

Media Release:

Agricultural Bank of Taiwan's Upcoming Series 111-1 Unsecured Subordinated Debentures Rated 'twAA+'

March 22, 2022

Rating Action

Taiwan Ratings Corp. today assigned its 'twAA+' issue rating to **Agricultural Bank of Taiwan's** (twAAA/Stable/twA-1+) upcoming series 111-1 ten-year unsecured subordinated debentures. The total value of the debentures is new Taiwan dollar (NT\$) 2.6 billion. Agricultural Bank will mainly use the funds raised from the issuance to enhance its capital adequacy ratio. Any material change in the proposed terms, conditions or amount of the issuer could affect the rating.

Rationale

According to our Financial Services Sector Issue Rating Criteria (see Related Criteria), we rate the debentures by notching down from our issuer credit rating on the bank. We classify Agricultural Bank of Taiwan as a government-related entity, and we believe there is an extremely high likelihood that the Taiwan government would provide timely, sufficient, and extraordinary support to Agricultural Bank of Taiwan, if necessary. We believe that any financial support from the government to the bank would also cover the bank's hybrid capital instruments. The notching reflects the debentures' subordinated status as well as the nonviability contingency clause.

Related Criteria & Research

Related Criteria

- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- 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
- 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: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015

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- TRC Financial Services Issue Credit Rating Criteria - July 31, 2019

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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

Ratings List

New Ratings

Agricultural Bank of Taiwan

Unsecured Subordinated Debenture Issue Credit Rating	twAA+
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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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