

Media Release:

# Several National Scale Issue Ratings Downgraded After Application Of Updated Criteria

June 20, 2023

## Overview

- We have reviewed all issue credit ratings under criteria observation following the release of the updated National And Regional Scale Credit Ratings Methodology on June 8, 2023.
- We are lowering several issue credit ratings assigned to two Taiwan-based banks.
- We are removing all the issue credit ratings from 'under criteria observation' where we placed them on June 9, 2023.

## Rating Action

Taiwan Ratings Corp. today reviewed all its issue credit ratings under criteria observation following S&P Global Ratings' release of the updated National And Regional Scale Credit Ratings Methodology on June 8, 2023. A list of the affected ratings and a highlight of any ratings changes following the application of the updated criteria can be found in the Ratings List section below. At the same time, we have removed all the financial institution issue credit ratings from under criteria observation where we placed them on June 9, 2023.

## Rationale

The ratings changes on all debenture issues listed below reflect our revised criteria approach to apply all hybrid notching, including non-viability clauses and subordination, at a national scale level under our revised criteria for determining credit ratings mapped from global to national scale (see National And Regional Scale Credit Ratings Methodology in Related Criteria and Research). For the subordinated debentures of Bank of Taiwan and Agricultural Bank of Taiwan, we notch down the issue rating from the 'twAAA' long-term issuer credit rating by two notches. One notch reflects the debentures' non-viability clause, and another notch for their subordinated status. We consider both entities as government-related entities, and we continue to expect that government support for the entities will extend to these debentures.

### PRIMARY CREDIT ANALYST

**Eric Lin**

Taipei

+886-2-2175-6830

eric.lin

@spglobal.com

eric.lin

@taiwanratings.com.tw

**Yuhan Lan**

Taipei

+886-2-2175-6810

yuhan.lan

@spglobal.com

yuhan.lan

@taiwanratings.com.tw

### SECONDARY CONTACT

**Andy Chang, FRM, CFA**

Taipei

+886-2-2175-6815

andy.chang

@spglobal.com

andy.chang

@taiwanratings.com.tw

## 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
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions - March 02, 2022
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015

### Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

(Unless otherwise stated, these articles are published on [www.taiwanratings.com](http://www.taiwanratings.com))

## Ratings List

### Downgraded

	To	From
<b>Bank of Taiwan</b>		
Unsecured Subordinated Debenture Issue Credit Rating	twAA	twAA+(uco)
<b>Agricultural Bank of Taiwan</b>		
Unsecured Subordinated Debenture Issue Credit Rating	twAA	twAA+(uco)

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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

Copyright © 2023 by Taiwan Ratings Corporation (TRC). All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of TRC. The Content shall not be used for any unlawful or unauthorized purposes. TRC and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively TRC Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. TRC Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. TRC DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall TRC be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. TRC's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. TRC assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. TRC does not act as a fiduciary or an investment advisor except where registered as such. While TRC has obtained information from sources it believes to be reliable, TRC does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, TRC reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. TRC disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

TRC keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of TRC may have information that is not available to other TRC business units. TRC has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

TRC receives compensation for its solicited ratings and certain analyses, normally from issuers, originators, arrangers, or underwriters of securities or from obligors. TRC reserves the right to disseminate its opinions and analyses. TRC's public ratings and analyses are made available on its Web sites, [www.taiwanratings.com](http://www.taiwanratings.com) (free of charge), and [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw) (subscription), and may be distributed through other means, including via TRC publications and third-party redistributors. Please click [here](#) for any other conflict of interests that may affect the credit rating as requested by the regulator.