

Research Update:

# Cathay Financial Holding Co. Ltd. Ratings Affirmed At 'twAA/twA-1+'; Outlook Negative

September 15, 2020

## Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on **Cathay Financial Holding Co. Ltd.** (Cathay FHC). The outlook on the long-term rating is negative.

The ratings continue to reflect our view that the consolidated group credit profile is anchored by its flagship subsidiary, **Cathay Life Insurance Co. Ltd.** The insurer represents the majority of the group's total assets and shareholders' equity. Cathay Life has a leading market position, extensive retail customer base, and solid franchise in Taiwan's life insurance industry.

The ratings also reflect Cathay FHC group's more balanced business diversification than that of other domestic financial groups, and satisfactory investment diversification with strong underlying liquidity. However, these strengths are somewhat offset by the group's modest capitalization, albeit a common weakness among Taiwan-based insurer-centric financial holding groups. The ratings on the holding company also reflect its subordination to the group's core entities.

## Related Criteria & Research

### Related Criteria

- General Criteria: Principles Of Credit Ratings - February 16, 2011
- 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: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Group Rating Methodology - July 01, 2019
- 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

### Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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### PRIMARY CREDIT ANALYST

**Serene Hsieh**  
Taipei  
+886-2-8722-5820  
serene.hsieh  
@spglobal.com  
serene.hsieh  
@taiwanratings.com.tw

### SECONDARY CONTACT

**Patty Wang**  
Taipei  
+886-2-8722-5823  
patty.wang  
@spglobal.com  
patty.wang  
@taiwanratings.com.tw

## Ratings List

### Ratings Affirmed

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#### Cathay Financial Holding Co. Ltd.

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Issuer Credit Rating

twAA/Negative/twA-1+

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