

Media Release:

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

December 22, 2022

Overview

- We have affirmed the 'twBBB+' long-term and 'twA-2' short-term issuer credit ratings on Kings Town Bank International Lease Corp.
- The stable outlook reflects the leasing company's strategically important group status to its parent King's Town Bank, and our view that the leasing company will slow its business growth over the next two years to maintain its adequate capitalization.

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 ratings reflect our view that the company is a strategically important member of the parent group, which is led by King's Town Bank. The ratings also reflect our view that the leasing company would receive support from its financially stronger parent in times of financial distress.

In addition, the ratings on Kings Town Bank International Lease reflect our assessment of the company's adequate capitalization and adequate funding and liquidity supported by sufficient resources. Counterbalancing factors include the company's limited operating scale in Taiwan's finance and leasing industry and the company's moderate risk position due to some single name concentration and higher exposure to Taiwan's property sector.

Outlook

The stable rating outlook reflects the leasing company's strategically important group status to its parent King's Town Bank. We believe the bank will provide support to the financing company if needed. The outlook also reflects our forecast that Kings Town Bank International Lease will reduce its business growth and retain all profits over the next two years to sustain its adequate capitalization. We also forecast the parent, King's Town Bank, will maintain its stable credit profile over the next two years.

Downward scenario

We could lower the long-term rating on the leasing company if King's Town Bank's credit profile weakened due to weakened capitalization caused by business expansion or unexpected operating losses over the next two years.

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Upward scenario

We view a likelihood of an upgrade for Kings Town International Lease as remote over the next two years.

Related Criteria & Research

Related Criteria

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

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

(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
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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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