shares

7. (1) The Society may issue Deferred Shares, Preference Shares and other classes of shares (other than Proprietary Shares) (herein called "Funding Shares").

(2) The Society may also issue deferred shares, preference or preferred shares or other classes of shares (other than Proprietary Shares) (which may be redeemable or perpetual and which may be classified as debt or equity under International Financial Reporting Standards or any other applicable accounting standards or rules or any applicable law of regulation for the time being in force). The rights and privileges attaching to any such new class of shares shall be determined by the Directors. Any one or more of such classes of shares or series thereof may be listed on the Jamaica Stock Exchange or any other recognised stock exchange and may be issued to and held by any person (whether a Member or non-Member of the Society).

(3) Unless expressly stated in the rights and privileges attached to any class of Funding Shares, Rules 10 and 13 shall not apply to any class of Funding Shares issued by the Society.

(4) The Society may make an initial public offer in respect of any class of Funding Shares and whether or not it has done so may procure a listing of any class of Funding Shares on any stock exchange.

(5) The holder of any class of Funding Shares shall not, by reason of holding such shares, be treated as a Member of the Society.

Suspension, Limiting and Discontinuance of the Issue of Shares

8. The Directors shall have the power at any time to suspend or limit or discontinue the issue of any class or classes of shares.

Liability of Members

9. The liability of any Member of the Society shall be limited in accordance with the provisions of Section 18 of the Act.

Membership

10. (1) Subject to Rule 13(2) below, each holder of a Proprietary Share shall be automatically and without more be admitted as a Member of the Society.

Cost of rules

(2) A Member may obtain a copy of the Rules upon application to the Society and on payment of a sum not exceeding J\$50.00 or such other sum as may be fixed by the Directors from time to time.

Minors

(3) A person who is under the age of 18 may be a Member but so long as he remains below the age of 18 he shall not be entitled:

- (a) to vote;
- (b) to join in requesting the Society to call a Special General Meeting or to put a resolution to an Annual General Meeting;
- (c) to hold any office in the Society; or
- (d) to join in nominating any candidate for election as a Director.

Impersonation of Customer

11. If any Customer fails to notify the Society in writing of the loss of his Pass Book, or deposit receipt, debit card, credit card or other card or electronic pass code or device and if any other person shall produce or use such Pass Book, Scrip or Deposit Receipt, debit card, credit card or other card or electronic pass code or device and represent himself to be the Customer therein named and shall withdraw or receive any money in respect of the account relating thereto neither the Society nor any of its officers shall be liable for loss arising therefrom.

Credits to Customers

12. No money shall be placed to the credit of any Customer until the Society has actually received value in cleared funds whether by payment at any of its offices or authorised agents or by electronic funds transfer including but not limited to transfer through RTGS or otherwise for credit of the account of such Customer.

TRANSFER AND FORFEITURE

TRANSFER OF SHARES

13. (1) The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(2) The Directors may decline to register the transfer of a share to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which the Society has a lien.

(3) If the Directors refuse to register a transfer, they shall within two (2) months after the date on which the transfer was lodged with the Society send to the transferee notice of the refusal.

TRANSMISSION OF SHARES

14. (1) In case of the death of a Member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Society as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

(2) Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy, as the case may be.

(3) If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Society a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Rules relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

(4) A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a holder in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Society provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety (90) days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

15. (1) If the holder of a share fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

(2) The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

(3) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

(4) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

(5) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Society all moneys which, at the date of forfeiture, were payable by him to the Society in respect of the shares, but his liability shall cease if and when the Society shall have received payment in full of all such moneys in respect of the shares.

(6) A statutory declaration in writing that the declarant is a director or the Secretary of the Society, and that a share in the Society has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Society may receive the consideration, if any given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his

title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(7) The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

RIGHTS OF CUSTOMERS

Advances To Customers

16. (1) The funds of the Society may be advanced to the Customers by way of mortgage upon security of freehold property or upon security of such other property as may be authorised by law or both provided that nothing herein shall authorise the doing of anything which is contrary to the Act.

(2) Advances may also be made to Customers on credit card accounts, consumer Loans and other credit facilities to the fullest extent permitted by law for the time being.

(3) The Directors of the Society shall be responsible for formulating, from time to time, and administering appropriate credit policies and procedures regarding Loans and financial products offered by the Society.

General Requirements in respect of Mortgages

17. All property, on the security of which an advance is made to a Customer, shall be mortgaged or charged to the Society until the total sum advanced and all interest thereon and other sums secured or intended to be secured by such mortgage are paid or repaid in full. Each such mortgage shall be so prepared to meet the requirements of each particular case and for that purpose shall be in such form as has been approved by an Attorney-at-law for the Society and contain such powers, covenants, stipulations and conditions as he may consider necessary.

Transfer of the benefit of a mortgage

18. (1) The Society may at any time transfer the benefit of a mortgage given to the Society to any person or persons or corporation (herein a "Transferee") and in such case and for the purposes of any such transfer the whole of the moneys (whether for principal, interest or costs or otherwise) then owing from the mortgagor to the Society shall be deemed to be the principal money then due and owing and shall bear interest at the rate payable immediately before the date of the transfer upon the principal money thereby secured from the date of the transfer and such interest shall thenceforth be payable by monthly payments to the Transferee; the first payment to be made at the expiration of one month from the date of the transfer. The Transferee shall have the benefit of all the covenants by the Mortgagor and of the provisions contained in the mortgage and may at any time thereafter exercise all rights and remedies of the Society for securing the said sum and interest but so that the provisions therein contained having special reference to the Society, the

Rules shall cease to apply and every statement offer contained in such transfer shall as against the mortgagor be deemed to be conclusive and binding.

(2) For the avoidance of doubt a transfer under Rule 18(1) may be effected by way of a transfer of the whole or any part of the Society's mortgage portfolio under any securitisation transaction or programme whereby such mortgages (or only the cash flow therefrom) may be transferred or assigned to a trustee or other person such as a special purpose vehicle and securities are sold to investors either on a "pass-through" basis whereby the security holders acquire fractional ownership interests in the pool of mortgages or on a "pay-through" basis whereby debt securities are collateralized by a pool of mortgages or alternatively a structure whereby the mortgages are transferred to, or charged in favour of, a security trustee to secure mortgaged-backed debt securities or any other like transaction which involves the Society disposing of the whole or any part of its interest in the whole or any part of its mortgage portfolio.

(3) The Society may also transfer and securitize other credit facilities granted by the Society including but not limited to auto loans, credit card advances and other consumer loans.

POWER TO BORROW AND TO GUARANTEE

Power to borrow – issue of Securities

19. The Directors may, from time to time as the occasion may require and subject to the provisions of the BSA and the Act, exercise all powers of the Society to borrow any sum of money from any person on such terms and conditions as the Directors may deem fit and may authorise the issue of commercial paper, notes, bonds, certificates of deposit, deposit receipts, debentures or other securities therefor upon such conditions and in such form as they deem necessary, and each such security shall be signed by any two authorised Officers of the Society.

Pass Book Deposit, and Deposit Receipts

20. The Directors may from time to time, subject to the provisions of the BSA and the Act and subject to such conditions as may be imposed by them, receive deposits on interest from any person and all such deposits shall be entered in a deposit account held by the Society in favour of such person and shall bear interest at a rate determined by the Directors from time to time.

Bank Loans and Overdraft

21. (1) The Directors may from time to time, subject to the provisions of the BSA and the Act, exercise all powers of the Society to borrow any sum of money from any bank or financial institution on overdraft or by way of a revolving loan or term loan or otherwise, or from any other person, and the Directors may as security for the money borrowed, mortgage or charge or deposit all or any of the securities, stocks or other property belonging to the Society.

Power to Guarantee

(2) The Directors may from time to time as the occasion may require and subject to the

provisions of the Act and such conditions as may be imposed by them authorise the Society to give guarantees or become a surety for any of the subsidiaries of the MHC and any company in which the MHC directly or indirectly owns more than 25% of its equity capital.

Securitisation of Mortgage Portfolio

22. The Society may sell, securitise or otherwise deal with its portfolio of mortgages or other financial assets in such manner as the Directors may deem fit or may raise funds on the security of its mortgage portfolio or other financial assets. Securities issued in any securitisation transaction or any note, bond or other securities which are secured by the whole or part of the Society's mortgage portfolio or other financial or tangible asset may be listed on the Jamaica Stock Exchange or any other recognised stock exchange.

LOSSES

Liability of Members

23. (1) The liability of a Member shall be limited to any unpaid call or other subscription sum owing on his Proprietary Share and for the avoidance of doubt a Member shall have no liability to the Society or its creditors in respect of any fully paid Proprietary Share.

(2) Notwithstanding the powers conferred on the Directors by this paragraph, no Member who has received an advance or advances from the Society shall be liable for any loss incurred by the Society other than a loss in connection with such advance or advances

Preservation of the Society

24. (1) The provisions set out in this Rule 24 (herein called "the Predation Rules") are intended to safeguard the Society against predation of the Society and/or attempts to acquire control of the Society in circumstances where the Incumbent Directors believe that the Acquirer is motivated by the prospects of profits to the detriment of the principle of mutual benefit to Customers on which the Society was formed and has prospered for more than 140 years. The Predation Rules (with the exception of paragraph 9) shall apply once the Incumbent Directors declare, pursuant to paragraph 5 below, that a Predation Event has occurred or started.

Special Defined Terms

(2) In these Predation Rules the following terms shall have the following meanings:

"Acquirer" means any one or more persons, acting in concert, who shall launch or implement any plan or proposal which could result in a Predation Event or the aim of which is to cause a Predation Event;

"Collateral Benefits" means any cash, shares or other security or other property paid or given or promised to be paid or given to Members or any class or group of Members for (i) voting or not voting upon a particular resolution or (ii) for voting or otherwise

supporting any Predation Event irrespective of who bears the cost of such Collateral Benefit;

“Conversion Benefits” means any dividend, shares, bonus, or other distribution (whether payable in cash, securities, benefit in kind, or other assets) or any option, subscription right, warrant or other property, right or benefit of whatsoever kind including any future or contingent right or property payable or promised to a Member or which may be granted to, or acquired by, a Member upon the occurrence of a Predation Event, the cost or burden of which shall fall upon the Society or its successor or any of its subsidiaries or affiliates. For the avoidance of doubt, Conversion Benefit shall include any waiver or write-off of any principal, interest or other sum owing by a Member to the Society or any Member of the VM Group or any other benefit in kind paid, granted or promised to a Member or any other person by reason of the Member’s rights and, for this purpose, similar benefits given or promised to a Member’s spouse or other family member shall be deemed to be a benefit granted to the Member himself;

“Predation Trustee” means The Victoria Mutual Foundation or any other charitable organization or non-profit organization appointed by a majority of the Incumbent Directors as the Mutuality Trustee;

“Packing the Board” or other cognate expression means to lobby or solicit proxies (i) to secure the appointment to the Board of Directors of two or more persons whose election to the Board is not recommended by the Incumbent Directors; or (ii) to vote against a person whose election to the Board is recommended by the Incumbent Directors; or (iii) to remove one or more Incumbent Directors from the Board if a majority of the Incumbent Directors shall deliver a letter to the Secretary signed by them confirming their confidence in the Incumbent Director(s) proposed to be removed;

“Predation Event” means any act done by or on behalf of an Acquirer in pursuance of, or with the object of securing:

- (a) the acquisition of the business of the Society or a substantial part of such business without the consent of the Incumbent Directors; or
- (b) Packing the Board; or
- (c) the material modification of the ownership structure of the VM Group; or
- (d) the deletion or modification of any of the Predation Rules; or
- (e) the requisition of a special general meeting pursuant to these Rules or the Act with a view of proposing any motion or resolution in pursuance, directly or indirectly, of any of the matters set out in items (a) to (d) above; or

- (f) the request by any one or more Members of the Society to circulate to the Members any motion, resolution or written circular which is not unanimously supported and endorsed by all Incumbent Directors; or
- (g) the solicitation of proxies to vote or refrain from voting on any resolution proposed at any general meeting of the Society.

“Qualified Two Year Member” means a Member who must have been a Member for at least 24 months before the Relevant Date and in the case of an individual must be at least 18 years of age at the Relevant Date;

“Substantial Interest” with reference to any company within the VM Group means 30% of the shares of such company;

“Relevant Date” means, with respect to a Qualified Two Year Member or the term “Incumbent Directors” (as defined above), for each of the following purposes the date set opposite such purpose; namely:

<i>Purpose</i>	<i>Relevant Date</i>
Removing a director pursuant to a resolution	The date on which the Society received notice of the relevant resolution
Nominating a candidate for election as a Director	The date on which the Society received the notice of such nomination
Amendment to, or removal of the Mutuality Rules or any of them	The date of the general meeting at which the vote on resolution is to occur.

Assignment of Conversion Benefits and Collateral Benefits in a Predation Event

(3) Each Member, in consideration for being admitted to membership of the Society or continuing to be a Member of the Society after the adoption of these Rules, on or after the Rules Adoption Date, and/or for other good and valuable consideration (the receipt and sufficiency of which each Member by becoming and/or remaining a Member of the Society does hereby irrevocably acknowledge) hereby irrevocably assigns and conveys to the Predation Trustee all his rights, title and interest in, and to, all Conversion Benefits and all Collateral Benefits to which he may become entitled or which may be promised to him upon the occurrence of any Predation Event or by virtue of the occurrence of any Predation Event. Each Member hereby appoints the Secretary of the Society as his attorney, in his name and on his behalf and as his act and deed or otherwise, to execute, deliver and complete any document (including any other assignment or other instrument) which the Society may deem desirable or expedient or which may be required for perfecting the assignment to the Predation Trustee or for vesting all of his Conversion Benefits and any Collateral Benefits in the Predation Trustee or its nominees and otherwise generally to sign, seal and deliver and otherwise perfect any such legal or other assignment and all such deeds and documents and to do all such acts and things as may be required for the full exercise of the powers hereby conferred. Each Member hereby covenants with the Society and *inter se* with the other Members *inter se* to ratify and confirm any deed, document, act and thing and all transactions which any such attorney may lawfully execute or do on his behalf. Each Member acknowledges

that it is the intention of the Society and the Member that the benefit of this assignment shall be enforceable by the Predation Trustee to the fullest extent as if it were a party hereto.

Back-up Option

(4) As a separate right in favour of the Predation Trustee, each Member agrees that if for any reason the foregoing assignment is held to be unenforceable by any court of competent jurisdiction, the Predation Trustee shall have an option to purchase from each Member all its Conversion Benefits and Collateral Benefits for a price of one Jamaica dollar (J\$1.00). This option may be exercised by the Predation Trustee by serving a notice upon the Secretary of the Society, as agent for each Member, and each Member hereby appoints the Secretary generally to sign, seal and deliver and otherwise perfect any such legal or other assignment to the Predation Trustee and to sign and deliver all such further deeds and documents and to do all such acts and things as may be required for the full exercise of the powers hereby conferred.

Declaration of Predation Event

(5) If a majority of the Incumbent Directors shall declare that a Predation Event has occurred or started they shall issue a written notice (“Predation Event Notice”) to the Predation Trustee stating the nature of the Predation Event and details as to the likely effect of the Predation Event. The declaration by the majority of the Incumbent Directors that a Predation Event has occurred or started shall be final and binding on the Society for all purposes.

Trust of Conversion Benefit and Collateral Benefit

(6) All Conversion Benefits, Collateral Benefits and bonus shares and other accretions acquired by the Predation Trustee shall be held by the Predation Trustee in trust for the Members as a whole.

Administration of Trusts by Predation Trustee

(7) The Predation Trustee shall administer the assets held on trust and may engage one or more persons to undertake such management and administration. The costs of such management and administration shall be paid out of such assets.

Abrogation of Amendment of the Predation Rules

(8) The provisions of the Predation Rules may not be amended, supplemented, removed or otherwise nullified except by the following procedure. First the Incumbent Directors must unanimously resolve in writing that it is in the best interest of the Society, and the VM Group as a whole, that these Predation Rules be amended, supplemented, removed or otherwise nullified and make a recommendation to the Members for the Predation Rules to be amended, supplemented, revoked or otherwise nullified in the manner recommended by such Incumbent Directors. Subject to such unanimous resolution being passed by the Incumbent Directors, a special general meeting must then be called and at such meeting the relevant resolution approving the amendment, supplementation, removal or other nullification of the Predation Rules must be

approved by a special resolution passed by 75% of the Members of the Society qualified to attend and vote at such general meeting.

(9) Notwithstanding anything in this Rule 24 it shall not apply in a case where the Directors have passed a resolution authorising the Society to undertake a scheme of arrangement or other transaction with the objective of converting the Society to a company (herein called (“the Converted Company”) incorporated under the Companies Act, 2004 and such scheme or other transaction provides or contemplates that, subject to being approved by the Members and/or sanctioned by the Court:

- (a) the Converted Company will adopt an article or set of articles in its Articles of Incorporation similar to this Rule 24; and
- (b) the members of the Society, as at the time when the scheme or transaction becomes effective, shall automatically become the only members of the Converted Company or any company which is the ultimate holding company of the Converted Company to the intent that mutuality shall be preserved through the Converted Company or such ultimate holding company, as the case may be.

MEETINGS

Annual General Meeting

25. The Annual General Meeting of the Society shall be held as soon after the end of each financial year at such time and place as the Directors may appoint.

Notice – Annual General Meeting

26. (1) Seven days' notice of the Annual General Meeting shall be given by the Secretary by publication in at least one daily newspaper published in Jamaica.

(2) If the number of Members of the Society shall exceed 50 then the Society may convene and hold a general meeting of its Members as a:

- (a) hybrid meeting; or
- (b) virtual-only meeting,

and a hybrid meeting or virtual-only meeting shall be identified as such in the notice convening such meeting.

(3) For the purpose hereof:

- (a) a “hybrid meeting” means a meeting held at one or more physical venue or venues using any technology that gives Members and directors, as a whole

(including members and directors not physically in attendance at any of the venues) a reasonable opportunity to participate by electronic means; and

- (b) a “virtual-only meeting” means a meeting held at no physical venue and is conducted entirely by means of technology which gives Members and directors, as a whole, a reasonable opportunity to participate by electronic means;
- (c) an “electronic meeting” (as referred to in this Rule) means either a hybrid meeting or a virtual-only meeting, as applicable.

(4) The notice of a virtual-only meeting shall not specify a venue and such a general meeting shall be recorded as being held in Jamaica.

(5) Where an electronic meeting is proposed to be held then for the purpose of enabling Members to participate in such general meeting, the Society shall procure that arrangements are made (as may be recommended by the Directors) as are:

- (a) necessary to ensure the identification of persons attending and participating in the general meeting and the security of any electronic communication;
- (b) proportionate to the achievement of the objective of a general meeting of Members of the Society such that members have every opportunity as might reasonably be afforded by the Society, to participate in the electronic meeting; and
- (c) necessary to provide reasonable evidence (for the benefit of the Society) of the entitlement of any person who is not a member to participate in the electronic meeting.

(6) The right of a member to attend an electronic meeting may be exercised by the member’s proxy and notwithstanding anything to the contrary contained in these Rules, a proxy form may be returned to the Society by facsimile transmission or other electronic means.

(7) Without prejudice to such other means of giving notice to members and Directors as may be permitted by these Rules, notice of a meeting given to a nominating member or a nominating director may be effected by-

- (a) sending such notice and any notice document to the facsimile transmission number or electronic mail address provided to the Society by the nominating member or nominating director;
- (b) sending to the nominating member or nominating director by any other

electronic means nominated by the nominating member or nominating director; or

- (c) posting/uploading the notice and any notice documents in/to a dropbox or other file sharing system or electronic document depository and providing the nominating member or nominating director with a passcode or other means to electronically access the notice or such notice document.

(8) For the purpose of this Rule 26:

- (a) “nominating member” means a member who has elected to receive notice and notice documents by electronic means or in electronic form and has provided the Society with a facsimile transmission number, electronic mail address or other electronic means of receiving notice and notice documents, and the term “nominating director” shall be construed in the same way; and
- (b) “notice document” includes any document which the Society is obliged or wishes to provide with any notice including any document required to be laid before the Society in a meeting, proxy form, explanatory statement, circular and draft motions.
- (c) Notice or notice document given to a nominating member or nominating director by electronic means shall be taken to be given twenty-four (24) hours after the notice or notice document was electronically transmitted to the nominating member or nominating director or after the nominating member or nominating director is provided with the relevant password or electronic access to the dropbox or other file sharing system or electronic document depository.

(9) A defect in any electronic notice or failure in case of the electronic delivery system shall not invalidate the notices unless the failure is such as to cause non-delivery or mis-delivery of more than 5% of the notices dispatched.

(10) Any failure of technology or any failure or inability of a member to remain in any meeting convened in accordance with this Rule 26 shall not invalidate any resolutions passed or proceedings taken at such meeting provided that a quorum is present at all times.

Omission to Give Notice

27. The accidental or negligent omission to give notice of an Annual General Meeting within the time specified in this Rule shall not invalidate a meeting held pursuant to such notice or any resolution passed or business transacted at such meeting.

Quorum – Annual General Meeting

28. Two (2) Members qualified to vote present in person or by proxy shall form a quorum at Annual General Meetings unless there is a single member, in which case the quorum shall be one (1) Member.

Annual Report and Accounts

29. The Directors shall cause to be prepared and presented at every Annual General Meeting a general statement of the funds and effects, liabilities and assets of the Society specifying in whose custody or possession the funds or effects shall be then remaining, together with an account of the various sums of money received, lent and expended by, or on account of the Society since the preceding statement; and every such statement shall be attested by the Auditors of the Society, signed by two Directors and countersigned by the Secretary. The report of the Directors shall accompany every such statement and a copy thereof shall be supplied to every Member on application to the Secretary, and shall be ready for distribution at least seven days prior to the meeting.

Election of Directors and Appointment of Auditors

30. At every Annual General Meeting Directors shall be elected and the auditors appointed in place of those retiring in accordance with the provisions of these Rules. The retiring Directors shall be eligible for re-election and retiring auditors shall be eligible for re-appointment. The Members present may also discuss such matters and transact such other business as may be deemed proper and expedient by the Chairman of the meeting.

Special General Meeting

31. A special general meeting of the Society shall be summoned by the Secretary whenever the Directors require him to do so, or upon his receiving a requisition in writing signed by not less than two (2) Members qualified to attend and vote at such meeting and holding not less than 10% of the total Proprietary Shares in issue, unless there is a single Member, in which case the requirement shall be one (1) Member. The objects for which such meeting is required shall be stated in the requisition for the meeting. Notwithstanding the foregoing, if the meeting is being summoned to (i) remove any Director (other than one which the other Directors shall have unanimously declared in writing to have lost their confidence); (ii) to elect any Director who is not unanimously approved by all the current Directors or (iii) to pursue a matter which is declared by the Incumbent Directors to be a Predation Event then the requisition of the meeting must occur in accordance with Rule 24 above and the provision of that Rule shall apply in lieu of this Rule.

Quorum for Special General Meetings

32. Two (2) Members qualified to vote, present at a Special General Meeting, in person or by proxy, shall form a quorum at such Special General Meeting unless there is a single Member, in which case the quorum shall be one (1) Member.

Expenses of Special General Meeting

33. The Board may direct that Members subscribing to a requisition for a special general meeting shall deposit with the Secretary such sum as may be deemed by the Board sufficient to pay the expenses of the meeting; and the Members present at such meeting shall decide by their vote whether the said expenses shall be paid out of the funds of the Society or by the Members who signed the requisition.

Notice of Special General Meeting

34. (1) The Secretary shall summon every special general meeting by publication in at least one daily newspaper published in Jamaica of seven clear days' notice of such meeting, and such notice shall state shortly the objects for which the meeting shall be held.

Omission to give Notice

(2) The accidental or negligent omission to give notice of a special general meeting within the times provided in this Rule shall not invalidate a meeting held pursuant to such notice or any resolution passed or business transacted at such meeting.

Adjournment of Annual and Special General Meetings

35. (1) If within half an hour from the time appointed for an Annual General Meeting or a special general meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.

(2) Provided that if the same day of the next week is not a business day then the meeting shall be adjourned to the business day immediately after such non-business day at the same time and place. "Business day" for this purpose means any day other than a Saturday, Sunday or "Public General Holiday" so declared under the Holiday (Public General) Act.

(3) The Chairman may, with the consent of any meeting at which a quorum is present and shall if so desired by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Business of Special General Meeting

36. Except with the unanimous consent of the Member or Members holding all of the Proprietary Shares, no other business shall be transacted at any special general meeting than that stated in the notice by which such meeting is summoned.

Chairman to preside at Annual and Special General Meetings

37. The Chairman of the Board or failing him the Deputy Chairman, or failing him, any one of the other Directors, shall preside at all annual general meetings or special general meetings. Should no Director be present within fifteen minutes of the time appointed for the meeting, the Members present shall appoint a Chairman from among their number.

Votes of Members

38. (1) In every case not otherwise provided for by these Rules or by law, all questions submitted to any meeting of Members shall be decided by a majority of votes of those Members present personally or by proxy and entitled to vote. The votes shall be taken by a show of hands or by ballots, as the Chairman shall determine, and his decision as to the result of voting shall be final, and in case of an equality of votes the Chairman shall have a casting vote. If the Chairman directs that voting shall be recorded by ballots, then every Member present personally or by proxy and qualified to vote and who was not in arrears at the 31st December preceding the meeting shall have one vote for each share held.

(2) At any general meeting where a resolution is put to the vote of the meeting by show of hands before or on the declaration of the result of the show of hands voting by ballots (or poll) may be demanded:

- (a) by the Chairman; or
- (b) by at least two (2) Members present in person or by proxy and qualified to vote at such meeting unless there is a single Member, in which case the requirement shall be one (1) Member.

Unless voting by ballots be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. Where voting by ballot is demanded it shall be taken and conducted in such manner as the Chairman may determine. The demand for a vote by ballots may be withdrawn.

(3) In case of shares held jointly, only the person whose name appears first in the Member's account shall be entitled to vote or where notice is given under Rule 77 to receive notice of general meetings, proxy forms or ballots for voting.

Votes by Proxy

39. (1) Votes may be given personally or by General Proxy or Special Proxy. The proxy shall be in a form prescribed by the Board and such form shall be provided by the Secretary on request and shall be signed by the appointor and delivered to the Chief Office of the Society not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, as the

case may be, at which the person named in such form proposes to vote. Forms shall be numbered consecutively and only those forms may be used.

General Proxies

(2) Any Member of the Society may execute and lodge at the Chief Office of the Society or any branch office a General Proxy Form appointing the Chairman of the Board or any officer of the Society from time to time nominated by the Chairman or any director specified in such General Proxy Form as the General Proxy of such Member to vote on his behalf at all meetings or adjourned meetings, as the case may be, of the Society.

(3) A General Proxy may be revoked by the Member who executed it at any time by notice in writing lodged at the Chief Office of the Society or any branch office PROVIDED THAT it shall not be revocable in respect of a meeting or adjourned meeting of the Society within the period of ten (10) days preceding such meeting or adjourned meeting.

(4) A General Proxy shall not have effect for enabling the person thereby appointed to vote at any meeting or adjourned meeting, as the case may be, if the Member who executed such General Proxy is in attendance in person at such meeting or adjourned meeting at the time of voting.

(5) A General Proxy shall not have effect for enabling the person thereby appointed to vote at any meeting or adjourned meeting, as the case may be, unless such General Proxy has been approved by at least three (3) members of the Proxy Committee which shall consist of the Chairman and Deputy Chairman of the Society for the time being and three Directors (“the Special Proxy Directors”) appointed annually by the majority of the Board of Directors at the commencement of the meeting of directors following such Annual General Meeting of the Society or at such later date as the Chairman may determine.

PROVIDED THAT the Board of Directors of the Society may at any time by the vote of not less than three-quarters (3/4) of the number of the Board of Directors revoke the appointment of any Special Proxy Directors and appoint another Director in his place for the remainder of the period of service of the Special Proxy Director whose appointment has been revoked.

(6) A General Proxy shall be in the following form or as near thereto as the circumstances may admit.

*Form of General Proxy
VM Building Society*

I, _____ of _____ being a
member of VM Building Society hereby appoint —

* *The Chairman of the Board of Directors of the said Society or any officer of the Society from time to time nominated by him;*

* *Mr./Miss/Mrs./Ms. _____ a Director of the Society, as my Proxy to vote for me and on my behalf at all meetings, including adjourned meetings, of the Society from time to time and from year to year until this Proxy is revoked by me in accordance with the Rules of the Society.*

Signed this _____ day of _____ 20

(Signature First Named) _____

* *Strike out if not applicable.*

(7) The Chairman or Officer or Director to whom a General Proxy is granted shall vote in pursuance of the General Proxy in accordance with the directions of a simple majority of the Incumbent Directors on the Board of the Society.

Special Proxies

(8) Any Member of the Society who has not executed a General Proxy which is in effect may, subject to the provisions of this paragraph, execute and lodge at the Chief Office of the Society a Special Proxy appointing the person named therein as his proxy to vote on his behalf at any meeting or adjourned meeting as the case may be of the Society.

(9) A Special Proxy shall be in the form prescribed by the Board and such form shall be provided by the Secretary on request and shall be signed by the appointer and delivered to the Secretary at the Chief Office of the Society not less than ten (10) days before the time appointed for the meeting or adjourned meeting, as the case may be, at which the person thereby appointed is authorised to vote. Special Proxy form shall be numbered consecutively and only those forms may be used.

Default

(10) In the event of the failure or omission of a Member either to attend a meeting or to appoint a Proxy (whether General or Special) to attend and vote on his behalf at a meeting of the Society the Member so failing or omitting shall be deemed to have appointed the Chairman of the Board of Directors or any officer nominated by the Chairman as his General Proxy to attend and vote at all such meetings of the Society.

(11) If on a show of hands or on a voting by ballot or poll:

- (a) any votes are counted which ought not to have been counted; or
- (b) any votes are not counted which ought to have been counted;

then such error shall not vitiate the decision or result of the voting unless it shall, in the opinion of the Chairman, be of sufficient magnitude so to do.

Minutes

40. (1) The Directors shall cause minutes to be duly entered in books provided for the purpose:-
- (a) of all appointments of officers made by the Directors;
 - (b) of the names of the Directors present at all meetings of the Directors; and
 - (c) of all resolutions and proceedings of Directors, Committees and Annual and Special General Meetings.
- (2) Any such minutes of any meeting of Directors, Committees or of any Annual or Special General Meeting, if purporting to be signed by the Chairman of any such meeting or by the Chairman of the next succeeding meeting, shall without further proof be evidence of the matters stated in such minutes.

DIRECTORS

41. (1) The business of the Society shall be governed by and be under the control of a Board of Directors.
- (2) The Board of Directors shall consist of not less than seven or more than fifteen persons including any ex officio member but excluding Honorary Directors.
- (3) The Directors who upon the coming into force of these Rules held office as such shall continue in office until they retire or resign or die or are removed from office or otherwise cease to be directors.

Chief Executive Officer may ex-officio be a Director

42. (1) The Directors may appoint the Chief Executive Officer of the Society ex officio to be a member of the Board of Directors provided that the maximum number of Directors as fixed in Rule 41(2) is not exceeded.
- (2) The Chief Executive Officer shall, whilst he is a member of the Board, enjoy the full privileges of the Board but shall not be subject to retirement under the provision of Rule 50.
- (3) The Chief Executive Officer may at any time be removed from membership of the Board on a Resolution passed at a special meeting of the Board at which at least two thirds of the members shall be present.

Quorum for Directors' Meeting

43. The quorum for the transaction of the business of the Directors shall be fixed by the Directors and unless so fixed, shall be five.

Meeting of Directors and attention to urgent Matters

44. (1) The Directors shall meet on at least a quarterly basis and as often as necessary, at such place and time as they may determine, for the purpose of conducting the business of the Society and in the interval between meetings the Chairman or Deputy Chairman or any Director acting in either office may deal with any matter requiring urgent attention and report thereon to the Directors at their next meeting. The Chief Executive Officer (or President) or the Secretary, or any other authorised member of staff may act and report in a similar manner if the Board so directs.

(2) Each Director, by taking office, hereby consents pursuant to a Director participating in a meeting of the Board of Directors or a committee meeting by means of telephone, video conference, voice over internet or other communicating facilities which allow all participants in the meeting to hear each other and a Director who participates in a meeting by such means shall, for all purposes, be deemed to be in attendance thereat and shall be entitled to vote and be counted in the quorum.

Special Meetings of Directors

45. The Chairman, any two Directors, the Chief Executive Officer or the Secretary may call a special meeting of the Directors at any time upon giving two clear days' notice in writing stating the objects of such meeting: PROVIDED THAT in case of urgency such a meeting may be called by shorter notice. In any case where a quorum of Directors does not attend the Secretary may adjourn the meeting to some other time and date.

Votes at Directors' Meetings

46. Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of equality of votes the Chairman of the meeting shall have a second or casting vote. Save as aforesaid each Director shall be entitled to one vote only.

Powers of the Board

47. (1) The Board shall have power to conduct the affairs and business of the Society in all things according to their discretion, subject only to the Act and to these Rules; and for this purpose and without prejudice to the generality of the foregoing provisions they shall have power to appoint committees and to make regulations for the conduct of their own meetings and to alter the same from time to time as they may think fit, and generally to do all such things as may be necessary or desirable for the good conduct of the affairs and business of the Society.

Fees Payable to Directors for Serving on committees

(2) A Director (other than the Chief Executive Officer or President) shall be paid such fees for his services as the Board may, by resolution, determine. Any Directors serving on Committees may be paid such additional sum as the Board may likewise determine.

Local or Regional Boards or Committees

(3) The Board shall have power to appoint local or regional Boards or Committees of Management who are hereby declared to be officers of the Society, and to define the Constitution, powers and duties of such Boards or Committees, to appoint and dismiss the members thereof and generally to do such things in relation thereto as they may think fit.

Ex-officio Members of Local or Regional Boards or Committee

(4) The Directors shall be ex officio members of any such local or regional Boards or Committees. The remuneration of members of the local or regional Boards or Committees shall be determined by the Directors, and be paid out of the funds of the Society, but no Director shall receive any remuneration by reason of his being an ex officio member of any such Board or Committee.

Qualification of Director

48. A Director need not be a Member or Customer of the Society or a member of the MHC.

Appointment of Chairman & Deputy Chairman

49. (1) The Directors shall at their first meeting in each calendar year appoint from their number a Chairman and a Deputy Chairman who shall hold office until their respective successors are appointed, and shall be eligible for reappointment.

(2) In the absence of the Chairman, the Deputy Chairman shall preside at all meetings of the Board, but if both the Chairman and the Deputy Chairman shall be absent from any meeting, the Directors present shall elect one of their number to be Chairman of that meeting.

Retirement and Election of Directors

50. (1) Two (2) Directors shall retire annually at the Annual General Meeting of the Society and shall be eligible for re-election without previous nomination. The two Directors to retire shall be (unless otherwise determined by the Board) those who have been longest in office and in the case of Directors who have been the same time in office, unless otherwise determined by the Board, shall be selected by drawing lots.

Nomination and Election of Directors

(2) In default of any nomination under the provisions of Rule 52, the Directors may at any time prior to the Annual General Meeting nominate for election in place of the Directors retiring annually other persons duly qualified.

Election of Directors at Annual General Meeting

(3) All vacancies caused by annual retirements shall be filled at the Annual General

Meeting in the manner provided by these Rules.

Casual Vacancies

51. The Board may fill any vacancy caused otherwise than by annual retirement, and the person so chosen by the Board shall hold office until the next Annual General Meeting of the Society, when the vacancy shall be filled as if it were a vacancy caused by annual retirement.

Nomination and Election of Directors

52. (1) No person other than a Director retiring at the meeting shall, unless recommended by the Incumbent Directors, be eligible for election to the Board at any general meeting unless not less than twenty-eight (28) days before the date appointed for the meeting, there shall have been delivered to the Secretary at the Chief Office of the Society a hard copy of a notice in writing signed by at least 75% of the Members of the Society duly qualified to attend and vote at such meeting (“the Nominators”) for which such notice is given of their intention to attend such meeting and to propose such person (“the Candidate”) for election to the office of director and also notice in writing signed by the Candidate of his willingness to be elected. The nomination form shall state the account number and the full name, address and occupation of each Nominator and shall be signed by each of the Nominators as well as by the nominee. The nomination shall not be valid unless all of the Nominators shall attend the meeting and join in the nomination of the Candidate.

Multiple Nominations

(2) A Member may not nominate more than one Candidate under Rule 61 (1) above at any general meeting.

Retiring Directors

(3) The Secretary shall cause a list of the retiring Directors and of persons nominated to be included in the Annual Report. Such list shall be exhibited in the Chief Office of the Society for at least seven (7) days before the Annual General Meeting.

Removal of Director from Office

53. A Director may be removed from office by a resolution passed by two-thirds of all the Directors at a special meeting of the Board convened for the purpose, notice of which has been sent to all Directors.

Disqualification of Director

54. A Director shall cease to hold office:-

- (a) if he ceases to be qualified under the provisions of Rule 48;
- (b) if a receiving order or provisional order in bankruptcy is made against him

or he shall compound or make any general arrangement with his creditors;

- (c) if he becomes of unsound mind;
- (d) if he signifies in writing his desire to retire from office or refuses or neglects to act or becomes incapable of acting therein;
- (e) if he is removed by resolution of the Directors under Rule 53;
- (f) if he fails to attend three consecutive Directors' Meetings without leave of absence or sufficient reason being given to the satisfaction of the Board;
- (g) if he ceases to have his permanent residence within Jamaica;
- (h) if he ceases to be a "fit and proper person" within the meaning of the BSA;
- (i) if he accepts the office of a Director or other office of any kind with another building society, bank or financial institution in Jamaica without prior approval of the Board.

Remuneration of Directors – Directors' Fees

55. (1) The Directors shall be entitled to receive as remuneration for their services such sum as may from time to time be voted for that purpose at the Annual General Meeting of the Society, but in the event of no alteration the amount last voted shall be payable: provided however that any Member may at any Annual General Meeting propose an increase of the amount upon giving not less than 28 days' notice in writing of the proposed change prior to the date fixed for the annual General Meeting.

(2) Such remuneration shall be divided among the Directors in such proportion as they shall agree or failing such agreement, equally. A Director holding office for part of a year shall be entitled to a proportionate part of such remuneration.

(3) In addition to remuneration as aforesaid a Director may by resolution of the Board be paid such reasonable travelling, hotel and other expenses as he may incur in or about the business of the Society.

Remuneration of Directors – Valuation Fees

(4) The Board may by a resolution passed by not less than three fourths of the whole number of Directors, present and voting, authorise any Director or Directors (being competent in that regard or professionally qualified) to inspect, value and report on any property proposed to be mortgaged to the Society as security for an advance and any Director or Directors so authorised shall be entitled to receive for services in so doing such remuneration as the Board may specify in such resolution.

Interest of Directors in Contracts

56. (1) A Director may hold any office or place of profit under the Society in conjunction with his office of Director or may act in a professional capacity to the Society on such terms as to tenure of office, remuneration and otherwise as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Society, either with regard to his tenure of any such office or place of profit or as a vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Society in which any Director is in any way interested, be liable to be voided, nor shall any Director so contracting or being so interested be liable to account to the Society for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relationship thereby established, but the nature of his interest shall be declared by him at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting interested in the proposed contract or arrangement then at the next meeting of the Board held after he became so interested.

(2) A Director shall not be entitled to vote in respect of any contract or arrangement in which he is in any way interested. For the purpose of this Rule, a general notice given to the Directors of the Society by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm shall be deemed to be a sufficient declaration of interest in relation to any contract so made if the following conditions are satisfied, that is to say that are:

- (a) there is stated in the said notice the nature and extent of the interest of the said director in such company or firm; and
- (b) at the time the question of confirming or entering into any contract is first taken into consideration the extent of his interest in such company or firm is not greater than is stated in the notice; and
- (c) either the notice is given at a meeting of the Directors or the Director takes all reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.

Validity of Acts of the Directors

57. All acts done by any meeting of the Board or by any Committee or by any person acting in his capacity as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director.

Resolution without Meeting

58. A resolution in writing signed or approved by letter, telegram, cablegram, telex, or

facsimile by at least seven Directors or their alternates and circulated by electronic mail or other means shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held, and when signed may consist of several documents each signed by one or more of the persons aforesaid.

Alternate Director

59. (1) Subject to sections 32, 34 and any other pertinent provision of the BSA, any Director may, by writing under his hand appoint any “fit and proper person” (within the meaning of the BSA and whether a Member of the Society or not) who is approved by the Board of Directors to be his alternate; and every such alternate shall be entitled to notice of all meetings of Directors and shall be entitled to attend and vote at meetings of the Directors, and shall have and exercise all the powers, rights, duties and authorities of the Director appointing him, but shall not be required to hold or acquire a share qualification: provided always that no such appointment shall be operative unless, or until the approval of the Board of Directors shall have been given and entered in the Directors' Minute Book.

(2) A Director may at any time in writing revoke the appointment of an alternate appointed by him, and, subject to such approval as aforesaid, appoint another person in his place, and if a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon cease and determine: provided nevertheless that if a Director retires by rotation and is re-elected by the meeting at which such retirement took effect, any appointment made by him pursuant to this rule which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired.

(3) All appointments and removals of alternate Directors shall be left with the Secretary or the Chairman of the Directors or may be effected by letter delivered by hand or sent by post, pre-paid courier, electronic mail or facsimile transmission to the Secretary or the Chairman of the Board of Directors.

(4) Every person acting as an alternate for a Director shall be an officer of the Society and shall alone be responsible to the Society for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.

(5) The remuneration of any alternate Director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such portion of the last mentioned remuneration, as shall be agreed between the alternate and the Director appointing him, and as is notified in writing to the Society by the Director making the appointment.

Honorary Directors

60. (1) Subject to sections 32, 34 and any other pertinent provision of the BSA the Directors may in their discretion from time to time invite to serve and appoint as Honorary Directors such persons (being persons who are “fit and proper person” (within the meaning of the BSA) and whom they may consider likely to provide special services in advancing the objects of the Society) upon such terms as the Directors may think fit. Honorary Directors shall hold office until the next Annual General Meeting of the Society when they shall be deemed to have retired.

Honorary Directors shall be entitled to attend meetings of Directors if required by the Chairman but shall have no vote and shall not be taken into account in determining the quorum for meetings and shall not be Directors for the purposes of Rule 43.

(2) The office of Honorary Director may be purely ceremonial and (ii) the terms of his appointment may provide that he shall not participate in deliberations of the Board and that he assumes no fiduciary duty of care to the Society.

Appointment of Management & Officers

61. (1) The Directors may appoint: -

- (a) The Chief Executive Officer or President, Secretary and other Executive Officers of the Society with appropriate titles and responsibilities as the Directors may deem fit and the Directors may remove such persons at any time.
- (b) Attorneys-at-law, surveyors, valuers, bankers and advisers and agents as they may at any time determine and the Directors shall from time to time determine the remuneration powers and duties of any persons so appointed. The Directors may remove such persons at any time.

(2) Each such person shall carry out the duties and responsibilities assigned to him from time to time by the Directors in a proper manner conducive to the well-being and advancement of the Society.

Powers of Delegation

62. The Directors may delegate any of their powers, duties and authorities relating to the business of the Society to such officers of the Society as they may deem fit.

AUDITORS

Appointment and Remuneration of Auditors

63. (1) The Society shall at each Annual General Meeting appoint a firm of chartered accountants as its auditors. The firm so appointed shall hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting at which the retiring auditors shall be eligible for reappointment. In the case of the resignation of the auditors between one Annual General Meeting and the next the Directors shall appoint another firm of chartered accountants to fill the vacancy until the next Annual General Meeting.

(2) It shall be the duty of the auditors to conduct an annual or more frequent audit of the accounts of the Society and to inspect the mortgages and other securities belonging to the Society and to report to the Members of the Society their opinion as to the correctness or otherwise of the Balance Sheet presented to the Members in Annual General Meeting or otherwise.

(3) At any Annual General Meeting the retiring auditor or auditors shall be re-appointed without any resolution being passed unless a resolution has been passed at that Meeting appointing another auditor or other auditors or providing expressly that the retiring auditor or auditors shall not be re-appointed.

(4) Not less than 28 days' notice in writing prior to the Annual General Meeting shall be given to the Secretary of any nomination for the appointment of an auditor or auditors other than the retiring auditor or auditors.

(5) The remuneration of the auditors shall be fixed by the Board.

ATTORNEYS-AT-LAW

Panel of Attorneys-at-Law

64. (1) The Directors may in their absolute discretion and upon such terms and conditions as they may think fit appoint Attorneys-at-law to the panel of Attorneys-at-law of the Society and may engage any Attorneys-at-law on such panel to act on behalf of the Society if and when so instructed.

(2) The legal and conveyancing business of the Society shall be transacted by the Attorneys-at-law on the panel and their charges shall be as agreed with the Directors or failing such agreement such charges shall be taxed in the usual way as between Attorney-at-law and client.

(3) Notwithstanding anything herein contained the Directors shall have the right to appoint or retain any Attorney-at-law other than any of those whose names appear on the panel to act on behalf of the Society in any cause or matter whatsoever.

SUPERANNUATION

65. The Directors may establish, administer and contribute to any provident funds, pension funds or other funds for the benefit of the executive officers and other members of staff of the Society and may pay any superannuation allowance or premiums upon assurance policies or deferred annuities effected upon the lives of any or all of such executive officers or members of the staff of the Society. The Directors shall have power also to make a gratuity and/or grant a pension to any executives or any other member of staff who by reason of age or otherwise have been excluded from the full benefit of any such funds. The Directors shall extend the aforesaid benefits to non-executive Directors who have served continuously on the Board for at least five years and who shall have attained the age of at least 65 years. Such pension shall be at the rate of 75% of the gross annual average Directors' fees received by the Director concerned during the five years immediately preceding his retirement or alternatively a gratuity in lieu of a pension amounting to 50 % of the within non-executive Directors' annual pension multiplied by five, may be paid. For the purpose of this rule a "non-executive Director" shall mean a Director who is not in the full time employment of the Society.

SECURITY AND INDEMNITY

66. (1) Every officer of the Society to whom section 13 of the Act applies and any other person in the service of the Society who may be required by the Board so to do, shall enter into a bond in accordance with the provisions of section 13 of the Act in a sum determined by the Board.

(2) Any premium payable on a bond may be paid out of the funds of the Society in the discretion of the Board.

Indemnity of Directors and Officers

67. All Directors and officers of the Society, save and except auditors, valuers, surveyors and attorneys-at-law on the Society's panel and other persons or firms employed to carry out professional services shall be indemnified out of the funds and property of the Society from all losses, costs, charges, damages and expenses which they, or any of them may without negligence or any wilful default on their part, incur or be put to in execution of their respective offices, services or trust. None of them shall be answerable for any act or default of another of them or for the insufficiency or deficiency in title or otherwise of any security whatsoever which shall be taken for the repayment of any advance or otherwise on behalf of the Society unless such loss arises through their own negligence or wilful default; nor shall they in the absence of negligence or wilful default on their part be liable for any banker, broker or any person with whom the funds of the Society shall from time to time be deposited or placed with for safe custody, investment or otherwise; nor for involuntary loss, misfortune or damage whatsoever which may happen in the execution of their respective offices, services or trusts or in relation thereto respectively.

NOTICES

Notice to Customers

68. (1) Notices to Customers of any change in the terms of any savings, deposit or other account with the Society or other contractual or business arrangement with the Society may be given (except as otherwise provided herein) by affixing any such notice on some conspicuous place in the Chief Office and in all branch offices of the Society and/or posting such notice on the Society's web site and unless the Directors consider it necessary or these Rules require that notice should be sent to each Customer personally, all notices so exhibited in its offices and/or published on its web site shall be deemed sufficiently and duly served on Customers. Where the Directors consider it necessary that notices should be served on Customers then only the Customers who were not in arrears on the 31st December of the immediately preceding year, and in the case of accounts held jointly, only those Customers whose names appear first in the Customers' accounts shall be entitled to receive such notice and such notice may be given in electronic form or by electronic means.

(2) Any such notice may provide that if a Customer does not take a positive action

including but not limited to closing his account or making and communicating an election to the Society he shall be deemed to have agreed to a particular legal or other result and each Customer agrees to be bound accordingly.

(3) Any notice or communication to a Member or Customer given or issued pursuant to these Rules or any other instrument or document made hereunder shall be deemed to be duly and properly served if addressed to such Member or Customer, as the case may be, at his address appearing in his account in the Society's books and delivered to such address, or by posting the same to him at such address at any post office or postal agency, and if so posted shall be deemed to have been served on the sixth day from the posting thereof.

ACCOUNTS AND RECORDS

Customers' Account to be kept

69. An account shall be kept for each Customer or number of Customers holding joint accounts in which shall be entered such particulars as might be required under the Act or as the Directors may determine. Any change of name, address (including electronic address) or other particulars shall forthwith be reported to the Society in writing accompanied by the relevant pass book, scrip or deposit receipt for alteration.

Joint Accounts

70. (1) Two or more persons may invest jointly subject to the absolute discretion of the Directors to decline to open an account in more than two names, or to accept an investment from any person.

Joint Accounts – Mandate of Payment

(2) In the case of joint accounts explicit directions shall be given in writing when shares are applied for as to how payment is to be made in the event of withdrawals.

Register of Customers

71. The Directors may in their discretion direct that in addition to the accounts referred to in Rules 68 and 69 a Register of Customers shall be kept in such form as they may determine.

Inspection of Accounts

72. Any Customer may inspect his account in the Society's books and other records during office hours upon giving 48 hours' notice in writing to the Society specifying the number of his account.

REPAYMENTS OF DEPOSITS AND INVESTMENTS ETC.

Repayments to Investors

73. If the moneys of the Society shall not from time to time be disposed of by advances to Customers, withdrawals, repayment of deposits or loans, investments or otherwise, the Directors may apply all or any of the moneys in hand in repayment of the whole or any portion of the deposits, subscriptions, interest and bonuses standing to the credit of any one or more Customers or depositors as the Directors may in their discretion think fit.

INVESTMENT OF SURPLUS FUNDS

74. (1) The Directors may from time to time invest for the use and benefit of the Society, other than by way of new mortgages pursuant to paragraph (a) of Rule 4, any sums of money which are not required for immediate expenditure:

- (a) in any investments for the time being authorised by law for the investment of trust funds;
- (b) in any security issued by the Government of Jamaica or any security guaranteed by the Government of Jamaica or issued or guaranteed by any other Government designated by the Directors;
- (c) in any shares or stock of any chartered or incorporated Bank duly authorised to carry on banking business in Jamaica or elsewhere;
- (d) in the securities of any incorporated body carrying on business in Jamaica and secured by a charge over the all or any part assets of such company;
- (e) in the purchase of mortgages and also in Loans secured by mortgages of freehold properties issued by persons or bodies corporate who are not Customers of the Society (including Loans so secured on joint account with other lenders);
- (f) in deposits with other building societies;
- (g) in units or shares under any collective investment scheme duly registered under the Securities Act;
- (h) in deposits in any bank duly authorised to carry on banking business in Jamaica or elsewhere;
- (i) in debentures, bonds, notes, securities or other monetary obligations issued, undertaken or guaranteed by any Bank duly authorised to carry on banking business in Jamaica or elsewhere;

- (j) in deposits in any financial institution regulated under the BSA or any act which replaces same;
- (k) in the shares or securities of any company which is, or is to be established as a subsidiary of the Society;
- (l) in the shares or other securities of any company listed on the Jamaica Stock Exchange or any other recognized stock exchange;
- (m) in the shares or other securities of any insurance company;
- (n) in any housing development or housing scheme;
- (o) in any other investment which is not prohibited by law or regulation binding on the Society.

(2) Notwithstanding anything herein contained it shall also be permissible for the Directors to invest in the ordinary shares or stock or securities of any company whether or not incorporated in or carrying on business in Jamaica subject however that the amount invested in such shares or stock or securities together with the total investments under sub-paragraphs (g), (k) and (l) of paragraph 1 of this Rule not being in excess of 20% of the amount at credit of the General Reserve Fund of the Society.

Liquid Funds

(3) The Directors shall maintain a reasonable portion of the funds of the Society in liquid form to cover the General Reserve Fund, meet demands from depositors and shareholders for withdrawals, and also for the stability of the Society. Such liquid funds shall be held in cash and in any of the investments referred to in this Rule.

Contributions to Public Funds

75. (1) The Directors may in time of national crisis, catastrophe, or emergency by a resolution of the Directors contribute from the General Reserve Fund or current revenue to any public or privately administered funds in connection with any such crisis, catastrophe or emergency a sum not exceeding such amount as may be determined by the Directors from time to time.

Contributions to Charities which are Allowable Expenses for Tax Purposes

(2) The Directors may by resolution contribute such sums of money as they in their discretion may think fit to organizations and charities, contributions to which are allowable expenses for the purpose of income tax. Such amounts shall be a charge against the revenue of the year during which they are contributed.

Contributions to Other Charities

(3) The Directors may in their absolute discretion contribute sums of money to charities other than those referred to in paragraph 2 of this Rule and charge the same against the revenue of the Society for the year in which the contribution is made.

Donations of cups, shields, etc.

(4) The Directors may donate cups, shields and do such other things as may be designed to develop the culture of the Island and to promote sports as they in their discretion may think fit. The total expenditure shall be a charge against the revenue of the year during which the expense is incurred.

Unclaimed Accounts

76. (1) The Directors, at the request of any person who had a right to any funds (“the Unclaimed Funds”) in a 15-Year Dormant Account which was extinguished prior to the adoption of these Rules, shall on such person presenting, to the satisfaction of the Directors, evidence of that person’s right to the Unclaimed Funds:

- (a) open a new customer account in the name of such person and credit thereto the Unclaimed Funds; or
- (b) pay the Unclaimed Funds to such person.

(2) For the purposes of this Article:

“*15-Year Dormant Account*” means an account which has remained a Dormant Account for a continuous period of at least 15 years (not including for this purpose the first 18 months which caused the account to be classified as a Dormant Account); and

“*Dormant Account*” means an account with the Society treated as dormant if during a continuous period of 18 months the relevant Customer (or his personal representative, committee of management or other competent body empowered to act on his behalf) did not (whether by reason of death or otherwise) undertake any transaction on the account including, but not limited to a withdrawal, fund transfer or deposit to the credit of such account provided that an account shall not be treated as dormant if during the relevant period (i) the customer had another account on which he (and not another co-account holder) carried out one or more transaction(s) on his instructions; (ii) he was alive and mentally capable but was prevented by a court order or other legally binding restriction disclosed to the Society from undertaking transaction on the relevant account; or (iii) the holder of the account had given notice to the Society that he would not be conducting transactions in relation to the account during such particular period.

LOANS FOR DEVELOPMENT SCHEMES AND HOUSING SCHEMES

Development Schemes

77. The Society may make Loans to borrowers upon the security of mortgages of freehold property or as permitted otherwise under the Act or in these Rules in any area of any scheme as defined in the Act to an amount which in the opinion of the Directors the property may warrant for such period and on such terms as may be agreed between the Directors and the Minister of Housing or other competent authority.

Housing Schemes

78. The Directors may from time to time agree with any person who is promoting or concerned in the promotion of a Housing Scheme that the Directors will, upon such terms and conditions as they may think fit, grant advances to the Purchasers of houses comprised in the Housing Scheme who become Customers and qualify for advances under the Rules of the Society.

UNDERTAKINGS OR GUARANTEES

Guarantees by Directors

79. The Directors shall be entitled from time to time to undertake or guarantee, subject to such terms and conditions as they may think fit, that the proceeds of any advance agreed to be made pursuant to any of these Rules shall be paid to any bank, company, firm, association or person to whom payment is authorised to be made by the person to whom the advance is granted.

REGISTRATION AND SAFE KEEPING OF SECURITIES

80. All securities and investments of the Society shall be taken and made in the name of the Society or its nominees and all deeds and documents in connection therewith shall be deposited and kept in such place as the Directors shall direct.

REVENUE AND APPROPRIATION ACCOUNT

Credits to be carried and debits charged to Revenue and Appropriation Account

81. (1) At the end of each financial year of the Society it shall, in accordance with the requirements of the BSA or any regulations, directions or other guidelines made or issued thereunder by the Supervisory Committee or the Supervisor, cause to be prepared the requisite financial statements (including (i) income statements, (ii) balance sheet; (ii) statements of comprehensive income, (iii) changes in capital and reserves and cash flows (consolidated where appropriate) in accordance with International Financial Reporting Standards adopted in Jamaica from time to time. The auditors shall audit and report on such financial statements to the Members. The Directors shall, in their absolute discretion, deal with any net surplus realised by the Society at the end of each financial year of the Society, in the following manner:

Transfers to Reserve Funds

- (a) by transferring to the statutory reserve fund such amount which shall not be less than the sum required to be so transferred to that account by the BSA and to the retained earnings account such sum if any is as it may deem fit;
- (b) by transferring the whole or any portion of such surplus (less appropriation to the accounts referred to in sub-paragraph (a) to the credit of the General Reserve Fund or to a Reserve or Reserve Funds. The amount credited to the General Reserve Fund or other Reserve Fund may be applied in such manner as the Directors in the interest of the Society may think fit;

Bonus

- (c) by transferring the then remaining surplus (if any) or the whole surplus if no amount has been carried to the General Reserve Fund or any other Reserve Fund referred to in sub-paragraph (b) above or such part as they may think fit, as a bonusthe credit of:
 - (i) Customers and /or Members holding Shares in such proportions as the Board shall decide, provided however that such additions of bonus shall be treated as an increase of interest for the current year; all such additions of bonus to be made to Members' Share Accounts as of the 31st December in the relevant financial year;
 - (ii) Investors holding any class of Funding Shares issued with profit participation rights;

Dividends

- (d) by declaring and paying dividends or other distributions to the holders of Proprietary Shares.

The Directors shall be at liberty for the purpose of expediting the crediting of bonus or profit participation or the payment of dividends or other distributions before the close of a financial year, to have an estimate of the surplus of any year and fix and pay the rate of bonus or profit participation or interim dividends or distributions accordingly.

Deficit Charged against General Reserve Fund

(2) If there be a deficit in any year, the Directors may charge it to the General Reserve Fund at their discretion.

Shareholders' Right in respect of Surplus

- (3) The Directors shall in dealing with the net surplus give careful consideration to the

rights of holders of Proprietary Shares and to the stability of the Society.

CHEQUES, PAYMENT ORDERS AND CASH PAYMENTS

Authorised Signatories for cheques & Payment orders

82. (1) Payments for and on behalf of the Society shall be made in such manner as may be customary among banks and financial institutions including by cheques, wire transfers, transfer effected through RTGS or other methods to the order of the payee or the duly authorised agents of the payee and shall be signed and/or authorised by two authorised signatories. Authorised signatories shall include the Directors, the Chief Executive Officer or President, the Secretary and such senior officers as the Directors may appoint. The Directors may fix, from time to time, the signing limit or authority of different classes of signing officers.

Cash Payments

(2) Payments may also be made in cash on the authority of the Board or by any other means authorised by the Board from time to time.

ARBITRATION

Arbitrators' Election

83. Five (5) Arbitrators shall be elected by the Society in Annual General Meeting (none of whom shall be a Director or officer of the Society) and whenever a vacancy arises it shall be filled at the next Annual General Meeting or at any special meeting of the Society.

Disputes

84. Disputes between the Society and any of its Customers or Members or any persons claiming by or through any Customer or Member or under the Rules, shall be settled by reference to arbitration and every Customer or Member requiring a reference to arbitration shall deposit with the Society FIFTY THOUSAND DOLLARS (J\$50,000.00) or such other sum as the Directors may from time to time determine and sign an undertaking to abide by the results of the reference.

Selection of Arbitrators

85. In each case of dispute the names of the Arbitrators shall be written on pieces of paper and placed "in some convenient box or other place out of view, and the three (3) names which are drawn by the complaining party or his agent shall be the Arbitrators to decide the matter in difference and their decision shall be final and binding on all parties.

Expenses of Arbitration

86. The expenses of arbitration shall in each case be borne as between the parties in such manner as may be decided by the Arbitrators in their discretion.

SEAL

Device, custody and use of Seal

87. (1) The common seal of the Society (in this Rule referred to as "the Seal") shall bear the registered name of the Society in a circle enclosing the device, if any, adopted for the Society.

(2) The Seal shall be kept at the Chief Office of the Society or at such other place as the Board may from time to time direct and shall be in the custody of the Secretary or other such person as the Board may from time to time determine. The Seal shall be secured by two locks, the keys of which shall be held by any two of four senior staff members appointed by the Directors ("Key holders") who shall each be empowered to hold one key, the receipt for which shall be given in a space provided in the Seal Minute Book and no Key holder shall deliver his key to another Key holder without ensuring that this requirement has been complied with.

Authorisation for use of Seal and Execution of Sealed Documents

(3) The Seal shall not be used without the authority of the Board and whenever the Seal is affixed to any document to which the Society is a party such document shall be signed and countersigned by such persons as the Board may authorise in that behalf from time to time and all such documents so sealed, signed and countersigned shall be deemed to be validly executed by the Society.

Delegation of Powers for the use and custody of the Seal to a Committee

(4) If the Board shall delegate to a Committee powers and discretions pursuant to Rule 47 (3) enabling that Committee to enter into transactions and to take action in the name of the Society (including the transactions acts and things required to be evidenced in writing under Seal) the Board may entrust the Seal to such Committee with general authority to use the same in the name of the Society and may at any time revoke that authority. The Board shall give to a Committee to whom the Seal is so entrusted directions as to the place where and the manner in which the Seal shall be kept and may at any time vary or alter those directions and subject to such directions the Seal so entrusted shall be kept in the custody of such person as the Committee may from time to time determine.

(5) The Seal when entrusted to a Committee having general authority to use the same pursuant to paragraph (4) of this Rule shall not be used without the authority of that Committee, and whenever the Seal is affixed to any document to which the Society is a party pursuant to an authority in that behalf given by such Committee, that document shall be signed and countersigned by such persons as the Committee may authorise in that behalf from time to time.

(6) Every authority given by a Committee having a general authority to use the Seal pursuant to paragraph (4) of this Rule, in relation to the use of the Seal and the signing and countersigning of documents to which it is affixed, shall be deemed to have been given by the Board. Every document to which the Seal is duly affixed, and which is signed and countersigned

pursuant to and in accordance with an authority given by such Committee, shall be deemed to be validly executed by the Society and shall take effect in all respects as if the Seal had been duly affixed to such document and such document had been signed and countersigned by the order of and in accordance with the authority of the Board.

(7) The Board may grant a Power of Attorney to an officer of the Society to act with or in place of the Committee as set forth in paragraphs (4), (5) and (6) of this Rule.

(8) A person dealing with the Society shall not be concerned to see or enquire whether any of the powers, discretions or authorities mentioned in this Rule have been duly delegated, given, exercised or revoked.

(9) The Board may at any time call in and take control of the Seal entrusted to a Committee or any officer acting in that behalf and thereupon the powers of the Committee or officer as to the use of the same shall cease without prejudice however to any further delegation of such powers to that Committee or officer.

Seal Minute Book

88. A description of all documents to which the Seal is affixed shall be recorded in a seal minute book and the Secretary or other persons authorised by the Board to sign any such document, and the Key holders shall all affix their respective signatures to such record with the date of execution of the document, in verification that the document was executed under Seal to the best of their knowledge.

MISCELLANEOUS

Bankrupt Member

89. On any Member becoming bankrupt or if his shares or any of them shall be charged in favour of any person by or through an order of a Court of competent jurisdiction, or otherwise, the trustee or person obtaining such charge shall not, by reason thereof, become a Member of the Society, but shall be at liberty to withdraw the share or shares or interest of such Member. Such shares shall nevertheless be subject to all the Rules of the Society to which they would have been liable in the hands of the Member holding the same.

Incapacitated Depositor

90. In the event of any depositor becoming incapacitated by reason of lunacy, unsoundness of mind, infirmity or otherwise, the amount standing to the credit of his deposit account at the time of his so becoming may be paid, subject to the Rules as to withdrawals, to the committee or guardian of such depositor and in case there be no legally appointed committee or guardian, then to the person having the care of such depositor upon such person giving to the Society such indemnity against all claims in respect of such deposits as the Directors may require.

Death Intestate of Depositor

91. In the event of the death intestate of a depositor having in the funds of the Society a sum not exceeding forty thousand (J\$40,000.00) or any such amount as may be allowed under the provisions of Section 29 of the Act or any other applicable law for the time the same may be paid out without administration being raised.

Set-Off & Combining Accounts

92. (1) The Society shall have the right at any time without notice to apply any funds standing to the credit of a Depositor's account towards full or partial satisfaction of any liability (whether as principal obligor or surety) overdue and owing to the Society by the Depositor. This right of set-off shall operate between accounts of any kind whatsoever held or operated by the Society. For the purpose of effecting set-off against any liability in a currency other than Jamaican currency ("a foreign currency") or funds held in any account in a currency other than Jamaican currency may be converted into Jamaican currency or the relevant foreign currency (as the case may be) at the selling rate of exchange offered by the Society in over the counter transactions in respect of the relevant foreign currency.

Transfer of balance in overdrawn accounts to mortgage

(2) The Society shall have the right at any time, without notice, to transfer overdrafts occurring in a mortgagor's share or deposit account or current account or other loan or credit card account to his mortgage account to the intent that the amount transferred shall be secured by the mortgage granted by the Society. This right shall also apply to any account guaranteed by the mortgagor.

Alteration or Repealing of Rights

93. (1) No rules of the Society shall be altered or repealed or any rule or new set of rules shall hereafter be made except in keeping with the provisions of the Act at a special general meeting of the Members of the Society convened for that purpose at which meeting each Member of the Society shall have only one vote per share held.

Effect of alteration or amendment of Rules

(2) No alteration or amendment of the Society's Rules governing the terms or conditions on which persons become Members shall entitle the Society or the Members to require that the alteration or amendment shall apply to contracts in existence when the alteration or amendment takes effect.

Construction of Rules

94. If any question or dispute shall arise touching the construction or meaning of these Rules or any of them such question or dispute shall be referred to one or more of the Attorneys-at-law of the Society selected by the Directors whose opinion shall be final and binding unless the question

or dispute is referred to arbitration. The opinion of any such Attorney-at-law shall be put in writing and forwarded to the Society.

AMALGAMATION

Amalgamation and Transfer of Engagements (Outward)

95. The Society may, subject to the BSA, unite with another building society or, by a scheme of arrangement or otherwise, amalgamate with or transfer its undertaking to, any other building society or company, being another deposit-taking institution, in the manner prescribed by the BSA or any other applicable law.

Amalgamation and Transfer of Engagements (Inward)

96. The Society may undertake to fulfil the engagements of any other building society or, by a scheme of arrangement, amalgamate with or accept the transfer of the undertaking of a company being another deposit-taking institution licenced under the BSA in the manner prescribed by the BSA.

Conversion to a company under the Companies Act, 2004

97. The Society may, pursuant to the BSA or by a scheme of arrangement under the Companies Act, 2004, convert itself to a private or public company incorporated under the Companies Act, 2004.

DISSOLUTION

98. The Society may be dissolved in the manner prescribed by the Act or the BSA.

MEMBERSHIP IN MHC

99. Every Customer of the Society shall automatically become a member of MHC and shall have and enjoy all the Membership Rights in the MHC unless the Customer opts out of such membership. A Customer may opt out of membership of the MHC by giving written notice to the Society confirming that he does not wish to become a member of the MHC.

100. Any person who ceases to be a Customer shall automatically cease to be a member of the MHC and the Society shall give notice to the MHC of any such person and shall cooperate with the MHC to ensure that its register of Members accords with the Society's list of Customers at all times. MHC may (but need not) issue membership cards to its members.

NEW RULES

101. (1) The within new Rules of VM Building Society adopted by the Members at a special general meeting held on the August 9, 2022 in keeping with the provisions of the Act are hereby acknowledged to replace in their entirety the Rules previously in existence but the rights of the

depositors prior to the adoption of the said new Rules shall not thereby be prejudiced in any manner whatsoever.

(2) All of the Directors, Chief Executive Officer, Secretary, Auditors, Attorneys-at-law and all officers of the Society as defined in the said new Rules holding office or appointments at the date of the adoption thereof shall continue to hold their respective offices and/or appointments on the terms and conditions then prevailing until they shall retire or otherwise cease to hold the same in accordance with the provisions of the said new Rules, in like manner as if they had been elected or appointed pursuant to the said Rules.

PART 6: ADDITIONAL INFORMATION

Responsibility Statement

6.1 The Directors of the Society whose names are set out in paragraph 4.10 of this Circular, each accept responsibility for the information contained in this Circular relating to the Society. To the best of the knowledge and belief each of such Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they are responsible is in accordance with the fact and does not omit anything likely to affect the import of such information.

Information on the Society

6.2 The Society was incorporated and registered as a mutual building society on **November 14, 1878**. The principal office of the Society is at 6-10 Duke Street, Kingston, Jamaica.

Directors and their Interest

6.3 The Society: Other than Courtney Campbell, all Directors of the Society are non-executive Directors. Such Non-executive Directors are not employed under contract of service. They are generally appointed to the Board of Directors of the Society and serve until they either retire by rotation or voluntarily resign. Directors who retire by rotation customarily serve approximately three (3) years before they come up for retirement in the ordinary course. A director who comes up for retirement by rotation is generally eligible for re-election to the Board by the Members at the annual general meeting at which he retires.

6.4 Non-executive directors are paid director's fees. Non-executive directors from time to time establish savings accounts with, or take mortgage loans from the Society or may conduct other business with the Society on standard terms and conditions.

6.6 The following executives of the Society serve on the boards of various Subsidiaries of the Society:

VMBS:

Courtney Campbell

VMIL:

Courtney Campbell

Janice McKenley

Devon Barrett

Rezworth Burchenson

VM Money Services

Courtney Campbell

Peter Reid

VM Pensions Management

Courtney Campbell
Rezworth Burchenson
Devon Barrett

VM Property Services

Louis Christie
Courtney Campbell
Janice McKenley
Peter Reid

VM Finance Ltd

Janice McKenley
Courtney Campbell
Peter Reid
Leighton Smith

VM Overseas UK

Courtney Campbell
Peter Reid

6.7 No Director or Executive of the Society or any Director or Executive of any of its Subsidiaries will receive or has been promised any bonus or other special compensation or benefit based on the success or other outcome of the Reorganisation of the VM Group. If the Reorganisation is completed it is expected that most executives and senior members of staff of VMBS will remain with the Society. Courtney Campbell, the current President and Chief Executive Officer of the VM Group, is expected to be appointed Chief Executive Officer of the Mutual Holding Company (“MHC”). Other executives of the Society may be transferred to the MHC to form a core group of executives who will set the strategic objective of the VM Group and monitor the performance of the VM Group.

6.8 KPMG has given and has not withdrawn its written consent to the publication of this document with the inclusion therein of references to its name and to the publication of its report on the pro forma financial statements of VM Building Society set out in Part 7 of this document in the form and context in which they appear.

Documents Available for Inspection

6.9 The following documents are available for inspection during normal business hours (9.00 a.m. to 5.00 p.m.) on any Business Day (Saturdays, Sundays and public holidays excepted) at the office of **Patterson, Mair Hamilton**, Temple Court, 85 Hope Road, Kingston 6, Jamaica, up to and including the earliest of the Effective Date or if the Scheme proposed by the Society is withdrawn or is not sanctioned by the Court, the date of such withdrawal or the date on which such Order is made by the Court. The Effective Date is the date on which the Order sanctioning the VMBS Scheme is filed with the Registrar of Companies.

- (a) the Rules of the Society;
- (b) the draft Articles of MHC;
- (c) the draft Articles of Incorporation of VM Financial Group Limited;
- (d) the Annual Report of the Society for the year ended 31st December 31, 2020; and
- (e) the written consent of KPMG referred to in paragraph 6.8 above.

PART 7 PRO FORMA FINANCIAL INFORMATION



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION
OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

To the Members of
THE VICTORIA MUTUAL BUILDING SOCIETY

We have completed our assurance engagement to report on the compilation of pro forma financial information of The Victoria Mutual Building Society (the Society) and its subsidiaries (collectively, the Group) prepared by management of the Society. The pro forma financial information consists of the pro forma statements of financial position prepared as at December 31, 2020 for the proposed successor parent company (Mutual Holding Co.), the proposed Financial Holding Company (FHC) and the proposed Non-Financial Holding Company (VM Innovations Limited) and related notes, as set out on pages 4 to 9. The basis on which management has compiled the pro forma financial information is described in note 4.

The pro forma financial information has been compiled by management to illustrate the impact of the proposed group reorganisation (set out in Note 2) on the respective statements of financial position as at December 31, 2020 as if the restructuring transaction had taken place at December 31, 2020. As part of this process, information about the entities' financial position, has been extracted by management from the separate and consolidated financial statements of the Society and the Group for the year ended December 31, 2020, on which an audit report has been published.

Management's Responsibility for the Pro Forma Financial Information

Management is responsible for compiling the pro forma financial information on the basis disclosed in the notes to the pro forma financial information.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford

Nigel R. Chambers
Nyssa A. Johnson
W. Gihan C. de Mel
Wilbert A. Spence

Rochelle N. Stephenson
Sandra A. Edwards
Karen Ragoobirasingh



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION
OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

To the Members of
THE VICTORIA MUTUAL BUILDING SOCIETY

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the International Code of Ethics for Professional Accountants including Independence Standards, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by management on the basis disclosed in the notes to the pro forma financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2020 would have been as presented.



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION
OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

To the Members of
THE VICTORIA MUTUAL BUILDING SOCIETY

Practitioner's Responsibilities (continued)

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the entity, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the pro forma financial information has been properly compiled on the basis stated.

A handwritten signature in blue ink that reads 'KPMG'.

December 9, 2021
Kingston, Jamaica

THE VICTORIA MUTUAL BUILDING SOCIETY
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
VICTORIA MUTUAL GROUP
December 31, 2020

	FHC Consolidation	NFHC Consolidation	MHC Separate	Eliminating Entries	MHC Consolidation	VMBS Group 2020 Audited	Adjustments
ASSETS							
Cash and cash equivalents	9,184,714,403	73,298,088	-	(42,326,669)	9,215,685,822	9,215,685,822	-
Investments - Jamaica Government securities	18,323,948,000	-	-	-	18,323,948,000	18,323,948,000	-
Investments - other	25,381,855,000	-	-	-	25,381,855,000	25,381,855,000	-
Resale agreements	12,030,300,336	-	-	-	12,030,300,336	12,030,300,336	-
Loans	77,677,406,019	-	-	-	77,677,406,019	77,677,406,019	-
Other assets	12,991,627,926	96,715,336	-	(7,485,018)	13,080,858,244	13,080,858,244	-
Income tax recoverable	16,077,000	-	-	-	16,077,000	16,077,000	-
Deferred tax assets	45,756,000	5,807,556	-	-	51,563,556	51,563,556	-
Employee benefits asset	1,978,511,000	-	-	-	1,978,511,000	1,978,511,000	-
Due from related parties	48,713,276	-	-	(48,713,276)	-	-	-
Interest in subsidiaries	-	-	15,577,614,000	(15,577,614,000)	-	-	-
Interest in associate	1,975,506,218	-	1,095,313,000	(1,095,313,000)	1,975,506,218	1,975,506,218	-
Intangible assets	2,707,331,000	240,097	-	-	2,707,571,097	2,707,571,097	-
Goodwill on consolidation	609,214,101	-	-	-	609,214,101	609,214,101	-
Investment and foreclosed properties	378,643,839	-	-	-	378,643,839	378,643,839	-
Property, plant and equipment	2,600,654,618	7,185,935	-	-	2,607,840,553	2,607,840,553	-
Total assets	\$ 165,950,258,736	183,247,012	16,672,927,000	(16,771,451,963)	166,034,980,785	166,034,980,785	-
LIABILITIES							
Shareholders' savings	101,937,365,396	-	-	42,326,537.00	101,895,038,859	101,895,038,859	-
Depositors' savings	1,591,837,000	-	-	-	1,591,837,000	1,591,837,000	-
Savings fund	103,529,202,396	-	-	-	103,486,875,859	103,486,875,859	-
Due to specialised institution	1,576,352,000	-	-	-	1,576,352,000	1,576,352,000	-
Income tax payable	1,131,972,533	-	-	-	1,131,972,533	1,131,972,533	-
Other liabilities	3,840,857,009	46,620,942	-	56,198,426	3,831,279,525	3,831,279,525	-
Repurchase agreements	22,247,891,336	-	-	-	22,247,891,336	22,247,891,336	-
Other borrowings	9,555,143,000	-	-	-	9,555,143,000	9,555,143,000	-
Lease liabilities	338,801,676	5,794,150	-	-	344,595,826	344,595,826	-
Deferred tax liabilities	439,009,758	7,618	-	-	439,017,376	439,017,376	-
Employee benefits obligation	1,201,400,000	20,800,000	-	-	1,222,200,000	1,222,200,000	-
Total liabilities	143,860,629,708	73,222,710	-	98,524,963	143,835,327,455	143,835,327,455	-
EQUITY							
Permanent capital fund/ share capital	16,672,924,670	2,000	7,746,058,000	(16,672,927,000)	7,746,057,670	7,746,057,670	-
Reserve fund	-	-	1,464,444,000	-	1,464,444,000	1,464,444,000	-
Retained earnings reserve	-	-	4,778,119,000	-	4,778,119,000	4,778,119,000	-
Non-distributable reserve	-	-	(156,191,000)	-	(156,191,000)	(156,191,000)	-
Credit facility reserve	-	-	1,862,074,000	-	1,862,074,000	1,862,074,000	-
Investment revaluation reserve	1,095,351,210	-	968,423,000	-	2,063,774,210	2,063,774,210	-
General reserve	-	-	10,000,000	-	10,000,000	10,000,000	-
Currency translation reserve	335,951,892	-	-	-	335,951,892	335,951,892	-
Retained earnings	3,105,221,256	108,872,302	-	-	3,214,093,558	3,214,093,558	-
Other reserve	3,885,400	1,150,000	-	-	5,035,400	5,035,400	-
Non-controlling interest	876,294,600	-	-	-	876,294,600	876,294,600	-
	22,089,629,028	110,024,302	16,672,927,000	(16,672,927,000)	22,199,653,330	22,199,653,330	-
Total equity and liabilities	\$ 165,950,258,736	183,247,012	16,672,927,000	16,771,451,963	166,034,980,785	166,034,980,785	-

THE VICTORIA MUTUAL BUILDING SOCIETY
PRO FORMA SEPARATE STATEMENTS OF FINANCIAL POSITION
NEW HOLDING COMPANIES
December 31, 2020

	FHC	MHC
ASSETS		
Interest in subsidiaries	15,577,612,000	15,577,614,000
Interest in associate	1,095,313,000	1,095,313,000
Total assets	<u>\$ 16,672,925,000</u>	<u>16,672,927,000</u>
<u>EQUITY</u>		
Permanent capital fund/ share capital	16,672,925,000	7,746,058,000
Reserve fund	-	1,464,444,000
Retained earnings reserve	-	4,778,119,000
Non-distributable reserve	-	(156,191,000)
Credit facility reserve	-	1,862,074,000
Investment revaluation reserve	-	968,423,000
General reserve	-	10,000,000
Total Equity	<u>\$ 16,672,925,000</u>	<u>16,672,927,000</u>

NB: The designated non-financial holding company is VM Innovations Limited (formerly Victoria Mutual Properties Limited) an existing company. Therefore, pro-forma information not required.

THE VICTORIA MUTUAL BUILDING SOCIETY
PRO FORMA SEPARATE STATEMENT OF FINANCIAL POSITION
December 31, 2020

	2020		2020
	Audited	Adjustments	Pro forma
ASSETS			
Cash and cash equivalents	7,644,438,000	-	7,644,438,000
Investments - Jamaica Government securities	5,714,165,000	-	5,714,165,000
Investments - other	21,232,799,000	-	21,232,799,000
Resale agreements	8,524,215,000	-	8,524,215,000
Loans	73,429,428,000	-	73,429,428,000
Other assets	6,920,149,000	-	6,920,149,000
Due from related parties	6,495,426,000	-	6,495,426,000
Income tax recoverable	16,077,000	-	16,077,000
Employee benefits asset	1,978,511,000	-	1,978,511,000
Interest in subsidiaries	1,362,388,000	(1,362,388,000)	-
Interest in associate	1,095,313,000	(1,095,313,000)	-
Intangible assets	2,379,326,000	-	2,379,326,000
Investment and foreclosed properties	383,796,000	-	383,796,000
Property, plant and equipment	2,192,364,000	-	2,192,364,000
Total assets	\$ 139,368,395,000	(2,457,701,000)	136,910,694,000
LIABILITIES			
Shareholders' savings	102,718,175,000		102,718,175,000
Depositors' savings	1,591,837,000	-	1,591,837,000
Savings fund	104,310,012,000	-	104,310,012,000
Due to specialised institution	1,576,352,000	-	1,576,352,000
Other liabilities	1,724,794,000	-	1,724,794,000
Lease Liabilities	153,026,000	-	153,026,000
Repurchase agreements	5,809,655,000	-	5,809,655,000
Other borrowings	6,519,307,000	-	6,519,307,000
Deferred tax liabilities	417,944,000	-	417,944,000
Income tax Payable	1,026,178,000	-	1,026,178,000
Employee benefits obligation	1,158,200,000	-	1,158,200,000
Total liabilities	122,695,468,000	-	122,695,468,000
EQUITY			
Permanent capital fund	7,746,058,000	-	7,746,058,000
Reserve fund	1,464,444,000	-	1,464,444,000
Retained earnings reserve	4,778,119,000	(2,457,701,000)	2,320,418,000
Non-distributable reserve	(156,191,000)	-	(156,191,000)
Credit facility reserve	1,862,074,000	-	1,862,074,000
Investment revaluation reserve	968,423,000	-	968,423,000
General reserve	10,000,000	-	10,000,000
	16,672,927,000	(2,457,701,000)	14,215,226,000
Total equity and liabilities	\$ 139,368,395,000	(2,457,701,000)	136,910,694,000

THE VICTORIA MUTUAL BUILDING SOCIETY

Notes to the Pro Forma Statements of Financial Position Prepared as at December 31, 2020

1. Identification

- (a) The Victoria Mutual Building Society ("the Society" or "VMBS") 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.

The principal activities of the Society and its subsidiaries [note 1(b)] comprise 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:

<u>Entity</u>	<u>Country of incorporation</u>	<u>Nature of business</u>	<u>Percentage equity held by:</u>	
			<u>Society</u>	<u>subsidiaries</u>
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 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	-

THE VICTORIA MUTUAL BUILDING SOCIETY

Notes to the Pro Forma Statements of Financial Position Prepared as at December 31, 2020

1. Identification (continued)

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

<u>Entity</u>	<u>Country of corporation</u>	<u>Nature of business</u>	<u>Percentage equity held by:</u>	
			<u>Society</u>	<u>subsidiaries</u>
VMBS Money Transfer Services Ltd.	Jamaica	Management of money transfer services	99	-
VMBS Overseas (UK) Limited	United Kingdom	Promotion of the business of the Society	100	-
Victoria Mutual Pensions Management Limited	Jamaica	Pension fund management and administration	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, has 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.

2. Summary of the restructuring transaction

Under the proposed restructuring, the following are contemplated:

- (a) two (2) new companies are established, identified for the time being as: Victoria Mutual Group Limited (MHC), which becomes the new ultimate parent company and Victoria Mutual Financial Holding Limited (FHC), which becomes the holding company of the Group's financial services operations. Victoria Mutual Properties Limited, renamed VM Innovations Limited, is designated as the non-financial holding company (NFHC).
- (b) FHC and NFHC control all the assets and liabilities of the former VMBS Group entities through their ownership of all the shares of VMBS and the existing subsidiaries and associated companies of VMBS.
- (c) VMBS converts to a proprietary building society by converting its permanent capital fund to ordinary share capital in the amount of \$7,746,058,000, which will be issued to the FHC.
- (d) VMBS transfers all of its interest in its subsidiaries and associates totalling \$2,457,699,000 to FHC and \$2,000 to NFHC.

THE VICTORIA MUTUAL BUILDING SOCIETY

Notes to the Pro Forma Statements of Financial Position Prepared as at December 31, 2020

2. Summary of the restructuring transaction (continued)

Under the proposed restructuring, the following are contemplated (continued):

- (e) Both FHC and NFHC in turn, in consideration for receiving the shares in VMBS and its individual subsidiaries, issue shares to MHC and MHC, in turn, issues membership rights to the existing members of the Society.

3. Statement of compliance

The audited financial statements, on which these pro forma financial statements are based, 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. The accounting policies applied in preparing the audited financial statements are detailed in the notes to those financial statements as at and for the year ended December 31, 2020. The balances reported in the audited statements of financial position as at December 31, 2020 have been adjusted to reflect the transaction described in note 2.

4. Basis of preparation

- (a) Consolidated financial statements

In preparing the consolidated financial statements for Victoria Mutual Group Limited and each of the intermediate holding companies, the transaction is accounted for as a common control transaction using book value (carry-over basis) accounting, on the basis that the investment has simply been moved from one part of the group to another.

- (b) Separate financial statements

In preparing the separate financial statements of the Victoria Mutual Group Limited and Victoria Mutual Financial Holding Company, the Group has applied the requirements of IAS 27.13, which indicates that when a parent reorganises the structure of its group by establishing a new entity as its parent in a manner that satisfies the following criteria:

- the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;
- the assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation; and
- the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation, and
- and the new parent accounts for its investment in the original parent at cost [IAS 27,10(a)] in its separate financial statements,

the new parent shall measure “cost” at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation.

PART 8 – DEFINITIONS

In this Circular, the following terms shall have the following meanings; unless stated otherwise:

“15-year Dormant Account”	means an account which has remained a Dormant Account for a continuous period of at least 15 years prior to the date of filing the Application for a Court Order to convene meetings to consider this Composite Schemes.
“Affiliates”	means any company or other legal entity in which the Society owns, directly or indirectly, 20% or more of its voting shares but not more than 50% of such shares
“AGM” or “Annual General Meeting”	means the annual general meeting of the Members of the Society to be convened to, <i>inter alia</i> , consider and, if thought fit, change the name of the Society to VM Building Society and adopt new Rules;
“BCIC”	means British Caribbean Insurance Company Limited
“Blue Form of Proxy”	means the blue form of proxy for use by Members in relation to the Court Ordered Members’ Meeting for the Society;
“BOJ”	means Bank of Jamaica;
“Circular”	means this document;
“Companies Act”	means the Companies Act, 2004, as same may be amended or re-enacted from time to time;
“Court”	means the Supreme Court of Judicature of Jamaica;
“Court Ordered Members’ Meeting” or “Court Meeting”	means the meeting of Members of VMBS (or in the case of any Scheme Company, a meeting of such Scheme Company’s Shareholders) summoned pursuant to an order of the court to vote upon the Scheme applicable to VMBS (or such Scheme Company), as the case may be, or any adjourning of any such meeting;
“Dormant Account”	means an account with the Society for which the relevant customer (or his personal representative, committee of management or other competent body empowered to act on his behalf) did not (whether by reason of death or otherwise) during a continuous period of 18 months undertake any transaction on the account including, but not limited to a withdrawal, fund transfer or deposit to the credit of such account provided that an account shall not be treated as dormant if during the relevant period (i) the customer had another account on which he (and not another co-account holder) carried out one or more transaction(s) on his instructions; (ii) he was alive and mentally capable but was prevented

	by a court order or other legally binding restriction disclosed to the Society from undertaking transaction on the relevant account; or (iii) the holder of the account had given notice to the Society that he would not be conducting transactions in relation to the account during such particular period.
“Demutualisation”	means the process whereby the Society, being a mutual organization, is converted to a proprietary building society;
“Fair Market Value”	means the fair market value of the shares of a company or other asset determined by a firm of chartered accountants practicing in Jamaica;
“FHC”	means the financial holding company being, VM Financial Group Limited, a wholly owned subsidiary of MHC;
“FSC”	means the Financial Services Commission;
“Members”	unless the context otherwise requires, means the members for the time of the Society;
“Membership Rights”	means all the rights and privileges enjoyed by a Member of the Society;
“MHC”	means VM Group Limited, the mutual holding company which, if the Schemes are sanctioned and the Reorganization is completed, will become the ultimate holding company for the VM Group;
“Non-FHC”	means the non-financial holding company being VM Innovations Limited;
“Overseas Member”	means a Member of the Society whose address on the records of the Society is outside Jamaica;
“Reorganisation”	means the reorganization of the VM Group by (i) the Court sanctioning Schemes proposed in respect of the Society and the Scheme Companies; and (ii) the demutualization of the Society and its conversion a proprietary building society called VM Building Society Limited;
“Scheme Company”	means any of the Subsidiaries and Affiliates of VMBS in respect of which a scheme of arrangement is being undertaken simultaneously with the scheme in respect of VMBS and “Scheme Companies” means more than one Scheme Company;
“Society” or “VMBS”	means The Victoria Mutual Building Society;
“Subsidiary”	has the meaning ascribed thereto by section 151 of the Companies Act, and includes BCIC;

“Supervisor”	means the Supervisor as defined in the Banking Services Act, 2014 or any other agency or department of Government responsible for the regulatory supervision of building societies in Jamaica;
“Supervisory Committee”	means the committee established under section 6 of the BSA which has the power to licence and supervise deposit-taking institutions;
“VM Building Society”	means VM Building Society Limited, being the proprietary building society into which the Society shall be converted, if the VMBS Scheme is approved and the Reorganization is completed;
“VM Group”	means VMBS, its Subsidiaries and its Affiliates;
“VM Group Company”	means a company in the VM Group;
“VMIL”	means Victoria Mutual Investments Limited;
“VM Innovations”	means VM Innovations Limited;
“VM Money Services”	means VMBS Money Transfer Services Limited;
“VM Pensions”	means Victoria Mutual Pensions Management Limited;
“Yellow Form of Proxy”	means the yellow form of proxy for use by Members in relation to the AGM.

Reference in this document to “Voting Record Time” shall mean the latest time before a general meeting or a court-ordered meeting under a scheme of arrangement of the Society or a company by which proxies may be lodged with the Society or such company to be valid for such meeting. In the case of companies that period is usually 48 hours before the meeting; being the longest period permitted by the Companies Act, 2004 and, in the case of the Society, it is 10 days as provided at the Rules of the Society. In the case of a Court-ordered meeting under a Scheme of Arrangement (where the meeting rules are fixed by the Court) it is customary for the Court to permit late proxies to be delivered in hand to the chairman of the meeting before the meeting starts.

PART 9 - FREQUENTLY ASKED QUESTIONS

1. **What is the purpose of the reorganisation?**

The re-organisation of the VM Group is necessary to satisfy **two key objectives**:

Your Board of Directors has made a comprehensive proposal that will allow the Group to separate the financial and non-financial companies in the VM Group, to ensure that we are compliant with the Banking Services Act that was passed in 2014 and incorporates similar requirements that were contained in the Building Societies Act, 2004.

The proposed changes to the VM Group structure have been carefully considered by your Board of Directors, to ensure that your membership rights and the values of the Society are securely preserved. Therefore, although we are proposing to make changes to the VM Group structure to ensure compliance with the law, your Society will remain the same entity you have known and trusted for more than 14 decades.

2. **What will happen to my VMBS account when VMBS converts to a proprietary building society?**

If your account has not been dormant for a period of 15 years or longer (15-year Dormant Accounts), it will continue with the Society. However, your membership rights in the Society will be transferred to the new Mutual Holding Company, which will be the new holding company in the VM Group owning all the entities in the Group.

If your account has been dormant for 15 or more years then the account will be closed and the amounts standing to the credit of your account will belong to the Society. However, you may at any time request that your account balance be repaid or that your account with the Society re-establish your account. If your account is reestablished you will be granted membership rights in the new Mutual Holding Company.

3. **How do I re-establish my account if it has been dormant for 15 years or longer?**

If you wish to re-establish your account, then please contact the VMBS Member Engagement Centre. VMBS Member Engagement Centre Agents will guide you through the process of re-establishing your account or assist you in applying for a repayment of your account balance.

4. **How is VM's reorganisation different from the process undertaken by other mutual organisations around the world, particularly in the United Kingdom?**

Unlike other mutual organisations, including those in the United Kingdom, your membership rights in the Society will be retained in the new VM Group. In other words you will continue to be a member of the Mutual Holding Company which will own the VM Group. The Mutual Holding Company will own all entities in the new VM Group,

including the Society. Therefore, unlike other mutual organisations, which have undertaken similar changes, **VM will remain a mutual organisation owned by its members.**

5. Will the ultimate ownership of the VM Group change as a result of the re-organisation?

No – it will not change at all. The new Mutual Holding Company will own a financial holding and a non-financial holding company. The financial holding company will own the Society, Victoria Mutual Investments Limited and the other financial companies in the Group and the non-financial holding company will own companies such as Victoria Mutual (Property Services) Limited and other non-financial companies in the Group. The important point to note however is that you, as members of the Society, will own the MHC which owns all the companies in the Group.

6. How will the reorganisation of VMBS benefit me?

Member Benefits

The sole purpose of the Victoria Mutual Building Society is to help our Members achieve their goals and overall financial wellness. As a ‘Mutual’ our Members are at the heart of all our decisions, meaning we don’t have external shareholders to satisfy, unlike commercial banks. You become a Member of the VM Group once you open an account.

The following are Member Benefits:

1. High interest rate on Mortgage Savings Product – iSave For Home.
2. Low Processing Fees.
3. Competitive interest rate on mortgage loans.
4. 100% Financing on mortgages for Self-Employed persons.
5. 50% discount on property valuations.
6. No Fees for transactions done at any Multilink ABM or Point of Sale.
7. No Dormant Fees. We will not close your account and we will not charge dormant fees.

7. What happens to my membership in VMBS when VM Group reorganises?

Your membership rights in VMBS will be transferred to the **Mutual Holding Company**, which will own all entities in the new VM Group, after VMBS converts to a proprietary building society.

As an owner of the Mutual Holding Company, your legal rights and responsibilities will be outlined in the Articles of Incorporation of that company, which will replace the VMBS Book of Rules. The Articles of Incorporation are the primary rules governing membership in the new Mutual Holding Company.

8. How long will it take for VMBS to reorganise?

VMBS is now in the process of making an application to the Supreme Court to approve the reorganisation of the VM Group.

By order of the Supreme Court, a General Meeting will be convened; and, you, as a member, will be asked to vote to approve the proposed new VM Group structure.

Subsequent to your approval, we will return to the Supreme Court for a final decision.

It is estimated that it will take a maximum of 12 months for the restructuring of the entire VM Group to be completed, starting from the date of the Court's final approval.

9. Are there alternatives to reorganising the VM Group?

Yes, but it would mean splitting up the VM Group and disposing of the non-financial companies such as VM Innovations Limited. A reorganisation of the VM Group is therefore necessary to comply with the legal requirements outlined in the Banking Services Act, passed in 2014, which enhance the compliance framework of previous legislation that requires that groups which offer financial services, such as VMBS, must separate their financial entities from any non-financial ones.

Therefore, while some reorganisation is required in any event, our proposed structure allows us to keep the Group intact with a structure which meets the requirements of the new banking law.

10. Do I have a say in whether VMBS reorganises its Group?

Yes, as a member, you have a legal say in whether VMBS reorganizes the VM Group. You will be given an opportunity to vote at a meeting which will be summoned under a Court Order. However you must recognize that regardless of what happens, under the new Banking Services Act the Society will not be allowed to continue with its current structure or else it would be operating illegally. In other words, the Banking Services Act requires that the VM Group be re-organised so that real sector companies be separated from financial and regulated companies and that a financial holding company be established.

11. If my VMBS account is dormant or unclaimed, will I still be able to vote?

Yes, if your account is dormant or unclaimed, for however long, you will still be entitled to a vote.

12. What is the voting process?

VMBS will make the process of voting simple, free and fair for all members.

When the Supreme Court grants its initial approval of the proposal to convert VMBS and to reorganise the VM Group, you will be invited to attend a **General Meeting** to vote on the proposed changes. However, before the meeting, VMBS will communicate with you and provide you with all the information necessary to assist you with understanding the proposed changes.

At the General Meeting, you will be provided with a ballot paper on which you will place your vote at the appropriate time. Each vote will be counted and the results of the poll will be announced at the meeting.

Independent auditors will oversee voting to ensure the process is fair.

13. How many votes will I have on a resolution?

In keeping with the **VMBS Book of Rules**, you will, in common with all other Members be entitled to one vote regardless of your account or loan balance or other factors.

14. Will I be able to vote if I am overseas?

If you are overseas and unable to physically attend the Annual General Meeting, you may choose to vote using a proxy ballot. You may designate someone, for example, the VMBS Board Chairman, to cast a vote on your behalf.

15. Will I be able to still get mortgages from VMBS?

Yes. VMBS will continue to be a private mortgage provider.

16. Will I still be able to access benefits across the VM Group?

As a legal owner of the Mutual Holding Company, you will be able to reap all the benefits that were afforded to you as a VMBS member. In addition, you will have access to the benefits from our expanded offerings. These include discounts on products and services from other VM Group entities and affiliated merchants.

17. Will the new VM structure mean higher fees for me?

VM is committed to providing our members with the best value in the market as it relates to rates and fees and will seek to maintain this philosophy going forward. That is how the VM Group will pass meaningful benefits onto you its members.

APPENDIX 1

NOTICE OF COURT MEETING



NOTICE OF MEETING TO CONSIDER SCHEME OF ARRANGEMENT

IN THE MATTER of (i) The Victoria Mutual Building Society; (ii) Victoria Mutual Investments Limited; (iii) Victoria Mutual Pensions Management Limited (iv) VMBS Money Transfer Services Limited; and (v) VM Innovations Limited.

AND IN THE MATTER of the Companies Act, 2004 and the Banking Services Act.

**SCHEME OF ARRANGEMENT UNDER SECTIONS 206-
208 OF THE COMPANIES ACT, 2004
and
SECTION 100 OF THE BANKING SERVICES ACT**

BETWEEN: THE VICTORIA MUTUAL BUILDING SOCIETY AND ITS MEMBERS;

NOTICE IS HEREBY GIVEN that by an Order of the Supreme Court of Judicature made in the above matter the Court directed that a Meeting be convened of the Members of Victoria Mutual Building Society (“the Society”) for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Society and its Members and that such Meeting will be held at the National Arena, Arthur Wint Drive, Kingston 5 on the 9th day of August at 3:00 p.m. at which place and time all such Members are requested to attend.

A copy of the Scheme of Arrangement and a copy of the Statement required to be furnished pursuant to Section 207(1) of the Companies Act, 2004 are enclosed herewith.

The said Members may vote in person at such meeting or they may appoint another person, whether a member of the Society or not, as their proxy to attend and vote in their stead.

A form of proxy applicable for the Meeting is enclosed herewith.

In the case of joint Members the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint Member(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Society.

It is requested that forms appointing proxies be lodged at the registered office of the Society situated at 73-75 Half-Way Tree Road, Kingston 10 in the Parish of Saint Andrew not less than 48 hours before the time appointed for the said Meeting, but if the forms are not so lodged they must be handed to the Chairman at the Meeting at which they are to be used.

A Chairman will be appointed at the meeting who will report the results of the meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED this 14th day of July 2022

APPENDIX 2

NOTICE OF ANNUAL GENERAL MEETING

VICTORIA MUTUAL BUILDING SOCIETY

NOTICE IS HEREBY GIVEN THAT an ANNUAL GENERAL MEETING of **The Victoria Mutual Building Society** will be held at the National Arena, Arthur Wint Drive, Kingston 5 on the 9th day of August 2022 at approximately 6:00 p.m. (or as soon as a Court Ordered Members' Meeting summoned to be held at the same venue at 3:00 p.m. on the same day to consider the Scheme of Arrangement between the Society and its Members is concluded or adjourned) for the purposes of considering and, if though fit, passing the following resolutions:

As a Special Resolution

- (a) *“That subject to, and contingent upon, the Scheme of Arrangement proposed by the Society being sanctioned by the Supreme Court of Judicature of Jamaica and the Supervisory Committee granting its approval or no objections confirmation to the Scheme that, with effect from the Effective Date of such Scheme of Arrangement, the Society hereby changes its name to **VM Building Society** and that the draft Rules attached hereto as an Appendix be and are hereby adopted as the Rules of the Society”.*

As an Ordinary Resolution

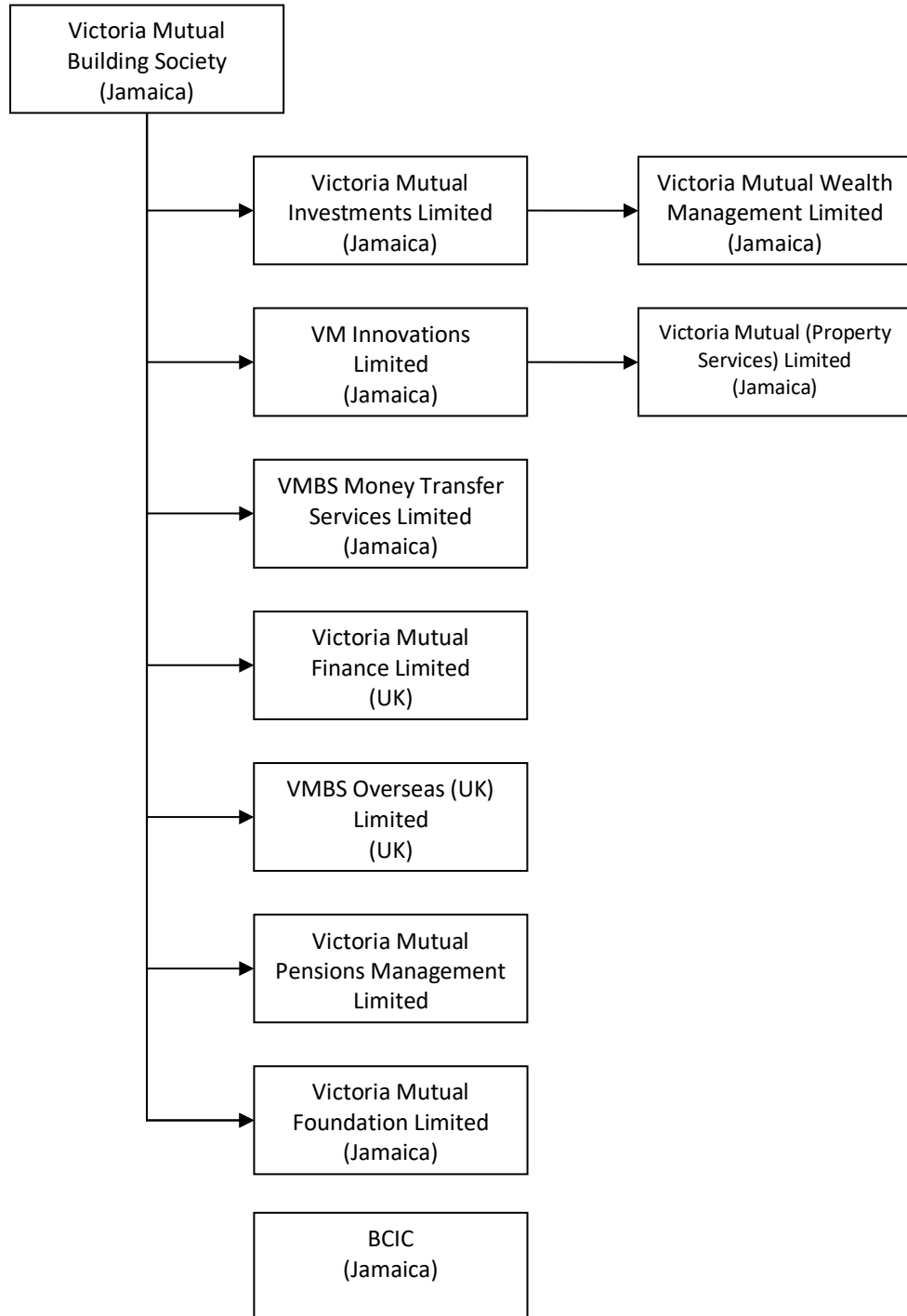
- (b) *“That the Directors be and are hereby authorised to bring into effect the Schemes of Arrangement and cause the Society to implement the Schemes of Arrangement relative to its various subsidiaries and affiliates.”*

Dated this 14th day of July, 2022

Note: A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll to vote on his behalf. A proxy need not be a Member of the Building Society. Proxies must be deposited at the registered office of the Building Society not less than 48 hours before the meeting.

APPENDIX 3

CURRENT CORPORATE STRUCTURE OF THE VM GROUP



APPENDIX 4

PROPOSED CORPORATE STRUCTURE AFTER REORGANISATION

