

Taiwan Ratings Corp.

2017 Ratings Roundup Report

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Key Takeaways

- The performance of Taiwan Ratings' issuer rating pool improved in the second half of 2017 with a shift toward a positive rating bias. Positive rating actions were mostly due to cyclical profitability rises and slightly lower debt leverage in the corporate sector as well as strengthening capitalization in the banking sector under banks' prudent capital policies
- Key credit risks continue to include weakening demand, volatile forex rates and commodity prices, and the stalled political relationship between Taiwan and China.
- Structured finance transactions have maintained stable credit profiles, given transactions' stable counterparty support and conservative deal structures.
- Following the launch of our new rating criteria in June 2017, we raised the ratings on ten Taiwan money market funds to reflect the continued stronger credit quality of the respective funds' portfolio exposure.

Rating performance trended positive in the second half of 2017

The overall performance of Taiwan Ratings' issuer rating pool showed moderate improvement in 2017, benefiting from the recovering macroeconomy. The rating outlook bias also trended positive in the second half of the year—the first time in six years. Nonetheless, potential weakening demand in some corporate sectors, volatile foreign exchange rates and commodity prices, and Taiwan's stagnant political relationship with China remain key credit risks for local obligors.

Deleveraging and strengthened cash flow generation underpinned by profitability enhancement were the key reasons behind the increase in positive rating movements and rating bias in the corporate sectors during the second half of 2017 (including rating upgrades, positive CreditWatch placements, and positive outlook revisions). The recovering global economy stimulated demand growth while greater stability in the domestic market also added rating support for corporate entities.

In the financial sector, higher capital requirements under Basel III encouraged Taiwan-based banks to improve their capitalization by raising capital, making hybrid issuances, and controlling growth in risk-based assets throughout 2017. These factors were the key driver behind the sector's positive rating trend during the period. Taiwan-based banks now generally have adequate-to-strong capitalization to absorb a potential rise in impaired assets and credit costs, in our view. Positive bias exceeded negative bias in our corporate and financial sector rating pool in 2017—the first time in six years—while the overall rated pool also showed somewhat improved credit performance.

For the first time in six years positive bias exceeded negative bias in our corporate and financial sector rating pool in 2017

In the structured finance sector, conservative deal structures as well as steady counterparty support on transaction bank accounts continued to underpin the stable rating performance of transactions under our surveillance in 2017. That's despite some volatility on underlying asset performance. Meanwhile, fixed-income funds showed stable-to-positive rating performance in the second half of 2017, under the improving credit quality of selected funds' portfolios and the application of our updated fund credit quality ratings methodology.

Overall, we made 11 rating adjustments (11 upgrades and 0 downgrades, see table 1 and chart 1), and 33 outlook revisions (24 upward and 9 downward, see table 2) within corporate and financial institution sectors in 2017. We also raised our ratings on ten Taiwan money market funds during

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the year, due to the continued stronger credit quality of the respective funds' portfolio exposure under the updated criteria.

Accordingly, the creditworthiness of entities within our rated pool improved over the past few quarters, evidenced by the higher number of rating upgrades and zero downgrades as well as the number of upward compared with downward outlook revisions in the rated corporate and financial sectors in 2017.

Table 1

Long-term Corporate And Financial Institution Rating Changes In Taiwan (2013-2017)

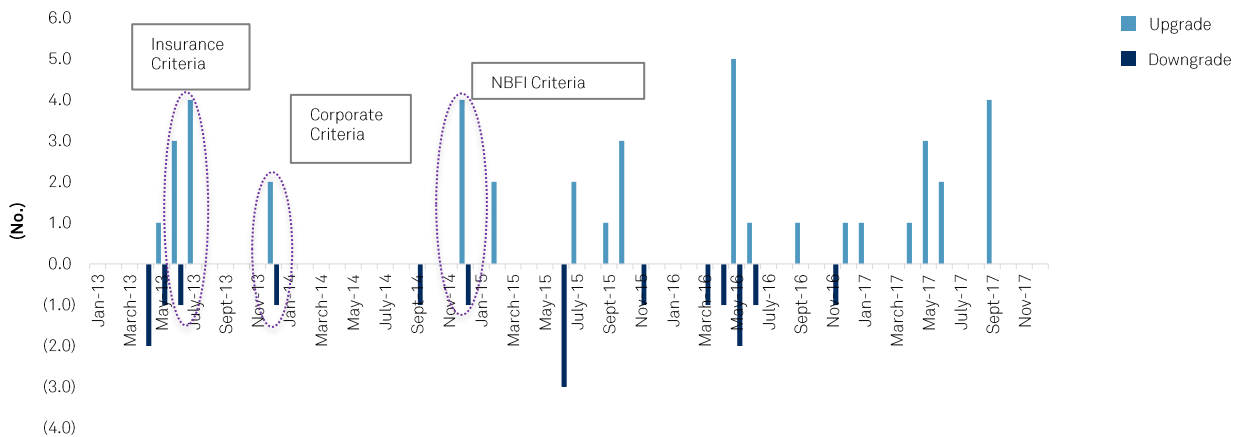
	2017		2016		2015		2014		2013	
	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade
Corporates	3	0	0	5	2	4	0	1	3	5
Financial institutions	8	0	8	1	6	0	4	1	7	0
Banks*	4	0	3	1	2	0	1	1	1	0
Insurers	1	0	1	0	1	0	0	0	6	0
Securities companies§	1	0	3	0	1	0	2	0	0	0
Financial holding companies	2	0	1	0	2	0	1	0	0	0
Other financial institutions	0	0	0	0	0	0	0	0	0	0
Total	11	0	8	6	8	4	4	2	10	5

*Includes bills finance companies and finance companies, §Includes securities finance companies. Data only includes public ratings (2013-2017).

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Chart 1

Taiwan Ratings' Corporate And Financial Institution Ratings Upgrades And Downgrades



Note: Corporate and government ratings include ratings on corporations and financial institutions. Data only includes public ratings.

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Our rating actions both in corporate and financial services sectors followed a positive rating trend in 2017 compared with those in 2016. There were no downgrades during 2017 compared with 6 downgrades in 2016. We made three upgrades in the corporate sector in 2017, including Uni-President Enterprises, Uni-President China and Chi Mei Corp., due to the obligor's improved credit metrics with lower debt leverage and slightly strengthened cash flow.

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In the financial sector, we made eight upgrades including E.SUN Financial Holding Co. Ltd., E.SUN Commercial Bank Ltd. Mega Financial Holding Co. Ltd., Mega Bills Finance Corp., and Mega Securities Co. Ltd., as well as Taiwan Business Bank, Chung Kuo Insurance Co. Ltd., and Sunny Bank. The upgrade actions on the E.SUN and Mega financial group members as well as Taiwan Business Bank reflected the entities' strengthening capitalization while the upgrades of the remaining two issuers resulted from their reduced forex risk and improved business stability.

Upward revisions to rating outlooks and CreditWatch actions still outnumbered downward revisions in 2017 as they did in 2016 (see table 2). The number of upward outlook revisions on corporate ratings was much higher than for downward revisions, with 12 upward and three downward outlook changes in 2017. The upward outlook revisions include revisions to stable from negative and to positive from stable. Upward revisions on corporate ratings were mainly due to recovering profitability from a previous weak level amid stronger demand and a less threatening operating environment. Conservative capital expenditure and slightly lower debt leverage also contributes to upward outlook revisions in the corporate sector. By contrast, there were only three downward revisions on corporate ratings in 2017, fewer than in each of the past two years.

The number of upward outlook revisions on financial institutions ratings was also higher than downward revisions during 2017, with 12 upward and six downward outlook changes during the year. These included outlook revisions to stable from negative and to positive from stable. Upward outlook revisions mainly reflected strengthening capitalization mostly due to prudent capital policies and improving foreign exchange risk controls, while downward revisions were mostly a reflection of internal control deficiencies, deteriorating asset quality, and weakening funding and liquidity profiles.

Table 2

Outlook Revisions On Corporate And Financial Institution Ratings 2013-2017

	2017†		2016†		2015		2014		2013	
	Upward	Downward	Upward	Downward	Upward	Downward	Upward	Downward	Upward	Downward
Corporates	12	3	4	4	4	9	9	0	2	5
Financial institutions	12	6	8	3	14	9	9	9	15	3
Banks*	5	2	4	3	6	2	4	2	3	2
Insurers	2	1	1	0	3	3	0	1	7	0
Securities companies§	2	2	1	0	3	2	2	3	2	0
Financial holding companies	3	1	2	0	2	2	2	2	3	1
Other financial institutions	0	0	0	0	0	0	1	1	0	0
Total	24	9	12	7	18	18	18	9	17	8

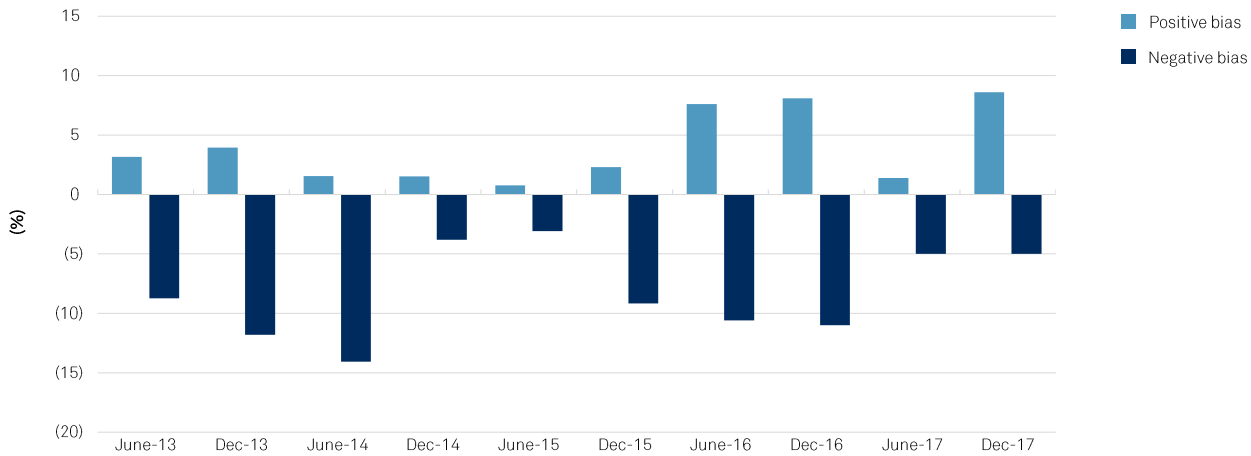
*Includes bills finance companies and finance companies. §Includes securities finance companies. †Only includes public ratings since 2016.

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For the first time in six years, positive rating bias for rated corporate and financial institutions exceeded negative rating bias in 2017. Ratings with a negative outlook or placed on CreditWatch negative decreased significantly to 5% in 2017, down from 11% in 2016 (see chart 2). This improvement was mostly due to outlook revisions to stable from negative amid recovering profitability and cash flow in the corporate sector, and improved capitalization under banks' prudent capital policies in the financial sector. Meanwhile ratings with a positive outlook or placed on CreditWatch positive slightly increased to 8.6% in 2017, up from 8.1% in 2016.

Chart 2

Taiwan Ratings' Corporate And Financial Institution Ratings Bias 2013-2017



Note: Positive bias is defined as the ratio of entities listed in on CreditWatch Positive or with a positive outlook to total ratings. Negative bias refers to entities on CreditWatch Negative or with a negative outlook. Only includes public ratings since 2015.

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We made six downward outlook revisions on financial institutions ratings in 2017, higher than the three downward revisions we took in the previous year. We also made three downward revisions in the corporate sector in 2017, down from four the previous year. The downward revisions in the financial institutions sector mainly resulted from internal control deficiencies, weakening funding and liquidity profiles, and deteriorating asset quality. In the corporate sector, downward revisions mainly reflected stagnant demand that stimulated higher competitive pressure and price competition that weakened profitability and led to deterioration in credit metrics. The downward revisions included those to negative from stable and to stable from positive.

The positive bias on our corporate ratings comes from five entities whose financial leverage and cash flow improved over the past year, while the positive bias on financial institutions ratings comes from seven entities and mostly reflects the improving capitalization of financial groups and improving foreign exchange risk controls.

Rated structured finance securities demonstrated stable credit profiles in 2017 (see table 3). The conservative deal structure and steady counterparty support mitigated the slightly volatile underlying performance of some transactions over the period, in our view.

Table 3

Structured Finance New Issue Ratings And Ratings Changes In 2017

Asset type	New	Withdrawn due to full paydown	Upgrade	Downgrade	Watch Pos	Watch Neg
Residential mortgage-backed securities	0	0	0	0	0	0
Asset-backed securities	0	0	0	0	0	0
Collateralized bond obligations	0	0	0	0	0	0
Collateralized loan obligations	0	0	0	0	0	0
Ground lease	0	1	0	0	0	0
Real estate asset trust	0	0	0	0	0	0
Total	0	1	0	0	0	0

Structured Finance New Issue Ratings And Ratings Changes In 2016

Asset type	New	Withdrawn due to full paydown	Upgrade	Downgrade	Watch Pos	Watch Neg
Residential mortgage-backed securities	0	0	0	0	0	0
Asset-backed securities	2	0	0	0	0	0
Collateralized bond obligations	0	0	0	0	0	0
Collateralized loan obligations	0	0	0	0	0	0
Ground lease	0	0	0	0	0	0
Real estate asset trust	0	0	0	0	0	0
Total	2	1	0	0	0	0

Note: Numbers for Watch Pos and Watch Neg refer to the actions taken to place the ratings on CreditWatch with positive or negative implications.
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Corporate Ratings

Positive rating actions outnumbered negative ones

The rating performance of our rated corporate issuers trended positive in 2017, when we made no downgrades and only three downward outlooks revisions. By contrast, we made three upgrades and 12 upward outlook revisions over the same period (see table 4). The three upgrades—Uni-President Enterprises, Uni-President China and Chi Mei Corp.—were supported by improved credit metrics on lower debt leverage and slightly strengthened cash flow.

Table 4

Corporate Sector Upgrades

Issuer	To	From	Date
Chi Mei Corp.	twAA- / Stable / twA-1+	twA+ / Positive / twA-1	2017/5/25
Uni-President Enterprises Corp.	twAA / Stable / twA-1+	twAA- / Positive / twA-1	2017/6/26
Uni-President China Holdings Ltd.	twAA / Stable / twA-1+	twAA- / Positive / twA-1	2017/6/26

Corporate Sector Downgrades

Issuer	To	From	Date
Nil	--	--	--

Corporate Sector Outlook Revisions

Issuer	To	From	Date
Yang Ming Marine Transport Corp.	twBBB / Negative / twA-3	twBBB / Stable / twA-3	2017/1/16
Far EastOne Telecommunications Co. Ltd.	twAA- / Stable / twA-1+	twAA- / Negative / twA-1+	2017/2/17
Far Eastern New Century Corp.	twA+ / Stable / twA-1	twA+ / Negative / twA-1	2017/2/17
Yuan Ding Investment Corp. (Issuer)	twA+ / Stable / twA-1	twA+ / Negative / twA-1	2017/2/18
Sinyi Realty Inc.	twA / Stable / twA-2	twA / Negative / twA-2	2017/3/27
China Steel Corp.	twAA- / Stable / twA-1+	twAA- / Negative / twA-1+	2017/4/25
Dragon Steel Corp.	twA+ / Stable / twA-1	twA+ / Negative / twA-1	2017/4/25
Nan Ya Printed Circuit Board Corp.	twA+ / Negative / twA-1	twA+ / Stable / twA-1	2017/5/17
Yang Ming Marine Transport Corp.	twBBB / Stable / twA-3	twBBB / Negative / twA-3	2017/9/12
Nan Ya Plastics Corp.	twAA- / Positive / twA-1+	twAA- / Stable / twA-1+	2017/10/18
Formosa Plastics Corp.	twAA- / Positive / twA-1+	twAA- / Stable / twA-1+	2017/10/18

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Formosa Petrochemical Corp.	twAA- / Positive / twA-1+	twAA- / Stable / twA-1+	2017/10/18
Formosa Chemicals & Fibre Corp.	twAA- / Positive / twA-1+	twAA- / Stable / twA-1+	2017/10/18
Hon Hai Precision Industry Co. Ltd.	twAA+ / Positive / twA-1+	twAA+ / Stable / twA-1+	2017/10/27
Cheng Shin Rubber Ind. Co. Ltd.	twA+ / Negative / twA-1	twA+ / Stable / twA-1	2017/12/18

Corporate Sector Ratings On / Off Credit Watch

Issuer	To	From	Date
Nil	--	--	--

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The number of upward outlook revisions in the corporate sector was much higher than downward revisions in 2017, given that we made upward revisions to the outlooks on 12 issuers. The revisions on seven issuers were to stable from negative, while five revisions were to positive from stable. These upward outlook revisions were in the petrochemical, technology, telecommunications, steel, consumer services, and transportation cyclical sectors, and were mostly because of recovering profitability from the previous weak level from stronger demand and a less challenging operating environment. Conservative capital expenditure and slightly lower debt leverage also contributed to the upward outlook revisions in corporate sectors. Conversely, we made only three downward outlook revisions on rated corporate entities in 2017 compared with four in 2016.

Five new issuer credit ratings assigned and two withdrawn

We assigned five new ratings on corporate entities in 2017 and withdrew two (see table 5).

Table 5

Corporate Sector New Issuer Ratings

Issuer	Ratings assigned	Date
Pegatron Corp.	twAA- / Stable / twA-1+	4/18/2017
China Steel Structure Co. Ltd.	twA- / Stable / twA-2	5/5/2017
Chang Chun Plastics Co. Ltd.	twAA- / Stable / twA-1+	5/26/2017
Chang Chun Petrochemical Co. Ltd.	twAA- / Stable / twA-1+	5/26/2017
Yulon Motor Co. Ltd.	twA / Stable / twA-1	9/8/2017

Corporate Sector Ratings Withdrawn

Issuer	Ratings prior to withdrawal	Date
Taiwan Mobile Co. Ltd.	twAA- / Stable / twA-1+	1/20/2017
Nan Ya Printed Circuit Board Corp.	twA+ / Negative / twA-1	8/17/2017

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Financial Service Ratings

Increased upward outlook revisions supported by the improved capitalization of certain banks

We made favorable upward outlook revisions on several rated financial institutions in 2017, including banks, insurers, securities companies, and financial holding companies (see table 6). The positive outlook revisions mainly reflected the strengthening capital level of each financial institution under their prudent capital policies and amid gradual improvement in the domestic economy. By contrast, the negative outlook revisions we made reflected internal control deficiencies, weakening funding and liquidity profiles, and deteriorating asset quality.

Our rating actions in the financial services sector continued a positive trend in 2017 compared with 2016. We made eight upgrades and no downgrades over the past year, with rating actions mainly based on improving capital levels and following similar rating action on the parent company. We raised the ratings on E.SUN Financial Holding Co. Ltd., E.SUN Commercial Bank Ltd. Mega Financial Holding Co. Ltd., Mega Bills Finance Corp., Mega Securities Co. Ltd., Taiwan Business Bank, Chung Kuo Insurance Co. Ltd., and Sunny Bank. The upgrade action on E.SUN and Mega group members as well as on Taiwan Business Bank reflected the entities' strengthening capitalization while upgrades for the remaining two issuers reflected their reduced foreign exchange risk and improved business stability.

Our outlook revisions on financial institutions ratings showed followed a positive trend in 2017, with 12 upward and six downward outlook revisions. The upward outlook revisions were to stable from negative for five issuers and to positive from stable for seven. The revisions mainly reflected our view on the entities' strengthening capital level under prudent capital policies and following similar rating action on the parent group, as well as improved foreign exchange risk control. The downward revisions on the financial institutions sector mostly also resulted from internal control deficiencies, weakening funding and liquidity profiles, and deteriorating asset quality.

Table 6

Financial Institutions Upgrades

Issuer	To	From	Date
Taiwan Business Bank (Issuer)	twAA- / Stable / twA-1+	twA+ / Positive / twA-1	2017/1/25
Sunny Bank (Issuer)	twA- / Stable / twA-2	twBBB+ / Positive / twA-2	2017/4/19
E.SUN Financial Holding Co. Ltd. (Issuer)	twAA- / Stable / twA-1+	twA+ / Positive / twA-1	2017/5/9
E.SUN Commercial Bank Ltd. (Issuer)	twAA / Stable / twA-1+	twAA- / Positive / twA-1+	2017/5/9
Mega Financial Holding Co. Ltd. (Issuer)	twAA / Stable / twA-1+	twAA- / Stable / twA-1+	2017/9/15
Mega Securities Co. Ltd. (Issuer)	twAA / Stable / twA-1+	twAA- / Stable / twA-1+	2017/9/15
Mega Bills Finance Corp. (Issuer)	twAA+ / Stable / twA-1+	twAA / Stable / twA-1+	2017/9/15
Chung Kuo Insurance Co. Ltd. (Issuer)	twAA / Stable / --	twAA- / Stable / --	2017/9/27

Financial Institutions Downgrades

Issuer	To	From	Date
Nil	--	--	--

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Financial Institutions Outlook Revisions

Issuer	To	From	Date
Yuanta Financial Holding Co. Ltd. (Issuer)	twAA- / Stable / twA-1+	twAA- / Negative / twA-1+	2017/1/20
Yuanta Commercial Bank (Issuer)	twAA / Stable / twA-1+	twAA / Negative / twA-1+	2017/1/20
Ta Chong Bank Ltd. (Issuer)	twAA / Stable / twA-1+	twAA / Negative / twA-1+	2017/1/20
Yuanta Securities Co. Ltd. (Issuer)	twAA / Stable / twA-1+	twAA / Negative / twA-1+	2017/1/20
Yuanta Securities Finance Co. Ltd. (Issuer)	twAA / Stable / twA-1+	twAA / Negative / twA-1+	2017/1/20
Taiwan Cooperative Bank Ltd. (Issuer)	twAA / Positive / twA-1+	twAA / Stable / twA-1+	2017/1/23
Taiwan Cooperative Financial Holding Co. Ltd. (Issuer)	twA+ / Positive / twA-1	twA+ / Stable / twA-1	2017/1/23
Allianz Taiwan Life Insurance Co. Ltd. (Issuer)	twAA / Stable / --	twAA / Positive / --	2017/3/13
Capital Securities Co. Ltd. (Issuer)	twA / Negative / twA-1	twA / Stable / twA-1	2017/6/12
Bank SinoPac (Issuer)	twA+ / Stable / twA-1	twA+ / Positive / twA-1	2017/6/19
SinoPac Holdings (Issuer)	twA / Stable / twA-1	twA / Positive / twA-1	2017/6/19
SinoPac Securities Corp. (Issuer)	twA+ / Stable / twA-1	twA+ / Positive / twA-1	2017/6/19
Taishin D.A. Finance Co. Ltd. (Issuer)	twA / Positive / twA-1	twA / Stable / twA-1	2017/10/26
Taishin International Bank Co. Ltd. (Issuer)	twA+ / Positive / twA-1	twA+ / Stable / twA-1	2017/10/26
Taishin Financial Holding Co. Ltd. (Issuer)	twA / Positive / twA-1	twA / Stable / twA-1	2017/10/26
Allianz Taiwan Life Insurance Co. Ltd. (Issuer)	twAA / Positive / --	twAA / Stable / --	2017/10/27
Shinkong Insurance Co. Ltd. (Issuer)	twAA / Positive / --	twAA / Stable / --	2017/11/7
Hwatai Bank (Issuer)	twBBB+ / Negative / twA-2	twBBB+ / Stable / twA-2	2017/11/29
Yuanta Financial Holding Co. Ltd. (Issuer)	twAA- / Stable / twA-1+	twAA- / Negative / twA-1+	2017/1/20

Financial Institutions Ratings On / Off CreditWatch

Issuer	To	From	Date
Nil	--	--	--

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Two new issuer ratings assigned with three withdrawn

We assigned two new ratings and withdrew three existing rating on financial institutions in 2017 (see table 7).

Table 7

Financial Institutions New Issuer Ratings

Issuer	Ratings assigned	Date
The Export-Import Bank of the Republic of China	twAAA / Stable / twA-1+	1/3/2017
Yu Rich Financial Services	twA- / Stable / twA-2	10/12/2017

Financial Institutions Ratings Withdrawn

Issuer	Ratings prior to withdrawal	Date
CDIB Capital Group (Issuer)	twAA- / Stable / twA-1+	4/21/2017
Sunny Bank (Issuer)	twA- / Stable / twA-2	9/28/2017
Taiwan Financial Holding Co. Ltd. (Issuer)	twAAA / Stable / twA-1+	12/7/2017

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Structured Finance Ratings

Rating performances remained stable despite some asset performance volatility

Structured finance transactions under our surveillance maintained stable ratings in 2017, supported by stable counterparty support and deal amortization after the transactions' revolving period. Additionally, the ability of the servicer to manage asset performance as well as transactions' sufficient credit enhancements helped to moderate the risk from performance volatility during 2017, in our view.

Table 8

Structured Finance Upgrades

Class of certificate	Transaction	To	From	Date
Nil	--	--	--	--

Structured Finance Downgrades

Class of certificate	Transaction	To	From	Date
Nil	--	--	--	--

Structured Finance Ratings On/Off CreditWatch

Class of certificate	Transaction	To	From	Date
Nil	--	--	--	--

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We assigned no new structured finance ratings in 2017 and made only one rating withdrawal following the note's full redemption (see table 9).

Table 9

Structured Finance New Issue Ratings

Class of certificate	Transaction	Ratings assigned	Date
Nil	--	--	--

Structured Finance Ratings Withdrawn

Class of certificate	Transaction	Ratings assigned	Date
Class A	Taipei City Government 2007-1 Partial Ground Lease Rent Receivable Securitization Special Purpose Trust	twAAA (sf)	6/26/2017

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Fixed-Income Fund Ratings

Local fixed-income funds saw several upgrades following the implementation of our updated criteria

Fixed-income funds ratings showed generally upward transitions in 2017 because of the improving credit quality of selected funds' portfolio and the application of updated fund credit quality ratings methodology. We raised our ratings on 10 money market funds in 2017 (see table 10). The stable credit quality of financial institutions in Taiwan as well as generally more conservative portfolio management strategies also supported the stable-to-positive rating performance of the fixed-income funds under our surveillance.

On June 27, 2017, we placed all our fixed-income fund ratings under criteria observation following the adoption of S&P Global Ratings' updated fund credit quality ratings methodology. The review on all fund ratings resulted in 13 ratings being placed on CreditWatch with positive implications and the remaining 10 ratings affirmed on July 27, 2017. We subsequently raised our ratings on 10 money market funds and affirmed the other ratings within three months.

Table 10

Fixed-Income Fund Ratings Upgrades

Fund	To	From	Date
CTBC Hua Win Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/10/23
Eastspring Investments Well Pool Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/10/23
FSITC Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/10/23
Fuh Hwa Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/10/23
Invesco Taiwan Money Market Fund	twAAAf/--	twAA+f/Watch Pos	2017/10/23
JP Morgan (Taiwan) First Money Market Fund	twAAAf/--	twAA+f/Watch Pos	2017/10/23
Nomura Taiwan Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/10/23
Prudential Financial Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/10/23
Schroder Taiwan Money Market Fund	twAAAf/--	twAAf/Watch Pos	2017/10/23
Yuanta Wan Tai Money Market Fund	twAA+f/--	twAAf/Watch Pos	2017/9/29

Fixed-Income Fund Ratings On / Off CreditWatch

Issuer	To	From	Date
Capital Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
CTBC Hua Win Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
Eastspring Investments Well Pool Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
FSITC Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
FSITC Taiwan Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
Fuh Hwa Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
Invesco Taiwan Money Market Fund	twAA+f/Watch Pos	twAA+f/--	2017/7/27
JP Morgan First Money Market Fund	twAA+f/Watch Pos	twAA+f/--	2017/7/27
Nomura Taiwan Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
Prudential Financial Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
Schroder Taiwan Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
TCB Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27
Yuanta Wan Tai Money Market Fund	twAAf/Watch Pos	twAAf/--	2017/7/27

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We assigned no new fund ratings in 2017 and withdrew six ratings at the request of fund managers (see table 11).

Table 11

Fixed-Income Fund New Ratings

Fund	Rating assigned	Date
Nil	--	--

Fixed-Income Fund Ratings Withdrawn

Fund	Rating prior to withdrawal	Date
HSBC NTD Money Market Fund	twAA+f/--	2017/6/23
HSBC NTD Money Market II Fund	twAA+f/--	2017/6/23
Yuanta Wan Tai Money Market Fund	twAA+f/--	2017/9/29
Yuanta De-Bao Money Market Fund	twAAf/--	2017/9/29
Yuanta De-Li Money Market Fund	twAAf/--	2017/9/29
Schroder Taiwan Money Market Fund	twAAAf/--	2017/11/21

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Corporate, Financial Institutions, And Structured Finance Sector Default Experience

There were no defaults in our rated pool of Taiwanese corporates, financial institutions, and structured finance securitizations in 2017.

For corporate and financial institutions, the absence of defaults was due to the effect of our small issuer pool size and the higher rating quality of the majority of our issuer pool (more than 80% are rated 'twA-' or above) in our issuer pool. The zero default also continues to reflect the adequate access of non-financial corporations to liquidity, corporate issuers' relatively prudent financial policy, and a generally stable financial market in Taiwan despite relatively sluggish economic growth.

The conservative deal structure and steady counterparty support on the transaction bank accounts supported the zero default of rated structured finance transactions in 2017.

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