



兆豐金控
Mega Holdings

2Q / 2008 (v.2)

Investor Presentation



Agenda



Operation Highlights



Financial Performance

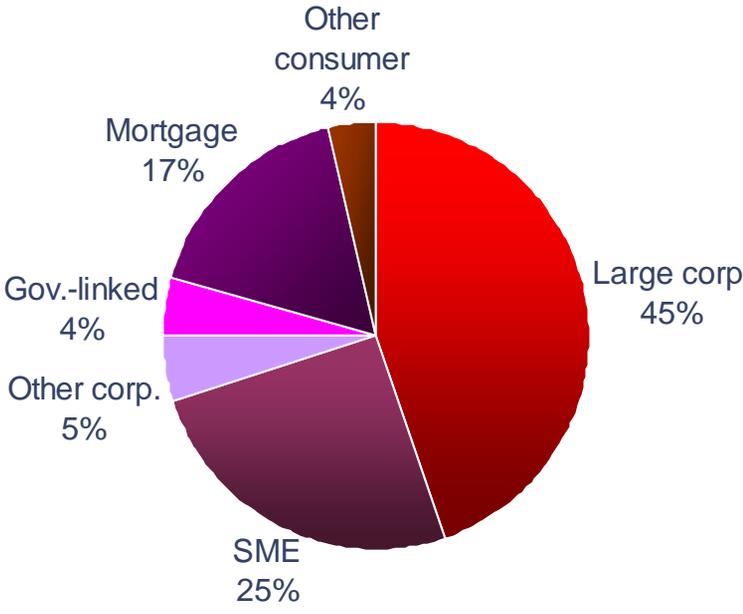
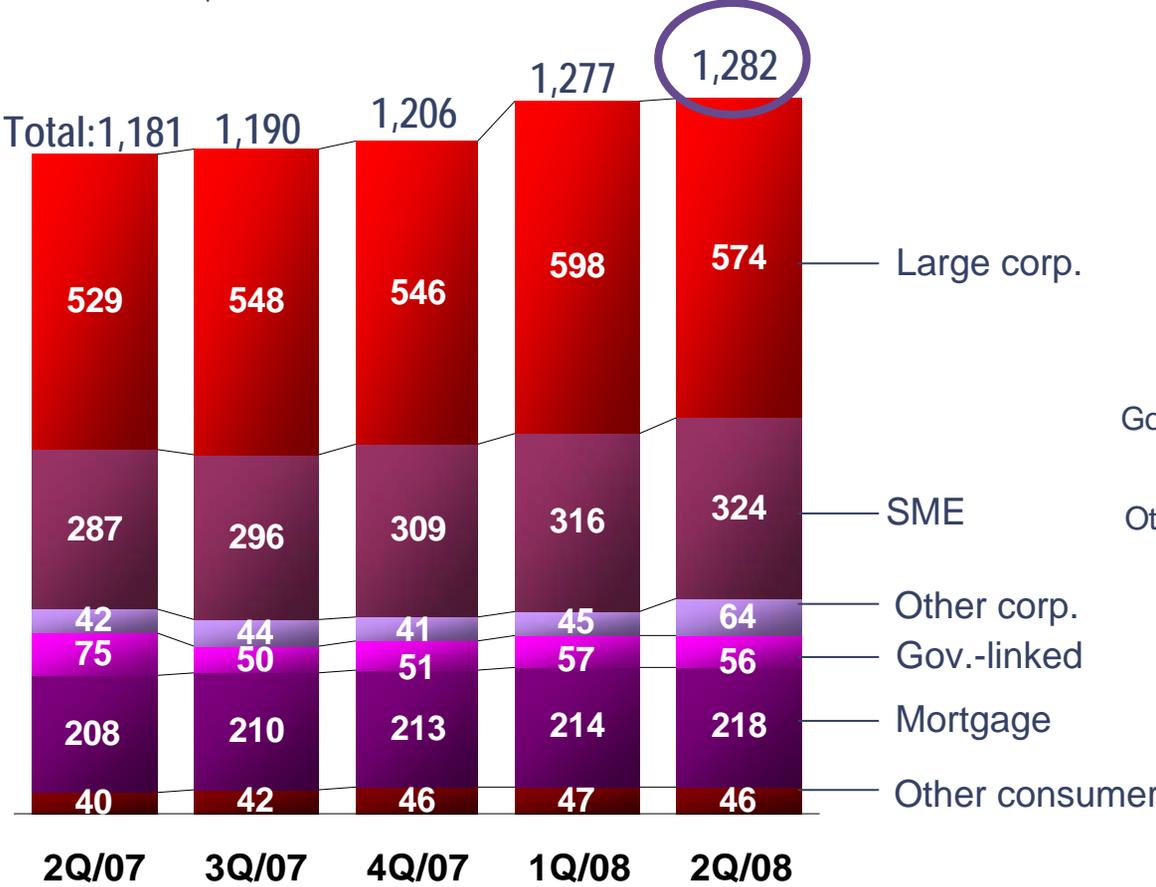


Appendix

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

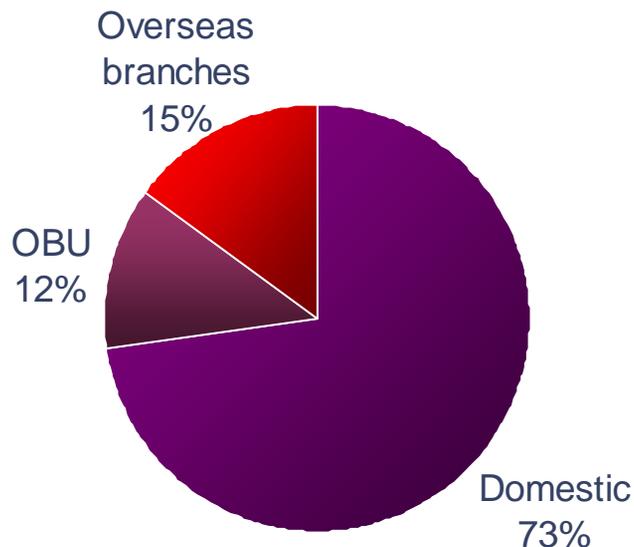
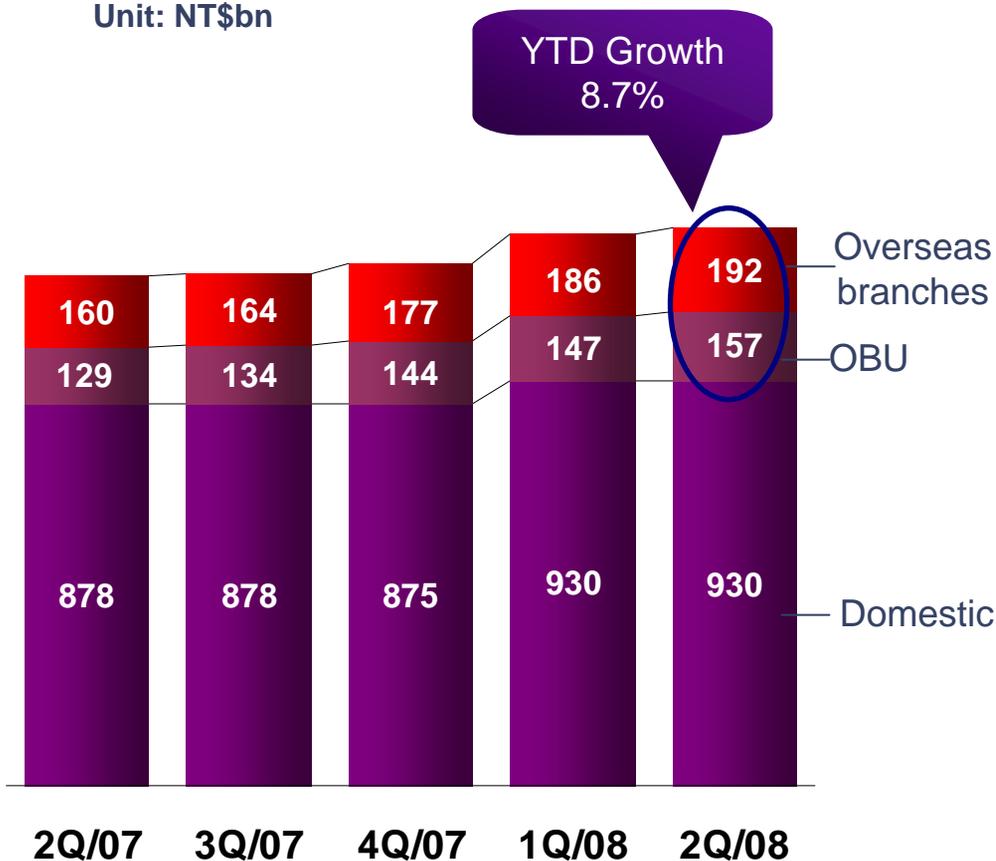


* Mega Bank quarterly end balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

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

Mega Bank 2Q/08 loan breakdown by region *

Unit: NT\$bn



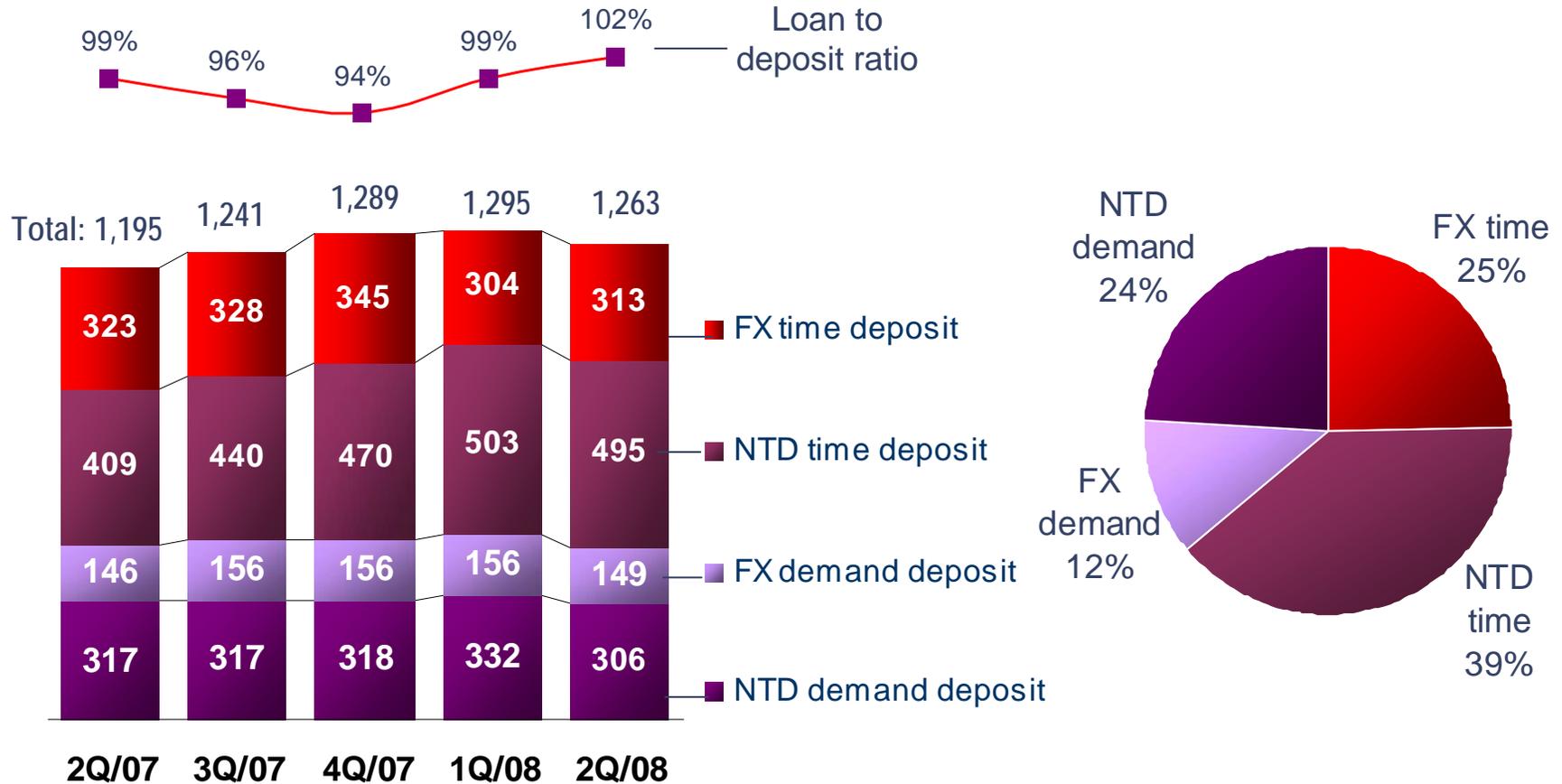
* Mega Bank quarterly average balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

** 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



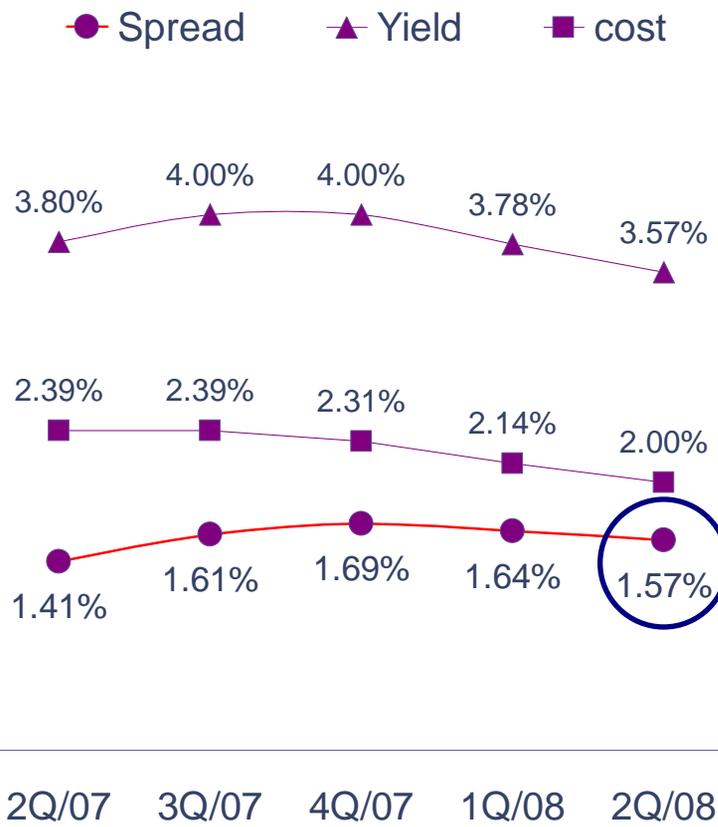
2Q/08 NIM contraction stabilized

Mega Bank NIM & NII *

Unit: NT\$MN

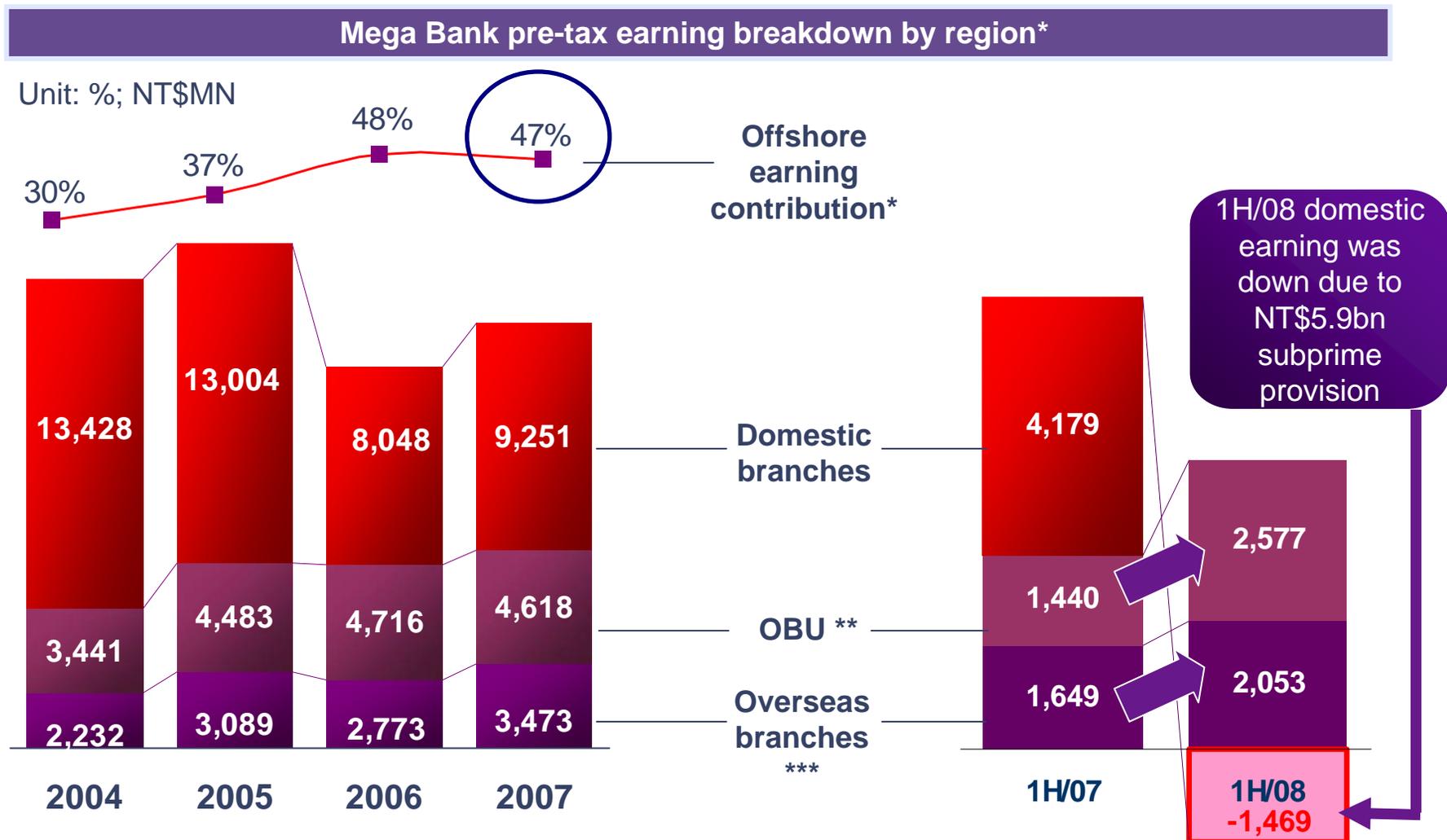


Mega Bank loan interest spread*



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

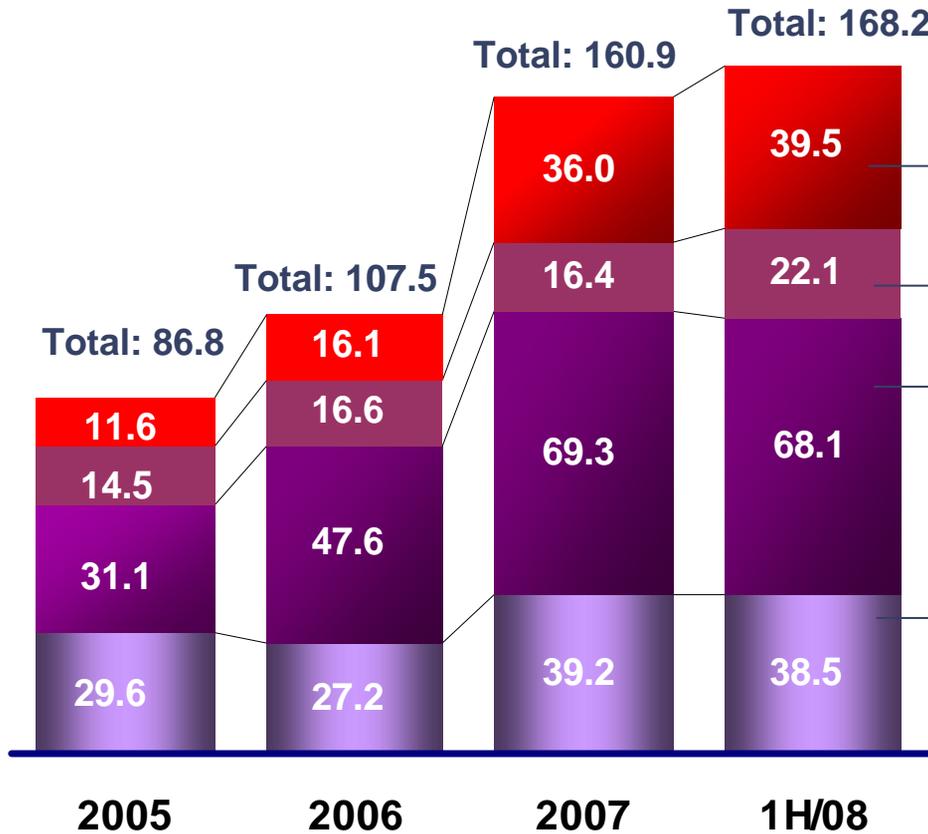
** OBU stands for Off-Shore Banking Unit

*** Overseas 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

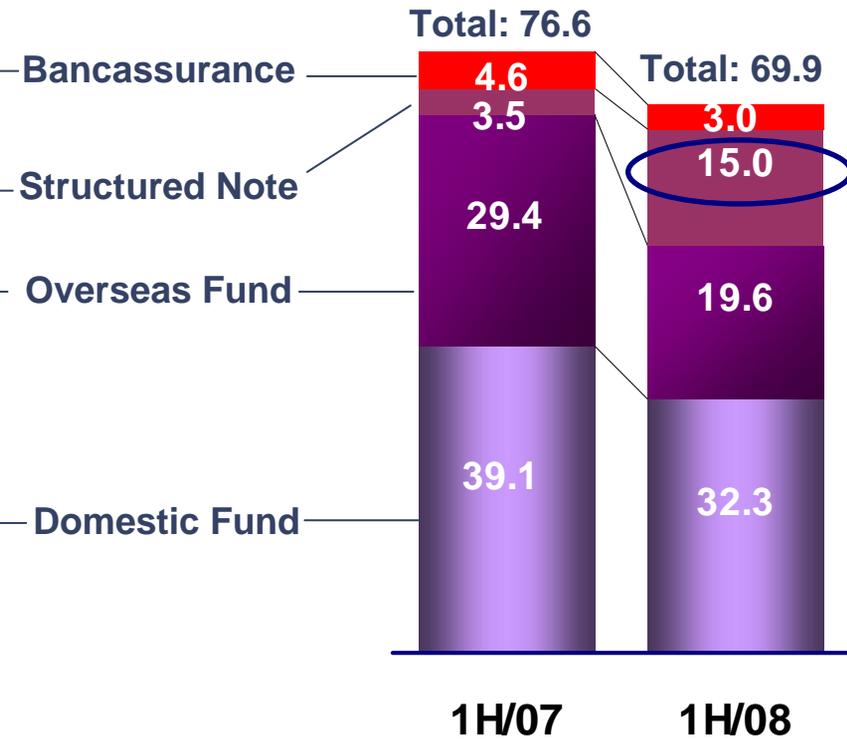
Mega wealth management AUM

Unit: NT\$BN



Mega wealth management sales

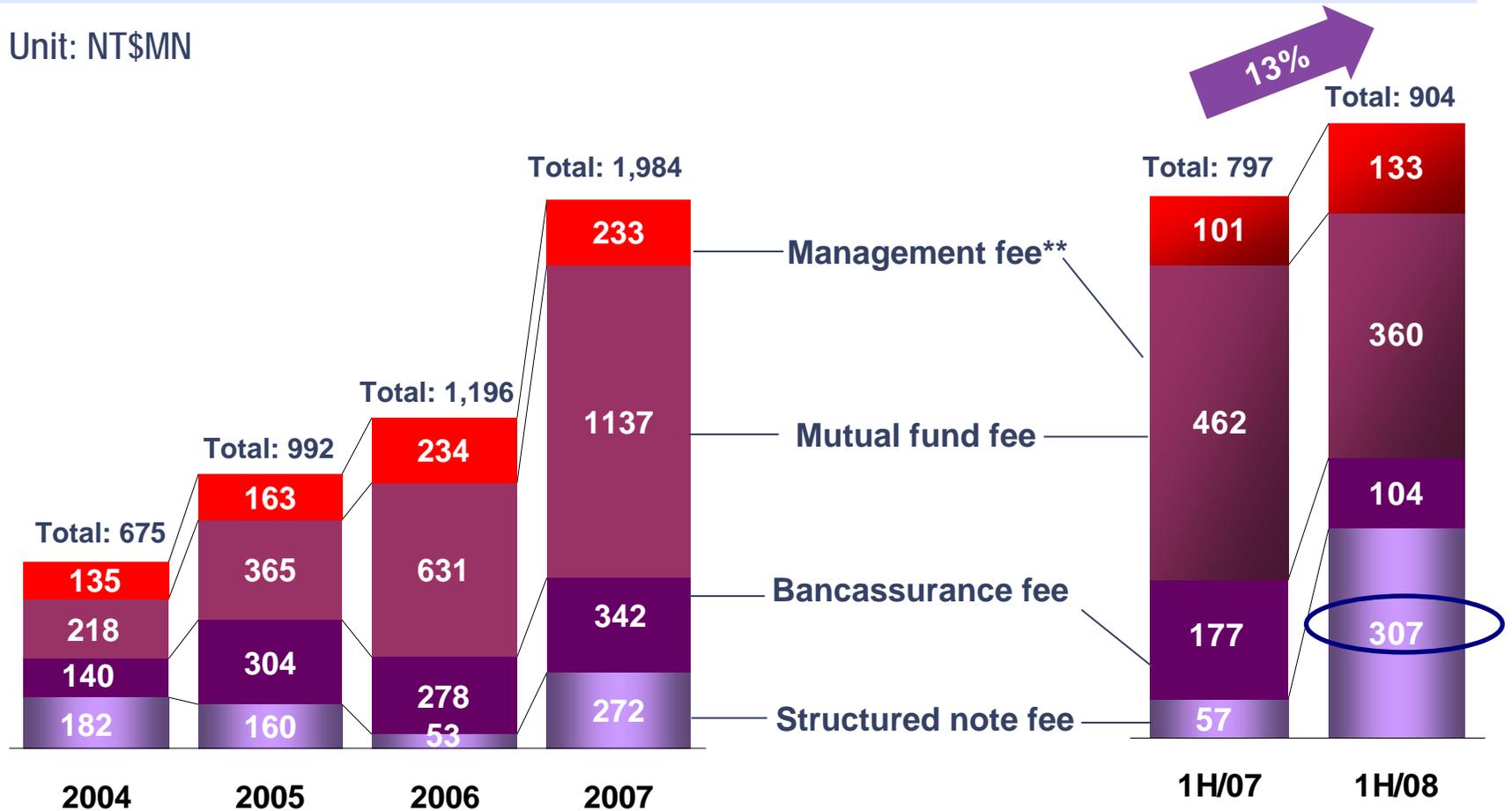
Unit: NT\$BN



... 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

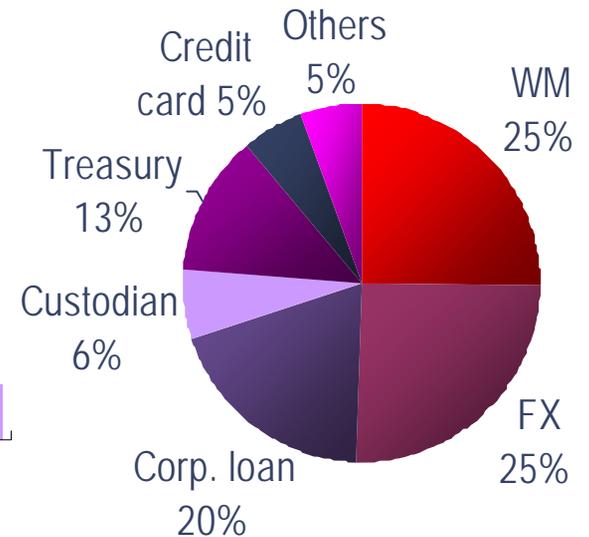
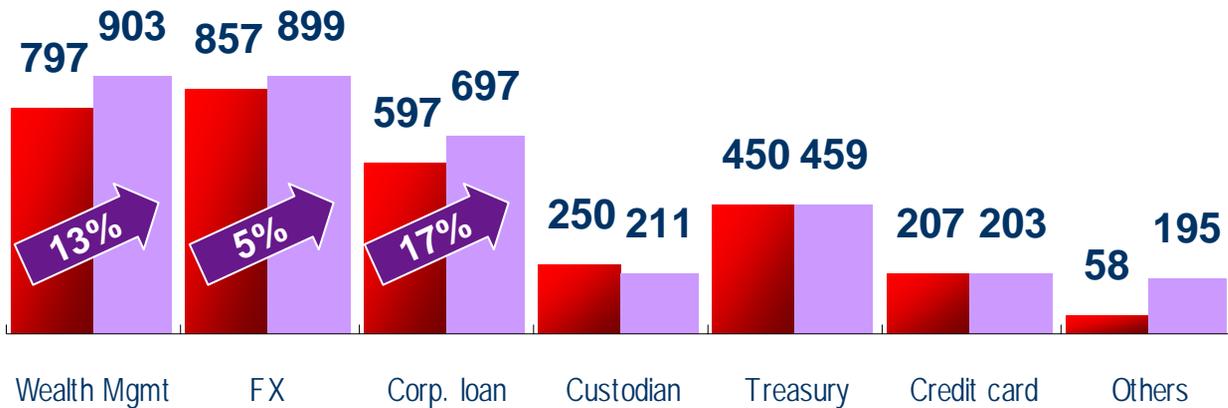
** Management fee of trust account derived from wealth management product sales

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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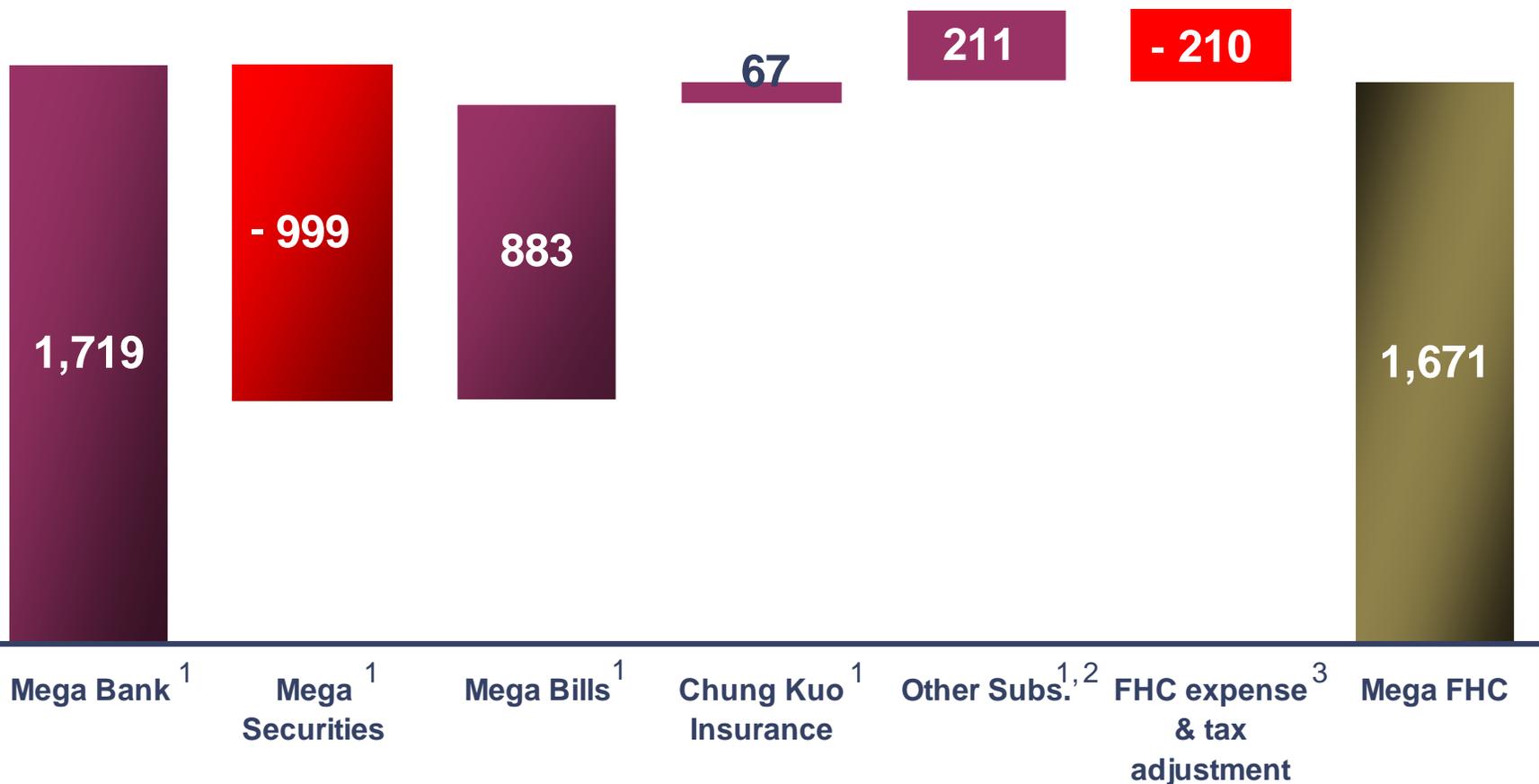


Appendix

1H/2008 earning breakdown by subsidiaries

1H/08 earning contribution by sub.

Unit: NT\$MN

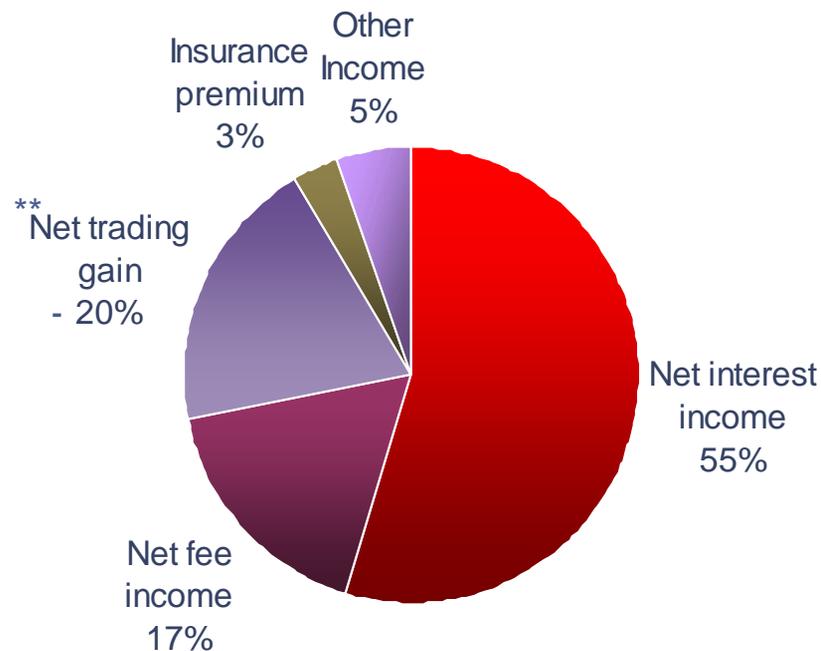
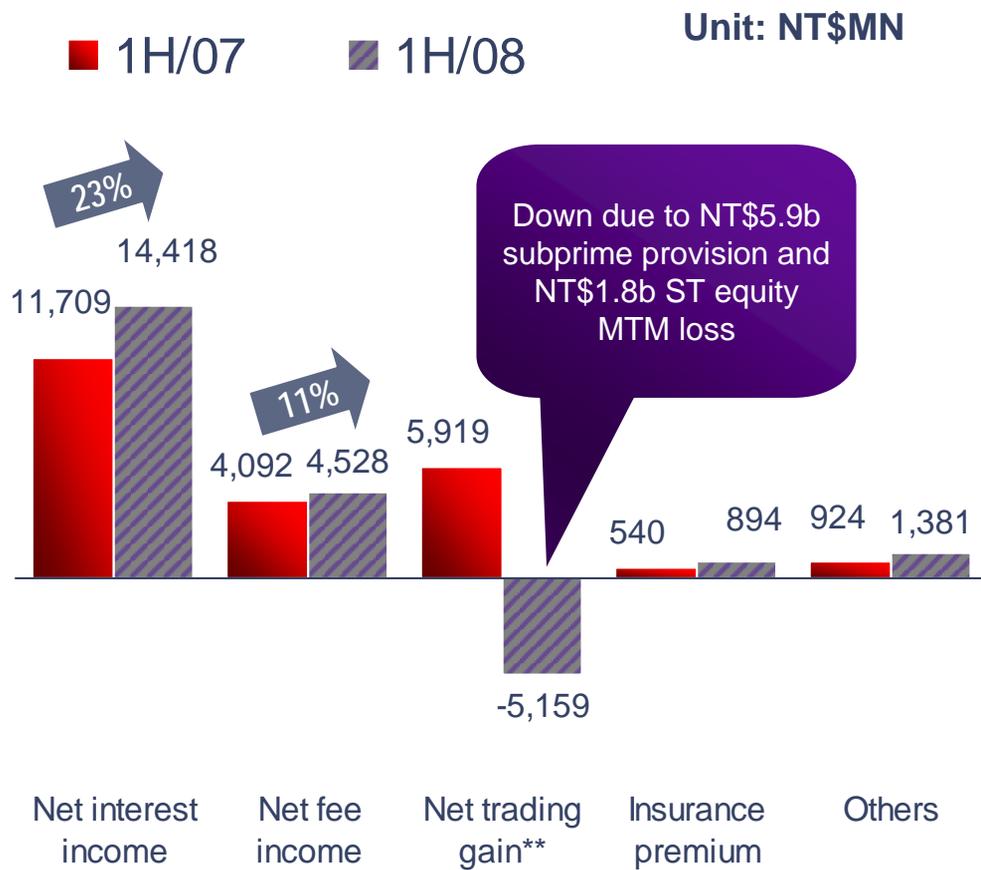


1. Audited subsidiary earning deducts employee bonus and inter-subsidiaries adjustments
2. Include Mega Int'l Investment Trust, Mega AMC, Mega Life Insurance Agent, Mega CTB VC
3. FHC expense plus tax & other adjustments of compiling FHC consolidated statement

Interest income and fee growth continue

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

1H/2008 net revenue breakdown

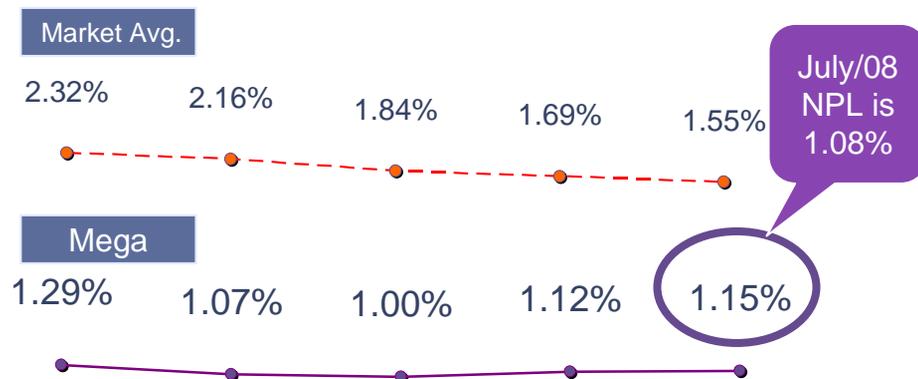


* All are audited figures

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

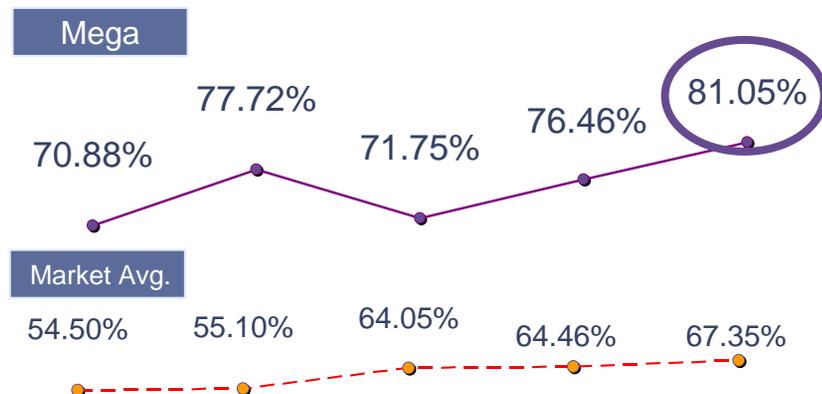
Maintaining low NPL ratio while increasing coverage ratio

NPL balance & NPL ratio*



Unit: NT\$MN

Loan loss reserved and coverage ratio*



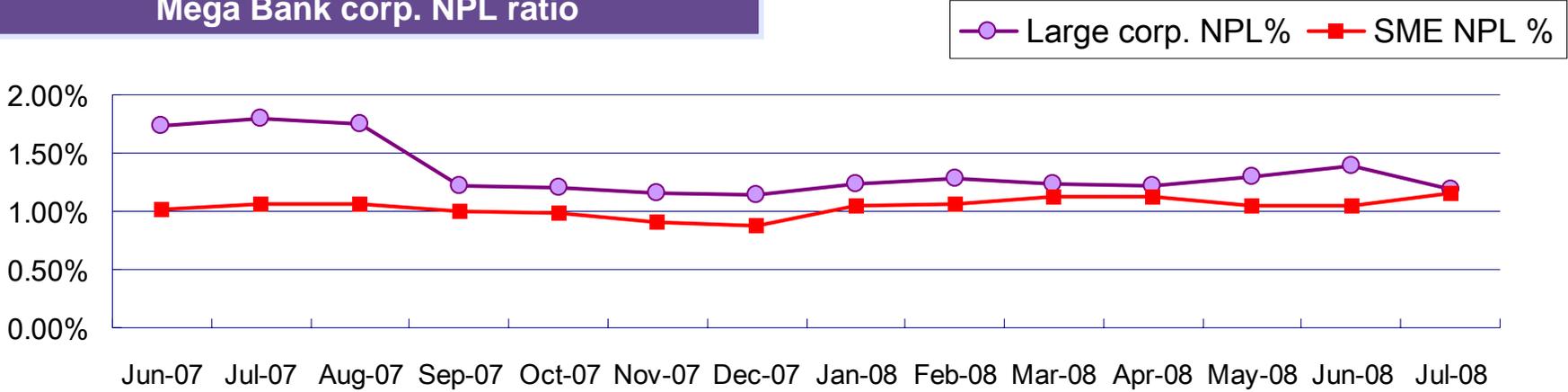
Unit: NT\$MN

* 90 days standard

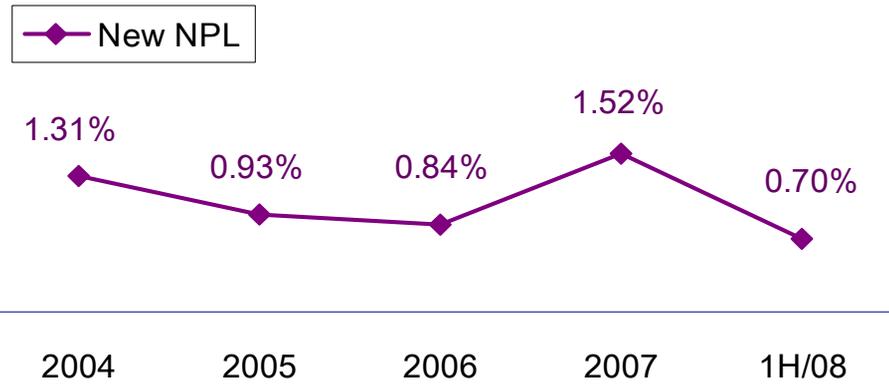
** market average: Banking Bureau of Taiwan

Mega's corp NPL and new NPL ratio show little sign of asset quality deterioration

Mega Bank corp. NPL ratio



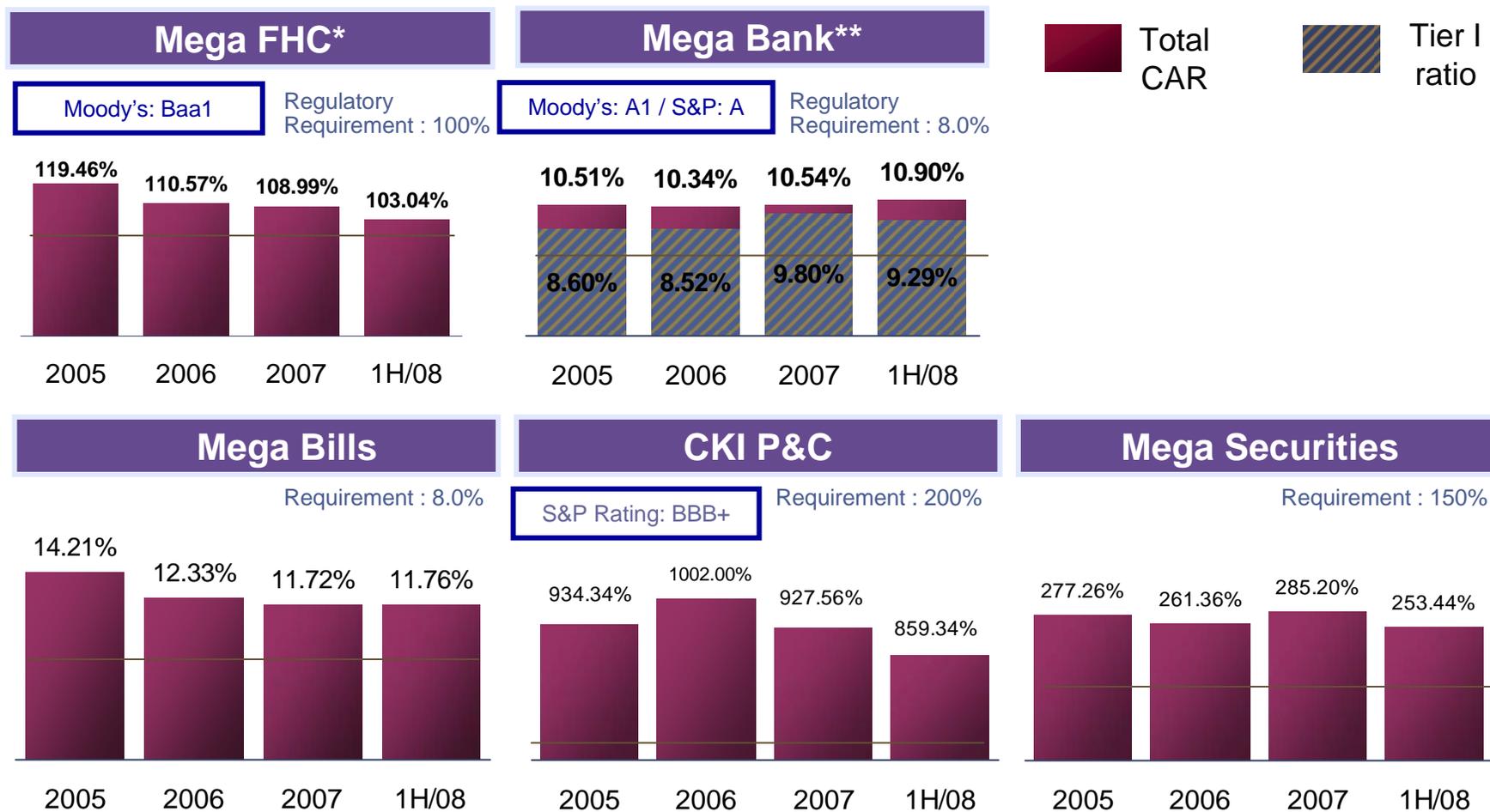
Mega Bank new NPL as % of total loan *



- ❖ Corp NPL ratio remains stable
- ❖ SME asset quality is even superior than large corp.
- ❖ New NPL ratio is at the lowest in the last 5 years
- ❖ However, we expect slower 2H/08 loan growth and higher loan rate mark-up to reflect higher credit risk due to global econ. slow down.

* Mega Bank Internal number, does not include credit card revolving balance; 1H/08 number is annualized number

Conservative balance sheet position

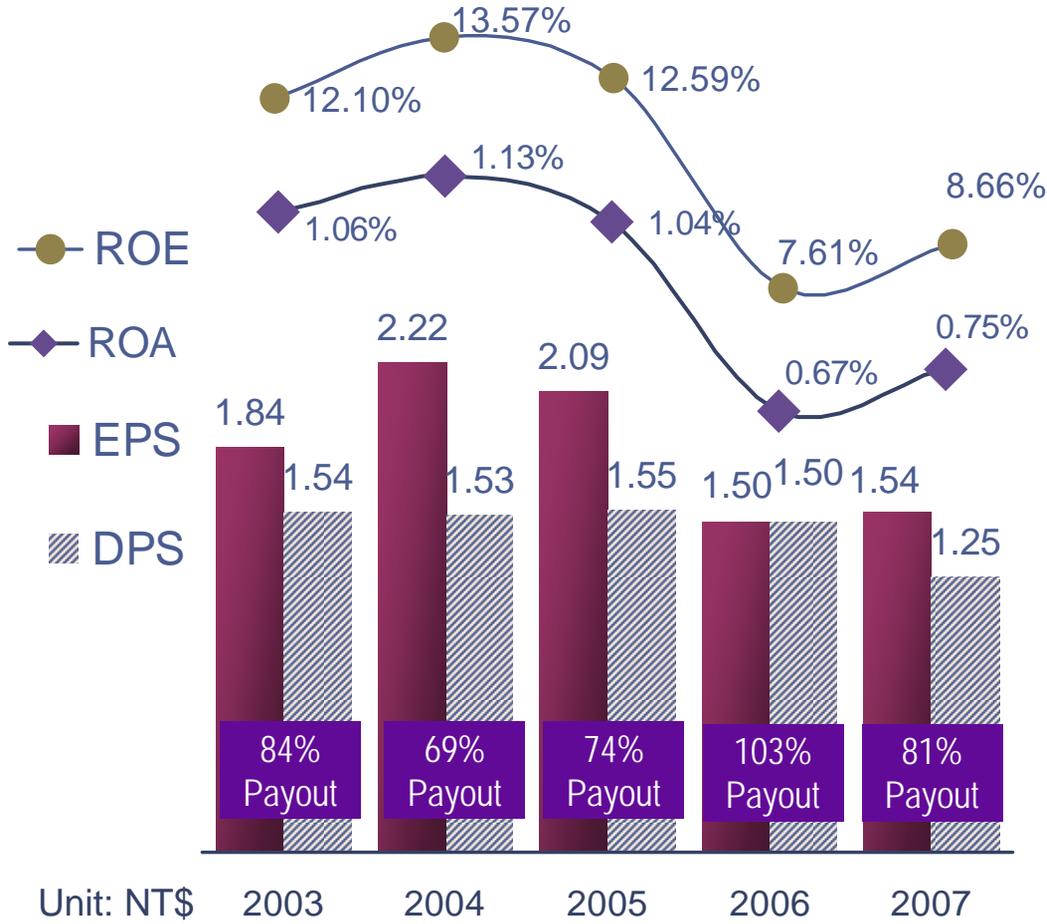


* Net of investments in subsidiaries

**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

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	14,418	11,709	23%	26,296
Net fee income	4,528	4,092	11%	9,327
Insurance premium	894	540	66%	1,167
ST Trading gain	-7,711	5,170	-249%	4,545
Available for sales asset gain	616	1,206	-49%	2,508
Hold to maturity asset gain	0	0	0%	0
Equity method investment gain	55	111	-50%	190
Property investment gain	12	157	-92%	22
FX gain (spread)	8,603	-194	-4535%	2,753
Asset impairment	-4,892	-531	821%	-2,123
Other provision	-1,834	0	0%	0
Other income	1,381	924	49%	2,250
Operating income	16,070	23,184	-31%	46,935
Operating expense	-10,228	-9,788	4%	-20,235
Pre-provision operating profit	5,842	13,396	-56%	26,700
Provision expense on loan	-2,265	-3,577	-37%	-6,601
Reserved on insurance	-323	-153	111%	-67
Pretax profit	3,254	9,645	-66%	20,032
Tax	-1,572	-1,014	55%	-2,918
Minority shareholder interest	11	27	-59%	44
Net profit	1,671	8,604	-81%	17,070
EPS (NT\$)	0.15	0.78	-81%	1.54

Include NT\$5.9b
subprime provision

* all 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	137,108	228,533	-40%	349,728	-61%
Fin. assets at fair value through P&L	181,060	196,565	-8%	210,393	-14%
Bills and bonds under RP agreement	10,279	16,279	-37%	4,766	116%
AFS financial assets	226,541	262,684	-14%	255,518	-11%
HTM financial assets	129,820	84,933	53%	90,448	44%
Other financial assets	28,425	34,100	-17%	29,113	-2%
A/R, net	114,930	100,346	15%	123,959	-7%
Loan, net	1,281,609	1,181,030	9%	1,210,580	6%
Equity method LT investments, net	2,475	2,936	-16%	2,583	-4%
Land, premises and equipments, net	25,556	24,603	4%	24,233	5%
Others	10,461	10,638	-2%	9,515	10%
Total assets	2,144,264	2,142,754	0%	2,310,834	-7%
Liabilities					
Due to banks	279,514	301,408	-7%	412,969	-32%
Deposits	1,203,910	1,130,407	7%	1,232,608	-2%
CP & Bond payable	62,769	55,668	13%	56,948	10%
Bills & bonds sold under repurchase agreement	239,480	285,325	-16%	246,996	-3%
Other liabilities	178,251	180,945	-1%	166,662	7%
Total liabilities	1,963,924	1,953,753	1%	2,116,183	-7%
Total stockholders' equity	180,340	189,000	-5%	194,651	-7%
Total liabilities and stockholders' equity	2,144,264	2,142,754	0%	2,310,834	-7%

* All are audited numbers

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Financial Performance



Appendix

Well established size and scale to win

1H/2008*
NT\$ Billion

Mega Financial Holding Co. (TAIEX.2886)

	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
		100%	100%	100%	100%	96.31%	100%	100%	100%
Assets	2,144	1,795	65	228	14	1	9	0.08	1
Equity	180	143	15	28	5	0.8	2	0.03	1
Net Profit	1.7	1.9	-1.0	0.7	0.07	0.03	0.2	0.004	0.002
Domestic Offices	194	106	46	9	27	3	1	1	1
Overseas Offices***	35	28	4	0	3	0	0	0	0

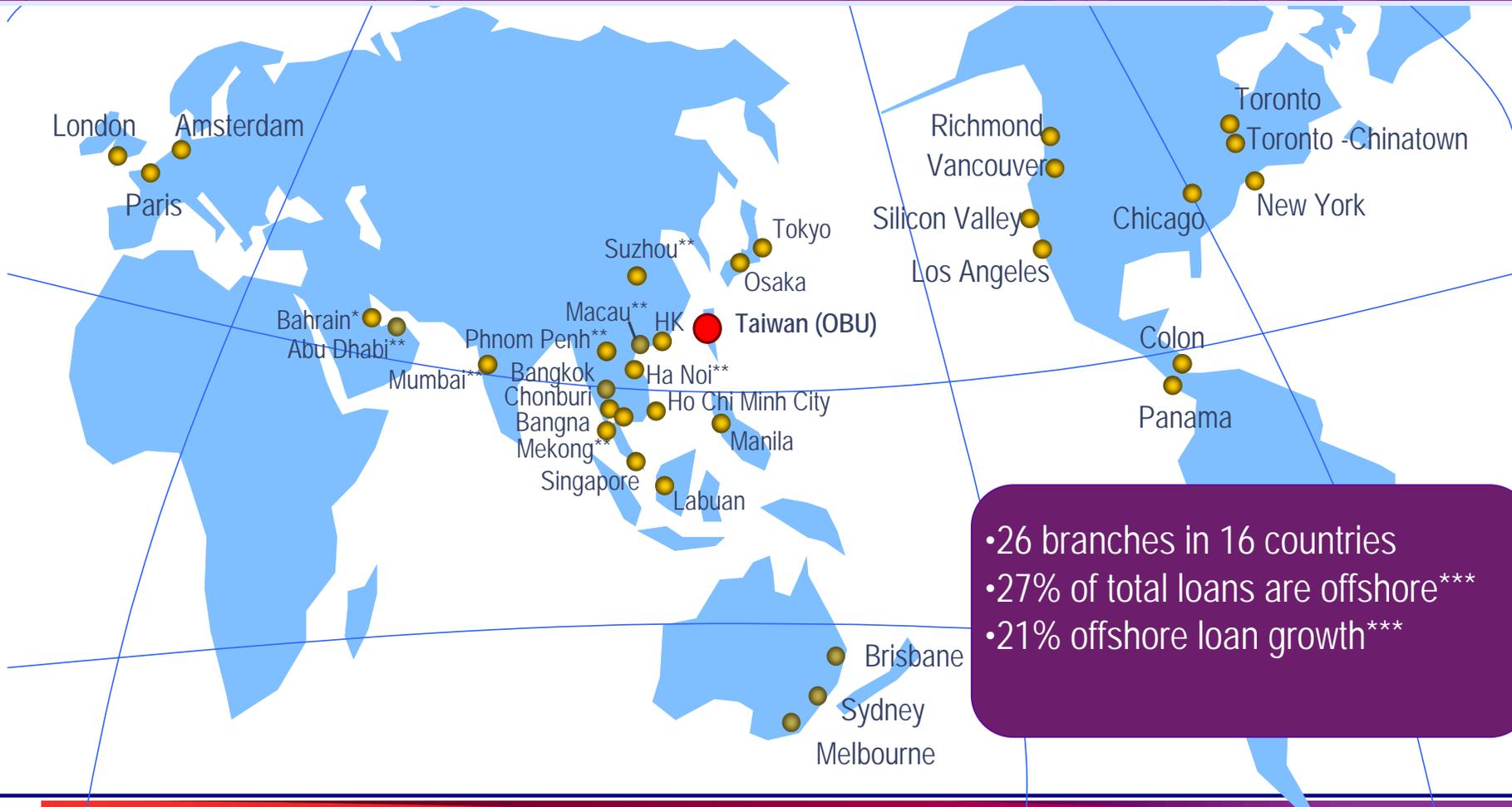
* Audited numbers

** 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's US Subprime Exposure

As of end of July/2008

Unit: NT\$MN

USD:NTD=1:30.596

Securities Type	Mega Group							
	Structure products total balance	Underlying assets		Provision realized				
		Subprime exposure	Others ***	7M /08 balance sheet	4Q/07 income statement	7M /08 income statement	Total	% of subprime exposure
ABCP*	10,960	5,937	5,023	(203)	(766)	(5,693)	(6,662)	68%
RMBS**	3,856	3,856	0	(119)	(410)	(595)	(1,124)	75%
RMBS/CMO	1,497	1,497	0	(95)	0	(5)	(100)	-
PPN	914	0	914	(218)		(3)	(221)	-
Total	18,079	11,290	6,789	(635)	(1,176)	(6,296)	(8,107)	72%

NT\$5,886m in 1H/08,
NT\$410m in July/08

- * 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, Uni-president Group, Pou Chen Group and etc, which have no credit default concern.