

October 07, 2026

Kookmin Bank - India: [ICRA]A1+ Assigned

Summary of rating action

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

*Instrument details are provided in Annexure I

[#] SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Rationale

The assigned rating for the certificates of deposit programme to be issued by the Indian branches of Kookmin Bank factors in its overall strong credit profile. Kookmin Bank is the largest bank in South Korea in terms of assets, which stood at KRW 626,871 billion (Rs. 38.92 lakh crore¹) as June 30, 2026. It offers a comprehensive range of financial services across retail banking, corporate banking, wealth management, corporate and investment banking, capital markets and pension services. ICRA draws comfort from the strong financial and operational linkages between the Indian branches and the head office (HO) in South Korea. These linkages are demonstrated through the liquidity and equity support extended by the HO to the Indian branches, as well as its involvement in the credit underwriting, risk management and liquidity policies. Consequently, the Indian branches have maintained healthy capitalisation and asset quality. Kookmin Bank is rated Aa3 (Stable) by Moody's for its long-term deposits and senior unsecured debt, with a baseline credit assessment (BCA) of A3. The rating reflects a very high level of support from the Government of Korea (rated Aa2 stable by Moody's).

Kookmin Bank commenced operations in India in FY2019 and has since expanded its operations to three branches². The advances book has also grown at a healthy pace with a compound annual growth rate (CAGR) of ~48% during FY2021 to FY2026, though the overall scale remains small. Given its limited scale of operations and the elevated operating expenses, the bank continues to report modest losses. Further, the advances and deposit profiles remain highly concentrated. Nevertheless, the capitalisation profile of the Indian branches continues to be comfortable. The Indian branches primarily extend long-term loans to domestic clients, resulting in negative cumulative mismatches across a few of the early tenure buckets of the structural liquidity statement. Nevertheless, the liquidity profile remains supported by the maintenance of excess holdings of Government securities (G-Secs). It is also supported by the availability of contingent liquidity support from the HO of up to 100% of the Tier I capital of the Indian branches in the event of an urgent liquidity requirement. Moreover, the Indian branches can borrow from interbank markets for any liquidity requirements.

Kookmin Bank continues to demonstrate robust profitability, supported by its established domestic franchise in Korea and diversified international presence across 14 countries. Furthermore, as a major subsidiary of KB Financial Group (KB FG, rated A1 stable by Moody's) – which is among Korea's largest financial groups – Kookmin 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.

¹ 1KRW = Rs. 0.062 as on June 30, 2026

² Including Gurugram, Pune and Chennai

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 between the Indian branches and the HO. The Indian branches follow liquidity and market risk management policies that are aligned with those of the HO. Further, the HO supports Indian operations through its involvement in the credit appraisal process and extends liquidity support to the Indian branches. Kookmin Bank's credit profile is further supported by its classification as a systemically important bank (SIB) in Korea. It ranks amongst the largest banks in the country in terms of assets, advances and deposits. As on June 30, 2026, its total assets and net worth stood at KRW 626,871 billion (Rs. 38.92 lakh crore) and KRW 38,773 billion (Rs. 2.4 lakh crore), respectively.

Adequate capitalisation profile – Given its limited presence in India, with commercial operations conducted through three branches till Q1 FY2026, the overall scale remains modest. With a core capital of Rs. 356 crore, the Indian branches reported a common equity tier I (CET I) to risk-weighted assets ratio (CRAR) of 27.77% as on June 30, 2026 (31.02% as on March 31, 2026). Going forward, stronger business growth could moderate the capital ratios from the current level, given the branches' internal capital generation is likely to remain muted. Nevertheless, the capitalisation profile is expected to remain adequate in the near to medium term. Support from the HO will also be forthcoming if required.

Kookmin Bank, as a whole, reported a comfortable capitalisation profile, with the CET I, Tier I and CRAR at 14.65%, 15.07% and 16.71% respectively, as on June 30, 2026. These compare 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 only one non-performing advance (NPA) account since the commencement of operations in India, amounting to around Rs. 10 crore in FY2024. That account was technically written off in FY2025. With no incremental slippages till Q1 FY2026, gross NPAs (GNPA%) and net NPAs (NNPA%) were nil as on June 30, 2026. Moreover, the standard restructured book and overdue loans continued to be nil as on June 30, 2026, 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, Kookmin Bank reported a non-performing loan (NPL) ratio (NPLs as a proportion of gross loans) of 0.28% and a loan loss coverage ratio of 197.30% as on June 30, 2026.

Credit challenges

High concentration of deposits and advances at Indian branches – The Indian branches' deposit profile remains characterised by a high degree of concentration, with wholesale deposits constituting the predominant source of funding. As a result, the top 20 depositors accounted for 99% of total deposits as on March 31, 2026, while the share of low-cost CASA deposits remained modest at 1%. Given the high concentration of deposits and their relatively short tenor, the branches maintain excess SLR investments to mitigate asset-liability maturity mismatches and support liquidity management. Nevertheless, liquidity risks are partly mitigated by the demonstrated support from the HO and the long-standing relationships maintained with depositors and their parent organisations.

Similar to the liability profile, loan book concentration remains high, with the share of the top 20 advances at 59% of total advances and 328% of the total Tier I capital of the bank as on March 31, 2026. Such concentration exposes the branches to elevated asset quality, profitability, and capitalisation risks in the event of stress in any large exposure. However, this risk is substantially mitigated by the strong credit profile of the borrowers, which predominantly comprise highly rated corporates.

Globally, Kookmin Bank's liability profile remains strong with deposits accounting for ~73% of the total liabilities as on June 30, 2026.

Weak profitability profile constrained by the limited scale of operations in India – Profitability remains modest for the Indian branches, constrained by their limited scale of operations. While the opening of new branches is expected to support business growth over the medium term, the associated increase in operating expenses has continued to weigh on their earnings in the

near term. This has led to losses at the net level. The return on assets (RoA) stood at -0.01% in FY2026 (-0.02% in FY2025), while the return on equity (RoE) was -0.09% in FY2026 (-0.14% in FY2025) for the Indian branches. The ability of the branches to scale up operations and achieve sustained improvement in profitability will remain an important credit monitorable.

The profitability of Kookmin 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 six months ended June 30, 2026, in CY2026. Kookmin Bank reported a net profit of KRW 2,224 billion (Rs. 13,811 crore) in 6M CY2026 (KRW 3,825 billion in CY2025).

Liquidity position: Adequate

The liquidity coverage ratio of the Indian branches stood at 801% as on June 30, 2026, well above the regulatory requirement of 100%. The excess statutory liquidity ratio (SLR) holding stood at 31% 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 an urgent liquidity requirement and can also borrow from interbank markets.

Rating sensitivities

Positive factors – NA³

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

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA Rating Methodology for Banks and Financial Institutions
Parent/Group support	The Indian branches of Kookmin 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

Kookmin Bank was established in 1963. In November 2001, the former Kookmin Bank and Housing & Commercial Bank (established in 1967) merged to form a new entity named Kookmin Bank. In September 2008, KB Financial Group was established as the holding company of Kookmin and some of its subsidiaries. As of June 2026, Kookmin operated as a wholly owned subsidiary of KB FG.

Given its dominant share, Kookmin Bank is classified as an SIB, which entails a higher capital requirement. Nevertheless, its ratios are comfortably above the minimum required levels. Globally, Kookmin Bank provides a diversified range of financial services across wholesale, commercial, and retail banking segments, complemented by wealth management, investment banking, and other businesses. Through its subsidiaries and associates, the bank offers a comprehensive suite of advances, products and services to its customers.

Kookmin Bank commenced operations in 2019 in India through its Gurugram branch and has since expanded to additional locations, including Pune and Chennai.

³ Not applicable as the rating for rated instrument is at highest possible level

Key financial indicators (audited)

Kookmin Bank (Indian Branches)	FY2025	FY2026
Total operating income [^]	250	271
Profit after tax	-0.53	-0.35
Total assets	3,603	3,277
Return on average total assets	-0.02%	-0.01%
CET I/Tier I	28.85%	31.02%
CRAR	29.41%	31.82%
Gross NPA	0.00%	0.00%
Net NPA	0.00%	0.00%

Source: Kookmin 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	Type	Current (FY2027)		Chronology of rating history for the past 3 years		
		Amount rated (Rs. crore)	FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
			Oct 07, 2026	-	-	-
Certificates of deposit	Short term	500.00	[ICRA] A1+	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Certificates 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	Financial Sector Regulator [#]
Yet to be placed	Certificates of deposit	-	-	7-365 days	500.00	[ICRA]A1+	RBI

[#] SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Annexure II: List of entities considered for consolidated analysis

Not applicable

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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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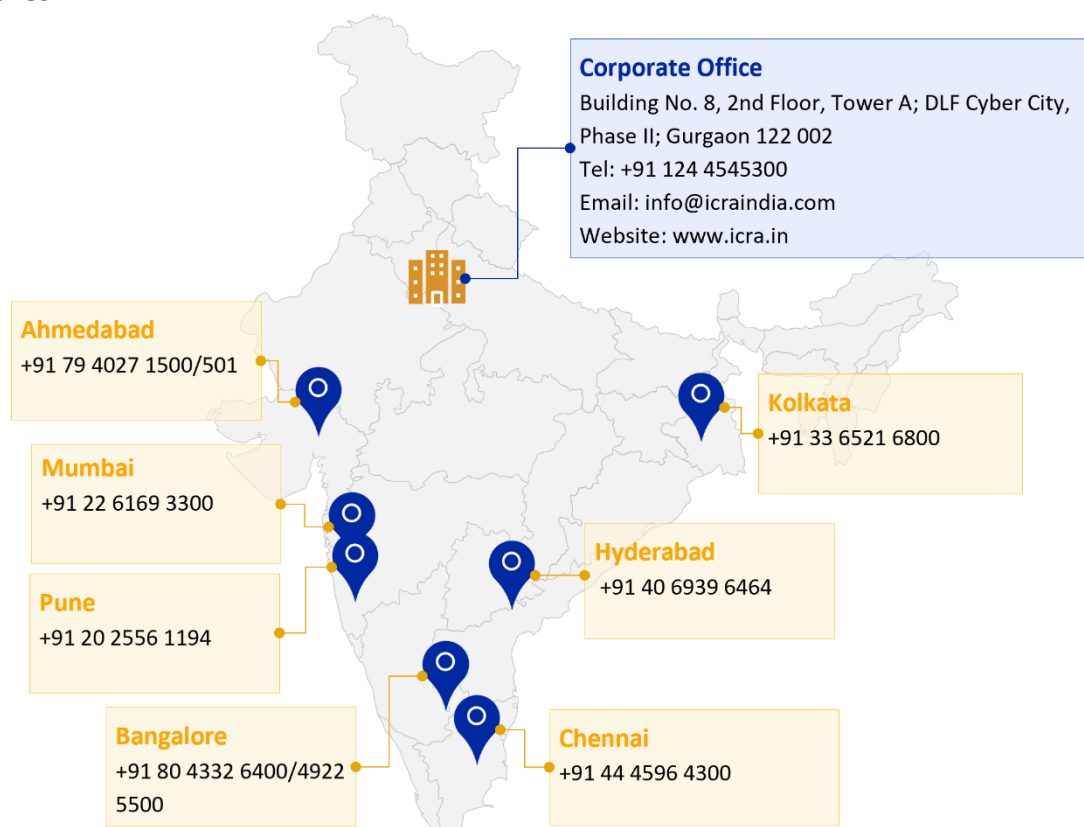


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Branches



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