

Media Release

2017 Annual Taiwan Ratings Corp. Corporate And Structured Finance Default And Rating Transition Studies Published

May 25, 2018

For corporate entities and financial services companies rated by Taiwan Ratings Corp. (TRC), ratings volatility was notably low in 2017, according to "**2017 Annual Taiwan Ratings Corp. Corporate Default Study And Rating Transitions**," published today by Taiwan Ratings Corp. and S&P Global Fixed Income Research. Ratings stability (as measured by the proportion of ratings that remained the same from the start of the year to the end of the year) was 88%, compared with a historical weighted average of 76%.

"This stability largely stemmed from the fact that there were no defaults or downgrades in 2017," said Taiwan Ratings credit analyst Jin Dong.

The study found that TRC's ratings continue to show a clear correspondence between rating and default remoteness, with default rates among investment-grade ratings well below those of speculative-grade ratings across all time frames. This finding is also consistent with the performance of S&P Global Ratings' global scale ratings.

Meanwhile, the credit quality of structured finance securities on which TRC has assigned ratings also remained stable during 2017, continuing a trend that began in 2010, according to "**2017 Annual Taiwan Structured Finance Default Study And Rating Transitions**," also published today. There were no upgrades, downgrades, or defaults among the six ratings outstanding at the beginning of the year. Despite some volatility in collateral performance, the magnitude of deterioration was not sufficient to cause ratings movement for affected transactions in 2017.

Of the 91 Taiwan structured finance ratings that TRC has assigned since the beginning of 2003, there have been four defaults in total, giving an overall lifetime default rate of 4.4%. The lifetime upgrade rate stands at 49.5%, while the lifetime downgrade rate is 11.0%.

The full report is available to our subscribers at <https://rrs.taiwanratings.com.tw/portal/member> and for members of the media by contacting Simon Chen at +886-2-8722-5871 or via email at simon.chen@taiwanratings.com.tw.

Only a rating committee may determine a rating action and this report does not constitute a rating action.

Copyright © by Taiwan Ratings Corp. All rights reserved.

PRIMARY CREDIT ANALYST

Jin Dong, CFA
Taipei
+886-2-8722-5821
jin.dong
[@taiwanratings.com.tw](mailto:jin.dong@taiwanratings.com.tw)
jin.dong
[@spglobal.com](https://www.linkedin.com/company/spglobal)

Caroline Shih
Taipei
+886-2-8722-5859
caroline.shih
[@taiwanratings.com.tw](mailto:caroline.shih@taiwanratings.com.tw)
caroline.shih
[@spglobal.com](https://www.linkedin.com/company/spglobal)

GLOBAL FIXED INCOME RESEARCH

Diane Vazza
New York
+1-212-438-2760
diane.vazza
[@spglobal.com](https://www.linkedin.com/company/spglobal)

Andrew H South
London
+44-20-7176-3712
andrew.south
[@spglobal.com](https://www.linkedin.com/company/spglobal)

Zev R Gurwitz
New York
+1-212-438-7128
zev.gurwitz
[@spglobal.com](https://www.linkedin.com/company/spglobal)

Copyright © 2018 by Taiwan Ratings Corporation (TRC). All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of TRC. The Content shall not be used for any unlawful or unauthorized purposes. TRC and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively TRC Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. TRC Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. TRC DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall TRC be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. TRC's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. TRC assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. TRC does not act as a fiduciary or an investment advisor except where registered as such. While TRC has obtained information from sources it believes to be reliable, TRC does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, TRC reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. TRC disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

TRC keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of TRC may have information that is not available to other TRC business units. TRC has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

TRC receives compensation for its solicited ratings and certain analyses, normally from issuers, originators, arrangers, or underwriters of securities or from obligors. TRC reserves the right to disseminate its opinions and analyses. TRC's public ratings and analyses are made available on its Web sites, www.taiwanratings.com (free of charge), and rrs.taiwanratings.com.tw (subscription), and may be distributed through other means, including via TRC publications and third-party redistributors. Please click [here](#) for any other conflict of interests that may affect the credit rating as requested by the regulator.