

# Investor / Analyst Briefing

**1Q / 2022(V.1)**



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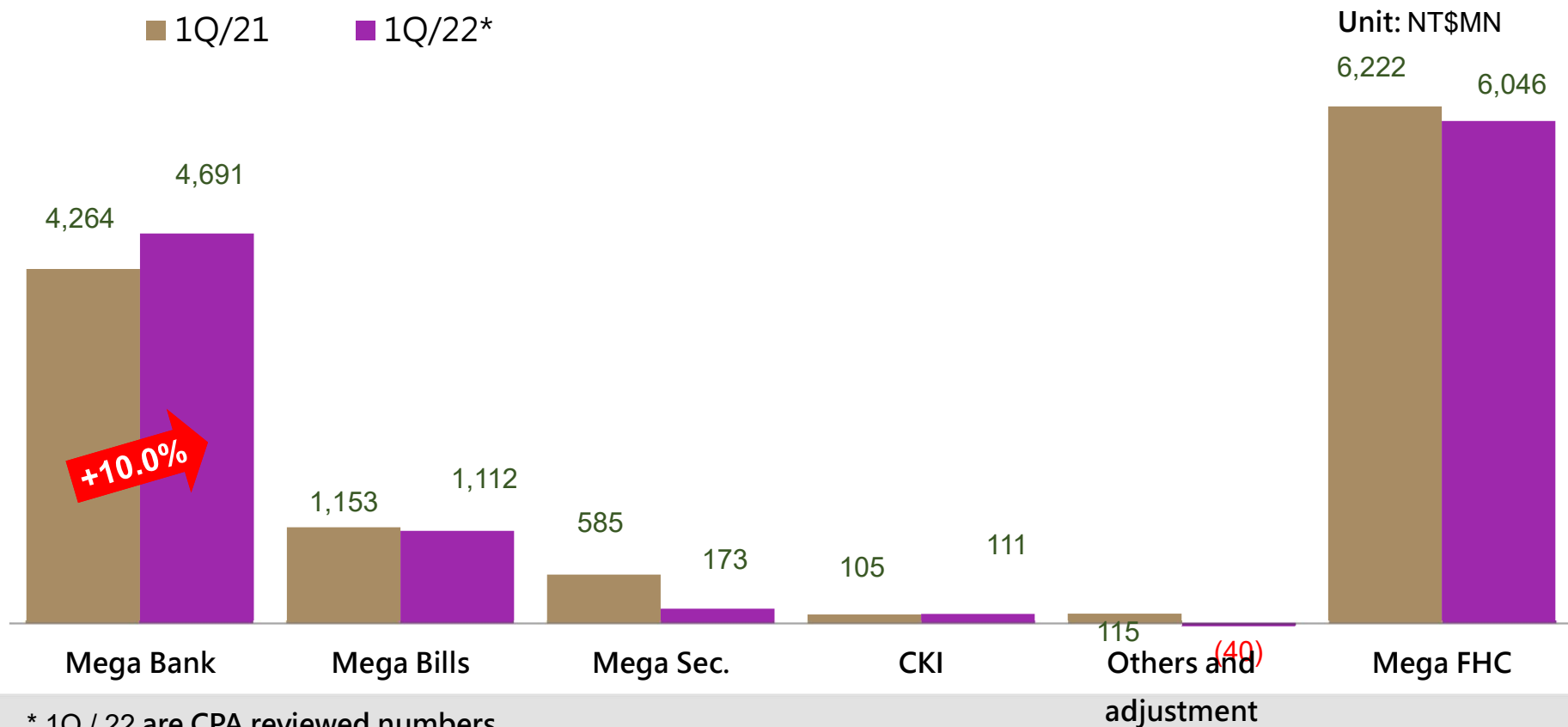


- 1** Operation Highlights
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# 1Q/22 bank earning was up 10.0% YoY

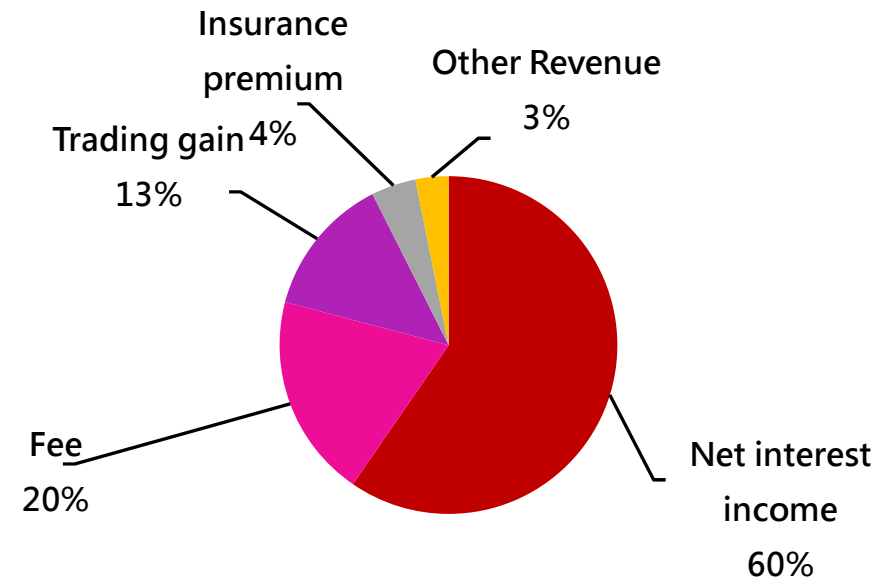
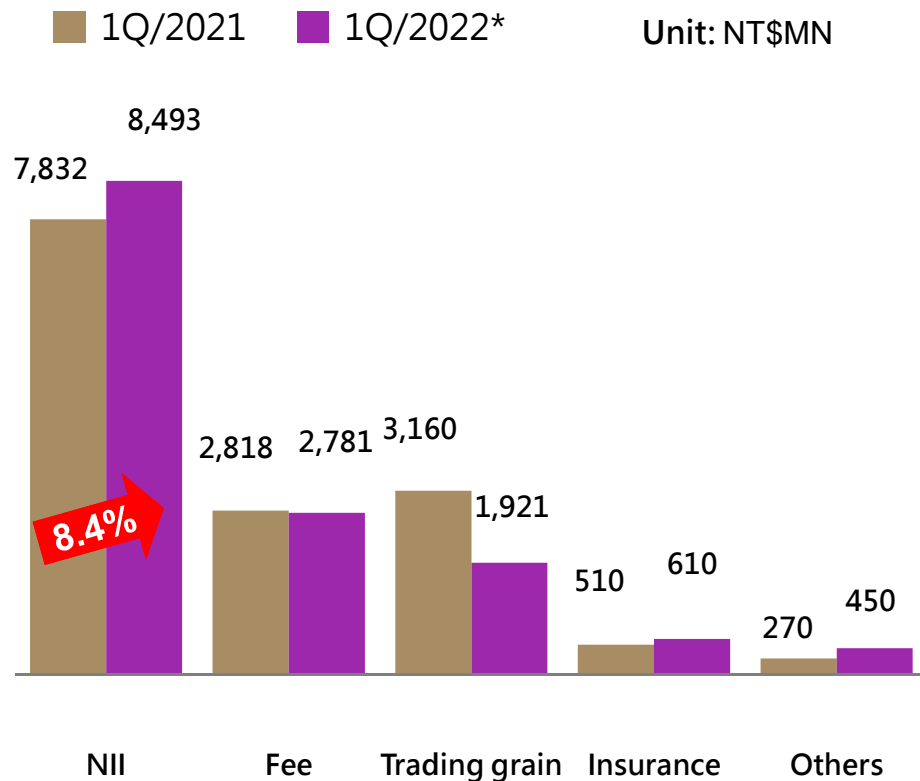
## Mega FHC & Subs. 1Q/22 earning trend



# Group NII was up 8.4% YoY

Mega Group consolidated net revenue \*

Mega Group 1Q/22 net revenue breakdown



\* 1Q/ 2022 are CPA reviewed numbers



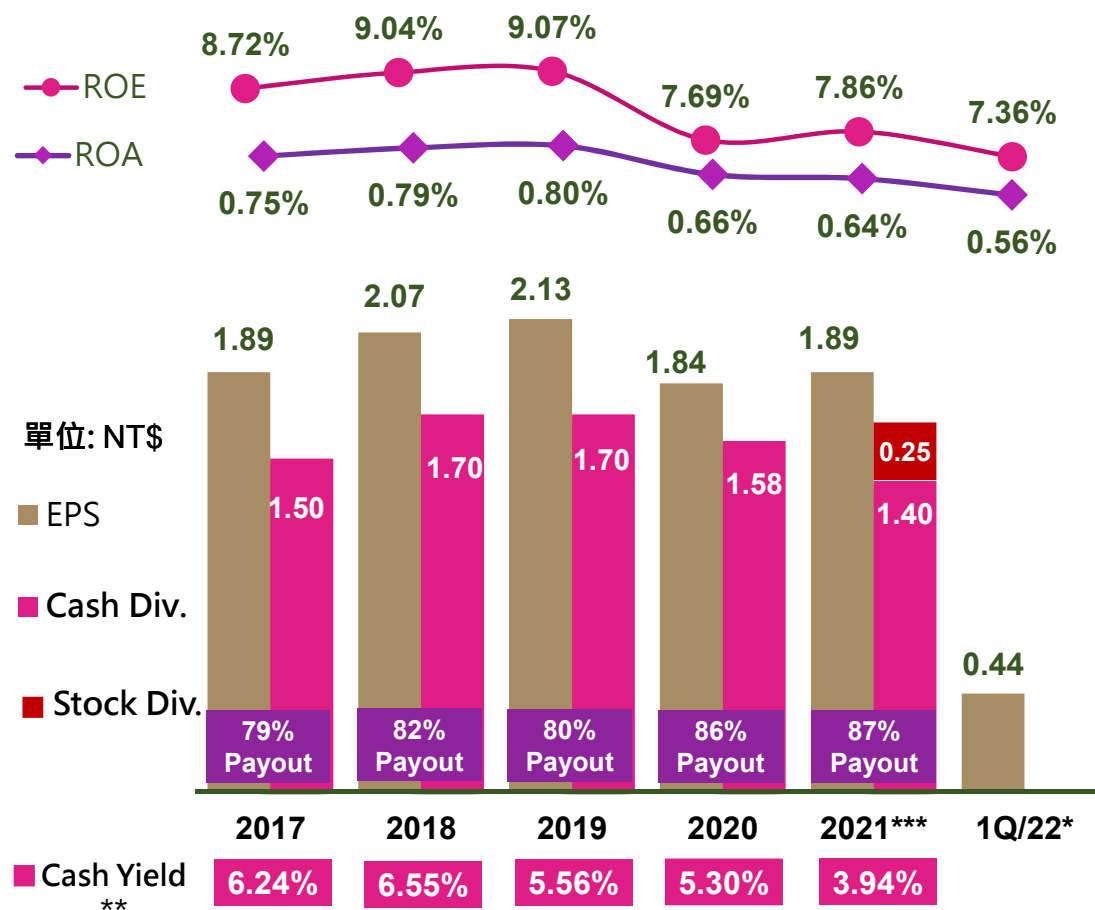
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# Strong dividend policy

## 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.

\* 1Q/22 are CPA reviewed numbers; ROE and ROA annualized numbers.

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

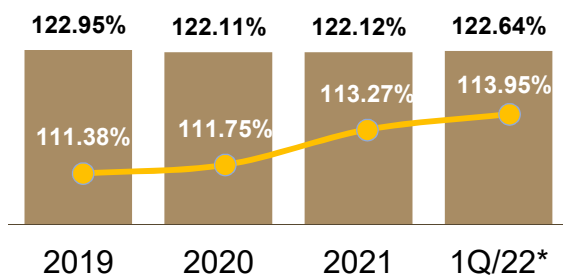
\*\*\*2021 dividend policy is subject to AGM approval.

# Stable capital position

## Mega FHC

Moody's: A2

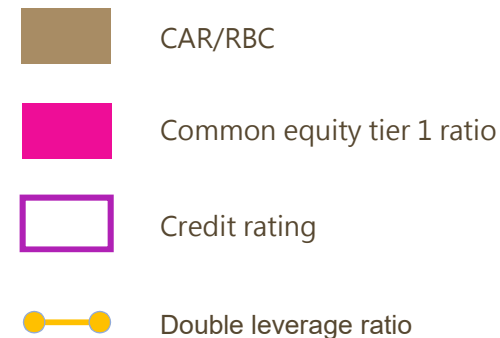
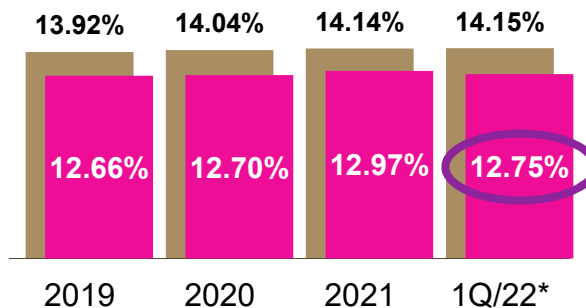
CAR Requirement : 100%



## Mega Bank

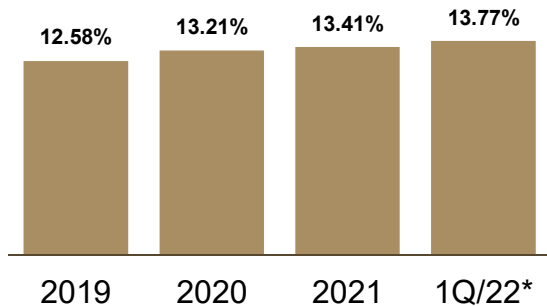
Moody's: A1 / S&P: A+

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



## Mega Bills

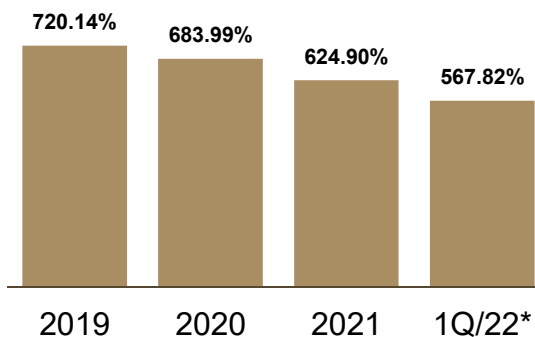
Requirement : 8.0%



## CKI P&C

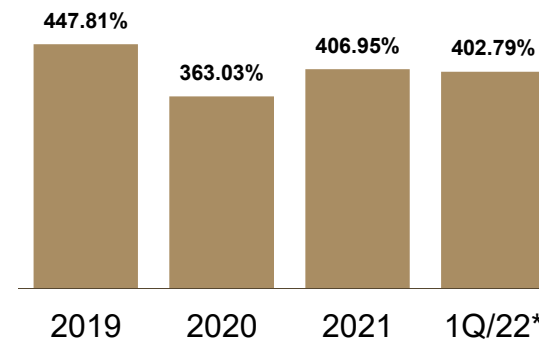
Moody's: A3 / S&P: A-

Requirement : 200%



## Mega Securities

Requirement : 150%



\* 1Q / 22 are un-audited numbers





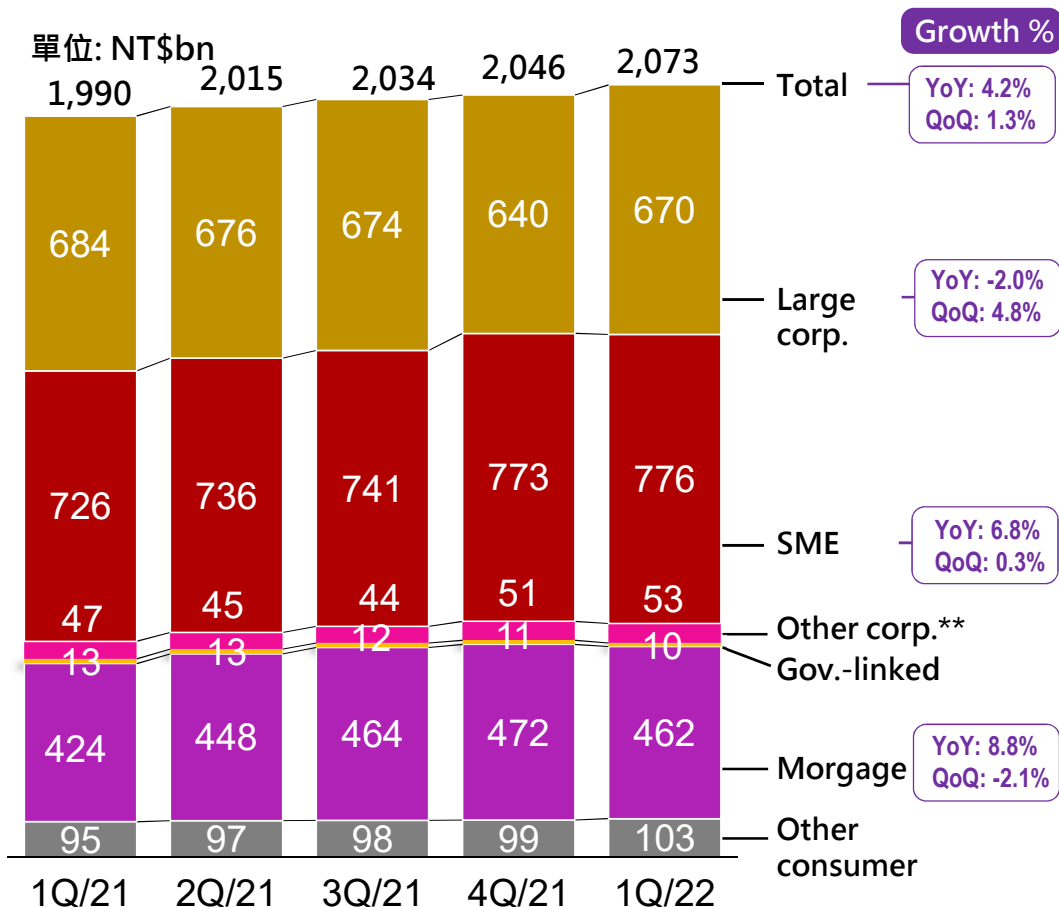
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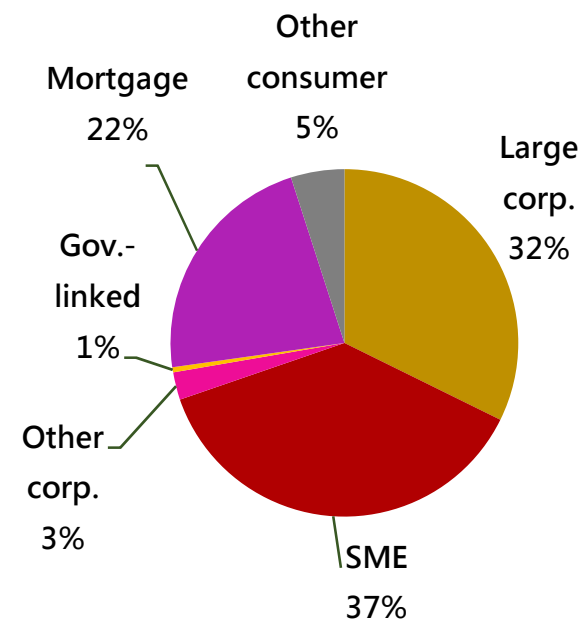


# 1Q /22 large corp. lending demand jumped higher 4.8% QoQ

## Mega Bank quarterly loan balance\*



## Mega Bank 1Q/22 loan breakdown by customers

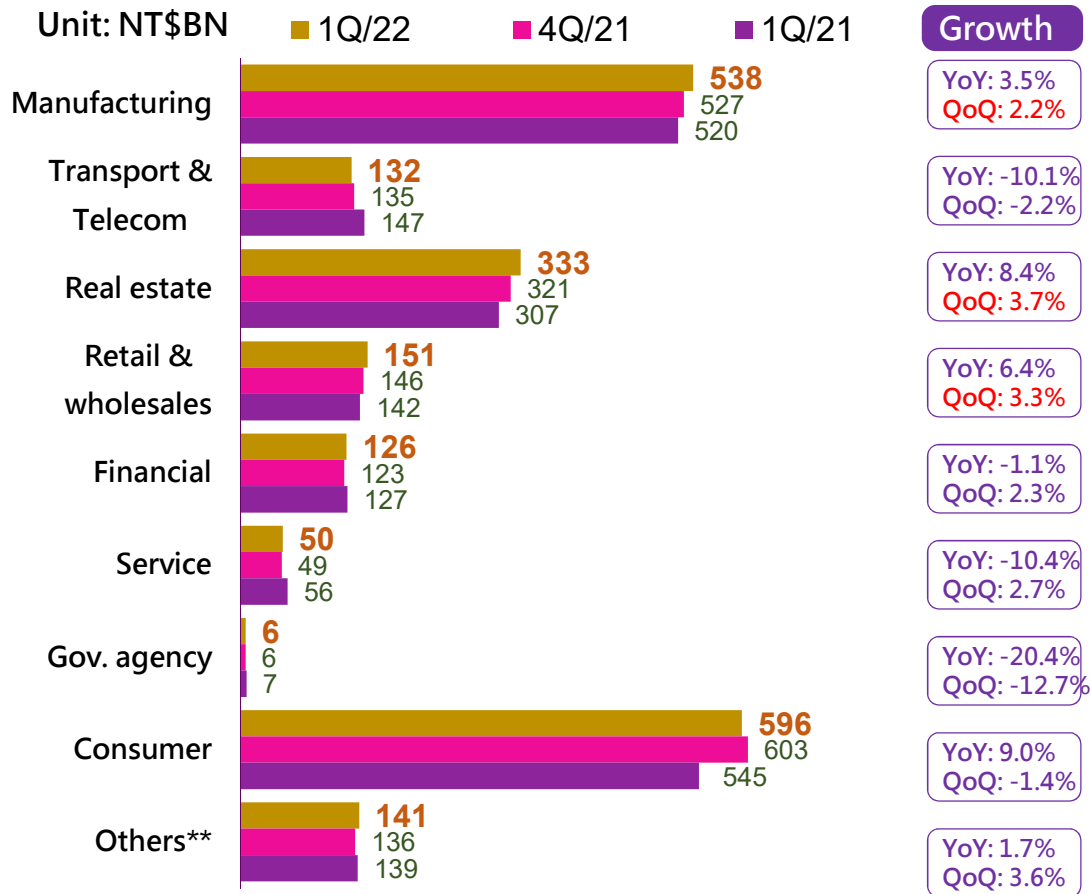


\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

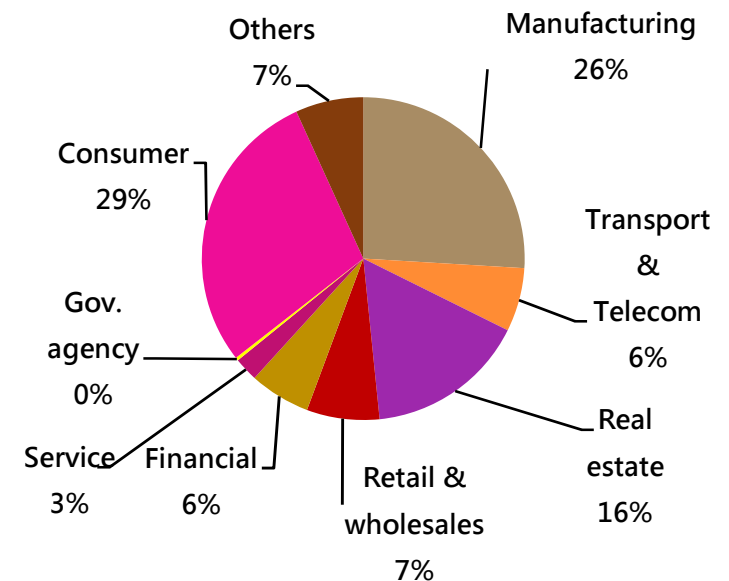
\*\* Includes Gov-linked Non-Profit Organization and etc.

# 1Q /22 manufacturing, real estate and retail/wholesales loans were up

## Mega Bank loan balance trend by industry\*



## 1Q/22 loan breakdown by industry\*



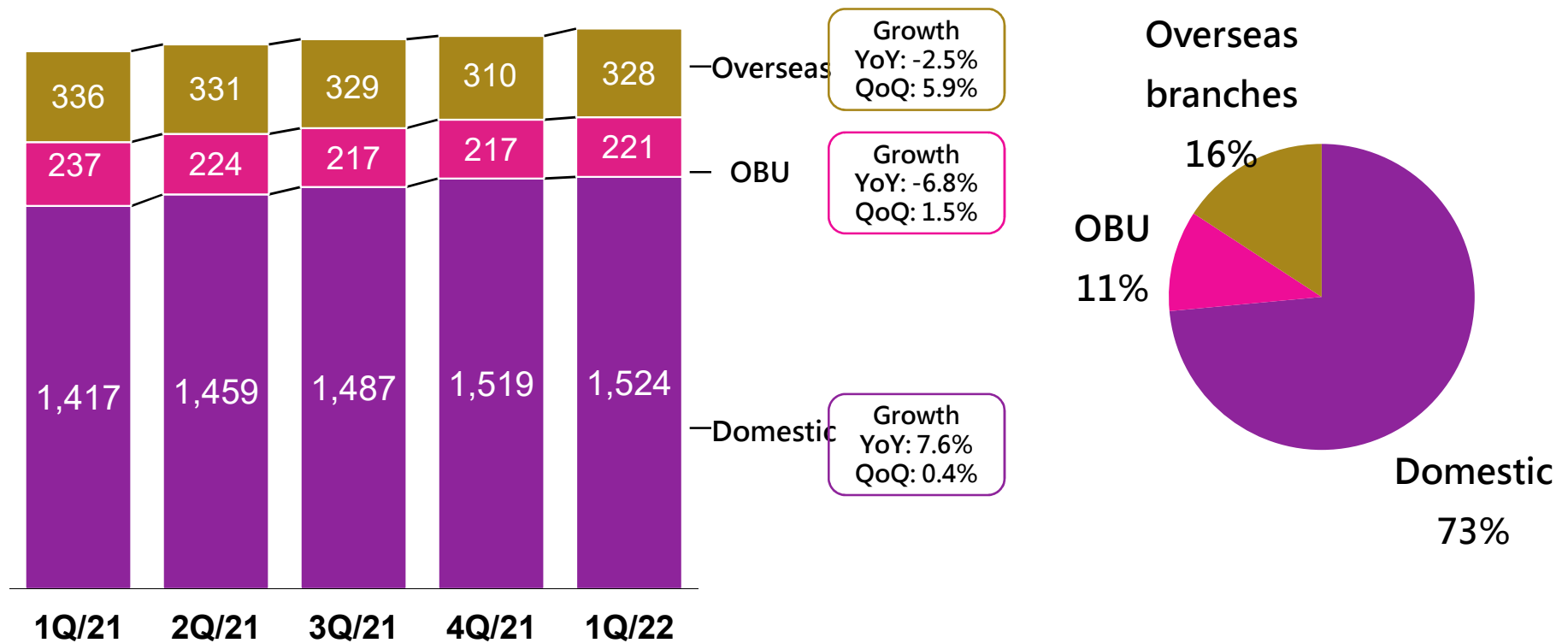
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 1Q /22 overseas branches loan pushed up 5.9% QoQ; OBU loans were up 1.5% QoQ

## Mega Bank 1Q/22 loan breakdown by regions \*

Unit: NT\$BN



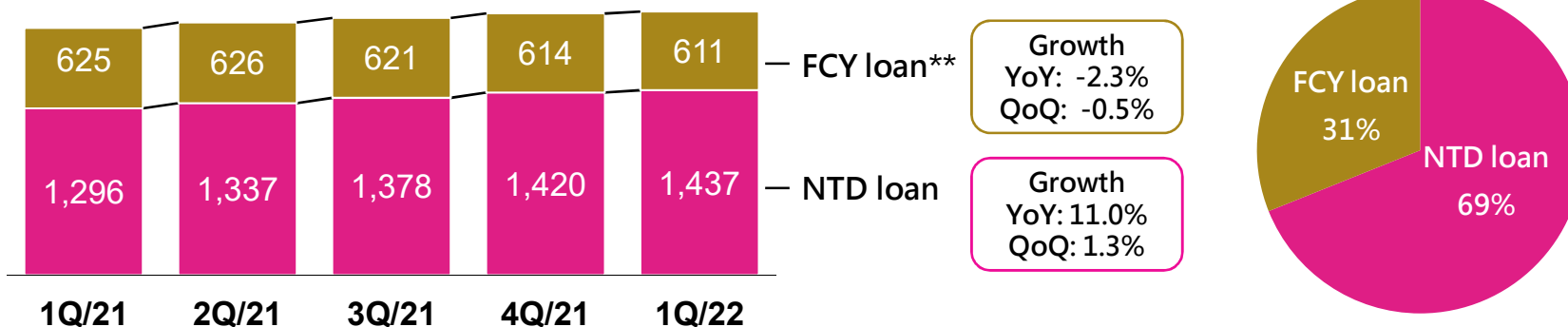
\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 1Q /22 NTD loan extended higher

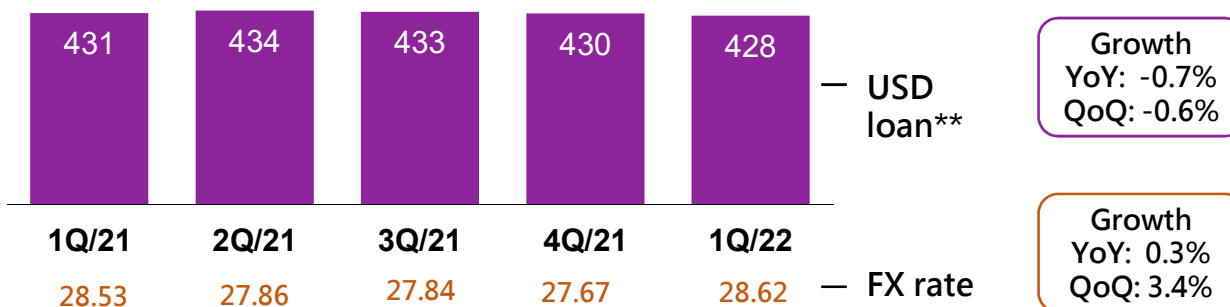
## Mega Bank 1Q/22 loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$BN



## Mega Bank USD Loan balance\*

Unit: NT\$ billion



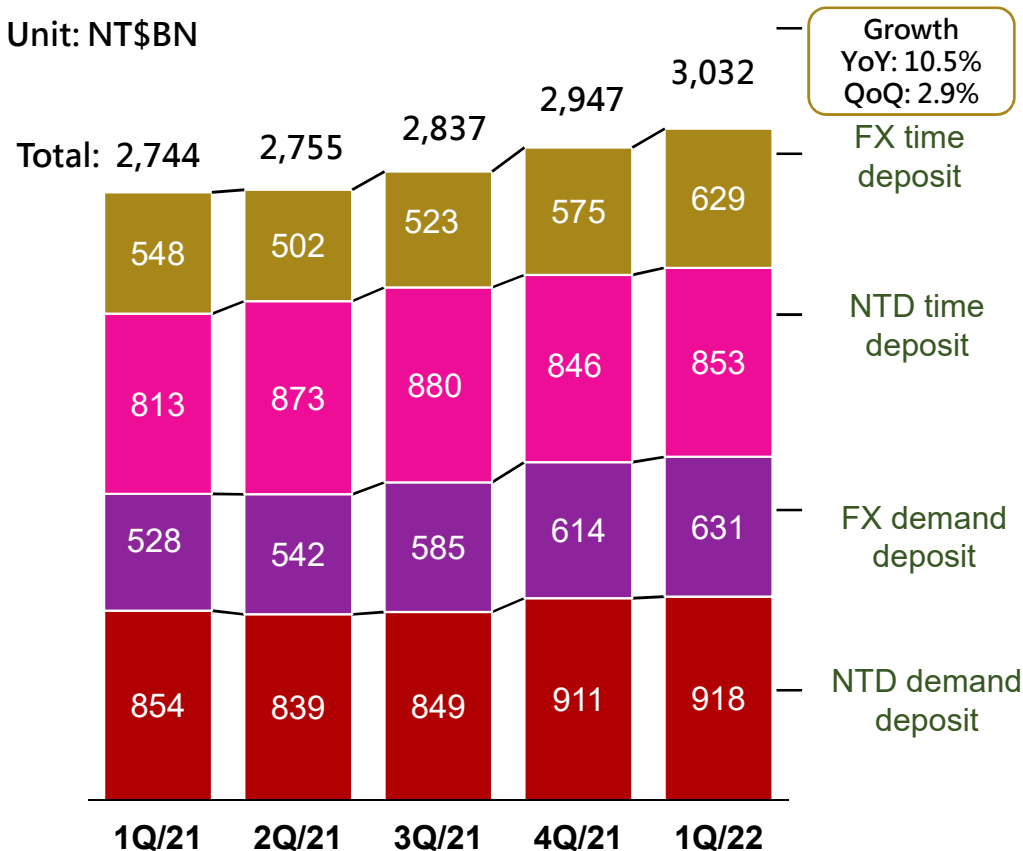
\* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

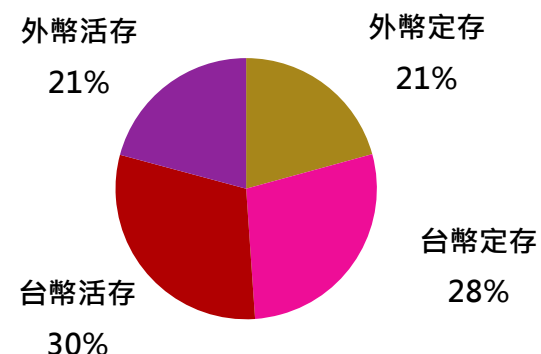
# 1Q /22 deposit was up 2.9% QoQ

## Mega Bank deposit balance \*

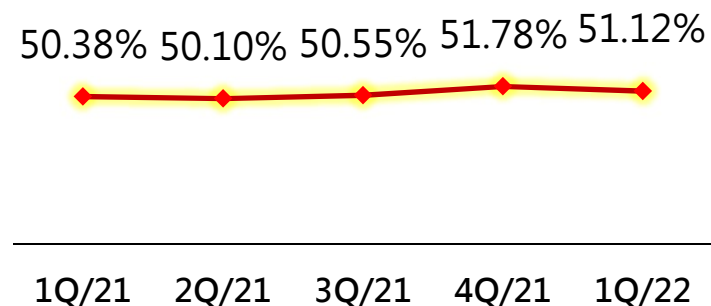
Unit: NT\$BN



## Mega 1Q /22 deposit breakdown



## Mega demand deposit ratio trend

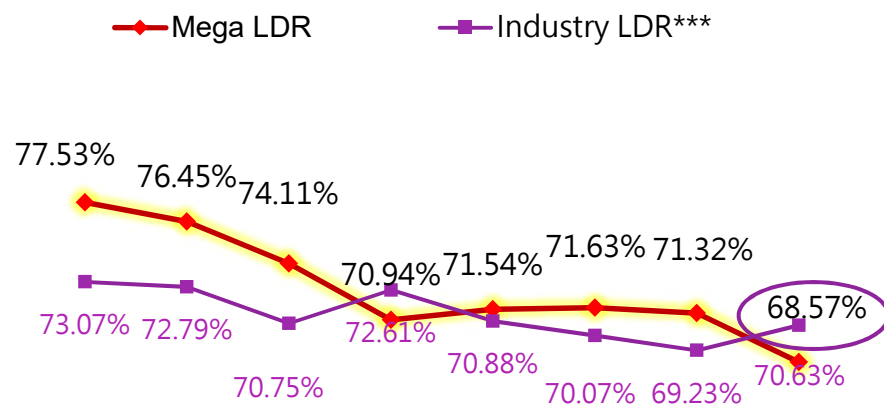


\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; internal numbers.

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

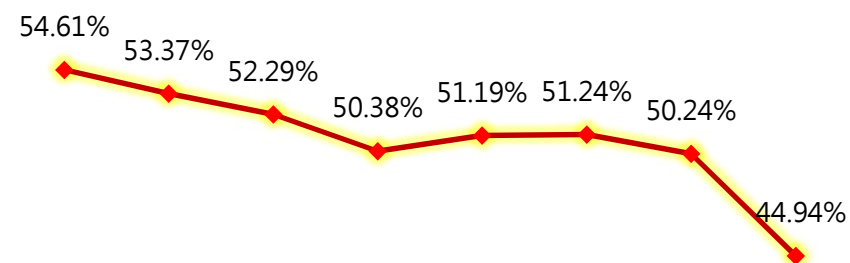
# LDR was down due to strong USD deposit growth

## Mega Bank's total LDR\*



2Q/20 3Q/20 4Q/20 1Q/21 2Q/21 3Q/21 4Q/21 1Q/22

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



2Q/20 3Q/20 4Q/20 1Q/21 2Q/21 3Q/21 4Q/21 1Q/22

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

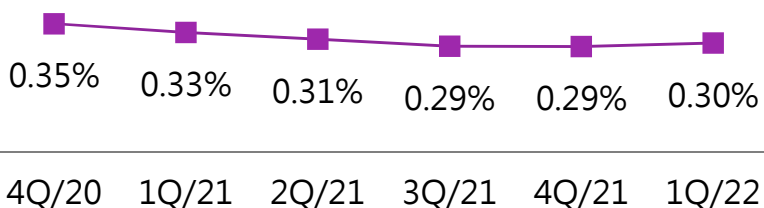
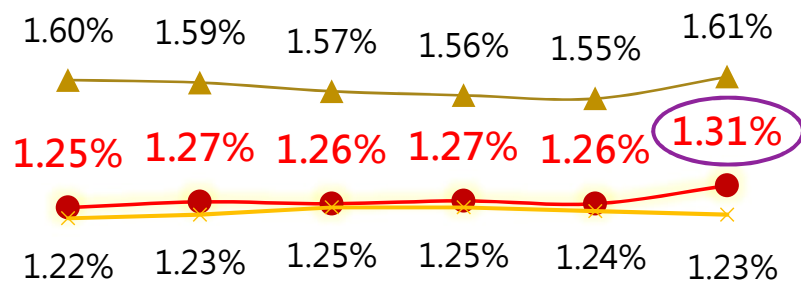
\*\* USD LDR calculation is based on average loan/deposit balance of that quarter

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

# Interest spread jumped 5bps higher

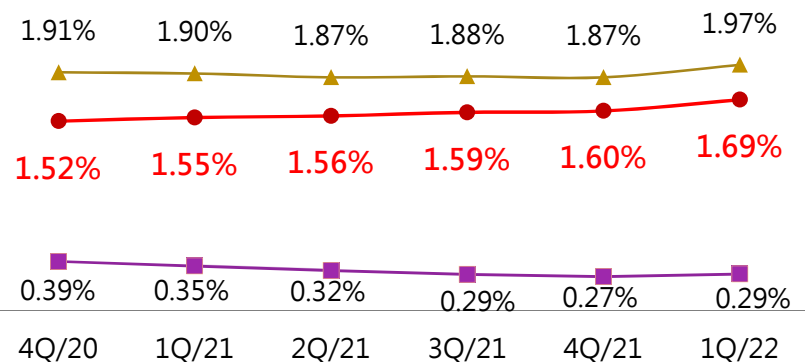
## Mega Bank total loan interest spread\*

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



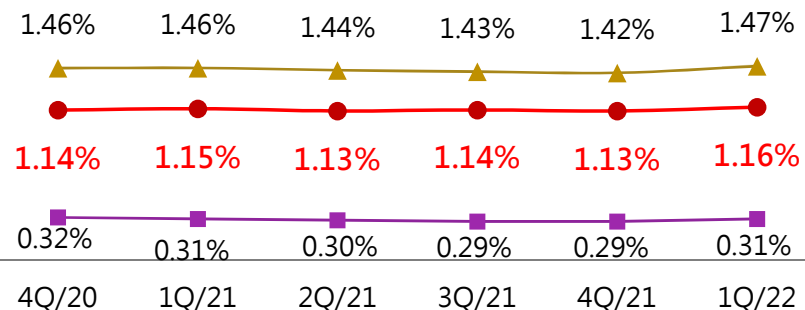
## Mega Bank overseas loan interest spread\*

—●— Spread —▲— Yield —■— Cost



## Mega Bank domestic loan interest spread\*

—●— Spread —▲— Yield —■— Cost



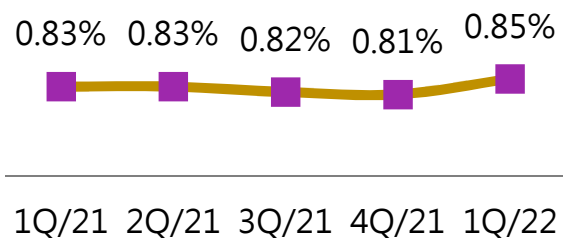
\* Overseas loan includes overseas branches and OBU loan; internal numbers.

\*\* Source: Central Bank of Taiwan

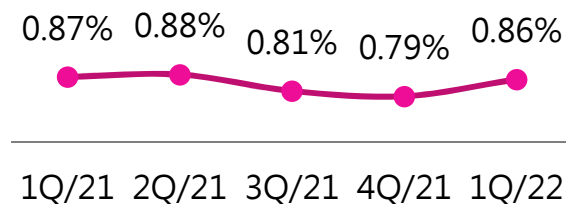


# 1Q /22 total NIM was up 4bps

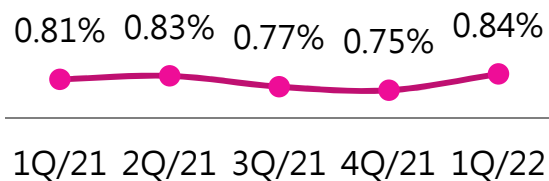
## Mega Bank quarterly Total NIM\*



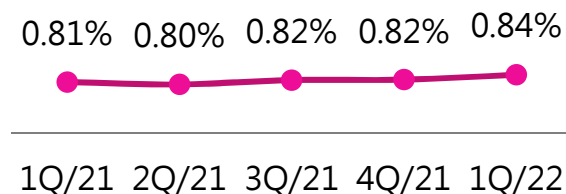
## Mega Bank quarterly FCY NIM\*



## Mega Bank monthly USD NIM\*



## Mega Bank quarterly NTD NIM\*

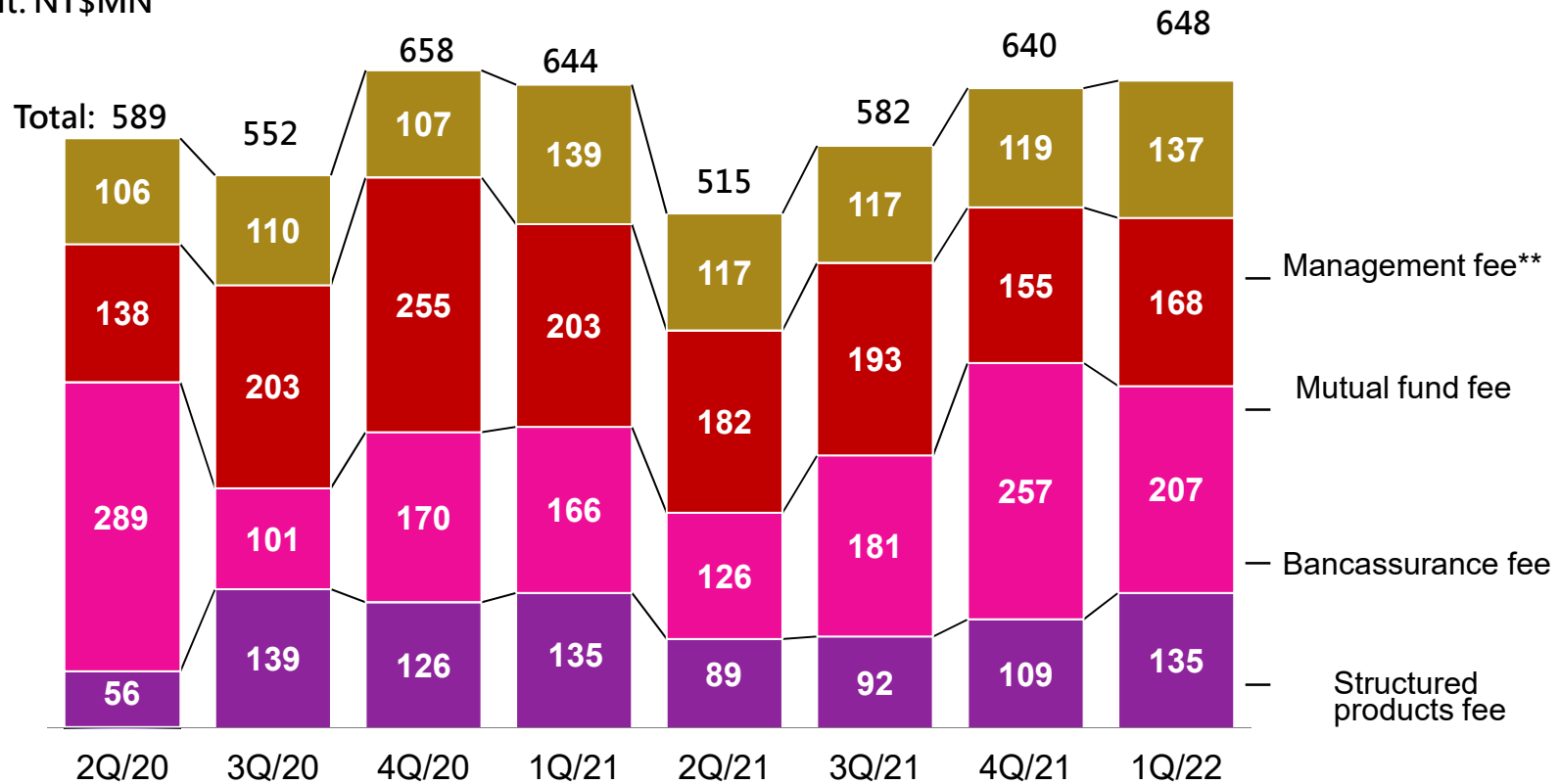


\* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

# 1Q/22 WM fee inched up

## Mega Bank wealth management gross fee breakdown\*

Unit: NT\$MN

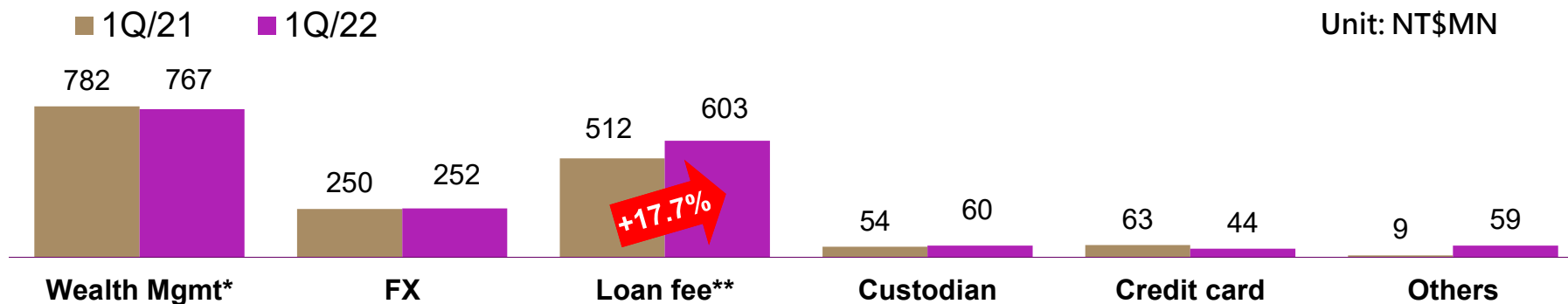


\* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

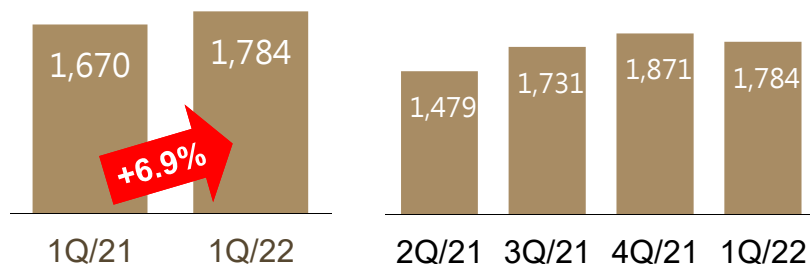
# 1Q /22 bank fee was up 6.9% YoY; driven by corp. loan fee growth

## Mega Bank net fee breakdown

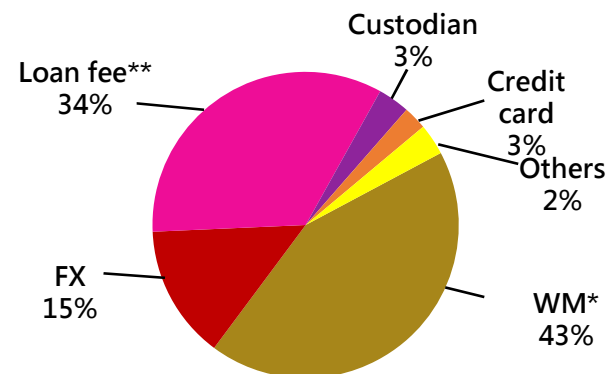


## Mega Bank net fee trend\*\*\*

Unit: NT\$MN



## Mega Bank 1Q/22 net fee breakdown



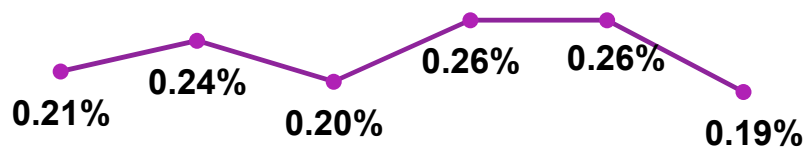
\* Net wealth mgmt. fee, plus/deduct adjustment for marketing cost, rebate, and profit sharing with partners.

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

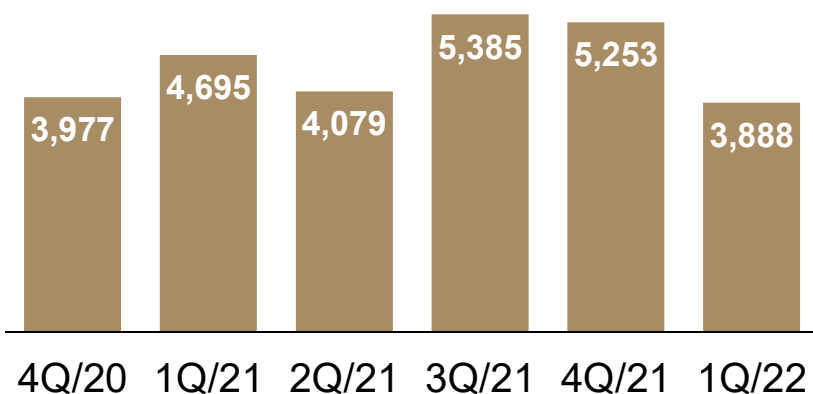
\*\*\*Total net fees are audited numbers.

# NPL was down; coverage was up

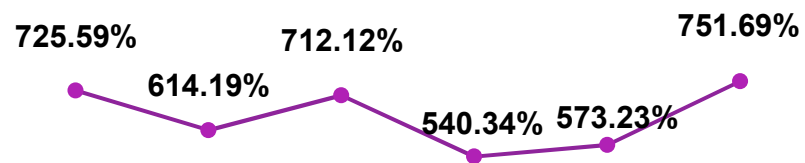
Mega Bank NPL balance & NPL ratio



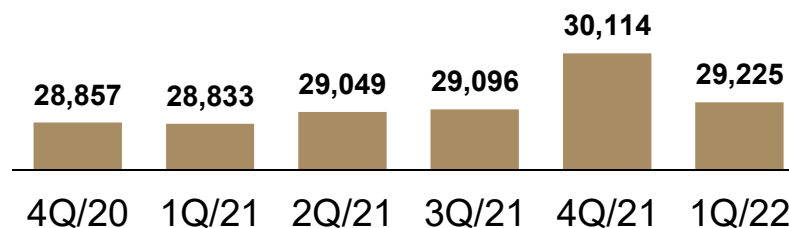
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio

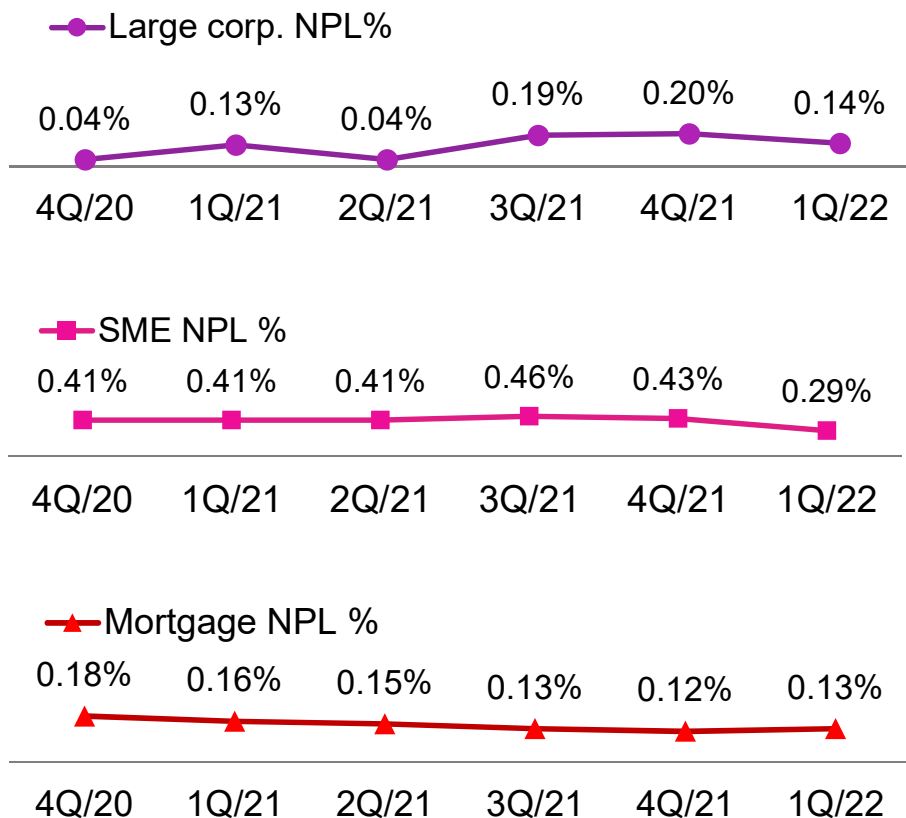


Unit: NT\$MN

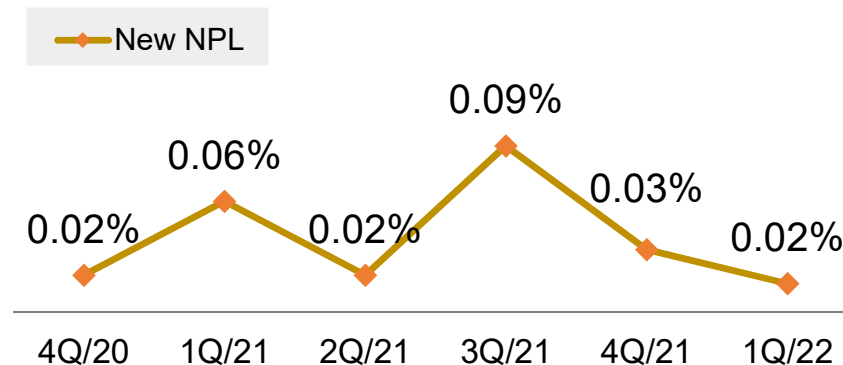


# New NPL remained low

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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# 1Q/2022 Mega FHC consolidated P&L statement

<i>NT\$MN, EPS:NT\$</i>	<b>1Q/2022*</b>	<b>1Q/2021</b>	<b>YoY</b>
Net interest income	8,493	7,832	8%
Net fee revenue	2,781	2,818	-1%
Insurance revenue	610	510	20%
Financial assets and liabilities at fair value thru P&L	229	2,088	-89%
Gain from fin. assets at fair value through other comprehensive income	692	579	20%
Gain from debt investment measured by amortized cost	-	-	
Equity method investment gain	-29	13	-316%
Gain on reclassification under the overlay approach	102	5	2032%
FX spread gain	879	459	92%
Asset impairment loss (write-back)	42	10	303%
Property gain	6	6	-3%
Other non-interest revenue (net)	450	270	67%
Operating net revenue	14,255	14,590	-2%
Operating expense	-7,216	-7,249	0%
Pre-provision operating profit	7,039	7,341	-4%
Provision expense on loan	-304	-43	609%
Reserved on insurance	-57	17	-428%
Pretax profit	6,677	7,315	-9%
Tax	-631	-1,094	-42%
Net profit	6,046	6,222	-3%
EPS (NT\$)	1.45	1.39	4%

\* 1Q /2022 are CPA reviewed numbers



# 1Q/2022 Mega FHC consolidated balance sheet

<i>NT\$MN</i>	1Q/2022*	1Q/2021*	YoY
<b>Assets:</b>			
Cash and due from banks	674,445	550,991	22%
Bills and bonds under RP agreement	1,789	2,838	-37%
Fin. assets at fair value through P&L	212,470	219,725	-3%
Fin. Assets at fair value through other comprehensive income	573,922	565,167	2%
Debt instrument investment measured by amortized cost	688,026	606,539	13%
Other financial assets	6,348	5,477	16%
A/R, net	104,969	97,918	7%
Loan, net	2,064,944	1,979,211	4%
Equity method LT investments, net	5,304	5,556	-5%
Land, premises and equipments, net	24,863	24,906	0%
Others	18,857	18,371	3%
<b>Total assets</b>	<b>4,375,936</b>	<b>4,076,699</b>	<b>7%</b>
<b>Liabilities</b>			
Due to banks	535,337	503,155	6%
Deposits	3,053,777	2,766,418	10%
CP & Bond payable	40,086	44,968	-11%
Bills & bonds sold under repurchase agreement	232,634	256,525	-9%
Other liabilities	186,331	175,310	6%
<b>Total liabilities</b>	<b>4,048,165</b>	<b>3,746,375</b>	<b>8%</b>
Capital stock (common stock)	135,998	135,998	0%
Capital surplus	68,194	68,194	0%
Retain earning	119,269	114,538	4%
Equity adjustment items	4,310	11,593	-63%
Minority shareholder interest	-	-	-
<b>Total stockholders' equity</b>	<b>327,771</b>	<b>330,324</b>	<b>-1%</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,375,936</b>	<b>4,076,699</b>	<b>7%</b>
Book value per share (NT\$)	24.10	24.29	-1%

\* 1Q /2022 are CPA reviewed numbers





# 1Q/2022 Mega Bank consolidated P&L statement

<i>NT\$MN, EPS: \$NT</i>	1Q/2022*	1Q/2021*	YoY
Net interest income	8,014	7,265	10%
Net fee revenue	1,784	1,670	7%
Financial assets and liabilities at fair value thru P&L	123	1,204	-90%
Gain from fin. assets at fair value through other comprehensive income	23	27	-17%
Gain from debt investment measured by amortized cost	-	-	
FX spread gain	-31	13	-346%
Equity method investment gain	812	419	94%
Asset impairment loss (write-back)	42	7	466%
Other non-interest revenue (net)	247	73	239%
Operating net revenue	11,013	10,677	3%
Operating expense	-5,759	-5,725	1%
Pre-provision operating profit	5,254	4,952	6%
Provision expense on loan	-293	-30	887%
Pretax profit	4,961	4,923	1%
Tax	-270	-659	-59%
Net profit	4,691	4,264	10%
EPS (NT\$)	0.55	0.50	10%

\* 1Q/2022 are CPA reviewed numbers

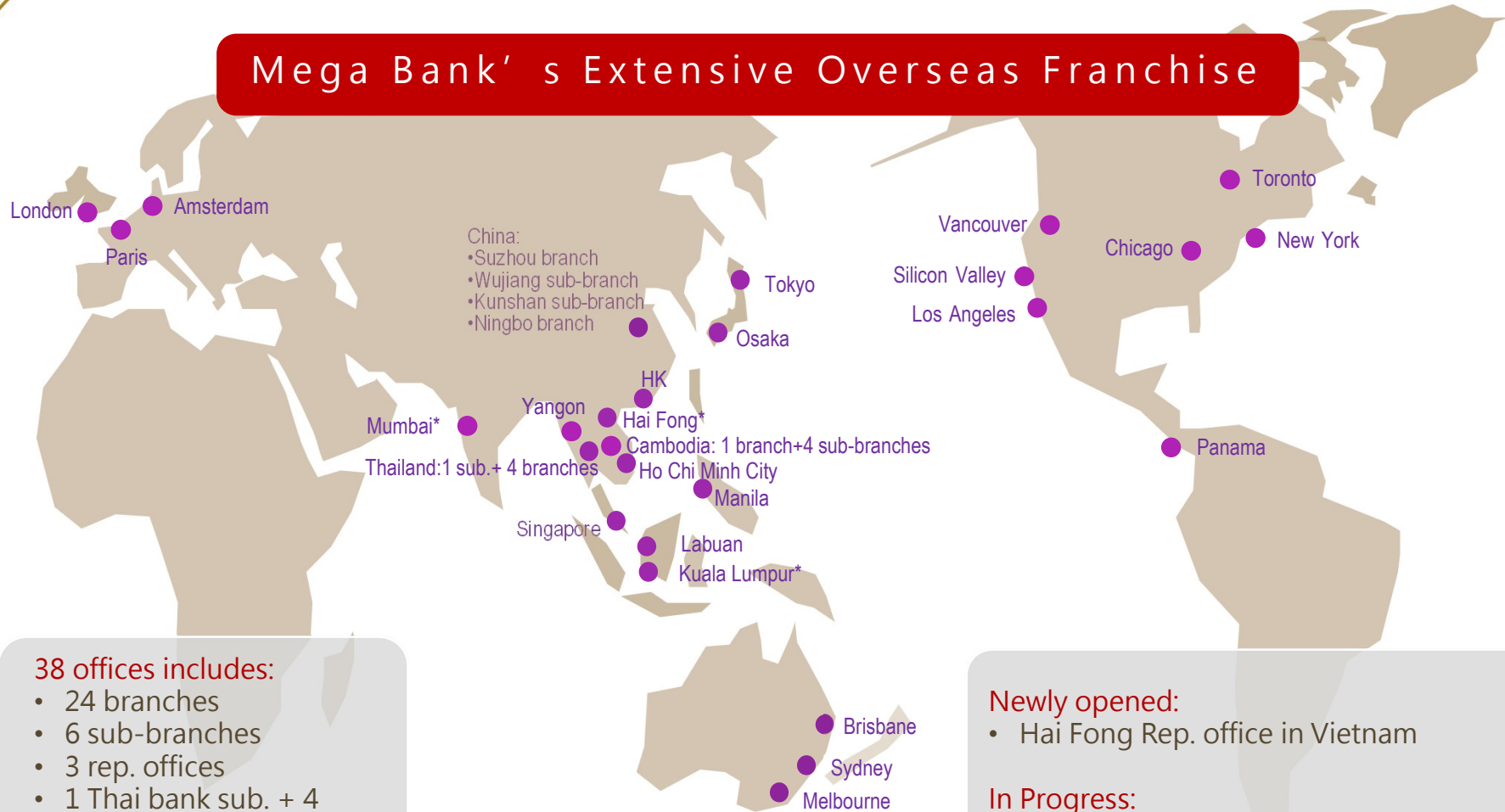
# 1Q/2022 Mega Bank consolidated balance sheet

<i>Unit: NT\$MN</i>	1Q/2022*	1Q/2021*	YoY
<b>Assets:</b>			
Cash and due from banks	674,365	547,804	23%
Bills and bonds under RP agreement	3,324	3,973	-16%
Fin. assets at fair value through P&L	56,781	56,788	0%
Fin. Assets at fair value through other comprehensive income	442,023	415,503	6%
Debt instrument investment measured by amortized cost	683,569	602,480	13%
Other financial assets	207	205	1%
A/R, net	49,219	40,132	23%
Loan, net	2,064,944	1,979,211	4%
Equity method LT investments, net	5,196	5,440	-4%
Land, premises and equipments, net	17,582	17,294	2%
Others (net)	11,264	10,565	7%
<b>Total assets</b>	<b>4,008,474</b>	<b>3,679,396</b>	<b>9%</b>
<b>Liabilities</b>			
Due to banks	524,189	495,479	6%
Deposits	3,057,390	2,768,681	10%
CP & Bond payable	2,500	8,100	-69%
Bills & bonds sold under repurchase agreement	18,622	14,580	28%
Other liabilities	105,628	95,023	11%
<b>Total liabilities</b>	<b>3,708,328</b>	<b>3,381,863</b>	<b>10%</b>
Capital stock (common stock)	85,362	85,362	0%
Capital surplus	62,220	62,220	0%
Retain earning	150,641	144,219	4%
Equity adjustment items	1,922	5,732	-66%
Previous equity of business combination entity	-	-	
<b>Total stockholders' equity</b>	<b>300,145</b>	<b>297,533</b>	<b>1%</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,008,473</b>	<b>3,679,396</b>	<b>9%</b>
<b>Book value per share (NT\$)</b>	<b>35.16</b>	<b>34.86</b>	<b>1%</b>

\* 1Q/2022 are CPA reviewed 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.

