



# Consolidated Financial Statements

Year ended  
December 31, 2022

A large industrial facility, possibly a refinery or chemical plant, is shown at sunset. The sky is a mix of orange, yellow, and purple. The facility features several tall distillation columns with platforms and ladders, and a complex network of pipes and structural steel. The scene is illuminated by the warm light of the setting sun, with some artificial lights visible on the structure.

# Contents

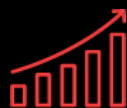
|                        |    |
|------------------------|----|
| Performance Highlights | 3  |
| Business Highlights    | 4  |
| Management Discussion  | 5  |
| ESG Highlights         | 12 |
| Shareholdings          | 16 |

## PERFORMANCE HIGHLIGHTS YEAR-OVER-YEAR



**Total Revenue  
of \$2.39B  
Up 28.61%**

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**Return on Equity  
of 20.45%**



**Net Fees and  
Commission of \$1.01B  
Up 27.75%**

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**Net Profits of  
\$691.86M  
Up 57.23%**



## **BUSINESS HIGHLIGHTS**

**KPREIT now an  
Associated Company**

**VM Wealthwise  
Podcast aired its 3<sup>rd</sup>  
Season**

**New Features Added to  
the VM Wealth Online  
Client Portal**

**Partnered with  
Several Entrepreneur  
Incubator Groups**

**Joined the Forestry  
Department's Adopt-A-  
Hillside Programme**

**Co-Brokered West  
Indies Petroleum  
Preference Share  
Refinancing \$5.8B**



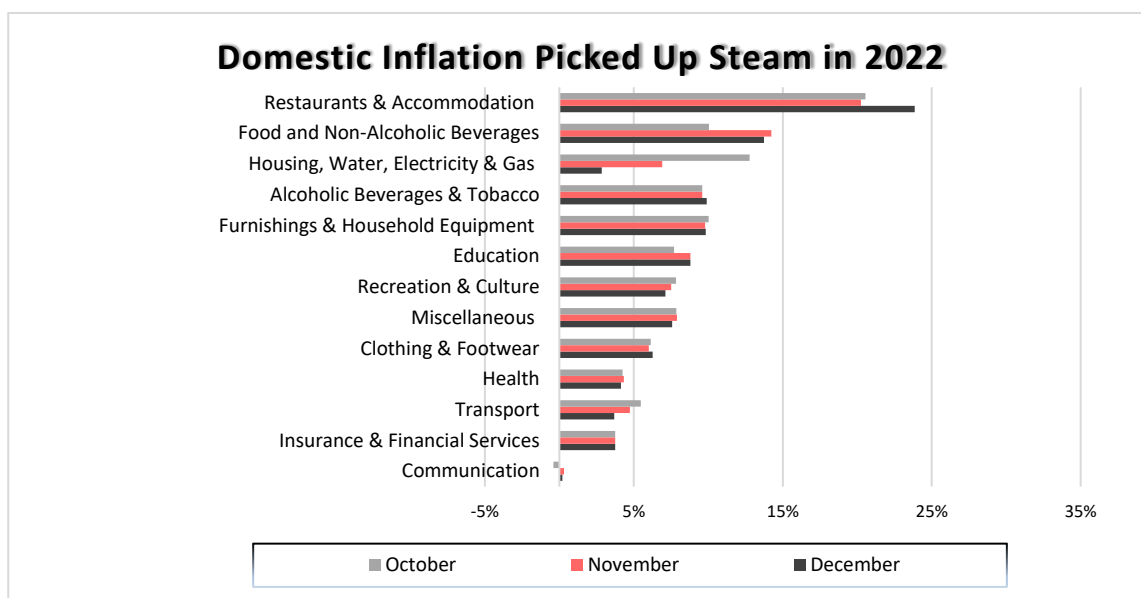
# MANAGEMENT DISCUSSION

## Economic Landscape

The global economic uncertainties permeated the fourth quarter of 2022, but the domestic economy remained resilient, with an estimated 3.4% growth rate in Q4, according to Planning Institute of Jamaica (PIOJ) projections. Growth was supported mainly by the rebounding tourism sector, which resulted in an approximate 24.3% expansion in the 'Hotels and Restaurants' industry and a recovering 'Mining & Quarrying' industry, which grew 115.9%.

The Jamaican dollar did not experience as much volatility in 2022 as compared to 2021, partially owing to the use of the BOJ Foreign Exchange Intervention Trading Tool (B-FXITT), which was utilized 26 times throughout 2022 to inject US \$747.98 million. These interventions were funded by the stock of international reserves, which ended Q4 2022 at US \$3.98 billion on a net basis, 4.48% above the previous quarter's close but only 0.57% below December 2021. Ultimately, the local dollar appreciated 0.50% during Q4 2022 in comparison to Q3 2022 and 1.96% year-over-year.

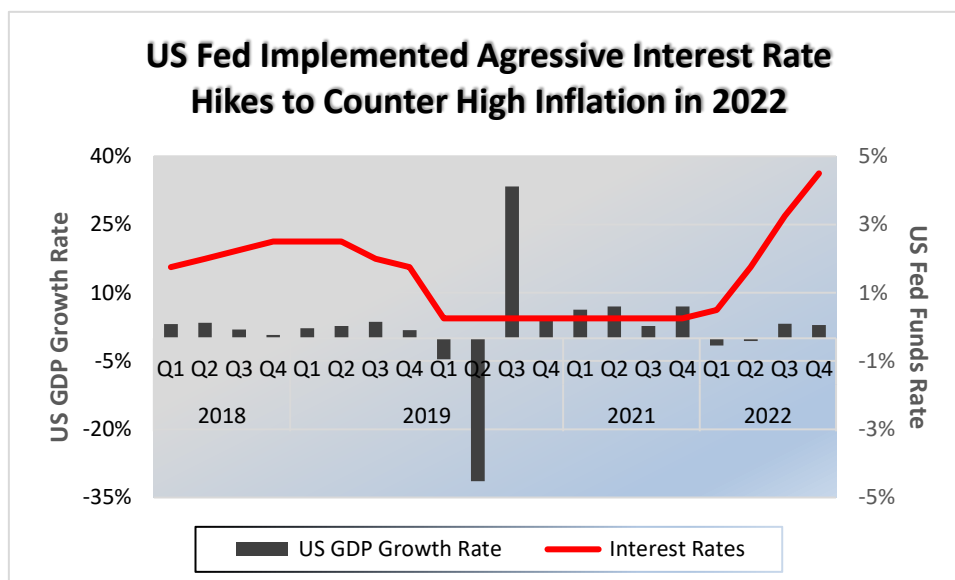
In Q4 2022, the point-to-point inflation rate remained above the Bank of Jamaica's (BOJ) target range of 4% to 6%, ending the year at 9.35%. The BOJ implemented the final of its seven rate increases for 2022 during Q4, as it continued to try to counteract the high levels of inflation. The policy rate was raised by fifty (50) basis points, from 6.50% at the end of Q3 2022 to 7.00% in Q4, with the central bank signalling that it would halt its rate increases if inflationary pressures subside.



## MANAGEMENT DISCUSSION

Despite rising interest costs, the Government of Jamaica's (GOJ) fiscal accounts remained within budget. Additionally, to mitigate potential interest rate, inflation, and foreign exchange risks, in Q4, the GOJ and the International Monetary Fund (IMF) reached a US \$1.70 billion agreement under the Resilience and Sustainability Facility (RSF) and Precautionary and Liquidity Line (PLL). Disbursement is expected in 2023.

The global economy missed the 2022 COVID-19 rebound that was much anticipated, due to fallouts from the Russia-Ukraine war and the ongoing effects of the pandemic. Lockdowns in China, oil price volatility and rising interest rates, negatively impacted both developed and emerging market economies. The 4th quarter saw heightened pessimism from analysts and investors, amid increased probabilities of recession in several regions. Many believed that the US, UK and the Euro Zone will all slip into recession in 2023, with a significant slowdown in China.



Following two quarters of decline, the US economy expanded at an annual rate of 3.20% in Q3 2022 and a preliminary 2.90% in Q4 2022. While Q4 exceeded the 2.60% forecast, consumer spending softened at the end of the quarter and residential and non-residential investments bowed under the weight of high interest rates. As indicated by the graph above, GDP growth performed better in 2021 when monetary policy was accommodative and interest rates were low, in contrast to 2022 when the Federal Reserve (Fed) 'liftoff' began.

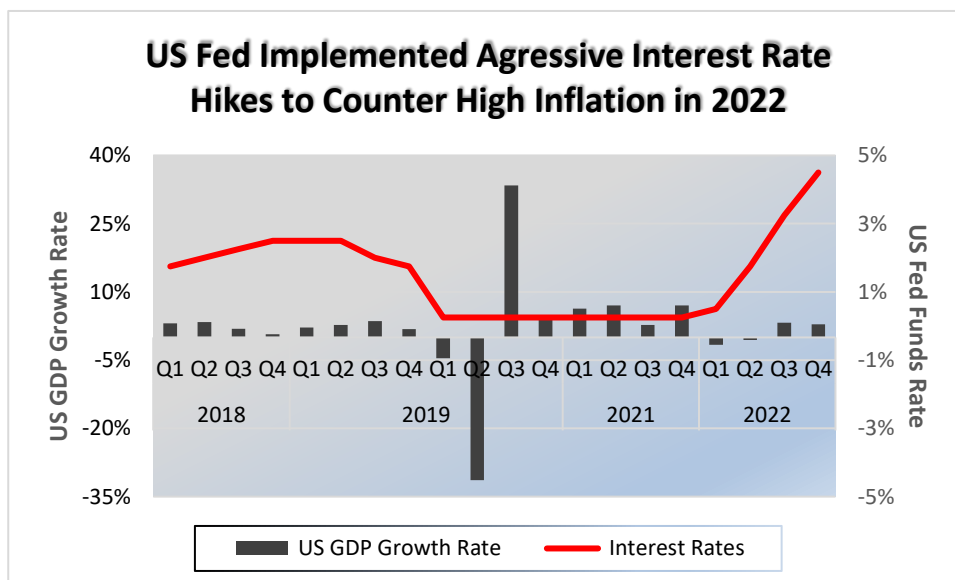
The beginning of Q4 saw the US unemployment rate increasing to 3.70%, before edging down to 3.50%. Nevertheless, the US labour force remained resilient, even as the Fed continued to raise interest rates. Despite the easing of inflationary pressures, the Fed remained hawkish during Q4 2022, implementing two policy rate hikes, bringing the rate to a range of 4.25% to 4.50%. The US inflation rate ended the 4th quarter at 6.50%, the lowest point-to-point rate recorded in 2022.

## MANAGEMENT DISCUSSION

Slower economic activity and tighter financial conditions resulted in declining capital markets, with the equity and bond markets moving in tandem. The Dow Jones Industrial Average (DJIA) suffered a 8.78% year-over-year decline, the S&P 500 lost 19.44% and the Nasdaq Composite tumbled 33.10%.

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# MANAGEMENT DISCUSSION

## CONSOLIDATED FINANCIAL PERFORMANCE

### Summary Results for the 12 Months Ended December 31, 2022

| (US\$'000)                     | Year end     |              | % Change |
|--------------------------------|--------------|--------------|----------|
|                                | 31-Dec-22    | 31-Dec-21    |          |
| Consolidated Revenue           | \$2,387,189  | \$1,856,147  | 28.61 %  |
| Net Fees and Commissions       | \$1,011,760  | \$791,956    | 27.75 %  |
| Net Profit                     | \$691,855    | \$440,032    | 57.23 %  |
| Total Assets                   | \$29,153,122 | \$30,918,612 | -5.71 %  |
| Return on Average Equity (ROE) | 20.45%       | 10.92%       | 87.32 %  |
| Capital to Total Assets        | 10.59%       | 11.90%       | -11.03 % |
| Basic Earnings per Share       | \$0.46       | \$0.29       | 57.23%   |
| Net Book Value per Share       | \$2.06       | \$2.45       | -16.11%  |

## A Review of the Year:

### Improved Financial Performance Amidst Challenging Economic Conditions

Tighter financial conditionalities presented a challenging operating environment for us in 2022, but we redoubled our efforts and were rewarded with a record setting year that saw net profit improving an impressive 57.23% to \$691.86 million in comparison to 2021. Most major revenue lines improved, including gains from investment activities and net fees and commissions, which increased 48.74% and 27.75%, respectively. This was in spite of the fallout in the equities and bonds markets as well as the increasing interest rate environment, which challenged our Net Interest Income (NII), which ultimately fell by 31.47% to \$253.04 million. However, total consolidated revenue surged by 28.61%.

### Prudent Management of the Balance Sheet

Our net profits of \$691.86 million, positively contributed to the 28.85% improvement in retained earnings. Nevertheless, shareholder's equity declined 16.11% due, in part, to the negative investment revaluation reserve, which was due to fair value losses on some of our investment securities. Total assets as at December 31, 2022 were \$29.15 billion, a 5.71% or \$1.77 billion decline over December 2021, as we continued to de-risk our balance sheet. A 74.29% increase in cash resources and a 57.01% increase in loans receivables, supported by the expansion of the Corporate Lending Solutions and Margin Loan businesses, were accompanied by declines in Investment Securities and Resale agreements of 13.92% and 81.43%, respectively.



## MANAGEMENT DISCUSSION

At the end of 2022, VMIL's total liabilities declined by 4.31% or \$1.17 billion, mainly due to lower employee benefit obligations and repurchase agreements of 40.98% and 20.66%, respectively. The de-risking of our balance sheet was also evident in the \$4.06 billion decrease in repurchase agreements.

During 2022, we took the decision to write down the value of VMIL's investment in Carilend Caribbean Holdings Ltd. ordinary shares and cumulative convertible preference shares against the backdrop of operating losses incurred by the associated company. Our outlook for this investment however remains positive, bolstered by progressive and meaningful changes that were made at the company during 2022. These included the expansion of Carilend into the Trinidad & Tobago market through a partnership with Massy Finance, the introduction of a co-branded loan offering in July 2022 and a change of management at the Jamaica location. Carilend now has in excess of 58,000 registered users and has received more than 33,000 completed loan applications across its 3 countries of operation - Barbados, Jamaica and Trinidad & Tobago. In total, Carilend has approved over US\$60,000,000 in loans since inception, a clear indication of its future growth prospects.

### Increased Stake in Kingston Properties Limited

On December 30, 2022, VMIL disposed of two (2) of its properties in an asset swap arrangement with the VM Unit Trust Property Fund. The non-cash transaction, which involved two (2) commercial properties at 1-10 Oxford Road and 2-5 Haining Road, saw VMIL receiving 135,483,871 units of Kingston Properties (KPREIT) shares for a combined consideration of \$1,050,000,000. This transaction resulted in an increase of VMIL's stake in KPREIT to twenty-three per cent (23%), making KPREIT an associate company of VMIL.

VMIL expects to benefit from dividend income as well as participation in the strategic direction on KPREIT going forward. VMIL's interests are represented by two (2) members of the Board, *vis* Phillip Silvera and Rezworth Burchenson, who are familiar with the business and the growth imperatives. KPREIT has demonstrated strong financial performance and maintained a strong balance sheet. This will also diversify VMIL's revenues, which aligns with its thrust to expand its real estate investments and its strategic focus to return value to shareholders.

### Off-Balance Sheet Assets Under Management

VM Wealth Management continues to earn fees for managing clients' funds on a non-recourse basis under management agreements, which are held off-balance sheet. These assets declined by 2.27% in 2022 when compared to December 31, 2021. The decline is a representation of the strain placed on the investment environment as a result of several economic shocks. As at December 31, 2022, off-balance sheet assets were \$33.92 billion (December 31, 2021: \$34.71 billion). This includes Custodial Arrangements for Assets at December 31, 2022, which amounted to \$12.76 billion (December, 2021: \$12.74 billion), Unit Trust Assets of \$23.69 billion (December 31, 2021: \$23.71 billion) and Portfolio Management Clients of \$10.23 billion (December 31, 2021: \$11.00 billion).



## MANAGEMENT DISCUSSION

### Partnered with Entrepreneur Incubator Groups

We deepened our contribution to fostering the growth and development of local entrepreneurs through a number of partnerships directly and through incubator groups. VMIL was a Bronze Level strategic partner of the RevUP Caribbean Founders Retreat, the Caribbean's first virtual business incubator for high growth start-ups in December, 2022 in Mammee Bay, St. Ann. Global Shapers Community, Kingston Hub, in partnership with VMWM, presented the Meet the Leader public forum on November 17 on the rooftop of our New Kingston location. Tech Beach Retreat focused on facilitating the nexus among global companies and untapped talents and opportunities for growth. Tech Beach is a global community platform of technology events and programmes that attract world renowned executives, resources, innovation & media to emerging market ecosystems with the goal of advancement, and capitalisation on growth opportunities. At this 3-day Retreat, the VMWM Corporate Finance team, sponsored the "StartUp Showcase" held on Friday December 8, 2022. VM Investments Limited joined the Founder Institute Jamaica and Tourism Enhancement Fund (TEF) to support the launch of the TEF Incubator Programme on December 12, 2022, at the VM Wealth Roof deck. This partnership will see numerous startups across Jamaica benefiting from VM's corporate financing opportunities in the years to come.

### Name Change to VM Investments Limited

Following a special shareholders meeting held on August 10, 2022, shareholders overwhelmingly approved the VM Group Scheme of Arrangement which includes a new parent holding company for VM Investments Limited, that is, VM Financial Group Limited. At the same time, shareholders approved, the change of name from Victoria Mutual Investments Limited to VM Investments Limited. On November 24, 2022, the Supreme Court issued its Final Order approving the implementation of the Scheme.

# ESG HIGHLIGHTS



Health  
& Family



Leadership &  
Nation Building



Youth  
Empowerment



Financial  
Education



The  
Environment



Maintaining and  
Promoting  
Integrity and  
Ethics in Business

As we continued to embed a culture of service and sustainability in our corporate DNA, we transitioned from simply corporate social responsibility (CSR) to a more encompassing Environmental, Social and Governance (ESG) framework in executing our programme of corporate citizenship. During the quarter, we sought to touch lives within all of our six (6) pillars, while seeking out projects with a more long-lasting impact in the communities within which we operated.

The Q4 CSR activities, culminated a year of transformative projects that VMIL is proud to be a part of, while providing the inspiration to go the extra mile in 2023. Here are some highlights from just a few of our Q4 2022 CSR projects:

## Health and Family

Breast cancer is the most common cancer among women worldwide. In 2020, there were 2.3 million women diagnosed with breast cancer and 685,000 deaths globally. With more than 2/3 of our team members being female and vulnerable to this disease, bringing awareness to this cause, and, in particular, early detection, is important to us. In recognition of Breast Cancer Awareness Month in October, we built team member awareness through the sharing of information and useful tips, along with the decoration of our offices.

Work life is a factor that we strive to ensure brings satisfaction to our team members. With team member engagement at the foundation of what we do, we strive to strike a balance with the softer side of life. Departments dug deep into their talent reserves for our first Christmas Talent Showcase to see who could outdo their peers in a variety of categories, including singing, dancing, acting, comedy, and costume design.



# ESG HIGHLIGHTS

## Leadership & Nation Building

'Hello Beautiful, Be Amazing' is a series of Power Talks designed to educate, empower and inspire young women and girls to build confidence, make better decisions and achieve their full potential. The programme champions self-love, financial education and personal safety and security through thought-provoking conversations to shift mindsets and stimulate "out of the box" thinking. Through VMWM's \$250,000 sponsorship, the 'Hello Beautiful, Be Amazing' series was able to reach young ladies at:

- Immaculate Conception High School
- St. Mary's College
- St. Andrew High School
- St. Catherine High School
- Wolmer's Girls School

On November 3, 2022, we hosted another installment of Wealth Talks, on the topic of Navigating Market Conditions. Our audience heard from internationally acclaimed expert, Dr. Lindsey Piegza, Stifel Financial, Senator Dr. Andre Haughton and our Deputy CEO, Mr. Brian Frazer.

## Youth Empowerment

VMIL supported the VM Foundation Executive Mentorship Programme that targeted the tertiary VM Foundation scholarship awardees and their parents/guardians from the 2021/2022 and 2022/2023 cohorts. Executives, included Mr. Gordon Swaby, founder and CEO of Edufocal Limited, and Mrs. Michelle Chong, founder and CEO of HoneyBun (1982) Limited, who hosted online sessions with a group of mentees, shared their stories of overcoming obstacles and provided inspiration and guidance to the scholars. This programme will continue in 2023 with further one-on-one engagements.

# ESG HIGHLIGHTS

## Financial Education

We released season 3 of our VM WealthWise Podcast, which amassed over 3,000 views. Our impactful guests covered topics such as:

- Adopting an Abundance Mindset
- Dodge the Waves or Stay the Course?
- Tips for Getting Listed on the JSE
- What the FX?!
- Investing in JamRock

## The Environment

VMIL partnered with the Forestry Department on their Adopt-A-Hillside initiative as part of the “3 million in 3” project to replant Jamaica’s forests by planting 3 million trees in 3 years. Alongside members of the Forestry Department and the VM Pensions Management team members, we planted trees in Danks, Clarendon and enjoyed the breathtaking river nearby.

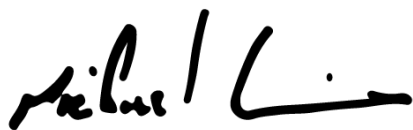
With the current trends and projections in environmental disruptions locally and globally, we sought to advance our contribution to the ESG agenda and engaged the National Environment and Planning Agency (NEPA) towards joining its Green Business Jamaica Certification.

# ACKNOWLEDGEMENT

## ACKNOWLEDGEMENT

We would like to express our gratitude to our esteemed shareholders and clients for their ongoing support throughout 2022 as we continue to provide service excellence on a daily basis at our organisation. A big "thank you!" to our team members as well, who have adapted to every external shock and kept going above and beyond for our clients, shareholders, and the organisation.

On behalf of the Board of Directors:



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Michael McMorris  
**CHAIRMAN**



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Rezworth Burchenson  
**CHIEF EXECUTIVE OFFICER**

### For further information contact:

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**VM Investments Ltd.**

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## VM INVESTMENTS LIMITED

### Shareholdings for Top Ten Largest Shareholders for VM Investments Ltd as at December 31, 2022

| Rank  | NAME  | TOTAL SHARES<br>HELD AS AT<br>December 31, 2022 | % Ownership |
|-------|---|---|-------------|
| 1.    | The Victoria Mutual Building Society                                    | 1,200,020,000                                   | 80.00%      |
| 2.    | PAM – University Hospital Scheme of Pensions                            | 7,560,600                                       | 0.50%       |
| 3.    | Rezworth Burchenson & Valerie Burchenson                                | 6,400,330                                       | 0.43%       |
| 4.    | Sagcor Select Funds Limited (Class B' Shares) Financial                 | 6,135,970                                       | 0.41%       |
| 5.    | JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund | 5,478,945                                       | 0.37%       |
| 6.    | Michael McMorris & Christine McMorris                                   | 5,055,667                                       | 0.34%       |
| 7.    | VM Wealth Equity Fund   | 4,791,347                                       | 0.32%       |
| 8.    | Rickardo Ebanks & Alda Ebanks   | 4,537,221                                       | 0.30%       |
| 9.    | Geoffrey Forde  | 4,500,000                                       | 0.30%       |
| 10.   | PAM – Pooled Equity Fund  | 3,673,648                                       | 0.24%       |
| TOTAL |   | 1,248,153,728                                   | 83.21%      |



## VM INVESTMENTS LIMITED

### Shareholdings for VM Investments Limited Senior Managers / Connected Parties as at December 31, 2022

| NAMES  | SHAREHOLDINGS AS AT<br>December 31, 2022 |
|--|--|
| Valerie Burchenson / Rezworth Burchenson             | 249,952                                  |
| Rachelle Burchenson / Rezworth Burchenson            | 75,000                                   |
| Rezworth Burchenson / Valerie Burchenson             | 6,400,330                                |
| Oswald Burchenson / Rezworth Burchenson              | 212,147                                  |
| <b>Combined Holdings: 6,937,429</b>                  |  |
| Nicole Adamson / Johann Adamson                      | 379,000                                  |
| Denise Marshall-Miller / Ajani Miller                | 25,000                                   |
| Denise Marshall-Miller / Wayne Miller                | 850,000                                  |
| Denise Marshall-Miller / Azania Miller               | 25,000                                   |
| Denise Marshall-Miller / Akil Parchment              | 0  |
| <b>Combined Holdings: 900,000</b>                    |  |
| Evette M. Bryan / Shulette Cox                       | 212,000                                  |
| Jason Bailey   | 0  |
| Dwight Jackson                                       | 0  |
| Brian Frazer   | 0  |
| Gwelodine Ricketts / Jean Ricketts / Audrea Ricketts | 21,300                                   |
| Gwelodine Ricketts / Jean Ricketts                   | 8,572                                    |
| Gwelodine Ricketts                                   | 4,021                                    |
| <b>Combined Holdings: 33,893</b>                     |  |

## VM INVESTMENTS LIMITED

### Shareholdings for VM Investments Limited Directors / Connected Parties as at December 31, 2022

| NAMES  | SHAREHOLDINGS<br>AS AT<br>December 31, 2022 |
|--|---|
| Rezworth Burchenson / Valerie Burchenson / Rachelle Burchenson / Oswald Burchenson | 6,937,429                                   |
| Michael McMorris / Christine McMorris  | 5,055,667                                   |
| Courtney Campbell / Pauline Campbell / Dominic Campbell/Adrian Campbell            | 1,840,826                                   |
| Janice McKenley / Wilfred McKenley   | 1,045,475                                   |
| Matthew Gray Wright  | 677,252                                     |
| Sandra Shirley   | 413,809                                     |
| Phillip Silvera / Faye Silvera   | 372,816                                     |
| Noel Hann  | 150,000                                     |
| Milton Samuda  | 103,646                                     |
| Devon Barrett  | 101,169                                     |
| Vikram Dhiman  | 0   |
| Bridget Lewis  | 0   |



# New Year, Better Features

Experience the VM Wealth  
Client Portal 2.0

- ✓ Portfolio tab with greater details on your investments
- ✓ Names of joint holders per account
- ✓ Detailed transaction history to help you track your investments
- ✓ Status updates on your requests
- ✓ Daily exchange rate

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