Media Release

Positive Rating Bias On TRC's Ratings Exceeded Negative Bias In 2017; A First In Six Years

January 10, 2018

Taiwan Ratings Corp. said today that its issuer rating pool showed generally moderate credit improvement in 2017 under the support of a less challenging macroeconomy. That's according to an article, titled "**2017 Ratings Roundup Report**," that Taiwan Ratings published today. Ratings bias also trended positive bias in the second half of 2017. The positive outlook bias reflects profitability rises cyclically supported by strengthened product selling price and slightly lower debt leverage in corporate sectors, as well as strengthened capitalization due to bank's prudent capital policies for most financial institutions in Taiwan over the past 12 months.

The recovering global economy and mild growth in the domestic market also underpinned the credit profile but some potential credit risk factors remain including potentially weakening demand, volatility in forex rates and commodity prices as well as stagnant political relationship with China.

The report reveals that the positive bias exceeded negative bias in 2017 for the first time in six years. Ratings with a negative outlook or placed on CreditWatch negative much decreased to 5% in 2017, down from 11% in 2016. The improvement was mostly due to outlook revision to stable from negative with profitability and cash flow recovery in corporate sector, and improved capitalization result from bank's prudent capital policies in financial sector.

The fixed-income funds also experience the stable to positive rating performance in the second half of 2017, due to the application of updated global fund credit quality ratings methodology and improving credit quality of selected funds' portfolio.

For more details please see the full report, which is available on our public website at **www.taiwanratings.com** as well as to subscribers of our paid website at **rrs.taiwanratings.com.tw**

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