



**VICTORIA MUTUAL**  
**Investments**  
LIMITED



**INTERIM  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

FIRST QUARTER ENDED MARCH 31, 2019

**KINGSTON, JAMAICA**  
**DATE: TUESDAY, MAY 14, 2019**

**VICTORIA MUTUAL INVESTMENTS LIMITED**  
**REPORTS RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019**

**PERFORMANCE HIGHLIGHTS –**

	Quarter and YTD ended	
	March 31, 2019	March 31, 2018
<b>Consolidated Revenue</b>	<b>\$438.04M</b>	<b>\$285.23M</b>
<b>Net Profit</b>	<b>\$117.86M</b>	<b>\$78.70M</b>
<b>Return on Average Equity</b>	<b>15.39%</b>	<b>12.34%</b>
<b>Capital to Total Assets</b>	<b>15.54%</b>	<b>13.19%</b>
<b>Efficiency Ratio</b>	<b>61.29%</b>	<b>63.66%</b>
<b>Basic Earnings per Share (\$)</b>	<b>\$0.08</b>	<b>\$0.05</b>
<b>Net Book Value per Share (\$)</b>	<b>\$2.24</b>	<b>\$1.68</b>

The Board of Directors of Victoria Mutual Investments Limited (VMIL) is pleased to present the unaudited consolidated results for the quarter ended March 31, 2019.

**CONSOLIDATED FINANCIAL PERFORMANCE**

For the first quarter ended March 31, 2019, VMIL recorded consolidated net profit of \$117.86 million, reflecting an increase of \$39.16 million or 49.76% over the corresponding 2018 quarter. Consolidated profit before tax for the three months ended March 31, 2019 was \$160.69 million, representing an increase of \$59.71 million or 59.14% when compared with the previous year. Earnings per share for the quarter was \$0.08 (March 31, 2018: \$0.05).

The Group's performance was positively impacted by growth in net fees and commissions and gains on investment activities.

Consolidated revenue for the three-month period was \$438.04 million, reflecting an increase of \$152.81 million over the \$285.23 million for the corresponding period of 2018. This 53.57% growth in revenue was driven by net fees and commissions, which increased by \$82.02 million or 41.07% to \$281.74 million, with corporate advisory fees contributing \$191.82 million or 43.79% of total revenue (2018: \$142.67 million or 50.01%).

Our first quarter performance was bolstered by:

- Strong year over year growth in our Asset Management Unit, a key element of our strategic thrust;
- Growth in our corporate finance business which is consistent with our strategic objective of financing the growth of the nation's productive sector;
- Strong securities trading gains of \$80.01 million (2018: \$11.38 million).
- Income from new business lines and products launched, primarily corporate insurance premium financing, and our two new Unit Trust Portfolios, International Equity and US\$ Money Market Portfolios.

Operating expenses for the period under review totalled \$277.35 million, representing an increase of \$93.09 million or 50.52% when compared to the prior year period. These expenses relate to people development, asset tax and other support services required to grow our business.

## **CONSOLIDATED FINANCIAL POSITION**

### **ASSETS**

Total assets increased year over year by \$2.51 billion or 13.15% to \$21.60 billion as at March 31, 2019. This was partly attributable to an increase of \$3.38 billion in investment securities.

### **LIABILITIES**

Total liabilities were \$18.24 billion as at March 31, 2019, an increase of \$1.67 billion or 10.10% from last year, driven mainly by an increase in repurchase agreement balances.

-More-

## **CAPITAL**

Our capital base continues to be strong with total shareholders' equity standing at \$3.36 billion as at March 31, 2019, increasing by \$837.38 million or 33.25% from \$2.52 billion at the end of March 2018. This resulted in a book value per share of \$2.24 (2018: \$1.68). The growth in total equity is mainly attributable to:

- the net increase of \$256.75 million in retained earnings, representing the undistributed portion of our 2018 earnings;
- the year over year increase of \$68.36 million in the investment revaluation reserve, representing revaluation gains on investment securities and equity instruments.

Our wholly owned subsidiary, Victoria Mutual Wealth Management Limited (VM Wealth), a licensed securities dealer, continues to be well capitalised, with a risk weighted capital adequacy ratio of 16.77%, above the regulatory requirement of 10%. VM Wealth's capital to total assets ratio of 13.65% as at March 31, 2019 exceeded the regulatory minimum of 6%.

## **OFF-BALANCE SHEET HIGHLIGHTS**

Assets managed on behalf of clients on a non-recourse basis under management agreements grew by \$5.89 billion or 31.05%, from \$18.96 billion as at March 31, 2018 to \$24.84 billion as at the end of the current period. The year over year growth was mainly fuelled by strong net inflows of \$5.58 billion into the Unit Trust portfolios.

## **DIVIDEND**

The Board of Directors today, approved the payment of an interim dividend of \$0.03 per share, payable on June 12, 2019 to shareholders on record as at May 29, 2019. The ex-dividend date is May 28, 2019.



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# PRESS RELEASE

## ACKNOWLEDGEMENT

We express appreciation to the committed team members of the Group and our valued clients for their continued support.

On behalf of the Board of Directors:

Michael McMorris  
Chairman

Rezworth Burchenson  
Chief Executive Officer

## For further information contact:

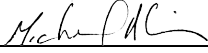
**Clover Moore**, Assistant Vice President - Corporate Affairs and Communications  
**Victoria Mutual Group**


**Email:** [Clover.Moore@vmbs.com](mailto:Clover.Moore@vmbs.com) | **Mobile:** (876) 383-2724

**VICTORIA MUTUAL INVESTMENTS LIMITED**  
**Consolidated Statement of Financial Position**  
**March 31, 2019**

	<b>Unaudited March 31, 2019 \$'000</b>	<b>Unaudited March 31, 2018 \$'000</b>	<b>Audited December 31, 2018 \$'000</b>
<b>ASSETS</b>			
Cash and cash equivalents	1,621,212	1,806,709	740,538
Resale agreements	1,741,053	3,044,440	4,217,141
Investment securities	15,716,300	12,338,069	13,241,358
Net investments in finance lease	100,836	-	108,371
Loans receivable	769,591	531,804	1,376,139
Accounts receivable:			
- Customers	765,198	619,863	868,721
- Other	430,322	378,557	530,631
Income tax recoverable	47,539	5,626	8,621
Deferred tax asset	84,215	105,552	182,398
Property, plant and equipment	18,442	24,853	19,743
Intangible assets	304,501	232,850	316,538
<b>TOTAL ASSETS</b>	<b>21,599,209</b>	<b>19,088,323</b>	<b>21,610,199</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Borrowings	1,410,625	1,506,086	1,410,625
Accounts payable:			
- Customers	710,433	646,547	1,312,170
- Brokers	304,188	13,331	127,594
- Other	1,194,513	809,677	447,685
Repurchase agreements	14,587,785	13,544,839	15,454,981
Income tax payable	-	-	48,720
Deferred tax liability	-	159	-
Employee benefit obligation	36,000	49,400	36,000
<b>TOTAL LIABILITIES</b>	<b>18,243,544</b>	<b>16,570,039</b>	<b>18,837,775</b>
<b>Equity:</b>			
Share capital	707,887	707,887	707,887
Non-controlling interest	50,000	50,000	50,000
Share premium	24,000	24,000	24,000
Investment revaluation reserve	717,137	148,775	251,753
Other reserve	2,334	(9,933)	2,334
Retained earnings	1,854,307	1,597,555	1,736,450
<b>TOTAL EQUITY</b>	<b>3,355,665</b>	<b>2,518,284</b>	<b>2,772,424</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21,599,209</b>	<b>19,088,323</b>	<b>21,610,199</b>

Approved for issue by the Board of Directors on May 14, 2019 and signed on its behalf by:

  
 \_\_\_\_\_ Chairman  
 Michael McMorris

  
 \_\_\_\_\_ Chief Executive Officer  
 Rezworth Burchenson

**VICTORIA MUTUAL INVESTMENTS LIMITED**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**Three months ended March 31, 2019**

	Year to date March 31, 2019	Year to date March 31, 2018
	\$'000	\$'000
Interest income	200,996	180,926
Interest expense	(125,821)	(114,723)
<b>Net interest income</b>	<b>75,175</b>	<b>66,203</b>
Gains from investment activities	80,011	11,380
Net fees and commissions	281,736	199,713
Other income	1,117	7,938
<b>Other operating revenue</b>	<b>362,864</b>	<b>219,031</b>
<b>Net interest income and other operating revenue</b>	<b>438,039</b>	<b>285,234</b>
Staff costs	(121,150)	(82,164)
Impairment losses on financial assets	(8,859)	(2,679)
Other operating costs	(147,342)	(99,415)
	(277,351)	(184,258)
<b>Profit before income tax</b>	<b>160,688</b>	<b>100,976</b>
Income tax	(42,831)	(22,275)
<b>Profit for the period</b>	<b>117,857</b>	<b>78,701</b>
<b>Other Comprehensive Income:</b>		
<b>Items that will never be reclassified to profit or loss:</b>		
Change in fair value of equity instruments designated at fair value through other comprehensive income (FVOCI)	330,990	(24,990)
	330,990	(24,990)
<b>Items that may be reclassified to profit or loss:</b>		
Change in fair value of investment securities	201,591	(41,724)
Deferred tax on change in fair value of investment securities	(67,197)	13,908
	134,394	(27,816)
Other comprehensive income/(loss) net of tax	465,384	(52,806)
<b>Total comprehensive income for the period</b>	<b>583,241</b>	<b>25,895</b>
Basic earnings per share (expressed as ¢ per share)	<u>8¢</u>	<u>5¢</u>

**VICTORIA MUTUAL INVESTMENTS LIMITED**
**Consolidated Statement of Changes in Equity**  
**Three months ended March 31, 2019**

	<u>Share capital</u>	<u>Share premium</u>	<u>Investment revaluation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances as at December 31, 2017</b>	<b>707,887</b>	<b>24,000</b>	<b>201,581</b>	<b>(9,933)</b>	<b>1,610,487</b>	<b>2,534,022</b>	<b>50,000</b>	<b>2,584,022</b>
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	(61,632)	(61,632)	-	(61,632)
<b>Adjusted balance as at January 1, 2018</b>	<b>707,887</b>	<b>24,000</b>	<b>201,581</b>	<b>(9,933)</b>	<b>1,548,855</b>	<b>2,472,390</b>	<b>50,000</b>	<b>2,522,390</b>
Profit for the period	-	-	-	-	78,701	78,701	-	78,701
Other comprehensive income:								
Change in fair value of investment securities, net of deferred tax	-	-	(27,816)	-	-	(27,816)	-	(27,816)
Change in fair value of equity instruments at FVOCI	-	-	(24,990)	-	-	(24,990)	-	(24,990)
Total comprehensive income for the period	-	-	(52,806)	-	78,701	25,895	-	25,895
Transaction with shareholders:								
Dividends	-	-	-	-	(30,001)	(30,001)	-	(30,001)
<b>Balances as at March 31, 2018</b>	<b>707,887</b>	<b>24,000</b>	<b>148,775</b>	<b>(9,933)</b>	<b>1,597,555</b>	<b>2,468,284</b>	<b>50,000</b>	<b>2,518,284</b>
<b>Balances as at January 1, 2019</b>	<b>707,887</b>	<b>24,000</b>	<b>251,753</b>	<b>2,334</b>	<b>1,736,450</b>	<b>2,722,424</b>	<b>50,000</b>	<b>2,772,424</b>
Profit for the period	-	-	-	-	117,857	117,857	-	117,857
Other comprehensive income:								
Change in fair value of investment securities, net of deferred tax	-	-	134,394	-	-	134,394	-	134,394
Change in fair value of equity instruments at FVOCI	-	-	330,990	-	-	330,990	-	330,990
Total comprehensive income for the period	-	-	465,384	-	117,857	583,241	-	583,241
<b>Balances as at March 31, 2019</b>	<b>707,887</b>	<b>24,000</b>	<b>717,137</b>	<b>2,334</b>	<b>1,854,307</b>	<b>3,305,665</b>	<b>50,000</b>	<b>3,355,665</b>



## VICTORIA MUTUAL INVESTMENTS LIMITED

### Consolidated Statement of Cash Flows

Three months ended March 31, 2019

	March 31, 2019	March 31, 2018
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit for the period</b>	117,857	78,701
<b>Adjustments for items not involving cash:</b>		
Depreciation of property, plant & equipment	1,731	1,684
Amortisation of intangible assets	12,309	644
Impairment loss on investments	8,650	2,473
Impairment loss on margin loans	209	206
Interest income	(200,996)	(180,926)
Interest expense	125,821	114,723
Income tax expense	42,831	22,275
Gains from investment activities	(80,011)	(11,380)
Unrealised exchange gains	(1,274)	(4,522)
Fair value gains on securities at fair value through profit or loss	(1,551)	(4,278)
<b>Operating profit before changes in other assets and liabilities:</b>	<u>25,575</u>	<u>19,600</u>
<b>Changes in operating assets and liabilities:</b>		
Resale agreements	2,523,975	337,931
Loans receivable	545,037	(89,801)
Receivable from customers	131,240	(114,121)
Due from subsidiary	9,827	(241,392)
Accounts receivable	170,273	(87,664)
Repurchase agreements	(1,083,648)	301,437
Payable to customers	(631,297)	(2,563,423)
Payable to brokers	176,594	(11,035)
Accounts payable	<u>731,817</u>	<u>582,476</u>
	2,599,393	(1,865,992)
Interest and dividends received	236,435	234,168
Interest paid	(123,182)	(123,029)
Income tax paid	<u>(99,484)</u>	<u>(95,857)</u>
<b>Net cash provided by/(used in) operating activities</b>	<u>2,613,162</u>	<u>(1,850,710)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant & equipment	(430)	(3,497)
Acquisition of intangible assets	(271)	-
Investment securities, net movement	<u>(1,737,529)</u>	<u>(723,446)</u>
<b>Net cash used in investing activities</b>	<u>(1,738,230)</u>	<u>(726,943)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	999,978
Dividend paid	-	(30,001)
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>969,977</u>
<b>Increase/(decrease) in net cash and cash equivalents</b>	874,931	(1,607,676)
Net cash and cash equivalents at beginning of period	740,538	3,409,988
Effect of exchange rate changes on cash and cash equivalents	5,742	4,397
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>1,621,212</u>	<u>1,806,709</u>

## VICTORIA MUTUAL INVESTMENTS LIMITED

### Notes to the Consolidated Financial Statements March 31, 2019

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#### 1. Identification

Victoria Mutual Investments Limited (“the Company”) is incorporated and domiciled in Jamaica. The Company is an 80% owned subsidiary of The Victoria Mutual Building Society (“Ultimate Parent Society” or “VMBS”). The Ultimate Parent Society is incorporated in Jamaica under the Building Societies Act. The Company’s registered office is located at 8-10 Duke Street, Kingston, Jamaica.

The Company issued 20% of its ordinary shares to the public on December 27, 2017 and was listed on the Jamaica Stock Exchange on December 29, 2017.

The Company’s income during the period was comprised mainly of income from investment activities.

The Company has a wholly-owned subsidiary, Victoria Mutual Wealth Management Limited (“the Subsidiary Company”), which is incorporated and domiciled in Jamaica. The principal activities of the Subsidiary Company are investment brokering, the provision of financial and investment advisory services and money market dealing. The Company’s activities are administered by its Subsidiary Company.

The Company and its Subsidiary are collectively referred to as “the Group”.

#### 2. Basis of preparation

These interim condensed consolidated financial statements (‘interim financial statements’) have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended December 31, 2018 (‘last annual financial statements’), which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act. These interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These interim financial statements are presented in Jamaica dollars, which is the Group’s functional currency.

#### 3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**VICTORIA MUTUAL INVESTMENTS LIMITED**

**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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4. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the chief operating decision maker, the entire operations of the Group are considered as one operating segment.

5. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by a weighted average number of ordinary shares held during the year.

	<b>2019</b>	<b>2018</b>
Number of ordinary shares	1,500,025,000	1,500,025,000
Profit attributable to owners of the Company	117,857,000	78,701,000
Basic earnings per share (cents)	<u>8 ¢</u>	<u>5 ¢</u>

**VICTORIA MUTUAL INVESTMENTS LIMITED**  
**Top Ten Largest Shareholders as at March 31, 2019**

<b>RANK</b>	<b>NAME</b>	<b>SHAREHOLDINGS</b>
1.	The Victoria Mutual Building Society	1,200,020,000
2.	Geoffrey Forde	9,000,000
3.	PAM – University Hospital Scheme of Pensions	7,560,600
4.	Rezworth Burchenson & Valerie Burchenson	6,577,830
5.	Michael McMorris & Christine McMorris	5,736,124
6.	VM Wealth Equity Fund	4,791,347
7.	Devon D. Barrett	4,701,599
8.	Rickardo Ebanks & Alda Ebanks	4,302,884
9.	Owen Sylvester Crosbie	4,060,140
10.	PAM – Pooled Equity Fund	3,673,648

**VICTORIA MUTUAL INVESTMENTS LIMITED**  
**Shareholdings of Senior Managers / Connected Parties**  
**as at March 31, 2019**

NAME	SHAREHOLDINGS
Devon D. Barrett	4,701,599
Rezworth Burchenson	6,577,830
Valerie Burchenson / Rezworth Burchenson	249,952
Lloyd C. Bramwell	30,404
Rachelle Burchenson	75,000
Oswald Burchenson	212,147
Karlene Mullings / Clive Mullings	50,000
Winston George Jr McKane / Karlene Mullings	5,000
Kellia McKane / Karlene Mullings	5,000
Colando Hutchinson / Frances Hutchinson	1,240,973
Nicole Adamson	139,000
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	400,000

**VICTORIA MUTUAL INVESTMENTS LIMITED**

**Shareholdings of Directors / Connected Parties  
as at March 31, 2019**

NAME	SHAREHOLDINGS
Michael McMorris / Christine McMorris / Easton McMorris	5,841,759
Courtney Campbell / Pauline Campbell	1,800,000
Milton Samuda	-
Noel Hann	150,000
Phillip Silvera / Faye Silvera	372,816
Sandra Shirley	413,809
Devon Barrett	4,701,599
Janice McKenley / Wilfred McKenley	960,000
Matthew Gray Wright	677,252
Rezworth Burchenson	7,145,333
Valerie Burchenson / Rezworth Burchenson	
Lloyd C. Bramwell	
Rachelle Burchenson	
Oswald Burchenson	