

September 02, 2025

Credit Agricole Corporate and Investment Bank (India): Issuer rating of [ICRA]AAA (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	[ICRA]AAA (Stable); assigned
Total	-	

*Instrument details are provided in Annexure I

Rationale

The assigned rating factors in the dominant market position of Credit Agricole S.A. (CASA; rated A1/Stable/P-1 by Moody's), which is the central body¹ of Credit Agricole Group (GCA). Credit Agricole Corporate and Investment Bank (CACIB; rated A1/Stable/P-1 by Moody's with baseline credit assessment (BCA) of baa3) is the corporate and investment banking subsidiary of CASA. GCA is the largest retail bancassurance group in France with total assets of €2.4 trillion (Rs. 216 lakh crore)² as on December 31, 2024. CASA accounted for 88% of GCA's total assets while CACIB accounted for 39% of CASA's total assets as on December 31, 2024. The Moody's rating on CACIB is supported by CASA's rating of A1 for its senior unsecured debt. CASA's rating considers its strong asset quality, steady internal capital generation and large capital buffers though this is offset by its reliance on wholesale funding.

CACIB's Indian branches enjoy strong financial and operational linkages with the head office (HO, i.e. CACIB) in Paris. The capitalisation and asset quality are healthy with the oversight and involvement of the HO in underwriting as well as liquidity monitoring. The loan book of the Indian branches remained modest at Rs. 6,838 crore as on March 31, 2025 despite the YoY growth of ~40% in FY2025. The investment book, which primarily includes investments in Government securities (G-Secs), also rose by ~36% YoY in FY2025 as the Indian branches expanded the bond forward rate agreement (FRA) business. To fund the G-Secs, the Indian branches rely on secured overnight funding, resulting in high growth in borrowings. With sizeable growth in the loan book, interest rate and currency derivatives, the overall risk-weighted assets (RWAs) increased considerably in FY2025. However, the capital infusion by the HO in Q3 FY2025 supported the capitalisation profile of the Indian branches.

Similar to the branches of other foreign banks, the deposit base of CACIB's Indian branches is characterised by high depositor concentration and short maturities. Despite the short tenure of the liabilities, the liquidity of the Indian branches is supported by the short tenure of the advances, excess holding of G-Secs, committed lines of credit from the HO and reciprocal lines of credit from other Indian banks. Moreover, the Indian branches can borrow from interbank markets for any liquidity requirements. The profitability of the Indian branches remains suboptimal due to the limited scale of operations. Going forward, ICRA will continue to monitor CASA and CACIB's profiles as this will remain a key driver of the credit profile of the Indian branches.

¹ GCA includes CASA as well as all the regional banks and local banks and their subsidiaries. The mutual shareholders own the capital of 2,383 local banks, which own the capital of 38 regional banks. These regional banks hold the capital of CASA, which is the Group's central body. This creates an inverted ownership structure, whereby the central body is technically a subsidiary but has the most responsibility

² 1 Euro = Rs. 88.58 as on December 31, 2024 and Rs. 92.25 as on March 31, 2025

Key rating drivers and their description

Credit strengths

GCA is largest retail bancassurance group in France – GCA is the largest retail bancassurance group in France and Europe and it is one of Europe's major financial institutions with €2.4-trillion assets (Rs. 216 lakh crore) as of December 2024. CASA is the central body of GCA's mutualist network, which, according to French law, is tasked with oversight functions over all affiliated members and is required to ensure that all entities have adequate capital and liquidity at all times. As of the end of December 2024, the Group's 38 regional banks held 62.4% of CASA (themselves held by mutual shareholders, which are the banks' customers) whereas 6.5% is owned by employees and 30.5% is free floating.

CACIB is a corporate and investment banking subsidiary of CASA. The Indian branches have high operational linkages with the HO in Paris, which is reflected by the formulation of liquidity and risk management policies that are in line with those followed by the HO. The HO is also involved in loan sanctions after approval from the credit and business teams at the branches. Additionally, many French corporates remain depositors and borrowers at the Indian branches because of their strong relationship with the HO.

Comfortable capitalisation and demonstrated capital support to Indian branches – The capitalisation parameters of the Indian branches improved in FY2025 after the equity infusion of Rs. 2,449 crore in December 2024. Since the Indian branches hedge some of the derivate exposures with the HO to comply with the Reserve Bank of India's (RBI) large exposure framework (LEF), they received interest-free funds of €155 million (equivalent to Rs. 1,352 crore) in FY2021 from the HO (Rs. 1,032 crore outstanding as on March 31, 2025), which stands repatriated in FY2026. Accordingly, the total capital funds of the Indian branches of Rs. 6,472 crore (including interest-free funds), as on March 31, 2025, would reduce in FY2026. Nevertheless, the capitalisation parameters are expected to be comfortable. The common equity tier I (CET I) ratio and capital-to-risk weighted assets ratio (CRAR) of the Indian branches stood at 18.81% and 20.34%, respectively, as on March 31, 2025 (12.22% and 14.40%, respectively, as on March 31, 2024). The HO remains committed to support the growth of the Indian branches, which is also demonstrated by the capital infusions.

CASA reported a comfortable capital profile with the consolidated CET I at 12.1% as on March 31, 2025 (11.7% as on December 31, 2024) while GCA reported a CET I of 17.6% as on March 31, 2025 (17.2% as on December 31, 2024).

Strong asset quality – The Indian branches have not reported any slippages since FY2020, resulting in strong asset quality metrics, with gross non-performing advances (GNPAs) of 0.04% and nil net NPAs (NNPAs) as on March 31, 2025 (0.06% and nil, respectively, as on March 31, 2024). Additionally, there were no SMA³ exposures as on March 31, 2025. Further, while advances are concentrated (top 20 borrowers accounted for 24% of the total advances as on March 31, 2025), increasing the sensitivity to individual defaults and making the NPA ratio vulnerable to significant upticks, they have been made to corporates with strong asset quality.

Likewise, CASA and GCA's asset quality metrics are strong, but constrained by credit concentrations. CASA and GCA's GNPA stood at 2.3% and 2.1%, respectively, as on March 31, 2025 (2.3% and 2.1%, respectively, as on December 31, 2024).

Credit challenges

High deposit concentration in Indian branches – The Indian branches largely rely on wholesale deposits. This has led to high depositor concentration levels, with the top 20 depositors accounting for ~70% of the total deposits of the branches as on March 31, 2025 (~67% as on March 31, 2024). Given the deposit concentration, the branches operate in short-tenor advances to prevent any gaps in asset and liability maturities with term loans having a limited share. To meet the funding requirements, the branches can avail funding support from the HO for up to 100% of the Tier I capital and from reciprocal lines available from other Indian banks.

³ Special mention accounts; SMA-0 is overdue by 1-30 days; SMA-1 is overdue by 31-60 days and SMA-2 is overdue by 61-90 days

Suboptimal scale and profitability of Indian branches – Given the moderate scale of operations, the profitability is expected to remain modest. The net interest income (NII) increased in FY2025 from the FY2024 level on account of the strong growth in loans/advances, though the net interest margin (NIM) had compressed due to the decrease in the yield on average advances. Non-operating income rose in FY2025, driven by mark-to-market (MTM) gains on investments. This led to an improvement in the profit after tax to Rs. 214 crore in FY2025 from Rs. 131 crore in FY2024, resulting in a return on assets (RoA) of 0.81% for FY2025 compared to 0.64% in FY2024. Going forward, the profitability and internal capital generation are expected to remain modest and will continue to be dependent on the branches' ability to grow the deposit base in a sustained manner. CASA and GCA reported a moderate but a steady RoA of 0.3-0.4% during CY2021-CY2024.

Liquidity position: Strong

The overall liquidity position of the Indian branches remains strong with positive gaps across all the less-than-1-year maturity buckets as per the structural liquidity statement (SLS) as on March 31, 2025. The excess statutory liquidity ratio (SLR) holding stood at 42.42% of the net demand and time liabilities (NDTL) as on June 13, 2025, well above the regulatory requirement. Although deposit concentration remains high for the Indian branches, they can avail liquidity support of up to 100% of the Tier I capital from the HO in case of urgent liquidity requirement and can also borrow from interbank markets.

Rating sensitivities

Positive factors – NA

Negative factors – A material deterioration in the credit profile of CASA, which is likely to result in a deterioration in CACIB's credit profile, will eventually lead to a downgrade in the credit rating of CACIB's Indian branches.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA Rating Methodology for Banks and Financial Institutions
Parent/Group support	ICRA expects the Indian branches to be supported by the HO (CACIB). ICRA expects the Indian branches to receive support from CASA through CACIB, including financial support, if needed.
Consolidation/Standalone	Standalone (Indian branches)

About the company

As a universal bank, GCA operates in retail banking, insurance, payment services, asset management, leasing, factoring, consumer finance, and corporate and investment banking, in France as well as international territories. GCA is the largest retail bancassurance group in both France and Europe and is one of Europe's major financial institutions with €2.4-trillion (Rs. 216 lakh crore) assets as of December 2024. It is also the leading insurance group, in terms of written premium, and one of the largest life insurance companies in France through Credit Agricole Assurances. CASA is the central body of GCA's mutualist network, which, according to French law, is tasked with oversight functions over all affiliated members and is required to ensure that all entities have adequate capital and liquidity at all times. As of the end of December 2024, 62.4% was held by the Group's 38 regional banks (themselves held by mutual shareholders, who are the banks' customers) while 6.5% was owned by employees and 30.5% was free float.

CACIB is the Paris-based corporate and investment banking arm of GCA and a subsidiary of the Group's central body, i.e. CASA. In CY2024, it contributed 17% to the Group's revenues and 25% to its net income. CACIB is mainly engaged in capital market activities, investment banking, commercial banking and structured finance activities. The bank operates in around 30 international markets across North America, Western Europe, Central and Eastern Europe, Asia-Pacific, and the Middle East and Africa.

It commenced operations in India in 1981 and has five branches in the country. The Indian branches reported a net profit of Rs. 214 crore in FY2025 compared to Rs. 131 crore in FY2024. The total assets stood at Rs. 31,444 crore as on March 31, 2025 (Rs. 21,261 crore as on March 31, 2024).

Key financial indicators (standalone)

Credit Agricole Corporate and Investment Bank (India)	FY2024	FY2025
Total operating income [^]	462	596
Profit after tax	131	214
Total assets	21,261	31,444
Return on average total assets	0.64%	0.81%
CET I/Tier I	12.22%	18.81%
CRAR	14.40%	20.34%
Gross NPA	0.06%	0.04%
Net NPA	0.00%	0.00%

Source: CACIB's Indian branches, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations

[^] Includes net interest income and non-interest income

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	September 02, 2025	[ICRA]AAA (Stable)	FY2025		FY2024		FY2023	
					Date	Rating	Date	Rating	Date	Rating
Issuer rating	Short term	-			-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Issuer rating	Not applicable

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 instrument's 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 I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
-	Issuer rating	-	-	-	-	[ICRA]AAA (Stable)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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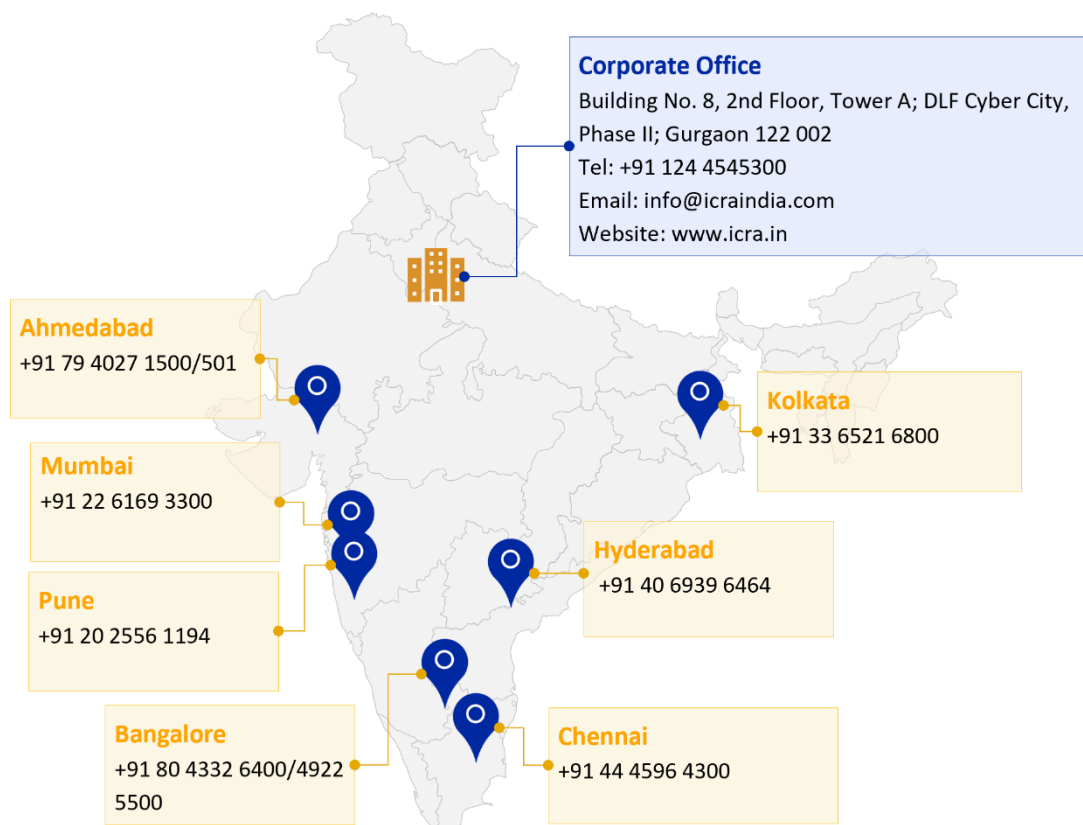


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Branches



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