



兆豐金控 Mega Holdings

2Q/2021 Analyst Meeting

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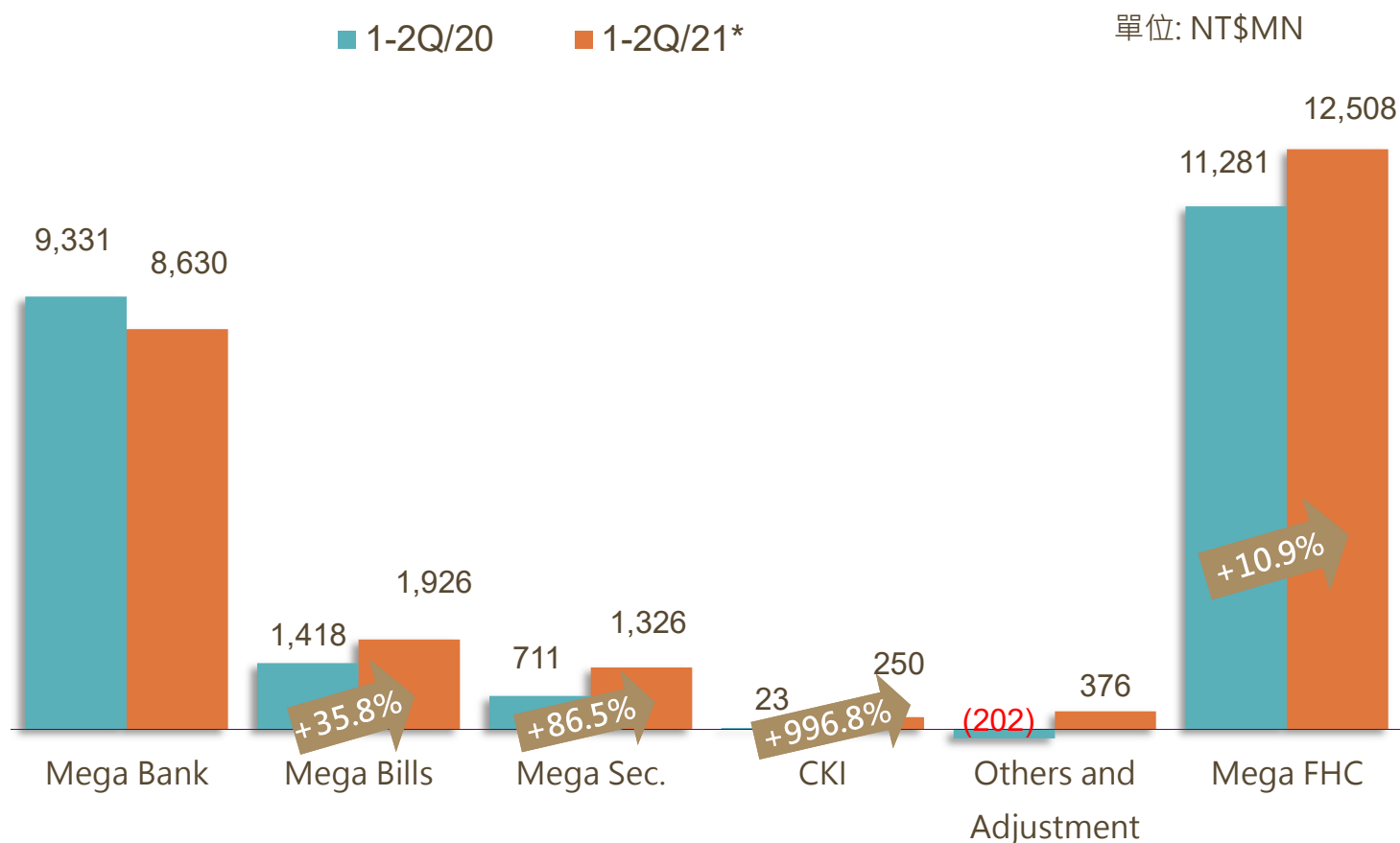
Operating Performance



Appendix

1-2Q/21 group earning was up 10.9%

Mega FHC & Subs. 1-2Q/21 earning trend



* 1-2Q/21 are audited numbers

Strengthen bank earning



ESG progress and outlook

Mega FHC	<ul style="list-style-type: none">• CSR Committee was renamed and reorg. as Sustainable Develop. Committee in Jan/21• Awarded with Best Corp. Gov. Top 5% Co. by TWSE; included in various ESG index, such as FTSE4 Good Taiwan Sustainable Development Index.
Mega Bank	<ul style="list-style-type: none">• Signed Equator Principles in Aug 17,2021, second state-linked TW bank to sign this EPs• Green loan reached NT\$80bn, 5+2 New Key Develop. Industry loan reached NT\$415bn, green bond transaction reached NT\$12bn, completed 2021 full year target ahead.
Mega Bills	<ul style="list-style-type: none">• Signed a 5 Year NT\$2bn Sustainable Develop. Index Linked CP with Chailease on Aug 17,2021, first of the kind in bills finance industry• Continue to invest, issue and underwrite Sustainable Develop. CP and Bond
Mega Sec.	<ul style="list-style-type: none">• Launched an Exchange-Traded Note, linking ESG Excellence OTC Co. Index in Jun 25, 2021• Signed Stewardship Principles as a responsible institutional investor
CKI (P&C)	<ul style="list-style-type: none">• Sold 360K policies / worth NT\$0.19bn Vaccine Related Insurance, market share ranked #3• Continued to push for micro insurance, vaccine insurance, agricultural insurance to reach Sustainable Development goals

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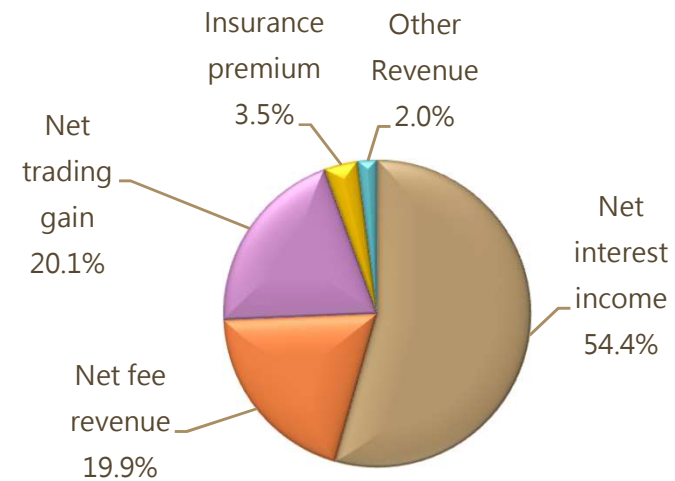
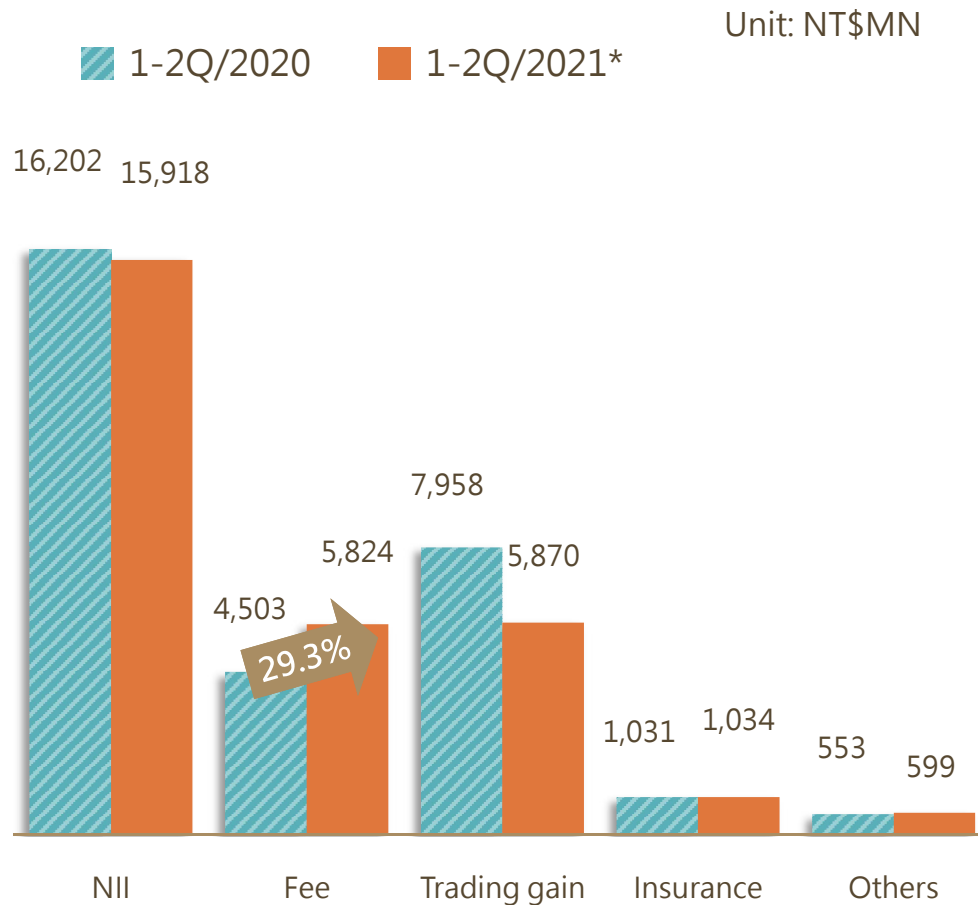


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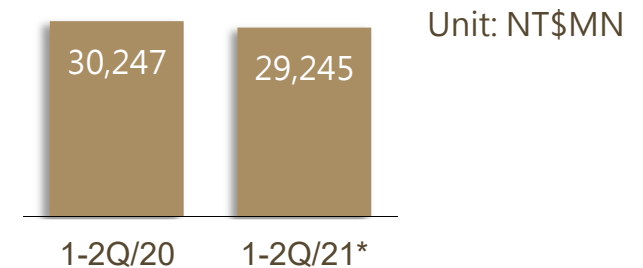
Group fee was up 29.3% YoY

Mega Group consolidated net revenue *

Mega Group 1-2Q/21 net revenue breakdown

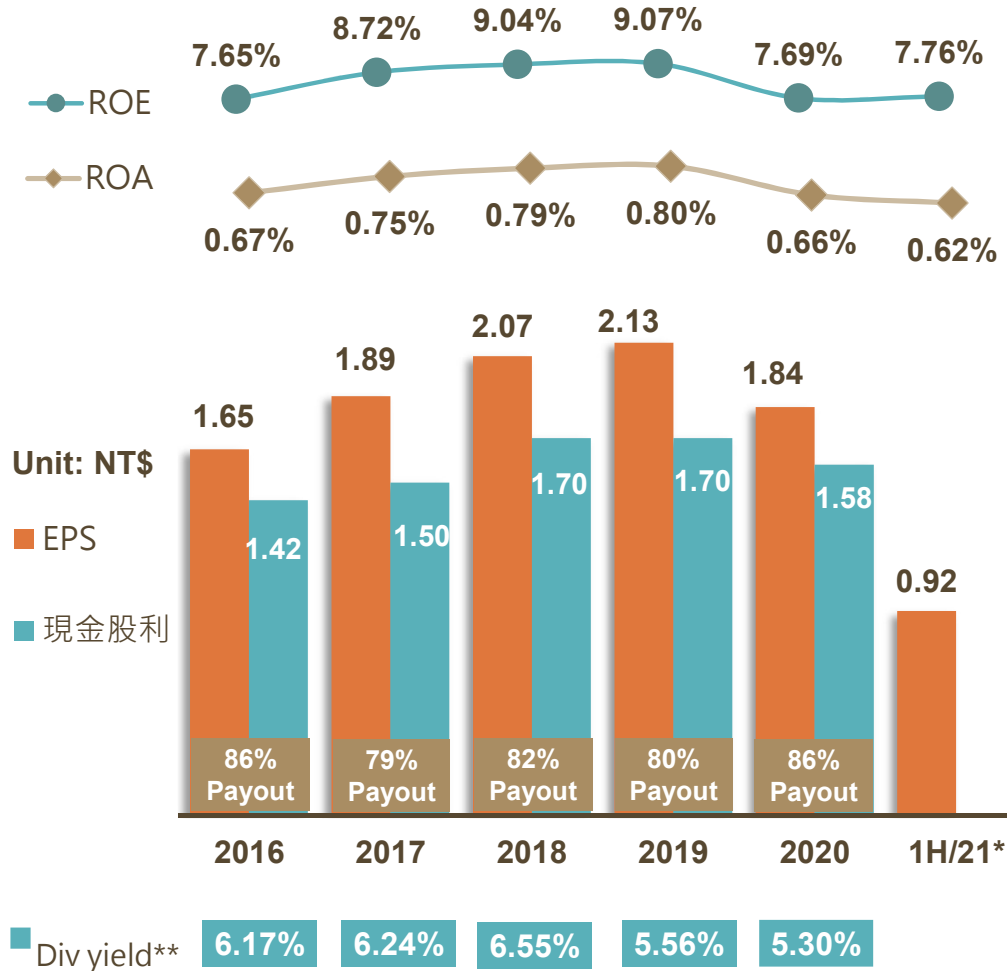


Mega Group 1-2Q/21 net revenue trend



* 1-2Q/21 are audited numbers.

Strong dividend policy



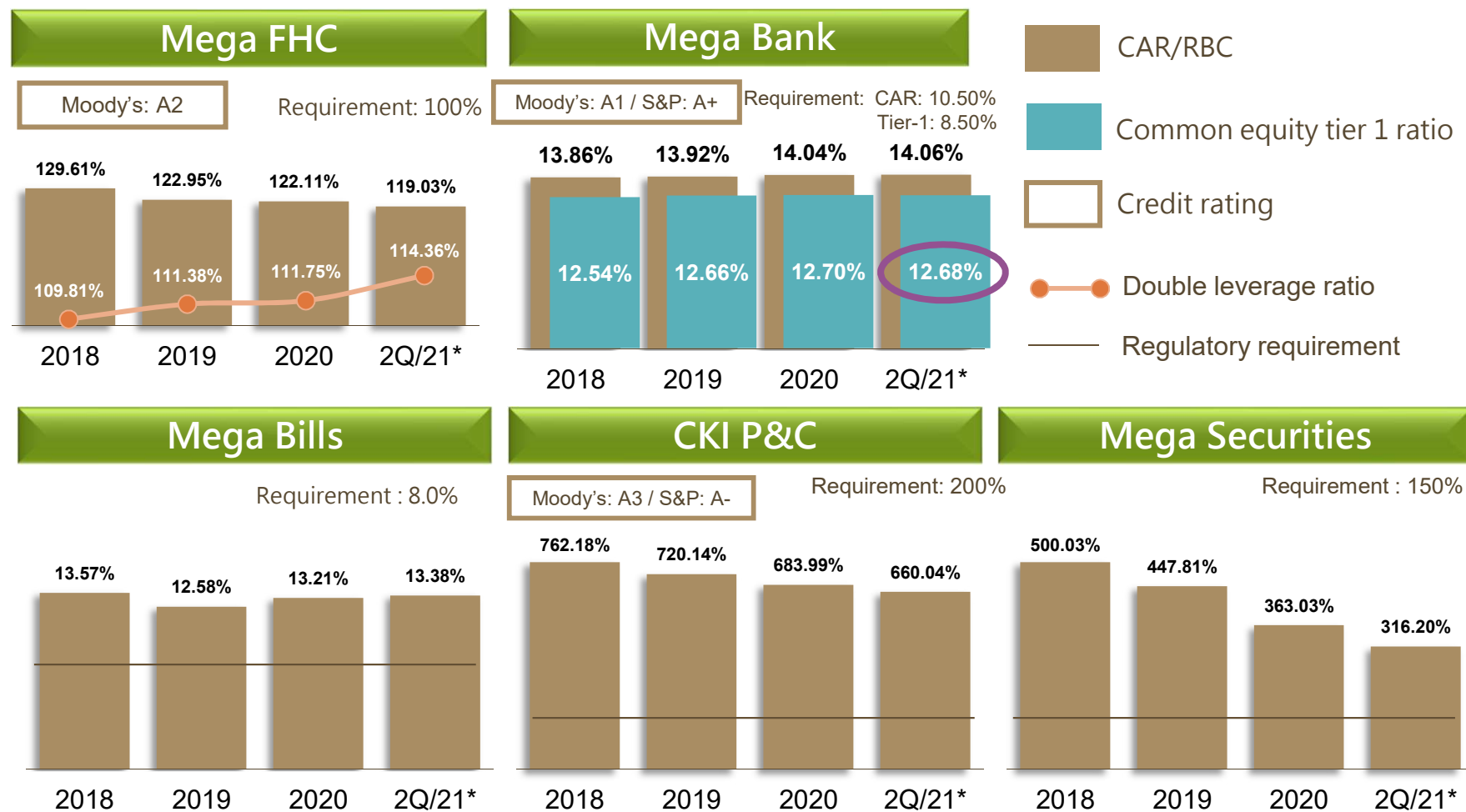
To prevent over-inflated capital base as well as to maintain sufficient capital for future growth, our dividend policy is:

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

* 1H/21 are audited numbers; ROE and ROA annualized numbers.

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

Stable capital position



* 2Q/21 are audited numbers

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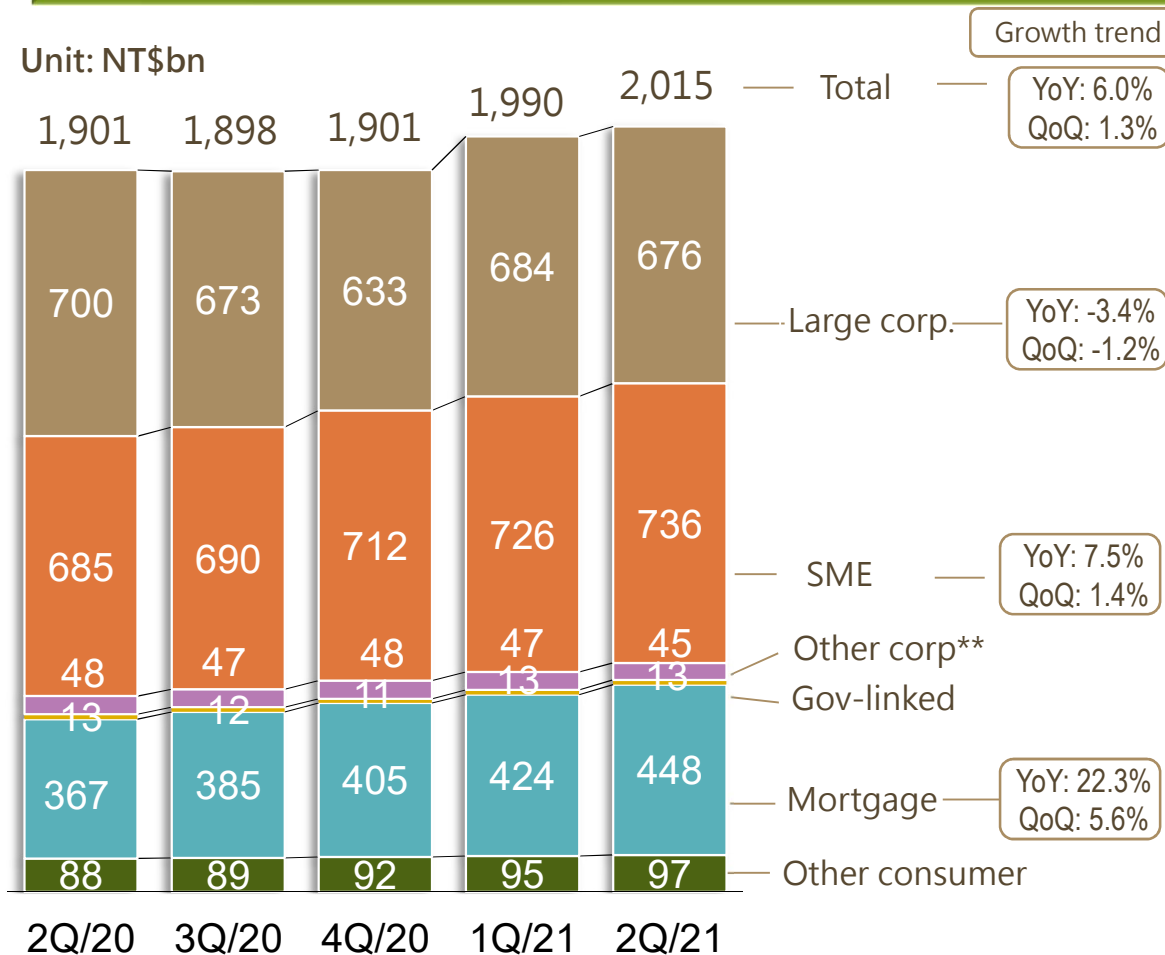
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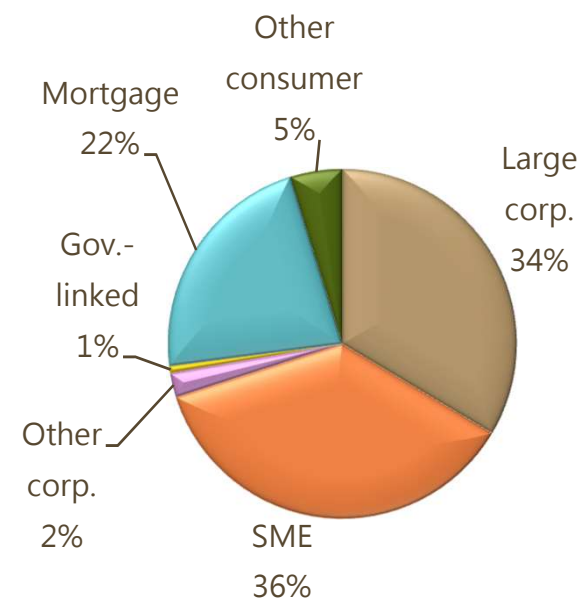
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SME and mortgage loans were up in 2Q/21

Mega Bank quarterly loan balance*



Mega Bank 2Q/21 loan breakdown

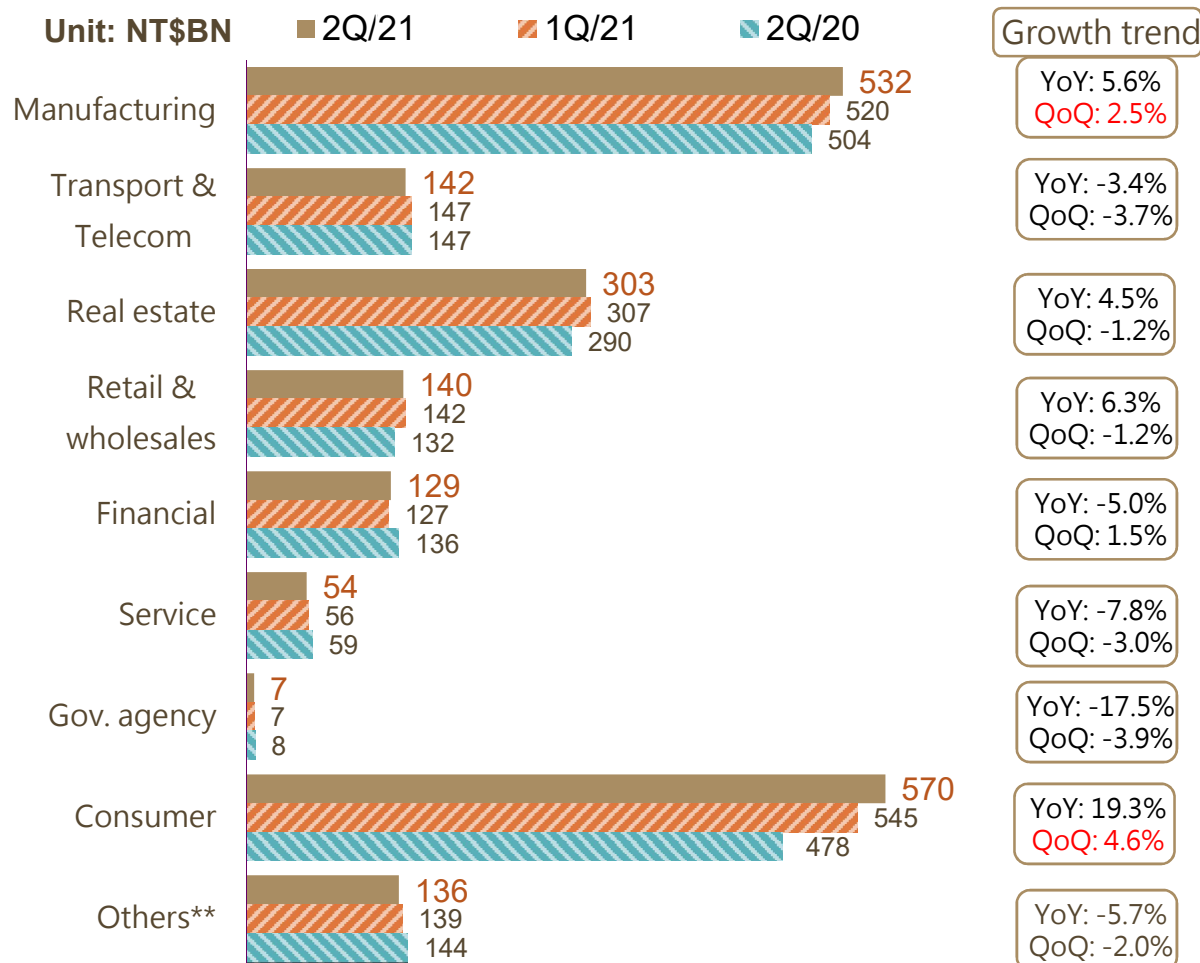


* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

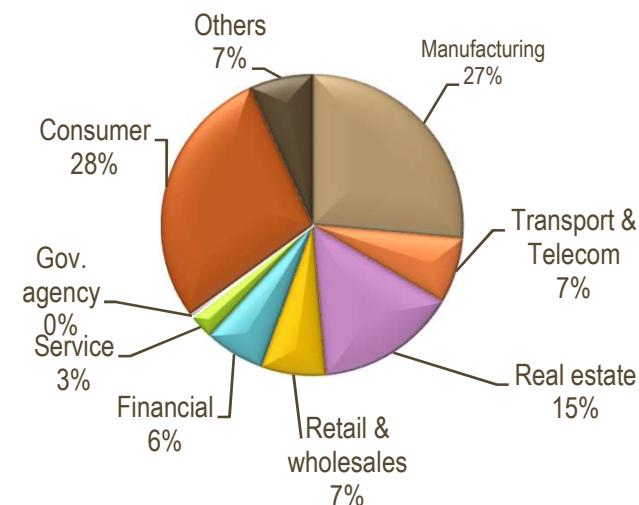
** Includes Gov-linked Non-Profit Organization and etc.

Manufacturing sector and consumer loan shown significant growth momentum in 2Q/21

Mega Bank loan balance trend by industry*



2Q/21 loan breakdown by industry*



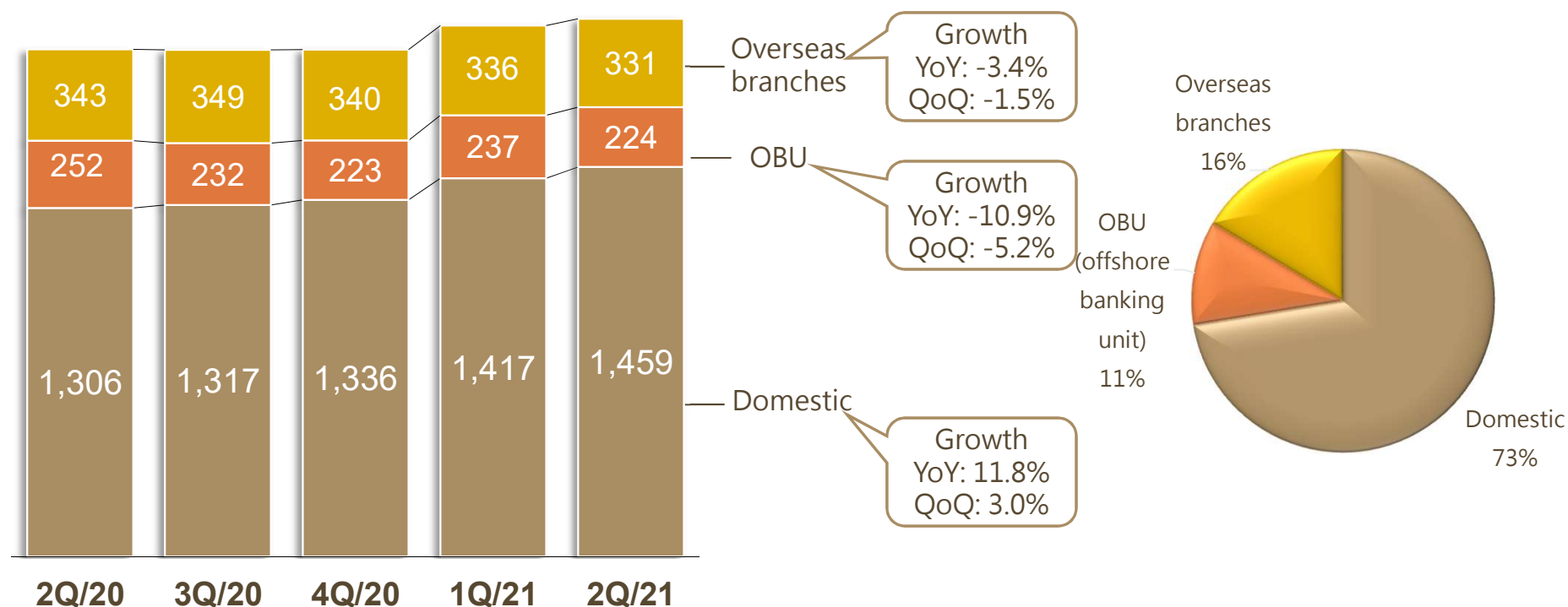
* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

Domestic loan jumped 3% QoQ in 2Q/21

Mega Bank 2Q/21 loan breakdown by regions *

Unit: NT\$bn

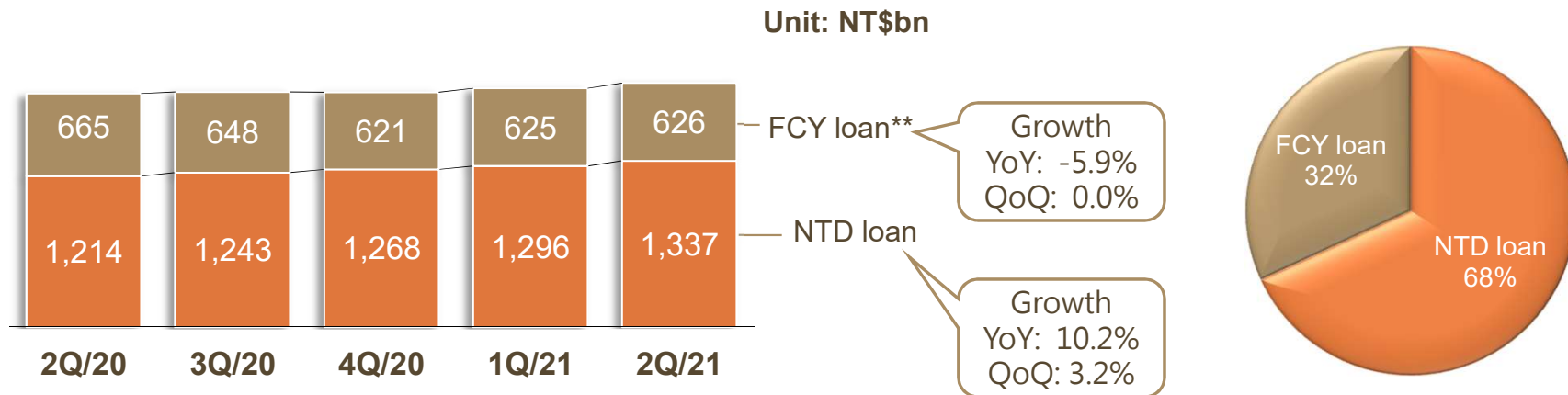


* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee

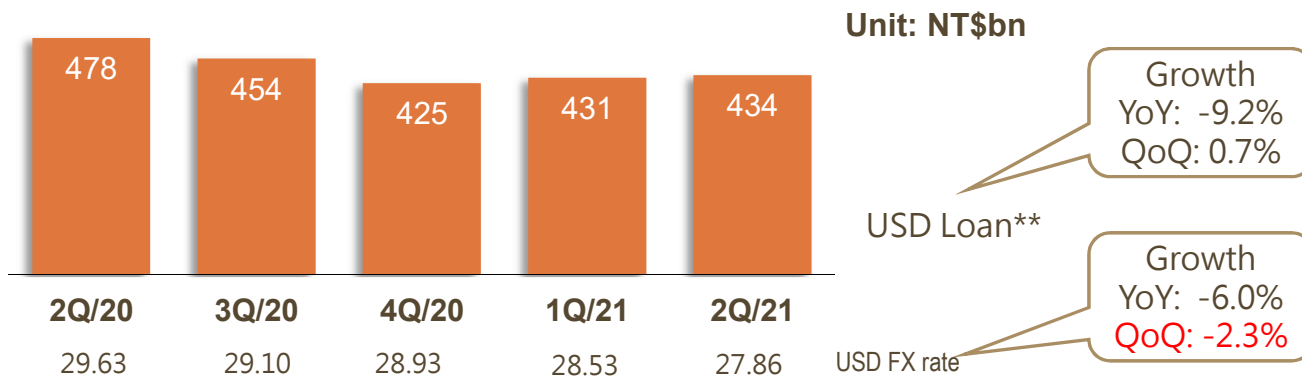
** OBU stands for Off-shore Banking Unit

NTD/USD loan were up higher in 2Q/21, despite weaker USD FX rate

Mega Bank 2Q/21 loan breakdown by currency: NTD vs. foreign currency loan *



Mega Bank USD Loan balance*

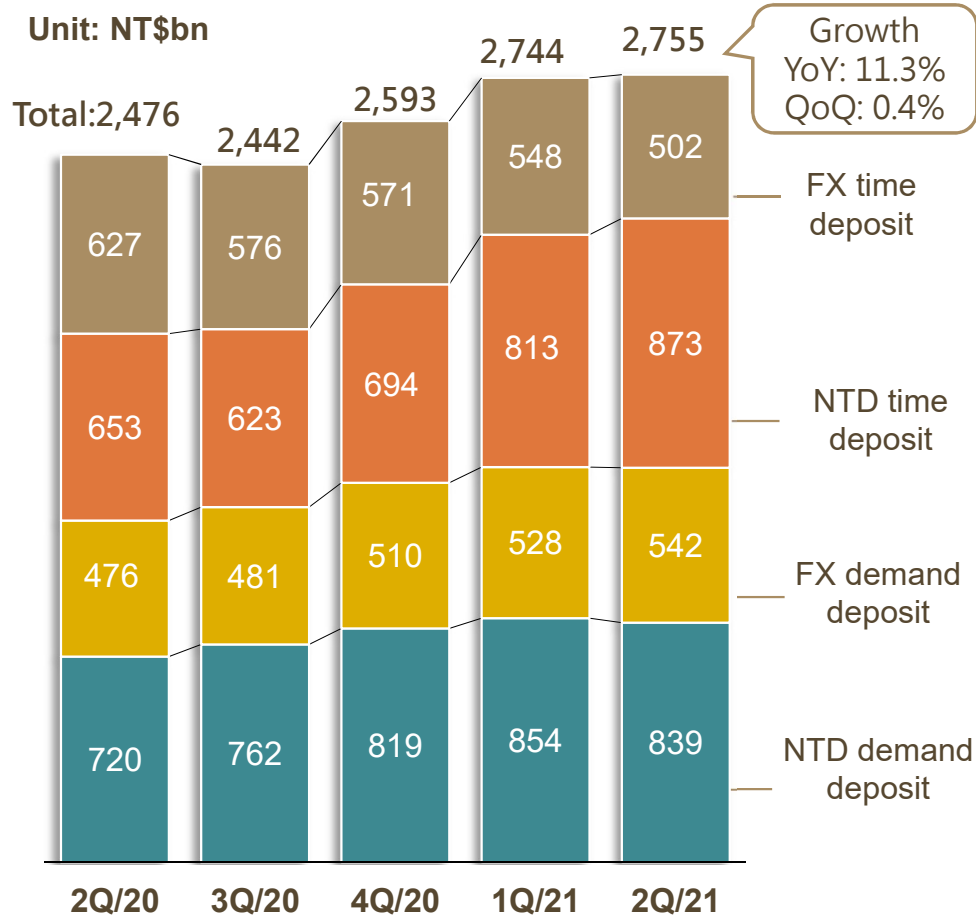


* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

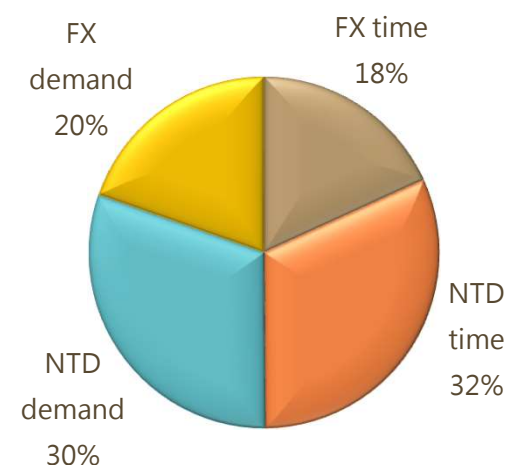
** Foreign currency and USD loans include OBU, overseas branched and some domestic branched loans.

FX demand deposits continued to jump higher

Mega Bank deposit balance *



Mega Bank 2Q/21 deposit breakdown

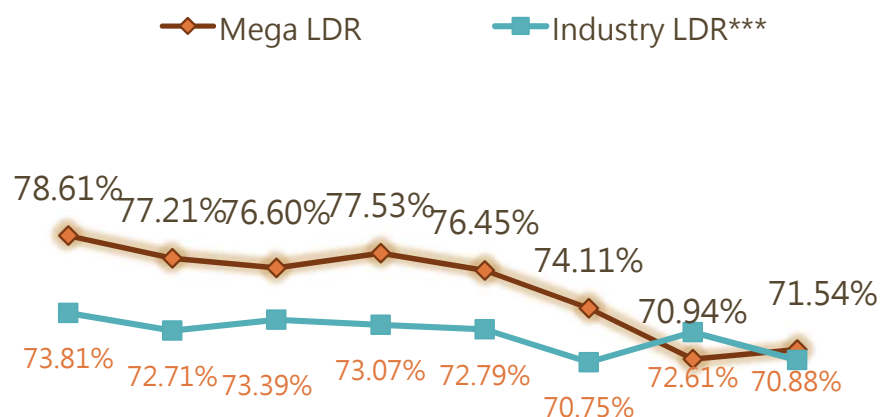


* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; internal numbers.

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

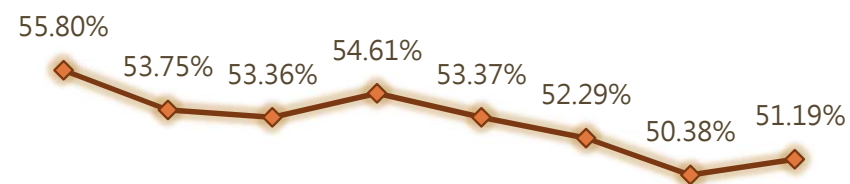
LDR was up as loan growth continued

Mega Bank's total LDR*



3Q/19 4Q/19 1Q/20 2Q/20 3Q/20 4Q/20 1Q/21 2Q/21

Mega Bank's USD LDR**



3Q/19 4Q/19 1Q/20 2Q/20 3Q/20 4Q/20 1Q/21 2Q/21

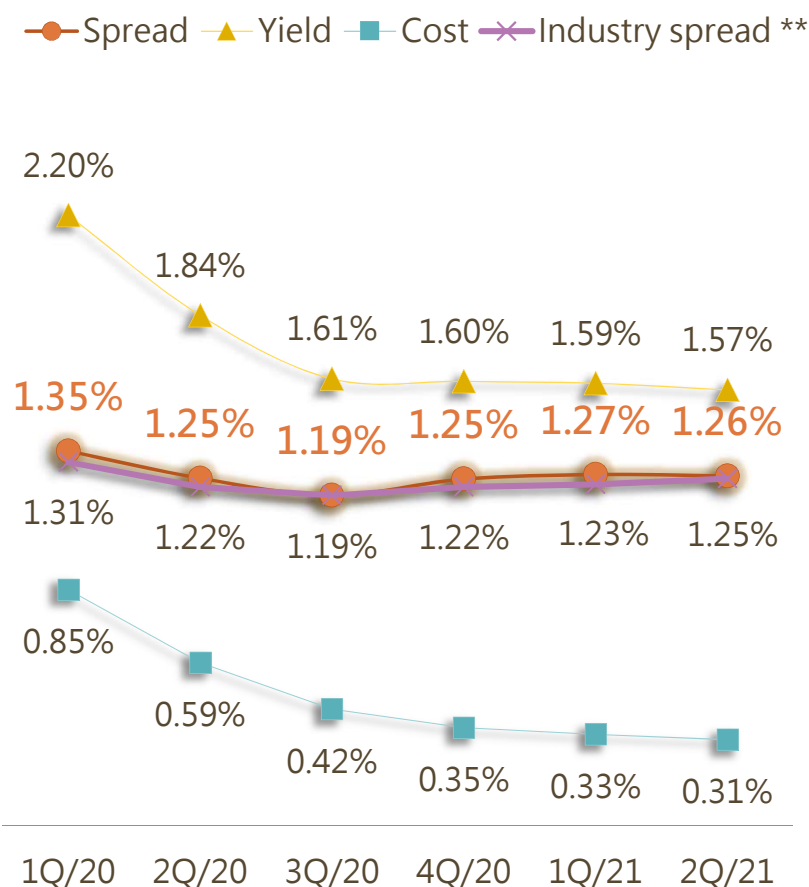
* Total LDR calculation is based on loan/deposit end balance

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

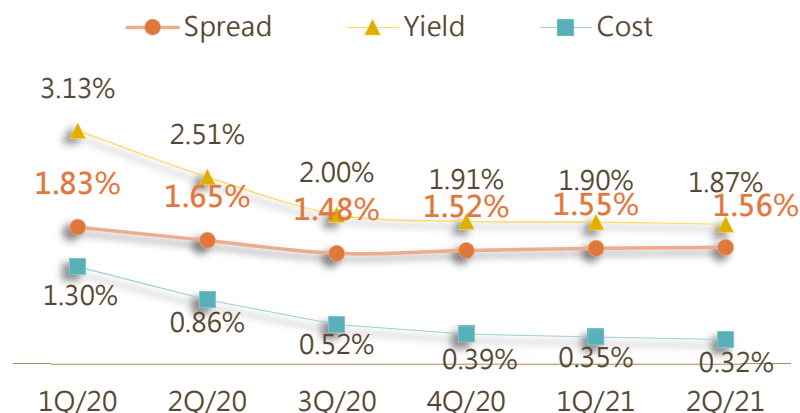
*** Source: Central Bank of Taiwan

Interest spread remained relatively stable

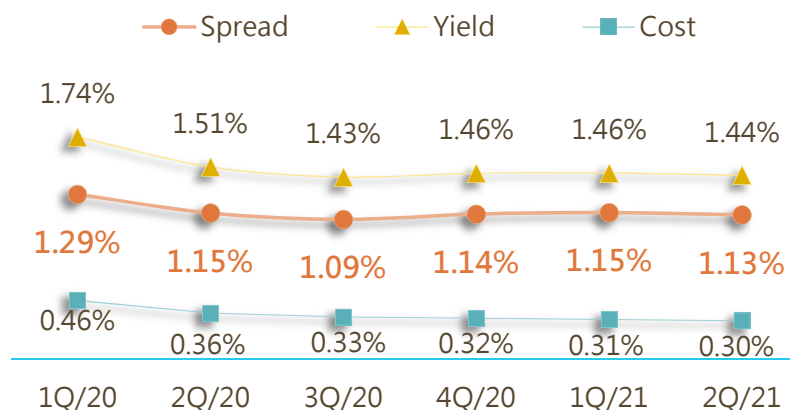
Mega Bank total loan interest spread*



Mega Bank overseas loan interest spread*



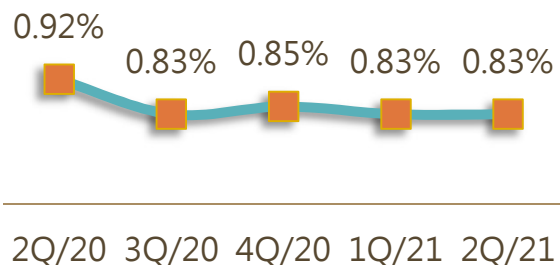
Mega Bank domestic loan interest spread*



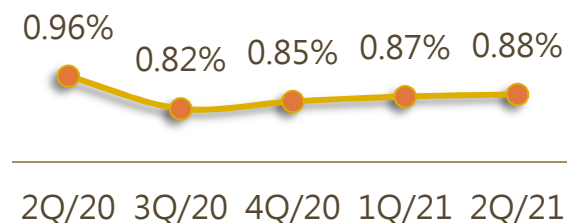
* Overseas loan includes overseas branches and OBU loan; internal numbers.

Total NIM was flat while FCY NIM was up

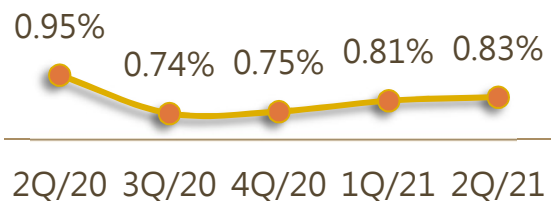
Mega Bank quarterly Total NIM*



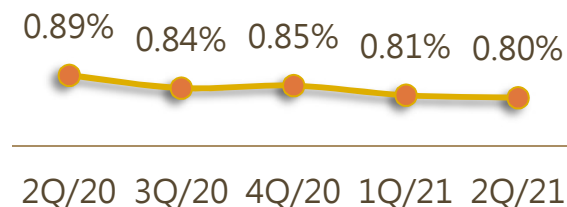
Mega Bank quarterly FCY NIM*



Mega Bank monthly USD NIM*



Mega Bank quarterly NTD NIM*

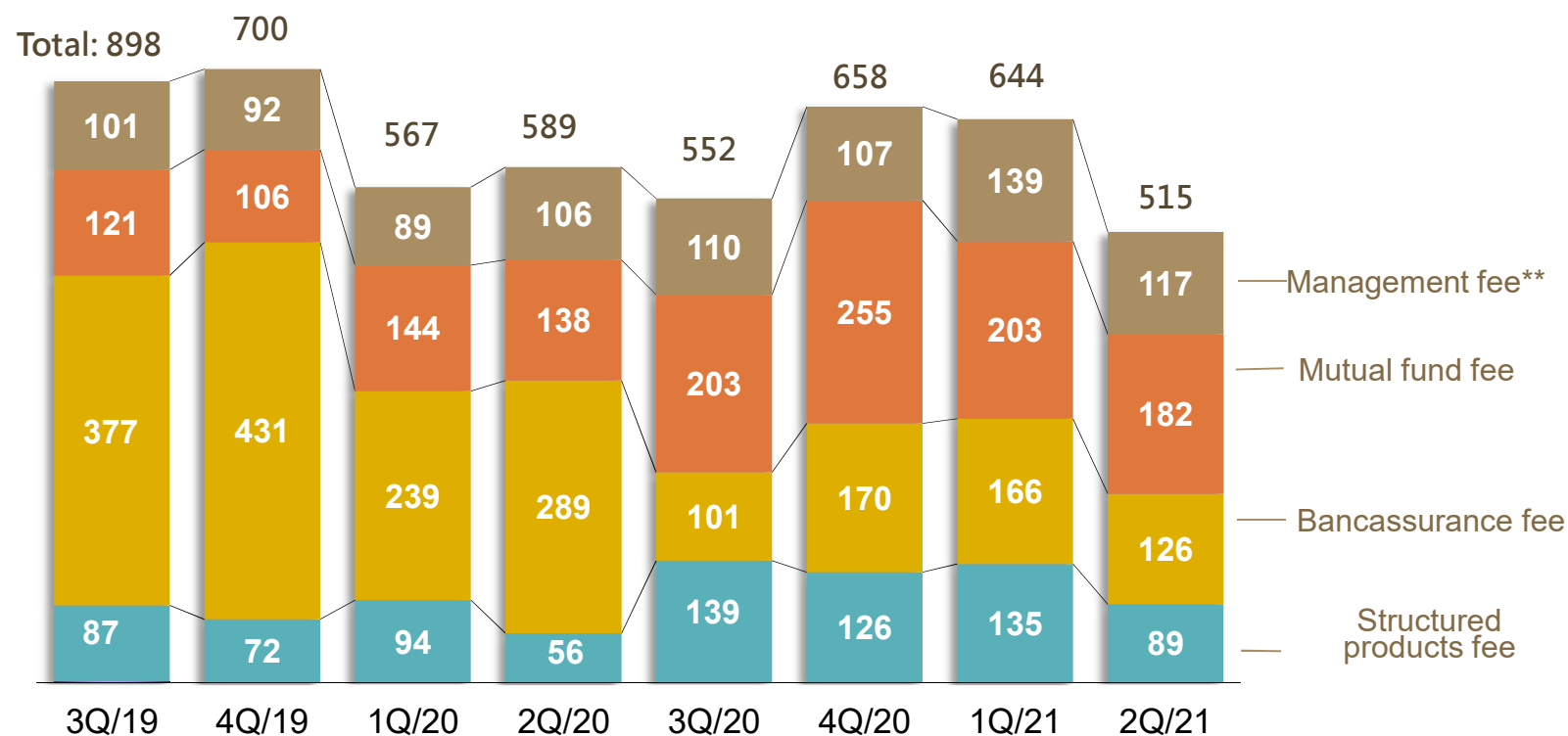


* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

Wealth management fee remained stable

Mega Bank wealth management gross fee breakdown*

Unit: NT\$MN

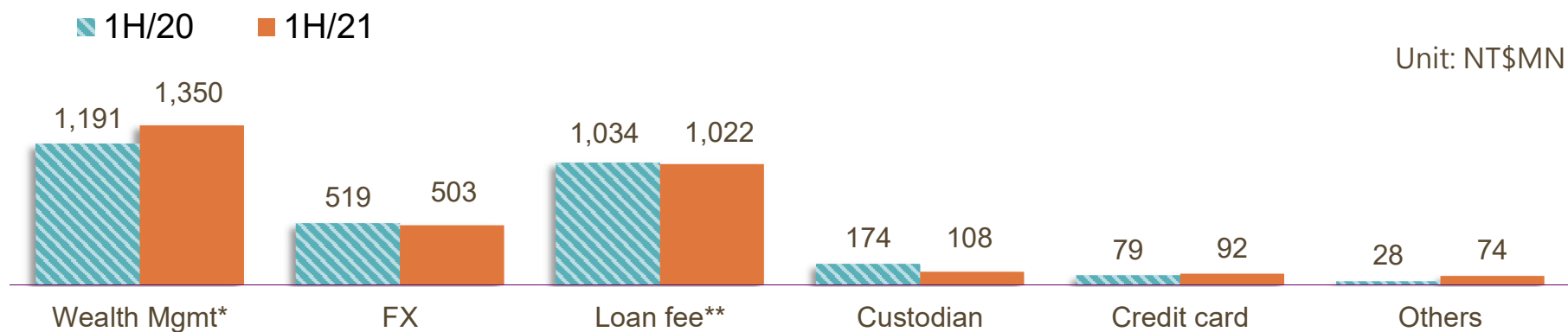


* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

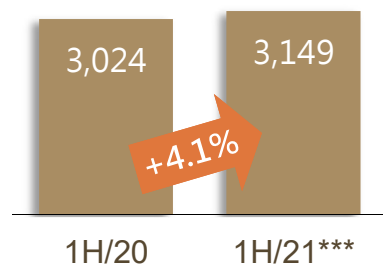
Bank net fee was up 4.1% YoY

Mega Bank net fee breakdown

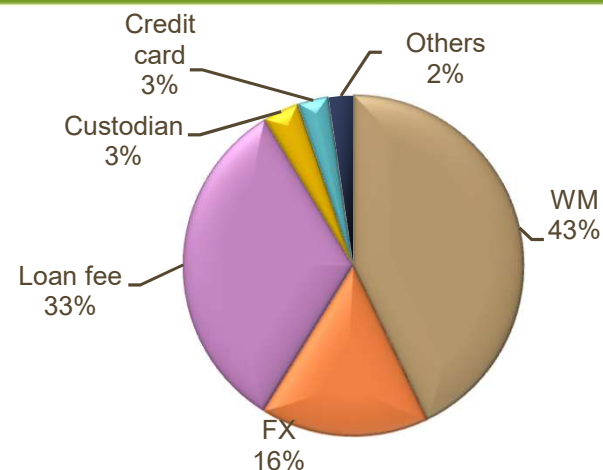


Mega Bank net fee trend

Unit: NT\$MN



Mega Bank 1H/21 net fee breakdown



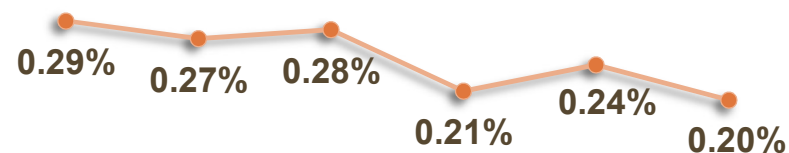
* Net wealth mgmt. fee, plus/deduct adjustment for marketing cost, rebate, and profit sharing with partners.

** Includes corporate loan fee, consumer loan fee, guarantee fee and factoring fee

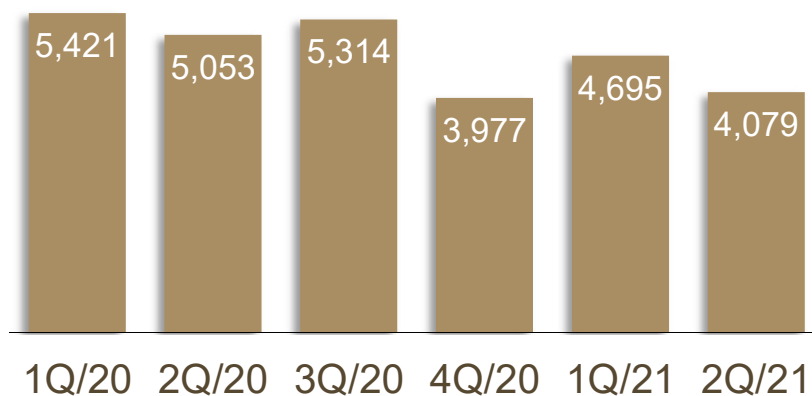
***1H/21 total net fee was audited number

Benign asset quality

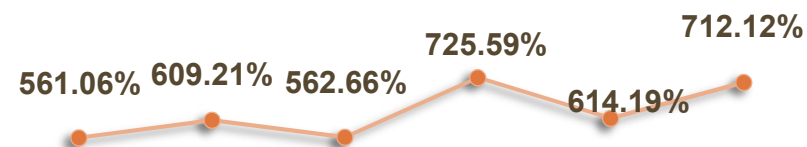
Mega Bank NPL balance & NPL ratio



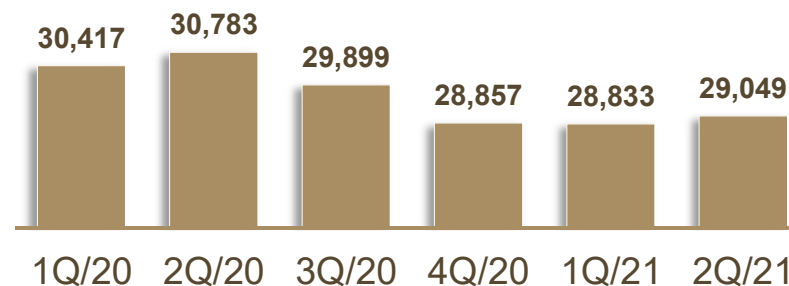
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio

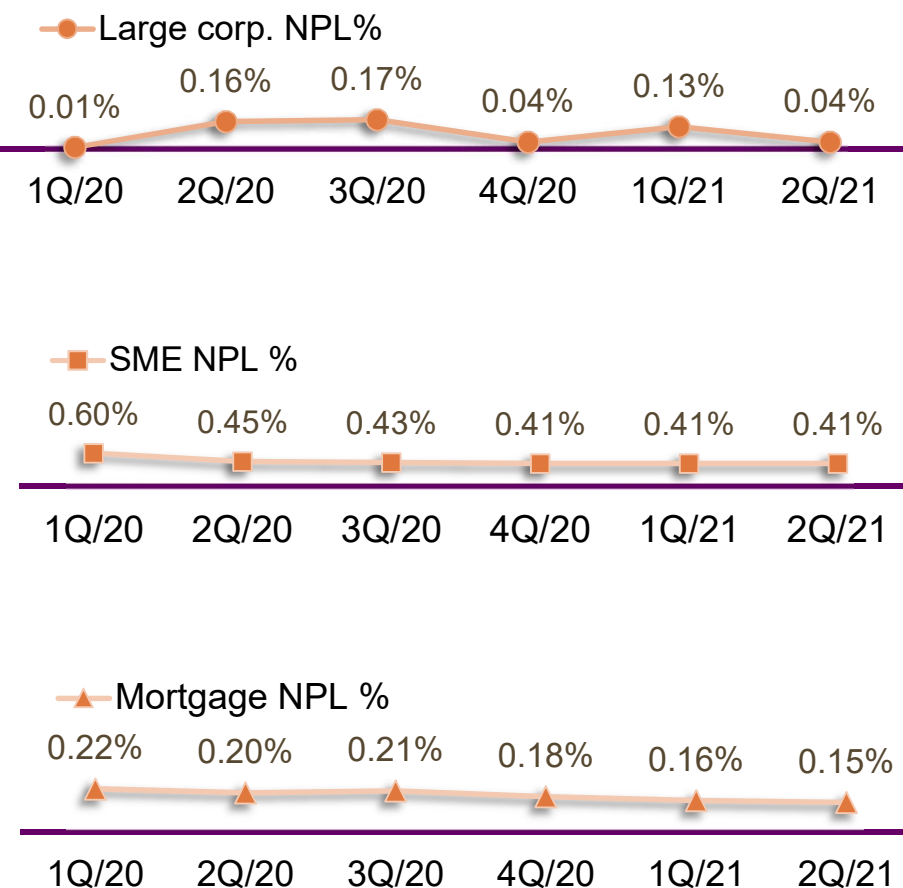


Unit: NT\$MN

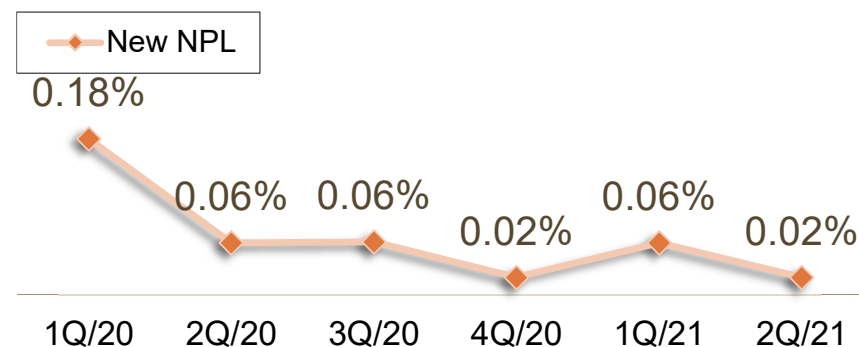


NPL formation remained stable

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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1-2Q/2021 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	1-2Q/2021*	1-2Q/2020	YoY
Net interest income	15,918	16,202	-2%
Net fee revenue	5,824	4,503	29%
Insurance revenue	1,034	1,031	0%
Financial assets and liabilities at fair value thru P&L	4,178	3,632	15%
Gain from fin. assets at fair value through other comprehensive income	969	3,487	-72%
Gain from debt investment measured by amortized cost	-39	0	
Equity method investment gain	28	-4	-830%
Gain on reclassification under the overlay approach	13	45	-71%
FX spread gain	698	566	23%
Asset impairment loss (write-back)	11	-113	-109%
Property gain	12	345	-97%
Other non-interest revenue (net)	599	553	8%
Operating net revenue	29,245	30,247	-3%
Operating expense	-14,809	-14,234	4%
Pre-provision operating profit	14,436	16,013	-10%
Provision expense on loan	-88	-2,455	-96%
Reserved on insurance	37	-198	-119%
Pretax profit	14,384	13,360	8%
Tax	-1,876	-2,078	-10%
Net profit	12,508	11,281	11%
EPS (NT\$)	0.92	0.83	11%

1-2Q/2021 are audited numbers.

1-2Q/2021 Mega FHC consolidated balance sheet

<i>NT\$MN</i>	1-2Q/2021*	1-2Q/2020	YoY
Assets:			
Cash and due from banks	691,728	611,621	13%
Bills and bonds under RP agreement	499	5,549	-91%
Fin. assets at fair value through P&L	201,603	215,670	-7%
Fin. Assets at fair value through other comprehensive income	552,715	534,666	3%
Debt instrument investment measured by amortized cost	605,384	416,063	46%
Other financial assets	6,347	5,991	6%
A/R, net	121,024	83,765	44%
Loan, net	2,005,117	1,888,107	6%
Equity method LT investments, net	5,533	5,629	-2%
Land, premises and equipments, net	24,899	24,784	0%
Others	19,233	18,156	6%
Total assets	4,234,082	3,810,002	11%
Liabilities			
Due to banks	633,849	474,073	34%
Deposits	2,778,182	2,494,796	11%
CP & Bond payable	23,172	28,087	-17%
Bills & bonds sold under repurchase agreement	230,659	298,445	-23%
Other liabilities	249,845	201,175	24%
Total liabilities	3,915,708	3,496,575	12%
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	99,478	95,171	5%
Equity adjustment items	14,704	14,063	5%
Minority shareholder interest	-	-	-
Total stockholders' equity	318,374	313,427	2%
Total liabilities and stockholders' equity	4,234,082	3,810,002	11%
Book value per share (NT\$)	23.41	23.05	2%

* 1-2Q/2021 are audited numbers.

1-2Q/2021 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1-2Q/2021*	1-2Q/2020	YoY
Net interest income	14,799	15,516	-5%
Net fee revenue	3,149	3,024	4%
Financial assets and liabilities at fair value thru P&L	2,590	2,652	-2%
Gain from fin. assets at fair value through other comprehensive income	191	2,949	-94%
Gain from debt investment measured by amortized cost	-39	-	
FX spread gain	27	-5	-661%
Equity method investment gain	702	577	22%
Asset impairment loss (write-back)	0	-104	-100%
Other non-interest revenue (net)	194	150	29%
Operating net revenue	21,612	24,760	-13%
Operating expense	-11,548	-11,604	0%
Pre-provision operating profit	10,064	13,156	-24%
Provision expense on loan	-80	-2,354	-97%
Pretax profit	9,983	10,802	-8%
Tax	-1,353	-1,471	-8%
Net profit	8,630	9,331	-8%
EPS (NT\$)	2.38	2.93	-19%

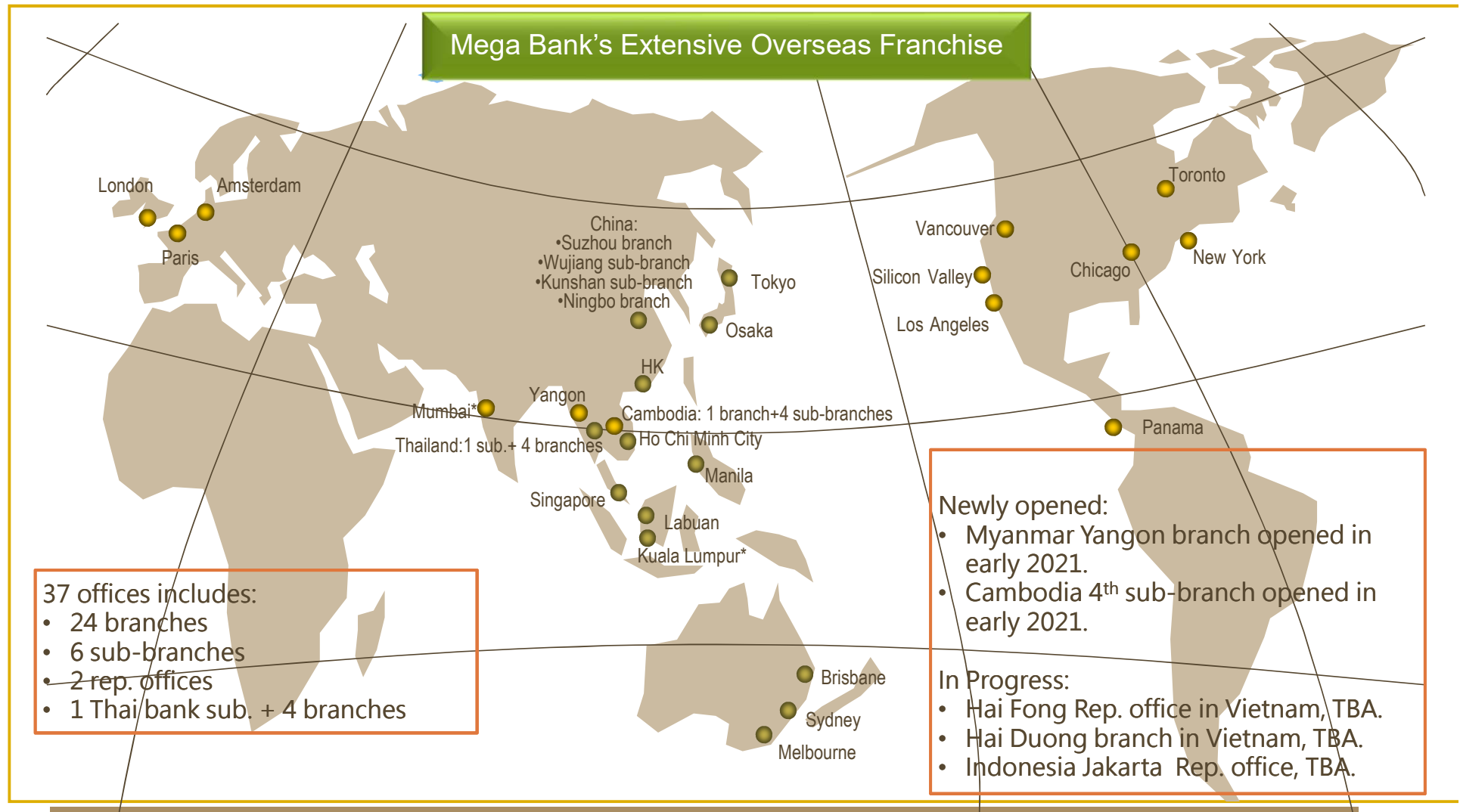
* 1-2Q/2021 are audited numbers.

1-2Q/2021 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1-2Q/2021*	1-2Q/2020	YoY
Assets:			
Cash and due from banks	690,689	607,924	14%
Bills and bonds under RP agreement	4,388	11,826	-63%
Fin. assets at fair value through P&L	56,450	61,241	-8%
Fin. Assets at fair value through other comprehensive income	408,679	377,424	8%
Debt instrument investment measured by amortized cost	601,507	411,690	46%
Other financial assets	203	91	124%
A/R, net	40,919	39,790	3%
Loan, net	2,005,117	1,888,107	6%
Equity method LT investments, net	5,420	5,524	-2%
Land, premises and equipments, net	17,270	17,336	0%
Others (net)	11,471	11,146	3%
Total assets	3,842,114	3,432,100	12%
Liabilities			
Due to banks	624,705	463,059	35%
Deposits	2,781,010	2,496,761	11%
CP & Bond payable	1,000	13,000	-92%
Bills & bonds sold under repurchase agreement	16,591	63,945	-74%
Other liabilities	127,696	110,634	15%
Total liabilities	3,551,002	3,147,399	13%
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	135,439	129,471	5%
Equity adjustment items	8,092	7,648	6%
Previous equity of business combination entity	-	-	
Total stockholders' equity	291,112	284,701	2%
Total liabilities and stockholders' equity	3,842,114	3,432,100	12%
Book value per share (NT\$)	34.10	33.35	2%

* 1-2Q/2021 are audited numbers.

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



* Kuala Lumpur and Mumbai are rep. offices.