

Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2020



VICTORIA MUTUAL
Investments
LIMITED



**KINGSTON, JAMAICA
DATE: MARCH 5, 2021**

HIGHLIGHTS OF VICTORIA MUTUAL INVESTMENTS LIMITED'S RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

PERFORMANCE HIGHLIGHTS:

	Year ended	
	December 31, 2020	December 31, 2019
Consolidated Revenue	\$1,875.59M	\$1,682.96M
Net Profit	\$433.59M	\$598.05M
Return on Average Equity	9.96%	16.85%
Capital to Total Assets	14.74%	17.04%
Efficiency Ratio	59.79%	58.08%
Basic Earnings per Share (\$)	\$0.29	\$0.40
Net Book Value per Share (\$)	\$2.92	\$2.88

The Board of Directors of Victoria Mutual Investments Limited ('VMIL') is pleased to present the audited consolidated results for the year ended December 31, 2020. During 2020, the global economy faced tremendous challenges with the novel coronavirus (COVID-19) pandemic severely disrupting all sectors of the economy. Volatile asset prices in the investment markets impacted players in the financial services sector. Despite this impact, our business delivered a solid and creditable performance. Details of this performance are elaborated below.

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated revenue for the year was \$1.88 billion, reflecting an increase of \$192.63 million or 11.4% over the \$1.68 billion recorded for 2019. This growth in revenue was primarily driven by gains from investment activities, which increased by \$108.09 million.

Consolidated profit after tax was \$433.59 million, representing a reduction of 27.5% when compared with the previous year. The main contributor to the reduction in profit was the increase in the provision for impairment losses on financial assets of \$215.36 million.



Operating expenses, excluding the provision for credit losses on financial assets, totalled \$1.12 billion, representing an increase of 14.7% when compared to the prior year. This is mainly due to our investment in human resources as well as information technology and process improvements, which will allow us to seamlessly and efficiently launch various asset management products. Our efficiency ratio ended the year at 59.8%, up from 58.1% for 2019.

BUSINESS PERFORMANCE HIGHLIGHTS

Managing the challenges of 2020, our business achieved the following milestones:

- Launched an innovative Client Management Portal, our first digitalisation project, which allows our clients to conveniently access their statements and make transaction requests online.
- Accelerated the expansion of our local footprint, with the establishment of four additional branches, taking the number of touchpoints to ten. Additionally, we launched our Premium Wealth Service catering to our ultra-high net worth clients.
- Executed on the regional expansion of Carilend, our peer-to-peer lending platform with the launch of Carilend Jamaica.
- Successfully launched two additional products based on feedback from clients: VM Unit Trust Goal Maximizer Portfolio and our US Equity Trading platform.
- Grew market share in our Asset Management business despite the turbulent investment markets.
- Launched new and upgraded systems in the areas of investment management, risk management, complaints management, anti-money laundering and customer experience.
- Reported stellar performance of our Key Risk Indicators (KRIs) as measured in our Enterprise Risk Management framework, indicating the continued strengthening of our risk management practices.
- Achieved significant improvement in our Net Promoter Score (NPS), attributable to our efforts at improving customer experience.
- Continued the upward trajectory in our human resource engagement index, surpassing global and local benchmarks as we continue to drive towards our strategic goal of Employer of Choice.
- Won the 2019 JSE Best Practice Awards in the following areas:
 1. Best Website
 2. Second runner-up – Corporate Disclosure and Investor Relations



CONSOLIDATED FINANCIAL POSITION

ASSETS

Total assets increased year over year by 17.4% to \$29.72 billion as at December 31, 2020, primarily attributable to an increase in resale agreement balances.

LIABILITIES

Total liabilities were \$25.34 billion as at December 31, 2020, an increase of \$4.34 billion or 20.7% over the prior year, driven mainly by the increase in borrowings and repurchase agreements.

CAPITAL

Our capital base continues to be strong with total shareholders' equity standing at \$4.38 billion, up from \$4.33 billion, which resulted in a book value per share of \$2.92 (2019: \$2.88). The growth in total equity is mainly attributable to: the net increase of \$388.59 million in retained earnings, representing the undistributed portion of our 2020 retained earnings; and the year over year decrease of \$332.48 million in the investment revaluation reserve, representing revaluation losses on investment securities and equity instruments.

Victoria Mutual Wealth Management Limited, our licensed securities dealer, continues to be well capitalised, with a risk weighted capital adequacy ratio of 15.56%, above the regulatory requirement of 10%. The capital to total assets ratio of 14.24% exceeds the regulatory minimum of 6%.

OFF-BALANCE SHEET HIGHLIGHTS

Assets managed on behalf of clients, on a non-recourse basis, grew by an impressive \$3.35 billion or 11.4%, from \$29.48 billion as at December 31, 2019 to \$32.82 billion as at the end of the current period. The year over year growth was fuelled by strong net inflows of \$2.18 billion from our Portfolio Management Clients while we had net inflows of \$1.17 billion into the Unit Trust portfolios.



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ACKNOWLEDGEMENT

We thank our valued clients and shareholders for the strong support and continued loyalty demonstrated over the past year. We are driven by the confidence placed in us and are firmly committed to helping **create, grow and sustain wealth** for those we serve – through all seasons.

The events of 2020 tested the mettle of people and businesses the world over. In the case of VMIL/VMWM, the team was called to an even greater purpose – to continue to serve and empower clients to achieve and sustain financial wellbeing, while contending with the various challenges caused by the pandemic. The team's response was an unflinching show of excellence, as they rallied with remarkable passion to ensure that, in a time of great uncertainty, our clients and shareholders could rest assured that their financial future remained in sure hands.

The team's performance in a year of unprecedented upheaval, coupled with our sound, progressive strategies, assure us that your Company is well poised for even greater performances in the years ahead.

On behalf of the Board of Directors:

A handwritten signature in black ink, appearing to read 'Michael McMorris'.

Michael McMorris
Chairman

A handwritten signature in black ink, appearing to read 'Rezworth Burchenson'.

Rezworth Burchenson
Chief Executive Officer

For further information contact:

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Victoria Mutual Group

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VICTORIA MUTUAL INVESTMENTS LIMITED

Top Ten Largest Shareholders as at December 31, 2020

RANK	NAME	SHAREHOLDINGS
1.	The Victoria Mutual Building Society	1,200,020,000
2.	PAM – University Hospital Scheme of Pensions	7,560,600
3.	Rezworth Burchenson & Valerie Burchenson	6,400,330
4.	Sagicor Select Funds Limited (Class B' Shares) Financial	6,135,970
5.	JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	5,785,039
6.	Michael McMorris & Christine McMorris	5,590,329
7.	VM Wealth Equity Fund	4,791,347
8.	Geoffrey Forde	4,500,000
9.	Rickardo Ebanks & Alda Ebanks	4,337,221
10.	PAM – Pooled Equity Fund	3,673,648



VICTORIA MUTUAL INVESTMENTS LIMITED

**Shareholdings of Senior Managers / Connected Parties
as at December 31, 2020**

NAME	SHAREHOLDINGS
Rezworth Burchenson	6,400,330
Valerie Burchenson / Rezworth Burchenson	249,952
Rachelle Burchenson	75,000
Oswald Burchenson	212,147
Colando Hutchinson / Frances Hutchinson	840,973
Nicole Adamson	379,000
Denise Marshall-Miller/ Wayne Miller	1,001,660
Denise Marshall-Miller/ Ajani Miller	25,000
Denise Marshall-Miller/ Azania Miller	25,000
Denise Marshall-Miller/ Akil Parchment	25,000
Evette M. Bryan / Shulette Cox	180,000
Hekima Reece/Tamieka Reece	240,000
Natalie Bennett	91,000
Davie Martin/Kimberley Martin	62,000



VICTORIA MUTUAL INVESTMENTS LIMITED

Shareholdings of Directors / Connected Parties
as at December 31, 2020

NAME	SHAREHOLDINGS
Michael McMorris / Christine McMorris / Easton McMorris	5,590,329
Courtney Campbell / Pauline Campbell	1,800,000
Dominic Campbell	32,826
Adrian Campbell	8,000
Milton Samuda	103,646
Noel Hann	150,000
Phillip Silvera / Faye Silvera	372,816
Sandra Shirley	413,809
Devon Barrett	101,169
Janice McKenley / Wilfred McKenley	1,045,475
Matthew Gray Wright	677,252
Rezworth Burchenson /Valerie Burchenson	6,400,330
Valerie Burchenson	249,952
Rachelle Burchenson	75,000
Oswald Burchenson	212,147
Vikram Dhiman	0