

# Investor/Analyst Briefing

1Q/2020 (V.1)

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兆豐金控  
Mega Holdings

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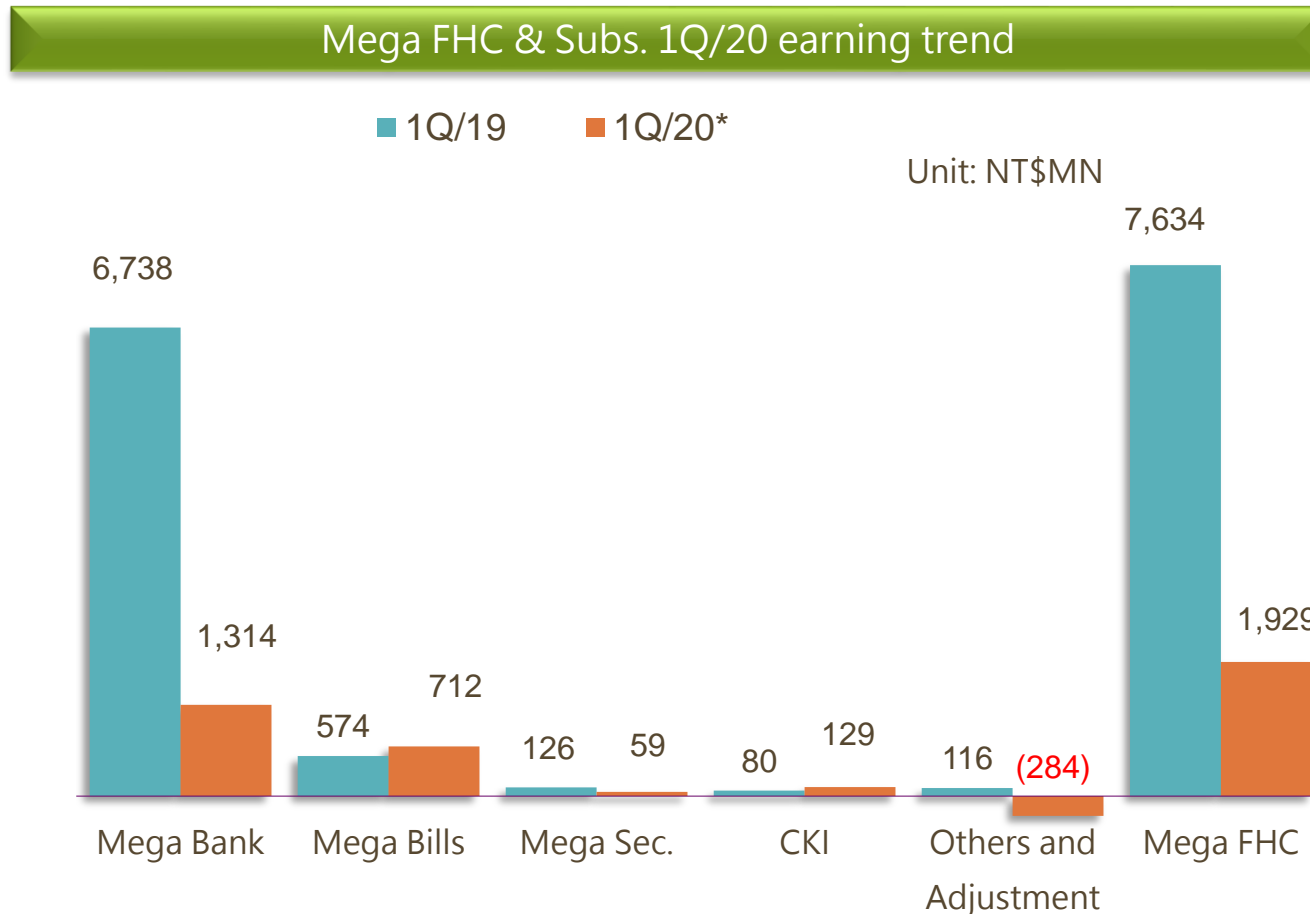


Operating Performance



Appendix

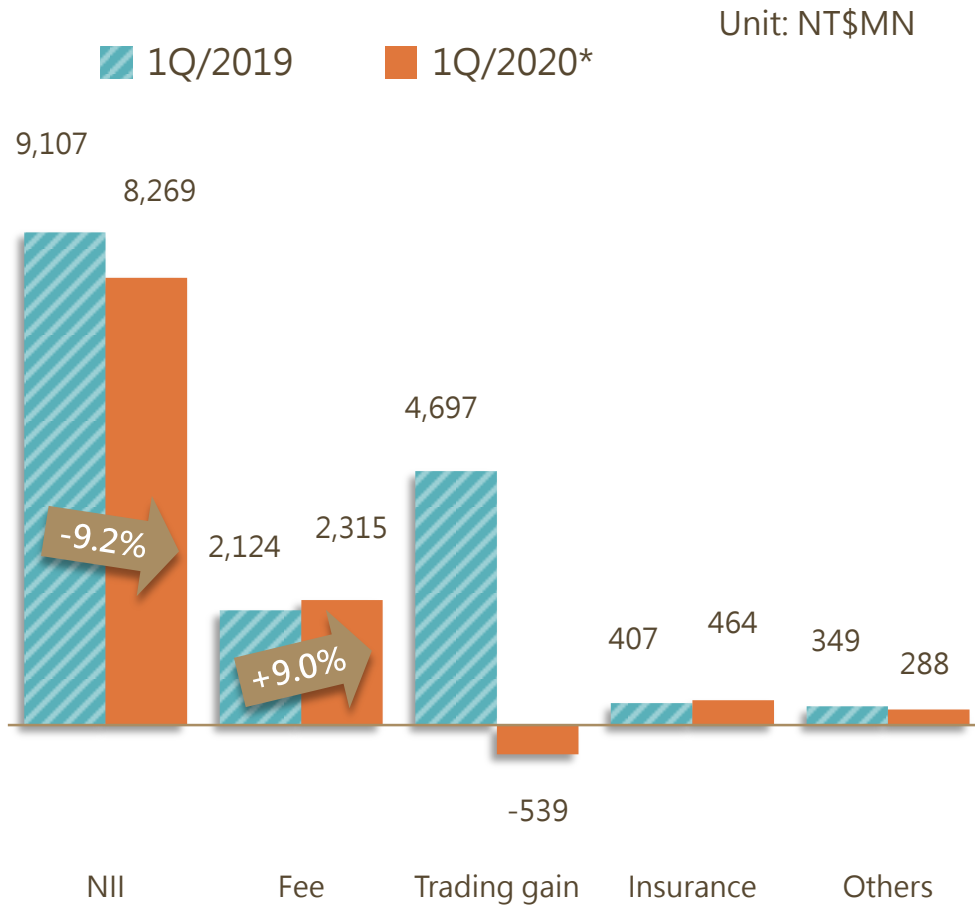
# 1Q/20 group earning was dragged by bank earning decline



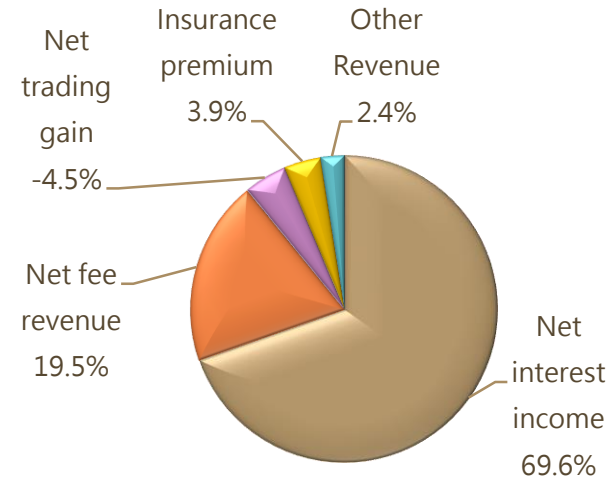
\* 1Q/20 are audited figures

# Group revenue was down 35%, as NII was down, fee was up, while trading gain was down

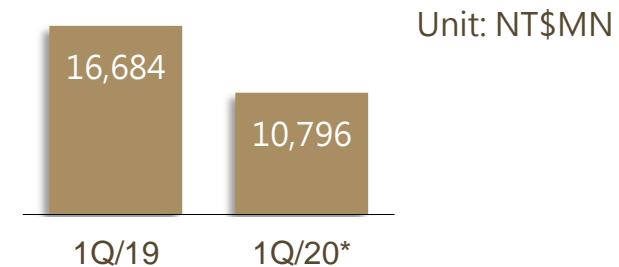
Mega Group consolidated net revenue \*



Mega Group 1Q/20 net revenue breakdown



Mega Group 1Q/20 net revenue trend



\* 1Q/20 are audited figures.

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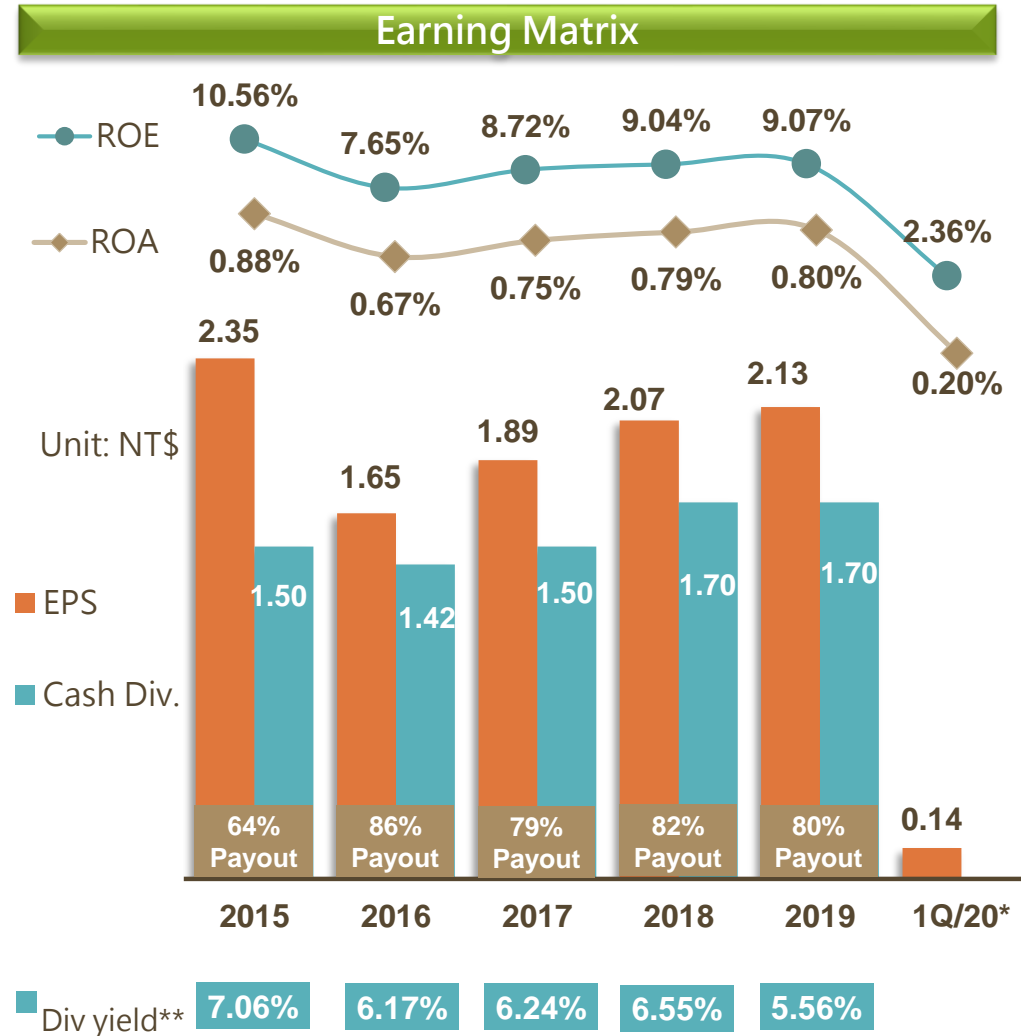


Operating Performance



Appendix

# Strong dividend policy



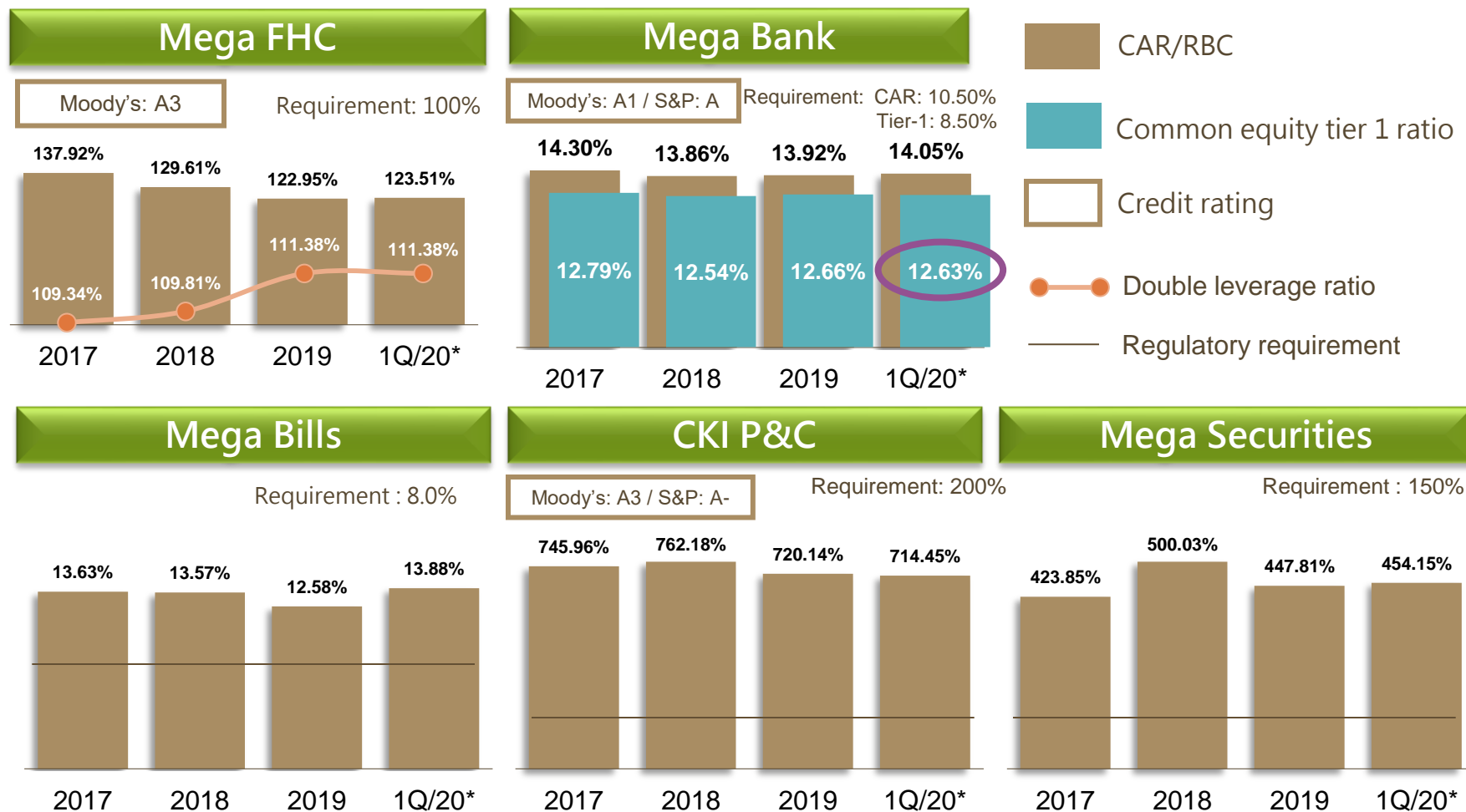
To prevent over-inflated capital base as well as to maintain sufficient capital for future growth, our dividend policy is:

- ❖ Maintain high payout ratio
- ❖ At least 50% of dividend payout in cash form.

\* 1Q/20 are audited numbers; ROE and ROA annualized numbers.

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

# Stable capital position



\* 1Q/20 are un-audited numbers



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Operation Highlights & Strategic Focus



Financial Performance



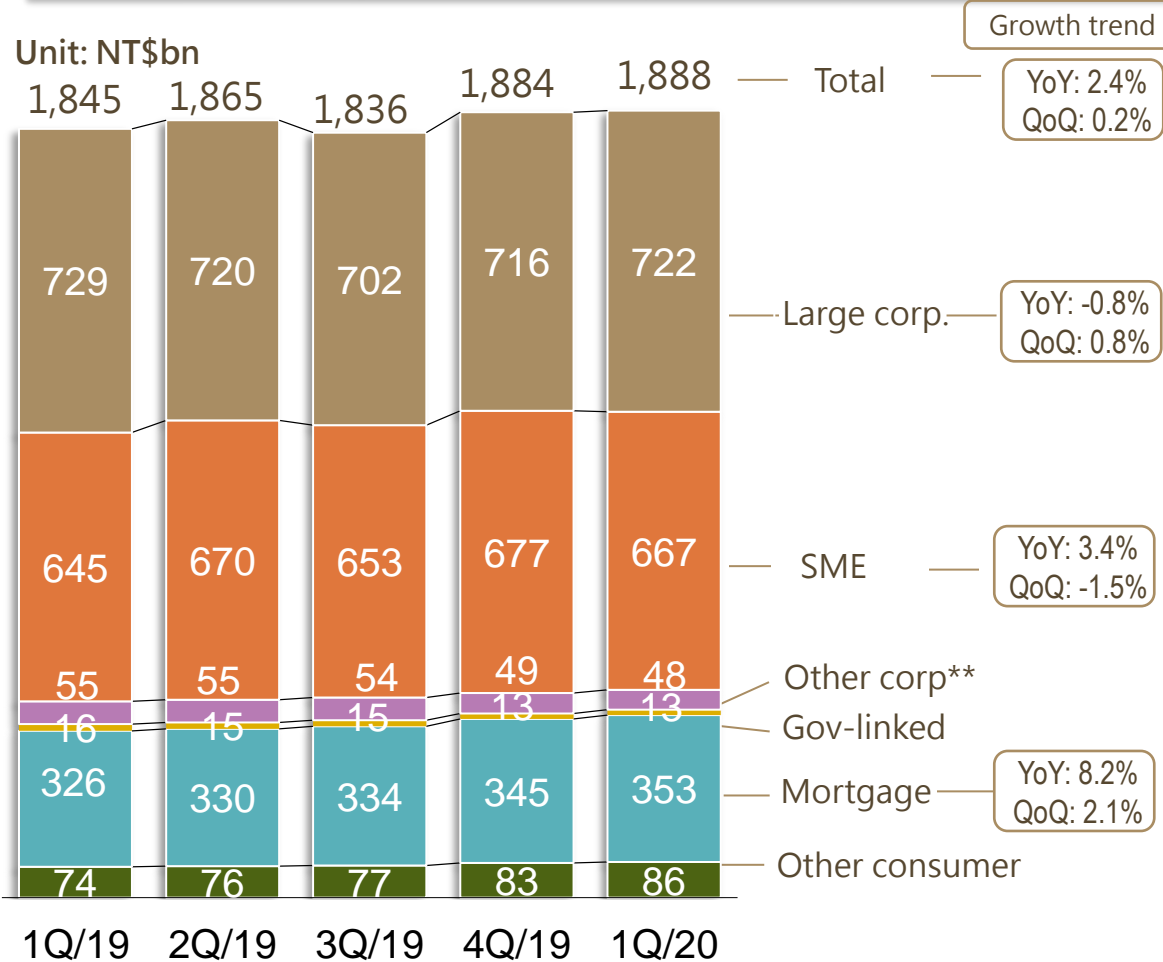
Operating Performance



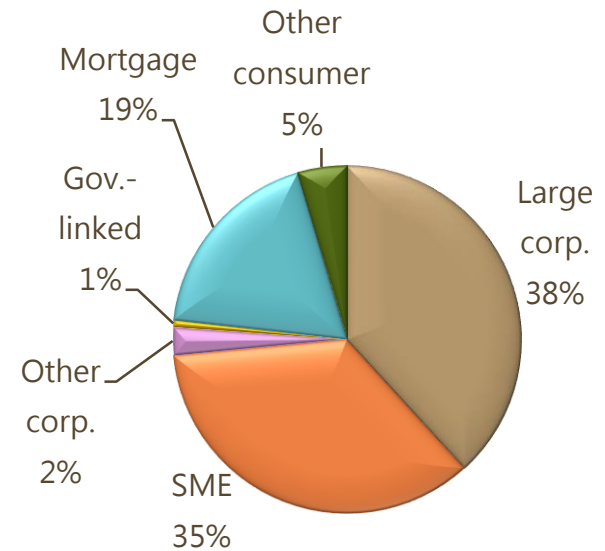
Appendix

# Loans were up 0.2% QoQ, as large corp and mortgage loans were up, SME loans were down

Mega Bank quarterly loan balance\*



Mega Bank 1Q/20 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.

# Retail/wholesales, service and consumer loans were up while manufacturing loans were down

Mega Bank loan balance trend by industry\*

1Q/20 loan breakdown by industry\*

Unit: NT\$BN

■ 1Q/20

▨ 4Q/19

▤ 1Q/19

Growth trend

YoY: 4.0%  
QoQ: -2.5%

YoY: 1.1%  
QoQ: 1.4%

YoY: 1.5%  
QoQ: -0.2%

YoY: 4.8%  
QoQ: 4.7%

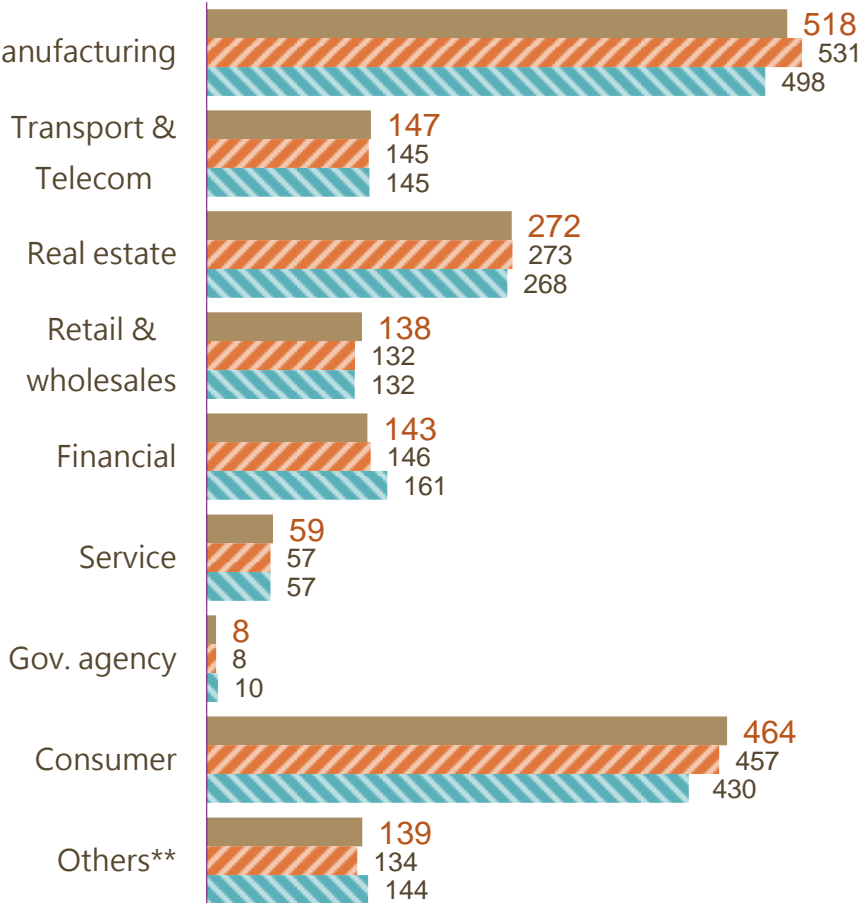
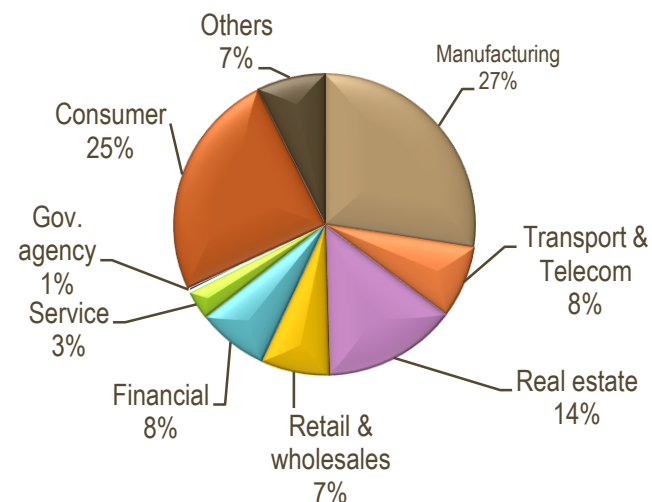
YoY: -11.0%  
QoQ: -1.9%

YoY: 3.9%  
QoQ: 4.0%

YoY: -17.0%  
QoQ: 0%

YoY: 7.9%  
QoQ: 1.6%

YoY: -3.6%  
QoQ: 3.4%\*\*



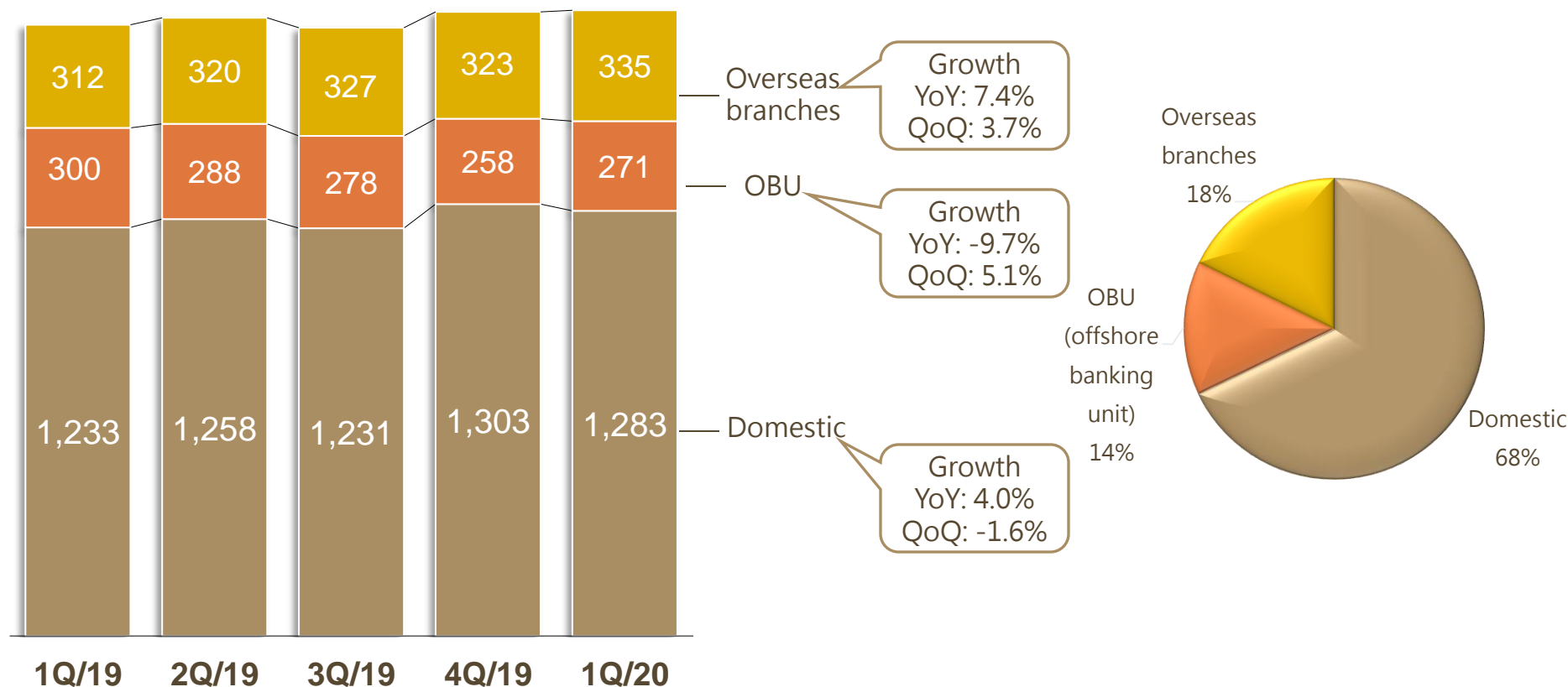
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 1Q/20 OBU and overseas branches loans outperformed the rest

Mega Bank 1Q/20 loan breakdown by regions \*

Unit: NT\$bn



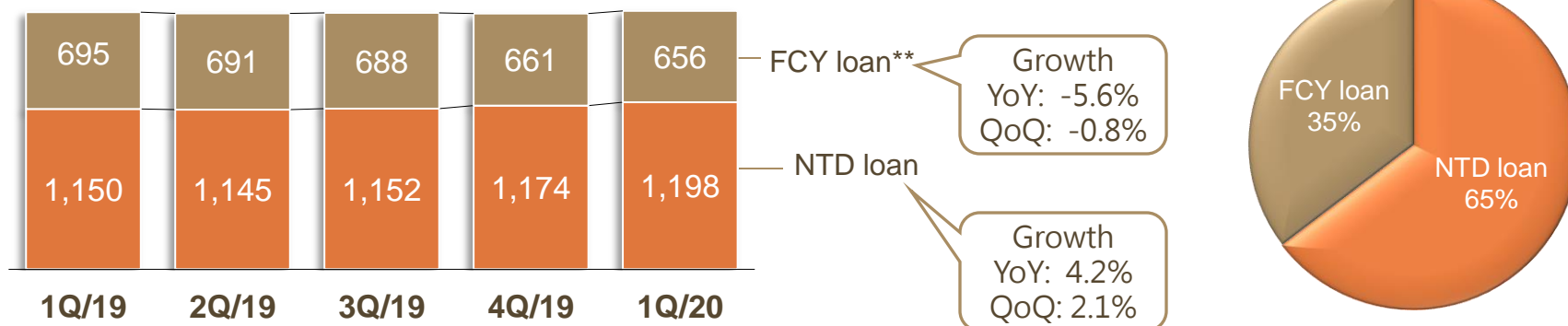
\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

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

# 1Q/20 NTD loans were up

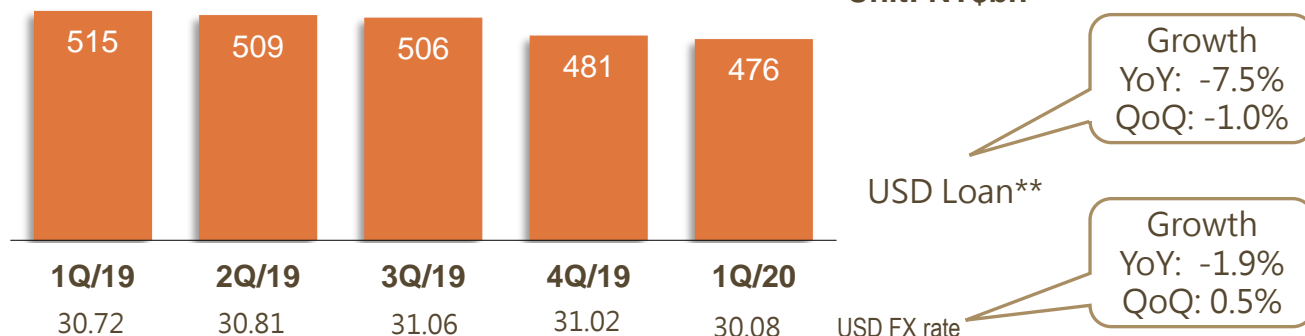
## Mega Bank loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$bn



## Mega Bank USD Loan balance\*

Unit: NT\$bn



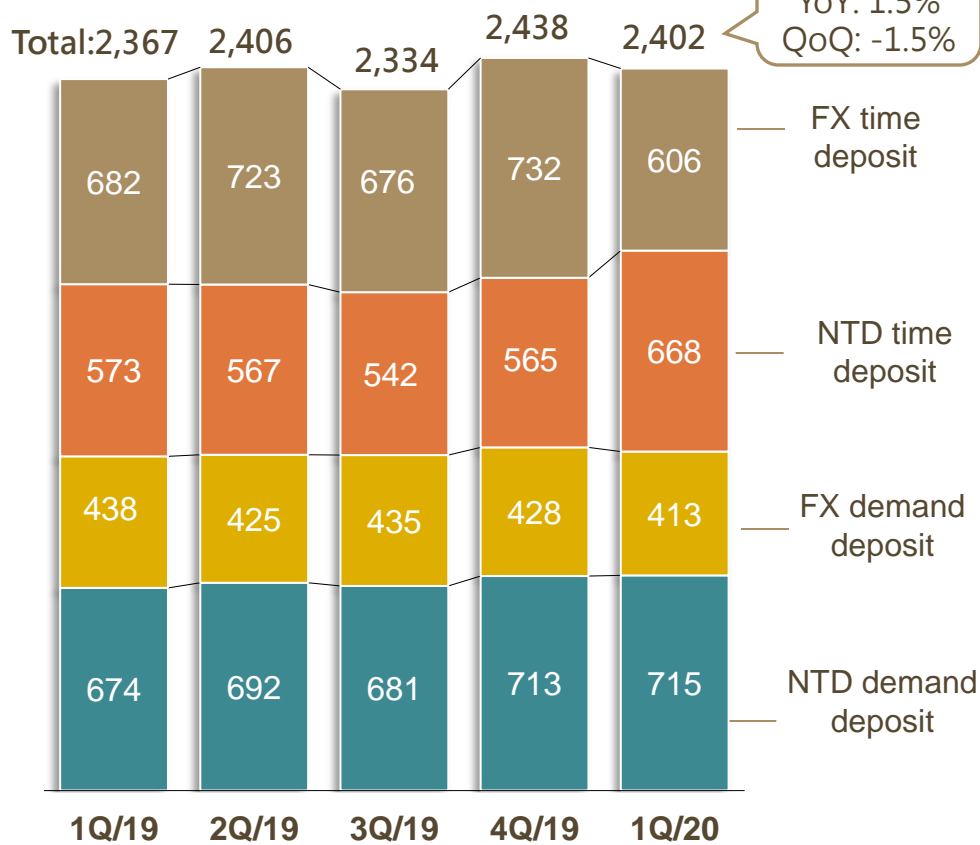
\* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

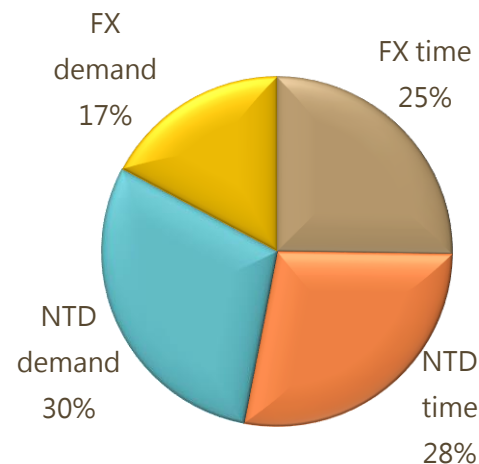
# 1Q/20 FX time deposits were down while NTD time deposits were up

Mega Bank deposit balance \*

Unit: NT\$bn



Mega Bank 1Q/20 deposit breakdown

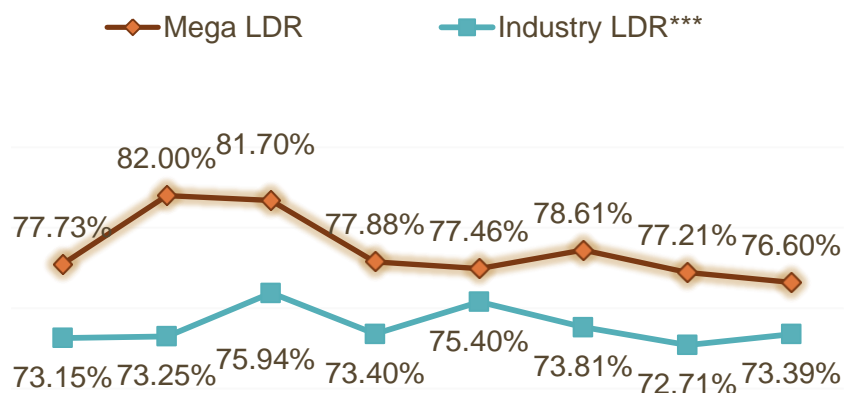


\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit; internal numbers.

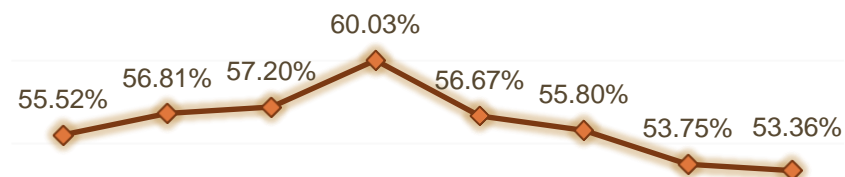
\*\* Includes retail and corporate deposit but excludes due from central banks and banks

# Overall LDR was down slightly

Mega Bank's total LDR\*



Mega Bank's USD LDR\*\*



2Q/18 3Q/18 4Q/18 1Q/19 2Q/19 3Q/19 4Q/19 1Q/20

2Q/18 3Q/18 4Q/18 1Q/19 2Q/19 3Q/19 4Q/19 1Q/20

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

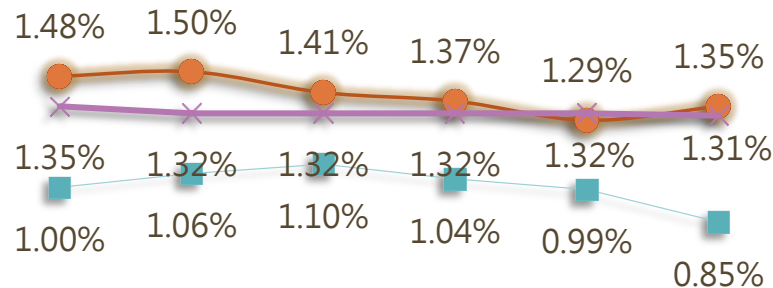
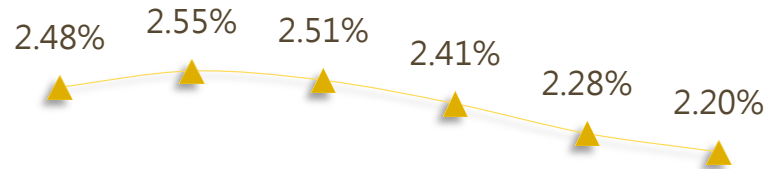
\*\* USD LDR calculation is based on average loan/deposit balance of that quarter

\*\*\* Source: Central Bank of Taiwan

# Interest spread bounced back up, driven by improved overseas loan spread

## Mega Bank total loan interest spread\*

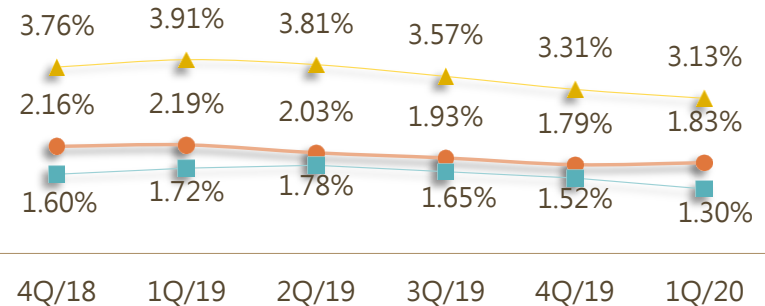
—●— Spread —▲— Yield —■— Cost —×— Industry spread \*\*



4Q/18 1Q/19 2Q/19 3Q/19 4Q/19 1Q/20

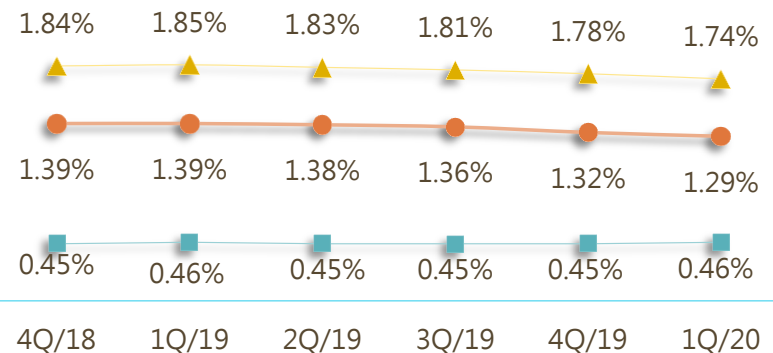
## Mega Bank overseas loan interest spread\*

—●— Spread —▲— Yield —■— Cost



## Mega Bank domestic loan interest spread\*

—●— Spread —▲— Yield —■— Cost

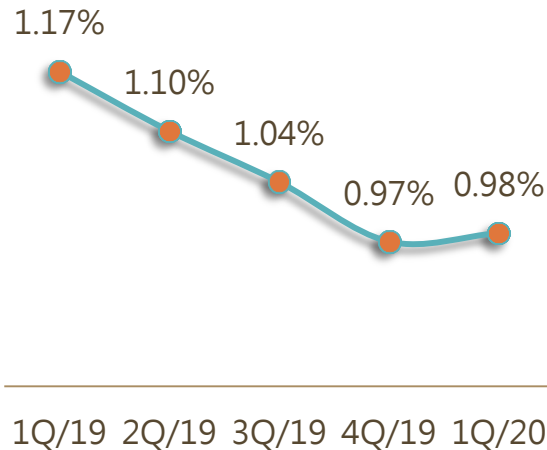


\* Overseas loan includes overseas branches and OBU loan; internal numbers.

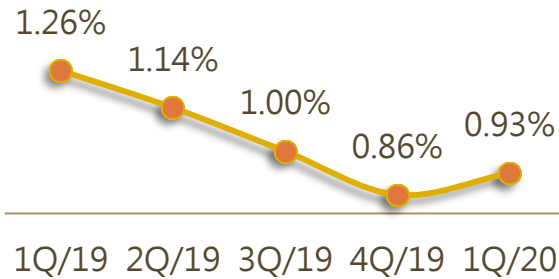


# NIM bounced back up slightly with improved FCY/USD NIM

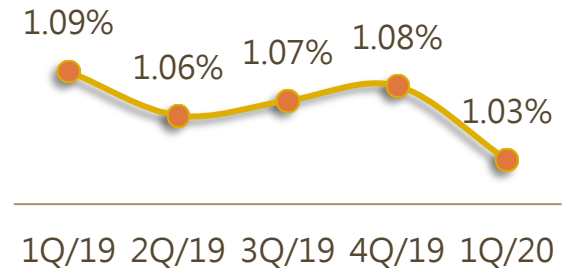
Mega Bank quarterly Total NIM\*



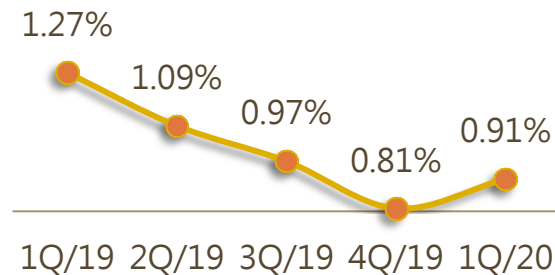
Mega Bank quarterly FCY NIM\*



Mega Bank quarterly NTD NIM\*



Mega Bank monthly USD NIM\*

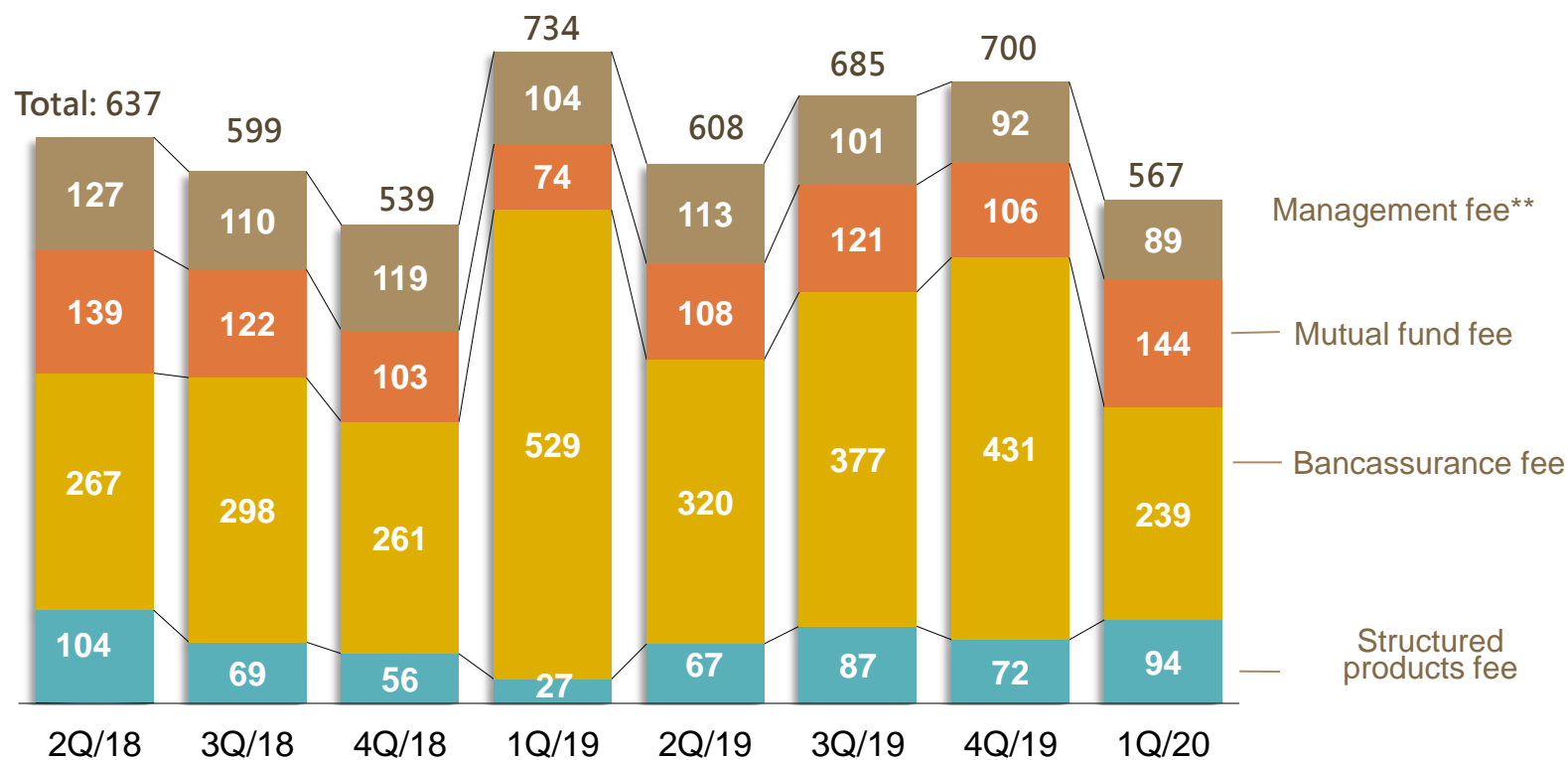


\* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

# 1Q/20 bancassurance fee was under pressure

## Mega Bank wealth management gross fee breakdown\*

Unit: NT\$MN

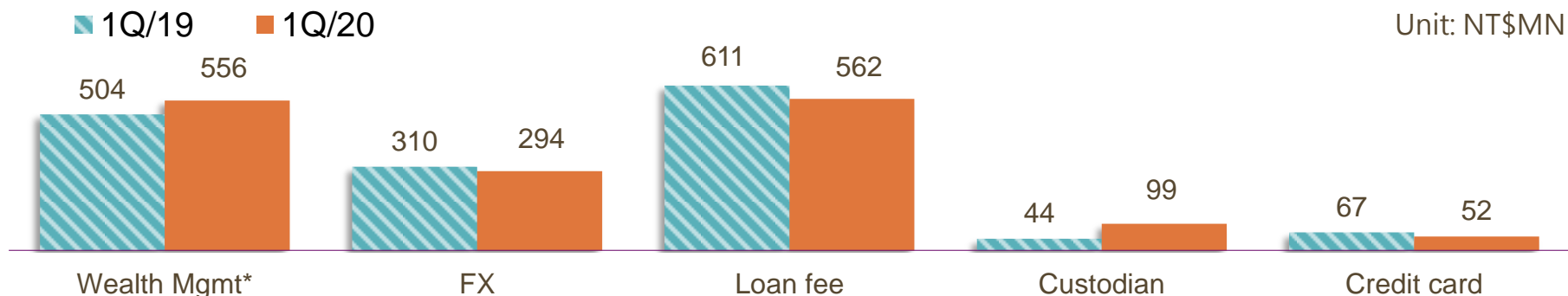


\* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

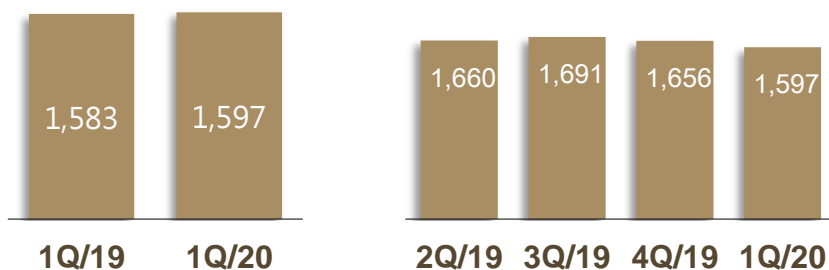
# 1Q/20 bank fee was up slightly YoY

Mega Bank net fee breakdown

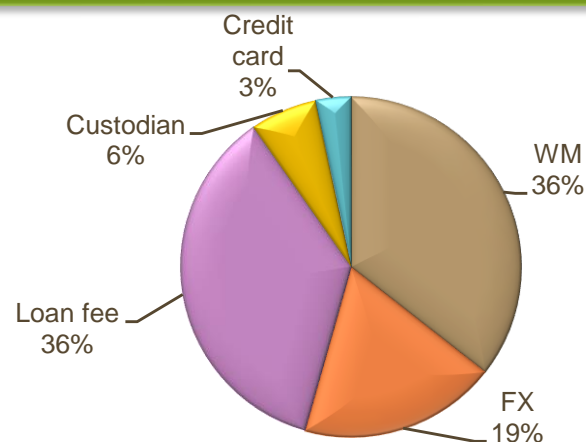


Mega Bank net fee

Unit: NT\$MN



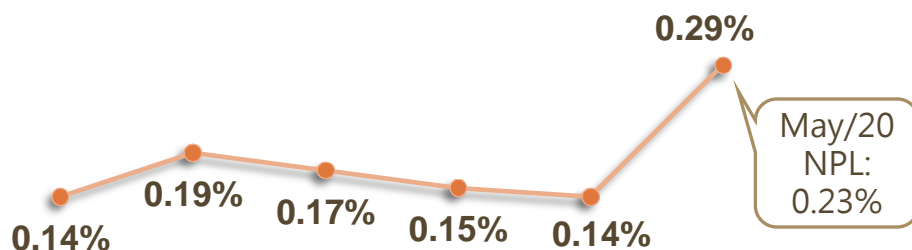
Mega Bank 1Q/20 net fee breakdown



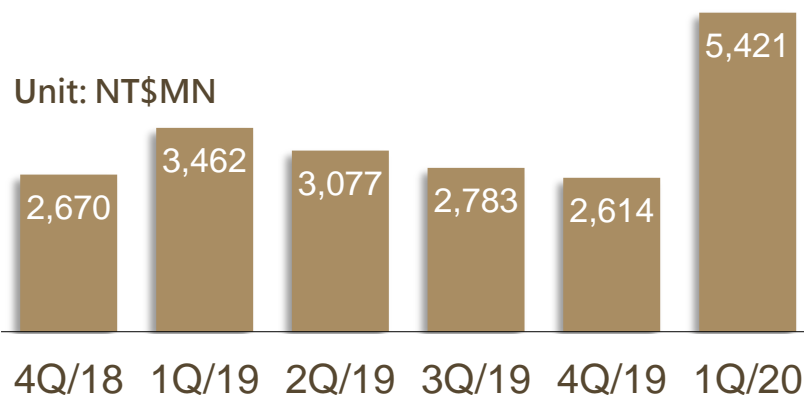
\* Net wealth mgmt fee, deducting all the cost associated with product sales, excluding fee allocated to Mega life insurance agent and Mega SITE.

# NPL was up due to POTEC\* exposure; full coverage were taken

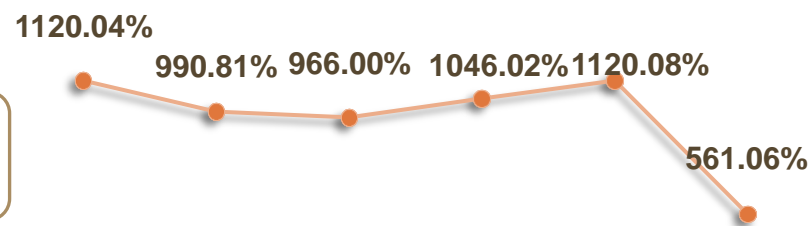
Mega Bank NPL balance & NPL ratio



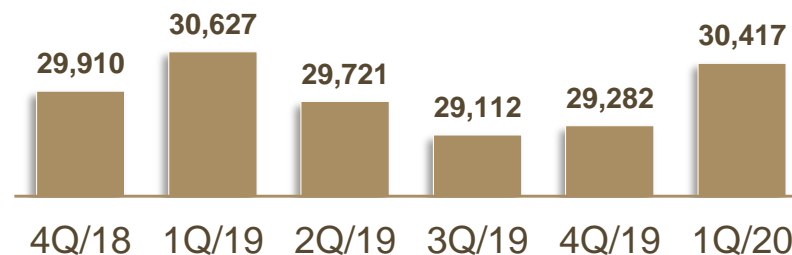
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio



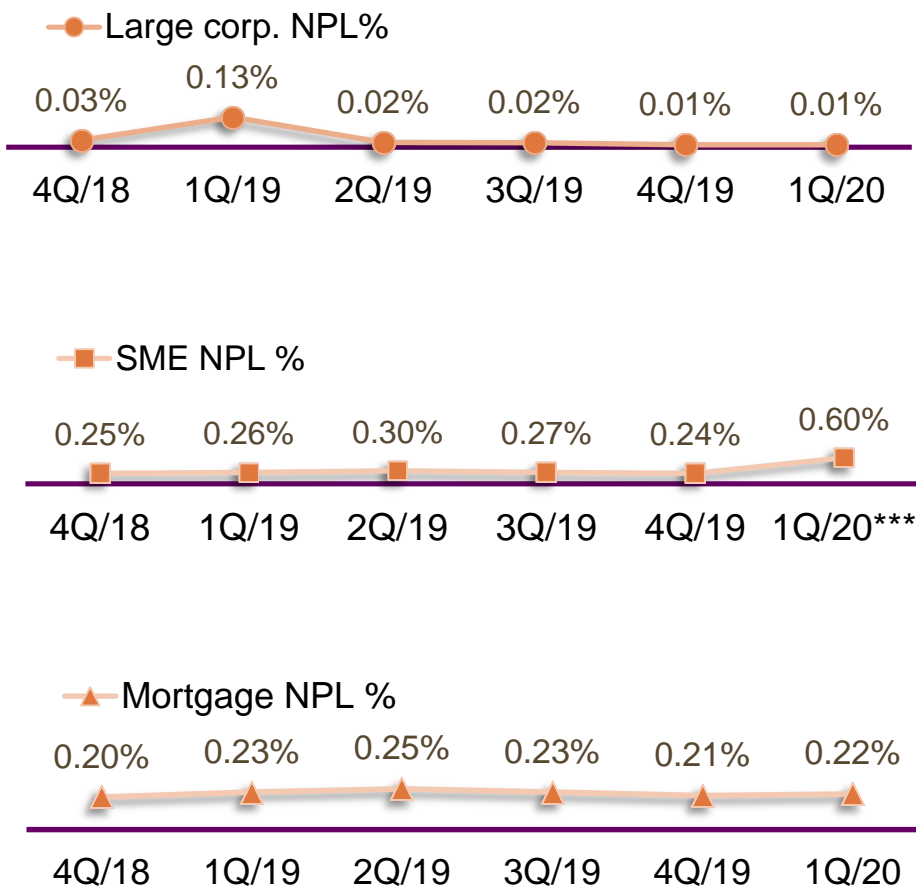
Unit: NT\$MN



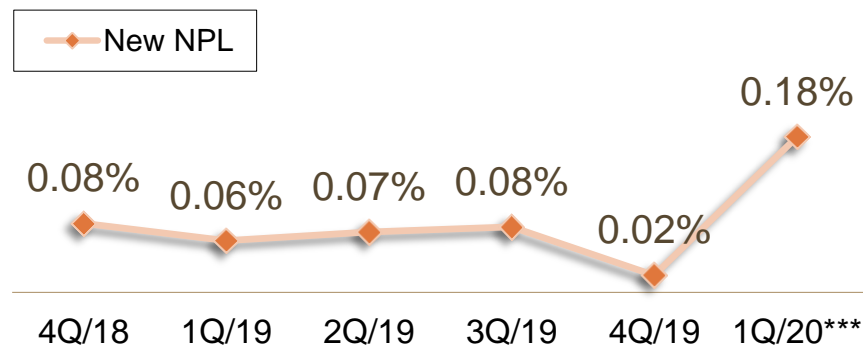
\* PROTEC exposure was NT\$2.16bn with collateral value of NT\$1.55bn; however, to be on the conservative stance, we have taken extra provision of NT\$1.51bn and written off NT\$0.65bn as of May/2020.

# ...nonetheless, other asset quality remained stable

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/2020 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	<b>1Q/2020*</b>	<b>1Q/2019</b>	<b>YoY</b>
Net interest income	8,269	9,107	-9%
Net fee revenue	2,315	2,124	9%
Insurance revenue	464	407	14%
Financial assets and liabilities at fair value thru P&L	-2,181	3,736	-158%
Gain from fin. assets at fair value through other comprehensive income	726	177	309%
Gain from debt investment measured by amortized cost	-	-	
Equity method investment gain	-34	95	-135%
Gain on reclassification under the overlay approach	105	-96	-210%
FX spread gain	510	811	-37%
Asset impairment loss (write-back)	-5	-30	-84%
Property gain	340	5	7222%
Other non-interest revenue (net)	288	349	-18%
Operating net revenue	10,796	16,684	-35%
Operating expense	-7,054	-7,228	-2%
Pre-provision operating profit	3,742	9,456	-60%
Provision expense on loan	-1,184	-600	97%
Reserved on insurance	-169	33	-606%
Pretax profit	2,389	8,889	-73%
Tax	-460	-1,255	-63%
Net profit	1,929	7,634	-75%
EPS (NT\$)	0.14	0.56	-75%

\* 1Q/2020 are audited numbers.

# 1Q/2020 Mega FHC consolidated balance sheet

NT\$MN	1Q/2020*	1Q/2019	YoY
<b>Assets:</b>			
Cash and due from banks	531,299	633,643	-16%
Bills and bonds under RP agreement	3,968	3,584	11%
Fin. assets at fair value through P&L	206,642	208,313	-1%
Fin. Assets at fair value through other comprehensive income	550,411	536,233	3%
Debt instrument investment measured by amortized cost	344,695	275,214	25%
Other financial assets	6,514	7,418	-12%
A/R, net	79,387	99,308	-20%
Loan, net	1,875,089	1,873,678	0%
Equity method LT investments, net	5,521	3,116	77%
Land, premises and equipments, net	24,933	24,884	0%
Others	20,055	18,157	10%
<b>Total assets</b>	<b>3,648,514</b>	<b>3,683,548</b>	<b>-1%</b>
<b>Liabilities</b>			
Due to banks	412,733	441,994	-7%
Deposits	2,420,317	2,459,457	-2%
CP & Bond payable	34,886	31,964	9%
Bills & bonds sold under repurchase agreement	289,112	259,192	12%
Other liabilities	166,669	166,879	0%
<b>Total liabilities</b>	<b>3,323,716</b>	<b>3,359,487</b>	<b>-1%</b>
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	108,941	107,511	1%
Equity adjustment items	11,664	12,357	-6%
Minority shareholder interest	-	-	-
<b>Total stockholders' equity</b>	<b>324,798</b>	<b>324,061</b>	<b>0%</b>
<b>Total liabilities and stockholders' equity</b>	<b>3,648,514</b>	<b>3,683,548</b>	<b>-1%</b>
<b>Book value per share (NT\$)</b>	<b>23.88</b>	<b>23.83</b>	<b>0%</b>

\* 1Q/2020 are audited numbers.



# 1Q/2020 Mega Bank consolidated P&L statement

NT\$MN, EPS: \$NT	1Q/2020*	1Q/2019	YoY
Net interest income	7,975	8,882	-10%
Net fee revenue	1,597	1,583	1%
Financial assets and liabilities at fair value thru P&L	-2,092	2,972	-170%
Gain from fin. assets at fair value through other comprehensive income	443	8	5182%
Gain from debt investment measured by amortized cost	-	-	
FX spread gain	-34	94	-136%
Equity method investment gain	477	802	-41%
Asset impairment loss (write-back)	-8	-30	-74%
Other non-interest revenue (net)	77	142	-46%
Operating net revenue	8,436	14,453	-42%
Operating expense	-5,829	-6,048	-4%
Pre-provision operating profit	2,607	8,405	-69%
Provision expense on loan	-1,097	-642	71%
Pretax profit	1,510	7,763	-81%
Tax	-196	-1,025	-81%
Net profit	1,314	6,738	-81%
EPS (NT\$)	0.15	0.79	-81%

\* 1Q/2020 are audited numbers.

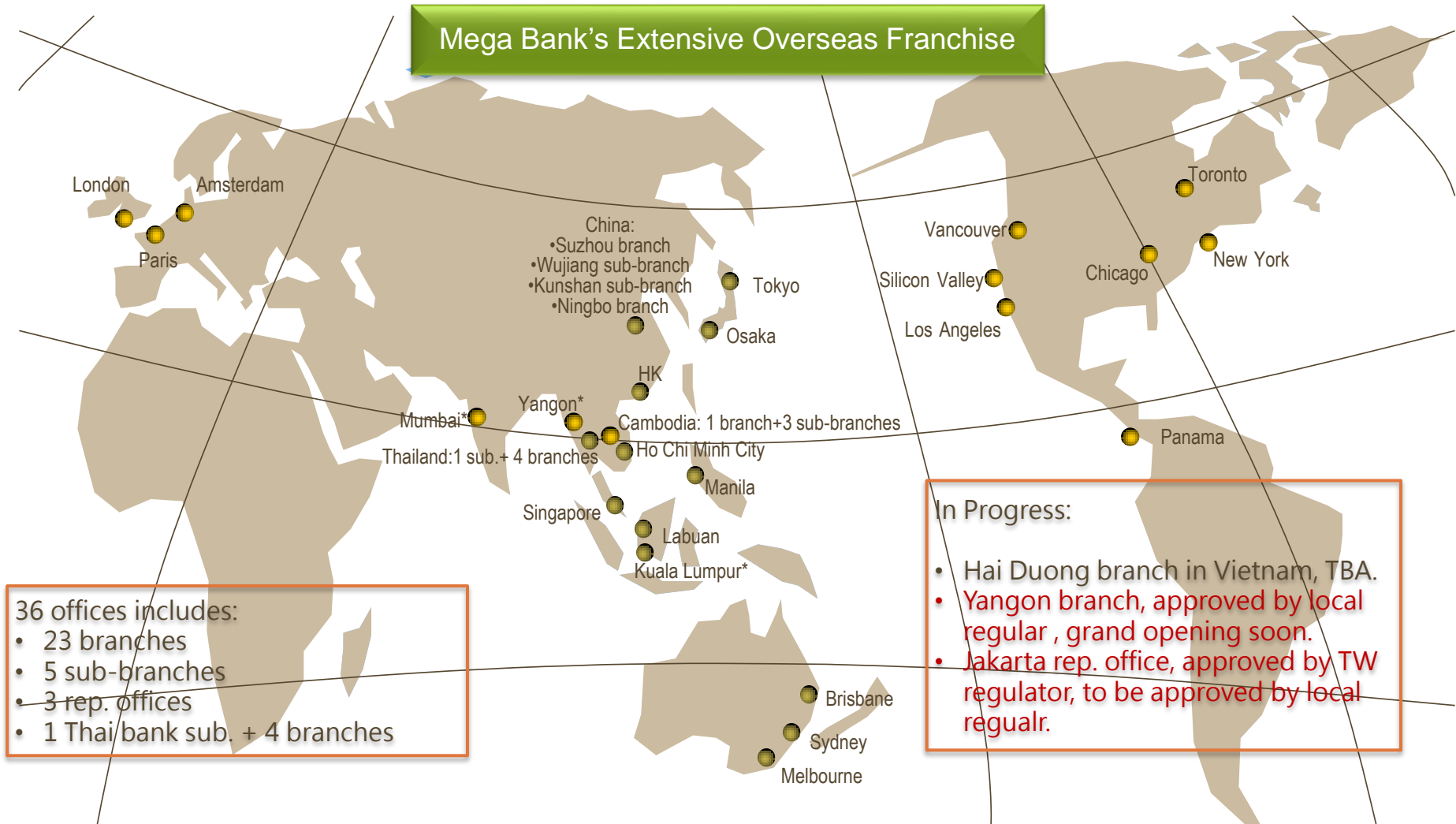
# 1Q/2020 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1Q/2020*	1Q/2019	YoY
<b>Assets:</b>			
Cash and due from banks	525,752	634,981	-17%
Bills and bonds under RP agreement	13,068	7,534	73%
Fin. assets at fair value through P&L	56,280	63,905	-12%
Fin. Assets at fair value through other comprehensive income	399,964	387,479	3%
Debt instrument investment measured by amortized cost	339,987	271,134	25%
Other financial assets	19	2,538	-99%
A/R, net	42,067	60,936	-31%
Loan, net	1,875,089	1,873,678	0%
Equity method LT investments, net	5,421	3,012	80%
Land, premises and equipments, net	17,485	17,448	0%
Others (net)	13,259	11,649	14%
<b>Total assets</b>	<b>3,288,392</b>	<b>3,334,293</b>	<b>-1%</b>
<b>Liabilities</b>			
Due to banks	400,222	434,355	-8%
Deposits	2,422,401	2,461,114	-2%
CP & Bond payable	13,000	12,000	8%
Bills & bonds sold under repurchase agreement	55,762	32,011	74%
Other liabilities	103,510	103,133	0%
<b>Total liabilities</b>	<b>2,994,896</b>	<b>3,042,613</b>	<b>-2%</b>
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	137,955	137,070	1%
Equity adjustment items	7,960	7,028	13%
<b>Total stockholders' equity</b>	<b>293,496</b>	<b>291,680</b>	<b>1%</b>
<b>Total liabilities and stockholders' equity</b>	<b>3,288,392</b>	<b>3,334,293</b>	<b>-1%</b>
<b>Book value per share (NT\$)</b>	<b>34.38</b>	<b>34.17</b>	<b>1%</b>

\* 1Q/2020 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.