

First Financial Holding

3Q 2018 Earnings Result

Nov. 29, 2018



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At a Glance

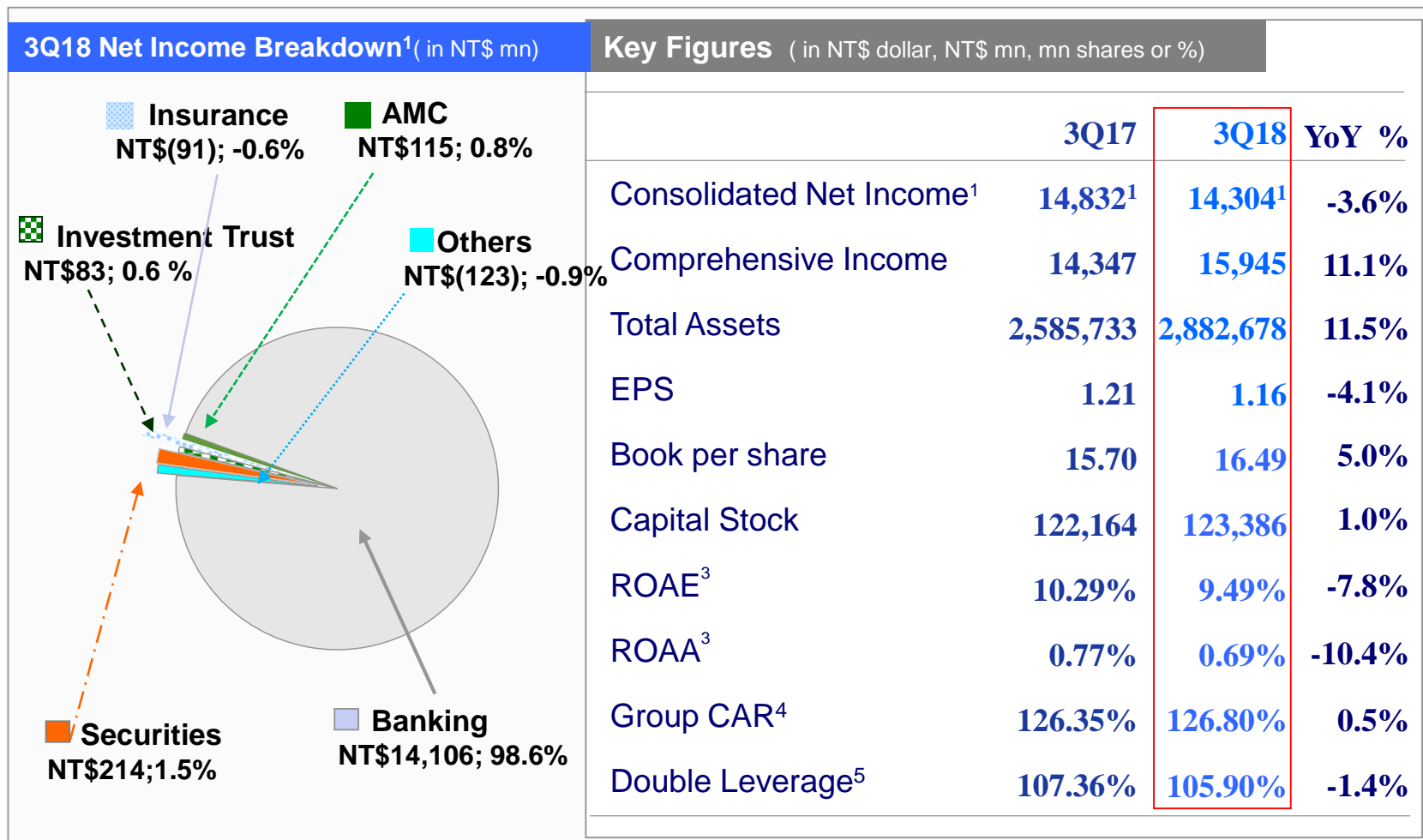
3Q 2018 Snapshot

- ◆ **Non-interest income helped boost Bank's net revenue by +8.4% YoY:**
Similar to 2nd quarter that non-interest income (treasury and fee) continued to drive bank's revenue up by +8.4% YoY.
- ◆ **Higher than expected loan growth (+6.0% YoY) came from 1). F/X 2). mortgage lending:**
Despite U.S. kept hiking rates, F/X loan grew by +12.0%, YoY; mortgage lending also rose by +7.7% YoY.
- ◆ **Ample liquidity drove bank's deposit grew by +9.3% YoY, a mixed bag on macro and local :**
Bank recorded enormous deposit growth in 2018, given US/TWD rate widened gap, China's and US's tax reform and strong TWSE indexes attracted capital inflow.
- ◆ **2019 outlook:**
Huge deposit growth brings WM business opportunities and helps to stabilize real-estate market in 2019, while GDP maintains moderate path. Looming economy sent uncertainty toward loan demand. High volatility on capital mkt may narrow gains on investments.



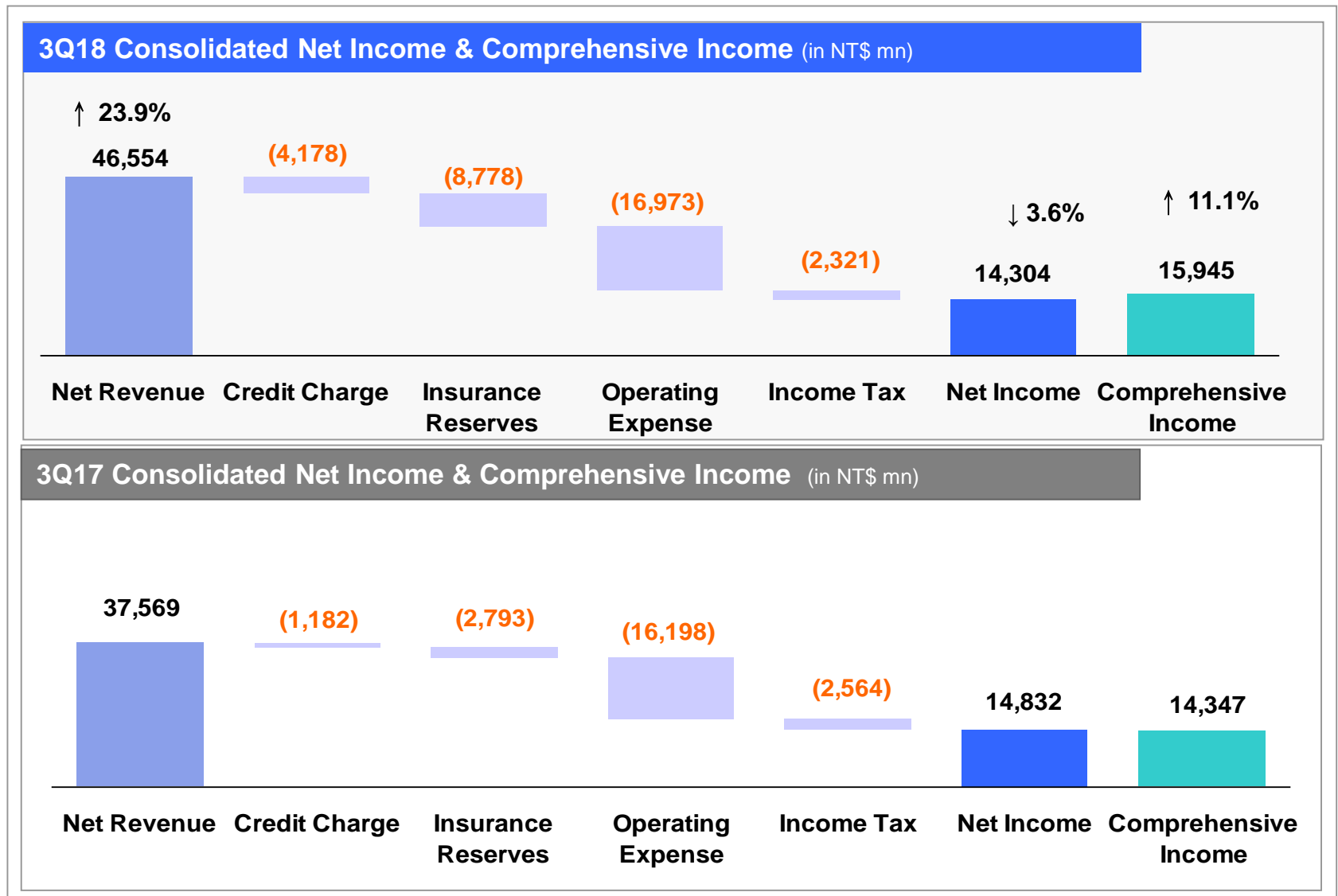
3Q18 Financial Highlight

3Q18 Key Figures

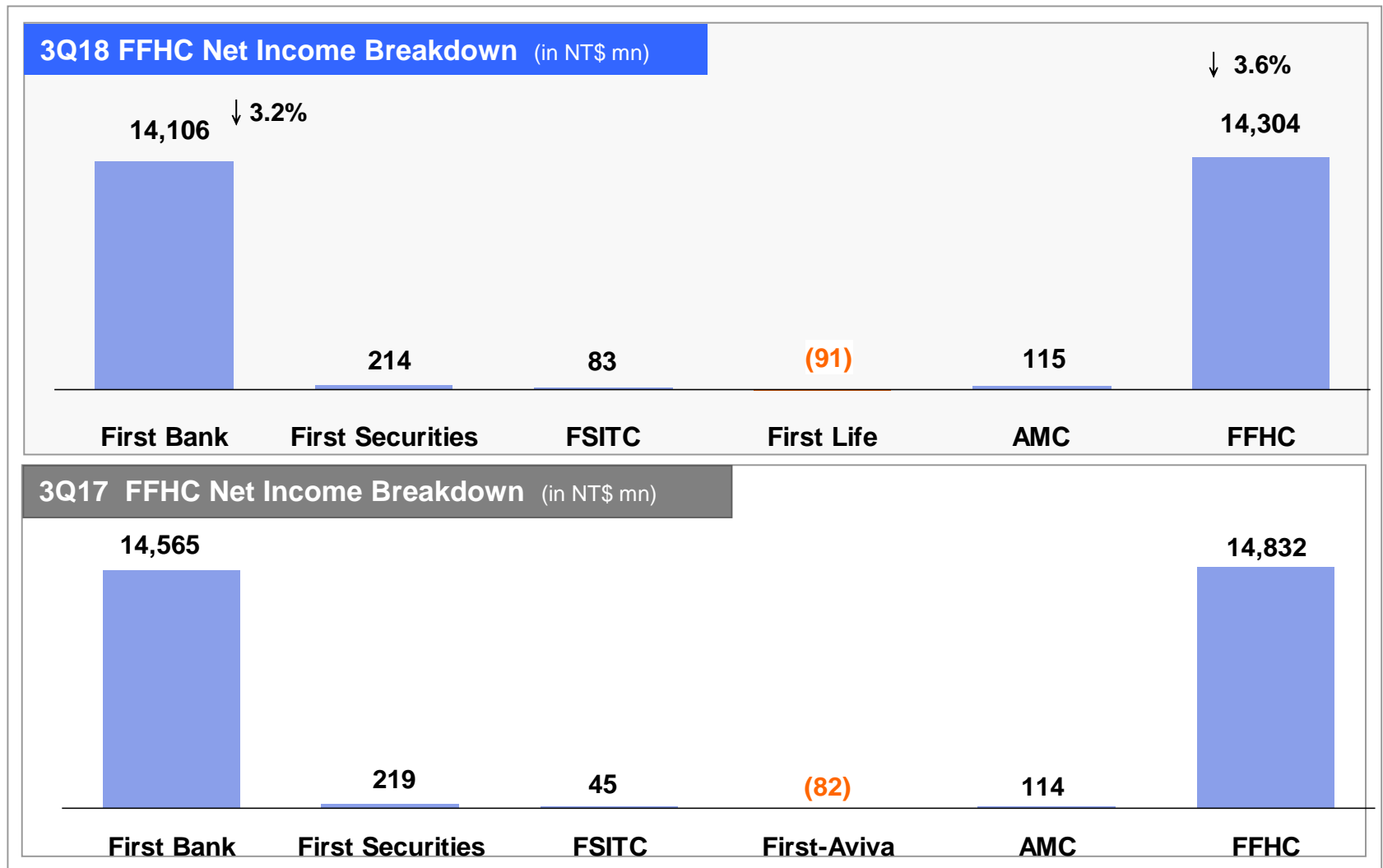


1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.
 2. Comprehensive Income Statement is required by IFRS.
 3. Annualized figures. . 4. Preliminary data for 3Q18.
 5. Double Leverage = Equity Investment / Shareholder Equity

Net Income & Comprehensive Income



Net Income Breakdown by Subsidiaries*

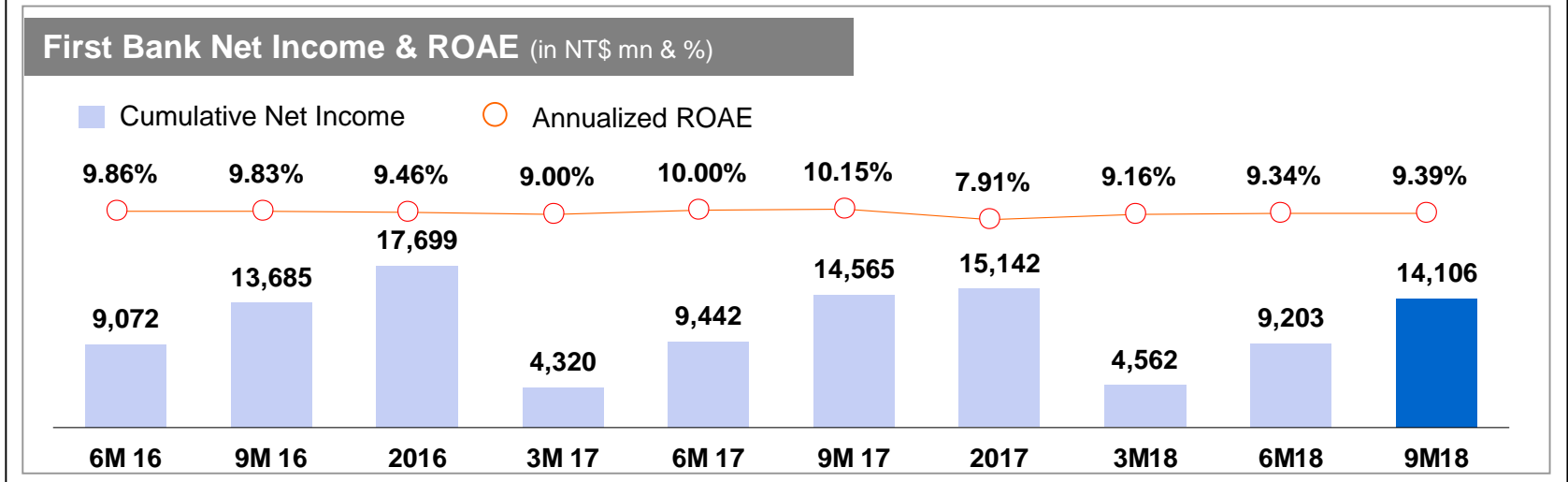
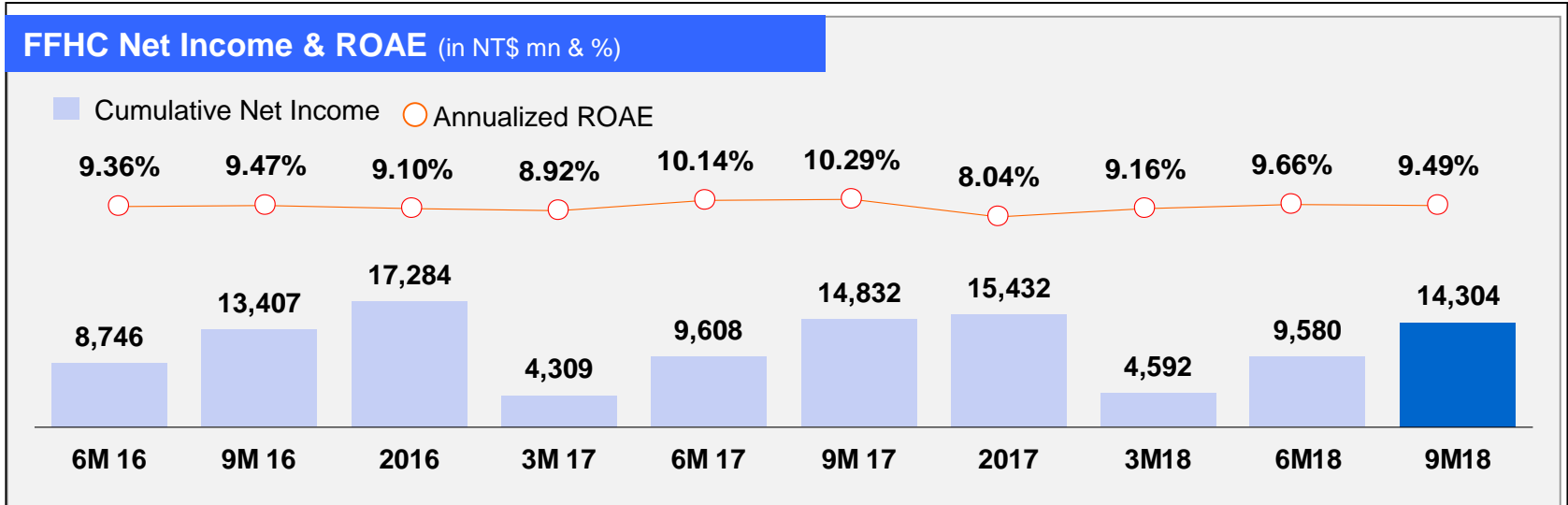


* Major 5 subsidiaries were listed.



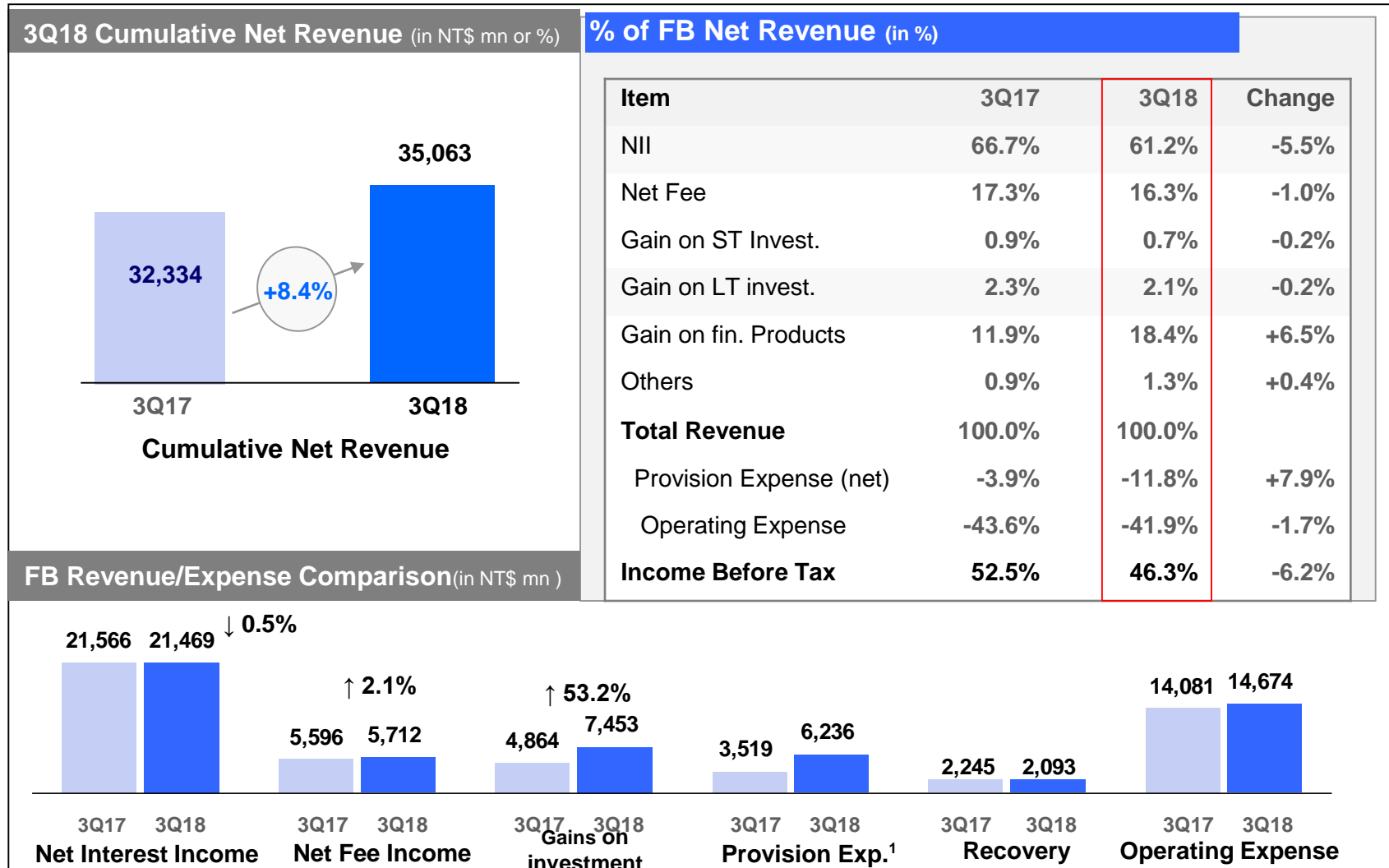
3Q18 Operating Results

FFHC & First Bank Profitability -After Tax



1.Minority interests included

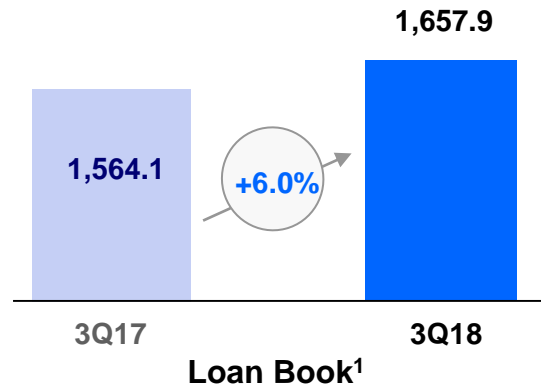
FB 3Q18 Pre-tax Profit



1. Gross Provision expense.

FB 3Q18 Loan Book Mix

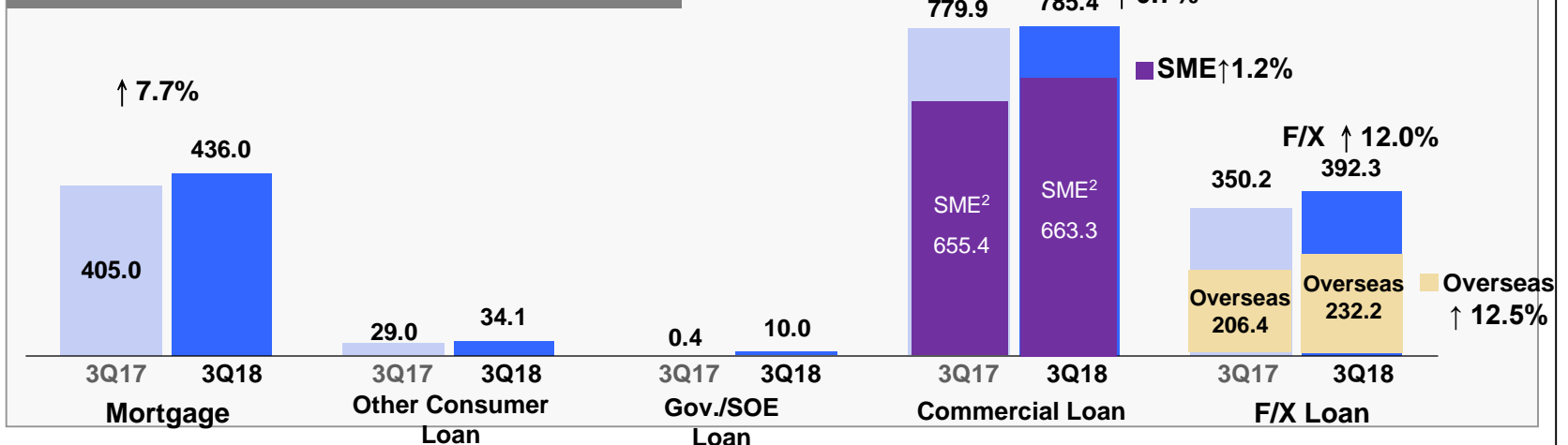
3Q18 Loan Book¹ (in NT\$ bn or %)



% of Loan Book¹

Item	3Q17	3Q18	Change
Consumer	27.7%	28.4%	+0.7%
Mortgage	25.9%	26.3%	+0.4%
Other Consumer Loan	1.8%	2.1%	+0.3%
Corporate Banking	72.3%	71.6%	-0.7%
Commercial Loan	49.9%	47.9%	-2.0%
--- SME	41.9%	40.0%	-1.9%
Gov./SOE Loan	0.00%	0.60%	+0.6%
F/X/ Loan	22.4%	23.7%	+1.3%
--- Overseas	13.2%	14.0%	+0.8%
Loan Book¹	100.0%	100.0%	

3Q18 Loan Book¹ Breakdown (in NT\$ bn)

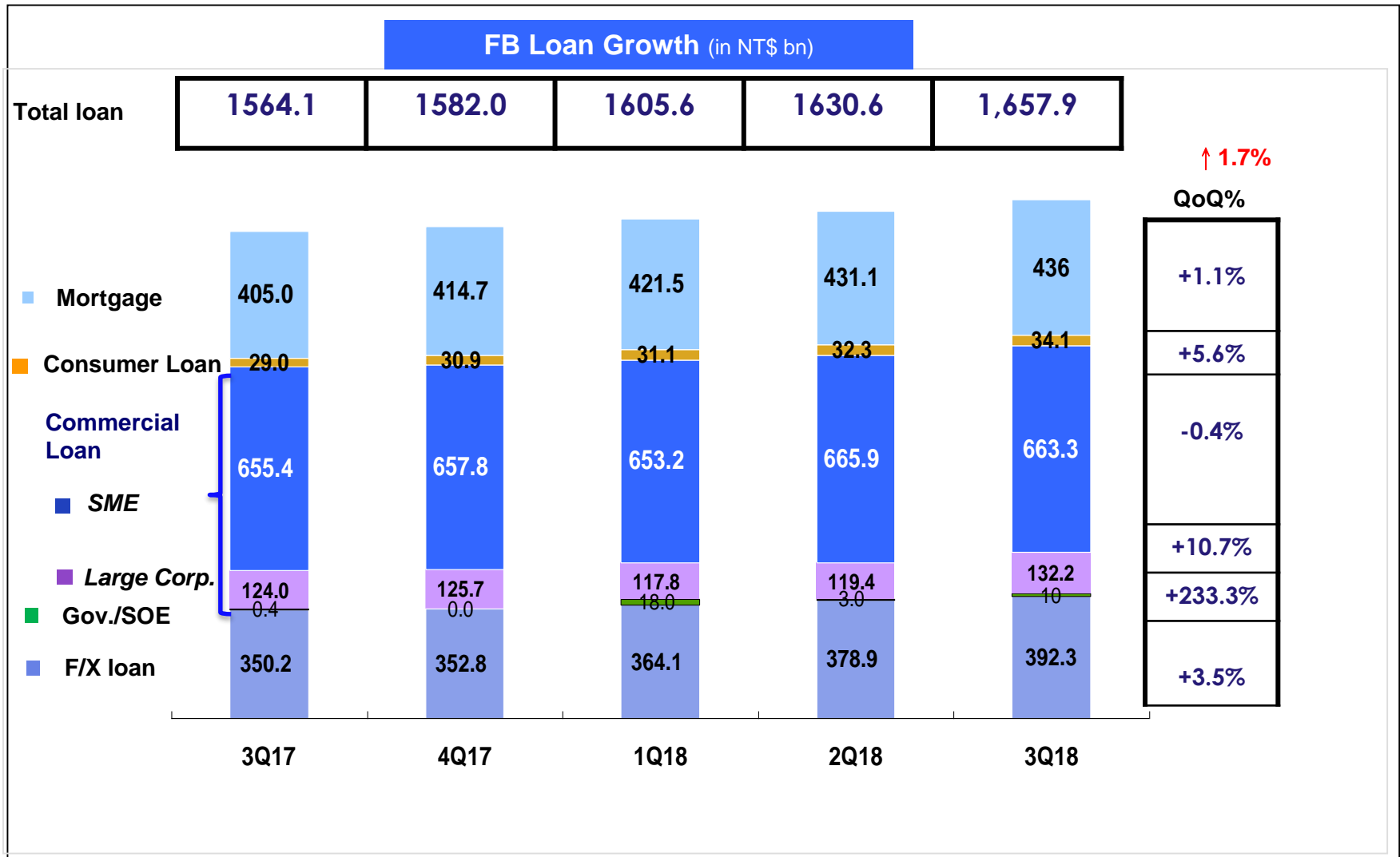


1. Loan Book does not include NALs

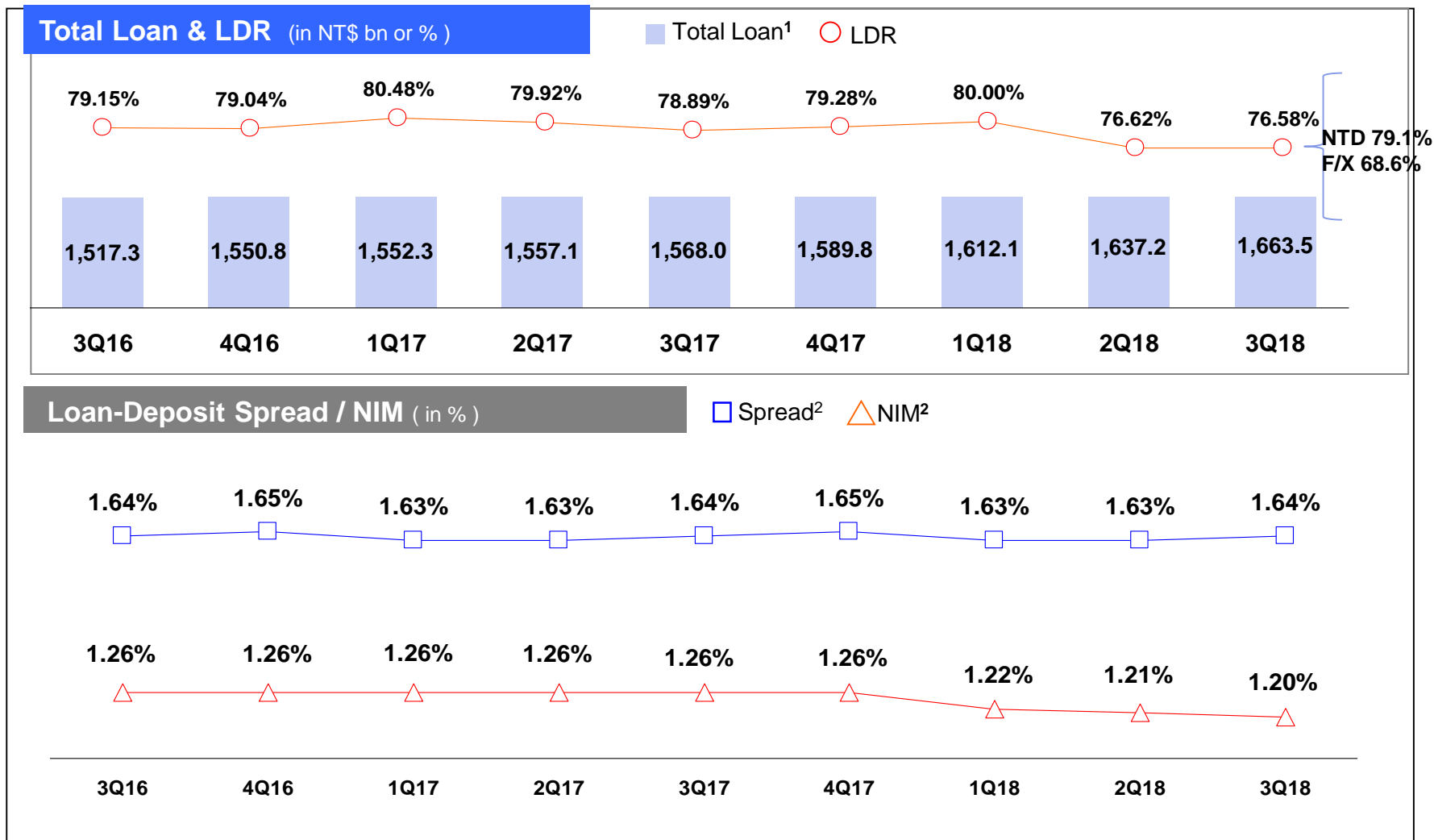
2. SME as defined by the "Act for Development of Small & Medium Enterprises; both NTD & Foreign currency loan included

FB Loan Breakdown

-QoQ Comparison

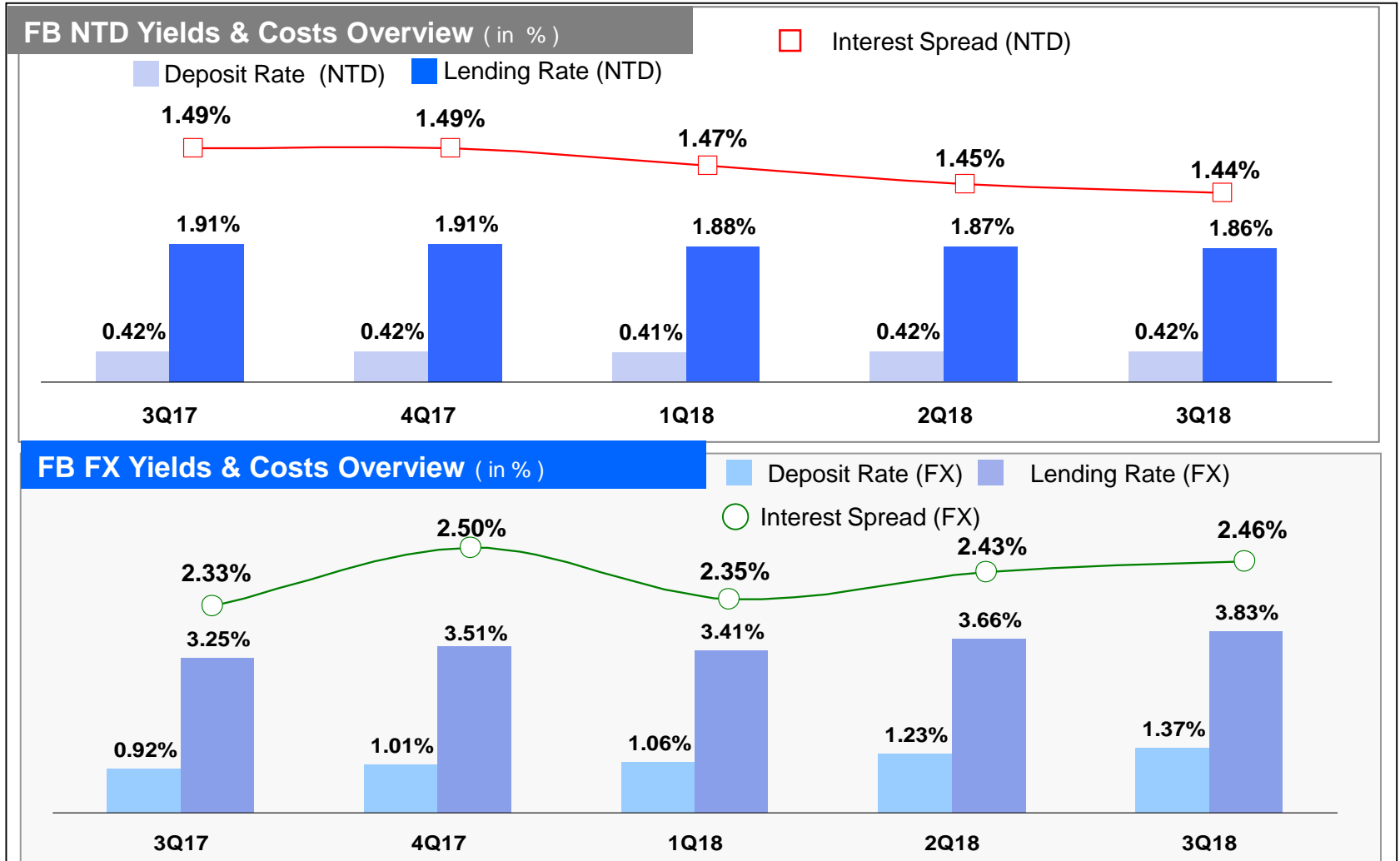


FB 3Q18 LDR, SPREAD & NIM



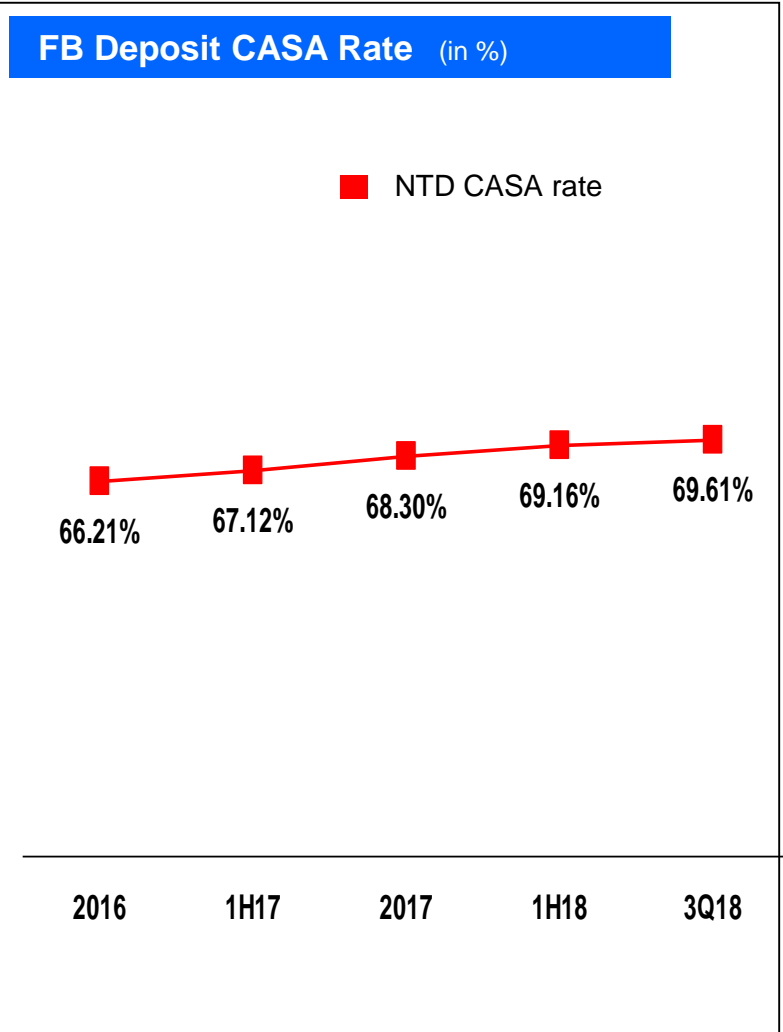
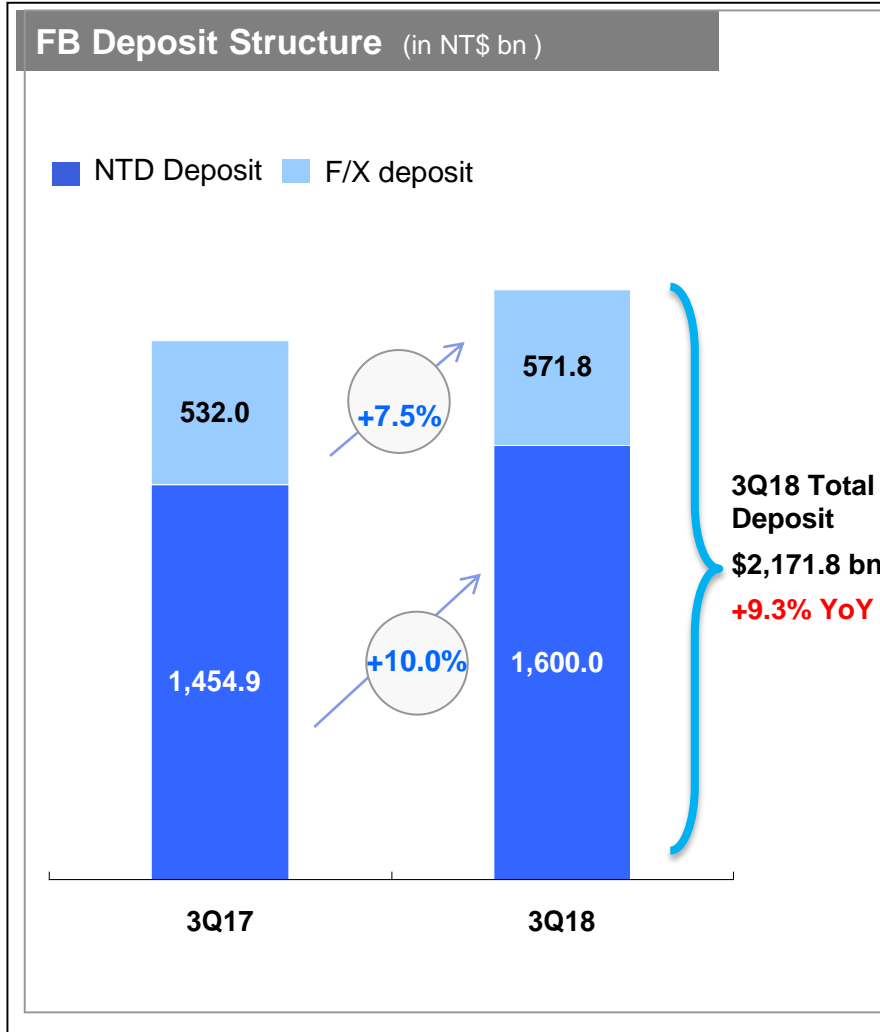
1. Total Loan = loan + import/export negotiation + NALs
 2. Annual cumulative Average Spread and NIM

FB 3Q18 Loan Yields

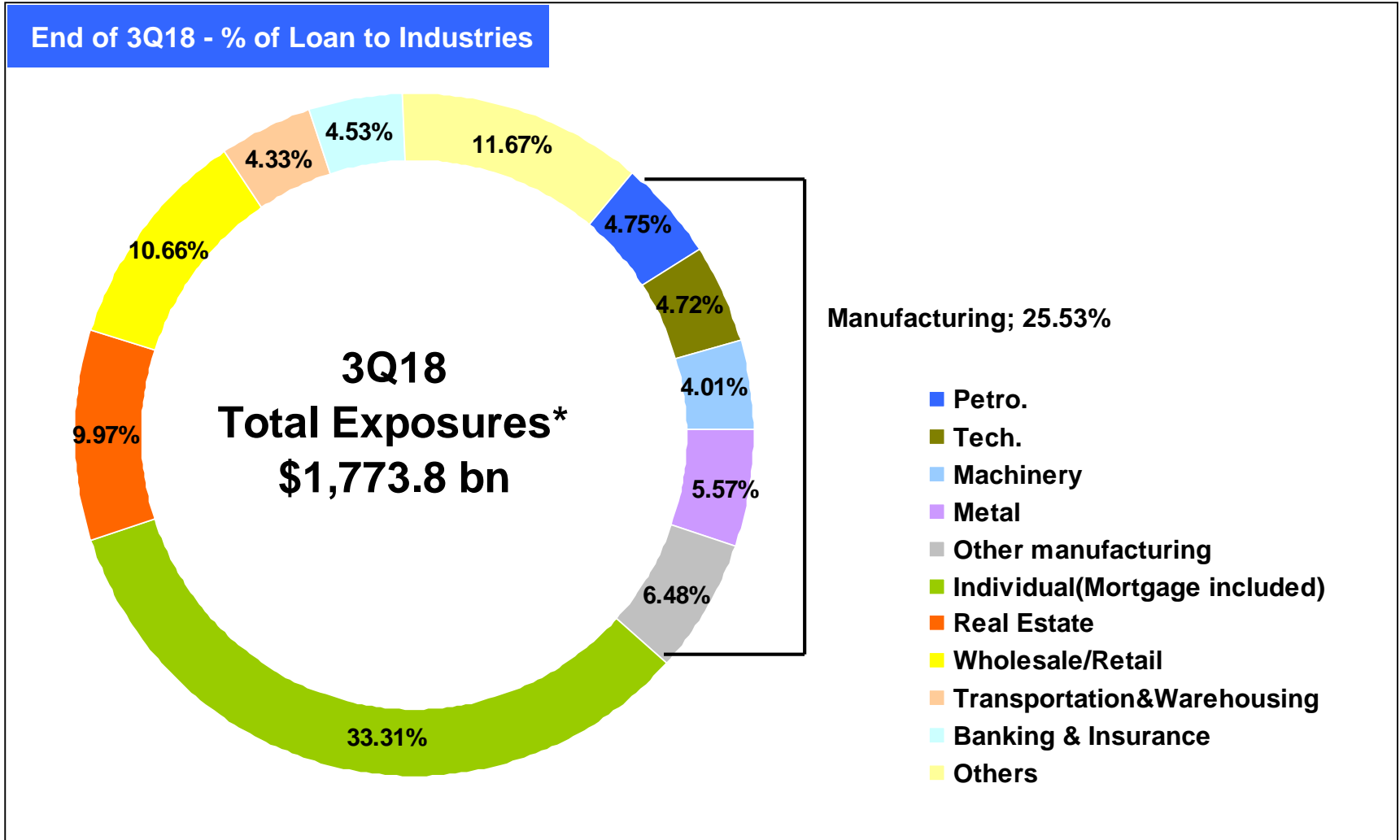


*All rates are **QUARTERLY** average rates.

FB 3Q18 Deposit Mix

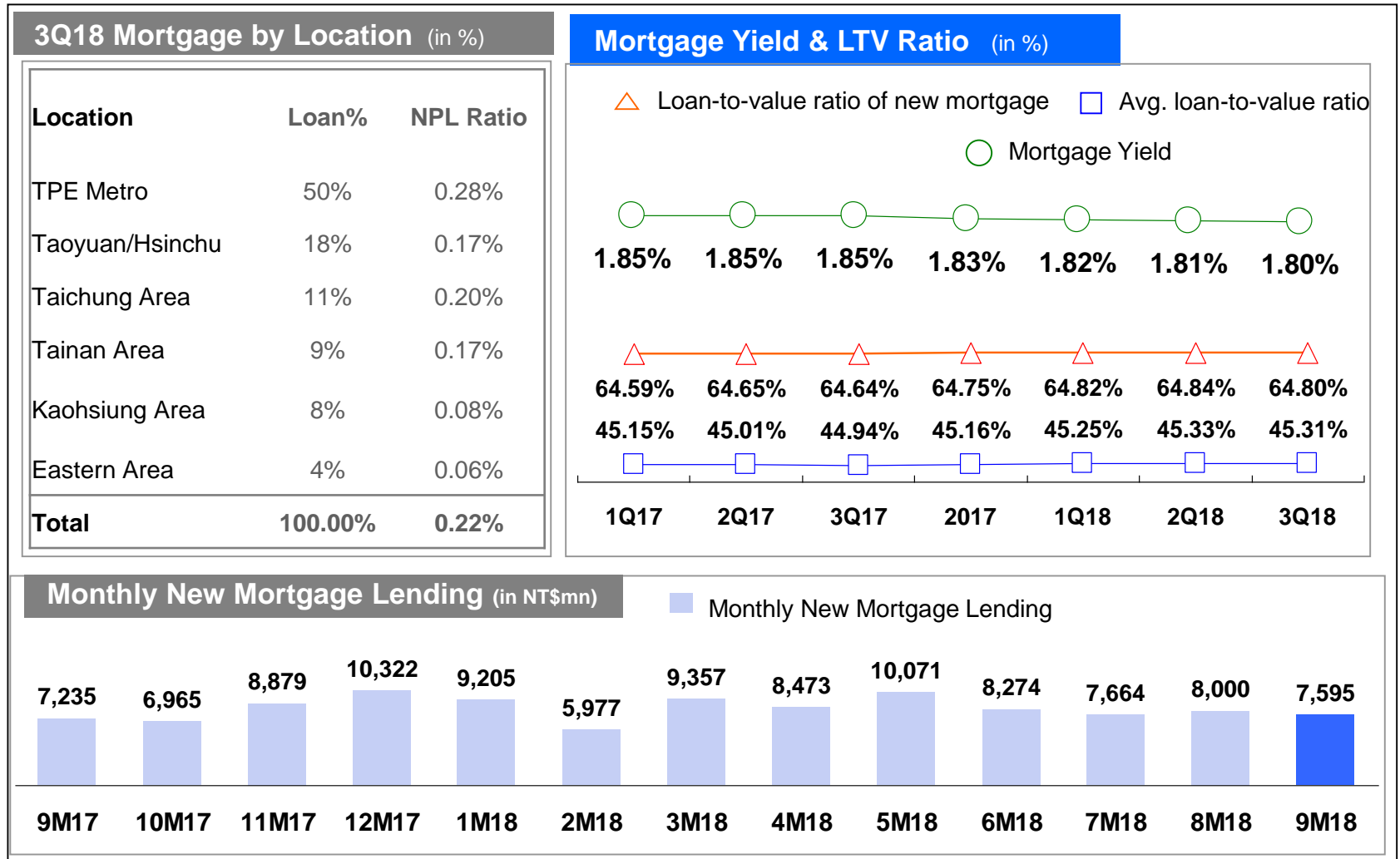


Major Exposures Breakdown



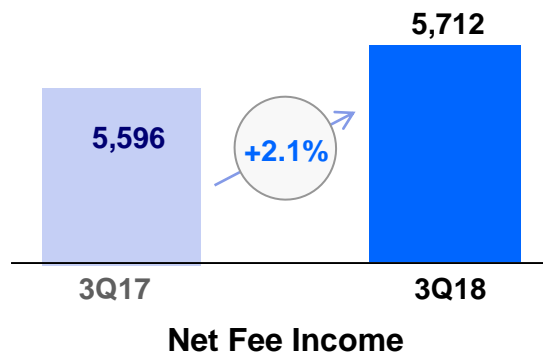
1. Total exposures does not includes NALs and investment.

FB 3Q18 Mortgage Book



FB 3Q18 Fee Income Breakdown

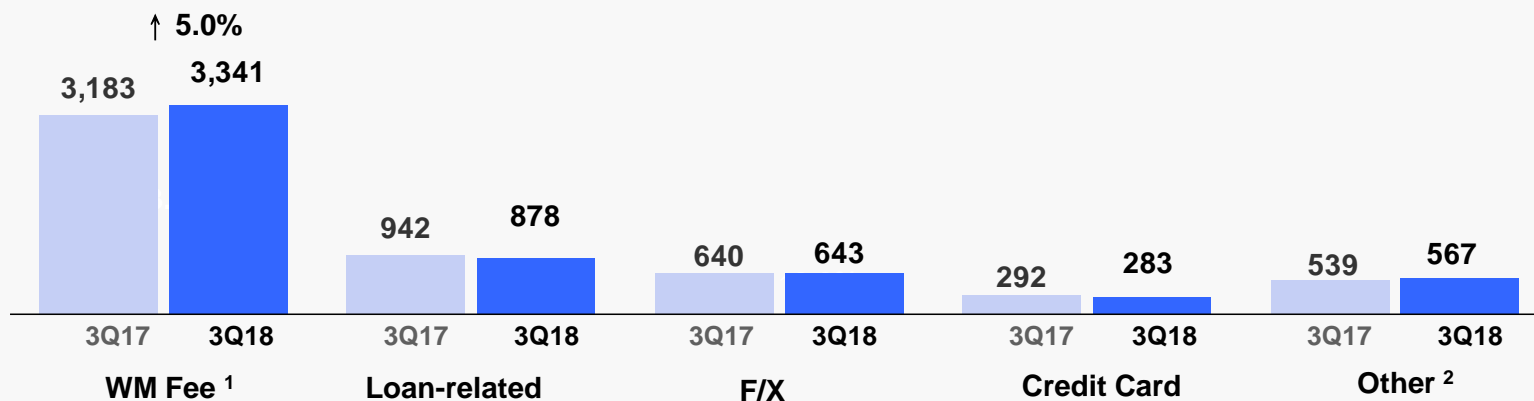
3Q18 Cumulative Net Fee Income (in NT\$ mn or %)



% of Cumulative Net Fee

Item	3Q17	3Q18	Change
WM ¹	55.0%	58.5%	+3.5%
Loan-related	17.1%	15.4%	-1.7%
F/X	12.4%	11.3%	-0.6%
Credit Card	5.6%	4.9%	-0.7%
Other ²	9.9%	9.9%	0.0%
Cumulative Net Fee	100.0%	100.0%	

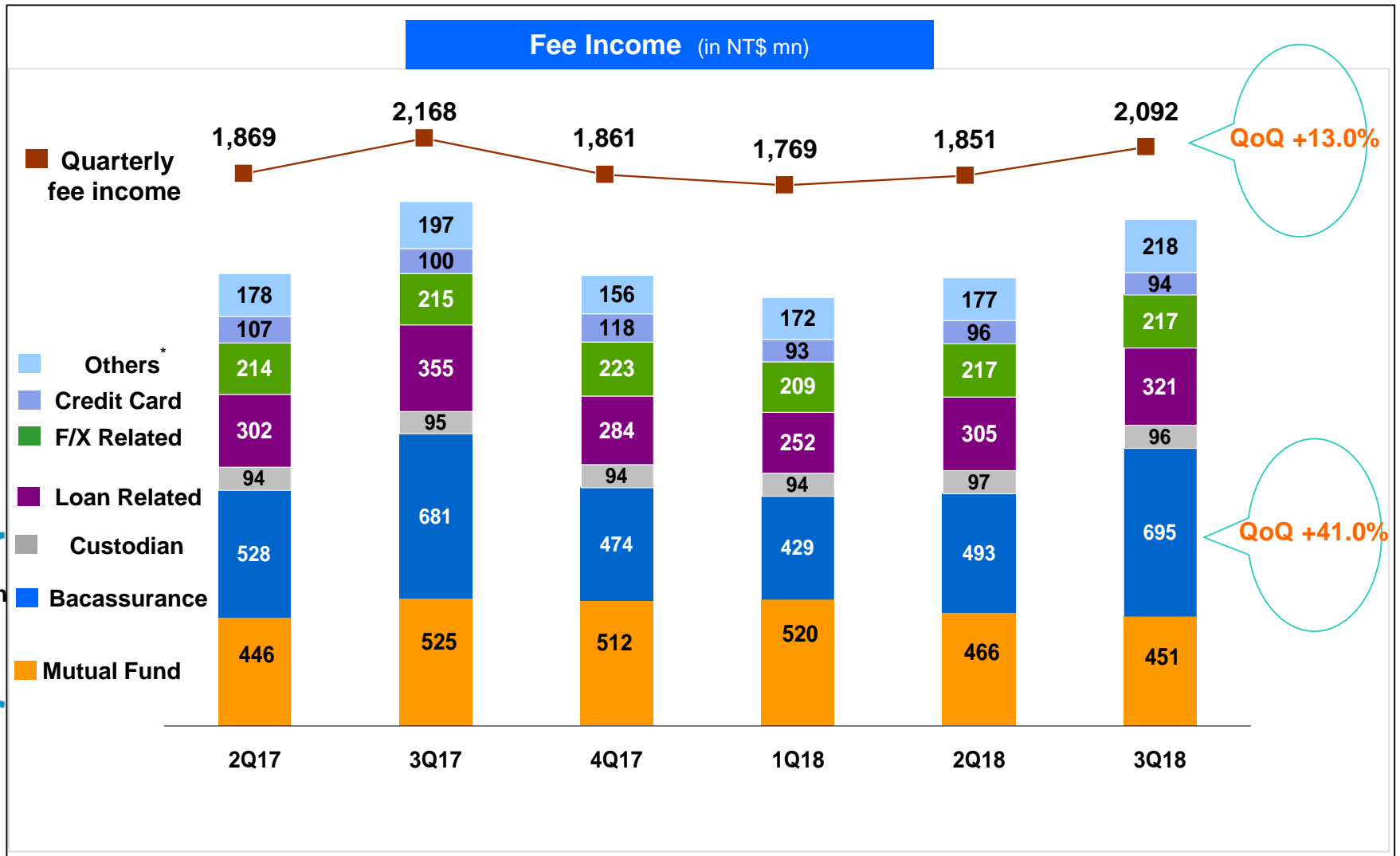
3Q18 Cumulative Net Fee Breakdown (in NT\$ mn)



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

FB Fee Income Breakdown

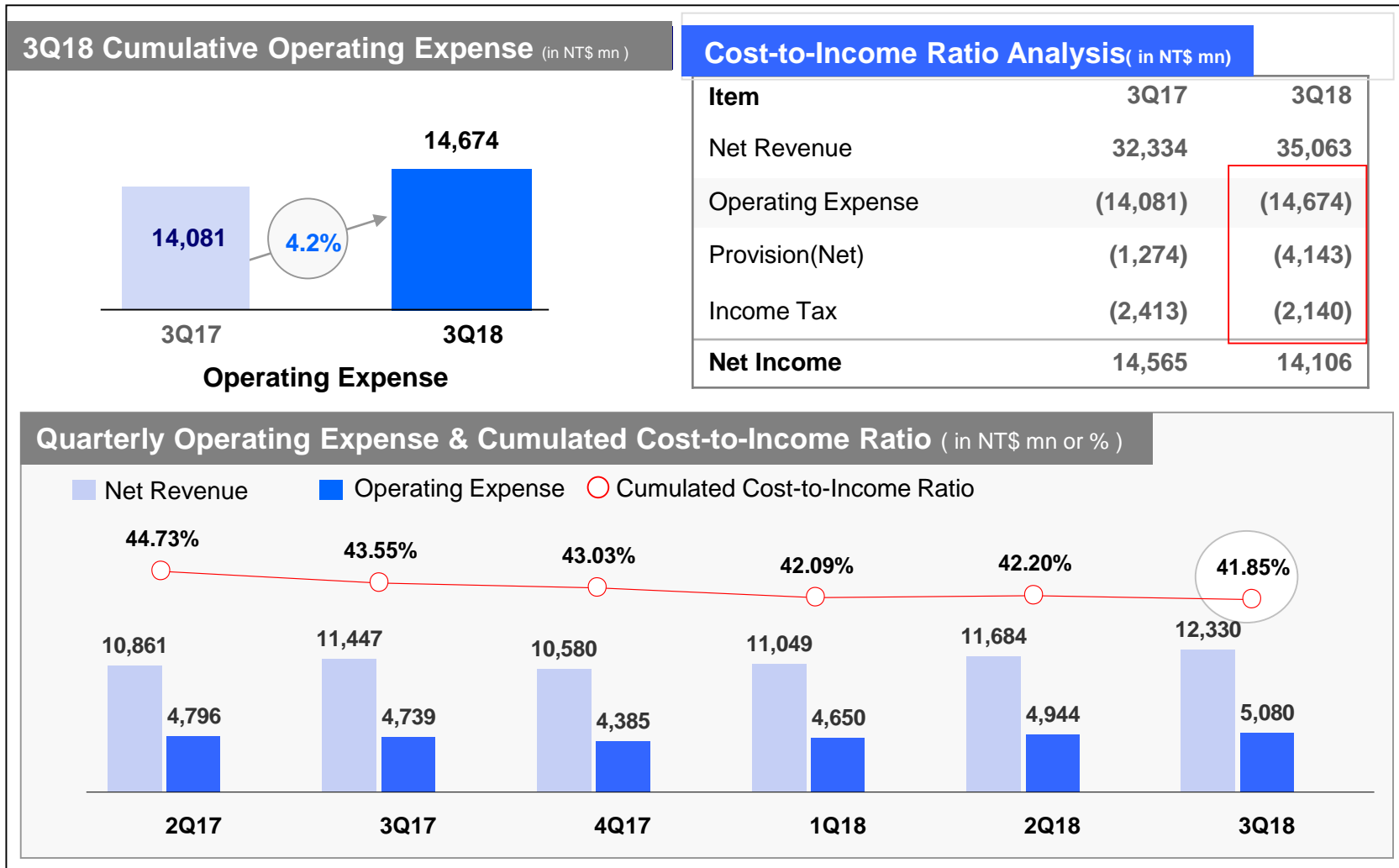
-QoQ Comparison



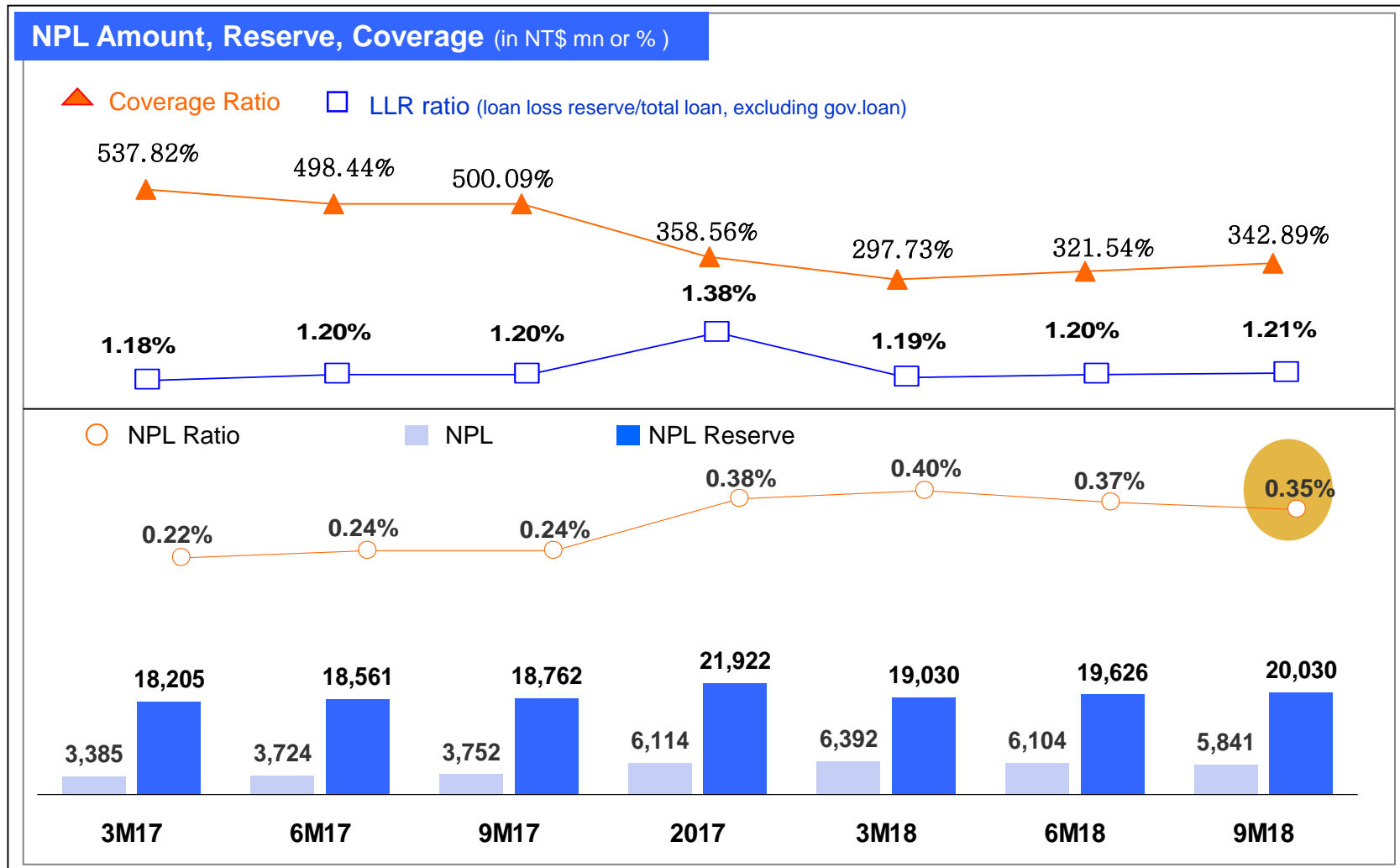
* Wealth Management Fee = Fund sales + Bancassurance + Custodian

*Other represents network service fee, including overseas branches

FB 3Q18 Cost-to-Income Ratio

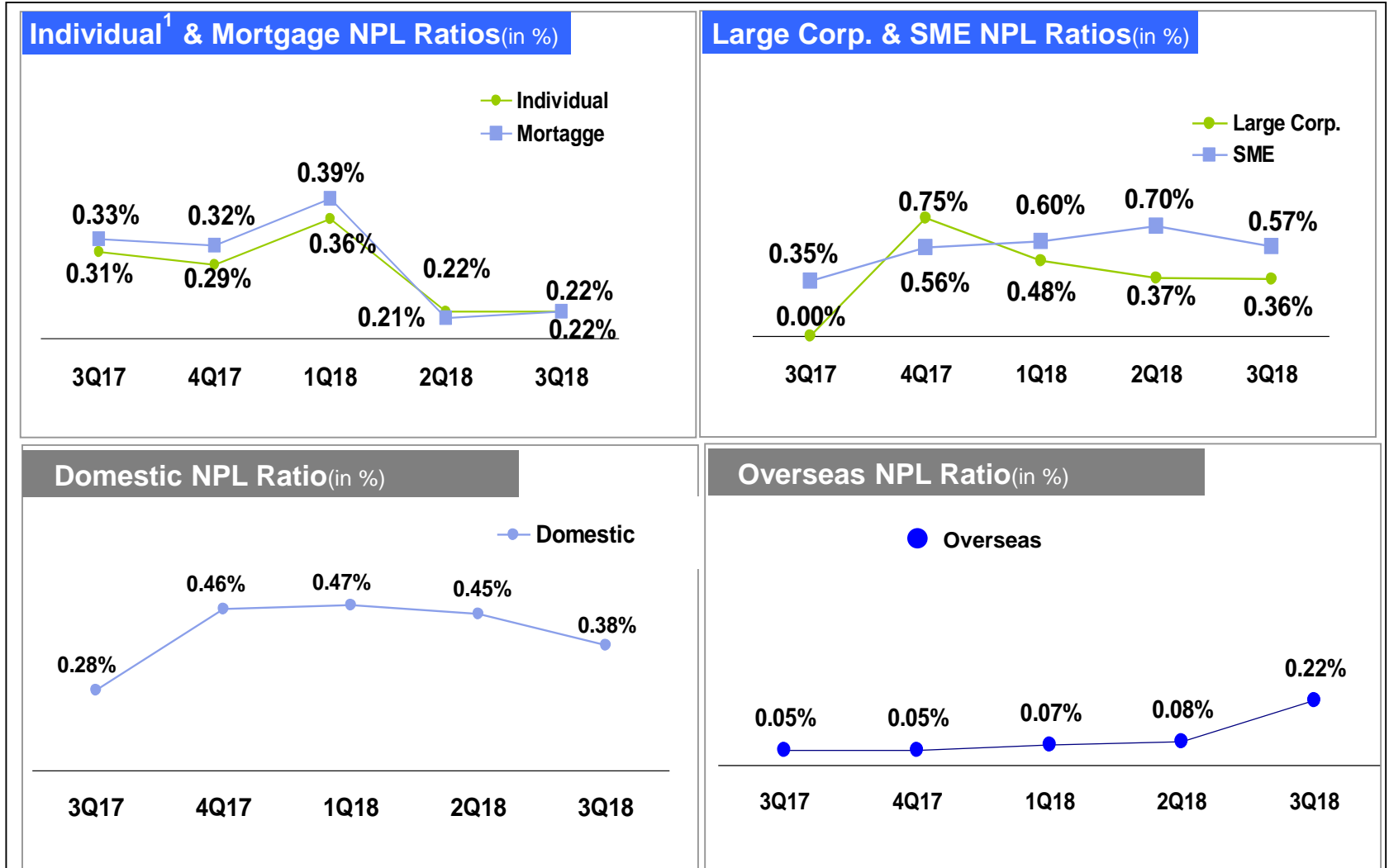


FB 3Q18 Asset Quality



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

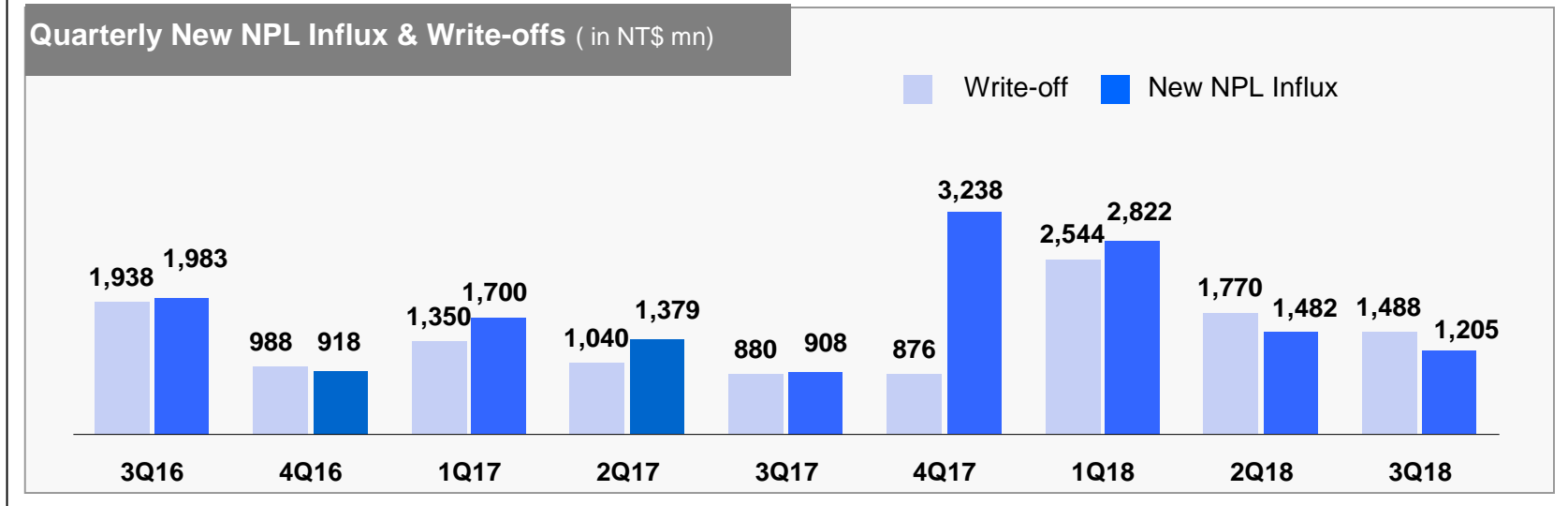
FB NPL Migration by Sectors



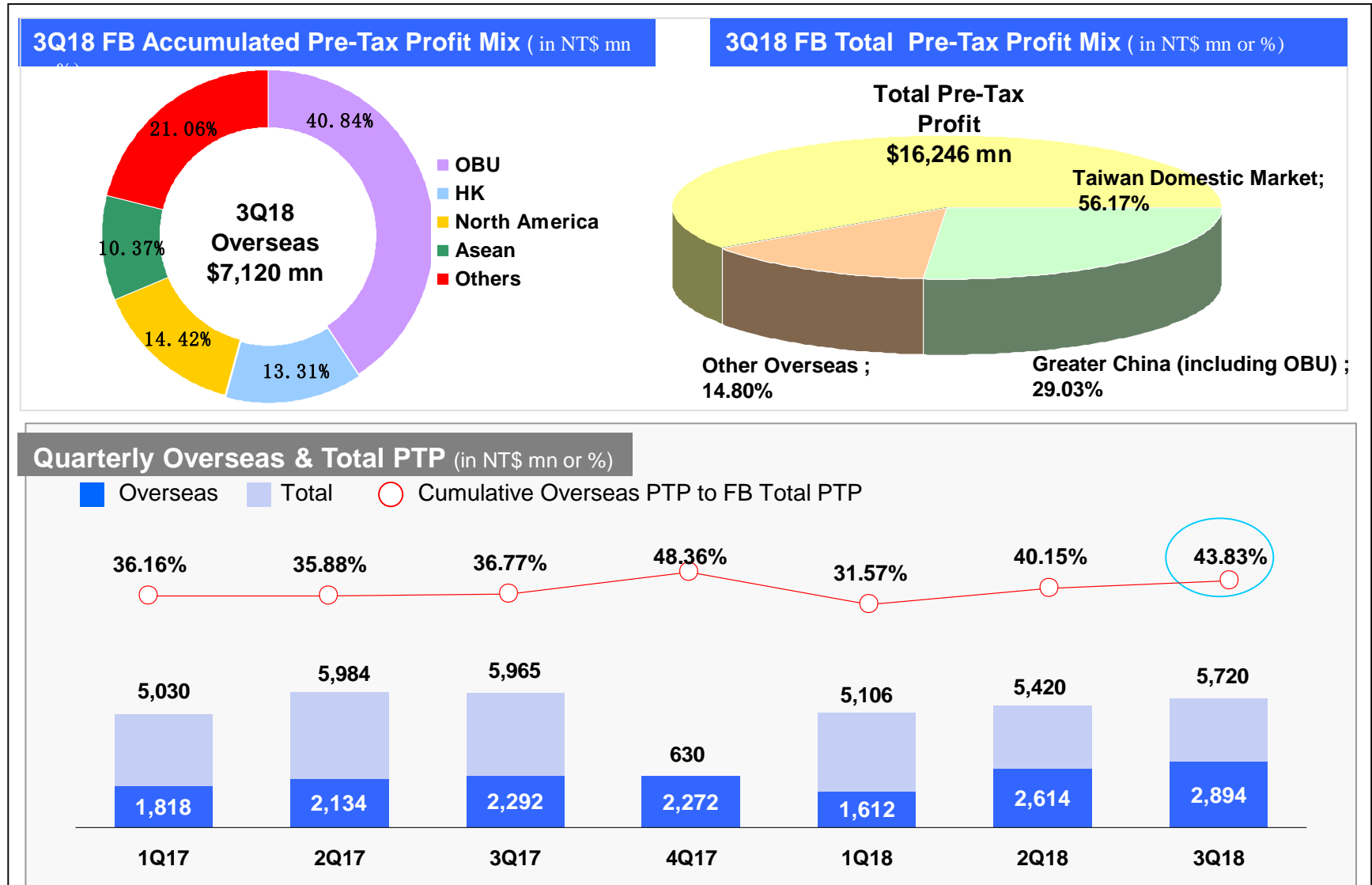
1. Individual: mortgage and non-mortgage loan included
 2. bad-debt recovery not included.

FB New NPL Influx Breakdown

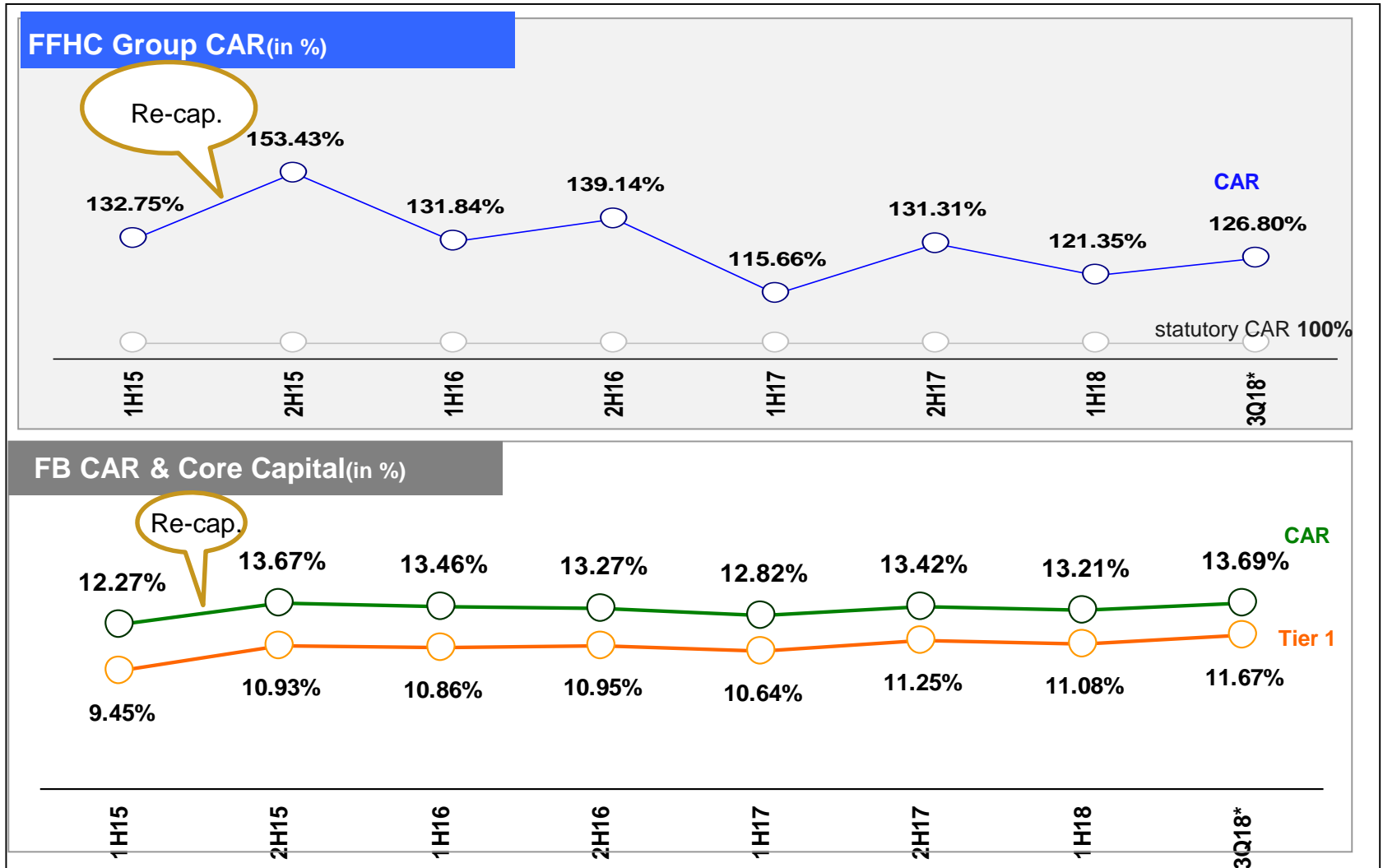
Breakdown of New NPL Influx (in NT\$ mn)					Quarterly Recovery Mix (in NT\$ mn)				
Quarterly NPL Influx	4Q17	1Q18	2Q18	3Q18	Quarterly Recovery	4Q17	1Q18	2Q18	3Q18
--- Domestic	3,159	2,660	1,444	742	--- Domestic	499	636	788	574
--- Overseas	79	162	38	463	--- Overseas	25	33	13	12
					--- Credit Card	13	12	12	12
Total NPL Influx	3,238	2,822	1,482	1,205	Total Recovery	537	681	813	598



FB 3Q18 Overseas Profits



CAR & Core Capital



- Leverage ceiling for holding companies in Taiwan: Double Leverage < 125% ; Debt Ratio < 30%
- Preliminary data for 3Q18.



Appendix

FFHC Consolidated Statement of Comprehensive Income

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

	Full Year Results			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Net interest income	28,452	28,801	29,993	22,410	22,653	1.1%
Net service fee & commission	8,502	8,723	8,341	6,217	6,473	4.1%
Net Insurance revenue	121	1,351	5,130	3,210	9,222	187.3%
Gain on financial assets meas. at fair value through P/L	1,152	2,569	5,550	4,036	3,973	-1.6%
Real estate investment gain	146	163	93	58	80	37.9%
Gain on AFS financial assets	541	951	1,052	892	0	-100.0%
Gain on financial assets at fair value through other compre. income				0	1,555	#DIV/0!
Income from equity invest.	(588)	(75)	138	113	94	-16.8%
Net gain on F/X	1,707	935	(170)	(118)	1,973	-1772.0%
Assets impairment loss	(10)	(39)	(46)	(53)	(54)	1.9%
Others	825	1,712	746	804	585	-27.2%
Net Revenue	40,848	45,091	50,827	37,569	46,554	23.9%
Net Provision for credit losses	(518)	(2,244)	(6,772)	(1,182)	(4,178)	253.5%
Recovered(provided) for insurance res.	540	(871)	(4,560)	(2,793)	(8,778)	214.3%
Operating Expense	(21,893)	(21,779)	(21,347)	(16,198)	(16,973)	4.8%
Income from continued op. before tax	18,976	20,197	18,148	17,396	16,625	-4.4%
Income tax expenses	(3,014)	(2,913)	(2,716)	(2,564)	(2,321)	-9.5%
Consolidated net income	15,962	17,284	15,432	14,832	14,304	-3.6%
Other Items	413	(2,354)	(1,038)	(485)	1,642	-438.6%
Comprehensive Income	16,375	14,930	14,394	14,347	15,945	11.1%
Net Income attributed to:						
Parent	16,006	17,356	15,483	14,872	14,304	-3.8%
Minority interests	(44)	(72)	(51)	(40)	0	-100.0%
Comprehensive Income attributed to:						
Parent	16,461	15,023	14,380	14,337	15,945	11.2%
Minority interests	(86)	(93)	14	10	0	
EPS ¹ (NT\$)	1.48	1.42	1.27	1.21	1.16	-4.1%

FFHC Non-consolidated Income Statement

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

	Full Year Results			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Operating revenues						
Income from long-term investment	16,431	17,857	15,693	14,997	14,521	-3.2%
Other income ¹	213	242	246	244	220	-9.8%
Total revenues	16,644	18,099	15,939	15,241	14,741	-3.3%
Loss from long-term investment	(114)	(304)	(53)	(42)	(92)	119.0%
Operating expenses	(373)	(338)	(334)	(278)	(274)	-1.4%
Other expenses and losses	(192)	(145)	(118)	(97)	(59)	-39.2%
Income from continued op. before tax	15,965	17,312	15,434	14,824	14,315	-3.4%
Income from continued op. after tax	16,006	17,356	15,483	14,872	14,304	-3.8%
Income from discontinued op., net of ta:	0	0	0	0	0	--
Net income	16,006	17,356	15,483	14,872	14,304	-3.8%
EPS ² (NT\$)	1.48	1.42	1.27	1.21	1.16	-4.1%

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		
	2015	2016	2017	3Q17	3Q18	Change
Non-consolidated Balance Sheet Data						
Long-term investment	197,454	203,834	205,970	205,847	215,511	4.7%
Total non-consolidated assets	201,923	205,165	208,951	208,410	223,727	7.3%
Total liabilities	14,283	13,390	17,168	16,670	20,228	21.3%
Total shareholders' equity	187,640	191,775	191,783	191,740	203,499	6.1%
Consolidated Balance Sheet Data						
Total consolidated assets	2,500,096	2,541,156	2,634,059	2,585,733	2,882,678	11.5%
Total liabilities	2,312,109	2,349,127	2,442,008	2,393,729	2,679,179	11.9%
Total shareholders' equity	187,987	192,029	192,051	192,004	203,499	6.0%
Parent's shareholders' equity	187,640	191,775	191,783	191,740	203,499	6.1%
Minority interests	347	254	268	264	0	-100.0%
Current shares outstanding**	114,611	119,769	122,164	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		
	2015	2016	2017	3Q17	3Q18	Change
After-tax ROAA (Annualized ratio)	0.66%	0.69%	0.60%	0.77%	0.69%	-10.4%
After-tax ROAE (Annualized ratio)	9.32%	9.10%	8.04%	10.29%	9.49%	-7.8%
Book Per Share	16.37	16.01	15.70	15.70	16.49	5.0%
Capital Stock	114,611	119,769	122,164	122,164	123,386	1.0%
Double leverage ¹	105.23%	106.29%	107.40%	107.36%	105.90%	-1.4%
Group CAR ²	153.43%	139.14%	131.31%	126.35%	126.80%	0.4%
Debt Ratio ³	7.07%	6.53%	8.24%	8.00%	9.04%	13.0%

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

2. Preliminary data for 3Q18

3. Non-consolidated basis.

FB Income Statement

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

	Full Year Results			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Net interest income	27,496	27,797	28,843	21,566	21,469	-0.4%
Net fee income	7,790	8,035	7,457	5,596	5,712	2.1%
Net gain on ST invest.	(49)	274	398	307	256	-----
Net gain on LT invest.	177	433	719	726	730	0.6%
Net gain on other fin. products	2,823	4,344	5,256	3,831	6,467	68.8%
Other net income	349	654	241	308	429	39.3%
Net revenue	38,586	41,537	42,914	32,334	35,063	8.4%
Operating expenses	(18,997)	(18,963)	(18,466)	(14,081)	(14,674)	4.2%
Pre-provision pre-tax profit	19,589	22,574	24,448	18,253	20,389	11.7%
Provision expense	(3,027)	(4,396)	(9,621)	(3,519)	(6,236)	77.2%
Adjustment: bad-debt recovery	2,554	2,346	2,782	2,245	2,093	-6.8%
Income before tax	19,115	20,524	17,609	16,979	16,246	-4.3%
Income tax	(3,015)	(2,825)	(2,467)	(2,414)	(2,140)	-11.4%
Net income	16,100	17,699	15,142	14,565	14,106	-3.2%
Other items	995	(2,100)	(1,214)	(619)	1,652	-366.9%
Comprehensive income	17,095	15,599	13,928	13,946	15,758	13.0%
EPS	1.93	1.99	1.70	1.64	1.58	(0.04)

FB Key Ratios

FB Key Ratios	Full Year Results			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Loan to deposit spread	1.63%	1.65%	1.65%	1.64%	1.64%	0.00%
Net Interest Margin	1.26%	1.26%	1.26%	1.26%	1.20%	-4.76%
Cost to income ratio ³	45.53%	45.65%	43.03%	43.55%	41.85%	-3.90%
Loan to deposit ratio ¹	79.04%	79.04%	79.28%	78.89%	76.58%	-2.93%
NPL ratio	0.19%	0.20%	0.38%	0.24%	0.35%	45.83%
Gross Provision ratio	1.19%	1.16%	1.29%	1.15%	1.19%	3.48%
LLR ratio (excluding gov. loan)	1.40%	1.22%	1.38%	1.20%	1.21%	0.83%
Coverage ratio	751.03%	625.14%	358.56%	500.09%	342.89%	-31.43%
CAR	13.67%	13.27%	13.42%	12.89%	13.69%	6.21%
Tier-1	10.93%	10.95%	11.25%	10.81%	11.67%	7.96%
ROAA ²	0.69%	0.72%	0.60%	0.78%	0.71%	-8.97%
ROAE ²	9.56%	9.46%	7.91%	10.14%	9.39%	-7.40%

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		
	2016	2017	Q1	Q2	Q3	3Q17	3Q18	Change
NPL- beginning	2,761	3,035	6,114	6,392	6,104	3,035	6,114	101.4%
Net new NPL influx	6,166	7,225	2,822	1,482	1,205	3,987	5,509	38.2%
<i>Domestic</i>	4,611	6,744	2,660	1,444	742	3,585	4,846	35.2%
<i>Overseas</i>	1,555	481	162	38	463	402	663	64.9%
Net write-offs	(5,892)	(4,146)	(2,544)	(1,770)	(1,468)	(3,270)	(5,782)	76.8%
NPL- ending balance	3,035	6,114	6,392	6,104	5,841	3,752	5,841	55.7%
Allowance for loan loss- beginning	20,738	18,973	19,781*	19,030	19,626	18,973	19,781*	4.3%
Provisions for loan loss	4,238	7,429	1,832	2,020	1,892	3,337	5,744	72.1%
Net write-offs	(5,892)	(4,146)	(2,544)	(1,770)	(1,468)	(3,270)	(5,782)	76.8%
Others	(111)	(334)	(39)	346	(20)	(278)	287	--
Allowance for loan loss- ending	18,973	21,922	19,030	19,626	20,030	18,762	20,030	6.8%
Recovery from bad debt	2,346	2,782	681	813	598	2,011	2,092	4.0%
<i>Domestic</i>	2,075	2,533	636	788	574	1,791	1,998	11.6%
<i>Overseas</i>	214	197	33	13	12	180	58	-67.8%
<i>Credit card</i>	57	52	12	12	12	40	36	-10.0%

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 Yr 2014
Brokerage commission	803
Net interest income	335
Underwriting commission	38
Principle transaction gains, net	187
Other operating income	63
Total operating income	1,426
Total operating expenses	(1,367)
Non-operating income	54
Income before tax	114
Income tax	(40)
Cummulative effect of change in accounting principles	0
Net income	74

First Sec Income Statement Summary in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Brokerage commission	753	645	849	605	706	16.7%
Net interest income	315	292	306	222	237	6.8%
Underwriting commission	53	23	38	33	78	136.4%
Transaction gains through F/V, net	217	(12)	227	173	90	-48.0%
Other operating income	125	93	107	95	53	-44.2%
Total operating income	1463	1,041	1,527	1,128	1,164	3.2%
Total operating expenses	(1,363)	(1,288)	(1,301)	(937)	(960)	2.5%
Non-operating income	64	42	72	51	56	9.8%
Income before tax	164	(205)	298	242	260	7.4%
Income tax	10	(24)	(26)	(23)	(46)	100.0%
Cummulative effect of change in accounting principles	0	0	0	0	0	#DIV/0!
Net income	174	(229)	272	219	214	-2.3%

First Sec Key Ratios

ROAE (Annualized)	1.14%
ROAA (Annualized)	0.40%
Brokerage market share	1.57%
Margin loan market share	2.41%

First Sec Key Ratios

ROAE (Annualized)	2.65%	-3.65%	4.41%	4.78%	4.48%	-6.3%
ROAA (Annualized)	0.92%	-1.30%	1.55%	1.68%	1.37%	-18.5%
Brokerage market share	1.58%	1.45%	1.48%	1.56%	1.43%	-8.3%
Margin loan market share	2.64%	2.99%	2.77%	2.96%	2.56%	-13.5%

FSITC Operating Report

FSITC Income Statement Summary in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Total operating income						
Management fee	464	440	501	351	492	40.2%
Sales service fee	1	5	7	5	6	20.0%
Total operating income	465	445	508	356	498	39.9%
Operating expenses	(370)	(380)	(440)	(311)	(406)	30.5%
Non-operating income	26	11	15	8	10	25.0%
Income before tax	120	76	82	53	102	92.5%
Income tax	(18)	(12)	(12)	(8)	(20)	150.0%
Income after tax	102	64	70	45	83	84.4%
Cummulative effect of change in accounting principles	0	0	0	0	0	#DIV/0!
Net income	102	64	70	45	83	84.4%
FSITC Key Ratios						
AUM	97,016	94,461	101,095	99,101	95,213	-3.9%
AUM Ranking	8	8	8	7	8	

1. Non-consolidated basis

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

	Full Year Result			Year-over-Year Comparison		
	2015	2016	2017	3Q17	3Q18	Change
Income Statement Summary						
Operating Revenue	11,576	7,520	13,298	9,073	15,182	67.3%
Premium Income	11,820	7,235	11,684	7,876	14,783	87.7%
Other insurance income	233	244	277	201	237	17.9%
Net Investment Income	(476)	41	1,337	996	162	-83.7%
Operating Cost	11,164	7,157	12,861	8,763	14,798	68.9%
Reinsurance commission	27	37	40	29	35	20.7%
Reserves	2,994	(2,037)	4,566	2,880	8,602	198.7%
Claims	7,412	8,502	7,419	5,253	5,328	1.4%
Commission	691	586	711	513	699	36.3%
Others	40	72	125	88	134	52.3%
Operating Expenses	(501)	(513)	(566)	(416)	(478)	14.9%
Sales related expenses	(113)	(83)	(134)	(93)	(127)	36.6%
Management expenses	(388)	(430)	(432)	(323)	(350)	8.4%
Other expense	0	0	0	0	0	#DIV/0!
Profit/Loss of Operation	(89)	(150)	(129)	(106)	(93)	-12.3%
Non-Operating Profit	0	0	0	0	0	#DIV/0!
Profit/Loss Before Tax	(89)	(150)	(129)	(106)	(93)	-12.3%
Income tax	(1)	3	26	24	3	-87.5%
Net Income after tax	(90)	(147)	(103)	(82)	(91)	11.0%
Key Ratios						
ROAE(Annualized ratio)	-11.26%	-23.91%	-19.39%	-20.83%	-10.54%	-49.4%
ROAA(Annualized ratio)	-0.28%	-0.45%	-0.30%	-0.33%	-0.29%	-12.1%

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

