

February 26, 2026

KEB Hana Bank - India: [ICRA]A1+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Certificates of deposit	500.00	[ICRA]A1+; assigned
Total	500.00	

*Instrument details are provided in Annexure-I

Rationale

The assigned rating for the certificates of deposit programme to be issued by the Indian branches of KEB Hana Bank draws comfort from its overall strong credit profile. KEB Hana Bank is one of the largest banks in South Korea in terms of assets, which stood at KRW 545,384 billion (Rs. 34.54 lakh crore) as on September 30, 2025. It has a network in more than 26 countries with a presence across Asia, Europe, the Middle East, and America, providing a range of products and services to its customers. ICRA draws comfort from the strong financial and operational linkages of the Indian branches with the head office (HO) in South Korea, which is reflected in the liquidity and equity support from KEB Hana Bank to the Indian branches and the HO's involvement in the credit sanctions, risk management and liquidity policies. KEB Hana Bank is rated Aa3 (Stable) for the long-term deposits and senior unsecured debt by Moody's with a baseline credit assessment (BCA) of A3, which reflects a very high level of support from the Government of Korea (rated Aa2 stable by Moody's).

The capitalisation and asset quality of the bank's Indian branches remain healthy with the oversight and involvement of the HO in underwriting as well as liquidity monitoring. KEB Hana Bank commenced operations in India in FY2015 and has since expanded its operations to four branches¹. The advances book has also grown at a healthy pace with a compound annual growth rate (CAGR) of 20.19% during FY2020 to FY2025, though the overall scale remains small. Given the limited scale, the profitability levels too remain modest while the advances and deposit profiles remain highly concentrated. Nevertheless, the capitalisation profile of the Indian branches continues to be comfortable. The Indian branches primarily lend on a short-term basis to match the short tenure of the wholesale deposits, supporting the liquidity profile. In addition, they maintain excess holding of Government securities (G-Secs) and can avail liquidity support of up to 100% of the Tier I capital from the HO in case of urgent liquidity requirement. Moreover, the Indian branches can borrow from interbank markets for any liquidity requirements.

KEB Hana Bank continues to demonstrate robust profitability, supported by its strong franchise in Korea and its extensive global presence across 26 regions. Furthermore, as a major subsidiary of Hana Financial Group – which is among Korea's largest financial groups – KEB Hana Bank plays a critical role in the domestic financial system. Going forward, ICRA will continue to closely monitor the bank's financial and asset quality trends as these remain key drivers of the credit profile of its Indian branches.

¹Including the recently opened branches in Mumbai and Devanahalli

Key rating drivers and their description

Credit strengths

High operational and financial linkages with HO – ICRA derives comfort from the high operational and financial linkages of the Indian branches with the HO. The liquidity management and market risk management policies of the Indian branches are in line with those followed by the HO. Moreover, the HO extends assistance to its Indian branches by way of liquidity support, as well as by approving and carrying out due diligence at its level. KEB Hana Bank is classified as a systemically important bank (SIB) in Korea, as it is the one of the largest banks in the country in terms of assets, advances, and deposits. Its total assets and

net worth stood at KRW 545,384 billion (Rs. 34.55 lakh crore) and KRW 35,419 billion (Rs. 2.25 lakh crore), respectively, as on September 30, 2025.

Comfortable capitalisation – Given the limited presence of the branches in India, with commercial operations at only two branches till Q2 FY2026, the overall scale of operations remains small. With a core capital of Rs. 1,015 crore, the Indian branches reported a common equity tier I (CET I) to risk-weighted assets ratio (CRAR) of 26.95% as on September 30, 2025 (30.43% as on March 31, 2025). Going forward, stronger growth could potentially moderate the capital ratios from the current level, as the branches' internal capital generation is likely to remain muted. Nevertheless, the capitalisation profile is expected to remain comfortable in the near to medium term while support from the HO will be forthcoming if required.

KEB Hana Bank, as a whole, reported a comfortable capitalisation profile, with the CET I, Tier I and CRAR at 16.54%, 16.72% and 17.77%, respectively, as on September 30, 2025, against the regulatory requirements of 9.0%, 10.5% and 12.5%, respectively, including the additional SIB charge of 1.0%.

Asset quality likely to remain satisfactory – The Indian branches reported two accounts as non-performing advances (NPAs) since the commencement of operations in India, amounting to around Rs. 53 crore in FY2020. One account was technically written off in FY2020 while around Rs. 35 crore was recovered from the other account till FY2025 with the balance getting technically written off in FY2025. With no slippages in H1 FY2026, gross NPAs (GNPA%) and net NPAs (NNPA%) were nil as on September 30, 2025. Moreover, the standard restructured book and overdue loans continued to be nil as on September 30, 2025, which remains a source of comfort. Further, ICRA expects the branches' overall asset quality to continue to be satisfactory, as the borrower profile largely comprises highly rated corporate exposures.

Globally, KEB Hana Bank reported a non-performing loan (NPL) ratio (NPLs as a proportion of gross loans) of 0.35% and a loan loss coverage ratio of 136% as on September 30, 2025.

Credit challenges

High concentration of deposits and advances at Indian branches – The Indian branches largely depend on wholesale deposits, resulting in high deposit concentration levels, with the top 20 depositors accounting for 95% of total deposits and the top 3 depositors accounting for 58% of total deposits as on September 30, 2025. Moreover, the share of low-cost current and savings account (CASA) deposits remained relatively low at 13% of total deposits as on September 30, 2025. Given the high deposit concentration levels and the short duration, the branches deal in short-tenor advances to prevent any gaps in asset-liability maturities. ICRA also notes that a sizeable portion of the deposits is callable before maturity (~72% as on September 30, 2025). However, support from the HO and long-established relationships with the depositors and their respective parent organisations mitigate the liquidity risk to some extent.

Similar to the liabilities, loan book concentration remains high, with the share of the top 20 advances at 53% of total advances and 145% of the total Tier I capital of the bank as on March 31, 2025. While the concentrated nature of advances poses a risk to the asset quality, profitability, and capitalisation metrics in case even a single exposure slips, the borrower profile, mainly comprising highly rated corporates with backup guarantees from parent entities, mitigates this risk significantly.

Globally, KEB Hana Bank's liability profile remains strong with deposits accounting for ~72% of the total liabilities as on September 30, 2025.

Profitability remains modest for Indian branches, given limited scale of operations – Given the moderate scale of operations and the volatile liability profile of the Indian branches, the profitability is expected to remain modest. Supported by recoveries from NPAs, the net profitability improved in FY2025 on account of lower provisions compared to FY2024. The return on assets (RoA) stood at 2.03% (excluding recovery from written-off account, RoA stood at 1.54%) in FY2025 (1.29% in FY2024) while the return on equity (RoE) remained modest at 7.14% (4.20% for FY2024) for the Indian branches.

The profitability of KEB Hana Bank's global operations remains modest because of the low interest rate environment in Korea, resulting in an annualised RoA of 0.78% for the nine months ended September 30, 2025, in CY2025. Furthermore, KEB Hana Bank reported a net profit of KRW 3,133 billion (Rs. 18,357 crore) in 9M CY2025 (KRW 3,496 billion in CY2024).

Liquidity position: Adequate

The liquidity coverage ratio of the Indian branches stood at 129.29% as on January 31, 2026, well above the regulatory requirement of 100%. The excess statutory liquidity ratio (SLR) holding stood at 29% of the net demand and time liabilities (NDTL) as on January 31, 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 – NA

Negative factors – ICRA could downgrade the rating for the Indian branches in case of a material deterioration in the credit profile of KEB Hana Bank.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Banks and Financial Institutions
Parent/group Support	The Indian branches of KEB Hana Bank (Korea) are an integral part of the bank. ICRA expects the Indian branches to be supported by the HO, which will extend financial help if needed.
Consolidation/standalone	Standalone (Indian branches)

About the company

Hana Bank was formed through a merger with Korea Exchange Bank in September 2015, leading to the creation of KEB Hana Bank. It is one of the largest banks in South Korea in terms of assets, advances, and deposits. It operates a global network of 204 networks across 26 regions.

Given its dominant share, KEB Hana Bank is classified as an SIB, which attracts higher capital requirement; its ratios are comfortably above the minimum required levels. Globally, Hana Bank provides wholesale and commercial banking and retail banking, including a wide range of financial services like wealth management, investment banking, etc. It offers a comprehensive range of advances, products and services to its customers through its subsidiaries and associates.

KEB Hana Bank commenced operations in 2015 in India through its Chennai branch and has since expanded to additional locations, including Mumbai, Gurugram and Devanahalli. The Indian branches offer a wide range of services, including wholesale commercial banking and trade finance.

Key financial indicators (audited)

KEB Hana Bank (Indian Branches)	FY2024	FY2025
Total operating income [^]	86.3	104.5
Profit after tax	49.9	91.4
Total assets	3,786.70	5,204.73
Return on average total assets	1.3%	2.0%
CET I/Tier I	30.4%	30.4%
CRAR	31.0%	30.9%
Gross NPA	1.5%	0.0%
Net NPA	0.0%	0.0%

Source: KEB Hana Bank - India, 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: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	February 26, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Certificate Of Deposit	Short term	500.00	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Certificate Of Deposit	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 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
Unplaced	Certificates of deposit	-	-	7-365 days	500.00	[ICRA]A1+

Annexure II: List of entities considered for consolidated analysis

Not applicable

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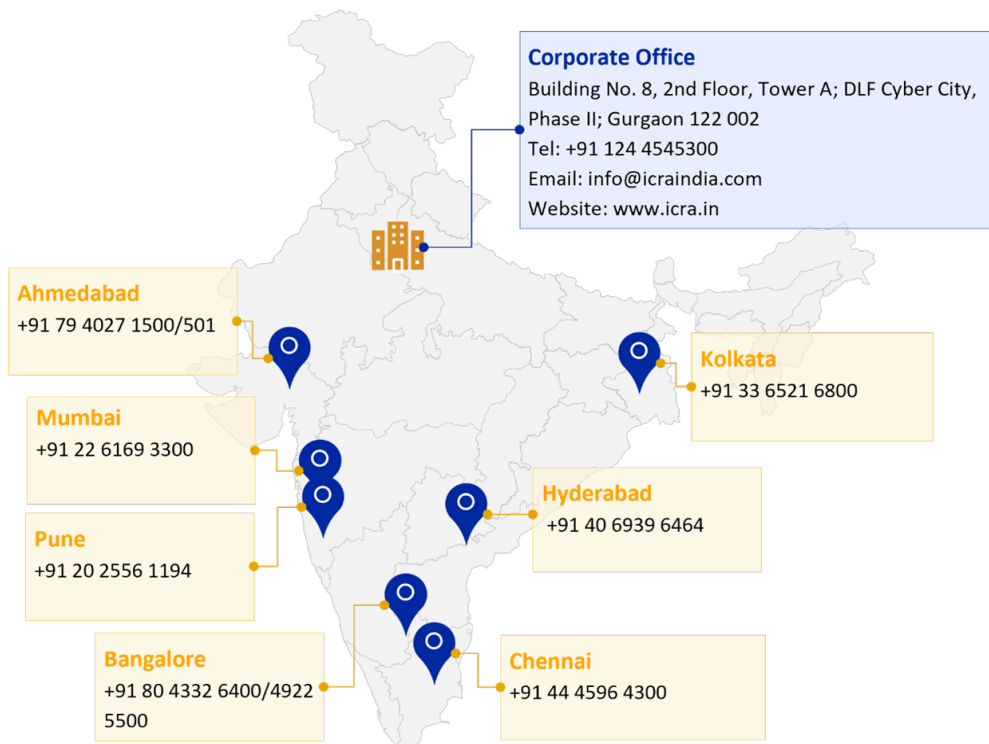


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Branches



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