

Media Release:

HSBC Bank (Taiwan) Ltd. Ratings Affirmed At 'twAAA/twA-1+' Under Revised Criteria; Outlook Stable

February 16, 2022

Overview

- We reviewed our ratings on HSBC Taiwan under our revised criteria.
- We affirmed the 'twAAA/twA-1+' issuer credit ratings on the bank. The stable outlook remains unchanged.
- At the same time, we affirmed our 'twAAA' issue rating on the bank's debts.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **HSBC Bank (Taiwan) Ltd.** (HSBC Taiwan) along with our 'twAAA' issue rating on the bank's debts. 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 HSBC Taiwan reflects our view of potential support from the bank's immediate parent, The Hongkong and Shanghai Banking Corp. Ltd. (HBAP), if needed, given the bank's role as a highly strategically important subsidiary. We believe it is highly likely the bank's integration with the group in terms of risk control and operations will remain high over the next two years. We also believe that the parent is highly unlikely to divest of HSBC Bank Taiwan over the same period.

Outlook

The stable rating outlook reflects S&P Global Ratings' rating outlook on the immediate parent, HBAP. The ratings on HSBC Taiwan will move in tandem with those on HBAP over the next few years, given our view of the Taiwan subsidiary as of highly strategic importance to the HSBC group's long-term operating strategy.

Downward scenario

We could lower the long-term rating on HSBC Taiwan if S&P Global Ratings lowers its ratings on HBAP over the coming one to two years.

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Ratings Score Snapshot

Issuer Credit Rating: twAAA/Stable/twA-1+

Stand-alone credit profile: bbb+

- Anchor: bbb
- Business Position: Adequate (0)
- Capital and Earnings: Strong (+1)
- Risk Position: Adequate (0)
- Funding and Liquidity: Adequate and Strong (0)
- Comparable Rating Analysis: 0

Support: +3

- ALAC Support: 0
- GRE Support: 0
- Group Support: +3
- Sovereign Support: 0

Additional Factors: 0

Related Criteria & Research

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - December 09, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- TRC Financial Services Issue Credit Rating Criteria - July 31, 2019
- 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
- Ratings On Six Hong Kong Banks Affirmed Under Revised Criteria; www.standardandpoors.com - January 20, 2022.

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

Ratings List

Ratings Affirmed

HSBC Bank (Taiwan) Ltd.

Issuer Credit Rating	twAAA/Stable/twA-1+
Issue Credit Rating	twAAA

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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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