

RATING RELEASE

October 1, 2019

CariCRIS upgrades the ratings of NCB Financial Group

<i>CariA+</i>	(Regional Scale Local Currency)
<i>CariA</i>	(Regional Scale Foreign Currency)
<i>jmAAA</i>	(National Scale Local Currency)
<i>jmAA+</i>	(National Scale Foreign Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS) has upgraded the regional scale Issuer Ratings of NCB Financial Group Limited (NCBFG) to *CariA+* (Local Currency) and *CariA* (Foreign Currency) and reaffirmed the Jamaican national scale rating of *jmAAA* (Local Currency) and *jmAA+* (Foreign Currency). The regional scale ratings indicate that the level of creditworthiness of this issuer, adjudged in relation to other issuers in the Caribbean is **good**. The local currency national scale ratings indicate that the level of creditworthiness of this issuer, adjudged in relation to other issuers in Jamaica is the **highest**.

The one notch uplift in the regional scale ratings is being driven by the improved credit risk profile of the sovereign over the last 12 months, on account of the ongoing IMF-led fiscal consolidation that has resulted in steady real gross domestic product (GDP) growth of just under 2% in 2018, improved overall fiscal operations, healthy primary surpluses and a declining debt/GDP that is estimated at around 95% as at March 2019, down from 104% in March 2018.

CariCRIS also assigned a **stable** outlook on the ratings. The stable outlook reflects our view that the NCB Financial Group's financial performance will continue to be strong over the next 12-15 months, as the loan portfolio of the Group's banking subsidiary, National Commercial Bank Jamaica Limited (NCBJ), continues to expand, spurred by improved economic activity in Jamaica. Further, CariCRIS expects NCBFG to benefit materially from its investment in NCB Global Holdings Limited (NCBGH)¹ and from the several business development initiatives being pursued across the Group.

¹ NCBGH is the subsidiary of NCBFG through which the acquisition of holdings in Guardian Holdings Limited was executed

The ratings of NCBFG are supported by the Group's leading market share in the Jamaican commercial banking industry, a strong presence in the securities and insurance industries and an emerging dominant player in the regional financial services industry. The ratings are further supported by a sustained financial performance underpinned by diverse and resilient income streams, continued asset growth and comfortable capitalization levels. Asset quality remains good and is supported by a reduction in non-performing loans. There have also been improvements in risk infrastructure and a focus on technology which support strategic planning. These ratings strengths are tempered by the prevailing macroeconomic challenges in Trinidad and Tobago which is one of its operating territories.

About the company

NCB Financial Group Limited (NCBFG) was incorporated in April 2016 to become the non-operating financial holding company for National Commercial Bank Jamaica Limited (NCBJ) and to facilitate the Group's expansion across the Caribbean. NCBFG currently comprises of NCBJ and NCB Global Holdings (NCBGH) Limited as 2 wholly owned subsidiaries, as well as Clarien Group Limited (Clarien), a Bermuda-based banking, investment and trust services financial group of which 50.1% was acquired by NCBFG in December 2017. The other shareholders of Clarien include Edmund Gibbons Limited and Portland Private Equity Limited (PPE).

NCBFG is listed on the Jamaica and Trinidad and Tobago stock exchanges and its top 3 shareholders as at June 30, 2019 are AIC (Barbados) Limited (53.09%), Sagicor PIF Equity Fund (3.16%) and Patrick Hylton (2.56%). The remaining 41.19% shares are distributed among various individual and institutional shareholders. NCBJ, the main operating subsidiary, has 17 subsidiaries which operate in the commercial banking, securities and insurance industries. The bank offers an extensive product and service range including commercial banking, stock brokerage, wealth and asset management, pension fund management and administration and insurance.

In May 2019, NCBFG, through its subsidiary, NCBGH, completed the acquisition of 74,230,750 ordinary shares in Guardian Holdings Limited (GHL), a Trinidad and Tobago-based insurance and financial services group, increasing its stake (shareholding)

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from 29.974% to 61.967%. GHIL is now consolidated as a subsidiary of the Group. The Group disposed of one of its associates, JMMB Group Limited, in December 2018².

For more information on the ratings of NCB Financial Group Limited, please visit www.caricris.com or contact:

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² The Group disposed of 326,277,325 shares in JMMB Group Limited on December 27, 2018 at a price of J \$28.25 per share, resulting in the recording of a gain on disposal of J \$3.3 billion in the current period. JMMB Group Limited is therefore no longer an associate company of the Group.