

Confidential



Shin Kong Financial Holding

Q3 2009 Results Update

October 29, 2009

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Figures in this presentation and the presentation materials distributed herewith are preliminary numbers.

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Life Premium Summary

SKFH – 9M 2009 Overview

- SKFH recorded a profit of NT\$0.46bn in Q3, up 2,973.3% QoQ. After-tax loss in 9M decreased to NT\$0.16bn. EPS was -NT\$0.02.
- Excluding one-off items such as CDO/CBO losses (NT\$3.52bn) and DTA adjustment (NT\$1.00bn), profit would have been NT\$4.36bn.
- Investment income continued to improve; 9M annualized investment return was 4.12%, higher than 3.64% in 1H 2009.
- Tight control of expenses
 - SKL: Operating expenses were 23.6% lower than 9M08
 - SKB: Operating expenses decreased 12.1% year-on-year
- Capital enhancement plans successfully executed; shareholders' equity grew strongly
 - NT\$13.13bn GDRs successfully issued in July
 - NT\$5.3bn rights issue priced on 10/6 at NT\$10.6 per share. New shares expected to be issued before the end of 2009. Combined with the GDR, overall capital raised will reach NT\$18bn as originally planned
 - All capital adequacy ratios of SKFH and subsidiaries were above regulatory requirements as of the end of June 2009
 - As of the end of September, consolidated shareholders' equity of SKFH was NT\$85.29bn, 51.8% higher compared to the end of 2008

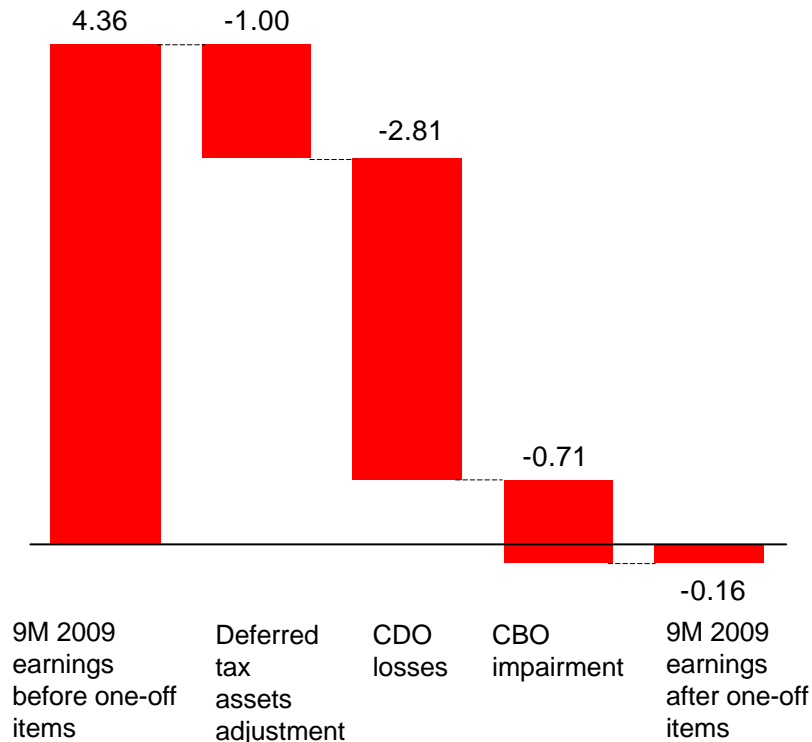
Financial Highlights – 9M 2009

	9M 2008	9M 2009	YoY Growth
NT\$m (except per share data), %			
Group net income	-11,320	-161	-
First year premium (Insurance)	72,285	52,462	-27.4%
Loans (Bank)	285,412	284,439	-0.3%
Total assets	1,748,108	1,878,559	7.5%
Total shareholders' equity	68,576	85,294	24.4%
ROA (unannualized)	-0.66%	0.05%	-
ROE (unannualized)	-13.74%	0.79%	-
Earnings per share	-2.06	-0.02	-

Net Income – 9M 2009

Group net income

NT\$bn



Net income contribution

NT\$bn

Subsidiaries	9M 09	9M 08
Shin Kong Life	-1.04	-11.04
Shin Kong Bank	0.45	0.20
Shin Kong Securities	0.27	-0.26
Shin Kong Investment Trust	0.01	-0.03
Shin Kong Insurance Brokers	0.05	0.04
Others ⁽¹⁾	0.10	-0.23
Net income	-0.16	-11.32

Note:

(1) Include other income of SKFH, income taxes, and profit from Masterlink Securities

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SKL – 9M 2009 Overview

- Driven by improving investment income and lower expenses, SKL returned to profitability in Q3 and recorded a profit of NT\$0.28bn. 9M after-tax loss shrank to NT\$1.04bn. ROE was -3.4%. Excluding one-off items, after-tax profit would have been NT\$3.48bn.
- FYP was NT\$52.46bn, down 27.4% YoY. To maintain reasonable profit margin, growth rate was lower than market growth of -6.3%. Market share was 8.2%.
- Traditional and interest-sensitive products contributed 36.4% and 44.9% of FYP respectively. FYP from traditional products was NT\$19.11bn, up 246.6% YoY. Driven by strong sales of high-value health products, health premium grew by 424.1%; market share was 16.1%. Sales of investment linked products showed signs of recovery and contributed NT\$4.72bn in Q3 FYP as global markets stabilize.
- VNB grew strongly compared to the same period last year.
- 13-month persistency was 83.6%. 25-month persistency slightly improved to 81.6%.
- 9M 2009 annualized investment return significantly improved to 4.12% from 1.96% in 2008.
- Shareholders' equity improved from NT\$28.17bn in 1H to NT\$36.83bn, up 30.7% QoQ.
- A piece of land on Ying Tsai Road in Taichung was successfully auctioned in October. Capital gain of NT\$1.00bn will be recorded in Q4.

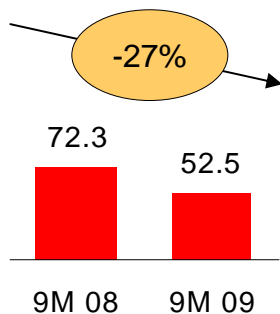
Financial Highlights – 9M 2009

	9M 2008	9M 2009	YoY Growth
NT\$mn, %			
First year premium	72,285	52,462	-27.4%
Total premium	156,677	133,389	-14.9%
Investment income	19,318	39,252	98.0%
Net income	-10,949	-1,038	-
Total assets	1,286,523	1,399,139	8.8%
Total shareholders' equity	35,237	36,826	4.5%
ROE (unannualized)	-24.77%	-3.37%	-
ROA (unannualized)	-0.87%	-0.08%	-

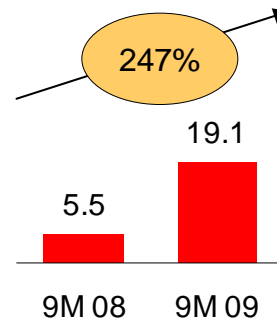
First Year Premium – 9M 2009

NT\$bn

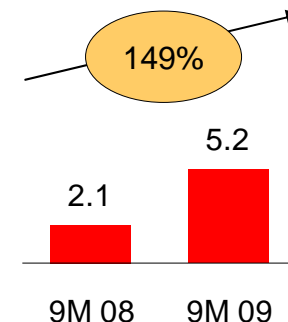
Market share 8.2%



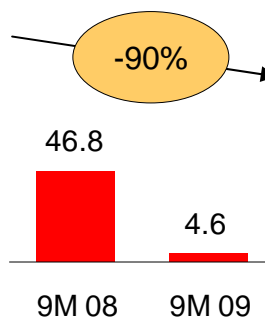
Traditional



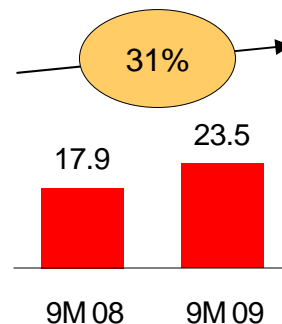
PA, Health and Group



Investment-linked



Interest-sensitive

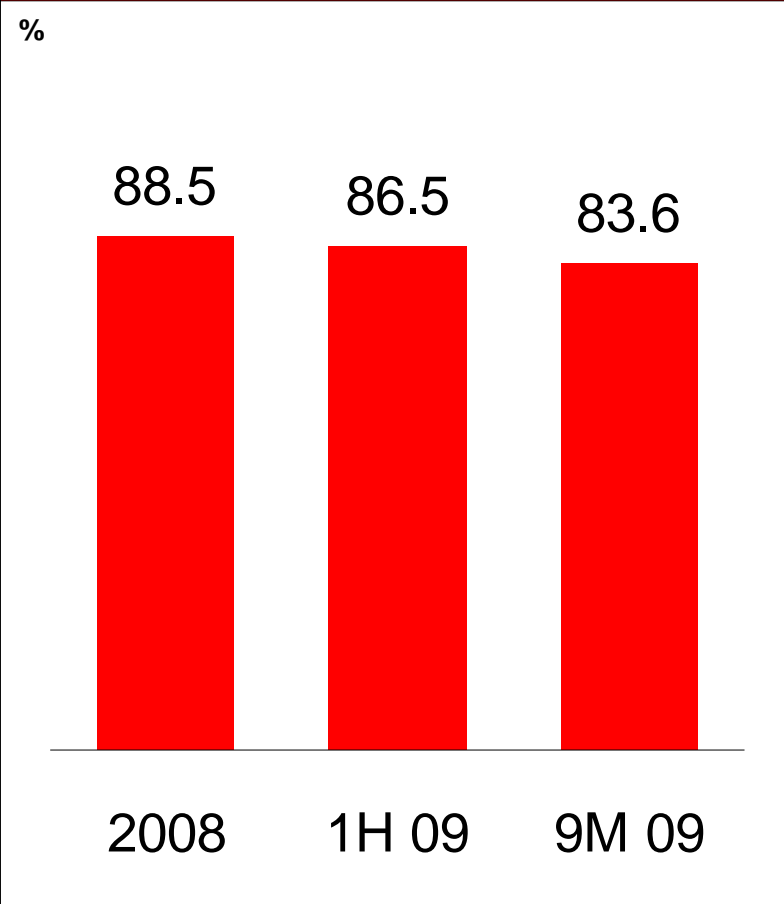


Comments

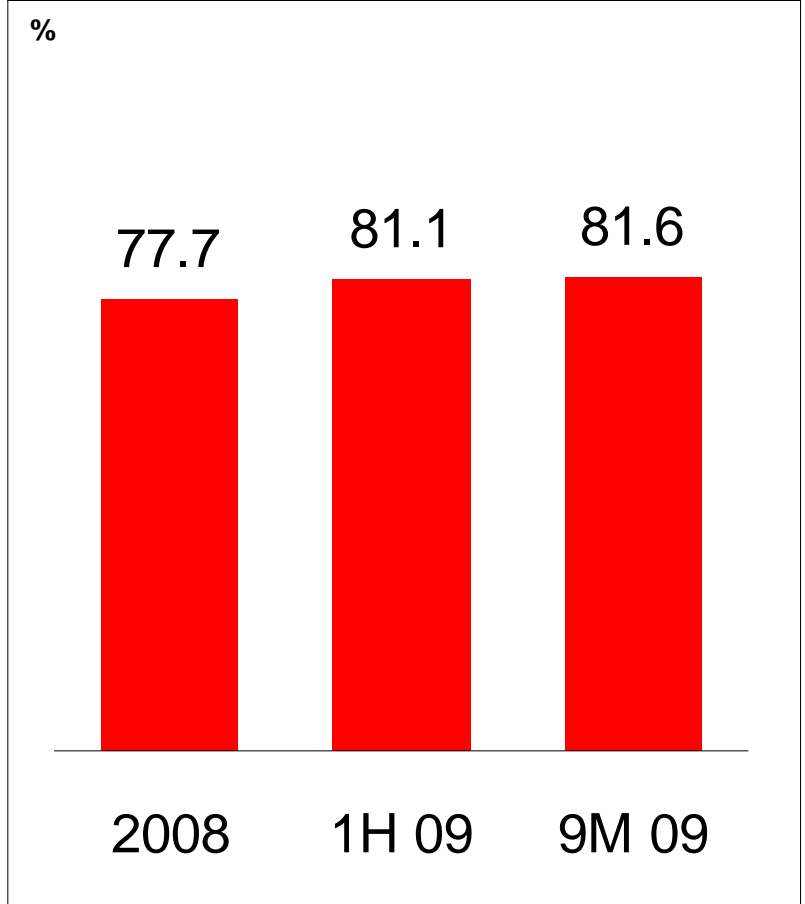
- To maintain reasonable profit margin, FYP was controlled at level lower than last year
- Traditional and interest-sensitive products contributed significant shares (36.4% and 44.9% respectively) of FYP
- Driven by global market recovery, sales of investment linked products recovered and contributed NT\$4.72bn in Q3 FYP
- Sales of high value health products remained strong. FYP growth was 424.1% YoY; market share was 16.1%

Persistency Ratio

13 month persistency



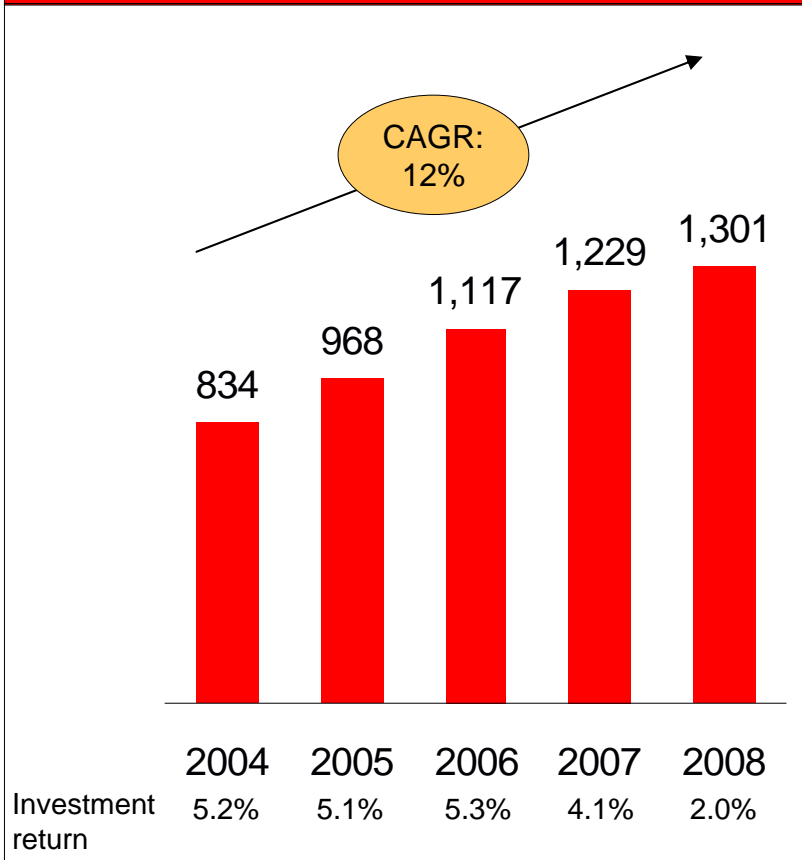
25 month persistency



Investment Portfolio

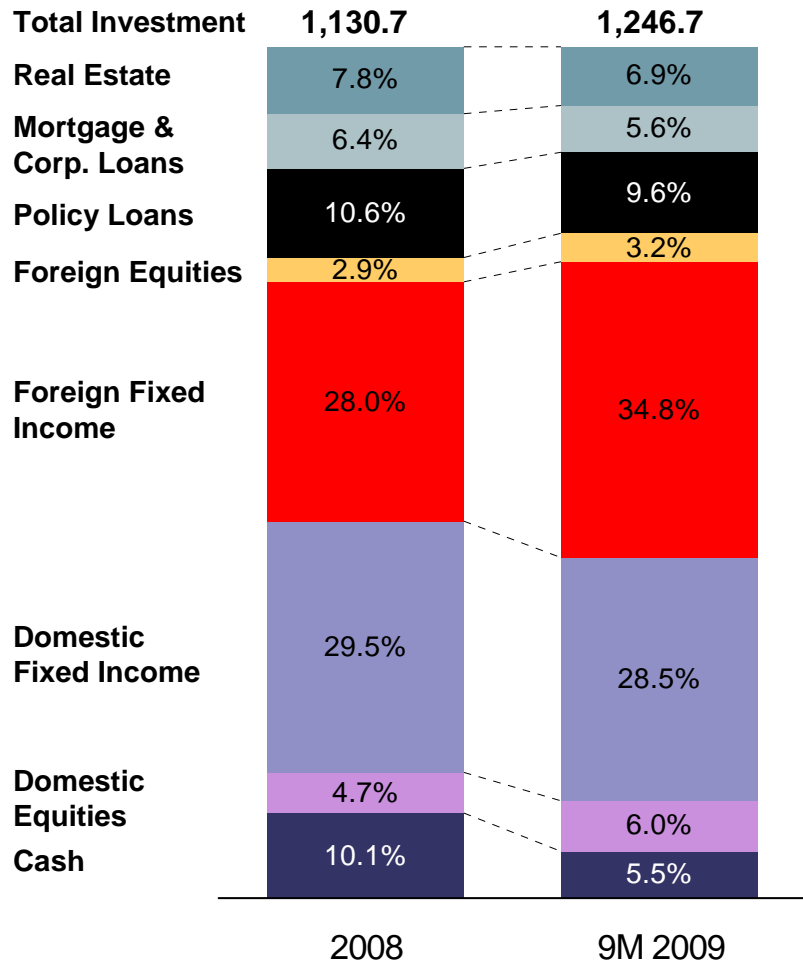
NT\$bn

Total Assets



Note:

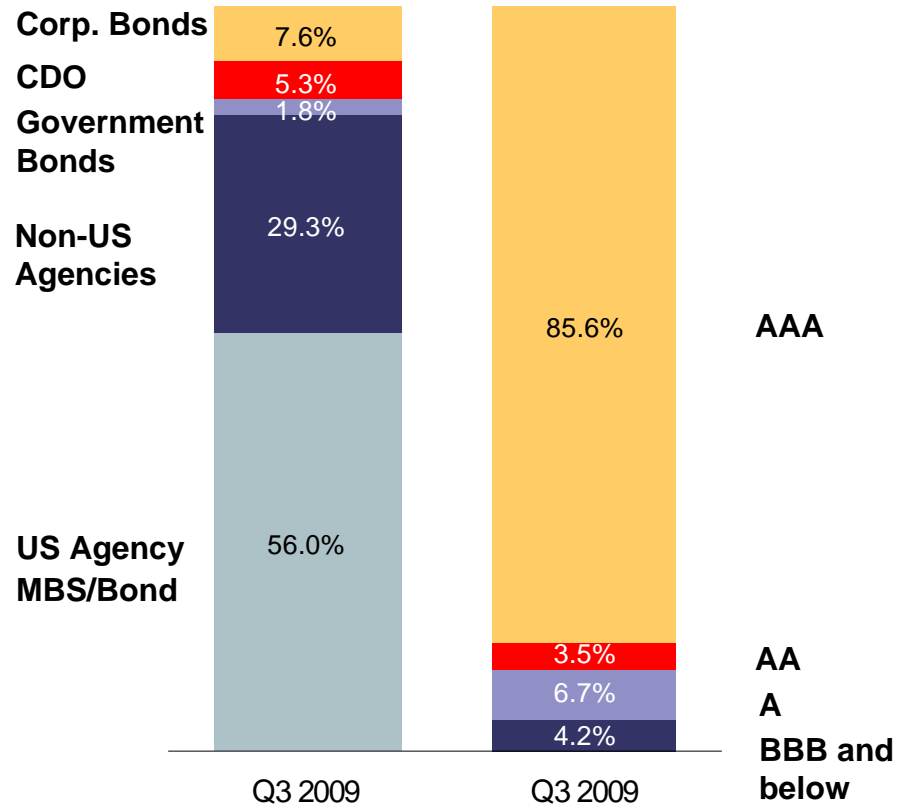
- (1) Due to rounding, asset allocation figures may not add up to 100%
- (2) Includes capital gains and FX hedging cost



Overseas Fixed Income – Limited Credit Risk

Overseas Fixed Income Portfolio

Total=NT\$434.1bn



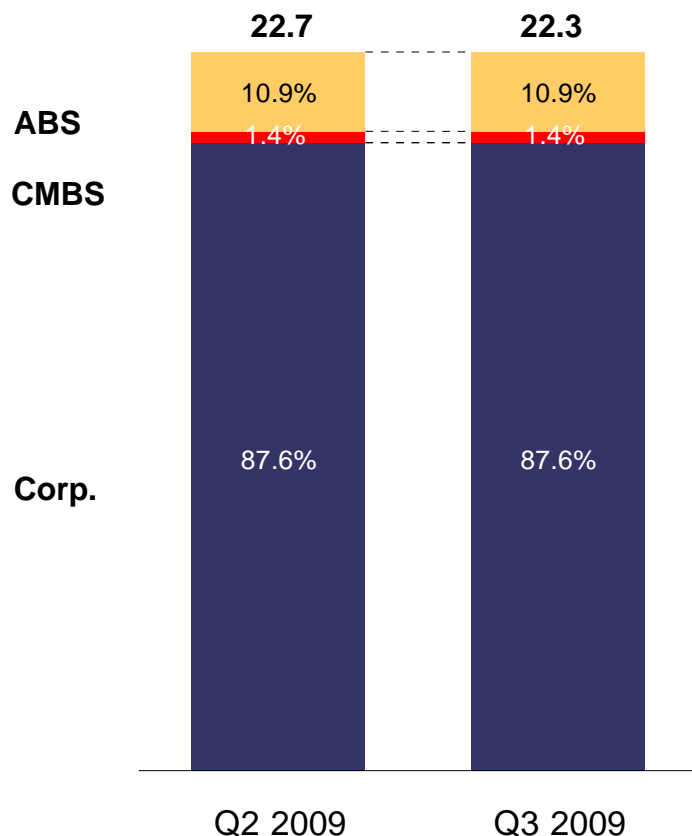
Comments

- Portfolio mainly comprises low risk investments such as government bonds, US Agency MBS/Bonds, and Non-US Agency Bonds
- AAA rated investments accounted for 85.6% of the portfolio. 95.8% of the portfolio is rated A and above. Overall credit risk exposure is very limited
- Corporate bond portfolio comprises leading investment grade names with stable credit quality (e.g., Dell, AT&T, Wal-Mart, IBM)

CDO Exposure

CDO Exposure

NT\$bn



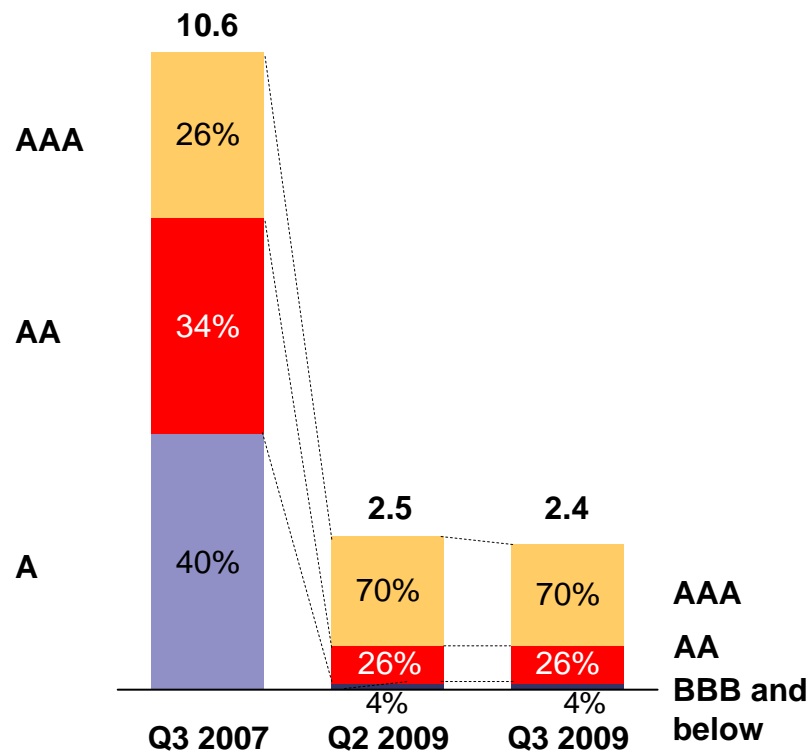
Comments

- 10.9% of CDOs were referenced to Asset Backed Securities which consist of RMBS, CMBS, auto loans, etc.
- Accounting treatment is 'no active market'
- Policy is to conduct impairment test when there is significant deterioration in credit quality (downgrade by more than 5 notches or to non-investment grade). No loss recognized in Q3 2009
- Total CDO exposure were NT\$22.26bn
- Due to deterioration in credit market, cumulative loss of NT\$1.49bn among corporate CDOs has been recorded. The company will proactively manage the portfolio and deploy necessary hedging strategies to minimize losses. Overall credit risk is expected to be manageable

ABS CDO Rating Distribution

ABS CDO Rating Distribution

NT\$bn

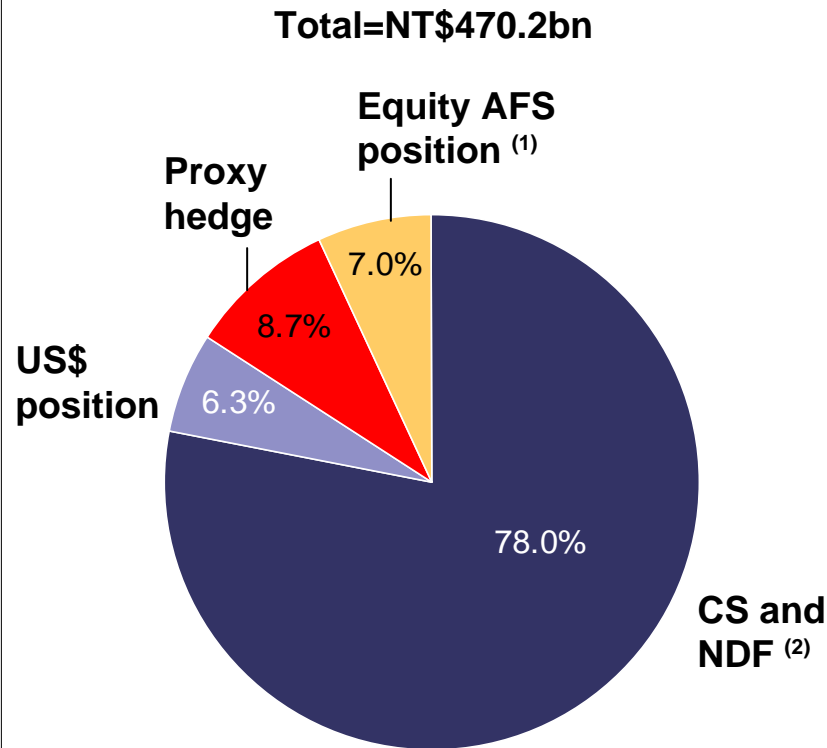


Comments

- 12.7% of ABS CDO assets are referenced to U.S. sub-prime mortgages
- No loss recognized in Q3; cumulative loss was NT\$7.56bn
- 68.8% of ABS CDO has been impaired

Hedging Strategy

Mix of Hedging Strategies Used



Comments

- Share of traditional hedges controlled within the target range of 70~90%
- Proxy hedging increased to 8.7%
- Driven by effective hedging strategy, annualized hedging cost was lower than 1.1% in 9M 2009
- Available for sale position in foreign equities accounted for 7.0% of the portfolio and was not marked to market in income statement

Note:

(1) Available for sale position

(2) Currency swaps and non-delivery forwards

Investment Strategy

Strong ALM Discipline

- Develop Strategic Asset Allocation based on liability profile and capital budget
- Build core portfolio of recurring income
- Achieve diversification and yield pick-up through overseas investments; obtained approval to increase overseas investment to 40%; currently operating between 35~40%

Well-diversified Portfolio

- Diversification by asset class (equity, credit, currency, commodity, real estate)
- Diversification by strategy for uncorrelated sources of alpha (quantitative, value, etc.)

Cost-effective Currency Hedging

- Target share of traditional hedges at 70~90% in the medium-long term
- Target hedging cost at 200 bps or below

Enhance Investment Risk Management

- Manage/ control investment risk by prudent SAA and TAA ranges
- Cooperated with leading consulting company to enhance investment processes and investment risk management
- Phase II of the Algo system (a cross-subsidary market risk management platform) expected to be completed in Q2 2010

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 - Life Premium Summary

SKB – 9M 2009 Overview

- After-tax profit for 9M 2009 was NT\$449 million (up 119.4% from 9M 2008); after-tax profit for Q3 2009 was NT\$218 million (up 271.4% from Q2 2009).
- Loan balance increased 0.5% quarter-on-quarter. L/D ratio was 81.8% (incl. credit cards balance). To strike a better balance between risk and return in this low interest environment, risk management has been strengthened and high risk loans recovered.
- NIM improved to 1.28% in Q3 2009.
- Fee income from wealth management has recovered since Q2 2009 due to recovery in global markets. Fee income from wealth management for 9M 2009 was NT\$452 million (up 0.2% from 9M 2008). SKB achieved bancassurance cross-sales of NT\$14.59 billion in the first 9 months, accounting for 42.2% of SKL bancassurance premium.
- Credit card NPL ratio decreased to 1.75% and coverage increased to 177.78%.
- 9,252 cases (amounting to NT\$802 million) were filed since implementation of the Consumer Debt Clearance Regulations till the end of September; overall situation expected to be manageable. Monthly repayment rate of restructured loans remained stable; cumulative repayment rate was 53.11%.
- Asset quality improved with overall NPL and coverage at 1.79% and 70.55% respectively. NPL ratio for mortgages remained low at 0.75%.

Net Income – 9M 2009

	9M 2008	9M 2009	YoY Growth
NT\$m, %			
Net interest income	4,654	3,265	-29.8%
Net fee income	1,107	1,103	-0.4%
Other income	-12	1,011	-
Operating expense	-4,145	-3,642	-12.1%
Pre-provision operating income	1,605	1,736	8.2%
Provision expense	-1,259	-1,241	-1.4%
Income tax benefit (expense)	-141	-46	-67.2%
Net Income	205	449	119.4%

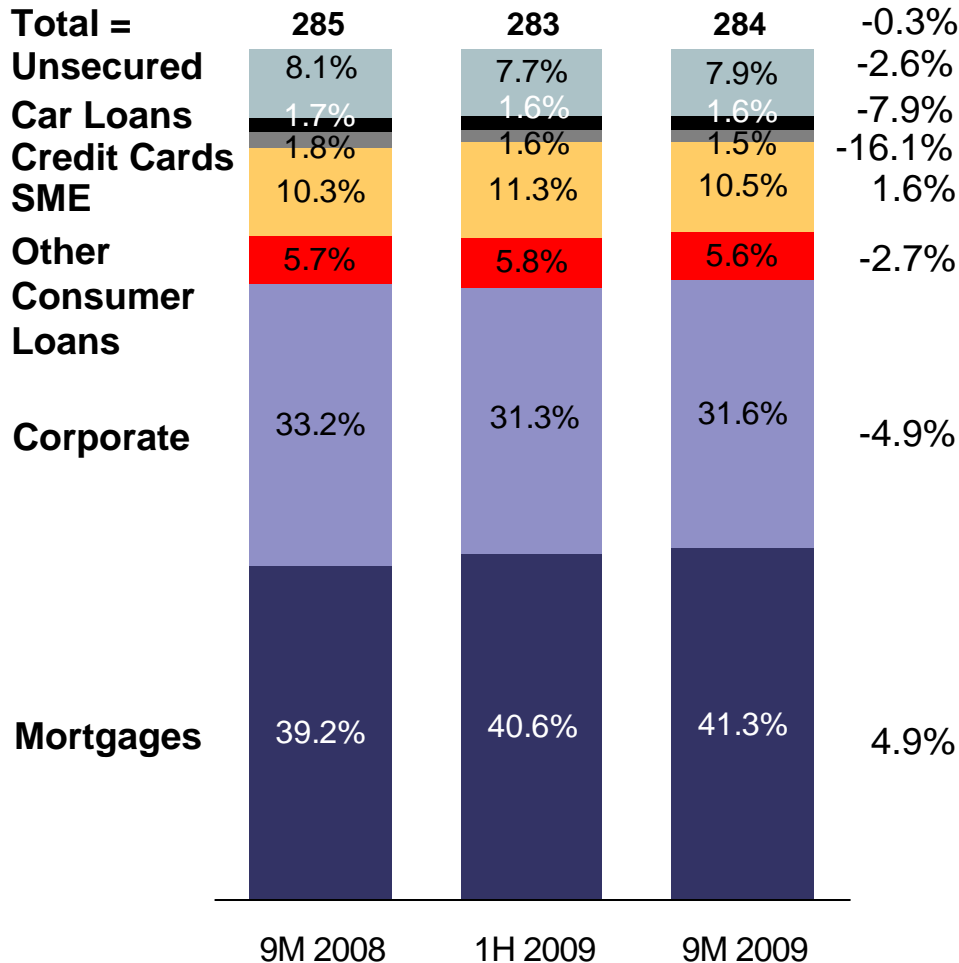


SKFH

Loan Mix

NT\$bn

YoY Growth

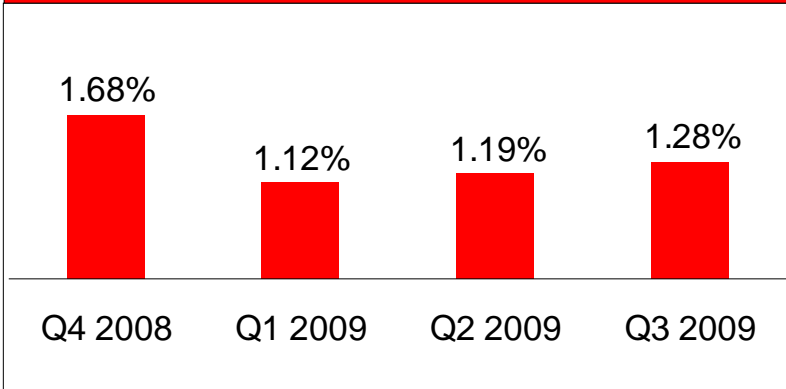


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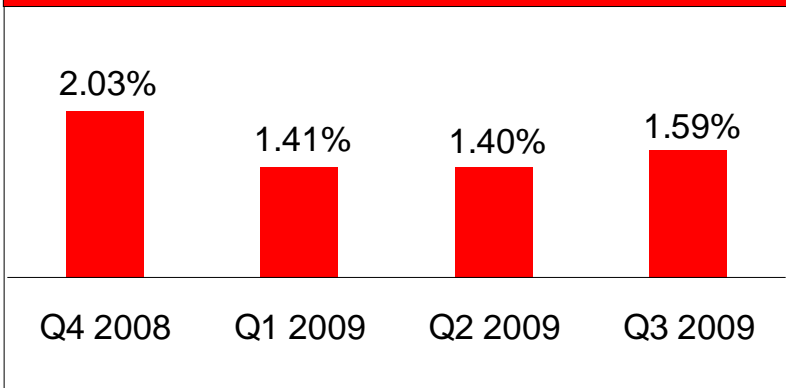
- Loan balance increased 0.5% quarter-on-quarter but decreased 0.3% year-on-year.
- Despite stringent credit policies, mortgages achieved stable growth; maximum LTV ratio was 80% for urban planning areas and 60% for non-urban planning areas
- L/D ratio was 81.8% (incl. credit cards balance)

Interest Yield

Net Interest Margin



Net Interest Spread

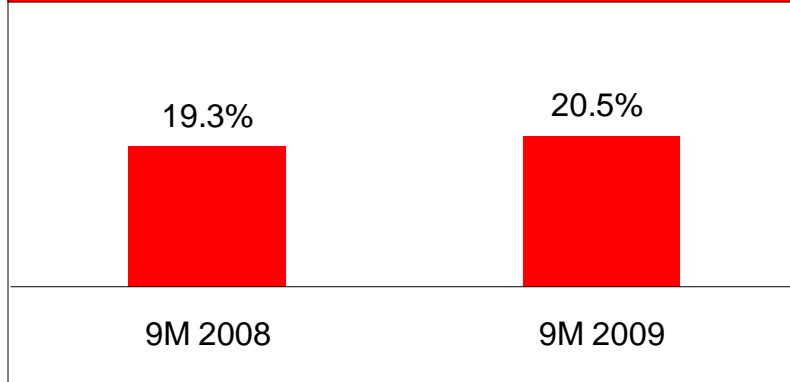


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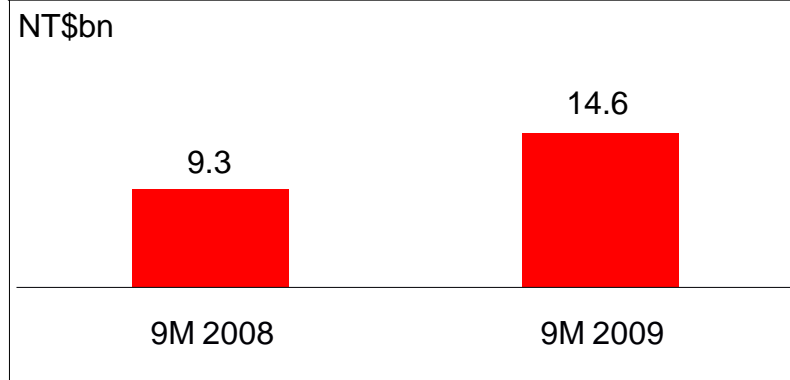
- NIM improved to 1.28% in Q3 2009
- Impact of Central Bank rate cuts on loan rates has been largely reflected. Loan rates have stabilized
- Average deposit rate decreased 20bps from Q2 2009
- Going forward, SKB will continue to :
 - Develop cash management to increase demand deposits and lower cost of funds
 - Increase fee income and non-interest income from corporate customers, and
 - Develop SME and consumer loans with appropriate risk control to enhance interest income

Fee Income

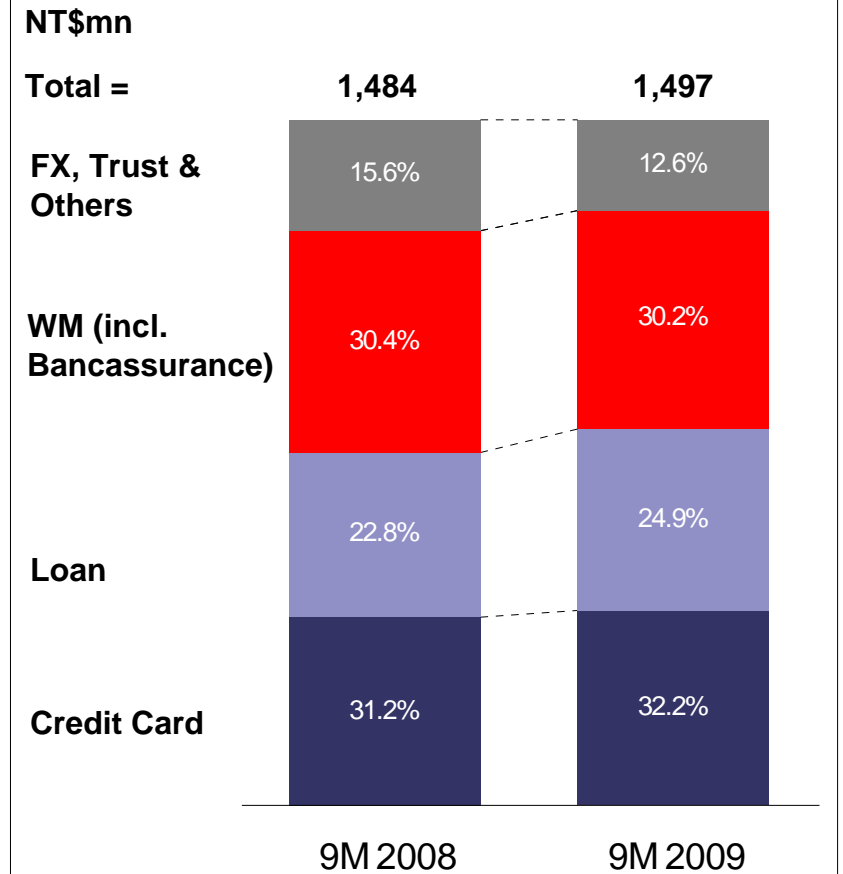
Net Fee Income / Total Income



Bancassurance (SKL) - FYP



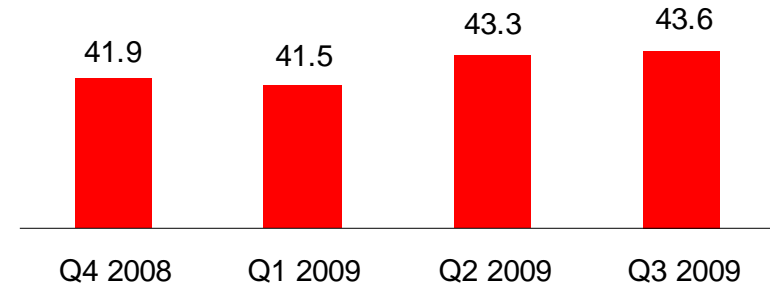
Fee Income Breakdown



Wealth Management

AUM

NT\$bn

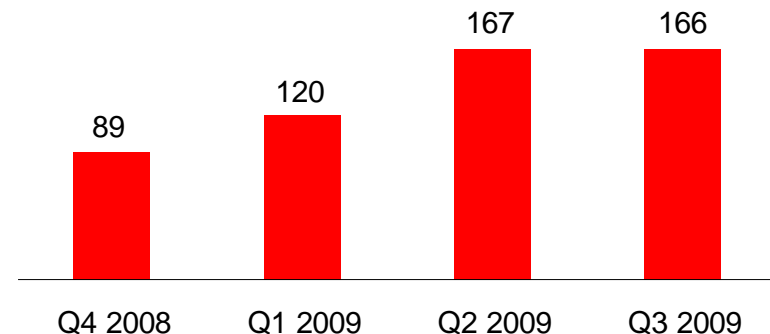


Wealth Management Center



WM Fee Income

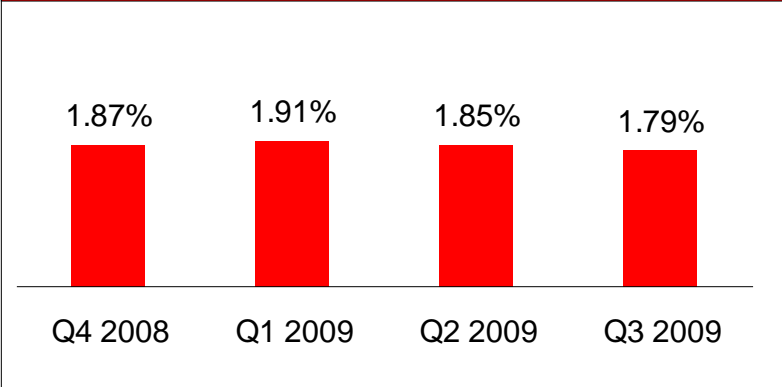
NT\$m



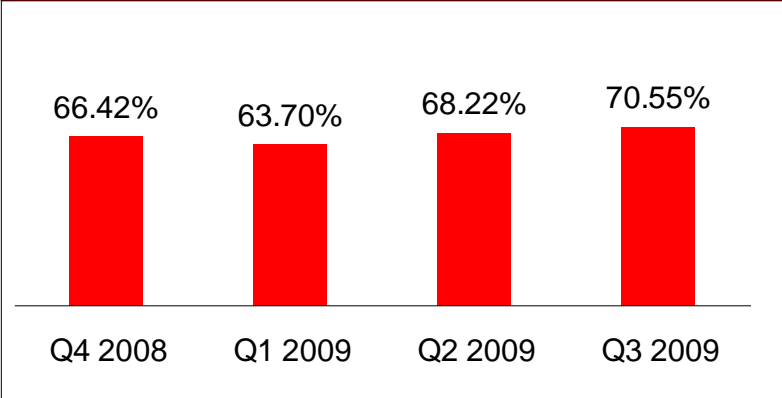
- Fee income from wealth management has recovered since Q2 2009 due to recovery in global markets. Fee income from wealth management for 9M 2009 was NT\$452 million (up 0.2% from 9M 2008) and accounted for 30.2% of total fee income
- Sales focuses were on insurance products (e.g., Traditional, Health and PA) and mutual funds in the first 9 months. As global markets stabilize, sales of mutual funds are expected to grow in Q4

Asset Quality

NPL Ratio



Coverage Ratio

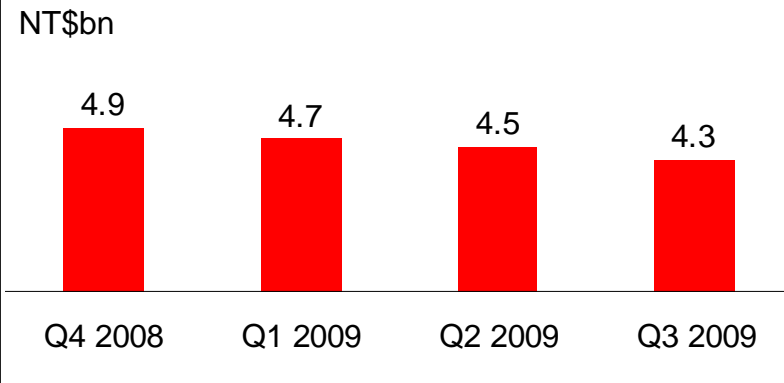


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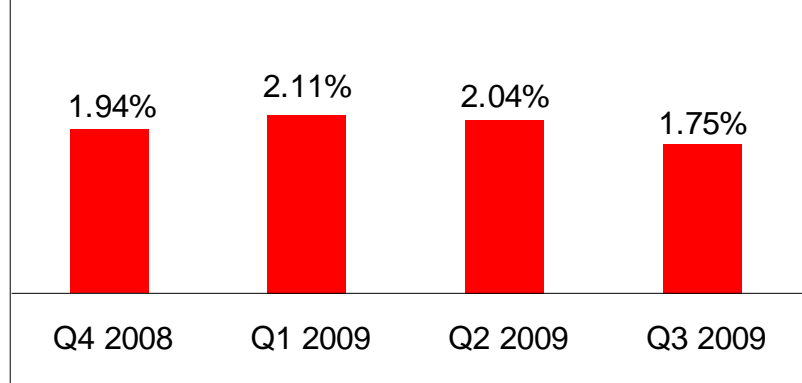
- Asset quality improved with overall NPL at 1.79%
- NPL ratio for mortgages remained low at 0.75%
- Coverage was 70.55% - above the Company's medium term target
- 9,252 cases (amounting to NT\$802 million) were filed since implementation of the Consumer Debt Clearance Regulations till the end of September. Overall situation expected to be manageable. Monthly repayment rate of restructured loans remained stable; cumulative repayment rate was 53.11%
- As of the end of September, loan balances on DRAM and TFT-LCD industries were NT\$5.04bn and NT\$1.00bn respectively, accounting for 1.8% and 0.4% of total loans. Exposures were limited

Credit Cards Metrics

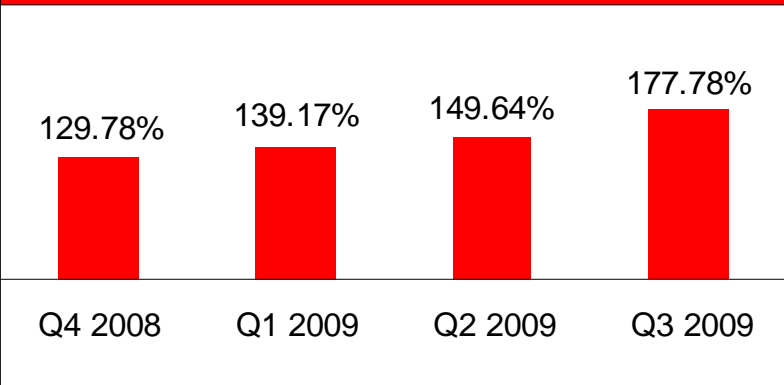
Revolving Balance



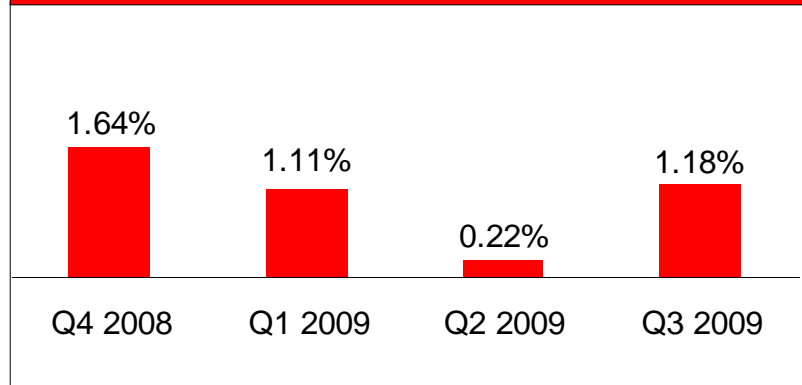
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

- (1) Actual reserves / NPL
- (2) Unannualized numbers

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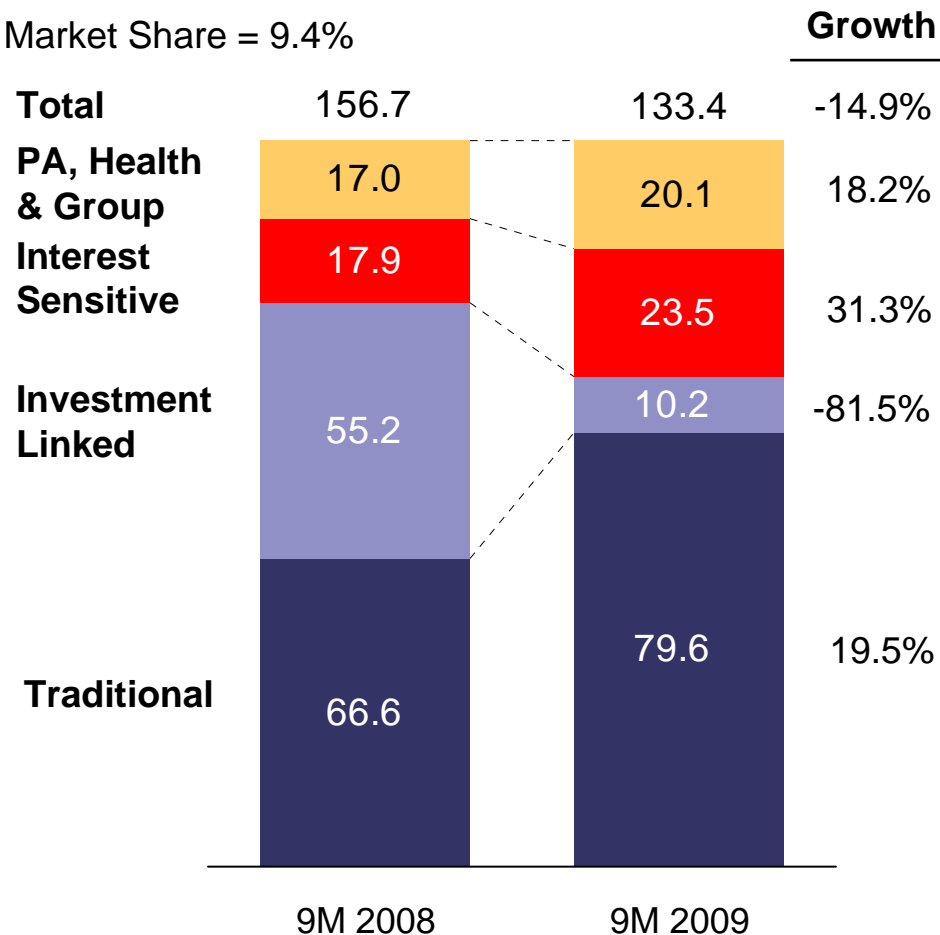
IV. Appendix

- Life Premium Summary

Total Premium – 9M 2009

NT\$bn

Market Share = 9.4%



Comments

- Sales of investment linked products showed signs of recovery and contributed NT\$4.72bn in Q3 FYP. Total premium was lower than the high basis achieved in 2008
- Driven by strong sales in high value health products, total premium from PA, Health & Group grew by 18.2%
- Traditional and related policies (mostly recurring premium) accounted for 59.7% of total premiums, up 19.5% YoY

SP / RP Breakdown – 9M 2009

NT\$bn

9M 2009 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	13.43	5.67		19.10
Investment-linked				
VUL			-0.30	-0.30
Structured note	4.93			4.93
Interest Sensitive				
Annuity	23.32		0.01	23.33
Life			0.22	0.22
PA, health and others		5.19		5.19
Total	41.68	10.86	-0.07	52.47

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Shin Kong Financial HoldingFinancial Summary
(NT\$m)

Income Statement Data	2008	9M 2008	9M 09/9M 08		Q3 2008	Q3 09/Q3 08	
			9M 2009	% change		Q3 2009	% change
Net interest income	(54)	7	(60)	-957%	(25)	(18)	-28%
Income from subsidiaries							
Shin Kong Life	(19,844)	(11,035)	(1,038)	-91%	1,896	282	-85%
Shin Kong Bank	220	199	449	126%	(477)	219	-146%
Shin Kong Securities	(383)	(260)	266	-202%	(228)	(4)	-98%
MasterLink Securities	(459)	(116)	242	-309%	(16)	116	-825%
Shin Kong Insurance Brokers	50	39	45	15%	9	13	44%
Shin Kong Investment Trust	(2)	(25)	8	-132%	(70)	8	-111%
Total income from subsidiaries	(20,418)	(11,198)	(28)	-100%	1,114	634	-43%
Other income	250	29	48	66%	(54)	(111)	106%
Administrative and general expenses	(834)	(227)	(159)	-30%	(59)	(54)	-8%
Income tax benefit (expense)	34	69	38	-45%	51	10	-80%
Cumulative effect of changes in accounting principle	0	0	0		0	0	
Net income	(21,022)	(11,320)	(161)	-99%	1,027	461	-55%

Balance Sheet Data	2008	9M 2008	9M 09/9M 08		Q3 2008	Q3 09/Q3 08	
			9M 2009	% change		Q3 2009	% change
Long term investment	55,703	65,306	69,997	7%	65,306	69,997	7%
Total assets	1,740,173	1,748,108	1,878,559	7%	1,748,108	1,878,559	7%
Total shareholders' equity	56,194	68,576	85,294	24%	68,576	85,294	24%

Note:

(1) Preliminary numbers

Shin Kong Life

Financial Summary

(NT\$m)

Income Statement Data	9M 09/9M 08				Q3 09/Q3 08		
	2008	9M 2008	9M 2009	% change	Q3 2008	Q3 2009	% change
Premium income	152,347	106,940	125,192	17%	35,521	40,563	14%
Investment income							
Interest income	38,668	28,651	28,904	1%	10,030	9,915	-1%
Gains on investments in securities	(4,780)	(105)	5,963	-5755%	(3,216)	6,054	-288%
Gains on real estate investments	6,098	5,402	8,173	51%	3,955	685	-83%
FX	(12,552)	(10,230)	(3,822)	-63%	2,779	(1,957)	-170%
FX gain or loss	(1,434)	(5,662)	(8,521)	50%	17,109	(7,712)	-145%
Hedging	(11,118)	(4,568)	4,699	-203%	(14,330)	5,755	-140%
Impairment loss	(5,801)	(4,400)	(967)	-78%	159	(873)	-649%
Total Investment income	21,632	19,318	38,252	98%	13,707	13,825	1%
Other operating income	5,733	4,900	2,527	-48%	1,035	968	-7%
Provision for reserves							
Provisions	(170,844)	(114,557)	(139,277)	22%	(38,476)	(45,080)	17%
Recoveries	83,159	49,691	43,837	-12%	19,907	16,021	-20%
Total provisions for reserves, net	(87,685)	(64,866)	(95,439)	47%	(18,569)	(29,059)	56%
Insurance payments	(94,758)	(64,071)	(56,286)	-12%	(24,939)	(20,538)	-18%
Commission expense	(5,542)	(4,228)	(3,476)	-18%	(1,226)	(1,111)	-9%
Separate account revenue	145,493	108,802	61,908	-43%	29,114	23,311	-20%
Separate account expenses	(145,493)	(108,802)	(61,908)	-43%	(29,114)	(23,311)	-20%
General and administrative expenses	(15,150)	(11,674)	(10,379)	-11%	(3,475)	(3,722)	7%
Other operating costs and expenses	(2,944)	(2,114)	(1,615)	-24%	(774)	(510)	-34%
Operating income	(26,367)	(15,796)	(1,225)	-92%	1,281	416	-67%
Non-operating income and expenses	737	571	1,348	136%	84	30	-65%
Income taxes	5,892	4,275	(1,161)	-127%	556	(163)	-129%
Cumulative effect of changes in accounting principle	0	0	0		0	0	
Net income	(19,738)	(10,949)	(1,038)	-91%	1,921	283	-85%

Balance Sheet Data	9M 09/9M 08				Q3 09/Q3 08		
	2008	9M 2008	9M 2009	% change	Q3 2008	Q3 2009	% change
Total assets	1,301,251	1,286,523	1,399,139	9%	1,286,523	1,399,139	9%
Total shareholders' equity	24,779	35,237	36,826	5%	35,237	36,826	5%

Note:

(1) Preliminary numbers

Shin Kong Bank
Financial Summary
(NT\$mnn)

Income Statement Data	2008	9M 2008	9M 09/9M 08		Q3 2008	Q3 09/Q3 08	
			9M 2009	% change		Q3 2009	% change
Interest income	13,220	9,920	6,224	-37.3%	3,385	1,958	-42.1%
Interest expense	(7,001)	(5,266)	(2,960)	-43.8%	(1,831)	(789)	-56.9%
Net interest income	6,219	4,654	3,265	-29.9%	1,554	1,169	-24.7%
Fee income	1,881	1,484	1,497	0.9%	470	575	22.3%
Fee expense	(488)	(376)	(395)	4.8%	(123)	(137)	11.6%
Net fee income	1,393	1,107	1,103	-0.4%	347	438	26.4%
Gains on bill & securities	(160)	(182)	790	-534.0%	(181)	120	-166.3%
Gains recognized under equity method, net	(195)	(118)	38	-132.0%	(166)	22	-113.5%
Gains on foreign exchange, net	106	129	70	-45.3%	117	15	-87.4%
Other gains or losses, net	118	159	113	-29.0%	(403)	24	-105.9%
Operating expense	(5,262)	(4,145)	(3,642)	-12.1%	(1,366)	(1,186)	-13.2%
Pre-provision income or loss	2,218	1,605	1,736	8.2%	(99)	603	-709.4%
Provision expense	(1,996)	(1,259)	(1,241)	-1.4%	(368)	(370)	0.4%
Income tax (expense) benefit	5	(141)	(46)	-67.2%	(11)	(15)	36.0%
Net income	227	205	449	119.4%	(477)	218	-145.6%

Balance Sheet Data	2008	9M 2008	9M 09/9M 08		Q3 2008	Q3 09/Q3 08	
			9M 2009	% change		Q3 2009	% change
Total assets	402,856	399,286	390,382	-2.2%	399,286	390,382	-2.2%
Total shareholders' equity	20,605	21,000	22,285	6.1%	21,000	22,285	6.1%
Total loans, net ⁽²⁾	280,063	281,517	281,056	-0.2%	281,517	281,056	-0.2%
Total deposits	356,193	336,429	348,934	3.7%	336,429	348,934	3.7%

Operating Metrics (cumulative)	2008	9M 2008	9M 2009		Q3 2008	Q3 2009	
Fee income ratio	18.6%	19.3%	20.5%		27.3%	24.5%	
Cost income ratio	70.3%	72.1%	67.7%		107.8%	66.3%	
Loan/deposit ratio (excl. credit card)	78.6%	83.7%	80.5%		83.7%	80.5%	
Loan/deposit ratio (incl. credit card)	80.0%	85.2%	81.8%		85.2%	81.8%	
Net interest margin	1.69%	1.69%	1.19%		1.69%	1.28%	
Net interest spread	2.02%	2.01%	1.47%		1.96%	1.59%	
Pre-provision earnings/assets	0.56%	0.41%	0.44%		-0.03%	0.15%	
Pre-provision earnings/equity	10.61%	7.60%	8.10%		-0.47%	2.81%	

Note:

(1) Preliminary numbers

(2) Exclude credit cards but include overdue receivables