

VM FINANCIAL GROUP LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2025



KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
VM FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of VM Financial Group Limited (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), set out on pages 8 to 114 which comprise the Group’s and Company’s statements of financial position as at December 31, 2025, the Group’s and Company’s income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2025, and of the Group’s and the Company’s financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

Basis for Opinion

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
VM FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters

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

1. **Fair value of investments**

See notes 9 and 10 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group holds level 3 investments measured at fair value which are instruments for which quoted prices are not available.</p> <p>Valuation of these investments requires the use of unobservable inputs which require significant estimation and the selection of an appropriate valuation method.</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none">• Assessing the reasonableness of significant assumptions and suitability of the valuation models used by the Group.• Involving our valuation specialists to determine or obtain yields or prices of specific securities and comparing these yield or prices to those used by the Group.• Assessing the adequacy of the disclosures, including the degree of estimation uncertainty involved in determining fair values.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
VM FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (continued)

2. Expected credit loss on financial assets

See note 4 (n) of the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group is required to recognize expected credit losses ('ECL') on financial assets, the determination of which involves high estimation uncertainty and requires management to make significant judgements and estimates about the elements considered in calculating the ECL.</p> <p>The key areas requiring greater management judgment include the identification of significant increase in credit risk (SICR), the determination of probability of default, loss given default, exposure at default, management overlay and application of forward looking information.</p> <p>Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement.</p> <p>Therefore, impairment of financial assets has a high degree of estimation uncertainty.</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"> • Assessing and testing the design and implementation of the Group's control over the determination of expected credit losses. • Updating our understanding of the models used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving KPMG Financial Risk Management specialists to challenge significant assumptions and judgements relating to the ECL Methodology. • Evaluating the completeness, accuracy and relevance of data. • Evaluated the appropriateness and testing the mathematical accuracy of models applied. • Evaluating the adequacy of the financial statement disclosures, including disclosures of the key assumptions and judgements, for compliance with IFRS Accounting Standards.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
VM FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
VM FINANCIAL GROUP LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Nyssa Johnson.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a stylized, cursive font.

Chartered Accountants
Kingston, Jamaica

April 1, 2026



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
VM FINANCIAL GROUP LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
VM FINANCIAL GROUP LIMITED

Appendix to the Independent Auditors' report (Continued)

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


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

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

VM FINANCIAL GROUP LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
December 31, 2025


	Notes	Group	
		2025 \$'000	2024 \$'000
ASSETS			
Cash resources	8	15,754,868	15,921,782
Investments - Jamaica Government securities	9	39,906,526	24,131,695
- Other	10	34,689,367	28,716,222
Resale agreements	11	3,431,616	3,672,217
Loans	12	135,444,769	125,529,163
Due from related entities	13	2,011,314	1,238,576
Other assets	14	11,424,009	10,832,939
Income tax recoverable		254,949	700,673
Deferred tax assets	15(a)	1,743,699	1,808,448
Employee benefits asset	16	1,973,511	1,403,811
Interest in associates	18	4,962,403	4,870,463
Intangible assets	19	3,145,048	3,269,396
Investment and foreclosed properties	20	471,145	512,937
Property, plant and equipment	21	<u>2,032,775</u>	<u>2,391,233</u>
Total assets		<u>257,245,999</u>	<u>224,999,555</u>
LIABILITIES			
Savings fund:			
Regular savings	22	153,385,295	142,613,364
Depositors' savings	23	<u>18,367,333</u>	<u>10,466,268</u>
		171,752,628	153,079,632
Due to specialised institution	24	<u>1,830,837</u>	<u>1,885,305</u>
		173,583,465	154,964,937
Income tax payable		89,515	25,030
Due to related entities	13	168,642	272,326
Other liabilities	25	8,810,241	6,848,326
Repurchase agreements	26	24,952,046	14,708,425
Other borrowings	27	22,476,848	23,104,325
Lease liabilities	28	312,864	344,538
Deferred tax liabilities	15(a)	10,651	10,526
Employee benefits obligation	16	<u>995,100</u>	<u>1,110,400</u>
Total liabilities		<u>231,399,372</u>	<u>201,388,833</u>
EQUITY			
Share capital	29	17,424,846	17,424,846
Reserve fund	30(i)	271,994	140,570
Retained earnings reserve	30(ii)	(200,002)	(200,002)
Non-distributable reserve	30(iii)	917,700	319,830
Credit facility reserve	30(iv)	1,193,587	1,292,552
Investment revaluation reserve	30(v)	(54,734)	(296,887)
Currency translation reserve	30(vi)	495,359	342,023
Retained earnings		<u>5,126,418</u>	<u>3,962,679</u>
Total equity attributable to equity holders of the company		25,175,168	22,985,611
Non-controlling interest	32	<u>671,459</u>	<u>625,111</u>
Total equity		<u>25,846,627</u>	<u>23,610,722</u>
Total liabilities and equity		<u>257,245,999</u>	<u>224,999,555</u>

The financial statements on pages 8 to 114 were approved for issue by the Board of Directors on March 31, 2026 and signed on its behalf by:


 _____ Director
 Michael McMorris


 _____ Director
 Courtney Campbell

Countersigned:


 _____ Corporate Secretary
 Keti Gaye Brown


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

VM FINANCIAL GROUP LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
December 31, 2025


	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
ASSETS			
Cash resources	8	162,393	7,836
Investment securities – other	10	345,663	338,435
Due from related entities	13	1,127,126	1,200,312
Other assets	14	3,112,910	2,262,528
Deferred tax assets	15(a)	255,032	155,278
Interest in subsidiaries	17	24,462,602	24,462,602
Interest in associates	18	<u>2,221,808</u>	<u>2,230,624</u>
Total assets		<u>31,687,534</u>	<u>30,657,615</u>
LIABILITIES			
Due to related entities	13	383,629	82,132
Other liabilities	25	457,650	538,118
Other borrowings	27	<u>13,428,076</u>	<u>12,733,449</u>
Total liabilities		<u>14,269,355</u>	<u>13,353,699</u>
EQUITY			
Share capital	29	17,424,846	17,424,846
Retained earnings reserve		(200,002)	(200,002)
Retained earnings		<u>193,335</u>	<u>79,072</u>
Total equity		<u>17,418,179</u>	<u>17,303,916</u>
Total liabilities and equity		<u>31,687,534</u>	<u>30,657,615</u>

The financial statements on pages 8 to 114 were approved for issue by the Board of Directors on March 31, 2026 and signed on its behalf by:


 _____ Director
 Michael McMorris


 _____ Director
 Courtney Campbell

Countersigned:


 _____ Corporate Secretary
 Keri-Gaye Brown

VM FINANCIAL GROUP LIMITED
INCOME STATEMENTS
December 31, 2025

	Notes	Group		Company	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Interest income, calculated using the effective interest method	34	14,436,772	13,666,570	190,399	186,102
Interest expense	34	(6,088,992)	(6,938,645)	(1,291,992)	(1,231,865)
Net interest income/(expense)		<u>8,347,780</u>	<u>6,727,925</u>	<u>(1,101,593)</u>	<u>(1,045,763)</u>
Fee and commission income	35	2,566,163	2,632,771	-	-
Fee and commission expenses	35	(782,625)	(247,002)	(14,722)	(13,471)
Net fee and commission income/(expense)		<u>1,783,538</u>	<u>2,385,769</u>	<u>(14,722)</u>	<u>(13,471)</u>
Other operating revenue	36	<u>5,346,682</u>	<u>5,324,705</u>	<u>2,323,847</u>	<u>2,077,481</u>
Net interest income and other revenue		<u>15,478,000</u>	<u>14,438,399</u>	<u>1,207,532</u>	<u>1,018,247</u>
Personnel costs	37	(6,639,523)	(6,060,580)	(128,046)	(359,931)
Impairment charge on financial assets	5(a)(ii)	(210,298)	(303,961)	-	-
Depreciation and amortisation	19, 20, 21	(787,076)	(1,037,133)	-	-
Other operating expenses	38	(6,443,134)	(6,161,187)	(1,064,977)	(631,337)
		<u>(14,080,031)</u>	<u>(13,562,861)</u>	<u>(1,193,023)</u>	<u>(991,268)</u>
Share of profits of associates	18(b)	<u>239,852</u>	<u>455,448</u>	-	-
Profit before income tax		1,637,821	1,330,986	14,509	26,979
Income tax (charge)/credit	39	(408,631)	<u>262,607</u>	<u>99,754</u>	<u>135,488</u>
Profit for the year		<u>1,229,190</u>	<u>1,593,593</u>	<u>114,263</u>	<u>162,467</u>
Profit attributable to:					
Equity holders' of the Company		1,193,505	1,482,449	114,263	162,467
Non-controlling interest	32	<u>35,685</u>	<u>111,144</u>	-	-
		<u>1,229,190</u>	<u>1,593,593</u>	<u>114,263</u>	<u>162,467</u>

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

VM FINANCIAL GROUP LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

December 31, 2025

	Notes	Group		Company	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Profit for the year		<u>1,229,190</u>	<u>1,593,593</u>	<u>114,263</u>	<u>162,467</u>
Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Net (losses)/gains on investments in equity securities designated at FVOCI		(70,890)	168,300	-	-
Net gains on remeasurement of employee benefits asset and obligation	16(i)(e),16(ii)(c)	858,900	31,700	-	-
Deferred income tax on net gains on remeasurement of employee benefits asset and obligation	15(b)	(257,830)	(9,110)	-	-
		<u>530,180</u>	<u>190,890</u>	<u>-</u>	<u>-</u>
Items that may be reclassified to profit or loss:					
Unrealised gains on debt securities at FVOCI		298,149	31,822	-	-
Deferred income tax on unrealised (losses)/gains on investment securities measured at FVOCI	15(b)	(51,235)	(10,398)	-	-
Realised gains/(losses) on fair value of debt securities at FVOCI		53,913	(23,434)	-	-
Foreign currency translation difference on foreign exchange operations and other adjustments		161,311	6,386	-	-
Share of investment revaluation of associates		<u>14,397</u>	<u>(24,882)</u>	<u>-</u>	<u>-</u>
		<u>476,535</u>	<u>(20,506)</u>	<u>-</u>	<u>-</u>
Total other comprehensive income for the year, net of tax		<u>1,006,715</u>	<u>170,384</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>2,235,905</u>	<u>1,763,977</u>	<u>144,263</u>	<u>162,467</u>
Total comprehensive income attributable to:					
Equity holders of the Company		2,189,557	1,613,408	114,263	162,467
Non-controlling interest	32	<u>46,348</u>	<u>150,569</u>	<u>-</u>	<u>-</u>
		<u>2,235,905</u>	<u>1,763,977</u>	<u>114,263</u>	<u>162,467</u>

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

VM FINANCIAL GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2025

	Share capital \$'000	Reserve fund \$'000	Retained earnings reserve \$'000	Non- distributable reserve \$'000	Credit facility reserve \$'000	Investment revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total capital and reserves \$'000	Non- controlling interest \$'000	Total capital and reserves \$'000
Balances at December 31, 2023	<u>17,424,846</u>	<u>-</u>	<u>(200,002)</u>	<u>289,240</u>	<u>520,793</u>	<u>(400,475)</u>	<u>338,562</u>	<u>3,399,239</u>	<u>21,372,203</u>	<u>500,042</u>	<u>21,872,245</u>
Total comprehensive income for 2024											
Profit for the year	-	-	-	-	-	-	-	1,482,449	1,482,449	111,144	1,593,593
Other comprehensive income:											
Items that will never be reclassified to profit or loss:											
Unrealised losses on equity securities at FVOCI	-	-	-	-	-	134,640	-	-	134,640	33,660	168,300
Net gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	30,590	-	-	-	(6,680)	23,910	(1,320)	22,590
Items that may be reclassified to profit or loss:											
Unrealised losses on debt securities at FVOCI, net of tax	-	-	-	-	-	17,264	-	-	17,264	4,160	21,424
Foreign currency translation difference on foreign subsidiaries' balances and other adjustments	-	-	-	-	-	-	3,461	-	3,461	2,925	6,386
Realised gains on debt securities at FVOCI	-	-	-	-	-	(23,434)	-	-	(23,434)	-	(23,434)
Share of investment revaluation of associate	-	-	-	-	-	(24,882)	-	-	(24,882)	-	(24,882)
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,590</u>	<u>-</u>	<u>103,588</u>	<u>3,461</u>	<u>(6,680)</u>	<u>130,959</u>	<u>39,425</u>	<u>170,384</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,590</u>	<u>-</u>	<u>103,588</u>	<u>3,461</u>	<u>1,475,769</u>	<u>1,613,408</u>	<u>150,569</u>	<u>1,763,977</u>
Movements between reserves											
Credit facility reserve transfer	-	-	-	-	771,759	-	-	(771,759)	-	-	-
Other transfer [note 30 (i)]	-	140,570	-	-	-	-	-	(140,570)	-	-	-
Total movement between reserves	<u>-</u>	<u>140,570</u>	<u>-</u>	<u>-</u>	<u>771,759</u>	<u>-</u>	<u>-</u>	<u>(912,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transaction with owner											
Dividend paid to NCI 32(b)	-	-	-	-	-	-	-	-	-	(25,500)	(25,500)
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,500)</u>	<u>(25,500)</u>
Balances at December 31, 2024	<u>17,424,846</u>	<u>140,570</u>	<u>(200,002)</u>	<u>319,830</u>	<u>1,292,552</u>	<u>(296,887)</u>	<u>342,023</u>	<u>3,962,679</u>	<u>22,985,611</u>	<u>625,111</u>	<u>23,610,722</u>

VM FINANCIAL GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY CONT'D
Year ended December 31, 2025

	Share capital \$'000	Reserve fund \$'000	Retained earnings reserve \$'000	Non- distributable reserve \$'000	Credit facility reserve \$'000	Investment revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total capital and reserves \$'000	Non- controlling interest \$'000	Total capital and reserves \$'000
Balances at December 31, 2024	<u>17,424,846</u>	<u>140,570</u>	<u>(200,002)</u>	<u>319,830</u>	<u>1,292,552</u>	<u>(296,887)</u>	<u>342,023</u>	<u>3,962,679</u>	<u>22,985,611</u>	<u>625,111</u>	<u>23,610,722</u>
Total comprehensive income for 2025											
Profit for the year	-	-	-	-	-	-	-	1,193,505	1,193,505	35,685	1,229,190
Other comprehensive income:											
Items that will never be reclassified to profit or loss:											
Unrealised losses on equity securities at FVOCI	-	-	-	-	-	(56,712)	-	-	(56,712)	(14,178)	(70,890)
Net gain on remeasurement of employee benefits asset and obligation, net of tax	-	-	-	597,870	-	-	-	2,693	600,563	507	601,070
Items that may be reclassified to profit or loss:											
Unrealised gains on debt securities at FVOCI, net of tax	-	-	-	-	-	230,555	-	-	230,555	16,359	246,914
Foreign currency translation difference on foreign subsidiaries' balances and other adjustments	-	-	-	-	-	-	153,336	-	153,336	7,975	161,311
Realised gains on debt securities at FVOCI	-	-	-	-	-	53,913	-	-	53,913	-	53,913
Share of investment revaluation of associate	-	-	-	-	-	14,397	-	-	14,397	-	14,397
Total other comprehensive income	-	-	-	597,870	-	242,153	153,336	2,693	996,052	10,663	1,006,715
Total comprehensive income for the year	-	-	-	597,870	-	242,153	153,336	1,196,198	2,189,557	46,348	2,235,905
Movements between reserves											
Credit facility reserve transfer	-	-	-	-	(98,965)	-	-	98,965	-	-	-
Other transfer	-	131,424	-	-	-	-	-	(131,424)	-	-	-
Total movement between reserves	-	131,424	-	-	(98,965)	-	-	(32,459)	-	-	-
Balances at December 31, 2025	<u>17,424,846</u>	<u>271,994</u>	<u>(200,002)</u>	<u>917,700</u>	<u>1,193,587</u>	<u>(54,734)</u>	<u>495,359</u>	<u>5,126,418</u>	<u>25,175,168</u>	<u>671,459</u>	<u>25,846,627</u>

VM FINANCIAL GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2025

	Share <u>capital</u> \$'000 (note 29)	Retained earnings <u>reserve</u> \$'000	Retained <u>earnings</u> \$'000	<u>Total</u> \$'000
Balances as December 31, 2023	17,424,846	(200,002)	(83,395)	17,141,449
Profit for the year, being total comprehensive income	<u>-</u>	<u>-</u>	<u>162,467</u>	<u>162,467</u>
Balances as December 31, 2024	17,424,846	(200,002)	79,072	17,303,916
Profit for the year, being total comprehensive income	<u>-</u>	<u>-</u>	<u>114,263</u>	<u>114,263</u>
Balances as December 31, 2025	<u>17,424,846</u>	<u>(200,002)</u>	<u>193,335</u>	<u>17,418,179</u>

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

VM FINANCIAL GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Cash flows from operating activities			
Profit for the year		1,229,190	1,593,593
Adjustments for:			
Depreciation and amortisation	19, 20, 21	787,076	1,037,133
Amortisation of deferred fees	12(e), 14 (c)	(210,833)	(210,814)
Employee benefits asset and obligation	16(i)(d),(ii),(a) (b)	175,300	173,500
Interest income	34	(14,436,772)	(13,666,570)
Interest expense	34	6,088,992	6,938,645
Loss/(gain) on disposal of property, plant and equipment and investment properties	36	18,993	(1,299,650)
Write off of intangible assets	19	8,521	48,727
Impairment reversal on associate		-	(54,638)
Gain on investment activities	36	(2,801,956)	(1,636,618)
Unrealised fair value gains	36	(180,242)	(766,219)
Share of profits of associates	18(b)	(239,852)	(455,448)
Impairment charge on financial assets	5(a)(ii)	210,298	303,961
Unrealised exchange losses on foreign currency balances		(40,931)	40,320
Income tax expense/(credit)	39	<u>408,631</u>	<u>(262,607)</u>
		(8,983,585)	(8,216,685)
Changes in:			
Cash reserves held at Bank of Jamaica		(180,133)	(83,167)
Loan advances, net of repayments		(9,838,830)	(3,735,686)
Related parties		(876,422)	(346,492)
Resale agreements		240,582	110,874
Repurchase agreements		10,512,485	(1,490,008)
Change in other assets		1,599,000	1,248,925
Employee benefits, net		(1,400)	(1,400)
Deposit from customers		19,661,013	11,599,853
Due to specialised institution		(54,468)	(53,626)
Change in other liabilities		<u>1,974,653</u>	<u>1,549,974</u>
		14,052,895	582,562
Interest received		12,196,953	12,092,139
Dividend received		194,318	362,096
Interest paid		(7,358,611)	(8,235,844)
Income taxes paid		<u>(132,085)</u>	<u>(187,810)</u>
Net cash provided by operating activities		<u>18,953,470</u>	<u>4,613,143</u>
Cash flows from investing activities			
Purchase of investments	9, 10	(112,467,311)	(70,164,993)
Proceeds from disposal of investments	9, 10	94,731,755	71,735,999
Purchase of intangible assets	19	(290,211)	(457,121)
Proceeds from disposal of shares in associates	18 (f)	8,816	8,816
Purchase of investment properties	20	-	(122,642)
Purchase of property, plant and equipment	21	(131,708)	(164,336)
Proceeds of disposal of investment properties		36,949	240,253
Proceeds of disposal of property plant and equipment		<u>128,450</u>	<u>1,682,414</u>
Net cash (used in)/provided by investing activities		<u>(17,983,260)</u>	<u>2,758,390</u>
Cash flows from financing activities			
Proceeds from other borrowings	27	2,813,971	3,919,897
Repayments of other borrowing	27	(3,946,097)	(6,264,292)
Payment of lease liabilities	28(b)	(57,255)	(56,299)
Dividends paid to non-controlling interest	32(b), 42	-	(25,500)
Net cash used in financing activities		<u>(1,189,381)</u>	<u>(2,426,194)</u>
Net (decrease)/increase in cash and cash equivalents for year		(219,171)	4,945,339
Cash and cash equivalents at beginning of year		14,367,849	9,628,702
Effect of exchange rate fluctuations on cash and cash equivalents		<u>(127,876)</u>	<u>(206,192)</u>
Cash resources at end of year	8	<u>14,020,802</u>	<u>14,367,849</u>

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

VM FINANCIAL GROUP LIMITED**COMPANY STATEMENT OF CASH FLOWS**
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Cash flows from operating activities			
Profit for the year		114,263	162,467
Adjustments for:			
Interest income	34	(190,399)	(186,102)
Interest expense	34	1,291,992	1,231,865
Dividend income	36	(501,383)	(469,345)
Income tax credit	39	<u>(99,754)</u>	<u>(135,488)</u>
		614,719	603,397
Changes in:			
Other assets		(711,160)	(889,273)
Other liabilities		15,936	466,655
Related parties		<u>374,683</u>	<u>(931,056)</u>
		294,178	(750,277)
Dividend received		501,383	469,345
Interest received		51,177	-
Interest paid		<u>(1,388,396)</u>	<u>(1,309,247)</u>
Net cash used in operating activities		<u>(541,658)</u>	<u>(1,590,179)</u>
Cash flows from investing activities			
Purchase of investments		(7,228)	(338,435)
Acquisition of associate	18	-	(422,489)
Proceeds from disposal of associate	18	<u>8,816</u>	<u>8,816</u>
Net cash provided by/(used) in investing activity		<u>1,588</u>	<u>(752,108)</u>
Cash flows from financing activities			
Additions to other borrowings	27	794,627	1,709,439
Repayment	27	<u>(100,000)</u>	<u>-</u>
Net cash provided by financing activities		<u>694,627</u>	<u>1,709,439</u>
Net increase/(decrease) in cash and cash equivalents for the year		154,557	(632,848)
Cash and cash equivalents at beginning of the year		<u>7,836</u>	<u>640,684</u>
Cash and cash equivalents at end of year	8	<u><u>162,393</u></u>	<u><u>7,836</u></u>

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. IDENTIFICATION

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

The Company is a wholly owned subsidiary of VM Group Limited, incorporated in Jamaica.

The Company issued preference shares in a private listing and is listed on the Jamaica Stock Exchange.

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

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

<u>Entity</u>	<u>Country of incorporation</u>	<u>Nature of business</u>	Percentage equity held by:			
			<u>The Company</u>		<u>Subsidiaries</u>	
			<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
The Victoria Mutual Building Society	Jamaica	Granting loans and accepting deposits	100	-	-	-
VM Investments Limited and its wholly-owned subsidiary:	Jamaica	Investment holding company and select corporate finance services	80	80	-	-
VM Wealth Management Limited	Jamaica	Stockbroking, securities trading, asset management, corporate finance and investment advisory services	-	-	100	100
VM Pensions Management Limited	Jamaica	Pension fund management and administration	100	100	-	-
Victoria Mutual Finance Limited	United Kingdom	Provision of management services to the Company and specialised lending in the UK	100	100	-	-
VM Finance SPV1 Limited	United Kingdom	Hold loan assets and provide financing to VM Mutual Finance Limited	-	-	100	-
VM Money Transfer Services Limited	Jamaica	Management of money transfer services	99	99	-	-
VMBS Overseas (UK) Limited	United Kingdom	Promotion of the business of The Victoria Mutual Building Society	100	100	-	-

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

1. IDENTIFICATION (CONT'D)**(c) Interest in associated companies**

- (i) The Company has a 43.90% (2024: 44.17%) 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 in the consolidated financial statements, and at cost in the Company's separate financial statements.
- (ii) On March 27, 2024, the Company purchased a 30% interest in Carilend Caribbean Holdings Limited (Carilend), from its subsidiary VM Investments Limited for total consideration of \$760.9M. The purchase consideration consisted of \$422.4M for ordinary shares [and \$338.4M for preference shares (see note 10)]. Carilend is incorporated in Barbados and facilitates peer-to-peer lending. This investment is accounted for under the equity in the consolidated financial statements, and at cost in the Company's separate financial statements. No goodwill was identified as part of the transaction.
- (iii) VM Investments Limited, a subsidiary of VM Financial Group Limited, acquired a 23% interest in Kingston Properties Limited (KPREIT) on December 30, 2023.

2. REGULATIONS AND LICENCE

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

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

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

Victoria Mutual Finance Limited is regulated by Financial Conduct Authority in the United Kingdom.

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**(a) Statement of compliance**

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards or IFRS) and comply with the relevant provisions of the Banking Services Act and the Jamaica Companies Act.

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**(a) Statement of compliance (cont'd)****New and amended standards that became effective during the year:**

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements.

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

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

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

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

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

(a) Statement of compliance (cont'd)

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

- IFRS 18 *Presentation and Disclosure in Financial Statements (cont'd)*

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

Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

The amendment is expected to have a significant impact the Group's 2027 financial statements.

- Amendments to IFRS 9 *Financial Instruments* will apply to annual periods beginning on or after January 1, 2026. Entities may choose to early adopt these amendments.

Derecognition of a financial liability through electronic transfer:

The amendment allows the Group to deem a financial liability or part thereof that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The amendment will affect the Group for the first time in its 2026 financial statements. The amendment is not expected to have a material impact.

(b) Basis of preparation

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

- (i) Debt instruments at fair value through other comprehensive income (FVOCI).
- (ii) Certain debt instruments mandatorily classified at fair value through profit or loss.
- (iii) Equity securities measured at fair value through profit or loss.
Certain equity securities designated as at FVOCI measured at fair value
- (iv) The employee benefits asset recognised as plan assets, less the present value of the defined-benefit obligation, limited as explained in note 4(i); and
- (v) The defined-benefit liability measured as the present value of the unfunded obligations.

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**(c) Functional and presentation currency**

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

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

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

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

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

(i) Key sources of estimation uncertainty**(1) Impairment of financial assets:**

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

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

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

(2) Pension and other post-employment benefits

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

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

- (d) Estimates critical to reported amounts, and judgements in applying accounting policies (cont'd)
 - (i) Key sources of estimation uncertainty (cont'd)

- (2) Pension and other post-employment benefits (cont'd)

Making these estimates requires certain assumptions, including a discount rate, inflation rate, rate of future increases in medical claims, pensions and salaries, as more fully set out in notes 4(i) and 16. Management provides its appointed actuaries with some of the information, including certain key assumptions used in estimating the employee benefit amounts. The uncertainty inherent in these assumptions could mean significant differences between actual results and the estimates determined by management.

- (3) Fair value of financial instruments

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

The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach, which is categorised as a Level 2 fair value (see notes 9, 10 and 33). Some other fair values are estimated based on quotes published by brokers/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be materially different from the actual price of the instrument in an actual arm's length transaction.

4. MATERIAL ACCOUNTING POLICIES

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

- (a) Basis of consolidation
 - (i) Accounting policies

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

4. MATERIAL ACCOUNTING POLICIES (CONT'D)**(a) Basis of consolidation (cont'd)****(i) Accounting policies (cont'd)**

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee, and ability to use its power to affect those returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

(ii) Non-controlling interests

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

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(vi) Common control business combination:

Consolidated financial statements

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

Separate financial statements

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

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

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

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

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

(i) Classification of financial instruments

Financial assets

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

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

- *Debt instruments*

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

Financial assets (cont'd)

- *Debt instruments (cont'd)*

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

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

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

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

Financial assets (cont'd)

- *Debt instruments (cont'd)*

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

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

- *Equity instruments*

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

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

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

Financial liabilities

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

The ‘Investment in Jamaica Government securities “and ‘Investment -Other” captions in the statement of financial position includes:

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

- (c) Financial instruments – Other

- (i) Cash resources

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

- (ii) Resale and repurchase agreements

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

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

Repurchase agreements are accounted for as short-term collateralised borrowing, and are measured at amortised cost. The difference between the sale consideration and the repurchase price is recognised in the income statement over the life of each agreement as interest expense using the effective interest method.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

(iii) Other assets

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

(iv) Loans payable

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

(v) Other liabilities

Other liabilities are measured at amortised cost.

(d) Leases

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

(i) As a lessee

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

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

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

The Group accounts for the non-lease components separately.

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

(i) As a lessee (cont'd)

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

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

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

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

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

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

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

(e) Revenue recognition

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

(i) Interest income

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

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

4. MATERIAL ACCOUNTING POLICIES (CONT'D)**(e) Revenue recognition (cont'd)****(ii) Fees, commissions and other income**

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

(iii) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term and is included in other operating revenue in profit or loss.

(iv) Dividend income

Dividends are recognised in the income statement when the group's irrevocable right to receive payment is established.

(f) Interest expense

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

(g) Fee and commission expenses

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

(h) Income tax

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

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

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

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

4. MATERIAL ACCOUNTING POLICIES (CONT'D)**(i) Employee benefits**

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

- (i) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination or that affects neither accounting nor taxable profit; and
- (ii) temporary differences related to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

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

(i) General benefits

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

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

The Group operates a defined-contribution pension plan and a defined-benefit pension plan (see note 16) to provide post-employment benefits.

Both the defined benefit plan and the defined contribution plan are funded by contributions from the Group and employees in accordance with the respective Trust Deeds and Plan Rules.

(ii) Defined-contribution pension plan

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

4. MATERIAL ACCOUNTING POLICIES (CONT'D)**(i) Employee benefits (cont'd)****(iii) Defined-benefit pension plan**

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

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

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

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

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

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

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits (cont'd)

(iv) Other post-employment benefits

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

(j) Interest in subsidiaries

Interest in subsidiaries is measured at cost less impairment losses in the separate financial statements. Dividends in the form of non-cash are recorded at the carrying value of the assets transferred.

(k) Intangible assets

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

(ii) Computer software

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

(iii) Exclusive rights

Exclusive rights arise from the acquisition of VM Wealth Funds Limited [formerly Republic Funds (Barbados) Incorporated] by VM Investments Limited and represent the Group's exclusive right to benefit from the management of the Funds and to appoint the manager of the Funds.

Amortisation

These assets are measured at cost less accumulated amortisation and, if any, impairment losses [note (4)(n)(ii)]. Intangible assets are amortised using the straight-line method over their useful lives.

The estimated useful lives are as follows:

Computer software	5-7 years
Access rights	20 years

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(l) Investment and foreclosed properties

- (i) Investment property, held to earn rental income and/or for capital appreciation, is measured at cost, less accumulated depreciation and impairment losses. Lease income from investment property is accounted for on the straight-line basis. These properties are amortised over their expected useful lives of 40 years
- (ii) In certain situations, the Group repossesses properties arising from foreclosure on loans in respect of which the borrower is in default. On the date of foreclosure, the repossessed collateral is measured at the carrying amount of the defaulted loan. It is thereafter measured at the lower of carrying amount and fair value less cost to sell and classified as held-for-sale.

(m) Property, plant and equipment and depreciation

(i) Cost

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(ii) Depreciation

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

(ii) Depreciation (cont'd)

The depreciation rates are as follows:

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

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

(n) Identification and measurement of impairment

(i) Non-derivative financial assets

Determining whether credit risk has increased significantly

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

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

Framework

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

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

Determining whether credit risk has increased significantly (Stage 2)

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

- quantitative tests based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points;
- qualitative indicators [5(a)(ii)]; and
- a backstop of 30 days past due. Due dates are determined without considering any grace period that might be available to the borrower.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

Determining whether credit risk has increased significantly (Stage 2) (cont'd)

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

Credit-impaired financial assets (Stage 3)

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

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

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

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

Purchased or originated credit-impaired financial assets (POCI)

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

Restructured financial assets

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

Restructured financial assets (cont'd)

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

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

Measurement of expected credit losses

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

Incorporation of forward-looking information

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

The Group formulates three economic scenarios: a base case, which is the median scenario, one upside and one downside scenario. The Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The economic scenarios used as at December 31, 2025, the following key indicators represent scores used to adjust the forward-looking information for Jamaica for the years 2025 to 2026:

	<u>2026</u>	<u>2025</u>
Unemployment rates	4.3%	5.0%
Base	0.6	0.6
Upside	0.6	0.6
Downside	0.8	0.6
Interest rates	5.8%	6.5%
Base	0.2	0.2
Upside	0.1	0.2
Downside	0.2	0.2
GDP Growth	0.7%	1.8%
Base	0.2	0.2
Upside	0.2	0.2
Downside	0.3	0.3
Inflation rates	4.9%	4.8%
Base	0.1	0.2
Upside	0.1	0.1
Downside	0.2	0.2

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

Presentation of allowance for ECL in the statement of financial position

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments: generally, as a provision.
- Debt instruments measured at FVOCI: The carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in OCI/retained earnings.

(ii) Non-financial assets

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

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

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

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

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

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

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

4. MATERIAL ACCOUNTING POLICIES (CONT'D)**(o) Foreign currencies****(i) Transactions and balances**

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

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

(ii) Foreign subsidiaries

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

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

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or Group that allocates resources to, and assesses the performance of, the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision maker. Income and expenses directly associated with each segment are included in determining business segment performance. The Group's internal measures used in reporting segment information are consistent with the IFRS. Reconciling items are limited to items that are not allocated to reportable segments, as opposed to a difference in the basis of preparation of the information.

5. FINANCIAL RISK MANAGEMENT**Introduction and overview**

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Introduction and overview (*cont'd*)

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

Risk management framework

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

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

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

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

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk

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

(i) Exposure to credit risk

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

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

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

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

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Loan commitments	<u>3,044,490</u>	<u>1,081,193</u>

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

• Loans receivable

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

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

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

- Credit risk grades

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

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

- Debt securities

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

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

Maximum exposure to credit risk and credit quality analysis

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

- Loans receivable at amortised cost note 12:

	Group				<u>2024</u>
	<u>2025</u>				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Credit grade					
Grade 3 - Low risk	33,271,715	251,642	614,052	34,137,409	31,233,565
Grade 4 - 5	86,489,687	2,091,672	7,565,292	96,146,651	88,446,328
Grade 6 - 8	2,709,567	107,428	328,883	3,145,878	3,103,333
Grade 9 - 10 - High risk	-	<u>1,027,681</u>	<u>1,893,228</u>	<u>2,920,909</u>	<u>3,413,068</u>
	122,470,969	3,478,423	10,401,455	136,350,847	126,196,294
Loss allowance	<u>(116,212)</u>	<u>(89,506)</u>	<u>(700,360)</u>	<u>(906,078)</u>	<u>(667,131)</u>
Carrying amount	<u>122,354,757</u>	<u>3,388,917</u>	<u>9,701,095</u>	<u>135,444,769</u>	<u>125,529,163</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

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

	Group				2024
	2025				2024
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Aging of loans receivables					
Current	114,321,279	851,445	1,994,264	117,166,988	93,334,292
Past due 1-30 days	8,149,690	73,975	966,008	9,189,673	7,397,630
Past due 31-60 days	-	2,468,007	916,636	3,384,643	19,956,273
Past due 61-90 days	-	84,996	53,390	138,386	4,559,285
Over 90 days	-	-	6,471,157	6,471,157	948,814
	<u>122,470,969</u>	<u>3,478,423</u>	<u>10,401,455</u>	<u>136,350,847</u>	<u>126,196,294</u>
Loan commitments					
Grades 1-3: Low risk	<u>3,044,490</u>	-	-	<u>3,044,490</u>	<u>1,081,193</u>
Loss allowance	<u>365,770</u>	-	-	<u>365,770</u>	<u>(410)</u>

- Debt securities, resale agreements and cash at amortised costs, notes 8,9,10,11:

	Group	
	<u>2025</u>	<u>2024</u>
	<u>Stage 1</u>	<u>Stage 1</u>
	\$'000	\$'000
Credit grade		
Investment grade	9,305,651	2,937,221
Non-investment grade*	<u>29,426,583</u>	<u>28,309,565</u>
	38,732,234	31,246,786
Loss allowance	<u>(51,810)</u>	<u>(114,853)</u>
Carrying amount	<u>38,680,424</u>	<u>31,131,933</u>
	Company	
	<u>2025</u>	<u>2024</u>
	<u>Stage 1</u>	<u>Total</u>
	\$'000	\$'000
Credit grade		
Non-investment grade*(note 8,10)	<u>508,056</u>	<u>364,271</u>
Carrying amount	<u>508,056</u>	<u>364,271</u>

* Non-investment grade financial assets have credit ratings that range from BB+ and below.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

- Other assets at amortised cost note 14:

	Group				<u>2024</u> Total \$'000
	<u>2025</u>				
	<u>Stage 1</u> \$'000	<u>Stage 2</u> \$'000	<u>Stage 3</u> \$'000	<u>Total</u> \$'000	
Credit grade					
Performing	7,015,116	47,882	183,773	7,246,771	8,610,616
Non-performing	-	-	56,109	56,109	68,771
Default	-	-	<u>2,809,826</u>	<u>2,809,826</u>	<u>1,164,724</u>
Gross carrying amount	7,015,116	47,882	3,049,708	10,112,706	9,844,111
Loss allowance	<u>(57,031)</u>	<u>(3)</u>	<u>(781,657)</u>	<u>(838,691)</u>	<u>(772,380)</u>
Carrying amount	<u>6,958,085</u>	<u>47,879</u>	<u>2,268,051</u>	<u>9,274,015</u>	<u>9,071,731</u>

	Company	
	<u>2025</u>	<u>2024</u>
	<u>Stage 1</u> \$'000	<u>Stage 1</u> \$'000
Credit grade		
Performing	<u>3,051,276</u>	<u>2,211,517</u>
Carrying amount	<u>3,051,276</u>	<u>2,211,517</u>

- Debt securities at FVOCI, notes 9 ,10:

	Group	
	<u>2025</u>	<u>2024</u>
	<u>Stage 1</u> \$'000	<u>Total</u> \$'000
Credit grade		
Investment grade	5,018,200	4,199,386
Non-investment grade*	<u>40,312,391</u>	<u>27,755,419</u>
	<u>45,330,591</u>	<u>31,954,805</u>
Loss allowance	<u>(54,123)</u>	<u>(86,040)</u>

- * Non-investment grade financial assets have credit ratings that range from BB+ and below.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk

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

Reconciliation of allowances for ECL

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

- Debt securities, loans receivable, resale agreements and other asset at amortised cost notes 8,9,10,11,14:

	Group				<u>2024</u> <u>Total</u> \$'000
	<u>Stage 1</u> \$'000	<u>Stage 2</u> \$'000	<u>Stage 3</u> \$'000	<u>Total</u> \$'000	
Balance at January 1	185,938	69,986	1,298,440	1,554,364	1,324,497
Transfer from Stage 1 to stage 2	(1,286)	1,286	-	-	-
Transfer from Stage 1 to stage 3	(24,275)	-	24,275	-	-
Transfer from Stage 2 to stage 1	27,959	(27,959)	-	-	-
Transfer from stage 2 to stage 3	-	(24,275)	24,275	-	-
Transfer from stage 3 to stage 2	-	8,465	(8,465)	-	-
Transfer from stage 3 to stage 1	78,312	-	(78,312)	-	-
New financial assets originated/purchased	119,476	29,891	54,416	203,783	92,072
Financial assets fully derecognised during the period	(56,847)	(3,968)	(48,011)	(108,826)	(129,023)
Changes to inputs used in ECL calculation**	(104,430)	34,481	215,561	145,612	331,159
Foreign exchange adjustment	206	1,602	(162)	1,646	416
Net remeasurement of loss allowance	39,115	19,523	183,577	242,215	294,624
Other movements:					
Write off against provisions	-	-	-	-	(64,757)
Balance at December 31	<u>225,053</u>	<u>89,509</u>	<u>1,482,017</u>	<u>1,796,579</u>	<u>1,554,364</u>

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

- Debt securities at FVOCI:

	Group			<u>2024</u> <u>Total</u> \$'000
	<u>Stage 1</u> \$'000	<u>Stage 2</u> \$'000	<u>Total</u> \$'000	
Balance at January 1	43,369	42,671	86,040	76,338
New financial assets originated or purchased	29,276	-	29,276	8,521
Financial assets fully derecognised during the period	(23,757)	(84)	(23,841)	(12,038)
Changes to inputs used on ECL calculation **	4,929	(43,495)	(38,566)	13,072
Foreign exchange adjustment	306	908	1,214	147
Net remeasurement of loss allowance	10,754	(42,671)	(31,917)	9,702
Balance at December 31	<u>54,123</u>	<u>-</u>	<u>54,123</u>	<u>86,040</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

Reconciliation of allowances for ECL (cont'd)

Loan Modification

The contractual terms of a loan may be modified for a number of reasons, including change in market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognized as a new loan at fair value in accordance with accounting policy set out in note 4 (I).

When the terms of a financial asset are modified and the modification does not result in recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Society's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Society evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

Reconciliation of allowances for ECL (cont'd)

Loan Modification (cont'd)

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Financial assets modified during the year		
Amortised cost before modification	5,937,601	1,334,253
Net modification loss	<u>9,584</u>	<u>-</u>
Financial assets modified since initial recognition		
Gross carrying amount of financial assets previously modified for which loss allowance has changed during the period to an amount equal to 12 month ECL from lifetime	<u>5,630,937</u>	<u>531,037</u>

Loans with renegotiated terms

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

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

As at December 31, 2025, the outstanding principal balances on loans that were restructured during the year amounted to \$5,937,601,000 (2024: \$1,334,253,000). The ECL amounts that were transferred from lifetime to 12 months amounted to \$78,312,000 (2024: \$68,842,000).

Write-off policy, applicable for both periods

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

Collateral

Loan collateral represents mortgages over property, liens over motor vehicles and hypothecation of deposits held. The fair value of collateral that the Group held for loans past due (greater than three months) was \$18,879,349,641 (2024: \$17,995,358,850) in [see note 5(a)(iii)].

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

Reconciliation of allowances for ECL (cont'd)

Foreclosure

The Group sometimes acquires properties by way of foreclosure in the process of recovering amounts from defaulting borrowers. At the reporting date, the carrying amount of these assets was Nil (2024: \$39,880,000). The Group's policy is, in accordance with regulatory requirements, to pursue realisation of the collateral in a timely manner, that is, within three years of foreclosure. No financial or other assets (other than real property mentioned herein) were obtained during the year by taking possession of collateral.

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

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

(1) Cash resources

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

(2) Investment securities

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

(3) Resale agreements and certificates of deposit

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

(4) Other assets

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

	Percentage of exposure that is subject to collateral requirements		
	2025	2024	Collateral type
Loan advances to retail customers			
Mortgage lending	92%	100%	Real property
Auto loans	100%	100%	Liens on motor vehicles
Cash secured loans	99%	100%	Hypothecation of deposits
Resale agreements	100%	100%	Debt securities
Loan advances to customers *			
Margin loans	99%	83%	Debt and equity securities
Corporate loans	88%	85%	Commercial Property, floating charges over corporate assets

Loans (note 12) and Margin & other loans receivable [note 14 (a)]

The following tables stratify credit exposures from loans by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for mortgage loans is based on the collateral value at origination updated based on changes in house price indices. For credit – impaired loans, the value of collateral is based on the value at disbursement.

	Total Value of Exposure		Exposure of Credit Impaired Loans	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Mortgage Lending			Mortgage Lending	
LTV ratio			LTV ratio	
Less than 50%	15,384,560	15,113,223	Less than 50%	1,864,135
51-70%	20,814,304	18,850,998	51-70%	1,745,556
71-90%	51,883,910	49,444,544	71-90%	2,499,100
91-100%	12,107,585	12,788,436	91-100%	549,446
More than 100%	<u>4,285,113</u>	<u>2,348,140</u>	More than 100%	<u>177,382</u>
Total	<u>104,475,472</u>	<u>98,545,341</u>	Total	<u>6,835,619</u>
Cash Secured Loans			Cash Secured Loans	
LTV ratio			LTV ratio	
Less than 50%	596,703	396,331	Less than 50%	-
51-70%	519,997	495,911	51-70%	-
71-90%	745,616	802,898	71-90%	-
91-100%	134,363	14,668	91-100%	-
More than 100%	-	301	More than 100%	-
Total	<u>1,996,679</u>	<u>1,710,109</u>	Total	<u>5,504</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

	Total Value of Exposure		Exposure of Credit Impaired Loans	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Margin Loans & Corporate Lending			Margin Loans & Corporate Lending	
LTV ratio			LTV ratio	
Less than 50%	3,043,010	3,715,003	Less than 50%	63,209
51-70%	2,260,921	2,496,943	51-70%	1,643,345
71-90%	232,037	39,516	71-90%	1,202,616
91-100%	-	-	91-100%	-
More than 100%	1,060,459	719,921	More than 100%	49,233
Total	<u>6,596,427</u>	<u>6,971,383</u>	Total	<u>2,958,403</u>
Auto Loans			Auto Loans	
LTV ratio			LTV ratio	
Less than 50%	1,638,291	1,179,122	Less than 50%	144,452
51-70%	3,474,640	3,636,072	51-70%	298,780
71-90%	1,764,219	2,262,956	71-90%	238,942
91-100%	631,421	186,988	91-100%	15,663
More than 100%	2,653	2,983	More than 100%	2,653
Total	<u>7,511,224</u>	<u>7,268,121</u>	Total	<u>700,490</u>
Staff Loan			Staff Loan	
LTV ratio			LTV ratio	
Less than 50%	250,162	229,319	Less than 50%	4,439
51-70%	212,617	172,156	51-70%	-
71-90%	227,791	259,700	71-90%	7,920
91-100%	67,595	61,186	91-100%	212
More than 100%	7,412	-	More than 100%	-
Total	<u>765,577</u>	<u>722,361</u>	Total	<u>12,571</u>
Specialised loans			Specialised loans	
LTV ratio			LTV ratio	
Less than 50%	175,820	-	Less than 50%	-
51-70%	2,575,101	1,240,701	51-70%	-
71-90%	302,180	585,932	71-90%	-
91-100%	-	154,625	91-100%	-
More than 100%	-	-	More than 100%	-
Total	<u>3,053,101</u>	<u>1,981,258</u>	Total	<u>-</u>
Unsecured Lending	<u>15,152,733</u>	<u>13,477,574</u>	Unsecured Lending	<u>153,373</u>
Mortgage escrow	803,711	613,969		-
Consumer escrow	37,345	26,066		-
	<u>140,392,269</u>	<u>131,316,182</u>		<u>10,660,456</u>
				<u>13,013,743</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

The Group monitors concentration of credit risk by sector and geographic location. An analysis of concentration of credit risk at the reporting date is shown below:

	Group				
	2025				
	<u>Cash resources</u> \$'000	<u>Loans</u> \$'000	<u>Investments</u> \$'000	<u>Resale agreements</u> \$'000	<u>Total</u> \$'000
Concentration by sector:					
Retail	-	109,863,336	-	-	109,863,336
Corporate	-	15,970,123	11,721,972	-	27,692,095
Government of Jamaica	-	-	35,836,562	-	35,836,562
Other sovereign bonds	-	-	13,259,566	-	13,259,566
Bank of Jamaica	1,734,066	-	4,131,515	-	5,865,581
Financial institutions	14,020,802	930,341	1,110,644	3,431,616	19,493,403
Construction and land development	-	8,680,969	-	-	8,680,969
Equities & Unit Trusts	-	-	8,598,127	-	8,598,127
Other	-	-	-	-	-
	<u>15,754,868</u>	<u>135,444,769</u>	<u>74,658,386</u>	<u>3,672,217</u>	<u>229,289,639</u>
Concentration by location:					
Jamaica	14,754,325	81,717,347	60,585,769	3,431,616	160,489,057
United Kingdom	1,000,543	21,752,476	1,915,509	-	24,668,528
North America	-	25,299,210	6,860,781	-	32,159,991
Trinidad and Tobago	-	-	2,888,946	-	2,888,946
Dominican Republic	-	-	1,101,159	-	1,101,159
Other	-	6,675,736	1,306,222	-	7,981,958
	<u>15,754,868</u>	<u>135,444,769</u>	<u>74,658,386</u>	<u>3,431,616</u>	<u>229,289,639</u>
	Group				
	2024				
	<u>Cash resources</u> \$'000	<u>Loans</u> \$'000	<u>Investments</u> \$'000	<u>Resale agreements</u> \$'000	<u>Total</u> \$'000
Concentration by sector:					
Retail	-	115,568,525	-	-	115,568,525
Corporate	-	3,379,904	9,535,354	-	12,915,258
Government of Jamaica	-	-	20,361,387	-	20,361,387
Other sovereign bonds	-	-	8,102,188	-	8,102,188
Bank of Jamaica	1,553,932	-	3,754,180	-	5,308,112
Financial institutions	14,367,850	488,308	1,231,381	3,672,217	19,759,756
Construction and land development	-	6,092,426	-	-	6,092,426
Equities & Unit Trusts	-	-	8,668,797	-	8,668,797
Other	-	-	1,194,630	-	1,194,630
	<u>15,921,782</u>	<u>125,529,163</u>	<u>52,847,917</u>	<u>3,672,217</u>	<u>197,971,079</u>
Concentration by location:					
Jamaica	15,176,556	78,040,362	42,233,692	3,672,217	139,122,827
United Kingdom	745,226	19,871,738	1,214,372	-	21,831,336
North America	-	26,222,474	4,366,789	-	30,589,263
Trinidad and Tobago	-	11,869	2,970,952	-	2,982,454
Dominican Republic	-	-	1,114,548	-	1,114,548
Other	-	1,382,720	947,564	-	2,330,284
	<u>15,921,782</u>	<u>125,529,163</u>	<u>52,847,917</u>	<u>3,672,217</u>	<u>197,971,079</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

(iv) Management Overlays

Judgemental Adjustments

Where appropriate, the Society makes adjustments to the ECL estimate within the Society's regular modelling process to reflect management judgements. Changes to the assumptions underlying these judgemental adjustments could materially affect ECL within the next 12 months. These adjustments include overlays.

Overlays are adjustments to the ECL model outputs that have been made within the detailed ECL calculation and reporting process that arises from the impact of Hurricane Melissa.

	2025		2024	
	<u>Corporate</u> \$'000	<u>Retail</u> \$'000	<u>Corporate</u> \$'000	<u>Retail</u> \$'000
Loss allowance before judgmental adjustments	7,669	844,170	1,277	586,281
Adjustment Overlays	<u>-</u>	<u>43,375</u>	<u>-</u>	<u>-</u>
Loss allowance after judgmental adjustments	<u>7,669</u>	<u>887,545</u>	<u>1,277</u>	<u>586,281</u>

Management overlay may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk.

(v) Sensitivity of ECL to future economic conditions

The ECL on loans are sensitive to judgements and assumptions made regarding the formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on loans and advances to corporate and retail customers assuming each forward-looking scenario were weighted 100 percent instead of applying scenario probability weights across the three scenarios. The table also includes the probability-weighted amounts that are reflected in the financial statements. The amounts are inclusive of post-model adjustments.

	2025			Probability- Weighted \$'000
	<u>Upside</u> \$'000	<u>Central</u> \$'000	<u>Downside</u> \$'000	
Loss allowance				
Corporate	7,699	7,699	7,669	7,699
Retail	<u>824,698</u>	<u>832,534</u>	<u>913,237</u>	<u>887,544</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

(v) Sensitivity of ECL to future economic conditions (cont'd)

	2024			
	<u>Upside</u> \$'000	<u>Central</u> \$'000	<u>Downside</u> \$'000	Probability- <u>Weighted</u> \$'000
Loss allowance				
Corporate	900	1,306	1,393	1,277
Retail	<u>432,105</u>	<u>598,179</u>	<u>633,980</u>	<u>586,281</u>

(b) Market risks

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

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

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

Management and monitoring of market risks

Interest rate risk and the other market risks associated with all portfolios are also monitored by the ALCO and managed in the following way:

(i) Interest rate risk

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risks (cont'd)

Management and monitoring of market risks

(i) Interest rate risk (cont'd)

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

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

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

	Group					Total \$'000
	2025					
	<u>Immediately rate sensitive \$'000</u>	<u>Within 3 months \$'000</u>	<u>Three to 12 months \$'000</u>	<u>Over 12 months \$'000</u>	<u>Non-rate sensitive \$'000</u>	
Cash and cash equivalents	12,034,066	925,363	-	-	2,795,439	15,754,868
Jamaica						
Government						
Securities	1,999,855	428,353	1,413,080	36,065,238	-	39,906,526
Other investments	1,847,665	793,430	4,922,739	19,036,929	8,088,604	34,689,367
Resale agreements	926,024	989,724	1,515,868	-	-	3,431,616
Loans	2,993,608	4,071,302	13,320,502	115,059,357	-	135,444,769
Due from related entities	501,317	168,510	29,975	628,403	683,109	2,011,314
Other assets	-	2,622,844	429,479	3,954,749	2,266,943	9,274,015
Total financial assets	<u>20,302,535</u>	<u>9,999,526</u>	<u>21,631,643</u>	<u>174,744,676</u>	<u>13,834,095</u>	<u>240,512,475</u>
Savings fund	106,108,790	23,759,369	39,662,060	2,222,409	-	171,752,628
Due to specialised institution	-	-	-	1,830,837	-	1,830,837
Due to related entities	-	-	-	-	168,642	168,642
Other liabilities	-	-	1,132,594	-	6,453,809	7,586,403
Repurchase agreements	3,592,898	14,345,130	6,903,838	-	110,180	24,952,046
Other borrowings	319,252	1,866	9,007,218	13,147,915	597	22,476,848
Lease liabilities	-	-	16,227	296,637	-	312,864
Total financial liabilities	<u>110,020,940</u>	<u>38,106,365</u>	<u>56,721,937</u>	<u>17,497,798</u>	<u>6,733,228</u>	<u>229,080,268</u>
Total interest rate sensitivity gap *	<u>(89,718,405)</u>	<u>(28,106,839)</u>	<u>(35,090,294)</u>	<u>157,246,878</u>	<u>7,100,867</u>	<u>11,432,207</u>
Cumulative gap	<u>(89,718,405)</u>	<u>(117,825,244)</u>	<u>(152,915,538)</u>	<u>4,331,340</u>	<u>11,432,207</u>	<u>-</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(i) Interest rate risk (cont'd)

	Group					
	2024					
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 12 months \$'000	Non-rate sensitive \$'000	Total \$'000
Cash and cash equivalents	11,876,124	2,214,516	-	-	1,831,142	15,921,782
Jamaica						
Government Securities	2,799,840	1,704,995	957,465	18,665,503	3,892	24,131,695
Other investments	1,469,310	594,840	1,248,334	17,191,015	8,212,723	28,716,222
Resale agreements	2,022,322	1,649,070	825	-	-	3,672,217
Loans	-	123,682,060	1,702,267	144,836	-	125,529,163
Due from related entities	185,814	195,337	47,602	375,201	434,622	1,238,576
Other assets	-	112,272	677,209	5,165,349	3,116,901	9,071,731
Total financial assets	<u>18,353,410</u>	<u>130,153,090</u>	<u>4,633,702</u>	<u>41,541,904</u>	<u>13,599,280</u>	<u>208,281,386</u>
Savings fund	83,576,118	20,603,165	37,247,793	10,509,898	1,142,658	153,079,632
Due to specialised institution	-	-	-	1,882,974	2,331	1,885,305
Due to related entities	-	-	-	-	272,326	272,326
Other liabilities	-	1,006,749	-	-	5,770,311	6,777,060
Repurchase agreements	933,613	7,981,437	5,513,177	251,677	28,521	14,708,425
Other borrowings	-	6,362,787	3,886,612	12,854,926	-	23,104,325
Lease liabilities	-	-	34,772	309,766	-	344,538
Total financial liabilities	<u>84,509,731</u>	<u>35,954,138</u>	<u>46,682,354</u>	<u>25,809,241</u>	<u>7,216,147</u>	<u>200,171,611</u>
Total interest rate sensitivity gap *	<u>(66,156,321)</u>	<u>94,198,952</u>	<u>(42,048,652)</u>	<u>15,732,663</u>	<u>6,383,133</u>	<u>8,109,775</u>
Cumulative gap	<u>(66,156,321)</u>	<u>28,042,631</u>	<u>(14,006,021)</u>	<u>1,726,642</u>	<u>8,109,775</u>	<u>-</u>

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

	Company					
	2025					
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 12 months \$'000	Non-rate sensitive \$'000	Total \$'000
Cash and cash equivalents	162,393	-	-	-	-	162,393
Other investments	-	-	-	345,663	-	345,663
Due from related entities	-	-	-	-	1,127,126	1,127,126
Other assets	-	-	-	2,618,305	432,971	3,051,276
Total financial assets	<u>162,393</u>	<u>-</u>	<u>-</u>	<u>2,963,968</u>	<u>1,560,097</u>	<u>4,686,458</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(i) Interest rate risk (cont'd)

	Company					
	2025					
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 12 months \$'000	Non-rate sensitive \$'000	Total \$'000
Due to related entities	-	-	-	-	383,629	383,629
Other liabilities	-	-	-	-	457,650	457,650
Other borrowings	-	-	1,644,627	11,783,449	-	13,428,076
Total financial liabilities	-	-	1,644,627	11,783,449	841,279	14,269,355
Total interest rate sensitivity gap *	162,393	-	(1,644,627)	(8,819,481)	718,818	(9,582,897)
Cumulative gap	162,393	162,393	(1,482,234)	(10,301,715)	(9,582,897)	-

	Company					
	2024					
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 12 months \$'000	Non-rate sensitive \$'000	Total \$'000
Cash and cash equivalents	7,836	-	-	-	-	7,836
Other investments	-	-	-	338,435	-	338,435
Due from related entities	-	-	-	-	1,200,312	1,200,312
Other assets	-	-	-	1,683,095	528,422	2,211,517
Total financial assets	7,836	-	-	2,021,530	1,728,734	3,758,100
Due to related entities	-	-	-	-	82,132	82,132
Other liabilities	-	-	-	-	493,896	493,896
Other borrowings	-	-	808,190	11,925,259	-	12,733,449
Total financial liabilities	-	-	808,190	11,925,259	576,028	13,309,477
Total interest rate sensitivity gap *	7,836	-	(808,190)	(9,903,729)	1,152,706	(9,551,377)
Cumulative gap	7,836	7,836	(800,354)	(10,704,083)	(9,551,377)	-

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

Sensitivity to interest rate movements

The following table shows the effect on profit and reserves of a reasonably possible change in interest rates. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis as for 2024.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity to interest rate movements (cont'd)

	Group	
	<u>2025</u>	
	<u>Increase</u>	<u>Decrease</u>
Jamaica dollar	25 basis points	25 basis points
Foreign currencies	25 basis points	50 basis points
	\$'000	\$'000
Effect on surplus for the year	(17,674)	39,375
Effect on reserves	<u>2,172,163</u>	<u>(4,613,671)</u>
	Group	
	<u>2024</u>	
	<u>Increase</u>	<u>Decrease</u>
Jamaica dollar	25 basis points	50 basis points
Foreign currencies	25 basis points	50 basis points
	\$'000	\$'000
Effect on surplus for the year	420,998	14,626
Effect on reserves	<u>2,275,560</u>	<u>(7,926,181)</u>

(ii) Foreign currency risk

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

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

	Group		
	<u>2025</u>		
	<u>USD</u>	<u>GBP</u>	<u>CAD</u>
	'000	'000	'000
Foreign currency assets	595,068	107,414	15,234
Foreign currency liabilities	<u>(438,597)</u>	<u>(91,368)</u>	<u>(13,204)</u>
Net foreign currency assets	<u>156,471</u>	<u>16,046</u>	<u>2,030</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd)

Management and monitoring of market risks (cont'd)

(ii) Foreign currency risk (cont'd)

	<u>Group</u>		
	<u>2024</u>		
	<u>USD</u>	<u>GBP</u>	<u>CAD</u>
	'000	'000	'000
Foreign currency assets	453,492	107,526	15,434
Foreign currency liabilities	(357,647)	(72,495)	(10,637)
Net foreign currency assets	<u>95,845</u>	<u>35,031</u>	<u>4,797</u>

Sensitivity to foreign exchange rate movements

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

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	J\$	J\$
United States dollar	158.93	155.60
Pound Sterling	212.83	193.11
Canadian dollar	<u>115.46</u>	<u>108.38</u>

A 1% (2024: 1%) strengthening of the Jamaica dollar against the relevant currencies at the reporting date would have increased/(decreased) surplus by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
United States Dollar	(248,672)	(149,137)
Pound Sterling	(34,151)	(67,650)
Canadian Dollar	(22,343)	(5,199)
	<u>(305,166)</u>	<u>(221,986)</u>

A 1.5% (2024: 4%) weakening of the Jamaica dollar against the relevant currencies at the reporting date would have (decreased)/increased surplus by the amounts shown. The analysis assumes that all other variables, in particular, interest rates, remain constant.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risks (cont'd):

Management and monitoring of market risks (cont'd)

(ii) Foreign currency risk (cont'd)

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
United States Dollar	373,008	596,548
Pound Sterling	51,227	270,600
Canadian Dollar	<u>3,515</u>	<u>20,796</u>
	<u>427,750</u>	<u>887,944</u>

(iii) Equity price risk

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

The equity securities which the Group holds are listed on the Jamaica Stock Exchange. A 1.5 % (2024: 6%) increase in share prices would result in an increase in surplus of \$353,821,000 (2024: \$420,726,000) for the Group. A 1% (2024: 2%) decrease in share prices would result in a decrease in surplus of \$97,620,000 (2024: \$140,332,000) for the Group. As at December 31, 2025, the Group holds equity securities classified as fair value through other comprehensive income. A 1.5% (2024: 6%) increase in share prices would result in an increase in other comprehensive income of \$9,180,000 (2024: \$40,800,000). A 1 % (2024: 2%) decrease in share prices would result in a decrease in other comprehensive income of \$12,240,000 (2024: \$13,770,000).

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

(c) Liquidity risk

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

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

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

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

The Victoria Mutual Building Society is subject to externally imposed liquidity ratios. These ratios are taken into account by management in its measurement and management of liquidity risk.

- (i) The key measure used for managing liquidity risk of the Society is the ratio of net liquid assets to prescribed liabilities. For this purpose, liquid assets include cash, cash equivalents and investment in debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. This calculation is used to measure the Society's compliance with the liquidity limit established by Bank of Jamaica.

	<u>Ratio of net liquid assets to deposits from customers</u>	
	<u>2025</u>	<u>2024</u>
Regulator's minimum required ratio	<u>5.00%</u>	<u>5.00%</u>
	<u>Ratio of net liquid assets to deposits from customers</u>	
	<u>2025</u>	<u>2024</u>
Actual ratios:		
As at December 31	8.84%	10.99%
Average for the year	9.84%	10.24%
Highest % attained for the year	10.79%	14.19%
Lowest % attained for the year	<u>7.61%</u>	<u>8.52%</u>

- (ii) VM Wealth Management Limited manages liquidity risk by keeping a pre-determined portion of its financial assets in liquid form. The key measure used for monitoring liquidity risk is the ninety-day liquidity gap ratio. The numerator is calculated by subtracting the total assets maturing within ninety days from the total liabilities which fall due in ninety days. The denominator is total liabilities. The ninety day liquidity gap ratio at the end of the year was as follows:

	<u>Ninety-day liquidity gap ratio</u>	
	<u>2025</u>	<u>2024</u>
Actual ratio	<u>72%</u>	<u>57%</u>

- (iii) Maturity profile

An analysis of the undiscounted cash flows required to settle the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity is presented below. The analysis provided is by estimating the timing of settlement of the amounts recognised in the statement of financial position. The Group does not expect that all its customers will demand the payment of funds at the earliest date possible.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Maturity profile (cont'd)

	Group						
	2025						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cashflow \$'000	Within 1 month \$'000	One to 3 months \$'000	Three to 12 months \$'000	One to 5 years \$'000	Over 5 years \$'000
Financial assets							
Cash and cash equivalents	14,020,802	14,020,802	13,339,511	681,291	-	-	-
Balances with central banks	1,734,066	1,734,066	-	-	-	-	1,734,066
Jamaica Government securities	39,906,526	41,053,910	2,011,315	203,571	1,531,397	15,230,390	22,077,237
Other investments	34,689,367	44,360,935	4,266,405	1,829,273	5,140,862	9,719,262	23,405,133
Resale agreements	3,431,616	3,449,566	927,715	991,382	1,530,469	-	-
Loans	135,444,769	293,103,578	3,829,309	5,701,326	19,400,321	40,863,891	223,308,731
Due from related parties	2,011,314	2,011,314	551,249	236,864	1,223,201	-	-
Other assets	9,274,015	10,052,716	1,281,133	3,012,239	3,172,581	2,586,763	-
Total financial assets	240,512,475	409,786,887	26,206,637	12,655,946	31,998,831	68,400,306	270,525,167
Financial liabilities							
Due to savers	171,752,628	173,173,506	106,332,799	23,611,611	40,182,243	2,477,082	569,771
Due to specialise institutions	1,830,837	2,565,051	2,232	6,728	20,464	108,647	2,426,980
Other liabilities	7,586,403	7,628,795	689,523	6,939,272	-	-	-
Lease liabilities	312,864	431,988	3,143	9,974	65,653	221,284	131,934
Due to related parties	168,642	168,642	137,529	31,113	-	-	-
Repurchase agreement	24,952,046	28,285,836	4,069,104	17,505,678	6,711,054	-	-
Other borrowings	22,476,848	29,579,263	322,579	3,200,737	10,259,798	15,796,149	-
	229,080,268	241,833,081	111,556,909	51,305,113	57,239,212	18,603,162	3,128,685
Unrecognised loan commitments	3,044,490	3,044,490	-	3,044,490	-	-	-
	232,124,758	244,877,571	111,556,909	54,349,603	57,239,212	18,603,162	3,128,685
On statement of financial position gap being interest total liquidity gap	8,387,717	164,909,316	(85,350,272)	(41,693,657)	(25,240,381)	49,797,144	267,396,482
Cumulative gap	-	-	(85,350,272)	(127,043,929)	(152,284,310)	(102,487,166)	164,909,316

	Group						
	2024						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cashflow \$'000	Within 1 month \$'000	One to 3 months \$'000	Three to 12 months \$'000	One to 5 years \$'000	Over 5 years \$'000
Financial assets							
Cash and cash equivalents	14,367,849	14,367,876	12,621,376	1,681,598	64,902	-	-
Balances with central Banks	1,553,933	1,582,656	-	-	28,723	-	1,553,933
Jamaica Government securities	24,131,695	25,373,127	2,800,518	1,711,899	610,572	16,174,381	4,075,757
Other investments	28,716,222	31,667,989	1,475,917	1,122,649	5,696,739	10,509,117	12,863,567
Resale agreements	3,672,217	3,857,229	729,599	1,457,721	1,669,909	-	-
Loans	125,529,163	242,412,212	924,462	1,204,359	8,908,016	32,981,092	198,394,283
Due from related parties	1,238,576	1,418,538	-	195,337	1,223,201	-	-
Other assets	9,071,731	10,278,684	499,798	2,239,272	2,283,836	5,255,778	-
Total financial assets	208,281,386	330,958,311	19,051,670	9,612,835	20,485,898	64,920,368	216,887,540

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Maturity profile (cont'd)

	Group						
	2024						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cashflow \$'000	Within 1 month \$'000	One to 3 months \$'000	Three to 12 months \$'000	One to 5 years \$'000	Over 5 years \$'000
Financial liabilities							
Due to savers	153,079,632	182,572,641	83,449,622	18,441,123	41,151,376	37,802,661	1,727,859
Due to specialise institutions	1,885,305	2,315,471	6,830	13,660	61,471	327,846	1,905,664
Other liabilities	6,777,060	6,346,570	727,682	5,618,888	-	-	-
Lease liabilities	344,538	524,046	3,947	17,127	65,856	261,923	175,193
Due to related parties	272,326	272,326	-	272,326	-	-	-
Repurchase agreement	14,708,425	14,854,941	1,250,785	7,809,444	5,542,987	251,725	-
Other borrowings	<u>23,104,325</u>	<u>25,087,988</u>	<u>-</u>	<u>7,270,517</u>	<u>2,633,783</u>	<u>15,183,688</u>	<u>-</u>
	<u>200,171,611</u>	<u>231,973,983</u>	<u>85,438,866</u>	<u>39,443,085</u>	<u>49,455,473</u>	<u>53,827,843</u>	<u>3,808,716</u>
Unrecognised loan Commitments	<u>1,081,193</u>	<u>1,081,193</u>	<u>1,081,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>201,252,804</u>	<u>233,055,176</u>	<u>86,520,059</u>	<u>39,443,085</u>	<u>49,455,473</u>	<u>53,827,843</u>	<u>3,808,716</u>
On statement of financial position gap being total liquidity gap	<u>7,028,582</u>	<u>97,903,134</u>	<u>(67,468,389)</u>	<u>(29,830,250)</u>	<u>(28,969,575)</u>	<u>11,092,525</u>	<u>213,078,824</u>
Cumulative gap	<u>-</u>	<u>-</u>	<u>(67,468,389)</u>	<u>(97,298,639)</u>	<u>(126,268,214)</u>	<u>(115,175,689)</u>	<u>97,903,135</u>

	Company						
	2025						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cashflow \$'000	Within 1 month \$'000	One to 3 months \$'000	Three to 12 months \$'000	One to 5 years \$'000	Over 5 years \$'000
Financial assets							
Cash and cash equivalents	162,393	162,393	162,393	-	-	-	-
Other investments	345,663	345,663	-	-	-	345,663	-
Due from related parties	1,127,126	1,127,126	1,127,126	-	-	-	-
Other assets	<u>3,051,276</u>	<u>3,051,276</u>	<u>-</u>	<u>-</u>	<u>1,925,183</u>	<u>1,126,093</u>	<u>-</u>
Total financial assets	<u>4,686,458</u>	<u>4,686,458</u>	<u>1,289,519</u>	<u>-</u>	<u>1,925,183</u>	<u>1,471,756</u>	<u>-</u>
Financial liabilities							
Other liabilities	457,650	457,650	457,650	-	-	-	-
Due to related parties	383,629	383,629	383,629	-	-	-	-
Other borrowings	<u>13,428,076</u>	<u>17,241,823</u>	<u>-</u>	<u>288,876</u>	<u>2,593,603</u>	<u>14,359,344</u>	<u>-</u>
	<u>14,269,355</u>	<u>18,083,102</u>	<u>841,279</u>	<u>288,876</u>	<u>2,593,603</u>	<u>14,359,344</u>	<u>-</u>
On statement of financial position gap being total liquidity gap	<u>(9,582,897)</u>	<u>(13,396,644)</u>	<u>448,240</u>	<u>(288,876)</u>	<u>(668,420)</u>	<u>(12,887,588)</u>	<u>-</u>
Cumulative gap	<u>-</u>	<u>-</u>	<u>448,240</u>	<u>159,364</u>	<u>(509,056)</u>	<u>(13,396,644)</u>	<u>(13,396,644)</u>

The Group intends to mitigate liquidity risks arising from the projected shortfall between contractual liability maturities and expected asset inflows over the next 1 to 5 years through planned refinancing activities, including a combination of debt issuance and equity capital raising. VMFG's established market reputation and track record of successful capital raising are expected to support the effective refinancing of these obligations.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Maturity profile (cont'd)

	Company						
	2024						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cashflow \$'000	Within 1 month \$'000	One to 3 months \$'000	Three to 12 months \$'000	One to 5 years \$'000	Over 5 years \$'000
Financial assets							
Cash and cash equivalents	7,836	7,836	7,836	-	-	-	-
Other investments	338,435	338,435	-	-	-	338,435	-
Due from related parties	1,200,312	1,200,312	-	1,200,312	-	-	-
Other assets	<u>2,211,517</u>	<u>2,211,517</u>	-	-	<u>1,057,065</u>	<u>1,154,452</u>	-
Total financial assets	<u>3,758,100</u>	<u>3,758,100</u>	<u>7,836</u>	<u>1,200,312</u>	<u>1,057,065</u>	<u>1,492,887</u>	-
Financial liabilities							
Other liabilities	493,896	493,896	493,896	-	-	-	-
Due to related parties	82,132	82,132	82,132	-	-	-	-
Other borrowings	<u>12,733,449</u>	<u>13,537,975</u>	-	<u>626,401</u>	-	<u>12,911,574</u>	-
	<u>13,309,477</u>	<u>14,114,003</u>	<u>576,028</u>	<u>626,401</u>	-	<u>12,911,574</u>	-
On statement of financial position gap being total liquidity gap	<u>(9,551,377)</u>	<u>(10,355,903)</u>	<u>(568,192)</u>	<u>573,911</u>	<u>1,057,065</u>	<u>(11,418,687)</u>	-
Cumulative gap	-	-	<u>(568,192)</u>	<u>5,719</u>	<u>1,062,784</u>	<u>(10,355,903)</u>	<u>(10,355,903)</u>

There was no change to the Group's approach to managing liquidity risk during the year.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to eliminate control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Executive ERM Committee with oversight given by the Group Finance and Risk Management Committee. This responsibility is supported by overall Group standards for the management of operational risk to minimise exposure to key operational risk areas, including new products and marketing initiatives, continuity of critical services and processes, talent retention and development, information security and internal and external fraud. Where these risks arise, the Group will consider the impact to its reputation and take measures to mitigate the risk, within the context of its relevant risk appetite.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Group Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management of the Group and the Audit Committees.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

6. SEGMENT REPORTING

The Group is organised into the following business segments:

- (a) Consumer & business banking – This incorporates the granting of loans and accepting deposits.
- (b) Wealth, asset management & investment banking – This incorporates stock brokerage, securities trading, asset management, corporate finance, investment advisory services and other financial services provided by overseas subsidiaries.
- (c) Pension fund management – This incorporates pension fund management and administration.
- (d) Money transfer services – This incorporates the provision of money transfer services.
- (e) Other operations of the Group – This comprises the parent company.

Unallocated assets and liabilities:

Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and retirement asset and obligation.

	Group						Total
	2025						
	Consumer & business banking	Wealth management & investment banking	Pension fund management	Money transfer services	Other	Consolidation adjustments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income calculated using the effective interest rate method	12,986,101	2,074,664	23,894	13,392	190,399	(851,678)	14,436,772
Interest expense	(3,769,629)	(1,770,805)	(16)	(6,448)	(1,291,992)	749,898	(6,088,992)
Net fee and commission income	18,449	1,653,322	584,647	191,160	(14,722)	(649,318)	1,783,538
Other operating revenue	<u>3,182,127</u>	<u>1,325,809</u>	<u>1,615</u>	<u>613,445</u>	<u>2,323,848</u>	<u>(2,100,162)</u>	<u>5,346,682</u>
Net interest income and other revenue	<u>12,417,048</u>	<u>3,282,990</u>	<u>610,140</u>	<u>811,549</u>	<u>1,207,533</u>	<u>(2,851,260)</u>	<u>15,478,000</u>
Personnel costs	(4,365,819)	(1,606,474)	(336,112)	(304,852)	(128,046)	(101,780)	(6,639,523)
Impairment charge on financial assets	(203,673)	14,106	(12,651)	-	-	(8,080)	(210,298)
Depreciation and amortisation	(598,998)	(102,766)	(21,235)	(55,438)	-	(8,639)	(787,076)
Other operating expenses	<u>(5,923,754)</u>	<u>(1,320,507)</u>	<u>(126,269)</u>	<u>(348,380)</u>	<u>(1,064,977)</u>	<u>2,340,753</u>	<u>(6,443,134)</u>
Total operating expenses	<u>(11,092,244)</u>	<u>(3,015,641)</u>	<u>(496,267)</u>	<u>(708,670)</u>	<u>(1,193,023)</u>	<u>2,222,254</u>	<u>(14,080,031)</u>
Share of profits of associates	-	151,014	-	-	-	88,838	239,852
Profit/(loss) before income tax	1,324,804	418,363	113,873	102,879	14,510	(540,806)	1,637,821
Income tax charge	<u>(448,725)</u>	<u>13,770</u>	<u>(30,069)</u>	<u>(43,361)</u>	<u>99,754</u>	<u>-</u>	<u>(408,631)</u>
Profit/(loss) for the year	<u>876,079</u>	<u>432,133</u>	<u>83,804</u>	<u>59,518</u>	<u>114,264</u>	<u>(540,806)</u>	<u>1,229,190</u>
Segment assets	210,307,583	43,294,410	534,237	1,724,706	31,432,502	(34,019,598)	253,273,840
Unallocated assets							<u>3,972,159</u>
Total assets							<u>257,245,999</u>
Investment in associates	-	<u>2,047,503</u>	-	-	<u>2,221,808</u>	<u>693,092</u>	<u>4,962,403</u>
Segment liabilities	(187,482,189)	(36,791,486)	(127,659)	(1,216,965)	(14,269,354)	9,583,547	(230,304,106)
Unallocated liabilities							<u>(1,095,266)</u>
Total liabilities							<u>(231,399,372)</u>
Capital expenditure	<u>339,439</u>	<u>53,200</u>	<u>2,806</u>	<u>32,850</u>	<u>-</u>	<u>-</u>	<u>428,295</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

6. SEGMENT REPORTING (CONT'D),

	Group						Total
	2024						
	Consumer & business banking	Wealth management & investment banking	Pension fund management	Money transfer services	Other	Consolidation adjustments	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income calculated using the effective interest rate method	10,815,018	3,115,412	17,688	11,592	186,102	(479,242)	13,666,570
Interest expense	(3,944,812)	(2,231,910)	(1,141)	(8,178)	(1,231,865)	479,261	(6,938,645)
Net fee and commission income	420,790	1,376,060	487,454	222,159	(13,471)	(107,223)	2,385,769
Other operating revenue	<u>3,438,994</u>	<u>1,559,684</u>	<u>17,036</u>	<u>519,581</u>	<u>2,077,481</u>	<u>(2,288,071)</u>	<u>5,324,705</u>
Net interest income and other revenue	<u>10,729,990</u>	<u>3,819,246</u>	<u>521,037</u>	<u>745,154</u>	<u>1,018,247</u>	<u>(2,395,275)</u>	<u>14,438,399</u>
Personnel costs	(3,647,721)	(1,418,523)	(268,060)	(366,345)	(359,931)	-	(6,060,580)
Impairment charge on financial assets	(41,130)	(234,862)	425	-	-	(28,394)	(303,961)
Depreciation and amortisation	(831,304)	(115,580)	(28,953)	(60,156)	-	(1,140)	(1,037,133)
Other operating expenses	<u>(5,426,410)</u>	<u>(1,465,188)</u>	<u>(108,209)</u>	<u>(310,025)</u>	<u>(631,337)</u>	<u>1,779,982</u>	<u>(6,161,187)</u>
Total operating expenses	<u>(9,946,565)</u>	<u>(3,234,153)</u>	<u>(404,797)</u>	<u>(736,526)</u>	<u>(991,268)</u>	<u>1,750,448</u>	<u>(13,562,861)</u>
Share of profits or associates	-	193,370	-	-	-	262,078	455,448
Profit/(loss) before income tax	783,425	778,463	116,240	8,628	26,979	(382,749)	1,330,986
Income tax charge	<u>153,709</u>	<u>8,241</u>	<u>(32,000)</u>	<u>(2,831)</u>	<u>135,488</u>	<u>-</u>	<u>262,607</u>
Profit/(loss) for the year	<u>937,134</u>	<u>786,704</u>	<u>84,240</u>	<u>5,797</u>	<u>162,467</u>	<u>(382,749)</u>	<u>1,593,593</u>
Segment assets	183,173,473	34,992,233	544,641	1,261,215	30,502,337	(29,387,276)	221,086,623
Unallocated assets							<u>3,912,932</u>
Total assets							<u>224,999,555</u>
Investment in associates	-	<u>1,875,083</u>	-	-	<u>2,230,624</u>	<u>764,756</u>	<u>4,870,463</u>
Segment liabilities	(162,045,539)	(28,885,553)	(183,405)	(796,954)	(13,353,699)	5,022,273	(200,242,877)
Unallocated liabilities							<u>(1,145,956)</u>
Total liabilities							<u>201,388,833</u>
Capital expenditure	<u>502,448</u>	<u>187,860</u>	<u>14,210</u>	<u>39,581</u>	<u>-</u>	<u>-</u>	<u>744,099</u>

7. CAPITAL MANAGEMENT

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of capital adequacy ratios and the possible suspension or loss of one or more licenses. The Group's objectives when managing capital, which is a broader concept than the "capital" mentioned on the face of the statement of financial position are:

- To comply with the capital requirements set by the regulators;
- To safeguard the Company's and its subsidiaries' ability to continue as going concerns, so that the Group can continue to provide benefits for members and other stakeholders; and
- To maintain a strong capital base to support the development of its business.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

7. CAPITAL MANAGEMENT (CONT'D)

(a) The Victoria Mutual Building Society

Bank of Jamaica requires that building societies maintain a minimum of 10% of their risk weighted assets in capital.

	<u>2025</u> \$'000	<u>2024</u> \$'000
Regulatory capital	<u>20,983,091</u>	<u>20,999,237</u>
Qualifying capital	<u>19,955,718</u>	<u>18,886,056</u>
On balance sheet risk weighted assets	124,418,133	114,604,901
Off balance sheet risk weighted assets – loan commitments	3,044,490	1,081,193
Foreign exchange exposure	<u>3,485,304</u>	<u>5,162,281</u>
Total risk assessed assets	<u>130,947,927</u>	<u>120,848,375</u>
Risk based capital adequacy ratio	<u>15.24%</u>	<u>15.63%</u>
Regulatory requirement	<u>10.00%</u>	<u>10.00%</u>

(b) VM Wealth Management Limited

The subsidiary's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its shareholders and benefits for other stakeholders, to maintain a strong capital base to support the development of its business and to comply with the capital requirements set by the regulators.

The Financial Services Commission ("FSC") stipulates and monitors capital requirements for the non-deposit-taking financial services sector. The FSC requires that the company maintains a capital base of which at least 50% is to be of Tier 1 capital. In addition, the FSC employs certain ratios to test capital adequacy and solvency.

	<u>2025</u> \$'000	<u>2024</u> \$'000
Tier 1 Capital	3,881,118	4,227,276
Tier 2 Capital	<u>67,800</u>	<u>64,000</u>
Total regulatory capital	<u>3,948,918</u>	<u>4,291,276</u>
Risk weighted assets:		
Per statement of financial position	23,157,262	18,027,935
Foreign exchange exposure	<u>2,407,633</u>	<u>429,536</u>
	25,564,895	18,457,471
Operational risk-weighted assets	<u>471,376</u>	<u>458,133</u>
	<u>26,036,271</u>	<u>18,915,604</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

7. CAPITAL MANAGEMENT (CONT'D)

(b) VM Wealth Management Limited (cont'd)

Capital ratios	<u>Minimum required</u>		<u>Actual</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Total regulatory qualifying capital				
Total risk weighted assets	10.00%	10.00%	15.17%	22.69%
Tier 1 Capital/Total regulatory capital	50.00%	50.00%	98.28%	98.51%
Capital base/Total assets	<u>6.00%</u>	<u>6.00%</u>	<u>14.62%</u>	<u>19.63%</u>

(c) VM Pensions Management Limited

The subsidiary's regulatory capital position as at the reporting date was as follows:

	<u>2025</u>	<u>2024</u>		
	<u>\$'000</u>	<u>\$'000</u>		
Tier 1 Capital	<u>393,406</u>	<u>282,062</u>		
Risk-weighted assets:				
Operating assets	326,752	281,743		
Per statement of financial position	336,077	426,524		
Foreign exchange exposure	<u>134,974</u>	<u>59,872</u>		
	<u>797,803</u>	<u>768,139</u>		
Capital adequacy ratios:	<u>Minimum required</u>	<u>Actual</u>		
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Total regulatory capital/risk-weighted assets	10.00%	10.00%	49.31%	36.72%
Tier 1 Capital/Total regulatory capital	50.00%	50.00%	100.00%	100.00%
Actual capital base/total assets	<u>6.00%</u>	<u>6.00%</u>	<u>66.16%</u>	<u>45.3%</u>

8. CASH RESOURCES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents for statements of cashflow [see (a)]	14,020,802	14,367,849	162,393	7,836
Cash reserves held at Bank of Jamaica [see (b)]	<u>1,734,066</u>	<u>1,553,933</u>	<u>-</u>	<u>-</u>
	<u>15,754,868</u>	<u>15,921,782</u>	<u>162,393</u>	<u>7,836</u>

(a) Cash and cash equivalents represents cash on hand, balances with banks and term deposit with maturity dates less than three months. There is no impairment recognised on these balances.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

8. CASH RESOURCES (CONT'D)

- (b) Cash reserves held at Bank of Jamaica represents statutory reserves required by regulation to be held at Bank of Jamaica. They are not available for use by the building society subsidiary in the ordinary course of business. The cash reserve amounts are determined as a percentage of specified liabilities stipulated by Bank of Jamaica. For the cash reserve rate to remain at no more than one per cent of specified liabilities, as defined, the building society subsidiary must have qualifying assets of 40% of specified liabilities.

9. INVESTMENTS - JAMAICA GOVERNMENT SECURITIES

This comprises:

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
FVOCI		
Securities denominated in United States dollars:		
Bonds	17,855,174	12,603,529
Securities denominated in Jamaica dollars:		
Bonds	16,753,606	7,381,038
Certificates of deposit	589,914	848,069
Treasury bills	375,548	1,001
	<u>17,719,068</u>	<u>8,230,108</u>
Amortised cost		
Securities denominated in United States dollars:		
Certificates of deposit	463,143	4,111
Securities denominated in Jamaica dollars:		
Bonds	199,979	183,266
Securities denominated in Jamaica dollars:		
Certificates deposit	2,726,910	2,925,000
Treasury bills	946,963	185,801
	<u>4,336,995</u>	<u>3,298,178</u>
	39,911,237	24,131,815
Less: Allowance for impairment - GOJ instruments	(4,711)	(120)
	<u>39,906,526</u>	<u>24,131,695</u>

Government securities mature, in relation to the reporting date, as follows:

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Within 3 months	2,164,468	4,491,363
From 3 months to 1 year	1,437,316	987,193
From 1 year to 5 years	10,789,034	8,071,521
Thereafter	<u>25,515,708</u>	<u>10,581,618</u>
	<u>39,906,526</u>	<u>24,131,695</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

9. INVESTMENTS - JAMAICA GOVERNMENT SECURITIES (CONT'D)

Certain Government of Jamaica securities are pledged by the Group as collateral for repurchase agreements (note 26).

10. INVESTMENTS – OTHER

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
FVTPL		
Unquoted equities	245,935	77,320
Quoted equities	2,226,628	1,945,815
Bonds	861,613	825,656
Mandatorily designated:		
Preference shares	1,087,458	806,844
Units in unit trust funds	<u>5,349,728</u>	<u>5,699,543</u>
	<u>9,771,362</u>	<u>9,355,178</u>
Amortised cost		
Bonds	7,260,455	5,064,628
Preference shares	345,663	338,435
Treasury bills	6,837,550	1,720,078
Term deposits	<u>764,981</u>	<u>1,231,381</u>
	<u>15,208,649</u>	<u>8,354,522</u>
FVOCI		
Bonds	8,838,109	10,442,827
Ordinary shares - quoted	607,404	678,302
Ordinary shares - unquoted	<u>310,836</u>	<u>39</u>
	<u>9,756,349</u>	<u>11,121,168</u>
	34,736,360	28,830,868
Less: Allowance for impairment on amortised cost	<u>(46,993)</u>	<u>(114,646)</u>
	<u>34,689,367</u>	<u>28,716,222</u>
	Company	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Amortised cost		
Preference shares	<u>345,663</u>	<u>338,435</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
10. INVESTMENTS – OTHER (CONT'D)

These investments mature, in relation to the reporting date, as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	4,252,125	2,468,898	-	-
From 3 months to 1 year	2,073,439	2,243,248	-	-
From 1 year to 5 years	4,474,855	9,102,528	345,663	338,435
Thereafter/no maturity	<u>23,888,948</u>	<u>14,901,548</u>	-	-
	<u>34,689,367</u>	<u>28,716,222</u>	<u>345,663</u>	<u>338,435</u>

Involvement with structured entities

The Group has concluded that the Units in unit trust funds in which it holds an interest, meets the definition of a structured entity because the fund's activities are restricted by their operating agreements.

The table below describes the type of structured entity in which the Group holds an interest:

<u>Type of structured entity</u>	<u>Nature and purpose</u>	<u>Interest held by the Group</u>
Unit Trusts and funds - a unit trust scheme, comprising of a diverse portfolio of investments	Private equity funds intended to generate risk adjusted returns by generating current income and capital appreciation through equity or debt investments and properties.	A membership interest representing subscription to the capital of an individual fund.

The table below sets out interests held by the Group in the structured entity. The maximum exposure to loss is the carrying amount of the financial assets held.

	<u>2025</u>		<u>2024</u>	
	<u>Number of investee funds</u>	<u>Carrying amount</u>	<u>Number of investee funds</u>	<u>Carrying amount</u>
		\$'000		\$'000
Units in unit trust funds (see note 9)	<u>3,240,190</u>	<u>5,349,728</u>	<u>5,349,728</u>	<u>5,699,543</u>

During the year ended December 31, 2025, the Group provided no financial support (2024: Nil) to the structured fund.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

10. INVESTMENTS – OTHER (CONT'D)

Equity investment securities designated as at FVOCI

The following table shows investments in equity securities that are designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long term.

	Group			
	<u>Fair value</u>		<u>Dividend income recognised</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
At beginning of the year	678,301	510,001	17,392	17,392
Net fair value(losses)/gain recognised during the year	(70,890)	168,300	12,567	-
	<u>607,411</u>	<u>678,301</u>	<u>29,959</u>	<u>17,392</u>

None of these investments were disposed of during the year ended December 31, 2025, and there were no transfers of any cumulative gain or loss within equity relating to these investments. The change in fair value on these investments was \$70,890,000 (2024: \$168,300,000) for the year.

11. RESALE AGREEMENTS

Government and corporate securities are purchased under agreements to resell them on specified dates and at specified prices on maturity ('resale agreements').

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Denominated in Jamaica dollars	2,937,911	2,095,917
Denominated in United States dollars	<u>493,811</u>	<u>1,576,387</u>
	3,431,722	3,672,304
Less: Allowance for impairment	(106)	(87)
	<u>3,431,616</u>	<u>3,672,217</u>

The securities obtained as collateral under resale agreements, may themselves be sold under repurchase agreements (see note 26). At December 31, 2025, such securities had a fair value of \$4,984,494,000 (2024: \$5,933,479,000) for the Group.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

12. LOANS

(a) Composition of loans

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Conventional mortgage loans	104,475,471	98,545,341
Mortgage escrow (see below)	<u>803,711</u>	<u>613,969</u>
Total conventional mortgage loans	105,279,182	99,159,310
Share loans	1,996,679	1,710,109
Corporate loans	3,470,036	2,662,326
Auto loans	7,511,224	7,268,121
Unsecured loans	13,490,172	12,484,965
Consumer escrow	37,345	26,066
Specialised loans	3,053,100	1,981,309
Staff loans	765,462	722,339
Staff loans escrow	-	24
Margin loans	202,878	200,178
Credit cards	<u>1,662,676</u>	<u>992,608</u>
Total gross carrying value of loans	137,468,754	127,207,355
Less: Allowance for impairment	(906,078)	(667,131)
Deferred originating fees	<u>(1,117,907)</u>	<u>(1,011,061)</u>
Total loans, net	<u>135,444,769</u>	<u>125,529,163</u>

Mortgage escrow represents insurance premiums paid by the building society subsidiary on behalf of mortgagors. These amounts are recoverable over one year and are collected as part of monthly mortgage instalments.

(b) Allowance for impairment

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Balances at the beginning of the year	667,131	364,177
Loans written off	(129,392)	-
Foreign exchange movement	-	(146)
Net remeasurement of allowance for ECL	<u>368,339</u>	<u>303,100</u>
Balances at the end of the year [see (c) below]	<u>906,078</u>	<u>667,131</u>

(c) The total expected loss allowance is broken down as follows:

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Allowance based on IFRS	906,078	667,131
(Reduction)/additional allowance based on Bank of Jamaica BOJ regulations [note 30(iv)]	<u>(98,965)</u>	<u>771,759</u>
	<u>807,113</u>	<u>1,438,890</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

12. LOANS (CONT'D)

- (d) Loan principal repayments and mortgage escrow payments are projected to be received, in relation to the reporting date, as follows:

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Within three months	7,064,910	2,071,282
3 months to 1 year	10,786,664	7,140,039
From 1 year to 5 years	9,477,823	14,157,634
Thereafter	<u>108,115,372</u>	<u>102,160,208</u>
	<u>135,444,769</u>	<u>125,529,163</u>

- (e) Movement in deferred originating fees:

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
At beginning of the year	1,011,061	868,561
Additions	301,117	316,840
Amortisation	(194,271)	(174,340)
At end of the year	<u>1,117,907</u>	<u>1,011,061</u>

13. DUE FROM/(TO) RELATED ENTITIES

Due from/(to) related entities represent balances held by subsidiaries and other related entities in the ordinary course of business. The balances are unsecured, interest free and due within three months. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. See note 40 for disclosure of other related party transactions and balances.

	Group		Company	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
Due from related entities:				
Due from parent	1,035,118	645,596	450,882	293,225
Due from subsidiaries	-	-	436,201	765,690
Due from fellow subsidiaries	<u>976,196</u>	<u>592,980</u>	<u>240,043</u>	<u>141,397</u>
	<u>2,011,314</u>	<u>1,238,576</u>	<u>1,127,126</u>	<u>1,200,312</u>
Due to related entities:				
Due to parent	32,027	99,687	12,599	41,104
Due to subsidiaries	-	-	36,714	27,961
Due to fellow subsidiaries	<u>136,615</u>	<u>172,639</u>	<u>334,316</u>	<u>13,067</u>
	<u>168,642</u>	<u>272,326</u>	<u>383,629</u>	<u>82,132</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
14. OTHER ASSETS

(a) Composition of other assets

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Margin & other loans receivable (i)	2,923,515	4,108,827	-	-
Due from parent company (ii)	1,682,651	1,683,095	1,682,651	1,683,095
Due from subsidiary (iii)	-	-	935,654	-
Interest receivable (i, ii)	2,239,819	1,574,431	340,734	196,310
Rent receivable	47,354	45,945	-	-
Late fees	295,606	236,488	-	-
Customers' receivable	736,744	370,800	-	-
Sundry receivables and prepayments	<u>2,198,814</u>	<u>1,847,528</u>	<u>92,237</u>	<u>332,112</u>
	10,124,503	9,867,114	3,051,276	2,211,517
Less: Allowance for impairment on other assets	(838,691)	(772,380)	-	-
Deferred origination fees	<u>(11,797)</u>	<u>(23,003)</u>	<u>-</u>	<u>-</u>
	9,274,015	9,071,731	3,051,276	2,211,517
Tax recoverable	1,843,215	1,516,950	61,634	51,011
Prepayment	<u>306,779</u>	<u>244,258</u>	<u>-</u>	<u>-</u>
	<u>11,424,009</u>	<u>10,832,939</u>	<u>3,112,910</u>	<u>2,262,528</u>

(i) This includes:

I. A loan of \$189 million from VM Money Transfer Services Limited to VM Group Limited. The loan was issued on June 28, 2025, at an interest rate of 7% per annum and a maturity date of September 30, 2025. The terms of the loan were revised during the year with maturity date extended to September 2026 and interest rate changed to 6.50%. Interest receivable on loan at reporting period is \$22.43million (2024: \$10.1million).

(i) This represents two loans with parent company of:

I. \$1,000,000,000 issued in September 2024 at an interest rate of WATBY Plus 3%% (2024: 12.5%) and a maturity date of March 30, 2028. Interest receivable on loan at reporting period is \$ 335.5 million (2024: \$196.3million). No repayment during the year.

II. Loan of \$731million issued on November 30, 2025 at an interest rate of 7% per annum. Interest is payable and due at maturity date. The maturity date of the loan was extended to September 2026 at interest rate of 6.50% per annum. The current balance on the loan at reporting date is \$683 million (2024: \$683 million).

(iii) This represents three loans with VM Finance Limited:

(I) Loan of \$794.6 million (USD\$5million) issued on March 1, 2025 at an interest rate of 7% per annum and a maturity date of July 31, 2026.

(II) Loan of \$52.8million (USD 330K) issued on November 24, 2025 at an interest rate of 5.75% and a maturity date of May 25,2026.

(III) Loan of 88.1million (USD \$550K) issued on December 15, 2025, at interest rate of 5.75% and maturity date of June 15, 2026.

No ECL expense has been recognised in the current year or prior year in respect of amounts owed by related parties.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

14. OTHER ASSETS (CONT'D)

(b) The balances are reflected net of expected credit loss allowances as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
At beginning of the year	772,380	708,176
(Decrease)/increase in allowance	66,311	128,961
Receivable written off	<u>-</u>	<u>(64,757)</u>
At end of the year	<u>838,691</u>	<u>772,380</u>

(c) Movement in deferred origination fees:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
At beginning of the year	23,003	47,183
Additions	5,356	12,294
Amortisation	<u>(16,562)</u>	<u>(36,474)</u>
At end of the year	<u>11,797</u>	<u>23,003</u>

15. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and liabilities are attributable to the following:

	<u>Group</u>					
	<u>2025</u>					
	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment securities	1,125,653	900,925	(280,392)	-	845,261	900,925
Other receivables	(25,335)	9,091	79,446	-	54,111	9,091
Property, plant and equipment	99,345	599,437	521,577	-	620,922	599,437
Loan origination fees	-	(220,258)	-	-	-	(220,258)
Right of use assets	(21,914)	(18,147)	-	-	(21,914)	(18,147)
Lease liability	42,651	42,711	-	-	42,651	42,711
Other liabilities	104,770	77,888	-	(10,526)	104,770	67,362
Tax loss	432,168	540,822	-	-	432,168	540,822
Employee benefits assets	-	(421,143)	(592,053)	-	(592,053)	(421,143)
Employee benefits obligation	(6,008)	316,424	287,071	-	281,063	316,424
Unrealised gains on unit in unit trust	-	(26,300)	(26,300)	-	(26,300)	(26,300)
Unrealised foreign exchange gain/(loss)	<u>(7,631)</u>	<u>6,998</u>	<u>-</u>	<u>-</u>	<u>(7,631)</u>	<u>6,998</u>
	<u>1,743,699</u>	<u>1,808,448</u>	<u>(10,651)</u>	<u>(10,526)</u>	<u>1,733,048</u>	<u>1,797,922</u>

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Property, plant and equipment	578	561
Other liabilities	37,212	28,409
Tax loss	<u>217,242</u>	<u>126,308</u>
	<u>255,032</u>	<u>155,278</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

15. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

(b) Movement in net temporary differences during the year are as follows:

	Group			
	2025			
	January 1, <u>2025</u> \$'000	Recognised in <u>income</u> \$'000	Recognised <u>in OCI</u> \$'000	December 31, <u>2025</u> \$'000
Investment securities	900,925	(4,429)	(51,235)	845,261
Other receivables	9,091	45,020	-	54,111
Loan origination fees	(220,258)	220,258	-	-
Property, plant and equipment	599,437	21,485	-	620,922
Right of use assets	(18,147)	(3,767)	-	(21,914)
Lease liability	42,711	(60)	-	42,651
Other liabilities	67,362	26,882	10,526	104,770
Tax loss	540,822	(108,654)	-	432,168
Employee benefits assets	(421,143)	23,670	(194,580)	(592,053)
Employee benefits obligation	316,424	27,889	(63,250)	281,063
Unrealised gains on units in unit trust	(26,300)	-	-	(26,300)
Unrealised foreign exchange (loss)/gain	6,998	(14,629)	-	(7,631)
	<u>1,797,922</u>	<u>233,665</u>	<u>(298,539)</u>	<u>1,733,048</u>

	Group			
	2024			
	January 1, <u>2024</u> \$'000	Recognised in <u>income</u> \$'000	Recognised <u>in OCI</u> \$'000	December 31, <u>2024</u> \$'000
Investment securities	882,869	28,454	(10,398)	900,925
Other receivables	45,739	(36,648)	-	9,091
Loan origination fees	-	(220,258)	-	(220,258)
Property, plant and equipment	425,632	173,805	-	599,437
Right of use assets	(21,914)	3,767	-	(18,147)
Lease liability	42,020	691	-	42,711
Other liabilities	56,101	11,261	-	67,362
Tax loss	50,131	490,691	-	540,822
Employee benefits assets	(385,383)	29,490	(65,250)	(421,143)
Employee benefits obligation	248,363	11,921	56,140	316,424
Unrealised gains on units in unit trust	-	(26,300)	-	(26,300)
Unrealised foreign exchange (loss)/gain	418	6,580	-	6,998
	<u>1,343,976</u>	<u>473,454</u>	<u>(19,508)</u>	<u>1,797,922</u>

	Company		
	2025		
	January 1, <u>2025</u> \$'000	Recognised in <u>income</u> \$'000	December 31, <u>2025</u> \$'000
Property, plant and equipment	561	17	578
Other liabilities	28,409	8,803	37,212
Tax loss	<u>126,308</u>	<u>90,934</u>	<u>217,242</u>
	<u>155,278</u>	<u>99,754</u>	<u>255,032</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

15. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

(b) Movement in net temporary differences during the year are as follows (cont'd):

	Company		
	2024		
	January 1, <u>2024</u> \$'000	Recognised in <u>income</u> \$'000	December 31, <u>2024</u> \$'000
Other receivables	19,790	(19,790)	-
Property, plant and equipment	-	561	561
Other liabilities	-	28,409	28,409
Tax loss	<u>-</u>	<u>126,308</u>	<u>126,308</u>
	<u>19,790</u>	<u>135,488</u>	<u>155,278</u>

The Group recognises deferred tax asset based on management's assumption that there will be sufficient future taxable profits against which the assets can be utilised.

Embedded in the Group's strategic framework are specific and timebound action plans, designed at enabling the entities within the Group to pursue and capitalise on growth and profit-making opportunities. Supported by the Group's strong earnings history, the restructured standing of the VM Group will allow the Group to achieve future profit targets.

16. EMPLOYEE BENEFITS ASSET/OBLIGATION

The Group operates a defined-benefit plan, under which retirement benefits are calculated by reference to, *inter alia*, final salary. The Group also provides post-employment medical benefits to retirees.

The amounts in the statement of financial position in respect of the defined-benefit pension plans and post-employment medical benefits are as follows:

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Employee benefits asset (i)	<u>1,973,511</u>	<u>1,403,811</u>
Other post-employment benefits (ii)	<u>995,100</u>	<u>1,110,400</u>

(i) Employee benefits asset

(a) Amount recognised in the statement of financial position

	Group	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Present value of funded obligations	(7,548,000)	(8,321,100)
Fair value of plan assets	10,374,711	9,724,911
Change in effect of asset ceiling	(853,200)	<u>-</u>
	<u>1,973,511</u>	<u>1,403,811</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

16. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(i) Employee benefits asset (cont'd)

(b) Movements in the present value of defined benefit obligations

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Balance at beginning of year	8,321,100	7,918,000
Benefits paid	(459,100)	(337,900)
Employee contributions (basic and voluntary)	200,600	216,600
Interest cost	778,500	864,500
Service cost	223,500	234,900
Remeasurement gain arising from:		
Financial assumptions	(1,516,600)	(575,000)
Balance at end of year	<u>7,548,000</u>	<u>8,321,100</u>

(c) Movement in plan assets

Fair value of plan assets at beginning of year	9,724,911	9,202,611
Contributions paid into the plan	202,000	218,000
Benefits paid by the plan	(459,100)	(337,900)
Net interest income on plan assets	911,900	1,005,900
Remeasurement loss on assets included in other comprehensive income	(5,000)	(363,700)
Fair value of plan assets at end of year	<u>10,374,711</u>	<u>9,724,911</u>

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Plan assets consist of the following:		
Equity securities	4,053,000	3,697,000
Government securities	2,884,000	3,228,000
Real estate fund	2,581,000	2,162,000
Other assets	<u>856,711</u>	<u>637,911</u>
	<u>10,374,711</u>	<u>9,724,911</u>

(d) (Credit)/charge recognised in the income statement, net

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Service costs	223,500	234,900
Interest on obligation	778,500	864,500
Net interest income on plan assets	(911,900)	(1,005,900)
	<u>90,100</u>	<u>93,500</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
16. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(i) Employee benefits asset (cont'd)

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
(e) Credit recognised in other comprehensive income, net		
Remeasurement gain on obligations	(1,516,600)	(575,000)
Remeasurement gain on assets	5,000	363,700
Change in the effect of asset ceiling	<u>853,200</u>	<u>-</u>
	<u>(658,400)</u>	<u>(211,300)</u>

(f) Principal financial assumptions at the reporting date (expressed as weighted averages)

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	%	%
Discount rate at December 31	10.0	9.5
Future salary increases	10.0	9.5
Future pension increases	<u>5.0</u>	<u>4.0</u>

(g) Sensitivity analysis

A one percentage point change at the reporting date to one of the relevant financial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by amounts shown below:

	<u>Group</u>			
	<u>2025</u>		<u>2024</u>	
	1% point <u>increase</u> \$'000	1% point <u>decrease</u> \$'000	1% point <u>increase</u> \$'000	1% point <u>decrease</u> \$'000
<u>Financial assumptions</u>				
Discount rate	(913,000)	1,168,000	(1,044,000)	1,352,000
Rate of salary escalation	407,000	(354,000)	766,000	(658,000)
Future rate of pension	<u>675,000</u>	<u>(585,000)</u>	<u>469,000</u>	<u>(405,000)</u>

(h) The Group expects to pay \$1,000,000 (2024: \$1,600,000) in contributions to the defined-benefit plan in 2026.

(ii) Other post-employment benefits

The employee benefits obligation represents the present value of the constructive obligation to provide medical and other benefits to retirees.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
16. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(ii) Other post-employment benefits (cont'd)

(a) Movement in present value of defined benefit obligation

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Present value of obligation at the start of the year	1,110,400	850,800
Interest cost	103,600	91,600
Current service cost	23,600	26,200
Benefits paid	(42,000)	(37,800)
Remeasurement loss arising from:		
Financial assumptions	(200,500)	179,600
	<u>995,100</u>	<u>1,110,400</u>

(b) Charge recognised in the income statement

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Interest cost	103,600	91,600
Current service cost	<u>23,600</u>	<u>26,200</u>
	<u>127,200</u>	<u>117,800</u>

(c) Items in other comprehensive income

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Remeasurement loss on obligation	(200,500)	<u>179,600</u>

(d) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	Group	
	<u>2025</u>	<u>2024</u>
	%	%
Financial assumptions:		
Discount rate	10.0	9.5
Medical claims growth	<u>7.5</u>	<u>8.0</u>

Statistical assumptions:

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining life expectancy of an individual retiring at age 65 is 21 years for males and 25 years for females.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
16. EMPLOYEE BENEFITS ASSET/OBLIGATION (CONT'D)

(ii) Other post-employment benefits (cont'd)

(e) Sensitivity to changes in financial assumptions

A one percentage point change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by amounts shown below:

	Group			
	<u>2025</u>		<u>2024</u>	
	1% point <u>increase</u> \$'000	1% point <u>decrease</u> \$'000	1% point <u>increase</u> \$'000	1% point <u>decrease</u> \$'000
Medical cost trend rate and rate of salary escalation	170,800	(137,300)	174,200	(139,100)
Discount rate	<u>(134,200)</u>	<u>169,700</u>	<u>(137,100)</u>	<u>173,200</u>

17. INTEREST IN SUBSIDIARIES

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Shares, at cost [see note 1(b)]	<u>-</u>	<u>-</u>	<u>24,462,602</u>	<u>24,462,602</u>

18. INTEREST IN ASSOCIATES

(a) The carrying amount of interest in associated companies represents the Group's interest in British Caribbean Insurance Company Limited (BCIC), Carilend Caribbean Holdings Limited and Kingston Properties Limited (KPREIT) as follows:

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Shares, at cost	3,807,803	3,816,619	2,221,808	2,230,624
Share of post – acquisition comprehensive income less dividends	<u>1,154,600</u>	<u>1,053,844</u>	<u>-</u>	<u>-</u>
	<u>4,962,403</u>	<u>4,870,463</u>	<u>2,221,808</u>	<u>2,230,624</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

18. INTEREST IN ASSOCIATES (CONT'D)

(b) Group's share of profit is as follows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
British Caribbean Insurance Company Limited	88,065	262,078
Carilend Caribbean Holdings Limited	773	-
Kingston Properties Limited (KPREIT)	<u>151,014</u>	<u>193,370</u>
	<u>239,852</u>	<u>455,448</u>

(c) The following table summarises the financial information of BCIC. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this associate.

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Percentage ownership interest	<u>43.90%</u>	<u>44.17%</u>
Assets	43,544,488	17,153,972
Liabilities	<u>(37,529,187)</u>	<u>(11,203,926)</u>
Net assets (100%)	<u>6,015,301</u>	<u>5,950,046</u>
Proportionate share of BCIC net assets	2,640,717	2,628,135
Intangible assets recognised on acquisition - Trade name and customer relationships	107,214	202,016
Goodwill	<u>110,367</u>	<u>110,367</u>
Carrying amount of interest in BCIC	<u>2,858,298</u>	<u>2,940,518</u>
Revenue	<u>21,476,900</u>	<u>21,695,945</u>
Profit for the year	200,604	593,340
Other comprehensive income/(loss), net of tax	<u>32,795</u>	<u>(56,332)</u>
Total comprehensive/income	<u>233,399</u>	<u>537,008</u>
Group's share of profit of year	88,065	262,078
Share of other comprehensive income/(loss)	<u>14,397</u>	<u>(24,882)</u>
Group's share of total comprehensive income	<u>102,462</u>	<u>237,196</u>
Dividend	<u>331,437</u>	<u>829,197</u>
Group share dividend	<u>175,866</u>	<u>309,901</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

18. INTEREST IN ASSOCIATES (CONT'D)

- (d) The following table summarises the financial information of Carilend. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this associate.

	<u>Carilend</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Percentage ownership interest	<u>30%</u>	<u>30%</u>
Assets	1,139,875	1,329,135
Liabilities	<u>(1,366,560)</u>	<u>(1,795,780)</u>
Net liabilities (100%)	<u>(226,685)</u>	<u>(466,645)</u>
Proportionate share of net liabilities	<u>(68,006)</u>	<u>(139,994)</u>
Carrying amount of interest in associate	<u>56,603</u>	<u>54,863</u>
Revenue	<u>388,375</u>	<u>321,630</u>
Profit for the year and total comprehensive income	<u>243,630</u>	<u>109,143</u>
Impairment reversal	<u>-</u>	<u>54,638</u>
Share of profit recognised	<u>773</u>	<u>-</u>

The total of the unrecognised share of losses of the associate since the entity became an associate in August 2019 is \$Nil (2024: \$105,043,000). The Group was able to recognize share of profits of \$773,000 as the previously unrecognized share of losses were fully absorbed this year against current year profit of \$73,072,193 and prior year's profit of \$32,743,000.

- (e) The following table summarises the financial information of KPREIT. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this associate.

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Percentage ownership interest in KPREIT	<u>23%</u>	<u>23%</u>
Non-current assets	13,600,541	12,550,102
Current assets	<u>1,347,781</u>	<u>924,396</u>
Total assets	<u>14,948,322</u>	<u>13,474,498</u>
Non-current liabilities	<u>(5,413,780)</u>	<u>(4,824,510)</u>
Current liabilities	<u>(724,610)</u>	<u>(587,778)</u>
Total liabilities	<u>(6,138,390)</u>	<u>(5,412,288)</u>
Net assets (100%)	<u>8,809,932</u>	<u>8,062,210</u>
Proportionate share of KPREIT net assets	2,026,284	1,854,309
Goodwill and intangible asset recognised on acquisition	<u>21,219</u>	<u>20,774</u>
Carrying amount of interest in KPREIT	<u>2,047,503</u>	<u>1,875,083</u>
Revenue	<u>1,350,044</u>	<u>1,474,158</u>
Group's share of profit from continuing operations	<u>652,239</u>	<u>840,737</u>
Share of profit from continuing operations	<u>151,014</u>	<u>193,370</u>
Dividend	<u>80,234</u>	<u>226,934</u>
Group share of dividend	<u>18,452</u>	<u>52,195</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

18. INTEREST IN ASSOCIATES (CONT'D)

(e) (Cont'd)

The fair value of the interest in KPREIT indicated by its quoted price on the Jamaica Stock Exchange as at December 31, 2025 was J\$1,694,522,000 (2024: J\$1,921,939,000).

The recoverable amount for the associate has been calculated based on its value in use, determined by discounting the future cash flows expected to be generated from the associate.

No impairment losses were recognised during the year ended December 31, 2025 (2024: nil) because the recoverable amounts of the interest in associate was determined to be higher than its carrying amounts

The financial statements of KPREIT are denominated in United States dollars.

(f) The following table provides a movement in the carrying value of BCIC, KPREIT and Carilend

	BCIC		KPREIT		Carilend	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At beginning of year	2,940,518	3,022,039	1,875,082	1,719,260	54,863	-
Disposal	(8,816)	(8,816)	-	-	-	-
Impairment loss reversal	-	-	-	-	-	54,638
Share of profit	88,065	262,078	151,014	193,370	773	-
Share of OCI	14,397	(24,882)	-	-	-	-
Foreign currency adjustment	-	-	39,859	14,647	967	225
Dividends	(175,866)	(309,901)	(18,452)	(52,195)	-	-
At end of year	<u>2,858,298</u>	<u>2,940,518</u>	<u>2,047,503</u>	<u>1,875,082</u>	<u>56,603</u>	<u>54,863</u>

19. INTANGIBLE ASSETS

	Group				
	<u>Goodwill</u>	<u>Access rights</u>	<u>Computer software</u>	<u>Work in progress</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
December 31, 2023	609,214	-	4,074,268	1,760,563	6,444,045
Additions	-	56,017	2,812	398,292	457,121
Disposal	-	-	(53,692)	-	(53,692)
Transfers from WIP	-	594,175	(594,175)	-	-
Write-off	-	-	-	(48,727)	(48,727)
December 31, 2024	609,214	56,017	4,617,563	1,515,953	6,798,747
Additions	-	-	3,180	287,031	290,211
Transfers from WIP	-	-	346,410	(346,410)	-
Write-off	-	-	-	(8,521)	(8,521)
December 31, 2025	<u>609,214</u>	<u>56,017</u>	<u>4,967,153</u>	<u>1,448,053</u>	<u>7,080,437</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
19. INTANGIBLE ASSETS (CONT'D)

	Group				<u>Total</u> \$'000
	<u>Goodwill</u> \$'000	<u>Access rights</u> \$'000	<u>Computer software</u> \$'000	<u>Work in progress</u> \$'000	
Accumulated amortisation					
December 31, 2023	-	-	3,093,666	-	3,093,666
Charge for the year	-	2,801	465,996	-	406,038
Eliminated on disposal	-	-	(33,112)	-	(33,112)
December 31, 2024	-	2,801	3,526,550	-	3,529,351
Charge for the year	-	<u>2,801</u>	<u>403,237</u>	-	<u>406,038</u>
December 31, 2025	-	<u>5,602</u>	<u>3,929,787</u>	-	<u>3,935,389</u>
Carrying value					
December 31, 2025	<u>609,214</u>	<u>50,415</u>	<u>1,037,366</u>	<u>1,448,053</u>	<u>3,145,048</u>
December 31, 2024	<u>609,214</u>	<u>53,216</u>	<u>1,091,013</u>	<u>1,515,953</u>	<u>3,269,396</u>

Work in progress comprises capitalisable costs associated with new software and the enhancements of the Group's information technology infrastructure. These assets are not yet available for use as at the reporting date and, accordingly, have not been transferred to computer software.

Goodwill relates to the acquisition of VM Pensions Management Limited in 2013. In testing goodwill for impairment, the recoverable amount of the cash-generating unit is estimated based on value-in-use. Where the recoverable amount exceeds the carrying amount, no impairment allowance is made. The recoverable amount of the cash-generating unit is arrived at by estimating the future cash flows and discounting those cash flows using long-term discount rates applicable to Jamaica.

Future sustainable cash flows are estimated based on the most recent projections, considering past experience. The cash flow projections include specific estimates for each of the five years following the reporting date, and a terminal value thereafter. These annual estimates and the terminal value are calculated using an assumed growth rate.

The key assumptions used in the discounted cash flow projections are as follows:

	Group	
	<u>2025</u> %	<u>2024</u> %
Discount rate	14.8	14.3
Growth rate	1.6	1.6

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

20. INVESTMENT AND FORECLOSED PROPERTIES

	<u>Group</u>		
	<u>Investment properties</u> \$'000	<u>Foreclosed properties</u> \$'000	<u>Total</u> \$'000
Cost			
December 31, 2023	517,903	27,185	545,088
Additions	-	122,642	122,642
Disposal	<u>-</u>	<u>(110,020)</u>	<u>(110,020)</u>
December 31, 2024	517,903	39,807	557,710
Disposal	<u>-</u>	<u>(39,807)</u>	<u>(39,807)</u>
December 31, 2025	<u>517,903</u>	<u>-</u>	<u>517,903</u>
Depreciation			
December 31, 2023	43,489	27,072	70,561
Change for year	1,357	2,118	3,475
Eliminated on disposals	<u>-</u>	<u>(29,263)</u>	<u>(29,263)</u>
December 31, 2024	44,846	(73)	44,773
Change for year	1,912	3,056	4,968
Eliminated on disposals	<u>-</u>	<u>(2,983)</u>	<u>(2,983)</u>
December 31, 2025	<u>46,758</u>	<u>-</u>	<u>46,758</u>
Net book values			
December 31, 2025	<u>471,145</u>	<u>-</u>	<u>471,145</u>
December 31, 2024	<u>473,057</u>	<u>39,880</u>	<u>512,937</u>

The fair values of properties were determined, in the case of properties acquired by way of foreclosure, by several different approved qualified independent property valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued, and, in the case of investment properties, by management. This fair value measurement has been categorised as Level 3, based on the inputs to the valuation techniques used.

(a) Reconciliation of opening to closing fair value

	<u>Group</u>						
	<u>2023</u> \$'000	<u>Additions</u> \$'000	<u>Disposal</u> \$'000	<u>2024</u> \$'000	<u>Additions</u> \$'000	<u>Disposal</u> \$'000	<u>2025</u> \$'000
Investment properties	826,010	-	(136,104)	689,906	48,000	-	737,906
Foreclosed properties	<u>551,208</u>	<u>150,000</u>	<u>(520,708)</u>	<u>180,500</u>	<u>-</u>	<u>(180,500)</u>	<u>-</u>
	<u>1,377,218</u>	<u>150,000</u>	<u>(656,812)</u>	<u>870,406</u>	<u>-</u>	<u>(180,500)</u>	<u>737,906</u>

(b) Valuation techniques and significant unobservable inputs

The fair value of investment properties was determined generally by the comparison method, taking account of what similar properties in similar locations have been sold for in the recent past (or near similar properties and locations, with appropriate adjustments made) and current market conditions.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

20. INVESTMENT AND FORECLOSED PROPERTIES (CONT'D)

(c) Amounts recognized in profit or loss

The property rental income earned by the Group from investment properties that are leased under operating leases amounted to \$34.7 million (2024: \$32.1 million). Direct operating expenses, arising from the investment property that generated rental income during the year, amounted to \$280.3 million (2024: \$83.8 million).

21. PROPERTY, PLANT AND EQUIPMENT

	<u>Group</u>					
	Right-of-use on leasehold properties \$'000	Freehold land and buildings \$'000	Office furniture and equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
Cost						
December 31, 2023	566,388	1,248,367	3,114,574	53,225	1,115,363	6,097,917
Additions	75,608	4,056	71,692	189	88,399	239,944
Disposals	-	(628,955)	(173,298)	(165)	(146,637)	(949,055)
Transfers from work in progress	-	317,875	337,776	-	(655,651)	-
December 31, 2024	641,996	941,343	3,350,744	53,249	401,474	5,388,806
Additions	33,472	13,795	58,555	-	59,358	165,180
Disposals	(58,178)	(29,873)	(111,460)	-	-	(199,511)
Transfers from work in progress	-	11,804	275,450	-	(287,254)	-
December 31, 2025	<u>617,290</u>	<u>937,069</u>	<u>3,573,289</u>	<u>53,249</u>	<u>173,578</u>	<u>5,354,475</u>
Depreciation						
December 31, 2023	284,846	314,379	2,232,082	28,780	-	2,860,087
Charge for year	64,271	271,519	218,812	10,259	-	564,861
Elimination on disposal	-	(310,863)	(116,347)	(165)	-	(427,375)
December 31, 2024	349,117	275,035	2,334,547	38,874	-	2,997,573
Charge for year	62,002	53,925	251,712	8,431	-	376,070
Elimination on disposal	(51,943)	-	-	-	-	(51,943)
December 31, 2025	<u>359,176</u>	<u>328,960</u>	<u>2,586,259</u>	<u>47,305</u>	<u>-</u>	<u>3,321,700</u>
Net book values						
December 31, 2025	<u>258,114</u>	<u>608,109</u>	<u>987,030</u>	<u>5,944</u>	<u>173,578</u>	<u>2,032,775</u>
December 31, 2024	<u>292,879</u>	<u>666,308</u>	<u>1,016,197</u>	<u>14,375</u>	<u>401,474</u>	<u>2,391,233</u>

22. REGULAR SAVINGS

	<u>Group</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Regular savings	153,385,295	142,465,794
Deferred shares	-	147,570
	<u>153,385,295</u>	<u>142,613,364</u>

Regular savings are accounts for which the building society subsidiary does not have rights to notice of withdrawal. They also include amounts which mature on a specified date and are generally term deposits.

Deferred shares are paid up capital, interest bearing and an original term to maturity of five (5) years or more.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

22. REGULAR SAVINGS (CONT'D)

	<u>Group</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000
On demand to 3 months	111,500,826	104,010,373
Three to 12 months	39,661,966	37,247,793
Over 12 months	<u>2,222,503</u>	<u>1,355,198</u>
	<u>153,385,295</u>	<u>142,613,364</u>

23. DEPOSITORS' SAVINGS

	<u>Group</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000
On demand to 3 months	1,425,172	1,311,568
Over 12 months	<u>16,942,161</u>	<u>9,154,700</u>
Due to depositors	<u>18,367,333</u>	<u>10,466,268</u>

These represent high-yield deposits with fixed longer-term maturity dates.

24. DUE TO SPECIALISED INSTITUTION

This represents the balance of loans disbursed by the National Housing Trust (NHT) under joint financing arrangements with borrowers of the building society subsidiary.

The NHT, in pursuance of its statutory function to, inter alia, make loans available to its contributors to assist in the purchase, building, maintenance, repair or improvement of houses and makes arrangements with mortgage lending institutions to originate, underwrite, fully finance, disburse and administer loans, representing the NHT contributors' housing benefit. The balances due to NHT are at interest rates of 0% to 3% (2024: 0% to 3%) per annum for periods of 30 years.

25. OTHER LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
Deposits – private treaty sales	177,788	70,417	-	-
Customers' and clients' funds	4,544,226	3,726,637	-	-
Accrued expenses	1,443,515	1,455,308	150,045	281,192
Other payables	<u>2,644,712</u>	<u>1,595,964</u>	<u>307,605</u>	<u>256,926</u>
	<u>8,810,241</u>	<u>6,848,326</u>	<u>457,650</u>	<u>538,118</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

26. REPURCHASE AGREEMENTS

The Group sells government and corporate securities, or interests therein, and agrees to repurchase them on specified dates and at specified prices prior to their maturity (“repurchase agreements”).

	<u>Group</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Denominated in Jamaica dollars	8,314,448	4,979,798
Denominated in United States dollars	12,209,533	9,435,779
Denominated in Sterling	4,250,376	292,848
Denominated in Canadian dollars	<u>177,689</u>	<u>-</u>
	<u>24,952,046</u>	<u>14,708,425</u>

Securities obtained under resale agreements and certain investments (see notes 10 and 11) and interest accrued thereon are pledged as collateral for repurchase agreements. These financial instruments have a fair value of \$29,470,795,000 (2024: \$15,213,562,000) for the Group.

27. OTHER BORROWINGS

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
Deferred shares (note 22)	1,298,682	1,684,060	-	-
Bank facility (i)	500,921	761,198	-	-
Fixed and variable rate bonds (ii), (iii),	7,075,525	8,264,645	-	-
Preference shares (iv)	10,956,849	10,444,422	11,020,849	11,020,849
Corporate loans (v), (vi)	<u>2,644,871</u>	<u>1,950,000</u>	<u>2,407,227</u>	<u>1,712,600</u>
	<u>22,476,848</u>	<u>23,104,325</u>	<u>13,428,076</u>	<u>12,733,449</u>

The following tables show reconciliations from the opening balances to the closing balances for other borrowings

	<u>Group</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance as at 1 January	23,104,325	25,448,720
Proceeds from other borrowings	2,825,842	3,928,595
Proceeds from other borrowings-preference shares noncash (iv)	504,649	-
Repayments of borrowings	(3,946,097)	(6,264,292)
	22,488,719	23,113,023
Other changes:		
Capital borrowings costs	(11,871)	(8,698)
Balances as at 31 December	<u>22,476,848</u>	<u>23,104,325</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

27. OTHER BORROWINGS (CONT'D)

The following tables show reconciliations from the opening balances to the closing balances for other borrowings(cont'd)

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Balance as at 1 January	12,733,449	11,024,010
Proceeds from other borrowings	791,475	1,712,600
Repayment of borrowings	(100,000)	-
	<u>13,424,924</u>	<u>12,736,610</u>
Other changes:		
Transaction amortised	3,152	-
Capital borrowings costs	-	(3,161)
Balances as at 31 December	<u>13,428,076</u>	<u>12,733,449</u>

(i) These loans are comprised of the following:

- I. A revolving facility agreement with a major UK bank to provide external funding for the UK subsidiary lending business. The maximum facility amount is GBP 30,000,000 (JMD 6,384,900,000) of which JMD 178,872,000 had been drawn down as at December 31, 2025.
- II. Loans from the Development Bank of Jamaica received by VM Investments Ltd. The loans are broken down as follows:
 - \$50,000,000 with a maturity period of 4 years with an interest rate of 10.99%
 - \$550,000,000 received in October 2022, with a maturity period of 5 years with monthly interest payments and an initial two -year principal payment moratorium.
 - \$750,000,000 received in November 2022 with a maturity period of 5 years attracting an interest rate of 7.5% per annum.

(ii) These are comprised of fixed and variable rate unsecured bonds issued by the company. One bond was issued in 2025 from a \$800 million bond issue as follows, less their transactional costs:

- \$701,400,000 Tranche A – \$694,902,000 fixed rate 9.50% with a maturity date of March 31, 2027.
- \$98,600,000 Tranche B – \$98,230,000 variable rate 10.00% plus 90 days.

Weighted Average Treasury Bill Yield (WATBY) with a maturity date of March 31, 2028.

- \$229,640,000 Tranche A – \$229,161,000 fixed rate 10.00% with a maturity date of April 1, 2027.
- \$191,726,000 Tranche A(ii) – \$191,032,000 fixed rate 10.00% with a maturity date of June 30, 2027.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

27. OTHER BORROWINGS (CONT'D)

(ii) (Cont'd)

Weighted Average Treasury Bill Yield (WATBY) with a maturity date of March 31, 2028 (continued).

- \$48,168,000 Tranche B – \$48,295,000 fixed rate 10.75% with a maturity date of June 30, 2027.
- \$2,031,230,000 Tranche D - \$2,026,070,000 fixed rate 9.75% with a maturity date of June 27, 2026.
- \$1,924,253,000 Tranche E - \$1,916,647,000 fixed rate 10.00% with a maturity date of December 27, 2026.
- \$1,477,983,000 Tranche F - \$1,467,720,000 variable rate 10.50% (plus 90 days WATBY) with a maturity date of December 27, 2027.

VM Investments Ltd. issued an \$800,000,000 bond during the year. From the bond issue, the company received funds of \$321,866,000, net of transaction costs in March 2025. The remaining units of the bond were subscribed through reinvestment of funds totaling \$467,205,000 which were due to be repaid for a bond which matured in March 2025.

Funds of \$1,533,704,000, net of transaction costs, were received during the year from Tranche D, Tranche E and Tranche F bond issues.

They repaid bonds totaling \$5,774,668,000 of which \$2,851,362,000 (2024: \$1,116,843,000) was settled in cash and \$2,923,306,000 (2024: \$513,072,000) was settled through reinvestments in other bonds and securities issued by the subsidiary. The bond repayments were made in respect of:

- \$649,460,826 Tranche A - which was issued on December 30, 2022 and matured on January 29, 2025.
- \$4,322,099,684 Tranche B - which was issued on December 30, 2022 and matured on January 29, 2025.
- \$16,000,000 Tranche B - which was issued on December 30, 2022 and which had a maturity date of January 29, 2027.
- \$454,227,300 Tranche A - which was issued on November 1, 2023 and matured on March 29, 2025.
- \$81,380,737 Tranche B - which was issued on November 1, 2023 and matured on March 29, 2025.
- \$251,500,000 Tranche B - which was issued on April 1 2024 and matured on May 15, 2025.

- (iii) This represents short to medium term debt obligations of the building society subsidiary. These loans mature within 12 months and attract annual interest rates of 3.25% (2024: 7.5%). The Society made repayments of \$550.5M (2024: \$480M) and received proceeds of Nil (2024: JMD1.3B).

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
December 31, 2025**27. OTHER BORROWINGS (CONT'D)**

- (iv) VM Financial Group Limited issued Class A and Class C preference shares at a price of J\$100 per share on April 28, 2023, and Class D preference shares on April 1, 2025. The key terms and features of each class of preference shares are outlined in the table below.

Class	Coupon rate per annum	Dividend payments	Tenor	Allotment value
Fixed Rate Class A	10%	Cumulative/ Quarterly	36 months	7,000,000,000
Floating Rate Class C	First 24 months after issue at 12.50%, thereafter, GOJ 3 month weighted average Treasury bill yield +3%	Cumulative/ Quarterly	60 months	2,000,000,000
Floating Rate Class D	10 % per annum in year 1 and 90-dayWATBY +2.5% thereafter	Cumulative/ Quarterly	24 months	2,000,000,000

The significant terms and conditions of the preference shares are as follows:

- (i) The right to a cumulative preferential dividend payable monthly at a rate agreed for each class.
- (ii) The right, on winding up, to receive all arrears of dividend and repayment of capital in priority to the ordinary stockholders; and
- (iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the Company.

The Floating rate Class B preference shares were refinanced during the year and new preference Class D shares were issued on April 1, 2025 with a maturity date of April 1, 2027.

Subsequent to March 31, 2026, the Company intends to refinance the Fixed Rate Class A preference shares when it matures on March 31, 2026, with a new issue of preference shares.

During the year, two subsidiaries disposed of their preference share holding of \$504,649,000 in VM Financial Group Limited to VM Wealth Management Limited Unit Trust, an entity not consolidated with VM Group. This would have resulted in a non-cash transaction in the other borrowings for the group.

- (v) These are comprised of the following for the Company:
 - I. On March 28, 2024, the VM Financial Group Limited, the Company, obtained a loan of \$762.6 million from its subsidiary VM Investments Limited. The loan bears interest at a fixed rate of 10.5% per annum. Interest is payable quarterly and principal balance is due on maturity date of March 24, 2026. The loan is secured by a promissory note. This loan was used to fund the acquisition of 30% interest in Carilend [1 (c) (ii)].

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

27. OTHER BORROWINGS (CONT'D)

- (v) These are comprised of the following for the Company (cont'd):
- II. On September 27, 2024, the VM Financial Group Limited, the Company, obtained a loan of \$200 million from VM Real Estate Holdings Limited. The loan bears interest at a fixed rate of 7% per annum. Interest and principal balance is due on maturity date of September 26, 2025. The terms of the loan were revised during the year with maturity date extended to September 2026 and interest rate changed to 6.50%. The loan is secured by a promissory note. The Company made repayment of \$100 million during the year.
 - III. On October 28, 2024, the Company obtained a loan of \$750 million from JMMB Bank (Jamaica) Limited at a fixed rate of 9.50% per annum and due for repayment on October 28, 2025. The terms of the loan were revised during the year with maturity date extended October 2026 and interest rate changed to 8.25%. The loan is secured by a promissory note.
 - IV. On February 17, 2025, the Company authorised the private placement of unsecured fixed rate USD notes for an aggregate principal amount of USD \$5 million (JMD \$ 791 million). These notes bear interest at 6.25% per annum and mature in July 2026. The funds were used to facilitate on lending to a subsidiary, see note [14 (a)(iii)].
 - V. On June 6, 2024, Victoria Mutual Finance Limited obtained a loan of \$1 billion from VM Real Estate Holdings Limited, a subsidiary of VM Group Limited. The loan bears interest at a fixed rate of 10.6% per annum. Interest and principal balance is due on maturity date of June 6, 2025. The loan is unsecured.

28. LEASES – IFRS 16

The Group leases office space and commercial space. The leases typically run for a period of five years, with options to renew. Right-of-use of assets are presented as leasehold properties and property, plant and equipment (see note 21). Information about lease liabilities for which Group is a lessee is presented below.

Maturity analysis – contractual undiscounted cash flows:

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Less than one year	78,770	86,930
One to five years	221,284	261,923
More than five years	<u>131,934</u>	<u>175,193</u>
	<u>431,988</u>	<u>524,046</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

28. LEASES – IFRS 16 (CONT'D)

Maturity analysis – contractual undiscounted cash flows (cont'd):

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Carrying amount of lease liabilities:		
Current	49,924	56,011
Non-current	<u>262,940</u>	<u>288,527</u>
	<u>312,864</u>	<u>344,538</u>

(a) Amounts recognised in profit or loss

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Leases under IFRS 16:		
Interest on lease liabilities	<u>31,727</u>	<u>36,739</u>

(b) Amounts recognised in statement of cash flows:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Lease interest payments	31,727	36,739
Lease principal payments	<u>57,255</u>	<u>56,299</u>
Total cash outflow for leases	<u>88,982</u>	<u>93,038</u>

(c) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and reassesses this conclusion if there is a significant event or significant changes in circumstances within its control.

At commencement date the Group includes the lease liability for extension options which it is reasonably certain to exercise.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

28. LEASES – IFRS 16 (CONT'D)

- (d) Reconciliation of movements of lease obligations to cash flow arising from financing activities.

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Balance at beginning of the year	344,538	341,454
Additions	65,199	96,122
Lease payments	(57,255)	(56,299)
Disposal	(7,891)	-
Lease interest expense	(31,727)	(36,739)
Balance at the end of year	<u>312,864</u>	<u>344,538</u>

- (e) Leases as lessor

The Group leases out investment property consisting of commercial properties. All leases are classified as operating leases from a lessor perspective. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
One to two years	9,775	7,307
Two to three years	3,522	10,732
Three to four years	3,304	8,695
Four to five years	907	7,926
More than five years	<u>756</u>	<u>-</u>
	<u>18,264</u>	<u>34,660</u>

29. SHARE CAPITAL

	Group and Company	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Stated:		
Authorised, issued and fully paid		
1,263,479,116 (2024: 1,263,479,116) ordinary shares	<u>17,424,846</u>	<u>17,424,846</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

29. SHARE CAPITAL (CONT'D)

The share capital of the Company was determined by the court approved Scheme of Arrangement effective February 1, 2023 which allowed for the cancellation of the shares in each subsidiary (see note 1) and the issuance of new shares in each subsidiary of the Company.

30. RESERVES

(i) Reserve fund

The Banking Services Act and Regulations require The Victoria Mutual Building Society to transfer at least 15% of its net profit after income tax each year to the reserve fund until the reserve equals 50% of its paid up capital, and thereafter, 10% of its net profit each year, until the amount at the credit of the reserve fund is equal to the paid-up capital of the institution and its deferred shares (note 22).

(ii) Retained Earnings reserve

The Banking Services Act 2014 permit the Society to transfer a portion of its profits to a retained earnings reserve, which constitutes a part of the capital base. Transfers of profits to the retained earnings reserve are made at the discretion of the Directors, but must be communicated to the Bank of Jamaica to be effective.

As per page 34, Section 4.57 (c) (ii) of the Scheme of Arrangement approved by the Court, Bank of Jamaica and members at the Members' Meeting held August 9, 2022, the liability in the Statement of Financial Position represented by 15-year Dormant Accounts amounting to \$1,200,000,000, was extinguished and transferred to the Retained Earnings Reserve.

A register was established of the members of The Victoria Mutual Building Society comprising these dormant accounts. If any such member shall thereafter make contact with the Society, the account will be re-activated and will be accorded full membership rights to title and interest in the restored account in the same manner as if the account were never extinguished. In addition, it includes \$200,002,000 from the non-financial group that was transferred to the parent company.

(iii) Non-distributable reserve

This represents the transfer of net accumulated remeasurement gains on the Group's employee benefits assets and obligations.

(iv) Credit facility reserve

Credit facility reserve represents provisions for loan losses required under the Building Societies Act in excess of the requirements of IFRS [see note 12(c)].

(v) Investment revaluation reserve

Investment revaluation reserve represents cumulative unrealised gains, net of losses, arising from the changes in fair value of investments measured at fair value through other comprehensive income until the investment is derecognised or impaired.

(vi) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

VM FINANCIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
31. MANAGEMENT FUNDS AND CUSTODIAL ARRANGEMENTS

VM Wealth Management Limited acts as agent and earns fees for managing clients' funds on a non-recourse basis under management agreements. The Group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements. At December 31, 2025, these funds amounted to \$36,619,990,000 (2024: \$37,408,507,000). Additionally, at December 31, 2025, there were custodial arrangements for assets totalling \$54,169,273,000 (2024: \$55,268,097,000).

VM Pensions Management Limited is responsible for funds under management in respect of segregated and pooled pension funds. Total value of pension assets under management at December 31, 2025 is \$80,300,000,000 (2024: \$70,000,000,000).

32. NON-CONTROLLING INTEREST

The following table summarises information relating to the Group's material non-controlling interest (NCI) in VMIL, before any intra-group eliminations:

(a) Statement of financial position

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Total assets	35,062,924	30,455,151
Total liabilities	(31,705,627)	(27,329,595)
Net assets	<u>3,357,297</u>	<u>3,125,556</u>
Carrying amount of NCI	<u>671,459</u>	<u>625,111</u>
NCI percentage	<u>20%</u>	<u>20%</u>

(b) Profit and loss account and other comprehensive income:

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Revenue	<u>3,971,186</u>	<u>4,151,052</u>
Profit	178,425	555,722
Other comprehensive gain	<u>53,315</u>	<u>197,125</u>
Total comprehensive income	<u>231,740</u>	<u>752,847</u>
Group's share of total comprehensive income	<u>185,392</u>	<u>602,278</u>
Profit allocated to NCI	35,685	111,144
Other comprehensive income allocated to NCI	<u>10,663</u>	<u>39,425</u>
Total comprehensive income allocated to NCI	<u>46,348</u>	<u>150,569</u>
Dividend paid [see note 42]	<u>-</u>	<u>(25,500)</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

32. NON-CONTROLLING INTEREST (CONT'D)

	Group	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
(c) Statement of cash flows		
Cash flows from operating activities	4,819,725	312,557
Cash flows(used)/from investment activities	(3,934,617)	605,002
Cash flows (used)/from financing activities	(1,683,063)	(328,285)
Net (decrease)/increase in cash and cash equivalents	(<u>797,955</u>)	<u>589,274</u>

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques making use of observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

- (b) Valuation techniques for investment securities classified as Level 2 and level 3 financial instruments are noted below:

Type	Valuation techniques	Significant Unobservable input	Range of estimates (weighted average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
J\$ denominated securities issued or guaranteed by the Government of Jamaica and Bank of Jamaica.	<ul style="list-style-type: none"> Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids); Using this yield, determine price using accepted formula; and Apply price to estimate fair value. 	<ul style="list-style-type: none"> There are no significant unobservable inputs 		
US\$ denominated Government of Jamaica securities, Foreign government securities, public sector securities, deferred shares, term deposits, resale agreements and corporate bonds.	<ul style="list-style-type: none"> Obtain bid price provided by a recognised broker/dealer, namely, Oppenheimer; and Apply price to estimate fair value. 	<ul style="list-style-type: none"> There are no significant unobservable inputs 		
Units in unit trust funds	<ul style="list-style-type: none"> Obtain prices quoted by unit trust managers; and Apply price to estimate fair value. 	<ul style="list-style-type: none"> Net asset value 	<ul style="list-style-type: none"> Investment based 	<ul style="list-style-type: none"> A significant increase in the expected cash flows would result in a high fair value.
Unquoted equities	<ul style="list-style-type: none"> Discounted cash flow 	<ul style="list-style-type: none"> Risk adjusted discount rate, expected net cash flows, terminal growth rate 	<ul style="list-style-type: none"> Investment based 	<ul style="list-style-type: none"> A significant increase in the expected cash flows would result in a higher fair value.
Convertible preference shares	<ul style="list-style-type: none"> Fair value determined by discounting the future expected cashflows using the after-tax cost of debt of 9.85% (2024: 10.36% as previously reported) 	<ul style="list-style-type: none"> Risk-adjusted discount rate Expected net cash flows derived from the entity 	<ul style="list-style-type: none"> Spread of 5.83% (2024: 7.85% above risk-free interest rate. 	<ul style="list-style-type: none"> A significant increase in the spread above the risk-free rate would result in a lower fair value.
Call options	<ul style="list-style-type: none"> Applying the Black Scholes merton formula 		<ul style="list-style-type: none"> Investment based 	<ul style="list-style-type: none"> A significant increase in the expected cash flows would result in a higher fair value.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Accounting classifications and fair values

- The fair value of cash and bank balances and other assets is assumed to approximate to carrying amount. These securities are classified in Level 2.
- The carrying values of due to specialised institutions, other borrowings, repurchase agreements and lease liabilities approximate to their fair values as these liabilities are carried at amortised cost, reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.
- The fair values of regular savings and depositor's savings with no specific maturity are considered to be the amount payable on demand as at the reporting date; the fair values of fixed-term interest bearing deposits are based on discounted cash flows using interest rates for new deposits. These securities are classified in Level 2.
- The fair value of fixed rate loans is estimated by comparing actual interest rates on the loans to current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, and the impact of credit risk is recognised separately. The fair values are estimated using discounted cash flow analysis with current market rates.

(d) Level 3 fair value

In respect of Level 3 instruments, the Group recognised in the profit or loss, total gains of \$105,709,000 (2024: \$371,705,000) as a result of the effects of fair value and foreign exchange rate movements.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	<u>Group</u>		
	Convertible preference <u>shares</u> \$'000	Unquoted <u>equities</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2024	752,597	77,319	829,916
Additions	220,157	-	220,157
Disposal	(532,319)	-	(532,319)
Recognition of call option	360,903	-	360,903
Effect of changes in foreign exchange	<u>5,506</u>	<u>40</u>	<u>5,546</u>
Balance at 31 December 2024	806,844	77,359	884,203
Additions	-	163,805	163,805
Recognition of call option	(19,619)	-	(19,619)
Net change in fair value	291,510	315,607	607,117
Effect of changes in foreign exchange	<u>8,723</u>	<u>-</u>	<u>8,723</u>
Balance at 31 December 2025	<u>1,087,458</u>	<u>556,771</u>	<u>1,664,229</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

- (e) The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

		Group							
		2025							
		Carrying amount			Fair value				
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
Note	FVOCI \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets									
	-	-	14,020,802	14,020,802	-	14,020,802	-	14,020,802	
	-	-	1,734,066	1,734,066	-	1,734,066	-	1,734,066	
	11	-	3,431,616	3,431,616	-	4,984,494	-	4,984,494	
	-	-	9,274,015	9,274,015	-	9,274,015	-	9,274,015	
	9	35,574,242	-	39,906,526	14,745,978	25,160,548	-	39,906,526	
	10	-	1,087,458	345,663	1,433,121	-	345,663	1,087,458	
	10	607,404	2,226,628	-	2,834,032	2,834,032	-	2,834,032	
	10	310,836	245,935	-	556,771	-	-	556,771	
	10	8,838,109	861,613	7,260,455	16,960,177	4,565,101	12,395,076	16,960,177	
	-	-	135,444,769	135,444,769	-	-	133,278,356	133,278,356	
	10	-	-	764,981	-	764,981	-	764,981	
	-	-	6,837,550	6,837,550	-	6,837,550	-	6,837,550	
	10	-	5,349,728	-	5,349,728	-	5,349,728	-	
		<u>45,330,591</u>	<u>9,771,362</u>	<u>183,446,201</u>	<u>238,548,154</u>	<u>22,145,111</u>	<u>80,866,923</u>	<u>134,922,585</u>	<u>237,934,619</u>
Financial liabilities									
	24	-	-	1,830,837	1,830,837	-	1,830,837	-	
	27	-	-	22,476,848	22,476,848	-	22,476,848	-	
	26	-	-	24,952,046	24,952,046	-	29,470,796	-	
	28	-	-	312,864	312,864	-	-	312,864	
		<u>-</u>	<u>-</u>	<u>49,572,595</u>	<u>49,572,595</u>	<u>-</u>	<u>54,091,345</u>	<u>-</u>	<u>54,091,345</u>

		Group							
		2024							
		Carrying amount			Fair value				
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
Note	FVOCI \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets									
	-	-	14,367,849	14,367,849	-	14,367,849	-	14,367,849	
	-	-	1,553,933	1,553,933	-	1,553,933	-	1,553,933	
	11	-	3,672,217	3,672,217	-	5,933,479	-	5,933,479	
	-	-	9,867,114	9,867,114	-	9,867,114	-	9,867,114	
	9	20,833,637	-	3,298,058	24,131,695	8,558,264	15,573,431	-	
	10	-	806,844	338,435	1,145,279	-	338,435	806,844	
	10	678,302	1,945,815	-	2,624,117	2,624,117	-	2,624,117	
	10	39	77,320	-	77,359	-	-	77,359	
	10	10,442,827	825,656	5,064,628	16,333,111	5,952,082	10,381,029	16,333,111	
	-	-	-	125,529,163	125,529,163	-	-	124,920,152	
	10	-	-	1,231,381	1,231,381	-	1,231,381	-	
	-	-	-	1,720,078	1,720,078	-	1,720,078	-	
	10	-	5,699,543	-	5,699,543	-	5,699,543	-	
		<u>31,954,805</u>	<u>9,355,178</u>	<u>166,642,856</u>	<u>207,952,839</u>	<u>17,134,463</u>	<u>66,666,272</u>	<u>125,804,355</u>	<u>208,966,383</u>
Financial liabilities									
	24	-	-	1,885,305	1,885,305	-	1,885,305	-	
	27	-	-	23,104,325	23,104,325	-	23,104,325	-	
	26	-	-	14,708,425	14,708,425	-	14,708,425	-	
	28	-	-	344,538	344,538	-	344,538	-	
		<u>-</u>	<u>-</u>	<u>40,042,593</u>	<u>40,042,593</u>	<u>-</u>	<u>40,042,593</u>	<u>-</u>	<u>40,042,593</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(e) Accounting classifications and fair values (cont'd)

		Company							
		2025							
		Carrying amount				Fair value			
		Fair value through profit or loss							
Note	FVOCI \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000		
Financial assets									
Cash	8	-	162,393	162,393	-	162,393	-	162,393	
Due from related entities		-	1,127,126	1,127,126	-	1,127,126	-	1,127,126	
Other assets	13	-	3,051,276	3,051,276	-	3,051,276	-	3,051,276	
Preference shares	14	-	345,663	345,663	-	-	345,663	345,663	
		-	<u>4,686,458</u>	<u>4,686,458</u>	-	<u>4,340,795</u>	<u>345,663</u>	<u>4,686,458</u>	
Financial liabilities									
Due to related entities	13	-	383,629	383,629	-	383,629	-	383,629	
Other borrowings	25	-	13,428,076	13,428,076	-	13,428,076	-	13,428,076	
Other liabilities	27	-	457,650	457,650	-	457,650	-	457,650	
		-	<u>14,269,355</u>	<u>14,269,355</u>	-	<u>14,269,355</u>	-	<u>14,269,355</u>	

		Company							
		2024							
		Carrying amount				Fair value			
		Fair value through profit or loss							
Note	FVOCI \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000		
Financial assets									
Cash	8	-	7,836	7,836	-	7,836	-	7,836	
Preference shares		-	338,435	338,435	-	-	338,435	338,435	
Due from related entities	13	-	1,200,312	1,200,312	-	1,200,312	-	1,200,312	
Other assets	14	-	2,211,517	2,211,517	-	2,211,517	-	2,211,517	
		-	<u>3,758,100</u>	<u>3,758,100</u>	-	<u>3,419,665</u>	<u>338,435</u>	<u>3,758,100</u>	
Financial liabilities									
Due to related entities	13	-	82,132	82,132	-	82,132	-	82,132	
Other liabilities	25	-	538,118	538,118	-	538,118	-	538,118	
Other borrowings	27	-	12,733,449	12,733,449	-	12,733,449	-	12,733,449	
		-	<u>13,353,699</u>	<u>13,353,699</u>	-	<u>13,353,699</u>	-	<u>13,353,699</u>	

During the year, the Group experienced fair value gains related to instruments that are measured at FVOCI amounting to \$227,259,000 (2024: \$200,122,000). The change is as a result of market conditions such as discount rates, yields and other macro-economic factors that affect the fair values.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

34. NET INTEREST INCOME/(EXPENSE)

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Interest income, calculated using the effective interest method:				
Investment securities	4,533,460	4,955,400	143,138	186,102
Loans to subsidiaries	-	-	47,261	-
Loans to customers	<u>9,903,312</u>	<u>8,711,170</u>	<u>-</u>	<u>-</u>
	<u>14,436,772</u>	<u>13,666,570</u>	<u>190,399</u>	<u>186,102</u>
Interest expense				
Repurchase agreements	(972,879)	(822,421)	-	-
Borrowings	(1,658,066)	(2,416,189)	(1,291,992)	(1,231,865)
Regular savings	(2,795,963)	(3,173,787)	-	-
Depositors' savings	<u>(662,084)</u>	<u>(526,248)</u>	<u>-</u>	<u>-</u>
	<u>(6,088,992)</u>	<u>(6,938,645)</u>	<u>(1,291,992)</u>	<u>(1,231,865)</u>
Net interest income/(expense)	<u>8,347,780</u>	<u>6,727,925</u>	<u>(1,101,593)</u>	<u>(1,045,763)</u>

35. NET FEE AND COMMISSION INCOME/(EXPENSE)

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Fee and commission income				
Customers	2,234,528	2,168,199	-	-
Associated company [40(c)(vi)]	131,614	131,569	-	-
Other	<u>200,021</u>	<u>333,003</u>	<u>-</u>	<u>-</u>
	<u>2,566,163</u>	<u>2,632,771</u>	<u>-</u>	<u>-</u>
Fee and commission expenses				
Inter-bank transaction fees	(156,012)	(114,217)	-	-
Credit card fees	(77,313)	(59,299)	-	-
Other	<u>(549,300)</u>	<u>(73,486)</u>	<u>(14,722)</u>	<u>(13,471)</u>
	<u>(782,625)</u>	<u>(247,002)</u>	<u>(14,722)</u>	<u>(13,471)</u>
Net fee and commission income/ (expense)	<u>1,783,538</u>	<u>2,385,769</u>	<u>(14,722)</u>	<u>(13,471)</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

36. OTHER OPERATING REVENUE

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Foreign exchange trading gains, net	1,477,696	1,018,748	-	-
Fees for late payments	215,790	219,744	-	-
Rent	45,263	34,791	-	-
Dividends -from associates and subsidiaries	-	-	434,974	469,345
Dividends -other	181,494	77,239	66,409	-
Impairment reversal on associate	-	54,638	-	-
Management fees [note 40 (c)]	57,848	60,390	1,710,485	1,521,748
Gain on investment activities	2,801,956	1,636,618	-	-
(Loss)/gains on disposal of property, plant and equipment	(18,993)	1,299,650	-	-
Unrealised fair value gains on quoted equities and units held in unit trust	180,242	766,219	-	-
Credit card income	125,515	44,002	-	-
Other income*	<u>279,871</u>	<u>112,666</u>	<u>111,979</u>	<u>86,388</u>
	<u>5,346,682</u>	<u>5,324,705</u>	<u>2,323,847</u>	<u>2,077,481</u>

* Included in other income for is the reversal of long outstanding reconciliation items amounting to \$100m (2024: \$Nil).

37. PERSONNEL COSTS

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Salaries	4,315,648	4,044,039	-	-
Statutory payroll contributions	494,732	374,320	-	-
Group life, pension and health insurance contributions [note 40(d)]	272,797	269,951	-	-
Termination payments	173,605	35,044	56,685	-
Other staff benefits	<u>1,382,741</u>	<u>1,337,226</u>	<u>71,361</u>	<u>359,931</u>
	<u>6,639,523</u>	<u>6,060,580</u>	<u>128,046</u>	<u>359,931</u>

Other staff benefits include training, health and wellness cost, uniform and performance appraisal and profit related benefits.

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

38. OTHER OPERATING EXPENSES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
Asset taxes	478,045	450,146	-	-
Overseas business development	228,865	204,066	-	-
Irrecoverable GCT	558,864	415,432	45,555	19,929
Marketing	304,529	389,052	78,059	10,688
Computer maintenance	1,299,100	1,222,667	155,528	91,287
Maintenance – buildings, furniture and fixtures	356,623	350,089	358	563
Management fees [note 40(c)]	252,950	235,079	133,587	103,476
Insurance	325,688	302,270	6,529	52,228
Administration	649,696	958,422	240,113	187,418
Postage, courier and stationery	185,396	154,463	288	-
Electricity, water and telephone	184,220	185,559	-	-
Consultancy and other professional fees	792,424	551,229	358,403	117,231
Audit fees - current	225,337	252,927	11,186	8,625
- prior	102,894	153,908	6,110	12,800
Directors' fees [note 40(c)]	102,628	95,397	29,261	27,092
Security	115,658	99,925	-	-
Direct operating expenses for investment property that generated rental income	53,304	53,037	-	-
Credit card expenses	<u>226,913</u>	<u>87,519</u>	<u>-</u>	<u>-</u>
	<u>6,443,134</u>	<u>6,161,187</u>	<u>1,064,977</u>	<u>631,337</u>

39. INCOME TAX EXPENSE/(CREDIT)

- (a) Income tax expense is based on the profit for the year, as adjusted for tax purposes, and is computed at statutory rates of 33½% for Company and regulated local subsidiaries, 30% for the building society and 25% for certain foreign and local non-regulated subsidiaries. In computing taxable income of the building society subsidiary, transfers to general reserves (as defined in the Income Tax Act) are exempt from income tax if the general reserves after such transfers do not exceed 5% of assets. The charge is made up as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
(i) Current tax expense:				
Current tax 30%	415,593	14,984	-	-
Current tax at 15%, 25% and 33½%	209,399	281,214	-	-
Adjustment for prior year's Under/(over) provision	<u>17,304</u>	<u>(85,351)</u>	<u>-</u>	<u>-</u>
	<u>642,296</u>	<u>210,847</u>	<u>-</u>	<u>-</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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39. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

(a) (Cont'd)

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
(ii) Deferred tax credit:				
Origination and reversal of other temporary differences [notes 15(a) and (b)]	(233,665)	(473,454)	(99,754)	(135,488)
Actual tax expense/(credit) recognised	<u>408,631</u>	<u>(262,607)</u>	<u>(99,754)</u>	<u>(135,488)</u>

(b) Reconciliation of actual tax charge

The effective tax rate, that is, the income tax expense as a percentage of the reported profit, is different from the statutory rates [note (a)] being 25% (2024: 20%) for the Group and 37% (2024: 42%) for the Company. The actual income tax expense differs from the expected income tax expense for the year, as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Profit before income tax	<u>1,637,821</u>	<u>1,330,986</u>	<u>14,509</u>	<u>26,978</u>
Computed "expected" income tax at 30%	379,340	221,013	-	-
Tax at 33 $\frac{1}{3}$ %	80,800	169,709	4,788	8,903
Tax at 25%	92,895	98,464	-	-
Tax effect of treating the following items differently for income tax than for financial statement purposes:				
Tax exempt income	(261,425)	(220,627)	(144,991)	(103,300)
Prior year tax losses recognised as deferred tax assets	-	(406,826)	-	(126,308)
Impairment loss/(reversed) on financial assets	56,461	(116,995)	-	-
Other	<u>43,256</u>	<u>78,006</u>	<u>40,449</u>	<u>85,217</u>
	391,327	(177,256)	(99,754)	(135,488)
Adjustment for prior years under/(over) provision	<u>17,304</u>	<u>(85,351)</u>	<u>-</u>	<u>-</u>
Actual tax expense/(credit) recognised	<u>408,631</u>	<u>(262,607)</u>	<u>(99,754)</u>	<u>(135,488)</u>

(c) As at December 31, 2025, subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses available for set off against future profits amounted to \$1,581,246,000 (2024: \$1,308,443,000). If unutilised, these losses can be carried forward indefinitely, however, the amount that can be utilised is restricted to 50% of the chargeable income in any one year.

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
December 31, 2025

40. RELATED PARTY TRANSACTIONS

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

- (1) has control, joint control or significant influence over the Group;
- (2) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled, or jointly controlled by a person identified in (i).
- (7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (8) The entity, or any member of a Group of which it is part, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties

The Company has related party relationships with its parent company, fellow subsidiaries, direct and indirect subsidiaries, entities under common control, associated companies, VM Foundation which is a connected entity, directors, executives, and senior officers of those entities. The directors, senior officers and executives are collectively referred to as "key management personnel".

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
December 31, 2025
40. RELATED PARTY TRANSACTIONS (CONT'D)

- (c) The amounts of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows:

	Group					Total	
	Ultimate parent \$'000	Fellow Subsidiaries \$'000	Directors and key management personnel \$'000	Associates \$'000	Connected entities \$'000	2025 \$'000	2024 \$'000
Due from (note 13)							
Balance at December 31	<u>1,035,118</u>	<u>976,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,011,314</u>	<u>1,238,576</u>
Due (to) [note 13]							
Balance at December 31	<u>(32,027)</u>	<u>(136,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,642)</u>	<u>(272,326)</u>
Other assets [note 14 (a)(i), (ii)]							
Loan receivable balance at December 31	<u>1,682,651</u>	<u>189,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,871,651</u>	<u>1,872,095</u>
Interest received	<u>340,734</u>	<u>22,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,083</u>	<u>206,423</u>
Interest earned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,158</u>
Sundry receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,758</u>	<u>-</u>	<u>73,758</u>	<u>73,758</u>
Loans (i)							
Balance at December 31	<u>-</u>	<u>-</u>	<u>520,840</u>	<u>-</u>	<u>-</u>	<u>520,840</u>	<u>567,765</u>
Interest income earned	<u>-</u>	<u>-</u>	<u>28,680</u>	<u>-</u>	<u>-</u>	<u>28,680</u>	<u>31,813</u>
Regular savings (ii)							
Balance at December 31	<u>(178)</u>	<u>(299,724)</u>	<u>(182,688)</u>	<u>-</u>	<u>(26,423)</u>	<u>(509,013)</u>	<u>(367,142)</u>
Interest expense on savings	<u>(55)</u>	<u>(55)</u>	<u>(6,433)</u>	<u>-</u>	<u>-</u>	<u>(6,543)</u>	<u>(5,168)</u>
Interest earned/(paid) on other investments	<u>-</u>	<u>-</u>	<u>31,813</u>	<u>-</u>	<u>-</u>	<u>31,813</u>	<u>31,813</u>
Other borrowings [note 27 (v) (II), (vi)]							
Balance at December 31	<u>-</u>	<u>(2,135,454)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,135,454)</u>	<u>(1,200,000)</u>
Interest expense on other borrowings	<u>-</u>	<u>(62,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,196)</u>	<u>(43,359)</u>
Other							
Share of profits [note 18 (b)]	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,852)</u>	<u>-</u>	<u>(239,852)</u>	<u>455,448</u>
Director fees [note 38]	<u>-</u>	<u>-</u>	<u>(102,628)</u>	<u>-</u>	<u>-</u>	<u>(102,628)</u>	<u>(95,397)</u>
Sale/(purchase) of associate shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,816</u>	<u>-</u>	<u>8,816</u>	<u>8,591</u>
Purchase of investment securities [note 1(c) (ii)]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,434</u>
Fee income	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,614</u>	<u>-</u>	<u>131,614</u>	<u>131,569</u>
Other operating income [note 36]:							
Management fees	<u>-</u>	<u>57,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,848</u>	<u>60,390</u>
Other income	<u>-</u>	<u>978</u>	<u>-</u>	<u>91,265</u>	<u>-</u>	<u>92,243</u>	<u>115,060</u>
Other operating expenses [note 38]:							
Management fees	<u>(133,587)</u>	<u>(119,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,950)</u>	<u>(235,079)</u>
Rental expense	<u>-</u>	<u>(53,444)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,444)</u>	<u>(19,728)</u>
Computer maintenance	<u>-</u>	<u>(978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(978)</u>	<u>(65,790)</u>
Direct operating expenses for investment property that generated rental income	<u>-</u>	<u>(41,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,081)</u>	<u>(62,798)</u>
Contribution to VM Foundation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>400</u>

VM FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

December 31, 2025

40. RELATED PARTY TRANSACTIONS (CONT'D)

- (c) The amounts of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows (cont'd):
- (i) Average interest rates charged on loans are lower than the rates that would be charged in an arm's length transaction. Interest rates on these loans range from 3.85% to 17.64% (2024: 0.01% to 3.5%) and are repayable based on agreed terms. The mortgages and secured loans granted are secured on the property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.
 - (ii) Regular savings pay average interest rates of 0.00% to 1.00% (2024: 0.02% to 0.65%) on savings and 0.25% to 2.00% (2024: 0.40% to 2.2%) on fixed deposits.
 - (iii) Resale agreements held with related parties with an average coupon rate of 3.15% to 6.25% (2024: 3.40%-5.35%). Repurchase agreements with an average coupon rate of 1.15% to 7.00% (2024: 5%-5.63%).

Resale agreements, repurchase agreements, investment securities and loans receivable transactions with related parties have been conducted in the ordinary course of the Group's business at rates and on terms comparable to those with customers that are not related to the Group. Other balances due to or from related parties are unsecured, interest free, and due for settlement within three months after the reporting date. No impairment loss was recognised on related party balances during the reporting period.

During the prior reporting period, The Victoria Mutual Building Society purchased loan portfolio from VM Finance UK Ltd amounting to \$12.3 billion.

- (v) During the year, the Society sold foreclosed properties with carrying amount of \$21.62 to VM Real Estate Holdings Limited. In the previous year, foreclosed properties of \$52.9M were sold to VM Property Services Limited and VM Real Estate Holdings Limited.
- (vi) During the year, the Group earned fees and commission income from associated company British Caribbean Insurance Company Ltd. (BCIC) of \$131,614,000 (2024: \$131,569,000).
- (iv) The management fee that subsidiaries pay to the parent company for services is determined by the following:

Services	Basis of recharge
Shared staff cost	Allocated based on the approved budget for the fiscal year.
Operating expenses and unallocated staff costs	Allocated based on subsidiaries' share of total equity.
Interest expense recharge on capital allocated to subsidiary	Allocated based on subsidiaries' proportion of capital raised by parent company

- (d) In addition to directors' fees paid to non-executive directors (note 38), compensation of key management personnel, included in personnel costs (note 37), is as follows:

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	941,911	793,139	511,279	458,227
Post-employment benefits	18,178	14,885	11,161	9,329
	<u>960,089</u>	<u>808,024</u>	<u>522,440</u>	<u>467,556</u>

VM FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****December 31, 2025**

40. RELATED PARTY TRANSACTIONS (CONT'D)

- (d) In addition to directors' fees paid to non-executive directors (note 38), compensation of key management personnel, included in personnel costs (note 37), is as follows (cont'd):

Those key management personnel under the defined benefit pension plan (Note 16), in addition to their salaries, are provided with non-cash benefits as well as post-employment benefits. In accordance with the rules of the plan, key management personnel, executive directors retire at age 62 (or 65 if joining after January 1, 2006) and may continue to receive medical benefits, at the discretion and approval of the Board of Directors. In the case of preferential staff rates on loans, this benefit continues to age 65 when the rate is adjusted with reference to market.

Under the Victoria Mutual Building Society's rules, retired non-executive directors who have served the Board continuously for at least five years and have attained the age of 65 receive a pension at a specified percentage of the gross annual average director's fee received during the five years immediately preceding retirement, or alternatively, a gratuity in lieu of pension, based on a percentage of the annual pensions.

41. CAPITAL COMMITMENTS

Commitments for capital expenditure for the Group amount to approximately \$1,049,106,000 (2024: \$865,602,000) at the reporting date.

42. DIVIDEND

No dividends were declared during the current financial year. On June 28, 2024 and November 25, 2024, the Board of Directors of VM Investments Limited declared dividends of 0.032 cents and 0.053 cents per ordinary stock unit respectively of the paid up capital stock of 1,500,025,000 ordinary stock units, paid to the shareholders on record as at July 9, 2024 and December 5, 2024 respectively.

43. SUBSEQUENT EVENT

- (a) On February 26, 2026, the name of the Society was changed to VM Building Society.
- (b) Impact of war in the Middle East

On 28 February 2026, a war began when the United States and Israel launched surprise airstrikes on multiple sites and cities across Iran.

Management has performed its initial assessment of the impact of the war in the Middle East and have concluded that there is no material impact on the financial statement of the society at audit report date. Escalation of the situation is being closely monitored, as it may result in significant implications for global financial markets, energy prices, supply chains, and regional operations. The Society will continue to evaluate the developments through the Asset and Liability Committee (ALCO), and where applicable, adjust our enterprise risk management framework for any emerging credit, market, and liquidity risks.