

Investor/Analyst Briefing

3Q/2020 (V.1)



兆豐金控
Mega Holdings

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 - This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.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



Financial Performance

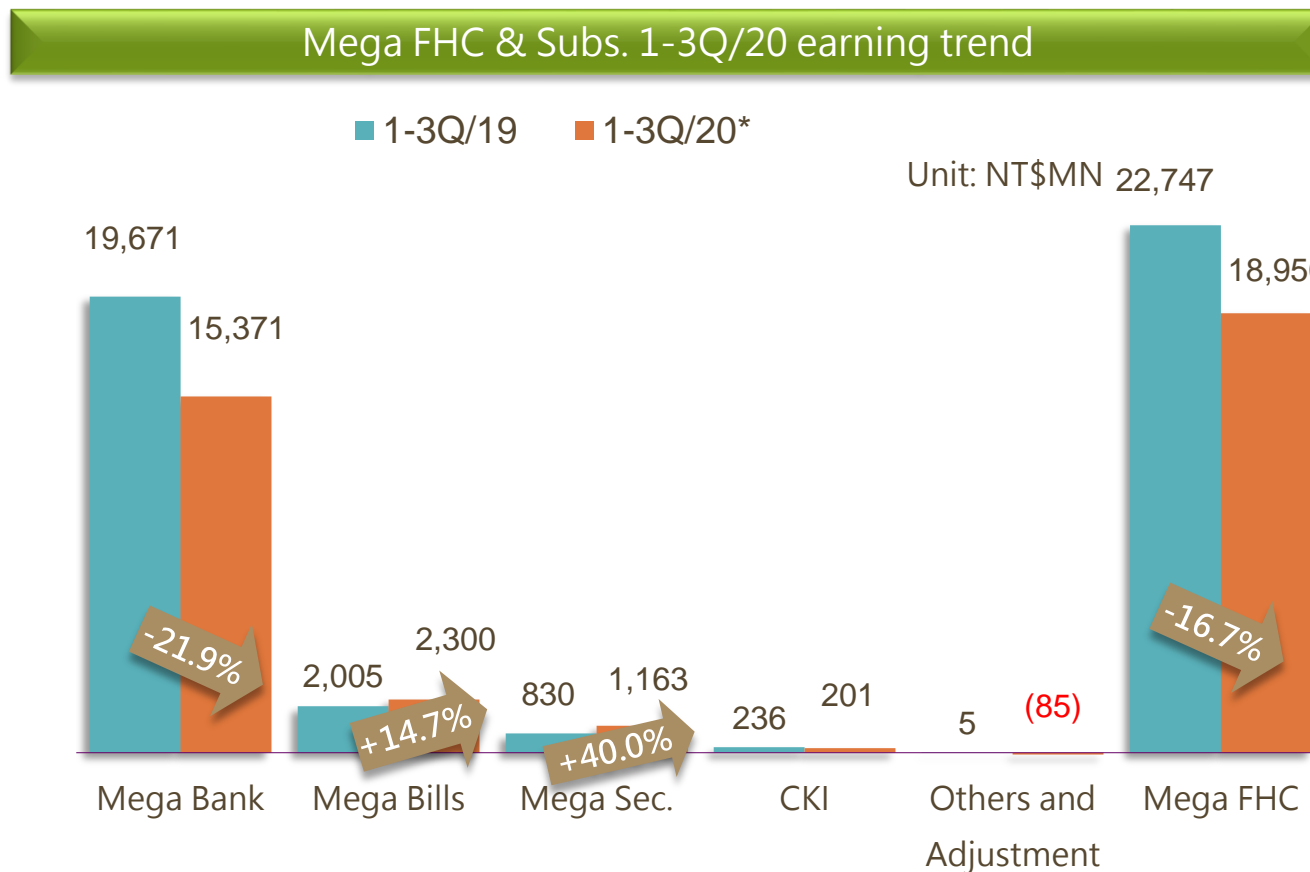


Operating Performance



Appendix

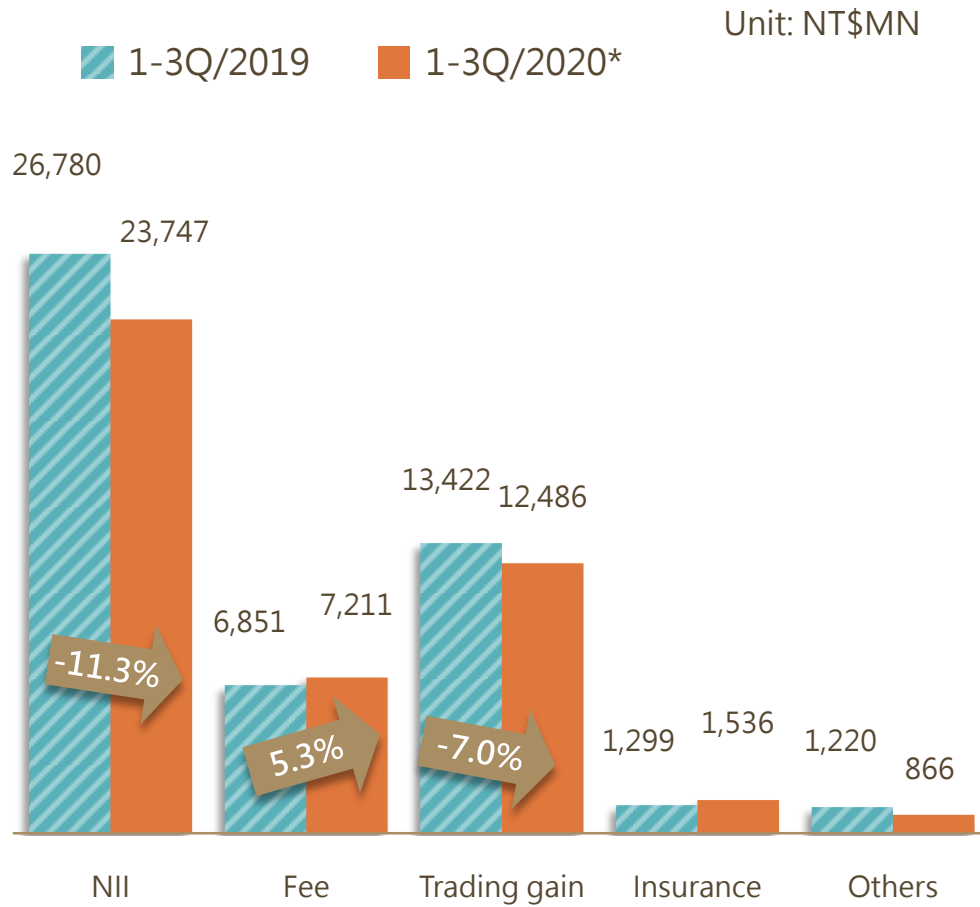
1-3Q/20 group earning decline narrowed.



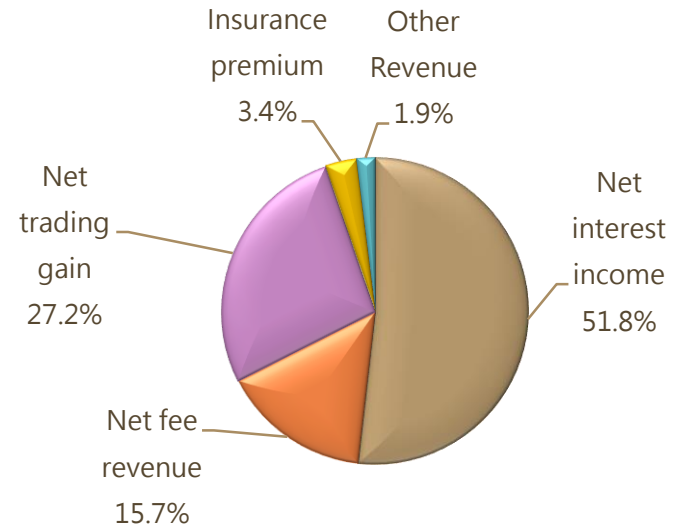
* 1-3Q/20 are audited figures

Group fee was up 5.3% YoY; group revenue decline narrowed.

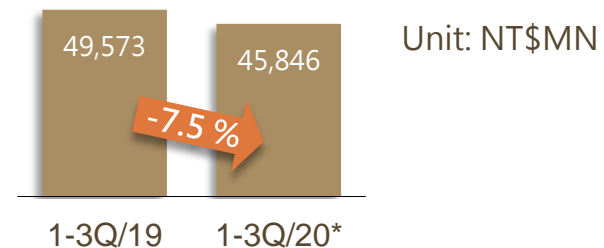
Mega Group consolidated net revenue *



Mega Group 1-3Q/20 net revenue breakdown



Mega Group 1-3Q/20 net revenue trend



* 1-3Q/20 are audited figures.

Table of Contents



Operation Highlights



Financial Performance



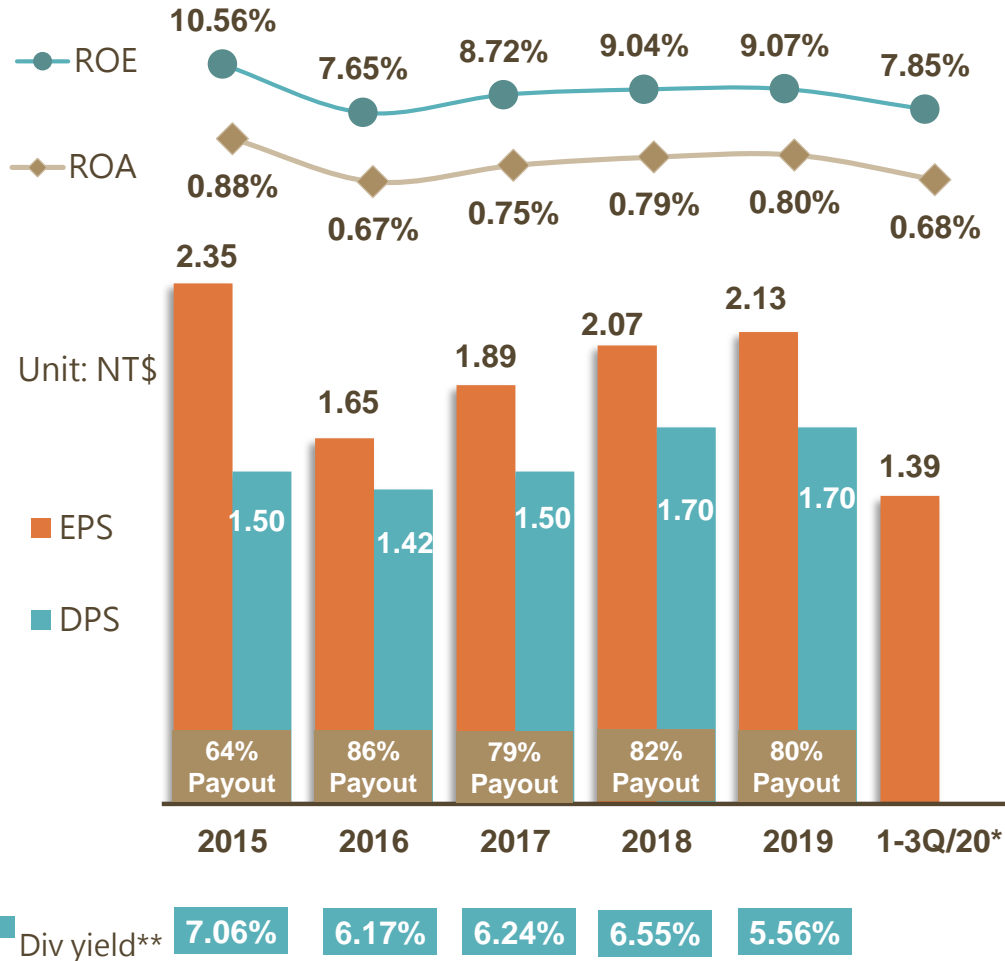
Operating Performance



Appendix

Strong dividend policy

Earning Matrix



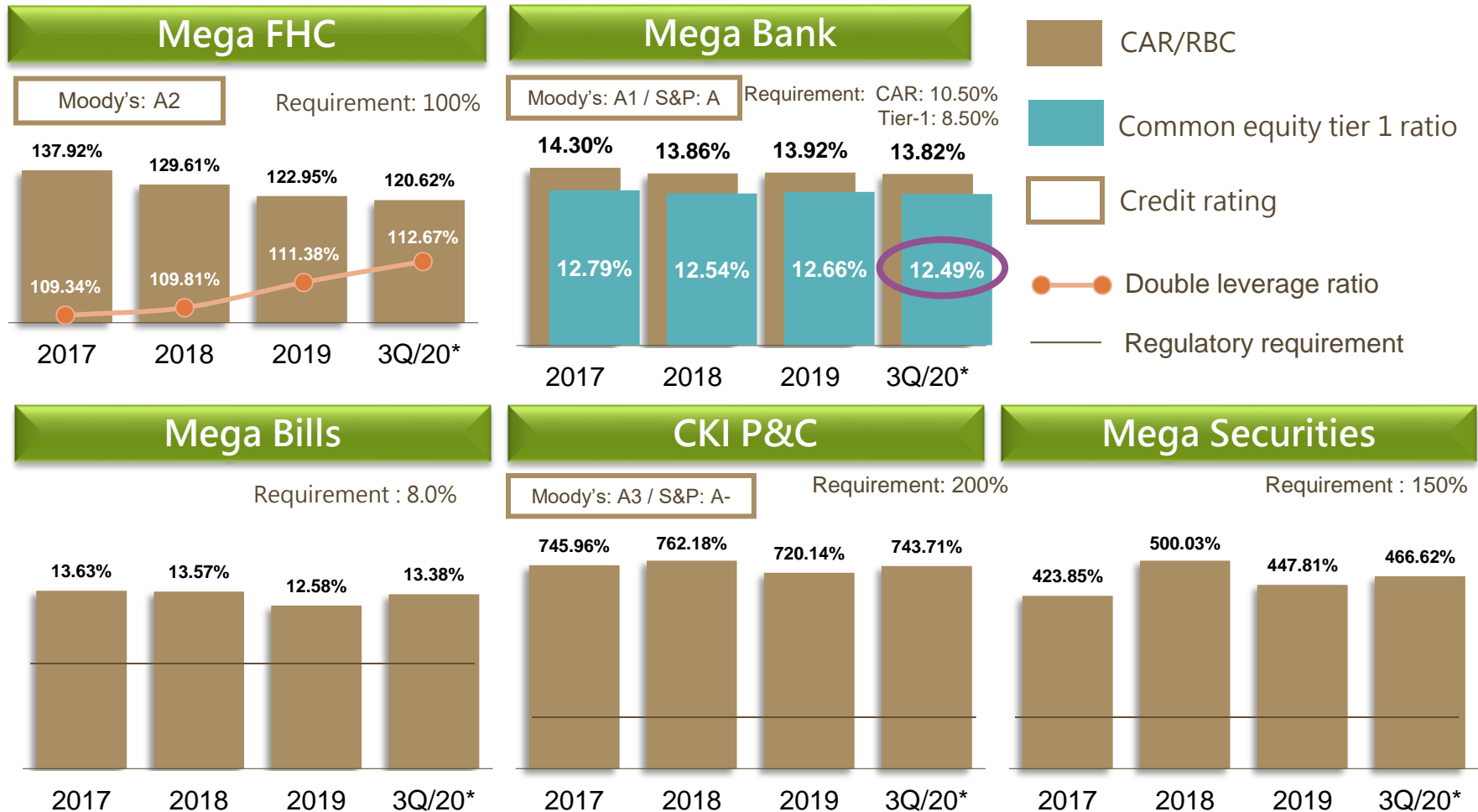
To prevent over-inflated capital base as well as to maintain sufficient capital for future growth, our dividend policy is:

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

* 1-3Q/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; FHC credit rating was up one notch



* 3Q/20 are un-audited numbers

Table of Contents



Operation Highlights & Strategic Focus



Financial Performance



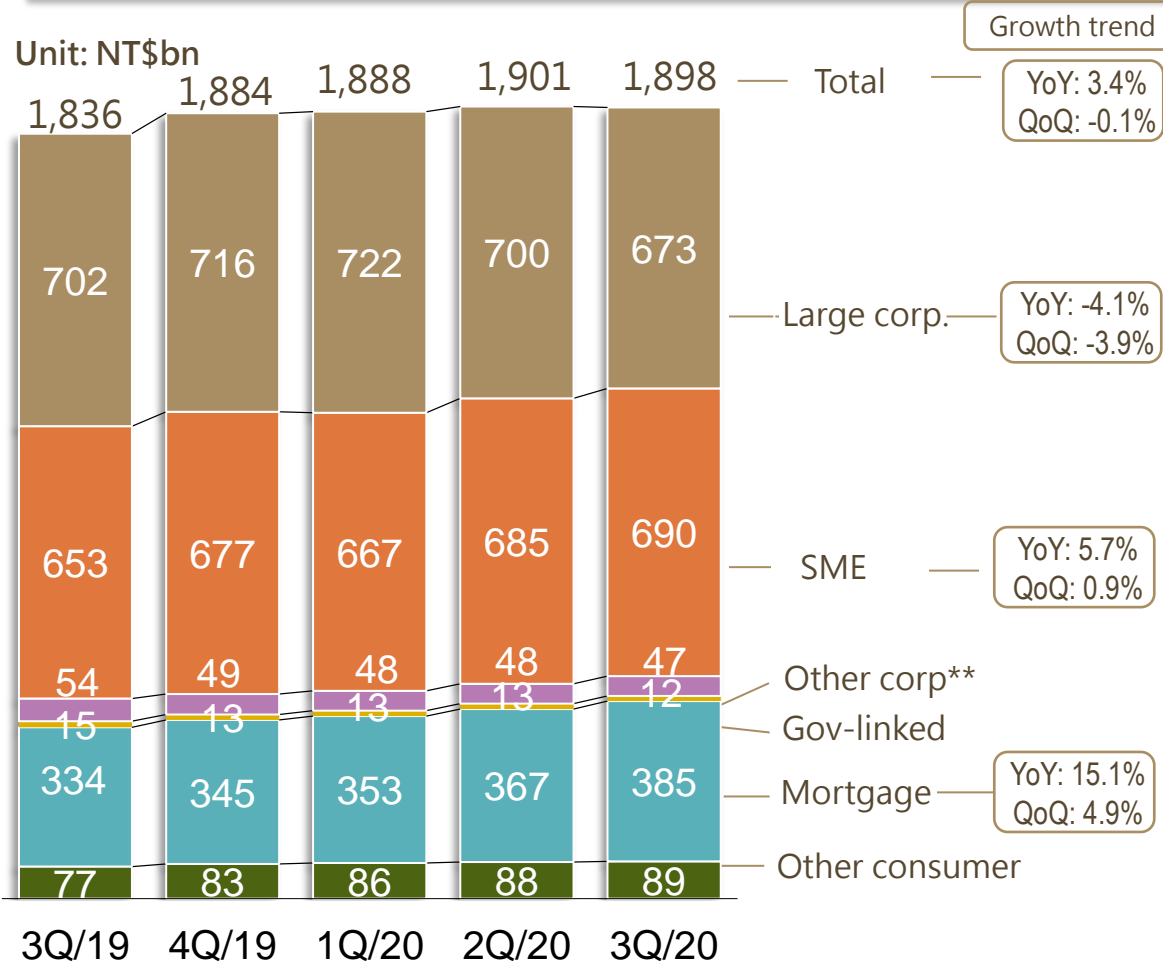
Operating Performance



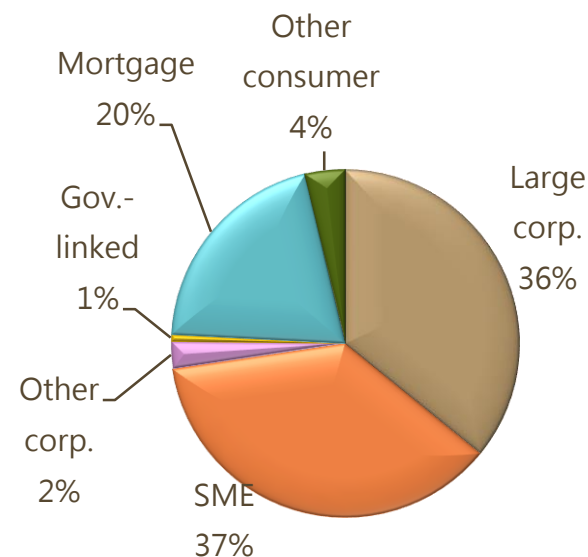
Appendix

SME and mortgage loans were up; large corp. loans were down

Mega Bank quarterly loan balance*



Mega Bank 3Q/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.

Mortgage loan outperformed the rest

Mega Bank loan balance trend by industry*

3Q/20 loan breakdown by industry*

Unit: NT\$BN

■ 3Q/20

■ 2Q/20

■ 3Q/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%

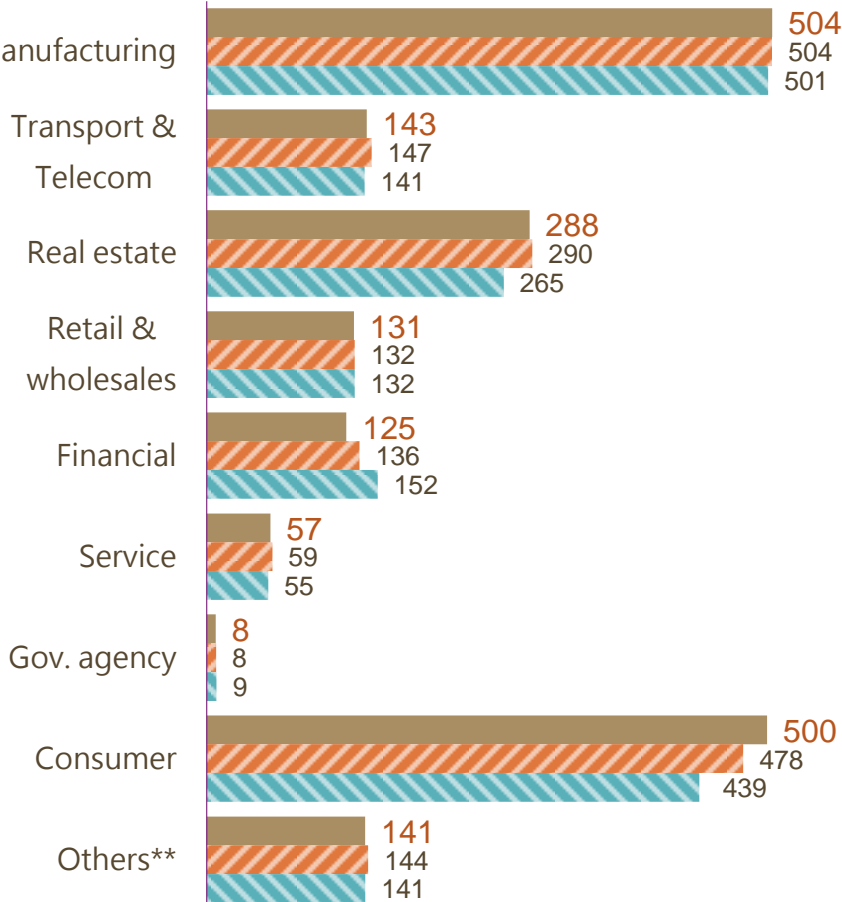
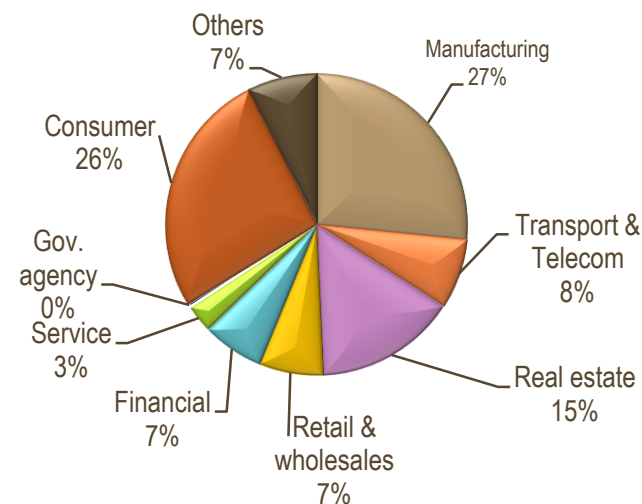
YoY: -11.0%
QoQ: -1.9%

YoY: 3.9%
QoQ: 4.0%

YoY: -17.0%
QoQ: 0%

YoY: 7.9%
QoQ: 1.6%

YoY: -3.6%
QoQ: 3.4%**



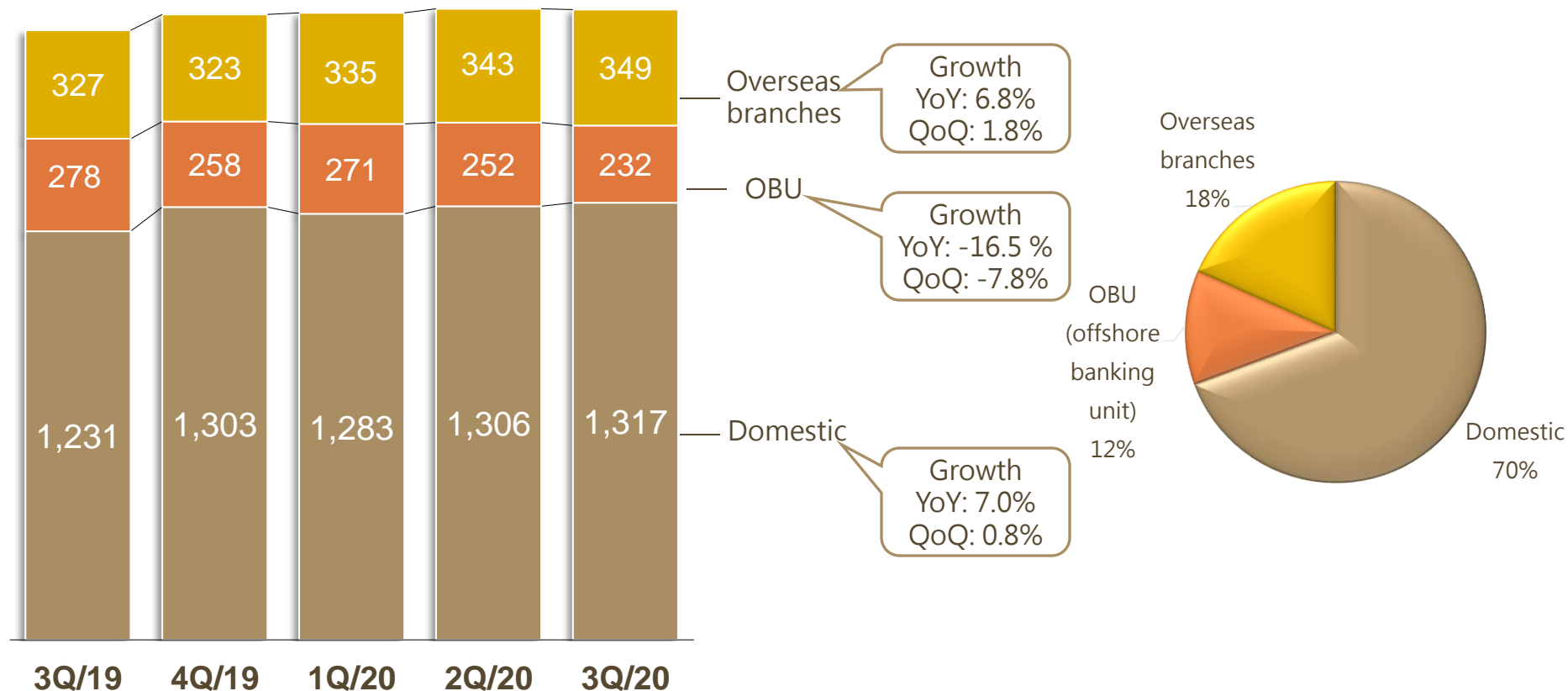
* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

3Q/20 overseas branches loans climbed higher

Mega Bank 3Q/20 loan breakdown by regions *

Unit: NT\$bn



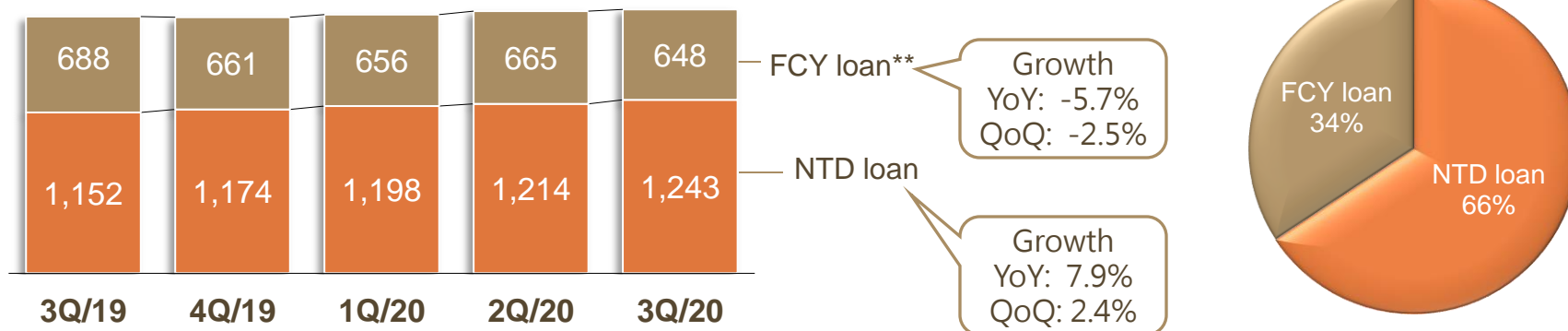
* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

** OBU stands for Off-shore Banking Unit

3Q/20 NTD loans were up

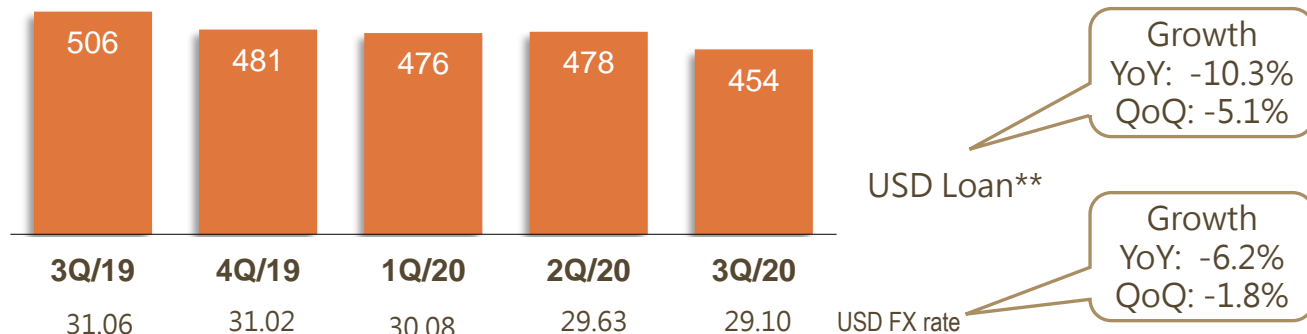
Mega Bank 3Q/20 loan breakdown by currency: NTD vs. foreign currency loan *

Unit: NT\$bn



Mega Bank USD Loan balance*

Unit: NT\$bn



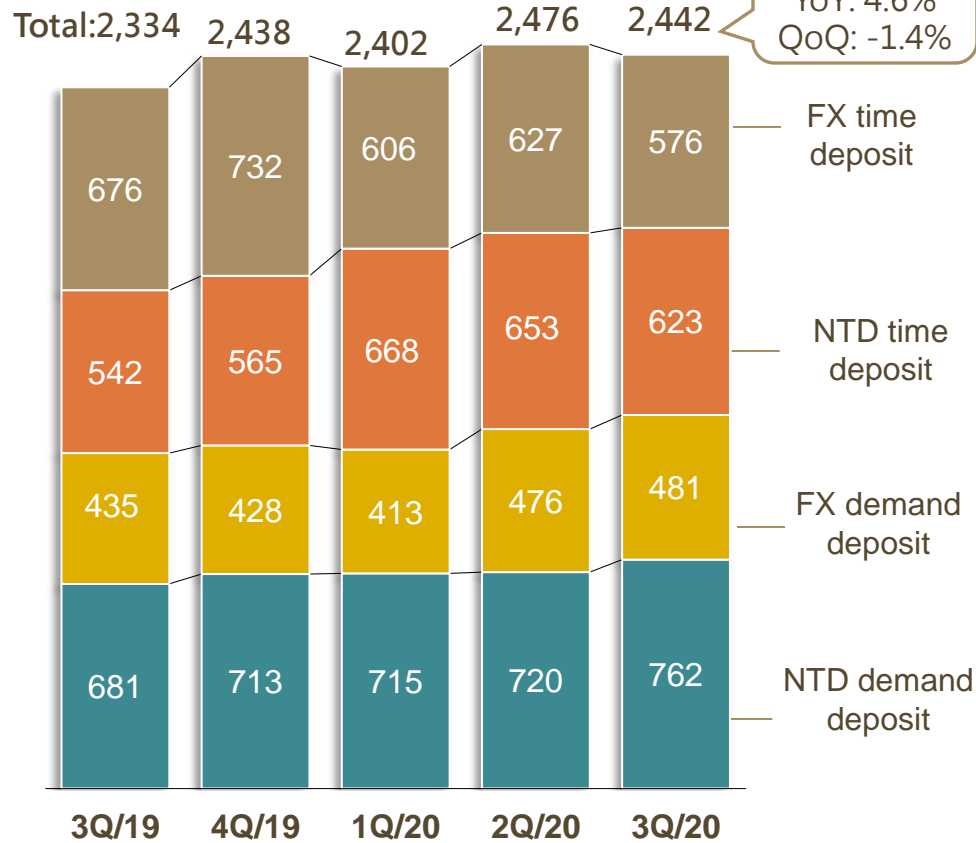
* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

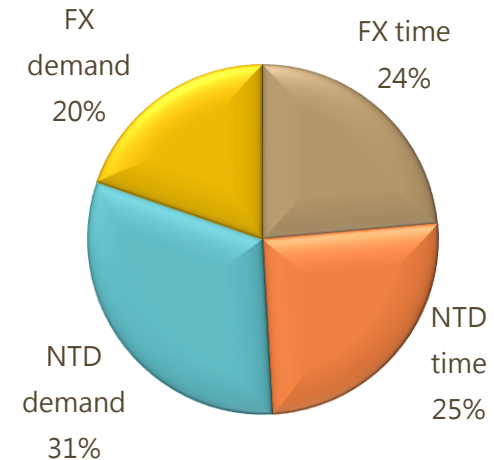
3Q/20 demand deposits were up; time deposits were down

Mega Bank deposit balance *

Unit: NT\$bn



Mega Bank 3Q/20 deposit breakdown

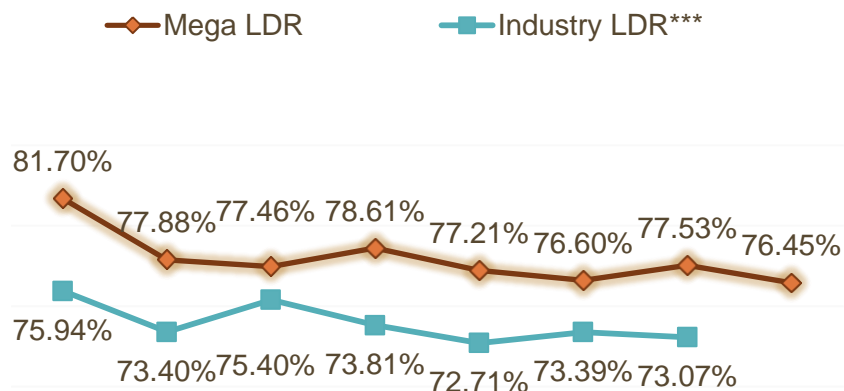


* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit; internal numbers.

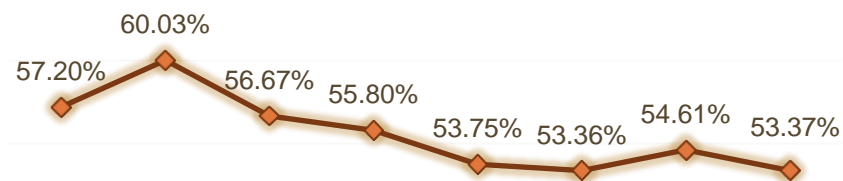
** Includes retail and corporate deposit but excludes due from central banks and banks

LDR was down slightly

Mega Bank's total LDR*



Mega Bank's USD LDR**



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

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

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

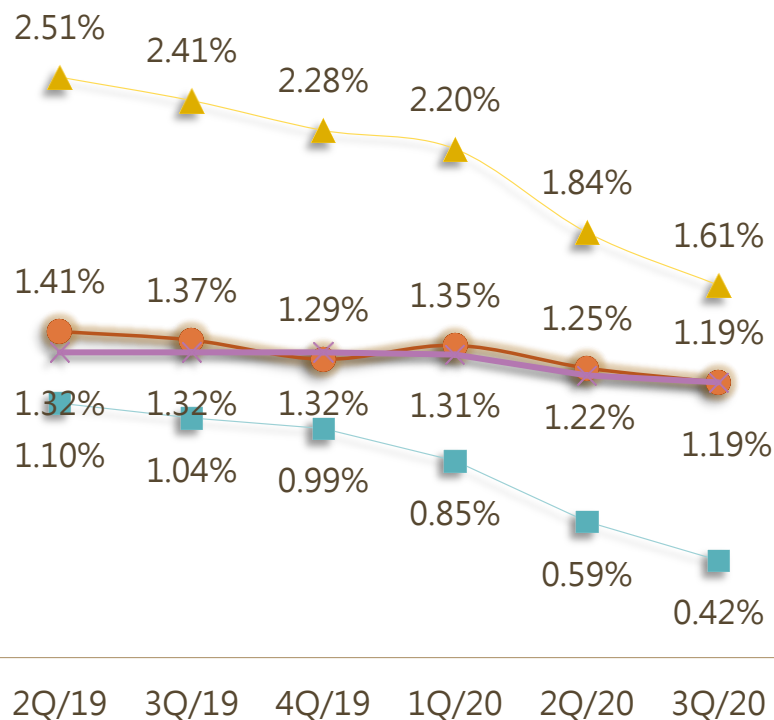
** USD LDR calculation is based on average loan/deposit balance of that quarter

*** Source: Central Bank of Taiwan

Interest spread remained soft

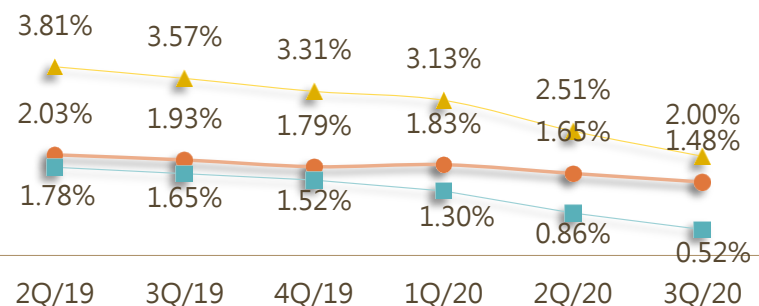
Mega Bank total loan interest spread*

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



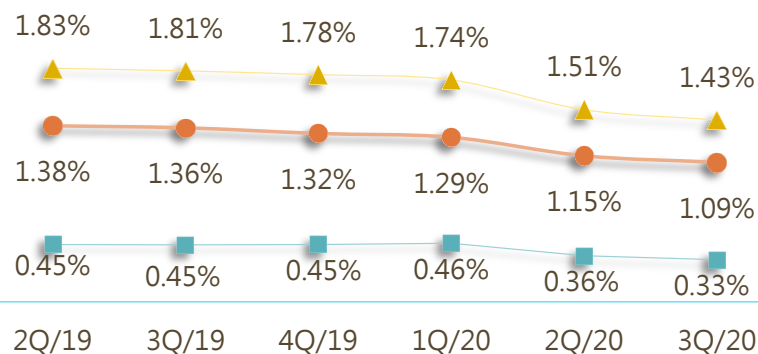
Mega Bank overseas loan interest spread*

—●— Spread —▲— Yield —■— Cost



Mega Bank domestic loan interest spread*

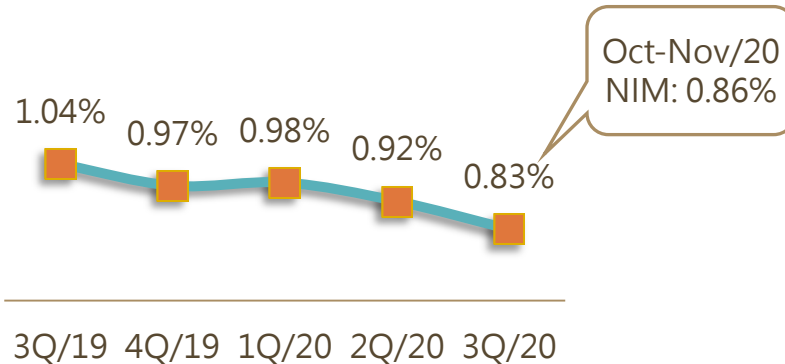
—●— Spread —▲— Yield —■— Cost



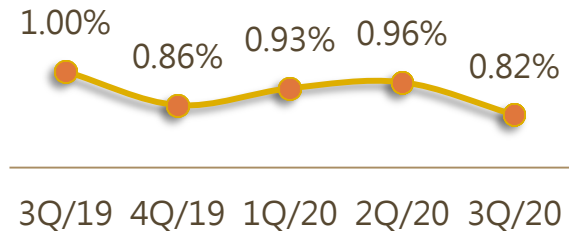
* Overseas loan includes overseas branches and OBU loan; internal numbers.

3Q/20 NIM pressure remained; Oct-Nov/20 NIM stabilized

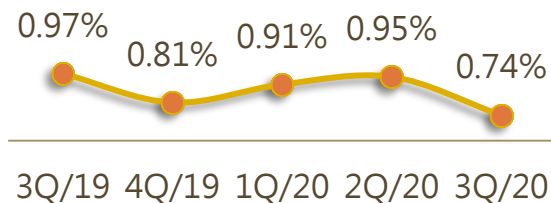
Mega Bank quarterly Total NIM*



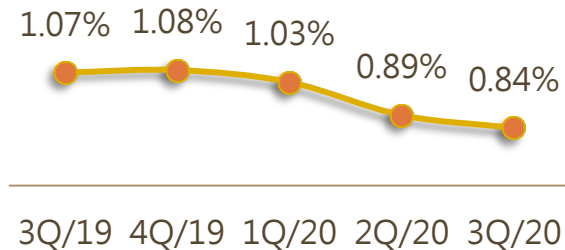
Mega Bank quarterly FCY NIM*



Mega Bank monthly USD NIM*



Mega Bank quarterly NTD NIM*

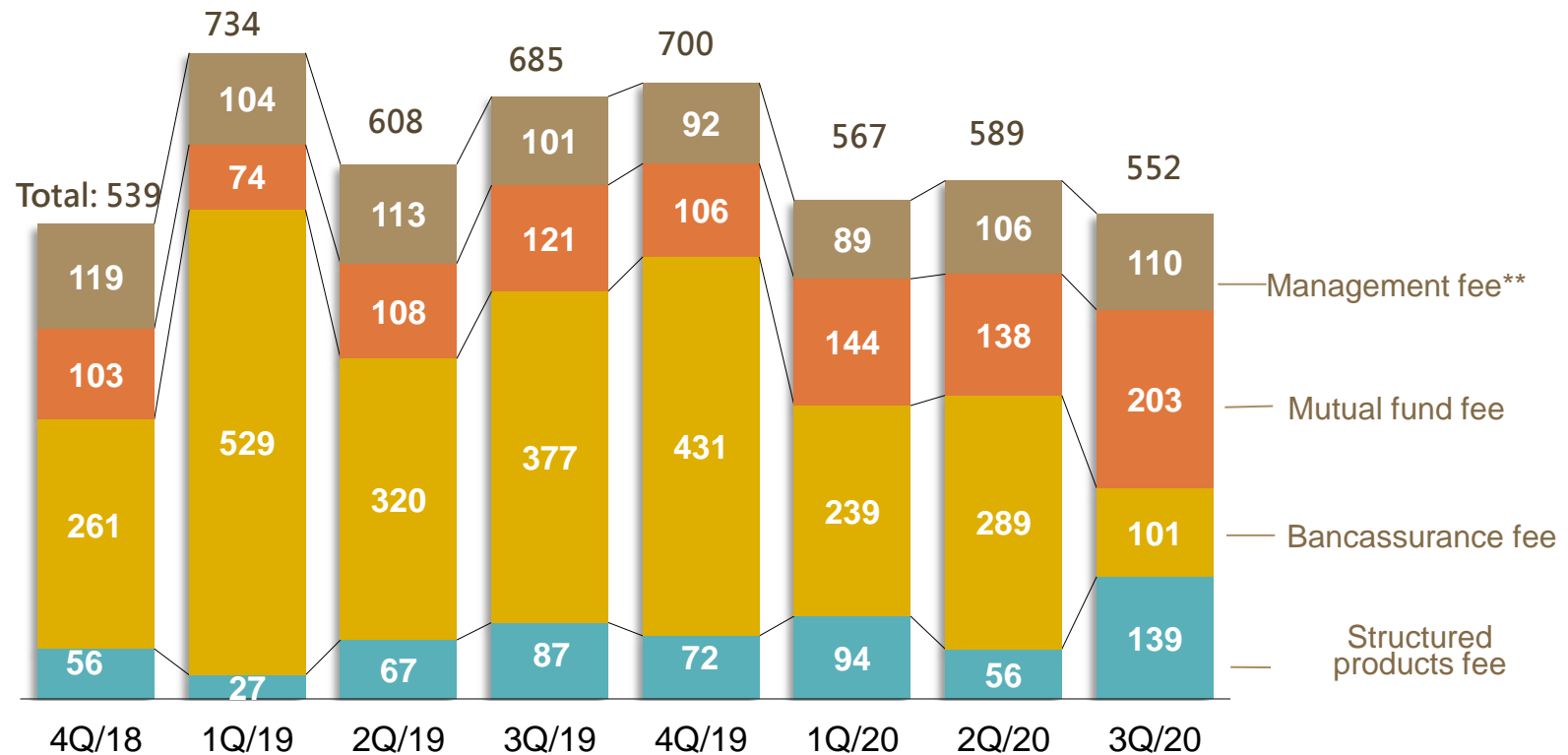


* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

3Q/20 mutual fund and structured products fees were up; bancassurance fee remained soft

Mega Bank wealth management gross fee breakdown*

Unit: NT\$MN



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

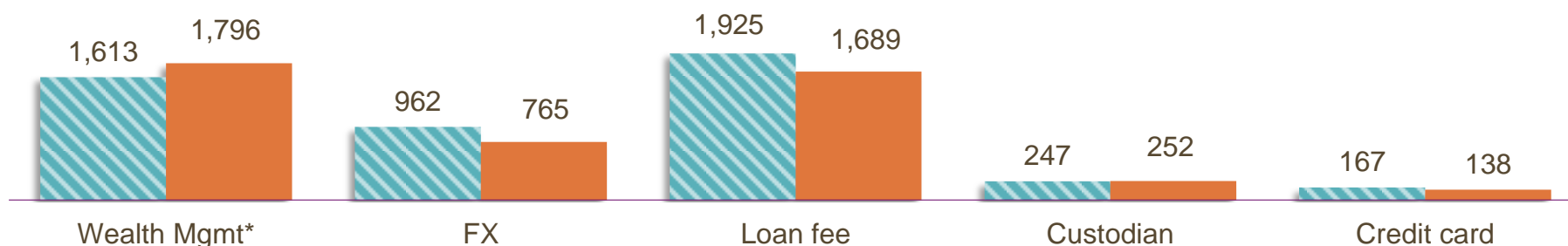
** Profit sharing scheme of fund mgmt fee and trust account mgmt fee.

Bank fee was up QoQ

Mega Bank net fee breakdown

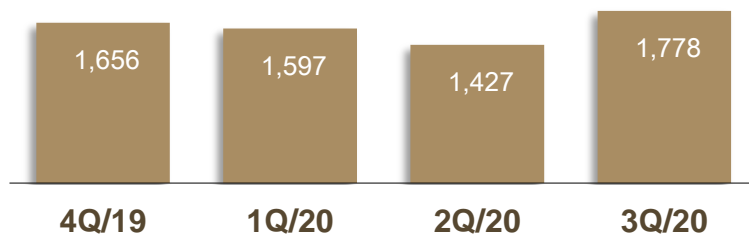
■ 1-3Q/19 ■ 1-3Q/20

Unit: NT\$MN

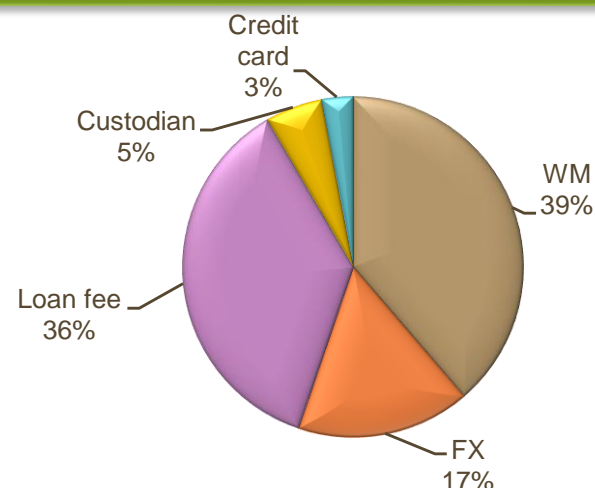


Mega Bank net fee trend

Unit: NT\$MN



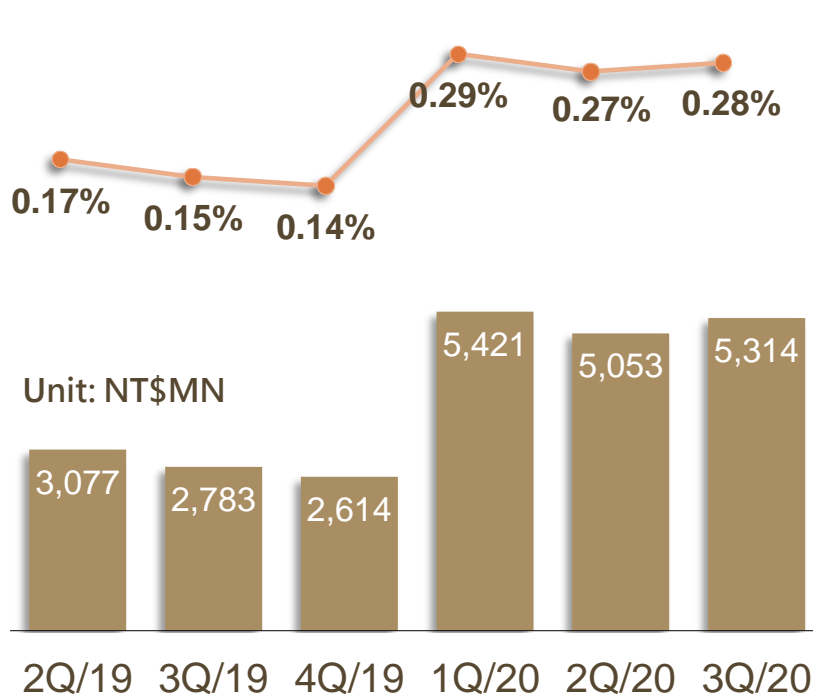
Mega Bank 1-3Q/20 net fee breakdown



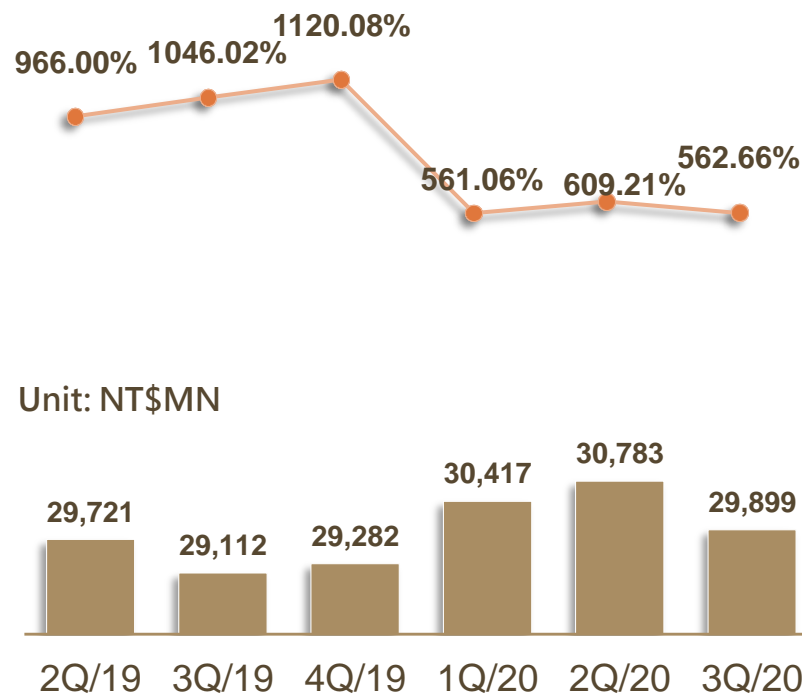
* Net wealth mgmt fee, deducting all the cost associated with product sales, excluding fee allocated to Mega life insurance agent and Mega SITE.

Benign asset quality

Mega Bank NPL balance & NPL ratio



Mega Bank loan loss reserved and coverage ratio

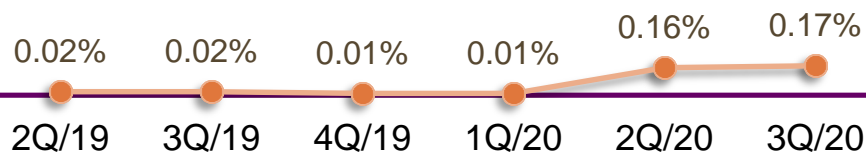


* PROTEC exposure was NT\$2.16bn with collateral value of NT\$1.55bn; however, to be on the conservative stance, we have taken extra provision of NT\$1.51bn and written off NT\$0.65bn as of May/2020.

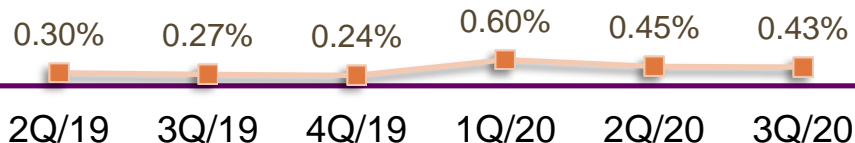
NPL formation remained stable

Mega Bank NPL ratio by customer *

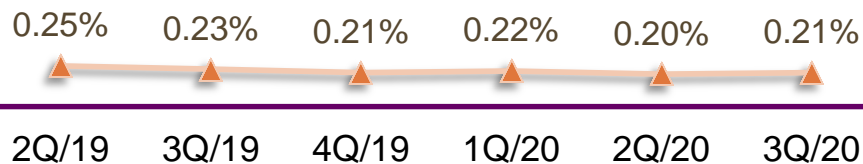
Large corp. NPL%



SME NPL %

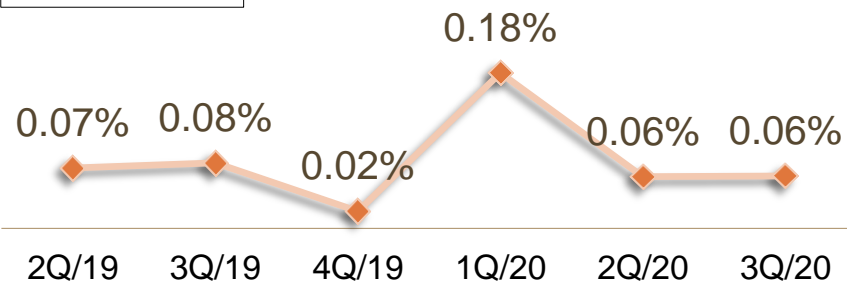


Mortgage NPL %



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



Financial Performance



Operating Performance



Appendix

1-3Q/2020 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	1-3Q/2020*	1-3Q/2019	YoY
Net interest income	23,747	26,780	-11%
Net fee revenue	7,211	6,851	5%
Insurance revenue	1,536	1,299	18%
Financial assets and liabilities at fair value thru P&L	6,041	8,634	-30%
Gain from fin. assets at fair value through other comprehensive income	5,153	2,879	79%
Gain from debt investment measured by amortized cost	-	-	
Equity method investment gain	-22	166	-113%
Gain on reclassification under the overlay approach	58	-101	-157%
FX spread gain	1,018	1,799	-43%
Asset impairment loss (write-back)	-112	-25	341%
Property gain	350	70	400%
Other non-interest revenue (net)	866	1,220	-29%
Operating net revenue	45,846	49,573	-8%
Operating expense	-21,432	-22,447	-5%
Pre-provision operating profit	24,413	27,126	-10%
Provision expense on loan	-1,930	-697	177%
Reserved on insurance	-253	-3	8283%
Pretax profit	22,230	26,426	-16%
Tax	-3,280	-3,678	-11%
Net profit	18,950	22,747	-17%
EPS (NT\$)	1.39	1.67	-17%

* 1-3Q/2020 are audited numbers.

1-3Q/2020 Mega FHC consolidated balance sheet

NT\$MN	1-3Q/2020*	1-3Q/2019	YoY
Assets:			
Cash and due from banks	549,434	545,505	1%
Bills and bonds under RP agreement	6,622	4,930	34%
Fin. assets at fair value through P&L	207,355	213,686	-3%
Fin. Assets at fair value through other comprehensive income	541,885	528,525	3%
Debt instrument investment measured by amortized cost	440,351	283,004	56%
Other financial assets	5,772	5,510	5%
A/R, net	80,756	88,331	-9%
Loan, net	1,885,472	1,825,166	3%
Equity method LT investments, net	5,492	3,084	78%
Land, premises and equipments, net	24,776	25,256	-2%
Others	19,108	17,539	9%
Total assets	3,767,022	3,540,535	6%
Liabilities			
Due to banks	500,342	354,451	41%
Deposits	2,457,157	2,363,416	4%
CP & Bond payable	39,080	30,470	28%
Bills & bonds sold under repurchase agreement	264,235	283,355	-7%
Other liabilities	186,282	189,747	-2%
Total liabilities	3,447,096	3,221,439	7%
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	102,801	102,082	1%
Equity adjustment items	12,932	12,810	1%
Minority shareholder interest	-	12	-
Total stockholders' equity	319,926	319,097	0%
Total liabilities and stockholders' equity	3,767,022	3,540,535	6%
Book value per share (NT\$)	23.52	23.46	0%

* 1-3Q/2020 are audited numbers.

1-3Q/2020 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1-3Q/2020*	1-3Q/2019	YoY
Net interest income	22,548	26,015	-13%
Net fee revenue	4,802	5,374	-11%
Financial assets and liabilities at fair value thru P&L	4,338	6,425	-32%
Gain from fin. assets at fair value through other comprehensive income	3,938	1,976	99%
Gain from debt investment measured by amortized cost	-	-	
FX spread gain	-25	152	-117%
Equity method investment gain	1,059	1,763	-40%
Asset impairment loss (write-back)	-101	-21	369%
Other non-interest revenue (net)	257	594	-57%
Operating net revenue	36,816	42,277	-13%
Operating expense	-17,315	-18,750	-8%
Pre-provision operating profit	19,501	23,527	-17%
Provision expense on loan	-1,780	-823	116%
Pretax profit	17,720	22,704	-22%
Tax	-2,349	-3,033	-23%
Net profit	15,371	19,671	-22%
EPS (NT\$)	1.80	2.30	-22%

* 1-3Q/2020 are audited numbers.

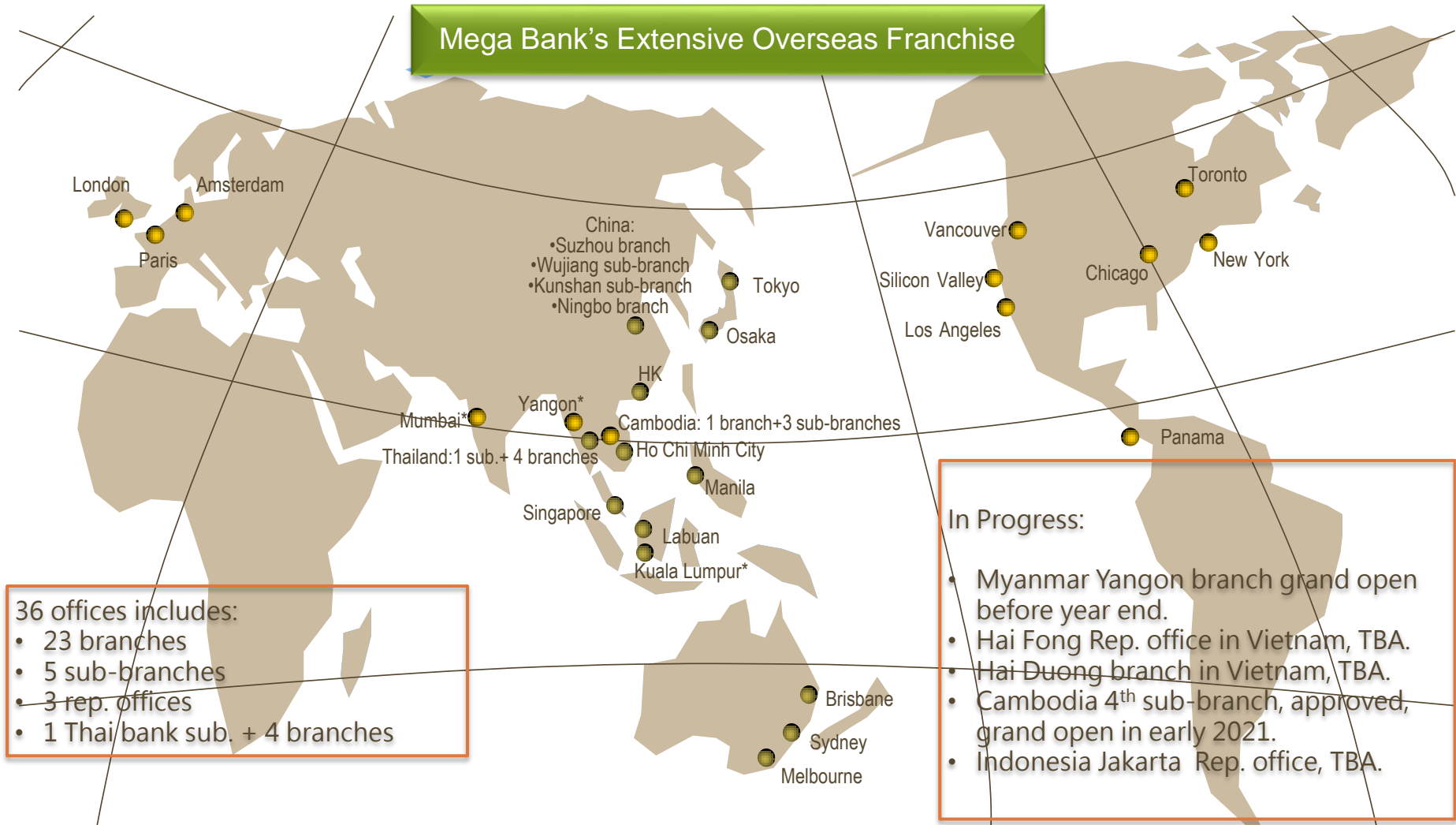
1-3Q/2020 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1-3Q/2020*	1-3Q/2019	YoY
Assets:			
Cash and due from banks	545,054	544,748	0%
Bills and bonds under RP agreement	14,834	5,952	149%
Fin. assets at fair value through P&L	59,889	65,876	-9%
Fin. Assets at fair value through other comprehensive income	380,381	377,181	1%
Debt instrument investment measured by amortized cost	435,999	279,076	56%
Other financial assets	252	593	-58%
A/R, net	39,590	52,583	-25%
Loan, net	1,885,472	1,825,166	3%
Equity method LT investments, net	5,385	2,984	80%
Land, premises and equipments, net	17,303	17,529	-1%
Others (net)	12,005	11,019	9%
Total assets	3,396,164	3,182,706	7%
Liabilities			
Due to banks	485,802	339,427	43%
Deposits	2,463,904	2,365,897	4%
CP & Bond payable	13,000	12,000	8%
Bills & bonds sold under repurchase agreement	27,762	49,072	-43%
Other liabilities	115,799	127,919	-9%
Total liabilities	3,106,267	2,894,315	7%
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	135,525	132,541	2%
Equity adjustment items	6,791	8,269	-18%
Total stockholders' equity	289,897	288,392	1%
Total liabilities and stockholders' equity	3,396,164	3,182,706	7%
Book value per share (NT\$)	33.96	33.78	1%

* 1-3Q/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.