

Confidential



Q1 2010 Results Update

May 20, 2010

Disclaimer

This presentation and the presentation materials distributed herewith include forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Shin Kong Financial Holding Company (“Shin Kong FHC”) expect or anticipate will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. Shin Kong FHC’s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market shares, competition, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control. In addition, Shin Kong FHC makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

Figures in this presentation and the presentation materials distributed herewith are numbers reviewed by the auditors.

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Life's 2009 EV/AV Results

V. Appendix

- Life Premium Summary

SKFH – Q1 2010 Overview

- Fundamentals of the economy continue to improve despite volatilities in the equity and foreign exchange markets.
- SKFH recorded after-tax loss of NT\$2.93bn in Q1 2010. Excluding one-off items such as CDO investment loss (NT\$0.93bn), foreign exchange hedging cost (NT\$4.01bn) and reserve for indemnity payments (NT\$0.50bn), profit would have been NT\$2.51bn.
- Excluding capital losses, revenues steadily grew
 - Despite foreign exchange and other one-off losses, interest income for SKL increased 17.1% YoY and 12.9% QoQ.
 - Net interest income and net fee income for SKB increased 45.4% and 49.4% YoY respectively.
- Control of expenses remained tight
 - SKL: Operating expenses were 12.4% lower year-on-year
 - SKB: Operating expenses decreased 3.6% year-on-year
- Much stronger capital situation than last year and concrete plans in place to strengthen capital even further
 - Consolidated shareholders' equity of SKFH was NT\$87.77bn, 56.6% higher YoY
 - Shareholders' equity of SKL was NT\$50.81bn, 111.9% higher YoY
 - NT\$5bn proceeds from the liquidation of SKSC will be injected into SKL
 - SKL and SKB to issue hybrid tier-1 securities in the amount of NT\$3-6bn
 - Disposal of Hannover Technology Building, NeiHu District, Taipei
- Embedded Value (EV) and Appraisal Value (AV) significantly increased
 - EV was NT\$110.1bn, 36.4% higher than 2008; VNB grew 22.2% to NT\$13.1bn despite lower FYP in 2009 compared to 2008
 - 5-year New Business AV was NT\$158.4bn, 34.4% higher than 2008

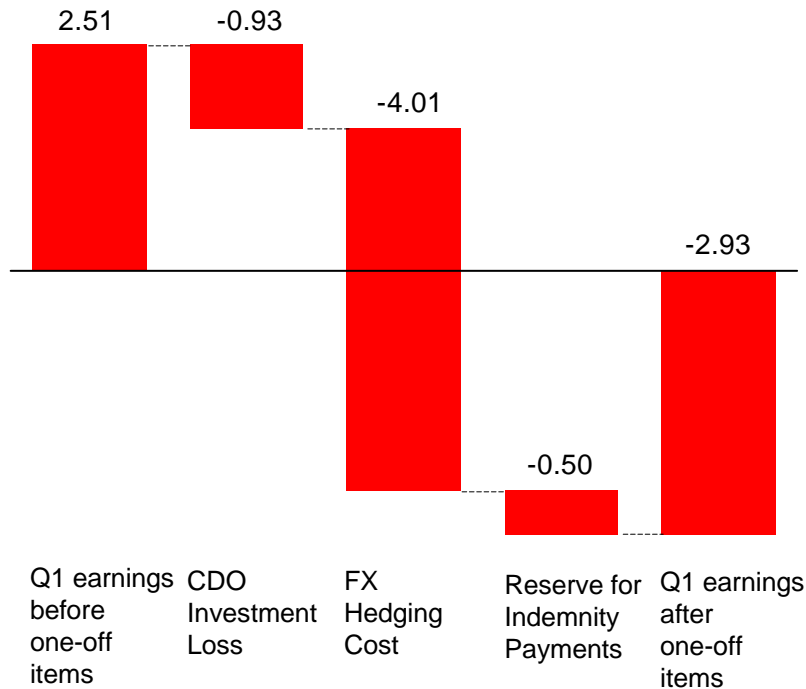
Financial Highlights – Q1 2010

	Q1 2009	Q1 2010	YoY Growth
NT\$m (except per share data), %			
Group net income	-637	-2,927	-
First year premium (Insurance)	17,689	15,469	-12.6%
Loans (Bank)	278,896	291,549	4.5%
Total assets	1,763,250	1,932,359	9.6%
Total shareholders' equity	56,036	87,768	56.6%
ROA (unannualized)	-0.02%	-0.14%	-
ROE (unannualized)	-0.89%	-2.98%	-
Earnings per share	-0.10	-0.37	-

Net Income – Q1 2010

Group net income

NT\$bn



Net income contribution

NT\$bn

Subsidiaries	Q1 10	Q1 09
Shin Kong Life	-3.36	-1.03
Shin Kong Bank	0.35	0.17
Shin Kong Securities	0.06	0.08
Shin Kong Investment Trust	0.01	0.00
Shin Kong Insurance Brokers	0.02	0.02
Others ⁽¹⁾	-0.01	0.12
Net income	-2.93	-0.64

Note:

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

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Life's 2009 EV/AV Results

V. Appendix

- Life Premium Summary

SKL – Q1 2010 Overview

- SKL recorded after-tax loss of NT\$3.36bn in Q1 2010 driven by NT\$0.93bn CDO investment loss, NT\$4.01bn foreign exchange hedging cost and NT\$0.50bn reserve for indemnity payments. Excluding one-off items, after-tax profit would have been NT\$2.08bn. ROE was -6.22%.
- FYP was NT\$15.47bn, down 12.6% YoY. To maintain reasonable profit margin, growth rate was lower than market growth of 22.1%. Market share was 5.7%.
- Sales were mainly contributed by traditional and interest-sensitive products, accounting for 22.4% and 69.3% of FYP respectively. Protection products were the focus of traditional sales vs single premium savings products in Q1 2009.
- New investment-linked product launched in the end of March has shown good sales momentum.
- 13-month persistency improved to 89.7%. 25-month persistency was 77.7%.
- Q1 annualized investment return was 2.4%.
- Shareholders' equity was NT\$50.81bn, up 111.9% YoY.

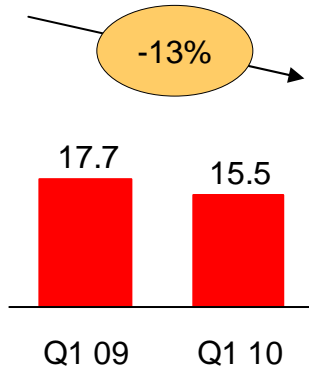
Financial Highlights – Q1 2010

	Q1 2009	Q1 2010	YoY Growth
NT\$mn, %			
First year premium	17,689	15,469	-12.6%
Total premium	42,210	40,347	-4.4%
Investment income	11,760	10,132	-13.8%
Net income	-1,031	-3,357	-
Total assets	1,331,708	1,467,452	10.2%
Total shareholders' equity	23,975	50,810	111.9%
ROE (unannualized)	-4.23%	-6.22%	-
ROA (unannualized)	-0.08%	-0.23%	-

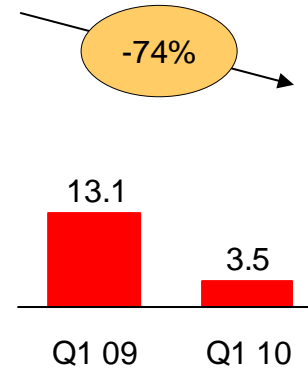
First Year Premium – Q1 2010

NT\$bn

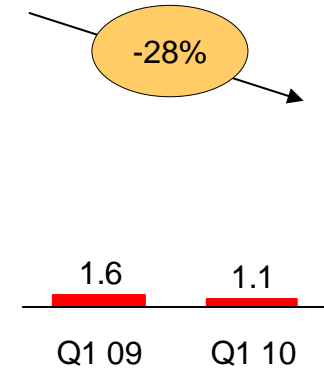
Market share 5.7%



Traditional



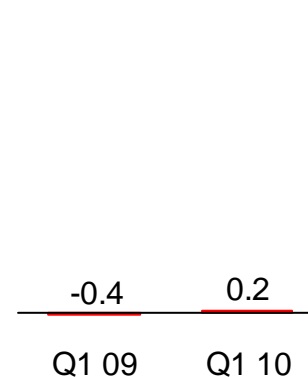
PA, Health and Group



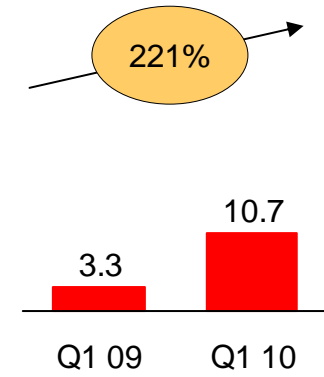
Comments

- To maintain reasonable profit margin, FYP was controlled at level lower than last year
- Traditional and interest-sensitive products contributed most significant shares (22.4% and 69.3% respectively) of FYP
- Protection products were the focus of traditional sales vs single premium savings products in Q1 2009
- New investment-linked product launched in the end of march has shown good sales momentum

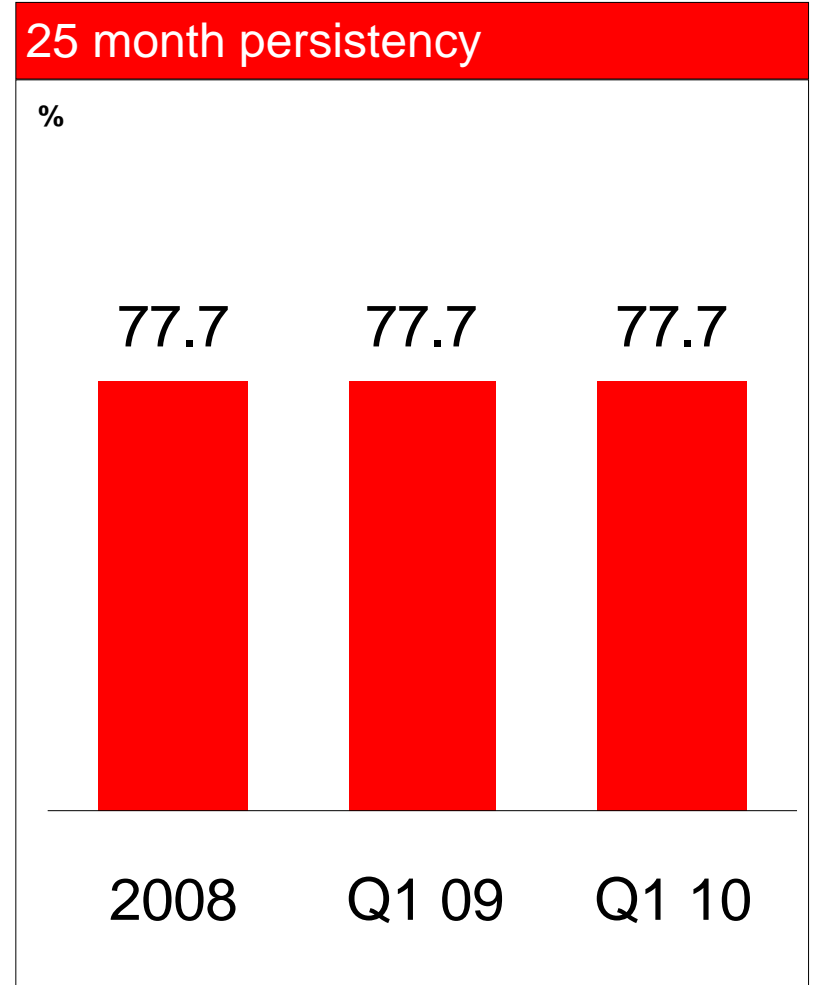
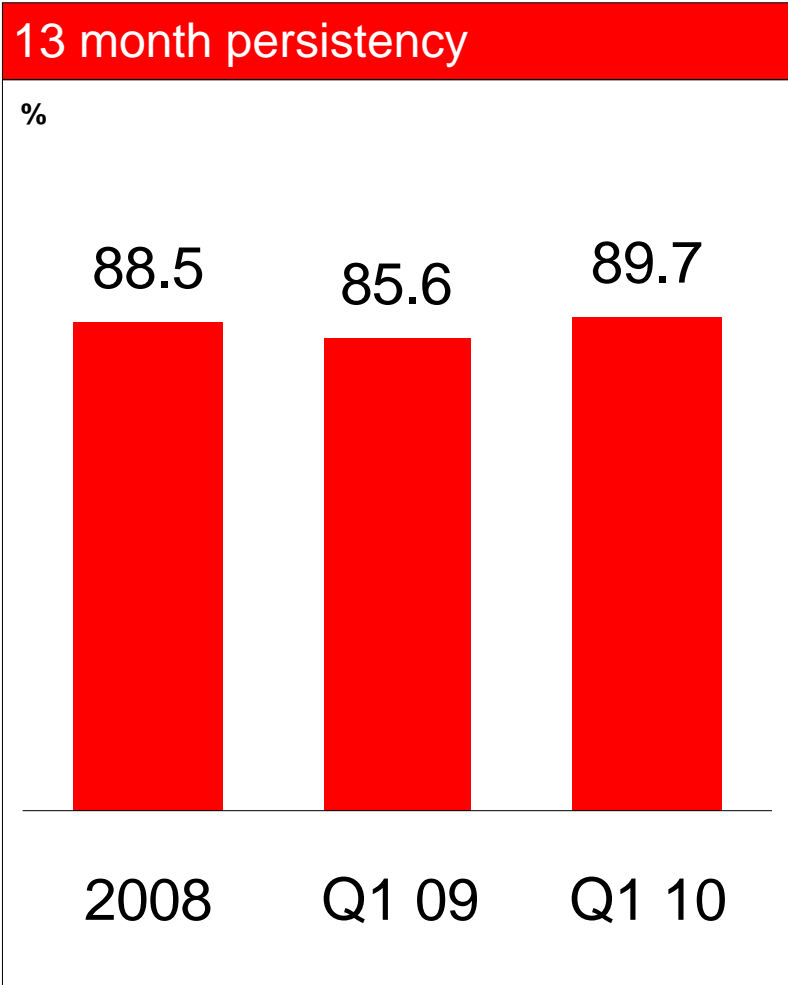
Investment-linked



Interest-sensitive



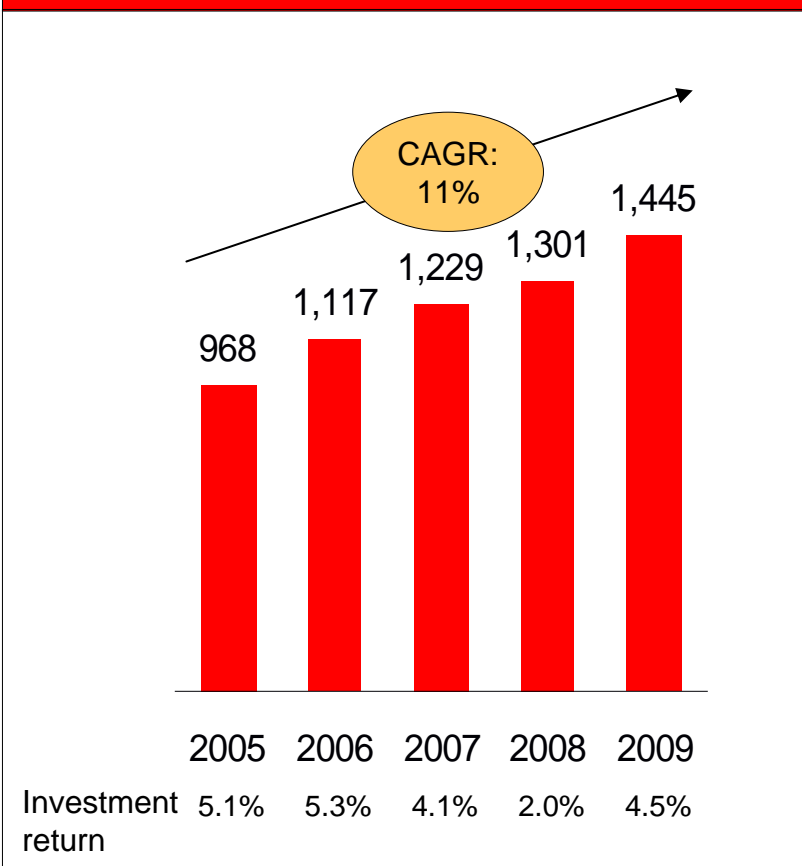
Persistency Ratio



Investment Portfolio

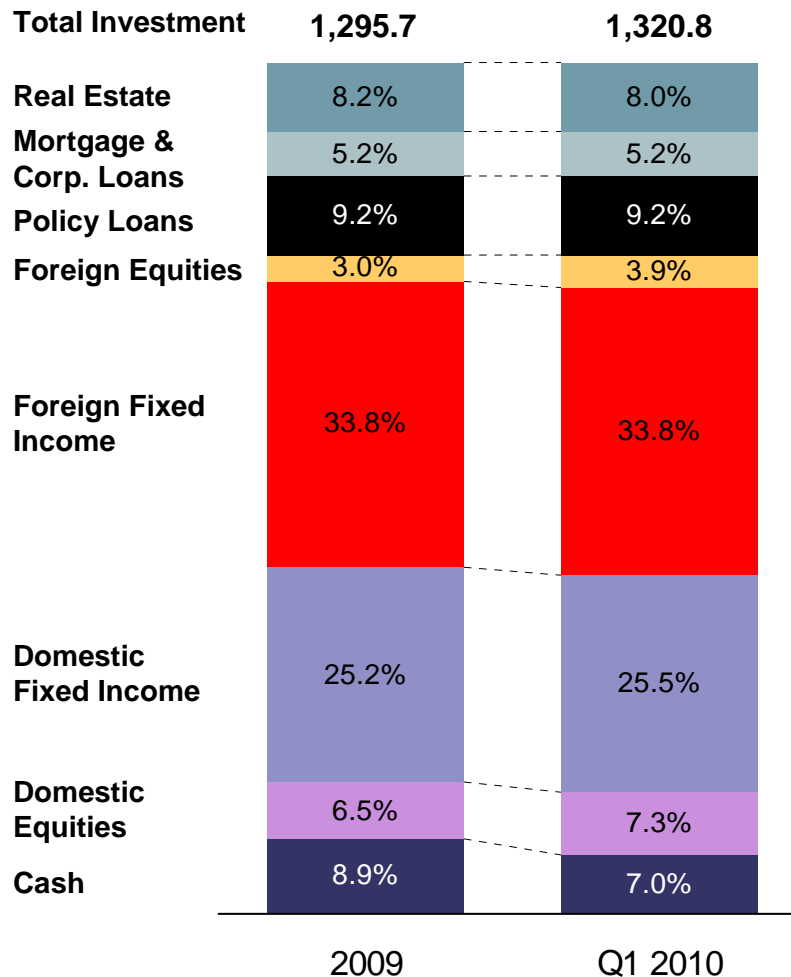
NT\$bn

Total Assets



Note:

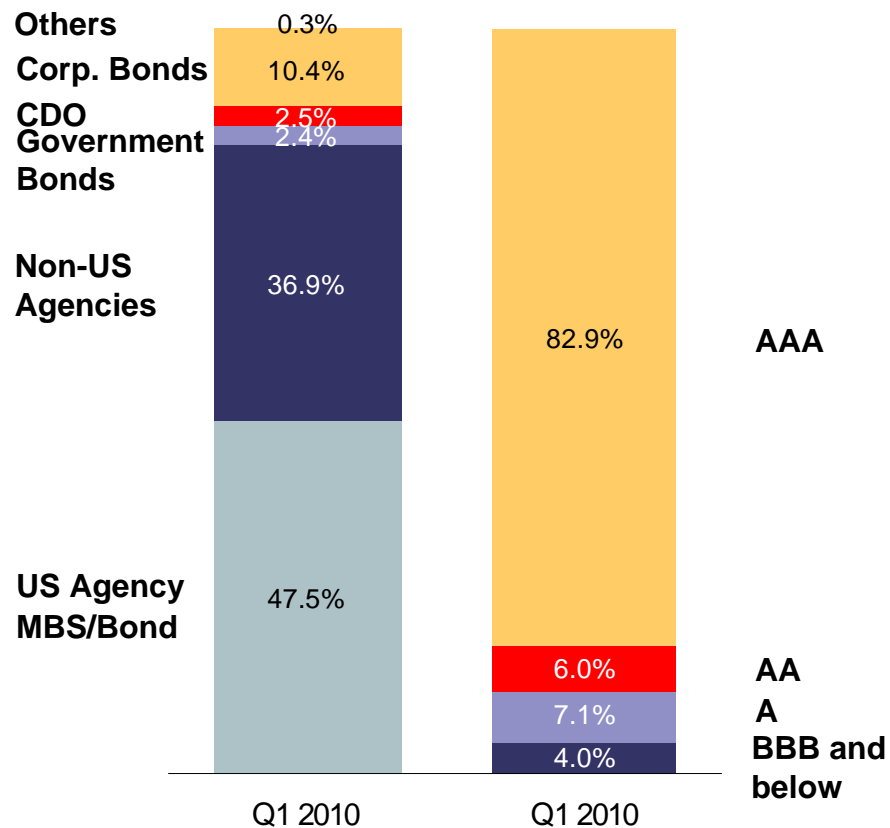
- (1) Due to rounding, asset allocation figures may not add up to 100%
- (2) Includes capital gains and FX hedging cost



Overseas Fixed Income Portfolio

Overseas Fixed Income Portfolio

Total=NT\$446.7bn



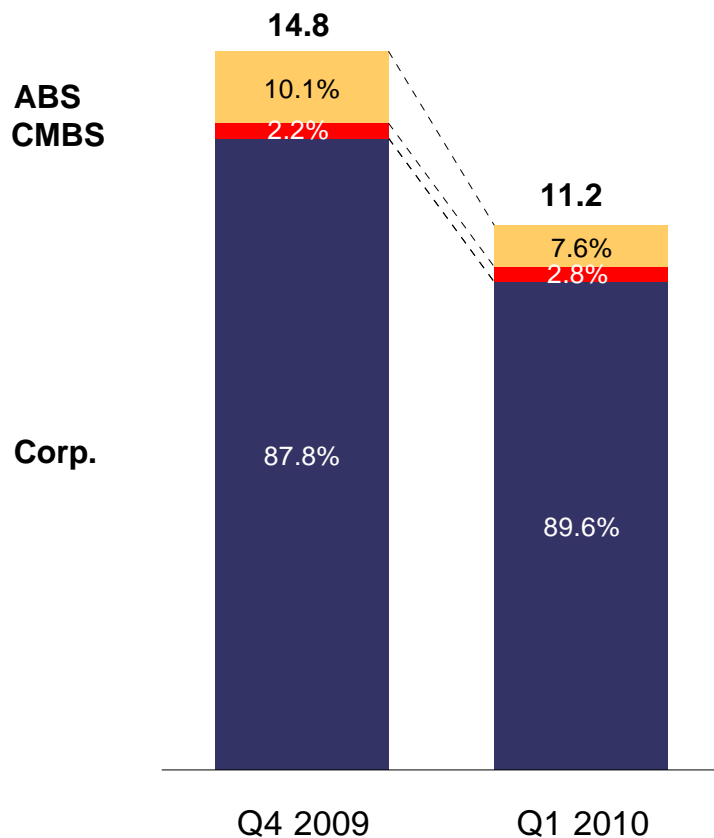
Comments

- Portfolio mainly comprises low risk investments such as government bonds, US Agency MBS/Bonds, and Non-US Agency Bonds
- AAA rated investments accounted for 82.9% of the portfolio. 96.0% 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., Johnson & Johnson, Philip Morris, Wal-Mart)

CDO Exposure

CDO Exposure

NT\$bn

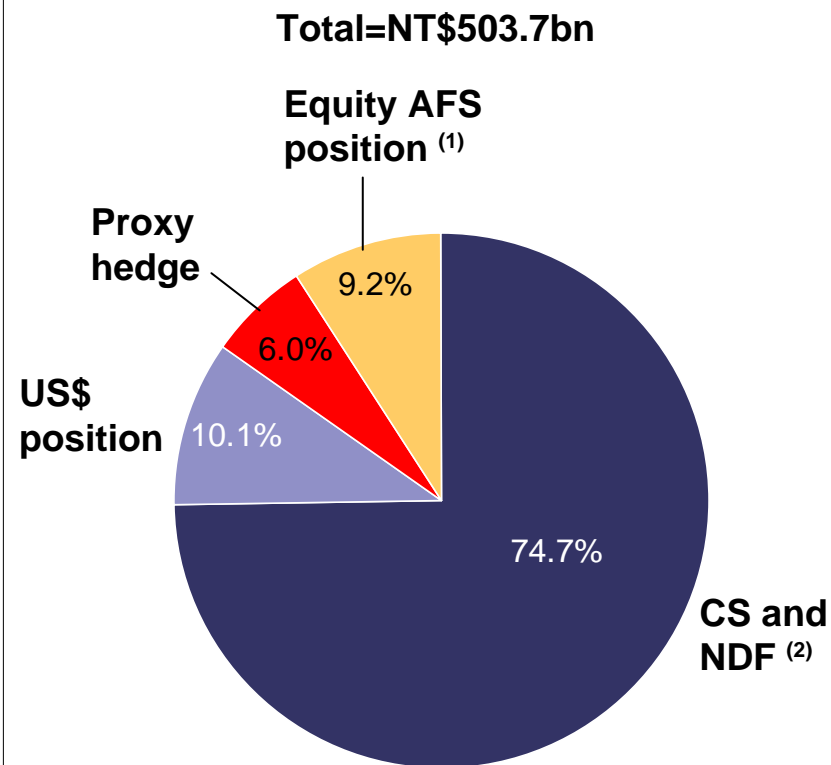


Comments

- Overall exposure decreased from NT\$14.81bn to NT\$11.18bn as CDOs matured in Q1 2010
- 7.6% 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). In Q1 2010, an NT\$0.93bn loss was recognized
- Due to deterioration in credit market, cumulative loss of NT\$1.78bn among corporate CDOs has been recorded. The company will proactively manage the portfolio and deploy necessary hedging strategies to minimize losses

Hedging Strategy

Mix of Hedging Strategies Used



Comments

- Share of traditional hedges controlled within the target range of 70~90%
- Proxy hedging increased to 6.0%
- Available for sale position in foreign equities accounted for 9.2% 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
- The Algo system (a cross-subsidiary market risk management platform) will be completed in Q2 2010

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Life's 2009 EV/AV Results

V. Appendix

- Life Premium Summary

SKB – Q1 2010 Overview

- After-tax profit for Q1 2010 was NT\$347 million (up 101.6% year-on-year); pre-provision profit increased 13.6% year-on-year to NT\$831 million while provision expense went down 17.1% year-on-year to NT\$448 million.
- Loan balance increased 4.5% year-on-year. L/D ratio was 82.5% (incl. credit cards balance). To strike a better balance between risk and return, risk management has been strengthened.
- NIM improved from 1.54% in Q4 2009 to 1.60% in Q1 2010.
- Fee income from wealth management has recovered since Q2 2009 due to recovery in global markets. Fee income from wealth management for Q1 2010 was NT\$180 million (up 50.0% year-on-year). SKB achieved bancassurance cross-sales of NT\$4.90 billion in Q1 2010, accounting for 46.1% of SKL bancassurance premium.
- Credit card NPL ratio decreased to 0.92% and coverage ratio increased to 294.70%.
- 11,235 cases (amounting to NT\$924 million) were filed since implementation of the Consumer Debt Clearance Regulations till the end of Q1 2010; overall situation expected to be manageable. Monthly repayment rate of restructured loans remained stable; cumulative repayment rate was 52.33%.
- Asset quality improved with overall NPL and coverage at 1.27% and 92.64% respectively. NPL ratio for mortgages remained low at 0.58%.

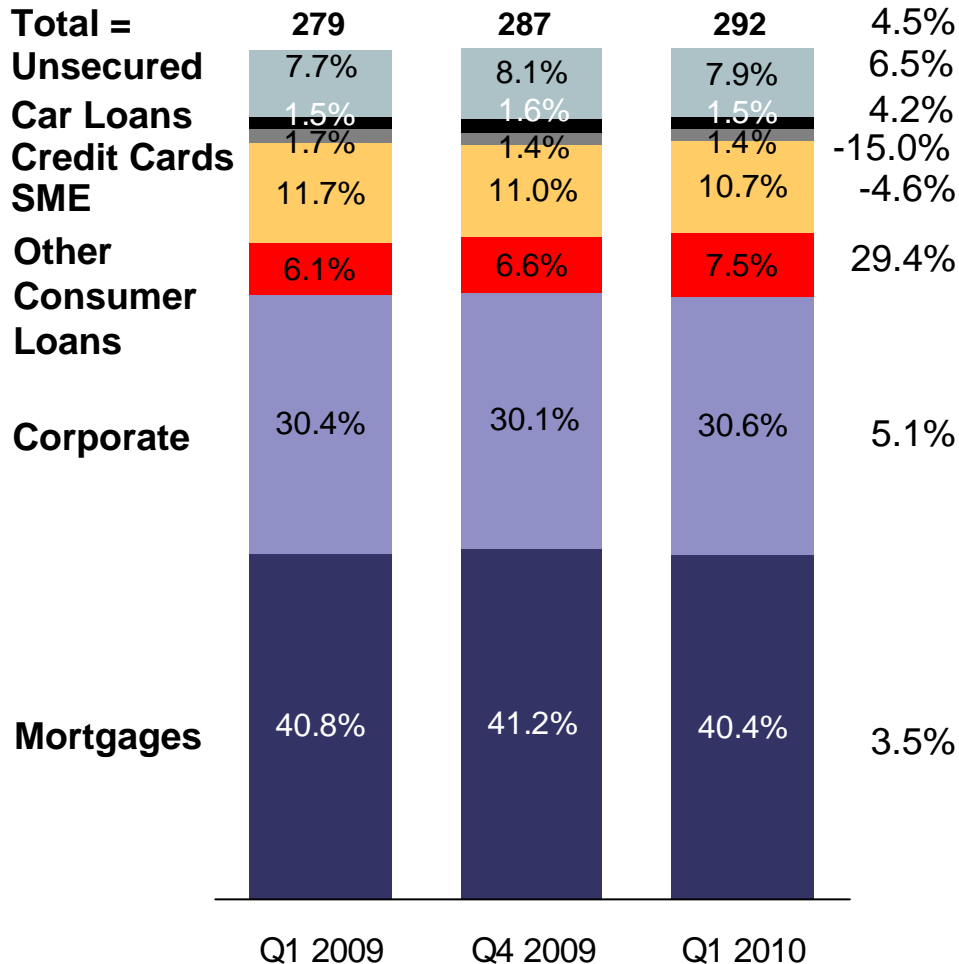
Net Income – Q1 2010

	Q1 2009	Q1 2010	YoY Growth
NT\$mn, %			
Net interest income	1,006	1,462	45.4%
Net fee income	285	427	49.4%
Other income	694	149	-78.5%
Operating expense	-1,253	-1,207	-3.6%
Pre-provision operating income	731	831	13.6%
Provision expense	-541	-448	-17.1%
Income tax benefit (expense)	-18	-35	91.9%
Net Income	172	347	101.6%

Loan Mix

NT\$bn

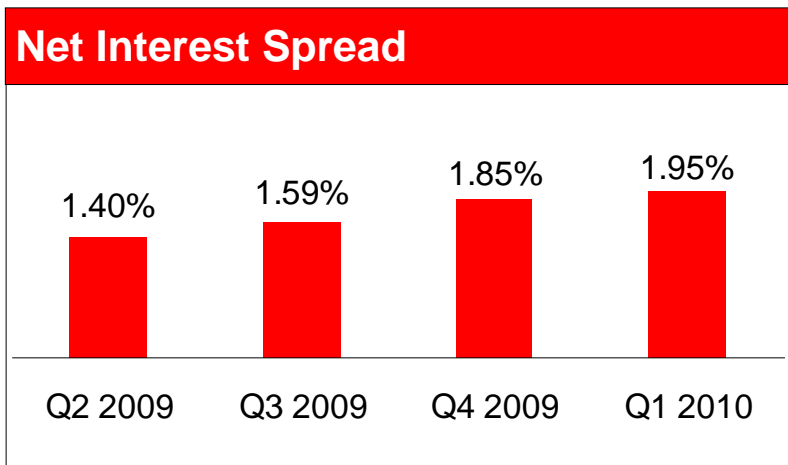
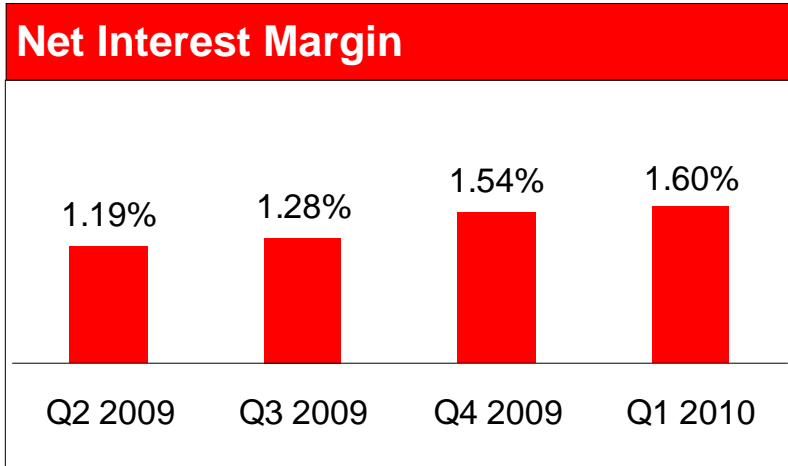
YoY Growth



Comments

- Loan balance increased 4.5% 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 82.5% (incl. credit cards balance)

Interest Yield

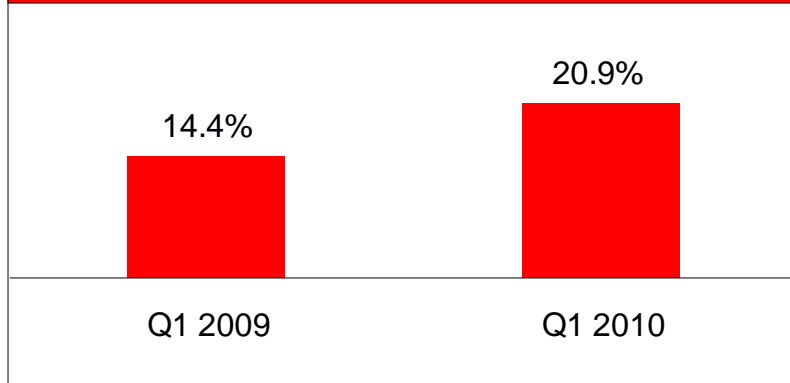


Comments

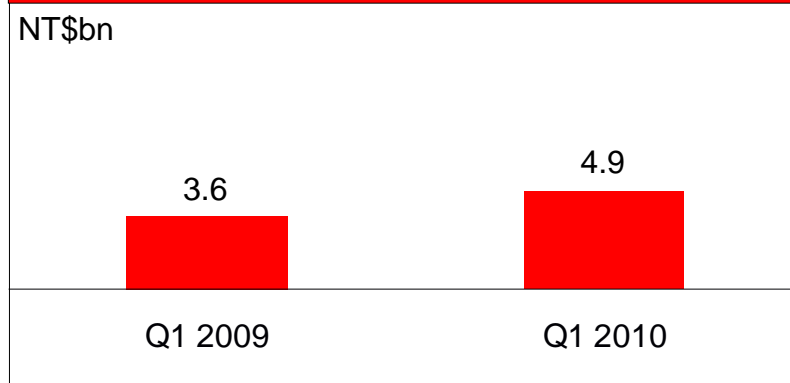
- As high rate deposits matured, NIM improved to 1.60% in Q1 2010
- Impact of Central Bank rate cuts was fully reflected in Q1 2010. NIM is expected to further increase when Central Bank raises rates
- SKB will continue to :
 - Develop cash management to increase demand deposits and lower cost of funds
 - Expand foreign exchange business and increase risk-free fee 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

NT\$m

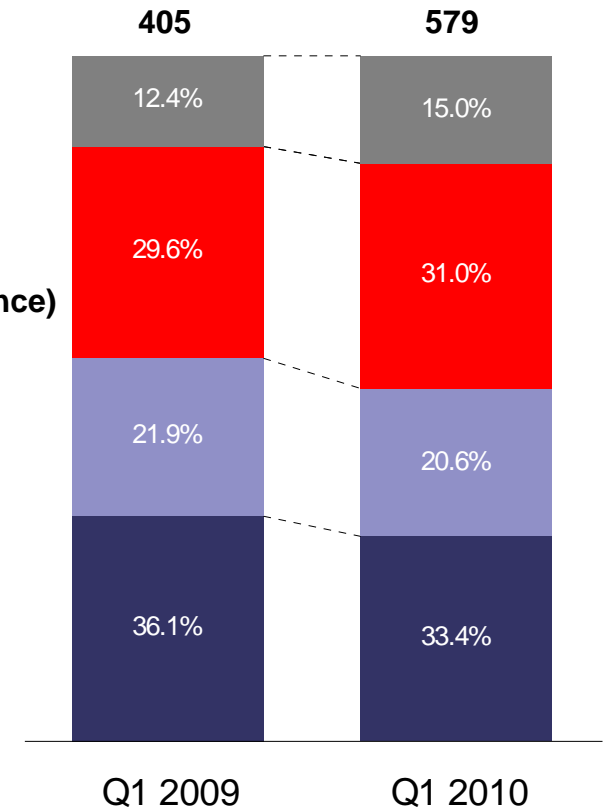
Total =

FX, Trust & Others

WM (incl. Bancassurance)

Loan

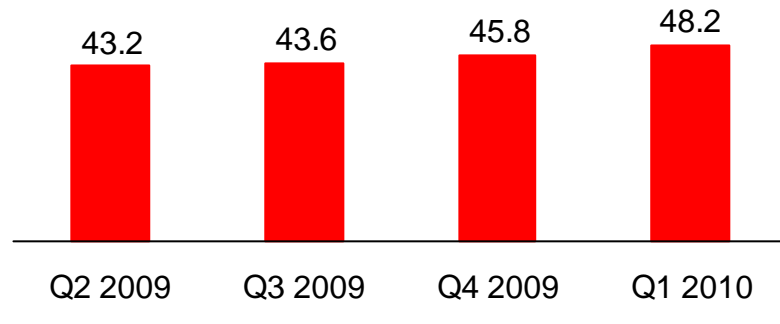
Credit Card



Wealth Management

AUM

NT\$bn

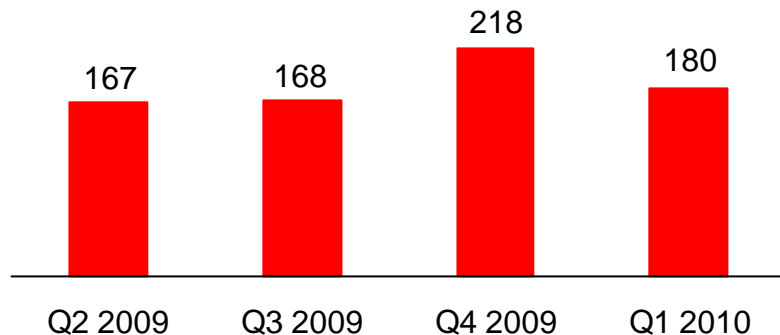


Wealth Management Center



WM Fee Income

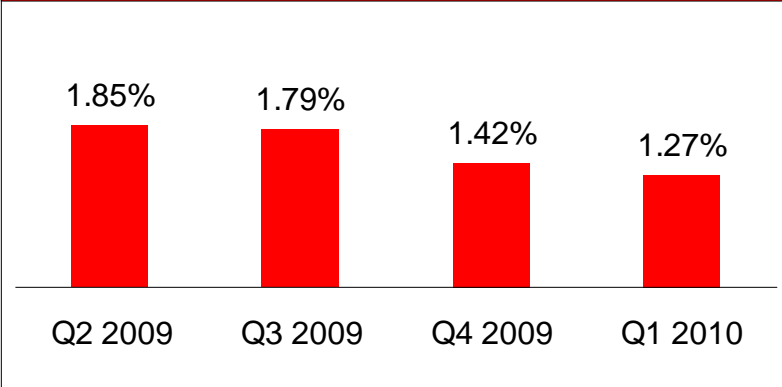
NT\$m



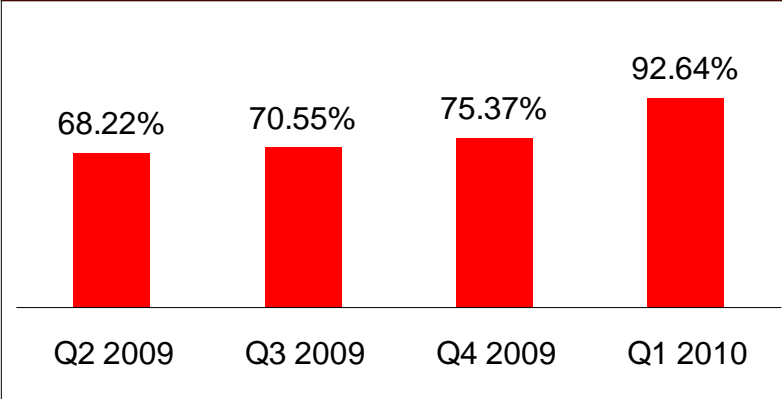
- Fee income from wealth management has increased since Q2 2009 due to recovery in global markets
- Fee income from wealth management for Q1 2010 was NT\$180 million (up 50.0% year-on-year) and accounted for 31.0% of total fee income
- Sales focuses were on mutual funds, insurance, and foreign securities in Q1 2010. As global markets stabilize, sales of mutual funds are expected to grow in 2010

Asset Quality

NPL Ratio



Coverage Ratio

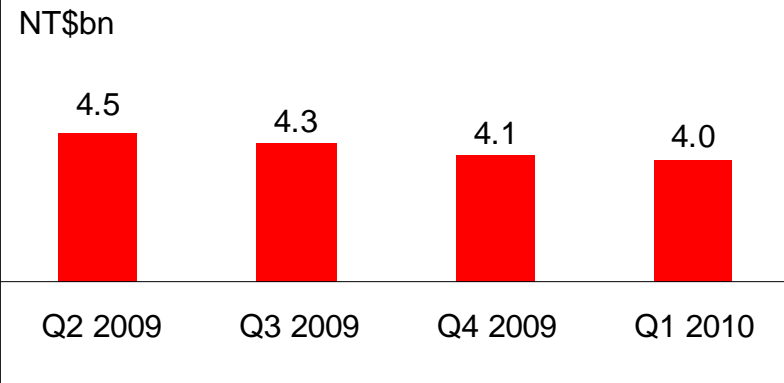


Comments

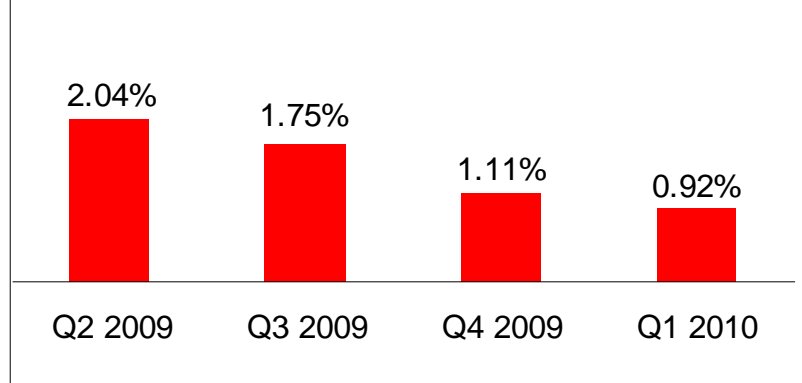
- Asset quality continued to improve with overall NPL at 1.27%
- NPL ratio for mortgages was low at 0.58%
- Coverage was 92.64% - significantly improved compared to Q4 last year
- 11,235 cases (amounting to NT\$924million) were filed since implementation of the Consumer Debt Clearance Regulations till the end of Q1 2010. Overall situation expected to be manageable. Monthly repayment rate of restructured loans remained stable; cumulative repayment rate was 52.33%
- As of the end of Q1 2010, loan balances on DRAM and TFT-LCD industries were NT\$4.17bn and NT\$0.78bn respectively, accounting for 1.4% and 0.3% of total loans. Exposures were limited

Credit Cards Metrics

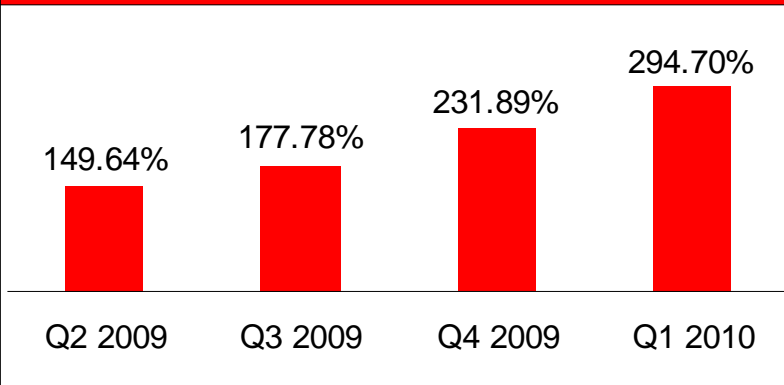
Revolving Balance



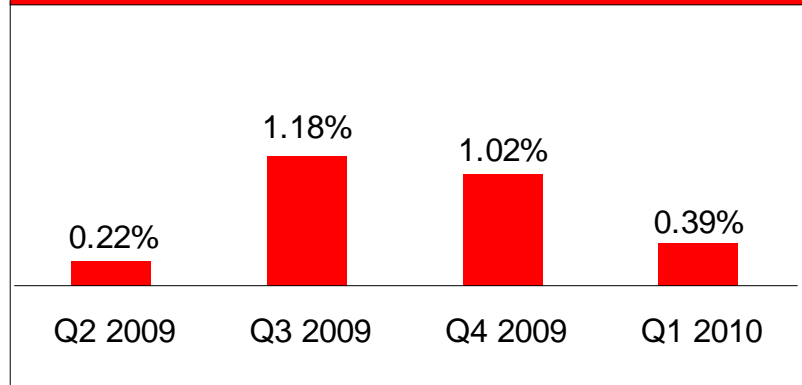
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

Agenda

- I. SKFH
- II. Life Insurance Business
- III. Banking Business

IV. Life's 2009 EV/AV Results

- V. Appendix
 - Life Premium Summary

SKL - EV & AV Results

Unit : NT\$bn

	2008.12	2009.12	YoY growth
Adjusted NAV	70.2	97.7	39.2%
VIF	37.5	43.7	16.5%
COC	27.0	31.3	16.0%
EV	80.7	110.1	36.4%
EV / per share (SKL / SKFH)	19.3 / 12.9	22.1 / 14.0	-
V1NB	10.7	13.1	22.2%
AV – 5 years NB	117.9	158.4	34.4%
5-year AV / per share (SKL / SKFH)	28.2 / 18.9	31.8 / 20.1	-
AV – 20 years NB	161.0	220.7	37.1%
20-year AV / per share (SKL / SKFH)	38.5 / 25.8	44.3 / 28.0	-

Note:

(1) Based on SKFH's outstanding shares of 7.87bn as of the end of 2009

SKL - Estimate of Embedded/ Appraisal Value

Unit: NT\$bn Valn Date: 31 Dec, 09 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		Inv Return 3.64% ~ 5.37% (Interest Sensitive Business 3.00% ~ 5.09%) RDR 9.5%	All else equal except	
	Inv Return -0.25%	Inv Return +0.25%		RDR - 1.0%	RDR + 1.0%
Net Worth	97.7	97.7	97.7	97.7	97.7
VIF	10.2	77.0	43.7	54.4	35.3
Cost of Capital (COC)	33.6	29.2	31.3	28.5	33.6
EV after COC	74.3	145.5	110.1	123.6	99.5
V1NB after COC	12.0	14.2	13.1	14.9	11.6
AV (5 years NB)	118.6	197.8	158.4	180.2	140.9
AV (20 years NB)	175.7	265.3	220.7	259.6	190.1

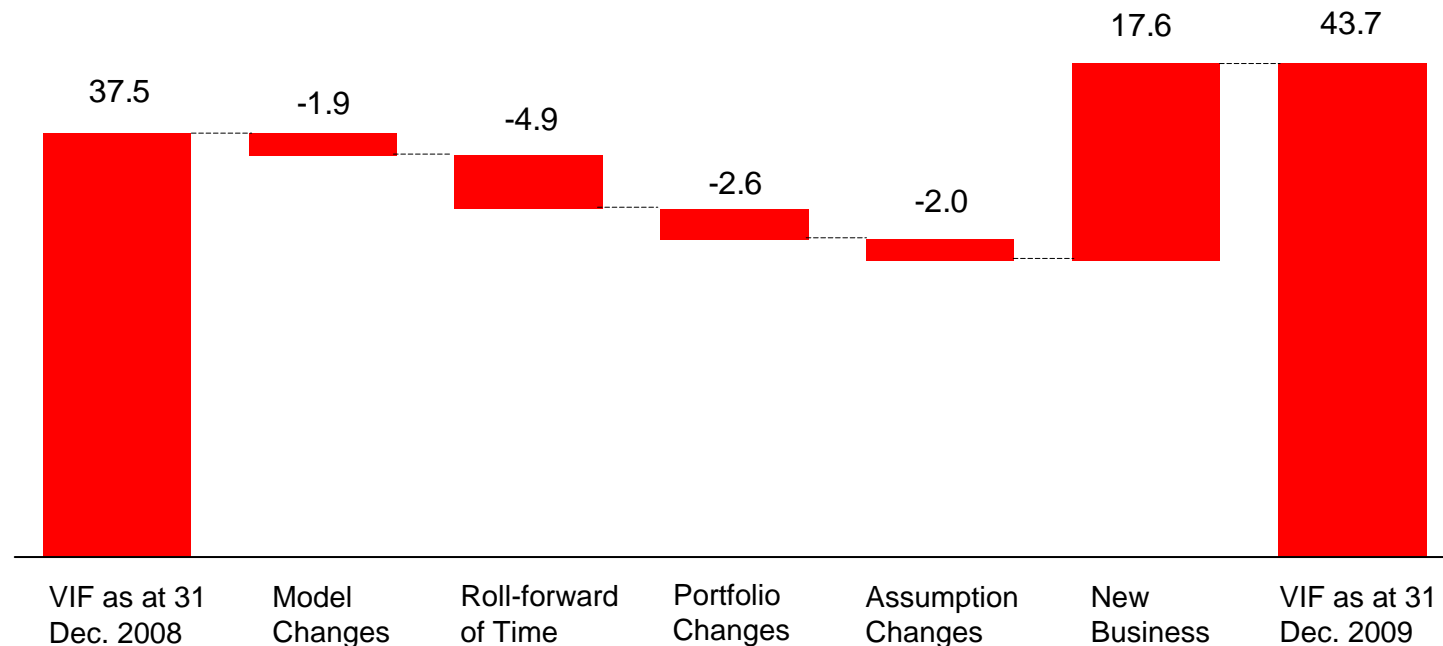
Note:

(1) Figures may not add up exactly due to rounding.

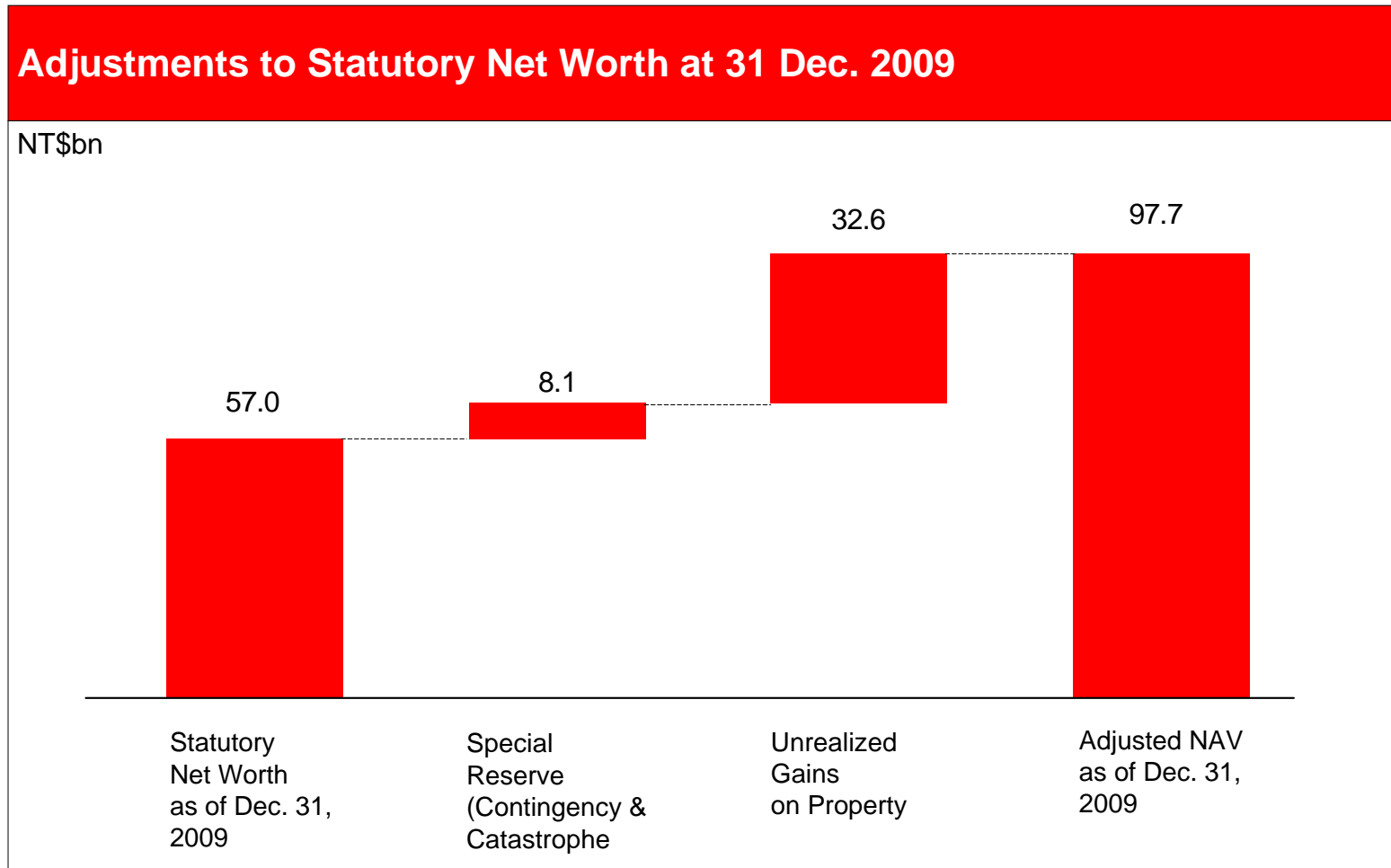
SKL – Analysis of Change in VIF

Changes between 31 Dec. 2008 and 31 Dec. 2009 broken down by components

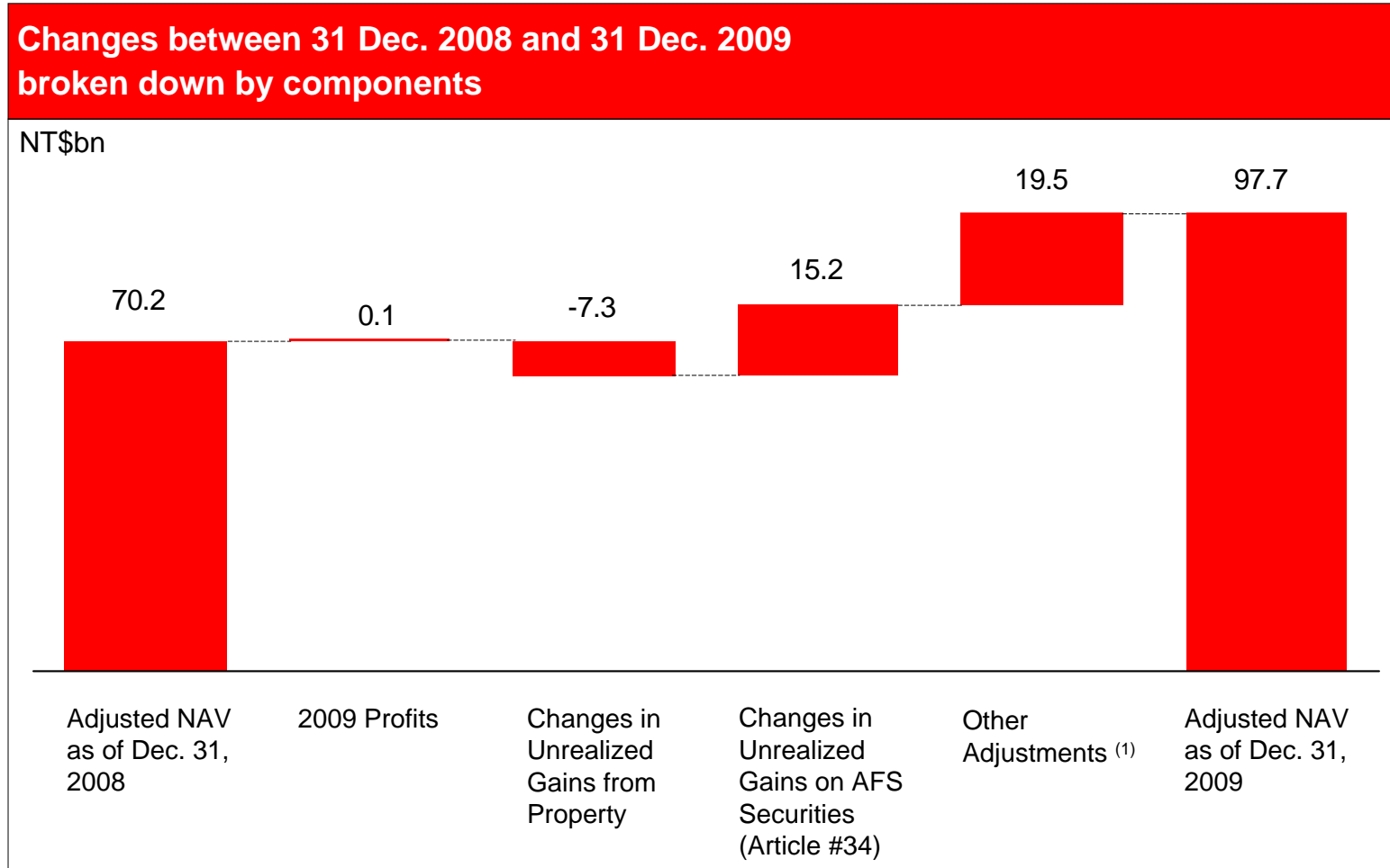
NT\$bn



SKL – Adjusted NAV



SKL - Analysis of Change in NAV



Note:

(1) Included capital injection, changes in special reserve (contingency & catastrophe), and other items.

(2) Figures may not add up exactly due to rounding.

Agenda

- I. SKFH
- II. Life Insurance Business
- III. Banking Business
- IV. Life's 2009 EV/AV Results

V. Appendix

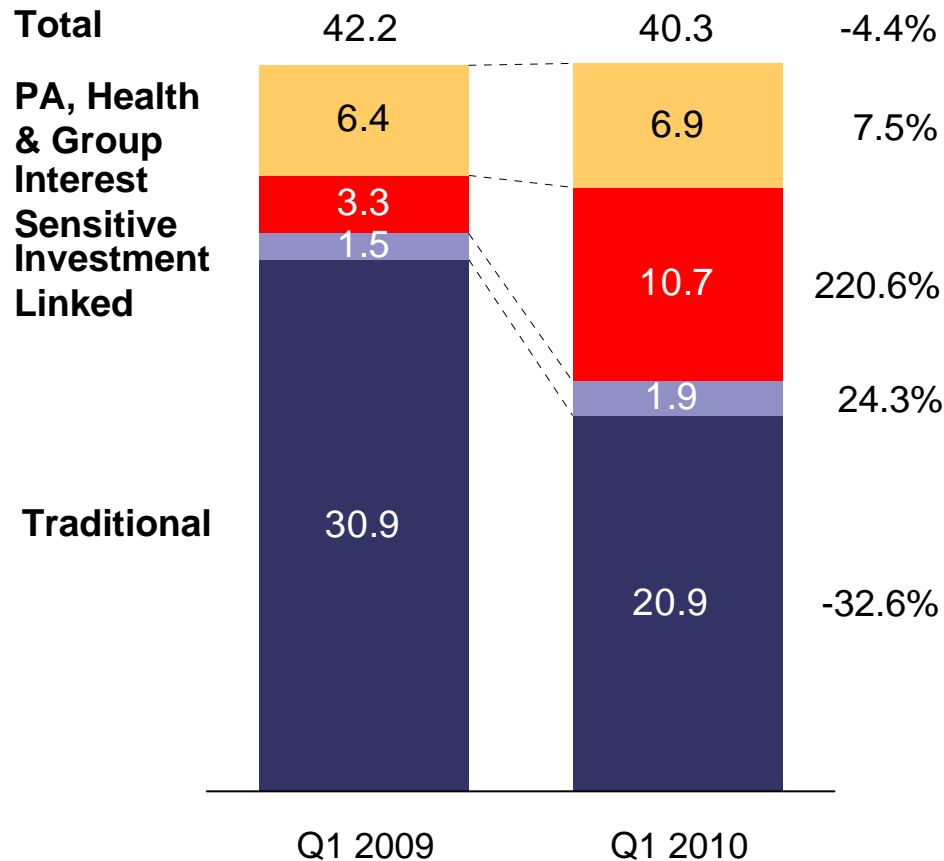
- Life Premium Summary

Total Premium – Q1 2010

NT\$bn

Market Share = 7.0%

Growth



Comments

- Total premium went down 4.4% YoY
- Traditional and related policies accounted for 51.7% of total premiums; sales declined due to change in product focus from single premium products in Q1 2009 to protection products in 2010
- Total premium for all other product classes (PA, Health & Group and Interest Sensitive) grew

SP / RP Breakdown

NT\$bn

Q1 2010 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	2.32	1.14		3.46
Investment-linked				
VUL			0.15	0.15
Structured note				0.00
Interest Sensitive				
Annuity	10.71		0.01	10.72
Life				0.00
PA, health and others		1.14		1.14
Total	13.03	2.28	0.16	15.47

Website : www.skfh.com.tw

E-mail : ir@skfh.com.tw

Shin Kong Financial HoldingFinancial Summary
(NT\$mm)

Income Statement Data	2008	2009	2009/2008		Q1 10/Q1 09	
			% change	Q1 2009	Q1 2010	% change
Net interest income	(54)	(72)	33.3%	(21)	(37)	76.2%
Income from subsidiaries						
Shin Kong Life	(19,844)	106	-100.5%	(1,030)	(3,357)	225.9%
Shin Kong Bank	220	560	154.5%	172	347	101.7%
Shin Kong Securities	(383)	179	-146.7%	78	61	-21.8%
MasterLink Securities	(459)	359	-178.2%	48	76	58.3%
Shin Kong Insurance Brokers	50	40	-20.0%	18	19	5.6%
Shin Kong Investment Trust	(2)	22	-1200.0%	(2)	9	-550.0%
Total income from subsidiaries	(20,418)	1,266	-106.2%	(716)	(2,845)	297.3%
Other income	250	125	-50.0%	116	(1)	-100.9%
Administrative and general expenses	(834)	(252)	-69.8%	(51)	(49)	-3.9%
Income tax benefit (expense)	34	62	82.4%	35	5	-85.7%
Cumulative effect of changes in accounting principle	0	0		0	0	
Net income	(21,022)	1,129	-105.4%	(637)	(2,927)	359.5%

Balance Sheet Data	2008	2009	2009/2008		Q1 10/Q1 09	
			% change	Q1 2009	Q1 2010	% change
Long term investment	55,703	90,685	62.8%	55,281	84,826	53.4%
Total assets	1,740,173	1,902,090	9.3%	1,763,250	1,932,359	9.6%
Total shareholders' equity	56,194	92,678	64.9%	56,036	87,768	56.6%

Note: Quarterly numbers have been reviewed by the auditors

Shin Kong LifeFinancial Summary
(NT\$m)

Income Statement Data	2009/2008			Q1 10/Q1 09		
	2008	2009	% change	Q1 2009	Q1 2010	% change
Premium income	152,347	167,298	9.8%	41,230	39,034	-5.3%
Investment income						
Interest income	38,668	39,083	1.1%	9,810	11,490	17.1%
Gains on investments in securities	(4,780)	10,088	-311.0%	(1,452)	849	-158.4%
Gains on real estate investments	6,098	9,941	63.0%	793	1,807	127.7%
FX	(12,552)	(4,493)	-64.2%	2,702	(4,013)	-248.5%
FX gain or loss	(1,434)	(10,992)	666.7%	11,074	(3,533)	-131.9%
Hedging	(11,119)	6,499	-158.4%	(8,372)	(480)	-94.3%
Impairment loss	(5,801)	(967)	-83.3%	(93)	0	-100.0%
Total Investment income	21,632	53,652	148.0%	11,760	10,132	-13.8%
Other operating income	5,733	3,165	-44.8%	681	250	-63.3%
Provision for reserves						
Provisions	(170,844)	(194,037)	13.6%	(45,940)	(45,150)	-1.7%
Recoveries	83,159	76,526	-8.0%	11,181	17,094	52.9%
Total provisions for reserves, net	(87,685)	(117,511)	34.0%	(34,759)	(28,056)	-19.3%
Insurance payments	(94,758)	(85,940)	-9.3%	(14,863)	(20,850)	40.3%
Commission expense	(5,542)	(4,647)	-16.1%	(1,202)	(862)	-28.3%
Separate account revenue	145,493	78,156	-46.3%	19,990	9,744	-51.3%
Separate account expenses	(145,493)	(78,156)	-46.3%	(19,990)	(9,744)	-51.3%
General and administrative expenses	(15,150)	(14,170)	-6.5%	(3,197)	(3,074)	-3.9%
Other operating costs and expenses	(2,944)	(2,161)	-26.6%	(572)	(226)	-60.5%
Operating income	(26,367)	(315)	-98.8%	(923)	(3,652)	295.7%
Non-operating income and expenses	737	1,505	104.2%	31	300	852.4%
Income taxes	5,892	(1,084)	-118.4%	(139)	(5)	-96.3%
Cumulative effect of changes in accounting principles	0	0		0	0	
Net income	(19,738)	106	-100.5%	(1,031)	(3,357)	225.7%

Balance Sheet Data	2009/2008			Q1 10/Q1 09		
	2008	2009	% change	Q1 2009	Q1 2010	% change
Total assets	1,301,251	1,445,264	11.1%	1,331,708	1,467,452	10.2%
Total shareholders' equity	24,779	57,045	130.2%	23,975	50,810	111.9%

Note: Quarterly numbers have been reviewed by the auditors

Shin Kong Bank
Financial Summary
(NT\$mn)

Income Statement Data	2008	2009	2009/2008		Q1 10/Q1 09	
			% change	Q1 2009	Q1 2010	% change
Interest income	13,220	8,226	-37.8%	2,216	2,021	-8.8%
Interest expense	(7,000)	(3,563)	-49.1%	(1,210)	(559)	-53.8%
Net interest income	6,219	4,663	-25.0%	1,006	1,462	45.4%
Fee income	1,881	2,143	13.9%	405	579	43.1%
Fee expense	(488)	(563)	15.4%	(119)	(153)	27.9%
Net fee income	1,393	1,580	13.5%	285	427	49.4%
Gains on bill & securities	(160)	861	-638.1%	581	179	-69.2%
Gains recognized under equity method, net	(195)	16	-108.1%	9	25	190.0%
Gains on foreign exchange, net	106	93	-11.9%	168	(79)	-146.8%
Other gains or losses, net	117	118	1.3%	(64)	24	-137.6%
Operating expense	(5,262)	(4,905)	-6.8%	(1,253)	(1,207)	-3.6%
Pre-provision income or loss	2,217	2,426	9.4%	731	831	13.6%
Provision expense	(1,996)	(1,759)	-11.8%	(541)	(448)	-17.1%
Income tax (expense) benefit	5	(106)	-2324.6%	(18)	(35)	91.9%
Net income	227	560	147.3%	172	347	101.6%

Balance Sheet Data	2008	2009	2009/2008		Q1 10/Q1 09	
			% Change	Q1 2009	Q1 2010	% Change
Total assets	404,028	422,860	4.7%	396,358	400,183	1.0%
Total shareholders' equity	20,605	22,263	8.0%	20,800	22,469	8.0%
Total loans, net ⁽¹⁾	280,063	283,560	1.2%	275,341	287,688	4.5%
Total deposits	356,193	375,074	5.3%	354,618	353,543	-0.3%

Operating Metrics (cumulative)	2008	2009	Q1 2009	Q1 2010
Fee income ratio	18.6%	21.6%	14.4%	20.9%
Cost income ratio	70.4%	66.9%	63.1%	59.2%
Loan/deposit ratio (excl. credit card)	78.6%	75.6%	77.6%	81.4%
Loan/deposit ratio (incl. credit card)	80.0%	76.7%	79.0%	82.5%
Net interest margin	1.69%	1.28%	1.12%	1.60%
Net interest spread	2.02%	1.56%	1.41%	1.95%
Pre-provision earnings/assets	0.56%	0.59%	0.18%	0.20%
Pre-provision earnings/equity	10.60%	11.32%	3.53%	3.71%

Note:

(1) Exclude credit cards but include overdue receivables

(2) Quarterly numbers have been reviewed by the auditors