

July 22, 2025

CTBC Bank Co., Ltd.: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Certificates of deposit programme	200.00	750.00	[ICRA]A1+; assigned and reaffirmed
Issuer rating	-	-	[ICRA]AAA (Stable); reaffirmed
Total	200.00	750.00	

*Instrument details are provided in Annexure I

Rationale

The ratings continue to factor in the dominant market position of CTBC Bank Co., Ltd. (CTBC; rated A1/Stable/P-1 by Moody's Investors Service with baseline credit assessment (BCA) of baa1), which is one of the six systemically important banks in Taiwan with total assets of NT\$ 6.47 trillion¹ as on December 31, 2024. The ratings consider CTBC's strong asset quality, comfortable capital position and the profitability of its global operations.

CTBC's Indian branches continue to have strong financial and operational linkages with the head office (HO) in Taiwan. The capitalisation and asset quality remain healthy with the oversight and involvement of the HO in underwriting as well as liquidity monitoring. In FY2025, the Indian branches witnessed a slight decline in the net profit to Rs. 32.88 crore from Rs. 33.14 crore in FY2024, as the margins compressed. The reduction in the net interest margin (NIM) was due to deposit growth outpacing the growth in advances, resulting in surplus liquidity. This excess liquidity was deployed in statutory liquidity ratio (SLR) instruments and certificates of deposit (CDs), which yielded relatively lower returns. As a result, the return on assets (RoA) declined to 0.80% in FY2025 from 0.98% in FY2024. Further, the return on net worth remains low and the ability of the bank's (Indian branches) to maintain/enhance the same will remain monitorable.

The deposit franchise of the Indian branches is characterised by high depositor concentration and short tenures. 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 Government securities (G-Secs) and committed lines of credit from the HO and other banks. Moreover, the Indian branches can borrow from interbank markets for any liquidity requirements. Going forward, ICRA will continue to monitor CTBC's profile as this will remain a key driver of the credit profile of the Indian branches.

Key rating drivers and their description

Credit strengths

Systemically important bank in Taiwan; Indian branches have high operational and financial linkages with HO – CTBC is classified as a systemically important bank in Taiwan and is one of the largest private banks in Taiwan with a total balance sheet size of NT\$ 6.47 trillion (Rs. 16.9 trillion) as on December 31, 2024 (NT\$ 6.05 trillion or Rs. 16.2 trillion as on December 31, 2023).

The Indian branches have high operational linkages with the HO in Taiwan, which is reflected by the formulation of liquidity and market 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 Taiwanese corporates remain depositors and borrowers at the Indian branches because of their strong relationship with the HO.

¹ 1 NT\$ = Rs. 2.6088 as on December 31, 2024

Comfortable capitalisation and demonstrated capital support to Indian branches – The capitalisation parameters of the Indian branches moderated in FY2025 after increasing in FY2024 due to an equity infusion in Q1 FY2024. The reduction in FY2025 resulted from the growth in advances and the increase in the derivatives portfolio, which led to a significant rise in the risk-weighted assets (RWAs) in FY2025. Nevertheless, the capitalisation parameters remained comfortable compared to the regulatory limits as on March 31, 2025. The common equity tier I (CET I) ratio and the capital-to-risk weighted assets ratio (CRAR) of the Indian branches stood at 23.19% and 24.07%, respectively, as on March 31, 2025 (33.91% and 35.10%, respectively, as on March 31, 2024). The HO remains committed to support the growth of the Indian branches, which is also demonstrated by the last infusion of Rs. 412 crore in Q1 FY2024, following the infusion of Rs. 212.70 crore in FY2020.

CTBC reported a comfortable capital profile with the consolidated CET I and CRAR at 11.23% and 13.89%, respectively, as on December 31, 2024 (10.71% and 13.48%, respectively, as on December 31, 2023).

Strong asset quality – The Indian branches have not reported any slippages since FY2017, resulting in strong asset quality metrics, with nil gross non-performing advances (GNPAs) and net NPAs (NNPAs) as on March 31, 2025 (0.00% and 0.00%, respectively, as on March 31, 2024). Additionally, there were no SMA² exposures as on March 31, 2025.

Likewise, CTBC's GNPAs remained low at 0.49-0.57% during the last three fiscals and stood at 0.49% as on December 31, 2024 (0.52% as on December 31, 2023). The bank maintained 100% provision cover on its NPAs with nil NNPAs over the last three years.

Credit challenges

High deposit concentration in Indian branches – The Indian branches largely rely on wholesale deposits as the retail franchise remains limited. This has led to high depositor concentration levels, with the top 20 depositors accounting for ~88% of the total deposits of the branches as on March 31, 2025 (~86% as on March 31, 2024). The current account deposit relationships are largely with Taiwanese corporates operating in India. 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 lines available from other banks.

CTBC's liability profile remains strong with deposits accounting for ~82% of the total liabilities as on December 31, 2024.

Suboptimal scale and profitability of Indian branches – Deposit growth outpaced credit growth in FY2025. While advances grew by 19% YoY as on March 31, 2025, deposits grew by 43% YoY. On an average basis, however, advances grew by 20% YoY and deposits by 22% YoY in FY2025. Consequently, the Indian branches witnessed a compression in the NIMs, though the net interest income (NII) increased on an absolute basis to Rs. 122.83 crore in FY2025 from Rs. 107.12 crore in FY2024. Operating expenses rose, primarily due to higher employee costs, but remained proportionate to the growth in assets. The operating profit improved to Rs. 63.15 crore in FY2025 from Rs. 59.82 crore in FY2024. Although the absolute profit after tax (PAT) remained stable, the overall profitability moderated, with the RoA at 0.80% in FY2025 compared to 0.98% in FY2024. The ability of the Indian branches to raise deposits at competitive rates will drive further growth in the loan book and profitability.

Globally, CTBC reported a net profit of NT\$ 50.7 billion (Rs. 13,237 crore), translating into a healthy RoA of 0.81% and a return on equity (RoE) of 13.2% in CY2024 (0.74% and 11.9%, respectively, in CY2023).

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 SLR holding stood at 47.49% of the net demand and time liabilities (NDTL) as on March 31, 2025, well above the regulatory requirement. Although deposit concentration remains high for the Indian branches, the Indian operations 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.

² 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

Rating sensitivities

Positive factors – NA

Negative factors – A material deterioration in the credit profile of CTBC will lead to a downgrade in the credit ratings of its 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 (CTBC), including in the form of financial support, if needed, as they are an integral part of CTBC
Consolidation/Standalone	Standalone (Indian branches)

About the company

CTBC is the one of the largest private sector banks in Taiwan. It has 152 branches in Taiwan and 260 service outlets across 14 countries. The first Taiwanese bank in India, it established its first branch in New Delhi in April 1996 to serve Indian corporates as well as Taiwanese clients. It opened its second branch in Sriperumbudur (Tamil Nadu) in June 2012 (Sriperumbudur branch relocated to Kattupakkam w.e.f. April 15, 2025), catering to the commercial banking requirements of both international and domestic companies in the Chennai SEZ area.

The Indian branches reported a net profit of Rs. 32.88 crore in FY2025 compared to Rs. 33.14 crore in FY2024. The net interest income was Rs. 122.83 crore in FY2025 compared to Rs. 107.12 crore in FY2024. The total asset base growth remained healthy at 35.13% with the total assets standing at Rs. 4,740 crore as on March 31, 2025 (Rs. 3,508 crore as on March 31, 2024). The net loan book increased to Rs. 2,521 crore as on March 31, 2025 from Rs. 2,122 crore at the end of March 2024.

Key financial indicators (standalone)

CTBC Bank Co., Ltd. (Indian branches)	FY2024	FY2025
Total operating income [^]	136.85	153.25
Profit after tax	33.14	32.88
Total assets	3,508	4,740
Return on average total assets	0.98%	0.80%
CET I / Tier I	33.91%	23.19%
CRAR	35.10%	24.07%
Gross NPA	0.00%	0.00%
Net NPA	0.00%	0.00%

Source: CTBC Bank, 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 rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Date & rating in FY2026	FY2025		FY2024		FY2023	
			Jul 22, 2025	Date	Rating	Date	Rating	Date	Rating
Certificates of deposit programme	Short term	750	[ICRA]A1+	Jul 22, 2024	[ICRA]A1+	Jul 13, 2023	[ICRA]A1+	Jul 18, 2022	[ICRA]A1+
Issuer rating	Long term	-	[ICRA]AAA (Stable)	Jul 22, 2024	[ICRA]AAA (Stable)	Jul 13, 2023	[ICRA]AAA (Stable)	Jul 18, 2022	[ICRA]AAA (Stable)

Complexity level of the rated instrument

Instrument	Complexity indicator
Certificates of deposit programme	Very Simple
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
INE019516074	Certificates of deposit	Apr 08, 2025	7.3501%	Jan 30, 2026	100.00	[ICRA]A1+
INE019516074	Certificates of deposit	Apr 21, 2025	7.2500%	Jan 30, 2026	100.00	[ICRA]A1+
NA	Certificates of deposit	Yet to be placed	-	7-365 days	550.00	[ICRA]A1+
-	Issuer rating	-	-	-	-	[ICRA]AAA (Stable)

Source: CTBC Bank

Annexure II: List of entities considered for consolidated analysis

Not applicable

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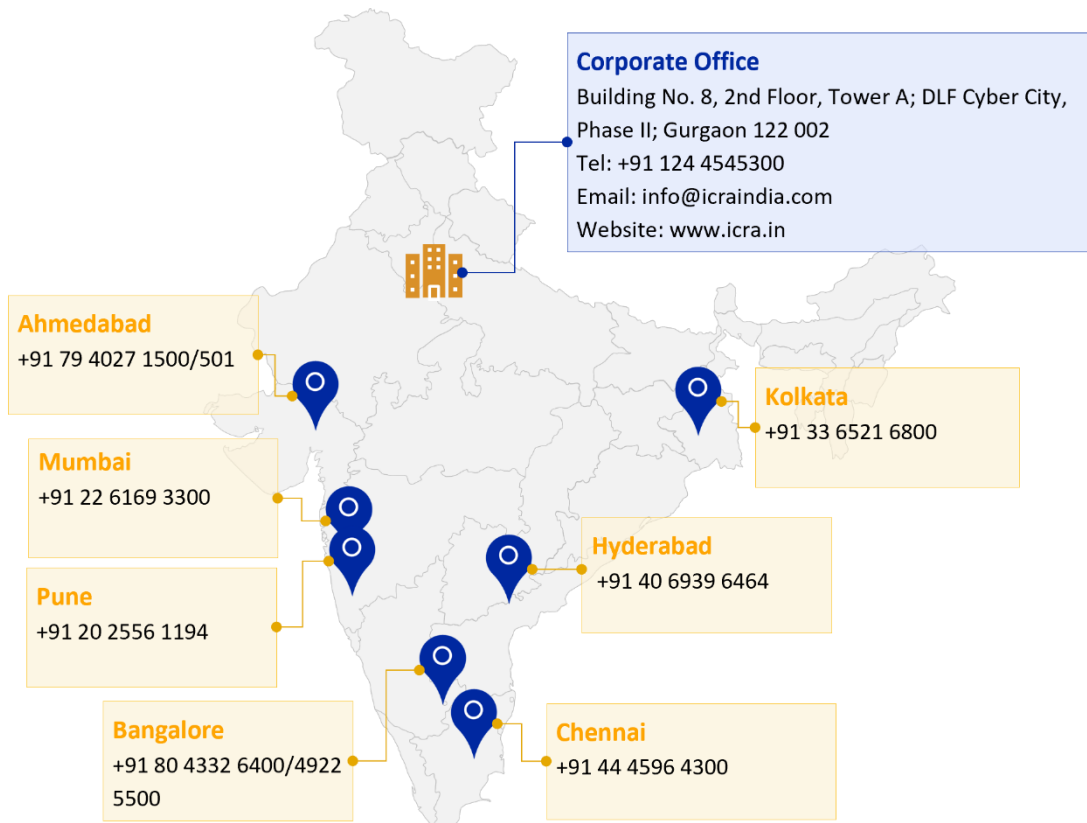
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Branches



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