Export-Import Bank of India's rating reaffirmed at 'CareEdge BBB+/Stable'

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

CareEdge Global Ratings has reaffirmed Export-Import Bank of India's (Exim Bank) long-term foreign currency issuer rating at **'CareEdge BBB+/Stable'**. It has also reaffirmed the same rating on Exim Bank's USD 1.5 billion debt instruments.

Rating rationale

The rating reflects the bank's strong linkages with the sovereign. The Government of India (GoI; rated CareEdge BBB+/ Stable 'Unsolicited') holds 100% ownership in Exim Bank and directly nominates five members to its board, reflecting significant control and oversight operational influence through board representation. The GoI's strong support is demonstrated through periodic equity infusions, aggregating Rs 160 billion over the years and full loss absorption on the policy portfolio. Exim Bank functions as an extension of the GoI and plays a strategic role in implementing the government's policy mandate of promoting and financing India's international trade and economic diplomacy. The bank, as an All-India Financial Institution (AIFI[1]), plays a vital role in strengthening the competitiveness of India's export sector, which is the government's key focus area.

CareEdge Global believes that the likelihood of strong extraordinary sovereign support to Exim Bank from the GoI remains high, resulting in the bank's rating being equated with that of the sovereign.

Exim Bank's credit profile is further supported by its experienced board, established resource-raising ability, and healthy capitalisation levels. These strengths are partly offset by the bank's historically moderate asset quality; while it has improved significantly, the sustainability of this trend remains monitorable.

Outlook

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

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

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 GoI's philosophy, or a significant decrease in the government's 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, we believe there is strong 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

Established under the Export-Import Bank of India (EXIM) Act, 1981, Exim Bank operates as the GoI's extended arm, with a mandate to facilitate and promote India's international trade. The GoI holds a 100% stake in the bank, which is not expected to be diluted in the foreseeable future. The government also exercises significant influence over the bank's governance and operations, with 11 of the 14 directors nominated directly or indirectly from various government agencies.

Exim Bank has received significant financial and strategic support from the GoI through timely capital infusions, including post-pandemic equity injections of Rs 13 billion and Rs 7.5 billion in FY21 and FY22, respectively. Its close sovereign linkage has enabled the bank to raise borrowing at rates largely comparable with the sovereign. In addition to capital support and governance oversight, the GoI 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 over the years, supported by its strong sovereign linkages and access to diversified funding sources at competitive rates. Given the scale of its operations and strategic importance to the government, the bank enjoys seamless access to lending institutions and capital markets, both domestically and internationally.

As of March 2026, Exim Bank's borrowings primarily comprise long-term debt instruments such as NCDs, bonds and notes, which account for around 60% of total debt. Further, approximately 57% of its borrowings are denominated in foreign currencies, broadly aligned with the foreign currency exposure of its loan book. The bank's foreign currency borrowings are naturally hedged or hedged to USD using a mix of interest rate and cross-currency swaps to match the loan book's currency/interest. Borrowing costs have remained competitive, supported by the bank's close alignment with the sovereign.

Additionally, the EXIM Act, 1981 provides Exim Bank with several enabling provisions, including access to GoI guarantees, the ability to raise overseas borrowings, and reimbursement of losses on the policy portfolio. These features are expected to support the bank's funding flexibility, preserve its competitive positioning, and enable continued expansion of its export-financing asset base.

Comfortable capitalisation and headroom for growth

Capital adequacy is comfortable and well above the regulatory requirement of 9%. The capital adequacy ratio (CAR) was 26.4% as of March 31, 2026, compared with 25.3% as of March 31, 2025. The company's capital position is supported by the zero-risk weight applicable to the policy financing portfolio, which constitutes around 37% of the loan book. As the credit risk on this portfolio is borne by the GoI under an explicit sovereign guarantee, these exposures reduce risk-weighted assets and support a stronger CAR. Capitalisation is further aided by steady internal accruals and regular capital infusion by the GoI, which help fund AUM growth as well as losses in the loan portfolio. The leverage ratio stood at 9.1% as of March 31, 2026, comfortably above the minimum regulatory requirement of 4%, providing adequate headroom for future growth.

AUM was Rs 2,078 billion as of March 31, 2026, registering a healthy CAGR of 15% since March 31, 2022. The bank's healthy capitalisation provides headroom for further growth in the loan book, supported by India's continued focus on exports and the bank's strategy to expand its presence in neighboring and strategically important markets.

Weaknesses

Rising exposure to high-risk countries; improved asset quality metrics of commercial lending business, though sustainability needs to be demonstrated

As of March 31, 2026, the bank's total net exposure to country risk increased to Rs 1,324 billion from Rs 1,221 billion as of March 31, 2025. Within this portfolio, exposure classified as "High" risk rose significantly to Rs 857 billion from Rs 275 billion, while exposure to the "Very High" risk category declined to Rs 44 billion from Rs 178 billion. These exposures are subject to country-specific risks but are largely driven by government policy mandates. Consequently, any potential loss arising from such exposures is expected to be supported by the GoI. Further, the policy-based loans are not considered for the computation of reported gross non-performing assets (GNPA) ratio, as these assets are fully secured.

Exim Bank's exposure to commercial business contributed over 60% of overall loan book for past two years. The asset quality improved significantly between FY23 and FY26, with GNPA ratio reducing from 4.09% to 0.57% during this period. Supported by high provision coverage and strategic recoveries, the net non-performing assets (NNPA) declined to 0.01% as of March 31, 2026. The slippage ratio also improved materially, to 0.02% in FY26 from 0.27% in FY25, reflecting better asset performance and lower incremental stress. While the sharp moderation in slippages is positive, its sustainability remains to be seen over the long term, particularly amid weakening global trade or heightened geopolitical risks.

Liquidity

Exim Bank has a strong liquidity of Rs 324 billion as of March 31, 2026, comprising cash and bank balance of Rs 113 billion and liquid investments of Rs 211 billion. The Rs 1,353 billion in liabilities that mature next year will be supported by available liquidity and healthy repayments.

There are minor negative mismatches as per asset-liability management (ALM) statement as of March 31, 2026, in the short term (<1 year), and the institution will remain exposed to potential ALM mismatches in certain buckets as a large part of its loan book is of long 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 continues to play a strategic role in supporting India's sustainable development agenda through a well-established ESG framework and responsible financing initiatives. The bank has a Social and Environment Management System (SEMS) in place since 2009, it introduced a formal ESG Policy in 2016 and established a dedicated ESG Framework in FY22 to facilitate green, social, and sustainability-linked financing.

In FY26, the bank enhanced its board-approved ESG Policy for sustainable development and responsible financing by deepening ESG risk assessment within credit appraisals. The policy incorporates ESG risk parameters, climate risk considerations, sustainable finance principles, process guidelines, and relevant disclosures. To oversee implementation, EXIM Bank established a Sustainable Finance Committee (SFC). Comprising business, compliance and legal experts, the SFC screens and categorises lending proposals based on their ESG risk profile.

The bank also operates a Sustainable Finance Programme (SFP) aimed at supporting eligible green, transition, social, and sustainability-linked projects. Financing under the programme encompasses sectors such as renewable energy, energy efficiency, sustainable water and wastewater management, pollution prevention and control, clean transportation, green buildings, affordable housing, MSME financing, food security, and access to essential services and infrastructure.

EXIM Bank has emerged as a prominent issuer in the ESG bond market, raising approximately USD 1.75 billion through Green and Sustainability Bonds since 2023 under its ESG Framework. This framework has received a Second Party Opinion (SPO) from Sustainalytics, assessed it as "credible and impactful". The bank's efforts were recognised through the Asset Triple A Awards 2024, where it received the award for Best Sustainability Bond – South Asia, India.

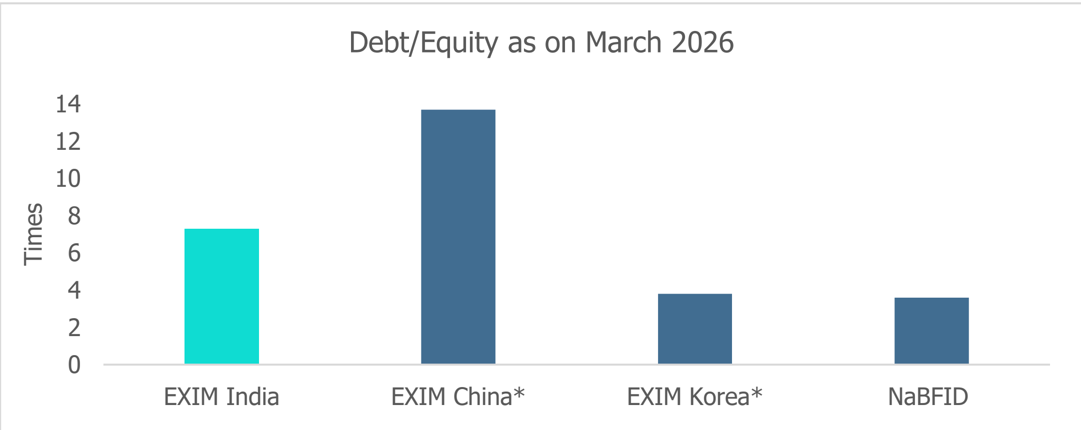
About EXIM Bank

Exim Bank was established in March 1982 under the 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 service, and to execute government economic diplomacy as part of its policy mandate.

Exim Bank operates as a statutory corporation, with the GoI holding full ownership and subscribing to a capital base of approximately Rs 160 billion as of FY26. It is authorised to provide loans and guarantees, 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 the Reserve Bank of India, State Bank of India, ECGC Ltd, and IDBI Bank. It adheres to strict audit and reporting standards, ensuring transparency and accountability. Legal provisions restrict liquidation to government direction, reinforcing its strategic importance. In FY26, Exim Bank reported a strong financial performance, posting a net profit of Rs 43 billion.

Comparison with peers:



EXIM China: Export-Import Bank of China, EXIM Korea: Export-Import Bank of Korea, NaBFID: National Bank for Financing Infrastructure and Development
**As on December 31, 2025*

Key financial metrics (consolidated)

Particulars	Units	March 31, 2024	March 31, 2025	March 31, 2026
AUM	Rs billion	1,576	1,857	2,078
Net interest margin	%	2.1	1.9	2.0
Cost to income	%	10.1	12.9	10.3
GNPA	%	1.9	1.7	0.6
Return on assets	%	1.4	1.6	1.8
CAR	%	21.2	25.3	26.4

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of the instrument

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/ Foreign Currency Debt (proposed)	-	-	-	-	USD 500 million	CareEdge BBB+/Stable

Rating history

Instrument	Type	Rating	Date
External Commercial Borrowings	Long-Term Foreign Currency	CareEdge BBB+/Stable	August 03, 2026
Issuer rating	Long-Term Foreign Currency	CareEdge BBB+/Stable	August 03, 2026
External Commercial Borrowings	Long-Term Foreign Currency	CareEdge BBB+/Stable	January 05, 2026
Issuer rating	Long-Term Foreign Currency	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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