

August 10, 2021

Export-Import Bank of India: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Bonds Programme	27,375.30	27,375.30	[ICRA]AAA(Stable); reaffirmed
Long-term Bonds Programme	3,442.60	-	[ICRA]AAA(Stable); reaffirmed and withdrawn
Short-term Debt Programme	21,300.47	21,520.52 [#]	[ICRA]A1+; assigned/reaffirmed
Certificates of Deposit Programme	21,300.47	21,520.52 [#]	Interchangeable rating of [ICRA]AAA(Stable)/ [ICRA]A1+; assigned/reaffirmed
Bank Lines	3,000.00	3,000.00	[ICRA]AAA(Stable); reaffirmed
Basel III - Additional Tier-I Bonds	1,100.00	1,100.00	[ICRA]AA+(Stable); reaffirmed
Fixed Deposits Programme	-	-	[ICRA]AAA(Stable); reaffirmed
Total	56,218.37	52,995.82	

*Instrument details are provided in Annexure-1

[#]Total limit rated for long-term/short-term certificates of deposit and short-term debt is Rs. 21,520.52 crores; the amount outstanding would not exceed the said limit.

Rationale

The ratings for Export-Import Bank of India (EXIM) derive strength from its sovereign ownership, the demonstrated support from the Government of India (GoI) and its strategic importance to the GoI as a key policy institution for promoting the trade competitiveness of Indian entities in international markets. The ratings derive further comfort from EXIM's relatively risk-free book under lines of credit (LOC), Concessional Finance Scheme (CFS) Buyer's Credit under National Export Insurance Account (BC- NEIA)¹ and other policy lending programmes, which accounted for 61% of its net advances as on March 31, 2021. Additionally, the ratings derive comfort from the bank's superior liquidity profile and its quasi-sovereign status, which supports its ability to raise both onshore and offshore funding at competitive rates.

Supported by a capital infusion of Rs. 1,300 crore by the GoI, the leverage ratio² remains well within the regulatory requirements and stood at 7.64 times as on March 31, 2021 (7.41 times as on March 31, 2020). With steadily improving operating profitability, the bank has further improved the provision coverage ratio (PCR), excluding technical write-offs (TWO), on non-performing advances (NPAs) to 92.81% as on March 31, 2021 (81.23% as on March 31, 2020) and reduced the net NPAs to 0.51% as on March 31, 2021 (1.77% as on March 31, 2020).

EXIM's slippages remained high at 5% of the commercial book (excluding refinance) for FY2021 (6% for FY2020). This, coupled with proactive higher provisioning on stressed assets resulted in higher provision, resulting in a modest return on assets (RoA) and return on equity (RoE) of 0.19% and 1.49%, respectively, in FY2021 (0.10% and 0.80%, respectively, in FY2020). Additionally, the bank has declared a watchlist of Rs. 3,666 crore or 3.5% of net advances for FY2022, of which high probability slippages aggregating to Rs 853 crore, which is 0.82% of its net advances. As EXIM has historically maintained a high PCR on its stressed assets, this may result in elevated credit provisions in FY2022. However, given the high provision on legacy stressed exposures, the profitability is likely to improve going forward.

¹ NEIA – EXIM provides Buyer's Credit under NEIA for promoting India's export projects to traditional as well as new markets in developing countries. The credit is directly extended to overseas buyers of projects from India without recourse to Indian exporters. EXIM will obtain credit insurance cover under NEIA through Export Credit Guarantee Corporation of India (ECGC)

² Total debt / Net owned funds (NOF), which is stipulated to be 10 times as per regulatory requirements; NOF as on March 31, 2021 includes profit for FY2021

The outlook on the rating remain stable on account of sovereign ownership in the bank, demonstrated by regular capital infusion by the GoI and the bank's strategic importance to the GoI as a key policy institution for promoting the trade competitiveness of Indian entities in international markets

ICRA has withdrawn the rating assigned to the Rs. 3,442.60-crore long-term bonds as they stand matured. The rating was withdrawn in accordance with ICRA's policy on withdrawal and suspension ([click here for the policy](#)).

Key rating drivers and their description

Credit strengths

Sovereign ownership and strategic importance in fulfilling GoI's mandate of promoting international trade – EXIM (100% held by GoI) commenced operations in 1982 under the Export-Import Bank of India Act, 1981 with the key objective of providing financial assistance to exporters and importers. It functions as the principal financial institution for coordinating the working of institutions engaged in financing the export and import of goods and services with a view to promoting the country's international trade. Given its role in promoting the trade competitiveness of Indian entities in international markets, EXIM has a strategic importance for the GoI.

Increasing share of policy business – The bank's policy business includes advances sanctioned under LOCs, CFS and the NEIA business and other policy business, which grew by ~6% YoY to Rs. 63,223 crore as on March 31, 2021 from Rs. 59,785 crore as on March 31, 2020. The net commercial business (including refinance) grew by ~2% YoY to Rs. 40,627 crore as on March 31, 2021 (Rs. 39,662 crore as on March 31, 2020). Within commercial business, the refinance grew steadily to Rs. 11,757 crore as on March 31, 2021 from Rs. 4,779 crore as on March 31, 2020 as EXIM deployed surplus liquidity towards this segment. However, the incremental exposure to corporates and small and medium enterprises (SMEs) witnessed a degrowth, given the asset quality issues faced by these segments in the recent past and the tightening of the lending criterion including increased focus on higher-rated loan assets by the bank.

The share of the policy business remained steady at 61% of net advances as on March 31, 2021 (60% as on March 31, 2020). These segments are virtually risk-free as they enjoy the availability of credit guarantee from the GoI, thus reducing the credit risk on this portfolio. Further, the counterparties in the refinance portfolio are well-rated large domestic banks or Indian branches of foreign banks, thus reducing the credit risk in this segment for EXIM. Though the LOC, BC-NEIA and refinance businesses are relatively less risky, their profitability margins are low, which will impact the bank's operating profitability. However, this will be offset by lower credit risk and future provisions.

Improved capitalisation profile supported by regular capital infusions – The GoI has demonstrated regular capital support to EXIM for meeting its regulatory as well as growth capital requirements. In FY2021, the GoI infused capital of Rs. 1,300 crore (June 2020), following infusions of Rs. 1,500 crore in FY2020 and Rs. 5,000 crore in FY2019. The budgeted capital infusion for FY2022 is Rs. 1,500 crore, which will further strengthen the bank's capital metrics.

With the capital infusions, the leverage ratio stood at 7.64 times as on March 31, 2021 (compared to 7.41 times as on March 31, 2020) and EXIM has sufficient capital to absorb any asset quality shocks or to meet its growth requirements. The capital adequacy metrics improved with the CRAR at 25.89% and Tier I at 24.00% as on March 31, 2021 (20.13% and 18.70%, respectively, as on March 31, 2020).

As per regulations, EXIM currently follows Basel I norms though it voluntarily calculates the capital for the market and operational risk. The method of computing the leverage under Basel III norms is the ratio of the Tier I capital to total exposure against the existing method of the ratio of the NOF to total borrowings. This could increase borrowing capacity in terms of leverage multiple for EXIM when the Basel III norms become applicable.

Diversified funding profile with access to both domestic and foreign wholesale markets – EXIM has demonstrated flexibility in raising funds from the domestic and foreign markets and for providing a hedge against foreign currency assets. With the

increased uptick in rupee refinance lending, the share of foreign currency advances reduced marginally to 80% of total advances as on March 31, 2021 (84% as on March 31, 2020). With a large share of foreign currency assets, foreign currency resources account for the majority of its resources at ~70%. Given its quasi-sovereign status, EXIM has the ability to mobilise funds at competitive rates from the domestic as well as international markets.

Credit challenges

Watchlist in commercial business – While the bank has gradually grown its policy business, it continues to face the risk of potential incremental stress from the existing commercial business book and its ability to reduce sizeable slippages from this segment will remain a key monitorable. EXIM has declared a higher watchlist of Rs. 3,666 crore for FY2022, which is 3.5% of its net advances, of which high probability slippages aggregating to Rs 853 crore, which is 0.82% of its net advances. This is in comparison to the watchlist of Rs. 2,086 crore for FY2021. A substantial portion of the high-ticket slippages in FY2021 were from the watchlist declared by the bank. During FY 2021, all slippages except one small exposure was from the high probability watch-list declared by the bank

Further, EXIM maintains a high PCR (excluding technical write off – TWO) on its GNPA's, which stood at 92.81% as on March 31, 2021. This can continue to drive high credit costs on incremental slippages for the bank. However, as per our estimates, the overall credit provisions shall reduce going forward from the FY2021 levels, given the high PCR on legacy stressed assets. The bank's standard restructured loan book stood at Rs. 974 crore or 2.7% of the commercial book excluding refinance as on March 31, 2021.

The pace of fresh NPA generation remained moderated at Rs. 1,488 crore or 5.00% of the commercial book (excluding refinance) in FY2021 compared to Rs. 2,106 crore or 6% in FY2020. Supported by recoveries (Rs. 404 crore) and write-offs (Rs. 2,903 crore), the GNPA and NNPA ratios declined to 6.69% and 0.51%, respectively, as on March 31, 2021 from 8.75% and 1.77%, respectively, as on March 31, 2020.

Internal capital generation to improve though it remains modest – With a moderation in the cost of funds on account of interest rate scenario and availability of liquidity in the domestic markets, the net interest margins (NIMs), as a percentage of the average total assets (ATA), improved to 1.93% in FY2021 from 1.62% in FY2020. This, however, remains muted on the back of the higher share of the bank's low-margin policy and refinance business. Supported by the growth in the net interest income (NII) primarily due to steeper fall in interest expenditure vis-à-vis interest income and the gains on the sale of the bond portfolio, the operating profit improved to 2.13% of ATA in FY2021 from 1.66% in FY2020. The improved PCR was on account of proactive provisions on stressed assets, which resulted in higher provisions as a percentage of ATA to 1.86% in FY2021 (1.46% in FY2020). With better growth in the operating profit, EXIM was able to absorb the increased credit provisions while improving its net profitability. The net profit with profit after tax (PAT)/ATA or RoA and the RoE improved to 0.19% and 1.49%, respectively, in FY2021 (0.10% and 0.80%, respectively, in FY2020). Despite the improvement, the profitability indicators remain modest.

Going forward, ICRA expects the operating profitability to remain steady and the credit provisions from legacy stressed assets to moderate, which will drive a reduction in the overall credit provisions, thereby resulting in some improvement in the net profitability. However, the return indicators will remain modest.

Liquidity position: Superior

EXIM has a well-matched asset-liability profile with a positive cumulative mismatch across major buckets and negligible negative gaps in the less than 1-year bucket in domestic as well as foreign currency. Also, owing to its quasi-sovereign status, EXIM can raise borrowings in the international and domestic markets at short notice, which supports its overall liquidity profile.

Rating sensitivities

Positive factors – Not applicable as all the ratings are at the highest possible level for the respective instruments

Negative factors – ICRA could assign a Negative outlook or downgrade the ratings if there is a dilution in the role of EXIM as a policy institution for the promotion of the country's international trade and hence its importance to the GoI. The erosion of the distributable reserves (DRs) because of losses would remain an additional trigger for the rating of the Tier-I bond.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Rating Methodology for Banks Impact of Parent or Group Support on Issuer's Credit Rating ICRA's Policy on Withdrawal of Credit Ratings
Parent/Group Support	The ratings factor in EXIM's sovereign ownership and its role as a public policy institution for the development of the international trade of India. ICRA expects the bank to receive sufficient capital support from the GoI, if required.
Consolidation/Standalone	The ratings are based on the standalone financial statements of EXIM.

About the company

Wholly owned by the GoI, EXIM is an export finance and development institution. It was set up under an Act of Parliament in 1982 for providing financial assistance to exporters and importers and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing the export and import of goods and services with a view to promoting the country's international trade.

Key financial indicators (standalone)

	FY2020	FY2021
Net interest income	1,994	2,562
Profit after tax	124	254
Net advances	99,447	1,03,851
Total assets (Rs. lakh crore)	1.31	1.35
% NIM /ATA	1.62%	1.93%
% RoA	0.10%	0.19%
% RoE	0.80%	1.49%
% Tier I	18.70%	24.00%
% CRAR	20.13%	25.89%
% Gross NPA	8.75%	6.69%
% Net NPA	1.77%	0.51%
% PCR (excl write-offs)	81.23%	92.81%

Source: EXIM & ICRA research; Amount in Rs. crore

All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Name of Instrument	Current Rating (FY2022)			Chronology of Rating History for the Past 3 Years					
		Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020		Date & Rating in FY2019	
					Aug-10-2021	Aug-21-2020	Jan-10-2020	Jun-28-2019	Nov-13-2018	Jul-02-2018
1	Long Term bonds programme	Long Term	22,375.30	22,372.20*	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
2	Long-term bonds programme	Long Term	5,000.00	1,300.00*	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-
3	Long-term bonds programme	Long Term	3,442.60	-	[ICRA]AAA (Stable); reaffirmed Withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
4	Short-term debt programme	Short Term	21,520.52	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Certificates of deposit programme	Long Term / Short Term	21,520.52	4,315.00^	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+
6	Bank lines	Long Term	3,000.00	Yet to be availed	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
7	Basel III compliant additional Tier-I bond	Long Term	1,100.00	500.00*	[ICRA]AA+ (Stable)	[ICRA]AA+ (hyb) (Stable)	[ICRA]AA+ (hyb) (Stable)	[ICRA]AA+ (hyb) (Stable)	[ICRA]AA+ (hyb) (Stable)	[ICRA]AA+ (hyb) (Stable)
8	Fixed deposits programme	Long Term#	-		[ICRA]AAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)

Source: ICRA research

Total limit rated for long-term/short-term certificates of deposit, commercial paper and short-term debt together is Rs. 21,520.52 crore and the amount outstanding would not exceed the said limit

^ Certificates of deposit outstanding as on August 02, 2021

*balance yet to be placed – bonds of Rs. 3,703.10 crore and AT-1 bond of Rs. 600 crore as on August 02, 2021

#migration from medium term to long term

Removal of (hyb) suffix from Basel III AT-I rating

In compliance with the [circular](#) issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 for standardising the rating scales used by credit rating agencies, ICRA has discontinued its practice of affixing the (hyb) suffix alongside the rating symbols for hybrid instruments.

Accordingly, ICRA has removed the (hyb) suffix that was earlier being placed alongside the rating symbol for the hybrid instruments issued by EXIM. The earlier and revised denotation of the rating for various instruments can be seen in the table above. This rating action only involves the removal of the (hyb) suffix and should not be construed as a change in the credit rating.

Change in medium-term rating to long-term rating for fixed deposit programme

In compliance with the [circular](#) issued by SEBI on July 16, 2021 for standardising the rating scales used by credit rating agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of EXIM from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale.

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term bonds	Very Simple
Basel III compliant AT-I bonds	Highly Complex
Short-term debt programme	Very Simple
Certificates of deposit programme	Very Simple
Bank lines	Very Simple
Fixed deposits programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instruments credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE514E08746	Long-term bonds	Jul-23-10	8.68%	Jul-23-22	250	[ICRA]AAA(Stable)
INE514E08753	Long-term bonds	Jul-28-10	8.68%	Jul-28-22	200	[ICRA]AAA(Stable)
INE514E08761	Long-term bonds	Aug-16-10	8.72%	Aug-16-22	50	[ICRA]AAA(Stable)
INE514E08AG6	Long-term bonds	Sep-29-11	9.38%	Sep-29-21	500	[ICRA]AAA(Stable)
INE514E08AQ5	Long-term bonds	Feb-07-12	9.00%	Feb-07-22	150	[ICRA]AAA(Stable)
INE514E08AS1	Long-term bonds	Feb-22-12	9.05%	Feb-22-22	400	[ICRA]AAA(Stable)
INE514E08AT9	Long-term bonds	Mar-21-12	9.30%	Mar-21-22	150	[ICRA]AAA(Stable)
INE514E08AU7	Long-term bonds	Mar-28-12	9.30%	Mar-28-22	100	[ICRA]AAA(Stable)
INE514E08AV5	Long-term bonds	Apr-18-12	9.25%	Apr-18-22	55	[ICRA]AAA(Stable)
INE514E08AX1	Long-term bonds	May-11-12	9.30%	May-11-22	767	[ICRA]AAA(Stable)
INE514E08BA7	Long-term bonds	Jun-15-12	9.10%	Jun-15-22	60	[ICRA]AAA(Stable)
INE514E08BE9	Long-term bonds	Jul-12-12	9.25%	Jul-12-22	130.7	[ICRA]AAA(Stable)
INE514E08BJ8	Long-term bonds	Aug-01-12	9.14%	Aug-01-22	425	[ICRA]AAA(Stable)
INE514E08BK6	Long-term bonds	Sep-05-12	9.15%	Sep-05-22	450	[ICRA]AAA(Stable)
INE514E08BO8	Long-term bonds	Sep-21-12	9.04%	Sep-21-22	240	[ICRA]AAA(Stable)
INE514E08BQ3	Long-term bonds	Oct-10-12	8.87%	Oct-10-22	153	[ICRA]AAA(Stable)
INE514E08BS9	Long-term bonds	Oct-18-12	8.88%	Oct-18-22	550	[ICRA]AAA(Stable)
INE514E08BY7	Long-term bonds	Dec-12-12	8.93%	Dec-12-22	100	[ICRA]AAA(Stable)
INE514E08CB3	Long-term bonds	Dec-31-12	8.94%	Dec-31-22	200	[ICRA]AAA(Stable)
INE514E08CC1	Long-term bonds	Jan-09-13	8.83%	Jan-09-23	250	[ICRA]AAA(Stable)
INE514E08CE7	Long-term bonds	Feb-14-13	8.76%	Feb-14-23	151	[ICRA]AAA(Stable)
INE514E08CH0	Long-term bonds	Mar-13-13	8.87%	Mar-13-25	100	[ICRA]AAA(Stable)
INE514E08CI8	Long-term bonds	Mar-15-13	8.80%	Mar-15-23	590	[ICRA]AAA(Stable)
INE514E08CK4	Long-term bonds	Apr-26-13	8.50%	Apr-26-23	150	[ICRA]AAA(Stable)
INE514E08CO6	Long-term bonds	May-22-13	7.94%	May-22-23	280	[ICRA]AAA(Stable)
INE514E08CQ1	Long-term bonds	Jul-08-13	8.50%	Jul-08-23	420	[ICRA]AAA(Stable)
INE514E08CR9	Long-term bonds	Jul-10-13	8.50%	Jul-10-23	500	[ICRA]AAA(Stable)
INE514E08CT5	Long-term bonds	Aug-14-13	9.40%	Aug-14-23	295	[ICRA]AAA(Stable)
INE514E08CU3	Long-term bonds	Sep-16-13	9.45%	Sep-16-23	269.5	[ICRA]AAA(Stable)
INE514E08CY5	Long-term bonds	Oct-08-13	9.58%	Oct-04-23	405	[ICRA]AAA(Stable)
INE514E08DG0	Long-term bonds	Dec-03-13	9.50%	Dec-03-23	245	[ICRA]AAA(Stable)
INE514E08DH8	Long-term bonds	Dec-16-13	9.58%	Dec-16-23	127	[ICRA]AAA(Stable)
INE514E08DJ4	Long-term bonds	Dec-17-13	9.62%	Dec-17-23	170	[ICRA]AAA(Stable)
INE514E08DK2	Long-term bonds	Jan-10-14	9.57%	Jan-10-24	311	[ICRA]AAA(Stable)
INE514E08DM8	Long-term bonds	Feb-07-14	9.60%	Feb-07-24	255	[ICRA]AAA(Stable)
INE514E08DO4	Long-term bonds	Feb-26-14	9.65%	Feb-26-24	1,000	[ICRA]AAA(Stable)
INE514E08DP1	Long-term bonds	Apr-04-14	9.65%	Apr-04-24	348	[ICRA]AAA(Stable)
INE514E08DS5	Long-term bonds	May-29-14	9.25%	May-29-24	270	[ICRA]AAA(Stable)
INE514E08ED5	Long-term bonds	Oct-30-14	8.87%	Oct-30-29	350	[ICRA]AAA(Stable)
INE514E08EE3	Long-term bonds	Nov-03-14	8.83%	Nov-03-29	250	[ICRA]AAA(Stable)
INE514E08EJ2	Long-term bonds	Jan-21-15	8.15%	Jan-21-30	465	[ICRA]AAA(Stable)
INE514E08EK0	Long-term bonds	Feb-03-15	8.11%	Feb-03-25	155	[ICRA]AAA(Stable)
INE514E08EL8	Long-term bonds	Mar-05-15	8.15%	Mar-05-25	250	[ICRA]AAA(Stable)
INE514E08EO2	Long-term bonds	Jul-24-15	8.38%	Jul-24-25	320	[ICRA]AAA(Stable)
INE514E08EP9	Long-term bonds	Sep-28-15	8.25%	Sep-28-25	250	[ICRA]AAA(Stable)
INE514E08EQ7	Long-term bonds	Oct-29-15	8.02%	Oct-29-25	325	[ICRA]AAA(Stable)
INE514E08ES3	Long-term bonds	Nov-19-15	8.10%	Nov-19-25	225	[ICRA]AAA(Stable)

INE514E08EU9	Long-term bonds	Dec-07-15	8.18%	Dec-07-25	700	[ICRA]AAA(Stable)
INE514E08FB6	Long-term bonds	Apr-20-16	8.02%	Apr-20-26	350	[ICRA]AAA(Stable)
INE514E08FC4	Long-term bonds	Apr-25-16	8.12%	Apr-25-31	400	[ICRA]AAA(Stable)
INE514E08FE0	Long-term bonds	Jun-23-16	8.25%	Jun-23-31	240	[ICRA]AAA(Stable)
INE514E08FF7	Long-term bonds	Jul-11-16	8.11%	Jul-11-31	475	[ICRA]AAA(Stable)
INE514E08FG5	Long-term bonds	Sep-01-16	7.62%	Sep-01-26	675	[ICRA]AAA(Stable)
INE514E08FH3	Long-term bonds	Nov-25-16	7.02%	Nov-25-31	350	[ICRA]AAA(Stable)
INE514E08FJ9	Long-term bonds	Feb-01-17	7.25%	Feb-01-27	350	[ICRA]AAA(Stable)
INE514E08FM3	Long-term bonds	May-18-17	7.35%	May-18-22	325	[ICRA]AAA(Stable)
INE514E08FN1	Long-term bonds	May-18-17	7.56%	May-18-27	325	[ICRA]AAA(Stable)
INE514E08FO9	Long-term bonds	May-26-17	7.74%	May-26-37	325	[ICRA]AAA(Stable)
INE514E08FP6	Long-term bonds	Aug-03-17	7.22%	Aug-03-27	650	[ICRA]AAA(Stable)
INE514E08FQ4	Long-term bonds	Jan-11-18	7.88%	Jan-11-33	350	[ICRA]AAA(Stable)
INE514E08FR2	Long-term bonds	Jan-17-18	7.92%	Jan-17-33	650	[ICRA]AAA(Stable)
INE514E08FS0	Long-term bonds	Mar-14-18	8.50%	Mar-14-33	820	[ICRA]AAA(Stable)
INE514E08FT8	Long-term bonds	Feb-18-20	6.35%	Feb-18-25	990	[ICRA]AAA(Stable)
INE514E08FU6	Long-term bonds	Jun-22-20	5.62%	Jun-20-25	740	[ICRA]AAA(Stable)
INE514E08FV4	Long-term bonds	Sep-14-20	5.85%	Sep-12-25	1,300	[ICRA]AAA(Stable)
INE514E08779	Long-term bonds	Aug-25-10	8.70%	Aug-25-20	300	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08803	Long-term bonds	Sep-09-10	8.70%	Sep-09-20	100	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08829	Long-term bonds	Sep-13-10	8.68%	Sep-13-20	100	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08928	Long-term bonds	Feb-25-11	9.15%	Feb-25-21	348	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08936	Long-term bonds	Mar-08-11	9.15%	Mar-08-21	1,060	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08951	Long-term bonds	Mar-18-11	9.15%	Mar-18-21	182.6	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08977	Long-term bonds	Mar-30-11	9.15%	Mar-30-21	80	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08CW9	Long-term bonds	Oct-04-13	9.75%	Oct-04-20	287	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08DI6	Long-term bonds	Dec-17-13	9.68%	Dec-17-20	465	[ICRA]AAA(Stable); reaffirmed & withdrawn
INE514E08FD2	Long-term bonds	May-27-16	8.00%	May-27-21	520	[ICRA]AAA(Stable); reaffirmed & withdrawn
Unplaced	Long-term bonds	NA	NA	NA	3,703.10	[ICRA]AAA(Stable)
INE514E16BS2	Certificate of deposit	May-19-20	5.75%	May-19-23	1,000	[ICRA]AAA(stable) / [ICRA]A1+
INE514E16BU8	Certificate of deposit	Dec-01-20	3.59%	Dec-01-21	750	[ICRA]AAA(stable) / [ICRA]A1+
INE514E16BV6	Certificate of deposit	Dec-14-20	3.68%	Dec-14-21	1,165	[ICRA]AAA(stable) / [ICRA]A1+
INE514E16BW4	Certificate of deposit	Aug-02-21	3.99%	Aug-02-22	1,400	[ICRA]AAA(stable) / [ICRA]A1+
INE514E08FL5	Basel III AT-I bond	Mar-31-17	8.60%	Mar-31-22 [#]	500	[ICRA]AA+ (Stable)
Unplaced	Basel III AT-I bond	NA	NA	NA	600	[ICRA]AA+(Stable)
Placed	Certificate of Deposits/ Short-term deposits*	NA	NA	NA	15,450.00	[ICRA]AAA(stable) / [ICRA]A1+
Unplaced	Certificate of Deposits/ Short-term deposits*	NA	NA	7days – 3 years	1,755.52	[ICRA]AAA(stable) / [ICRA]A1+
NA	FD programme	NA	NA	NA	NA	[ICRA]AAA(Stable)
Unutilised	Bank lines	NA	NA	NA	3000	[ICRA]AAA(Stable)

CD data outstanding as on August 02, 2021; Perpetual bond with first call option on March 31, 2022

* Total limit rated for long-term/short-term certificates of deposit, commercial paper and short-term debt together is Rs. 21,520.52 crore and the amount outstanding would not exceed the said limit

Source: EXIM; Amount in Rs. Crore

Key features of the rated instruments

The rated Basel III Additional Tier-I bonds have the following loss-absorption features that make them riskier:

- Coupon payments are non-cumulative and discretionary, and the bank has full discretion at all times to cancel the coupon payments. The cancellation of discretionary payments shall not be an event of default.
- Coupons can be paid out of the current year's profits. However, if the current year's profit is not sufficient or if the payment of the coupon is likely to result in a loss, the coupon payment can be made through reserves and surpluses³ created through the appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting the minimum regulatory requirements for CET I, Tier I and total capital ratios (including capital conservation buffer; CCB) at all times as prescribed by the Reserve Bank of India (RBI) under the Basel III regulations.

These Tier-I bonds are expected to absorb losses through the write-down mechanism at the objective prespecified trigger point fixed at the bank's (CET I) ratio as prescribed by the RBI – 5.5% till October 1, 2021, and thereafter 6.125% of the total risk-weighted assets (RWAs) of the bank or when the point of non-viability trigger (PONV) is breached in the RBI's opinion.

The rated instrument is a subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss severity vis-à-vis conventional debt instruments.

Given the above distinguishing features of the Tier-I bonds, ICRA has assigned a one notch lower rating on these than the rating on the other instruments. The DRs, that can be used for servicing the coupon in a situation of inadequate profits or a loss during the year, remain strong at 4.16% of the RWAs as on March 31, 2021.

Incrementally, we expect EXIM to remain profitable. Hence, the DRs shall only increase from these levels in absolute amount.

Annexure-2: List of entities considered for consolidated analysis – Not Applicable

³ Calculated as per the amendment in Basel III capital regulations for AT-I bonds by the RBI, vide its circular dated February 2, 2017; as per the amended definition, DRs include all reserves created through appropriations from the profit and loss account

ANALYST CONTACTS

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Anil Gupta

+91 124 4545 314

anilg@icraindia.com

Samiksha Karnavat

+91 22 6114 3471

samiksha.karnavat@icraindia.com

Aashay Choksey

+91 22 6114 3430

aashay.choksey@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2021 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.