

Media Release:

Yuanta Securities Finance Co. Ltd. Ratings Affirmed At 'twAA/twA-1+' Under Revised Criteria; Outlook Stable

January 26, 2022

Overview

- We reviewed our ratings on Yuanta Securities Finance under our revised criteria.
- We affirmed our 'twAA/twA-1+' issuer credit ratings on the company.
- The stable rating outlook remains unchanged.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on **Yuanta Securities Finance Co. Ltd.** The outlook on the long-term rating remains stable. The affirmation follows a revision to our methodology for rating financial institutions (see "Financial Institutions Rating Methodology," published Dec. 9, 2021).

Rationale

Our ratings on Yuanta Securities Finance reflect the company's potential support from the ultimate parent group, **Yuanta Financial Holding Co. Ltd.**, the company's very strong capitalization relative to its risk profile, as well as its satisfactory loss experience and asset quality. The limited potential for the company to diversify its business scope along with its reliance on short-term, confidence-sensitive funding temper these strengths.

Outlook

The ratings on Yuanta Securities Finance will move in tandem with our assessment of its ultimate parent Yuanta Financial Holding's group credit profile. This reflects our view that the holding company would provide the securities finance subsidiary with financial support in the coming two years, if needed, given Yuanta Securities Finance's core strategic role within the group's business development plans.

Downward scenario

We could lower the rating on Yuanta Securities Finance if we believe the group credit profile has weakened over the next two years.

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Upward scenario

We may raise the long-term rating on Yuanta Securities Finance if we raise our rating on Yuanta financial holding, particularly if the ultimate parent can sustain its risk adjusted capitalization at a very strong level as shown by a consolidated capital ratio of 15% or higher over the same period.

Related Criteria & Research

Related Criteria

- 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
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- 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

Yuanta Securities Finance Co. Ltd.

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 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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