POL-705: VMIL & VM Wealth Management Dividend Policy

Effective Date: October 15, 2025 **Date Approved:** October 15, 2025

Reach of Policy: VM Wealth Management Limited

Scope: This policy governs dividends payable by VM Wealth Management Limited & VMIL

Recalls/Retires: POL – 705: VM Wealth Management Dividend Policy v.1.1

Also see: VMFG Dividend Policy

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Key Terms

Dividend	Corporate profits allocated, lawfully declared, and approved by the directors to be paid to the stockholders at a fixed time.
Distributable Profits	Profit available for distribution as dividends after accounting for all legal requirements and internal obligations.

Abbreviations

Abbreviation	Description
ALCO	Assets and liabilities Committee
ARCRC	Audit, Risk and Conduct Review Committee
FC	Finance Committee
VM Wealth	VM Wealth Management
VMIL	VM Investments Limited
VMFG	VM Financial Group Limited
VMG	VM Group Limited
SBU	Strategic Business Unit
OSBCS	Operations Support and Business Continuity Service
FSC	Financial Services Commission
CAR	Capital Adequacy Ratio
FHC	Financial Holding Company

1 Introduction

This Dividend Policy was established to guide the dividend distribution process for VM Investments Limited (VMIL) and VM Wealth Management Limited (VMWM).

This policy aims to ensure consistency, transparency, and compliance with relevant regulations while balancing the interests of stakeholders and the financial stability of VMIL and VMWM.

This policy shall be based on a philosophy that the company should be adequately capitalized and retain sufficient funds to expand and strengthen the business going forward.

This policy shall accordingly be employed in determining any claim by any shareholder, individual or institution regarding the dividend payable, subject to any provisions in the Articles of Association.

The Board of Directors may change this dividend policy from time to time based on changes resulting from return-on-equity of the Company, its liquidity needs or material changes in tax policy affecting the business, among other things.

1.1 Objectives

The primary objective of this policy is to provide a framework for the declaration and distribution of dividends that aligns with the financial and legal obligations of the VM Financial Group and its subsidiaries. It seeks to maintain an optimal balance between rewarding shareholders and retaining sufficient capital for business growth and stability.

1.2 Scope

This policy applies to VMIL and VMWM and encompasses all aspects related to dividend declaration, distribution, frequency, and compliance with the Companies Act of Jamaica.

1.3 Policy Ownership and Maintenance

This Policy is owned by the Chief Executive Officer, VMIL and VMWM and shall be reviewed at least annually, except where there are circumstances impacting the financial sector which may result in a change of the review period. Such a change shall be documented and supported with the reasons for the change.

Procedure and guideline documents are due for review every two years. However, where changes (externally or internally) such as a law, management decision or a change in process occurs that affect the validity and effectiveness of the documents, a review will be triggered within no more than 30 days of the change.

The Senior Manager – Group Finance, VMWM is the officer responsible for the maintenance of this policy and the supporting documents. All enquiries and matters relating to same shall be addressed to this Officer.

Where enhancements, additions and/or deletions occur, the officer with maintenance responsibilities shall ensure that the amended policy is circulated and available on the intranet and other electronic sources within the timelines specified in the VM Group Policy Management (Master Policy).

1.4 Policy Approval

This policy shall be reviewed and recommended for approval by the Asset and Liability Committee and the VMWM Finance Committee. The policy shall be approved by the VM Wealth Management Board of Directors.

1.5 Legal Framework

VM Investments Limited and VM Wealth Management policies are subject to the applicable laws of the jurisdictions within which it operates. In the event that the policy is inconsistent with any such laws, then VMIL and VM Wealth Management will be guided by the legal requirements in that particular jurisdiction and will apply those legal standards and conditions as required.

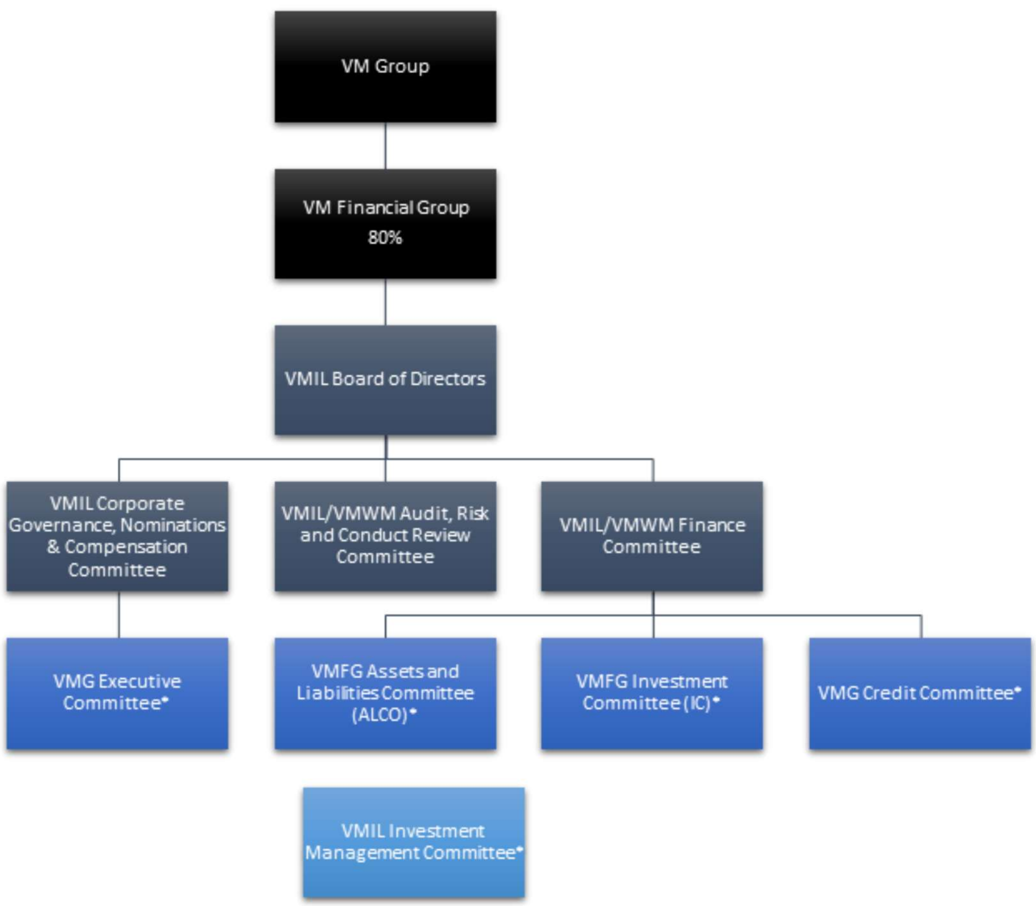
1.6 Adherence to Policy

All Team Members of VMIL and VMWM are required to adhere to this Policy and other related policies and procedures of the VM Group. It is understood that failure to do so will be considered just cause for disciplinary action up to and including termination of employment for cause as appropriate in keeping with the VM Group Disciplinary Code.

All relevant stakeholders must be thoroughly familiar with and make use of the material contained in this Policy and supporting procedural guidelines and legislations.

2 Governance Structure

VM Wealth Management Limited (VM Wealth) is an investment brokerage house licensed with the Financial Services Commission (FSC). VM Wealth is a member of the VM Group and a subsidiary of VM Investments Limited (VMIL). As a member of the VM Group, VMIL and VMWM are guided by the Vision, Mission, Strategic Goals, Core Values, Group internal policies and processes as well as specific regulatory guidelines and best practices.



3 Policy Statements

1. Dividends shall be declared by the Board of Directors after careful consideration of financial performance, financial covenants, legal and regulatory requirements, and the availability of distributable profits.

2. Dividends may be paid in the form of cash dividends that are declared and paid in Jamaican dollars, subject to the availability of distributable profits and legal constraints.

3. The declaration of dividends shall be determined after the consideration of strategic, financial, and regulatory factors.

4. Dividend payments shall be considered at least quarterly.

5. Relevant notice shall be issued accordingly on the consideration to declare dividends.

6. Management shall conduct assessment to determine if a dividend can be declared.

7. A target payout ratio shall be established as a guideline for distributing profits as dividends.

8. The calculation of distributable profits will be in compliance with the Companies Act of Jamaica, Section 158 (4), and will account for all legal obligations, including tax liabilities and other statutory requirements.

9. The target payout amount will be determined based on the target payout ratio and the available distributable profits.

4 Roles and Responsibilities

4.1 Board of Directors

The Board of Directors holds the ultimate authority for declaring dividends within VMIL and VM Wealth Management. They are responsible for making critical decisions on dividend distribution. Key responsibilities include:

1. Carefully evaluating financial performance, legal requirements, and the availability of distributable profits before declaring dividends.

2. Ensuring compliance with all relevant laws and regulations, including the Companies Act of Jamaica, Section 158 (4).

3. Ensuring the communication of dividend decisions to shareholders and providing a clear rationale for these decisions.

4. Overseeing the dividend policy's effectiveness and making necessary adjustments to align with the organization's goals.

5. Reviewing and approving the Dividend Policy.

4.2 Finance Committee of the Board

The Finance Committee assists the Board in making informed financial decisions, including those related to dividends. Key responsibilities include:

1. Reviewing in-depth analysis of the financial performance of VMIL and VM Wealth Management.
2. Evaluate management’s dividend recommendation.

4.3 Audit, Risk and Conduct Review Committee of the Board

The Audit, Risk and Conduct Committee is a vital component of corporate governance responsible for ensuring financial transparency, integrity, and compliance with accounting and auditing standards. Key responsibilities include:

6. Overseeing the financial reporting process, including the preparation of financial statements, to ensure accuracy and transparency.

7. Ensuring compliance with accounting standards, regulatory requirements, and internal controls, including adherence to the Companies Act of Jamaica, Section 158 (4).

8. Providing recommendations to the Board regarding the timing and amount of dividend distributions.

9. Assessing financial risks and their potential impact on dividend payments and the organization's overall financial stability.

10. Collaborating with the internal audit function to review financial and operational controls related to dividend distribution.

11. Ensuring that financial information, including dividend-related data, is accurately disclosed to shareholders in accordance with legal and regulatory requirements.

12. Overseeing the work of external auditors, including reviewing audit findings and recommendations related to dividend-related financial transactions.

13. Reviewing and evaluating the Dividend Policy as well as management recommendations to ensure it remains relevant and aligned before making recommendations for Board review and approval.

4.4 Group Assets and Liabilities Committee (ALCO)

ALCO plays a crucial role in managing the balance between assets and liabilities to support dividend decisions. Key responsibilities include:

1. Assessing the potential impact of dividend distributions on VMIL's and VM Wealth Management's balance sheet and risk profile.

2. Recommending capital allocation strategies that consider both dividend payments and the organization's capital needs.

3. Ensuring that sufficient liquidity is maintained to meet dividend obligations.

4. Reviewing and evaluating the Dividend Policy to ensure it remains relevant and aligns with VMFG's financial goals and objectives, as well as its commitment to regulatory compliance; and making recommendations for further review and approval.

4.5 Group Chief Financial Officer

The Group Chief Financial Officer provides essential financial data and support for the dividend decision-making process. Key responsibilities include:

1. Preparing accurate and timely financial statements that reflect the financial health of VMIL and VM Wealth Management.

2. Providing data and analysis to assist the Board and Board Committees in evaluating financial performance.

3. Ensuring proper tax withholding and reporting for dividend payments, in accordance with the Companies Act of Jamaica.

4. Providing recommendations based on consultation with the Group Chief Treasury Officer and the Group Chief Risk Officer to the Chief Executive Officer regarding dividend distributions.

4.6 Chief Executive Officer

The CEO plays a critical role in providing insights into the operational performance and strategic outlook of VMIL and VMWM. Key responsibilities include:

1. Providing updates on VMIL and VMWM's financial performance, growth prospects, and capital needs.
2. Ensuring that dividend recommendations align with VMIL and VMWM's strategic objectives and capital requirements.
3. Communicating information that may impact dividend decisions.
4. Providing recommendations in consultation with the Group Chief Financial Officer to the Audit, Risk and Conduct Review Committee of the Board regarding the timing and amount of dividend distributions.
5. Ensuring that accurate information is presented to the relevant Board Committees regarding dividend payment.

5 Dividend Framework

5.1 Dividend Declaration

The decision to declare and pay Dividends shall be approved at the shareholders Annual General Meeting ("AGM"), following the recommendation of the Board of Directors after careful consideration of financial performance, legal and regulatory requirements, and the availability of distributable profits.[1]

In addition to regular dividends, VMIL and VM Wealth Management may individually pay a special one-off dividend having taken into consideration fund availability and consideration for future capital projects and investments, future growth in the on-balance sheet portfolio and the regulatory ratios.

In accordance with the provisions of Section 158 of the Companies Act:

- VMIL and VMWM may declare and pay dividends from profits. No dividend shall be payable except out of profits or retained earnings.
- If the financial position of VMIL and VMWM permits, an interim dividend payment may be made at the discretion of the Board of Directors.
- The Board shall not declare a dividend if there are reasonable grounds for believing that:
  - VMIL or VMWM are, or would be after the payment, unable to pay its liabilities as they become due; or
  - The realizable value of VMIL and VMWM's assets would thereby be less than the aggregate of its liabilities and stated capital.
    - Declaring such a dividend would result in a reduction in the required capital ratios early warning limits as so established by the regulator, the Financial Services Commission; or any other key regulatory ratios or requirements established by the Regulator.
    - Declaring such a dividend would result in a severe negative impact on capital that makes it difficult for VMIL or VMWM to grow its operations or achieve its strategic objectives.

[1] See Appendix A: Dividend Memo Template for more details.

5.2 Payment of Dividend

The Board of Directors of VMIL and VMWM may in its discretion declare an Interim Dividend based on profits arrived at as per quarterly or half yearly unaudited financial results.

Dividends may be paid in the form of cash dividends that are declared and paid in Jamaican dollars, subject to the availability of distributable profits and legal constraints. Dividend distribution is subject to the availability of profits for that purpose and also the need to reinvest in the Company from time to time.

5.3 Matters for Consideration

The declaration of dividends for VMIL and VMWM shall be determined after consideration of the following:

- After tax profit for the financial year.
- Retained profit from previous years.
- Deduction of accumulated losses.
- Regulatory and Legal requirements.
- Capital requirements and investment opportunities.
- Market conditions and economic outlook.
- Consideration of VMIL and VMWM's cash flow position.
- Capital growth contingencies.
- Financial covenants
- The long-term strategic goals of VMIL and VMWM.
- Any relevant applicable laws.

5.4 Frequency of Payment

The Board of Directors of VMIL and VMWM shall consider dividend payments at least quarterly.

5.5 Notice of Payment

In the event of any such consideration to declare dividends, the relevant notices required by the regulators shall be issued accordingly

5.6 Impact Assessments

Assessments or stress tests shall be conducted to determine if the recommended dividend for payment will result in a breach of any regulatory ratio or requirement, or severely negatively impact capital; and any potential occurrences should be adequately managed.

The VM Wealth Management Capital Management Policy governs the capital ratios and requirements that ought not to be breached.

5.7 Targeted Payout Ratio

The targeted dividend payout ratio in respect of each financial year is to pay dividends up to 75% of Net Profit After Tax, subject to the availability of funding

5.8 Determination of Distributable Profits

The calculation of distributable profits will be in compliance with Companies Act of Jamaica, Section 158 (4), and will account for all legal obligations, including tax liabilities and other statutory requirements.

The target payout amount will be determined based on the target payout ratio and the available distributable profits as follows:

	2XXX $'000
Retained earnings b/f	
Profit after tax	
	-
Less unrealized gains	
	-
Less dividend paid	
QTR 1	
QTR 2	
QTR 3	
QTR 4	
	-
Less transfers	
Less special capital appropriations	
Less any impaired reserves	
Less inter-group gain on sale	
DISTRIBUTABLE PROFIT	-

6 Appendices

Appendix A: Dividend Memo Template

Date: <Date>

To: The VMWM Board of Directors
From: Chief Executive Officer, VMWM
CC: Group Chief Financial Officer

Subject: Consideration of the Payment of an Interim Dividend for <Period>

Dear: VMWM Board Members

I am writing to provide an overview and recommendation regarding the payment of dividends within VMWM. This memo outlines the key factors and considerations for my recommendation.

Financial Performance:
- <Overview of the financial position of VMWM for the relevant period before and after payment. >
- <Assess profitability, liquidity, and solvency, ensuring that there are sufficient profits available for distribution. >

Compliance with Legal Requirements:
- <Ensure that dividend payments comply with the Income Tax Act of Jamaica, Section 158 (4), and all other applicable regulations. >
- <Verify that there are no legal impediments or obligations that would restrict or impact dividend distribution. >

Capital Needs and Investment Opportunities:
- <Evaluate the capital requirements of VMWM, taking into account potential growth opportunities and strategic initiatives. >
- <Determine whether retaining a portion of earnings is necessary to support these capital needs. >

Market Conditions and Economic Outlook:
- <Consider the current economic environment and market conditions, including any potential risks or uncertainties that may affect dividend payments. >

Recommendation:
- <Based on the above considerations, <Specify recommended dividend action. >
- <If applicable, provide a breakdown of the recommended dividend payment. >

Appendix B: References

References	
Policies	• VMWM Capital Management Policy
Procedures	• N/A
Regulations and Rules	• The Companies Act of Jamaica • The Income Tax Act of Jamaica
Task Lists	• N/A

Appendix C: Revision History

Summary of Work

Version	Changes	Done By	Date
1.0	• Document Creation • Retired previous VMIL Group Dividend Policy to create – VMWM Dividend Policy	Jason Bailey, VMWM	September 20, 2023
1.1	Updated the name of the policy to reflect both VMIL and VM Wealth Management **Policy Statement** Inclusion of an additional statement; #6 **Roles and Responsibilities** – Statement #2 was added under Finance Committee of the Board – Statement #5 added under CEO	Roshaine Rowe Bryan	July 19, 2024
1.2	**Section 1.4 - Policy Approval** Removal approval from the Audit, Risk and Conduct Review Committee (ARCR)	Assistant Vice President- Finance Stuart Andrade "for/on behalf of"	July 5, 2025

	Removal of section 4.3 Audit, Risk and Conduct Review Committee of the Board		

Review

Version	Reviewed By	Date Reviewed
1.0	VMIL Leadership Team	October 9, 2023
1.0	Sandra Davis Lewis, GBPI	October 13, 2023
1.0	Nattana S. Daley, GBPI	October 27, 2023
1.0	VM Group Executive Committee	October 30, 2023
1.0	VMWM Audit Risk and Conduct Review Committee	November 7, 2023
1.0	VMWM Board	November 9, 2023
1.1	VMIL Management Team	August 27, 2024
1.1	Sandra Davis-Lewis	August 29, 2024
1.1	VM Group Executive Committee	November 4, 2024
1.1	Finance Committee	December 3, 2024

1.1	VMIL/VM Wealth Board	December 4, 2024
1.2	VMIL Management Team	July 21, 2025
1.2	Asset and Liability Committee (ALCO)	September 3, 2025
1.2	Finance Committee	September 10, 2025

Approval

Version	Approved By	Date Approved	Date Effective
1.0	VM Group Executive Committee	October 30, 2023	October 30, 2023
1.0	VMWM Board	November 9, 2023	November 9, 2023
1.1	VM Group Executive Committee	November 4, 2024	November 4, 2024
1.1	VMIL/VM Wealth Board	December 4, 2024	December 4, 2024
1.2	VMIL/VM Wealth Board	October 15, 2025	October 15, 2025