

# Investor / Analyst Briefing

**1Q / 2023(V.1)**



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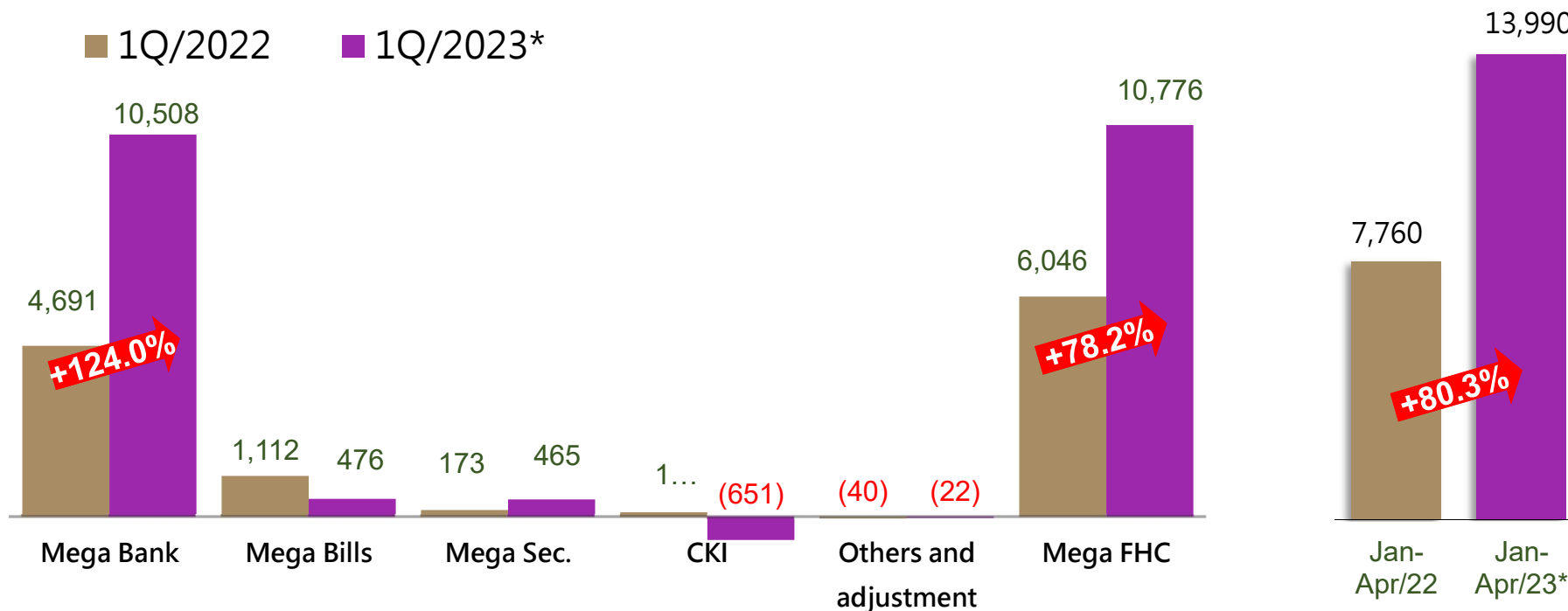




# 1Q/23 Mega FHC earning was up 78.2% YoY

## Mega FHC & Subs. 1Q/23 earning trend

## Mega Jan-Apr/23 earning



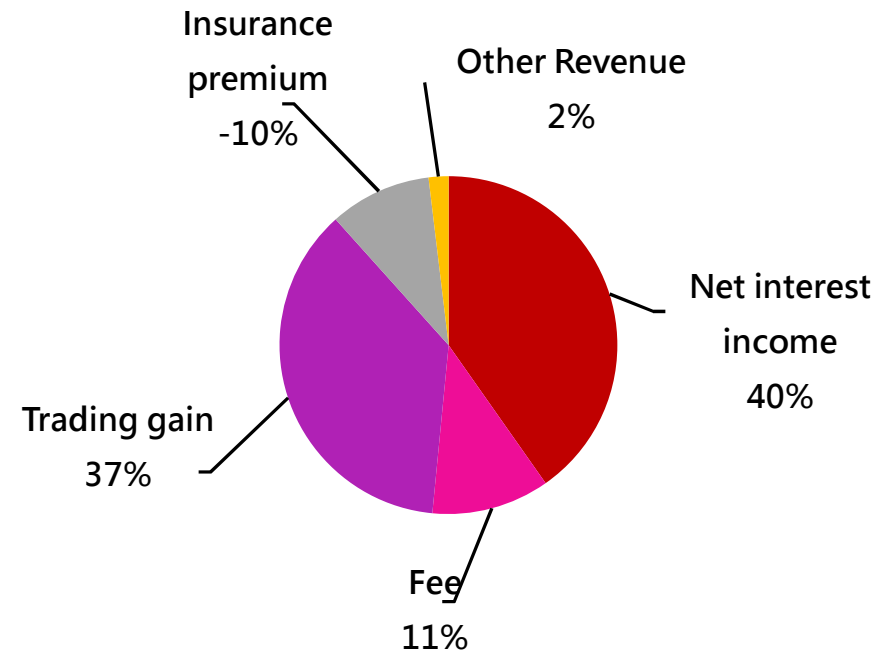
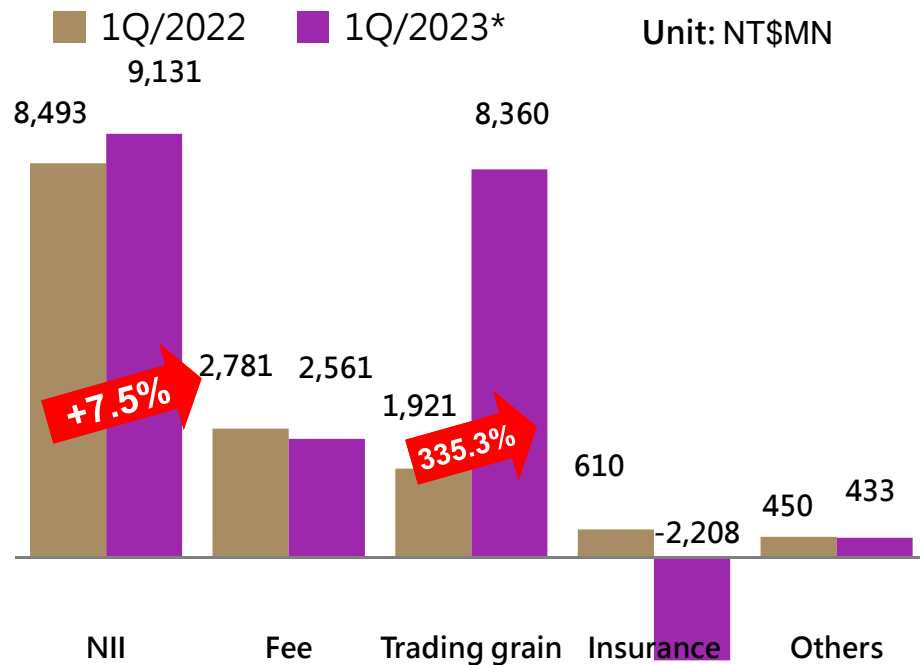
\* 1Q / 23 and Jan-Apr/23 are un-audited numbers



# Group NII was up 7.5% YoY; trading gain was up 335.3% YoY

Mega Group consolidated net revenue \*

Mega Group 1Q/23 net revenue breakdown



\* 1Q/ 2023 are un-audited numbers



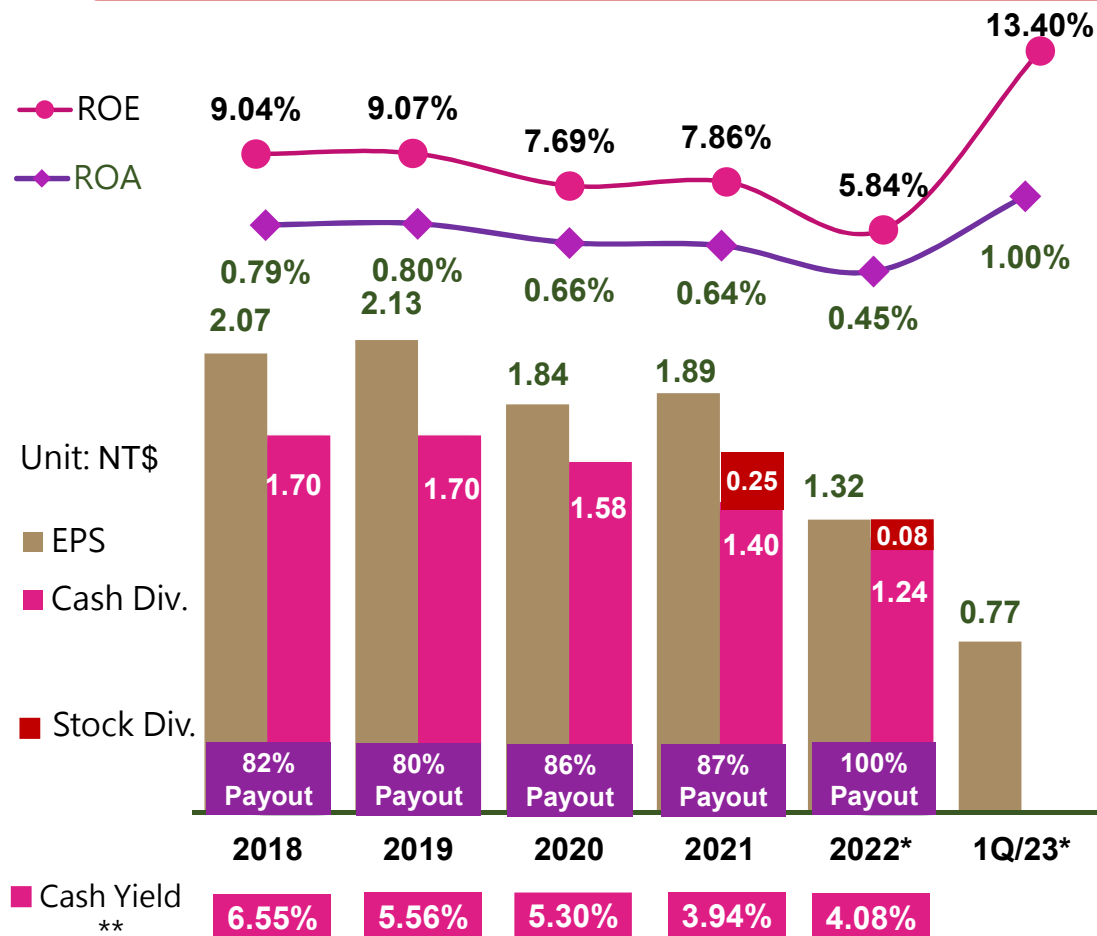
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# 1Q/23 ROE jumped to 13.40%

## 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/23 are un-audited numbers; ROE and ROA annualized numbers.

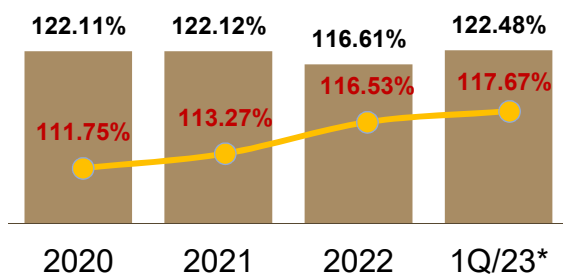
\*\* Cash dividend yield = cash dividend / last trading day share price of that year

# Stable capital position

## Mega FHC

Moody's: A2

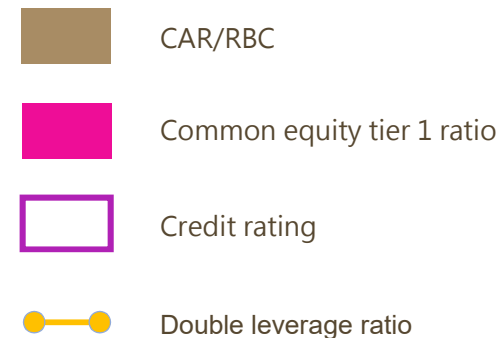
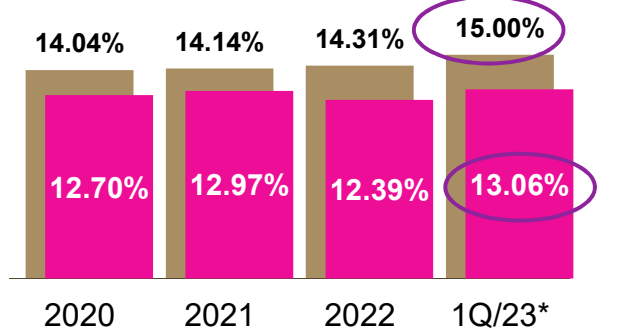
CAR Requirement : 100%



## Mega Bank

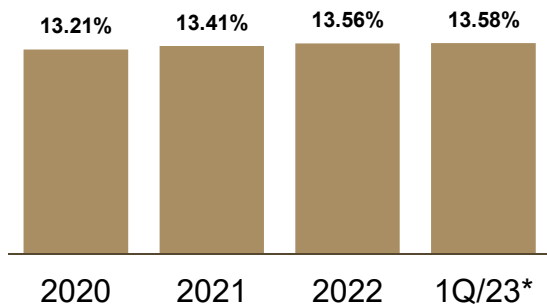
Moody's: A1 / S&P: A+

D-SIBs Req.: CAR: 13.50%  
CET1: 10.00%



## Mega Bills

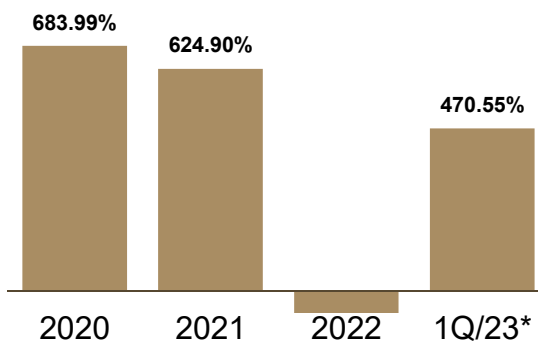
Requirement : 8.0%



## CKI P&C

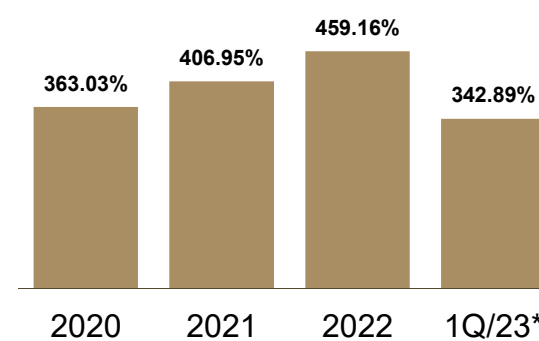
Moody's: A3 / S&P: A-

Requirement : 200%



## Mega Securities

Requirement : 150%



\* 1Q / 23 are un-audited numbers





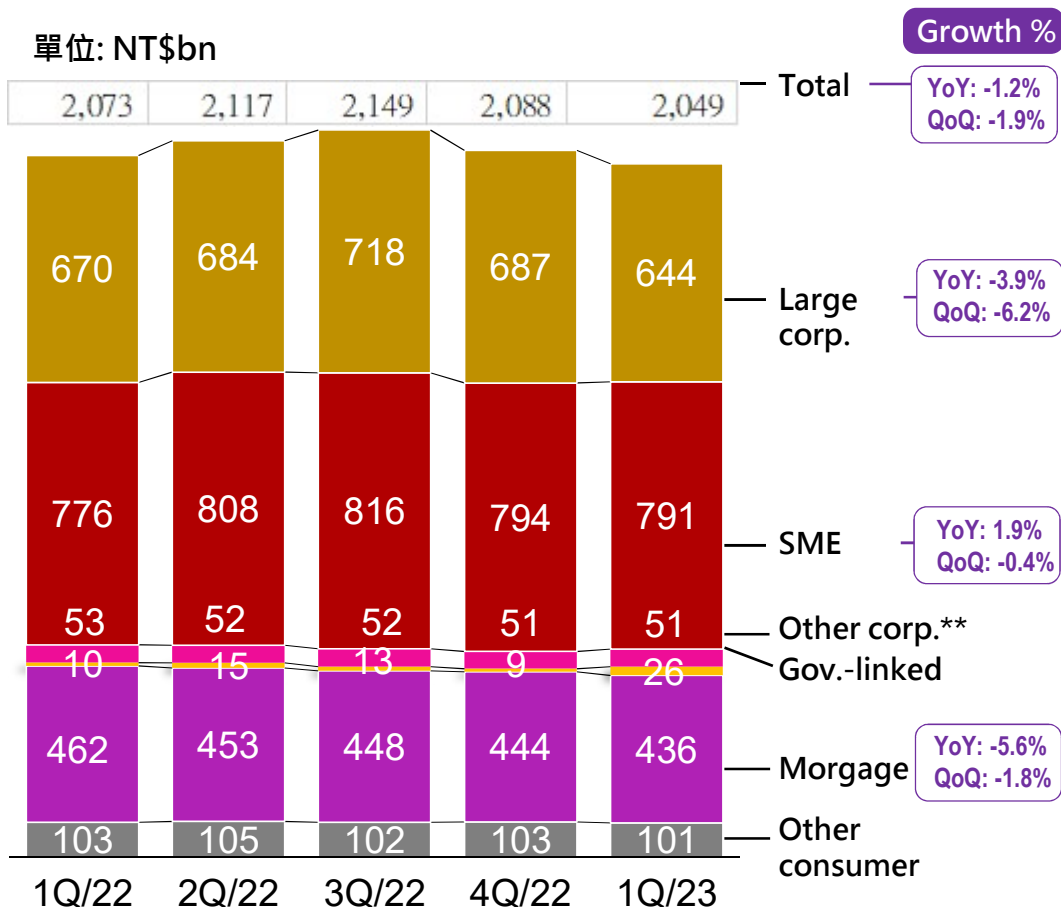
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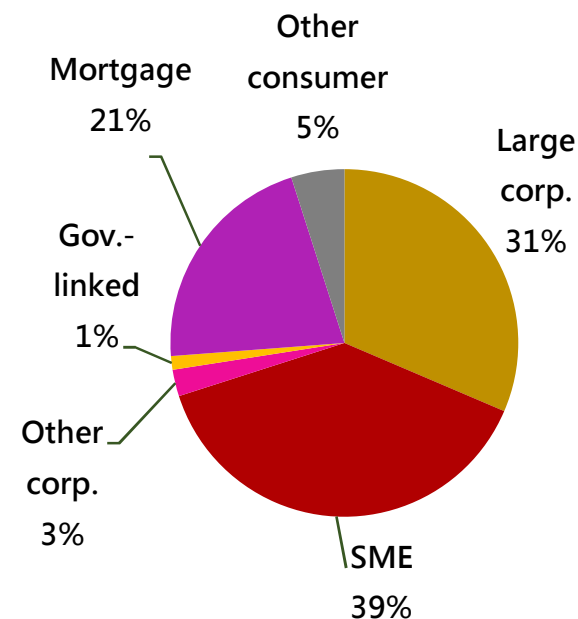


# Rationalize loan mix to preserve capital and enhance yield

## Mega Bank quarterly loan balance\*



## Mega Bank 1Q/23 loan breakdown by customers

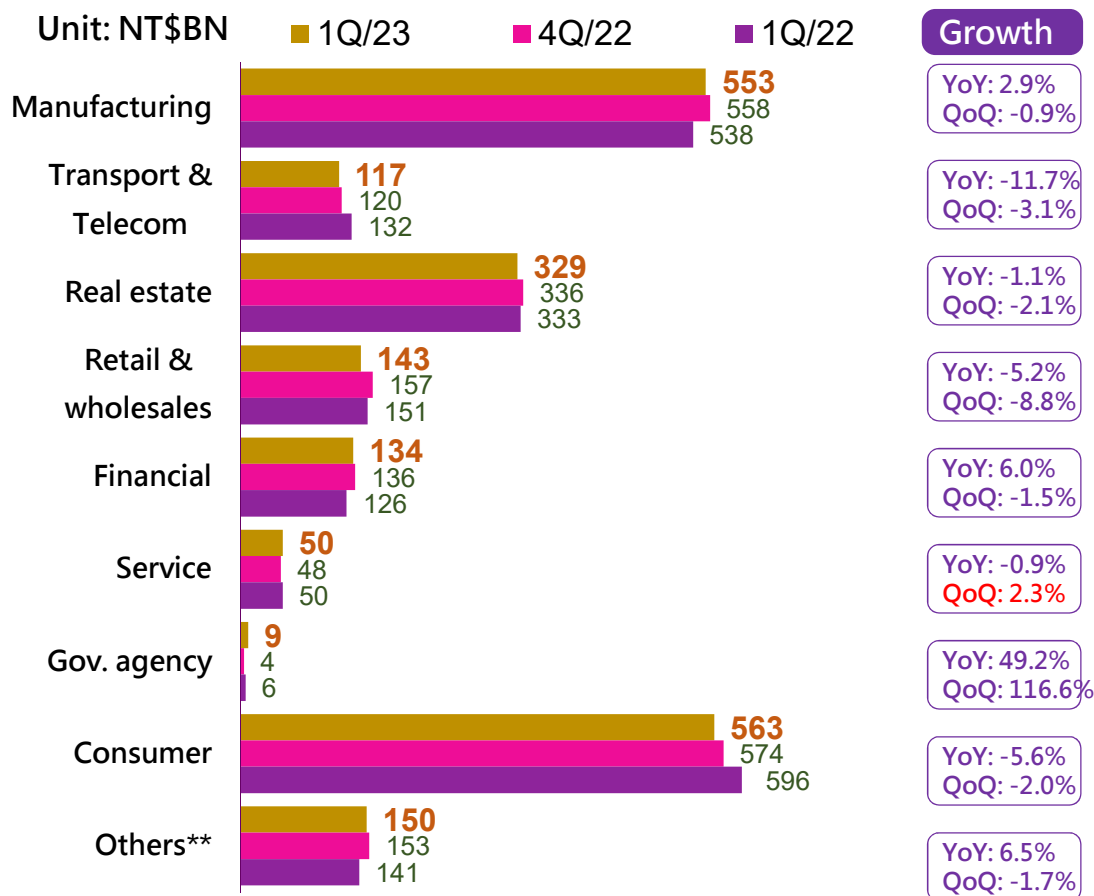


\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

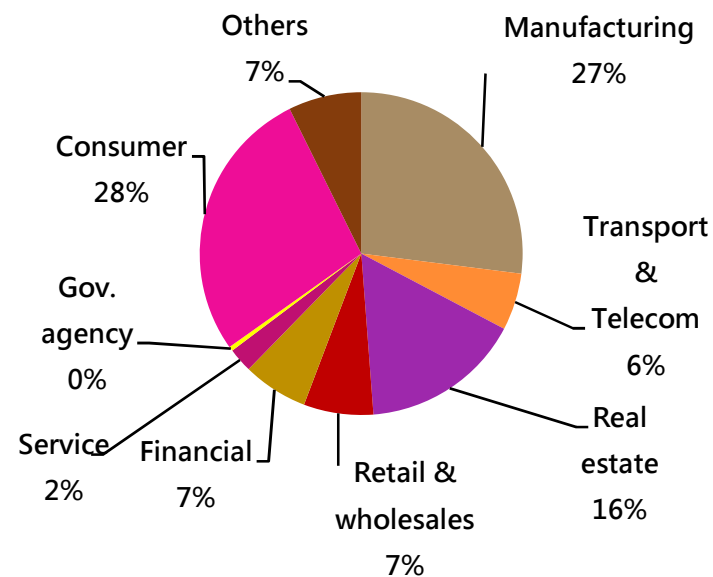
\*\* Includes Gov-linked Non-Profit Organization and etc.

# 1Q/23 service industry loan was up 2.3% QoQ

## Mega Bank loan balance trend by industry\*



## 1Q/23 loan breakdown by industry\*



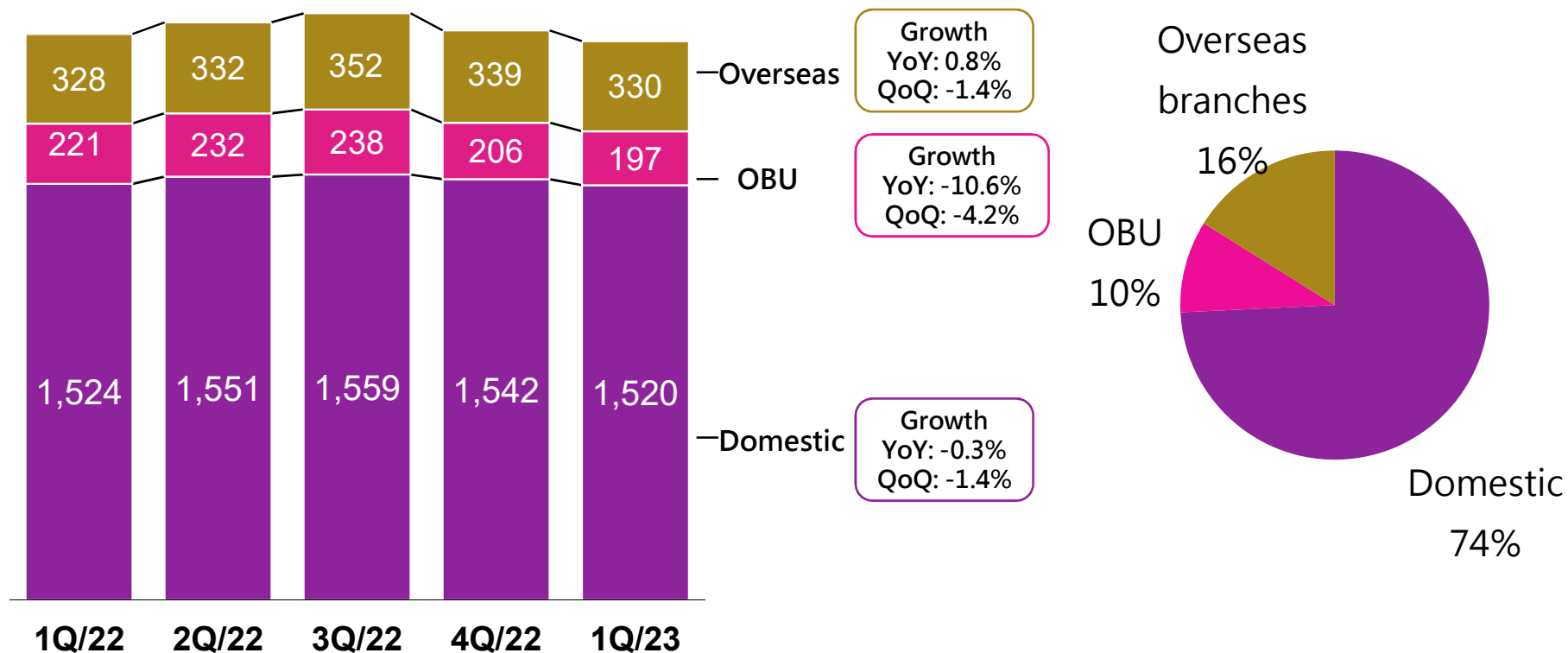
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 1Q/23 OBU loan demand remained sluggish

## Mega Bank 1Q/23 loan breakdown by regions \*

Unit: NT\$BN



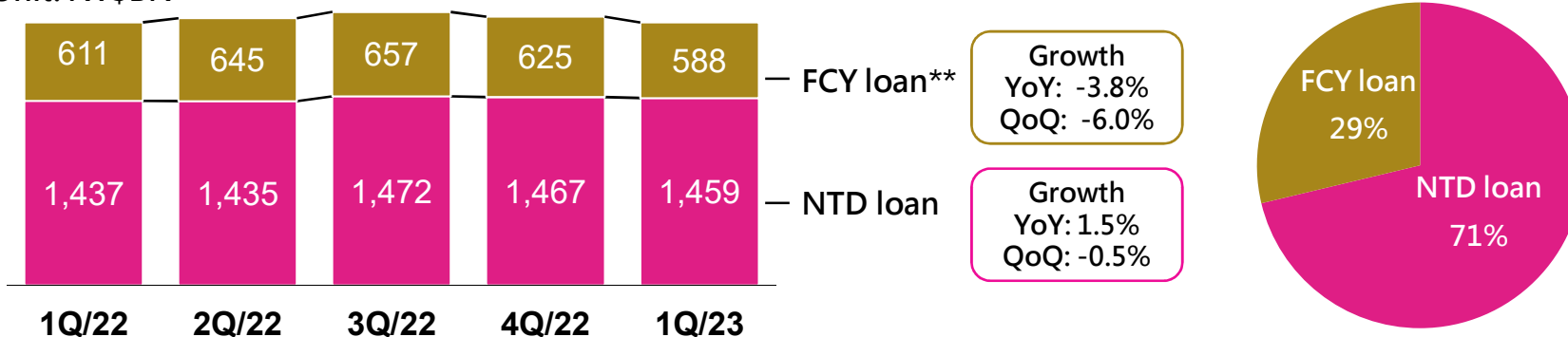
\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# FCY and USD loan demand were down

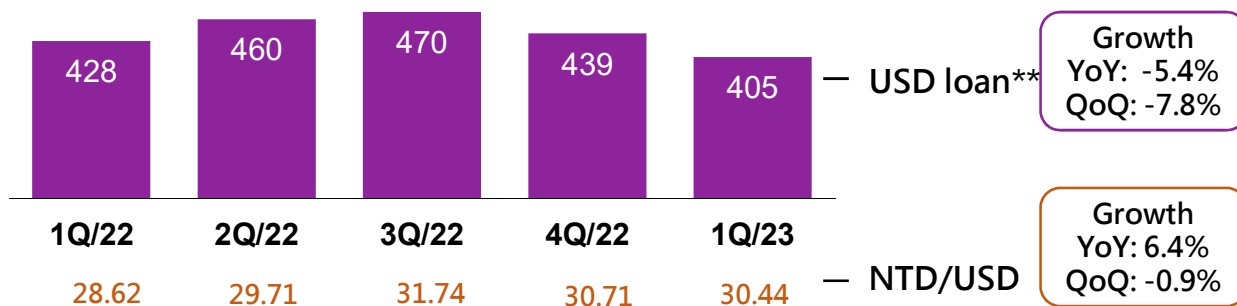
## Mega Bank 1Q/23 loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$BN



## Mega Bank USD Loan balance\*

Unit: NT\$BN



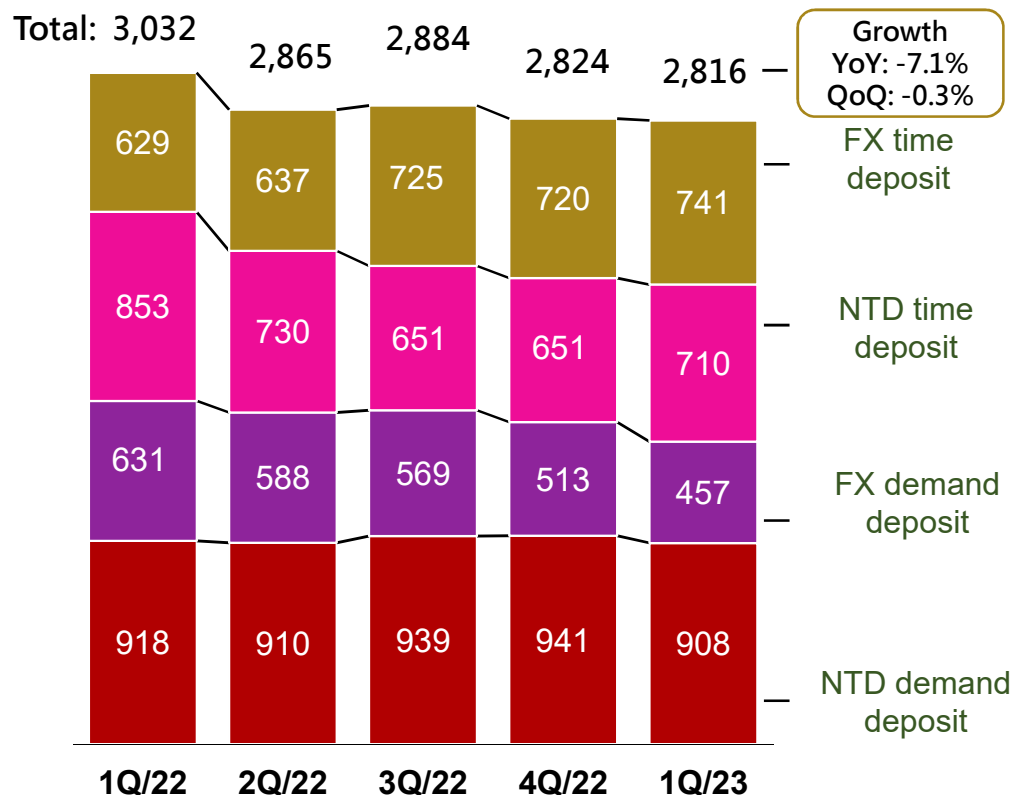
\* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

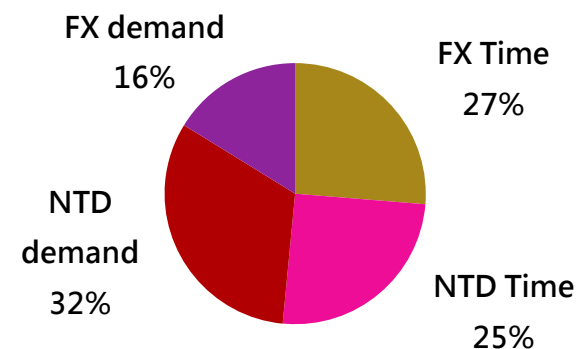
# Time deposit demand remained strong

## Mega Bank deposit balance \*

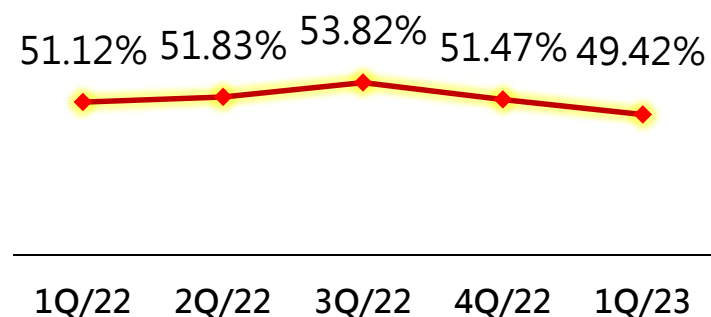
Unit: NT\$BN



## Mega 1Q /23 deposit breakdown



## Mega demand deposit ratio trend

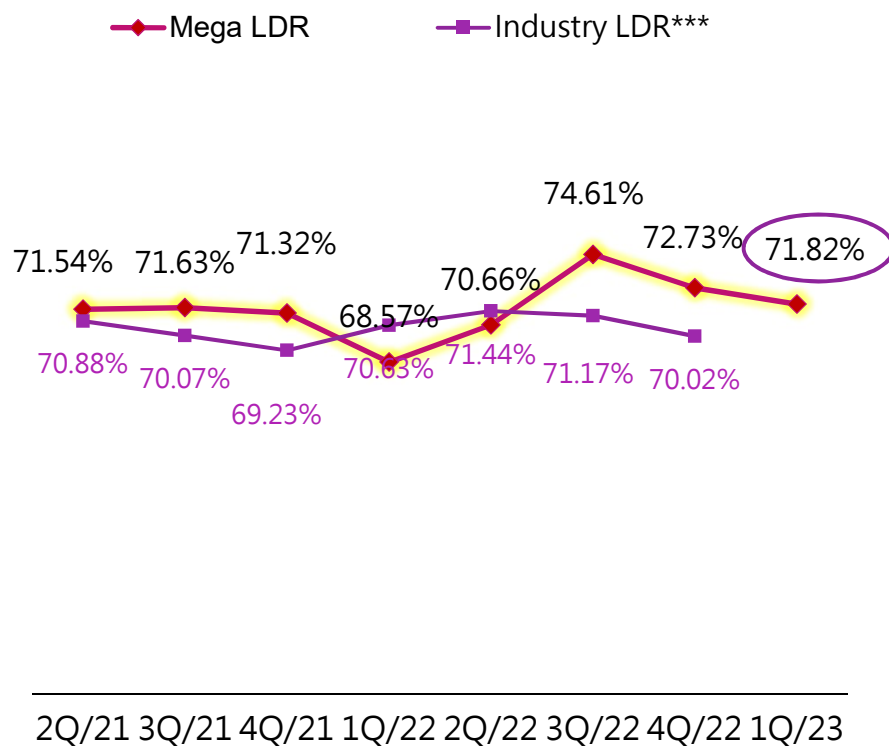


\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; internal numbers.

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

# 1Q/23 LDR trend down further

## Mega Bank's total LDR\*



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



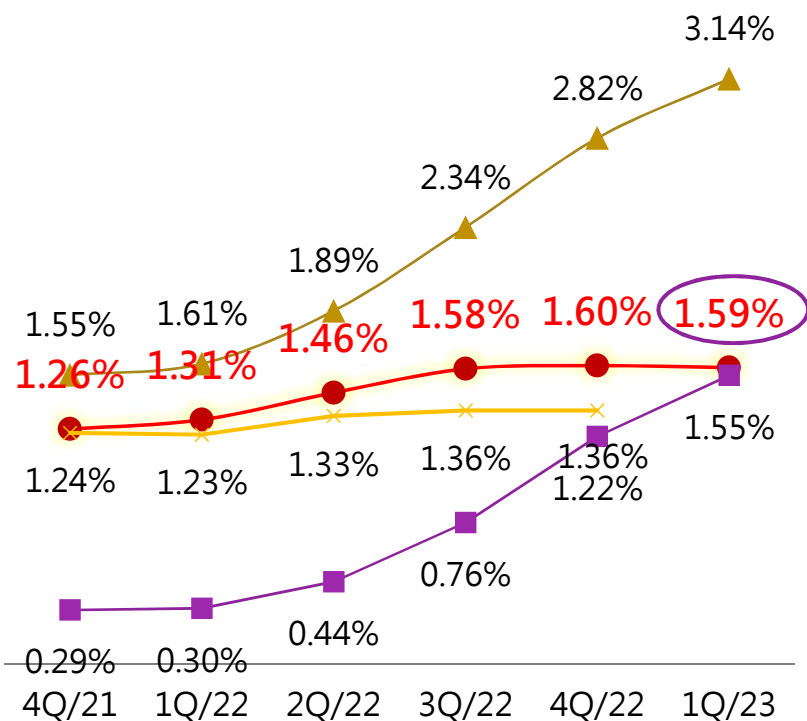
\* Total LDR calculation is based on loan/deposit end balance

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

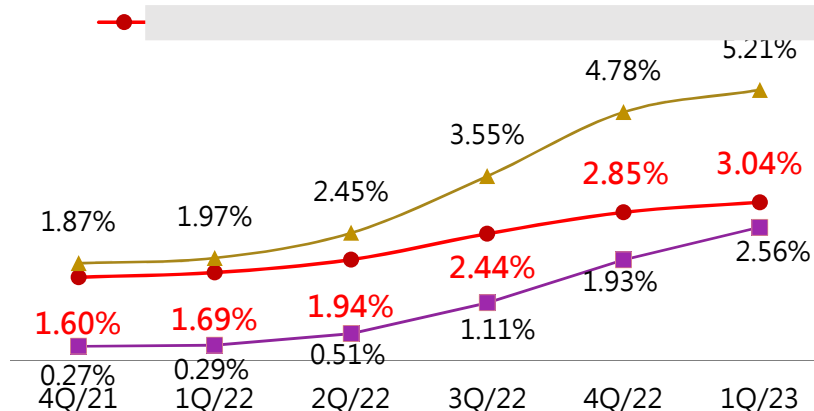
\*\*\* Source: Central Bank of Taiwan

# 1Q/23 interest spread remained stable

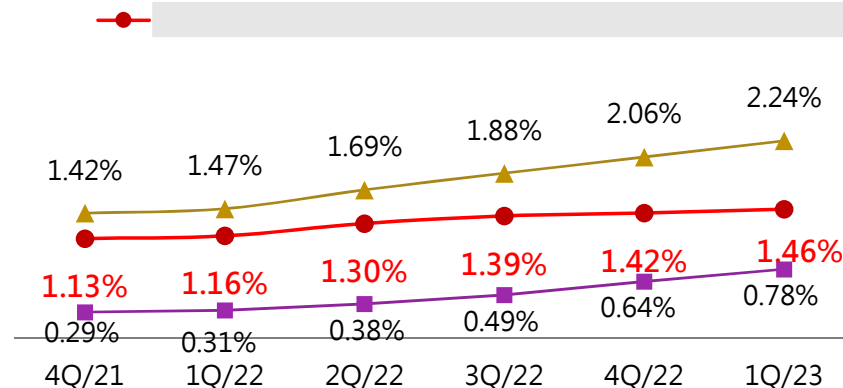
## Mega Bank total loan interest spread\*



## Mega Bank overseas loan interest spread\*



## Mega Bank domestic loan interest spread\*



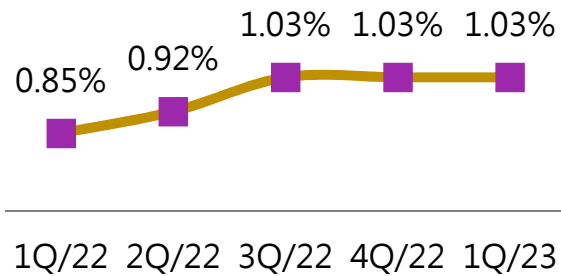
\* Overseas loan includes overseas branches and OBU loan; internal numbers.

\*\* Source: Central Bank of Taiwan

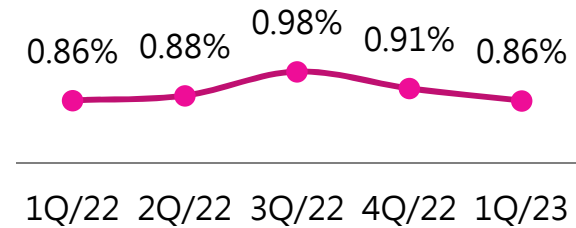


# 1Q /23 total NIM trended side way

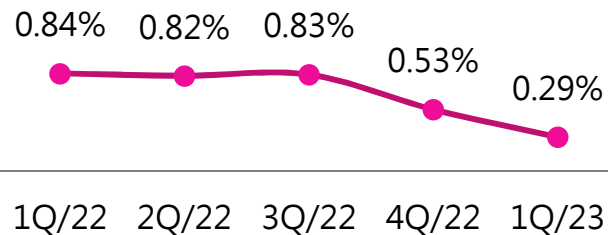
Mega Bank quarterly **Total NIM**\*



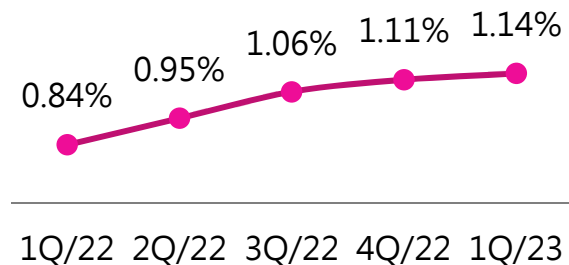
Mega Bank quarterly **FCY NIM**\*



Mega Bank monthly **USD NIM**\*



Mega Bank quarterly **NTD NIM**\*

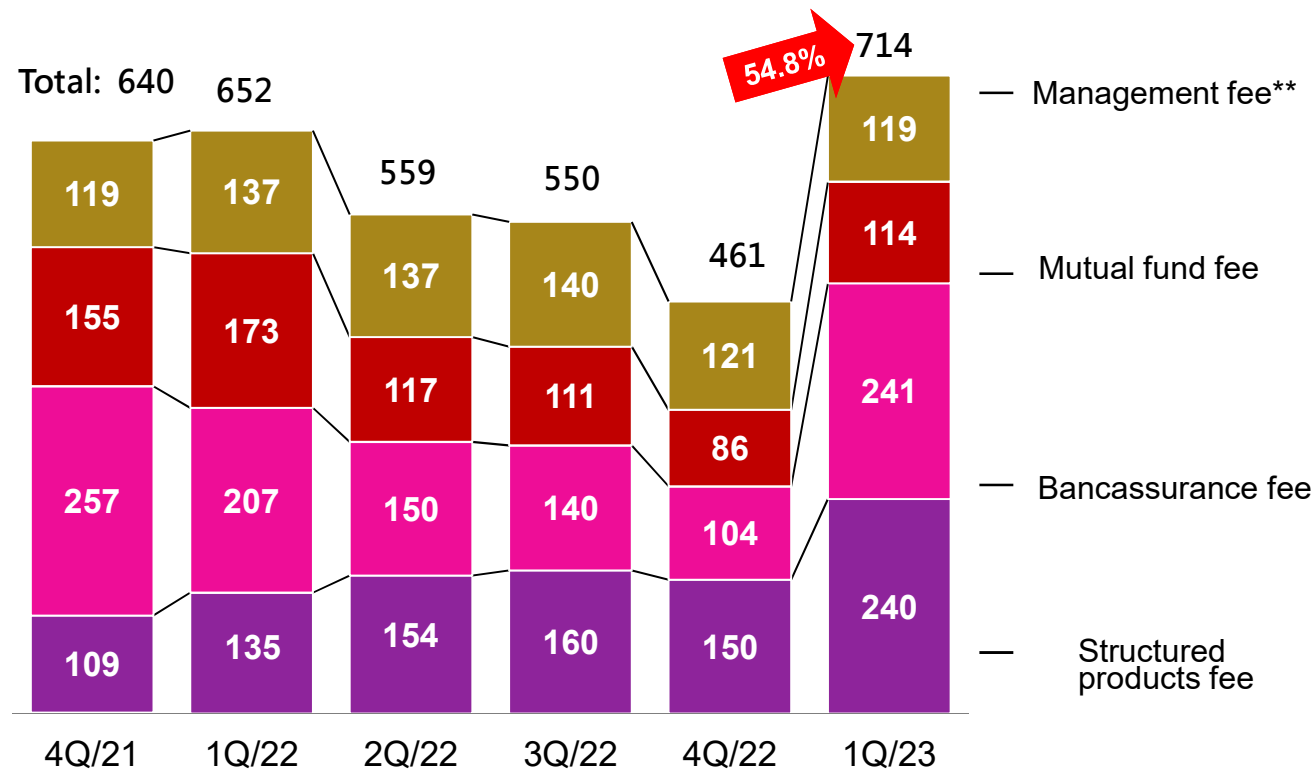


\* NIM = annualized net interest income / average interest earning assets of that quarter; internal numbers.

# 1Q/23 WM fee was up 54.8% QoQ

## Mega Bank wealth management gross fee breakdown\*

Unit: NT\$MN

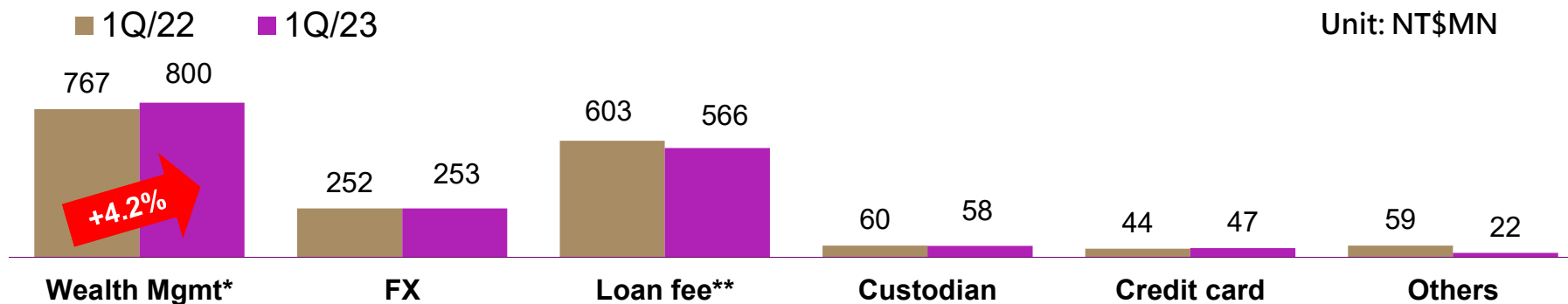


\* Mega Bank internal data; gross wealth mgmt fee, NOT net wealth mgmt fee.

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

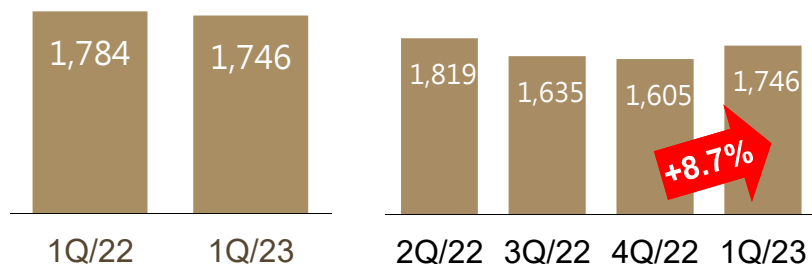
# 1Q/23 bank fee was up 8.7% QoQ

## Mega Bank net fee breakdown

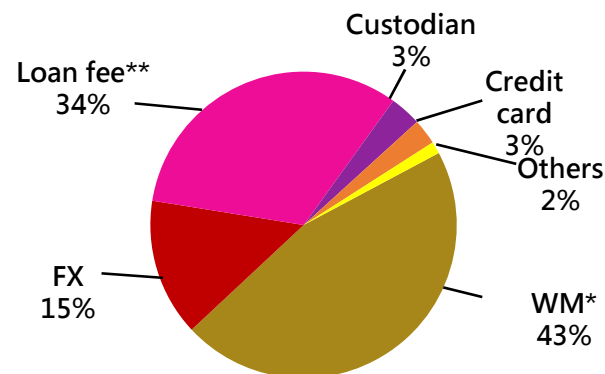


## Mega Bank net fee trend\*\*\*

Unit: NT\$MN



## Mega Bank 1Q/23 net fee breakdown



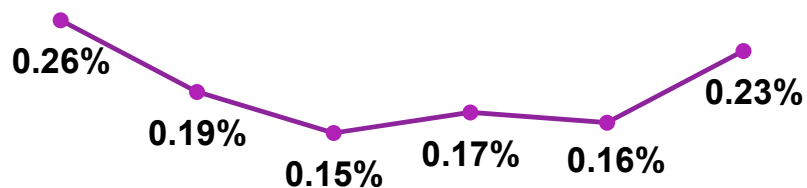
\* Net wealth mgmt. fee, plus/deduct adjustment for marketing cost, rebate, and profit sharing with partners.

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

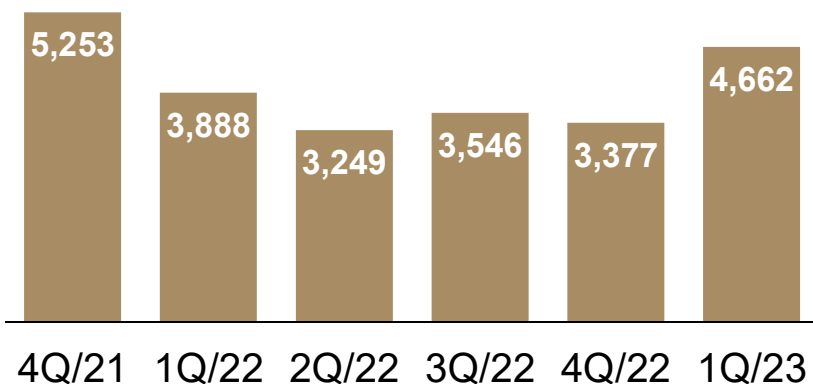
\*\*\*Total net fees are audited numbers.

# Asset quality remained stable

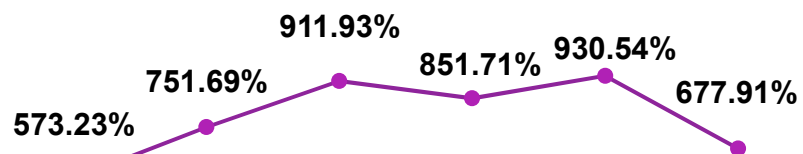
Mega Bank NPL balance & NPL ratio



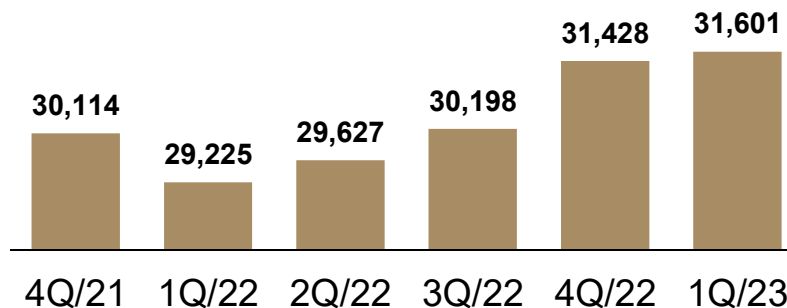
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio

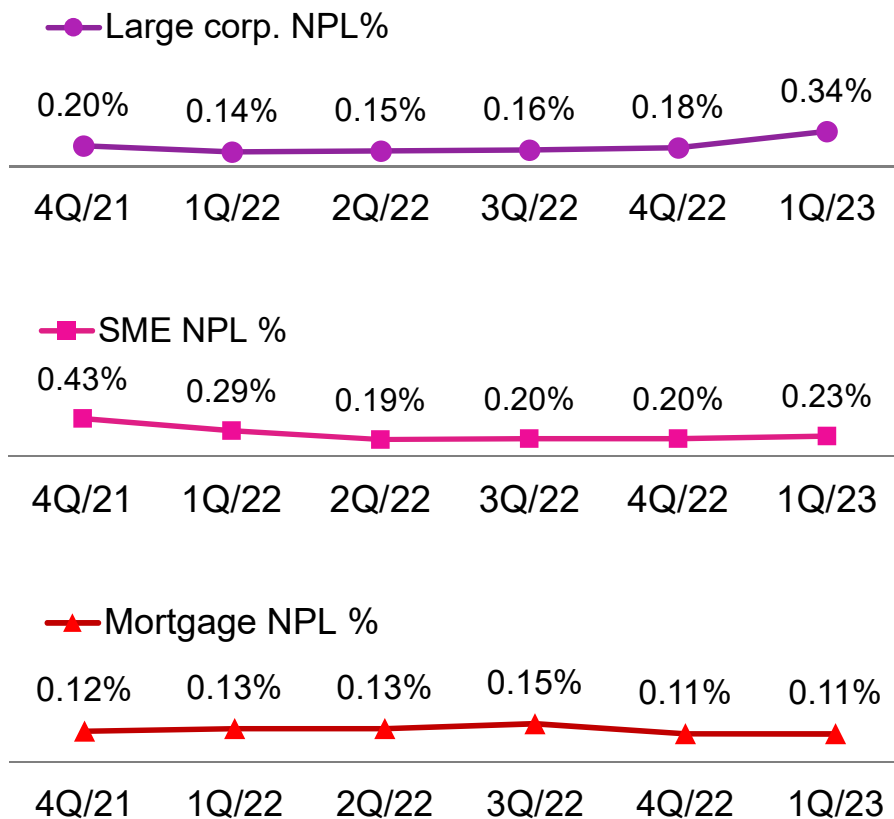


Unit: NT\$MN

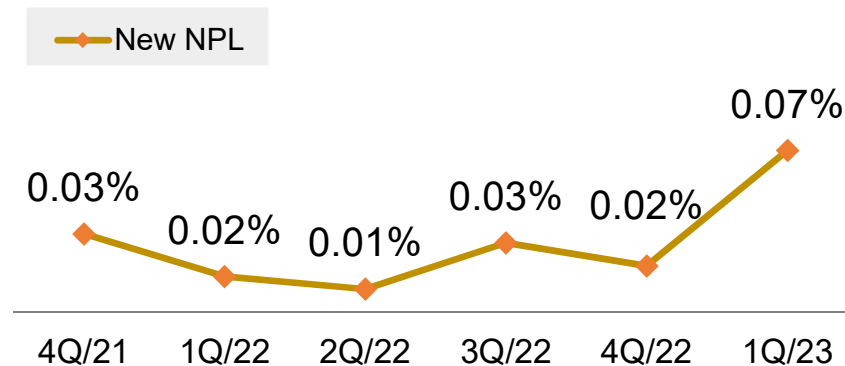


# Benign asset quality

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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# 1Q/2023 Mega FHC consolidated P&L statement

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

	1Q/2023*	1Q/2022	YoY
Interest income	26,481,590,307	11,257,972,088	135%
Less: interest expense	17,350,266,373	2,764,853,255	528%
<b>Net interest revenue</b>	<b>9,131,323,934</b>	<b>8,493,118,833</b>	8%
<b>Net revenue other than interest</b>	<b>9,146,289,601</b>	<b>5,762,101,402</b>	59%
Net fee and commissions	2,560,592,805	2,781,169,536	-8%
Net insurance revenue	(2,207,633,485)	610,146,865	
Gain on financial assets and liabilities at fair value thru P&L	7,680,933,299	229,185,351	3251%
Gain on investment property	5,071,253	5,714,578	-11%
Realized gain on financial assets at fair value thru OCI	77,670,402	691,625,720	-89%
Gain/loss arising from derecognition of fin. assets measured at AC	2,379	(9,845)	-124%
Equity method profit/loss	(25,087,622)	(28,964,444)	-13%
Foreign exchange gains	711,408,720	879,462,478	-19%
Reversal of loss on assets	(91,537,521)	41,867,500	
Gain on reclassification under the overlay approach	1,882,473	101,683,988	-98%
Net other revenue other than interest income	432,986,898	450,219,675	-4%
<b>Net revenue</b>	<b>18,277,613,535</b>	<b>14,255,220,235</b>	28%
Bad debts expense, guarantee provision	395,211,973	304,491,999	30%
Net change in provisions for insurance liabilities	(2,113,501,366)	57,312,921	
Operating expenses	7,749,623,598	7,216,241,943	7%
Profit from continuing operations before tax	12,246,279,330	6,677,173,372	83%
Income tax expense	(1,470,410,571)	(631,069,239)	133%
<b>Profit</b>	<b>10,775,868,759</b>	<b>6,046,104,133</b>	78%
EPS	0.77	0.21	267%

\* 1Q /23 are un-audited numbers



# 1Q/2023 Mega FHC consolidated balance sheet

Unit: NT\$MN	1Q/2023*	1Q/2022*	YoY
Cash and cash equivalents, net	111,824,873,563	124,281,958,396	-10%
Due from central bank and interbank assets	438,067,830,781	550,162,731,334	-20%
Financial assets at fair value thru P&L	209,131,711,205	212,469,972,705	-2%
Financial assets at fair value thru OCI	542,336,585,016	573,922,223,002	-6%
Investments in debts at amortized cost	587,999,590,122	688,026,027,050	-15%
REPO securities	3,546,189,023	1,788,705,265	98%
Receivables	84,534,485,648	104,968,957,674	-19%
Current tax assets	331,980,396	335,259,510	-1%
Held for sale assets	220,377	15,812,832	-99%
Loans	2,039,363,902,446	2,064,944,293,552	-1%
Other assets	68,633,793,466	55,020,530,848	25%
<b>Total Assets</b>	<b>4,085,771,162,043</b>	<b>4,375,936,472,168</b>	<b>-7%</b>
Deposits from central bank and banks	508,677,989,140	512,993,500,643	-1%
Due to central bank and banks	7,020,236,913	22,343,756,148	-69%
Financial liabilities at fair value thru P&L	21,825,371,085	20,153,533,609	8%
Securities sold under repurchase agreements	236,383,076,210	232,634,249,158	2%
Commercial paper issued	33,138,387,165	32,585,596,271	2%
Payable	85,029,993,177	84,464,540,330	1%
Current tax liabilities	11,376,255,308	12,279,927,921	-7%
Deposits and remittances	2,763,403,843,850	3,053,776,966,184	-10%
Bond payable	20,500,000,000	7,500,000,000	173%
Other liabilities	83,298,763,829	69,433,288,388	20%
<b>Total Liabilities</b>	<b>3,770,653,916,677</b>	<b>4,048,165,358,652</b>	<b>-7%</b>
Common stock	139,398,195,820	135,998,239,830	2%
Capital surplus	68,194,233,375	68,194,233,375	0%
Retain earnings	118,205,195,498	119,268,821,925	-1%
Other equity interest	(10,680,379,327)	4,309,818,386	-348%
<b>Total Equity</b>	<b>315,117,245,366</b>	<b>327,771,113,516</b>	<b>-4%</b>



# 1Q/2023 Mega Bank consolidated P&L statement

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

	1Q/2023*	1Q/2022	YoY
Interest income	25,728,307,993	10,585,434,402	143%
Less: interest expense	16,305,207,672	2,571,793,340	534%
<b>Net interest revenue</b>	<b>9,423,100,321</b>	<b>8,013,641,062</b>	18%
<b>Net revenue other than interest</b>	<b>8,925,109,854</b>	<b>2,999,093,213</b>	198%
Net fee and commissions	1,745,556,109	1,784,293,226	-2%
Gain on financial assets and liabilities at fair value thru P&L	6,404,670,491	122,706,991	5119%
Realized gain on financial assets at fair value thru OCI	46,601,612	22,545,491	107%
Gain/loss arising from derecognition of fin. assets measured at AC	2,379	(9,845)	-124%
Equity method profit/loss	(24,035,684)	(31,181,931)	-23%
Foreign exchange gains	677,504,821	811,698,613	-17%
Reversal of loss on assets	(87,231,943)	42,404,267	-306%
Net other revenue other than interest income	162,042,069	246,636,401	-34%
<b>Net revenue</b>	<b>18,348,210,175</b>	<b>11,012,734,275</b>	67%
Bad debts expense, guarantee provision	320,501,977	293,086,259	9%
Operating expenses	6,286,091,318	5,758,906,791	9%
Profit from continuing operations before tax	11,741,616,880	4,960,741,225	137%
Income tax expense	(1,233,623,496)	(269,583,078)	358%
<b>Profit</b>	<b>10,507,993,384</b>	<b>4,691,158,147</b>	124%

\* 1Q /2023 are audited numbers

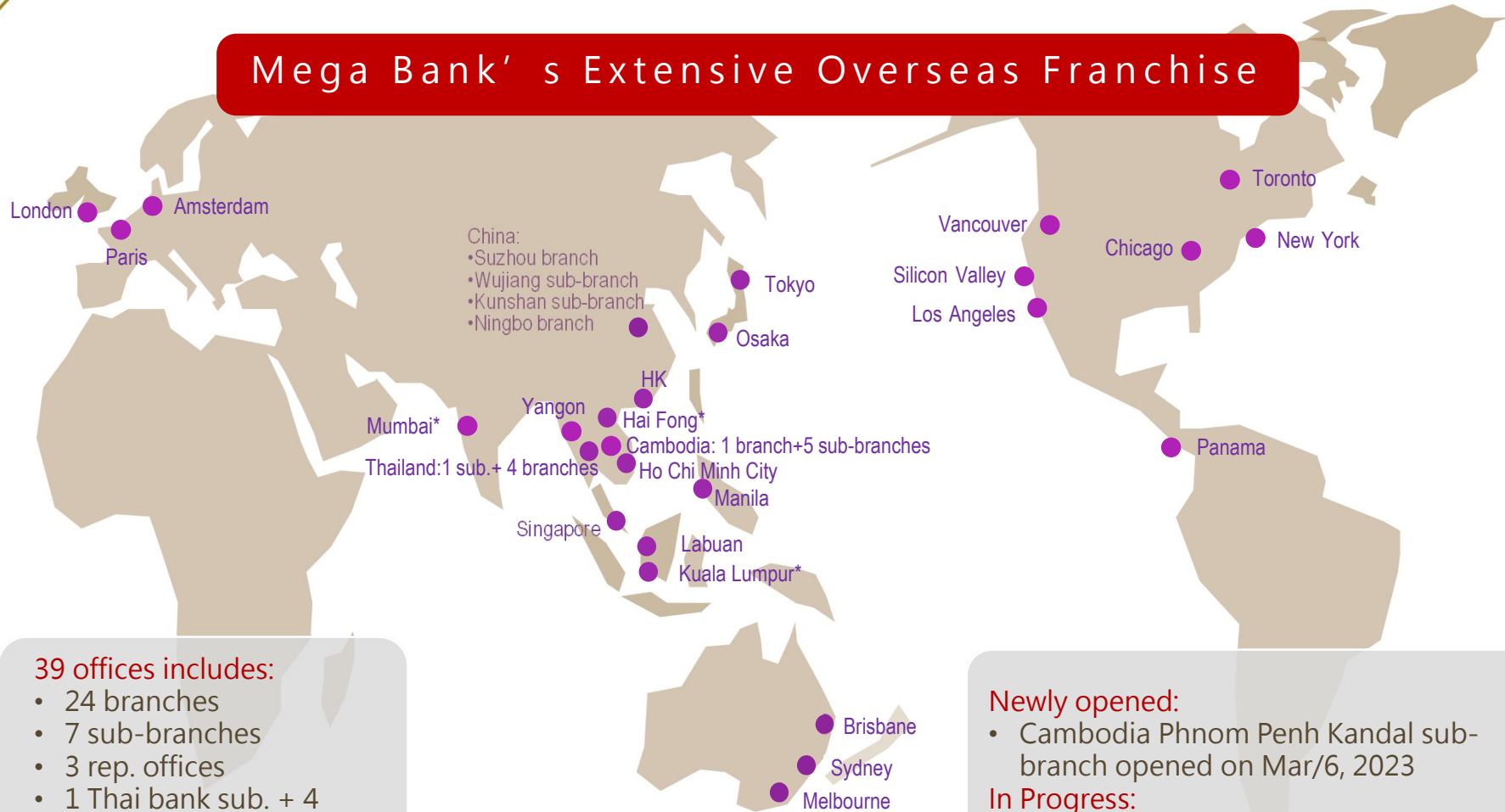
# 1Q/2023 Mega Bank consolidated balance sheet

Unit: NT\$MN	1Q/2023*	1Q/2022*	YoY
Cash and cash equivalents, net	107,344,442,248	117,181,876,185	-8%
Due from central bank and interbank assets	440,967,830,781	557,182,731,334	-21%
Financial assets at fair value thru P&L	58,870,231,795	56,780,673,673	4%
Financial assets at fair value thru OCI	408,986,933,549	442,023,312,346	-7%
Investments in debts at amortized cost	583,089,406,174	683,569,444,182	-15%
REPO securities	11,216,107,152	3,323,760,415	237%
Receivables	41,380,727,556	49,218,915,708	-16%
Current tax assets	6,661,925	4,966,002	34%
Loans	2,039,363,902,446	2,064,944,293,552	-1%
Other assets	34,894,257,664	34,243,615,082	2%
<b>Total Assets</b>	<b>3,726,120,501,290</b>	<b>4,008,473,588,479</b>	<b>-7%</b>
Deposits from central bank and banks	501,762,134,640	501,845,089,643	0%
Due to central bank and banks	7,020,236,913	22,343,756,148	-69%
Financial liabilities at fair value thru P&L	21,395,173,728	19,565,960,239	9%
Securities sold under repurchase agreements	18,288,453,057	18,621,739,871	-2%
Payable	36,296,290,087	32,463,683,203	12%
Current tax liabilities	9,884,432,485	9,441,553,110	5%
Deposits and remittances	2,765,289,248,132	3,057,389,708,292	-10%
Bond payable	15,500,000,000	2,500,000,000	520%
Other liabilities	46,939,486,724	44,156,949,159	6%
<b>Total Liabilities</b>	<b>3,422,375,455,766</b>	<b>3,708,328,439,665</b>	<b>-8%</b>
Common stock	85,362,336,310	85,362,336,310	0%
Capital surplus	62,219,539,563	62,219,539,563	0%
Retain earnings	166,745,931,012	150,641,034,635	11%
Other equity interest	(10,582,761,361)	1,922,238,306	-651%
<b>Total Equity</b>	<b>303,745,045,524</b>	<b>300,145,148,814</b>	<b>1%</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.