Media Release:

First Securities Inc. 'twAA-/twA-1+' Ratings Affirmed On Potential Group Support; Outlook Stable

August 25, 2026

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Overview

- We assess **First Securities Inc.'s** capitalization has weakened to adequate from strong due to its significant risky asset growth.
- However, we believe the company's SACP will remain unchanged over the next one to two years and will be comparable to similar-sized domestic peers. We also believe First Securities will remain a highly strategic entity to the parent, First Financial Holding Co. Ltd. (First FHC) group and will likely receive financial support from the group when needed.
- We therefore affirmed our 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on First Securities.
- The stable rating outlook reflects our view that First Securities carries a highly strategic group status. As such, we view the ratings on the company will move in tandem with our assessment of the group credit profile.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA-' long-term and 'twA-1+' short-term issuer credit ratings on First Securities. The outlook on the long-term rating is stable.

Rationale

The rating affirmation reflects our view of likely support from First FHC group. We view First Securities as a highly strategic entity to the parent group and we believe the broker will receive financial support should the company face financial distress. We assess First Securities is a good fit within the group's strategy to deliver a more diversified product offering to the group's customers, including arranging investment-related transactions and capital raising services in Taiwan. First Securities has utilized the wider network of the group's banking unit, First Commercial Bank Ltd., to expand its brokerage customer base. The securities subsidiary also refers customers to other group subsidiaries. These factors support our assessment that First Securities fulfills a highly strategic group role and as such the ratings on the company will move in tandem with the direction of the group credit profile.

Capitalization has weakened to adequate from strong amid strong risky asset growth. We believe First Securities will maintain adequate capital and earnings over the next two years. The company's risk-adjusted capital (RAC) ratio before diversification declined to 9% as of Dec. 31, 2025 from 11.2% at the end of 2024 due to its significant credit and market risk asset growth under a bullish stock market. Strong domestic economic growth and market volatility in 2026 could continue to pressure First Securities' capitalization with the RAC ratio remaining at 7%-8% over the next two years, which is within our threshold for adequate capitalization

SACP to remain unchanged and comparable to similar-sized domestic peers. We have applied a one notch positive comparable ratings analysis adjustment to First Securities' stand-alone credit profile (SACP). In our view, the company has more diversified business lines and revenue stability than similar-sized local peers. These factors underpin our view that the company's SACP is likely to remain unchanged over the next one to two years despite its likely weakened capitalization.

Outlook

The stable rating outlook reflects our outlook for the parent, First FHC group. We believe First Securities will remain of highly strategic importance to the wider group; therefore, the ratings on First Securities will move in tandem with the direction of the group credit profile.

Downward scenario

We could lower the long-term issuer credit rating on First Securities if:

- We revise downward our assessment of First FHC group's consolidated credit profile; or
- We believe the company's importance to the group has declined significantly over the next two years.

Upward scenario

We may raise the rating if we reclassify First Securities as a core group member. This would require the company to significantly increase its contribution to the group in terms of earnings and shareholders' equity. However, we believe this scenario to be remote over the next two years.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - May 05, 2026
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - December 09, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023

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

Ratings List

Ratings Affirmed	
First Securities Inc.	
Issuer Credit Rating	twAA-/Stable/twA-1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.