NCB FINANCIAL GROUP LIMITED

October 1, 2019

PUBLIC RELEASE

NCB FINANCIAL GROUP ANNOUNCES RATING ACTION UPDATE

NCB Financial Group Limited announces that Caribbean Information and Credit Rating Services Limited (CariCRIS) upgrades the ratings of NCB Financial Group.

CariCRIS has upgraded the regional scale Issuer Ratings of **NCB Financial Group Limited (NCBFG)** to *Cari***A+** (Local Currency) and *Cari***A** (Foreign Currency) and reaffirmed the Jamaican national scale rating of *jm***AAA** (Local Currency) and *jm***AA+** (Foreign Currency).

CariCRIS has upgraded the regional scale ratings of the US $75 million notional debt issue of **National Commercial Bank Jamaica Limited (NCBJ)** by one notch to *Cari***A**- (Foreign Currency Rating) and *Cari***A** (Local Currency Rating) and reaffirmed the national scale rating of *jm***AA**+.

CariCRIS has upgraded the regional scale Issuer/Corporate Credit ratings of **NCB Capital Markets Limited (NCBCML)** to *Cari***A-** (Local Currency Rating) and *Cari***BBB+** (Foreign Currency Rating) and reaffirmed the national scale rating of *jm***AA-**.

CariCRIS has reaffirmed the Issuer/ Corporate Credit Ratings of *Cari***A** (Foreign and Local Currency) on the regional rating scale of **NCB (Cayman) Limited (NCBKY)**.

The rating releases for NCBFG, NCBJ, NCBCML and NCBKY are attached below.

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About NCB Financial Group

NCB Financial Group Limited ("NCB") was incorporated in April 2016 to be licensed under the Banking Services Act as the financial holding company for National Commercial Bank Jamaica Limited ("NCBJ"). NCB is the largest and most profitable financial services group in Jamaica with roots dating back to 1837. Through the bank and its wealth management, life and general insurance, and offshore banking subsidiaries, NCB provides a wide array of financial products and services to meet the needs of individual and business clients. The NCB Group includes NCBJ, NCB Capital Markets Limited and its subsidiaries in Barbados and Cayman, NCB Insurance Company Limited, NCB (Cayman) Limited, Clarien Group Limited and its subsidiaries in Bermuda, Guardian Holdings Limited and its subsidiaries as well as NCB Global Finance Limited in Trinidad and Tobago.

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CariCRIS ID: 066000000000

Caribbean Information & Credit Rating Services Limited

RATING RELEASE

October 1, 2019

CariCRIS upgrades the ratings of NCB Financial Group

*Cari***A+**	**(Regional Scale Local Currency)**
*Cari***A**	**(Regional Scale Foreign Currency)**
*jm***AAA**	**(National Scale Local Currency)**
*jm***AA+**	**(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 *Cari***A+** (Local Currency) and *Cari***A** (Foreign Currency) and reaffirmed the Jamaican national scale rating of *jm***AAA** (Local Currency) and *jm***AA+** (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) from 29.974% to 61.967%. GHL is now consolidated as a subsidiary of the Group. The Group disposed of one of its associates, JMMB Group Limited, in December 2018[2].

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

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Note

[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.*

CariCRIS ID: 015000000000

Caribbean Information &
Credit Rating Services Limited

MEDIA RELEASE

October 1, 2019

CariCRIS upgrades the ratings of National Commercial Bank Jamaica Limited

*Cari***A-** **(Regional Scale Foreign Currency)**
*Cari***A** **(Regional Scale Local Currency)**
*jm***AA+** **(National Scale Local Currency)**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has upgraded the regional scale ratings of the US $75 million notional debt issue of National Commercial Bank Jamaica Limited (NCBJ) by one notch to *Cari***A**- (Foreign Currency Rating) and *Cari***A** (Local Currency Rating) and reaffirmed the national scale rating of *jm***AA+**. The regional scale ratings indicate that the level of creditworthiness of this notional debt issue, adjudged in relation to other debt obligations in the Caribbean is good. The national scale rating indicates that the level of creditworthiness of this obligation, adjudged in relation to other debt obligations in Jamaica is **high**.

The upgrade 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 ratio that is estimated at around 96% as at March 2019, down from 101% in March 2018.

CariCRIS has also **assigned** a stable outlook on the ratings. The stable outlook is predicated on the continued good financial performance of NCBJ supported by the improving performance of the Jamaican economy. Furthermore, current liquidity conditions in Jamaica provides the conditions for NCBJ to continue growing its interest earning assets portfolio.

The ratings of NCBJ continue to reflect the company's dominant position in the Jamaican financial services sector with their presence in banking, insurance and securities industry contributing to diverse streams of income. Additionally, NCBJ's sustained profitability continues to be supported by revenue and asset growth, as well as its low cost, growing resource base which comprises of a large proportion of stable retail deposits. The ratings also reflect the company's comfortable capitalization which is reflected in its good coverage of total assets, as well as its sound risk management practices. Tempering the ratings, is NCBJ's high reliance on the performance of the Jamaican the economy, where most of its earning assets and funding are domiciled.

About the company

Established in 1837, the Colonial Bank of London was renamed the National Commercial Bank Jamaica Limited (NCBJ) in 1977. NCBJ is a wholly owned subsidiary of the NCB Financial Group (NCB FG).

NCBJ has 16 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 & asset management, pension fund management & administration and insurance.

CariCRIS ID: 015000000000

Caribbean Information &
Credit Rating Services Limited

For more information on the ratings of National Commercial Bank Jamaica Limited, please visit www.caricris.com or contact:

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Note :

Caribbean Information &
Credit Rating Services Limited

MEDIA RELEASE

September 27, 2019

CariCRIS reaffirms "adequate" creditworthiness to NCB Capital Markets Limited

*Cari***A-** **(Regional Scale Local Currency)**
*jm***AA-** **(National Scale Local Currency)**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has upgraded the regional scale Issuer/Corporate Credit ratings of NCB Capital Markets Limited (NCBCML) to *Cari***A-** (Local Currency Rating) and *Cari***BBB+** (Foreign Currency Rating) and reaffirmed the national scale rating of *jm***AA-**. The regional scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean is **adequate.** The Jamaica national scale rating indicates that the level of creditworthiness of this obligor, adjudged in relation to other obligors in Jamaica is **high.** These ratings include a 1-notch uplift for implied support from its parent, National Commercial Bank Jamaica Limited (NCBJ).

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 ratio that is estimated at around 96% as at March 2019, down from 101% in March 2018.

CariCRIS has also maintained a **stable** outlook on the ratings. The stable outlook is being driven by our expectation for further macroeconomic improvement and increased investment opportunities in Jamaica over the next 12-15 months. In spite of the prevailing macroeconomic challenges in Barbados, CariCRIS expects possible revenue growth over the period in NCBCML's other territories given its ongoing expansion efforts.

NCBCML's ratings reflect the Company's strong market position in Jamaica and as an emerging player in the Caribbean with strong support from the NCB Financial Group. The Company's comfortable capitalizations as reflected by adequate capital adequacy ratios and good coverage of total assets, as well as its healthy financial performance also support the ratings. These rating strengths are tempered by the prevailing macroeconomic challenges in T&T and Barbados and their continued short-term liquidity risk as a result of the asset/liability mismatch.

About the company

NCB Capital Markets Limited (NCBCML) is a full-service securities company, licensed by the Jamaican Financial Services Commission (FSC) and is the wealth and asset management arm of National Commercial Bank Jamaica Limited (NCBJ).

In 2002, it became a wholly-owned subsidiary of NCBJ when the latter acquired Edward Gayle and Company Limited, later rebranding it as NCBCML in 2003. The company's products and services include debt and equity securities brokerage, investment advisory and management, investment banking solutions and other financial services for individual and institutional investors. NCBCML is one of the largest stockbrokers in Jamaica consisting of 17 branches, and has 4 subsidiaries in Jamaica, Trinidad and Tobago, the Cayman Islands and Barbados[1].

In March 2017, NCBJ and its subsidiaries completed its corporate restructuring forming a holding company called NCB Financial Group Limited (NCBFG). This re-organisation is expected to create a corporate structure that better facilitates the group's regional aspiration of becoming a leading financial services group in the Caribbean. Under the new organisational structure, NCBCML and its subsidiaries remain a subsidiary of NCBJ and as such the formation of NCBFG does not impact NCBCML's commercial operations.

[1] *The subsidiaries are NCB Capital Markets (Cayman) Ltd, NCB Capital Markets (Barbados) Limited, Advantage General Insurance Company (AGIC) and NCB Global Finance. Notably, the consolidated financial statements used in CariCRIS' analysis relate directly to the company's wealth management segment and excludes that of Advantage General Insurance Company and includes NCB (Cayman) Limited.*

Caribbean Information &
Credit Rating Services Limited

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

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Note

CariCRIS ID: 063000000000

Caribbean Information &
Credit Rating Services Limited

MEDIA RELEASE

September 26, 2019

CariCRIS reaffirms "good creditworthiness" ratings for NCB (Cayman) Limited

*Cari***A** **(Regional Scale Foreign Currency)**
*Cari***A** **(Regional Scale Local Currency)**

Caribbean Information & Credit Rating Services Limited (CariCRIS) has reaffirmed the Issuer/ Corporate Credit Ratings of *Cari***A** (Foreign and Local Currency) on the regional rating scale of NCB (Cayman) Limited (NCBKY). These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors within the Caribbean is **good.**

CariCRIS has also maintained a **stable** outlook on the ratings. The stable outlook is premised on CariCRIS' expectation of continued profitability as a result of the heightened economic activity in the Cayman Islands, despite narrowing interest spreads. We expect NCBKY to maintain a generally stable credit profile over the next 12-15 months.

The ratings of NCBKY reflect the overall benefits the Company derives from operating in an environment with a strong institutional framework, effective regulatory oversight and professional networks. Also supporting the ratings is the Company's favourable financial performance which is reflected in continued profitability, strong and improving capitalization, a growing asset base and adequate liquidity. The Company's competitive advantage lies in its strong affiliation with the NCB Financial Group. While the Company is able to uniquely benefit from its parent's strong brand equity, as well as from synergies within the Group, NCBKY is also well-positioned to provide future economic value, liquidity and low-cost, stable funding to its parent, NCBJ, and its subsidiaries. The rising interest rate environment in the Cayman Islands however, tempers the rating as it impacts growth in profitability.

CariCRIS ID: 063000000000

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About the Company:

NCB (Cayman) Limited (NCBKY) was incorporated in the Cayman Islands on September 23, 1992 as an exempt company and operates under trust and unrestricted Class 'B' banking licenses[1] issued by the Cayman Islands Government. The Company is a wholly-owned subsidiary of National Commercial Bank Jamaica Limited (the Parent company or NCBJ), Jamaica's largest commercial banking group, and offers banking and trust services from the Cayman Islands to clients in Jamaica and the wider Caribbean. The Company is regulated and supervised by the Cayman Islands Monetary Authority (CIMA).

As a boutique operation, NCBKY has grown to become a highly reputable private banking and wealth management service provider, offering a suite of services to high net worth individuals and corporate entities. The Company's principal activities consist of the provision of banking and financial services to overseas clients. These products and services include investment advisory and management, wealth management and investment banking solutions, as well as other financial services for individual and institutional investors.

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[1] *As at September 2018 the Cayman Islands Monetary Authority (CIMA) listed 135 financial institutions as Class B Banks. – Source: Cayman Islands Government Third Quarter Economic Report 2018. "Under the Banks and Trust Companies Law, holders of this license are permitted to carry on banking business anywhere in the world except in the Cayman Islands. Business may be carried on from the Cayman Islands for clients outside the jurisdiction and all management and other functions may be carried on in Cayman. This type of licence will also normally be granted only to a branch or subsidiary of a major international bank." Source: Guide to Banks and Trust Companies in the Cayman Islands (Appleby)*