September 11, 2026

Credit Agricole Corporate and Investment Bank (India): Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Issuer Rating	-	-	[ICRA]AAA (Stable); reaffirmed	-$
Total	-	-		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

$Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in the SEBI master circular for credit rating agencies (CRAs) are being followed

Rationale

The rating continues to factor in the dominant market position of Credit Agricole S.A. (CASA; rated A1/Stable/P-1 by Moody's), which is the central body[1] 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 €2.7 trillion (Rs. 285 lakh crore)[2] as on December 31, 2025. CASA accounted for 89% of GCA's total assets while CACIB accounted for 37% of CASA's total assets as on December 31, 2025. 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 these are offset by its reliance on wholesale funding.

CACIB's Indian branches benefit from strong financial and operational linkages with the head office (HO, i.e. CACIB) in Paris. The capitalisation and asset quality remain healthy with the oversight and involvement of the HO in underwriting as well as liquidity monitoring. While the loan book registered a robust year-on-year (YoY) growth of ~35% in FY2026, it remained modest at Rs. 9,254 crore as on March 31, 2026. The investment book, which primarily includes Government securities (G-Secs), also rose by ~12% YoY in FY2026 driven by the expansion of the bond forward rate agreement (FRA) business and the bank's liquidity requirement. To fund G-Secs, the Indian branches rely on secured overnight funding, resulting in high growth in borrowings (43% YoY growth in FY2026). The bank also significantly scaled its derivatives business in FY2026, primarily driven by the growth in interest rate derivatives. However, these derivative positions are largely hedged and have corresponding entries on the assets as well as the liabilities side and thus do not have a material impact on the bank's earnings and risk profile. This only increases the overall balance sheet size as the underlying assets and liabilities are marked-to-market on the balance sheet date. ICRA believes that the hedge maintained by the bank is largely effective with due risk controls in place.

Similar to the Indian branches of other foreign banks, CACIB's Indian branches have high depositor concentration and short maturities. Despite the short tenure of the liabilities, the liquidity of the Indian branches remains strong, 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. However, profitability remains modest, constrained by the relatively limited scale of operations despite the growth witnessed in recent years. 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 2,376 local banks, which own the capital of 39 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 = Rs. 105.45 as on December 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 one of Europe's major financial institutions with €2.7-trillion assets (Rs. 285 lakh crore) as of December 2025. 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 2025, the Group's 39 regional banks held 63.5% of CASA (themselves held by mutual shareholders, which are the banks' customers) whereas 6.6% is owned by employees and 29.9% is free floating.

CACIB is the 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 remain robust, supported by past equity infusions including the last infusion of Rs. 2,449 crore in December 2024. Also, as the Indian branches hedge some of the derivative 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). The outstanding amount was repatriated in FY2026. Consequently, the total capital funds of the Indian branches reduced to Rs. 5,765 crore, as on March 31, 2026, from Rs. 6,472 crore as on March 31, 2025. Nevertheless, the capitalisation parameters remain comfortable, with the Indian branches reporting a common equity tier I (CET I) ratio and a capital-to-risk weighted assets ratio (CRAR) of 17.10% and 18.49%, respectively, as on March 31, 2026 (18.81% and 20.34%, respectively, as on March 31, 2025). Further, the HO remains committed to support the growth of the Indian branches, which is demonstrated by the capital infusions.

CASA also reported a comfortable capital profile with the consolidated CET I at 11.3% as on June 30, 2026 (11.8% as on December 31, 2025) while GCA reported a CET I of 17.2% as on June 30, 2026 (17.4% as on December 31, 2025).

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 0.03% and nil net NPAs (NNPAs) as on March 31, 2026 (0.04% and nil, respectively, as on March 31, 2025). Additionally, there were no SMA[3] exposures as on March 31, 2026. Further, while advances remain concentrated (top 20 borrowers accounted for 31% of the total advances as on March 31, 2026), increasing the sensitivity to individual defaults and making the NPA ratio vulnerable to significant upticks, the risk is partly mitigated as these exposures are made to corporates with strong asset profiles.

Likewise, CASA and GCA's asset quality metrics are strong, but constrained by credit concentrations. CASA and GCA's GNPAs stood at 2.4% and 2.3%, respectively, as on June 30, 2026 (2.4% and 2.2%, respectively, as on December 31, 2025).

Credit challenges

High deposit concentration at Indian branches – The Indian branches continue to rely on wholesale deposits, which has led to high deposit concentration levels, with the top 20 depositors accounting for ~67% of the total deposits of the branches as on March 31, 2026 (~70% as on March 31, 2025). As a result, the branches operate in short-tenor advances to prevent any gaps in asset-liability maturities with term loans having a limited share. Additionally, 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.

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[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. Net interest income (NII) rose by 32% YoY in FY2026 on account of the robust growth in loans/advances, supported by wider spreads. Non-operating income also increased, driven by mark-to-market (MTM) gains on investments and one-time income due to the income tax refund of Rs. 63 crore. This was moderated by the rise in operating costs, largely on account of information technology (IT) expenses coupled with the additional provision of Rs. 35 crore on standard advances. The net profit improved in FY2026 with a profit after tax (PAT) of Rs. 373 crore vis-à-vis Rs. 214 crore in FY2025. The return on average total assets (RoA) was slightly lower at 0.79% in FY2026 compared to 0.81% in FY2025 due to the increase in the overall balance sheet size on account of higher derivative transactions. Going forward, 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 steady RoA of 0.3-0.4% during CY2021-CY2025.

Liquidity position: Strong

The liquidity position of the Indian branches remains strong with positive gaps across all maturity buckets (less-than-1-year) as per the structural liquidity statement (SLS) as on March 31, 2026. The excess statutory liquidity ratio (SLR) holding stood at 43.7% of the net demand and time liabilities (NDTL) as on June 30, 2026, 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 – Not applicable

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. It is the largest retail bancassurance group in both France and Europe and is one of Europe's major financial institutions with €2.7-trillion (Rs. 285 lakh crore) assets as of December 2025. 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 2025, 63.5% was held by the Group's 39 regional banks (themselves held by mutual shareholders, who are the banks' customers) while 6.6% was owned by employees and 29.9% 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 CY2025, it contributed 17% to the Group's revenues and 26% 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, the Middle East and Africa.

It commenced operations in India in 1981 and has five branches in the country as on date. The Indian branches reported a net profit of Rs. 373 crore in FY2026 compared to Rs. 214 crore in FY2025. The total assets stood at Rs. 63,363 crore as on March 31, 2026 (Rs. 31,444 crore as on March 31, 2025).

Key financial indicators (standalone)

Credit Agricole Corporate and Investment Bank (India)	FY2025	FY2026
Total income^	597	984
Profit after tax	214	373
Total assets	31,444	63,363
Return on average total assets	0.81%	0.79%
CET I/Tier I	18.81%	17.10%
CRAR	20.34%	18.49%
Gross NPA	0.04%	0.03%
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 (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	September 11, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	-	[ICRA]AAA (Stable)	Sep 02, 2025	[ICRA]AAA (Stable)	-	-	-	-

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	Financial Sector Regulator#
-	**Issuer Rating**	-	-	-	-	[ICRA]AAA (Stable)	-$

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& Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in the SEBI master circular for CRAs are being followed

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

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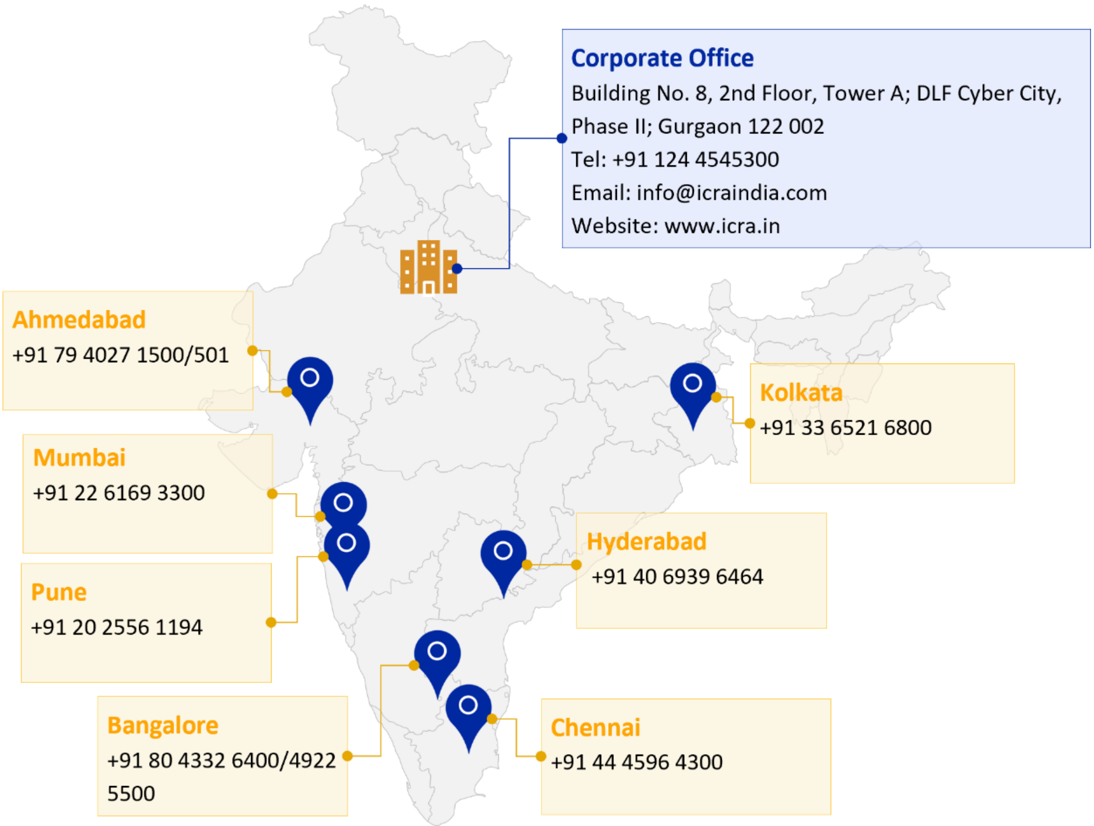

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