



VM Group Reorganisation

FREQUENTLY ASKED QUESTIONS

So, you've heard that the VM Group is being 'reorganised', but you aren't sure what exactly this means. Don't worry, we're happy to help break it down for you. We've compiled a number of the most commonly asked questions about the reorganisation exercise and share the answers below. Stay informed as we journey together to a stronger, brighter future for your VM Group.

1. What is the purpose of the reorganisation?

The reorganisation of the VM Group is necessary to satisfy **two key objectives**:

Your Board of Directors has made a comprehensive proposal that will allow the Group to separate the financial and non-financial companies in the VM Group, to ensure that we are compliant with the Banking Services Act that was passed in 2014 and incorporates similar requirements that were contained in the Building Societies Act, 2004.

The proposed changes to the VM Group structure have been carefully considered to ensure that your membership rights and the values of the Society are securely preserved. Therefore, although we are proposing to make changes to the VM Group structure to ensure compliance with the law, **your Society will remain the same entity you have known and trusted for more than 14 decades.**



2. What will happen to my VMBS account when VMBS converts to a proprietary building society?

If your account has not been dormant for 15 years or longer (15-year Dormant Accounts), it will continue with the Society. However, your membership rights in the Society will be transferred to the new Mutual Holding Company, which will be the new holding company in the VM Group owning all the entities in the Group.

If your account has been dormant for 15 or more years, then the account will be closed and the amounts standing to the credit of your account will belong to the Society. However, **you may at any time request that your account balance be repaid or that the Society re-establish your account.** If your account is re-established, you will be granted membership rights in the new Mutual Holding Company.

3. How do I re-establish my account if it has been dormant for 15 years or longer?

If you wish to re-establish your account, simply contact our Member Engagement Centre. Our Team will guide you through the process of re-establishing your account or assist you in applying for a repayment of your account balance.

4. How is VM's reorganisation different from the process undertaken by other mutual organisations around the world, particularly in the United Kingdom?

Unlike other mutual organisations, including those in the United Kingdom, your membership rights in the Society will be retained in the new VM Group. In other words, you will continue to be a member of the Mutual Holding Company which will own the VM Group. The Mutual Holding Company will own all entities in the new VM Group,



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including the Society. Therefore, unlike other mutual organisations, which have undertaken similar changes, **VM will remain a mutual organisation owned by its Members.**

5. **Will the ultimate ownership of the VM Group change as a result of the re-organisation?**

No – it will not change at all. The new Mutual Holding Company will own a financial holding and a non-financial holding company. The financial holding company will own the Society, Victoria Mutual Investments Limited and the other financial companies in the Group and the non-financial holding company will own companies such as Victoria Mutual (Property Services) Limited and other non-financial companies in the Group. The important point to note however is that you, as members of the Society, will own the Mutual Holding Company which owns all the companies in the Group.

6. **How will the reorganisation of VMBS benefit me?**

Simply put - Member Benefits.

The sole purpose of the VM Building Society is to help our Members achieve their goals and overall financial wellbeing. As a 'Mutual', our Members are at the heart of all our decisions, meaning we don't have external shareholders to satisfy, unlike commercial banks. You become a Member of the VM Group once you open an account. The following are just some of the Member Benefits provided for you:

1. High interest rate on Mortgage Savings Product – iSave For Home
2. Low Processing Fees
3. Competitive interest rate on mortgage loans
4. 100% Financing on mortgages for Self-Employed persons



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5. Discount on property valuations
6. No fees for transactions done at any MultiLink ABM or Point of Sale facility
7. No Dormancy Fees

7. **What happens to my membership in VMBS when VM Group reorganises?**

Your membership rights in VMBS will be transferred to the **Mutual Holding Company**, which will own all entities in the new VM Group, after VMBS converts to a proprietary building society.

As an owner of the Mutual Holding Company, your legal rights and responsibilities will be outlined in the Articles of Incorporation of that company, which will replace the VMBS Book of Rules. The Articles of Incorporation are the primary rules governing membership in the new Mutual Holding Company.

8. **How long will it take for VMBS to reorganise?**

VMBS is now in the process of making an application to the Supreme Court to approve the reorganisation of the VM Group.

By order of the Supreme Court, a General Meeting will be convened, and, you, as a Member, will be asked to vote to approve the proposed new VM Group structure.

Subsequent to your approval, we will return to the Supreme Court for a final decision.

It is estimated that it will take a maximum of 12 months for the restructuring of the entire VM Group to be completed, starting from the date of the Court's final approval.



9. Are there alternatives to reorganising the VM Group?

Yes, but it would mean splitting up the VM Group and disposing of the non-financial companies such as VM Innovations Limited. A reorganisation of the VM Group is therefore necessary to comply with the legal requirements outlined in the Banking Services Act, passed in 2014, which enhance the compliance framework of previous legislation that requires that groups which offer financial services, such as VMBS, must separate their financial entities from any non-financial ones.

Therefore, while some reorganisation is required in any event, our proposed structure allows us to keep the Group intact with a structure which meets the requirements of the new banking law.

10. Do I have a say in whether VMBS reorganises its Group?

Yes, as a Member, you have a legal say in whether VMBS reorganises the VM Group. You will be given an opportunity to vote at a meeting which will be summoned under a Court Order. However, you must recognise that regardless of what happens, under the new Banking Services Act the Society will not be allowed to continue with its current structure or else it would be operating illegally. In other words, the Banking Services Act requires that the VM Group be re-organised so that real sector companies be separated from financial and regulated companies and that a financial holding company be established.

11. If my VMBS account is dormant or unclaimed, will I still be able to vote?

Yes, if your account is dormant or unclaimed, for however long, you are still entitled to a vote.



12. What is the voting process?

VMBS will make the process of voting simple, free and fair for all Members.

When the Supreme Court grants its initial approval of the proposal to convert VMBS and to reorganise the VM Group, you will be invited to attend a **General Meeting** to vote on the proposed changes. However, before the meeting, VMBS will communicate with you and provide you with all the information necessary to assist you with understanding the proposed changes.

At the General Meeting, you will be provided with a ballot on which you will place your vote at the appropriate time. Each vote will be counted and the results of the poll will be announced at the meeting.

Independent auditors will oversee voting to ensure the process is fair.

13. How many votes will I have on a resolution?

In keeping with the **VMBS Book of Rules**, you will, in common with all other Members, be entitled to one vote regardless of your account or loan balance or other factors.

14. Will I be able to vote if I am overseas?

If you are overseas and unable to physically attend the Special General Meeting, you may choose to vote using a proxy ballot. You may designate someone, for example, the VMBS Board Chairman, to cast a vote on your behalf.



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15. Will I still be able to get mortgages from VMBS?

Yes. VMBS will continue to be a private mortgage provider.

16. Will I still be able to access benefits across the VM Group?

As a legal owner of the Mutual Holding Company, you will be able to reap all the benefits that were afforded to you as a VMBS Member. In addition, you will have access to the benefits from our expanded offerings. These include discounts on products and services from other VM Group entities and affiliated merchants.

17. Will the new VM structure mean higher fees for me?

VM is committed to providing our Members with the best value in the market as it relates to rates and fees and will seek to maintain this philosophy going forward. That is how the VM Group will pass meaningful benefits on to you.