

Media Release:

# Outlooks On Mega Financial Holding Group Companies Revised To Negative; Bank Outlook Unchanged; Ratings Affirmed

September 18, 2025

## Overview

- The market share of **Mega Financial Holding Co. Ltd.** (Mega FHC) group's core banking unit, **Mega International Commercial Bank Co. Ltd.** (Mega Bank), has deteriorated over the past few years. We assess a one-in-three likelihood of the bank's business position also weakening over the next 12-24 months.
- Mega Bank is the anchor for the Mega FHC group credit profile, and the weakening trend for the bank's stand-alone credit profile could negatively affect the group credit profile.
- We therefore revised our rating outlook on Mega FHC and several subsidiaries to negative from stable, given potential weakening in Mega Bank's business position over the rating horizon. At the same time, we affirmed our issuer credit ratings on the entities.
- We affirmed our issuer credit ratings on Mega Bank with a stable outlook to reflect the potential for government support, given its high systemic importance; however, we do not anticipate such support extending to non-operating holding companies and non-bank subsidiaries.

## Rating Action

On Sept. 18, 2025, we revised our rating outlooks on Mega FHC, **Mega Bills Finance Corp.**, and **Mega Securities Co. Ltd.** to negative from stable and affirmed the various long- and short-term issuer credit ratings on the entities (see Ratings List). At the same time, we revised the outlook on the long-term issuer credit and financial strength ratings on **Chung Kuo Insurance Co. Ltd.** to negative from stable and affirmed the ratings.

In addition, we affirmed the 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on Mega Bank. The outlook on the long-term rating remains stable.

## Rationale

The outlook revisions reflect the impact of potential weakening in Mega Bank's business position on the consolidated Mega FHC group credit profile, given the bank's dominant contribution to the group. The weakening trend for Mega Bank's stand-alone credit profile could pressure the overall group credit profile due to the bank's significant contribution to the group at 80%-85% of net worth and 85%-90% of profits in both 2024 and the first half of 2025. As core and highly

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strategically important subsidiaries under the Mega FHC group, Mega Bills Finance, and Mega Securities benefit from almost certain group support, and hence the ratings and outlook will move in tandem with the group credit profile. Meanwhile, we assess Chung Kuo Insurance's stand-alone credit profile as superior to the group credit profile; however, the ratings on the insurer are capped at the group credit profile due to its strategically important group status.

**The ratings affirmation for Mega Bank reflects its strong business franchise and strong capitalization.** Nonetheless, we acknowledge recent weakening in the bank's business position amid strong domestic banking competition. We see a one-in-three likelihood that Mega Bank's competitive advantages in certain niche sectors could weaken over the next two years. The bank's market position and customer base have been on a downward trend over the past few years due to slower foreign currency loan growth and strong competition from other domestic banks. The bank's loan market share decreased to 10th largest (5.3%) at the end of June 2025 from sixth largest (6.1%) at the end of December 2021. Meanwhile, the bank's share of foreign deposits fell to third largest (7.8%) from the largest (9.9%) over the same period.

While we believe the bank's niche competitive advantages in trade finance, offshore banking, and foreign currency exchange businesses will continue to support its future growth, the bank may not be able to maintain its relatively superior business position.

## Outlook

### **Mega International Commercial Bank Co. Ltd.**

The stable rating outlook for Mega Bank reflects our view that the bank will maintain strong capitalization over the next two years. We also believe the bank's high systemic importance in Taiwan's financial sector is unlikely to change over the period. Moreover, we see Mega Bank continuing to play a dominant role in the group's overall credit profile over the same period. However, we see one-in-three likelihood that the bank's above-average business position will weaken over the next two years.

### **Downside scenario**

We could lower the long-term rating on Mega Bank by one notch if both of the following occur:

- The bank cannot maintain its above-average business position, as indicated by weakened market share, weakened business franchise in foreign exchange and offshore banking businesses, or if the bank fails to maintain above-average profitability in the domestic banking system; and
- The bank's capitalization deteriorates over the next two years, as reflected by its risk-adjusted capital ratio falling and remaining consistently below 10%, due to failure in executing a prudent capital policy with timely capital replenishment as needed.

### **Upside scenario**

We view an upgrade to be remote over the next two years. This would require us to raise our assessment of the bank's stand-alone credit profile by two-notches, which is highly unlikely.

**Mega Financial Holding Co. Ltd., Mega Bills Finance Corp., Mega Securities Co. Ltd., and Chung Kuo Insurance Co. Ltd.**

The negative rating outlooks reflect a one-in-three likelihood that we may lower our ratings on Mega FHC and several group subsidiaries if Mega Bank cannot restore its business position over the next two years.

**Downside scenario**

We may lower the credit ratings on Mega FHC, Mega Bills Finance, Mega Securities, and Chung Kuo Insurance if the group credit profile weakens because we revise downward our assessment of Mega Bank's stand-alone credit profile by one notch.

We could also lower the ratings on Mega FHC if the holding company's double leverage ratio deteriorates without adequate capital planning. In addition, we could downgrade Chung Kuo Insurance if the insurer's capital and earnings deteriorate substantially from very strong. This could result from higher losses from underwriting or reinsurance recoveries than we forecast, without sufficient capital replenishment.

**Upside scenario**

We could revise the outlooks on Mega FHC, Mega Bills Finance, Mega Securities, and Chung Kuo Insurance back to stable if Mega Bank improves its market shares while maintaining above-average profitability at the same time.

## **Related Criteria & Research**

### **Related Criteria**

- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions - November 15, 2023
- 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
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Hybrid Capital: Methodology And Assumptions - February 10, 2025
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - April 30, 2024
- 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

### **Related Research**

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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## Ratings List

### Outlook Action; Ratings Affirmed

	To	From
<b>Mega Financial Holding Co. Ltd.</b>		
Issuer Credit Rating	twAA/Negative/twA-1+	twAA/Stable/twA-1+
<b>Mega Bill Finance Corp.</b>		
Issuer Credit Rating	twAA+/Negative/twA-1+	twAA+/Stable/twA-1+
<b>Mega Securities Co. Ltd.</b>		
Issuer Credit Rating	twAA/Negative/twA-1+	twAA/Stable/twA-1+
<b>Chung Kuo Insurance Co. Ltd.</b>		
Issuer Credit Rating	twAA/Negative	twAA/Stable
Financial Strength Rating	twAA/Negative	twAA/Stable

### Ratings Affirmed

#### Mega International Commercial Bank Co. Ltd.

Issuer Credit Rating	twAAA/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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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