

Media Release:

Ratings On President Securities Corp. Affirmed At 'twA/twA-1' Under Revised Criteria; Outlook Stable

December 20, 2021

Overview

- We have reviewed our ratings on President Securities Corp. under our revised criteria.
- We have affirmed the 'twA/twA-1' issuer credit ratings on President Securities. The stable outlook remains unchanged.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twA' long-term and 'twA-1' short-term issuer credit ratings on **President Securities Corp.** The outlook on the long-term rating is stable. The affirmation follows a revision to our methodology for rating nonbank financial institutions (see “Financial Institutions Ratings Methodology,” published Dec. 9, 2021).

Rationale

Our ratings on President Securities reflect the company's strong capitalization, average market positions in its key business lines in Taiwan's securities industry, and the company's adequate risk controls. Counterbalancing factors include the sensitivity of President Securities' profitability to stock market volatility, and the company's reliance on short-term wholesale funding, which is a common characteristic among local brokers.

Outlook

The stable rating outlook on President Securities reflects our view that the company will maintain strong capitalization, adequate risk controls, and average market position over the next one to two years. Nonetheless, we forecast the company's profitability will remain highly correlated to the performance of Taiwan's stock market but consistent with the domestic industry's performance over the same period.

Downward scenario

We may lower the long-term rating if the company's capitalization deteriorates, as measured by our assessment of its risk adjusted capital ratio at below 10% due to excessive risk taking, or if the company incurs significant investment losses due to looser risk controls.

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Upward scenario

We view the likelihood of an upgrade to be remote over the next one to two years. However, we may raise the rating if the company can substantially improve its business and geographic diversification, market position, and profitability without sacrificing its risk profile and appetite.

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
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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 - November 11, 2021

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

Ratings List

Ratings Affirmed

President Securities Corp.

Issuer Credit Rating	twA/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 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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