

Bulletin:

# Capital Injection To Support Strong Business Growth For Kings Town Bank International Lease

March 9, 2021

Taiwan Ratings Corp. said today that a planned capital injection by Kings Town Bank to its subsidiary **Kings Town Bank International Lease Corp.** (twBBB+/Stable/twA-2) will help underpin the leasing firm's capitalization. While the amount of the proposed injection at new Taiwan dollar (NT\$) 0.4 billion is significant to the company and likely to boost its shareholder's equity by 50% to NT\$1.2 billion, we expect the leasing firm's risk adjusted capital ratio to gradually trend down under its strong business growth plan.

Under our base case scenario for Kings Town Banking International Lease Corp., we expect the company's capitalization to remain within our assessment of adequate over the rating horizon. We view the company as a strategic important group subsidiary to the parent bank and we believe the capital injection is evidence of this strategic fit complementing the bank's goal to serve small and mid-size corporates in Taiwan. Kings Town Bank International Lease Corp. has recorded double-digit business growth with a return on average assets above 2% over the past four years. The proposed capital injection is still pending for regulatory approval.

This report does not constitute a rating action.

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