

RATING RELEASE

December 23, 2024

CariCRIS reaffirms its regional scale credit ratings for The Belize Bank Limited

*Cari***BBB-** (Regional Scale Foreign Currency)
*Cari***BBB-** (Regional Scale Local Currency)
*bz***AA+** (National Scale Local Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the assigned corporate credit ratings of The Belize Bank Limited (BBL of the Bank) to *Cari***BBB-** (Foreign and Local Currency) on the regional rating scale and reaffirmed the Belize national scale rating of *bz***AA+** (Local Currency). The regional scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean is **adequate**. The national scale rating indicates that the level of creditworthiness compared to other obligors in Belize is **high**.

CariCRIS also maintained a stable outlook on the ratings. The stable outlook is based on the high likelihood that over the next 12 to 15 months, BBL's profitability will grow albeit at a lower level, underpinned by a continued rise in loans and advances. Additionally, the increased adoption of digital channels by BBL's customers is expected to support an improvement in fee income. Profitability is, however, expected to be tempered by an increase in expenses as BBL continues to implement strategic and digital projects. Moreover, the Bank is expected to remain well capitalized, with good asset quality and is expected to comfortably meet its financial obligations over the next 12 to 15 months.

BBL's ratings reflect its strong presence in the Belizean commercial banking industry, bolstered by a wide distribution network. The ratings also highlight the Bank's robust risk management framework which is further strengthened by ongoing digital initiatives. Furthermore, the Bank's deposit base continues to underpin its stable funding costs and good liquidity position. Moreover, BBL's comfortable capitalization, good asset quality and improved earnings continue to support the ratings. These rating strengths are tempered by BBL's high exposure to the Belize economy, where majority of assets and funding are concentrated. Also, the Belizean financial sector remains vulnerable due to limited number of correspondent banking relationships with major international banks and tempers the ratings.

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 year
- 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
- Decrease in profitability to the order of 15% per annum over the next 2 years
- Deterioration in asset quality with a NPL ratio to 7% sustained for 2 financial years
- Cost to Income ratio weakens to 75% and over sustained for 2 financial years

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, Revised Edition 2020. 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 ultimate parent company of BBL is Waterloo Investment Holdings Limited¹ (WIHL or the Parent).

BBL's full-service commercial banking operation provides a range of banking and financial services to business and personal banking customers across Belize. The Bank maintains a wide branch network, that comprises 11 branches and one business banking

¹ WIHL is an investment holding company incorporated in the British Virgin Islands. WIHL owns the British Caribbean Bank Limited, a financial services business in the Turks and Caicos Islands (TCI) and a hotel management division, which owns and operates 5 hospitality properties in TCI and Belize. Through its Investment Division, WIHL owns other substantial investment interests in the Turks and Caicos Islands and Belize, principally through secured loans which include secured loans to the largest port in Belize. The Parent also holds an approximate 25 percent interest in an edible oil processing and distribution operation in Latin America. WIHL's shares are listed on the Bermuda Stock Exchange and traded on JP Jenkins, the largest European platform exchange, on a matched bargain basis.

centre across all districts in Belize and a network of 48 automated teller machines (ATMs). In 2022, following the acquisition of the assets and liabilities of Scotiabank (Belize) Limited (SBL), BBL became the largest commercial bank in Belize by industry assets.

For the year ending March 31, 2024, BBL reported a profit after tax (PAT) of BZ \$51.7 million and total assets of BZ \$2.1 billion as at March 2024.

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

Dr. Kathryn Budhooram
Head, Ratings Operations
Cell: 1-868-706-6510
E-mail: kbudhooram@caricris.com

OR

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

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