

## CareEdge Global assigns 'CareEdge BBB+/Stable' to Export-Import Bank of India

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**Long-Term Foreign Currency Issuer Rating**

**CareEdge BBB+/Stable**

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CareEdge Global has assigned a Long-Term Foreign Currency Issuer Rating of '**CareEdge BBB+/Stable**' to Export-Import Bank of India (Exim Bank).

### Rating Rationale

The rating of Exim Bank (the 'Bank') reflects CareEdge Global's expectation of strong support from the Government of India (GoI; rated CareEdge BBB+/ Stable 'Unsolicited'), considering its strong linkages with the entity. GoI, besides having 100% ownership, also nominates five members to Exim Bank's board directly. Exim Bank operates as an extension of the government. It plays a strategically important role in executing the policy mandate of the Indian government to promote and finance India's international trade and economic diplomacy. The bank, as an All-India Financial Institution (AIFI<sup>1</sup>), is critical in enhancing the competitiveness of India's export sector, which is one of the key focus areas of the government.

GoI's strong support for Exim Bank is reflected in the form of equity infusion (total Rs 160 billion over the years) and total loss absorption on policy portfolio, besides control over operations through board presence. CareEdge Global believes that the likelihood of extraordinary support for Exim Bank is high from the GoI, resulting in the equation of Exim Bank's rating with that of the GoI. The credit profile of Exim Bank also benefits from its experienced board, resource-raising ability and healthy capitalization.

These strengths are partly offset by moderate asset quality, a relatively small loan book and rising exposure to high-risk countries.

### Outlook:

The stable outlook on Exim Bank, in line with the sovereign of India, reflects CareEdge Global's expectation of continued support from and integration with the GoI. The rating and outlook on Exim Bank will move in tandem with the country's sovereign rating.

### Rating Sensitivities

#### Upward factors:

- Any upward revision in the sovereign rating or outlook of India by CareEdge Global

#### Downward factors:

- Any downward revision in the sovereign rating or outlook of India by CareEdge Global

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1. All India Financial Institutions (AIFIs) are specialised financial institutions in India under sovereign ownership and provide long-term financing to specific sectors of the economy. There are total five AIFIs (viz. EXIM, NABARD, SIDBI, NHB and NaBFID) functioning as either all-India development bank, specialised financial institution, investment institution or a refinance institution

- Material dilution in support philosophy of GoI or a significant decrease in the government shareholding below the majority mark

### **Analytical Approach**

CareEdge Global has equated Exim Bank's rating with that of GoI, using its criteria for rating Government Related Entities (GRE). Under the criteria, CareEdge Global believes that there is a very high likelihood of extraordinary support to Exim Bank from the GoI, given high strategic linkages and financial integration.

### **Key Rating Drivers**

#### **Strengths**

#### **Strategic importance and strong support from the government**

Exim Bank was incorporated through the EXIM Act of 1981. It operates as an extended arm of the GoI and facilitates international trade. The government holds a 100% stake in the bank and is not expected to dilute it in the foreseeable future. Along with that, the government is actively involved in the governance and operations of the Bank through the nomination (direct as well as indirect) of 11 out of 14 directors from various government agencies.

Exim Bank has also been receiving significant financial and strategic support through the timely infusion of funds, such as post-pandemic infusion of equity of Rs 13 billion and Rs 7.5 billion in FY21 and FY22, respectively. Due to its close linkage with the government, Exim Bank has demonstrated borrowing funds at rates that are at par with those of the sovereign. Apart from the support in terms of capital and control, the GoI also provides complete funding of losses and concessions in the policy-based portfolio, wherein the bank funds various projects/entities and other sovereigns as part of India's economic diplomacy.

#### **Strong resource-raising ability**

Exim Bank's borrowings have grown steadily through the years at competitive rates. With the scale of operations and its importance to the government, the bank has seamless access to the lending institutions and capital markets in India and overseas. The borrowings as of FY25 majorly constitute of long-term debt instruments such as NCDs, bonds and notes comprising ~62% of the total debt. Similarly, ~56% of its borrowings are in various foreign currencies that match the loan book's foreign currency exposure. The Bank's foreign currency borrowings are either naturally hedged or have been hedged to USD using a mix of both interest rate swaps or cross currency swaps, to match the loan book currency / interest. Despite post-COVID hikes in benchmark rates, the borrowing cost remained competitive due to its alignment with the government.

Additionally, the EXIM Act provides certain enabling features to the institution, such as access to guarantees from the GoI, raising overseas borrowings, and reimbursement of losses on the policy portfolio. These provisions are expected to allow the institution to remain competitive and grow its asset base in export financing.

### **Comfortable capitalisation and headroom for growth**

Capital adequacy remains comfortable for the company and is well above the regulatory requirements. The CAR stands at 25.29% in FY25 compared to 21.18% in FY24. The gearing is moderate at ~6.8x (remained in the 6-8x range over the past 5 years) and is expected to remain at similar levels in the near term. This is because of regular capital infusion by the GoI to fund AUM growth as well as losses (policy portfolio).

AUM reached Rs 1,857 billion as of March 2025 and had clocked a robust 12% compounded annual growth rate since March 2020. Healthy capitalisation would provide further headroom for growth in the loan book, given India's focus on exports and the Bank's strategy to expand its presence in nearby countries.

### **Weaknesses**

#### **Moderate, though improving, asset quality metrics; rising exposure to 'high risk' countries**

Between FY23 and FY25, Exim Bank's asset quality improved, as reflected in the reduction of GNPA from 4.09% to 1.71% during the period. High provision coverage and strategic recoveries helped bring NNPA to 0.14% by March 2025. Notably, the asset quality of policy-based loans is not taken into consideration for the calculation of NPA figures, as the GoI fully funds these assets.

As of March 2025, the Bank's total net exposure to country risk stood at Rs 1,221 billion, down from Rs 1,293 billion in March 2024. A notable shift was observed in the increase of "High" risk category exposure to Rs 275 billion in FY25 from Rs 231 billion in FY24. Whereas the exposure towards "Very-High" risk category decreased to Rs 178 billion in FY25 from Rs 236 billion in FY24. However, these exposures are linked to decisions based on the policy mandate from the government and thus any potential loss is expected to be funded by the GoI.

### **Liquidity**

Exim Bank has strong liquidity of Rs 230 billion as of March 2025, comprising cash and bank balances of Rs 70.6 billion and liquid investments of Rs 159.7 billion. While Rs 1,223 billion of liabilities will be maturing in FY26, it would be supported by available liquidity and healthy repayments.

While there is no Asset-Liability Management (ALM) mismatch as of date and in the near term (< 1 year), the institution remains exposed to potential ALM mismatch in longer term buckets (greater than 10 years), since the Policy Business of the Bank which comprises ~38% of the total assets are longer term in nature with original maturity more than 10 years. In contrast, its borrowings are spread over a wider tenor. The same is not a concern given the bank's ability to raise funds on short notice and at competitive rates.

### **Environmental, Social and Governance (ESG) considerations**

CareEdge Global notes that Exim Bank is aiming to support the government in achieving its ESG commitments. During the year, the bank launched the Sustainable Financing Programme, a strategic lending initiative aimed at supporting green, transitional, social, and sustainability-linked projects. This aligns with India's broader decarbonization and energy transition goals. A notable project under this initiative involved financing a 200 MW Round-The-Clock (RTC) renewable energy project for one of India's leading integrated zinc producers, which earned the prestigious Project Finance International (PFI) Award.

In line with its ESG commitments, the bank issued a 10-year Sustainability Bond of USD 1 bn in the 144A/Reg-S format on January 10, 2023, under its Environmental Social Governance (ESG) Framework. This issuance makes Exim Bank of India the first Indian issuer to open the markets for dollar and sustainability bond issuances in 2023. In addition, the Bank also issued various ESG complaint notes in the private placement format aggregating approx. USD 600 million, which includes the first Green Floating Rate Bond (USD 150 million). These issuances also attracted a first-time investor from Latin America—from one of the region's largest financial institutions—marking a milestone in India's sustainable finance landscape.

Over the next five years, Exim Bank aims to strengthen its leadership in project export financing, scale up sector-focused commercial lending, and integrate ESG standards into its credit due diligence process, with a targeted increase in green financing share.

### **About the Bank**

The Export-Import Bank of India (Exim Bank) was established in March 1982 under the Export-Import Bank of India Act (or EXIM Act), 1981, following years of policy discussions on the need for a specialised export finance institution. The Bank's mandate is to promote and facilitate India's international trade through specialised financial services as well as to execute government economic diplomacy as part of its policy mandate.

Exim Bank operates as a statutory corporation, with the Central Government holding full ownership and subscribing to a capital base of approximately Rs 160 billion as of FY2025. It is authorised to provide loans, guarantees, and engage in foreign currency transactions, support overseas joint ventures, and invest in foreign financial institutions. It also manages the Export Development Fund, which supports projects not viable through conventional banking channels.

The Bank's governance is overseen by a Board comprising senior government officials and representatives from institutions such as RBI, SBI, ECGC and IDBI. It adheres to strict audit and reporting standards, ensuring transparency and accountability. Legal provisions restrict its liquidation only by government direction, reinforcing its strategic importance. In FY2025, Exim Bank reported a strong financial performance, posting a net profit of Rs 32.4 billion.

## Rating History

Instrument	Type	Rating	Date
Issuer rating	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable (Assigned)	August 13, 2025

## Criteria Applied

[CareEdge Global's Government Related Entity Rating Methodology](#)

[CareEdge Global's Rating Methodology for Financial Institutions](#)

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