

Media Release:

Agricultural Bank of Taiwan's Upcoming Series 111-3 Unsecured Subordinated Debentures Rated 'twAA+'

May 20, 2022

Rating Action

Taiwan Ratings Corp. today assigned its 'twAA+' issue rating to the upcoming series 111-3 ten-year unsecured subordinated debentures totaling new Taiwan dollar (NT\$) 550 million to be issued by **Agricultural Bank of Taiwan** (twAAA/Stable/twA-1+). The bank will mainly use the funds raised from the debentures to enhance its capital adequacy ratio. Any material change in the proposed terms, conditions or amount of the issuer could affect the rating.

Rationale

Under our issue rating criteria methodology (see Related Criteria), we rate the debentures by notching down from our issuer credit rating on the Agricultural Bank because we believe that potential financial support from the Taiwan government for the bank, if needed, will also cover the bank's hybrid capital instruments. We classify Agricultural Bank as a government-related entity and we believe there is an extremely high likelihood that the government would provide timely, sufficient, and extraordinary support to the bank, if necessary. The notching reflects the debentures' subordinated status and the nonviability contingency clause.

Related Criteria & Research

Related Criteria

- 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
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- TRC Financial Services Issue Credit Rating Criteria - July 31, 2019
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- 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
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Principles Of Credit Ratings - February 16, 2011

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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

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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