

Research Update

Ratings Affirmed On Taiwan Cooperative Financial Holding Co. Ltd. And Taiwan Cooperative Bank Ltd.; Outlook Stable

January 17, 2019

Rationale

Taiwan Ratings Corp. today affirmed its long-term and short-term issuer credit ratings on **Taiwan Cooperative Financial Holding Co. Ltd.** and **Taiwan Cooperative Bank Ltd.**, as well as our issue credit ratings on the bank's various senior and unsecured subordinated debts (see Ratings List). The outlook on the long-term ratings is stable.

The ratings reflect our assessment of the group's good market position and established franchise in Taiwan's banking sector, strong capitalization, as well as satisfactory funding and liquidity profile. Counterbalancing factors include the group's mediocre profitability by global standards. The ratings on the bank also reflect the implicit support from the Taiwan government, given the bank's high systemic importance in Taiwan's banking system. In addition, the ratings on the holding company reflect its relative subordination to its major operating subsidiaries.

Related Criteria

- General Criteria: Group Rating Methodology - November 19, 2013
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- TRC Financial Services Sector Issue Credit Rating Criteria, www.taiwanratings.com - September 23, 2014
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions - November 09, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018

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Ratings List

Ratings Affirmed;

Taiwan Cooperative Bank Ltd.

Issuer Credit Ratings	twAA+/Stable/twA-1+
Unsecured senior debenture	twAA+
Unsecured subordinate debenture	twAA
Unsecured subordinate debenture	twA+

Taiwan Cooperative Financial Holding Co. Ltd.

Issuer Credit Ratings	twAA-/Stable/twA-1+
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