

## RATING RELEASE

June 25, 2025

### **CariCRIS reaffirms ‘high’ creditworthiness ratings to the TT \$36 million bond issue of Development Finance Limited**

*CariAA-*        (Regional Scale Foreign and Local Currency)  
*ttAA-*         (National Scale Foreign and Local Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the issue ratings of *CariAA-* (Foreign and Local Currency Ratings) on the regional rating scale, and *ttAA-* (Foreign and Local Currency Ratings) on the Trinidad and Tobago (T&T) national scale to the TT \$36 million bond issue of Development Finance Limited (Development Finance or the Company). These ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean and within T&T is **high**. The ratings include a 4-notch credit uplift due to the bond being fully secured by the Government of the Republic of Trinidad and Tobago (GORTT) and GORTT-guaranteed securities.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is premised on the high likelihood that Development Finance’s key credit drivers over the next 12 to 15 months will be maintained with all debt service commitments being paid in a timely manner. This is supported by the continued high quality of the bond’s underlying assets in addition to Development Finance’s sizeable cash and investment portfolio which serve as sufficient buffers against downside risks. Moreover, the Company is expected to display good financial performance over the next 12 to 15 months underpinned by growth in its earning asset base and funding profile, alongside generally good economic conditions in T&T.

The ratings are driven by the high credit quality of the bond’s underlying assets, which lends to stable and reliable cash flows for debt servicing as well as the Company’s comfortable capitalisation underpinned by its strong capital adequacy ratios. Development Finance’s good financial performance, supported by continued profitability, moderately diversified investment portfolio with good asset quality and

stable and growing funding base, further bolster the ratings. Nonetheless, the ratings are tempered by the significant sovereign risk exposure, notwithstanding generally good economic conditions.

**Rating Sensitivity Factors:**

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

- Improvement in the credit rating of the GORTT

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

- Material impairment in any of the underlying securities
- Substantial deterioration in the financial performance and position of Development Finance
- Downgrade in the rating of the GORTT
- Breaches to any of the bond's covenants
- Breach of covenants related to other long-term borrowings including limits related to non-performing loans
- A fall in the bond's security coverage to below 1.0X

**About the company:**

Development Finance Limited (Development Finance or the Company) is a non-bank financial institution (NBFI) licensed in Trinidad and Tobago (T&T) under the Financial Institutions Act (2008) and registered with the Deposit Insurance Corporation (DIC). The Company was initially established as the Trinidad and Tobago Development Finance Company (TTDFC) in the 1970s. Development Finance's shareholders currently comprise primarily of the Government of the Republic of Trinidad and Tobago (GORTT) (49.75%) and the Maritime Financial Group (49.75%), through its subsidiaries, the Maritime General Insurance Company Limited (33.17%) and Maritime Life (Caribbean) Limited (17.08%).

Development Finance's mandate is to provide funding and project structure for small, medium, or large corporations that are engaged in development activities that can benefit

the growth of the T&T economy. From inception in the 1970's, Development Finance's core business was to provide financing for business development to Small and Medium Enterprises (SMEs) locally. Since 2011, the Company has widened its product offering to include merchant banking and foreign exchange (forex) services in addition to long-term commercial financing options. The Company's products and services are offered through 6 main business lines which include debt arrangement and underwriting, buying and selling of forex, deposit-taking for fixed deposits, corporate and commercial lending for various financing needs, provision of guarantees, and letters of credit. As at December 2024, Development Finance's total assets stood at TT \$1.2 billion, and its total income for the year ended 2024 was TT \$31.4 million.

In July 2021, Development Finance issued a Secured Fixed Rate bond secured by GORTT and GORTT-guaranteed bonds, in the amount of TT \$63.3 million. Following this issuance, Development Finance issued another Secured Fixed Rate bond in the amount of up to TT \$100 million. To date, TT \$36 million has been taken up by the market and the bond offering was subsequently closed. The net proceeds of the issue were used for general corporate purposes. The bond consists of 3 tranches as follows:

<b>Development Finance Bond Issue of up to TT \$100 million – Fixed Rate Tax Exempt</b>		
<b>Tranche</b>	<b>Actual Amount Issued*</b>	<b>Coupon Rate (Fixed)</b>
<b>Tranche A – 5-year</b>	TT \$4 million	2.75%
<b>Tranche B – 7-year</b>	TT \$6.5 million	3%
<b>Tranche C – 10-year</b>	TT \$25.5 million	4%

Source: Development Finance, \*Final issue size is TT \$36 million.

Each individual tranche is secured by a pool of TT \$ and US \$ assets<sup>1</sup> comprising of GORTT or GORTT-guaranteed fixed income securities. Further, the cash flows from the underlying assets will be the primary source of repayment of principal and interest, with Development Finance's cashflows serving as a secondary source of repayment. Interest on all tranches is payable semi-annually in US \$<sup>2</sup> with a bullet payment of principal at maturity in TT \$. Repayment funds were established for each tranche into which the

<sup>1</sup> Of the 8 underlying assets, 2 are denominated in US \$ which represents 21% of the original principal.

<sup>2</sup> TT \$ amounts will be converted to US \$ using Development Finance's US \$ posted rate as at the interest payment date. As an authorized dealer, Development Finance's US \$ posted rate is determined in accordance with the Central Bank of Trinidad and Tobago's (CBTT) guidelines and codes of conduct governing the operations of the domestic foreign exchange market.

underlying GORTT and GORTT-guaranteed securities were deposited. The deposited assets were pledged to the Trustee during the life of the bond<sup>3</sup>. An asset will only be removed from the pool if it is called or prepaid by the issuer of the underlying security. Should there be such an event, the Trustee will repay the cash derived from the early repayment inclusive of any outstanding interest received to the bondholders. First Citizens Trustee Services Limited will serve as the Trustee with Development Finance acting as the Paying Agent, to manage all cashflows pertaining to the secured assets, including but not limited to the receipt of interest and principal payments from the underlying securities and payment of funds to investors.

Development Finance is a registered broker dealer with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) and has successfully issued and repaid several Fixed Rate Tax-Exempt bonds in the T&T market in the past. As at June 2024, the TT \$63.3 million Secured Fixed Rate bond issued in July 2021 was rated *CariAA-* on the regional scale (Local Currency) and *ttAA-* on the national scale (Local Currency). All coupon payments due on this bond have been met in full and on time to date.

**For more information on Development Finance ratings, please visit [www.caricris.com](http://www.caricris.com) or contact:**

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**Note:**

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<sup>3</sup> The coupon and principal amounts received from the assets in the repayment fund will be reinvested by the Trustee, under the direction from Development Finance, in TT \$ and US \$ GORTT or GORTT-guaranteed assets.

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*ttAA-* (National Scale Local Currency)

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CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is premised on the high likelihood that Development Finance’s key credit drivers over the next 12 to 15 months will be maintained with all debt service commitments being paid in a timely manner. This is supported by the continued high quality of the bond’s underlying assets in addition to Development Finance’s sizeable cash and investment portfolio which serve as sufficient buffers against downside risks. Moreover, the Company is expected to display good financial performance over the next 12 to 15 months underpinned by growth in its earning asset base and funding profile, alongside generally good economic conditions in T&T.

The ratings are driven by the high credit quality of the bond’s underlying assets, which lends to stable and reliable cash flows for debt servicing as well as the Company’s comfortable capitalisation underpinned by its strong capital adequacy ratios. Development Finance’s good financial performance, supported by continued profitability, moderately diversified investment portfolio with good asset quality and

stable and growing funding base, further bolster the ratings. Nonetheless, the ratings are tempered by the significant sovereign risk exposure, notwithstanding generally good economic conditions.

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the growth of the T&T economy. From inception in the 1970's, Development Finance's core business was to provide financing for business development to Small and Medium Enterprises (SMEs) locally. Since 2011, the Company has widened its product offering to include merchant banking and foreign exchange (forex) services in addition to long-term commercial financing options. The Company's products and services are offered through 6 main business lines which include debt arrangement and underwriting, buying and selling of forex, deposit-taking for fixed deposits, corporate and commercial lending for various financing needs, provision of guarantees, and letters of credit. As at December 2024, Development Finance's total assets stood at TT \$1.2 billion, and its total income for the year ended 2024 was TT \$31.4 million.

Development Finance issued a Secured Fixed Rate bond in July 2021 in the amount of up to TT \$150 million. To date, TT \$63.3 million has been taken up by the market and the bond offering was subsequently closed. The net proceeds of the issue were used to fund loans and investments and for general corporate working capital purposes. The bond consists of 4 tranches as follows:

<b>Development Finance Bond Issue up to TT \$150 million - Fixed Rate Tax Exempt</b>		
<b>Tranches</b>	<b>Actual Amount Issued*</b>	<b>Coupon Rate (Fixed)</b>
<b>Tranche A - 7-year</b>	TT \$27 million	3.25%
<b>Tranche B - 9-year</b>	TT \$23 million	3.75%
<b>Tranche C - 10-year</b>	TT \$3 million	4%
<b>Tranche D - 11-year</b>	TT \$10.3 million	4.25%

*Source: Development Finance*

*\*The final issue size is TT \$63.3 million.*

*N.B. - TT \$3 million was repaid in each of the Tranches B, C and D respectively on July 30, 2024.*

The issued amount of each individual tranche is fully secured by a pool of assets of equivalent value comprising of GORTT or GORTT guaranteed bonds. Further, the cash flows from the underlying bonds are the primary source of repayment of principal and interest payments for the bond with Development Finance's cashflows serving as a secondary source of repayment. Interest on all tranches is payable semi-annually with a bullet payment at maturity. Repayment funds were established for each tranche into which the underlying GORTT and GORTT-guaranteed securities were deposited. The deposited assets were pledged to the Trustee who will maintain full control over the assets during the life of the bond. An asset will only be added or removed from the pool if it is called or prepaid by the issuer of the underlying security. Should there be such an event,



the Trustee will repay the cash derived from the early repayment inclusive of any outstanding interest received to the bondholders. First Citizens Trustee Services Limited serves as the Trustee and Development Finance serves as the Paying Agent responsible for managing all cashflows pertaining to the secured assets, including but not limited to the receipt of interest and principal payments from the underlying securities and payment of funds to investors.

Development Finance is a registered broker dealer with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) and has successfully issued and repaid several Fixed Rate Tax-Exempt bonds in the T&T market in past years. All coupon payments due on this bond have been met in full and on time to date.

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