

First Financial Holding

2019 1Q Earnings Result

May 31, 2019



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Contents

- At a Glance
- Financial Highlight
- Operating Results
- Appendix



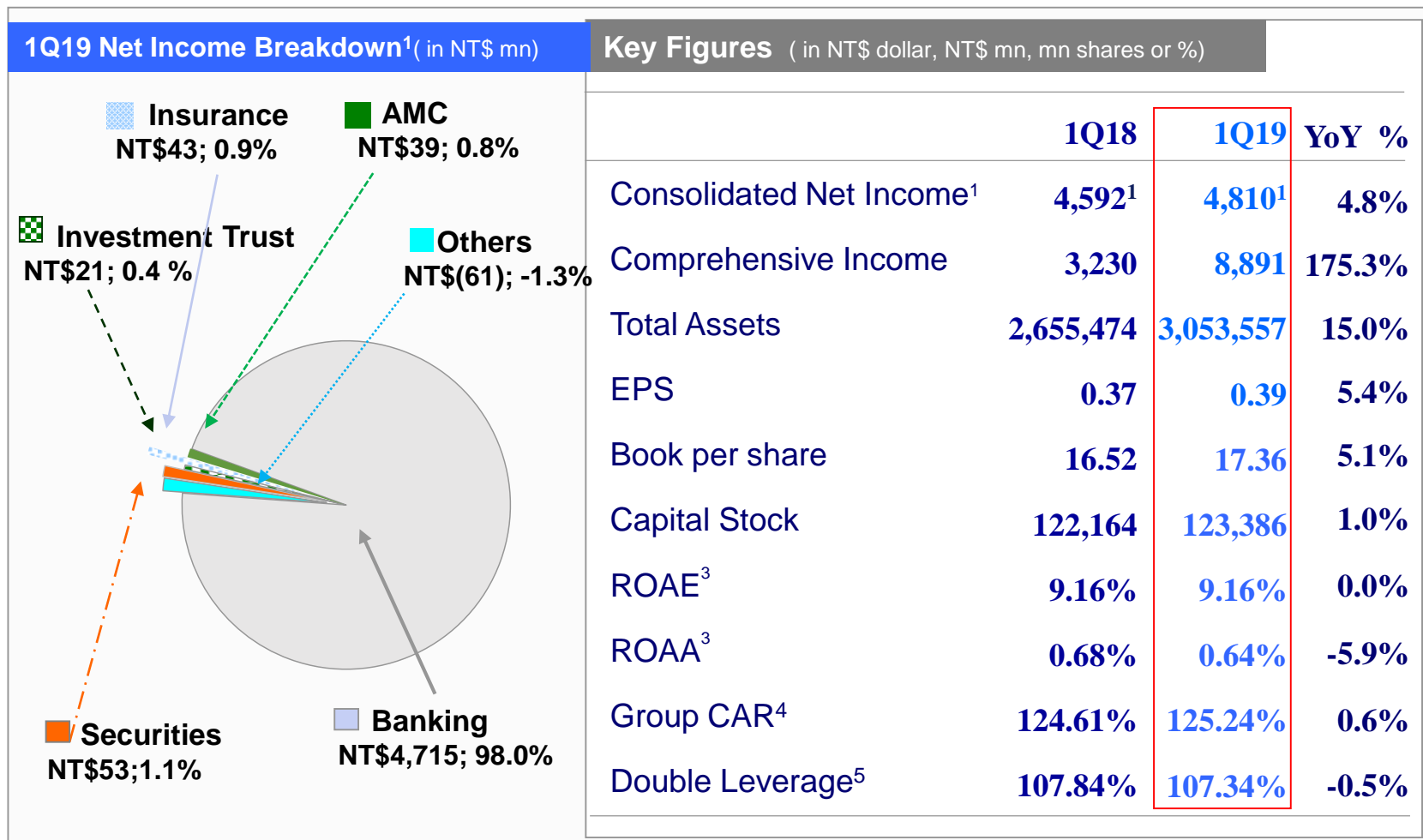
At a Glance

- ◆ **1Q19 Group Posted a bottom-line growth by +4.8% YoY:**
Bank's earnings grew by +3.5% YoY in 1Q19, in which fee income & trading gains remained decent path, First-Life also turned positive since inception post one-year merging anniversary.
- ◆ **1Q19 Loan growth remained solid by +6.5% YoY, driven by F/X and mortgage; 1Q19 deposit grew by +10.2%, driven by NTD (+13.5%):**
F/X loan grew by +11.4% YoY, especially from overseas loan book. Mortgage also grew by +7.3% YoY, both pillars delivered loan expansion in 1Q19; ample liquidity inflow also made 1Q19 bancassurance fee grew by +19.8% YoY.
- ◆ **Treasury gains continued to blossom (+75.9% YoY) in 1Q19, mainly driven by bullish capital markets & fixed-income trading given SWAP gap shrank.**
Surging market boosted 1Q19 treasury gains despite US paused rate-hike and SWAP gap narrowed.
- ◆ **Dividend payout at NTD 1.0 cash and NTD 0.1 stock:**
A proposal of NTD 1.0 cash dividend and NTD 0.1 stock dividend under 1.40 EPS in 2018 is subject to AGM approval.



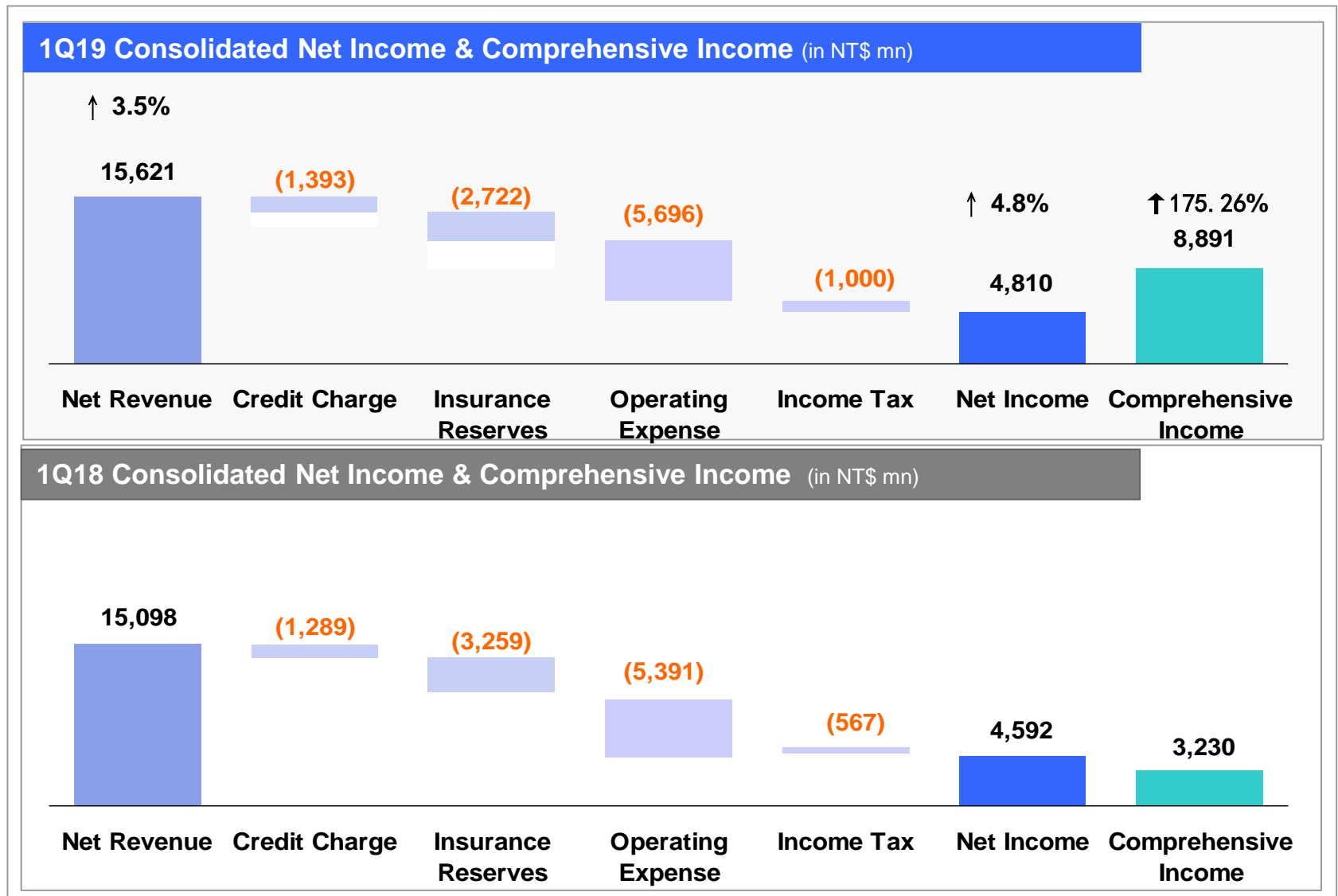
1Q19 Financial Highlight

1Q19 Key Figures

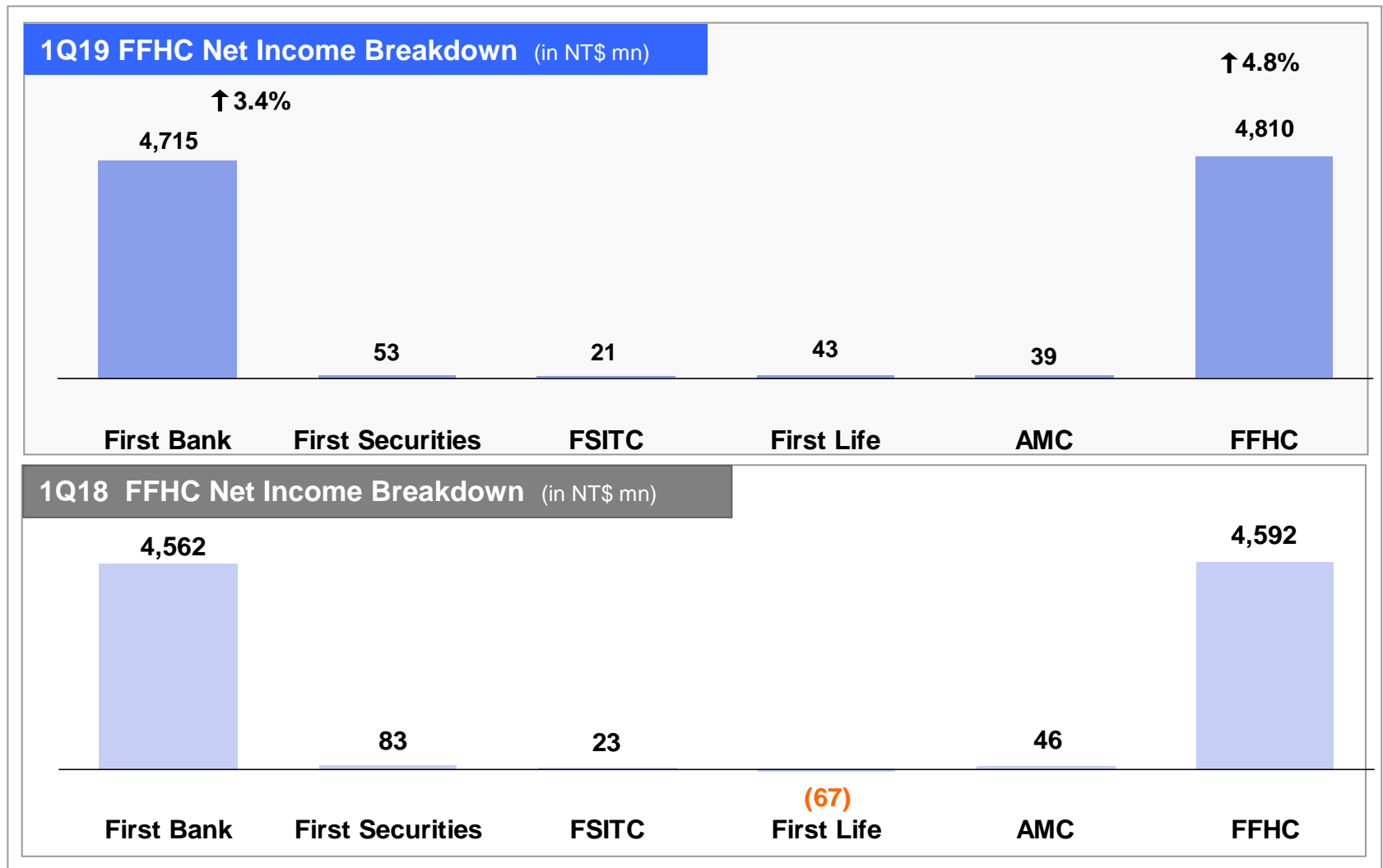


1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.
 2. Comprehensive Income Statement is required by IFRS.
 3. Annualized figures. . 4. Preliminary data for 1Q19.
 5. Double Leverage = Equity Investment / Shareholder Equity

Net Income & Comprehensive Income



Net Income Breakdown by Subsidiaries*

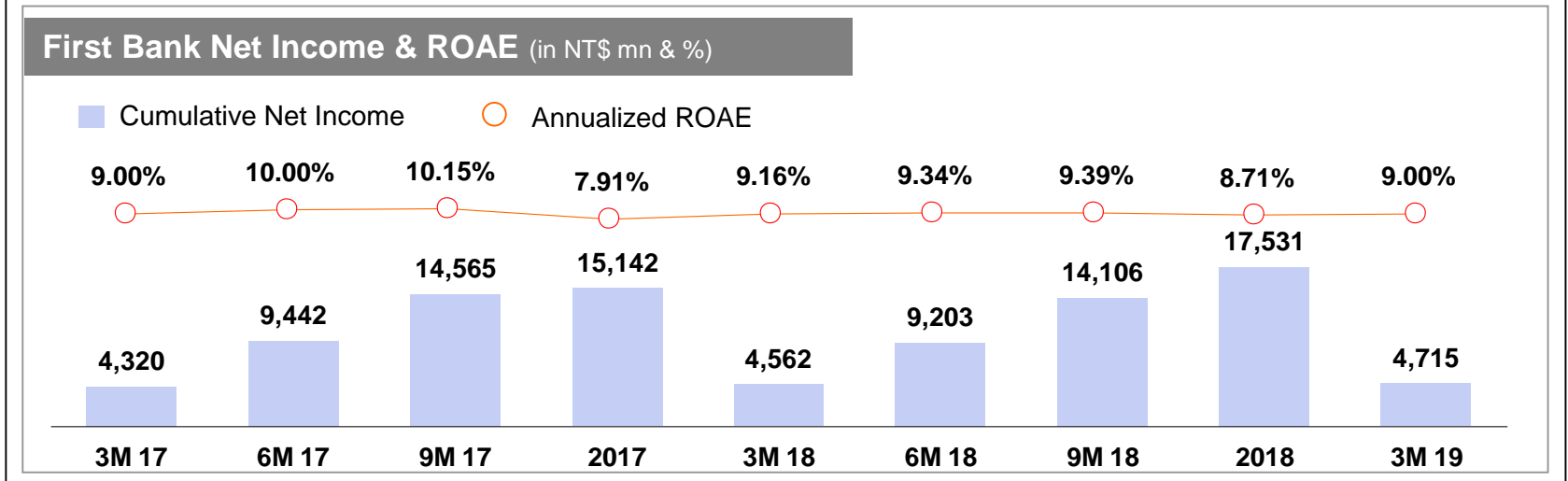
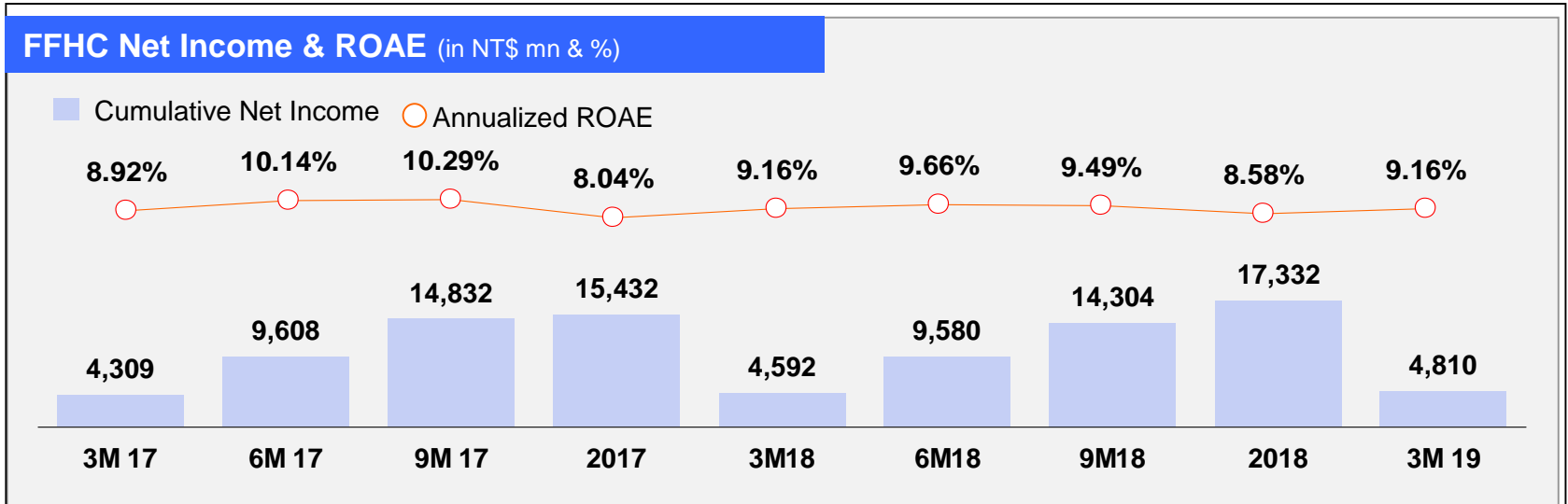


* Major 5 subsidiaries were listed.

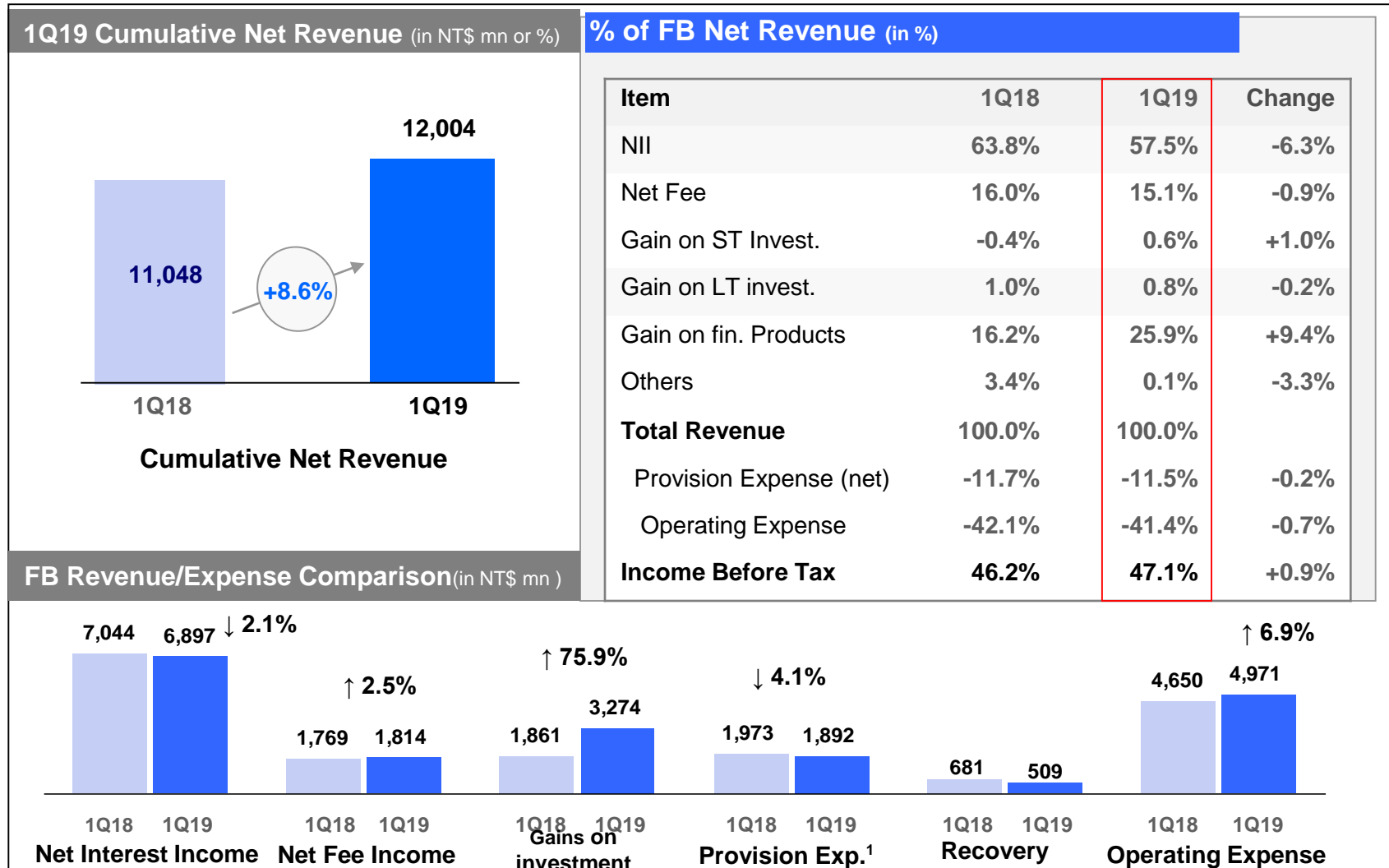


1Q19 Operating Results

FFHC & First Bank Profitability -After Tax



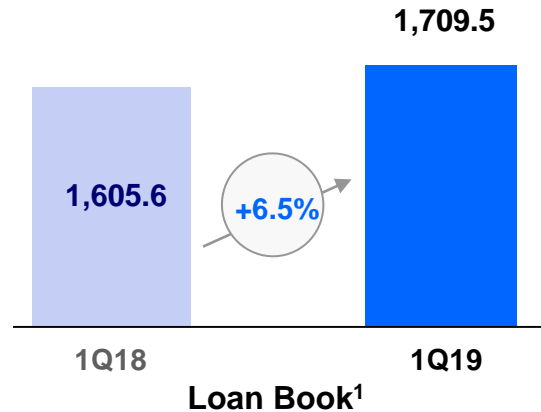
FB 1Q19 Pre-tax Profit



1. Gross Provision expense.

FB 1Q19 Loan Book Mix

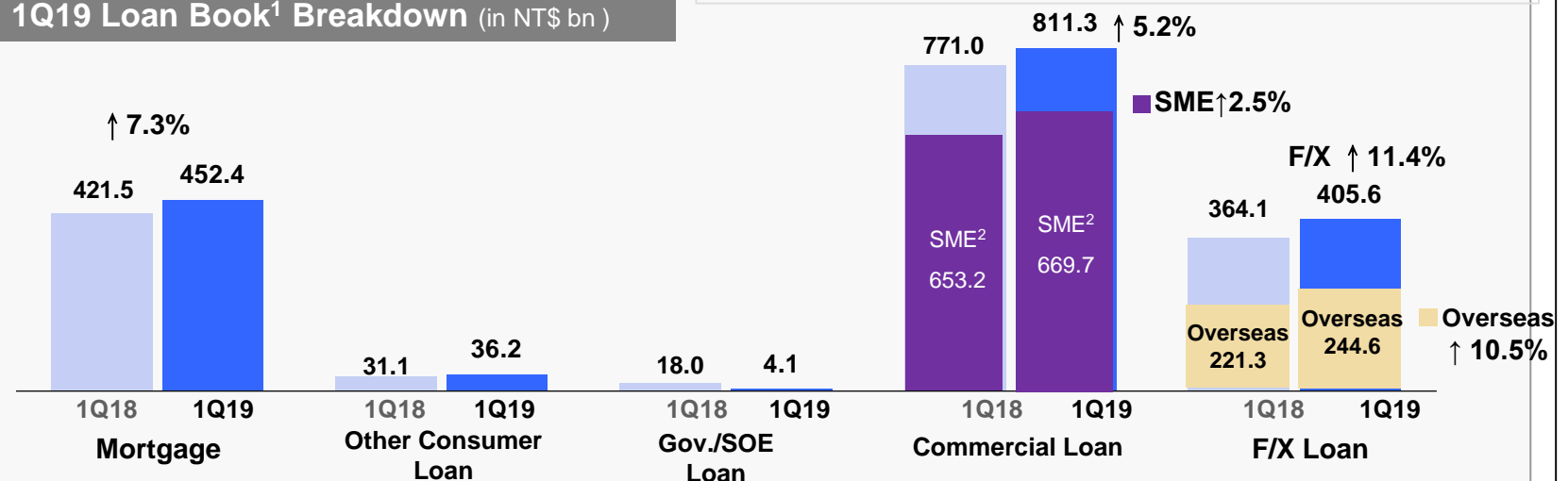
1Q19 Loan Book¹ (in NT\$ bn or %)



% of Loan Book¹

Item	1Q18	1Q19	Change
Consumer	28.2%	28.6%	+0.4%
Mortgage	26.3%	26.5%	+0.2%
Other Consumer Loan	1.9%	2.1%	+0.2%
Corporate Banking	71.8%	71.4%	-0.4%
Commercial Loan	48.0%	47.5%	-0.5%
--- SME	40.7%	39.2%	-1.5%
Gov./SOE Loan	1.1%	0.2%	-0.9%
F/X/ Loan	22.7%	23.7%	+1.0%
--- Overseas	13.8%	14.3%	+0.5%
Loan Book¹		100.0%	

1Q19 Loan Book¹ Breakdown (in NT\$ bn)

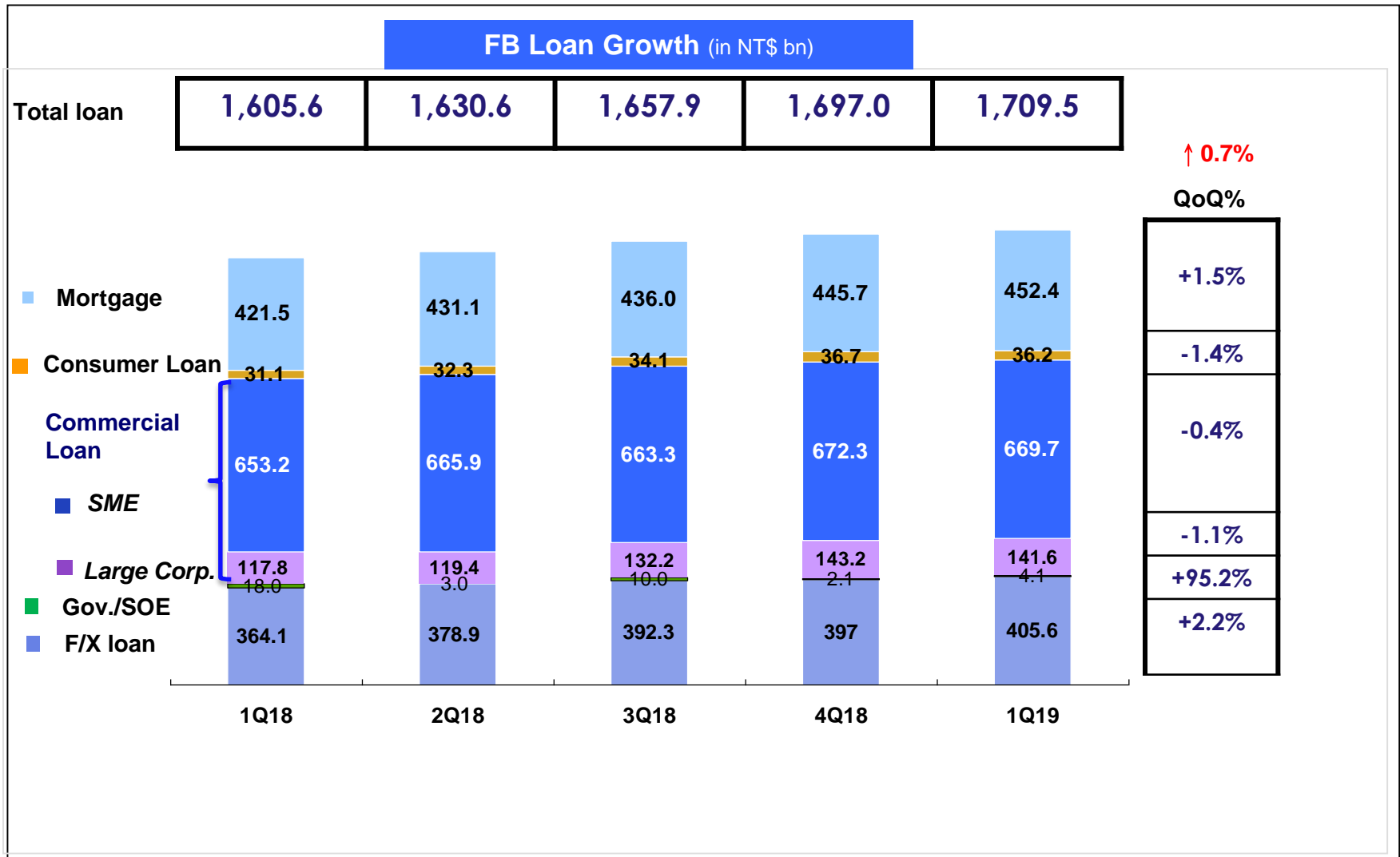


1. Loan Book does not include NALs

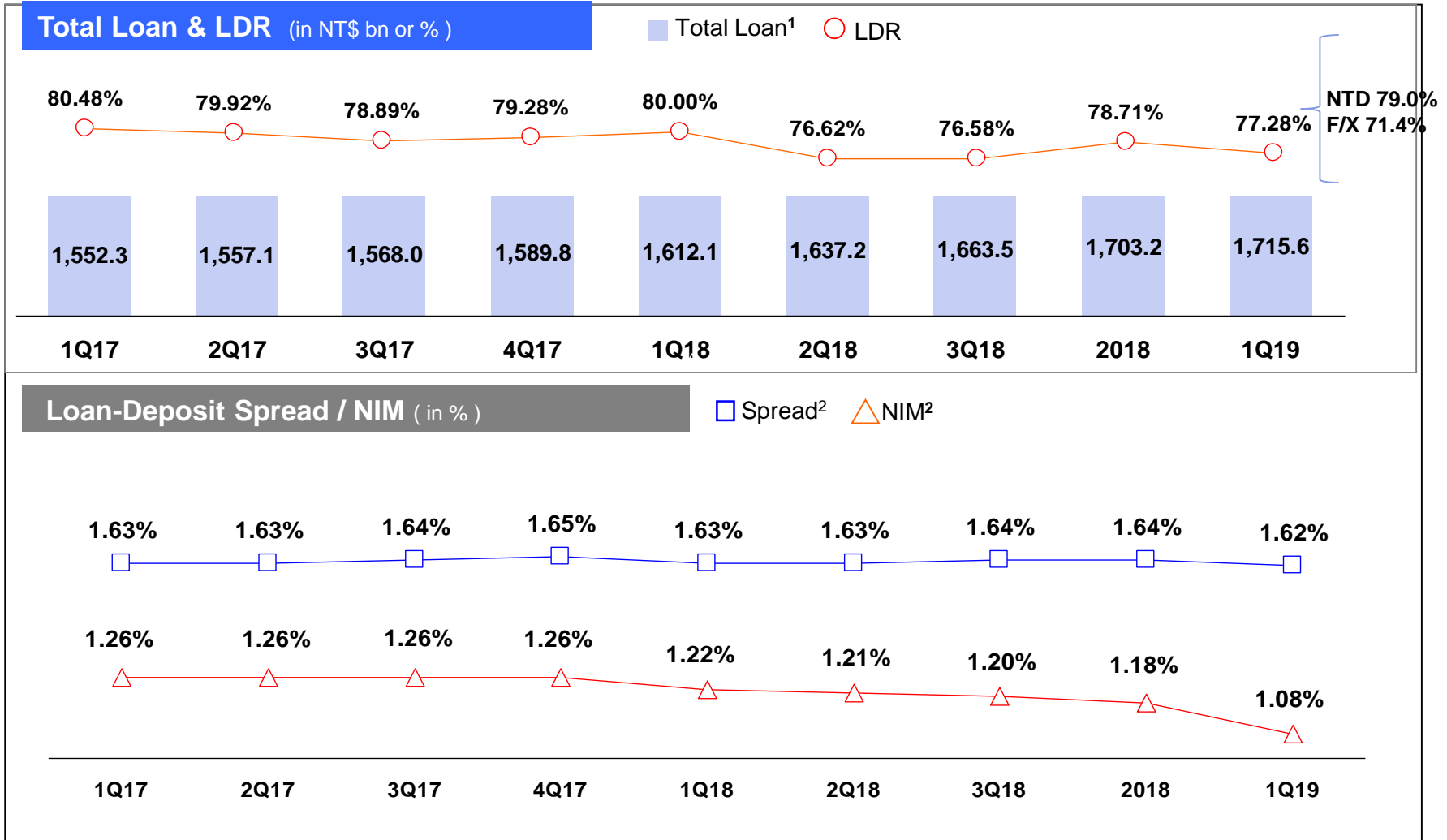
2. SME as defined by the "Act for Development of Small & Medium Enterprises; both NTD & Foreign currency loan included

FB Loan Breakdown

-QoQ Comparison

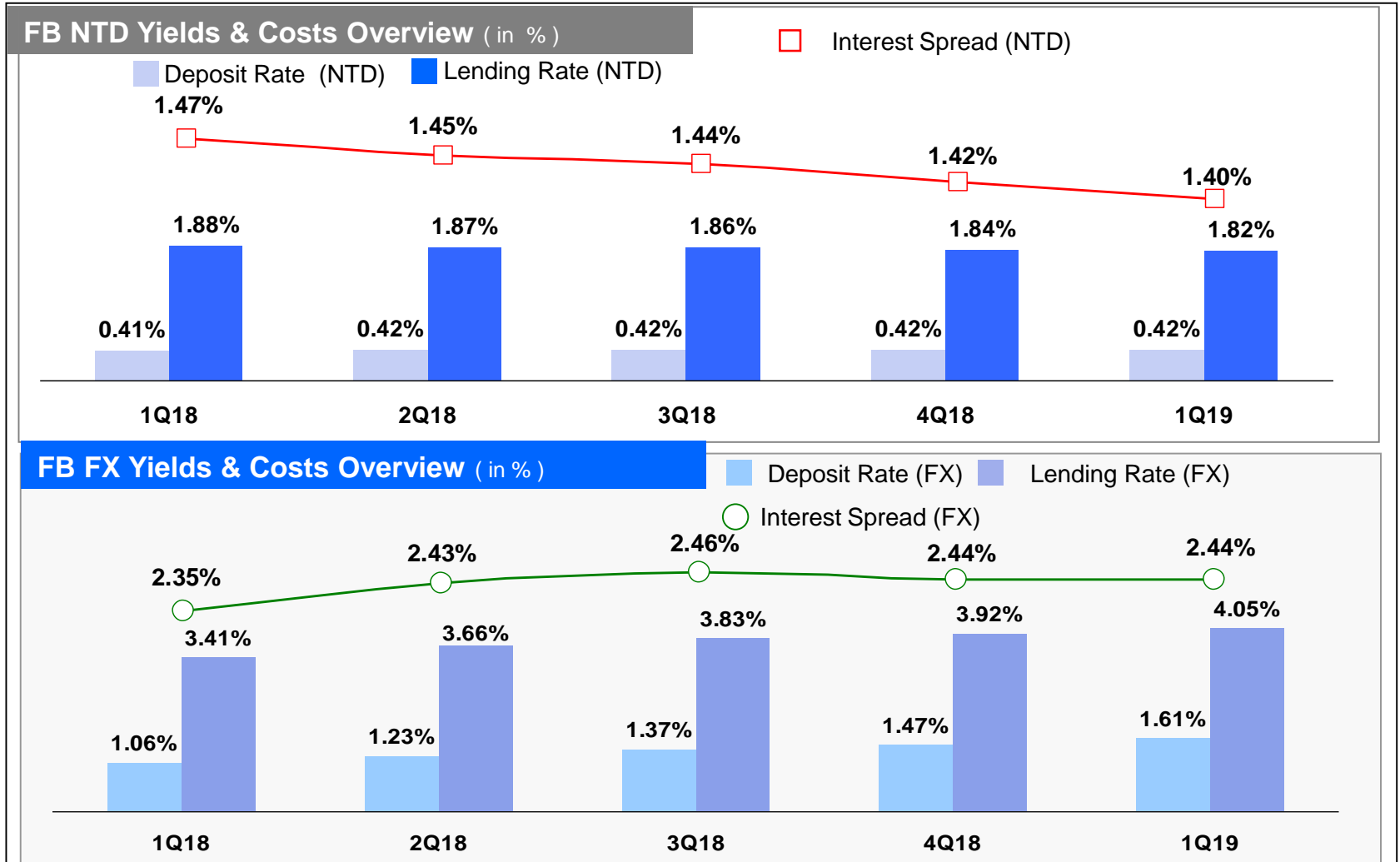


FB 1Q19 LDR, SPREAD & NIM



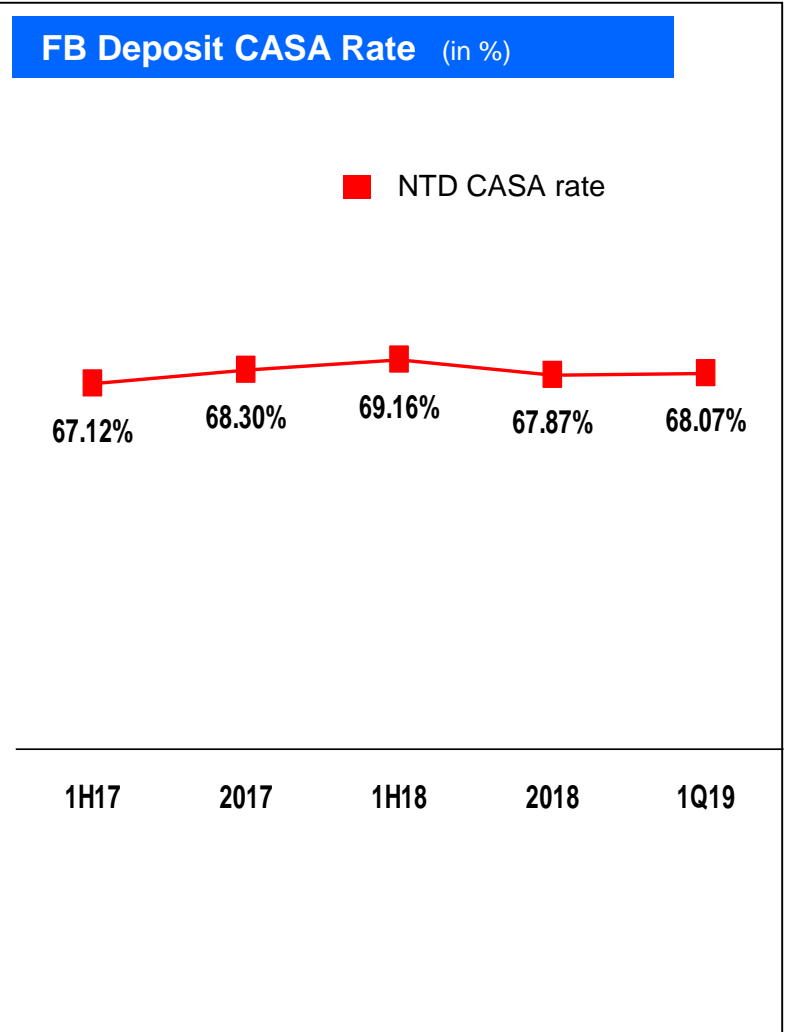
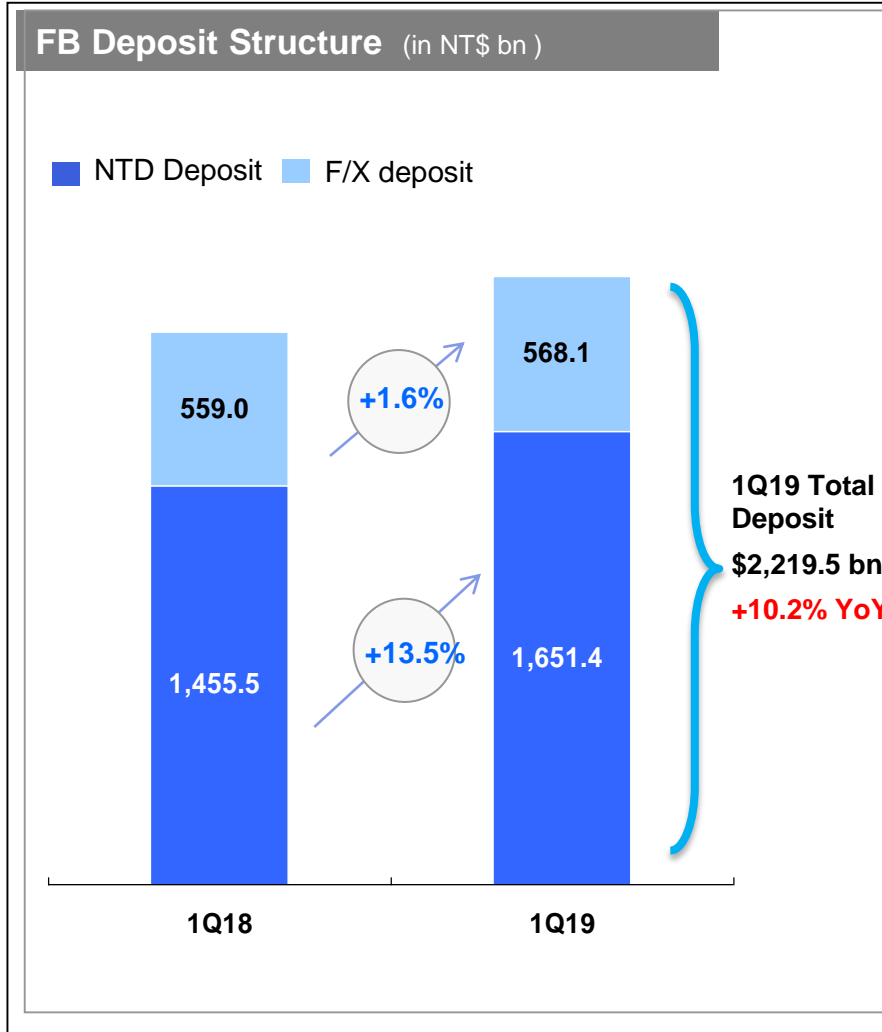
1. Total Loan = loan + import/export negotiation + NALs
 2. Annual cumulative Average Spread and NIM

FB 1Q19 Loan Yields

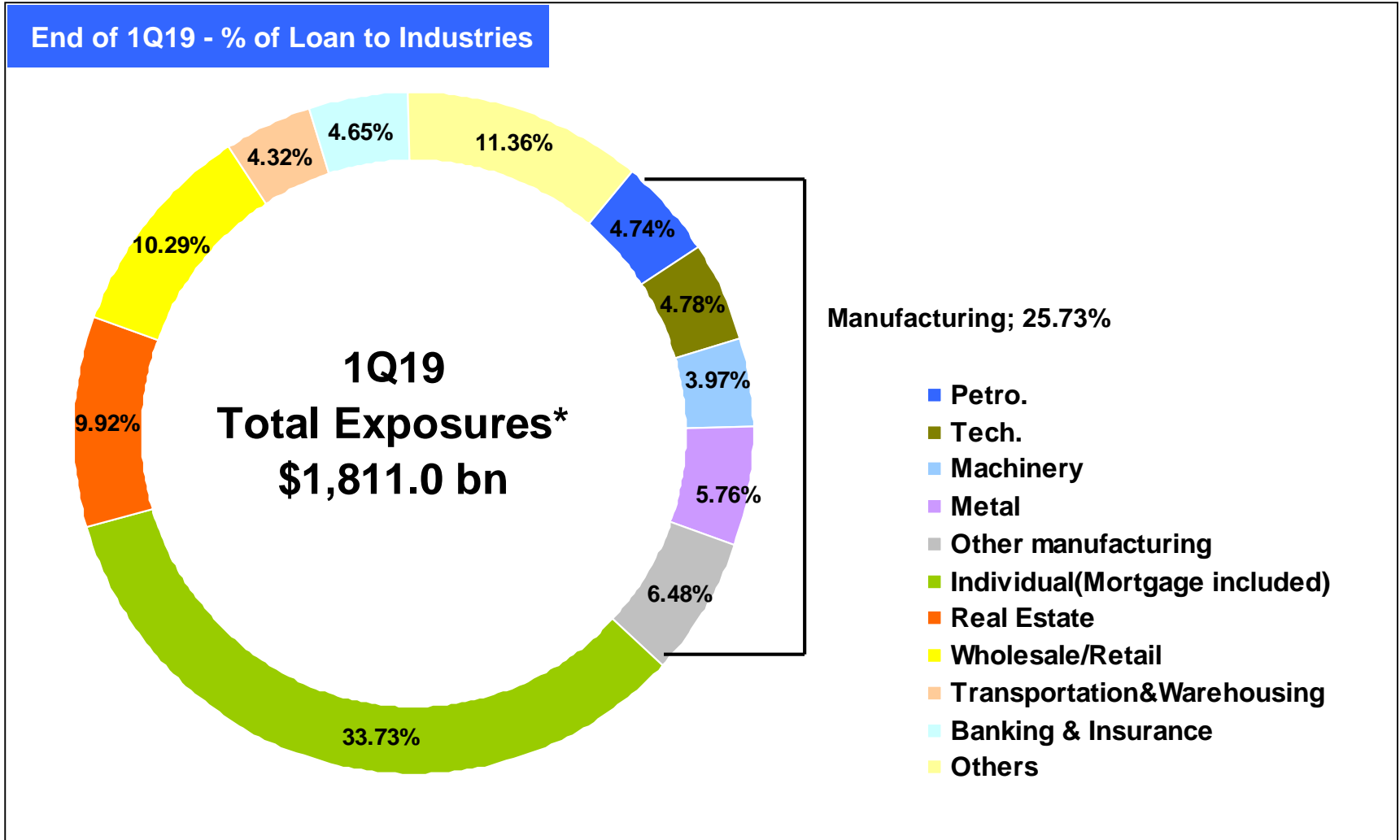


*All rates are **QUARTERLY** average rates.

FB 1Q19 Deposit Mix

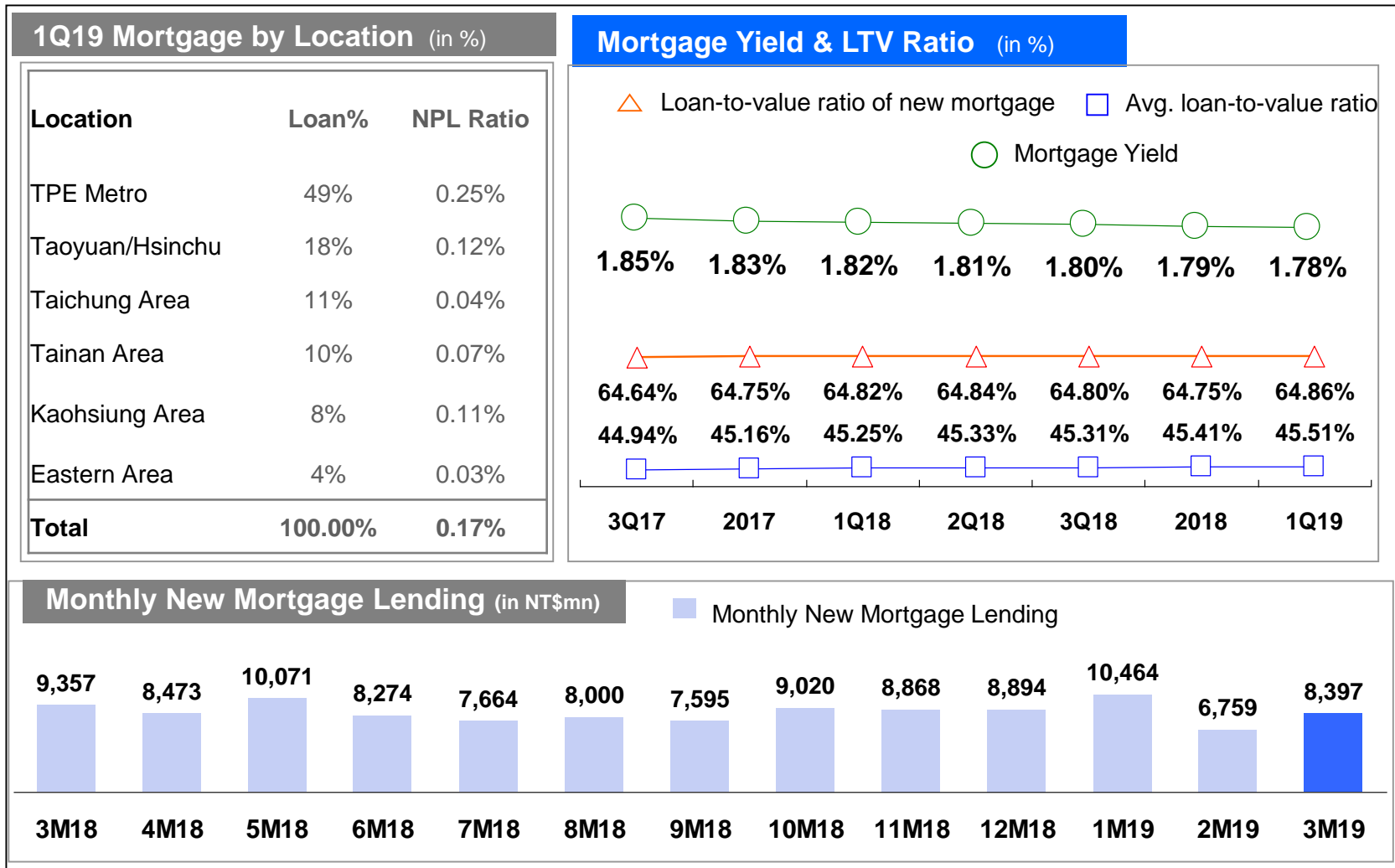


Major Exposures Breakdown



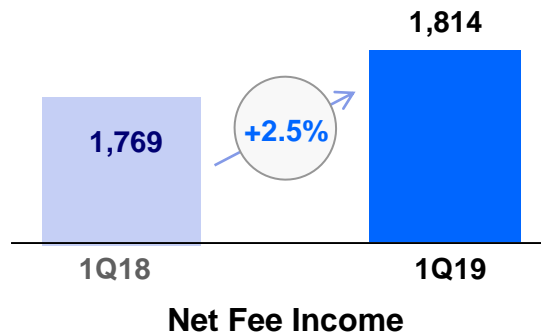
1. Total exposures does not includes NALs and investment.

FB 1Q19 Mortgage Book



FB 1Q19 Fee Income Breakdown

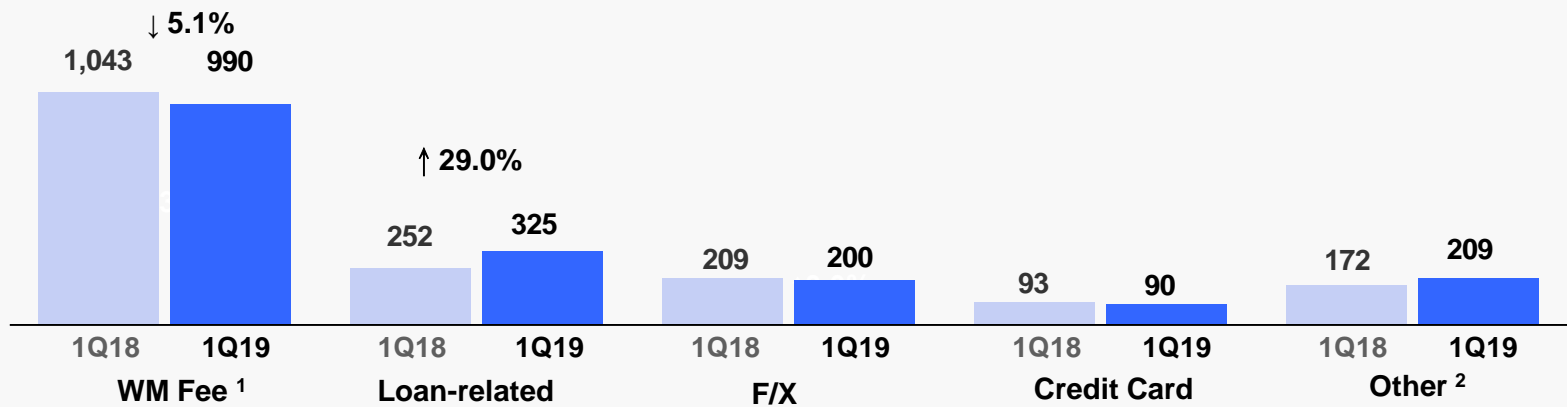
1Q19 Cumulative Net Fee Income (in NT\$ mn or %)



% of Cumulative Net Fee

Item	1Q18	1Q19	Change
WM ¹	59.0%	54.6%	-4.4%
Loan-related	14.2%	17.9%	+3.7%
F/X	11.8%	11.0%	-0.8%
Credit Card	5.3%	5.0%	-0.3%
Other ²	9.7%	11.5%	+1.8%
Cumulative Net Fee	100.0%	100.0%	

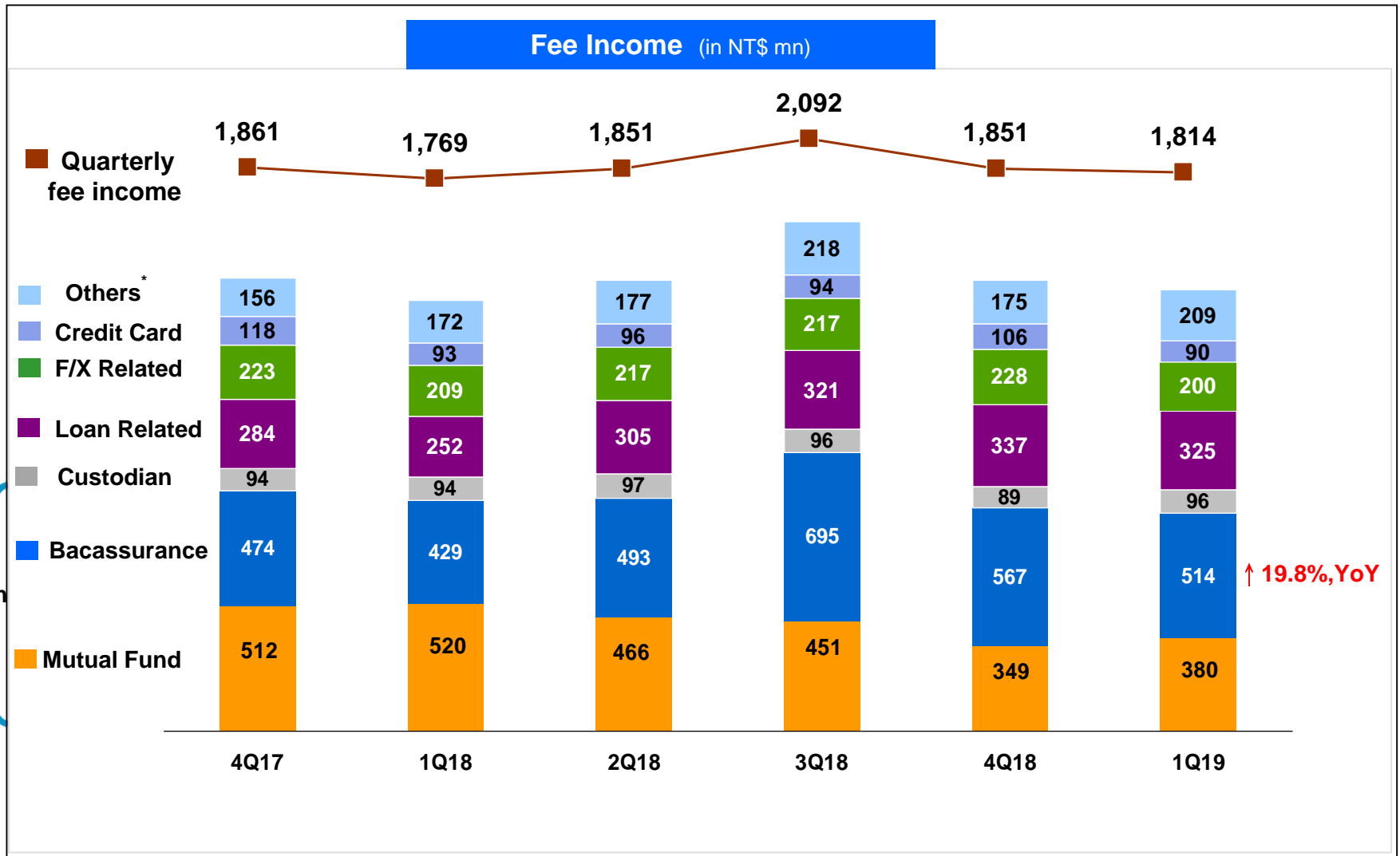
1Q19 Cumulative Net Fee Breakdown (in NT\$ mn)



1. WM Fee = Custodian Fee + Trust-related Fee + Bancassurance Fee
 2. Other represents network service fee, including overseas branches

FB Fee Income Breakdown

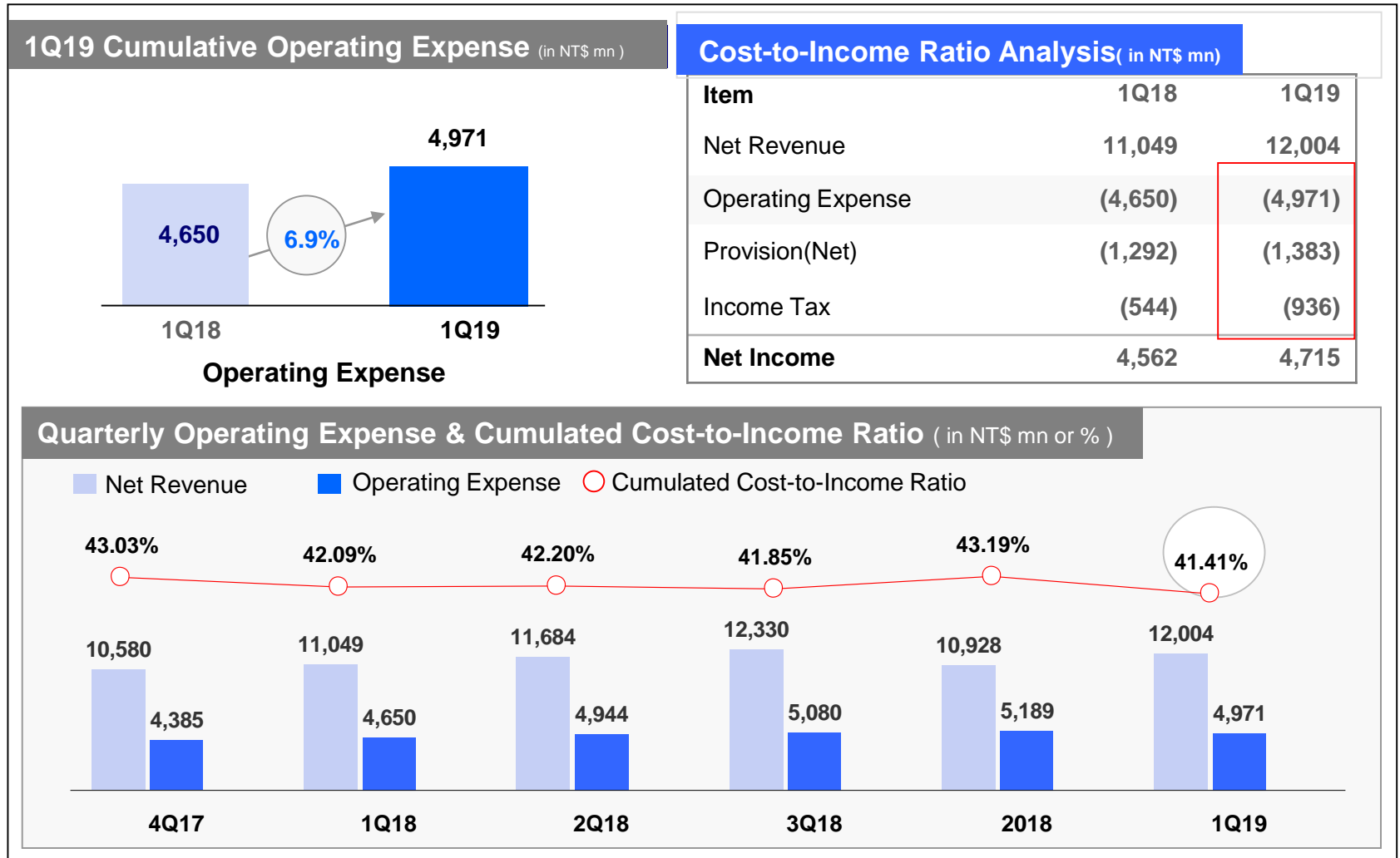
-QoQ Comparison



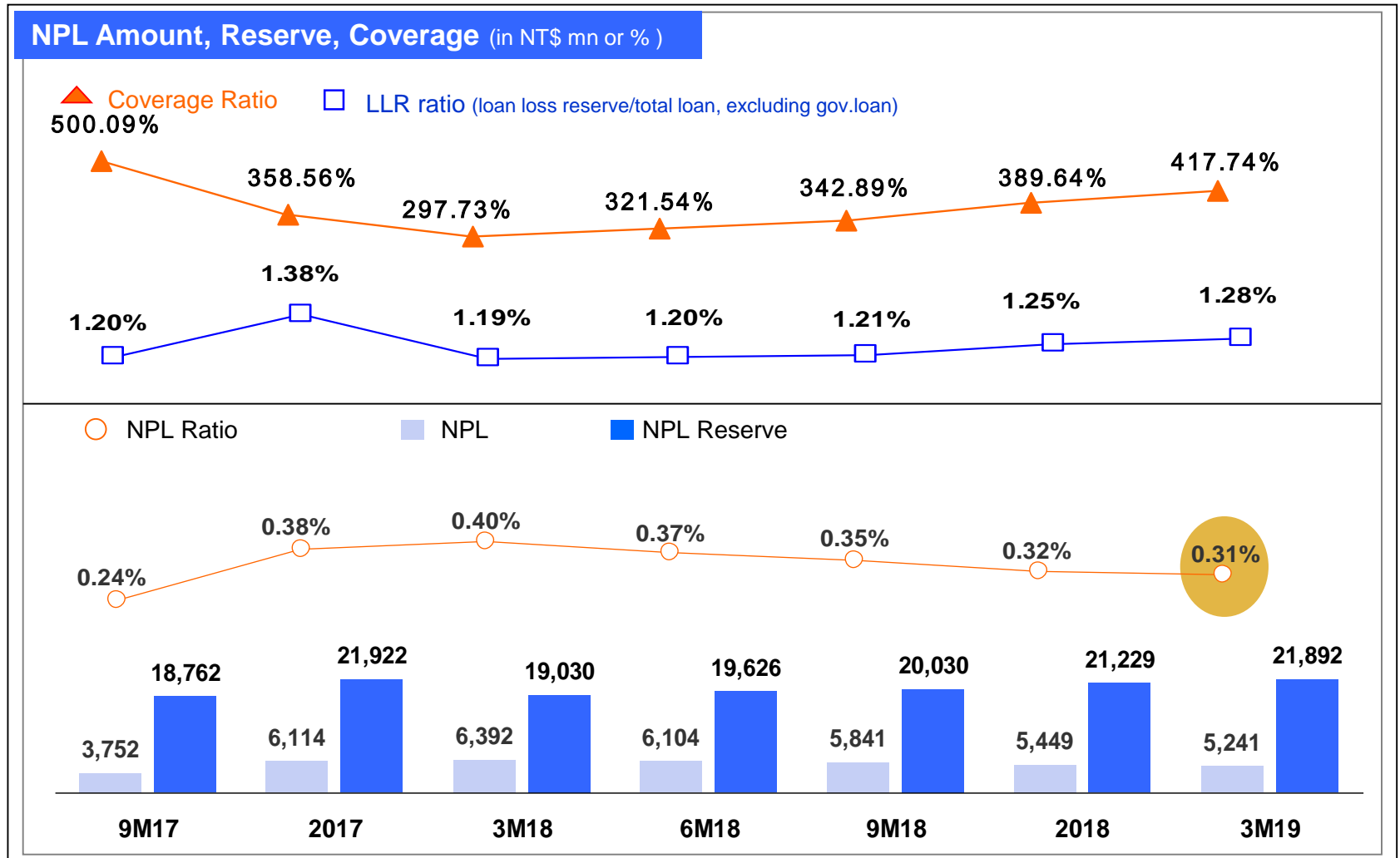
* Wealth Management Fee = Fund sales + Bancassurance + Custodian

*Other represents network service fee, including overseas branches

FB 1Q19 Cost-to-Income Ratio



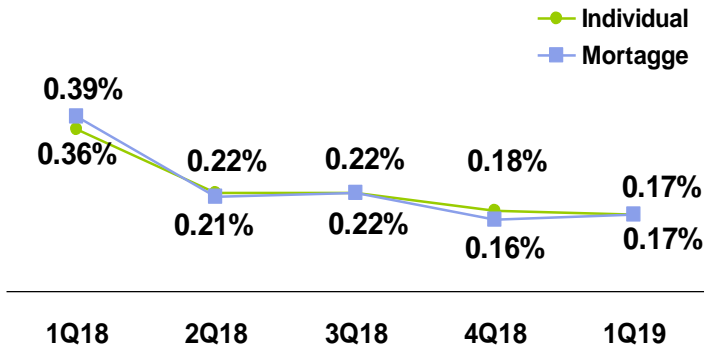
FB 1Q19 Asset Quality



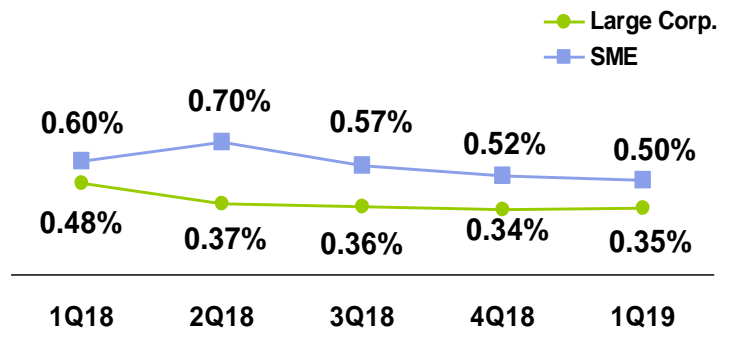
* NTD 2,141 mn was recategorized from “allowance for loan losses” to “reserve for loan commitments” and other provision referring to IFRS9 since 1Q19.

FB NPL Migration by Sectors

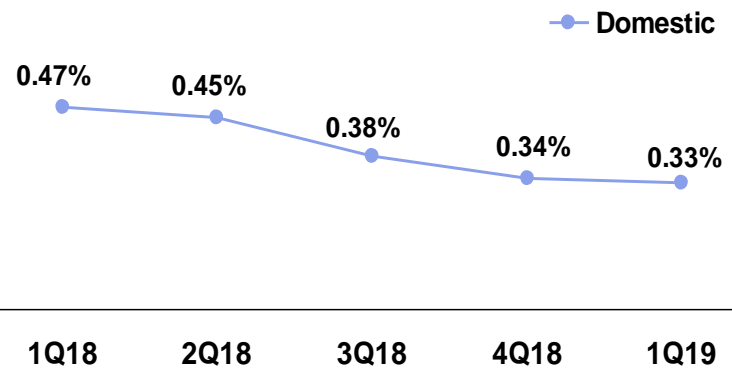
Individual¹ & Mortgage NPL Ratios(in %)



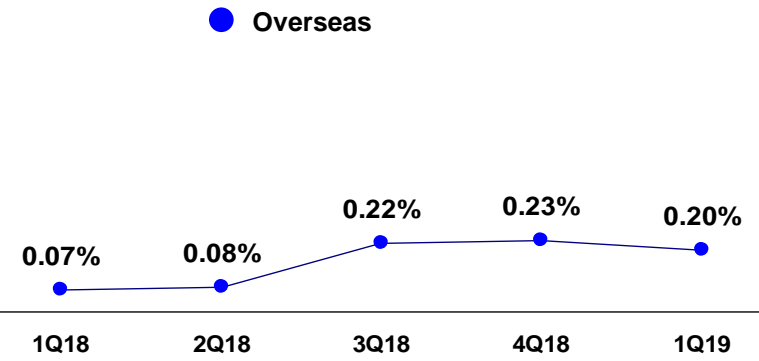
Large Corp. & SME NPL Ratios(in %)



Domestic NPL Ratio(in %)



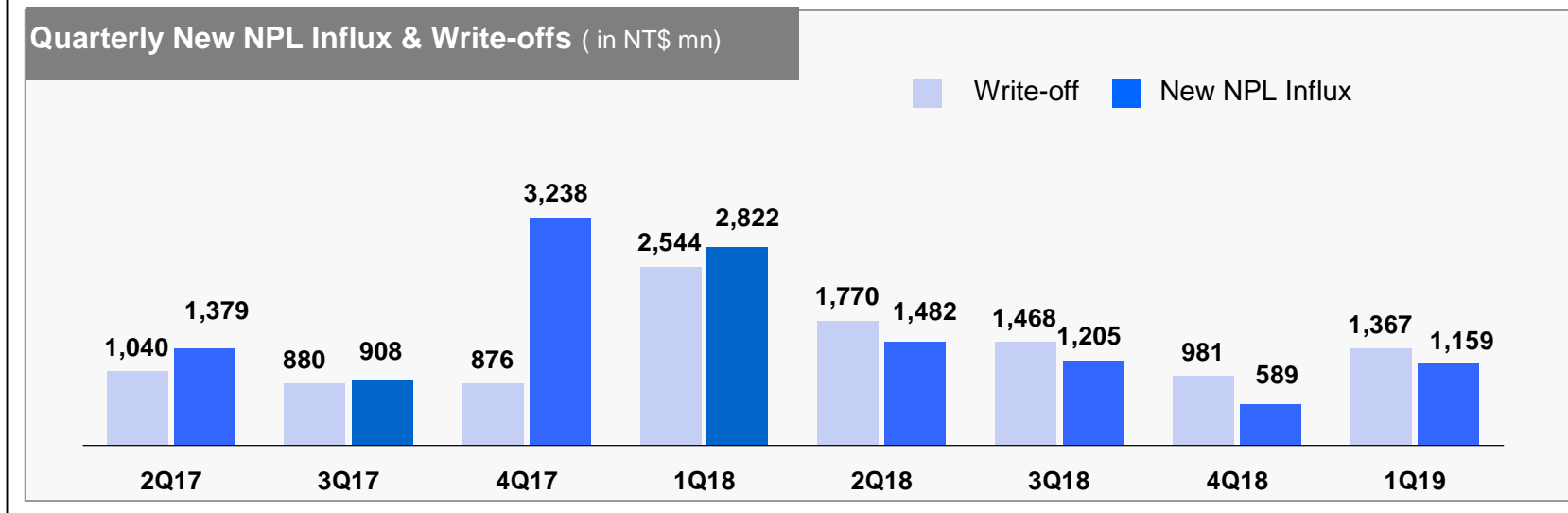
Overseas NPL Ratio(in %)



1. Individual: mortgage and non-mortgage loan included
 2. bad-debt recovery not included.

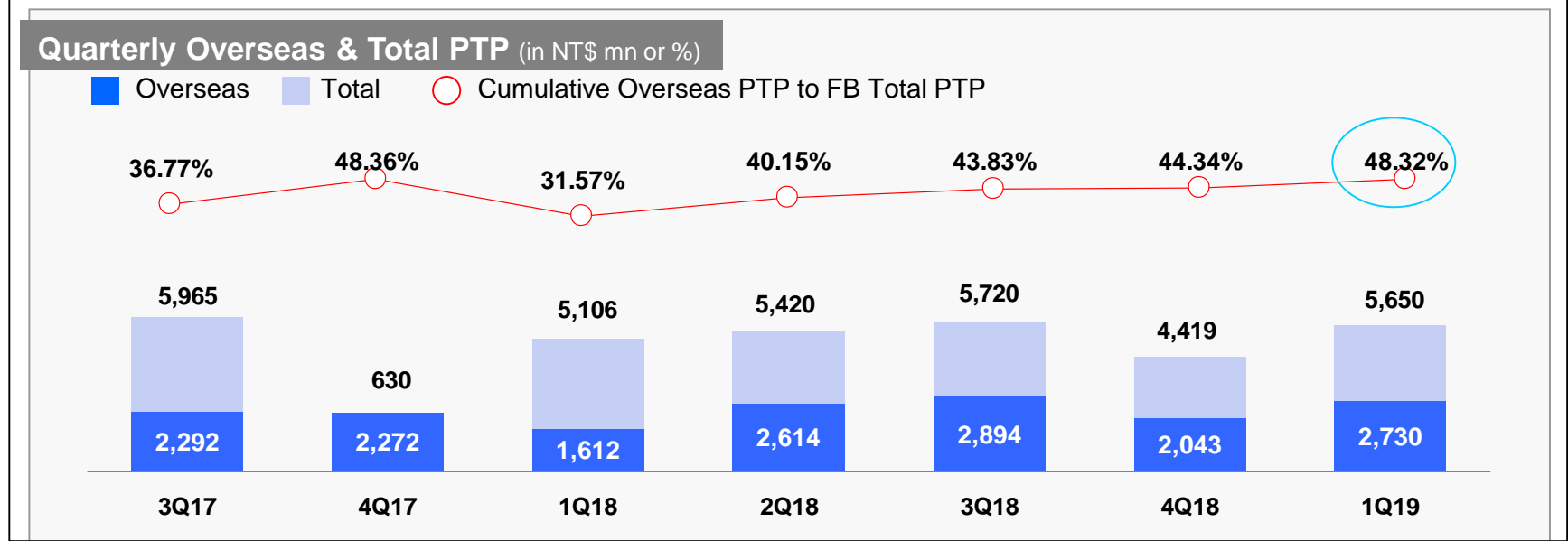
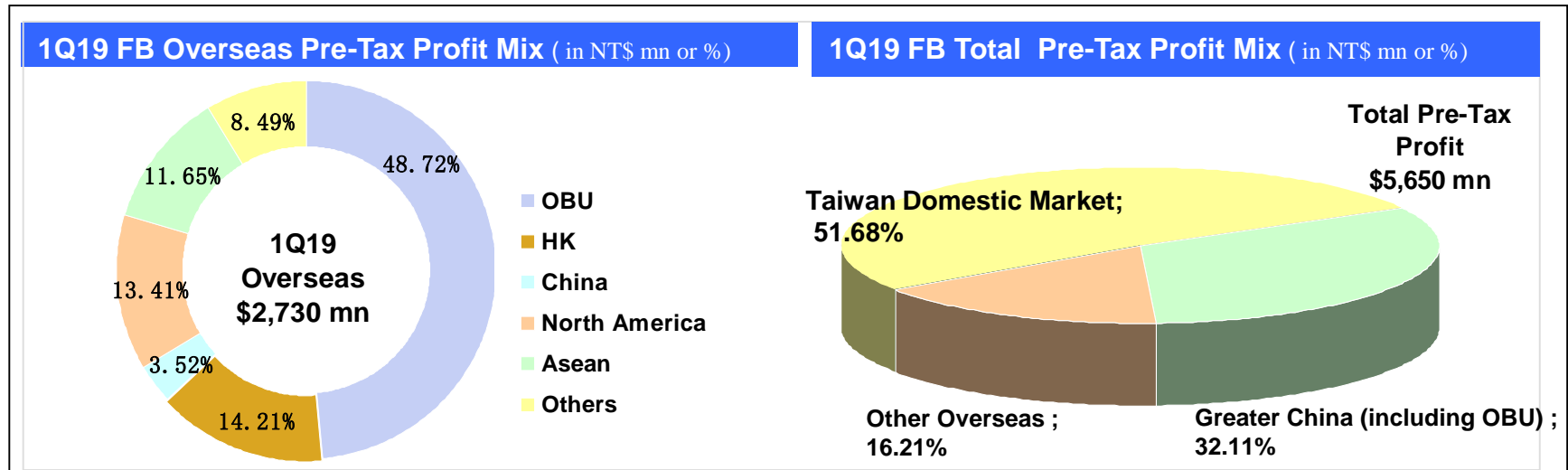
FB New NPL Influx Breakdown

Breakdown of New NPL Influx (in NT\$ mn)					Quarterly Recovery Mix (in NT\$ mn)				
Quarterly NPL Influx	2Q18	3Q18	4Q18	1Q19	Quarterly Recovery	2Q18	3Q18	4Q18	1Q19
--- Domestic	1,444	742	548	1,010	--- Domestic	788	574	897	492
--- Overseas	38	463	41	149	--- Overseas	13	12	15	5
					--- Credit Card	12	12	13	12
Total NPL Influx	1,482	1,205	589	1,159	Total Recovery	813	598	925	509
ChingFu Ship. *	138								

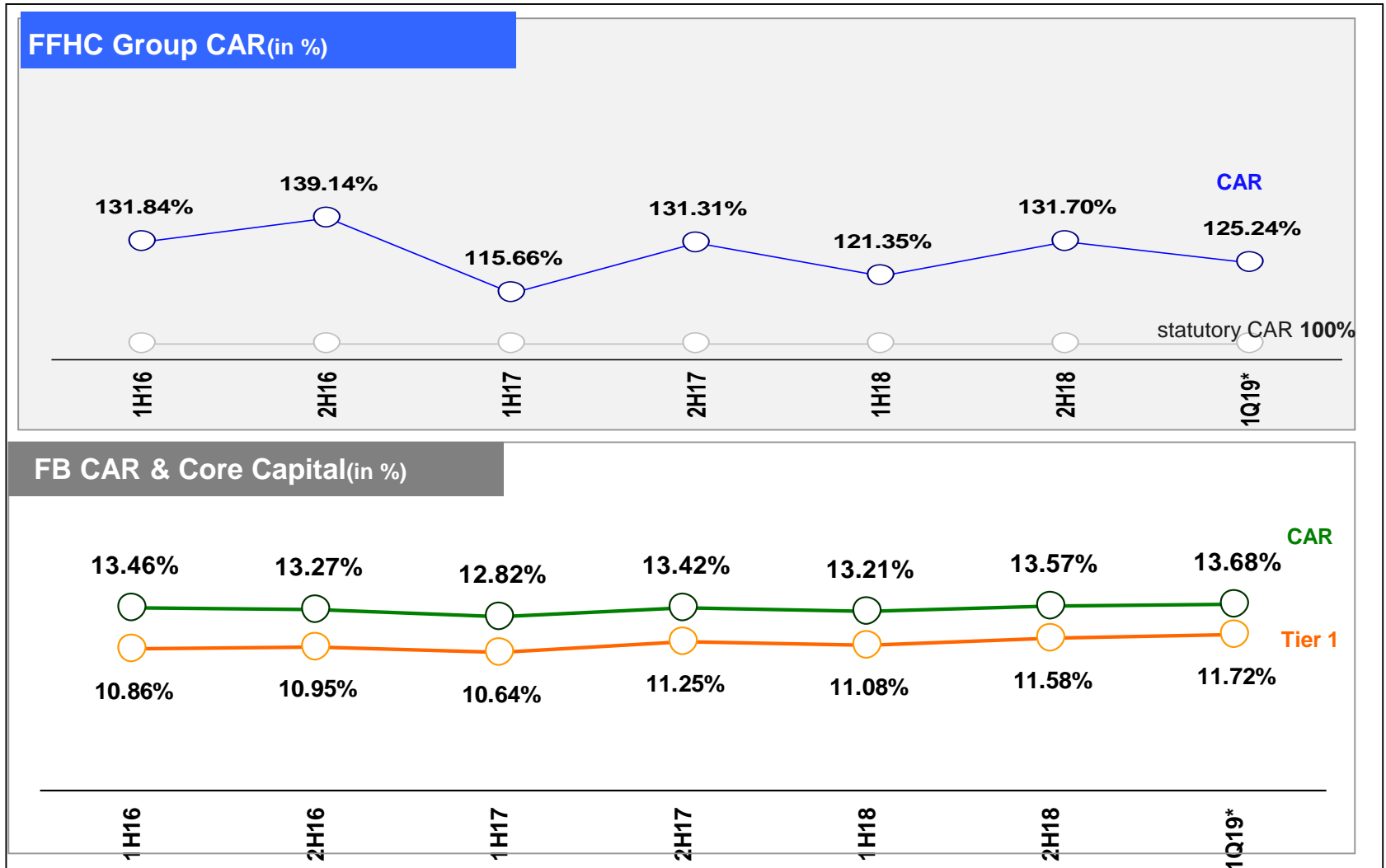


* 1Q19 total new NPL influx was NT\$ 6,098 mn, and Ching-Fu Shipbuilding occupied NT\$ 1,727 mn. Excluding one-off Ching-Fu Shipbuilding NPL, other new NPL influx would be NT\$ 4,371 mn.

FB 1Q19 Overseas Profits



CAR & Core Capital



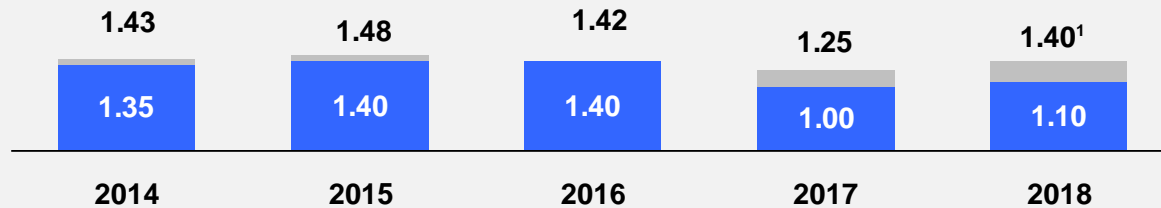
•Preliminary data for 1Q19.

•Leverage ceiling for holding companies in Taiwan: Double Leverage < 125% ; Debt Ratio < 30%

Shareholder Return

FFHC Earnings Per Share (in NT\$ dollar)

■ EPS
■ Dividend



FFHC Dividend History (in NT\$ dollar)

	2014	2015	2016	2017	2018 ²
Cash dividend	0.70	0.95	1.20	0.90	1.00
Stock dividend	0.65	0.45	0.20	0.10	0.10
Total dividend	1.35	1.40	1.40	1.00	1.10
CASH Payout ratio	49.0%	64.2%	82.8%	72.0%	71.4%

1. EPS is adjusted retroactively for stock dividends

2. 2018's dividend proposal is subject to final approval at 2019 AGM meeting on June 21.



Appendix



FFHC Consolidated Statement of Comprehensive Income (in NT\$ million or %)

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Net interest income	28,801	29,993	30,268	7,384	7,301	-1.1%
Net service fee & commission	8,723	8,341	8,526	1,975	2,001	1.3%
Net Insurance revenue	1,351	5,130	11,733	3,434	2,845	-17.2%
Gain on financial assets meas. at fair value through P/L	2,569	5,550	4,880	1,399	2,954	111.2%
Real estate investment gain	163	93	117	25	32	28.0%
Gain on AFS financial assets	951	1,052	0			#DIV/0!
Gain on financial assets at fair value through other compre. income			1,566	543	90	-83.4%
Income from equity invest.	(75)	138	110	32	41	28.1%
Excluding gain on fin. assets measured at amort.cost			22			#DIV/0!
Reserve of overlay approach				0	(4)	
Net gain on F/X	935	(170)	2,499	(86)	336	-490.7%
Assets impairment loss	(39)	(46)	(90)	0	3	#DIV/0!
Others	1,712	746	618	393	22	-94.4%
Net Revenue	45,091	50,827	60,249	15,098	15,621	3.5%
Net Provision for credit losses	(2,244)	(6,772)	(5,486)	(1,289)	(1,393)	8.1%
Recovered(provided) for insurance res.	(871)	(4,560)	(11,153)	(3,259)	(2,722)	-16.5%
Operating Expense	(21,779)	(21,347)	(22,906)	(5,391)	(5,696)	5.7%
Income from continued op. before tax	20,197	18,148	20,703	5,159	5,810	12.6%
Income tax expenses	(2,913)	(2,716)	(3,370)	(567)	(1,000)	76.4%
Consolidated net income	17,284	15,432	17,332	4,592	4,810	4.7%
Other Items	(2,354)	(1,038)	417	(1,362)	4,081	-399.6%
Comprehensive Income	14,930	14,394	17,749	3,230	8,891	175.3%
Net Income attributed to:						
Parent	17,356	15,483	17,332	4,592	4,810	4.7%
Minority interests	(72)	(51)	0	0	0	#DIV/0!
Comprehensive Income attributed to:						
Parent	15,023	14,380	17,749	3,230	8,891	175.3%
Minority interests	(93)	14	0	0	0	
EPS ¹ (NT\$)	1.42	1.25	1.40	0.37	0.39	5.4%

FFHC Non-consolidated Income Statement

FFHC Standalone Income Statement Summary in NT\$ million, NT\$, or %

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Operating revenues						
Income from long-term investment	17,857	15,693	17,904	4,766	4,945	3.8%
Other income ¹	242	246	227	1	4	300.0%
Total revenues	18,099	15,939	18,131	4,767	4,949	3.8%
Loss from long-term investment	(304)	(53)	(321)	(67)	0	-100.0%
Operating expenses	(338)	(334)	(356)	(87)	(87)	0.0%
Other expenses and losses	(145)	(118)	(110)	(21)	(52)	147.6%
Income from continued op. before tax	17,312	15,434	17,344	4,592	4,810	4.7%
Income from continued op. after tax	17,356	15,483	17,332	4,592	4,810	4.7%
Income from discontinued op., net of ta:	0	0	0	0	0	--
Net income	17,356	15,483	17,332	4,592	4,810	4.7%
EPS ² (NT\$)	1.42	1.25	1.40	0.37	0.39	5.4%

1. Including income other than long-term investment

2. EPS is adjusted retroactively for stock dividends

FFHC Balance Sheet

FFHC Balance Sheet Summary in NT\$ million or million shares

	Full Years Result			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Non-consolidated Balance Sheet Data						
Long-term investment	203,834	205,970	217,409	217,598	229,907	5.7%
Total non-consolidated assets	205,165	208,951	224,661	218,871	233,420	6.6%
Total liabilities	13,390	17,168	19,358	17,092	19,226	12.5%
Total shareholders' equity	191,775	191,783	205,303	201,779	214,194	6.2%
Consolidated Balance Sheet Data						
Total consolidated assets	2,541,156	2,634,059	2,935,204	2,655,474	3,053,557	15.0%
Total liabilities	2,349,127	2,442,008	2,729,901	2,453,696	2,839,363	15.7%
Total shareholders' equity	192,029	192,051	205,303	201,779	214,194	6.2%
Parent's shareholders' equity	191,775	191,783	205,303	201,779	214,194	6.2%
Minority interests	254	268	0	0	0	#DIV/0!
Current shares outstanding**	119,769	122,164	123,386	122,164	123,386	1.0%

*figures may not match due to rounding

FFHC Key Ratios

FFHC Key Ratios

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
After-tax ROAA (Annualized ratio)	0.69%	0.60%	0.62%	0.68%	0.64%	-5.9%
After-tax ROAE (Annualized ratio)	9.10%	8.04%	8.58%	9.16%	9.16%	0.0%
Book Per Share	16.01	15.70	16.64	16.52	17.36	5.1%
Capital Stock	119,769	122,164	123,386	122,164	123,386	1.0%
Double leverage ¹	106.29%	107.40%	105.90%	107.84%	107.34%	-0.5%
Group CAR ²	139.14%	131.31%	131.70%	124.61%	125.24%	0.5%
Debt Ratio ³	6.53%	8.24%	8.62%	7.81%	8.24%	5.5%

1. Double leverage ratio = Long-term investment / Equity

2. Preliminary data for 1Q19

3. Non-consolidated basis.

FB Income Statement

FB Comprehensive Income Statement Summary (Standalone) in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Net interest income	27,797	28,843	28,669	7,044	6,897	-2.1%
Net fee income	8,035	7,457	7,563	1,769	1,814	2.5%
Net gain on ST invest.	274	398	98	(45)	68	-251.1%
Net gain on LT invest.	433	719	834	110	93	-15.5%
Net gain on other fin. products	4,344	5,256	8,396	1,796	3,113	73.3%
Other net income	654	241	431	375	19	-94.9%
Net revenue	41,537	42,914	45,991	11,049	12,004	8.6%
Operating expenses	(18,963)	(18,466)	(19,863)	(4,650)	(4,971)	6.9%
Pre-provision pre-tax profit	22,574	24,448	26,128	6,398	7,033	9.9%
Provision expense	(4,396)	(9,621)	(8,480)	(1,973)	(1,892)	-4.1%
Adjustment: bad-debt recovery	2,346	2,782	3,017	681	509	-25.3%
Income before tax	20,524	17,609	20,665	5,106	5,650	10.7%
Income tax	(2,825)	(2,467)	(3,134)	(544)	(935)	71.9%
Net income	17,699	15,142	17,531	4,562	4,715	3.4%
Other items	(2,100)	(1,214)	513	(1,351)	3,815	-382.4%
Comprehensive income	15,599	13,928	18,044	3,211	8,530	165.6%
EPS	1.99	1.70	1.97	0.51	0.53	0.04

FB Key Ratios

FB Key Ratios

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Loan to deposit spread	1.65%	1.65%	1.64%	1.63%	1.62%	-0.61%
Net Interest Margin	1.26%	1.26%	1.18%	1.22%	1.08%	-11.48%
Cost to income ratio ³	45.65%	43.03%	43.19%	42.09%	41.41%	-1.62%
Loan to deposit ratio ¹	79.04%	79.28%	78.71%	80.00%	77.28%	-3.40%
NPL ratio	0.20%	0.38%	0.32%	0.40%	0.31%	-22.50%
LLR ratio (excluding gov. loan)	1.22%	1.38%	1.25%	1.19%	1.28%	7.56%
Coverage ratio	625.14%	358.56%	389.64%	297.73%	417.74%	40.31%
CAR	13.27%	13.42%	13.57%	13.58%	13.68%	0.74%
Tier-1	10.95%	11.25%	11.58%	11.42%	11.72%	2.63%
ROAA ²	0.72%	0.60%	0.65%	0.72%	0.64%	-11.11%
ROAE ²	9.46%	7.91%	8.71%	9.16%	9.00%	-1.75%

1. Loan to deposit ratio = total loan / total deposit

2. Annualized figures.

FB Loan Quality

FB NPL Migration in NT\$ million or %

	Full Year Results		2018 Quarterly				Year-over-Year Comparison		
	2017	2018	Q1	Q2	Q3	Q4	1Q18	1Q19	Change
NPL- beginning	3,035	6,114	6,114	6,392	6,104	5,841	6,114	5,449	-10.9%
Net new NPL influx	7,225	6,098	2,822	1,482	1,205	589	2,822	1,159	-58.9%
<i>Domestic</i>	6,744	5,394	2,660	1,444	742	548	2,660	1,010	-62.0%
<i>Overseas</i>	481	704	162	38	463	41	162	149	-8.0%
Net write-offs	(4,146)	(6,763)	(2,544)	(1,770)	(1,468)	(981)	(2,544)	(1,367)	-46.3%
NPL- ending balance	6,114	5,449	6,392	6,104	5,841	5,449	6,392	5,241	-18.0%
Allowance for loan loss- beginning	18,973	19781*	19781*	19,030	19,626	20,030	19781*	21,229	7.3%
Provisions for loan loss	7,429	7,919	1,832	2,020	1,892	2,175	1,832	1,859	1.5%
Net write-offs	(4,146)	(6,763)	(2,544)	(1,770)	(1,468)	(981)	(2,544)	(1,367)	-46.3%
Others	(334)	292	(39)	346	(20)	5	(39)	171	-538.5%
Allowance for loan loss- ending	21,922	21,229	19,030	19,626	20,030	21,229	19,030	21,892	15.0%
Recovery from bad debt	2,782	3,017	681	813	598	925	681	509	-25.3%
<i>Domestic</i>	2,533	2,895	636	788	574	897	636	492	-22.6%
<i>Overseas</i>	197	73	33	13	12	15	33	5	-84.8%
<i>Credit card</i>	52	49	12	12	12	13	12	12	0.0%

1. Non-consolidated basis

* NTD 2,141 mn was recategorized from “allowance for loan losses” to “reserve for loan commitments” and other provision referring to IFRS9 since 2018

First Sec Income Statement Summary

in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Brokerage commission	645	849	899	233	158	-32.2%
Net interest income	292	306	293	80	51	-36.3%
Underwriting commission	23	38	97	9	4	-55.6%
Transaction gains through F/V, net	(12)	227	29	64	87	35.9%
Other operating income	93	107	34	4	13	225.0%
Total operating income	1,041	1,527	1,352	392	313	-20.2%
Total operating expenses	(1,288)	(1,301)	(1,260)	(312)	(275)	-11.9%
Non-operating income	42	72	77	26	24	-7.7%
Income before tax	(205)	298	169	106	62	-41.5%
Income tax	(24)	(26)	(55)	(23)	(9)	-60.9%
Cummulative effect of change in accounting principles	0	0	0	0	0	#DIV/0!
Net income	(229)	272	114	83	53	-36.1%
First Sec Key Ratios						
ROAE (Annualized)	-3.65%	4.41%	1.82%	5.20%	3.40%	-34.6%
ROAA (Annualized)	-1.30%	1.55%	0.61%	1.68%	1.08%	-35.7%
Brokerage market share	1.45%	1.53%	1.42%	1.47%	1.35%	-8.2%
Margin loan market share	2.99%	2.94%	2.53%	2.72%	2.26%	-16.9%

FSITC Operating Report

FSITC Income Statement Summary in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Total operating income						
Management fee	440	501	640	152	155	2.0%
Sales service fee	5	7	13	1	7	600.0%
Total operating income	445	508	653	153	162	5.9%
Operating expenses	(380)	(440)	(540)	(124)	(143)	15.3%
Non-operating income	11	15	12	0	8	#DIV/0!
Income before tax	76	82	125	29	26	-10.3%
Income tax	(12)	(12)	(24)	(6)	(5)	-16.7%
Income after tax	64	70	101	23	21	-8.7%
Cummulative effect of change in accounting principles	0	0	0	0	0	#DIV/0!
Net income	64	70	101	23	21	-8.7%
FSITC Key Ratios						
AUM	94,461	101,095	85,558	105,432	106,158	0.7%
AUM Ranking	8	8	9	8	7	

1. Non-consolidated basis

First Life Financial Results Summary in NT\$ million or %

	Full Year Result			Year-over-Year Comparison		
	2016	2017	2018	1Q18	1Q19	Change
Income Statement Summary						
Operating Revenue	7,520	13,298	17,513	5,596	5,487	-1.9%
Premium Income	7,235	11,684	18,333	5,898	3,790	-35.7%
Other insurance income	244	277	312	76	71	-6.6%
Net Investment Income	41	1,337	(1,132)	(378)	1,626	-530.2%
Operating Cost	7,157	12,861	17,029	5,519	5,288	-4.2%
Reinsurance commission	37	40	49	11	14	27.3%
Reserves	(2,037)	4,566	8,746	3,206	3,278	2.2%
Claims	8,502	7,419	7,122	2,014	1,754	-12.9%
Commission	586	711	930	247	195	-21.1%
Others	72	125	182	41	47	14.6%
Operating Expenses	(513)	(566)	(638)	(163)	(151)	-7.4%
Sales related expenses	(83)	(134)	(164)	(45)	(34)	-24.4%
Management expenses	(430)	(432)	(474)	(118)	(117)	-0.8%
Other expense	0	0	0	0	0	#DIV/0!
Profit/Loss of Operation	(150)	(129)	(154)	(86)	48	-155.8%
Non-Operating Profit	0	0	0	0	0	#DIV/0!
Profit/Loss Before Tax	(150)	(129)	(154)	(86)	48	-155.8%
Income tax	3	26	13	19	(5)	-126.3%
Net Income after tax	(147)	(103)	(141)	(67)	43	-164.2%
Key Ratios						
ROAE(Annualized ratio)	-23.91%	-19.39%	-12.94%	-23.24%	9.60%	-141.3%
ROAA(Annualized ratio)	-0.45%	-0.30%	-0.34%	-0.68%	0.36%	-152.9%

* FFHC claims 51% of First-Aviva operating results in 2015,2016, and 2017.

