



KINGSTON, JAMAICA
DATE: THURSDAY, MARCH 1, 2018

VICTORIA MUTUAL INVESTMENTS LIMITED
REPORTS STRONG 2017 RESULTS

2017 PERFORMANCE HIGHLIGHTS –

Net Profit	\$346.3 million
Net Interest Margin	1.60%
Return on Weighted Average Equity	19.66%
Capital to Total Assets	12.88%
Efficiency Ratio	51.59%
Dividend Payout Ratio (consolidated)	66.46%

Victoria Mutual Investments Limited is pleased to report its results for the financial year ended December 31, 2017. Group profit before tax was \$467.83 million, up \$74.09 million or 18.82% over the previous year. Net profits after tax was \$346.3 million, an increase of \$29.02 million or 9.15% over the previous year's \$317.28 million. The effective tax rate in 2017 was 25.98% (2016: 19.42%). Group revenue for 2017 was \$966.46 million, up \$155.65 million over \$810.8 million for 2016. This 19.2% growth in revenue was driven by Net Fees and Commissions, which jumped \$220.58 million or 78.9% to \$500.16 million due to our success in meeting the funding needs of the local and regional productive sector through our Capital Markets Unit.

Our efficiency ratio was 51.59% for 2017, compared to 51.44% for the previous year. This slight deterioration was due mainly to an \$81.56 million or 19.56% increase in operating expenses, as we invested in human resources to meet the changing needs of our business.

Devon Barrett, the CEO of VMIL, said, "The results reflect another year of overall solid performance by Victoria Mutual Investments Limited. In 2017, our Capital Markets team facilitated funding to the manufacturing, construction, utilities and financial sectors amounting to \$18.3 billion, a 48% growth over the previous year. Our Unit Trust portfolios exhibited impressive growth, with our Bond Fund II and III portfolios being the top performing US Dollar Funds for 2017, providing returns of 6.3% and 7.3%, respectively. In addition, our Equity Unit Trust Portfolio delivered excellent returns of 30.1% and our

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Property Fund, which invests in high quality commercial real estate, had an encouraging start with new acquisitions planned for 2018.” He further added that the quality of our results were primarily attributable to our expertise, including in research, as demonstrated by the fact that two members of the Research Team had placed first and third in the Jamaica Stock Exchange Market Research Competition in 2017.

GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$3.81 billion or 23.4% to \$20.07 billion as at December 31, 2017. This was primarily attributable to funds received from or on behalf of clients.

CAPITAL

The strength of our capital base is evident with total shareholders’ equity standing at \$2.58 billion as at December 31, 2017, up by \$968.33 million or 59.93% from \$1.62 billion at the end of 2016. The growth in total equity is mainly attributable to:

- net proceeds of \$683.89 million raised from the successful Initial Public Offering (IPO) of 300,005,000 ordinary shares in the capital of the Company in December 2017;
- the net increase of \$146.14 million in retained earnings, representing the undistributed portion of our 2017 earnings;
- the \$141.64 million or 236.3% increase in the investment revaluation reserve over last year; given the significant increases in the value of Government of Jamaica bonds and local stocks due to improved local economic conditions.

Our wholly-owned subsidiary, Victoria Mutual Wealth Management Limited, a licensed securities dealer, continues to be well capitalised, with a risk-weighted capital adequacy ratio of 16.49%, comfortably above the regulatory requirement of 10%.

OFF-BALANCE SHEET HIGHLIGHTS

Assets managed on behalf of clients on a non-recourse basis under management agreements grew by \$4.54 billion or 29.57%, from \$15.34 billion in 2016 to \$19.88 billion as at December 31, 2017. The year over year growth was fuelled mainly by net inflows to the Unit Trust portfolios of \$6.5 billion.

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OTHER HIGHLIGHTS

We are thankful for the vote of confidence displayed by the investing public in our IPO last December. Investors subscribed for a total of \$2.8 billion, which significantly exceeded our target of \$690 million. We are now well positioned to execute on our strategies and take advantage of future growth opportunities.

The Board of Directors approved an interim dividend of \$0.02 per stock unit, payable on March 23, 2018, to stockholders on record as at March 9, 2018. This resolution will be accounted for in shareholders' equity as an appropriation of retained earnings in the quarter ending March 31, 2018.

The Board would like to express appreciation to the executives, management and team members for their stellar efforts in achieving this year's financial performance.

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