

Media Release:

# Standard Chartered Bank (Taiwan) Ltd. Ratings Affirmed At 'twAA+/twA-1+' On Revised Criteria; Outlook Stable

December 16, 2021

## Overview

- We have reviewed our ratings on Standard Chartered Bank (Taiwan) Ltd. under our revised criteria for financial institutions.
- We have affirmed the 'twAA+/twA-1+' issuer credit ratings on the bank. The rating outlook remains stable.

## Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA+/twA-1+' issuer credit ratings on **Standard Chartered Bank (Taiwan) Ltd.** The affirmation follows a revision to our criteria for rating banks and for determining a Banking Industry Country Risk Assessment (BICRA).

## Rationale

The ratings reflect the bank's highly strategic status to its parent, Standard Chartered Bank (Hong Kong) Ltd. We anticipate that Standard Chartered Taiwan would receive necessary support from the Standard Chartered Bank group under almost all foreseeable circumstances.

The ratings on Standard Chartered Taiwan also reflect the bank's strong capitalization following its efforts to optimize its balance sheet, and the bank's strong liquidity with diversified funding sources. Partly offsetting these strengths are the bank's moderate earnings capacity in the highly competitive domestic market and less-diversified business versus that of its international peers.

## Outlook

The stable rating outlook reflects the rating outlook on the bank's parent, Standard Chartered Hong Kong (rated A+/Stable/A-1 by S&P Global Ratings). The ratings on Standard Chartered Taiwan will move in tandem with direction of the parent's group credit profile, given the Taiwan subsidiary's highly strategic group status. Any change in the group's creditworthiness could affect our ratings on Standard Chartered Taiwan.

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In addition, we expect Standard Chartered Taiwan to grow its business prudently and maintain a stable credit profile over the coming one to two years. We also believe the bank will uphold rigid risk management and maintain its asset quality over the same period. Moreover, Standard Chartered Taiwan's capitalization will remain strong to provide a sufficient buffer for planned business development. We do not foresee any capital reduction by the bank over the next one to two years.

### Downward scenario

We may lower the long-term rating on Standard Chartered Taiwan if S&P Global Ratings lowers its rating on Standard Chartered Hong Kong. We may also downgrade Standard Chartered Taiwan if the Standard Chartered Bank group's willingness to support the bank weakens due to the Taiwan bank's diminished importance. This may happen if the bank no longer fits the group's Greater China strategy or if the bank's operating performance and business referrals no longer meet the group's standard. Nevertheless, we believe the likelihood of weaker support to be low over the next two years.

### Upward scenario

We may raise the long-term rating on Standard Chartered Taiwan if the bank attains core group status, while maintaining its high integration with the group and operating in line with the group's strategy. Nonetheless, we view the likelihood of this to be low over the next two years, given the bank's small size within the group. We could also upgrade the bank if S&P Global Ratings takes the same action on Standard Chartered Hong Kong while the Taiwan subsidiary sustains its high strategic importance to the group. However, we believe an upgrade of Standard Chartered Hong Kong also to be unlikely over the next two years.

## Related Criteria & Research

### Related Criteria

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - December 09, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Principles Of Credit Ratings - February 16, 2011

### Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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## Ratings List

### Ratings Affirmed

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#### Standard Chartered Bank (Taiwan) 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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