

Grand Fortune Securities Co., Ltd.

Key Rating Drivers

Niche Underwriting Strength: Grand Fortune Securities Co., Ltd.'s (GFS) ratings are anchored by a modest business profile but supported by sustained competitiveness in equity underwriting, underpinned by a clear strategic focus, seasoned capabilities and a strong deal pipeline. Fitch Ratings also factors in an adequate capital cushion, which helps absorb market-risk exposures arising from its underwriting-linked positions.

GFS has built a specialised franchise in Taiwan's equity underwriting segment, as a boutique investment bank targeting underserved SMEs. It has sustained a competitive advantage despite its smaller scale, competing effectively against institutions affiliated with large financial holding companies in Taiwan.

Stable Operating Environment: Fitch anticipates Taiwan's steady economic growth and prudent regulatory oversight will sustain stable operating conditions for the financial sector, despite global economic and geopolitical headwinds and market volatility. In the securities sector, tighter regulatory limits on leverage – measured by business risk exposure – will curb excessive risk-taking. At the same time, regulatory relaxations for ancillary investment, margin financing and asset-management services should enable further business diversification.

Market activity improved in 3Q25, with average daily turnover on the Taiwan Stock Exchange up 24% and the index rising 16% over the quarter. This followed a 15% fall in average daily turnover in 1H25 on weak investor confidence amid tariff and geopolitical uncertainty. Corporate financing also slowed as capex decisions were delayed. Uncertainty remains on trade policy, geopolitics and US rate cuts, but the end of the monetary tightening cycle should support equity turnover, while continued AI adoption should assist technology sector fundraising.

Variable Profitability: Profitability is likely to remain variable, but underwriting income supports overall profitability through market cycles relative to similarly sized peers. Annualised operating profit/average equity declined to -0.4% in 1H25 amid challenging market conditions (2024: 8.5%). Yet, performance has improved with the ratio recovering to 3.6% in 9M25 on improved market conditions. More accommodative US monetary policy and peaking Taiwanese interest rates should support equity-market sentiment and fixed-income carry spreads in 2026.

Low Use of Leverage: GFS maintains a conservative balance sheet, with leverage (excluding repo funding backed by high-quality collateral) typically on the lower end of its rated peer group (end-1H25 net adjusted leverage: 1.8x). Management targets regulatory capital comfortably above the 150% minimum, supported by an internal alert framework; the ratio stood at 444% at end-1H25. The wider capitalisation buffer helps counter the risks to GFS's small absolute capital base from fluctuations in earnings and asset valuations.

Wholesale-Funded Profile: GFS relies on wholesale funding, primarily through repos for short-term liquidity and carry trades, which leaves it sensitive to swings in funding markets. This exposure is mitigated by adequate liquidity coverage and high-quality collateral backing its repo obligations. As of end-1H25, liquid assets covered 1.5 times its short-term funding. GFS's lower leverage and better-known franchise also support its funding flexibility compared with other mid-sized firms.

Non-Bank Financial Institutions Securities Firms Asia-Pacific

Ratings

National Rating

National Long-Term Rating	A-(tw)
National Short-Term Rating	F1(twn)

Sovereign Risk

Long-Term Foreign-Currency IDR	AA
Long-Term Local-Currency IDR	AA
Country Ceiling	AAA

Outlooks

National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

[National Scale Rating Criteria](#)
(December 2020)

[Non-Bank Financial Institutions Rating Criteria](#)
(January 2025)

Related Research

[Global Economic Outlook – September 2025](#)
(September 2025)

[Fitch Rtg's: Large Taiwanese Securities Firms' Financial Resilience Widens Divergence](#)
(September 2025)

[Taiwanese Securities Firms' Profits to Fall on Weaker Global Economic Growth](#)
(March 2025)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

GFS's ratings could face downward pressure if sustained equity-market underperformance results in a prolonged erosion of its underwriting franchise, or if business expansion weakens capital and liquidity buffers significantly.

The ratings are also sensitive to a higher risk appetite – particularly increased market-risk exposure from investment positions or greater dependence on volatile trading income. Operational or risk-management failures that lead to unexpected large losses and strain the capital buffer would likewise be credit negative.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Rating upside is unlikely, given GFS's moderate franchise. Nonetheless, greater business diversification and stronger earnings quality – particularly higher contributions from stable, recurring income segments – would be credit positive.

Financials

Income Statement

	30 Jun 25		31 Dec 24	31 Dec 23	31 Dec 22
	6 months - interim	6 months - interim	Year end	Year end	Year end
	(USDm)	(TWDm)	(TWDm)	(TWDm)	(TWDm)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Operating profit	-0.4	-11.1	487.6	601.6	-235.8
Pre-tax profit	0.9	25.9	516.7	665.5	-217.4
Net income	0.5	15.4	437.9	625.6	-264.7
Exchange rate	USD1 = TWD29.902		USD1 = TWD32.781	USD1 = TWD30.735	USD1 = TWD30.708

Source: Fitch Ratings, Fitch Solutions, GFS

Balance Sheet

	30 Jun 25			31 Dec 24		31 Dec 23		31 Dec 22	
	6 months - interim (USDm)	6 months - interim (TWDm)	As % of Assets	Year end (TWDm)	As % of Assets	Year end (TWDm)	As % of Assets	Year end (TWDm)	As % of Assets
Assets									
Total receivables	35.4	1,057.3	8.7	1,653.6	13.3	1,637.6	12.7	1,114.0	10.8
Securities under agreements to resell	97.6	2,919.3	23.9	2,524.5	20.3	2,107.8	16.4	3,058.0	29.5
Securities borrowed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities owned (trading securities)	65.4	1,956.0	16.0	1,631.9	13.1	2,763.7	21.5	1,150.2	11.1
Total assets	408.1	12,202.1	100.0	12,422.4	100.0	12,852.4	100.0	10,359.9	100.0
Liabilities and equity									
Total short-term borrowing	0.0	0.0	0.0	0.0	0.0	300.0	2.3	0.0	0.0
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	230.5	6,891.0	56.5	6,708.3	54.0	7,154.7	55.7	5,831.2	56.3
Total equity	177.6	5,311.0	43.5	5,714.0	46.0	5,697.7	44.3	4,528.7	43.7
Total liabilities and equity	408.1	12,202.1	100.0	12,422.4	100.0	12,852.4	100.0	10,359.9	100.0
Exchange rate		USD1 = TWD29.902		USD1 = TWD32.781		USD1 = TWD30.735		USD1 = TWD30.708	

Source: Fitch Ratings, Fitch Solutions, GFS

Summary Analytics

	30 Jun 25 6 months - interim	31 Dec 24 Year end	31 Dec 23 Year end	31 Dec 22 Year end
Operating profit/average equity (%)	-0.4	8.5	11.8	-4.9
ROAA (%)	0.3	3.5	5.4	-2.2
ROAE (%)	0.6	7.7	12.2	-5.5
Net adjusted leverage (x)	1.8	1.7	1.9	1.6
Assets/equity (x)	2.3	2.2	2.3	2.3
Total capital ratio (%)	444	493	356	494
(Liquid assets + undrawn committed facilities)/short-term funding (x)	1.5	1.6	1.5	1.5

Source: Fitch Ratings, Fitch Solutions, GFS

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