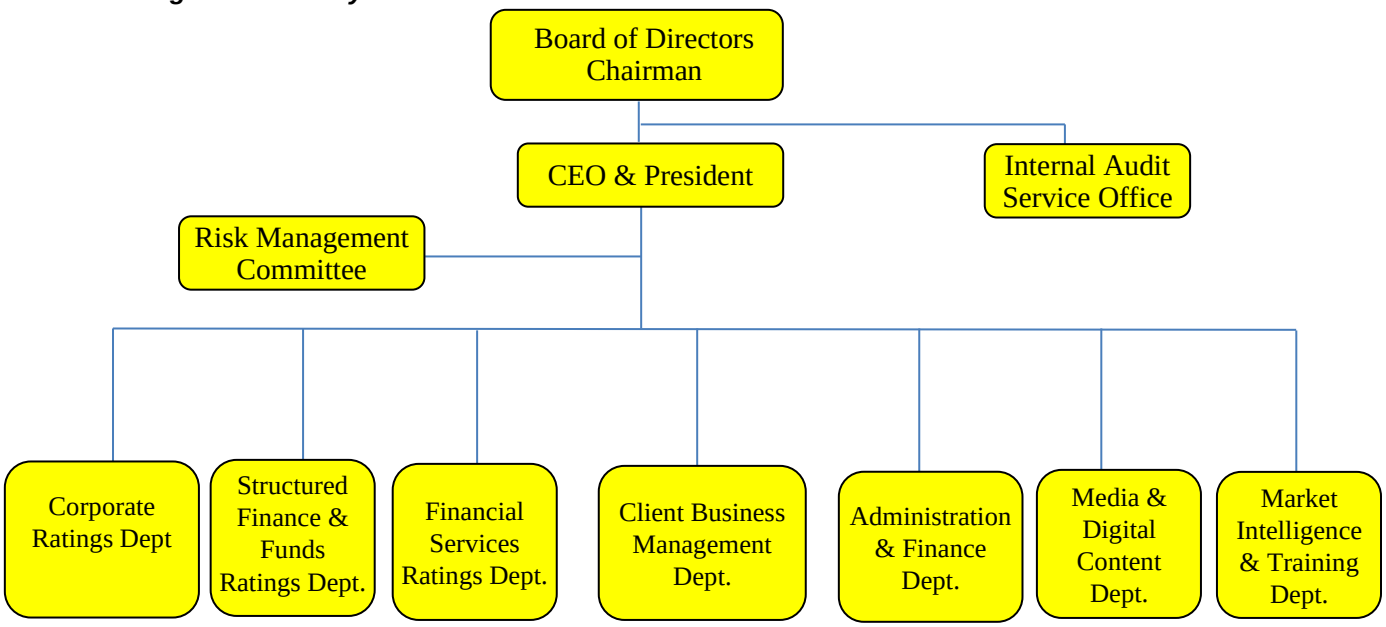
Taiwan Ratings Corporation 2020 Business Report

A: Company Introduction:

Under the policy guidance of the Taiwanese government to introduce an independent and professional credit rating mechanism in Taiwan, Taiwan Ratings Corporation (TRC), the first credit rating agency, was established at the end of May, 1997 as a joint venture between the internationally renowned S&P Global Ratings and a number of prominent domestic institutions led by the Taiwan Stock Exchange. TRC's main business line is to assign credit ratings to issuers in the financial and corporate sectors as well as their debt issues, and to provide credit ratings to securitization transactions of different asset types. Other rating-related businesses that TRC provides include rating information database service and credit risk training. After 20 years of operation, TRC is now a major provider of credit rating services and financial market intelligence in Taiwan.

Organizational System:



Shareholding Structure:

The authorized capital of the Company is in the amount of NT$70,000,000, all of which is divided into 7,000,000 shares. The shareholding percentage of each of the Company's shareholders as of December 31, 2020 is listed below:

Note: This document has been prepared originally in Chinese. In case of discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

Name of Shareholders	Holding Shares	Holding %
Standard & Poor's International, LLC.	3,569,999	51%
Taiwan Stock Exchange Corporation.	1,399,300	19.99%
Taiwan Depository & Clearing Corp.	1,330,000	19%
Joint Credit Information Center	350,000	5%
China Credit Information Service, Ltd.	350,000	5%
Taiwan Futures Exchange Corporation.	350	0.005%
Taiwan-CA INC.	350	0.005%
S&P Global Asian Holdings Pte. Ltd.	1	0.000%

Members of TRC's Board of Directors and Supervisors as of December 31, 2020:

List of Board of Directors	
Representative of Taiwan Stock Exchange Corporation	Thann-Shing Lao
Representative of Taiwan Depository & Clearing Corp.	Han-Chiang Chu
Representative of Standard & Poor's International, LLC.	Elena Okorochenko
Representative of Standard & Poor's International, LLC.	Ritesh Maheshwari
Representative of Standard & Poor's International, LLC.	Chek Kian Tan

List of Board of Supervisors	
Representative of Joint Credit Information Center	Jiann-Jong Guo
Representative of S&P Global Asian Holdings Pte. Ltd	Yah Peng Lee

(*).Please go to "Overview" under the "About TRC" menu on www.taiwanratings.com for TRC's most updated 2021 Board of Directors list.

B: Operations Overview:

1. Credit rating principles, methodologies, models, credit rating assumptions, and the changes made to the aforementioned principles, methodologies, models, credit rating assumptions in the previous year as well as their impact on ratings.
    a) TRC criteria published on TRC's official website.
    b) S&P Global Ratings' criteria that TRC uses published on TRC's official website.
    c) S&P Global Ratings' model disclosure published on its public website.
    d) For changes in the previous year, see "Editor's Note" Section in

related rating criteria.

e) Ratings affected by changes in the previous year: None.

2. No outsourced rating-related activity in year 2020.
3. The credit ratings outcome issued during the previous year and information on changes in the credit ratings which include the number of ratings for all rating types as well as the ratio of rating affirmation, upgrade, downgrade, ratings default category, and rating withdrawals.
4. Information on the ratio of all rating default categories for the most recent 10 years as well as analysis of the rating transition matrix for the most recent one, three, five, and ten years.
5. No client, including in combination with its affiliates, contributed more than 10% to Taiwan Ratings Corporation's annual revenue in year 2020.

***C*: Financial Overview:**

1. Rating Service Revenue/Total Revenue : 95%
2. Other Revenue/Total Revenue : 5%

D. Financial and Operating Performance Review

1. Operating Revenue
   Total Revenue has increased 8% compared with 2019, mainly due to an increase in issue revenue.
2. Operating Expenses
   Operating expenses have increased 2% compared with 2019, mainly due to changes in headcount.
3. Net operating income grew 23% compared with 2019.
4. Net profit after tax of current year grew 23% compared with 2019.

E. Information on Risk Management

TRC's major risk management items include:

1. Operational Risks:
   TRC has formulated operating procedures and control items for its internal control system as well as conducted on-going monitoring and annual self-assessment review pursuant to "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets".
2. Reputation Risks:
   With the aim of pursuing the quality, objectivity, and integrity of its

credit ratings and independence of its analysts while avoiding conflicts of interest, TRC requires its staff to treat issuers, investors and other market participants in a fair and honest manner.

3. Legal Risks:
   Aside from complying with all applicable laws and regulations, TRC conducts and reviews its operating goals and system in accordance with amendments of relevant laws and regulations.
4. Information Security Risks:
   TRC conducts periodic back-ups for its key data and documents on its computer information system. In addition, TRC has deployed an information security system to ward off hacker and virus attacks.

TRC established a Risk Management Committee in 2016, consisting of all department heads reporting directly to the CEO. The committee is responsible for enterprise risk management, including but not limited to risk identification, measurement, surveillance and reporting.

F. Litigation or Non-litigation Events: None.

G. Special Note: None.

Note: This document has been prepared originally in Chinese. In case of discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.