

Research Update:

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

July 26, 2023

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 high likelihood of support from its financially stronger parent, Hotai Motor Co. Ltd. The parent 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 Hotai Finance's moderate risk control framework compared to those of local banks and the company's wholesale funding dependence, although we believe its strong business flow and likely parent support could partly offset such risk.

Related Criteria & Research

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- 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
- General Criteria: Hybrid Capital: Methodology And Assumptions - March 02, 2022

Related Research

- Taiwan Ratings' Ratings Definitions - Nov. 11, 2021

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

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Ratings List

Ratings Affirmed; Outlook

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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