

Media Release:

Kings Town Bank International Lease Corp. 'twBBB+/twA-2' Ratings Affirmed Under Revised Criteria; Outlook Stable

December 15, 2021

Overview

- We have reviewed our ratings on Kings Town Bank International Lease Corp. under our revised criteria.
- We have affirmed the 'twBBB+/twA-2' issuer credit ratings on the leasing company. The stable outlook remains unchanged.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twBBB+' long-term and 'twA-2' short-term issuer credit ratings on **Kings Town Bank International Lease Corp.** The affirmation follows a revision to our methodology for rating nonbank financial institutions (see "Financial Institutions Rating Methodology," Dec. 9, 2021). The ratings reflect our view that the company would receive support from its financially stronger parent King's Town Bank, in times of financial distress. We base this on our view that Kings Town Bank International Lease is a strategically important member of the parent group.

The ratings on the leasing company also reflect its adequate capitalization and adequate funding and liquidity supported by the bank's resources. Counterbalancing factors include the company's limited operating scale in Taiwan's finance and leasing industry and moderate risk position due to some single name concentration.

Outlook

The stable rating outlook on Kings Town Bank International Lease Corp. reflects the company's strategically important status to its parent King's Town Bank group. We believe the bank will provide support to the financing company when needed. The outlook also reflects our view that leasing company will sustain its adequate capitalization with full earnings retention to support its business growth over the next two years.

PRIMARY CREDIT ANALYST

Eva Chou
Taipei
+886-2-2175-6822
eva.chou
@spglobal.com
eva.chou
@taiwanratings.com.tw

SECONDARY CONTACT

Eunice Fan
Taipei
+886-2-2175-6818
eunice.fang
@spglobal.com
eunice.fang
@taiwanratings.com.tw

Downward scenario

We could lower the rating on Kings Town Bank International Lease if the parent bank's credit profile weakens due to weakened capitalization following aggressive business expansion or unexpected operating losses over the next two years.

Upward scenario

We could raise the rating on Kings Town Bank International Lease if the parent bank demonstrates a solid track record in terms of its asset quality and investment control/discipline over the next two years. We could also raise the rating if King's Town Bank improves its capitalization to very strong level, although we view the likelihood as remote.

Related Criteria & Research

Related Criteria

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - December 09, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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

Ratings List

Ratings affirmed

Kings Town Bank International Lease Corp.

Issuer Credit Rating	twBBB+/Stable/twA-2
----------------------	---------------------

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.

Media Release: Kings Town Bank International Lease Corp. 'twBBB+/twA-2' Ratings Affirmed Under Revised Criteria; Outlook Stable

Media Release: Kings Town Bank International Lease Corp. 'twBBB+/twA-2' Ratings Affirmed Under Revised Criteria; Outlook Stable

Copyright © 2021 by Taiwan Ratings Corporation (TRC). All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of TRC. The Content shall not be used for any unlawful or unauthorized purposes. TRC and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively TRC Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. TRC Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. TRC DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall TRC be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. TRC's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. TRC assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. TRC does not act as a fiduciary or an investment advisor except where registered as such. While TRC has obtained information from sources it believes to be reliable, TRC does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, TRC reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. TRC disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

TRC keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of TRC may have information that is not available to other TRC business units. TRC has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

TRC receives compensation for its solicited ratings and certain analyses, normally from issuers, originators, arrangers, or underwriters of securities or from obligors. TRC reserves the right to disseminate its opinions and analyses. TRC's public ratings and analyses are made available on its Web sites, www.taiwanratings.com (free of charge), and rrs.taiwanratings.com.tw (subscription), and may be distributed through other means, including via TRC publications and third-party redistributors. Please click [here](#) for any other conflict of interests that may affect the credit rating as requested by the regulator.