July 23, 2026

CTBC Bank Co., Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Certificates of deposit programme	750.00	750.00	[ICRA]A1+; reaffirmed	RBI
Issuer rating	-	-	[ICRA]AAA (Stable); reaffirmed	-$
Total	**750.00**	**750.00**		

**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 CRAs are being followed

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 (SIB) in Taiwan with total assets of NT$ 6.88 trillion[1] (Rs. 19.75 lakh crore) as on December 31, 2025. 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. The net profit of the Indian branches increased to Rs. 53 crore in FY2026 from Rs. 33 crore in FY2025 with the rise in the core operating profit, driven by steady growth in net interest income (NII) and other income. Given the short tenure and high concentration in deposits, a sizeable part of deposits raised was parked in investments, compressing the net interest margins (NIMs) of the Indian branches in FY2026. Nonetheless, healthy growth in average advances during the year helped the Indian branches witness an increase in absolute NII. The growth in non-fund based exposures and the higher derivatives book led to a rise in non-interest income, supporting the overall earnings profile. Operating expenses rose, primarily due to higher employee costs, but remained proportionate to the growth in assets. Consequently, the operating profit improved to Rs. 91 crore in FY2026 from Rs. 63 crore in FY2025. While the return on assets (RoA) increased to 0.99% in FY2026 from 0.80% in FY2025, the return on net worth remains moderate. To increase the same, the Indian branches will need to enhance the scale considerably.

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 domestic 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.

[1] 1 NT$ = Rs. 2.87 as on December 31, 2025

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$ 6.88 trillion (Rs. 19.7 lakh crore) as on December 31, 2025 (NT$ 6.47 trillion or Rs. 16.9 lakh crore as on December 31, 2024).

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.

Comfortable capitalisation and demonstrated capital support to Indian branches – The capitalisation profile of the Indian branches moderated in FY2026 and FY2025 after improving in FY2024 as the HO had infused equity in Q1 FY2024. The decline in recent years was due to the strong growth in advances and derivatives-related exposures, which increased the risk-weighted assets (RWAs). Nevertheless, the capitalisation parameters remained comfortable compared to the regulatory requirements as on March 31, 2026. The common equity tier I (CET I) and capital-to-risk weighted assets ratio (CRAR) of the Indian branches stood at 20.64% and 21.81%, respectively, as on March 31, 2026 (23.19%% and 24.07%, respectively, as on March 31, 2025). 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. 212.7 crore in FY2020.

CTBC reported an adequate capital profile with the consolidated CET I and CRAR at 11.14% and 14.58%, respectively, as on December 31, 2025[2] (11.23% and 13.89%, respectively, as on December 31, 2024).

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, 2026. Additionally, there were no SMA[3] exposures as on March 31, 2026. Likewise, CTBC's GNPAs remained low at 0.49-0.53% during the last three fiscals and stood at 0.51% as on December 31, 2025 (0.49% as on December 31, 2024). CTBC 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 ~80% of the total deposits of branches as on March 31, 2026 (~88% as on March 31, 2025). 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.

CTBC's liability profile remains strong with deposits accounting for 82.55% of the total liabilities as on December 31, 2025.

Suboptimal scale and profitability of Indian branches – The scale of the Indian branches remains suboptimal with advances of Rs. 2,806 crore and a total asset base of Rs. 5,956 crore as on March 31, 2026. Given the suboptimal scale and healthy net worth base, the return on net worth remains modest. The scale will have to be enhanced considerably to improve the return on equity. In FY2026, the Indian branches witnessed healthy growth of 16% year-on-year (YoY) in deposits while advances grew by 11% YoY as on March 31, 2026. Average advances rose at a strong pace during the year, leading to higher NII. Other income also increased with the growth in non-fund based exposures and the derivatives book, resulting in a rise in the overall

[2] Given that CTBC is a D-SIB in Taiwan, it is required to maintain 11% of standalone CET I and 9% of consolidated CET I

[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

profit. Going forward, the ability of the Indian branches to mobilise deposits at competitive rates will be critical for supporting further loan book expansion and sustaining/improving the profitability.

Globally, CTBC reported a net profit of NT$ 58.9 billion[4] (~Rs. 16,930 crore), translating into a healthy RoA of 0.92% in CY2025.

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, 2026. The statutory liquidity ratio (SLR) holding stood at 31.94% of the net demand and time liabilities (NDTL) as on March 26, 2026, 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.

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 receive support from the HO (CTBC), including 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 370 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 bank also opened a branch in GIFT City on May 13, 2026, though the said operations will remain segregated from the Indian branches.

The Indian branches reported a net profit of Rs. 53 crore in FY2026 compared to Rs. 33 crore in FY2025. The total asset base growth remained healthy at 25.7% in FY2026 with total assets standing at Rs. 5,956 crore as on March 31, 2026 (Rs. 4,740 crore as on March 31, 2025). The net loan book increased to Rs. 2,806 crore as on March 31, 2026 from Rs. 2,521 crore as on March 31, 2025.

[4] *Including non-controlling interest of NT$ 1.7 billion*

Key financial indicators

CTBC Bank Co., Ltd. (Indian branches)	FY2025	FY2026
Total operating income^	153	193
Profit after tax	33	53
Total assets	4,740	5,956
Return on average total assets	0.80%	0.99%
CET I / Tier I	23.19%	20.64%
CRAR	24.07%	21.81%
Gross NPA	0.00%	0.00%
Net NPA	0.00%	0.00%

Source: CTBC Bank 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 rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Date & rating in FY2027	FY2026		FY2025		FY2024	
			July 23, 2026	Date	Rating	Date	Rating	Date	Rating
Certificates of deposit programme	Short term	750	[ICRA]A1+	Jul 22, 2025	[ICRA]A1+	Jul 22, 2024	[ICRA]A1+	Jul 13, 2023	[ICRA]A1+
Issuer rating	Long term	-	[ICRA]AAA (Stable)	Jul 22, 2025	[ICRA]AAA (Stable)	Jul 22, 2024	[ICRA]AAA (Stable)	Jul 13, 2023	[ICRA]AAA (Stable)

Complexity level of the rated instrument

Instrument	Complexity indicator
Certificates of deposit programme	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	Financial sector regulator#
INE019516108	**Certificates of deposit**	Nov 25, 2025*	6.7%	Nov 26, 2026	200.00	[ICRA]A1+	RBI
INE019516116	**Certificates of deposit**	Nov 28, 2025*	6.7%	Dec 1, 2026	150.00	[ICRA]A1+	RBI
NA	**Certificates of deposit**	Yet to be placed	-	7-365 days	400.00	[ICRA]A1+	RBI
-	**Issuer rating**	-	-	-	-	[ICRA]AAA (Stable)	-$

Source: CTBC Bank Indian branches

**Value date is Nov 26, 2025 & Dec 1, 2025, respectively*

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#*SEBI's 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 FSRs other than SEBI*

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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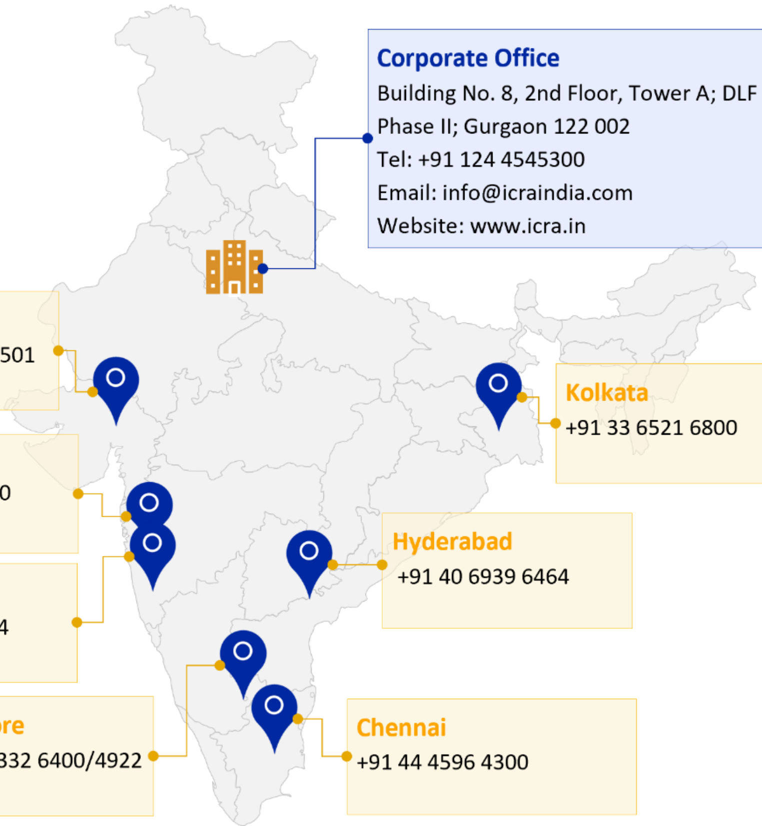

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