

Research Update:

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

September 19, 2023

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 stable.

The ratings continue to reflect our view that the consolidated group credit profile is anchored by the group's 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 by most measures, an 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 average 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: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions - March 02, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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: Methodology For National And Regional Scale Credit Ratings - June 25, 2018

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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

Cathay Financial Holding 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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