CIM Financial Services Ltd

24 July 2025

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Long-Term Bond I	**2,500**	**CARE MAU AA+; Stable**	Reaffirmed
Long-Term Bond II	**1,339**	**CARE MAU AA+; Stable**	Reaffirmed
Long-Term Bond III	**2,590**	**CARE MAU AA+; Stable**	Reaffirmed
Green Bond Issue IV	**2,000**	**CARE MAU AA+; Stable**	Reaffirmed
Long-Term Bond V	**3,000**	**CARE MAU AA+; Stable**	Reaffirmed
Long-Term Bond VI	**1,000**	**CARE MAU AA+; Stable**	Reaffirmed
Bank Facilities- LT	**MUR 230 million (USD 5 Million) * (Reduced from MUR 287.5 million (USD 6.25 million))**	**CARE MAU AA+; Stable**	Reaffirmed
Bank Facilities –LT/ST	**12,565 (Enhanced from 9,565)**	**CARE MAU AA+; Stable/ CARE MAU A1+**	Enhanced

**Exchange rate: 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 strong growth in disbursements and loan asset book, stable financial position and sustained improvement in asset quality.

The ratings also consider that CFSL has a resourceful promoter with a long and established track record, a dominant market position in the consumer financing sector with a large and distributed network, a robust collection efficiency mechanism ensuring timely and regular cash inflows, a strong Capital Adequacy Ratio (CAR) providing a cushion to absorb any shocks in credit risk, a healthy liquidity position, and a comfortable gearing level. The rating also factors in the improving Gross Non-Performing Asset (GNPA) levels, healthy profitability and sustained growth in asset disbursement during the first six months of the FY25 (01 October 2024 to 31 March 2025).

The ratings are however constrained by moderate asset quality with high gross NPA level despite the improvement, concentration of portfolio in hire purchase and unsecured loans segments, risk associated with volatility in interest rates, regulatory risk and change in fiscal regime. Brooding geopolitical and trade tension may also have a dampening effect on the overall economy in turn affecting demand for consumer finance.

Rating Sensitivities:

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

- Sustained improvement in the quality of the loan assets leading to a GNPA below 5% and NNPA below 1%.
- Consistent growth in disbursement and assets under management
- Further diversification of the income profile and expansion into less risky segments of financing

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

- Significant deterioration in asset quality resulting to a GNPA above 10%.
- Decline in CAR below 20%
- Weakening of profitability and collection efficiency

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

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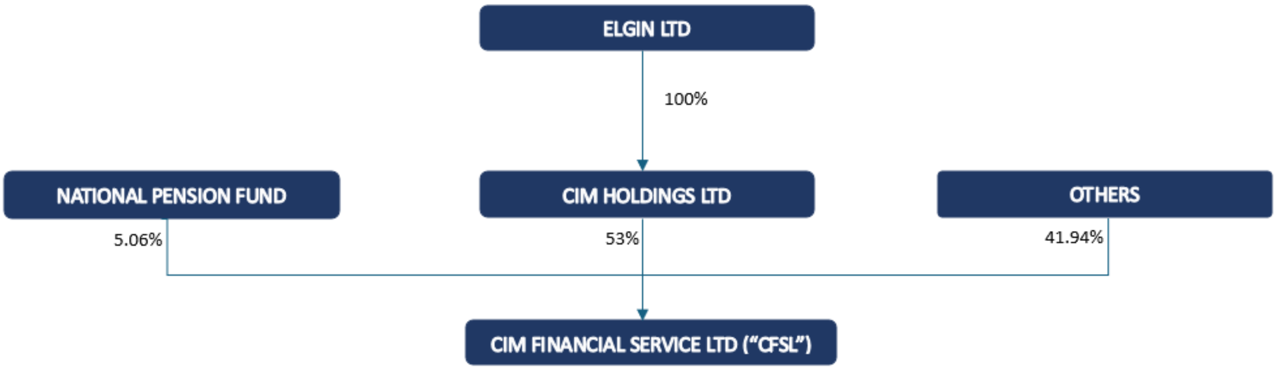
BACKGROUND

CIM Financial Services Ltd ("CFSL") was incorporated in July 2005 to manage the finance, global business, and property operations of the CIM Group. However, the financial services activities that eventually became part of CFSL trace back to 1987, when the Taylor family ("Elgin Ltd") and the Rogers group began offering a range of financial services in Mauritius. As of the 30 September 2024, Elgin Ltd, which is ultimately owned by the Taylor family, is the majority shareholder, followed by the National Pension Fund with a stake of 5.06% and the remaining shares are held by the public.



In July 2023, CFSL acquired 75% stake in Loinette Capital Limited (CARE MAU AA+ (SO); Stable) which holds a GBL license in Mauritius and provides asset backed financing to SME and equipment dealers in East, Central and West Sub-Saharan Africa. For the detailed rating rationale of Loinette Capital Limited, please visit CRAF's website**:** Rating Rationale - Loinette Capital Limited.

Main Lines of Business:

- **Loan & Advances**- Started in 2013, CFSL offers unsecured personal loan to its customers for a tenure between 48 to 72 months.
- **Credit Facility Agreement**- Started in 1987, CFSL controls 80% of the market share in Mauritius with a network of 100 retail point and 700 authorised merchants.
- **Leasing activities**- CFSL introduced this cluster to the Mauritian market in 1996, offering automobile and equipment leasing to both private and corporate clients. In 2021, the company launched a new leasing facility for hybrid and electric vehicles at more attractive rates under the Green Lease Scheme.
- **Credit Card**- The company launched the first local credit card in Mauritius in 2001 and has since then evolved into issuing MasterCard, Visa and China UnionPay International (UPI) cards.
- **Factoring**- Since 2004, CFSL offers working capital by providing factoring solution to SMEs and corporate which are covered by credit insurance from CGI (Credit Guarantee Insurance).

Summary of financial performance for CIM Financial Services Ltd

Supported by a 20.30% expansion in its loan assets coupled with the elevated interest rate environment, CFSL registered an 19.97% increase in interest income in FY24, while non-interest income increased by 12.34% over the year. Receding concern over elevated inflation and contractionary monetary policies for longer, provided a more positive economic environment and outlook for both businesses and employment which rhymed with a decline in impairment (i.e., -17.61%) for a second consecutive year for the group. All these factors combined contributed to CFSL being able to breach the MUR 1 billion mark for the FY24, with a PAT of MUR 1,107 million (MUR 961 million in FY23) which represents an increase of 15.19% compared to the previous year. For a second year in a row, the RONW remains above the 17% with a 12.69% expansion in the Net Worth for FY24.

Performance during H1FY25

The strong performance of CFSL in FY24 was sustained during H1FY25 with the Company recording a 20.4% increase in interest income while total income was up by 20.8% relative to the same period during FY24. Total income for the first half of FY25 stood at MUR 2,385 million, compared to MUR 1,974 million for the same period in the preceding year. PAT for H1FY25 was MUR 575 million compared to MUR 477 million for H1FY24 which represents a growth of 20.5%. In parallel, total assets under management have grown by 19.5% as of 31 March 2025, amounting to approximately MUR 24,745 million compared to MUR 20,714 million as of 31 March 2024.

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.