

Research Update

Fubon Financial Holding Co. Ltd. Ratings Affirmed At 'twAA/twA-1+'; Outlook Stable

October 29, 2019

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on **Fubon Financial Holding Co. Ltd.** (Fubon FHC). The outlook on the long-term rating is stable. At the same time, we affirmed the 'twAA' issue rating on the holding company's various unsecured senior corporate bonds.

Our assessment of Fubon FHC's group credit profile largely reflects the stand-alone credit profile of its key and flagship subsidiary, **Fubon Life Insurance Co. Ltd.** The insurer accounted for over 40% of the group's net worth and over half of its profits on an average basis over the past five years. The ratings on Fubon FHC reflect the group's strong market position and diversified business profile in Taiwan's life and non-life insurance, bank, and securities sectors. The ratings also reflect the group's better earnings resilience due to its diversification benefits compared to other financial holding companies domestically. Counterbalancing these strengths is Fubon Life's modest capitalization level, albeit a common feature among Taiwan-based life insurers. The ratings on the holding company also reflect its subordination to the group's core entities.

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- TRC Financial Services Sector Issue Credit Rating Criteria, www.taiwanratings.com - September 23, 2014
- Criteria | Insurance | General: Insurers Rating Methodology - July 01, 2019
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010
- General Criteria: Hybrid Capital: Methodology And Assumptions - July 01, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- General Criteria: Principles For Rating Issuers Based On Imputed Promises - December 19, 2014

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Ratings List

Ratings Affirmed

Fubon Financial Holding Co. Ltd.

Issuer Credit Ratings	twAA/Stable/twA-1+
Unsecured Senior Corporate Bond	twAA

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