India’s National Export Credit Agency

Investor Presentation

March 2017

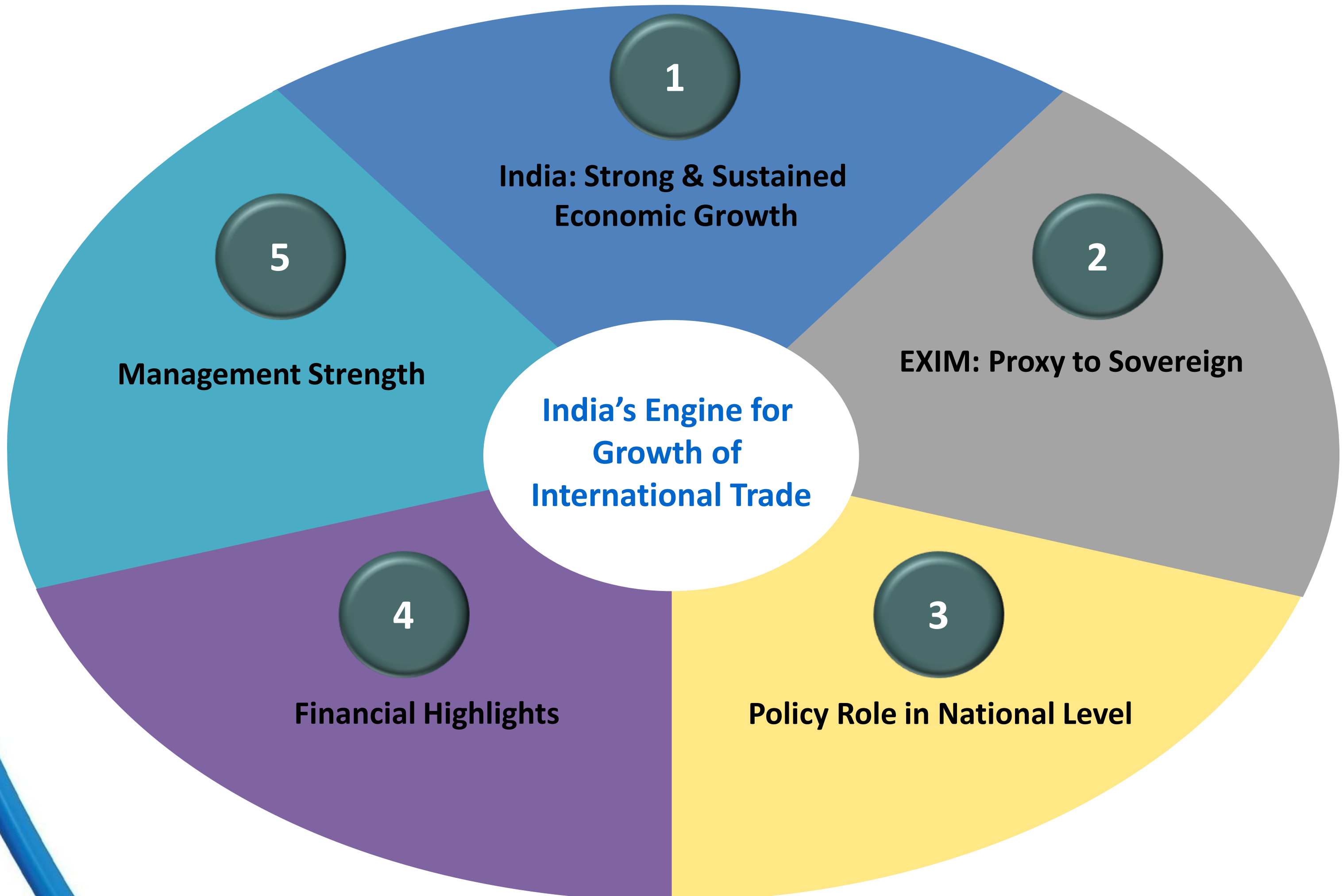
Presentation Outline

1. **Investment Proposition**
2. **The India Story**
3. **The Exim Bank Story**
4. **Appendix**

Section 1

Investment Proposition

Investment Proposition



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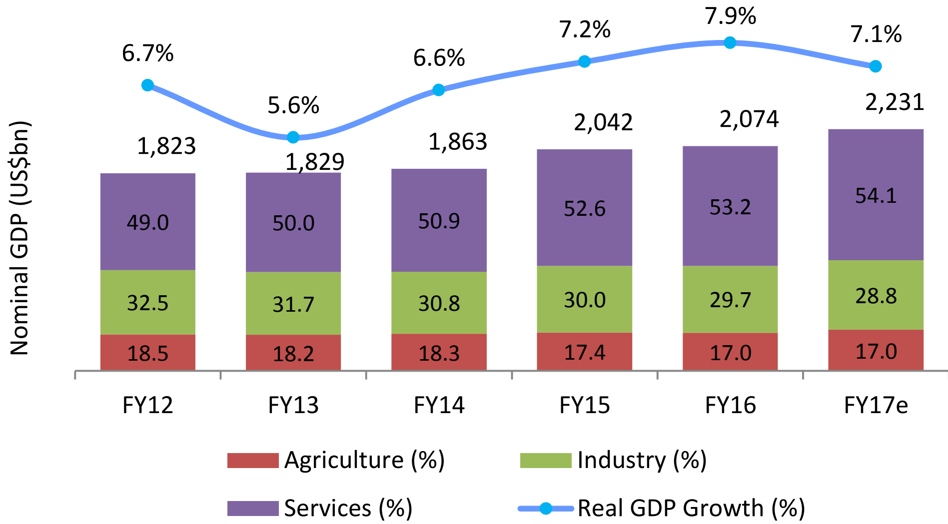
Section 2

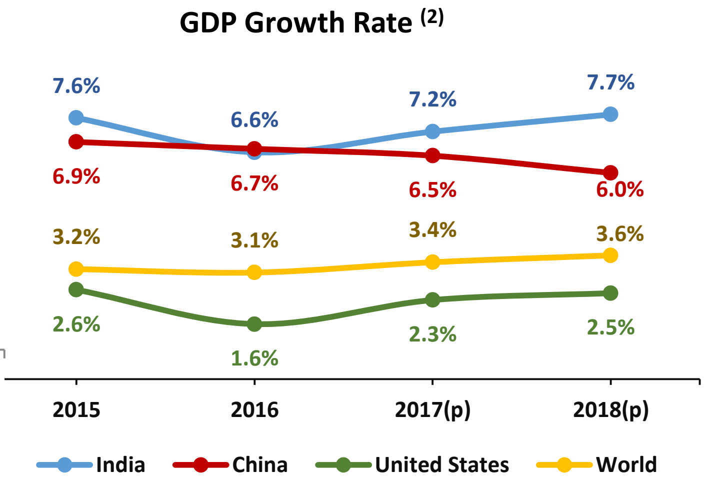
The India Story

India: Strong & Sustained Economic Growth

1

Resilient GDP Growth(1,4,5)





- **World's 7th largest economy** based on **nominal GDP** in 2016 [2]
  - *Nominal GDP for 2016: ~US$ 2.3 tn[2]*
- **World's 3rd largest economy** based on **GDP measured in PPP terms** in 2016 [2]
  - *GDP in PPP terms for 2016: ~US$ 8.7 tn[2]*
- GDP growth rate for FY 17 estimated at 7.1%[4]
- Favorable demographic profile: **66%** of the population is **between the age of 15 to 64 years** [3]
- **Consumption demand** which is driven by basic consumption **remained strong**

FYxx means financial year ended March 31, 20xx.
Source: (1) Institute of International Finance (IIF)
(2) IMF World Economic Outlook October 2016 and January 2017 Update.
(3) World Bank Database.
(4) Union Budget
(5) Ministry of Statistics and Programme Implementation

1 Indian Economy: Key Economic Indicators

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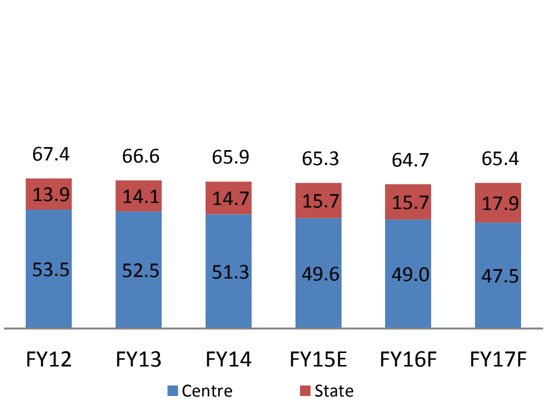
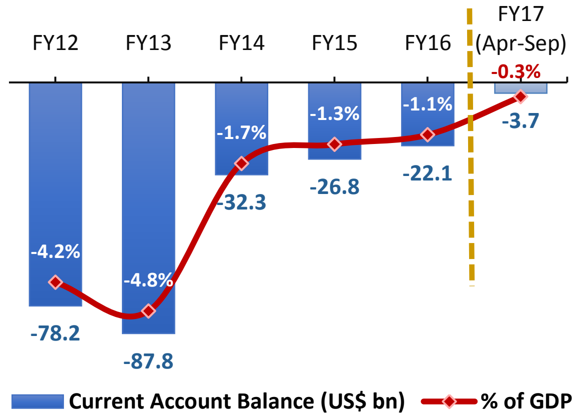
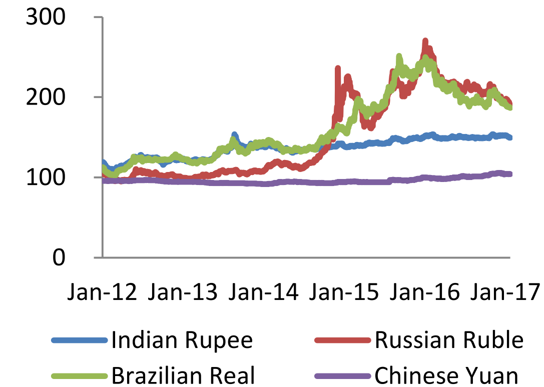
General Government Debt (% of GDP)[1]



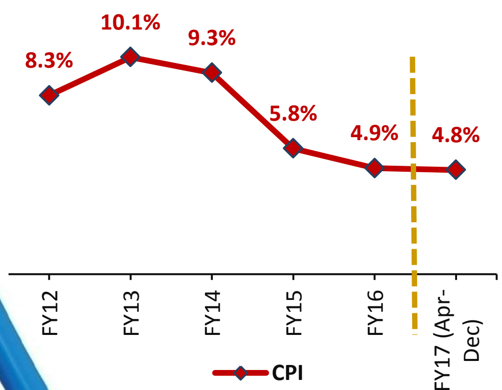
Current Account Deficit[2][3]



Currency Movement[4]



CPI Inflation Rate[2]**



Key Macroeconomic Metrices

Key Parameters	FY2012	FY2016	Change
Gross National Saving (% of GDP)[1]	34.3	32.0*	(230 bps)
Gross Domestic Investment (% of GDP)[1]	36.5	32.5*	(400 bps)
Capital Expenditure (% of Total Expenditure)[3]	12.2	14.1	190 bps
Revenue Deficit (% of GDP)[3]	4.5	2.5	(200 bps)
GNPA as % (Banking Sector)	3.06	7.94	488 bps
Exchange Rate (INR/US$, avg.)[2]	47.9	65.5	36.7%

Source: (1) Institute of International Finance (IIF) Database.
(2) Reserve Bank of India, Press Release and Online Database (accessed online on 23/01/2017)
(3) Office of the Economic Adviser, Ministry of Commerce and Industry, Government of India.
(4) Reuters
** Data pertains to FY15 (as per latest available data)*
*** Base year for CPI Inflation for FY 12 is 2001=100; FY13-FY 16 is 2012=100*

India's Twin Balance Sheet problem

Over Leveraged Corporates:

- Investment-GDP Ratio soared by 11% points to 38% in four years to FY 2007-08;
- Expectations of sustained double digit growth by corporates;
- In three years to FY 2008-09, non-food bank credit doubled;
- Surge in capital inflows, reaching 9% of GDP in FY 2007-08;
- High Leverage for corporates accentuated by cost overruns;
- Tightening of monetary policy due to rise in inflation:
  - ✓ Repo rates increased from 4.75% in April 2009 to 8.50% October 2011;
- ₹ Depreciation added to the stress in FC debt servicing:
  - ✓ USD/INR depreciated from 52.97 in February 2013 to 68.36 in August 2013;
- By 2013, 33% of Debt owed by corporates with ICR < 1; increased to ~ 40% by 2015.

Source: Economic Survey 2016-17, Bloomberg Database

India’s Twin Balance Sheet problem

Bad-Loan-Encumbered Banks:

- More than 80% of Bad Loans as on September 30, 2016 are in PSBs;
- India relatively resilient vis-à-vis Banks in US & Europe after the Global Financial Crisis due to ultimate ownership by GOI;
- Greater focus on resolution than recapitalisation;
- Suggestion for a central Public Sector Asset Rehabilitation Agency (PARA);
  - ✓ Employed by East Asian Countries after the 1997 Asian Crisis;
  - ✓ Dual moral hazard issue.
- Bank Credit to GDP (%)
  - ✓ India - 53.4% (March 31, 2016)
  - ✓ China - 141.7% (March 31, 2016)*

Source: Economic Survey 2016-17
*****PRC 2016 Article IV consultation, IMF.***

1 Sound External Sector

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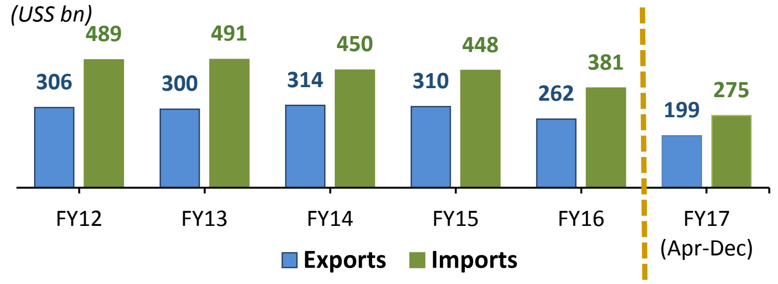
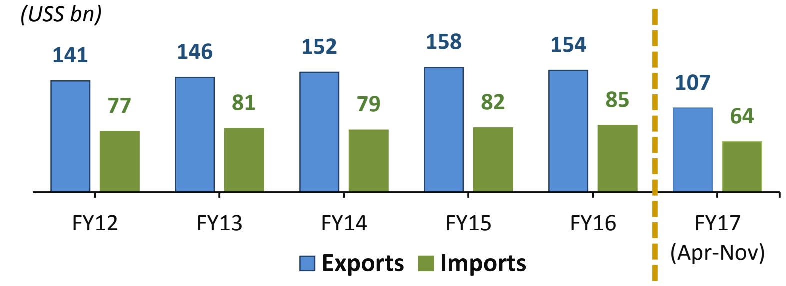
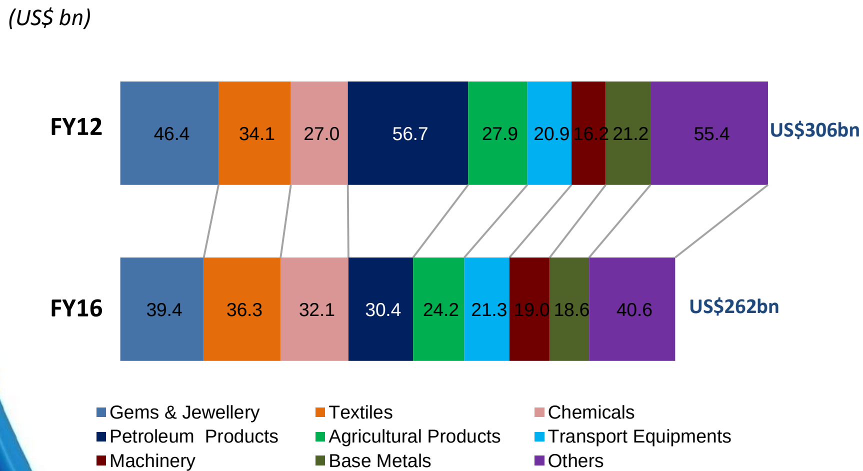
Trend of Merchandise Trade[1]



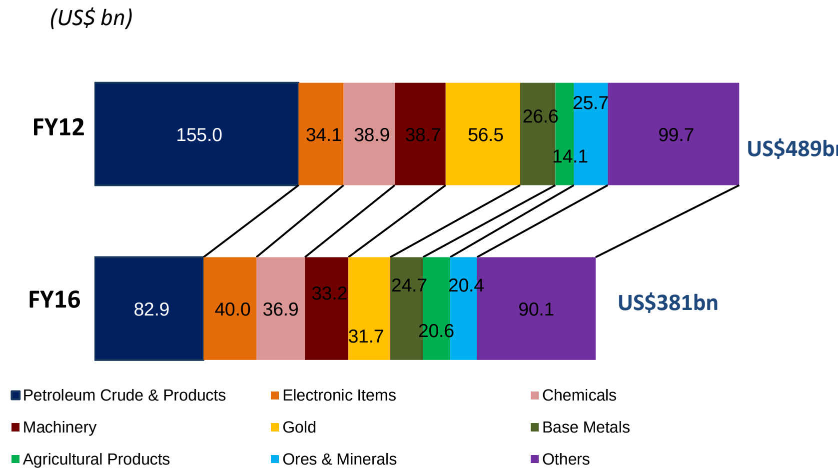
Trend of Services Trade[2]



India's Export Pattern[1]



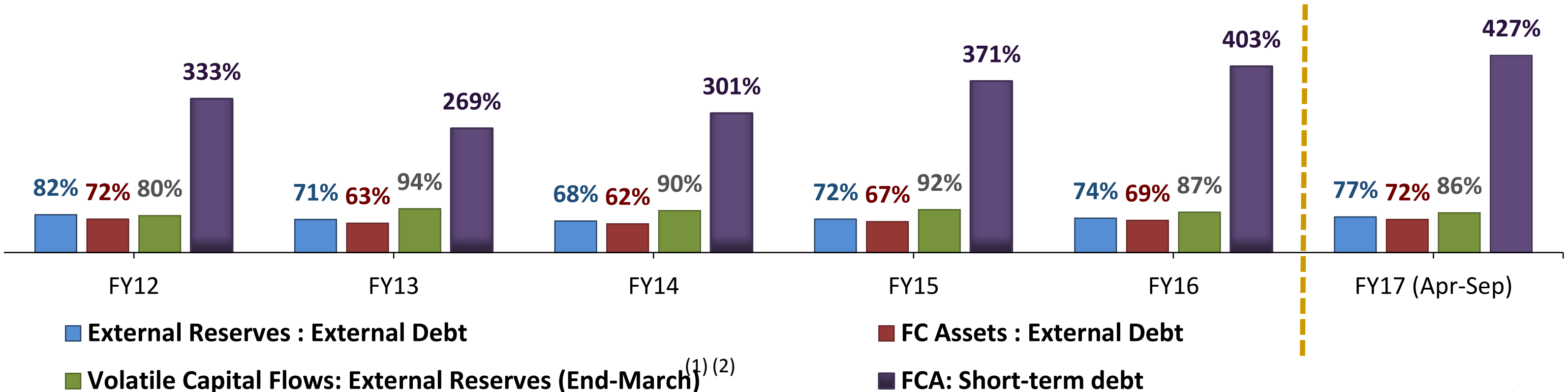
India's Import Pattern[1]



- Merchandise trade (exports + imports) as percentage of GDP has decreased from 44% in FY12 to 31% in FY16[1]. India's share in global merchandise trade stood at 2.0% (2015)[2]
- India emerged as the 19th largest merchandise exporter in 2015; and accounted for 1.6% of global merchandise exports in the same year[2]
- India is the 8th largest exporter of services in the world in 2015, accounting for 3.2% of global services exports[2]

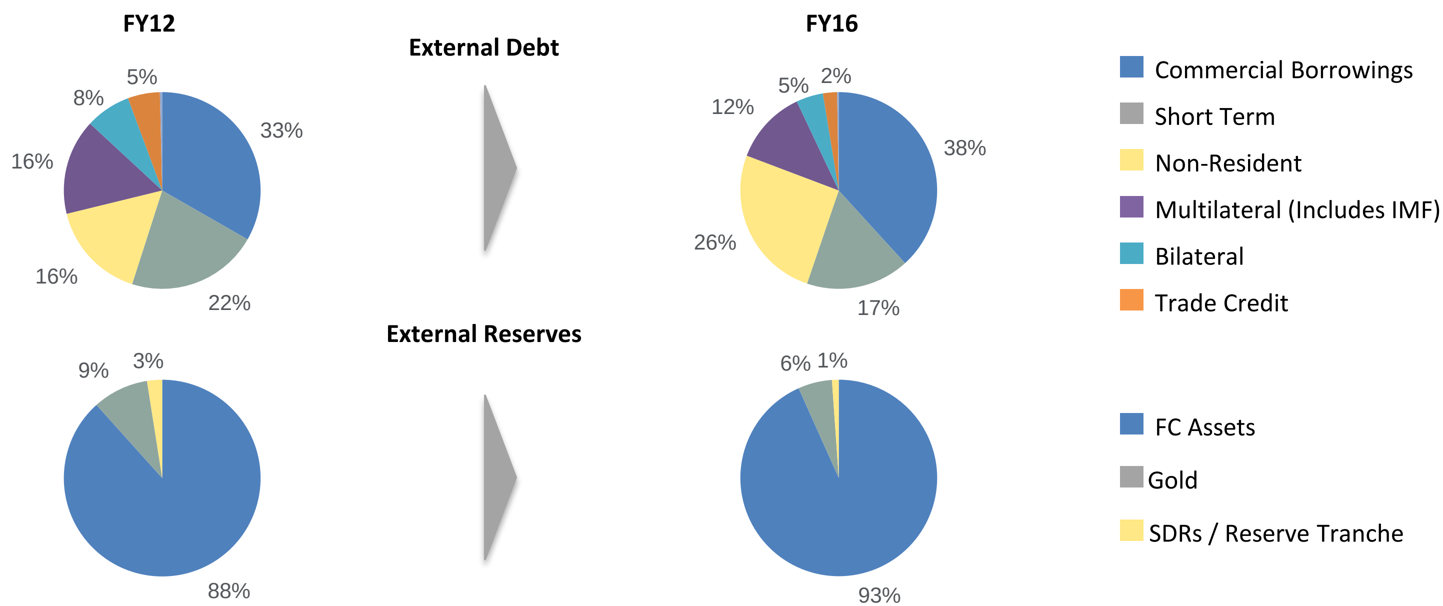
Source: (1) MOCI/IIF
(2) World Trade Organization (accessed on 23/01/2017)

1 External Debt vis-à-vis External Reserves



(US$ bn)

External Debt	**360.8**	**409.5**	**446.2**	**474.7**	**485.0**
External Reserves	**294.4**	**292.0**	**304.2**	**341.6**	**360.2**



(1) 'Volatile capital flows' is defined to include cumulative portfolio inflows and short-term debt (RBI)
(2) Volatile capital flows to Reserves ratio peaked at 97.4% in September 2013
(3) Source: RBI/Ministry of Finance, Government of India

Union Budget - FY 2017-18

"Transform, Energise and Clean India"

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Key highlights of the Budget may be summarised as follows:

- Fiscal deficit target of 3.2% for FY 2017-18 in line with market expectations;
- Revenue deficit target reduced to 2.1% for FY 2016-17 vis-à-vis BE of 2.3%;
- Revenue deficit target of 1.9% for FY 2017-18 below 2% mandated by FRBM;
- Allocation for Capital expenditure increased by 25.4%;
- Aggressive disinvestment target of ₹725 billion for FY 2017-18;
- Focus on Agriculture and Rural sectors - Increase in allocation by 11% & 12% to ₹587 billion & ₹1,286 billion respectively;
- Allocation to MGNREGA at record high of ₹480 bn;
- Greater focus on Infrastructure, especially transport with increase in allocation by 10% to ₹3,961 billion;

Union Budget - FY 2017-18 (contd)

"Transform, Energise and Clean India"

- Proposal to abolish Foreign Investment Promotion Board (FIPB) in FY 2017-18;
- Profit (linked deduction) exemption for startups now available for 3 out of 7 years;
- Under the 'Indradhanush' plan, estimates of ₹1800 billion required by banks as capital under Basel-III norms of which ₹700 billion would be infused by the Government by FY 2018-19 (₹100 billion allocated as per the Union Budget - FY 2017-18);
- No corporate tax cut for large industries, as budget focused on MSMEs. Reduction in tax liability for MSMEs;
- GST scheduled for implementation by July 01, 2017.

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Section 3

The Exim Bank Story

EXIM Bank - India’s Export Credit Agency

Genesis

Set up under a Act of Parliament in 1982 by the Government of India (GoI)

Objectives

“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 export and import of goods and services with a view to promoting the country’s international trade…”

“… shall act on business principles with due regard to public interest”

(Export-Import Bank of India Act, 1981)

Vision

“To develop commercially viable relationships with a target set of externally oriented companies by offering them a comprehensive range of products and services, aimed at enhancing their internationalisation efforts”

2 EXIM – Proxy to Sovereign

Ongoing Government Support

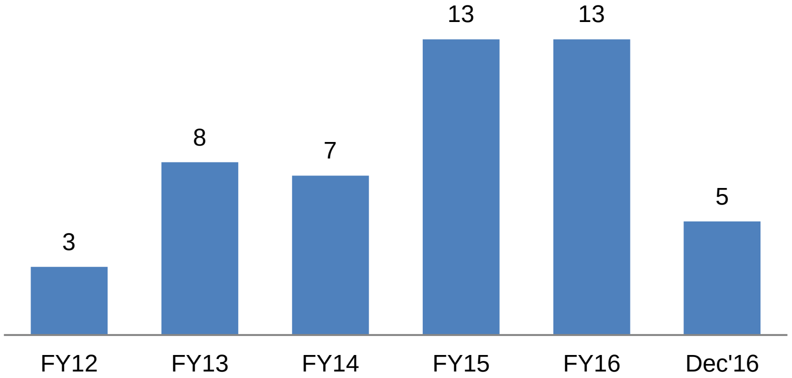
- An instrument of Government policy as India's official export credit agency
- 100% owned by Government of India ("GoI")
  - Proxy to the India Sovereign in international debt markets
  - Cannot be liquidated without GoI approval
- Board of Directors are appointed by GoI
  - Comprises top officials from key GoI ministries (Commerce & Industry, Finance and External Affairs) and RBI
- **Guarantees are provided by GoI** for lines of credit extended by EXIM which are on behalf of and supported by the GoI
- A track record of **GoI capital infusions**

EXIM – Proxy to Sovereign (Cont'd)

EXIM's credit rating has been on par with India sovereign rating since its establishment

Government Capital Injection[1]

(INR bn)



- ❑ Continued GoI support evidenced by capital infusion
- ❑ Budget allocation of INR 5 Bn in FY 17 from GoI towards capital, received in August 2016
- ❑ Further Provision of INR 5 bn for FY 18 made in the Budget presented to the Parliament on February 1, 2017.

Rating is *Baa3 (Positive) on par with sovereign as of 20th July 2016*

Moody's Corporation

Rating is *BBB- (Stable) on par with sovereign as of 20th July 2016*

STANDARD & POOR'S

EXIM's Lines of Business

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Export Credit

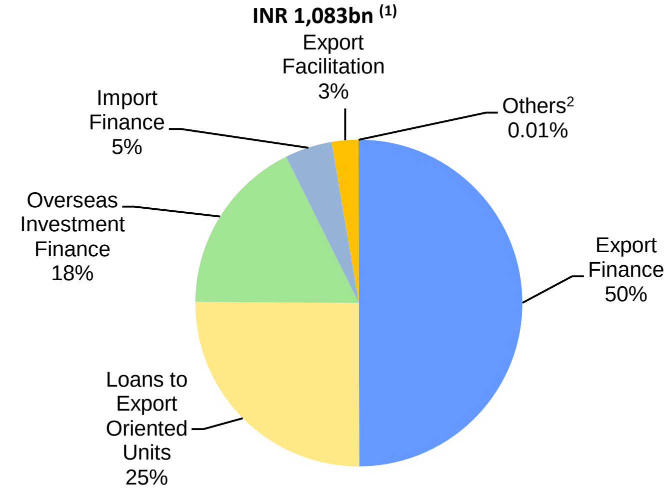
- Projects
- Products
- Services

- Lines of Credit
- Buyer's Credit under NEIA
- Supplier's/Buyer's Credit
- Pre-Shipment Credit
- Post-Shipment Credit
- Guarantees & L/Cs

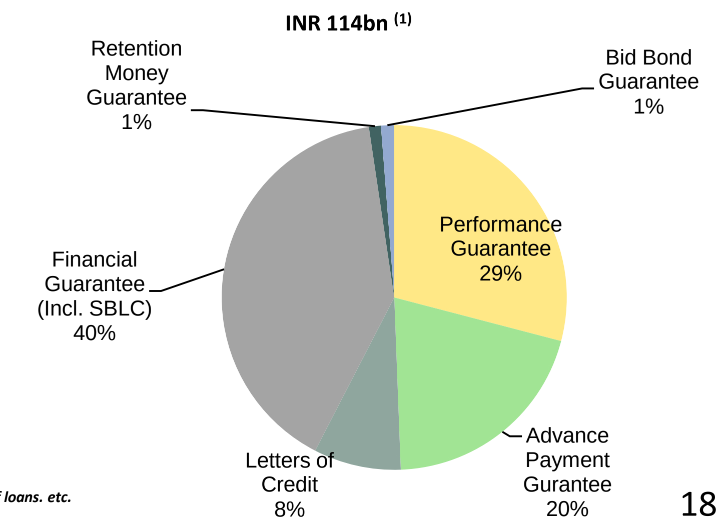
Finance for Export Capability Creation

- Term Loans
- Working Capital
- Export Product Development
- Export Facilitation
- Overseas Investment Finance
- Import Finance
- Guarantees & L/Cs

Funded Portfolio



Non-Funded Portfolio



Note: (1) As on December 31, 2016
(2) Includes advances under Production Equipment Finance Program, Long Term Working Capital Loan and staff loans. etc.

Financial Highlights

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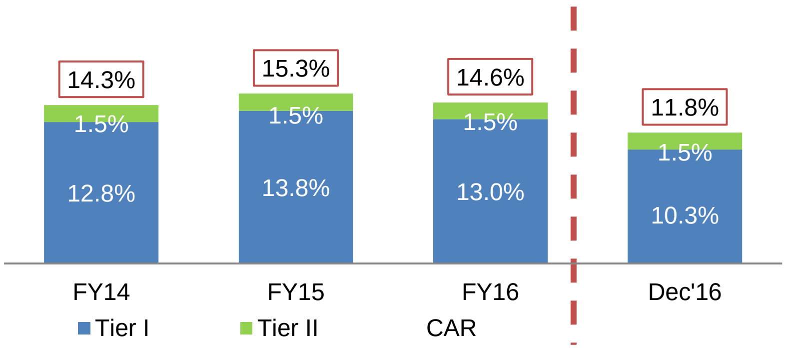
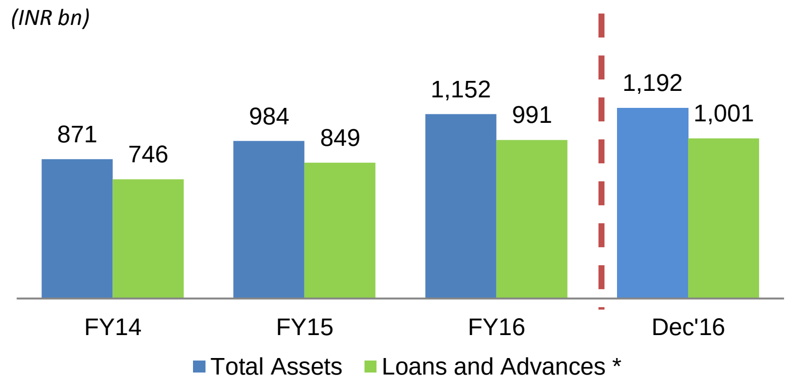
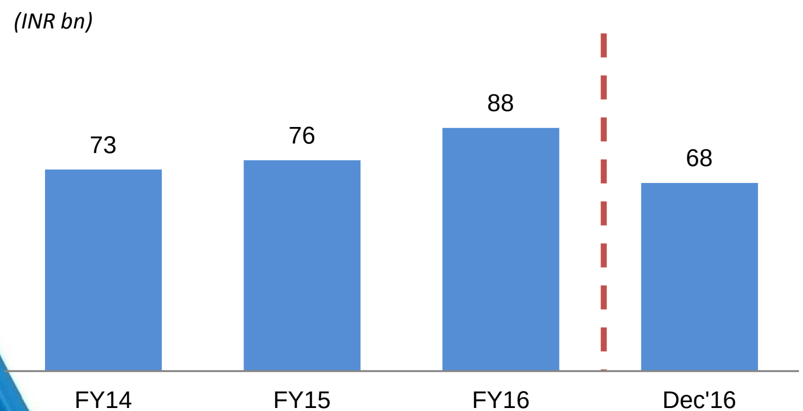
Capital Strength



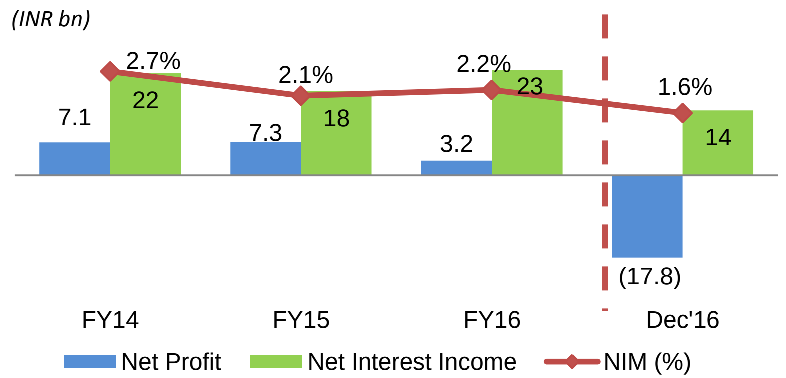
Total Assets, Loans and Advances



Total Income



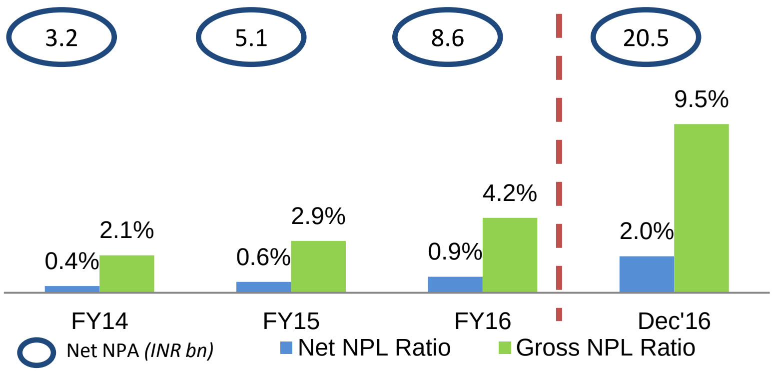
Profitability



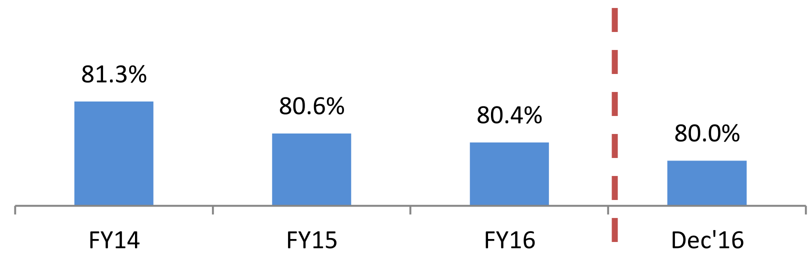
* Includes loans and advances to industrial concerns, scheduled banks foreign governments and other financial institutions and bills of exchange and promissory notes discounted/rediscounted. Amounts stated are net of provisions for non-performing loans (NPLs).

4 Asset Quality Position

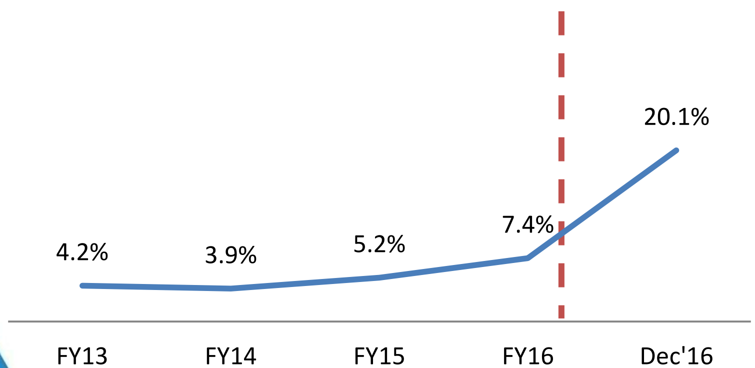
Non Performing Loans[1]



Provision Coverage Ratio



Equity at Risk



- Current NPA primarily due to reclassification of the restructured legacy assets already recognized till 2014
- No significant new accounts becoming NPA
- One of the highest provision coverage ratios in the industry

Source: RBI.
Note: (1) Excludes restructured standard assets.

4 Asset Liability Management

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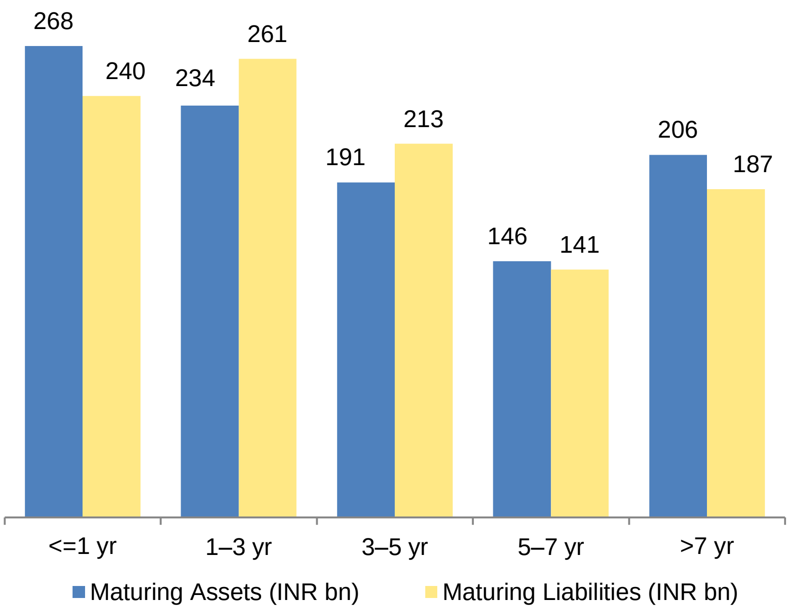
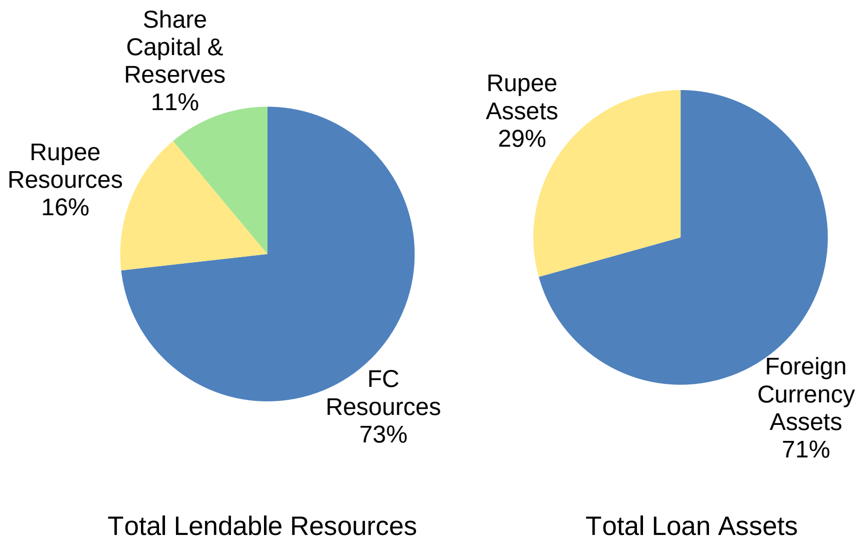
Foreign Currency Asset Liability Gaps(1)



Total Resources/ Loan Assets(1)(2)



- Fully hedged position on currency and basis risk. Both Assets and Liabilities on floating LIBOR basis.
- Exim Bank's quasi sovereign status enables issuance at benchmark rates
- Regular issuer in the International debt markets with 28 issuances under MTN Program since 2004.
- Debut 144A issuance for USD 1 bn in July 2016 under GMTN Program.
- Variety of borrowing instruments and active liability management
- Issuances across currencies including AUD, CHF, CNY, JPY, MXN, SGD, TRY and ZAR

(1) Data as on 31st December 2016
(2) Excluding short term interbank deposits maintained for Liquidity

5 EXIM Bank – Management & Board of Directors

Rita Teaotia
Secretary, Department of Commerce, Ministry of Commerce and Industry

Amar Sinha
Secretary, ER, Ministry of External Affairs

Pankaj Jain
Joint Secretary, FS, Financial Services Department

Arundhati Bhattacharya
Chairperson, SBI

Usha Ananthasubramanian
MD and CEO, Punjab National Bank

Kishor Kharat
MD and CEO, IDBI Bank

David Rasquinha
Deputy Managing Director & holds additional charge as Interim Managing Director

Ramesh Abhishek
Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce and Industry

Arvind Subramanian
Chief Economic Advisor, Ministry of Finance, GoI

M D Patra
Executive Director, RBI

Geetha Muralidhar
Chairman and MD, ECGC Ltd

Rajeev Rishi
Chairman and MD, Central Bank of India

Debasish Mallick
Deputy Managing Director

Directors representing Ministries of Commerce, External Affairs & Finance

Directors representing major Indian Public Sector Banks

Director representing regulator - RBI

Directors representing India's Export Credit Insurance Company

Whole Time Directors

5 EXIM Bank – Senior Management

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Highly Experienced Management Team with Government of India (GoI)Sponsorship

Mr. David Rasquinha, Deputy Managing Director & Interim Managing Director (Additional Charge)

- Mr. David Rasquinha has been appointed by GoI as Deputy Managing Director of Export-Import Bank of India since July 2014
- Mr. David Rasquinha has been entrusted with an additional charge as the Interim Managing Director w.e.f. February 20, 2017
- He has been with EXIM since 1985 and prior to his current role he has held posts of Executive Director & Chief General Manager. He has handled a wide range of functions including Lines of Credit & Trade Finance and was Representative at EXIM's Washington DC Rep Office from 1999-2004
- Mr. Rasquinha holds a first class graduate degree in Economics from Mumbai University & a post graduate qualification in Business Management from the XLRI, Jamshedpur

Mr. Debasish Mallick, Deputy Managing Director

- Mr. Debasish Mallick has been appointed by GoI as Deputy Managing Director of Export-Import Bank of India since July 2014
- Mr. Mallick was the Managing Director and CEO of IDBI Asset Management Company Ltd and has nearly three decades of experience in the Banking industry. He has vast experience in the areas of Corporate Banking, International Banking, Resource Mobilisation and Treasury among others
- He holds a post-graduate degree in Economics & is a Certified Associate of Indian Institute of Bankers

EXIM Bank – Institutionalised Risk Management Culture

5

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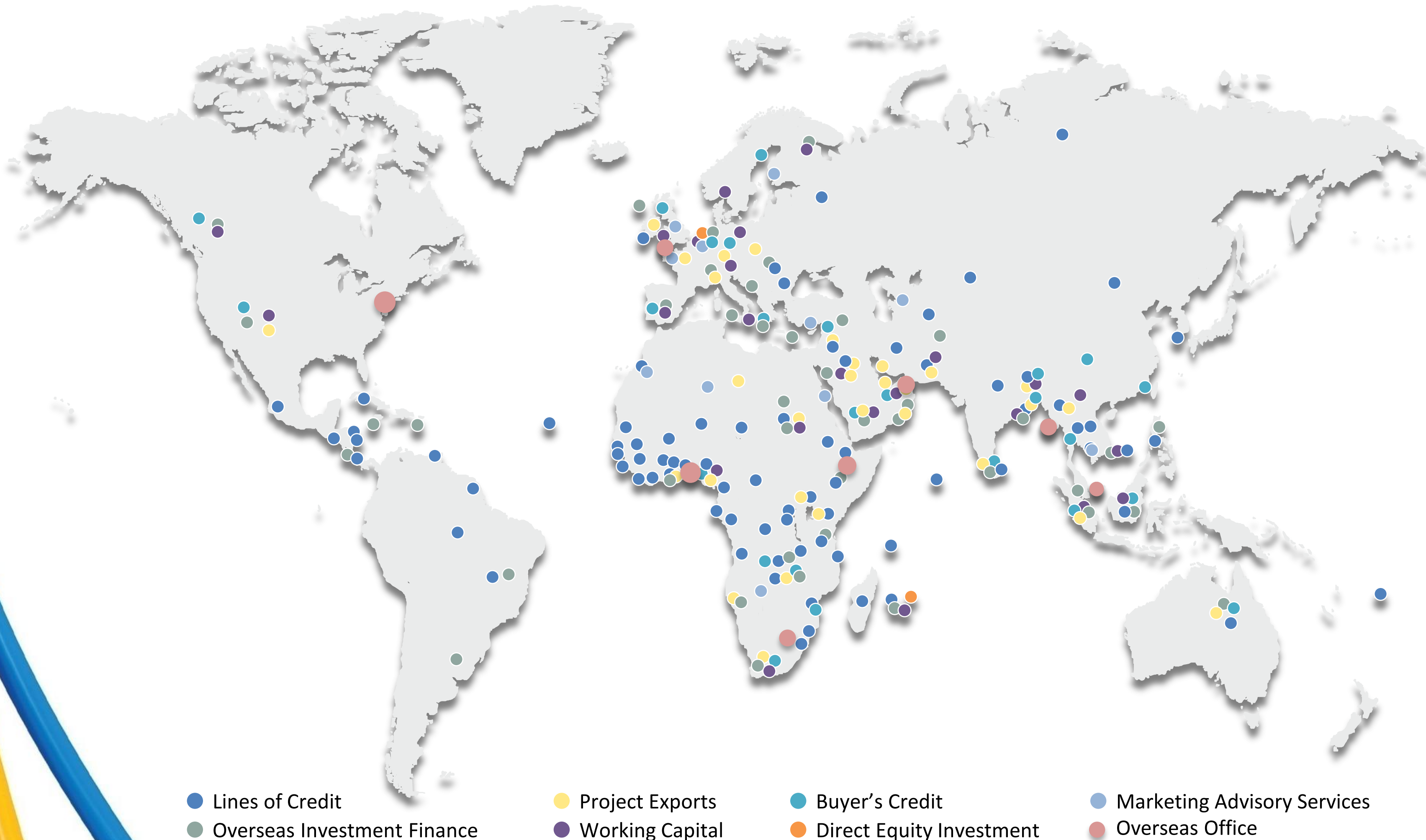
Risk Management Group	❑ Officer of the rank of Chief General Manager designated as Chief Risk Officer for credit, market and operational risks ❑ Tasked with risk management into the Bank's business processes and driving the Bank's risk management strategy
Asset-Liability Management Committee	❑ Chaired by Deputy Managing Directors and comprises Group Heads of Business Groups, Treasury and Accounts Group, and Risk Management Group ❑ It addresses issues of asset-liability management, interest and exchange rate risks, liquidity risk etc
Credit Risk Management Committee	❑ Chaired by Deputy Managing Directors and comprises Group Heads of Business Groups, Treasury and Accounts Group, and Risk Management Group ❑ The CRMC addresses rating and pricing standards, prudential limits on various exposure categories (country, sector, single and group borrower and unsecured exposures, program-wise exposures etc.), provisioning, sector-wise outlook etc
Integrated Risk Management Committee	❑ Chaired by Deputy Managing Directors and comprises senior executives who do not have direct line responsibilities ❑ Reviews Bank's risk profile, risk concentrations, compliance with prudential limits and overseeing the operations of CRMC and ALCO ❑ Reviews the Bank's risk management policies, investment policies and strategy, and regulatory and compliance issues in relation thereto
Audit Committee	❑ Constituted by the Board of Directors and conducts internal audit. ❑ Reviews all operations of ALCO , NPA loan accounts, Bank's currency-wise liquidity position, interest rate sensitivity position and the exceeding of any prudential limits, as well as any corrective actions taken thereto on a quarterly basis

Geographic Presence

- ❑ About 55% of the Bank's gross loan assets are located outside India
- ❑ 71% of Bank's Gross Loan Assets are Foreign Currency (Non-rupee) assets
- ❑ Branch in London & Representative Offices in 7 countries



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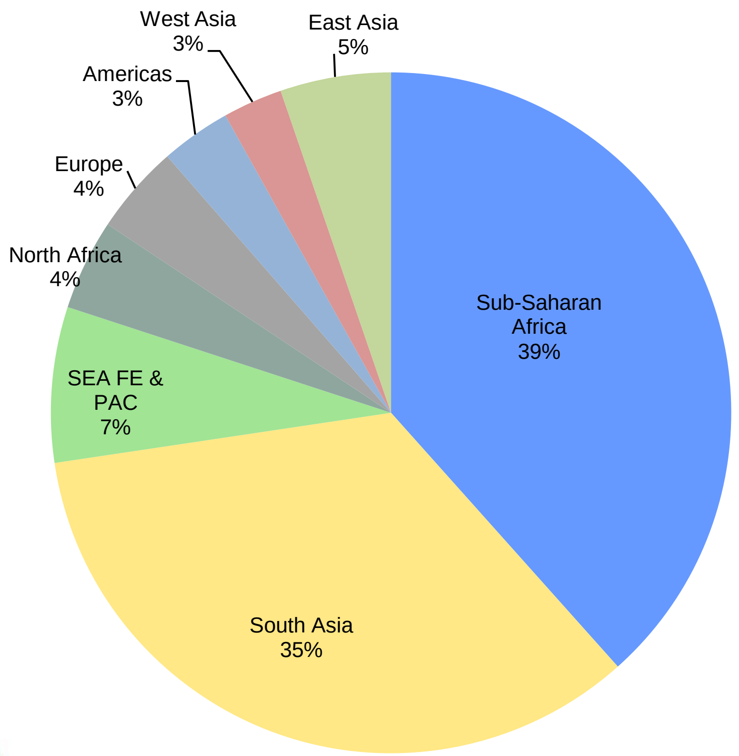
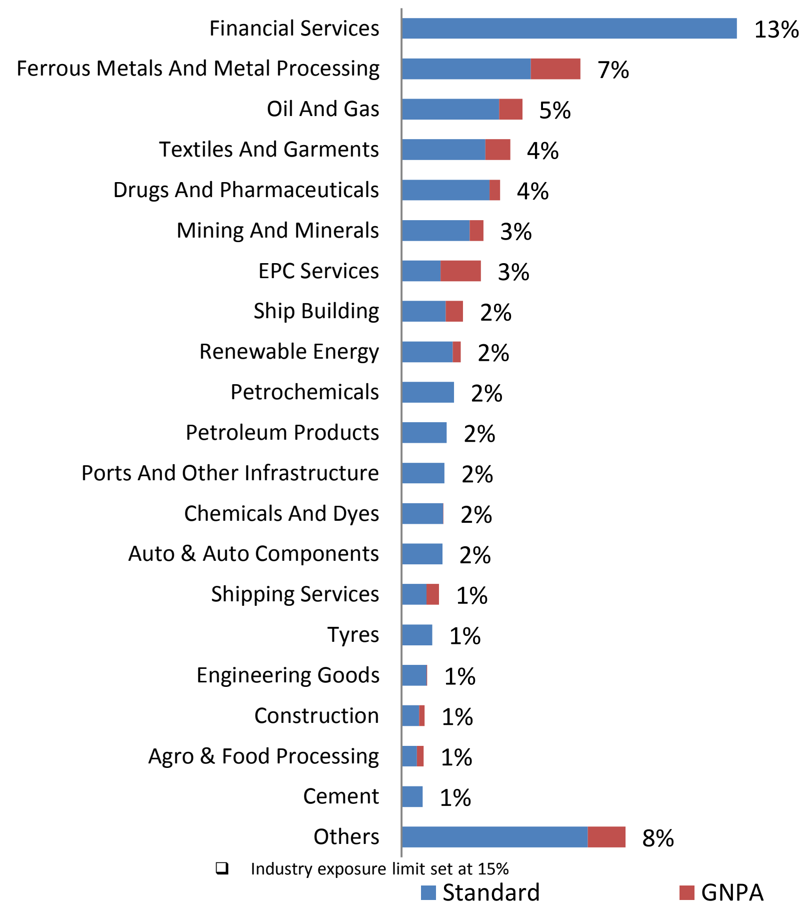
Diversified Credit Exposure

Aggregate Country Exposure(2)



Gross Loans o/s by Major Industries(1) (2)



- Industry exposure limit set at 15%

Note: (1) Excludes advances under lines of credit, buyer's credit under NEIA and staff loans which can not be classified under any particular sector totaling to 35% of Gross Loans outstanding
(2) As on December 31, 2016

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Section 3

Appendix

Financial Highlights (Cont'd)

Balance Sheet Summary

Figures in INR mn	FY14	FY15	FY16	Dec'16
Cash and Bank Balance	51,241	45,119	54,438	60,841
Investments	39,163	49,820	53,555	52,379
Loans and Advances[(1)]	745,983	849,100	991,168	1,001,015
Fixed Assets	807	1,041	1,002	1,312
Other Assets	34,296	39,169	52,015	76,359
Total Assets	871,490	984,249	1,152,178	1,191,906
Paid up Capital & Reserves[(2)]	83,097	99,026	114,868	119,868
Deposits	23,728	20,145	20,958	20,963
Notes, Bonds and Debentures	548,868	654,814	758,416	813,483
Borrowings	142,225	112,146	153,792	127,826
Profit and Loss Account	-	-	-	(17,784)
Other Liabilities & Provisions	73,572	98,118	104,144	127,550
Total Liabilities	871,490	984,249	1,152,178	1,191,906

Note: (1) Includes loans and advances to industrial concerns, scheduled banks foreign governments and other financial institutions and bills of exchange and promissory notes discounted/rediscounted. Amounts stated are net of provisions for non-performing loans (NPLs).
(2) Includes paid-up capital and reserves.

Financial Highlights (Cont'd)

Profit and Loss Summary

Figures in INR mn	FY14	FY15	FY16	Dec'16
Interest Earned	68,464	71,479	82,938	62,543
Interest Expended	46,840	53,355	60,221	48,697
Net Interest Income	21,624	18,124	22,717	13,846
Non-Interest Income	4,301	4,728	4,873	5,218
Operating Income	25,925	22,852	27,590	19,064
Non-interest Expense	1,826	2,109	2,292	1,916
Provisions and Contingencies	17,001	13,484	22,140	34,932
Net Profit	7,098	7,259	3,158	(17,784)

Key Ratios

	FY14	FY15	FY16	Dec'16
Net Interest Margin*	2.69%	2.06%	2.21%	1.61%
Gross NPA	2.10%	2.94%	4.17%	9.46%
Net NPA	0.43%	0.60%	0.86%	2.05%
ROAA	0.85%	0.79%	0.29%	-
ROAE	9.24%	7.89%	2.93%	-
CRAR	14.32%	15.34%	14.55%	11.82%

NPAs - Indian banking sector and Exim Bank

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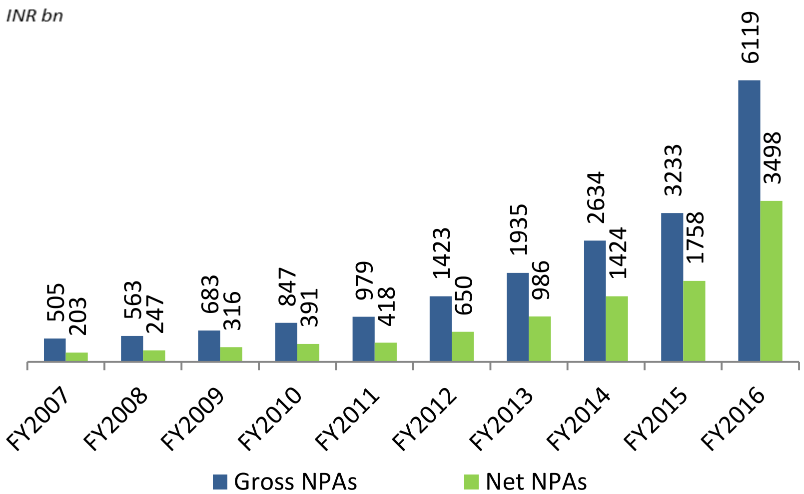
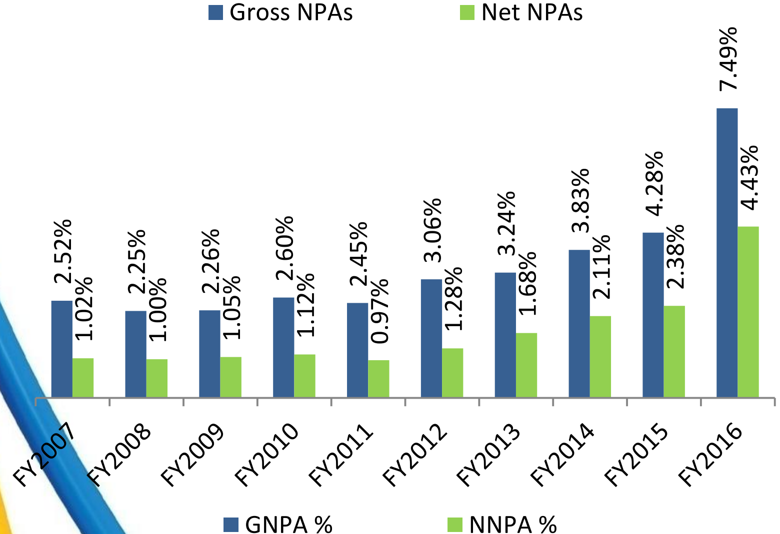
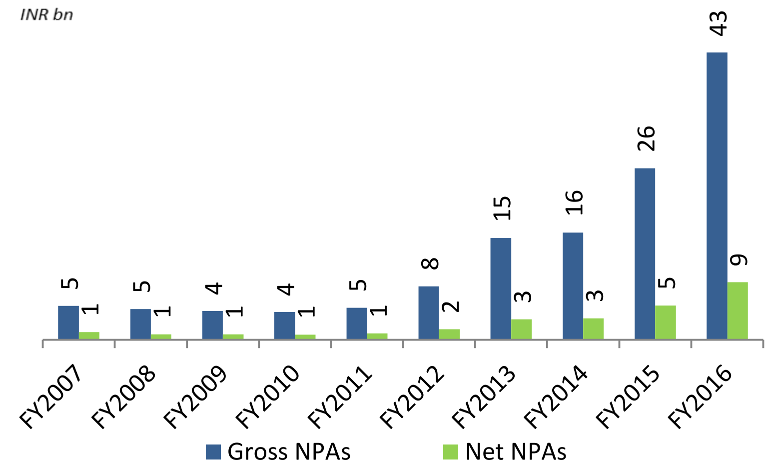
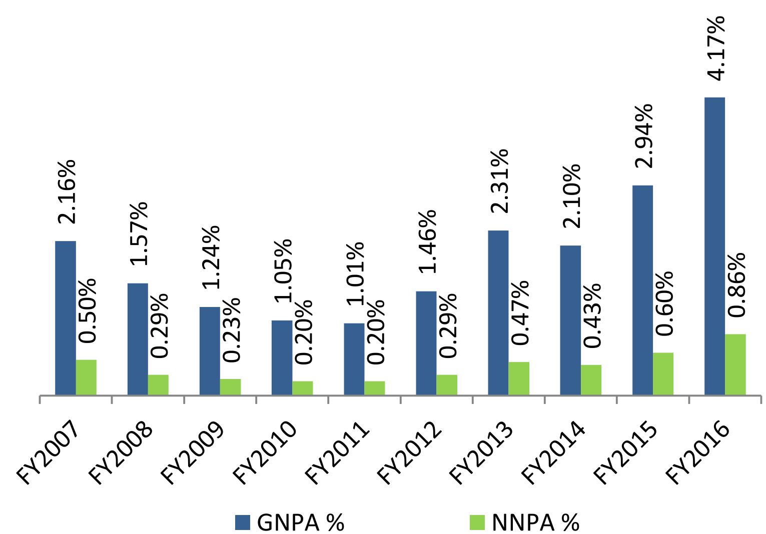
Trend of Gross NPA & Net NPA of Banking Sector





Trend of Gross NPA & Net NPA of Exim Bank

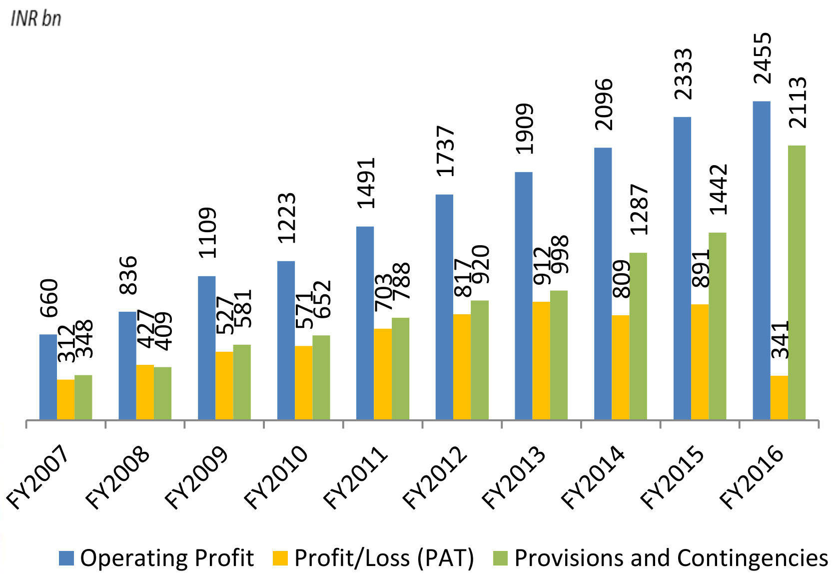




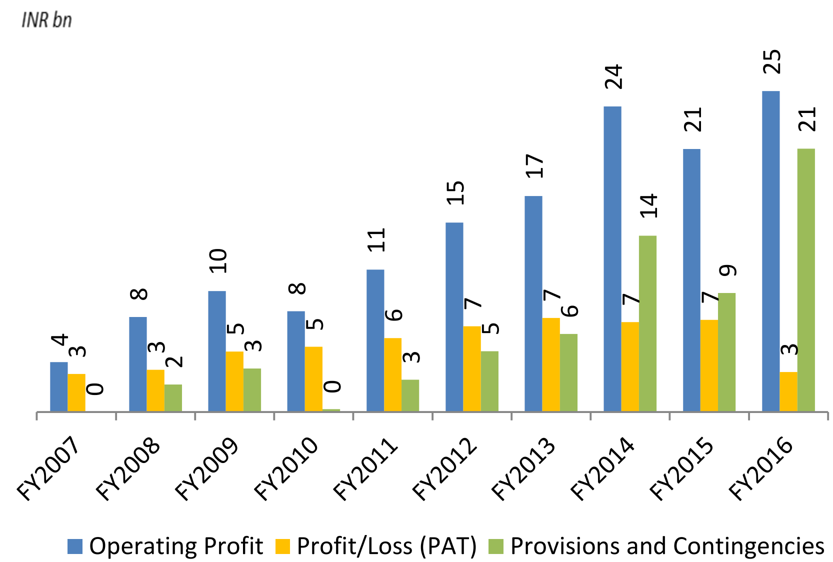
Source: RBI Financial Stability Report .

Profits - Indian banking sector and Exim Bank

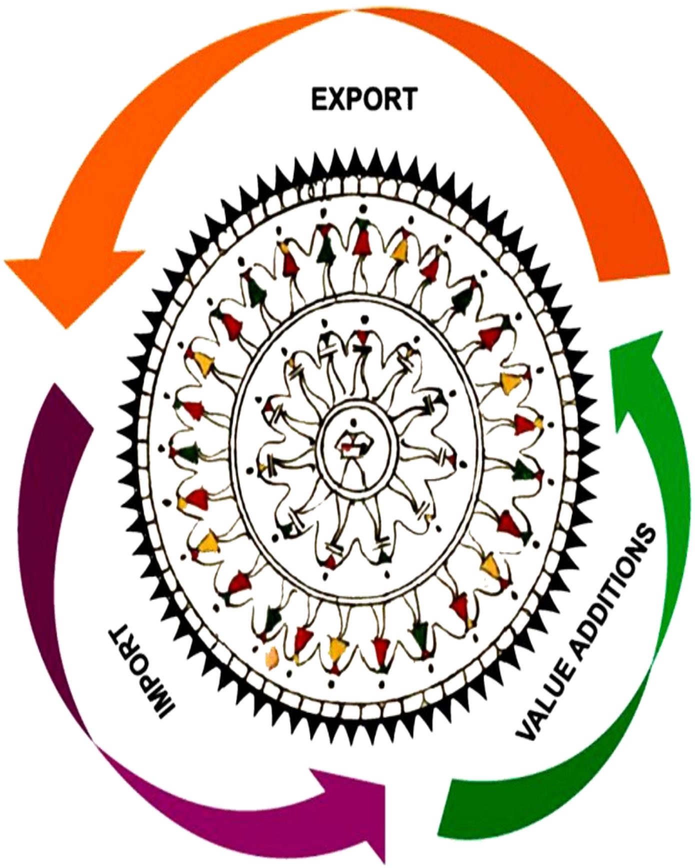
Trend of Operating Profit, PAT & Provisions & Contingencies of Banking Sector



Trend of Operating Profit, PAT & Provisions & Contingencies of Exim Bank



Source: RBI Financial Stability Report .



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