



兆豐金控
Mega Holdings

2Q / 2008 (v.1)

Investor Presentation



Agenda



Operation Highlights



Financial Performance

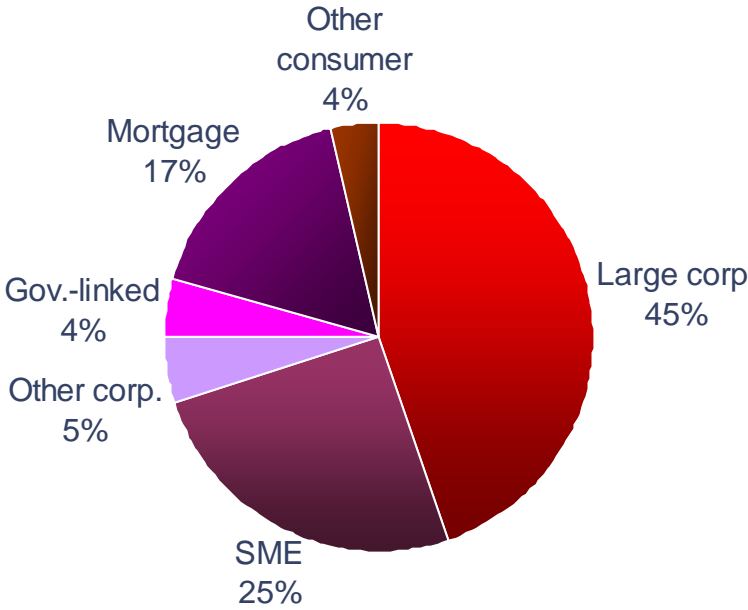
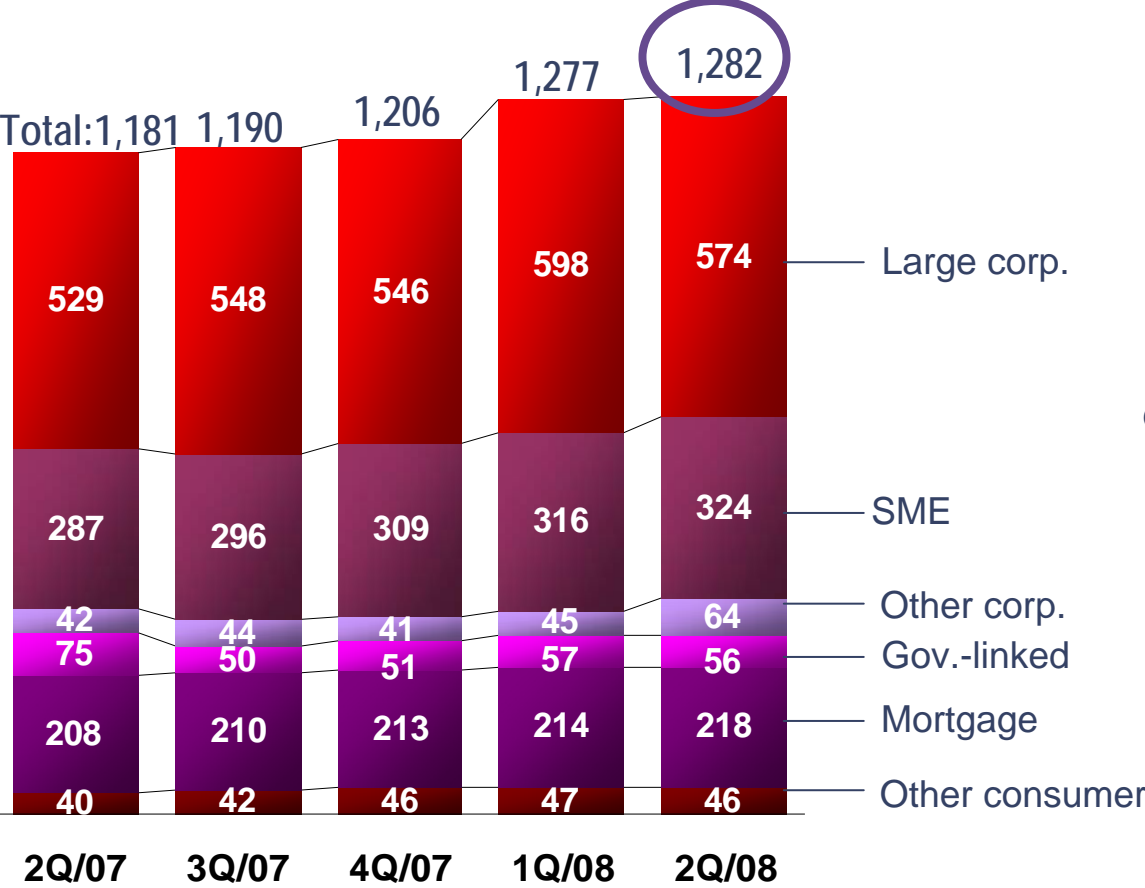


Appendix

2Q/08 loan growth slows down by focusing on higher margin products and less riskier customers

Mega Bank 2Q/08 loan breakdown by customer segment *

Unit: NT\$bn

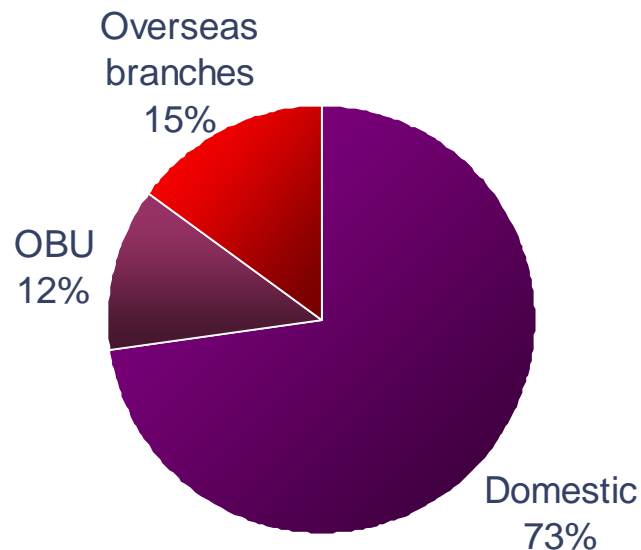
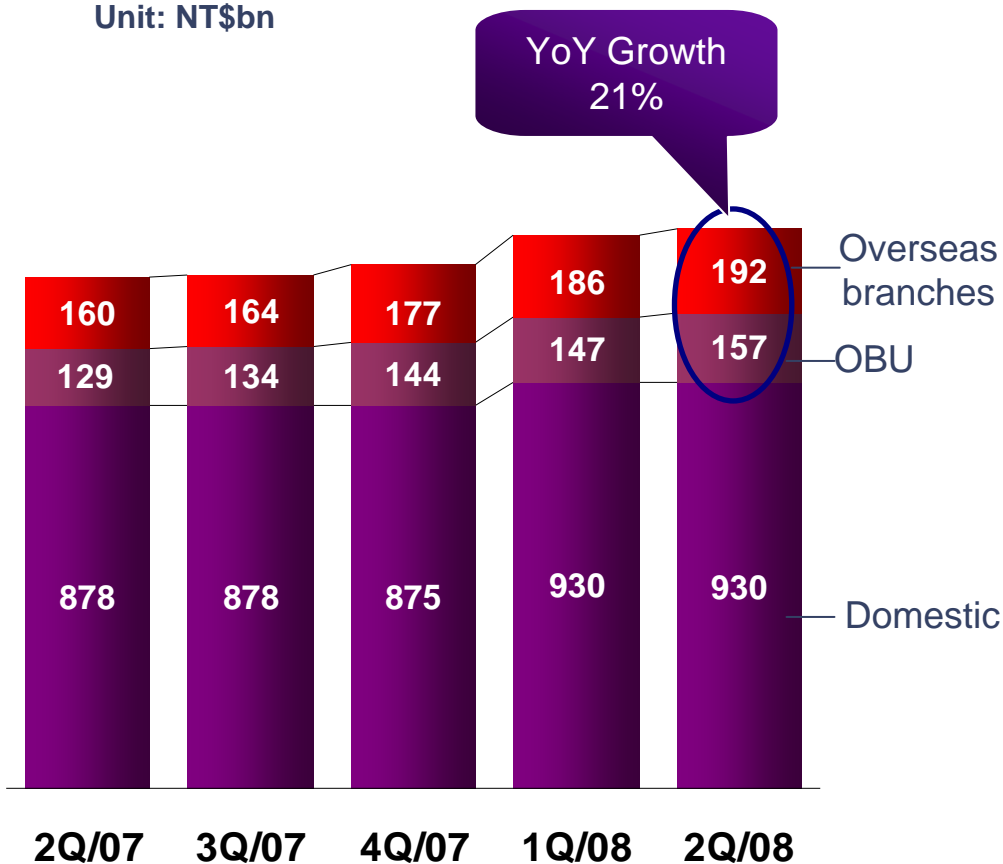


* Mega Bank quarterly end balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

OBU customers are mainly TW corps with high quality parent companies in Taiwan

Mega Bank 2Q/08 loan breakdown by region *

Unit: NT\$bn



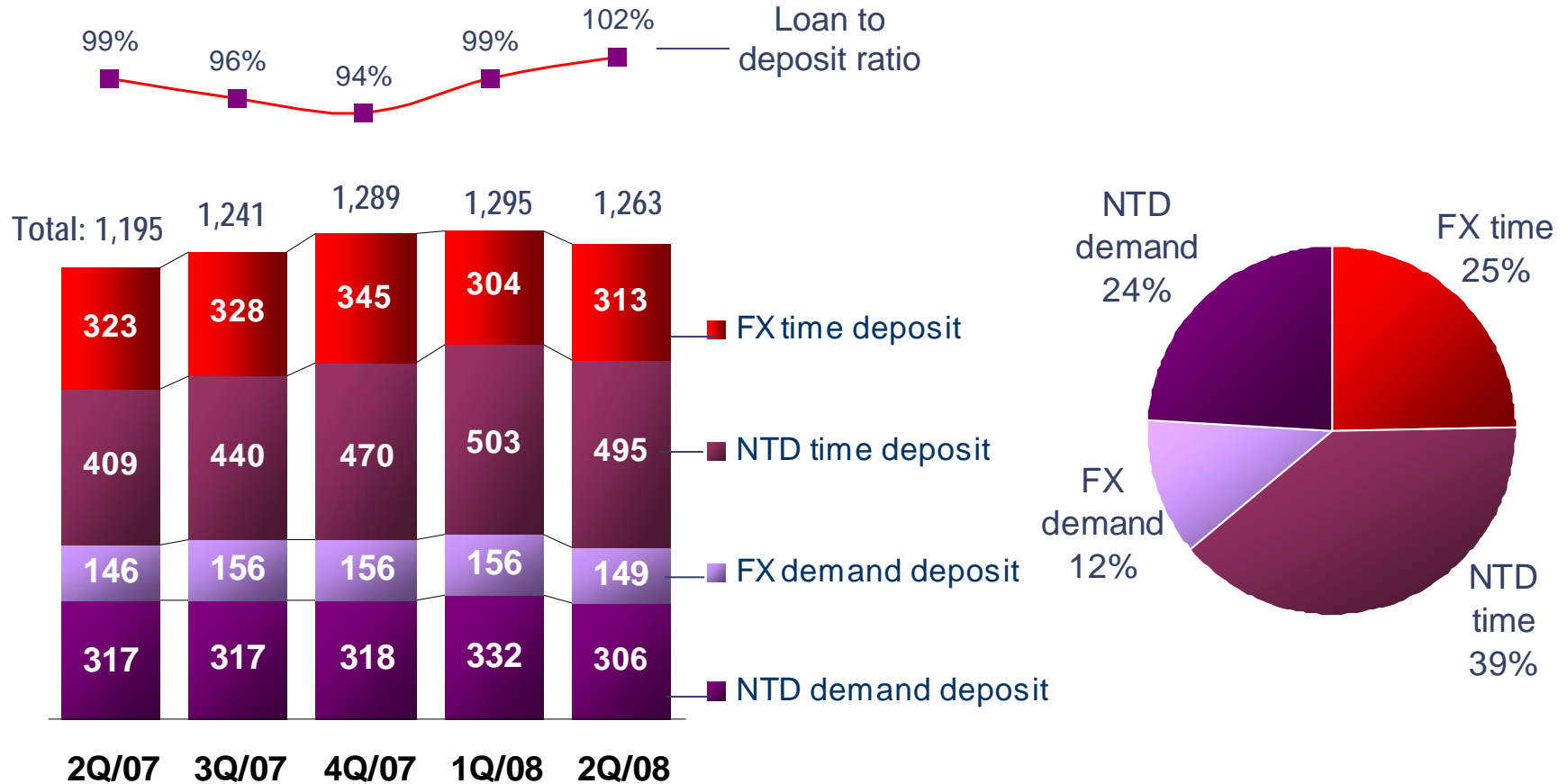
* Mega Bank quarterly average balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

** OBU stands for Off Shore Banking unit

Continuous FX deposit growth to fulfill the FX funding need

Mega Bank 2Q/08 LDR & deposit breakdown

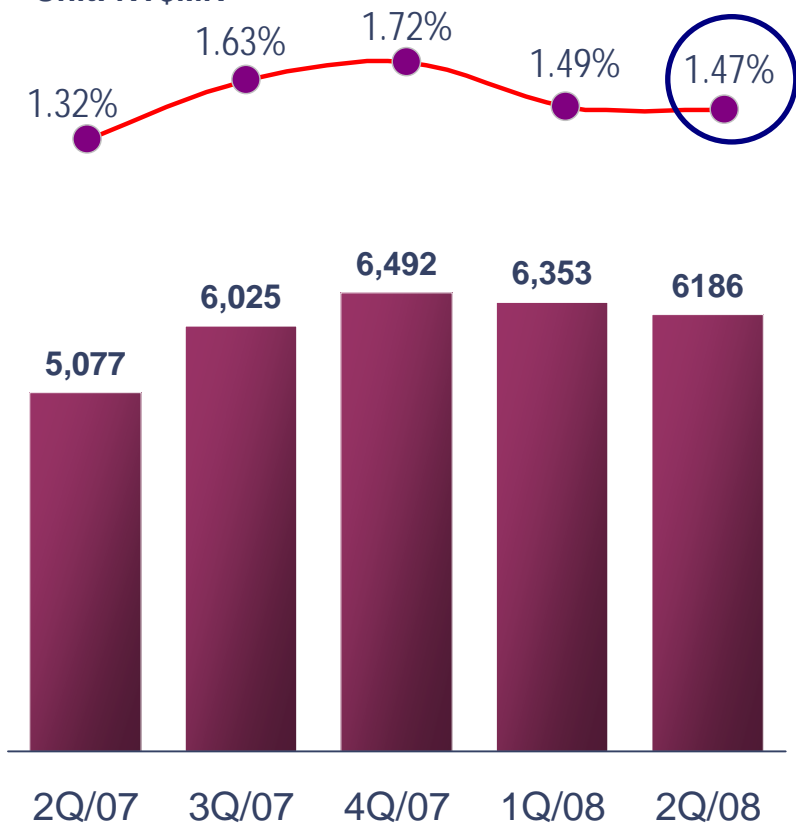
Unit: %; NT\$bn



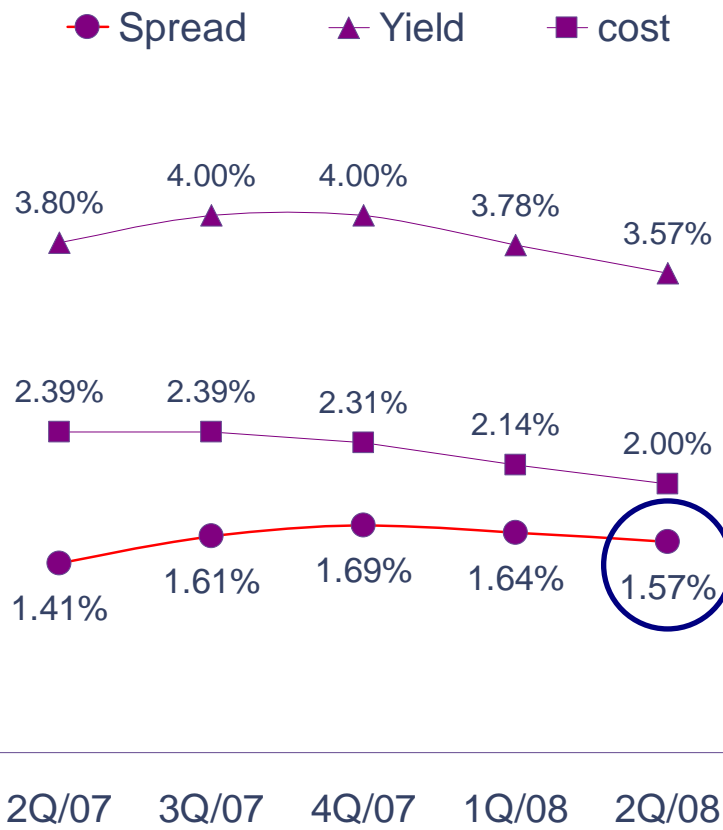
2Q/08 NIM contraction stabilized

Mega Bank NIM & NII *

Unit: NT\$MN



Mega Bank loan interest spread*

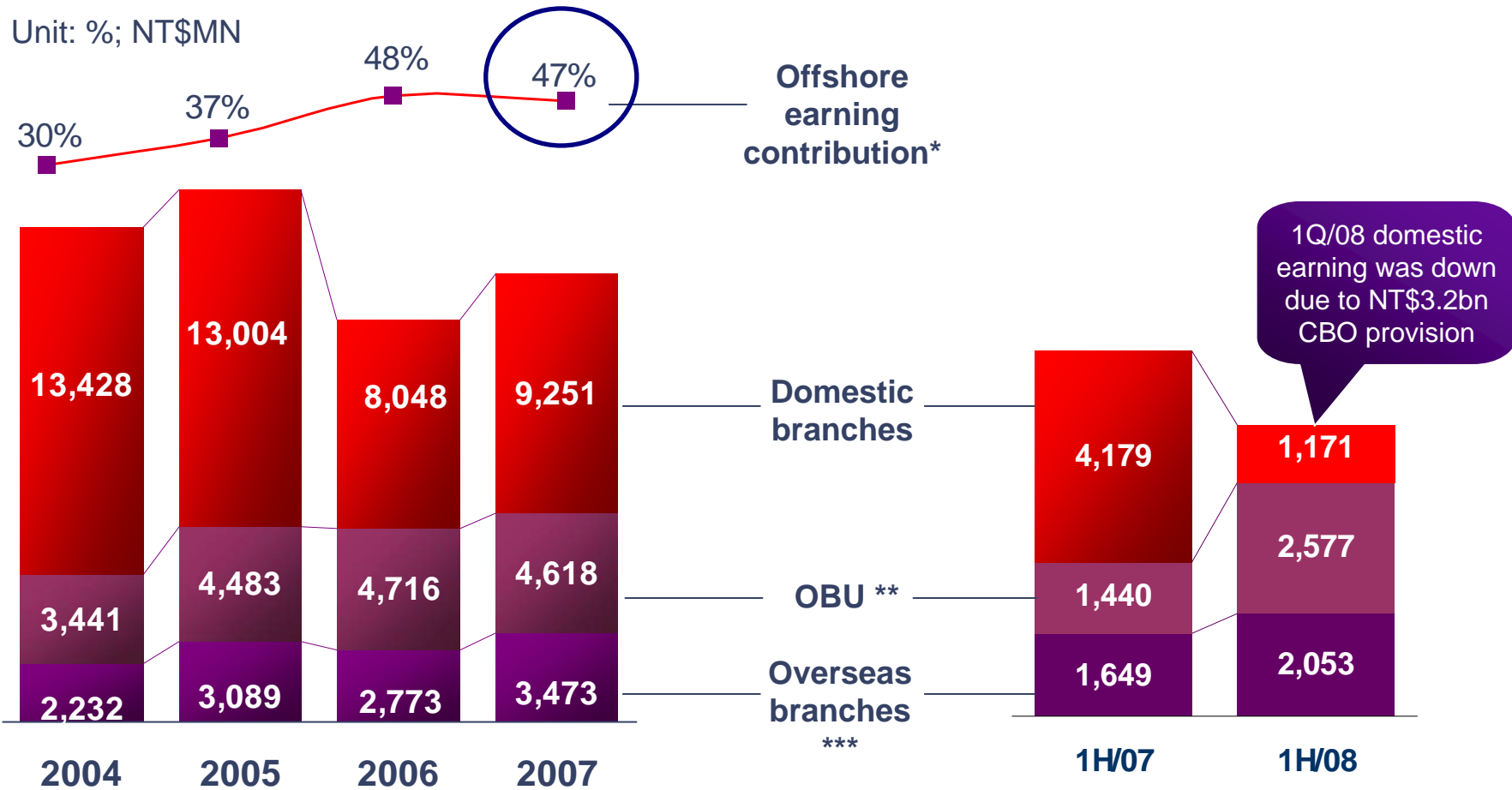


* Mega Bank internal numbers; NIM (Net interest margin) = Net interest income / average interest earning assets; NII is net interest income

OBU and overseas bank branches earning growth continues

Mega Bank pre-tax earning breakdown by region*

Unit: %; NT\$MN



* Mega Bank internal un-audited data; Offshore earning = (Overseas branches + OBU pre-tax earning)/ bank pre-tax earning

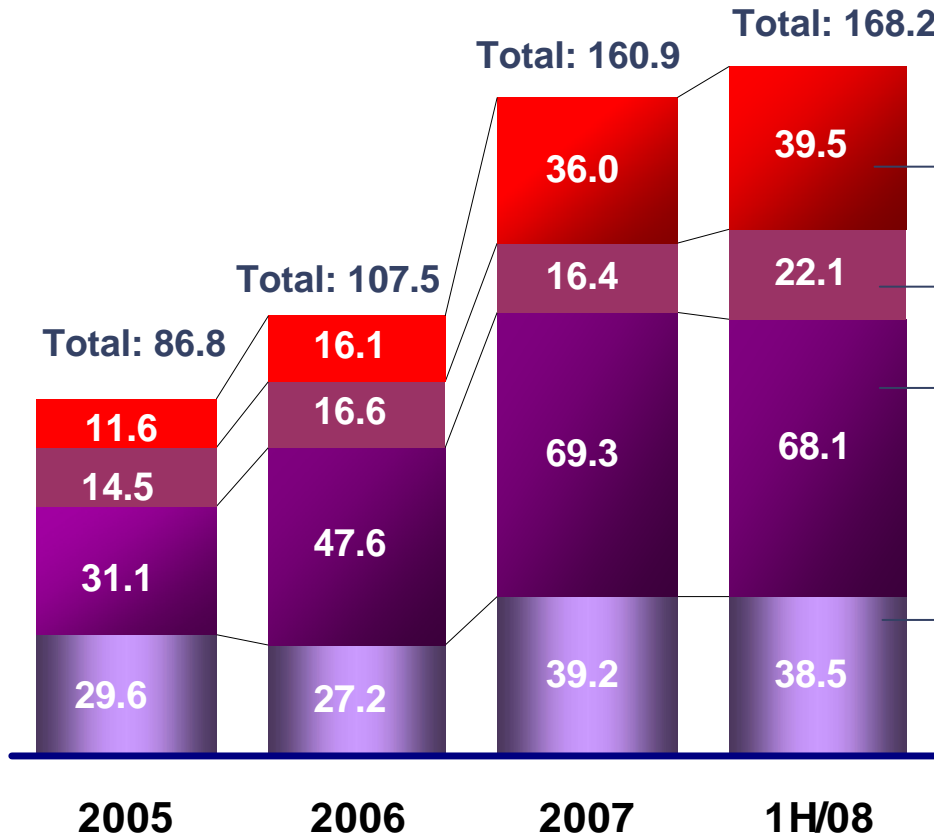
** OBU stands for Off-Shore Banking Unit

*** Oversea branches include Thailand and Canada bank subsidiaries; currency exchange rate as of end of July/08

Mutual funds sales is down, while demand for principal protection structured note increases

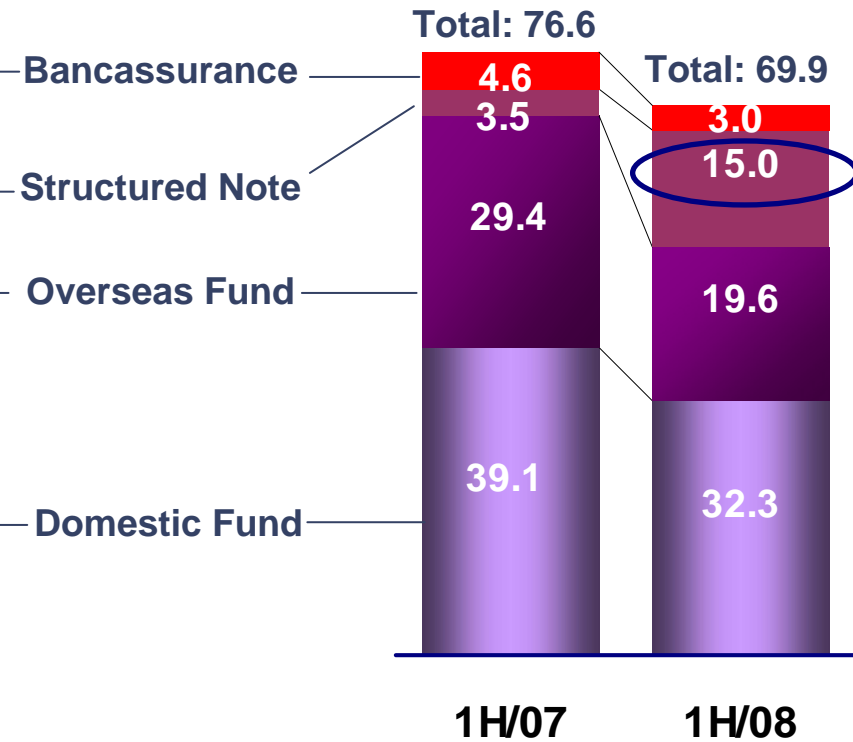
Mega wealth management AUM

Unit: NT\$BN



Mega wealth management sales

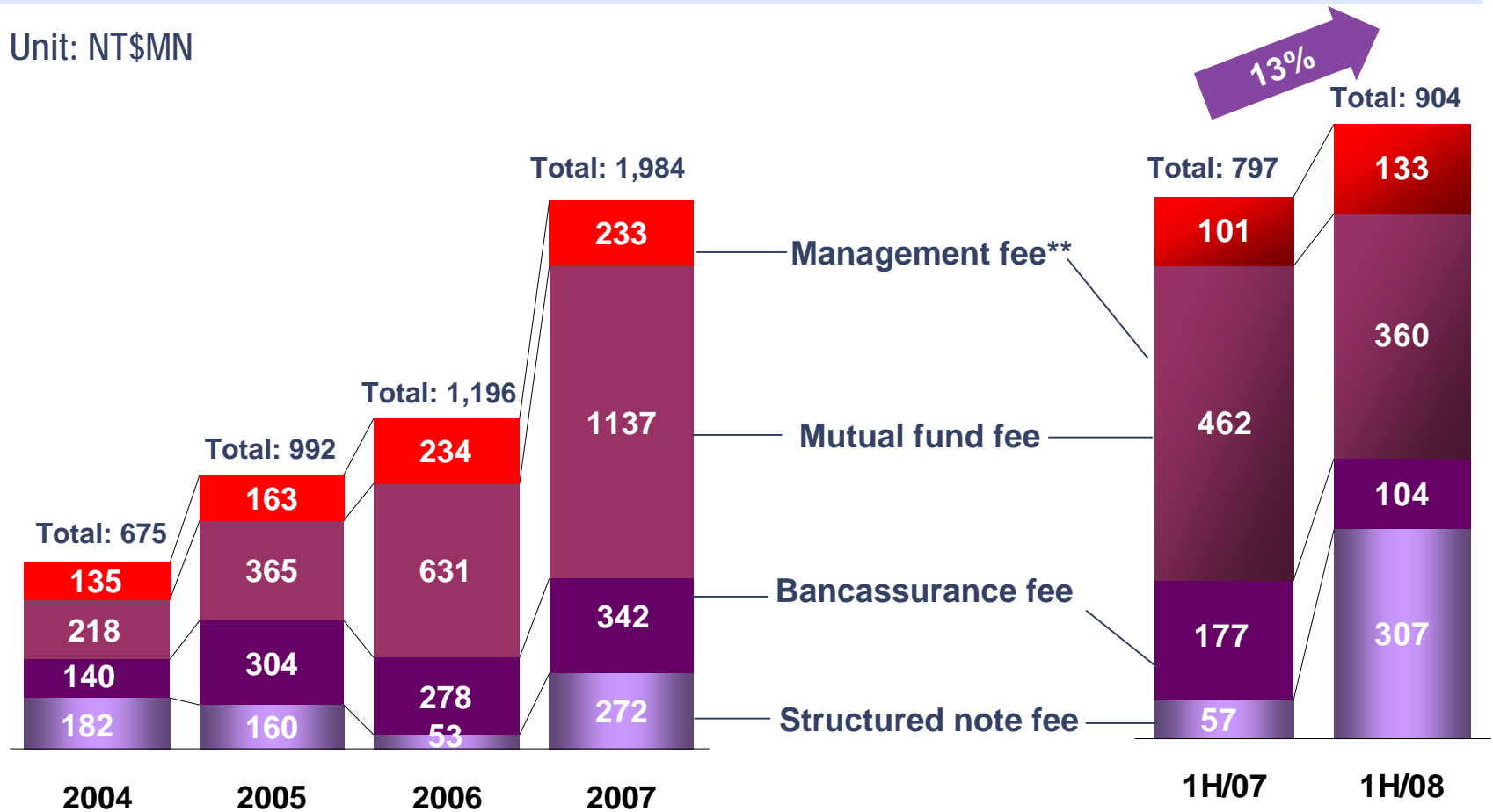
Unit: NT\$BN



... boosting WM fee despite slow global equity market

Mega wealth management net fee income breakdown by product *

Unit: NT\$MN



* Mega Bank internal data only

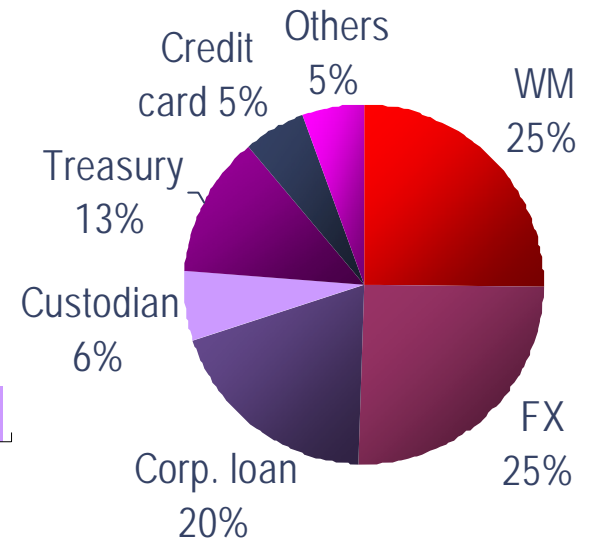
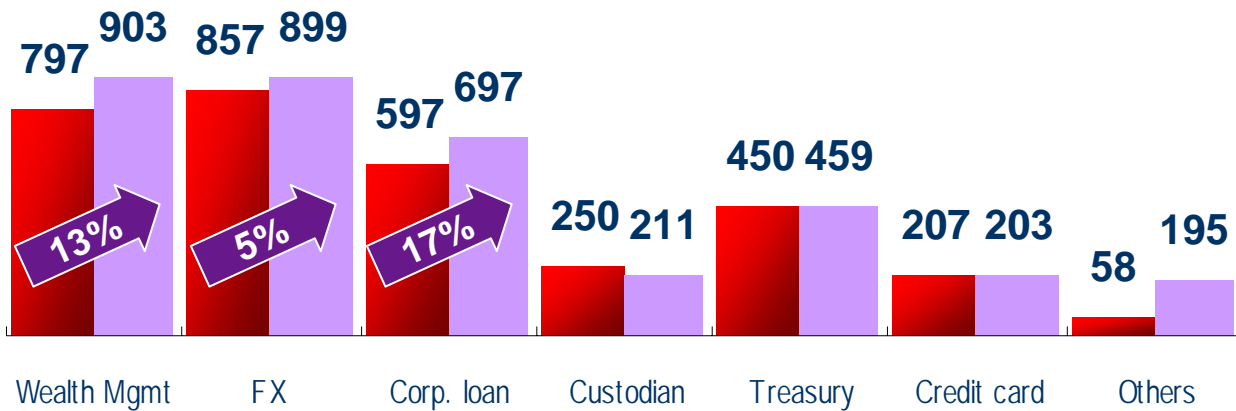
** Management fee of trust account derived from wealth management product sales

Strong WM & corp. banking related fee income

Mega Bank 1H/2008 gross fee income breakdown

Unit: NT\$MN

■ 1H/07 ■ 1H/08



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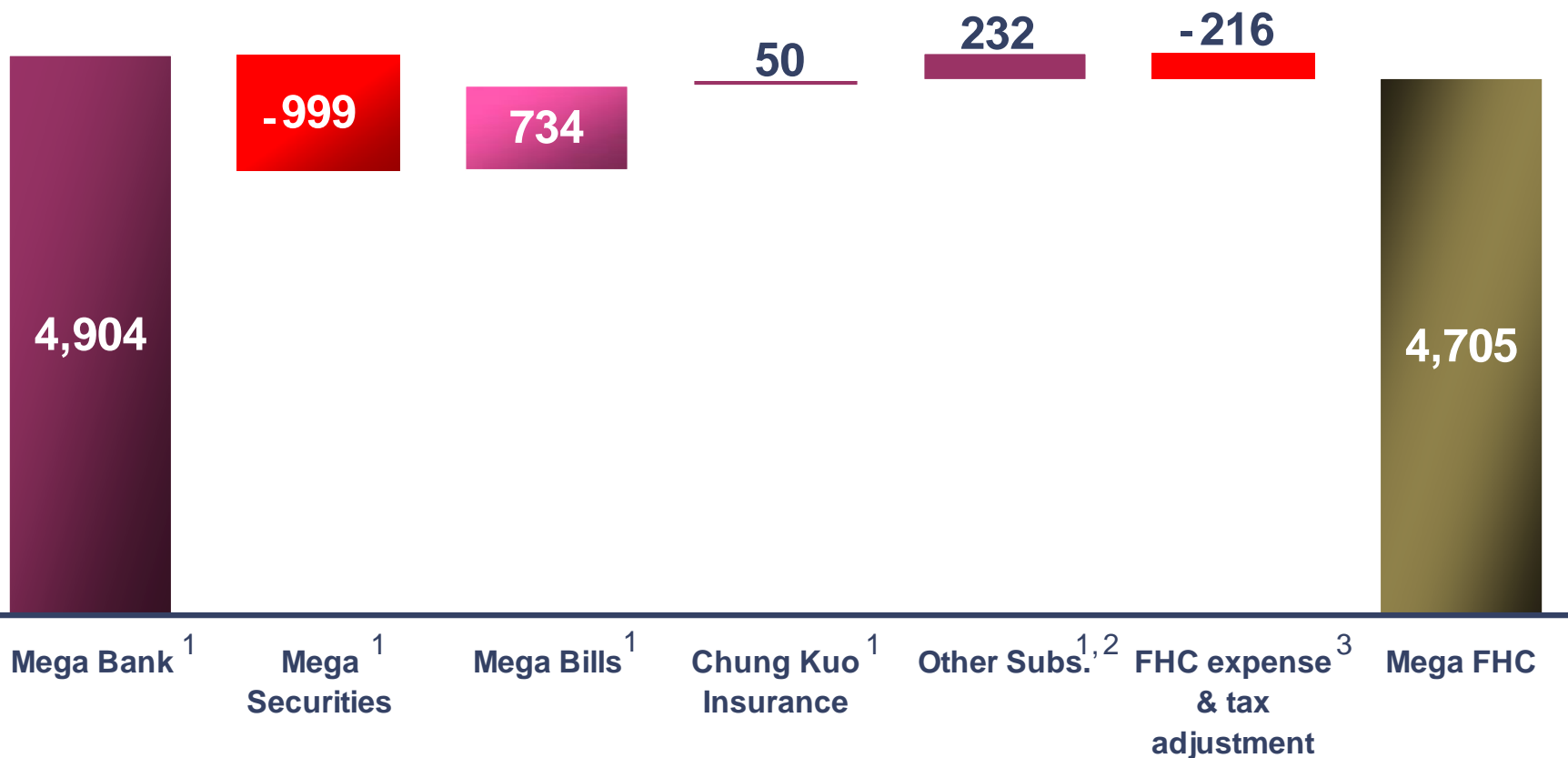


Appendix

1H/2008 earning breakdown by subsidiaries

1H/08 earning contribution by sub.

Unit: NT\$MN



1. Un-audited subsidiary earning deducts employee bonus and inter-subsidiaries adjustments; includes CBO related provisions

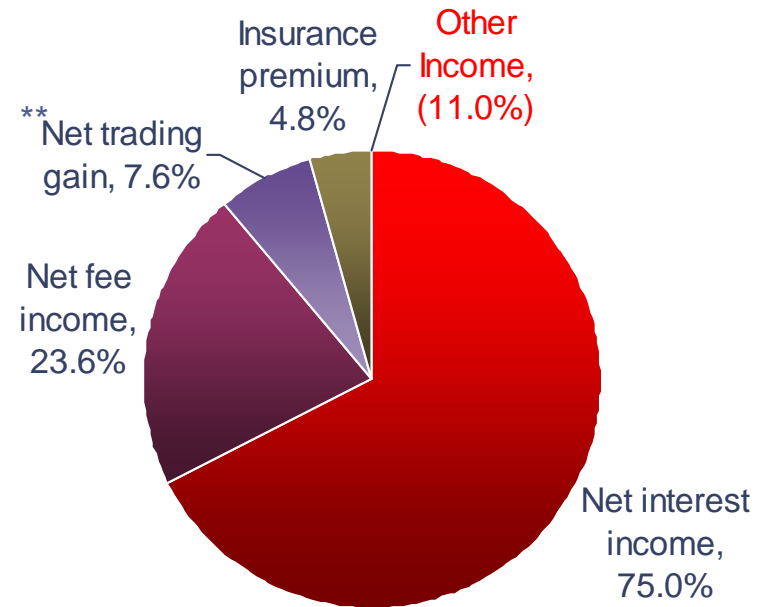
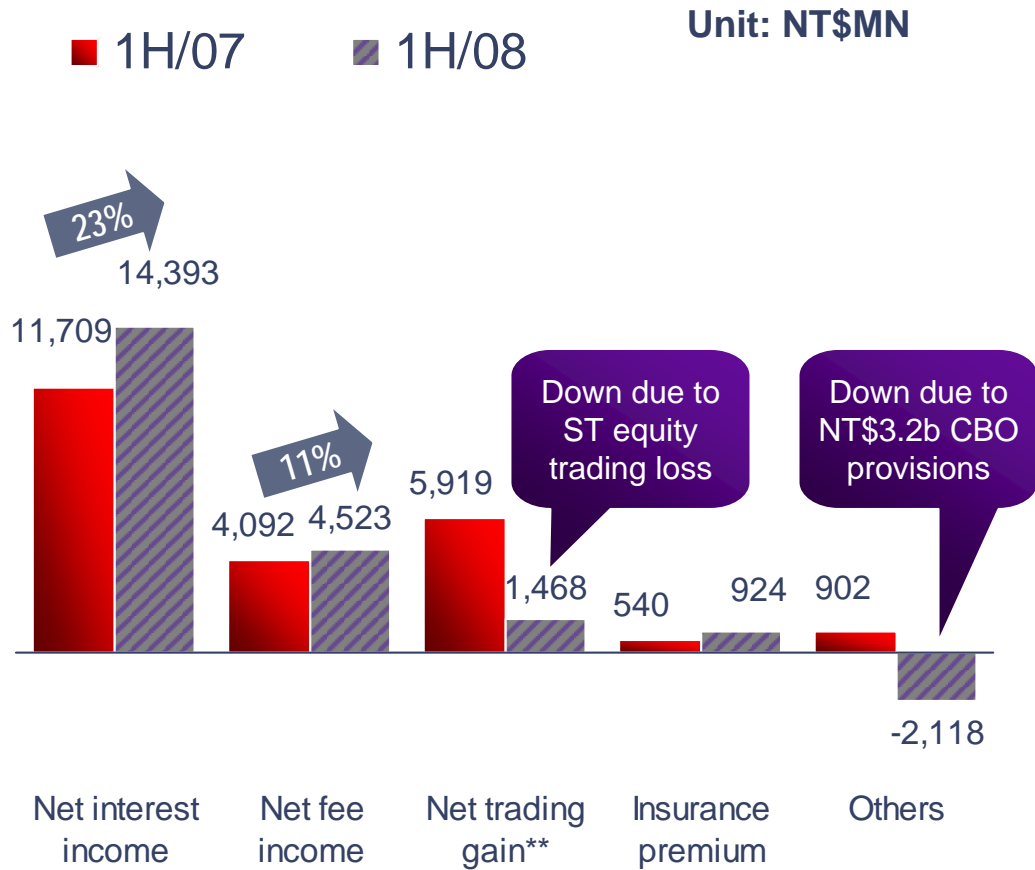
2. Include Mega Int'l Investment Trust, Mega AMC, Mega Life Insurance Agent, Mega CTB VC

3. FHC expense plus tax & other adjustments of compiling FHC consolidated statement

Increases in NII & fee offset the CBO provision impact

1H/07 vs. 1H/08 net revenue *

1H/2008 net revenue breakdown

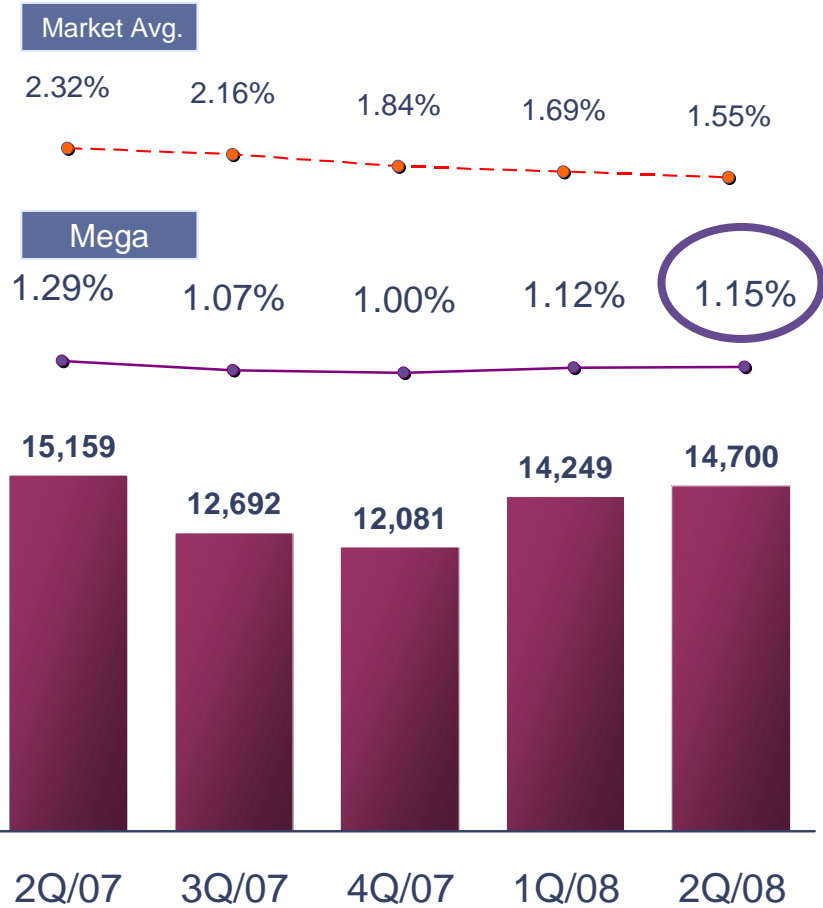


* 1H/08 are Un-audited figures; 1H/07 are audited figures

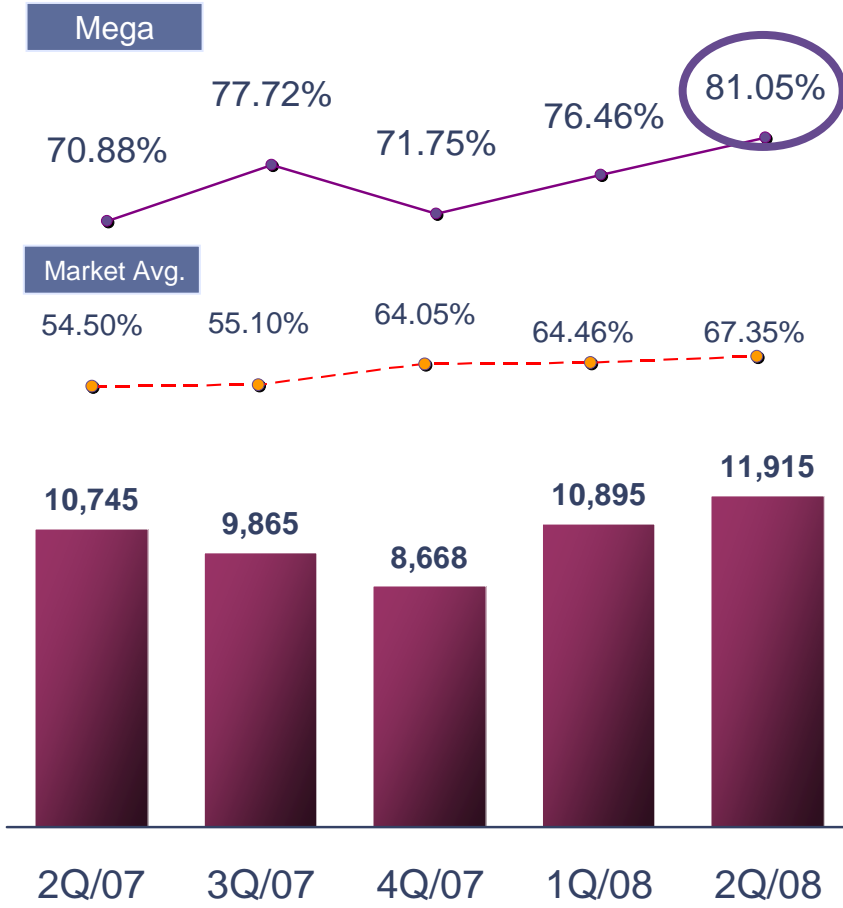
** Net trading gain includes short-term, AFS, HTM, equity method assets, property, FX trading gain & asset impairment loss

Maintaining low NPL ratio while increasing coverage ratio

NPL balance & NPL ratio*



Loan loss reserved and coverage ratio*



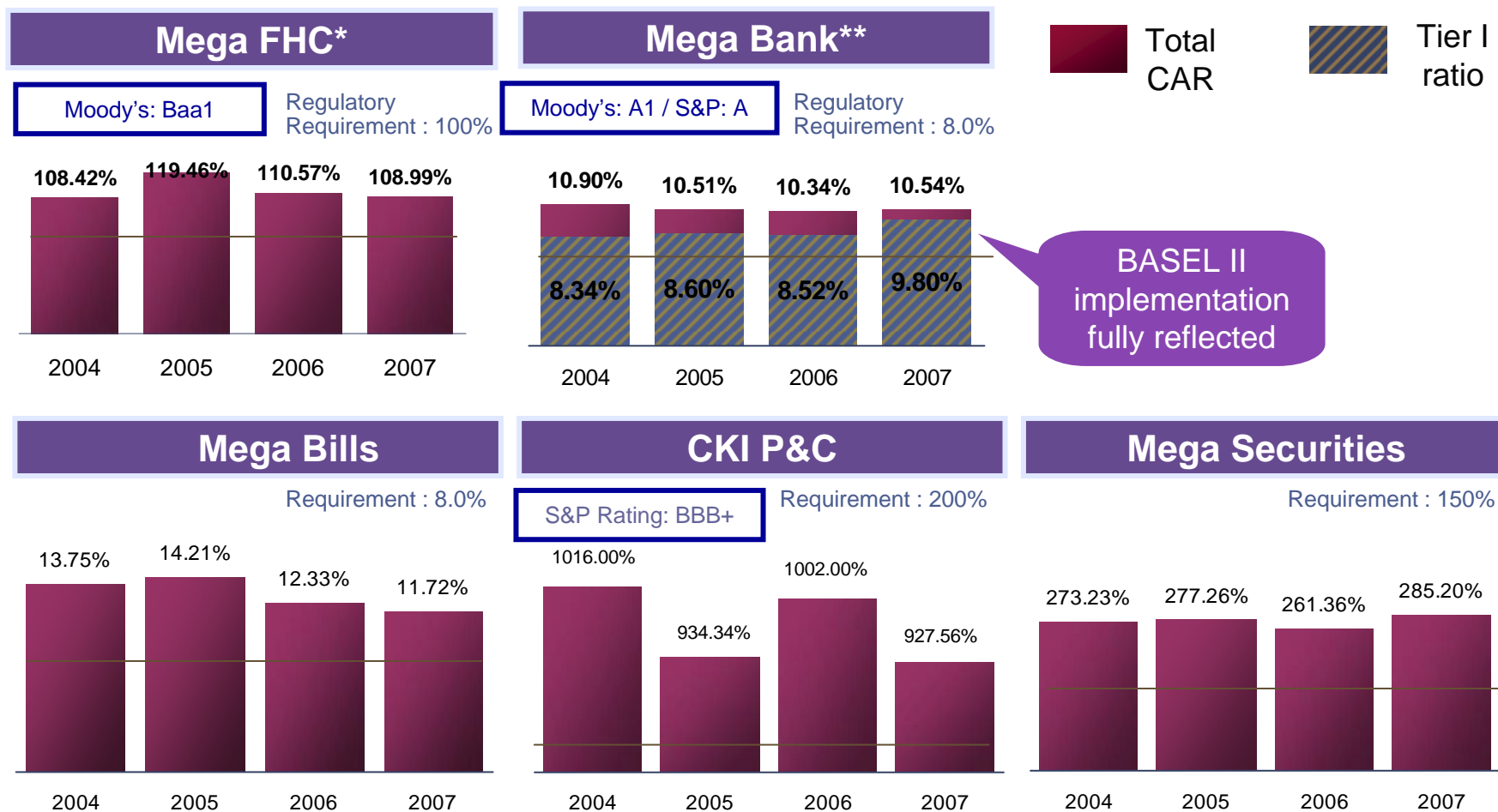
Unit: NT\$MN

Unit: NT\$MN

* 90 days standard

** market average: Banking Bureau of Taiwan

Conservative balance sheet position

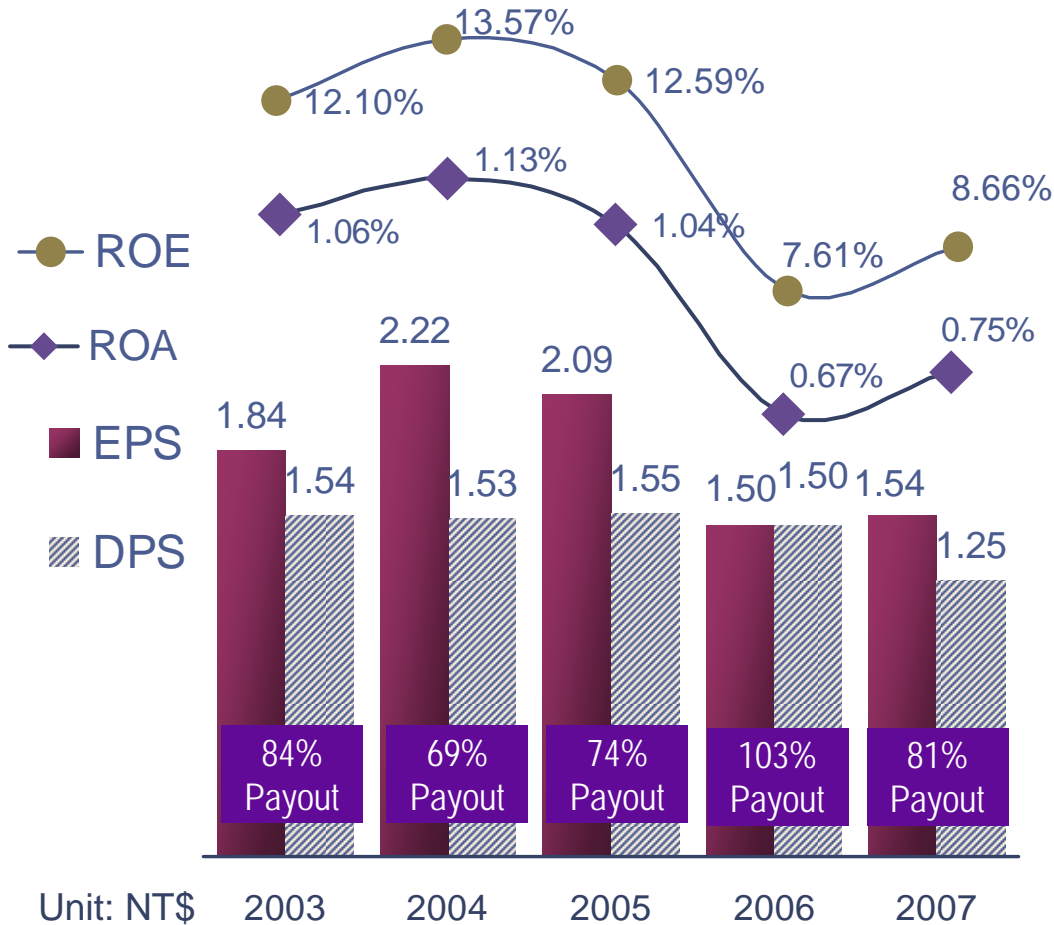


* Net of investments in subsidiaries

**2005 and prior numbers are ICBC and CTB historical numbers combined

Focus on providing consistent yields for investors

Key Earning Metrics



- ❖ Mid-term ROE target of 10~12%
- ❖ Mid-term ROA target of >1%
- ❖ To increase our ROE and prevent over-inflated capital base, we have paid 100% cash dividend in the last 4 years.
 - ◆ Committed to pay out >70%
 - ◆ 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 5% ~ 9% in the last 5 years.

* DPS are all distributed in cash form

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Appendix

1H/08 Mega FHC consolidated P&L statement

<i>NT\$MN, except per share data</i>	1H/08*	1H/07*	YoY	2007*
Net interest income	14,393	11,709	23%	26,296
Net fee income	4,523	4,092	11%	9,327
Insurance premium	924	540	71%	1,167
ST Trading gain	-7,761	5,170	-250%	4,545
Available for sales asset gain	572	1,206	-53%	2,508
Hold to maturity asset gain	0	0	0%	0
Equity method investment gain	44	111	-60%	190
Property investment gain	12	157	-92%	22
FX gain (spread)	8,613	-194	-4540%	2,753
Asset impairment	-12	-531	-98%	-2,123
Other income	-2,118	902	-335%	2,250
Operating income	19,190	23,162	-17%	46,935
Operating expense	-10,284	-9,788	5%	-20,235
Pre-provision operating profit	8,906	13,374	-33%	26,700
Provision expense on loan	-2,707	-3,577	-24%	-6,601
Reserved on insurance	-361	-153	136%	-67
Pretax profit	5,838	9,645	-39%	20,032
Tax	-1,122	-1,014	11%	-2,918
Minority shareholder interest	11	27	-59%	44
Net profit	4,705	8,604	-45%	17,070
EPS (NT\$)	0.43	0.78	-45%	1.54

* 1H/08 are un-audited numbers & 1H/07 & 2007 are audited numbers

1H/08 Mega FHC consolidated balance sheet

NT\$MN	1H/08*	1H/07*	YoY	2007*	YTD
Assets:					
Cash and due from banks	136,986	228,534	-40%	349,728	-61%
Fin. assets at fair value through P&L	181,743	196,565	-8%	210,393	-14%
Bills and bonds under RP agreement	25,121	16,279	54%	4,766	427%
AFS financial assets	226,608	262,684	-14%	255,518	-11%
HTM financial assets	125,820	84,932	48%	90,448	39%
Other financial assets	26,415	32,920	-20%	29,113	-9%
A/R, net	118,350	98,737	20%	123,959	-5%
Loan, net	1,283,162	1,181,548	9%	1,210,580	6%
Equity method LT investments, net	2,657	2,936	-10%	2,583	3%
Land, premises and equipments, net	25,467	24,815	3%	24,233	5%
Others	33,255	9,174	262%	9,515	250%
Total assets	2,185,584	2,139,126	2%	2,310,834	-5%
Liabilities					
Due to banks	278,936	301,408	-7%	412,969	-32%
Deposits	1,197,614	1,130,407	6%	1,232,608	-3%
CP & Bond payable	62,769	55,668	13%	56,948	10%
Bills & bonds sold under repurchase agreement	253,537	285,325	-11%	246,996	3%
Other liabilities	209,289	177,318	18%	166,662	26%
Total liabilities	2,002,145	1,950,126	3%	2,116,183	-5%
Total stockholders' equity	183,439	189,000	-3%	194,651	-6%
Total liabilities and stockholders' equity	2,185,584	2,139,126	2%	2,310,834	-5%

* 1H/08 are un-audited numbers & 1H/07 & 2007 are audited numbers

Well established size and scale to win

1H/2008*
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	2,186	1,800	65	242	14	1	9	0.08	1
Equity	183	146	15	28	5	0.8	2	0.03	1
Net Profit	4.7	4.9	-1.0	0.7	0.05	0.03	0.2	0.004	0.003
Domestic Offices	194	106	46	9	27	3	1	1	1
Overseas Offices***	35	28	4	0	3	0	0	0	0

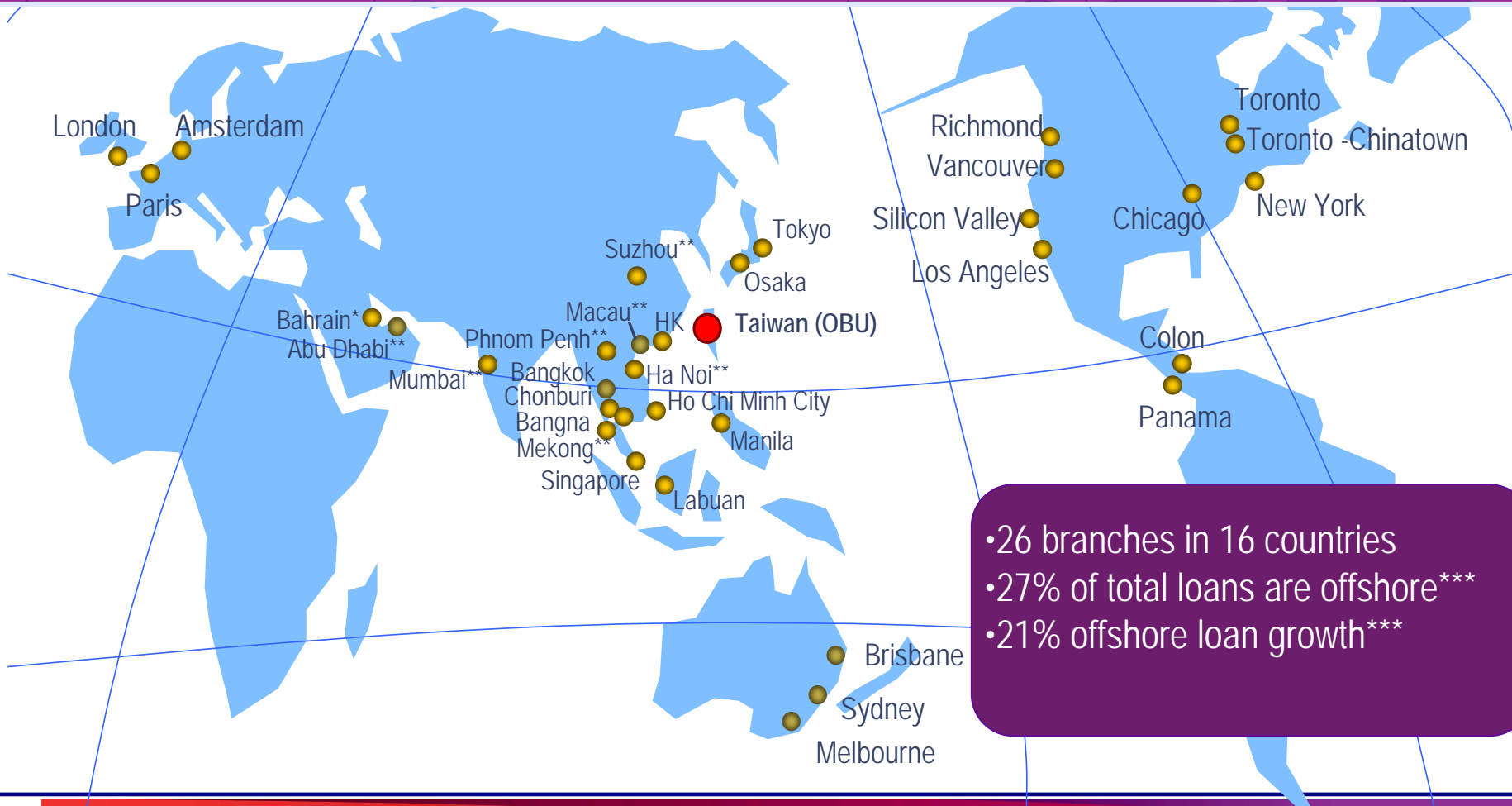
* Un-audited numbers

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

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

Mega Bank's Global Franchise

Bridge the gap, reach the world



•26 branches in 16 countries
 •27% of total loans are offshore***
 •21% offshore loan growth***

* Bahrain is a rep. office

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

*** As of end of 2Q/2008; offshore business includes OBU and overseas bank branches

Mega's US subprime exposure and provision realized

Mega US Subprime Exposure

As of end of July/2008
Unit: NT\$MN

Securities Type	Mega Group							
	Total balance	Underlying assets		Provision realized				
		Subprime exposure	Others ***	~ July /08 balance sheet	4Q/07 income statement	~ July /08 income statement	Total	% of subprime exposure
ABCP*	11,059	5,891	5,169	0	(766)	(5,829)	(6,595)	68%
RMBS**	3,825	3,825	0					
RMBS/CMO	1,486	1,486	0	(183)	(414)	(458)	(1,055)	71%
CDO	848	0	848	(62)	0	(5)	(67)	-
PPN	906	0	906	(187)		(3)	(190)	-
Total	18,124	11,202	6,923	(432)	(1,180)	(6,295)	(7,907)	71%

- * Which include only Calyon 2005-1 CBO & First Commercial Bank 2006-2 CBO, which were underwritten by Mega Bank
- ** Above ABCP's underlying RMBS, which were bought out by Mega Bank to take necessary provision due to downgrade
- *** ABCP's other underlying assets are all "blue chips" Taiwanese corp. structured bonds, such as UMC, Taipei Fubon Bank, President Group, Pou Chen Group and etc.