

# 4Q/2022 Analyst Meeting

2023/03/21



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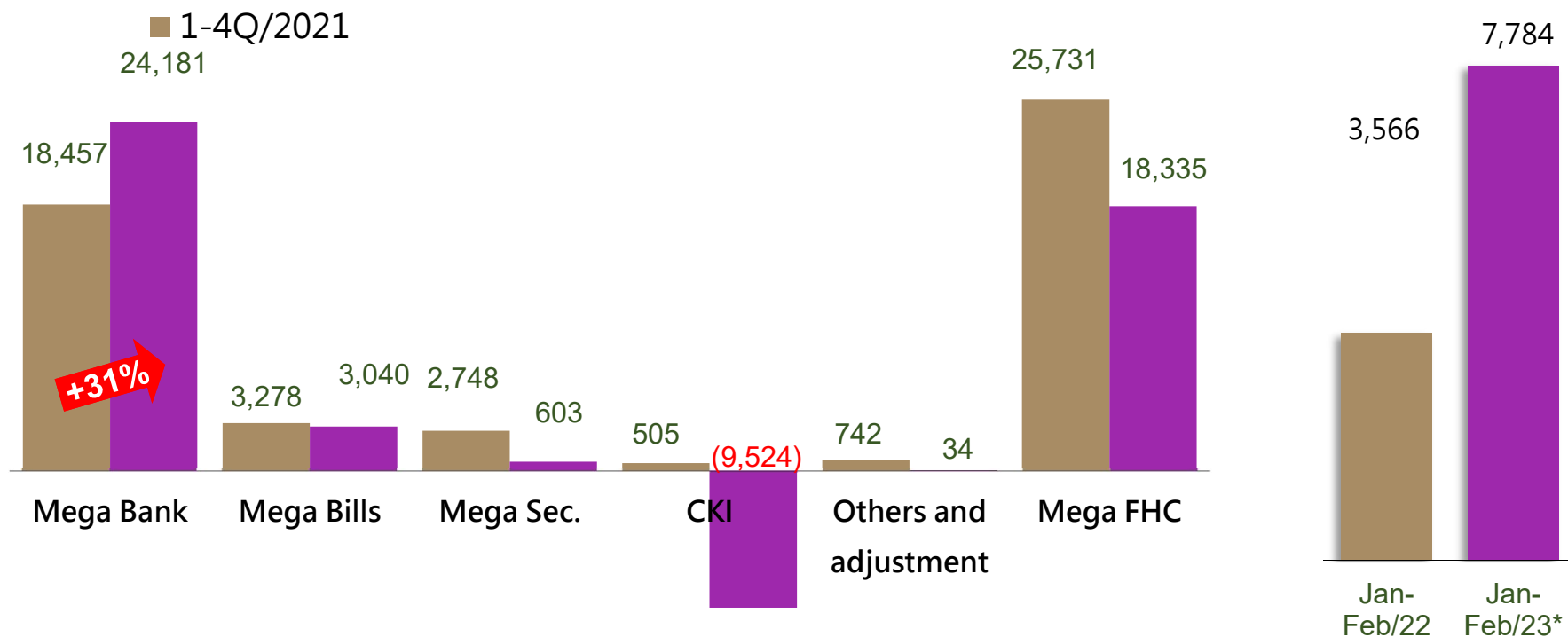


# Mega FHC Jan-Feb/23 earning was up 120% YoY

## Mega FHC & Subs. 1-4Q/22 earning trend

## Mega FHC Jan-Feb/23 earning

Unit: NT\$MN



\* 1-4Q / 22 are audited numbers; Jan-Feb/23 are un-audited numbers



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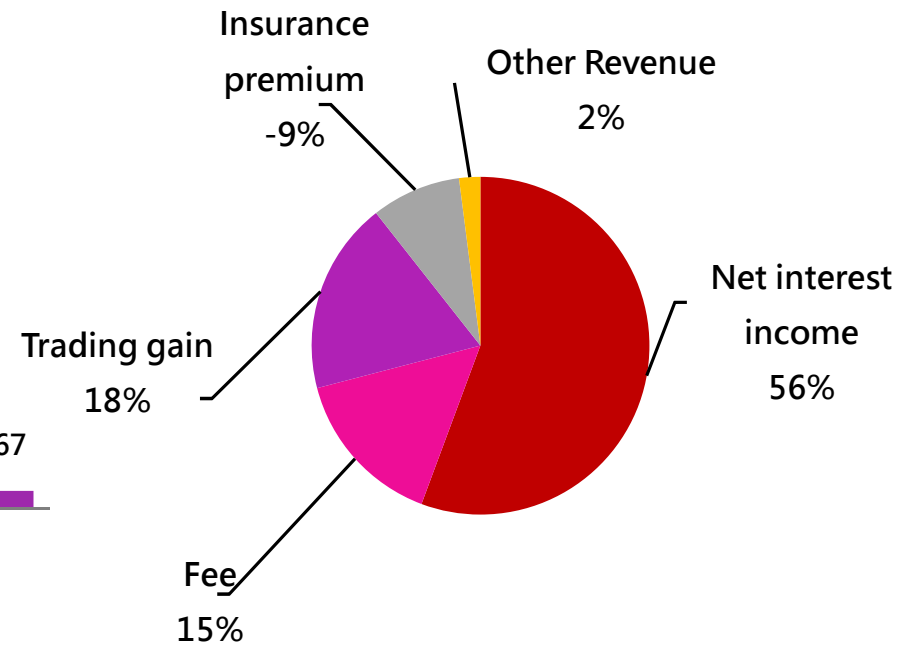
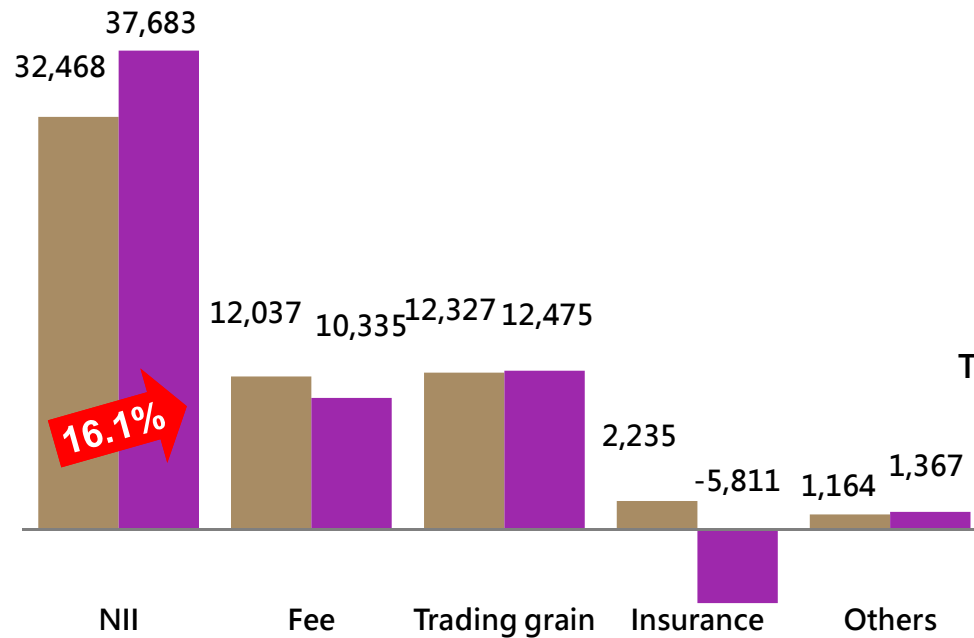


# Group NII was up 16.1% YoY

Mega Group consolidated net revenue \*

Mega Group 1-4Q/22 net revenue breakdown

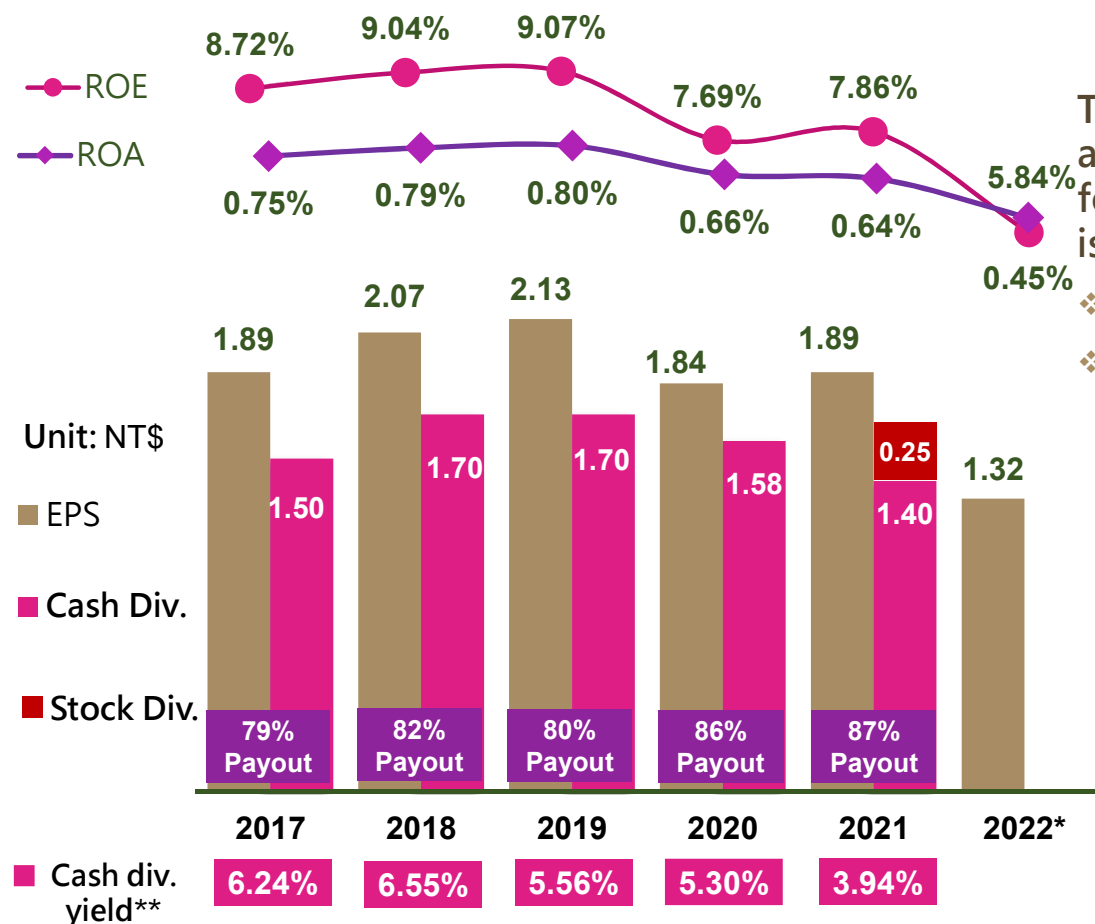
■ 1-4Q/2021 ■ 1-4Q/2022\* Unit: NT\$MN



\* 1-4Q / 22 are audited numbers

# Stable 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.

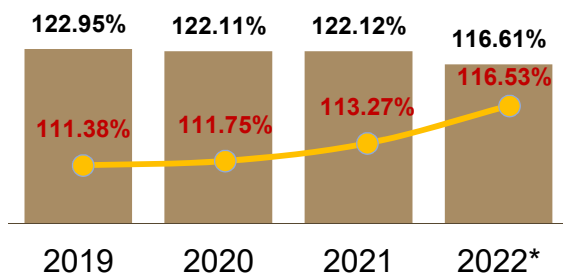
\* 2022 are audited numbers; ROE and ROA annualized numbers.  
 \*\* Cash dividend yield = cash dividend / last trading day share price of that year

# Stable capital position

## Mega FHC

Moody's: A2

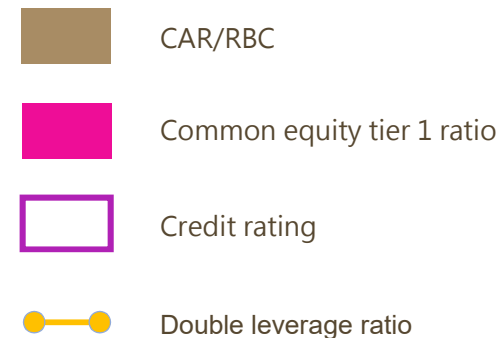
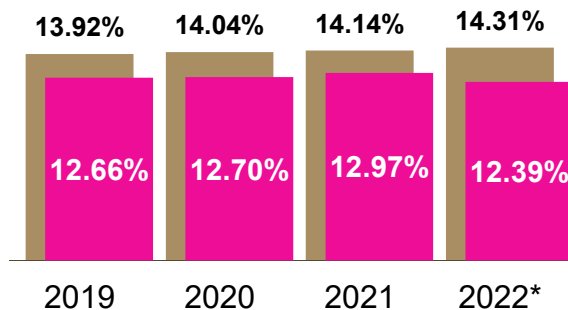
CAR Requirement : 100%



## Mega Bank

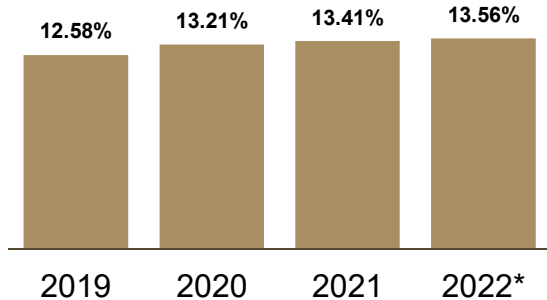
Moody's: A1 / S&P: A+

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



## Mega Bills

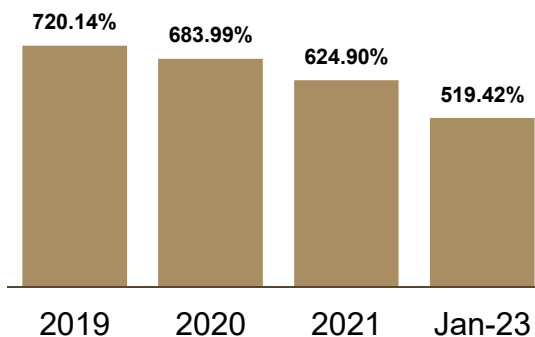
Requirement : 8.0%



## CKI P&C

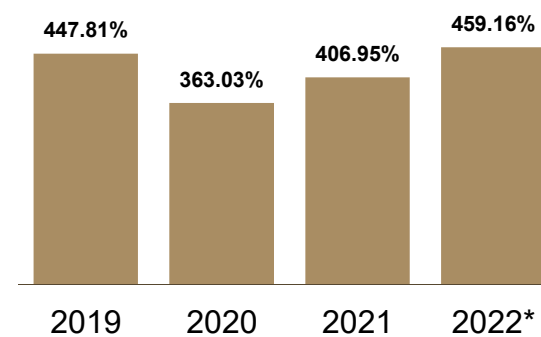
Moody's: A3 / S&P: A-

Requirement : 200%



## Mega Securities

Requirement : 150%



\*2022 are audited numbers; CKI Jan/23 are unaudited number





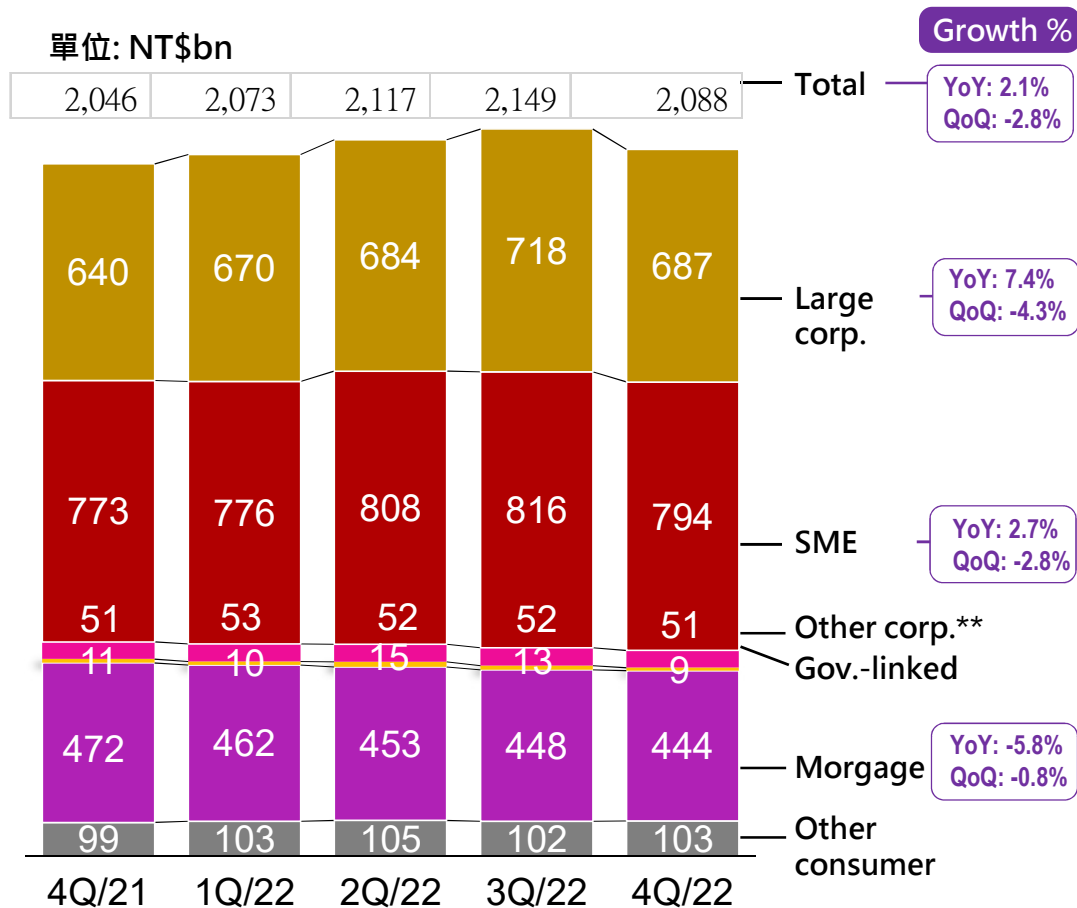
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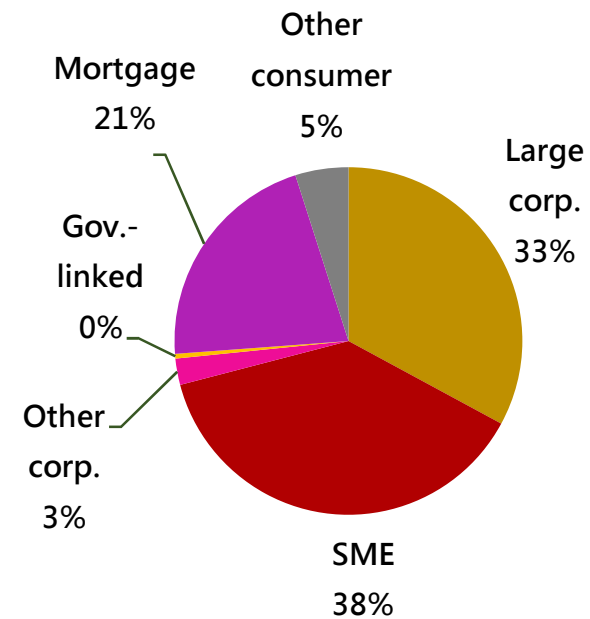


# 4Q/22 loan was up 2.1% YoY

## Mega Bank quarterly loan balance\*



## Mega Bank 4Q/22 loan breakdown by customers

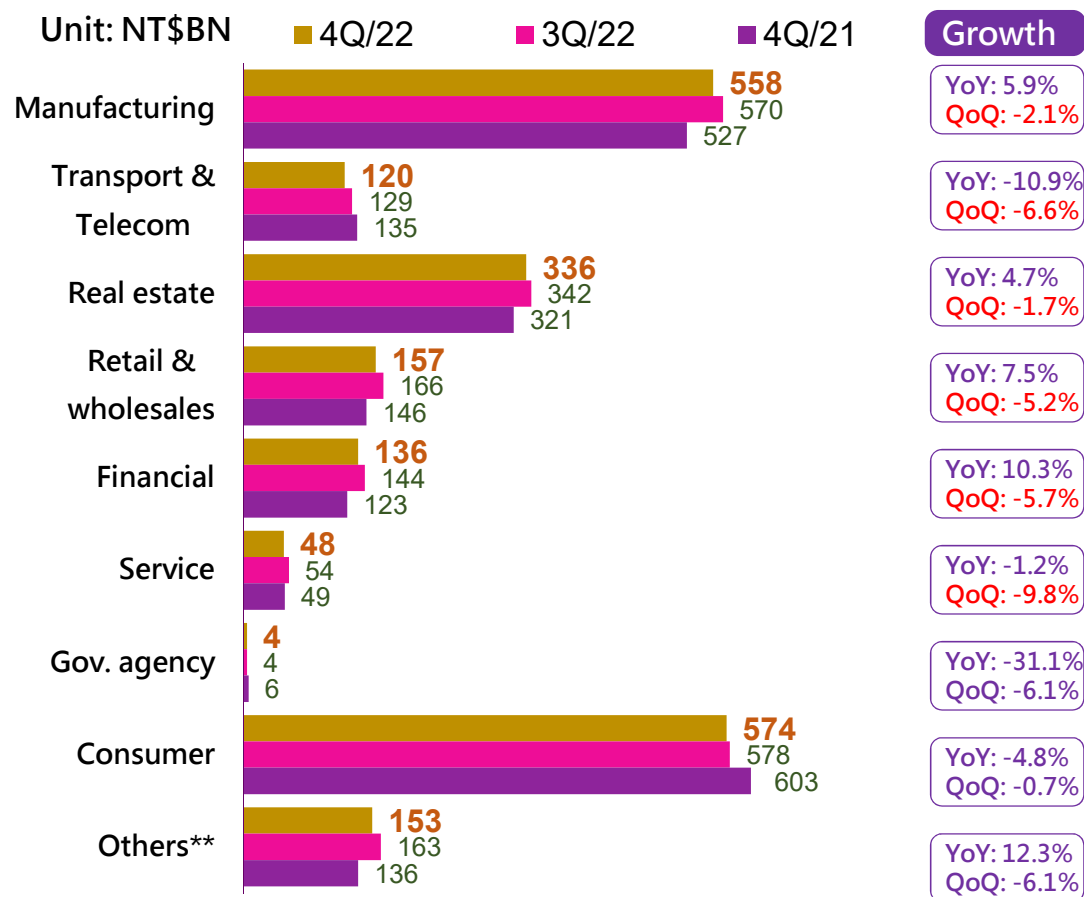


\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

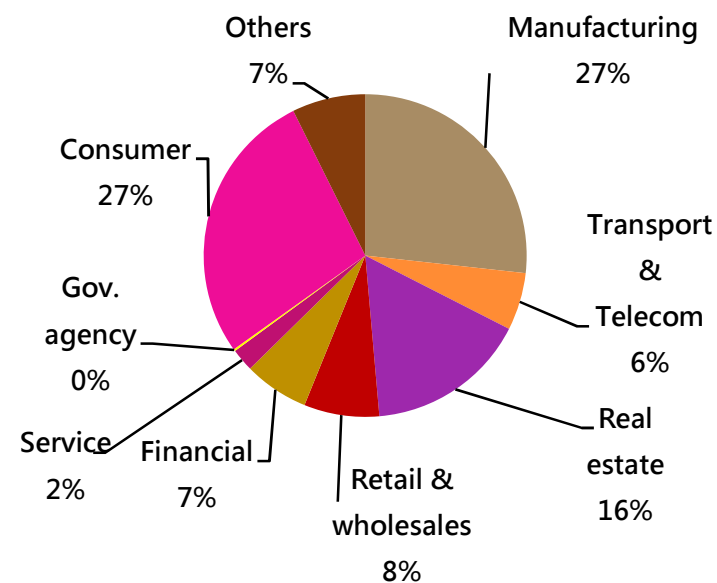
\*\* Includes Gov-linked Non-Profit Organization and etc.

# Conservative growth trend seen across all sectors

## Mega Bank loan balance trend by industry\*



## 4Q/22 loan breakdown by industry\*



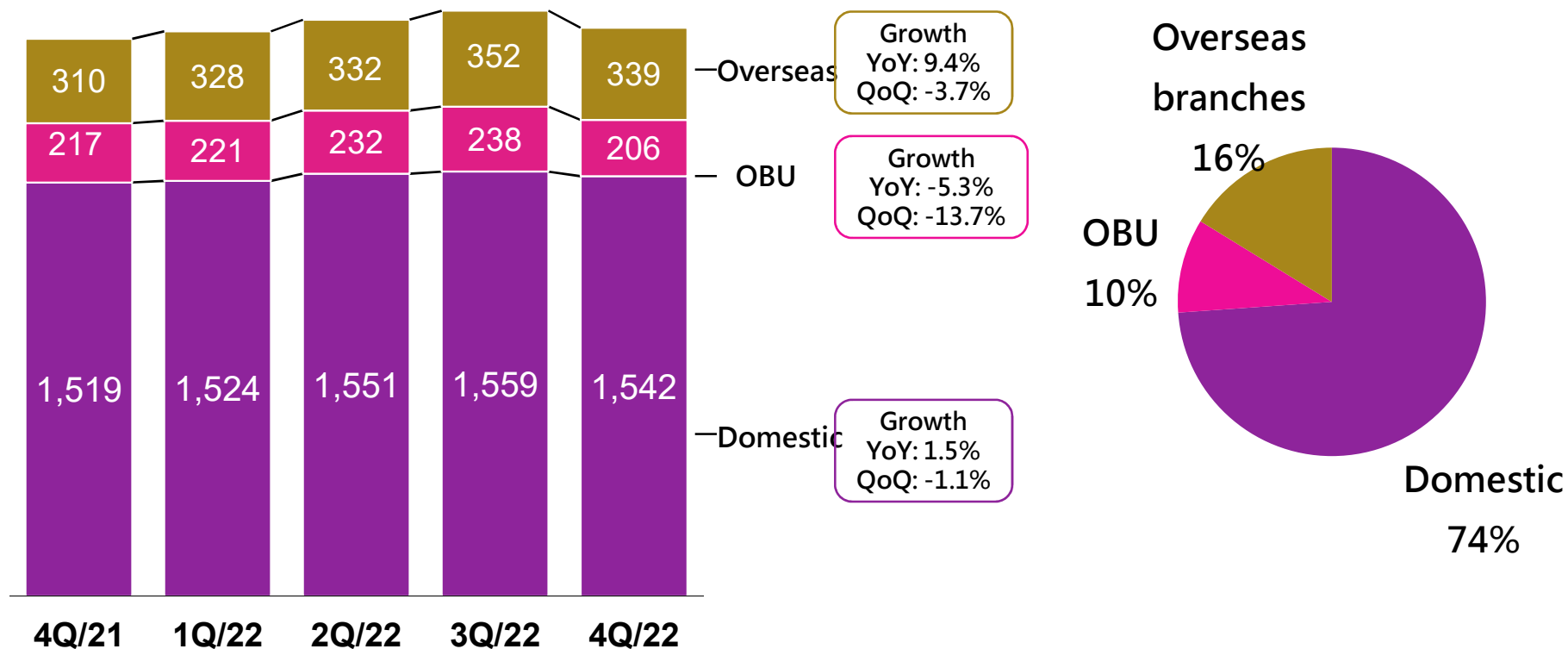
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# Overseas loan were up 9.4% YoY; however, 4Q/22 credit growth strategy changed

## Mega Bank 4Q/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.

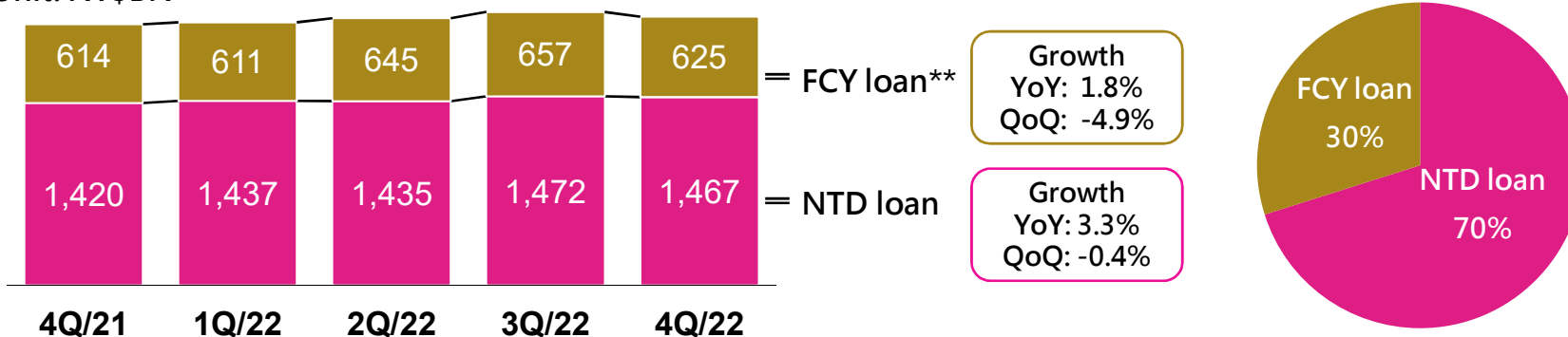
\*\* OBU stands for Off-shore Banking Unit



# FCY/USD loan growth trend changed

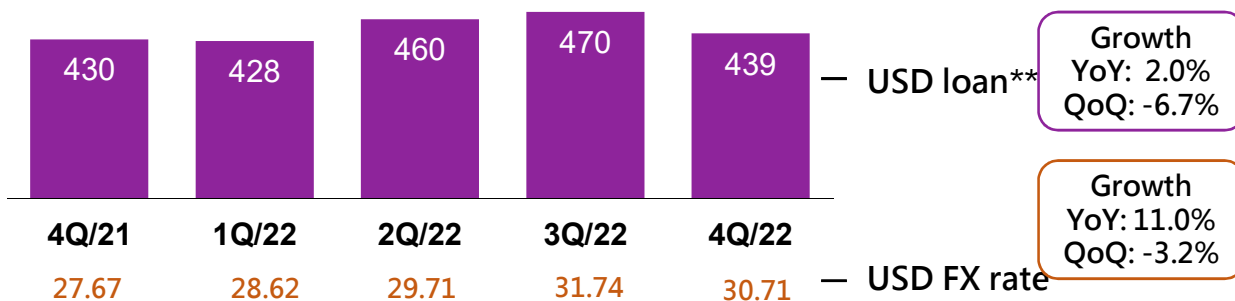
## Mega Bank 4Q/22 loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$BN



## Mega Bank USD Loan balance\*

Unit: NT\$ billion



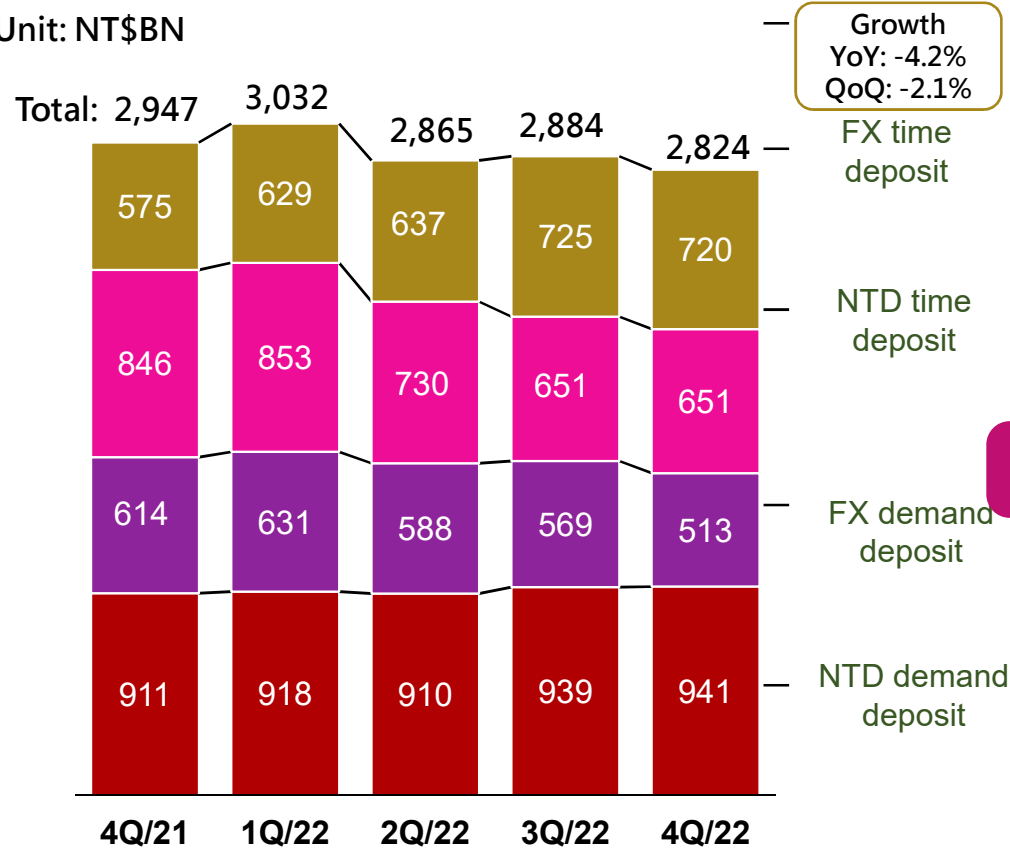
\* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

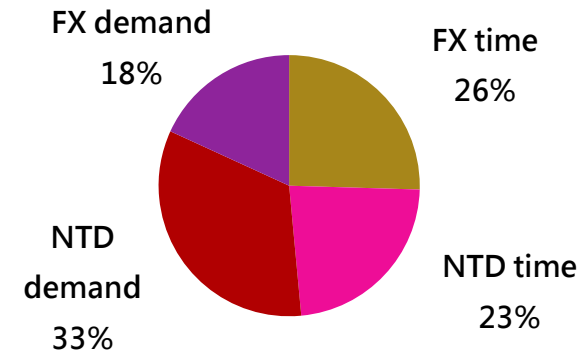
# FCY deposit growth is under control

## Mega Bank deposit balance \*

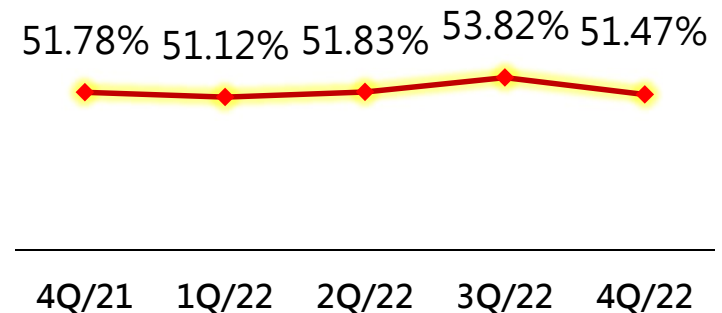
Unit: NT\$BN



## Mega Bank 4Q/22 deposit breakdown



## Mega Bank demand deposit % trend

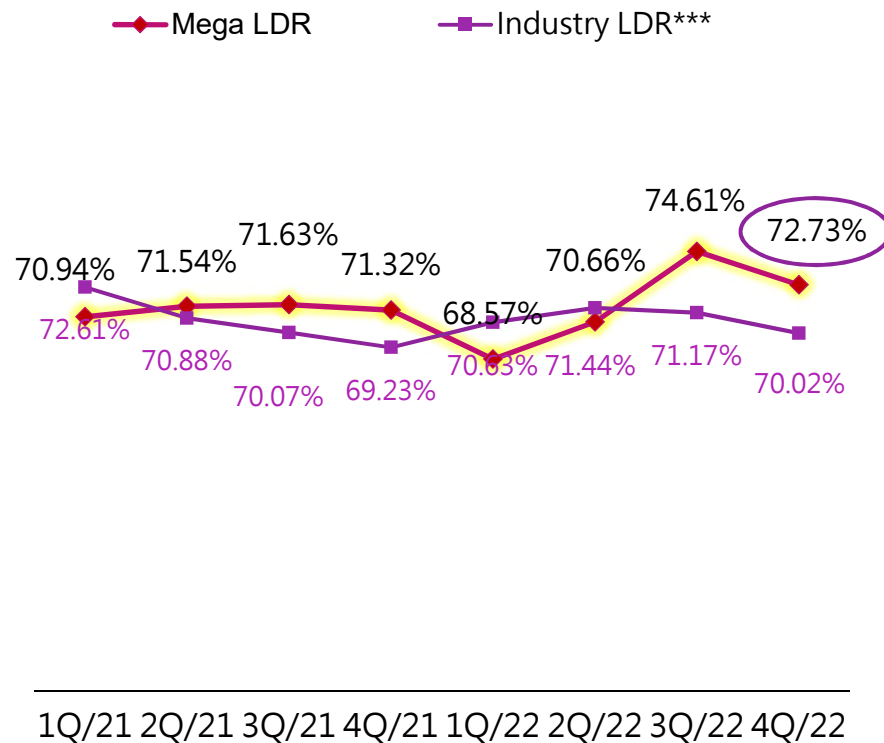


\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; internal numbers.

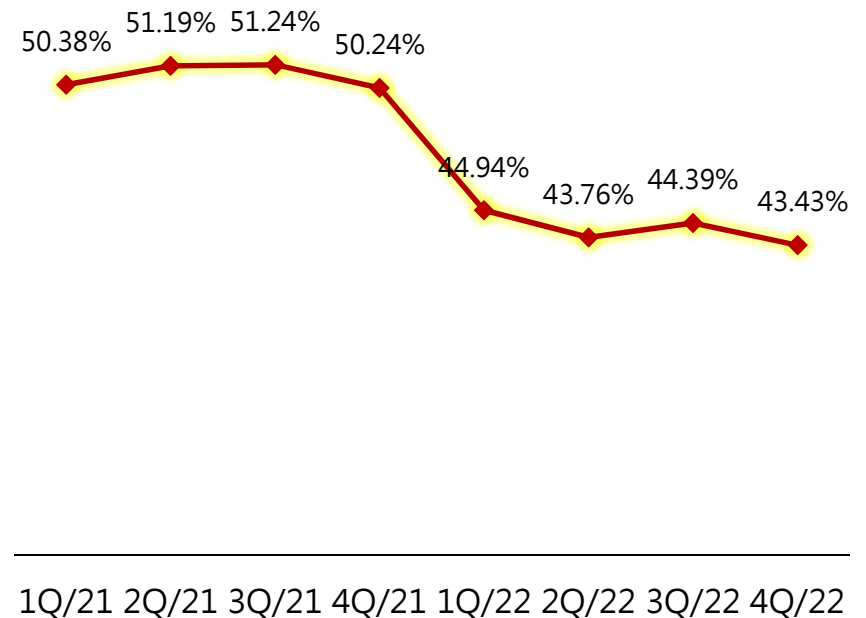
\*\* Includes retail and corporate deposit but excludes due from central banks and banks

# Total LDR was down slightly in 4Q/22

## Mega Bank's total LDR\*



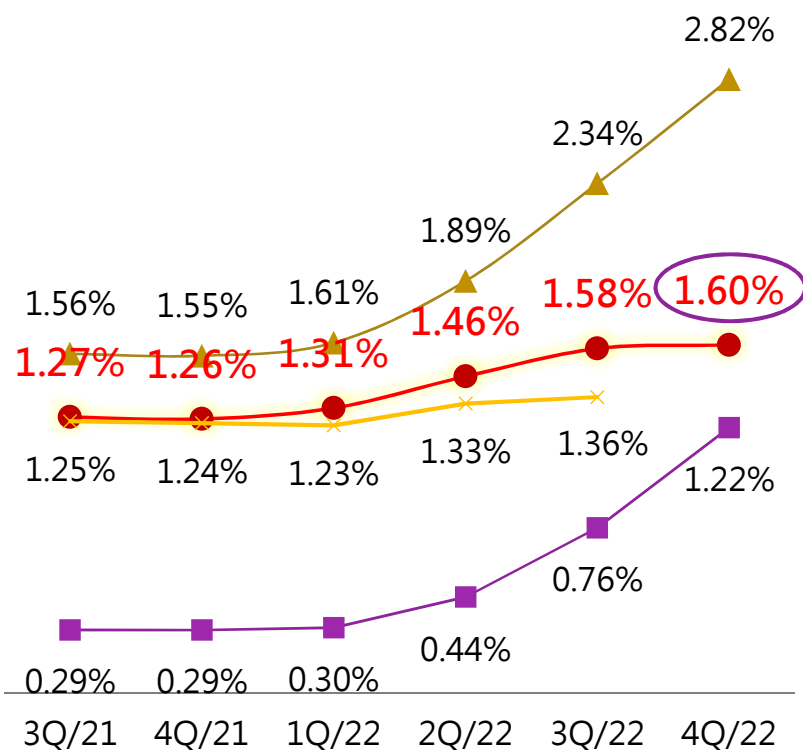
## Mega Bank's USD LDR\*\*



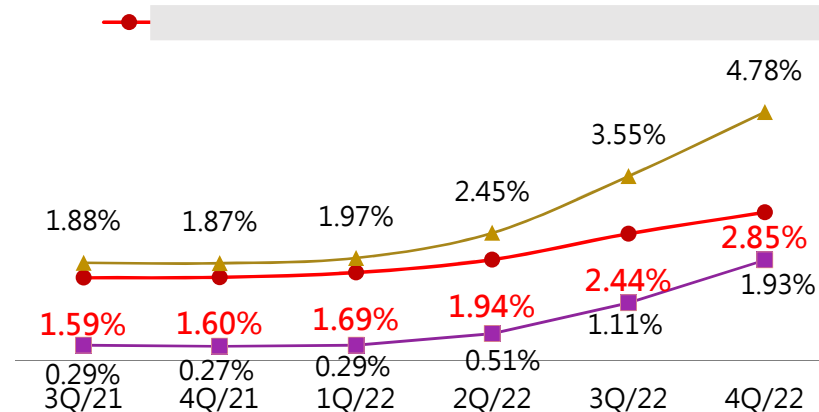
\* Total LDR calculation is based on loan/deposit end balance  
 \*\* USD LDR calculation is based on average loan/deposit balance of that quarter  
 \*\*\* Source: Central Bank of Taiwan

# 4Q/22 spread extend higher

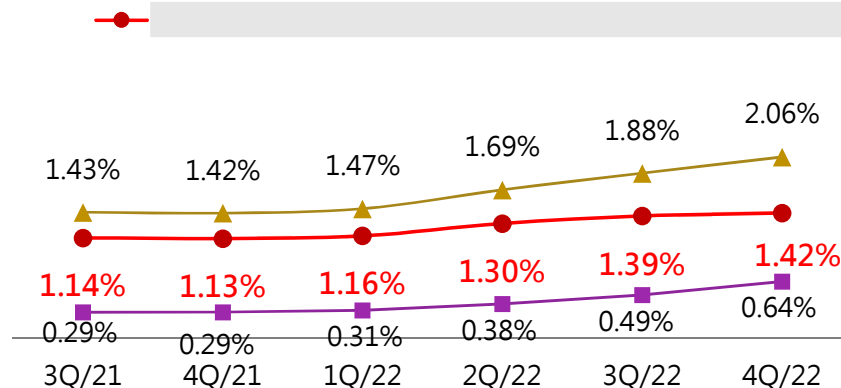
Mega Bank total loan interest spread\*



Mega Bank overseas loan interest spread\*



Mega Bank domestic loan interest spread\*



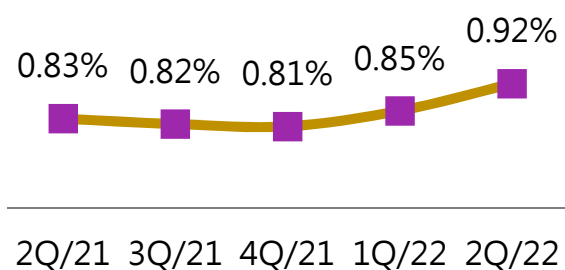
\* Overseas loan includes overseas branches and OBU loan; internal numbers.

\*\* Source: Central Bank of Taiwan

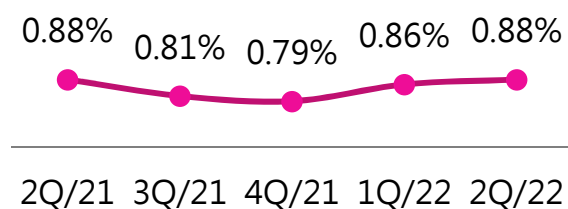


# 4Q/22 NIM remain flat

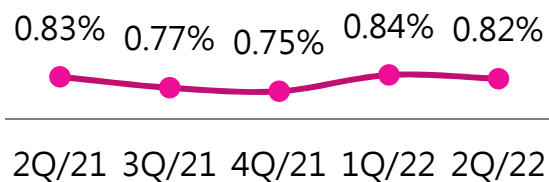
## Mega Bank quarterly Total NIM\*



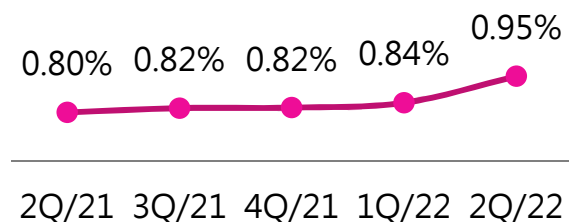
## Mega Bank quarterly FCY NIM\*



## Mega Bank monthly USD NIM\*



## Mega Bank quarterly NTD NIM\*

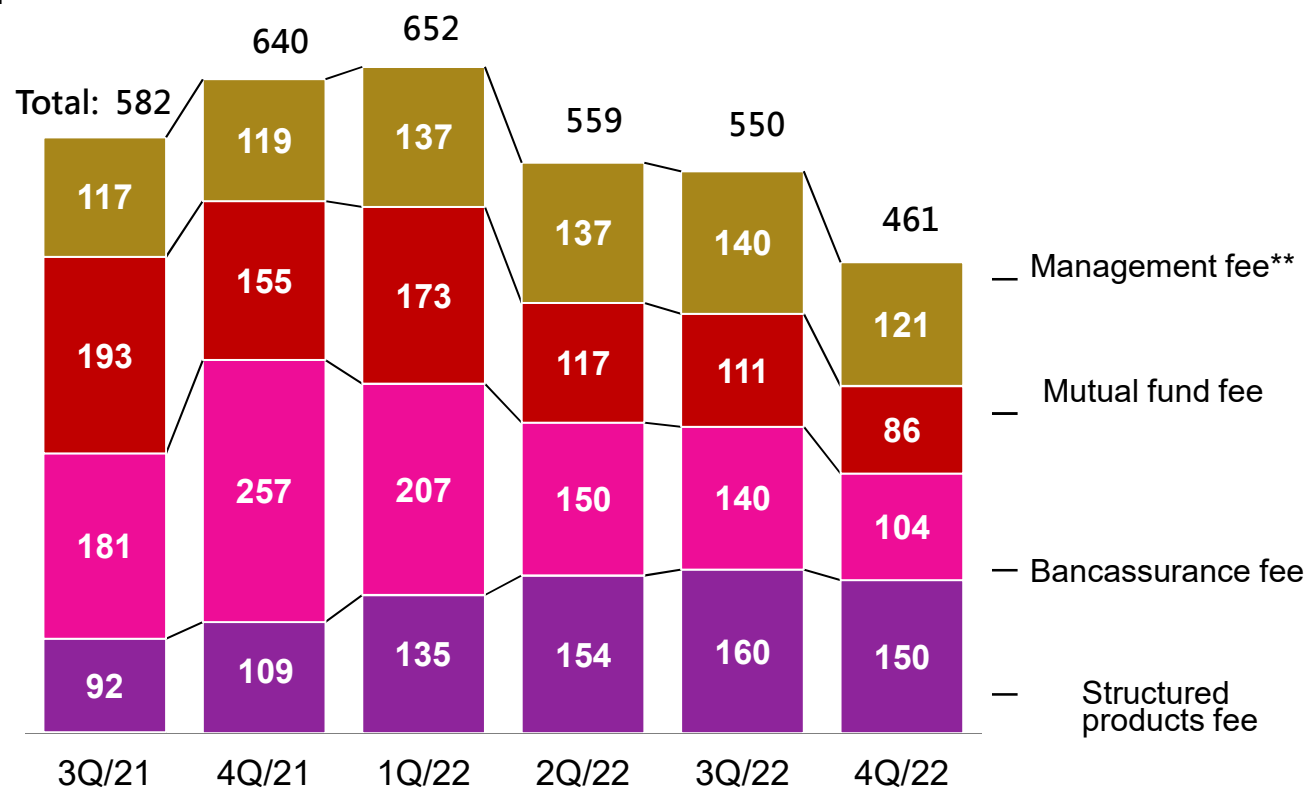


\* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

# WM product demand remained soft due to market volatility

## Mega Bank wealth management gross fee breakdown\*

Unit: NT\$MN

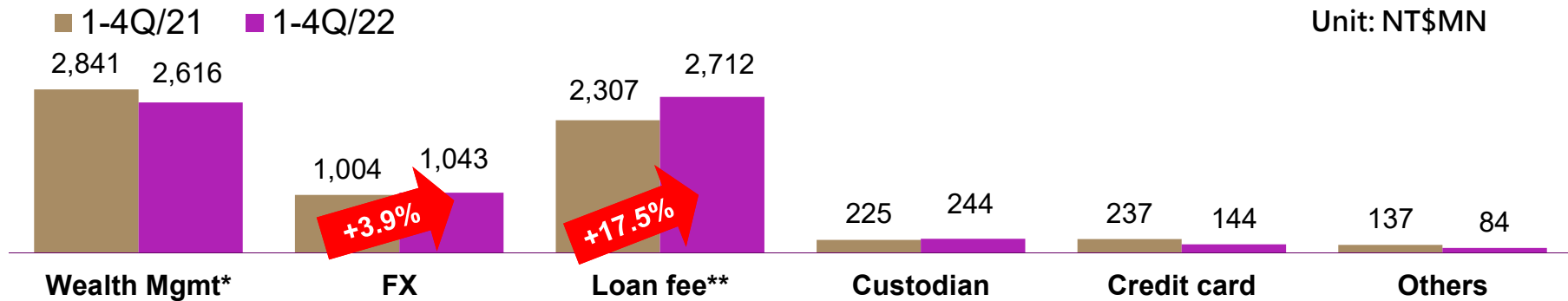


\* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

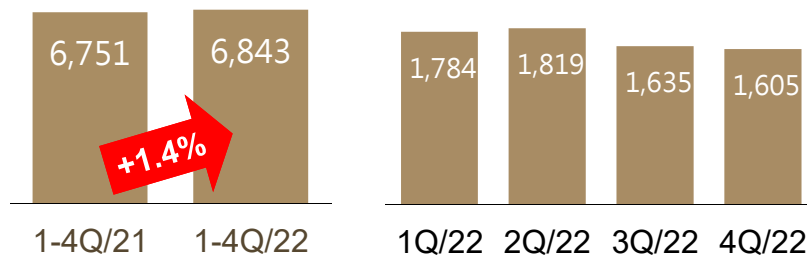
# 1-4Q /22 bank fee was up 1.4% YoY, driven by FX and syndication loan fee

## Mega Bank net fee breakdown

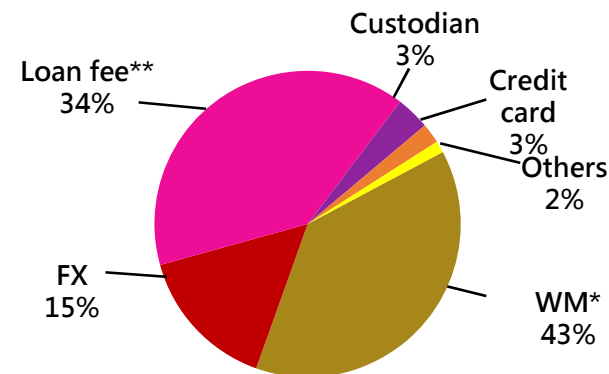


## Mega Bank net fee trend\*\*\*

Unit: NT\$MN



## Mega Bank 1-4Q/22 net fee breakdown



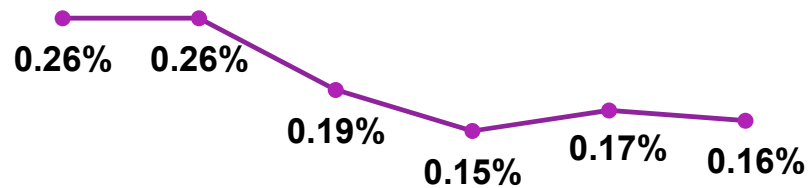
\* Net wealth mgmt. fee, plus/deduct adjustment for marketing cost, rebate, and profit sharing with partners.

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

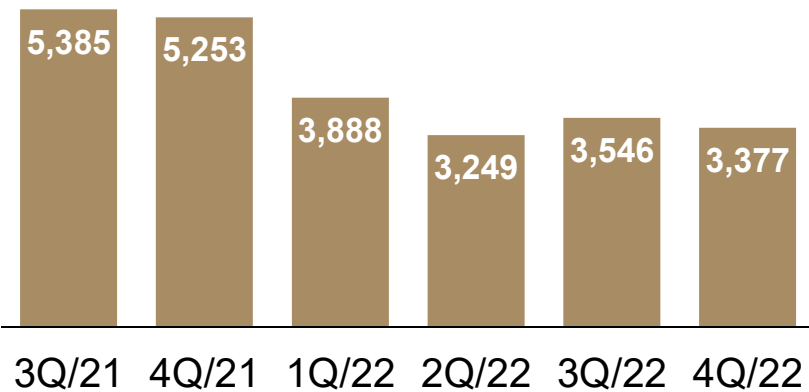
\*\*\*Total net fees are audited numbers.

# Asset quality remained stable

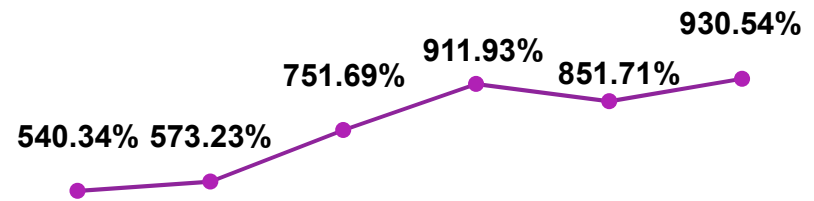
Mega Bank NPL balance & NPL ratio



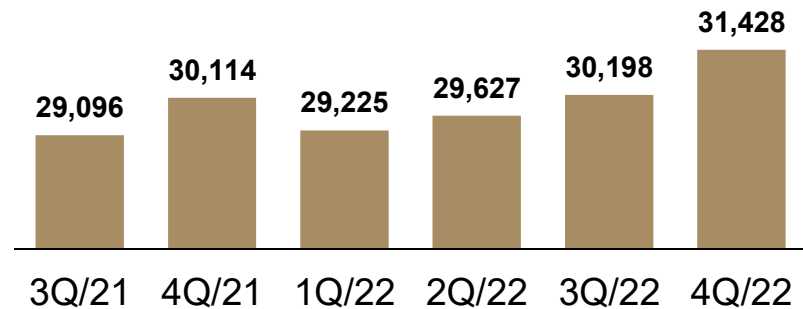
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio

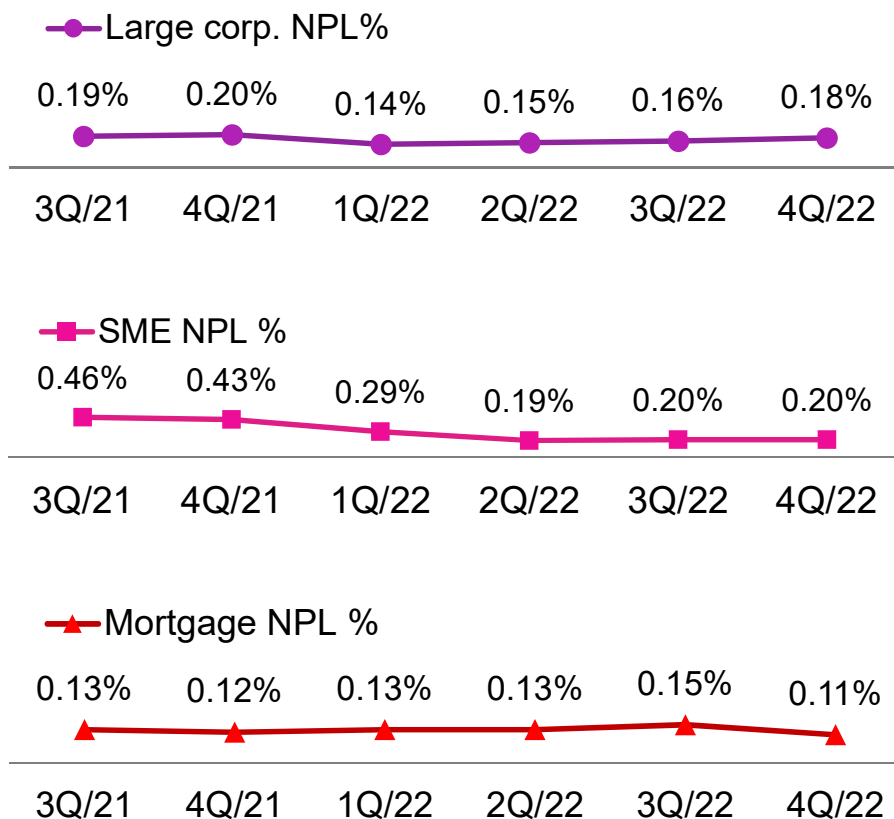


Unit: NT\$MN

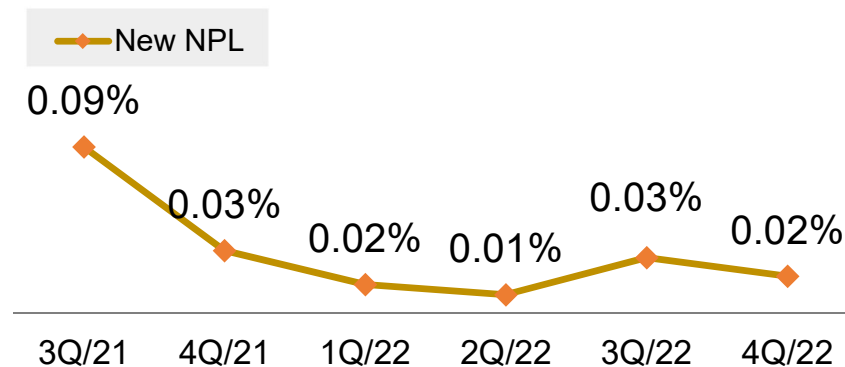


# Benign asset quality

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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# 1-4Q/2022 Mega FHC consolidated P&L statement

<i>Unit: NT\$MN; EPS: NT\$</i>	<b>1-4Q/2022*</b>	<b>1-4Q/2021</b>	<b>YoY</b>
Interest income	69,936,166,969	42,796,556,201	63%
Less: interest expense	32,253,072,922	10,328,210,921	212%
<b>Net interest revenue</b>	<b>37,683,094,047</b>	<b>32,468,345,280</b>	16%
<b>Net revenue other than interest</b>	<b>18,366,558,873</b>	<b>27,762,500,407</b>	-34%
Net fee and commissions	10,335,498,626	12,037,236,059	-14%
Net insurance revenue	(5,811,266,062)	2,234,551,622	
Gain on financial assets and liabilities at fair value thru P&L	6,121,167,191	7,839,448,730	-22%
Gain on investment property	21,377,595	27,345,800	-22%
Realized gain on financial assets at fair value thru OCI	3,563,994,694	2,973,299,692	20%
Gain/loss arising from derecognition of fin. assets measured at AC	(38,866,781)	(39,146,843)	-1%
Equity method profit/loss	(127,281,890)	125,017,017	-202%
Foreign exchange gains	2,789,496,357	1,443,881,342	93%
Reversal of loss on assets	139,864,977	318,700	
Gain on reclassification under the overlay approach	5,502,018	(43,084,781)	-113%
Net other revenue other than interest income	1,367,072,148	1,163,633,069	17%
<b>Net revenue</b>	<b>56,049,652,920</b>	<b>60,230,845,687</b>	-7%
Bad debts expense, guarantee provision	2,876,571,268	1,904,434,260	51%
Net change in provisions for insurance liabilities	2,357,830,345	64,519,637	
Operating expenses	29,670,950,015	29,605,479,044	0%
Profit from continuing operations before tax	21,144,301,292	28,656,412,746	-26%
Income tax expense	(2,809,342,854)	(2,925,342,834)	-4%
<b>Profit</b>	<b>18,334,958,438</b>	<b>25,731,069,912</b>	-29%
EPS	1.32	1.89	-30%

\* 1-4Q /22 are audited numbers



# 1-4Q/2022 Mega FHC consolidated balance sheet

Unit: NT\$MN	1-4Q/2022*	1-4Q/2021*	YoY
Cash and cash equivalents, net	113,762,305,786	140,618,307,490	-19%
Due from central bank and interbank assets	416,665,722,770	441,542,195,191	-6%
Financial assets at fair value thru P&L	204,901,888,918	202,834,657,368	1%
Financial assets at fair value thru OCI	524,826,589,554	543,790,345,854	-3%
Investments in debts at amortized cost	565,428,607,312	648,132,418,091	-13%
REPO securities	618,306,160	949,169,935	-35%
Receivables	86,258,655,974	96,630,961,908	-11%
Current tax assets	329,711,938	331,977,429	-1%
Held for sale assets	12,379,896	15,812,832	-22%
Loans	2,079,441,292,388	2,037,354,979,815	2%
Other assets	68,741,886,204	56,064,032,706	23%
<b>Total Assets</b>	<b>4,060,987,346,900</b>	<b>4,168,264,858,619</b>	<b>-3%</b>
Deposits from central bank and banks	417,271,578,560	385,049,994,902	8%
Due to central bank and banks	3,250,380,253	46,890,695,507	-93%
Financial liabilities at fair value thru P&L	21,447,467,468	19,344,092,290	11%
Securities sold under repurchase agreements	252,342,652,952	225,056,762,205	12%
Commercial paper issued	22,637,681,452	32,917,847,827	-31%
Payable	73,475,047,501	84,963,857,954	-14%
Current tax liabilities	10,752,027,941	12,298,301,154	-13%
Deposits and remittances	2,847,366,547,372	2,959,789,703,588	-4%
Bond payable	20,000,000,000	6,000,000,000	233%
Other liabilities	92,634,509,916	67,554,720,567	37%
<b>Total Liabilities</b>	<b>3,761,177,893,415</b>	<b>3,839,865,975,994</b>	<b>-2%</b>
Common stock	139,398,195,820	135,998,239,830	2%
Capital surplus	68,194,233,375	68,194,233,334	0%
Retain earnings	107,542,619,834	113,046,483,962	-5%
Other equity interest	(15,325,595,544)	11,159,925,499	-237%
<b>Total Equity</b>	<b>299,809,453,485</b>	<b>328,398,882,625</b>	<b>-9%</b>



# 1-4Q/2022 Mega Bank consolidated P&L statement

Unit: NT\$MN; EPS: NT\$

	1-4Q/2022*	1-4Q/2021	YoY
Interest income	67,164,223,418	39,958,532,516	68%
Less: interest expense	30,306,775,006	9,684,791,577	213%
<b>Net interest revenue</b>	<b>36,857,448,412</b>	<b>30,273,740,939</b>	22%
<b>Net revenue other than interest</b>	<b>17,127,418,008</b>	<b>15,044,658,365</b>	14%
Net fee and commissions	6,842,716,835	6,750,764,017	1%
Gain on financial assets and liabilities at fair value thru P&L	4,828,579,710	4,901,301,511	-1%
Realized gain on financial assets at fair value thru OCI	2,344,156,255	1,507,922,358	55%
Gain/loss arising from derecognition of fin. assets measured at AC	(38,866,781)	(39,146,843)	-1%
Equity method profit/loss	(131,987,815)	124,262,668	-206%
Foreign exchange gains	2,671,954,456	1,469,621,654	82%
Reversal of loss on assets	127,812,573	(29,926,992)	-527%
Net other revenue other than interest income	483,052,775	359,859,992	34%
<b>Net revenue</b>	<b>53,984,866,420</b>	<b>45,318,399,304</b>	19%
Bad debts expense, guarantee provision	3,100,135,869	1,782,405,446	74%
Operating expenses	24,083,514,416	22,944,987,702	5%
Profit from continuing operations before tax	26,801,216,135	20,591,006,156	30%
Income tax expense	(2,619,781,578)	(2,133,686,529)	23%
<b>Profit</b>	<b>24,181,434,557</b>	<b>18,457,319,627</b>	31%

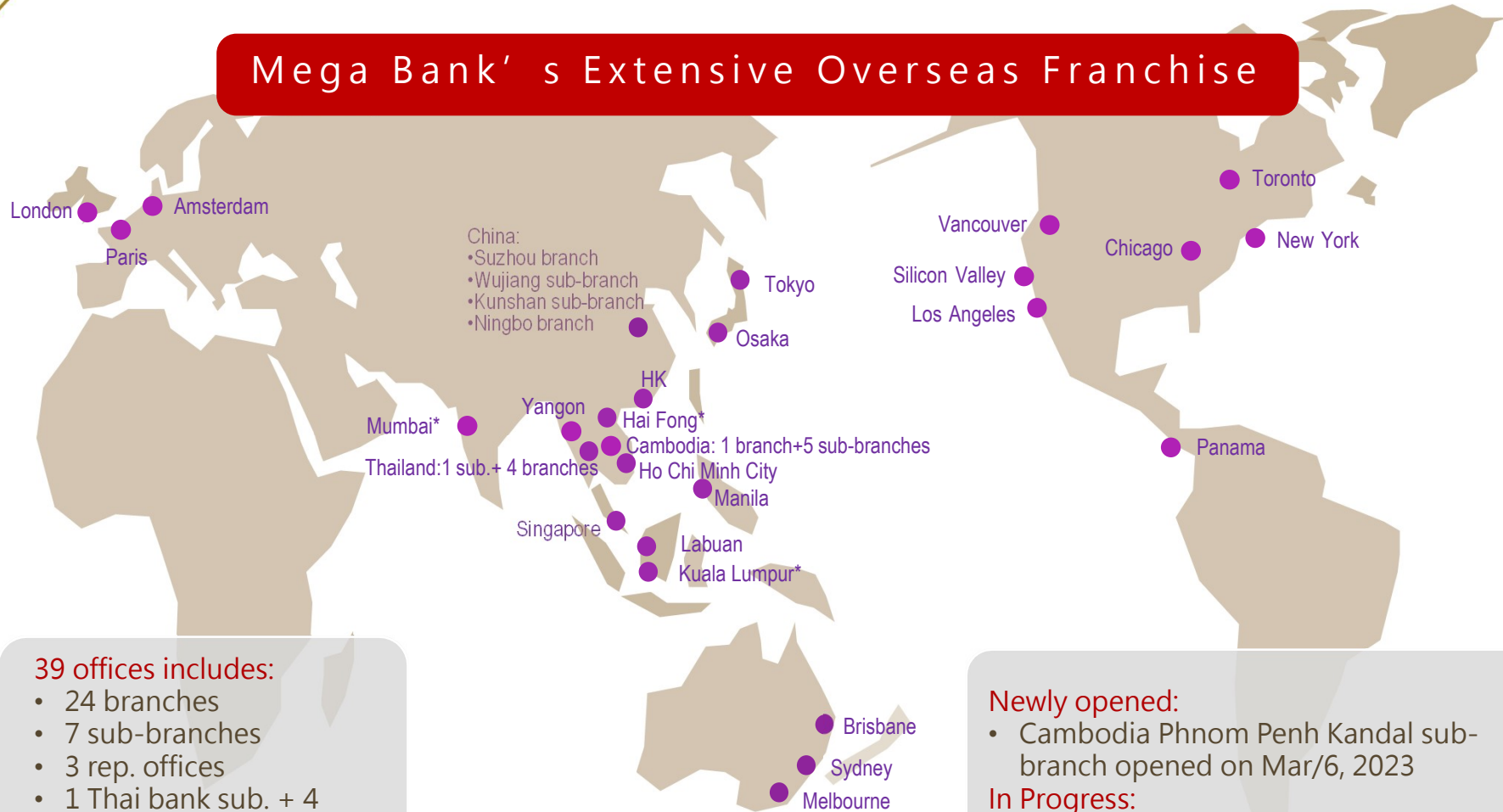
\* 1-4Q /2022 are audited numbers

# 1-4Q/2022 Mega Bank consolidated balance sheet

Unit: NT\$MN	1-4Q/2022*	1-4Q/2021*	YoY
Cash and cash equivalents, net	109,395,867,986	133,744,154,105	-18%
Due from central bank and interbank assets	416,665,722,770	443,742,195,191	-6%
Financial assets at fair value thru P&L	56,560,187,630	56,993,024,045	-1%
Financial assets at fair value thru OCI	404,518,469,252	407,244,111,008	-1%
Investments in debts at amortized cost	560,759,936,424	643,731,304,972	-13%
REPO securities	1,221,779,896	949,169,935	29%
Receivables	45,401,972,157	38,875,673,375	17%
Current tax assets	5,019,464	2,385,639	110%
Loans	2,079,441,292,388	2,037,354,979,815	2%
Other assets	34,617,462,060	35,510,302,747	-3%
<b>Total Assets</b>	<b>3,708,587,710,027</b>	<b>3,798,147,300,832</b>	<b>-2%</b>
Deposits from central bank and banks	409,289,256,060	369,899,233,202	11%
Due to central bank and banks	3,250,380,253	46,890,695,507	-93%
Financial liabilities at fair value thru P&L	21,031,585,478	18,872,022,898	11%
Securities sold under repurchase agreements	34,830,460,863	16,836,542,429	107%
Payable	29,046,186,657	30,340,067,213	-4%
Current tax liabilities	9,405,200,685	9,772,613,033	-4%
Deposits and remittances	2,849,503,485,714	2,971,731,600,047	-4%
Bond payable	15,000,000,000	1,000,000,000	1400%
Other liabilities	47,274,615,012	33,698,137,395	40%
<b>Total Liabilities</b>	<b>3,418,631,170,722</b>	<b>3,499,040,911,724</b>	<b>-2%</b>
Common stock	85,362,336,310	85,362,336,310	0%
Capital surplus	62,219,539,564	62,219,539,563	0%
Retain earnings	156,356,954,970	145,870,972,194	7%
Other equity interest	(13,982,291,539)	5,653,541,041	-347%
<b>Total Equity</b>	<b>289,956,539,305</b>	<b>299,106,389,108</b>	<b>-3%</b>

# 39 offices in 17 countries; 22 offices in “New South Bond Area”

## Mega Bank’s Extensive Overseas Franchise



### 39 offices includes:

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

### Newly opened:

- Cambodia Phnom Penh Kandal sub-branch opened on Mar/6, 2023

### 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