

Research Update:

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

July 23, 2021

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 likely 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 could partially offset the risk.

Related Criteria & Research

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- Criteria | Financial Institutions | General: Nonbank Financial Institutions Rating Methodology - December 09, 2014
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017

Related Research

- Taiwan Ratings' Ratings Definitions - August 10, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

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Ratings List

Ratings Affirmed

Hotai Finance Co. Ltd.

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