CIM Financial Services Ltd

12 May 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Green Bond Issue	375	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Bond Issue (March 2019)	2,500	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Bond Issue (October 2019)	1,070	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Bond Issue (July 2020)	2,089	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Bank Facility - Long Term/Short Term	7,733	**CARE MAU AA; Stable/ CARE MAU A1+ ble A; Outlook: Stable/ A One Plus]**	**Reaffirmed**
Long Term Bond Issue (March 2023)	2,590	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Proposed Long Term Bond Issue	160	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Proposed Green Bond Issue	250	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Proposed Term Loan	644 (USD 14 million) *	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Assigned**
Total	**17,411**		

**Exchange rate of USD 1 = MUR 46.00*

Rating Rationale

The ratings assigned to the bond issues and bank facilities of CIM Financial Services Ltd ("CFSL") continue to derive strength from the experienced & resourceful promoters, professional & highly qualified management team and large & distributed network across the island. The ratings also consider CFSL's long and satisfactory track record, dominant market share in Credit Facility Agreement ("CFA"), well diversified asset portfolio, satisfactory collection efficiency, strong capital adequacy ratio & overall gearing ratio, adequate liquidity, satisfactory financial position, and no cumulative mismatch in asset-liability maturity profile.

The ratings are however constrained by continued high gross NPA level though the net NPA has improved on account of provisioning, risks associated with increasing competition in the financial services business, entry of new players in CFA segment and risk associated with volatility in interest rates.

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

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Rating Sensitivities:

Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Improvement in disbursement & profitability on a sustained basis
- Significant improvement in asset quality with Gross NPA falling below 10%

Negative Factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

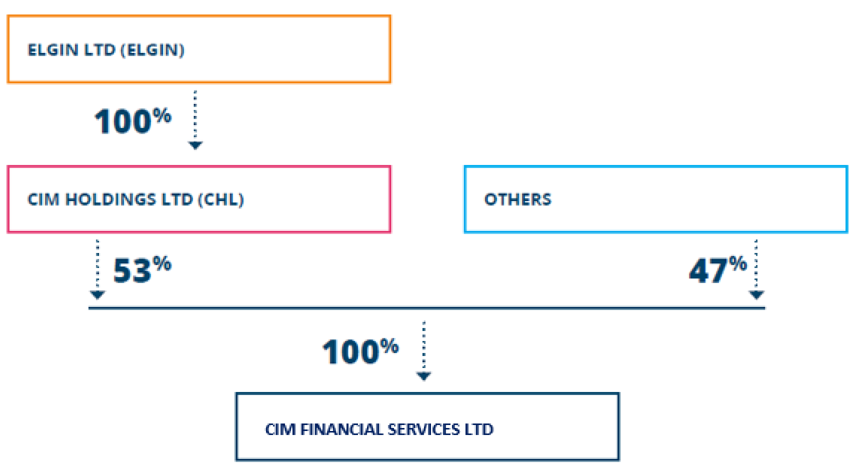
- Deterioration in asset quality or rise in Gross NPA
- Weakening of profitability, collection efficiency and capital adequacy levels.
- Moderation in liquidity profile and increase in the share of high yield products.
- Negative cumulative mismatch in asset-liability maturity profile between 3 months to 5 years.

BACKGROUND

Since 1987, CFSL (operating within the Rogers Group) has been engaged in providing hire purchase/credit facility agreements (CFA) in Mauritius and expanded its activities to leasing, unsecured loans, credit cards and factoring over the years.

In July 2005, CIM Financial Services Ltd (CFSL) was incorporated to regroup and manage the finance (including CFL), global business, and insurance clusters of the Rogers Group.

In 2012, the controlling shareholders of Rogers Group namely the ENL Group, and Elgin Ltd (each controlling 26.5% of the Group at the time) agreed to restructure the Group. Post-restructuring, Elgin Ltd (Taylor Family) obtained control of the credit finance, global business and real estate clusters of the Rogers Group with a 53% stake while the remaining 47% is distributed among other financial institutions, corporates and the general public. CFSL is listed on the Official Market of the Stock Exchange of Mauritius ("SEM") with a market capitalization of approximately MUR 7,826 million at 31 January 2023. The shareholding structure of CFSL at 30 September 2022 was as follows:



In March 2017, CFSL disposed its global business cluster and in January 2019, the property activities were spun off so that CFSL could focus on and expand its core activities, i.e., the credit financing and leasing businesses.

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On 01 October 2020, five group companies namely, CIM Finance Ltd, Mauritian Eagle Leasing Company Ltd, CIM Agencies Ltd, CIM Management Services Ltd and CIM Shared Services Ltd, all got merged with and into a single entity, CIM Financial Services Ltd ("CFSL").

In March 2022, CFSL completed the acquisition of Tsusho Capital (Mauritius) Limited ("Tsusho Capital"), a private company incorporated in February 2009, licensed by the Financial Services Commission ("FSC") to engage in the offering of finance and operating leases for motor vehicles supplied by Toyota (Mauritius) Ltd and CFAO Motors (Mauritius) Ltd. Post the acquisition, the operations of Tsusho Capital have been fully integrated into those of CFSL.

CFSL is the leader in the Credit Facility Agreement ("CFA") market, and controls significant market share in leasing, unsecured loans, credit cards, and factoring in Mauritius. At 30 September 2022, CFSL operated 91 counters and had a network of around 650 merchants in Mauritius and Rodrigues.

The main lines of business of CFSL are described below:

Acquisition of Loinette Capital Limited: In March 2023, CFSL announced that it has reached an agreement for the acquisition of a controlling stake in Loinette Capital Limited ("Loinette Capital"), a South African based company but incorporated in Mauritius and licensed by the Financial Services Commission to provide credit financing mainly to corporates in countries across the African continent. CFSL is acquiring a controlling 75% stake in Loinette Capital for a consideration of USD 14.2 million, to be fully funded by raising new term loans from banks. The consideration is equivalent to 75% of the asset book of Loinette Capital. The acquisition forms part of CFSL's strategy to leverage on its expertise and resources to expand its leasing business into the African market through an established leasing firm. A summary of the financial performance of Loinette Capital is provided below:

For the year ended/ as at 31 December	FY19	FY20	FY21[1]	Aug 2022[2]
	MUR million			
Interest income	175	166	128	67
Total Income	213	197	215	81
Interest Expense	22	16	12	2
Revaluation on Investment	-	-	-	(50)
PAT	51	76	69	(30)
Asset Under Management (AUM)	1,018	815	782	858
Total debt	463	405	-	-
Tangible Networth	1,097	1,239	1,343	1,345
Gross NPA (%)	N/A	5.1	4.8	N/A
Net NPA (%)	N/A	2.5	4.7	N/A

[1]*Exchange rate applicable: USD 1 = MUR 43.00*
[2]*Exchange rate applicable: USD 1 = MUR 44.00*

The shareholders of Loinette Capital have agreed to sell 75% of the company's asset book to CFSL for a consideration of MUR 644 million (USD 14.2 million). At 31 August 2022, Loinette Capital had a total asset book of MUR 858 million (USD 19.50 million), out of which MUR 644 million (75%) will be taken over by CFSL, fully financed by proposed term loans from banks.

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At 31 August 2022, Loinette Capital also had MUR 507 million investments in subsidiaries. Post the acquisition by CFSL, the remaining 25% of total asset book and the investments in subsidiaries will be taken over by the minority shareholders who will operate those assets separately.

Following the debt funded acquisition, the overall gearing of CFSL is expected to increase marginally to 2.57 times from 2.44 times at 30 September 2022.

Credit facility Arrangements (CFA)

Started in 1987, CFSL has today become household name in consumer finance, with a local customer base of around 300,000 individuals and 550,000 agreements contracted with those customers. The CFA facilities are provided for periods of 24 and 48 months.

CFSL generally recommends the buyers to contract insurance, protecting against death, permanent disability, job loss, loss of purchased items and natural calamities. As on 31 December 2022, the CFA segment contributed to 37% of the Group's total AUM and around 75% of the portfolio was insurance covered.

Leasing activities

CFSL provides cash flow easing solutions to individuals, SMEs and corporates by offering leasing facilities (both finance and operating) for the purchase/use of vehicles and equipment for periods up to 84 months. As on 30 September 2022, a significant amount of the lease portfolio consisted of finance leases. Under this segment, CFSL retains the right of ownership of the asset until the final installment is paid by the lessee after which ownership rights are then transferred to the buyer.

Credit card

CFSL started its credit card activities in 2001 with the launch of the first local credit card. The latter evolved into issuing MasterCard, Visa and China UnionPay International (UPI) cards. CFSL became the first and only non-bank financial institution in the sub-Saharan African region to issue credit cards with the MasterCard accreditation. CFSL offers Classic, Gold and Business MasterCard.

Factoring

Since 2004, CFSL has helped SMEs and corporates to access working capital by providing factoring solutions which involve the purchase of client invoices in return for a fee. CFSL contracts credit insurance on such invoices from CGI (Credit Guarantee Insurance), which is among the global leaders in the sector.

Loans & advances

In FY13, CFSL started offering unsecured loans to meet its existing customers' financing needs beyond their immediate retail financing requirements. Under this segment, CFSL provides financing to meet all types of requirements such as children's education, weddings, funerals, travel and property refurbishment. Unsecured loans & advances are provided at fixed interest rates.

The policy of CFSL makes it mandatory for the borrower to take an insurance cover which protects both CFSL and the borrower in cases of death, permanent disability, job loss, loss of purchased items and natural calamities. For the purpose, CFSL has partnered with a reputed insurance company in Mauritius. The loans & advances segment is therefore 100% insured.

As on 30 September 2022, loans & advances contributed 41% of the total assets managed by CFSL.

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CFSL is a professionally managed company governed by a 10-member Board of Directors with a reasonable mix of executive, non-executive and independent directors. The board is chaired by Mrs. Aisha Timol while the strategic affairs and day-to-day running of the Company are entrusted to the CEO, Mr. Mark van Beuningen.

CREDIT RISK ASSESSMENT

Long & satisfactory track record of the company & experienced promoters

The controlling shareholder of CFSL with a 53% stake is Elgin Ltd, a company owned by members of the Taylor family. The roots of the Taylor family date to more than 100 years ago and through its investment holding entity, Taylor Smith Investment Ltd, it now operates a number of leading companies across the Marine, Logistics & Distribution, Manufacturing and Services sectors. The Group also has investments in the shipping, Construction & Materials, Real Estate and Hospitality sectors.

Professional and highly qualified management team

CFSL has a highly qualified and experienced employee pool with in-depth expertise and significant exposure to finance and business. The effective running of each division across the Company is entrusted to a Head who reports to the CEO, Mr. Mark van Beuningen. CIM Group has more than 830 employees working across its office, counters and sub offices across Mauritius, Rodrigues and Kenya.

Strong presence in Mauritius and dominant market share in the CFA segment

CFSL is the largest non-banking financial institution in Mauritius operating a total of 91 counters and a network of around 650 merchants across the island and in Rodrigues. The Group is the market leader in providing CFA mostly to individuals. Besides, CFSL also offers leasing facilities for the acquisition or use of vehicles and equipment to both individuals as well as corporates.

The below table illustrates the range of products financed by CFSL, as well as the ticket size, loan to value (LTV) and tenure of facilities:

Assets	Range of products	Average Ticket size (MUR)	Market Share (%)	LTV (%)	Tenure (months/days)
CFA	Electronic goods/Jewelry /Furniture & fittings	16,000 -25,000	80	85-95	24-48 months
Finance & Operating Lease	Car (New & Reconditioned)	550,000	25	80-90	60 months
	Equipment	2,000,000	20	70-75	48 months
Loan & Advances	Personal loans	80,000	15-20	-	48 months
Credit card	Credit card	15,000	25-30	-	2 months
Factoring	Assignment of invoice	90% of the invoice	15-20	90	3 months

Consistent growth in disbursement & Asset under Management

After witnessing a slight drop in FY20 due to Covid-19 related lockdowns, the total disbursements of CFSL increased by 5.43% and 13.32% in FY21 and FY22 respectively. The higher levels of disbursements came as a result of full year of operations without any halt in business activities, higher disposable income for individuals and increased cost of the goods being financed.

In terms of assets under management, the total book of CFSL has grown by 13% from end of FY21 and 35% compared to end of FY19. Compared to the pre-pandemic level where the book of CFSL was more evenly distributed among CFA,

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finance lease and loans & advances, the portfolio at 30 September 2022 was concentrated on the CFA (37%) and loans & advances (41%) segments collectively making up 78% of the total assets under management.

As on 30 September	FY19	% of total portfolio	FY20	% of total portfolio	FY21	% of total portfolio	FY22	% of total portfolio
CFA	5,942	45%	6,178	42%	6,299	40%	6,609	37%
Finance Lease	3,300	25%	3,011	21%	2,510	16%	3,245	18%
Loan & Advances	3,080	23%	4,756	33%	6,399	40%	7,343	41%
Credit card	374	3%	315	2%	304	2%	307	2%
Factoring debtors	282	2%	219	2%	139	1%	98	1%
Corporate credit facilities	170	1%	127	1%	162	1%	203	1%
Total	**13,148**		**14,606**		**15,813**		**17,805**	

The Group exposure to CFA and loans & advances is protected by insurance covers which are directly linked to the facilities and entered at the time of the credit origination. At 30 September 2022, around 75% of the CFA was insured while the coverage for the loans & advances was 100%.

In the case of finance leases, CFSL retains the ownership of the assets until the final repayment is made by the lessee. Therefore, in case of non-repayment CFSL has the right to repossess the assets and resell same to recover its proceeds.

Continued high level of non-performing assets with improving collection efficiency

The nature of business operations of CFSL exposes the Group to significant credit risk which is the risk of its clients/counterparties failing to honor their obligations. While the Group has historically managed to maintain a satisfactory level of non-performing assets, the outbreak of the Covid-19 and its ensuing economic effects led a spike in the gross NPA of CFSL in FY20.

A history of the non-performing assets of CFSL is given below:

As on 30 September	FY19	FY20	FY21	FY22
	MUR million, except otherwise stated			
Gross NPA	1,104	2,249	2,454	2,658
Gross Loan assets	13,148	14,606	15,586	17,805
GNPA	8.39%	15.40%	15.75%	14.93%
Net NPA	573	1,121	1,035	844
Net Loan assets	12,568	13,477	14,351	15,990
NNPA	4.56%	8.32%	7.21%	5.28%
Networth	4,087	4,090	4,483	4,843
Net NPA/Net worth	14.03%	27.41%	23.09%	17.42%

Asset-wise classification of NPA

	FY20			FY21			FY22		
Asset class	**Gross Assets**	**Gross NPA**	**GNPA %**	**Gross Assets**	**Gross NPA**	**GNPA %**	**Gross Assets**	**Gross NPA**	**GNPA %**
CFA & other credit agreements	6,178	1,120	18.13%	6,165	1,093	17.73%	6,609	1,032	15.62%
Finance Lease	3,011	393	13.06%	2,502	291	11.63%	3,245	252	7.77%
Loan & Advances & others	5,417	736	13.59%	6,918	1,070	15.46%	7,951	1,374	17.28%
Total	**14,606**	**2,249**	**15.40%**	**15,586**	**2,454**	**15.75%**	**17,805**	**2,658**	**14.93%**

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The GNPA of CFSL which was at a reasonable level of 8.39% at end of FY19 shot up drastically to 15.40% in FY20 and stayed at same level throughout FY21 given the lingering consequences of the pandemic. In FY22, CFSL has grown its gross loan book by 14.24% while the gross NPA in absolute terms increased by only 8.31%, hence bringing the GNPA level slightly down to 14.93%. The increased NPA, in absolute terms, in FY22 was mainly observed in the loans & advances segment which are unsecured but covered by insurance.

CFSL adopts a prudent approach to mitigate the effects of the credit risk in its exposures and as such, the Group makes provision for losses on its portfolio. The Group recognizes 12-months and lifetime expected credit losses on its portfolio where there is reasonable evidence that a default event might occur over the next 12 months or remaining tenure of the facility.

Considering the prudent approach adopted, the net NPA of CFSL was reduced from 8.32% in FY20 to 5.28% at end of FY22.

CFSL has a Risk Management Committee which ensures that material credit risks are identified, measured, managed, monitored, mitigated and reported on a consistent basis and hence, protecting the Group against severe effects of major defaults or non-payments.

CFSL has a robust recovery team which is responsible for collecting the proceeds from debtors within the specified period. A summary of the collection efficiency ratio of CFSL over the past four years is given below:

For the Year ended 30 September	FY19	FY20	FY21	FY22
A. DEMAND	**MUR Million**			
1. Overdues at the beginning of the period	231	237	752	374
2. Demands raised during the period	8,578	7,305	8,280	8,621
TOTAL DEMAND	**8,809**	**7,542**	**9,032**	**8,995**
B. RECOVERIES:				
Total Recoveries during the period	**8,573**	**6,790**	**8,658**	**8,563**
C. OVERDUES/Arrears:				
At the end of the period	237	752	374	432
D. COLLECTION EFFICIENCY	**97.3%**	**90.0%**	**95.9%**	**95.2%**

Comfortable Capital Adequacy Ratio (CAR) and overall gearing ratio

As per Bank of Mauritius guidelines, non-bank deposit taking institutions should maintain a minimum capital equivalent to 10% of their risk-weighted assets. CFSL is not a non-bank deposit taking institution but maintains and monitors its CAR level. At 30 September 2022, the Capital Adequacy Ratio (CAR) of CFSL was 26.73%. Despite a drop from 30.35% at 30 September 2021, which is mainly due to the acquisition of Tsusho Capital and hence an increase in its risk-weighted assets, the CAR of CFSL remains strong enough to protect the Group in case of unexpected economic shocks. The overall gearing at of 2.38 times at 30 September 2022 was slightly higher than 2.19 times a year earlier but remains within satisfactory range.

Satisfactory Asset-Liability maturity & liquidity profile

Besides having a MUR 15,990 million net loan book, CFSL also maintains a healthy portion of its assets into FDs, GOM securities and in cash.

These are high quality liquid assets which are readily available to the Group and can be used to meet unexpected obligations which may arise.

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As at 30 September	FY19	FY20	FY21	FY22
Debt capital market (DCM) borrowings	-	5,000	3,988	4,488
Investment securities	-	-	129	120
Deposit with Banks	507	510	426	483
Cash & Bank Balances	445	461	342	682
Liquid assets as a % of total DCM borrowings	**-**	**19%**	**22%**	**29%**

CFSL maintains on average a minimum equivalent 10% of its total DCM borrowings into highly liquid assets, hence providing adequate liquidity cushion to the Group.

Asset-Liability maturity profile at 30 September 2022: **MUR million**

Particulars	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
ASSETS						
Cash and Bank Balances	682	-	-	-	-	682
Deposit with banks	2	2	133	148	220	505
Net investment in leases and other credit agreements	1,743	1,345	2,305	5,485	512	11,390
Loans & Advances	1,544	1,100	1,836	5,403	-	9,882
Investments securities	-	-	120	-	-	120
Other Assets	296	24	55	-	-	375
[A]	**4,267**	**2,472**	**4,448**	**11,036**	**732**	**22,955**
LIABILITIES						
Bank Facility	73	-	-	-	-	73
Other borrowings	3,531	480	3,173	4,270	281	11,735
Other liabilities	699	70	22	611	-	1,403
Lease liabilities	11	11	23	173	88	307
[B]	**4,315**	**561**	**3,218**	**5,054**	**370**	**13,518**
GAP [A-B]	**(48)**	**1,910**	**1,230**	**5,982**	**363**	**9,437**
Cumulative GAP	**(48)**	**1,863**	**3,092**	**9,074**	**9,437**	

At 30 September 2022, CFSL had a negative maturity mismatch in the 1-3 months bucket given that the Group had loans & borrowings which were reaching maturity. The same mismatch was funded by utilizing the working capital facilities available to the Group.

Stable return from the product portfolio

The net spread earned by CFSL on its product portfolio over the past four years is given below:

Asset Type	FY19	FY20	FY21	FY22
CFA (%)	6.50 -7.25	6.50 -7.00	7.00-8.00	7.00-8.00
Finance Lease (%)	2.25-3.15	2.00-3.00	2.00-3.25	2.00-2.70
Loan & Advances (%)	8.50-9.00	8.00-9.00	9.50	9.50
Credit card (%)	19.50	19.50	19.50	19.50
Factoring (%)	4.00	4.00	4.00	4.00

Excluding Credit card segment (due to small size in total book), CFSL earns the highest returns on the loans & advances followed by CFA. However, given that these are originated at fixed rates, it is expected that the net spread earned on the above products will decrease following the cumulative 265 basis points increase in the Key Repo Rate during 2022.

Industry Risk

In Mauritius, Non-Bank Deposit-Taking Institutions (NBDTIs) main activity relates to the mobilization of deposits and the granting of leasing and loan facilities to individuals and corporates. There are 6 NBDTIs in operation as at end-December 2021, of which 5 were exclusively involved in leasing activities, 2 carried out lending business only and the remaining 4 were involved with both leasing and lending operations. 4 of the NBDTIs were subsidiaries/related companies of banking institutions or insurance companies. As at end-June 2021, all NBDTIs were holding the minimum required capital of Mur. 200 million, and their total assets represented around 4.4% of the total assets of the financial sector. Theses NBDITs mostly provide leasing and factoring services. CFSL holds number 1 position in terms of AUM. The AUM of other companies are MCB Finlease Company Limited (MUR 3.8 billion), SPICE Finance Ltd. (MUR 3 billion), La Prudence Leasing (MUR 1.3 billion), SICOM (MUR 460 million) and Mutual Aid (MUR 400 million).

Total assets of NBDTIs increased by 0.8%, from MUR 66.2 billion as at end-June 2020 to reach MURS 66.7 billion as at end-June 2021. The share of loans to total assets rose from 53.9% as at end-June 2020 to 66.5% at the end of June 2021, while investment in finance leases to total assets increased marginally from 12.2% to 12.5% over the same period. The advances-to-deposits ratio increased from 115.9% at end-June 2020 to 124.4% at end-June 2021. Leases-to-deposits ratio (based on deposits held by leasing companies only) stood at 88.9% at end-June 2021.

<u>Leasing Companies</u>

Leasing facilities are provided by 9 entities in Mauritius as on 31st December 2021. 5 of them are banks and Non-Bank Deposit-Taking Institutions (NBDTIs), licensed by the Bank of Mauritius. The remaining four are Non-Deposit Taking Institutions (NDTIs), which are licensed by the Financial Services Commission (FSC).

Banks, NBDTIs, and NDTIs offer leasing facilities to both households and corporates. Banks provide only finance leases, while NBDTIs and NDTIs offer both finance and operating leases. Leasing and credit finance are often the primary source of finance available to Small & Medium Enterprises (SMEs). Leasing companies are subject to less stringent regulations than banks – allowing them to leverage more resources (higher gearing), to be exempted from credit allocation requirements and to use of market rates of interest.

Nearly all the NBDTIs are leasing companies. Moreover, there are many companies in the insurance industry and banking industry that are trying to give leasing facilities along with all other facilities which these companies already have. As these businesses are already well-known, they can get NBDT license very easily. But with promulgation on the Banking Act 2004, the NBDTIs are now subject to the same prudential regulations as banks and the NBDTIs have to maintain a minimum capital of MUR 200 million alongside complying with the guidelines on 'Guidelines on Capital Adequacy Ratio' and 'Credit Concentration Risk' and on 'Related Party Transactions'.

As at end-September 2021, total leasing facilities granted to the household and business sectors stood at MUR 20.6 billion compared to MUR 21.0 billion as at September 2020. The automobiles segment accounted for 88% of total leasing facilities as at September 2021, up from 86.9% for the previous year. As at end-September 2021, an amount of MUR 18.2 billion (MUR 18.3 billion as at end-Sept 2020) was extended towards the purchase of automobiles, while the number of leases granted aggregated to 38,098 at the same date (38,755 as at end-Sept 2020). Leasing facilities granted to "other" sector represented facilities offered for buildings, office equipment, machinery and other assets and stood at MUR 2.4 billion as at September 2021 (MUR 2.7 billion as at end-Sept 2020).

Summary of audited financials for CIM Financial Services Ltd

Year ended/as on 30 September	FY19	FY20	FY21	FY22
	MUR million			
Interest income	1,443	1,715	2,172	2,502
Fees, Commission and other income	541	645	480	498
Total Income	2,198	2,513	2,652	3,000
Operating expenses	1,002	987	997	1,095
Provision for NPA	181	653	540	561
Interest	388	431	396	428
Profit before Tax	453	268	509	735
Profit after Tax	383	191	415	601
Gross cash accruals	513	380	627	799
Net Stock-on-hire	12,568	13,477	14,351	15,990
Gross Loan AUM	13,148	14,606	15,586	17,805
Total capital employed	13,278	14,311	14,687	17,046
Total debt	9,095	9,837	9,832	11,808
Tangible networth	4,087	4,090	4,483	4,843
Cash & Bank Balances and deposits	952	971	768	1,165
Ratios				
PAT margin (before provisioning) (%)	24.92	33.56	36.02	38.74
PAT margin (after provisioning) (%)	17.41	7.59	15.65	20.05
NIM (%)	13.17	13.35	14.93	15.41
Interest Income/ Interest earning assets (%)	12.55	13.21	15.14	16.00
Interest spread (%)	8.32	8.66	11.11	12.05
Operating Expenses/ Average total assets (%)	6.27	6.47	6.21	6.26
Operating expenses/ Total Income	45.58	39.27	37.62	36.51
RONW (%)	7.32	4.67	9.67	12.89
ROCE (%)	5.99	4.96	6.21	7.22
Cost of Capital (%)	3.76	3.92	3.20	4.02
Net Spread (%)	2.24	1.05	3.01	3.20
Return on total assets (ROTA) (%)	3.03	1.37	2.75	3.60
Overall gearing (times)	2.23	2.41	2.19	2.38
Total Net debt to Total Gross loan assets (%)	62	61	57	59
Interest Coverage (after prov.)	2.62	2.03	2.81	3.14
Gross NPA (%)	8.39	15.40	15.75	14.93
Net NPA (%)	4.56	8.32	7.21	5.28
Net NPA / Net worth (%)	14.03	27.41	23.09	17.42
Reported CAR (%)	25.00	28.45	30.35	26.73

Period ended 31 December	Q1FY22	Q1FY23
	MUR million	
Interest Income	526	614
Fees & Commission and other non-interest income	179	200
Total Income	704	815
Interest Expenses	94	110
Operating Expenses	318	349
Impairment of financial assets	150	105
Operating profit	142	251
Profit before Tax	144	248

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Period ended 31 December	Q1FY22	Q1FY23
	MUR million	
Profit after Tax (before provision)	266	301
Profit after Tax (after provision)	116	196
Total Assets under Management	14,615	16,759
Total Debt	10,351	12,303
Tangible Networth	4,216	4,528
Cash & Bank, FDs and Inv securities	1,518	1,576
Ratios		
PAT margin (before provisioning) (%)	37.76	36.92
PAT margin (after provisioning) (%)	16.49	24.05
Interest Expenses/ Total Income (%)	13.41	13.52
RONW (%)	2.75	4.33

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Details of Rated Instruments

1. Bond Issue

Instruments	Amount (MUR Million)	Tenure	Repayments
Bond Issue (March 2019)	2,500	2 years 2 years	MUR 1,500 million – August 2023 MUR 1,000 million – October 2025
Bond Issue (October 2019)	1,070	5 years	Bullet repayment in October 2024
Bond Issue (July 2020)	2,089	3 years 5 years 10 years	MUR 750 million – July 2023 MUR 1,059 million – July 2025 MUR 280 million – July 2030
Green Bond Issue	375	13 months	MUR 125 million – March 2023 MUR 250 million – July 2023
Long Term Bond Issue	2,590	3 years 5 years	MUR 1,045 million – March 2026 MUR 1,545 million – March 2028
Proposed Long Term Bond Issue	160		
Proposed Green Bond Issue	250	13 months	

2. Details of Bank Facilities

A-1: Proposed Term Loan

Facility	Bank	Amount	Tenure	Repayment
Proposed Term Loan	Absa Bank (Mauritius) Limited	MUR 460 million (USD 10 million) *	4 Years	MUR 57.50 million half yearly
	The Mauritius Commercial Bank Limited	MUR 184 million (USD 4 million) *	4 Years	MUR 23.00 million half yearly
Total		**MUR 644 million (USD 14 million) ***		

**Exchange rate of USD 1 = MUR 46.00*

A-2: Long-term facilities

Name of Bank	Amount (MUR million)	Repayments
Absa Bank (Mauritius) Limited	585	MUR 63 million half yearly
Absa Bank (Mauritius) Limited	613	MUR 87.5 million half yearly
Absa Bank (Mauritius) Limited	300	MUR 50 million half yearly
BCP Bank (Mauritius) Ltd	200	
SBI (Mauritius) Ltd.	300	MUR 50 million repayable half yearly
SBM Bank (Mauritius) Ltd	700	200 million half yearly
Total	**2,698**	

A-3: Short term facilities

Name of Bank	Amount (MUR million)
AfrAsia Bank Ltd	1,045
Bank of Baroda	360
Bank One Limited	220
Absa Bank (Mauritius) Limited	750
BCP Bank	325

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Name of Bank	Amount (MUR million)
SBI (Mauritius) Ltd.	10
SBM Bank (Mauritius) Ltd	1,000
Total sanctioned and rated	**3,710**
Rated but not yet sanctioned	**326**

A-4: Revolving Credit Facility

Name of Bank	Tenure	Amount (MUR million)	Repayment
MCB Ltd	1 year	500	Repayable in November 2023
MCB Ltd	1 year	500	Repayable in December 2023
		1,000	

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Annexure I

Rating Symbols

Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Short term Instruments

Symbols	**Rating Definition**
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifier {"+" (plus} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifier reflects the comparative standing within the category.

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About CARE Ratings (Africa) Private Limited:
CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.
CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.
CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.