

Research Update:

Hotai Finance Co. Ltd. Ratings Affirmed At 'twAA-/twA-1+'; Outlook Stable

July 30, 2020

Rationale

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on **Hotai Finance Co. Ltd.** The outlook on the long-term rating is stable.

The ratings on Hotai Finance 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 45.39% stake in the finance unit. The ratings on Hotai Finance also reflect the company's strong business position in Taiwan's auto finance market and strong capitalization relative to its risk profile. Counterbalancing factors include the company's moderate risk control framework compared to those of local banks and Hotai Finance's wholesale funding dependence, although we believe the company's strong business flow and likely parent support offset this risk.

Related Criteria

- Understanding Taiwan Ratings' Rating Definitions - 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

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Ratings List

Ratings Affirmed

Hotai Finance Co. Ltd.

Issuer Credit Rating

twAA-/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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