

Financial sector

April life insurer losses on forex loss & lower capital gains

Key message

1. In April, 14 FHCs saw earnings fall 52% MoM to a YTD low, with life insurance- and securities-focused FHCs down a respective 94% and 65%, higher than banking peers' decline of 15%.
2. In April, life insurers incurred higher forex losses on NT dollar appreciation of 3.5% and lower investment income on capital market volatility, while the appreciation had a limited effect on bank earnings.
3. Our 2025F investment preferences are banking > securities & life insurance > leasing. We are positive on E. Sun FHC and CTBC FHC for sustainable net interest and fee income as well as stable asset quality.

Event

In April, 14 FHCs saw earnings fall by 52% MoM and a steeper YoY rate of 65% to NT\$18.6bn, a yearly low. Earnings of life insurance and securities FHCs contracted a respective 94% and 65%, higher than bank peers' decline of 15%. We attribute this to NT dollar appreciation of 3.6%, resulting in higher forex losses, and lower capital income for life insurers, while the appreciation had a limited effect on bank earnings.

Analysis

Life insurance-centric FHCs – Wider forex losses on NT dollar appreciation. In April, Fubon FHC (2881 TT, NT\$78.1, N) posted net profit of NT\$4.17bn, down 68% YoY and 63% MoM, with Fubon Life (FL) booking a loss of NT\$2.41bn (forex losses and capital gains up NT\$1.2bn MoM to NT\$9.9bn) and Taipei Fubon Bank's earnings decreasing 5.2% MoM. Due to NT dollar appreciation of 3.6%, FL saw forex losses of NT\$15.2bn in April and reduced foreign exchange valuation reserves (FX reserves) by NT\$17.2bn to NT\$9bn, implying FX reserves may fall below the FX reserve limit of NT\$2.4bn, and most FX losses may need to be reflected in P&L in May (based on NT dollar appreciation of 5.6% since May). Cathay FHC (2882 TT, NT\$56.1, N) booked net profit of NT\$1.29bn in April, down 91% YoY and 87% MoM, with Cathay Life (CL) seeing an earnings loss of NT\$2.57bn (forex losses and lower capital gains). Bank earnings came down 8% MoM. CL's FX reserves fell by over NT\$8bn in April to NT\$30bn, the result of forex losses due to a more effective basket hedging strategy.

Banking-centric FHCs – Bank core earnings stable. E. Sun FHC (2884 TT, NT\$29.5, OP) garnered net profit of NT\$2.51bn in April, up 43% YoY but down 17.5% MoM, mainly because bank earnings growth of 67% offset a securities earnings decline of 35% and venture capital losses of NT\$240mn. The FHC's net interest and fee income rose 3% and 6% MoM in April, respectively, offsetting an investment income decline of 56% MoM to NT\$880mn. In January-April, net profit soared 41% YoY, attaining 39% of our 2025 earnings forecast. CTBC FHC's (2891 TT, NT\$40.1, OP) net profit was NT\$2.65bn in April, down 48% YoY and 68% MoM, with CTBC Bank earnings down 14% (investment income higher on bond capital gains, offsetting lower interest and fee income due to fewer working days and higher general provisions). Taiwan Life incurred net losses of NT\$1.32bn in April, as NT dollar appreciation of 3.6% increased net hedging costs by NT\$3.9bn MoM. In April, First FHC's (2892 TT, NT\$26.3, N) net profit fell 3.3% YoY and 9.6% MoM, with First Bank earnings down 3% (FX swaps increased NT\$400mn MoM to NT\$1.4bn; interest income growth of 8% MoM offset a fee income decline of 13% MoM). First Life posted net losses of NT\$90mn on NT dollar appreciation.

Stocks for Action

The NT dollar appreciated 3.6% in April, exerting a stronger effect on life insurers than banks and securities houses. This was because around 20% of Taiwanese life insurers' foreign-currency assets, the primary source of forex losses, were unhedged and held in a basket of currencies, while banks' and securities houses' US dollar assets were lower than US dollar liabilities, for limited forex losses. The NT dollar has appreciated 5.6% since May and life insurers have increased the portion of hedging. However, if the US dollar index remains weak going forward, forex losses will continue to affect life insurers' earnings and FX reserves in May. In addition, wider stock and bond market fluctuations will affect 2025F profitability and distributable earnings. Currently, the market expects the US will cut its benchmark interest rate by 75-100bps in 2025F which, however, depends on the effect of tariffs on inflation and US employment. We expect Taiwanese banks' net interest margin (NIM) will be flat or edge up this year, as US rate cuts will lower funding costs and as supply chain relocation by manufacturers will boost FCY lending. Intensifying forex volatility will increase hedging demand for banks. Our investment preferences for 2025F are banking > securities and life insurance > leasing. We like E. Sun FHC and CTBC FHC for sustainable net interest and fee income as well as stable asset quality.

Risks

US Fed pivots back to rate hikes to curb inflation; sharper upticks in bank credit costs.

Figure 1: In April, 14 FHCs saw earnings fall by a steeper YoY rate of 65%, with life insurance FHCs and securities FHCs down 93% and 65%, higher than the decline of 15% of banking FHCs

NT\$m		2024			1Q25			Apr-25			Jan-Apr 25			2025F
FHC ticker	Subsidiary name	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS(NT\$)	Achieved(%)
2880 TT	Hua Nan FHC*	23,123	7.0	1.68	5,337	(5.2)	0.39	1,621	(12.6)	(2.5)	6,958	(7.1)	0.50	30.8
2881 TT	Fubon FHC	151,160	129.0	10.80	41,120	35.2	3.01	4,170	(68.0)	(62.5)	45,280	4.3	3.31	40.4
2882 TT	Cathay FHC	111,190	118.3	7.28	32,120	(15.7)	2.17	1,290	(90.6)	(86.9)	33,410	(34.4)	2.28	37.1
2883 TT	KGI FHC*	33,546	77.1	1.97	8,706	6.0	0.52	518	(78.6)	(67.4)	9,224	(13.3)	0.55	33.3
2884 TT	E. Sun FHC	26,084	20.1	1.63	8,791	40.6	0.55	2,510	43.3	(17.5)	11,302	41.2	0.71	39.2
2885 TT	Yuanta FHC	35,830	34.9	2.77	7,639	(17.3)	0.59	1,302	(57.4)	(48.4)	8,940	(27.2)	0.69	25.2
2886 TT	Mega FHC	34,766	4.6	2.35	8,010	(30.3)	0.54	2,171	(17.5)	22.7	10,182	(27.9)	0.69	29.9
2887 TT	Taishin FHC	20,070	37.4	1.39	4,730	(5.6)	0.33	1,270	(25.3)	12.4	6,000	(10.6)	0.41	29.2
2888 TT	Shin Kong FHC*	20,607	N.A.	1.26	-12,533	N.A.	(0.71)	-3,850	N.A.	N.A.	-16,383	N.A.	(0.93)	N.A.
2889 TT	Waterland FHC*	2,171	8.5	0.61	401	(36.2)	0.11	-203	N.A.	N.A.	199	(72.9)	0.06	N.A.
2890 TT	SinoPac FHC*	22,302	12.8	1.76	7,202	4.2	0.57	1,825	12.2	(1.7)	9,027	6.2	0.71	40.5
2891 TT	CTBC FHC	72,028	28.4	3.64	19,908	(4.8)	1.02	2,653	(48.1)	(67.5)	22,561	(13.3)	1.16	30.2
2892 TT	First FHC	25,359	12.9	1.81	7,206	2.7	0.51	2,039	(3.3)	(9.6)	9,245	1.3	0.66	38.7
5880 TT	Cooperative FHC*	19,743	14.4	1.26	4,989	(4.7)	0.32	1,315	(2.3)	(30.4)	6,304	(6.3)	0.41	N.A.
Total of 14 FHCs		597,979	64.4	0.00	143,626	(9.2)	0.00	18,631	(65.4)	(51.7)	162,249	(23.2)		
Life insurance-centered FHCs		316,503	146.3	0.00	69,413	(13.0)	0.00	2,128	(93.5)	(85.0)	71,531	(29.1)		
Banking-centered FHCs		243,475	17.8	0.00	66,173	(3.3)	0.00	15,404	(15.0)	(29.3)	81,579	(5.9)		
Brokerage-centered FHCs		38,001	33.0	0.00	8,040	(18.5)	0.00	1,099	(65.2)	(57.7)	9,139	(61.4)		

Note 1: * Indicates FHCs not within our coverage universe; forecasts for these FHCs are based on Bloomberg consensus

Note 2: Insurance-centric FHCs are Cathay, Fubon, KGI, and Shin Kong; bank-centric FHCs are Hua Nan, E. Sun, Mega, SinoPac, CTBC, First, and Taiwan Cooperative; securities-centric FHCs are Yuanta and IBF

Source: Bloomberg; Company data; KGI Research

Figure 2: In April, life insurers booked a net loss of NT\$20bn on NT dollar appreciation, leading to forex losses and capital market volatility lowering investment income

NT\$m		2024			1Q25			Apr-25			Jan-Apr 25		
FHC ticker	Subsidiary name	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS(NT\$)
2881 TT	Fubon Life	102,530	184.1	8.66	27,360	56.7	2.31	-2,410	N.A.	N.A.	24,950	(5.9)	2.11
2882 TT	Cathay Life	67,180	311.1	10.51	18,240	(29.1)	2.86	-2,570	N.A.	N.A.	15,670	(55.4)	2.49
2885 TT	Yuanta Life	1,923	(4.8)	0.77	479	(51.8)	0.18	-939	N.A.	N.A.	-460	N.A.	(0.17)
2887 TT	Taishin Life	1,240	394.5	1.15	180	(78.0)	0.16	-220	N.A.	N.A.	-40	N.A.	(0.04)
2888 TT	Shin Kong Life	10,378	N.A.	1.31	-11,053	N.A.	(1.34)	-3,816	N.A.	N.A.	-14,869	N.A.	(1.80)
2891 TT	Taiwan Life	21,474	73.4	3.45	5,599	(26.9)	0.90	-1,322	N.A.	N.A.	4,277	(56.7)	0.69
5880 TT	Taiwan Cooperative Life	1,203	(4.1)	1.75	108	(63.7)	0.16	-90	N.A.	N.A.	18	(95.0)	0.03
2883 TT	KGI Life	22,155	117.7	4.37	6,176	19.9	1.22	431	(77.3)	(63.4)	6,607	(6.2)	1.30
5874 TT	Nan Shan Life	42,456	92.0	2.89	12,193	(9.5)	0.83	-9,089	N.A.	N.A.	3,103	(84.1)	0.21
Total of 9 life insurers		270,539	224.2	0.00	59,282	(17.7)	0.00	-20,025	N.A.	N.A.	39,256	(62.4)	

Source: Company data; KGI Research

Figure 3: In April, P&C earnings fell 29% YoY and 18% MoM on lower investment income and higher hedging costs

NT\$m		2024			1Q25			Apr-25			Jan-Apr 25		
FHC ticker	Subsidiary name	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS(NT\$)
2880 TT	Hua Nan P&C	1,293	41.1	6.46	332	(16.8)	1.66	102	(44.0)	(19.0)	434	(25.3)	2.17
2881 TT	Fubon P&C	3,010	N.A.	10.05	1,630	20.9	5.41	440	69.2	0.0	2,060	28.8	6.87
2882 TT	Cathay Century P&C	2,700	116.8	13.49	1,070	23.3	5.35	170	88.9	(45.2)	1,240	29.2	6.19
2886 TT	Chung Kuo P&C	413	N.A.	1.78	152	(8.4)	0.34	48	200.0	4.3	201	10.4	0.45
Total of 4 P&C		7,416	N.A.	0.00	3,184	14.5	0.00	760	(28.5)	(17.6)	3,935	18.4	

Source: Company data; KGI Research

Figure 4: In April, banks' net profit grew 19.5% YoY but fell 1% MoM, on higher investment income MoM offsetting lower net interest and fee income due to fewer working days; April earnings of SCSB (5876 TT, NT\$47, N) declined 3.6% MoM on lower net interest and fee income, while asset quality was stable

NT\$m	FHC ticker	Subsidiary name	2024			1Q25			Apr-25			Jan-Apr 25		
			Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS(NT\$)
	2880 TT	Hua Nan Bank	21,593	7.7	2.07	5,209	3.3	0.50	1,640	3.0	(2.3)	6,848	3.2	0.66
	2881 TT	Taipei Fubon Bank	30,540	23.9	2.13	10,110	23.8	0.64	2,910	14.1	(5.2)	13,030	21.7	0.83
	2882 TT	Cathay United Bank	38,340	33.1	3.15	12,190	17.7	1.00	3,710	21.6	(7.7)	15,890	18.0	1.31
	2883 TT	KGI Bank	5,536	2.6	1.20	1,706	16.1	0.36	568	2.9	19.1	2,275	12.6	0.48
	2884 TT	E.Sun Bank	24,533	25.4	1.89	8,722	54.5	0.67	2,700	67.4	(18.2)	11,423	57.4	0.88
	2885 TT	Yuanta Bank	10,015	15.7	1.25	2,545	(3.4)	0.32	710	(26.0)	(17.1)	3,254	(9.4)	0.41
	2886 TT	Mega Bank	28,370	(8.6)	2.95	7,202	(27.2)	0.75	2,160	(10.3)	22.9	9,362	(23.9)	0.97
	2887 TT	Taishin Bank	18,510	24.2	1.90	4,940	11.8	0.50	1,850	35.0	6.9	6,790	17.3	0.69
	2888 TT	Shin Kong Bank	7,216	6.3	1.45	-223	N.A.	(0.05)	518	3.2	N.A.	294	(86.5)	0.06
	2890 TT	Sinopac Bank	17,463	8.7	1.68	6,205	17.9	0.60	1,840	35.8	(5.4)	8,045	22.1	0.78
	2891 TT	CTBC Bank	49,424	19.6	3.13	13,443	11.0	0.85	4,450	68.8	(14.2)	17,893	21.3	1.13
	2892 TT	First Bank	23,806	10.6	2.16	6,778	4.4	0.61	2,202	8.0	(2.8)	8,980	5.3	0.81
	5880 TT	Taiwan Cooperative Bank	18,951	16.2	1.54	4,953	0.1	0.40	1,458	11.9	(23.1)	6,412	2.6	0.52
	2801 TT	Chang Hwa Bank	14,958	15.2	1.33	4,135	7.9	0.37	1,566	21.6	8.4	5,701	11.4	0.51
	2809 TT	King's Town Bank	5,024	(19.1)	4.52	630	(68.8)	0.57	180	(49.9)	(52.7)	811	(65.9)	0.73
	5876 TT	SCSB	13,373	(8.8)	2.76	4,550	5.0	0.94	1,439	(0.3)	(3.6)	5,989	4.5	1.23
	Total of 16 banks		327,652	13.4	0.00	93,095	5.4	0.00	29,901	19.5	(0.9)	122,997	8.6	

Source: Company data; KGI Research

Figure 5: In April, securities houses' net profit fell 69% YoY but was up 106% MoM, as brokerage fee income and investment income were affected by lower Taiex turnover (down 29% MoM to a yearly low of NT\$391.2bn) and share prices

NT\$m	FHC ticker	Subsidiary name	2024			1Q25			Apr-25			Jan-Apr 25		
			Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS(NT\$)
	2880 TT	Hua Nan Securities	1,907	26.6	2.91	216	(55.9)	0.33	17	(89.0)	(45.2)	232	(64.0)	0.35
	2881 TT	Fubon Securities	10,090	45.0	6.20	1,670	(28.8)	1.02	310	(59.7)	(16.2)	1,980	(36.3)	1.22
	2882 TT	Cathay Securities	4,180	97.9	5.42	870	(4.2)	1.14	130	(51.9)	(43.5)	1,000	(15.3)	1.30
	2883 TT	KGI Securities	10,123	37.8	5.57	1,844	(36.4)	1.01	242	(57.1)	(51.7)	2,085	(39.8)	1.15
	2884 TT	E.Sun Securities	2,175	68.8	5.44	444	7.2	1.11	114	(34.5)	(19.7)	558	(12.5)	1.39
	2885 TT	Yuanta Securities	21,158	53.4	3.21	3,967	(11.4)	0.60	1,426	15.7	10.0	5,393	(5.6)	0.82
	2886 TT	Mega Securities	2,550	27.3	2.20	258	(70.9)	0.22	-167	N.A.	N.A.	91	(90.8)	0.08
	2887 TT	Taishin Securities	2,360	52.8	3.41	290	(54.8)	0.42	-90	N.A.	N.A.	200	(78.9)	0.29
	2888 TT	MasterLink Securities	3,400	36.1	2.11	-1,064	N.A.	(0.66)	-435	N.A.	N.A.	-1,499	N.A.	(0.93)
	2890 TT	SinoPac Securities	5,828	51.9	3.50	1,203	(21.5)	0.72	6	(97.8)	(96.3)	1,208	(33.0)	0.73
	2892 TT	First Securities	1,183	21.0	1.82	121	(61.3)	0.19	5	(93.1)	(68.8)	125	(67.5)	0.19
	2855 TT	President Securities	4,373	51.9	3.00	-67	N.A.	(0.05)	-189	N.A.	N.A.	-256	N.A.	(0.18)
	5880 TT	Taiwan Cooperative Securities	218	7.8	0.42	-68	N.A.	(0.13)	-41	N.A.	N.A.	-109	N.A.	(0.21)
	6005 TT	Capital Securities	5,396	30.6	2.25	991	(27.0)	0.40	119	(70.3)	(26.4)	1,110	(40.4)	0.43
	Total of 14 brokerages		74,941	46.7	0.00	10,674	(44.3)	0.00	1,447	(68.7)	106.3	12,117	(49.3)	

Source: Company data; KGI Research

Figure 6: In April, Yulon Finance's (9941 TT, NT\$111, N) earnings declined by 2% YoY but grew 16% MoM, on higher non-operating income MoM offsetting operating profit decline of 3% MoM; Chailease's (5871 TT, NT\$122, N) earnings fell 11% YoY and 21% MoM, on tax rebates of Rmb190mn in China in March; Hotai Finance's (6592 TT, NT\$70.8, N) sales fell 0.3% MoM on fewer interest-paying days

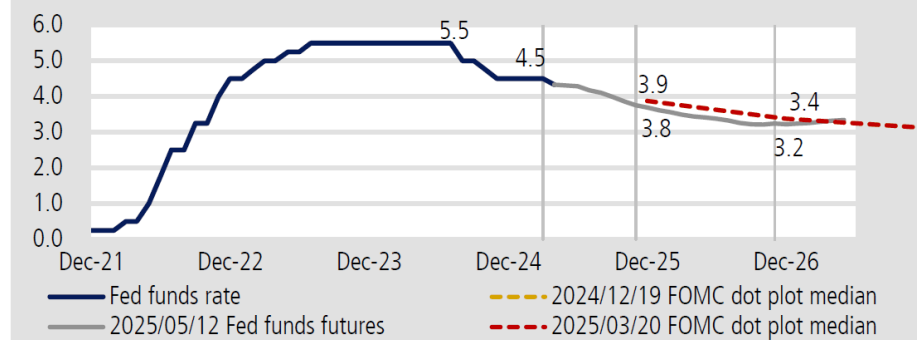
NT\$m		2024		1Q25		Apr-25			Jan-Apr 25			2025F
FHC ticker	Subsidiary name	Sales	YoY (%)	Sales	YoY (%)	Sales	YoY (%)	MoM (%)	Sales	YoY (%)	Achieved(%)	
5871 TT	Chailease	102,292	4.9	24,707	(1.2)	8,270	(3.1)	(4.5)	32,976	(1.7)	31.1	
9941 TT	Yulon Finance	41,497	0.0	9,776	(6.0)	3,476	0.2	1.4	13,252	(4.4)	33.5	
6592 TT	Hotai Finance	28,964	1.1	6,086	(21.8)	2,035	(21.5)	(0.3)	8,121	(21.7)	27.8	

FHC ticker	Subsidiary name	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	EPS(NT\$)	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS(NT\$)	Achieved(%)
5871 TT	Chailease	22,570	(9.8)	13.30	5,506	(5.3)	3.28	1,749	(11.4)	(20.8)	7,254	(6.9)	3.28	30.3
9941 TT	Yulon Finance	5,099	(18.7)	8.87	1,141	(12.5)	1.98	404	(1.7)	15.7	1,551	(9.6)	1.98	28.4
6592 TT	Hotai Finance	3,055	(17.2)											

Source: Company data; KGI Research

Figure 7: Consensus 2025F US interest rate cuts now at 75-100bps. wider than the 50bps in March dot plot; Fed officials will continue to monitor the effect of tariffs on inflation; we expect inflation and unemployment will dictate Fed moves

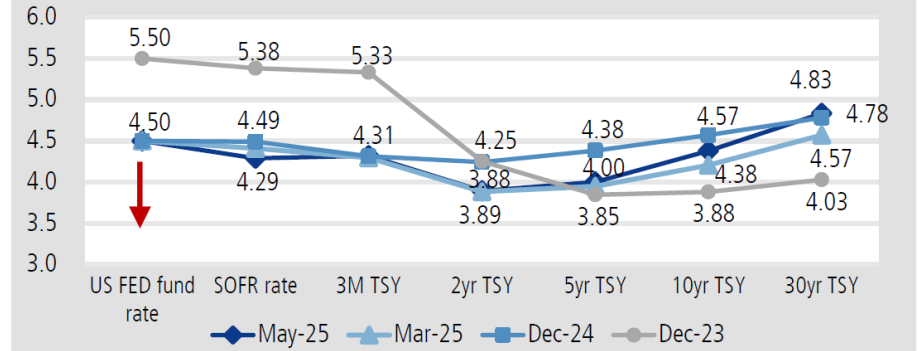
Federal funds rate & interest rate futures, percent



Source: Bloomberg; KGI Research

Figure 8: Since April, the two-year Treasury yield has slipped to 3.8%-4%, vs. 10-year's & 30-year's 4.4%-4.5% & 4.8%-4.9%, respectively; 2025F Treasury yield curve will be positively sloped, lowering US dollar funding costs; wider long-term yield swings could affect bond valuations for life insurers

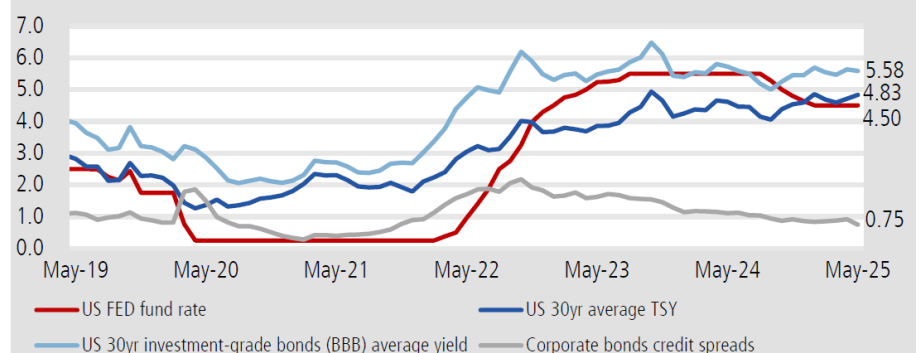
US Treasury yield, percent



Source: Bloomberg; KGI Research

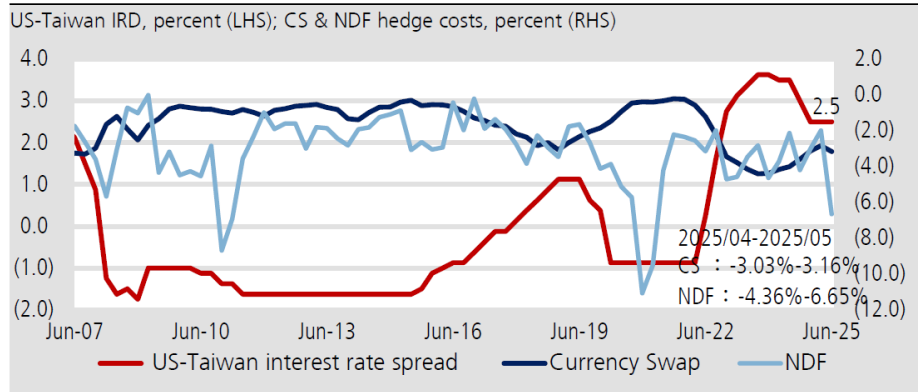
Figure 9: US 30-year Treasury yield has risen to 4.88% and BBB corporate bond yield to 5.58%; we predict life insurers & banks will continue to buy higher-yielding overseas bonds to boost recurring yields

US Treasury yield, percent



Source: Bloomberg; KGI Research

Figure 10: Swap points on NDF have risen to 4.36-6.65% and those on CS to 3-3.2% on NT dollar appreciation since April, suggesting higher hedging costs for life insurers but helping FX swap hedging and boosting FX swap income for banks



Source: Bloomberg; KGI Research

Figure 11: Of Taiwan life insurance sector FCY assets, only 30% of funds came from FHC insurance policy, with around 40% hedged by CS and NDF and the remaining 20% unhedged and held in a basket of currencies, the main source of forex losses; we estimate 1% NT dollar appreciation will have an impact of 8.4%, 5.8% and 4.2% on Cathay FHC's, Fubon FHC's and CTBC FHC's earnings (excluding the effect of reserves on forex valuations)

FHC Ticker	Company	4Q24	FX asset hedging structure (%)				1Q25	Apr-25	Apr-25	Apr-25	1% TWD appreciation
		FCY asset NT\$mn	FX policy	CS+NDF	AFS	Proxy&Open	FX reserve	FX reserve	Required minimum of FX reserve	FX loss based on 3.5% NTD appreciation	The impact to 2025F FHC net profit (without FX reserve offset)
								NT\$mn		NT\$mn	(%)
2882 TT	Cathay Life	5,600,000	31.0	44.9	6.9	17.3	38,600	30,000	3,808	-15,391	-8.4
2881 TT	Fubon Life	3,445,600	26.0	36.7	16.0	21.3	26,200	9,000	2,400	-32,400	-5.8
2891 TT	Taiwan Life	1,185,421	41.0	29.0	11.0	20.0	14,000	9,900	776	-7,049	-4.2
2888 TT	Shin Kong Life	2,394,844	29.2	45.0	1.6	24.2	59,000	34,000	0	-25,000	-1.9

Note: Shin Kong Life has applied for new reserve for forex valuation system; The FX loss in April 25 for Cathay Life and Taiwan Life are based on KGI Research
Source: Company data; KGI Research

Figure 12: Most local banks' US dollar assets were lower than US dollar liabilities in 4Q24, suggesting US dollar interest-bearing assets (loans, inter-bank borrowing, FX swaps, bonds) were funded by US dollar liabilities (deposits, financial debentures); therefore, US dollar asset and liability mismatch did not have a big effect; NT dollar appreciation of 1% does not significantly affect FHC earnings, and boosts willingness of forex hedging for corporations and life insurers

FHC Ticker	Company	4Q24	4Q24	1% TWD appreciation	
		US asset NT\$mn	US liability NT\$mn	Forex loss NT\$mn	The impact to 2025F FHC net profit
					(%)
2891 TT	CTBC Bank	1,417,009	1,767,130	-0.1	0.0
2882 TT	CUB Bank	637,727	634,299	-121	-0.1
2881 TT	TPE Bank	950,781	1,243,863	-102	-0.1
2884 TT	E.Sun Bank	906,208	1,200,177	-41	-0.1
2887 TT	Taishin Bank	527,192	600,276	-61	-0.3
2886 TT	Mega Bank	1,067,192	1,475,210	-55	-0.2
2892 TT	First Bank	716,104	1,137,975	-22	-0.1
5876 TT	SCSB	599,728	561,524	-21	-0.1

Source: Company data; KGI Research

Figure 13: March banks' NPL ratio was 0.16%, with SCSB up to 0.32% and Mega Bank down to 0.27%

FHC/Bank ticker	Bank	Mar-25			Mar-25			Mar-25		
		NPL ratio (%)	MoM (ppts)	YTD (ppts)	NPL (NT\$m)	MoM	YTD	Coverage ratio (%)	MoM (ppts)	YTD (ppts)
2834 TT	Taiwan Business Bank	0.14	(0.01)	(0.03)	2,257	(226)	(509)	972	97	181
2801 TT	Chang Hwa Bank	0.16	(0.01)	0.00	3,257	9	159	795	4	(3)
2886 TT	Mega Bank	0.27	(0.02)	0.03	6,343	(408)	768	610	42	(92)
5880 TT	Taiwan Cooperative Bank	0.17	0.00	0.01	5,298	195	307	664	(25)	(46)
2892 TT	First Bank	0.17	0.00	0.00	4,622	114	142	801	(13)	(19)
2881 TT	Taipei Fubon Bank	0.13	0.01	0.01	2,894	80	137	1,039	(26)	(45)
2888 TT	Shin Kong Bank	0.12	0.00	0.00	1,014	9	3	1,090	3	4
2884 TT	E Sun Bank	0.14	0.00	0.00	3,338	42	171	823	(5)	(46)
2880 TT	Hua Nan Bank	0.16	(0.01)	0.00	3,901	(108)	(48)	772	16	3
5876 TT	SCSB	0.32	0.01	0.07	2,908	120	652	411	(11)	(90)
2891 TT	CTBC Bank	0.17	0.00	0.01	5,430	(24)	549	732	2	(46)
2885 TT	Yuanta Bank	0.06	0.01	0.02	730	79	213	2,221	(236)	(840)
2890 TT	Bank Sinopac	0.18	0.01	0.02	2,912	78	361	774	(21)	(64)
2887 TT	Taishin Bank	0.13	0.00	0.00	2,283	71	84	994	(7)	9
2882 TT	Cathay United Bank	0.13	0.01	0.02	3,362	273	419	1,297	(100)	(148)
2809 TT	King's Town Bank	0.02	0.00	0.00	52	1	6	5,782	(70)	(1,089)
	Bank industry	0.16	0.00	0.01	68,586	(608)	7,201	846	11	(89)

Source: FSC; TEJ; KGI Research

Figure 14: 13 FHCs' cash dividends rose 21% in 2024 on earnings growth and other equity reversals; low undistributed earnings at some life insurance FHCs suggest 2025F distributable earnings will be affected if other equity and bond reclassification to AC require a special earnings surplus to be higher than 2025F earnings

NT\$m		2023 undistributed earnings	4Q23 other equity interest	2024 net profit	4Q24F other equity interest	Reversal (Increase) in special reserve in 2024F	2024 distributable earnings	2024 undistributed earnings	2024 Cash dividend per share (NT\$)	vs.2023 Cash dividend per share (NT\$)	2024 Cash dividend growth rate	2024 Cash dividend yields
Ticker	Company											
2881 TT	Fubon FHC	254,407	(34,905)	150,820	(6,216)	28,688	401,925	340,157	4.25	2.50	70%	5.0%
2882 TT	Cathay FHC	160,807	(78,461)	110,270	(57,995)	(189,957)	70,093	15,155	3.50	2.00	75%	6.0%
2891 TT	CTBC FHC	56,517	(37,087)	72,028	(29,882)	277	121,619	75,343	2.30	1.80	28%	5.7%
2885 TT	Yuanta FHC	68,520	4,948	35,830	8,114	1,965	102,732	78,787	1.55	1.10	41%	4.9%
2886 TT	Mega FHC	42,820	3,143	34,766	1,282	5,835	79,944	56,211	1.60	1.50	7%	4.3%
2892 TT	First FHC	19,893	17,203	25,359	22,539	297	43,014	26,179	0.95	0.85	12%	3.8%
2890 TT	Sinopac FHC	19,715	(5,158)	22,229	(5,691)	3,637	43,358	27,500	0.91	0.75	21%	4.2%
2880 TT	Hua Nan FHC	15,148	(7,128)	19,220	(7,953)	3,971	36,417	21,193	0.70	0.65	8%	2.6%
5880 TT	Cooperative FHC	11,039	(10,274)	23,133	(7,899)	5,429	37,287	18,685	1.25	1.20	4%	4.7%
2887 TT	Taishin FHC	9,345	(794)	20,064	(116)	1,676	29,080	4,720	0.90	0.60	50%	5.5%
2884 TT	E Sun FHC	2,090	(1,979)	26,128	5,559	3,515	29,119	8,322	1.20	1.20	0%	4.3%
2888 TT	Shin Kong FHC	(4,693)	(19,624)	20,386	(24,357)	(11,734)	1,919	1,396	-	-	NA	0.0%
2889 TT	Waterland FHC	3	771	2,171	820	117	2,074	1	0.30	0.73	-59%	2.5%

Note: While Shin Kong FHC didn't pay 2024 common equity cash dividend, shareholders still can receive NT\$0.9 per share from new TS FHC 2024 cash dividend after merged with Taishin FHC in July 24

Source: Company data; TEJ; KGI Research

Figure 15: Fubon FHC's 1Q25 equity investment portfolio

Fubon FHC		1Q25				1Q25F	2Q25F
		Position (NT\$mn)	Position QoQ (NT\$mn)	Shares (mn shs)	Shares QoQ (mn shs)	Unrealized gain or loss on financial asset (NT\$mn)	Unrealized gain or loss on financial asset (NT\$mn)
2345 TT	Accton	5,346	5,346	9.3	9.3	(1,829)	910
2383 TT	EMC	4,226	4,226	7.8	7.8	(566)	1,008
2454 TT	MTK	7,649	3,236	5.5	2.3	22	(413)
1477 TT	Makalot	3,127	3,127	10.2	10.2	(52)	(245)
3653 TT	Jentech	3,066	3,066	3.1	3.1	(1,725)	641
2886 TT	Mega FHC	2,799	2,799	70.1	70.1	84	(4)
2884 TT	E.S.F.H	1,880	1,880	65.4	65.4	118	49
3529 TT	eMemory	5,182	1,139	2.3	1.1	(2,460)	399
3665 TT	BHI (Bizlink)	3,785	730	7.5	2.5	(811)	811
2347 TT	Synnex	705	705	9.9	9.9	6	8
3045 TT	TWM	20,063	518	172.2	0.0	517	(344)
3711 TT	ASEH	5,746	332	40.2	6.8	(764)	(40)
1476 TT	ECLAT	3,599	325	8.2	1.7	(564)	106
8454 TT	momo	6,179	249	17.8	0.0	249	(729)
8464 TT	Nien Made	4,964	50	13.1	(0.8)	346	(20)
2308 TT	DELTA	5,447	(5,692)	15.1	(10.7)	(1,067)	151
3034 TT	Novatek	0.0	(5,946)	0.0	(11.8)	0.0	0.0
2382 TT	QCI	13,777	(5,962)	61.4	(7.4)	(3,836)	2,087
8299 TT	Phison	0.0	(6,268)	0.0	(12.0)	0.0	0.0
1301 TT	FPC	994	(6,316)	27.2	(178.8)	30	3
1590 TT	Airtac	0.0	(9,019)	0.0	(10.7)	0.0	0.0
1326 TT	FCFC	1,278	(9,327)	49.1	(339.4)	(61)	(2)
2891 TT	CTBC FHC	4,033	(11,493)	102.2	(294.9)	36	66
2317 TT	Hon Hai	5,664	(23,121)	38.8	(117.6)	(1,474)	272
2330 TT	TSMC	120,362	(61,371)	132.3	(37.6)	(21,163)	6,216
		1Q25				1Q25F	2Q25F
		Position (NT\$mn)	Position QoQ (NT\$mn)			Unrealized gain or loss on financial asset (NT\$mn)	Unrealized gain or loss on financial asset (NT\$mn)
Technology		233,994	(119,157)			(44,332)	15,214
TSMC		120,362	(61,371)			(21,163)	6,216
Telecom		20,063	518			517	(344)
Financials		22,377	(23,640)			(595)	(448)
Non-tech		61,677	(33,860)			(1,420)	(359)
Total		338,110	(176,139)			(45,830)	14,062

Source: Company data; TEJ; KGI Research

Figure 16: Cathay FHC's 1Q25 equity investment portfolio

Cathay FHC	1Q25				1Q25F	2Q25F
	Position (NT\$mn)	Position QoQ (NT\$mn)	Shares (mn shs)	Shares QoQ (mn shs)	Unrealized gain or loss on financial asset (NT\$mn)	Unrealized gain or loss on financial asset (NT\$mn)
3034 TT Novatek	32,042	6,283	58.8	7.5	2,528	(1,176)
2303 TT UMC	23,780	5,764	532.6	114.1	852	959
2308 TT DELTA	7,800	5,088	21.7	15.4	(1,527)	217
2412 TT CHT	46,084	3,435	358.6	13.3	1,793.1	896.6
2891 TT CTBC FHC	26,104	3,308	661.7	78.7	232	430
3037 TT Unimicron	3,002	3,002	32.5	32.5	(1,574)	276
5876 TT SCSB	13,505	2,952	300.1	33.6	1,621	600
1402 TT FENC	13,768	2,726	418.5	69.0	544	481
2886 TT Mega FHC	27,693	2,709	694.1	48.5	833	(35)
4904 TT Far EasTone	30,502	2,315	331.5	16.3	862	(1,724)
1216 TT Uni-President	30,361	2,005	377.2	26.6	(151)	(75)
2357 TT Asustek	23,561	1,676	38.7	3.2	(271)	(232)
3045 TT TWM	18,232	1,492	156.5	9.0	470	(313)
2890 TT SinoPac Holdings	11,730	1,475	527.2	79.4	(343)	474
2885 TT Yuanta FHC	17,713	1,342	529.5	48.0	(291)	(688)
2105 TT CST	11,362	1,252	226.3	20.2	260	204
2892 TT First FHC	14,943	1,186	552.4	44.8	(28)	(414)
3231 TT Wistron	14,342	800	150.5	20.3	(1,309)	1,986
5347 TT VIS	14,057	647	151.0	16.8	(1,027)	(468)
6239 TT PTI	3,825	640	31.4	5.2	0.0	(235.2)
9904 TT PCC	13	(1,158)	0.4	(31.4)	(1)	(1)
2883 TT CDF	0.0	(1,620)	0.0	(94.2)	0.0	0.0
2454 TT MTK	51,515	(2,342)	37.1	(1.8)	148	(2,780)
2382 TT QCI	30,318.6	(2,479)	135.0	20.8	(8,440.6)	4,591.7
2345 TT Accton	6,277	(2,701)	10.9	(0.7)	(2,147)	1,068
2317 TT Hon Hai	13,764.1	(2,797)	94.3	4.3	(3,582.4)	659.9
3533 TT Lotes	0	(3,188)	0.0	(1.6)	0	0
3017 TT AVC	0	(4,406)	0.0	(7.1)	0	0
3529 TT eMemory	0	(5,278)	0.0	(1.6)	0	0
2330 TT TSMC	84,584	(6,456)	92.9	7.9	(14,872)	4,369
	1Q25				1Q25F	2Q25F
	Position (NT\$mn)	Position QoQ (NT\$mn)			Unrealized gain or loss on financial asset (NT\$mn)	Unrealized gain or loss on financial asset (NT\$mn)
Technology	494,537	(8,087)			(47,295)	8,413
TSMC	84,584	(6,456)			(14,872)	4,369
Telecom	94,819	7,243			3,125	(1,140)
Financials	138,006	11,950			644	(1,425)
Non-tech	65,415	3,484			352	952
Total	792,776	14,589			(43,174)	6,799

Source: Company data; TEJ; KGI Research

Figure 17: Shin Kong FHC's 1Q25 equity investment portfolio

ShinKong FHC	1Q25				1Q25F	2Q25F
	Position (NT\$m)	Position QoQ (NT\$m)	Shares (mn shs)	Shares QoQ (mn shs)	Unrealized gain or loss on financial asset (NT\$m)	Unrealized gain or loss on financial asset (NT\$m)
2330 TT TSMC	85,919	11,007	94.4	24.4	(15,107)	4,438
2412 TT CHT	40,779	795	317.3	(6.4)	1,587	793
2881 TT Fubon FHC	23,254	631	272.6	22.1	(1,363)	(1,963)
2317 TT Hon Hai	29,671	551	203.2	45.0	(7,722.6)	1,422.6
2886 TT Mega FHC	4,016	338	100.6	5.6	121	(5)
2885 TT Yuanta FHC	4,274	234	127.8	8.9	(70)	(166)
1216 TT Uni-President	5,496	207	68.3	2.9	(27)	(14)
2002 TT CSC	3,856	173	172.1	(15.3)	473	(181)
1402 TT FENC	11,801	39	358.7	(13.5)	466	413
4904 TT Far EasTone	12,824	32	139.4	(3.7)	362	(725)
4938 TT Pegatron	3,795	2	45.2	4.0	(362)	54
5880 TT TCFHC	3,296	2	137.0	1.5	(34)	130
1303 TT NPC	4,288	1	142.9	(0.4)	14	236
3045 TT TWM	16,138	(20)	138.5	(3.8)	416	(277)
2303 TT UMC	5,798	(21)	129.9	(5.3)	208	234
1102 TT ACC	3,838	(214)	82.2	(18.1)	518	(131)
2882 TT Cathay FHC	22,104	(332)	361.2	32.7	(2,564)	(1,842)
2382 TT QCI	5,122	(698)	22.8	2.5	(1,426)	776
2308 TT DELTA	6,362	(1,360)	17.7	(0.3)	(1,246)	177
2454 TT MTK	4,116	(1,628)	3.0	(1.2)	12	(222)
2891 TT CTBC FHC	10,554	(1,732)	267.5	(46.7)	94	173.9
3711 TT ASEH	-	(3,197)	0.0	(19.7)	0	0
1326 TT FCFC	0	(3,309)	0.0	(121.2)	0	0.0
	1Q25				1Q25F	2Q25F
	Position (NT\$m)	Position QoQ (NT\$m)			Unrealized gain or loss on financial asset (NT\$m)	Unrealized gain or loss on financial asset (NT\$m)
Technology	179,084	4,656			(25,644)	6,879
TSMC	85,919	11,007			(15,107)	4,438
Telecom	69,740	807			2,365	(208)
Financials	72,201	(866)			(3,253)	(3,463)
Non-tech	29,280	(3,103)			1,444	322
Total	350,305	1,494			(25,088)	3,530

Source: Company data; TEI; KGI Research

Figure 18: CTBC FHC's 1Q25 equity investment portfolio

CTBC FHC		1Q25				1Q25F	2Q25F
		Position (NT\$m)	Position QoQ (NT\$m)	Shares (mn shs)	Shares QoQ (mn shs)	Unrealized gain or loss on financial asset (NT\$m)	Unrealized gain or loss on financial asset (NT\$m)
2330 TT	TSMC	39,202	8,464	43.1	14.4	(6,893)	2,025
2880 TT	HN FHC	9,512	6,370	342.2	222.0	565	68
2890 TT	SinoPac Holdings	8,280	4,793	372.1	219.9	(242)	335
2887 TT	TAISHIN FHC	11,347	4,492	659.7	265.7	(131.9)	(593.7)
3034 TT	Novatek	3,362	3,362	6.2	6.2	265	(123)
6592 TT	Hotai Finance	11,696	2,174	158.3	34.0	(427)	(491)
2454 TT	MTK	2,142	2,142	1.5	1.5	6	(116)
2886 TT	Mega FHC	15,500	1,308	388.5	21.7	466	(19)
2002 TT	CSC	4,174	1,258	186.3	38.0	512	(196)
4904 TT	Far EasTone	5,960	710	64.8	6.1	168	(337)
2412 TT	CHT	12,588	505	98.0	0.1	490	245
2303 TT	UMC	10,552	408	236.3	0.7	378	425
1402 TT	FENC	3,483	321	105.9	5.8	138	122
2308 TT	DELTA	1,992	114	5.5	1.2	(390)	55
2474 TT	Catcher	1,524	103	7.3	(0.1)	113	73
3045 TT	TWM	8,687	(1,064)	74.6	(11.3)	224	(149)
1303 TT	NPC	7,099	(1,141)	236.6	(38.9)	24	390
5880 TT	TCFHC	5697.2	(1,378)	236.9	(54.3)	(59.2)	225.0
2327 TT	Yageo	-	(1,933)	0.0	(3.6)	0	0
2881 TT	Fubon FHC	3,433	(1,938)	40.2	(19.2)	(201)	(290)
2882 TT	Cathay FHC	6,859.8	(2,043)	112.1	(18.3)	(795.8)	(571.7)
2357 TT	Asustek	0.0	(2,769)	0.0	(4.5)	0.0	0.0
3702 TT	WPG	0.0	(3,084)	0.0	(45.1)	0.0	0.0
2301 TT	LTC	0.0	(3,245)	0.0	(33.4)	0.0	0.0
2892 TT	First FHC	0.0	(7,733)	0.0	(285.3)	0.0	0.0
		1Q25				1Q25F	2Q25F
		Position (NT\$m)	Position QoQ (NT\$m)			Unrealized gain or loss on financial asset (NT\$m)	Unrealized gain or loss on financial asset (NT\$m)
Technology		71,081	2,013			(9,866)	3,741
TSMC		39,202	8,464			(6,893)	2,025
Telecom		27,234	151			882	(241)
Financials		82,367	(15,068)			378	(891)
Non-tech		29,025	44			967	148
Total		209,707	(12,860)			(7,639)	2,757

Source: Company data; TEI; KGI Research

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