

RATING RELEASE

29 September 2022

CariCRIS reaffirms 'good creditworthiness' ratings for Guardian Holdings Limited

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the assigned ratings of *CariAA-* (Foreign and Local Currency Ratings) on the regional scale, and *jmAAA* (Local Currency Rating) on the Jamaican national scale, to the JA \$13.4 billion bond issue of Guardian Holdings Limited (GHL). The regional scale ratings indicate that the level of creditworthiness of this debt obligation, adjudged in relation to other obligations in the Caribbean is **high**. The Jamaican national scale rating indicates that the level of creditworthiness of this debt obligation compared to other debt obligations in Jamaica is the **highest**.

The ratings are supported by GHL and its subsidiaries' moderate industry diversification and good market position, with a strong presence in the English and Dutch-speaking Caribbean. GHL continues to report overall good financial performance supported by the healthy performance metrics and good capitalization of its operating subsidiaries. Further, adequate liquidity metrics continue to support its debt servicing ability. The organisation's risk management systems, which aid in the execution of strategic goals, also support its ratings. These rating strengths are tempered by the structural subordination of GHL's cash flows, which may impact timely debt servicing. Additionally, the GHL's current exposure to downside risks in Trinidad and Tobago and Jamaica also tempers the ratings.

CariCRIS has assigned a **stable** outlook on the ratings. The stable outlook is premised on CariCRIS' expectation that over the next 12 to 15 months GHL will continue to record good financial performance driven by the performance of the organisation's operating subsidiaries, which will allow GHL to maintain its more than adequate capacity to service its outstanding commitments. In FY2022, Guardian Holdings Limited will continue to integrate key technological tools which we believe, will further improve the organization's operational efficiencies. Guardian Holdings Limited will also implement various projects that will ensure the achievement of the organisation's strategic objectives.

Rating Sensitivity Factors

Factors that could, individually or collectively, lead to an improvement of the rating and/or outlook:

- Expansion of the Group's product and service offerings and/or improvements in operating efficiencies leading to a sustained increase in PAT of 20% or more for more than 2 years.
- An improvement in the credit rating of the Government of The Republic of Trinidad and Tobago.

Factors that could, individually or collectively, lead to a lowering of the rating and/or outlook:

- A fall in GHIL's dividend receipts from the Group's subsidiaries leading to a fall in the cash flow adequacy ratio below 1 time sustained for 3 financial periods.
- A lowering of the ratings of any of the Group's top 5 reinsurers
- A lowering of the credit rating of the Government of The Republic of Trinidad and Tobago
- Breach of covenants stipulated in the final term sheet/ prospectus for the bond offering
- Re-emergence of regulatory constraints on dividends payable by GHIL's major operating subsidiaries

About the company:

Guardian Holdings Limited (GHL or the Company), is a public limited liability holding company incorporated in Trinidad and Tobago in November 1982. GHL and its subsidiaries, known as "the Group", constitute a diversified financial services group with a focus on life, health, property and casualty insurance, pensions and asset management and is one of the largest insurance services providers in the Caribbean region. The Group's subsidiaries provide financial services through the production, distribution, and administration of insurance and investment products. There are three main business segments within the Group: Life, Health and Pensions (LHP), Property and Casualty Insurance (P&C) and Asset Management Services. The Group has exhibited steady growth over the years and currently serves markets in 21 countries across the English and Dutch-speaking Caribbean, including Trinidad & Tobago, Barbados, Jamaica, Curacao, Aruba, St. Maarten and Bonaire. The Group's products and services are marketed and

distributed throughout the Eastern Caribbean, the Bahamas, the Cayman Islands, the United States Virgin Islands and Belize.

The ultimate parent company of GHL is the NCB Financial Group (NCBFG) which owns 61.96% of GHL¹. NCBFG provides a suite of financial products and services through its subsidiaries and associates. The other major shareholders of GHL include large corporates across the Caribbean. The ordinary shares of both GHL and NCBFG are listed on the Trinidad and Tobago Stock Exchange and the Jamaica Stock Exchange.

In September 2021, GHL acquired 100% of the insurance and annuities business of the NCB Insurance Company (NCBIC)², through the issuance of a JA \$13.4 billion unsecured, fixed-rate bond in 5 tranches (Table 1). Each tranche is serviced through quarterly interest payments and principal repayment is by way of bullet payments upon maturity.

For more information on the ratings of Guardian Holdings Limited, please visit www.caricris.com or contact:

Ms. Kathryn Budhooram
Senior Manager, Rating Operations,
Strategic Planning and Brand Development
Tel: 1-868-627-8879 Ext. 227
Cell : 1-868-706-5610
E-mail : kbudhooram@caricris.com

OR
Mr. Keith Hamlet
Manager, Ratings
Cell: 1-868-487-8356
E-mail : khamlet@caricris.com

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¹ On May 13, 2019, NCBFG, through NCB Global Holdings Limited, acquired an additional 74,230,750 ordinary shares in GHL, increasing its shareholding from 29.97% to 61.96% of GHL

² NCBIC and GLL are domiciled in Jamaica. NCBIC is a provider of insurance, long-term investment, and pension services to individual and group clients