

# First Financial Holding

## 2021 3Q Earnings Result

November 30, 2021, Taipei



MERRY CHRISTMAS  
&  
HAPPY NEW YEAR!

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# Contents

- At a Glance
- Financial Highlight
- Operating Results
- Appendix



At a Glance

## Bottomline Improved on Robust Core Earnings

### ◆ A Smooth Pace in 3Q21 as Market-Driven Income Varied:

FFHC delivered 3Q21 earnings totaled NT\$16,521 mn(+23.5%,YoY) thanks to group's diversified revenue streams, which helped boost bottom-line to double-digit growth for 3Q21.

### ◆ FB's Loan book grew by +7.9% (YoY), demand from corporates continued whereas mortgage softened in 3Q21:

Large Corp. and SME both booked double-digit growth, similar to post-2008 financial crisis, while mortgage slowed down reflecting renewed capital gain tax on property in 2H21.

### ◆ Non-Bank subsidiaries maintained at 12% profit contribution till 3Q21:

Broker & Life, though softened in 3Q21, representing 12% profit contribution of FFHC's profits.

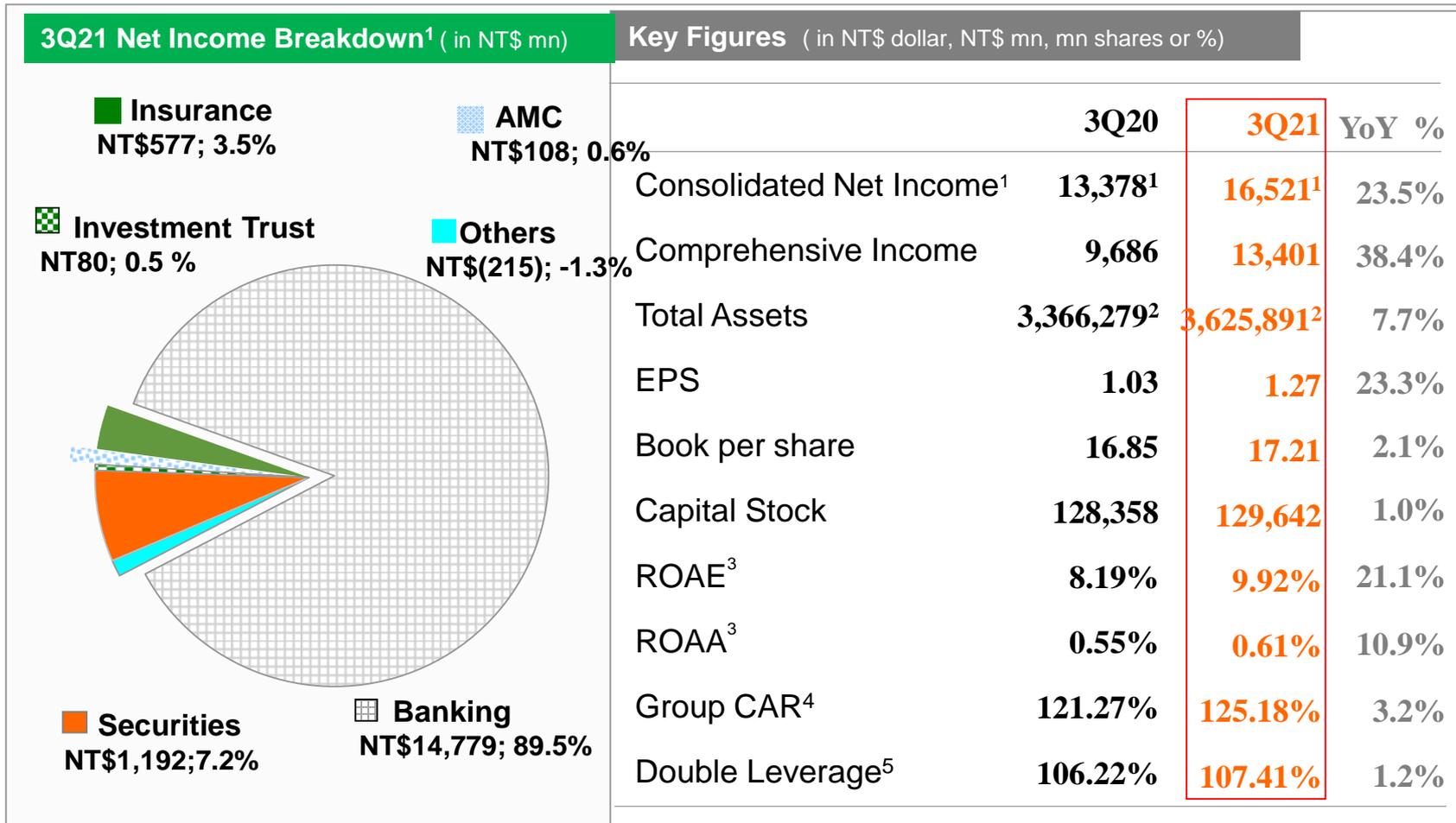
### ◆ Macro Moves Toward Another Normalized-Rate Cycle:

Inflation fear arose in the resurgence of oilprice, tapering bond purchase or rate-hiking is expected in the coming year, bringing global macro. into another cycle.



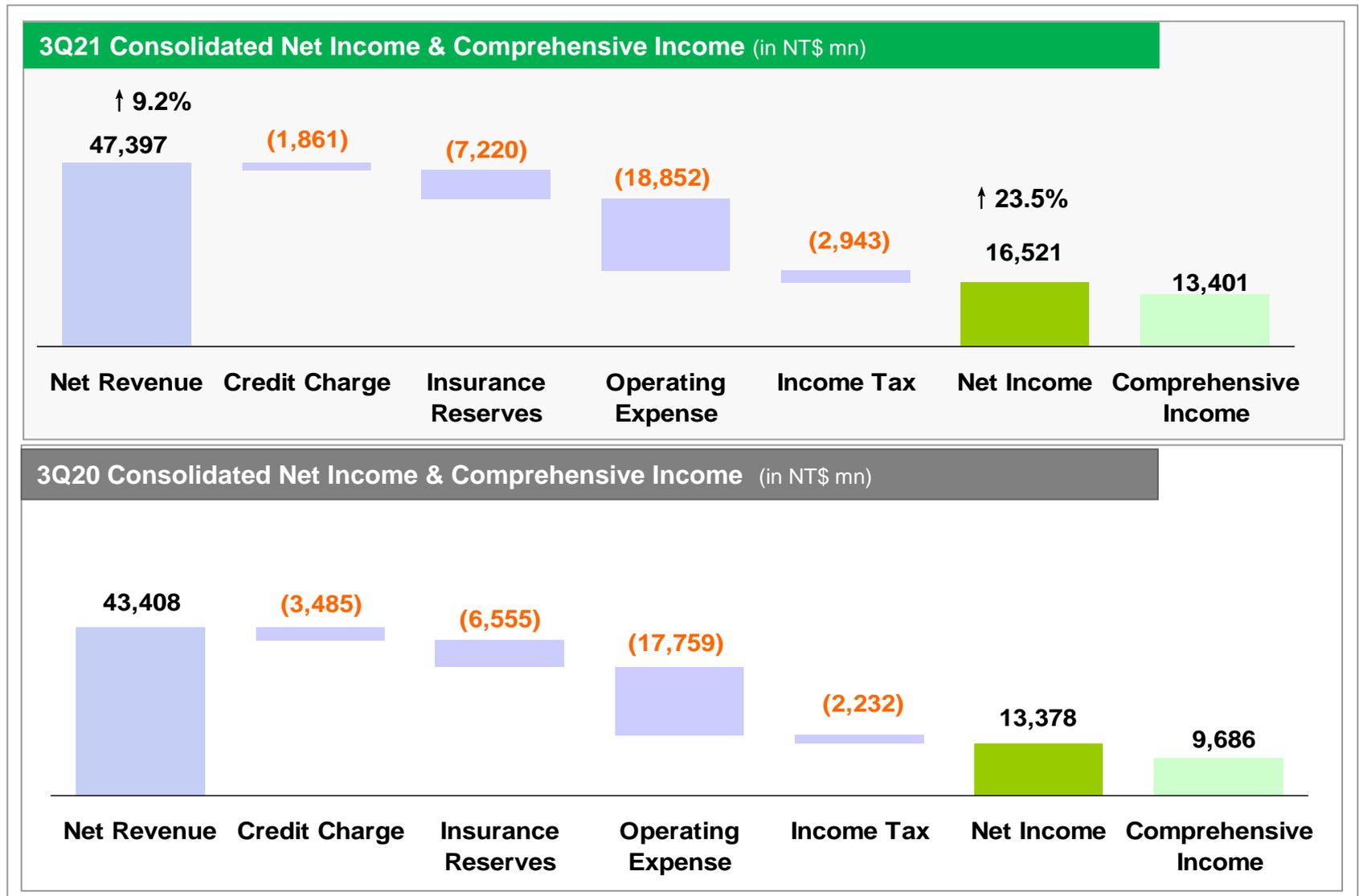
# 3Q21 Financial Highlight

# 3Q21 Key Figures

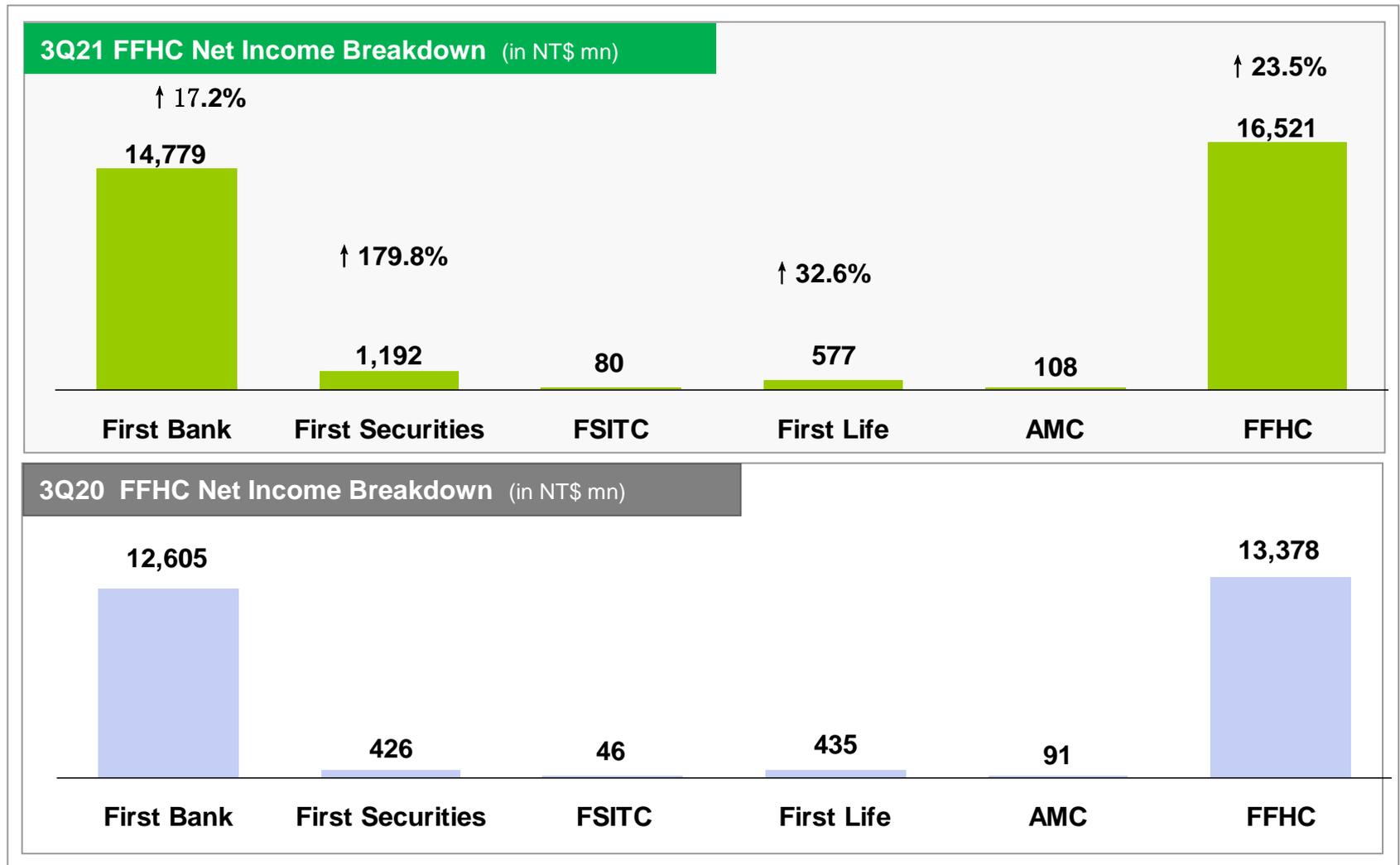


1. Based on the classification of specific company's business units, financial information by business segments should be listed individually.  
 2. Adjusted proactively due to net receivables/payables offset.  
 3. Annualized figures. . 4. Updated semi-annually.  
 5. Double Leverage = Equity Investment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

# Net Income & Comprehensive Income



# Net Income Breakdown by Subsidiaries\*

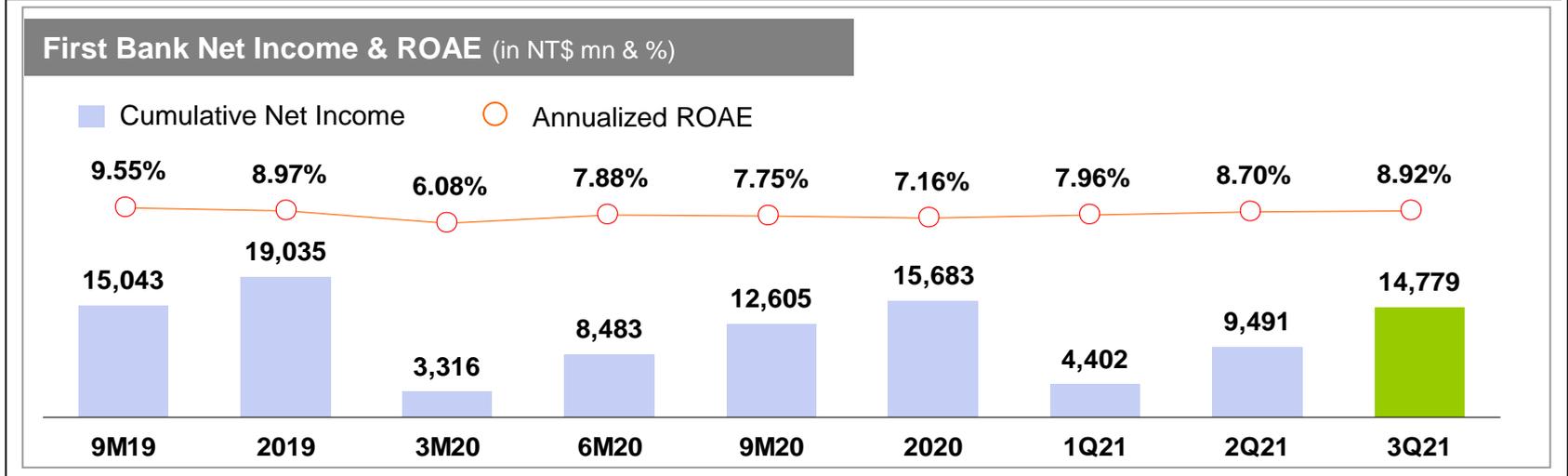
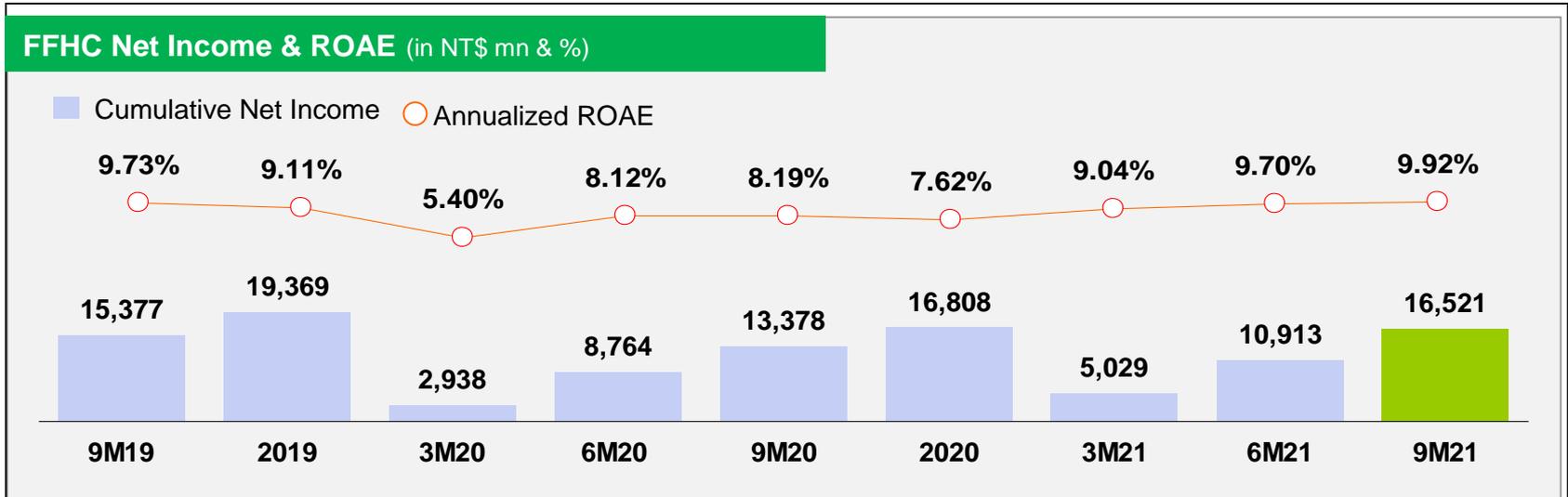


\* Major 5 subsidiaries were listed.

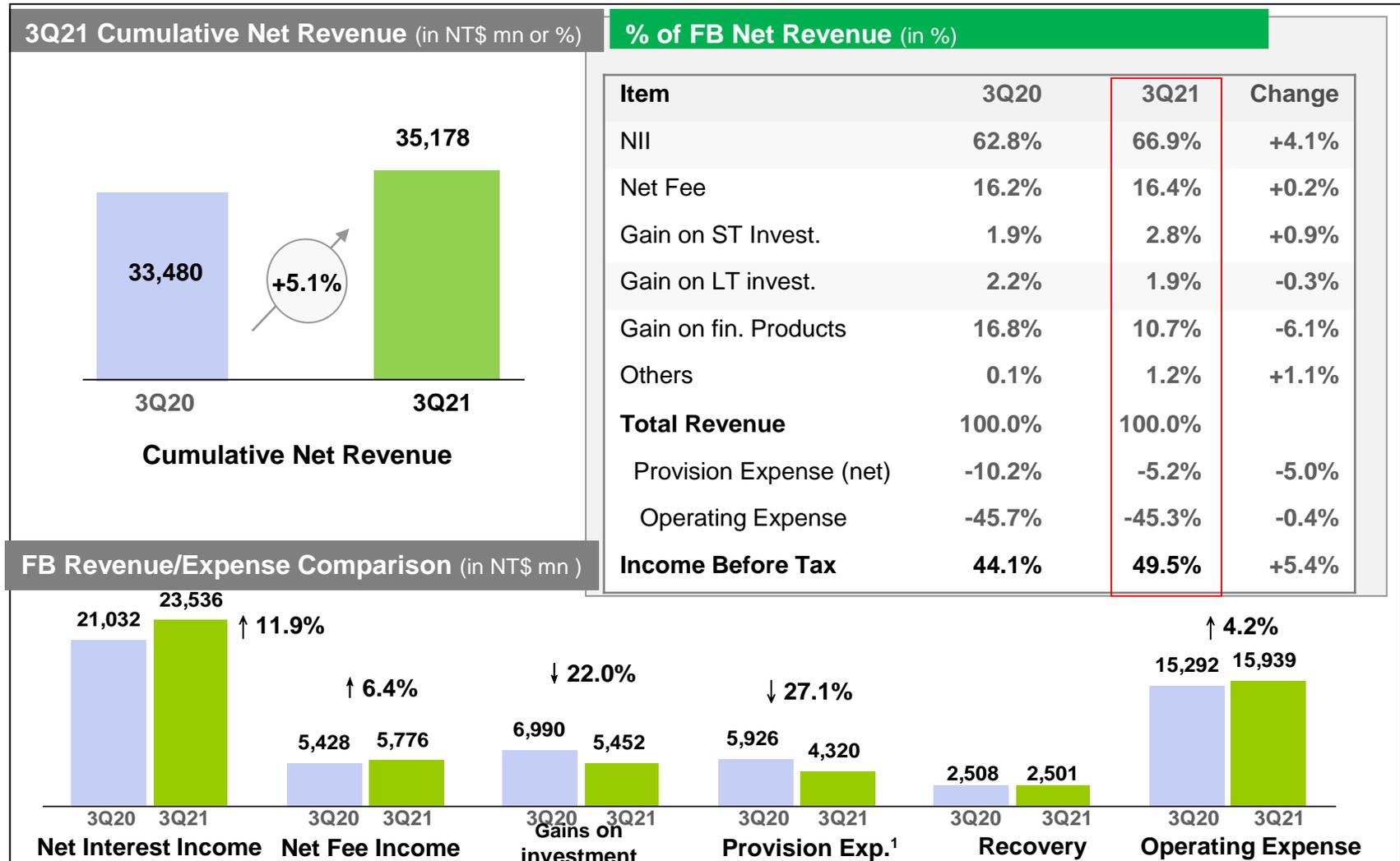


# 3Q21 Operating Results

# FFHC & First Bank Profitability -After Tax



# FB 3Q21 Pre-tax Profit



1. Gross Provision expense.

# FB 3Q21 Loan Book Mix

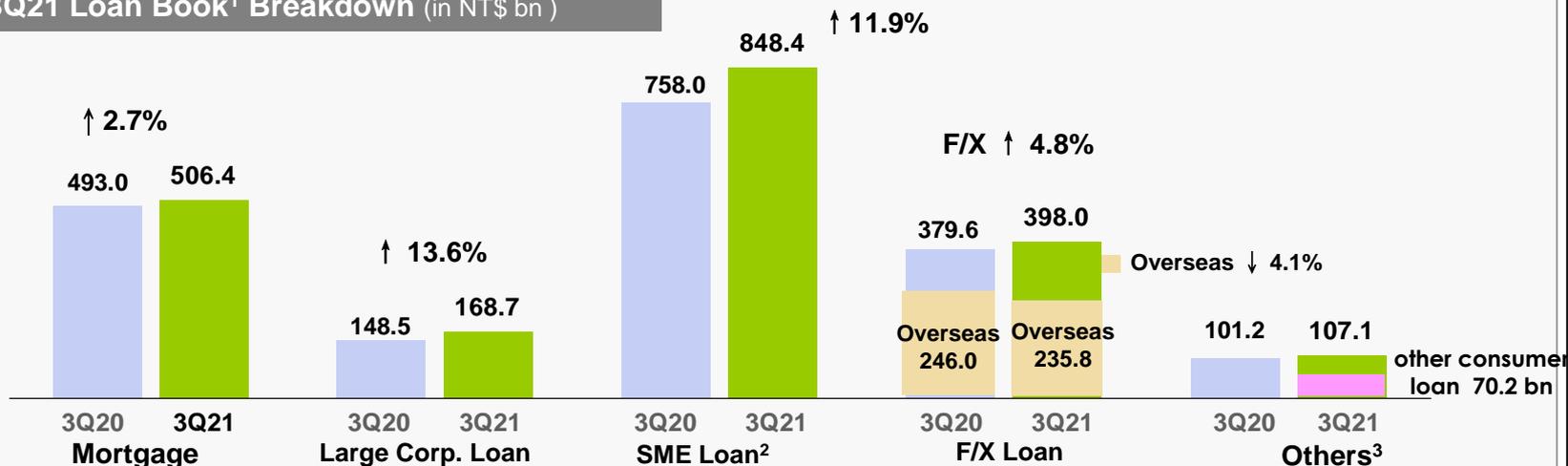
3Q21 Loan Book<sup>1</sup> (in NT\$ bn or %)



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

Item	3Q20	3Q21	Change
<b>Consumer</b>	29.1%	28.5%	-0.6%
Mortgage	26.2%	25.0%	-1.2%
Other Consumer Loan	2.9%	3.5%	+0.6%
<b>Corporate Banking</b>	70.9%	71.5%	+0.6%
Large Corp. Loan	7.9%	8.3%	+0.4%
SME Loan <sup>2</sup>	40.3%	41.8%	+1.5%
F/X/ Loan	20.2%	19.6%	-0.6%
<b>--- Overseas</b>	13.1%	11.6%	-1.5%
Gov./ SOE Loan	2.5%	1.8%	-0.7%
<b>Loan Book<sup>1</sup></b>	<b>100.0%</b>	<b>100.0%</b>	

3Q21 Loan Book<sup>1</sup> Breakdown (in NT\$ bn)



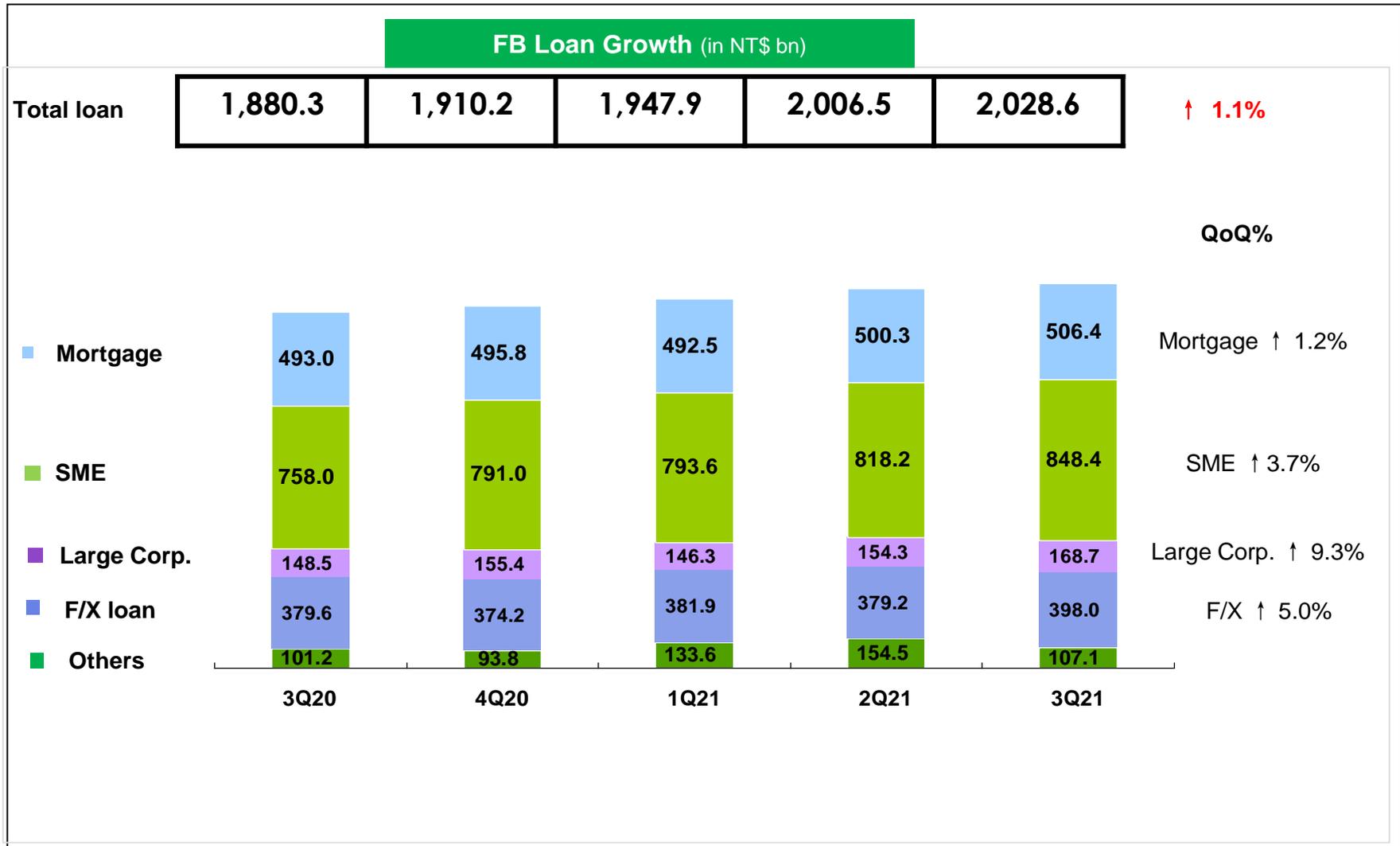
1. Loan Book does not include NALs

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

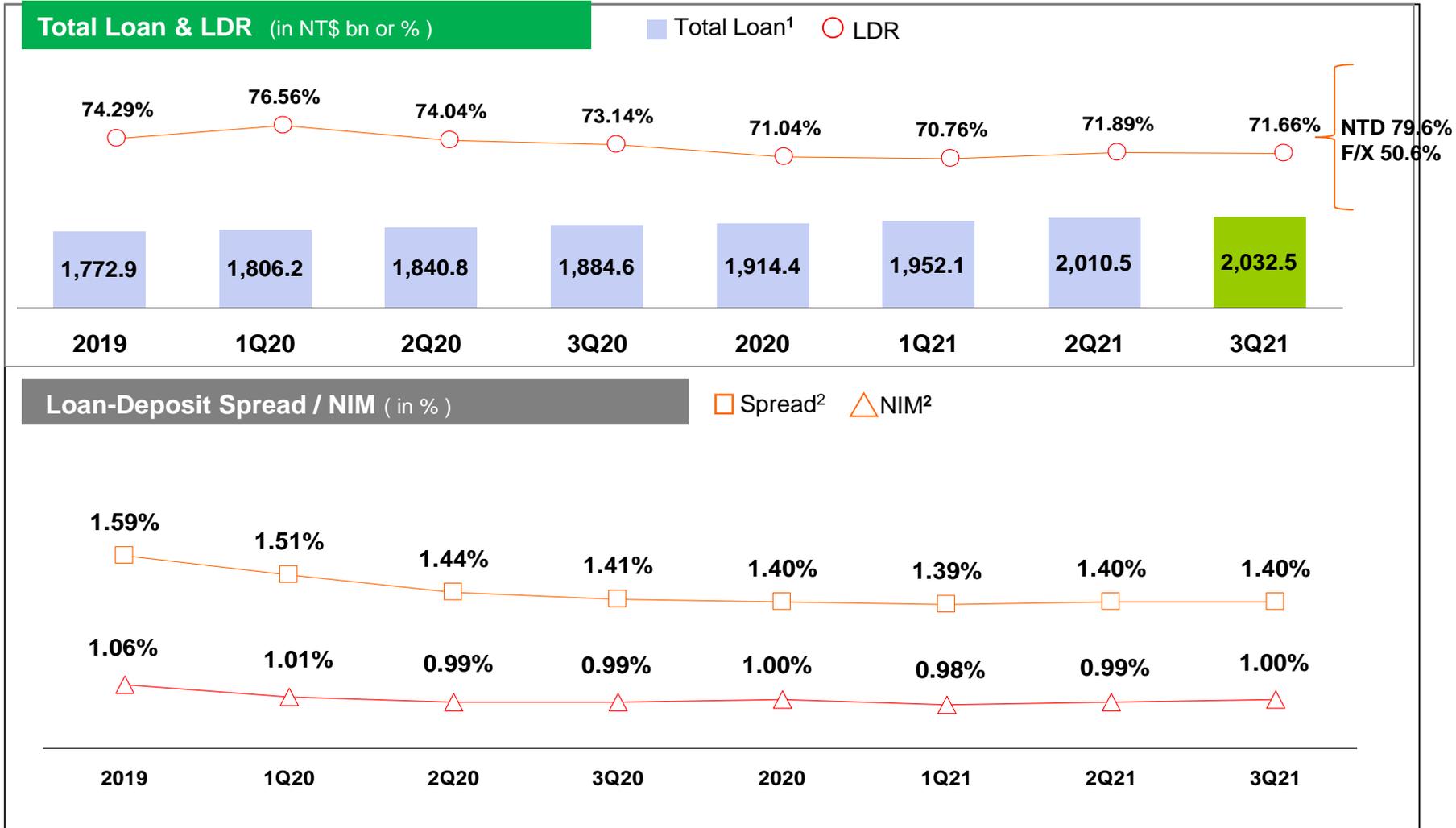
3. Others included other consumer loan and Gov./SOE loan.

# FB Loan Breakdown

## -QoQ Comparison

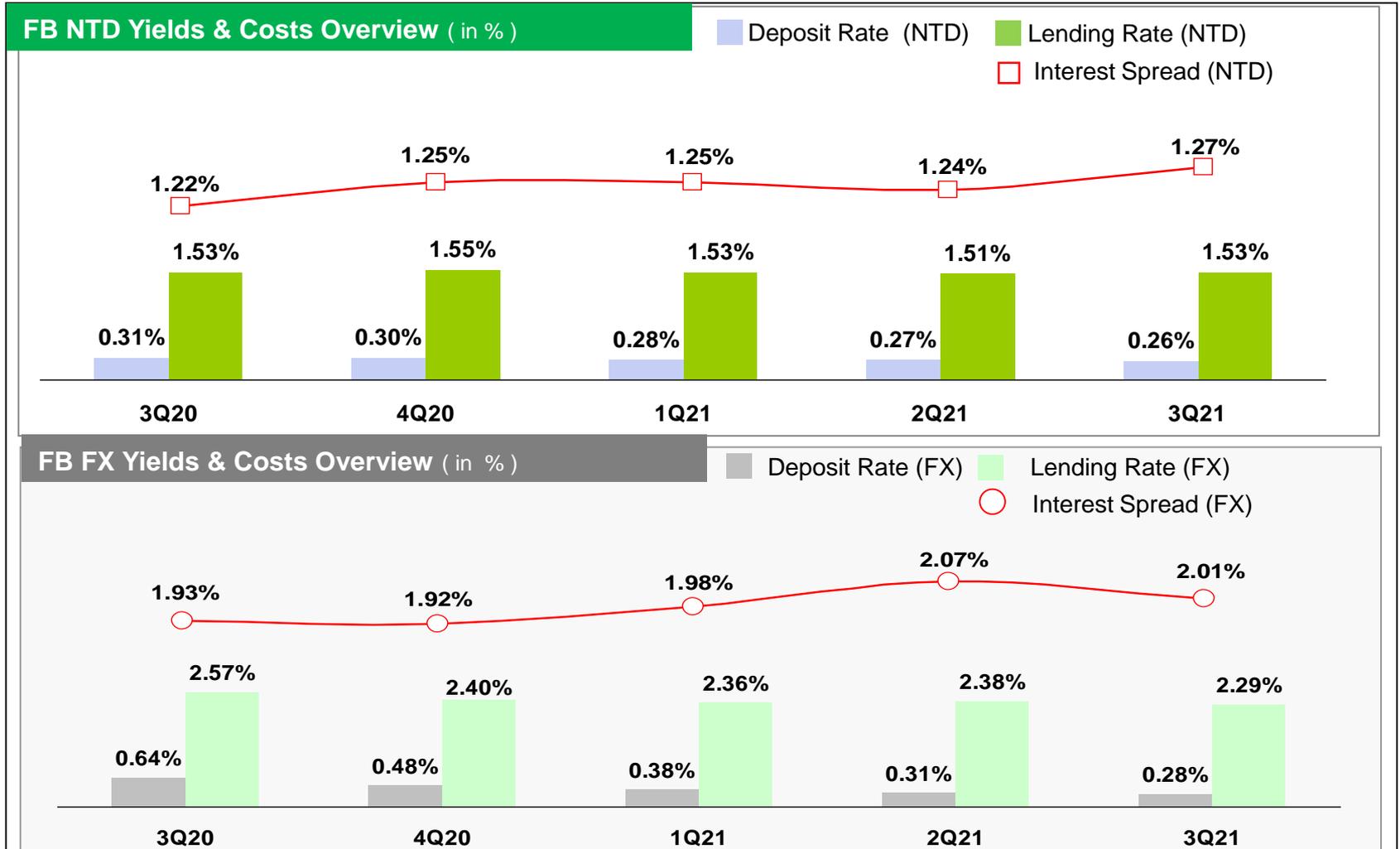


# FB 3Q21 LDR, SPREAD & NIM



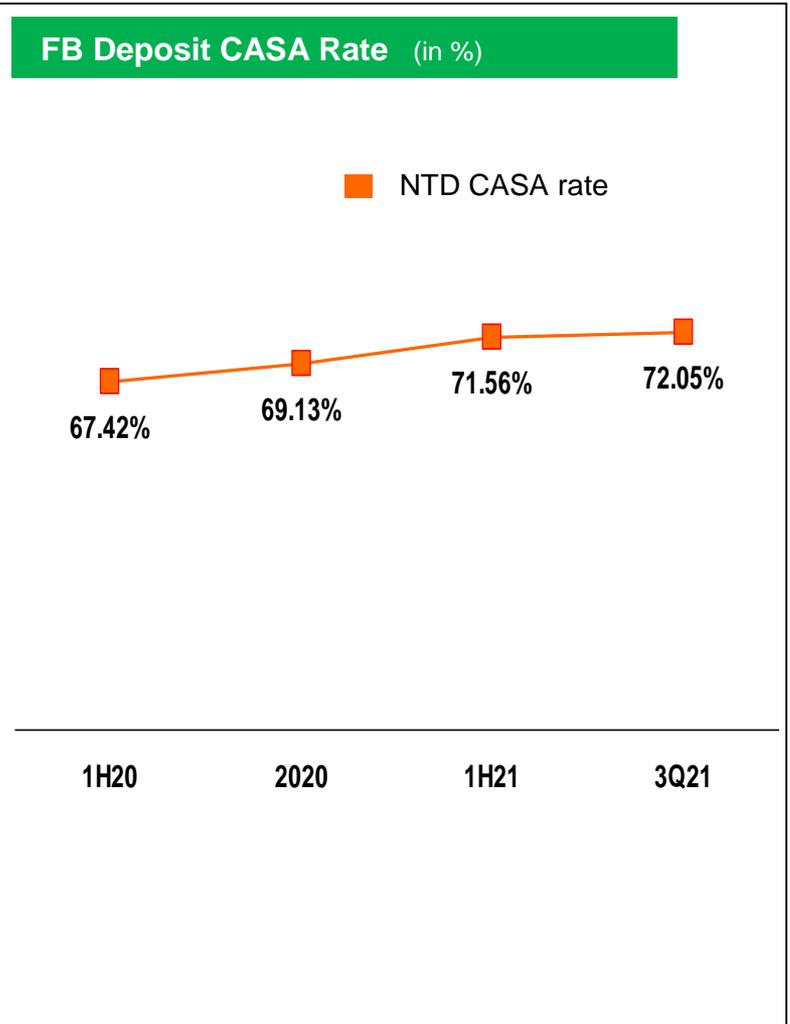
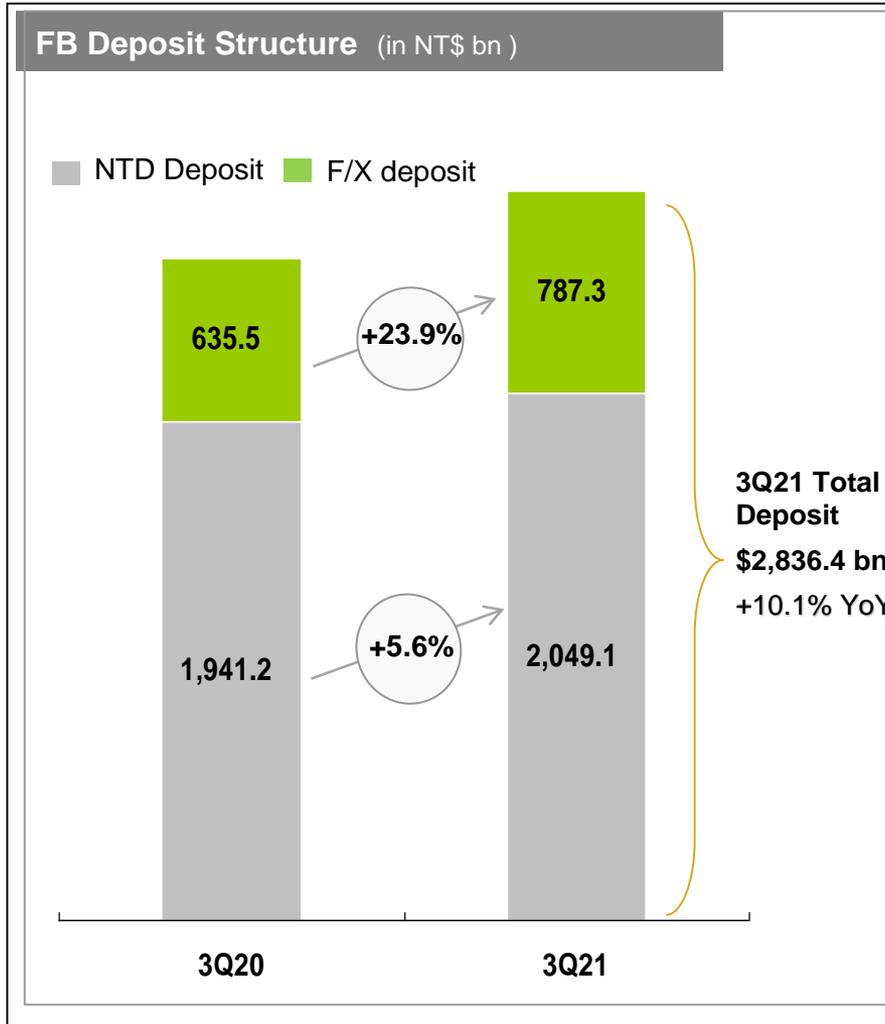
1. Total Loan = loan + import/export negotiation + NALs  
 2. Annual cumulative Average Spread and NIM

# FB 3Q21 Loan Yields

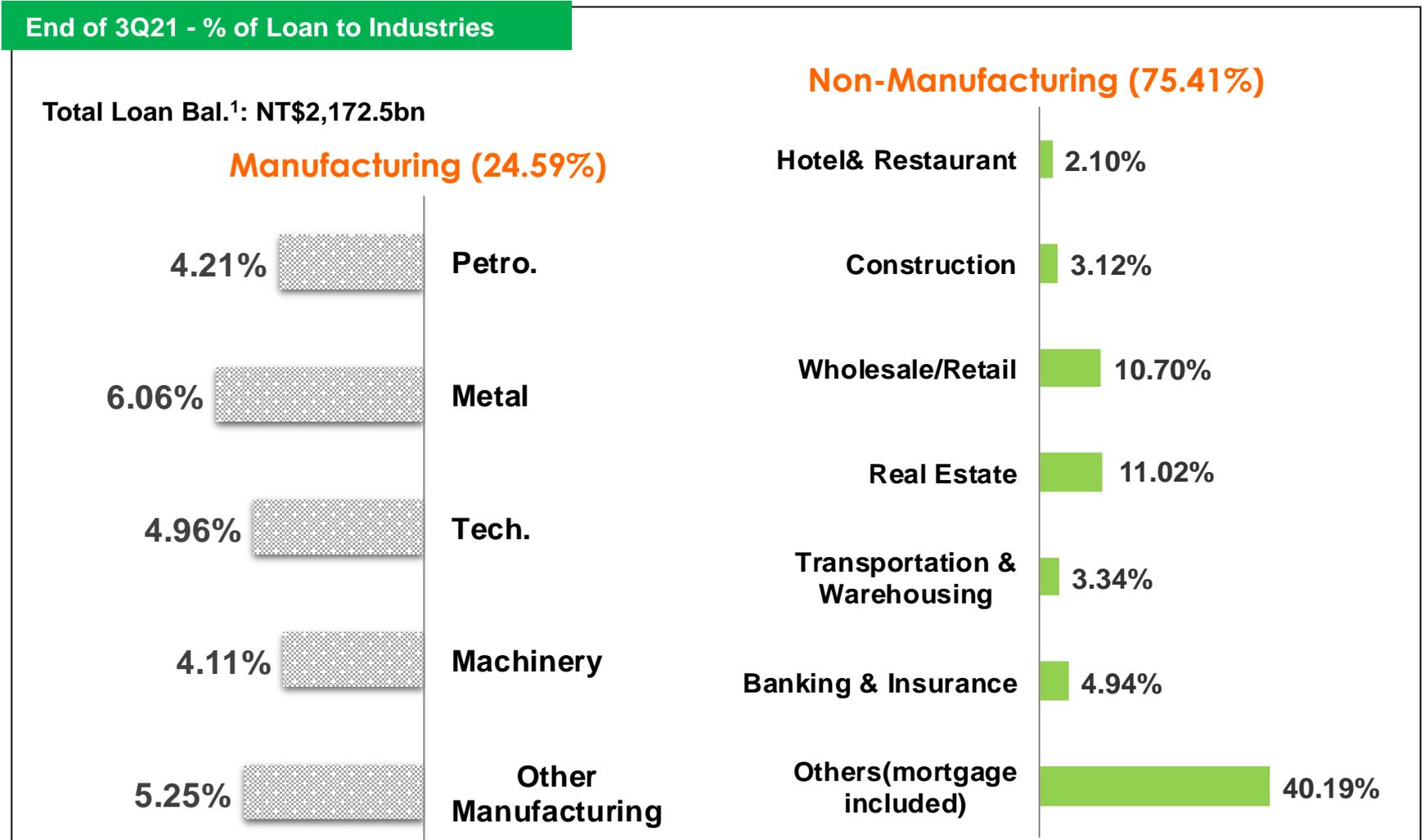


\*All rates are **QUARTERLY** average rates.

# FB 3Q21 Deposit Mix

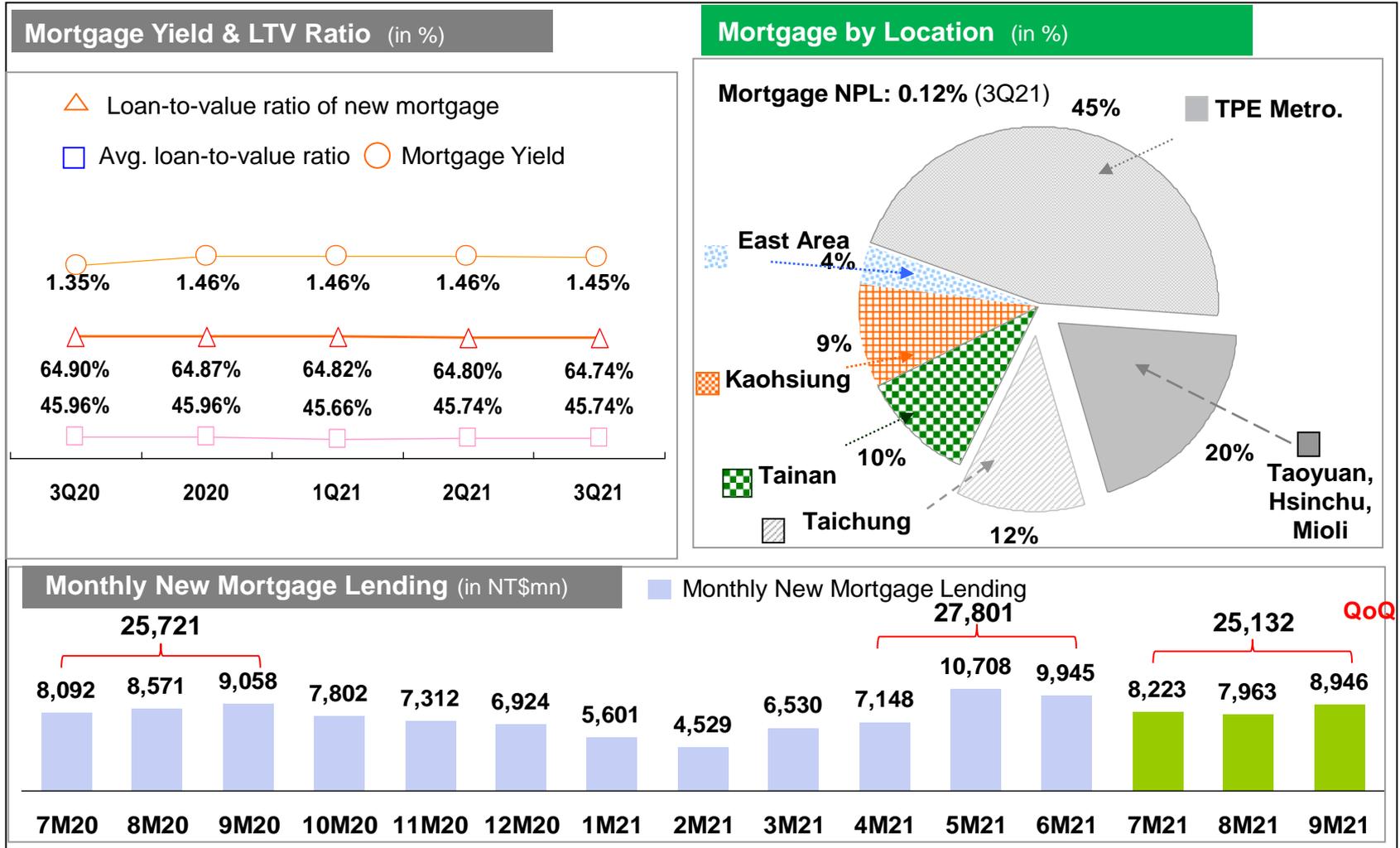


# Major Exposures to Specific Industries



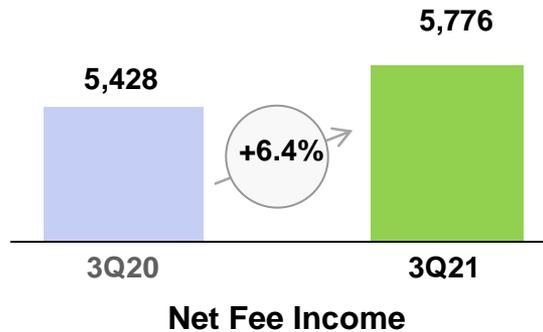
1. Total exposures does not includes NALs and investment.

# FB 3Q21 Mortgage Book



# FB 3Q21 Fee Income Breakdown

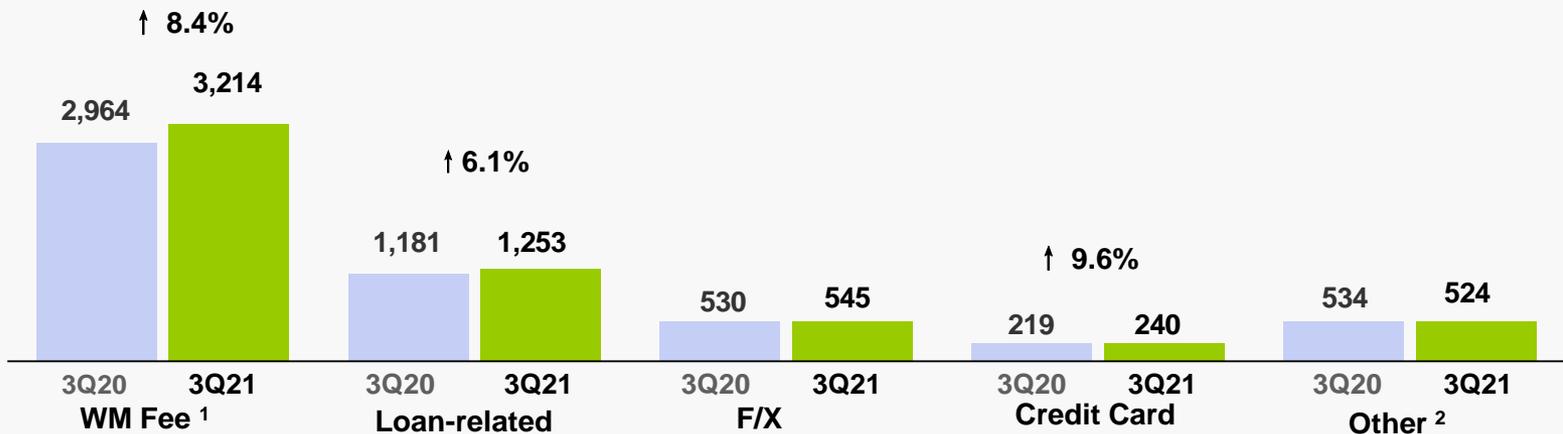
3Q21 Cumulative Net Fee Income (in NT\$ mn or %)



% of Cumulative Net Fee

Item	3Q20	3Q21	Change
WM <sup>1</sup>	54.6%	55.6%	+1.0%
Loan-related	21.8%	21.7%	-0.1%
F/X	9.8%	9.4%	-0.4%
Credit Card	4.0%	4.2%	+0.2%
Other <sup>2</sup>	9.8%	9.1%	-0.7%
<b>Cumulative Net Fee</b>	<b>100.0%</b>	<b>100.0%</b>	

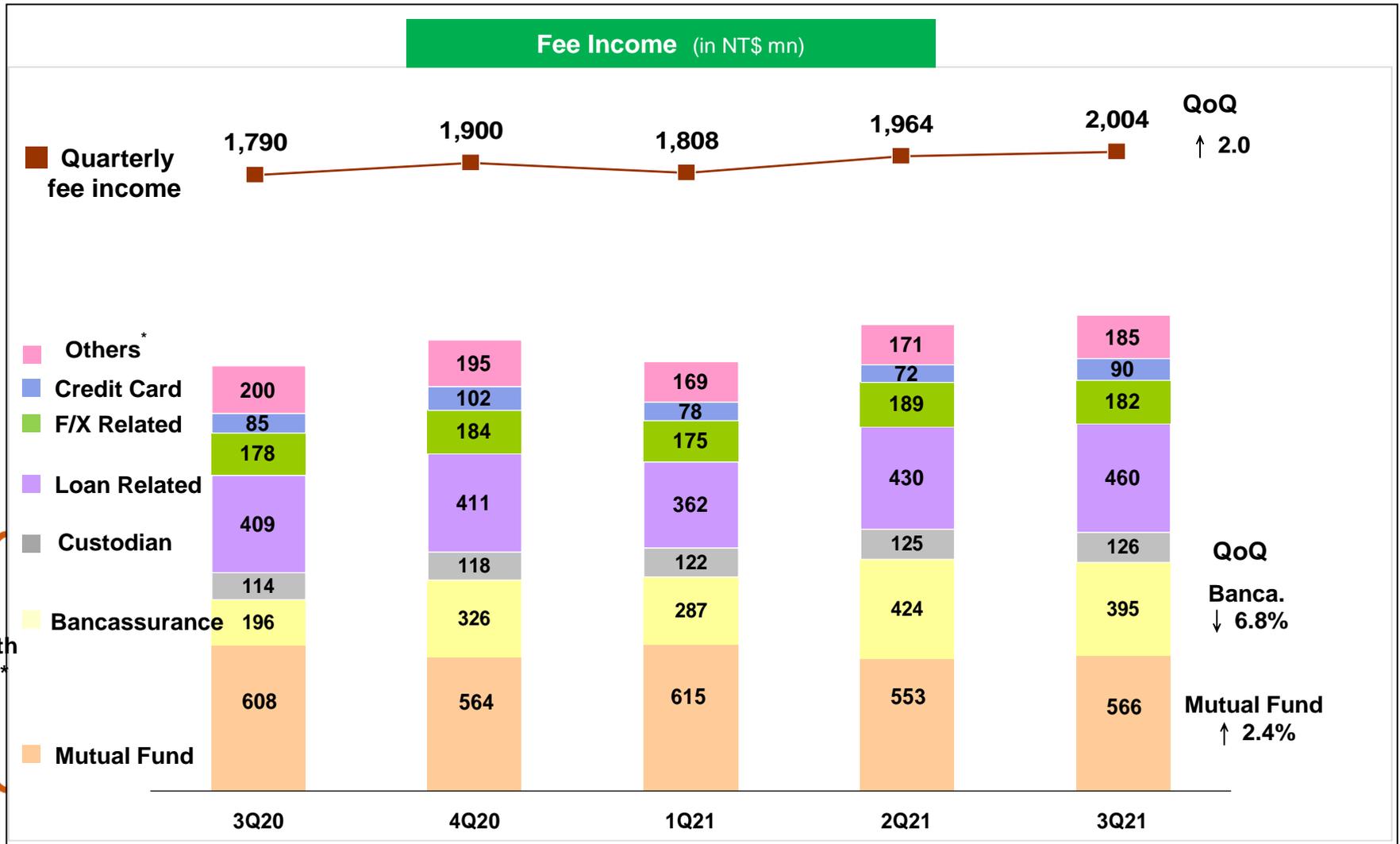
3Q21 Cumulative Net Fee Breakdown (in NT\$ mn)



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

# FB Fee Income Breakdown

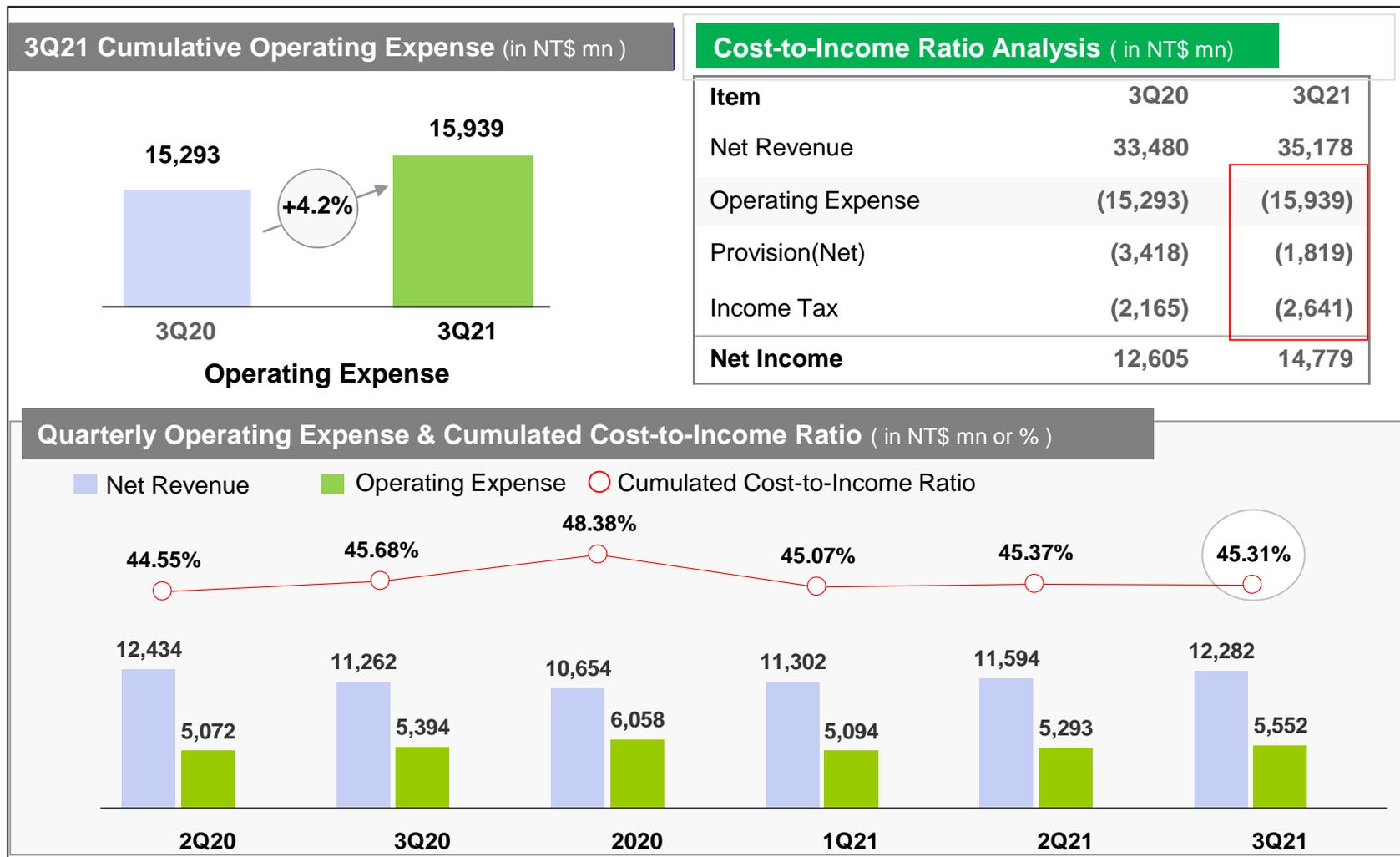
## -QoQ Comparison



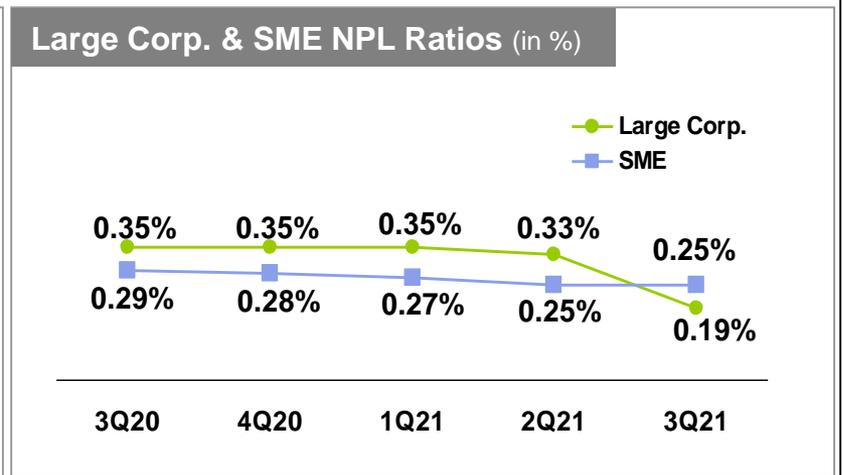
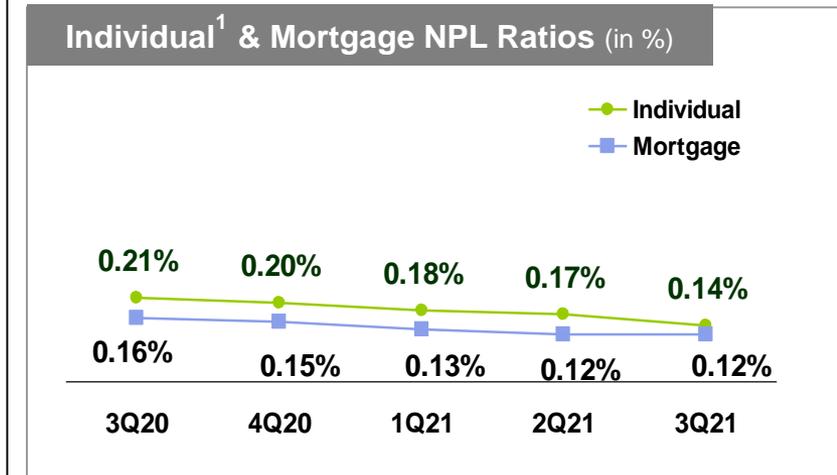
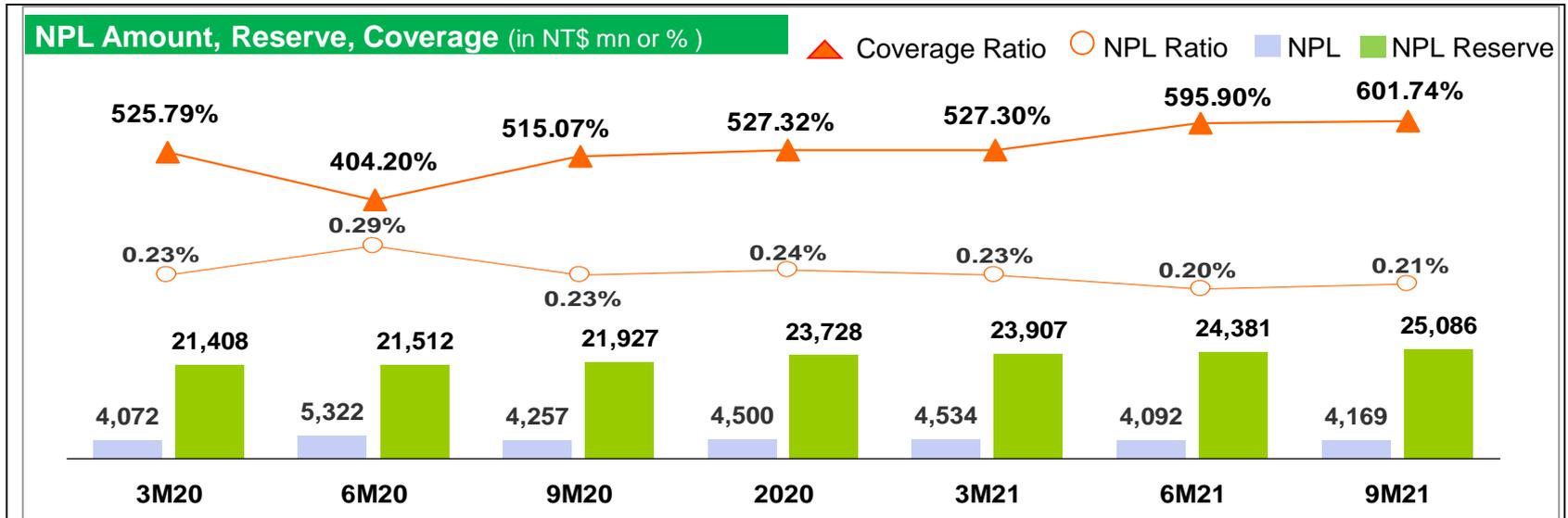
\* Wealth Management Fee = Fund sales + Bancassurance + Custodian

\*Other represents network service fee, including overseas branches

# FB 3Q21 Cost-to-Income Ratio



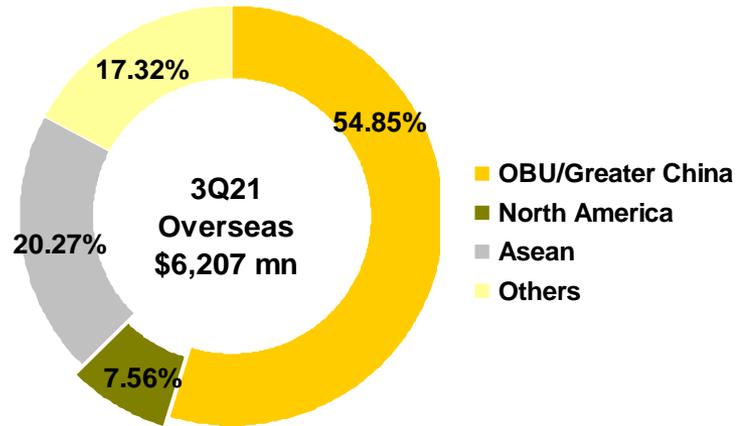
# FB 3Q21 Asset Quality



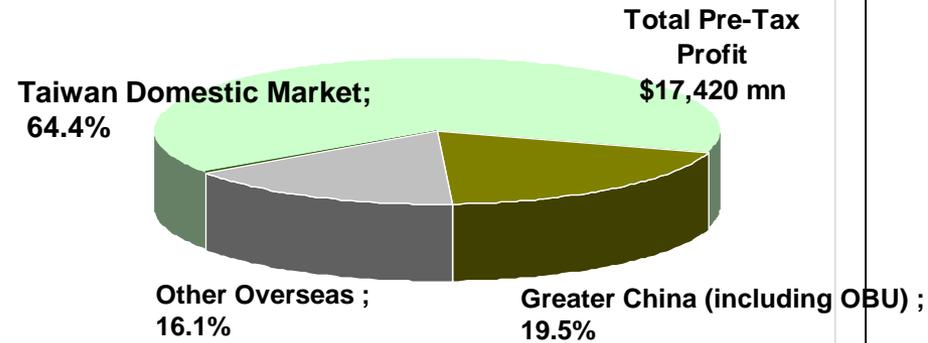
1. Individual: mortgage and non-mortgage loan included

# FB 3Q21 Overseas Profits

3Q21 FB Overseas Pre-Tax Profit Mix (in NT\$ mn or %)

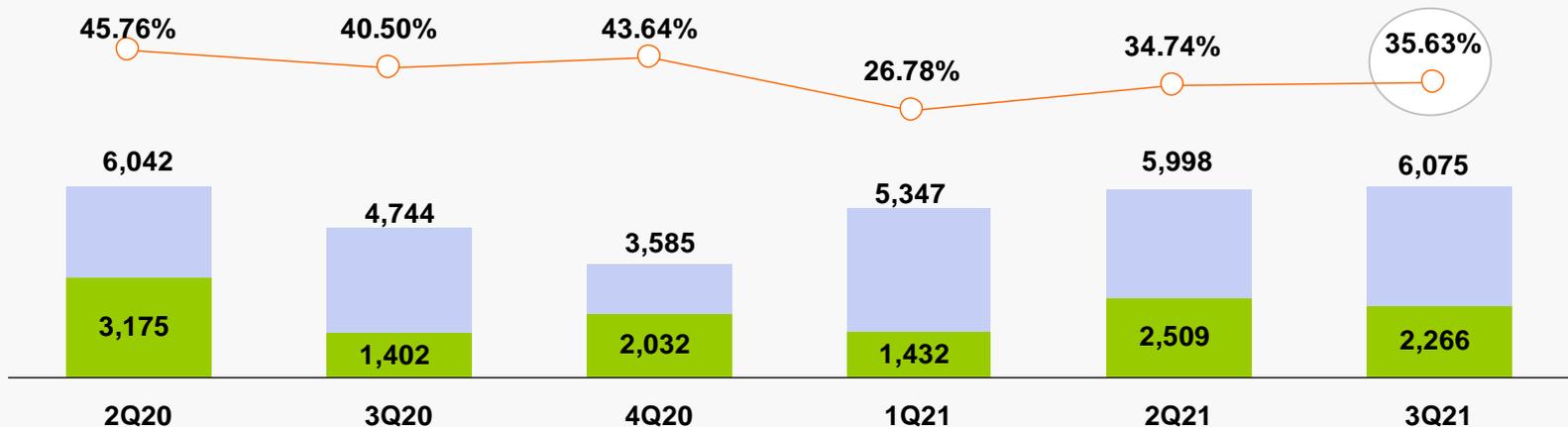


3Q21 FB Total Pre-Tax Profit Mix (in NT\$ mn or %)

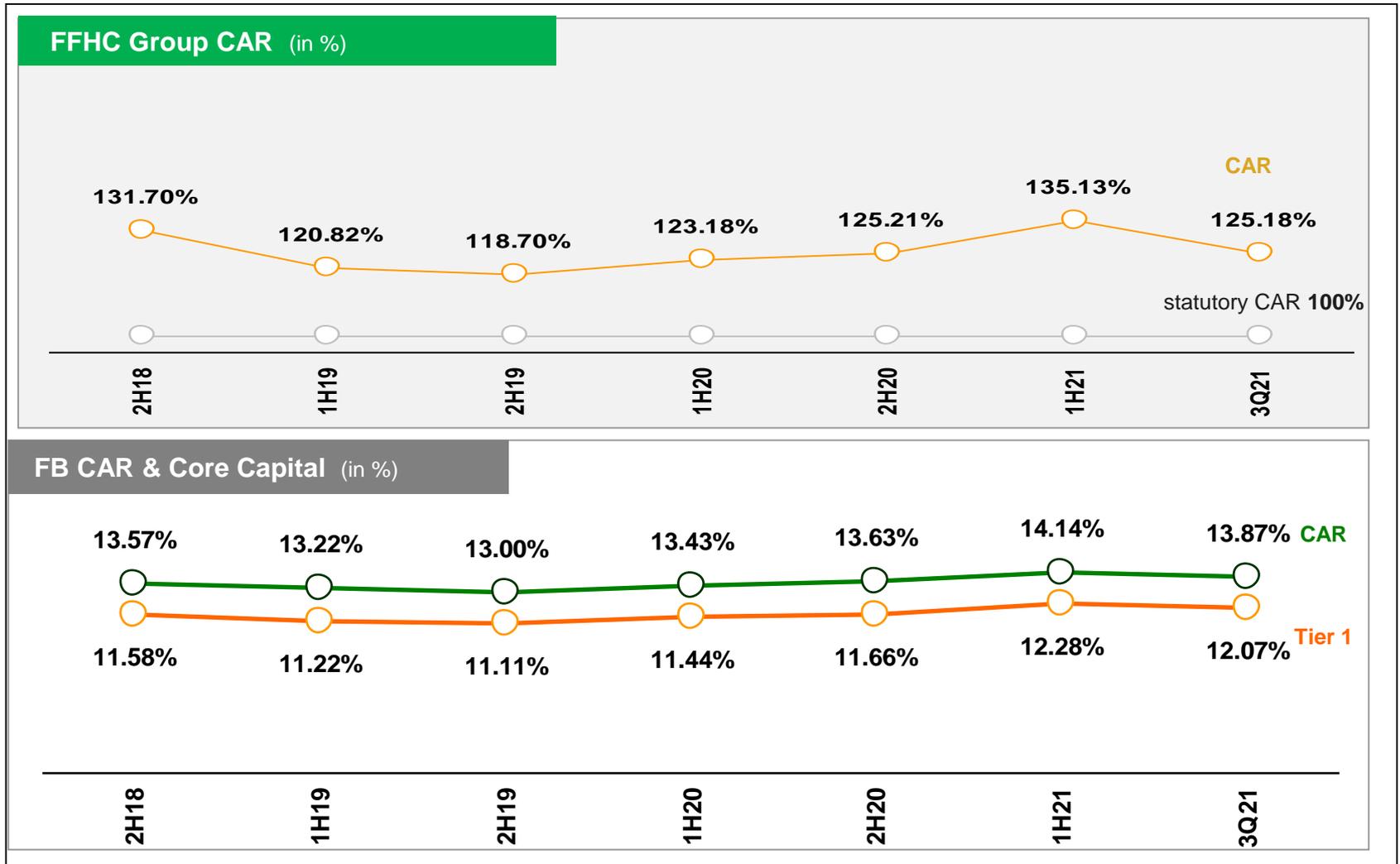


Quarterly Overseas & Total PTP (in NT\$ mn or %)

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



# CAR & Core Capital



•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		
					3Q20	3Q21	Change
Net interest income	29,993	30,268	29,604	30,483	22,463	25,241	12.4%
Net service fee & commission	8,341	8,526	8,676	8,853	6,503	7,710	18.6%
Net Insurance revenue	5,130	11,733	11,729	10,992	6,787	7,423	9.4%
Gain on financial assets meas. at fair value through P/L	5,550	4,880	9,072	5,928	4,297	2,342	-45.5%
Real estate investment gain	93	117	138	211	104	134	28.8%
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	2,405	3,115	29.5%
Income from equity invest.	138	110	125	137	108	74	-31.5%
Excluding gain on fin. assets measured at amort.c	0	22	40	63	64	(10)	-115.6%
Reserve of overlay approach	0	0	(22)	39	193	29	--
Net gain on F/X	(170)	2,499	1,147	243	410	812	98.0%
Assets impairment loss	(46)	(90)	(18)	(42)	(29)	40	-237.9%
Others	746	618	322	(12)	103	487	372.8%
Net Revenue	50,827	60,249	62,318	59,568	43,408	47,397	9.2%
Net Provision for credit losses	(6,772)	(5,486)	(3,852)	(4,511)	(3,485)	(1,861)	-46.6%
Recovered(provided) for insurance res.	(4,560)	(11,153)	(11,256)	(10,707)	(6,555)	(7,220)	10.1%
Operating Expense	(21,347)	(22,906)	(23,901)	(24,730)	(17,759)	(18,852)	6.2%
Income from continued op. before tax	18,148	20,703	23,309	19,620	15,610	19,464	24.7%
Income tax expenses	(2,716)	(3,370)	(3,940)	(2,812)	(2,232)	(2,943)	31.9%
Consolidated net income	15,432	17,332	19,369	16,808	13,378	16,521	23.5%
Other Items	(1,038)	417	7,399	(2,248)	(3,692)	(3,120)	-15.5%
Comprehensive Income	14,394	17,749	26,768	14,559	9,686	13,401	38.4%
Net Income attributed to:							
Parent	15,483	17,332	19,369	16,808	13,378	16,521	23.5%
Minority interests	(51)	0	0	0	0	0	-
Comprehensive Income attributed to:							
Parent	14,380	17,749	26,768	14,559	9,686	13,401	38.4%
Minority interests	14	0	0	0	0	0	-
EPS <sup>1</sup> (NT\$)	1.24	1.35	1.51	1.31	1.03	1.27	23.3%

# 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	3Q20	3Q21	Change
Operating revenues							
Income from long-term investment	15,693	17,904	19,835	17,146	13,607	16,806	23.5%
Other income <sup>1</sup>	246	227	190	187	185	167	-9.7%
Total revenues	15,939	18,131	20,025	17,333	13,792	16,973	23.1%
Loss from long-term investment	(53)	(321)	0	0	(31)	0	-
Operating expenses	(334)	(356)	(389)	(378)	(283)	(309)	9.2%
Other expenses and losses	(118)	(110)	(202)	(201)	(155)	(135)	-12.9%
Income from continued op. before tax	15,434	17,344	19,434	16,753	13,324	16,529	24.1%
Income from continued op. after tax	15,483	17,332	19,369	16,808	13,378	16,521	23.5%
Income from discontinued op., net of tax	0	0	0	0	0	0	--
Net income	15,483	17,332	19,369	16,808	13,378	16,521	23.5%
EPS <sup>2</sup> (NT\$)	1.24	1.35	1.51	1.31	1.03	1.27	23.3%

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	3Q20	3Q21	Change
<b>Non-consolidated Balance Sheet Data</b>							
Long-term investment	205,970	217,409	232,876	234,703	229,780	239,582	4.3%
Total non-consolidated assets	208,951	224,661	241,223	243,926	238,322	246,953	3.6%
Total liabilities	17,168	19,358	21,490	22,719	21,989	23,897	8.7%
Total shareholders' equity	191,783	205,303	219,733	221,207	216,333	223,056	3.1%
<b>Consolidated Balance Sheet Data</b>							
Total consolidated assets	2,634,059	2,935,204	3,206,767	3,550,504	3,366,279	3,625,891	7.7%
Total liabilities	2,442,008	2,729,901	2,987,034	3,329,297	3,149,945	3,402,835	8.0%
Total shareholders' equity	192,051	205,303	219,733	221,207	216,333	223,056	3.1%
Parent's shareholders' equity	191,783	205,303	219,733	221,207	216,333	223,056	3.1%
Minority interests	268	0	0	0	0	0	--
Current shares outstanding**	122,164	123,386	124,619	128,358	128,358	124,619	-2.9%

\*figures may not match due to rounding

## FFHC Key Ratios

### FFHC Key Ratios

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	3Q20	3Q21	Change
After-tax ROAA (Annualized ratio)	0.60%	0.62%	0.63%	0.50%	0.55%	0.61%	10.9%
After-tax ROAE (Annualized ratio)	8.04%	8.58%	9.11%	7.62%	8.19%	9.92%	21.1%
Book Per Share	15.70	16.64	17.63	17.23	16.85	17.21	2.1%
Capital Stock	122,164	123,386	124,619	128,358	128,358	124,619	-2.9%
Double leverage <sup>1</sup>	107.40%	105.90%	105.98%	106.10%	106.22%	107.41%	1.1%
Group CAR <sup>2</sup>	131.31%	131.70%	118.70%	125.21%	121.27%	125.18%	3.2%
Debt Ratio <sup>3</sup>	8.24%	8.62%	8.91%	9.31%	9.23%	9.68%	4.9%

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	3Q20	3Q21	Change
Net interest income	28,843	28,669	27,832	28,534	21,032	23,536	11.9%
Net fee income	7,457	7,563	7,858	7,328	5,428	5,776	6.4%
Net gain on ST invest.	398	98	515	655	632	993	57.1%
Net gain on LT invest.	719	834	903	826	748	681	-9.0%
Net gain on other fin. products	5,256	8,396	9,932	6,710	5,610	3,778	-32.7%
Other net income	241	462	273	81	30	414	1280.0%
Net revenue	42,914	46,022	47,313	44,134	33,480	35,178	5.1%
Operating expenses	(18,466)	(19,863)	(20,834)	(21,350)	(15,292)	(15,939)	4.2%
Pre-provision pre-tax profit	24,448	26,159	26,479	22,785	18,188	19,239	5.8%
Provision expense	(9,621)	(8,480)	(6,655)	(7,900)	(5,926)	(4,320)	-27.1%
Adjustment: bad-debt recovery	2,782	3,017	2,898	3,471	2,508	2,501	-0.3%
Income before tax	17,609	20,696	22,722	18,356	14,770	17,420	17.9%
Income tax	(2,467)	(3,134)	(3,688)	(2,673)	(2,165)	(2,641)	22.0%
Net income	<b>15,142</b>	<b>17,562</b>	<b>19,035</b>	<b>15,683</b>	<b>12,605</b>	<b>14,779</b>	17.2%
Other items	(1,214)	503	6,450	(1,974)	(3,055)	(2,614)	-14.4%
Comprehensive income	13,928	18,065	25,485	13,709	9,550	12,164	27.4%
EPS	1.70	1.97	2.14	1.76	1.39	1.63	0.17

# FB Key Ratios

## FB Key Ratios

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	3Q20	3Q21	Change
Loan to deposit spread	1.65%	1.64%	1.59%	1.40%	1.41%	1.40%	-0.71%
Net Interest Margin	1.26%	1.18%	1.06%	1.00%	0.99%	1.00%	1.01%
Cost to income ratio <sup>3</sup>	43.03%	43.19%	44.02%	48.38%	45.68%	45.31%	-0.81%
Loan to deposit ratio <sup>1</sup>	79.28%	78.71%	74.29%	71.04%	73.14%	71.66%	-2.02%
NPL ratio	0.38%	0.32%	0.24%	0.24%	0.23%	0.21%	-8.70%
Domestic NPL ratio	0.46%	0.34%	0.28%	0.24%	0.25%	0.19%	-24.00%
Overseas NPL ratio	0.05%	0.23%	0.08%	0.20%	0.12%	0.27%	125.00%
<b>LLR ratio (excluding gov. loan)</b>	1.38%	1.25%	1.27%	1.26%	1.19%	1.25%	5.04%
Coverage ratio	358.56%	389.64%	527.52%	527.32%	515.07%	601.74%	16.83%
CAR	13.42%	13.57%	13.00%	13.63%	13.17%	13.87%	5.32%
Tier-1	11.25%	11.58%	11.11%	11.66%	11.22%	12.07%	7.58%
ROAA <sup>2</sup>	0.60%	0.65%	0.64%	0.48%	0.53%	0.57%	7.55%
ROAE <sup>2</sup>	7.91%	8.71%	8.97%	7.16%	7.75%	8.92%	15.10%

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	Q3	3Q20	3Q21	Change
NPL- beginning	5,449	4,249	4,500	4,534	4,092	4,249	4,500	5.9%
Net new NPL influx	4,132	6,408	1,404	177	565	6,145	2,146	-65.1%
<i>Domestic</i>	3,210	4,866	162	462	82	4,863	706	-85.5%
<i>Overseas</i>	922	1,542	1,242	(285)	483	1,282	1,440	12.3%
Net write-offs	(5,332)	(6,157)	(1,370)	(619)	(488)	(6,137)	(2,477)	-59.6%
NPL- ending balance	4,249	4,500	4,534	4,092	4,169	4,257	4,169	-2.1%
Allowance for loan loss- beginning	21,229	22,414	23,728	23,907	24,381	22,414	23,728	7.3%
Provisions for loan loss	6,439	7,666	1,483	1,162	1,228	5,792	3,873	-33.1%
Net write-offs	(5,332)	(6,157)	(1,370)	(619)	(488)	(6,137)	(2,477)	-59.6%
Others	78	(195)	66	(69)	(35)	(142)	(38)	-73.2%
Allowance for loan loss- ending	22,414	23,728	23,907	24,381	25,086	21,927	25,086	14.4%
Recovery from bad debt	2,897	3,471	691	1,148	662	2,508	2,501	-0.3%
<i>Domestic</i>	2,684	3,414	669	1,067	647	2,467	2,383	-3.4%
<i>Overseas</i>	164	8	10	72	4	4	86	2050.0%
<i>Credit card</i>	49	49	12	9	11	37	32	-13.5%

1. Non-consolidated basis

## First Sec Income Statement Summary

in NT\$ million or %

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	3Q20	3Q21	Change
Brokerage commission	849	899	777	1,351	965	1,767	83.1%
Net interest income	306	293	220	242	169	283	67.5%
Underwriting commission	38	97	45	77	45	112	148.9%
Transaction gains through F/V, net	227	29	270	476	210	388	84.8%
Other operating income	107	34	89	127	121	158	30.6%
Total operating income	1,527	1,352	1,401	2,273	1,510	2,708	79.3%
Total operating expenses	(1,301)	(1,260)	(1,172)	(1,489)	(1,080)	(1,424)	31.9%
Non-operating income	72	77	86	80	53	64	20.8%
Income before tax	298	169	315	864	483	1,348	179.1%
Income tax	(26)	(55)	(43)	(120)	(56)	(156)	178.6%
Cummulative effect of change in accounting principles	0	0	0	0	0	0	#DIV/0!
Net income	272	114	272	744	426	1,192	179.8%
<b>First Sec Key Ratios</b>							
ROAE (Annualized)	4.41%	1.81%	4.28%	11.05%	8.66%	21.43%	147.5%
ROAA (Annualized)	1.55%	0.61%	1.32%	2.81%	2.30%	4.99%	117.0%
Brokerage market share	1.53%	1.42%	1.39%	1.50%	1.44%	1.44%	0.0%
Margin loan market share	2.94%	2.53%	2.29%	2.46%	2.39%	2.31%	-3.3%

# FSITC Operating Report

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

	Full Year Results				Year-over-Year Comparison		
	2017	2018	2019	2020	3Q20	3Q21	Change
Total operating income							
Management fee	501	640	615	584	416	496	19.2%
Sales service fee	7	13	28	33	27	20	-25.9%
Total operating income	508	653	643	617	443	516	16.5%
Operating expenses	(440)	(540)	(559)	(532)	(390)	(426)	9.2%
Non-operating income	15	12	21	8	4	9	125.0%
Income before tax	82	125	105	93	57	99	73.7%
Income tax	(12)	(24)	(19)	(18)	(11)	(19)	72.7%
Income after tax	70	101	86	76	46	80	73.9%
Cummulative effect of change in accounting principles	0	0	0	0	0	0	#DIV/0!
Net income	70	101	86	76	46	80	73.9%

## FSITC Key Ratios

AUM	101,095	85,558	105,042	108,605	112,717	106,942	-5.1%
AUM Ranking	8	9	10	11	11	12	

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

	Full Year Result				Year-over-Year Comparison		
	2017	2018	2019	2020	3Q20	3Q21	Change
<b>Income Statement Summary</b>							
<b>Operating Revenue</b>	<b>13,298</b>	<b>13,506</b>	<b>14,435</b>	<b>14,865</b>	<b>9,718</b>	<b>11,049</b>	13.7%
Premium Income	11,684	12,698	13,193	13,330	8,529	9,522	11.6%
Other insurance income	277	312	272	256	192	191	-0.5%
Net Investment Income	1,337	496	970	1,279	997	1,336	34.0%
<b>Operating Cost</b>	<b>12,861</b>	<b>13,022</b>	<b>13,565</b>	<b>13,743</b>	<b>8,814</b>	<b>9,932</b>	12.7%
Reinsurance commission	40	49	59	68	50	58	16.0%
Reserves	4,566	11,192	11,304	10,745	6,589	7,242	9.9%
Claims	7,419	851	1,329	2,210	1,643	2,005	22.0%
Commission	711	930	873	720	532	627	17.9%
Others	125	0	0	0	0	0	--
<b>Operating Expenses</b>	<b>(566)</b>	<b>(638)</b>	<b>(655)</b>	<b>(730)</b>	<b>(535)</b>	<b>(547)</b>	2.2%
<b>Profit/Loss of Operation</b>	<b>(129)</b>	<b>(154)</b>	215	392	369	570	54.5%
<b>Non-Operating Profit</b>	0	0	0	0	0	0	--
<b>Profit/Loss Before Tax</b>	<b>(129)</b>	<b>(154)</b>	215	392	369	570	54.5%
Income tax	26	13	29	94	66	7	-89.4%
<b>Net Income after tax</b>	<b>(103)</b>	<b>(141)</b>	244	485	435	577	32.6%
<b>Key Ratios</b>							
ROAE(Annualized ratio)	-19.39%	-13.46%	10.44%	14.02%	17.53%	17.95%	2.4%
ROAA(Annualized ratio)	-0.30%	-0.34%	0.47%	0.76%	0.95%	1.07%	12.6%

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

# Q&A