

Media Release:

China Development Financial Holding Corp.'s Series 109-2A Unsecured Subordinated Corporate Bonds Rated 'twA-'

October 20, 2020

Rating Action

Taiwan Ratings Corp. today assigned its 'twA-' issue credit rating to **China Development Financial Holding Corp.'s** (CDFHC's; twA+/Stable/twA-1) proposed Series 109-2A ten-year unsecured subordinated corporate bond issuance. The amount of the issuance will be around New Taiwan dollar (NT\$) 1.5 billion.

Rationale

The rating on the Series 109-2A unsecured subordinated corporate bond is two notches below the level of the long-term issuer credit rating on CDFHC because of the issue's subordinated feature, as well as the inclusion of a mandatory payment deferral clause. The structure of the issue stipulates that CDFHC will defer interest payments or principal if those payments would cause the company's regulatory capital adequacy ratio to fall below the minimum requirement of 100% for financial holding companies. As of the end of June 2020, CDFHC reported its regulatory capital adequacy ratio at 117.4%.

The Series 109-2A bonds rank senior to CDFHC's ordinary shares and junior to the company's currently senior liability holders, with respect to the payment of interest and relevant amounts upon liquidation. Any material changes in the terms of the issue will affect the rating.

Related Criteria & Research

Related Criteria

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017

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- 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
- TRC Financial Services Issue Credit Rating Criteria - July 31, 2019
- General Criteria: Group Rating Methodology - July 01, 2019

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

New Ratings

China Development Financial Holding Corp.

Series 109-2A ten-year unsecured subordinated corporate bond	twA-
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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 for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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