

Media Release:

Carplus Auto Leasing Corp. Downgraded To 'twA-/twA-2' From 'twA/twA-1' Following Similar Action On Parent; Outlook Stable

April 10, 2020

Overview

- We assess Carplus as a core subsidiary of its parent, Yulon Finance, and an important profit contributor with close integration to the parent. The ratings on Carplus move in tandem with our assessment of Yulon Finance's credit profile.
- We are therefore lowering our long- and short-term issuer credit ratings on Carplus to 'twA-/twA-2' from 'twA/twA-1' following similar rating action on its parent.
- The rating outlook is stable to reflect the rating outlook on the parent.

Rating Action

Taiwan Ratings Corp. today lowered its long-term issuer credit ratings on **Carplus Auto Leasing Corp.** to 'twA-/twA-2' from 'twA/twA-1'. The outlook on the long-term rating is stable.

Rationale

The downgrade action follows similar rating action that we took today on Carplus' parent **Yulon Finance Corp.** As a core subsidiary of Yulon Finance, the ratings on Carplus will move in tandem with those on its parent.

We view Carplus as a core subsidiary to Yulon Finance, given that Carplus is an important profit contributor to its parent company and plays an integral strategic role as the sole auto leasing service provider to the parent's customers. In addition, we believe Yulon Finance supports Carplus' prudent underwriting risk controls and stable funding profile.

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Outlook

The stable outlook on Carplus reflects the credit outlook on Yulon Finance, given Carplus' core status to the parent. The ratings on Carplus will move in tandem with our assessment on Yulon Finance's credit profile.

Downward scenario

We may lower the long-term rating on Carplus if Yulon Finance's credit profile weakens.

Upward scenario

Conversely, we may raise the rating on Carplus if we raise our ratings on the parent.

Related Criteria & 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

- Yulon Finance Corp. Ratings Lowered To 'twA-/twA-2' From 'twA/twA-1' Following Similar Parent Action; Outlook Stable, www.taiwanratings.com - April 10, 2020
- Media Release: Yulon Motor Co. Ltd. Downgraded To 'twBBB+/twA-2' On Uncertain Timeframe To Recover Financial Strength; Outlook Stable, www.taiwanratings.com - April 9, 2020

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Ratings List

Downgraded

	To	From
Carplus Auto Leasing Corp.		
Issuer Credit Rating	twA-/Stable/twA-2	twA/Stable/twA-1

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

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