



Mega Holdings

4Q / 2012 (v.1)

Investor/Analyst Briefing



DISCLAIMER

THE FINANCIAL INFORMATION IN THIS PRESENTATION AS OF AND FOR THE TWELVE MONTHS ENDED DEC. 31, 2012 ARE UN-AUDITED RESULT. MEGA FHC WILL FILE ITS AUDITED INTERIM FINANCIAL STATEMENTS THROUGH THE TAIWAN STOCK EXCHANGE MARKET OBSERVATION POST SYSTEM ON MAR. 31ST, 2013.

These materials are not an offer for sale of securities in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended.

Agenda



Operation Highlights



Financial Performance



Appendix

4Q/2012 performance summary*

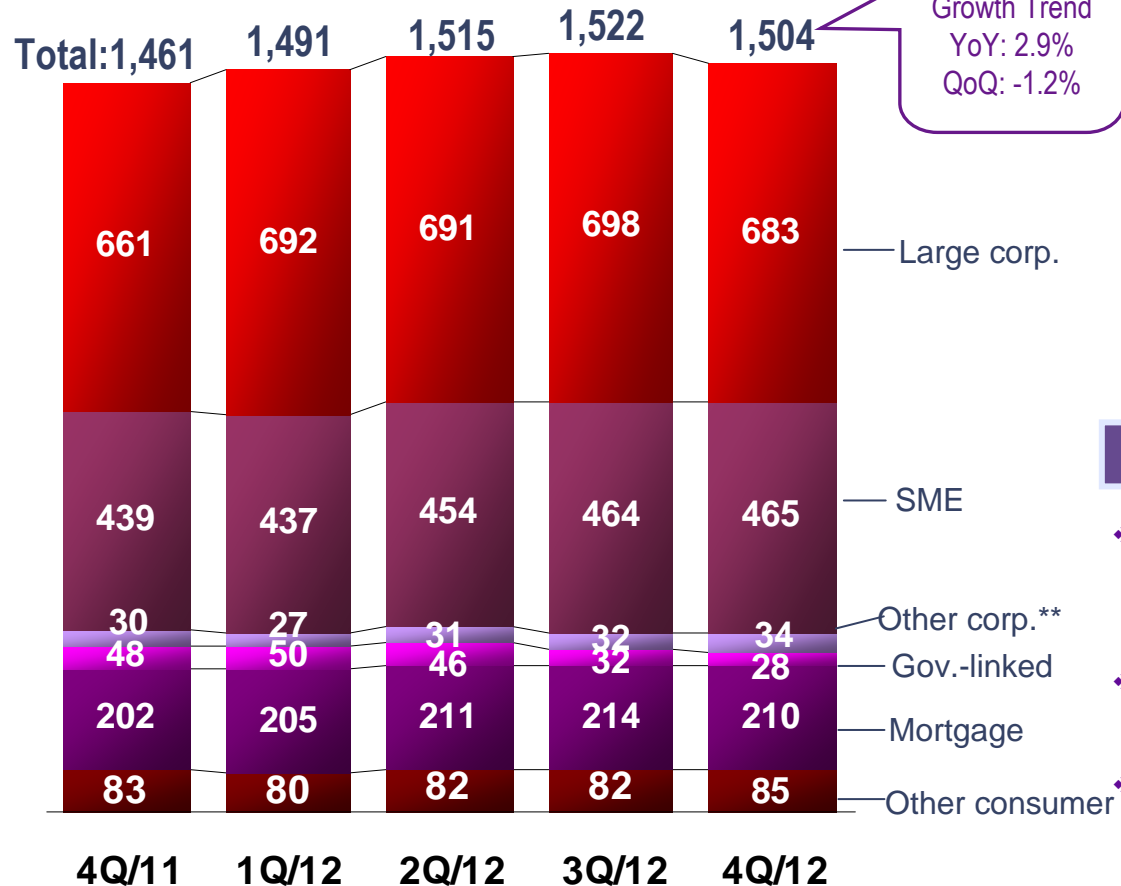
- ❖ Total loan was up 2.9% YoY but down 1.2% QoQ, due to weaker demand and tighter credit control amid macro uncertainties.
- ❖ Both domestic loan and overseas loan were down QoQ; where OBU loan was only up 5.8% YoY and overseas loan was only up 3.5% YoY.
- ❖ ...similarly, decline in 4Q/12 causing FCY loan achieved only 1.2% YoY growth.
- ❖ LLR / total loan ratio stood at 1.06%; NPL ratio reached 0.17% with 641% coverage ratio, due to 100% Promos write-off and 100% Powerchip provision.
- ❖ ...while annualized new NPL formation remained stable at only 0.16%.
- ❖ Total deposit growth picked up 3.7% QoQ, which pushed down the LDR to 88% at year end or 93% for the full year.
- ❖ Bank 4Q/12 NIM was down 3bps to 1.22%, due to decline in FCY NIM.
- ❖ Bank fee was up 8% YoY, driven by strong syndication loan fee and bancassurance fee.
- ❖ FHC fee was down as bank fee growth were off-set by the brokerage and bills finance fee decline.
- ❖ FHC net revenue was up 12% YoY, driven by strong NII and trading gain.
- ❖ FHC cost-to-income ratio maintained at 41%; bank cost-to-income ratio stood at 38%.
- ❖ Bank net provision expense was NT\$4,187mn, due to aggressive reserve for Powerchip and General Loan.
- ❖ 2012 yielded respectable ROE (10.30%) and ROA (0.72%) numbers.
- ❖ Bank tier-one capital ratio maintained at 9.66%.
- ❖ 2012 dividend policy should maintain favorable yield for investors.

* 4Q/2012 un-audited internal numbers, unless specified otherwise.

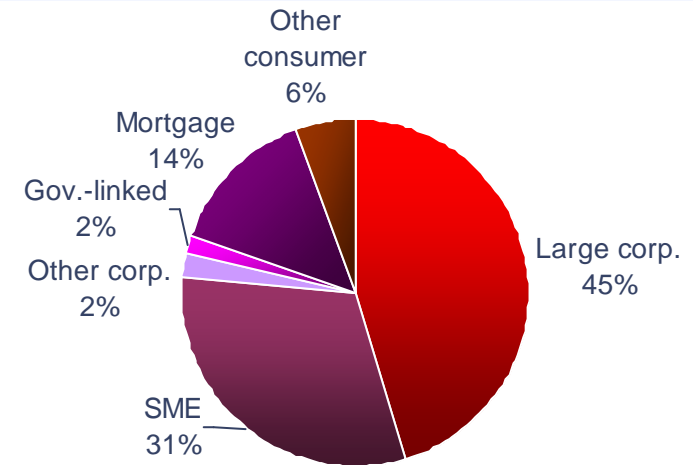
Total loan contracted in 4Q/12 due to weaker demand and tighter credit control.

Mega Bank quarterly loan balance*

Unit: NT\$bn



Mega Bank 4Q/12 loan breakdown by customer



Highlights

- ❖ Large corp. loan was up 3.3% YoY but down 2.1 QoQ, SME loan was up 5.9% YoY and 0.2% QoQ.
- ❖ Mortgage loan was up 4.0% YoY but down 1.9% QoQ.
- ❖ Total loan was up 2.9% YoY but down 1.2% QoQ.

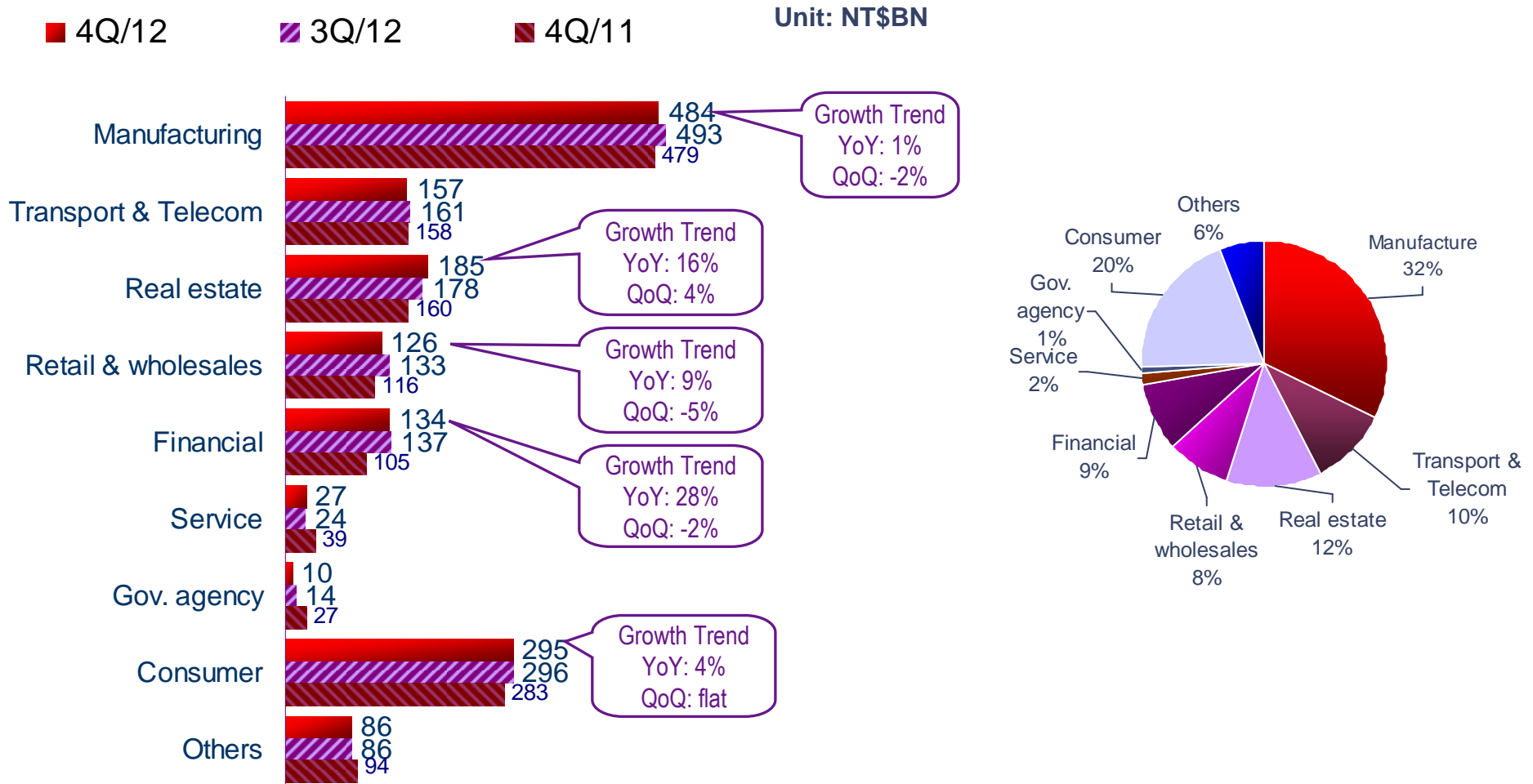
* Mega Bank quarterly un-audited end balance, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

** Includes Gov.-linked Non-Profit Organization and etc.

Most industries experienced loan contraction in 4Q/12.

Mega Bank loan balance trend by industry*

Mega Bank 4Q/12 loan breakdown by industry*

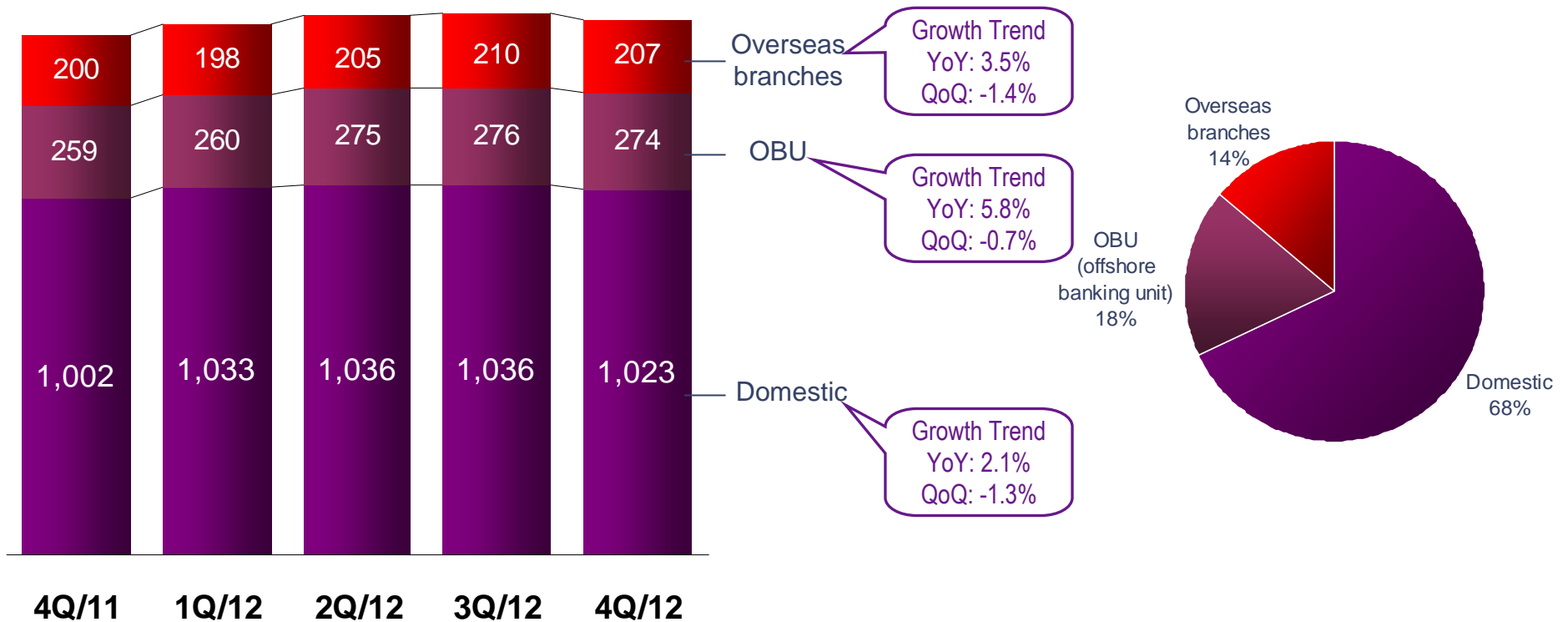


* Mega Bank un-audited numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

Both domestic and overseas loan contracted.

Mega Bank 4Q/12 loan breakdown by regions *

Unit: NT\$bn



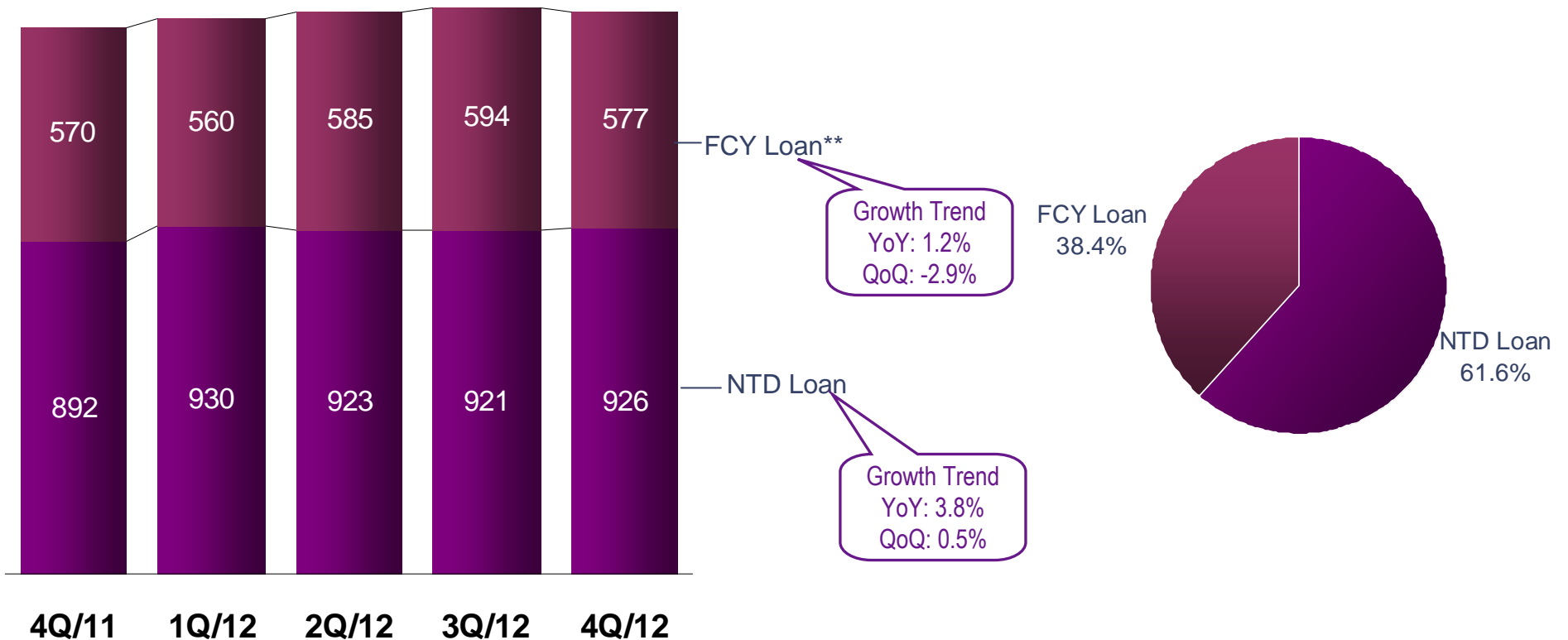
* Mega Bank quarterly un-audited end balance, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

** OBU stands for Off-shore Banking Unit

FCY loan was down due to tighter credit control and weaker demand.

Mega Bank 4Q/12 loan breakdown by currency: NTD vs. foreign currency loan *

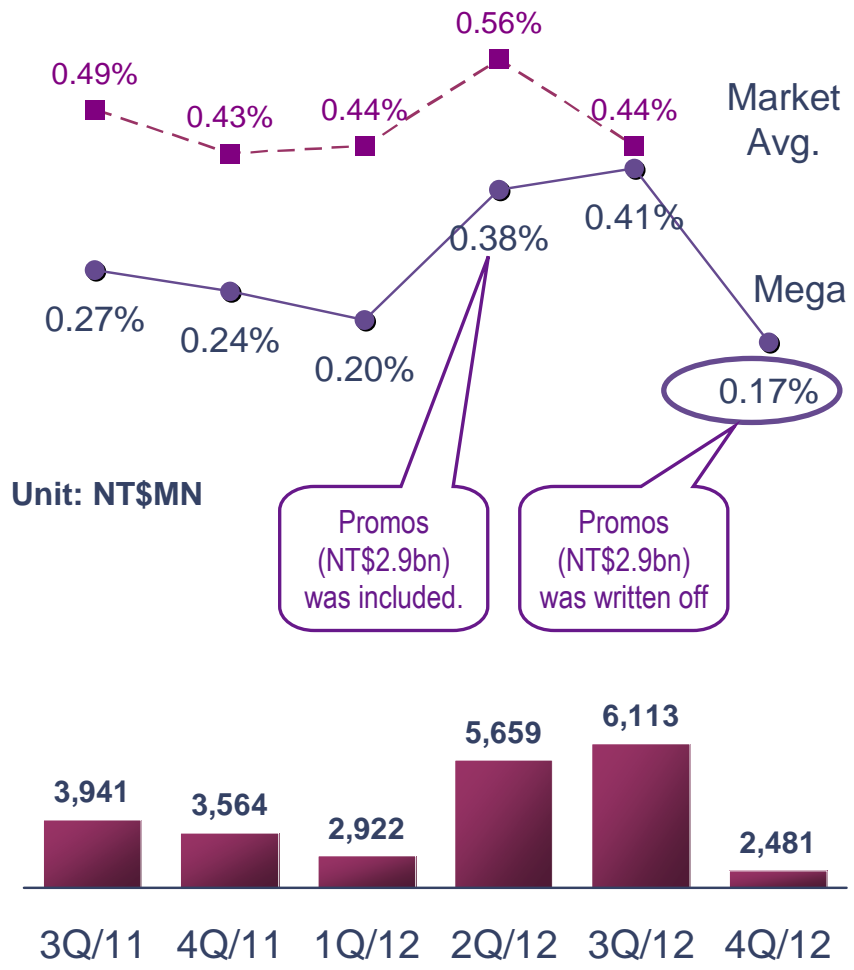
Unit: NT\$bn



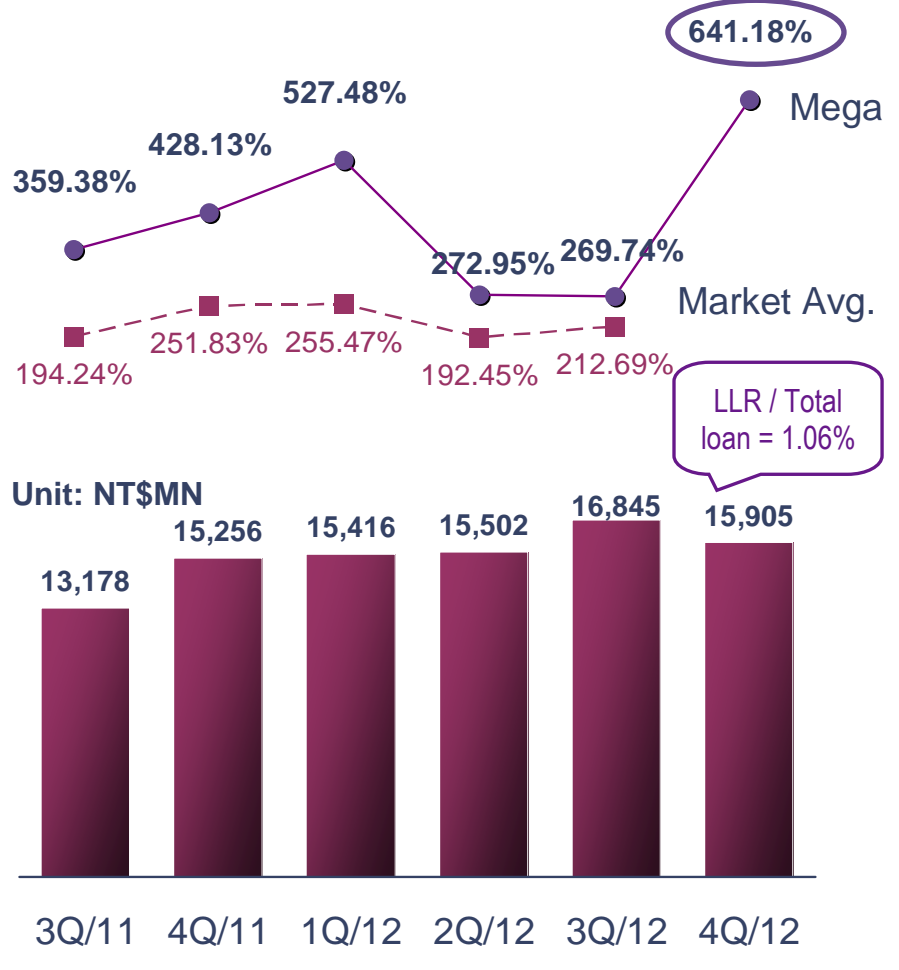
* Mega Bank quarterly un-audited average balance, includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee. Foreign currency loan includes OBU, overseas branch and some domestic branch loan.

NPL was down while coverage was up due to Promos write-off and Powerchip provision.

Mega Bank NPL balance & NPL ratio*



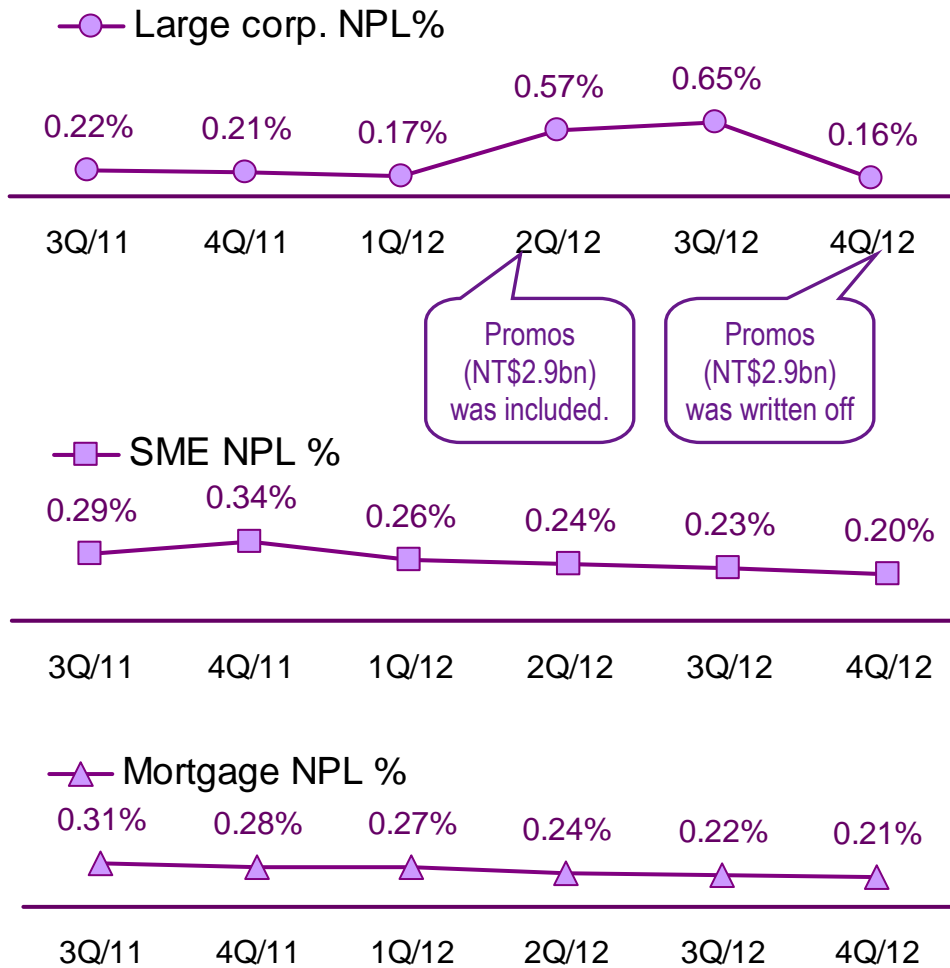
Mega Bank loan loss reserved and coverage ratio



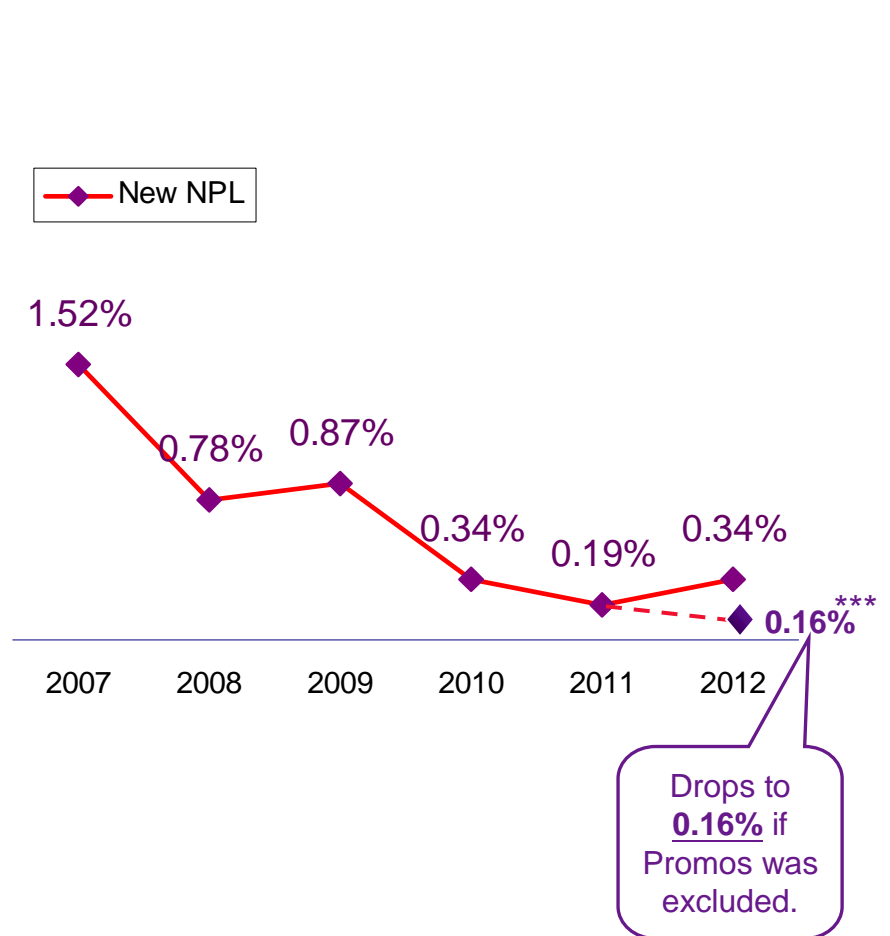
* 90 days standard

New NPL influx remained stable if Promos was excluded.

Mega Bank NPL ratio by customer *



Mega Bank new NPL as % of total loan **



* Excludes gov. loan, gov-linked corp. loan and other corp. loan, which all have 0% NPL.

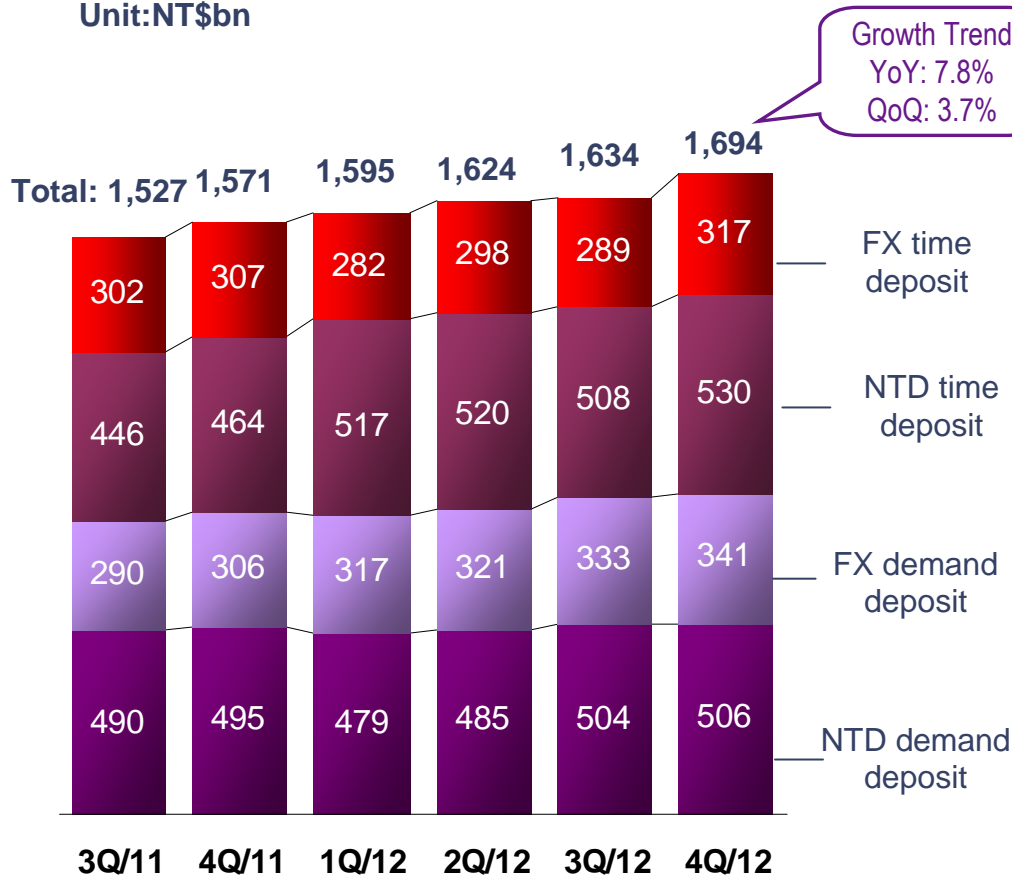
** Annualized new NPL balance / total loan. Mega Bank Internal number.

*** Promos exposure(NT\$2.9bn) was provided with 100% provision in 2011, classified as NPL in 2Q/12, then 100% written-off in 4Q/12.

Total deposit was up 3.7% QoQ in 4Q/12.

Mega Bank's deposit balance *

Unit:NT\$bn

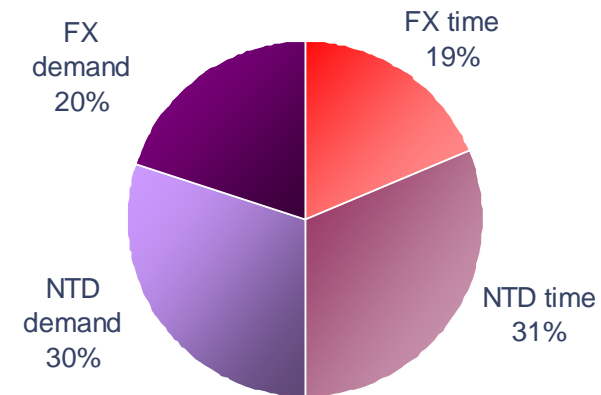


Growth Trend
YoY: 7.8%
QoQ: 3.7%

Mega Bank's demand deposit trend (%)



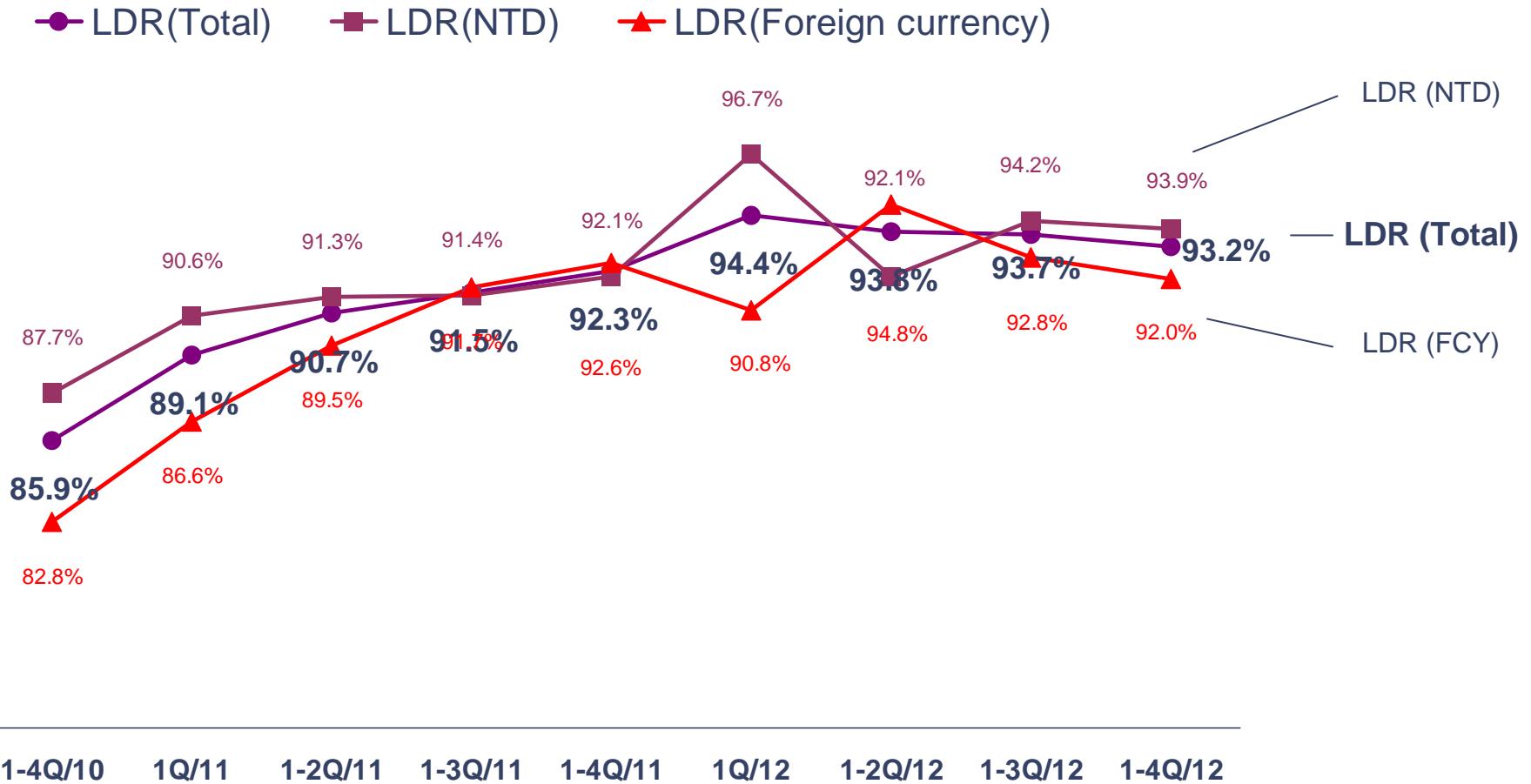
Mega Bank's 4Q/12 deposit breakdown



* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; un-audited numbers.

Total LDR remained stable.

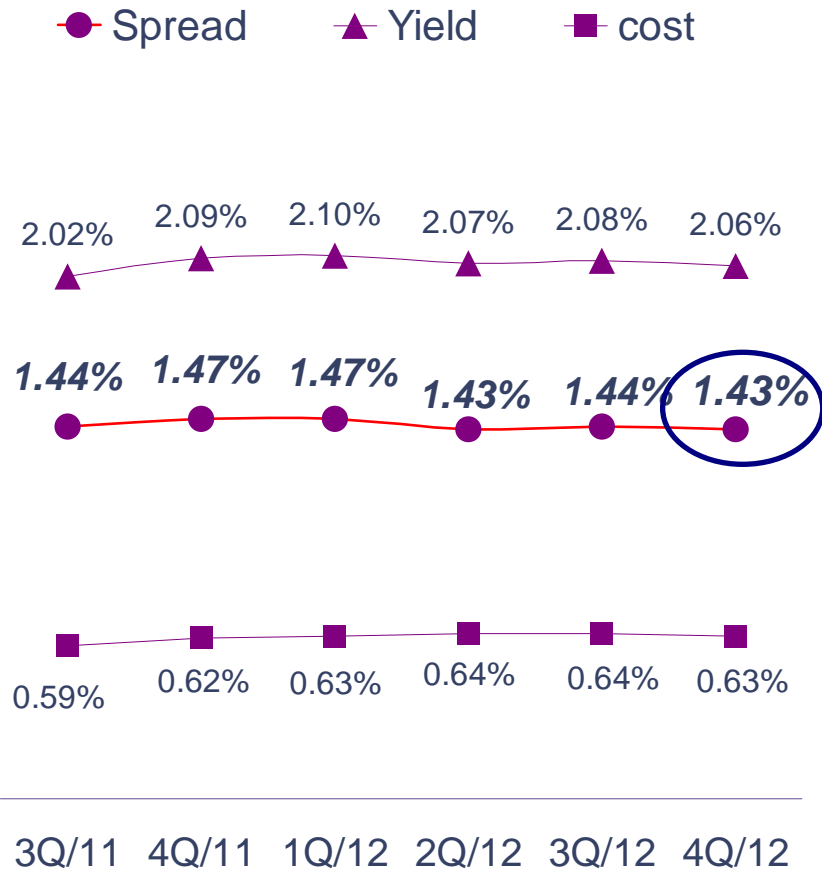
Mega Bank's loan to deposit ratio (LDR) trend*



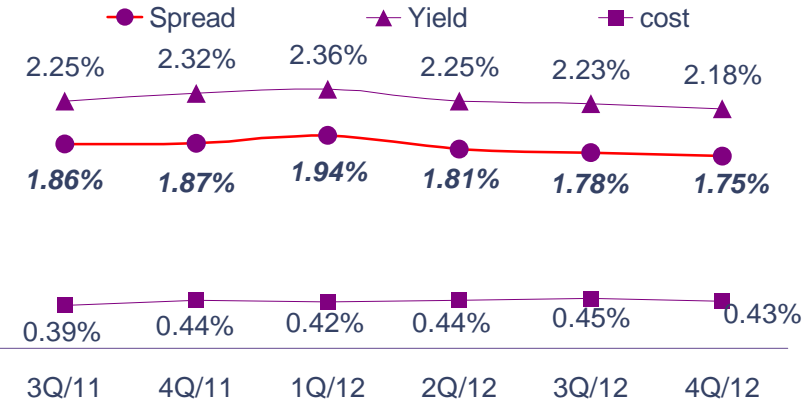
* LDR calculation is based on average loan/deposit balance of that period; foreign currency loan includes OBU, overseas branches and some domestic loans.

Total loan interest spread was down 1bp.

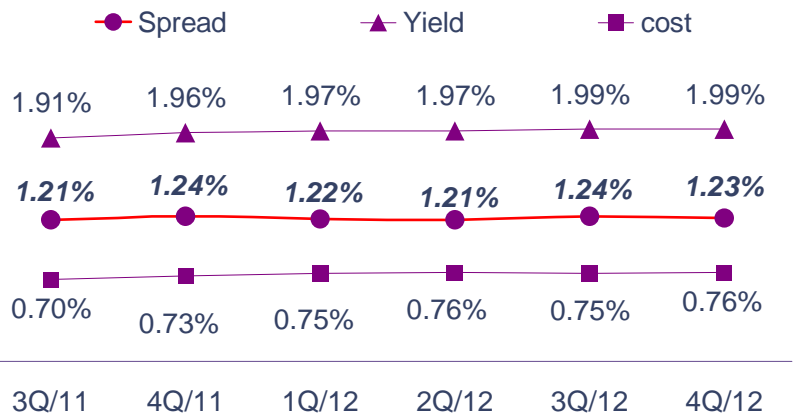
Mega Bank total loan interest spread*



Mega Bank overseas loan interest spread*



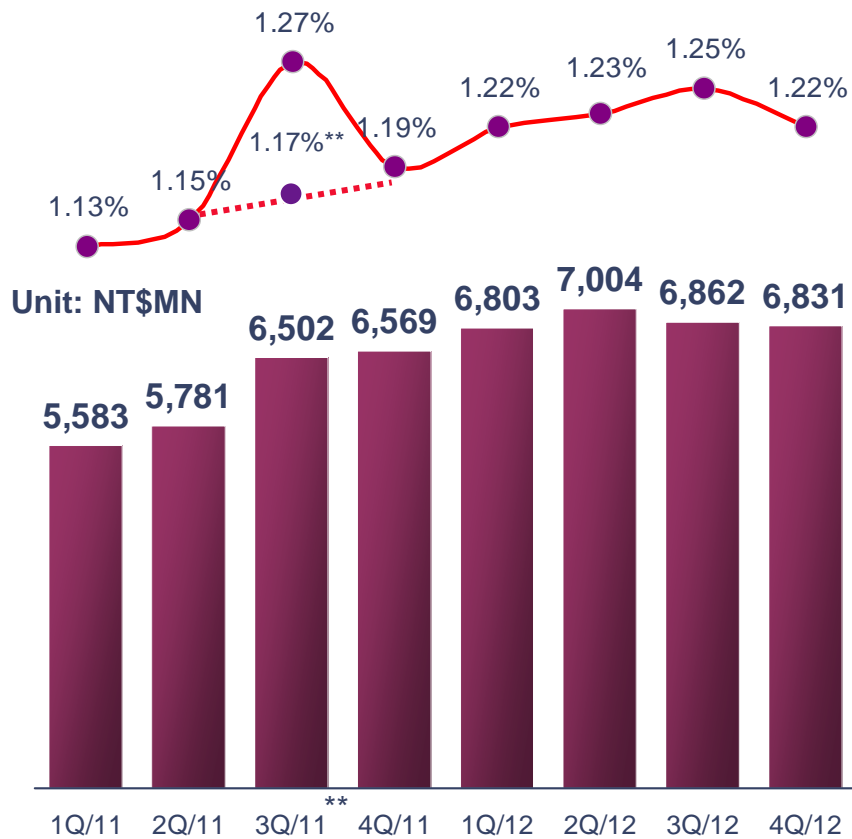
Mega Bank domestic loan interest spread*



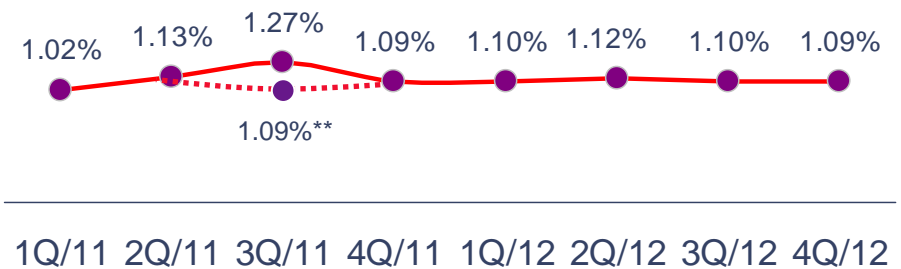
* Overseas loan includes overseas branches and OBU loan; un-audited internal numbers.

Total NIM was down due to FCY NIM decline.

Mega Bank quarterly NIM & NII *



Mega Bank quarterly NTD NIM*



Mega Bank quarterly foreign currency NIM*



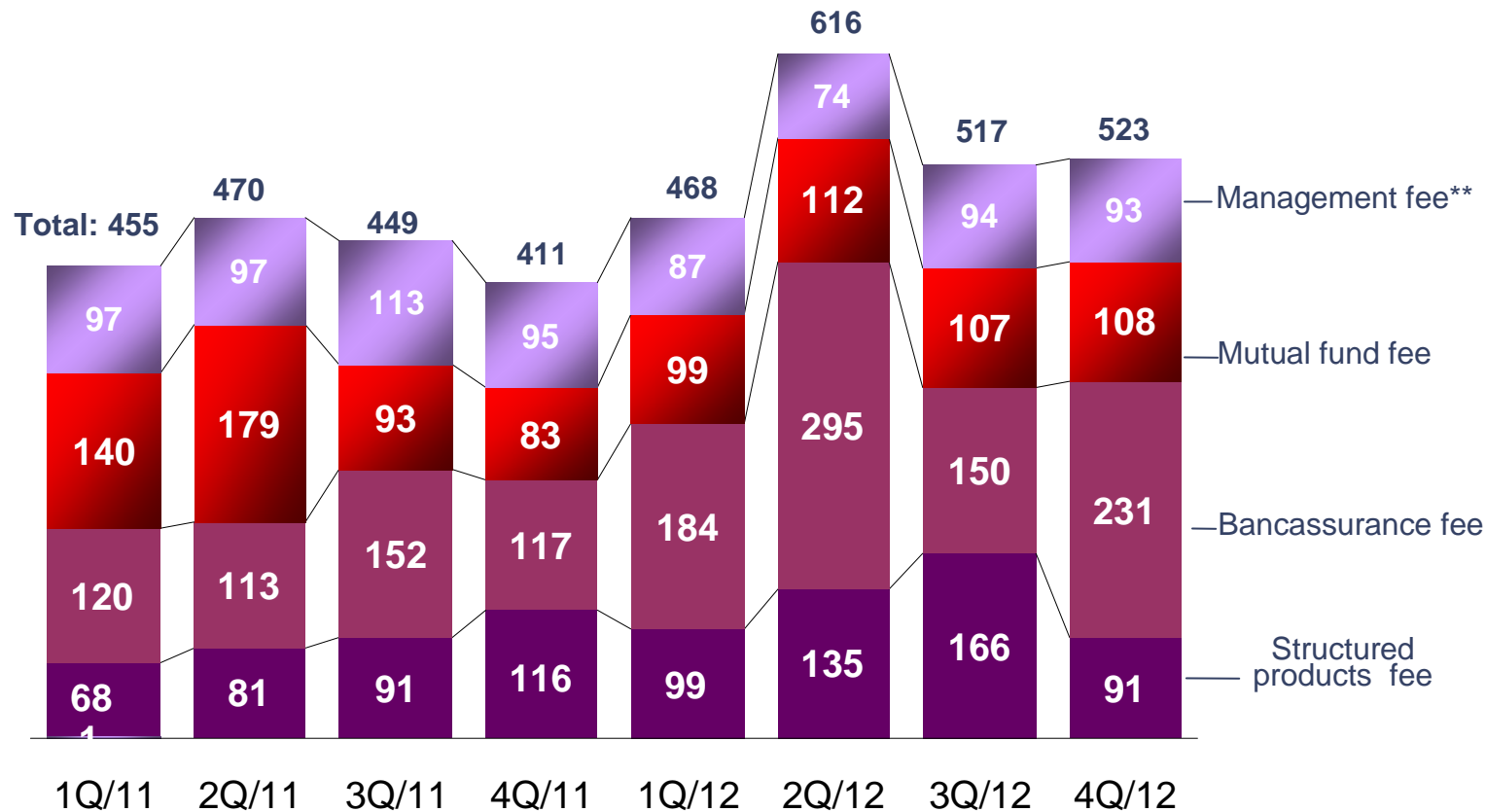
* NIM = annualized net interest income / average interest earning assets of that quarter; NII is quarterly net interest income; un-audited internal numbers.

** 3Q/11 number includes approximately NT\$0.5bn (10 bps) one-time interest income from NPLs recovery.

4Q/12 WM fee was up as bancassurance sales improved.

Mega Bank quarterly wealth management gross fee revenue breakdown by product *

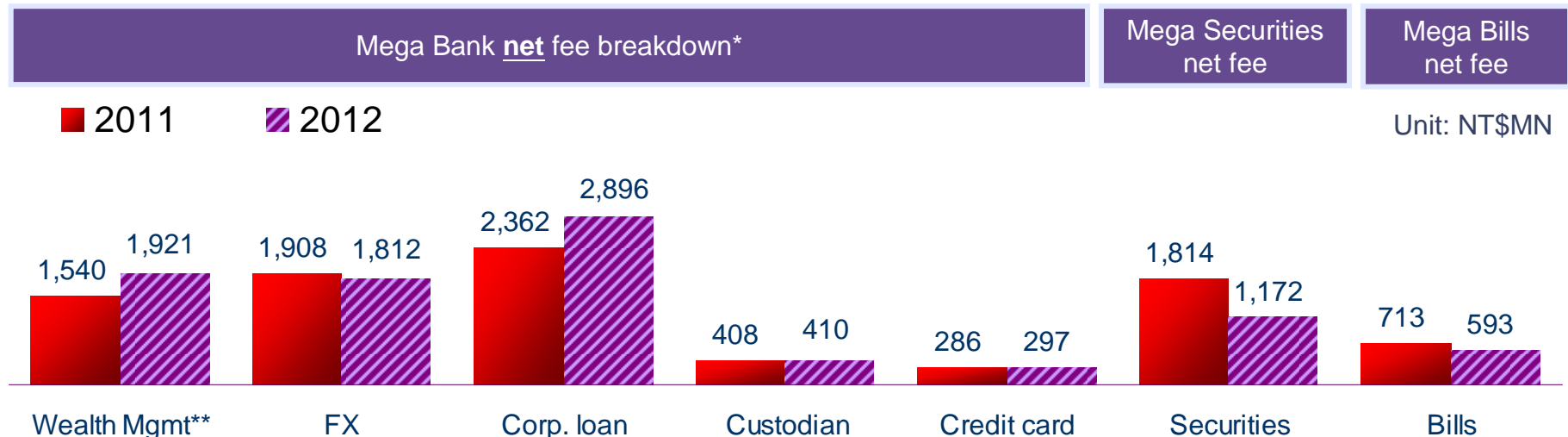
Unit: NT\$MN



* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

** Profit sharing scheme of fund mgmt fee and trust account mgmt fee.

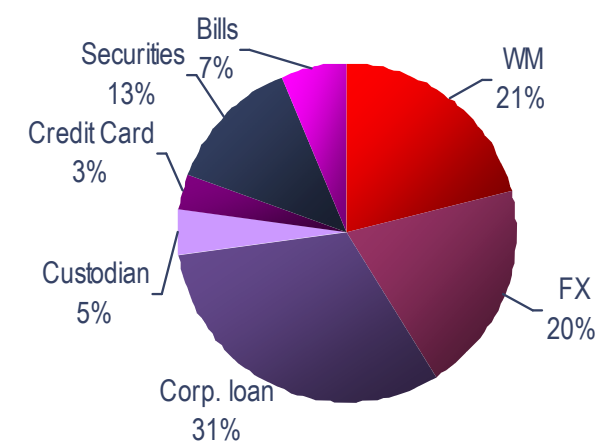
Bank fee was boosted by WM and syndication loan fee.



Highlights

Mega FHC 1-4Q/12 net fee breakdown

- ❖ Bank sub. WM net fee was up 25% YoY due to strong bancassurance sales.
- ❖ Bank sub. corp. loan fee was up 23% YoY due to robust syndication loan fee, partly contributed by the European bank deleveraging phenomenon in the region.
- ❖ Securities sub. fee was down 35% YoY due to poor domestic equity market trading volume.



* Internal data; within WM fee, fee reimbursed by insurance agent is booked as other revenue in P&L; as a result, total net fee combined here is slightly more than the net fee figure shown in FHC P&L.

** Net wealth mgmt fee.



Agenda



Operation Highlights



Financial Performance



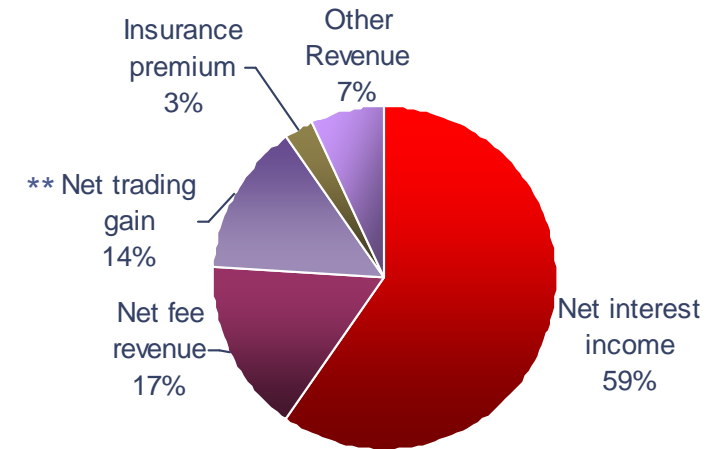
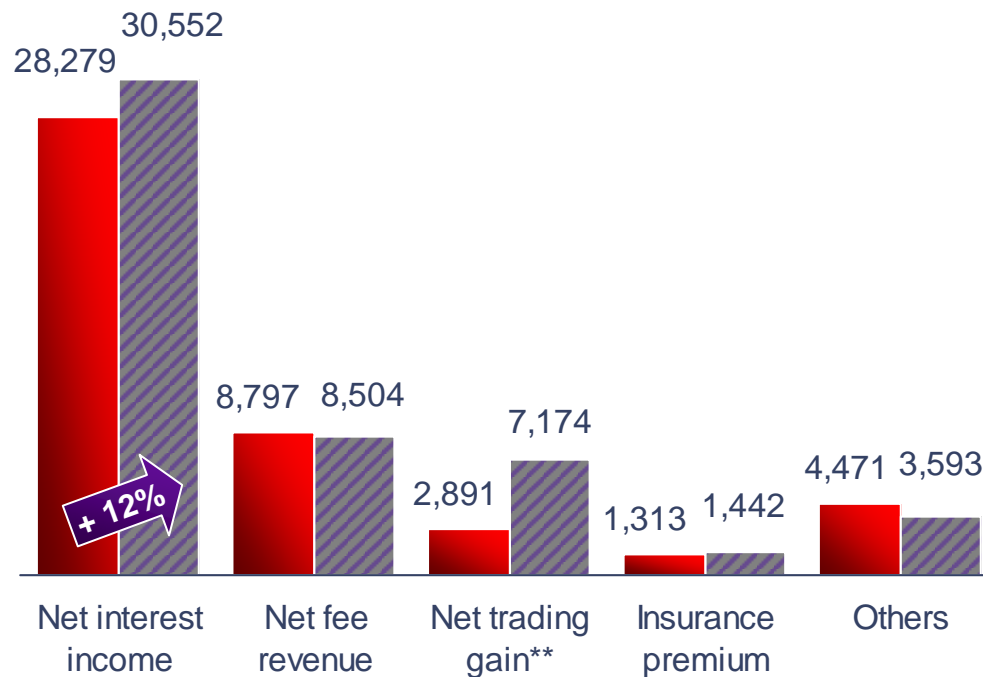
Appendix

NII revenue was up 12% YoY.

Mega Group consolidated net revenue *

Mega Group 1-4Q/2012 net revenue breakdown

■ 1-4Q/11 ■ 1-4Q/12 Unit: NT\$MN



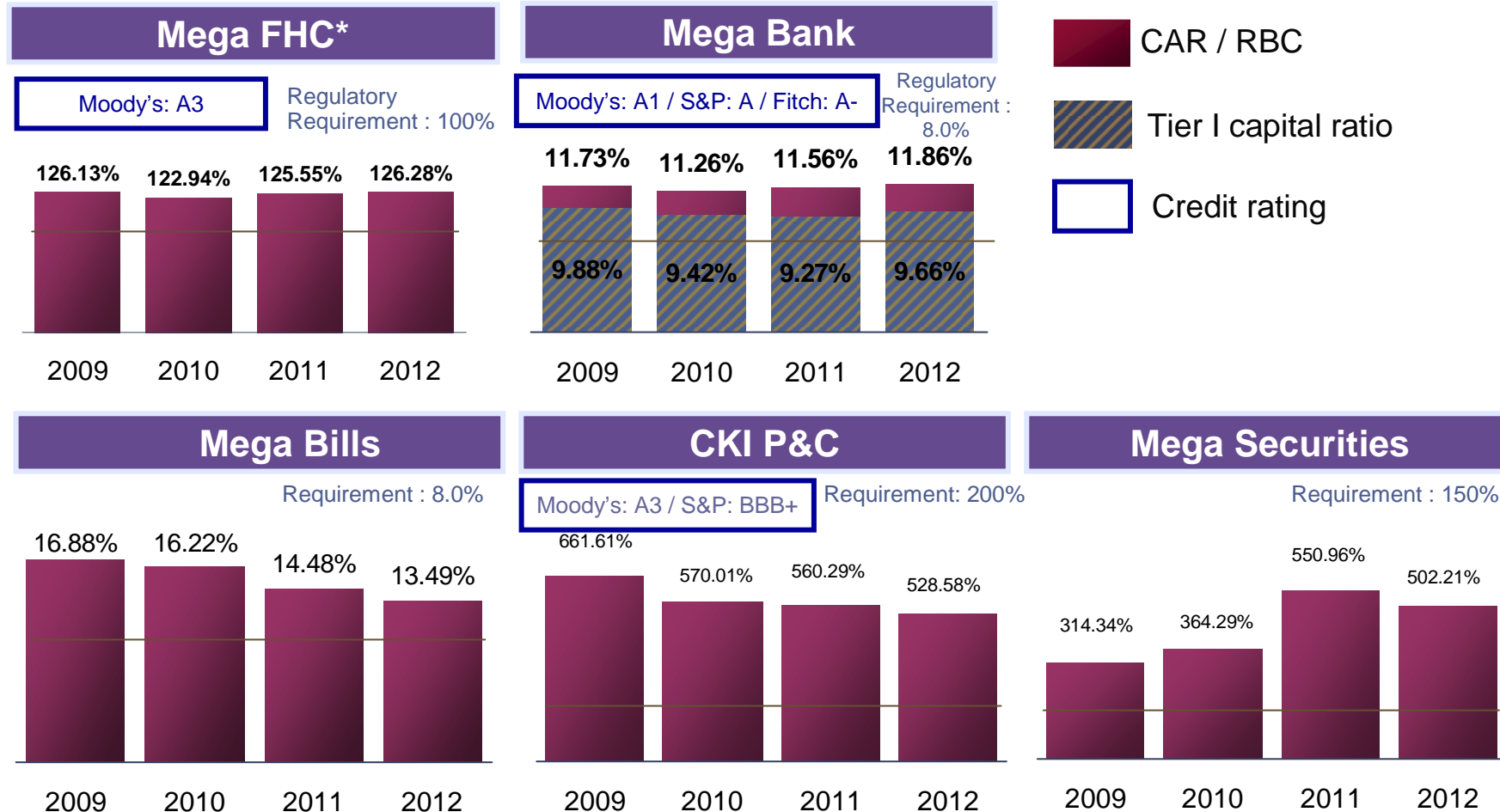
Highlights

- ❖ Group net revenue was up 12% YoY due to strong NII and trading gain.
- ❖ NII was up 8% YoY due to improved NIM and stronger loan growth.
- ❖ Fee revenue was flat as bank fee growth was off-set by securities brokerage fee decline.
- ❖ Trading gain was up 148% YoY due to strong fixed-income trading gain and FX spread gain.

* Audited figures.

** Net trading gain includes short-term assets, AFS assets, HTM assets, equity method assets, property and FX service derived trading gain, and minus (add) asset impairment loss (write back).

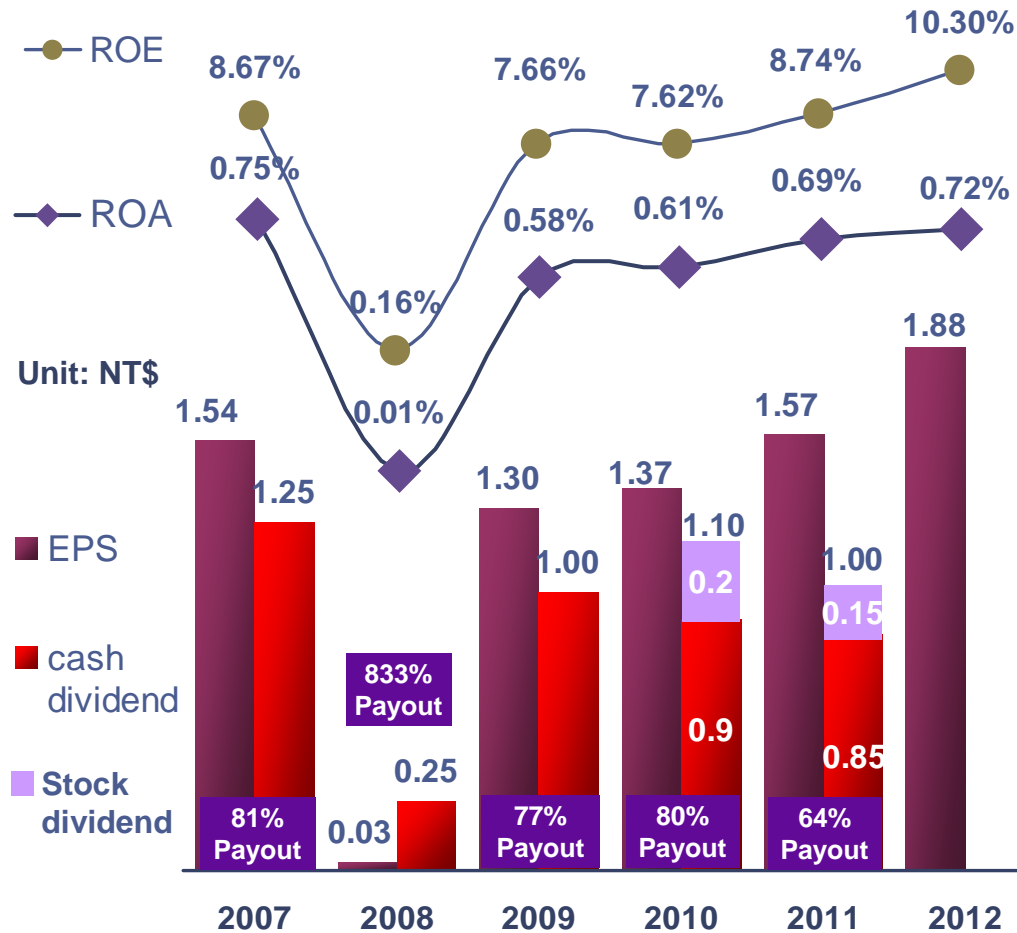
Well-capitalized for Basel III requirements



* FHC CAR is calculated based on net investments in subsidiaries

Strong profitability and attractive dividend policy

Key Profitability Ratios



- ❖ To prevent over-inflated capital base as well as to maintain sufficient capital for future growth, our dividend policy is:
 - ◆ Maintain high payout ratio
 - ◆ At least 50% of dividend payout in cash form.

1-4Q/2012 Mega FHC consolidated P&L statement*

<i>NT\$MN, except per share data</i>	2012*	2011	YoY	2011
Net interest income	30,552	28,279	8%	28,279
Net fee revenue	8,504	8,797	-3%	8,797
Insurance premium	1,442	1,313	10%	1,313
Gain from fin. assets at fair value thru P&L	2,340	-653	-	-653
Available for sales asset gain	1,845	1,328	39%	1,328
Hold to maturity asset gain	-	9	-	9
Equity method investment gain	306	152	101%	152
Property investment gain	-	2	-	2
FX spread gain	2,409	1,515	59%	1,515
Asset impairment loss (write-back)	-505	-196	-	-196
Cost method investment gain	779	734	6%	734
NPL write-back (net)	923	2,486	-63%	2,486
NPL asset sales gain	1,306	-	-	-
Asset sales gain	-	1,002	-	1,002
Other non-interest revenue (net)	1,364	983	39%	983
Operating net revenue	51,263	45,751	12%	45,751
Operating expense	-20,904	-20,988	0%	-20,988
Pre-provision operating profit	30,359	24,763	23%	24,763
Provision expense on loan	-4,535	-3,714	22%	-3,714
Reserved on insurance	13	67	-	67
Pretax profit	25,837	21,116	22%	21,116
Tax	-4,292	-3,430	25%	-3,430
Minority shareholder interest	-11	-6	-	-6
Net profit	21,534	17,680	22%	17,680
EPS (NT\$)	1.88	1.57	20%	1.57

Cost-to-income
ratio: 41%

* Un-audited numbers.

1-4Q/2012 Mega FHC consolidated balance sheet*

NT\$MN	2012*	2011	YoY	2011	YTD
Assets:					
Cash and due from banks	461,452	498,313	-7%	498,313	-7%
Bills and bonds under RP agreement	4,724	1,011	367%	1,011	367%
Fin. assets at fair value through P&L	184,569	190,766	-3%	190,766	-3%
AFS financial assets	220,626	161,831	36%	161,831	36%
HTM financial assets	160,776	131,459	22%	131,459	22%
Other financial assets	22,801	19,831	15%	19,831	15%
A/R, net	125,373	107,392	17%	107,392	17%
Loan, net	1,502,646	1,462,450	3%	1,462,450	3%
Equity method LT investments, net	2,668	2,465	8%	2,465	8%
Land, premises and equipments, net	23,038	21,811	6%	21,811	6%
Others	16,613	21,579	-23%	21,579	-23%
Total assets	2,725,286	2,618,908	4%	2,618,908	4%
Liabilities					
Due to banks	419,532	439,139	-4%	439,139	-4%
Deposits	1,718,209	1,579,727	9%	1,579,727	9%
CP & Bond payable	64,330	63,250	2%	63,250	2%
Bills & bonds sold under repurchase agreement	186,957	199,581	-6%	199,581	-6%
Other liabilities	122,174	133,978	-9%	133,978	-9%
Total liabilities	2,511,202	2,415,675	4%	2,415,675	4%
Capital stock (common stock)	114,498	112,806	1%	112,806	1%
Capital surplus	43,425	43,426	0%	43,426	0%
Retain earning	52,214	42,014	24%	42,014	24%
Equity adjustment items	3,647	4,688	-22%	4,688	-22%
Minority shareholder interest	300	299	0%	299	0%
Total stockholders' equity	214,085	203,233	5%	203,233	5%
Total liabilities and stockholders' equity	2,725,286	2,618,908	4%	2,618,908	4%
Book value per share (NT\$)	18.67	17.99	4%	17.99	4%

* Un-audited numbers.

1-4Q/2012 Mega Bank P&L statement*

<i>NT\$MN, except per share data</i>	2012*	2011	YoY	2011
Net interest income	27,536	24,662	12%	24,662
Net fee revenue	6,619	6,106	8%	6,106
Gain from fin. assets at fair value thru P&L	1,944	-179	-	-179
Available for sales asset gain	1,015	896	13%	896
Hold to maturity asset gain	-	9	-	9
Equity method investment gain	486	214	127%	214
Dividend income	1,056	-	-	-
FX spread gain	2,324	1,509	54%	1,509
Asset impairment loss (write-back)	45	-89	-	-89
Cost method investment gain	-425	734	-	734
NPL write-back (net)	-	1,404	-	1,404
Asset sales gain	-	1,006	-	1,006
Other non-interest revenue (net)	2,515	740	240%	740
Operating net revenue	43,115	37,011	16%	37,011
Operating expense	-16,352	-16,143	1%	-16,143
Pre-provision operating profit	26,763	20,868	28%	20,868
Provision expense on loan	-4,187	-3,398	23%	-3,398
Pretax profit	22,576	17,470	29%	17,470
Tax	-3,243	-2,462	32%	-2,462
Net profit	19,333	15,008	29%	15,008
EPS (NT\$)	2.80	2.21	27%	2.21

Cost-to-income
ratio is 38%

* Un-audited numbers.

1-4Q/2012 Mega Bank balance sheet*

NT\$MN	2012*	2011	YoY	2011	YTD
Assets:					
Cash and due from banks	461,122	490,415	-6%	490,415	-6%
Bills and bonds under RP agreement	-	-	-	-	-
Fin. assets at fair value through P&L	40,774	41,810	-2%	41,810	-2%
AFS financial assets	131,162	71,270	84%	71,270	84%
HTM financial assets	159,208	130,949	22%	130,949	22%
Other financial assets	17,062	17,770	-4%	17,770	-4%
A/R, net	102,351	81,767	25%	81,767	25%
Loan, net	1,504,898	1,462,450	3%	1,462,450	3%
Equity method LT investments, net	2,572	2,493	3%	2,493	3%
Land, premises and equipments, net	15,525	14,177	10%	14,177	10%
Others (net)	11,273	8,986	25%	8,986	25%
Total assets	2,445,947	2,322,087	5%	2,322,087	5%
Liabilities					
Due to banks	398,633	436,723	-9%	436,723	-9%
Deposits	1,702,444	1,580,708	8%	1,580,708	8%
CP & Bond payable	43,900	42,600	3%	42,600	3%
Bills & bonds sold under repurchase agreement	17,364	7,339	137%	7,339	137%
Other liabilities	102,291	91,678	12%	91,678	12%
Total liabilities	2,264,632	2,159,048	5%	2,159,048	5%
Capital stock (common stock)	71,000	68,000	4%	68,000	4%
Capital surplus	37,261	33,070	13%	33,070	13%
Retain earning	69,237	59,260	17%	59,260	17%
Equity adjustment items	3,817	2,706	41%	2,706	41%
Total stockholders' equity	181,315	163,036	11%	163,036	11%
Total liabilities and stockholders' equity	2,445,947	2,322,087	5%	2,322,087	5%
Book value per share (NT\$)	25.54	23.98	7%	23.98	7%

* Un-audited numbers.

Agenda



Operation Highlights



Financial Performance



Appendix

Well established size and scale

1-4Q/2012*
NT\$ Billion

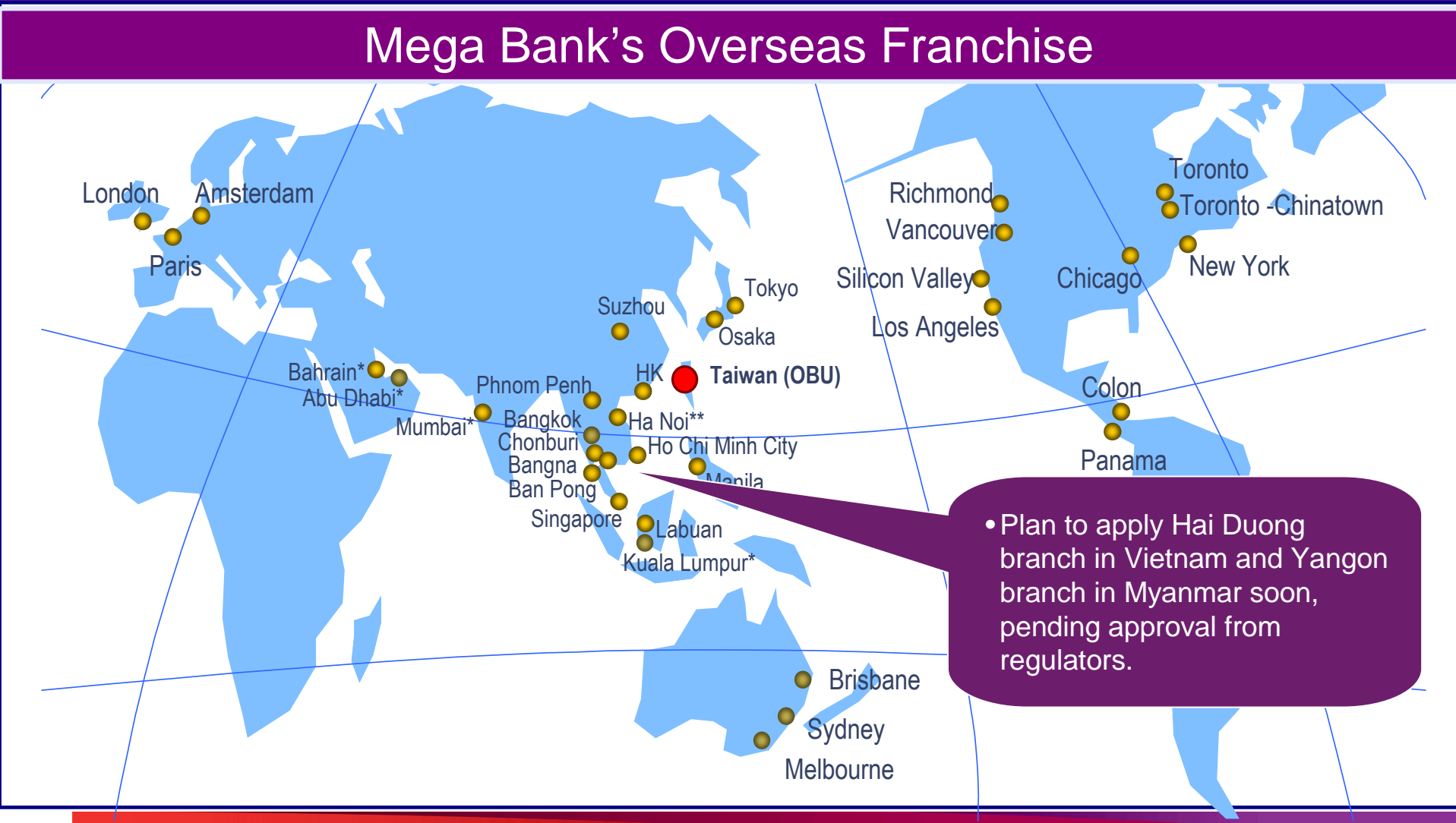
Mega Financial Holding Co. (TAIEX.2886)

	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 Venture Capital
Assets	2,723	2,446	37	218	15	0.9	11	0.3	0.7
Equity	215	181	14	33	5	0.8	2.9	0.2	0.7
After-tax earning	21.5	19.3	0.08	2.9	0.19	0.10	0.6	0.16	0.01
Domestic Offices	194	108	46	9	27	1	1	1	1
Overseas Offices**	40	33	4	0	3	0	0	0	0

* Un-audited numbers

** Overseas offices include rep. offices. and branches

Most internationalized local bank.



* Bahrain, Kuala Lumpur, Mumbai and Abu Dhabi are rep. offices

** Pending approval for bank branch / rep. office