

Investor/Analyst Briefing

1Q/2019 (V.1)



兆豐金控
Mega Holdings

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Financial Performance



Operating Performance



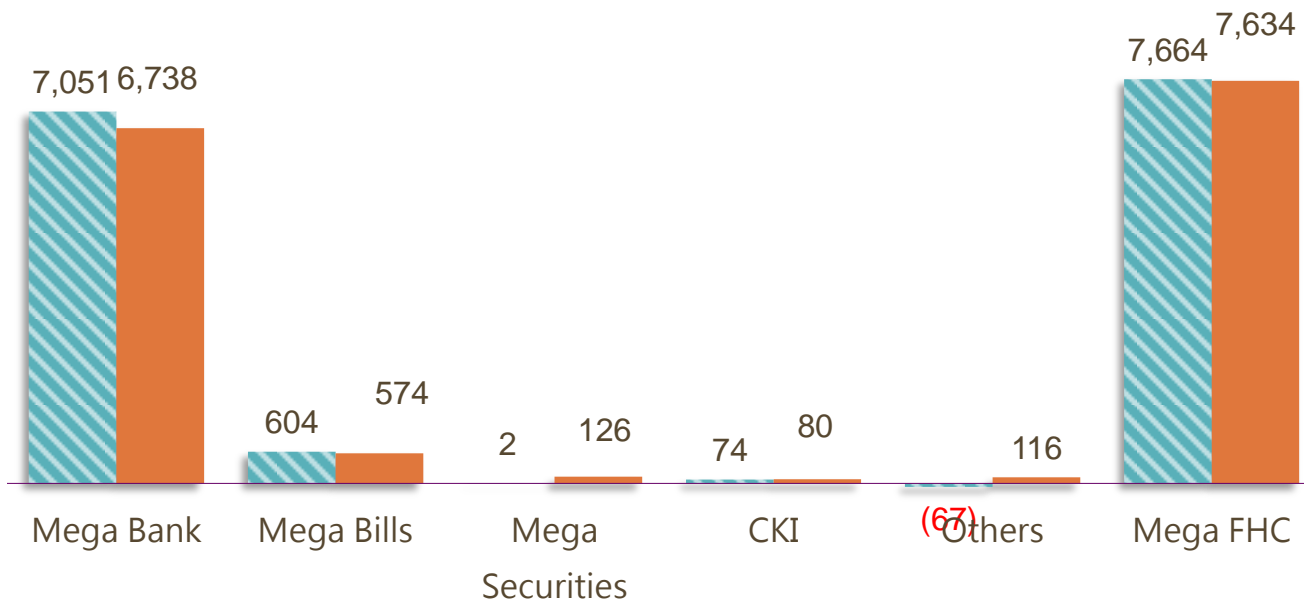
Appendix

Earning was flat due to one off gain of TransAsia recovering \$0.55bn and DTA gain \$0.54bn in 1Q/18

Mega FHC & Subs. 1Q/19 earning trend

Unit: NT\$MN

■ 1Q/18 ■ 1Q/19

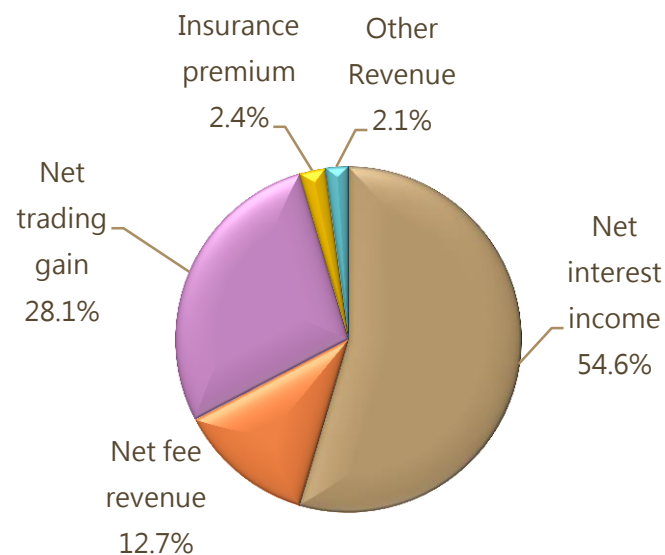
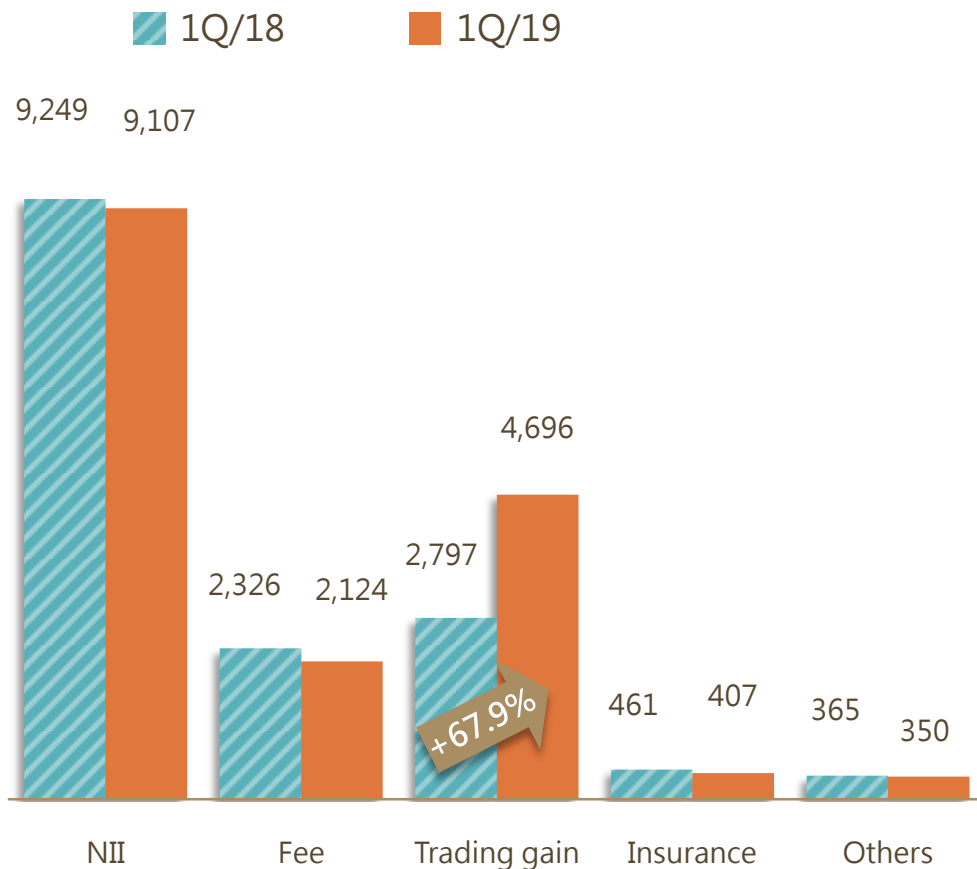


* 1Q/19 are audited numbers

NII and fee were flat; trading gain was up 68% YoY

Mega Group consolidated net revenue *

Mega Group 1Q/19 net revenue breakdown



* 1Q/19 are audited numbers

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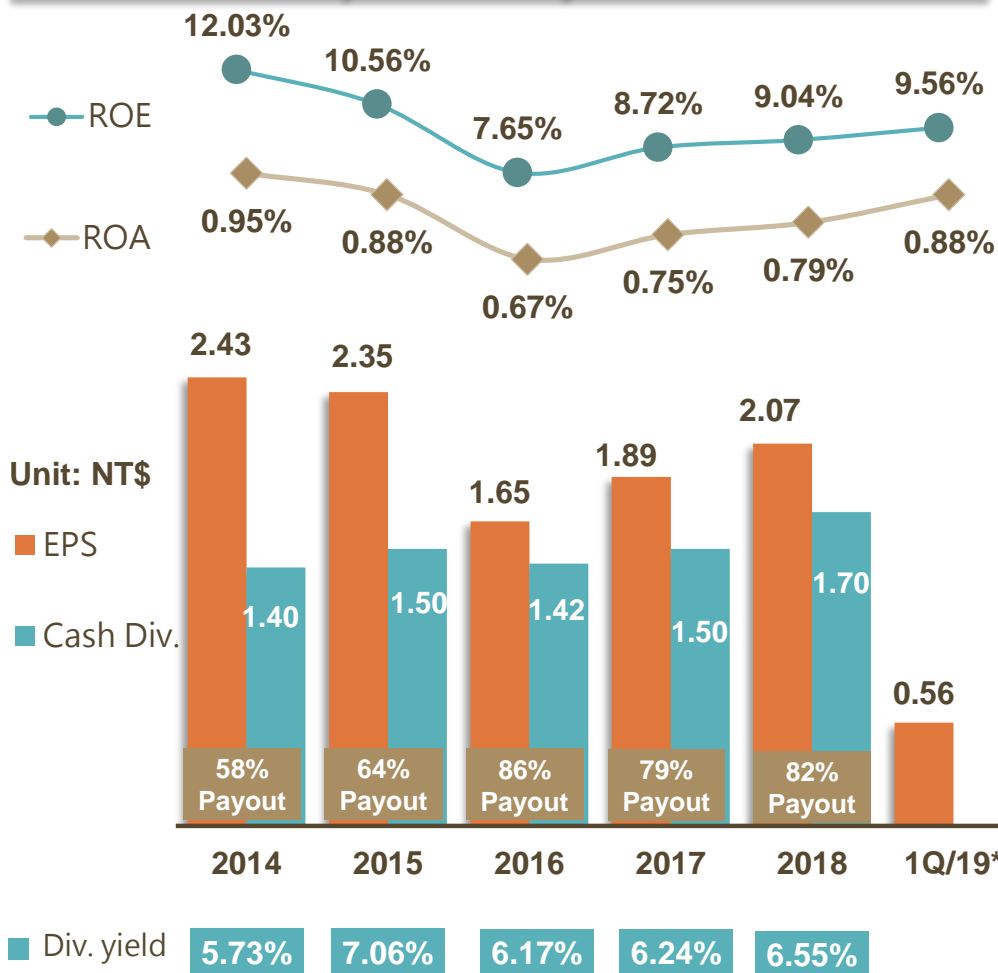
Operating Performance



Appendix

Profit recovered further; dividend policy remained attractive.

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.

* ROE and ROA are annualized numbers

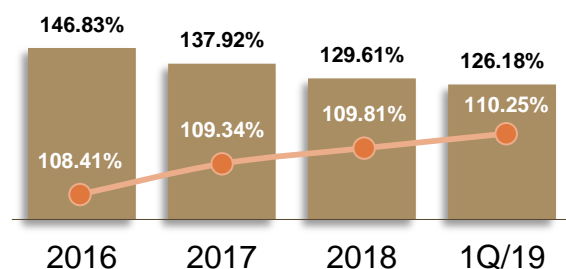
** Cash dividend yield = cash dividend / last trading day share price of that year

Strong tier 1 capital

Mega FHC

Moody's: A3

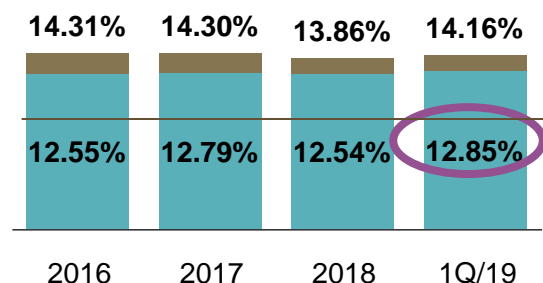
Requirement: 100%



Mega Bank

Moody's: A1 / S&P: A

Requirement: CAR: 9.875%
Tier-1: 7.875%



CAR/RBC

Common equity tier 1 ratio

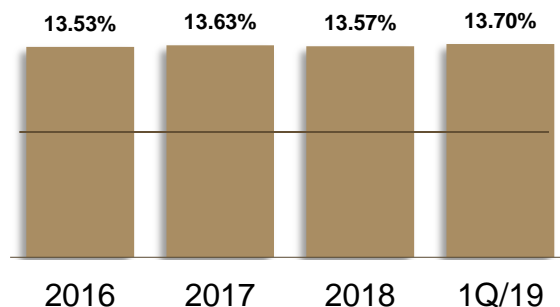
Credit rating

Double leverage ratio

Regulatory requirement

Mega Bills

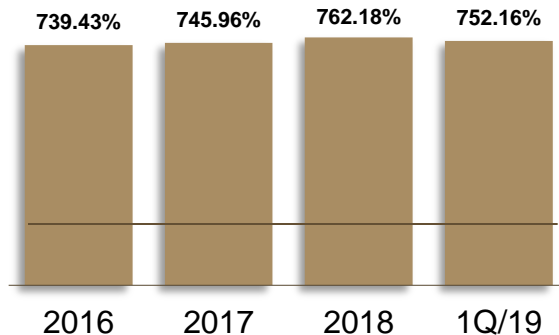
Requirement : 8.0%



CKI P&C

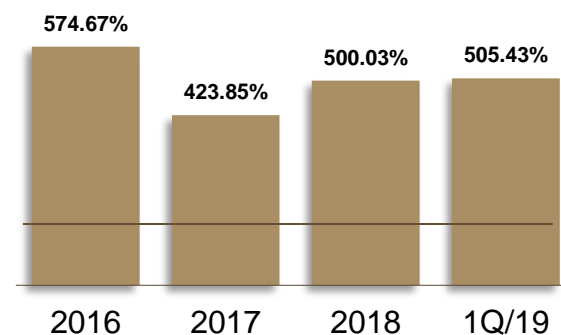
Moody's: A3 / S&P: A-

Requirement: 200%



Mega Securities

Requirement : 150%



* 1Q/19 are un-audited numbers

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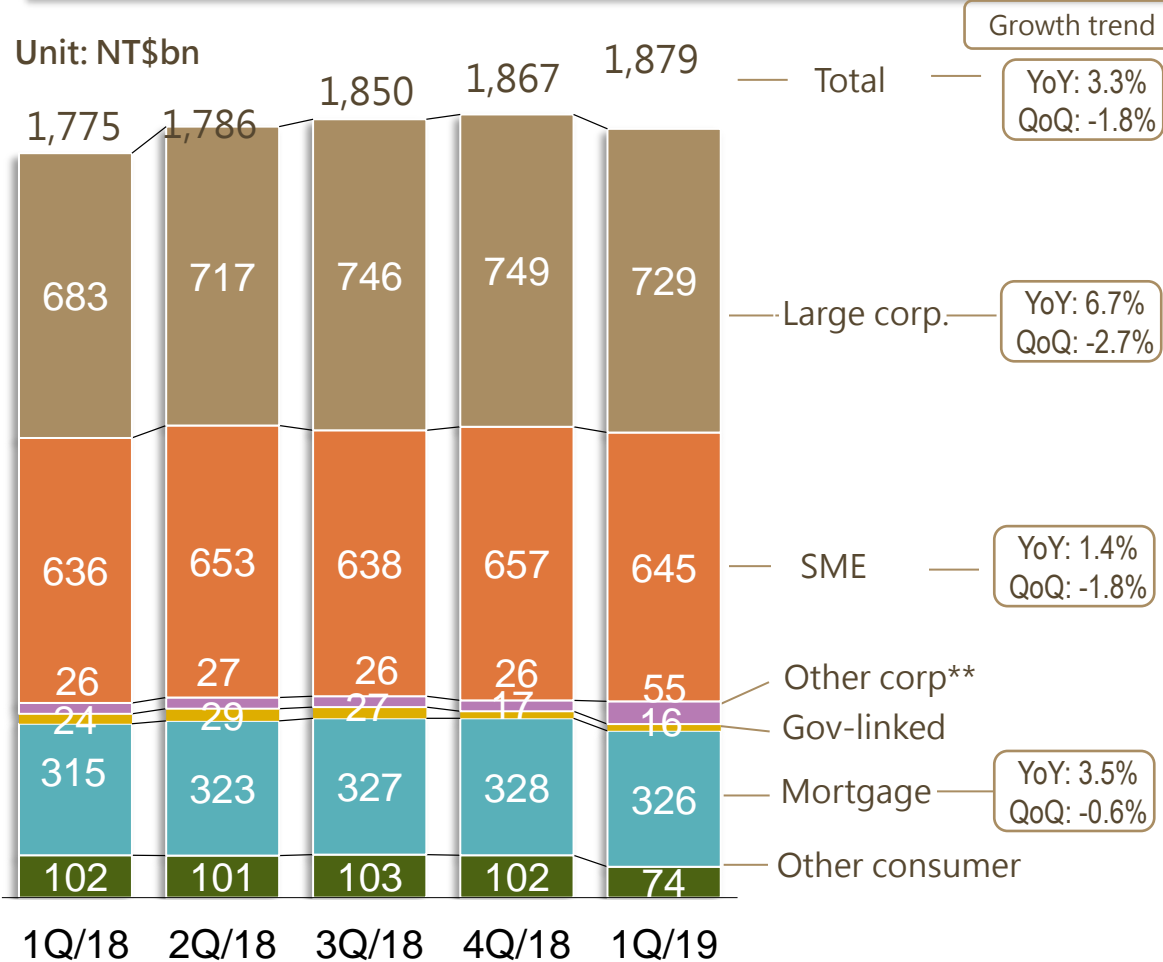
Operating Performance



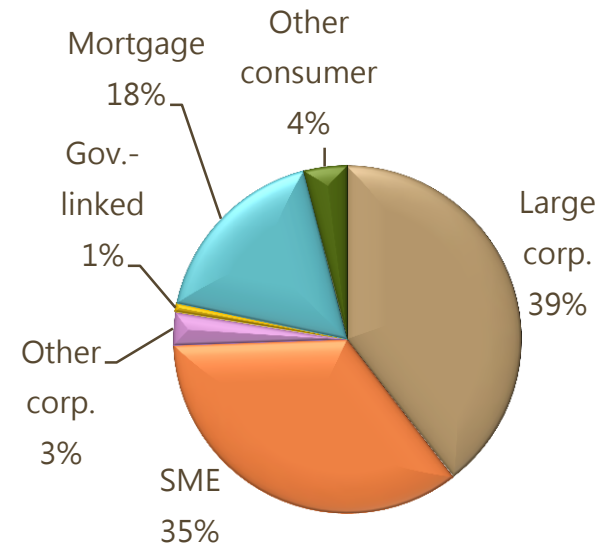
Appendix

Loan was up 3.3% YoY; quarterly loan was down to cherry-pick better yield and less riskier assets

Mega Bank quarterly loan balance*



Mega Bank 1Q/19 loan breakdown



* Mega Bank quarterly end balance, internal numbers; 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.

Loan was down; dragged by manufacturing and retail/wholesales industries

Mega Bank loan balance trend by industry*

Unit: NT\$BN

■ 1Q/19

▨ 4Q/18

▤ 1Q/18

Growth trend

YoY: 15.0%

QoQ: 2.6%

YoY: -2.6%

QoQ: -2.6%

YoY: 6.0%

QoQ: 0.4%

YoY: 6.2%

QoQ: -1.4%

YoY: 26.8%

QoQ: 0.0%

YoY: 8.2%

QoQ: 1.9%

YoY: 11.1%

QoQ: 0.0%

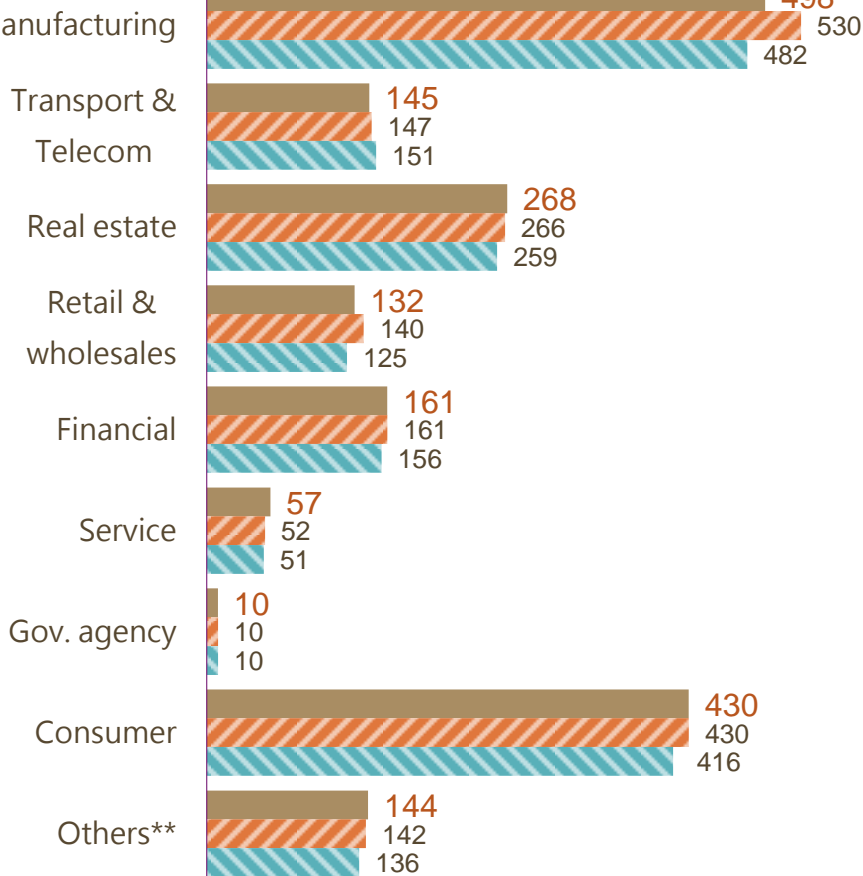
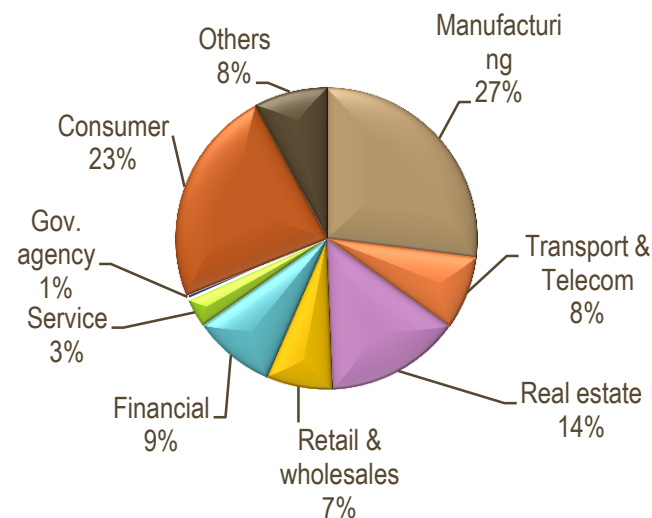
YoY: 8.3%

QoQ: 1.4%

YoY: 6.6%

QoQ: 0.7%**

1Q/19 loan breakdown by industry*



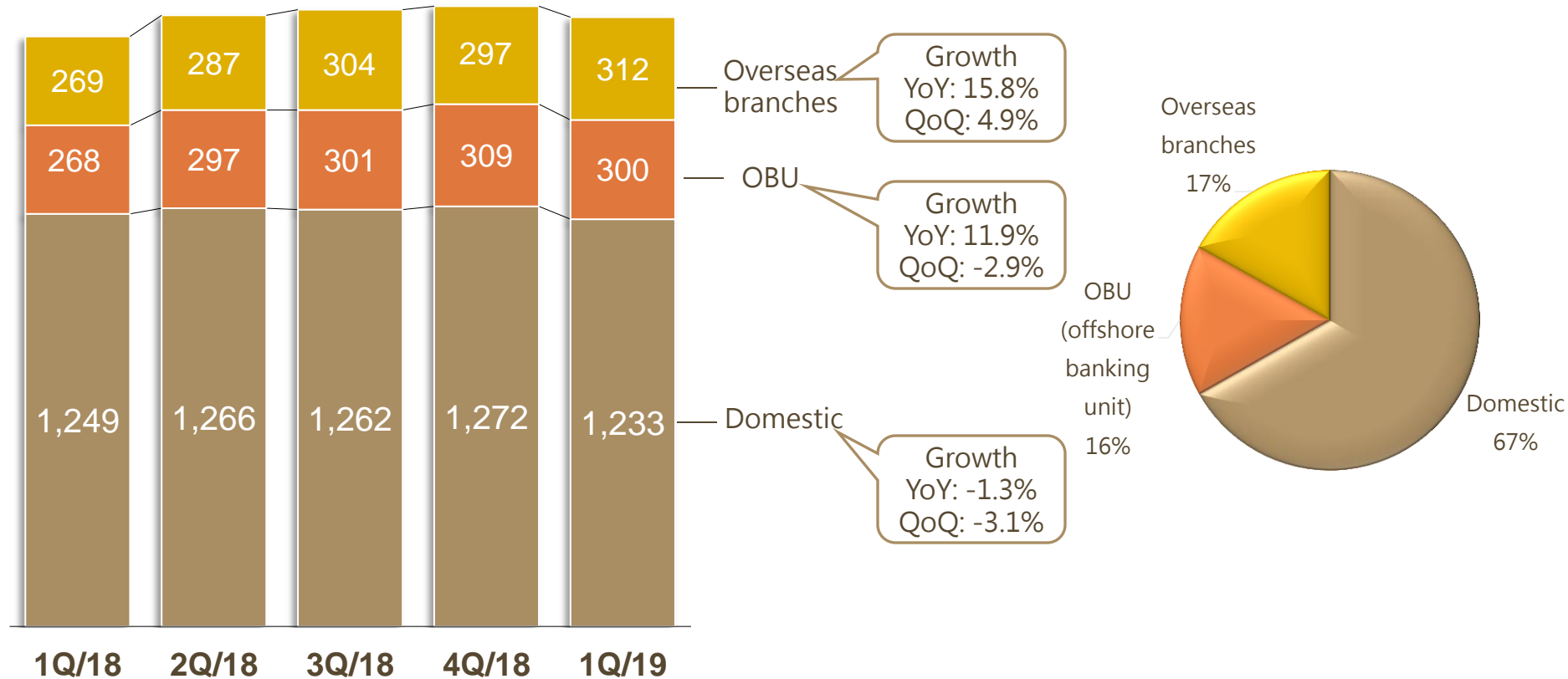
* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

** Main component for "Other Industry": leisure (hotel & restaurant) industry

... but higher yield and better demand overseas branches loan were up 4.9% QoQ

Mega Bank 1Q/19 loan breakdown by regions *

單位: NT\$bn



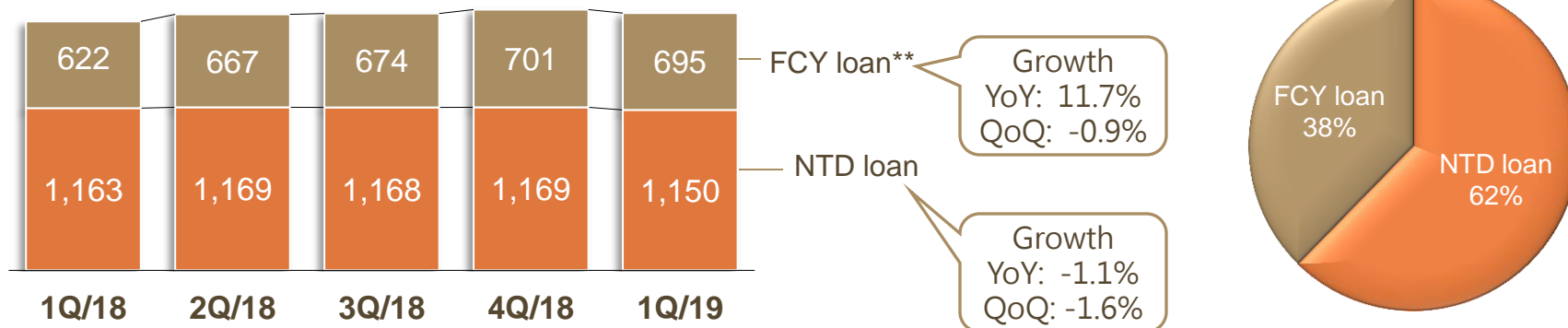
* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

** OBU stands for Off-shore Banking Unit

NTD loan was down 1.6% QoQ

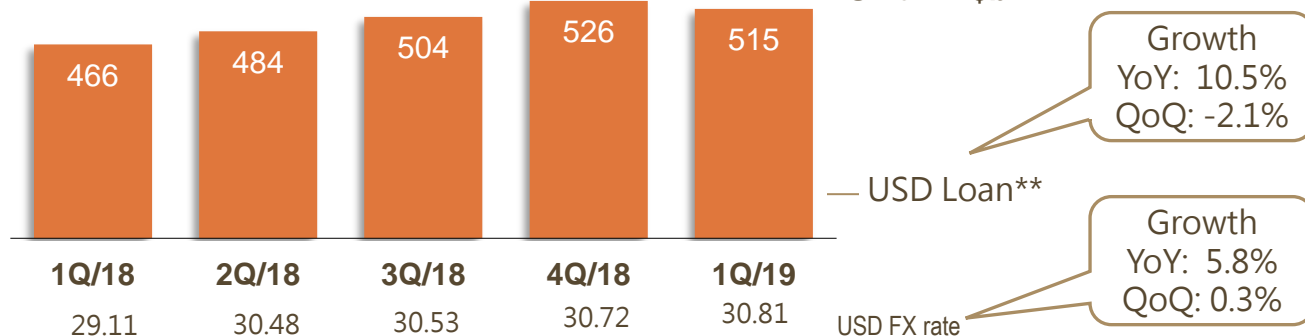
Mega Bank loan breakdown by currency: NTD vs. foreign currency loan *

Unit: NT\$bn



Mega Bank USD Loan balance*

Unit: NT\$bn



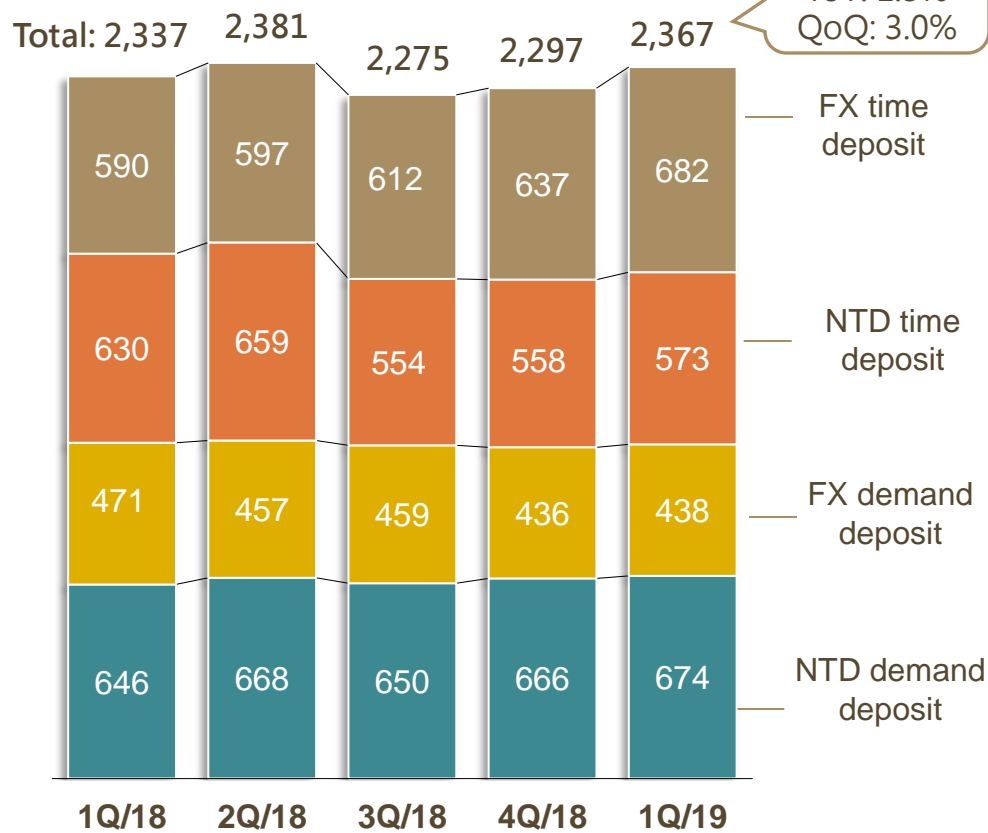
* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

** Foreign currency and USD loans include OBU, overseas branched and some domestic branched loans.

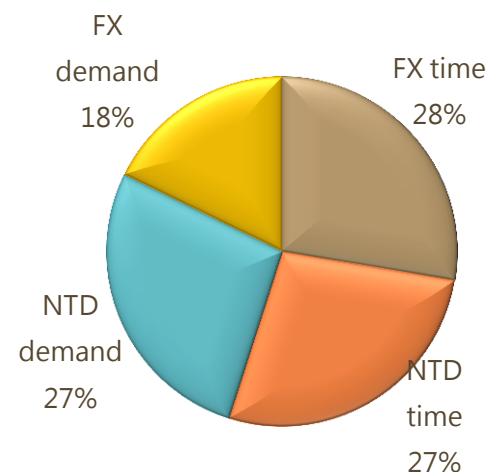
Deposit was up 3.0% QoQ and 1.3% YoY

Mega Bank deposit balance *

Unit: NT\$bn



Mega Bank 1Q/19 deposit breakdown

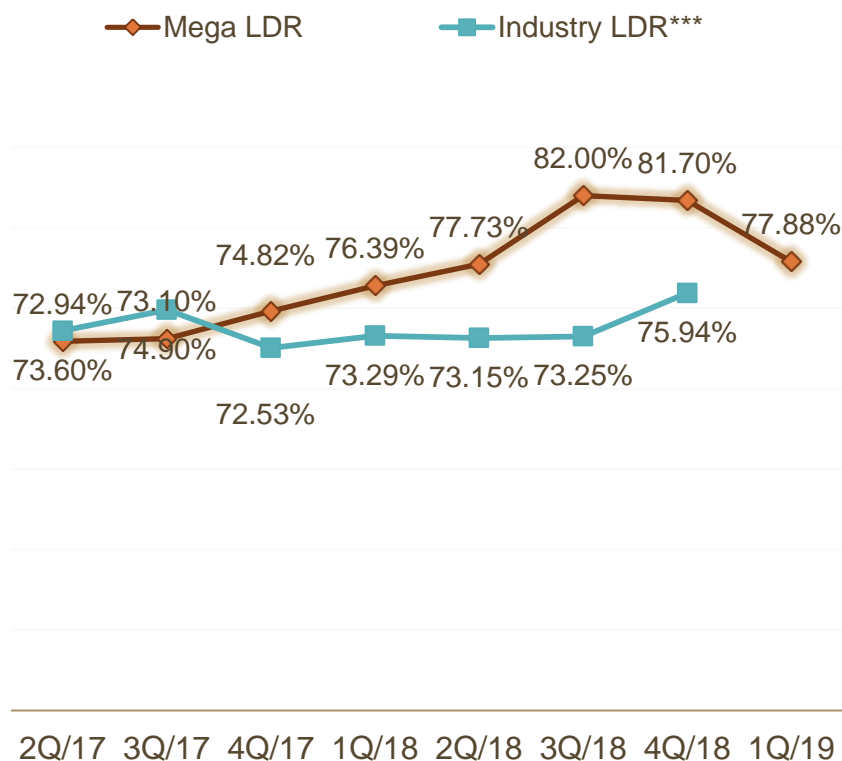


* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit; internal numbers.

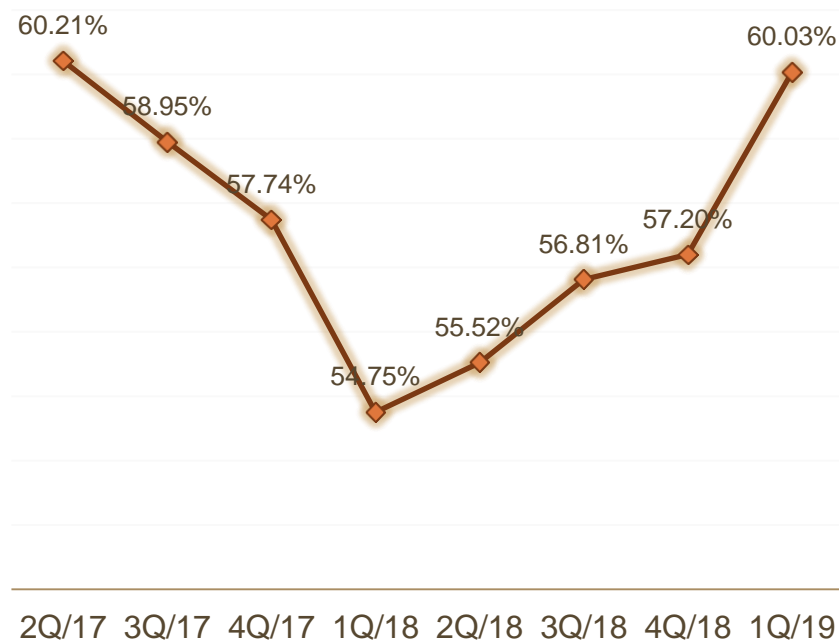
** Includes retail and corporate deposit but excludes due from central banks and banks

Total LDR was down; while USD LDR was up

Mega Bank's total LDR*



Mega Bank's USD LDR**



* Total LDR calculation is based on loan/deposit end balance

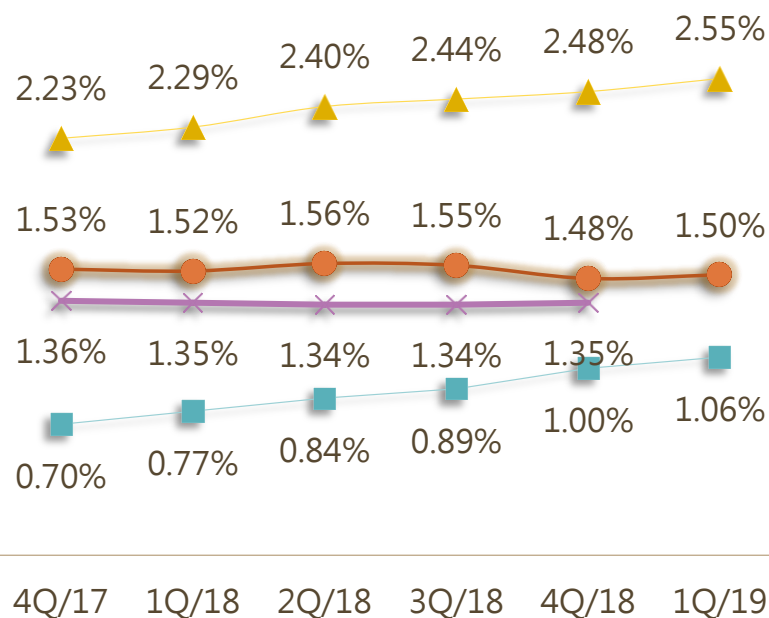
** USD LDR calculation is based on average loan/deposit balance of that quarter

*** Source: Central Bank of Taiwan

1Q/19 spread stabilized as overseas spread was up

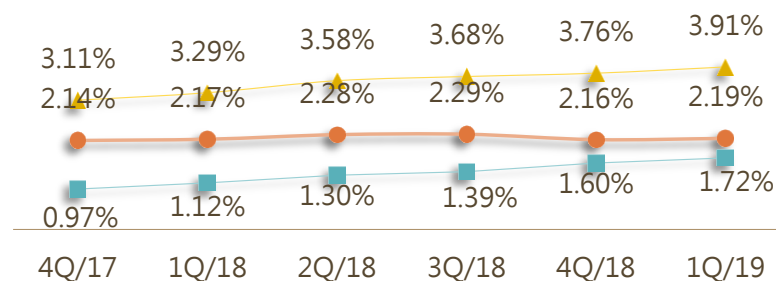
Mega Bank total loan interest spread*

—●— Spread —▲— Yield —■— Cost —×— Industry spread **



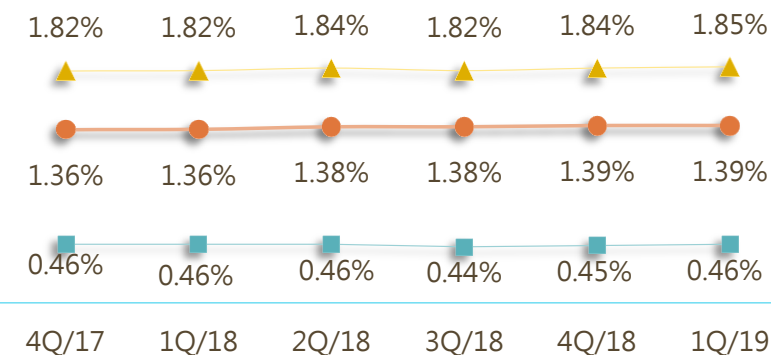
Mega Bank overseas loan interest spread*

—●— Spread —▲— Yield —■— Cost



Mega Bank domestic loan interest spread*

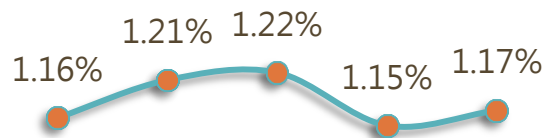
—●— Spread —▲— Yield —■— Cost



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

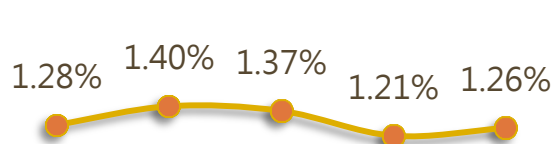
NIM stabilized as well, caused by FCY NIM improvement

Mega Bank quarterly Total NIM*



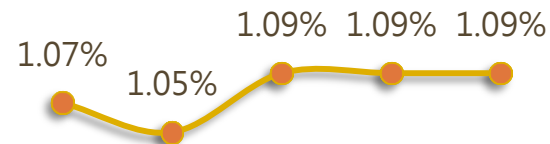
1Q/18 2Q/18 3Q/18 4Q/18 1Q/19

Mega Bank quarterly FCY NIM*



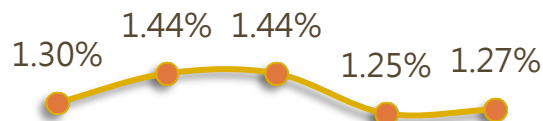
1Q/18 2Q/18 3Q/18 4Q/18 1Q/19

Mega Bank quarterly NTD NIM*



1Q/18 2Q/18 3Q/18 4Q/18 1Q/19

Mega Bank monthly USD NIM*



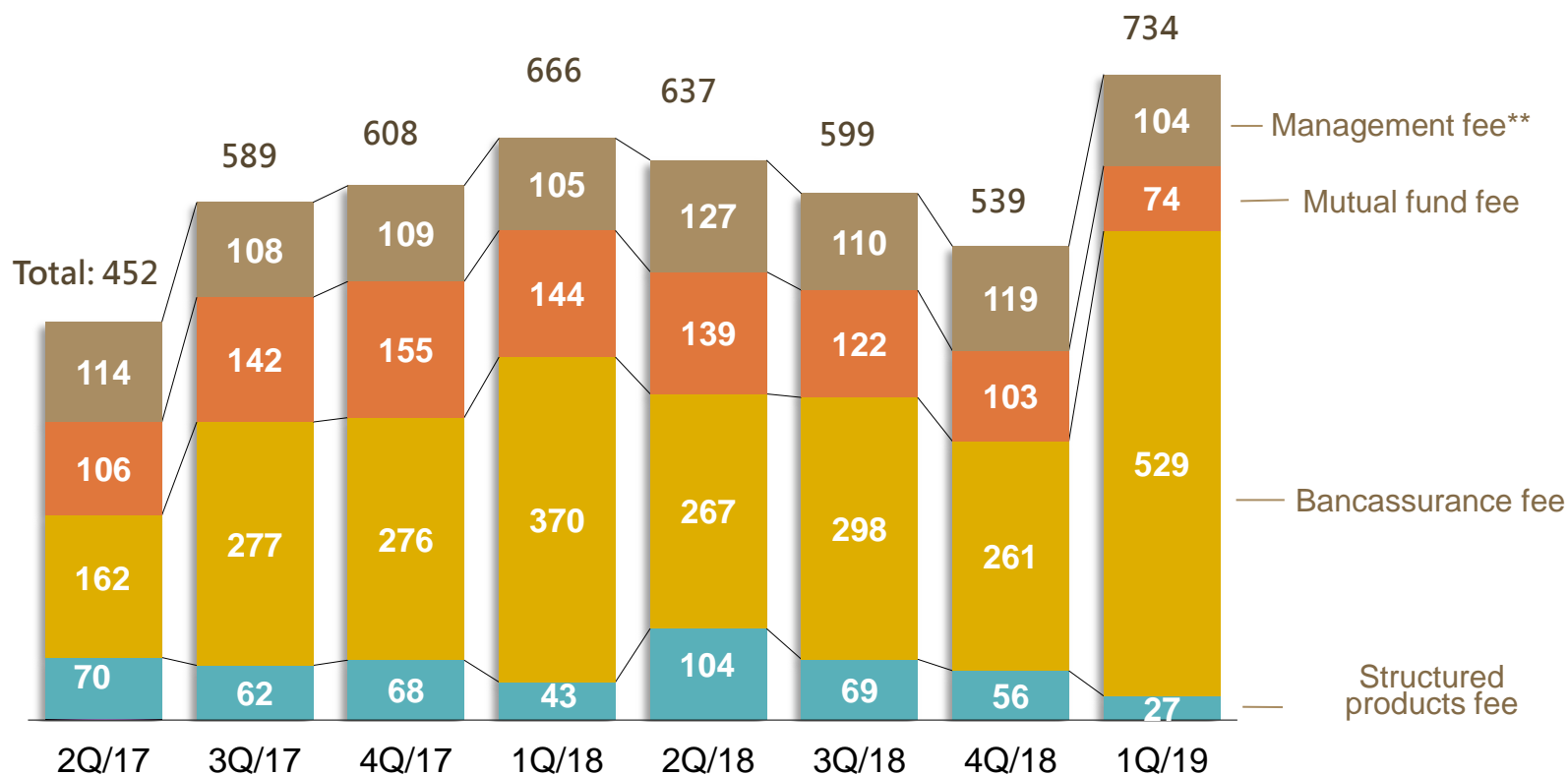
1Q/18 2Q/18 3Q/18 4Q/18 1Q/19

* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

Bacassurance fee* outperformed

Mega Bank wealth management gross fee breakdown*

單位: NT\$MN

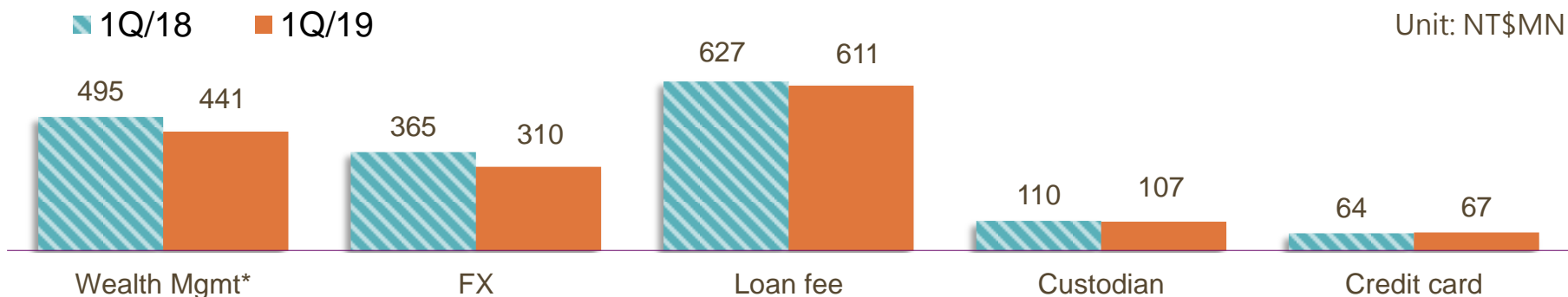


* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

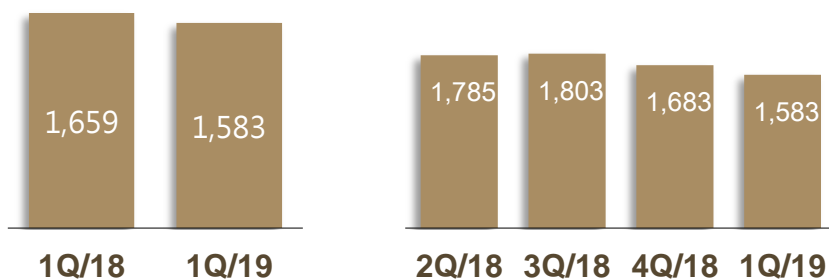
Bank sub. fee was flat

Mega Bank net fee breakdown

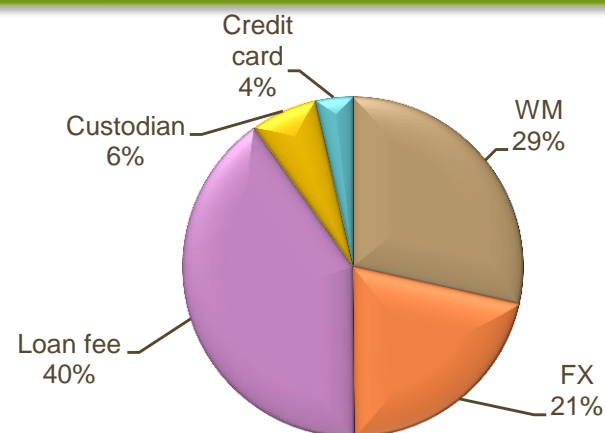


Mega Bank net fee

Unit: NT\$MN



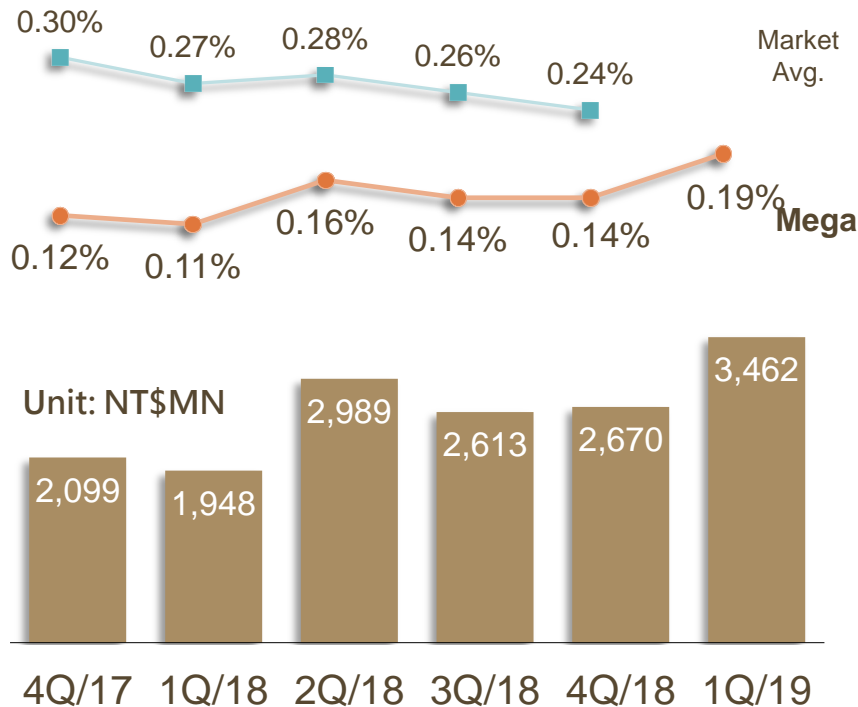
Mega Bank 1Q/19 net fee breakdown



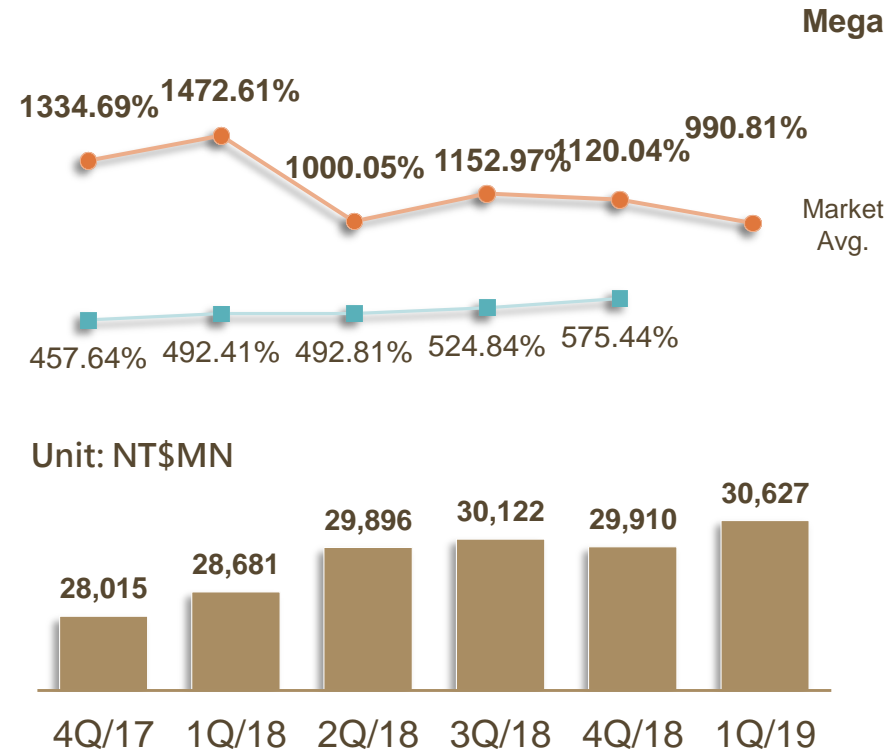
* Net wealth mgmt fee, deducting all the cost associated with product sales and fee allocated to Mega life insurance agent and Mega SITE.

NPL was up due to CPT* exposure, but were fully covered with provision

Mega Bank NPL balance & NPL ratio*



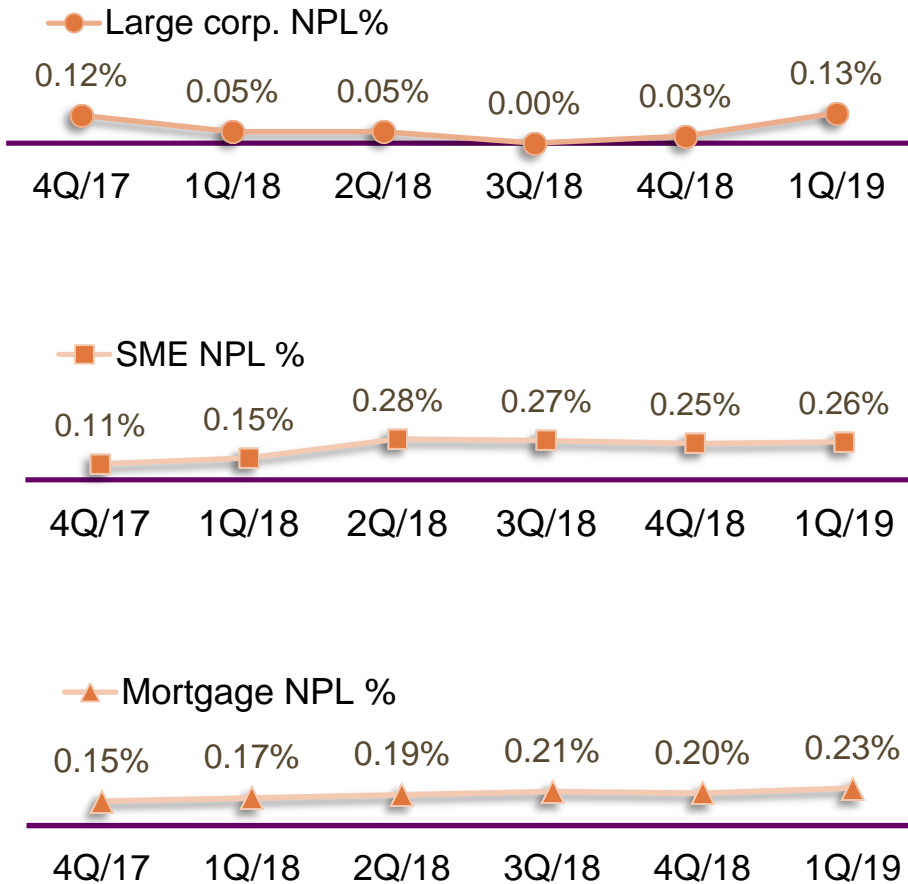
Mega Bank loan loss reserved and coverage ratio



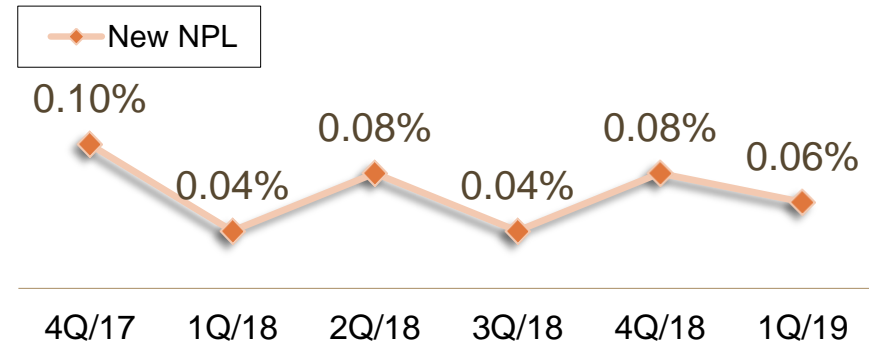
* ChungHwa Picture Tube (CPT) exposure was NT\$0.5bn,; we have provided 100% provision already.

Large corp. NPL was up due to CPT; new NPL was down

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.

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1Q/2019 Mega FHC consolidated P&L statement

NT\$MN, EPS:NT\$	1Q/2019*	1Q/2018	YoY
Net interest income	9,107	9,249	-2%
Net fee revenue	2,124	2,326	-9%
Insurance revenue	407	461	-12%
Financial assets and liabilities at fair value thru P&L	3,736	2,191	71%
Gain from fin. assets at fair value through other comprehensive income	177	5	
Gain from debt investment measured by amortized cost	0	1	
Equity method investment gain	95	37	157%
Gain on reclassification under the overlay approach	-96	25	
FX spread gain	811	579	40%
Asset impairment loss (write-back)	-30	-47	
Property gain	5	7	-29%
Other non-interest revenue (net)	350	365	-4%
Operating net revenue	16,684	15,198	10%
Operating expense	-7,228	-6,678	8%
Pre-provision operating profit	9,456	8,521	11%
Provision expense on loan	-600	-208	188%
Reserved on insurance	33	-28	-218%
Pretax profit	8,889	8,285	7%
Tax	-1,256	-621	102%
Net profit	7,634	7,664	0%
EPS (NT\$)	0.56	0.56	0%

* 1Q/19 are audited numbers.

1Q/2019 Mega FHC consolidated balance sheet

NT\$MN	1Q/2019*	1Q/2018	YoY
Assets:			
Cash and due from banks	615,399	645,094	-5%
Bills and bonds under RP agreement	8,280	2,786	197%
Fin. assets at fair value through P&L	199,785	189,796	5%
Fin. Assets at fair value through other comprehensive income	442,671	444,575	0%
Debt instrument investment measured by amortized cost	300,355	293,214	2%
Other financial assets	4,628	3,567	30%
A/R, net	88,482	97,524	-9%
Loan, net	1,830,638	1,772,644	3%
Equity method LT investments, net	3,147	3,217	-2%
Land, premises and equipments, net	23,453	23,619	-1%
Others	19,202	15,146	27%
Total assets	3,536,040	3,491,181	1%
Liabilities			
Due to banks	367,941	382,541	-4%
Deposits	2,382,868	2,351,866	1%
CP & Bond payable	35,590	53,468	-33%
Bills & bonds sold under repurchase agreement	263,668	235,692	12%
Other liabilities	161,138	152,630	6%
Total liabilities	3,211,204	3,176,195	1%
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	110,153	103,346	7%
Equity adjustment items	10,478	7,418	-
Minority shareholder interest	13	29	-55%
Total stockholders' equity	324,836	314,985	3%
Total liabilities and stockholders' equity	3,536,040	3,491,181	1%
Book value per share (NT\$)	23.89	23.16	3%

* 1Q/19 are audited numbers.

1Q/2019 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1Q/2019*	1Q/2018	YoY
Net interest income	8,882	8,827	1%
Net fee revenue	1,583	1,659	-5%
Financial assets and liabilities at fair value thru P&L	2,972	1,982	33%
Gain from fin. assets at fair value through other comprehensive income	8	-1	-
Gain from debt investment measured by amortized cost	0	1	-
FX spread gain	94	37	61%
Equity method investment gain	803	614	24%
Asset impairment loss (write-back)	-30	-1	97%
Other non-interest revenue (net)	142	101	29%
Operating net revenue	14,453	13,220	9%
Operating expense	-6,048	-5,489	9%
Pre-provision operating profit	8,405	7,731	8%
Provision expense on loan	-642	-226	65%
Pretax profit	7,763	7,505	3%
Tax	-1,026	-454	56%
Net profit	6,738	7,051	-5%
EPS (NT\$)	0.79	0.83	-5%

* 1Q/19 are audited numbers.

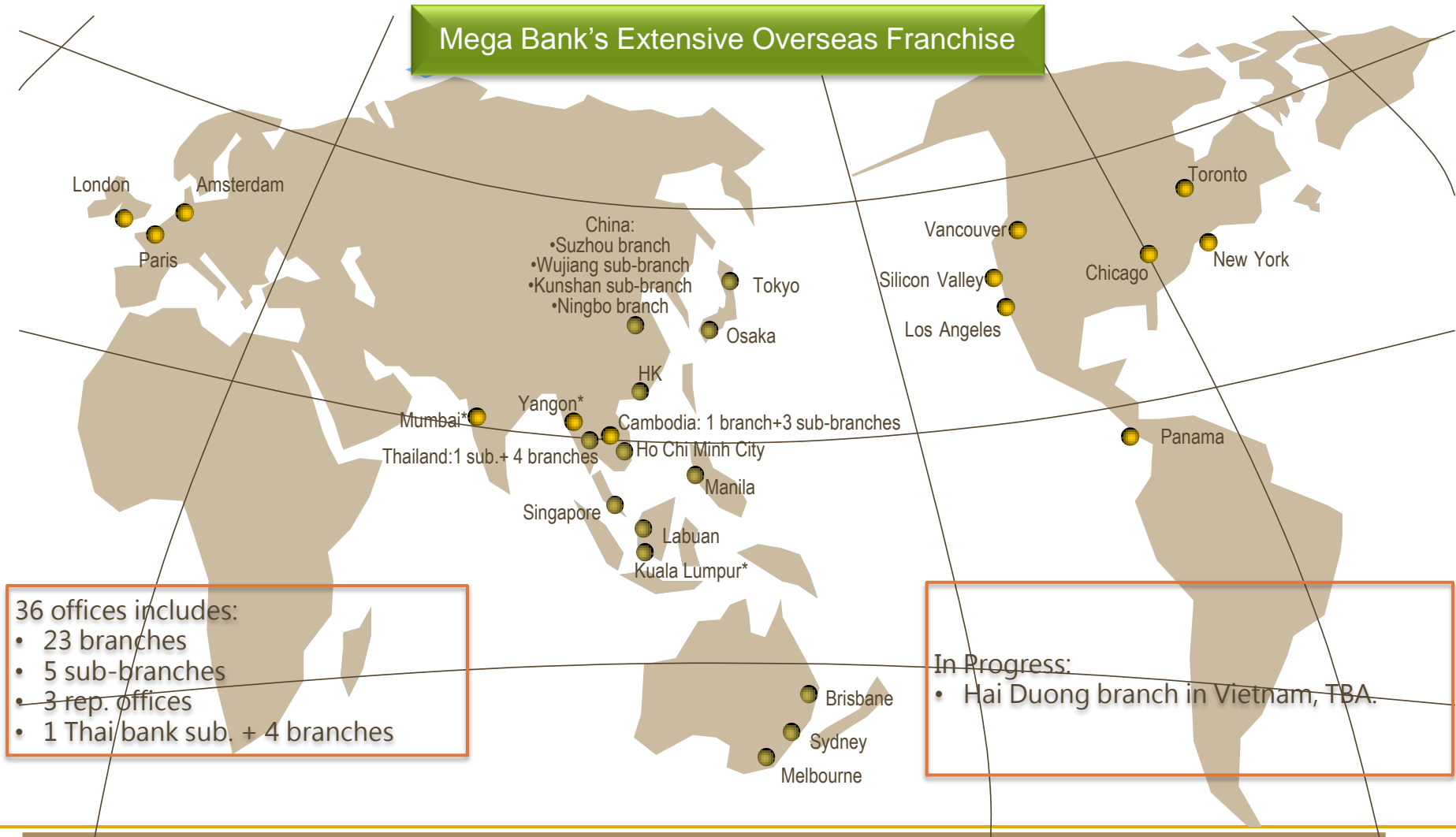
1Q/2019 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1Q/2019*	1Q/2018	YoY
Assets:			
Cash and due from banks	618,349	645,922	-4%
Bills and bonds under RP agreement	12,524	2,286	448%
Fin. assets at fair value through P&L	65,063	50,006	30%
Fin. Assets at fair value through other comprehensive income	286,923	277,987	3%
Debt instrument investment measured by amortized cost	296,363	290,583	2%
Other financial assets	26	7	293%
A/R, net	54,210	61,935	-12%
Loan, net	1,830,638	1,772,644	3%
Equity method LT investments, net	3,061	3,139	-3%
Land, premises and equipments, net	15,541	15,463	1%
Others (net)	13,029	9,173	42%
Total assets	3,195,727	3,129,143	2%
Liabilities			
Due to banks	353,551	366,743	-4%
Deposits	2,384,673	2,354,548	1%
CP & Bond payable	13,300	25,900	-49%
Bills & bonds sold under repurchase agreement	45,583	3,521	1195%
Other liabilities	107,442	99,648	8%
Total liabilities	2,904,549	2,850,359	2%
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	136,706	126,478	8%
Equity adjustment items	6,890	4,724	46%
Total stockholders' equity	291,178	278,784	4%
Total liabilities and stockholders' equity	3,195,727	3,129,143	2%
Book value per share (NT\$)	34.11	32.66	4%

* 1Q/19 are audited numbers.

36 offices in 17 countries; 19 offices in "New South Bond Area"

Mega Bank's Extensive Overseas Franchise



* Yangon, Bahrain, Kuala Lumpur, and Mumbai are rep. offices