



兆豐金控
Mega Holdings

4Q/2019 Analyst Meeting

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Table of Contents



Operation Highlights & Strategic Focus



Financial Performance

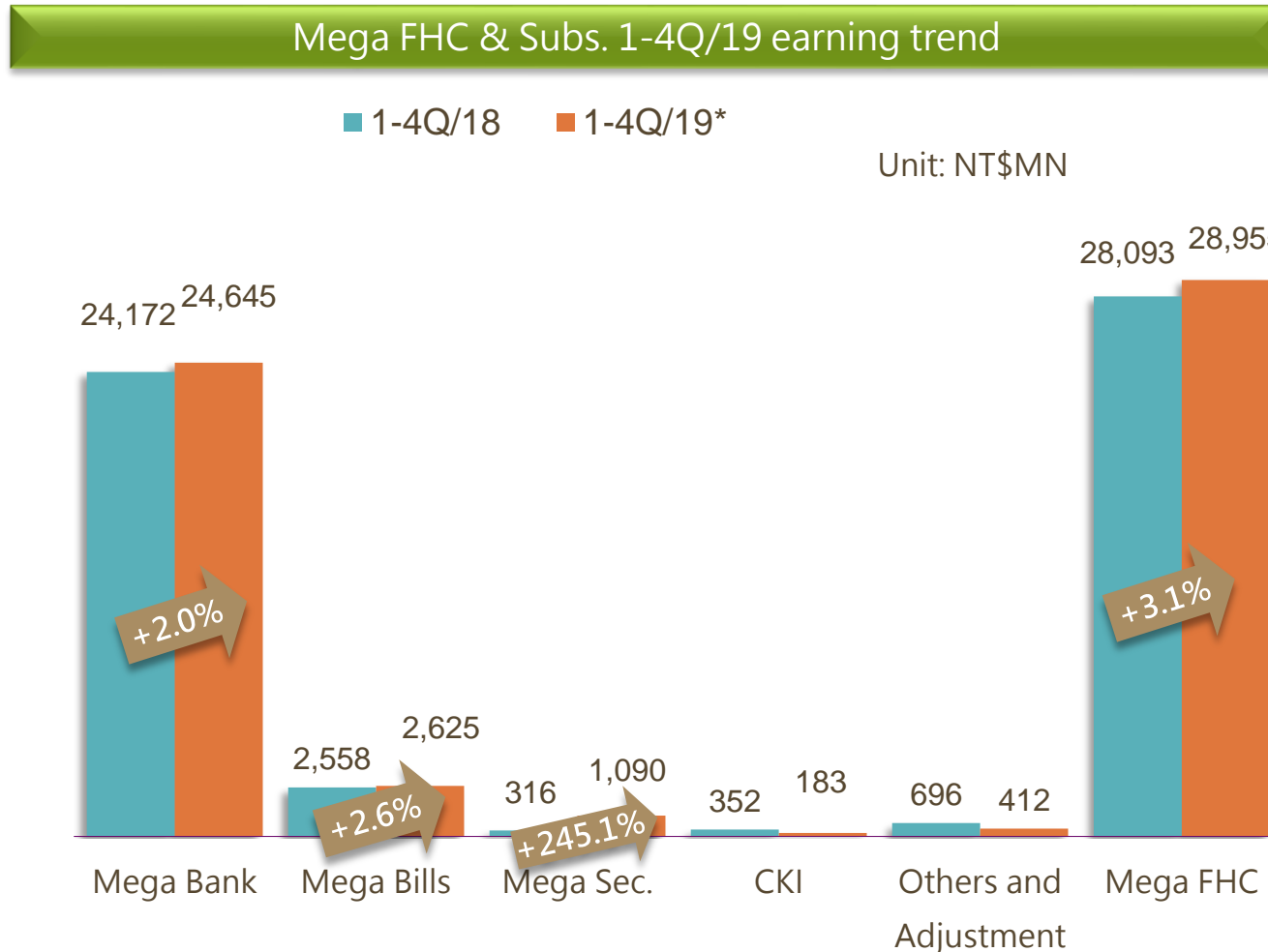


Operating Performance



Appendix

Group earning was up 3.1% YoY, driven by favorable performance from bank, bills and securities subs

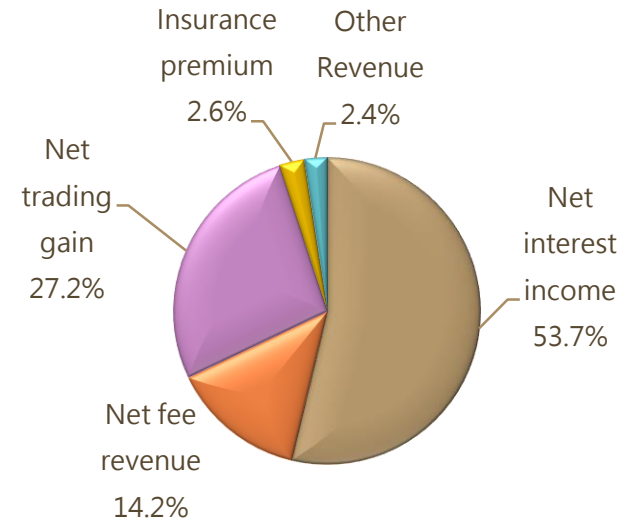
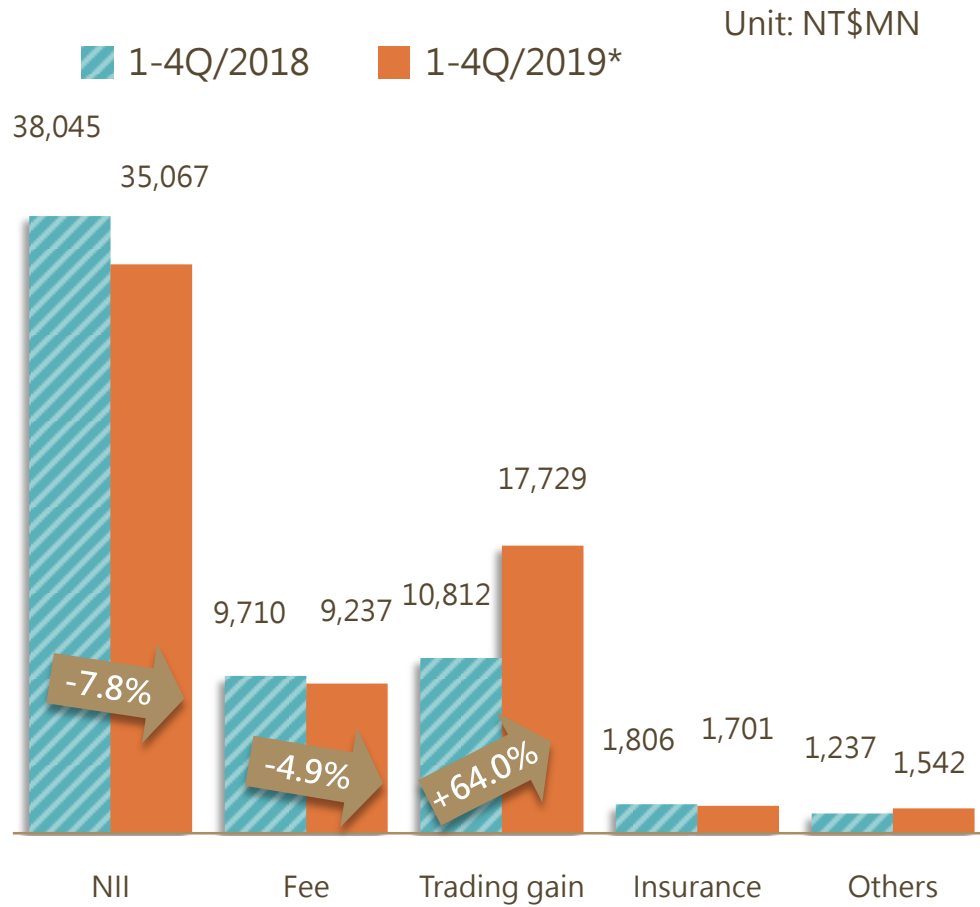


* 1-4Q/19 are audited figures

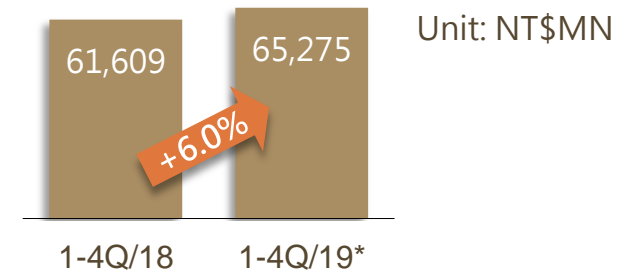
Group trading gain was up 64.0%, helped offset NII & fee, and pushed the revenue up 6.0% YoY

Mega Group consolidated net revenue *

Mega Group 1-4Q/19 net revenue breakdown



Mega Group 1-4Q/19 net revenue trend



* 1-4Q/19 are audited figures.

Strategic focus

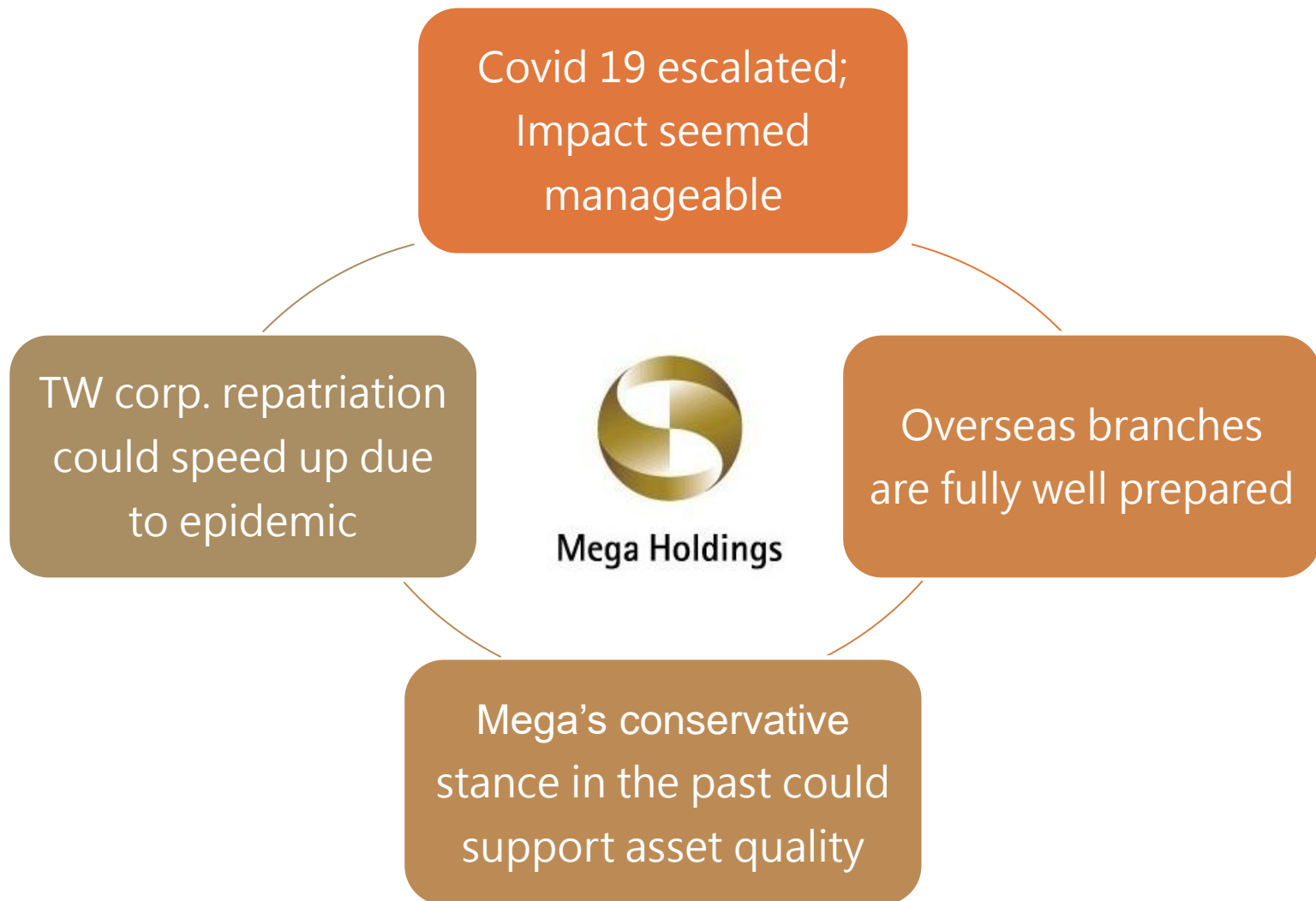


Table of Contents



Operation Highlights & Strategic Focus



Financial Performance



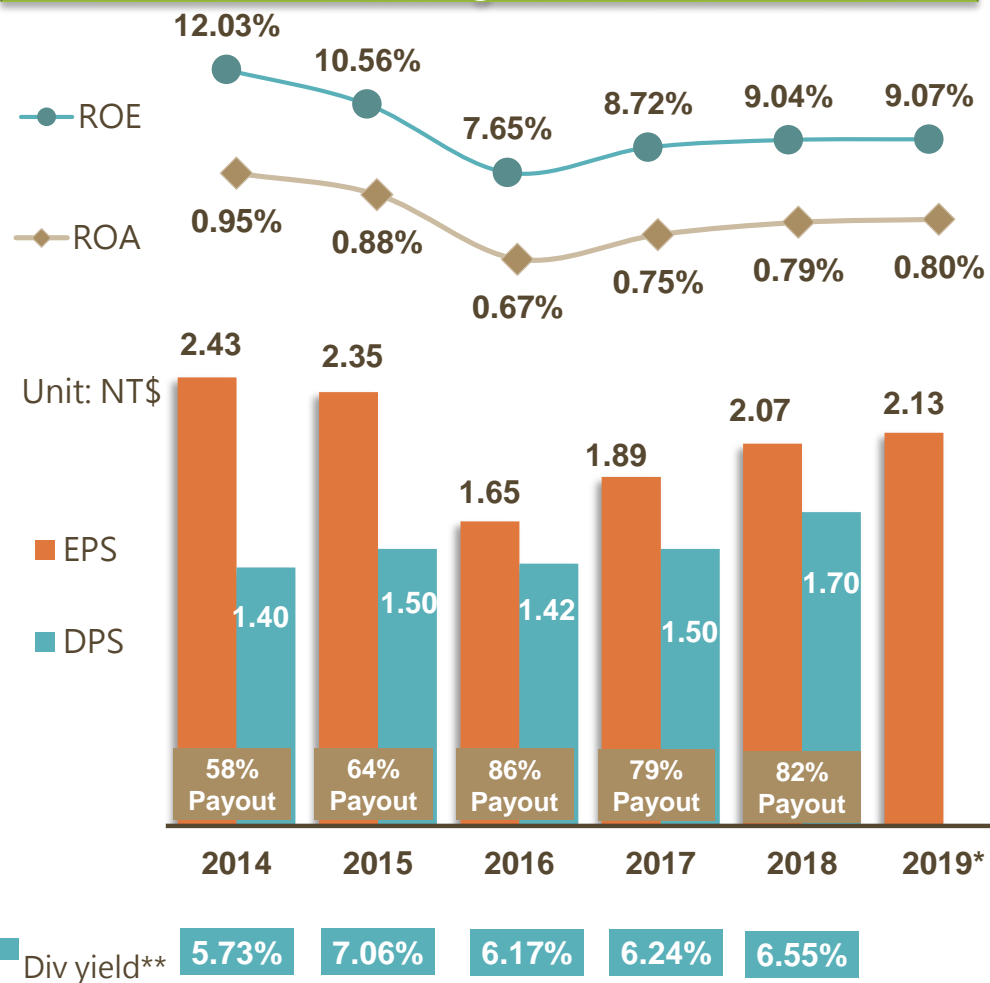
Operating Performance



Appendix

Profit recovered further; dividend policy remained attractive.

Earning Matrix



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.

* 2019 are audited numbers; ROE and ROA annualized numbers.

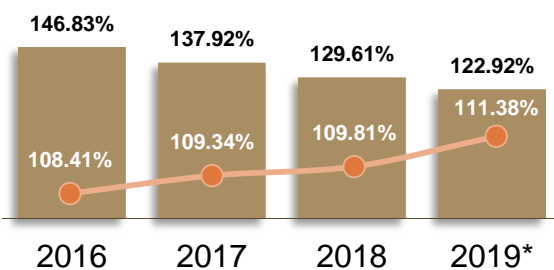
** Cash dividend yield = cash dividend / last trading day share price of that year

Strong tier 1 capital

Mega FHC

Moody's: A3

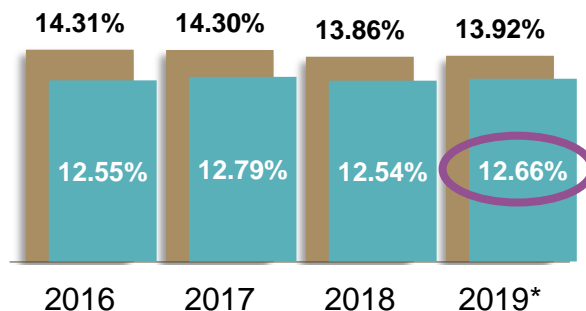
Requirement: 100%



Mega Bank

Moody's: A1 / S&P: A

Requirement: CAR: 10.50%
Tier-1: 8.50%



CAR/RBC

Common equity tier 1 ratio

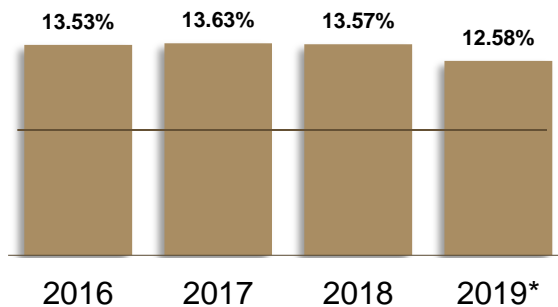
Credit rating

Double leverage ratio

Regulatory requirement

Mega Bills

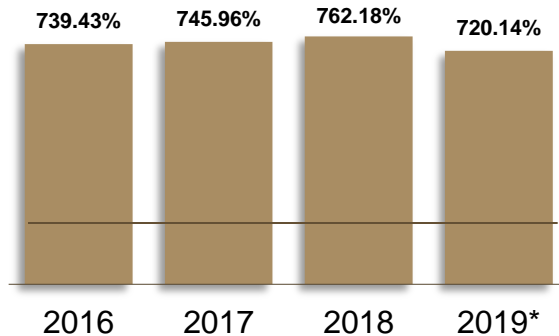
Requirement : 8.0%



CKI P&C

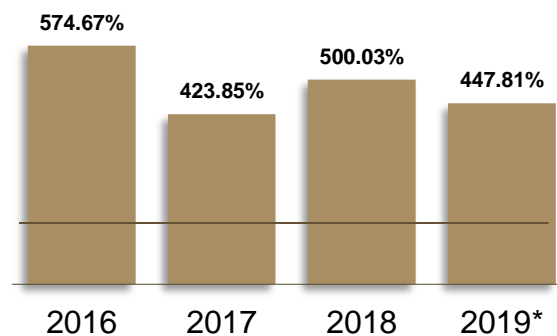
Moody's: A3 / S&P: A-

Requirement: 200%



Mega Securities

Requirement : 150%



* 2019 are audited numbers

Table of Contents



Operation Highlights & Strategic Focus



Financial Performance



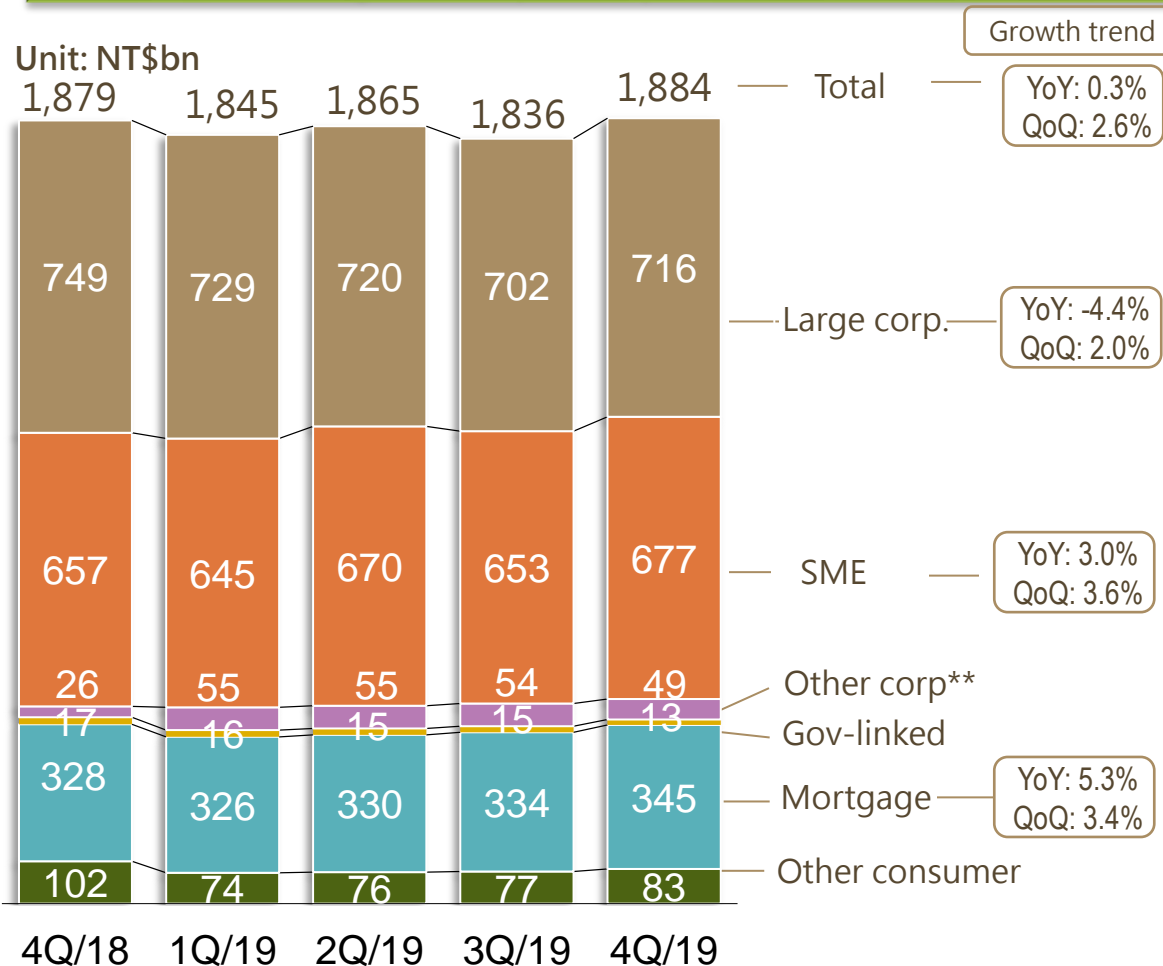
Operating Performance



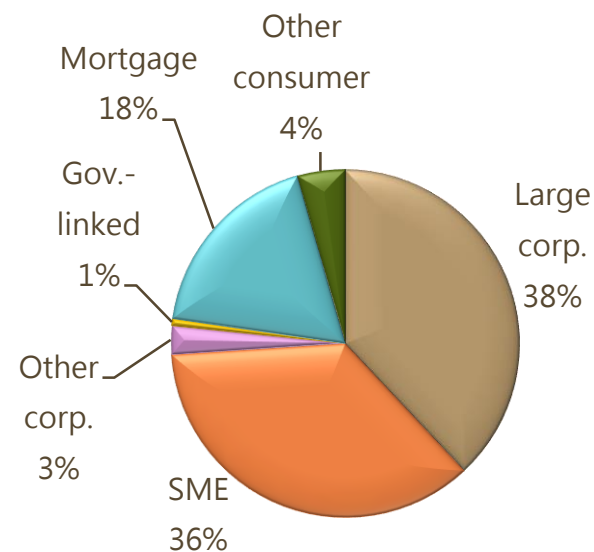
Appendix

Loan was up 2.6% QoQ, driven by large corp, SME and mortgage loan demand

Mega Bank quarterly loan balance*



Mega Bank 4Q/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.

Manufacturing, trans. & telco, real estate, service industries and consumer loans were up in 4Q/19

Mega Bank loan balance trend by industry*

4Q/19 loan breakdown by industry*

Unit: NT\$BN

■ 4Q/19 ■ 3Q/19 ■ 4Q/18

Growth trend

YoY: 0.2%
QoQ: 6.0%

YoY: -1.6%
QoQ: 2.6%

YoY: 2.4%
QoQ: 2.9%

YoY: -5.6%
QoQ: 0.3%

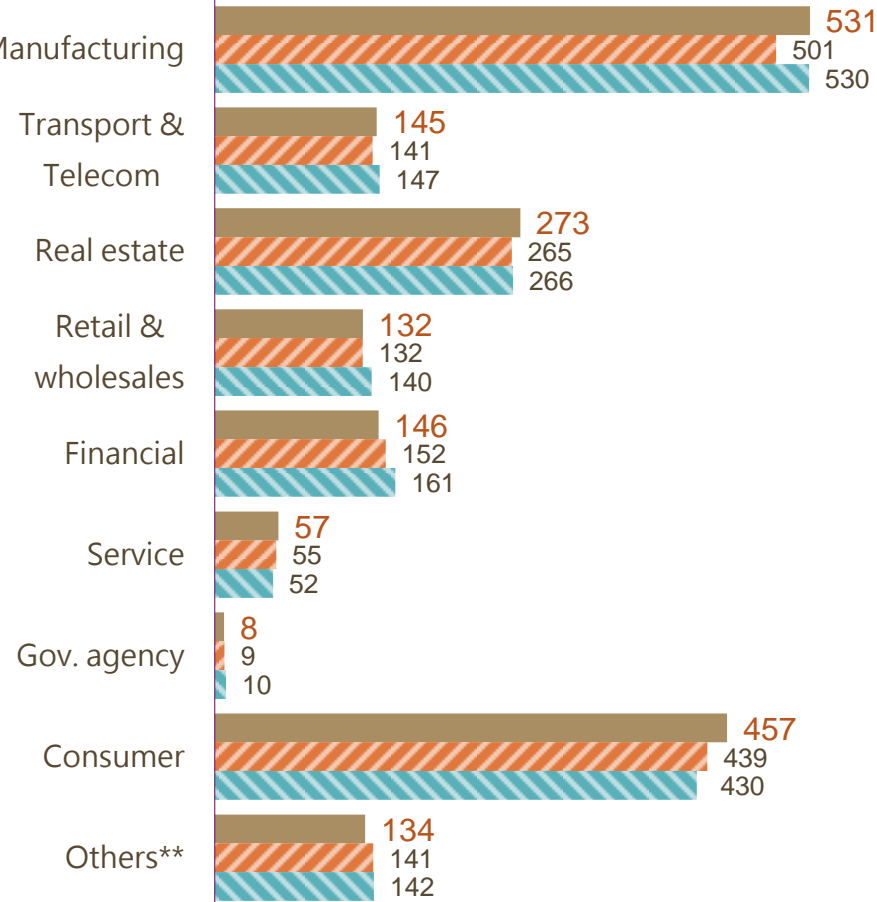
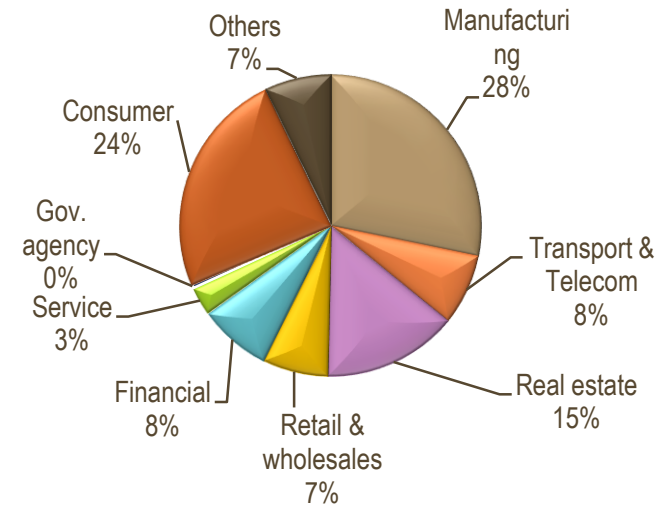
YoY: -9.3%
QoQ: -4.1%

YoY: 9.4%
QoQ: 3.8%

YoY: -17.0%
QoQ: -4.6%

YoY: 6.3%
QoQ: 4.1%

YoY: -5.4%
QoQ: -5.0%**



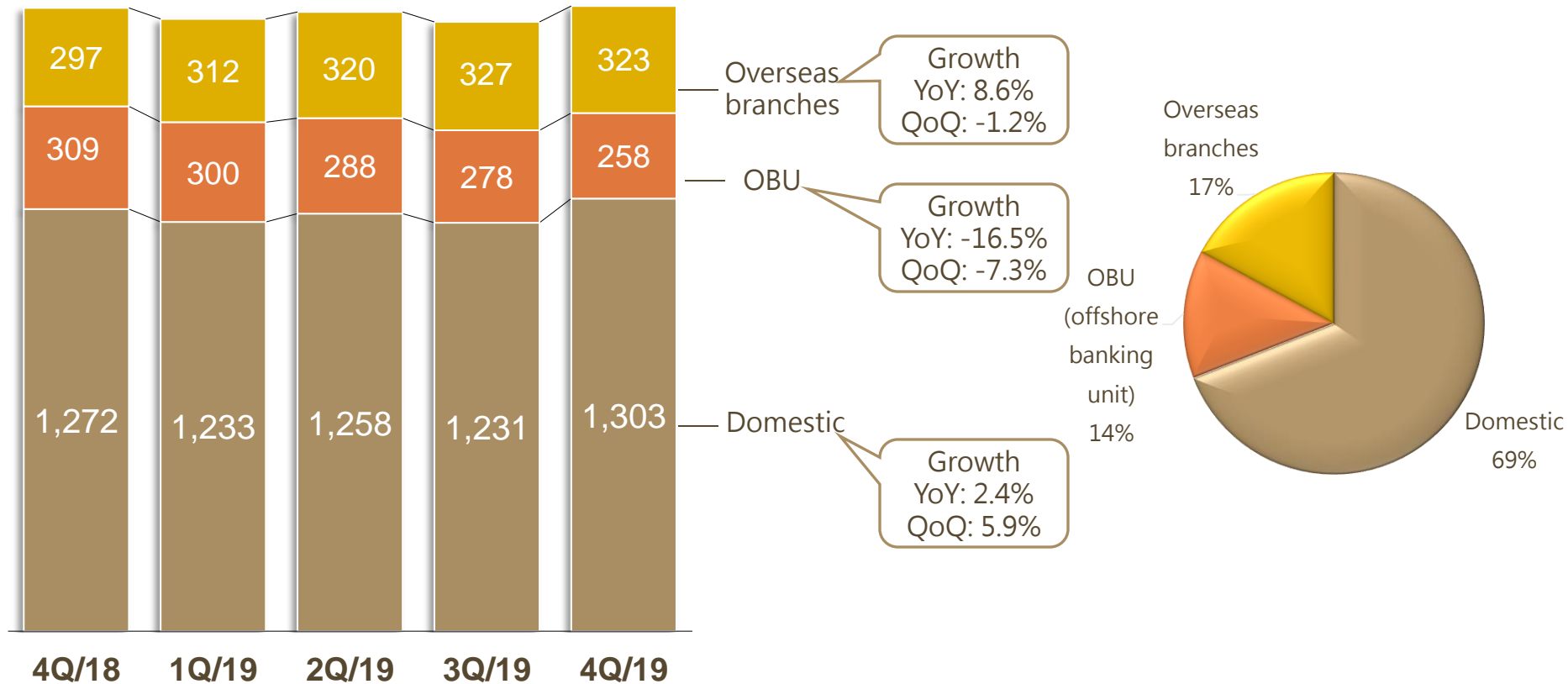
* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

Domestic loan was up 5.9% QoQ; however, overseas branches loan still outperformed the rest YoY

Mega Bank 4Q/19 loan breakdown by regions *

Unit: NT\$bn



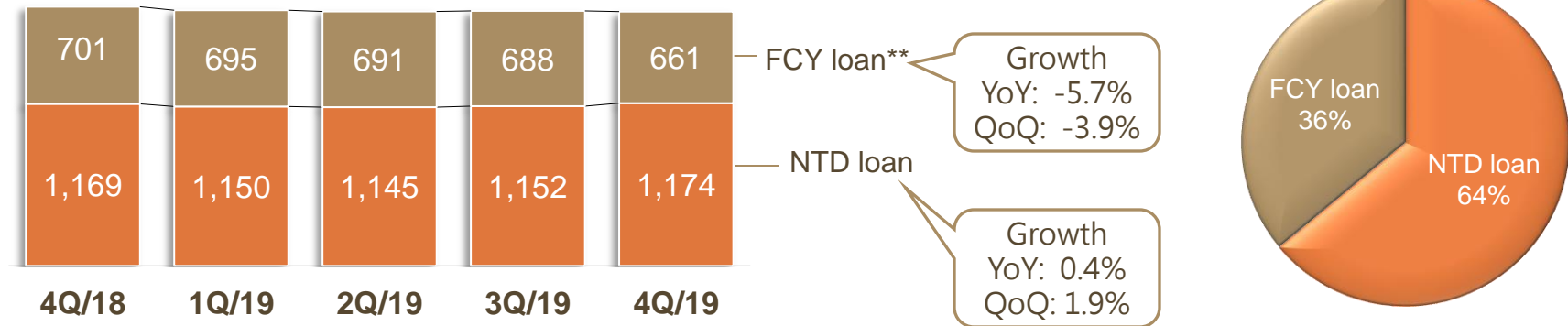
* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

** OBU stands for Off-shore Banking Unit

NTD loan was up as TW corp. repatriation were mostly funded by NTD

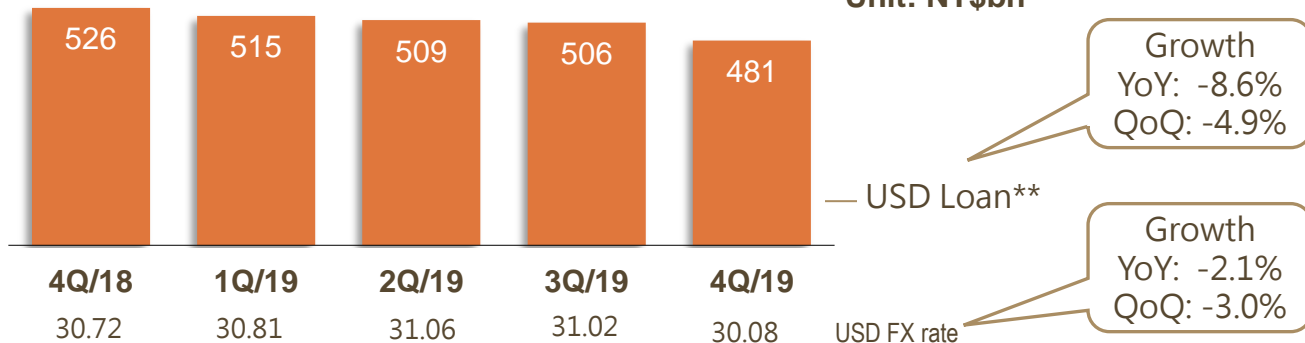
Mega Bank loan breakdown by currency: NTD vs. foreign currency loan *

Unit: NT\$bn



Mega Bank USD Loan balance*

Unit: NT\$bn



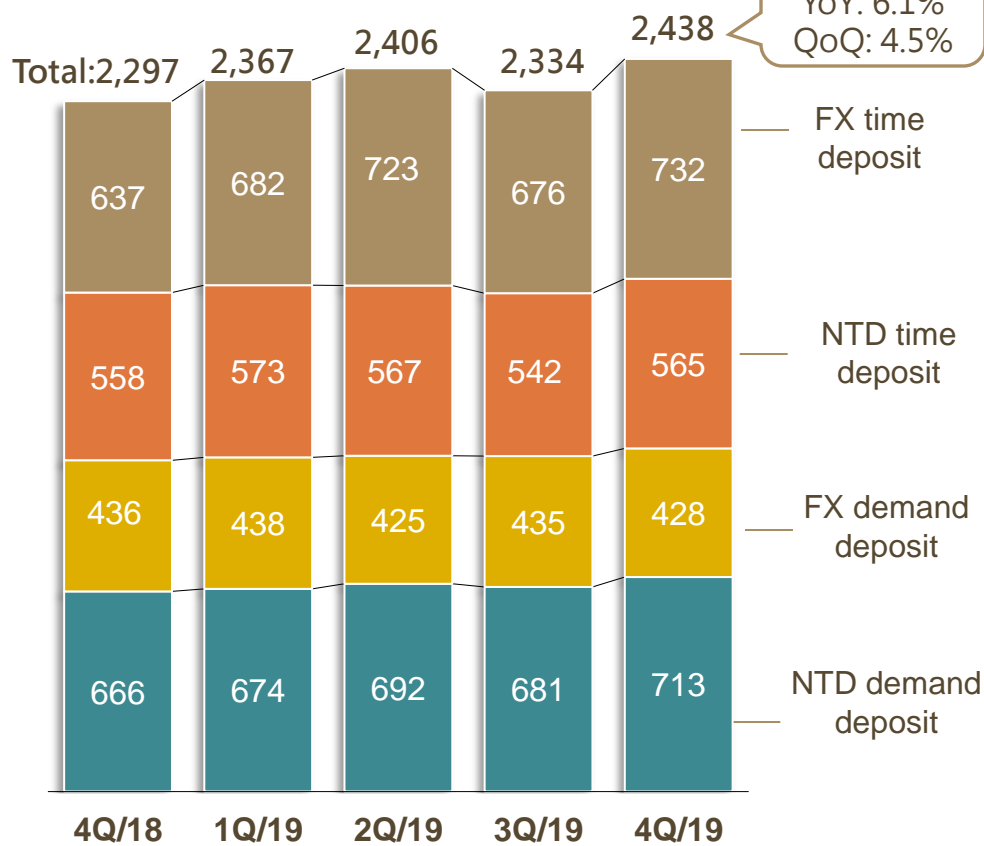
* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

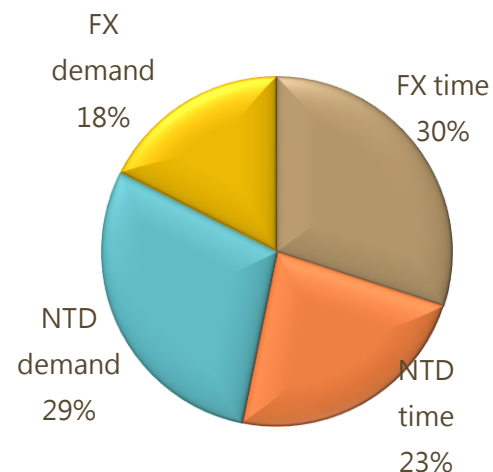
Deposit was up 4.5% QoQ; 6.1% YoY

Mega Bank deposit balance *

Unit: NT\$bn



Mega Bank 4Q/19 deposit breakdown

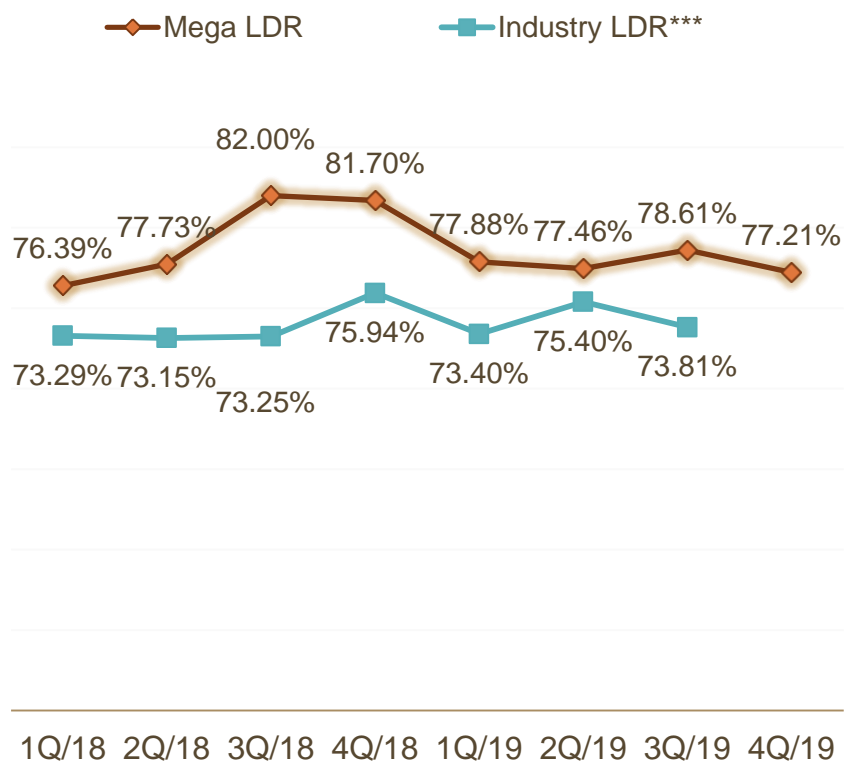


* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit; internal numbers.

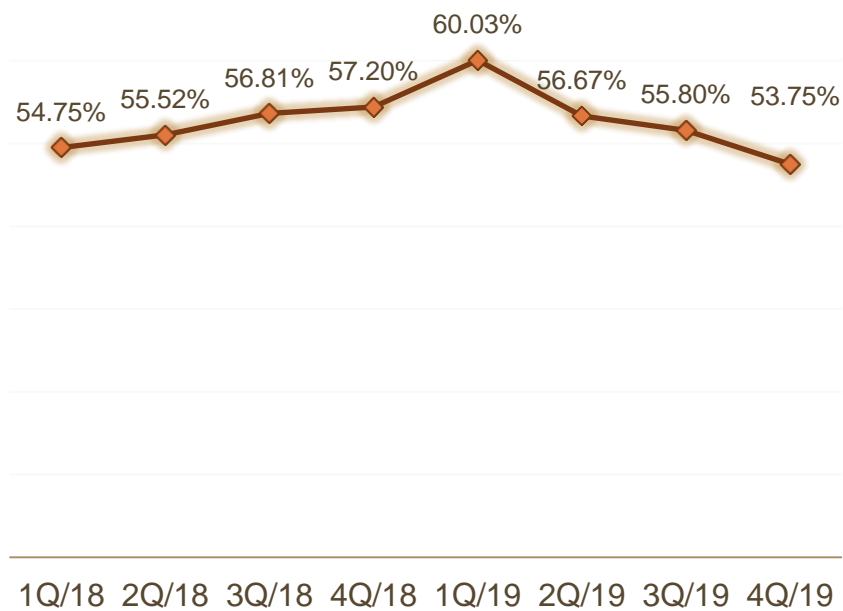
** Includes retail and corporate deposit but excludes due from central banks and banks

Overall LDR was down slightly

Mega Bank's total LDR*



Mega Bank's USD LDR**



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

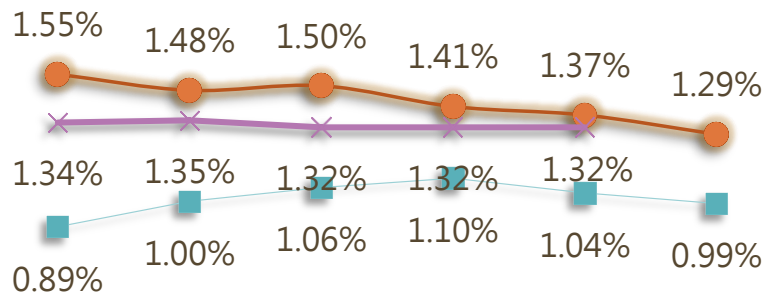
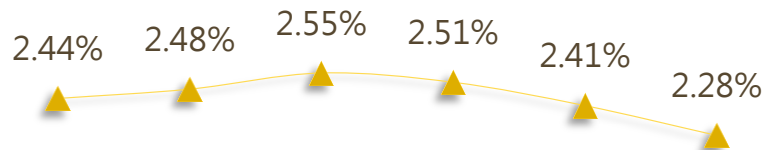
** USD LDR calculation is based on average loan/deposit balance of that quarter

*** Source: Central Bank of Taiwan

Interest spread remained under pressure

Mega Bank total loan interest spread*

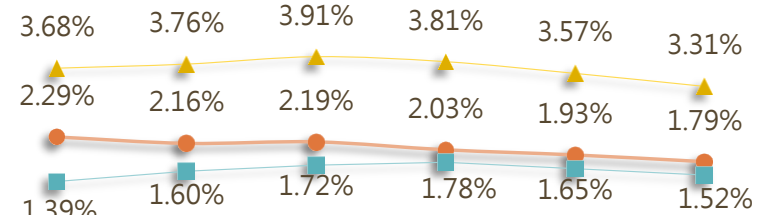
—●— Spread —▲— Yield —■— Cost —×— Industry spread **



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

Mega Bank overseas loan interest spread*

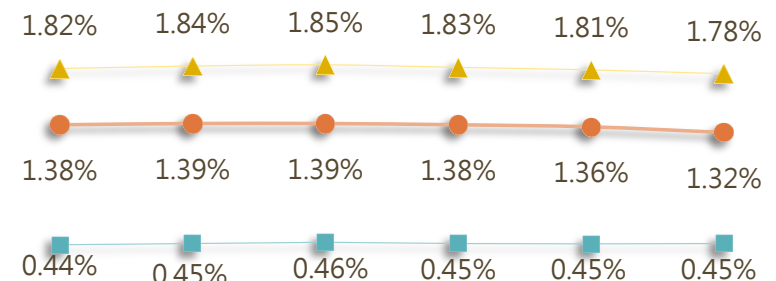
—●— Spread —▲— Yield —■— Cost



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

Mega Bank domestic loan interest spread*

—●— Spread —▲— Yield —■— Cost

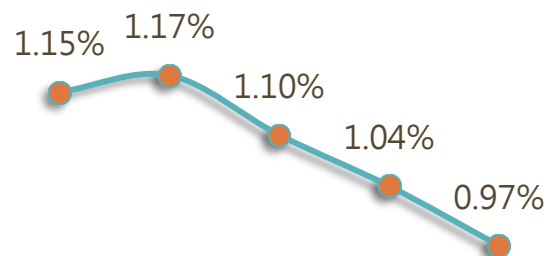


3Q/18 4Q/18 1Q/19 2Q/19 3Q/19 4Q/19

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

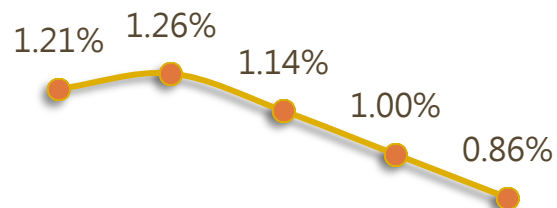
NIM pressure remained

Mega Bank quarterly Total NIM*



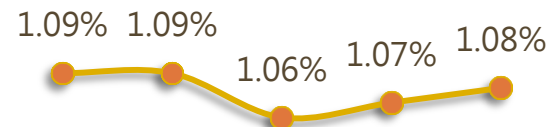
4Q/18 1Q/19 2Q/19 3Q/19 4Q/19

Mega Bank quarterly FCY NIM*



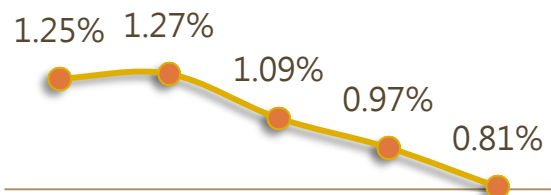
4Q/18 1Q/19 2Q/19 3Q/19 4Q/19

Mega Bank quarterly NTD NIM*



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

Mega Bank monthly USD NIM*



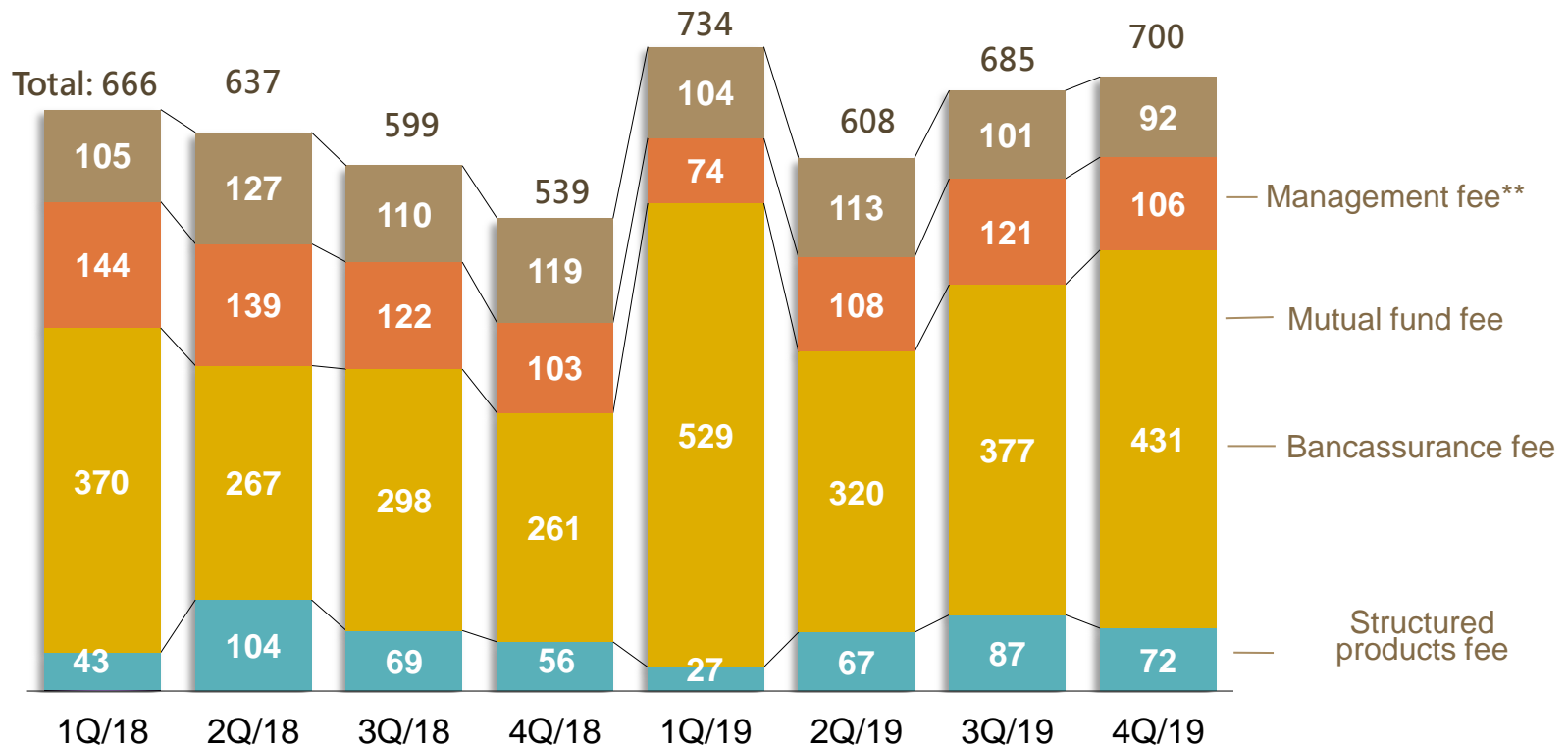
4Q/18 1Q/19 2Q/19 3Q/19 4Q/19

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

4Q/19 WM fee was up 2.3% QoQ, driven by bancassurance fee growth

Mega Bank wealth management gross fee breakdown*

Unit: NT\$MN



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

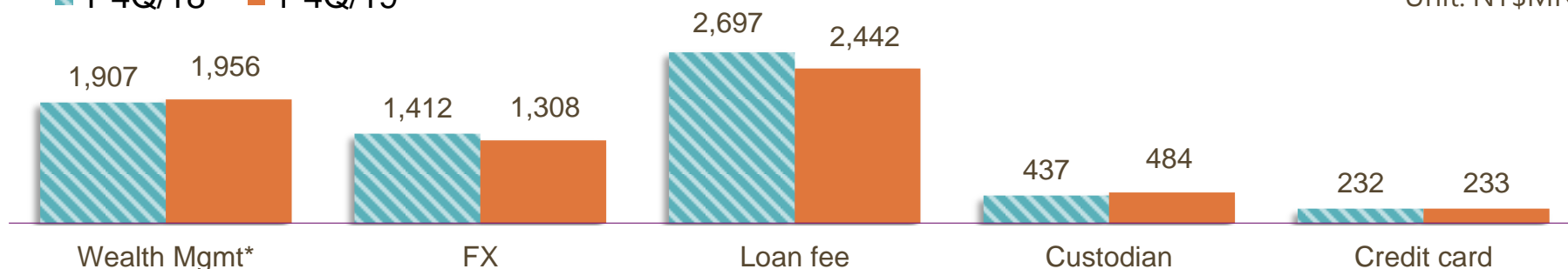
** Profit sharing scheme of fund mgmt fee and trust account mgmt fee.

Bank fee was dragged by slower FX and loan fee

Mega Bank net fee breakdown

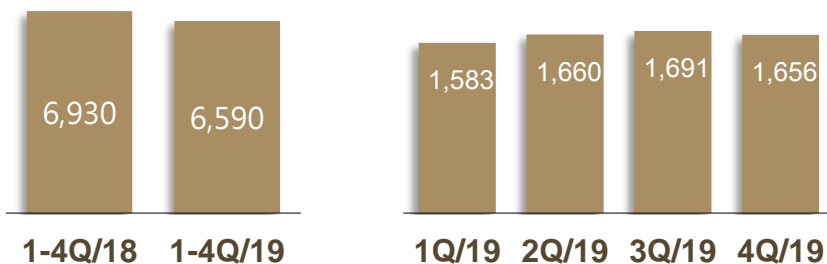
■ 1-4Q/18 ■ 1-4Q/19

Unit: NT\$MN

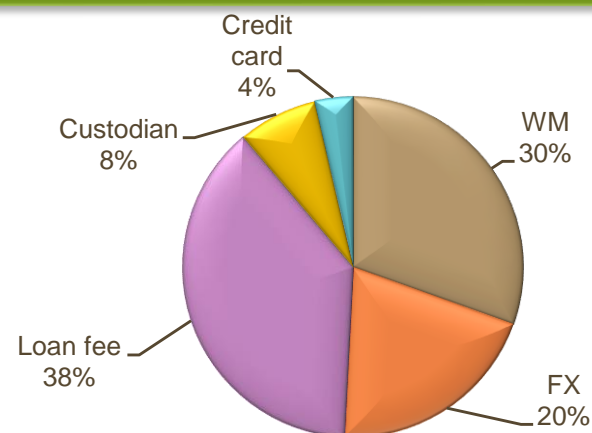


Mega Bank net fee

Unit: NT\$MN



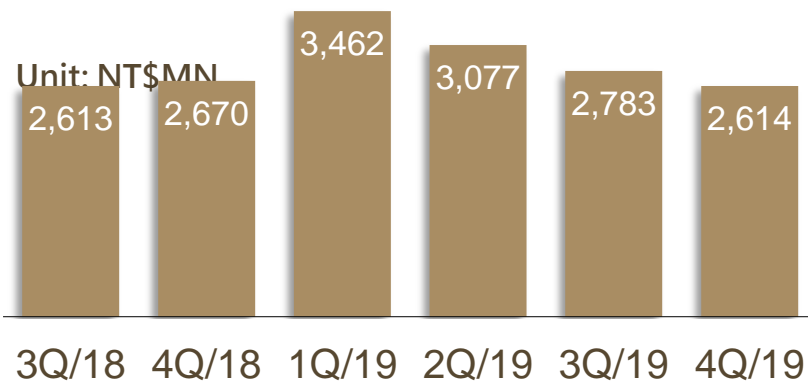
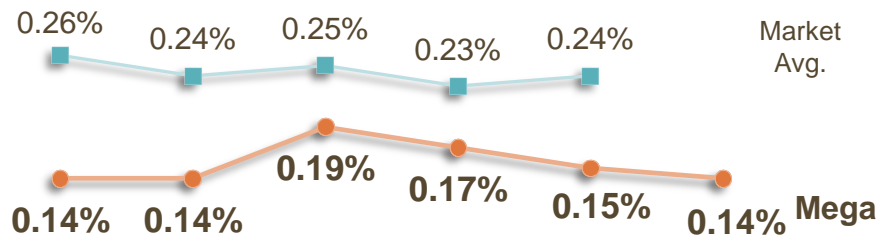
Mega Bank 1-4Q/19 net fee breakdown



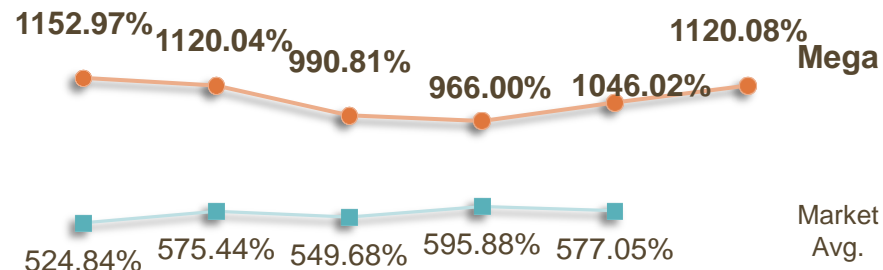
* Net wealth mgmt fee, deducting all the cost associated with product sales, excluding fee allocated to Mega life insurance agent and Mega SITE.

Superior asset quality

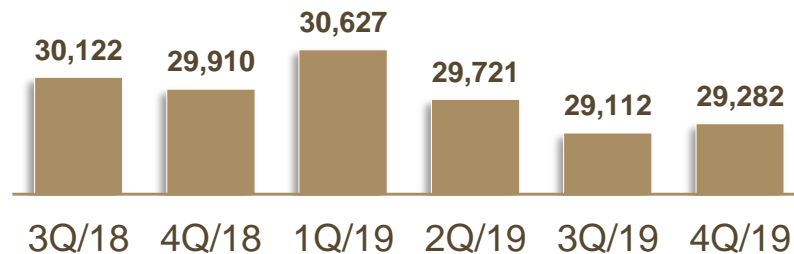
Mega Bank NPL balance & NPL ratio*



Mega Bank loan loss reserved and coverage ratio



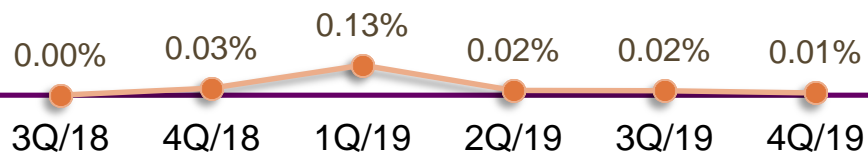
Unit: NT\$MN



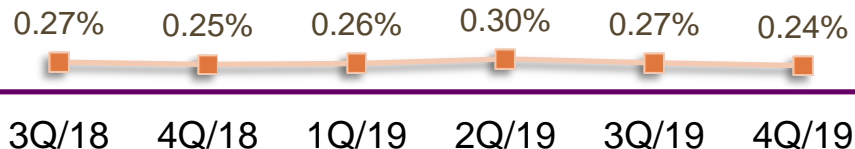
NPL figures remained stable

Mega Bank NPL ratio by customer *

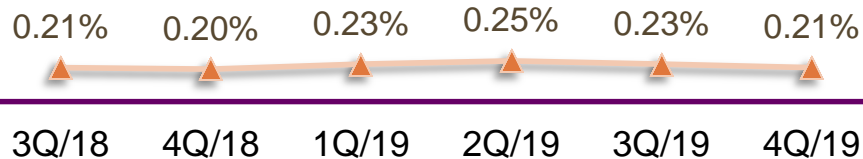
Large corp. NPL%



SME NPL %

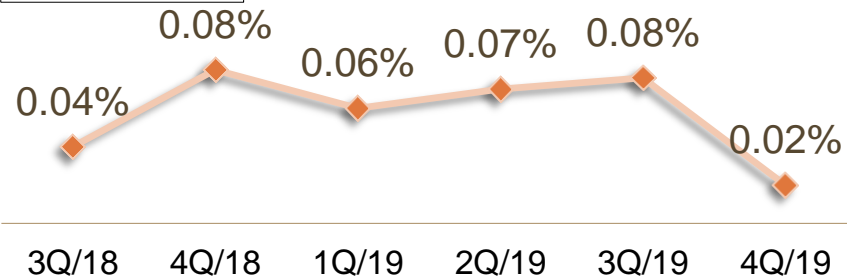


Mortgage NPL %



Mega Bank new NPL as % of total loan *

New NPL



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

Table of Contents



Operation Highlights & Strategic Focus



Financial Performance



Operating Performance



Appendix

1-4Q/2019 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	1-4Q/2019*	1-4Q/2018	YoY
Net interest income	35,067	38,045	-8%
Net fee revenue	9,237	9,710	-5%
Insurance revenue	1,701	1,806	-6%
Financial assets and liabilities at fair value thru P&L	12,022	6,270	92%
Gain from fin. assets at fair value through other comprehensive income	3,428	1,567	119%
Gain from debt investment measured by amortized cost	-	1	
Equity method investment gain	145	189	-23%
Gain on reclassification under the overlay approach	-104	112	-193%
FX spread gain	2,176	2,668	-18%
Asset impairment loss (write-back)	-30	-13	138%
Property gain	92	18	407%
Other non-interest revenue (net)	1,542	1,237	25%
Operating net revenue	65,275	61,609	6%
Operating expense	-30,898	-28,602	8%
Pre-provision operating profit	34,376	33,007	4%
Provision expense on loan	-687	-1,996	-66%
Reserved on insurance	-35	69	-151%
Pretax profit	33,654	31,080	8%
Tax	-4,699	-2,987	57%
Net profit	28,955	28,093	3%
EPS (NT\$)	2.13	2.07	3%

* 1-4Q/2019 are audited numbers.

1-4Q/2019 Mega FHC consolidated balance sheet

NT\$MN	1-4Q/2019*	1-4Q/2018	YoY
Assets:			
Cash and due from banks	633,643	643,895	-2%
Bills and bonds under RP agreement	3,584	2,623	37%
Fin. assets at fair value through P&L	208,313	196,201	6%
Fin. Assets at fair value through other comprehensive income	536,233	421,177	27%
Debt instrument investment measured by amortized cost	275,214	272,926	1%
Other financial assets	7,418	5,112	45%
A/R, net	99,308	92,723	7%
Loan, net	1,873,678	1,864,447	0%
Equity method LT investments, net	3,116	3,169	-2%
Land, premises and equipments, net	24,884	23,474	6%
Others	18,157	16,312	11%
Total assets	3,683,548	3,542,059	4%
Liabilities			
Due to banks	441,994	465,564	-5%
Deposits	2,459,457	2,320,637	6%
CP & Bond payable	31,964	29,230	9%
Bills & bonds sold under repurchase agreement	259,192	252,298	3%
Other liabilities	166,879	160,075	4%
Total liabilities	3,359,487	3,227,804	4%
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	107,511	102,575	5%
Equity adjustment items	12,357	7,474	65%
Minority shareholder interest	-	13	-
Total stockholders' equity	324,061	314,255	3%
Total liabilities and stockholders' equity	3,683,548	3,542,059	4%
Book value per share (NT\$)	23.83	23.11	3%

* 1-4Q/2019 are audited numbers.

1-4Q/2019 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1-4Q/2019*	1-4Q/2018	YoY
Net interest income	34,038	36,538	-7%
Net fee revenue	6,590	6,930	-5%
Financial assets and liabilities at fair value thru P&L	9,094	4,722	93%
Gain from fin. assets at fair value through other comprehensive income	2,262	955	137%
Gain from debt investment measured by amortized cost	-	1	
FX spread gain	131	180	-27%
Equity method investment gain	2,189	2,652	-17%
Asset impairment loss (write-back)	-83	83	-200%
Other non-interest revenue (net)	657	352	86%
Operating net revenue	54,879	52,414	5%
Operating expense	-25,752	-23,649	9%
Pre-provision operating profit	29,127	28,765	1%
Provision expense on loan	-747	-2,046	-63%
Pretax profit	28,381	26,719	6%
Tax	-3,736	-2,547	47%
Net profit	24,645	24,172	2%
EPS (NT\$)	2.89	2.83	2%

* 1-4Q/2019 are audited numbers.

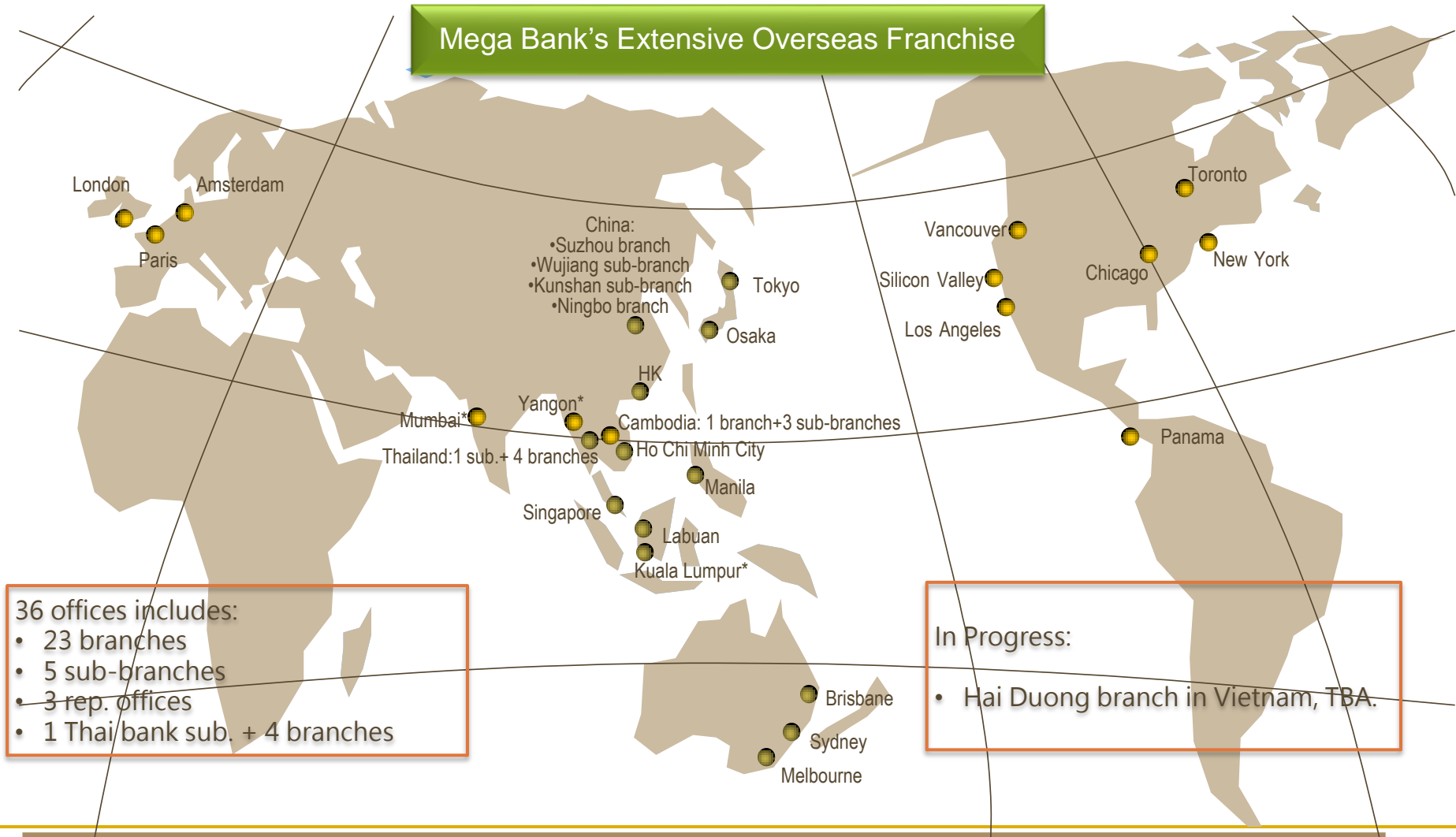
1-4Q/2019 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1-4Q/2019*	1-4Q/2018	YoY
Assets:			
Cash and due from banks	634,981	643,497	-1%
Bills and bonds under RP agreement	7,534	3,994	89%
Fin. assets at fair value through P&L	63,905	63,085	1%
Fin. Assets at fair value through other comprehensive income	387,479	263,822	47%
Debt instrument investment measured by amortized cost	271,134	269,664	1%
Other financial assets	2,538	31	8177%
A/R, net	60,936	60,754	0%
Loan, net	1,873,678	1,864,447	0%
Equity method LT investments, net	3,012	3,086	-2%
Land, premises and equipments, net	17,448	15,541	12%
Others (net)	11,649	9,664	21%
Total assets	3,334,293	3,197,585	4%
Liabilities			
Due to banks	434,355	448,583	-3%
Deposits	2,461,114	2,322,579	6%
CP & Bond payable	12,000	13,300	-10%
Bills & bonds sold under repurchase agreement	32,011	26,922	19%
Other liabilities	103,133	103,340	0%
Total liabilities	3,042,613	2,914,724	4%
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	137,070	130,016	5%
Equity adjustment items	7,028	5,262	34%
Total stockholders' equity	291,680	282,861	3%
Total liabilities and stockholders' equity	3,334,293	3,197,585	4%
Book value per share (NT\$)	34.17	33.14	3%

* 1-4Q/2019 are audited numbers.

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

Mega Bank's Extensive Overseas Franchise



36 offices includes:

- 23 branches
- 5 sub-branches
- 3 rep. offices
- 1 Thai bank sub. + 4 branches

In Progress:

- Hai Duong branch in Vietnam, TBA.

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



兆豐金控
Mega Holdings