

Bulletin:

# Chailease Holding Faces Slower Improvement In China Asset Quality

May 19, 2025

This report does not constitute a rating action.

Taiwan Ratings Corp. anticipates a longer timeframe for Chailease Holding Co. Ltd. to restore its profitability and asset quality. The reported delinquencies remain upward trending in the first quarter of 2025. However, this slower timeframe for improvement will not weigh on the credit profiles of the group's rated finance and leasing units, given the ability of operating profits to absorb the associated high credit costs. We derive our ratings on the four subsidiaries based on the consolidated parent group credit profile.

Chailease Holding is parent of **Chailease Finance Co. Ltd., Fina Finance & Trading Co. Ltd., Chailease Consumer Finance Co. Ltd.,** and **Chailease Auto Rental Co. Ltd.** (all rated twA+/Stable/twA-1). Chailease Holding recently announced its operating performance and asset quality metrics as of March 31, 2025. The group continues to face pressured spreads from the reduction of its high-margin used-car finance business in Taiwan.

Growth in the group's profits remained stagnant in the first quarter of 2025, because slower business momentum resulted in less operating revenue and given the still-high credit costs. Chailease Holding's delinquency ratio remained on an upward trend during the same quarter, due to the slow macroeconomy, especially in China, which delayed the recovery of non-performing assets, along with flat asset growth quarter to quarter.

We believe the group's strong capitalization relative to its risk profile will continue to support the consolidated credit profile. The group's annualized credit cost of 2.7% in the first quarter of 2025 is somewhat higher than our earlier forecast and similar to the peak seen in 2024. Nonetheless, Chailease Holding reported satisfactory return on assets of 2.3% for the same quarter on an annualized basis, which we believe is sufficient to cover any additional credit cost if asset quality faces additional stress. In addition, we believe the group's reduced growth pace for 2025-2026 under tightened risk controls, particularly for its China business, can support the group to maintain its strong capitalization over the period.

**PRIMARY CREDIT ANALYST**

**Patty Wang**

Taipei

+886-2-2175-6823

patty.wang

@spglobal.com

patty.wang

@taiwanratings.com.tw

**SECONDARY CONTACT**

**Eunice Fan**

Taipei

+886-2-2175-6818

eunice.fan

@spglobal.com

eunice.fan

@taiwanratings.com.tw

Copyright © 2025 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](http://www.taiwanratings.com) (free of charge), and [rrs.taiwanratings.com.tw](http://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.