CM Structured Products (1) Limited

10 November 2026

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Secured Credit-Linked Floating Rate Notes	**1,800**	**CARE MAU A (SO)*; Stable**	Reaffirmed

The Structured Obligation (SO) is on account of the legal structure of the credit linked notes linking to the underlying bonds [ER Group Limited (rated CARE MAU A+; Stable) and ER Property Limited (rated CARE MAU A; Stable), the credit enhancement in the form of Class A shares by MCB Capital Markets Ltd, the liquidity shortfall and underwriting provided by MCB Securities Ltd.

Rationale and key rating drivers

Rating Rationale

The reaffirmation of the rating assigned to the Secured Credit-Linked Floating Rate Notes (CLNs) issued by CM Structured Products (1) Ltd (CMSP 1) reflects the credit quality of the underlying reference portfolio, the structural protections embedded within the transaction, the first-loss credit enhancement provided by MCB Capital Markets Ltd (MCBCM), and the liquidity support mechanism provided through MCB Securities Ltd (MCBSL). The rating also considers the bankruptcy-remote nature of the structure of the transaction.

CMSP 1 is a special purpose vehicle established solely for issuing CLNs and investing the proceeds into bonds issued by ER Group entities, namely ER Group Limited and ER Property Limited. As such, repayment of interest and principal on the CLNs is dependent primarily on the timely payment performance of the underlying reference entities. Consequently, the rating remains strongly linked to the creditworthiness of the reference portfolio.

The rating of CMSP (1) is constrained by the inherent risk associated with potential put options of the CLNs by the noteholders. Historical investor behaviour has been favourable, with limited exercise of put options to date. However, CRAF's liquidity assessment primarily relies on the underwriting commitment provided by MCBSL, which will cover any put options exercised during a put window, rather than assumptions regarding future investor behaviour. Further comfort is derived from the robust liquidity position of MCB Capital Markets Ltd, the parent company of MCBSL, which maintains substantial cash reserves of around MUR 500 million.

Rating Sensitivities

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

- An upgrade of ER Property Limited (the weakest reference obligor), or of ER Group Limited alongside a portfolio weighting that makes ER Group the binding exposure.
- A strengthening of structural protection, through a higher first-loss enhancement level or a stronger, contractually firmer liquidity support arrangement.

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

- A downgrade of ER Property or ER Group Limited, or a credit event affecting either reference obligor.
- A weakening, withdrawal or reduced effectiveness of the Class A share first-loss enhancement or the MCBSL underwriting support.
- Structural changes that materially increase investor exposure to credit or liquidity risks.

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

BACKGROUND

CM Structured Products (1) Ltd (CMSP (1)) is a wholly owned subsidiary of MCB Capital Markets Ltd (MCBCM), which in turn is a 100% subsidiary of MCB Group Limited (rated CARE MAU AAA; Stable). MCB Group Limited ("MCBG") is also the parent company of The Mauritius Commercial Bank Limited ("MCB Ltd"), the largest commercial bank in Mauritius, rated CARE MAU AAA (IS); Stable.

Credit Linked Note Structure:

CMSP (1) was incorporated as a Special Purpose Vehicle ("SPV") to issue Secured Credit-Linked Floating Rate Notes (CLNs) to investors. The structure was established to provide retail investors with indirect, short-term exposure to ER Group Limited, which is otherwise not readily accessible to this segment. CMSP (1) thus enables investors to participate in ER-Linked returns within a secured and regulated framework within the MCB Capital Markets ecosystem. The CLNs benefit from additional comfort from the credit enhancement provided by MCBCM which amounts to 7.5% (first loss guarantee) of the total CLNs issued. Management and underwriting services are provided by the subsidiaries of MCB Capital Markets Ltd.

CMSP (1) raised MUR 1,300 million in October 2023 and MUR 500 million in November 2024 by issuing Secured Credit-Linked Floating Rate Notes (CLNs) and utilised the proceeds to subscribe to the bond issues of the ER Group Entities (reference entities), comprising ER Group Limited (rated CARE MAU A+; Stable) and ER Property Limited (rated CARE MAU A; Stable). As per the circular notice dated July 20, 2026, CMSP (1) will issue an additional MUR 50 million to MUR 200 million of notes, which will be used to add the equivalent amount of notes of ER Group to the portfolio. The ratings of the reference entities were reaffirmed by CRAF in June 2026.

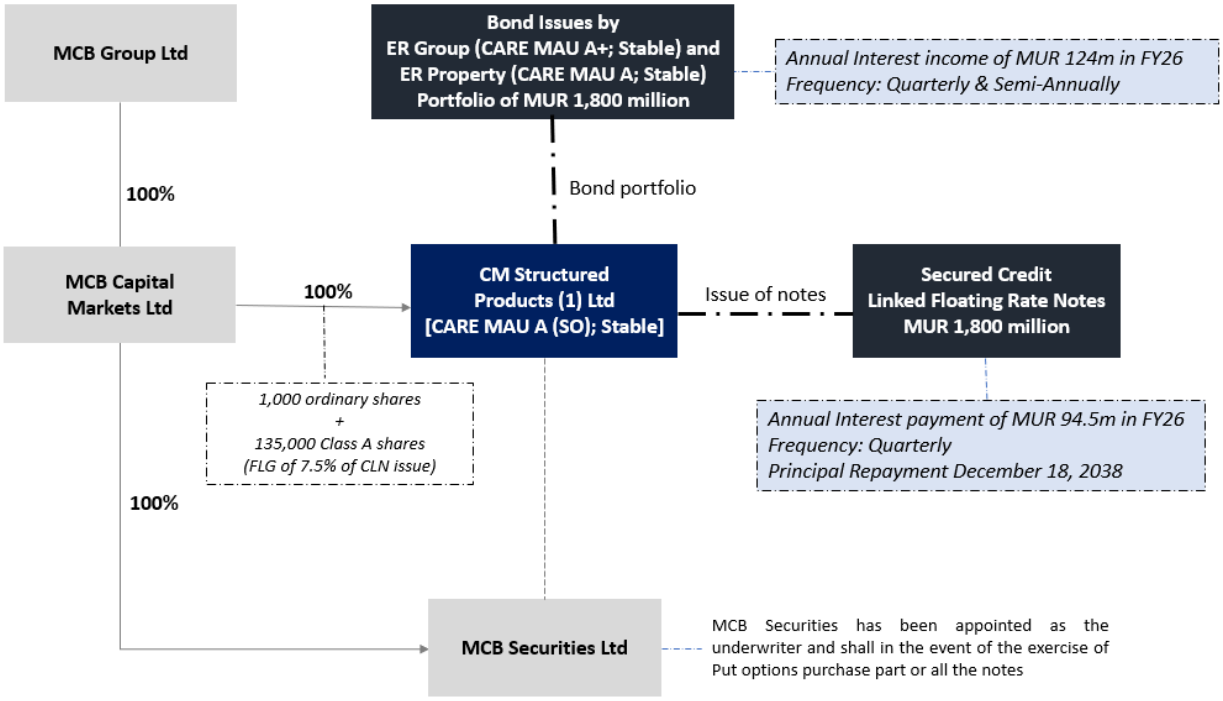
The rating of the CLNs is highly correlated to the underlying performance of the reference entities, ER Group Limited and ER Property Limited, given that the interest and principal payments of the notes will be made from cash flows received from the bond issues by the reference entities in which CMSP (1) invested.

CMSP (1) has issued Credit Linked Notes for a period of 15 years. However, as per the terms of the Notes, noteholders can exit their investment prior to the maturity date by selling part or the whole of their holdings in the following ways:

- through the Stock Exchange of Mauritius (SEM);
- through the Market Maker (MCBSL) on the interest payment date; or
- by exercising their puts on the interest reset date.

Over the abovementioned three ways, the Issuer can also redeem the notes by exercising its call option at any time. CMSP (1) will issue a Circular Notice to all noteholders, informing them about revised interest rates and interest period. Such notice shall be issued either prior to the interest reset date or at the discretion of CMSP (1). Except in the case of a Credit Event or an Event of Default, each Noteholder shall have the right, upon receipt of the Circular Notice, to request the Issuer to redeem, purchase or arrange for the purchase of the whole or part of its Notes. CMSP (1) also benefits from the static nature of its underlying portfolio, with the issuer is not permitted to substitute, add, or otherwise modify portfolio exposures without the consent of the noteholders. Consequently, investors have full visibility over the underlying assets from inception and are not exposed to reinvestment risk or portfolio migration risk typically associated with blind-pool structures. The portfolio is comprised solely of exposures to entities within the ER Group, with the credit risk of the notes closely linked to the performance and creditworthiness of the identified group entities, providing greater transparency and predictability of the underlying collateral composition over the life of the transaction.

The broad structure of the CLNs of MUR 1,800 million is as per below:



Composition of the bond portfolio of CMSP (1)

Terms of the Bonds issued by ER Group Limited

Particulars of the bonds as on July 31, 2026			
Instruments	FLN-062023-MUR-15Y	FLN-082022-MUR-8Y	FLN-122038-MUR-15Y
Amount	MUR 500 million	MUR 300 million	MUR 500 million
Weight in reference portfolio	27.8%	16.6%	27.8%
Maturity Date	Jun 2038	Aug 2030	December 2038

Terms of the Bonds issued by ER Property Limited

Particulars of the bonds as on July 31, 2026		
Instruments	FLN-01-MUR 14Y	FLN-01-MUR 15Y
Amount	MUR 250 million	MUR 250 million
Weight in reference portfolio	13.9%	13.9%
Maturity Date	27-Oct-37	27-Oct-38

*Key rate at 4.75% as on August 07, 2026

On October 27, 2026, CMSP (1) will add between MUR 50 million and MUR 200 million ER Group bonds to its portfolio, as communicated in the circular notice dated July 20, 2026.

Annexure I

Rating Symbol
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.
A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

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.

Disclaimer

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Contact us

Contact
Name : Mr. Saurav Chatterjee
Title : Chief Executive Officer
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical contact
Name : Mr. Vidhyasagar Lingesan
Title : Chief Rating Officer
Phone : +230 5273 1406
E-mail : vidhya.sagar@careratingsafrica.com

Name : Mr. Naveen Kumar D.
Title : Rating Head
Phone : +230 5511 0811
E-mail : Naveen.Kumar@careratingsafrica.com

Name : Mr Shaneel Bissonauth
Title : Group Head
Phone : +230 5759 5134
E-mail : shaneel.bissonauth@careratingsafrica.com

Name : Mr Adarsh Bahadoor
Title : Rating Analyst
Phone : +230 5974 1199
E-mail : adarsh.bahadoor@careratingsafrica.com

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.