



兆豐金控  
Mega Holdings

**4Q / 2007** (v.2)

# Investor Presentation



# Agenda

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**Operation Highlights**



**Financial Performance**

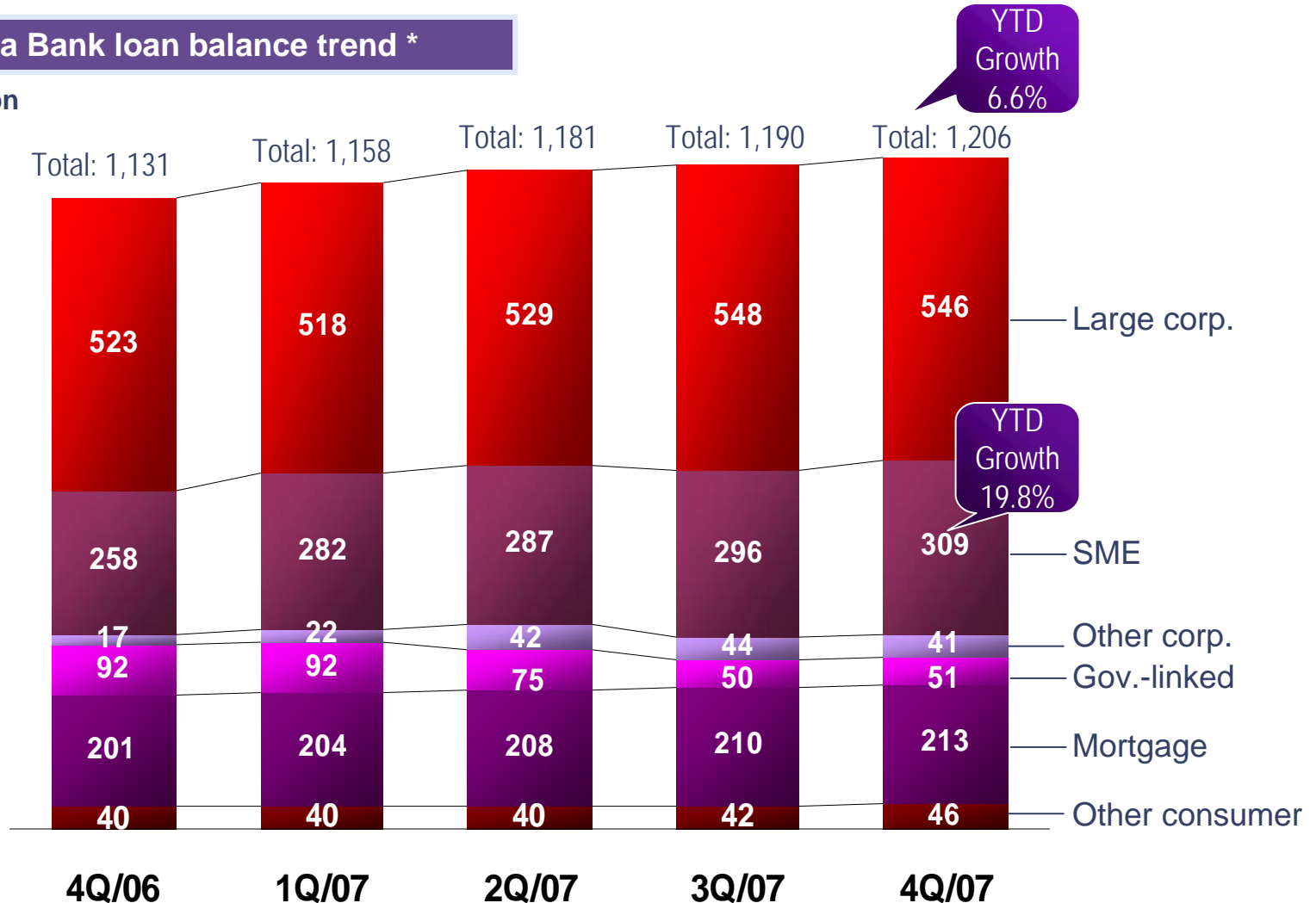


**Appendix**

# Strong SME loan growth

## Mega Bank loan balance trend \*

Unit: NT\$bn

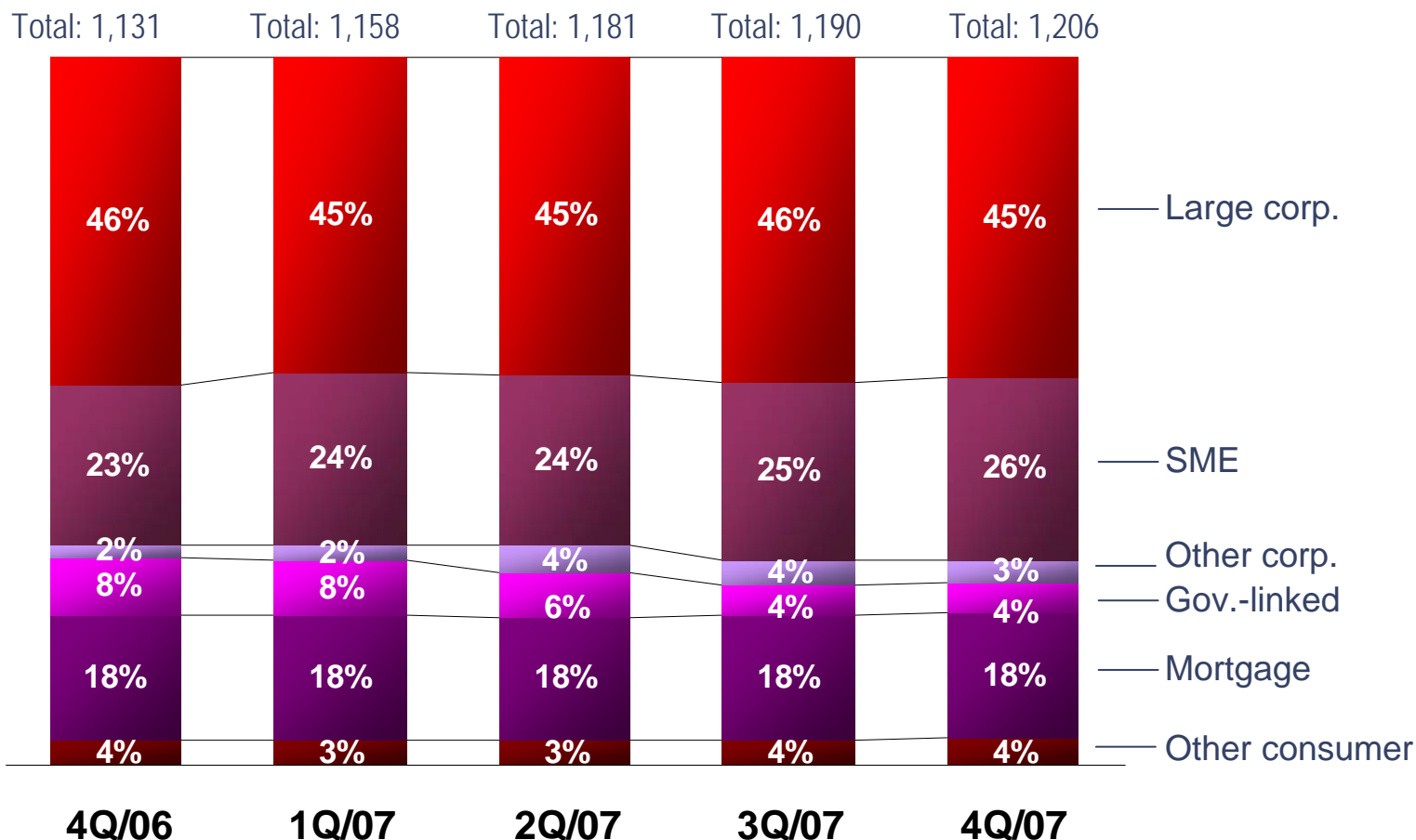


\* Mega Bank quarterly end balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

# Loan mix changes to improve yield

## Mega Bank loan mix trend \*

Unit: NT\$bn

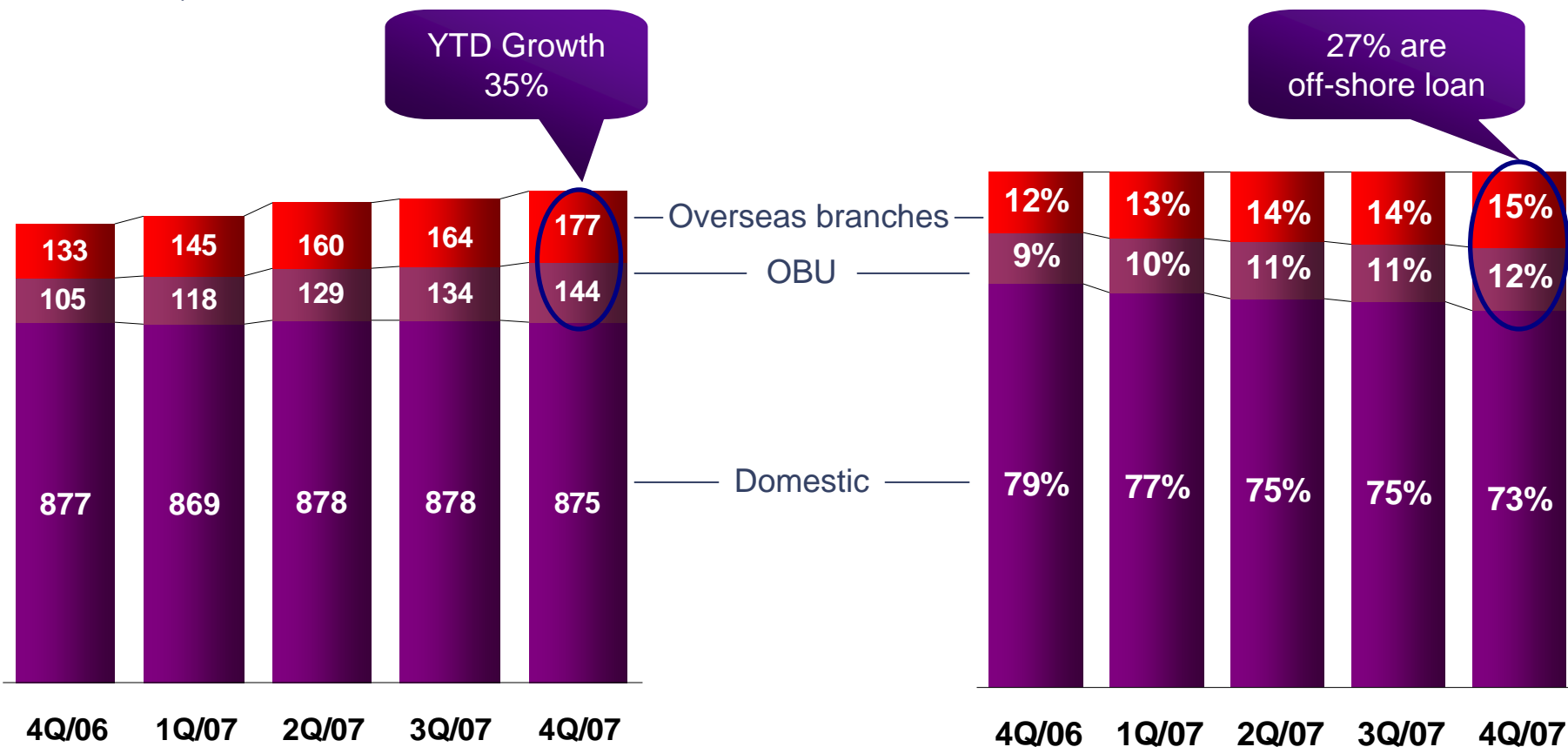


\* Mega Bank quarterly end balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

# Strong off-shore loan growth

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

Unit: NT\$bn



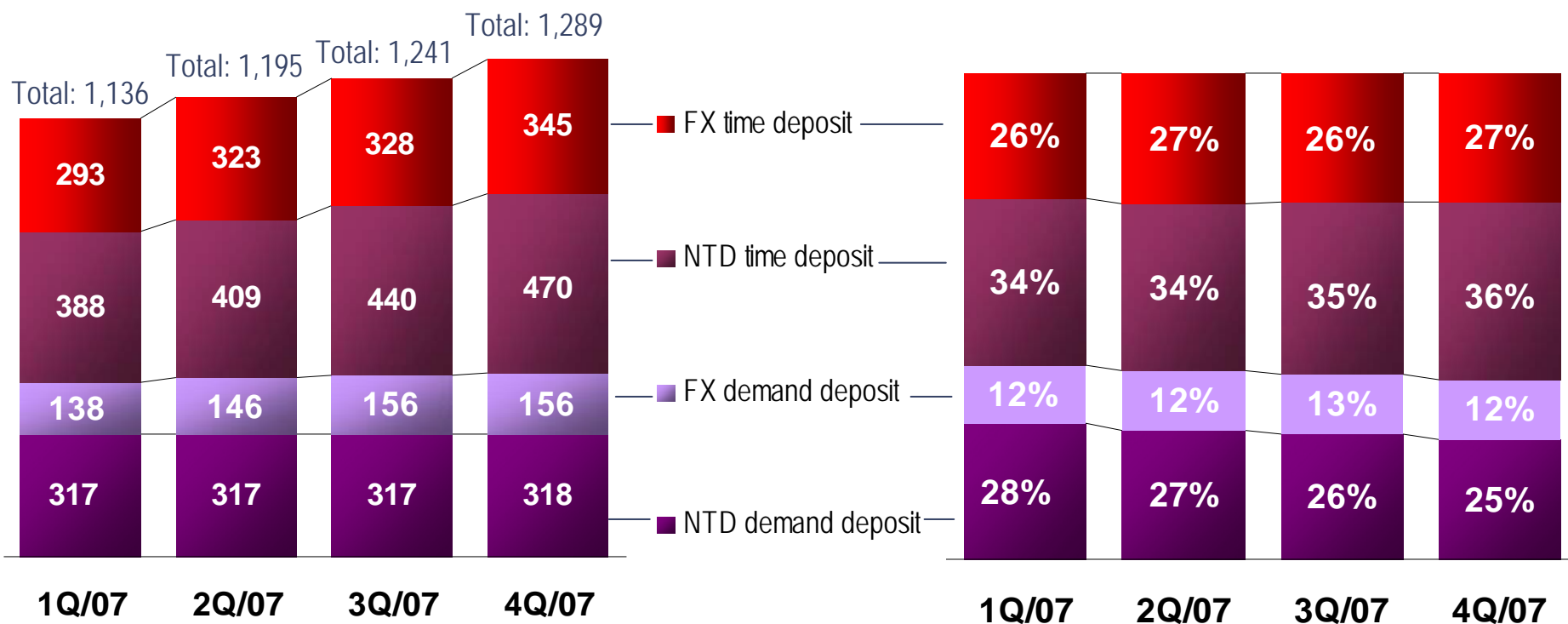
\* Mega Bank quarterly average balance, includes loan, factoring, A/R financing, L/C but excludes guarantee

\*\* OBU stands for Off Shore Banking unit

# Strong foreign currency deposit growth

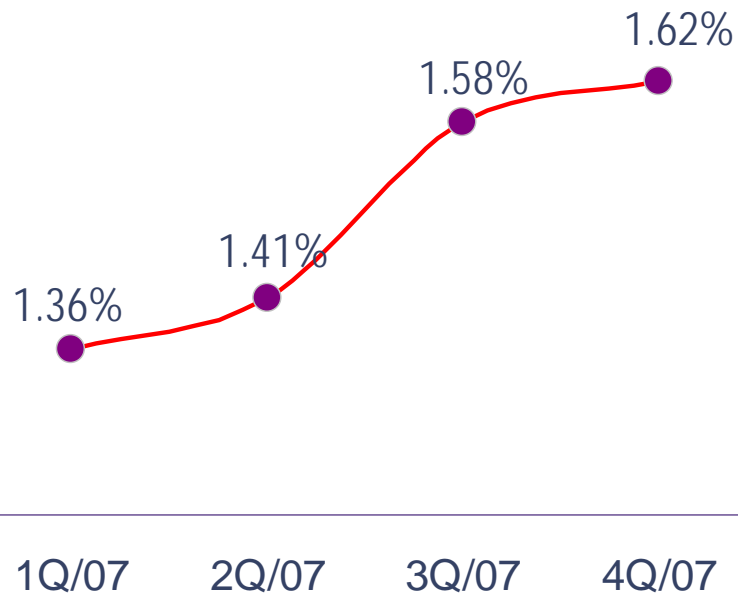
## Mega Bank deposit balance and mix

Unit: NT\$bn

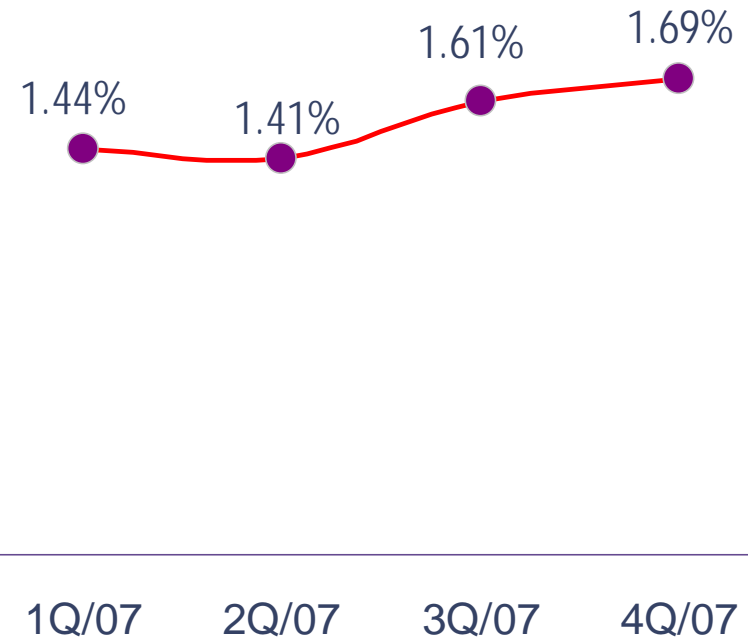


# Much improved NIM and interest spread

Mega Bank net interest margin \*



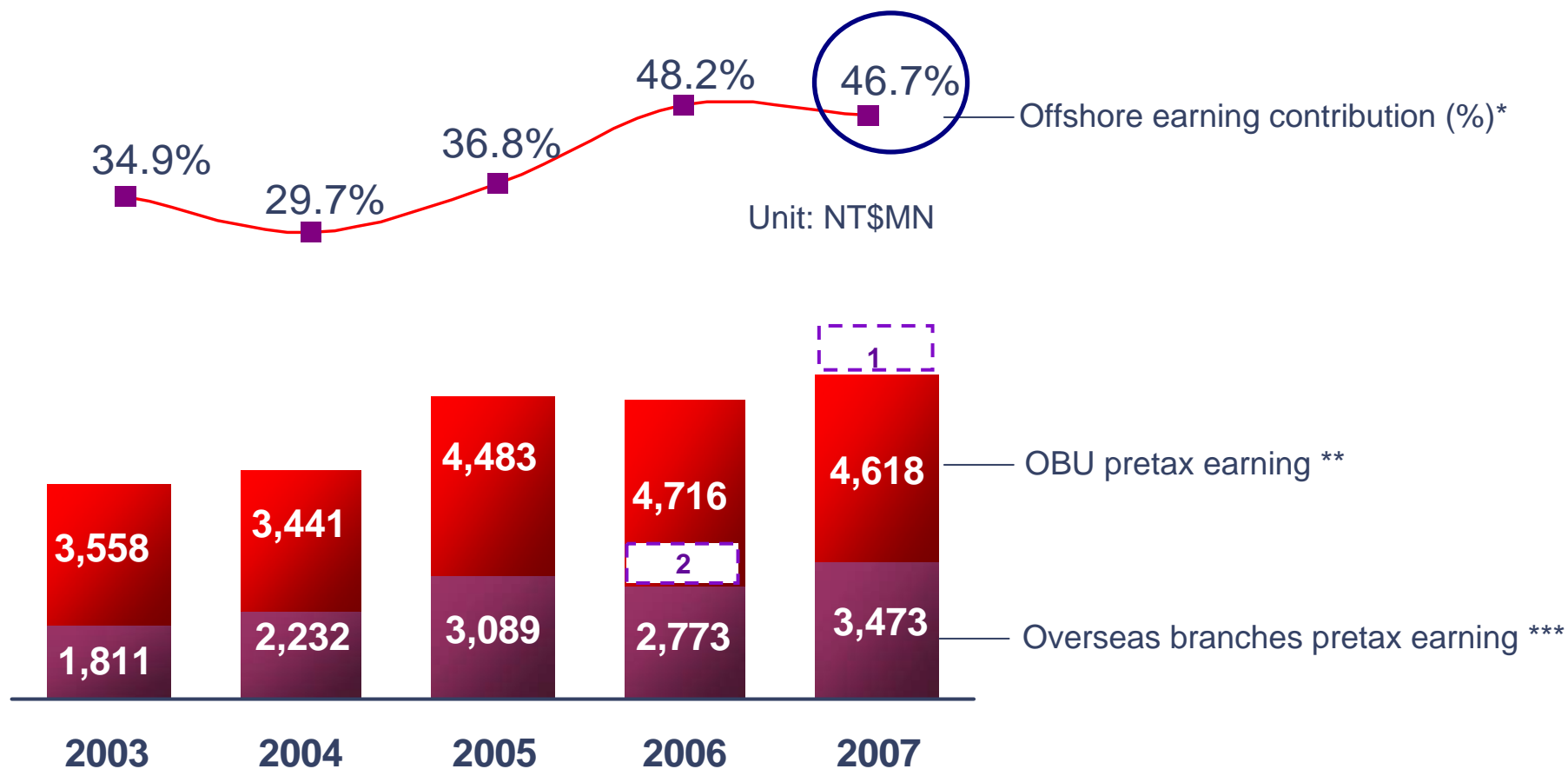
Mega Bank loan interest spread



\* 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 included one-time gain of NT\$0.7 billion due to Article 34 adoption

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

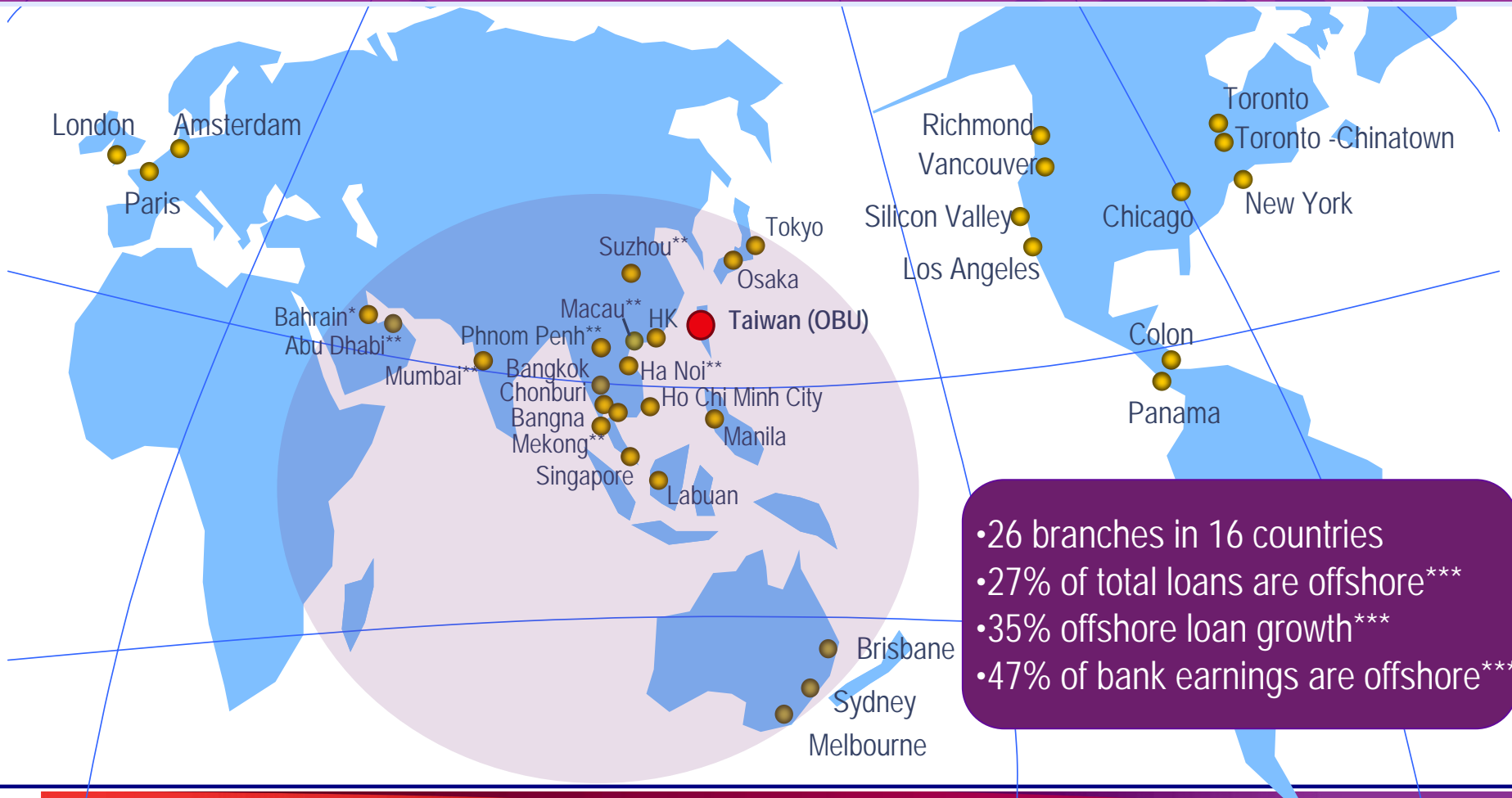
\*\* OBU stands for Off-Shore Banking Unit

\*\*\* Oversea branches include Thailand and Canada bank subsidiaries; currency exchange rate as of end of 4Q/07



# 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

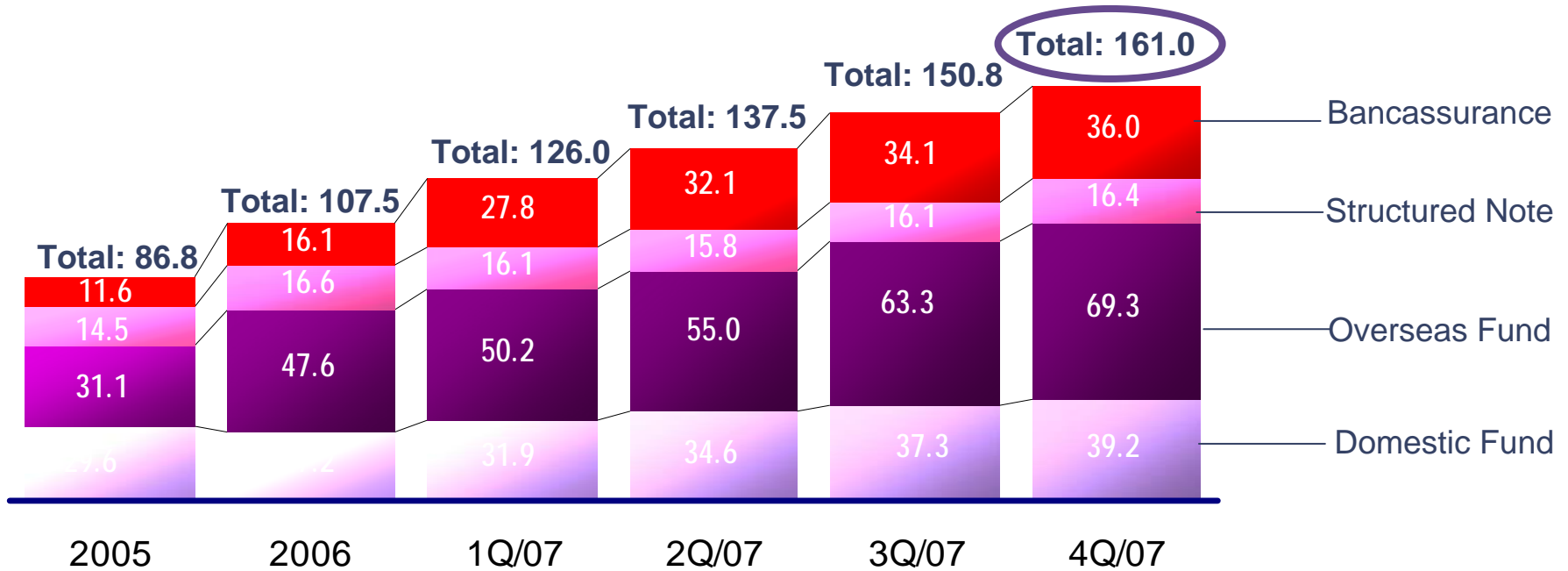
\*\* Pending approval or preparing to apply bank branch / rep. office

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

# Strong Wealth Mgmt AUM growth

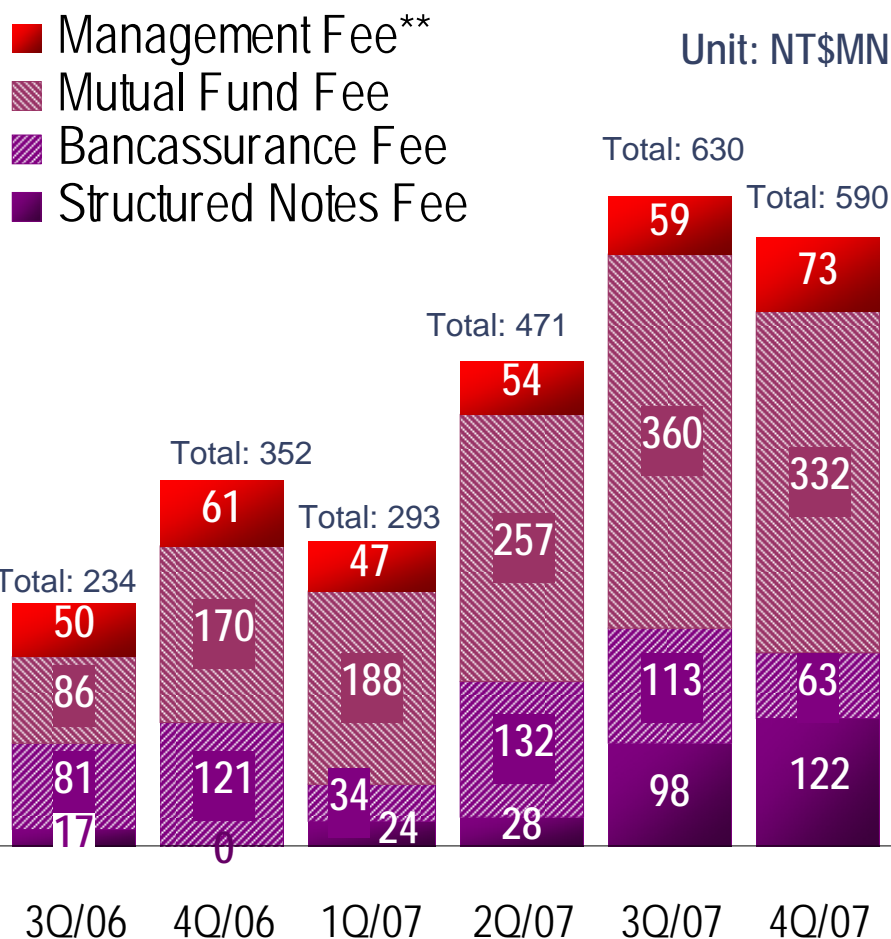
## Mega Wealth management AUM

Unit: NT\$BN

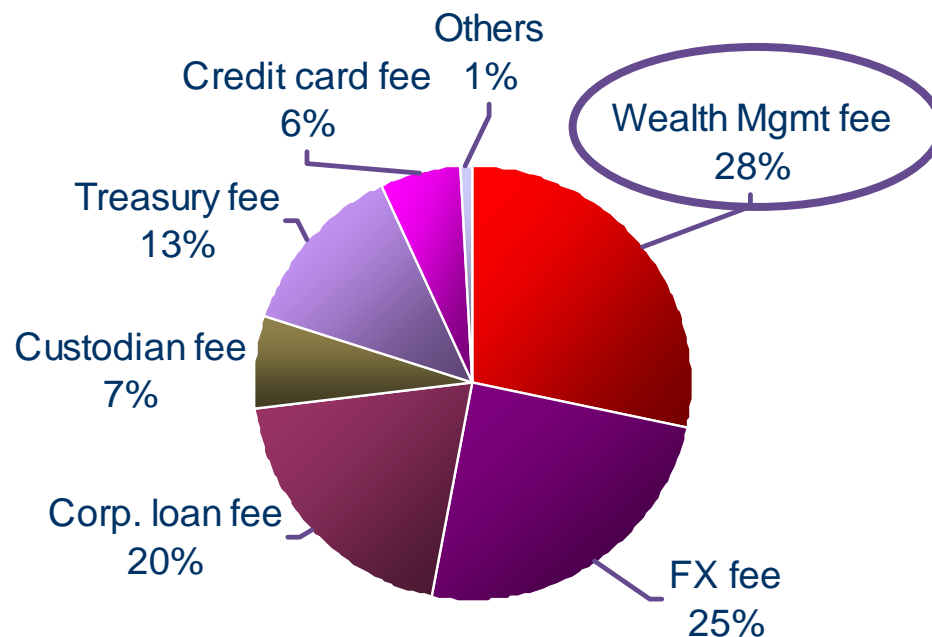


# WM fee reached record high in 2007

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

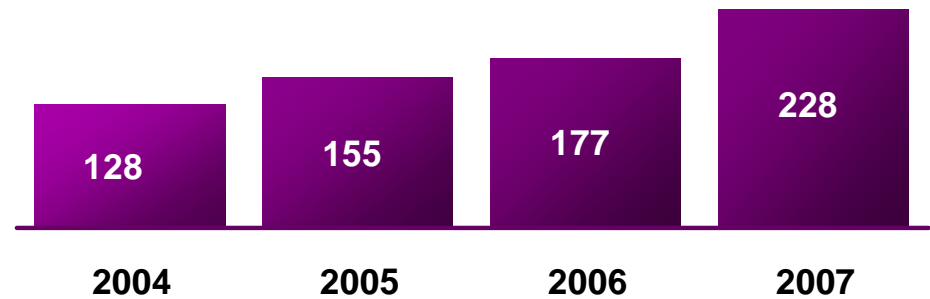
## 6 Wealth Mgmt VIP centers



## WM channel strategy



## Numbers of WM financial consultant



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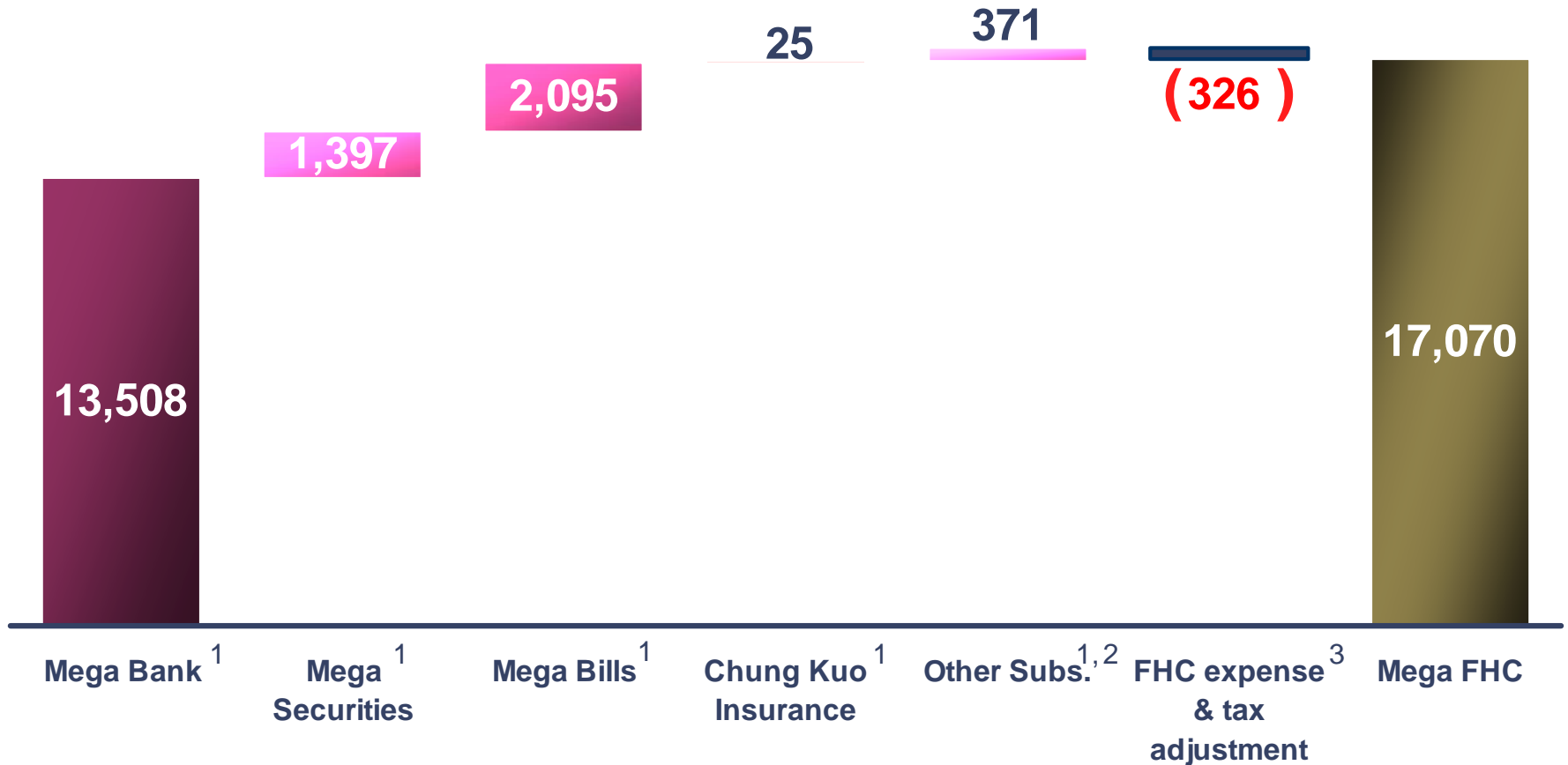


**Appendix**

# 1~4Q/2007 earning breakdown by subsidiaries

1~4Q/07 earning contribution by sub.

Unit: NT\$MN



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

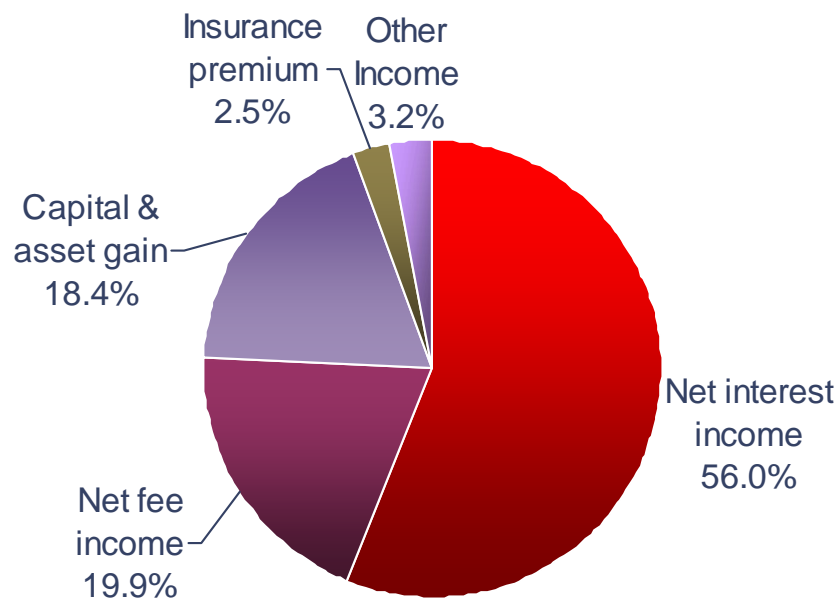
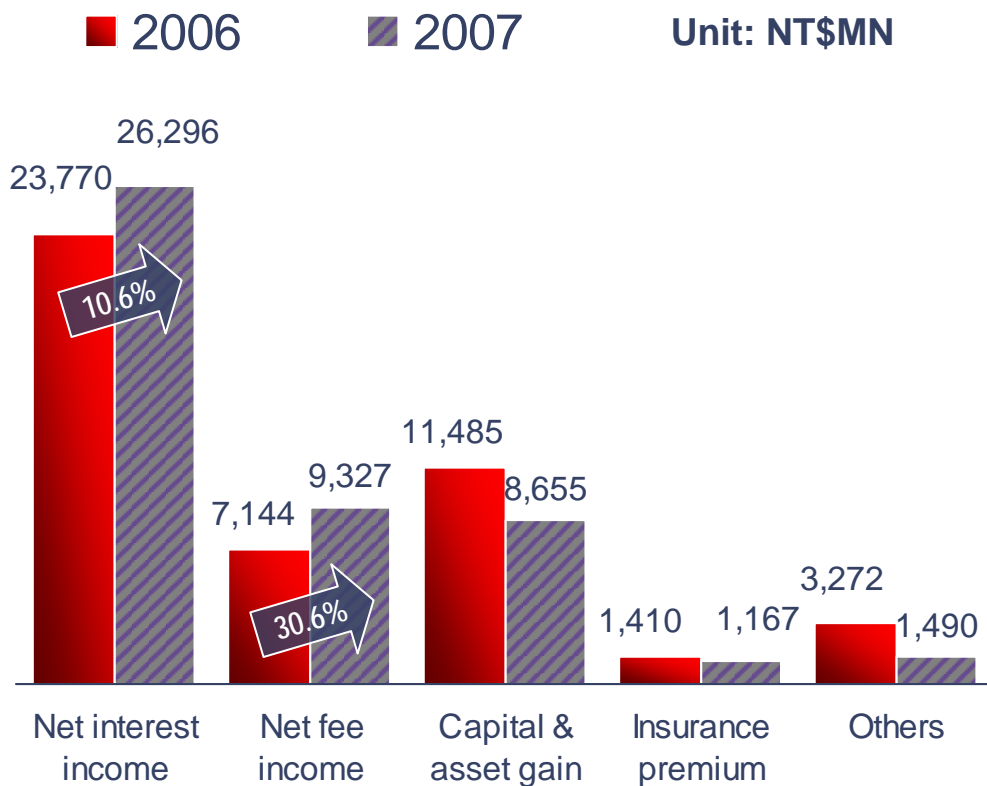
2. Include Mega Int'l Investment Trust, Mega AMC, Mega Life Insurance Agent, Mega CTB VC

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

# Mega FHC consolidated net revenue breakdown

2006 vs. 2007 net revenue \*

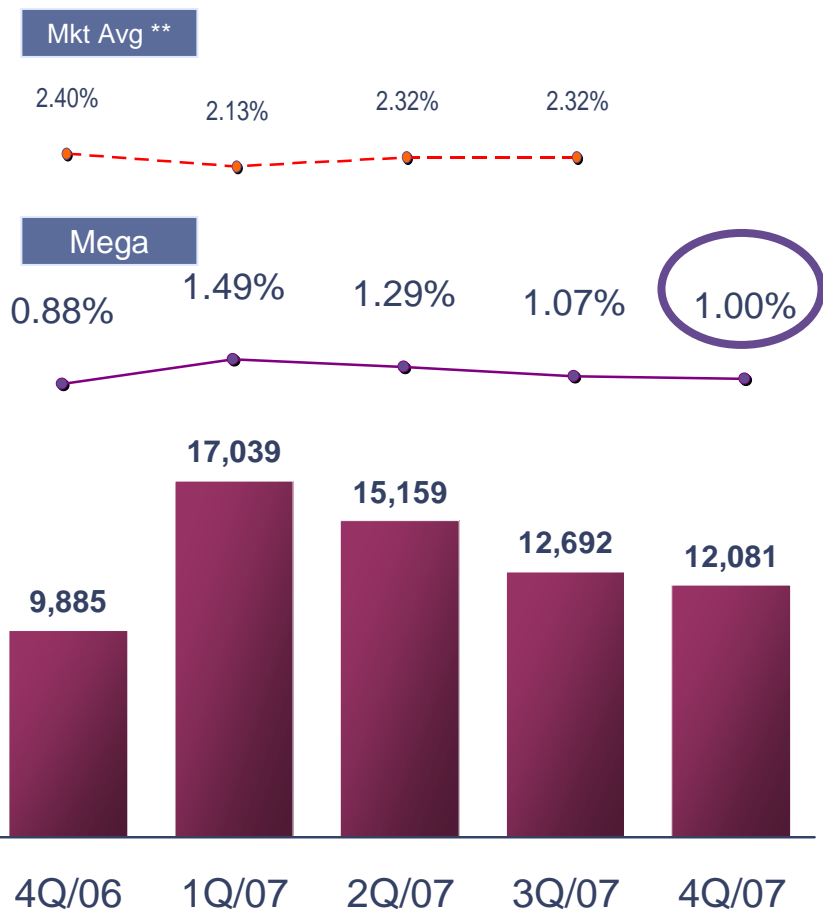
2007 net revenue breakdown



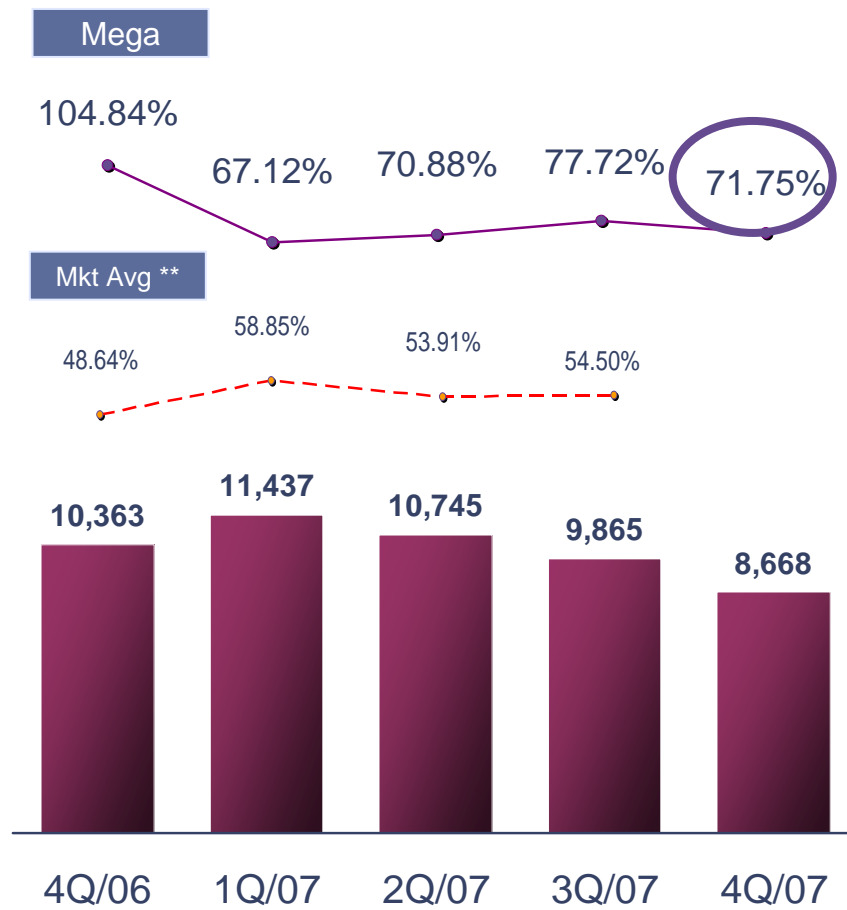
\* Un-audited internal figures

# Superior asset quality among peers

## NPL balance & NPL ratio\*



## Loan loss reserved and coverage ratio\*



Unit: NT\$MN

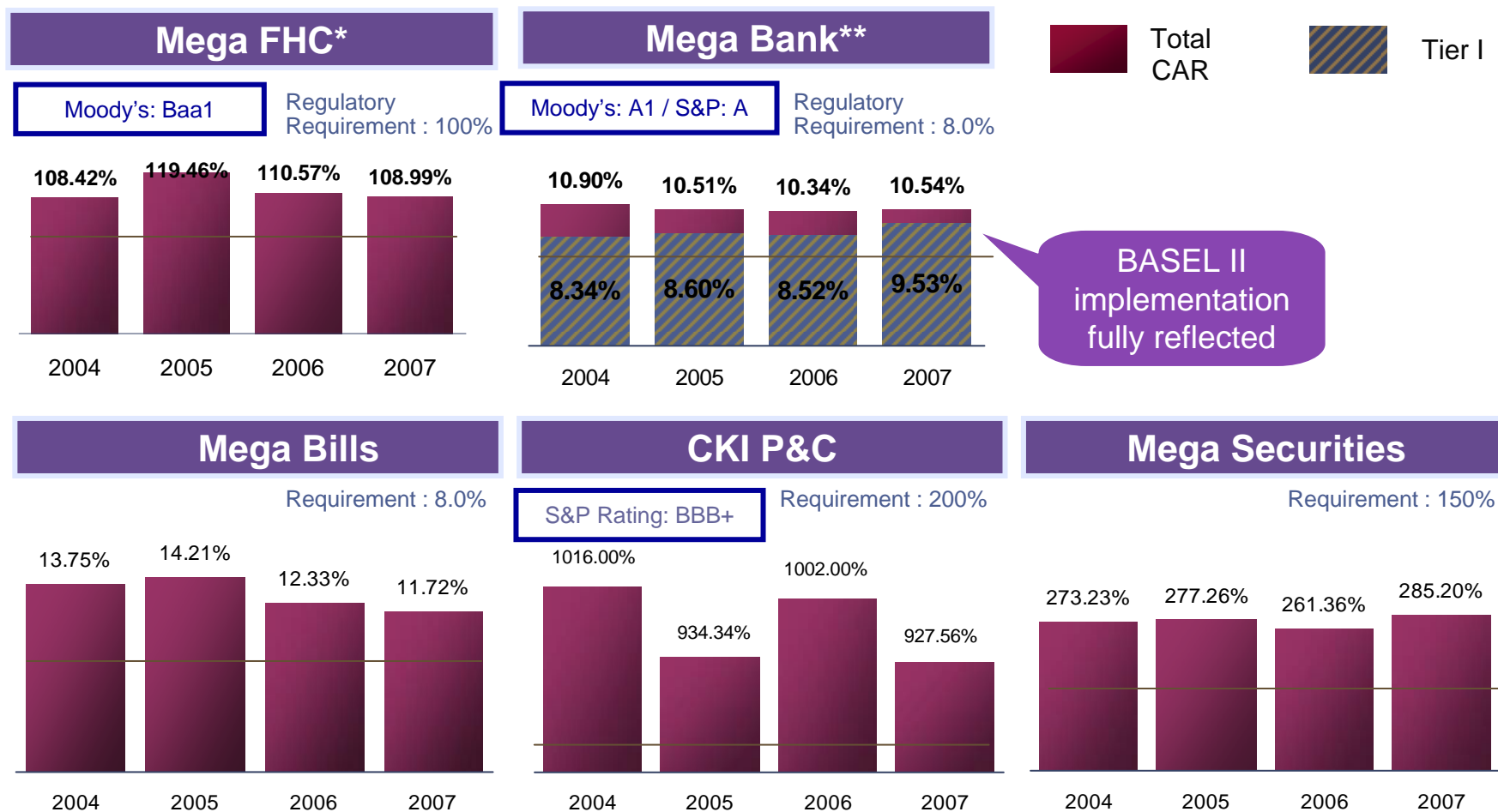
Unit: NT\$MN

\* 90 days standard

\*\* market average: Banking Bureau of Taiwan



# Conservative balance sheet position

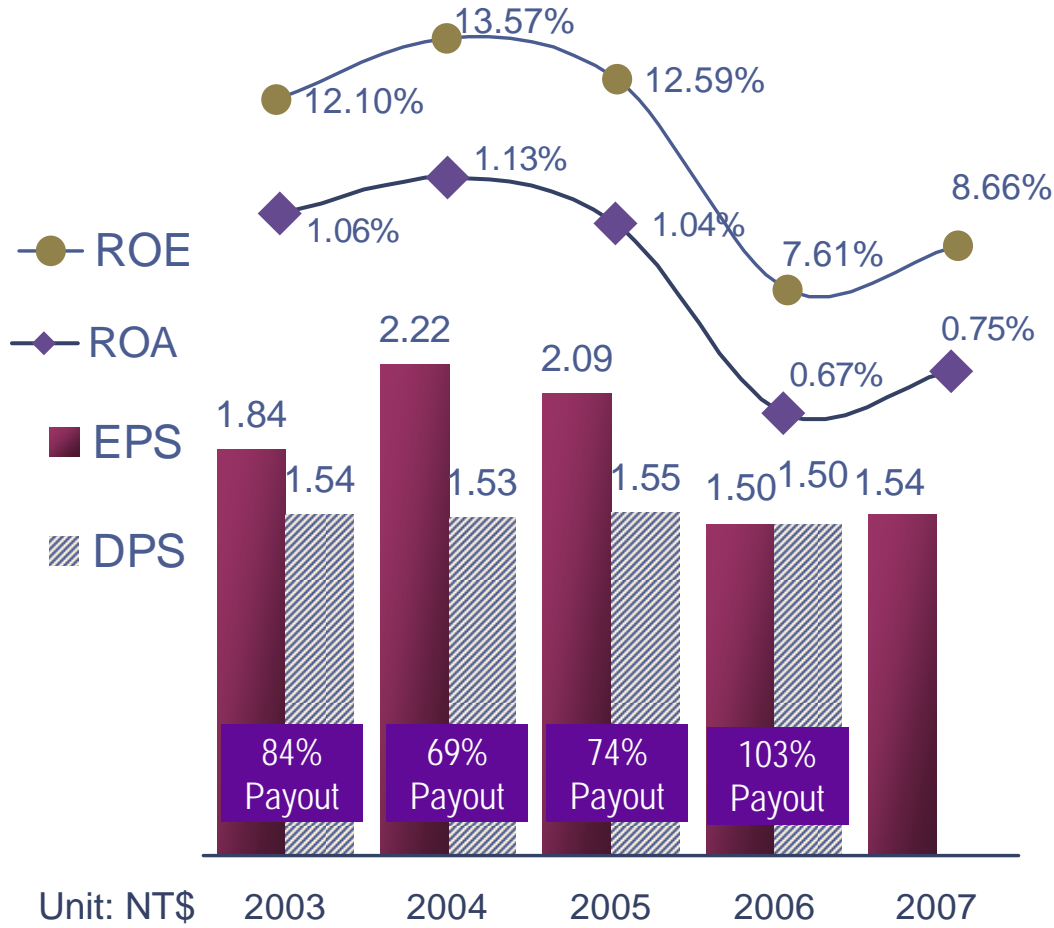


\* Net of investments in subsidiaries

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

# Focus on providing consistent yields for investors

## Key Earning Metrics



- ❖ 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.

\* DPS are distributed in cash form

\*\* 2007 numbers are un-audited numbers

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**Operation Highlights**



**Financial Performance**



**Appendix**

# 2007 Mega FHC un-audited P&L statement

<i>NT\$MN, except per share data</i>	2007**	2006**	YoY
Net interest income	26,296	23,770	10.63%
Net fee income	9,327	7,144	30.56%
Insurance premium	1,167	1,410	-17.23%
ST Trading gain	4,545	5,223	-12.98%
Available for sales asset gain	2,508	2,792	-10.17%
Hold to maturity asset gain	0	4	-100.00%
Equity method investment gain	190	207	-8.21%
Property investment gain	22	224	-90.18%
FX gain (spread)	2,753	6,029	-54.34%
Asset impairment	-2,123	-3,585	-40.78%
Cost method investment gain	760	591	28.60%
NPL & past due write-back	205	938	-78.14%
Other income	1,285	2,334	-44.94%
Operating income	46,935	47,082	-0.31%
Operating expense	-20,235	-20,478	-1.19%
Pre-provision operating profit	26,700	26,604	0.36%
Provision expense on loan	-6,601	-9,451	-30.16%
Reserved on insurance	-67	-156	-57.05%
Pretax profit	20,032	16,998	17.85%
Adjustment for ROC GAAP changes *	0	1,148	-100.00%
Tax	-2,918	-2,061	41.58%
Minority shareholders interest	-44	450	-109.78%
Net profit	17,070	16,535	3.24%
EPS (NT\$)	1.54	1.50	2.67%

\* Article 34 of ROC GAAP; un-realized gain on trading book

\*\* 2007 numbers are un-audited internal numbers; 2006 numbers are audited numbers

# 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	2,311	1,947	66	246	11	1	9	0.09	1
Equity	195	152	17	29	5	0.8	2	0.05	1
Net Profit	17	14	1	2	0.03	0.03	0.3	0.03	0.03
Domestic Offices	194	105	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.