



# First Financial Holding

## 20201H Earnings Result

Sep. 1, 2020



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At a Glance

- ◆ **1H20 FFHC earnings totaled NT\$8,764 mn, declined by 11.6% YoY, a narrowed shrinkage comparing with end of 1Q20 result.**

Surging domestic loan demand and recovered MTM gains lifted Bank's profits in 2Q20, while overseas headwinds continued. Other subsidiaries' positive net also boosted the group's bottom-line in 2Q20.

- ◆ **Ultra-low rate environment pumped the capital into property & stock mkt.**

1H20 total loan delivered +6.9% growth, YoY, mainly came from Mortgage (+6.0% YoY) & SME (+8.1% YoY) sectors, the to-buy beats to-rent mindset triggered mortgage boom in 2Q20, and back-home CAPEX lending from SME sectors reflected the mixed result of strategic relocation geographically.

- ◆ **IT/web/communication sectors shall persist strong momentum through 2021:**

Global outbreak of corona virus has largely impacted the way of life, the explosive demands for web/5G/communication, with which Taiwan niche IT industries will benefit through 2021.

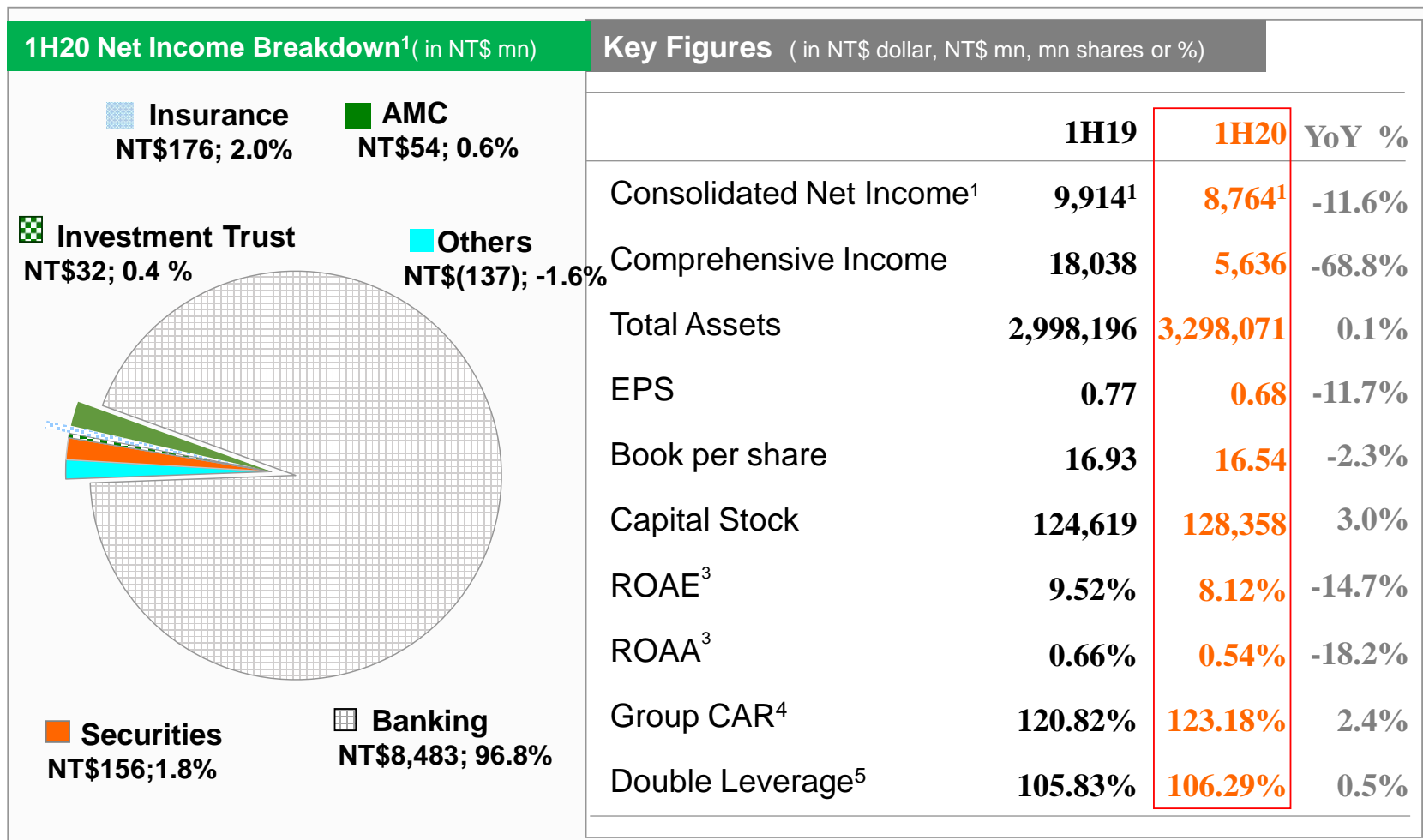
- ◆ **Remain cautious on overseas downturn, especially in the US and Europe:**

F/X loan growth declined in the first half(-7.8% YoY), dragged by shadowed economy outlook of US & Europe, shall hardly recover in the short run and group will take preemptive measures against possible downward trend.



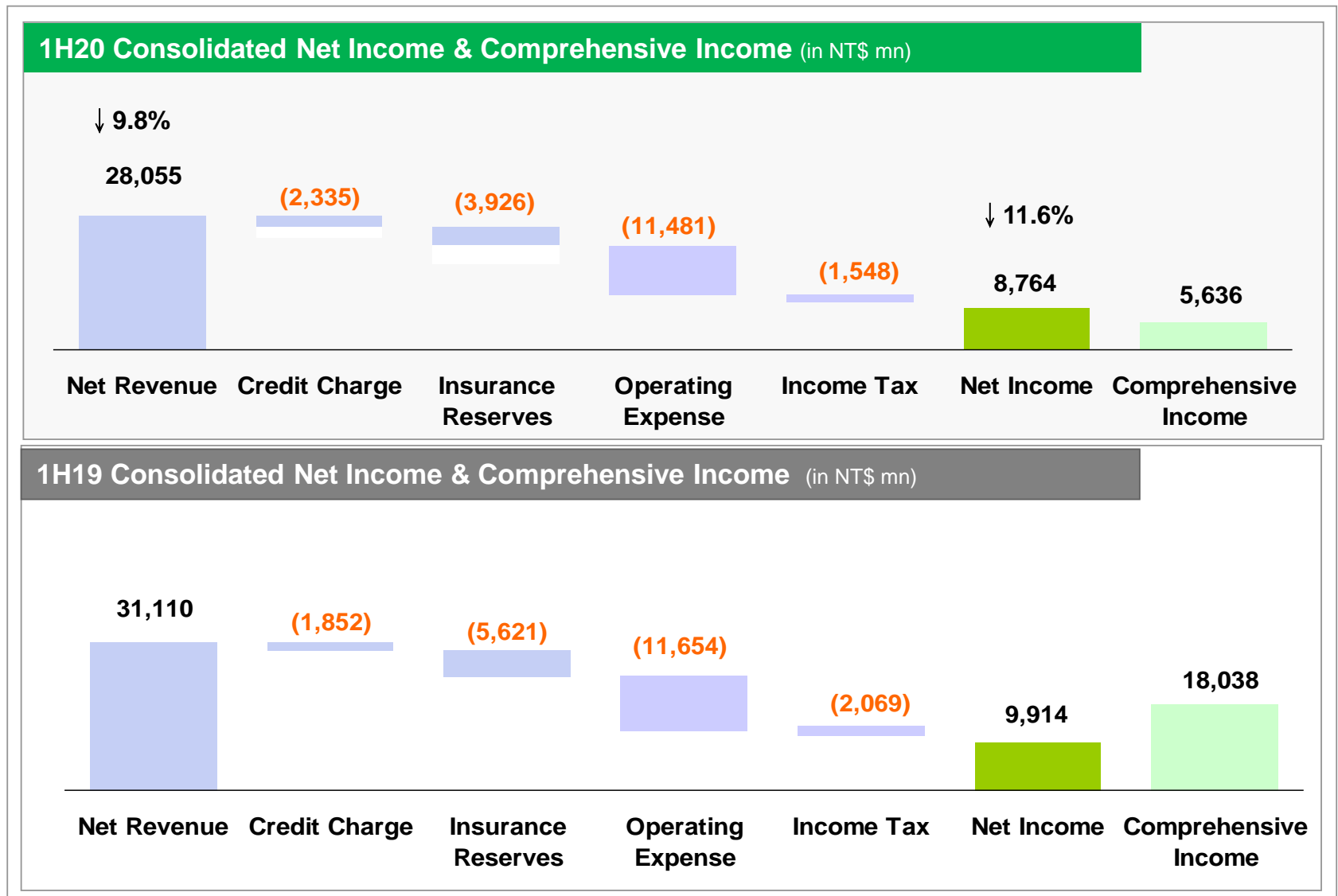
# 1H20 Financial Highlight

# 1H20 Key Figures



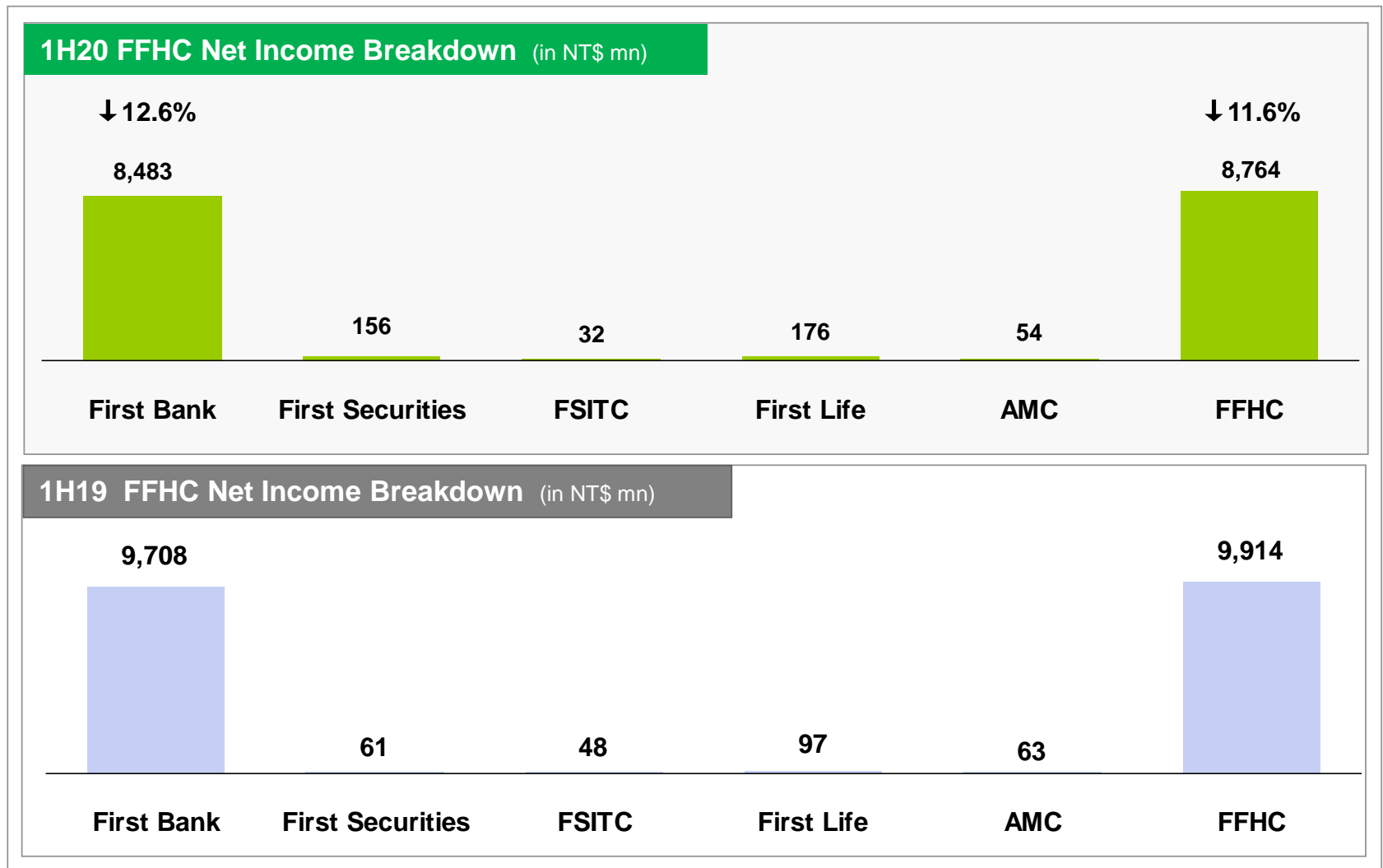
1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.
2. Comprehensive Income Statement is required by IFRS.
3. Annualized figures. . 4. Updated semi-annually.
5. Double Leverage = Equity Investment / Shareholder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

# Net Income & Comprehensive Income





# Net Income Breakdown by Subsidiaries\*

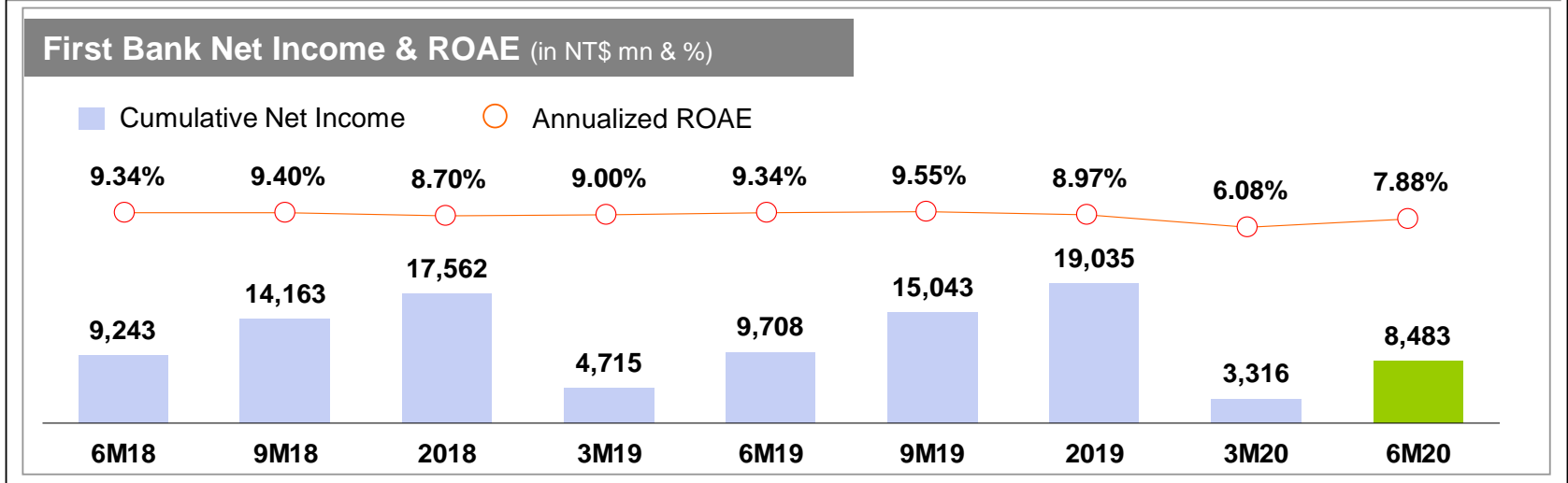
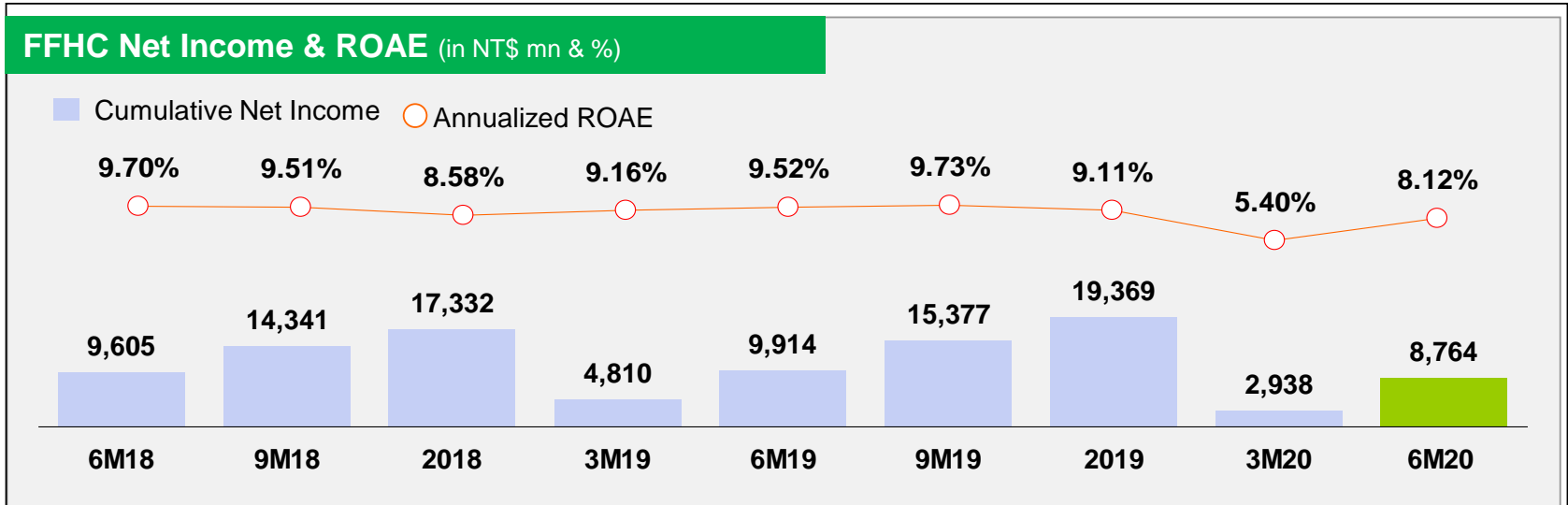


\* Major 5 subsidiaries were listed.

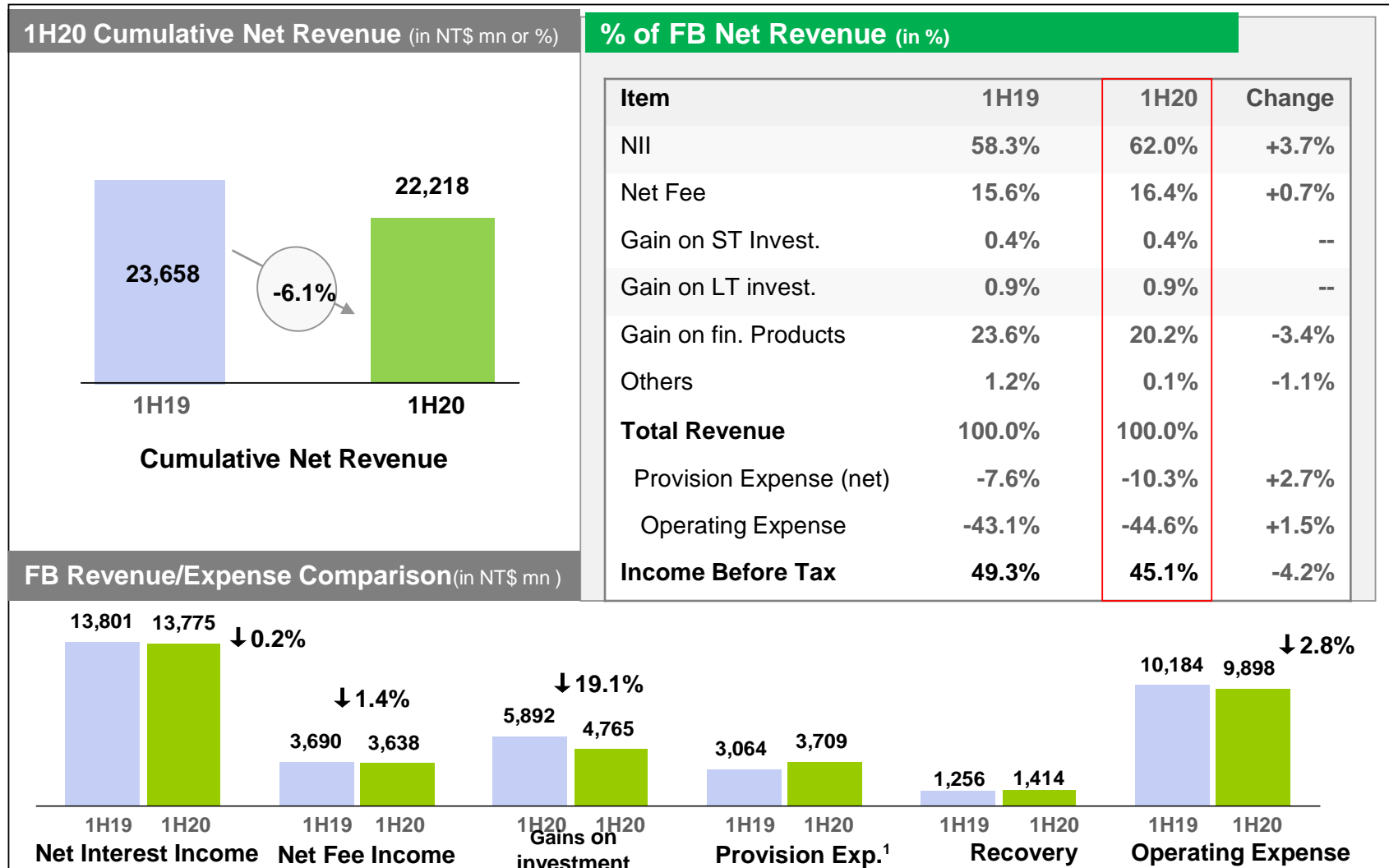


# 1H20 Operating Results

# FFHC & First Bank Profitability -After Tax



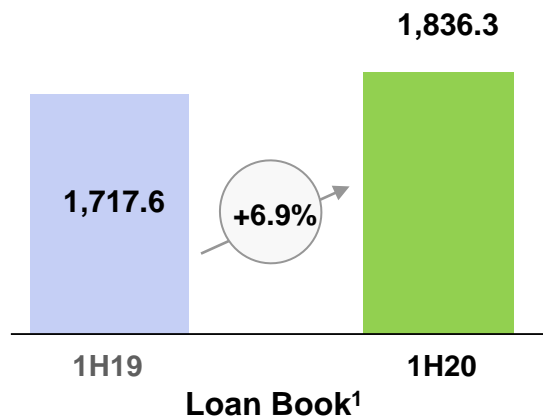
# FB 1H20 Pre-tax Profit



1. Gross Provision expense.

# FB 1H20 Loan Book Mix

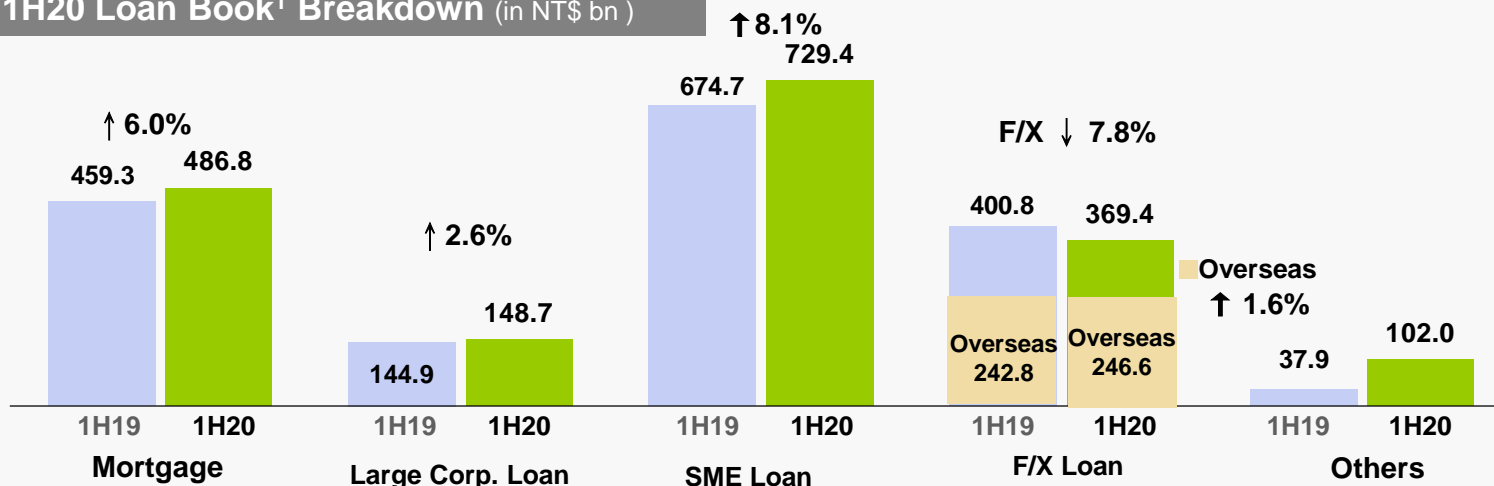
1H20 Loan Book<sup>1</sup> (in NT\$ bn or %)



% of Loan Book<sup>1</sup>

Item	1H19	1H20	Change
<b>Consumer</b>	<b>28.9%</b>	<b>29.4%</b>	<b>+0.5%</b>
Mortgage	26.7%	26.5%	-0.2%
<b>Corporate Banking</b>	<b>71.1%</b>	<b>70.6%</b>	<b>-0.5%</b>
Large Corp. Loan	8.4%	8.1%	-0.3%
SME Loan	39.3%	39.7%	+0.4%
F/X/ Loan	23.3%	20.1%	<b>-3.2%</b>
--- Overseas	14.1%	13.4%	-0.7%
<b>Loan Book<sup>1</sup></b>	<b>100%</b>	<b>100%</b>	

1H20 Loan Book<sup>1</sup> Breakdown (in NT\$ bn)



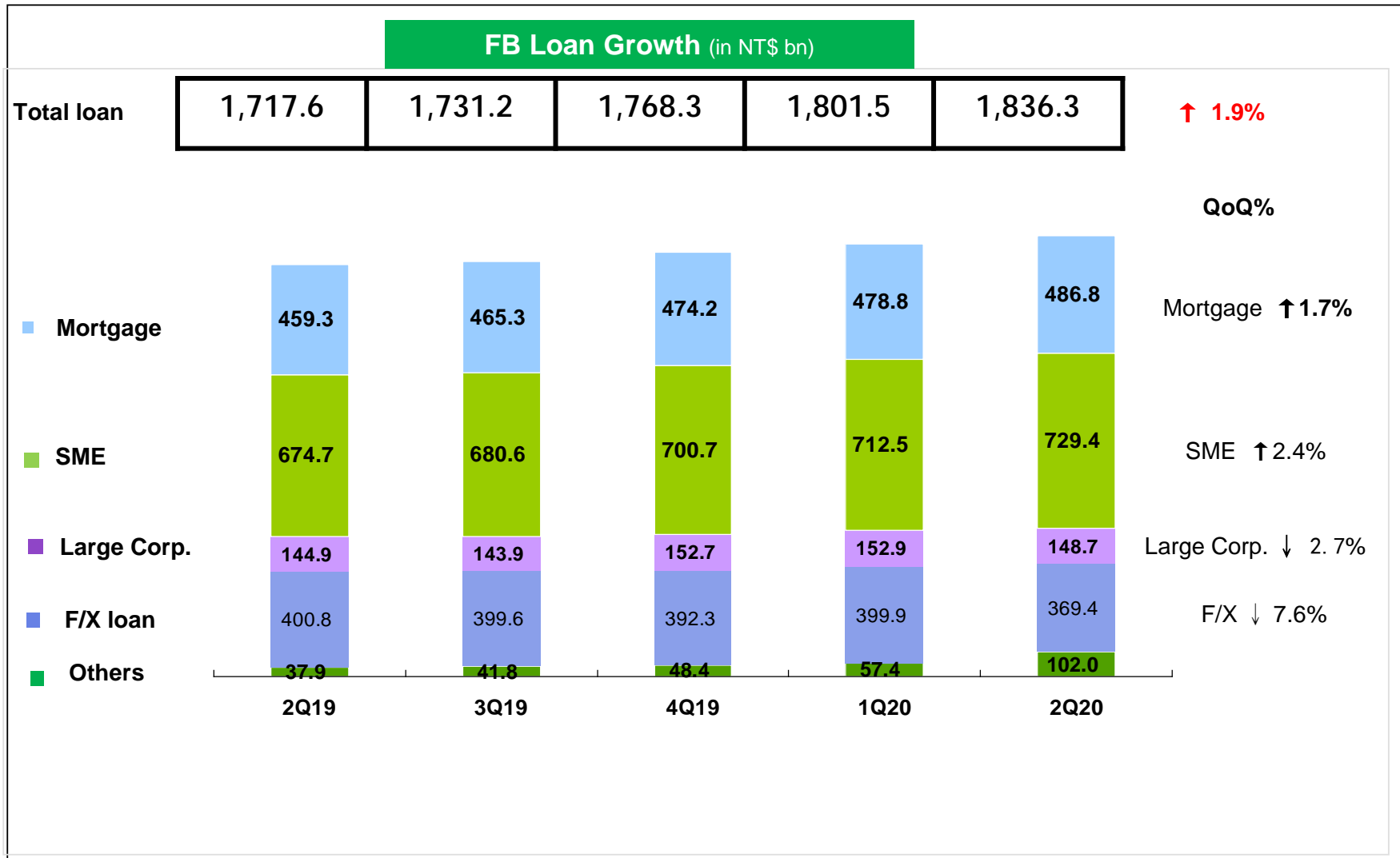
1. Loan Book does not include NALs

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

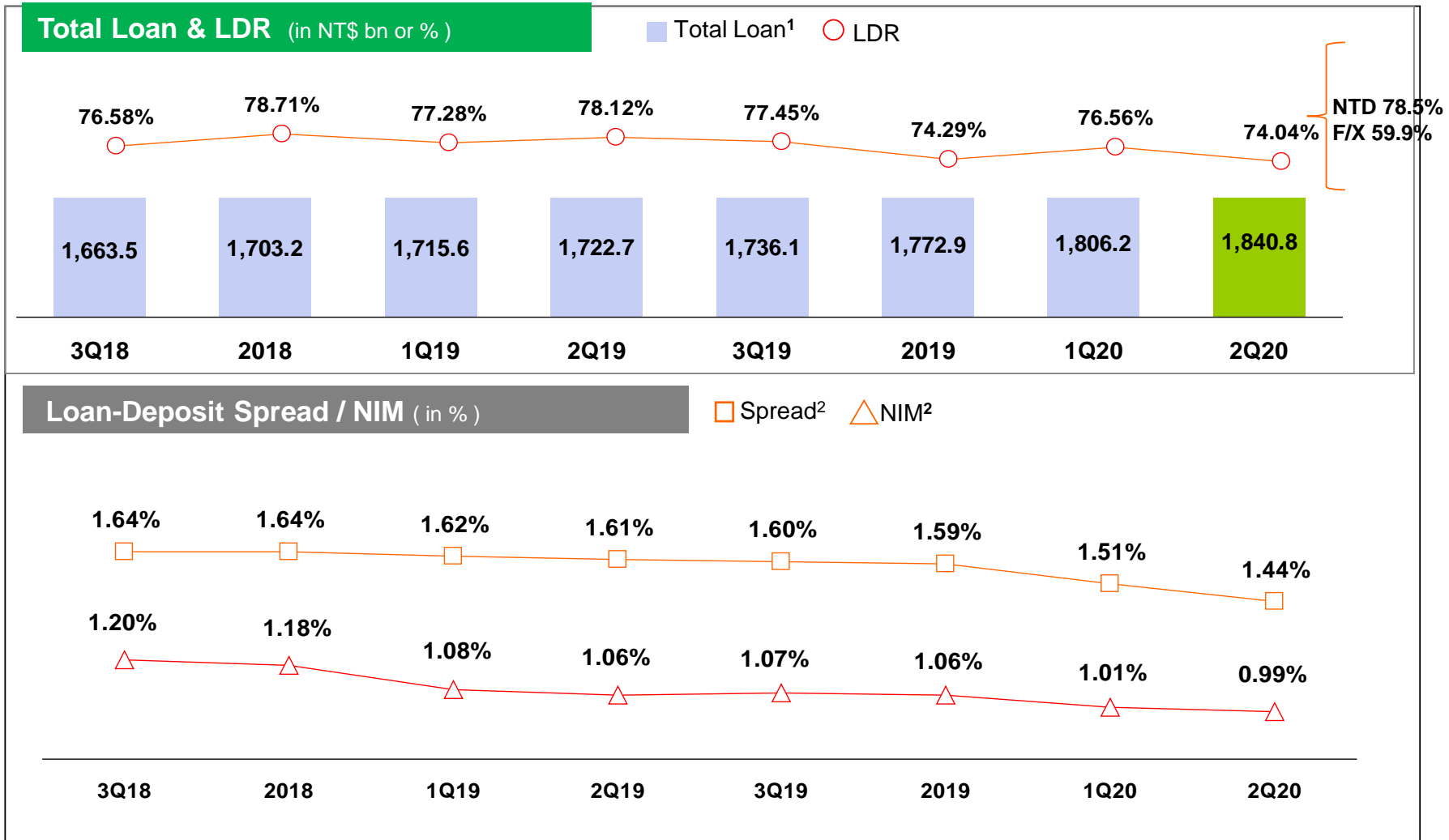
3. Others included other consumer loan and Gov./SOE loan.

# FB Loan Breakdown

## -QoQ Comparison

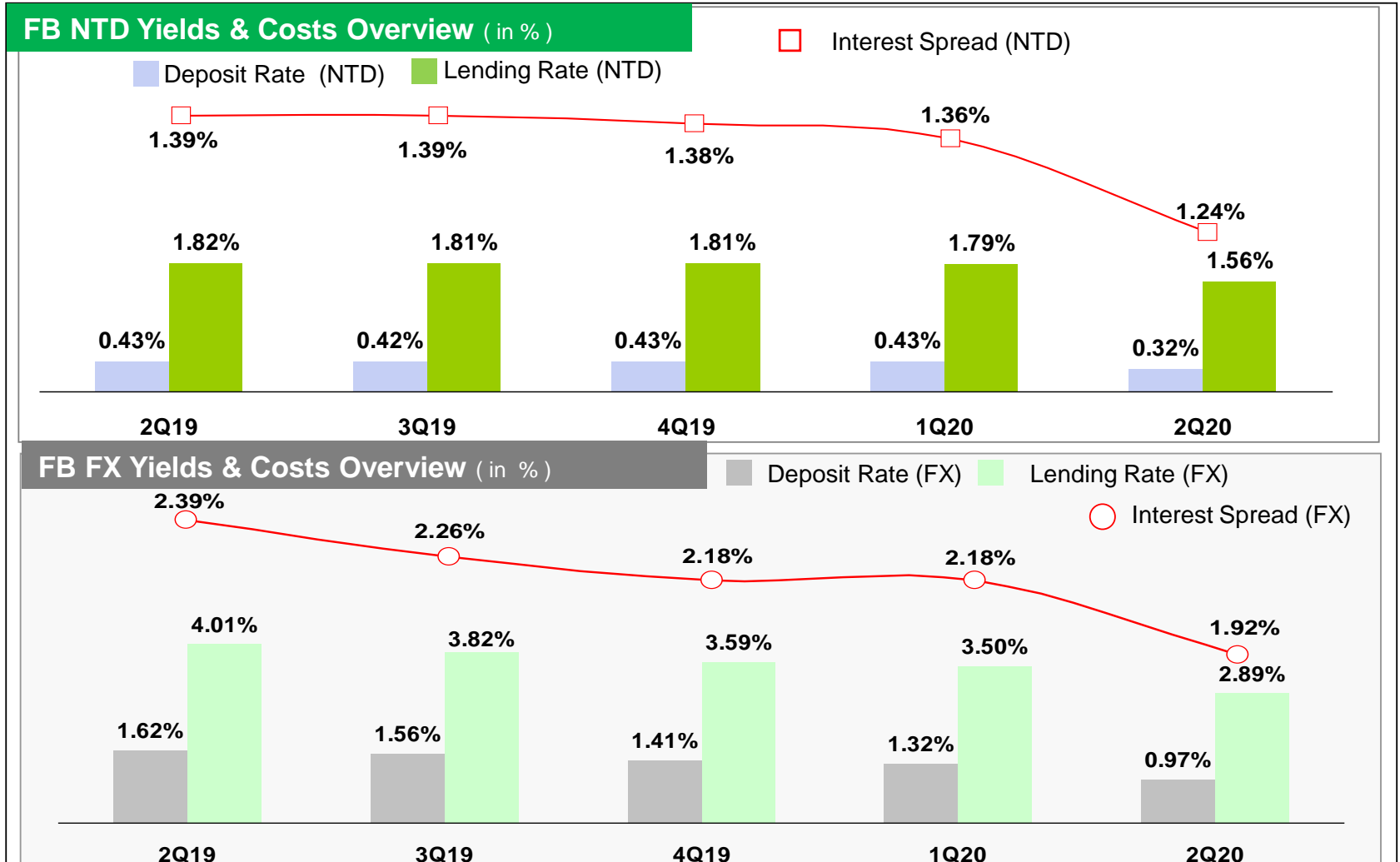


# FB 1H20 LDR, SPREAD & NIM



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

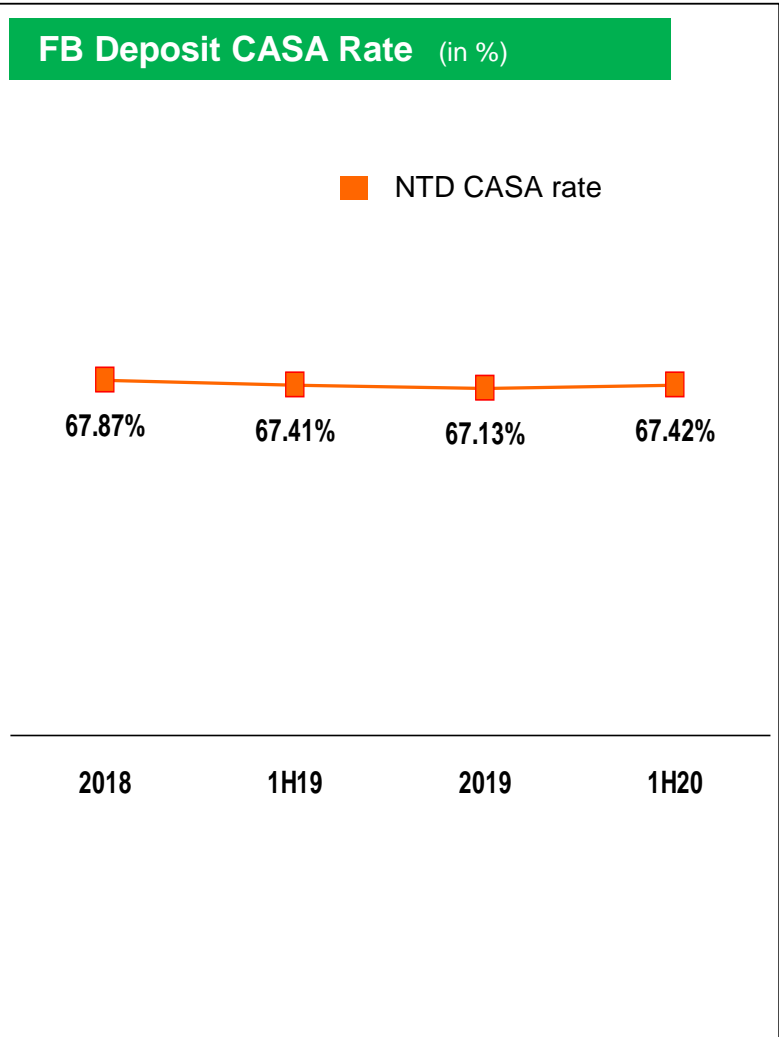
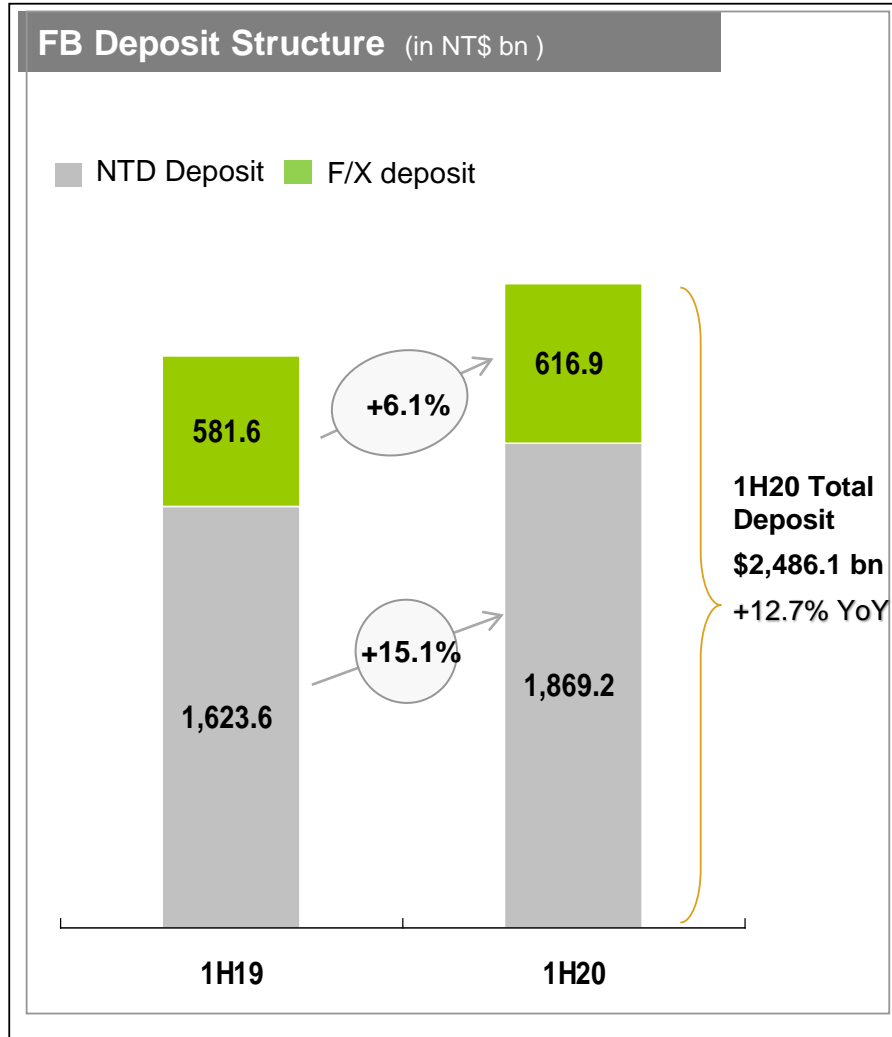
# FB 1H20 Loan Yields



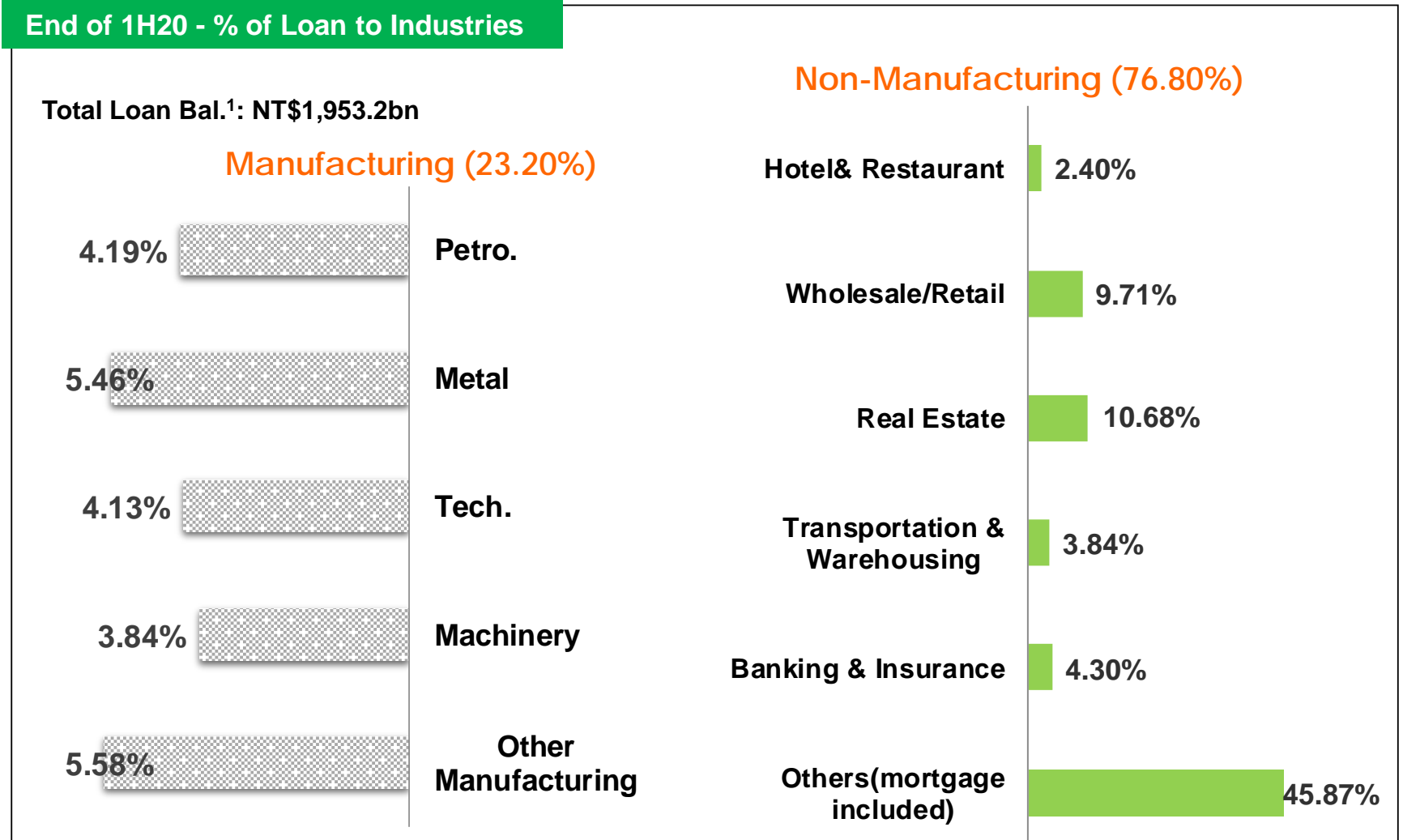
\*All rates are **QUARTERLY** average rates.



# FB 1H20 Deposit Mix



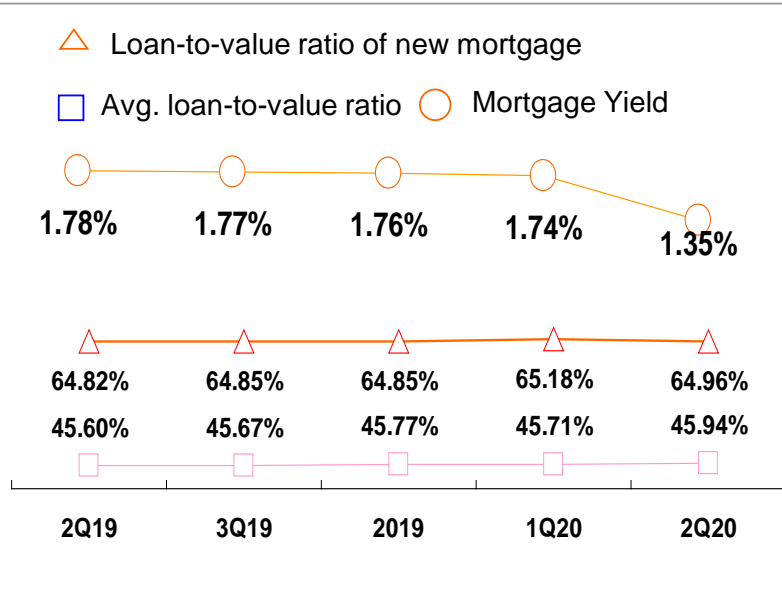
# Major Exposures to Specific Industries



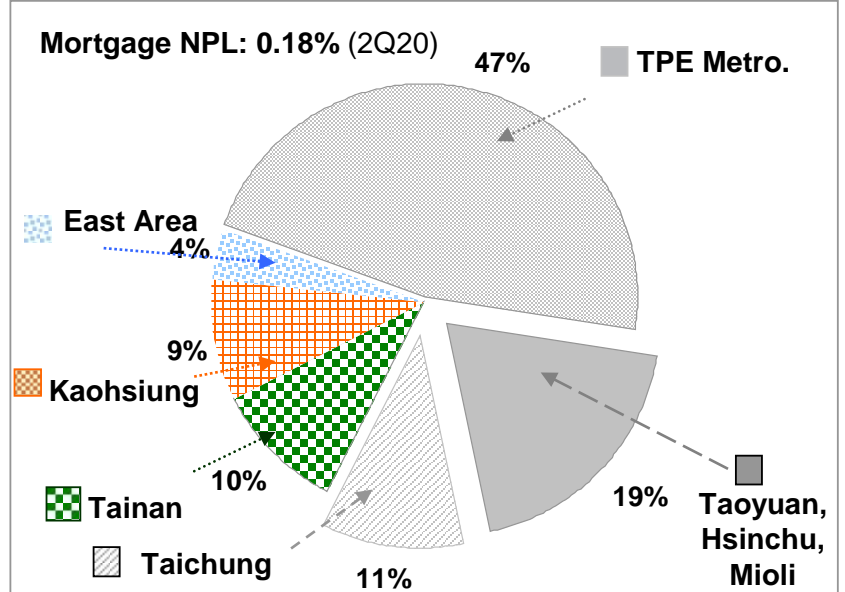
1. Total exposures does not includes NALs and investment.

# FB 1H20 Mortgage Book

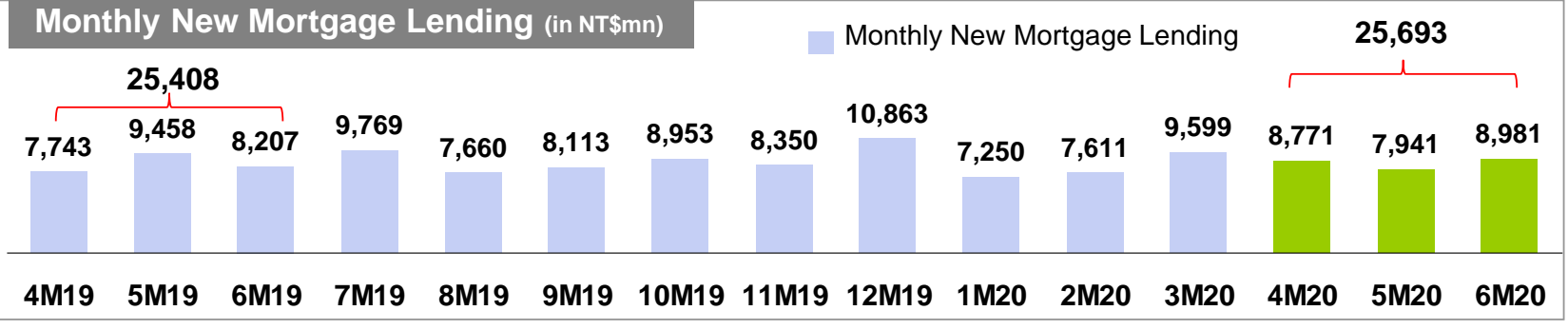
## Mortgage Yield & LTV Ratio (in %)



## Mortgage by Location (in %)

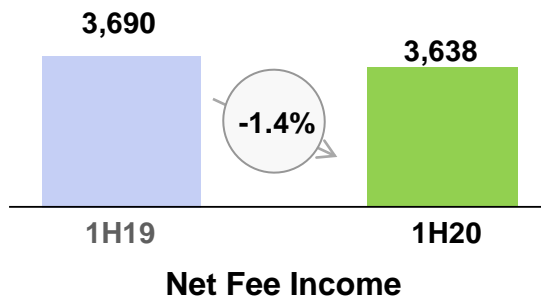


## Monthly New Mortgage Lending (in NT\$m)



# FB 1H20 Fee Income Breakdown

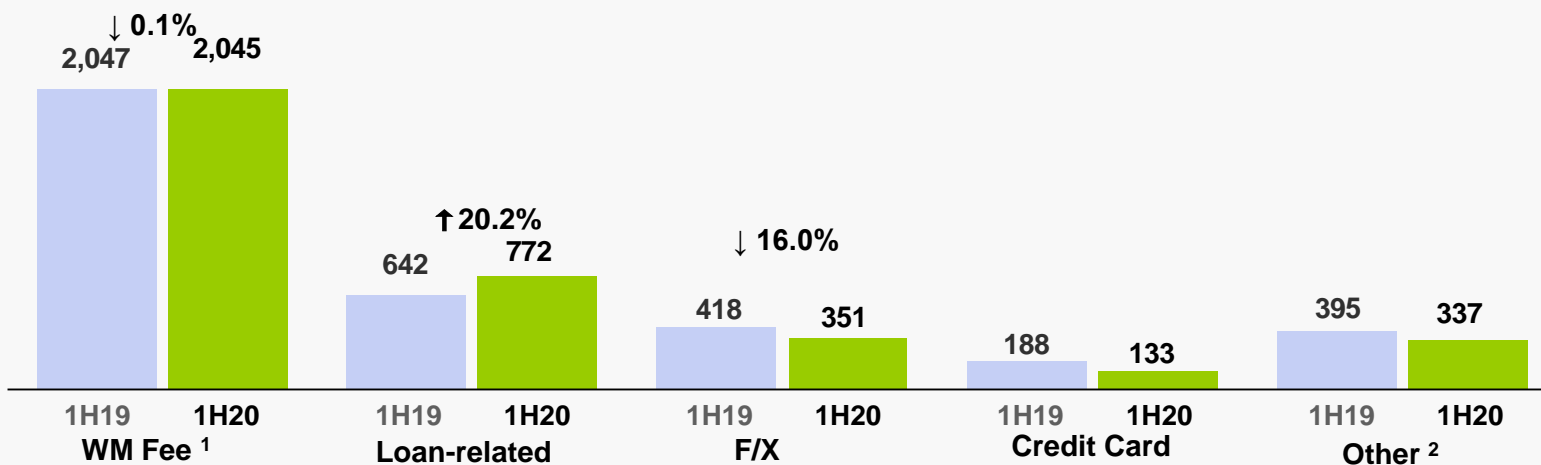
1H20 Cumulative Net Fee Income (in NT\$ mn or %)



% of Cumulative Net Fee

Item	1H19	1H20	Change
WM <sup>1</sup>	55.5%	56.2%	+0.7%
Loan-related	17.4%	21.2%	+3.8%
F/X	11.3%	9.6%	-1.7%
Credit Card	5.1%	3.7%	-1.4%
Other <sup>2</sup>	10.7%	9.3%	-1.4%
<b>Cumulative Net Fee</b>	<b>100.0%</b>	<b>100.0%</b>	

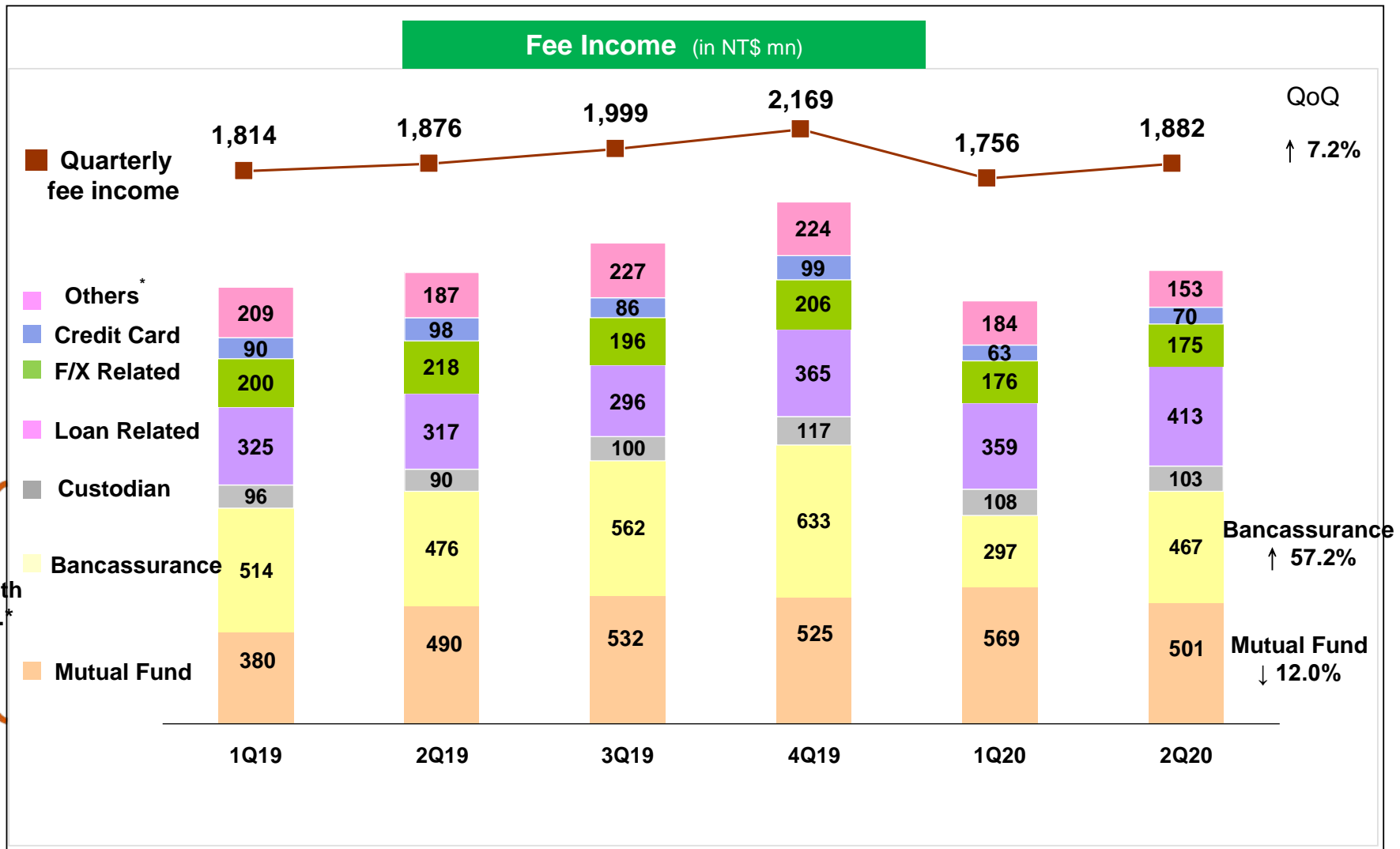
1H20 Cumulative Net Fee Breakdown (in NT\$ mn)



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

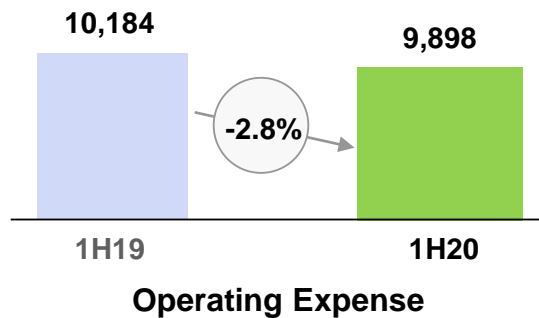


\* Wealth Management Fee = Fund sales + Bancassurance + Custodian

\*Other represents network service fee, including overseas branches

# FB 1H20 Cost-to-Income Ratio

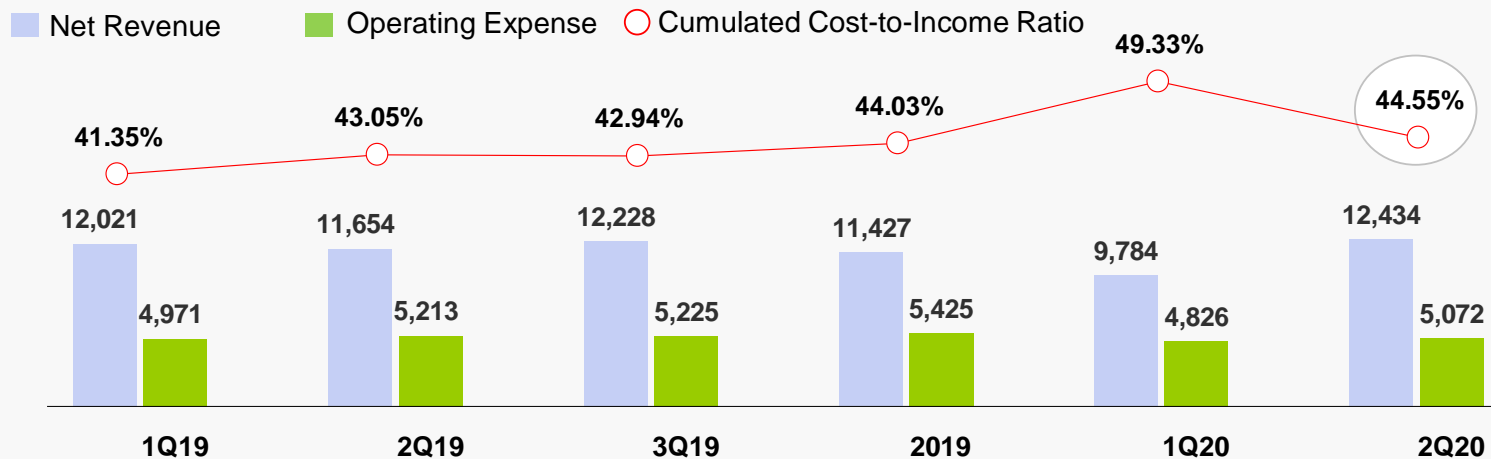
## 1H20 Cumulative Operating Expense (in NT\$ mn)



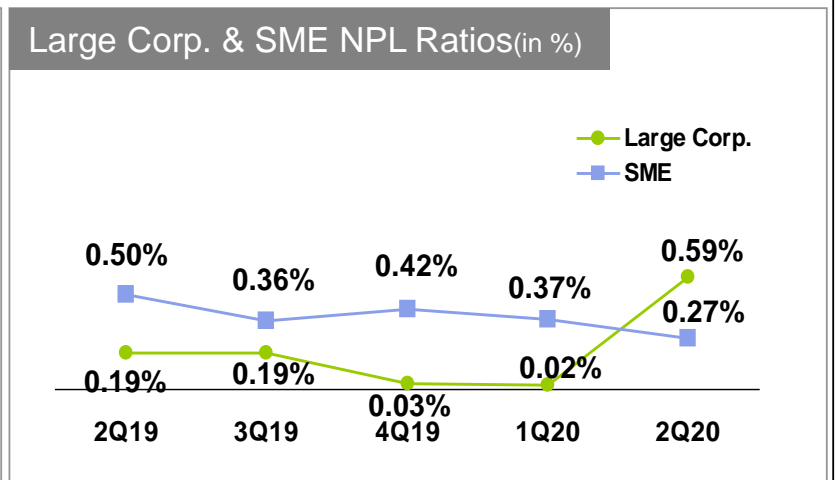
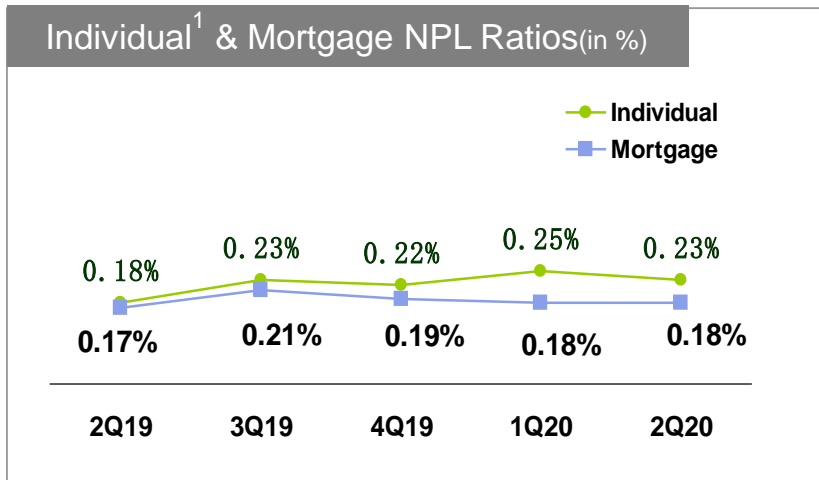
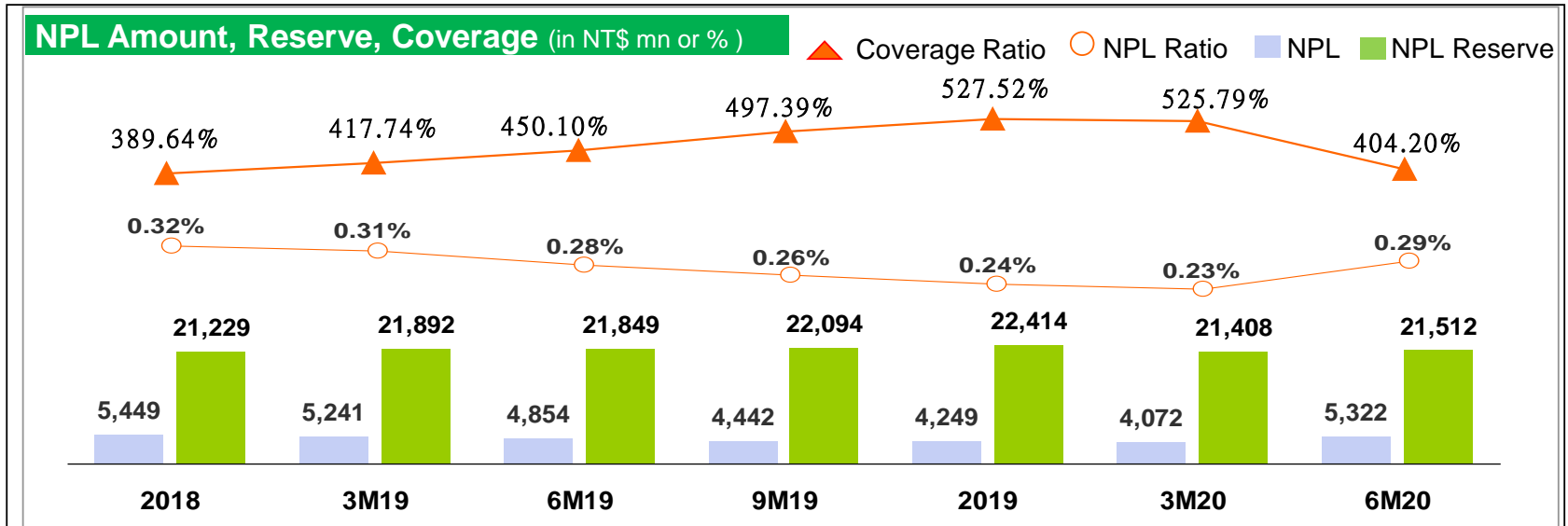
## Cost-to-Income Ratio Analysis (in NT\$ mn)

Item	1H19	1H20
Net Revenue	23,658	22,218
Operating Expense	(10,184)	(9,898)
Provision(Net)	(1,808)	(2,294)
Income Tax	(1,959)	(1,543)
<b>Net Income</b>	<b>9,708</b>	<b>8,483</b>

## Quarterly Operating Expense & Cumulated Cost-to-Income Ratio (in NT\$ mn or %)



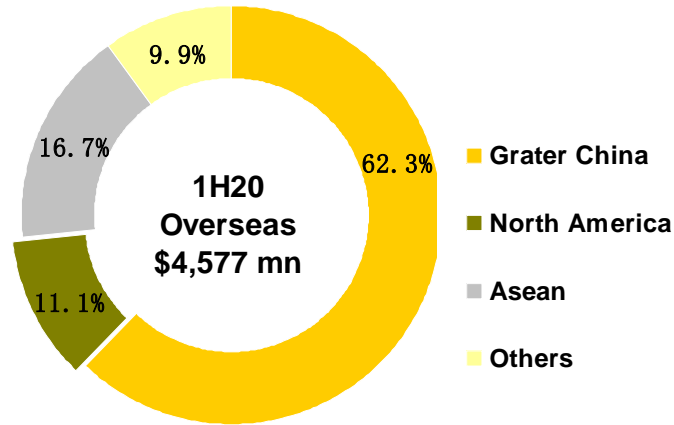
# FB 1H20 Asset Quality



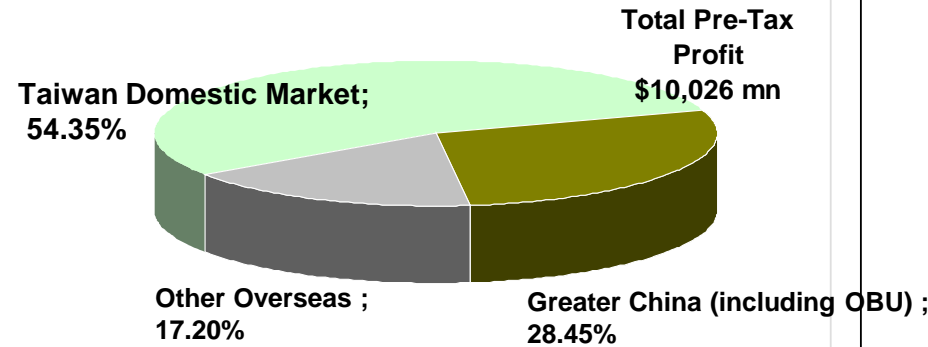
1. Individual: mortgage and non-mortgage loan included

# FB 1H20 Overseas Profits

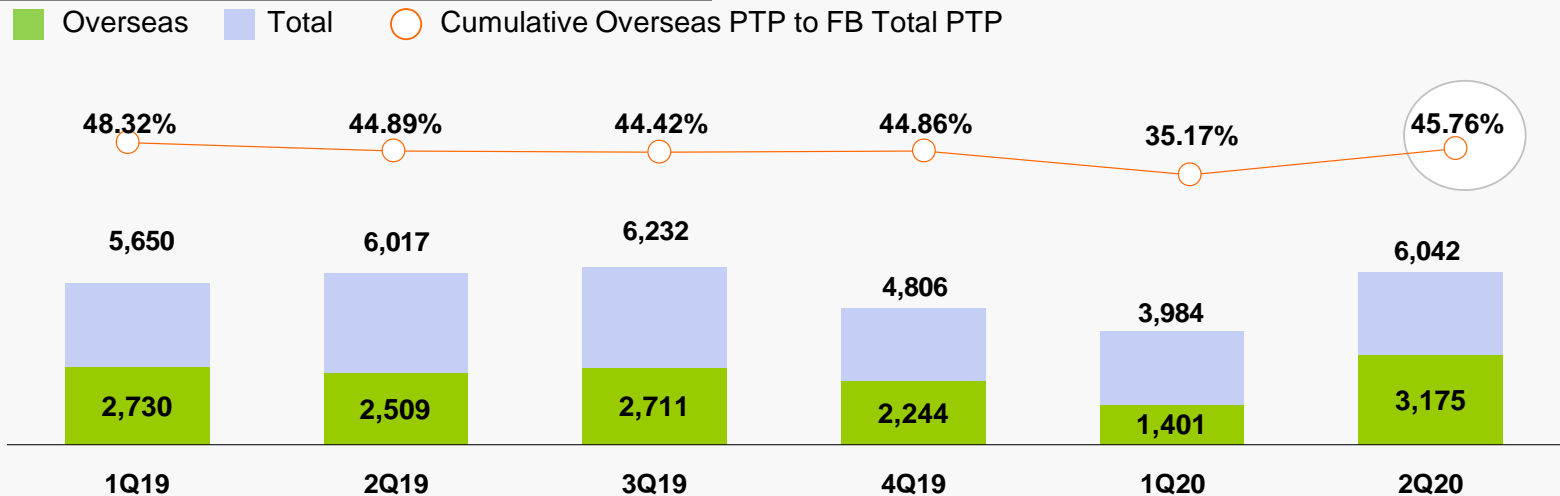
1H20 FB Overseas Pre-Tax Profit Mix ( in NT\$ mn or % )



1H20 FB Total Pre-Tax Profit Mix ( in NT\$ mn or % )

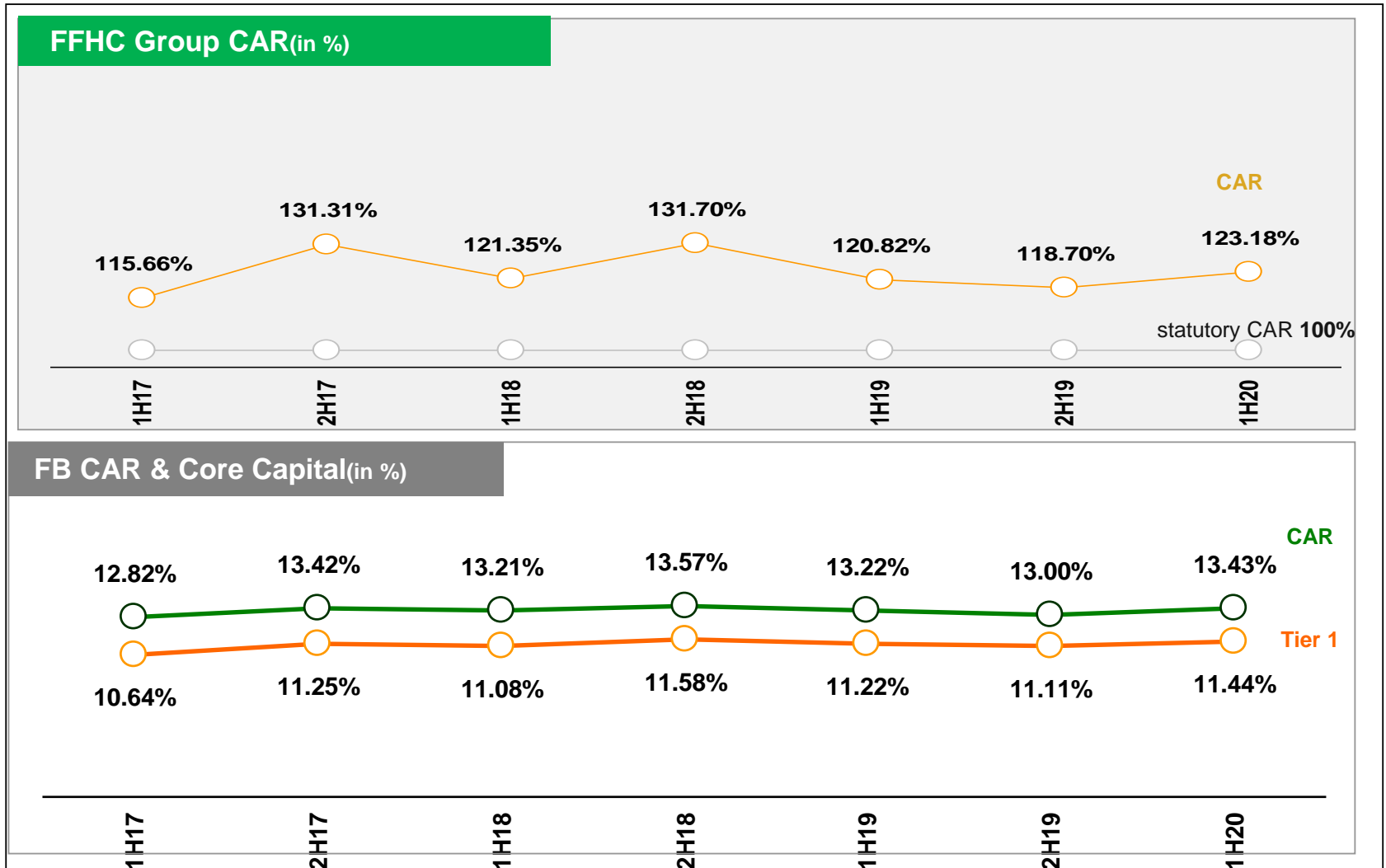


Quarterly Overseas & Total PTP (in NT\$ mn or %)





# CAR & Core Capital



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



# Appendix



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

	2017	2018	2019	Year-over-Year Comparison		
				1H19	1H20	Change
Net interest income	29,993	30,268	29,604	14,649	14,715	0.5%
Net service fee & commission	8,341	8,526	8,676	4,073	4,265	4.7%
Net Insurance revenue	5,130	11,733	11,729	5,876	4,080	-30.6%
Gain on financial assets meas. at fair value through P/L	5,550	4,880	9,072	4,729	2,959	-37.4%
Real estate investment gain	93	117	138	71	78	9.9%
Gain on AFS financial assets	1,052	0	0	0	0	--
Gain on financial assets at fair value through other compre. income	0	1,566	1,505	336	1,081	221.7%
Income from equity invest.	138	110	125	73	84	15.1%
Excluding gain on fin. assets measured at amort.c	0	22	40	0	64	#DIV/0!
Reserve of overlay approach	0	0	(22)	(49)	134	--
Net gain on F/X	(170)	2,499	1,147	1,025	528	-48.5%
Assets impairment loss	(46)	(90)	(18)	13	(19)	-246.2%
Others	746	618	322	314	86	-72.6%
Net Revenue	50,827	60,249	62,318	31,110	28,055	-9.8%
Net Provision for credit losses	(6,772)	(5,486)	(3,852)	(1,852)	(2,335)	26.1%
Recovered(provided) for insurance res.	(4,560)	(11,153)	(11,256)	(5,621)	(3,926)	-30.2%
Operating Expense	(21,347)	(22,906)	(23,901)	(11,654)	(11,481)	-1.5%
Income from continued op. before tax	18,148	20,703	23,309	11,983	10,313	-13.9%
Income tax expenses	(2,716)	(3,370)	(3,940)	(2,069)	(1,548)	-25.2%
Consolidated net income	15,432	17,332	19,369	9,914	8,764	-11.6%
Other Items	(1,038)	417	7,399	8,123	(3,128)	-138.5%
Comprehensive Income	14,394	17,749	26,768	18,037	5,636	-68.8%
Net Income attributed to:						
Parent	15,483	17,332	19,369	9,914	8,764	-11.6%
Minority interests	(51)	0	0	0	0	-
Comprehensive Income attributed to:						
Parent	14,380	17,749	26,768	18,037	5,636	-68.8%
Minority interests	14	0	0	0	0	-
EPS <sup>1</sup> (NT\$)	1.24	1.39	1.55	0.77	0.68	-11.7%

# FFHC Non-consolidated Income Statement

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

	Full Year Results			Year-over-Year Comparison		
	2017	2018	2019	1H19	1H20	Change
Operating revenues						
Income from long-term investment	15,693	17,904	19,835	10,046	8,908	-11.3%
Other income <sup>1</sup>	246	227	190	146	142	-2.7%
Total revenues	15,939	18,131	20,025	10,193	9,050	-11.2%
Loss from long-term investment	(53)	(321)	0	0	(52)	-
Operating expenses	(334)	(356)	(389)	(183)	(182)	-0.5%
Other expenses and losses	(118)	(110)	(202)	(101)	(106)	5.0%
Income from continued op. before tax	15,434	17,344	19,434	9,909	8,710	-12.1%
Income from continued op. after tax	15,483	17,332	19,369	9,914	8,764	-11.6%
Income from discontinued op., net of ta	0	0	0	0	0	--
Net income	15,483	17,332	19,369	9,914	8,764	-11.6%
EPS <sup>2</sup> (NT\$)	1.24	1.39	1.55	0.77	0.68	-11.7%

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		
	2017	2018	2019	1H19	1H20	Change
<b>Non-consolidated Balance Sheet Data</b>						
Long-term investment	205,970	217,409	232,876	223,309	225,637	1.0%
Total non-consolidated assets	208,951	224,661	241,223	240,550	246,958	2.7%
Total liabilities	17,168	19,358	21,490	29,548	34,675	17.4%
Total shareholders' equity	191,783	205,303	219,733	211,002	212,283	0.6%
<b>Consolidated Balance Sheet Data</b>						
Total consolidated assets	2,634,059	2,935,204	3,206,767	2,998,196	3,298,071	10.0%
Total liabilities	2,442,008	2,729,901	2,987,034	2,787,194	3,085,788	10.7%
Total shareholders' equity	192,051	205,303	219,733	211,002	212,283	0.6%
Parent's shareholders' equity	191,783	205,303	219,733	211,002	212,283	0.6%
Minority interests	268	0	0	0	0	--
Current shares outstanding**	122,164	123,386	124,619	124,619	128,358	3.0%

\*figures may not match due to rounding

## FFHC Key Ratios

FFHC Key Ratios	Full Year Results			Year-over-Year Comparison		
	2017	2018	2019	1H19	1H20	Change
After-tax ROAA (Annualized ratio)	0.60%	0.62%	0.63%	0.66%	0.54%	-18.2%
After-tax ROAE (Annualized ratio)	8.04%	8.58%	9.11%	9.52%	8.12%	-14.7%
Book Per Share	15.70	16.64	17.63	16.93	16.54	-2.3%
Capital Stock	122,164	123,386	124,619	124,619	128,358	3.0%
Double leverage <sup>1</sup>	107.40%	105.90%	105.98%	105.83%	106.29%	0.4%
Group CAR <sup>2</sup>	131.31%	131.70%	118.71%	120.82%	123.18%	2.0%
Debt Ratio <sup>3</sup>	8.24%	8.62%	8.91%	12.28%	14.04%	14.3%

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		
	2017	2018	2019	1H19	1H20	Change
Net interest income	28,843	28,669	27,832	13,801	13,775	-0.2%
Net fee income	7,457	7,563	7,858	3,690	3,638	-1.4%
Net gain on ST invest.	398	98	515	96	79	-17.7%
Net gain on LT invest.	719	834	903	210	197	-6.2%
Net gain on other fin. products	5,256	8,396	9,932	5,586	4,489	-19.6%
Other net income	241	462	273	275	40	-85.5%
Net revenue	42,914	46,022	47,313	23,658	22,218	-6.1%
Operating expenses	(18,466)	(19,863)	(20,834)	(10,184)	(9,898)	-2.8%
Pre-provision pre-tax profit	24,448	26,159	26,479	13,474	12,320	-8.6%
Provision expense	(9,621)	(8,480)	(6,655)	(3,064)	(3,709)	21.1%
Adjustment: bad-debt recovery	2,782	3,017	2,898	1,256	1,414	12.6%
Income before tax	17,609	20,696	22,722	11,667	10,026	-14.1%
Income tax	(2,467)	(3,134)	(3,688)	(1,959)	(1,543)	-21.2%
Net income	<b>15,142</b>	<b>17,562</b>	<b>19,035</b>	<b>9,708</b>	<b>8,483</b>	-12.6%
Other items	(1,214)	503	6,450	7,260	(2,636)	-136.3%
Comprehensive income	13,928	18,065	25,485	16,968	5,847	-65.5%
EPS	1.70	1.97	2.14	1.09	0.95	(0.13)

# FB Key Ratios

## FB Key Ratios

	Full Year Results			Year-over-Year Comparison		
	2017	2018	2019	1H19	1H20	Change
Loan to deposit spread	1.65%	1.64%	1.59%	1.61%	1.44%	-10.56%
Net Interest Margin	1.26%	1.18%	1.06%	1.06%	0.99%	-6.60%
Cost to income ratio <sup>3</sup>	43.03%	43.19%	44.02%	43.05%	44.55%	3.48%
Loan to deposit ratio <sup>1</sup>	79.28%	78.71%	74.29%	78.12%	74.04%	-5.22%
NPL ratio	0.38%	0.32%	0.24%	0.28%	0.29%	3.57%
Domestic NPL ratio	0.46%	0.34%	0.28%	0.32%	0.28%	-12.50%
Overseas NPL ratio	0.05%	0.23%	0.08%	0.14%	0.35%	150.00%
<b>LLR ratio (excluding gov. loan)</b>	1.38%	1.25%	1.27%	1.27%	1.20%	-5.51%
Coverage ratio	358.56%	389.64%	527.52%	450.10%	404.20%	-10.20%
CAR	13.42%	13.57%	13.00%	13.22%	13.43%	1.59%
Tier-1	11.25%	11.58%	11.11%	11.22%	11.44%	1.96%
ROAA <sup>2</sup>	0.60%	0.65%	0.64%	0.68%	0.54%	-20.59%
ROAE <sup>2</sup>	7.91%	8.71%	8.97%	9.34%	7.88%	-15.63%

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		2020 Quarterly		Year-over-Year Comparison		
	2018	2019	Q1	Q2	1H19	1H20	Change
NPL- beginning	6,114	5,449	4,249	4,072	5,449	4,249	-22.0%
Net new NPL influx	6,098	4,132	2,463	3,097	2,009	5,560	176.8%
<i>Domestic</i>	5,394	3,210	2,419	2,117	1,524	4,536	197.6%
<i>Overseas</i>	704	922	44	980	485	1,024	111.1%
Net write-offs	(6,763)	(5,332)	(2,640)	(1,847)	(2,604)	(4,487)	72.3%
NPL- ending balance	5,449	4,249	4,072	5,322	4,854	5,322	9.6%
Allowance for loan loss- beginning	19,781*	21,229	22,414	21,408	21,229	22,414	5.6%
Provisions for loan loss	7,919	6,439	1,628	1,995	3,010	3,623	20.4%
Net write-offs	(6,763)	(5,332)	(2,640)	(1,847)	(2,604)	(4,487)	72.3%
Others	292	78	6	(44)	214	(38)	--
Allowance for loan loss- ending	21,229	22,414	21,408	21,512	21,849	21,512	-1.5%
Recovery from bad debt	3,017	2,897	684	730	1,256	1,414	12.6%
<i>Domestic</i>	2,895	2,684	670	718	1,218	1,388	14.0%
<i>Overseas</i>	73	164	1	1	14	2	-85.7%
<i>Credit card</i>	49	49	13	11	24	24	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		
	2017	2018	2019	1H19	1H20	Change
Brokerage commission	849	899	777	350	573	63.7%
Net interest income	306	293	220	106	103	-2.8%
Underwriting commission	38	97	45	8	24	200.0%
Transaction gains through F/V, net	227	29	270	92	54	-41.3%
Other operating income	107	34	89	29	57	96.6%
Total operating income	1,527	1,352	1,401	585	811	38.6%
Total operating expenses	(1,301)	(1,260)	(1,172)	(561)	(665)	18.5%
Non-operating income	72	77	86	48	30	-37.5%
Income before tax	298	169	315	71	176	147.9%
Income tax	(26)	(55)	(43)	(10)	(20)	100.0%
Cummulative effect of change in accounting principles	0	0	0	0	0	
Net income	272	114	272	61	156	155.7%
<b>First Sec Key Ratios</b>						
ROAE (Annualized)	4.41%	1.81%	4.28%	1.94%	4.84%	149.5%
ROAA (Annualized)	1.55%	0.61%	1.32%	0.64%	1.31%	104.7%
Brokerage market share	1.53%	1.42%	1.39%	1.37%	1.43%	4.4%
Margin loan market share	2.94%	2.53%	2.29%	2.26%	2.37%	4.9%

# FSITC Operating Report

## FSITC Income Statement Summary in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2017	2018	2019	1H19	1H20	Change
Total operating income						
Management fee	501	640	615	305	265	-13.1%
Sales service fee	7	13	28	15	20	33.3%
Total operating income	508	653	643	320	285	-10.9%
Operating expenses	(440)	(540)	(559)	(278)	(249)	-10.4%
Non-operating income	15	12	21	16	4	-75.0%
Income before tax	82	125	105	58	40	-31.0%
Income tax	(12)	(24)	(19)	(10)	(8)	-20.0%
Income after tax	70	101	86	48	32	-33.3%
Cummulative effect of change in accounting principles	0	0	0	0	0	
Net income	70	101	86	48	32	-33.3%
<b>FSITC Key Ratios</b>						
AUM	101,095	85,558	105,042	109,346	105,079	-3.9%
AUM Ranking	8	9	10	11	11	

1. Non-consolidated basis

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

	Full Year Result			Year-over-Year Comparison		
	2017	2018	2019	1H19	1H20	Change
<b>Income Statement Summary</b>						
<b>Operating Revenue</b>	<b>13,298</b>	<b>13,506</b>	<b>14,435</b>	<b>7,185</b>	<b>5,998</b>	-16.5%
Premium Income	11,684	12,698	13,193	6,632	5,318	-19.8%
Other insurance income	277	312	272	139	126	-9.4%
Net Investment Income	1,337	496	970	414	554	33.8%
<b>Operating Cost</b>	<b>12,861</b>	<b>13,022</b>	<b>13,565</b>	<b>6,773</b>	<b>5,516</b>	-18.6%
Reinsurance commission	40	49	59	29	32	10.3%
Reserves	4,566	11,192	11,304	5,642	3,954	-29.9%
Claims	7,419	851	1,329	691	1,167	68.9%
Commission	711	930	873	411	362	-11.9%
Others	125	0	0	0	1	#DIV/0!
<b>Operating Expenses</b>	<b>(566)</b>	<b>(638)</b>	<b>(655)</b>	<b>(301)</b>	<b>(353)</b>	17.3%
<b>Profit/Loss of Operation</b>	<b>(129)</b>	<b>(154)</b>	215	111	129	16.2%
<b>Non-Operating Profit</b>	0	0	0	0	0	#DIV/0!
<b>Profit/Loss Before Tax</b>	<b>(129)</b>	<b>(154)</b>	215	111	129	16.2%
Income tax	26	13	29	(14)	47	-435.7%
<b>Net Income after tax</b>	<b>(103)</b>	<b>(141)</b>	244	97	176	81.4%
<b>Key Ratios</b>						
ROAE(Annualized ratio)	-19.39%	-13.46%	10.44%	9.97%	10.88%	9.1%
ROAA(Annualized ratio)	-0.30%	-0.34%	0.47%	0.40%	0.59%	47.5%

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

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