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Victoria Mutual Building Society to undertake Restructuring Exercise pursuant to Scheme of Arrangement

The Victoria Mutual Building Society (**VM Building Society**) is pleased to announce that it has received a formal No Objection Letter from the Governor of the Bank of Jamaica (**BOJ**) in respect of its Group Restructuring plan which it proposes to be implemented by way of a court-sanctioned Scheme of Arrangement under the Companies Act, 2004 and the Banking Services Act, and its conversion to a proprietary building society. The proposed Group Restructuring and conversion are being undertaken to bring the VM Group into compliance with the requirements of the Banking Services Act.

Achieving Compliance with the Banking Services Act

The Banking Services Act (the BSA), which was brought into operation in September 2015, requires a corporate group which includes both financial entities and non-financial entities to be reorganised by separating the financial services companies from the non-financial companies. This separation will be done by establishing a new financial holding company (FHC) which will hold all the financial services companies within the VM Group, and a non-financial holding company (Non-FHC) which will hold all the non-financial companies in the VM Group. The FHC and non-FHC will both be held by a Mutual Holding Company (MHC), as the ultimate parent company of the VM Group. The MHC will be known as 'VM Group Limited', and the FHC will be called 'VM Financial Group Limited'.

The VM Group comprises a range of companies which provide financial services, including deposit-taking and loan businesses through its building society; insurance business; remittance services; pension management; securities and wealth management services. It is proposed that these entities, including VM Building Society, will be held under the FHC, VM Financial Group Limited, to be established by the VM Group. All non-financial service companies such as VM Property Services Limited will be held under the Non-FHC.

Conversion to a Proprietary Building Society

To achieve the objectives of the Group Restructuring, the ownership in the VM Building Society will be transferred to VM Financial Group Limited. The VM Building Society, however, is currently a mutual organisation owned by its members. To facilitate the transfer of ownership and the ability of the FHC to hold the VM Building Society as shareholder, the Society will convert to a proprietary building society. The Board of VM Building Society wishes to maintain the concept of mutual ownership of the VM Group by the current members of VM Building Society. This is to be achieved by establishing the MHC, VM Group Limited, which, as the



ultimate parent company of the VM Group, will be owned by the current (and future) members of VM Building Society.

Goals

The Scheme of Arrangement seeks to achieve three (3) key objectives, namely:

1. allow the VM Group to conform with legal requirements under the BSA;

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 VM Building Society and all VM Group subsidiaries. VM maintains a steadfast commitment to mutuality. This is rooted in its founding and continues to fuel its mission to transform lives, irrespective of income level and circumstances;

- and

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

The Role of Members

VM Building Society needs the approval of its members to implement the conversion. As a part of this, it will initiate a court-ordered Scheme of Arrangement, in accordance with the Banking Services Act and the Companies Act, 2004, to restructure the VM Group and convert the VM Building Society to a proprietary building society. Completion of the proposed changes is conditional upon the Scheme of Arrangement being approved by the requisite majority of the members of VM Building Society as prescribed under the Companies Act, 2004 and also approved and sanctioned by the Supreme Court of Jamaica.

Michael McMorris, chairman of VM Building Society, said:

"The Board has approved the development of this updated corporate structure in order to preserve the rights and legacy of our Members with a robust holding company arrangement. The VM group will remain a mutual and give its subsidiaries the structure to dynamically meet the evolving needs of our customers, our drive to thrive in the global financial marketplace, and the imperatives of the Banking Services Act which guides the operations of the VM Group.

The proposed corporate restructuring will be undertaken so as to ensure long term sustainability and an agile business operating model and will allow our outstanding VM Team to boldly pursue excellence for our Members and Clients well into the future."

The founding purpose of the VM Building Society is to help its members achieve their goals and overall financial wellbeing. In keeping with its strategic goal to be a 'Modern Mutual', the Group Restructuring will enhance the business' ability to raise capital and fund its growth targets, ultimately benefitting members. This means that all current and future members will retain the benefits of mutuality, including:

1. High interest rate on Mortgage Savings Product – iSave For Home
2. Low Processing Fees
3. Competitive interest rates on mortgage loans
4. 100% Financing on mortgages for Self-Employed persons
5. 25% discount on property valuations
6. No fees for MultiLink ABM or point-of-sale transactions
7. No dormancy fees. Accounts are never closed and there are no fees applied for dormancy

The VM Building Society is incorporated under the Building Societies Act and domiciled in Jamaica. The registered office of the Society is located at 8-10 Duke Street, Kingston, Jamaica. The principal activities of the Society and its subsidiaries 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.

For more information on VM Building Society please visit <https://myvmgroup.com>

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