

# CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

## Economic and Business Environment

In 2023, the Jamaican economy expanded by 2.6%, following a robust recovery of 5.2% in 2022. Growth was primarily driven by expansions in the Mining & Quarrying sector and Tourism, although offset by declines in construction and agriculture. Despite the slowdown, unemployment reached a record low of 4.2%, and public debt continued to decrease, reaching 74.2% of GDP by year-end. The slowdown in growth was attributed to a normalization in economic activity post-COVID-19 pandemic, with real GDP estimated to have grown between 1.0% to 3.0%. Labor market conditions improved significantly, as indicated by the notable decline in the unemployment rate by 2.4 percentage points to 4.2% by October 2023.

The point-to-point inflation rate as of February 2024 was 6.2%, while the rate for the month of February was -0.6%. This was mainly influenced by the decreases in the index for the divisions 'Food and Non-alcoholic Beverages' (1.1%) and 'Housing, Water, Electricity, Gas and Other Fuels' (1.6 %). The decline in the index of the 'Food and Non-Alcoholic Beverages' division was primarily driven by a 1.2 percent decrease in the index for the 'Food' group, notably due to a significant 6.3 percent drop in the index for 'Vegetables, tubers, plantains, cooking bananas and pulses'. This decrease was attributed to lower prices for various agricultural products such as cabbage, carrot, escallion, tomato, sweet potato, and yam. Similarly, the downward trend in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division was largely influenced by reduced electricity rates, leading to a 4.7 percent decline in the index for the group 'Electricity, Gas and Other Fuels'.

The Bank of Jamaica's Monetary Policy Committee (MPC) opted to keep the policy interest rate at 7.0%, maintain relative stability in the foreign exchange market, and uphold tight Jamaican dollar liquidity conditions during its meetings on March 26 and 27, 2024. This decision stemmed from Jamaica's headline inflation, which at 6.2% in February 2024, although moderating compared to previous months, remained

above the Bank's target range of 4.0% to 6.0%. Core inflation stood at 6.1% in February 2024, lower than the previous year's 6.6%. Notably, the elevated headline inflation was attributed mainly to the impact of increased public passenger vehicle (PPV) fares and widespread wage hikes.

As at March 28, 2024, the Jamaican dollar closed at \$154.70 relative to \$156.00 as at the end of January 2024, appreciating against the U.S dollar by \$1.30 or 0.83% year to date. Bank of Jamaica Foreign Exchange Intervention Trading Tool (B-FXITT) sales of US\$220.0 million between January 15 through to February 21 alleviated demand pressure.

## Financial Highlights

For the period January to March 2024, the Company recorded a net loss of \$113.4 million, compared to a loss of \$324.5 million for the corresponding period in the prior year. Total operating income and other revenues totalled \$478 million, increasing by \$270 million or 130% when compared to the corresponding quarter in 2023, while total operating expenses increased by 8% for the three-month period. Total comprehensive loss for the quarter ended March 31, 2024 totalled \$64.9 million compared to comprehensive loss of \$292.6 million in Q1 2023.

## Financial Performance

### Net Interest Income

Net interest income for the three months ended March 31, 2024, amounted to \$241 million representing an increase of \$201.4 million or 510% over the corresponding period in 2023. The performance is mainly attributed to higher interest earned on margin loans and advances by \$199.8 million or 135% due primarily to growth in the loan book which increased to \$8 billion from \$6 billion when compared to March 31, 2023. Interest expense increased by \$39 million or 9.6% primarily attributable to higher interest costs on securities sold under repurchase agreements and corporate papers driven by growth in the portfolios by 41% and 22%, respectively.

### **Consulting Fees and Commissions**

The Company reported consulting fees & commission income of \$142 million for the three months ended March 31, 2024, an increase of \$62 million or 77% over the comparative period. Significant contributors to this performance were:

- Brokerage fees increased by \$76 million or 244% on account of increased earnings from selling fees debt and corporate advisory transactions during the period.
- In addition, equity commission grew by \$21 million or 93% based on increased volumes and value over the comparative period in 2023. The Company was particularly proud of our successful execution of the largest USD public bond offering listed on the Jamaica Stock Exchange's USD bond market of US\$12 million for Junior Market company Express Catering Limited during the quarter, among other transactions.
- Loan processing fees were lower by \$16 million or 77% over the corresponding quarter in 2023 due to reduced transaction volumes.

### **Other Operating Income**

Other operating remained relatively flat with prior year reflecting mixed results on the bond and equities trading markets. Notable variances include:

- Net unrealized gain on investments of \$14 million was lower than the unrealised gains in 2023 by \$11 million or 43% reflecting unfavourable price performance of US equities and bonds during the period under review.
- Net foreign exchange gains of \$53.3 million were higher by \$22.5 million or 73% primarily due to unrealized gains on the revaluation of foreign currency balance sheet positions. This was offset by reduced cambio gains of \$6 million or 13% resulting from lower cambio volumes and spreads.

## Operating Expenses

Total operating expenses increased 8.2% for the three months ended March 31, 2024, compared to the corresponding period in 2023. The major contributors to this increase included:

- The company's continued investments in a proprietary computer software to drive operational efficiency and customer service reflected in higher depreciation and amortization costs by \$24 million or 211% attributable to the commissioning of MIL 2.0 software.
- Also associated with the Company's digitization strategic initiative, computer expenses increased by 75% with the enhancement of the business IT infrastructure including improved data storage capacity.
- Consulting fees increased by 41% primarily due to additional services procured for cybersecurity and the review of internal controls when compared to the corresponding period in 2023.
- Security costs increased by 104% attributable to increases in the minimum wage granted to that industry.
- Higher asset tax payments were incurred due to the year over year growth in balance sheet assets.

The position was offset by a 15% reduction in staff costs and a 46% reduction in bank charges. The Company's assessment of its credit risk resulted in lower provisions for expected credit losses of 72% when compared to the prior year.

## Summary of Financial Position

### Assets and Liabilities

Total assets increased by \$8.5 billion or 28% compared to the prior year. The growth in the company's asset base was due primarily to year over year increases in the following assets: balance due from group companies increased by \$4.8 billion or 151% to \$8 billion due primarily to the take up of loan facilities, and loans and other receivable balances increased by \$2.1 billion or 33% due to a greater uptake in the margin loans facilities by customers. Additionally deferred tax assets grew by \$676 million or 143% due to tax credits earned, and intangible assets increased by \$231 million representing the Company's continued investment in its new digital platform. This performance was mainly offset by a decrease in investment securities of \$2.2 billion or 44%.

Total liabilities increased by \$7.8 billion or 31% over the prior year to \$32.7 billion. This movement was mainly due to loans payable higher by \$1.9 billion or 22%, higher bank overdraft balances by \$2.5 billion, higher accounts payable of \$1.1 billion or 12% due to higher client payables, and securities sold under repurchase agreement higher by \$1.9 billion or 42% compared to the corresponding period in 2023.

Mayberry's capital base remains strong with total shareholders' equity increasing by 13% to \$6.5 billion over the prior year. This resulted in a net book value per share of \$5.41 (2023: \$4.79).

## Capital Adequacy and Liquidity

The Company's regulatory capital base continues to be robust and compliant with regulatory benchmarks. As at March 31, 2024, the capital to risk-weighted asset ratio of 18.6% exceeds the established minimum of 10% set by the Financial Services Commission (FSC). In addition, Tier one Capital is 99% of the Company's overall capital base and exceeds the regulatory minimum of 50% established by the FSC.

Gary Peart  
Chief Executive Officer

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Unaudited Mar. 31, 2024 \$' 000	Unaudited Mar. 31, 2023 \$' 000	Audited Dec. 31, 2023 \$' 000
<b>Assets</b>			
Cash resources	4,729,312	1,924,297	3,604,504
Investment securities	2,814,920	5,032,994	3,662,388
Reverse repurchase agreements	4,010,988	3,706,422	3,615,228
Promissory notes	3,560,004	3,361,780	4,405,062
Interest receivable	478,684	146,042	-
Due from related companies	8,034,608	3,204,187	8,050,147
Externally funded loans	2,182,536	1,932,825	2,050,093
Loans and other receivables	8,488,124	6,370,941	10,133,864
Deferred tax asset	1,148,464	472,749	1,148,464
Property, plant and equipment	189,873	169,284	168,763
Investment properties	2,113,472	2,027,738	2,113,472
Right of use assets	48,867	65,845	53,119
Taxation recoverable	194,434	194,434	194,434
Investments in subsidiaries	-	1,092,779	-
Intangibles	1,264,730	1,033,438	1,242,262
<b>Total Assets</b>	<b>39,259,015</b>	<b>30,735,757</b>	<b>40,441,800</b>
<b>Liabilities</b>			
Bank overdraft	2,961,013	469,799	994,193
Securities sold under repurchase agreements	6,453,565	4,559,567	7,006,504
Interest payable	118,167	82,585	-
Loans	10,717,439	10,702,327	14,251,269
Externally funded loans	2,230,669	1,932,825	2,050,093
Lease liabilities	66,726	80,089	69,787
Accounts payable	10,191,811	7,156,539	9,485,441
<b>Total Liabilities</b>	<b>32,739,390</b>	<b>24,983,732</b>	<b>33,857,287</b>
<b>Equity</b>			
Share capital	1,582,382	1,582,382	1,582,382
Fair value reserves	376,179	380,316	327,663
Other reserves	77,939	77,939	77,939
Retained earnings	4,483,125	3,711,387	4,596,529
<b>Total Equity</b>	<b>6,519,625</b>	<b>5,752,025</b>	<b>6,584,513</b>
<b>Total Equity and Liabilities</b>	<b>39,259,015</b>	<b>30,735,757</b>	<b>40,441,800</b>
<b>Net Book Value per Stock Unit :</b>	<b>\$5.43</b>	<b>\$4.79</b>	<b>\$5.48</b>

**STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED MARCH 31, 2024**

	Unaudited Mar. 31, 2024 \$'000	Unaudited Mar. 31, 2023 \$'000	Audited Dec. 31, 2023 \$'000
<b>Net Interest Income and Other Revenues</b>			
Interest income	693,245	452,371	2,062,748
Interest expense	(452,332)	(412,894)	(1,740,279)
Net interest income	240,913	39,476	322,469
Consulting fees and commissions	142,232	93,731	521,203
Dividend income	41	-	848,142
Net trading gains	14,877	18,311	96,945
Net unrealised gains on investment revaluation	13,690	24,591	13,830
Net foreign exchange gains	53,305	30,834	202,234
Other income	12,956	1,098	63,736
Unrealised gains on investment properties	-	-	85,734
	<b>478,013</b>	<b>208,042</b>	<b>2,154,293</b>
<b>Operating Expenses</b>			
Salaries, statutory contributions and other staff costs	213,589	245,587	800,581
Provision for credit losses	11,100	39,296	(59,669)
Operational losses	-	147	-
Depreciation and amortisation	36,007	11,588	45,130
Other operating expenses	330,723	249,745	1,047,592
	<b>591,419</b>	<b>546,363</b>	<b>1,833,634</b>
<b>Profit/(Loss) before Taxation</b>	<b>(113,406)</b>	<b>(338,321)</b>	<b>320,659</b>
Taxation	-	(13,827)	593,632
<b>Net Profit/(Loss) for the Year</b>	<b>(113,406)</b>	<b>(324,495)</b>	<b>914,291</b>
<b>Other Comprehensive Income Net of Taxation:</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Net unrealized gains/(losses) on financial instruments - FVOCI	48,516	31,894	(14,059)
<b>Total Comprehensive Income/(Loss) for the Year</b>	<b>(64,890)</b>	<b>(292,601)</b>	<b>900,232</b>
 Number of shares in issue - '000	 1,201,149	 1,201,149	 1,201,149
 (Loss)/Earnings per share	 (\$0.09)	 (\$0.27)	 \$0.76

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2024**

	<b>Share Capital</b>	<b>Fair Value Reserve</b>	<b>Other Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>
<b>Balance at January 1, 2023</b>	1,582,382	348,423	77,939	4,035,881	6,044,625
<i>Total comprehensive income for the year</i>					
Profit/(Loss) for the year	-	-	-	(324,495)	(324,495)
Other Comprehensive Income	-	31,894	-	-	31,894
<b>Balance at March 31, 2023</b>	<b>1,582,382</b>	<b>380,317</b>	<b>77,939</b>	<b>3,711,386</b>	<b>5,752,024</b>
<b>Balance at January 1, 2024</b>	1,582,382	327,663	77,939	4,596,531	6,584,515
<i>Total comprehensive income for the year</i>					
Profit/(Loss) for the year	-	-	-	(113,406)	(113,406)
Other Comprehensive Income	-	48,516	-	-	48,516
<b>Balance at March 31, 2024</b>	<b>1,582,382</b>	<b>376,179</b>	<b>77,939</b>	<b>4,483,125</b>	<b>6,519,624</b>



**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED MARCH 31, 2024**

	Unaudited Mar. 31, 2024 \$'000	Unaudited Mar. 31, 2023 \$'000	Audited Dec. 31, 2023 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit/(Loss) before taxation	(113,406)	(338,321)	320,659
<b>Adjustments for items not affecting cash</b>	<b>(332,070)</b>	<b>(295,385)</b>	<b>(727,441)</b>
<b>Changes in operating assets and liabilities</b>			
Loans and other receivables	1,374,873	3,255,385	(3,834,651)
Investments	(447,827)	(1,724,446)	(279,140)
Promissory notes	568,689	(146,888)	(1,126,628)
Reverse repurchase agreements	(14,018)	1,492,118	687,699
Due from related companies	1,247	(2,645,696)	(6,395,284)
Accounts payable	(910,706)	(5,078,903)	776,003
Securities sold under resale agreements	(415,988)	(214,879)	2,095,108
Loans	(1,034,742)	5,450,833	135,426
	<b>(1,210,543)</b>	<b>92,139</b>	<b>(8,668,908)</b>
Proceeds sale from investment property	-	92,311	-
Interest received	466,154	447,105	1,940,843
Interest paid	(473,782)	(425,137)	(1,655,115)
<b>Cash provided by/(used in) operating activities</b>	<b>(1,218,171)</b>	<b>206,418</b>	<b>(8,062,521)</b>
<b>Cash Flows from Investing Activities</b>			
Additions to property, plant and equipment	(57,117)	(6,633)	(17,231)
Additions to investment properties	-	(124,500)	-
Additions to intangible assets	(22,468)	(55,236)	(269,529)
Right of use asset	4,251	4,230	-
Proceeds from partial disposal of subsidiary	-	-	1,092,779
<b>Cash (used in)/provided by Investing Activities</b>	<b>(75,333)</b>	<b>(182,140)</b>	<b>806,019</b>
<b>Cash Flows from Financing Activities</b>			
Loans received	-	-	7,883,446
Loans repaid	(15,000)	-	(1,028,195)
Dividend payment	-	-	(360,344)
Lease principal payment	(3,061)	(3,558)	(13,858)
<b>Cash (used in)/provided by Financing Activities</b>	<b>(18,061)</b>	<b>(3,558)</b>	<b>6,481,049</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,311,566)	20,719	(775,453)
Exchange gain/(loss) on foreign cash balances	-	-	15,218
Cash and cash equivalents at beginning of year	4,367,667	3,414,775	4,367,666
<b>Cash And Cash Equivalents At End Of The Period</b>	<b>3,056,101</b>	<b>3,435,494</b>	<b>3,607,431</b>
Cash resources	4,729,312	1,924,297	3,604,504
Reverse Repo with OM 90 Days	1,287,802	1,980,995	997,120
Bank overdraft	(2,961,013)	(469,799)	(994,193)
<b>Cash And Cash Equivalents At End Of The Period</b>	<b>3,056,101</b>	<b>3,435,494</b>	<b>3,607,431</b>

## Notes to Statements

### 1. Identification and Principal Activities

Mayberry Investments Limited (“the Company”) is a company limited by shares, incorporated and domiciled in Jamaica. The registered office of the company 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.

### 2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements should be read in conjunction with the Company’s last annual audited financial statements as at and for the year ended December 31, 2023 (‘last financial statements’) which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act. These interim financial statements are presented in Jamaica dollars, which is the Company’s functional currency.

### 3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company’s financial statements as at and for the year ended December 31, 2023, which was prepared in accordance with International Financial Reporting Standards (IFRS).