



First Financial Holding

2019 Full Year Earnings Result

-Preliminary

Feb. 27, 2020



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At a Glance

2019 Full Year Performance

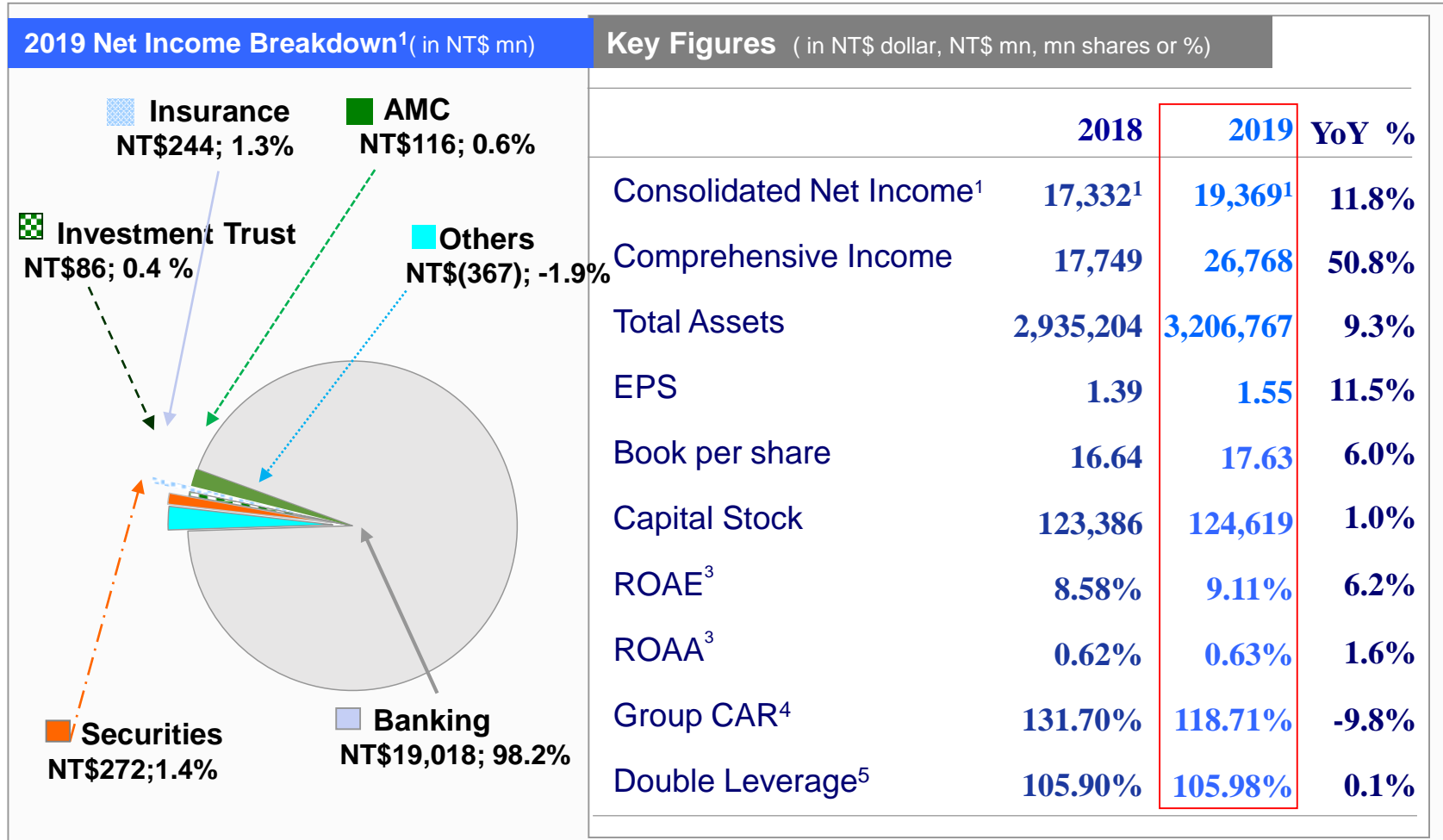


- ◆ **2019 FFHC earnings totaled NT\$19,369 mn, grew by 11.8% YoY:**
Bank booked +8.5% net-income growth; Life posted NT\$244 mn, first-time positive net since inception, both underpinned group's 2019 profit.
- ◆ **Bank's Core performance in 4Q19 :**
Fee income rebounded in 4Q19, booked +3.9% YoY growth, while treasury gains bolstered top-lines to grow 21.6%, F/X loan growth slowed to -1.2% YoY due to NTD appreciation, and shall turn positive (+1.3% YoY) when reverted into USD basis, NTD loan demand remained intact from Corp. and mortgage (+5.3% YoY).
- ◆ **Both NTD and F/X deposits grew double-digits in year-end of 2019, flow/WM business remain optimistic in 2020:**
NTD deposit grew by 11.0% YoY and F/X deposit grew by 11.1% YoY (USD-basis), an evidence of capital inflow in the pipeline.
- ◆ **Lackluster Macro in 1Q20 by COVID-19 outbreak, postponed consumption or credit draw-down to be expected.**
Extended loans/deferred mortgage payment for borrowers to overcome the downturns, precautionary measures will be taken for related exposures.



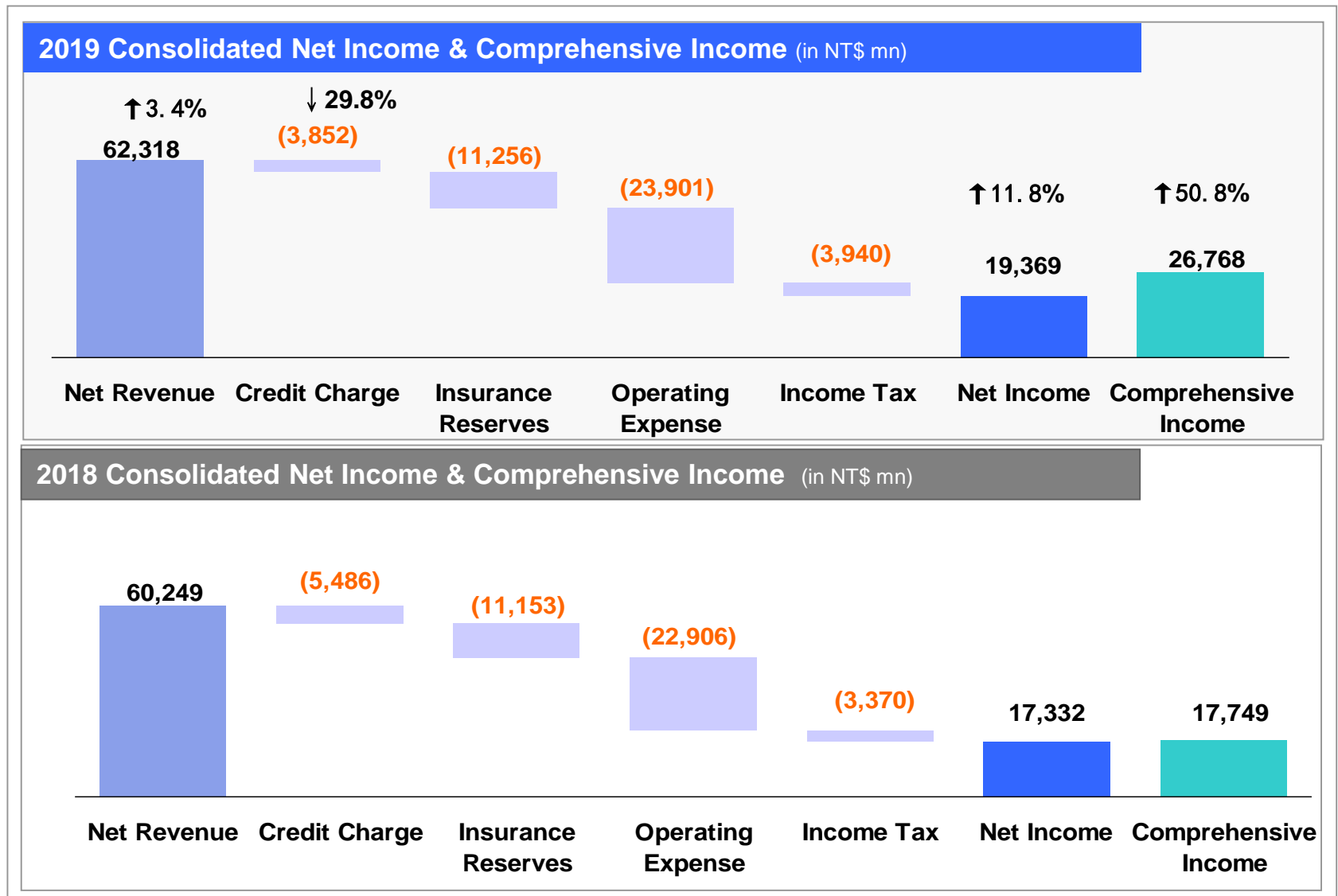
2019 Financial Highlight

2019 Key Figures

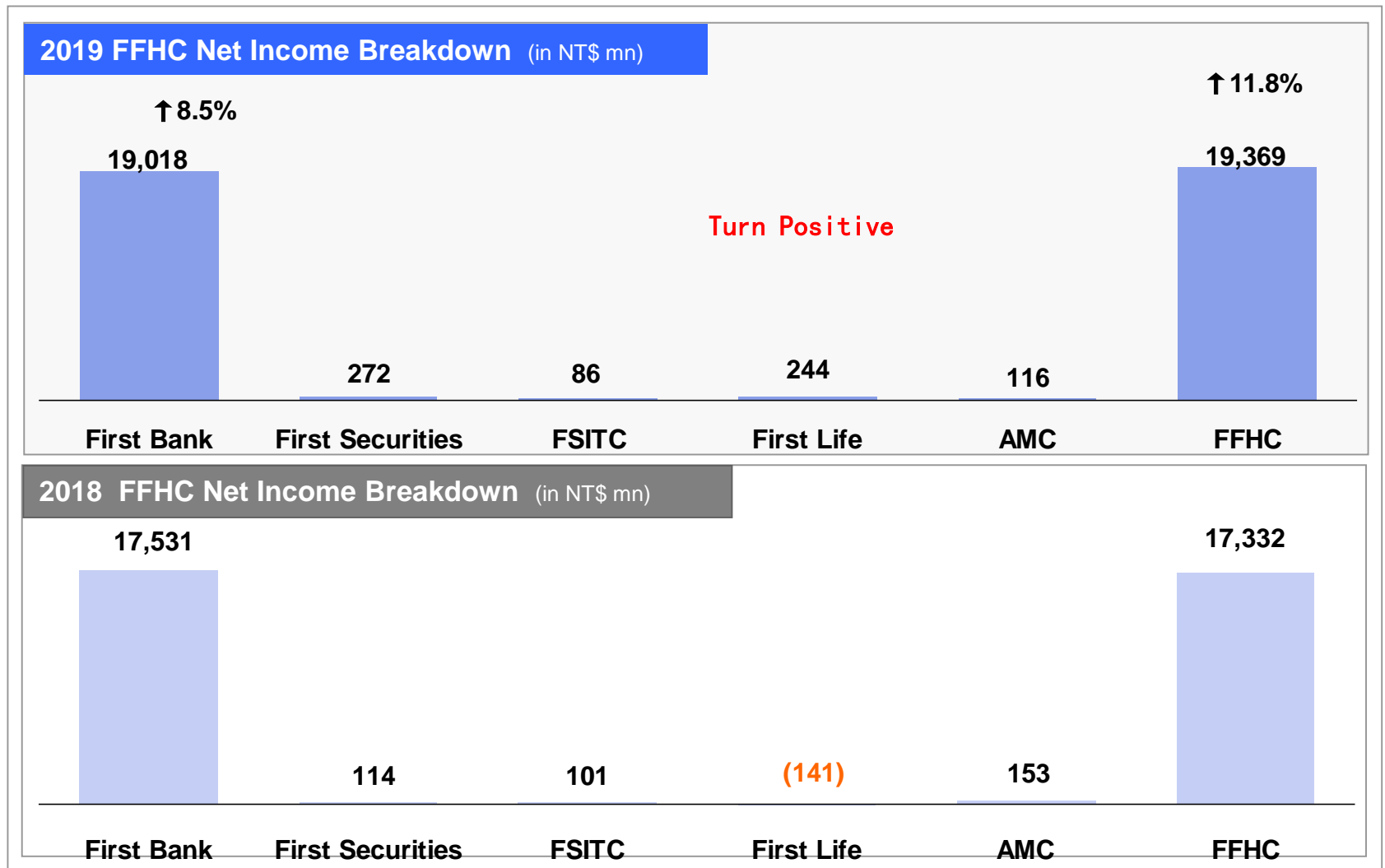


1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.
 2. Comprehensive Income Statement is required by IFRS.
 3. Annualized figures. . 4. Preliminary data for 2019..
 5. Double Leverage = Equity Investment / Shareholder Equity

Net Income & Comprehensive Income



Net Income Breakdown by Subsidiaries*

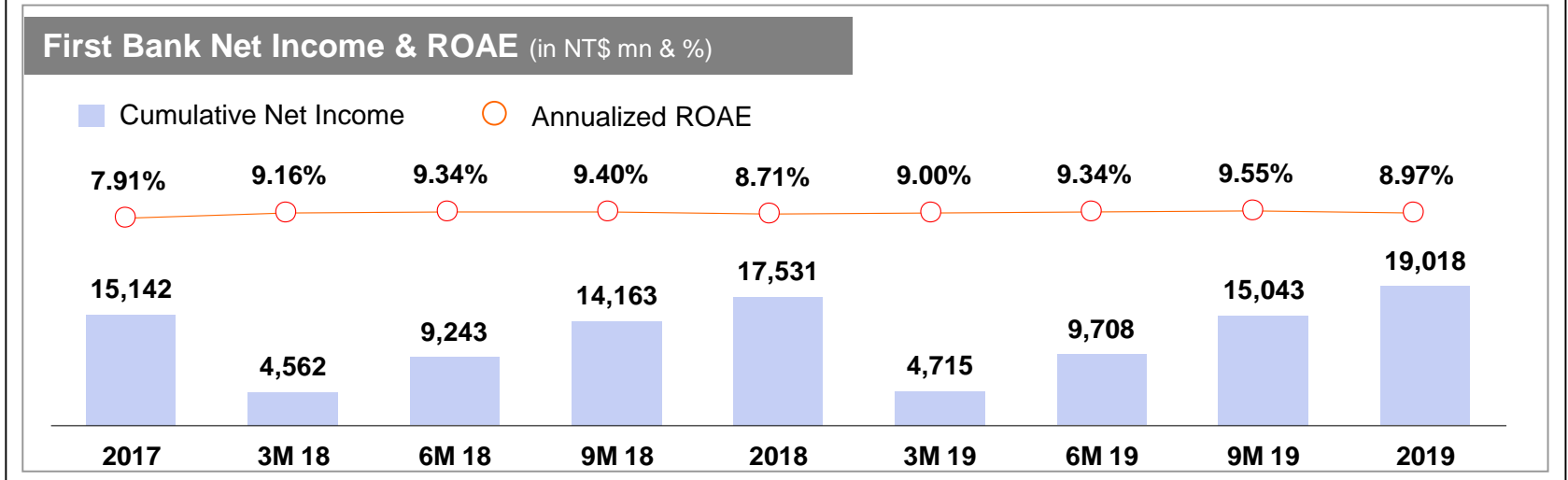
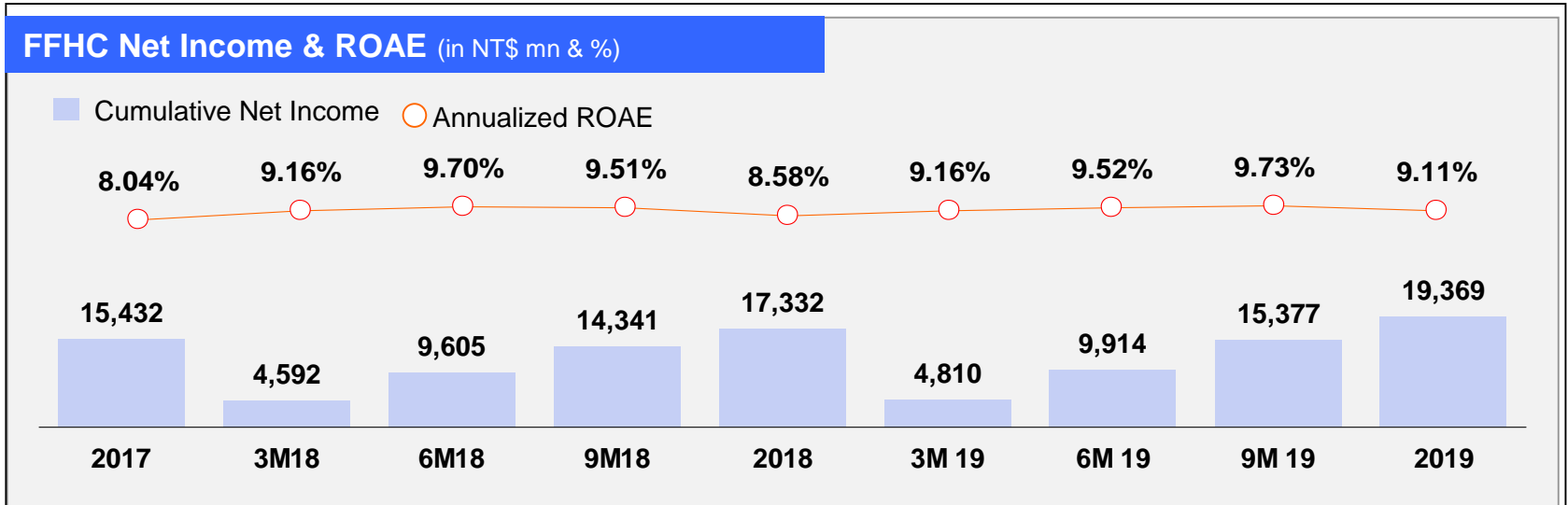


* Major 5 subsidiaries were listed.

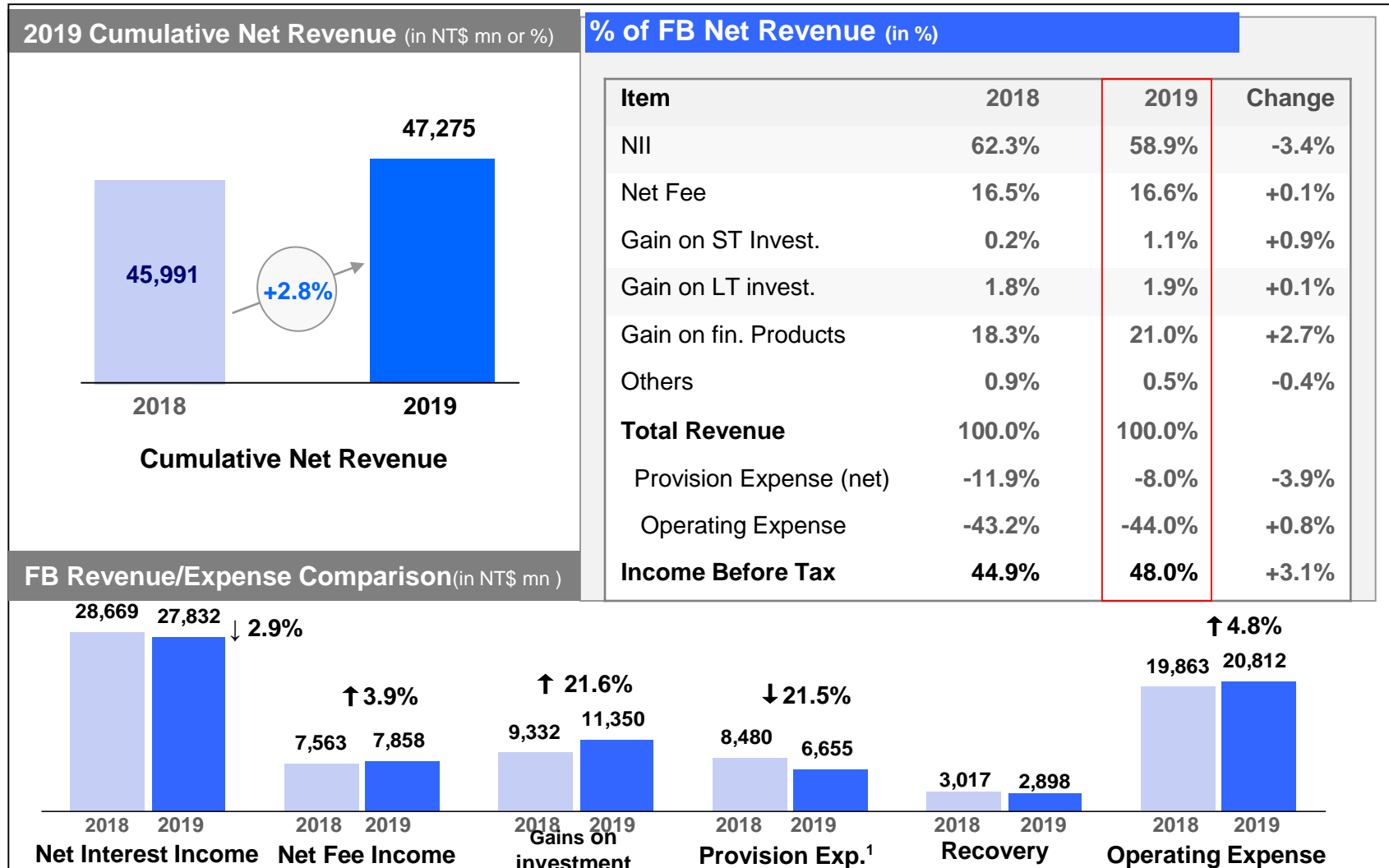


2019 Operating Results

FFHC & First Bank Profitability -After Tax

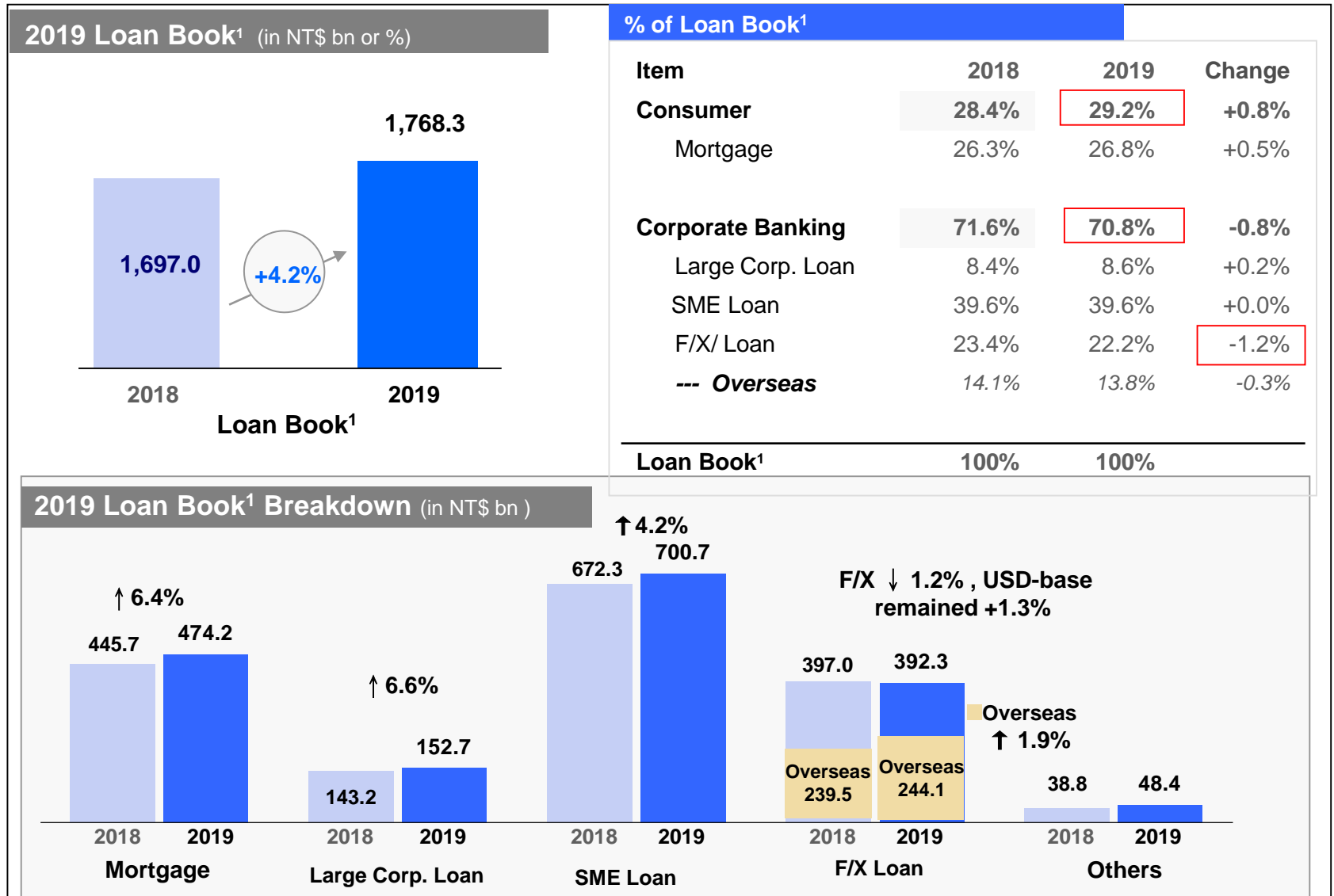


FB 2019 Pre-tax Profit



1. Gross Provision expense.

FB 2019 Loan Book Mix



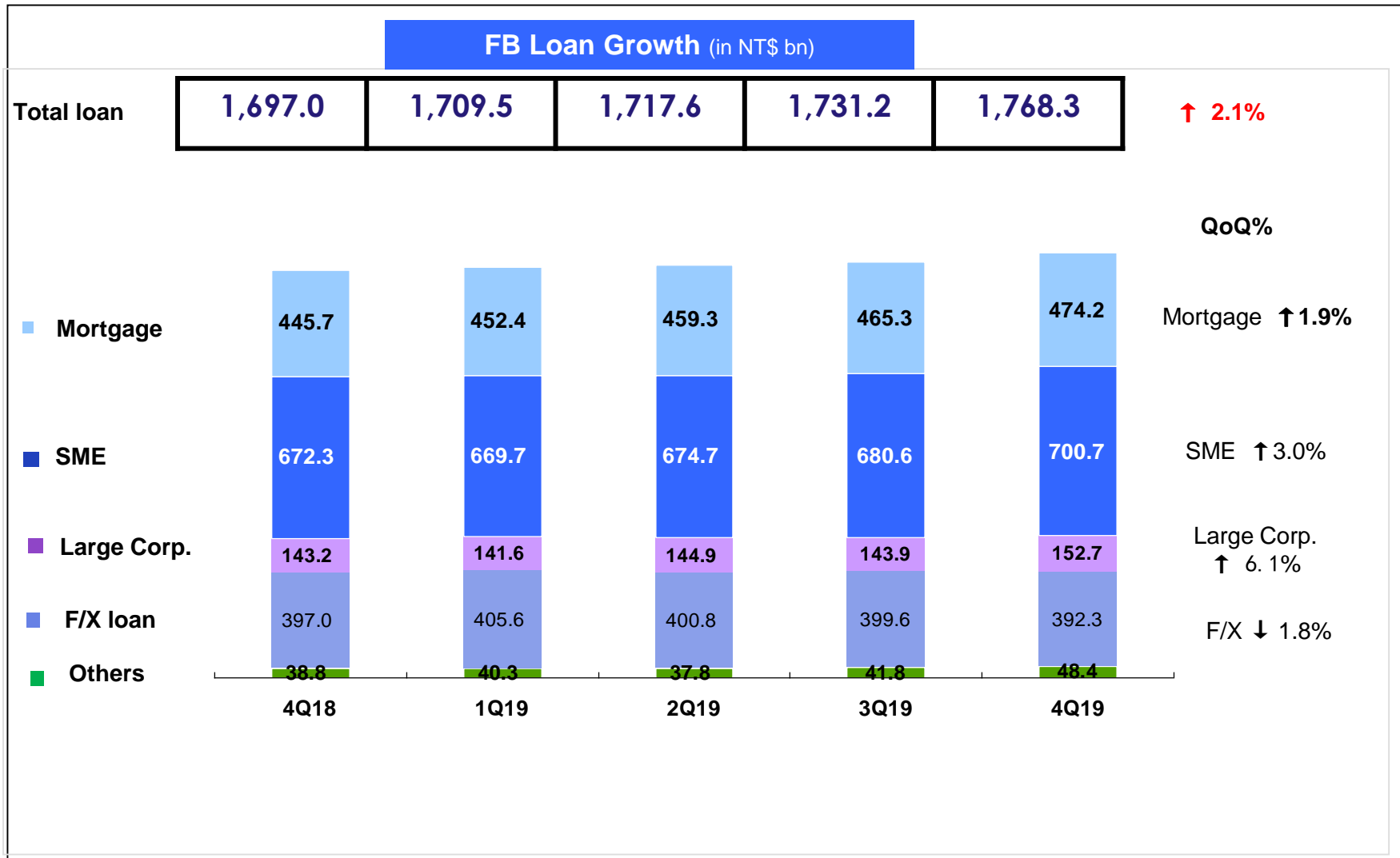
1. Loan Book does not include NALs

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

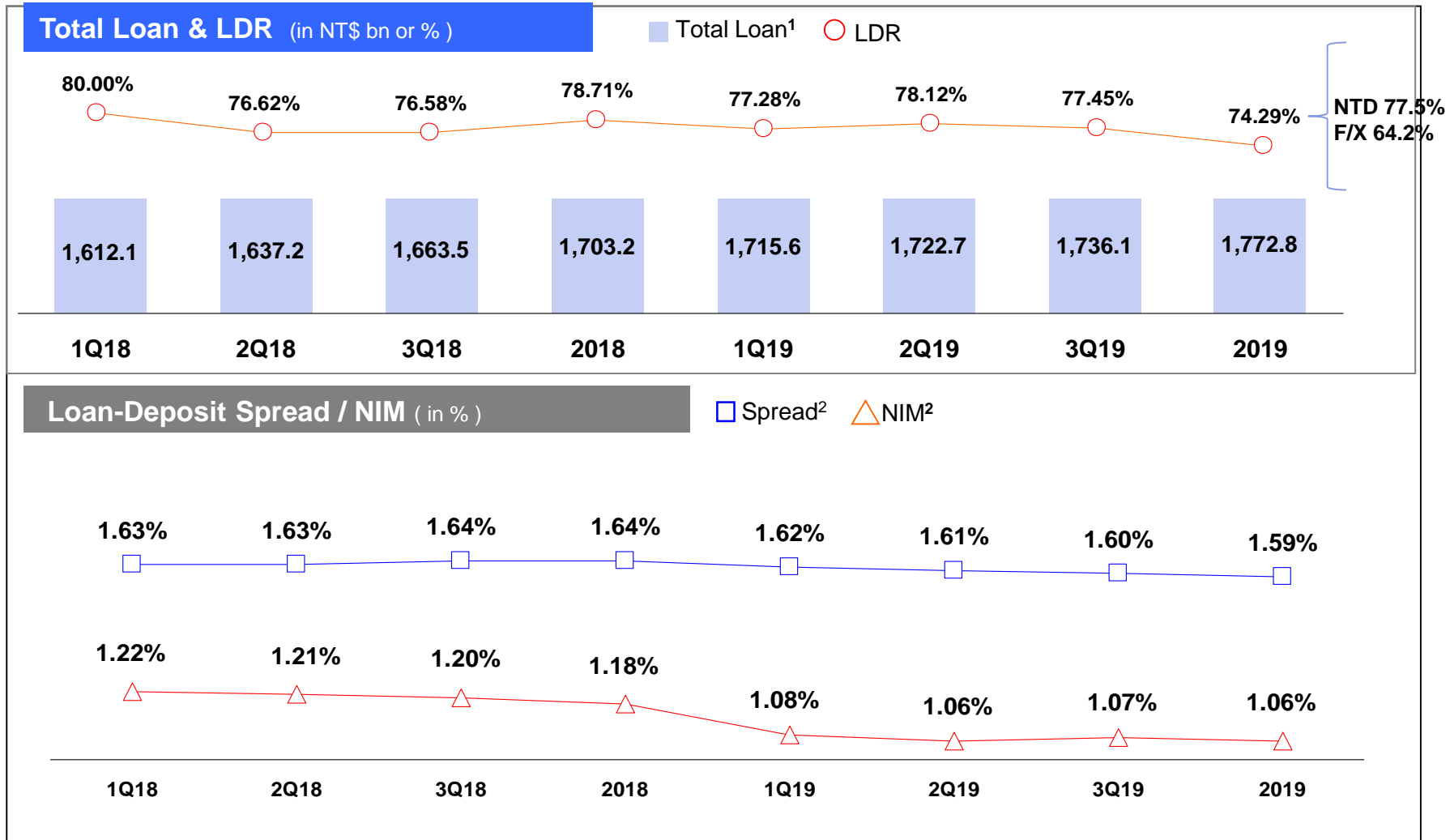
3. Others included other consumer loan and Gov./SOE loan.

FB Loan Breakdown

-QoQ Comparison

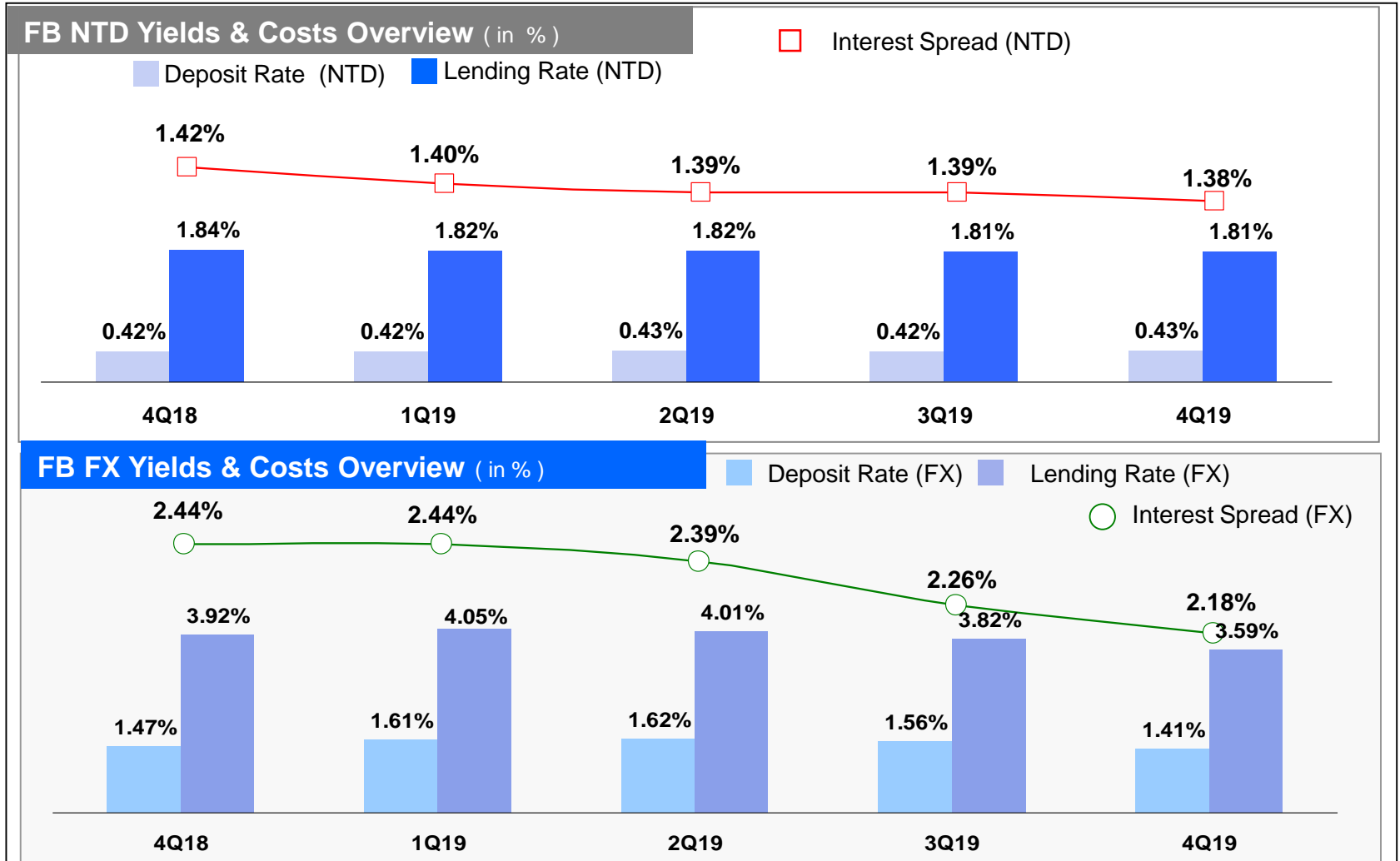


FB 2019 LDR, SPREAD & NIM



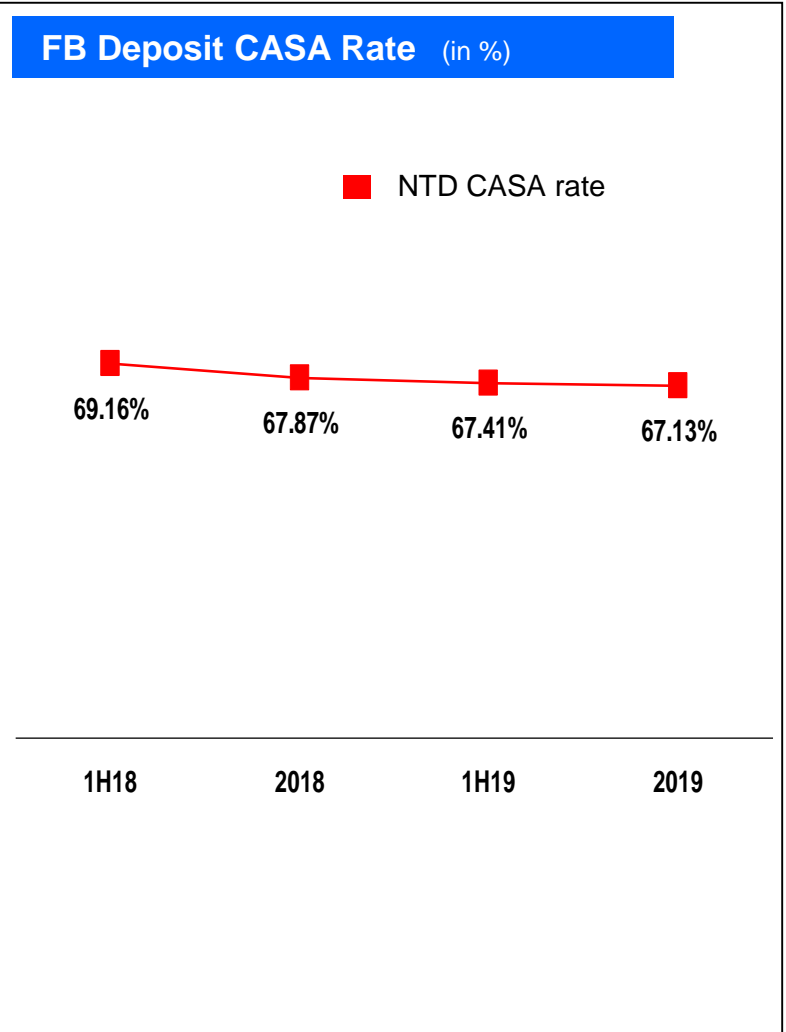
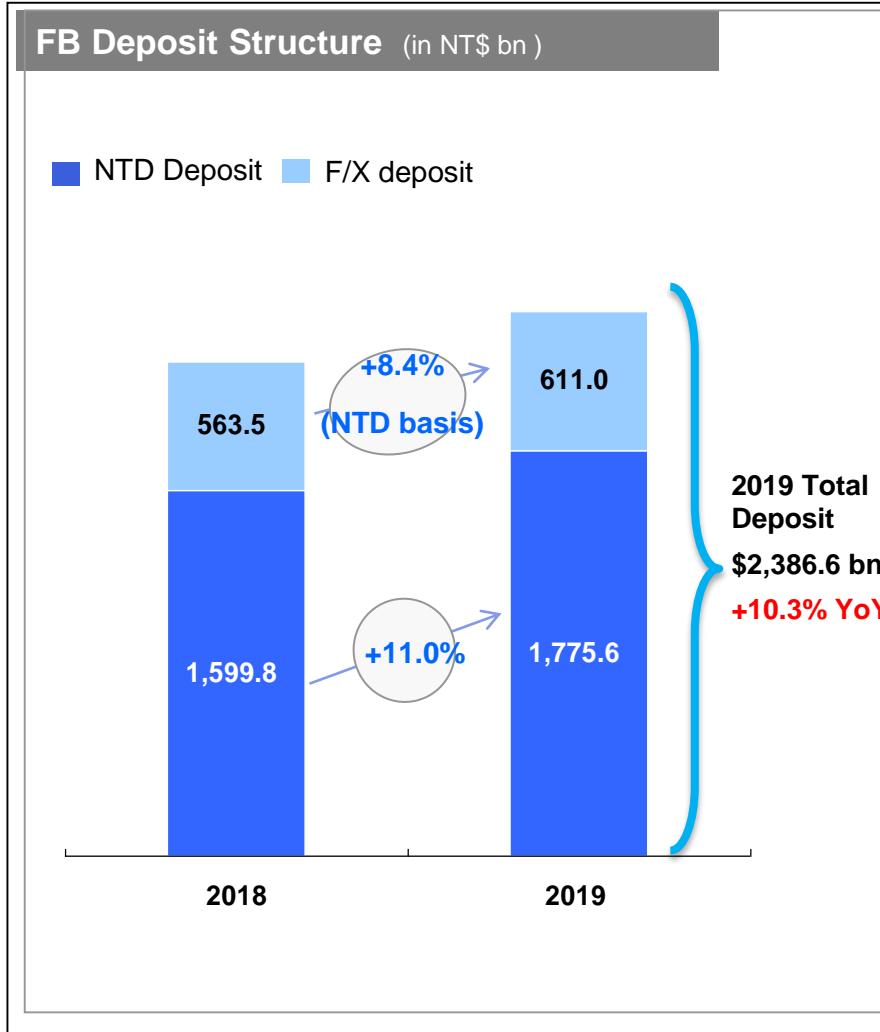
1. Total Loan = loan + import/export negotiation + NALs
 2. Annual cumulative Average Spread and NIM

FB 2019 Loan Yields

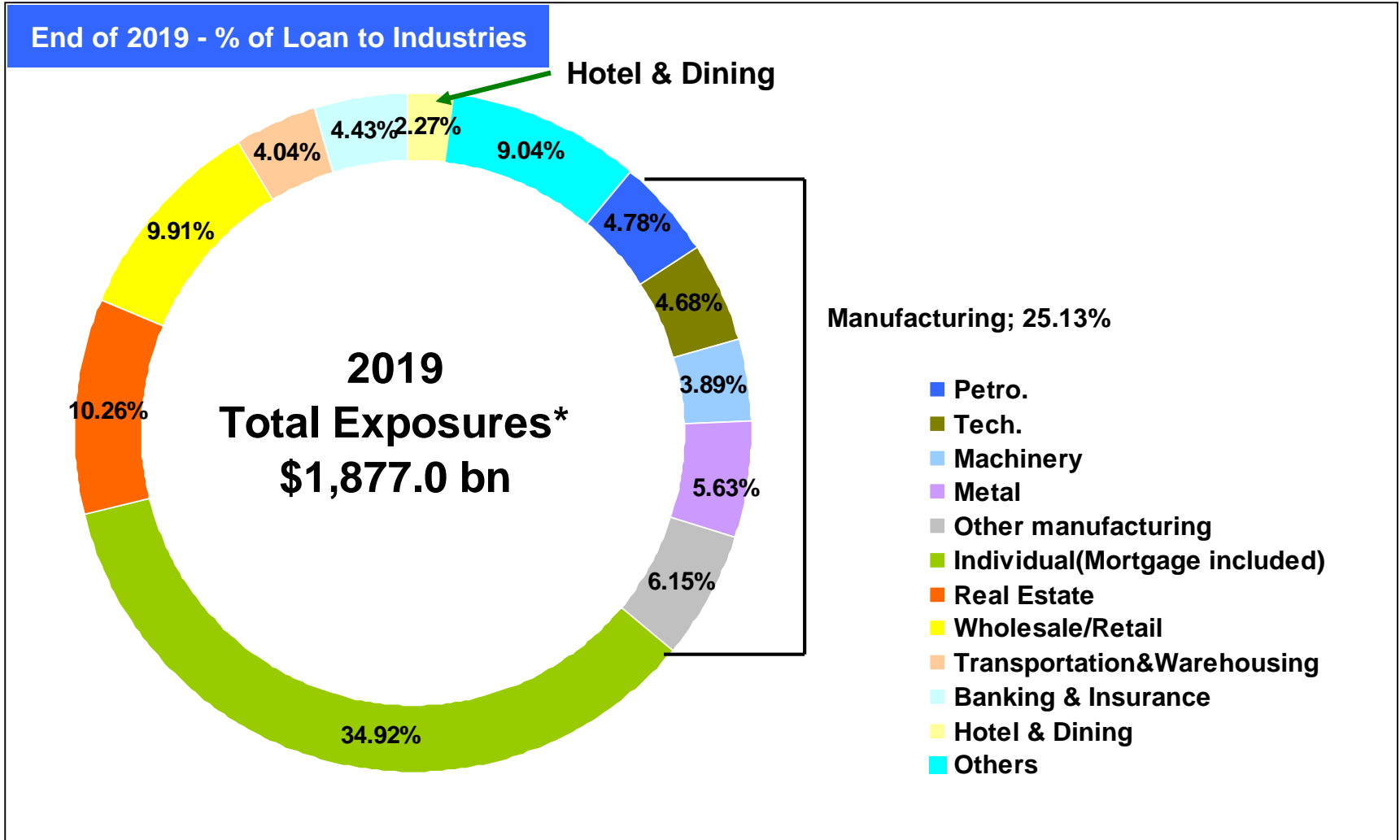


*All rates are **QUARTERLY** average rates.

FB 2019 Deposit Mix

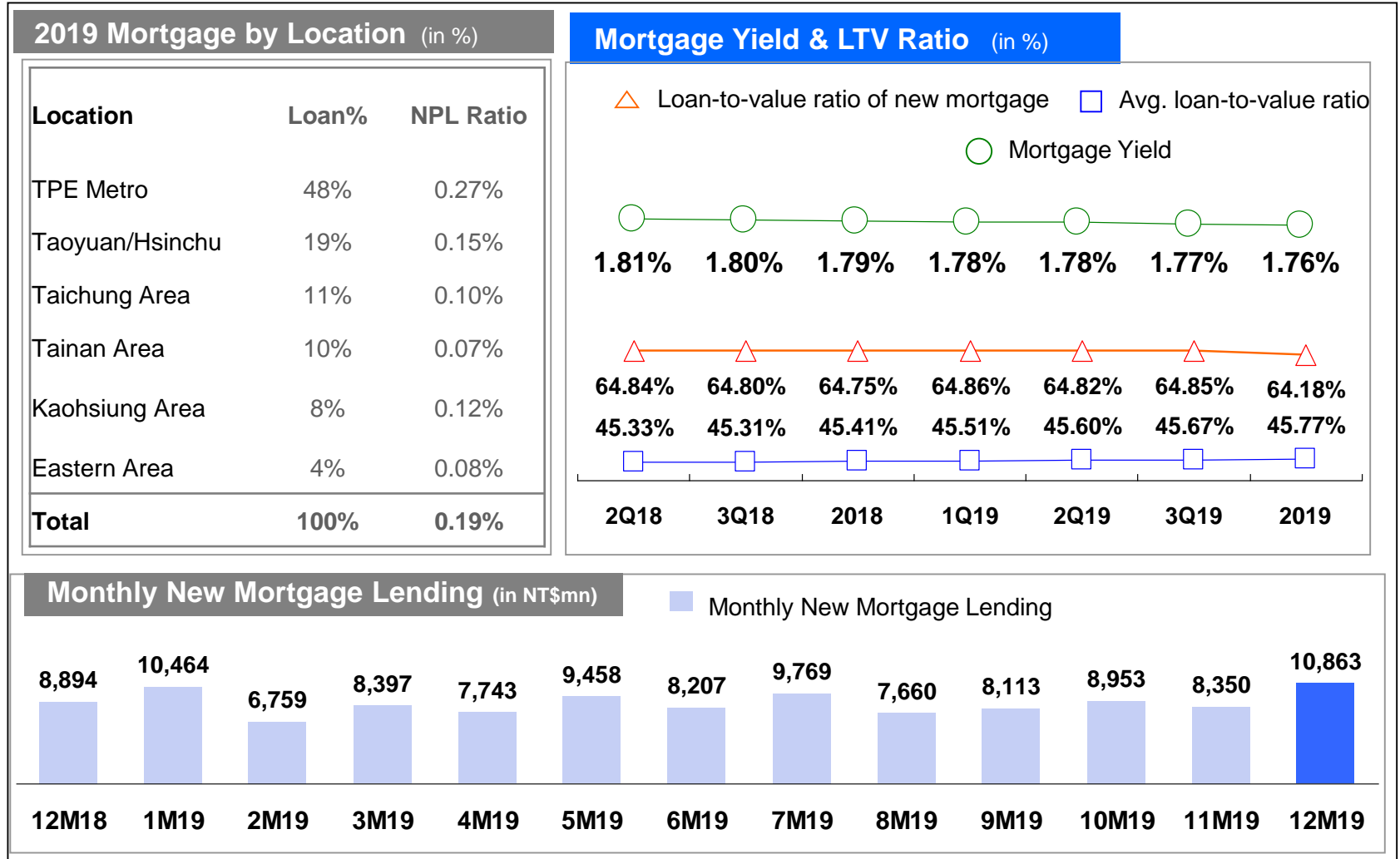


Concentration Analysis



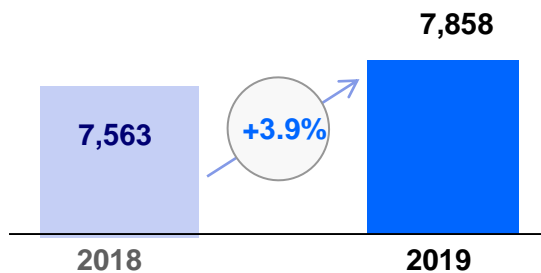
1. Total exposures does not includes NALs and investment.

FB 2019 Mortgage Book



FB 2019 Fee Income Breakdown

2019 Cumulative Net Fee Income (in NT\$ mn or %)

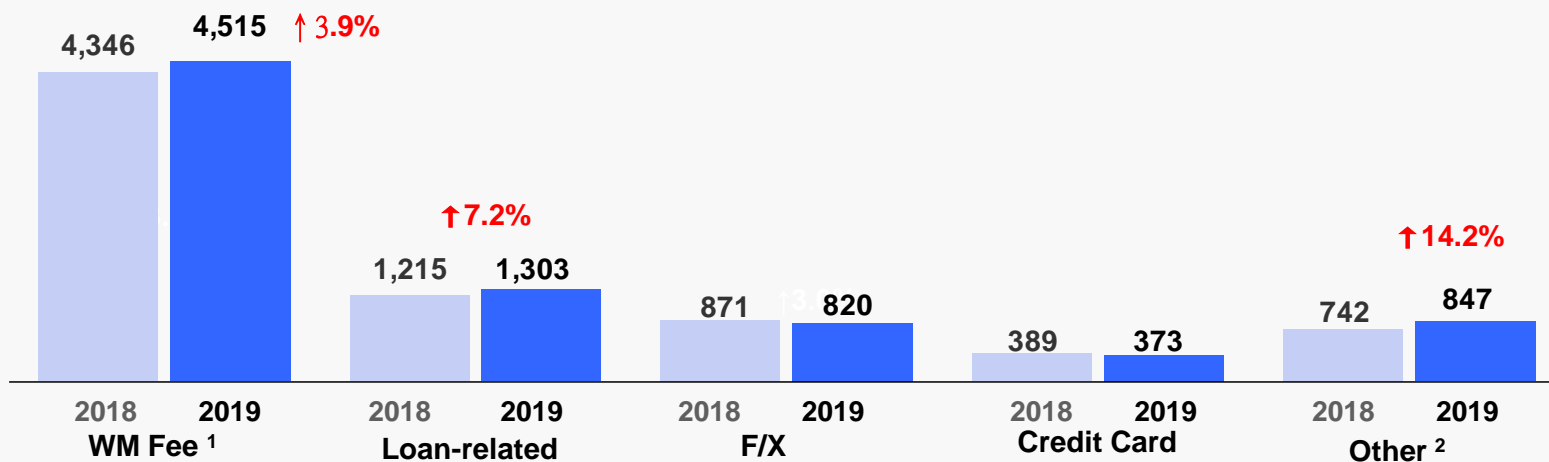


Net Fee Income

% of Cumulative Net Fee

Item	2018	2019	Change
WM ¹	57.5%	57.5%	0.0%
Loan-related	16.1%	16.5%	+0.4%
F/X	11.5%	10.4%	-1.1%
Credit Card	5.1%	4.8%	-0.3%
Other ²	9.8%	10.8%	+1.0%
Cumulative Net Fee	100.0%	100.0%	

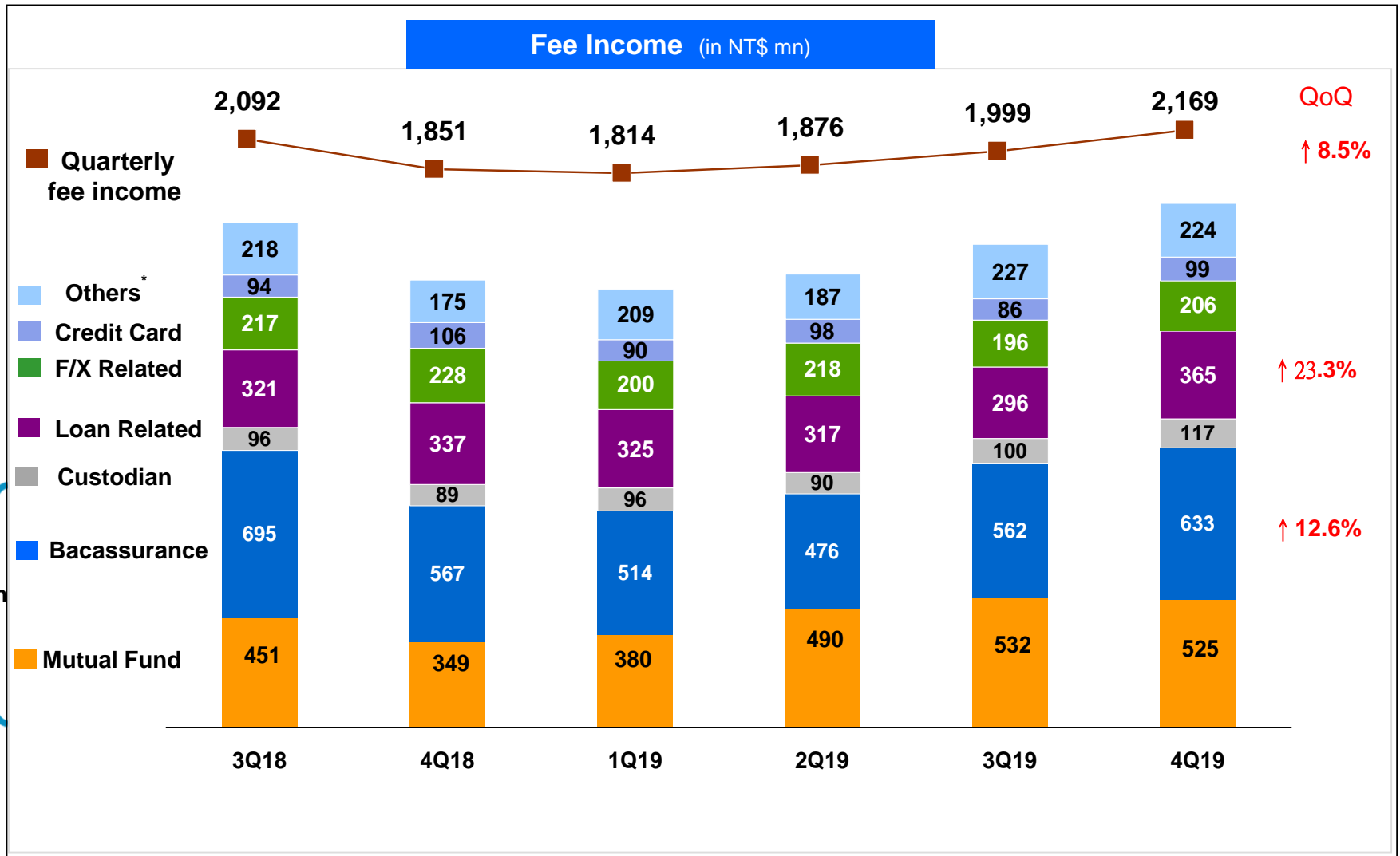
2019 Cumulative Net Fee Breakdown (in NT\$ mn)



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

FB Fee Income Breakdown

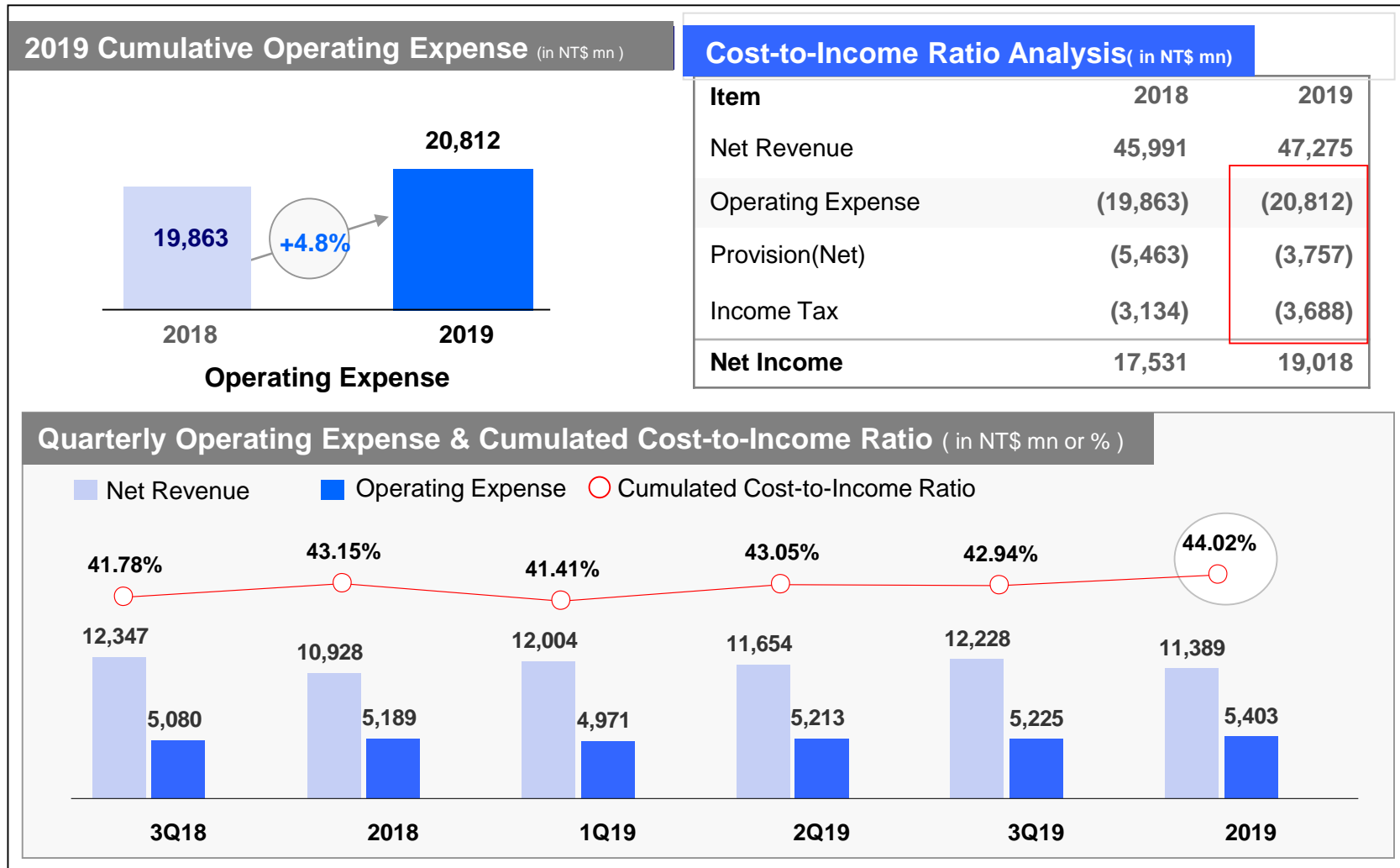
-QoQ Comparison



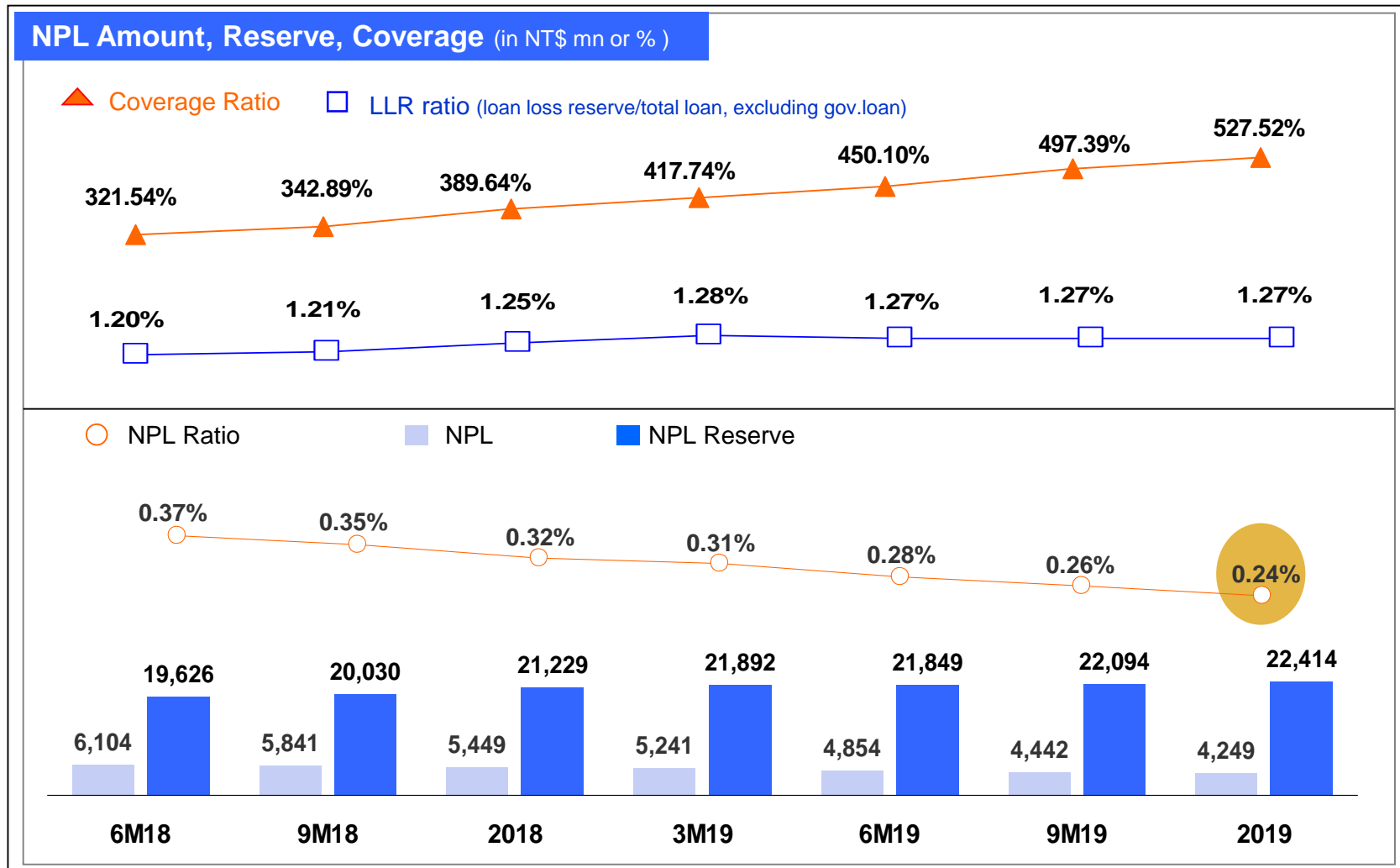
* Wealth Management Fee = Fund sales + Bancassurance + Custodian

*Other represents network service fee, including overseas branches

FB 2019 Cost-to-Income Ratio

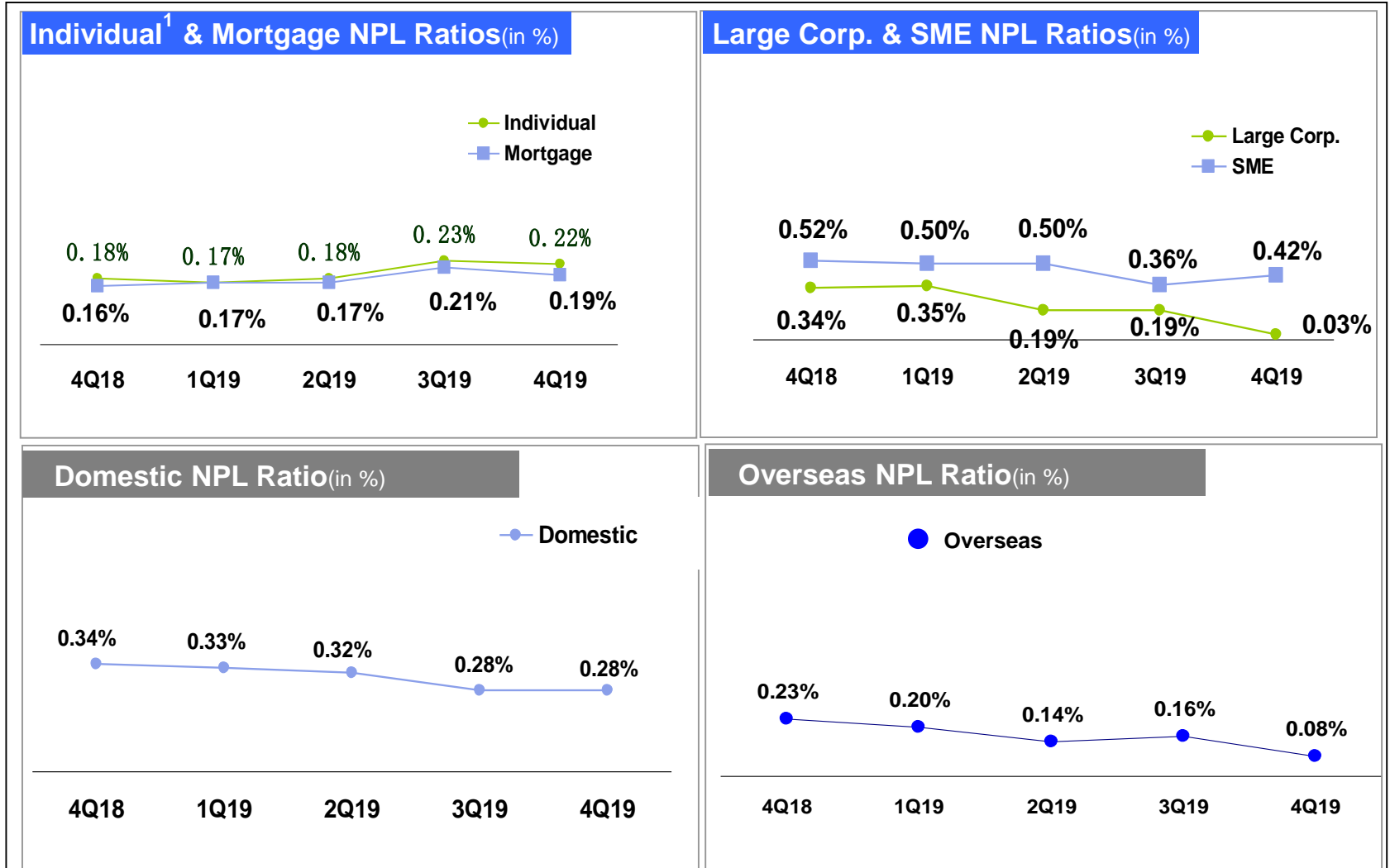


FB 2019 Asset Quality



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

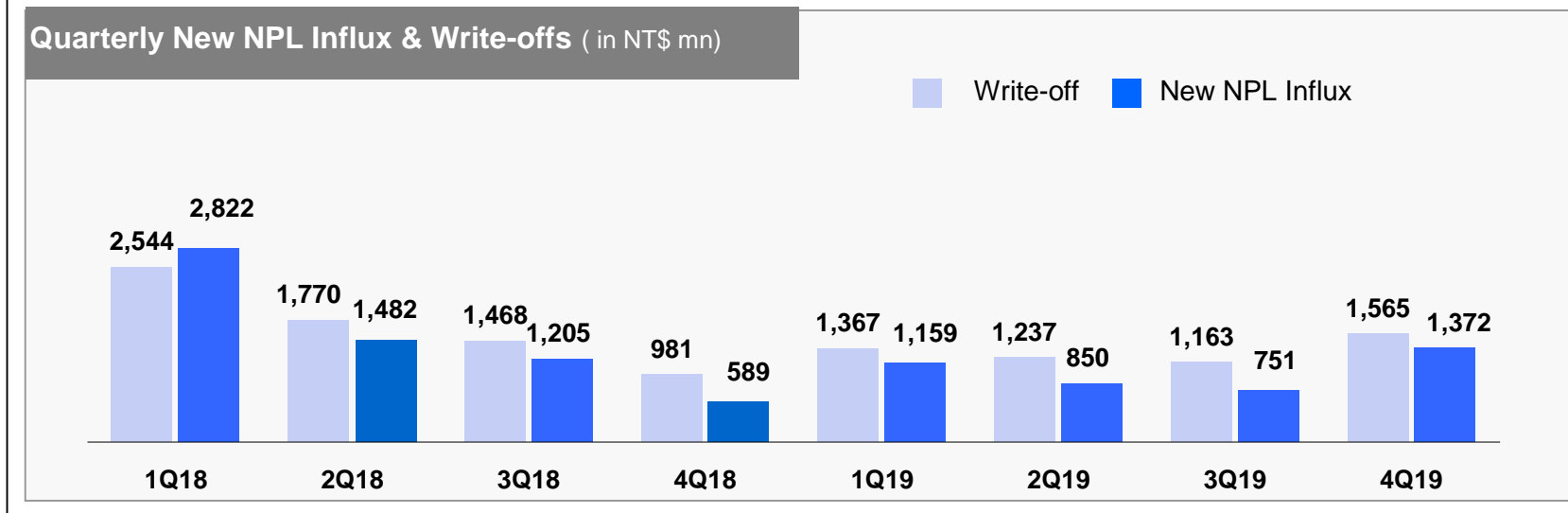
FB NPL Migration by Sectors



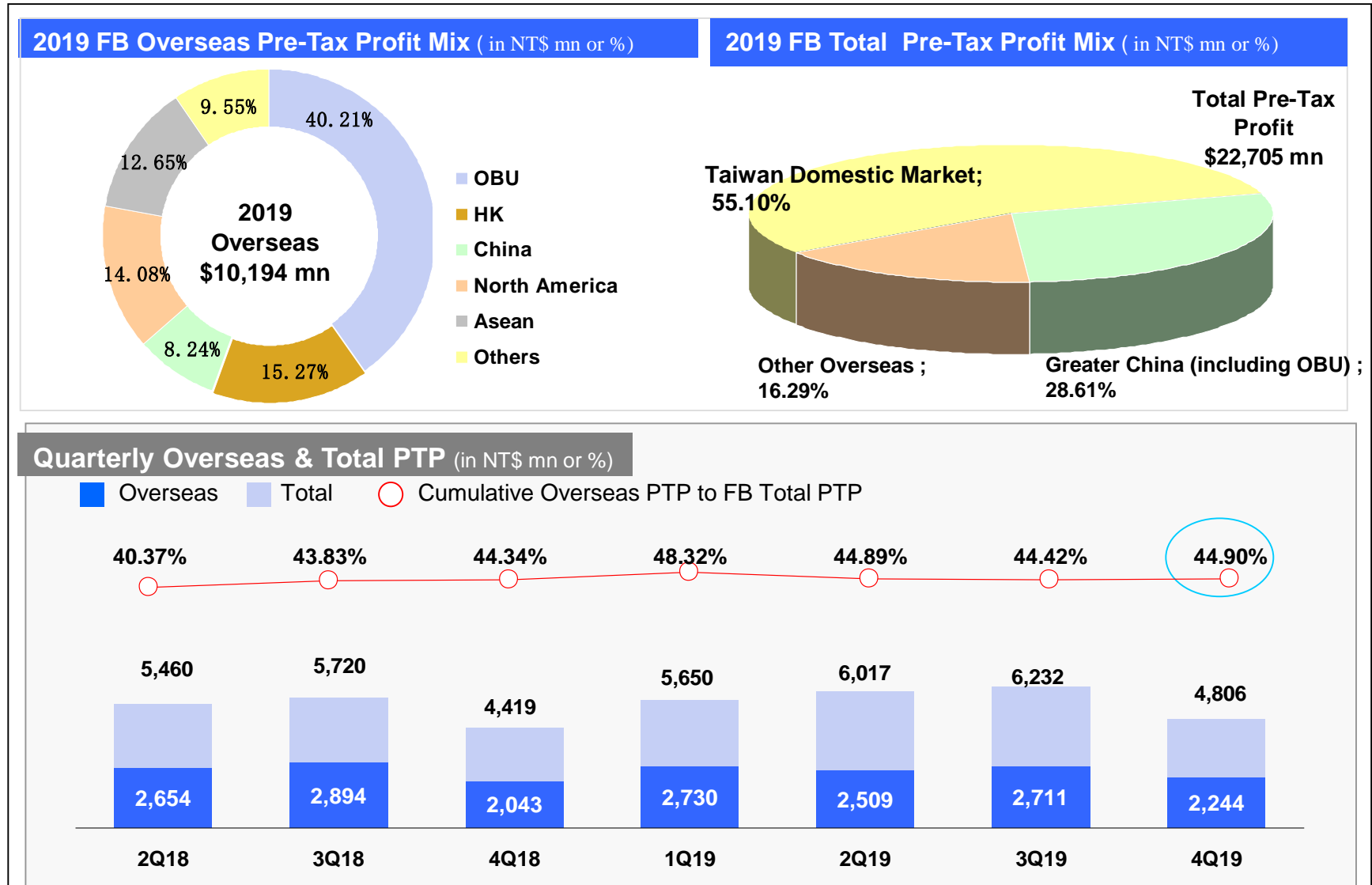
1. Individual: mortgage and non-mortgage loan included
 2. bad-debt recovery not included.

FB New NPL Influx Breakdown

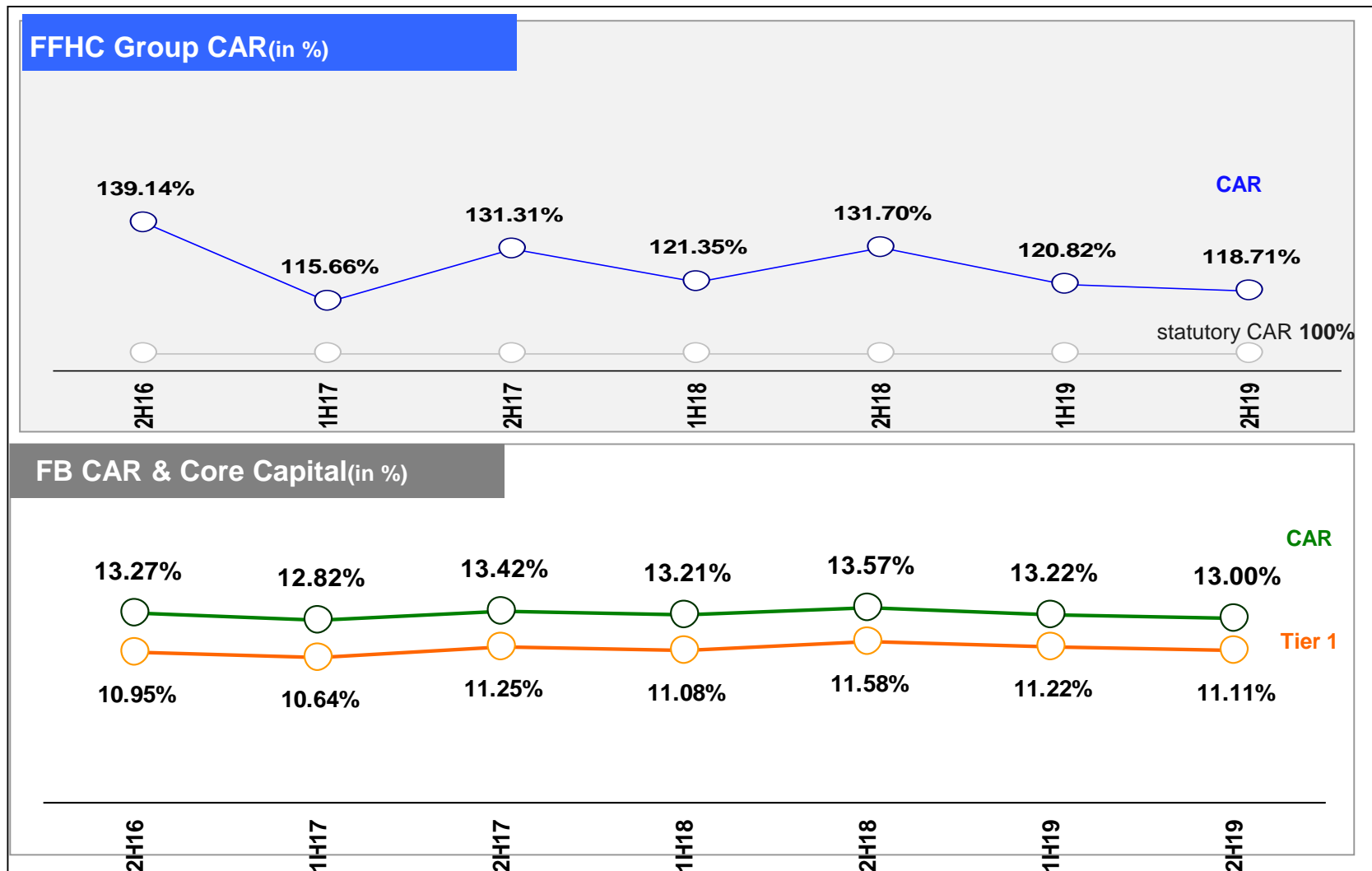
Breakdown of New NPL Influx (in NT\$ mn)					Quarterly Recovery Mix (in NT\$ mn)				
Quarterly NPL Influx	1Q19	2Q19	3Q19	4Q19	Quarterly Recovery	1Q19	2Q19	3Q19	4Q19
--- Domestic	1,010	514	615	1,071	--- Domestic	492	726	673	793
--- Overseas	149	336	136	301	--- Overseas	5	9	104	46
					--- Credit Card	12	12	13	12
Total NPL Influx	1,159	850	751	1,372	Total Recovery	509	747	790	851



FB 2019 Overseas Profits



CAR & Core Capital



•Preliminary data for 2H19.

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



Appendix



FFHC Consolidated Statement of Comprehensive Income

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

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	2018	2019	Change
Net interest income	28,801	29,993	30,268	30,268	29,604	-2.2%
Net service fee & commission	8,723	8,341	8,526	8,526	8,676	1.8%
Net Insurance revenue	1,351	5,130	11,733	11,733	11,729	0.0%
Gain on financial assets meas. at fair value through P/L	2,569	5,550	4,880	4,880	9,072	85.9%
Real estate investment gain	163	93	117	117	138	17.9%
Gain on AFS financial assets	951	1,052	0	0	0	--
Gain on financial assets at fair value through other compre. income	0	0	1,566	1,566	1,505	-3.9%
Income from equity invest.	(75)	138	110	110	125	13.6%
Excluding gain on fin. assets measured at amort.c	0	0	22	22	40	81.8%
Reserve of overlay approach	0	0	0	0	(22)	--
Net gain on F/X	935	(170)	2,499	2,499	1,147	-54.1%
Assets impairment loss	(39)	(46)	(90)	(90)	(18)	-80.0%
Others	1,712	746	618	618	322	-47.9%
Net Revenue	45,091	50,827	60,249	60,249	62,318	3.4%
Net Provision for credit losses	(2,244)	(6,772)	(5,486)	(5,486)	(3,852)	-29.8%
Recovered(provided) for insurance res.	(871)	(4,560)	(11,153)	(11,153)	(11,256)	0.9%
Operating Expense	(21,779)	(21,347)	(22,906)	(22,906)	(23,901)	4.3%
Income from continued op. before tax	20,197	18,148	20,703	20,703	23,309	12.6%
Income tax expenses	(2,913)	(2,716)	(3,370)	(3,370)	(3,940)	16.9%
Consolidated net income	17,284	15,432	17,332	17,332	19,369	11.8%
Other Items	(2,354)	(1,038)	417	417	7,399	1674.3%
Comprehensive Income	14,930	14,394	17,749	17,749	26,768	50.8%
Net Income attributed to:						
Parent	17,356	15,483	17,332	17,332	19,369	11.8%
Minority interests	(72)	(51)	0	0	0	-
Comprehensive Income attributed to:						
Parent	15,023	14,380	17,749	17,749	26,768	50.8%
Minority interests	(93)	14	0	0	0	-
EPS ¹ (NT\$)	1.42	1.25	1.39	1.39	1.55	11.5%

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	2018	2019	Change
Operating revenues						
Income from long-term investment	17,857	15,693	17,904	17,904	19,835	10.8%
Other income ¹	242	246	227	227	190	-16.3%
Total revenues	18,099	15,939	18,131	18,131	20,025	10.4%
Loss from long-term investment	(304)	(53)	(321)	(321)	0	-100.0%
Operating expenses	(338)	(334)	(356)	(356)	(389)	9.3%
Other expenses and losses	(145)	(118)	(110)	(110)	(202)	83.6%
Income from continued op. before tax	17,312	15,434	17,344	17,344	19,434	12.1%
Income from continued op. after tax	17,356	15,483	17,332	17,332	19,369	11.8%
Income from discontinued op., net of ta:	0	0	0	0	0	--
Net income	17,356	15,483	17,332	17,332	19,369	11.8%
EPS ² (NT\$)	1.42	1.25	1.39	1.39	1.55	11.5%

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	2018	2019	Change
Non-consolidated Balance Sheet Data						
Long-term investment	203,834	205,970	217,409	217,409	232,876	7.1%
Total non-consolidated assets	205,165	208,951	224,661	224,661	241,223	7.4%
Total liabilities	13,390	17,168	19,358	19,358	21,490	11.0%
Total shareholders' equity	191,775	191,783	205,303	205,303	219,733	7.0%
Consolidated Balance Sheet Data						
Total consolidated assets	2,541,156	2,634,059	2,935,204	2,935,204	3,206,767	9.3%
Total liabilities	2,349,127	2,442,008	2,729,901	2,729,901	2,987,034	9.4%
Total shareholders' equity	192,029	192,051	205,303	205,303	219,733	7.0%
Parent's shareholders' equity	191,775	191,783	205,303	205,303	219,733	7.0%
Minority interests	254	268	0	0	0	#DIV/0!
Current shares outstanding**	119,769	122,164	123,386	123,386	124,619	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	2018	2019	Change
After-tax ROAA (Annualized ratio)	0.69%	0.60%	0.62%	0.62%	0.63%	1.6%
After-tax ROAE (Annualized ratio)	9.10%	8.04%	8.58%	8.58%	9.11%	6.2%
Book Per Share	16.01	15.70	16.64	16.64	17.63	5.9%
Capital Stock	119,769	122,164	123,386	123,386	124,619	1.0%
Double leverage ¹	106.29%	107.40%	105.90%	105.90%	105.98%	0.1%
Group CAR ²	139.14%	131.31%	131.70%	131.70%	118.71%	-9.9%
Debt Ratio ³	6.53%	8.24%	8.62%	8.62%	8.91%	3.4%

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

2. Updated semi-annually.

3. Unconsolidated basis

FB Income Statement

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

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	2018	2019	Change
Net interest income	27,797	28,843	28,669	28,669	27,832	-2.9%
Net fee income	8,035	7,457	7,563	7,563	7,858	3.9%
Net gain on ST invest.	274	398	98	98	515	425.5%
Net gain on LT invest.	433	719	834	834	903	8.3%
Net gain on other fin. products	4,344	5,256	8,400	8,400	9,932	18.2%
Other net income	654	241	427	427	235	-45.0%
Net revenue	41,537	42,914	45,991	45,991	47,275	2.8%
Operating expenses	(18,963)	(18,466)	(19,863)	(19,863)	(20,812)	4.8%
Pre-provision pre-tax profit	22,574	24,448	26,128	26,128	26,463	1.3%
Provision expense	(4,396)	(9,621)	(8,480)	(8,480)	(6,655)	-21.5%
Adjustment: bad-debt recovery	2,346	2,782	3,017	3,017	2,898	-3.9%
Income before tax	20,524	17,609	20,665	20,665	22,706	9.9%
Income tax	(2,825)	(2,467)	(3,134)	(3,134)	(3,688)	17.7%
Net income	17,699	15,142	17,531	17,531	19,018	8.5%
Other items	(2,100)	(1,214)	513	513	6,455	1158.3%
Comprehensive income	15,599	13,928	18,044	18,044	25,473	41.2%
EPS	1.99	1.70	1.97	1.97	2.14	0.09

FB Key Ratios

FB Key Ratios

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	2018	2019	Change
Loan to deposit spread	1.65%	1.65%	1.64%	1.64%	1.59%	-3.05%
Net Interest Margin	1.26%	1.26%	1.18%	1.18%	1.06%	-10.17%
Cost to income ratio ³	45.65%	43.03%	43.19%	43.19%	44.02%	1.92%
Loan to deposit ratio ¹	79.04%	79.28%	78.71%	78.71%	74.29%	-5.62%
NPL ratio	0.20%	0.38%	0.32%	0.32%	0.24%	-25.00%
LLR ratio (excluding gov. loan)	1.22%	1.38%	1.25%	1.25%	1.27%	1.60%
Coverage ratio	625.14%	358.56%	389.64%	389.64%	527.52%	35.39%
CAR	13.27%	13.42%	13.57%	13.57%	13.00%	-4.20%
Tier-1	10.95%	11.25%	11.58%	11.58%	11.11%	-4.06%
ROAA ²	0.72%	0.60%	0.65%	0.65%	0.64%	-1.54%
ROAE ²	9.46%	7.91%	8.71%	8.71%	8.97%	2.99%

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		2019 Quarterly				Year-over-Year Comparison		
	2017	2018	Q1	Q2	Q3	Q4	2018	2019	Change
NPL- beginning	3,035	6,114	5,449	5,241	4,854	4,442	6,114	5,449	-10.9%
Net new NPL influx	7,225	6,098	1,159	850	751	1,372	6,098	4,132	-32.2%
<i>Domestic</i>	6,744	5,394	1,010	514	615	1,071	5,394	3,210	-40.5%
<i>Overseas</i>	481	704	149	336	136	301	704	922	31.0%
Net write-offs	(4,146)	(6,763)	(1,367)	(1,237)	(1,163)	(1,565)	(6,763)	(5,332)	-21.2%
NPL- ending balance	6,114	5,449	5,241	4,854	4,442	4,249	5,449	4,249	-22.0%
Allowance for loan loss- beginning	18,973	19,781*	21,229	21,892	21,849	22,094	19,781*	21,229	7.3%
Provisions for loan loss	7,429	7,919	1,859	1,151	1,441	1,988	7,919	6,439	-18.7%
Net write-offs	(4,146)	(6,763)	(1,367)	(1,237)	(1,163)	(1,565)	(6,763)	(5,332)	-21.2%
Others	(334)	292	171	43	(33)	(103)	292	78	-73.3%
Allowance for loan loss- ending	21,922	21,229	21,892	21,849	22,094	22,414	21,229	22,414	5.6%
Recovery from bad debt	2,782	3,017	509	747	790	851	3,017	2,897	-4.0%
<i>Domestic</i>	2,533	2,895	492	726	673	793	2,895	2,684	-7.3%
<i>Overseas</i>	197	73	5	9	104	46	73	164	124.7%
<i>Credit card</i>	52	49	12	12	13	12	49	49	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. Operating Report

First Sec Income Statement Summary

in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	2018	2019	Change
Brokerage commission	645	849	899	899	777	-13.6%
Net interest income	292	306	293	293	220	-24.9%
Underwriting commission	23	38	97	97	45	-53.6%
Transaction gains through F/V, net	(12)	227	29	29	270	831.0%
Other operating income	93	107	34	34	89	161.8%
Total operating income	1,041	1,527	1,352	1,352	1,401	3.6%
Total operating expenses	(1,288)	(1,301)	(1,260)	(1,260)	(1,172)	-7.0%
Non-operating income	42	72	77	77	86	11.7%
Income before tax	(205)	298	169	169	315	86.4%
Income tax	(24)	(26)	(55)	(55)	(43)	-21.8%
Cummulative effect of change in accounting principles	0	0	0	0	0	#DIV/0!
Net income	(229)	272	114	114	272	138.6%

First Sec Key Ratios

ROAE (Annualized)	-3.65%	4.41%	1.81%	1.81%	4.28%	136.5%
ROAA (Annualized)	-1.30%	1.55%	0.61%	0.61%	1.32%	116.4%
Brokerage market share	1.45%	1.53%	1.42%	1.42%	1.39%	-2.1%
Margin loan market share	2.99%	2.94%	2.53%	2.53%	2.29%	-9.5%

FSITC Operating Report

FSITC Income Statement Summary in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2016	2017	2018	2018	2019	Change
Total operating income						
Management fee	440	501	640	640	615	-3.9%
Sales service fee	5	7	13	13	28	115.4%
Total operating income	445	508	653	653	643	-1.5%
Operating expenses	(380)	(440)	(540)	(540)	(559)	3.5%
Non-operating income	11	15	12	12	21	75.0%
Income before tax	76	82	125	125	105	-16.0%
Income tax	(12)	(12)	(24)	(24)	(19)	-20.8%
Income after tax	64	70	101	101	86	-14.9%
Cumulative effect of change in accounting principles	0	0	0	0	0	#DIV/0!
Net income	64	70	101	101	86	-14.9%
FSITC Key Ratios						
AUM	94,461	101,095	85,558	85,558	105,042	22.8%
AUM Ranking	8	8	9	9	10	

1. Non-consolidated basis

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

	Full Year Result			Year-over-Year Comparison		
	2016	2017	2018	2018	2019	Change
Income Statement Summary						
Operating Revenue	7,520	13,298	13,506	13,506	14,435	6.9%
Premium Income	7,235	11,684	12,698	12,698	13,193	3.9%
Other insurance income	244	277	312	312	272	-12.8%
Net Investment Income	41	1,337	496	496	970	95.6%
Operating Cost	7,157	12,861	13,022	13,022	13,565	4.2%
Reinsurance commission	37	40	49	49	59	20.4%
Reserves	(2,037)	4,566	11,192	11,192	11,304	1.0%
Claims	8,502	7,419	851	851	1,329	56.2%
Commission	586	711	930	930	873	-6.1%
Others	72	125	0	0	0	#DIV/0!
Operating Expenses	(513)	(566)	(638)	(638)	(655)	2.7%
Profit/Loss of Operation	(150)	(129)	(154)	(154)	215	-239.6%
Non-Operating Profit	0	0	0	0	0	#DIV/0!
Profit/Loss Before Tax	(150)	(129)	(154)	(154)	215	-239.6%
Income tax	3	26	13	13	29	123.1%
Net Income after tax	(147)	(103)	(141)	(141)	244	-273.0%
Key Ratios						
ROAE(Annualized ratio)	-23.91%	-19.39%	-13.46%	-13.46%	10.44%	-177.6%
ROAA(Annualized ratio)	-0.45%	-0.30%	-0.34%	-0.34%	0.47%	-238.2%

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

