MAYBERRY
INVESTMENTS LIMITED

1985 - 2020
35
CELEBRATING 35 YEARS

ANNUAL REPORT

Our Mission

Transforming lives positively
through lasting relationships.

Our Vision

We create opportunities for customers to realise their financial objectives, locally and internationally, through our team of highly trained and dedicated professionals adding value for all.

Our Core Values

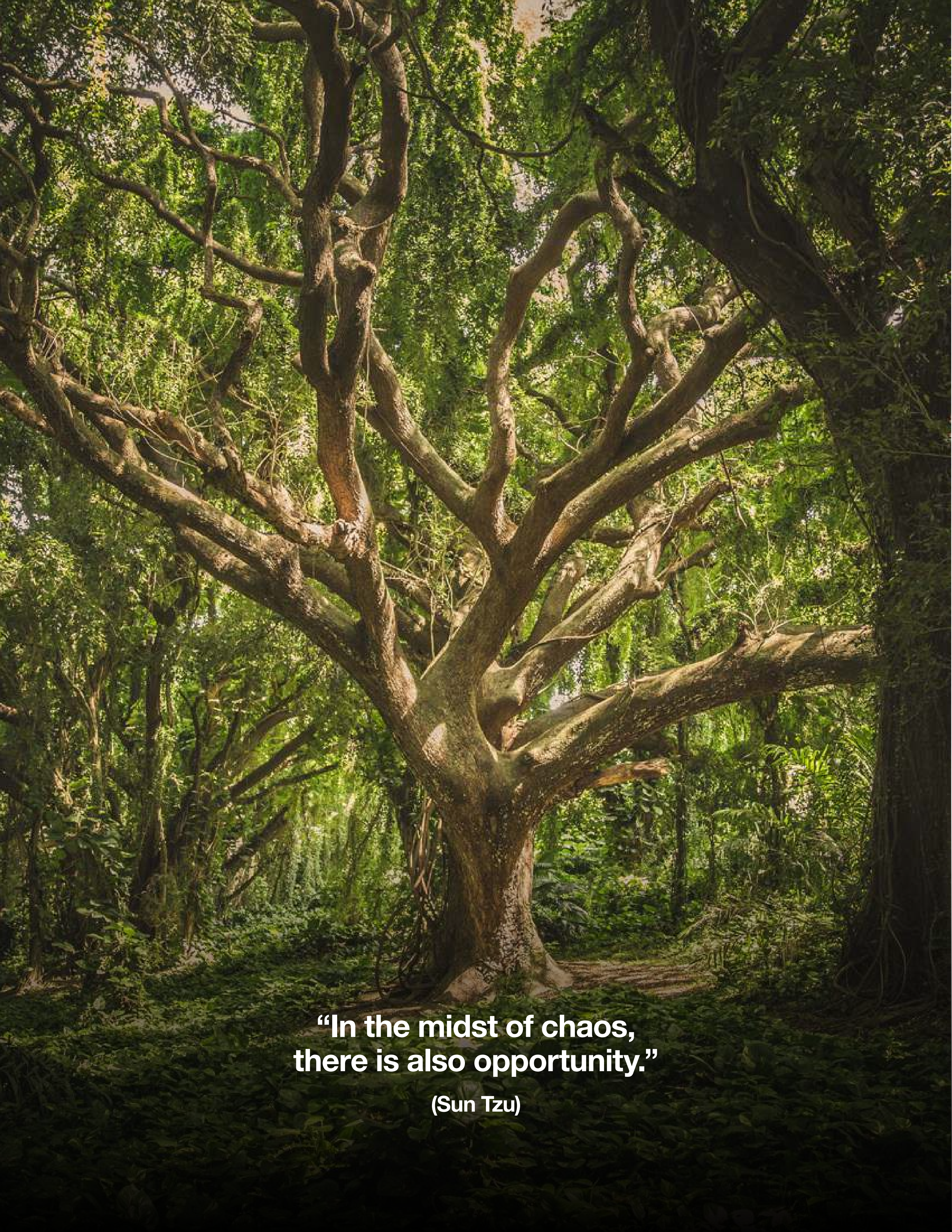
- Integrity
- Accountability
- Creating value through knowledge
- Attention to detail—getting it right the first time
- We care about our family of customers, employees, shareholders and the community at large.

CONTENTS

10-Year Financial Highlights 2019

PROFIT AND LOSS	2010 $'000	2011 $'000	2012 $'000	2013 $'000
Operating Revenue	675,562	978,397	1,132,263	894,199
Interest Income	1,536,409	1,332,550	1,285,601	1,021,716
Net Interest Income	316,670	474,171	525,817	413,643
Net Other Income	358,892	504,226	606,446	480,556
Operating Expenses	556,683	694,362	758,106	681,330
Profit before Taxation	176,257	347,242	474,103	-21,992
Net Profit	174,530	282,122	439,354	102,343
Net Profit Attributable to Shareholders of the parent	174,530	282,122	439,354	102,343
Total Comprehensive Income Attributable to Shareholders of the parent	255,601	728,193	220,398	99,399
BALANCE SHEET				
Total Assets	20,469,484	24,204,564	20,777,983	22,078,825
Total Liabilities	17,398,922	20,501,901	17,107,163	18,308,606
Total Equity	3,070,562	3,702,663	3,670,820	3,770,219
Stockholders' Equity Attributable to Shareholders of the parent	3,070,562	3,702,663	3,670,820	3,770,219
Number of issued shares (units)	1,201,149	1,201,149	1,201,149	1,201,149
KEY FINANCIAL RATIOS				
Earnings per stock unit	$0.15	$0.23	$0.37	$0.09
Book Value Per share	$2.56	$3.08	$3.06	$3.14
Return on Equity	6%	8%	12%	3%
Return on Average Assets	1%	1%	2%	0.50%
Asset Growth(%)	-20%	18%	-14%	6%
Net Profit Growth (%)	-29%	62%	56%	-77%

2014	2015	2016	2017	2018	2019
$'000	$'000	$'000	$'000	$'000	$'000
1,528,692	998,618	1,207,296	2,200,004	1,840,882	2,542,033
1,051,676	890,263	733,835	722,007	729,047	790,788
240,452	345,866	133,961	151,318	175,114	169,605
1,288,240	652,752	1,073,335	2,048,686	1,665,768	2,372,428
970,360	981,602	1,079,083	1,926,063	1,684,415	1,894,910
679,639	58,104	194,011	478,433	156,467	647,123
726,080	145,460	172,115	425,173	105,794	645,864
726,080	145,460	172,115	425,173	160,398	709,584
557,918	2,301,717	1,262,439	2,389,828	3,461,289	4,733,691
21,983,602	20,735,714	21,838,705	24,366,725	30,371,608	36,921,728
17,799,603	14,490,228	14,595,033	15,009,489	16,396,802	16,692,980
4,183,999	6,245,486	7,243,672	9,357,236	13,974,806	20,228,748
4,183,999	6,245,486	7,243,672	9,357,236	10,854,841	15,448,071
1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
$0.60	$0.12	$0.14	$0.35	$0.13	$0.59
$3.48	$5.20	$6.03	$7.79	$9.04	$12.86
17%	2%	2%	5%	1%	5%
3%	1%	1%	2%	1%	2%
-0.40%	-6%	5%	12%	25%	22%
609%	-80%	18%	147%	-62%	342%



“In the midst of chaos,
there is also opportunity.”

(Sun Tzu)

Directors' Report

The directors submit herewith the Consolidated Profit or Loss of Mayberry Investments Limited and for the year ended December 31, 2019 together with the Consolidated Statement of Financial Position as at the same date.

The Consolidated Statement of Profit or Loss and Comprehensive Income shows the following:

Financial Results	$'000
Operating revenue	2,542,033
Profit before taxation	647,123
Taxation charge	-1,259
Net profit	645,864
Net profit attributable to Stockholders	709,584
Net Unrealised gains on financial instruments (FVOCI)	5,169,838
Total Comprehensive Income for the Year	5,815,702

DIRECTORS

The Directors as at December 31, 2019 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, Gladstone Lewars, Walter Scott, Alok Jain and Mrs. Tania Waldron-Gooden.

The Directors to retire by rotation in accordance with Article 91 of the Articles of Association are Messrs. Christopher Berry and Gary Peart and Mrs. Tania Waldron-Gooden but being eligible, offer themselves for re-election.

AUDITORS

The Auditors, BDO, Chartered Accountants of 26 Beechwood Avenue, Kingston 5, have expressed their willingness to continue in office in accordance with Section 154 of the Companies Act.

The Directors wish to thank the Management and Staff for their hard work and continued dedication during the year.

On behalf of the Board of Directors

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Christopher Berry
Chairman

Board of Directors

Christopher Berry
Executive Chairman

Gary Peart
Executive Director,
Chief Executive Officer

Konrad Mark Berry
Executive Vice Chairman,
Company Secretary

Erwin Angus
Managing Director

Tania S. Waldron-Gooden
Executive Director

Walter Scott, Q.C.
Independent Director

Gladstone Lewars
Independent Director

Alok Jain
Independent Director

Directors' Profiles

Christopher Berry
B.Sc. (Hons.)
Executive Chairman

Mr. Christopher Berry joined Mayberry Investments Limited in 1987 and has been the Executive Chairman since 1993. He sits on the Board of Directors of several Jamaican companies, namely, Supreme Ventures Limited, Apex Health Care Associates Limited, Apex Pharmacy Limited, Lasco Financial Services Limited, Caribbean Producers (Jamaica) Limited and IronRock Insurance Company Limited. He has over thirty years' experience in the Securities industry and served on the Board of the Jamaica Stock Exchange from 1993 to 2016.

Gary Peart
B.Sc. (Hons.), M.B.A.
Executive Director,
Chief Executive Officer

Mr. Gary Peart joined Mayberry Investments Limited as the Chief Executive Officer in May 2005 and was appointed to the Board of Directors in April 2006. He has over twenty years' experience in Corporate Finance, having worked in senior positions at leading financial institutions in Jamaica's financial industry. Mr. Peart currently serves as the Executive Chairman on the Board of Supreme Ventures Limited and is also a Director on several other Boards, namely, Lasco Financial Services Limited, Lasco Distributors Limited and IronRock Insurance Company Limited. Mr. Peart has been honoured by several organizations and, in 2015, was named Top CEO in Jamaica.

Konrad Mark Berry
B.Sc. (Hons.)
Executive Vice Chairman,
Company Secretary

Mr. Konrad Berry is one of the founding Directors of Mayberry Investments Limited. He has served as the Company Secretary since 1985 and as Finance Director from 1992 - 1995. In 1995, he assumed his present position of Executive Vice Chairman. He currently serves on the Board of Directors of Caribbean Producers (Jamaica) Limited. Mr. Berry is Chairman of the Project Steering Committee and a member of the Remuneration, Assets and Liabilities and Audit Committees.

Erwin Angus
C.D., J.P., B.A. (Hons.)
Managing Director

Mr. Erwin Angus joined Mayberry in 1986 and has since held the post of Managing Director. He was awarded the Commander of the Order of Distinction (CD) in October 1976 for contribution to Jamaica's bauxite industry and became a Justice of the Peace (J.P.) in 1977. Mr. Angus is a member of the company's Assets and Liabilities Committee and Audit Committee.

Tania Waldron-Gooden, BSc, MBA
Executive Director

Mrs. Waldron-Gooden is the Director of Investment Banking at Mayberry Investments Limited. She was appointed to the Board of Directors of Mayberry on October 30, 2017.

She holds a Bachelor of Science degree in Geology from the University of the West Indies and a Master of Business Administration degree from the University of Sunderland, U.K.

Mrs. Waldron-Gooden is a Director and Mentor of three (3) major junior market companies: Main Event Entertainment Group Limited, Caribbean Assurance Brokers Limited and Express Catering Limited. She also serves on the Board and Audit Committee of Chicken Mistress Limited and Island Grill Holdings Limited. She is also a mentor to Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited.

Mrs. Waldron-Gooden is a member of the Private Sector Organization of Jamaica Standing Committee on Economic Policy & Tax Reform.

Gladstone Lewars C.D., B.Sc. (Econ.) Hons., M.Sc. (Econ.), M.Sc. (Accounting), FCA.
Independent Director

Mr. Gladstone "Tony" Lewars was appointed to the Board of Directors of Mayberry Investments Limited in September 2012. He was awarded the Commander of the Order of Distinction (CD) in 2015 for exemplary service in the public and private sectors. Mr. Lewars is a Chartered Accountant and has consulted extensively in Organizational Development, Human Resource Management and Financial Effectiveness Reviews in Jamaica and other Caribbean territories. He currently serves as the Chairman of JN Cayman, JN Cayman Money Services and Guardian Foundation. He also serves as Chairman of the Board of Governors at the Holy Trinity High School. He is a former Chairman of the Students' Loan Bureau and a former partner of PricewaterhouseCoopers, where he was the Leader of the Advisory division of the firm. He is also the Secretary/Treasurer of the Jamaica College Trust. Mr. Lewars is the Chairman of the Assets and Liabilities and Nominations and Governance Committees and a member of the company's Audit Committee.

Alok Jain M.Sc., FCA, FCCA, CGMA, CISA, CFA
Independent Director

Mr. Alok Jain is a former partner of PricewaterhouseCoopers (PwC) where he held a number of leadership roles, most recently as leader of PwC's Advisory practice in the Caribbean. He previously served as leader of PwC's Assurance practice in Jamaica.

Mr. Jain currently serves as a Consultant at the Office of the Prime Minister and is an Adjunct Lecturer at the Mona School of Business and Management at the University of the West Indies. He is also a director of TransJamaican Highway Limited.

Mr. Jain is a Chartered Accountant, Certified Information Systems Auditor as well as a CFA Charter holder. He has extensive experience in accounting and auditing as well as in corporate finance, valuations of companies, due diligence investigations, stock exchange listings, capital restructuring and acquisitions and mergers.

He is the Chairman of the Audit Committee and sits on the Nominations and Corporate Governance Committee.

Walter Scott, Q.C.
Independent Director

Former Senior Partner at Rattray Patterson Rattray, Mr. Walter Scott QC has been a practising Attorney-At-Law in Jamaica for more than thirty years. Mr. Scott is prestigiously recognized as a Queen's Counsel and is also admitted to practise law in Barbados. He has offered his services to a myriad of entities, including the Office of Director of Public Prosecutions; Grant Stewart Phillips & Co, Attorneys-at-law; Chancellor & Co, Attorneys-at-Law; and Rattray Patterson Rattray, Attorneys-at-Law.

In 2019, he formed his own practice as Counsel. His areas of practice include Commercial, Civil and Criminal Litigation, Gaming, Regulatory, Labour, Mining, and Libel Law.

Mr. Scott is the former Chairman of Sygnus Capital Limited, Sygnus Capital Management Limited, Betting Gaming & Lotteries Commission, Casino Gaming Commission and Private Security Regulations Authority. He currently serves as the Chairman of Supreme Ventures Guyana Holdings Inc. and is a Director of several private companies.

Mr. Scott is Chairman of the Compliance and Remuneration Committees and sits on the Audit Committee as an Independent Director.

CEO's Statement

Dear Valued Shareholders,

2019 has been a tremendous year for us. It will be remembered as a year in which we reached various milestones on the path to sustainability. It marks the period of our largest IPO, Wigton Windfarm Limited, with more than 30,000 investors coming aboard.

The JSE Main Market ended the year 2019 at 509,916 points, a significant increase of 34.26% over 2018. The Junior Market increased by 3.15% to end the year at 3,349 points. This is a strong indication of the rapidly growing interest in the stock market among the Jamaican people. Our equity market has been voted the number one performing exchange for five (5) consecutive years. While this progress is likely to plateau as we trek further towards our goals, it speaks to tremendous potential.

Financial Performance

Our Group recorded comprehensive income of $5.8 billion, which represents an increase of 57% or $2.1 billion over the previous year. Net book value per share moved to $12.86, a growth of 42%. Total revenues for the Group was $2.54 billion, while Net Profit was $709.6 million compared to $160.4 million for 2018. This resulted in Earnings per share of $0.59, compared to $0.13 recorded for the 2018 financial period.

Total assets for the Group grew by 21.6% to $36.9 billion over the prior year's total of $30.4 billion, driven mainly by an increase in the value of equities and increases in reverse repurchase agreements. Our Funds under Management amounted to $18.8 billion for the year ended

December 2019. Our capital base showed robust growth and remained in good standing, with retained earnings moving from $4.4 billion to $6.4 billion and fair value reserves of $7.4 billion up from $4.8 billion. A strong capital position will enable us to take advantage of new opportunities for growth and we strive to maintain the ability to do so. We celebrate these achievements on behalf of our investors, stakeholders, Investment Advisors and the management team.

Revenue Segments

Our Investment Banking team showed a strong performance for yet another year, with Dividend Income for the parent company increasing by 4.3% or $15.8 million due to dividends received by its subsidiary, Mayberry Jamaican Equities Limited. Consulting Fees & Commission Income declined by $24 million to close 2019 at $735 million due to a delay in projected business for the last quarter. However, there was strong growth from selling fees through IPO transactions, underwriting fee income and loan processing fee income as clients continue to utilise our advisory services and capital financing solutions.

Digitisation

We now continue our journey towards complete digitisation, while continuing to positively impact our clients and communities.

Over the years, we have provided clients with sharp ideas and excellent services through social media platforms and other forms of technology. This has helped to differentiate us from competitors. By targeting these platforms, we are not only better positioned to appeal to the millennial demographic, but we are becoming better equipped to arm them with the knowledge needed to secure their own financial futures. We have also seen momentum in our operational efficiencies thanks to digitisation.

These efforts have given you, our shareholders, more seamless and straightforward options through which to conduct business with us.

For the past year, the Mayberry Mobile App has helped to revolutionise the way clients keep abreast of their portfolios and market activity. Our app processed over $1 billion trades during this period. In 2019, we were one of the few investment banks in Jamaica to offer this level of accessibility and control to our clients. We made this move to show our clients that their security and convenience come first at Mayberry Investments Limited.

Clients are also able to conduct business with no concern of transaction volumes. The level of efficiency and convenience that this brings to the table, helps to position us as a company that prioritises the needs of our clients while being progressive and a huge contributor to our industry.

Looking Ahead

The Mayberry family has always believed in Jamaica. Over the years we have exercised this belief by pumping our support into local businesses. We have weathered the storm throughout the decade, facing many political and economic changes within our country. Most impressively, we have done this and more, while earning a return for you, our valued shareholders.

As we move ever closer toward our goals, our limitations continue to dwindle, with unprecedented growth sure to follow in the near future.

We extend thanks and gratitude to our clients, who continue to choose us as their financial partner, our Board of Directors ever guiding us, our staff for sharing and supporting our ideals, and you, our valued shareholders for believing in this company.

We urge you to keep safe in the current COVID-19 pandemic and recommend that you follow the guidelines stipulated by our health officials. We stand ready to work together to restore normalcy in our lives and our economy.

Gary Peart
Chief Executive Officer

Our Management Team

1. McKoy Jackson
Senior Manager,
Investment Banking

McKoy joined Mayberry in 2016 and is currently a key member of the Investment Banking team which provides Financial Advisory Services, Arranging and Structuring of Debt and Equity.

2. Dianne Tomlinson-Smith
Chief Financial Officer

Dianne joined Mayberry in May 2017 as Senior VP, Financial Projects and Planning and today, leads the Finance and Accounting team. She has oversight for the continuing development and monitoring of internal control systems designed to safeguard the company's assets. Dianne is also responsible for producing internal, statutory and regulatory reports on the financial status of the company to the Board of Directors, CEO, regulators and shareholders.

3. Dionne-Marie Harrison
Senior Manager, Marketing

Dionne-Marie began her tenure at Mayberry Investments in May 2015 and was subsequently promoted to her current role as the head of Marketing. Her areas of responsibility include leading the marketing function for the Mayberry brand as well as digital marketing for all social media channels, Advertising, Public and Media Relations, Events and Sponsorships.

4. Kristen Raymore Reynolds
VP, Human Resources

Kristen joined the Mayberry team in June 2015. She is responsible for formulating and implementing human resource policies and best practices that provide an employee-oriented, high performance culture; fostering staff engagement, productivity, retention and the ongoing development of a world class workforce.

5. Rene Mitchell
Assistant VP, Compliance & Risk

Rene joined Mayberry Investments in September 2018. In her capacity as the Assistant Vice President - Compliance, she is tasked with ensuring that MIL operates in accordance with legal and regulatory guidelines, protecting the company, its employees, clients, assets and interests of stakeholders.

6. Shadaya Small

Assistant VP, Research

Shadaya joined the Mayberry Team in 2010. Her primary responsibilities include providing financial and economic information and recommendations on financial assets to Mayberry's internal and external clients. She also provides financial analysis which aids the investment process and assists with financial solutions for corporate clients.

7. Jason Martinez

Manager, Research

Jason joined the Mayberry Team in 2014. In his role, he provides financial and economic analysis and is a key member of the team that provides recommendations on financial instruments to Mayberry's internal and external clients.

8. Andrea Ho-Sang

Senior VP, Operations and Administration

Andrea joined Mayberry in August 1990 as a Junior Equity Trader. She is currently responsible for overseeing the Processing, Securities and Settlement Units of the Operations department.

9. Venise Thompson

Operations Manager, Processing

Venise joined the company on June 1, 1994 as a Registration Officer in Operations. She worked in various roles over this period and currently has oversight of the processing of all operational transactions. Venise has the key responsibility of ensuring that all transactions are processed in a timely manner.

10. Rakar Williams

Financial Controller

Rakar joined Mayberry's Finance Team in December 2019. His key function is to provide oversight of all accounting functions and to develop, implement and monitor accounting policies and controls consistent with International Financial Reporting Standards, regulatory requirements and company policies.

11. Andrea Whittaker

Chief Operating Officer

Andrea has over 30 years' experience within the financial sector in the areas of commercial banking, building society, investment banking and credit union. She has held numerous positions in customer service, banking operations, stock brokering administration, total quality management, general management and strategic management. In her capacity, Andrea is responsible for the Operations, Information Technology and Finance and Accounting functions of the company.

12. Karen Mitchell

Senior VP, Markets and Trading

Karen joined the Mayberry Team in 2014. She is responsible for the effective management of the company's treasury and trading functions as well as the development and implementation of strategies for the growth of the company's investment portfolios.

13. Marcia Messado

Manager, Financial Planning & Analysis (FP&A)

Marcia joined the Mayberry team in July 2018 as the company's FP&A Manager. She is a key member of the Accounting & Finance Team and has full oversight of the company's strategic budget, financial analysis and reporting functions.

14. Rachel Kirlew

Senior Manager, Risk

Rachel joined Mayberry in 2018. In her capacity, she is responsible for developing, implementing and communicating approved risk management policies and processes for the organization. She is also responsible for developing risk models involving market, credit and operational risks and ensuring same are aligned with the company's strategic goals.

15. Damian Whylie

General Manager, Asset Management

Damian joined the Mayberry team in 2016 and has direct oversight of Mayberry's Asset Management portfolio which includes Managed Portfolios of equities and bonds. He is also responsible for pension funds' management and the company's Mobile app and online strategy.

16. Tania Waldron-Gooden

Director, Investment Banking

Since joining the Mayberry Team in 2006, Tania has been a key member in managing the products and services offered by the company. She was promoted in 2017 to Director - Investment Banking and leads that team in providing corporate solutions such as Financial Advisory Services and arranging and structuring debt and equity transactions.

17. Vaughn Cunningham

Manager, Forex Trading

Vaughn joined the Markets and Trading department of Mayberry Investments in 2017. His core function is to lead the Foreign Exchange Trading Unit whilst operating in the regulatory Cambio environment. Vaughn has over 20 years' experience in the financial industry.

18. Kayone Burke

Financial Controller, Mayberry Jamaican Equities Limited

Kayone joined the team in December 2018 with over a decade of experience in the accounting field, including nine years in the financial services industry. She provides oversight for Mayberry Jamaican Equities' financial reporting and planning and has been seconded to the MIL 2.0 digitisation project.

19. Nadine Anderson

Data Manager

As the company's Data Manager, Nadine is responsible for managing the movement of data across multiple systems as well as supervising activities which protect or enhance the value of the organisation's data.

20. Kayree Berry Teape

Chief Executive Officer, Mayberry Foundation

Mrs. Berry-Teape joined the Mayberry team in 2002 and has been in charge of the Mayberry Foundation since 2008. The Foundation's major focus has been to build capacity in the key areas of health, youth and community development, education and the environment.

21. Jamie Turner

Senior Manager, Markets and Trading

Jamie joined the Mayberry family in 2016. He is tasked with managing the day-to-day treasury operations and Equity, Cambio and Fixed Income trading for the company. Jamie has over 15 years' experience within the Financial Industry.

22. Cedric Stewart

Manager, Sales

Cedric joined Mayberry in March 2018 and leads the Sales and Client Services team. In his capacity, he is responsible for creating client engagement strategies, ensuring an exceptional customer experience through digitisation and technology and leading the team in achieving their sales targets. He has over 25 years in financial sector experience and has worked within the commercial banking sector in Branch Management, Operations, Business Development and Sales.

Our Mayberry Family

Sales

Sales

Sales

Compliance

Sales

Client Relations

Sales, Executive Advisors


Research & Investment Banking


Information Technology / HR


Treasury & Trading / Asset Management


Finance


Facilities


Administration


Operations

USD CORPORATE NOTE

Current Yield 6% *Conditions Apply*

Are you looking for **stable returns** while investing in **local companies**?

Sales Inquiries
sales@mayberryinv.com

General & Sales Inquiries
(876) 929-1908-9

Fax
(876) 929-1501

mayberryinvja
www.facebook.com/mayberryinvja

Corporate Governance

Mayberry Investments Limited ("Mayberry") is committed to high standards of corporate governance which ensures it meets its obligations and responsibilities to the company, its shareholders, and stakeholders. We believe that corporate governance contributes greatly to value creation through enhanced accountability, more effective risk management, clear performance management, greater transparency and effective leadership.

The Board of Directors of Mayberry has adopted and approved a Corporate Governance Policy, which complies with the applicable laws, regulations, as well as locally and internationally accepted best practices; consistent with the provisions of the PSOJ Corporate Governance Code 2016 and Rules of the Jamaica Stock Exchange. The Mayberry Corporate Governance Policy is available on our website at www.mayberryinv.com.

Board Role and Function

The Board is ultimately responsible for overseeing the management of the company in accordance with the law, the regulations and the Articles of Association of Mayberry, with the objective of creating sustainable value in the interest of the company, its shareholders, customers, staff, suppliers, regulators and community at large.

In line with the Board's general oversight function, the Board takes the lead on all central policies, risk appetite, corporate culture, defining the company's structure and fostering the appropriate policies in matters relating to corporate social responsibility. In carrying out their obligations, the Directors are expected to exercise independent judgement on all issues facing the company. In discharging this obligation, the Directors rely on the honesty and integrity of the company's management and its external advisors and auditors. The Board monitors and holds the management accountable for the company's operational, strategic and financial performance. Consequently, management is open and transparent with the Board, bringing all significant issues to its attention.

Board Composition and Structure

In December 2019, the Board had significant changes as two (2) independent, non-Executive Directors resigned and two (2) others were appointed. The members who resigned were Mr. Benito Palomino and Dr. David McBean. Both Directors served Mayberry with distinction for over 15 years.

The two Independent Directors who were appointed to fill these casual vacancies were Messrs. Walter Scott, Q.C. and Alok Jain.

As at December 31, 2019, the Board has eight (8) members, chaired by Mr. Christopher Berry. Of the eight (8) members currently serving on the Board, three (3) Directors are Non-Executive Independent Directors and five (5) are Executive Directors.

The Board is effective and considered to be of an appropriate size for the company. All members are distinguished by their professional ability and integrity. The Directors are expected to act with "independence", so that in making decisions on behalf of the company, the focus is firstly placed on what is in the best interest of the company and decisions are not to be influenced by personal relationships, such as familial ties, friendships or contracts made with the company. The Board considers all non-executive Directors to be independent Directors. A non-executive Director is deemed independent if they meet the aforementioned description of independence and have not been employed by the company within the last five years.

Collectively, the professional backgrounds of the Board members provide for a balanced mix of knowledge, competence and experience that enable the Board to capably fulfill its duties and responsibilities. The breadth of experience on the Board includes investment banking, legal, auditing, corporate governance, strategic management, information technology and overall business management. Also, Directors are provided with internal training to hone their skills and impart knowledge in other disciplines. Refresher training is also given to keep them abreast of changes in regulatory and statutory requirements.

The roles of the Chairman, Chief Executive Officer and Managing Director are separate. Separating these roles facilitate an appropriate balance of power that leads to increased transparency, accountability and improved decision-making which is independent of management. A clear division of these responsibilities at Board level ensures that no one director has unlimited powers in decision-making.

Despite being the controlling shareholder of Mayberry, the Board has satisfied itself that neither the Chairman's significant interest in the company nor any of his positions held outside Mayberry, interferes with his ability to execute and fulfill all of his obligations and responsibilities to the Board and Mayberry.

The Directors have free and open contact with management at all levels and full access to all relevant information. The Board's constant interaction with management strengthens the company's decision-making and ensures an appropriate balance of power.

Lead Independent Director

Mr. Gladstone Lewars continues to serve as the Lead Independent Director.

Diversity

One of the primary responsibilities of the Board is to identify significant opportunities and risks whilst strategically leading the business through management oversight. This requires a diverse and experienced cadre of persons who operate in an open environment, where differing opinions are sought. Different career and educational backgrounds facilitate the fulfillment of duties and obligations in accordance with statutory requirements, the provisions of the company's Articles of Association and rules of procedure. Without this capability and experience, it would be impossible to take appropriate account of cultural backgrounds within the Group. A balanced age structure ensures regular regeneration and retention of knowledge as well as career and life experiences, for as long as possible in the company's interest.

MAYBERRY'S BOARD COMMITTEES

Audit Committee	Oversees the independence, objectivity and effectiveness of the independent and regulatory audits of the Company.
Remuneration Committee	Sets the overarching principles, parameters and governance framework of the company's remuneration policy.
Assets & Liabilities Committee	Directs and monitors the investment management of portfolio assets and liabilities based on the Company's appetite for risk.
Compliance Committee	Serves as an independent and objective party to monitor the effectiveness of the Company's internal control system and compliance with applicable laws and regulations.
Nominations & Corporate Governance Committee	Recommends new candidates for the Board of Directors and oversees the effective functioning of the Board.

Board Committee Composition

Name	Positions	Audit	ALCO	Compliance	Nominations & Corporate Governance	Remuneration
Christopher Berry	Executive Chairman				M	M
Konrad Berry	Executive Vice Chairman/ Company Secretary	M	M			M
Erwin Angus	Managing Director	M	M			
Gary Peart	Executive Director/ Chief Executive Officer		M	M		
Tania Waldron-Gooden	Executive Director/ Director – Investment Banking	M	M	M	M	
Gladstone Lewars	Independent Director	M	C		C	
Alok Jain **	Independent Director	C			M	
Walter Scott **	Independent Director	M		C		C
Benito Palomino *	Independent Director	C			M	M
David McBean *	Independent Director	M			M	

Legend: M - Member I C - Chairman

Collectively, the background of the Board members provides for a balanced mix of knowledge, competence and experience that enables the Board to fulfill its duties and responsibilities. The breadth of experience on the Board includes investment banking, legal, human resources, strategic management, information technology and overall business management.

Board Attendance

Names	Positions	Board	Audit	ALCO	Compliance	Nominations & Corporate Governance	Remuneration	AGM
# of Meetings		9	4	10	1	1	1	1
Christopher Berry	Executive Chairman	8	-	-	-	1	1	1
Konrad Berry	Executive Vice Chairman/ Company Secretary	9	4	9	1	-	1	1
Erwin Angus	Managing Director	9	2	9	-	-	-	1
Gary Peart	Executive Director/ Chief Executive Officer	9	3	4	1	-	-	1
Tania Waldron-Gooden	Executive Director/ Director – Investment Banking	9	-	9	-	1	-	1
Gladstone Lewars	Independent Director	8	3	10	1	1	-	1
Alok Jain **	Independent Director	-	-	-	-	-	-	-
Walter Scott **	Independent Director	-	-	-	-	-	-	-
Benito Palomino *	Independent Director	6	4	-	-	-	1	1
David McBean *	Independent Director	6	3	-	-	-	-	1

*Resigned from the Board in December 2019
**Appointed to the Board in December 2019

BOARD COMMITTEES

The Board has established committees to improve their effectiveness and efficiency in the execution of their fiduciary duties and responsibilities. The Chairman of each Board Committee reports to the Board on the matters discussed at the Committee meetings.

Audit Committee

The Audit Committee has responsibility for matters relating to financial reporting and disclosure. In addition, it is responsible for monitoring the effectiveness of the company's risk management system, particularly of the internal control system and the internal audit system.

The specific roles and responsibilities of the Audit Committee are documented in the Audit Committee Charter approved by the Board which can be found on the company website at www.mayberryinv.com.

The Audit Committee Charter acknowledges the principles set out in the JSE/PSOJ Corporate Governance Code which provides that at least three members of the Audit Committee must be independent non-executive members, one of whom should have recent and relevant financial experience.

The Audit Committee held four (4) meetings during the year to review and assess internal audit reports presented throughout the year, to evaluate and determine the main areas of operational and financial risks, to review the internal control processes and to evaluate the performance of the internal and external auditors. All issues identified were addressed satisfactorily.

An audit tender was also successfully conducted by the Committee.

The Committee also reviewed and approved the company's Enterprise Risk Management Policy. The Committee comprises of five (5) Directors, three (3) of whom are independent non-executive Directors.

Internal Auditor

All internal audit services are provided by PricewaterhouseCoopers (PwC). Their primary role is to help Mayberry accomplish its objectives by providing independent and objective assurance of the design and operating effectiveness of the company's risk management framework, internal control and corporate governance processes, with primary focus on the areas of highest risk. The Audit Committee concluded that the Internal Audit function remained effective.

Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee has responsibility for leading the Board appointment process and for identifying and nominating potential candidates for appointment to the Board. This Committee also strives to achieve best practice standards in Corporate Governance. The Committee met once in 2019 and currently comprises four (4) Directors, two (2) of whom are independent non-executive Directors. The Committee was responsible for the appointment of two (2) new independent non-executive Directors in December 2019, following the resignation of two (2) long-serving independent non-executive Directors.

Assets and Liabilities Committee

The Assets and Liabilities Committee (ALCO) was established to provide oversight of the company's on-and off-balance sheet risks and monitoring the company's risk management framework. The primary responsibility of the Committee is to ensure that the activities undertaken by Mayberry align with its risk appetite and strategic objectives. ALCO also ensures that the company has adequate liquidity in line with regulatory standards. The Committee cultivates a disciplined and constructive control environment by placing limits on the level of exposure that can be taken and ensuring adherence to these limits. The Committee met ten (10) times for the year and comprises five (5) Directors, the Chairman of which is an independent non-Executive Director.

Compliance Committee

In 2019, the Board of Directors made the decision to establish a Compliance Committee with the responsibility of monitoring the effectiveness of the company's internal control systems and compliance with applicable laws and regulations. The Committee has the added responsibility of ensuring that the company's Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) policies and procedures are adhered to and that recommendations resulting from statutory and regulatory audits are implemented and continually observed. The Committee met once in 2019 and currently comprises of three (3) Directors, the Chairman of which is an

independent non-Executive Director.

Remuneration Committee

The Remuneration Committee supports the Board in the appropriate structuring of the compensation system for the Executive Directors and other senior management employees. The Committee also ensures the remuneration system is aligned with the business' strategy which is focused on the company's sustainable development. The Committee met once during 2019 to review the remuneration structure for categories of employees and currently comprises three (3) Directors, the Chairman of which is an independent non-Executive Director.

Directors' Remuneration

Mayberry compensates its Directors fairly and aligns remuneration with the company's strategy. The remuneration of Directors is made up solely of fees, which are determined by their membership on various committees and any other objective circumstances that the Board may consider. Directors do not receive any share-based compensation. However, they are encouraged to purchase shares on the open market.

Board Evaluation and Self-Assessment

The Board is committed to regular, independent evaluation of its effectiveness. In December 2019, the Board conducted its annual self-assessment to gauge performance, conduct, leadership culture and impact. The assessment was conducted by way of an anonymous online questionnaire comprising fifty-six (56) questions, which was administered by an independent external application. The assessment was broken down into 5 sections;

1. The Board's overall performance and effectiveness;
2. The performance of individual Board members;
3. The Board's conduct;
4. The quality of the relationship with staff and how well the Board is supported;
5. The Board's relationship with the CEO and Chairman.

The results of the assessment are summarised below.

Board Evaluation

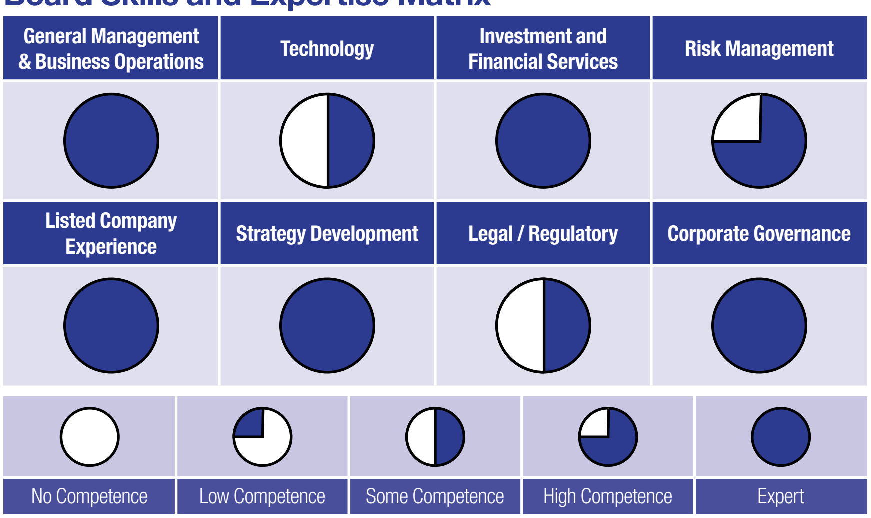
DIMENSION	SCORE (out of 100)"
The Board's overall effectiveness	87
The performance of individual Board Members	92
The Board's Conduct	87
The quality of the relationship with staff and how well the Board is supported	85
The Board's relationship with the CEO and Chairman	92

The directors use the feedback to build development plans that will improve the Board's culture, communication, effectiveness and performance.

Board Skills and Expertise Matrix

The matrix below represents some of the key skills that our Board has identified as valuable for effective oversight and execution of strategy.

Board Skills and Expertise Matrix



Board Training and Development

In the fourth quarter of 2019, the Directors participated in the annual Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) training as well as Corporate Governance Training, both of which were delivered by a representative from the law firm, Patterson Mair Hamilton. The Directors were made aware of updates to legislation, particularly changes to the Guidance Notes on the prevention of money laundering and countering the financing of terrorism, proliferation and managing related risks. The training also addressed Corporate Governance best practices, the Board's role and procedures, financial stewardship, accountability and strategic leadership within Jamaica's business environment.

In November 2019, the Board also received training relating to the new Data Protection Act and its expected impact on the company's operations. This training was conducted by PricewaterhouseCoopers.

Directors Training Attendance

Name	Positions	AML/CFT	Corporate Governance	Data Protection
Christopher Berry	Executive Chairman	x	x	x
Konrad Berry	Executive Vice Chairman/ Company Secretary	x	x	x
Erwin Angus	Managing Director	x	x	x
Gary Peart	Executive Director/ Chief Executive Officer	x	x	x
Tania Waldron-Gooden	Executive Director/ Director – Investment Banking	x	x	x
Gladstone Lewars	Independent Director	x	x	x
Alok Jain **	Independent Director	N/A	N/A	N/A
Walter Scott **	Independent Director	N/A	N/A	N/A
Benito Palomino *	Independent Director	-	-	-
David McBean *	Independent Director	x	x	x

*Resigned from the Board in December 2019
**Appointed to the Board in December 2019 (after the training sessions)

Staff Training

Annually, all staff members are required to participate in a mandatory AML/CFT training. At the end of the training, a test is administered and the results recorded and noted on each team member's employee file. The training for 2019 was tailored to include the latest updates to legislation governing AML/CFT.

Business Conduct and Ethical Practices

The company's Code of Conduct, approved by the Board of Directors, maintains its commitment to the highest standards of ethical conduct. The Code of Conduct is supplemented by an Ethics Policy, also approved by the Board, that applies to Mayberry's Directors, officers and employees.

The Code of Conduct outlines the company's rules and expectations regarding proper business conduct and ethical behaviour of Directors, officers, and employees of the company, including:

i. Adhering to the law wherever the company does business;

ii. Avoiding conflicts of interest;

iii. Conducting themselves honestly and with integrity;

iv. Respecting confidentiality and protecting the integrity and security of assets, communication, information and transactions and

v. Treating everyone fairly, equitably and professionally - whether customers, suppliers, service providers, employees or other stakeholders.

We are committed to undertaking all reasonable steps to ensure the health, safety and welfare of the company's clients, our partners and employees.

The Board is reasonably assured that there is an ongoing, appropriate and effective process in place for adherence to the company's Code of Conduct and Ethics policies. Mayberry promotes a strong compliance culture by strictly enforcing the company's Code of Conduct and Ethics Policies and by taking decisive disciplinary action, where warranted. Both the Code of Conduct and the Ethics Policy can be found on the company website at **www.mayberryinv.com/investor-relations**.

Whistleblower Policy

Mayberry has a Whistleblower Policy which has been approved by the Board. Through this policy, the Board seeks to provide a medium for all employees to, confidentially and anonymously, report any illegal, unethical or questionable practices, without fear of reprisals. The policy is designed to protect the integrity of the company's financial reporting, its business dealings and to support compliance with the Code of Conduct. The Whistleblower Policy can be found on the company website at **www.mayberryinv.com/investor-relations**.

Health and Safety

Mayberry is committed to undertaking all reasonable steps to ensure the health, safety and welfare of the company's clients and employees, as well as our partners. This is done by complying with all applicable Occupational Safety and Health Act, 2017 (OSHA) standards. Mayberry has a responsibility to help create a safe working environment and to preserve the best possible working conditions for our staff. Our employees are encouraged and empowered to report any concerns.

Environmental Policy

Mayberry is committed to protecting and conserving the environment by ensuring that all development is environmentally and socially sustainable, through the conduct of our activities. This policy was approved by the Board in April 2018 and can be accessed on the company's website at **www.mayberryinv.com/investor-relations**.

Employee Share Plans

Mayberry operates an employee stock ownership plan (ESOP) under which options are granted for the company's ordinary shares. Subject to leave provisions, options are exercisable after one (1) year.

Shareholder Rights and Responsibilities

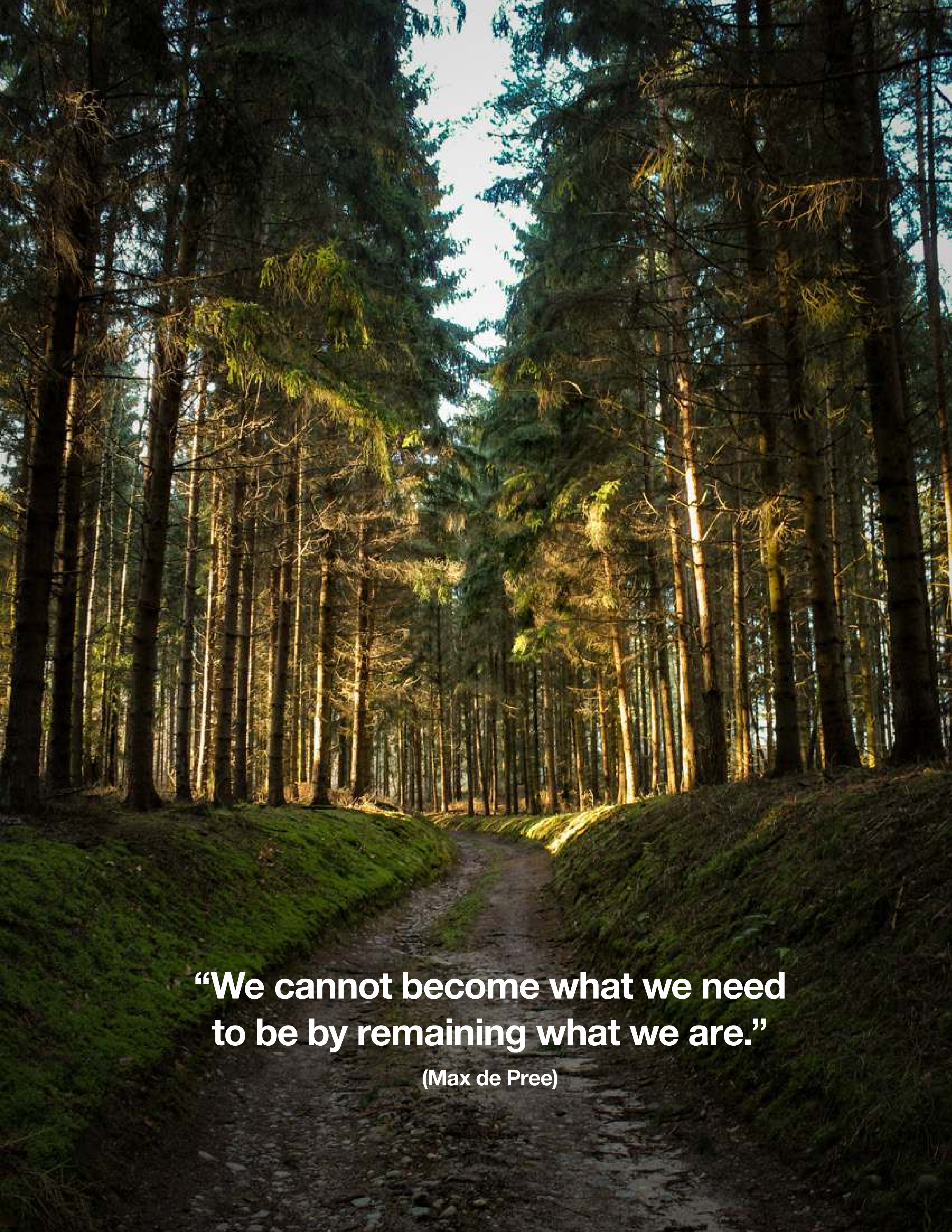
In accordance with the principles of transparency, equal treatment and protection of shareholder interests, the Board of Directors is committed to maintaining dialogue with shareholders and improving the company's existing relations with those stakeholders.

The company has several communication channels that provide all shareholders with timely and equal access to information. These include:

i. Annual General Meetings (AGM);
ii. The Annual Report;
iii. Financial Results Announcements;
iv. Monthly Investor Forums;
v. The company's website;
vi. The Monthly Strategic Magazine;
vii. Traditional and social media marketing

At every AGM, individual shareholders are given the opportunity to pose questions to the Chairman and to other members of the Board that may be present. In addition, the minutes of the previous AGM are prepared and made available to shareholders for review at the meeting. To complement these, the Investor Relations section of the company's website at **www.mayberryinv.com** provides access to company announcements, media releases, audited financial statements and annual reports.

Enquiries from individuals and institutional investors on matters relating to their shareholdings and Mayberry's business are welcomed. Please feel free to contact the Chief Executive Officer at gary.peart@mayberryinv.com to share your opinions, suggestions and concerns with us.


“We cannot become what we need
to be by remaining what we are.”
(Max de Pree)

Corporate Data

BOARD OF DIRECTORS

Executives

Christopher W. Berry, B.Sc. (Hons.) - Chairman
Konrad M. Berry, B.Sc. (Hons.) - Vice Chairman / Company Secretary
Erwin L. Angus, C.D., JP, B.A. (Hons.) - Managing Director
Gary H. Peart, M.B.A., B.Sc. (Econ) (Hons.) - Chief Executive Officer
Tania S. Waldron-Gooden, MBA, B.Sc. (Hons.), Post. Dip. - Director, Investment Banking

Non-Executives

Gladstone L. Lewars, FCA, M.Sc. (Econ) (Hons.), M.Sc. (Accounting), B.Sc. (Econ) (Hons.)
- Lead Independent Director
Alok K. Jain, M.Sc., FCA, FCCA, CGMA, CISA, CFA
Walter H. Scott, Q.C.

Company Secretary

Konrad M. Berry, B.Sc. (Hons.)

REGISTRAR – TRANSFER AGENT

Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica

AUDITORS

BDO Jamaica
26 Beechwood Avenue, Kingston 5, Jamaica

ATTORNEYS-AT-LAW

Patterson Mair Hamilton
Douglas Thompson
Palomino, Gordon-Palomino
Walter H. Scott, Q.C.
DunnCox
Carolyn C. Reid & Co.

BANKERS

Bank of Jamaica
Citigroup
National Commercial Bank Jamaica Limited
Bank of Nova Scotia Jamaica Limited
Sagicor Bank Jamaica Limited

INVESTMENT BANKS

Morgan Stanley
Raymond James and Associates
Oppenheimer
RBC Dominion Securities
Standard Bank

Management Discussion & Analysis

CORPORATE OVERVIEW

Core Activities

As a leading investment banking, securities and investment management brokerage firm, the principal activities of Mayberry Investments Limited are: portfolio and funds management, dealing in local and global securities on behalf of retail and institutional clients, operating a foreign exchange cambio, investment advisory services and administration and investment services for pension plans. **Our service offerings include strategic financial advisory services with emphasis on mergers & acquisitions, debt and equity restructuring, investment management services though separate and comingled managed portfolios, brokerage, research and Cambio services.**

Our mission of creating opportunities for customers to realise their financial objectives propels us to deliver the most relevant product and service solutions in order to transform lives positively, through lasting relationships with our clients and shareholders.

The Company while focusing on its 2020 strategic objectives will:

- **Take steps in digitisation to enhance its business processes,**
- **Foster sustainability, growth and stability by continually improving its core competencies,**
- **Continue to build lasting relationships with its customers,**
- **Manage and mitigate all risks involved in doing business to continue to build lasting relationships with its customers.**

ECONOMIC AND BUSINESS ENVIRONMENT

International

Falling interest rates, new trade agreements, recession fears abated, Brexit finally happening and the impeachment of the United States president, all mark the significant occurrences of 2019.

In 2019, the United Kingdom (UK) had a very interesting year. The UK Prime Minister, Theresa May, resigned amid the potential for a no-deal Brexit and was subsequently replaced by Boris Johnson. In December 2019, the conservatives won a convincing 80 seat majority over the Labour Party in the General Election, as the British demanded certainty on Brexit. The election victory gave the Boris Johnson led government the mandate to proceed with Brexit and the year to follow will be crucial for the global political and economic landscape.

While there was no recession in 2019, global growth did slow for the year at approximately 2.9%. Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity, especially manufacturing and trade, in the second half of 2019. Intensifying social unrest in several countries posed new challenges, as did weather-related disasters from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa and drought in southern Africa.

Global stock markets, on the other hand, posted their best year since the aftermath of the financial crisis a decade ago. Investors shrugged off trade tensions and warnings of slowing growth in major economies. The MSCI World Index, which tracks stocks across the developed world, jumped by almost 24% during 2019, the most robust performance since 2009. A surge in US technology giants and an active recovery in Eurozone and Asian stocks were the main factors.

During the financial year, there was a rise in tension as it relates to the trading relationship between the United States of America (USA) and The Peoples Republic of China. In response to increasing risks to the USA economy and continued trade tensions, the Federal Reserve took the decision to change the policy direction by cutting its benchmark rate. This resulted in a general surge in bond prices which drove the emerging market bond indices higher. At the end of our financial year, bond prices trended upwards which was attributable to the accommodative monetary policy by the Federal Reserve.

Our 2020 Focus:

Financial
With a focus to increase profits year over year, increase return on equity and reduce operating expenses.

Customer
To strengthen engagement with our existing customers and attract new ones.

Internal
To improve the effectiveness and efficiency of the business.

Learning and Growth
To improve the management of talent, implement a culture that supports the corporate values and creating a high-performance team.

This policy of reducing interest rates began in July 2019 which resulted in the incremental increase in prices and reduction in yield for the general bond offerings in the market over the last six months of 2019.

With the upcoming year of trade uncertainties and the emergence of the Novel Corona Virus (COVID-19) now on the radar of the World Health Organisation (WHO), projections of the world economy possibly experiencing adverse disruptions, gave rise to increased risk aversion of buyers and some Portfolio Managers slowly taking gains and moving to higher quality assets, a process normally categorised as "flight to safety".

Given slower economic growth, but some level of market stability forecasted in both developed and developing markets, coupled with a reduction in interest rates in these markets, there is a projection that this should result in investments in high yield emerging market assets. This served as beneficial to some countries, for example Barbados, which successfully completed a debt exchange of its internationally held foreign currency debt. Additionally, the country benefited from an upgrade in their credit rating from default to B-. This bodes well for the economy, having defaulted on its external commercial debt in June 2018.

The consensus among economists is that the Federal Reserve will now pause after having cut rates three times in 2019, with its benchmark rate now in a range of 1.5% to 1.75%.

Two of the most significant occurrences for 2019 was the impeachment of President Donald Trump of USA and the outbreak of COVID-19 that was first reported from Wuhan, China, in December 2019. This is a significant WHO health crisis leading into 2020 and is expected to pose significant problems to the world economy in the coming year. Global growth could be adversely affected by this health pandemic and international oil prices could decline to new lows.

Regionally

Growth in Latin America and the Caribbean was subdued in 2019, at 1.7%, reflecting challenging conditions in several of the largest economies. The region's main challenges included a complex macro and external environment in several countries and unprecedented flows of intra-regional migration, particularly from politically unstable Venezuela. Latin America and the Caribbean are extremely exposed and vulnerable to many natural disasters, such as earthquakes, floods that can ravage entire regions, and hurricanes that devastate Caribbean states and this proved to be a challenge in 2019.

Local

Lower unemployment rates, low and stable inflation, the end of the International Monetary Fund (IMF) era, an erratic foreign exchange market and a slowdown in growth, marked the significant happenings for the Jamaican economy in 2019.

Unemployment levels remain at record lows. The most recent unemployment rate reported by the Statistical Institute of Jamaica (STATIN) was 7.2% as of October 2019, a reduction of 1.5 percentage points relative to 2018. Notably, there was an increase in female employment of 3.4%, particularly females in the service industries, while the employed male population increased by 1.6%.

Business confidence closed Q4 2019 at 131.3 points, down from 147.5 points in the corresponding period in 2018. Firms reported less confidence in current business conditions and were not very optimistic about the outlook for their finances as well as uncertainty around the climate for investment or expansion.

Consumer confidence sustained its upward trajectory, however, and reported 4th quarter 2019 results of 180.1 points relative to that of 175.5 points for the 4th quarter of 2018. There was an improvement in consumers' perception of business conditions and expectations for income in the future. Current job prospects remain at a record high. However, expectations for income gains remained unchanged.

Tourist arrivals in 2019 showed mixed results, as there was an increase in stopover arrivals by 8.5% but a significant reduction in cruise passengers of 16.9%. Total visitor arrivals up to November 2019 was down 2.2%, from 3.83 million in 2018 to 3.745 million in 2019.

All three major credit rating agencies upgraded Jamaica's sovereign ratings during the year. Moody's Investors Service upgraded the Government of Jamaica's long-term issuer and senior unsecured ratings from B3 to B2, and Senior Unsecured shelf rating to (P) B2 from (P) B3. The outlook has been upgraded from stable to positive.

Fitch upgraded Jamaica from B to B+, citing the country's track record of large primary surpluses that have cut general government debt to Gross Domestic Product (GDP) ratio significantly. S&P also increased Jamaica's rating from B to B+, with both rating agencies forecasting a stable outlook on Jamaica.

Gross Domestic Product (GDP)

Jamaica has now experienced nineteen (19) consecutive quarters of economic growth, which is more than twice the longest stretch of continuous economic growth since 1997. Even though economic growth has remained positive, it has begun to slow. The slowdown is mainly in response to a global reduction in the demand for commodities. The industries recording significant decline were Mining and Quarrying, as well as Agriculture, Forestry and Fishing, mainly due to prevailing drought conditions. The primary growth sectors were Manufacturing, Hotels & Restaurants, as well as Finance and Insurance services. The growth in these industries is directly related to the fall in unemployment as new labour force entrants came from these industries.

The Central Bank of Jamaica (BOJ) projects that over the next year, GDP growth will be lower than its estimate of potential growth. The economy grew 1.3% in the 1st quarter, 1.3% in the 2nd quarter and 0.6% in the 3rd quarter. For the first nine months of 2019, real GDP is estimated to have increased by 1.2%. BOJ also advised that GCT tax inflows, which is a leading economic performance indicator, has shown increased economic activity for Jamaica.

Jamaica has experienced the longest stretch of consecutive economic growth since it started measuring growth quarterly in 1997.

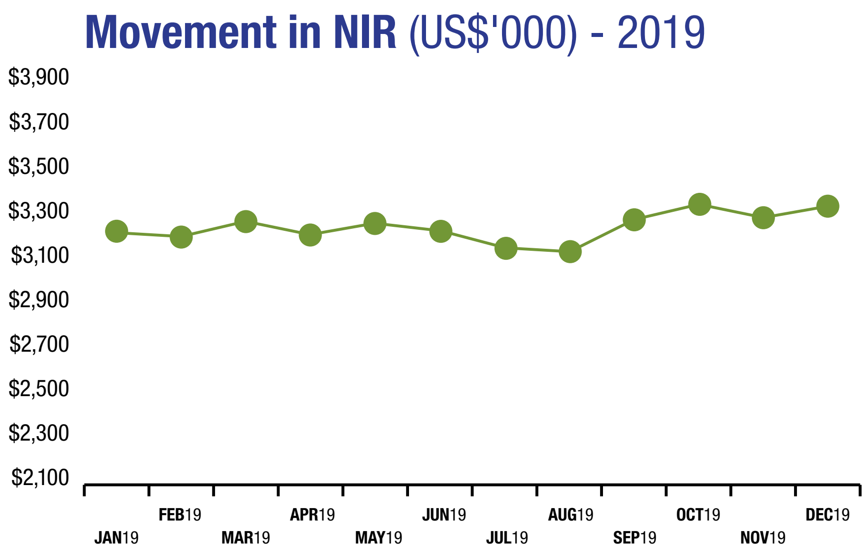
Exchange Rate Movement 2019

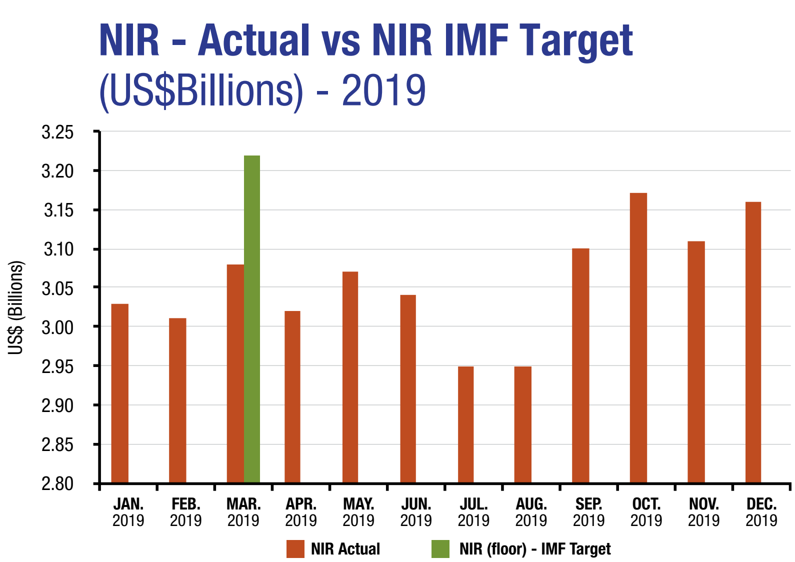
Foreign Exchange

For the year 2019, the foreign exchange market experienced a two-way movement, where the dollar experienced upswings and then trended downwards. The market was also influenced by Government intervention through the BOJ.

The Central Bank anticipates that banks and other financial institutions will be in a better position in 2020 to offer reasonably priced insurance or hedging tools to customers. The target customers are those who choose not to or cannot withstand the short-term risks associated with this two-way movement in the foreign exchange rate. The BOJ expects that investors will be incentivised to place their money into Jamaican dollar and growth-oriented investments as the two-way movement removes the desire to buying and hoarding foreign exchange.

The maximum daily average exchange rate recorded in 2019 was J$142.23: US$1 in November, while the lowest exchange rate recorded for the year was J$124.79: US$1 recorded in early January. The average daily exchange rate for the year was J$134.23: US$1 with the average depreciation for 2019 at 3.5%.



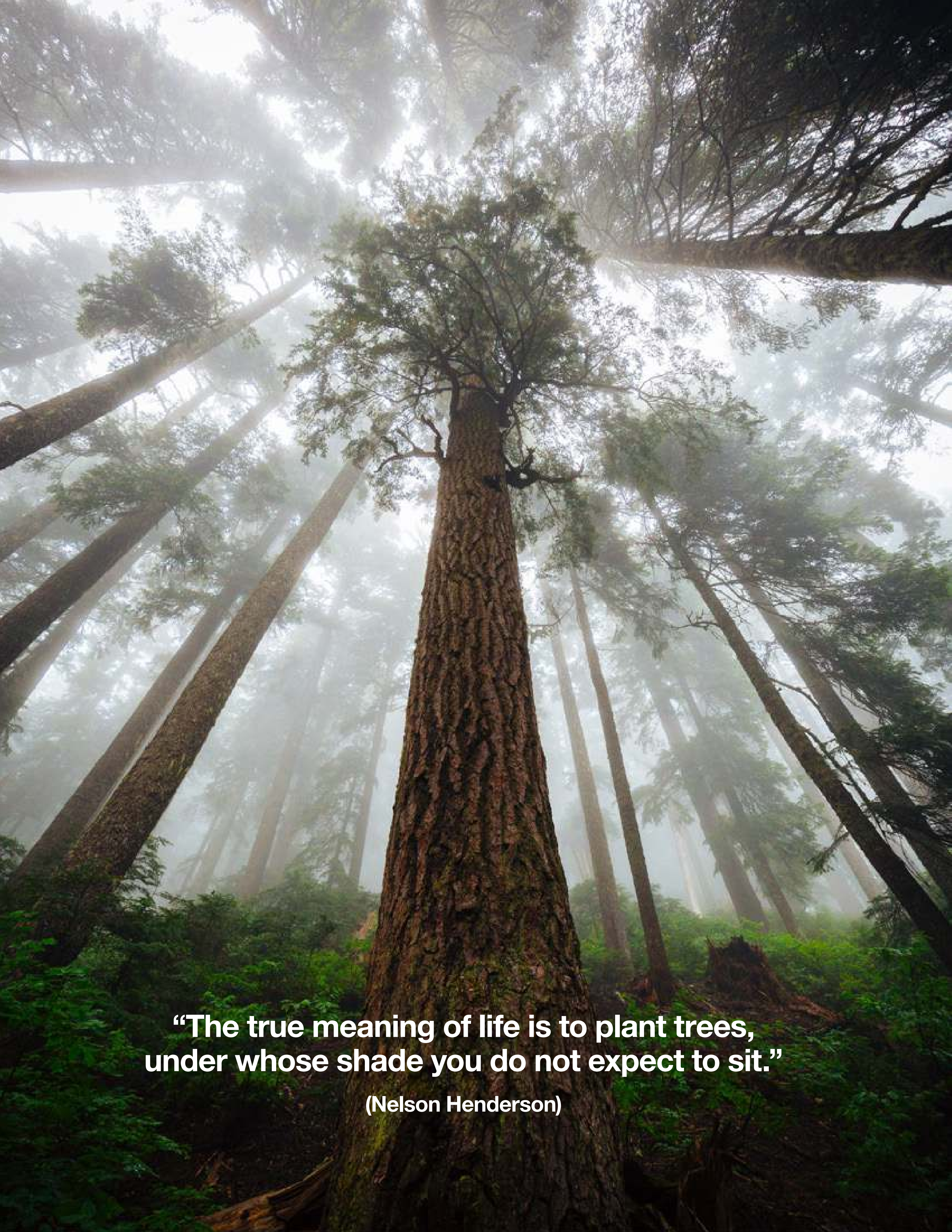


Net International Reserve (NIR)

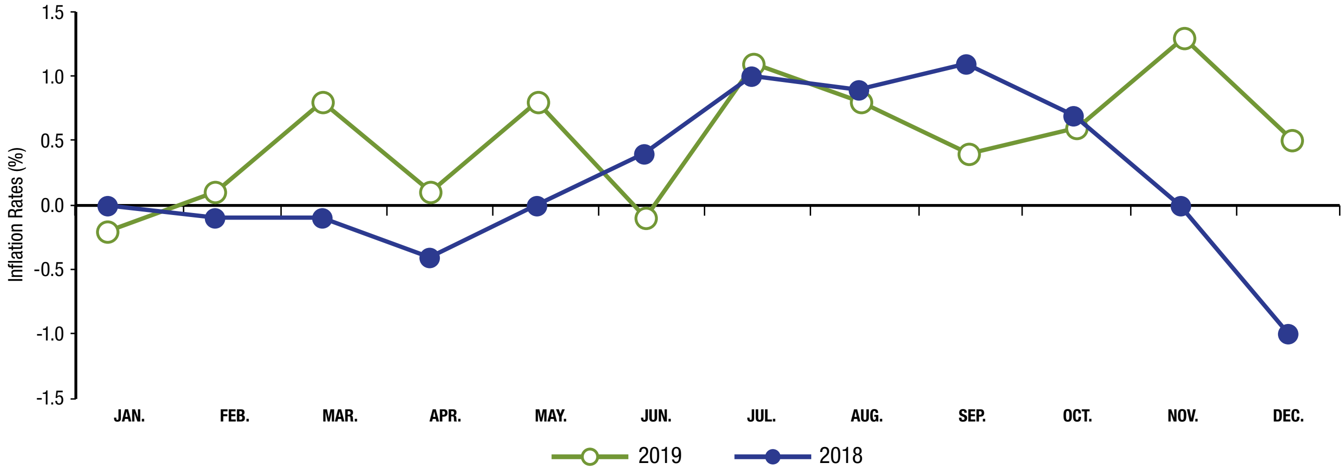
Jamaica's Net International Reserves (NIR) totalled US$3,162.54 million as of December 2019, reflecting an increase relative to the US$3,005.41 million as at December 2018. NIR balances have, however, been affected by intervention flash sales by the BOJ to the US currency market. Significant changes in the NIR were due to increases in currency and deposits, securities held, as well as a minor reduction in foreign liabilities to the IMF following the completion of the IMF agreement in November 2019.

Inflation

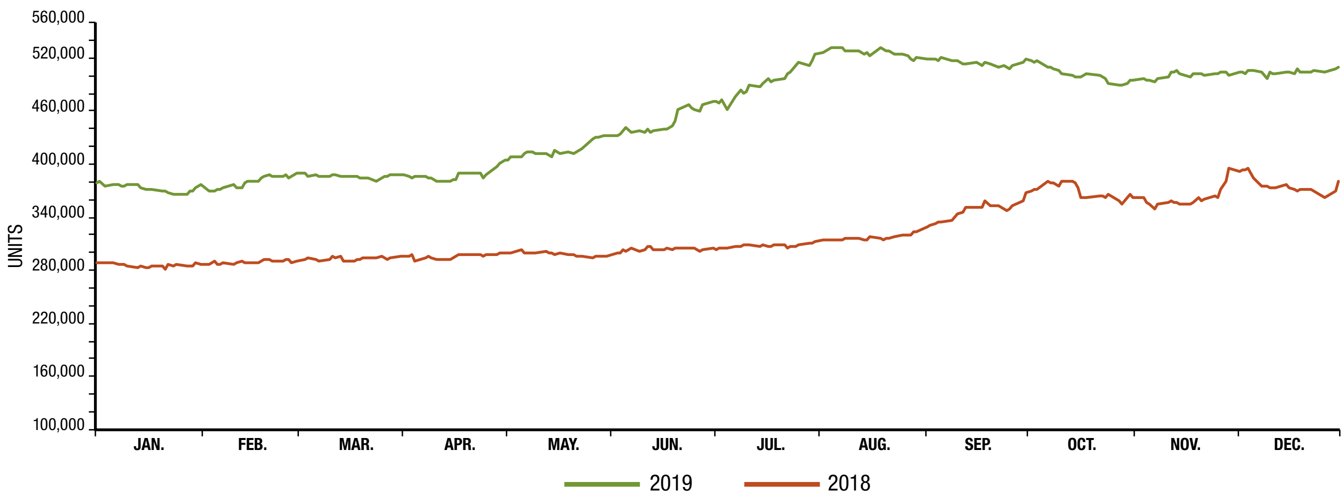
Consumer prices rose to 6.2% for 2019, the highest annual inflation rate since 2014, up from 2.5% in 2018. This represented a slightly higher rate than the upper band of the inflation target of 6%. The primary source of the higher-than-expected inflation rate was adverse weather conditions (drought followed by heavy rains), which affected the island between June and October 2019. Throughout the year, drought conditions propelled the prices upwards primarily in the Food and Non-Alcoholic beverages industry. Intense heat during the summer months also increased prices for fuel and electricity as well as water. July and November recorded the highest monthly inflation figures of 1.1% and 1.3%, respectively, in this financial year. The BOJ's current assessment is that inflation is likely to be higher than previously forecasted (4.5%) over the next two quarters but is expected to track within the target range of 4.0% to 6.0% for 2020.


"The true meaning of life is to plant trees,
under whose shade you do not expect to sit."
(Nelson Henderson)

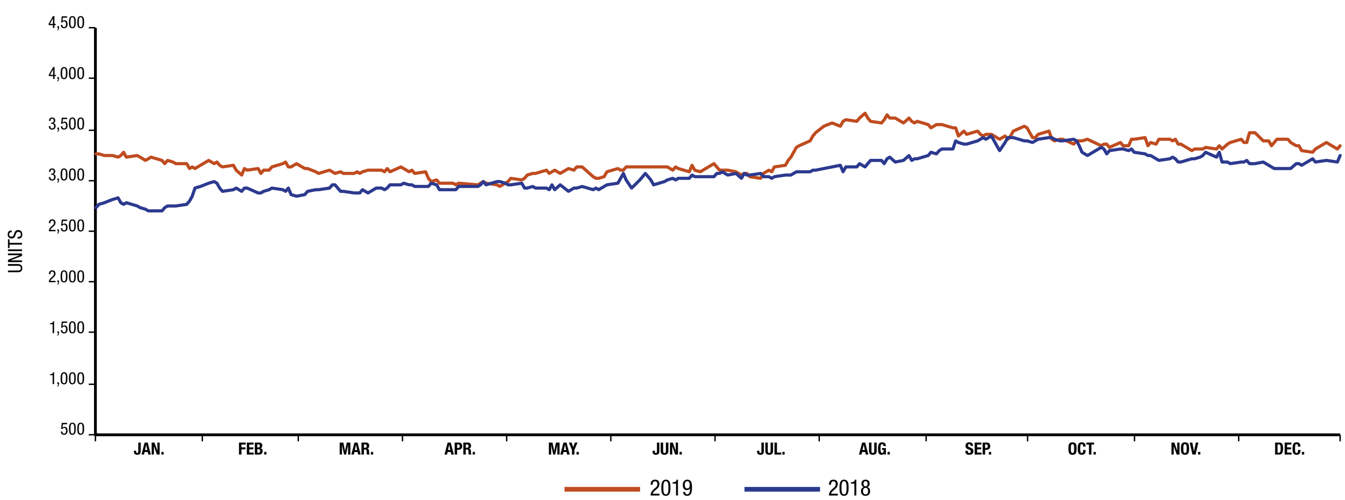
Inflationary Impulses - 2019 vs 2018



JSE Main Index



JSE Junior Index



Interest Rates

In 2019, the BOJ fully adopted a full-fledged inflation targeting regime, signifying that the only anchor it needs to maintain the predetermined inflation target of 4% to 6% is the policy interest rate. The Central Bank has managed to reduce policy rates by 95% over the last ten years, from 10.5% in December 2009 to 0.5% in December 2019. For 2019, the rate declined by 71%, moving from 1.75% at the start of the year to close the year at 0.5%.

In this pursuit, the BOJ aims to continue stimulating economic growth and achieving inflation targets and its rationale for this reduction in the rate is to increase private sector credit.

Equities Market

Jamaica Stock Exchange (JSE) Main & Junior Markets

The JSE between 2015 and 2018 was the best performing stock exchange in the world, as ranked by Bloomberg. The real implication of this was that the exchange attracted more investors with 2019 having an increase of over 50% in unique investors to the market. During this year, the JSE introduced two new indices to track the performance of Financial institutions as well as Manufacturing and Distribution companies on both the Main and Junior stock markets.

The JSE Main Market ended the year 2019 at 509,916.44 points, up 34.26% over 2018, with market capitalization at J$1.93 trillion. The Main market had seven new additions, most notably was the largest Initial Public Offering (IPO) in Jamaica's history by subscription, Wigton Windfarm Limited, attracting 31,200 applicants.

The JSE Junior Market increased 3.15% up to 3,348.96 units at the end of December 2019. This is, however, after largely declining in the first few months of the year. The Junior Market had five additions in 2019, namely, Fontana Pharmacy, iCreate Limited, Lumber Depot, Mailpac Group, and The Limners and Bards Limited.

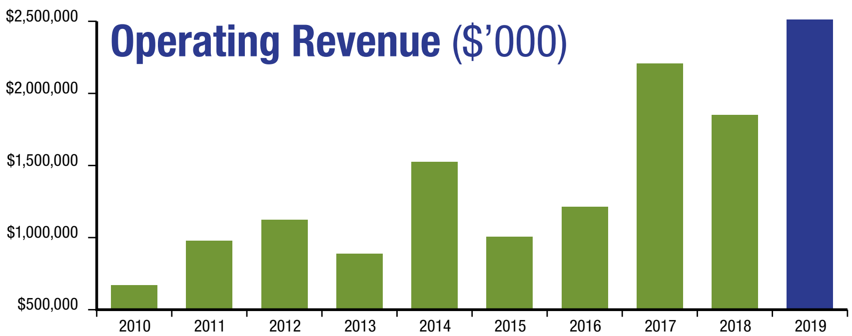
The outlook for 2020 is the continued growth in new investors to the market with the Government of Jamaica's effort to divest assets, by way of IPO. For the coming year, the anticipated listings are TransJamaican Highway, Jamaica Mortgage Bank Limited and the partial listing of Jamaica Public Service.

Financial Performance

PROFIT PERFORMANCE

Mayberry Group achieved a net profit of $645.9 million influenced by higher interest income, fees and commissions and unrealised gains on financial investments, despite an increase in operating expenses. This represents an increase of $540 million and resulted in Earnings per share (EPS) of $0.59 compared to $0.13 for 2018.

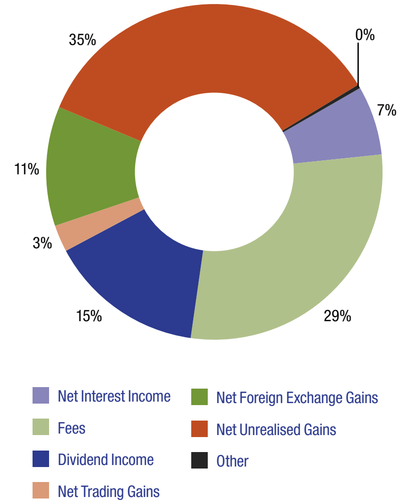
The Group recorded Net Interest Income and Other Revenues of $2.5 billion for financial year ended 31 December 2019, compared to $1.8 billion or 38.1% higher than that of the prior year (PY).



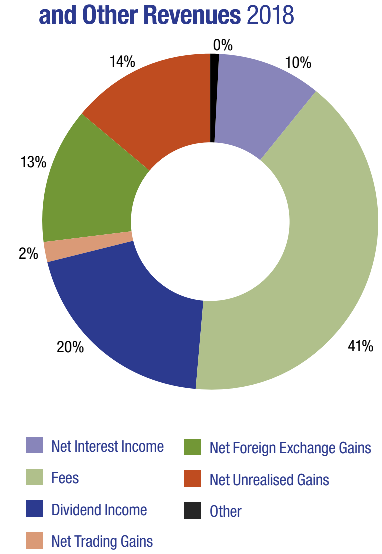
A strong performance was reported for Unrealised gains on financial instruments of $889.9 million which grew year-over-year by $624.9 million or 235.8% due to the revaluation of investment for the wholly owned subsidiary, Widebase Limited. When compared to the prior year 2018, Dividend Income of $380 million grew by 4.3%, Net Trading gains of $65.8 million increased by 119% and Net Foreign Exchange of $292.6 million grew by 21.6%. Other Income of $8.9 million increased by 31.5%, whilst the Group reported a 38% increase for Reverse repurchase agreement income. This was countered by Fees and Commissions of $735.1 million which had a slight decline of 3.2% over the corresponding prior period. With declining yields in the Bond market, Bond income of $287.5 million decreased marginally by 0.5% when compared to $286 million for 2018.

The major drivers of revenue for the year were Consulting Fees and Commissions which accounted for 29% of total operating revenues, followed by Dividend income and Net Foreign exchange gains accounting for 15% and 11%, respectively, for the 2019 financial period.

Net Interest Income and Other Revenues 2019



Net Interest Income and Other Revenues 2018



Performance Highlights

+22%
ON TOTAL ASSETS

+42%
ON STOCKHOLDERS' EQUITY

+42%
ON NET BOOK VALUE PER SHARE

+15%
YIELD ON PENSION FUNDS

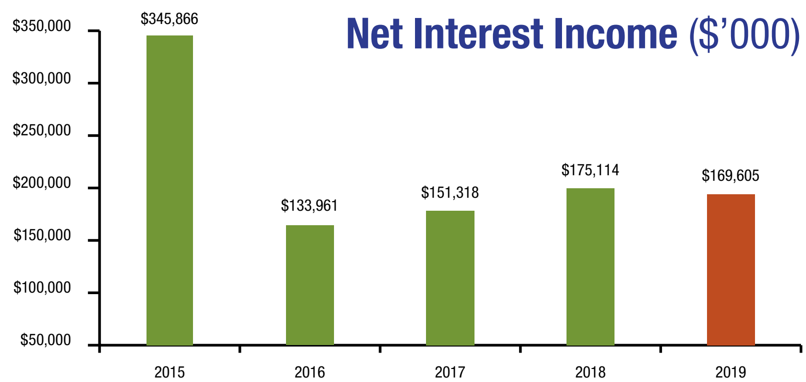
$18.8B
FUNDS UNDER MANAGEMENT

$5.7B
FUNDS RAISED FROM 2019 IPOs

REVENUE PERFORMANCE

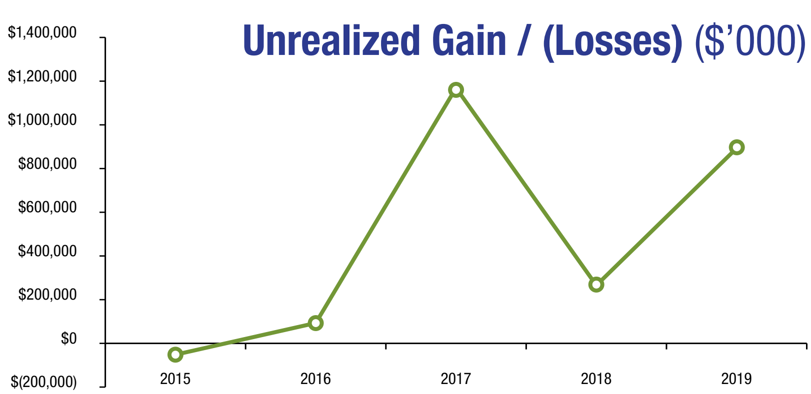
Net Interest Income

Net interest income amounted to $169.6 million for 2019 compared to $175.1 million for the corresponding period in 2018. Reverse repurchase agreement income of $277.1 million was higher by $76.3 million over 2018 and Interest income earned on instruments of $17.1 million exceeded the prior comparative period by $13.9 million. Conversely, interest earned on client margin balances, amounting to $209 million, declined from $239 million year-over-year.



Higher funding costs of $523.9 million were reported in 2019 for Reverse Repurchase agreements, Bonds, and Corporate papers, when compared to $405.9 million for PY 2018. Finance costs of $97.3 million were lower by $50.5 million than that of the comparative period, due to the repayment of the Jamaica Money Market Brokers Merchant Bank loan in 2018. This resulted in a decline in net interest margins of 2.6% for year ending 2019 when compared to 24% for year ending 2018.

Products and services offered by our Investment Banking team continued to be widely sought after with fees from IPO, Underwriting and Loan processing transactions recording high growth rates of 104.4%, 100% and 77%, respectively. Income earned from Managed Products closed the year at $119.4 million up from $108.2 million. On the other hand, Selling Fees Debt and Corporate Advisory fees declined by 62% and 38.9%, respectively, while Equity Commission showed a marginal decline of 1.8%.



The thrust behind Corporate Advisory services will continue as Mayberry continues to provide our clients with the best business solutions.

Dividend Income of $380.1 million increased by $15.8 million or 4.3% when compared to 2018, representing dividends earned mainly from holdings in Supreme Ventures Limited, Jamaica Broilers Group Limited, Jamaica Stock Exchange Limited and NCB Financial Group Limited.

The Group's Unrealised gains on financial investments and Net trading gains increased by $624.9 million and $35.8 million, respectively. Unrealised gains of approximately $729 million were booked relating to the company's wholly owned subsidiary, Widebase Limited.

Net Trading gains were positively impacted by activities relating to local equities and bonds, despite losses recorded on bonds due to a fall in prices in the global bond market. On the other hand, Net Foreign Exchange gains of $292.6 million increased by $52.1 million or 21.6% when compared to the same period in 2018. These larger spreads were spurned by higher levels of liquidity.

Operating Expenses

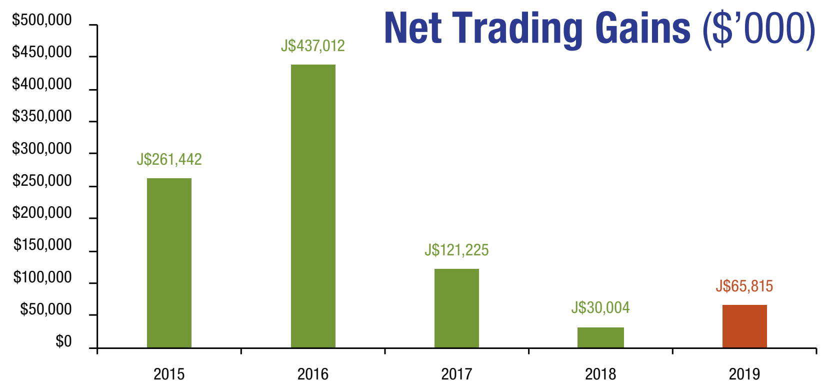
The Group's Operating Expenses for 2019 increased by $210 million to reach $1.89 billion from $1.68 billion when compared to the corresponding period. This movement was due mainly to increases of $129 million and $150 million, in staff costs and management fees, respectively. Staff costs of $660.8 million increased year-over-year due to a higher head count as the complement of Sales Advisors was amplified in order to increase Sales revenues. Administrative Expenses of $1.1 billion were higher by $157 million due to Management and Incentive Fees of $478 million; Consulting fees of $58 million; Sales and Marketing expenses of $86.2 million; Legal & Professional fees of $125.5 million and Licensing fees of $94.7 million. Expenditure of $18.5 million were incurred for the newly established Mayberry University, a framework created to enhance the training and development of the workforce.

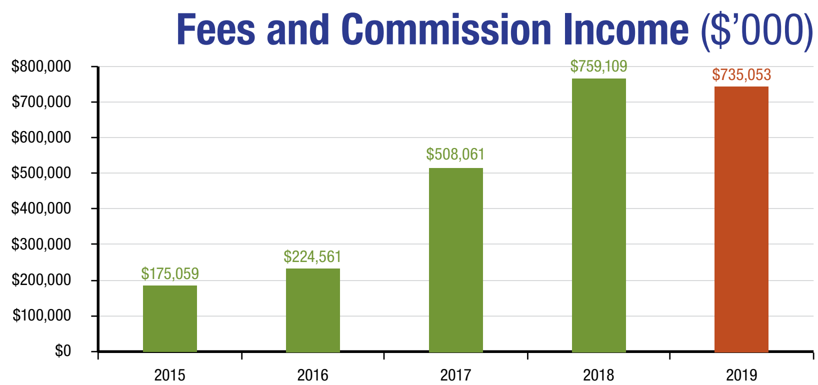
These were offset by savings in Travelling expenses of $7 million, Motor Vehicle Lease expenses of $21 million, Computer Licensing fees of $10 million and Staff welfare of $3.3 million, when compared to the corresponding period for 2018. A lower bad debt provision of $48.2 million was recorded for the 2019 financial period, a decrease of $122.5 million or 81%.

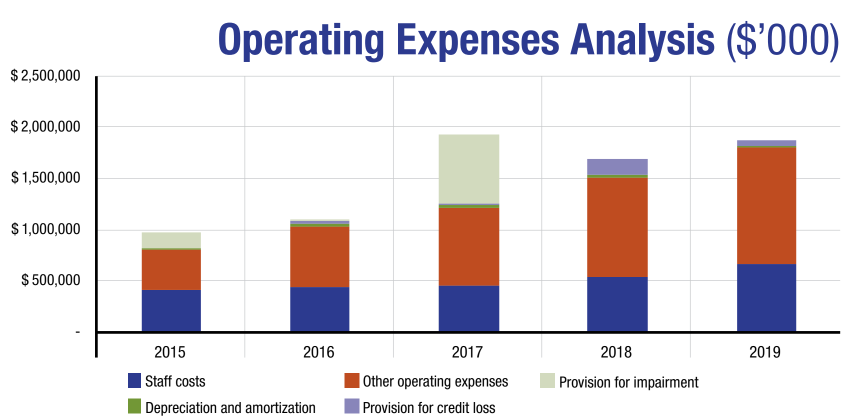
TOTAL COMPREHENSIVE INCOME

The Group reported Other Comprehensive Income of $5.1 billion, with $4.7 billion attributable to shareholders of the parent company. This represented an increase of $1.6 billion or 43% when compared to year ended 31 December 2018.

Besides increased profits over the comparative financial period, there was a significant increase in unrealised fair value gains on quoted equities held in the stock portfolio of the subsidiary, Mayberry Jamaican Equities Limited.



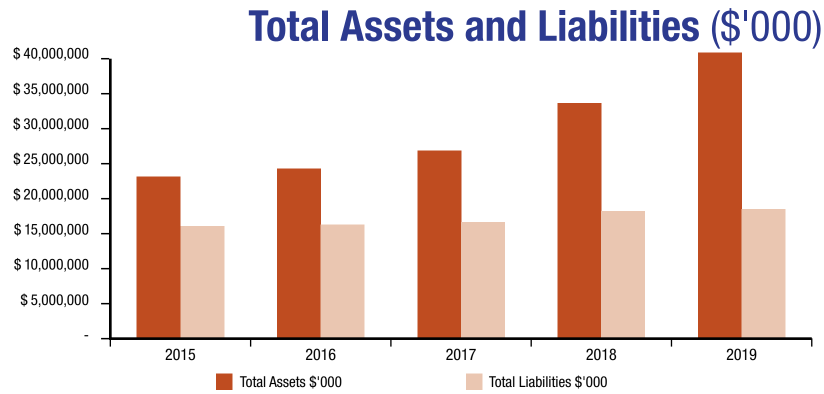




STATEMENT OF FINANCIAL POSITION

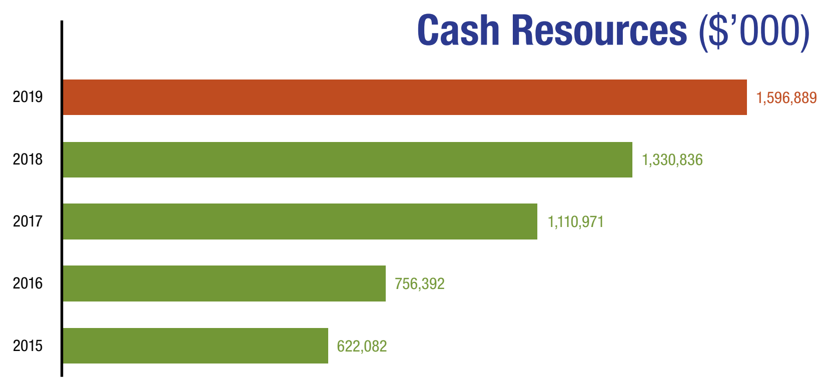
Assets

Total Assets at year ended 31 December 2019, of $36.9 billion, grew by $6.6 billion over the corresponding period for 2018. Growth in asset balances were attributable primarily to the increases in the value of Investment Securities of $5 billion or 24% and Reverse Repurchase agreements of $1.7 billion or 99%.

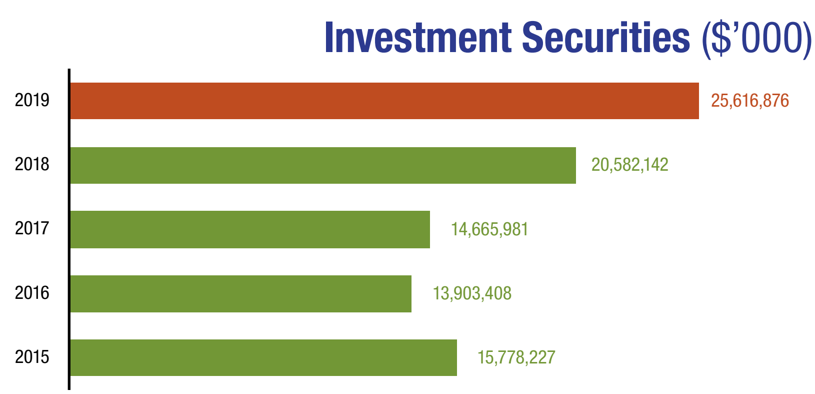


Asset Categories

Cash Resources, held for operational business, accumulated at year ended 31 December 2019 to $1.6 billion, an increase of $266.1 million or 20%, when compared to cash held at year end 2018.

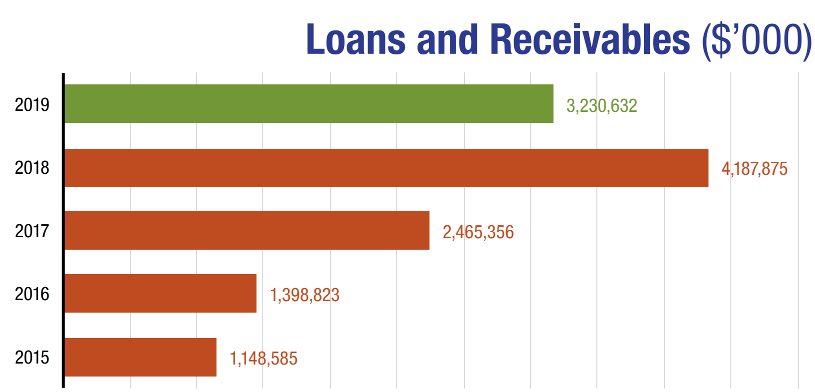


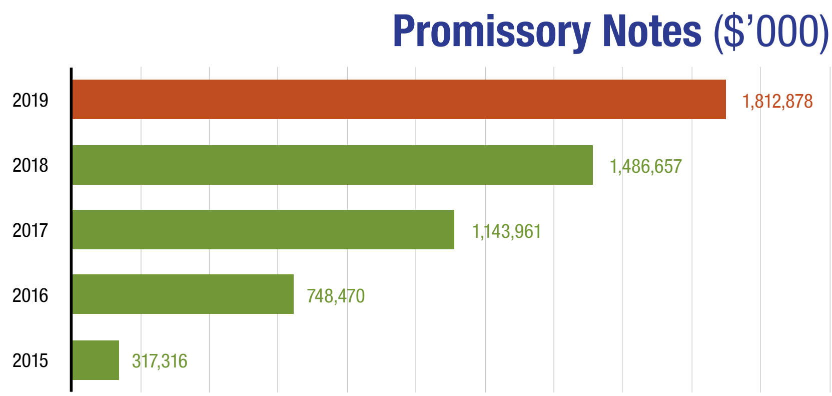
The Group's Promissory Notes totalled $1.81 billion at December 31, 2019, comprising of Jamaican dollar (JMD) and United States dollar (USD) promissory notes for clients. Whilst Mayberry's objective is to continue growing this portfolio, risk monitoring initiatives will ensure the Group continues to satisfy the regulatory guidelines.



Interest receivables for the Group amounted to $100.7 million, an increase of $23.5 million or 30% when compared to the corresponding period for 2018.

Other Assets at the end of 2019 were on par with the balance for the prior comparative period. This line item represents the fair value of properties owned by Mayberry, for which a fair value assessment is conducted every three (3) years. With the adoption of IFRS 16, Right of use assets booked during the financial year closed at $133.5 million.



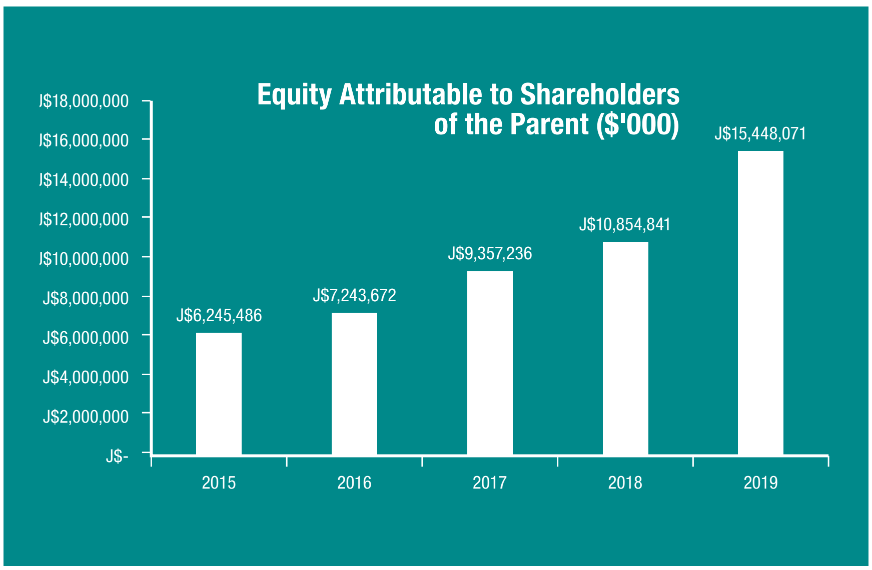


Liabilities

Total Liabilities increased by $296.2 million to close at $16.7 billion, a 1.8% increase over PY. The assets were funded in part by Loans of $7.2 billion and Repurchase agreements of $4.2 billion. Accounts Payables were reduced by $614 million, following the satisfaction of obligations that occurred during the financial period.

Equity

The Group recorded total equity of $20.2 billion, with the amount attributable to shareholders of the parent of $15.4 billion. This resulted in Net Book value per share closing at $12.86, when compared to $9.04, a 42% increase over the corresponding 2018 financial period. The growth in 2019 was mainly due to an increase in fair value reserves of $2.6 billion. Retained earnings also significantly increased by 45% to $6.4 billion for the year ended 31 December 2019, from $4.4 billion in the corresponding period.



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Ready to talk about your **pension plan**?

Call your Investment Advisor today!

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Risk Governance Framework

As Mayberry continues to grow and achieve our strategic objectives, we continue to champion risk integration into our strategic business execution. This will ensure that the company achieves risk-reward optimisation on its assets and securities. Mayberry's Risk Management Framework is designed to identify, assess, treat, monitor and report all primary risks assumed by the business. Use of this framework effectively sets the tone for the risk culture of the company by encouraging good 'risk-taking' behaviour at all levels of the company. A sound system of risk limits is also a key outcome of the Mayberry's risk management framework.

Infrastructure

- Company vision and strategy
- Company values
- Group policies and standards
- Risk appetite and delegated authorities
- Asset integrity framework
- Code of Conduct
- Risk management process
- Risk review committees
- Global insurance programme
- Emergency preparedness

Risk Management Process

Communication and Consultation

Risk Identification > Risk Assessment > Risk Treatment > Risk Monitoring > Risk Reporting

Assurance

Risk integration

- Strategic planning
- Medium term planning
- Prospect phase
- Proposal phase
- Design
- Procurement
- Execution
- Operation
- Hand over
- Management support processes

Company values and culture

Risk Management system (and other tools)

Leadership, communication and engagement

Mayberry's approach to managing risk is outlined clearly within our Risk Policy Framework and guided by our Board approved risk appetite and tolerance. We also utilise our risk policy framework in analysis and assessment of new products and projects undertaken by the business and ensuring management has appropriate polices and internal controls in place. Additionally, as Mayberry continuously evolves its digital footprint, we will ensure that risk management is at the forefront of our transformation. Key to this is ensuring that we are standard bearers in data protection both internally and externally.

Risk Management Governance

Mayberry's risk management framework adopts the three lines of defence approach to governing risk which promotes transparency, accountability and consistency through the clear identification and segregation of roles: (i) management of business lines, (ii) independent Compliance and Risk functions and (iii) Internal Audit. The three lines of defence collaborate with each other in structured forums and processes to bring various perspectives together and to steer the organization towards outcomes that are in the clients' best interests and create economic value.

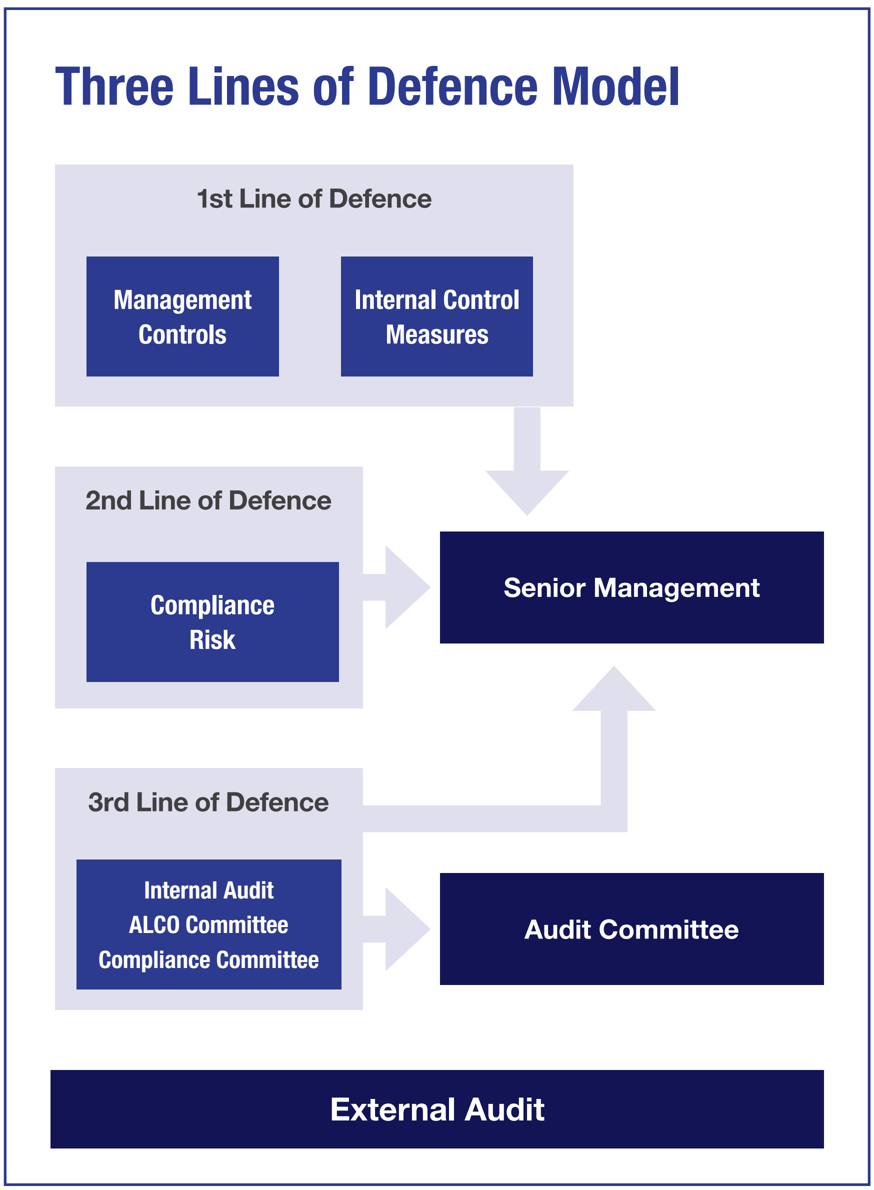
The first line of defence is made up of management of business lines. It is the responsibility of first-line management to identify and manage risks. This involves, at an operational level, the day-to-day effective management of risks in accordance with agreed risk policies, risk appetite, and controls including primary responsibility for compliance with relevant legal and regulatory requirements.

The second line of defence involves the Compliance and Risk function, which provides independent oversight and assurance to manage market, credit, compliance, reputational and operational risks in a manner consistent with the company's risk appetite. This establishes policies and guidelines for risk management and assessment and contributes to the tools to manage, measure and mitigate risks taken by the organization. It is also responsible for producing independent management information and risk management reporting for Senior Management, Board of Directors and regulatory authorities. The Senior Risk Manager reports to the Chief Executive Officer and the Asset and Liability Committee (ALCO) of the Board of Directors. The incumbent has regular and unrestricted access to the ALCO Committee of the Board and to the Board of Directors to address risks and issues identified through daily activities.

The third line of defence is the Internal Audit function. This provides independent and objective assurance to the Board and Senior Management on the effectiveness of controls across various functions and operations, including risk management and governance practices.

All three levels report to the Board, either directly or through the Assets and Liabilities Committee and Audit Committee.

Figure 1: Mayberry's Three Lines of Defence Framework



Key Risks

Mayberry is inherently exposed to a myriad of risks by virtue of its business model, future prospects, solvency, liquidity, reputation and delivery of strategic objectives and key performance indicators. These risks include: (i) Financial, (ii) Operational and (iii) Business, Strategic & Reputational risks, together with external factors over which the Group may have little or no direct control. As part of our Risk Management Framework, we utilise risk assessment at the departmental level to ensure keen monitoring and identification of risks.

Mayberry's risk management framework adopts a three lines of defence approach to governing risk:

i. Management of business lines,

ii. Independent Compliance and Risk functions,

iii. Internal Audit.

The three lines of defence steer the organization towards outcomes that are in the clients' best interests.

The key risks and risk management tools are summarised in the table shown below.

Financial Risk	Mayberry's financial risks arise from loss of income for shareholders, investors or other financial stakeholders. Risk is inherent in any business enterprise and good risk management is an essential aspect of running a successful business. The approach by Mayberry is to separate financial risks into three broad categories: market risk, credit risk and liquidity risk.
	Market Risk - Market risk refers to the uncertainty of future earnings resulting from movements in interest rates, foreign exchange rates, commodity prices, investment market prices and market volatility.
	Credit Risk - This is the risk of financial loss from a counterparty failing to satisfy its financial obligations under contract.
	Liquidity Risk - The risk arising from inability to meet payment obligations when due and to replace funds that have been withdrawn.
Strategic Risk	Mayberry's strategic risks are those associated with changes within the business environment which prevent the company from meeting its strategic goals and objectives. As the company continues to face emerging strategic risks, the risk management team will ensure it protects shareholder value through continuous environmental scanning. Also, it will ensure that risk is a key component of the company's strategic planning activities.
Operational Risk	Mayberry's operational risks are those associated with the loss arising from inadequate or failed internal processes or systems, human factors or from external events. At Mayberry, we maintain a system of company-wide policies and procedures, clear lines of accountability and separation of duties. We also maintain effective internal audit and control mechanisms to deter or reduce risks identified.

Departmental Reports

Asset Management

The Asset Management department remains committed to providing first class portfolio management solutions to all our clients. In 2019, we realised $18.8B in funds under management. This was achieved in part by the growth in our Pension portfolio of 39%.

Our managed equity portfolio performed well, gaining an average return of 31%. In 2018, we introduced and added a USD Fixed Income portfolio product and have seen a significant increase of 990% in growth for this business line in 2019. Our Pension portfolio continued its growth trend achieving a yield of 15% in this financial year. We will continue to manage our discretionary portfolios with the goal of successfully establishing a stable return for our clients and to add value to our members' retirement plans. We would like to thank our clients for continuing to make us their principal broker and are committed to continuing to exceed expectations in 2020.

Accounting

The main objective for the Accounting and Finance Team in 2019 was to align the reporting of financial information with the company's digitisation strategy in an effort to ensure more timely and relevant reports and analysis. In addition, a key performance indicator was to achieve greater efficiency through the streamlining of processes performed by the Unit, as well as cross-training and development of the team.

Our 2020 mandate will be to continue the build-out of automation for existing manual processes which is aligned with Mayberry's digitisation plan. This initiative will allow for enhanced financial, statutory and regulatory reporting. The continued focus will also be on supporting our internal customers while maintaining stronger working relationships with external stakeholders and promoting the training and mentorship of the team.

Information Technology

The digitisation journey at Mayberry Investments is now underway and we have begun the re-design process for our internal and client-facing systems, with the goal of improving efficiency and client satisfaction.

The digital transformation initiatives completed during 2019 included increased data mining to provide key reporting information to the business stakeholders via a secure reporting repository. Several internal processes were also automated to further improve productivity and reduce the time needed to execute these tasks. We formed strategic relationships with technology partners to guide us on the path to full digital transformation.

2020 and beyond will lead to a fully digitized Mayberry with cutting-edge systems and even greater improvements with our client interaction and overall client experience.

We realised $18.8 billion in funds under management in 2019.

Compliance and Risk

For the financial year 2019, the Compliance Department was focused on maintaining a strong compliance culture throughout the organization. This was achieved by partnering with the Mayberry Corporate University to provide face to face compliance training for all new hires, as well as continuous online training for all employees. The Compliance Unit employed measures to maintain and improve a satisfactory regulatory compliance rating and embarked on a digitisation project, with a view to offering greater value to our new and existing stakeholders, while continuing to satisfy our regulatory obligations.

In 2019, the Risk Unit continued its focus on enhancing the company's Risk Management Framework. Our methodologies for identifying, analysing and monitoring key risks were reviewed to ensure proper alignment to the company's risk appetite and strategic goals. As we aim to ensure risks are properly managed, we constantly keep abreast of emerging risks and ensure same are communicated to the Board of Directors and Senior Management.

For 2020, the focus will be on more targeted training for front line staff, issuing periodic publications to address specific compliance-related topics and to communicate any relevant changes in legislation. With the impending Jamaica Data Protection Act, we will be focused on leveraging technology to bolster the continued protection of personal data and to ensure our compliance with the legislation. Additionally, we will seek to strengthen our Risk Management Framework by increasing usage of data analytics to guide decision-making and risk monitoring.

Human Resources

2019 saw Mayberry Investments Limited in "growth mode," seeking to capitalise on the dynamic investment climate which now characterizes the Jamaican financial space. It was recognized that the company´s human capital needed to be prepared to meet the demands of a market that is highly competitive and growing in sophistication.

We, therefore, upgraded our Human Resources development programme to ensure its alignment with the company's mission and vision. This led to the establishment of the Mayberry Corporate University (MCU). The MCU is seen as the vehicle for providing effective modalities to support our developmental and growth strategies. It is more specifically expected to:

- Increase efficiency and productivity
- Contribute more value to the development of policies and procedures
- Improve personal performance and promotability
- Enable employees to show a higher level of commitment to the company
- Enhance the company's brand
- Facilitate training and development characterized by innovation and creativity
- Encourage cross-fertilization with other service providers in the industry
- Empower research and development

Throughout the year, we also worked aggressively to increase the size of the sales team through a comprehensive recruitment and training programme. The expected outcome is to increase our market share, expand brand awareness and improve customer experience.

Investment Banking

The Investment Banking department had a successful year in 2019. The team focused on creating and unlocking investment opportunities for our clients whilst issuing sound financial investment advice. We remained active in the financial markets, assisting companies in raising capital by way of both debt and equity transactions. For the financial year ended December 31, 2019, the team had a strong performance in our brokerage services and advisory businesses and continues to see strong utilisation of our margin product by both corporate and retail clients.

During the year, the team was a dynamic player in the public and private equity markets, raising over J$5.67 billion in the public market and completing private equity transactions valuing over J$1.85 billion. Over the years, Mayberry has listed 20 companies on the JSE, consequently maintaining the record for the most listings on the JSE. We have brought companies to the market with unique structures spanning multiple industries; Tourism, Insurance, Finance, Manufacturing, Energy, Shipping, Entertainment and Distribution. It is a track record we are proud of, as we strive to bring innovative financial solutions to the Jamaican market to meet our clients' needs.

The team is proud to be the market leader in using the equity markets as a means of divesting state owned entities. Notably, the team raised J$5.5 billion in the Wigton Windfarm's Initial Public Offering (IPO). Over 31,000 investors participated in

the offering, approximately 12,000 of which were first time investors. Additionally, the offer had an over-subscription rate of approximately 155%. The other public equity transaction the team brokered for 2019 was the Lumber Depot Limited IPO, the first of its kind on the JSE, as it was a complete spin-off from a currently listed company. Furthermore, there was significant investor interest in the IPO as we received in excess of J$1 billion, with over 2,700 applications with an over-subscription rate of 950%. These two IPOs are yet another testament to Mayberry's commitment to Jamaica and our commitment to developing and deepening the local capital markets.

Our team was also quite active in the debt market. Through our unique approach and dexterity in structuring, the team was able to raise in excess of J$6 billion for our clients, many of whom were accessing the capital markets for the first time.

Overall, the department seeks to continue to make its mark in 2020, by being a key player in the capital markets and providing relevant information and recommendations to guide our client's investment decisions. We will focus on our advisory services; guiding new and existing clients to higher growth levels and continuing to remain partners in each client's growth. Digitisation of our processes and the growth of our margin product will be at the forefront of improving efficiencies and boosting revenue growth and profitability. As we take on these initiatives, we are positive in the success of our strategic growth prospects as we ensure that customers remain our primary focus.

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Over the years, Mayberry has listed 20 companies on the Jamaica Stock Exchange, consequently maintaining the record for the most listings on the exchange.

Treasury & Trading

The Treasury and Trading department reported revenues of $395.4 million relative to last year's performance of $339.3 million and contributed 24% to the company's revenue. Cambio Trading contributed approximately 80% of the department's revenues.

The Bank of Jamaica continued the gradual lowering of the policy rate and coupled with strong Jamaican dollar (JMD) liquidity, there was a steady decline in market rates. This translated into lower funding costs for JMD liabilities and reduced yields on assets.

The Jamaican equity market continued to reflect a stronger and more sustainable economy. The country is on a path of achieving macroeconomic stability and strengthening of external liquidity which improved the country's ability to resist external shocks. In addition, it was also influenced by ongoing macroeconomic developments, including low and stable inflation, and an accommodative monetary policy stance from the Central Bank.

Marketing

In 2019, we doubled down on shifting our efforts from traditional media to developing our digital touchpoints with more accessible information for our clients and stakeholders. Following on our company's vision to create lasting relationships, we have been heavily focused on appealing to the millennial demographic in order to assist them in being financially secure for the future, while diversifying their investment options. By further populating our social media platforms within the digital space, we are feeding this awareness to the intended demographic in a way that is both accessible and convenient.

Our 2019 Investor Forum series is another avenue through which we offered the intended demographic an opportunity to access information, crucial to their financial literacy. This also aided us in demonstrating to our investors, the ways in which the digitisation of key information will benefit their investment strategy. With roughly 28% of millennials taking action towards homeownership, strengthening the financial literacy within this demographic remains a top priority.

More emphasis has also been placed on solidifying ourselves as drivers of community development. Once again, we implemented strategic partnerships with clients and associates, with the end goal of driving positive change in the society through the respective channels.

Through our philanthropic arm, the Mayberry Foundation, we have proudly continued to positively impact areas such as health, education, youth and community development and financial literacy. We have further strengthened these efforts through our charitable initiatives, namely, Retired Nurses Association of Jamaica's Annual Christmas Luncheon, St. George's College Track and Field Scholarship Programme, The National Police Youth Club Council and, of course, our flagship sponsorships, the Mayberry All Island Swim Meet and the Mayberry Investments Open Junior Tennis Championships.

We aim to continue to enhance our customers' experience and look forward to the full digital transformation of our financial services.

Research

Mayberry, one of Jamaica's leading brokerage firms, provides a wealth of knowledge to clients to assist with realizing their financial objectives. As such, the Research Department played an integral role in disseminating relevant and real-time information to support our clients and other key stakeholders, by keeping abreast of an ever-changing financial market. In line with this, daily market reports inclusive of recommendations for actions, weekly stock picks and other pertinent news items relating to securities held in our clients' portfolio, within the local and international markets, are circulated to both internal and external clients.

In addition, the Department provides research and analytical support to the revenue generating units at Mayberry. This support comes in the form of stock and bond recommendations, providing macroeconomic reports and analyses as well as ad hoc sensitivity analyses, stress testing and research papers.

For 2020 and beyond, as Mayberry continues to expand its digital footprint and with the ever-growing availability of data, the Research Department will provide actionable insights through our efficient data analysis solution to our clients.

Sales

The Sales department achieved total revenue of $297.3 million in 2019 with a contribution of 18% to the company's overall revenue. We had eight (8) Investment Advisors exceeding annual revenue of $20 million, two (2) exceeding $45 million and one (1) achieving in excess of $50 million. Overall, seven (7) Investment Advisors surpassed their individual revenue target in 2019.

Our recruitment objectives were met in 2019, which saw us recruiting 21 new advisors in the calendar year. The Mayberry Corporate University was established in this year, initiating a comprehensive training plan for all our new hires.

The revenue performance in 2020 is expected to be on target as our island-wide reach is now fully entrenched with hires from every parish, except Portland and Hanover. These parishes will be serviced by the other advisors. Our recruitment exercise was strongest from the parishes of St. Ann, St. Mary, Clarendon and St. Catherine and we expect to continue recruiting for greater penetration into our rural towns.

$2.54b total revenue achieved in 2019

$709m Net Profit for 2019

With the expected growth in the Investment Advisor group and as we implement more technologically advanced solutions, we expect that Advisors will be able to deliver most of our services and products remotely and in a timely and more efficient manner.

The department deemed the successful execution of the Wigton Wind Farm IPO as a tremendous achievement in 2019. We were able to increase the number of our clients with equity investments. The team participated as originators and selling agents in all the new listings on the JSE in 2019.

The outlook for 2020 is a challenging one. However, we believe that our recruitment strategy will deliver, thereby giving us the confidence of meeting our revenue targets. We stand prepared to adjust our strategies to successfully deliver on our objectives in the coming year.

LISTING OF WIGTON WINDFARM LIMITED

Largest IPO in history on the Jamaica Stock Exchange up to December 2019.

MIL served as the financial advisor and lead broker to Petroleum Corporation of Jamaica, in the historic initial public offer of its subsidiary, Wigton Windfarm Limited. In this IPO, the company successfully offered 11 billion ordinary shares for sale at the price of J$0.50. The offer, opened on April 17, 2019, was oversubscribed and closed on May 1, 2019. Of the 31,200 applications submitted, MIL processed 4,398 applications. Final allocation of units for Mayberry clients were 3.2 billion units valued at J$1.65 billion.

Wigton Windfarm Limited was subsequently listed on the Jamaica Stock Exchange on May 22, 2019.

Top Ten Shareholders & Connected Persons

Name	Shareholdings
PWL Bamboo Holdings Limited	473,655,950
Konrad Berry	437,377,507
Mayberry Employee Share Scheme	35,908,041
VDWSD Ltd.	29,990,000
Konrad Limited	28,607,890
Gary Peart	24,740,915
The Mayberry Foundation Ltd	11,874,243
Christine Wong	8,103,167
Mayberry Investments Ltd. Pension Scheme	6,481,590
Sagicor Select Funds Limited - Class B - Financial	5,206,681

Connected Persons	
Apex Pharmacy	3,568,916
Mayberry Managed Client Account	3,376,514
Mayberry Individual Retirement Scheme	1,000,000
Doris Berry	732,262
A+ Plus Medical Centre	500,000
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10

Shareholdings of Directors & Senior Management

Directors	Shareholdings	Connected Persons
Christopher Berry	-	481,487,650
Konrad Berry**	437,377,507	28,624,650
Gary Peart**	24,740,915	32,504,868
Erwin Angus	1,000,000	2,000,000
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	1,300,882	
Alok Jain	2,010,372	
Walter Scott	—	

Managers		
Kayree Berry-Teape**	2,860,749	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,498,600	
Kristen Raymore-Reynolds	100,000	
Dan H. Theoc	2,040	
Damian Whylie	129,724	
Karen Mitchell	133,333	

** Includes holdings in joint accounts

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1985 - 2020 35 CELEBRATING 35 YEARS

Charities & Sponsorships

SOME ORGANISATIONS WE SUPPORTED IN 2019

Aquatic Sports Association of Jamaica • Association of Friends Sub Abu. • Association of Surgeons in Jamaica Limited • Bellevue Hospital • Best Care Foundation • Braeton Seventh Day Adventist • Calvary Evangelistic • Chinese Benevolent Association • Church of the Ascension • Courts • Culinary Federation • Devon House Development • Dwight Lewis • Emanci-Fest • Erin Lodge • Gargamel Music • Glenmuir High School • Grooms Association of Jamaica • Halls of Learning • Hampton Old Girls Association • Institute of Chartered Accountants of Jamaica • Issa Trust Fund • Jamaica College Lodge • Jamaica Olympic Association • Jamaica Society for the Blind • Jamaica Stock Exchange • Jamaican American Football Association • Judy Mowatt Outreach Ministries • Kingston Lodge • Kingston Parish Church • Lay Magistrate Association • LDC Enterprises • Lions Club of Kingston • Lions Club of St Andrew Central • Lodge of St John • Manfred Foundation • Men's Fellowship & Women's Fellowship • Missionaries of the Poor • Morant Bay Parish Church • Munro College Old Boys • National Prayer Breakfast • New Kingston Rotaract Club • Nurses Association of Jamaica • Papine High School • Police Sports Council • Rex Nettleford Foundation • Richard and Diana Foundation • Rotary Club of Kingston East Portrayal • Rotary Club of St Andrew • Saxthorpe Men's Fellowship • Shortwood Teachers College • Simply Myrna • Small Business Association of Jamaica • St Andrew Justice of the Peace • St Andrew Settlement • St Andrew Technical High School • St Elizabeth Homecoming Foundation • St George's College • St Georges College Old Boys Association • St Hugh's Past Students' Association • St Michael's Church • St Peter & Paul Church • Stella Maris Church • Sun City Triathlon • Tennis Jamaica • The Lodge of St. Andrew No. 1684 • The Rotary Club of Kingston • The University of the West Indies • Tri Life • True Craftsman • United Nations Womens Guild • Webster Memorial Women's Fellowship

MAYBERRY INVESTMENTS LIMITED

1985 -2020 35 CELEBRATING 35 YEARS

FOUNDATION

1.

1. S.W ISAAC-HENRY TRACK AND FIELD INVITATIONAL

(L-R) Robert Hill, Chairman of St Andrew Technical High School (STATHS) board, shares lens with Yvonne White-Brown, 2019 S.W. Isaac Henry Sports Honouree, Anika Jengelley, (former) Assistant Vice President of Marketing, Mayberry Investments Limited, Leroy Cooke, Chairman, S.W. Isaac-Henry Track & Field Invitational Committee, and Mrs. Merline Daley, STATHS 1st Head Girl, at the 2020 staging of the S.W. Isaac Henry Track & Field Meet.

2.

2. ST GEORGE'S COLLEGE TRACK AND FIELD PROGRAMME

Kayree Berry-Teape (center), CEO, Mayberry Foundation, shakes hands with Margaret Campbell (second from left), Principal, St. George's College, as she hands over a scholarship cheque on behalf of the Mayberry family. Joining the ladies are Ashanie Howard (far left), 3rd form student; Nicoy Whyte (second from right), 3rd form student and Lyndon Latore (far right), Team Manager, St. George's College.

3.

3. RETIRED NURSES ASSOCIATION

CEO, Mayberry Foundation, Kayree Berry-Teape (center) poses alongside other members of the Mayberry family, Digital Marketing Manager, Stephanie Harrison, and Sales Manager, Cedric Stewart, as they present a sponsorship cheque to the Retired Nurses Association. Mayberry Investments has been devoted to sponsoring the Retired Nurses Annual Christmas Luncheon for years!

4.

4. WORLD ROBOTICS OLYMPIAD

(Former) Assistant VP of Marketing, Mayberry Investments Limited, Anika Jengelley, shares lens with St. Hughs Preparatory winners the 2019 World Robot Olympiad for Jamaica, Elementary Division. The competition, organised by Halls of Learning, was held at UWI-Mona Campus.

5.

5. PAVE - Portland Arts and Vocational Education

Here's a flashback from the inaugural Light the Way Gala and Silent Auction hosted by Alfred 'Al' and Patsy Merritt, co-founders of PAVE, in downtown Miami on March 22nd. The event helped raise money for the Centre. Representing Mayberry Investments Limited at the event was (former) Assistant VP of Marketing, Anika Jengelley, pictured here with Al Merritt.

6.

6. St George's College

The partnership between Mayberry Investments Limited and St George's College (STGC) continues to grow. Through its Foundation, Mayberry will fund the repurposing of the School's gazebo, which will be converted into a meeting room. Pictured here are: Mayberry Investments Limited's Executive Chairman; Christopher Berry (center); Father Rohan Tulloch (left); Principal, Margaret Campbell (right) and STGC Students.

7.

7. The Caribbean Amateur Golf Championships

Dave Lyn (centre), Fundraising Committee Member, Jamaica Golf Association, collects a sponsorship cheque courtesy of the Mayberry family: CEO, Mayberry Foundation, Kayree Berry-Teape (left); Executive Chairman Christopher Berry (second right); and Digital Marketing Manager, Stephanie Harrison (right). We are proud sponsors of the Caribbean Amateur Golf Championships!

Corporate Social Responsibility

At Mayberry Investments Limited, we are devoted to achieving sustainability. As such, we strive to maintain our growth while balancing our environmental and social responsibilities. Our success equates to a brighter future not only for the Mayberry family but for our clients, staff, shareholders, and communities as well. For years, we have supported numerous initiatives through our philanthropic arm, the Mayberry Foundation. Here are some of the key areas of focus.

Education

In 2019, we partnered with the Halls of Learning, an institution that runs the pre-eminent robotics programme in Jamaica, for the second year in a row. In the past, we were fortunate enough to collaborate with them to host the Jamaica finals of the World Robot Olympiad. The value of their contributions cannot be undermined as Robotics supports STEM development among students. Over the years, it has become accepted as an innovative means of fostering vital skills in children at a young age. These skills include communication, collaboration and critical thinking, among others.

The Portland Arts and Vocational Education Centre (PAVE) was a first-time initiative that we supported in 2019. PAVE seeks to arm youths with the skills needed to excel in their respective disciplines, be it music or the arts.

At Mayberry, we believe the value and impact that education has on our society is immeasurable, and, therefore, we intend to continue to support such initiatives, as well as others, in the future.

Youth and Community Development (Through Sports)

In 2019, we continued our commitment to the St. George's College's Track and Field team. With athletics providing a platform to develop the skills of our youth, while equipping them with critical life skills, we strive to empower them through the support of these channels.

St. George's College has done its part in fostering these talented students over the years. As such, partnering with them in further facilitating the track and field talent populating the school was an intuitive move on the part of the Mayberry family. We were also proud sponsors of the Caribbean Amateur Golf Championships at Casa de Campo held in the Dominica Republic and the Caribbean Amateur Golf Championships held in the Bahamas. Our aim is to see our national teams fully leverage these golden opportunities.

The Mayberry Investments Limited All Island Annual Swim Meet in 2019 marked our 22nd consecutive year partnering with the Aquatic Sports Association of Jamaica to bring the country's largest swimming championship to life. The Mayberry Swim meet facilitates swimmers from primary schools, preparatory schools and from the secondary and tertiary levels, all competing across the two-day event.

Another of our enduring partnerships is with the National Police Youth Club Council as we have sponsored their netball team for many years. This initiative is particularly meaningful as the aim of the National Police Youth Club Council is to foster positive relationships between the community and the police. Such programmes are instrumental in developing a safer and more stable future for Jamaicans across the island. We are honoured to be able to contribute in this area, specifically through this initiative.

Health and Wellness

Whilst embarking on assisting the country on the path to sustainability, we are always aware that empowering the community as it relates to health and wellness is a major factor.

In 2019, we were once again on board to support the Retired Nurses of Jamaica when we sponsored their Annual Christmas Luncheon. We were also proud to have partnered with the Jamaica Olympic Association by financing the support of the 50-member athletic team representing at the Olympic Games.

We are proud to say that we have successfully maintained impact at the community level through our work with long-standing beneficiaries. We have also made leeway by forming new partnerships as we move towards impacting the community in new and innovative ways.

We are proud to have partnered with these entities in 2019 and look forward to continuing to impact the lives of Jamaicans in 2020.

1. THE WEBSTER MEMORIAL UNITED CHURCH'S MEN'S FELLOWSHIP PROGRAMME

Mayberry continues to have a positive impact in the community. The Mayberry Foundation has contributed $500,00 to The Webster Memorial United Church's Men's Fellowship programme, in support of the church's Education Fund, the Boys Brigade activities and other developmental programmes both within and outside of the church. From right: Mayberry's Executive Vice Chairman, Konrad Mark Berry, presents the cheque to Webster Memorial Church's Reverend Astor Carlyle, while Pastorial Mission Advisor, Elaine Commissiong, and Mayberry's Executive Chairman, Christopher Berry, share in the moment.

2. ALL ISLAND SWIM MEET

The Mayberry Investments All Island Swim Meet had its 21st staging in 2019. Represented here are Mayberry's Digital Marketing Manager, Stephanie Harrison and our Co-sponsor Pepsi's Brand Manager, Elizabeth Allen presenting Immaculate Conception High School with a trophy for first place girls in the meet.

3. TENNIS CHAMPIONSHIPS

The Mayberry Investments Limited Open Junior Tennis Championships celebrated 8 years in 2019. From left: General Manager at the Liguanea Club Limited, Gareth Walker; Stephanie Harrison, Digital Marketing Manager at Mayberry Investments Limited and Llockett McGregor, Tournament Organiser at Liguanea Club Limited pose with the top-performing boys and girls at the Mayberry Open Junior Tennis Championship 2019, at the Liguanea Club.

4. CB UWI 5K AND SMART EGGS KIDS K

Mayberry continued to support The University of the West Indies for the seventh annual staging of the CB Group UWI 5K and Smart EggsKids K. Pictured with UWI students are Anthony Moses "Beenie Man" Davis; Mayberry's Stephanie Harrison (4th from left), Digital Marketing Manager; Elizabeth Buchanan-Hind, Executive Director of The University of the West Indies (centre) and Kayree Berry-Teape CEO of the Mayberry Foundation.

5. CAMPION COLLEGE FOOTBALL PROGRAMME

Mayberry Investments Limited supported the Campion College Football Programme in its efforts to restore its tradition of football excellence by sponsoring the 2019 Manning Cup team's participation in the 2019 USA Cup. Pictured here are Co-head Coaches, Eric Rademakers (far left) and Ashton Blankson (3rd right) long with team captain, Leonardo Kelly (far right) receiving symbolic cheque from Mayberry Director of Investment Banking, Tania Waldron-Gooden while (former) Assistant VP of Marketing, Anika Jengelley (2nd right) and Digital Marketing Manager, Stephanie Harrison, Mayberry Investments Limited look on.

6. POLICE NETBALL TEAM

Mayberry was proud to sponsor the National Police Youth Club Council's Netball Team. Pictured here is Christopher Berry, Mayberry's Executive Chairman as he presents Neville Knight, 2nd Vice Chairman of the Police Sports Council, with a sponsorship cheque.

7. YMCA

Mayberry Investments Limited was proud to support the Young Men's Christian Association for the first time in 2019. Represented here are, Sarah Newland-Martin (left), administrator and general secretary of The Kingston YMCA, and Hilary Perkins (right), administrative assistant at the institution, show appreciation as Stephanie Harrison, Digital Marketing Manager, Mayberry Investments Limited hands over a cheque from the organisation in support of youth development programmes.

8. THE KINGSTON WESTERN DIVISION- ANNUAL GOLDEN AGE TREAT

Mayberry was delighted to have partnered with the JCF-Kingston Western Division for the second year in planning their Annual Golden Age Treat. Pictured here are, Hyacinth Wallace' as she turns to receive goodies from Stephanie Harrison, Mayberry's Digital Marketing Manager.

IN THE COMMUNITY

1. THE WEBSTER MEMORIAL UNITED CHURCH'S MEN'S FELLOWSHIP PROGRAMME

2. ALL ISLAND SWIM MEET

3. TENNIS CHAMPIONSHIPS

4. CB UWI 5K AND SMART EGGS KIDS K

5. CAMPION COLLEGE FOOTBALL PROGRAMME

6. POLICE NETBALL TEAM

7. YMCA

8. THE KINGSTON WESTERN DIVISION-ANNUAL GOLDEN AGE TREAT

FORUM HIGHLIGHTS 2019

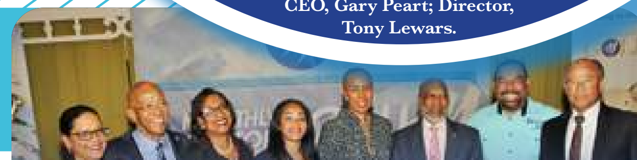
JANUARY

Dr The Honourable Nigel Clarke is joined by members of the Mayberry team at January's Investor Forum: (L-R) Director, David McBean; Sales Manager, Cedric Stewart; (former) Assistant-VP of Marketing, Anika Jengelley; Director of Investment Banking, Tania Waldron Gooden; CEO, Gary Peart; Director, Tony Lewars.

FEBRUARY

From left, sharing in a moment during February's Investor Forum with Express Catering Limited are: Roland Clarke, Director, Express Catering Limited, Gary Peart, CEO, Mayberry Investments Limited; Tania Waldron-Gooden, Director of Investment Banking, Mayberry Investments Limited, Ian Dear, CEO, Express Catering Limited; Lannaman & Morris Shipping Limited's Chairman, Harriat 'Harry' Maragh and Director Charmaine Maragh, and Communications Strategist and advisor in the Ministry of Tourism, Delano Seiveright.

MARCH

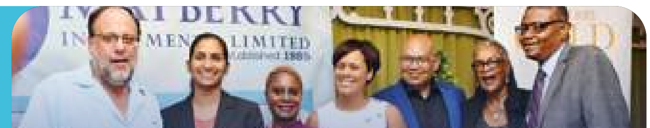


The Mayberry Team shares lens and smiles with team members of the Development Bank of Jamaica and Wigton Windfarm Limited; who were also the panellists at the Mayberry Investor Forum in March 2019. From left are: Nicola Russell, Manager, Public-Private Partnerships & Privatisation Division, Development Bank of Jamaica Limited (DBJ); Milverton Reynolds, Managing Director, DBJ; Denise Arana, General Manager for Public-Private Partnerships and Privatisation Division, DBJ; Tania Waldron-Gooden, Director of Investment Banking, Mayberry Investments Limited (MIL); the Honourable, Fayval Williams, MP; Earl Barrett, General Manager, Wigton Windfarm; Gary Peart, CEO, MIL; and Oliver Holmes, Chairman, Carreras Limited.

MAY

Cement Company Limited's Managing Director, Peter Donkersloot (centre) joined by Mayberry Investments Limited's CEO, Gary Peart and Executive Chairman, Christopher Berry. Donkersloot was guest speaker at the Mayberry Investor Forum in May 2019, where he gave an investor update on his company's performance.

JUNE



June's Investor Forum featured a panel discussion on the Microfinance Sector, touching on how to maximize its contribution to Jamaica's Economic Development. From left to right are Mark Golding, Director, PROVEN Management Limited, Carole Budhlall, General Manager, Kris and Charles Investments Company Limited, Jacinth Hall-Tracey, Managing Director, LASCO Financial Services Limited, Gillian Hyde, General Manager, Jamaica National Small Business Loans Limited, Christopher Berry, Executive Chairman, Mayberry Investments Limited, Dr. Blossom Omeally-Nelson, Chairman, Jamaica Association for Micro Financing and Non-Executive Director, Mayberry Investments Limited, David McBean.

JULY

July's Investor Forum discussed Estate Planning. Pictured here (L-R), Mayberry's Digital Marketing Manager, Stephanie Harrison and Sales Manager, Cedric Stewart joined in a conversation with the guest speaker, Katia Denise Henry and DR Michael Banbury.

SEPTEMBER

Gary Peary, CEO, Mayberry Investments Limited (MIL) (far left), is joined by Tania Waldron-Gooden (centre), Director of Investment Banking, MIL, alongside Adam Stewart (far right) Deputy Chairman, Sandals Resorts International Limited and guest speaker at the Mayberry Investor Forum in September 2019.

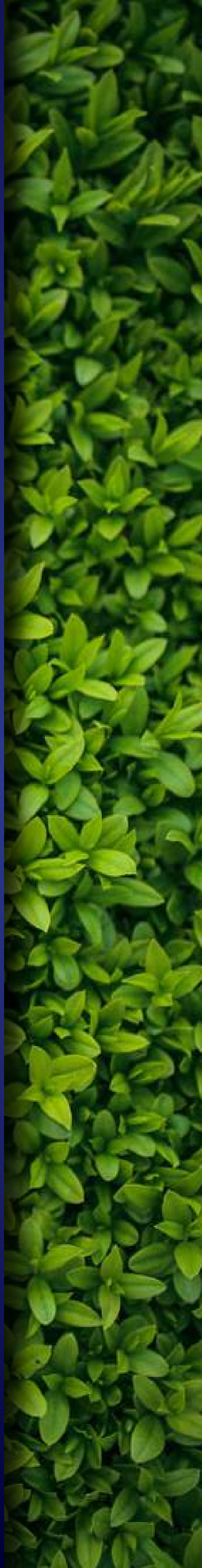
OCTOBER

October's Investor Forum featured an enlightening panel discussion on "Investment Opportunities in the Business Sector". (L-R): Peter Rousseau, veteran Real Estate Entrepreneur, Howard Mitchell, Chairman, AJAS Aviation Services Limited, Gary Peart, CEO, Mayberry Investments Limited and Vencot Wright, Assistant General Manager, Corporate and Business, National Housing Trust.

NOVEMBER

At the finale of the 2019 Mayberry Investor Forum series held in November, our special guest speaker Glenn Lawrence gave our audience an update on House of Issa. Pictured here (L-R): Digital Marketing Manager, Mayberry Investments Limited, Stephanie Harrison; House of Issa's Chairman, Paul Issa and CEO, Glenn Lawrence; Mayberry Investments Limited's Executive Investment Advisor, Jodie Bennett and Director of Investment Banking, Tania Waldron- Gooden.

Audited Financial Statements



BDO

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Chartered Accountants
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Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mayberry Investments Limited set out on pages 74 to 140, which comprise the group and the company's statements of financial position as at 31 December 2019, and the group and the company's statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the group and the company's financial position as at 31 December 2019, and of the group and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deferred taxation asset

See notes 2(s) and 19 to the consolidated financial statements for management's related accounting policies and disclosures.

The group has a significant amount of deferred tax assets, mainly resulting from tax losses carried forward.

We focused on this area as the assessment of the amount of deferred tax assets to be recognised for tax losses involves judgements and estimates in relation to future taxable profits and hence the capacity to utilise available tax assets. There is also uncertainty involved in estimating the timing of utilization of the tax losses.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Deferred taxation asset (cont'd)

How our audit addressed the key audit matter

Our audit procedures included amongst others, evaluating management supports for recoverability of the deferred tax assets based on profit projections which contain estimates of, and strategies for, future revenue generation.

We tested the budget forecasts and assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts.

We assessed the adequacy of the tax disclosures (note 19) in the financial statements setting out the basis of the deferred tax balance and the level of estimation involved.

We found the assumptions reasonable and in line with expectations.

Expected credit losses in respect of investment securities and promissory notes (loans)

See notes 2(j), 14, and 16 to the consolidated financial statements for management's related accounting policies and disclosures.

At 31 December 2019, investment securities and promissory notes at amortised cost, net of provision for credit losses amounted to $27 billion or 74% of total assets of the group. Impairment provisions of $583 million have been recognised for the group.

Under IFRS 9, establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL require significant judgement.

We focused on the impairment assessment as the assumptions used for estimating both the amount and timing of future cash flows are complex and involve significant judgement by management.

How our audit addressed the key audit matter

We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over identification of which investment securities and promissory notes were impaired. We determined whether we could rely on these controls for the purposes of our audit.

We challenged management's process by examining a sample of investment securities and promissory notes which had not been identified by management as potentially impaired and, from evaluation, formed our own judgement as to whether that was appropriate.

We evaluated management's model development for validity and reviewed the forward looking assumptions and judgments incorporated in the model. We tested for the completeness of management's listing of potentially impaired promissory notes by reperforming the process using management's impairment criterion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Expected credit losses in respect of investment securities and promissory notes (loans) (cont'd)

How our audit addressed the key audit matter (cont'd)

Where impairment indicators had been identified, we examined the forecasts of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available.

We evaluated the performance of the investment securities and promissory note portfolios subsequent to the end of the reporting period to identify significant adjusting subsequent events and did not identify any such events. Based on the audit evidence obtained, we determined that the provisioning was reasonable.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we do not and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and stand-alone financial statements in accordance with IFRS and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Auditors' Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Auditors' Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements (Cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.

BDO

Chartered Accountants

24 February 2020

Mayberry Investments Limited
Consolidated Statement of Profit or Loss
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Net Interest Income and Other Revenues			
Interest income		790,788	729,047
Interest expense		(621,183)	(553,933)
Net interest income	4	169,605	175,114
Consulting fees and commissions	5	735,053	759,109
Dividend income	6	380,057	364,287
Net trading gains	7	65,815	30,004
Net unrealized gains on financial instruments - FVPL		889,955	265,013
Net foreign exchange gains		292,640	240,583
Other income		8,908	6,772
		2,542,033	1,840,882
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	660,814	531,108
Provision for credit losses		48,249	151,000
Depreciation		48,371	22,206
Other operating expenses		1,137,476	980,101
	9	1,894,910	1,684,415
Profit before taxation		647,123	156,467
Taxation charge	10	(1,259)	(50,673)
Net Profit for the Year	11	645,864	105,794
Attributable to:			
Stockholders of the parent		709,584	160,398
Non-controlling interest	33	(63,720)	(54,604)
		645,864	105,794
		2019 $	**2018 $**
EARNINGS PER STOCK UNIT	12(a)	0.59	0.13

Mayberry Investments Limited

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Net Profit for the Year		645,864	105,794
Other Comprehensive Income Net of Taxation:			
Item that will not be reclassified to profit or loss			
Net unrealized gains on financial instruments - FVOCI		5,169,838	3,602,692
Total Comprehensive Income for the Year		5,815,702	3,708,486
Total Comprehensive Income Attributable to:			
Stockholders of the parent		4,733,691	3,461,289
Non-controlling interest	33	1,082,011	247,197
		5,815,702	3,708,486

		2019 $	2018 $
COMPREHENSIVE INCOME PER STOCK UNIT	12(b)	3.94	2.88

Mayberry Investments Limited
Consolidated Statement of Financial Position
31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Cash resources	13	1,596,889	1,330,836
Investment securities	14	25,616,876	20,582,142
Reverse repurchase agreements	15	3,483,713	1,747,162
Promissory notes	16	1,812,878	1,486,657
Interest receivable		100,671	77,179
Loans and other receivables	18	3,230,632	4,187,875
Deferred taxation	19	-	66,974
Property, plant and equipment	20	145,365	112,621
Right of use assets	21(a)	133,459	-
Taxation recoverable		-	2,441
Other assets	23	743,142	742,977
Intangible asset	30	58,103	34,744
Total Assets		36,921,728	30,371,608
LIABILITIES			
Bank overdraft	13	329,875	56,210
Securities sold under repurchase agreements		4,219,424	3,961,398
Interest payable		211,327	201,656
Loans	24	7,183,970	7,202,604
Taxation payable		4,960	-
Deferred taxation	19	304,511	62,298
Lease liabilities	21(b)	140,236	-
Accounts payable	25	4,298,677	4,912,636
Total Liabilities		16,692,980	16,396,802
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	7,415,719	4,805,059
Other reserves	28	77,939	77,939
Retained earnings	29	6,372,032	4,389,462
Equity Attributable to Shareholders of the Parent		15,448,071	10,854,841
Non-Controlling Interests	33	4,780,677	3,119,965
Total Equity		20,228,748	13,974,806
Total Equity and Liabilities		36,921,728	30,371,608

		2019 $	2018 $
NET BOOK VALUE PER STOCK UNIT	12(b)	12.86	9.04

Approved by the Board of Directors and signed on its behalf by:

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Christopher Berry — Chairman

Gary Peart — Director

Mayberry Investments Limited
Consolidated Statement of Changes in Equity
YEAR ENDED 31 DECEMBER 2019

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
Balance at 1 January 2018	1,201,149,291	1,582,381	3,172,356	77,939	4,524,560	-	9,357,236
TOTAL COMPREHENSIVE INCOME							
Net profit	-	-	-	-	160,398	(54,604)	105,794
Other comprehensive income	-	-	3,300,891	-	-	301,801	3,602,692
	-	-	3,300,891	-	160,398	247,197	3,708,486
TRANSFER BETWEEN RESERVES							
From fair value reserves	-	-	(481,230)	-	481,230	-	-
TRANSACTION WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(146,540)	-	(146,540)
Realized gain on partial disposal of Subsidiary	-	-	-	-	688,482	-	688,482
	1	-	-	-	541,942	-	541,942
Charge in ownership interest in subsidiary	-	-	(1,186,958)	-	(1,318,668)	2,872,768	367,142
Balance at 31 December 2018	1,201,149,292	1,582,381	4,805,059	77,939	4,389,462	3,119,965	13,974,806
TOTAL COMPREHENSIVE INCOME							
Net profit	-	-	-	-	709,584	(63,720)	645,864
Other comprehensive income	-	-	4,024,107	-	-	1,145,731	5,169,838
	-	-	4,024,107	-	709,584	1,082,011	5,815,702
TRANSFER BETWEEN RESERVES							
From fair value reserves	-	-	(1,294,787)	-	1,517,666	-	222,879
TRANSACTIONS WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(319,806)	-	(319,806)
Translation adjustment	-	-	-	-	14,077	-	14,077
Realised gain on partial disposal of subsidiary	-	-	-	-	477,011	-	477,011
	-	-	-	-	171,282	-	171,282
Change in ownership interest in subsidiary	-	-	(118,660)	-	(415,962)	578,701	44,079
Balance at 31 December 2019	1,201,149,292	1,582,381	7,415,719	77,939	6,372,032	4,780,677	20,228,748

Mayberry Investments Limited

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		647,123	156,467
Adjustments for:			
Provision for credit losses		48,249	151,000
Intangible asset – amortisation		4,238	-
Depreciation		26,917	22,206
Right of use assets - amortisation		17,216	-
Interest income	4	(790,788)	(729,047)
Interest expense	4	621,183	553,933
Interest expense – right of use		10,978	-
Realised fair value gains transferred to retained earnings		1,517,668	481,230
Unrealised fair value gains on financial instruments -FVPL		(889,955)	(473,115)
Unrealised foreign exchange losses		174,489	113,162
Income tax charge		(1,259)	(50,673)
		1,386,059	225,163
Changes in operating assets and liabilities:			
Loans and other receivables		1,015,196	(1,722,519)
Investments		99,808	(2,222,409)
Promissory notes		(374,471)	(493,696)
Reverse repurchase agreements		(1,736,551)	2,172,321
Taxation recoverable/payable		2,441	-
Accounts payable		(366,802)	1,915,530
Securities sold under repurchase agreements		258,026	(3,052,272)
Loans		(18,634)	2,136,223
		265,072	(1,041,659)
Interest received		767,296	755,017
Interest paid		(611,512)	(388,242)
Cash provided by operating activities c/f (page 11)		420,856	(674,884)

Mayberry Investments Limited
Consolidated Statement of Cash Flows
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash provided by operating activities brought forward (page 10)		420,856	(674,884)
Cash Flows from Investing Activities			
Purchase of intangible asset		(27,596)	(34,744)
Additions to property, plant and equipment	20	(59,661)	(14,321)
Proceeds from partial disposal of investment in subsidiary		-	908,293
Cash (used in)/provided by investing activities		(87,257)	859,228
Cash Flows from Financing Activities			
Dividend payment	32	(319,806)	-
Issue of preference shares		-	135
Lease payment		(21,405)	-
Cash (used in)/provided by financing activities		(341,211)	135
Net (Decrease)/Increase in Cash and Cash Equivalents		(7,612)	184,479
Exchange loss on foreign cash balances		-	(173)
Cash and cash equivalents at beginning of year		1,274,626	1,090,320
Cash and Cash Equivalents at End of Year	13	1,267,014	1,274,626

Mayberry Investments Limited
Statement of Profit or Loss
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Net Interest Income and Other Revenues			
Interest income		803,880	777,374
Interest expense		(479,432)	(512,765)
Net interest income	4	324,448	264,609
Consulting fees and commissions	5	735,053	759,109
Dividend income	6	278,929	14,998
Net trading (losses)/gains	7	(73,958)	55,315
Net unrealized gains/(losses) on investment revaluation		108,241	(104,051)
Net foreign exchange gains		258,688	258,865
Other income		8,910	6,772
		1,640,311	1,255,617
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	660,814	530,568
Provision for credit losses		48,249	151,000
Depreciation		44,133	22,206
Other operating expenses		620,783	529,908
	9	1,373,979	1,233,682
Profit before Taxation		266,332	21,935
Taxation credit/(charge)	10	5,577	(58,013)
Net Profit/(Loss) for the Year	11	271,909	(36,078)

Mayberry Investments Limited
Statement of Comprehensive Income
YEAR ENDED 31 DECEMBER 2019

	2019 $'000	2018 $'000
Net Profit/(Loss) for the Year	271,909	(36,078)
Other Comprehensive Income Net of Taxation:		
Item that will not be reclassified to profit or loss		
Net unrealized gains on financial instruments - FVOCI	570,591	95,026
Total Comprehensive Income for the Year	842,500	58,948

Mayberry Investments Limited

Statement of Financial Position

31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Cash resources	13	1,061,127	1,092,151
Investment securities	14	5,561,491	6,143,103
Reverse repurchase agreements	15	3,483,713	1,747,162
Promissory notes	16	1,812,878	1,486,657
Interest receivable		100,671	77,179
Due from subsidiaries	17	448,848	738,261
Loans and other receivables	18	3,211,350	4,093,527
Deferred taxation	19	-	66,974
Property, plant and equipment	20	145,365	112,621
Right of use assets	21(a)	133,459	-
Investments in subsidiaries	22	1,086,002	1,101,801
Other assets	23	743,142	742,977
Total Assets		17,788,046	17,402,413
LIABILITIES			
Bank overdraft	13	329,875	56,210
Securities sold under repurchase agreements		4,219,424	3,961,398
Interest payable		207,687	198,453
Loans	24	4,997,384	5,019,595
Deferred taxation	19	212,702	-
Accounts payable	25	3,891,324	4,593,391
Lease liability	21(b)	140,236	-
Due to subsidiary	17	211,263	1,014,439
Total Liabilities		14,209,895	14,843,486
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	908,833	338,242
Other reserves	28	77,939	77,939
Retained earnings	29	1,008,998	560,365
Total Equity		3,578,151	2,558,927
Total Equity and Liabilities		17,788,046	17,402,413

Approved by the Board of Directors and signed on its behalf by:

Christopher Berry
Chairman

Gary Peart
Director

Mayberry Investments Limited

Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2019

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2018	1,201,149,291	1,582,381	243,216	77,939	54,501	1,958,037
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	-	(36,078)	(36,078)
Other comprehensive income	-	-	95,026	-	-	95,026
	-	-	95,026	-	(36,078)	58,948
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(146,540)	(146,540)
Realised gain on partial disposal of subsidiary	-	-	-	-	688,482	688,482
	-	-	-	-	541,942	541,942
Balance at 31 December 2018	1,201,149,291	1,582,381	338,242	77,939	560,365	2,558,927
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	-	271,909	271,909
Other comprehensive income	-	-	570,591	-	-	570,591
	-	-	570,591	-	271,909	842,500
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(300,287)	(300,287)
Realised gain on partial disposal of subsidiary	-	-	-	-	477,011	477,011
	-	-	-	-	176,724	176,724
Balance at 31 December 2019	1,201,149,291	1,582,381	908,833	77,939	1,008,998	3,578,151

Mayberry Investments Limited
Statement of Cash Flows
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		266,332	21,935
Adjustments for:			
Provision for credit losses		48,249	151,000
Depreciation	20	26,917	22,206
Right of use assets – amortization		17,216	-
Interest income	4	(803,880)	(777,374)
Interest expense	4	479,433	512,765
Interest expense – right of use assets		10,976	-
Realised fair value gains transferred to retained earnings		477,011	-
Unrealised gains on investment revaluation		(108,241)	104,051
Unrealised foreign exchange losses		188,598	95,222
Income tax credit/(charge)		5,577	(58,013)
		608,188	71,792
Changes in operating assets and liabilities:			
Loans and other receivables		882,011	(1,805,977)
Investments		1,351,263	(1,264,721)
Investment in subsidiary		15,799	-
Promissory notes		(374,471)	(493,696)
Reverse repurchase agreements		(1,736,551)	2,172,321
Due from subsidiary		289,412	189,846
Due to subsidiary		(803,176)	1,014,439
Accounts payable		(701,816)	1,834,539
Securities sold under repurchase agreements		258,026	(3,052,272)
Loans		(22,211)	130,638
		(233,526)	(1,203,091)
Interest received		780,389	800,395
Interest paid		(470,199)	(350,133)
Cash provided by/(used in) operating activities c/f (page 17)		76,664	(752,829)

Mayberry Investments Limited
Statement of Cash Flows
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash provided by/(used in) operating activities brought forward (page 16)		76,664	(752,829)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(59,661)	(14,321)
Proceeds from partial disposal of investment in subsidiary		-	908,293
Cash (used in)/provided by investing activities		(59,661)	893,972
Cash Flow from Financing Activities			
Dividend payment	32	(300,287)	-
Lease payment		(21,405)	-
Cash used in financing activities		(321,692)	-
Net (Decrease)/Increase in Cash and Cash Equivalents		(304,689)	141,143
Exchange loss on foreign cash balances		-	(1,064)
Cash and cash equivalents at beginning of year		1,035,941	895,862
Cash and Cash equivalents at End of Year	13	731,252	1,035,941

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

Mayberry Investments Limited ("the company") is incorporated in Jamaica and its registered office is located at 1 ½ Oxford Road, Kingston 5. The company is a licensed securities dealer and is a member of the Jamaica Stock Exchange. The company has primary dealer status from the Bank of Jamaica.

The principal activities of the company comprise dealing in securities, portfolio management, investment advisory services, operating foreign exchange cambio, managing funds on behalf of clients and administrative and investment management services for pension plans.

Mayberry West Indies Limited was incorporated in St. Lucia under the International Business Companies Act. On 5 January 2018 Mayberry West Indies Limited changed its name to Mayberry Jamaican Equities Limited (MJEL) under the International Business Companies Act, Cap 12.14. On 28 February 2018, 10% of the company's ordinary shares were issued to the shareholders of the parent company, Mayberry Investments Limited, as a dividend in specie. Further, on 31 July 2018, 10% of MJEL ordinary shares were listed on the Main Market of the Jamaica Stock Exchange through an Initial Public Offering (IPO). On 28 September 2018, the company also transferred an additional 5% of its ordinary shares in MJEL to a related entity. Further, during 2019, trades were executed over the stock exchange that reduced the company's ownership to 72%.

The principal activities of the subsidiary Mayberry Jamaican Equities Limited, is the investing in and trading of key Jamaican equity securities.

Widebase Ltd. was incorporated in St. Lucia, under the International Business Companies Act. Widebase Ltd. is a 100% subsidiary of the company. The key activity of this subsidiary, Widebase Ltd., comprises investing in unquoted securities.

The company and its subsidiaries are referred to as "the group".

The financial statements for the year ended 31 December 2019 have been approved for issue by the Board of Directors on 24 February 2020.

2. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by the revaluation of investment securities at fair value through other comprehensive income and investment securities at fair value through profit or loss. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income shown as two statements, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving more judgement in complexity or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

New, revised and amended standards and interpretations that became effective during the year

New standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

IFRIC 23, 'Uncertainty over Income Tax Treatments', (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the group.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted

Amendments to IAS 1 and IAS 8 on the definition of material (effective for accounting periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the group.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of this standard is not expected to have a significant impact on the group.

(b) **Basis of consolidation**

A subsidiary is an entity which is controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. The consolidated financial statements comprise those of the company and its 72% owned subsidiary, Mayberry Jamaican Equities Limited and its wholly subsidiary, Widebase Ltd., presented as a single economic entity. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Foreign currency translation**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency, unless otherwise stated.

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the date.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the statement of profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognized in the statement of income (applicable for financial assets at fair value through profit or loss), or within other comprehensive income if non-monetary financial assets are equity instruments which are designated as fair value through other comprehensive income.

(d) **Impairment of Non-Financial Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(e) **Intangible Assets**

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(f) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the group's business and is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured taking into account contractually defined terms of payment.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Revenue recognition (cont'd)**

The specific recognition criteria are described below-

i. Interest income and change in fair value of financial instruments:

Interest income is recognized in the consolidated statement of income for all interest-bearing instruments on the accrual basis using the effective yield method. Income includes coupons earnings on fixed income investments and trading securities and changes in fair value of instruments elected to be fair value through profit or loss.

When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis. IFRS requires that where loans become doubtful of collection, they are written down to their recoverable amounts and interest income on the loans is thereafter recognized based on the rate of interest that was used to discount the future cash flows for measuring the recoverable amount. However, such amounts as would have been determined under IFRS are immaterial.

ii. Dividend income:

Dividend income is recognized when the stockholder's right to receive payment is established.

iii. Consulting fees and commission income:

Consulting fees and commission income are recognized on an accrual basis when the service has been provided. Consulting fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts. Asset management fees related to investment funds are recognized over the period the service is provided. Performance linked fees or fee components are recognized when the performance criteria are fulfilled.

(g) **Interest expense**

Interest expense is recognized in the statement of income for all interest-bearing instruments on the accrual basis, using the effective yield method based on the actual purchase price.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) **Investment securities**

Debt instruments

The group early adopted IFRS 9 "Financial Instruments" (2009). Investment securities are classified into the following categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the group's business model for managing financial instruments and the contractual cash flow characteristics of the instruments.

Debt instrument securities subsequently measured at fair value are either designated fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI). Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value. All related realised and unrealised gains and losses are included in net trading income.

Debt instrument securities subsequently measured at fair value through other comprehensive income are all other investments, designated at purchase to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value.

Debt instrument securities are subsequently measured at amortised cost where management determines that the objective is to hold the instruments to collect the contractual cash flows, that is, solely for the payment of principal and interest (SPPI).

Equity Instruments

The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date. Upon initial recognition, the group elects to value its equity instruments at fair value through profit or loss (FVPL). Occasionally the group elects to irrevocably classify some of its equity investments as equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Equity instruments at FVOCI are not subject to an impairment assessment.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase (repurchase agreements), and securities purchased under agreements to resell (reverse repurchase agreements), are treated as collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method.

(j) **Loans and receivables and provisions for credit losses**

The group recognizes loss allowances for expected credit losses (ECL) on financial instruments that are not measured at fair value. Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money or services directly to a debtor with no intention of trading the receivable. Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

An allowance for loan impairment is established based on lifetime ECL which is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 1 financial instruments'. If significant increase in credit risk since initial recognition is identified, the financial instruments is moved to 'Stage 2' but is not yet deemed to be credit impaired. If the financial instrument is credit impaired, it is then moved to 'Stage 3'.

The amount of the provision is derived based on model which takes account of, among other factors, the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan and probability of default.

A loan is classified as impaired when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases, and interest is taken into account on a cash basis.

Write offs are made when the group determines that there is no realistic prospect of recovery. Write offs are charged against previously established provisions for credit losses. Recoveries in part or in full of amounts previously written off are credited to provision for credit losses in the statement of profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(k) **Financial Instruments: Financial Assets and Liabilities**

Date of recognition

Financial assets and liabilities are initially recognised on the settlement date, which is the date that an asset is delivered to or by the group. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

Financial assets

The group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms and they are measured at either fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL) or amortised cost.

(i) **Fair value through other comprehensive income (FVOCI)**

The group has a number of strategic investments in listed entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The group's financial assets measured at FVOCI are some equity securities in the statement of financial position.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(k) **Financial Instruments: Financial Assets and Liabilities (cont'd)**

Measurement categories of financial assets and liabilities (cont'd)

Financial assets (cont'd)

(ii) **Fair value through profit or loss (FVPL)**

This category comprises financial instruments which are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the "financial instruments – FVPL" line. The group has debt securities and equity instruments held for trading for which it has voluntarily classified these financial assets as being at fair value through profit or loss.

The group's financial assets measured at FVPL are all other equity securities not measured at FVOCI and other debt securities not measured at amortised cost in the statement of financial position.

(ii) **Amortised cost**

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group's financial assets measured at amortised cost comprise cash resources, some investment securities for which the objective is to hold these investment securities in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest, reverse repurchase agreements, promissory notes, other receivables, interest receivable and amounts due from related companies in the statement of financial position.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: bank overdraft, securities sold under repurchase agreements, interest payable, accounts payable, debt security in issue and amount due to related company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) **Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of the assets over their expected useful lives as follows:

Furniture, fixtures and fittings	10 years
Office equipment	5 years
Computer equipment	5 years
Motor vehicles	3 years
Leasehold improvements	30 years

Depreciation methods, useful lives and carrying values are reassessed at the reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

(m) **Other assets**

This represents foreclosed assets which are classified as held-for-sale and are initially measured at fair value less cost to sell. Subsequent gains or losses on re-measurement are recognised in profit or loss. The company conducts an assessment of the fair value based on independent appraisal of the properties at least once every three years.

(n) **Investments in subsidiaries**

Investments by the company in its subsidiaries are stated at cost less impairment loss.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **Borrowings**

Borrowings including those arising under securitization arrangements are recognized initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognized in the statement of income over the period of the borrowings using the effective yield method.

(p) **Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

Preference share capital is classified as equity except where it is redeemable on a specific or determinable date or at the option of the shareholders and/or if dividend payments are not discretionary, in which case it is classified as a liability. Dividend payments on preference shares classified as a liability are recognized in the statement of income as interest expense.

(q) **Employee benefits**

(i) Pension scheme costs:

The company operates a defined contribution pension scheme (note 36), the assets of which are held in a separate trustee administered fund. Contributions to the scheme are fixed and are made on the basis provided for in the rules. Contributions are charged to the statement of income when due. The group has no legal or constructive obligation beyond paying these contributions.

(ii) Profit-sharing and bonus plan:

The company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's stockholders after certain adjustments. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Other employee benefits:

Employee entitlement to annual leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(r) **Leases**

Policy applicable after 1 January 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option, any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(r) **Leases (cont'd)**

Policy applicable before 1 January 2019

(i) As lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

(ii) As lessor:

Where assets are leased under finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

(s) **Taxation**

Taxation expense in the statement of income comprises current and deferred tax charges.

Current taxation charge is the expected taxation payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity and relate to the same Tax Authority and when the legal right of offset exists. Deferred tax is charged or credited in the statement of income except where it relates to items charged or credited to equity, in which case deferred tax is also accounted for in equity. The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and tax losses carried forward.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(t) **Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(u) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, unrestricted balances held with Bank of Jamaica and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months from the date of acquisition, including cash resources and bank overdraft.

(v) **Funds under management**

The company accepts funds from individuals and institutions to manage with complete discretion and without reference to the account holders, in accordance with the relevant guidelines issued by the Financial Services Commission, taking into account the investment objective and risk profile of the account holder. The company also acts in other fiduciary capacities that result in holding or placing of assets on behalf of individuals and institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the company.

(w) **Dividends**

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is payable when declared by the directors. In the case of final dividends, this is payable when approved by shareholders at the Annual General Meeting.

(x) **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 (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the group are considered as one operating segment.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on loans and receivables:

The company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loans resulting from adverse change in the payment status of the borrower or national and economic conditions that correlate with defaults on loans in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes:

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the group recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Fair value of financial assets:

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 35).

4. **NET INTEREST INCOME:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest income				
Investment securities	581,773	232,189	375,480	280,516
Loans and advances	209,015	496,858	428,400	496,858
	790,788	729,047	803,880	777,374
Interest expense				
Finance charges	60,250	107,002	60,257	65,834
Repurchase agreements	298,662	155,075	138,982	155,075
Corporate papers and notes	225,190	209,635	225,190	209,635
Other	37,081	82,221	55,003	82,221
	621,183	553,933	479,432	512,765
	169,605	175,114	324,448	264,609

5. **CONSULTING FEES AND COMMISSIONS:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Brokerage fees and commissions	516,146	614,009	516,146	614,009
Structured financing fees	99,540	36,920	99,540	36,920
Portfolio management	119,367	108,180	119,367	108,180
	735,053	759,109	735,053	759,109

6. **DIVIDEND INCOME:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trading securities	12,956	16,511	9,800	14,447
Securities classified in other comprehensive income	367,101	347,776	269,129	551
	380,057	364,287	278,929	14,998

7. NET TRADING GAINS/(LOSSES):

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Equities – trading securities	105,084	10,714	(34,689)	13,634
Fixed income – trading securities	(39,269)	19,290	(39,269)	41,681
	65,815	30,004	(73,958)	55,315

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Wages and salaries	532,686	452,791	532,686	452,251
Profit share and bonus	18,429	-	18,429	-
Statutory contributions	52,574	43,121	52,574	43,121
Pension contributions	15,440	14,233	15,440	14,233
Training and development	27,734	5,053	27,734	5,053
Staff welfare	13,951	15,910	13,951	15,910
	660,814	531,108	660,814	530,568

The number of employees at year end was 139 (2018 – 129).

9. EXPENSES BY NATURE:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Sales, marketing and public relations	86,234	67,112	84,596	58,752
Auditors' remuneration	20,666	9,377	15,030	6,840
Computer expenses	34,126	31,289	34,126	31,289
Depreciation	26,917	22,206	26,917	22,206
Amortization - right of use assets	17,216	-	17,216	-
Provision for credit losses	48,249	151,000	48,249	151,000
Insurance	11,277	13,072	11,277	13,072
Licensing fees	94,736	87,233	79,813	85,819
Lease rentals	11,499	10,255	11,499	10,255
Other operating expenses	113,941	79,631	96,070	79,257
Printing, stationery and office supplies	13,782	10,528	13,782	10,528
Legal and professional fees	125,470	137,401	125,630	83,048
Repairs and maintenance	12,037	10,578	12,037	10,578
Investment, incentive and management fee	478,328	382,843	-	-
Salaries, statutory contributions and staff costs (note 8)	660,814	531,108	660,814	530,568
Security	20,835	17,640	20,835	17,640
Traveling and motor vehicles	36,943	44,403	34,248	44,091
Assets tax	37,393	36,421	37,393	36,421
Utilities	44,447	42,318	44,447	42,318
	1,894,910	1,684,415	1,373,979	1,233,682

10. TAXATION:

Taxation is based on the operating results for the year, adjusted for taxation purposes, and is made up as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current year income tax at 33 1/3%	-	90,330	-	90,330
Current year income tax at 1%	8,452	66	-	-
Under provision of prior year tax	-	1,645	-	-
Deferred tax charge (note 19)	(7,193)	(41,368)	(5,577)	(32,317)
Taxation charge	1,259	50,673	(5,577)	58,013

10. **TAXATION (CONT'D):**

(a) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Profit before taxation	647,123	156,467	266,332	21,935
Tax calculated at a tax rate 33 1/3%	215,706	52,156	88,776	7,312
Adjustments for the effects of:				
Under provision of prior year	-	1,645	-	-
Expenses not deductible for tax	14,818	53,065	14,776	53,065
Income not subject to tax	(92,500)	(118,297)	(88,881)	(1,867)
Income from subsidiary taxed at 1%	(139,490)	(44,844)	-	-
Net effect of other charges and allowances	2,725	106,948	(20,248)	(497)
Taxation charge/(credit)	1,259	50,673	(5,577)	58,013

(b) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $793 million (2018 - $596 million) available for set-off against future taxable profits. The group's subsidiary has no tax losses (2018 - $155 million) available for set-off against future taxable profits.

11. **NET PROFIT/(LOSS):**

	2019 $'000	2018 $'000
Dealt with in the financial statements of:		
The company	271,909	(36,078)
Subsidiaries	634,768	141,872
Dividends paid to the Parent company	(260,813)	-
	645,864	105,794
Attributable to:		
Stockholders of the parent	709,584	160,398
Non-controlling interest	(63,720)	(54,604)
	645,864	105,794

12. **FINANCIAL RATIOS:**

(a) Earnings per stock unit:

Basic earnings-per-stock unit is calculated by dividing the net profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Net profit attributable to stockholders of the parent ($'000)	709,584	160,398
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.59	$0.13
Fully diluted earning per stock unit	$0.59	$0.13

(b) Comprehensive income per stock unit:

Comprehensive income per stock unit is calculated by dividing the comprehensive income attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Comprehensive income attributable to stockholders of the parent ($'000)	4,733,691	3,461,289
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Comprehensive income per stock unit	$3.94	$2.88

(c) Net book value per stock unit:

Net book value per stock unit is calculated by dividing the stockholders equity attributable to the owners of the parent by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Stockholders equity attributable to stockholders of the parent ($'000)	15,448,071	10,854,841
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$12.86	$9.04

(d) Market value of ordinary stock units:

Market value of ordinary stock units is calculated by multiplying the closing bid price per stock unit as quoted on the Jamaica Stock Exchange by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Closing bid price per stock unit as at 31 December	$8.31	$9.00
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Market value of ordinary stock units ($'000)	9,981,548	10,810,341

13. CASH RESOURCES:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current accounts - Jamaican dollar	355,331	213,562	317,560	172,077
Current accounts - Foreign currencies	1,239,302	1,113,737	741,311	916,537
Jamaican dollar deposits	1,488	1,488	1,488	1,488
Cash in hand	768	2,049	768	2,049
	1,596,889	1,330,836	1,061,127	1,092,151

For the purposes of cash flow statement, cash and cash equivalents comprise the following:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash resources	1,596,889	1,330,836	1,061,127	1,092,151
Bank overdraft	(329,875)	(56,210)	(329,875)	(56,210)
	1,267,014	1,274,626	731,252	1,035,941

The bank overdraft resulted from un-presented cheques at year-end. The National Commercial Bank Jamaica Limited (NCB) holds as security, Government of Jamaica Global Bonds with a nominal value of US$219,000 (2018: US$286,000), to cover its overdraft facility of J$120,000,000. NCB also holds as security Government of Jamaica Benchmark Note with a nominal value of J$9,800,000 or lien over idle cash balances (2018: J$6,000,000) to cover 10% of the un-cleared effects limit of J$60,000,000 i.e. J$6,000,000.

A revolving credit line facility of J$575,000,000 was granted in February 2019, by Sagicor Bank Jamaica Limited to assist with the working capital purpose of the company. This overdraft facility is unsecured at a current effective interest rate of 7.50% per annum. The facility expires on the annual review date of 30 June 2020.

14. INVESTMENT SECURITIES:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fair value through profit or loss				
Debt securities				
- Government of Jamaica	15,529	23,054	15,529	23,054
- Foreign governments	188,895	247,785	188,895	247,785
- Corporate	3,495,733	1,235,551	3,495,733	1,235,551
Equities	4,179,436	2,935,832	75,553	43,810
	7,879,593	4,442,222	3,775,710	1,550,200

14. **INVESTMENT SECURITIES (CONT'D):**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial instruments at amortised cost				
Debt securities				
- Government of Jamaica	167,020	3,045,438	167,020	3,046,894
- Foreign governments	183	12,223	183	12,223
- Corporate	525,073	1,018,058	525,333	1,018,058
	692,276	4,075,719	692,536	4,077,175
Equity securities at fair value through other comprehensive income	17,099,549	12,098,994	1,147,787	550,521
	25,671,418	20,616,935	5,616,033	6,177,896
Less: provision for impairment	(54,542)	(34,793)	(54,542)	(34,793)
Total	25,616,876	20,582,142	5,561,491	6,143,103

The Government and Corporate bonds are used as collateral for the Group's demand loans received from, Oppenheimer and Co. Inc., Raymond James and Morgan Stanley (note 24).

On 3 October 2018, the group entered into an irrevocable call option agreement to sell 1,000,000 units of its Supreme Ventures Limited shares to an agreed party at a strike price of $16 on or before October 2020.

15. **REVERSE REPURCHASE AGREEMENTS:**

The company enters into collateralised repurchase and reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. At 31 December 2019 the company held J$3,483,713,000 (2018: J$1,747,162,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

16. PROMISSORY NOTES:

	2019 $'000	2018 $'000
Gross loans	2,165,978	1,824,947
Specific allowance for impairment	(353,100)	(338,290)
	1,812,878	1,486,657

This represents Jamaican and United States dollar promissory notes from customers. These are hypothecated against balances held for the customers, registered mortgages and other properties.

The movement in the allowance for impairment determined under the requirements of IFRS is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	338,290	187,290
Net increase in provision	14,810	151,000
	353,100	338,290

17. DUE FROM/TO SUBSIDIARIES:

This represents amounts due for transactions done on behalf of its subsidiaries.

	2019 $'000	2018 $'000
Due from -		
Mayberry Jamaican Equities Limited	-	289,413
Widebase Ltd.	448,848	448,848
	448,848	738,261
Due to -		
Mayberry Jamaican Equities Limited	211,263	1,014,439

18. **LOANS AND OTHER RECEIVABLES:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Client margins	2,031,680	3,336,942	2,031,680	3,336,942
Withholding tax recoverable	230,147	230,473	230,147	230,473
Other receivables	968,805	620,460	949,523	526,112
	3,230,632	4,187,875	3,211,350	4,093,527

Client margins are secured against their equity portfolios held at the Jamaica Central Securities Depository.

19. **DEFERRED TAXATION:**

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33 1/3% for the company and 1% for its subsidiaries. The movement in the net deferred income tax balance is as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net balance at beginning of year	4,676	41,291	66,974	82,162
Deferred tax credit (note 10)	7,193	41,368	5,577	32,317
Deferred tax charge on investment securities	(316,380)	(77,983)	(285,253)	(47,505)
Net balance at end of year	(304,511)	4,676	(212,702)	66,974

19. DEFERRED TAXATION (CONT'D):

Deferred income taxation is due to the following items:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Deferred income tax assets:				
Interest payable	69,222	66,144	69,222	66,144
Property, plant and equipment	1,343	1,713	1,343	1,713
Unrealized foreign exchange loss	-	12,493	-	12,493
Provisions	13,993	15,030	13,993	15,030
Tax losses carried forward	264,325	200,190	264,325	198,640
	348,883	295,570	348,883	294,020
Deferred income tax liabilities:				
Property, plant and equipment	21,728	11,185	21,728	11,185
Investment securities				
- Trading	36,602	11,437	36,077	7,746
- Other comprehensive income	558,928	242,548	467,644	182,391
Unrealised foreign exchange gain	2,582	-	2,582	-
Interest receivable	33,554	25,724	33,554	25,724
	653,394	290,894	561,585	227,046
Net balance at year end	(304,511)	4,676	(212,702)	66,974
Deferred tax asset	-	66,974	-	66,974
Deferred tax lability	(304,511)	(62,298)	(212,702)	-

Deferred income taxes are recognized for tax losses carried forward only to the extent that realization of the related tax benefit is probable (note 10).

20. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improvements $'000	Computer Equipment $'000	Office Equipment $'000	Furniture Fixture & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost -						
At 1 January 2018	78,931	184,627	25,624	61,883	18,984	370,049
Additions	-	12,942	966	413	-	14,321
At 31 December 2018	78,931	197,569	26,590	62,296	18,984	384,370
Adjustments	-	-	-	-	(8,582)	(8,582)
Additions	966	36,283	3,517	1,053	17,842	59,661
At 31 December 2019	79,897	233,852	30,107	63,349	28,244	435,449
Accumulated Depreciation -						
At 31 December 2017	22,559	137,373	23,825	47,101	18,685	249,543
Charge for the year	1,579	16,550	991	2,897	189	22,206
At 31 December 2018	24,138	153,923	24,816	49,998	18,874	271,749
Adjustment	-	-	-	-	(8,582)	(8,582)
Charge for the year	1,608	19,632	877	2,582	2,218	26,917
At 31 December 2019	25,746	173,555	25,693	52,580	12,510	290,084
Net Book Value -						
31 December 2019	54,151	60,297	4,414	10,769	15,734	145,365
31 December 2018	54,793	43,646	1,774	12,298	110	112,621

21. LEASES:

(a) Right of use assets:

	Land & Building $'000	Motor Vehicles $'000	Total $'000
Adoption of IFRS 16	108,917	41,748	150,665
Disposals	(6,415)	(10,791)	(17,206)
At 31 December 2019	102,502	30,957	133,459

(b) Lease liabilities:

	Land & Building $'000	Motor Vehicles $'000	Total $'000
Adoption of IFRS 16	108,917	41,748	150,665
Interest expense	7,486	3,490	10,976
Lease payments	(10,005)	(11,400)	(21,405)
At 31 December 2019	106,398	33,838	140,236

22. INVESTMENT IN SUBSIDIARIES:

	2019 $'000	2018 $'000
Balance at beginning of the year	1,101,801	1,468,152
10% disposal through dividend in specie	-	(146,540)
10% disposal through public offering	-	(146,540)
5% disposal through share incentive plan	-	(73,271)
3% disposal through trade over the Jamaica Stock Exchange	(52,825)	-
1% buy back through trade over the Jamaica Stock Exchange	37,026	-
	1,086,002	1,101,801

During 2018, the company disposed of 20% of its ownership in its subsidiary, Mayberry Jamaican Equities Limited, through a 10% dividend in specie to its shareholders and a 10% public offering of its shareholdings in MJEL. A further 5% was transferred to a related party which is to be placed in the company's Share Incentive Plan. During 2019, 3% was disposed of through trade over the Jamaica Stock Exchange and 1% buy back through trade over the Jamaica Stock Exchange.

23. **OTHER ASSETS:**

This represents the foreclosure on certain loans which have been outstanding in the company's loan portfolio for a protracted period, after exhausting other legal remedies. This amount represents the fair value of the properties, less cost to sell. The company assesses the fair value of the properties based on independent appraisal and expected realisable value.

	2019 $'000	2018 $'000
Balance at beginning of the year	742,977	742,977
Unrealised gain on revaluation	165	-
	743,142	742,977

Some of these properties are used as collateral for the company's corporate paper (note 24).

24. **LOANS:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Demand loans -				
Oppenheimer & Co. Inc.	197,371	148,561	197,371	148,561
Morgan Stanley	629,100	702,599	629,100	702,599
Raymond James	666,650	693,435	666,650	693,435
Term loans -				
Corporate paper (unsecured)	2,725,000	2,725,000	2,725,000	2,725,000
Corporate paper (secured)	779,263	750,000	779,263	750,000
Corporate bond	2,186,586	2,183,009	-	-
	7,183,970	7,202,604	4,997,384	5,019,595

The demand loans attract interest at 2.75% per annum - Oppenheimer & Co. Inc., 2.513% per annum - Morgan Stanley and 2.667% per annum – Raymond James. (2018 – 2.66% per annum - Oppenheimer & Co. Inc. 2.314% per annum – Morgan Stanley and 2.296% per annum – Raymond James). The collaterals for the demand loans are investment securities which were purchased with the proceeds of the loans received from Morgan Stanley, Oppenheimer & Co. Inc. and Raymond James (note 15).

The Unsecured Corporate Paper attracts interest at 6.5% per annum (2018 - 6.5%). The Secured Corporate Paper is backed by real estate and attracts a weighted average rate of interest at 7.21% per annum (2018 – 8.25%).

24. **LOANS (CONT'D):**

On 24 September 2018 the company's subsidiary, Mayberry Jamaican Equities Limited, completed a secured corporate bond issue amounting to $2.2 billion. The above amount is shown net of transaction costs which are being amortised over the life of the bond. The bond matures in 2023 and is at a fixed interest rate of 7.25% per annum which is paid quarterly. The bond was arranged by Sagicor Investments Jamaica Limited and is registered with JCSD Trustee Services Limited.

The bond is secured by some of the group's quoted equity investments in various entities that are being traded on the Jamaica Stock Exchange. These shares are required to have a fair value coverage of 1.75 times the principal amount and a maintenance margin of 1.5 times. At the reporting date the company's quoted equities used as security were valued at $14,366,318,000 with a coverage of 6.53 times the loan balance.

25. **ACCOUNTS PAYABLE:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Accounts payable	849,858	819,416	442,506	500,171
Client payables	3,448,819	4,093,220	3,448,818	4,093,220
	4,298,677	4,912,636	3,891,324	4,593,391

Included in client payables are debit balances totalling $5,208 million (2018 - $3,923 million).

26. **SHARE CAPITAL:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Authorized – 2,120,000,000 Ordinary Shares - 380,000,000 Redeemable Cumulative Preference Shares - 1 special rights preference share (2018, - NIL)				
Issued and fully paid –				
1,201,149,291 ordinary shares	1,582,381	1,582,381	1,582,381	1,582,381
	-	-	-	-
	1,582,381	1,582,381	1,582,381	1,582,381

During 2018, the company divested itself of 25% of its holdings in the subsidiary, Mayberry Jamaican Equities Limited. As part of the divestment arrangement, the company received a Special Preference Share in the subsidiary which gave it special rights as set out in section 10A of the amended Articles of Association of that subsidiary. The company divested an additional 3% of its holdings during the current year.

27. **FAIR VALUE RESERVES:**

This represents net unrealised gains on the revaluation of equity securities. The fair value through other comprehensive income securities are based on short term fluctuations in market prices.

28. **OTHER RESERVES:**

	2019 $'000	2018 $'000
Capital redemption reserve fund	51,343	51,343
Stock option reserve	26,596	26,596
	77,939	77,939

29. **RETAINED EARNINGS:**

	2019 $'000	2018 $'000
Reflected in the financial statements of:		
The Company	1,008,998	560,365
Subsidiaries	5,363,034	3,829,097
	6,372,032	4,389,462

30. **INTANGIBLE ASSET:**

	The Group $'000
At Cost –	
1 January 2018 and at 31 December 2018	34,744
Additions	27,597
At 31 December 2019	62,341
Amortisation –	
1 January 2018 and 31 December 2018	-
Charge for the year	4,238
31 December 2019	4,238
Net book value -	
31 December 2019	58,103
31 December 2018	34,744

This represents software development which was completed at the reporting date.

31. **RELATED PARTY TRANSACTIONS AND BALANCES:**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The following are the balances and transactions carried out with related parties:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Loans and other receivables:				
Subsidiaries (note 17)	-	-	448,848	738,261
Companies controlled by directors	334,545	417,302	334,545	417,302
Directors and key management personnel	208,948	386,696	208,948	386,696
Due to related company:				
Mayberry Jamaican Equities Limited (note 17)	-	-	211,263	1,014,439
Mayberry Asset Managers Limited	454,125	-	-	-
Payables:				
Companies controlled by directors	605,790	473,805	72,882	159,816
Directors and key management personnel	23,369	10,940	23,269	10,940
Key Management Compensation:				
Key management include directors (executive and non-executive) and Senior Vice Presidents				
Directors emoluments:-				
Fees	24,881	23,735	24,881	23,735
Executive directors remuneration	84,045	119,183	84,045	118,643
Other key management personnel	79,270	63,315	79,270	63,315
Other operating expenses:				
Companies controlled by directors	540,708	391,972	7,800	9,129

31. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

On 15 February 2017, the company's subsidiary, Mayberry Jamaican Equities Limited, entered into an agreement with Mayberry Asset Managers Limited, a company incorporated in St. Lucia that is controlled by Christopher Berry and K. Mark Berry. The said agreement ratifies and confirms a course of conduct that had been entered into by Mayberry West Indies Limited whereby the principals of Mayberry Asset Managers Limited had previously performed investment management services. The new agreement provides for the following fees to be paid to Mayberry Asset Managers Limited as compensation for the services rendered, and expenses borne by it, calculated as follows:

(i) A management fee calculated as 0.50% of the net asset value; and

(ii) An incentive fee calculated as 8.00% of the increase in the comprehensive income.

The Management Fee is accrued quarterly in arrears. The amount charged for the year was $94,865,000 (2018 – $69,471,000) of which $15,903,000 is included in other payables.

The Incentive Fee is calculated on the last day of each calendar year with reference to the comprehensive income earned for the calendar year in question. The incentive fee is accrued and charged with effect from 1 January 2017, on 31 December of each year. The amount charged for the year was $383,642,000 (2018 - $313,372,000) and is included in other payables.

During 2018, the company transferred 5% (60,057,464) of the issued stock units in its subsidiary, Mayberry Jamaican Equities Limited to Mayberry Asset Management Limited for the establishment of an Executive and Staff Incentive Plan (note 1).

32. **DIVIDENDS:**

	The Group	
	2019 $'000	2018 $'000
Final dividend to ordinary shareholders – 25 cents per share (2018 - 23 cents per share)	300,287	-
Final dividend in specie to ordinary shareholders	-	146,540
Payment to minority shareholders	19,519	-
	319,806	146,540

On 28 February 2018 a dividend in specie of 10% of the net book value of its subsidiary, Mayberry Jamaican Equities Limited (MJEL) was paid by the company. The dividend in specie was effected by a transfer of the relevant MJEL shares to the company's shareholders.

A dividend of $0.25 was approved and paid in July 2019 to those shareholders on record as at 13 July 2019.

33. NON-CONTROLLING INTEREST:

The table below shows the summarised financial information for Mayberry Jamaican Equities Limited that has non-controlling interest:

	2019 $'000	2018 $'000
Statement of financial position		
Total assets	19,765,653	15,047,648
Total liabilities	(2,691,806)	(2,567,652)
Net assets	17,073,847	12,479,996
Attributable to non-controlling interest	4,780,677	3,119,965
Statement of comprehensive income		
Revenue	509,478	638,314
(Loss)/profit for the period	(193,214)	103,514
Other comprehensive income	4,599,247	3,507,666
Total comprehensive income	4,406,033	3,611,180
Loss allocated to non-controlling interest	(63,720)	(54,604)
Other comprehensive income allocated to non-controlling interest	1,145,731	301,801
Attributable to non-controlling interest	1,082,011	247,197

34. FINANCIAL RISK MANAGEMENT:

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Assets and Liabilities Committee (ALCO) which is responsible for developing and monitoring the group's risk management policies in their specified areas.

ALCO places trading limits on the level of exposure that can be taken and monitors risks and adherence to limits. The group, through its training and management standards and procedures, aims to develop disciplined and constructive control environment, in which all employees understand their roles and obligations. This is supplemented by the Compliance Committee which was established in 2019, to specifically monitor regulatory measures.

The Audit Committee is responsible for monitoring compliance with the group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in these functions by both the Compliance Unit and Internal Audit. The Compliance Unit and Internal Audit undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and the Audit Committee, respectively.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

Risk Management Framework (cont'd)

By its nature, the group's activities are principally related to the use of financial instruments. The company accepts funds from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The company seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

The company also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

The group also trades in financial instruments where it takes positions to take advantage of short-term market movements in equity and bond prices and in foreign exchange and interest rates.

(a) **Liquidity risk**

The company is exposed to daily calls on its available cash resources from maturing repurchase agreements and loan draw downs. The company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of re-investment of maturing funds can be predicted with a high level of certainty. The company's treasury and securities department seeks to have available a minimum proportion of maturing funds to meet such calls. The company's policy is to hold a high proportion of liquid assets to cover withdrawals at unexpected levels of demand. Daily reports cover the liquidity position of the company as well as any exceptions and remedial actions taken.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the company. It is unusual for the company ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can increase the risk of loss. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and exposure to changes in interest rates and exchange rates.

The key measure used by the company for managing liquidity risk is the ratio of liquid assets to securities sold under repurchase agreements and loans. For this purpose liquid assets are considered as including cash and cash equivalents, investment grade securities, excluding equities, for which there is an active and liquid market and loans and other receivables.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

Risk Management Framework (cont'd)

(a) **Liquidity risk (cont'd)**

The group's ratio of liquid assets to securities sold under repurchase agreements and loans at the reporting date and during the reporting period was as follows:

	2019	2018
At 31 December	1.22:1	1.46:1
Average for the period	1.36:1	1.30:1
Maximum for the period	1.86:1	1.46:1
Minimum for the period	0.96:1	1.29:1

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities, based on contractual repayment obligations. However, the group expects that many customers will not request repayment on the earliest date the group could be required to pay.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(a) **Liquidity risk (cont'd)**

	Group 2019					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities						
Bank overdraft	329,875	-	-	-	-	329,875
Securities sold under repurchase agreements	1,754,311	2,114,643	921,152	-	-	4,790,106
Interest payable	-	211,327	-	-	-	211,327
Loans	-	-	6,079,643	1,495,201	-	7,574,844
Other liabilities	4,608,378	-	-	-	-	4,608,378
Total liabilities (contractual maturity dates)	6,692,564	2,325,970	7,000,795	1,495,201	-	17,514,530

	Group 2018					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities						
Bank overdraft	56,210	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	3,961,398
Interest payable	3,203	198,453	-	-	-	201,656
Loans	-	-	3,640,000	4,569,596	-	8,209,596
Other liabilities	4,562,387	313,988	-	-	-	4,876,375
Total liabilities (contractual maturity dates)	6,340,955	2,386,105	4,008,579	4,569,596	-	17,305,235

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(a) **Liquidity risk (cont'd)**

	Company 2019					
	Within 3 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities						
Bank overdraft	329,875	-	-	-	-	329,875
Securities sold under repurchase agreements	1,754,311	2,114,643	921,152	-	-	4,790,106
Interest payable	-	207,687	-	-	-	207,687
Loans	-	3,734,530	1,495,201	-	-	5,229,731
Other liabilities	4,104,029	-	-	-	-	4,104,029
Total liabilities (contractual maturity dates)	6,188,215	6,056,860	2,416,353	-	-	14,661,428

	Company 2018					
	Within 3 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities						
Bank overdraft	56,210	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	3,961,398
Interest payable	-	198,453	-	-	-	198,453
Loans	-	-	3,475,000	1,544,596	-	5,019,596
Other liabilities	4,560,387	-	-	-	-	4,560,387
Total liabilities (contractual maturity dates)	6,335,752	2,072,117	3,843,579	1,544,596	-	13,796,044

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(b) **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The group manages this risk through extensive research and monitors the price movement of securities on the local and international markets. The group's portfolio is balanced with respect to the duration of the securities included in order to minimize exposure to volatility, based on projected market conditions.

Management of market risks

The group separates its exposure to market risk between trading and non-trading portfolios. The trading portfolios are held by the company and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. The group's foreign exchange positions relating to Foreign Currency Trading are treated as part of the group's trading portfolios for risk management purposes.

The group's market risk is monitored on a daily basis by its Compliance Unit, which is responsible for the development of risk management policies (subject to review and approval by ALCO) and for the daily review of their implementation.

Exposure to market risks

The principal tool used to measure and control market risk exposure is the Value at Risk (VaR). A portfolio VaR is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the group is based on a 95 percent confidence level and assumes a 10-day holding period. The VaR model used is based on historical simulation, taking account of market data from the previous three years, and observed relationships between different markets and prices. The model generates a wide range of plausible future scenarios for market price movements.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(b) **Market risk (cont'd)**

Exposure to market risks (cont'd)

A summary of the VaR position of the Group's portfolios at 31 December 2019 and during the period is as follows:

	2019			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'000
Foreign Currency Risk	16,740	15,289	24,456	9,025
Interest Rate Risk				
Domestic securities - amortized cost	94,392	92,296	111,556	77,229
Global securities - amortized cost	46,028	42,894	54,600	37,457
Global securities - trading	73,731	69,408	80,600	60,312
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	713,769	737,694	915,357	512,180
Domestic securities - trading	4,079	3,646	5,315	2,842
Global Securities - trading	1,626	572	1,733	1,354

	2018			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'000
Foreign Currency Risk	6,117	6,042	8,515	4,861
Interest Rate Risk				
Domestic securities - amortized cost	91,431	136,228	225,822	46,635
Global securities - amortized cost	122,219	175,726	205,862	68,713
Global securities - trading	32,008	44,606	69,577	19,427
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	176,321	213,172	267,041	134,307
Domestic securities - trading	7,844	13,520	17,979	2,718

The following table summarizes the group's exposure to interest rate risk. Included in the table are the company's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(c) **Interest rate risk**

	Group						
	Within 1 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash resources	1,596,889	-	-	-	-	-	1,596,889
Investment securities at amortised cost	-	10,155	20,733	283,148	323,421	277	637,734
Investment securities – FOCI (1)	-	-	-	-	-	17,099,549	17,099,549
Investment securities – FVPL (2)	91,461	-	23,040	2,056,032	471,469	5,237,590	7,879,592
Reverse repurchase agreements	1,772,451	798,662	912,600	-	-	-	3,483,713
Promissory notes	1,550,689	-	-	-	-	262,190	1,812,879
Interest receivable	-	100,671	-	-	-	-	100,671
Loans and other receivables	2,992,057	-	19,281	-	-	219,294	3,230,632
Other	-	-	-	-	-	1,080,069	1,080,069
Total assets	8,003,547	909,488	975,654	2,339,180	794,890	23,898,969	36,921,729
Liabilities							
Bank overdraft	329,875	-	-	-	-	-	329,875
Securities sold under repurchase agreements	1,749,339	1,558,302	911,782	-	-	-	4,219,423
Interest payable	-	211,327	-	-	-	-	211,327
Loans	-	-	4,049,855	1,366,053	-	-	5,415,908
Other	6,516,447	-	-	-	-	-	6,516,447
Total liabilities	8,595,661	1,769,629	4,961,637	1,366,053	-	-	16,692,980
Total interest rate sensitivity gap	(613,132)	(860,141)	(3,985,983)	973,127	814,639	23,898,969	20,228,749
Cumulative interest rate sensitivity gap	(613,132)	(1,473,273)	(5,459,256)	(4,486,129)	(3,671,490)	20,228,749	
As at 31 December 2018							
Total assets	8,302,876	1,515,921	941,044	1,125,514	1,541,668	16,066,101	29,493,124
Total liabilities	1,775,365	2,075,320	4,008,579	4,569,596	-	4,876,375	17,305,235
Total interest rate sensitivity gap	6,527,511	(559,399)	(3,067,535)	(3,444,082)	1,541,668	11,189,726	12,187,889
Cumulative interest rate sensitivity gap	6,527,511	5,968,112	2,900,577	(543,505)	998,163	12,187,889	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

34. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Interest rate risk (cont'd)**

	Company						
	Within 1 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash resources	1,061,127	-	-	-	-	-	1,061,127
Investment securities at amortised cost	-	10,155	20,733	283,148	323,421	537	637,994
investment securities FOCI (1)	-	-	-	-	-	1,147,787	1,147,787
Investment securities – FVPL (2)	91,461	-	23,040	2,056,032	471,469	1,133,707	3,775,709
Reverse repurchase agreements	1,772,451	798,662	912,600	-	-	-	3,483,713
Promissory notes	1,550,689	-	-	-	-	262,190	1,812,879
Interest receivable	-	100,671	-	-	-	-	100,671
Due from subsidiaries	-	-	-	-	-	448,848	448,848
Investments in subsidiary	-	-	-	-	-	1,086,002	1,086,002
Loans and other receivables	2,992,057	-	-	-	-	219,294	3,211,351
Other	-	-	-	-	-	1,021,968	1,021,968
Total assets	7,467,785	909,488	956,373	2,339,180	794,890	5,320,333	17,788,049
Liabilities							
Bank overdraft	329,875	-	-	-	-	-	329,875
Securities sold under repurchase agreements	1,749,339	1,558,302	911,782	-	-	-	4,219,423
Interest payable	-	207,687	-	-	-	-	207,687
Loans	-	-	3,631,331	1,366,053	-	-	4,997,384
Other	4,244,264	211,263	-	-	-	-	4,455,527
Total liabilities	6,323,478	1,977,252	4,543,113	1,366,053	-	-	14,209,896
Total interest rate sensitivity gap	1,144,307	(1,067,764)	(3,586,740)	973,127	794,890	5,320,333	3,578,153
Cumulative interest rate sensitivity gap	1,144,307	76,543	(3,510,197)	(2,537,070)	(1,742,180)	3,578,153	
As at 31 December 2018							
Total assets	7,888,570	1,515,921	941,044	1,374,927	1,541,668	2,115,950	15,378,080
Total liabilities	1,775,365	2,072,117	3,843,579	1,544,596	-	4,560,387	13,796,044
Total interest rate sensitivity gap	6,113,205	(556,196)	(2,902,535)	(169,669)	1,541,668	(2,444,437)	1,582,036
Cumulative interest rate sensitivity gap	6,113,205	5,557,009	2,654,474	2,484,805	4,026,473	1,582,036	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(c) **Interest rate risk (cont'd)**

The table below summarises the effective interest rate by major currencies for financial instruments of the Group and the Company.

	JA$	US$
	%	%
Assets		
Investment securities	3.93	4.04
Reverse repurchase agreements	2.33	2.49
Promissory notes	9.18	7.35
Liabilities		
Securities sold under repurchase agreements	2.21	2.22
Loans	-	2.58
Corporate papers	7.38	-

The management of interest rate risk is supplemented by monitoring the sensitivity of the group's financial assets to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 100 basis point (bp) parallel rise and a 100 basis point (bp) parallel fall in the yield curve applicable to Government of Jamaica local instruments and a 100 bp parallel rise and a 100 basis point (bp) parallel fall in the yield curves applicable to Government of Jamaica global bonds and other sovereign bonds. An analysis of the Group's sensitivity to an increase or decrease in market interest rates and the likely impact on equity and statement of income (fair value through profit or loss account instruments), assuming no asymmetrical movement in the zero coupon yield curves, is as follows:

	2019					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	100bp parallel increase	100 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2019						
Statement of income						
Domestic – Amortised	194	(25,892)	14,152	-	-	-
Globals - Trading	-	-	-	156	(47,675)	47,987

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(c) **Interest rate risk (cont'd)**

	2018					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	50bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Statement of income						
Domestic – Amortised	665	(25,892)	26,736	-	-	-
Globals - Trading	-	-	-	567	(31,526)	33,494

(d) **Currency risk**

The group takes on exposure to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible. The following foreign currency balances are included in these financial statements:

	2019			
	GBP	US$	CAN$	EURO
	J$'000	J$'000	J$'000	J$'000
Assets				
Cash resources	352,557	361,841	16,504	811
Investment securities	-	2,411,150	-	-
Promissory notes	-	1,129,388	-	-
Interest receivable	-	76,274	-	-
Loans and other receivables	10,102	771,580	784	58,496
Total	362,659	4,750,233	17,288	59,307
Liabilities				
Securities sold under repurchase agreements	-	2,123,622	-	-
Loans and other payables	386,787	2,973,003	4,148	-
Interest payable	-	190,981	-	-
Total	386,787	5,287,606	4,148	-
Net position	(24,128)	(537,373)	13,140	59,307
As at 31 December 2018				
Total Assets	571,123	4,822,257	11,630	43,917
Total Liabilities	604,276	4,724,668	2,700	-
Net Position	(33,153)	97,589	8,930	43,917

34. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Currency risk (cont'd)**

Sensitivity analysis

Changes in the exchange rates of the Jamaican dollar (JA$) to the following currencies would have the effects as described below:

	Change in Currency Rate 2019 %	Effect on Profit before Taxation 2019 $'000	Change in Currency Rate 2018 %	Effect on profit before Taxation 2018 $'000
Currency:				
GBP	-6	1,488	-4	(1,326)
GBP	+4	(965)	+2	663
US$	-6	(32,242)	-4	3,904
US$	+4	21,495	+2	(1,952)
CAN$	-6	(788)	-4	357
CAN$	+4	526	+2	(179)
EURO	-6	(3,558)	-4	1,768
EURO	+4	2,372	+2	(884)

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 6% weakening and 4% strengthening (2018 - 4% weakening and 2% strengthening) in exchange rates.

(e) **Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans and advances to customers, promissory notes and investment securities. For risk management reporting purposes, the group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(e) **Credit risk (cont'd)**

The Board of Directors has delegated responsibility for the management of credit risk to its ALCO and its Risk Unit. The Risk Unit is responsible for oversight of the company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Board of Directors as appropriate.

- Reviewing and assessing credit risk. The Risk Unit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

- Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of the financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive as appropriate.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Board of Directors on the credit quality of loan portfolios and appropriate corrective actions taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement credit policies and procedures, with credit approval authorities delegated by the Board of Directors. In addition, each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of business units and credit processes are undertaken by Internal Audit.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(e) **Credit risk (cont'd)**

	Promissory Notes		Loans and Other Receivables	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Carrying amount	1,812,878	1,486,657	3,230,632	4,187,875
Past due but not impaired				
Grade 1 - 3 - Low - fair risk	-	-	-	4,010,160
Grade 4 - Medium risk	11,347	48,195	3,211,351	177,715
Grade 5 - Medium high risk	203,499	353,385	19,281	-
Carrying amount	214,846	401,580	3,230,632	4,187,875
Past due comprises:				
30 - 60 days	11,347	44,460	2,833,664	932,206
60 - 90 days	-	-	-	-
90 - 180 days	4,547	4,142	-	-
180 days +	198,952	352,978	396,968	3,255,669
Carrying amount	214,846	401,580	3,230,632	4,187,875
Neither past due nor impaired				
Grade 1 - 3 - Low - fair risk	-	-	-	-
Grade 4 - Medium - high risk	1,598,032	1,085,077	-	-
Carrying amount	1,598,032	1,058,077	-	-
Includes accounts with renegotiated terms	-	-	-	-
Total carrying amount	1,812,878	1,486,657	3,230,632	4,187,875

Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees. It is the policy of the Group to obtain or take possession of or register lien against securities. The Group monitors the market value of the underlying securities which collateralize the related receivable including accrued interest and request additional collateral where deemed appropriate. Other than exposure to Government of Jamaica securities, there is no significant concentration of credit risk.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(e) **Credit risk (cont'd)**

An estimate of fair value of collateral held against promissory notes is shown below:

	Promissory Notes	
	2019 $'000	2018 $'000
Against past due but not impaired		
Property	380,800	294,428
Equities	27,695	15,369
Other	-	13,470
Against neither past due nor impaired		
Property	2,412	45,000
Equities	15,087	-
Other	10,990	11,790
Total	436,984	380,057

The group monitors concentrations of credit risk by sector and geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	Promissory Notes		Loans and Other Receivables	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Carrying amount	1,812,878	1,486,657	3,230,632	4,187,875
Concentration by sector				
Corporate	1,432,617	1,259,636	-	-
Retail	380,261	227,021	3,230,632	4,187,875
Total	1,812,878	1,486,657	3,230,632	4,187,875

(f) **Settlement risk**

The company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(f) **Settlement risk (cont'd)**

For certain types of transactions the company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(g) **Regulatory capital management**

The company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements. The FSC requires the company to maintain a minimum of 10% capital to total risk weighted assets. At year end the company's capital to total risk weighted assets ratio was 17.78% (2018: 15.41%).

The objective of Management is the maintenance of a strong and efficient capital position at all times. Through the capital management framework, the goal is to maintain capital consistent with the company's risk profile, strategic objectives, and applicable regulatory standards and guidelines.

Mayberry is subject to regulatory capital standards issued by the Financial Services Commission which, are largely guided by international criteria set by the Basel Committee on Banking Supervision (BCBS). The Financial Services Commission requires the company to maintain stated minimum of capital to total risk-weighted assets ratio and capital to total assets ratio of 10% and 6%, respectively.

The company remains adequately capitalized above minimum regulatory capital adequacy requirements. As indicated in the table below, Mayberry's capital to total risk-weighted assets ratio and capital to total assets ratios were 17.78% and 20.12%, as of 31 December 2019, respectively, well in excess of the stated minimum requirements under the Financial Services Commission capital regulatory standards. This further underscores the strength and resilience of our business to the increase in regulatory capital requirements and is a key component of the company's growth strategy.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(g) **Regulatory capital management (cont'd)**

	2019 $'000	2018 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	51,343	51,343
Retained earnings	1,008,998	560,365
Total Tier 1 Capital	2,642,722	2,194,089
Tier 2 Capital - other reserve	26,596	26,596
Total Regulatory Capital	2,669,318	2,220,685
Risk Weighted Assets	15,014,033	14,411,796
Capital Ratio to Risk Weighted Assets Ratio	17.78%	15.41%
Regulatory requirement	10.0%	10.0%
Capital	3,578,151	2,558,927
Total Assets	17,788,046	17,402,413
Capital to Total Assets	20.12%	14.70%
Regulatory Requirement	6.0%	6.0%

In addition, the company is subject to bi-annual Stress Testing by the Financial Services Commission to determine if capital is sufficient to absorb losses during economic and financial market stress as well as effective capital planning processes.

The company's capital adequacy ratios have passed all individual and combined shocks applied to its balance sheet data in the bi-annual stress tests. Passing the bi-annual stress tests underscores the company's commitment to a sustained capital planning process that satisfies the expectations of our stakeholders. A key focus for the year ahead will be to ensure that the company remains adequately capitalized and positioned to respond to higher capital requirements prescribed by the regulatory authority.

34. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(h) **Regulatory capital management (cont'd)**

The company's policy is to maintain a strong capital base to ensure investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the company recognises the need to maintain a balance between higher returns that might be possible with greater leverage and the advantages and security afforded by a sound capital position.

The company has complied with all regulatory capital requirements throughout the period. There have been no material changes in the management of capital during the period.

Capital Allocation

Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the company to operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, availability of management and other resources, and the fit of the activity with the company's longer term strategic objectives. Capital management and allocation are reviewed regularly by the Board of Directors.

35. **FAIR VALUES OF FINANCIAL INSTRUMENTS:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine the fair value of a financial instrument. However, market prices are not available for some of the financial assets held by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the end of the reporting period.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows or other recognized valuation techniques.

35. **FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):**

(ii) The fair values of liquid assets and other assets maturing within one year are assumed to approximate their carrying amount. This assumption is applied to liquid assets and short term elements of all financial assets and financial liabilities.

(iii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.

(iv) The fair values of fixed rate loans are estimated by comparing market interest rates when the loans were granted with the current market rate offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken to account in determining gross fair values as the impact of credit risk is recognized separately by deducting the amount of the provisions for credit losses from both book and fair values.

(v) Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

35. **FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):**

The following table shows an analysis of financial instruments held at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels of the fair value hierarchy:

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets -				
Debt securities				
- Government of Jamaica	-	15,529	-	15,529
- Foreign government	-	188,895	-	188,895
- Corporate bonds	-	2,015,186	1,480,547	3,495,733
Quoted equity securities	19,016,798	-	-	19,016,798
Unquoted equity securities	-	-	1,115,595	1,115,595
	19,016,798	2,219,610	2,596,142	23,832,550

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets -				
Debt securities				
- Government of Jamaica	-	23,053	-	23,053
- Foreign government	-	247,785	-	247,785
- Corporate bonds	-	1,235,551	-	1,235,551
Quoted equity securities	14,546,668	-	-	14,546,668
Unquoted equity securities	-	-	488,158	488,158
	14,546,668	1,506,389	488,158	16,541,215

35. **FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):**

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets -				
Debt securities				
- Government of Jamaica	-	15,529	-	15,529
- Foreign government	-	188,895	-	188,895
- Corporate bonds	-	2,015,186	1,480,547	3,495,733
Quoted equity securities	75,553	-	-	75,553
	75,553	2,219,610	1,480,547	3,775,710

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets -				
Debt securities				
- Government of Jamaica	-	23,053	-	23,053
- Foreign government	-	247,785	-	247,785
- Corporate bonds	-	1,235,551	-	1,235,551
Quoted equity securities	43,811	-	-	43,811
	43,811	1,506,389	-	1,550,200

As at 31 December 2019, the fair value of the financial instruments valued at amortized cost is detailed below:

	Group $'000		Company $'000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fair value of financial instruments at amortized cost	692,276	521,077	692,276	521,077

36. **PENSION SCHEME:**

The company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 10%. The company's contribution for the year amounted to $14,629,000 (2018: $14,232,000).

37. **FUNDS UNDER MANAGEMENT:**

The company provides custody, investment management and advisory services for both institutions and individuals which involve the company making allocation and purchases and sales decisions in relation to quoted shares and government financial instruments on a non-recourse basis. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the end of the reporting period, the company had financial assets under management of approximately $18,758,739,000 (2018: $19,691,931,000).

38. **SEGMENT INFORMATION:**

The company is a licensed Securities Dealer (note 1).

Based on the information presented to and reviewed by the CODM, the entire operations of the group are considered as one operating segment.

Financial information related to the operating segment results from continuing operations for the two years ended 31 December 2019, can be found in the consolidated statement of income. There are no differences in the measurement of the reportable segment results and the group’s results.

Details of the segment assets and liabilities for the two years ended 31 December 2019, can be found in the consolidated statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the group’s assets and liabilities.

Entity-wide disclosure:

The revenue from operations can be found in the consolidated statement of income.

39. **EFFECTS OF CHANGES IN ACCOUNTING POLICIES:**

THE Group adopted IFRS 16 with a transition date of 1January 2019. The Group has chosen not to restate comparative information on adoption of standard, and therefore, the revised requirements are not reflected in prior year financial statements.

IFRS 16 has replaced IAS 17, Leases and IFRIC 4, Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant lease activities acting as a lessor.

On initial application, the Group has elected to record right-of-use assets and lease obligations of $150,666,000 as of 1 January 2019, with no net impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019. The weighted-average rate of 12% was applied.

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