



兆豐金控  
Mega Holdings

# 2Q/2020 Analyst Meeting

---

# DISCLAIMER

---

- This document is provided by Mega Financial Holding Co., Ltd. (the "Company"). Except for the numbers and information included in the Company's financial statements, the information contained in this document has not been audited or reviewed by any accountant or independent expert. The Company makes no express or implied representations or warranties as to the fairness, accuracy, completeness, or correctness of such information or opinions. This document is provided as of the date herein and will not be updated to reflect any changes hereafter. The Company, its affiliates and their representatives do not accept any responsibility or liability for any damage caused by their negligence or any other reasons, nor do they accept responsibility or liability for any loss or damages arising from the use of this document or the information contained herein or anything related to this document.
  - This document may contain forward-looking statements, including but not limited to all statements that address activities, events or developments that the Company expects or anticipates to take place in the future based on the projections of the Company toward the future, and various factors and uncertainty beyond the Company's control. Therefore, the actual results may differ materially from those contained in the forward-looking statements.
  - This document is not and cannot be construed as an offer to purchase or sell securities or other financial products or solicitation of an offer.
  - This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.
-

# Table of Contents

---



Operation Highlights & Strategic Focus



Financial Performance



Operating Performance



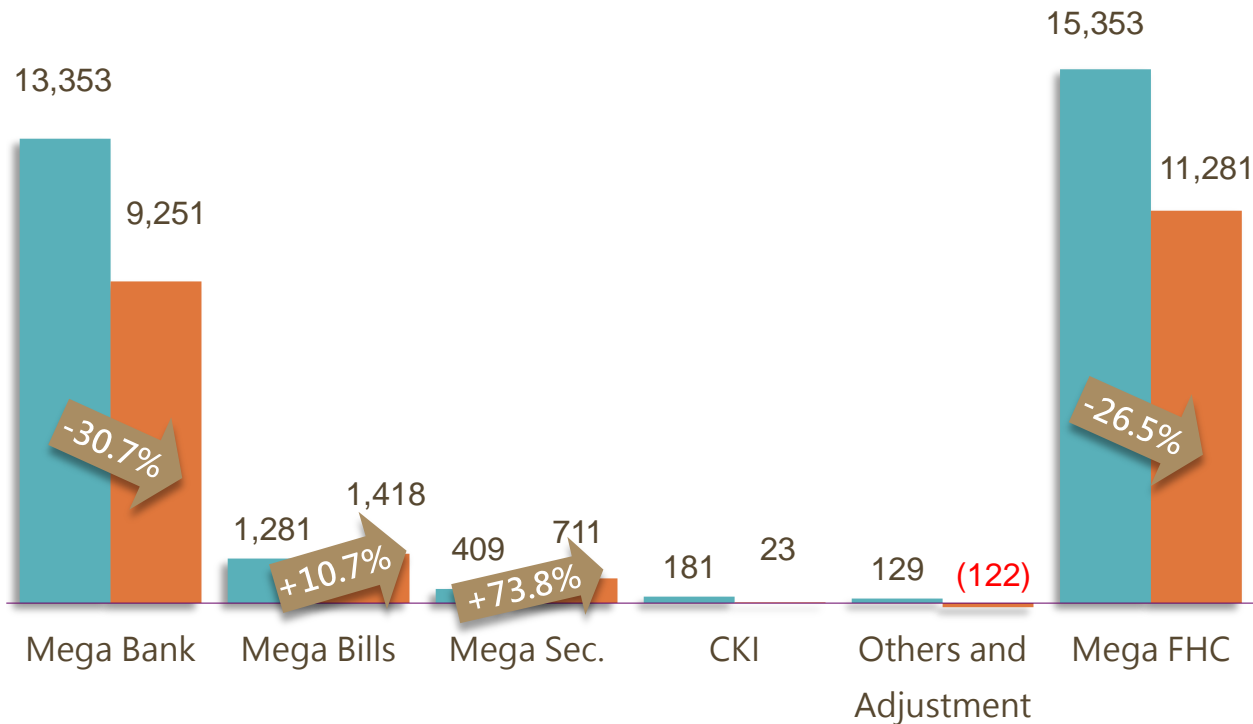
Appendix

# Group Jan-Aug/20 earning declines narrowed

Mega FHC & Subs. 1-2Q/20 earning trend

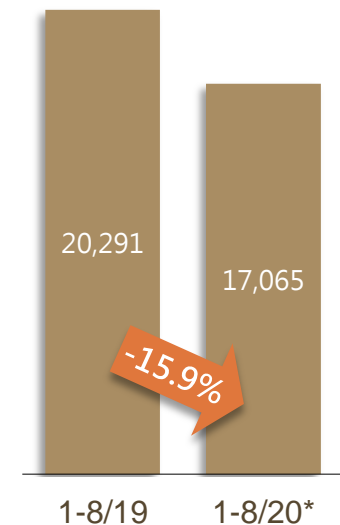
■ 1-2Q/19 ■ 1-2Q/20\*

Unit: NT\$MN



Mega Jan-Aug/20 earning

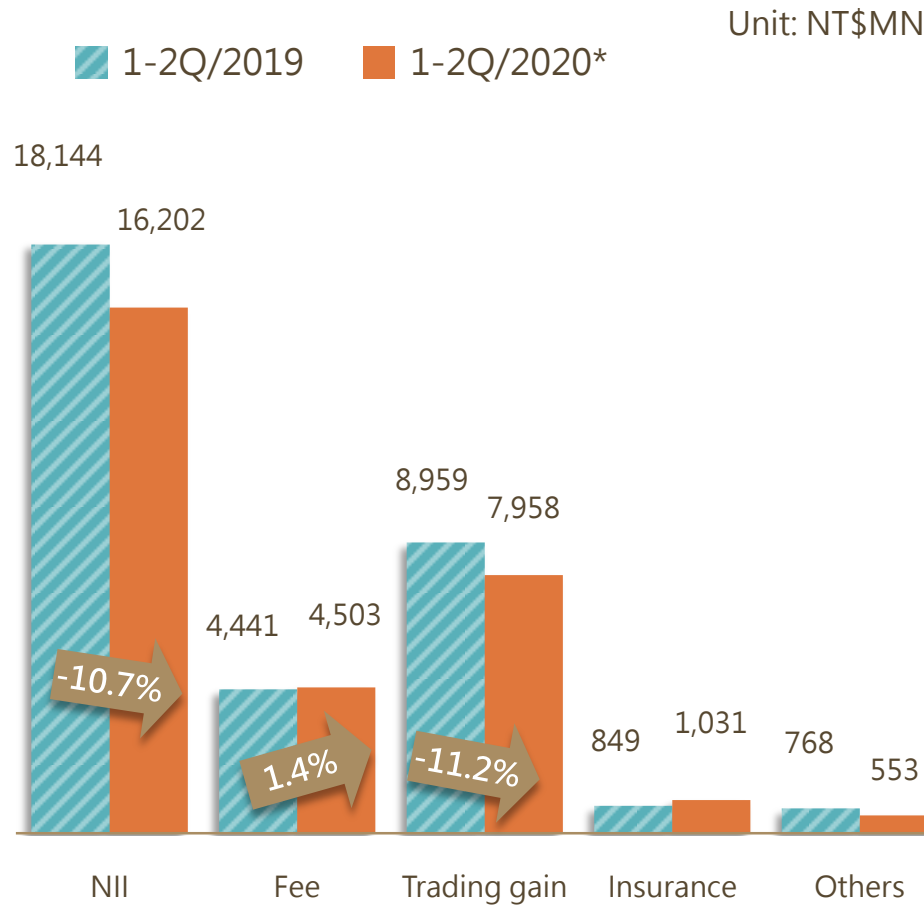
Unit: NT\$MN



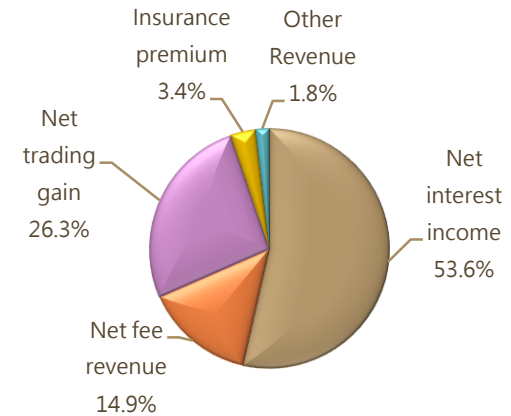
\* 1-2Q/20 are audited figures

# 1H/20 group fee was up 1.4%; Jan-Aug/20 group revenue declines narrowed

Mega Group consolidated net revenue \*

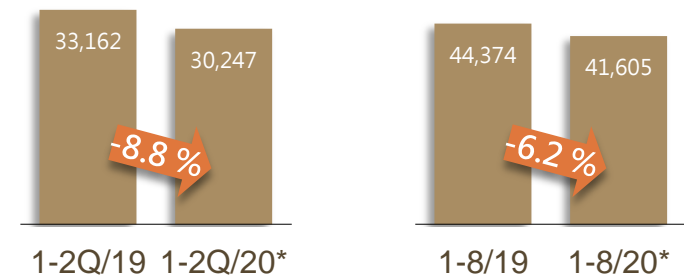


Mega Group 1-2Q/20 net revenue breakdown



Mega Group net revenue trend

Unit: NT\$MN



\* 1-2Q/20 are audited figures.

# Strategic focus



# Table of Contents

---



Operation Highlights & Strategic Focus



Financial Performance

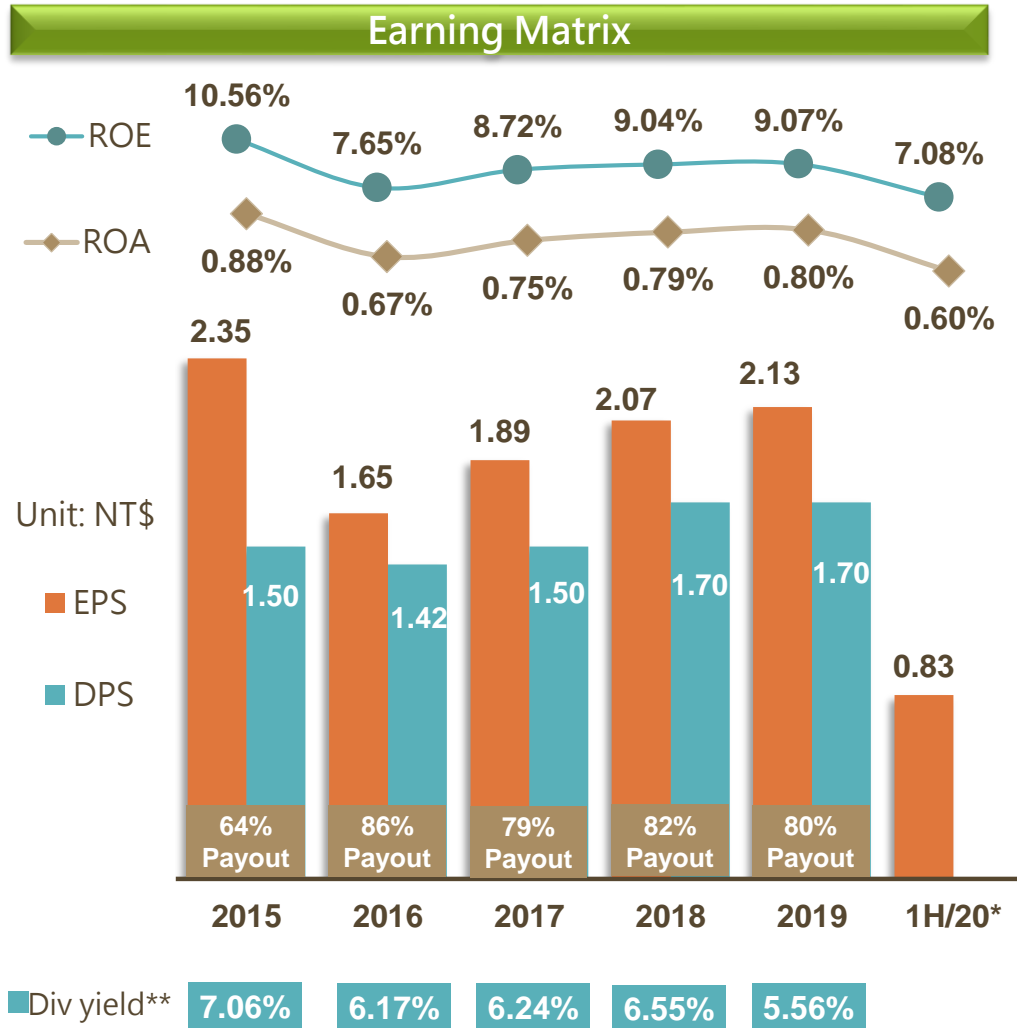


Operating Performance



Appendix

# Dividend policy remained attractive.



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.

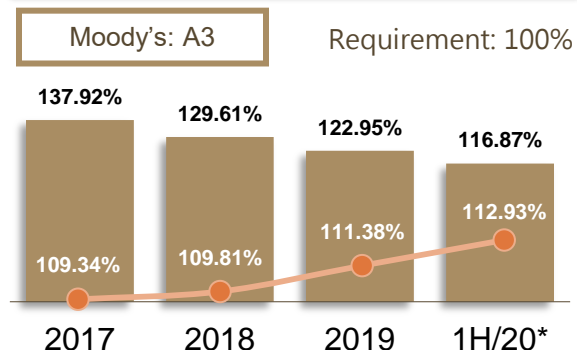
\* 1H/20 are audited numbers; ROE and ROA annualized numbers.

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

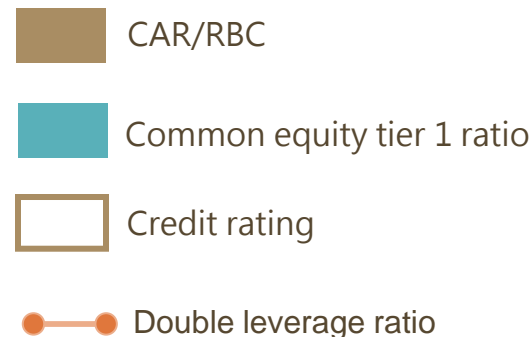
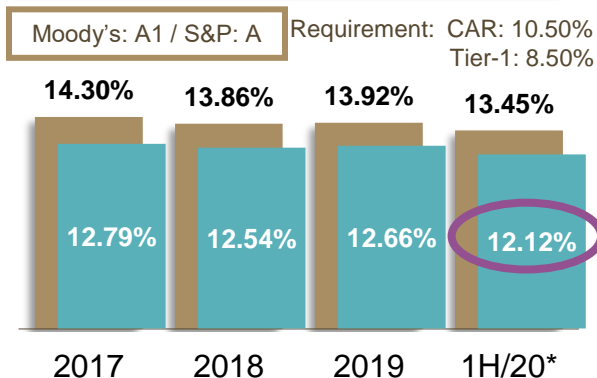


# Strong tier 1 capital

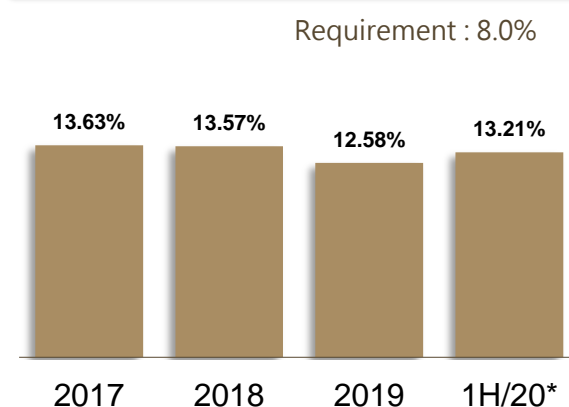
## Mega FHC



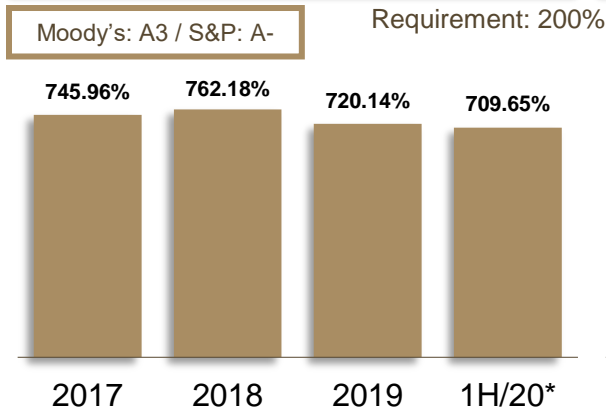
## Mega Bank



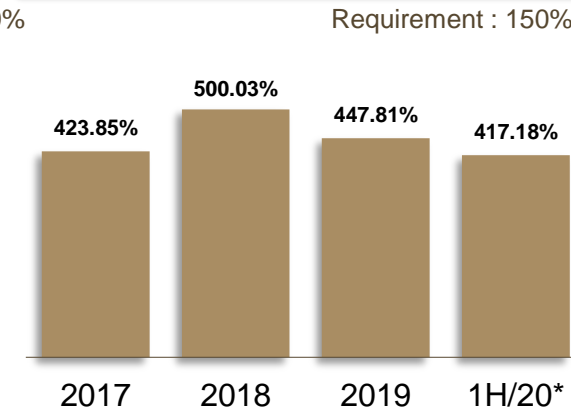
## Mega Bills



## CKI P&C



## Mega Securities



\* 1H/20 are audited numbers

# Table of Contents

---



Operation Highlights & Strategic Focus



Financial Performance



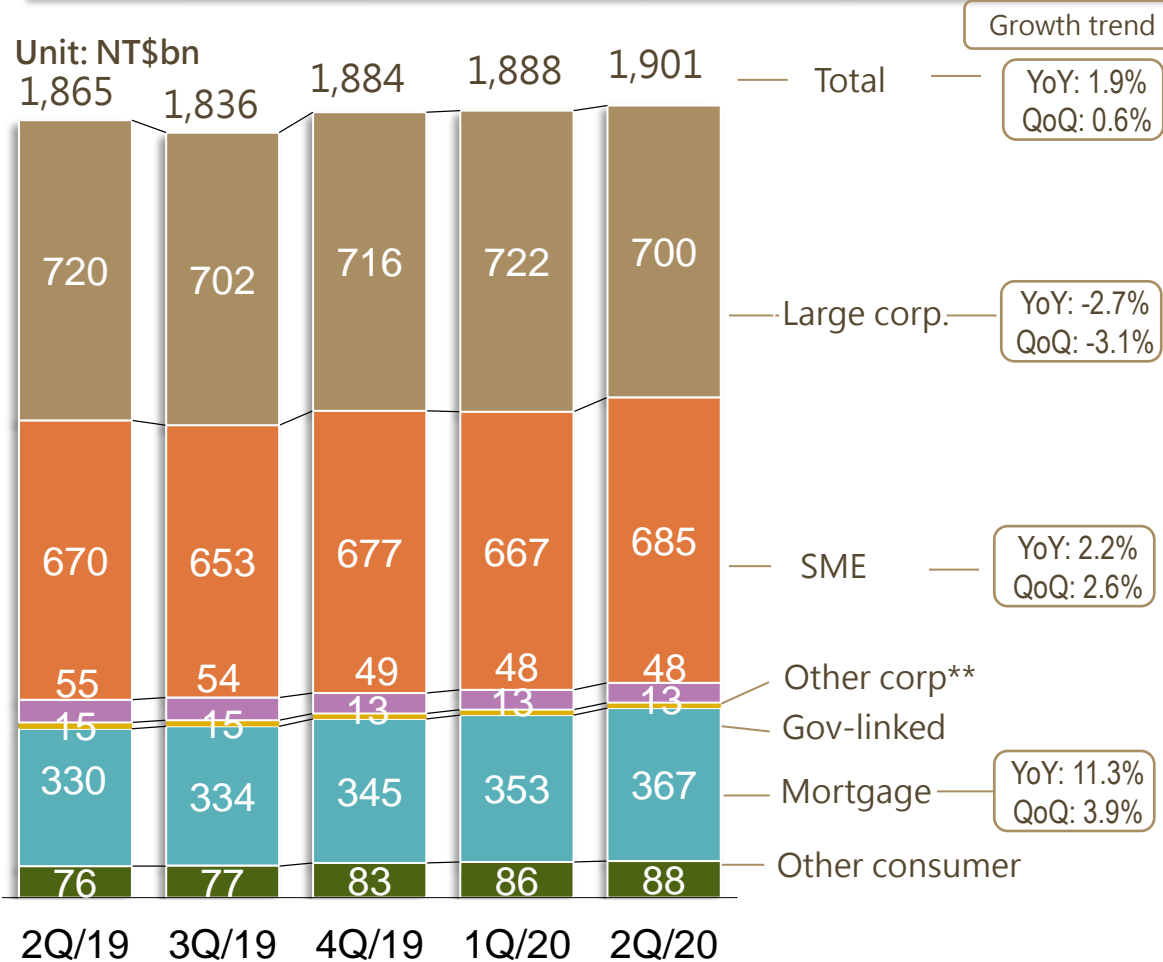
Operating Performance



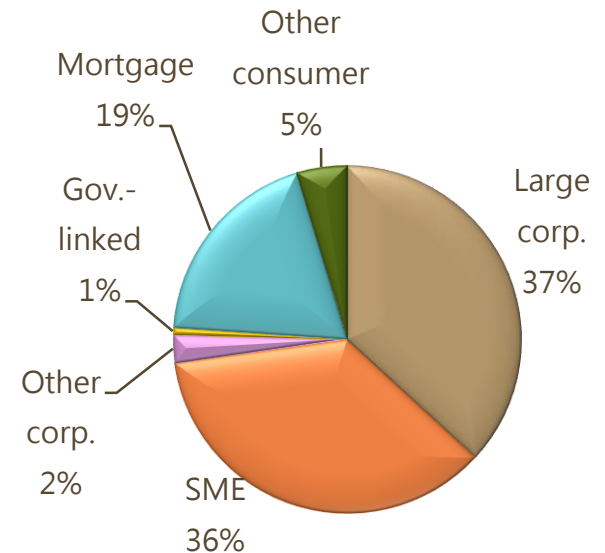
Appendix

# Loan was up 0.6% QoQ, driven by SME and mortgage loan demand

Mega Bank quarterly loan balance\*



Mega Bank 2Q/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.

# Real estate and mortgage loan outperformed the rest

Mega Bank loan balance trend by industry\*

Unit: NT\$BN

■ 2Q/20

▨ 1Q/20

▤ 2Q/19

Growth trend

YoY: -1.5%  
QoQ: -2.6%

YoY: 2.8%  
QoQ: 0.3%

YoY: 10.0%  
QoQ: 6.8%

YoY: -3.6%  
QoQ: -4.6%

YoY: -16.8%  
QoQ: -4.9%

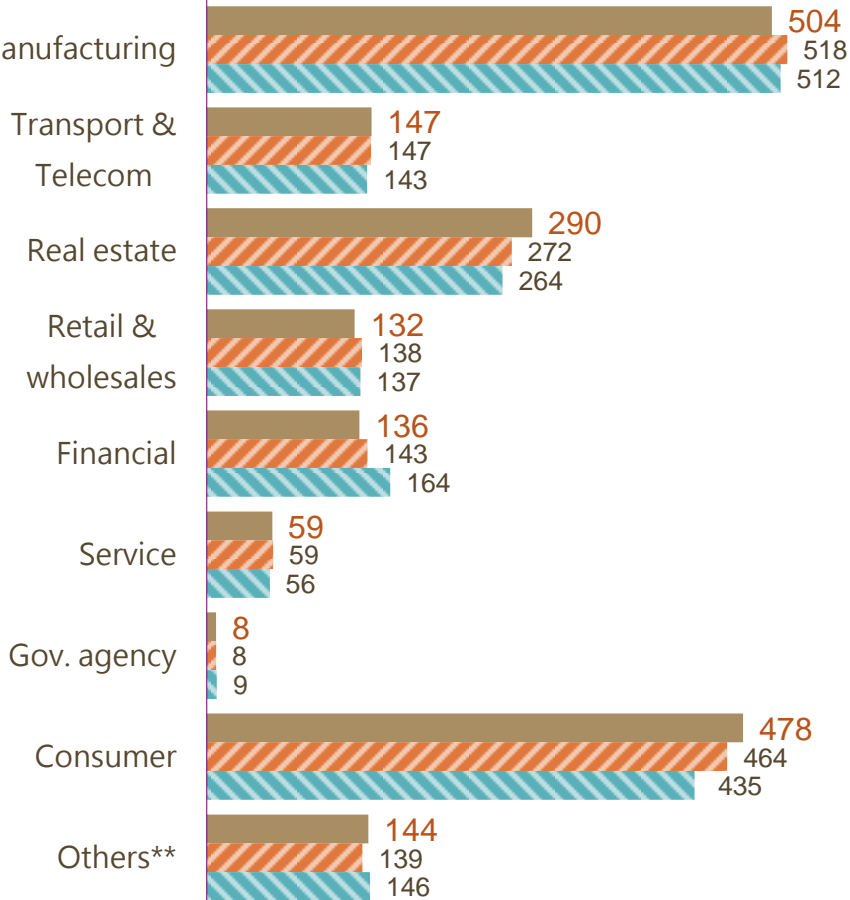
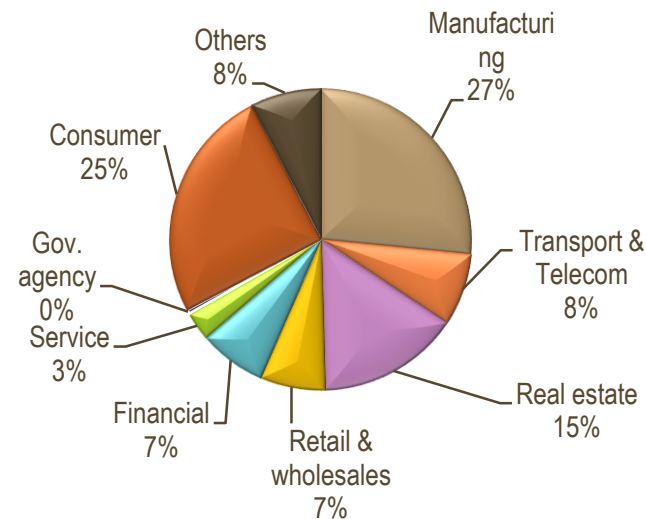
YoY: 4.1%  
QoQ: -1.2%

YoY: -7.6%  
QoQ: 0.2%

YoY: 10.0%  
QoQ: 3.1%

YoY: -1.0%  
QoQ: 3.8%

2Q/20 loan breakdown by industry\*



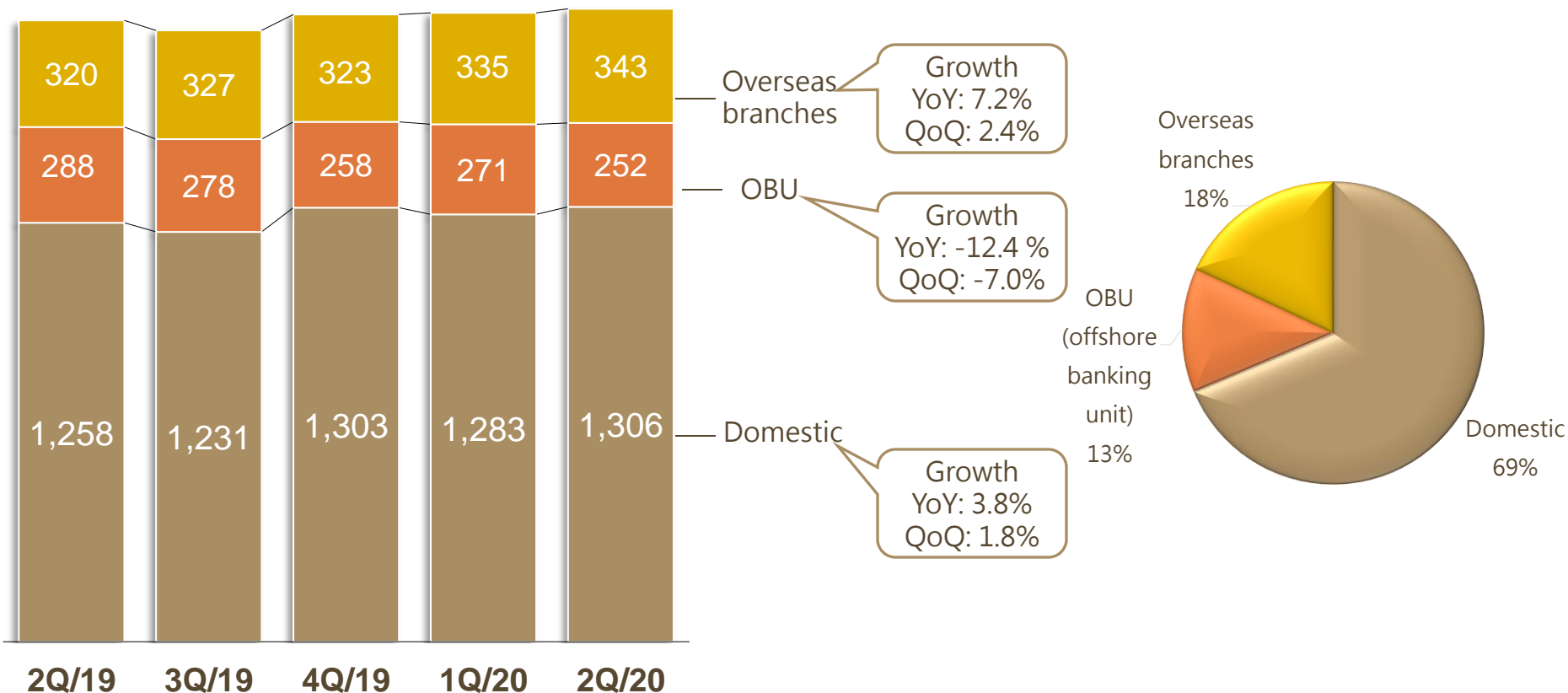
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 2Q/20 overseas loans jumped higher

Mega Bank 2Q/20 loan breakdown by regions \*

Unit: NT\$bn



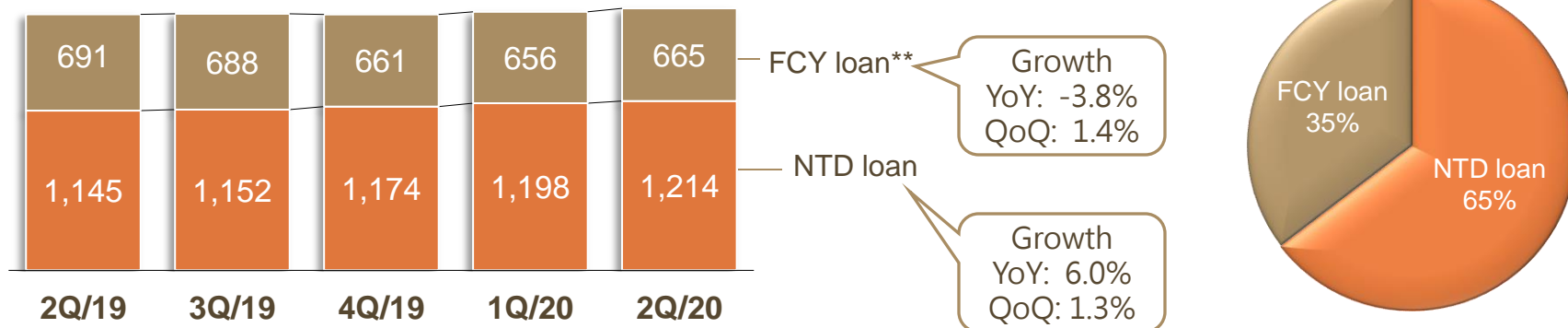
\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

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

# Both NTD/FCY loans showed healthy demand

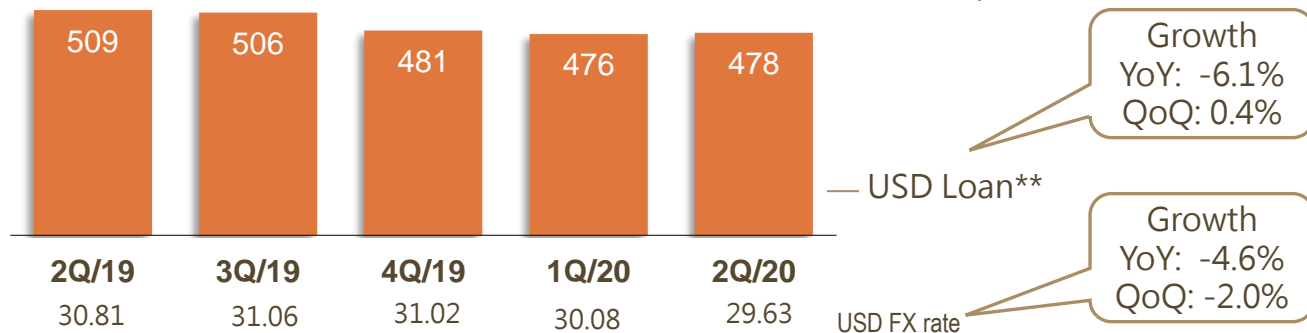
## Mega Bank loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$bn



## Mega Bank USD Loan balance\*

Unit: NT\$bn

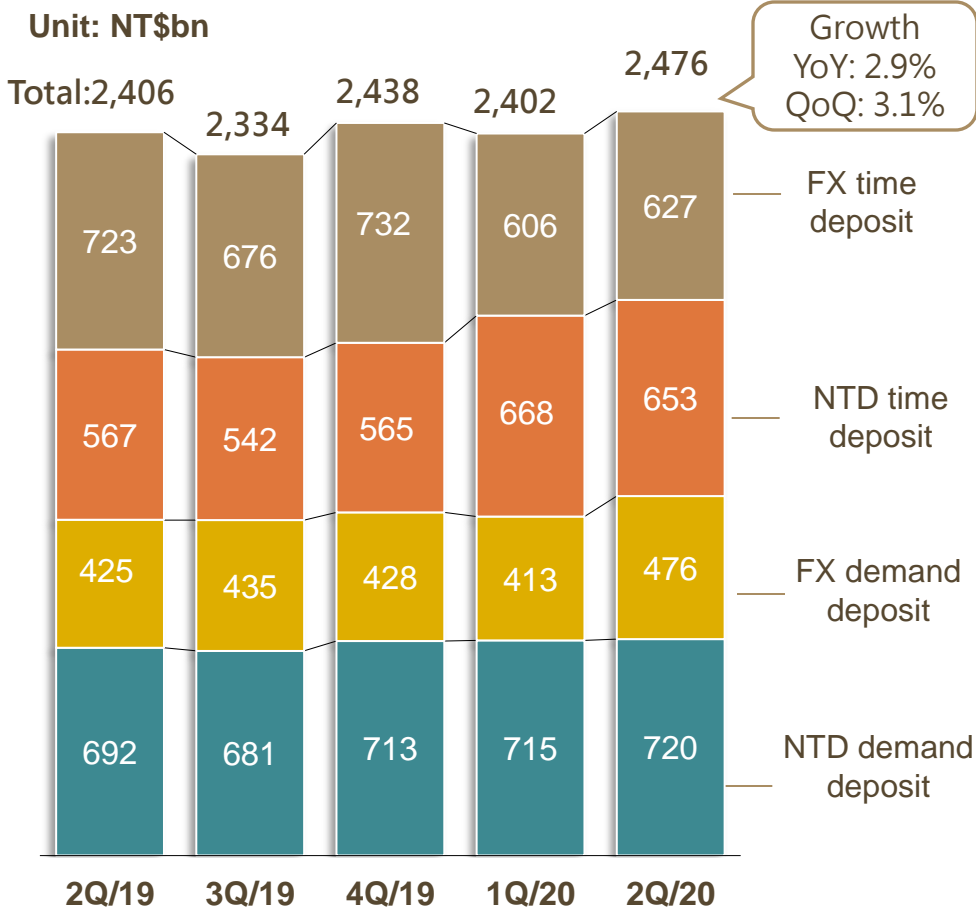


\* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

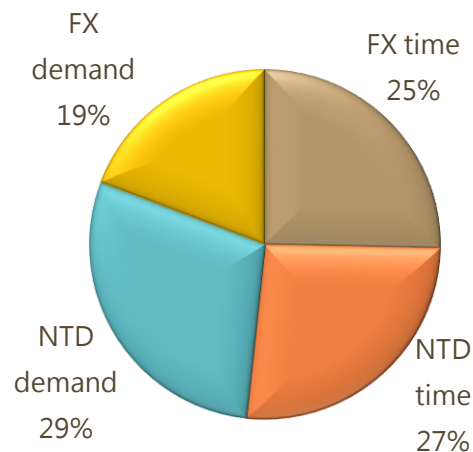
\*\* Foreign currency and USD loans include OBU, overseas branched and some domestic branched loans.

# Surged in demand deposit

Mega Bank deposit balance \*



Mega Bank 2Q/20 deposit breakdown

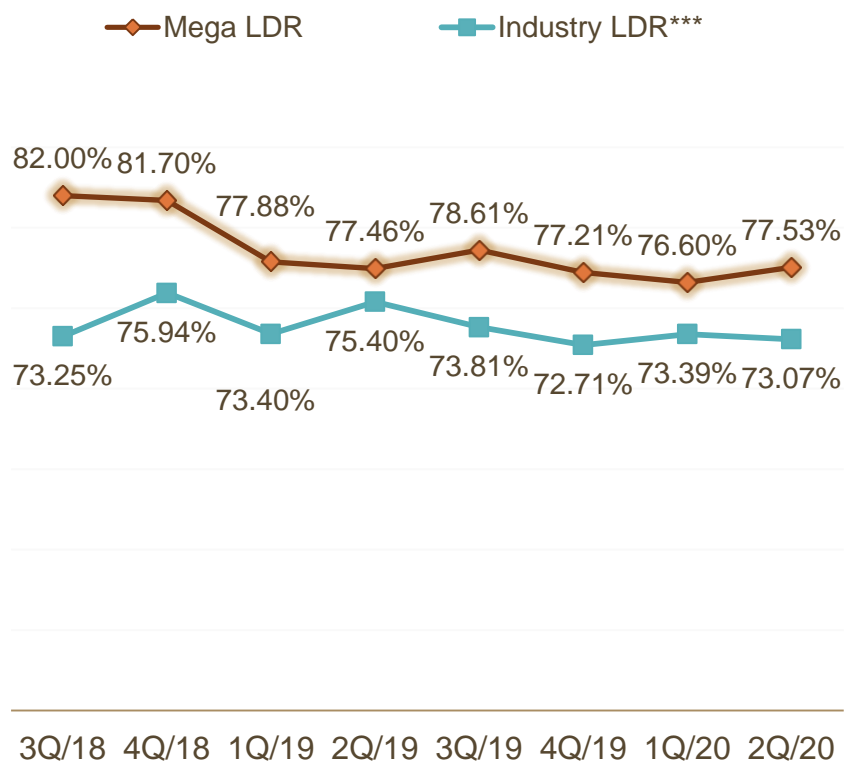


\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit; internal numbers.

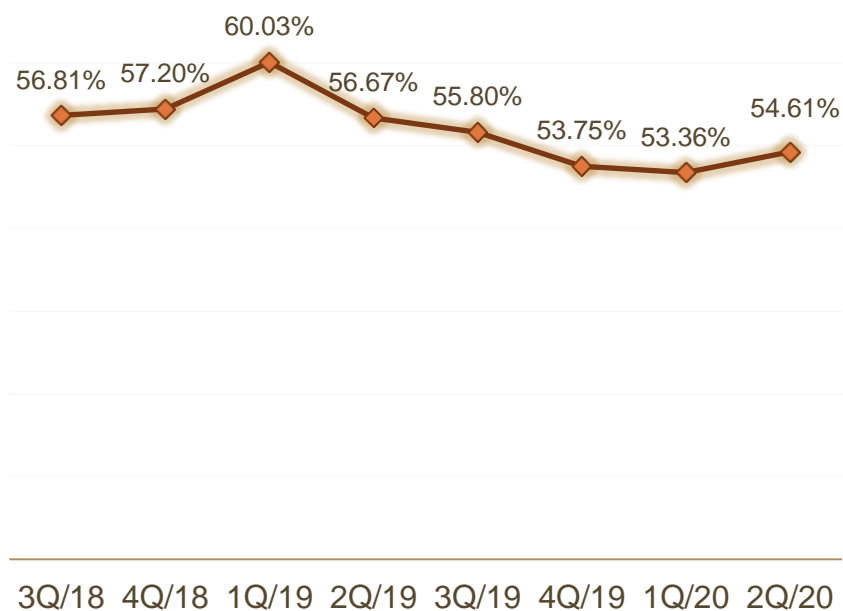
\*\* Includes retail and corporate deposit but excludes due from central banks and banks

# Improved USD LDR

Mega Bank's total LDR\*



Mega Bank's USD LDR\*\*



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

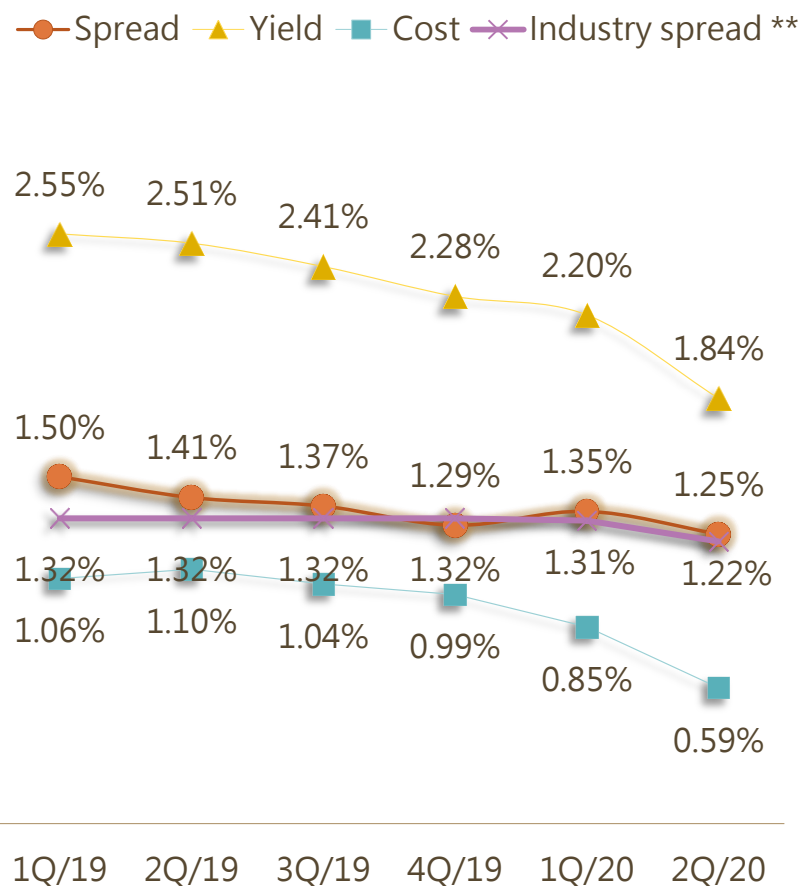
\*\* USD LDR calculation is based on average loan/deposit balance of that quarter

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

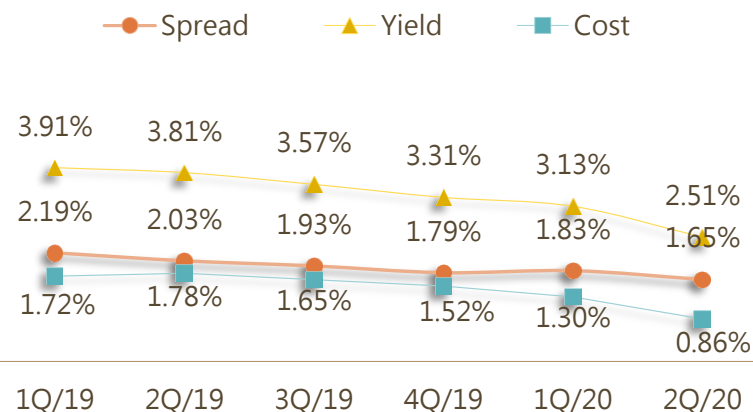


# Spreads were down due to rate cut

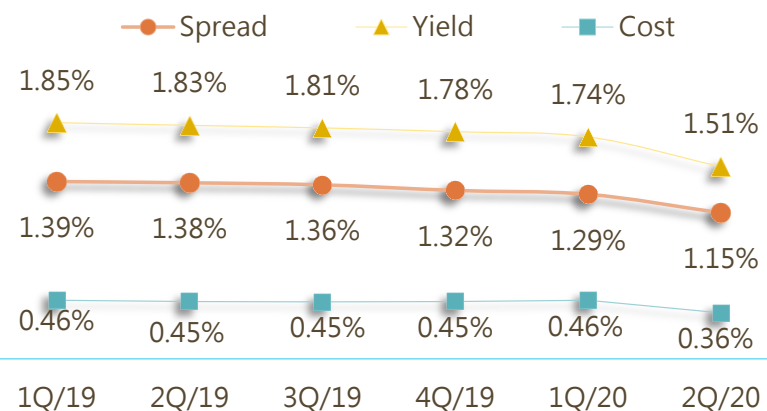
## Mega Bank total loan interest spread\*



## Mega Bank overseas loan interest spread\*



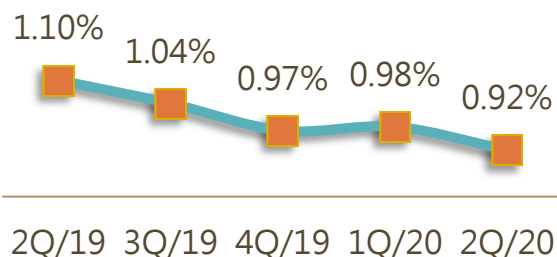
## Mega Bank domestic loan interest spread\*



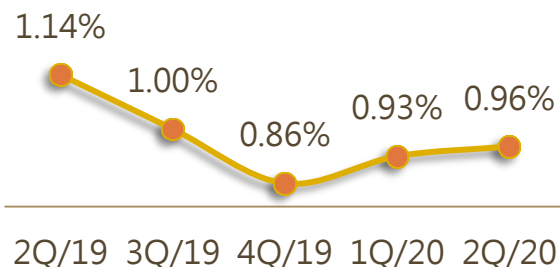
\* Overseas loan includes overseas branches and OBU loan; internal numbers.

# FCY NIM rebounded; NTD NIM pressure remained

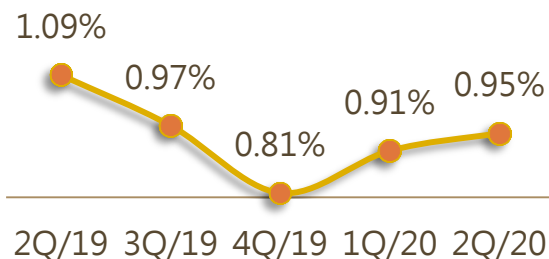
Mega Bank quarterly Total NIM\*



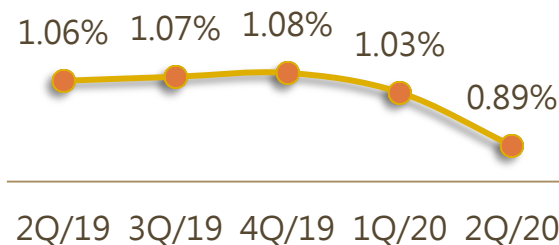
Mega Bank quarterly FCY NIM\*



Mega Bank monthly USD NIM\*



Mega Bank quarterly NTD NIM\*

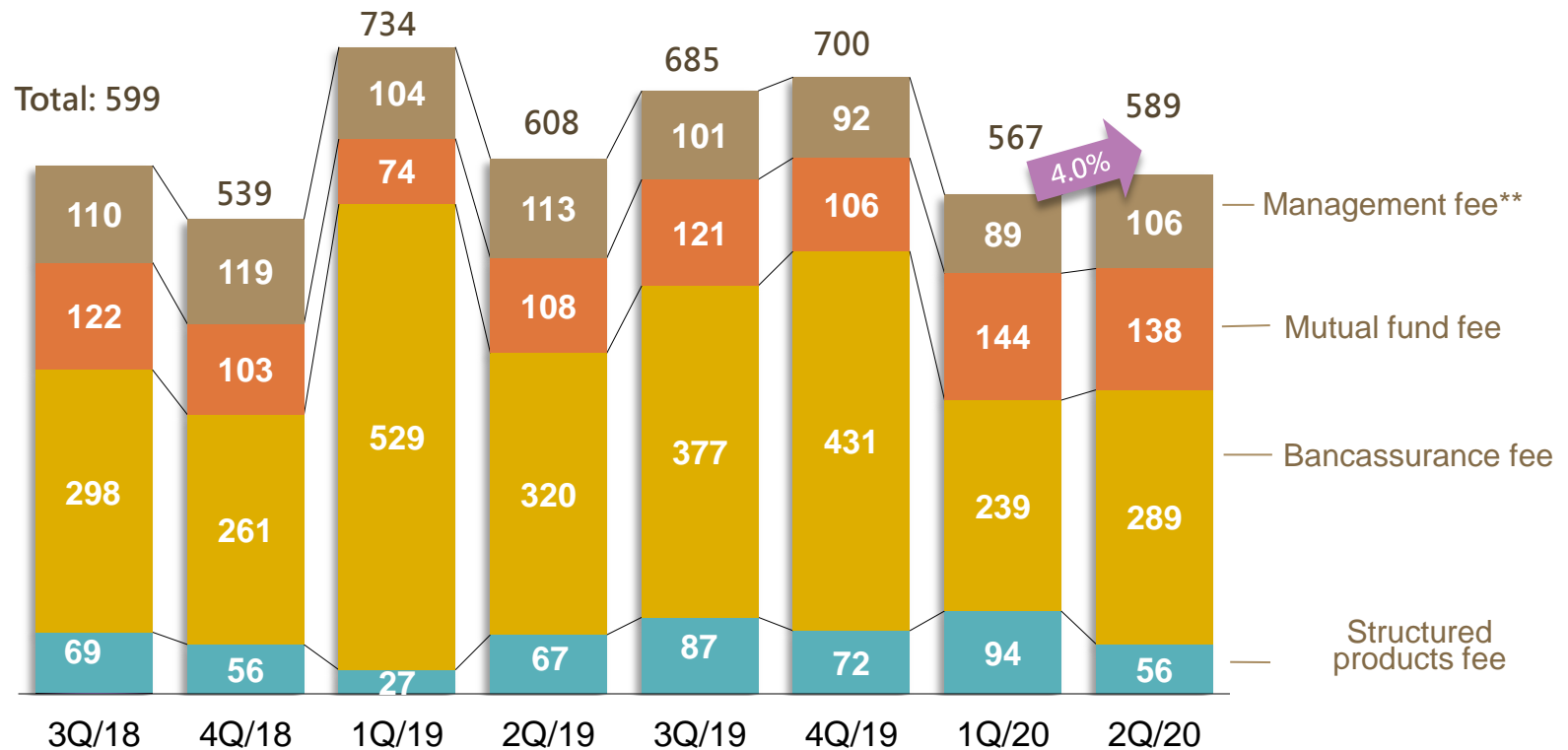


\* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

# 2Q/20 WM fee was up slightly

## Mega Bank wealth management gross fee breakdown\*

Unit: NT\$MN

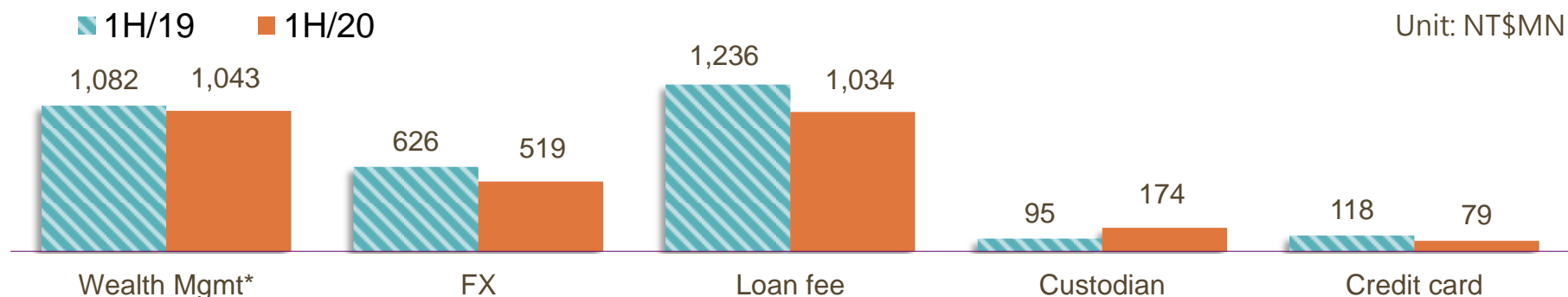


\* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

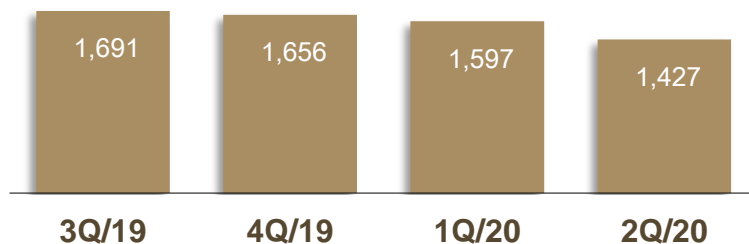
# WM fee contribution went higher

Mega Bank net fee breakdown

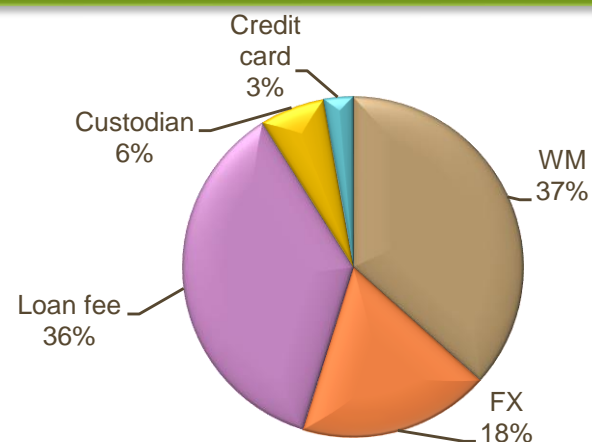


Mega Bank net fee

Unit: NT\$MN



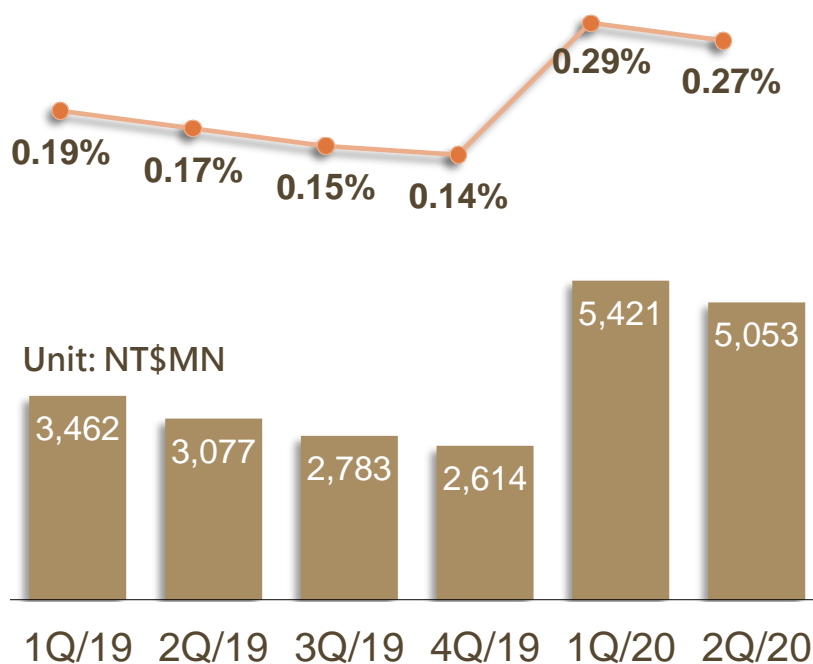
Mega Bank 2Q/20 net fee breakdown



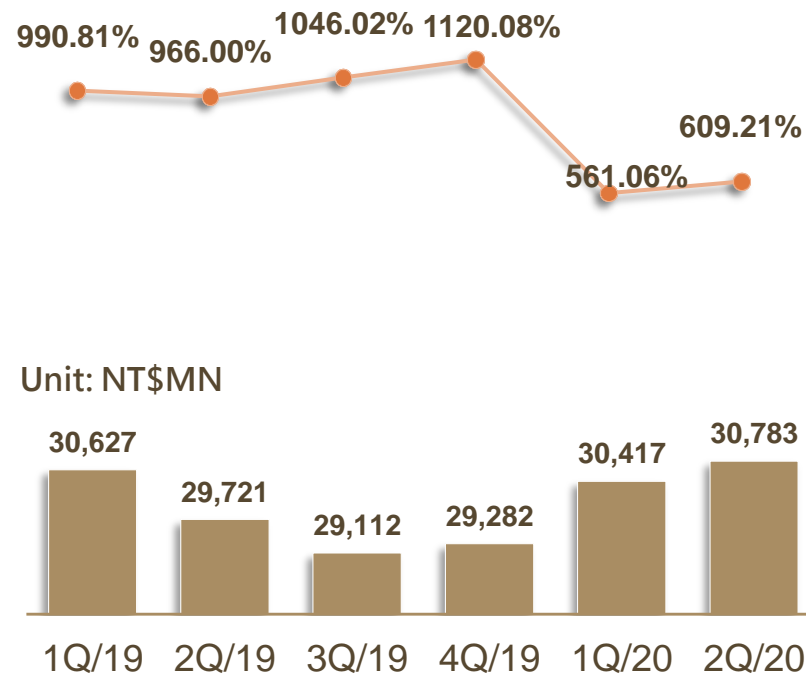
\* Net wealth mgmt fee; Mega Life Insurance Agent merged into Mega Bank in May/2020

# NPL was down; coverage was up

Mega Bank NPL balance & NPL ratio\*



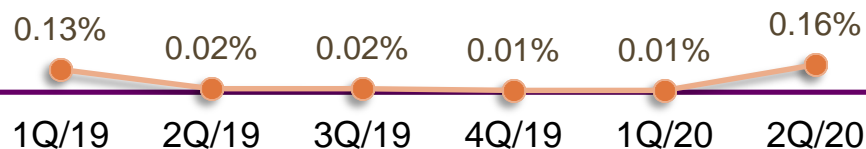
Mega Bank loan loss reserved and coverage ratio



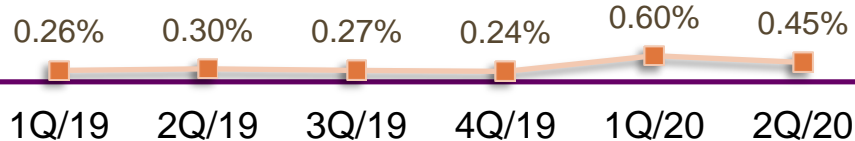
# New NPL was down

Mega Bank NPL ratio by customer \*

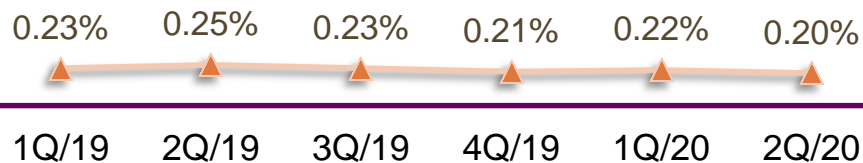
—●— Large corp. NPL%



—■— SME NPL %

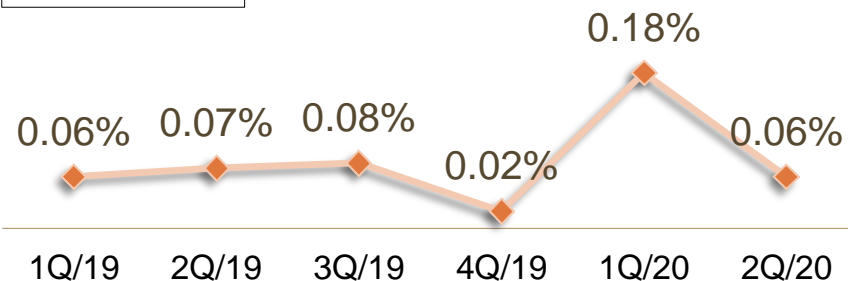


—▲— Mortgage NPL %



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

# 1-2Q/2020 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	<b>1-2Q/2020*</b>	<b>1-2Q/2019</b>	<b>YoY</b>
Net interest income	16,202	18,144	-11%
Net fee revenue	4,503	4,441	1%
Insurance revenue	1,031	849	22%
Financial assets and liabilities at fair value thru P&L	3,632	6,665	-46%
Gain from fin. assets at fair value through other comprehensive income	3,487	845	313%
Gain from debt investment measured by amortized cost	-	-	
Equity method investment gain	-4	135	-103%
Gain on reclassification under the overlay approach	45	-84	-154%
FX spread gain	566	1,366	-59%
Asset impairment loss (write-back)	-113	-33	243%
Property gain	345	65	428%
Other non-interest revenue (net)	553	768	-28%
Operating net revenue	30,247	33,162	-9%
Operating expense	-14,234	-14,766	-4%
Pre-provision operating profit	16,013	18,397	-13%
Provision expense on loan	-2,455	-566	334%
Reserved on insurance	-198	88	-324%
Pretax profit	13,360	17,919	-25%
Tax	-2,078	-2,567	-19%
Net profit	11,281	15,353	-27%
EPS (NT\$)	0.83	1.13	-27%

\* 1-2Q/2020 are audited numbers.



# 1-2Q/2020 Mega FHC consolidated balance sheet

NT\$MN	1-2Q/2020*	1-2Q/2019	YoY
<b>Assets:</b>			
Cash and due from banks	611,621	619,651	-1%
Bills and bonds under RP agreement	5,549	2,972	87%
Fin. assets at fair value through P&L	215,670	196,084	10%
Fin. Assets at fair value through other comprehensive income	534,666	502,173	6%
Debt instrument investment measured by amortized cost	416,063	290,029	43%
Other financial assets	5,991	6,357	-6%
A/R, net	83,765	89,025	-6%
Loan, net	1,888,107	1,853,128	2%
Equity method LT investments, net	5,629	3,191	76%
Land, premises and equipments, net	24,784	25,218	-2%
Others	18,156	16,590	9%
<b>Total assets</b>	<b>3,810,002</b>	<b>3,604,419</b>	<b>6%</b>
<b>Liabilities</b>			
Due to banks	474,073	381,401	24%
Deposits	2,494,796	2,421,616	3%
CP & Bond payable	28,087	20,733	35%
Bills & bonds sold under repurchase agreement	298,445	279,208	7%
Other liabilities	201,175	189,097	6%
<b>Total liabilities</b>	<b>3,496,575</b>	<b>3,292,055</b>	<b>6%</b>
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	95,171	94,778	0%
Equity adjustment items	14,063	13,381	5%
Minority shareholder interest	-	12	-
<b>Total stockholders' equity</b>	<b>313,427</b>	<b>312,363</b>	<b>0%</b>
<b>Total liabilities and stockholders' equity</b>	<b>3,810,002</b>	<b>3,604,419</b>	<b>6%</b>
<b>Book value per share (NT\$)</b>	<b>23.05</b>	<b>22.97</b>	<b>0%</b>

\* 1-2Q/2020 are audited numbers.

# 1-2Q/2020 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1-2Q/2020*	1-2Q/2019	YoY
Net interest income	15,516	17,655	-12%
Net fee revenue	3,024	3,509	-14%
Financial assets and liabilities at fair value thru P&L	2,652	5,235	-49%
Gain from fin. assets at fair value through other comprehensive income	2,949	529	457%
Gain from debt investment measured by amortized cost	-	-	
FX spread gain	-5	123	-104%
Equity method investment gain	577	1,354	-57%
Asset impairment loss (write-back)	-104	-31	240%
Other non-interest revenue (net)	150	339	-56%
Operating net revenue	24,760	28,713	-14%
Operating expense	-11,604	-12,353	-6%
Pre-provision operating profit	13,156	16,361	-20%
Provision expense on loan	-2,354	-710	231%
Pretax profit	10,802	15,650	-31%
Tax	-1,471	-2,105	-30%
Net profit	9,331	13,545	-31%
EPS (NT\$)	1.09	1.59	-31%

\* 1-2Q/2020 are audited numbers.

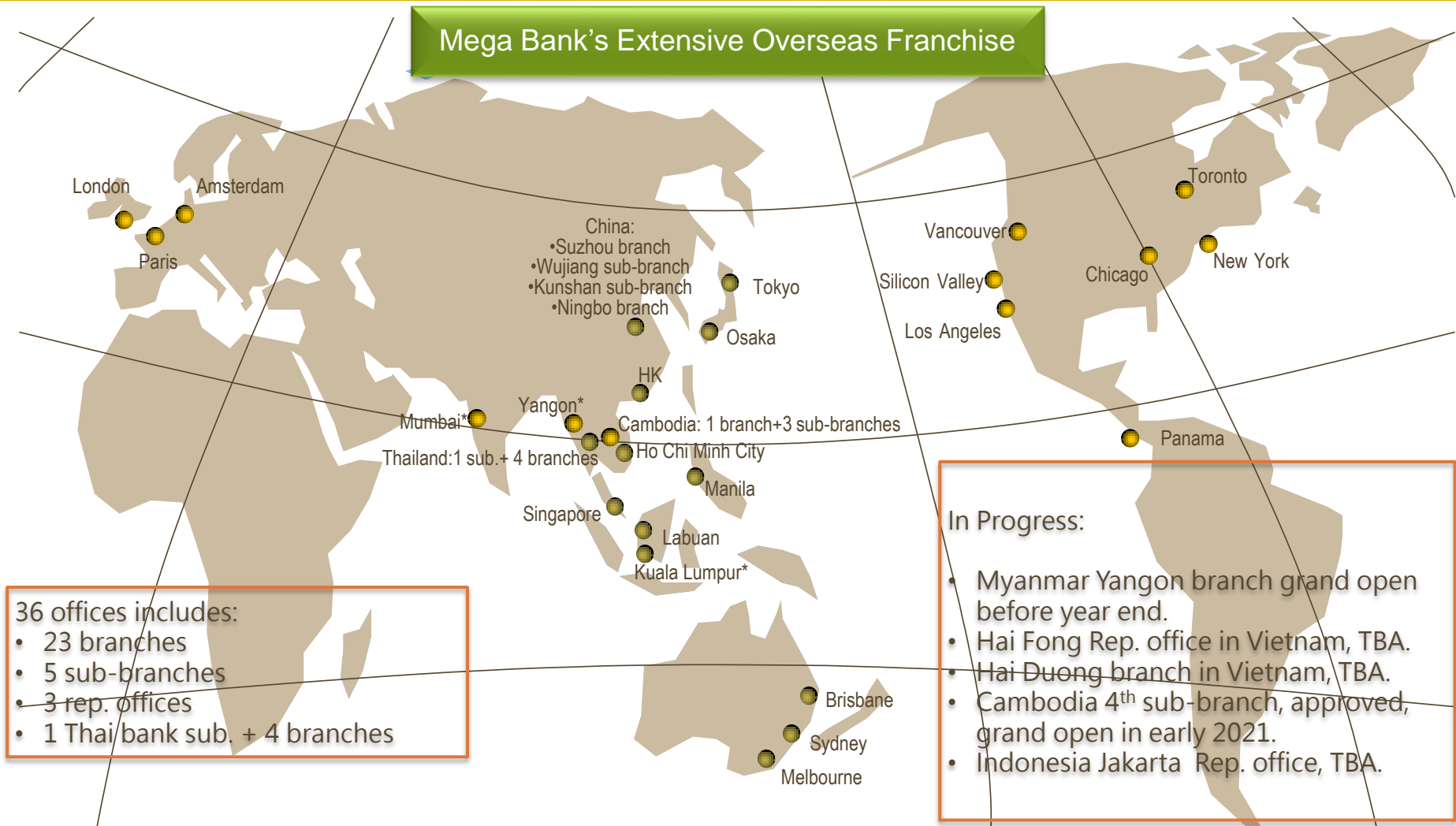
# 1-2Q/2020 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1-2Q/2020*	1-2Q/2019	YoY
<b>Assets:</b>			
Cash and due from banks	607,924	634,981	-4%
Bills and bonds under RP agreement	11,826	7,534	57%
Fin. assets at fair value through P&L	61,241	63,905	-4%
Fin. Assets at fair value through other comprehensive income	377,424	387,479	-3%
Debt instrument investment measured by amortized cost	411,690	271,134	52%
Other financial assets	91	2,538	-96%
A/R, net	39,790	60,956	-35%
Loan, net	1,888,107	1,873,678	1%
Equity method LT investments, net	5,524	3,012	83%
Land, premises and equipments, net	17,336	17,465	-1%
Others (net)	11,146	11,660	-4%
<b>Total assets</b>	<b>3,432,100</b>	<b>3,334,340</b>	<b>3%</b>
<b>Liabilities</b>			
Due to banks	463,059	434,354	7%
Deposits	2,496,761	2,460,555	1%
CP & Bond payable	13,000	12,000	8%
Bills & bonds sold under repurchase agreement	63,945	32,011	100%
Other liabilities	110,634	103,273	7%
<b>Total liabilities</b>	<b>3,147,399</b>	<b>3,042,194</b>	<b>3%</b>
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	129,471	137,070	-6%
Equity adjustment items	7,648	7,028	9%
<b>Total stockholders' equity</b>	<b>-</b>	<b>466</b>	
<b>Total liabilities and stockholders' equity</b>	<b>284,701</b>	<b>292,147</b>	<b>-3%</b>
<b>Book value per share (NT\$)</b>	<b>3,432,100</b>	<b>3,334,340</b>	<b>3%</b>
	<b>33.35</b>	<b>34.22</b>	<b>-3%</b>

\* 1-2Q/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.



兆豐金控  
Mega Holdings