

First Financial Holding

3Q 2014 Earnings Result

December 2, 2014



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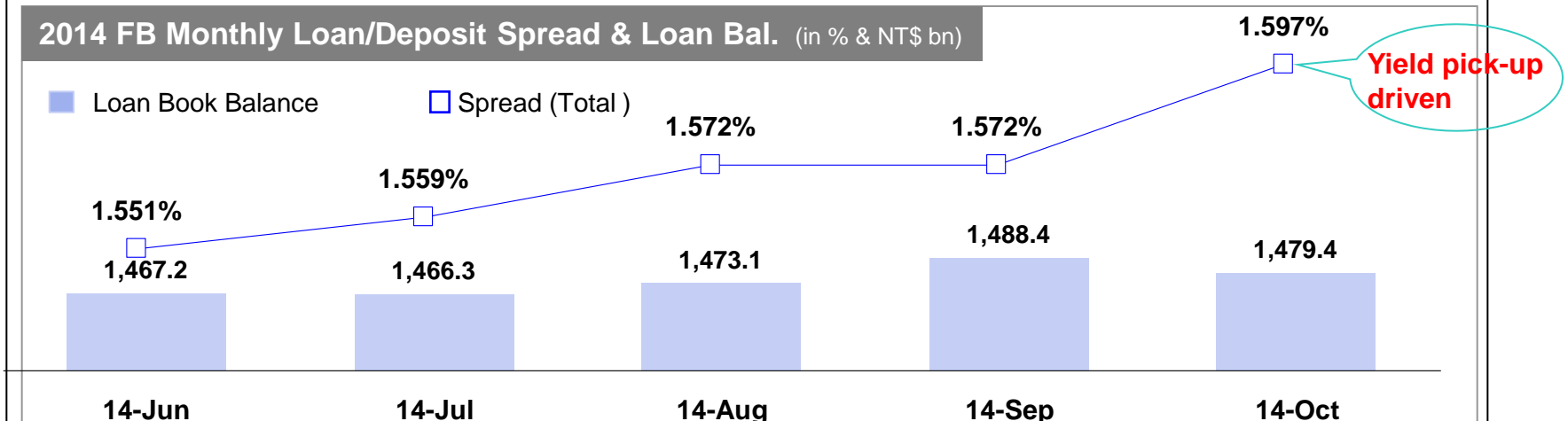
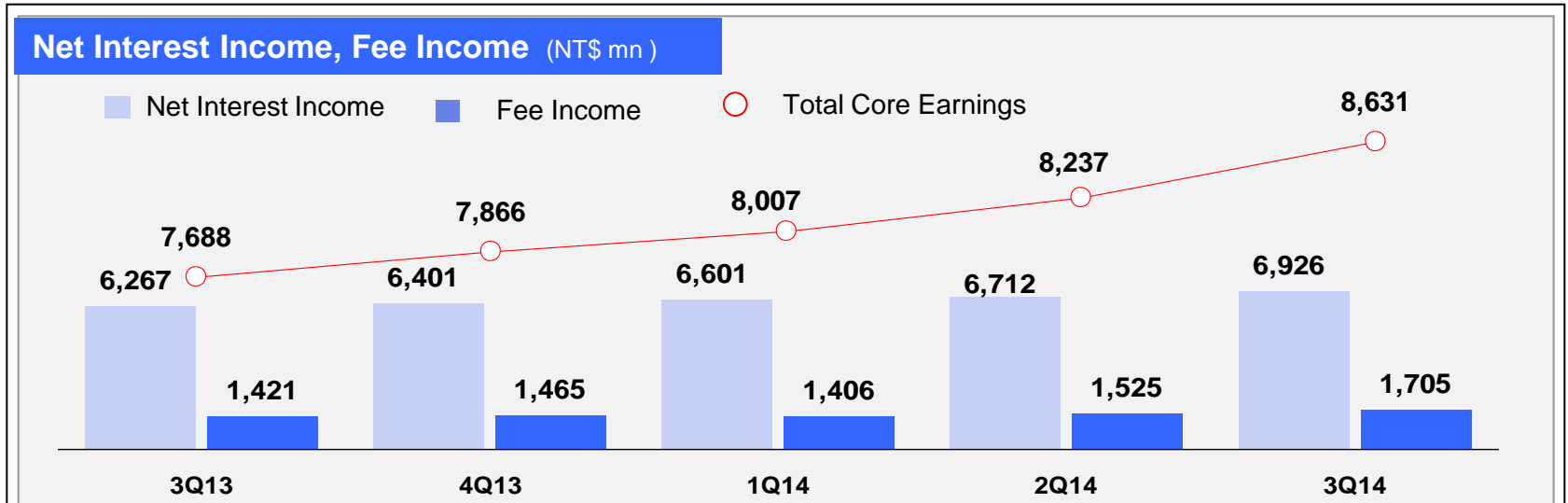


At a Glance

3Q 2014 – Move Beyond the Horizon

- **Bank's 3Q14 Strong Fee Income is a Spotlight:**
Sparkling fee income geared from Bank's robust WM momentum & loan business shall sustain until 2015.
- **Additional Gross Provisioning for Mortgage & Construction Lending(1%→ 1.5%).**
As of Aug. 2014, the estimated additional provision will be around NT\$ 1.5 bn.
- **2015: Another Challenging Year for Financial Industry**
Tightened liquidity may come earlier than expected and be discounted into funding cost due to weak currency policy and potential inflationary pressure, if it applies.

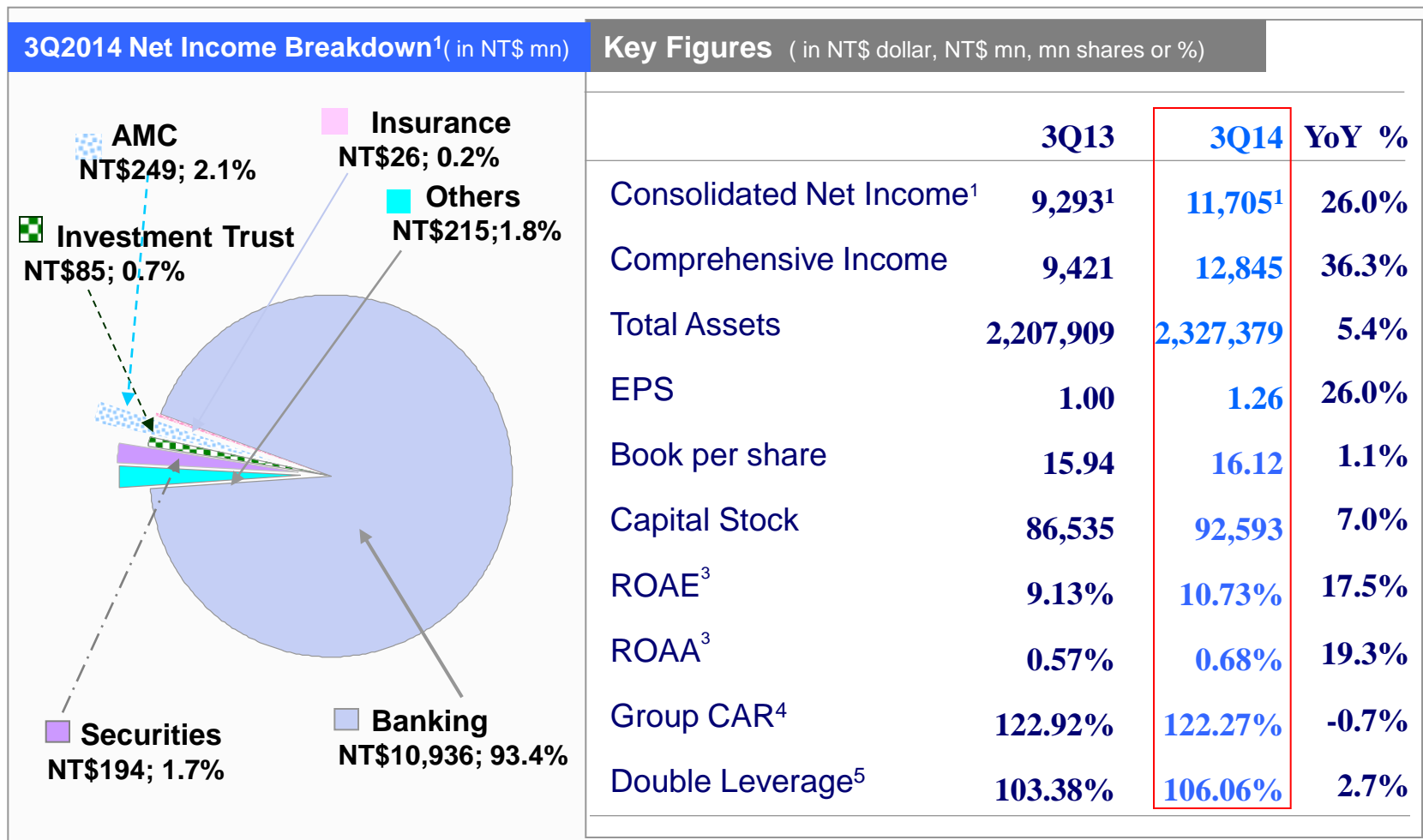
FB Core Earnings & Loan Spread





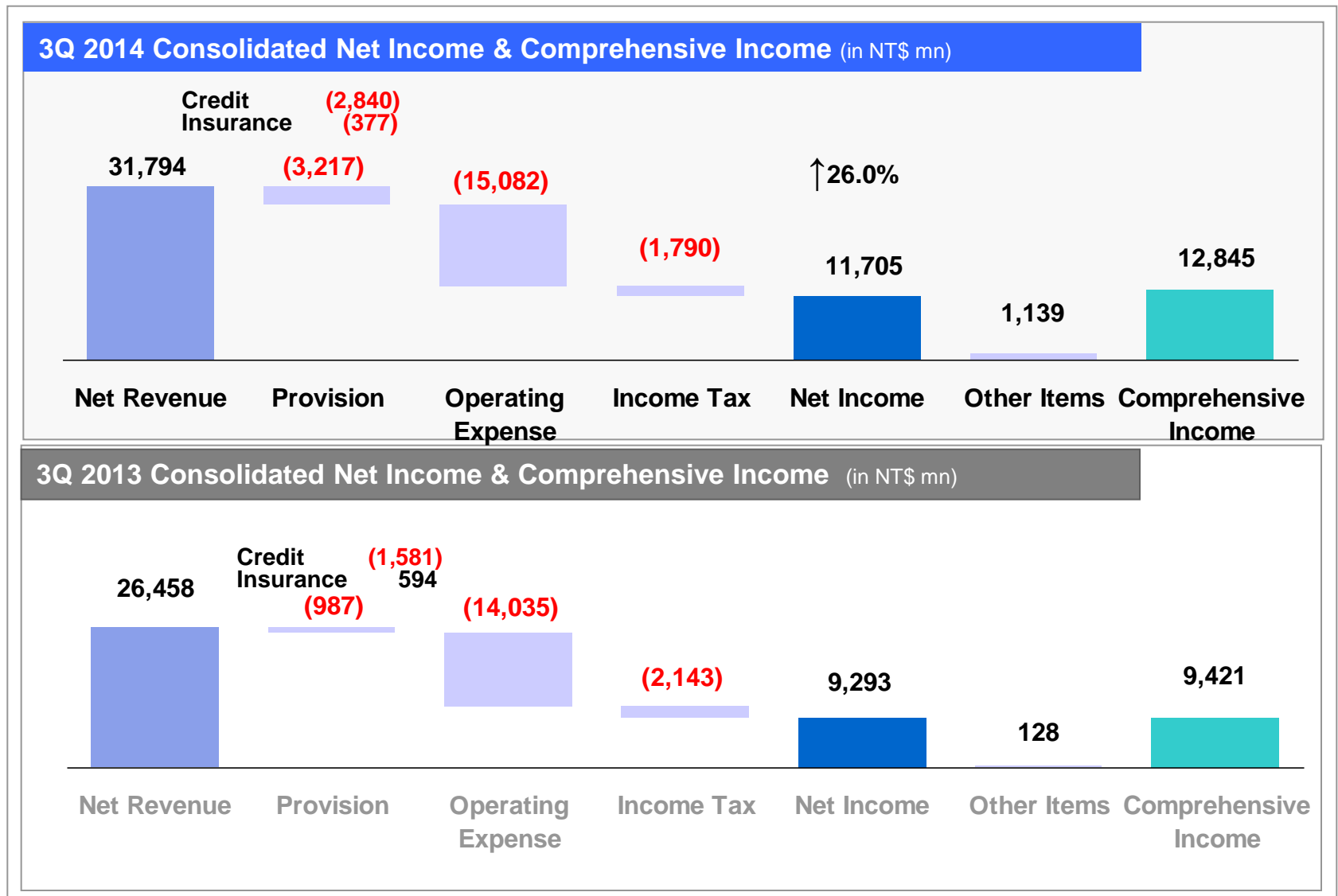
3Q 2014 Financial Highlight

3Q 2014 Key Figures

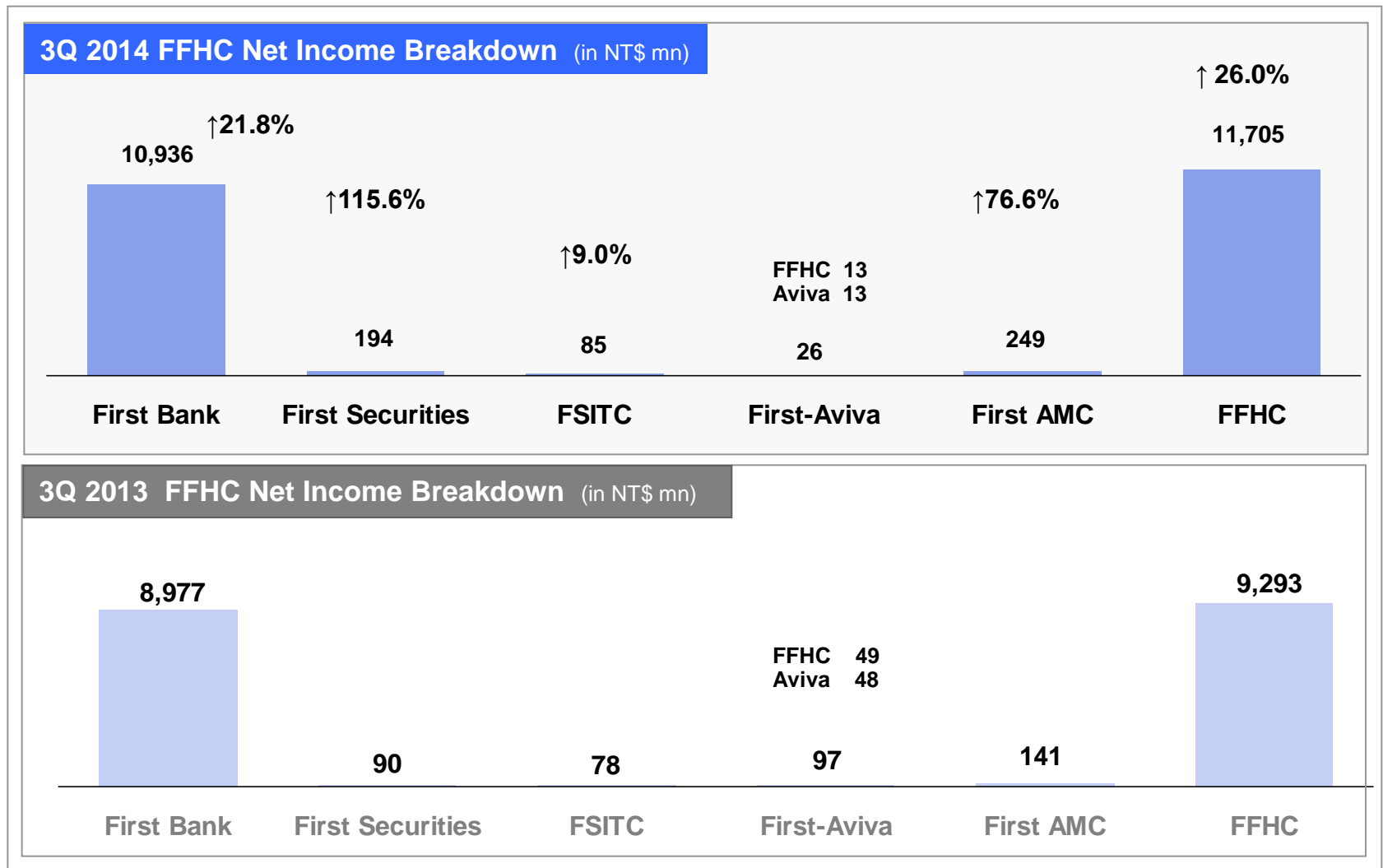


1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.
 2. Starting from 2013, Comprehensive Income Statement is required by IFRS.
 3. Annualized figures. 4. CAR is updated semi-annually.
 5. Double Leverage = Equity Investment / Shareholder Equity

Net Income & Comprehensive Income



Net Income Breakdown by Subsidiaries*

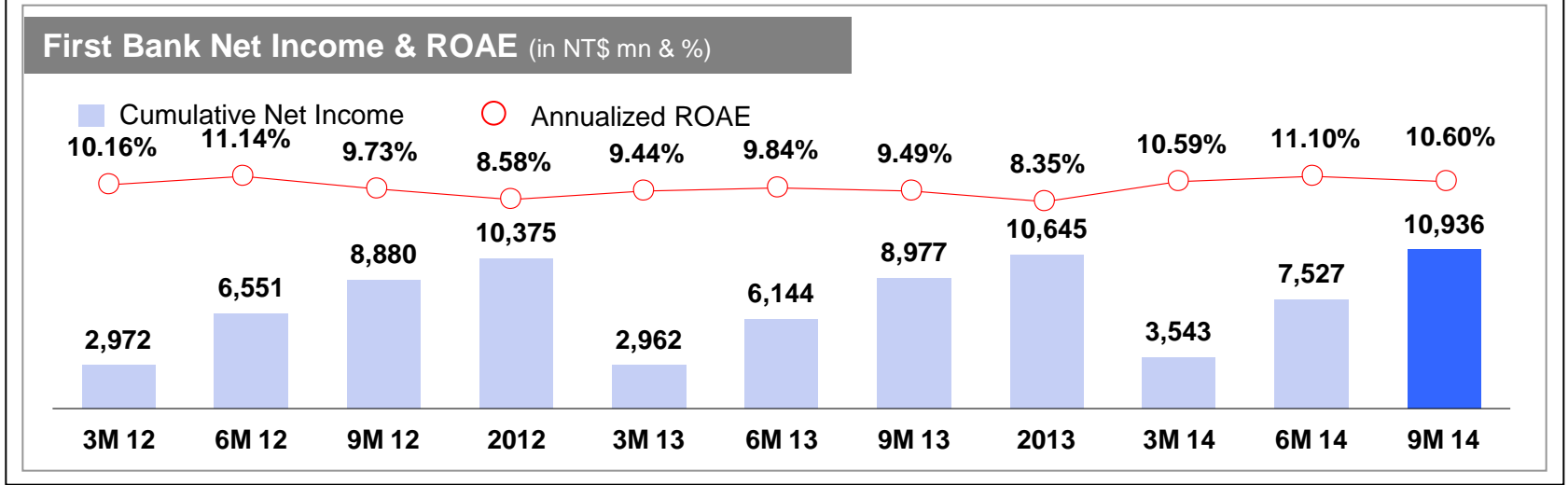
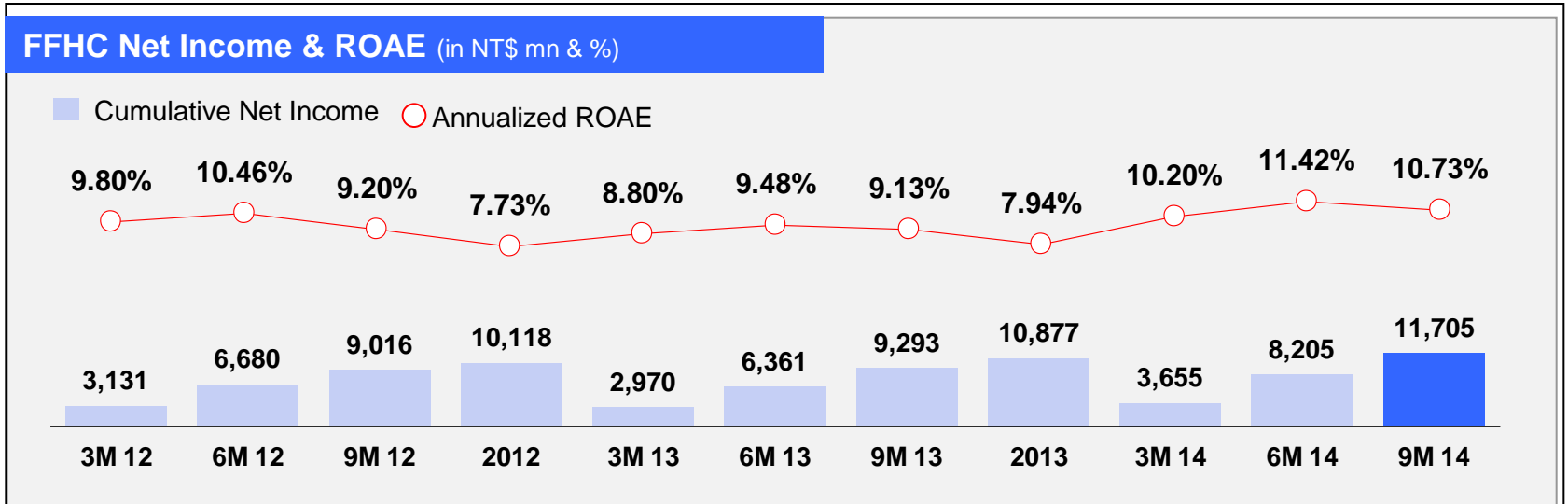


* Major 5 subsidiaries were listed.



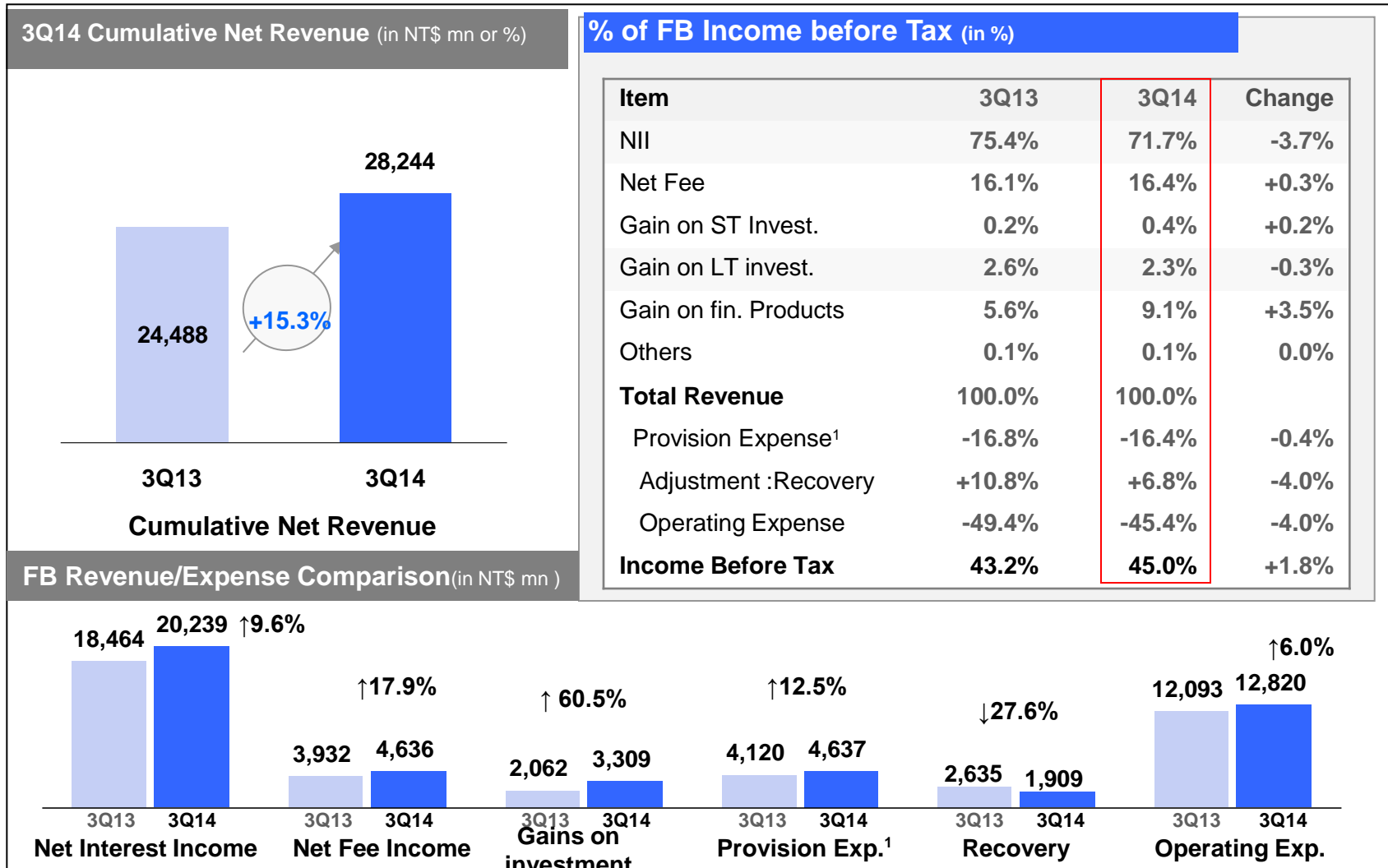
3Q 2014 Operating Results

FFHC & First Bank Profitability -After Tax



1. Minority interests included

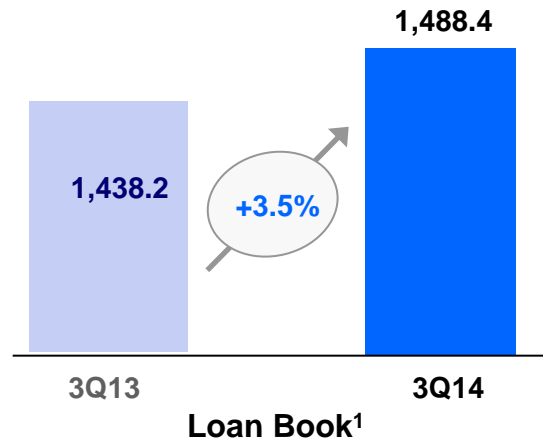
FB 3Q14 Pre-tax Profit



1. Gross Provision Expense.

FB 3Q14 Loan Book Mix

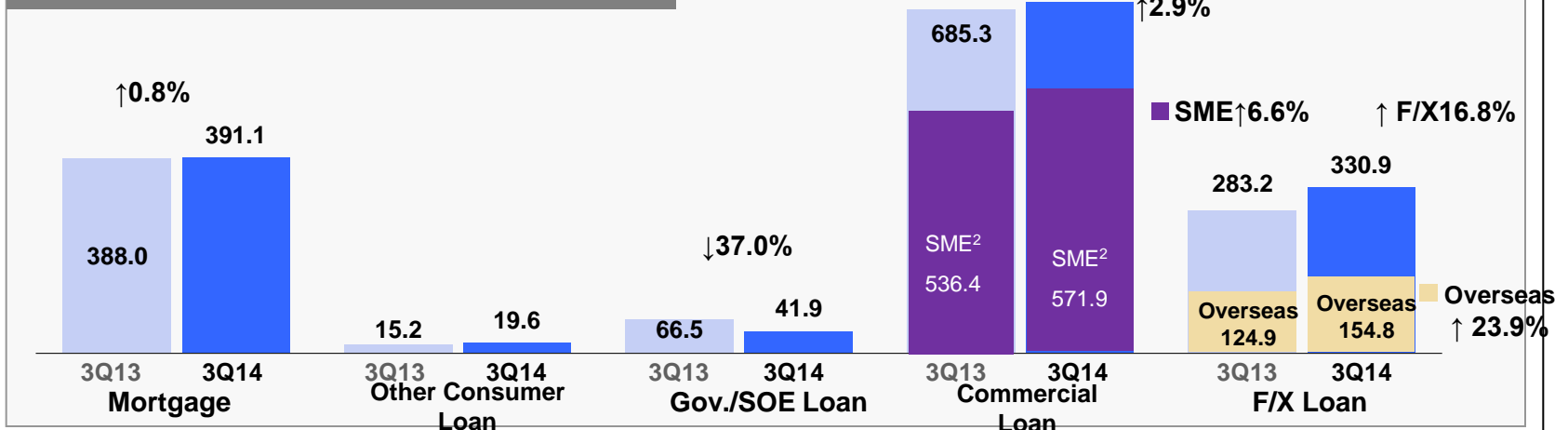
3Q14 Loan Book¹ (in NT\$ bn or %)



% of Loan Book¹

Item	3Q13	3Q14	Change
Consumer	28.1%	27.6%	-0.5%
Mortgage	27.0%	26.3%	-0.7%
Other Consumer Loan	1.1%	1.3%	+0.2%
Corporate Banking	71.9%	72.4%	+0.5%
Commercial Loan	47.6%	47.4%	-0.2%
--- SME	37.3%	38.4%	+1.1%
F/X/ Loan	19.7%	22.2%	+2.5%
--- Overseas	8.7%	10.4%	+1.7%
Gov./SOE Loan	4.6%	2.8%	-1.8%
Loan Book¹	100.0%	100.0%	

3Q14 Loan Book¹ Breakdown (in NT\$ bn)

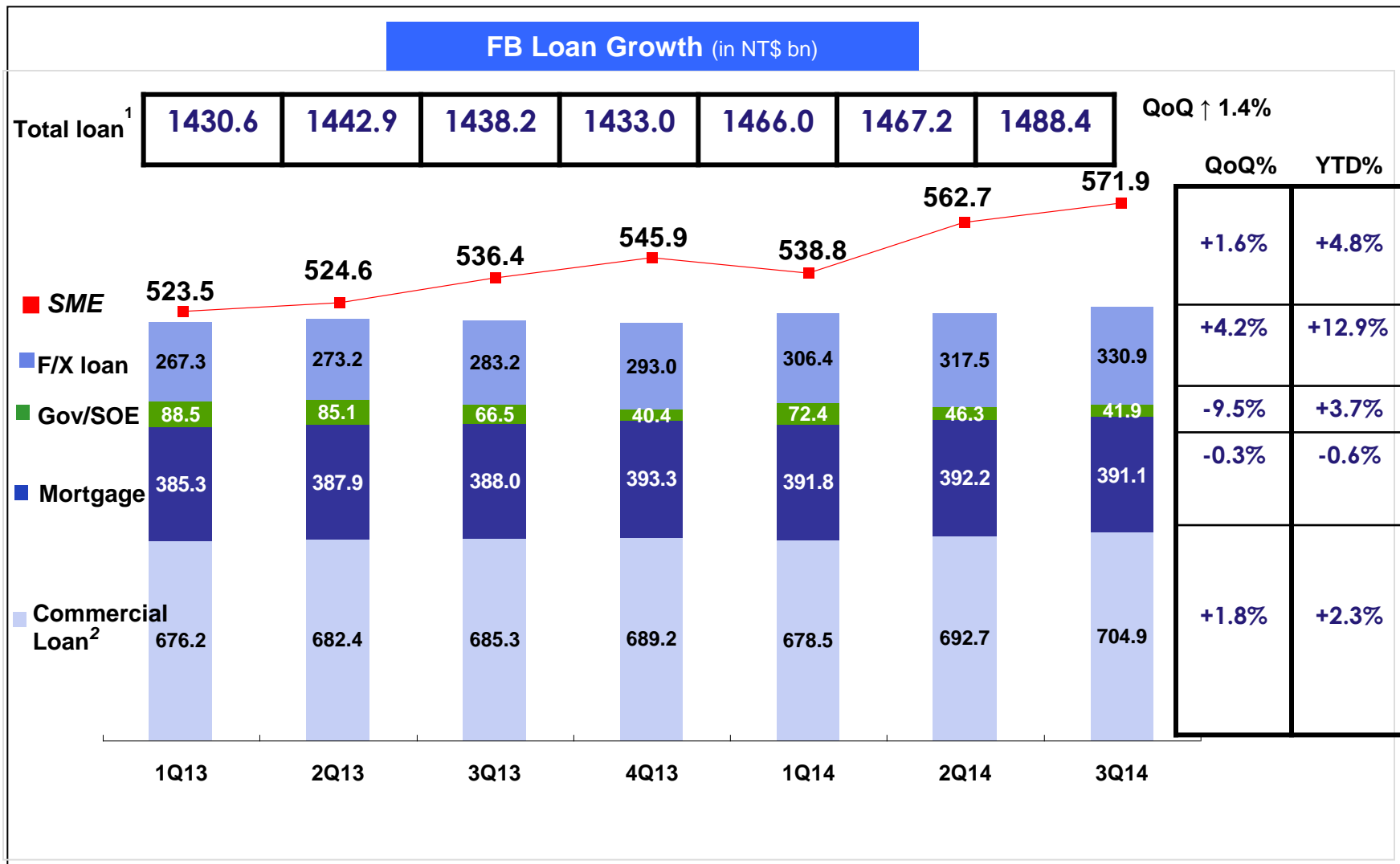


1. Loan Book does not include NALs

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

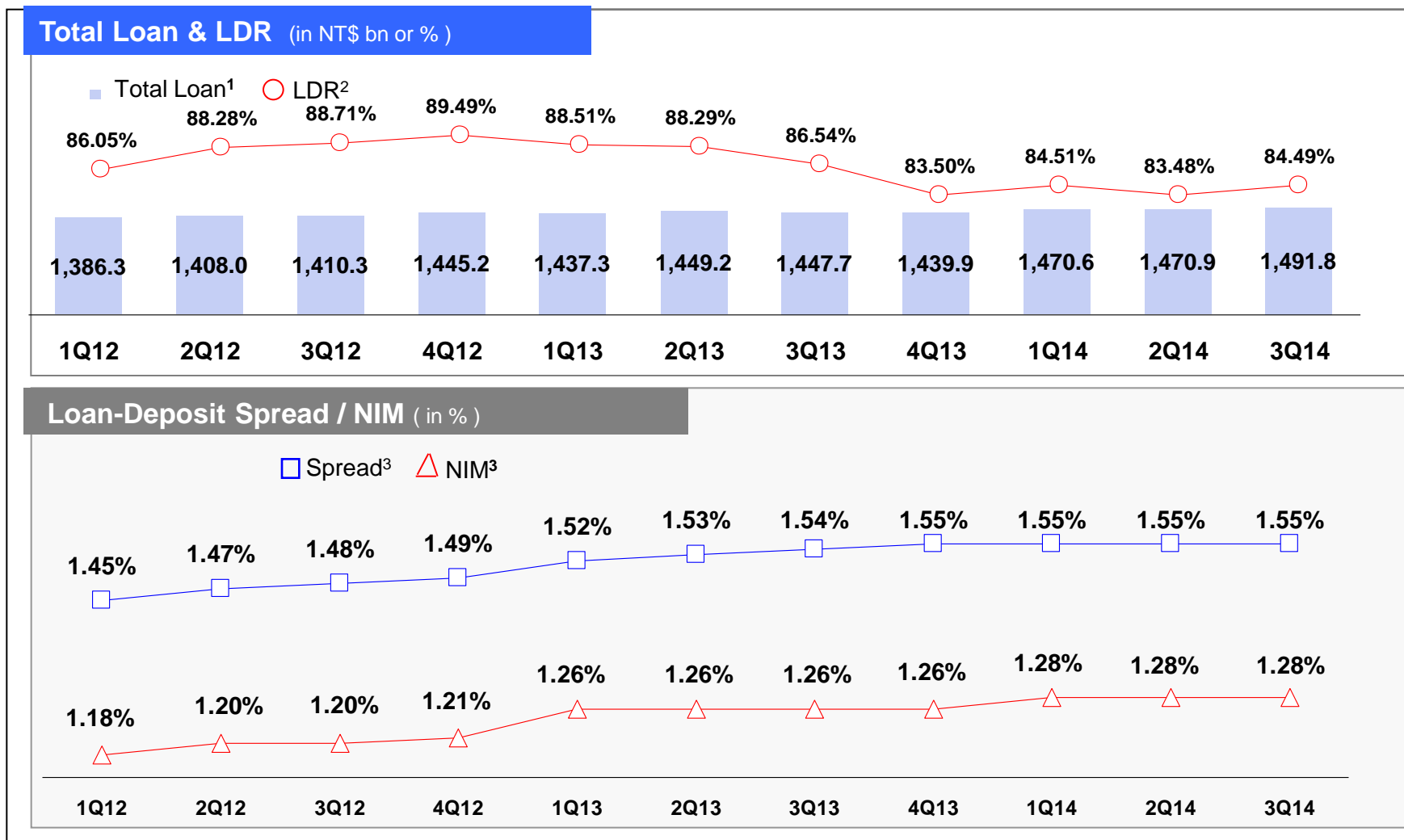
FB Loan Breakdown

-QoQ Comparison



1. Other consumer loan not included
 2. Commercial loan includes SME.

FB 3Q14 Total Loan & NIM

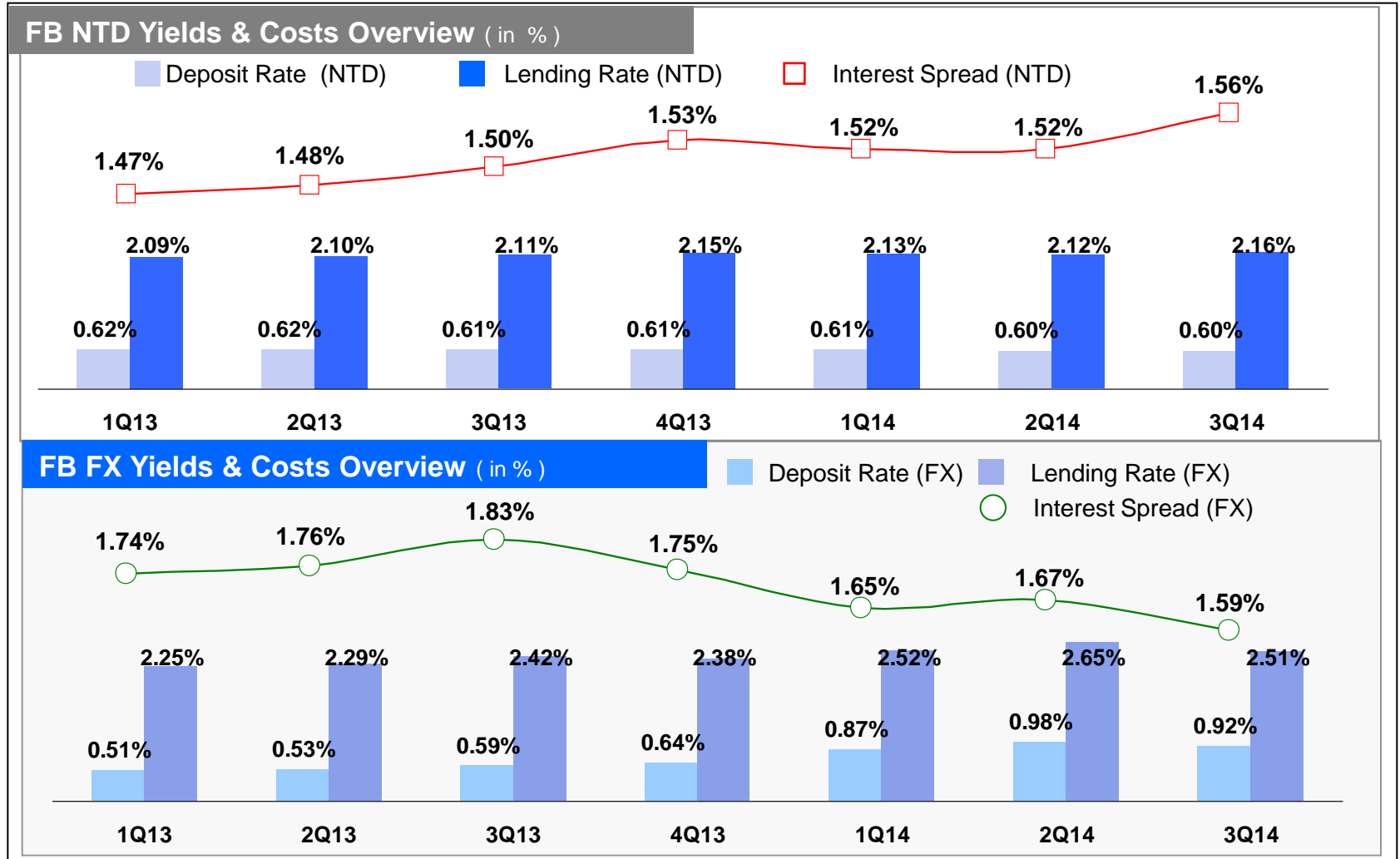


1. Total Loan = loan + import/export negotiation + NALs

2. LDR = Total loan / Total deposit, starting from 2012, total deposit does not include structured deposit.

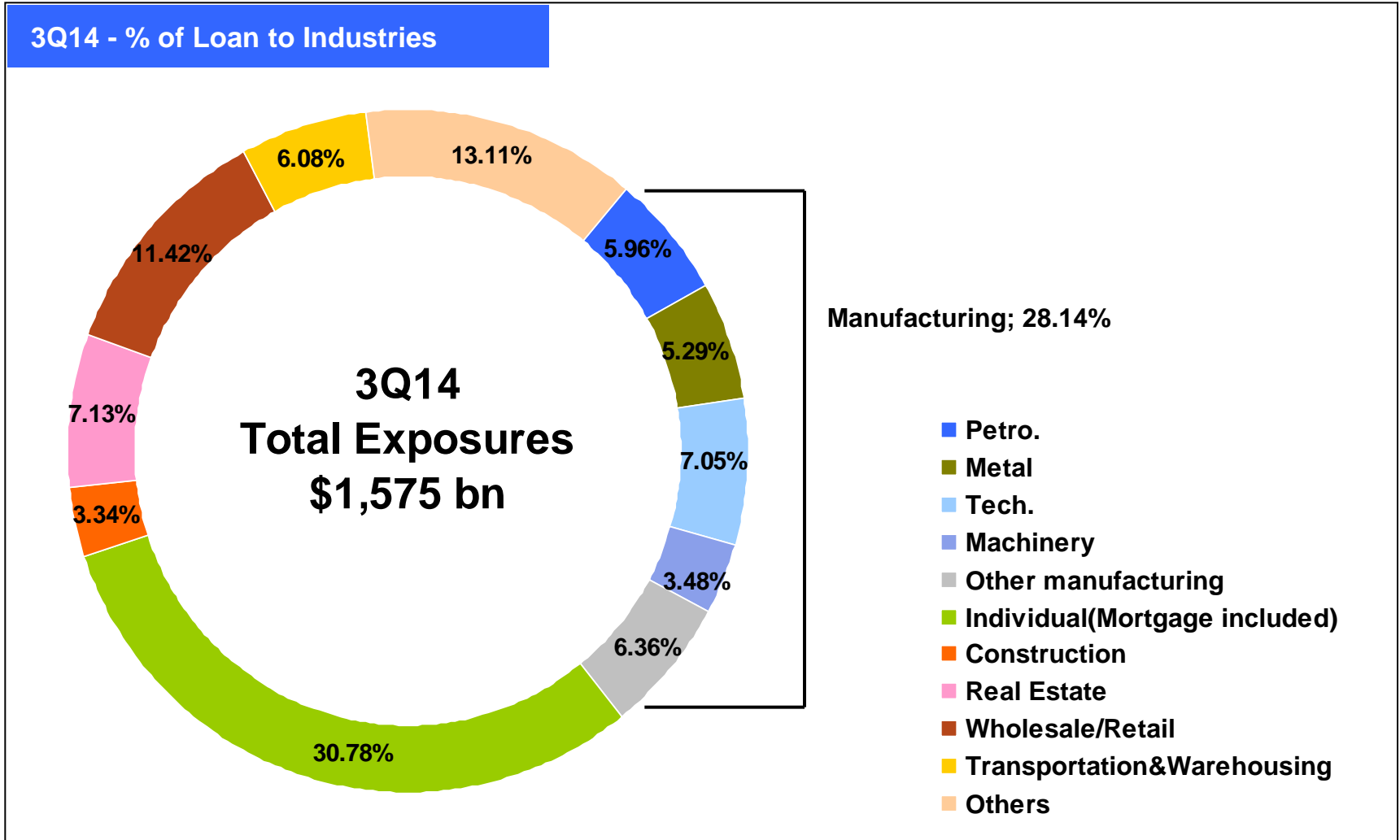
3. Annual cumulative Average Spread and NIM

FB 3Q14 Loan Yields



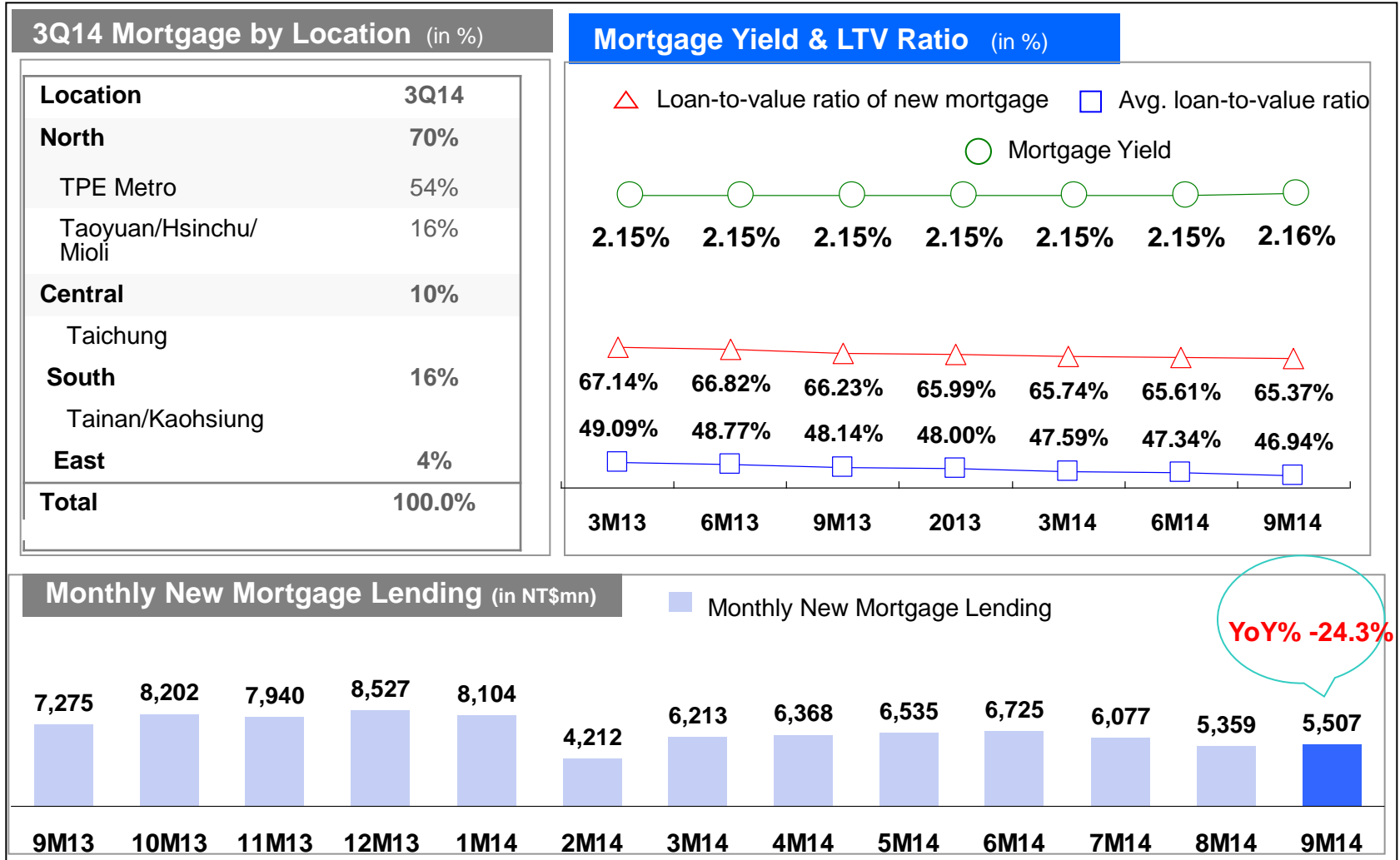
*All rates are **QUARTERLY** average rates.

Major Exposures Breakdown



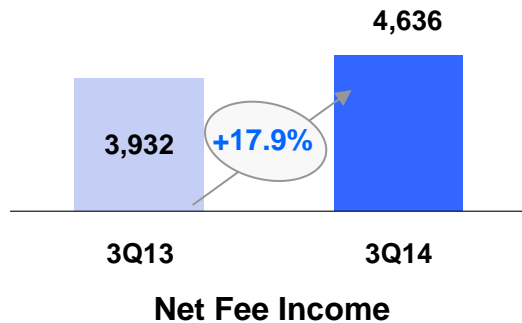
1. Total loan does not include NALs.

FB 3Q14 Mortgage Book



FB 3Q14 Fee Income Breakdown

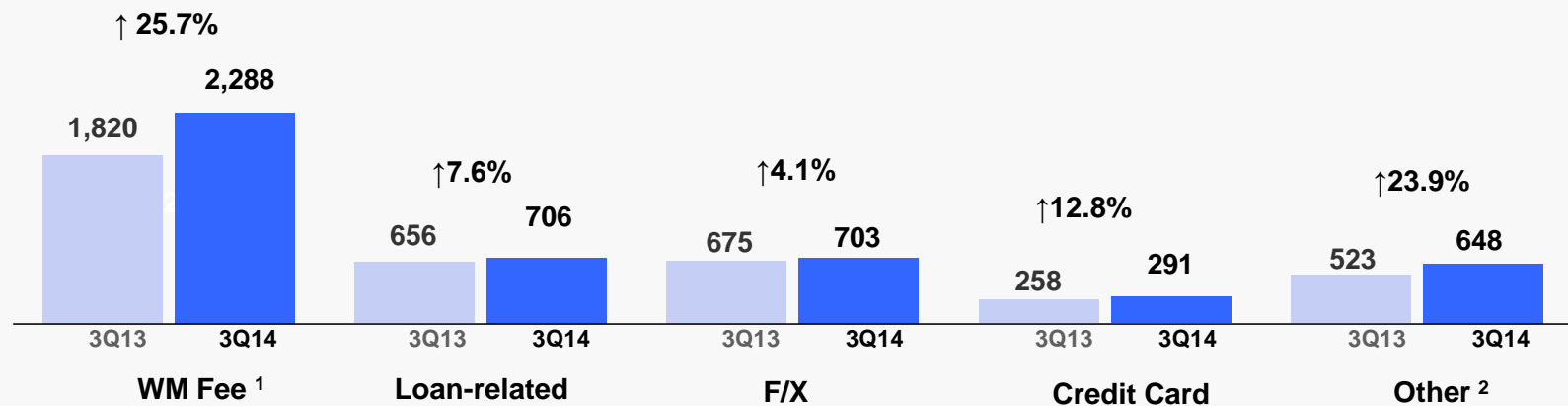
3Q14 Cumulative Net Fee Income (in NT\$ mn or %)



% of Cumulative Net Fee

Item	3Q13	3Q14	Change
WM ¹	46.3%	49.4%	+3.1%
F/X	17.2%	15.2%	-2.0%
Other ²	13.3%	14.0%	+0.7%
Loan-related	16.7%	15.2%	-1.5%
Credit Card	6.5%	6.3%	-0.2%
Cumulative Net Fee	100.0%	100.0%	

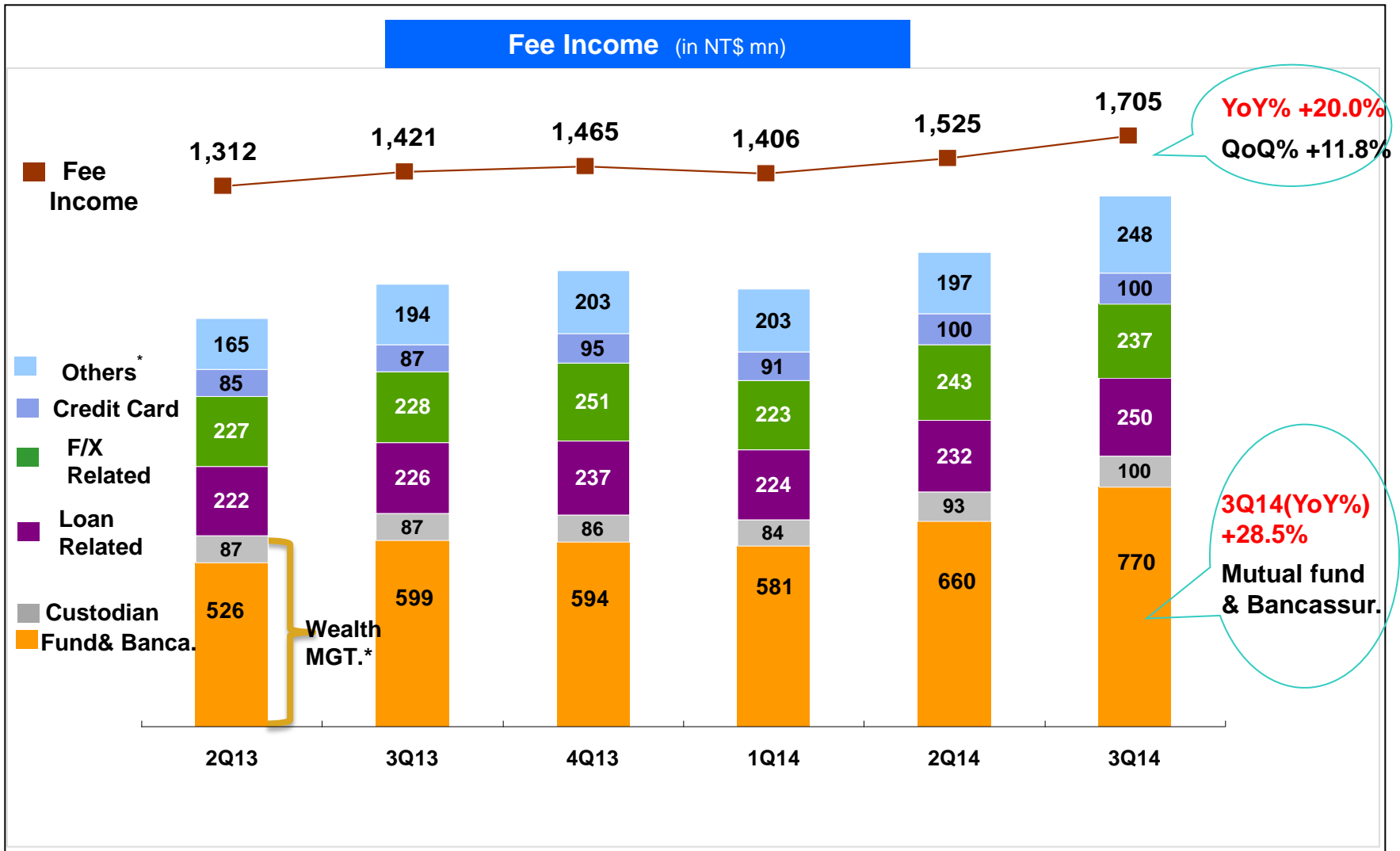
3Q14 Cumulative Net Fee Breakdown (in NT\$ mn)



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

FB Fee Income Breakdown

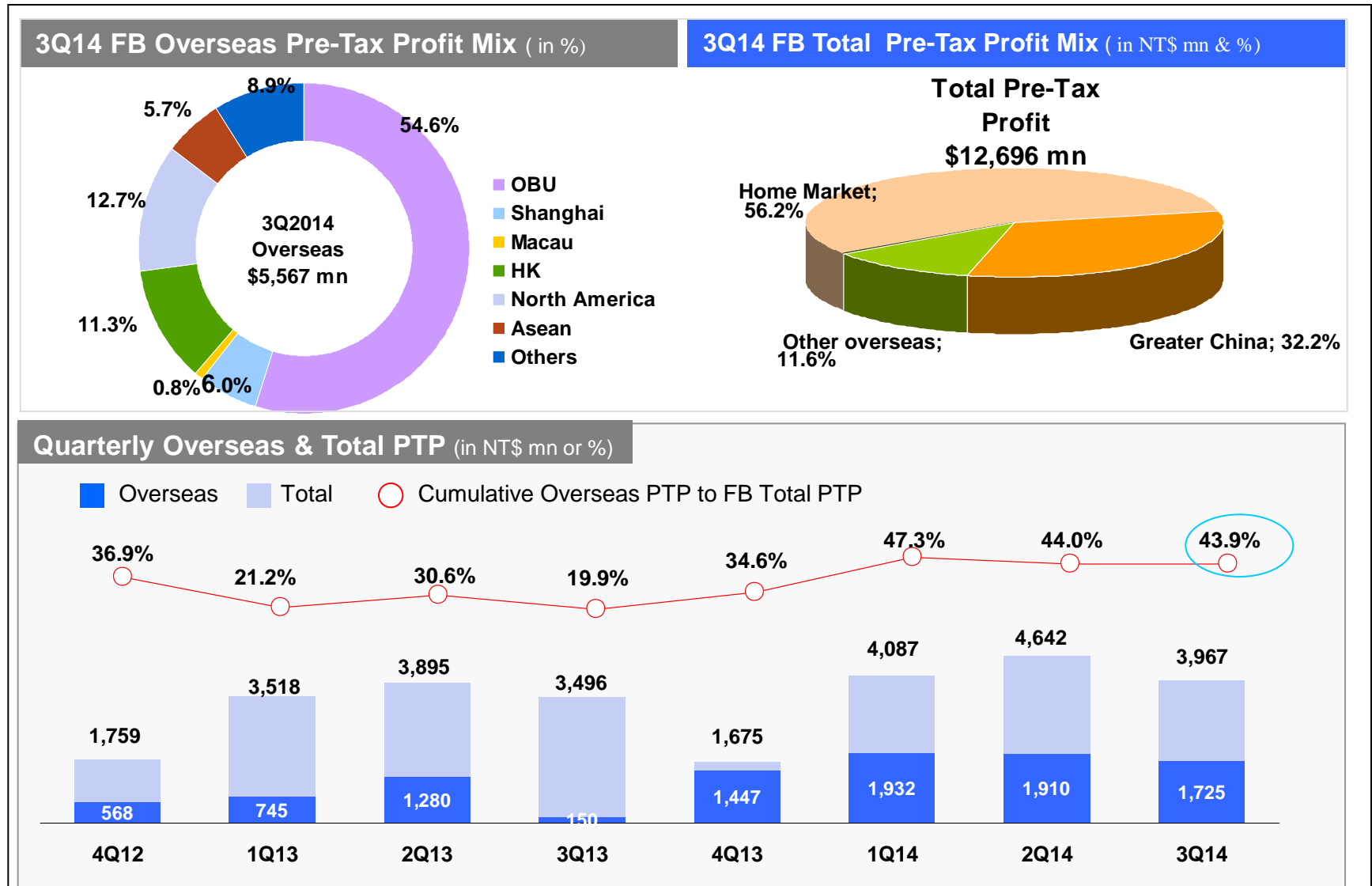
-QoQ Comparison



* Wealth Management Fee = Fund sales + Bancassurance + Custodian

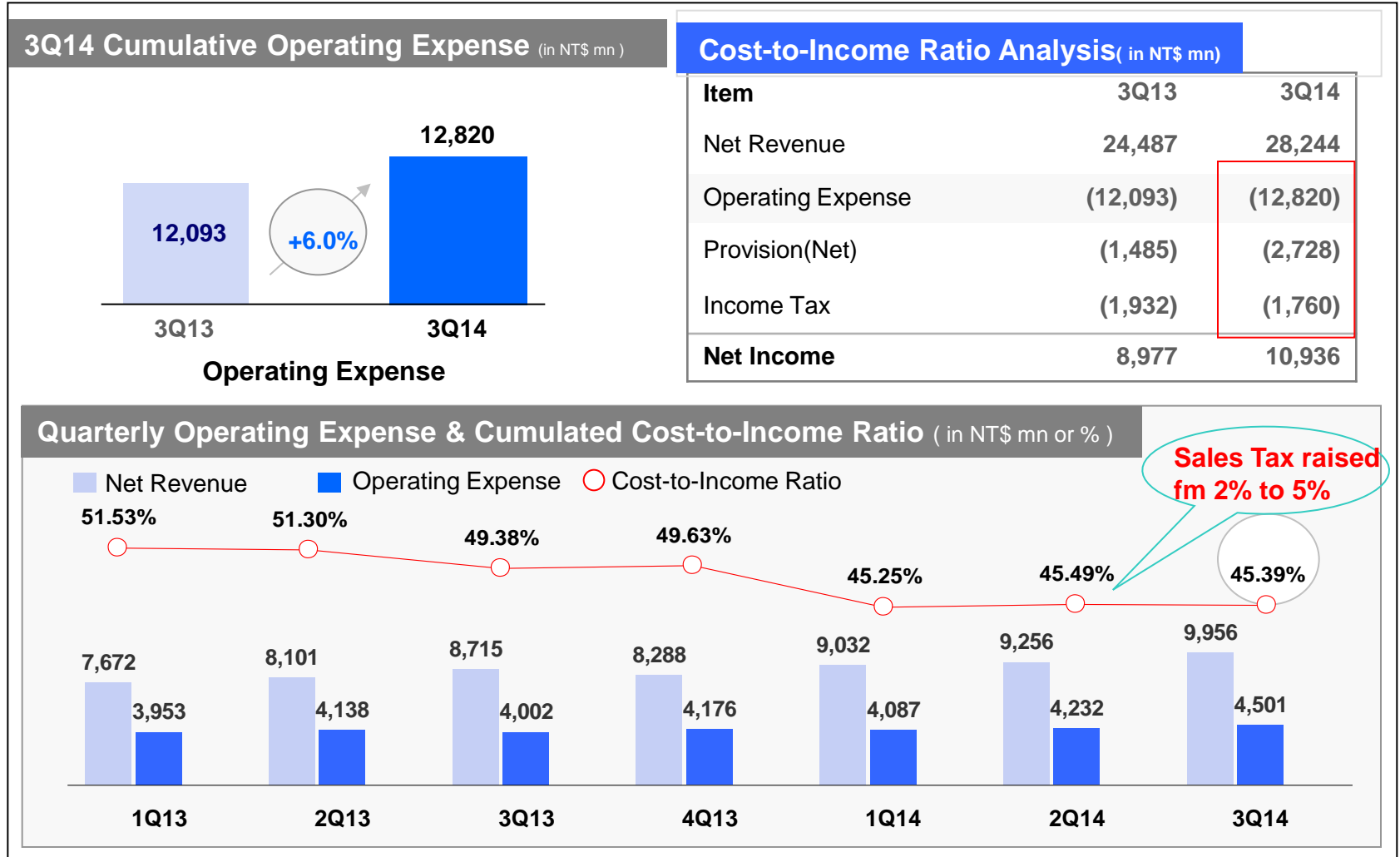
*Other represents network service fee, including overseas branches

FB 3Q14 Overseas Profits



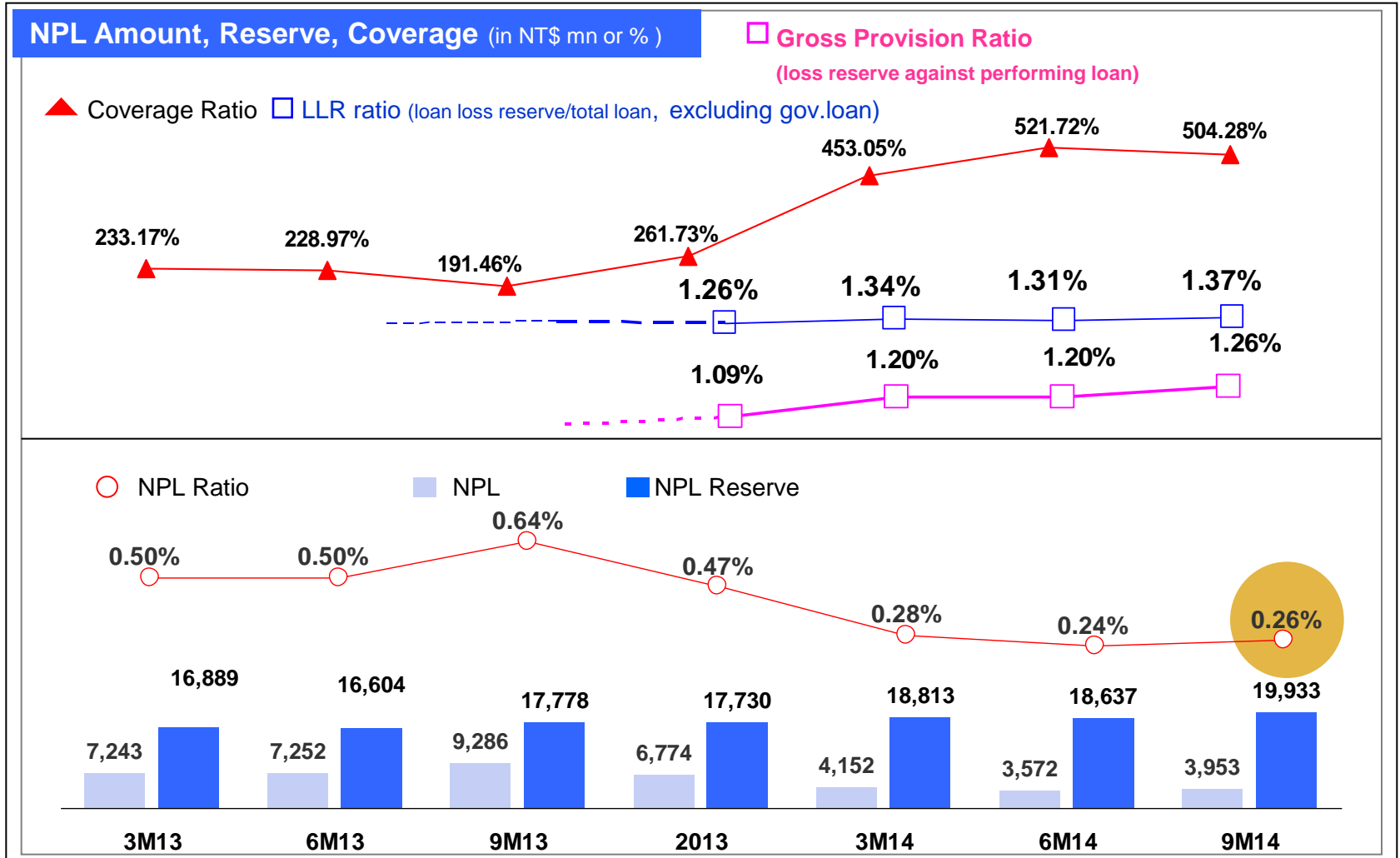
* Data stated in accordance with T-IFRS.

FB 3Q14 Cost-to-Income Ratio

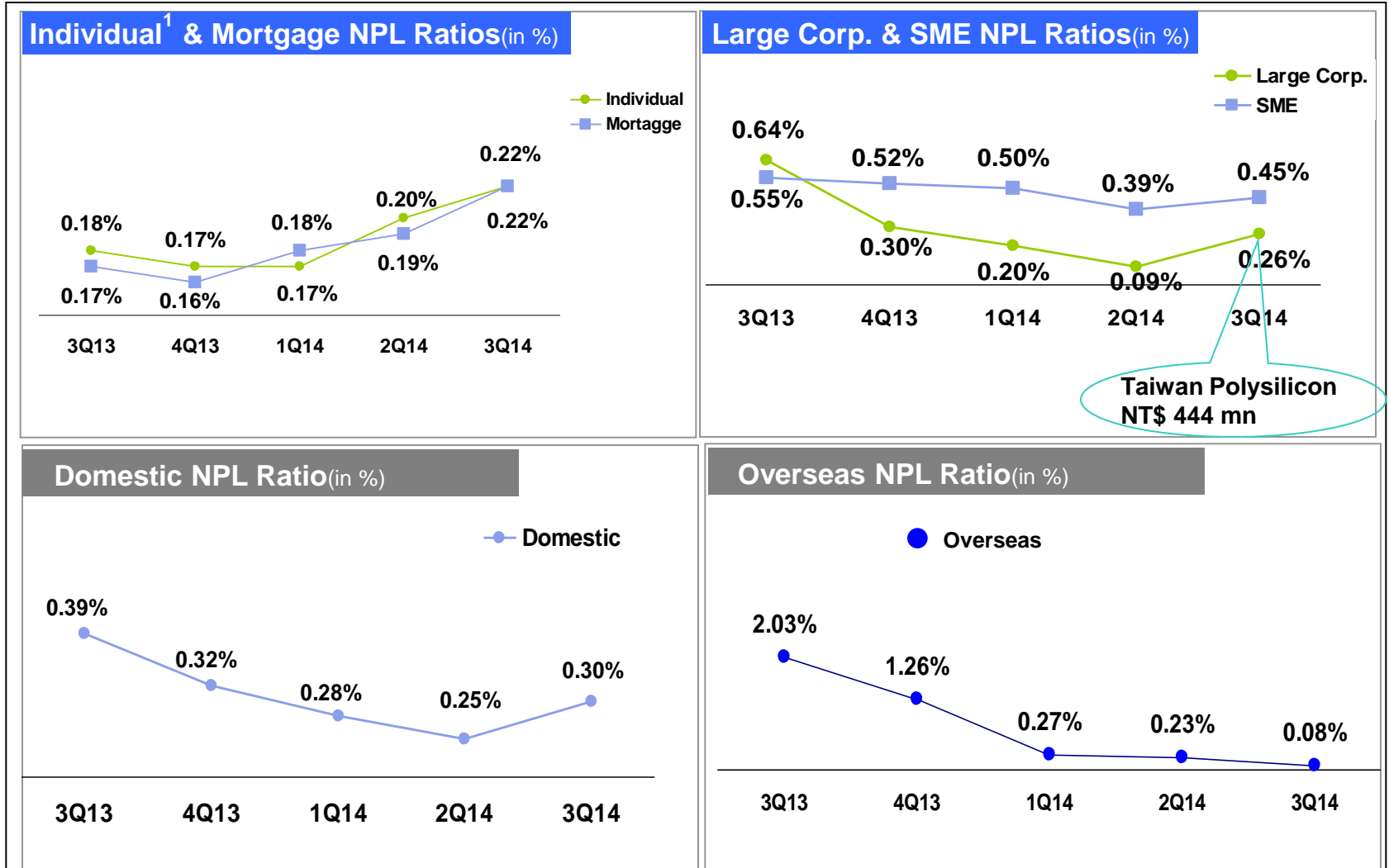


* Data stated in accordance with T-IFRS.

FB 3Q14 Asset Quality



FB NPL Migration by Sectors

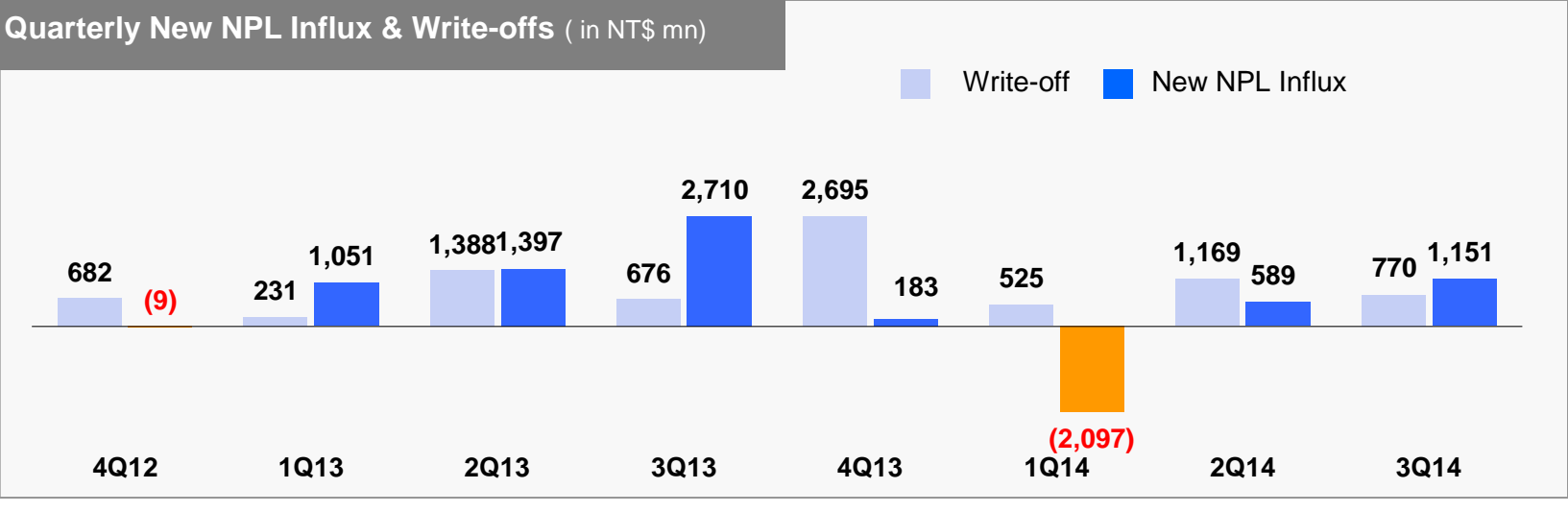


1. Individual: mortgage and non-mortgage loan included
 2. bad-debt recovery not included.

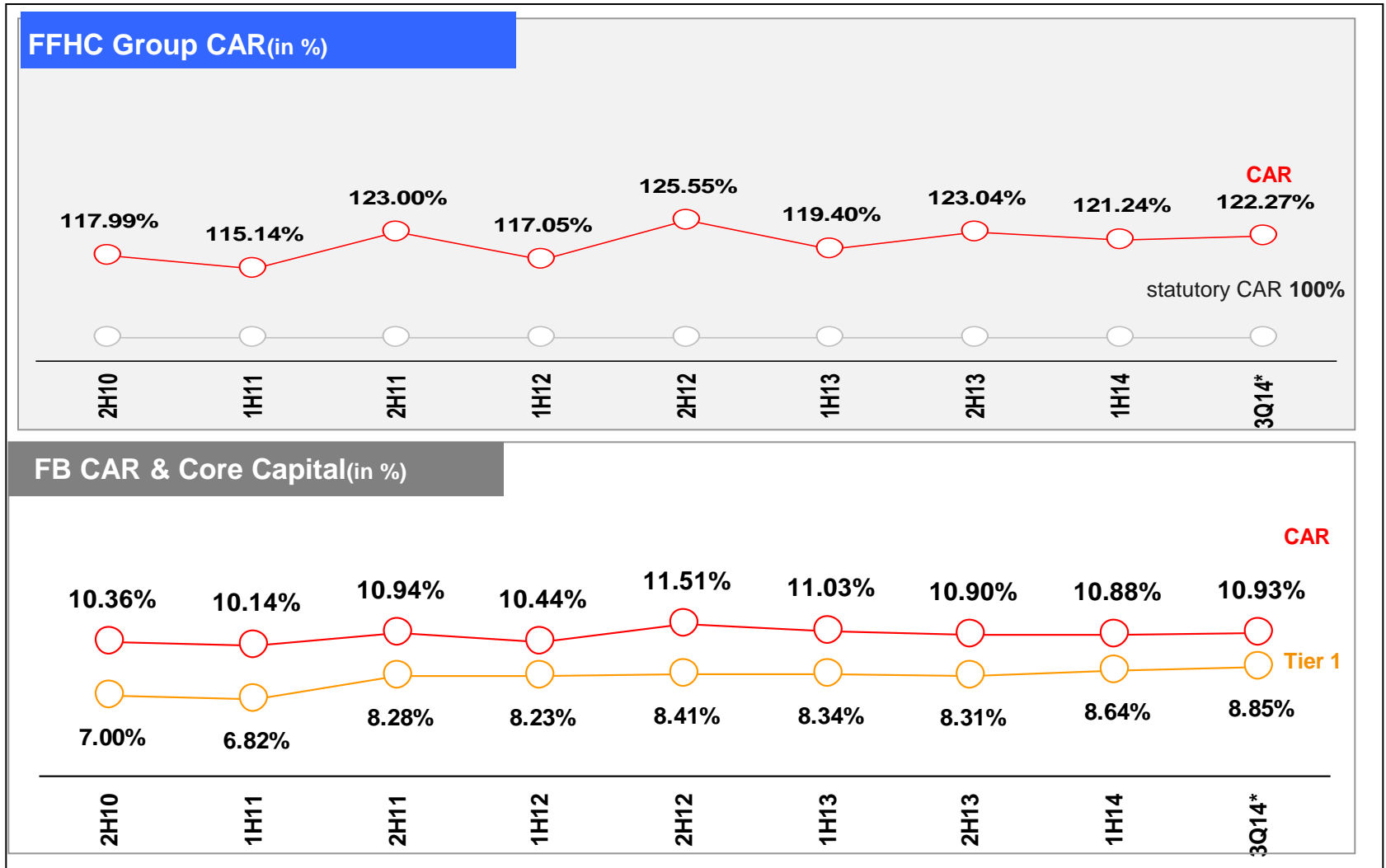
FB New NPL Influx Breakdown

Taiwan Polysilicon
NT\$ 444 mn

Breakdown of New NPL Influx (in NT\$ mn)					Quarterly Recovery Mix (in NT\$ mn)				
Quarterly NPL Influx	4Q13	1Q14	2Q14	3Q14	Quarterly Recovery	4Q13	1Q14	2Q14	3Q14
--- Domestic	196	178	619	1,140	--- Domestic	368	246	553	486
--- Overseas	(13)	(2,275)	(30)	11	--- Overseas	148	450	101	26
--- Credit Card					--- Credit Card	18	17	15	14
Total NPL Influx	183	(2,097)	589	1,151	Total Recovery	534	713	669	526



CAR & Core Capital



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

*Preliminary data for 3Q14



Appendix

FFHC Consolidated Statement of Comprehensive Income

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

	Full Year Results (TW-GAAP)		Full Year Results (IFRSs)	Year-over-Year Comparison			
	2011	2012		2013	3Q13	3Q14	Change
Interest income	34,166	36,544	Net interest income	25,932	19,219	21,110	9.8%
Less: Interest expenses	(12,083)	(12,422)	Net service fee & commission	6,632	4,774	5,630	17.9%
Net interest income	22,083	24,122	Net Insurance revenue	688	(307)	822	--
Net service fee & commission	6,203	5,954	Gain on financial assets meas. at fair value through P/L	859	666	1,423	113.7%
Net Insurance revenue	0	695	Real estate investment gain	88	63	172	173.0%
Gain on financial assets measured at fair value through P/L	1,111	1,363	Gain on AFS financial assets	315	307	628	104.6%
Gain on AFS financial assets	694	360	Income from equity invest.	97	103	53	-48.5%
Gain on HTM financial assets	11	0	Net gain on F/X	1,368	949	1,184	24.8%
Income from equity invest.	132	256	Assets impairment loss	3	0	59	--
Real estate investment gain	3	0	Others	484	684	712	4.1%
Net gain on F/X	853	651	Net Revenue	36,466	26,458	31,794	20.2%
Others	1,469	3,258	Net Provision for credit losses	(4,047)	(1,581)	(2,840)	79.6%
Net non-interest income	10,476	12,537	Recovered(provided) for insurance res.	(397)	594	(377)	--
Net revenues	32,559	36,659	Operating Expense	(18,973)	(14,035)	(15,082)	7.5%
Provision for credit losses	(5,347)	(5,890)	Income from continued op. before tax	13,049	11,436	13,496	18.0%
Reserve for insurance	(36)	(656)	Income tax expenses	(2,172)	(2,143)	(1,790)	-16.5%
Operating expenses	(17,970)	(18,084)	Consolidated net income	10,877	9,293	11,705	26.0%
Other expenses	0	0	Other Items	1,262	128	1,139	789.8%
Income from continued op. before tax	9,206	12,029	Comprehensive Income	12,139	9,421	12,845	36.3%
Income tax expenses	(1,735)	(1,911)	Net Income attributed to:				
Income from continued op. after tax	7,471	10,118	Parent	10,889	9,245	11,692	26.5%
Income from discontinued op., net of tax	0	0	Minority interests	(12)	48	13	--
Cummulative effect of change in accounting principle	0	0	Comprehensive Income attributed to:				
Consolidated net income	7,471	10,118	Parent	12,242	9,475	12,864	35.8%
EPS ¹ (NT\$)	1.01	1.25	Minority interests	(104)	(54)	(19)	-64.8%
Net income attributable to parent	7,602	10,174	EPS ¹ (NT\$)	1.26	1.00	1.26	26.0%
Minority interests	(131)	(56)					

Note: starting from 2013, data are stated in accordance with IFRSs, whereas FY2011-2012 are with ROC GAAP. The same basis applied to all appendix pages.

FFHC Non-consolidated Income Statement

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

	Full Year Results			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
Operating revenues						
Income from long-term investment	8,857	10,641	11,112	9,376	11,620	23.9%
Other income ¹	238	252	226	221	255	15.4%
Total revenues	9,095	10,893	11,339	9,597	11,875	23.7%
Loss from long-term investment	(992)	(291)	(12)	0	0	--
Operating expenses	(235)	(231)	(233)	(183)	(201)	9.8%
Other expenses and losses	(228)	(145)	(145)	(108)	(138)	27.8%
Income from continued op. before tax	7,641	10,226	10,949	9,306	11,536	24.0%
Income from continued po. after tax	7,602	10,226	10,889	9,245	11,692	26.5%
Income from discontinued op., net of tax	0	0	0	0	0	--
Net income	7,602	10,226	10,889	9,245	11,692	26.5%
EPS ² (NT\$)	1.01	1.18	1.26	1.00	1.26	26.0%

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 Year Results			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
Non-consolidated Balance Sheet Data						
Long-term investment	127,331	137,633	145,469	142,625	158,305	11.0%
Total non-consolidated assets	135,716	141,300	151,546	148,623	162,196	9.1%
Total liabilities	8,999	9,156	10,817	10,660	12,930	21.3%
Total shareholders' equity	126,717	132,144	140,729	137,963	149,266	8.2%
Consolidated Balance Sheet Data						
Total consolidated assets	2,080,970	2,124,279	2,263,385	2,207,909	2,327,379	5.4%
Total liabilities	1,953,609	1,991,555	2,122,179	2,069,420	2,177,655	5.2%
Total shareholders' equity	127,361	132,724	141,206	138,488	149,724	8.1%
Parent's shareholders' equity	126,717	132,143	140,729	137,963	149,266	8.2%
Minority interests	644	581	477	526	458	-12.9%
Current shares outstanding	76,654	81,254	86,535	86,535	92,593	7.0%

*figures may not match due to rounding

FFHC Key Ratios

FFHC Key Ratios

	Full Year Results			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
After-tax ROAA (Annualized ratio)	0.36%	0.48%	0.50%	0.57%	0.68%	19.3%
After-tax ROAE (Annualized ratio)	6.38%	7.86%	7.94%	9.13%	10.73%	17.5%
Book Per Share	16.53	16.26	16.26	15.94	16.12	1.1%
Capital Stock	76,654	81,254	86,535	86,535	92,593	7.0%
Double leverage ¹	103.58%	104.15%	103.37%	103.38%	106.06%	2.6%
Group CAR ²	123.00%	125.55%	123.04%	122.92%	122.27%	-0.5%
Debt Ratio ³	6.63%	6.48%	7.14%	7.17%	7.97%	11.2%

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

2. Updated semi-annually.

3. Non-consolidated basis.

FB Income Statement

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

	Full Year Results (TW-GAPP)		Full Year Results (IFRSs)		Year-over-Year Comparison		
	2011	2012	2013		9M13	9M14	Change
Net revenue							
Net interest income	20,761	23,003	Net interest income	24,865	18,464	20,239	9.6%
Net fee income	4,826	4,931	Net fee income	5,397	3,932	4,636	17.9%
Net gain on ST invest.	440	162	Net gain on ST invest.	76	55	114	107.3%
Net gain on LT invest.	498	633	Net gain on LT invest.	711	640	640	0.0%
Net gain on other fin. products	2,581	2,141	Net gain on other fin. products	1,887	1,367	2,555	86.9%
Bad debts recovery	2,402	2,415	Other net income	(160)	30	60	100.0%
Other net income	(584)	446	Net revenue	32,776	24,488	28,244	15.3%
Net revenue	30,924	33,731	Operating expenses	(16,269)	(12,093)	(12,820)	6.0%
Operating expenses	(15,482)	(15,730)	Pre-provisiion pre-tax profit	16,507	12,395	15,424	24.4%
Provision	(5,300)	(5,809)	Provision expense	(7,090)	(4,120)	(4,637)	12.5%
Income before tax	10,142	12,192	Adjustment: bad-debt recovery	3,168	2,635	1,909	-27.6%
Income tax	(1,517)	(1,817)	Income before tax	12,584	10,909	12,696	16.4%
Income after tax	8,625	10,375	Income tax	(1,940)	(1,932)	(1,760)	-8.9%
Cummulative effect of change	0	0	Net income	10,645	8,977	10,936	21.8%
in accounting principle			Other items	1,165	148	889	500.7%
Net income	8,625	10,375	Comprehensive income	11,810	9,125	11,826	29.6%
			EPS	1.60	1.22	1.48	0.21

* starting from 2013, data are stated in accordance with IFRSs, whereas FY2011-2012 are with ROC GAAP.

FB Key Ratios

FB Key Ratios	Full Year Results			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
Loan to deposit spread	1.41%	1.41%	1.49%	1.54%	1.55%	0.65%
Net Interest Margin	1.10%	1.10%	1.21%	1.26%	1.28%	1.59%
Cost to income ratio ⁴	50.06%	50.06%	46.63%	49.38%	45.39%	-8.08%
Loan to deposit ratio ¹	84.72%	84.72%	89.49%	86.54%	84.49%	-2.37%
NPL ratio	0.47%	0.47%	0.44%	0.64%	0.26%	-59.38%
Coverage ratio	217.90%	217.90%	248.97%	191.46%	504.28%	163.39%
Gross Provision ratio	--	--	1.09%	1.04%	1.26%	21.15%
LLR Ration (excluding gov. loan)	1.07%	1.17%	1.26%	1.27%	1.37%	7.87%
CAR	10.94%	10.94%	11.51%	10.95%	10.93%	-0.18%
Tier-1	8.28%	8.28%	8.41%	8.37%	8.85%	5.73%
ROAA ²	0.43%	0.43%	0.51%	0.57%	0.66%	15.79%
ROAE ²	8.12%	8.12%	8.58%	9.49%	10.60%	11.70%

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

2. Annualized figures.

3. CAR and Tier 1 updated semi-annually.

4. Starting from 2013, net interest income, gains on Fin. Products and opt. expense will be re-classified, 1H12&1H13 figures adjusted accordingly.

FB Loan Quality

FB NPL Migration in NT\$ million or %

	Full Year			2014 Quarterly			Year-over-Year Comparison		
	2011	2012	2013	Q1	Q2	Q3	3Q13	3Q14	Change
NPL- beginning	10,550	6,373	6,423	6,774	4,152	3,572	6,423	6,774	5.5%
Net new NPL influx	(1,421)	3,493	5,341	(2,097)	589	1,151	5,158	(357)	--
Net write-offs	(2,756)	(3,443)	(4,990)	(525)	(1,169)	(770)	(2,295)	(2,464)	7.4%
NPL- ending balance	6,373	6,423	6,774	4,152	3,572	3,953	9,286	3,953	-57.4%
Allowance for loan loss- beginning	11,877	13,886	15,992	17,730	18,813	18,637	15,992	17,730	10.9%
Provisions for loan loss	4,825	5,705	6,693	1,549	1,053	2,006	4,045	4,608	13.9%
Net write-offs	(2,756)	(3,443)	(4,990)	(525)	(1,169)	(770)	(2,295)	(2,464)	7.4%
Others	(60)	(156)	35	59	(60)	60	36	59	--
Allowance for loan loss- ending	13,886	15,992	17,730	18,813	18,637	19,933	17,778	19,933	12.1%
NPL ratio	0.47%	0.44%	0.47%	0.28%	0.24%	0.26%	0.64%	0.26%	-0.4%
Coverage ratio	217.90%	248.97%	261.73%	453.05%	521.72%	504.28%	191.46%	504.28%	312.8%
General Provision Ratio	1.07%	1.17%	1.26%	1.34%	1.31%	1.37%	1.27%	1.37%	0.1%
Tier 1 Asset Provision Ratio	--	--	1.09%	1.20%	1.20%	1.26%	1.04%	1.26%	0.2%

1. Non-consolidated basis

First Sec. Operating Report

	Full Year Results			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
First Sec Income Statement Summary						
Total operating income						
Brokerage commission	804	659	683	500	623	24.6%
Net interest income	408	282	297	202	250	23.8%
Underwriting commission	43	79	76	44	19	-56.8%
Principle transaction gains, net	(620)	100	292	235	213	-9.4%
Other operating income	98	113	150	24	79	--
Total operating income	733	1,230	1,498	1,005	1,184	17.8%
Total operating expenses	(1,476)	(1,388)	(1,410)	(951)	(1,031)	8.4%
Non-operating income	(14)	21	73	60	71	18.3%
Income before tax	(759)	(137)	161	114	223	95.6%
Income tax	(71)	16	(21)	(24)	(29)	20.8%
Cummulative effect of change in accounting principles	0	0	0	0	0	--
Net income	(830)	(121)	140	90	194	115.6%

First Sec Key Ratios

ROAE (Annualized)	-11.78%	-1.90%	2.19%
ROAA (Annualized)	-4.74%	-0.71%	0.80%
Brokerage market share	1.52%	1.62%	1.72%
Margin loan market share	1.99%	1.99%	2.37%

First Sec Key Ratios

ROAE (Annualized)	1.89%	3.93%	107.9%
ROAA (Annualized)	0.75%	1.33%	77.3%
Brokerage market share	1.68%	1.55%	-7.7%
Margin loan market share	2.30%	2.37%	3.0%

FSITC Operating Report

FSITC Income Statement Summary in NT\$ million or %

	Full Year Results			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
Total operating income						
Management fee	499	479	485	370	385	4.1%
Sales service fee	2	1	1	1	1	0.0%
Total operating income	501	480	486	371	386	4.0%
Operating expenses	(375)	(358)	(370)	(282)	(295)	4.6%
Non-operating income	10	9	8	5	10	100.0%
Income before tax	136	131	124	94	102	8.5%
Income tax	(24)	(22)	(21)	(16)	(17)	6.3%
Income after tax	112	109	103	78	85	9.0%
Cummulative effect of change in accounting principles	0	0	0	0	0	--
Net income	112	109	103	78	85	9.0%
FSITC Key Ratios						
AUM	97,401	81,568	78,190	65,442	71,143	8.7%
AUM Ranking	5	8	10	10	14	--

1. Non-consolidated basis

**First-Aviva Financial Results Summary
in NT\$ million or %**

	Full Year Result			Year-over-Year Comparison		
	2011	2012	2013	3Q13	3Q14	Change
Income Statement Summary						
Operating Revenue	4,993	7,342	10,330	6,850	10,075	47.1%
Premium Income	4,788	6,381	9,301	6,289	9,298	47.8%
Other insurance income	23	42	82	59	93	57.6%
Net Investment Income	182	910	947	502	685	36.5%
Operating Cost	(4,902)	(7,085)	(9,969)	(6,477)	(9,741)	50.4%
Reinsurance commission	(6)	(10)	(13)	(9)	(14)	55.6%
Reserves	(1,128)	(3,002)	(4,741)	(2,565)	(5,690)	121.8%
Claims	(3,595)	(3,825)	(4,864)	(3,645)	(3,587)	-1.6%
Commission	(172)	(248)	(351)	(258)	(449)	74.0%
Others	0	0	0	0	0	--
Operating Expenses	(359)	(364)	(385)	(276)	(308)	11.6%
Sales related expenses	(56)	(60)	(59)	(38)	(58)	52.6%
Management expenses	(287)	(300)	(304)	(223)	(232)	4.0%
Other expense	(16)	(4)	(22)	15	(18)	-220.0%
Profit/Loss of Operation	(268)	(116)	(24)	97	26	-73.2%
Non-Operating Profit	0	0	0	0	1	--
Profit/Loss Before Tax	(268)	(116)	(24)	97	27	-72.2%
Income tax	0	0	0	0	1	--
Net Income after tax	(268)	(116)	(24)	97	26	-73.2%
Key Ratios						
ROAE(Annualized ratio)	-18.82%	-9.29%	-2.21%	11.49%	3.69%	-67.9%
ROAA(Annualized ratio)	-1.29%	-0.51%	-0.09%	0.51%	0.11%	-78.4%

* FFHC claims 51% of First-Aviva operating results.



Q&A