

RATING RELEASE

May 19, 2021

CariCRIS assigns 'adequate creditworthiness' ratings for Victoria Mutual Investments Limited

<i>Cari</i> BBB-	Regional Scale Local Currency
<i>jm</i> BBB	Jamaica National Scale Foreign Currency
<i>jm</i> BBB+	Jamaica National Scale Local Currency

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned initial issuer/corporate credit ratings of *Cari***BBB-** (Local Currency Rating) on the regional rating scale, and *jm***BBB+** (Local Currency Rating) and *jm***BBB** (Foreign Currency Rating) on the Jamaica national scale to Victoria Mutual Investments Limited (VMIL or the Company). The local currency regional scale rating indicates that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean is **adequate**. The national scale ratings indicate **adequate** creditworthiness compared to other obligors in Jamaica. These ratings include a 1-notch uplift for implied support from its parent, Victoria Mutual Building Society (VMBS).

The ratings reflect VMIL's position as a growing player in the Jamaica financial services sector with strong support from its ultimate parent, Victoria Mutual Building Society (VMBS). Additionally, VMIL has exhibited a history of good financial performance and adequate capitalization levels. Notwithstanding the core factors supporting the rating, VMIL is a relatively small player in a highly competitive market. Further, the structural subordination of VMIL's cash flows and current repayment structure of outstanding debt may subject the Company to refinancing risks. The Company's significant exposure to the highly indebted Jamaica economy also constrains its ratings.

CariCRIS also assigned a **stable** outlook on the ratings. The stable outlook is premised on our expectation that the Company will remain profitable and adequately capitalised over the next 12 to 15 months. Consistent with the Company's plans, we expect growth in the interest-earning asset base and continued growth in earnings on the part of its subsidiary, Victoria Mutual Wealth Management Limited (VMWM).

Rating Sensitivity Factors:

Factors that may lead to an improvement in the ratings and/or outlook:

- Expansion of the Group's product and service offerings and/or improvements in net interest spreads leading to a sustained increase in PAT of 10% or more for 2 years
- An improvement in the credit rating of the Government of Jamaica
- Successful refinancing of debt due in the next 12-months leading to a reduction in the overall cost of funds

Factors that may lead to a lowering of the ratings and/or outlook:

- Deterioration in VMWM's total capital to total assets ratio to 7.5% or lower
- A deterioration of VMWM's capital base to risk weighted assets ratio to 12.5% or lower
- A lowering of the credit rating of the Government of Jamaica
- Failure to repay or refinance upcoming debt maturities

About the company

Victoria Mutual Investments Limited (VMIL or the Company) is domiciled in Jamaica and was incorporated in 1984. The Company is 80% owned by the Victoria Mutual Building Society (VMBS or the Building Society)¹ with the other 20% owned by various institutional and individual investors following the listing of 20% of its shares on the Jamaica Stock Exchange (JSE) in 2017. In 1994, a wholly-owned subsidiary, Victoria Mutual Wealth Management Limited (VMWM) was incorporated. VMWM is licensed by the Jamaica Financial Services Commission (FSC).

VMIL and its subsidiary provide a comprehensive suite of financial services and contribute to the Victoria Mutual Group's (the VM Group²) overall goal of being an

¹ VMBS was incorporated in Jamaica in 1878 as a Building Society and currently has approximately 300,000 members. Over the years VMBS has transitioned and diversified its operations into Wealth Management, Asset Management, Pensions Management, and other financial services. VMBS is regulated by the Bank of Jamaica.

² Refers to VMBS and its subsidiaries which includes Victoria Mutual Property Limited, Victoria Mutual Pensions Management Limited, VMBS Money Transfer Services Limited, Victoria Mutual Finance Limited (UK), VMBS Overseas (UK) Limited, and Victoria Mutual Foundation Limited.

integrated financial services Group. VMIL's range of products and services includes margin loans, insurance premium financing, lease financing, underwriting services and secured corporate loans. Additionally, as a licensed securities dealer, VMWM also offers a range of services including stock and investment brokering, investment advisory services and securities dealing services. Since 2011, VMWM has managed to diversify its sources of revenue from primarily interest income as it increased its activities in the asset management and capital markets spaces.

The Group continues to increase its product and service offerings towards further diversification and expansion. In September 2019, VMIL took its first step towards regional expansion with the acquisition of a 30% stake in Carilend³.

For more information on the ratings of Victoria Mutual Investments Limited, please visit www.caricris.com or contact:

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³Carilend is a FinTech company incorporated in Barbados and founded in 2015 facilitating peer to peer lending in the Caribbean.