For Every Financial Move You Make

ANNUAL REPORT

The VICTORIA MUTUAL
Building Society

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The Victoria Mutual Building Society

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2009 Annual Report

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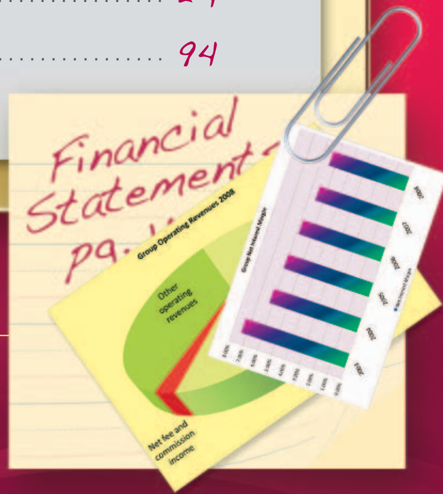

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The **VICTORIA MUTUAL**
Building Society

NOTICE OF ANNUAL GENERAL MEETING

The One Hundred and Thirty-First Annual General Meeting of The Victoria Mutual Building Society will be held at The Grand Caribbean Suite, Knutsford Court Hotel, 11 Ruthven Road, Kingston 10, on Thursday, July 29, 2010 at 3:00 p.m.

Business:

1. To receive and adopt the Directors' and Auditors' Reports and Statement of Accounts for the year ended 31 December 2009.

2. To elect Directors.

3. To review the fees of the Directors.

4. To appoint Auditors.

5. To transact any other business permissible by the rules at an Annual General Meeting.

By Order of the Board
27 May 2010

Paulette Francis-Smellie
Secretary

8-10 Duke Street
Kingston,
Jamaica, W.I.

DIRECTORS REPORT

The Directors take pleasure in presenting the One Hundred and Thirty-first Annual Report and Statements of Revenue and Expenditure of the Group and the Society, for the year ended 31 December 2009, together with Balance Sheets of the Group and the Society, as at that date.

Surplus

The Group Revenue and Expenditure Account shows Gross Revenue of $7.73 billion (2008: $6.84 billion) and Net Surplus of $576.01 million (2008: $743.77 million).

Directors

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

Mr. Roy Hutchinson, Chairman
Mr. Michael McMorris, Deputy Chairman
Rear Admiral Peter Brady
Mr. Noel daCosta
Mr. Fernando DePeralto
Mr. George Dougall
Mr. Paul Pennicook
Mr. Richard K. Powell
Mr. Richard M. Powell
Dr. Judith Robinson
Mr. Maurice Robinson
Mrs. Jeanne Robinson-Foster

In accordance with Rule 61(1) of the Society's Rules, at the next Annual General Meeting, Rear Admiral Peter Brady and Mr. Noel daCosta will retire by rotation and being eligible, will offer themselves for re-election.

Auditors

Messrs Patrick Chin and Linroy Marshall, Auditors of the Society, retire and, in accordance with the Rules, being eligible, offer themselves for re-appointment.

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

By Order of the Board
27 May 2010

Paulette Francis-Smellie
Secretary

8-10 Duke Street
Kingston
Jamaica, West Indies

BOARD OF DIRECTORS

MICHAEL MCMORRIS
B.A., Deputy Chairman

NOEL DACOSTA
MASc., B.Sc., ACII

JEANNE P. ROBINSON-FOSTER
B.A. LL.B. (Hons), C.L.E

RICHARD K. POWELL
MBA, M.Sc, B.Sc. (Hons), President & Chief Executive Officer

JUDITH ROBINSON
Ph.D., F.C.C.A., F.C.A.

PETER BRADY
Rear Admiral, CD., CVO., MMM., J.P.

RICHARD M. POWELL
B.A. (Hons)

MAURICE ROBINSON
B.A.

FERNANDO DEPERALTO
F.C.A., M.Sc., B.Sc.

GEORGE DOUGALL
MBA, B.Sc.

PAUL PENNICOOK
B.Sc.

PAULETTE FRANCIS-SMELLIE
LL.B. (Hons), Corporate Secretary

ROY HUTCHINSON,
O.D., J.P.,
Chairman

SENIOR MANAGEMENT TEAM

JANICE MCKENLEY
F.C.C.A., F.C.A., MBA (Hons), B.Sc. (Hons), Senior Vice-President & Group Chief Financial Officer

ALLAN LEWIS
A.S.A., Ed. M., MBA, B.Sc., Senior Vice-President, Group Strategy

RICHARD K. POWELL
MBA, M.Sc., B.Sc. (Hons), President & Chief Executive Officer

NOEL HANN
JD, F.A.I.A., M.C.M.I., Senior Vice-President, Group Risk & Compliance

HUGH REID
F.C.A., F.C.C.A., FLMI, M.Sc., B.Sc. (Hons), Senior Vice-President & Chief Operating Officer

BEVERLEY STRACHAN
MBA, B.Sc. (Hons), Dip. Ed., Vice-President, Group Human Resources Administration

PAULETTE FRANCIS-SMELLIE
LL.B. (Hons), Vice-President & Corporate Secretary

RICKARDO EBANKS
B.Sc., Vice President, Information Technology

VIVIENNE BAYLEY-HAY
B.Sc. (Hons), Vice-President, Group Marketing & Corporate Affairs

COURTNEY LODGE
MBA, B.B.A, Vice President, Branch Distribution

GROUP EXECUTIVES

(Top Row) left to right:

- Janice McKenley, F.C.C.A., F.C.A., MBA, B.Sc. (Hons), Senior Vice-President & Group Chief Financial Officer
- Richard K. Powell, MBA, M.Sc., B.Sc. (Hons), President & Chief Executive Officer
- Beverley Strachan, MBA, B.Sc. (Hons), Dip. Ed., Vice-President, Group Human Resources Administration

(Second Row) left to right:

- Noel Hann, JD, F.A.I.A., M.C.M.I., Senior Vice-President, Group Risk & Compliance
- Paulette Francis-Smellie, LL.B. (Hons), Vice-President & Corporate Secretary
- Allan Lewis, A.S.A., Ed. M., MBA, B.Sc., Senior Vice-President, Group Strategy

(Third Row) left to right:

- Rickardo Ebanks, B.Sc. Vice President, Information Technology
- Vivienne Bayley-Hay, B.Sc. (Hons), Vice-President, Group Marketing & Corporate Affairs
- Devon Barrett, M.B.A., B.Sc., General Manager, Victoria Mutual Wealth Management Ltd.

(Fourth Row) left to right:

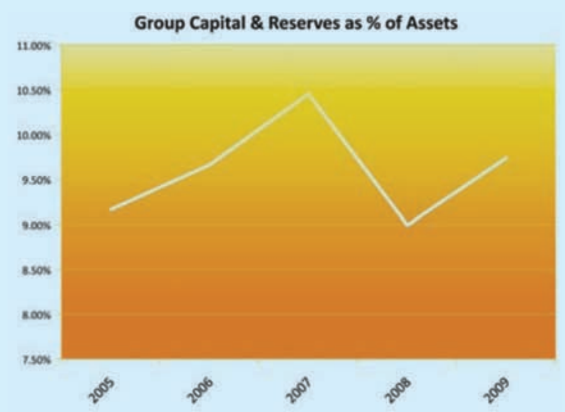
- Natasha Service, B.Sc. (Hons), Int. Dip. (AML), Actg. General Manager, Victoria Mutual Money Transfer Services Ltd.
- Hugh Reid, F.C.A., F.C.C.A., FLMI, M.Sc., B.Sc. (Hons), Senior Vice-President & Chief Operating Office
- Joan Latty, B.Sc. (Hons), Actg. General Manager, Victoria Mutual (Property Services) Ltd.

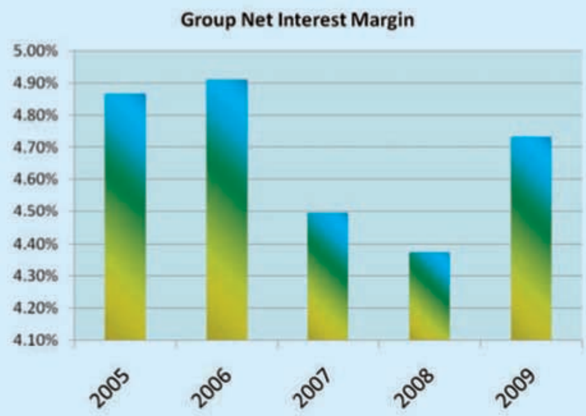
(Fifth Row) left to right:

- Courtney Lodge, MBA, B.B.A, Vice President, Branch Distribution
- Ian Rowlands, A.C.I.I., General Manager, Victoria Mutual Insurance Co. Ltd.

FINANCIAL HIGHLIGHTS

GROUP	2009	2008	2007	2006	2005
Balance Sheet ($'000)					
Earning Assets	61,632,495	56,787,538	50,040,308	44,797,807	40,617,733
Loans	30,739,802	28,766,351	20,541,520	14,336,010	12,900,933
Total Assets	63,293,787	58,397,431	51,604,597	46,213,878	41,919,577
Savings Fund	47,377,682	41,886,467	37,799,335	33,694,348	30,401,565
Capital and Reserves	5,923,837	4,944,991	5,111,753	4,257,146	3,635,673
Income Statement ($'000)					
Net Interest Income	2,801,347	2,336,159	2,130,852	2,096,719	1,888,657
Operating Revenue	4,128,103	3,830,774	3,418,587	3,069,569	2,839,550
Administration Expenses	3,297,770	2,914,567	2,598,907	2,412,150	2,418,282
Surplus before income tax	830,333	916,207	819,680	657,419	535,554
Surplus	576,006	743,773	651,442	543,854	371,337
Ratios					
Return on Capital	15.28%	18.22%	17.50%	16.66%	15.47%
Return on Assets	1.36%	1.67%	1.68%	1.49%	1.35%
Net Interest Margin	4.73%	4.37%	4.49%	4.91%	4.87%
Efficiency Ratio	5.42%	5.30%	5.31%	5.47%	6.09%
Capital & Reserves as a Percentage of Mean Assets	9.74%	8.99%	10.45%	9.66%	9.16%



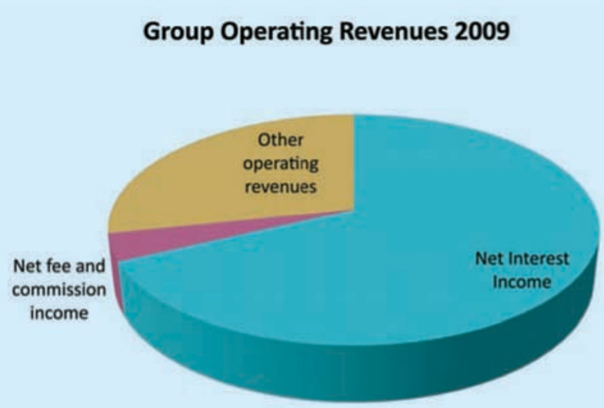


DEFINITIONS USED

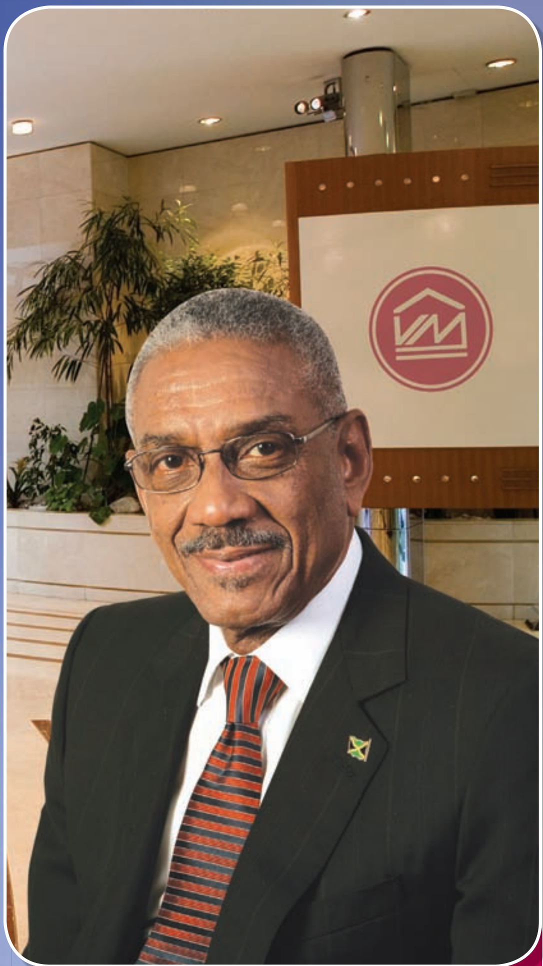
Administrative Expenses =	Administration + Fee and commission expenses + Personnel costs
Earning Assets =	Cash & Cash Equivalents + Investments + Resale Agreements + Loans + Other Assets
Net Interest Income =	Interest on loans + Interest and dividends from investments - Interest expense
Operating Revenue =	Interest on loans + Other operating revenues
Return on Capital =	Surplus before income tax / Average Capital and Reserves
Return on Assets =	Surplus before income tax / Average Total Assets
Net Interest Margin =	Net interest income / Earning Assets
Efficiency Ratio =	Administration Expenses / Average Total Assets

SOURCES

2008 Audited Financial Statements =	2008 Balance Sheet & Income Statement Amounts
2007 Audited Financial Statements =	2007 Balance Sheet & Income Statement Amounts
2006 Audited Financial Statements =	2006 Balance Sheet & Income Statement Amounts
2005 Audited Financial Statements =	2005 Balance Sheet & Income Statement Amounts
2004 Audited Financial Statements =	2004 Balance Sheet & Income Statement Amounts
2003 Audited Financial Statements =	2003 Balance Sheet & Income Statement Amounts
2002 Audited Financial Statements =	2002 Balance Sheet & Income Statement Amounts
Mortgage Daily Statement	Total Number of Mortgages & Net Mortgage Disbursements



CHAIRMAN'S REPORT



Roy Hutchinson, O.D.,J.P.,
Chairman

To our Members:

During 2009, the Jamaican economy continued to be affected adversely by the global "credit crunch" that gripped the world economy in the latter half of 2008. The Victoria Mutual Group was not immune to the impact on the local economy but your Society and its subsidiary companies demonstrated resilience and delivered fair results, thereby maintaining the financial strength and stability of the institution for our Members. In summary, Group revenues increased by 12.8% to $7.7 billion but the Group's Net Surplus declined by 22.5% to $576.0 million. The market experienced a large contraction in effective demand for mortgage loans and consequently, mortgage disbursements declined. Nevertheless, your Society was able to assist hundreds of Jamaicans in purchasing their first homes.

Richard K. Powell, MBA, M.Sc, B.Sc. (Hons),
President & Chief Executive Officer

Although many of the world's leading economies exhibited economic growth in the latter half of the year, in 2009 Jamaica's economy experienced contraction, driven mainly by declines in the Mining and Quarrying, Manufacturing and Construction sectors. Indeed, the local environment was yet again characterised by poor economic performance, relatively high inflation, high interest rates and significant devaluation of the local currency. The local economy recorded a decline in real GDP of 2.7% and an inflation rate of 10.2%, as measured by the Consumer Price Index. Interest rates remained high for most of the year with some amelioration taking place in the last quarter. The benchmark BOJ six-month CD rate ended the year at 15.0% down from 21.5% a year earlier. The Jamaican Dollar declined in value by 12.6% against the US Dollar in the calendar year. In addition, the fiscal accounts deteriorated much more than expected, causing the Government of Jamaica ("GOJ") to implement two of the largest tax packages ever introduced in Jamaica. Tax increases are not usually implemented during periods of economic contraction but Jamaica's overall debt position was so precarious that there were few options available to the country. As the Government struggled to formulate a comprehensive and compelling strategy to deal with the worsening economic situation, the Governor of the Bank of Jamaica resigned in October.

In December there were indications that the GOJ was close to finalising an agreement with the International Monetary Fund ("IMF"). As the year came to a close, it became apparent that the Government would introduce a voluntary programme involving the exchange of all GOJ securities issued in Jamaica, for new securities with lower interest rates and longer tenors, that would reduce the annual interest paid by approximately J$40 billion. This programme, officially called the Jamaica Debt Exchange ("JDX"), was completed successfully in February 2010 and the IMF programme was confirmed a few weeks later.

During this eventful year, your Society continued to exhibit the principles of mutuality, providing Members with rates that were consistently among the highest available in Jamaica for savings instruments denominated in Jamaican Dollars, United States Dollars, Pounds Sterling and Canadian Dollars. The attractiveness of these product offerings was not only of benefit to Jamaican based Members but also to Members resident in the United States of America, the United Kingdom and Canada. While many traditional banking institutions implemented significant increases in transaction fees to make up for lost net interest income, your Society continued to provide many services, such as the use of the ATM network, without charge to Members. In addition, transactions fees for those services that attract charges remained among the lowest in Jamaica.

In the second half of the year, we witnessed a worrying trend of increasing arrears in loan repayments on the part of mortgagors as the impact of the adverse economic circumstances affected household incomes. Management implemented special measures to contain the delinquency within tolerable limits and to assist mortgagors in circumstances where temporary difficulties were being experienced. It is the view of your Directors that the recovery of the local economy is likely to be gradual and protracted. On a brighter note, we expect mortgagors to experience some relief by way of progressive reductions in monthly payments as mortgage rates fall in response to the general decline in Jamaican dollar interest rates induced by the JDX.

Corporate Governance

The Victoria Mutual Group is committed to the principles and practices of good corporate governance and strives to ensure strict compliance with all applicable laws and their attendant regulations. Your Board of Directors has taken a number of initiatives to improve the governance of the Society and its subsidiaries. The objective is the establishment and maintenance of a robust corporate governance framework to underpin the overall business strategy and operations.

The Victoria Mutual Corporate Governance Framework was designed to ensure effective strategic guidance of the Group and to provide mechanisms for the balanced conduct of the business of the enterprise consistent with the highest ethical standards. In addition, it provides appropriate monitoring arrangements to ensure statutory compliance.

The Corporate Governance Framework includes several Board Committees to provide direction and oversight. Included among the Committees are Audit & Compliance, Finance, Investments & Loans, Risk Management & Corporate Governance, Nominations & Compensation. These Committees are required to hold meetings with the management at least four times each year and provide quarterly reports to the full Board. Your Board and Management are fully committed to building the Society's institutional capacity in this regard and promoting among all stakeholders a deeper understanding of corporate governance and its importance to the long term growth, development and sustainability of the enterprise.

Financial Highlights

The Victoria Mutual Group provides a range of financial services including savings, mortgages, asset management, securities trading and brokerage, property and motor insurance, money transfer, real estate services, as well as pension fund management and administration. Your Society is able to do so through a discrete but increasingly integrated set of wholly and majority owned subsidiaries, associated companies and business partnerships with other institutions.

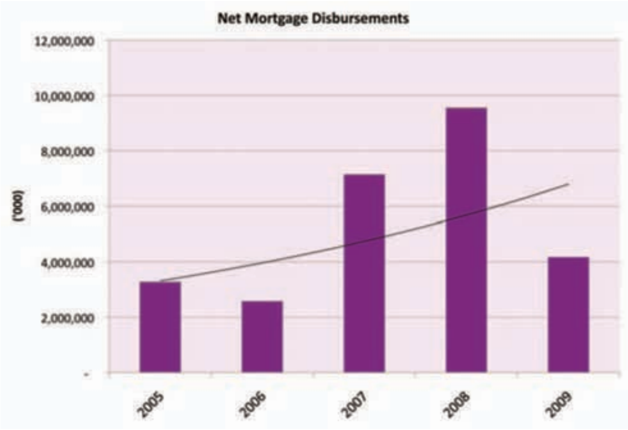
The difficult and deteriorating economic environment in 2009 significantly influenced the financial results of your Society as reflected in the table below. The Group's after tax surplus declined by 22.5% to $576.0 million, largely because of the lower than expected financial results of the core operating business unit. The pre-tax surplus recorded by The Victoria Mutual Building Society declined by approximately $200 million year over year. In summary, Operating Expenses increased by approximately $200 million while Operating Revenues remained flat. A 16.6% increase in Net Interest Income was offset by declines in Net Fee and Commission Income and Other Operating Revenue, the latter resulting largely from reduced earnings from gains on the sale of investments and from foreign exchange trading.

The Society's Deposit Liabilities increased by 13.0% to $47.7 billion in 2009. The growth of the Society's business is an important strategic objective for the future sustainability of the enterprise. To that end, in mid-year of 2009, Management reorganised the Branch network in order to improve distribution and customer service. This area will continue to receive close attention by the leadership of your Society, especially in light of intense competition in the marketplace.

As we anticipated, in 2009 there was severe contraction in the effective demand for mortgage loans of all categories. The Society's net mortgage disbursements declined by approximately 57.3% to $4.2 billion. However, the value of the mortgage portfolio increased by 6.6% to $30.7 billion. Regrettably, we expect that net mortgage disbursements will be even lower in 2010 in spite of generally lower interest rates, as effective demand remains constrained by lower levels of employment and income throughout all sectors of the economy.

Considerable effort was made in 2009 to reorganise our operations and transform our business processes in order to achieve greater efficiencies and

	2007		2008		2009	
	GROUP	SOCIETY	GROUP	SOCIETY	GROUP	SOCIETY
Pre-tax Surplus ($M)	819.7	589.4	916.2	597.4	830.3	395.2
After-tax Surplus ($M)	651.4	470.3	743.8	509.8	576.0	254.7
Total Assets ($B)	51.6	43.9	58.4	48.7	63.3	53.6
Mortgage Loans ($B)	20.5	20.5	28.8	28.8	30.7	30.7
Deposit Liabilities ($B)	37.8	38.0	41.9	42.2	47.4	47.7
Net Interest Margin as % of Mean Assets	4.49	4.84	4.37	4.66	4.73	4.91
Operating Expenses as % of Mean Assets	5.31	4.33	5.30	4.48	5.42	4.47
Capital and Reserves as a % of Total Assets	9.91	10.01	8.47	8.91	9.36	8.57
Past Due Loans as a % of Total Loans	3.68	3.68	4.15	4.15	6.71	6.71



provide better service levels to our Members and customers. Operational Expenses as a Percentage of Mean Assets remained stable at approximately 4.5%. As we have reported in prior years, it is vital that the Society makes significant improvements in productivity levels through a combination of enhanced efficiency and growth. In the recent past, our efforts in this regard have been negated by the impact of high levels of inflation on our costs and the poor performance of the local economy. We are continuing to make substantial investments in projects and programmes that will yield significant efficiency gains in the future but impose considerable additional expense in the short term. Nevertheless, we expect to see marked improvements in efficiency during the next 18-24 months as well as enhanced value propositions to our Members and customers.

Strategic Business Units

The Strategic Business Units ("SBU's") and associated companies that complement your Society provide additional financial and non-financial benefits to Members and customers. We recognise that your financial security requires access to a diverse suite of products that caters to your changing circumstances. In contrast to those of the Society, the financial results of all other SBU's improved in 2009 as reflected in the table below.

After Tax Profit for Selected Subsidiary Companies (Millions of Jamaican Dollars)

	2007	2008	2009
VM Wealth Management Ltd.	48.47	59.35	116.15
VM Insurance Company Ltd.	56.24	108.98	120.60
VM Property Services Ltd.	2.51	(1.36)	2.74
VM Money Transfer Services Ltd.	2.13	(12.25)	0.33

In 2009, Victoria Mutual Wealth Management ("VMWM") substantially improved its profitability and financial condition as the company recorded a 96% increase in after tax profits. These results were attributable to better interest margins and astute management of the company's portfolio of securities denominated in foreign currencies. Moreover, having required a capital injection of approximately $50 million in the first quarter of 2009, VMWM's capital position improved considerably by virtue of its enhanced profit performance and the recovery in the value of its bond portfolio, as the market for those instruments rebounded from the losses sustained in the aftermath of the global "credit crunch".

Your Society's insurance subsidiary also improved on the results attained in 2008 as the company continued to enjoy motor insurance loss ratios that were among the best in the industry. In 2009, the Victoria Mutual Insurance Company ("VMIC") recorded after tax profits of $120.6M or 10.7% above the level recorded in 2008. Your Board of Directors provided Management with a mandate to negotiate a business combination between VMIC and the British Caribbean Insurance Company ("BCIC"). We are pleased to confirm that the first phase of the combination was completed effective May 31, 2010, as VMIC became a 100% subsidiary of BCIC and VMBS simultaneously acquired 31.5% of the issued shares of BCIC. It is now anticipated that during the 3rd quarter of 2010, an application will be made to the Minister of Finance and the Public Service for the insurance portfolios of both companies to be merged. Once the merger has been completed, VMIC will cease to operate as a separate company and Victoria Mutual will offer to its Members and customers general insurance products marketed under the brand "BCIC: An Associate of Victoria Mutual".

Your Board of Directors and Management are confident that this merger will redound to the benefit of the Society and add considerable value for its Members. The merged entity will also be of benefit to the customers of the insurance company, providing access to a more diverse product range, exceptional service and greater financial strength. The merged entity will be the fourth largest general insurer operating in Jamaica (measured by Gross Premium Income). In addition, the merged entity is expected to exhibit enhanced operating performance and provide better financial returns. It is also expected that the Victoria Mutual Group will have a lower relative exposure to the risks associated with the general insurance sector.

After recording losses in 2008, Victoria Mutual Property Services Limited and Victoria Mutual Money Transfer Services Limited returned to profitability in 2009, achieving after tax profits of $2.74 million and $0.33 million respectively. Notwithstanding the relatively small contribution to the overall financial results of the Group, your Board of Directors is aware that the products and services provided by these SBU's are very important to many of our Members, and in particular those who reside in the United Kingdom and the United States of America.

We continue to be pleased with the results of our affiliated company Prime Asset Management Limited, as it has continued to enhance its reputation as one of the leading providers of pension fund administration and investment management services in Jamaica. In 2009 Prime expanded its product range to include individual retirement accounts for persons who are not members of an employer sponsored pension plan. This is an important addition to the product and service offerings available to Members of the Society from its subsidiaries and affiliated companies. Furthermore, from a shareholders' perspective the company has performed well, having delivered increased profitability and attractive returns over each of the last three years and we are pleased to advise that it is well poised to repeat that performance in 2010.

Conclusion

In 2009 your Society and its subsidiary companies achieved fair financial results and thereby consolidated the financial security and stability of the institution for all stakeholders. The financial performance of the Group underscored the soundness of the strategy to diversify the business, assets and income streams beyond the core business of the Society. The improved financial performance of all of the subsidiary companies of the Society served in large measure to mitigate the failure of the Society's core business to match its financial performance of the prior year.

The successful implementation of the Jamaica Debt Exchange and the negotiation of an agreement with the International Monetary Fund in the first two months of 2010 have provided Jamaica with a window of opportunity to correct the structural problems that have long been associated with our economy. I take the opportunity to assure you of the unwavering commitment of your Directors to build on the strong base laid by our founders and predecessors. In doing so, we remain committed to uphold the values that inspired our founders and to enhance the reputation of your Society as an outstanding and trustworthy Jamaican institution, of which all stakeholders can be justifiably proud.

The members of your Board of Directors and the management team understand that The Victoria Mutual Building Society has an important role to play in meeting the challenges of our Members and in contributing to the development of our country. We appreciate that, as reflected in our Vision and Mission statements, our mandate has grown beyond the provision of housing solutions for Members, as originally envisaged by our founders 132 years ago. We intend to fulfil that new mandate with eagerness and enthusiasm, responsibly and with rectitude, and always with the principles of selflessness and service at the forefront of all our decisions.

I wish to thank our Members and customers in Jamaica and overseas for your continued support during the past year. The Board of Directors and the management team consider it an honour to be able to serve you, our valued Members, as we strive to create value for you and provide you with a wide range of relevant financial services. I would also like to commend all team Members of the Victoria Mutual Group for their dedication and professionalism especially during such a difficult period of our history. Finally, I would like to express my sincere gratitude to my colleague Members of the Board of Directors of VMBS and its subsidiary companies as well as members of the Advisory Councils, for their support and service.

Roy Hutchinson, O.D.,J.P.,
Chairman

CORPORATE OUTREACH

1 Leaders of the Nation bow their heads as prayers are said at the 29th Annual National Leadership Prayer Breakfast held at the Jamaica Pegasus Hotel. Victoria Mutual has been the main sponsor of the initiative since 1985.

2 Roy Hutchinson, Chairman, VMBS and Richard K. Powell, President & CEO, Victoria Mutual, Rev. Peter Garth, National Leadership Prayer Breakfast Committee Chairman greet the Governor General upon arrival.

3 Vice-President, Group Marketing & Corporate Affairs, Vivienne Bayley-Hay, accepts the Jupiter Award on behalf of Victoria Mutual from Noel DaCosta, Chairman, United Way of Jamaica at the Nation Builders Awards Ceremony. Victoria Mutual was among the highest corporate donors in 2009.

4 Members of the Victoria Mutual Family share a light moment with the three recipients of the VM Teacher's Bursary at the Annual Scholarship and Awards Ceremony. The Society awarded over 90 scholarships, bursaries and grants to its members in 2009.

Corporate Social Responsibility

Victoria Mutual is committed to building the Jamaican society and prides itself in fulfilling its Corporate Social Responsibility by supporting several initiatives that promote individual, community and national development for the benefit of Jamaicans at home and in the Diaspora. The Society continued to focus on Education, Sports, Youth and Community Development in its Corporate Citizenry Programme.

National Leadership Prayer Breakfast

Victoria Mutual continued its support of the Annual National Leadership Prayer Breakfast, which aims to unite leaders from State, Church, Community and Civic groups for prayers and healing of the Nation. The Prayer Breakfast was held under the theme: "No Transformation, No Reconciliation". The customary free-will offering taken at the Prayer Breakfast was donated to the Peace Management Initiative and the Mustard Seed Communities. Victoria Mutual has been the main sponsor of this significant national event since 1985.

United Way of Jamaica

Victoria Mutual continued its partnership with the United Way of Jamaica by participating in the Donor Option Programme. Through this participation, the Society was able to make financial donations to over 75 charities in the areas of health, youth and community development, education and sports. In 2009, the Society was again the highest corporate donor and was honoured by the United Way of Jamaica with a Jupiter Award at the Annual Nation Builders & Employees Awards Ceremony.

Scholarships, Bursaries & Grants

In 2009, the Society awarded over 90 scholarships, bursaries and grants to student-savers on the Society's School Savings Programme, which boasts approximately 80 preparatory, primary, all-age and high schools. Each student on the School Savings Programme who sat the Grade Six Achievement Test (GSAT), received a bursary to offset the cost of his or her first year in high school. Scholarships were also awarded to several students with Junior Plan, Master Plan and Future Plan Savings Accounts. Three students were awarded the VMBS Junior Plan "Head Start" Scholarship; three were awarded the VMBS Future Plan "Head-Start" Scholarship and one student was the recipient of the VMBS Master Plan "Head Start" Scholarship.

The Society also provided assistance to three teachers who have committed themselves to a career in education and were completing final year studies at a local university/teachers' college. These teachers were awarded the VM Teacher's Scholarship Assistance.

Several other bursaries were awarded by the Society in 2009, including one National Youth Agriculture Bursary and the Building Societies Cooperative Credit Union Bursary, which was awarded to a student attending the University of Technology.

5

Janice McKenley, Senior Vice-President & Group Chief Financial Officer hands over the cheque to the recipients of the David "Wagga" Hunt Memorial Scholarship. Victoria Mutual has partnered with this family to honour this outstanding Jamaican with whom, VMBS has enjoyed a mutually beneficial relationship.

6

Captain Horace Burrell, President, Jamaica Football Federation officially kicks off the 19th Annual VMBS/St. James U-13 Football Competition. Sharing in the "Kick-Off" Ceremony are members of the Victoria Mutual Family and St. James Football Association.

7

One of the highlights of the 23rd Annual Marriage & the Family Series was a live wedding ceremony for one lucky couple. Attendees were also given expert advice on financial planning for the family and supplementing the family income through entrepreneurship.

8

Llwelyn Bailey (2nd left), Programme Manager, Mutual Building Societies Foundation (MBSF), Dawn Lawson, Assistant Programme Manager and Dr. Cynthia Anderson, Principal, McGrath High School look on as a student carries out a scientific experiment with the new science equipment donated by the MBSF.

In honoring one of Jamaica's outstanding football players and coach, the Society partnered with the family of the late David "Wagga" Hunt to launch the inaugural David "Wagga" Hunt Memorial Scholarship. The Scholarship was awarded to two first year students of Kingston College and Calabar High School who exhibited excellence in the areas of academics, sports and community involvement. Kingston Collage and Calabar are schools with which the former National U-17 Coach, David Hunt, was associated.

Sports

The Society continued its sponsorship of several sporting activities in 2009 as part of its commitment to youth and community development. The 19th Annual VMBS/St. James U-13 Football Competition, an outreach project of the Montego Bay branch, continued to provide the youngsters with the opportunity to develop their football skills, while enjoying friendly competition from neighbouring schools. The competition was launched in early April, after the students sat the Grade Six Achievement Test (GSAT). The Society is delighted that the U-13 Competition has been and remains a platform for the development of the sporting talent and skills of future athletes.

Annual Marriage & the Family Series

As part of the Society's traditional contribution to the enhancement of social growth and development through the promotion of healthy marriages, relationships, family values and a better family life, the Society held the Annual Marriage & the Family Series in Kingston and Ocho Rios, St. Ann. The Series provided expert advice on topics such as managing the family's finances during the economic crisis; planning a wedding on a shoestring budget and supplementing the family income through entrepreneurship. Those in attendance also enjoyed live entertainment, fun and games and a bridal fashion show. As a special feature highlight one lucky couple was treated to a wedding ceremony and reception, which took place on location at the event in Kingston.

Mutual Building Societies Foundation

The Mutual Building Societies Foundation (MBSF) is a joint venture between The Victoria Mutual Building Society and Jamaica National Building Society in support of the Jamaican Government's Vision 2030 plan, the model for National Development towards achieving "developed country" status by 2030. As a part of the Foundation's initiative, six (6) rural area schools were identified for the implementation of a Centres of Excellence Programme. Over the next five years, the Centres of Excellence Programme will focus on improving student performance, teaching, learning, school leadership and management at the Mile Gully High, McGrath High, Porus High, Seaforth High, Godfrey Stewart High and Green Pond High Schools. During the year under review, the schools received donations of science lab equipment, books and school supplies, school furniture, computer equipment and assistance with their Nutrition and Sports Programmes.

The Society continues to be focused on the financial well being of its Members as well as the social stability of the Jamaican society. As it looks to serving Jamaicans, Victoria Mutual will continue to play its part in building a better society.

Financial Statements

KPMG
Chartered Accountants
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Jamaica, W. I.

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INDEPENDENT AUDITORS' REPORT

To the Members of
THE VICTORIA MUTUAL BUILDING SOCIETY

Report on the Financial Statements

We have audited the consolidated financial statements of The Victoria Mutual Building Society ("Society") together with its subsidiaries ("Group"), as well as the financial statements of the Society, set out on pages 17 to 93, which comprise the Group's and the Society's statements of financial position as at December 31, 2009, the Group's and the Society's income statement, statements of comprehensive income, changes in capital and reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Society as at December 31, 2009, and of the Group's and the Society's financial performance, changes in capital and reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Reporting on other matters as required by the Building Societies Act

We have examined the mortgage deeds and other securities belonging to the Society. Title deeds numbering 9,365 were produced to us and actually inspected by us, and we are satisfied that the remaining 323 deeds not inspected by us were in the hands of attorneys, or elsewhere in the ordinary course of business of the Society.

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

Linroy J. Marshall

Patrick A. Chin

Chartered Accountants
Kingston, Jamaica
March 25, 2010

STATEMENTS OF FINANCIAL POSITION
Year Ended December 31, 2009

	Notes	Group 2009 $'000	Group 2008 $'000	Society 2009 $'000	Society 2008 $'000
ASSETS					
Cash and cash equivalents	7	8,619,666	8,305,094	8,543,056	8,250,213
Investments -					
Jamaica Government securities	8	9,914,099	9,651,499	6,005,622	6,150,252
- Other	9	5,534,884	5,241,618	961,313	1,180,400
Resale agreements	10	4,919,909	3,335,652	4,497,201	1,900,743
Loans	11	30,739,802	28,766,351	30,739,161	28,758,771
Other assets	12	1,904,135	1,487,324	786,106	623,071
Deferred tax assets	13(a)	26,251	97,078	-	
-					
Employee benefit asset	14	864,000	721,000	864,000	721,000
Interest in subsidiaries	15	-	-	338,560	307,181
Intangible assets	16	76,174	106,273	56,265	80,851
Investment properties	17	231,276	233,323	348,596	350,643
Property, plant and equipment	18	463,591	452,219	421,662	412,730
Total assets		63,293,787	58,397,431	53,561,542	48,735,855
LIABILITIES					
Savings fund:					
Shareholders' savings	19	46,854,294	41,517,461	47,129,550	41,782,643
Depositors' savings	20	523,388	369,006	523,388	369,006
		47,377,682	41,886,467	47,652,938	42,151,649
Income tax payable		93,296	1,547	61,849	-
Other liabilities	21	1,465,460	1,857,717	423,233	730,867
Repurchase agreements	22	6,769,558	7,176,186	-	-
Insurance underwriting provisions	23	797,581	782,172	-	-
Loans payable	24	450,388	1,383,135	450,388	1,383,135
Deferred tax liabilities	13(b)	225,485	202,116	216,566	196,620
Employee benefit obligation	14	190,500	163,100	168,600	146,900
Total liabilities		**57,369,950**	**53,452,440**	**48,973,574**	**44,609,171**
CAPITAL AND RESERVES					
Permanent capital fund	25	3,017,506	2,941,630	3,017,506	2,941,630
Reserve fund	26(i)	366,551	358,120	366,551	358,120
Retained earnings reserve	26(ii)	504,268	559,222	504,268	559,222
Capital reserve on consolidation	26(iii)	90,082	90,082	-	-
Credit facility reserve	26(iv)	613,556	388,221	613,556	388,221
Investment revaluation reserve	26(v)	(48,546)	(400,547)	76,087	(130,509)
General reserve		10,000	10,000	10,000	10,000
Currency translation reserve	26(vi)	38,598	(12,241)	-	
Retained earnings		1,331,822	1,010,504	-	-
Total capital and reserves attributable to members of the Society		5,923,837	4,944,991	4,587,968	4,126,684
Minority interest	4(a)	-	-	-	-
Total capital and reserves		5,923,837	4,944,991	4,587,968	4,126,684
Total liabilities and capital and reserves		63,293,787	58,397,431	53,561,542	48,735,855

The financial statements on pages 17 to 93 were approved for issue by the Board of Directors on 2010 and signed on its behalf by:

Director

R. K. Powell

Director

F. DePeralto

Countersigned:

Corporate Secretary

P. Francis-Smellie

To be read in conjunction with the accompanying notes to the financial statements.

INCOME STATEMENTS

Year Ended December 31, 2009

		Group		Society	
	Notes	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Interest income	29	6,330,539	5,259,215	5,144,250	4,309,874
Interest expense	29	(3,529,192)	(2,923,056)	(2,727,433)	(2,237,078)
Net interest income		2,801,347	2,336,159	2,416,817	2,072,796
Fee and commission income	30	232,629	261,973	68,475	109,380
Fee and commission expenses	30	(76,240)	(91,538)	(58,971)	(67,866)
Net fee and commission income		156,389	170,435	9,504	41,514
Other operating revenue	31	1,170,367	1,324,180	253,123	558,556
Operating revenue		4,128,103	3,830,774	2,679,444	2,672,866
Personnel costs	32	(1,268,504)	(1,234,480)	(1,018,265)	(999,185)
Depreciation and amortisation	16,17,18	(110,465)	(104,167)	(94,537)	(89,480)
Other operating expenses	33	(1,918,801)	(1,575,920)	(1,171,460)	(986,760)
		(3,297,770)	(2,914,567)	(2,284,262)	(2,075,425)
Surplus before income tax		830,333	916,207	395,182	597,441
Income tax charge	34	(254,327)	(172,434)	(140,494)	(87,652)
Surplus for the year	35	576,006	743,773	254,688	509,789
Attributable to:					
Members of the Society	4(a),35	576,006	743,773	254,688	509,789

To be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME Year Ended December 31, 2009

		Group		Society	
	Notes	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Surplus for the year	35	576,006	743,773	254,688	509,789
Other comprehensive income					
Foreign currency translation difference for foreign operations		50,839	(108,239)	-	-
Change in fair value of available-for-sale investments		316,201	(655,151)	98,148	(410,530)
Deferred income tax on available-for-sale investments		35,800	(147,145)	108,448	(147,145)
Other comprehensive income for the year, net of income tax		402,840	(910,535)	206,596	(557,675)
Total comprehensive income for the year		978,846	(166,762)	461,284	(47,886)

To be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN CAPITAL AND RESERVES Year Ended December 31, 2009

	Permanent capital fund $'000	Reserve fund $'000	Retained earnings reserve $'000	Capital reserve on consolidation $'000	Credit facility reserve $'000	Investment revaluation reserve $'000	General reserve $'000	Currency translation reserve $'000	Retained earnings $000	Total capital and reserves $000
GROUP:										
Balances at December 31, 2007	2,582,885	318,260	559,222	90,082	277,037	401,749	10,000	95,998	776,520	5,111,753
Total comprehensive income for the year										
Surplus for the year	-	-	-	-	-	-	-	-	743,773	743,773
Other comprehensive income										
Foreign currency translation differences on foreign subsidiaries' balances	-	-	-	-	-	-	-	(108,239)	-	(108,239)
Change in fair value	-	-	-	-	-	(655,151)	-	-	-	(655,151)
Deferred tax on investments	-	-	-	-	-	(147,145)	-	-	-	(147,145)
Total other comprehensive income	-	-	-	-	-	(802,296)	-	(108,239)	-	(910,535)
Total comprehensive income for the year	-	-	-	-	-	(802,296)	-	(108,239)	743,773	(166,762)
Movement between reserves										
Credit facility reserve transfer [note 4(s)]	-	-	-	-	111,184	-	-	-	(111,184)	-
Transfers [notes 25 and 26(i)]	358,745	39,860	-	-	-	-	-	-	(398,605)	-
Total movement between reserves	358,745	39,860	-	-	111,184	-	-	-	(509,789)	-
Balances at December 31, 2008	**2,941,630**	**358,120**	**559,222**	**90,082**	**388,221**	**(400,547)**	**10,000**	**(12,241)**	**1,010,504**	**4,944,991**
Total comprehensive income for the year										
Surplus for the year	-	-	-	-	-	-	-	-	576,006	576,006
Other comprehensive income										
Foreign currency translation differences on foreign subsidiaries' balances	-	-	-	-	-	-	-	50,839	-	50,839
Change in fair value	-	-	-	-	-	316,201	-	-	-	316,201
Deferred tax on investments	-	-	-	-	-	35,800	-	-	-	35,800
Total other comprehensive income	-	-	-	-	-	352,001	-	50,839	-	402,840
Total comprehensive income for the year	-	-	-	-	-	352,001	-	50,839	576,006	978,846
Movement between reserves										
Credit facility reserve transfer [note 4(s)]	-	-	(54,954)	-	225,335	-	-	-	(170,381)	-
Transfers [notes 25 and 26(i)]	75,876	8,431	-	-	-	-	-	-	(84,307)	-
Total movement between reserves	75,876	8,431	(54,954)	-	225,335	-	-	-	(254,688)	-
Balances at December 31, 2009	3,017,506	366,551	504,268	90,082	613,556	(48,546)	10,000	38,598	1,331,822	5,923,837

To be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN CAPITAL AND RESERVES Year Ended December 31, 2009

	Permanent capital fund $'000	Reserve fund $'000	Retained earnings reserve $'000	Credit facility reserve $'000	Investment revaluation reserve $'000	General reserve $'000	Retained earnings $000	Total $000
SOCIETY:								
Balances at December 31, 2007	2,582,885	318,260	559,222	277,037	427,166	10,000	-	4,174,570
Total comprehensive income for the year								
Surplus for the year	-	-	-	-	-	-	509,789	509,789
Other comprehensive income								
Change in fair value of investments	-	-	-	-	(410,530)	-	-	(410,530)
Deferred tax on investments	-	-	-	-	(147,145)	-	-	(147,145)
Total other comprehensive income	-	-	-	-	(557,675)	-	509,789	(557,675)
Total comprehensive income for the year	-	-	-	-	(557,675)	-	509,789	(47,886)
Movements between reserves								
Credit facility reserve transfer	-	-	-	111,184	-	-	(111,184)	-
Other transfers [notes 25 and 26(i)]	358,745	39,860	-	-	-	-	(398,605)	-
Total movement between reserves	358,745	39,860	-	111,184	-	-	(509,789)	-
Balances at December 31, 2008	2,941,630	358,120	559,222	388,221	(130,509)	10,000	-	4,126,684
Total comprehensive income for the year								
Surplus for the year	-	-	-	-	-	-	254,688	254,688
Other comprehensive income								
Change in fair value of investments	-	-	-	-	98,148	-	-	98,148
Deferred tax on investments	-	-	-	-	108,448	-	-	108,448
Total other comprehensive income	-	-	-	-	206,596	-	-	206,596
Total comprehensive income for the year	-	-	-	-	206,596	-	254,688	461,284
Movements between reserves								
Credit facility reserve transfer	-	-	(54,954)	225,335	-	-	(170,381)	-
Other transfers [notes 25 and 26(i)]	75,876	8,431	-	-	-	-	(84,307)	-
Total movement between reserves	75,876	8,431	(54,954)	225,335	-	-	(254,688)	-
Balances at December 31, 2009	3,017,506	366,551	504,268	613,556	76,087	10,000	-	4,587,968

To be read in conjunction with the accompanying notes to the financial statements

STATEMENT OF GROUP CASH FLOWS Year Ended December 31, 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Surplus for the year		576,006	743,773
Adjustments for:			
Depreciation	16,17,18	110,465	104,167
Employee benefit obligation		27,400	20,400
Interest income	29	(6,330,539)	(5,259,215)
Interest expense	29	3,529,192	2,923,056
Income tax expense	34	254,327	87,652
		(1,833,149)	(1,380,167)
(Gain)/loss on disposal of property, plant and equipment		(339)	4,500
Write off of property, plant and equipment		143	-
Loss/(gain) on sale of investments		4,199	(222,070)
Change in provision for loan losses		54,075	978
Insurance underwriting provisions		15,409	28,449
Unrealised exchange gains on foreign currency balances		121,013	9,152
Loan advances, net of repayments		(2,027,527)	(8,129,675)
Change in other assets		(266,269)	(43,567)
Change in deferred tax assets		70,827	(90,048)
Change in employee benefit assets		(143,000)	35,500
Net receipts from shareholders and depositors		3,539,683	4,087,132
Change in deferred tax liabilities		23,369	(32,001)
Change in other liabilities		(392,257)	906,432
		(833,823)	(4,825,385)
Interest and dividends received		6,150,691	5,154,634
Interest paid		(3,504,535)	(2,652,138)
Income taxes paid		(133,272)	(167,324)
Net cash provided/(used) by operating activities		1,679,061	(2,490,213)
Cash flows from investing activities			
Government of Jamaica securities	8	(262,600)	375,945
Other investments	9	(276,338)	(1,543,228)
Resale agreements		750,179	1,639,914
Purchase of intangible asset	16(b)	(4,563)	2,473
Additions to investment properties	17	(3,922)	(6,881)
Purchase of property, plant and equipment	18	(74,695)	(101,230)
Proceeds of disposal of property, plant and equipment	18	378	5,359
Repurchase agreements		(406,629)	1,626,993
Net cash (used)/provided by investing activities		(278,190)	1,999,345
Cash flows from financing activities			
Loans payable		(932,747)	337,867
Net increase/(decrease) in cash and cash equivalents		468,124	(153,001)
Cash and cash equivalents at beginning of the year	7	8,305,094	9,353,631
Effect of exchange rate fluctuations on cash and cash equivalents		(153,552)	(895,536)
Cash and cash equivalents at end of the year	7	8,619,666	8,305,094

To be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF SOCIETY CASH FLOWS

Year Ended December 31, 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Surplus for the year		254,688	509,789
Adjustments for:			
Depreciation	16,17,18	94,537	89,480
Unrealized exchange losses on foreign currency balances		145,698	64,084*
Employee benefit obligation		21,700	18,300
Interest income	29	(5,144,250)	(4,309,874)
Interest expense	29	2,727,433	2,237,078
Income tax expense	34	120,548	87,652
		(1,779,646)	(1,303,491)
Gain on disposal of property, plant and equipment		(376)	(274)
Write off of property, plant and equipment		(143)	-
Gain on sale of investments		4,199	(222,070)
Change in provision for loan losses		54,075	978
Loan advances, net of repayments		(2,261,051)	(8,227,503)
Interest in subsidiaries		(31,379)	(41,716)
Change in other assets		361,717	(169,683)*
Change in employee benefit assets		(143,000)	35,500
Net receipts from shareholders and depositors		3,518,479	4,382,669*
Change in deferred tax liabilities		19,946	(32,564)
Change in other liabilities		(307,634)	358,190
		(564,813)	(5,219,964)*
Interest and dividends received		4,983,048	4,074,222*
Interest paid		(2,671,498)	(2,054,444)*
Income taxes paid		-	(29,370)
Net cash provided/(used) by operating activities		1,746,737	(3,229,556)
Cash flows from investing activities			
Government of Jamaica securities	8	144,630	210,462
Other investments	9	219,087	1,185,530*
Resale agreements		(653,930)	640,949
Purchase of intangible asset	16(b)	(3,562)	(84,165)
Additions to investment properties	17	(3,922)	(6,881)
Purchase of property, plant and equipment	18	(69,209)	(103,142)
Proceeds of disposal of property, plant and equipment	18(a)	376	678
Net cash (used)/provided by investing activities		(366,530)	1,843,431
Cash flows from financing activities			
Loans payable		(932,747)	337,867
Net increase/(decrease) in cash and cash equivalents		447,460	(1,048,258)
Cash and cash equivalents at beginning of the year	7	8,250,213	9,248,870
Effect of exchange rate fluctuations on cash and cash equivalents		(154,617)	49,601*
Cash and cash equivalents at end of the year	7	8,543,056	8,250,213

* Re-presented to conform to the current years' presentation.

To be read in conjunction with the accompanying notes to the financial statements.

1. IDENTIFICATION

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

During the year, the principal activities of the Society and its subsidiaries [note 1(b)] comprised the granting of home loans, operating savings accounts, trading in foreign currencies, money transmission services, investing surplus funds, the provision of general insurance services, insurance premium financing, investment holding, stockbroking and securities trading and real estate services.

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

SUBSIDIARIES	COUNTRY OF INCORPORATION	NATURE OF BUSINESS	PERCENTAGE EQUITY HELD BY: The Society	Subsidiaries
Victoria Mutual Insurance Company Limited	Jamaica	General insurance	100	-
Westin International Insurance Company Limited	The Cayman Islands	General insurance	100	-
Victoria Mutual Investments Limited and its subsidiary:	Jamaica	Insurance premium financing and investment holding	100	-
Victoria Mutual Wealth Management Limited	Jamaica	Stockbroking and securities trading	-	100
Victoria Mutual Properties Limited * and its wholly-owned subsidiaries:	Jamaica	Development and letting of real property	100	-
VMBS Realty Inc.*	Delaware, USA	Property holding and rental	-	100
Victoria Mutual (Property Services) Limited and its wholly-owned subsidiary:	Jamaica	Housing development and property management and sales	-	100
Manx Development Limited*	Jamaica	Housing development	-	100
Victoria Mutual Finance Limited	United Kingdom	Provision of management services to the Society, money transfer and cheque cashing services	100	-
VMBS Money Transfer Services Limited	Jamaica	Management of the money transfer services of the Society	85	-
Victoria Mutual Jamaica Limited*ø	Jamaica	Promotion of the business of the Society	100	-
VMBS Overseas (UK) Limited	United Kingdom	Promotion of the business of the Society	100	-
VMBS Overseas (Canada) Inc.	Canada	Money transfer and promotion of the business of the Society	100	-

* Inactive subsidiaries, which are the subject of an undertaking, given to Bank of Jamaica, for their winding up.

ø Application to the Companies Office of Jamaica for strike off of this company was made on 7 January, 2010. At the date of approval of these financial statements, gazetting of the order for strike off was still pending.

1. IDENTIFICATION (CONT'D)

(b) "Group" refers to the Society and its subsidiaries, as follows (cont'd):

September 2, 2008 the Society acquired a 20% interest in Prime Pensions St. Lucia Limited, the holding company for Prime Asset Management Limited, whose principal activity is pension management.

(c) The Society is an authorised foreign currency dealer.

2. REGULATIONS AND LICENCE

The Society is licensed, and the financial statements are delivered, under the Building Societies Act and the Bank of Jamaica (Building Societies) Regulations, 1995.

3. BASIS OF PREPARATION

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

New standards, interpretations and amendments that became effective during the year:

Certain new standards and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year, as follows:

- IFRS 8 Operating Segments, replaces IAS 14 (segment reporting) and sets out requirements for disclosure of information about a publicly listed entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. The standard, applicable to publicly listed entities, is not relevant to the Group, and did not have any impact on the financial statements.

- IFRIC 13 Accounting for Customer Loyalty Programmes, creates consistency in accounting for customer loyalty plans. The interpretation is applicable to all entities that grant awards as part of a sales transaction (including awards that can be redeemed for goods or services not supplied by the entity). IFRIC 13 did not have any impact on the financial statements.

- IAS 1 (Revised 2007) Presentation of Financial Statements requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. The Group adopted the two statement approach.

- IAS 23 (Revised) – Borrowing Costs, removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. An example is self-constructed assets such as buildings, machinery and internally developed software (intangible assets). This revision did not have a material impact on the financial statements.

3. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd):

New standards, interpretations and amendments that became effective during the year (cont'd):

- Amendments to IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. These amendments did not have any impact on the financial statements.

- Amendment to IFRS 2 Share-based payment – Vesting Conditions and Cancellations Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no adjustment for differences between expected and actual outcomes. The amendment did not have any impact on the financial statements.

- Amendments to IFRS 7 Financial Instruments: Disclosures requires enhanced disclosures in respect of two aspects: disclosures over fair value measurement relating to financial instruments, specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The revisions resulted in additional disclosures in the Group's financial statements

New standards, and interpretations of and amendments to existing standards, that are not yet effective

At the date of approval of the financial statements, certain new standards, and amendments to and interpretations of existing standards, were in issue but are not yet effective and have not been early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has concluded as follows:

- Revised IFRS 3 Business Combinations and Amended IAS 27 Consolidated and Separate Financial Statements are effective for annual reporting periods beginning on or after July 1, 2009. The definition of business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The standard is not expected to have any significant impact on the financial statements.

- IFRS 9, Financial Instruments, is effective for annual reporting periods beginning on or after January 1, 2013. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The standard is not expected to have any significant impact on the 2013 financial statements.

3. **BASIS OF PREPARATION (CONT'D)**

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, modified for the inclusion of available-for-sale investments at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars ($), which is the functional currency of the Society. Amounts are rounded to the nearest thousand. The financial statements of other entities included in the consolidated financial statements that have different functional currencies are translated in the manner set out in note 4(s).

(d) Use of judgements and estimates:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions, and critical judgements in applying accounting policies. These estimates, assumptions and judgements affect the application of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the statement of financial position date and the revenue and expenses for the year then ended. Actual results could differ from those estimates.

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

The significant assumptions about the future and key areas of estimation uncertainty, and the critical judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Key sources of estimation uncertainty:

- Pension and other post-employment benefits:

  The amounts recognised in the statement of financial position and income statement for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post- employment obligations and the expected rate of increase in medical costs for post-employment medical benefits.

  The assumed expected return on plan assets considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Society's obligation. In the absence of such instruments in Jamaica, the rate is estimated by extrapolating from the longest-tenor security on the market. The estimate of the expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

3. BASIS OF PREPARATION (CONT'D)

(d) Use of judgements and estimates (cont'd):

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

- Allowance for impairment losses on loans and receivables:

  In determining amounts recorded for impairment of loans and receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant loans and on a loan portfolio with similar characteristics, such as credit risks.

- Goodwill:

  Goodwill is stated at cost or deemed cost, less any accumulated amortisation up to December 31, 2004, and impairment losses. Goodwill is no longer amortised but is tested annually for impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

- Outstanding claims:

  Outstanding insurance claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported, based on historical experience. The loss and loss expense reserves have been reviewed by the subsidiary's appointed actuary using the subsidiary's past loss experience and industry data.

  Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

  Management believes, based on the analysis completed by its actuary, that the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the statement of financial position date. However, the provision is necessarily an estimate and may, ultimately, be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

  Note 5 contains information about the risks and uncertainties associated with insurance and financial risk management.

- Residual values and useful lives of property, plant and equipment:

  The residual values and the useful life of each asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the Group.

3. BASIS OF PREPARATION (CONT'D)

(d) Use of judgements and estimates (cont'd):

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

- Income taxes

  In the ordinary course of the Group's business, it undertakes transactions, and is subject to events, the tax effects of which are uncertain. In the face of such uncertainty, the Group makes estimates and judgements in determining the provision for income taxes.

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

  The potential additional income tax that may arise for the Group and the Society from judgements on matters included in these financial statements being exercised differently from the way in judgements were exercised by Management is approximately $91,000,000.

It is reasonably possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

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

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets as "trading", the Group has determined that they meet the description of trading assets set out in accounting policy 4(c).

- In designating financial assets at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 4(c).

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation:

The Group's financial statements include the audited financial statements of the Society and its subsidiaries as at and for the year ended December 31, 2009, after eliminating intra-group amounts.

Subsidiaries are those enterprises controlled by the Society [note 1(b)]. Control exists when the Society has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd):

In the absence of a commitment by the minority interest to fund losses in excess of its interest in the equity of a consolidated subsidiary, the excess and any further losses are allocated to the majority interest. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses, previously absorbed by the majority, has been recovered.

(b) Cash and cash equivalents:

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the central bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(c) Investments:

Investments are classified as loans and receivables, held-to-maturity, at fair value through profit or loss and available-for-sale. Management determines the appropriate classification of investments at the time of purchase.

Government of Jamaica or other securities acquired and loans granted with fixed or determinable payments and which are not quoted in an active market, are classified as loans and receivables and are initially measured at cost and subsequently at amortised cost, using the effective interest rate method, less impairment losses. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Government of Jamaica or other securities with fixed or determinable payment and fixed maturity that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity and are initially measured at cost and subsequently at amortised cost, using the effective interest rate method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Investments classified as at fair value through profit or loss are those investments that the Group acquires for the purpose of selling or repurchasing in the near term, or hold as part of a portfolio that is managed together for short-term profit or position taking. Fair value through profit or loss investments are carried at fair value with transaction costs taken directly to the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments (cont'd):

Other investments, including certain securities, are classified as available-for-sale and are initially measured at cost and subsequently at fair value, with unrealised gains and losses arising from changes in fair value included in investment revaluation reserve, except for impairment losses and, in the case of debt securities, foreign exchange gains and losses. Where fair value cannot be reliably determined, available-for-sale investments are stated at cost. Where the securities are disposed of, or impaired, the related accumulated unrealised gains or losses are included in the income statement.

The fair values of financial assets at fair value through profit or loss, as well as available-for-sale investments are based on their quoted market bid price at the date of the statement of financial position, if available. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on an externally derived yield curve and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the statement of financial position date.

(d) Resale and repurchase agreements:

Resale and repurchase agreements, which are described in more detail in notes 10 and 22, respectively, are accounted for as short-term collateralised lending and borrowing, respectively. Resale agreements are classified as loans and are carried in the statement of financial position at amortised cost. Securities sold under repurchase agreements are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised, as interest income and interest expense, respectively over the life of each agreement using the effective interest method.

(e) Loans:

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value, plus incremental direct transaction costs, and subsequently measured at their amortised cost, using the effective interest method.

(f) Other assets:

Other assets are stated at cost, less impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Income tax:

Income tax on the results for the year comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent that it relates to items recognised directly to capital and reserves, in which case it is recognised in reserves.

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

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Deferred 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.

(h) Employee benefits:

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 paid, annual vacation and sick leave, and non-monetary benefits, such as medical care and housing; post-employments benefits, such as pensions and medical care; other long-term employee benefits, such as long service awards; and termination benefits.

(i) General benefits:

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and are expensed as the related service is provided. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post employment benefits are accounted for as described in 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 and charged as an expense, unless not considered material, in which case they are charged when they fall due.

The Group has established a defined-contribution pension scheme, and a defined-benefit pension scheme, to provide post-employment pensions (see note 14).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Employee benefits (cont'd):

(ii) Defined-contribution pension scheme:

This scheme is closed to new members and no further contributions are being made.

(iii) Defined-benefit pension scheme:

The defined-benefit scheme provides benefits for retired employees of Group entities. However, while in the financial statements of the Society the scheme is accounted for as a defined-benefit scheme, as described below, in the financial statements of the individual participating subsidiaries, the scheme is accounted for as a defined-contribution scheme, that is, pension contributions as recommended by the actuary are expensed as they become due. The reasons for this are that

(1) although the scheme exposes the participating subsidiaries to actuarial risks associated with current and former employees of Group entities, there is no stated policy for charging the net defined benefit cost among Group entities, and

(2) all residual interest in the scheme belongs to the Society.

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

The Group's net obligation in respect of the defined-benefit pension schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of scheme assets are deducted. 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. The calculation is performed by the Group's independent qualified actuary using the Projected Unit Credit method.

When the benefits of the schemes are improved, the portion of the increased benefit relating to past service employees is recognised as an expense in the income statement on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Employee benefits (cont'd):

(iii) Defined-benefit pension schemes (cont'd):

In calculating the Group's and the Society's obligation in respect of the schemes, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the scheme. Otherwise, the actuarial gain or loss is not recognised.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the schemes or reductions in future contributions to the schemes.

(iv) Post-employment medical benefits to retirees:

The Group provides post-employment medical benefits to retirees. The obligations with respect to this benefit are calculated on a basis similar to that for the defined-benefit pension schemes.

(i) Interest in subsidiaries;

Interest in subsidiaries is stated at cost, less impairment losses.

(j) Intangible assets:

(i) Goodwill arising on consolidation:

Goodwill is recognised as stated in note 3(d).

(ii) Computer software:

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

(k) Investment properties:

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties are stated at cost, less accumulated depreciation and impairment losses. Each year's lease income from investment property is accounted for on the straight-line basis over the year.

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

(l) Property, plant and equipment and depreciation:

(i) Owned assets:

(a) Recognition and measurement:

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 and equipment.

(b) Subsequent costs:

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

(ii) Depreciation:

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

The depreciation rates are as follows:-

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

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

(m) Other liabilities:

Other liabilities are stated at their cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Insurance operations:

Underwriting results are accounted for in compliance with the recommendations and practices of the insurance industry, and comply with the provisions of the Insurance Act 2001.

The underwriting results are determined after making provision for, inter alia, unearned premiums and commissions, deferred commission expenses, outstanding claims and claims equalisation.

Unearned premiums represent the estimated cost of that portion of the premiums written up to the accounting date, which is attributable to subsequent periods, and is calculated substantially on the "twenty-fourths" basis on the total premiums written. Premiums ceded to reinsurers are accounted for similarly [note 4(p)].

Claims equalisation represents the amount previously set aside to be used to prevent exceptional fluctuations in the amounts charged to revenue in subsequent financial years in respect of claims under insurance contracts.

Commission income and expense are deferred on a basis consistent with that used for deferring premium income.

(o) Loans payable:

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

(p) Reinsurance ceded:

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned premiums on business ceded up to the accounting date which are attributable to subsequent periods are calculated substantially on the "twenty-fourths" basis on the total premiums ceded.

(q) Impairment:

The carrying amounts of the Group's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each statement of financial position date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

(q) Impairment (cont'd):

(i) Calculation of recoverable amount:

The recoverable amount of the Group's held-to-maturity securities, loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

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

For collateralised loans where foreclosure is probable, the recoverable amount is measured based on net realisable value of the collateral.

(ii) Reversals of impairment:

An impairment loss in respect of held-to-maturity securities, loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.In respect of other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

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 if no impairment loss has been recognised.

(r) Allowance for impairment:

The allowance to cover specific credit losses is maintained at a level considered adequate to provide for potential loan losses and is based on management's evaluation of individual loans in the loan portfolio, and the requirements of the regulator, Bank of Jamaica.

A specific provision is made on the basis of recoverable amount.

The evaluation takes all relevant matters into consideration, including prevailing and anticipated business and economic conditions, the collateral held, the debtors ability to repay the loan and guidance provided by Bank of Jamaica, which requires that appropriate provisions be made for all loans on which interest payments and principal repayments are ninety or more days in arrears. Amounts are written-off from the provision whenever management has concluded that such amounts will not be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Allowance for impairment (cont'd):

General provisions for loans are established against the portfolio where a prudent assessment by the Group of adverse economic trends and losses inherent in its portfolio suggest that losses may occur, but such losses cannot be determined on an item-by-item basis. This provision is maintained at the minimum 0.5% of the portfolio for residential mortgages and 1% for all other loans, being the rates established by the regulator, Bank of Jamaica.

IFRS permits only specific loan loss provisions, based on impairment of individual loans and/or impairment of a portfolio of loans with similar risk characteristics, and requires that the future cash flows of impaired loans be discounted and, thereafter, the increase in the present value be reported as interest income. The loan loss provision required under the Bank of Jamaica Building Societies Regulations (1995), which is in excess of the requirements of IFRS, is treated as an appropriation of retained earnings and included in a non-distributable credit facility reserve [note 26(iv)].

(s) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaica dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for 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 currency classified as available for sale 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 profit or loss, and other changes in the carrying amount are recognised in capital and reserves.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the investment revaluation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currency translation (cont'd):

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 exchange rates at the dates of the transactions (approximated by the average rates for the year). Translation differences are included in the currency translation reserve.

(t) Interest income and expense:

Interest income and expense are recognised in the income statement on the accrual basis, using the effective yield method, except that, where collection of interest income is considered doubtful, or payment is outstanding for 90 days or more, the cash basis is used. Accrued interest on loans which are in arrears for 90 days and over is excluded from income in accordance with the Building Societies Act.

IFRS requires that when collection of loans becomes doubtful, such loans should be written down to their recoverable amounts after which interest income is to be recognised based on the rate of interest that was used to discount the future cash flows in arriving at the recoverable amount. The difference between the basis of interest recognition under IFRS and the Bank of Jamaica Building Societies Regulations (1995) has been assessed as immaterial.

(u) Commissions, premium income and other income:

(i) 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, loan commitment fees are recognised on the straight-line basis over the commitment period.

(ii) Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) Premium income and commissions:

Premium and commission income are recognised over the period of insurance policies. Unearned premiums and commissions are calculated on the twenty-fourths method in accordance with industry practice. Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts. Profit commission in respect of reinsurance contracts is recognised on the accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Financial assets and liabilities:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, investments, resale agreements, loans and other assets. Financial liabilities include savings fund, other liabilities, repurchase agreements and loans payable. The fair values of financial instruments are discussed in note 28.

(i) Recognition:

The Group initially recognises loans and advances on the date that they are disbursed and deposits on the dates amounts are received. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition:

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retain 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 from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

(w) Related parties:

A party is related to an entity, if:

(i) directly, or indirectly through one or more intermediaries, the party:

(a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

(b) has an interest in the entity that gives it significant influence over the entity; or

(c) has joint control over the entity;

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

(w) Related parties (cont'd):

A party is related to an entity, if (cont'd):

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(x) Interest in subsidiaries

Interest in subsidiaries is carried at cost less, if any, impairment losses.

5. **FINANCIAL RISK MANAGEMENT**

Introduction and overview

The disclosures provided in this note are based on the Group's investment portfolio as at December 31, 2009. As stated in note 37, the Group participated in the Jamaica Debt Exchange (JDX) which resulted in changes to the Group's investment portfolio in February 2010.

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
- insurance risk

Note 5 presents information about the Group's exposure to each of the above risks given see 5(d), and the Group's objectives, policies and processes for measuring and managing risk.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework

The Board of Directors of the Society has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Finance, Investment & Loan Committee (Finance Committee), Risk Management Committee and Audit Committee, which are responsible for developing and monitoring risk management policies in their specified areas. All Board committees are comprised of non-executive members and report to the Society's Board of Directors on their activities.

There are, in addition, an Asset and Liability Committee (ALCO) and Credit Committee comprising members of executive management. ALCO reports to the Finance Committee of the Board and has responsibility to monitor the liquidity, credit, interest rate and foreign exchange risks of the Group. The Credit Committee reports to the Finance Committee and has responsibility to monitor the credit risk of the Society.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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 all employees understand their roles and obligations.

The Society, Victoria Mutual Insurance Company Limited and Victoria Mutual Wealth Management Limited have audit committees. The Society's Audit Committee is responsible for monitoring the Group's compliance with risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group does not make use of derivative instruments as part of its overall risk management activities at this time. Therefore, exposure to credit, (comprising market, foreign currency, interest rate and equity price) and liquidity risks on financial instruments arises in the ordinary course of the Group's operations, and not for risk management purposes.

(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 stock-broking, investing, and lending activities, and in deposits with other institutions. Balances arising from these activities include loans and other receivables, investment securities, resale agreements, cash and cash equivalents and accounts receivable.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(a) Credit risk (cont'd):

(i) Loans receivable:

The management of credit risk in respect of loans receivable is delegated to the Society's Finance 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.

Impaired loans:

Impaired loans are loans for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans:

These are loans where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security available and/or the stage of collection of amounts owed to the Group.

Credit quality of loans is summarised as follows:

	Group and Society	
	2009	2008
	$'000	$'000
Past due but not impaired	5,226,676	3,580,008
Aging analysis of past due but not impaired		
Under 3 months	3,732,196	2,938,082
3 months – 6 months	947,607	502,113
6 months – 12 months	236,853	113,153
Over 12 months	310,020	26,660
Total carrying amount	5,226,676	3,580,008
Past due and impaired	618,998	352,566

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(a) Credit risk (cont'd):

(i) Loans receivable (cont'd):

Past due and impaired loans:

These are loans where contractual interest or principal payments are past due and the Group believes that impairment is appropriate on the basis of the level of security available and/or the stage of collection of amounts owed to the Group.

	Group and Society	
	2009	2008
	$'000	$'000
Past due and impaired	618,998	352,566
Aging analysis of past due and impaired		
3 months – 6 months	238,758	185,773
6 months – 12 months	144,368	59,574
Over 12 months	235,872	107,219
Total carrying amount	618,998	352,566

Loans with renegotiated terms:

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category irrespective of satisfactory performance after restructuring. The main restructuring activities for 2009 were the moratorium and rescheduling arrangements on loans because of the economic recession. Restructuring activities for 2008 was as a result of a hurricane in August 2007. At December 31, 2009, the outstanding principal balance on loans that were restructured total $737,408,000 (2008: $138,822,000).

Allowances for impairment:

The Group has established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio in the manner described in note 4(r). Information on impairment charge is provided in note 11(b).

Write-off policy:

The Group writes off a loan (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 borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(a) Credit risk (cont'd):

(ii) Cash and cash equivalents:

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

(iii) Investment securities:
With regard to investments, there is a significant concentration in securities issued or guaranteed by Government of Jamaica. The Group manages the level of risk it undertakes by investing substantially in short-term investments which are Government of Jamaica securities.

No investment securities were considered impaired at the date of the statement of financial position.

(iv) Resale agreements and certificates of deposit:

Collateral is held for all resale agreements other than those acquired from Bank of Jamaica.

(v) Accounts receivable:

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

The impairment provision (note 11) shown in the statement of financial position at year-end is derived from four categories set up by the Group. These apply specifically to mortgage lending, one of the core functions of the Society.

(vi) Exposure to credit risk:

The maximum credit exposure, the amount of loss that would be suffered if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statements of financial position and is as follows:

Exposure to credit risk by category:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash and cash equivalents	8,619,666	8,305,094	8,543,056	8,250,213
Loans	30,739,802	28,766,351	30,739,161	28,758,771
Investments	15,448,983	14,893,117	6,966,935	7,330,652
Other assets	1,933,441	1,487,324	804,495	623,071
Loan commitments	1,290,013	2,520,094	1,290,013	2,520,094

There was no change in the Group's approach to managing its credit risk during the year.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(a) Credit risk (cont'd):

(vi) Exposure to credit risk (cont'd):

The following table summarises the exposure to credit risk arising from loans to borrowers, by category:

Group:

	2009 ($'000)			
	Mortgage loans	Share loans	Other loans	Total
Individuals	29,859,774	199,539	83,136	30,142,449
Other	288,975	-	308,378	597,353
	30,148,749	199,539	391,514	30,739,802

	2008 ($'000)			
	Mortgage loans	Share loans	Other loans	Total
Individuals	27,918,715	175,619	117,133	28,211,467
Other	279,969	-	274,915	554,884
	28,198,684	175,619	392,048	28,766,351

Society:

	2009 ($'000)			
	Mortgage loans	Share loans	Other loans	Total
Individuals	29,859,774	199,539	83,106	30,142,419
Other	288,975	-	307,767	596,742
	30,148,749	199,539	390,873	30,739,161

	2008 ($'000)			
	Mortgage loans	Share loans	Other loans	Total
Individuals	27,918,715	175,619	90,348	28,184,682
Other	279,969	-	294,120	574,089
	28,198,684	175,619	384,468	28,758,771

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

Risk management framework (cont'd):

(a) Credit risk (cont'd):

(vi) Exposure to credit risk (cont'd):

Exposure to credit risk by geography

Substantially all the lending is to parties in Jamaica.

(vii) Collateral:

Collateral held in respect of loans is in the form of mortgages over property, lien over motor vehicles and hypothecation of deposits held. The fair value of collateral that the Group held for loans past due was $15,972,516,000 (2008: $10,652,073,000).

Collateral is not generally held against deposits and investment securities, and no such collateral was held at December 31, 2009 or 2008.

(b) Market risks:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. These arise mainly from changes in interest 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.

Management of market risks

The Group separates its exposure to market risks between trading and non-trading portfolios. The market risks from trading activities are concentrated in the securities dealing subsidiary, Victoria Mutual Wealth Management Limited, and are monitored by ALCO. ALCO also monitors the price movement of securities on the local and international markets. Market risks are managed through risk limits approved by the Board of Directors.

(i) Interest rate risk:

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

The following table summarises the carrying amounts of assets, liabilities and equity 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.

It shows significant excess of short-term interest-bearing liabilities over short-term interest-earning assets. This is a direct consequence of the nature of the Group's business, which involves granting long-term loans (up to 25 years) funded by savings which are substantially withdrawable on demand or after short notice. The savings fund has been stable and management expects it to remain so. This interest rate gap is normal within the building society sector.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(b) Market risks (cont'd):

Management of market risks (cont'd):

(i) Interest rate risk (cont'd):

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

A summary of the interest rate gap, using historical data as a basis, at December 31, is as follows:

Group:

	2009 ($'000)					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
Cash and cash equivalents	893,728	3,660,383	1,566,394	153,993	2,345,168	8,619,666
Investments	940,590	932,905	2,109,976	11,409,207	56,305	15,448,983
Resale agreements	1,691,460	2,401,845	826,604	-	-	4,919,909
Loans	-	30,739,191	-	-	611	30,739,802
Other assets	-	165	-	-	1,903,970	1,904,135
Deferred tax asset**	-	-	-	-	26,251	26,251
Employee benefit asset**	-	-	-	-	864,000	864,000
Intangible assets**	-	-	-	-	76,174	76,174
Investment properties**	-	-	-	-	231,276	231,276
Property, plant and equipment**	-	-	-	-	463,591	463,591
Total assets	3,525,778	37,734,489	4,502,974	11,563,200	5,967,346	63,293,787
Savings fund	26,035,649	10,447,493	2,787,440	8,107,100	-	47,377,682
Income tax payable	-	-	-	-	93,296	93,296
Other liabilities	-	-	-	-	1,465,460	1,465,460
Repurchase agreements	-	4,715,564	2,053,994	-	-	6,769,558
Insurance underwriting provisions	-	-	-	-	797,581	797,581
Loans payable	5,110	-	445,278	-	-	450,388
Deferred tax liabilities**	-	-	-	-	225,485	225,485
Employee benefit obligation**	-	-	-	-	190,500	190,500
Capital and reserves**	-	-	-	-	5,923,837	5,923,837
Total liabilities, capital and reserves	26,040,759	15,163,057	5,286,712	8,107,100	8,696,159	63,293,787
Total interest rate sensitivity gap *	(22,514,981)	22,571,432	(783,738)	3,456,100	(2,728,813)	-
Cumulative gap	(22,514,981)	56,451	(727,287)	2,728,813	-	-

* The gap is in relation to balance sheet items; there are no off-balance sheet financial instruments.
** These are (or include) non-financial instruments.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(b) Market risks (cont'd):

(i) Interest rate risk (cont'd):

Group:

	2008 ($'000)					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
Cash and cash equivalents	2,867,366	1,571,440	1,007,179	66,152	2,792,957	8,305,094
Investments	775,275	1,300,603	1,570,054	11,150,442	96,743	14,893,117
Resale agreements	1,074,942	1,434,834	256,300	-	569,576	3,335,652
Loans	-	28,758,840	6,812	-	699	28,766,351
Other assets	59	28,610	25,750	-	1,432,905	1,487,324
Deferred tax asset**	-	-	-	-	97,078	97,078
Employee benefit asset**	-	-	-	-	721,000	721,000
Intangible assets**	-	-	-	-	106,273	106,273
Investment properties**	-	-	-	-	233,323	233,323
Property, plant and equipment**	-	-	-	-	452,219	452,219
Total assets	4,717,642	33,094,327	2,866,095	11,216,594	6,502,773	58,397,431
Savings fund	26,090,109	5,586,482	3,303,400	6,906,476	-	41,886,467
Income tax payable	-	-	-	-	1,547	1,547
Other liabilities	-	113,029	38,329	-	1,706,359	1,857,717
Repurchase agreements	-	5,554,007	1,622,179	-	-	7,176,186
Insurance underwriting provisions	-	-	-	-	782,172	782,172
Loans payable	25,750	-	1,345,639	-	11,746	1,383,135
Deferred tax liabilities**	-	-	-	-	202,116	202,116
Employee benefit obligation**	-	-	-	-	163,100	163,100
Capital and reserves**	-	-	-	-	4,944,991	4,944,991
Total liabilities, capital and reserves	26,115,859	11,253,518	6,309,547	6,906,476	7,812,031	58,397,431
Total interest rate sensitivity gap *	(21,398,217)	21,840,809	(3,443,452)	4,310,118	(1,309,258)	-
Cumulative gap	(21,398,217)	442,592	(3,000,860)	1,309,258	-	-

* The gap is in relation to balance sheet items; there are no off-balance sheet financial instruments.
** These are (or include) non-financial instruments.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(b) Market risks (cont'd):

(i) Interest rate risk (cont'd):

Society:

	2009 ($'000)					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
Cash and cash equivalents	835,610	3,660,383	1,566,394	153,993	2,326,676	8,543,056
Investments	940,590	409,812	1,343,808	4,219,803	52,922	6,966,935
Resale agreements	2,409,633	1,581,615	505,953	-	-	4,497,201
Loans	-	30,739,161	-	-	-	30,739,161
Other assets	-	-	-	-	786,106	786,106
Deferred tax asset**	-	-	-	-	-	-
Employee benefit asset**	-	-	-	-	864,000	864,000
Interest subsidiaries	-	-	-	-	338,560	338,560
Intangible assets**	-	-	-	-	56,265	56,265
Investment properties	-	-	-	-	348,596	348,596
Property, plant and equipment**	-	-	-	-	421,662	421,662
Total assets	4,185,833	36,390,971	3,416,155	4,373,796	5,194,787	53,561,542
Savings fund	26,310,905	10,447,493	2,787,440	8,107,100	-	47,652,938
Income tax payable	-	-	-	-	61,849	61,849
Other liabilities	-	-	-	-	423,233	423,233
Loans payable	5,110	-	445,278	-	-	450,388
Deferred tax liabilities**	-	-	-	-	216,566	216,566
Employee benefit obligation**	-	-	-	-	168,600	168,600
Capital and reserves**	-	-	-	-	4,587,968	4,587,968
Total liabilities, capital and reserves	26,316,015	10,447,493	3,232,718	8,107,100	5,458,216	53,561,542
Total interest rate sensitivity gap *	(22,130,182)	25,943,478	183,437	(3,733,304)	(263,429)	-
Cumulative gap	(22,130,182)	3,813,296	3,996,733	263,429	-	-

* The gap is in relation to balance sheet items; there are no off-balance sheet financial instruments.
** These are (or include) non-financial instruments.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(b) Market risks (cont'd):

(i) Interest rate risk (cont'd):

Society:

	2008 ($'000)					
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Non-rate sensitive	Total
Cash and cash equivalents	2,811,765	1,571,440	1,007,179	66,152	2,793,677	8,250,213
Investments	775,275	943,113	1,139,461	4,379,618	93,185	7,330,652
Resale agreements	1,340,942	559,801	-	-	-	1,900,743
Loans	-	28,758,771	-	-	-	28,758,771
Other assets	-	-	-	-	623,071	623,071
Deferred tax asset**	-	-	-	-	-	-
Employee benefit asset**	-	-	-	-	721,000	721,000
Interest subsidiaries	-	-	-	-	307,181	307,181
Intangible assets**	-	-	-	-	80,851	80,851
Investment properties**	-	-	-	-	350,643	350,643
Property, plant and equipment**	-	-	-	-	412,730	412,730
Total assets	4,927,982	31,833,125	2,146,640	4,445,770	5,382,338	48,735,855
Savings fund	26,355,292	5,586,481	3,303,400	6,906,476	-	42,151,649
Other liabilities	-	-	-	-	730,867	730,867
Loans payable	-	-	1,383,135	-	-	1,383,135
Deferred tax liabilities**	-	-	-	-	196,620	196,620
Employee benefit obligation**	-	-	-	-	146,900	146,900
Capital and reserves**	-	-	-	-	4,126,684	4,126,684
Total liabilities, capital and reserves	26,355,292	5,586,481	4,686,535	6,906,476	5,201,071	48,735,855
Total interest rate sensitivity gap *	(21,427,310)	26,246,644	(2,539,895)	(2,460,706)	181,267	-
Cumulative gap	(21,427,310)	4,819,334	2,279,439	(181,267)	-	-

* The gap is in relation to balance sheet items; there are no off-balance sheet financial instruments.
** These are (or include) non-financial instruments.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(b) Market risks (cont'd):

(i) Interest rate risk (cont'd):

Sensitivity analysis

A change of 800 basis points in interest rates on Jamaican dollar denominated instruments and a change of 100 basis points on interest rates a US$ denominated instruments at a reporting date would have increased or decreased profit and reserves by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Group		Society	
	$'000 Increase	$'000 (Decrease)	$'000 Increase	$'000 (Decrease)
December 31, 2009				
Effect on profit or loss	305,847	(305,847)	156,961	(156,961)
Effect on equity	245,991	(222,120)	68,326	(84,259)
December 31, 2008				
Effect on profit or loss	485,978	186,893	175,813	(175,813)
Effect on equity	747,838	(676,110)	615,281	(594,007)

(ii) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations, because there are 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, Canadian dollar and the British pound.

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 possible.

Group:

	2009				2008			
	€ $'000	US$ $'000	£ $'000	CDN$ $000	€ $'000	US$ $'000	£ $'000	CDN$ $'000
Foreign currency assets	11,733	126,249	56,386	5,000	12,374	130,560	55,056	3,521
Foreign currency liabilities	-	(136,976)	(55,077)	(4,932)	-	(142,431)	(52,467)	(4,186)
Net foreign currency asset/(liability)	11,733	(10,727)	1,309	68	12,374	(11,871)	2,589	(665)

Society:

	2009			2008		
	US$ $'000	£ $'000	CDN$ $'000	US$ $'000	£ $'000	CDN$ $'000
Foreign currency assets	97,243	56,328	4,995	94,631	54,855	3,387
Foreign currency liabilities	(92,321)	(55,034)	(4,901)	(101,877)	(52,435)	(4,184)
Net foreign currency asset/(liability)	4,922	1,294	94	(7,246)	2,420	(797)

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

Risk management framework (cont'd):

(b) Market risks (cont'd):

(ii) Foreign currency risk (cont'd):

Sensitivity Analysis

A 5 percent strengthening of the Jamaica dollar against the following currencies at December 31, 2009 would have (decreased)/increased profit by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Euro	(75,203)	(69,418)	-	-
United States	47,769	47,484	(10,103)	28,970
Pounds Sterling	(9,273)	(8,233)	(6,666)	(13,847)
Canadian Dollar	(283)	3,810	(237)	2,528
	(36,990)	(26,357)	(17,006)	17,651

A 9 percent weakening of the Jamaica dollar against the following currencies at December 31, 2009 would have (decreased)/increased profit by the amounts shown. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Euro	135,365	124,853	-	-
United States	(85,985)	(85,471)	18,186	(52,145)
Pounds Sterling	16,691	26,667	11,999	24,925
Canadian Dollar	509	(3,997)	427	(4,551)
	66,580	62,052	30,612	(31,771)

(iii) Equity price risk

Equity price risk arises from available-for-sale 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. An increase or decrease of 20% (2008: 20%) in share prices would result in an increase or an equal decrease, respectively, in reserves of $10,824,316 (2008: $9,730,878) for the Group and $9,308,205 (2008: $8,297,909) for the Society.

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

Risk management framework (cont'd):

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, monitoring 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 ensures that sufficient funds are held in short-term marketable instruments to meet its liabilities when due, without incurring unacceptable losses or risk damage to the Group's reputation.

The daily liquidity position is monitored by reports covering the position of the Group. All liquidity policies and procedures are subject to review and approval by the Board.

The Society and Victoria Mutual Wealth Management Limited are subject to externally imposed liquidity risk management ratios. These ratios are taken into account by management in their measurement and management of liquidity risk.

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

	Ratio of net liquid assets to deposits from customers	
	2009	2008
Regulator's minimum requirement	5.00%	5.00%
Actuals:		
As at 31 December	8.12%	6.23%
Average for the year	6.44%	6.52%
Maximum for the year	8.52%	8.40%
Minimum for the year	5.00%	5.62%

(ii) The stockbroking subsidiary, Victoria Mutual Wealth Management Limited, manages liquidity risk by keeping a pre-determined portion of its financial assets in liquid form. The key measure used for monitoring liquidity risk is the ninety day liquidity gap ratio. The numerator is calculated by subtracting the total assets maturing within ninety days from the total liabilities which fall due in ninety days. The denominator is total liabilities. The ninety day liquidity gap ratio at the end of the year was 62.05% (2008: 62.60%). The ratio stipulated by the regulator is 25% (2008:35%).

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(c) Liquidity risk (cont'd):

The following table presents the contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

Group:

	2009 ($'000)					
	Within One month	One to 3 months	Three to 12 months	One to 5 years	over 5 years	Carrying amount
Other liabilities	26,521	825,825	1,691,524	-	24,000	2,567,870
Due to customers	26,310,904	10,447,493	3,303,400	255,736	6,650,740	46,968,273
Due to banks	200	-	-	-	-	200
Repurchase agreements	-	5,301,756	1,666,675	-	-	6,968,431
Certificates of participation	-	168,489	387,318	-	-	555,807
Loans payable	31,117	-	445,278	-	3,403	479,798

	2008 ($'000)					
	Within One month	One to 3 months	Three to 12 months	One to 5 years	over 5 years	Carrying amount
Other liabilities	26,959	964,309	998,446	-	12,000	2,001,714
Due to customers	26,355,292	5,586,481	3,303,400	255,736	6,650,740	42,151,649
Due to banks	49	217	-	-	-	266
Repurchase agreements	-	6,001,616	1,622,178	-	-	7,623,794
Loans payable	-	-	1,383,135	-	11,746	1,394,881

Society:

	2009 ($'000)					
	Within One month	One to 3 months	Three to 12 months	One to 5 years	over 5 years	Carrying amount
Other liabilities	-	423,233	-	-	-	423,233
Due to customers	26,310,904	10,447,493	2,787,440	267,009	7,840,092	47,652,938
Due to banks	200	-	-	-	-	200
Loans payable	5,110	-	445,278	-	-	450,388

	2008 ($'000)					
	Within One month	One to 3 months	Three to 12 months	One to 5 years	over 5 years	Carrying amount
Other liabilities	-	730,867	-	-	-	730,867
Due to customers	26,355,243	5,586,481	3,303,400	255,736	6,650,740	42,151,600
Due to banks	49	-	-	-	-	49
Loans payable	-	-	1,383,135	-	-	1,383,135

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(c) Liquidity risk (cont'd):

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 avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to senior management. This responsibility is supported by overall Group standards for the management of operational risk in the following areas:

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by 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 the Audit Committee and senior management of the Group.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(e) Insurance risk:

(i) Overview:

The principal activity of one subsidiary in the Group is underwriting general insurance. The primary insurance activity carried out is the transfer of risk from persons or entities that are directly subjected to the risk, by means of the sale of insurance policies. The Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The management of insurance and financial risk is a critical aspect of the management of the Group's business.

The principal types of policy written are property and motor insurance.

The Group manages insurance risk through its underwriting policy that includes, inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. The Group monitors insurance risk exposures both for individual and portfolio types of risks.

Underwriting strategy:

The insurance subsidiary assumes risk through the insurance contracts it underwrites and the exposures are associated with both the perils covered by the specific line of insurance and the specific processes associated with the conduct of the insurance business. The Group manages the individual risk to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and qualify risks before issuing coverage. The Group underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy:

In the normal course of business, the Group seeks to reduce the losses that may result from catastrophe or other events that cause unfavourable underwriting results, by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the Group's obligations as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the Group. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations. The Group mitigates this risk by evaluating the financial condition of its reinsurers on a continuing basis.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(e) Insurance risk (cont'd):

Overview (cont'd):

Reinsurance strategy (cont'd):

A comprehensive reinsurance programme is critical to the financial stability of the organisation and a detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted annually by senior management.

The Group's exposures are continually evaluated by management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the rating of reinsurance providers.

Under the 2009/2010 reinsurance treaties, the insurance subsidiary retains risk to a basic maximum of US$25,000 on any property claim, J$3,000,000 on any liability claim, and J$5,000,000 on any motor claim. The reinsurance has an upper event limit of US$105,800,000 in respect of earthquake and US$75,586,000 in respect of hurricane, and covers a further US$13,000,000 for earthquake and US$9,300,000 for hurricane, in respect of the Group's net exposure in the event of a catastrophe.

(ii) Terms and conditions of general insurance contracts and associated risks:

The table below provides an overview of the terms and conditions of general insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

Types of of contract	Terms and conditions	Key factors affecting future cash flows
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay (an exception to this is in relation to land subsistence claims). Property business is, therefore, classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement of, or indemnity for, contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(e) Insurance risk (cont'd)

(ii) Terms and conditions of general insurance contracts and associated risks (cont'd):

Types of contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' private vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The number of claims is correlated with the price of fuel, exchange rates and economic activity, which affect the amount of traffic activity.
Other	Other insurance contracts provide cover in respect of general accident, mortgage indemnity, engineering and liability.	The risk on any policy varies according to many factors such as the type of injury sustained, safety measures put in place, the type of industry that the business operates and the size of the business. The events giving rise to a claim are rare and the causes can be easily determined.

(iii) Risk management approach:

Property contracts:

The risks relating to property contracts are managed primarily through the pricing and underwriting processes. The Group uses strict underwriting criteria to ensure that the risk of loss is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the evolving risk profile.

Motor and other contracts:
The risks relating to motor and other contracts are also managed primarily through the pricing and underwriting processes. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(e) Insurance risk (cont'd)

(iii) Risk management approach (cont'd):

Risk exposure and concentrations of risk:

The following table shows the Group's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business.

	2009 ($000)			
	Property	Motor	Other	Total
Gross	449,510	197,119	150,200	796,829
Net of reinsurance	47,783	196,249	41,678	285,710

	2008 ($000)			
	Property	Motor	Other	Total
Gross	392,298	208,332	179,355	779,985
Net of reinsurance	39,271	207,431	48,787	295,489

Claims development:

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Group. The top part of the table below shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

	Accident year						
	2004	2005	2006	2007	2008	2009	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of cumulative claims							
at end of accident year	99,828	136,769	194,950	126,263	100,408	101,069	
-one year later	88,881	135,166	181,801	127,618	112,545	-	
-two years later	82,523	127,374	168,896	125,007	-	-	
-three years later	76,833	122,963	166,582	-	-	-	
-four years later	67,243	120,882	-	-	-	-	
-five years later	61,050	-	-	-	-	-	
Estimate of cumulative claims	61,050	120,882	166,582	125,007	112,545	101,069	687,135
Cumulative payments to date	(43,653)	(109,304)	(142,084)	(112,767)	(88,744)	(51,067)	(547,619)
Claims liability at end of year	17,397	11,578	24,498	12,240	23,801	50,002	139,516

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (cont'd):

(e) Insurance risk (cont'd)

(iv) Exposure to credit risk:

The Group's key areas of exposure to credit risk include:

- debt securities, and cash and cash equivalents;
- amounts due from policyholders;
- amounts due from intermediaries;
- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of payments already made to policyholders.

The nature of the Group's exposures to insurance-related credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Credit ratings are not publicly available for any assets with credit risk, except for reinsurance assets. The credit ratings at year end were as follows:

	AA	A	Total
	$'000	$'000	$'000
December 31, 2009	315,621	195,506	511,127
December 31, 2008	121,124	363,733	484,857

The carrying amounts of financial assets do not include any asset that is either past due or impaired.

The Group has no financial assets or reinsurance assets that have been renegotiated.

The Group does not hold any collateral for its premiums receivable.

Concentrations of credit risk:

The specific concentration of risk from counterparties i.e., where premiums receivable from any one counterparty or group of connected counterparties is 10% or more of total premiums receivable at the year end, is as follows:

	2009	2008
	$'000	$'000
Billy Craig Insurance Brokers	-	2,515

6. CAPITAL MANAGEMENT

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of capital adequacy ratios and the possible suspension or loss of one or more licenses. The 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 Group's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

(a) The Financial Services Commission monitors compliance with the capital requirements established for the general insurance industry. The Regulations require Victoria Mutual Insurance Company Limited to maintain a certain minimum level of assets, capital and surplus to meet its liabilities. The company is solvent and adequately capitalized when the available assets are equal to at least 135% (2008: 135%) of the required assets (as defined).

At December 31, 2009, the available assets of the general insurance subsidiary, Victoria Mutual Insurance Company Limited were 130.69% (2008: 122.16%) of the required assets.

(b) The Financial Services Commission also monitors compliance with the capital requirements established for entities involved in non-deposit taking financial services.The Regulations require that Victoria Mutual Wealth Management Limited maintain a minimum total capital to risk weighted assets of 14%.

The subsidiary's regulatory capital position as at the date of the statement of financial position was as follows:

	2009	2008
	$'000	$'000
Tier 1 Capital		
Ordinary share capital	115,000	115,000
Retained earnings	420,000	360,647
Current year to date profit	116,146	59,353
	651,146	535,000
Less: Revaluation reserves	(124,712)	(270,006)
Intangible assets	(10,112)	(13,763)
Total Tier 1 Capital	516,322	251,231
Tier 2 Capital		
Preference shares	50,000	-
Total qualifying capital	566,322	251,231
Risk weighted assets		
Deposits & other amounts due from local banks	3,693	2,208
Equity investments	3,384	3,558
Property, plant and equipment	5,522	7,295
Other assets	304,023	423,381
Foreign exchange exposure	1,504,066	1,427,719
	1,820,688	1,864,161
Capital ratios:		
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets	31.10%	13.48%
Total Tier 1 Capital expressed as a percentage of total risk weighted assets	28.36%	13.48%

6. CAPITAL MANAGEMENT (CONT'D)

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

	Society	
	2009	2008
	$'000	$'000
Capital base (note 27)	4,189,507	3,940,164
Qualifying capital	4,094,179	3,903,088
On balance sheet risk weighted assets	20,852,334	21,211,991
Off balance sheet risk weighted assets – Loan commitments	1,290,013	2,520,094
Foreign exchange exposure	629,310	665,142
Total risk assessed assets	22,771,657	24,397,227
Risk based capital adequacy ratio	17.98%	16.00%
Regulatory requirement	10.00%	10.00%

7. CASH AND CASH EQUIVALENTS

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash in hand and at banks and other financial institutions	1,060,923	1,456,177	984,313	1,401,296
Statutory reserves held at Bank of Jamaica	466,989	407,328	466,989	407,328
Term deposits at banks [see note 24(a)]	7,091,754	6,441,589	7,091,754	6,441,589
	8,619,666	8,305,094	8,543,056	8,250,213

Statutory reserves, required by regulation to be held at Bank of Jamaica, comprise cash reserves. They are not available for use by the Society and the amount is determined by the percentage of specified liabilities stipulated by Bank of Jamaica (see note 2). For the rate to remain at no more than one percent of specified liabilities, as defined, the Society must have qualifying assets of a stipulated percentage of the specified liabilities, currently 40%.

8. INVESTMENTS - JAMAICA GOVERNMENT SECURITIES

These are securities issued, or guaranteed, by Government of Jamaica and comprise the following:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Held-to-maturity securities:				
Securities denominated in United States dollars:				
Bonds	523,052	472,576	-	-
Securities denominated in Jamaica dollars:				
Bonds	261,188	-	-	-
Debenture	1,000	-	-	-
Treasury bills	27,399	-	-	-
	289,587	-	-	-
c/forward	812,639	472,576	-	-

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

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
b/forward				
Held to maturity securities	812,639	472,576	-	-
Available-for-sale securities:				
Securities denominated in				
United States dollars:				
Bonds	1,087,958	1,026,932	603,480	651,639
Securities denominated in				
Jamaica dollars:				
Bonds	1,695,876	2,083,164	1,695,876	2,020,527
Debentures	2,228,340	2,233,387	230,584	179,746
Treasury bills	52,299	80,409	28,364	-
Local registered stock	607,879	645,407	223,618	358,868
	4,584,395	5,042,367	2,178,442	2,559,141
	6,484,991	6,541,875	2,781,922	3,210,780
Loans and receivables:				
Bonds	3,429,108	3,109,624	3,223,700	2,939,472
	9,914,099	9,651,499	6,005,622	6,150,252

In 2008, the Society sold some of its held-to-maturity securities. In keeping with IAS 39, the remaining securities were reclassified to available-for-sale and the Society is restricted from classifying any financial assets as held-to-maturity until financial year 2011.

Government securities mature, in relation to the date of the statement of financial position, as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within 3 months	295,814	445,835	162,760	336,695
From 3 months to 1 year	1,118,602	991,947	623,975	494,570
From 1 year to 5 years	4,914,086	4,359,412	2,462,669	2,637,320
Thereafter	3,585,597	3,854,305	2,756,218	2,681,667
	9,914,099	9,651,499	6,005,622	6,150,252

Certain Government of Jamaica securities are pledged by a subsidiary as collateral for repurchase agreements (note 22).

8. **INVESTMENTS - JAMAICA GOVERNMENT SECURITIES (CONT'D)**

Reclassification of financial assets

As at October 1, 2008, the Group reclassified certain investment securities, previously classified as available-for-sale, to loans and receivables, in accordance with paragraph 50(E) of IAS 39. The standard requires that the reclassification be made at the fair value of the assets at the date of the reclassification.

	Carrying value 2009	Fair value 2009	Carrying value 2008	Fair value 2008
	$'000	$'000	$'000	$'000
Group				
US$ denominated GOJ				
Global bonds	4,619,203	3,779,590	4,285,966	4,386,775
EURO denominated GOJ				
Global bonds	1,435,712	1,292,141	1,360,264	1,360,264
Society				
US$ denominated GOJ				
Global bonds	2,155,556	1,885,009	1,879,946	1,980,755

(a) Fair value losses, excluding deferred taxation, of $Nil [2008: $(368,192,000)] for the Group and $Nil [2008: $(161,620,000)] for the Society, were recognised in capital and reserves in relation to the above investment securities reclassified during 2008.

(b) Fair value losses of $(931,697,000) [2008: $(1,470,338,000)] for the Group and $(15,349,000) [2008: $(274,446,000)] for the Society, excluding deferred taxation, would have been included in capital and reserves for the year had the investments not been reclassified. This amount was estimated on the basis of the mid-price of the securities as at December 31, 2009. Management believes that this price is not necessarily indicative of the amount that would have obtained if an active market for the securities existed at that date.

(c) The weighted average effective interest rate on the investment securities at the date of reclassification was 9.76% for US$ denominated securities and 10.50% for EURO denominated securities, for the Group, and 10.66% for US$ denominated securities for the Society. The undiscounted cash flows to be recovered from the investment securities reclassified is $7,257,037,000 (2008: $7,105,966,000) for the Group and $3,356,806,000 (2008:$3,205,735,000) for the Society.

9. INVESTMENTS – OTHER

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans and receivables:				
Bank deposits	866,148	333,491	56,291	46,200
Bonds	3,756,134	3,766,285	-	-
Available-for-sale:				
Bonds	852,100	975,169	852,100	975,169
Treasury bills	-	112,044	-	112,044
Ordinary shares - quoted	54,121	49,132	46,541	41,490
Ordinary shares - unquoted	39	39	39	39
Units in unit trusts	6,342	5,458	6,342	5,458
	5,534,884	5,241,618	961,313	1,180,400

Bank deposits include certificates of deposit issued by Bank of Jamaica.

Other investments mature, in relation to the date of the statement of financial position, as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
No maturity	116,794	100,830	109,213	93,188
Within 3 months	473,998	360,394	-	112,044
3 months to 1 year	1,031,505	124,761	695,646	21,393
From 1 year to 5 years	1,504,286	2,042,878	-	695,646
Thereafter	2,408,301	2,612,755	156,454	258,129
	5,534,884	5,241,618	961,313	1,180,400

10. RESALE AGREEMENTS

Government and corporate securities are purchased under agreements to resell them on a specified date and at a specified price ('resale agreements'). On paying cash to the counterparty, possession of the underlying securities is sometimes taken, although title is not formally transferred unless that counterparty fails to repurchase the securities on the date specified or to honour other conditions.

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	2,091,178	1,240,776	1,345,046	666,000
Denominated in Sterling	498,800	-	498,800	-
Denominated in United States dollars	2,329,931	2,094,876	2,653,355	1,234,743
	4,919,909	3,335,652	4,497,201	1,900,743

10. RESALE AGREEMENTS (CONT'D)

Under resale agreements, the securities obtained as collateral may themselves be sold under repurchase agreements (see note 22). At December 31, 2009, securities with such permission that the Group and the Society held had a fair value of $5,554,513,000 (2008: $3,777,034,000) and $5,040,135,000 (2008: $2,541,816,000), respectively.

11. LOANS

(a) Loans:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Conventional mortgage loans	29,709,494	27,790,677	29,709,494	27,857,492
Mortgage escrow (see below)	563,055	410,918	563,055	410,918
Allowance for impairment	(123,800)	(69,725)	(123,800)	(69,725)
Net conventional mortgage loans	30,148,749	28,131,870	30,148,749	28,198,685
Share loans	199,539	175,595	199,539	175,619
Other loans	391,514	458,886	390,873	384,467
Allowance for impairment	-	-	-	-
Net other loans	391,514	458,886	390,873	384,467
Total loans, net	30,739,802	28,766,351	30,739,161	28,758,771

Mortgage escrow

This represents insurance premiums paid by the Society on behalf of mortgagors. These amounts are recoverable over one year and are collected as part of monthly mortgage repayments.

(b) Allowance for impairment:

	Group and Society	
	2009	2008
	$'000	$'000
Balances at the beginning of the year	69,725	68,747
Charged against income during the year	85,877	978
Allowance no longer required	(31,802)	-
Balances at the end of the year per IAS 39 [see (c) below]	123,800	69,725

(c) Credit facility reserve:

	Group and Society	
	2009	2008
	$'000	$'000
Regulatory impairment allowance	737,356	457,946
Less: Impairment allowance based on IAS 39 [see (b) above]	(123,800)	(69,725)
Credit facility reserve at end of year	613,556	388,221

11. LOANS (CONT'D)

(c) Credit facility reserve (cont'd):

The impairment allowance in excess of the amount required under IFRS is included in a non-distributable credit facility reserve [note 26(iv)].

(d) Loan principal repayments and mortgage escrow payments are projected to be received, in relation to the date of the statement of financial position, as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within three months	105,026	36,181	105,026	36,181
3 months to 1 year	626,179	333,746	625,538	326,165
1 year to 5 years	1,020,150	1,099,111	1,020,150	1,099,111
Thereafter	28,988,447	27,297,313	28,988,447	27,297,314
	30,739,802	28,766,351	30,739,161	28,758,771

12. OTHER ASSETS

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Interest receivable	871,861	692,014	591,326	423,289
Premiums receivable	18,187	-	-	-
Clients funds	28,676	-	-	-
Income tax recoverable	17,230	90,150	-	48,908
Sundry receivables, deferrals and prepayments	968,181	705,160	194,780	150,874
	1,904,135	1,487,324	786,106	623,071

13. DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets:

Deferred tax assets are attributable to the following:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Investments	62,356	135,003	-	-
Other receivables	(82,856)	(86,942)	-	-
Property, plant and equipment	(1,667)	(2,076)	-	-
Employee benefit asset	332	299	-	-
Other liabilities	53,586	51,672	-	-
Employee benefit obligation	3,500	3,100	-	-
Unrealised foreign exchange gains	(9,000)	(53,080)	-	-
Utilised tax value of loss carry forwards	-	49,102	-	-
	26,251	97,078	-	-

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

(a) Deferred tax assets (cont'd):

Movement in temporary differences during the year for the Group:

	Balance at Jan 1, 2009 $'000	Recognised in income $'000	Recognised in equity $'000	Balance at Dec 31, 2009 $'000
Investments	135,003	-	(72,647)	62,356
Other receivables	(86,942)	4,086	-	(82,856)
Property, plant and equipment	(2,076)	409	-	(1,667)
Employee benefit asset	299	33	-	332
Other liabilities	51,672	1,914	-	53,586
Employee benefit obligation	3,100	400	-	3,500
Unrealised foreign exchange losses	(53,080)	44,080	-	(9,000)
Utilised tax value of loss carry-forwards	49,102	(49,102)	-	-
	97,078	1,820	(72,647)	26,251

Deferred tax assets of $16,253,159 (2008: $6,296,495) have not been recognised in respect of tax losses of certain subsidiaries [note 34(b)]. As at this time, management does not consider that it is probable that future taxable profits will be available against which the asset will be realised.

(b) Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	Group		Society	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investment	(14,177)	(8,786)	-	-
Investment properties	-	23,033	-	23,033
Other receivables	(11)	(164,576)	-	(164,565)
Employee benefit asset	(255,612)	(237,668)	(259,200)	(240,333)
Property, plant and equipment	(7,803)	43,993	(9,484)	43,357
Other liabilities	1,538	92,921	1,538	92,921
Employee benefit obligation	50,580	48,967	50,580	48,967
	(225,485)	(202,116)	(216,566)	(196,620)

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

(b) Deferred tax liabilities (cont'd):

Movement in temporary differences during the year:

Group:

	Balance at Jan 1, 2009 $'000	Recognised in income $'000	Recognised in equity $'000	Balance at Dec 31, 2009 $'000
Investments	(8,786)	(31,402)	26,011	(14,177)
Investment properties	23,033	(23,033)	-	-
Other receivable	(164,576)	164,565	-	(11)
Employee benefit asset	(237,668)	(17,944)	-	(255,612)
Property, plant and equipment	43,993	(51,796)	-	(7,803)
Other liabilities	92,921	(91,383)	-	1,538
Employee benefit obligation	48,967	1,613	-	50,580
Tax value of losses carried forward	-	-	-	-
	(202,116)	(49,380)	26,011	(225,485)

Society:

	Balance at Jan 1, 2009 $'000	Recognised income $'000	Recognised equity $'000	Balance at Dec 31, 2009 $'000
Investments	-	-	-	-
Investment properties	23,033	(23,033)	-	-
Employee benefits asset	(240,333)	(18,867)	-	(259,200)
Property, plant and equipment	43,357	(52,841)	-	(9,484)
Other liabilities	92,921	(91,383)	-	1,538
Other receivables	(164,565)	164,565	-	-
Employee benefit obligation	48,967	1,613	-	50,580
	(196,620)	(19,946)	-	(216,566)

No deferred tax liability, in respect of the undistributed profits of subsidiaries amounting to $Nil (2008: $523,776), has been recognised as the Society controls whether the liability will be incurred, and it is satisfied that a liability will not be incurred in the foreseeable future.

14. EMPLOYEE BENEFIT ASSET/OBLIGATION

The Group provides for post-employment pension benefits through a defined-contribution pension scheme, and defined-benefit pension scheme, both administered by trustees. All the schemes are funded by contributions from the Group and employees in accordance with the rules of the schemes.

The defined-contribution scheme is closed to new entrants and there are no further contributions. Under this scheme, retirement benefits are based on the Group's and employees' accumulated contributions plus interest and, therefore, the Group has no further liability to fund benefits.

The defined-benefit pension scheme, under which retirement benefits are calculated by reference to, inter alia, final salary, was most recently actuarially valued as at December 31, 2007.

14. EMPLOYEE BENEFIT ASSET/OBLIGATION (CONT'D)

The Group also provides post-employment medical benefits to retirees.

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

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Employee benefit asset (i)	864,000	721,000	864,000	721,000
Post-employment medical benefit obligation (ii)	190,500	163,100	168,600	146,900

(i) Employee benefit asset:

	Group and Society	
	2009	2008
	$'000	$'000
(a) Amount recognised in the statement of financial position:		
Present value of funded obligations	(1,279,600)	(1,120,400)
Fair value of scheme assets	2,943,500	2,463,400
	1,663,900	1,343,000
Unrecognised actuarial gains	(643,300)	(460,900)
Unrecognised amount of scheme assets due to limitation in economic benefit	(156,600)	(161,100)
	864,000	721,000
Scheme assets consist of the following:		
Equity securities	579,900	93,000
Government securities	1,820,200	1,936,700
Resale agreements	56,100	5,000
Property investments	69,800	52,200
Net current assets	417,500	369,400
	2,943,500	2,456,300

14. EMPLOYEE BENEFIT ASSET/OBLIGATION (CONT'D)

(i) Employee benefit asset (cont'd):

(b) Movements in the net assets recognised in the statement of financial position:

	Group and Society	
	2009	2008
	$'000	$'000
Net asset at January 1	721,000	756,500
Contributions paid	5,500	4,300
Income/(expense) recognised in the income statement	137,500	(39,800)
Net assets at December 31	864,000	721,000

(c) Movement in scheme assets:

	2009	2008
Fair value of scheme assets January 1	2,456,300	2,380,900
Contributions paid into the scheme	40,200	30,500
Benefits paid by the scheme	(156,000)	(75,500)
Expected return on scheme assets	311,800	259,400
Actuarial gain/(loss) on plan assets	291,200	(139,000)
Fair value of scheme assets December 31	2,943,500	2,456,300

(d) Income recognised in the income statement:

	Group and Society	
	2009	2008
	$'000	$'000
Current service costs	17,300	23,100
Interest on obligation	174,600	138,000
Expected return on scheme assets	(311,800)	(259,900)
Net actuarial gain recognised	(13,000)	(22,500)
Change in disallowed asset	(4,600)	161,100
	(137,500)	39,800
Actual return on plan assets	13.50%	13.00%

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2009	2008
	%	%
Discount rate at December 31	16.0	16.0
Expected return on plan assets at December 31	13.5	13.0
Future salary increases	12.5	12.5
Future pension increases	9.0	8.5

14. EMPLOYEE BENEFIT ASSET/OBLIGATION (CONT'D)

(i) Employee benefit asset (cont'd):

(e) Historical information:

Defined benefit pension plan:

	2009	2008	2007	2006	2005
	$'000	$'000	$'000	$'000	$'000
Present value of the defined benefit	(1,279,600)	(1,120,400)	(1,048,200)	(1,080,100)	(877,100)
Fair value of plan assets	2,943,500	2,463,400	2,380,900	2,023,600	1,919,300
	1,663,900	1,343,000	1,332,700	943,500	1,042,200
Experience adjustments arising on plan liabilities	28,400	26,700	26,100	(9,600)	4,900
Experience adjustments arising on plan assets	291,200	(141,300)	216,700	(75,800)	12,900

(ii) Employee benefit obligation:

The employee benefit obligation represents the present value of the constructive obligation to provide medical benefits.

(a) Obligation recognised in the statement of financial position:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Present value of obligations	185,500	130,900	159,600	116,900
Unrecognised actuarial gain	5,000	32,200	9,000	30,000
	190,500	163,100	168,600	146,900

(b) Movements in the obligation recognised in the statement of financial position:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Balance at beginning of year	164,400	142,700	146,900	128,600
Contributions paid	(2,600)	(2,000)	(2,500)	(1,900)
Expense recognised in the income statement	28,700	23,700	24,200	20,200
Balance at end of year	190,500	164,400	168,600	146,900

14. EMPLOYEE BENEFIT ASSET/OBLIGATION (CONT'D)

(ii) Employee benefit obligation (cont'd):

(c) Expense recognised in the income statement:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Actuarial (gains)/losses	(1,200)	(500)	(1,100)	(500)
Current service costs	7,800	7,600	5,900	5,800
Gains on curtailment	-	-	-	-
Interest on obligations	22,100	16,600	19,400	14,900
	28,700	23,700	24,200	20,200

(d) Principal actuarial assumptions at the date of the statement of financial position (expressed as weighted averages):

	2009	2008
	%	%
Discount rate	16.0	16.0
Medical claims growth	15.0	15.0

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 65 is 21 years for males and 26 years for females.

The overall expected long-term rate of return on assets is 10 percent. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The Group expects to pay $3,674,000 in contributions to the defined-benefit schemes in 2010.

(e) Historical information

Post-employment medical benefits:

	2009	2008	2007	2006	2005
	$'000	$'000	$'000	$'000	$'000
Present value of the defined benefit obligation:					
Group	187,800	131,400	122,400	126,900	95,000
Directors' pension plan	22,127	18,800	14,300	13,000	11,000
Concessionary mortgage loans	2,641	2,200	1,400	1,400	1,000
Fair value of plan assets	212,568	152,400	138,100	141,300	107,000
Experience adjustments arising on plan liabilities:					
Group	(29,100)	13,400	15,800	(3,800)	21,900
Directors' pension plan	1,699	(2,676)	800	(300)	(100)
Concessionary mortgage loans	(966)	(1,184)	40	(400)	(100)
	(28,367)	9,540	16,640	(4,500)	21,700

14. EMPLOYEE BENEFIT ASSET/OBLIGATION (CONT'D)

(ii) Employee benefit obligation (cont'd):

(e) Historical information (cont'd)

Post-employment medical benefits (cont'd):

Assumed health care cost trends have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	Group		Society	
	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Effect on the aggregate service and interest cost	7,800	(5,900)	6,600	(5,000)
Effect on the defined benefit obligation	46,300	(34,800)	39,100	(29,400)

15. INTEREST IN SUBSIDIARIES

	Society	
	2009 $'000	2008 $'000
Shares, at cost [see note 1(b)]	282,566	232,566
Current accounts	55,994	74,615
	338,560	307,181

16. INTANGIBLE ASSETS

	Group	
	2009 $'000	2008 $'000
(a) Goodwill arising on consolidation At beginning and end of the year	7,940	7,940

16. INTANGIBLE ASSETS (CONT'D)

(b) Computer software:

	Group			Society		
	Computer software $'000	Improvements in progress $'000	Total $'000	Computer software $'000	Improvements in progress $'000	Total $'000
Cost:						
December 31, 2007	140,942	86,001	226,943	105,890	86,001	191,891
Transfer from property plant and equipment	343	-	343	-	-	-
Transfer between categories	84,165	(84,165)	-	84,165	(84,165)	-
Additions	2,423	50	2,473	-	50	50
Transfer to property plant and equipment	-	(1,836)	(1,836)	-	(1,836)	(1,836)
December 31, 2008	227,873	50	227,923	190,055	50	190,105
Transfer between categories	128	(128)	-	128	(128)	-
Additions	4,335	228	4,563	3,334	228	3,562
Transfer to computer software	-	(2)	(2)	-	-	-
Transfer to property plant and equipment	-	(34)	(34)	-	(34)	(34)
December 31, 2009	232,336	114	232,450	193,517	116	193,633
Depreciation:						
December 31, 2007	99,291	-	99,291	86,260	-	86,260
Transfer of depreciation from property plant and equipment	245	-	245	-	-	-
Charge for year	30,054	-	30,054	22,994	-	22,994
December 31, 2008	129,590	-	129,590	109,254	-	109,254
Charge for year	34,626	-	34,626	28,114	-	28,114
December 31, 2009	164,216	-	164,216	137,368	-	137,368
Carrying value						
December 31, 2009	68,120	114	68,234	56,149	116	56,265
December 31, 2008	98,283	50	98,333	80,801	50	80,851
Total intangible assets						
December 31, 2009	76,060	114	76,174	56,149	116	56,265
December 31, 2008	106,223	50	106,273	80,801	50	80,851

	Group ($'000)	Society ($'000)
Total intangible assets:		
December 31, 2009	76,174	56,265
December 31, 2008	106,273	80,851

17. INVESTMENT PROPERTIES

	Group	Society
	$'000	$'000
Cost:		
December 31, 2007	271,228	388,548
Additions	6,881	6,881
Transfer to property, plant and equipment	(7,063)	(7,063)
December 31, 2008	271,046	388,366
Additions	3,922	3,922
December 31, 2009	274,968	392,288
Depreciation:		
December 31, 2007	32,146	32,146
Charge for the year	5,577	5,577
December 31, 2008	37,723	37,723
Charge for the year	5,969	5,969
December 31, 2009	43,692	43,692
Net book values:		
December 31, 2009	231,276	348,596
December 31, 2008	233,323	350,643
December 31, 2007	239,082	356,401

Included in investment properties is land at cost of $41,091,000 (2008: $41,091,000) for the Group, net of intra-group profit of $117,320,000 recorded during 2000; and $41,091,000 (2008: $41,091,000) for the Society.

The fair value of investment properties, as determined by Victoria Mutual (Property Services) Limited (note 1), on the open-market value basis in the current and prior years, was $1,358,000,000 (2008: $1,304,450,000) for the Group and the Society.

18. PROPERTY, PLANT AND EQUIPMENT

Group:

	Leasehold and freehold land and buildings	Office furniture and equipment	Motor vehicles	Improvements in progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
December 31, 2007	264,474	778,663	13,653	10,770	1,067,560
Translation adjustment*	(15,674)	(7,532)	-	-	(23,206)
Transfer from improvements in progress	-	7,419	-	(7,419)	-
Transfer from intangible assets	-	1,836	-	-	1,836
Transfer to intangible assets	-	(343)	-	-	(343)
Revaluation adjustment	8,677	-	-	-	8,677
Additions	36	85,708	116	15,369	101,229
Disposals	-	(1,587)	(2,040)	-	(3,627)
December 31, 2008	257,513	864,164	11,729	18,720	1,152,126
Translation adjustment*	7,087	10,527	-	-	17,614
Transfer from improvements in progress	-	31,916	-	(31,916)	-
Transfer from intangible assets	-	-	-	34	34
Revaluation adjustment	(2,125)	-	-	-	(2,125)
Additions	627	43,191	2,455	28,421	74,694
Disposals	-	(795)	(690)	-	(1,485)
December 31, 2009	263,102	949,003	13,494	15,259	1,240,858
Depreciation					
December 31, 2007	61,035	570,730	9,710	-	641,475
Translation adjustment *	(233)	(6,858)	-	-	(7,091)
Charge for year	7,001	59,959	1,576	-	68,536
Transfer to intangible assets	-	(245)	-	-	(245)
Eliminated on disposals	-	(1,450)	(1,318)	-	(2,768)
December 31, 2008	67,803	622,136	9,968	-	699,907
Translation adjustment *	(729)	9,810	(143)	-	8,938
Charge for year	8,247	60,200	1,423	-	69,870
Eliminated on disposals	-	(758)	(690)	-	(1,448)
December 31, 2009	75,321	691,388	10,558	-	777,267
Net book values:					
December 31, 2009	187,781	257,615	2,936	15,259	463,591
December 31, 2008	189,710	242,028	1,761	18,720	452,219
December 31, 2007	203,439	207,933	3,943	10,770	426,085

* The translation adjustment arises from translation of the opening balances of the fixed assets of a foreign subsidiary at exchange rates prevailing at December 31, 2008 which differed from those prevailing at the end of the previous year.

The Group's freehold land and buildings include land at cost of $28,482,363 (2008: $27,161,792).

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Society:

	Leasehold and freehold land and buildings	Office furniture & equipment	Motor vehicles	Improvement in progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
December 31, 2007	212,743	691,358	13,257	10,770	928,128
Additions	-	71,455	-	15,369	86,824
Transfers	-	7,419	-	(7,419)	-
Transfer from investment properties	-	7,063	-	-	7,063
Adjustment to capital improvement		1,836	-	-	1,836
Disposal	-	-	(1,644)	-	(1,644)
December 31, 2008	212,743	779,131	11,613	18,720	1,022,207
Additions	-	38,438	2,350	28,421	69,209
Transfers	-	31,916	-	-	31,916
Transfer from intangible assets	-	-	-	34	34
Adjustment to capital improvement	-	-	-	(31,916)	(31,916)
Disposal	-	-	(690)	-	(690)
December 31, 2009	212,743	849,485	13,273	15,259	1,090,760
Depreciation:					
December 31, 2007	41,664	498,506	9,638	-	549,808
Charge for year	4,724	54,638	1,547	-	60,909
Disposal	-	-	(1,240)	-	(1,240)
December 31, 2008	46,388	553,144	9,945	-	609,477
Charge for year	4,723	54,355	1,376	-	60,454
Other adjustment	-	-	(143)		(143)
Disposal	-	-	(690)	-	(690)
December 31, 2009	51,111	607,499	10,488	-	669,098
Net book values:					
December 31, 2009	161,632	241,986	2,785	15,259	421,662
December 31, 2008	166,355	225,987	1,668	18,720	412,730
December 31, 2007	171,079	192,852	3,619	10,770	378,320

The Society's freehold land and buildings include land at a cost of $23,807,012 (2008: $23,807,012).

19. SHAREHOLDERS' SAVINGS

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
B shares	1,710,863	1,842,373	1,710,863	1,842,373
C shares	45,081,682	39,593,896	45,208,660	39,859,078
	46,792,545	41,436,269	46,919,523	41,701,451
Deferred shares [notes 26(i) and 27]	61,750	81,192	210,027	81,192
	46,854,295	41,517,461	47,129,550	41,782,643

Deferred shares are issued on terms that they shall not be withdrawable before the expiration of three years and may be interest bearing.

Included in shareholders' savings are accounts with the following maturity profile:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
On demand to 3 months	36,608,279	32,460,778	36,735,258	32,725,960
Three to 12 months	2,810,320	2,156,099	2,810,320	2,074,907
Over 12 months	7,435,696	6,900,584	7,583,972	6,981,776
	46,854,295	41,517,461	47,129,550	41,782,643

20. DEPOSITORS' SAVINGS

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Due to depositors	523,388	369,006	523,388	369,006
Percentage of the Society's mortgage loan balances	1.70%	1.68%	1.70%	1.68%

21. OTHER LIABILITIES

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Due to reinsurers	343,591	285,195	-	-
Clients funds	28,676	20,753	-	-
Deposits – private treaty sales	39,771	18,272	39,771	18,272
Accrued expenses and other payables	1,053,422	1,533,497	383,462	712,595
	1,465,460	1,857,717	423,233	730,867

22. REPURCHASE AGREEMENTS

The Group sells Government and corporate securities and agrees to repurchase them on a specified date and at a specified price (repurchase agreements). On receiving payment from the purchaser, the underlying securities are sometimes delivered to the purchaser, although title is not formally transferred unless the securities are not repurchased on the date specified or other conditions are not honoured.

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	3,056,827	4,243,154	-	-
Denominated in United States dollars	3,712,731	2,933,032	-	-
	6,769,558	7,176,186	-	-

At December 31, 2009, securities obtained under resale agreements and certain investments (see notes 8 and 10) and interest accrued thereon are pledged as collateral for repurchase agreements. These financial instruments have a carrying value of $7,311,491,040 (2008: $7,932,023,000) for the Group.

23. INSURANCE UNDERWRITING PROVISIONS

	Group	
	2009	2008
	$'000	$'000
Unearned premiums	642,238	602,596
Outstanding claims	155,343	179,576
	797,581	782,172

24. LOANS PAYABLE

	Group and Society	
	2009	2008
	$'000	$'000
United States dollar loan [see (a) below]	445,278	399,810
United States dollar loan [see (b) below]	-	799,595
Jamaican dollar loan [see (b) below]	-	156,000
	445,278	1,355,405
Interest payable	5,110	27,730
	450,388	1,383,135

24. LOANS PAYABLE (CONT'D)

(a) This represents a US$5 million loan, which bears interest at 2.72% per annum. The loan will mature July 30, 2010. The loan is secured by call deposits amounting to £3,961,429 (2008: £3,938,059). (Note 7).

(b) This comprised three loans:

Loan # 1 - US$5 million, which bore interest at a rate of 4.25% per annum, was fully repaid on February 27, 2009

Loan #2 - US$5 million, which bore interest at a rate of 4.01% per annum, was fully repaid on March 4, 2009.

Loan #3 - J$156 million, which bore interest at a rate of 12% per annum, payable annually, was fully repaid on December 9, 2009.

25. PERMANENT CAPITAL FUND

The regulations (see note 2) require that every building society maintain a minimum subscribed capital of $25,000,000. At least four-fifths of such subscribed capital is to be paid up in cash. In view of the non-applicability of "subscribed capital" to a mutual society, and in accordance with an agreement with the Bank of Jamaica, pending passage of appropriate legislation, a "Permanent Capital Fund" has been established in lieu of subscribed capital [see note 26(i)].

26. RESERVES

(i) Reserve fund:

The regulations (see note 2) require the Society to transfer at least 10% of its net surplus after income tax each year to the reserve fund until the amount of the reserve fund is equal to the amount paid up on its Permanent Capital Fund [which, though not formally recognised, is the fund substituted for the capital shares referred to in the regulations (see notes 25 and 27)] and its deferred shares (note 19).

26. RESERVES (CONT'D)

(ii) Retained earnings reserve:

The regulations (see note 2) permit the Society to transfer a portion of its profits to a retained earnings reserve, which constitutes a part of the capital base (see note 27). Transfers of profits to the retained earnings reserve are made at the discretion of the directors, but must be notified to Bank of Jamaica to be effective.

(iii) Capital reserve on consolidation:

Capital reserve on consolidation represents primarily subsidiaries' post acquisition retained earnings capitalised by issuing bonus shares.

(iv) Credit facility reserve:

Credit facility reserve represents provisions for loan loss required under the Building Societies Act in excess of the requirements of IFRS [see notes 4(r) and 11(c)].

(v) Investment revaluation reserve:

Investment revaluation reserve represents cumulative unrealised gains, net of losses, arising from the changes in fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) Currency translation reserve:

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

27. CAPITAL BASE

	Group and Society	
	2009	2008
	$'000	$'000
Permanent capital fund (note 25)	3,017,506	2,941,630
Reserve fund [note 26(i)]	366,551	358,120
Retained earnings reserve [note 26(ii)]	504,268	559,222
Deferred shares (note 19)	210,027	81,192
Total capital base [note 6(c)]	4,098,352	3,940,164

Capital base has the meaning ascribed in the regulations (see note 2).

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Many of the Group's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and the fair values may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

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

The fair values of cash and cash equivalents, resale agreements, other assets, repurchase agreements, and other liabilities are assumed to approximate their carrying values in view of their short-term nature.

The estimated fair values of loans receivable are assumed to be the principal receivable, less any provision for losses.

The fair value of savings fund, which are substantially payable on demand, or after notice, are assumed to be equal to their carrying values.

The fair value of loans payable is assumed to approximate carrying value as the loans are due within the short-term and bear interest at rates at or close to market (note 24).

The fair values of investments are as follows:

(i) Investments – Jamaica Government securities:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Held-to-maturity securities:				
Securities denominated in United States dollars:				
Bonds	449,731	373,104	-	-
Securities denominated in Jamaica dollars:				
Bonds	261,897	-	-	-
Treasury bills	27,399	-	-	-
Debenture	1,000	-	-	-
	290,296	-	-	-
Available-for-sale securities:				
Securities denominated in United States dollars:				
Bonds	1,073,225	1,026,932	603,480	651,639
Securities denominated in Jamaica dollars:				
Bonds	1,695,876	2,083,164	1,695,876	2,020,527
Debentures	2,167,049	2,233,387	230,584	179,746
Treasury bills	52,299	80,408	28,364	-
Local registered stock	589,170	645,408	223,618	358,868
	5,577,620	6,069,299	2,178,442	2,559,141
	6,317,646	6,442,403	2,781,922	3,210,780
Loans and receivables:				
Bonds	2,091,073	3,109,624	1,885,009	2,939,472
	8,408,719	9,552,027	4,666,931	6,150,252

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

(ii) Investments – Other

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans and receivables:				
Bank deposits	866,167	333,491	56,291	46,200
Bonds	3,211,581	3,766,285	-	-
Available-for-sale:				
Treasury bills	-	112,044	-	112,044
Bonds	852,100	975,169	852,100	975,169
Ordinary shares - quoted	54,122	49,132	46,541	41,490
Ordinary shares - unquoted	39	39	39	39
Units in unit trusts	6,342	5,458	6,342	5,458
	4,990,351	5,241,618	961,313	1,180,400

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group

	Level 1	Level 2	Level 3	Total
December 31, 2009				
Available-for-sale financial assets	392,541	6,094,298	39	6,486,878
Financial assets held for trading	3,384	-	-	3,384
December 31, 2008				
Available-for-sale financial assets	636,906	6,873,124	39	7,510,069
Financial assets held for trading	3,558	-	-	3,558

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

(ii) Investments – Other **(cont'd)**

Society

	Level 1	Level 2	Level 3	Total
December 31, 2009				
Available-for-sale financial assets	388,344	3,298,600	39,326	3,726,270
December 31, 2008				
Available-for-sale financial assets	632,822	3,712,158	39,326	4,384,306

29. NET INTEREST INCOME

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Interest income				
Investment securities	2,700,200	2,322,772	1,512,554	1,376,065
Loans to customers	3,630,339	2,936,443	3,631,696	2,933,809
	6,330,539	5,259,215	5,144,250	4,309,874
Interest expense				
Interest on borrowings	42,794	62,938	47,537	57,471
To shareholders	3,422,595	2,795,363	2,616,092	2,115,107
To depositors	56,118	56,030	56,118	56,030
Other	7,685	8,725	7,686	8,470
	3,529,192	2,923,056	2,727,433	2,237,078
Net interest income	2,801,347	2,336,159	2,416,817	2,072,796

30. NET FEE AND COMMISSION INCOME

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Fee and commission income				
Reinsurance	13,301	119,045	-	-
Customers	78,777	33,563	55,174	75,644
Other	140,551	109,365	13,301	33,736
	232,629	261,973	68,475	109,380
Fee and commission expenses				
Reinsurance	17,064	22,831	-	-
Other	32,613	34,139	32,552	48,000
Inter-bank transaction fees	26,563	34,568	26,419	19,866
	76,240	91,538	58,971	67,866
Net fee and commission income	156,389	170,435	9,504	41,514

31. OTHER OPERATING REVENUE

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Insurance premiums	766,900	714,324	-	-
Other income	349,489	335,809	182,751	288,784
Rent	37,578	30,832	43,353	34,780
Dividends	20,260	25,646	30,842	12,649
(Loss)/gain on sale of investments	(4,199)	222,069	(4,199)	222,069
Gain/(loss) on disposal of property, plant and equipment	339	(4,500)	376	274
	1,170,367	1,324,180	253,123	558,556

32. PERSONNEL COSTS

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Salaries	857,071	835,013	666,076	647,025
Pension scheme contributions	6,102	4,024	5,414	3,264
Statutory payroll contributions	109,347	97,269	91,082	82,326
Other	295,984	298,174	255,693	266,570
	1,268,504	1,234,480	1,018,265	999,185

33. OTHER OPERATING EXPENSES

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Direct operating expenses for investment property that generated rental income	74,720	51,297	74,720	51,297
Administration	952,069	847,689	982,016	893,679
Audit fees	36,094	29,296	19,937	15,150
Directors' fees [note 36(d)]	16,204	14,352	5,788	5,800
Specific provision for losses	66,465	20,834	66,157	20,834
Impairment – quoted shares	22,842	-	22,842	-
Underwriting expenses	750,407	612,452	-	-
	1,918,801	1,575,920	1,171,460	986,760

34. INCOME TAX EXPENSE

(a) Income tax expense is based on the surplus for the year, as adjusted for tax purposes, and is computed at statutory rates of 30% for the Society, 33⅓% for local subsidiaries and 25% for certain foreign subsidiaries [note 34(c)]. In computing taxable income of the Society, transfers to general reserves (as defined in the Income Tax Act) are exempt from income tax if the general reserves after such transfers do not exceed 5% of assets. The charge is made up as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(i) Current tax expense:				
Current tax at 30%	104,226	94,204	104,226	94,204
Current tax at 25% and 33⅓%				
- current year	112,316	52,427	-	-
- prior years	16,322	(77)	16,322	-
	232,864	146,554	120,548	94,204
(ii) Deferred tax expense:				
Origination and reversal of temporary differences [notes 13(a) and (b)]	(27,246)	(23,033)	19,946	(6,552)
Tax benefit of unused tax losses	48,709	48,913	-	-
	21,463	25,880	19,946	(6,552)
Actual tax expense recognised	254,327	172,434	140,494	87,652

(b) At the date of the statement of financial position, taxation losses of certain subsidiaries, subject to agreement by the Commissioner, Taxpayer Audit and Assessment, available for relief against future taxable income, amounted to approximately $34,350,000 (2008: $36,481,000).

In his April 2006, budget presentation, the Minister of Finance and Planning announced that, instead of indefinitely, the carry forward of taxation losses would be restricted to five years, with effect from January 1, 2007. Up to the date of approval of the financial statements, enabling legislation had not been passed. The amounts disclosed, therefore, do not reflect any change in the current treatment of taxation losses from what prevailed prior to the announcement.

34. INCOME TAX EXPENSE (CONT'D)

(c) Reconciliation of effective tax charge:

The effective tax rate, that is, the income tax expense as a percentage of the reported surplus, is different from the statutory rates [note 34(a)] is 30.63% (2008: 20.22%) for the Group and 35.55% (2008: 14.67%) for the Society. The actual income tax expense differs from the expected income tax expense for the year, as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Surplus before income tax	830,333	852,662	395,182	597,441
Computed "expected" income tax using statutory tax rates	237,984	264,248	118,555	179,232
Tax effect of treating the following items differently for taxation than for financial statement purposes				
Depreciation charge and capital allowances	(8,183)	(16,368)	(8,170)	(13,856)
Disallowed expenses	(7)	4,579	-	-
Unrealised exchange gain	(2,511)	(2,001)	-	-
Interest receivable	9	-	-	-
Tax losses utilised	324	-	-	-
Interest payable	-	(1)	-	-
Other	10,389	(78,023)	13,787	(77,724)
	238,005	172,434	124,172	87,652
Adjustment for prior year underprovision	16,322	-	16,322	-
Actual tax expense recognised	254,327	172,434	140,494	87,652

35. SURPLUS FOR THE YEAR

	Group	
	2009	2008
	$'000	$'000
Dealt with in the financial statements of:		
The Society	254,688	509,789
Subsidiaries	321,318	233,984
	576,006	743,773

In accordance with the policy set out at note 4(a), minority interest has not been allocated a share of the relevant subsidiary's loss.

36. RELATED PARTY TRANSACTIONS

(a) Identity of related parties:

The Society has a related party relationship with its subsidiaries, with its directors, senior officers and executives, as well as those of subsidiaries. The directors, senior officers and executives are collectively referred to as "key management personnel".

(b) The Society's statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	2009	2008
	$'000	$'000
Subsidiaries:		
Resale agreements	718,173	266,000
Shareholders' savings	(277,964)	(257,851)
Net lease receivable	10,917	-
Key management personnel:		
Mortgage loans	62,386	39,145
Other loans	15,108	17,532
Shareholders' savings	(13,331)	(8,365)
Non-executive Directors - mortgage loans	11,239	12,867

Average interest rates charged on balances outstanding are lower than the rates that would be charged in an arm's length transaction.

The mortgages and secured loans granted are secured on property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

(c) The Society's income statement includes income earned in/(expenses arising from) transactions with related parties, as follows:

	2009	2008
	$'000	$'000
Directors:		
Interest from loans	3,283	1,251
Key management personnel:		
Interest from loans	7,388	5,597
Interest expense	(865)	(794)
Subsidiaries:		
Interest and dividends from investments	45,359	128,063
Interest on loans	6,500	13,027
Other operating revenue	20,840	18,509
Interest expense	(21,491)	(15,308)
Other operating expenses	(198,492)	(187,631)

36. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Key management personnel compensation:

In addition to directors' fees paid to non-executive directors (note 33), compensation of key management personnel, included in employee costs (note 32), is as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Short-term employee benefits	83,670	93,500	74,581	85,341
Long service leave	-	-	-	-
Post employment benefits	544	548	544	548
	84,214	94,048	75,125	85,889

In addition to their salaries, key management personnel are provided with non-cash benefits, as well as post-employment benefits under a defined-benefit pension scheme (note14). In accordance with the rules of the scheme, key management personnel 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.

Non-executive directors, who have served the Board continuously for at least five years and attain 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 multiple of a percentage of the annual pensions.

37. COMMITMENTS

(a) Operating lease commitments at the date of the statement of financial position expire as follows:

	Group		Society	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within one year after that date	6,967	6,344	5,911	4,994
Subsequent years	10,713	5,549	5,014	9,988

(b) Commitments for capital expenditure for the Group and the Society amount to approximately $28,500,000 (2008: $6,000,000) at the date of the statement of financial position. Of the total committed amount, $11,445,000 (2008: $Nil) has already been expended and is included in capital improvement (note 18).

The Group leases a number of branch and office premises under operating leases. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are increased every three to five years to reflect market rentals.

38. FOREIGN EXCHANGE RATES

As at December 31, 2009 the Society used Bank of Jamaica buying rate for all balances denominated in foreign currencies.

	2009	2008
	J$	J$
United States Dollar	89.06	79.96
Canadian Dollar	83.25	63.44
Pound Sterling	141.68	114.44
EURO	128.19	112.12

39. SUBSEQUENT EVENTS

In February 2010, the Group participated in the Jamaica Debt Exchange (JDX) transaction. The JDX involved a par-for-par exchange of domestic debt instruments ("Old Notes") issued by the Government of Jamaica for new debt instruments ("New Notes") having lower interest rates and longer maturities. While the Old Notes were all callable by the Government of Jamaica, a majority of New Notes will be non-callable. Participation in the JDX was voluntary. Interest accrued on the Old Notes up to but excluding 24 February 2010 (the Final Settlement Date) will be paid in cash, net of applicable withholding taxes.

Impact on investment portfolio:

The JDX will adversely affect the expected future cash flows from the Group's investment portfolio. The table below summarises the impact of the exchange on coupon rates and maturities.

	Group		Society	
	PRE JDX	POST JDX	PRE JDX	POST JDX
Denominated in Jamaica dollars:				
Total face value exchanged (J$'000)	4,958,920	4,958,920	2,141,691	2,141,691
Weighted average coupon rate	17.50%	11.92%	18.9%	11.89%
Weighted average tenor to maturity (years)	3.4	8.3	11	4
Denominated in United States dollars:				
Total face value exchanged (US$'000)	12,357	12,357	6,723	6,723
Weighted average coupon rate	7.09%	7.84%	8.07%	6.98%
Weighted average tenor to maturity (years)	1.7	5.1	1	4.3

The Group has instituted measures to mitigate the impact of reduced investment earnings on its profitability.

39. SUBSEQUENT EVENTS (CONT'D)

Impact on post-employment benefit plans

The significant reduction in interest rates and consequential downward shift in the yield curve for locally issued Jamaica Government securities will result in a significant reduction in the discount rate used to measure the Group's obligations under its defined benefit pension and other post employment benefit plans. Accordingly, the Group's obligations under these plans are likely to increase significantly. The Group, in conjunction with its actuaries, is in the process of determining the impact on both the accounting measurement of the obligations and funding of these plans.

VICTORIA MUTUAL

2010 CORPORATE DATA

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Senior Vice-President & Group Chief Financial Officer

Noel Hann, JD, F.A.I.A., M.C.M.I,
Senior Vice-President, Group Risk & Compliance

Hugh Reid, F.C.A., F.C.C.A., FLMI, M.Sc, B.Sc. (Hons.)
Senior Vice-President & Chief Operating Officer
(Resigned April 2010)

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Vice-President, Group Human Resource Administration

Vivienne Bayley-Hay, B.Sc. (Hons.)
Vice-President, Group Marketing & Corporate Affairs

Paulette Francis-Smellie, LL.B (Hons.)
Vice-President & Corporate Secretary

Rickardo Ebanks, B. Sc (Hons.)
Vice-President, Information Technology

Horace Bryan, M. Sc., B. Sc. (Hons.)
Vice-President, Centralized Services

Courtney Lodge, MBA, B.A (Hons)
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(Resigned June 2010)

Joan Brown, F.C.C.A., MBA.,
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- Clarke, Robb & Company
- Robertson, Smith, Ledgister & Company
- Robinson, Phillips & Whitehourne
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Bank of Nova Scotia Jamaica Ltd.

Barclays Bank PLC

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Citibank N.A.

National Commercial Bank Jamaica Ltd.

RBTT Bank Jamaica Ltd.

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