



MEDIA RELEASE

October 28, 2022

CariCRIS assigns 'high creditworthiness' ratings for ANSA Merchant Bank Limited

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned initial issuer/corporate credit ratings of *CariAA* (Foreign Currency (FC) and Local Currency (LC)) on the regional rating scale and *ttAA* (FC and LC) on the Trinidad and Tobago (T&T) national scale to ANSA Merchant Bank Limited (AMBL Group). These ratings include a single notch up for the high likelihood of support, if needed, from the parent ANSA McAL Limited. The regional scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean and within T&T, is **high**. The national scale ratings indicate that AMBL Group's creditworthiness, compared to other obligors in T&T, is **high**.

The ratings are driven by the AMBL Group's favourable market position supported by a well-established brand and long history in the financial services industry. There is also a history of strong financial performance and capitalisation levels, as well as good liquidity metrics underpinned by a well-diversified earning asset portfolio with good asset quality. The AMBL Group's robust governance structure further supports the ratings. The ratings are tempered by geographic sovereign concentration risk compounded by global economic uncertainty which could constrain the AMBL Group's financial performance in the year ahead.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is premised on our expectation that over the next 12-15 months, the AMBL Group will continue to record good financial performance and remain well-capitalised, with strong liquidity and asset quality metrics. CariCRIS expects the AMBL Group's performance to be supported by continued economic recovery in the markets in which it operates, as most coronavirus (COVID-19) lockdown measures are lifted. Additionally, we expect ongoing improvement in operating efficiency, as the AMBL Group continues to implement measures geared towards standardising and integrating its operations.

Rating Sensitivity Factors:

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

- Improvement in the credit rating of the Government of Trinidad and Tobago
- Successful acquisitions over the next 12 to 15 months with a concomitant material improvement in any of its main segments' market share and AMBL Group's overall financial performance
- Material improvement in the financial performance and position of the ANSA McAL Group

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

- Substantial and sustained deterioration in PAT of more than 50%, with a greater than 10% fall in premium income and 55% decrease in NII, over 2 successive years
- A more than 40% increase in total operating expenses leading to a combined ratio in excess of 180%
- Downgrade in the rating of the Government of Trinidad and Tobago
- Material deterioration in the financial performance and position of the ANSA McAL Group

About the company:

ANSA Merchant Bank Limited¹ (AMBL Group) is a financial services Group that comprises ANSA Merchant Bank Limited (the Parent or Bank) and its subsidiaries. The Bank was incorporated on March 3, 1977 and is domiciled in the Republic of Trinidad and Tobago (T&T). Initially established as Amalgamated Finance Limited in 1999, the Bank was registered to conduct business as a securities company under the Securities Act 1995. The AMBL Group is majority owned by ANSA McAL Limited, one of the largest conglomerates in the Caribbean. Both ANSA McAL Limited and the AMBL Group are listed on the T&T Stock Exchange. ANSA McAL Limited is comprised of over seventy companies that are wholly or partly owned with operations in several industries across eight territories. The major industries in which they operate include Automotive, Beverage, Construction, Distribution, Manufacturing, Media, Purchasing Logistics and

¹ Registered legal entity for the Group.



Travel, Retail, Real Estate and Financial Services, the latter of which is conducted through the AMBL Group. As at December 2021², AMBL Group's top 3 shareholders were ANSA McAL Limited (82.48%), MASA Investments Limited (3.01%), and Republic Bank Limited (2.05%).

Over the ensuing years, the AMBL Group's operations expanded to include insurance services through the acquisition of Trinidad and Tobago Insurance Limited (TATIL) and TATIL Life Assurance Limited (TATIL Life) from ANSA McAL Limited in 2004. The Bank is the Parent company of 7 subsidiaries with operations in 3 countries: T&T, Barbados, and Saint Lucia (Chart 1). AMBL Group's wide range of products and services are offered through 4 main segments which include banking services³, mutual funds, general insurance services⁴ and life insurance services⁵. AMBL Group's total assets stood at TT \$9 billion as at December 2021, while total revenue generated in 2021 was TT \$1.2 billion. AMBL Group's largest segment is life insurance which accounted for approximately 34.4% of AMBL Group's total revenue in 2021, followed by general insurance⁶ (32%), banking services (30.2%), and mutual funds (3.4%) in 2021⁷.

² Financial year runs from January 1 to December 31.

³ Banking services include asset financing, commercial banking, merchant banking, investment services, securities trading and foreign exchange trading. In 2021, the Bank acquired Bank of Baroda (Trinidad and Tobago) Limited and subsequently rebranded it ANSA Bank Ltd (ABL).

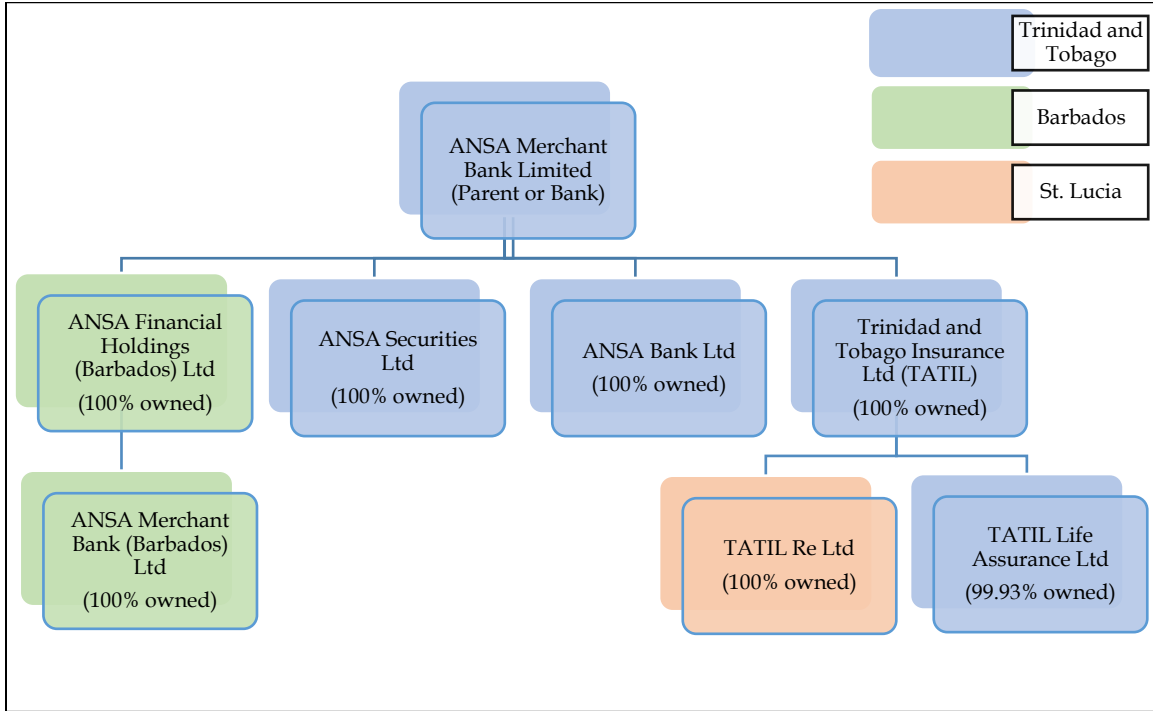
⁴ General Insurance services include commercial and residential fire, general accident, marine, motor, workmen compensation, group and individual health and rental of property.

⁵ Life insurance services include individual participating and non-participating life insurance, group life insurance, group annuity and pension.

⁶ AMBL Group's general insurance segment is conducted through TATIL, with operations in T&T and Barbados.

⁷ The Banking & Mutual Funds Segment accounts for the largest contribution to profit before tax (PBT) of the AMBL Group at 40.2% (Banking 36.7% and Mutual Funds 3.5%).

Chart 1
ANSA Merchant Bank Limited (AMBL Group) Corporate Structure
as at December 31, 2021



Source: AMBL Group

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

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