

Research Update:

# Hua Nan Financial Holdings Co. Ltd. And Hua Nan Commercial Bank Ltd. Ratings Affirmed; Outlook Stable

May 11, 2020

## Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **Hua Nan Financial Holdings Co. Ltd.** along with the 'twAA+' long-term and 'twA-1+' short-term issuer credit ratings on **Hua Nan Commercial Bank Ltd.** The outlook on long-term ratings is stable. At the same time, we affirmed the issue credit ratings on the bank's various unsecured subordinated debts (see Ratings List).

The ratings reflect our assessment of Hua Nan Financial Holdings group's strong capitalization, its good domestic market positions supported by an established banking franchise, as well as its satisfactory funding and liquidity profile. Counterbalancing factors include competitive pressure on the group's profitability and the group's relatively concentrated revenue stream compared with global peers'. The ratings on Hua Nan Commercial Bank also reflect its moderate systemic importance in Taiwan's banking system with government support.

## Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018
- General Criteria: Hybrid Capital: Methodology And Assumptions - July 01, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 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: Use Of CreditWatch And Outlooks - September 14, 2009
- TRC Financial Services Issue Credit Rating Criteria - July 31, 2019

(The above articles can be found at [www.taiwanratings.com](http://www.taiwanratings.com))

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## Ratings List

### Ratings Affirmed; Outlook

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#### Hua Nan Commercial Bank Ltd

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Issuer Credit Rating	twAA+/Stable/twA-1+
Unsecured Subordinated Debenture	twAA
Unsecured Subordinated Debenture	twA+

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#### Hua Nan Financial Holdings Co. Ltd

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Issuer Credit Rating	twAA-/Stable/twA-1+
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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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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