

Media Release:

Citigroup Global Markets Taiwan Securities Co. Ltd. Ratings Affirmed At 'twAA+/twA-1+' Under Revised Criteria; Outlook Stable

January 27, 2022

Overview

- We have reviewed our ratings on Citigroup Global Markets Taiwan Securities 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 **Citigroup Global Markets Taiwan Securities 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 Citigroup Global Markets Taiwan Securities reflect the potential financial support from its parent group as well as the company's very strong capitalization and adequate liquidity to cover business needs with a high level of liquid assets on hand. The company's revenue concentration on institutional clients tempers these strengths.

Outlook

The stable rating outlook reflects our view that the ratings on Citigroup Global Markets Taiwan Securities move in tandem with the ratings and outlook on the group's lead operating entity, Citibank N.A. New York. This reflects our view of the strong likelihood that the group would provide Taiwan securities subsidiary with financial support, if needed, given the firm's highly strategic role within the group's regional operations.

Downward scenario

We may lower the long-term rating on Citigroup Global Markets Taiwan Securities if S&P Global Ratings lowers its ratings on Citigroup Inc. We may also lower the rating on Citigroup Global Markets Taiwan Securities if the company's importance to the group significantly declines. This

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could result from consistent weakening in Citigroup Global Markets Taiwan Securities' business strategies and integration with the group.

Upward scenario

Conversely, we could raise the rating on Citigroup Global Markets Taiwan Securities if S&P Global Ratings upgrades Citigroup Inc. while at the same time Citigroup Global Markets Taiwan Securities maintains its highly strategic importance to the group. We may also raise the rating on Citigroup Global Markets Taiwan Securities if its group status improves to core from highly strategic at present. However, we view the likelihood of this as remote in the coming two years.

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

Citigroup Global Markets Taiwan Securities 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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