

# 3Q/2023 Analyst Meeting

2023/11/29



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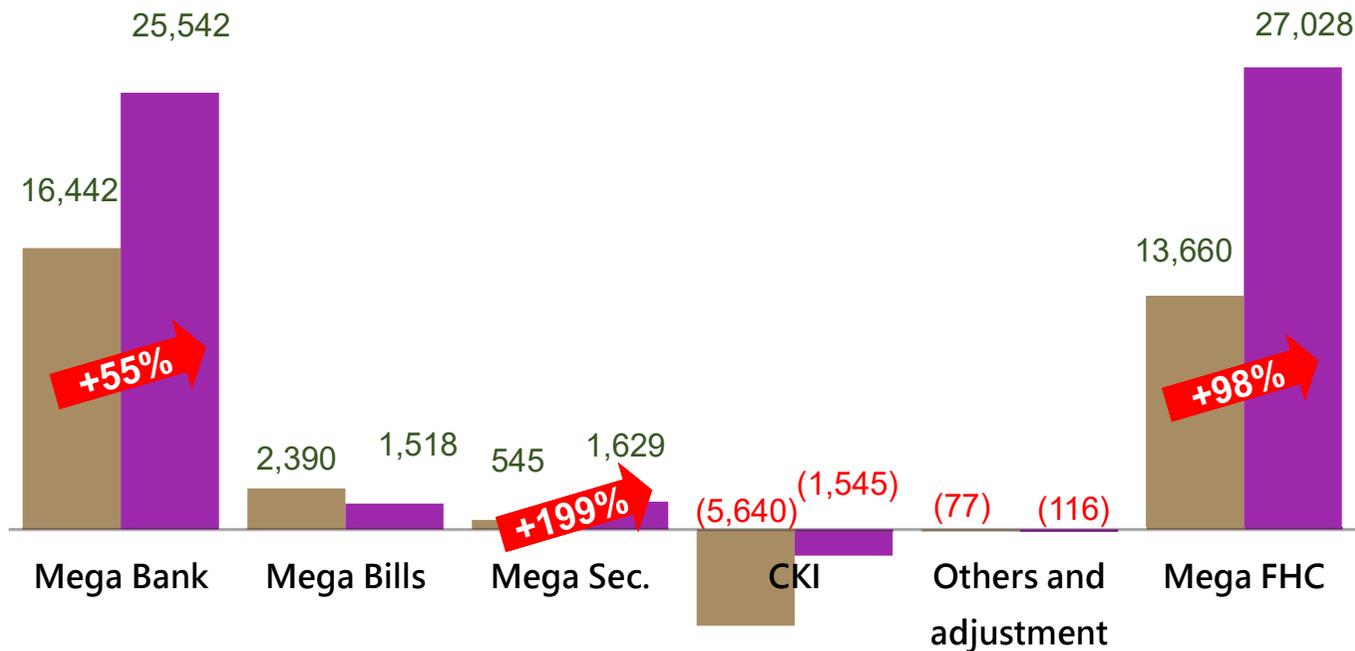


# Mega FHC 1~3Q/23 earning were up 98% YoY

## Mega FHC & Subs. 1-3Q/23 earning trend

Unit: NT\$MN

■ 1-3Q/2022 ■ 1-3Q/2023\*



\* 1-3Q / 23 are audited numbers



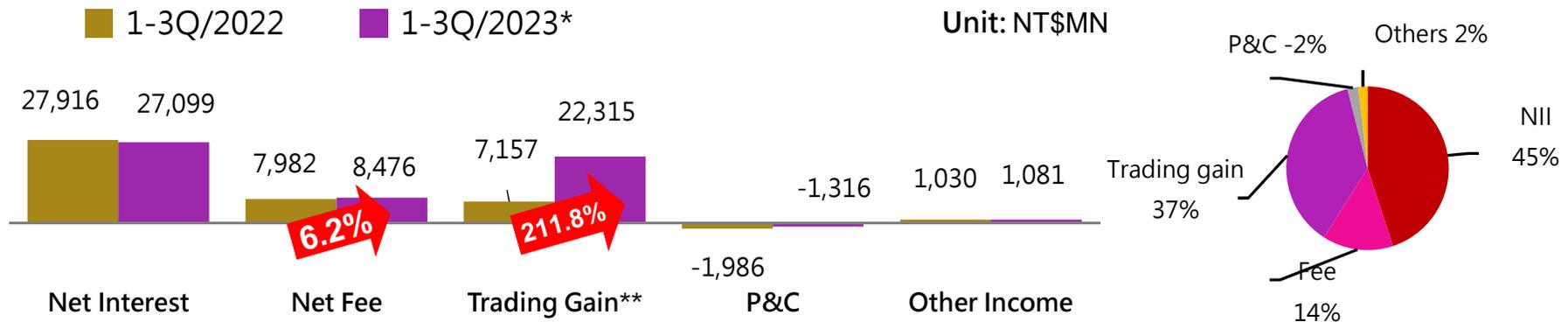
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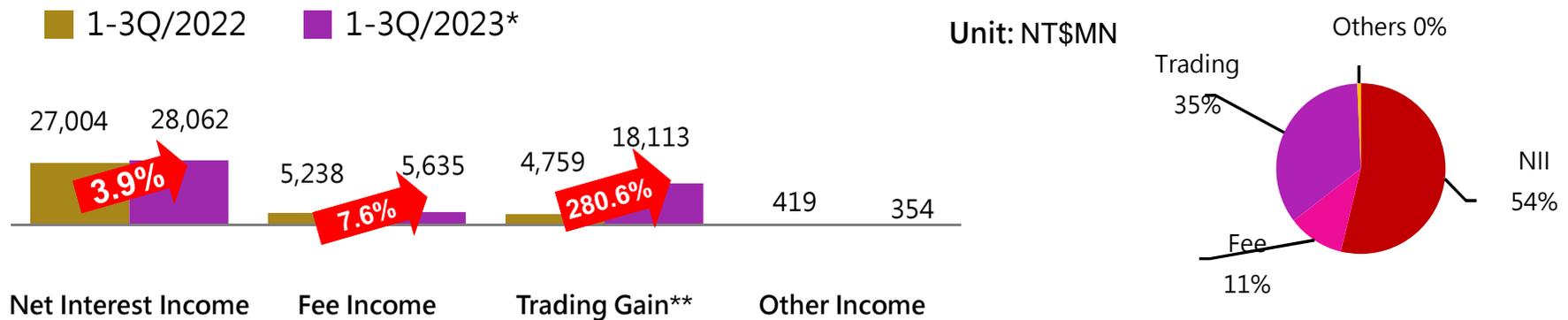


# Core earnings were up; trading gain jumped higher

## Mega FHC 1-3Q/23 net revenue breakdown\*



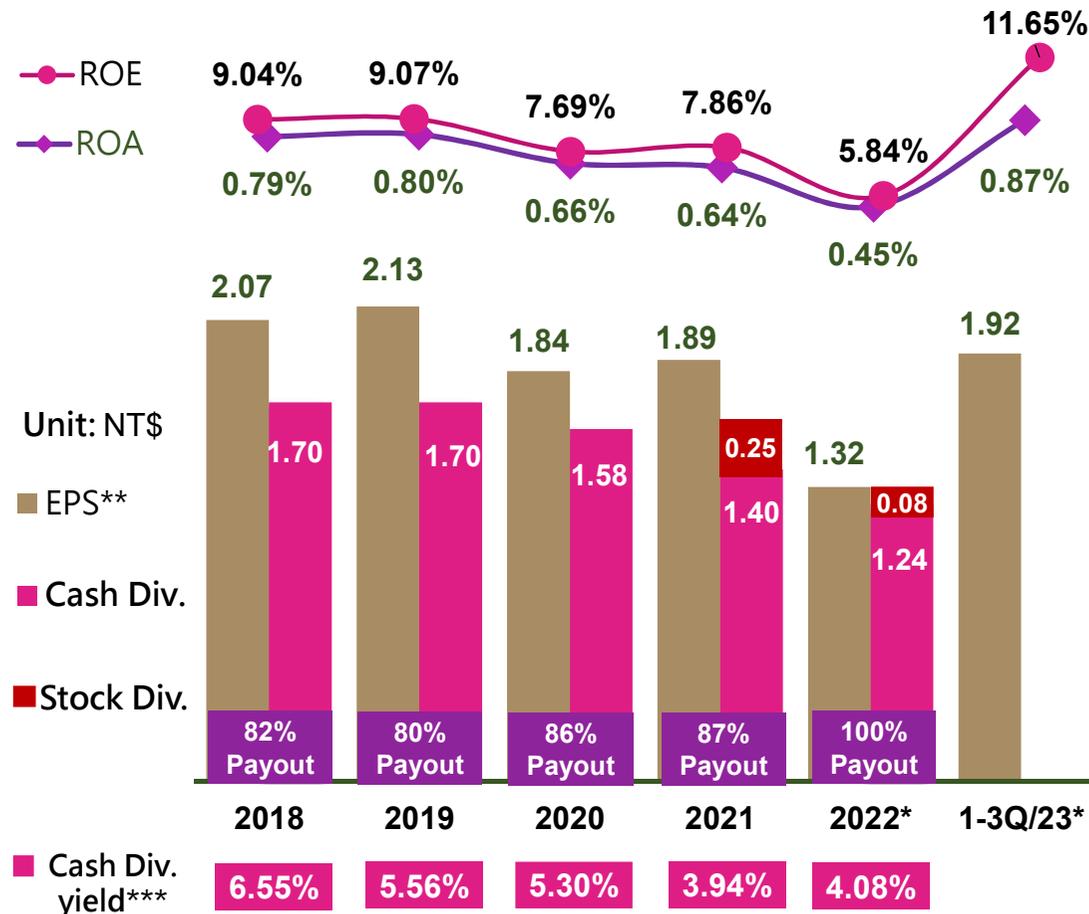
## Mega Bank 1-3Q/23 net revenue breakdown\*



\* 1-3Q / 23 are audited numbers

# 1-3Q/23 ROE reached 11.65%

## 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.

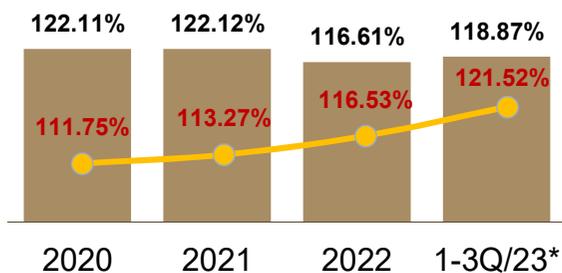
\* 1-3Q/23 are audited numbers; ROE and ROA are annualized numbers.  
 \*\* Historical EPS were not adjusted for forward looking stock dividend distribution.  
 \*\*\* Cash dividend yield = cash dividend / last trading day share price of that year

# Strong capital position

## Mega FHC

Moody's: A2

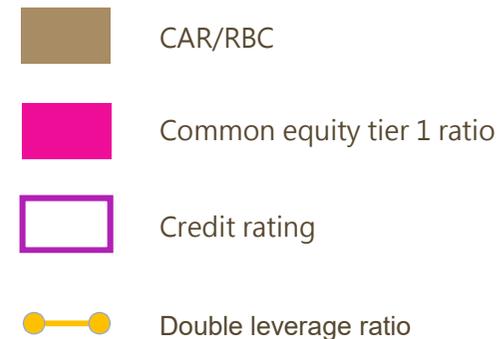
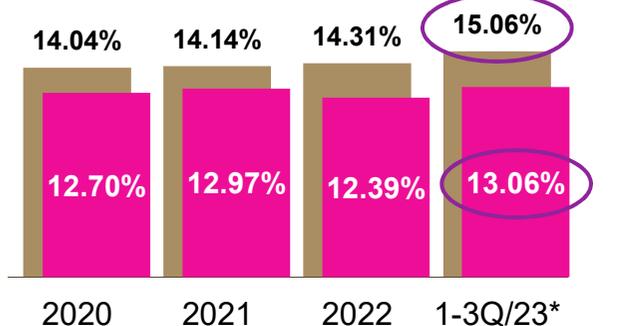
CAR Requirement : 100%



## Mega Bank

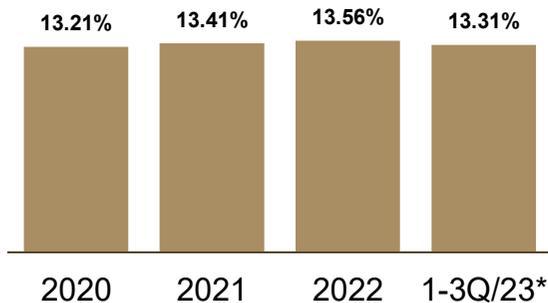
Moody's: A1 / S&P: A+

D-sib requires: CAR: 13.50%  
CET1: 10.00%



## Mega Bills

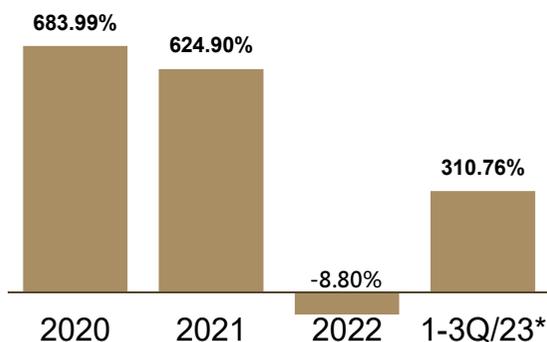
Requirement : 8.0%



## CKI P&C

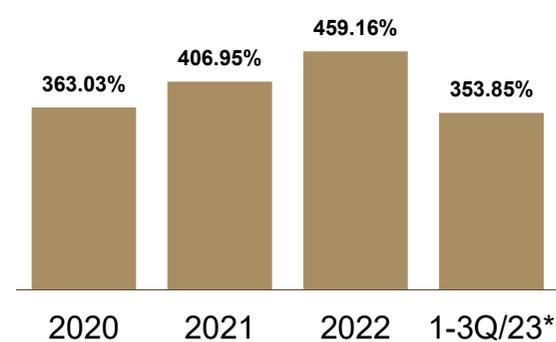
Moody's: A3 / S&P: A-

Requirement : 200%



## Mega Securities

Requirement : 150%



\*1-3Q/23 are un-audited numbers



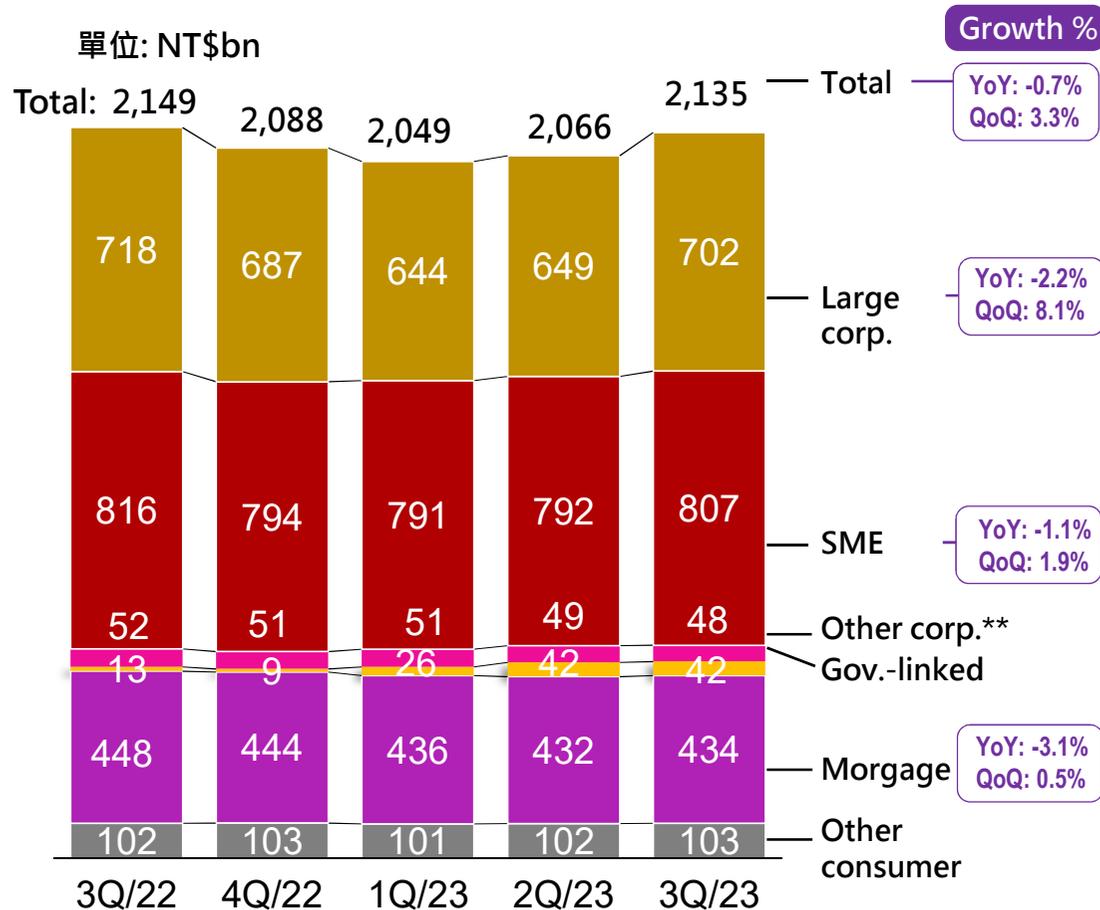
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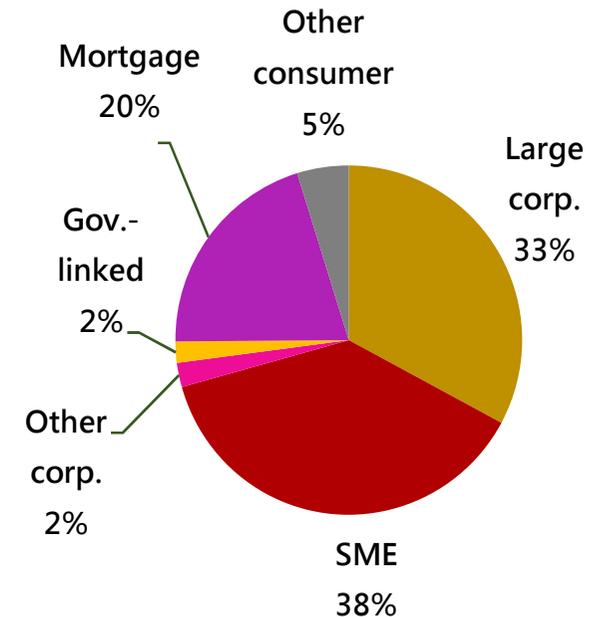


# 3Q/23 total loan were up 3.3% YoY, driven by large corp. and SEM loan growth

## Mega Bank quarterly loan balance\*



## Mega Bank 3Q/23 loan breakdown by customers

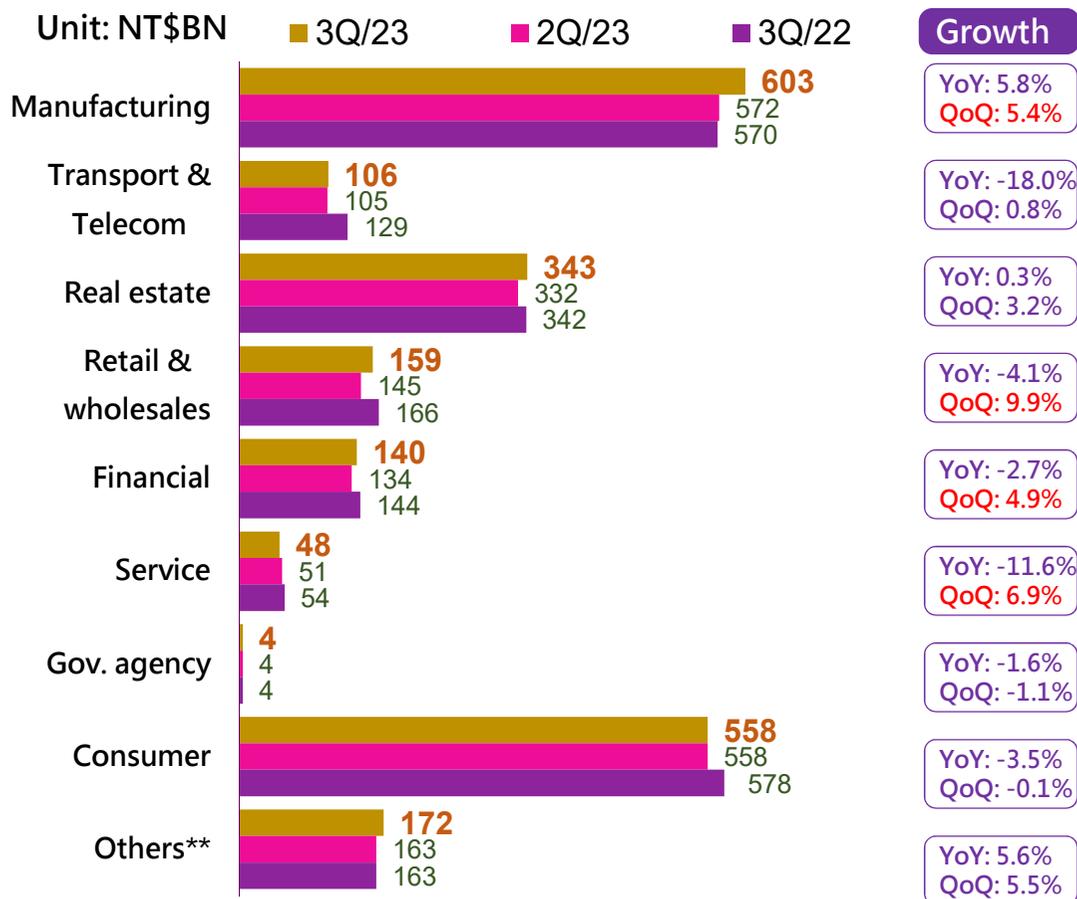


\* Mega Bank quarterly end balance, internal numbers; includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

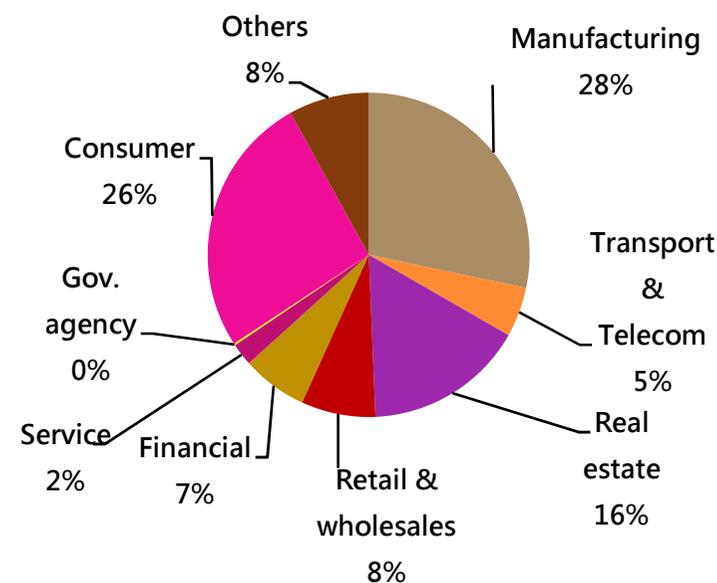
\*\* Includes Gov-linked Non-Profit Organization and etc.

# 3Q/23 manufacturing, retail/wholesales, financial and service industry loan were up

## Mega Bank loan balance trend by industry\*



## 3Q/23 loan breakdown by industry\*



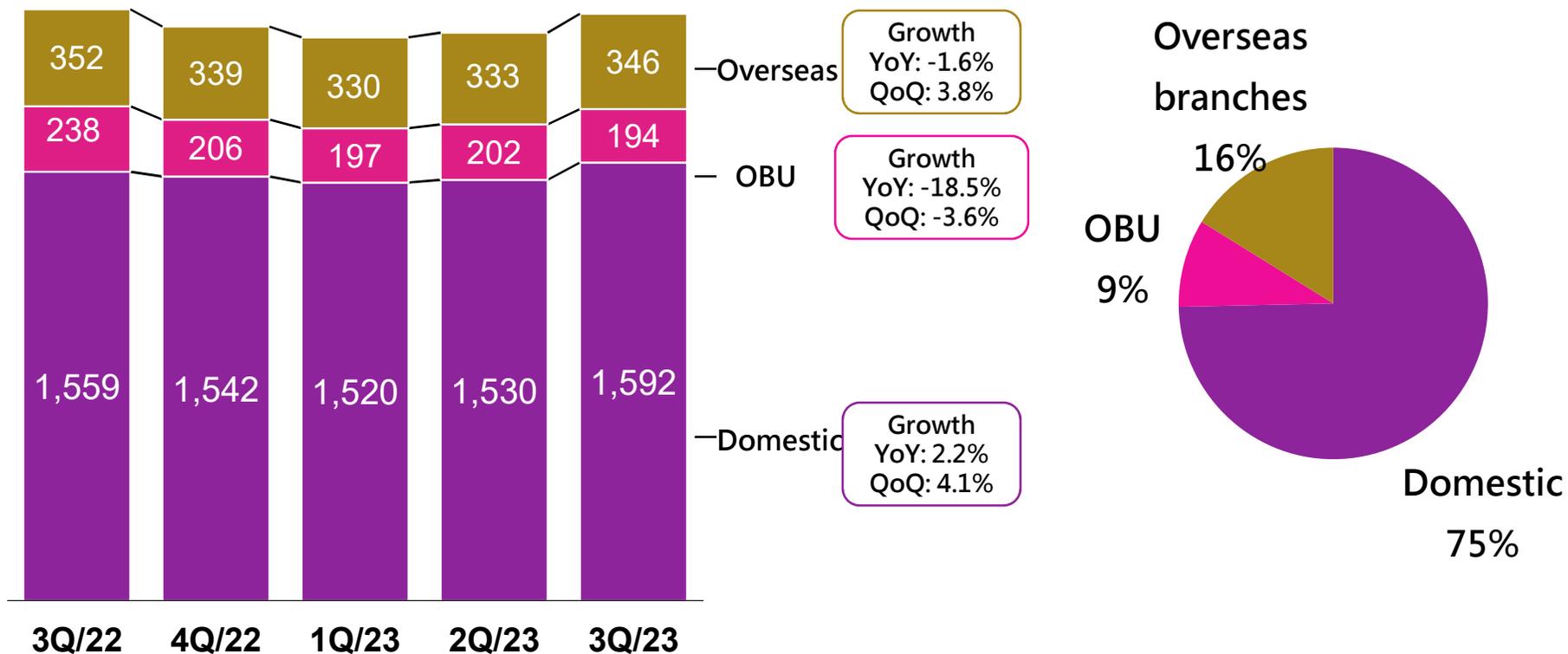
\* Mega Bank internal numbers, includes loan, factoring, A/R financing, L/C, credit card revolving and non-accrual loan but excludes guarantee.

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

# 3Q/23 overseas branches and domestic loans gained traction

## Mega Bank 3Q/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.

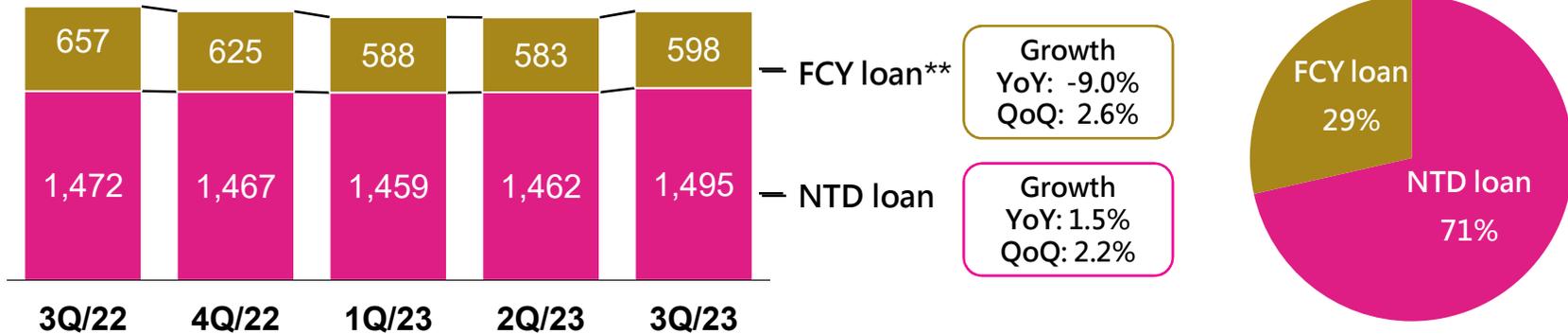
\*\* OBU stands for Off-shore Banking Unit



# FCY loan demand bounced back up

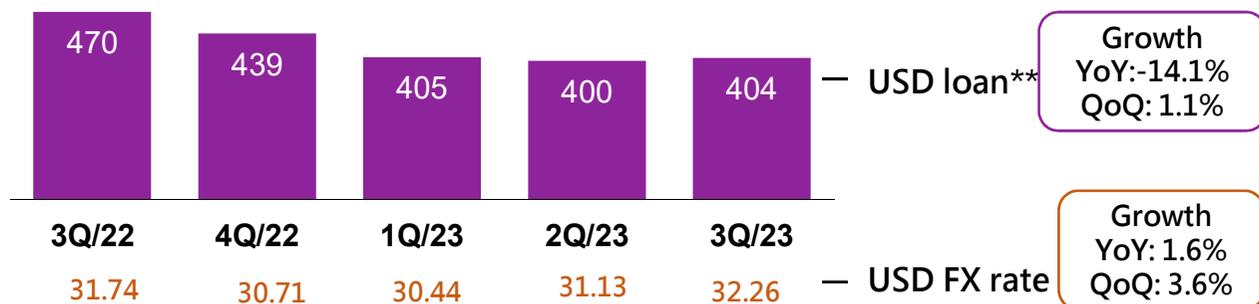
## Mega Bank 3Q/23 loan breakdown by currency: NTD vs. foreign currency loan \*

Unit: NT\$BN



## Mega Bank USD Loan balance\*

Unit: NT\$ billion



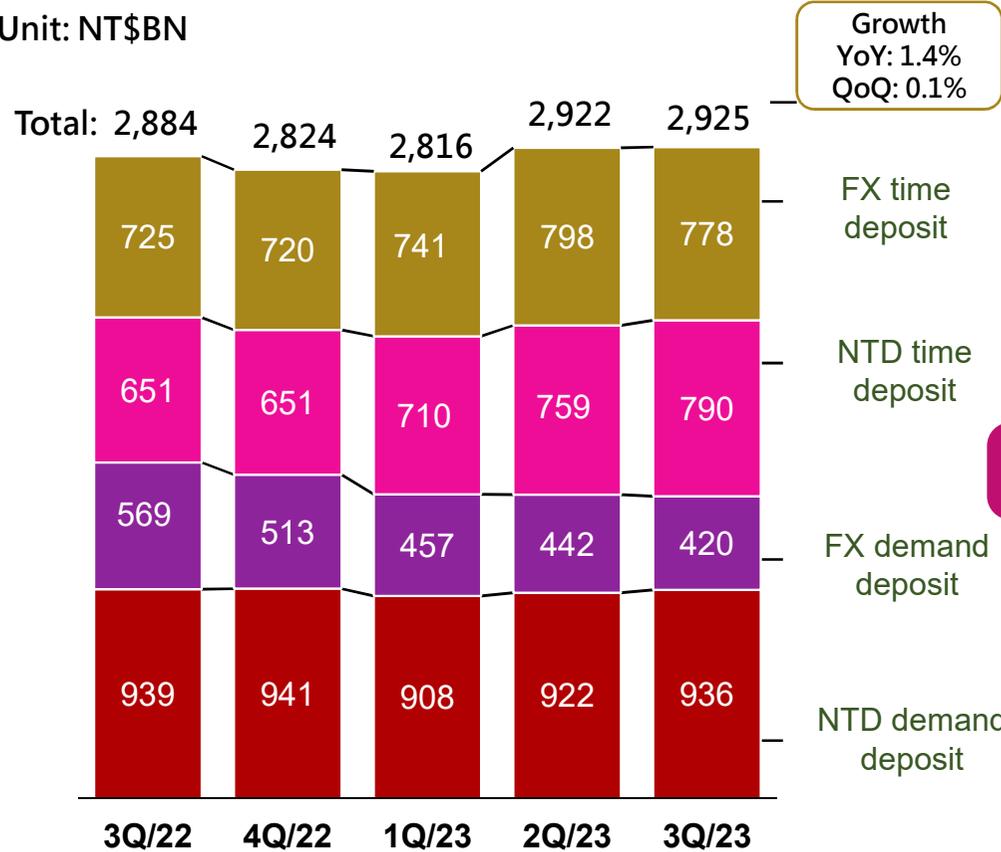
\* Mega Bank quarterly average balance, internal numbers; includes loan, factoring, A/R financing, L/C, and non-accrual loan but excludes credit card & guarantee.

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

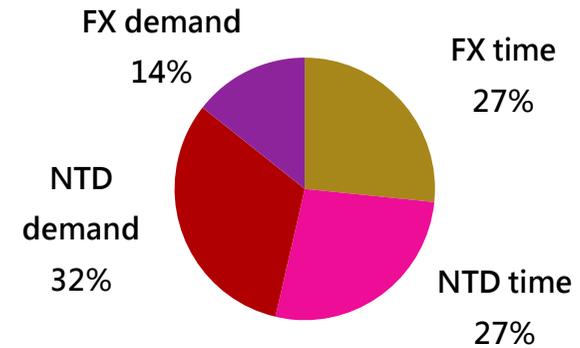
# FCY deposit growth stablized

## Mega Bank deposit balance \*

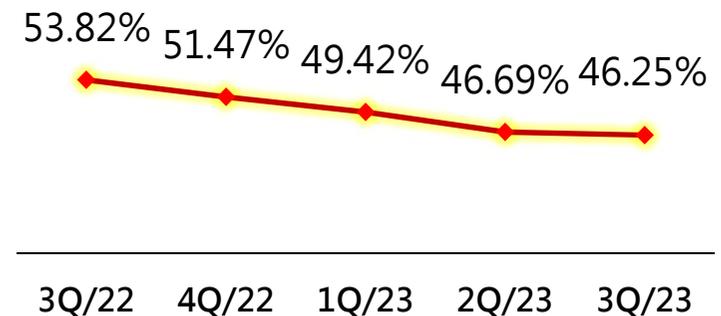
Unit: NT\$BN



## Mega Bank 3Q/23 deposit breakdown



## Mega Bank demand deposit % trend



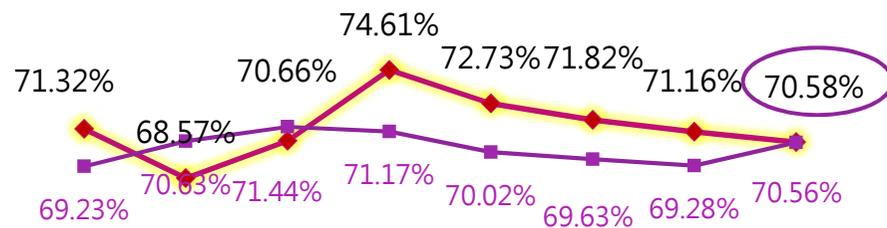
\* Excludes interbank deposit, Central Bank deposit & Chunghwa Post re-deposit ; internal numbers.

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

# LDR trended down slightly

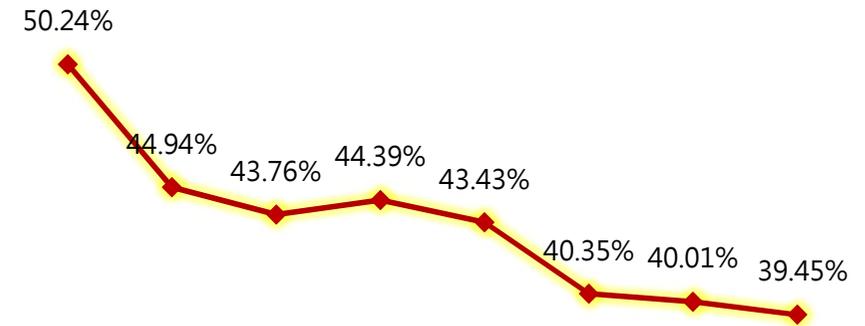
## Mega Bank's total LDR\*

◆ Mega LDR      ■ Industry LDR\*\*\*



4Q/21 1Q/22 2Q/22 3Q/22 4Q/22 1Q/23 2Q/23 3Q/23

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



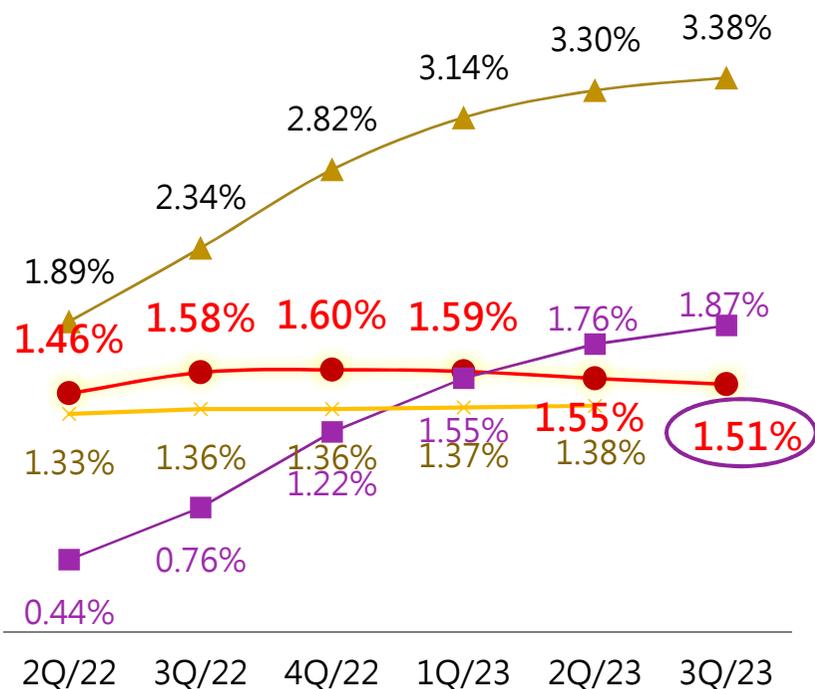
4Q/21 1Q/22 2Q/22 3Q/22 4Q/22 1Q/23 2Q/23 3Q/23

\* 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

# 3Q/23 overseas loan interest spread expanded higher

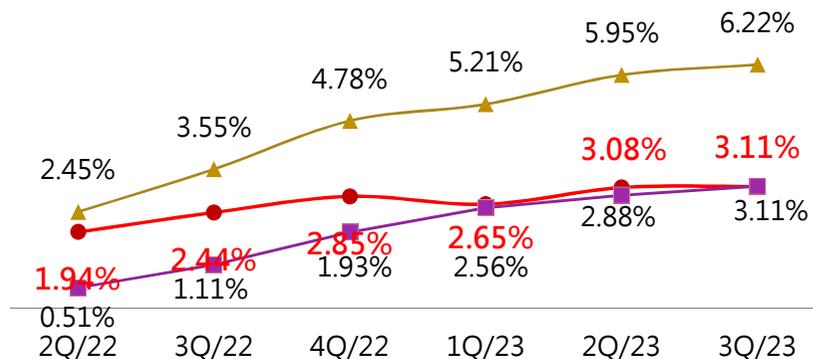
## Mega Bank total loan interest spread\*

● Spread ▲ Yield ■ Cost ✕ Industry spread \*\*



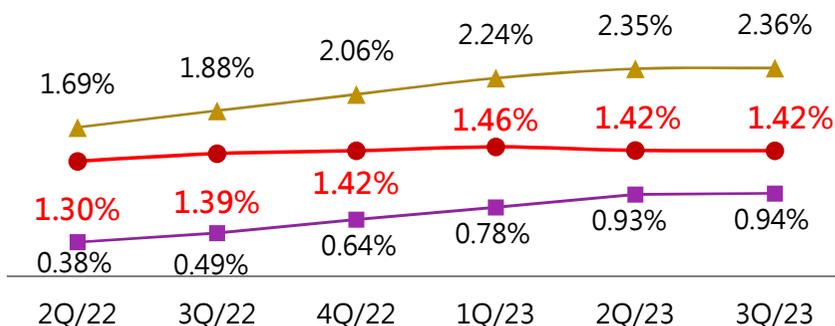
## Mega Bank overseas loan interest spread\*

● 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

# 3Q/23 NTD NIM remained stable; strong AIEA growth was weighing on the NIM

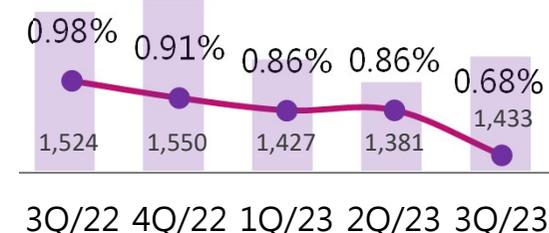
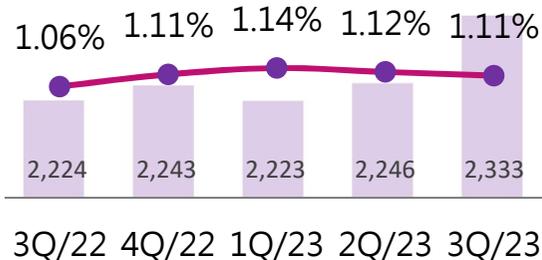
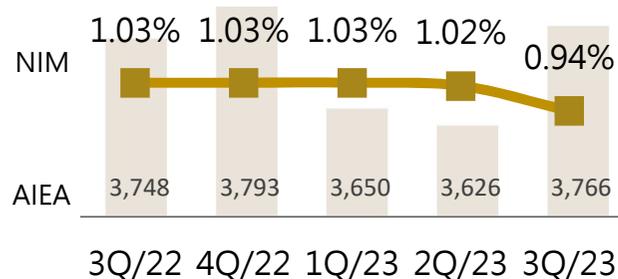
## Mega Bank quarter NIM and average interest earning assets\*

Unit: NT\$BN / %

Overall

NTD

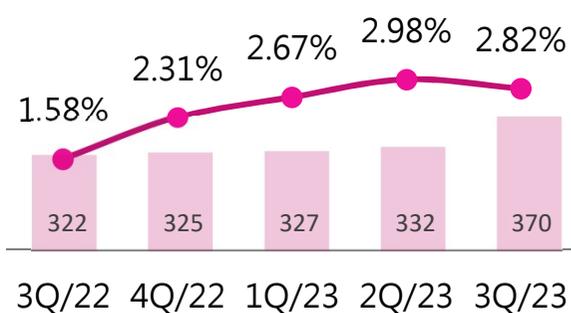
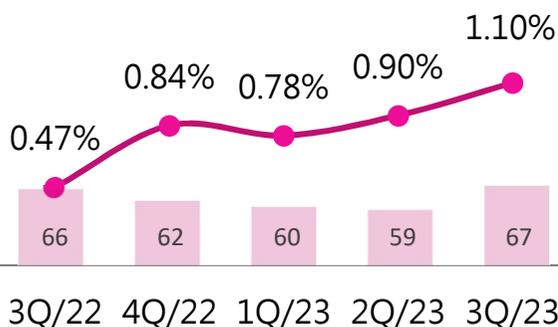
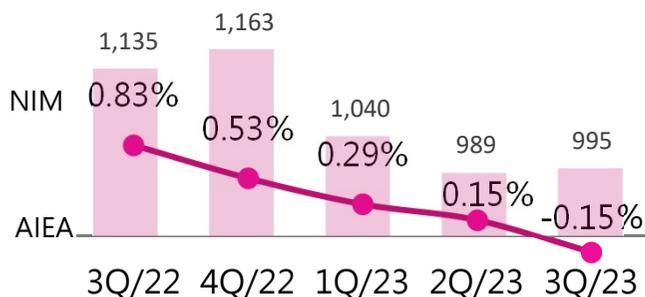
FCY



USD

RMB

Other FCY

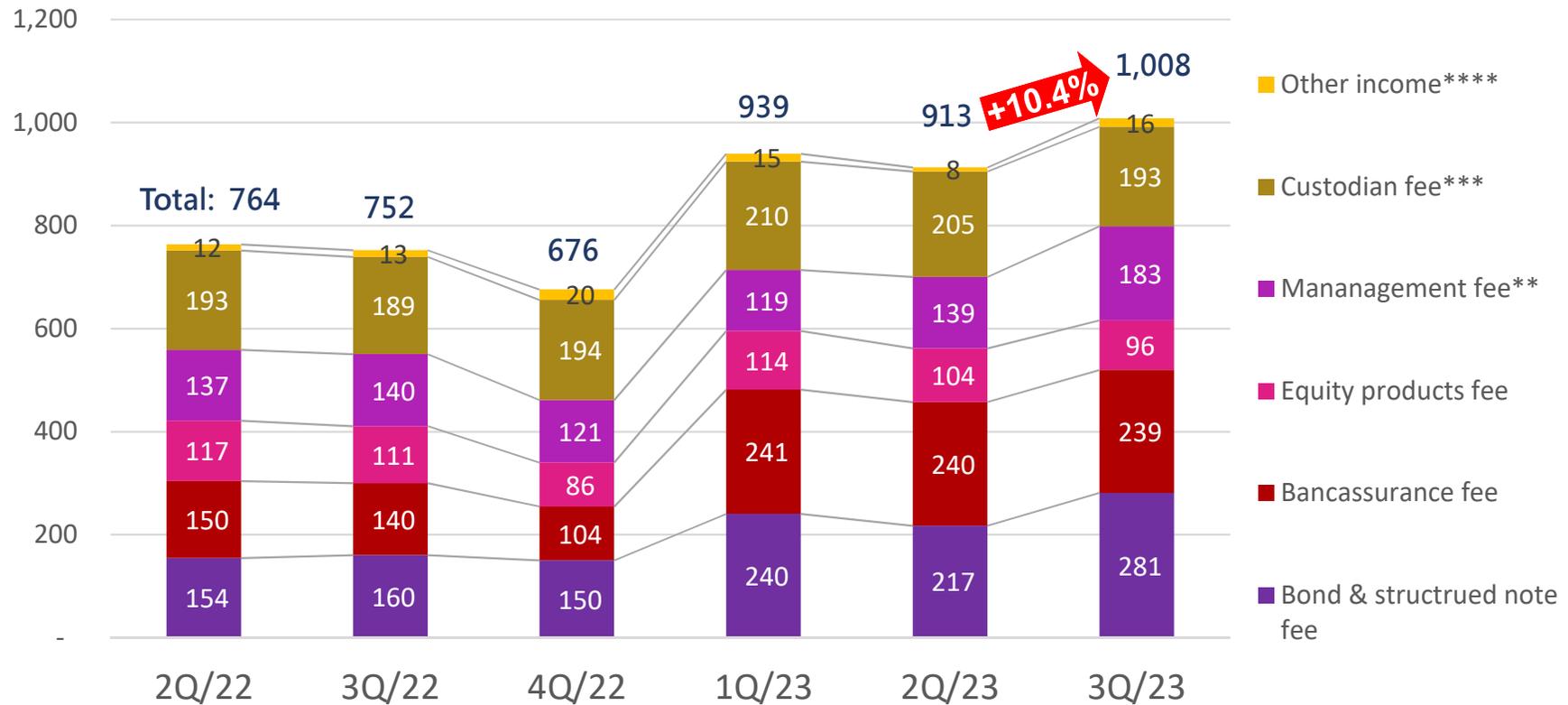


\* NIM = annualized net interest income / average interest earning assets (AIEA) of that quarter; internal numbers; Unit: NT\$BN / %

# 3Q/23 WM fee was up 10.4% 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.

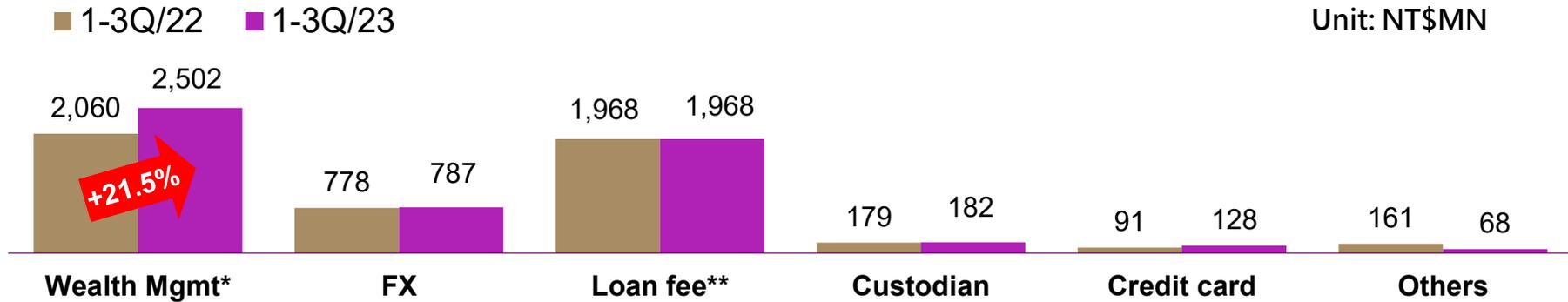
\*\*\* Custodian acc. fee associated with WM biz

\*\*\*\* Includes FX spread gain and etc.



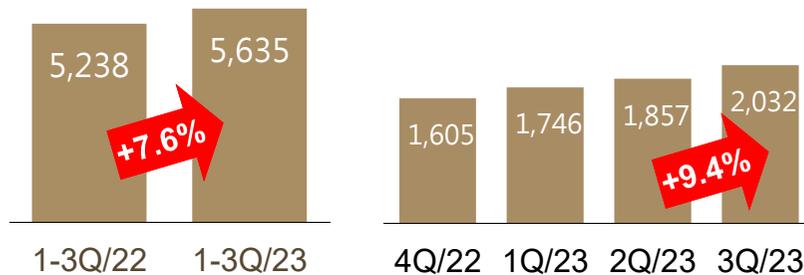
# 3Q/23 bank fee income was up 9.4% QoQ

## Mega Bank net fee breakdown

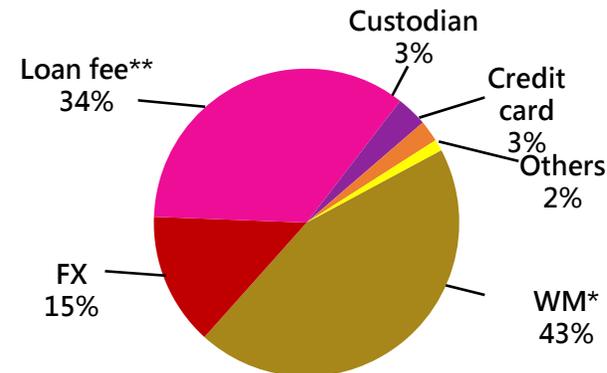


## Mega Bank net fee trend\*\*\*

Unit: NT\$MN



## Mega Bank 1-3Q/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

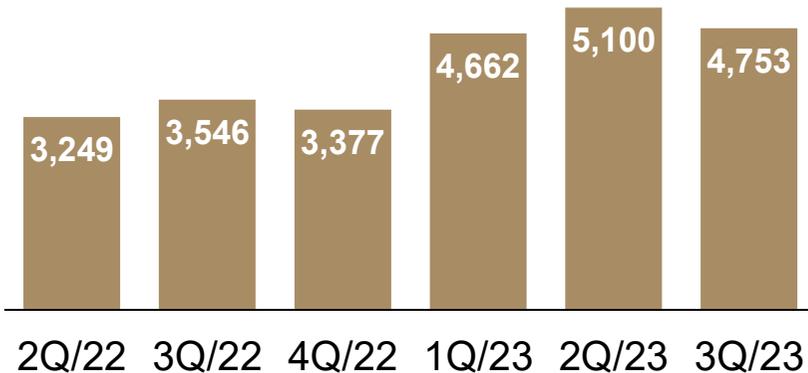
\*\*\*Total net fees are audited numbers.

# NPL ratio was down; coverage was up

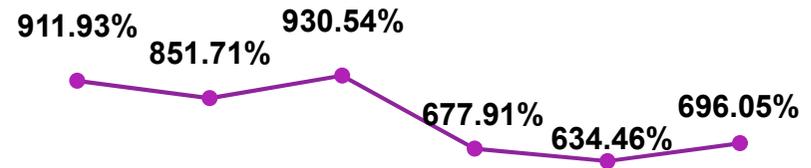
Mega Bank NPL balance & NPL ratio



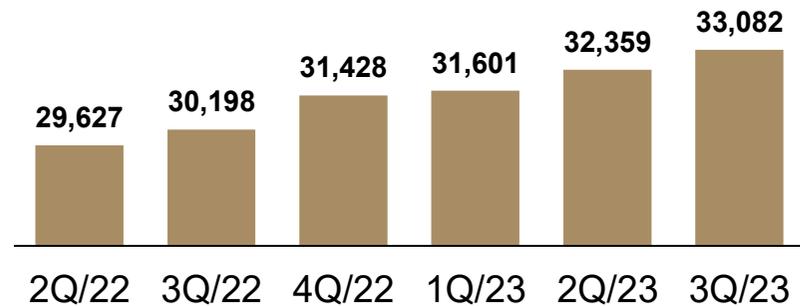
Unit: NT\$MN



Mega Bank loan loss reserved and coverage ratio

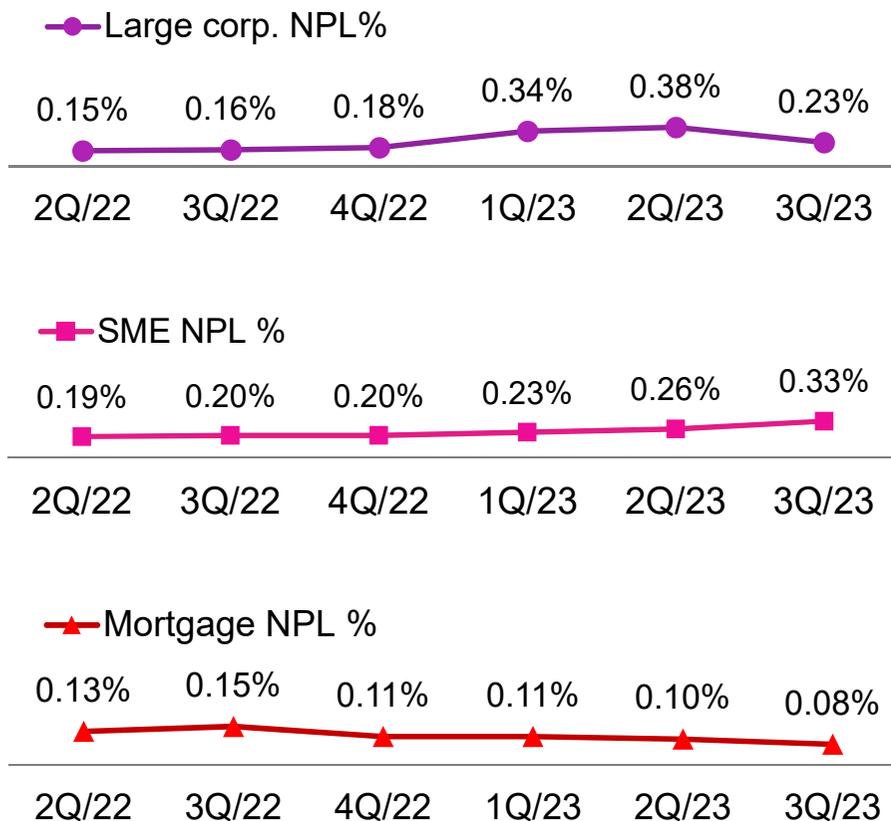


Unit: NT\$MN

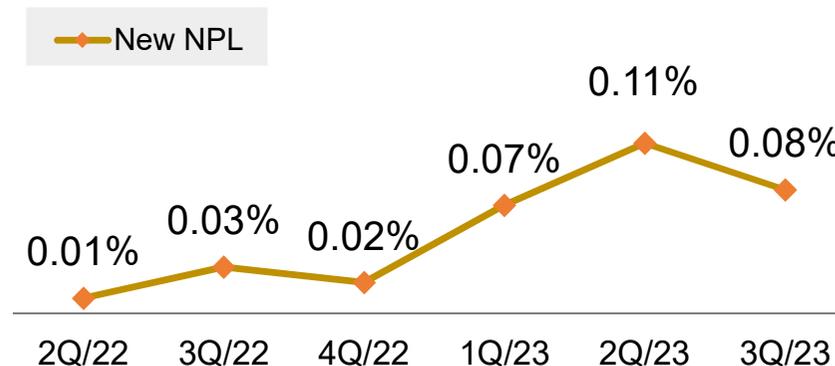


# NPL formation was down

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.



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# 1-3Q/2023 Mega FHC consolidated P&L statement

<i>Unit: NT\$MN; EPS: NT\$</i>	<b>1-3Q/2023*</b>	<b>1-3Q/2022</b>	<b>YoY</b>
Interest income	84,900,267,438	44,964,599,477	89%
Less: interest expense	57,801,144,209	17,048,414,721	239%
<b>Net interest revenue</b>	<b>27,099,123,229</b>	<b>27,916,184,756</b>	-3%
<b>Net revenue other than interest</b>	<b>30,555,802,841</b>	<b>14,182,983,001</b>	115%
Net fee and commissions	8,476,104,982	7,982,037,178	6%
Net insurance revenue	(1,316,027,322)	(1,985,530,509)	
Gain on financial assets and liabilities at fair value thru P&L	17,460,423,662	602,109,864	2800%
Gain on investment property	16,775,148	16,195,835	4%
Realized gain on financial assets at fair value thru OCI	2,683,809,375	3,548,035,338	-24%
Gain/loss arising from derecognition of fin. assets measured at AC	2,435	(11,714,373)	-100%
Equity method profit/loss	(31,023,043)	(62,445,590)	-50%
Foreign exchange gains	2,223,338,956	2,671,885,342	-17%
Reversal of loss on assets	(40,664,588)	127,204,841	
Gain on reclassification under the overlay approach	2,207,037	265,275,868	-99%
Net other revenue other than interest income	1,080,856,199	1,029,929,207	5%
<b>Net revenue</b>	<b>57,654,926,070</b>	<b>42,099,167,757</b>	37%
Bad debts expense, guarantee provision	5,817,128,762	1,617,306,131	260%
Net change in provisions for insurance liabilities	(2,421,887,285)	3,228,813,338	
Operating expenses	24,312,163,084	22,003,035,237	10%
Profit from continuing operations before tax	29,947,521,509	15,250,013,051	96%
Income tax expense	(2,919,715,156)	(1,589,612,170)	84%
<b>Profit</b>	<b>27,027,806,353</b>	<b>13,660,400,881</b>	98%
EPS	1.92	0.98	96%

\* 1-3Q /23 are audited numbers

# 1-3Q/2023 Mega FHC consolidated balance sheet

Unit: NT\$MN	1-3Q/2023*	1-3Q/2022*	YoY
Cash and cash equivalents, net	72,566,790,076	91,199,205,864	-20%
Due from central bank and interbank assets	434,847,328,833	582,397,186,560	-25%
Financial assets at fair value thru P&L	231,594,363,309	212,756,013,940	9%
Financial assets at fair value thru OCI	562,101,980,167	552,306,946,697	2%
Investments in debts at amortized cost	643,696,013,807	561,517,687,117	15%
REPO securities	500,000,000	1,135,045,682	-56%
Receivables	107,240,915,403	126,767,327,327	-15%
Current tax assets	341,897,388	330,003,373	4%
Held for sale assets	-	28,192,727	-
Loans	2,121,879,428,022	2,140,936,313,655	-1%
Other assets	69,221,786,632	66,503,028,396	4%
<b>Total Assets</b>	<b>4,243,990,503,637</b>	<b>4,335,876,951,338</b>	<b>-2%</b>
Deposits from central bank and banks	504,353,012,377	540,856,015,362	-7%
Due to central bank and banks	3,143,497,050	18,980,222,205	-83%
Financial liabilities at fair value thru P&L	25,098,069,497	23,051,779,363	9%
Securities sold under repurchase agreements	281,982,039,370	295,225,273,500	-4%
Commercial paper issued	39,686,565,735	23,170,094,976	71%
Payable	95,340,707,205	94,085,721,162	1%
Current tax liabilities	10,919,650,682	11,208,069,609	-3%
Deposits and remittances	2,844,393,892,318	2,904,418,752,086	-2%
Bond payable	30,500,000,000	7,500,000,000	307%
Other liabilities	90,202,076,532	124,602,839,040	-28%
<b>Total Liabilities</b>	<b>3,925,619,510,766</b>	<b>4,043,098,767,303</b>	<b>-3%</b>
Common stock	140,513,381,380	139,398,195,820	1%
Capital surplus	68,194,233,375	68,194,233,375	0%
Retain earnings	117,024,154,699	102,880,021,229	14%
Other equity interest	(7,360,776,583)	(17,694,266,389)	-58%
<b>Total Equity</b>	<b>318,370,992,871</b>	<b>292,778,184,035</b>	<b>9%</b>

# 1-3Q/2023 Mega Bank consolidated P&L statement

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

	1-3Q/2023*	1-3Q/2022	YoY
Interest income	82,256,523,518	42,963,074,535	91%
Less: interest expense	54,194,218,049	15,959,214,006	240%
<b>Net interest revenue</b>	<b>28,062,305,469</b>	<b>27,003,860,529</b>	4%
<b>Net revenue other than interest</b>	<b>24,101,652,614</b>	<b>10,440,001,908</b>	131%
Net fee and commissions	5,634,819,100	5,237,606,221	8%
Gain on financial assets and liabilities at fair value thru P&L	14,137,003,556	(26,270,692) -	
Realized gain on financial assets at fair value thru OCI	1,895,911,364	2,329,314,953	-19%
Gain/loss arising from derecognition of fin. assets measured at AC	2,435	(11,714,373) -	
Equity method profit/loss	(32,196,444)	(69,048,137) -	
Foreign exchange gains	2,136,808,769	2,450,645,321	-13%
Reversal of loss on assets	(28,360,630)	119,147,135 -	
Net other revenue other than interest income	357,664,464	410,321,480	-13%
<b>Net revenue</b>	<b>52,163,958,083</b>	<b>37,443,862,437</b>	39%
Bad debts expense, guarantee provision	3,397,440,648	1,721,962,783	97%
Operating expenses	19,665,085,379	17,815,022,223	10%
Profit from continuing operations before tax	29,101,432,056	17,906,877,431	63%
Income tax expense	(3,559,572,218)	(1,464,741,158)	143%
<b>Profit</b>	<b>25,541,859,838</b>	<b>16,442,136,273</b>	55%

\* 1-3Q /2023 are audited numbers

# 1-3Q/2023 Mega Bank consolidated balance sheet

Unit: NT\$MN	1-3Q/2023*	1-3Q/2022*	YoY
Cash and cash equivalents, net	67,275,813,654	86,257,865,991	-22%
Due from central bank and interbank assets	440,247,328,833	585,197,186,560	-25%
Financial assets at fair value thru P&L	59,647,512,693	59,521,306,100	0%
Financial assets at fair value thru OCI	410,541,303,587	428,437,569,282	-4%
Investments in debts at amortized cost	638,846,408,029	556,835,568,776	15%
REPO securities	5,039,024,408	2,007,952,682	151%
Receivables	56,798,792,474	79,807,280,987	-29%
Current tax assets	17,812,611	6,103,022	192%
Loans	2,121,879,428,022	2,140,936,313,655	-1%
Other assets	36,884,940,278	35,303,456,154	4%
<b>Total Assets</b>	<b>3,837,178,364,589</b>	<b>3,974,310,603,209</b>	-3%
Deposits from central bank and banks	487,096,718,377	532,124,176,862	-8%
Due to central bank and banks	3,143,497,050	18,980,222,205	-83%
Financial liabilities at fair value thru P&L	24,361,308,987	22,694,117,909	7%
Securities sold under repurchase agreements	34,619,166,869	75,910,503,913	-54%
Payable	42,276,504,151	45,631,402,399	-7%
Current tax liabilities	9,289,053,936	9,122,830,463	2%
Deposits and remittances	2,846,224,874,720	2,908,668,678,264	-2%
Bond payable	15,500,000,000	2,500,000,000	520%
Other liabilities	56,385,193,015	77,210,178,496	-27%
<b>Total Liabilities</b>	<b>3,518,896,317,105</b>	<b>3,692,842,110,511</b>	-5%
Common stock	85,362,336,310	85,362,336,310	0%
Capital surplus	62,219,539,563	62,219,539,563	0%
Retain earnings	177,857,350,213	148,266,783,794	20%
Other equity interest	(7,157,178,602)	(14,380,166,969)	-50%
<b>Total Equity</b>	<b>318,282,047,484</b>	<b>281,468,492,698</b>	13%

# 39 offices in 18 countries/areas; 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