

# 4Q/2021 Analyst Meeting

2022/04/14



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# Table of Contents



- 1** Overview and Strategic Focus
- 2 Financial Performance
- 3 Operating Performance
- 4 Appendix

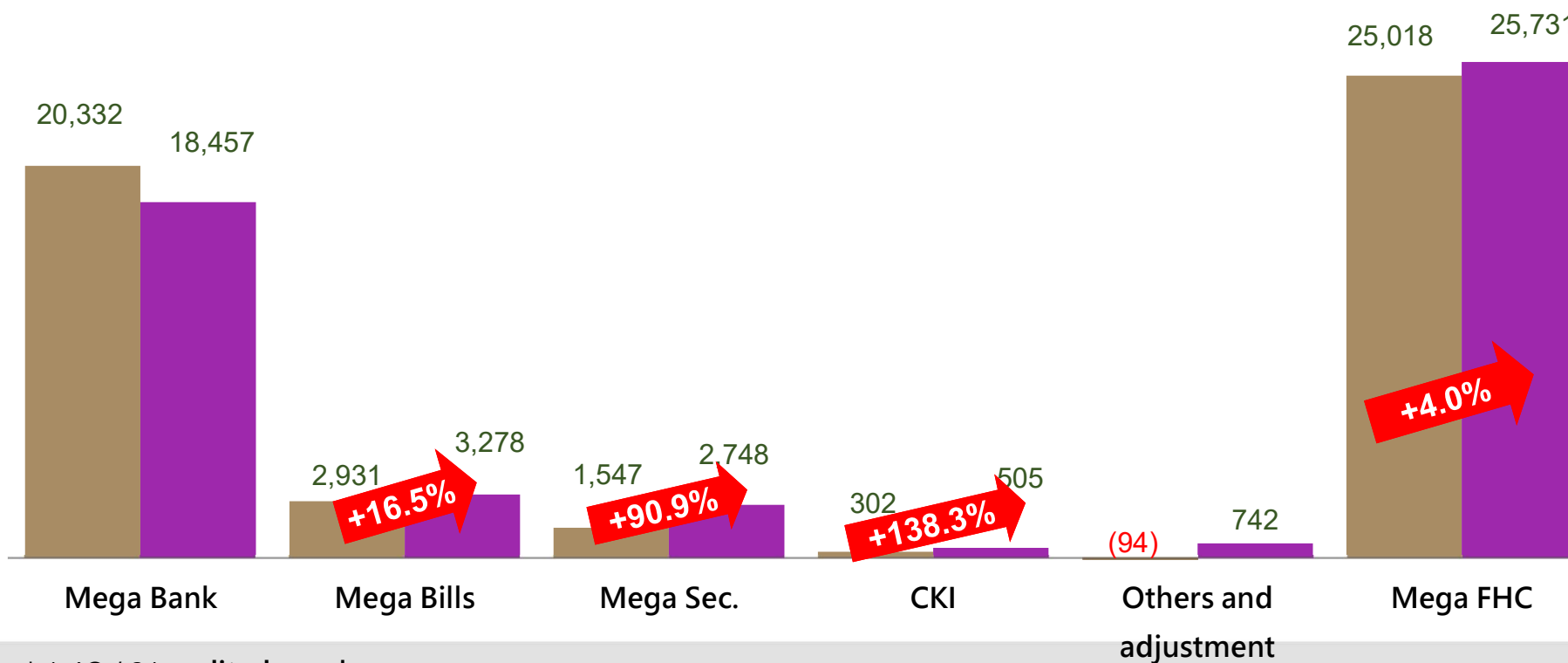


1-4Q/21 group earning was up 2.9%YoY;  
Non-bank sub. earning jumped higher

## Mega FHC & Subs. 1-4Q/21 earning trend

■ 1-4Q/20 ■ 1-4Q/21\*

Unit: NT\$MN



\* 1-4Q / 21 audited numbers

# Strategic Focus in 2022

## Focus on 4 “C”s

### Corporate banking

Continue to focus on syndication loan, jumbo size corp., supply chain financing, SME lending, Green & ESG financing

### Consumer banking

Expand into mortgage, unsecured personal lending, Wealth Mgmt., and newly set up private banking business



Mega Holdings

### Cross-border capability

Leverage our global franchise, to capture TW supply chain relocation business opportunities, with customized products and services.

### Credit spread expanding

Poise to capitalize on rate hike cycle with active asset/liability mgmt., to expand the NIM





# Table of Contents

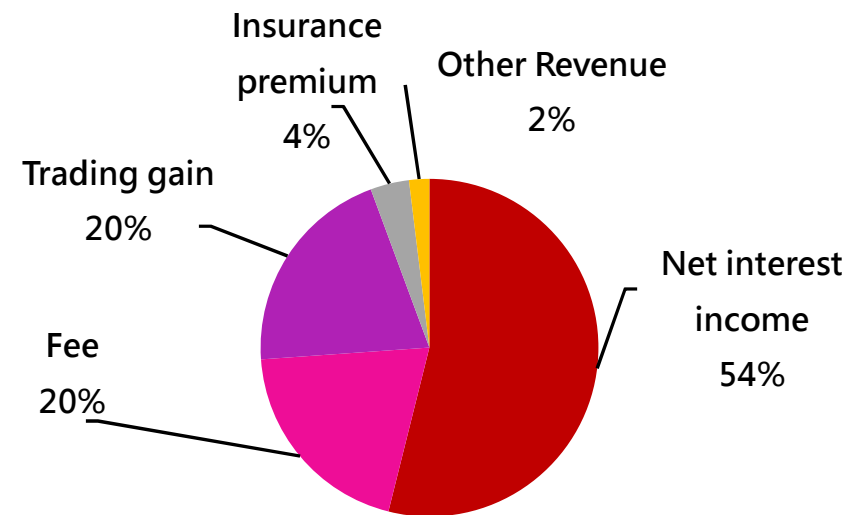
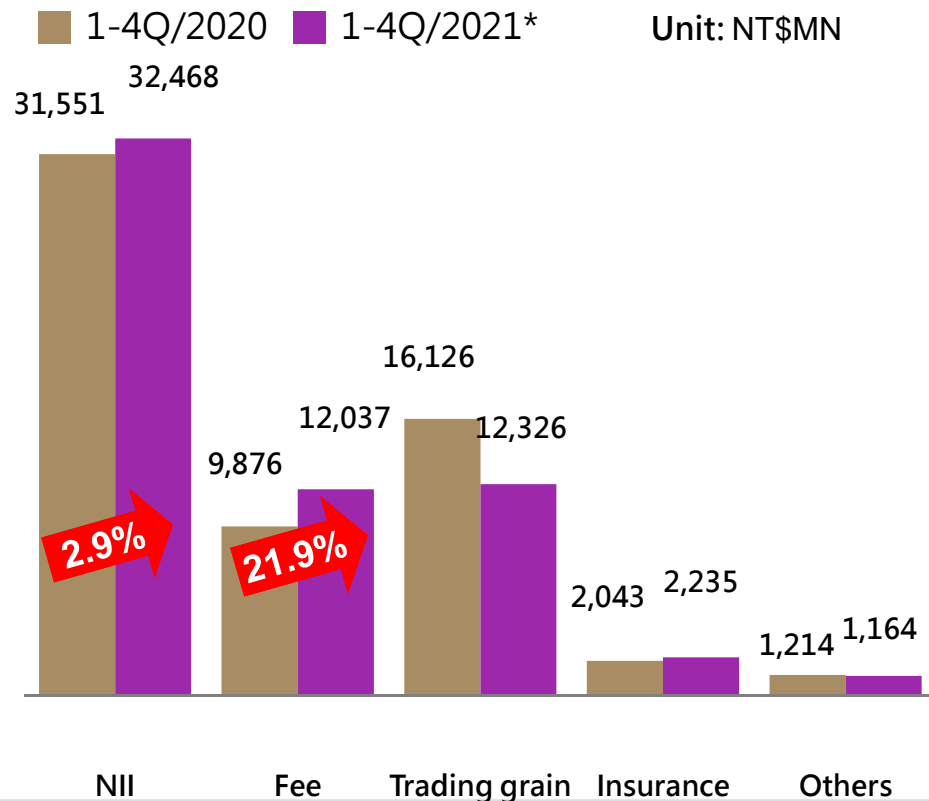
- 1 Overview and Strategic Focus
- 2 Financial Performance
- 3 Operating Performance
- 4 Appendix



# Group fee was up 21.9% YoY

Mega Group consolidated net revenue \*

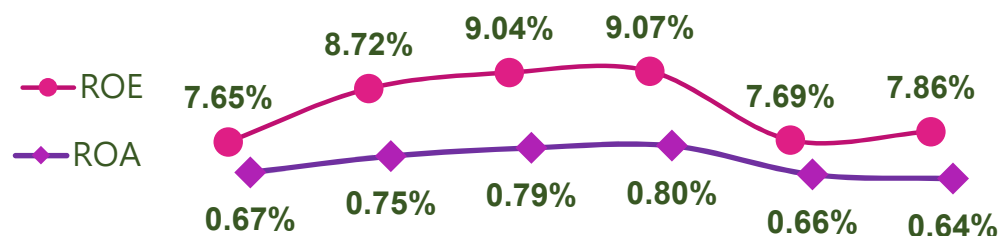
Mega Group 1-4Q/21 net revenue breakdown



\* 1-4Q / 21 are audited numbers

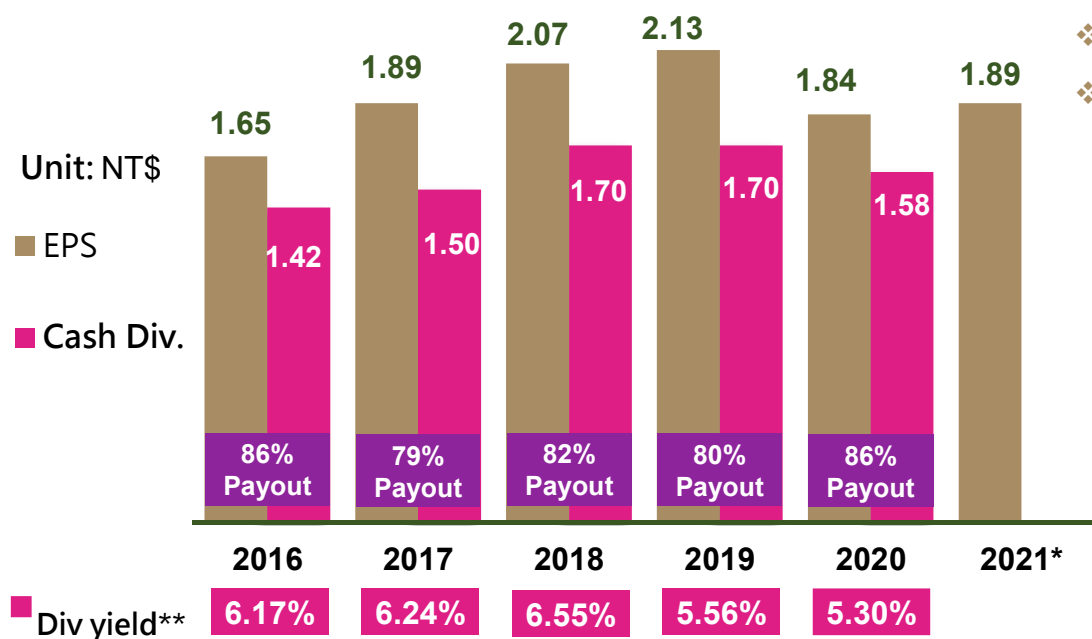
# Strong dividend policy

## Major earning matrixes



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.



\* 1-4Q/21 are audited numbers; ROE and ROA annualized numbers.

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

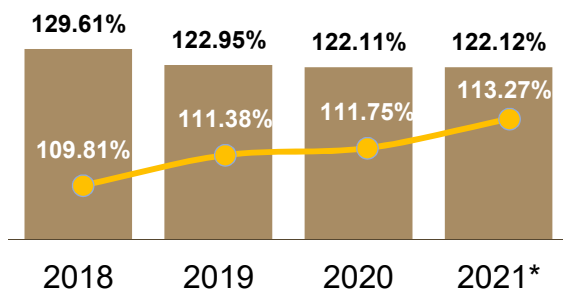


# Stable capital position

## Mega FHC

Moody's: A2

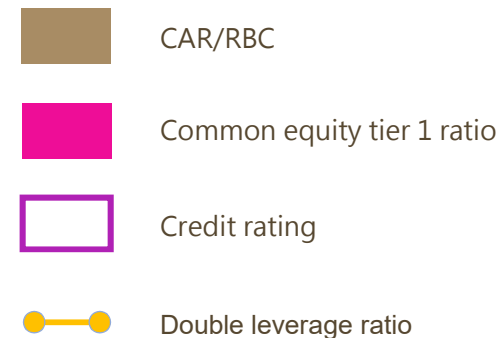
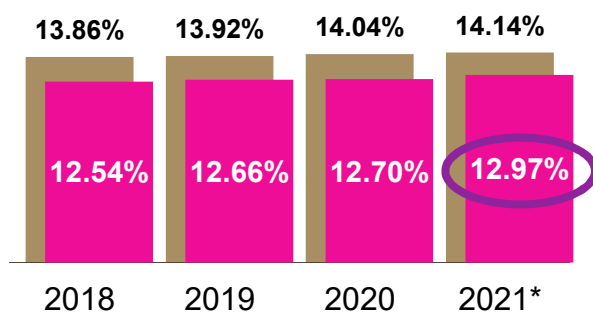
CAR Requirement : 100%



## Mega Bank

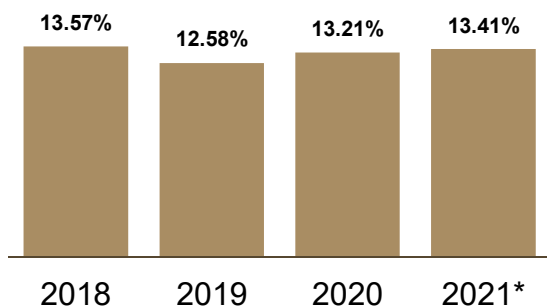
Moody's: A1 / S&P: A+

Requirement: CAR: 10.50%  
Tier-1: 8.50%



## Mega Bills

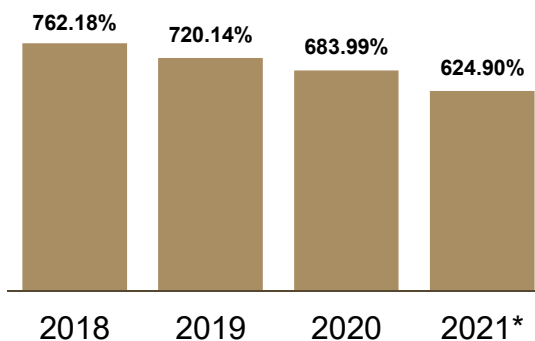
Requirement : 8.0%



## CKI P&C

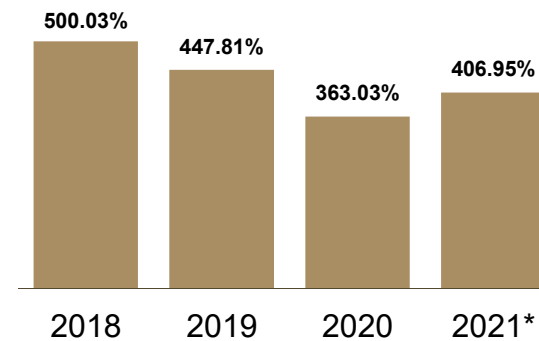
Moody's: A3 / S&P: A-

Requirement : 200%



## Mega Securities

Requirement : 150%



\* 2021 are audited numbers



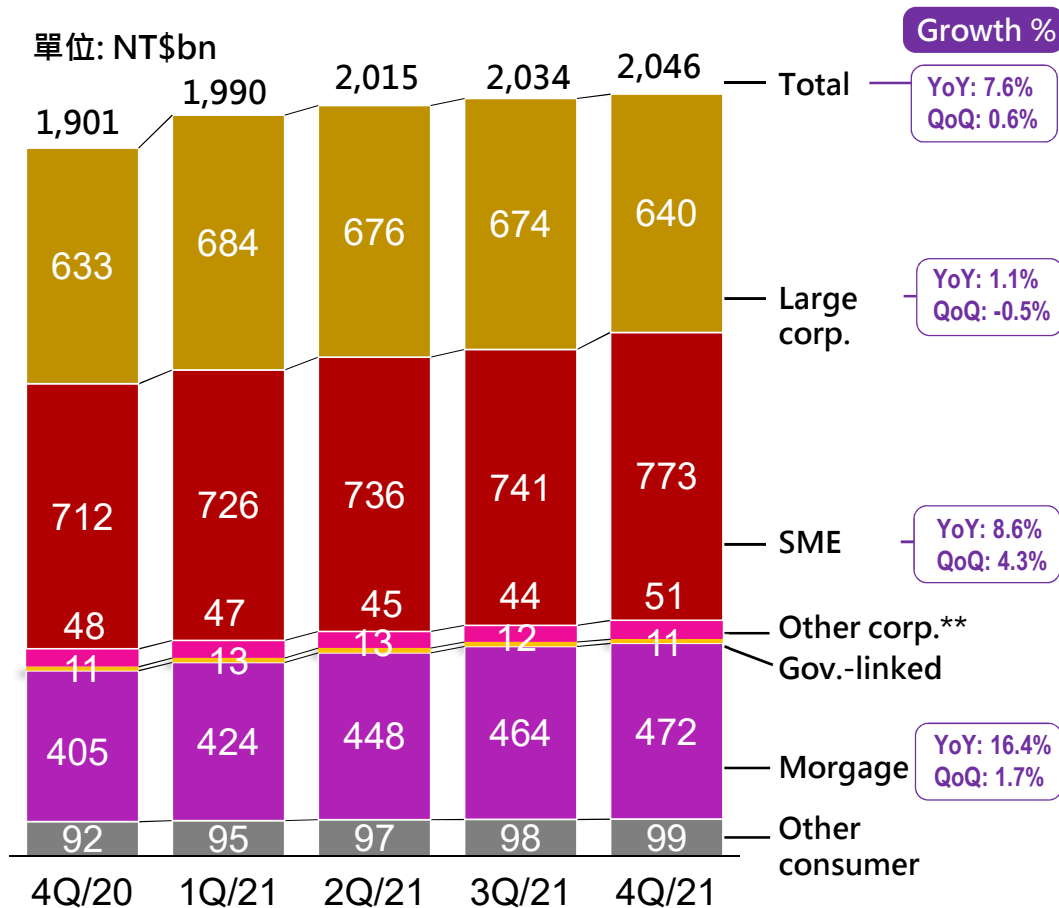
# Table of Contents

- 1 Overview and Strategic Focus
- 2 Financial Performance
- 3 Operating Performance
- 4 Appendix

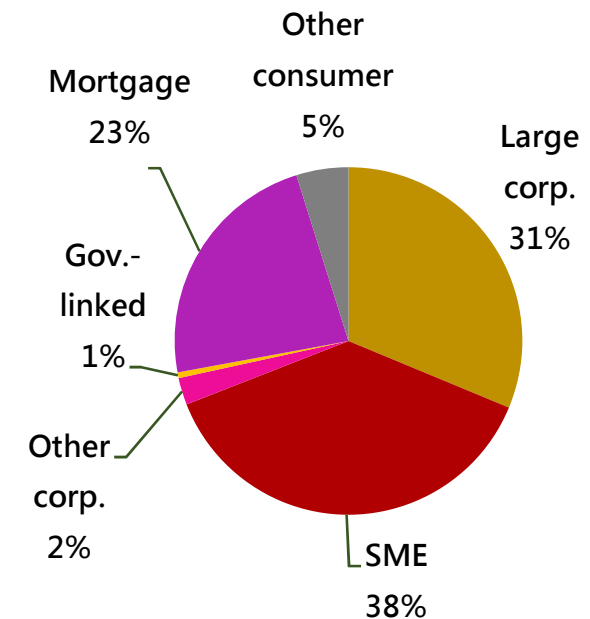


# 4Q /21 SME and mortgage loan growth continued

## Mega Bank quarterly loan balance\*



## Mega Bank 4Q/21 loan breakdown by customers

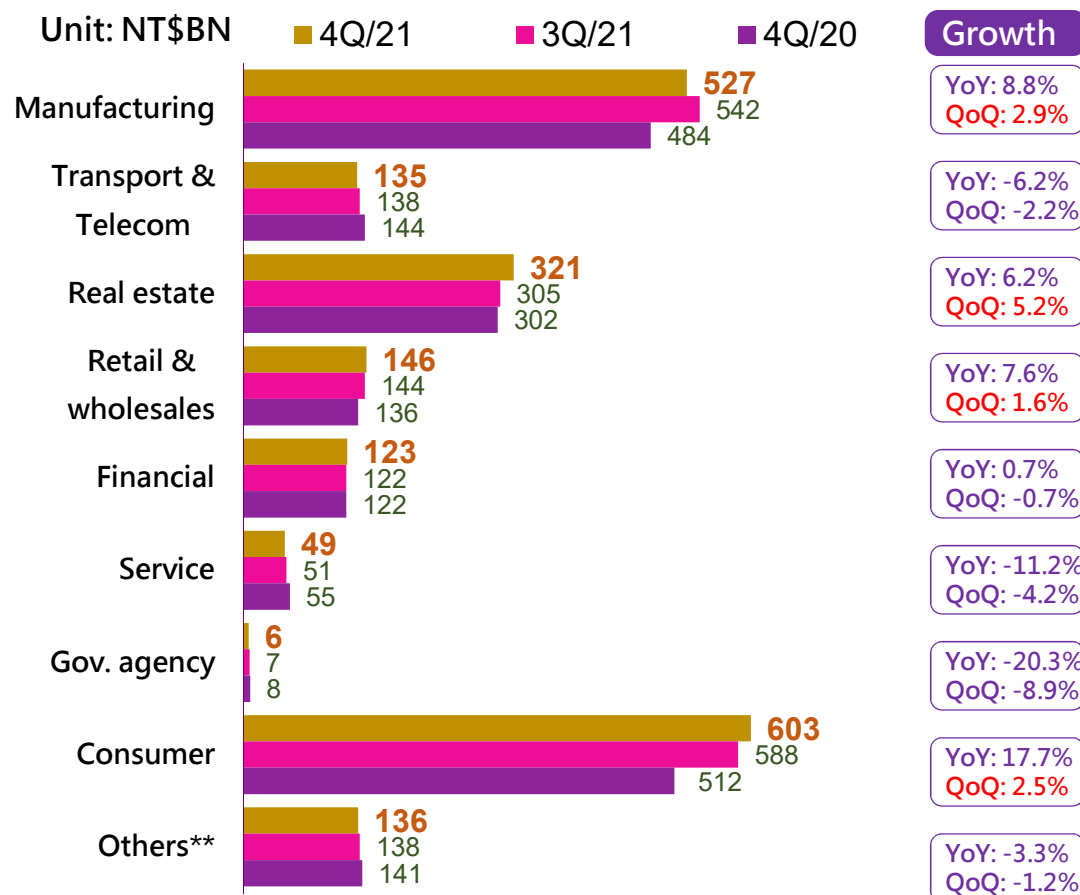


\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

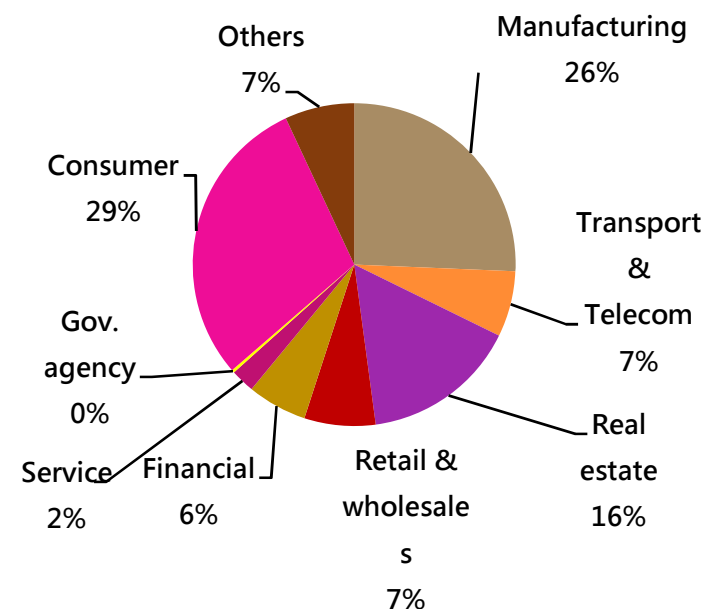
\*\* Includes Gov-linked Non-Profit Organization and etc.

# 4Q /21 manufacturing, real estate, retail/wholesales and consumer loans were up

## Mega Bank loan balance trend by industry\*



## 4Q/21 loan breakdown by industry\*



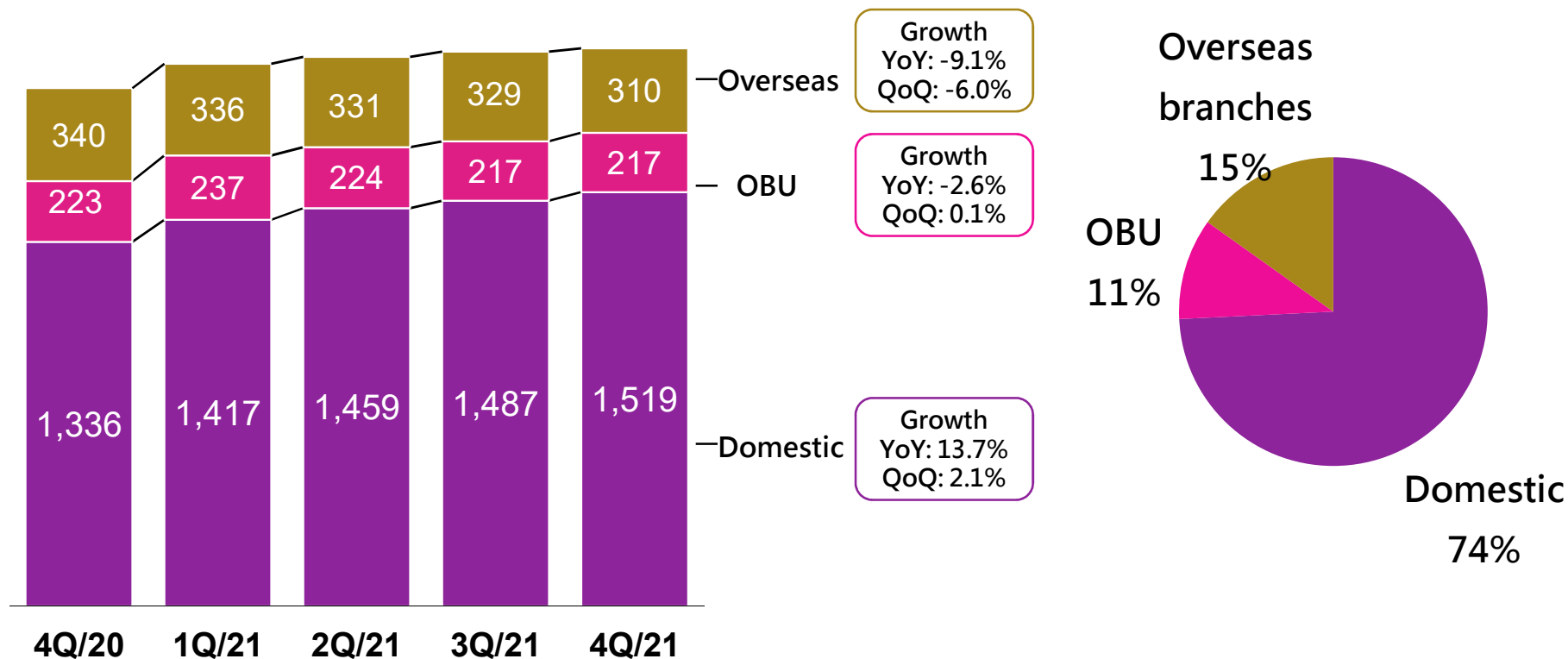
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 4Q /21 domestic loans were up 2.1% QoQ

## Mega Bank 4Q/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.

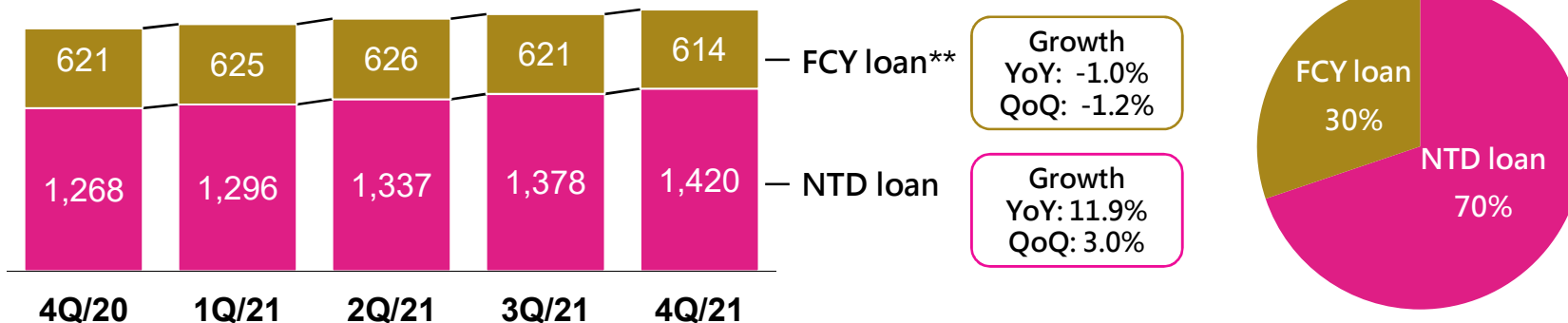
\*\* OBU stands for Off-shore Banking Unit



# 4Q /21 NTD loan extended higher

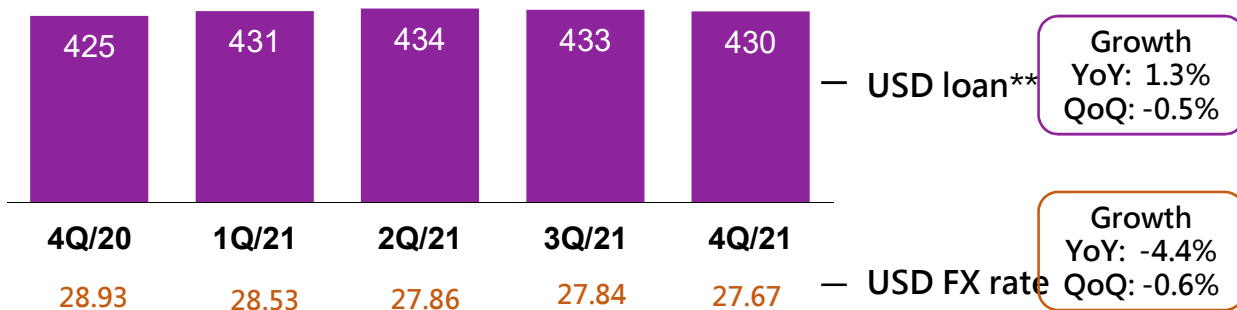
## Mega Bank 4Q/21 loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$BN



## Mega Bank USD Loan balance\*

Unit: NT\$ billion



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

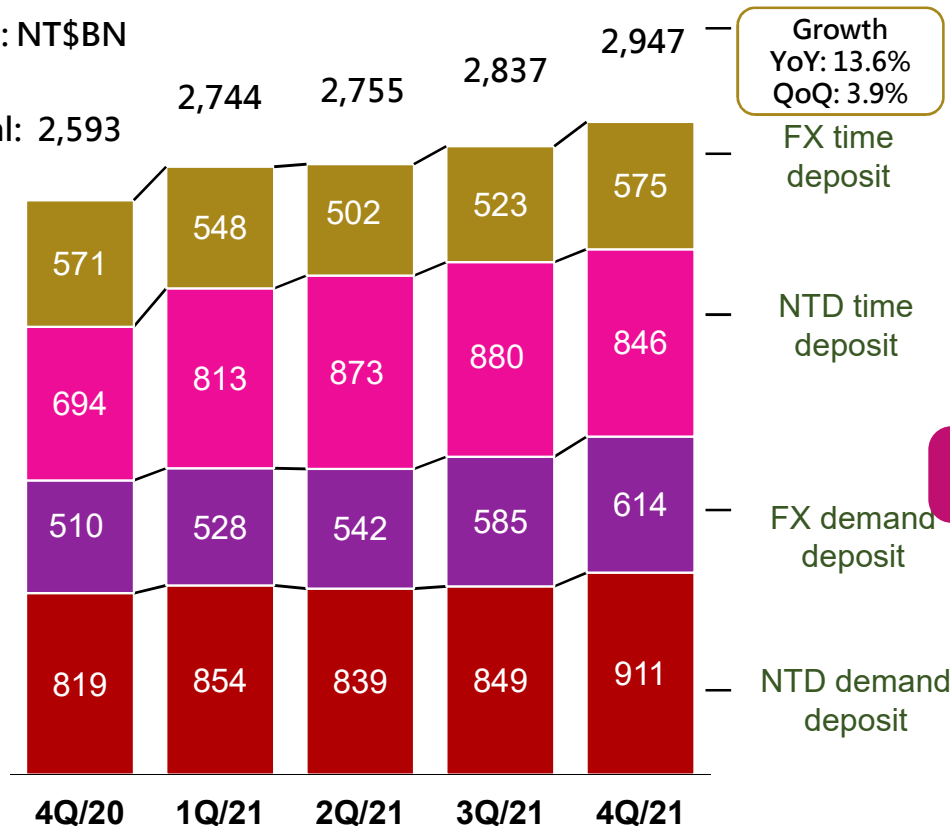
\*\* Foreign currency and USD loans include OBU, overseas branched and some domestic branched loans.

# 4Q /21 deposits were up 3.9%QoQ; Demand deposit ratio was up

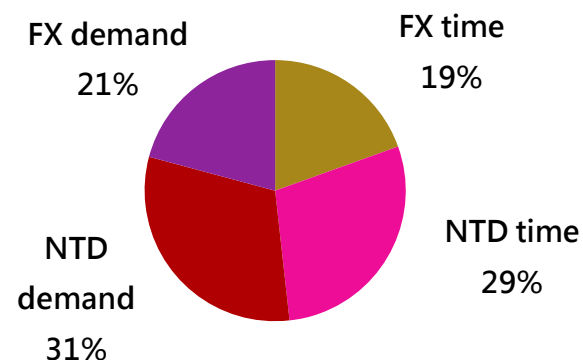
## Mega Bank deposit balance \*

Unit: NT\$BN

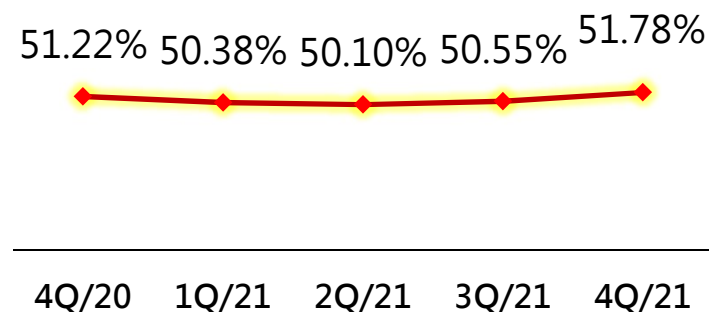
Total: 2,593



## Mega Bank 4Q/21 deposit breakdown



## Mega Bank demand deposit % trend

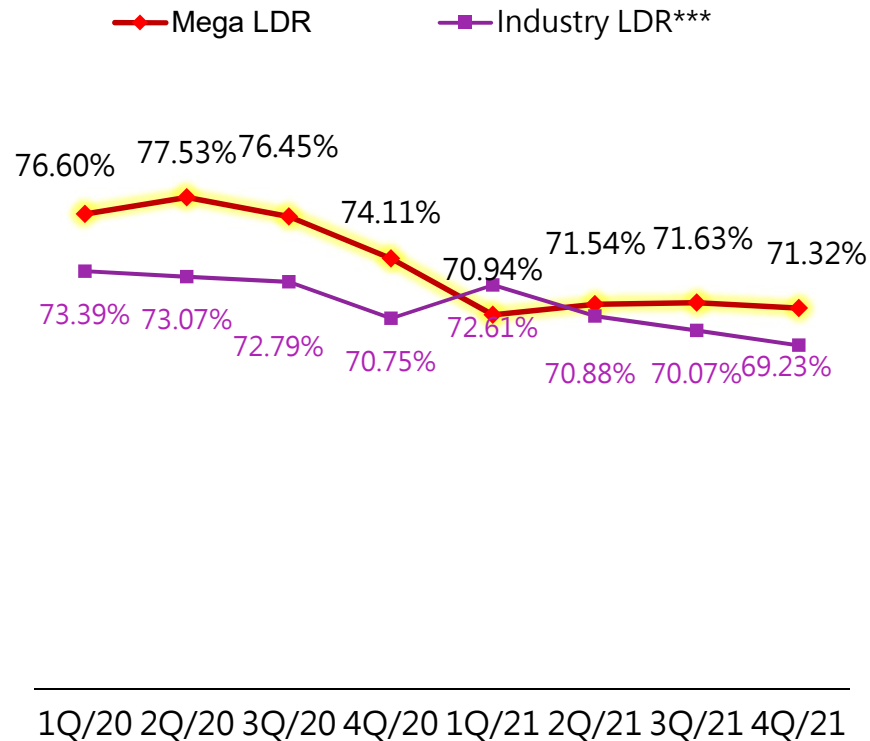


\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; internal numbers.

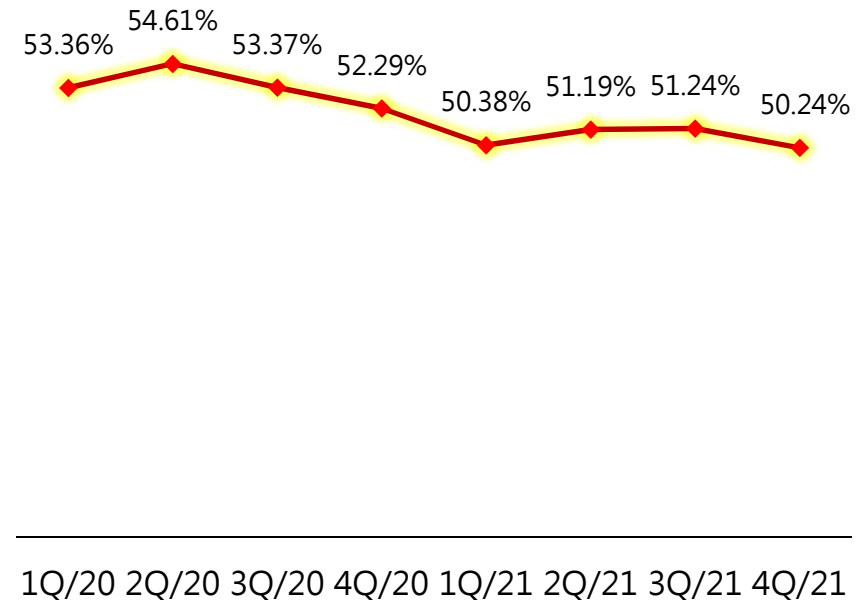
\*\* Includes retail and corporate deposit but excludes due from central banks and banks

# Excessive liquidity remained

## Mega Bank's total LDR\*



## Mega Bank's USD LDR\*\*



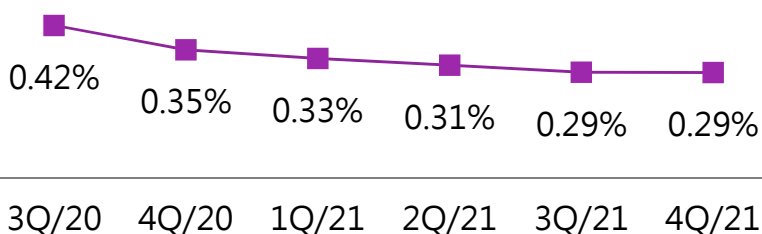
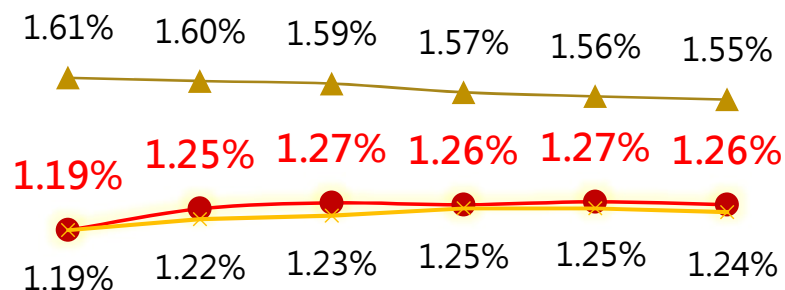
\* Total LDR calculation is based on loan/deposit end balance  
 \*\* USD LDR calculation is based on average loan/deposit balance of that quarter  
 \*\*\* Source: Central Bank of Taiwan



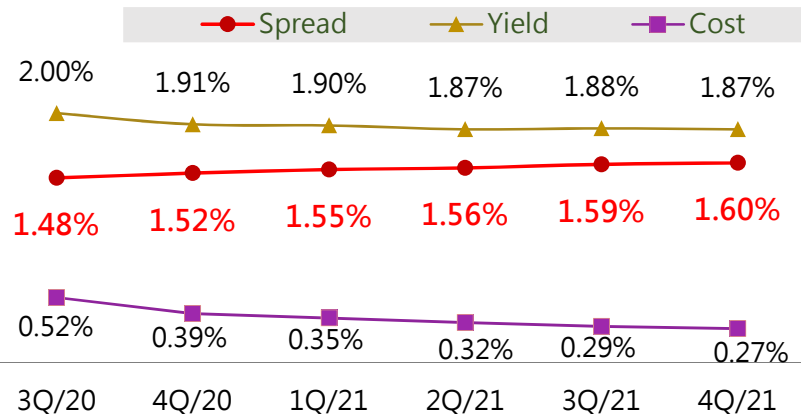
# Interest spread remained flat

## Mega Bank total loan interest spread\*

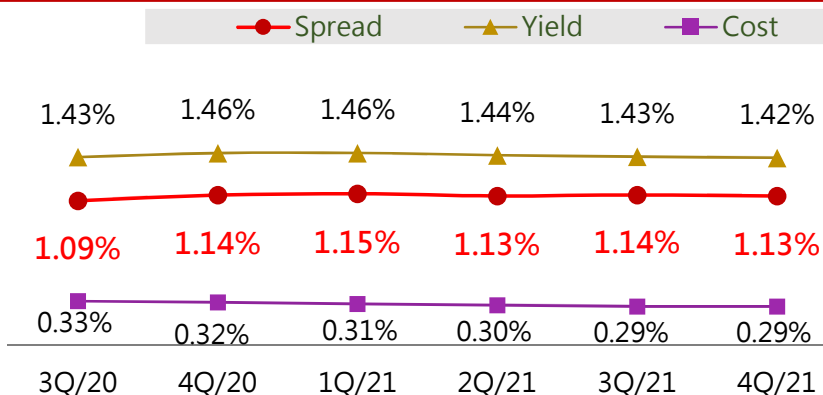
—●— Spread —▲— Yield —■— Cost —×— Industry spread \*\*



## Mega Bank overseas loan interest spread\*



## Mega Bank domestic loan interest spread\*

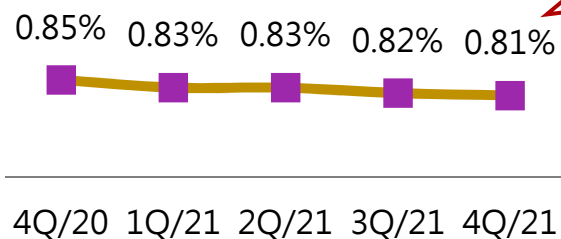


\* Overseas loan includes overseas branches and OBU loan; internal numbers.

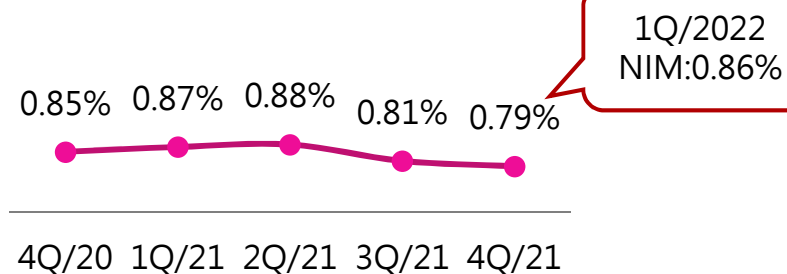
\*\* Source: Central Bank of Taiwan

# 4Q /21 NIM was flat; 1Q/22 NIM was up

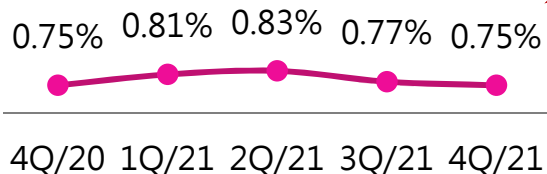
## Mega Bank quarterly Total NIM\*



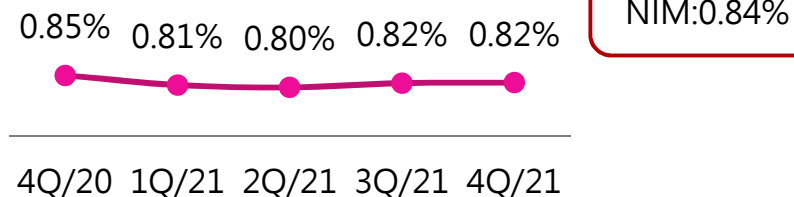
## Mega Bank quarterly FCY NIM\*



## Mega Bank monthly USD NIM\*



## Mega Bank quarterly NTD NIM\*

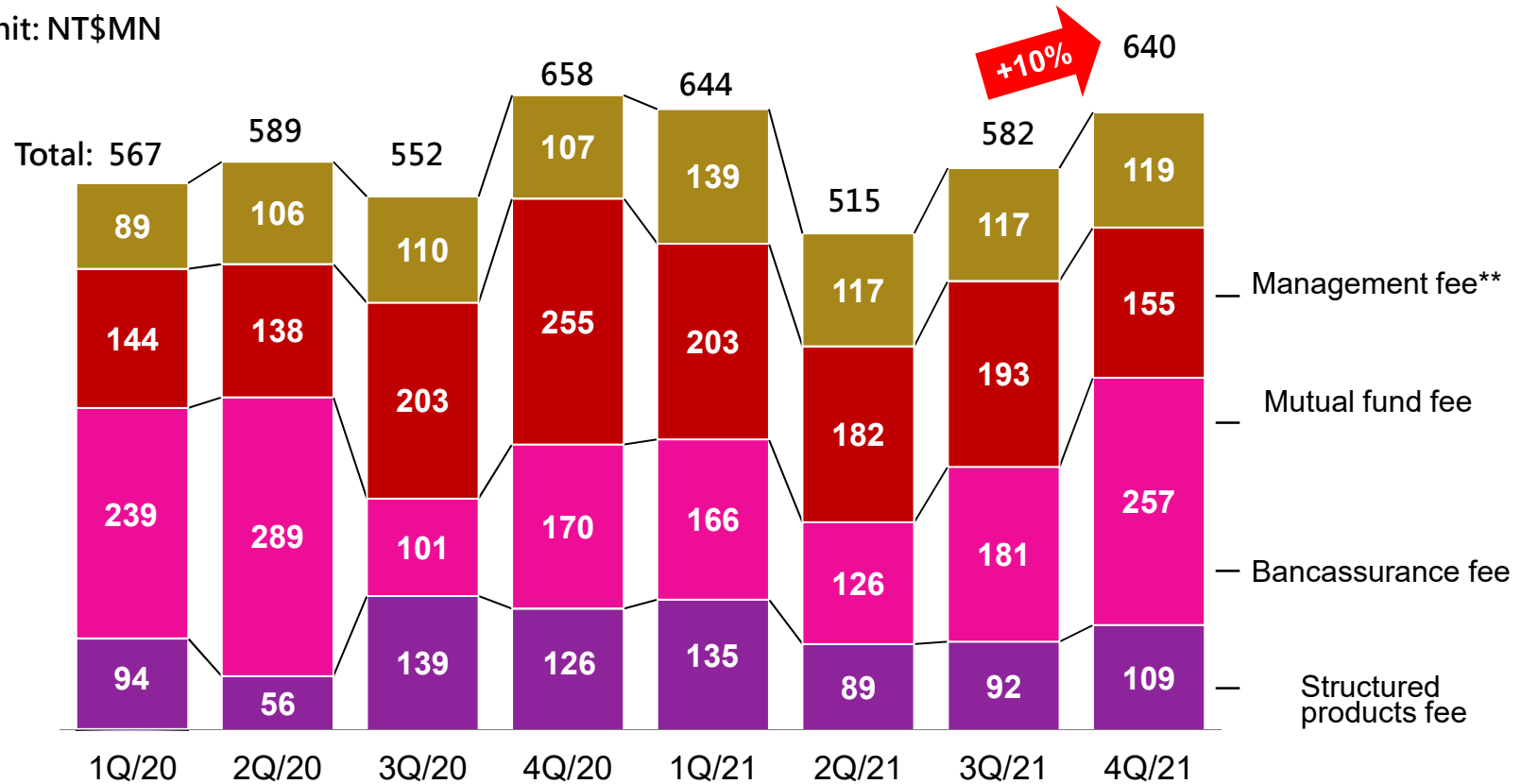


\* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

# 4Q/21 WM fee jumped by 10%QoQ

## Mega Bank wealth management gross fee breakdown\*

Unit: NT\$MN

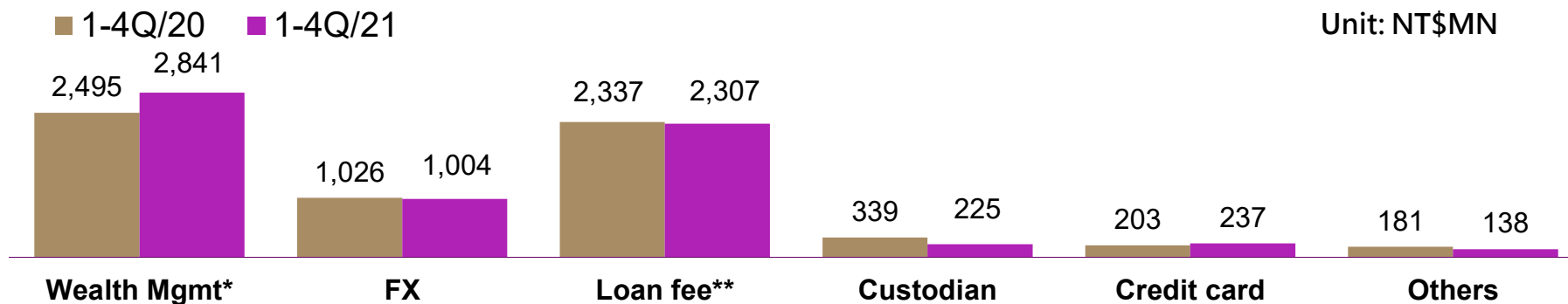


\* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

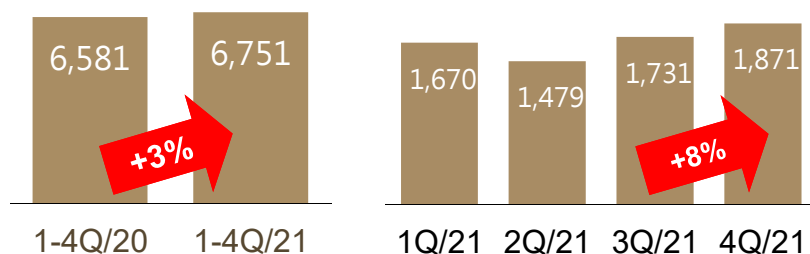
# 4Q /21 bank fee was up 8% QoQ

## Mega Bank net fee breakdown

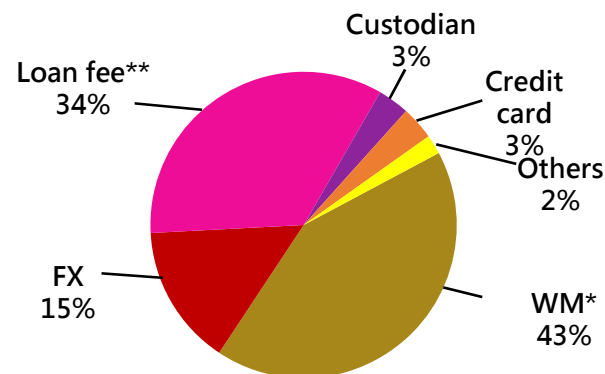


## Mega Bank net fee trend\*\*\*

Unit: NT\$MN



## Mega Bank 1-4Q/21 net fee breakdown



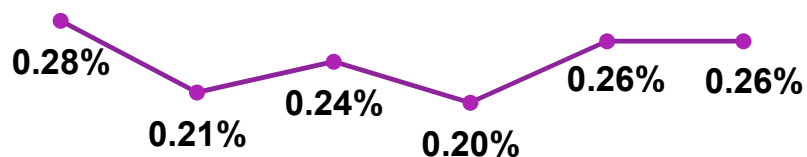
\* Net wealth mgmt. fee, plus/deduct adjustment for marketing cost, rebate, and profit sharing with partners.

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

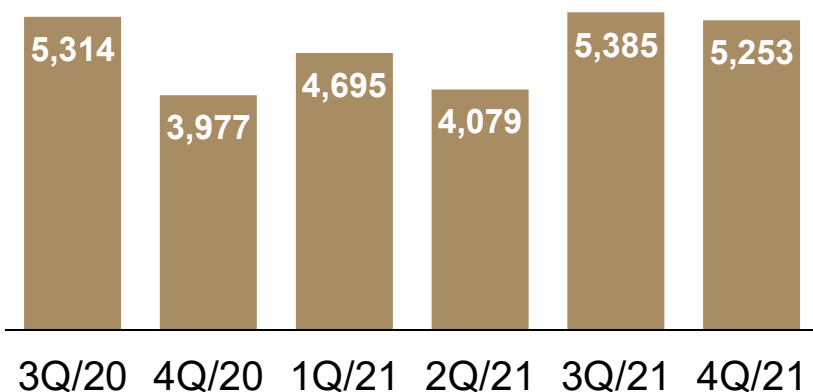
\*\*\*Total net fees are audited numbers.

# NPL balance was down; coverage was up

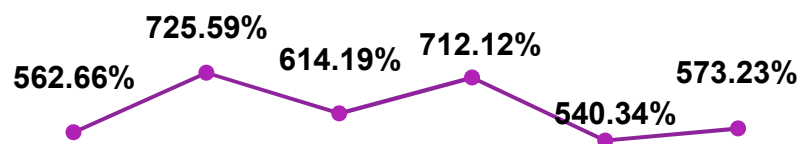
Mega Bank NPL balance & NPL ratio



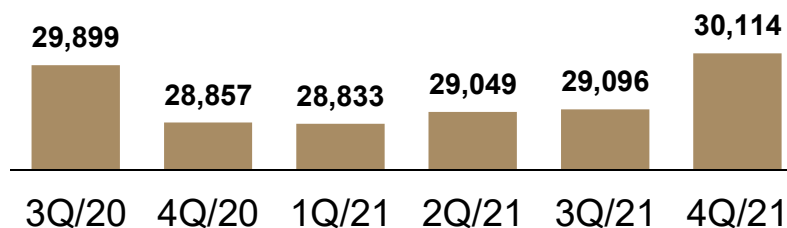
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio

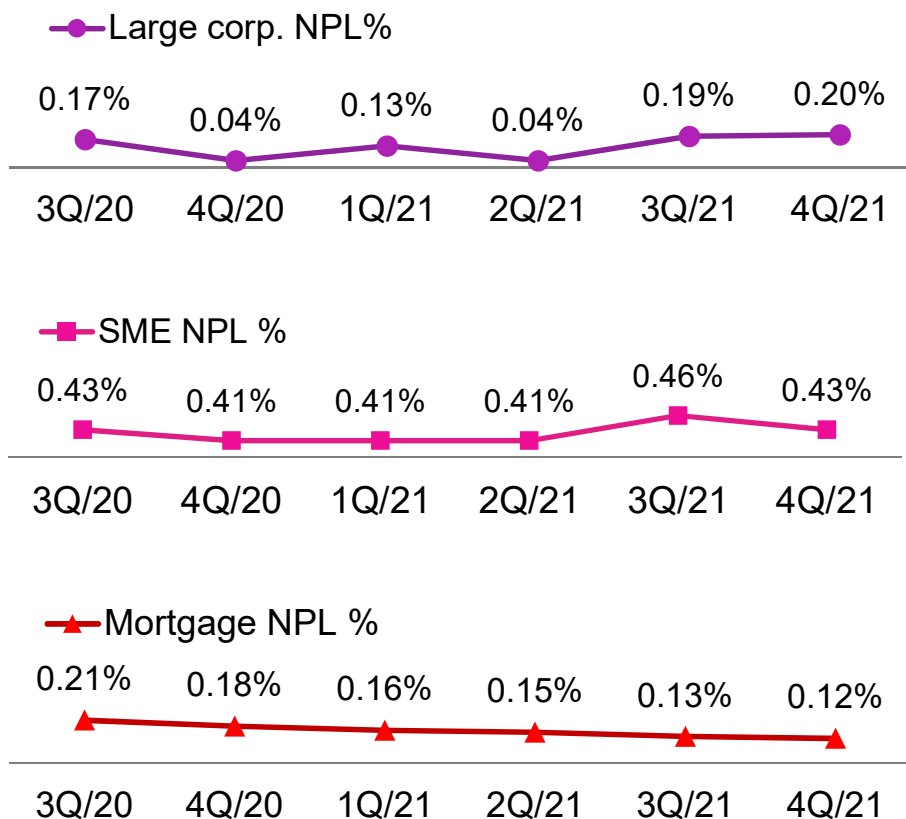


Unit: NT\$MN

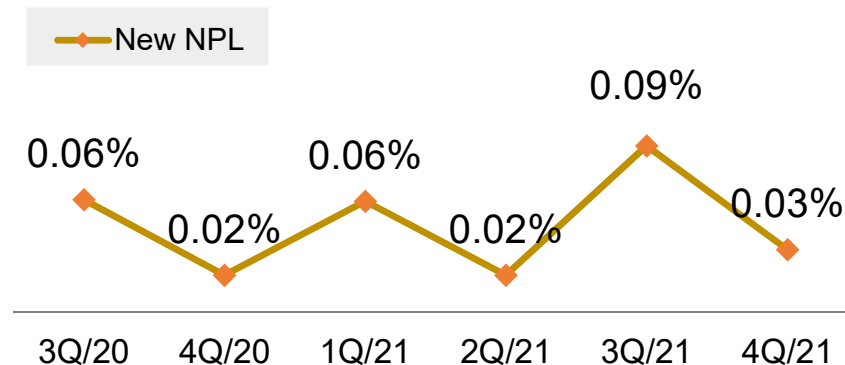


# New NPL formation was down

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.



# Table of Contents

---



- 1** Overview and Strategic Focus
- 2** Financial Performance
- 3** Operating Performance
- 4** Appendix



# 1-4Q/2021 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	<b>1-4Q/2021*</b>	<b>1-4Q/2020</b>	<b>YoY</b>
Net interest income	32,468	31,551	3%
Net fee revenue	12,037	9,876	22%
Insurance revenue	2,235	2,043	9%
Financial assets and liabilities at fair value thru P&L	7,839	9,002	-13%
Gain from fin. assets at fair value through other comprehensive income	2,973	5,569	-47%
Gain from debt investment measured by amortized cost	-39	-156	
Equity method investment gain	125	-20	-737%
Gain on reclassification under the overlay approach	-43	38	-214%
FX spread gain	1,444	1,399	3%
Asset impairment loss (write-back)	0	-63	-100%
Property gain	27	357	-92%
Other non-interest revenue (net)	1,164	1,214	-4%
Operating net revenue	60,231	60,810	-1%
Operating expense	-29,605	-29,101	2%
Pre-provision operating profit	30,625	31,709	-3%
Provision expense on loan	-1,904	-2,152	-11%
Reserved on insurance	-65	-227	-72%
Pretax profit	28,656	29,331	-2%
Tax	-2,925	-4,313	-32%
Net profit	25,731	25,018	3%
EPS (NT\$)	1.89	1.84	3%

\* 1-4Q /21 are audited numbers





# 1-4Q/2021 Mega FHC consolidated balance sheet

<i>NT\$MN</i>	1-4Q/2021*	1-4Q/2020*	YoY
<b>Assets:</b>			
Cash and due from banks	582,160	494,893	18%
Bills and bonds under RP agreement	949	950	0%
Fin. assets at fair value through P&L	202,835	228,608	-11%
Fin. Assets at fair value through other comprehensive income	543,790	560,780	-3%
Debt instrument investment measured by amortized cost	648,132	534,327	21%
Other financial assets	6,096	5,134	19%
A/R, net	96,631	89,971	7%
Loan, net	2,037,355	1,889,958	8%
Equity method LT investments, net	5,449	5,519	-1%
Land, premises and equipments, net	24,866	24,900	0%
Others	20,001	21,335	-6%
<b>Total assets</b>	<b>4,168,265</b>	<b>3,856,376</b>	<b>8%</b>
<b>Liabilities</b>			
Due to banks	431,941	425,660	1%
Deposits	2,959,790	2,613,890	13%
CP & Bond payable	38,918	40,392	-4%
Bills & bonds sold under repurchase agreement	225,057	269,355	-16%
Other liabilities	184,161	180,490	2%
<b>Total liabilities</b>	<b>3,839,866</b>	<b>3,529,788</b>	<b>9%</b>
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	113,046	108,208	4%
Equity adjustment items	11,160	14,189	-21%
Minority shareholder interest	-	-	-
<b>Total stockholders' equity</b>	<b>328,399</b>	<b>326,589</b>	<b>1%</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,168,265</b>	<b>3,856,376</b>	<b>8%</b>
Book value per share (NT\$)	24.15	24.01	1%

\* 1-4Q /21are audited numbers

# 1-4Q/2021 Mega Bank consolidated P&L statement

NT\$MN, EPS: \$NT	1-4Q/2021*	1-4Q/2020*	YoY
Net interest income	30,274	29,809	2%
Net fee revenue	6,751	6,581	3%
Financial assets and liabilities at fair value thru P&L	4,901	6,556	-25%
Gain from fin. assets at fair value through other comprehensive income	1,508	4,286	-65%
Gain from debt investment measured by amortized cost	-39	-156	
FX spread gain	124	-23	-652%
Equity method investment gain	1,470	1,498	-2%
Asset impairment loss (write-back)	-30	-50	-40%
Other non-interest revenue (net)	360	405	-11%
Operating net revenue	45,318	48,906	-7%
Operating expense	-22,945	-23,529	-2%
Pre-provision operating profit	22,373	25,377	-12%
Provision expense on loan	-1,782	-1,917	-7%
Pretax profit	20,591	23,460	-12%
Tax	-2,134	-3,128	-32%
Net profit	18,457	20,332	-9%
EPS (NT\$)	2.16	2.38	-9%

\* 1-4Q/21 are audited numbers

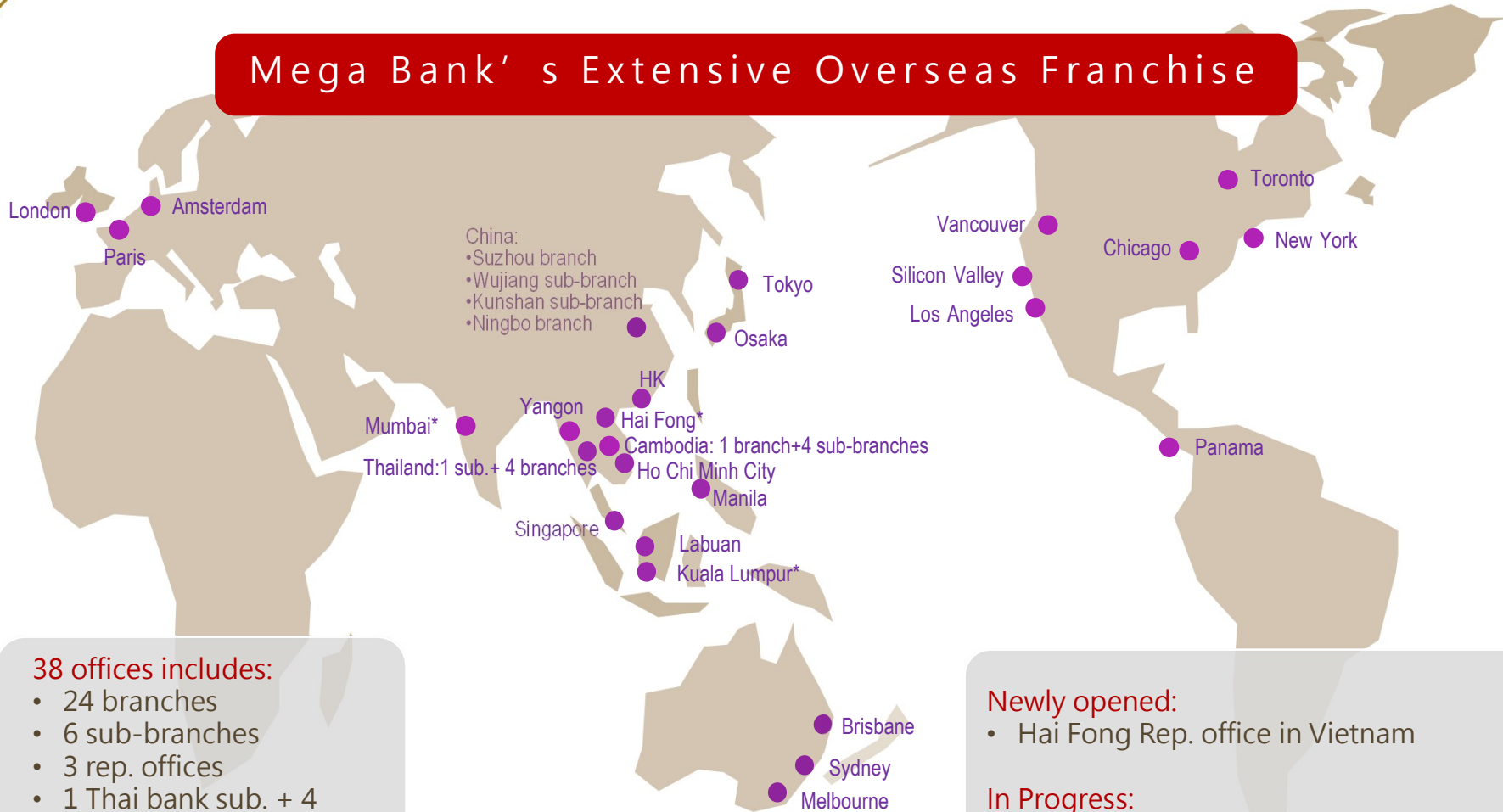
# 1-4Q/2021 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1-4Q/2021*	1-4Q/2020*	YoY
<b>Assets:</b>			
Cash and due from banks	577,486	492,576	17%
Bills and bonds under RP agreement	949	10,358	-91%
Fin. assets at fair value through P&L	56,993	57,168	0%
Fin. Assets at fair value through other comprehensive income	407,244	396,955	3%
Debt instrument investment measured by amortized cost	643,731	530,084	21%
Other financial assets	246	108	127%
A/R, net	38,876	37,933	2%
Loan, net	2,037,355	1,889,958	8%
Equity method LT investments, net	5,340	5,409	-1%
Land, premises and equipments, net	17,190	17,300	-1%
Others (net)	12,737	13,829	-8%
<b>Total assets</b>	<b>3,798,147</b>	<b>3,451,678</b>	<b>10%</b>
<b>Liabilities</b>			
Due to banks	416,790	410,648	1%
Deposits	2,971,732	2,617,464	14%
CP & Bond payable	1,000	13,000	-92%
Bills & bonds sold under repurchase agreement	16,837	12,271	37%
Other liabilities	92,683	103,712	-11%
<b>Total liabilities</b>	<b>3,499,041</b>	<b>3,157,095</b>	<b>11%</b>
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	145,871	139,995	4%
Equity adjustment items	5,654	7,006	-19%
Previous equity of business combination entity	-	-	
<b>Total stockholders' equity</b>	<b>299,106</b>	<b>294,583</b>	<b>2%</b>
<b>Total liabilities and stockholders' equity</b>	<b>3,798,147</b>	<b>3,451,678</b>	<b>10%</b>
Book value per share (NT\$)	35.04	34.51	2%

\* 1-4Q/21 are audited numbers

# 38 offices in 17 countries; 21 offices in “New South Bond Area”

## Mega Bank’s Extensive Overseas Franchise



### 38 offices includes:

- 24 branches
- 6 sub-branches
- 3 rep. offices
- 1 Thai bank sub. + 4 branches

### Newly opened:

- Hai Fong Rep. office in Vietnam

### In Progress:

- Hai Duong branch in Vietnam, TBA.
- Indonesia Jakarta Rep. office, TBA.

\* Hai Fong, Kuala Lumpur and Mumbai are rep. offices.



Thank you~

Q & A