

First Financial Holding

2021 1H Earnings Result

August 31, 2021



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At a Glance

Divergence across Sectors : Specter of Covid-19 Loomed in 2Q21

◆ **2Q21 Started with Norm and Ended up with Level-3 Alerts:**

1H21 earnings totaled NT\$10,913 mn(+24.5%,YoY). With Level-3 alerts starting from mid-May, group strived to maintain operations/services for clients under pandemic, here comes to a safe and solid result.

◆ **Loan book grew by +9.3%, mainly came from SME lending, F/X lending rebounded in 2Q21 with Europe & US freedom day ahead:**

Corp. (manufacturing) lending was demand-driven in 2Q21, WFH needs have reached well beyond the scope of related sectors, adding sentiment for 2Q21.

◆ **Non-Bank subsidiaries achieved 12.2% profit contribution:**

Broker & Life continued to boom in 2Q21, underpinning the group's profit base and achieved contribution of 12.2%.

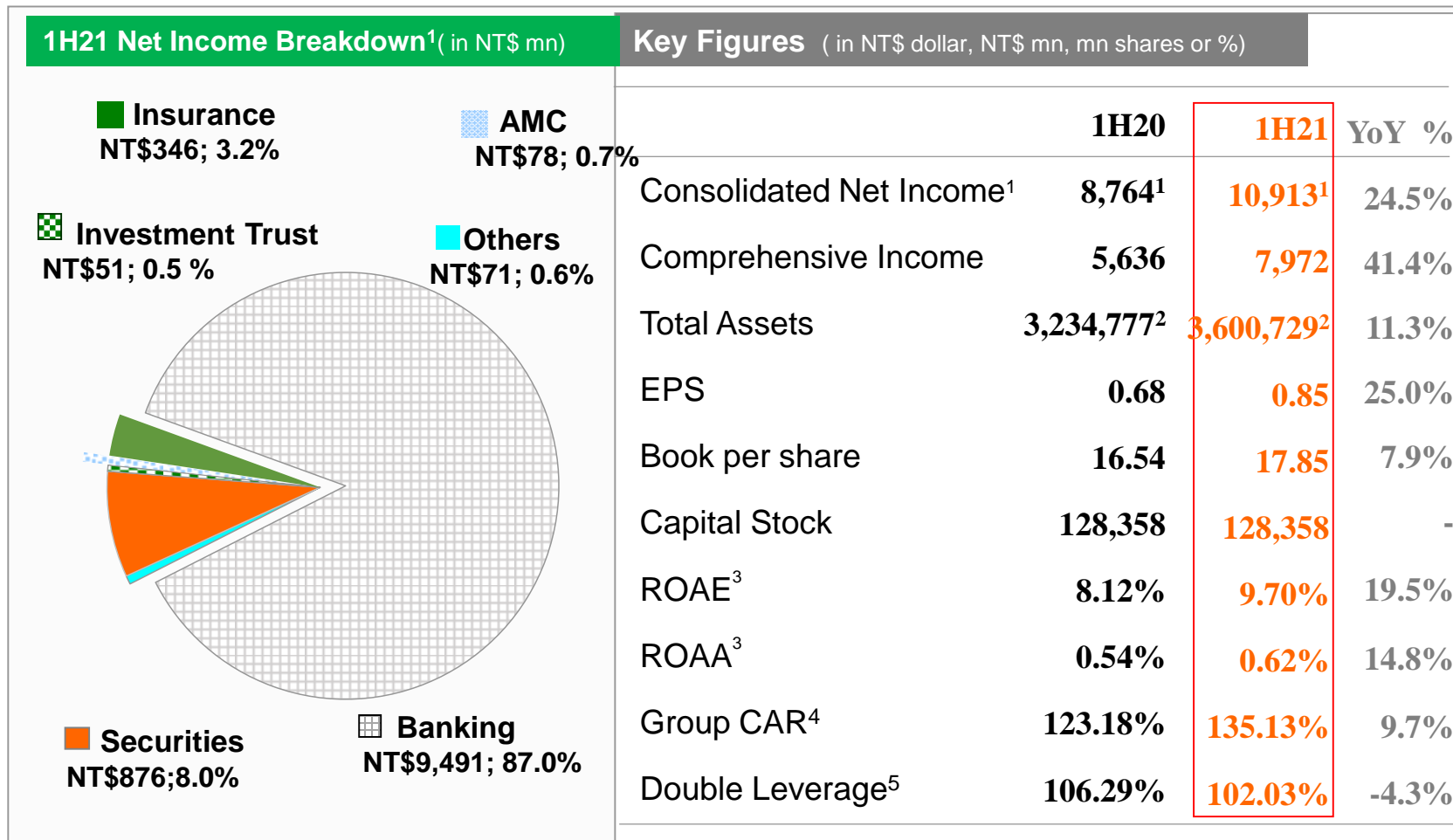
◆ **Looking ahead, step by step resume to norm in the second half of 2021:**

Local epidemic situation is under control in Aug., once-hit industries will resume its pace from the 3rd quarter, accompanied by traditionally rosy seasons for export.



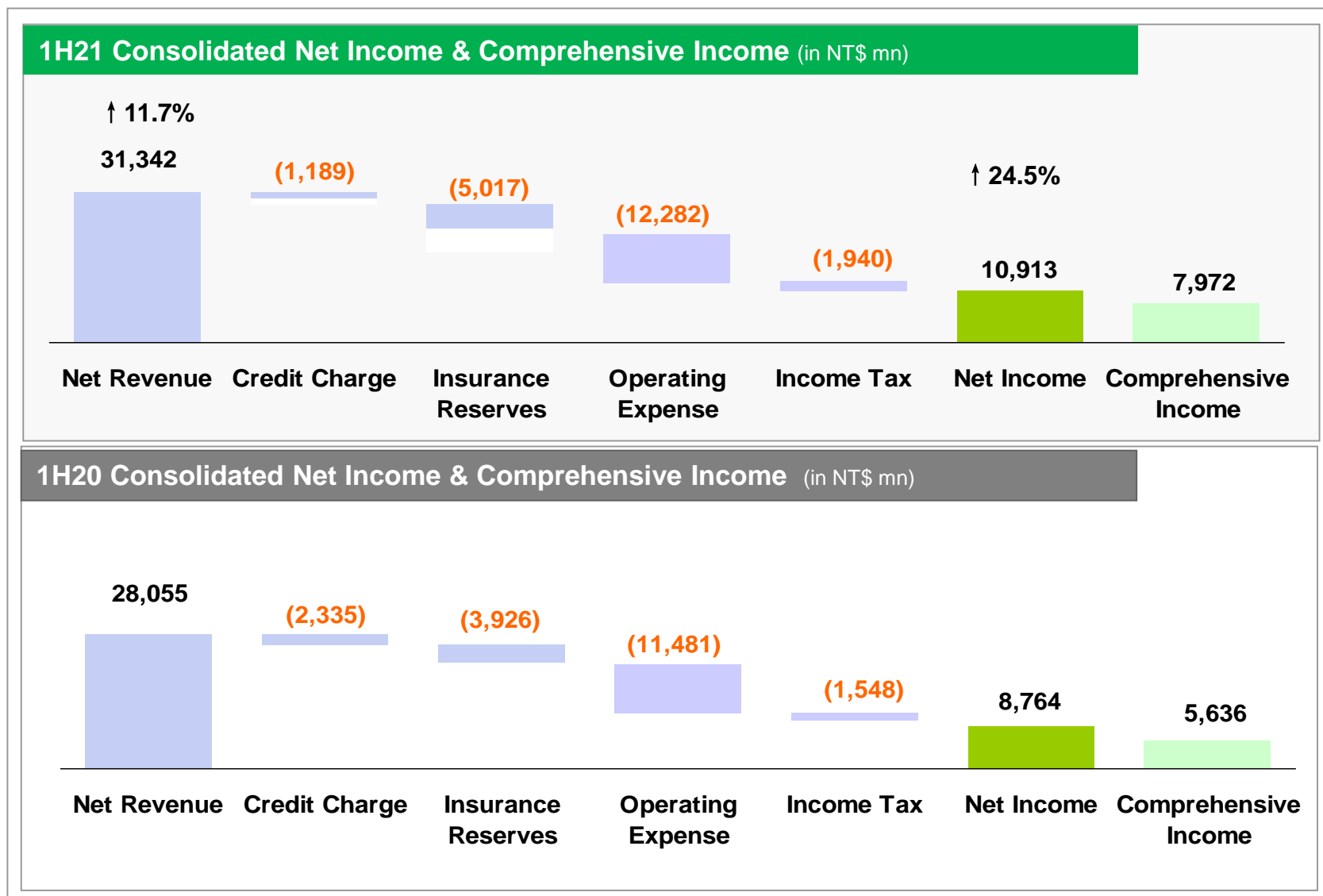
1 H21 Financial Highlight

1H21 Key Figures

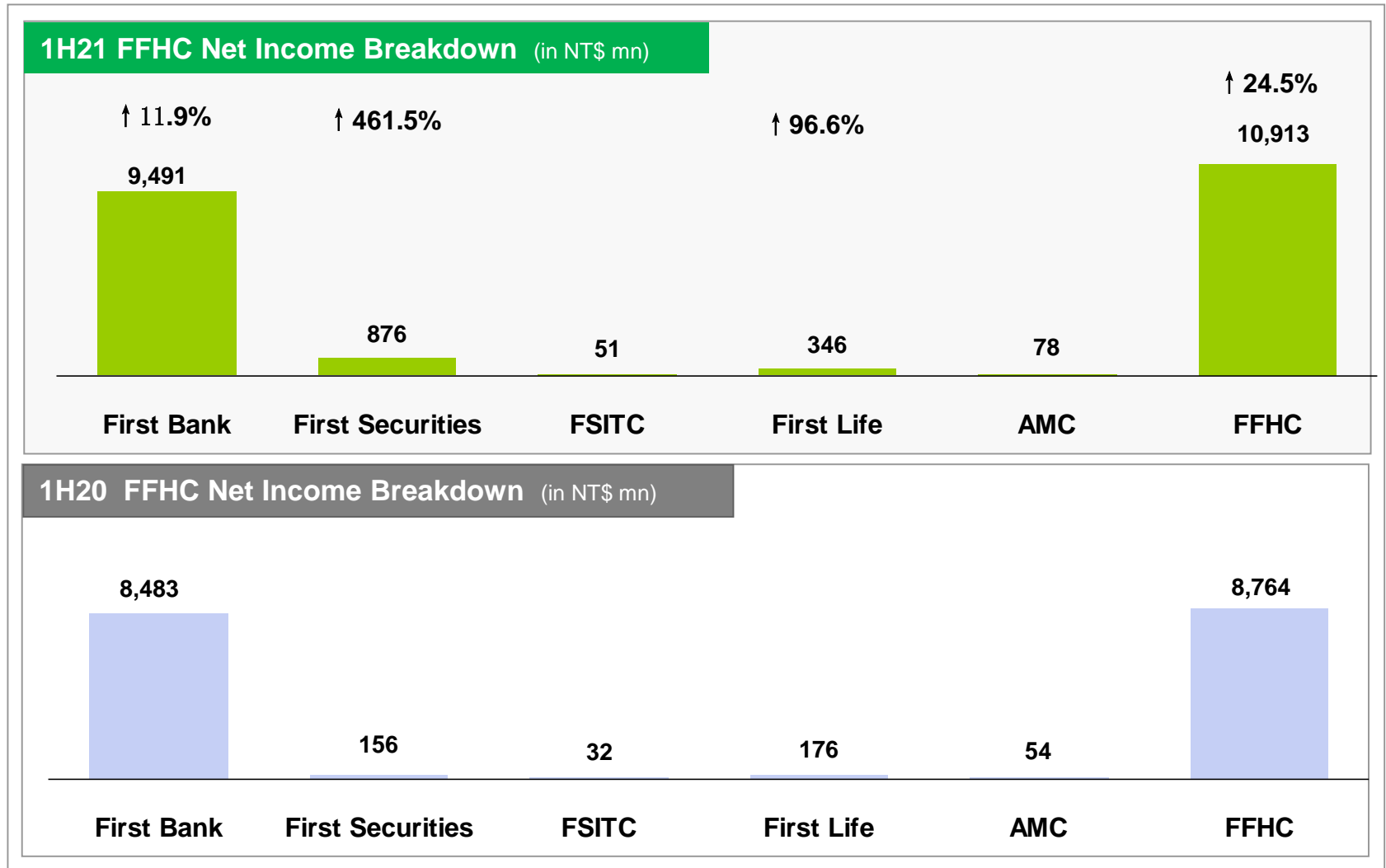


1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.
2. Adjusted proactively due to net receivables/payables offset.
3. Annualized figures. . 4. Updated semi-annually.
5. Double Leverage = Equity Investment / Shareholder Equity

Net Income & Comprehensive Income



Net Income Breakdown by Subsidiaries*

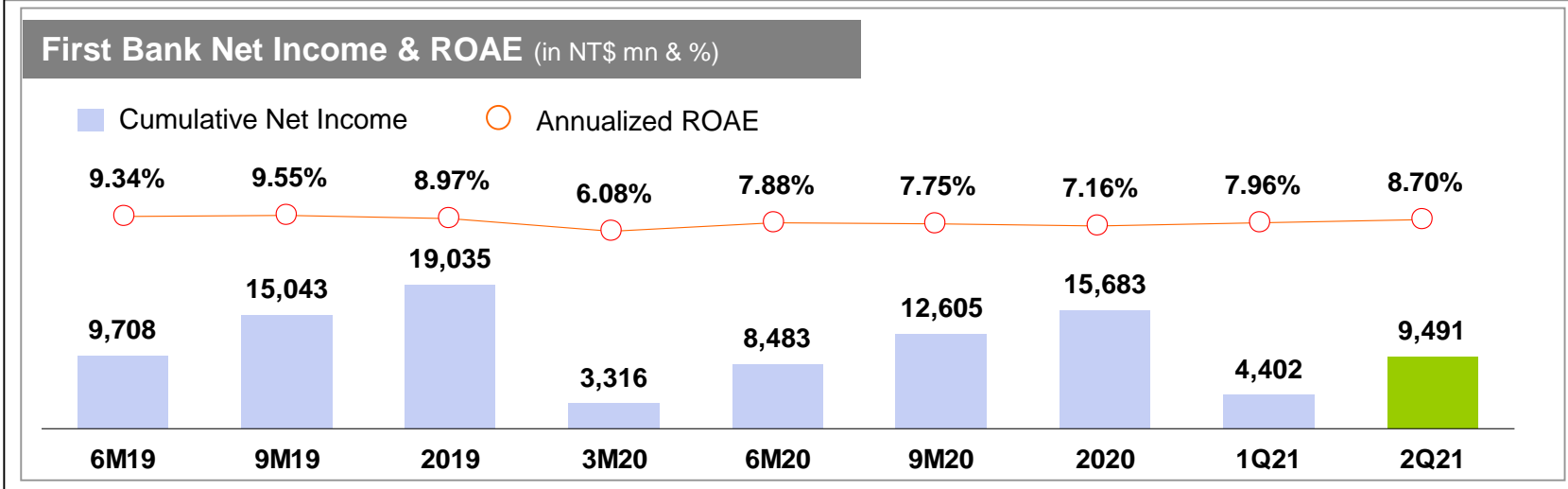
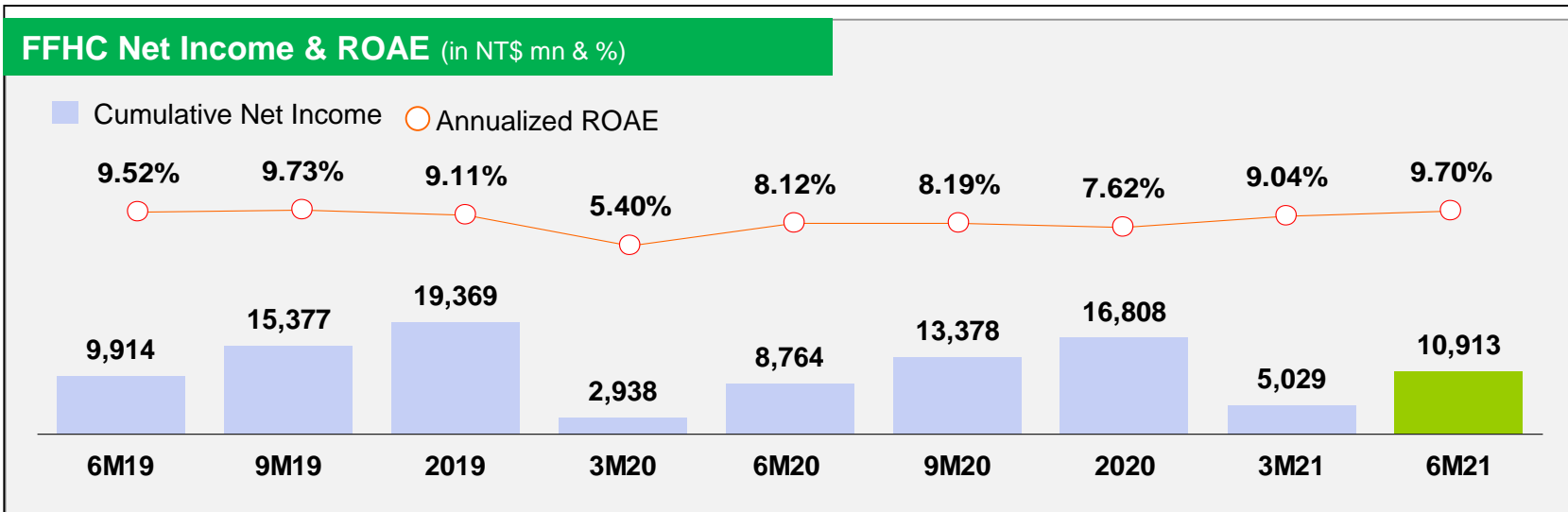


* Major 5 subsidiaries were listed.

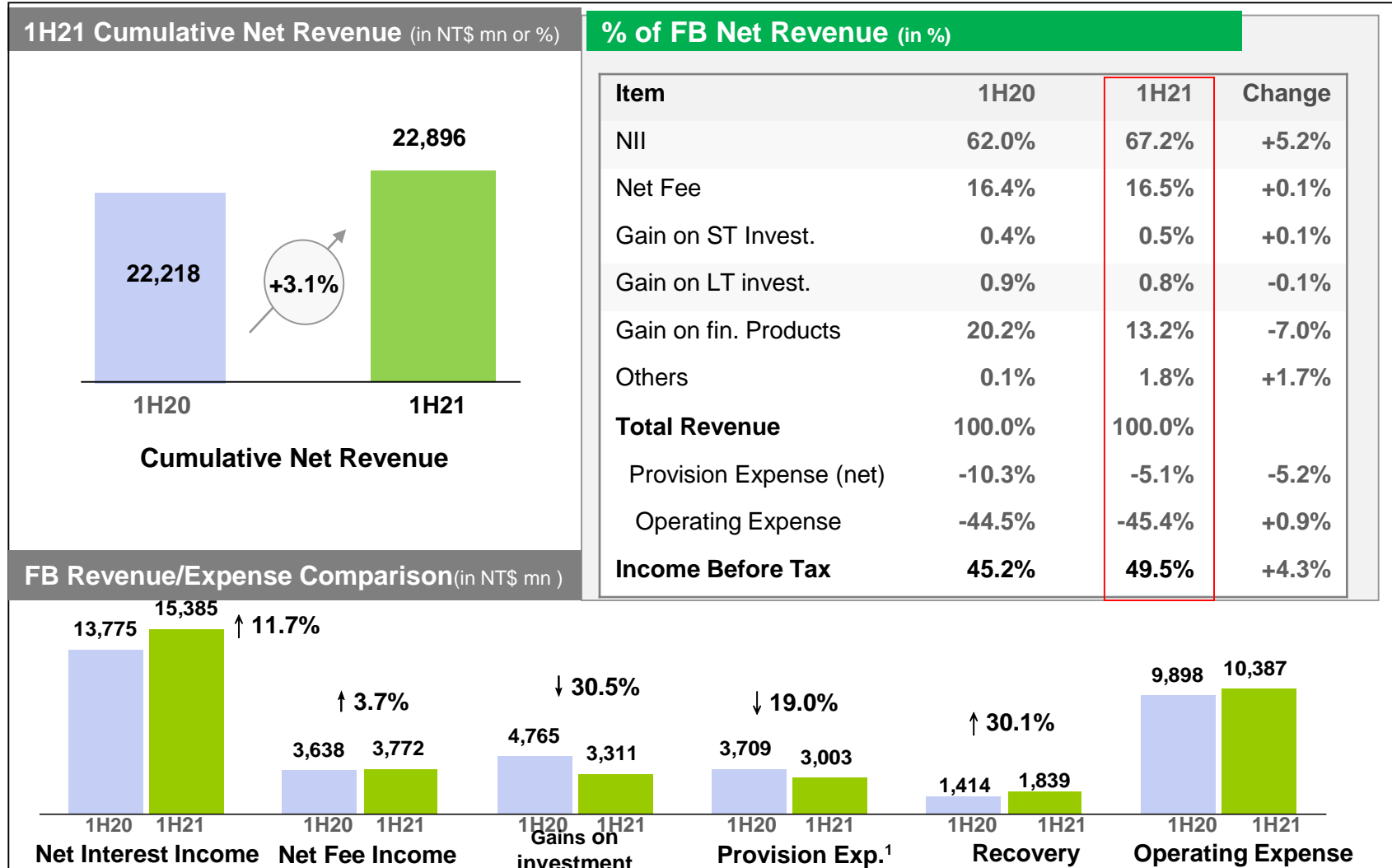


1H21 Operating Results

FFHC & First Bank Profitability -After Tax



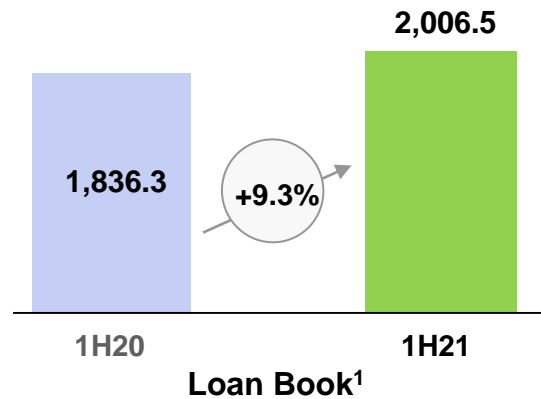
FB 1H21 Pre-tax Profit



1. Gross Provision expense.

FB 1H21 Loan Book Mix

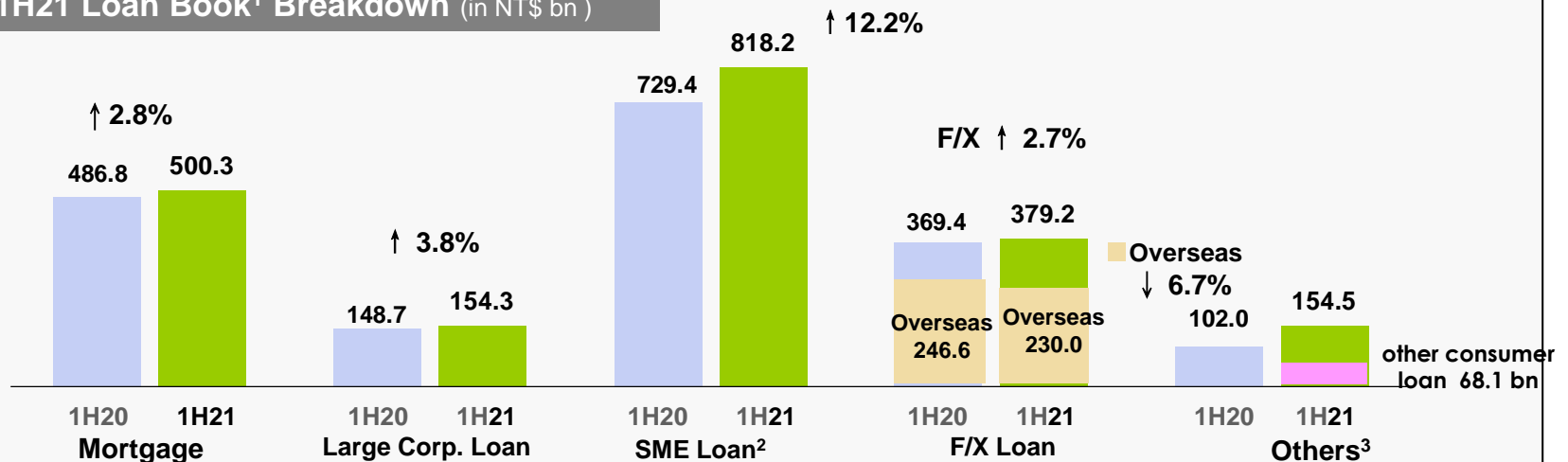
1H21 Loan Book¹ (in NT\$ bn or %)



% of Loan Book¹

Item	1H20	1H21	Change
Consumer	29.4%	28.3%	-1.1%
Mortgage	26.5%	24.9%	-1.6%
Other Consumer Loan	2.9%	3.4%	+0.5%
Corporate Banking	70.6%	71.7%	+1.1%
Large Corp. Loan	8.1%	7.7%	-0.4%
SME Loan ²	39.7%	40.8%	+1.1%
F/X/ Loan	20.1%	18.9%	-1.2%
--- Overseas	13.4%	11.5%	-1.9%
Gov./ SOE Loan	2.7%	4.3%	+1.6%
Loan Book¹	100.0%	100.0%	

1H21 Loan Book¹ Breakdown (in NT\$ bn)



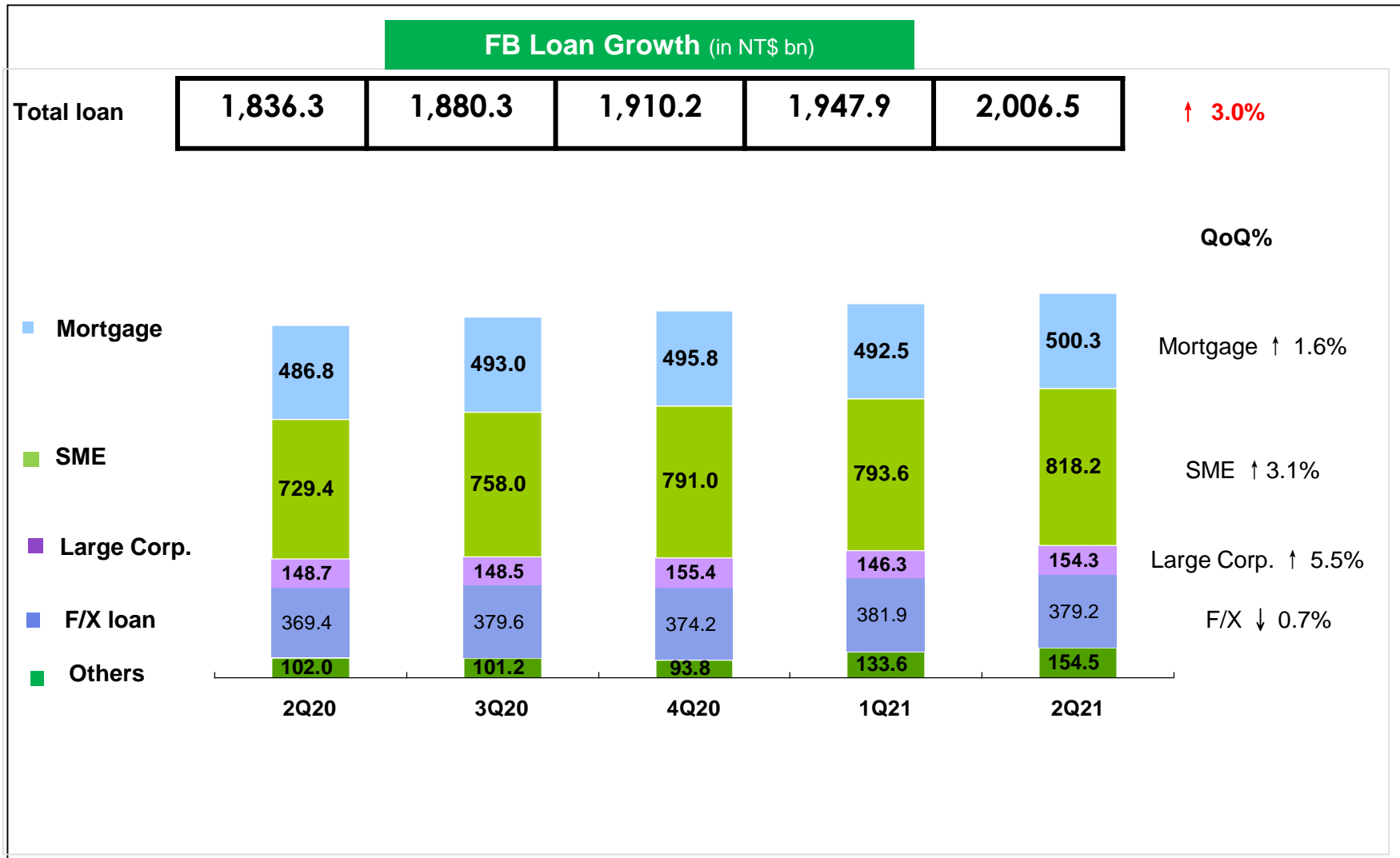
1. Loan Book does not include NALs

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

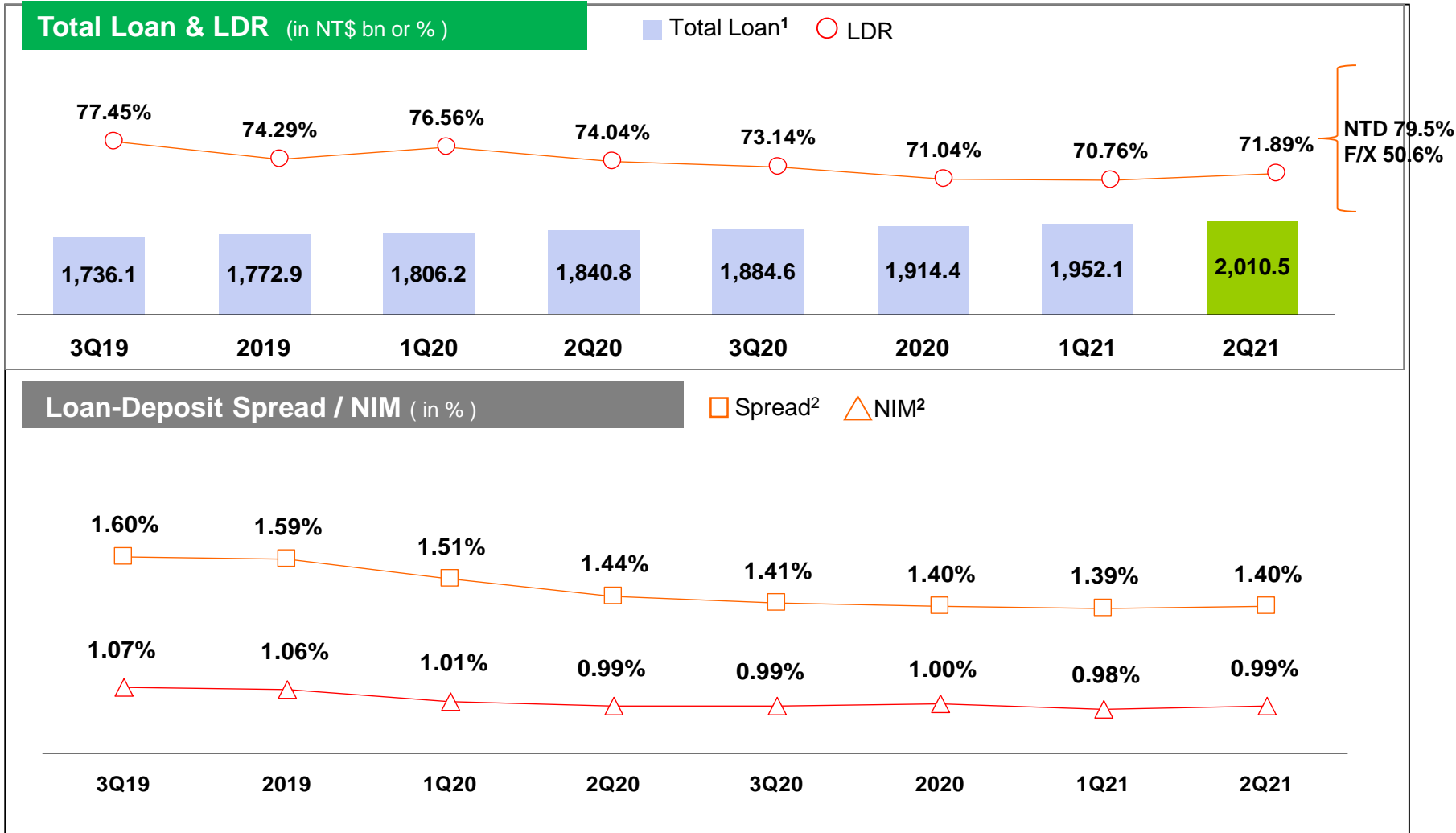
3. Others included other consumer loan and Gov./SOE loan.

FB Loan Breakdown

-QoQ Comparison

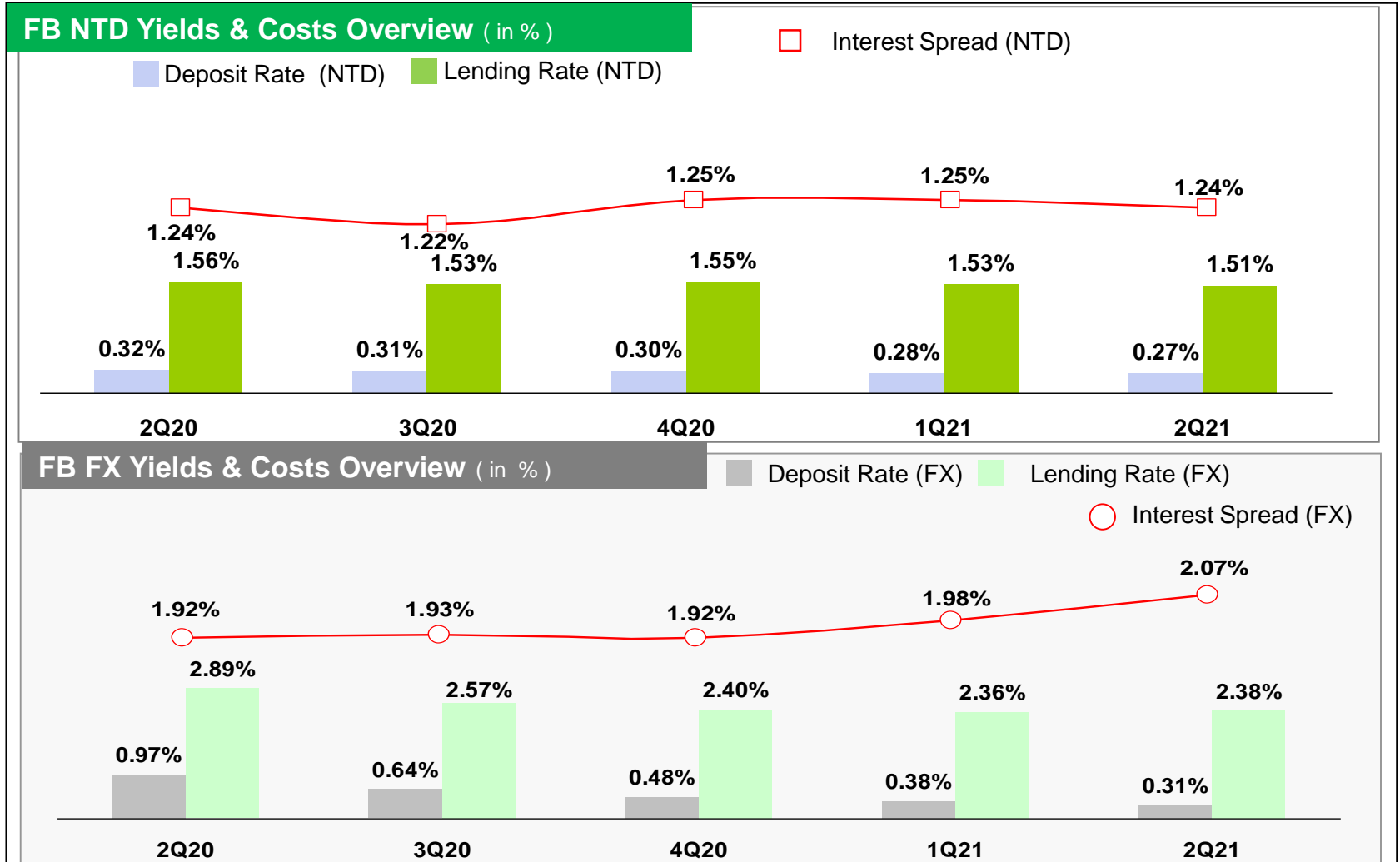


FB 1H21 LDR, SPREAD & NIM



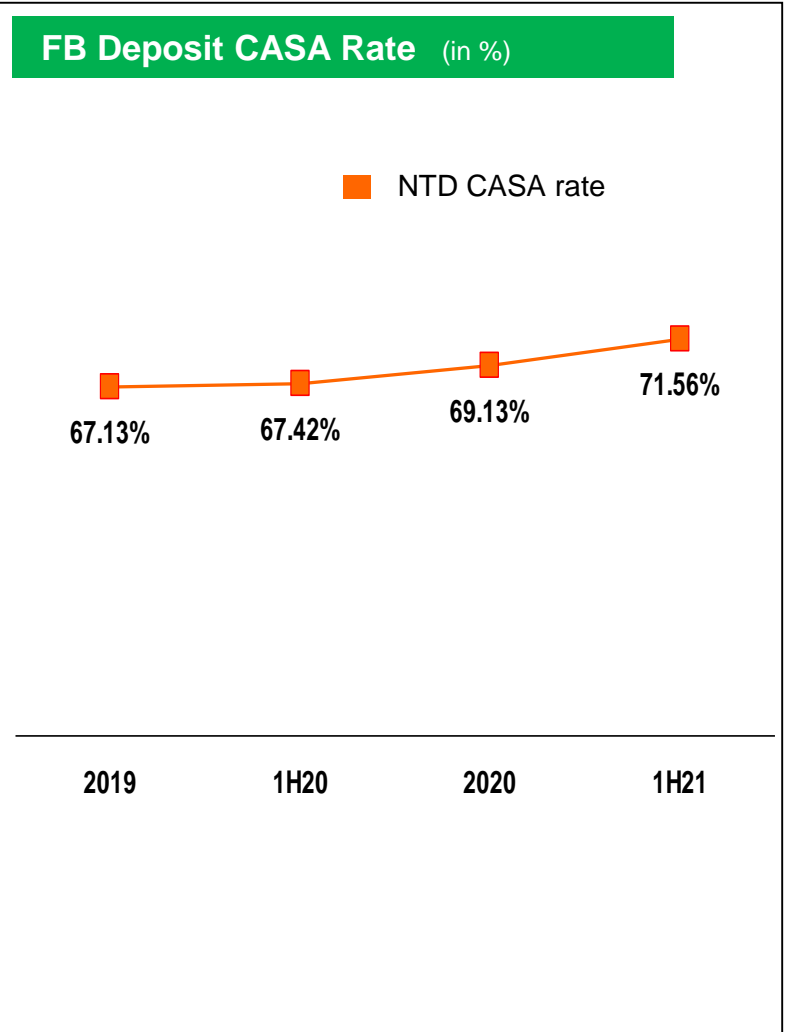
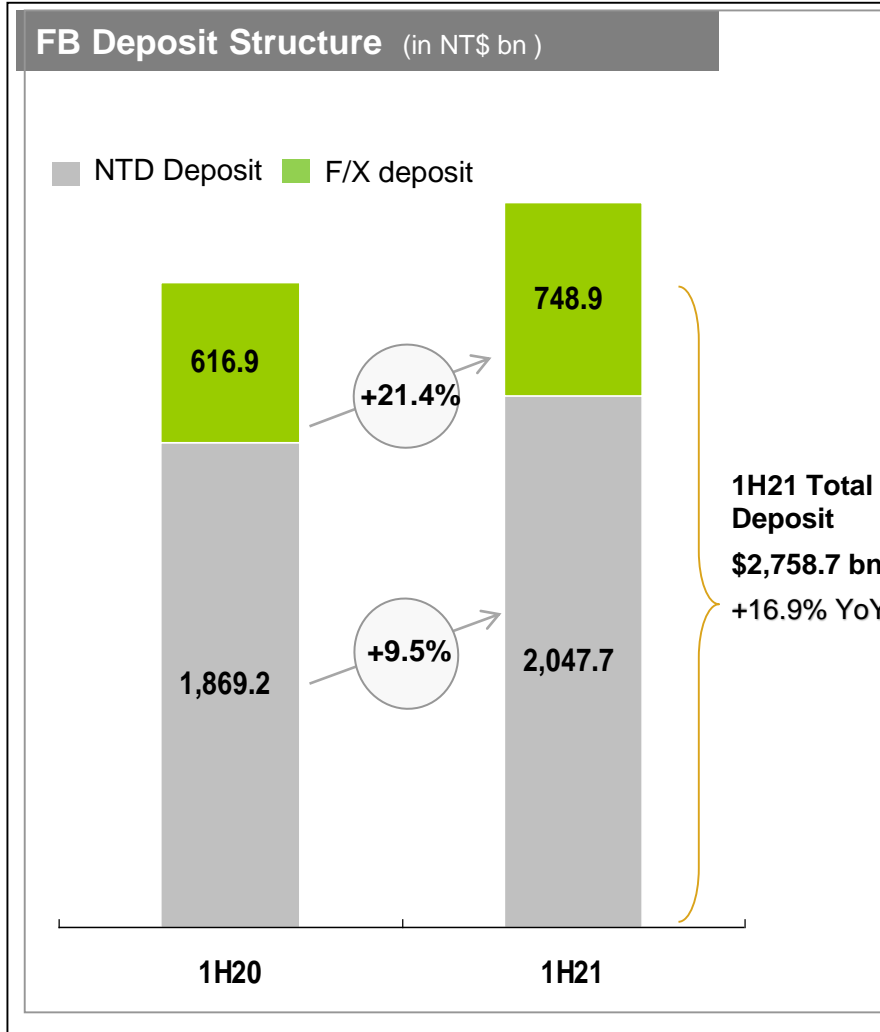
1. Total Loan = loan + import/export negotiation + NALs
 2. Annual cumulative Average Spread and NIM

FB 1H21 Loan Yields

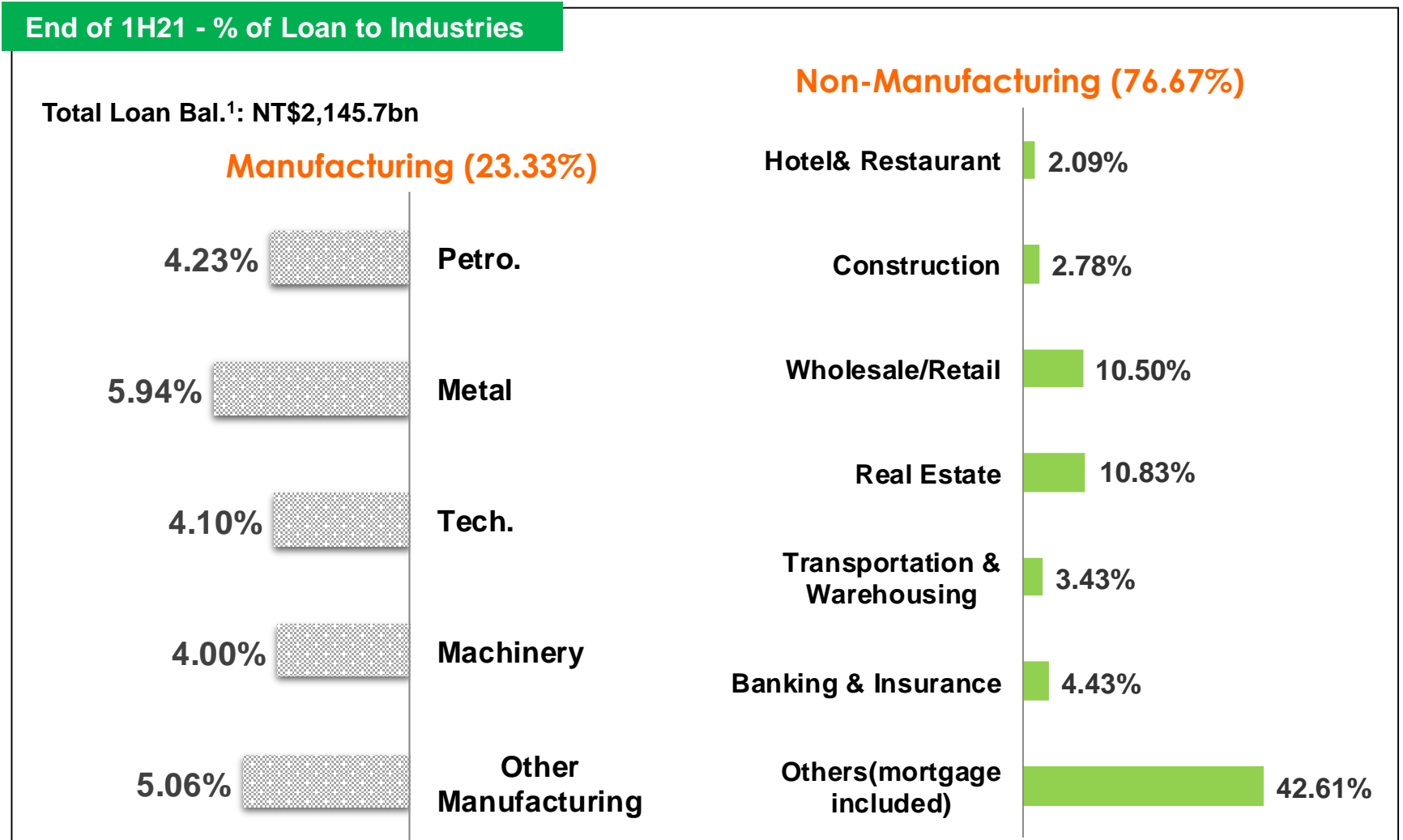


*All rates are **QUARTERLY** average rates.

FB 1H21 Deposit Mix



Major Exposures to Specific Industries

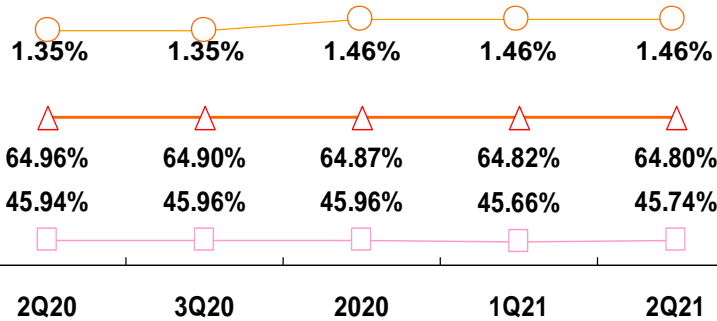


1. Total exposures does not includes NALs and investment.

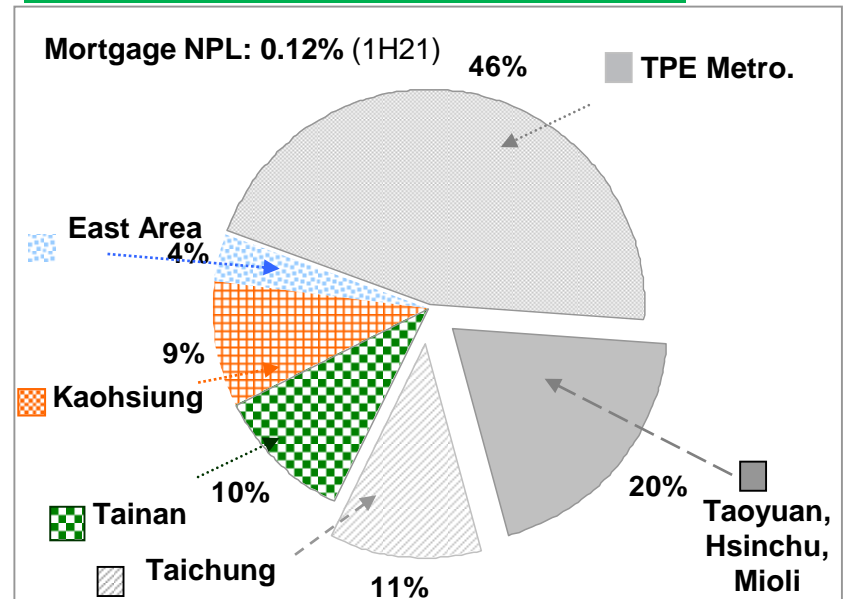
FB 1H21 Mortgage Book

Mortgage Yield & LTV Ratio (in %)

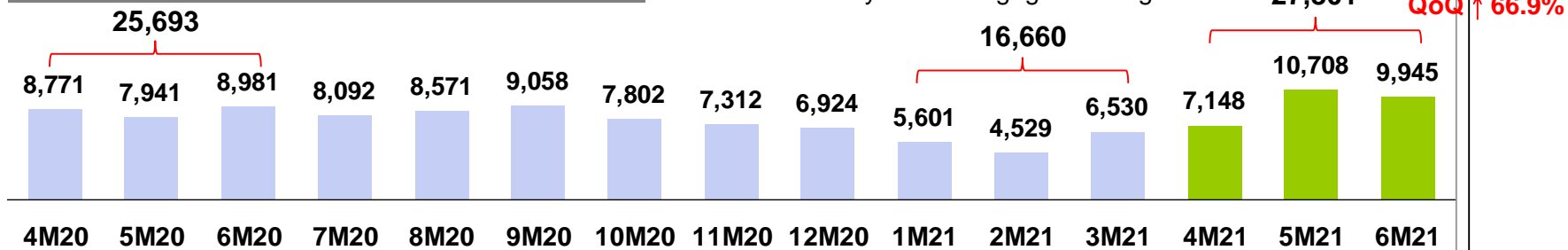
- △ Loan-to-value ratio of new mortgage
- Avg. loan-to-value ratio ○ Mortgage Yield



Mortgage by Location (in %)

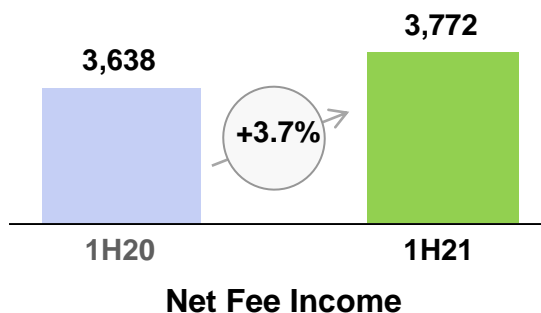


Monthly New Mortgage Lending (in NT\$m)



FB 1H21 Fee Income Breakdown

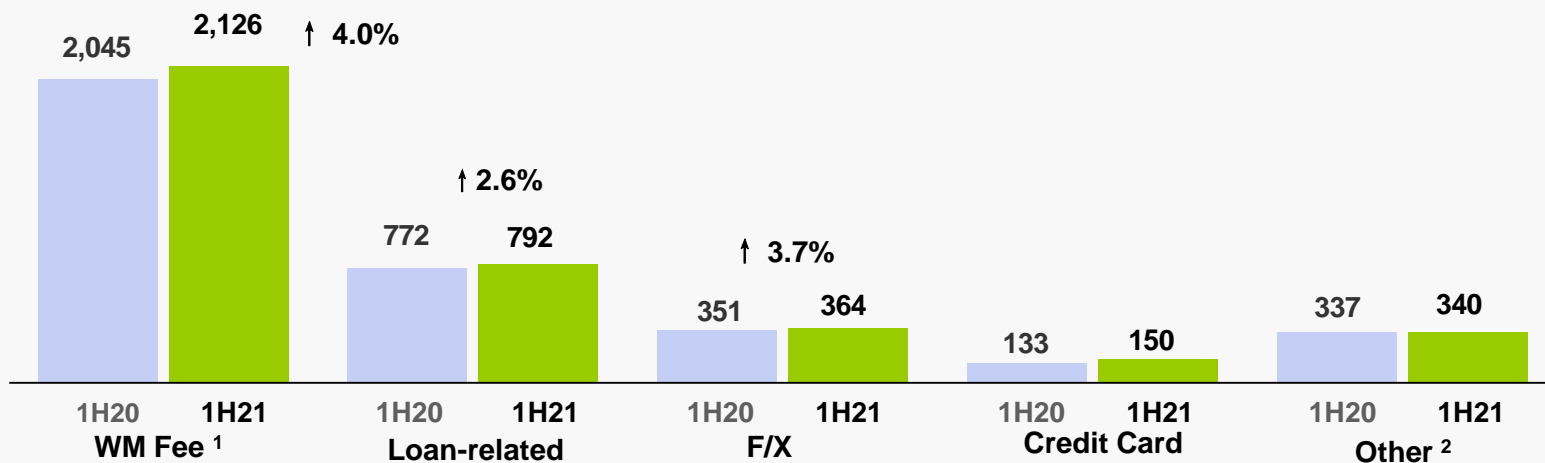
1H21 Cumulative Net Fee Income (in NT\$ mn or %)



% of Cumulative Net Fee

Item	1H20	1H21	Change
WM ¹	56.2%	56.4%	+0.2%
Loan-related	21.2%	21.0%	-0.2%
F/X	9.6%	9.6%	+0.0%
Credit Card	3.7%	4.0%	+0.3%
Other ²	9.3%	9.0%	-0.3%
Cumulative Net Fee	100.0%	100.0%	

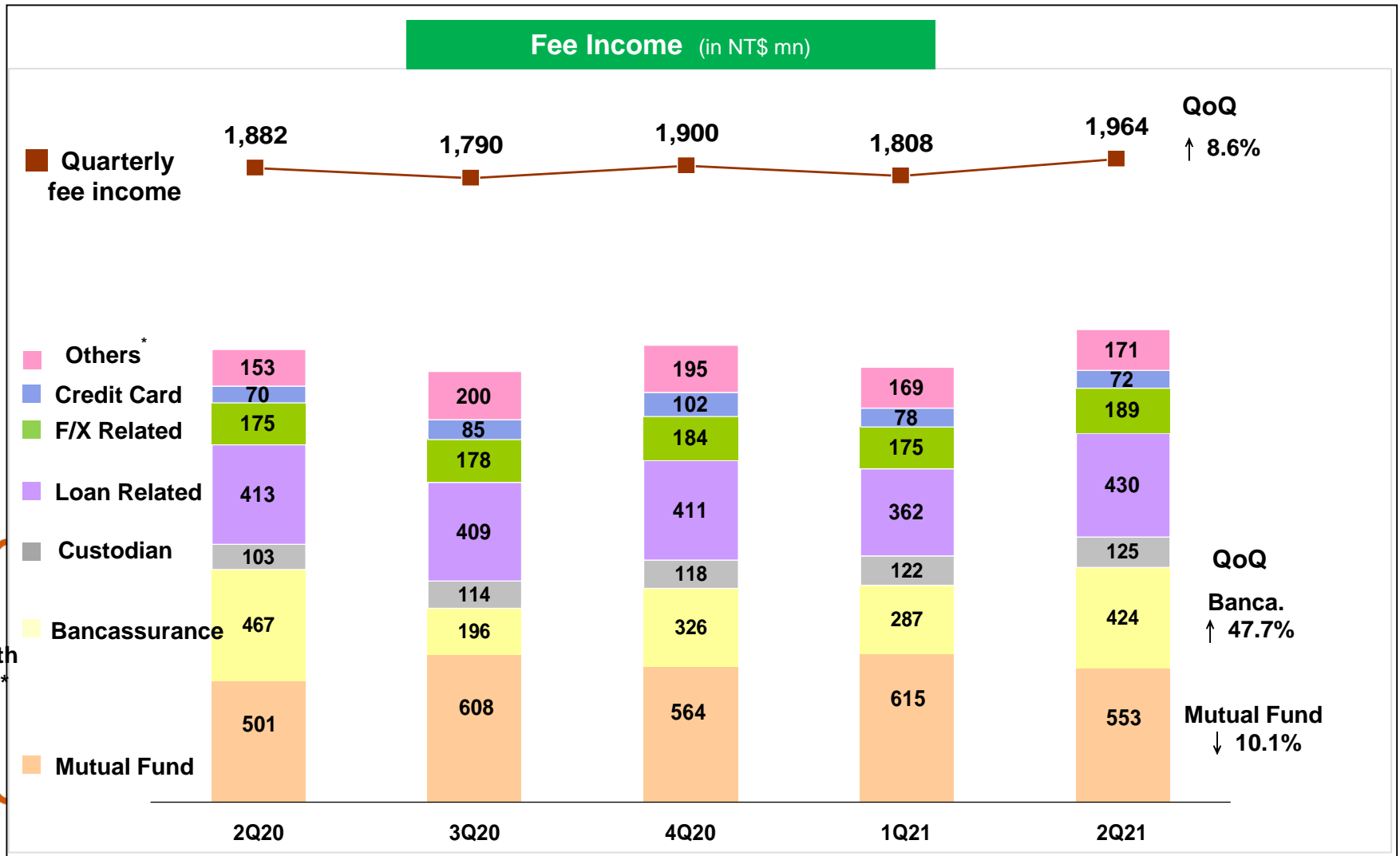
1H21 Cumulative Net Fee Breakdown (in NT\$ mn)



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

FB Fee Income Breakdown

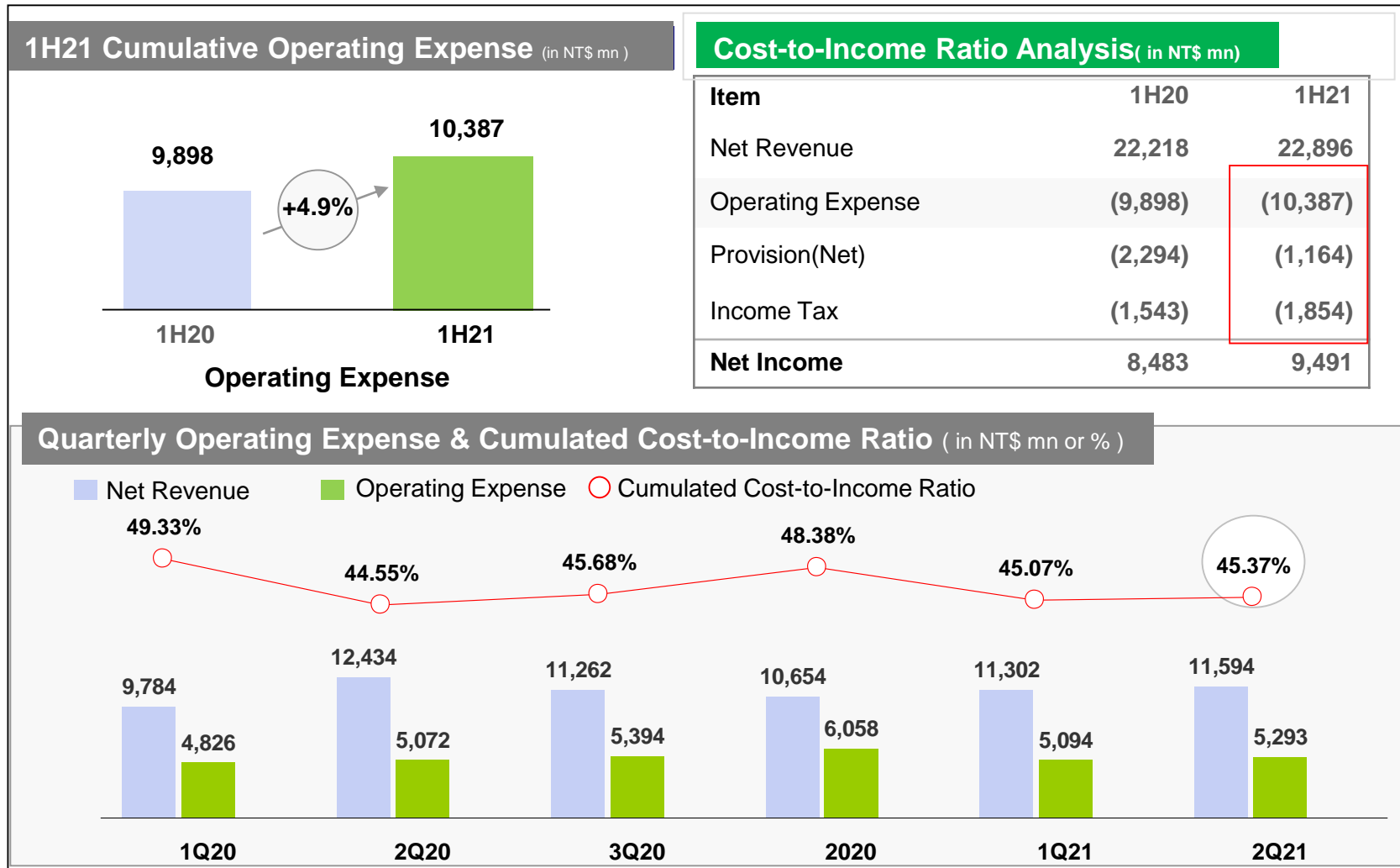
-QoQ Comparison



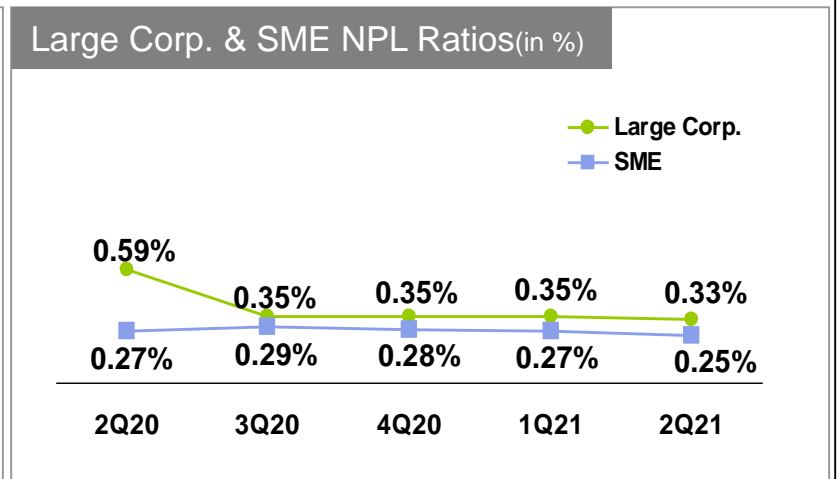
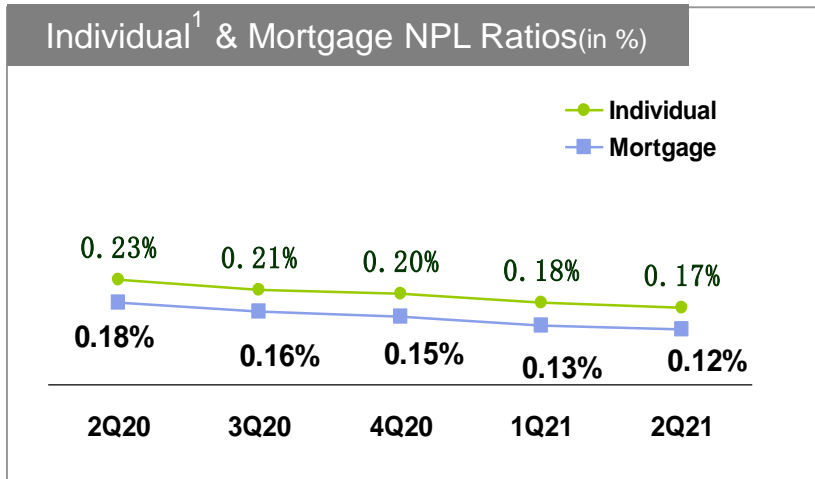
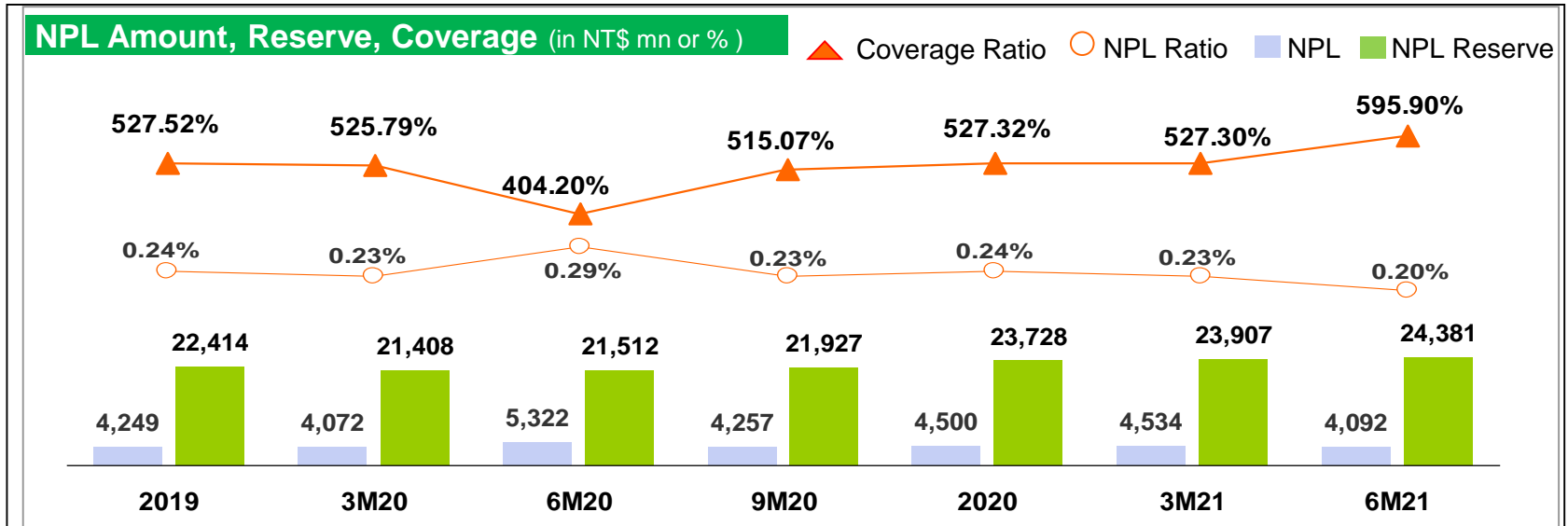
* Wealth Management Fee = Fund sales + Bancassurance + Custodian

*Other represents network service fee, including overseas branches

FB 1H21 Cost-to-Income Ratio



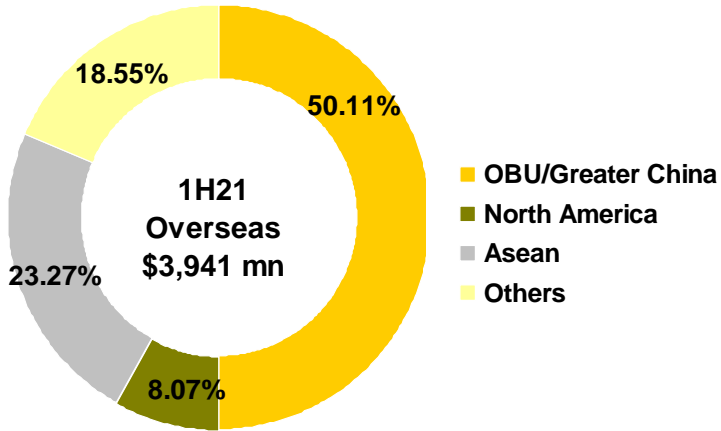
FB 1H21 Asset Quality



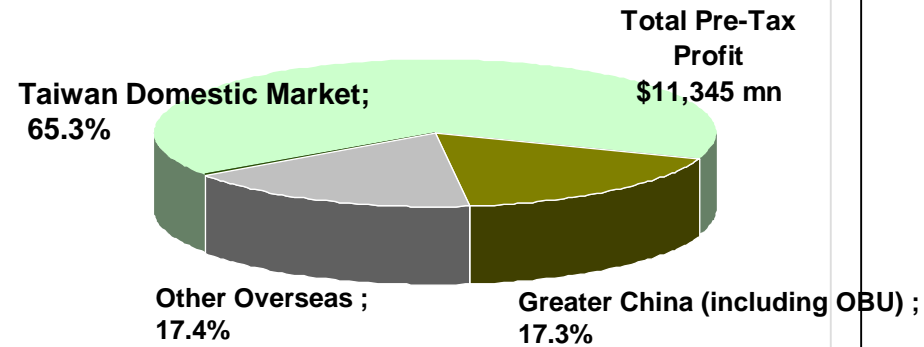
1. Individual: mortgage and non-mortgage loan included

FB 1H21 Overseas Profits

1H21 FB Overseas Pre-Tax Profit Mix (in NT\$ mn or %)

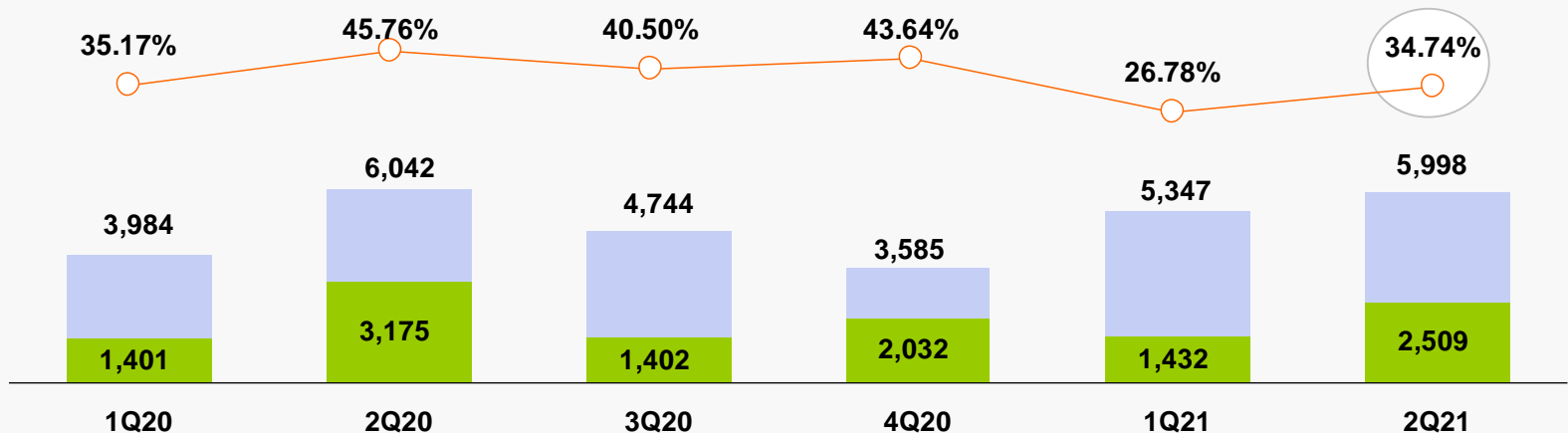


1H21 FB Total Pre-Tax Profit Mix (in NT\$ mn or %)

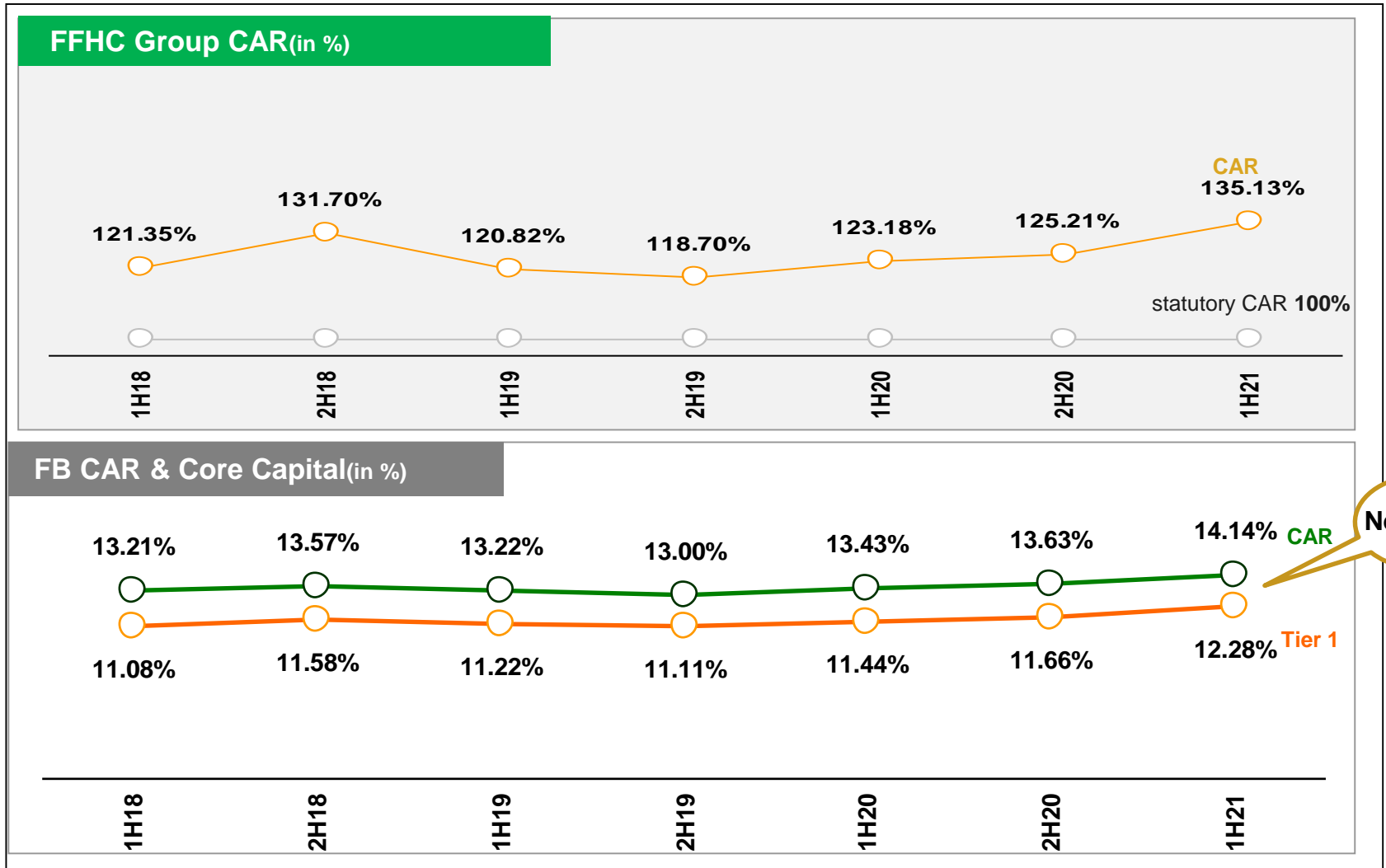


Quarterly Overseas & Total PTP (in NT\$ mn or %)

Overseas (Green), Total (Blue), Cumulative Overseas PTP to FB Total PTP (Orange)



CAR & Core Capital



- Leverage ceiling for holding companies in Taiwan: Double Leverage < 125% ; Debt Ratio < 30%
- New LTV method adopted from June, 30 2021, which mainly linked to Mortgage and ADC RWA calculations.



Appendix



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

	2017	2018	2019	2020	Year-over-Year Comparison		
					1H20	1H21	Change
Net interest income	29,993	30,268	29,604	30,483	14,715	16,492	12.1%
Net service fee & commission	8,341	8,526	8,676	8,853	4,265	5,080	19.1%
Net Insurance revenue	5,130	11,733	11,729	10,992	4,080	5,141	26.0%
Gain on financial assets meas. at fair value through P/L	5,550	4,880	9,072	5,928	2,959	1,971	-33.4%
Real estate investment gain	93	117	138	211	78	106	35.9%
Gain on AFS financial assets	1,052	0	0	0	0	0	--
Gain on financial assets at fair value through other compre. income	0	1,566	1,505	2,673	1,081	1,560	44.3%
Income from equity invest.	138	110	125	137	84	41	-51.2%
Excluding gain on fin. assets measured at amort.c	0	22	40	63	64	(26)	-140.6%
Reserve of overlay approach	0	0	(22)	39	134	(69)	--
Net gain on F/X	(170)	2,499	1,147	243	528	618	17.0%
Assets impairment loss	(46)	(90)	(18)	(42)	(19)	45	-336.8%
Others	746	618	322	(12)	86	383	345.3%
Net Revenue	50,827	60,249	62,318	59,568	28,055	31,342	11.7%
Net Provision for credit losses	(6,772)	(5,486)	(3,852)	(4,511)	(2,335)	(1,189)	-49.1%
Recovered(provided) for insurance res.	(4,560)	(11,153)	(11,256)	(10,707)	(3,926)	(5,017)	27.8%
Operating Expense	(21,347)	(22,906)	(23,901)	(24,730)	(11,481)	(12,282)	7.0%
Income from continued op. before tax	18,148	20,703	23,309	19,620	10,313	12,854	24.6%
Income tax expenses	(2,716)	(3,370)	(3,940)	(2,812)	(1,548)	(1,940)	25.3%
Consolidated net income	15,432	17,332	19,369	16,808	8,764	10,913	24.5%
Other Items	(1,038)	417	7,399	(2,248)	(3,128)	(2,941)	-6.0%
Comprehensive Income	14,394	17,749	26,768	14,559	5,636	7,972	41.4%
Net Income attributed to:							
Parent	15,483	17,332	19,369	16,808	8,764	10,913	24.5%
Minority interests	(51)	0	0	0	0	0	-
Comprehensive Income attributed to:							
Parent	14,380	17,749	26,768	14,559	5,636	7,972	41.4%
Minority interests	14	0	0	0	0	0	-
EPS ¹ (NT\$)	1.24	1.35	1.51	1.31	0.68	0.85	25.0%

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	2020	1H20	1H21	Change
Operating revenues							
Income from long-term investment	15,693	17,904	19,835	17,146	8,908	10,972	23.2%
Other income ¹	246	227	190	187	142	141	-0.7%
Total revenues	15,939	18,131	20,025	17,333	9,050	11,112	22.8%
Loss from long-term investment	(53)	(321)	0	0	(52)	0	-
Operating expenses	(334)	(356)	(389)	(378)	(182)	(198)	8.8%
Other expenses and losses	(118)	(110)	(202)	(201)	(106)	(90)	-15.1%
Income from continued op. before tax	15,434	17,344	19,434	16,753	8,710	10,824	24.3%
Income from continued op. after tax	15,483	17,332	19,369	16,808	8,764	10,913	24.5%
Income from discontinued op., net of tax	0	0	0	0	0	0	--
Net income	15,483	17,332	19,369	16,808	8,764	10,913	24.5%
EPS ² (NT\$)	1.24	1.35	1.51	1.31	0.68	0.85	25.0%

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 Years Result				Year-over-Year Comparison		
	2017	2018	2019	2020	1H20	1H21	Change
Non-consolidated Balance Sheet Data							
Long-term investment	205,970	217,409	232,876	234,703	225,637	233,836	3.6%
Total non-consolidated assets	208,951	224,661	241,223	243,926	246,958	251,729	1.9%
Total liabilities	17,168	19,358	21,490	22,719	34,675	22,550	-35.0%
Total shareholders' equity	191,783	205,303	219,733	221,207	212,283	229,179	8.0%
Consolidated Balance Sheet Data							
Total consolidated assets	2,634,059	2,935,204	3,206,767	3,550,504	3,234,777	3,600,729	11.3%
Total liabilities	2,442,008	2,729,901	2,987,034	3,329,297	3,022,493	3,371,550	11.5%
Total shareholders' equity	192,051	205,303	219,733	221,207	212,283	229,179	8.0%
Parent's shareholders' equity	191,783	205,303	219,733	221,207	212,283	229,179	8.0%
Minority interests	268	0	0	0	0	0	--
Current shares outstanding**	122,164	123,386	124,619	128,358	128,358	128,358	0.0%

*figures may not match due to rounding

FFHC Key Ratios

FFHC Key Ratios

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	1H20	1H21	Change
After-tax ROAA (Annualized ratio)	0.60%	0.62%	0.63%	0.50%	0.54%	0.62%	14.8%
After-tax ROAE (Annualized ratio)	8.04%	8.58%	9.11%	7.62%	8.12%	9.70%	19.5%
Book Per Share	15.70	16.64	17.63	17.23	16.54	17.85	7.9%
Capital Stock	122,164	123,386	124,619	128,358	128,358	128,358	0.0%
Double leverage ¹	107.40%	105.90%	105.98%	106.10%	106.29%	102.03%	-4.0%
Group CAR ²	131.31%	131.70%	118.70%	125.21%	123.18%	135.13%	9.7%
Debt Ratio ³	8.24%	8.62%	8.91%	9.31%	14.04%	8.96%	-36.2%

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	2020	1H20	1H21	Change
Net interest income	28,843	28,669	27,832	28,534	13,775	15,385	11.7%
Net fee income	7,457	7,563	7,858	7,328	3,638	3,772	3.7%
Net gain on ST invest.	398	98	515	655	79	107	35.4%
Net gain on LT invest.	719	834	903	826	197	179	-9.1%
Net gain on other fin. products	5,256	8,396	9,932	6,710	4,489	3,025	-32.6%
Other net income	241	462	273	81	40	428	970.0%
Net revenue	42,914	46,022	47,313	44,134	22,218	22,896	3.1%
Operating expenses	(18,466)	(19,863)	(20,834)	(21,350)	(9,898)	(10,387)	4.9%
Pre-provision pre-tax profit	24,448	26,159	26,479	22,785	12,320	12,509	1.5%
Provision expense	(9,621)	(8,480)	(6,655)	(7,900)	(3,709)	(3,003)	-19.0%
Adjustment: bad-debt recovery	2,782	3,017	2,898	3,471	1,414	1,839	30.1%
Income before tax	17,609	20,696	22,722	18,356	10,026	11,345	13.2%
Income tax	(2,467)	(3,134)	(3,688)	(2,673)	(1,543)	(1,854)	20.2%
Net income	15,142	17,562	19,035	15,683	8,483	9,491	11.9%
Other items	(1,214)	503	6,450	(1,974)	(2,636)	(2,841)	7.8%
Comprehensive income	13,928	18,065	25,485	13,709	5,847	6,650	13.7%
EPS	1.70	1.97	2.14	1.76	0.93	1.04	0.12

FB Key Ratios

FB Key Ratios

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	1H20	1H21	Change
Loan to deposit spread	1.65%	1.64%	1.59%	1.40%	1.44%	1.40%	-2.78%
Net Interest Margin	1.26%	1.18%	1.06%	1.00%	0.99%	0.99%	0.00%
Cost to income ratio ³	43.03%	43.19%	44.02%	48.38%	44.55%	45.37%	1.84%
Loan to deposit ratio ¹	79.28%	78.71%	74.29%	71.04%	74.04%	71.89%	-2.90%
NPL ratio	0.38%	0.32%	0.24%	0.24%	0.29%	0.20%	-31.03%
Domestic NPL ratio	0.46%	0.34%	0.28%	0.24%	0.28%	0.21%	-25.00%
Overseas NPL ratio	0.05%	0.23%	0.08%	0.20%	0.35%	0.14%	-60.00%
LLR ratio (excluding gov. loan)	1.38%	1.25%	1.27%	1.26%	1.20%	1.26%	5.00%
Coverage ratio	358.56%	389.64%	527.52%	527.32%	404.20%	595.90%	47.43%
CAR	13.42%	13.57%	13.00%	13.63%	13.43%	14.14%	5.29%
Tier-1	11.25%	11.58%	11.11%	11.66%	11.44%	12.28%	7.34%
ROAA ²	0.60%	0.65%	0.64%	0.48%	0.54%	0.56%	3.70%
ROAE ²	7.91%	8.71%	8.97%	7.16%	7.88%	8.70%	10.41%

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		2021 Quarterly		Year-over-Year Comparison		
	2019	2020	Q1	Q2	1H20	1H21	Change
NPL- beginning	5,449	4,249	4,500	4,534	4,249	4,500	5.9%
Net new NPL influx	4,132	6,408	1,404	177	5,560	1,581	-71.6%
<i>Domestic</i>	3,210	4,866	162	462	4,536	624	-86.2%
<i>Overseas</i>	922	1,542	1,242	(285)	1,024	957	-6.5%
Net write-offs	(5,332)	(6,157)	(1,370)	(619)	(4,487)	(1,989)	-55.7%
NPL- ending balance	4,249	4,500	4,534	4,092	5,322	4,092	-23.1%
Allowance for loan loss- beginning	21,229	22,414	23,728	23,907	22,414	23,728	5.9%
Provisions for loan loss	6,439	7,666	1,483	1,162	3,623	2,645	-27.0%
Net write-offs	(5,332)	(6,157)	(1,370)	(619)	(4,487)	(1,989)	-55.7%
Others	78	(195)	66	(69)	(38)	(3)	-92.1%
Allowance for loan loss- ending	22,414	23,728	23,907	24,381	21,512	24,381	13.3%
Recovery from bad debt	2,897	3,471	691	1,148	1,414	1,839	30.1%
<i>Domestic</i>	2,684	3,414	669	1,067	1,388	1,736	25.1%
<i>Overseas</i>	164	8	10	72	2	82	4000.0%
<i>Credit card</i>	49	49	12	9	24	21	-12.5%

1. Non-consolidated basis

First Sec Income Statement Summary

in NT\$ million or %

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	1H20	1H21	Change
Brokerage commission	849	899	777	1,351	573	1,164	103.1%
Net interest income	306	293	220	242	103	178	72.8%
Underwriting commission	38	97	45	77	24	101	320.8%
Transaction gains through F/V, net	227	29	270	476	54	359	564.8%
Other operating income	107	34	89	127	57	47	-17.5%
Total operating income	1,527	1,352	1,401	2,273	811	1,849	128.0%
Total operating expenses	(1,301)	(1,260)	(1,172)	(1,489)	(665)	(921)	38.5%
Non-operating income	72	77	86	80	30	47	56.7%
Income before tax	298	169	315	864	176	975	454.0%
Income tax	(26)	(55)	(43)	(120)	(20)	(99)	395.0%
Cummulative effect of change in accounting principles	0	0	0	0	0	0	#DIV/0!
Net income	272	114	272	744	156	876	461.5%
First Sec Key Ratios							
ROAE (Annualized)	4.41%	1.81%	4.28%	11.05%	4.84%	24.02%	396.3%
ROAA (Annualized)	1.55%	0.61%	1.32%	2.81%	1.31%	5.10%	289.3%
Brokerage market share	1.53%	1.42%	1.39%	1.50%	1.43%	1.39%	-2.8%
Margin loan market share	2.94%	2.53%	2.29%	2.46%	2.37%	2.35%	-0.8%

FSITC Operating Report

FSITC Income Statement Summary in NT\$ million or %

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	1H20	1H21	Change
Total operating income							
Management fee	501	640	615	584	265	334	26.0%
Sales service fee	7	13	28	33	20	14	-30.0%
Total operating income	508	653	643	617	285	348	22.1%
Operating expenses	(440)	(540)	(559)	(532)	(249)	(294)	18.1%
Non-operating income	15	12	21	8	4	9	125.0%
Income before tax	82	125	105	93	40	63	57.5%
Income tax	(12)	(24)	(19)	(18)	(8)	(11)	37.5%
Income after tax	70	101	86	76	32	51	59.4%
Cummulative effect of change in accounting principles	0	0	0	0	0	0	#DIV/0!
Net income	70	101	86	76	32	51	59.4%
FSITC Key Ratios							
AUM	101,095	85,558	105,042	108,551	105,079	111,769	6.4%
AUM Ranking	8	9	10	11	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	2020	1H20	1H21	Change
Income Statement Summary							
Operating Revenue	13,298	13,506	14,435	14,865	5,998	7,543	25.8%
Premium Income	11,684	12,698	13,193	13,330	5,318	6,581	23.7%
Other insurance income	277	312	272	256	126	129	2.4%
Net Investment Income	1,337	496	970	1,279	554	833	50.4%
Operating Cost	12,861	13,022	13,565	13,743	5,516	6,863	24.4%
Reinsurance commission	40	49	59	68	32	37	15.6%
Reserves	4,566	11,192	11,304	10,745	3,954	5,028	27.2%
Claims	7,419	851	1,329	2,210	1,167	1,381	18.3%
Commission	711	930	873	720	362	417	15.2%
Others	125	0	0	0	1	0	--
Operating Expenses	(566)	(638)	(655)	(730)	(353)	(353)	0.0%
Profit/Loss of Operation	(129)	(154)	215	392	129	327	153.5%
Non-Operating Profit	0	0	0	0	0	0	--
Profit/Loss Before Tax	(129)	(154)	215	392	129	327	153.5%
Income tax	26	13	29	94	47	19	-59.6%
Net Income after tax	(103)	(141)	244	485	176	346	96.6%
Key Ratios							
ROAE(Annualized ratio)	-19.39%	-13.46%	10.44%	14.02%	10.88%	16.12%	48.2%
ROAA(Annualized ratio)	-0.30%	-0.34%	0.47%	0.76%	0.60%	0.98%	63.3%

* FFHC claims 51% of First-Aviva operating results in 2017.

