兆豐金控
Mega Holdings

1Q / 2008 (v.2)

Investor Presentation

Bridge the Gap, Reach the World

Agenda

1 **Operation Highlights**

2 Financial Performance

3 Appendix

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Stronger than expected corp. loan growth in 1Q/08

Mega Bank loan breakdown by customer segment *

Unit: NT$bn

Growth rate:
10% YoY; 6% QoQ

1,277

YoY Growth
15%

598 — Large corp.

YoY Growth
12%

316 — SME

	1Q/07	2Q/07	3Q/07	4Q/07	1Q/08
Total	1,158	1,181	1,190	1,206	1,277
Large corp.	518	529	548	546	598
SME	282	287	296	309	316
Other corp.	22	42	44	41	45
Gov.-linked	92	75	50	51	57
Mortgage	204	208	210	213	214
Other consumer	40	40	42	46	47

Other corp. — 45
Gov.-linked — 57
Mortgage — 214
Other consumer — 47

Pie chart:
- Large corp. 46%
- SME 25%
- Mortgage 17%
- Other consumer 4%
- Gov.-linked 4%
- Other corp. 4%

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

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Off-shore loan grew 27% YoY

Mega Bank 1Q/08 loan breakdown by region *

Unit: NT$bn

YoY Growth
27%

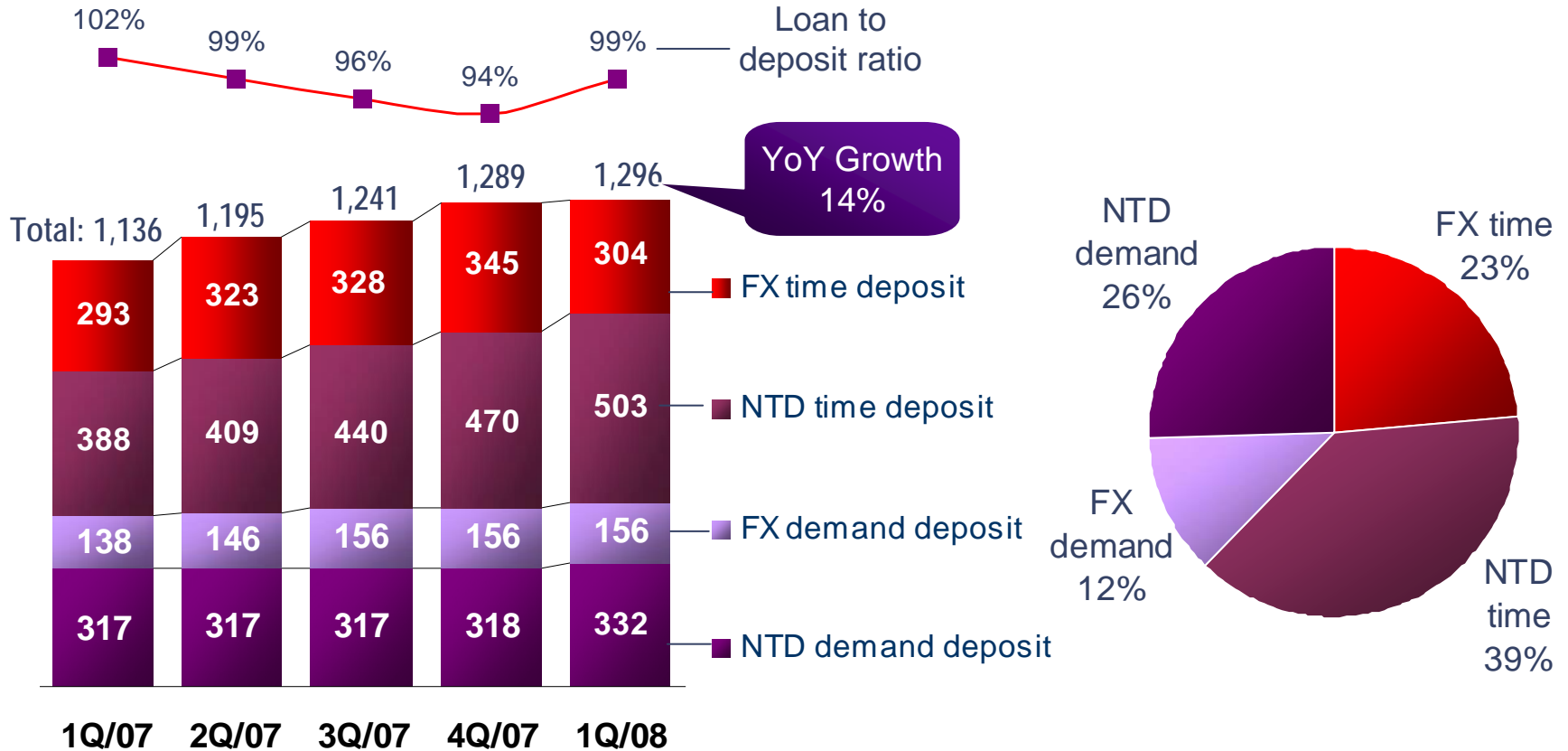| Quarter	Overseas branches	OBU	Domestic
1Q/07	145	118	869
2Q/07	160	129	878
3Q/07	164	134	878
4Q/07	177	144	875
1Q/08	186	147	930

Overseas branches 15%

OBU 12%

Domestic 73%
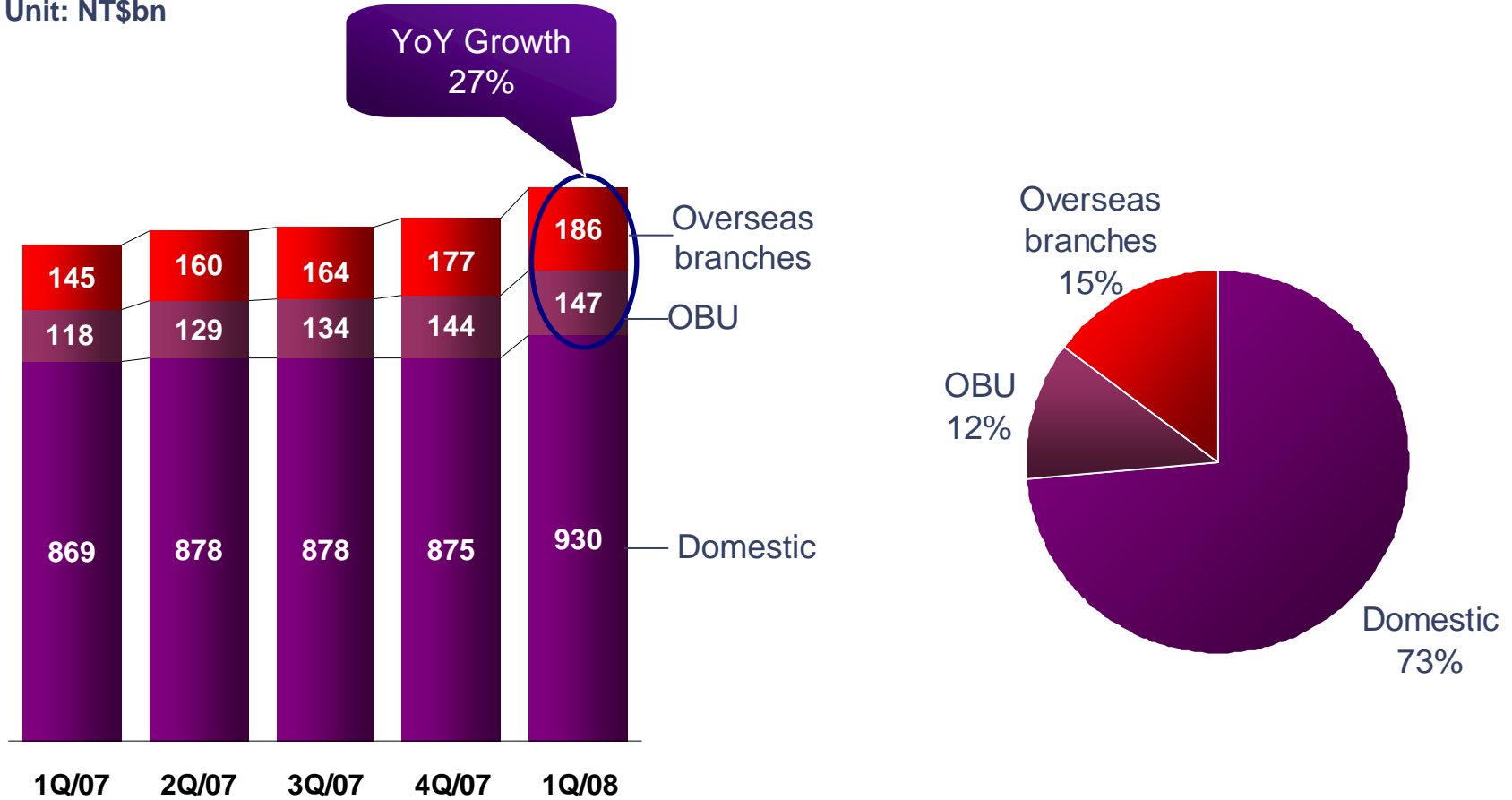
* Mega Bank quarterly average balance, includes loan, factoring, A/R financing, L/C but excludes guarantee
** OBU stands for Off Shore Banking unit

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Continuous FX deposit growth to fulfill the FX funding need

Mega Bank 1Q/08 LDR & deposit breakdown

Unit: %; NT$bn

Loan to deposit ratio

102% 99% 96% 94% 99%

YoY Growth 14%

Total: 1,136 1,195 1,241 1,289 1,296

	1Q/07	2Q/07	3Q/07	4Q/07	1Q/08
FX time deposit	293	323	328	345	304
NTD time deposit	388	409	440	470	503
FX demand deposit	138	146	156	156	156
NTD demand deposit	317	317	317	318	332

Pie chart:
- NTD demand 26%
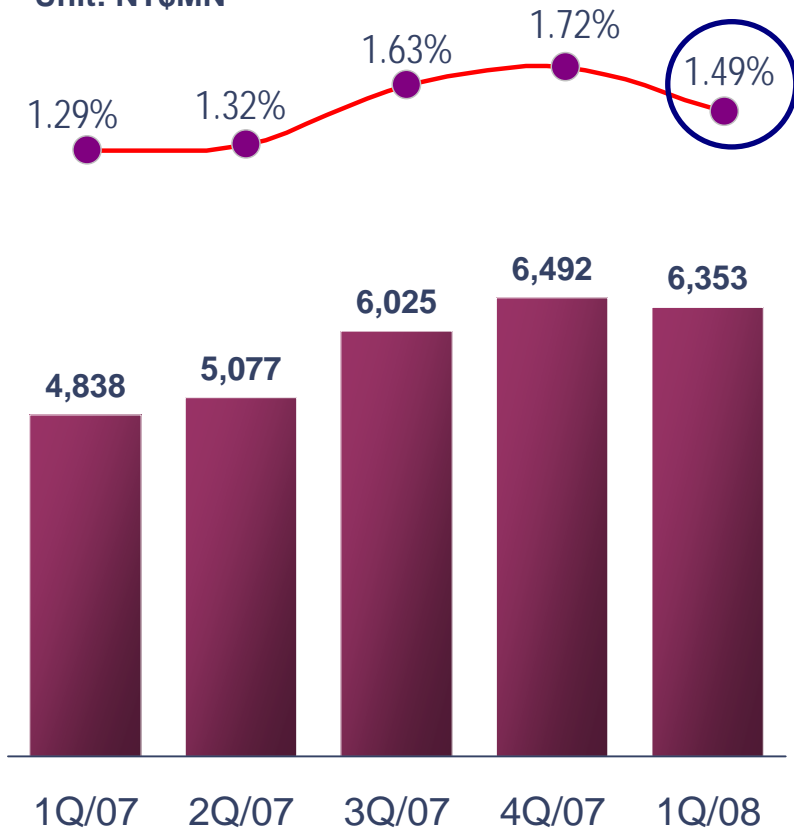- FX time 23%
- FX demand 12%
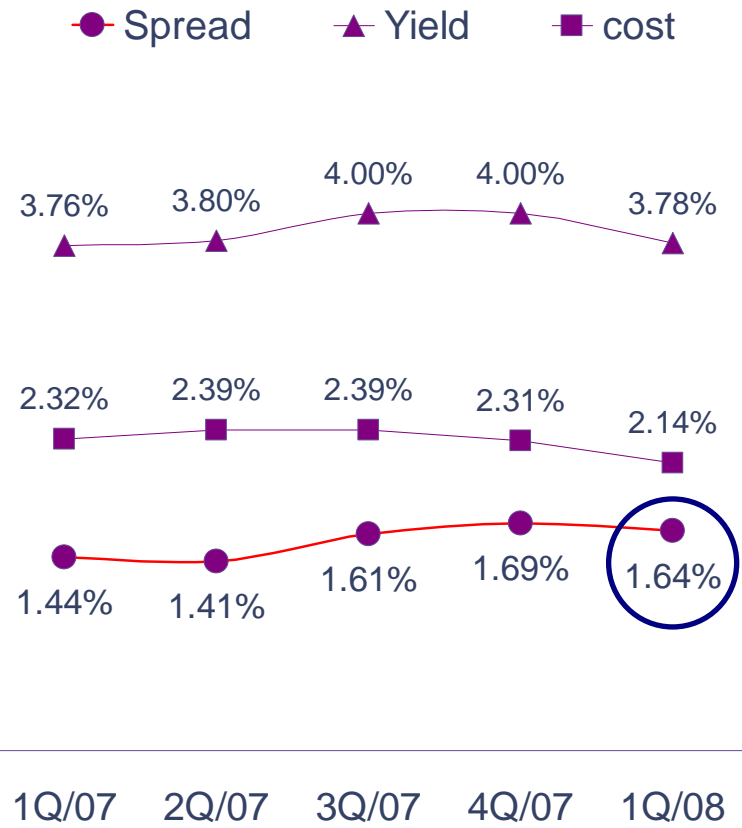- NTD time 39%

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NIM is under pressure due to lower USD assets yield & dramatic increases in large corp. loan, while spread is intact

Mega Bank NIM & NII *

Unit: NT$MN

1.29%   1.32%   1.63%   1.72%   1.49%

4,838   5,077   6,025   6,492   6,353

1Q/07   2Q/07   3Q/07   4Q/07   1Q/08

Mega Bank loan interest spread*

● Spread   ▲ Yield   ■ cost

3.76%   3.80%   4.00%   4.00%   3.78%

2.32%   2.39%   2.39%   2.31%   2.14%

1.44%   1.41%   1.61%   1.69%   1.64%

1Q/07   2Q/07   3Q/07   4Q/07   1Q/08

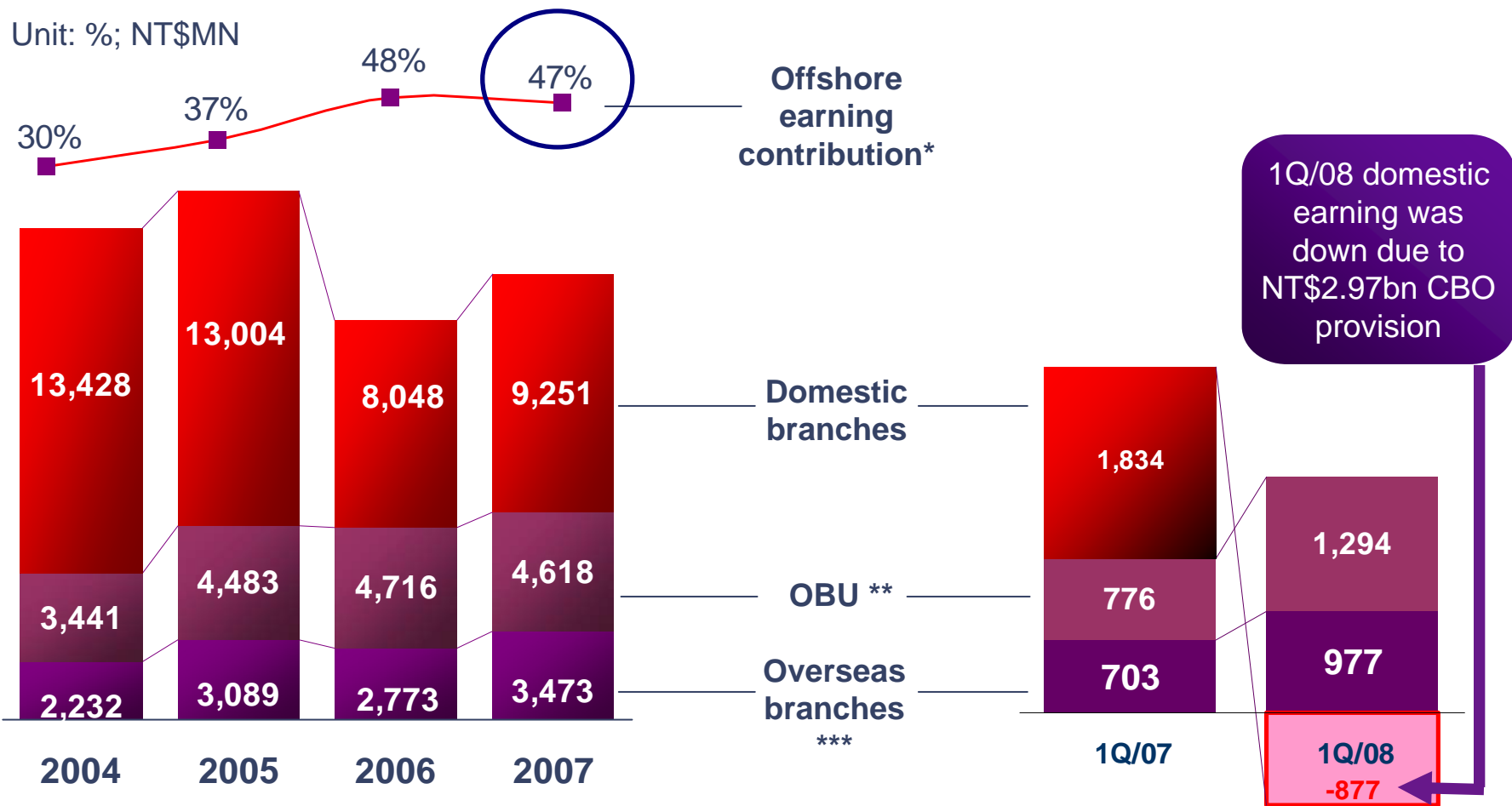* Mega Bank internal numbers; NIM (Net interest margin) = Net interest income / average interest earning assets; NII is net interest income

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OBU and overseas bank branches earning growth continues

Mega Bank pre-tax earning breakdown by region*

Unit: %; NT$MN

30% — 37% — 48% — 47% → **Offshore earning contribution***

1Q/08 domestic earning was down due to NT$2.97bn CBO provision

	2004	2005	2006	2007		1Q/07	1Q/08
Domestic branches	13,428	13,004	8,048	9,251		1,834	
OBU **	3,441	4,483	4,716	4,618		776	1,294
Overseas branches ***	2,232	3,089	2,773	3,473		703	977

1Q/08: -877

*   Mega Bank internal un-audited data; Offshore earning = (Overseas branches + OBU pre-tax earning)/ bank pre-tax earning
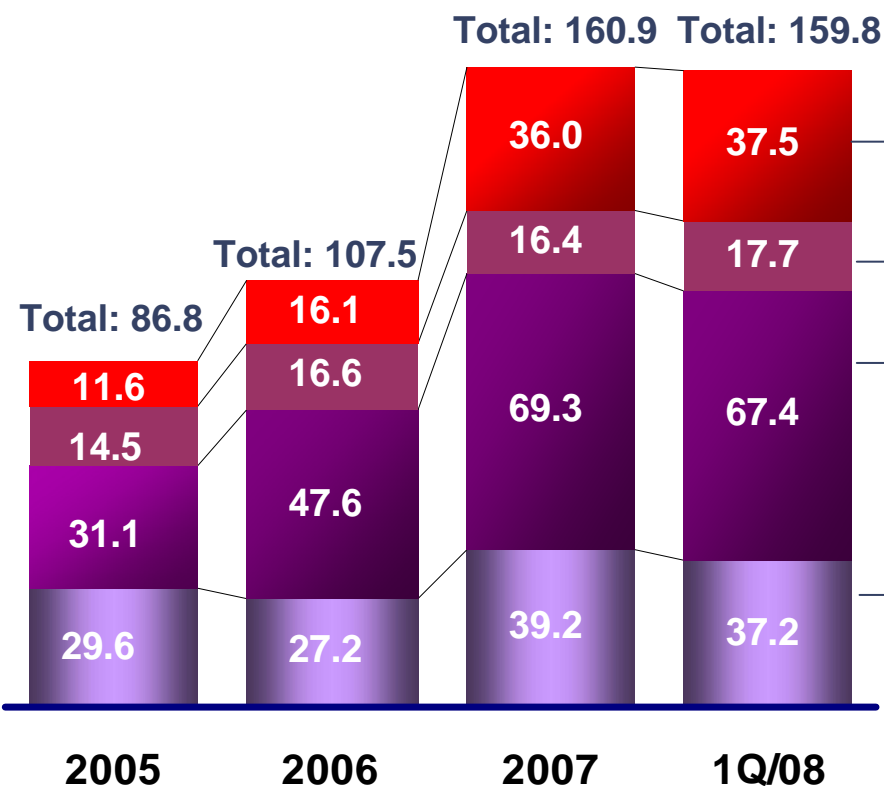** OBU stands for Off-Shore Banking Unit
*** Oversea branches include Thailand and Canada bank subsidiaries; currency exchange rate as of end of Apr/08

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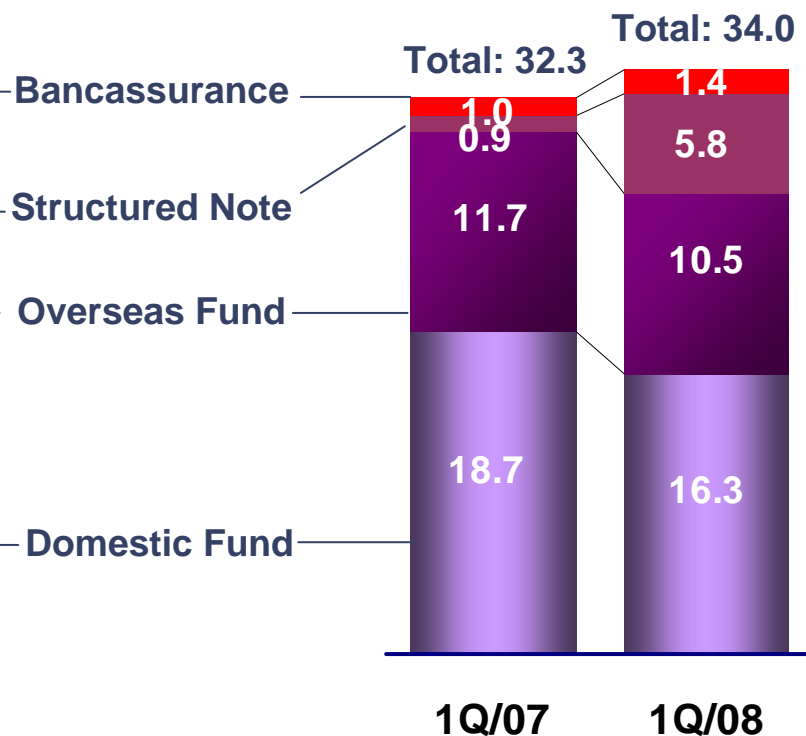# Robust bancassurance & structured note product sales

Mega wealth management AUM
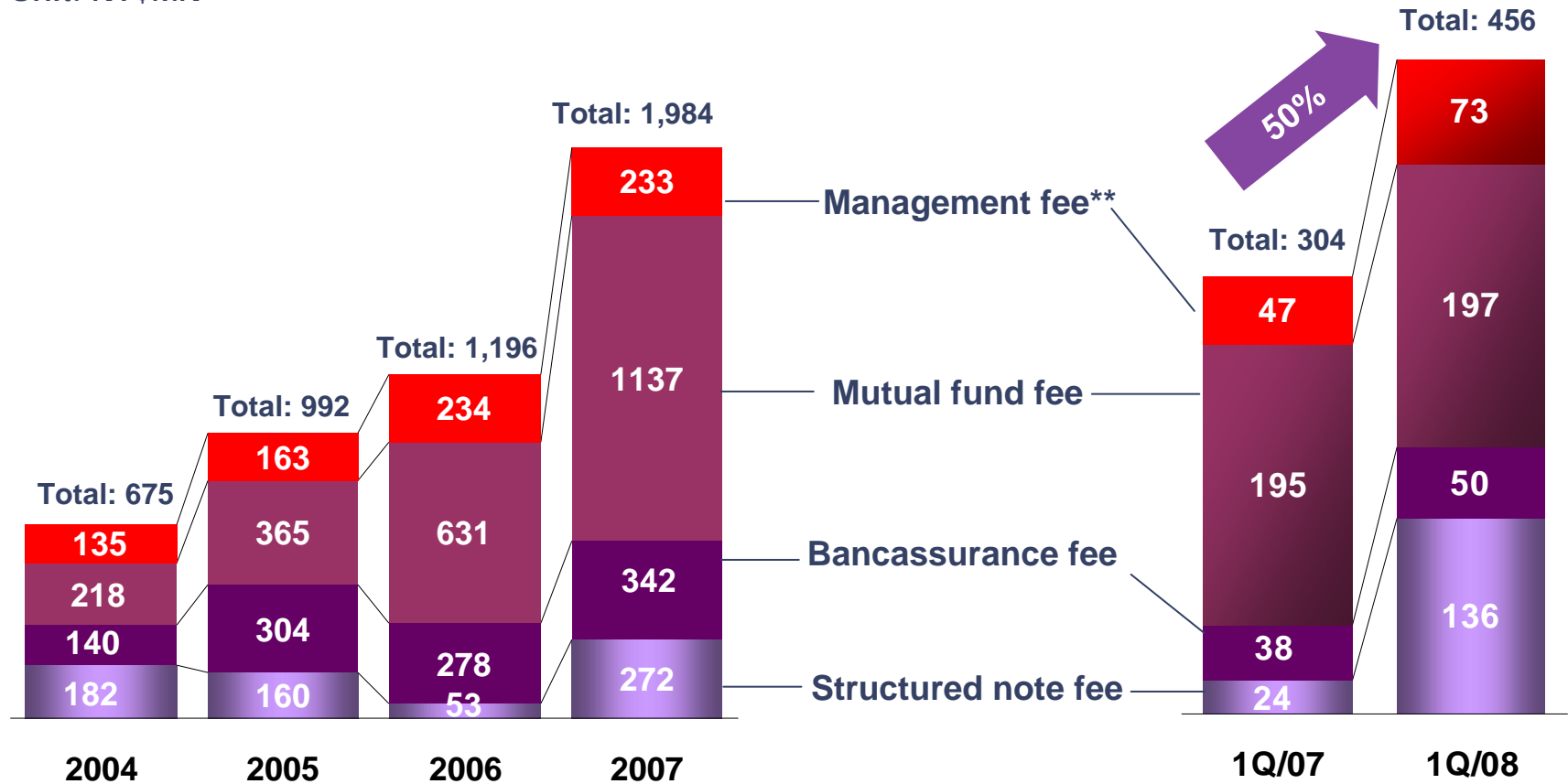
Unit: NT$BN

Mega wealth management sales

Unit: NT$BN

… boosting WM fee despite slow global equity market

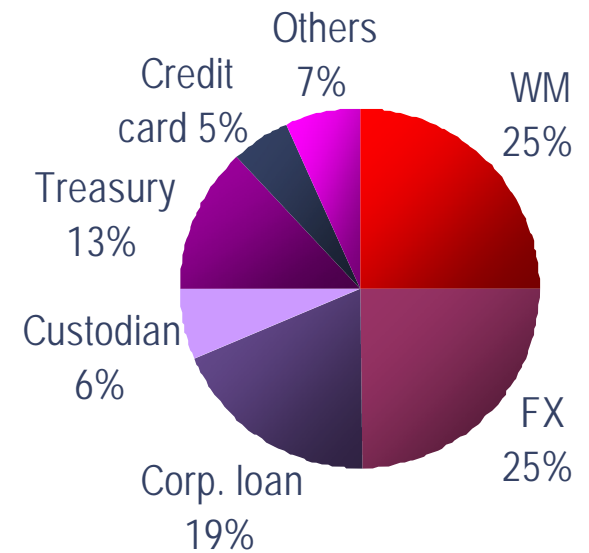**Mega wealth management net fee income breakdown by product ***

Unit: NT$MN

2004 — Total: 675
- 135
- 218
- 140
- 182

2005 — Total: 992
- 163
- 365
- 304
- 160

2006 — Total: 1,196
- 234
- 631
- 278
- 53

2007 — Total: 1,984
- 233
- 1137
- 342
- 272

Management fee**
Mutual fund fee
Bancassurance fee
Structured note fee

1Q/07 — Total: 304
- 47
- 195
- 38
- 24

1Q/08 — Total: 456
- 73
- 197
- 50
- 136

50%

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Strong WM & corp. banking related fee income

Unit: NT$MN

■ 1Q/07   ■ 1Q/08
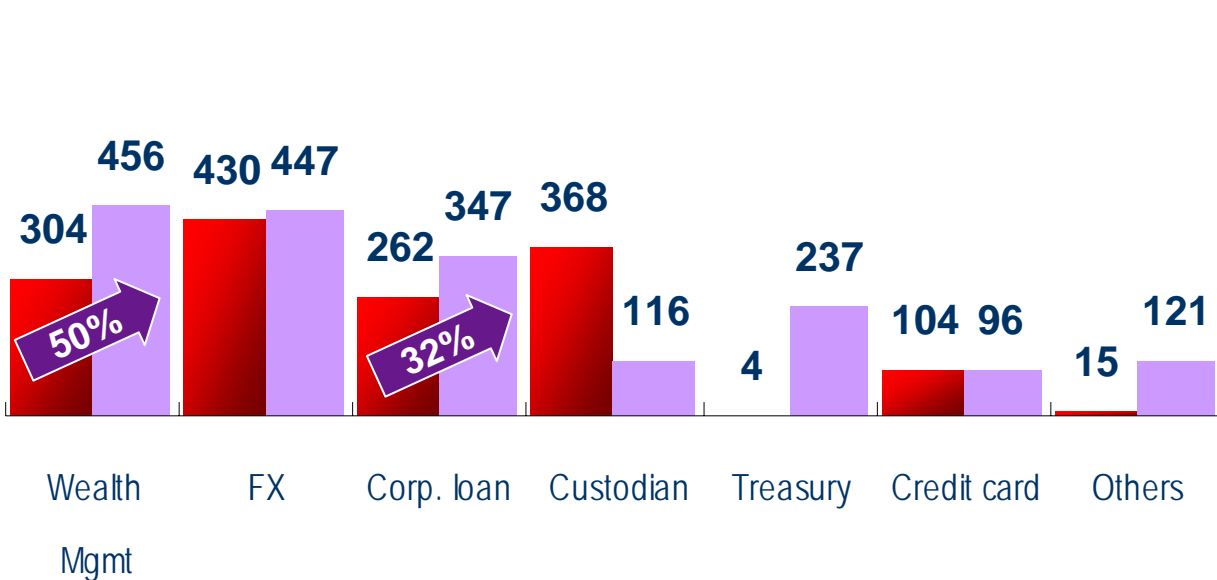
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1Q/2008 earning breakdown by subsidiaries

1Q/08 earning contribution by sub.

Unit: NT$MN

Mega Bank[1]	Mega Securities[1]	Mega Bills[1]	Chung Kuo Insurance[1]	Other Subs.[1,2]	FHC expense & tax adjustment[3]	Mega FHC
379	(262)	569	123	37	(117)	729
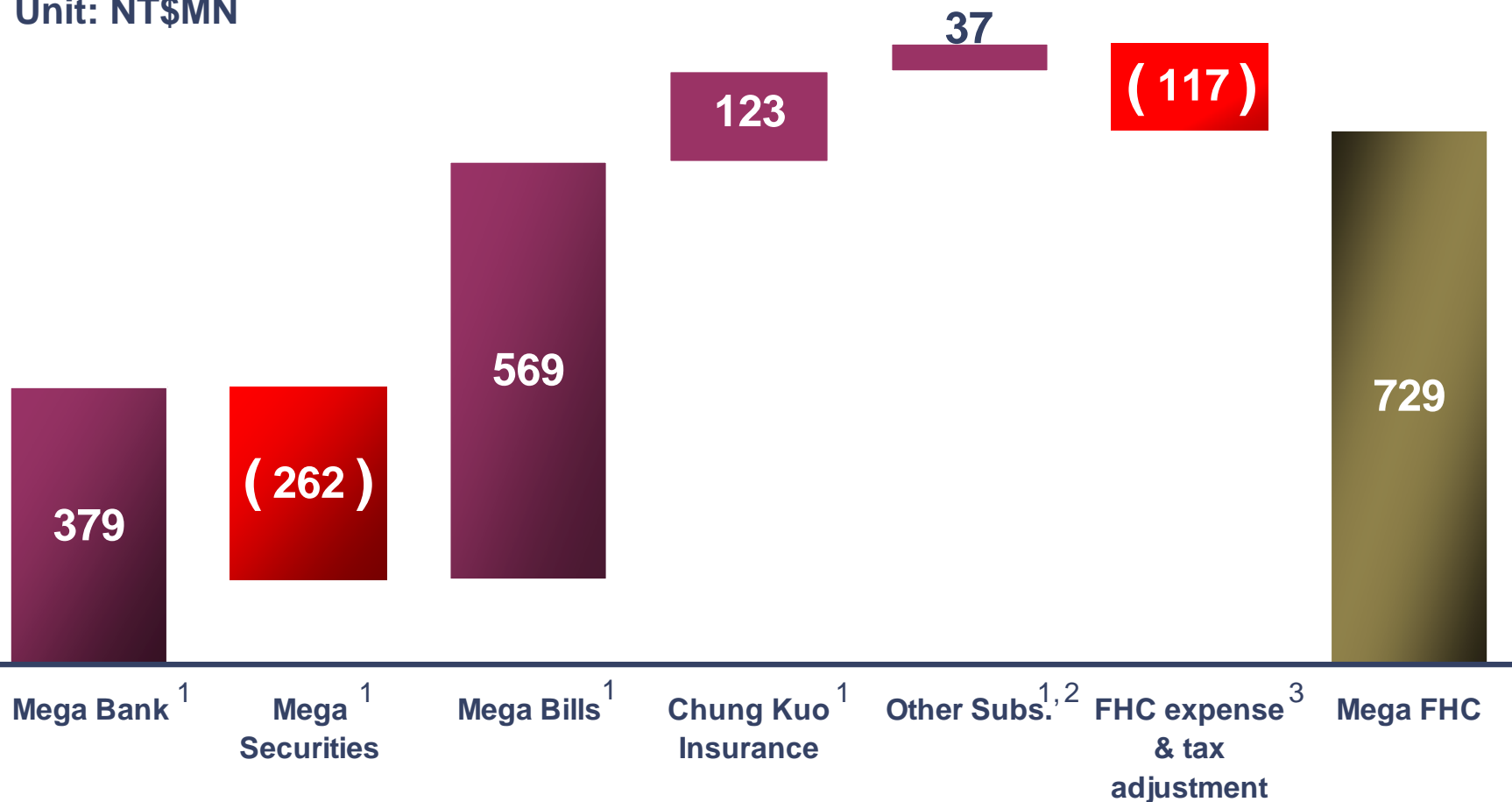
1. Audited subsidiary earning deducts employee bonus and inter-subsidiaries adjustments; includes CBO related provisions
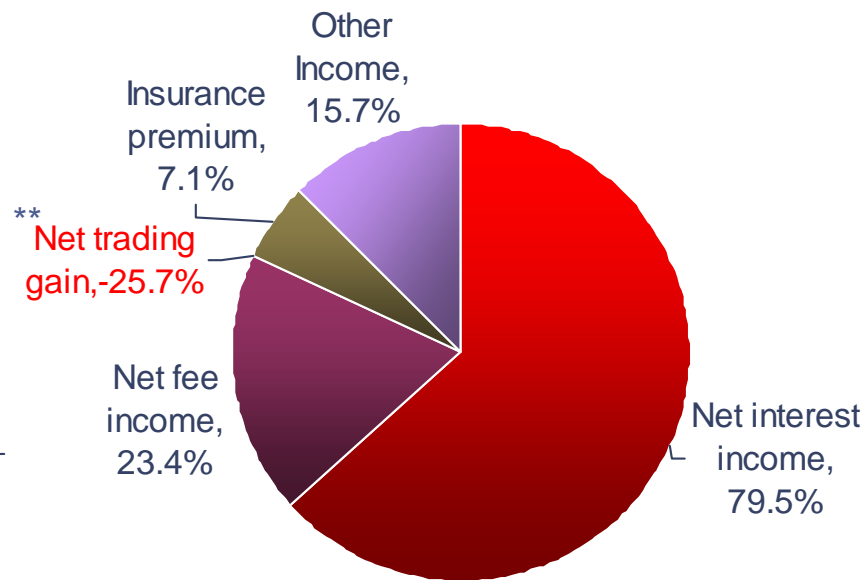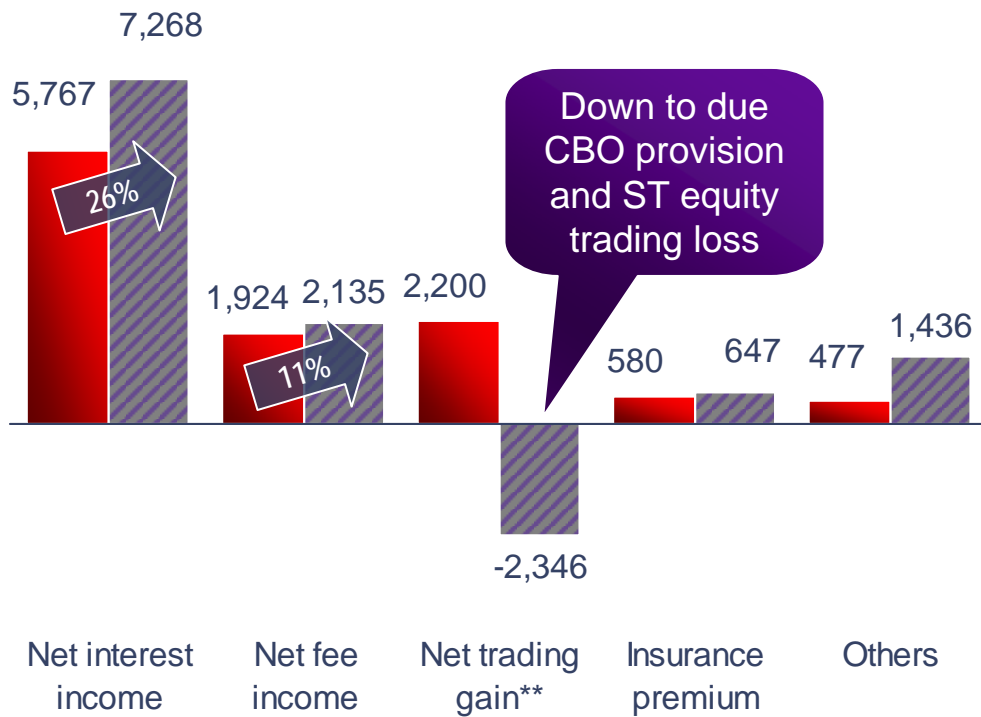2. Include Mega Int'l Investment Trust, Mega AMC, Mega Life Insurance Agent, Mega CTB VC
3. FHC expense plus tax & other adjustments of compiling FHC consolidated statement

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Increases in NII & fee offset the CBO provision impact

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

■ 1Q/07   ▨ 1Q/08

Unit: NT$MN

Down to due CBO provision and ST equity trading loss

5,767 / 7,268 — 26%

1,924 / 2,135 — 11%

2,200 / -2,346

580 / 647

477 / 1,436

Net interest income | Net fee income | Net trading gain** | Insurance premium | Others

1Q/2008 net revenue breakdown

Other Income, 15.7%

Insurance premium, 7.1%

** Net trading gain, -25.7%

Net fee income, 23.4%

Net interest income, 79.5%
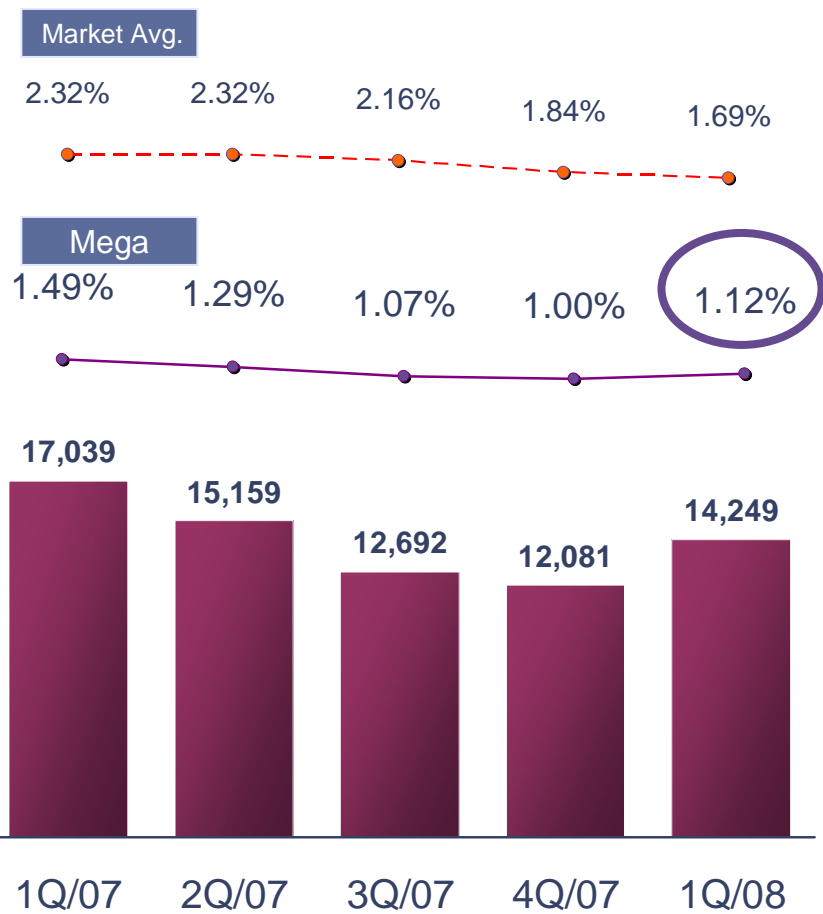
*   Audited figures
** Net trading gain includes short-term, AFS, HTM, equity method assets, property, FX trading gain & asset impairment loss

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Maintaining low NPL ratio while increasing coverage ratio

NPL balance & NPL ratio*

Market Avg.

2.32% 2.32% 2.16% 1.84% 1.69%

Mega

1.49% 1.29% 1.07% 1.00% 1.12%

17,039 15,159 12,692 12,081 14,249

1Q/07 2Q/07 3Q/07 4Q/07 1Q/08

Unit: NT$MN

Loan loss reserved and coverage ratio*

Mega

77.72% 76.46%

70.88% 71.75%

67.12%

Market Avg.

64.05% 64.46%

53.91% 54.50% 55.10%

11,437 10,745 9,865 8,668 10,895

1Q/07 2Q/07 3Q/07 4Q/07 1Q/08
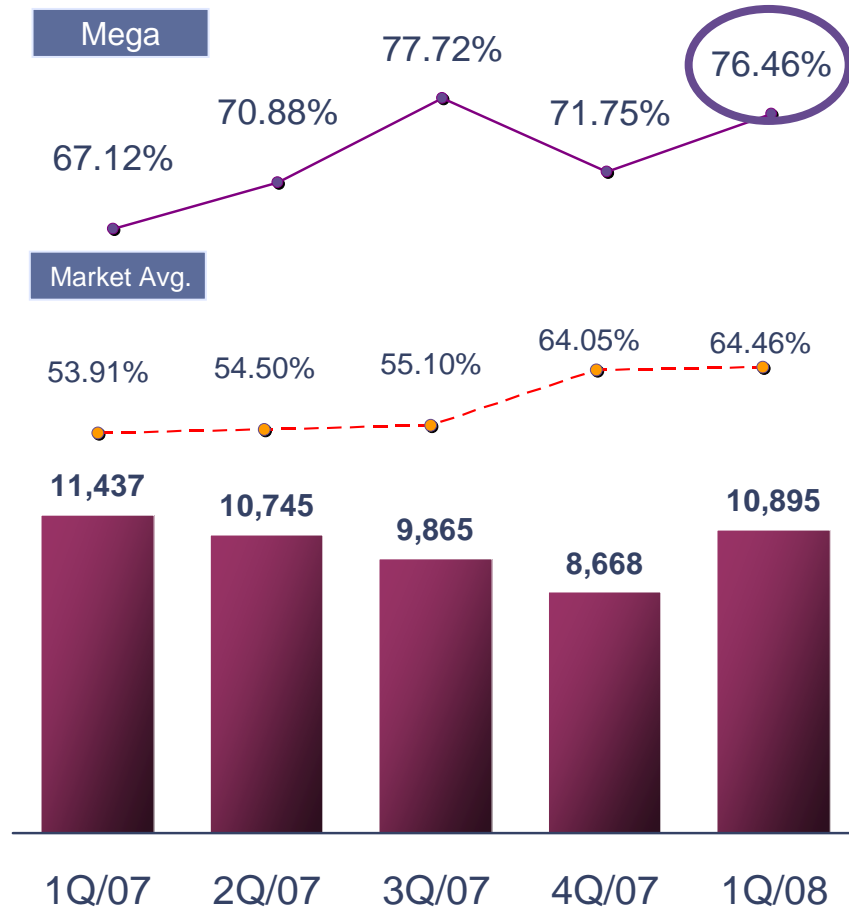
Unit: NT$MN

*   90 days standard
** market average: Banking Bureau of Taiwan

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Mega Holdings

Conservative balance sheet position
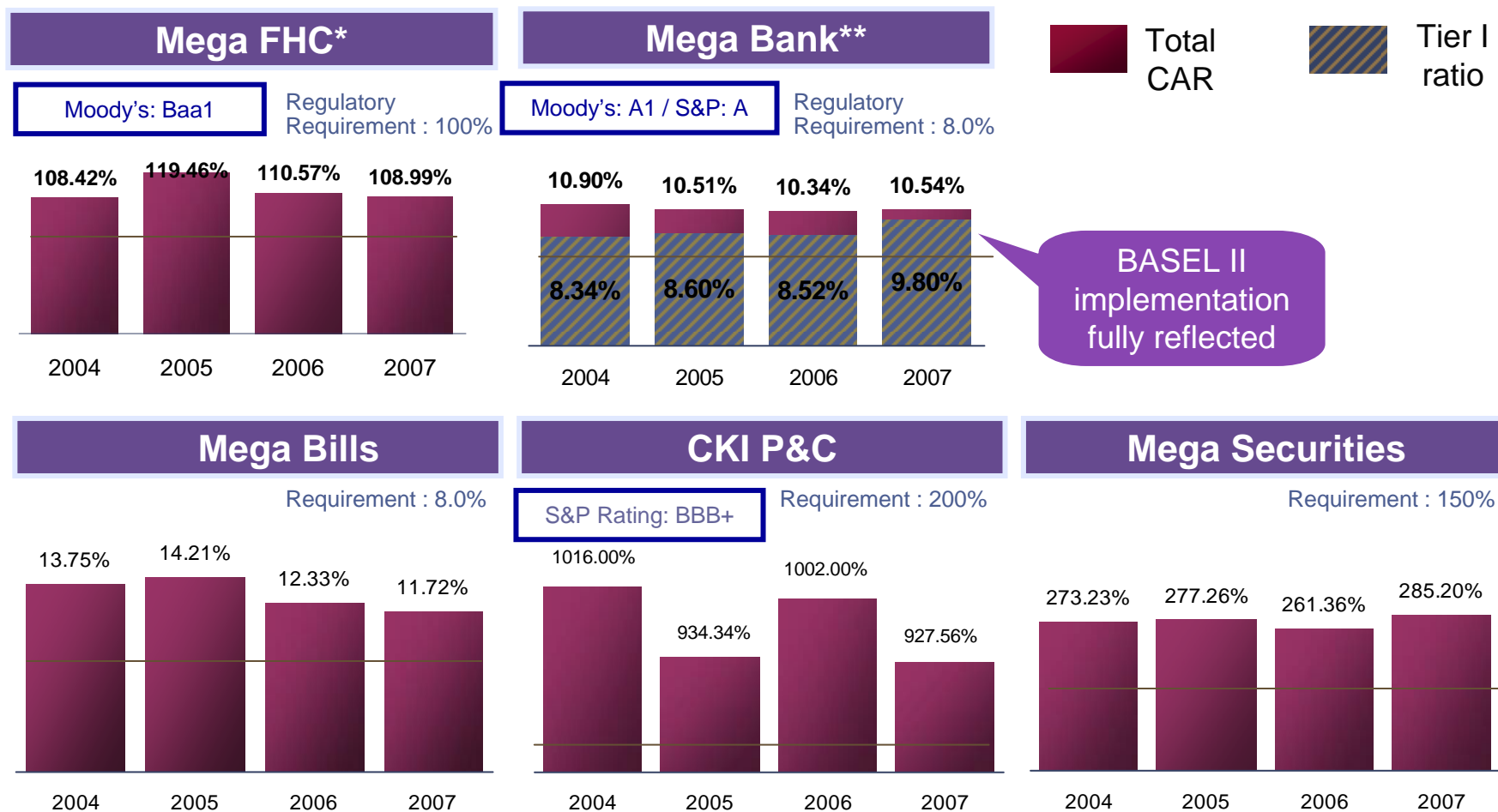
Mega FHC*

Moody's: Baa1 | Regulatory Requirement : 100%

| | Total CAR | | Tier I ratio |

- 108.42% (2004)
- 119.46% (2005)
- 110.57% (2006)
- 108.99% (2007)

Mega Bank**

Moody's: A1 / S&P: A | Regulatory Requirement : 8.0%

- 10.90% / 8.34% (2004)
- 10.51% / 8.60% (2005)
- 10.34% / 8.52% (2006)
- 10.54% / 9.80% (2007)

BASEL II implementation fully reflected

Mega Bills

Requirement : 8.0%

- 13.75% (2004)
- 14.21% (2005)
- 12.33% (2006)
- 11.72% (2007)

CKI P&C

S&P Rating: BBB+ | Requirement : 200%

- 1016.00% (2004)
- 934.34% (2005)
- 1002.00% (2006)
- 927.56% (2007)

Mega Securities

Requirement : 150%

- 273.23% (2004)
- 277.26% (2005)
- 261.36% (2006)
- 285.20% (2007)

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Mega Holdings

Focus on providing consistent yields for investors

Key Earning Metrics

- ROE
- ROA
- EPS
- DPS

Unit: NT$	2003	2004	2005	2006	2007
ROE	12.10%	13.57%	12.59%	7.61%	8.66%
ROA	1.06%	1.13%	1.04%	0.67%	0.75%
EPS	1.84	2.22	2.09	1.50	1.54
DPS	1.54	1.53	1.55	1.50	1.25
Payout	84%	69%	74%	103%	81%
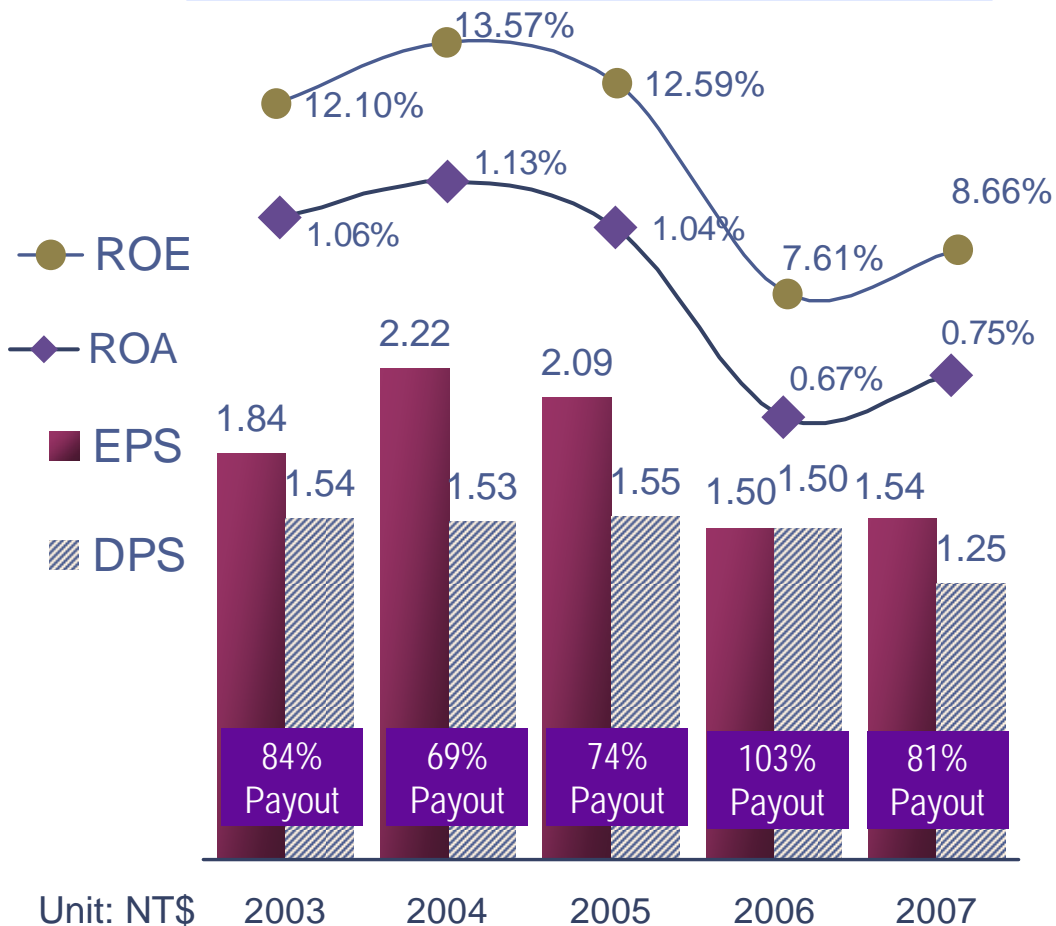
- ❖ **Mid-term ROE target of 10~12%**
- ❖ **Mid-term ROA target of >1%**
- ❖ **To increase our ROE and prevent over-inflated capital base, we have paid 100% cash dividend in the last 4 years.**
  - • **Committed to pay out >70%**
  - • **Dividend policy is to pay 50% or more in cash. However, we've paid all cash dividend in the last 4 years.**
  - • **Dividend yields of 7% ~9% in the last 4 years.**

* DPS are all distributed in cash form

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Mega Holdings

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1Q/08 Mega FHC consolidated P&L statement

NT$MN, except per share data	1Q/08*	1Q/07*	YoY	2007*
Net interest income	7,268	5,767	26%	26,296
Net fee income	2,135	1,924	11%	9,327
Insurance premium	647	580	12%	1,167
ST Trading gain	-7,098	3,329	-313%	4,545
Available for sales asset gain	276	222	24%	2,508
Hold to maturity asset gain	0	0	0%	0
Equity method investment gain	50	100	-50%	190
Property investment gain	7	44	-84%	22
FX gain (spread)	8,068	-1,095	-837%	2,753
Asset impairment	-3,649	-400	812%	-2,123
Other income	1,436	477	201%	2,250
Operating income	9,140	10,948	-17%	46,935
Operating expense	-4,962	-4,653	7%	-20,235
Pre-provision operating profit	4,178	6,295	-34%	26,700
Provision expense on loan	-2,440	-2,523	-3%	-6,601
Reserved on insurance	-216	-251	-14%	-67
Pretax profit	1,522	3,521	-57%	20,032
Tax	-794	-650	22%	-2,918
Net profit	729	2,872	-75%	17,114
EPS (NT$)	0.07	0.26	-73%	1.54

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Mega Holdings

1Q/08 Mega FHC consolidated balance sheet

NT$MN	1Q/08*	1Q/07*	YoY	2007*	YTD
Assets:					
Cash and due from banks	283,535	138,978	104%	349,728	-19%
Securities, net	600,059	650,084	-8%	590,241	2%
A/R, net	136,237	120,263	13%	123,959	10%
Loan, net	1,278,909	1,144,671	12%	1,210,580	6%
Equity method LT investments, net	2,624	3,235	-19%	2,583	2%
Land, premises and equipments, net	23,776	24,851	-4%	24,233	-2%
Others	10,557	11,949	-12%	9,515	11%
Total assets	2,335,697	2,094,029	12%	2,310,834	1%
Liabilities					
Due to banks	416,936	253,155	65%	412,969	1%
Deposits	1,236,864	1,091,806	13%	1,232,608	0%
Bond payable	36,758	42,810	-14%	33,216	11%
Bills & bonds sold under repurchase agreement	251,802	320,318	-21%	246,996	2%
Other liabilities	197,440	182,821	8%	190,394	4%
Total liabilities	2,139,800	1,890,910	13%	2,116,183	1%
Total stockholders' equity	195,897	203,119	-4%	194,651	1%
Total liabilities and stockholders' equity	2,335,697	2,091,029	12%	2,310,834	1%

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Mega Holdings

Well established size and scale to win

1Q/2008*
NT$ Billion

Mega Financial Holding Co. (TAIEX.2886)

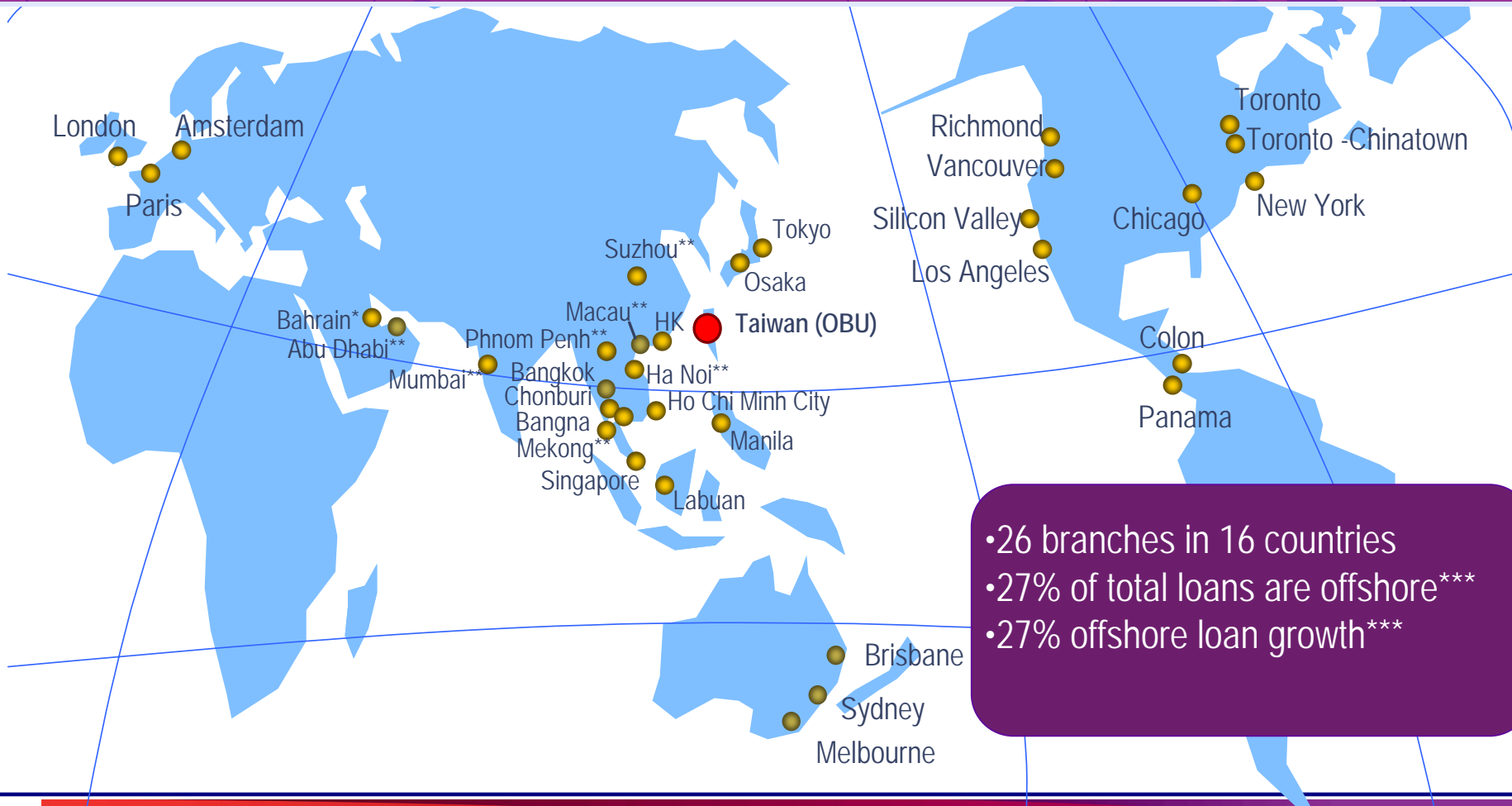|	Mega FHC	Mega Bank 100%	Mega Securities 100%	Mega Bills 100%	Chung Kuo Insurance (P&C) 100%	Mega Int'l Investment Trust** 96.31%	Mega AMC 100%	Mega Life Insurance Agency 100%	Mega CTB Venture Capital 100%
Assets	2,336	1,964	73	244	14	1	9	0.07	1
Equity	196	152	16	31	5	0.8	2	0.05	1
Net Profit	0.7	0.4	-0.3	0.4	0.1	0.02	0.03	0	0
Domestic Offices	193	105	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

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Mega Bank's Global Franchise

Bridge the gap, reach the world

London
Amsterdam
Paris
Bahrain*
Abu Dhabi**
Mumbai**
Phnom Penh**
Bangkok
Chonburi
Bangna
Mekong**
Singapore
Labuan
Suzhou**
Macau**
HK
Taiwan (OBU)
Ha Noi**
Ho Chi Minh City
Manila
Tokyo
Osaka
Richmond
Vancouver
Silicon Valley
Los Angeles
Chicago
Toronto
Toronto -Chinatown
New York
Colon
Panama
Brisbane
Sydney
Melbourne

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

* Bahrain is a rep. office
** Pending approval or preparing to apply bank branch / rep. office
*** As of end of 1Q/2008; offshore business includes OBU and overseas bank branches

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Mega's US subprime exposure and provision realized

Mega US Subprime Exposure

As of end of May/2008
Unit: NT$MN

Securities Type	Total balance	Underlying assets		Provision realized				
		Subprime exposure	Others ***	~May/08 balance sheet	4Q/07 income statement	~May/08 income statement	Total	% of subprime exposure
ABCP*	10,938	6,128	4,810	0	(766)	(2,546)	(3,312)	34%
RMBS**	3,730	3,730	0					
RMBS/CMO	1,593	1,593	0	(469)	(414)	(237)	(1,120)	70%
CDO	352	0	352	0	0	0	0	-
PPN	842	0	842	(177)		0	(177)	-
Total	17,455	11,451	6,004	(646)	(1,180)	(2,783)	(4,609)	40%

*   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.

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