Financial sector

August FHC earnings and net worth rebounded on investment gains; Taiwan's central bank rate hikes to shore up bank NIM

Key message

1. The aggregate earnings of thirteen Taiwanese FHCs rose by 66% MoM and 49% YoY to NT$86.1bn in August, with insurance- and bank-centric FHCs respectively reporting 143% and 19% MoM net profit growth, outperforming securities-centric peers' 13% MoM growth.
2. Insurance-centric FHCs' August earnings growth was driven by FVTPL investment valuation gains, while bank-centric FHCs benefitted from rising investment income and reduced bad debt provisions. Securities-centric FHCs suffered from declining brokerage fee income as the Taiex daily average turnover contracted in August.
3. We are upbeat about the 2H26 prospects of financial stocks and note that Fubon FHC (2881 TT, NT$151, OP), Cathay FHC (2882 TT, NT$110, OP), CTBC FHC (2891 TT, NT$69.7, OP) and TS FHC (2887 TT, NT$43.4, OP) will deliver decent growth in 2026 adjusted earnings and dividends. Mega FHC (2886 TT, NT$51.8, OP), SCSB (5876 TT, NT$49.8, OP) and SinoPac FHC (2890 TT, NT$44.6, OP) may also raise their dividend payout ratios as earnings pick up.

Event

The aggregate earnings of thirteen Taiwanese FHCs rose 66% MoM and 49% YoY to NT$86.1bn in August. Insurance- and bank-centric FHCs respectively reported 143% and 19% MoM net profit growth, outperforming securities-centric peers' 13% MoM growth, mainly as the former benefitted from valuation gains from bond and stock holdings under the FVTPL category on flattish MoM long-term US Treasury yields and a rebound in the Taiex index, while the latter suffered from declining brokerage fee income as the Taiex daily average turnover contracted for the second consecutive month in August.

Analysis

Insurance-centric FHCs benefitted from rebounding net worth & FVTPL investment gains. Cathay FHC (2882 TT, NT$110, OP) saw August net profit climb 4% MoM and 10% YoY to NT$11.3bn, but adjusted earnings inclusive of NT$9.1bn in FVOCI equity capital gains slid by 3% MoM to NT$20.4bn, mainly as Cathay Life (CL) posted August net profit of NT$6.74bn, up 24% MoM on FVTPL bond and stock valuation gains and cash dividend income of over NT$1bn. The earnings of Cathay United Bank, Cathay Securities and Cathay Insurance were down by a respective 14% (lower investment income and increased NPL provisions), 10% (reduced brokerage fee income) and 38.5% (reduced dividend income) MoM. January-August FHC earnings grew by 52% YoY to NT$98.64bn, while adjusted earnings surged 219% YoY to NT$207.4bn, respectively achieving 75% and 79% of our full-year forecasts. CL's net worth increased by NT$66.4bn MoM to a record high of NT$986.4bn in August, boosting FHC BVPS by around NT$4.5, as unrealized gains from stock holdings rebounded to NT$220bn and due to declines in the fair value of insurance liabilities.

Fubon FHC (2881 TT, NT$151, OP) turned profitable in August, with net profit rising to NT$24.7bn, leading to adjusted earnings of NT$37.4bn, up 377% MoM, including NT$12.7bn of FVOCI equity capital gains. Fubon Life (FL) posted August net profit of NT$17.3bn thanks to FVTPL stock valuations and realized capital gains of NT$16bn, the loss of NT$1bn in bond valuation, and NT$4bn in dividend income. The earnings of Taipei Fubon Bank rose 19% MoM on increased investment income and lower bad debt provision, and there was a 7% MoM increase in the August earnings of Fubon Securities. January-August FHC earnings grew by 64% YoY to NT$120.3bn, while adjusted earnings picked up 218% YoY to NT$233.7bn, respectively achieving 74% and 79% of our full-year forecasts. FL's net worth ratio exceeded 16% in August, with the subsidiary's net worth value rebounding to more than NT$900bn.

TS FHC (2887 TT, NT$43.4, OP) reported August net profit of NT$6.97bn, up 48% YoY, but down 22% MoM, trailing behind most FHC peers, as Shin Kong Life's August earnings plunged 64% MoM to NT$2.08bn on reduced cash dividend income, and Shin Kong Bank also posted a 34% MoM earnings contraction. Meanwhile, Taishin Bank's August earnings were flat MoM, but Taishin Securities raked in August earnings of NT$1.55bn, compared to losses of NT$30mn in July. January-August FHC earnings totaled NT$59.75bn, achieving 74% of our full-year estimate, with YoY growth decelerating to 222%.

Bank-centric FHCs rode on rising investment income & reduced bad debt provisions. CTBC FHC's (2891 TT, NT$69.7, OP) August net profit climbed to a YTD high of NT$9.93bn, up 125% MoM and 26% YoY. Including FVOCI equity capital gains of NT$16.1bn, to which CTBC Bank and Taiwan Life respectively contributed NT$9.9bn and NT$6.2bn, the adjusted earnings amounted to NT$26bn, up 278% MoM. CTBC Bank posted August net profit of NT$6.91bn, up 53% MoM on increased investment income and a decrease of NT$1.68bn in bad debt provisions MoM, amid moderating loan growth. Taiwan Life saw August net profit spike 916% MoM to NT$3.06bn, boosted by FVTPL stock and bond valuation gains. January-August FHC earnings grew 8.7% YoY to NT$53.9bn, while adjusted earnings jumped by 111% YoY to NT$104.5bn on FVOCI equity capital gains of NT$50.6bn, respectively achieving 65% and 82% of our full-year forecasts.

Mega FHC (2886 TT, NT$51.8, OP) reported net profit of NT$3.56bn in August, down 18% MoM but up 18% YoY. The decline was primarily attributable to a 40% MoM drop in Mega Bank's earnings, mainly due to a NT$1.5bn reduction in cash dividend income, offsetting 1% MoM increase in NII. In contrast, improved investment gains helped Mega Securities swing back to profitability, reporting net profit of NT$730mn in August. For the first eight months of 2026, Mega FHC's cumulative net profit reached NT$29.2bn, up 15% YoY and equivalent to 69% of our full-year earnings forecast. In addition, Mega Bank's common equity ratio reached 13.39% in 2Q26, while the first-year IRB approach adoption contributed approximately 30bps to the CET1 ratio, both of which compare favorably with major domestic peers. As the strong capital position enhances the bank's capacity for loan growth and upstream dividend contributions to the FHC, we expect Mega FHC's 2026F cash dividend payout ratio is likely to be in the 70-75% range.

SinoPac FHC (2890 TT, NT$44.6, OP) reported August net profit of NT$4.41bn, up 0.7% MoM and 58% YoY. Earnings were primarily supported by NT$700mn of profit from venture capital and a 1.6% MoM increase in SinoPac Securities' net profit to NT$1.44bn, driven by investment gains from proprietary trading and underwriting activities. These positives largely offset a 13% MoM decline in Bank SinoPac's net profit to NT$1.73bn, mainly due to lower fee income and investment gains, as well as a 12.5% MoM decline in King's Town Bank's (TW; delisted) earnings to NT$500mn. For the first eight months of 2026, SinoPac FHC's cumulative net profit reached NT$33.3bn, representing 85% YoY growth and accounting for 75% of our full-year earnings forecast.

E.Sun FHC (2884 TT, NT$45.7, N) reported August net profit of NT$3.56bn, up 19% MoM and 16% YoY. The increase was driven by the FHC's venture capital business, which swung from a loss in the prior month to a profit of NT$380mn, while earnings at both the banking and securities subsidiaries were broadly stable compared with the previous month. Cumulative net profit growth for January to August reached NT$28bn, up 20.3% YoY and equivalent to 62% of our full-year earnings forecast.

First FHC (2892 TT, NT$39.6, N) reported August net profit of NT$2.91bn, down 7% MoM but up 7% YoY. The decline was mainly attributable to a 23% MoM decrease in earnings at First Bank, driven by higher general provisions, which more than offset a NT$100mn MoM increase in forex swap income to NT$1.08bn. In addition, earnings from the life insurance subsidiary fell by 59% MoM to NT$70mn. These weaknesses were partially offset by an 84% MoM increase in securities earnings. As a result, cumulative net profit for the first eight months reached NT$23.85bn, up 21% YoY and accounted for 73% of our full-year earnings forecast.

Yuanta FHC (2885 TT, NT$68.3, N) reported August net profit of NT$7.01bn, up 10% MoM and 83% YoY. The strong performance was driven by higher investment gains, which boosted earnings at the FHC's life insurance subsidiary to NT$350mn, and contributed NT$260mn in profits from the FHC's venture capital segment. These gains more than offset a 6% MoM decline in securities earnings, mainly attributable to a 7% MoM decrease in brokerage fee income, in line with a 7.5% MoM decline in average daily turnover on the Taiwan equity market, while banking earnings were broadly flat. Yuanta FHC's January-August cumulative earnings growth moderated to 115% YoY.

Stocks for Action

With US inflation showing little improvement in August, the market is now pricing in a greater than 80% probability of a 25bp Fed rate hike in September. The likelihood of a 12.5bp rate hike by Taiwan's central bank at its September 17 policy meeting has also increased, reflecting robust economic growth driven by AI-related investment and exports, cooling inflationary pressures, the normalization of Taiwan's negative real interest rate environment, and the broader monetary tightening trend following rate hikes in Japan and South Korea. A 12.5bp rate hike would be most beneficial to banks with greater sensitivity to NT dollar rates. We estimate such a move would increase NIMs by approximately 1.0-

1.25bps for CUB, 0.5-1.0bps for Yuanta Bank, and 0.9bps for CTBC Bank, outperforming most domestic peers due to their relatively large NT dollar securities settlement balances. Meanwhile, Hua Nan Bank's (2880 TT, NT$46.9, NR) loan-deposit spread could expand by around 1.5bps, reflecting its higher exposure to NT dollar-denominated lending. For life insurers, a rate hike would have mixed implications. A narrower US-Taiwan interest rate differential would help reduce currency hedging costs, particularly CS costs. In addition, if long-term Taiwan government bond yields rise in tandem, the fair value of insurance contract liabilities would decline under IFRS 17, providing support to book values. On the other hand, higher interest rates would raise funding costs for leasing companies and increase financing and margin lending rates at securities firms, thereby raising investors' borrowing costs. We are constructive on Taiwan's financial sector in 2H26F. Our top picks are Fubon FHC, Cathay FHC, CTBC FHC, and TS FHC, supported by stronger capital-market-related earnings, improving adjusted earnings, rising dividend-paying capacity, continued book value growth, and solid core banking earnings momentum. We also favor Mega FHC, Shanghai Commercial and Savings Bank (SCSB; 5876 TT, NT$49.8, OP), and SinoPac FHC, given their resilient core banking earnings growth, improving asset quality, and expected 2026F dividend payouts that remain above the peer average.

Risks

Renewed US Fed tightening leads to heightened market volatility and weaker investment returns for financial institutions; higher-than-expected bank credit costs.

Figure 1: Aggregate earnings of Taiwan's 13 FHCs rebounded to NT$86.1bn in August, up 66% MoM & 49% YoY, with insurance- & bank-centric FHCs posting 143% & 19% MoM growth, respectively, versus 13% for brokerage-centric FHCs; adjusted earnings of insurance-centric FHCs still grew by more than 200% YoY in January-August

NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26			2026F
		Earnings	YoY (%)	Earnings	YoY (%)	Earnings	YoY (%)	QoQ (%)	Earnings	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS	Achieved(%)
2880 TT	Hua Nan FHC*	26,424	14.2	7,663	43.6	9,700	52.9	26.6	3,288	3,371	50.6	2.5	24,022	39.2	1.71	84.3
2881 TT	Fubon FHC	120,944	(19.8)	33,551	(18.3)	63,840	518.3	90.3	(1,760)	24,680	122.3	N.A.	120,260	63.7	8.30	74.0
	FVOCI equity captial gain	297	(93.7)	32,794	N.A.	58,274	N.A.	77.7	9,610	12,740		32.6	113,420			86.1
	Fubon FHC adjusted profit	**121,241**	**(22.1)**	**66,345**	**61.9**	**122,114**	**1131.1**	**84.1**	**7,850**	**37,430**	**237.2**	**376.8**	**233,680**	**218.0**	**16.40**	**79.4**
2882 TT	Cathay FHC	107,142	(2.8)	31,594	(1.3)	44,676	219.5	41.4	10,820	11,300	10.0	4.4	98,640	51.6	6.47	74.5
	FVOCI equity captial gain	4,150	47.7	16,966	N.M.	72,389	N.M.	326.7	10,300	9,100		(11.7)	108,760			83.0
	Cathay FHC adjusted profit	**111,292**	**(1.6)**	**48,560**	**51.7**	**117,066**	**696.1**	**141.1**	**21,100**	**20,400**	**98.6**	**(3.3)**	**207,400**	**218.8**	**13.60**	**78.8**
2883 TT	KGI FHC*	30,058	(10.4)	11,690	34.3	16,750	N.A.	43.3	2,089	5,761	47.8	175.8	36,290	149.9	2.11	76.9
	FVOCI equity captial gain	188	(85.1)	14,515	N.M.	24,820	N.M.	71.0	5,510	5,161		(6.3)	50,006			
	KGI FHC adjusted profit	**30,245**	**(13.1)**	**26,205**	**199.2**	**41,570**	**N.A.**	**58.6**	**7,599**	**10,922**	**180.3**	**43.7**	**86,296**	**494.2**	**5.02**	
2884 TT	E. Sun FHC	34,342	31.4	10,057	14.2	11,377	42.9	13.1	3,010	3,595	16.2	19.4	28,040	20.3	1.73	61.8
2885 TT	Yuanta FHC	36,521	1.9	14,409	88.6	22,163	158.0	53.8	6,359	7,010	82.9	10.2	49,941	114.6	3.60	100.1
2886 TT	Mega FHC	35,038	0.8	9,397	17.3	11,910	17.0	26.7	4,352	3,560	17.7	(18.2)	29,219	14.7	1.97	69.1
2887 TT	TS FHC	37,327	86.0	21,041	344.6	22,756	314.5	8.2	8,940	6,970	48.3	(22.0)	59,750	222.3	2.31	73.9
	FVOCI equity captial gain	780	N.A.	14,086	N.M.	40,751	N.A.	189.3								
	TS FHC adjusted profit	**38,106**	**89.9**	**35,127**	**582.2**	**63,508**	**1183.9**	**80.8**								
2889 TT	Waterland FHC*	2,296	5.7	897	123.3	1,886	638.9	110.1	189	375	16.1	98.4	3,347	157.9	0.92	N.A.
2890 TT	SinoPac FHC*	26,569	19.5	10,974	52.4	13,519	150.3	23.2	4,381	4,412	58.1	0.7	33,344	84.5	2.26	75.0
2891 TT	CTBC FHC	80,619	11.9	23,104	16.0	16,434	3.1	(28.9)	4,410	9,931	25.7	125.2	53,879	8.7	2.70	64.6
	FVOCI equity captial gain	581	N.A.	5,522	N.A.	26,500	N.M.	379.9	2,469	16,097			50,588			
	CTBC FHC adjusted profit	**81,200**	**16.2**	**28,625**	**51.7**	**42,934**	**164.0**	**50.0**	**6,879**	**26,028**	**229.4**	**278.4**	**104,467**	**110.7**	**5.29**	**82.5**
2892 TT	First FHC	26,933	6.2	8,244	14.4	9,554	41.7	15.9	3,139	2,913	7.3	(7.2)	23,850	21.3	1.66	72.8
5880 TT	Coorporative FHC*	21,295	10.8	5,590	13.3	7,291	40.3	30.4	2,677	2,248	15.5	(16.0)	18,325	27.9	1.10	N.A.
Total of 13 FHCs		**585,507**	**1.7**	**188,210**	**20.7**	**251,856**	**170.3**	**33.8**	**51,894**	**86,126**	**48.9**	**66.0**	**578,907**	**59.1**		
Life insurance-centered FHCs		295,470	(6.1)	97,875	13.1	148,023	457.1	51.2	20,089	48,711	62.5	142.5	314,940	83.5		
Banking-centered FHCs		251,221	12.7	75,028	22.2	79,785	38.1	6.1	25,257	30,030	26.7	18.9	210,679	25.7		
Brokerage-centered FHCs		38,816	2.1	15,307	90.4	24,049	171.9	57.1	6,548	7,385	77.7	12.8	53,288	116.8		
Life insurance-centered FHCs adjusted profit		**300,884**	**(7.0)**	**176,236**	**102.4**	**344,257**	**95.3**									
Life insurance-centered FHCs + CTBC adjusted profit		**382,084**	**(2.9)**	**204,862**	**93.4**	**387,192**	**89.0**									

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 TS; bank-centric FHCs are Hua Nan, E. Sun, Mega, SinoPac, CTBC, First, and Taiwan Cooperative; securities-centric FHCs are Yuanta and IBF

Note:3: Jan-Aug 26 adjusted profit YoY growth rate = Jan-Aug 26 adjusted profit / Jan-Aug 25 net profit

Source: TEJ; Bloomberg ; Company data; KGI Research

Figure 2: Aggregate net profit of major FHC life insurance subsidiaries with Nan Shan Life rose 620% MoM in August due to stable long-end US Treasury yields & a rebound in the Taiex, which boosted mark-to-market gains on life insurers' FVTPL bond & equity portfolios

NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26		
FHC ticker	Subsidiary name	Earnings	YoY (%)	Earnings	YoY (%)	Earnings	YoY (%)	QoQ (%)	Earnings	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS
2881 TT	Fubon Life	62,655	(39.0)	15,121	(44.6)	40,504	N.A.	167.9	(7,660)	17,250	196.9	N.A.	65,170	79.6	5.50
	FVOCI equity captial gain	10	(96.3)	32,166	N.A.	55,500	N.M.	72.5	8,340	12,070		44.7	108,070		
	Fubon Life adjusted profit	**62,665**	**(39.1)**	**47,288**	**73.2**	**96,003**	**N.A.**	**103.0**	**680**	**29,320**	**404.6**	**4211.8**	**173,240**	**377.5**	**14.63**
2882 TT	Cathay Life	56,575	(15.4)	17,357	(5.1)	28,803	N.M.	65.9	5,420	6,740	26	24.4	58,410	105.9	9.18
	FVOCI equity captial gain	6,302	120.8	16,571	N.A.	68,527	N.M.	313.5	3,240	13,260		309.3	101,590		
	Cathay Life adjusted profit	**62,878**	**(9.8)**	**33,927**	**86.8**	**97,330**	**N.M.**	**186.9**	**8,660**	**20,000**	**275.2**	**130.9**	**160,000**	**464.0**	**25.15**
2885 TT	Yuanta Life	(1,409)	N.A.	1,290	169.2	1,151	N.A.	(10.8)	3	355	N.A.	N.M.	2,799	N.M.	0.96
2887 TT	Shin Kong Life	(26,428)	N.A.	11,862	N.A.	10,599	N.A.	(10.6)	5,770	2,080	N.A.	(64.0)	30,350	3310.1	3.29
	FVOCI equity captial gain	617	(72.0)	13,761	N.M.	37,446	N.M.	172.1							
	Shin Kong Life adjusted profit	**(25,810)**	**N.A.**	**25,623**	**N.A.**	**48,044**	**N.A.**	**87.5**							
2891 TT	Taiwan Life	20,850	(2.9)	7,752	38.5	2,524	56.0	(67.4)	301	3,059	28.4	916.3	13,636	20.2	2.19
	FVOCI equity captial gain	(712)	N.A.	2,872	N.A.	24,238	N.M.	744.1							
	Taiwan Life adjusted profit	**20,138**	**5.7**	**10,624**	**126.7**	**26,762**	**1408.9**	**151.9**							
5880 TT	Taiwan Cooperative Life	282	(76.6)	447	314.8	587	N.A.	31.4	94	81	138.2	(13.8)	1,210	N.A.	1.76
2883 TT	KGI Life	15,825	(28.6)	4,796	(22.3)	4,406	N.A.	(8.1)	1,201	2,249	43.3	87.3	12,653	95.9	2.42
	FVOCI equity captial gain	(186)	N.A.	14,228	N.M.	24,815	N.M.	74.4	5,510	5,162		(6.3)	49,717		
	KGI Life adjusted profit	**15,638**	**(29.4)**	**19,025**	**207.6**	**29,222**	**N.A.**	**53.6**	**6,711**	**7,411**	**372.3**	**10.4**	**62,370**	**865.8**	**11.93**
5874 TT	Nan Shan Life	28,969	(31.8)	8,454	(30.7)	22,414	919.3	165.1	1,091	8,542	234.8	683.0	40,502	128.4	2.76
	FVOCI equity captial gain	(13)	N.A.	6,949	N.A.	9,426	N.M.	35.6							
	Nan Shan Life adjusted profit	**28,956**	(31.8)	**15,403**	**26.3**	**31,840**	**1188.0**	**106.7**							
2884 TT	Mercuries Life	1,178	(45.8)	(161)	N.A.	5,286	N.A.	N.A.	(664)	(348)	N.A.	N.A.	4,112	N.A.	0.7
	FVOCI equity captial gain	-	N.A.	(1,577)	N.A.	5,763	N.A.	N.A.							
	Mercuries Life adjusted profit	**1,178**	(45.8)	**(1,738)**	**N.A.**	**11,049**	**N.A.**	**N.A.**							
Total of 9 life insurers		158,496	(41.5)	66,919	13.2	116,274	N.A.	73.8	5,556	40,008	139.3	620.1	228,842	126.6	

Source: Company data; KGI Research

Figure 3: P&C insurers under major FHCs reported earnings down 22% MoM in August due to lower dividend income recognition compared to the previous month

NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26		
FHC ticker	Subsidiary name	Earnings	YoY (%)	Earnings	YoY (%)	Earnings	YoY (%)	QoQ (%)	Earnings	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS
2880 TT	Hua Nan P&C	1,802	39.4	506	52.5	593	(23.6)	17.2	222	185	7.6	(16.7)	1,506	33.3	7.52
2881 TT	Fubon P&C	6,966	130.9	2,586	59.2	2,996	3.8	15.7	830	720	(6.5)	(13.3)	7,140	69.2	23.79
2882 TT	Cathay Century P&C	3,755	42.4	1,057	0.6	1,316	(30.3)	24.1	520	320	(3.0)	(38.5)	3,190	25.1	15.94
2886 TT	Chung Kuo P&C	761	84.6	233	52.4	330	(16.5)	41.7	101	82	3.8	(18.8)	746	34.4	2.27
Total of 4 P&C		13,284	80.5	4,382	38.7	5,235	(12.0)	19.3	1,673	1,307	(3.3)	(21.9)	12,582	48.8	

Source: Company data; KGI Research

Figure 4: Aggregate earnings of 13 major Banks' net profit decreased by 8% MoM while rising 18% YoY in August, as a recovery in investment valuations, alongside NII growth & lower credit cost provisions, more than offset lower dividend income recognition; SCSB's August net profit declined 30% MoM on a 13% MoM decline in net revenue

NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26		
FHC ticker	Subsidiary name	Earnings	YoY (%)	Earnings	YoY (%)	Earnings	YoY (%)	QoQ (%)	Earnings	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS
2880 TT	Hua Nan Bank	24,152	11.8	6,144	18.0	7,115	17.7	15.9	2,942	2,790	29.0	(5.2)	18,991	16.7	1.78
2881 TT	Taipei Fubon Bank	36,340	19.5	12,159	20.2	13,585	44.4	11.7	3,640	4,320	32.5	18.7	33,690	30.9	1.96
2882 TT	Cathay United Bank	43,008	13.8	13,147	9.1	13,647	22.9	3.4	4,310	3,710	0.5	(13.9)	35,000	11.9	2.55
2883 TT	KGI Bank	6,805	24.7	2,099	23.0	2,177	30.2	3.7	678	(299)	N.A.	N.A.	4,655	(1.0)	0.99
2884 TT	E.Sun Bank	32,786	33.5	8,762	0.2	10,037	23.1	14.6	3,025	3,019	21.9	(0.2)	24,847	10.2	1.70
2885 TT	Yuanta Bank	10,668	6.5	3,688	45.0	4,004	45.5	8.6	1,535	1,532	42.9	(0.2)	10,759	44.1	1.17
2886 TT	Mega Bank	28,866	1.7	7,080	(1.7)	8,786	7.6	24.1	4,212	2,534	8.2	(39.8)	22,612	7.4	2.26
2887 TT	Taishin Bank	21,381	15.6	6,343	28.6	6,052	22.9	(4.7)	2,510	2,510	24.9	0.0	17,420	28.5	1.42
2888 TT	Shin Kong Bank	5,942	(17.6)	2,237	N.A.	2,542	26.5	13.5	1,290	850	(10.5)	(34.1)	6,910	444.1	1.39
2890 TT	Sinopac Bank	19,526	12.1	7,378	18.9	6,084	23.4	(17.2)	1,994	1,727	7.4	(13.4)	17,245	19.2	1.45
2891 TT	CTBC Bank	57,298	15.9	16,586	23.4	14,592	1.9	(12.0)	4,507	6,911	38.4	53.3	42,596	14.6	2.28
2892 TT	First Bank	25,663	7.8	7,573	11.7	7,884	12.2	4.1	3,202	2,452	11.2	(23.4)	21,110	12.5	1.68
5880 TT	Taiwan Cooperative Bank	20,798	9.7	5,081	2.6	6,418	14.2	26.2	2,751	1,952	13.1	(29.0)	16,207	12.6	1.15
2801 TT	Chang Hwa Bank	17,775	18.9	5,221	26.3	6,093	22.0	16.7	2,178	2,075	29.2	(4.7)	15,567	23.2	1.29
2809 TT	King's Town Bank	3,791	(24.5)	1,539	144.1	2,217	135.0	44.0	567	496	15.7	(12.5)	4,819	92.8	4.34
5876 TT	SCSB	14,828	10.0	5,109	9.5	5,056	61.2	(0.1)	2,094	1,466	2.6	(30.0)	13,658	20.5	2.79
Total of 16 banks		369,627	13.1	110,146	18.3	116,289	22.1	5.6	41,435	38,045	18.2	(8.2)	306,086	20.0	

Source: Financial Supervisory Commission; Company data; KGI Research

Figure 5: Aggregate earnings of 13 securities firms rose 85% MoM & 72% YoY in August; a 7% rebound in the Taiex boosted valuations of FVTPL equity holdings, although average daily turnover fell 7.5% MoM to NT$1.17tn, marking a second consecutive month of volume contraction & pressuring brokerage fee income

NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26		
FHC ticker	Subsidiary name	Earnings	YoY (%)	Earnings	YoY (%)	Earnings	YoY (%)	QoQ (%)	Earnings	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS
2880 TT	Hua Nan Securities	2,064	8.2	1,130	425.1	2,104	405.4	86.2	297	454	137.7	52.9	3,985	260.0	6.09
2881 TT	Fubon Securities	10,591	5.7	4,232	154.2	6,785	184.0	71.3	2,170	2,320	98.3	6.9	15,500	139.6	9.54
2882 TT	Cathay Securities	4,501	7.8	1,538	75.7	2,873	218.4	86.6	990	890	97.8	(10.1)	6,290	145.7	7.96
2883 TT	KGI Securities	11,509	13.5	5,906	220.4	12,030	544.5	103.7	721	4,096	146.6	468.1	22,754	235.5	12.52
2884 TT	E.Sun Securities	2,615	20.1	465	52.5	2,354	281.3	123.5	428	424	36.8	(0.9)	3,669	146.2	6.64
2885 TT	Yuanta Securities	24,421	15.4	8,735	120.2	15,793	181.0	80.8	4,800	4,506	82.4	(6.1)	33,835	141.4	4.75
2886 TT	Mega Securities	2,258	(11.4)	1,346	421.6	2,180	403.1	62.0	(393)	725	57.3	N.A.	3,857	139.0	3.22
2887 TT	Taishin Securities	2,445	3.6	1,569	439.8	3,964	1839.5	152.5	(30)	1,550	181.8	N.A.	7,060	451.6	2.82
2890 TT	SinoPac Securities	6,487	11.2	2,363	96.3	4,991	453.9	111.3	1,416	1,439	56.9	1.6	10,202	157.4	4.34
2892 TT	First Securities	1,111	(6.1)	511	324.5	900	405.5	76.1	121	223	23.9	84.3	1,754	191.4	2.54
2855 TT	President Securities	4,804	9.9	2,291	N.A.	8,848	1405.2	286.1	(307)	1,226	25.7	N.A.	12,058	445.3	7.53
5880 TT	Taiwan Cooperative Securities	428	98.3	400	N.A.	979	N.A.	144.8	(27)	238	98.3	N.A.	1,599	980.4	3.07
6005 TT	Capital Securities	5,736	17.4	2,909	232.6	5,040	342.2	63.3	227	1,154	15.9	409.5	9,811	153.1	3.74
Total of 13 brokerages		81,104	9.1	34,904	234.5	67,331	329.7	90.2	10,412	19,246	71.5	84.8	132,374	181.0	

Source: Company data; KGI Research

Figure 6: Chailease's (5871 TT, NT$111.5, OP) August net profit fell 20% MoM & 10% YoY to NT$1.49bn on lower solar power sales revenue in Taiwan & the absence of a one-off investment gain recognized in July; Taiwan Acceptance Corp's (9941 TT, NT$81, N) August net profit was flat MoM at NT$410mn, while Hotai Finance's (6592 TT, NT$59.7, N) August revenue slipped 2% MoM; should the Taiwan central bank raise rates in September, funding costs for leasing firms are likely to increase steadily, putting pressure on net interest spreads

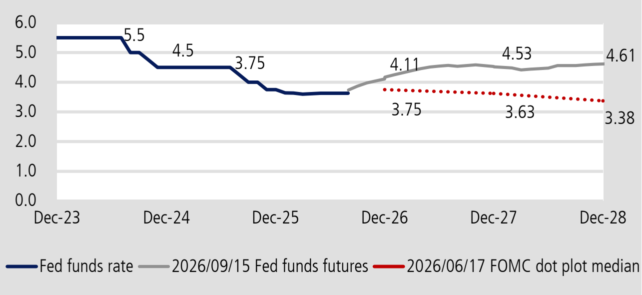
NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26		2026F
Ticker	Company name	Sales	YoY (%)	Sales	YoY (%)	Sales	YoY (%)	QoQ (%)	Sales	Sales	YoY (%)	MoM (%)	Sales	YoY (%)	Achieved(%)
5871 TT	Chailease	97,567	(4.6)	23,998	(2.9)	24,296	(1.1)	1.2	8,463	8,169	(0.7)	(3.5)	64,927	(0.8)	66.5
9941 TT	TAC	39,657	(4.5)	9,573	(1.3)	9,962	(2.2)	4.1	3,438	3,323	1.9	(3.3)	26,291	(1.3)	66.5
6592 TT	Hotai Finance	23,704	(18.2)	5,806	(4.6)	5,758	(4.0)	(0.8)	1,901	1,873	(4.0)	(1.5)	15,338	(4.1)	64.7

NT$mn		2025		1Q26		2Q26			Jul-26	Aug-26			Jan-Aug 26			2026F
Ticker	Company name	Earnings	YoY (%)	Earnings	YoY (%)	Earnings	YoY (%)	YoY (%)	Earnings	Earnings	YoY (%)	MoM (%)	Earnings	YoY (%)	EPS	Achieved(%)
5871 TT	Chailease	19,810	(12.3)	5,572	1.2	5,255	5.3	(5.7)	1,867	1,494	(10.9)	(20.0)	14,188	3.9	7.77	65.1
9941 TT	TAC	4,654	(8.8)	1,104	(3.7)	1,237	11.2	12.0	411	411	(0.8)	0.0	3,162	2.8	5.22	63.6
6592 TT	Hotai Finance	3,376	10.5	908	24.9	949	5.2	4.5								

Source: Company data; KGI Research

Figure 7: With little improvement in US inflation in August, the market is pricing in a greater than 80% probability of a 25bp rate hike at the September FOMC meeting; key factors to monitor include the September dot plot and subsequent inflation developments

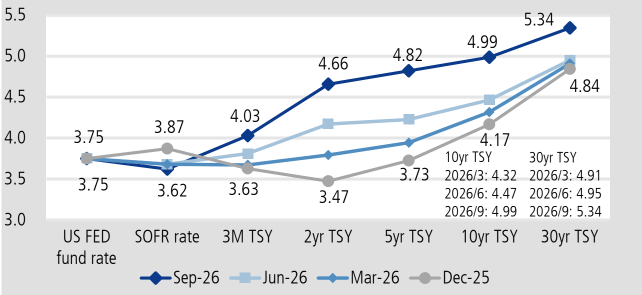
Federal funds rate & interest rate futures, percent



Source: Bloomberg; KGI Research

Figure 8: Heightened geopolitical uncertainties and concerns over the US fiscal outlook pushed US 10Y and 30Y Treasury yields to 5.0% and 5.3%, respectively, in September, with elevated rates weighing on FVTPL investment income across the financial sector

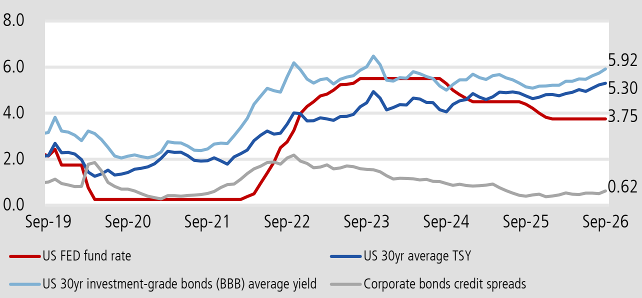
US Treasury yields, percent



Source: Bloomberg; KGI Research

Figure 9: As the US 30-year Treasury yield rose to 5.3%, yields on BBB-rated corporate bonds also increased to 5.92%, driving up the credit spread to 62bps and supporting higher reinvestment yields for life insurers

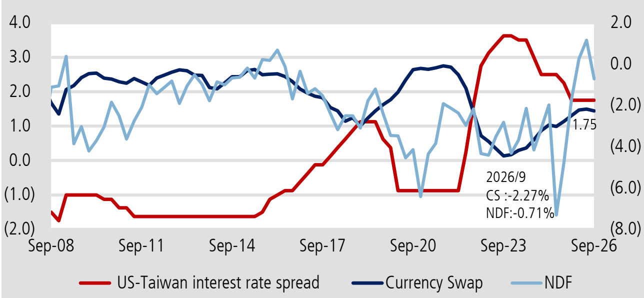
US Treasury yields, percent



Source: Bloomberg; KGI Research

Figure 10: While CS swap points have rebounded to 2.2-2.3% since 3Q26, bank forex swap income is expected to fall by 20-30% YoY in 2026F on lower hedging ratios at life insurers

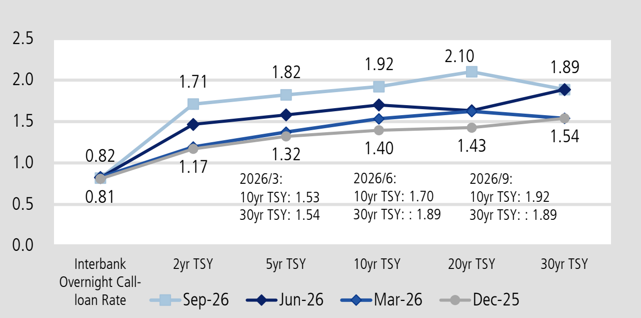
US-Taiwan IRD, percent (LHS); CS & NDF hedge costs, percent (RHS)



Source: Bloomberg; KGI Research

Figure 11: Taiwan's long-term government bond yields have remained near year-to-date highs since August, reflecting a rebound in inflation and tighter liquidity conditions; as higher rates increase borrowing costs for corporates & banks, they also help reduce the fair value of NT dollar-denominated policy liabilities for life insurers

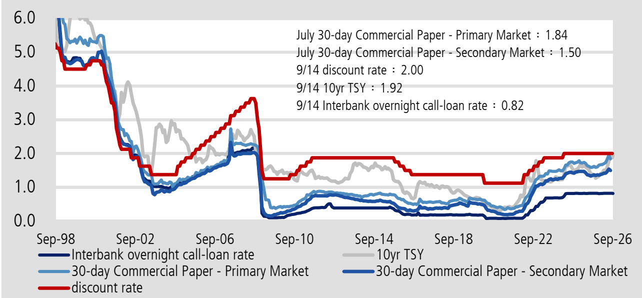
Taiwan Treasury yields, percent



Source: TEJ; KGI Research

Figure 12: With Taiwan's inflation & oil prices elevated, the probability of a 12.5bp rate hike by the Taiwan central bank in September has increased; since 3Q26 began, both the 30-day commercial paper rate and the 10-year government bond yield have risen to multi-year highs, reflecting tight short-term liquidity conditions & growing expectations of monetary tightening

Taiwan interbank overnight call rate; 30 day commercial paper rate, percent



Source: TEJ; KGI Research

Figure 13: Aggregate net worth of Taiwan's 13 FHCs increased by 17%, or NT$950bn, QoQ in 2Q26, led by insurance-centric FHCs, whose net worth rose 27.7% QoQ, compared with 6.3% QoQ & 6.2% QoQ for bank- and brokerage-centric FHCs, respectively; key drivers were increased realized & unrealized investment gains under FVOCI & the reduced fair value of insurance liabilities; given that the Taiwan equity market's gain moderated to approximately 2% in 3Q26F, we expect the pace of book value growth for FHCs to slow in 3Q26F

NT$mn		2Q26				1Q26			2Q26 QoQ			
Ticker	Name	Equity attributable to parent company	BVPS (common shares) (NT$)	Other equity interest*	September 15 Stock price/2Q26 BVPS	Equity attributable to parent company	BVPS (common shares) (NT$)	Other equity interest	Equity attributable to parent company	Net worth QoQ (%)	BVPS (common shares) (NT$)	Other equity interest
2882 TT	Cathay FHC	1,123,908	70.35	(76,382)	1.56	810,783	49.00	(327,473)	313,126	38.6%	21.35	251,091
2881 TT	Fubon FHC	1,267,650	83.65	64,423	1.81	1,019,121	65.90	(125,473)	248,528	24.4%	17.74	189,896
2891 TT	CTBC FHC	705,939	34.35	108,310	2.03	564,305	27.15	(40,817)	141,634	25.1%	7.20	149,126
2887 TT	TS FHC	713,162	26.29	115,566	1.65	598,716	21.69	37,676	114,446	19.1%	4.60	77,890
2883 TT	KGI FHC	469,201	26.71	(6,083)	1.43	370,876	20.92	(80,549)	98,325	26.5%	5.79	74,467
2885 TT	Yuanta FHC	382,969	28.73	26,144	2.38	358,882	26.92	10,448	24,087	6.7%	1.81	15,696
5880 TT	Cooperative FHC*	290,329	18.51	13,813	1.46	282,717	18.03	1,253	7,612	2.7%	0.49	12,561
2892 TT	First FHC	301,503	20.97	39,043	1.89	297,646	20.70	30,775	3,856	1.3%	0.27	8,268
2889 TT	Waterland FHC*	47,618	13.11	4,062	1.29	46,553	12.81	3,163	1,065	2.3%	0.29	899
2886 TT	Mega FHC	402,356	27.13	31,350	1.91	401,953	27.10	16,967	403	0.1%	0.03	14,382
2890 TT	Sinopac FHC	264,998	18.29	(6,412)	2.44	265,425	18.31	(7,885)	(426)	-0.2%	(0.03)	1,473
2880 TT	Hua Nan FHC*	241,738	17.37	3,687	2.70	243,505	17.50	(1,526)	(1,767)	-0.7%	(0.13)	5,213
2884 TT	E.Sun FHC	281,773	17.40	17,446	2.62	284,736	17.60	9,887	(2,963)	-1.0%	(0.20)	7,559
	Total of 13 FHCs	6,493,144			1.93	5,545,219			947,925	17.1%		808,523

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

Source: Company data; TEJ; KGI Research

Figure 14: The sharp rebound in FHCs' net worth in 2Q26 reflected a significant reduction in OCI-related losses compared with 1Q26; relative to 4Q25, OCI declined by only NT$1.7bn, helping aggregate distributable earnings recover to more than NT$1.6tn in 1H26; notably, the OCI balances of Fubon FHC, CTBC FHC, KGI FHC (2883 TT, NT$38.15, NR), and Hua Nan FHC turned positive, supporting the reversal of special reserves into distributable earnings

NT$mn Ticker	Company	2025 undistributed earnings	4Q25 other equity interest	1H26 net profit	1H26 FVOCI equity capital gain*	2Q26 other equity interest*	Reversal (Increase) in special reserve in 2Q26*	1H26 available distributed earnings*	2026F Cash dividend per share (NT$)	vs.2025 Cash dividend per share (NT$)	2026F Cash dividend YoY growth	2026F Cash dividend yields
2881 TT	Fubon FHC	369,195	(34,026)	97,391	91,068	64,423	34,026	572,835	6.60	4.25	55%	4.37%
2882 TT	Cathay FHC	58,415	(74,667)	76,270	89,355	(76,382)	(1,716)	205,762	5.50	3.50	57%	5.00%
2891 TT	CTBC FHC	101,725	(31,461)	39,537	32,022	108,310	31,461	197,590	2.80	2.50	12%	4.02%
2885 TT	Yuanta FHC	83,269	16,644	36,572	10,987	26,144		126,073	2.25	1.80	25%	3.29%
2883 TT	KGI FHC*	39,776	(16,004)	28,440	39,335	(6,083)	9,922	110,695	1.50	1.00	50%	3.93%
2886 TT	Mega FHC	62,589	17,402	21,307	1,019	31,350		82,683	2.10	1.75	20%	4.05%
2890 TT	Sinopac FHC	33,096	(6,184)	24,493	1,182	(6,412)	(228)	55,975	1.75	1.10	59%	3.93%
2887 TT	TS FHC	9,501	23,225	43,797	54,838	115,566		98,271	1.60	1.00	60%	3.69%
2892 TT	First FHC	31,905	33,215	17,798	5,839	39,043		53,178	1.45	1.30	12%	3.67%
5880 TT	Cooperative FHC*	31,148	6,287	12,880	3,927	13,813		46,275	0.90	0.80	13%	3.33%
2880 TT	Hua Nan FHC*	23,040	(42)	17,363	3,107	3,687	42	41,505	1.55	1.35	15%	3.30%
2884 TT	E.Sun FHC	17,181	8,680	21,434	878	17,446		37,262	1.65	1.40	18%	3.61%
2889 TT	Waterland FHC*	0	3,669	2,783	113	4,062		2,607	0.55	0.50	10%	3.26%
	Total of 13 FHCs	860,840	(53,261)	440,066	333,671	334,968	73,507	1,630,710			31%	3.81%

Note: For FHCs not under KGI coverage, earnings forecasts are based on Bloomberg consensus estimates.

Source: Company data; TEJ; KGI Research estimates

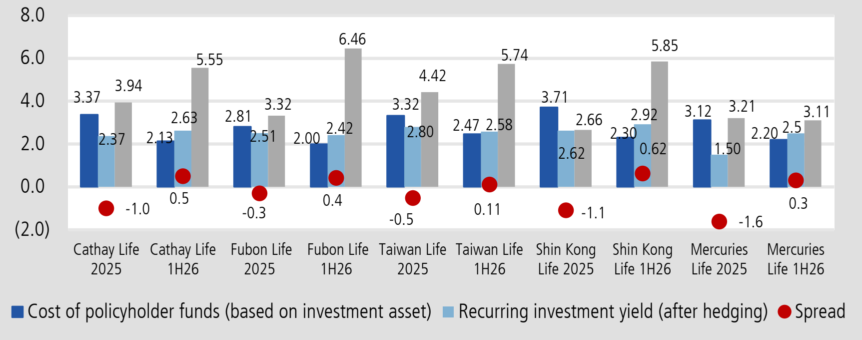
Figure 15: Major life insurers achieved more than 50% of their 2026F CSM amortization targets in 1H26; CL & FL outperformed peers, delivering higher new-business CSM achievement rates & larger CSM balances; meanwhile, adjusted book value across FHCs improved, supported by the sharp rebound in life insurers' net worth in 2Q26.

FHC Ticker	Company	Opening CSM Balance (NT$mn)	2026F CSM Amortization (NT$mn)	Annual Amortization	Amortization Growth	1H26 CSM Amortization(NT$ mn)	1H26 CSM Amortization Achieved(%)	1H26 CSM	Target CSM(NT$mn)	1H26 CSM Target Achieved(%)	1H26 After-tax CSM (NT$mn)	1H26 After-tax CSM (NT$mn)	1H26 Net worth (NT$mn)	1H26 Adjusted Net worth (NT$mn)	1H26 BVPS	Stock price/ 1H26 BVPS
2882 TT	Cathay Life	511,900	34,000	6%	10%	17,400	51.2	53,900	75,000	71.9	547,000	437,600	1,031,910	1,469,510	100.18	1.10
2881 TT	Fubon Life	403,200	25,000-30,000	6%	10-15%	15,100	50.3	34,900	50,000	69.8	428,900	331,700	1,171,650	1,503,350	107.33	1.41
2891 TT	Taiwan Life	164,379	11,000	7%	more than 10%	6,668	60.6	7,367	16,000	46.0	177,027	141,622	675,939	817,561	41.55	1.68
2887 TT	Shin Kong Life	260,700	18,000	7%	10%	9,500	52.8	35,100	70,000	50.1	293,600	234,900	652,098	886,998	35.64	1.22
5874 TT	Nan Shan Life	374,800	22,000-26,000	6~7%	N/A	13,800	52.6	28,600	55,000	52.0	392,800	314,240	562,964	877,204	59.68	N/A
2884 TT	Mercuries Life	61,000	N/A	N/A	N/A	1,900	N/A	8,000	15,000	53.3	70,400	56,320	119,988	176,308	29.89	1.53

Source: Company data; KGI Research

Figure 16: Post-IFRS 17, life insurers now discount insurance liabilities using current interest rates, reducing liability costs to approximately 2.0-2.3% in 2026F & enabling recurring investment yields after hedging to exceed the cost of liability, thereby turning interest spreads positive; CL & SKL reported the highest positive spreads in 1H26, outperforming peers

Insurance liability costs, recurring yield & spread, percent



Source: Company data; KGI Research

Figure 17: In 1H26, FL reported a higher investment yield, inclusive of FVOCI equity capital gains, than peers, reflecting more active realization of equity gains; CL & SKL outperformed in terms of pre-hedging recurring yield & investment returns vs. peers

Life insurers' investment position	Cathay Life (2882 TT)						Fubon Life (2881 TT)					
Percent	2025	YoY	1Q26	YoY	1H26	YoY	2025	YoY	1Q26	YoY	1H26	YoY
Pre-hedging recurring yield (a)	3.46	0.03	3.41	(0.02)	3.47	0.06	3.32	(0.03)	3.13	(0.22)	3.19	(0.22)
Hedging cost (b)	(1.57)	(0.01)	(1.26)	0.30	(1.21)	0.24	(2.76)	(1.89)	(1.26)	(0.39)	(1.24)	(0.39)
After-hedging recurring yield (c)	2.37	0.03	2.85	0.51	2.63	0.22	2.51	0.15	2.36	(0.23)	2.42	(0.23)
Cost of liability (Investment portfolio base) (d)	3.37	(0.01)	2.11	(1.27)	2.13	(1.42)	2.81	(0.05)	2.03	(0.69)	2.00	(0.69)
cost of liability (Investment portfolio base) (c)-(d)	(1.00)	0.04	0.74	1.78	0.50	1.64	(0.30)	0.20	0.33	0.46	0.42	0.46
Capital gain(e)	1.57	0.17	0.87	(0.53)	2.92	1.86	2.39	(0.73)	4.10	1.28	6.76	1.28
total investment yield (c)+(e) & (f)+(g)	3.94	0.20	3.72	(0.28)	5.55	3.18	4.90	(0.58)	6.46	1.05	9.18	1.05
investment yield-FVOCI equity disposal G/L(f)			0.87		2.28				2.83		3.83	
investment yield-P&L based(g)			2.85		3.27				3.63		5.35	

Life insurers' investment position	Taiwan Life (2891 TT)						Shin Kong (2887 TT)					
Percent	2025	YoY	1Q26	YoY	1H26	YoY	2025	YoY	1Q26	YoY	1H26	YoY
Pre-hedging recurring yield (a)	3.60	(0.13)	3.39	(0.16)	3.39	(0.24)	3.37	(0.05)	4.13	1.03	4.19	1.04
Hedging cost (b)	(1.46)	(0.55)	(0.74)	(0.31)	(0.81)	1.00	(2.17)	(0.70)	(1.25)	0.29	(1.22)	1.61
After-hedging recurring yield (c)	2.74	(0.45)	2.65	(0.64)	2.58	0.02	1.90	(0.49)	3.37	1.36	2.92	1.75
Cost of liability (Investment portfolio base) (d)	3.00	(0.07)	2.44	(0.67)	2.47	(0.52)	3.48	(0.08)	2.20	(1.08)	2.30	(1.25)
cost of liability (Investment portfolio base) (c)-(d)	(0.26)	(0.37)	0.21	0.02	0.11	0.53	(1.58)	(0.41)	1.17	2.44	0.62	3.00
Capital gain(e)	1.68	(3.68)	0.65	(0.33)	3.16	2.22	0.76	(0.55)	0.85	0.48	2.93	2.67
total investment yield (c)+(e) & (f)+(g)	4.42	(4.13)	3.30	(0.97)	5.74	2.24	2.66	(1.04)	4.22	1.84	5.85	4.42
investment yield-FVOCI equity disposal G/L(f)			0.22		2.78				0.54		2.12	
investment yield-P&L based(g)			3.08		2.96				3.68		3.73	

Life insurers' investment position	Mercuries Life (2884 TT)				
Percent	2025	YoY	1Q26	YoY	1H26
Pre-hedging recurring yield (a)	3.18	(0.13)	3.22	(0.10)	3.29
Hedging cost (b)	(5.43)	(4.30)	(1.75)	(1.10)	(1.56)
After-hedging recurring yield (c)	(0.35)	(2.53)	2.06	(0.82)	2.50
Cost of liability (Investment portfolio base) (d)	3.20	(0.05)	2.08	(1.31)	2.20
cost of liability (Investment portfolio base) (c)-(d)	(3.55)	(2.48)	(0.02)	0.50	0.30
Capital gain(e)	0.47	(0.72)	(0.21)	(0.51)	0.61
total investment yield (c)+(e) & (f)+(g)	0.12	(3.25)	1.85	(1.33)	3.11
investment yield-FVOCI equity disposal G/L(f)					
investment yield-P&L based(g)					

Source: Company data; KGI Research

Figure 18: As forex losses from AC debt instruments are now amortized through the straight line method, life insurers have been reducing CS & NDF hedge ratios this year in a bid to lower overall hedging costs; hedging costs declined to 1.1-1.3% in 1H26, with MLI remaining an outlier at 1.56%, compared with our full-year 2026F estimate of 1.0-1.5%

	Cathay Life (2882 TT)					Fubon Life (2881 TT)				
Percent	2025	YoY	1Q26	1H26	QoQ	2025	QoQ	1Q26	1H26	QoQ
FX policy/Currency Swap/NDF	59.3	(16.6)	52.4	52.6	0.2	49.7	(13.0)	40.9	41.6	0.7
FX policy	31.0	0.0	26.0	26.0	0.0	27.2	1.3	22.4	22.6	0.2
Currency Swap/NDF	28.3	(16.6)	26.4	26.6	0.2	22.4	(14.3)	18.5	19.0	0.5
Currency Swap						22.1	(11.7)	18.5	19.0	0.5
NDF						0.3	(2.6)			
AFS/mutual funds	6.2	(0.7)	2.2	3.0	0.7	13.9	(2.1)	9.7	11.2	1.5
Proxy Open/USD and other currencies	34.5	17.3	45.1	44.4	(0.7)	36.4	15.1	49.4	47.1	(2.3)
Total	100		100	100		100		100	100	
Hedging cost	(1.57)	(0.01)	(1.26)	(1.21)	0.05	(2.76)	(1.35)	(1.26)	(1.24)	0.02

	Taiwan Life (2891 TT)					Shin Kong Life (2887 TT)					Mercuries Life (2884 TT)		
Percent	2025	YoY	1Q26	1H26	QoQ	2025	YoY	1Q26	1H26	QoQ	1Q26	1H26	QoQ
FX policy/Currency Swap/NDF	72.7	2.7	64.7	57.8	(6.9)	64.9	(9.3)	68.2	62.5	(5.7)	55.5	54.4	(1.1)
FX policy	42.0	1.0	37.0	38.0	1.0	30.2	1.0	30.1	30.3	0.2	18.9	19.5	0.6
Currency Swap/NDF	30.7	1.7	27.7	19.8	(7.9)	34.7	(10.3)	38.1	32.2	(5.9)	36.6	34.9	(1.7)
Currency Swap													
NDF													
AFS/mutual funds	9.3	(1.7)	5.7	6.2	0.5	1.1	(0.5)	1.4	2.1	0.7	1.4	3.2	1.8
Proxy Open/USD and other currencies	17.4	(2.6)	29.6	36.0	6.4	34.0	9.8	30.4	35.4	5.0	43.1	42.5	(0.6)
Total	100		100	100		100		100	100		100	100	
Hedging cost	(1.46)	(0.55)	(1.24)	(1.19)	0.22	(2.17)	(0.70)	(1.25)	(1.22)	0.03	(1.75)	(1.56)	0.19

Source: Company data; KGI Research

Figure 19: The sharp rebound in life insurers' net worth in 2Q26 was driven by higher gains on FVOCI equity investments, a recovery in bond valuation gains, and a decline in the fair value of insurance liabilities; CL's unrealized gains on Taiwan equity holdings reached NT$270bn in 2Q26, significantly higher than NT$150bn at FL, NT$140bn at Taiwan Life, and NT$80bn at SKL; although these balances have moderated somewhat since 2Q26 due to market volatility & ex-dividend effects in 3Q26F, they are at elevated levels and should support insurers' ability to realize FVOCI equity capital gains in 2H26F

								1Q26		2Q26	
(NT$mn)	4Q25 (IFRS4)	4Q25 (IFRS17)	2026/1/1(Opening balance)	**1Q26**	Change of 1Q26	**2Q26**	Change of 2Q26	Interest rate increased by 1BP	Stock price incresed by 1%	Interest rate increased by 1BP	Stock price incresed by 1%
Fubon Life (2881 TT)											
Net Worth	630,402	589,625	530,764	**630,192**	(210)	**883,382**	253,190				
Other equity interest	(35,730)	(122,465)	(183,209)	**(130,886)**	(95,156)	**37,713**	168,599				
Unrealized gains/losses on FVOCI equities and bonds	(25,500)	(31,519)	(100,549)	**(119,137)**	(93,638)	**20,820**	139,957	(1,309)	8,636	(1,427)	11,681
Insurance finance income or expenses		(82,108)	(73,876)	**(1,084)**	81,024	**28,826**	29,910	4,061		3,940	
Gain(Loss) on equity instruments at FVOCI				**37,963**		**195,206**					
Gain(Loss) on debt instruments at FVOCI				**(26,525)**		**9,796**					
Insurance finance income or expenses - OCI				**92,087**		**38,323**					
Cathay Life (2882 TT)											
Net Worth	749,029	688,724	504,506	**625,469**	(123,560)	**958,675**	333,206				
Other equity interest	(86,887)	(202,486)	(427,275)	**(340,259)**	(253,372)	**(99,353)**	240,906				
Unrealized gains/losses on FVOCI equities and bonds	(81,330)	1,235	(223,472)	**(245,535)**	(164,205)	**(44,750)**	200,785	(2,674)	6,745	(2,830)	9,750
Insurance finance income or expenses		(198,290)	(198,372)	**(89,834)**	108,456	**(48,697)**	41,137	5,397		6,817	
Gain(Loss) on equity instruments at FVOCI				**40,009**		**259,543**					
Gain(Loss) on debt instruments at FVOCI				**(55,771)**		**25,299**					
Insurance finance income or expenses - OCI				**136,231**		**51,865**					
Taiwan Life (2891 TT)											
Net Worth	177,428	176,080	163,821	**202,537**	25,109	**350,838**	148,301				
Other equity interest	(13,110)	(18,604)	(53,767)	**(25,708)**	(12,598)	**97,810**	123,518				
Unrealized gains/losses on FVOCI equities and bonds	(13,156)	20,295	(22,640)	**(20,214)**	(7,058)	**99,665**	119,879	(517)	2,787	(483)	4,082
Insurance finance income or expenses		(38,926)	(31,152)	**(5,735)**	33,191	**(2,180)**	3,554	1,762		1,765	
Gain(Loss) on equity instruments at FVOCI				**13,363**		**148,372**					
Gain(Loss) on debt instruments at FVOCI				**(10,336)**		**3,820**					
Insurance finance income or expenses - OCI				**31,674**		**4,625**					
Shin Kong Life (2887 TT)											
Net Worth	178,028	231,313	231,615	**281,786**	103,757	**403,212**	121,426				
Other equity interest	(10,095)	(7,321)	(8,384)	**37,521**	47,616	**110,903**	73,382				
Unrealized gains/losses on FVOCI equities and bonds		(5)	(1,067)	**19,583**	19,583	**77,476**	57,893	(1,341)	4,454	(1,366)	6,003
Insurance finance income or expenses		(7,156)	(7,156)	**17,755**	24,911	**33,186**	15,431	2,825		2,808	
Gain(Loss) on equity instruments at FVOCI				**15,734**		**99,328**					
Gain(Loss) on debt instruments at FVOCI				**(35,669)**		**10,684**					
Insurance finance income or expenses - OCI				**66,132**		**19,289**					
Nan Shan Life (5874 TT)											
Net Worth	357,066	288,593	293,409	**372,447**	15,380	**562,964**	190,517				
Other equity interest	(138,441)	(141,264)	(245,096)	**(181,432)**	(42,991)	**(22,733)**	158,699				
Unrealized gains/losses on FVOCI equities and bonds	(27,043)	(27,043)	(130,945)	**(135,877)**	(108,834)	**1,799**	137,676	(448)	8,089	(448)	9,793
Insurance finance income or expenses		(112,567)	(112,567)	**(45,050)**	67,517	**(24,479)**	20,571	3,600		3,566	
Gain(Loss) on equity instruments at FVOCI				**14,538**		**161,694**					
Gain(Loss) on debt instruments at FVOCI				**(13,805)**		**4,430**					
Insurance finance income or expenses - OCI				**84,271**		**25,686**					
Mercuries Life (2884 TT)											
Net Worth	40,350	104,901	64,639	**78,116**	37,766	**119,988**	41,872				
Other equity interest	(9,237)	(36,027)	(85,347)	**(70,133)**	(60,895)	**(39,309)**	30,824				
Unrealized gains/losses on FVOCI equities and bonds		(565)	(49,884)	**(52,138)**	(51,573)	**(28,383)**	23,754	(375)	546	(370)	746
Insurance finance income or expenses		(36,579)	(36,579)	**(19,185)**	17,394	**(12,182)**	7,002	2,089		2,056	
Gain(Loss) on equity instruments at FVOCI				**1,266**		**29,802**					
Gain(Loss) on debt instruments at FVOCI				**(6,395)**		**2,146**					
Insurance finance income or expenses - OCI				**21,743**		**8,753**					

Source: Company data; KGI Research

Figure 20: Based on insurers' interest-rate sensitivity analyses, a 1bp upward shift in the yield curve would have the largest positive impact on net worth for CL, followed by FL & SKL (at similar levels), and then Taiwan Life

(NT$mn)		1Q26 Financial Asset		2Q26 Financial Asset		1Q26 Insurance Contract Liability		2Q26 Insurance Contract Liability		1Q26 Net worth		2Q26 Net worth		2Q26
Risk factor	Variation(+/-)	Effect on Equity before Tax	Effect on FHC's Equity(%)	Effect on Equity before Tax	Effect on FHC's Equity(%)	Effect on Equity before Tax	Effect on FHC's Equity(%)	Effect on Equity before Tax	Effect on FHC's Equity(%)	Effect on Equity before Tax	Effect on FHC's Equity(%)	Effect on Equity before Tax	Effect on FHC's Equity(%)	Impact on Net worth(%) QoQ(ppts)
Fubon Life (2881 TT)														
Equity risk	Increase 1% in equity price	8,636	0.85	11,681	0.92	(552)	(0.05)	(881)	(0.07)	8,084	0.79	10,799	0.85	0.06
Interest rate risk	Upward parallel shift by 1bp	(1,309)	(0.13)	(1,427)	(0.11)	4,061	0.40	3,940	0.31	2,752	0.27	2,512	0.20	(0.11)
Cathay Life (2882 TT)														
Equity risk	Increase 1% in equity price	6,745	0.83	9,750	0.87					6,745	0.83	9,750	0.87	0.04
Interest rate risk	Upward parallel shift by 1bp	(2,776)	(0.34)	(2,830)	(0.25)	5,397	0.67	6,817	0.61	2,610	0.32	3,976	0.35	0.03
Taiwan Life (2891 TT)														
Equity risk	Increase 1% in equity price	2,787	0.49	4,082	0.55					2,787	0.49	4,082	0.55	0.06
Interest rate risk	Upward parallel shift by 1bp	(517)	(0.09)	(483)	(0.07)	1,762	0.31	1,765	0.24	1,245	0.22	1,281	0.17	(0.05)
Shin Kong Life (2887 TT)														
Equity risk	Increase 1% in equity price	4,955	0.83	6,003	0.84	(508)	(0.08)	(664)	(0.09)	4,447	0.74	5,340	0.75	0.01
Interest rate risk	Upward parallel shift by 1bp	(1,341)	(0.22)	(1,366)	(0.19)	2,825	0.47	2,808	0.39	1,484	0.25	1,441	0.20	(0.05)
Nan Shan Life (5874 TT)														
Equity risk	Increase 1% in equity price	8,089	2.17	9,793	1.74					8,011	2.15	9,680	1.72	(0.43)
Interest rate risk	Upward parallel shift by 1bp	(448)	(0.12)	(448)	(0.08)	3,600	0.97	3,566	0.63	3,152	0.85	3,118	0.55	(0.29)
Mercuries Life (2884 TT)														
Equity risk	Increase 1% in equity price	546	0.70	1,354	1.13	-	-	-	-	546	0.70	1,353	1.13	0.43
Interest rate risk	Upward parallel shift by 1bp	(375)	(0.48)	(370)	(0.31)	2,088	2.67	2,066	1.72	1,713	2.19	1,696	1.41	(0.78)

Source: Company data; KGI Research

Figure 21: Fubon Life & Nan Shan Life have higher exposure to FVTPL equities, resulting in greater earnings volatility during market swings; unrealized losses on AC bond holdings were highest at Cathay Life in 2Q26, though they improved QoQ

2Q26 Financial Assets (NT$mn)	Cathay Life	Weight (%)	2Q26 vs. 1Q26	Fubon Life	Weight (%)	2Q26 vs. 1Q26	Shin Kong Life	Weight (%)	2Q26 vs. 1Q26	Taiwan Life	Weight (%)	2Q26 vs. 1Q26	Nan Shan Life	Weight (%)	2Q26 vs. 1Q26	Mercuries Life	Weight (%)	2Q26 vs. 1Q26
Financial Assets at FVTPL & Overlay	**475,725**	**7%**	**-1%**	**518,483**	**11%**	**0%**	**54,869**	**2%**	**0%**	**173,875**	**9%**	**0%**	**284,394**	**6%**	**-1%**	**23,993**	**2%**	**-1%**
Equity	12	0%	0%	129,279	3%	0%	2,210	0%	0%	3,363	0%	0%	37,358	1%	0%	5,095	0%	0%
Bonds	205,809	3%	0%	51,736	1%	0%	30,508	1%	0%	85,572	4%	0%	31,197	1%	0%	5,836	1%	0%
Beneficiary Certificates	249,488	4%	0%	332,949	7%	1%	22,047	1%	0%	74,789	4%	0%	199,396	4%	0%	13,037	1%	0%
Others (Hedging Derivatives)	20,416	0%	0%	4,519	0%	-1%	104	0%	0%	10,151	1%	0%	16,443	0%	0%	25	0%	0%
FVOCI	**3,555,166**	**53%**	**2%**	**2,097,390**	**43%**	**3%**	**1,712,278**	**61%**	**1%**	**941,246**	**47%**	**4%**	**1,293,647**	**26%**	**3%**	**460,262**	**40%**	**2%**
Equity	828,747	12%	3%	752,984	15%	3%	390,087	14%	3%	40,939	2%	-12%	534,824	11%	4%	105,812	9%	4%
Bonds	2,726,419	41%	0%	1,354,063	28%	0%	1,322,191	47%	-1%	533,307	27%	-2%	783,138	16%	0%	354,451	31%	-1%
Financial Assets at (AC)	**2,670,518**	**40%**	**-2%**	**2,297,502**	**47%**	**-3%**	**1,039,179**	**37%**	**-1%**	**880,837**	**44%**	**-4%**	**3,355,899**	**68%**	**-3%**	**659,839**	**58%**	**-2%**
2Q26 Unrealized Loss on AC (Fair Value less Carrying Value)	(613,308)		28,523	(564,448)		(1,049)	15,427		28,478	(218,342)		241	(884,583)		37,408	(228,788)		4,899
1Q26 Unrealized Loss on AC (Fair Value less Carrying Value)	(641,832)			(563,399)			(13,051)			(218,582)			(921,992)			(233,688)		
Total	**6,701,409**	**100%**		**4,913,376**	**100%**		**2,806,326**	**100%**		**1,995,958**	**100%**		**4,933,940**	**100%**		**1,144,095**	**100%**	
Equity	**828,759**	**12%**	**3%**	**882,264**	**18%**	**3%**	**392,297**	**14%**	**3%**	**44,303**	**2%**	**-12%**	**572,183**	**12%**	**4%**	**110,907**	**10%**	**3%**
FVTPL & Overlay Equity Securities (%)	12	0%	0%	129,279	15%	0%	2,210	1%	0%	3,363	8%	6%	37,358	7%	-7%	5,095	5%	-6%
FVOCI Equity Securities (%)	828,747	100%	0%	752,984	85%	0%	390,087	99%	0%	40,939	92%	-6%	534,824	93%	7%	105,812	95%	6%
Bonds	**5,602,747**	**84%**	**-2%**	**3,703,301**	**75%**	**-3%**	**2,391,878**	**85%**	**-2%**	**1,499,715**	**75%**	**-7%**	**4,170,233**	**85%**	**-3%**	**1,020,125**	**89%**	**-3%**
FVTPL & Overlay Bonds (%)	205,809	4%	0%	51,736	1%	0%	30,508	1%	0%	85,572	6%	0%	31,197	1%	0%	5,836	1%	0%
FVOCI Bonds (%)	2,726,419	49%	1%	1,354,063	37%	2%	1,322,191	55%	0%	533,307	36%	0%	783,138	19%	0%	354,451	35%	0%
AC Bonds (%)	2,670,518	48%	-1%	2,297,502	62%	-2%	1,039,179	43%	0%	880,837	59%	0%	3,355,899	80%	0%	659,839	65%	0%
Beneficiary Certificates	**249,488**	**4%**	**0%**	**337,468**	**7%**	**0%**	**22,151**	**1%**	**0%**	**84,939**	**4%**	**0%**	**215,839**	**4%**	**0%**	**13,063**	**1%**	**0%**
Parent Company Equity	**958,675**		**333,206**	**883,382**		**253,190**	**403,212**		**121,426**	**350,838**		**148,301**	**562,964**		**190,517**	**119,988**		**41,872**
Unrealized Gains (Losses) on FVOCI Financial Assets	(44,750)		200,785	20,820		139,957	77,476		57,893	99,665		119,879	1,799		137,676	(28,383)		23,754
Insurance Finance Income (Expenses) Recognized in OCI	(48,697)			28,826			33,186			(2,180)			(24,479)			(12,182)		
Other Equity	(99,353)		240,906	37,713		168,599	110,903		73,382	97,810		123,518	(22,733)		158,699	(39,309)		30,824

Source: Company data; KGI Research

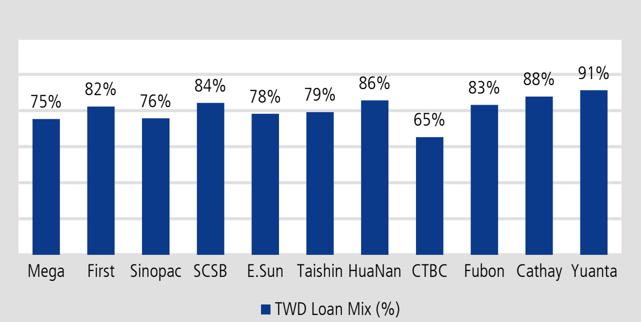
Figure 22: In 2Q26, average bank NIM expanded 1bp QoQ, reflecting lower funding costs & improved loan-to-deposit ratios; during 2Q26 earnings calls, most banks reiterated expectations for modest NIM expansion in 2026F; Cathay, Yuanta, First & CTBC are expected to see the largest NIM benefit from the CBC's 12.5bp rate hike, though the actual impact will vary by bank

(%)	Bank	4Q23	2Q24	2Q24 - 4Q23	4Q25	1Q26	2Q26	2Q26 QoQ	2Q26 YoY	2026F NIM guidance	2026F NIM Sensitivity to Policy Rate Hikes
2891 TT	CTBC	1.47	1.37	(0.10)	1.64	1.68	1.65	(0.03)	0.18	The company maintains its 2026F adjusted net interest margin (NIM) at 1.7–1.73%	12.5 bps rate hike in Taiwan would increase NIM by 0.9 bps. (2Q26 conference call)
2882 TT	Cathay	1.40	1.55	0.15	1.56	1.59	1.63	0.04	0.02	The company expects its 2026F NIM to reach 1.63–1.65%.	25 bps rate hike in Taiwan would increase NIM by 2–2.5 bps. (2Q26 conference call)
5876 TT	SCSB	1.37	1.38	0.01	1.30	1.23	1.23	-	0.06	The company expects Taiwan NIM to reach up to 1.25% in 2026F	
2884 TT	E.Sun	1.31	1.28	(0.03)	1.32	1.32	1.31	(0.01)	0.03	The company expects 4Q26F NIM will increase to 1.33%, below previous guidance of 1.35%	
2887 TT	Taishin	1.20	1.25	0.05	1.44	1.48	1.42	(0.06)	0.19	The company expects Taishin Bank's 2026F NIM to increase by 5–8 bps YoY.	25 bps rate hike in Taiwan would increase NIM by 0.4 bps. (1Q26 conference call)
2881 TT	Fubon	1.17	1.15	(0.02)	1.24	1.27	1.33	0.06	0.06	The company expects 4Q26F NIM to reach 1.36–1.39%, above previous 2026F average guidance of 1.26–1.28%	25 bps rate hike in Taiwan would increase NIM by 1 bp. (1Q26 conference call)
2890 TT	Sinopac	1.18	0.94	(0.24)	1.36	1.40	1.44	0.04	0.17	The 2026F adjusted NIM (including FX swap gains) is expected to increase by 2–3 bps YoY	25 bps rate hike in either Taiwan or the U.S. would increase net interest income by NT$200mn. (1Q26 conference call)
2886 TT	Mega	0.95	0.97	0.02	0.87	0.95	1.01	0.06	-	With 2Q26 NIM already above 1%, management expects foreign currency NIM to continue improving in 2H26F.	
2885 TT	Yuanta	0.86	0.88	0.02	1.04	1.07	1.13	0.06	0.10	The company expects Yuanta Bank's 2026F NIM to average 1.10–1.12%.	25 bps rate hike in Taiwan would increase NIM by 1–2 bps. (2Q26 conference call)
2892 TT	First	0.76	0.70	(0.06)	0.72	0.77	0.76	(0.01)	0.06	The 2026F adjusted NIM (including FX swap gains) is expected to reach 1.06%, while core NIM is expected to reach 0.81%.	25 bps rate hike in Taiwan would increase NIM by 2 bps. (1Q26 conference call)
2880 TT	Hua Nan	0.71	0.72	0.01	0.81	0.82	0.83	0.01	0.01	The 2026F NIM is expected to gradually trend upward.	

Source: Company data; KGI Research

Figure 23: Yuanta Bank, Cathay United Bank & Hua Nan Bank have higher NT dollar loan exposure than peers in 2Q26

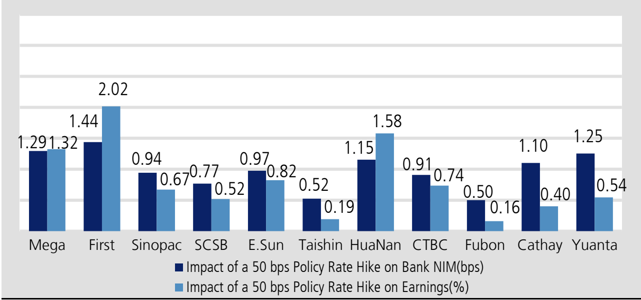
TWD Loan Mix, percent



Source: Company data; TEJ ;KGI Research

Figure 24: A 12.5bp rate hike in Taiwan would provide greater earnings benefits to banks with higher NT dollar loan exposure & larger NT dollar demand deposit bases

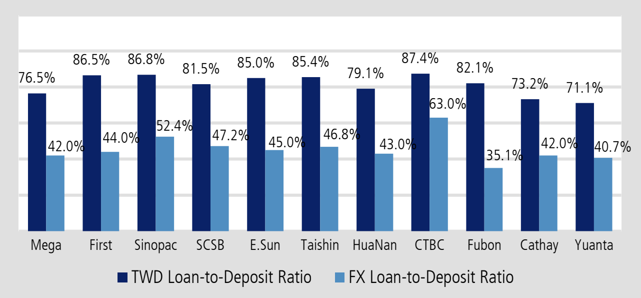
Impact of a 12.5bps policy rate hike on bank NIM，bps, Impact of a 12.5bps policy rate hike on earnings，percent



Source: Company data; TEJ ;KGI Research

Figure 25: In 2Q26, CTBC Bank's loan-to-deposit ratios in both NTD & FCY were higher than peers

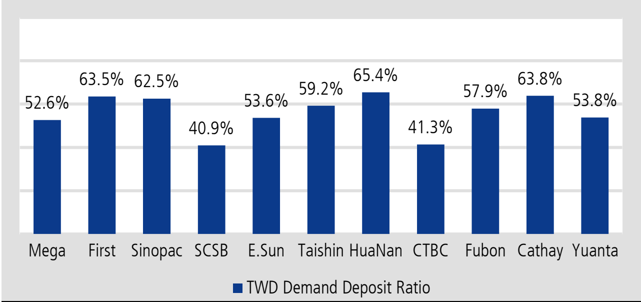
Loan-to-Deposit Ratio, percent



Source: Company data; TEJ ;KGI Research

Figure 26: In 2Q26, First Bank, Hua Nan Bank & Cathay United Bank reported higher NT dollar demand deposit ratios than peers

Demand Deposit Ratio, percent



Source: Company data; TEJ ;KGI Research

Figure 27: Taiwan banks' asset quality was stable in July, with the industry NPL ratio holding at 0.14% in July; Bank SinoPac's higher NPL ratio reflected a corporate lending-related NPL case

		Jul-26				Jul-26				Jul-26			
FHC/Bank ticker	Bank	NPL ratio (%)	MoM (ppts)	QoQ (ppts)	YTD (ppts)	NPL (NT$mn)	MoM	QoQ	YTD	Coverage ratio (%)	MoM (ppts)	QoQ (ppts)	YTD (ppts)
2834 TT	Taiwan Business Bank	0.17	(0.01)	0.00	0.01	2,982	(97)	(15)	333	756	42	21	(75)
2801 TT	Chang Hua Bank	0.15	0.00	(0.01)	(0.01)	3,306	63	(171)	(17)	897	(4)	73	60
2886 TT	Mega Bank	0.13	(0.03)	(0.05)	(0.06)	3,357	(884)	(1,106)	(1,387)	1,245	268	337	379
5880 TT	Taiwan Cooperative Bank	0.15	0.00	0.00	0.00	4,943	140	108	257	801	(14)	(3)	4
2892 TT	First Bank	0.16	0.00	0.00	(0.01)	4,717	57	62	(17)	877	3	11	15
2881 TT	Taipei Fubon Bank	0.11	0.00	(0.01)	(0.01)	3,199	79	(11)	221	1,119	6	37	20
2888 TT	Shin Kong Bank	0.13	0.00	0.00	0.01	1,244	40	71	146	926	(72)	(80)	(125)
2884 TT	E.Sun Bank	0.15	0.00	0.00	0.00	4,202	10	191	410	798	27	6	(28)
2880 TT	Hua Nan Bank	0.16	0.03	0.02	0.00	4,222	914	658	441	750	(181)	(105)	(63)
5876 TT	SCSB	0.48	0.02	(0.05)	(0.04)	4,557	289	(268)	(133)	271	(10)	18	19
2891 TT	CTBC Bank	0.12	0.00	(0.01)	(0.01)	5,017	395	127	544	987	(44)	43	36
2885 TT	Yuanta Bank	0.09	0.00	0.00	0.00	1,431	(13)	31	85	1,329	56	51	52
2890 TT	Bank Sinopac	0.19	0.03	0.09	0.07	3,453	682	1,607	1,488	716	(155)	(588)	(459)
2887 TT	Taishin Bank	0.12	(0.01)	(0.01)	(0.02)	2,418	(294)	(268)	(175)	1,061	139	136	169
2882 TT	Cathay United Bank	0.14	0.00	(0.01)	(0.01)	4,358	(78)	(132)	1	1,147	47	74	87
2809 TT	King's Town Bank	0.05	0.00	(0.03)	0.03	134	2	(52)	83	2,649	(36)	787	(3,495)
	Bank industry	0.14	0.00	(0.01)	(0.01)	68,586	1,248	96	2,155	941	2	29	24

Source: FSC Banking Bureau; TEJ; KGI Research

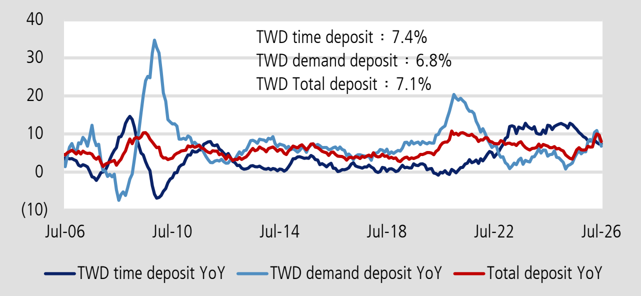
Figure 28: Mega Bank is projected to deliver the largest uplift in CET1 & first-year IRB benefits among major peers, strengthening its upstreaming capacity to the FHC, on IRB approach adoption

FHC Ticker Bank	2882 TT Cathay	2881 TT Fubon	2891 TT CTBC	2886 TT Mega	2892 TT First	2884 TT E.Sun
2Q26 common equity tier 1 (CET1) capital (NT$mn)	298,450	292,676	344,163	359,403	288,940	273,372
2Q26 risk-weighted asset (RWA) (NT$mn)	2,454,693	2,492,274	3,307,036	2,683,647	2,542,630	2,492,655
2Q26 CET1 ratio(%)	12.16	11.74	10.41	13.39	11.36	10.97
Year 1 CET1 Ratio Uplift under IRB	0.50	0.50	0.2-0.25	0.60	0.54	0.50
Cumulative Five-Year CET1 Ratio Uplift under IRB	3.50	4.00	1-1.25	3.00	1.80	3.00

Source: Company; TEJ; KGI Research

Figure 29: In July, NT dollar deposit growth slowed to 7.1% YoY; time deposits grew 7.4% YoY versus 6.8% for demand deposits; with tighter money market conditions & potential CBC rate hikes, time deposits are likely to continue outgrowing demand deposits

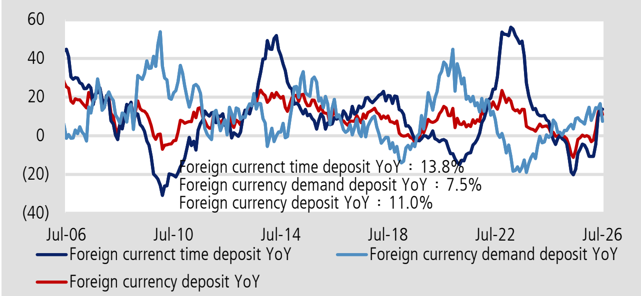
NT dollar deposit growth YoY, percent



Source: Central Bank; TEJ; KGI Research

Figure 30: In July, FCY deposit growth moderated to 11% YoY, with time deposits growing 13.8% YoY, outpacing demand deposits at 7.5%

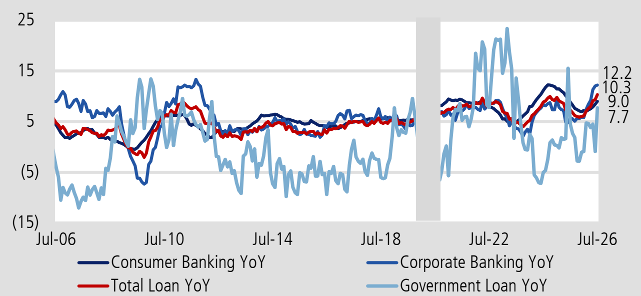
FCY deposit growth YoY, percent



Source: Central Bank; TEJ; KGI Research

Figure 31: In July, total loan growth accelerated to 10.3% YoY on robust corporate lending, up 12.2% YoY, outpacing the 9.0% of consumer lending amid aggressive capacity expansion by tech firms & global trade demand

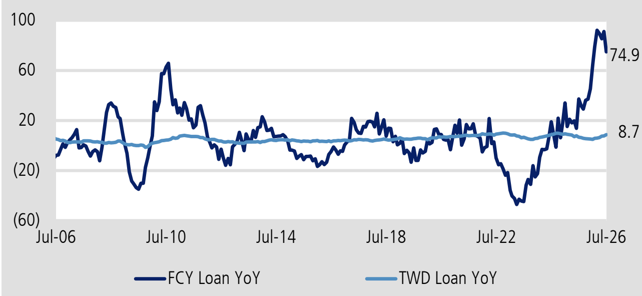
YoY loan growth, percent



Source: TEJ; KGI Research

Figure 32: Supported by strong exports, which replenished businesses' working capital, and by robust loan demand to support supply chain relocation, Taiwan's FCY loans grew by 74.9% YoY in July

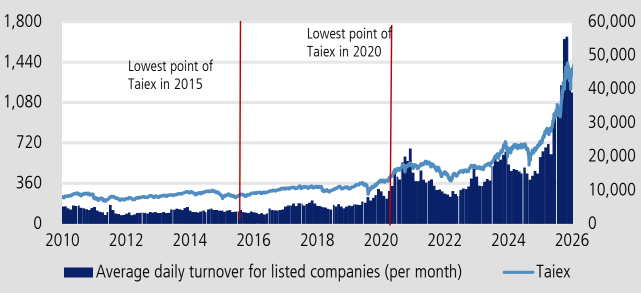
NT dollar & FCY loan growth YoY, percent



Source: TEJ; KGI Research

Figure 33: Taiex average daily turnover down 7% MoM decline to NT$1.17tn in August, reflecting investor caution following recent market consolidation

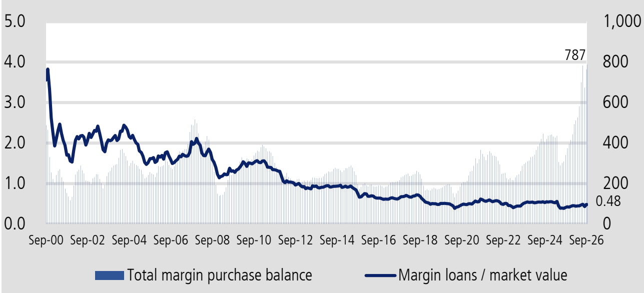
TWSE & OTC market ADT (monthly), NT$bn (LHS); Taiex, points (RHS)



Source: TEJ; KGI Research

Figure 34: Securities firms' Taiex margin loan balance rebounded to NT$787bn, in September

TWSE & OTC margin loans / Taiwan equity market cap, percent (LHS); margin loans, NT$bn (RHS)



Source: TEJ; Economic Daily News; Commercial Times; KGI Research

Figure 35: In 1H26, major banks' NII growth accelerated to 19% YoY on solid corporate loan growth & reallocation of US dollars from forex swaps into FCY loans

Bank net interest income, NT$mn

NT$mn FHC Ticker	Banks	2025	YoY (%)	1Q26	YoY (%)	1H26	YoY (%)
2891 TT	CTBC Bank	94,782	21.6	26,954	23.6	54,832	23.8
2881 TT	Taipei Fubon Bank	58,498	21.5	17,048	25.2	35,292	27.5
2882 TT	Cathay Bank	68,241	12.0	18,284	12.9	37,894	14.3
2884 TT	E.Sun Bank	40,735	21.2	11,837	29.3	24,325	27.6
2887 TT	Taishin Bank	33,869	15.3	9,816	27.1	20,046	26.7
2880 TT	Hua Nan Bank	29,408	11.1	7,820	11.8	15,925	10.2
2892 TT	First Bank	32,545	11.8	9,038	22.0	18,064	17.7
2890 TT	SinoPac Bank	34,391	43.3	9,854	25.1	20,290	26.0
5880 TT	TCB	10,749	4.9	3,031	15.4	6,081	19.2
2885 TT	Yuanta Bank	19,097	22.6	5,490	29.4	11,629	31.9
2886 TT	Mega Bank	38,796	1.3	10,268	3.9	21,431	9.0
	Total	539,014	15.2	149,974	18.3	307,601	19.4

Source: Company data; TEJ; KGI Research

Figure 36: In 1H26, major banks' investment income fell 12% YoY on lower gains from bond disposals & weaker forex swap income than a year earlier

Bank Investment income, NT$mn

NT$mn FHC Ticker	Banks	2025	YoY (%)	1Q26	YoY (%)	1H26	YoY (%)
2891 TT	CTBC Bank	22,374	(15.6)	3,617	(42.4)	7,373	(43.2)
2881 TT	Taipei Fubon Bank	20,526	7.2	4,696	(15.3)	9,231	(13.3)
2882 TT	Cathay Bank	13,680	(25.9)	3,436	14.5	7,393	14.7
2884 TT	E.Sun Bank	18,467	41.8	3,446	(31.9)	7,857	(19.1)
2887 TT	Taishin Bank	8,201	(7.1)	1,603	(19.9)	3,063	(25.0)
2880 TT	Hua Nan Bank	14,810	(15.5)	2,941	(9.1)	7,127	28.6
2892 TT	First Bank	21,131	(3.3)	3,963	(17.8)	9,105	(14.5)
2890 TT	SinoPac Bank	8,551	(34.1)	2,659	(1.1)	4,728	(5.0)
5880 TT	TCB	13,804	(17.3)	2,692	(2.2)	6,648	(7.3)
2885 TT	Yuanta Bank	3,665	(37.1)	1,113	25.1	2,341	30.9
2886 TT	Mega Bank	19,556	(9.5)	3,229	(13.3)	8,207	(10.2)
	Total	171,054	(9.1)	35,206	(14.4)	76,698	(11.5)

Source: Company data; TEJ; KGI Research

Figure 37: In 1H26, fee income growth at major banks accelerated to 24% YoY, with Yuanta Bank & Taipei Fubon Bank outperforming peers

Bank net fee income, NT$mn

NT$mn FHC Ticker	Banks	2025	YoY (%)	1Q26	YoY (%)	1H26	YoY (%)
2891 TT	CTBC Bank	55,191	10.9	17,977	19.7	34,265	25.9
2881 TT	Taipei Fubon Bank	16,159	1.2	7,208	24.8	13,477	40.4
2882 TT	Cathay Bank	34,090	21.9	10,028	(1.7)	19,973	11.3
2884 TT	E.Sun Bank	26,768	9.5	7,035	13.0	15,045	20.0
2887 TT	Taishin Bank	17,095	17.3	5,703	27.3	10,996	32.0
2880 TT	Hua Nan Bank	14,199	19.7	4,557	16.0	9,068	26.0
2892 TT	First Bank	13,096	9.2	3,794	14.0	8,025	23.3
2890 TT	SinoPac Bank	10,638	15.7	4,463	6.2	7,461	11.9
5880 TT	TCB	10,749	4.9	3,031	15.4	6,081	19.2
2885 TT	Yuanta Bank	7,340	20.1	2,788	33.3	5,254	40.7
2886 TT	Mega Bank	8,884	(5.0)	2,554	15.0	5,291	24.8
	Total	214,208	11.9	69,138	15.0	134,937	23.7

Source: Company data; TEJ; KGI Research

Figure 38: In 1H26, wealth management fee income at major banks grew an average of 35% YoY, with CTBC Bank, Taipei Fubon Bank, Mega Bank & Yuanta Bank delivering growth of more than 40%

Wealth management fee income, NT$mn

NT$mn Ticker	Bank	2025	YoY (%)	1Q26	YoY (%)	1H26	YoY (%)
2891 TT	CTBC Bank	27,665	10.4	8,054	27.6	17,540	43.9
2881 TT	Fubon Bank	18,462	12.3	7,656	29.6	14,475	44.2
2882 TT	Cathay Bank	20,483	28.1	7,549	12.1	13,917	25.1
2884 TT	E.Sun Bank	15,443	14.4	4,032	14.4	9,269	30.7
2887 TT	Taishin Bank	11,418	17.5	3,804	24.6	7,300	31.6
2880 TT	Hua Nan Bank	10,831	36.3	3,701	19.2	7,342	32.0
2892 TT	First Bank	8,851	21.5	2,678	17.1	5,788	30.5
2890 TT	SinoPac Bank	6,825	17.0	2,973	7.8	5,049	21.9
5880 TT	Taiwan Cooperative Bank	7,031	23.1	2,187	27.1	4,336	32.2
2885 TT	Yuanta Bank	6,454	19.0	2,580	38.1	4,818	45.4
2886 TT	Mega Bank	4,257	16.6	1,365	27.0	2,900	48.7
	Total	137,720	18.2	46,579	21.5	92,734	35.0

Source: Company data; TEJ; KGI Research

Figure 39: Changes in Fubon FHC's major Taiex investment positions in 2Q26; we expect unrealized equity gains have rebounded in September from the end-July level

2881 TT	Fubon FHC	2Q26				2Q26F	3Q26F
		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)
2330 TT	TSMC	251,498	82,027	104.4	8.1	67,831	(2,609)
2454 TT	MediaTek	49,949	21,277	11.8	(7.4)	32,312	2,488
3711 TT	ASEH	24,887	14,462	36.9	5.2	12,754	(3,022)
2360 TT	Chroma	10,810	10,810	5.0	5.0	3,478	(400)
2059 TT	King Slide	16,162	8,718	2.2	(0.1)	9,190	9,563
3037 TT	Unimicron	17,946	7,845	16.8	(5.9)	10,475	(1,963)
6223 TT	MPI	7,306	7,306	1.2	1.2	2,979	(758)
5274 TT	Aspeed	20,582	6,776	1.4	0.1	5,896	3,465
2383 TT	EMC	14,095	6,598	2.6	(0.3)	7,296	(719)
2345 TT	Accton	18,679	5,196	7.5	(1.4)	7,374	(4,904)
2308 TT	DELTA	26,103	4,023	13.4	(2.6)	7,630	(3,748)
6274 TT	TUC	3,783	3,783	2.3	2.3	2,512	(698)
8299 TT	Phison	3,762	3,762	1.6	1.6	1,396	(733)
3023 TT	Sinbon	3,709	3,709	11.3	11.3	875	(113)
2912 TT	PCSC	3,708	3,708	16.6	16.6	(25)	(125)
4749 TT	AEMC	3,666	3,666	4.2	4.2	323	(712)
3583 TT	Scientech	3,617	3,617	4.0	4.0	1,803	(960)
8028 TT	PSI	2,805	2,805	8.8	8.8	1,203	(801)
3017 TT	AVC	15,513	2,790	6.1	(0.2)	3,287	3,625
2891 TT	CTBC FHC	7,691	2,511	112.3	11.4	1,928	139
8454 TT	momo	5,555	2,250	18.7	0.0	2,250	(1,036)
3034 TT	Novatek	8,180	2,234	16.0	0.3	2,120	458
9939 TT	Hon Chuan	1,897	1,897	15.5	15.5	105	50
1303 TT	NPC	4,981	1,853	30.1	(12.3)	2,760	1,677
5347 TT	VIS	1,485	1,485	7.0	7.0	669	(408)
3231 TT	Wistron	2,448	1,307	16.0	6.7	486	474
3045 TT	TWM	19,921	1,281	178.5	7.5	465	2,213
1216 TT	Uni-President	2,578	1,280	34.6	16.3	121	-
5871 TT	Chailease	6,891	1,196	58.6	6.6	469	(352)
2892 TT	First FHC	6,556	908	200.2	(0.1)	911	1,361
1477 TT	Makalot	-	(3,447)	-	(15.2)	-	-
5269 TT	Asmedia	-	(3,746)	-	(3.5)	-	-
2357 TT	Asustek	2,012	(3,814)	3.1	(7.6)	333	826
2303 TT	UMC	2,218	(4,239)	13.7	(100.6)	1,443	(319)
3661 TT	Alchip	-	(4,382)	-	(1.8)	-	-
3008 TT	Largan	3,609	(5,081)	0.8	(3.2)	1,796	1,485
2379 TT	RT	-	(5,093)	-	(10.7)	-	-
2382 TT	QCI	15,327	(5,110)	43.4	(30.0)	3,232	(866)
6488 TT	GWC	-	(5,579)	-	(13.3)	-	-
2449 TT	KYEC	2,562	(5,674)	7.6	(24.0)	581	(611)

	2Q26			2Q26F	3Q26F
	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	553,866	149,387		190,933	(1,119)
TSMC	251,498	82,027		67,831	(2,609)
Telecom	19,921	1,281		465	2,213
Financials	44,381	3,097		8,274	2,576
Non-tech	28,203	7,352		5,226	739
Total	646,372	161,117		204,898	4,408

Source: Company data; TEJ; KGI Research (closing prices as of Sep. 15, 2026).

Figure 40: Changes in Cathay FHC's major Taiex investment positions in 2Q26; we expect unrealized equity gains have rebounded in September from the end-July level

2882 TT	Cathay FHC	2Q26				2Q26F	3Q26F
		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)
2382 TT	QCI	66,751	50,473	189.1	130.7	14,078	(3,770)
2330 TT	TSMC	106,567	31,962	44.2	1.8	28,742	(1,105)
2454 TT	MediaTek	57,503	22,784	13.6	(9.7)	37,198	2,865
2891 TT	CTBC FHC	66,991	20,707	978.5	76.3	16,792	1,213
2603 TT	EMC	20,696	20,696	112.2	112.2	(1,683)	5,497
2887 TT	TS FHC	24,142	19,339	726.1	518.6	7,333	7,370
5347 TT	VIS	24,400	14,552	115.6	30.7	10,986	(6,708)
2880 TT	HuaNan FHC	14,465	14,465	380.7	380.7	1,827	3,388
2327 TT	Yageo	13,984	12,777	12.3	7.3	10,997	(7,397)
2618 TT	EVAAIR	12,740	12,740	297.8	297.8	2,630	(471)
2912 TT	PCSC	11,659	11,583	52.3	51.9	(78)	(392)
2357 TT	Asustek	29,387	11,335	44.7	11.8	4,868	12,059
2379 TT	RT	23,115	11,208	28.7	3.8	9,407	(2,954)
2303 TT	UMC	44,975	11,090	278.1	(321.6)	29,263	(6,460)
6488 TT	GWC	9,977	9,977	10.0	10.0	5,786	(868)
2383 TT	EMC	19,288	9,724	3.6	(0.1)	9,984	(984)
3034 TT	Novatek	18,968	7,872	37.0	7.8	4,917	1,063
3037 TT	Unimicron	14,306	6,881	13.4	(3.3)	8,351	(1,565)
2886 TT	Mega FHC	16,546	6,065	358.9	86.3	2,746	2,046
2356 TT	Inventec	12,329	5,476	191.1	20.0	4,675	(766)
5274 TT	Aspeed	5,331	5,331	0.4	0.4	1,527	898
6223 TT	MPI	11,915	5,196	2.0	0.1	4,857	(1,235)
2059 TT	King Slide	5,118	5,118	0.7	0.7	2,910	3,028
4904 TT	Far EasTone	17,411	4,803	172.2	35.0	1,587	927
3231 TT	Wistron	15,488	4,496	101.3	11.6	3,078	3,000
1216 TT	Uni-President	15,003	4,478	201.4	53.1	705	0
3045 TT	TWM	16,673	4,223	149.4	35.2	389	1,852
2301 TT	LTC	14,942	3,828	67.3	(11.8)	5,485	3,500
2412 TT	CHT	16,722	3,718	122.8	25.0	396	893
2408 TT	NTC	3,341	3,341	7.4	7.4	1,871	107
5880 TT	TCFHC	-	(420)	-	(17.9)	-	-
3702 TT	WPG	-	(666)	-	(7.6)	-	-
2883 TT	KGI FHC	-	(1,188)	-	(61.7)	-	-
3529 TT	eMemory	-	(3,264)	-	(1.2)	-	-
3653 TT	Jentech	-	(3,945)	-	(1.0)	-	-
2474 TT	Catcher	478	(4,693)	2.4	(25.1)	33	4
2324 TT	Compal	20	(5,723)	0.6	(212.5)	5	1
1402 TT	FENC	-	(5,945)	-	(226.1)	-	-
2449 TT	KYEC	2,008	(13,675)	5.9	(54.1)	455	(479)
2881 TT	Fubon FHC	29,313	(16,515)	234.0	(298.8)	9,186	6,027

	2Q26				2Q26F	3Q26F
	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	591,080	211,764			223,481	(13,662)
TSMC	106,567	31,962			28,742	(1,105)
Telecom	50,806	12,743			2,372	3,672
Financials	192,569	48,908			45,265	22,616
Non-tech	64,338	46,707			3,848	6,027
Total	898,793	320,122			274,965	18,654

Source: Company data; TEJ; KGI Research (closing prices as of Sep. 15, 2026).

Figure 41: Changes in TS FHC's major Taiex investment positions in 2Q26

2887 TT	TS FHC	2Q26 Position (NT$mn)	2Q26 Position QoQ (NT$mn)	2Q26 Shares (mn shs)	2Q26 Shares QoQ (mn shs)	2Q26F Unrealized gain or loss on financial asset (NT$mn)	3Q26F Unrealized gain or loss on financial asset (NT$mn)
2330 TT	TSMC	183,058	31,322	76.0	(10.3)	49,373	(1,899)
2317 TT	Hon Hai	55,303	14,403	226.9	8.8	12,759	628
2454 TT	MediaTek	14,114	9,370	3.3	0.2	9,130	703
2382 TT	QCI	14,675	5,973	41.6	10.3	3,095	(829)
2412 TT	CHT	41,510	5,078	304.7	30.8	983	2,217
2886 TT	Mega FHC	9,484	4,903	205.7	86.6	1,574	1,173
2892 TT	First FHC	3,675	3,675	112.2	112.2	511	763
3231 TT	Wistron	5,310	3,514	34.7	20.1	1,055	1,029
2891 TT	CTBC FHC	17,268	3,491	252.2	(16.3)	4,328	313
3034 TT	Novatek	3,211	3,211	6.3	6.3	832	180
8299 TT	Phison	3,210	3,210	1.3	1.3	1,191	(626)
2327 TT	Yageo	5,729	2,892	5.0	(6.6)	4,505	(3,030)
2881 TT	Fubon FHC	28,955	2,711	231.2	(74.0)	9,074	5,953
2883 TT	KGI FHC	7,463	2,176	260.0	(14.6)	2,457	2,457
5347 TT	VIS	6,307	2,137	29.9	(6.1)	2,840	(1,734)
3037 TT	Unimicron	2,103	2,103	2.0	2.0	1,228	(230)
6592 TT	Hotai Finance	2,100	2,100	35.8	35.8	(115)	36
2885 TT	Yuanta FHC	6,358	1,967	96.8	(1.3)	2,027	252
2347 TT	Synnex	1,329	1,329	15.3	15.3	168	26
4904 TT	Far EasTone	12,514	1,184	123.8	0.5	1,141	666
2324 TT	Compal	153	(125)	4.3	(6.0)	36	7
3711 TT	ASEH	7,014	(205)	10.4	(11.6)	3,595	(852)
6488 TT	GWC	5,670	(558)	5.7	(9.1)	3,288	(493)
3036 TT	WT	251	(804)	1.2	(3.7)	(4)	(25)
2303 TT	UMC	5,840	(829)	36.1	(81.9)	3,800	(839)
2882 TT	Cathay FHC	26,521	(955)	269.8	(121.0)	7,554	3,157
1303 TT	NPC	7,100	(1,063)	42.8	(67.6)	3,934	2,391
4938 TT	Pegatron	-	(2,995)	-	(39.3)	-	-
1402 TT	FENC	10,119	(3,274)	372.4	(136.9)	-	-
2308 TT	DELTA	8,601	(11,304)	4.4	(10.0)	2,514	(1,235)

	2Q26 Position (NT$mn)	2Q26 Position QoQ (NT$mn)	2Q26F Unrealized gain or loss on financial asset (NT$mn)	3Q26F Unrealized gain or loss on financial asset (NT$mn)
Technology	322,483	63,077	99,547	(9,246)
TSMC	183,058	31,322	49,373	(1,899)
Telecom	67,355	6,474	2,434	4,364
Financials	106,783	20,022	27,841	14,927
Non-tech	38,479	(2,632)	5,957	3,862
Total	535,099	86,941	135,779	13,907

Source: Company data; TEJ; KGI Research (closing prices as of Sep. 15, 2026).

Figure 42: Changes in CTBC FHC's major Taiex investment positions in 2Q26

2891 TT	CTBC FHC	2Q26 Position (NT$mn)	2Q26 Position QoQ (NT$mn)	2Q26 Shares (mn shs)	2Q26 Shares QoQ (mn shs)	2Q26F Unrealized gain or loss on financial asset (NT$mn)	3Q26F Unrealized gain or loss on financial asset (NT$mn)
2330 TT	TSMC	160,949	45,130	66.8	1.0	43,410	(1,670)
2454 TT	MediaTek	28,264	21,425	6.7	2.1	18,284	1,408
3037 TT	Unimicron	24,786	13,947	23.2	(1.2)	14,468	(2,711)
2327 TT	Yageo	12,448	11,748	10.9	8.0	9,789	(6,585)
2303 TT	UMC	27,313	11,470	168.9	(111.5)	17,771	(3,923)
2383 TT	EMC	21,024	10,494	3.9	(0.1)	10,883	(1,073)
2308 TT	DELTA	33,162	9,213	17.0	(0.3)	9,694	(4,762)
2059 TT	King Slide	7,728	7,728	1.0	1.0	4,394	4,573
7769 TT	HON	7,534	7,534	1.2	1.2	3,453	(390)
6488 TT	GWC	7,456	7,456	7.4	7.4	4,324	(649)
6274 TT	TUC	6,222	6,222	3.7	3.7	4,132	(1,148)
8299 TT	Phison	4,753	4,753	2.0	2.0	1,764	(927)
1303 TT	NPC	4,563	4,381	27.5	25.1	2,528	1,537
6223 TT	MPI	3,767	3,767	0.6	0.6	1,536	(391)
9941 TT	TAC	2,491	2,491	31.1	31.1	93	31
2317 TT	Hon Hai	6,047	1,862	24.8	2.5	1,395	69
1402 TT	FENC	802	802	29.5	29.5	26	18
3017 TT	AVC	4,797	680	1.9	(0.2)	1,016	1,121
6805 TT	Fositek	4,297	274	2.6	0.3	(179)	882
2474 TT	Catcher	31	20	0.2	0.1	2	0
5876 TT	SCSB	4,501	(77)	105.4	(12.0)	390	748
3702 TT	WPG	414	(110)	3.9	(2.1)	74	-
2887 TT	TS FHC	6,796	(132)	204.4	(94.9)	2,064	2,075
1101 TT	TCC	3,869	(132)	166.4	(7.5)	42	92
2301 TT	LTC	3,027	(397)	13.6	(10.7)	1,111	709
2382 TT	QCI	565	(636)	1.6	(2.7)	119	(32)
6239 TT	PTI	894	(674)	2.6	(5.7)	399	(184)
6592 TT	Hotai Finance	3,871	(1,458)	65.9	(20.1)	(211)	66
2886 TT	Mega FHC	-	(3,175)	-	(82.6)	-	-
2313 TT	COMPEQ	-	(4,587)	-	(18.5)	-	-

	2Q26 Position (NT$mn)	2Q26 Position QoQ (NT$mn)	2Q26F Unrealized gain or loss on financial asset (NT$mn)	3Q26F Unrealized gain or loss on financial asset (NT$mn)
Technology	365,510	157,298	142,852	(14,896)
TSMC	160,949	45,130	43,410	(1,670)
Telecom	-	-	-	-
Financials	17,659	(2,350)	2,337	2,920
Non-tech	9,753	5,056	2,603	1,651
Total	392,922	160,004	147,791	(10,325)

Source: Company data; TEJ; KGI Research (closing prices as of Sep. 15, 2026).

Figure 43: Valuations – Taiwan FHCs & banks

Company	Code	Rating	Market cap	Share current price	PB (x)		PE (x)		ROE (%)		Net profit (NT$ mn)		Net profit growth (%)		EPS (NT$)		EPS growth (%)		BVPS (NT$)		Cash yield (%)		Cash dividend (NT$)	
			(US$ mn)	(LCY)	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
CTBC FHC	2891 TT	Outperform	43,595	69.70	1.72	1.49	16.5	14.8	12.9	10.7	83,362	92,468	3.4	10.9	4.24	4.70	3.4	10.9	40.62	46.83	4.02	4.45	2.80	3.10
SinoPac FHC	2890 TT	Outperform	20,934	44.55	2.41	2.09	15.7	16.3	16.3	13.8	44,486	42,918	67.5	(3.5)	2.84	2.74	54.9	(3.5)	18.51	21.30	3.93	4.04	1.75	1.80
E.Sun FHC	2884 TT	Neutral	25,719	45.65	2.12	1.85	17.8	14.6	13.9	13.5	45,384	55,304	32.2	21.9	2.56	3.12	20.6	21.9	21.54	24.66	3.61	3.83	1.65	1.75
First FHC	2892 TT	Neutral	18,078	39.55	1.77	1.60	17.4	17.0	10.7	9.9	32,741	33,496	21.6	2.3	2.28	2.33	21.6	2.3	22.40	24.73	3.67	3.92	1.45	1.55
Mega FHC	2886 TT	Outperform	24,425	51.80	1.81	1.64	18.2	17.2	10.4	10.0	42,267	44,763	20.6	5.9	2.85	3.02	20.6	5.9	28.58	31.68	4.05	4.44	2.10	2.30
Bank FHC peer average					**1.96**	**1.73**	**17.1**	**16.0**	**13.3**	**11.3**			**22.0**	**8.3**			**24.2**	**7.5**			**4.14**	**4.31**		
Fubon FHC	2881 TT	Outperform	67,236	151.00	1.65	1.41	13.0	13.5	15.0	11.2	162,452	156,112	34.3	(3.9)	11.60	11.15	34.3	(3.9)	91.71	106.88	4.37	4.37	6.60	6.60
Cathay FHC	2882 TT	Outperform	51,294	110.00	1.37	1.18	12.2	13.0	13.2	9.8	132,340	124,110	23.5	(6.2)	9.02	8.46	23.5	(6.2)	80.10	93.11	5.00	4.73	5.50	5.20
TS FHC	2887 TT	Outperform	34,649	43.40	1.54	1.37	13.5	13.0	14.3	11.2	80,813	83,912	116.5	3.8	3.22	3.34	68.5	3.8	28.09	31.72	3.69	3.80	1.60	1.65
Insurance FHC peer average					**1.52**	**1.32**	**12.9**	**13.2**	**14.1**	**10.7**			**41.5**	**(3.1)**			**42.1**	**(2.1)**			**4.35**	**4.30**		
Yuanta FHC	2885 TT	Neutral	30,102	68.30	2.33	2.06	18.3	17.5	13.7	12.5	49,885	51,984	36.6	4.2	3.74	3.90	36.6	4.2	29.28	33.18	3.29	3.44	2.25	2.35
Securities FHC peer average					**2.33**	**2.06**	**18.3**	**17.5**	**13.7**	**12.5**			**36.6**	**4.2**			**36.6**	**4.2**			**3.29**	**3.44**		
SCSB	5876 TT	Outperform	7,773	49.80	1.10	1.00	12.7	11.9	9.0	8.8	19,261	20,531	29.9	6.6	3.92	4.18	28.6	6.6	45.46	49.64	4.22	4.42	2.10	2.20
Taiwan financials peer average					**1.81**	**1.59**	**15.7**	**15.1**	**12.8**	**11.1**			**24.7**	**8.8**			**27.1**	**4.2**			**4.02**	**4.18**		
TAC	9941 TT	Neutral	1,512	81.00	1.25	1.12	10.0	9.6	13.5	13.0	4,968	5,301	6.7	6.7	8.06	8.46	5.0	4.9	64.83	72.41	5.68	6.05	4.60	4.90
Hotai Finance	6592 TT	Neutral	1,218	59.70	1.29	1.14	12.0	11.8	12.5	11.6	3,640	3,679	7.8	1.1	4.99	5.05	5.8	1.2	46.46	52.19	5.53	5.53	3.30	3.30
Chailease	5871 TT	Outperform	6,187	111.50	1.05	0.93	8.5	8.3	12.5	11.6	21,794	22,370	10.0	2.6	13.17	13.51	10.6	2.6	106.29	119.37	5.65	5.83	6.30	6.50
Taiwan leasing peer average					**1.19**	**1.07**	**10.2**	**9.9**	**12.8**	**12.1**			**9.2**	**3.1**			**7.1**	**2.9**			**5.62**	**5.80**		

Source: Bloomberg; KGI Research (closing prices as of Sep. 15, 2026).

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826
Indonesia		Sona Topas Tower Fl.11 Jl. Jend. Sudirman kav.26 JakartaSelatan 12920 Indonesia Telephone 62 21 250 6337

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