

Research Update:

Ratings On CTBC Financial Holding Co. Ltd. And CTBC Bank Co. Ltd. Affirmed; Outlooks Stable

September 29, 2022

Rationale

Taiwan Ratings Corp. today affirmed its ratings on **CTBC Financial Holding Co. Ltd.** (CTBC FHC) and its core subsidiary, **CTBC Bank Co. Ltd.** (see rating list). The outlook on the long-term ratings remains stable. Our assessment of the CTBC FHC group credit profile reflects primarily the consolidated credit profile of its two key subsidiaries, CTBC Bank and **Taiwan Life Insurance Co. Ltd.**, given that the companies account for about 70% and 30%, respectively, of the group's total assets as of June 30, 2022.

The ratings on CTBC FHC and its core subsidiaries reflect the group's strong market presence and satisfactory funding and liquidity in Taiwan's financial market. The ratings also reflect the group's solid capitalization at the consolidated group level, underpinned by the banking subsidiary's strong capitalization, which is somewhat moderated by the insurance unit's weaker capitalization. In addition, the ratings on CTBC Bank reflect a moderate level of government support due to the bank's systemic importance in Taiwan. The ratings on CTBC FHC also reflect a degree of subordination to its operating subsidiaries as the non-operating holding company.

Related Criteria & Research

Related Criteria

- General Criteria: Group Rating Methodology - 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
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - December 09, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: Hybrid Capital: Methodology And Assumptions - March 02, 2022

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Related Research

– Taiwan Ratings' Ratings Definitions – November 11, 2021

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

CTBC Financial Holding Co. Ltd.

Issuer Credit Rating	twAA-/Stable/twA-1+
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CTBC Bank Co. Ltd.

Issuer Credit Rating	twAA+/Stable/twA-1+
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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