



兆豐金控  
Mega Holdings

4Q / 2007 (v.1)

## Investor Presentation



# Agenda



**Operation Highlights**



**Financial Performance**



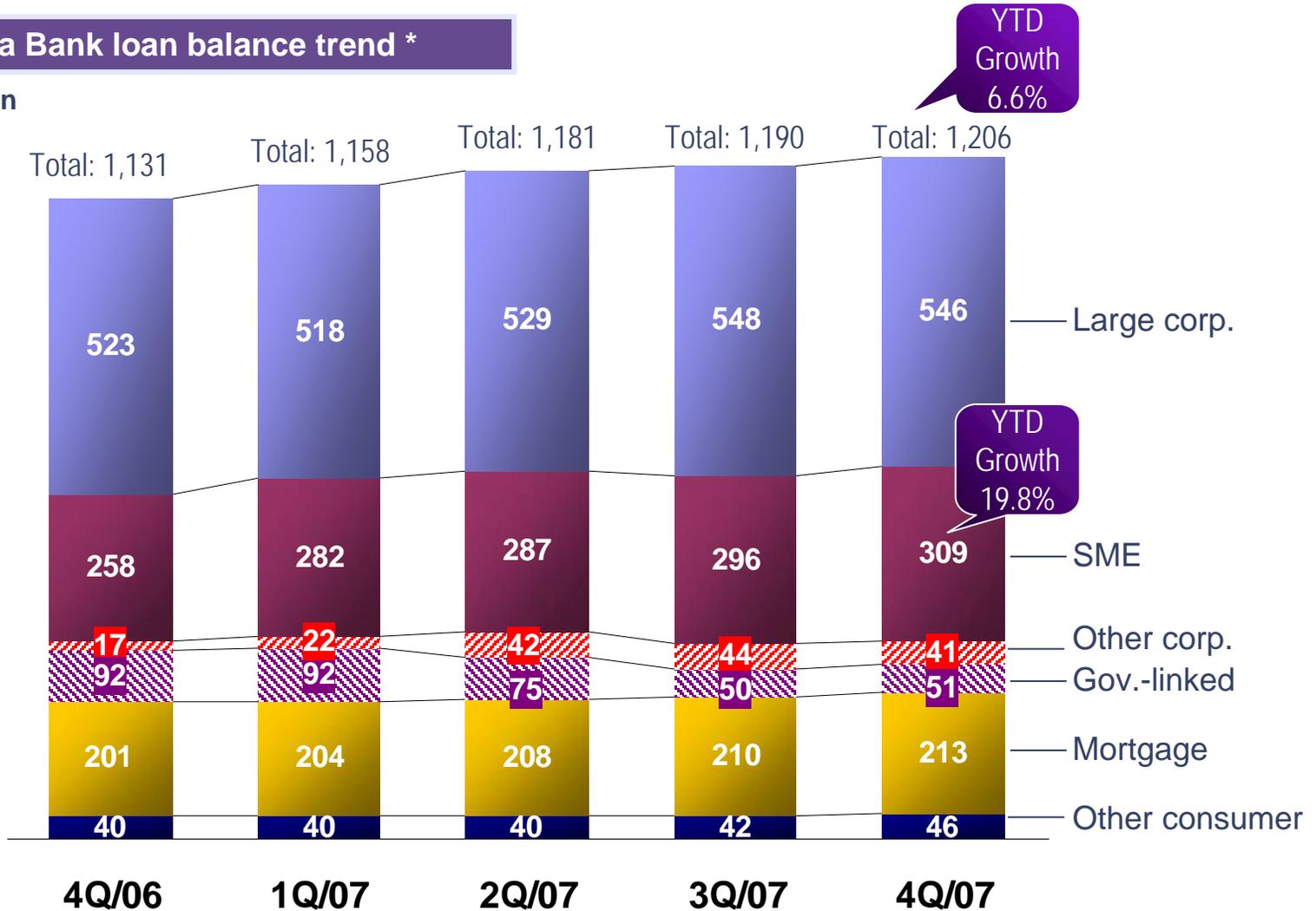
**Appendix**



# Strong SME loan growth

## Mega Bank loan balance trend \*

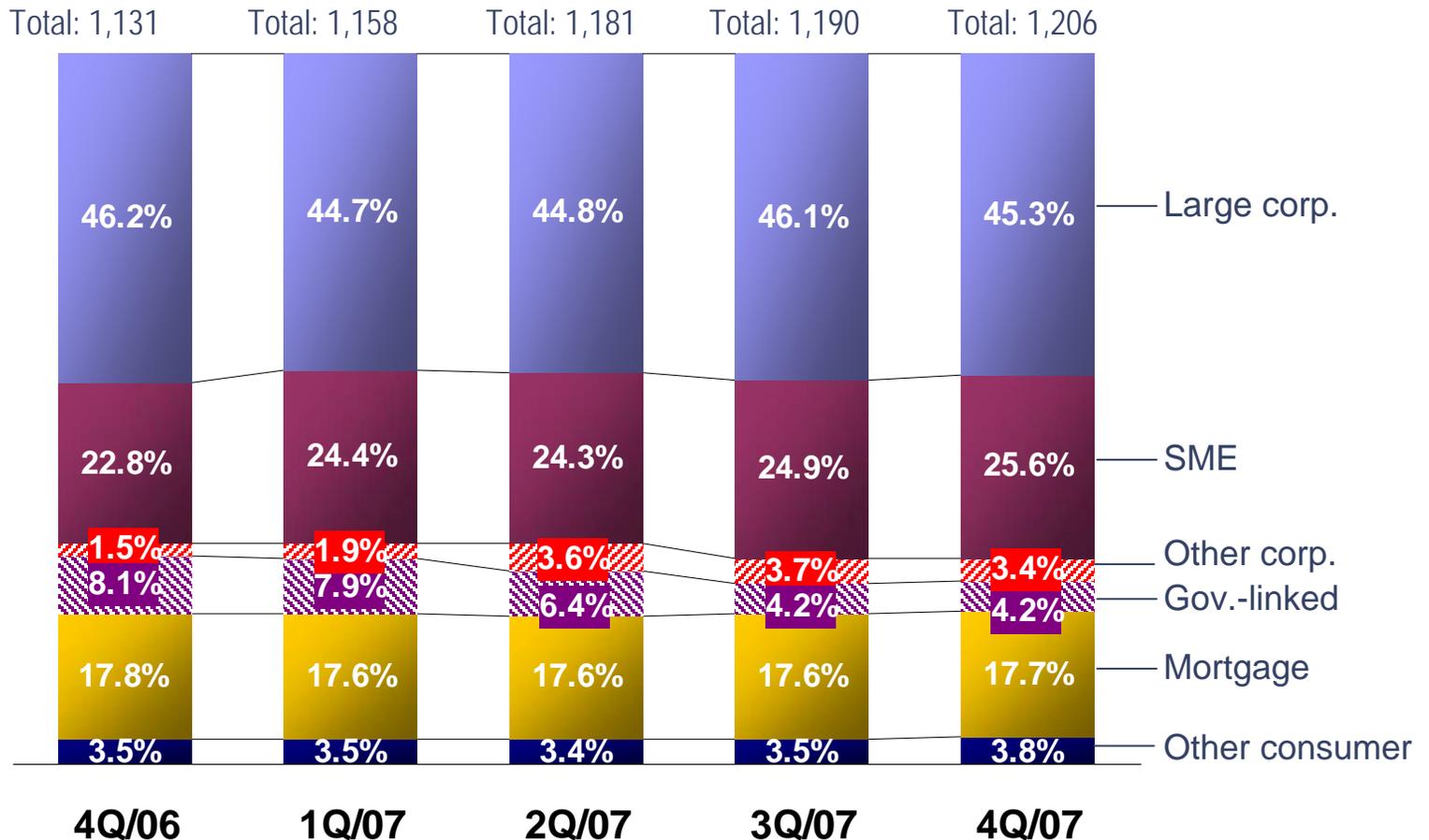
Unit: NT\$bn



# Loan mix changes to improve yield

## Mega Bank loan mix trend \*

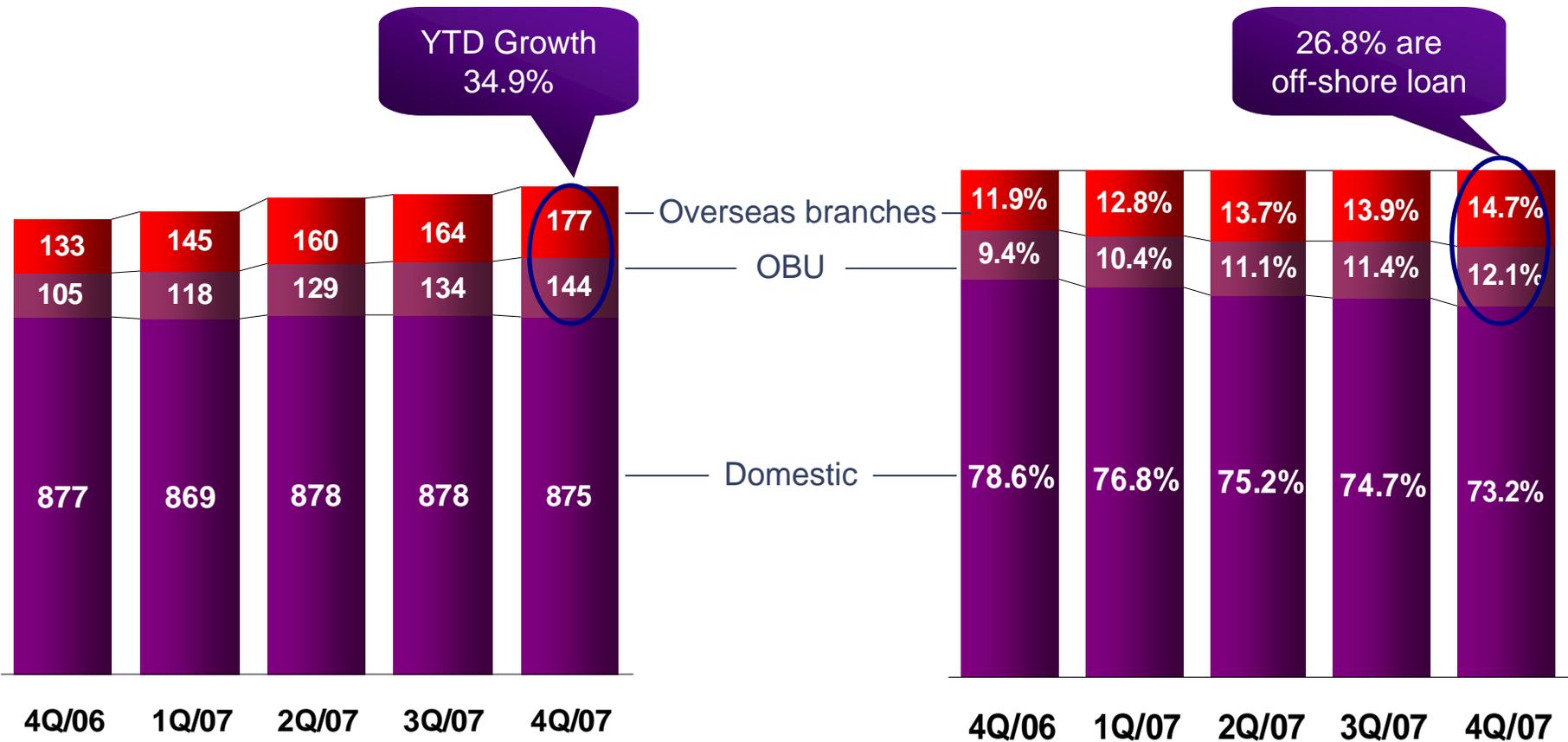
Unit: NT\$bn



# Strong off-shore loan growth

Mega domestic branches / OBU / overseas branches loan balance and loan mix trend\*

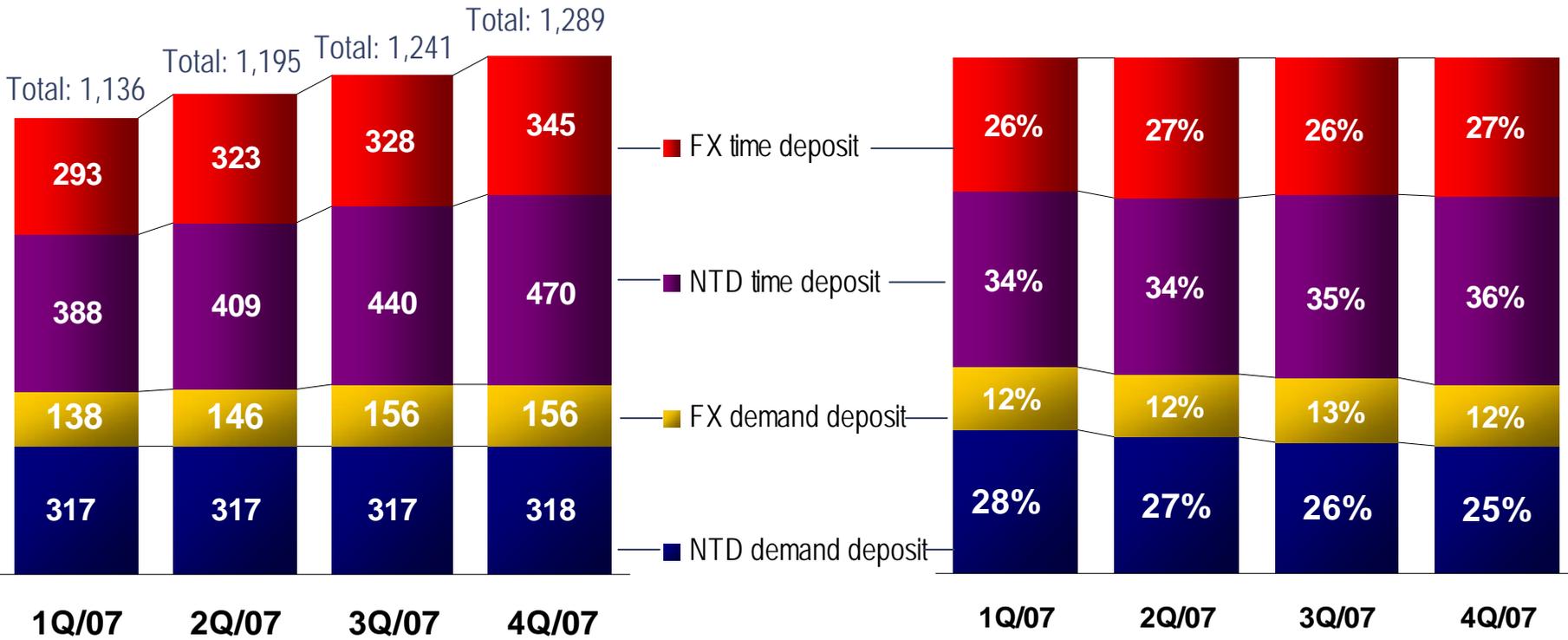
Unit: NT\$bn



# Strong foreign currency deposit growth

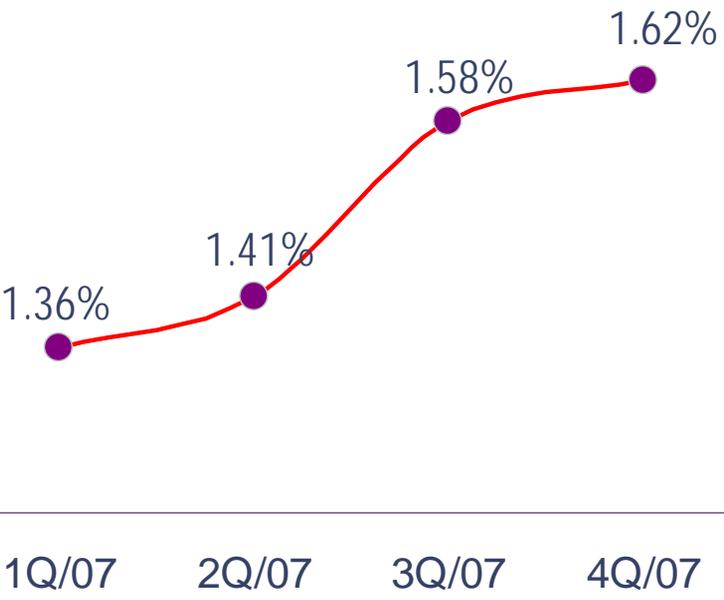
## Mega Bank deposit balance and mix

Unit: NT\$bn

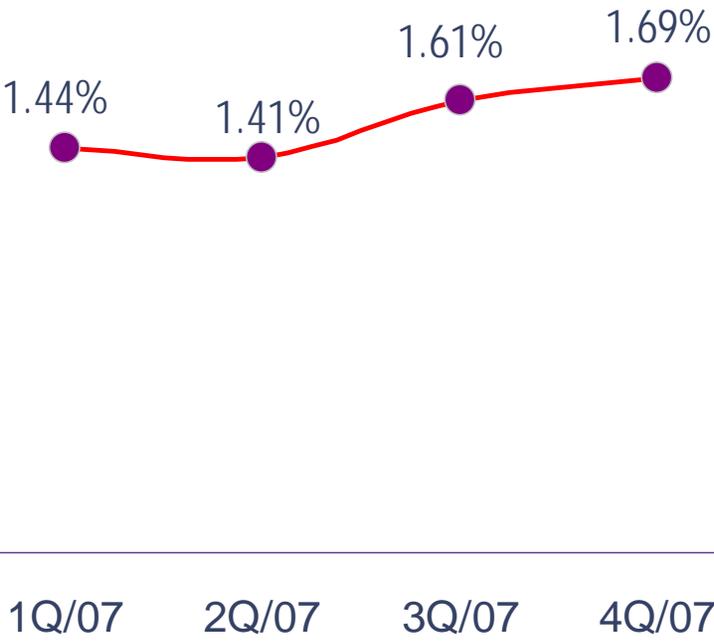


# Much improved NIM and interest spread

Mega Bank net interest margin \*

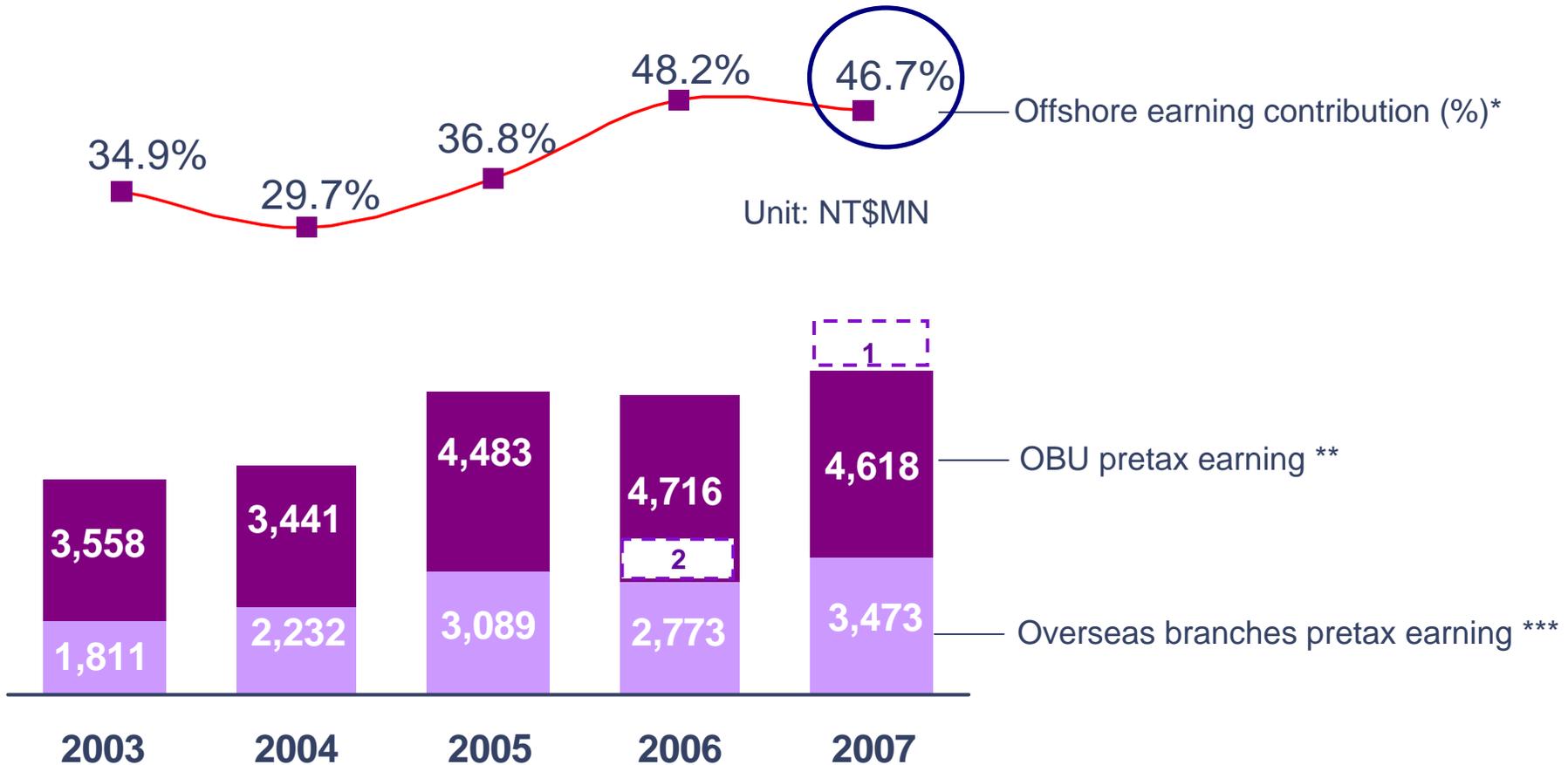


Mega Bank loan interest spread



\* Net interest income / average interest earning assets  
\*\* 4Q/07 numbers are un-audited numbers

# OBU and overseas bank branches earning growth continues



1. 2007 OBU earning was down due to Yahsin ECB provision of NT\$696 million
2. 2006 OBU earning includes one-time gain of NT\$0.7 billion due to Article 34 adoption



# Mega Bank's Global Franchise

*Bridge the gap, reach the world*



•26 branches in 16 countries  
•27% of total loans are offshore\*\*\*  
•35% offshore loan growth\*\*\*  
•47% of bank earnings are offshore\*\*\*



\* Bahrain is a rep. office

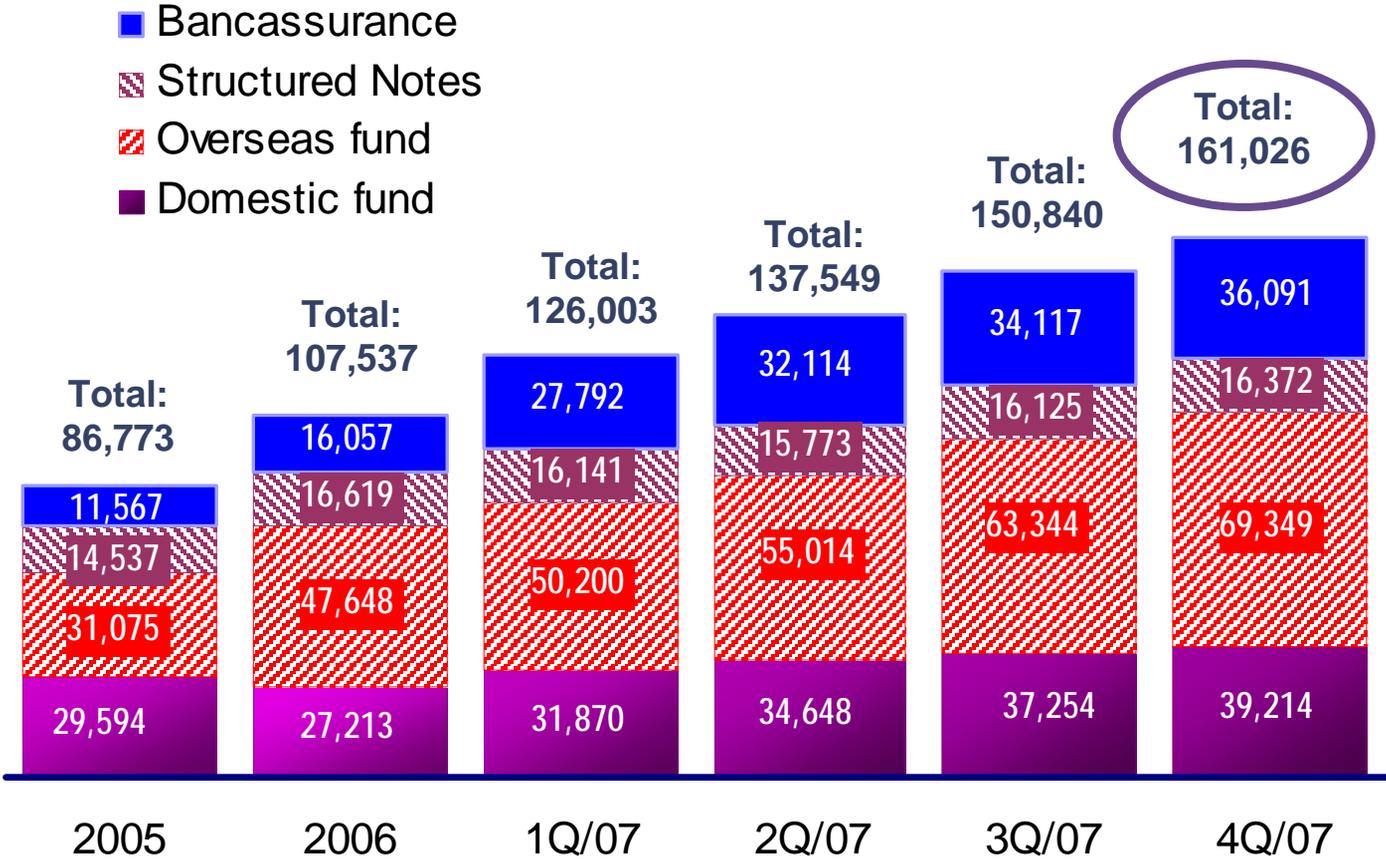
\*\* Pending approval or preparing to apply bank branch / rep. office

\*\*\* As of end of 4Q/2007; offshore business includes OBU and overseas bank branches

# Strong Wealth Mgmt AUM growth

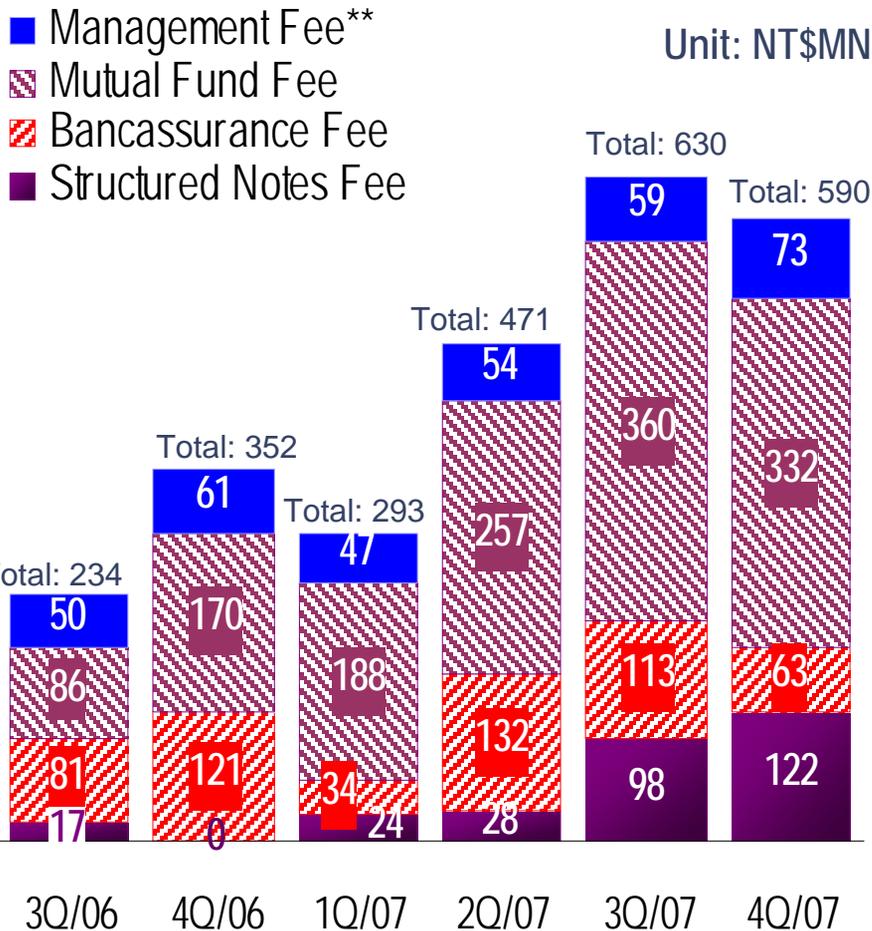
Wealth management AUM trend

Unit: NT\$MN

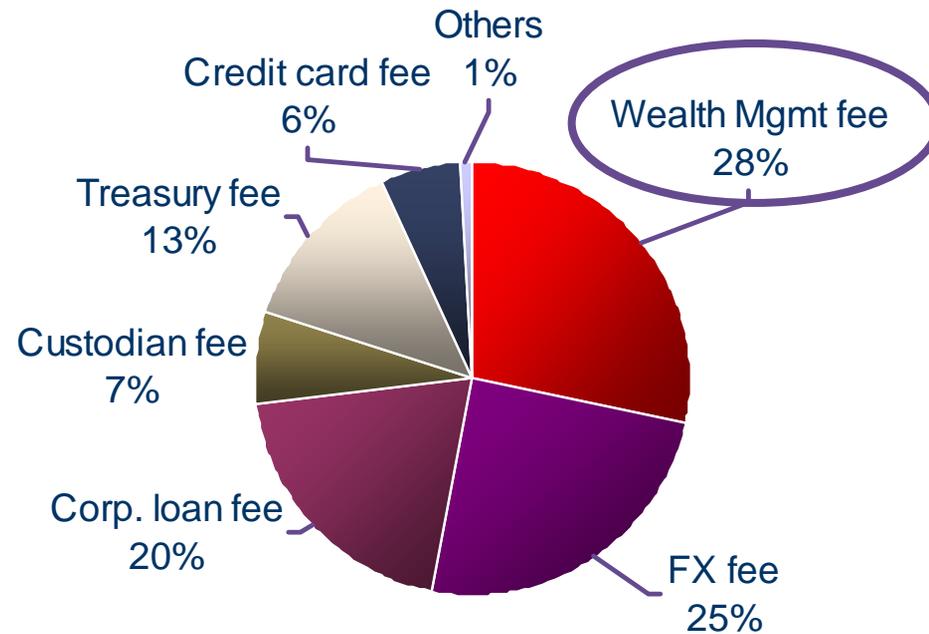


# WM fee reached record high in 2007

Wealth management net fee income trend\*



1~4Q/07 Mega Bank fee income breakdown\*\*\*



\* Mega Bank internal data only

\*\* Management fee of trust account derived from wealth management products

\*\*\* Mega Bank internal data based on 1-4Q/07 un-audited financials

# Continue to build up WM channels and FC team

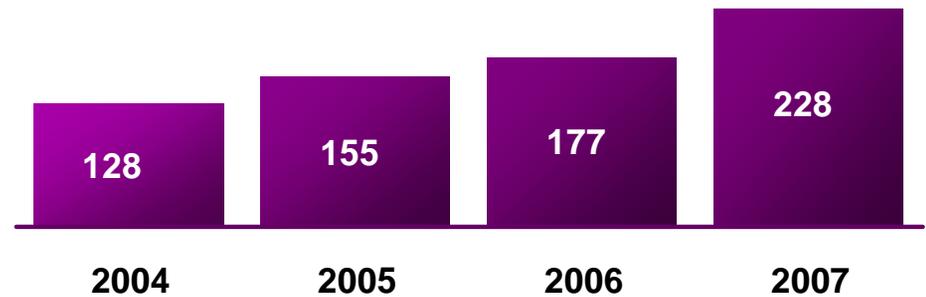
## 6 Wealth Mgmt VIP centers



## WM channel strategy



## Numbers of WM financial consultant



# Agenda



**Operation Highlights**



**Financial Performance**



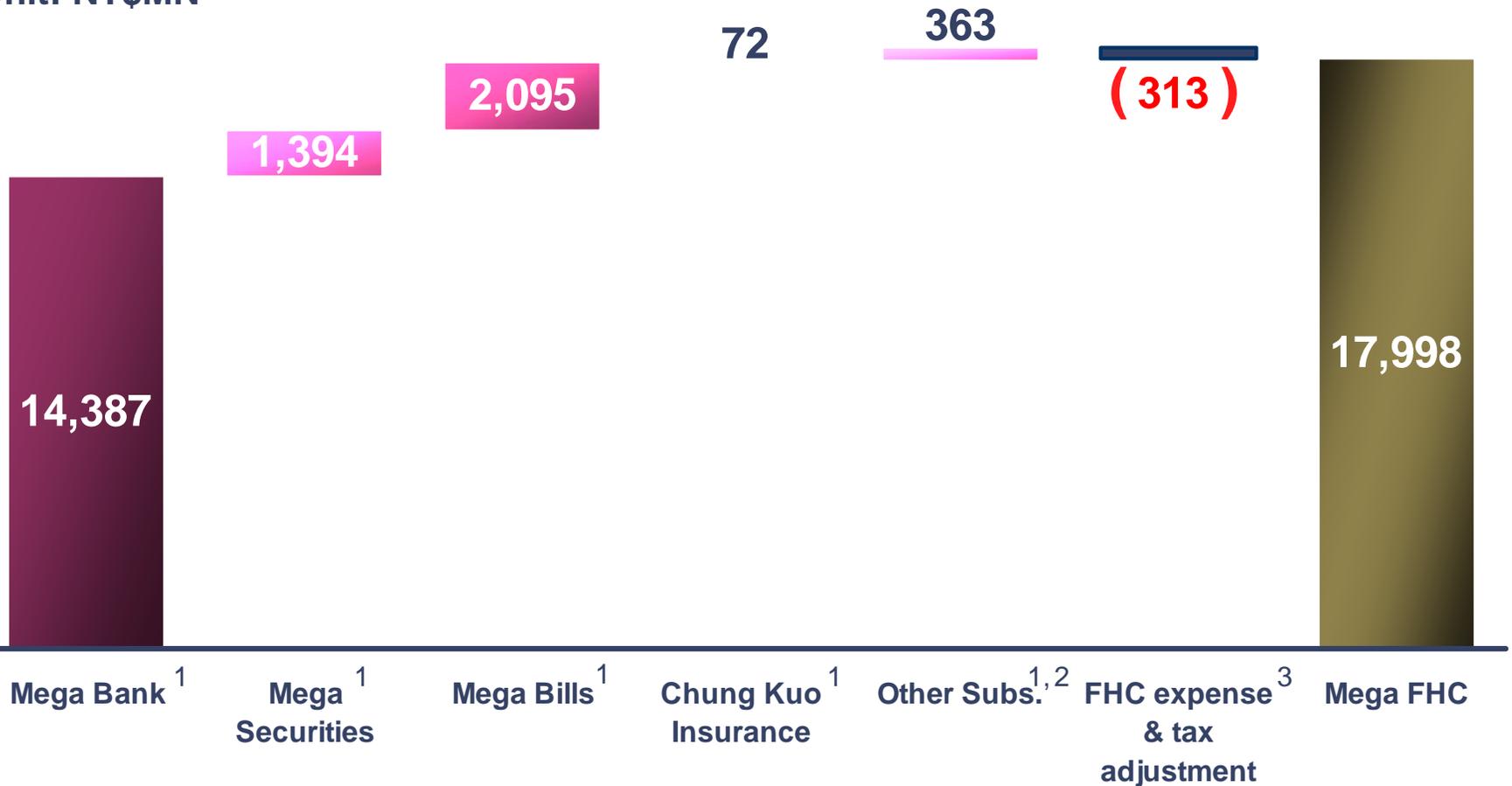
**Appendix**



# 1~4Q/2007 earning breakdown by subsidiaries

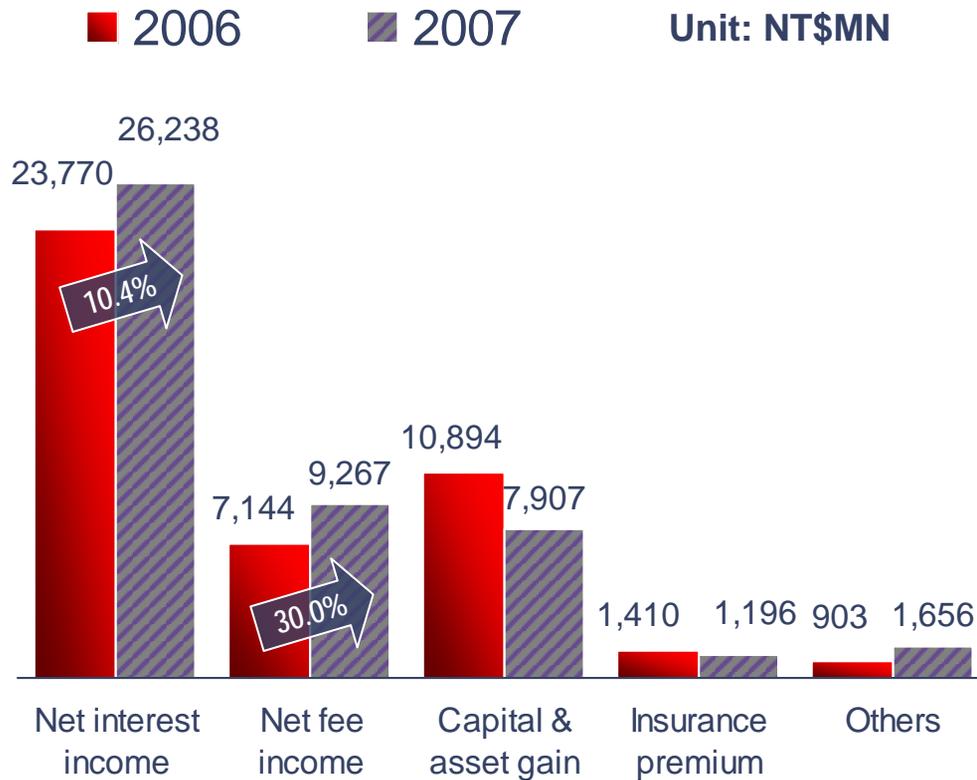
1~4Q/07 earning contribution by sub.

Unit: NT\$MN

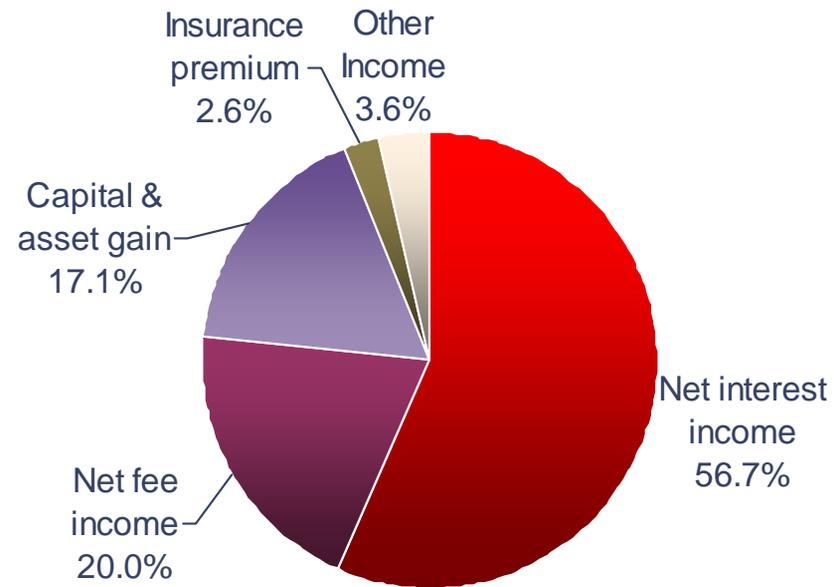


# Mega FHC consolidated net revenue breakdown

2006 vs. 2007 net revenue \*

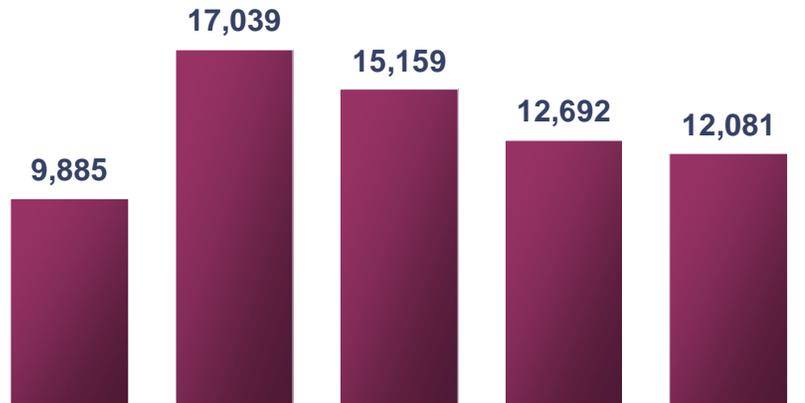
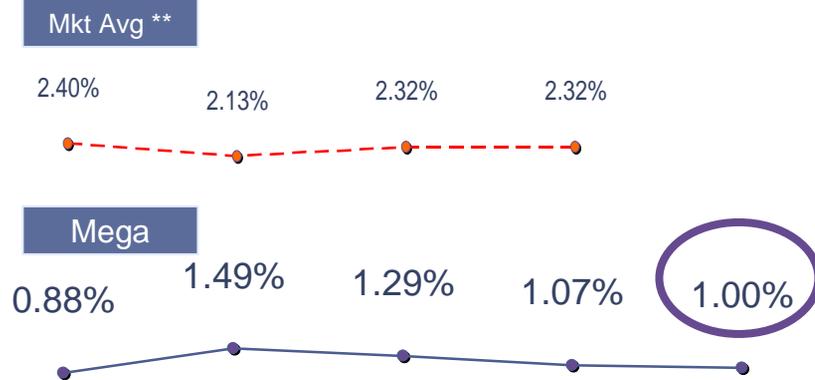


2007 net revenue breakdown



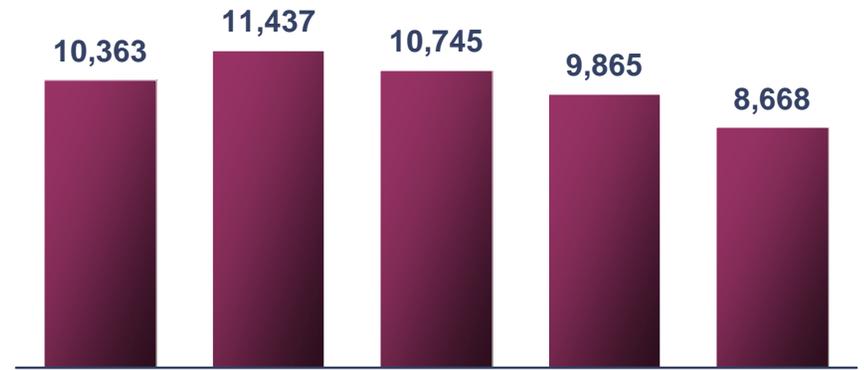
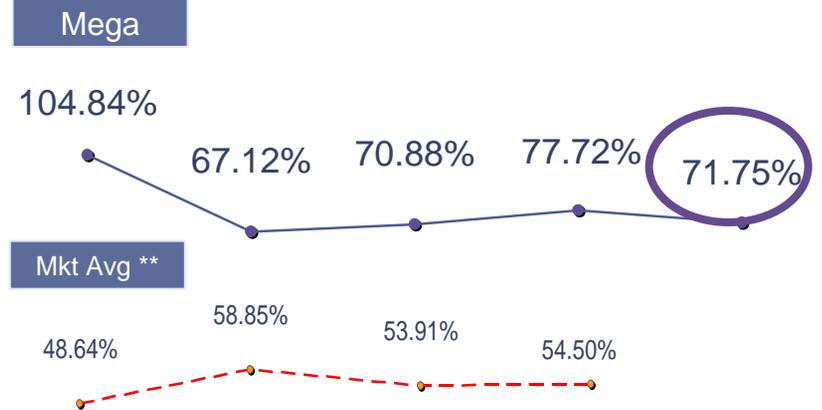
# Superior asset quality among peers

## NPL balance & NPL ratio\*



4Q/06 1Q/07 2Q/07 3Q/07 4Q/07  
Unit: NT\$MN

## Loan loss reserved and coverage ratio\*



4Q/06 1Q/07 2Q/07 3Q/07 4Q/07  
Unit: NT\$MN

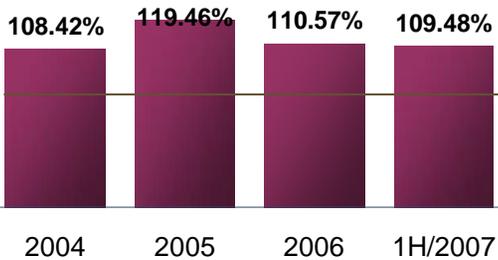


# Conservative balance sheet position

## Mega FHC\*

Moody's: Baa1

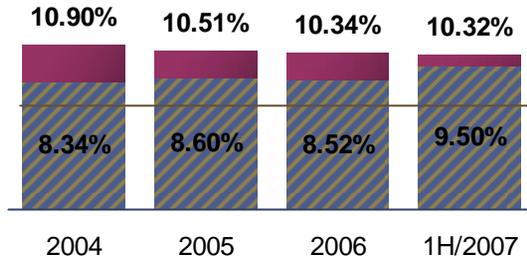
Regulatory Requirement : 100%



## Mega Bank\*\*

Moody's: A1 / S&P: A

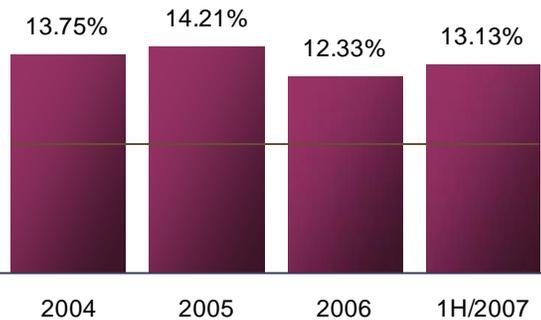
Regulatory Requirement : 8.0%



BASEL II implementation fully reflected

## Mega Bills

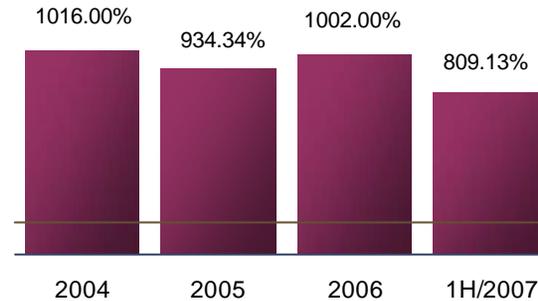
Requirement : 8.0%



## CKI P&C

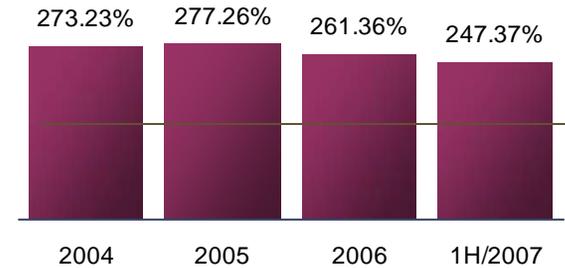
S&P Rating: BBB+

Requirement : 200%



## Mega Securities

Requirement : 150%



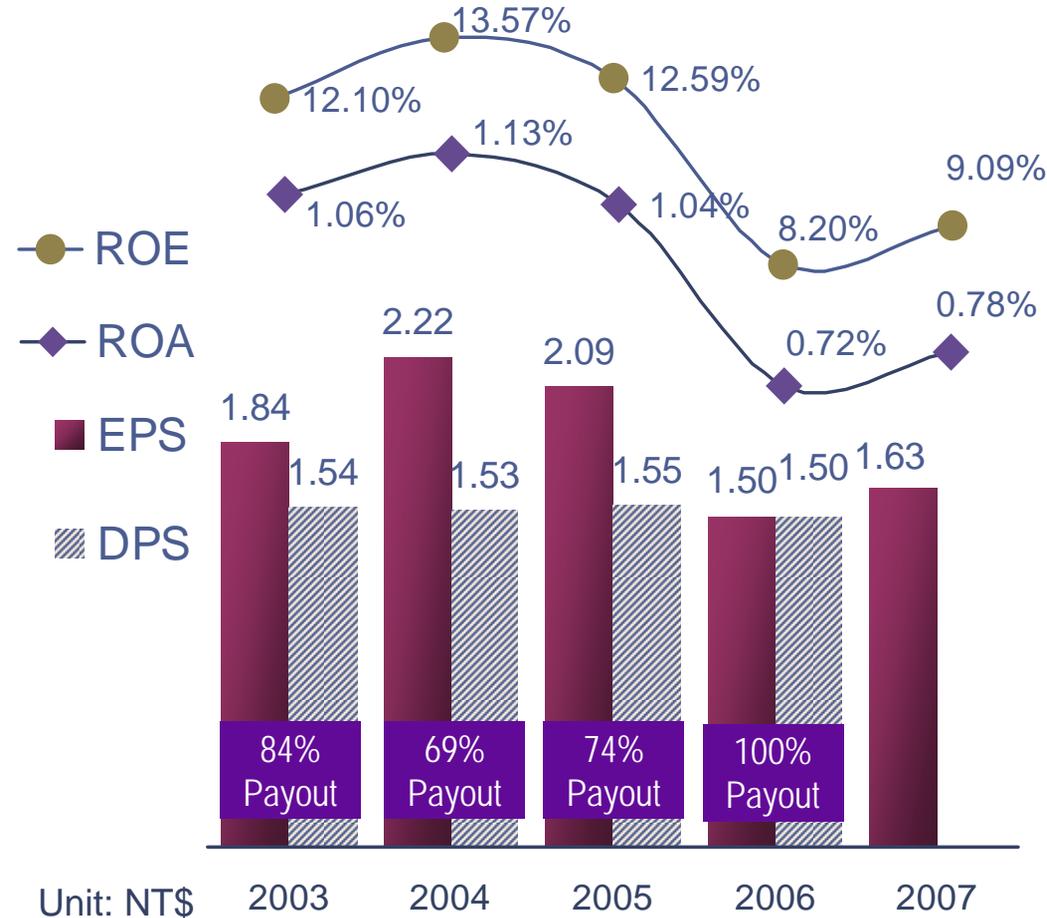
Total CAR

Tier I\*



# Focus on providing consistent yields for investors

## Key Earning Metrics



- ❖ To increase our ROE and prevent over-inflated capital base, we have paid 100% cash dividend in the last 4 years.
  - ◆ Payout ratio of 70% ~100%
  - ◆ Dividend policy is to pay 50% or more in cash. However, we've paid all cash dividend in the last 4 years.
  - ◆ Dividend yields of 7% ~9% in the last 4 years.
  - ◆ Voted one of the Best Commitment to Strong Dividend companies in 2006 by FinanceAsia magazine.



# Agenda



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**Financial Performance**



**Appendix**



# 2007 Mega FHC un-audited P&L statement

<i>NT\$MN, except per share data</i>	<b>2007**</b>	<b>2006**</b>	<b>YoY</b>
Net interest income	26,238	23,770	10.38%
Net fee income	9,267	7,144	29.72%
Insurance premium	1,196	1,410	-15.18%
ST Trading gain	3,860	5,223	-26.10%
Available for sales asset gain	3,027	2,792	8.42%
Hold to maturity asset gain	0	4	-100.00%
Equity method investment gain	234	207	13.04%
Property investment gain	22	224	-90.18%
FX gain (spread)	2,756	6,029	-54.29%
Asset impairment	-1,992	-3,585	-44.44%
Other income	1,656	903	83.39%
Operating income	46,264	44,121	4.86%
Operating expense	-20,198	-20,487	-1.41%
Pre-provision operating profit	26,066	23,634	10.29%
Provision expense on loan	-4,946	-6,480	-23.67%
Reserved on insurance	-8	-156	-94.87%
Pretax profit	21,112	16,998	24.20%
Adjustment for ROC GAAP changes *	0	1,148	-100.00%
Tax	-3,112	-2,061	50.99%
Net profit (minus minority shareholders interest)	17,998	16,085	11.89%
EPS (NT\$)	1.63	1.45	12.41%



# Well established size and scale to win

1~4Q/2007\*  
NT\$ Billion

## Mega Financial Holding Co. (TAIEX.2886)

	100%	100%	100%	100%	96.31%	100%	100%	100%	
	Mega FHC	Mega Bank	Mega Securities	Mega Bills	Chung Kuo Insurance (P&C)	Mega Int'l Investment Trust**	Mega AMC	Mega Life Insurance Agency	Mega CTB Venture Capital
Assets	2,369	1,951	67	270	11	1	10	0.09	1
Equity	194	153	17	29	5	0.8	2	0.05	1
Net Profit	18	15	2	1	0.08	0.03	0.3	0.03	0.03
Domestic Offices	194	107	45	9	27	3	1	1	1
Overseas Offices***	34	28	4	0	2	0	0	0	0



\* un-audited numbers

\*\* Mega FHC owns 63.52%; Mega Bank owns 32.79%

\*\*\* Overseas offices include rep. offices. and branches

# Mega subprime exposure disclosure

## Mega US Subprime Exposure

As of end of Jan/2008;  
Unit: NT\$MN

Securities Type	Mega Group				
	Total balance	Subprime exposure	Provision realized		
			B/S	I/S	Total
ABCP/CBO*	12,325	7,500	13	(2,449)	(2,439)
CDO	372	**			
RMBS/CMO	2,647	2,647	(412)	(1,216)	(1,628)
PPN	983	**	(169)		(169)
Total	16,327	10,147	(568)	(3,665)	(4,233)

\* Which include only Calyon 2005-1 CBO & FCB 2006-2 CBO only, no other assets.

\*\* These securities do have some US subprime exposure but difficult to calculate the exact exposure due to the complexity of the securitization.

