

Research Update

Hotai Leasing Corp. Ratings Affirmed At 'twAA-/twA-1+'; Outlook Stable

July 30, 2019

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **Hotai Leasing Corp.** The outlook on the long-term rating is stable. The ratings on Hotai Leasing reflect our view of the company's core status and importance to, as well as implicit support from its financially stronger parent, Hotai Motor Co. Ltd., which holds a 66% stake in the finance unit. The ratings on Hotai Leasing also reflect the company's strong business position in Taiwan's auto leasing business, adequate risk control framework, and higher reliance on wholesale finding which is in line with those of its domestic peers.

Although Hotai Leasing's capitalization has been on a downward trend due to the company's rapid expansion and aggressive investment activity, we believe Hotai Leasing can maintain its capital at an adequate level considering the company's satisfactory earnings capacity and high quality capital. This assessment is based on our assumption that Hotai Leasing will not incur major capital expenditure as a result of its investment activity over the next one to two year.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- Criteria | Financial Institutions | General: Nonbank Financial Institutions Rating Methodology - December 09, 2014
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- General Criteria: Group Rating Methodology - July 01, 2019

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Ratings List

Ratings Affirmed

Hotai Leasing Corp.

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