Swan Bonds Ltd
17 March 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1] #	Rating Action
Secured Credit-Linked Bonds (CLBs)	**650**	**CARE MAU AA (SO); Credit Watch with Developing Implications [Double A (Structured Obligation); Credit Watch with Developing Implications]**	Rating placed under Credit Watch with Developing Implications

#The rating is based on the credit enhancement (CE) structure of the CLBs backed by an unconditional & irrevocable buy back arrangement between Swan Bonds Ltd ("SBL") and Swan Life Ltd ["SLL" – rated CARE MAU AA+ (Is); Stable] in form of put option. SBL and SLL have entered into a buyback agreement where SLL will have an unconditional and irrevocable legal obligation to buy back the underlying assets from SBL prior to maturity of the Credit Linked Bonds (CLBs), providing liquidity to SBL to give exit to the bondholders. Additionally, the structure is also strengthened by the CE in the form of MUR 50 million as cash or cash equivalent which shall be pledged in favour of bondholders to meet interest payments on the CLBs in case there is a shortfall in interest receivable from the underlying securities. While arriving at the rating, CRAF has relied on the legal opinion confirming that as per the agreement SBL has the option to sell any option debentures to SLL prior to maturity date of the CLBs while SLL has an obligation to purchase such option debentures from SBL. CRAF understands that even in the event of default in the underlying portfolio, SLL is under the obligation to buy back the bonds from SBL at the end of the maturity of CLBs.

CARE Ratings (Africa) Private Limited places the rating of the Credit-Linked Bonds (CLBs) issued by Swan Bonds Ltd under Credit Watch with Developing Implications.

CARE Ratings (Africa) Private Limited ("CRAF") has taken cognizance of the delay in the publishing of financial statements by Swan Life Ltd for the financial year ending 31 December 2023 and for quarters Q1, Q2 and Q3 for the financial year ending 31 December 2024, resulting from challenges being faced due to the first-time application of IFRS 17. In the same line, the Financial Services Commission ("FSC") has provided regulatory relief for a further extension of time limit for filing of annual returns.

In the light of the above, CRAF has placed the rating of Swan Life Ltd under Credit Watch with Developing Implications. Considering the linked rating of the CLNs of Swan Bonds Ltd to Swan Life Ltd, CRAF places the rating of the Credit-Linked Bonds issued by Swan Bonds Ltd also under Credit Watch with Developing Implications. CRAF will continue to monitor the developments in this regard and will take a view on the rating once the financial statements of Swan Life Ltd are published.

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

CARE Ratings (Africa) Private Limited

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Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated facilities and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating. CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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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 the 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.

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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 best international 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.