Rating Rationale
CIM Financial Services Ltd. ("CFSL")
Ratings

Instrument*	Amount (MUR Million)	Rating**	Rating Action
Bond (March 2019) – Long term	3,500	**CARE MAU AA; Negative [Double A; Outlook: Negative]**	Reaffirmed
Bond (October 2019) -Long term	2,000	**CARE MAU AA; Negative [Double A; Outlook: Negative]**	Reaffirmed
Bond (July 2020) – Long term	2,089	**CARE MAU AA; Negative [Double A; Outlook: Negative]**	Reaffirmed
Bond (July 2020) – Short Term	911	**CARE MAU A1+**	Reaffirmed
Bank Facilities – Long Term/Short Term	4,733	**CARE MAU AA; Negative/ CARE MAU A1+ [Double A; Outlook: Negative/ A One Plus]**	Reaffirmed
Short Term loan (without earmarking working capital limit)	1,000	**CARE MAU A1+**	Reaffirmed

**Details of facilities/instruments in Annexure I*
***Complete definition of the ratings assigned are provided in Annexure II*

Rating Rationale

The ratings assigned to the bonds issue and bank facilities of CIM Financial Services Ltd ("CFSL"), has been reaffirmed at CARE MAU AA; Negative/ CARE MAU A1+. The ratings continue to derive strength from experienced & resourceful promoters, professional & highly qualified management team and merger of CIM Finance Ltd, MELCO and other companies into CFSL. The ratings also consider CFSL's long and satisfactory track record, dominant market share in Credit Facility Agreement ("CFA"; previously termed as Hire Purchase), well diversified asset portfolio, moderate asset quality & satisfactory collection efficiency, comfortable capital adequacy ratio ("CAR") & overall gearing ratio, adequate liquidity, satisfactory financial position, stringent NPA recognition norms (due above 90 days) and no cumulative mismatch in asset-liability maturity profile between 3 months to 5 years.

The long-term rating is constrained by risk associated with increasing competition in the financial services business, entry of new players in CFA segment, exposure to regulatory risks, risk associated with volatility in interest rates, increase in exposure to relatively riskier segments such as unsecured lending and uncertainty related to the collection efficiency of the company over next few months.

Rating Sensitivities:

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

- Improvement in disbursement & profitability on a sustained basis along with improvement in asset quality.

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

- Deterioration in asset quality of GNPA/Stage 3 Assets.
- 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

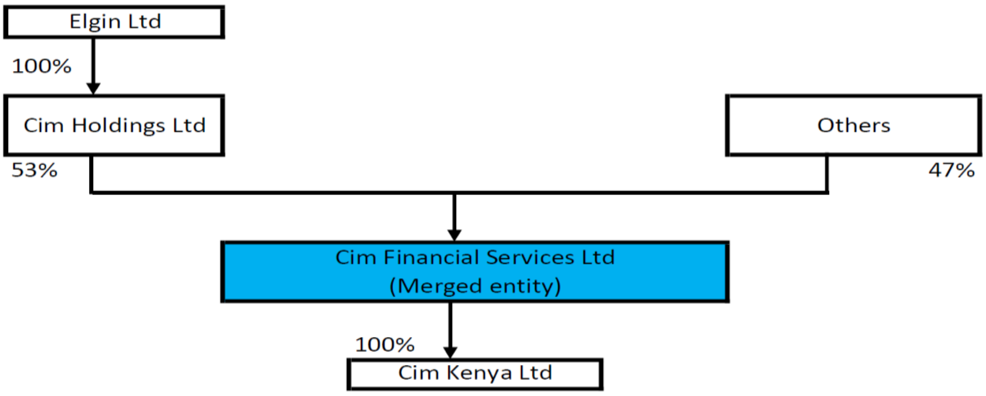
Since 1987, CFSL (operating within the Rogers Group) has been engaged in providing hire purchase/credit facility agreements (CFA) in Mauritius and expanded its activities to leasing, deposit taking, unsecured loans, credit cards and factoring over the years.

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

In 2012, the controlling shareholders of Rogers namely the Espitalier Noel family and the Taylor family (each controlling 26.5% of the Rogers Group) restructured Rogers which led to the Taylor Family exiting Rogers and taking control of CFSL with a holding of 53%. The balance 47% was held by corporate bodies, Insurance Companies, pension funds and individuals. At the same time CFSL was listed in the Stock Exchange of Mauritius and was composed of the finance business (i.e., CFL), the global business and some real estate assets.

In March 2017, CFSL disposed of its global business activities and in January 2019, the property activities were spun off via a dividend in specie to the shareholders of CFSL, resulting in CFSL becoming focused on financial services as its main business activity.

On August 14, 2019, Board of CFSL communicated that both CFL and MELCO have successfully refunded all the deposits, availed from the deposit holders, and has lodged an application for the surrender of the deposit taking licence with the Bank of Mauritius. Furthermore, the Board of CFSL has also approved the 'in principle' amalgamation of CFL, MELCO, CIM Agencies Ltd, CIM Management Services Ltd and CIM Shared Services Ltd. with and into CFSL (subject to Regulatory Approval). Effective October 1, 2020, the aforementioned companies got amalgamated with and into CIM Financial Services Ltd. Post-amalgamation, CFSL continues to focus on its strategy to strengthen its core consumer finance lending business within an improved governance framework and through securing more opportunities as a lender on both the local and the regional markets. The group structure as at October 01, 2020 (i.e., post merger) is as under:



CFSL is the leading provider of Credit Facility Agreement ("CFA"; previously termed as Hire Purchase), leasing, unsecured loans, credit cards, factoring in Mauritius and operates around 100 counters and a network of more than 700 merchants in Mauritius and Rodrigues. It is the largest Non-Banking Institution in Mauritius in terms of Asset under Management.

Hire Purchase/Credit facility Arrangements (CFA) - CFSL started its CFA operations in 1987 and today serves most of the independent dealers in Mauritius. It has become a household name in the field of consumer finance, with a local customer base exceeding 300,000 individuals and 550,000 agreements. CFSL offers insurance (covering death, loss of job and loss of product) on CFA products from an insurance company. This cover is optional and as on date more than 75% of its CFA portfolio is insured.

Leasing activities - CFSL also provides financial solutions (finance lease and operating lease) to businesses of varying sizes, from small entrepreneurs to large conglomerates.

Credit card - The credit card activities of CFSL started 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 Africa region to issue a credit card with the MasterCard accreditation. CFSL offers Classic, Gold and Business MasterCard.

Factoring: Since 2004, CFSL provides factoring solutions. It purchases invoices from clients and has been avails credit insurance for such Invoices from COFACE, global leaders in the field.

Loans & advances**:** In FY13, CFSL started offering unsecured loans to meet its existing customers' financing needs beyond their immediate retail financing requirements. All types of family expenses such as those relating to education, weddings, funerals and property refurbishments are financed. Given the repayment performance of this product in last 4 years, the company is focusing to boost disbursement in this product category. It is mandatory to take insurance (covering death and loss of job) on unsecured loans from an insurance company.

CFSL is a professionally managed company. It is governed by 10-member Board of Directors comprising of 4 members from Taylor family, 4 eminent industrialists as Independent Director and 1 Executive Director. Mr. Colin Taylor stepped down as Chairman of the Board with effect from 13 July 2020 and Mrs. Aisha Timol was appointed as the new Chairperson. The strategic affairs of the company are looked after by Mr. Mark van Beuningen (E.D. & Group CEO) who joined CFL as M.D. in May 2016 and was promoted to Group CEO in Oct. 2017. He is assisted by a team of professionals looking after various functions of the company.

CREDIT RISK ASSESSMENT

Long & satisfactory track record of CIM group & experienced promoters

CFSL is engaged in CFA, leasing of cars & equipment and extending loans & advances. It was also engaged in global business (exited in FY17 at a net profit of MUR. 2,464 million) and property business (sold off to an associate company in January 2019). It is owned and managed by the Taylor family of Mauritius, having its presence in Mauritius for more than 100 years. The Taylor family has set up Taylor- Smith Investment Company which has interest in the port, logistics and distribution, distribution of retail products, financial services and manufacturing industries with a team of over 700 people across various business units. Taylor family through CIM Holdings Limited holds 53% of Cim Financial Services Limited.

Professional and highly qualified management team

CFSL has a highly qualified and experienced employee pool having large experience in their related field. CFSL's improvement in operational efficiency over the years can be attributed to its sound management team. Each division is managed by a Head, who reports to CEO, and team of professionals. The attrition level is quite low with key professionals having long association with the group. CIM group has more than 800 employees working across its Mauritius counters and sub offices.

Presence across the island and dominant market share in CFA Portfolio

CFSL is currently the largest Non-Banking Institution (NBI) in Mauritius and operates around 102 counters and a network of more than 700 merchants in Mauritius and Rodrigues. CFSL holds 80% market share in CFA market.

Assets	Range of products	Average Ticket size (MUR)	Market Share (%)	LTV (%)	Tenure (months/days)
CFA (Hire purchase & other credit agreements)	Electronic goods/Jewellery /Furniture & fittings	16,000 -25,000	80	85-95	24-48 months
Finance Lease	Car (New & Reconditioned)	525,000	25	80-90	60 months
	Equipment	2,000,000	20	70-75	48 months
Loan & Advances	Personal loans	70,000	15-20	100	48 months
Credit card	Credit card	15,000	25-30	-	2 months
Factoring	Bill discounting	90% of the bill	15-20	90	90 days

Disbursement & Asset under Management

Disbursement in CFSL witnessed moderate growth till FY19. However, disbursement witnessed a decline of 10% in FY20 over FY19 due the COVID-19 pandemic resulting in the countrywide lockdown for 2 months, affecting the demand. After re-opening of the economy post lockdown, CFSL adopted a cautious approach on disbursement given the closure of the international borders impacting the tourism & aviation sector directly and in-direct impact of the pandemic on various sectors of the economy translating to future job losses. This also impacted the company's disbursement post March 2020.

Total Assets under Management (AUM) witnessed an increasing trend for last 3 years.

Assets as on (MUR Million)	30.9.2018	% of total portfolio	30.9.2019	% of total portfolio	30.9.2020	% of total portfolio
CFL						
CFA	4,902	44%	5,942	45%	6,178	42%
Finance Lease	2,462	22%	2,768	21%	2,492	17%
Loan & Advances	2,077	19%	3,080	23%	4,756	33%
Credit card	426	4%	374	3%	315	2%
Factoring debtors	240	2%	282	2%	219	2%
Corporate credit facilities	269	2%	170	1%	127	1%
MELCO - Finance Lease	693	6%	532	4%	519	4%
Total	**11,069**		**13,148**		**14,606**	

CFSL is focusing on extending loans & advances to meet its existing customers' financing needs beyond their immediate retail financing requirements. This is a high yielding portfolio and are extended to existing customers with good past track record. AUM in this portfolio has increased by 58% in FY20 over FY19 (48% in FY19 over FY18).

Moderate asset quality and satisfactory collection efficiency

Since October 1, 2018, CFSL have changed NPA recognition policy and has started recognizing NPA above 90 days for all types of advances - Finance lease, factoring portfolio CFA, loans & advances and credit cards portfolio and writes off (specific provisions) 100% of loan overdue beyond 90 days.

Particulars	30/09/2018	30/09/2019	30/09/2020
Gross NPA	994	1,104	2,249
Gross Loan assets	11,069	13,148	14,606
GNPA (%)	8.98%	8.39%	15.40%
Net NPA	447	573	1,121
Gross Loan assets	11,069	12,568	13,477.3
NNPA (%)	4.03%	4.56%	8.32%
Net NPA/Net worth (%)	7.02%	14.03%	27.41%

In FY20, GNPA has increased to 15.4% due to the impact of COVID-19. In FY20, the collection efficiency of CFSL has declined from 97.3% in FY19 to 90-94% in FY20. CFSL has made provisions of MUR 1,121 million of which MUR 650 million was provided in FY20.

CFSL has seen a steady flow of clients settling their instalments for the period March to June 2020. Post de-confinement i.e., since June 1, 2020 the collection for CFSL has increased. During lockdown CFSL came with various modes of transfer like, payment by Juice, bank transfers, payment by debit/credit card etc. which are used by lot of borrowers to transfer their instalment amount even during the lockdown. The company also introduced its first consumer app called “Mo Finans” to fast track the implementation of the digital lending platform strategy, which has become very popular among the clients.

CFSL has also been approached by leasing customers to provide moratorium. Under the scheme, CFSL’s clients are provided 6 months capital moratorium with 3 different types of interest moratorium options:-

A. Full interest payable during the moratorium period;
B. Interest payable with a separate repayment plan during the moratorium period;
C. Interest payable with a separate repayment plan from the 4th month of the moratorium period.

Comfortable Capital Adequacy Ratio (CAR) and overall gearing ratio

CFSL’s CAR as on September 30, 2020 was satisfactory at 28.45% which is well above the Regulatory norm of 10% (stipulated by Bank of Mauritius). CFSL’s CAR as on December 31, 2020 was 27.18%.

Overall gearing of CFSL as on September 30, 2020 was 2.41x (2.23x as on September 30, 2019). The same is expected to hover in the range of 2.30-2.75x during the projected period.

Liquidity: Adequate

Asset-liability maturity profile of CFSL as on September 30, 2020:

Particulars	Period					
	0-3 months	**3-6 months**	**6-12 months**	**1-5 years**	**>5 years**	**Total**
ASSETS						
Leases and other credit agreements	1,586	1,040	1,886	3,752	110	8,374
Loans & Advances	538	342	724	2,830	7	4,441
Other Receivables	582	-	-	66	15	662
Cash and Bank Balances	461	-	-	-	-	461
Deposit with banks	310	-	-	200	-	510
Fixed Assets for own use	-	-	-	-	746	746
Investments in financial assets	21	-	-	8	-	29
Other Assets	362	-	-	323	-	685
[A]	**3,860**	**1,382**	**2,610**	**7,179**	**877**	**15,908**
LIABILITIES						
Bonds	-	1,000	2,512	4,846	281	8,639
Term loans from Banks	264	152	529	153	-	1,098
Cash Credit, WCDL & STL from banks	100	-	-	-	-	200
Other liabilities	550	490	332	290	-	1,662
Lease Liability	24	-	-	185	-	209
Shareholder's Funds	-	-	-	-	4,200	4,200
[B]	**938**	**1,642**	**3,373**	**5,474**	**4,481**	**15,908**
GAP [A-B]	**2,922**	**(260)**	**(763)**	**1,705**	**(3,604)**	**0**
Cumulative GAP	**2,922**	**2,662**	**1,899**	**3,604**	**0**	**0**

CFSL has gap in 3-6-months' and 6-12 months' time bucket, primarily considering repayment of MCB bond and scheduled repayment of term loan from banks. CFSL does not have any cumulative negative mismatch.

In July 2020, CFSL, raised a Bond of MUR 3,000 million and repaid the utilized overdraft, money market lines (MMLs) and short-term loans in CFL in order to boost the liquidity position of CFL and benefit from lower interest rate in current scenario. Average utilization of fund based working capital limits & short-term loans in CFSL for 12 months ended December 2020 was about 33%. CFSL has adequate unutilized working capital limits which could have been utilized to meet the working capital gap, if any.

The contraction in GDP growth of Mauritius in CY20 and the vulnerability of GDP growth in CY21, due to prolonged impact of the lockdown and closure of international borders in various businesses, may transmit into job losses, which might have an impact on the liquidity and the profitability of CFSL.

However, based on discussion with management, CRAF understand that around 75% of CFA portfolio and 99% of loan portfolio (unsecured loans & advances) are covered by Credit Insurance. Insurance coverage states that on a sudden involuntary job loss (covered under Insurance), the Insurance company will pay EMIs (on behalf of the client) till such time the person gets another job, subject to receipt of proper documents. While the process is bit lengthy and the receipt of the EMIs can get delayed by 5-6 months impacting the liquidity in the short term. CFSL's leasing portfolio, does not have any insurance cover since it is asset backed.

Repayment of MCB Bond and term loans in March-April 2021-: During discussion, CFSL management informed that the MCB Bond of MUR 2,500 million is repayable on March 2021 & April 2021 and MCB has already agreed to rollover the Bond for another 2 year. The management is waiting for the final interest rate. In case the interest rate in not competitive, then CFSL will avail the unutilized portion of the working capital limit and repay the Bonds and then approach the capital market for new Bond issue. The term loans from banks are/will be repaid on maturity.

This apart as on January 31, 2020, CFSL has Mur 1,000 million of cash/fixed deposits which can be utilized for meeting any liquidity mismatch.

Diversified Income profile **MUR Million**

Particulars	FY18	FY19	FY20
Interest Income	1,189	1,443	1,715
Fees & Commission Income	540	541	569
Operating lease income	36	129	129
Other operating Income	36	85	100
Total Income	**1,801**	**2,198**	**2,513**

Total income increased by 14% in FY20 (22% in FY19), with 19% growth in interest income. CFSL is focusing more on unsecured loans and advances with 58% increase in AUM of loans & advances in FY20, since it is more popular than credit cards and CFSL is also facing stiff competition from banks in credit card business.

Stable return from the various products portfolio

IRR remained almost at the same level during FY18-20, because of the company's ability to borrow at cheaper rates due to adequate liquidity. Majority of the company's lending are in fixed rates and around a satisfactory level of the borrowings are in fixed rate. The product-wise average IRR of assets financed: -

Asset Type	FY18	FY19	FY20
CFA	7.0	6.50 -7.25	6.50 -7.25
Finance Lease	2.75-3.25	2.25-3.15	2.00-3.00
Loan & Advances	9.0	8.50-9.00	8.50-9.00
Credit card	19.5	19.5	19.5
Factoring	4	4.0	4.0

Stable Profitability

In FY20, CFSL's interest income has increased by 19% over to FY19. Total income of the company has recorded and increasing trend in FY20 by booking a growth of 14% over FY19 due to higher interest income. Total PAT (before provision) increased by 33.56% in FY20 vis-à-vis 24.92% in FY19. In FY20, CFSL made a provision of MUR 653 million to mitigate the possible delay/default in repayment by its clients due to the impact of COVID19, which led to lower PAT and profitability in FY20 over FY19.

The collection efficiency in FY20 was 90- 94%. Overall gearing and interest coverage were also satisfactory. CAR as on Sep 20 was at 28.45% was well above the Regulatory requirement of 10%. NIM was hovering in the range of 12-14% during last 2 years. Return on Total Asset, though declined due to higher provision for NPA in FY20 (MUR 653 million) was at 1.37% in FY20 (3.03% in FY19).

Industry Risk: **Leasing Companies**

Leasing facilities are provided by 9 entities in Mauritius. Banks and Non-Bank Deposit-Taking Institutions (NBDTIs) are licensed by the Bank of Mauritius. 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, NDTIs offer both finance and operating leases. Leasing and credit finance are often the primary source of finance available to Small & Medium Enterprises (SMEs). The latter are usually too large for traditional microfinance and too~ small for commercial bank lending. Leasing companies are subject to less stringent regulations than banks – & this allows them to leverage more resources (higher debt/equity ratios), to be exempted from credit allocation requirements and to use of market rates of interest.

Nearly all the NBDTIs are the leasing companies. Moreover, there are many companies in the insurance & banking industry that are trying to give leasing facilities along with all other facilities which these companies already have. With promulgation on the Banking Act 2004, the NBDTIs are now subject to the same prudential regulations as banks & the NBDTIs must 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'. All these guidelines & requirements act as a barrier to entry in the NBDT sector.

As at end-June 2020, total leasing facilities granted to the household and business sectors stood at Mur 20.8 billion compared to Mur 20.2 billion as at September 2019. The automobiles segment accounted for 87% of total outstanding leasing facilities (84.2% as at September 2019). As at end-June 2020, an amount of Mur 18.1 Billion (Mur 17.2 billion as at Sept 30, 2019) was extended towards the purchase of automobiles, while the number of leases summed to 36,555 (35,567 in FY19). As at end-June 2020, motor vehicle leases granted to the business sector and household sector amounted to Mur 9.9 billion and Mur 8.2 billion, respectively. Leasing facilities granted to "other" sector represented facilities offered for buildings, office equipment, machinery and other assets and stood at Mur 2.7 billion as at June 2020 (Mur 3 billion as at September 2019), representing 13.0 per cent of total leasing facilities.

Prospects

CFSL's prospects largely depends on the fortunes of retail industry (electronic goods/ furniture's & fixtures), automotive and construction sectors, the demand drivers of major products financed by the company. The growth of both the aforesaid sectors has close linkages with the economic growth of the country. The contraction in GDP growth of Mauritius in CY20 and the vulnerability of GDP growth in CY21, due to prolonged impact of the lockdown in various businesses, may transmit into job losses, which is expected to have an impact on the collection efficiency of CFSL. The ability to improve its ROTA along with maintaining CAR at similar levels are key rating sensitivities. CRAF will continuously monitor the collection efficiency of CFSL over next few months and any significant dip in collection efficiency or liquidity may trigger a rating downgrade.

Financial Performance ***(MUR Million)***

For the year ended/As on	30/09/2018	30/09/2019	30/09/2020
	12M – Audited		
Interest income	1,189	1,443	1,715
Fees & Commission Income	539	541	569
Total Income	1,801	2,198	2,513
Operating expenses (excl. provisions)	803	1,002	987
Provision for NPA	214	181	653
Interest	381	388	431
PBT	346	453	268
PAT	352	383	191
Gross cash accruals	335	513	380
Loan AUM	11,079	13,148	14,606
Total Assets under Management (AUM)	17,233	14,723	15,799
Total capital employed	15,721	13,278	14,311
Total Debt	5,950	9,095	9,837
Tangible Net worth	6,367	4,087	4,090
Cash & Deposits	1,552	952	971
Ratios			
PAT (before provisioning)/Total Income	27.09	24.92	33.56
PAT (after provisioning)/Total Income	15.18	17.41	7.59
NIM (%)	11.82	13.17	13.35
Interest Income/ Int. earning assets (%)	12.21	12.55	13.21
Interest spread (%)	7.54	8.32	8.66
RONW (%)	5.46	7.32	4.67
ROCE (%)	4.91	5.99	4.96
Cost of Capital (%)	5.69	3.76	3.92
Net Spread	-0.78	2.24	1.05
Return on total assets (ROTA) (%)	2.67	3.03	1.37
Overall gearing	1.45	2.23	2.41
Interest Coverage (after prov.)	2.06	2.62	2.03

Adjustments

1. Tangible net worth is calculated by netting off intangible assets from total equity.
2. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long and short-term debt)/Tangible Networth.
4. Total Assets and Total AUM is calculated after deducting Deferred Tax & Intangible Assets from Total Assets

Financial Performance in Q1FY21

(MUR Million)

Particulars	Q1FY21	Q1FY20	FY20 (Audited)
Interest income	452	408	1,715
Fees & Commission Income	129	149	569
Total Income	627	613	2,513
Provision for NPA	114	86	653
Operating profit	115	115	253
Net Interest Income	253	266	1,283
PBT	111	112	268
PAT	83	91	191
Total debt	9,736	9,463	9,837
Tangible net worth	4,188	4,065	4,090
PAT/ Total income	13.24%	14.85%	7.60%
Operating profit/ Total Income	18%	19%	10%
RONW	2%	2%	5%
CAR (%)	27.18%	-	28.45%

Annexure I
Details of Instrument

1. Details of Bond Issue
Long Term Bond

Instrument	Amount (MUR Million)	Repayment (MUR Million)
Bond I	2,000	• Up to 3 years from disbursement – Mur 1,000 Million • 5 years from disbursement – Mur 1,000 Million
Bond II	2,089	• 3 years from disbursement – Mur 750 Million • 5 years from disbursement – Mur 1,059 Million • 10 years from disbursement – Mur 280 Million
Bond III	3,500	• 2 years from the date of disbursement (i.e., March 2019) – Mur 1,000 Million • 2 years from the date of disbursement (i.e., April 2019) – Mur 1,500 Million • 4 years from the date of disbursement (i.e., June 2019) – Mur 1,000 Million

Short Term Bond

Instrument	Amount (MUR Million)	Repayment (MUR Million)
Short Term Bond	911	• 1 years from disbursement – Mur 911 Million

2. Details of Bank Facilities
Long-term facilities

Secured term loans

Name of Bank	Amount (MUR million)
Absa Bank (Mauritius) Limited	75
Bank One	149
Mau Bank	55
SBI (Mauritius) Ltd.	224
SBM Bank (Mauritius) Ltd	600
Total	**1,103**

Long-term/Short term bank facilities

(Overdraft, Money Market Lines and Short- Term Loan)

Name of Bank	Amount (MUR million)
AfrAsia Bank Ltd	225
Bank of Baroda	260
Absa Bank (Mauritius) Limited	1,585
Bank One Limited	220
SBI (Mauritius) Ltd.	10
SBM Bank (Mauritius) Ltd	550
Unallocated	780
Total	**3,630**

3.Details of Short-Term Loan

Name of Bank	Amount (MUR million)
AfrAsia Bank Ltd	425
SBM Bank (Mauritius) Ltd	500
Unallocated	75
Total	**1,000**

Annexure II

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.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.