

NCBFG misses first quarter dividend





NCBFG chairman, founder and single largest shareholder, Michael Lee-Chin

NCB Financial Group Ltd (NCBFG) failed to declare a dividend for its first quarter that ended December 31, 2024, despite indicating that it would hold a special board meeting during its second quarter, which ended on March 31, 2025, to consider the dividend payment.

That marked the first time in five quarters that the regional financial institution based in Kingston, Jamaica, has not paid a dividend, breaking a streak that began in 2023.

That followed a commitment by Michael Lee-Chin, the NCBFG chairman, founder and its largest single shareholder, in July of that year to restore regular shareholder payouts.

NCBFG's board held a meeting on February 12 to consider the first quarter dividend, but indicated in its quarterly release that it would return to the issue at a special meeting, which was supposed to be later in the second quarter, ended March 31.

NCBFG provided no update on that special meeting.

NCBFG did not pay the dividend for its first quarter, despite the fact that its after-tax profit of J\$5.14 billion for the quarter ended December 31, 2024, was 73.3 per cent more than its profit for the same quarter in 2023 of J\$2.97 billion.

Since December 2023, NCBFG has paid J\$2.50 per share in dividends—amounting to over J\$6.12 billion (US\$38.6 million).

Approximately US\$18.5 million went to AIC (Barbados) Ltd, Lee-Chin's company, through which he owns most of his stake in NCBFG.

The dividend payments helped him manage his personal affairs while signalling renewed confidence in the group's direction to investors.

Between April 2020 and April 2021, NCBFG paused dividend payments due to restrictions imposed by the Bank of Jamaica. Following the lifting of those restrictions, a modest J\$0.50 per share dividend was paid in May 2021.

However, dividend payments went on another hiatus for another two and a half years until their reintroduction in December 2023, under Lee-Chin's renewed focus on cash returns to shareholders.

The lack of an update on why the NCBFG board did not reconvene to consider the dividend is notable, especially as the stock hit a ten-year low of J\$40.10 last month. Since July 2023, the share price has declined by about 31 per cent to J\$45 from J\$65.

That date is important because it was when Lee-Chin returned from a leave of absence, which was followed a few months later by his push to implement the group's efficiency, governance, and customer experience (EGC) strategy. NCBFG traded slightly higher at TT\$2.34 (J\$53.66) a share on Tuesday on the Trinidad and Tobago Stock Exchange.

The absence of a dividend raises questions about whether AIC Barbados might offload more shares to raise capital. In October, AIC sold 9 million shares for J\$470 million (US\$2.95 million).

NCBFG has since disclosed that a connected party sold an additional J\$509 million (US\$3.26 million) worth of shares between January 30 and March 7 on the Jamaica Stock Exchange. It was revealed on Monday that a connected party sold NCBFG shares worth J\$570 million (US\$3.65 million) on April 3.

The group has earmarked May 8, August 7, and November 13 as upcoming board meetings where dividends could again be considered. NCBFG's ability to declare dividends at these subsequent meetings is based on the implementation of Basel III and changes to banking regulations that can affect capital requirements at the Jamaican bank.

Ongoing market volatility may also impact NCB Capital Markets Ltd—widely viewed as the group's crown jewel.

Refinancing strategy underway NCBFG is actively reducing its debt load at the holding company level and across the group to manage interest costs.

At the company's annual meeting in February, Group CEO Robert Almeida shared that total debt was reduced by 10 per cent, supported by efforts to diversify funding and dispose of non-core assets.

NCBFG executed an additional public offering (APO) on the Jamaica Stock Exchange in April 2024, but was only able to raise a net amount J\$2.41 billion compared to its J\$5.10 billion target. Those funds went to reduce the holding company's debt.

The group recently refinanced a J\$15 billion bond—originally issued in 2021 at 6 per cent—at a significantly higher rate ranging from 11.50 per cent to 12.50 per cent in September 2024.

Last month, an additional J\$10 billion in debt was refinanced, comprising J\$7 billion (US\$4.87 million) in Jamaican dollars and US\$19.5 million in US dollars.

These new borrowing costs—above ten per cent in Jamaican dollars and 8.25 per cent in US dollars—may limit the ability of NCB's banking arm to reduce lending rates in the short term due to higher funding costs at NCBFG.

NCBFG is also in the process of finalising the sale of its 30.2 per cent stake in Clarien Group to

Cornerstone Financial Holdings Ltd (CFHL), which is subject to regulatory approval.

CFHL recently restructured its operations, transferring direct holdings in Barita Investments and Cornerstone Trust & Merchant Bank to a new entity, Barita Financial Group Ltd (BFG), which is expected to be licensed by the Bank of Jamaica as a financial holding company.

While the sale price of the Clarien stake remains undisclosed, the proceeds could help reduce NCBFG's reported J\$90.72 billion debt, J\$62.99 billion (US\$400 million) of which was listed as current in its latest audited financials.

Delayed financials from GHL

NCBFG's missed dividend coincided with a delay in the audited financial statements of its 61.77 per cent controlled subsidiary, Guardian Holdings Ltd (GHL).

The Westmoorings-based holding company of the Guardian Group announced on March 28 that it would be unable to publish its audited financial statements for the year ended December 31, 2024, by the statutory deadline of March 31, 2025.

"We apologise for the delay and further advise stakeholders that the financial statements will be published on or before April 11, 2025," said the GHL corporate secretary, Krystal Baynes-Hoseinee. The delay is due to an ongoing audit of one of GHL's principal subsidiaries, said the group.

GHL published its results on the website of the T&T Stock Exchange yesterday (April 9). For the year ended December 31, 2024, GHL declared profit after tax of \$856.83 million, which was 31.7 per cent more than the \$650.60 million the insurance-focussed, financial conglomerate earned in 2023.

Based on NCBFG's first-quarter performance, GHL appeared to have posted improved results in the fourth quarter.

The general insurance segment saw an 18 per cent rise in operating profit to J\$2.2 billion, while the life, health insurance, and pension segments rose 28 per cent to J\$7.96 billion.

Additionally, GHL completed the sale of Dutch insurance brokerage Thoma Exploitatie BV in January, generating a gain on the transaction, which has not been disclosed to the market.