CareEdge Global assigns 'CareEdge BBB+/Stable' rating to the dollar bonds of Export-Import Bank of India

USD 1.5 billion External Commercial Borrowing	**CareEdge BBB+/Stable (Assigned)**
Long-Term Foreign Currency Issuer Rating	**CareEdge BBB+/Stable (Reaffirmed)**

CareEdge Global has assigned a Long-Term Foreign Currency Rating of '**CareEdge BBB+/Stable**' to Export-Import Bank of India's (Exim Bank) USD 1.5 billion External Commercial Borrowing (ECB) facility. CareEdge Global has also reaffirmed the issuer rating of Exim Bank at 'CareEdge BBB+/Stable'

Rating Rationale

The rating of Exim 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, in addition to holding 100% ownership, also directly nominates five members to Exim Bank's board. Exim Bank operates as an extension of the government. It plays a strategic role in executing the Indian government's policy mandate to promote and finance India's international trade and economic diplomacy. The bank, as an All-India Financial Institution (AIFI[1]), 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 equity infusion (totalling Rs 160 billion over the years) and full loss absorption on the policy portfolio, as well as control over operations through board representation. CareEdge Global believes the likelihood of extraordinary support for Exim Bank from the GoI is high, resulting in Exim Bank's rating being equated 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.

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

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
- Material dilution in support of the 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 the GoI's rating, using its criteria for rating Government-Related Entities (GRE). Based on the criteria, CareEdge Global believes there is a very high likelihood of extraordinary support from the GoI for Exim Bank, given the strong 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. Additionally, the government is actively involved in the Bank's governance and operations through the nomination (direct and indirect) of 11 of 14 directors from various government agencies.

Exim Bank has also received significant financial and strategic support through timely infusions of funds, including post-pandemic equity injections of Rs 13 billion and Rs 7.5 billion in FY21 and FY22, respectively. Given its close linkage to the government, Exim Bank has secured borrowing at rates on par with the sovereign. In addition to support in terms of capital and control, the GoI also provides full funding for 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. Given the scale of its operations and its importance to the government, the bank has seamless access to lending institutions and capital markets in India and overseas. The borrowings as of H1FY26 primarily consist of long-term debt instruments, such as NCDs, bonds, and notes, accounting for ~61% of total debt. Similarly, ~56% of its borrowings are denominated in various foreign currencies that match the loan book’s foreign-currency exposure. The Bank’s foreign currency borrowings are either naturally hedged or hedged to USD using a mix of interest rate and cross-currency swaps to match the loan book's currency/interest. Despite post-COVID hikes in benchmark rates, borrowing costs remained competitive due to the government's alignment.

Additionally, the EXIM Act provides the institution with certain enabling features, such as access to GoI guarantees, the ability to raise overseas borrowings, and reimbursement of losses on the policy portfolio. These provisions are expected to enable the institution to remain competitive and expand its export-financing asset base.

Comfortable capitalisation and headroom for growth

Capital adequacy remains comfortable for the company and is well above the regulatory requirements. The capital adequacy ratio (CAR) stood at 28.9% as of September 30, 2025, compared with 25.3% as of March 31, 2025. The gearing is moderate at ~6.5x (it has 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 1,827 billion as of September 30, 2025, and has grown at a robust 12% compound annual growth rate since March 31, 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 H1FY26, Exim Bank’s asset quality improved, as reflected in the reduction of GNPA from 4.09% to 1.43% during this period. High provision coverage and strategic recoveries helped bring NNPA to 0.01% as of September 30, 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 “High” risk category, with exposure increasing to Rs 275 billion in FY25 from Rs 231 billion in FY24. At the same time, the exposure towards the “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 government policy mandates, and any potential losses are expected to be funded by the GoI.

Liquidity

Exim Bank has strong liquidity of Rs 244 billion as on September 30, 2025, comprising cash and bank balances of Rs 62 billion and liquid investments of Rs 182 billion. While Rs 541 billion in liabilities will mature next year, it will be supported by available liquidity and healthy repayments.

There are minor Asset-Liability management (ALM) mismatches as of September 30, 2025, in the medium term (<3 years), and the institution will remain exposed to potential ALM mismatches in certain buckets, as a large part of its loan book is of short tenor. In contrast, its borrowings are spread over a wider tenor. This is not a concern, given the bank's ability to raise funds on short notice 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 to support green, transitional, social, and sustainability-linked projects. This aligns with India's broader decarbonization and energy transition goals. A notable project under this initiative was the financing of 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 USD 1 bn Sustainability Bond 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 issued various ESG complaint notes in private placement format, aggregating approximately. 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, 1981 (EXIM Act), 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, and 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 liquidation to government direction, reinforcing its strategic importance. In FY2025, Exim Bank reported a strong financial performance, posting a net profit of Rs 32.4 billion.

Recent updates and financial summary

The company posted a net profit of Rs 23 billion for the first half of this fiscal year, up from Rs 11 billion in the same period of the previous fiscal year, representing ~100% growth. As of September 30, 2025, its AUM decreased to Rs 1,668 billion, marginally down from Rs 1,857 billion as of March 31, 2025. It reported GNPA and NNPA of 1.4% and 0%, respectively, as of September 30, 2025 (FY25: 1.71% and 0.0%, respectively). Exim Bank maintained a healthy CAR of 28.9% as of September 30, 2025, against the regulatory requirement of 15%.

Particulars	March 31, 2023	March 31, 2024	March 31, 2025
AUM (Rs Billion)	1,345	1,576	1,857
Net Interest Margin (%)	2.4	2.1	1.9
Cost to Income (%)	10.1	10.1	12.9
Gross Stage 3 assets (%)	4.1	1.9	1.7
Return on Assets (%)	1.1	1.4	1.6
CAR (%)	25.4	21.2	25.3

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Issue Size	Rating
External Commercial Borrowing Bonds	USY2387VAB90 (Reg S) US30218VAB27 (Rule 144A)	January 12, 2026	5.00%	January 12, 2036	USD 500 million	CareEdge BBB+/Stable

External Commercial Borrowing Bonds	USY2387VAC73 (Reg S) US30218VAC00 (Rule 144A)	January 12, 2026	5.75%	January 12, 2056	USD 500 million	CareEdge BBB+/Stable
External Commercial Borrowing Bonds (proposed)	-	-	-	-	USD 500 million	CareEdge BBB+/Stable

Solicitation Status

These ratings are solicited. Management has provided information and held meetings with the CareEdge Global analytical team for the rating.

Rating History

Instrument	Type	Rating	Date
External Commercial Borrowings	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/ Stable	January 05, 2026
Issuer rating	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/ Stable	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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