Media Release:

Fubon Life, Fubon Financial Holding, And Fubon Securities Ratings Affirmed On Stable Credit Profiles; Outlooks Stable

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Overview

- We believe **Fubon Life Insurance Co. Ltd.'s** overall credit profile will remain stable over the next one to two years. This will be underpinned by the insurer's strong market position and above-average operating performance, albeit tempered by its capital sensitivities to market volatility and above-average investment leverage and foreign exchange risk relative to regional peers.
- We affirmed our 'twAA+' long-term issuer credit and financial strength ratings on Fubon Life. We also affirmed the 'twAA' issue credit rating on Fubon Life's unsecured subordinated corporate bond.
- At the same time we affirmed our 'twAA+' long-term and 'twA-1+' short-term issuer credit ratings on **Fubon Securities Co. Ltd.** as well as the 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on **Fubon Financial Holding Co. Ltd.** (Fubon FHC).
- The outlooks on the long-term ratings remain stable and reflects our expectation that Fubon Life will remain a significant contributor to the consolidated group credit profile over the next two years while at the same time maintaining a stable stand-alone credit profile.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA+' long-term issuer credit and financial strength ratings on Fubon Life, as well as the 'twAA' long-term issue credit rating on the insurer's subordinated corporate bond. We also affirmed the 'twAA+' long-term and 'twA-1+' short-term issuer credit ratings on Fubon Securities along with the 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on Fubon FHC. The outlooks on the long-term ratings remain stable.

Rationale

The rating affirmations reflect our view that Fubon Life, which drives the group credit profile, will maintain its top three market position in Taiwan's life insurance market over the next one to two years. The ratings on Fubon Life also reflect the insurer's established business franchise supported by its large operating scale and high level of controlled distribution channels, and the insurer's above-average operating performance by domestic standards. Somewhat counterbalancing these strengths are the sensitivity of Fubon Life's capital to potential market volatilities, despite our assessment of the insurer's satisfactory capital and earnings. Fubon Life also has above-average investment leverage and foreign exchange (forex) risk exposure compared to regional peers.

The ratings on Fubon Securities continue to reflect our view of its core status within the parent Fubon FHC group. The ratings also reflect the broker's very strong capital and earnings, good market position in major product lines, and satisfactory funding and liquidity profile. These strengths are partly offset by Fubon Securities' revenue volatility due to the high linkage of its business line with the performance of the domestic equity market.

Our assessment of the Fubon FHC group credit profile is materially influenced by the credit profile of Fubon Life, which reflects the insurer's significant contribution to the group's overall credit strength. Fubon Life has on average accounted for about 52% of the group's capital and over half of its profits over the five and a half years ended June 2025. At the same time, Taipei Fubon Commercial Bank Co. Ltd. contributed 34% of the group's capital and leads the group's non-insurance operations.

The ratings on Fubon FHC reflect the group's strong market position and diversified businesses across Taiwan's life and non-life insurance, banking, and securities sectors. The ratings also reflect the group's higher earnings resilience than other financial holding companies domestically due to its better business diversification. Counterbalancing these strengths is Fubon Life's satisfactory financial risk profile, which is similar to the average for Taiwan-based life insurers.

The long-term issuer rating on Fubon FHC is one notch below our ratings on the group's core entities on a global rating scale, which reflects the holding company's structural subordination to these entities. The one-notch difference compares favorably with the general gap of two to three notches between an insurance group holding company and its core units. The single-notch difference reflects Fubon FHC's direct control over multiple material operating units such that non-insurance operations have historically contributed an average of about 40% of the group's profits.

We consider Fubon FHC's core operating entities to be sufficiently diverse and independent, such that a suspension of cash flow from any of them would not substantially weaken the holding company's financial position. We also acknowledge the limited regulatory restrictions on cash flow between group members and operating units and holding companies in Taiwan.

Outlook

The stable rating outlooks reflect our view that Fubon Life will continue to drive the credit profile of the Fubon FHC group over the next one to two years, while other major subsidiaries will maintain stable credit profiles over the period. We believe the insurer's steady capital buffer will help it to manage the negative impact of market volatility on its capital and earnings over the same period.

In addition, we anticipate Fubon Life will meet new capital requirements related to its growth plan without materially weakening its capital and earnings. These requirements could include capital outlays to absorb volatility in Fubon Life's investment valuations, support the insurer's overseas subsidiaries, and pursue further organic growth. Furthermore, we believe the insurer will proactively adjust its hedging to manage forex risk without negatively affecting its capital adequacy.

Downside scenario

We could lower the long-term ratings on Fubon FHC, Fubon Life, and Fubon Securities if we revise downward our assessment of the group credit profile. This may happen if:

- Fubon Life's risk exposure heightens and materially erodes its capital and earnings;
- We revise downward our assessment of Fubon Life's capital and earnings to fair from satisfactory. This is likely if the insurer expands its investment assets or increases its exposure to market volatility beyond our base case. This could also occur if Fubon Life's business growth has materially lower value of in-force than we forecast, because value of in-force accounts for a large part of the group's total adjusted capital. We could also revise downward our capital and earnings assessment if Fubon Life expands through mergers and acquisitions beyond our earlier expectation or if its operating performance drops below the domestic industry average; or
- We revise downward our assessment of the SACP of Taipei Fubon Commercial Bank Co. Ltd.

Upside scenario

We could raise the ratings if we raise our assessment of the group credit profile. This could occur if both:

- We anticipate Fubon Life's capital and earnings will sustainably improve to a strong level for a prolonged period after considering potential market volatility and financial changes over the next two years; and
- The insurer concurrently maintains a stable competitive position and risk exposure. At the same time, Taipei Fubon Commercial Bank's consolidated credit risk profile would need to remain unchanged.

Ratings Score Snapshot

Fubon Life Insurance Co. Ltd.

Financial strength rating	**twAA+**
Anchor	a-
Business risk	Strong
Competitive position	Very Strong
IICRA	Moderately high
Financial risk	Satisfactory
Capital and earnings	Satisfactory
Risk exposure	Moderately low
Funding structure	Neutral
Modifiers	
Governance	Neutral
Liquidity	Adequate
Comparable ratings analysis	0
Support	0
Group support	0
Government support	0

IICRA--Insurance Industry And Country Risk Assessment

Related Criteria & Research

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions - October 13, 2025
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- 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: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- 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

- Media Release: Taipei Fubon Commercial Bank Co. Ltd. 'twAA+/twA-1+' Ratings Affirmed On Steady Competitive Strength; Outlook Stable – October 21, 2025
- Taiwan Ratings' Ratings Definitions – November 11, 2021

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

Ratings List

Ratings Affirmed

Fubon Life Insurance Co. Ltd.	
Issuer Credit Rating	twAA+/Stable
Financial Strength Rating	twAA+/Stable
Unsecured Subordinated Corporate Bond	twAA
Fubon Financial Holding Co. Ltd.	
Issuer Credit Rating	twAA/Stable/twA-1+
Fubon Securities Co. Ltd.	
Issuer Credit Rating	twAA+/Stable/twA-1+

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.