

Research Update:

Ratings On China Development Financial Holding Corp. Affirmed At 'twAA-/twA-1+; Outlook Stable

August 14, 2023

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **China Development Financial Holding Corp.** (CDFHC). At the same time, we affirmed our 'twA' issue credit rating on CDFHC's debts. The outlook on the long-term ratings is stable.

Our assessment of the CDFHC group credit profile reflects the consolidated credit profile of **China Life Insurance Co. Ltd., KGI Bank, and KGI Securities Co. Ltd.,** and our view that the insurer dominates the overall group credit profile. Therefore, the ratings on the various group units will move in tandem with the ratings on China Life. In addition, the ratings on CDFHC reflect a notch of subordination to its operating entities.

The outlook on CDFHC reflects our view that China Life's overall credit profile will remain stable with strong capital and earnings over the next one to two years. Meanwhile, we believe the group will post industry average operating performance, gradually improve its double leverage ratio, and key subsidiaries will maintain their capitalization levels over the same period. The double leverage ratio measures the proportion of the holding company's equity investment in its subsidiaries to total shareholders' equity.

Related Criteria & Research

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Insurance | General: Insurers Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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

Ratings List

Ratings Affirmed; Outlook

China Development Financial Holding Corp.

Issuer Credit Rating	twAA-/Stable/twA-1+
Unsecured subordinated corporate bond	twA

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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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