



兆豐金控
Mega Holdings

4Q/2020 Analyst Meeting

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Operation Highlights & Strategic Focus



Financial Performance



Operating Performance



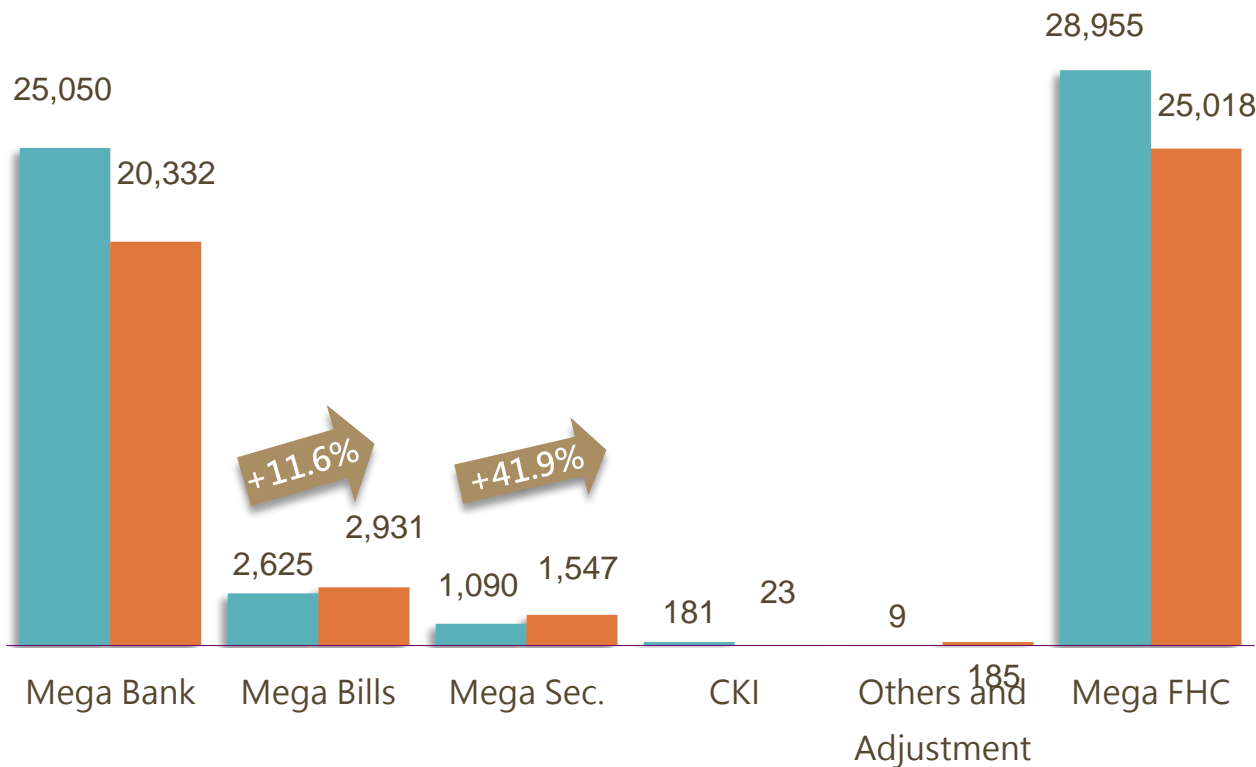
Appendix

Bills & Sec. earning outperformed in 2020; Group earning was up 12.7% in Jan-Feb/2021

Mega FHC & Subs. 1-4Q/20 earning trend

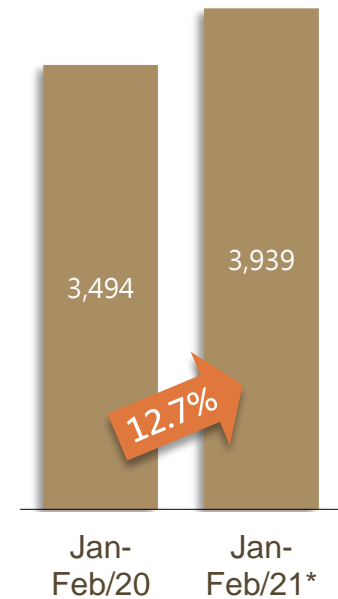
■ 1-4Q/19 ■ 1-4Q/20*

Unit: NT\$MN



Mega FHC Jan-Feb/21 earning

Unit: NT\$MN



* 1-4Q/20 are audited figures; Jan-Feb/2021 are un-audited figures

Strategic Focus

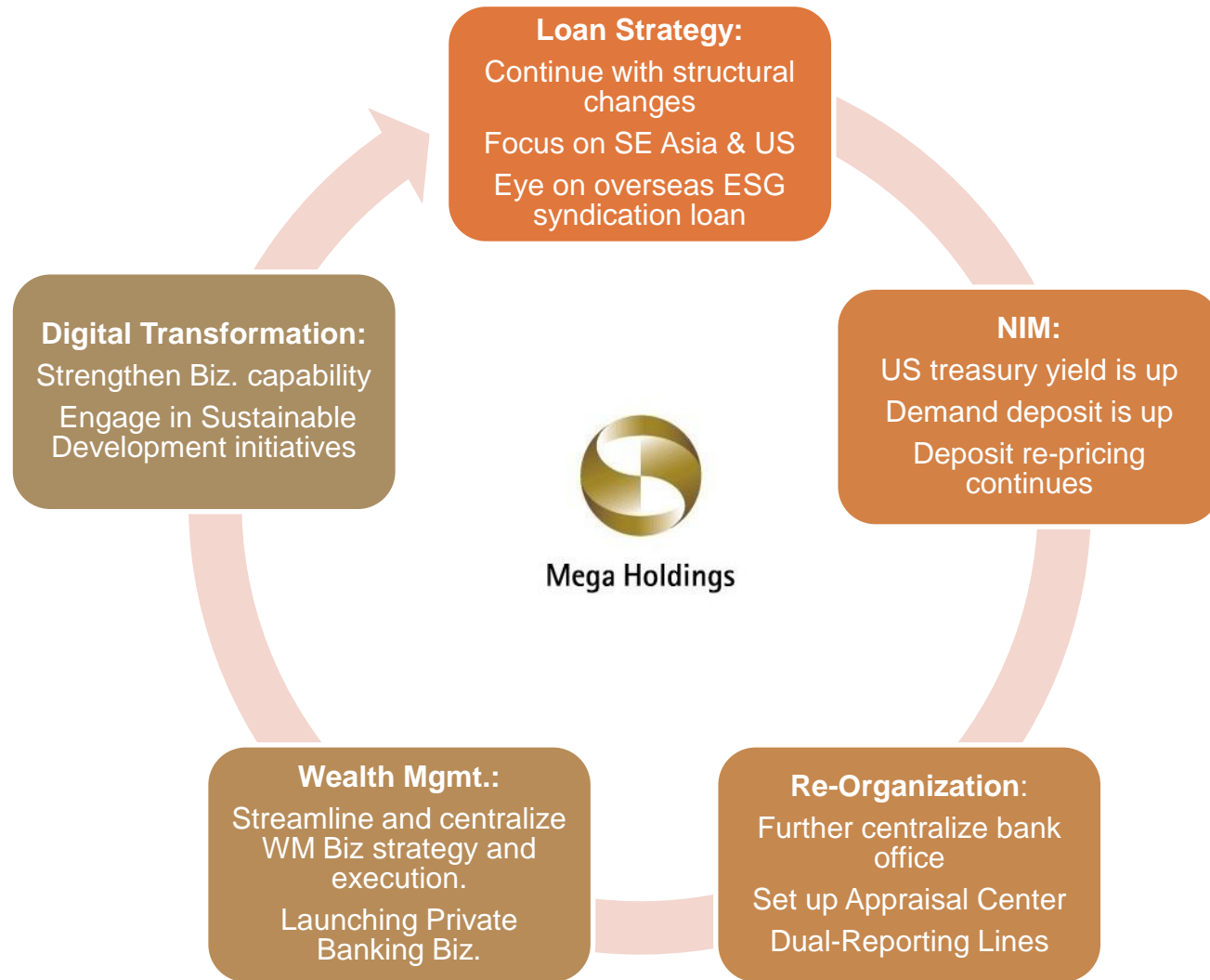


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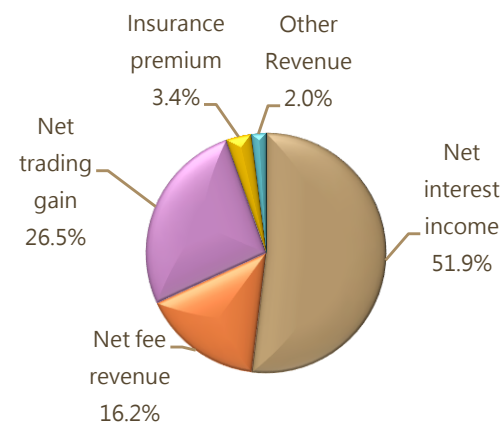
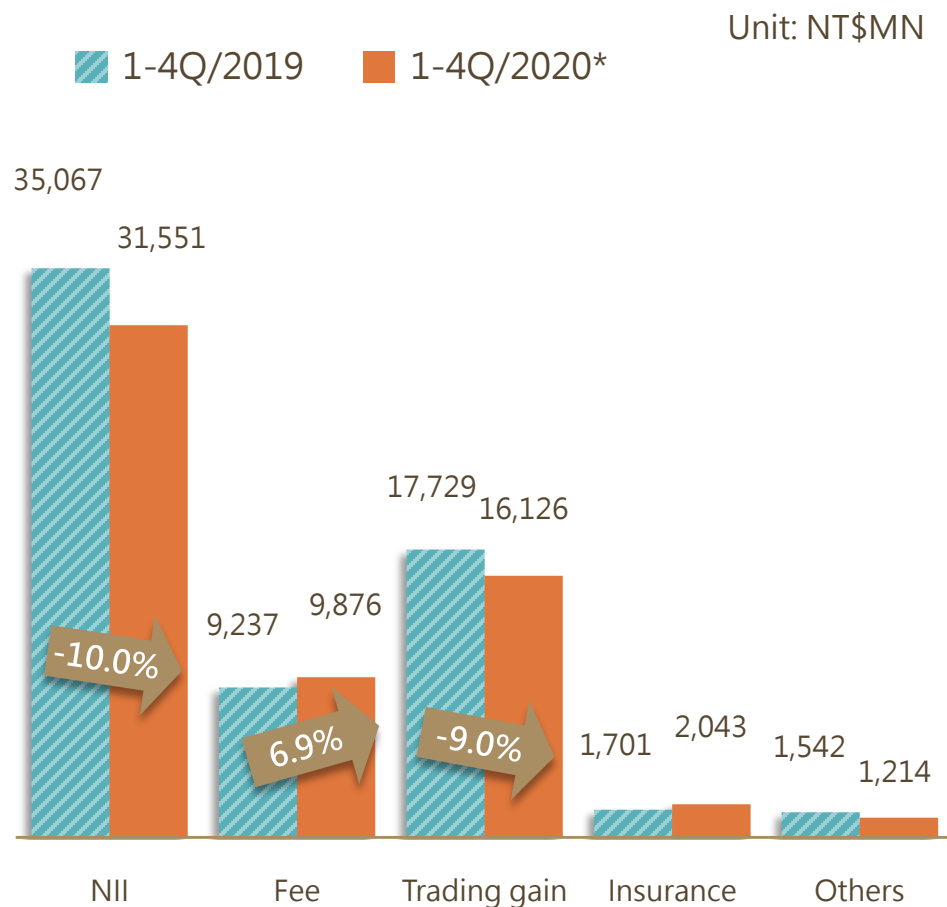


Appendix

Group revenue declines narrowed; fee was up 6.9% YoY

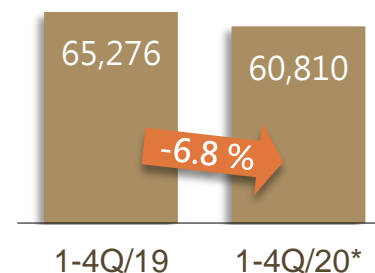
Mega Group consolidated net revenue *

Mega Group 1-4Q/20 net revenue breakdown



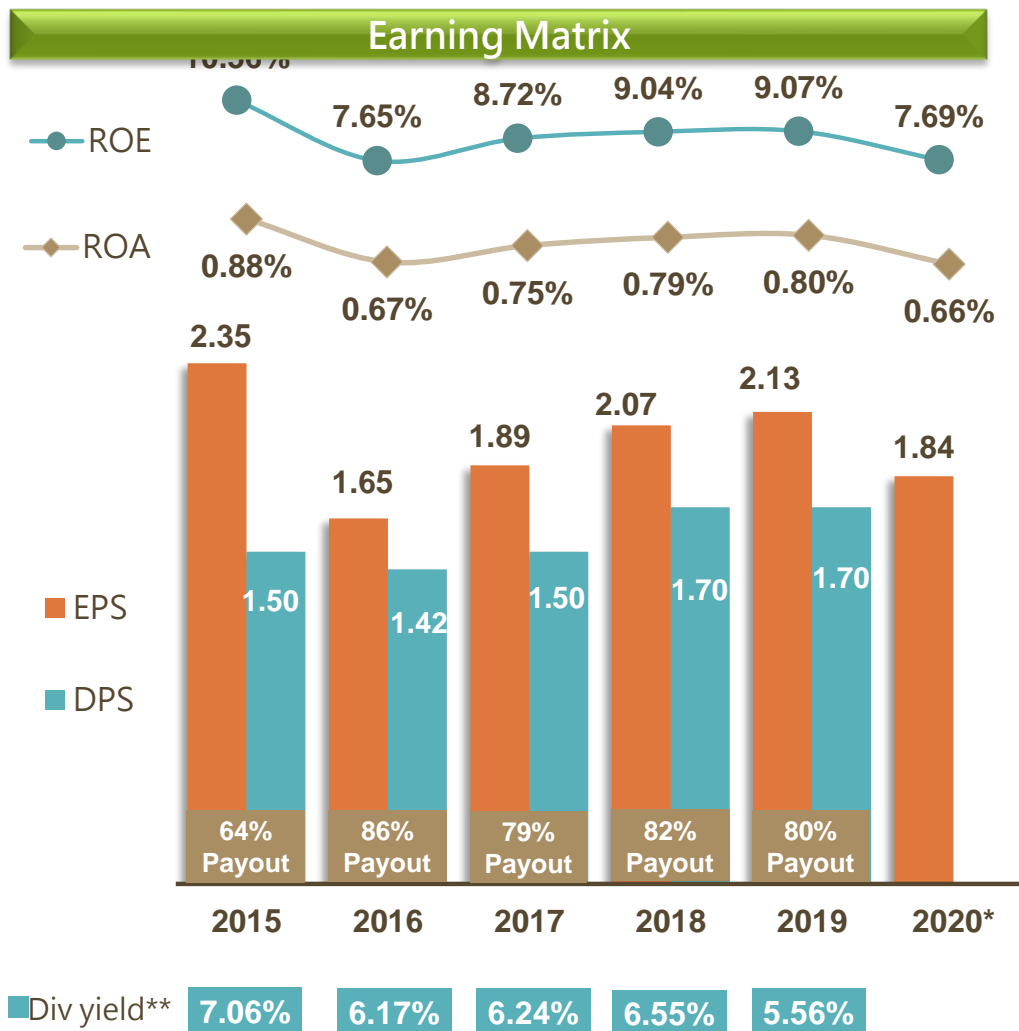
Mega Group net revenue trend

Unit: NT\$MN



* 1-4Q/20 are audited figures.

Dividend policy remained attractive.



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

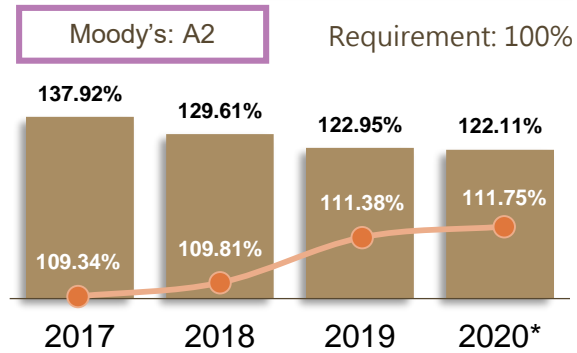
- ❖ Maintain high payout ratio
- ❖ At least 50% of dividend payout in cash form.

* 2020 are audited numbers.

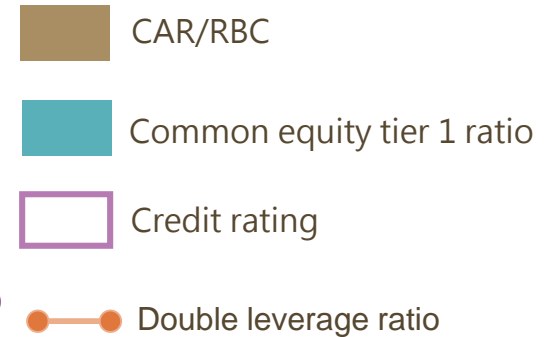
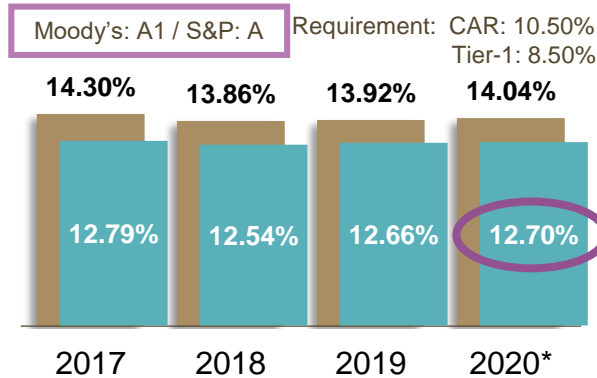
** Cash dividend yield = cash dividend / last trading day share price of that year

Strong tier 1 capital

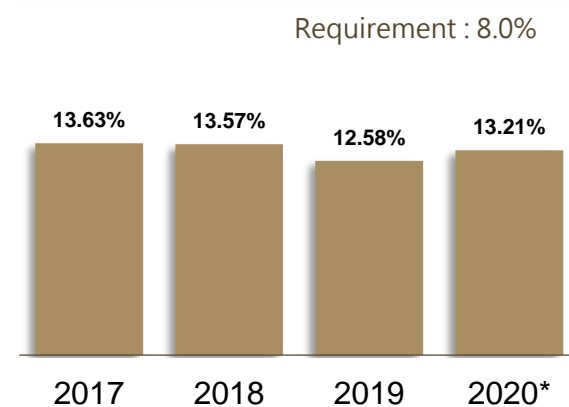
Mega FHC



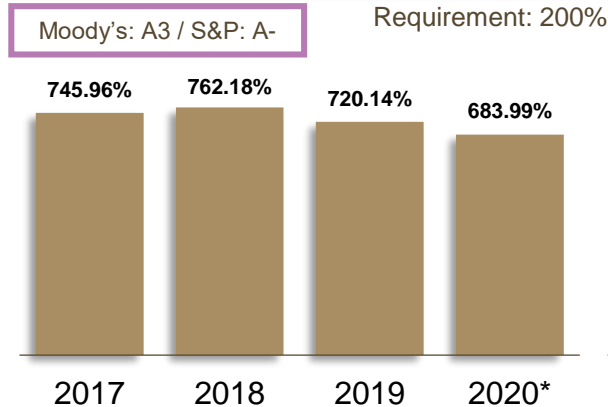
兆豐銀行



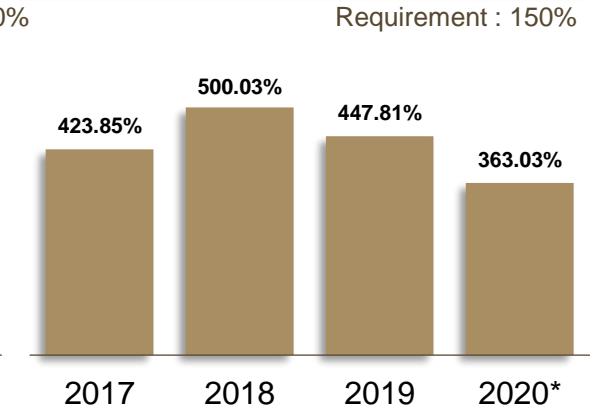
Mega Bills



CKI P&C



Mega Securities



* 2020 are audited numbers

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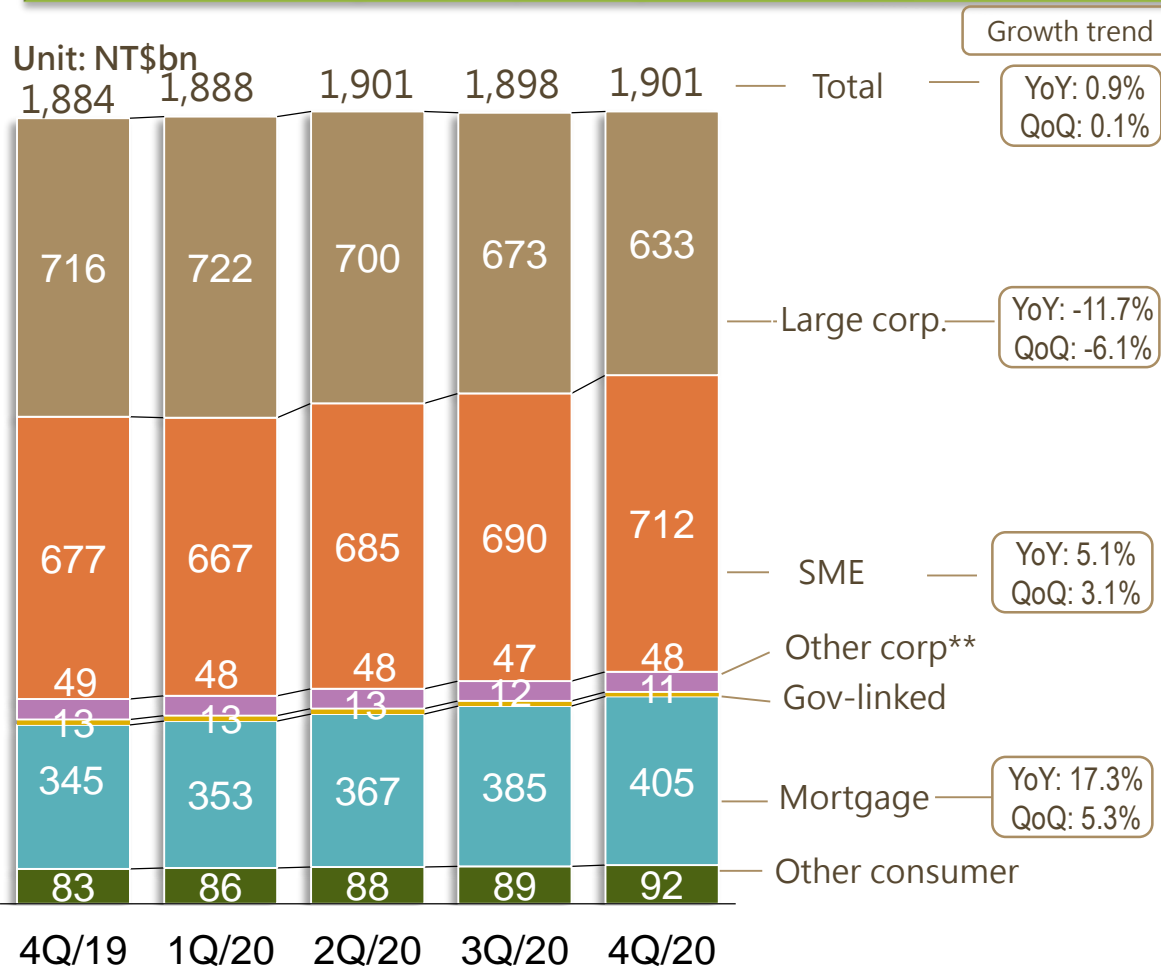
Operating Performance



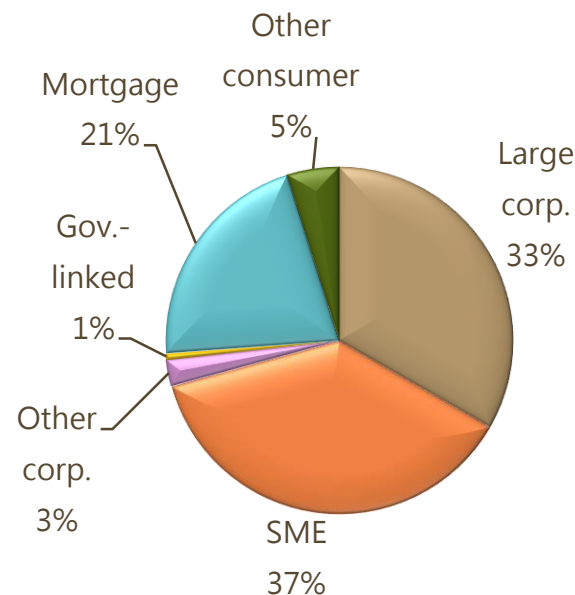
Appendix

SME and mortgage loans were up

Mega Bank quarterly loan balance*



Mega Bank 4Q/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, Real estate and mortgage loans outperformed the rest

Mega Bank loan balance trend by industry*

Unit: NT\$BN

■ 4Q/20

▨ 3Q/20

▤ 4Q/19

Growth trend

YoY: -8.8%
QoQ: -4.0%

YoY: -0.8%
QoQ: 0.7%

YoY: 10.8%
QoQ: 5.0%

YoY: 3.1%
QoQ: 3.8%

YoY: -16.4%
QoQ: -2.1%

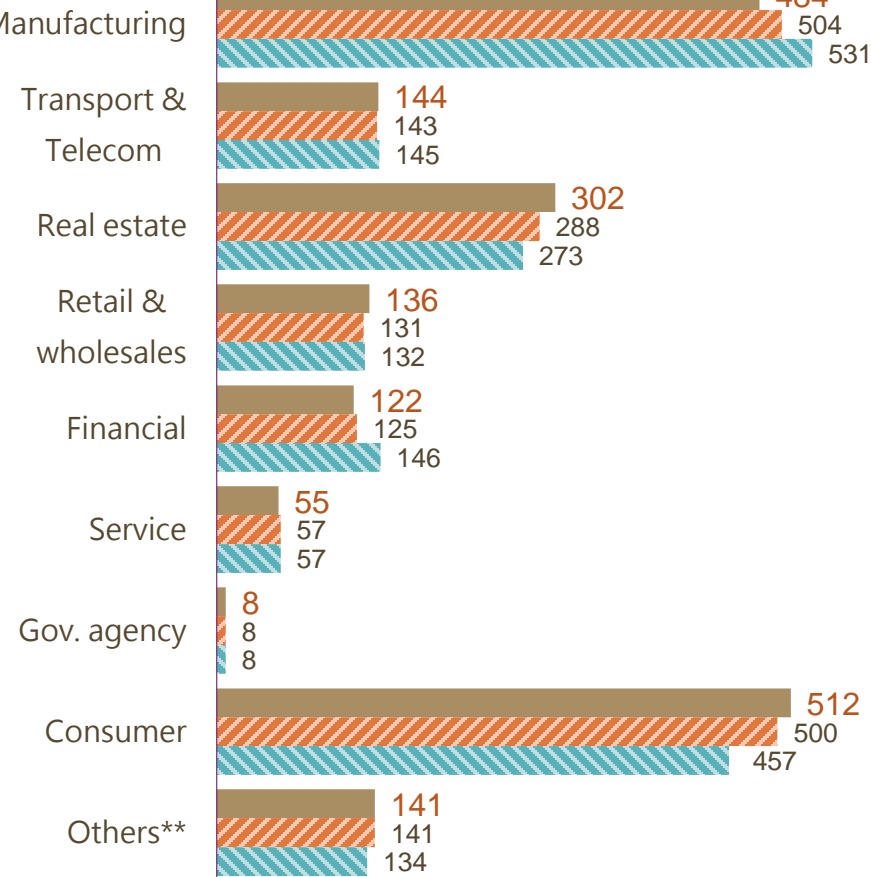
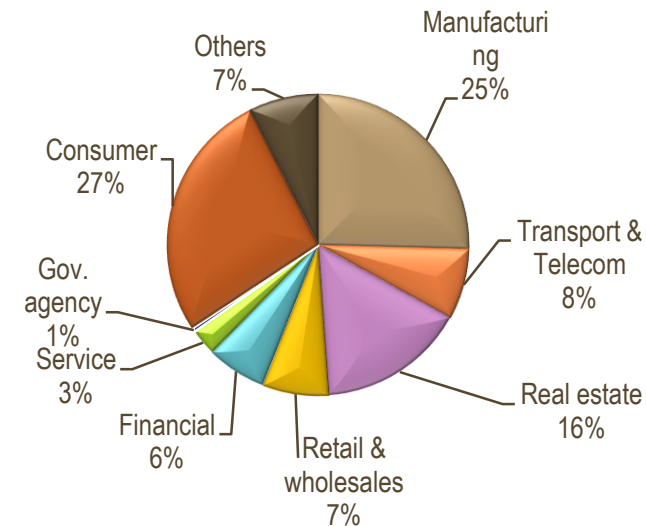
YoY: -3.2%
QoQ: -3.1%

YoY: -1.3%
QoQ: -2.6%

YoY: 12.0%
QoQ: 2.4%

YoY: 4.9%
QoQ: -0.6%

4Q/20 loan breakdown by industry*



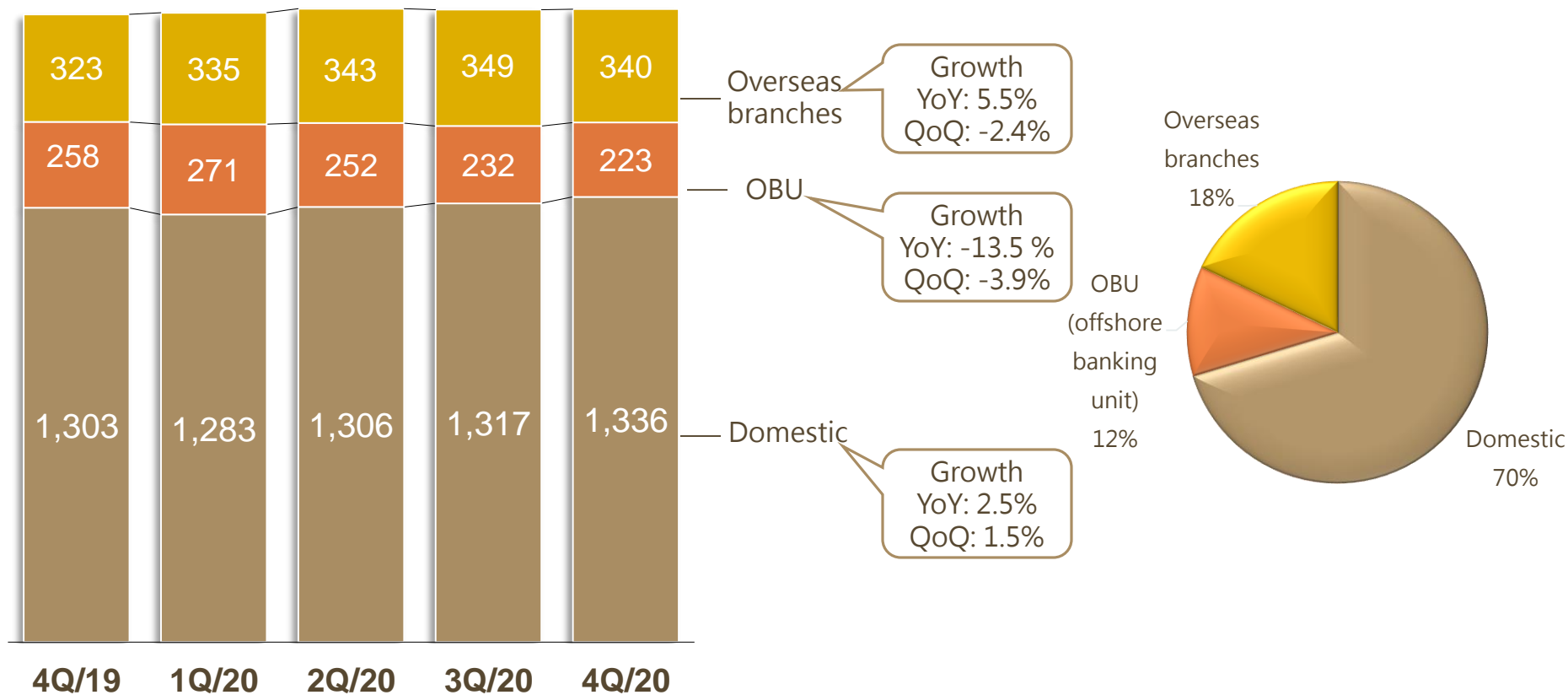
* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

4Q/20 domestic loan was up; overseas branches loan was up 5.5% YoY

Mega Bank 4Q/20 loan breakdown by regions *

Unit: NT\$bn



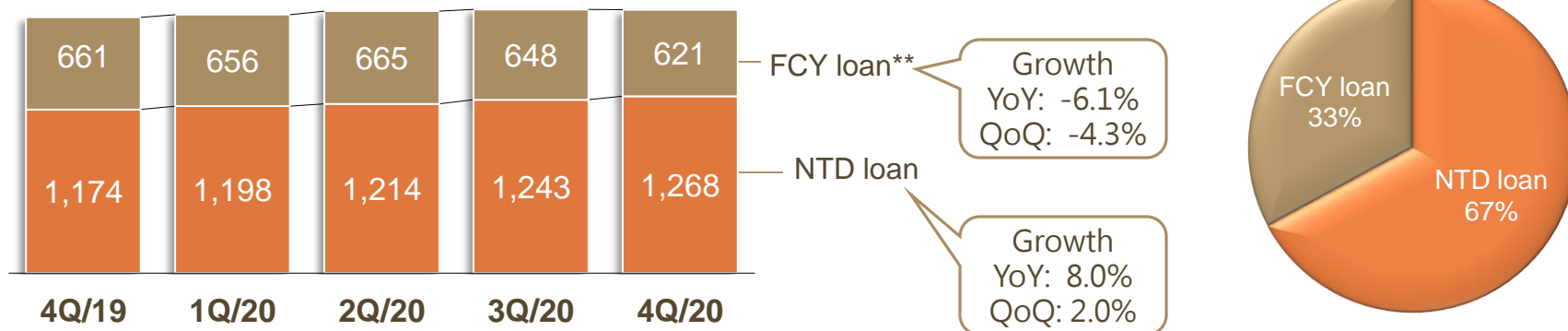
* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

** OBU stands for Off-shore Banking Unit

4Q/20 NTD loan was up

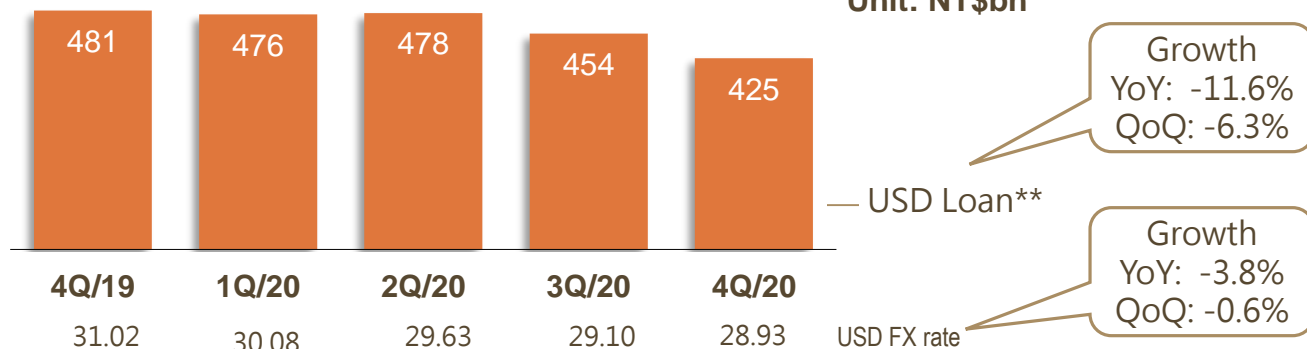
Mega Bank loan breakdown by currency: NTD vs. foreign currency loan *

Unit: NT\$bn



Mega Bank USD Loan balance*

Unit: NT\$bn

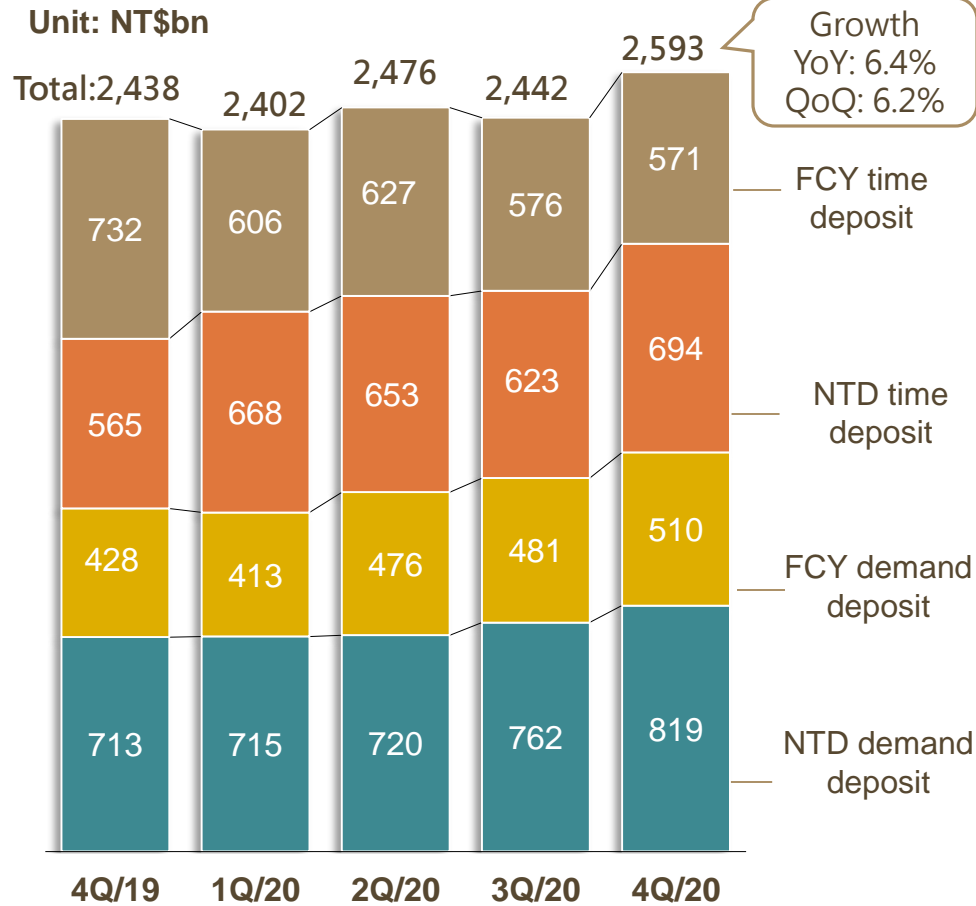


* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

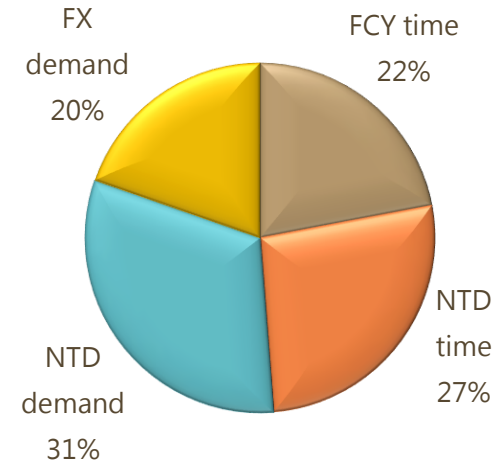
** Foreign currency and USD loans include OBU, overseas branched and some domestic branched loans.

Surged in NTD/FCY demand deposit

Mega Bank deposit balance *



Mega Bank 4Q/20 deposit breakdown

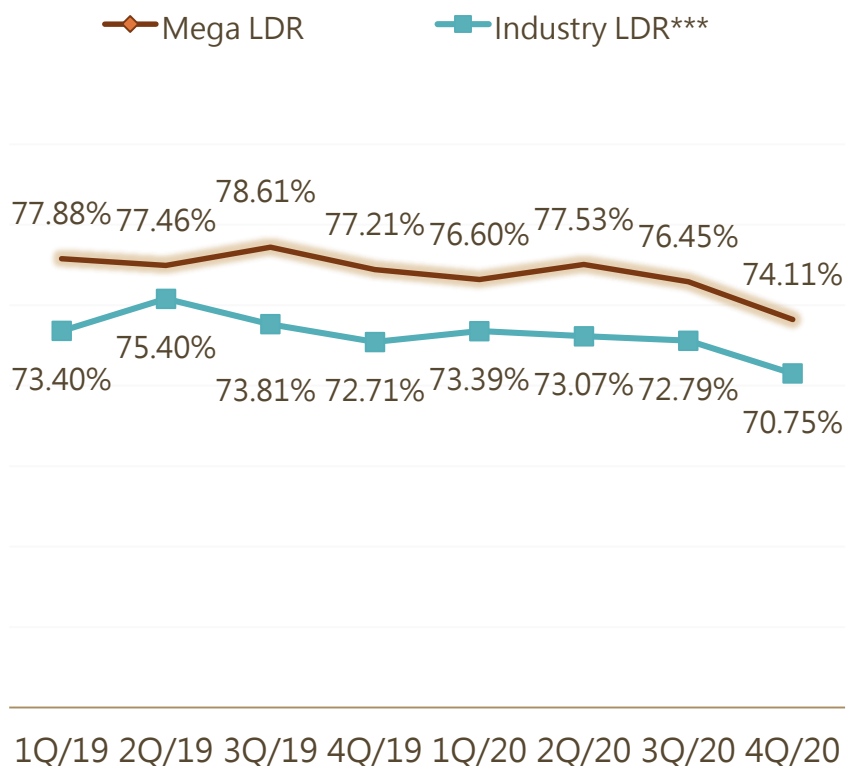


* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit; internal numbers.

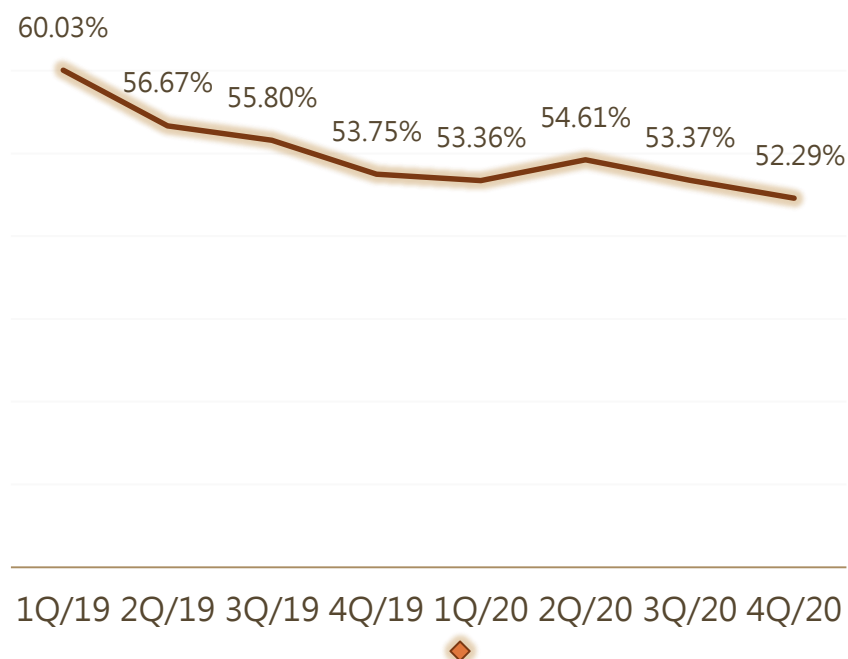
** Includes retail and corporate deposit but excludes due from central banks and banks

LDR was down as demand deposit jumped higher

Mega Bank's total LDR*



Mega Bank's USD LDR**



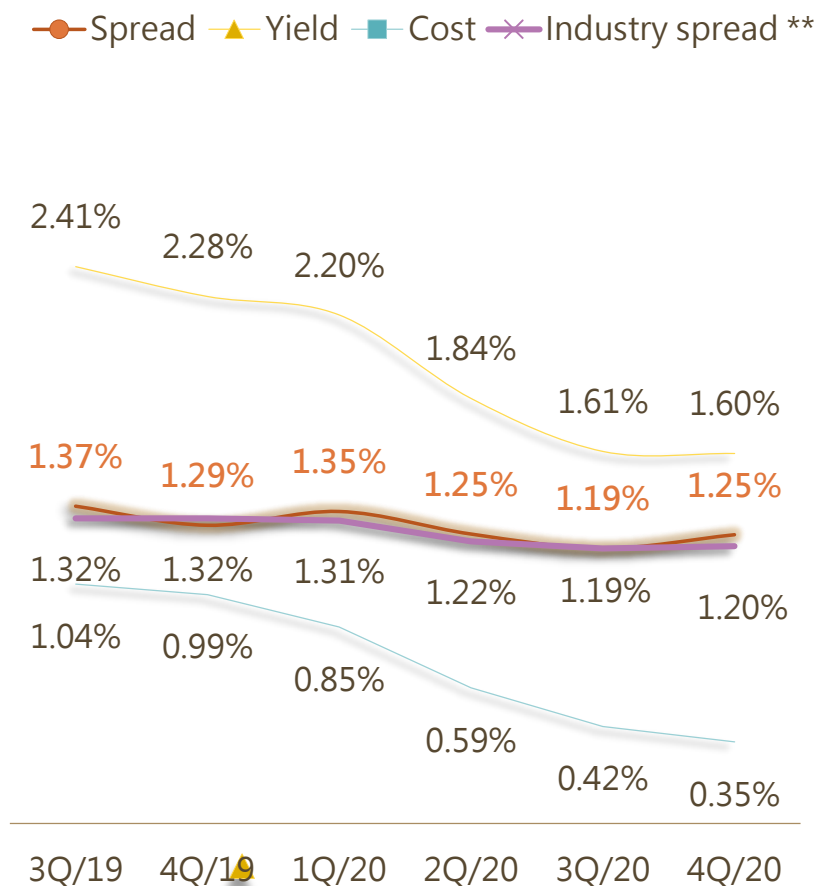
* Total LDR calculation is based on loan/deposit end balance

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

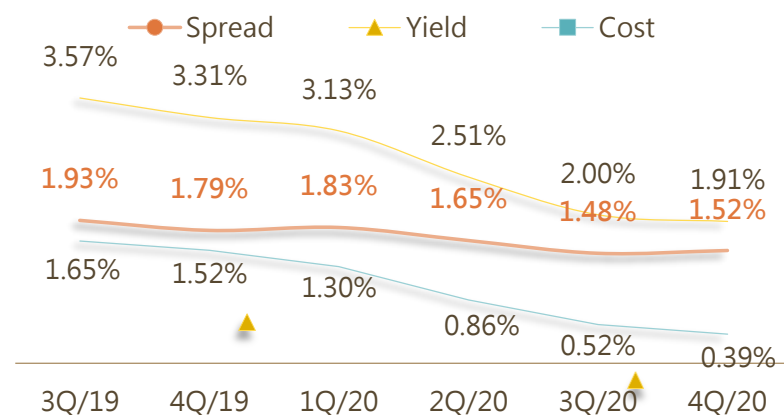
*** Source: Central Bank of Taiwan

Loan interest spread was up

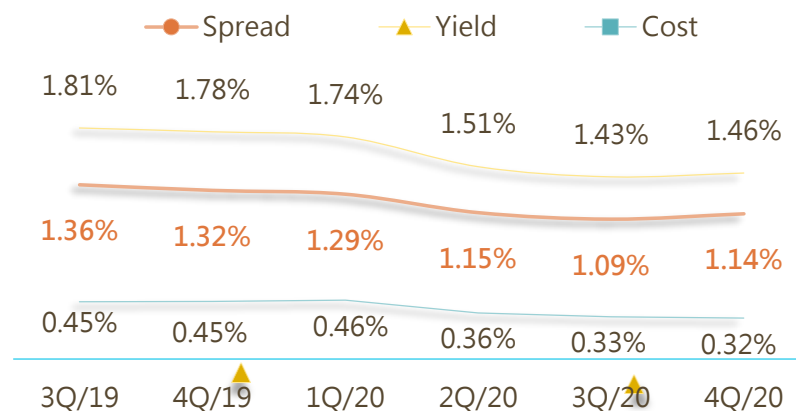
Mega Bank total loan interest spread*



Mega Bank overseas loan interest spread*



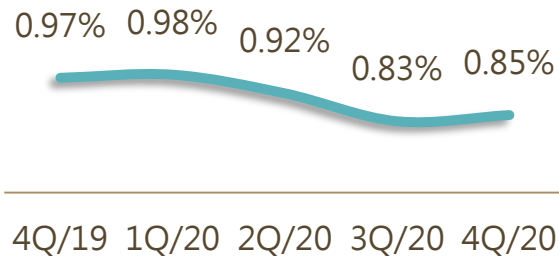
Mega Bank domestic loan interest spread*



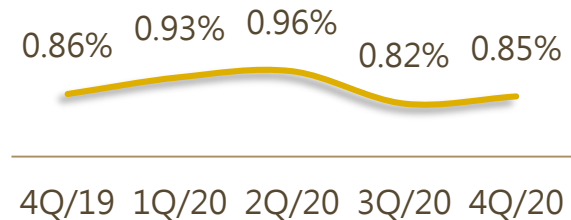
* Overseas loan includes overseas branches and OBU loan; internal numbers.

4Q/20 NIM rebounded

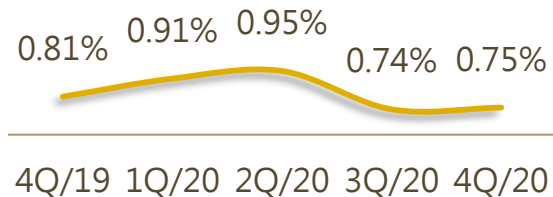
Mega Bank quarterly Total NIM*



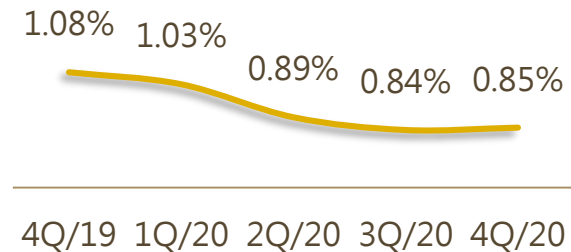
Mega Bank quarterly FCY NIM*



Mega Bank monthly USD NIM*



Mega Bank quarterly NTD NIM*

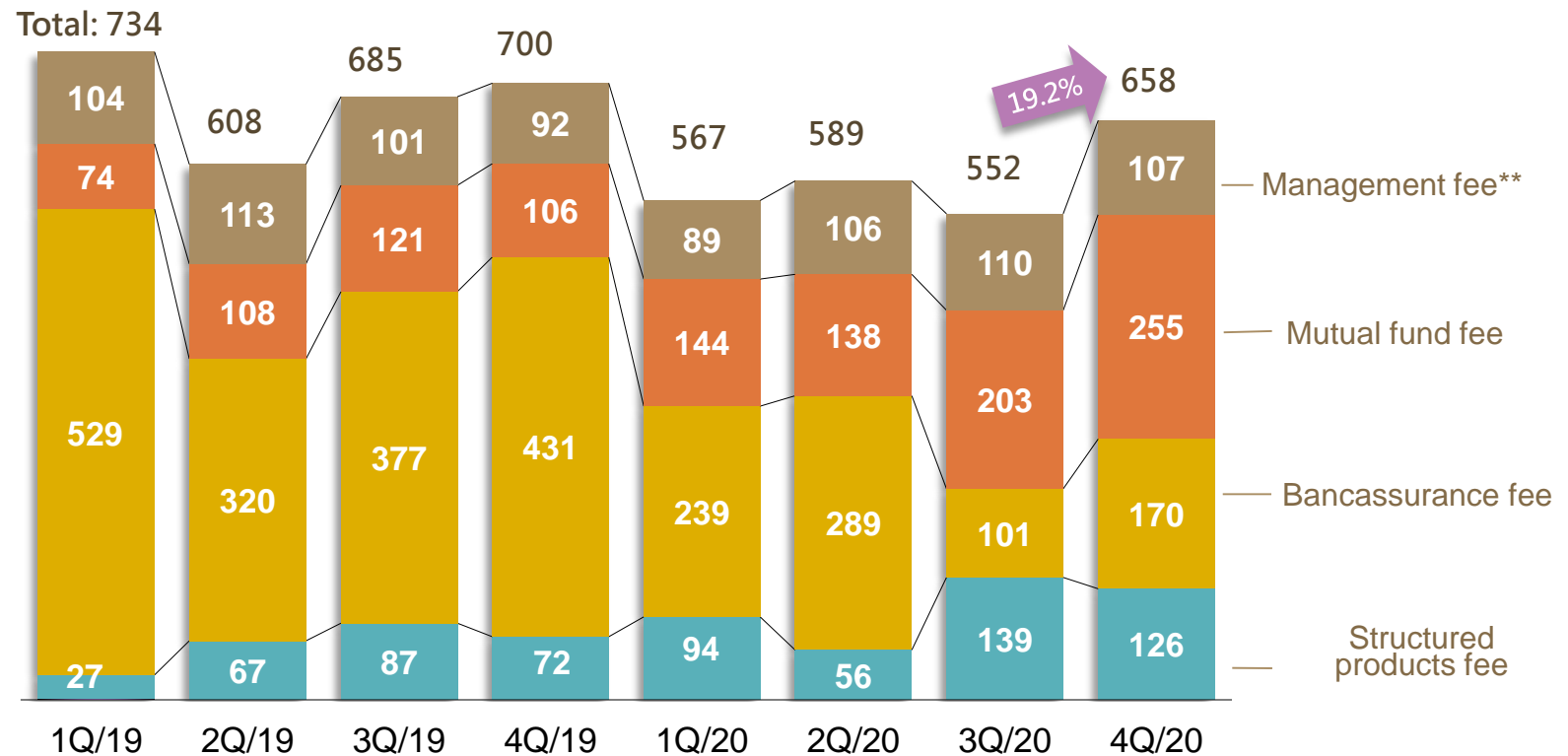


* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

Mutual fund sales fee continued to increase higher

Mega Bank wealth management gross fee breakdown*

Unit: NT\$MN



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

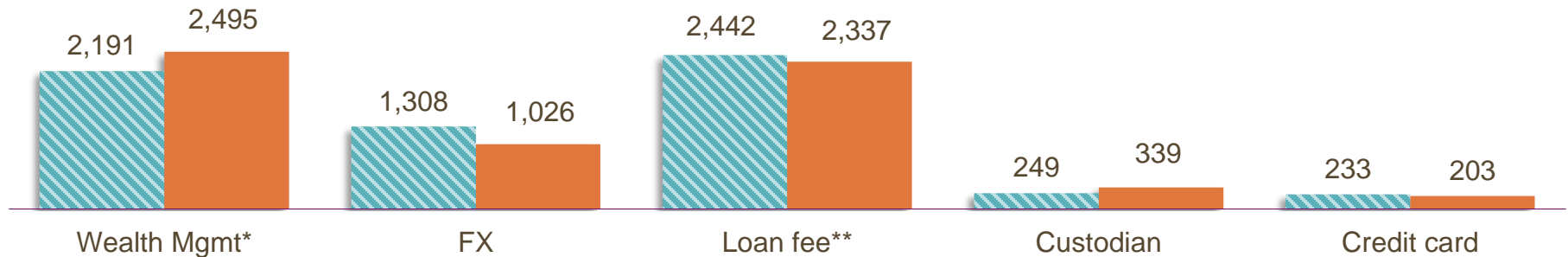
** Profit sharing scheme of fund mgmt fee and trust account mgmt fee.

Bank fee remained stable

Mega Bank net fee breakdown

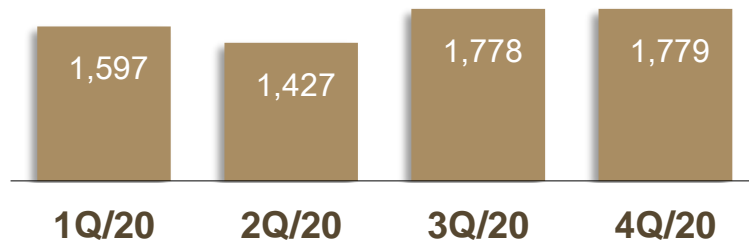
■ 1-4Q/19 ■ 1-4Q/20

Unit: NT\$MN

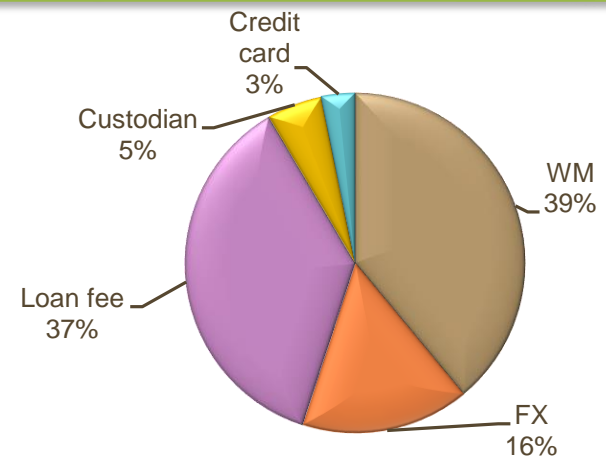


Mega Bank net fee

Unit: NT\$MN



Mega Bank 1-4Q/20 net fee breakdown

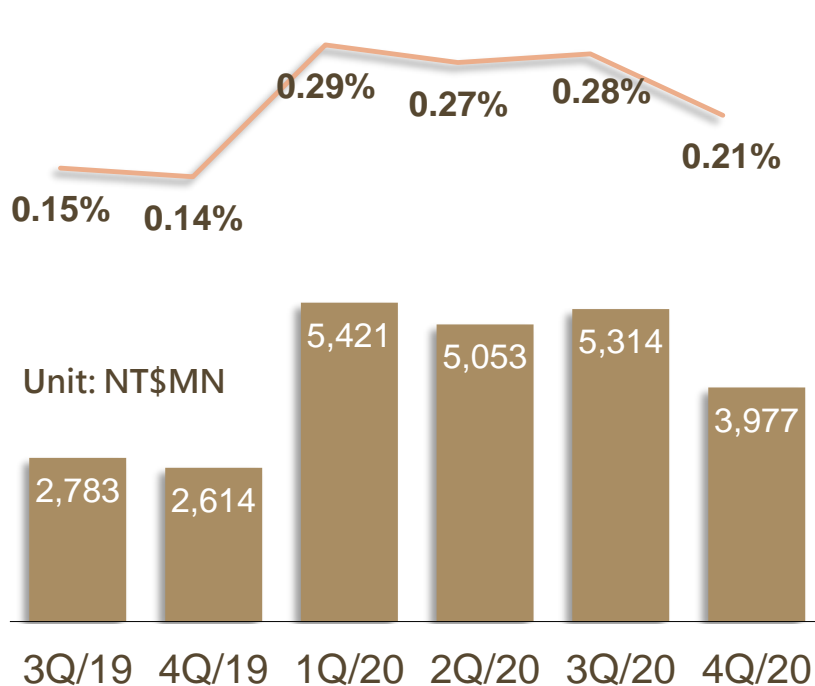


* Net wealth mgmt fee; Mega Life Insurance Agent merged into Mega Bank in May/2020

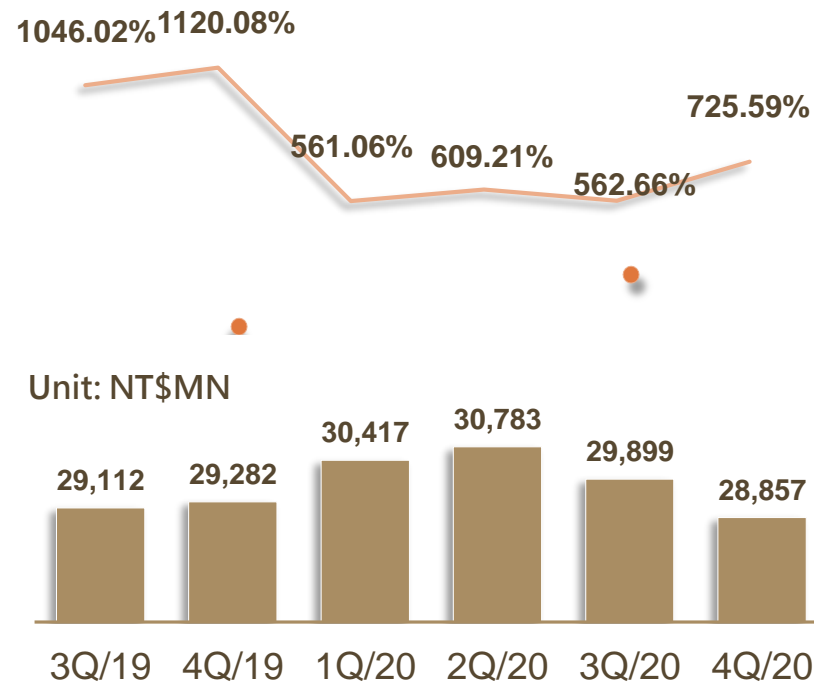
**Includes corp. banking fee, consumer banking fee, guarantee fee and transaction fee

NPL was down; coverage was up

Mega Bank NPL balance & NPL ratio*



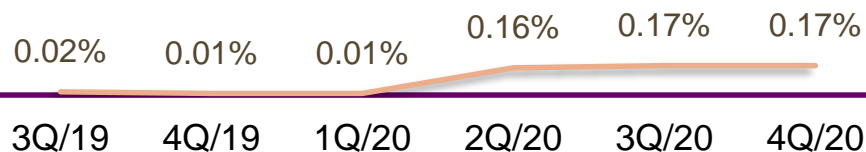
Mega Bank loan loss reserved and coverage ratio



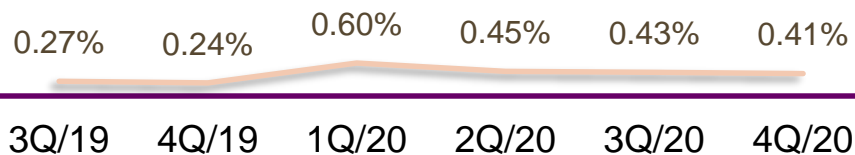
New NPL was down

Mega Bank NPL ratio by customer *

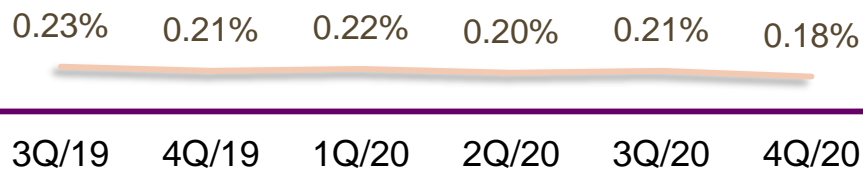
● Large corp. NPL%



■ SME NPL %

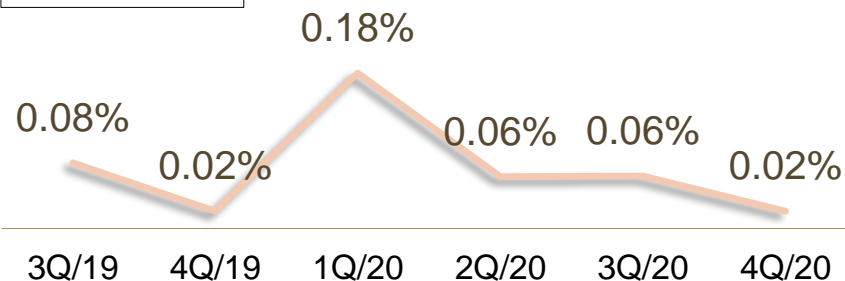


▲ Mortgage NPL %



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.

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Appendix

1-4Q/2020 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	1-4Q/2020*	1-4Q/2019	YoY
Net interest income	31,551	35,067	-10%
Net fee revenue	9,876	9,237	7%
Insurance revenue	2,043	1,701	20%
Financial assets and liabilities at fair value thru P&L	9,002	12,022	-25%
Gain from fin. assets at fair value through other comprehensive income	5,569	3,428	62%
Gain from debt investment measured by amortized cost	-156	0	
Equity method investment gain	-20	145	-113%
Gain on reclassification under the overlay approach	38	-104	-136%
FX spread gain	1,399	2,176	-36%
Asset impairment loss (write-back)	-63	-30	106%
Property gain	357	92	289%
Other non-interest revenue (net)	1,214	1,542	-21%
Operating net revenue	60,810	65,275	-7%
Operating expense	-29,101	-30,898	-6%
Pre-provision operating profit	31,709	34,376	-8%
Provision expense on loan	-2,152	-687	213%
Reserved on insurance	-227	-35	550%
Pretax profit	29,331	33,654	-13%
Tax	-4,313	-4,699	-8%
Net profit	25,018	28,955	-14%
EPS (NT\$)	1.84	2.13	-14%

* 1-4Q/2020 are audited numbers.

1-4Q/2020 Mega FHC consolidated balance sheet

NT\$MN	1-4Q/2020*	1-4Q/2019	YoY
Assets:			
Cash and due from banks	494,893	633,643	-22%
Bills and bonds under RP agreement	950	3,584	-73%
Fin. assets at fair value through P&L	228,608	208,313	10%
Fin. Assets at fair value through other comprehensive income	560,780	536,233	5%
Debt instrument investment measured by amortized cost	534,327	275,214	94%
Other financial assets	5,134	7,418	-31%
A/R, net	89,971	99,308	-9%
Loan, net	1,889,958	1,873,678	1%
Equity method LT investments, net	5,519	3,116	77%
Land, premises and equipments, net	24,900	24,884	0%
Others	21,336	18,157	18%
Total assets	3,856,376	3,683,548	5%
Liabilities			
Due to banks	425,660	441,994	-4%
Deposits	2,613,890	2,459,457	6%
CP & Bond payable	40,392	31,964	26%
Bills & bonds sold under repurchase agreement	269,355	259,192	4%
Other liabilities	180,490	166,879	8%
Total liabilities	3,529,788	3,359,486	5%
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	108,208	107,511	1%
Equity adjustment items	14,189	12,357	15%
Minority shareholder interest	-	-	-
Total stockholders' equity	326,589	324,061	1%
Total liabilities and stockholders' equity	3,856,376	3,683,548	5%
Book value per share (NT\$)	24.01	23.83	1%

* 1-4Q/2020 are audited numbers.

1-4Q/2020 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1-4Q/2020*	1-4Q/2019	YoY
Net interest income	29,809	34,040	-12%
Net fee revenue	6,581	7,185	-8%
Financial assets and liabilities at fair value thru P&L	6,556	9,094	-28%
Gain from fin. assets at fair value through other comprehensive income	4,286	2,262	89%
Gain from debt investment measured by amortized cost	-156	-	
FX spread gain	-23	131	-117%
Equity method investment gain	1,498	2,189	-32%
Asset impairment loss (write-back)	-50	-83	-39%
Other non-interest revenue (net)	405	657	-38%
Operating net revenue	48,906	55,475	-12%
Operating expense	-23,529	-25,841	-9%
Pre-provision operating profit	25,377	29,634	-14%
Provision expense on loan	-1,917	-747	157%
Pretax profit	23,460	28,887	-19%
Tax	-3,128	-3,837	-18%
Net profit	20,332	25,050	-19%
EPS (NT\$)	2.38	2.93	-19%

* 1-4Q/2020 are audited numbers.

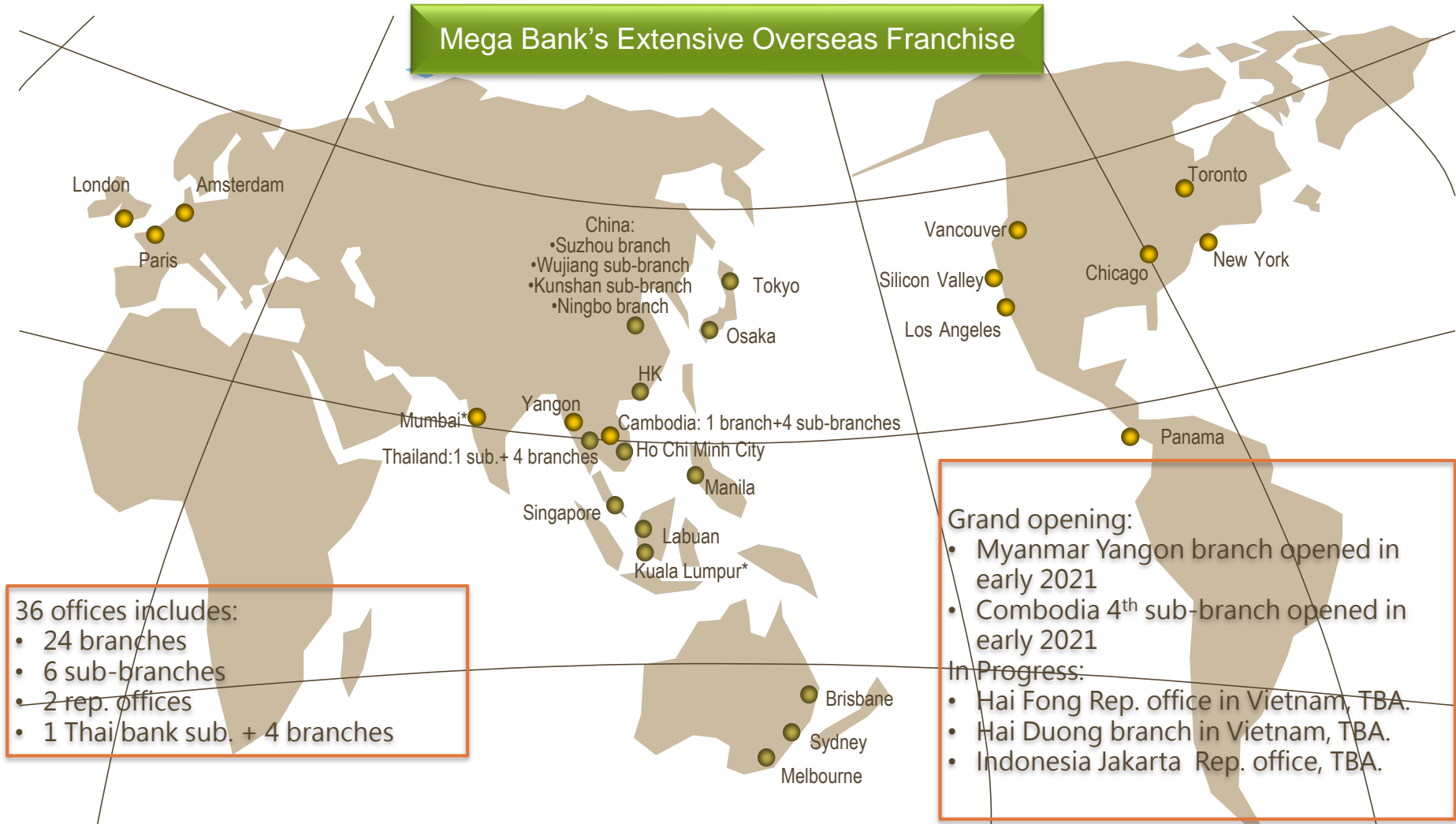
1-4Q/2020 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1-4Q/2020*	1-4Q/2019	YoY
Assets:			
Cash and due from banks	492,576	634,981	-22%
Bills and bonds under RP agreement	10,358	7,534	37%
Fin. assets at fair value through P&L	57,168	63,905	-11%
Fin. Assets at fair value through other comprehensive income	396,955	387,479	2%
Debt instrument investment measured by amortized cost	530,084	271,134	96%
Other financial assets	108	2,538	-96%
A/R, net	37,933	60,956	-38%
Loan, net	1,889,958	1,873,678	1%
Equity method LT investments, net	5,409	3,012	80%
Land, premises and equipments, net	17,300	17,465	-1%
Others (net)	13,829	11,660	19%
Total assets	3,451,678	3,334,340	4%
Liabilities			
Due to banks	410,648	434,355	-5%
Deposits	2,617,464	2,460,555	6%
CP & Bond payable	13,000	12,000	8%
Bills & bonds sold under repurchase agreement	12,271	32,011	-62%
Other liabilities	103,712	103,273	0%
Total liabilities	3,157,095	3,042,194	4%
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	139,995	137,070	2%
Equity adjustment items	7,006	7,028	0%
Previous equity of business combination entity	-	466	
Total stockholders' equity	294,583	292,147	1%
Total liabilities and stockholders' equity	3,451,678	3,334,340	4%
Book value per share (NT\$)	34.51	34.22	1%

* 1-4Q/2020 are audited numbers.

37 offices in 17 countries; 20 offices in “New South Bond Area”

Mega Bank's Extensive Overseas Franchise



* Kuala Lumpur and Mumbai are rep. offices.



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