



兆豐金控
Mega Holdings

4Q / 2008 (v.3)

Investor Presentation



Agenda



Operation Highlights



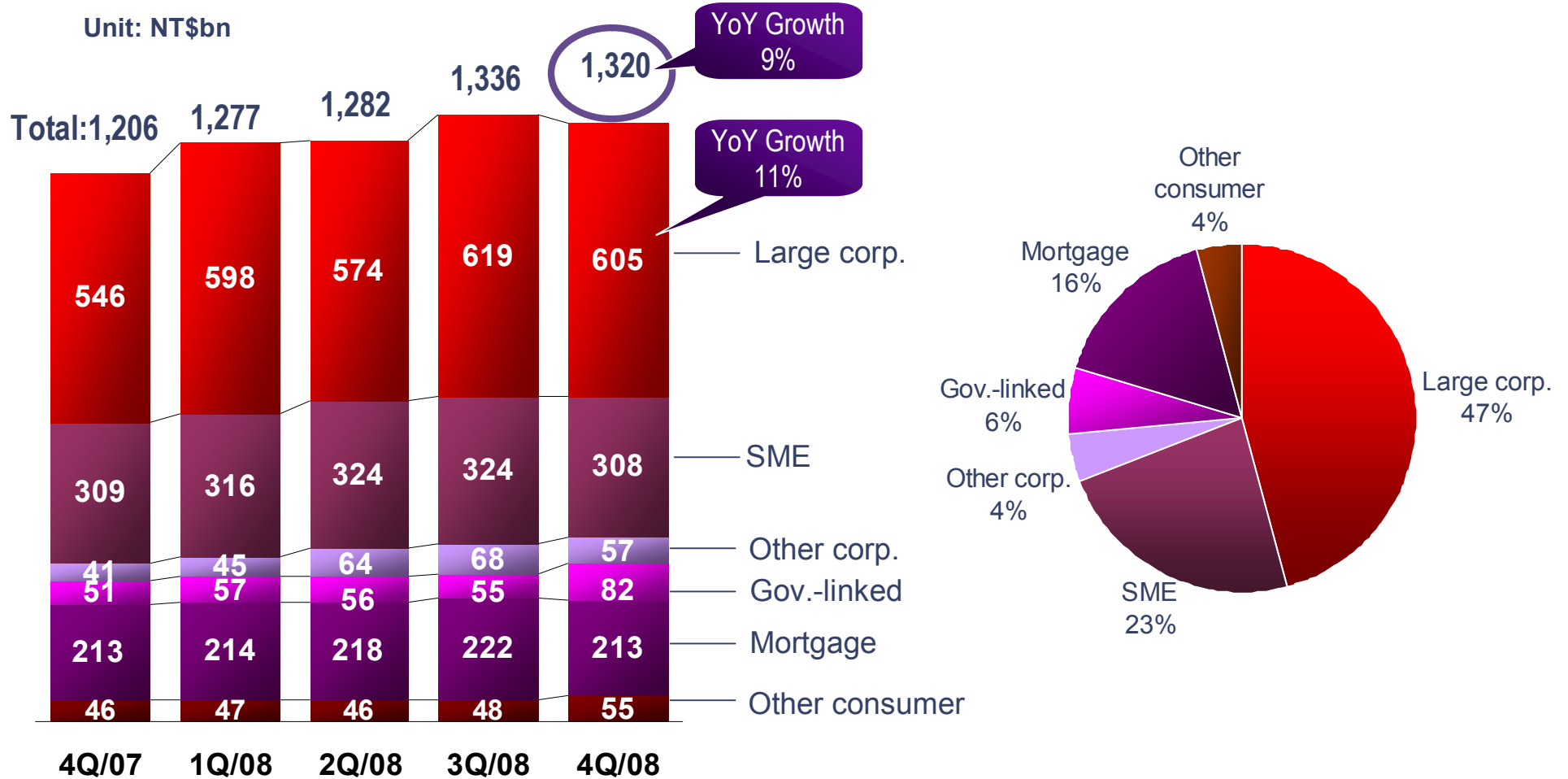
Financial Performance



Appendix

Overall loan growth slowed down in 4Q/08

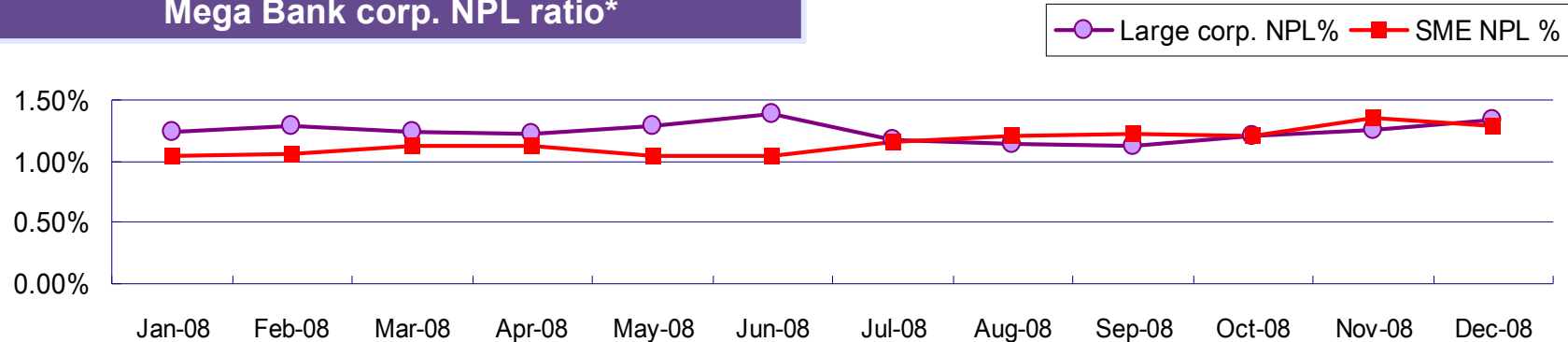
Mega Bank 4 loan breakdown by customer segment *



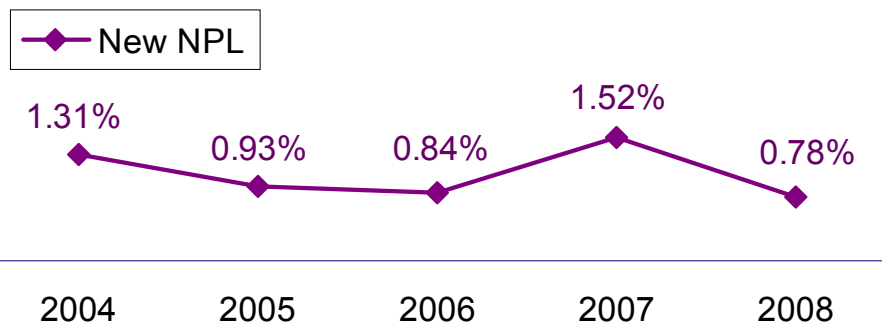
* Mega Bank quarterly end balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

Corp NPL and new NPL ratios remained relatively stable

Mega Bank corp. NPL ratio*



Mega Bank new NPL as % of total loan **



- ❖ Corp NPL ratio remains stable.
- ❖ New NPL ratio is at the lowest in the last 5 years.
- ❖ However, we expect slower loan growth ahead and higher loan rate mark-up to reflect higher credit risk due to global econ. slow down.

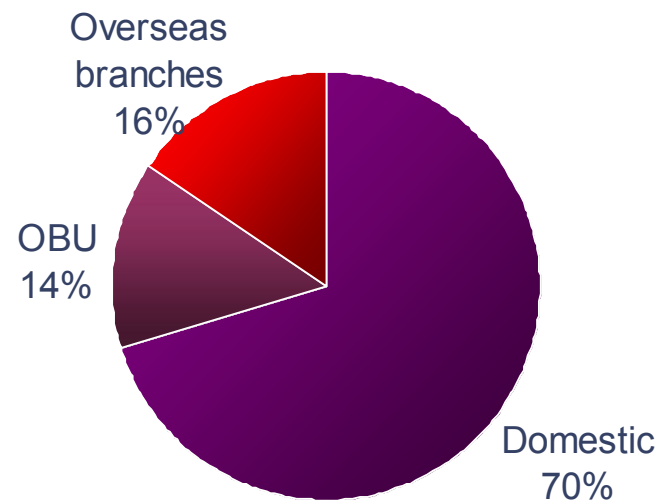
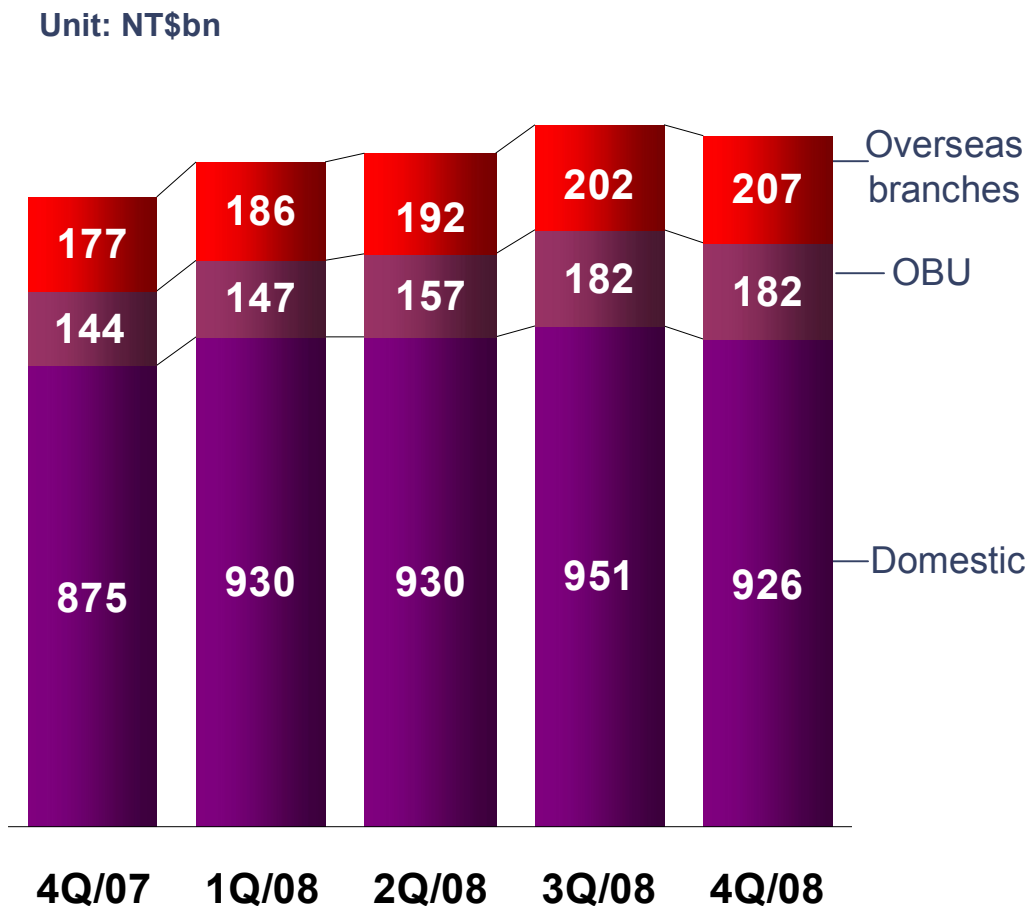
* Exclude gov. loan, gov-linked corp. loan and other corp. loan

** Mega Bank Internal number, does not include credit card revolving balance

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

Mega Bank loan breakdown by region *

Unit: NT\$bn



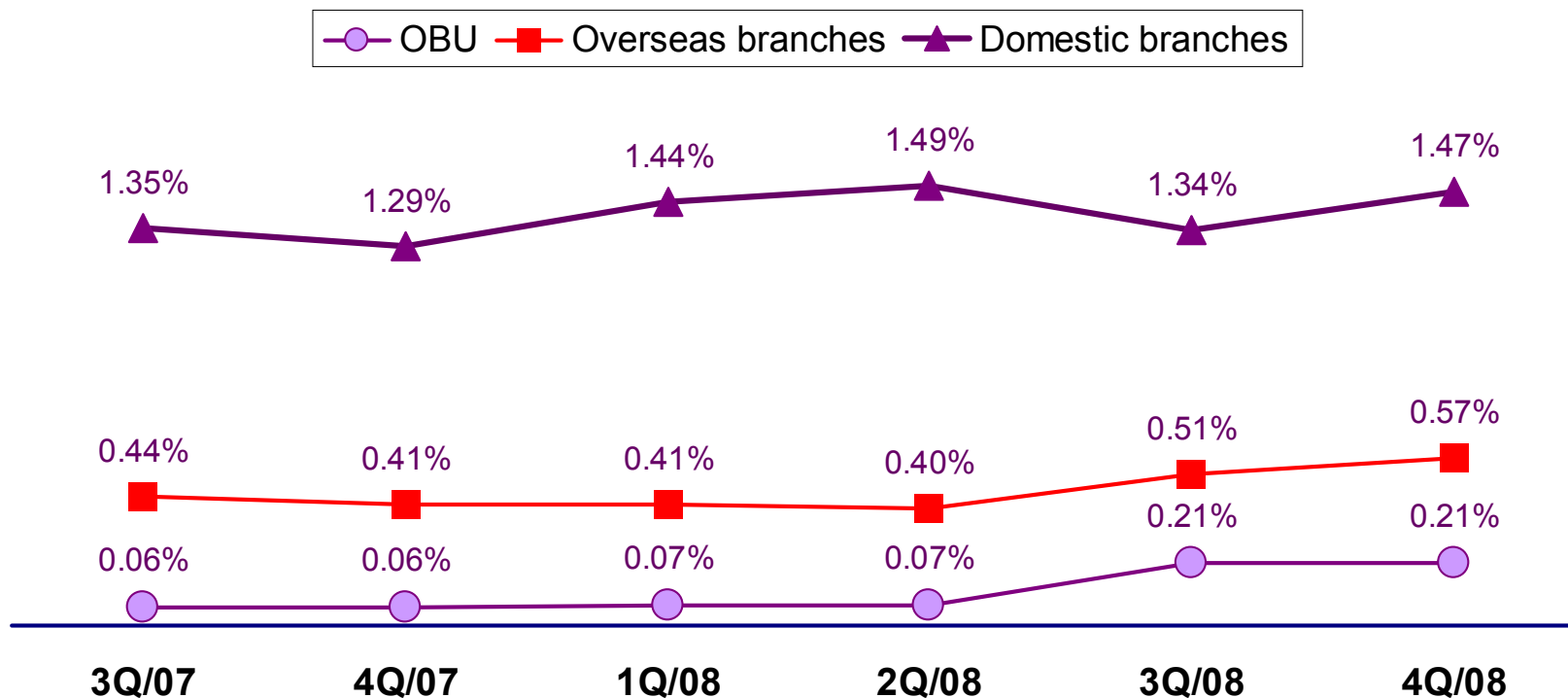
- ❖ All overseas / OBU loans are corp loans, mainly Taiwanese corps.
- ❖ No consumer / mortgage loans.
- ❖ Most OBU customers have parent companies in TW, which acted as guarantor.

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

** OBU stands for Off Shore Banking unit

OBU and overseas NPL ratios were up slightly but remained relatively low compared with domestic NPL ratio

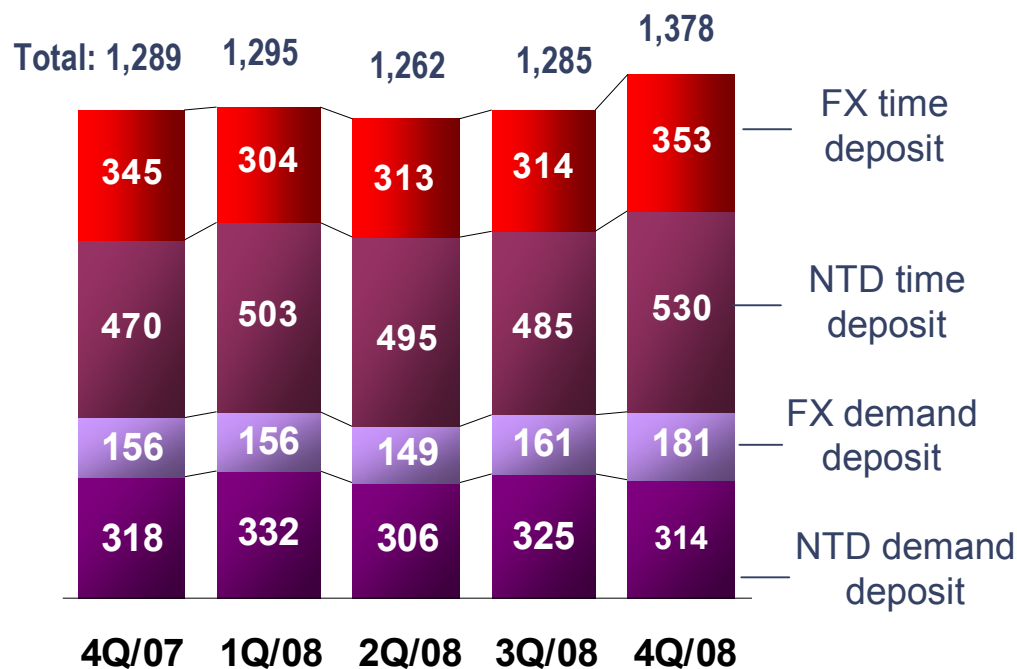
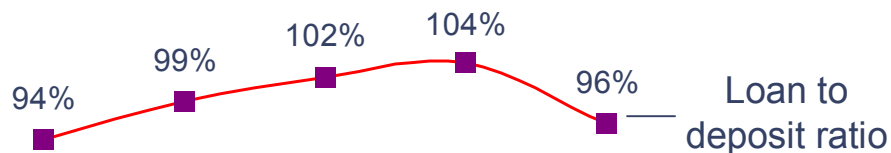
Mega Bank NPL ratio by regions



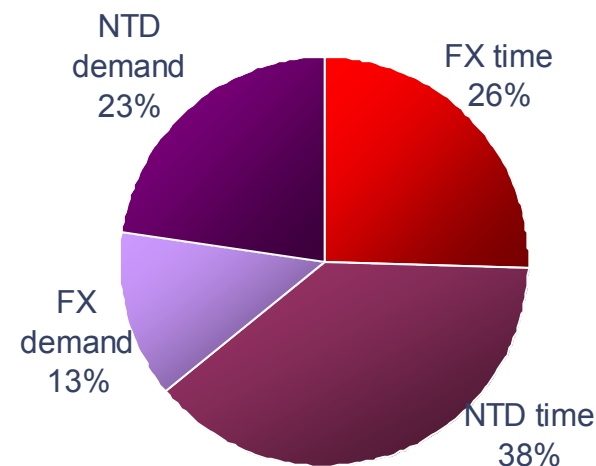
Unique funding structure, which yielded higher actual LDR; Other funding includes CBC deposit, Post re-deposit & debt

Mega Bank's LDR & deposit balance

Unit: %; NT\$bn



Mega Bank's deposit breakdown



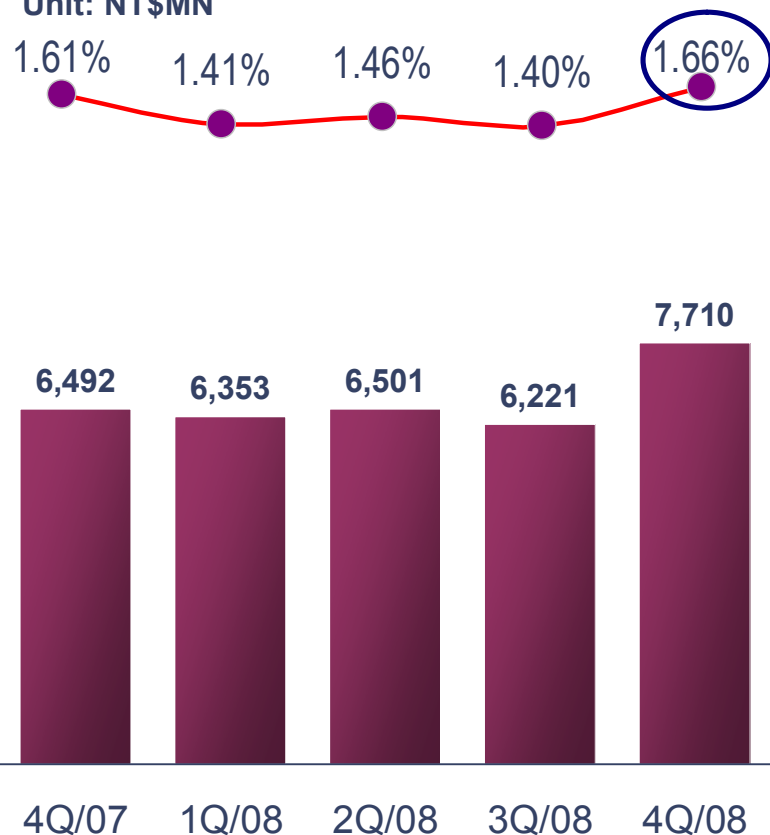
- ❖ Mega is generally operated with excess funding structure.
- ❖ Besides deposit, other funding sources include, Central Bank's large FX deposit (NT\$301b), Chungwa Post re-deposit (NT\$75b), bank debenture & CP (NT\$32b) and inter-bank funding when needed.*

* As of end of 3Q/08; Post re-deposit is mainly used for gov. sponsored project finance, such as Taiwan High Speed Railway & etc.

NIM and spread improved due to stabilized overseas NIM

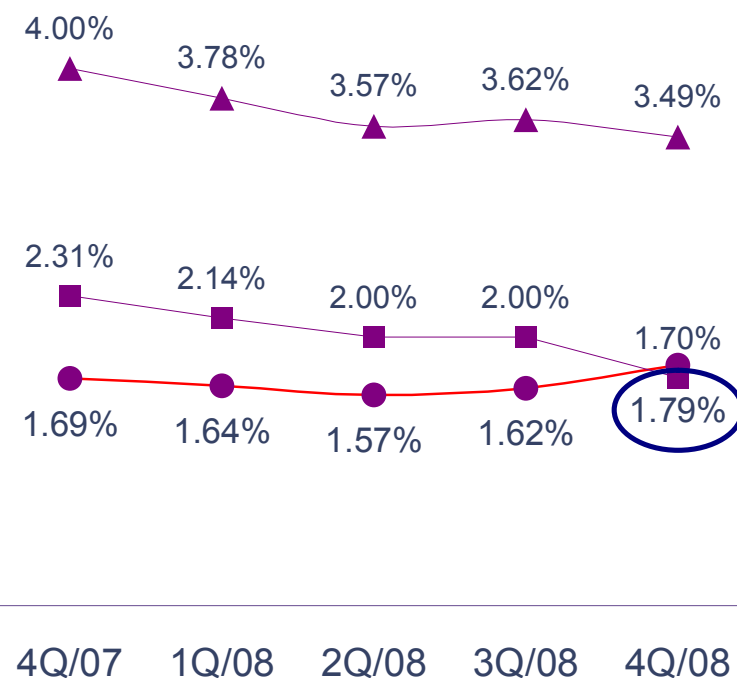
Mega Bank NIM & NII *

Unit: NT\$MN



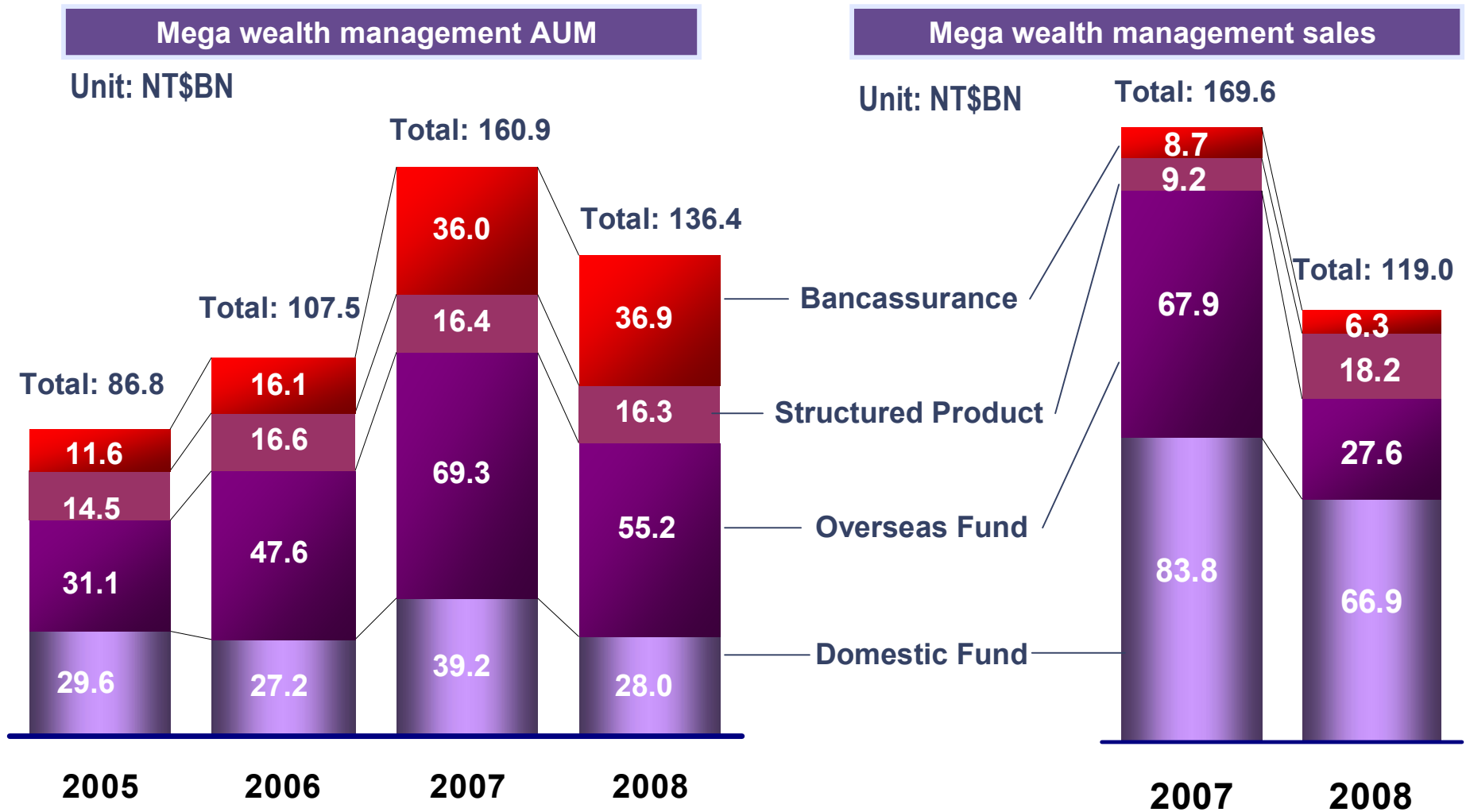
Mega Bank loan interest spread*

● Spread ▲ Yield ■ cost



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

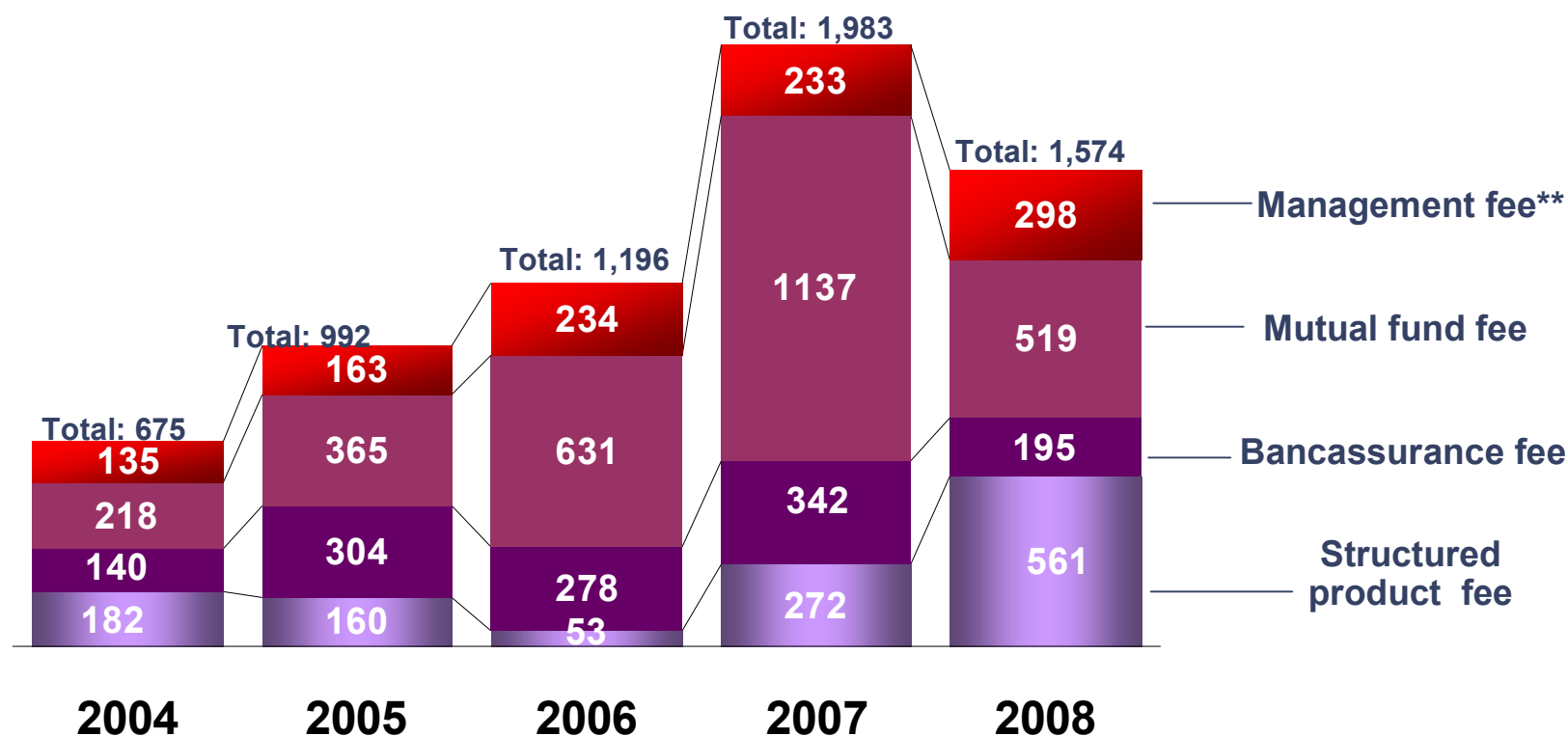
Mutual funds sales was down, while demand for principal protection structured note increased in 1H/08



... helped to off-set mutual & bancassurance fee decline

Mega wealth management net fee income breakdown by product *

Unit: NT\$MN



* Mega Bank internal data only

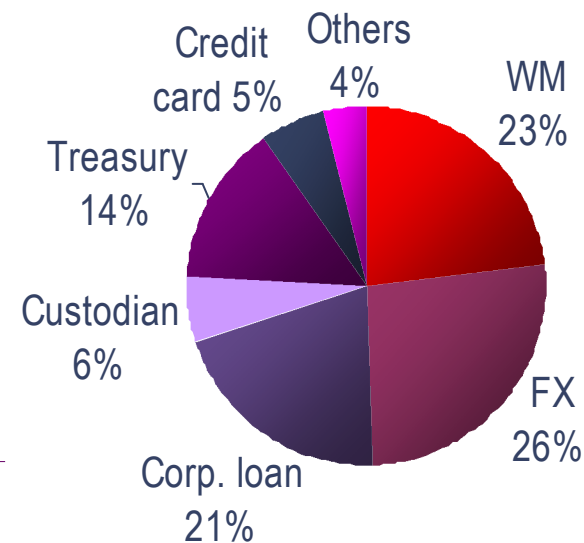
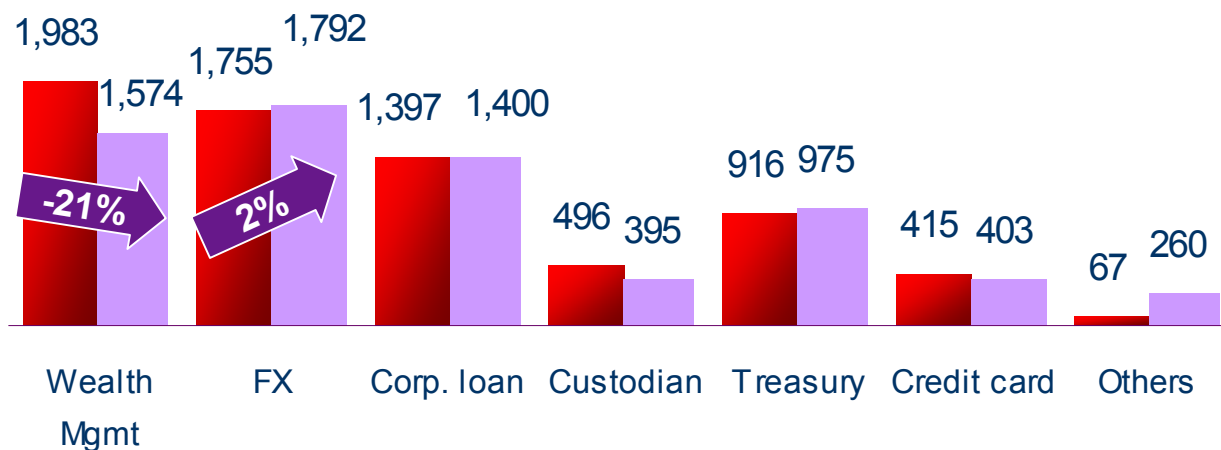
** Management fee of trust account derived from wealth management product sales

Stable FX & corp loan fee

Mega Bank 1-4Q /2008 gross fee income breakdown

Unit: NT\$MN

■ 2007 ■ 2008

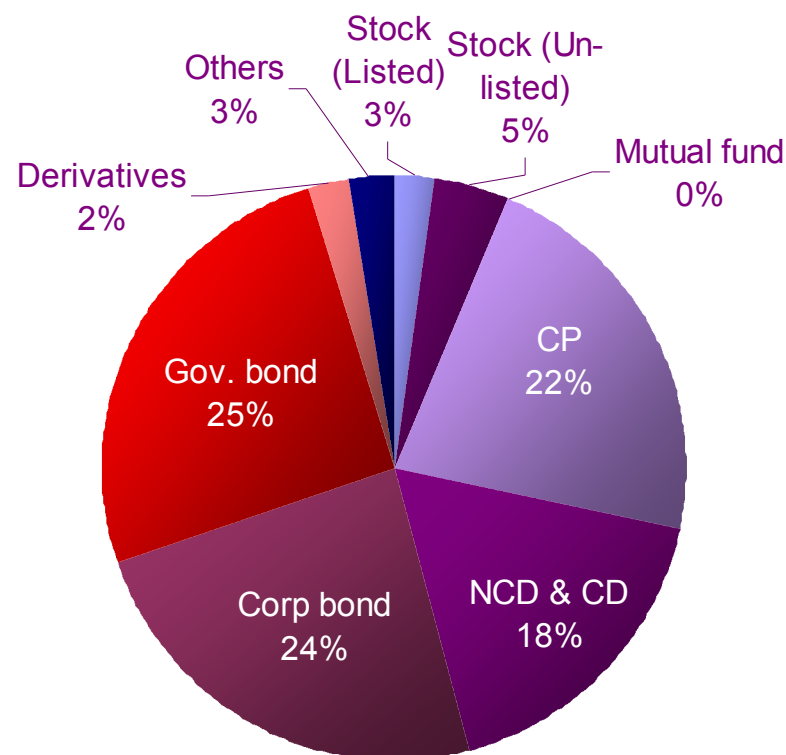


Relatively conservative investment portfolio mix

Mega FHC financial assets breakdown ¹

Unit: NT\$B

	4Q/08	4Q/07
Stock (Listed) ²	12	22
Stock (Un-listed) ³	23	25
Mutual fund	1	5
CP	121	86
NCD & CD	97	128
Corp bond ⁴	132	141
Gov. bond ⁵	142	159
Derivatives	12	3
Others	14	19
Total	554	588



1. Source: sum of short-term, available for sale, hold to maturity and other financial assets from 1-4Q/08 unaudited financial statement.
2. Mostly Taiwan listed equity.
3. VC investment of Taiwan un-listed companies.
4. Mostly AAA & AA rating bonds of domestic and global corps.
5. Mainly Taiwan Gov. bonds, part of RP operation from Mega Bills.

Agenda



Operation Highlights



Financial Performance

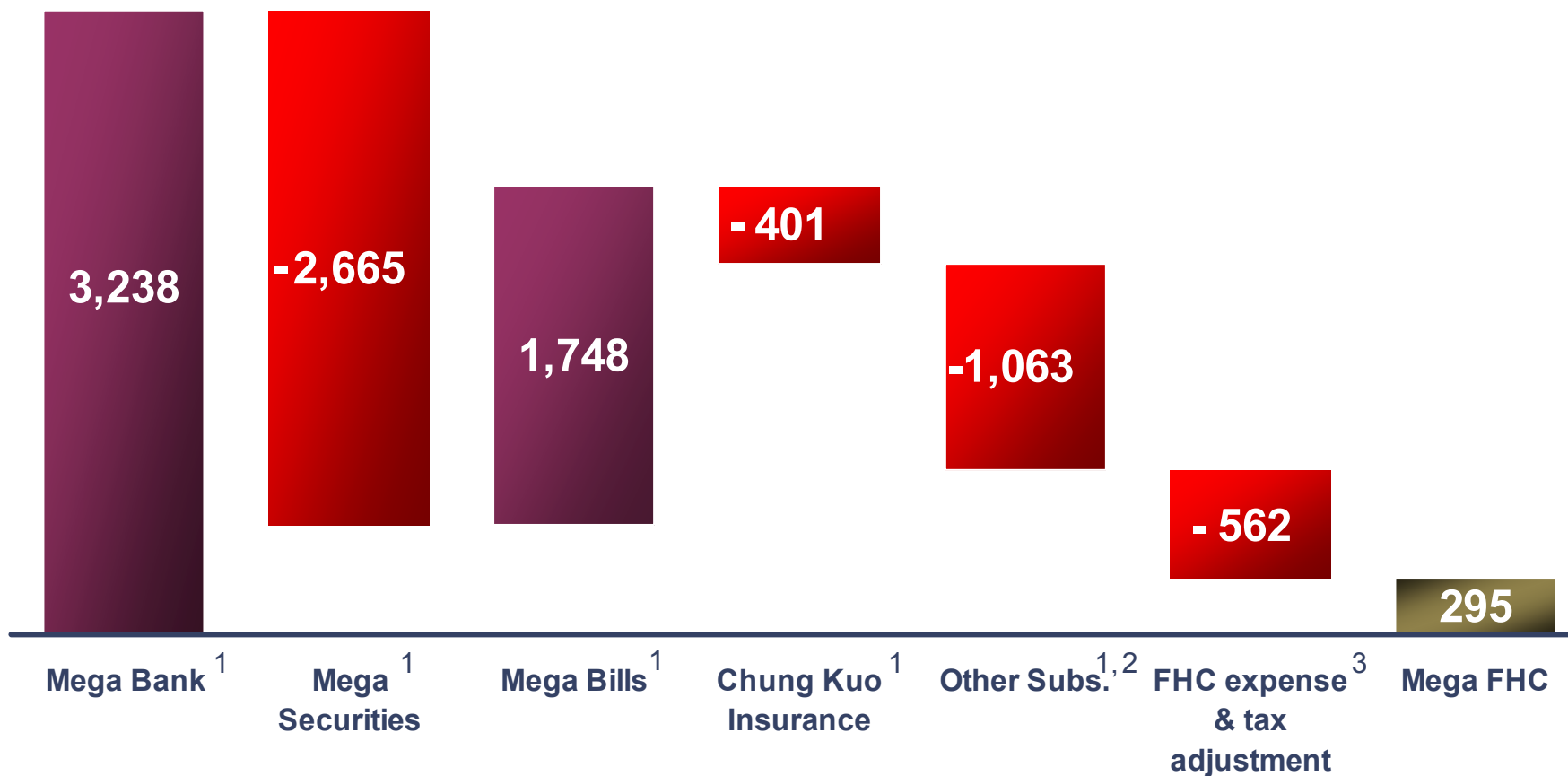


Appendix

1-4Q/2008 earning breakdown by subsidiaries

1-4Q/08 earning contribution by sub.

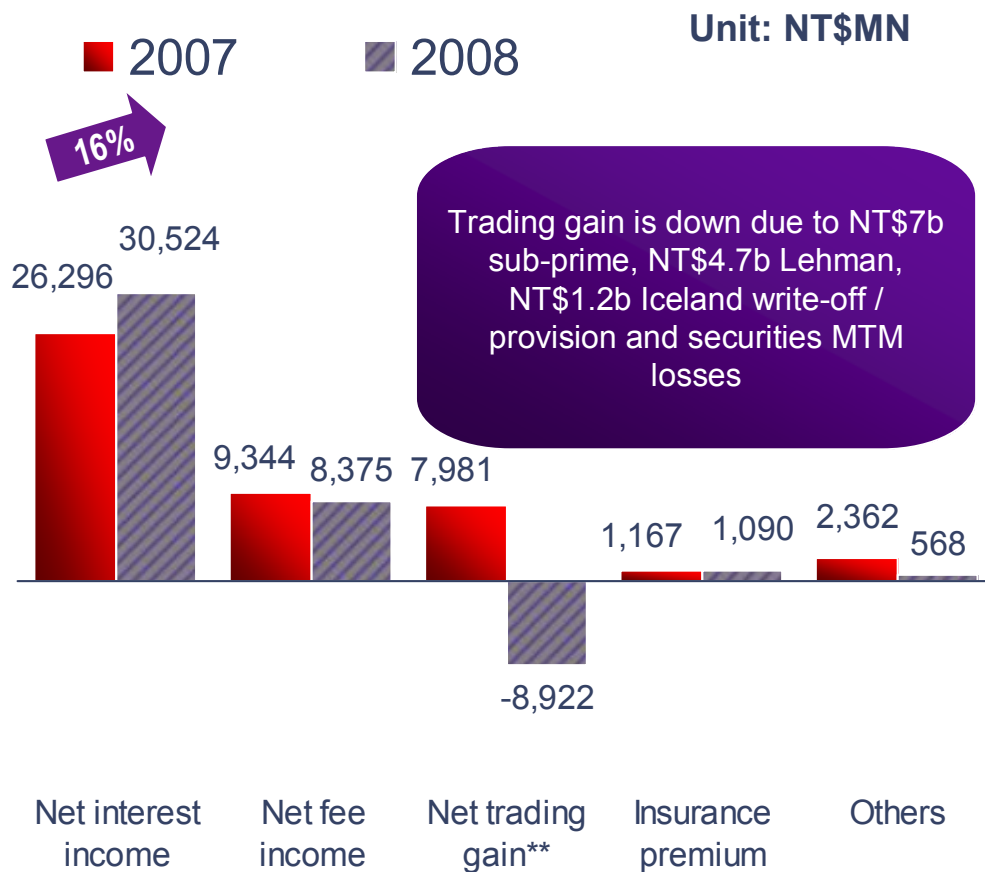
Unit: NT\$MN



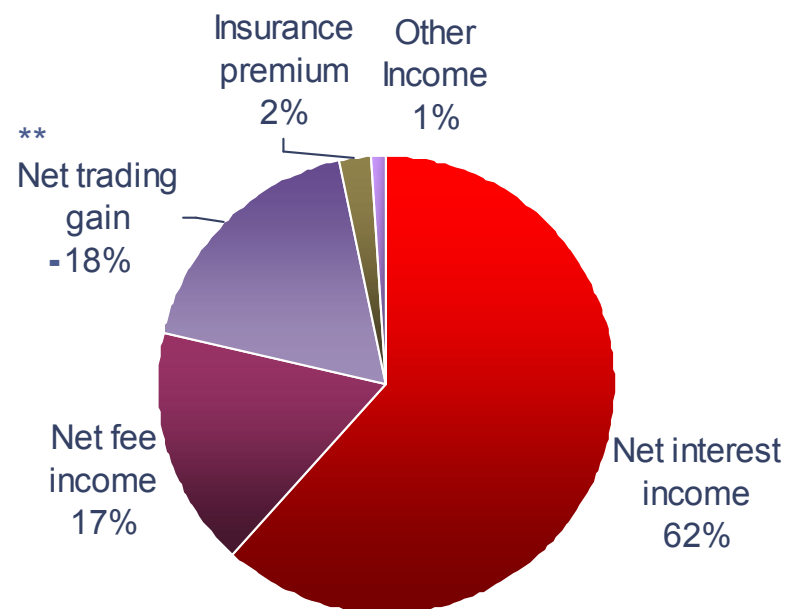
1. Un-audited subsidiary earning deducts employee bonus and inter-subsidiaries adjustments
2. Include Mega Int'l Investment Trust, Mega AMC, Mega Life Insurance Agent, Mega CTB VC
3. FHC expense plus tax & other adjustments of compiling FHC consolidated statement

Interest income is up 16% YoY

Mega FHC net revenue *



Mega FHC 2008 net revenue breakdown



* 2007 are audited figures; 2008 are un-audited figures

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

Relatively stable asset quality so far

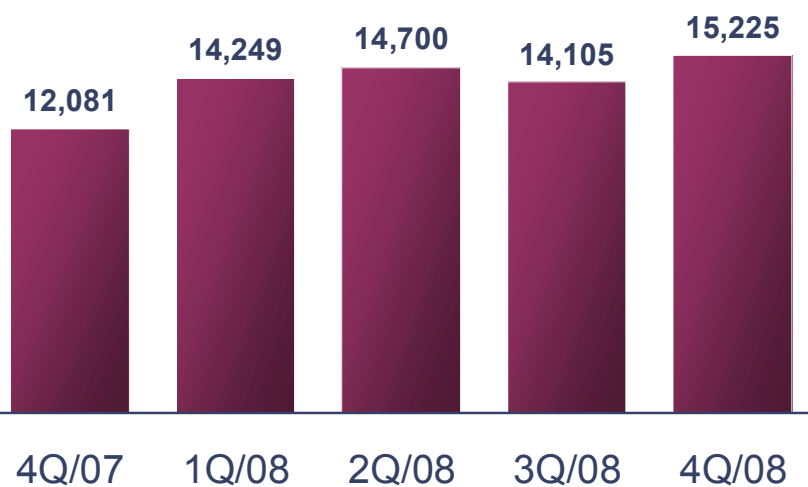
Mega NPL balance & NPL ratio*

Market Avg.

1.84% 1.69% 1.55% 1.53% 1.54%

Mega

1.00% 1.12% 1.15% 1.06% 1.16%



Unit: NT\$MN

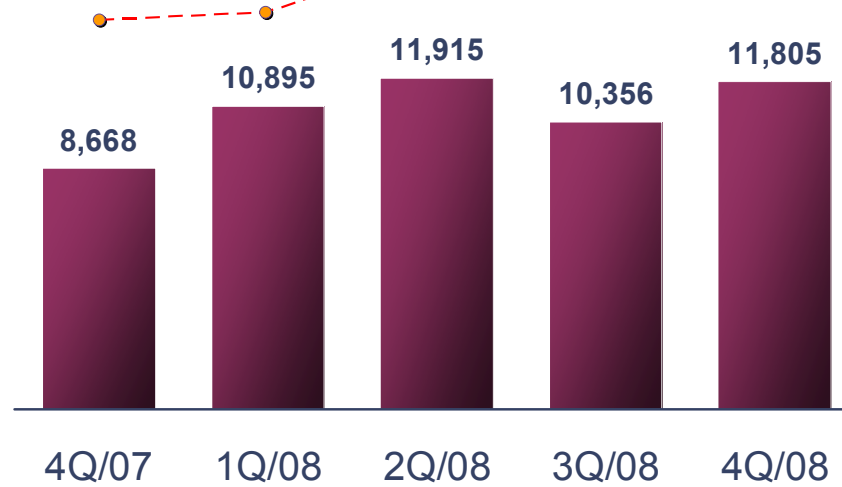
Mega Loan loss reserved and coverage ratio*

Mega

71.75% 76.46% 81.05% 73.42% 77.53%

Market Avg.

64.05% 64.46% 67.35% 66.93% 69.48%

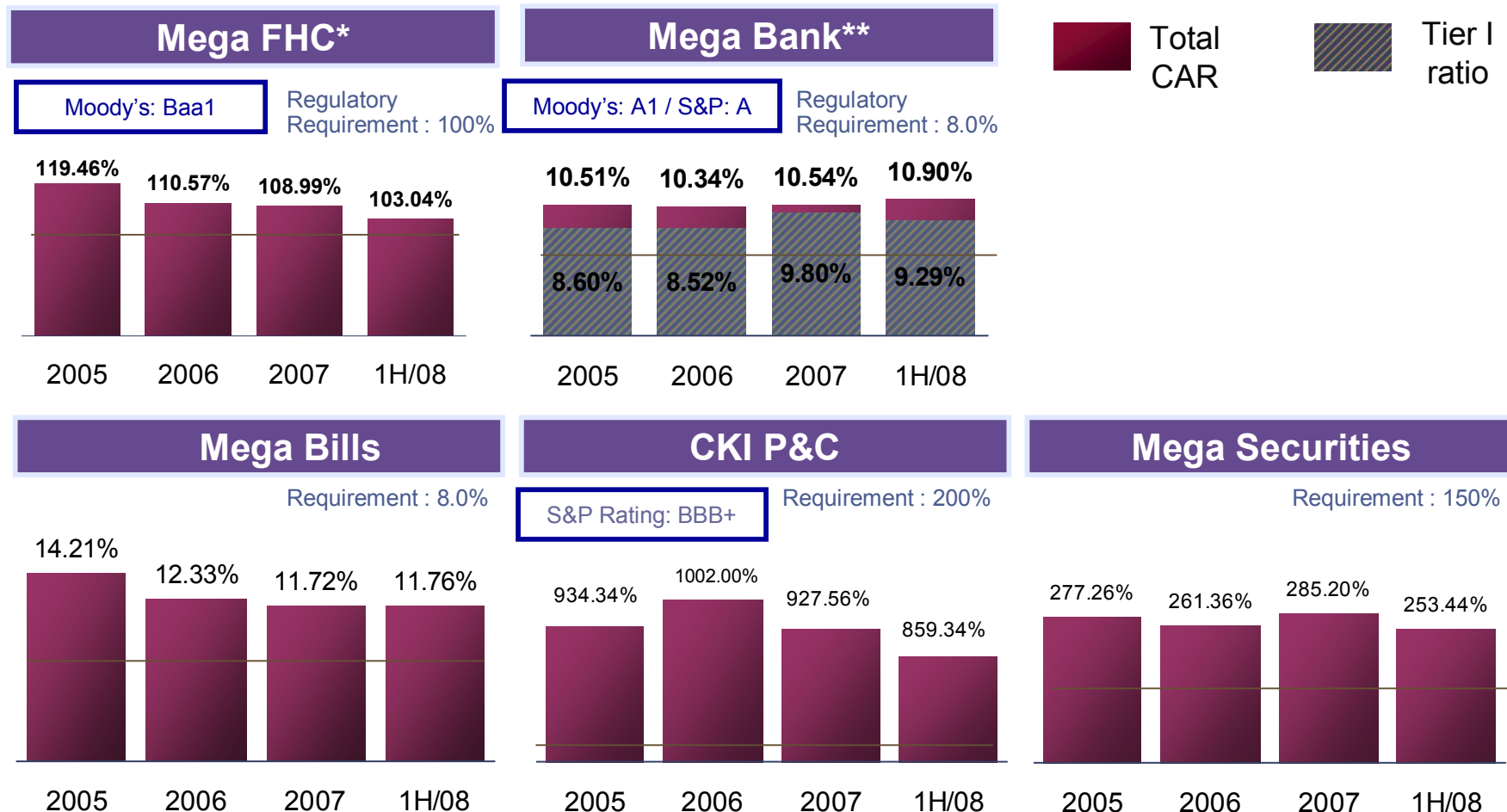


Unit: NT\$MN

* 90 days standard

** market average: Banking Bureau of Taiwan

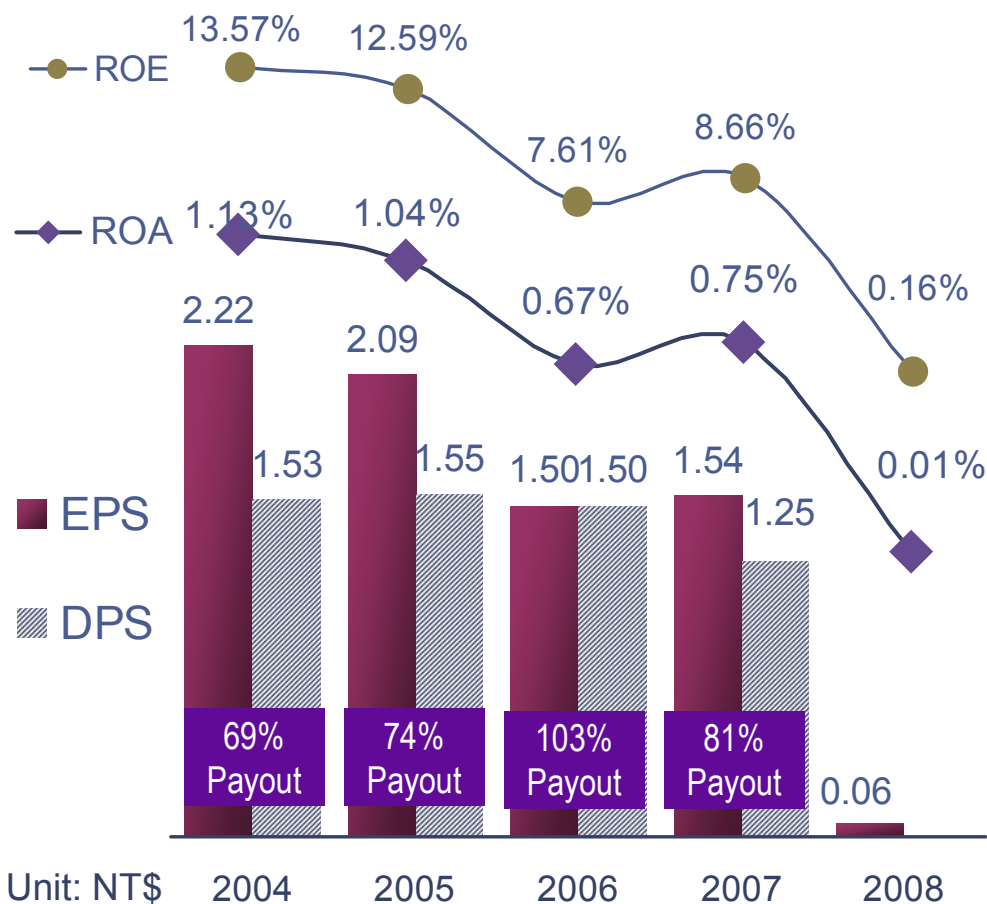
Sub-debt issuance & regulation changes have significantly increased the FHC and bank CAR



* 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



- ❖ 2008 numbers fell due to one-off provision from investment book.
- ❖ Mid-term ROE target of 10~12%
- ❖ Mid-term ROA target of >1%
- ❖ To increase our ROE and prevent over-inflated capital base, we are...
 - ◆ Committed to pay out >70%
 - ◆ and pay >50% in cash. However, we've paid all cash dividend in the past years.
 - ◆ with dividend yields of 5% ~ 9% in the last 4 years.

* DPS are all distributed in cash form

** 2008 numbers are un-audited

1-4Q/08 Mega FHC consolidated P&L statement*

<i>NT\$MN, except per share data</i>	2008*	2007*	YoY	2007*
Net interest income	30,524	26,296	16%	26,296
Net fee income	8,375	9,344	-10%	9,344
Insurance premium	1,090	1,167	-7%	1,167
ST Trading gain	-548	4,679	-112%	4,679
Available for sales asset gain	283	2,508	-89%	2,508
Hold to maturity asset gain	0	0	0%	0
Equity method investment gain	121	190	-36%	190
Property investment gain	22	22	0%	22
FX gain (spread)	1,053	2,753	-62%	2,753
Asset impairment	-4,589	-2,123	116%	-2,123
Cost method investment gain	564	760	-26%	760
Bad debt write-back	365	205	78%	205
Other loss	-5,475	0	0%	0
Other provision	-352	-808	-56%	-808
Other non-interest income	202	2,156	-91%	2,156
Operating income	31,635	47,149	-33%	47,149
Operating expense	-19,603	-20,378	-4%	-20,378
Pre-provision operating profit	12,032	26,771	-55%	26,771
Provision expense on loan	-8,362	-6,672	25%	-6,672
Reserved on insurance	-287	-67	328%	-67
Pretax profit	3,383	20,032	-83%	20,032
Tax	-3,120	-2,918	7%	-2,918
Minority shareholder interest	-32	44	-173%	44
Net profit	295	17,070	-98%	17,070
EPS (NT\$)	0.02	1.54	-99%	1.54

* 2007 are audited numbers; 2008 are un-audited numbers

1-4Q/08 Mega FHC consolidated balance sheet*

<i>NT\$MN</i>	2008	2007	YoY	2007*	YTD
Assets:					
Cash and due from banks	374,953	349,727	7%	349,727	7%
Bills and bonds under RP agreement	1,729	4,766	-64%	4,766	-64%
Fin. assets at fair value through P&L	198,444	210,393	-6%	210,393	-6%
AFS financial assets	232,070	255,518	-9%	255,518	-9%
HTM financial assets	96,098	90,448	6%	90,448	6%
Other financial assets	26,612	29,114	-9%	29,114	-9%
A/R, net	119,087	125,215	-5%	125,215	-5%
Loan, net	1,321,438	1,210,580	9%	1,210,580	9%
Equity method LT investments, net	2,546	2,583	-1%	2,583	-1%
Land, premises and equipments, net	25,421	24,128	5%	24,128	5%
Others	9,502	11,263	-16%	11,263	-16%
Total assets	2,407,900	2,313,734	4%	2,313,734	4%
Liabilities					
Due to banks	449,688	412,969	9%	412,969	9%
Deposits	1,316,770	1,232,608	7%	1,232,608	7%
CP & Bond payable	56,006	56,948	-2%	56,948	-2%
Bills & bonds sold under repurchase agreement	248,492	246,996	1%	246,996	1%
Other liabilities	159,207	169,562	-6%	169,562	-6%
Total liabilities	2,230,163	2,119,083	5%	2,119,083	5%
Total stockholders' equity	177,737	194,651	-9%	194,651	-9%
Total liabilities and stockholders' equity	2,407,900	2,313,734	4%	2,313,734	4%

* 2007 are audited numbers; 2008 are un-audited numbers

Agenda



Operation Highlights



Financial Performance



Appendix

Well established size and scale to win

1-4Q/2008*
NT\$ Billion

Mega Financial Holding Co. (TAIEX.2886)

	100%	100%	100%	100%	100%	100%	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	2,408	2,051	50	261	14	2	9	0.05	0.8
Equity	178	142	13	33	4	0.6	2	0.04	0.8
Net Profit	0.3	3.4	-2.7	1.5	-0.4	-1.6	0.3	0.01	0.007
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

** Overseas offices include rep. offices. and branches



Mega Bank's Global Franchise

Bridge the gap, reach the world



• All overseas loan are corp. loan, mostly Taiwanese corps; no consumer banking / mortgage business.

* Bahrain and Mumbai are rep. offices
 ** Pending approval for bank branch / rep. office

Provision & write-off realized on RMBS/ Lehman/ WaMu/ Iceland

As of end of 4Q/2008
Unit: NT\$MN
USD:NTD=1:33.312

Mega Group						
Securities Type	Original Gross Balance	Provision and Write-off Realized				
		On 1~4Q/08 balance sheet	On 1~4Q/07 income statement	On 1~4Q/08 income statement	Total	As % of total gross balance
US sub-prime RMBS ¹	11,939	608	1,241	7,038	8,887	74%
Lehman Exposure ²	5,379	-	-	4,701	4,701	87%
WaMu Exposure ³	512	-	-	244	244	48%
Iceland Exposure ⁴	1,596	-	-	1,200	1,200	75%

1. which are either directly held or within structured CBO/ABCP. This is total sub-prime asset balance.
2. includes NT\$2b bonds, NT\$2b securitized products, and NT\$1b derivatives products.
3. all bonds exposure.
4. includes NT\$1b bonds and NT\$0.6b syndication loan exposure