

RATING RELEASE

December 14, 2021

CariCRIS upgrades the credit ratings of the Belize Bank Limited by 2 notches

Caribbean Information and Credit Rating Services Limited (CariCRIS) has upgraded the Issuer/ Corporate Credit ratings assigned to the Belize Bank Limited (BBL or the Bank) to *CariBB* (Foreign and Local Currency) on the regional rating scale and has reaffirmed the national scale rating of *bzAA+* on the Belize national scale. The regional scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean is **below average**. The national scale rating indicates that the level of creditworthiness compared to other obligors in Belize is **high**.

Our decision to upgrade BBL's regional scale ratings is a direct result of improved fiscal conditions and projected economic improvement in Belize. The credit profile of the Government of Belize improved following the successful completion of its debt restructuring/replacement in November 2021 resulting in a 45% reduction in the face value of the superbond debt and decreased external debt by approximately US \$250 million. General government debt is projected to improve to 101% of GDP in 2021 from 110% of GDP in 2020. Furthermore, while real GDP fell 14% in 2020, the International Monetary Fund (IMF) expects a moderate rebound of 8.5% in 2021 and 5.4% in 2022, largely based on a return of tourism, though there is significant downside risk to these projections.

CariCRIS has also maintained a **stable** outlook on the ratings. The stable outlook is based on our expectation that BBL will continue to be profitable and maintain comfortable capital buffers despite the ongoing economic challenges facing the Belizean economy.

BBL continues to maintain a strong presence in the Belizean commercial banking industry with a wide distribution network. The Bank's operations are supported by a robust risk management framework, which is being enhanced by ongoing digital initiatives. Additionally, BBL's deposit base continues to underpin its stable funding costs and liquidity position. The Bank is also comfortably capitalized and reported improved asset quality and an improvement in profitability for the six months ending September 2021. These rating strengths are tempered by BBL's high exposure to the Belize economy and the impact of the loss of correspondent banking relationships with major international banks on the Belizean financial system.

Rating Sensitivity Factors:

Factors that could, individually or collectively, lead to an improvement in the ratings and/or outlook include:

- Improvement in the ratings of the Government of Belize
- Increase in profitability to the order of 10% per annum over the next 2 years
- Improvement in asset quality with a NPL ratio of 2.5% over the next 2 years

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

- Lowering of the ratings of the Government of Belize
- The occurrence of any factors that may contribute to the deterioration of the CAR below the 9% minimum requirement for the Bank sovereign risk profile

ABOUT THE COMPANY

The Belize Bank Limited (BBL or the Bank) was incorporated in Belize in July 1985 and is registered under the Domestic Banks and Financial Institutions Act, 2012. The Bank commenced its operations as Bank of British Honduras in 1903. In 1912, the Bank was purchased by the Royal Bank of Canada who eventually sold its shareholding in 1987 to a group of local investors and was subsequently rebranded as 'The Belize Bank Limited' in April 1987.

The Bank's ultimate parent company, Caribbean Investment Holdings Limited (CIHL or the Company), was incorporated and registered in Belize under the International Business Companies Act, 1990 of Belize as amended by the International Business Companies (Amendment) Act, 1995 of Belize. The Company is currently listed on the Bermuda Stock Exchange.

In March 2021, CIHL acquired the operations of Scotiabank Belize Limited (SBL) following approval from the Central Bank of Belize. SBL was subsequently rebranded as Belize Bank Corporation Limited (BBCL) and will remain a subsidiary of CIHL until BBL and BBCL are merged to form a single entity, which is expected to happen in the first quarter of 2022.



As at June 2021, BBL held the position of the second-largest bank in Belize by assets with a market share of 26.2%, behind the largest bank with a 37.9% share¹. BBL has a wide branch network that comprises 11 branches across all districts in Belize and a network of 28 ATMs.

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

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¹ Atlantic Bank Limited (ABL) is the largest bank in Belize by assets, which stood at BZ \$1.6 billion as at June 2021