

Media Release

Taishin D.A. Finance Co. Ltd. Upgraded To 'twA+/twA-1' Following Similar Action On Parent Group; Outlook Stable

October 17, 2019

Overview

- We are raising our long-term issuer credit rating on Taishin D.A. Finance to 'twA+' from 'twA' following the similar action on its parent group, and affirming the short-term rating at 'twA-1'.
- The stable outlook on Taishin D.A. Finance reflects the outlook on the parent group and our view that the leasing company will maintain very strong capitalization over the next one to two years.

Rating Action

Taiwan Ratings Corp. today raised its long-term issuer credit rating on **Taishin D.A. Finance Co. Ltd.** to 'twA+' from 'twA' and affirmed the short-term issuer credit rating at 'twA-1'. The outlook on the long-term rating is stable.

Rationale

The upgrade action on Taishin D.A. Finance is in accordance with our rating action on the parent group, given our view that as a wholly owned leasing subsidiary, Taishin D.A. Finance is a strategically important member of the **Taishin Financial Holding Co. Ltd.** (Taishin FHC) group. We therefore believe the subsidiary will receive timely and sufficient financial support from the parent group, if needed. The company's good fit with the parent group's target business segment of domestic consumer lending along with the group's record of consecutive capital injections over the past five years support this view.

The ratings continue to reflect our assessment of Taishin D.A. Finance's very strong capitalization and adequate funding and liquidity for its business needs, given the potential financial support from its parent. However, the company's weaker business position due to its small business scale compared with leading players' and less comprehensive risk framework than those of local banks temper these strengths.

Outlook

The stable outlook on Taishin D.A. Finance reflects the outlook of the parent group. We also expect Taishin D.A. Finance to maintain very strong capitalization over the next two years as well as its strategically important role within the group's business development plan.

Downward scenario

We may lower the long-term issuer credit rating on Taishin D.A. Finance if either of the following occurs: (1) Taishin D.A. Finance's capitalization weakens as indicated by its risk adjusted capital ratio consistently below 15% over the next two years or the company's asset quality deteriorates to consistently below the industry average, (2) The overall credit profile of Taishin FHC group weakens, or (3) the importance of Taishin D.A. Finance to the group weakens.

PRIMARY CREDIT ANALYST

Jenny Lin
Taipei
+886-2-8722-5811
jenny.lin
@taiwanratings.com.tw
jenny.lin
@spglobal.com

SECONDARY CREDIT ANALYST

Eunice Fan
Taipei
+886-2-8722-5818
eunice.fan
@taiwanratings.com.tw
eunice.fan
@spglobal.com

Upward scenario

We believe the chance of an upgrade in the coming two years is remote. However, we may raise the long-term rating if the credit profile of the parent group and Taishin D.A. Finance improve.

Related Criteria And Research

Related Criteria

- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- 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
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

Related Research

- Full Analysis: Taishin D.A. Finance Co. Ltd., www.taiwanratings.com - October 7, 2019
- Taishin D.A. Finance Co. Ltd. Ratings Affirmed At 'twA/twA-1' On Group Financial Support; Outlook Positive, www.taiwanratings.com - July, 29 2019

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Ratings List

Upgrade

	To	From
Taishin D.A. Finance Co. Ltd.		
Issuer Credit Rating	twA+/Stable/twA-1	twA/Positive/twA-1

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