

RATING RELEASE

July 1, 2022

Bourse Securities Upgraded

Caribbean Information and Credit Rating Services Limited (CariCRIS) has upgraded the Corporate Credit Ratings assigned to Bourse Securities Limited (BSL or the Company) by one-notch to *CariA* (Foreign and Local Currency) on the regional rating scale, and *ttA* on the Trinidad and Tobago (T&T) national scale. These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in T&T and the wider Caribbean is **good**.

Our 1-notch uplift of BSL's ratings stem from the Company successfully meeting the upgrade criteria specified in our last report (June 2021). In that report we stated that the two conditions/outcomes that could lead to an improvement in the Company's ratings are: (i) Improving business conditions over the next 12-15 months, resulting in an ROA of above 3% and an ROE of above 8% - Actual achieved by BSL: ROA of 3.5% and ROE of 11.1% and (ii) Management of its funding concentration risk such that less than 50% of its funding is derived from its top 10 clients over the next 12-15 months - Actual achieved by BSL: Top 10 clients accounted for 46.2% of aggregate funding liabilities. Notwithstanding the strained global and local economic conditions over the past few years and particularly during the pandemic, BSL has displayed strong financial performance with good earnings and healthy capitalisation levels.

The ratings of BSL reflect the Company's good financial performance underpinned by income diversity and good efficiency levels. Also supporting BSL's ratings is the Company's comfortable risk-adjusted capitalisation level, reflected in strong capital adequacy ratios and good coverage of total assets. The Company's asset quality remains good and continues to be underpinned by a diverse investment portfolio, supported by sound risk management and asset-liability management (ALM) practices. These have contributed to an overall good liquidity profile. These rating strengths are tempered by the Company's high reliance on institutional funding to support its business activities. Notwithstanding this concentration, which is characteristic of BSL's business model, the risk remains well managed.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is based on our expectation of continued profitability and strong capitalisation over the next 12-15 months, even under our stress scenarios.

Rating Sensitivity Factors

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

- Improving business conditions and company performance resulting in an increase in Profit after Tax (PAT) by 15% sustained for 3 financial periods
- An increase in net interest spread to at least 2% sustained for 3 financial periods
- An increase in Tangible Net Worth (TNW) by 15% sustained for 3 financial periods
- Further reduction in its funding concentration risk such that less than 40% of its funding is derived from BSL's top 10 clients sustained for 2 financial periods

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

- A deterioration in the credit rating of the sovereign over the next 12-15 months leading to increased liquidity pressures
- Funding withdrawals from its top 3 institutional investors

About the Company:

Bourse Securities Limited (BSL or the Company) was founded in 1995 in Trinidad and Tobago (T&T) and is privately owned. BSL is a registered broker-dealer, underwriter and investment advisor registered with the Trinidad and Tobago Securities and Exchange Commission (TTSEC). The Company offers a range of products and services, including mutual fund management, securities brokerage, securities underwriting, wealth management, investment advisory services as well as the provision of short-term fixed return investment products such as repurchase agreements. BSL has three (3) branches across T&T, with locations in Chaguanas, Port of Spain and San Fernando.

BSL's suite of products includes TTD and USD Mutual Funds including its flagship SavInvest India Asia Fund (SIAF), SavInvest Individual and Group Retirement Funds, and Repurchase Agreements. BSL also extends the service of Bond Brokerage and Wealth and Portfolio Management.

The Company currently holds four (4) wholly owned subsidiaries namely: Bourse Brokers Limited (BBL) - a member of the Trinidad and Tobago Stock Exchange (TTSE) and the stockbroking arm of the business, Bourse International Asset Management (BIAM) - an international business corporation (IBC) domiciled in St. Lucia primarily focused on asset

management, Windsor Investments Limited incorporated in St. Lucia on December 27, 2018 and Alkene Development Company of Trinidad & Tobago (ADCOTT), with a focus on project facilitation and financing for specific products derived from the petrochemical sector.

For more information on BSL's ratings, please visit www.caricris.com or contact:

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