

## Media Release

# Standard Chartered Bank (Taiwan) Ltd. Long-term Rating On CreditWatch Positive On Group Restructuring; Short-term Rating Affirmed

August 7, 2019

## Overview

- SCB group has recently announced a restructuring plan to move SCB Taiwan under the direct ownership of Hong Kong domiciled SCBHK.
- Accordingly, we are placing our 'twAA' long-term rating on SCB Taiwan on CreditWatch with positive implications. At the same time, we affirmed the 'twA-1+' short-term issuer credit rating on the bank.
- The CreditWatch placement reflects our expectation that following the completion of the restructuring plan, we will raise our ratings on SCB Taiwan to reflect the positive influence of SCB-Taiwan from being a highly strategic subsidiary of SCBHK.

## Rating Action

Taiwan Ratings Corp. today placed its 'twAA' long-term rating on **Standard Chartered Bank (Taiwan) Ltd.** (SCB Taiwan) on CreditWatch with positive implications. At the same time, we affirmed our 'twA-1+' short-term issuer credit rating on the bank.

## Rationale

The CreditWatch placement follows Standard Chartered Bank group's announcement that it plans to transform Standard Chartered Bank (Hong Kong) Ltd. (SCBHK) into a regional hub. As part of the restructuring plan, SCB Taiwan will become a highly strategic subsidiary of SCBHK, pending regulatory approval.

The CreditWatch placement reflects our expectation that following the completion of the plan, SCB Taiwan will likely benefit from the higher ratings on SCBHK.

The ratings on SCB Taiwan currently reflect the bank's highly strategic status to its ultimate parent, London-based Standard Chartered PLC. In our view, SCB Taiwan is highly integrated with the parent group in terms of its business strategies and risk management framework. We believe it is unlikely that the parent group will divest of SCB Taiwan and we assess the bank would receive necessary support from its parent group under almost all foreseeable circumstances.

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# CreditWatch

We expect to resolve the CreditWatch positive on SCB Taiwan when the entity receives regulatory approval and becomes a subsidiary of SCBHK, which could occur in the next 90 days. We see a highly likelihood that following regulatory approval of the restructuring, SCB Taiwan will become a highly strategic subsidiary of SCBHK and benefit from the higher ratings on SCBHK.

We could raise our ratings on SCB Taiwan if the entity has obtained regulatory approval and becomes a subsidiary of SCBHK.

We could affirm the current ratings and remove them from CreditWatch if SCB Taiwan fails to obtain regulatory approval to become a subsidiary of SCBHK.

## Related Criteria & Research

### Related Criteria

- Understanding Taiwan Ratings' Rating Definitions, [www.taiwanratings.com](http://www.taiwanratings.com) - June 26, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions - November 09, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

### Related Research

- Standard Chartered Bank Affirmed At 'A', SCBHK At 'A+'; Various Positive Actions Taken On Hong Kong Hub Entities - Aug. 7, 2019

(Unless otherwise stated, these articles are published on [www.standardandpoors.com](http://www.standardandpoors.com), access to which requires a registered account)

## Ratings List

### CreditWatch Action/Ratings Affirmed

|  | To                    | From               |
|--|-----------------------|--------------------|
| <b>Standard Chartered Bank (Taiwan) Ltd.</b> |                       |                    |
| Issuer Credit Rating                         | twAA/Watch Pos/twA-1+ | twAA/Stable/twA-1+ |

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