

Confidential



Q3 2010 Results Update

November 05, 2010

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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. Appendix

- Life Premium Summary
- Capital Enhancement

SKFH – 9M 2010 Overview

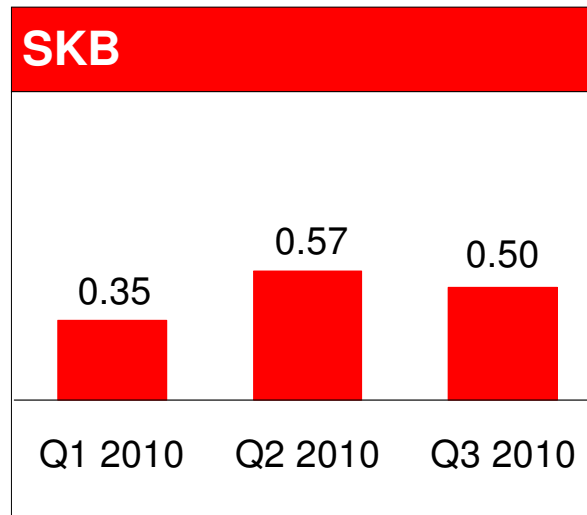
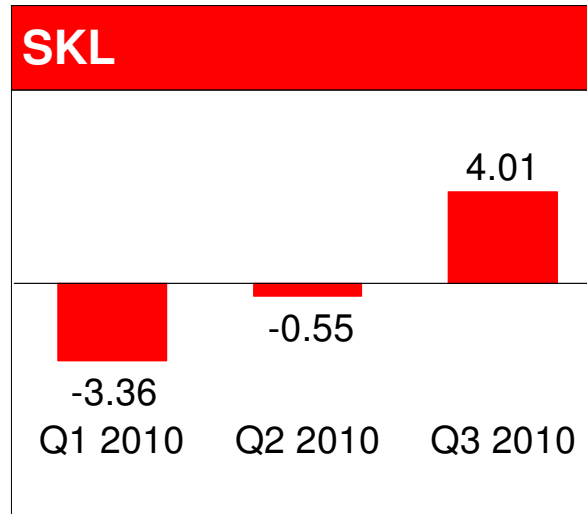
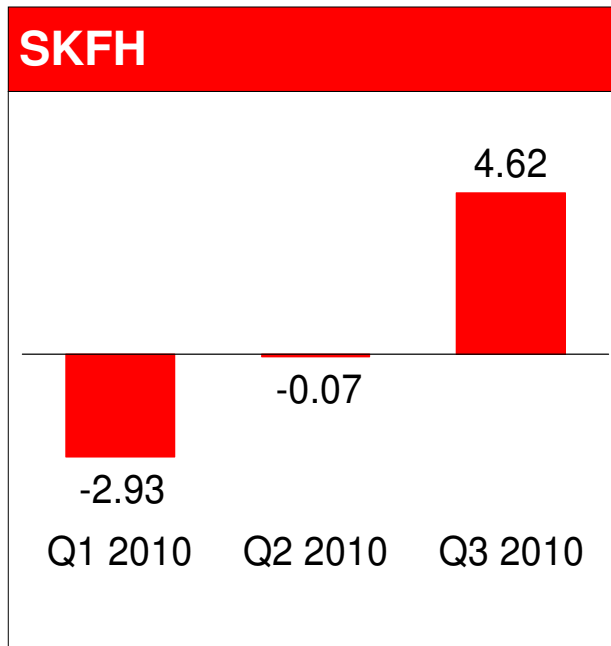
- Driven by recovery in the global economy and equity/bond markets, SKFH recorded after-tax profit of NT\$4.62bn in Q3 2010, significantly higher than the same period last year. Cumulative after-tax profit turned positive and was NT\$1.62bn for 9M 2010.
- Revenues steadily grew
 - SKL: Premium income grew 10.3% YoY. Interest income increased 13.3% YoY.
 - SKB: Net interest income and net fee income increased 37.3% and 28.7% YoY respectively.
- Control of expenses remained tight
 - SKL: Operating expenses were 18.7% lower YoY.
 - SKB: Operating expenses remained at a similar level to 9M 2009.
- Much stronger capital structure than last year and concrete plans to strengthen capital even further
 - As of the end of September, consolidated shareholders' equity of SKFH was NT\$98.26bn, 22.5% higher QoQ. Excluding MasterLink's minority interest, shareholders' equity and BVPS would have been NT\$83.76bn and NT\$10.7 respectively.
 - Shareholders' equity of SKL was NT\$65.10bn, 34.0% higher QoQ.
 - Board resolution was passed on August 13 to issue 0.6bn common shares. NT\$5.0bn of the proceeds will be used to enhance capital of SKL. Transaction will be completed by the end of the year.
- Increase shareholding in MasterLink - To better satisfy the definition of subsidiaries spelt out in the Financial Holding Company Act, SKFH's Board has resolved to purchase common shares of MasterLink Securities not exceeding 8% of the total issued common shares in the centralized securities trading market. Management expects the investment will increase profits recognized from MasterLink and deepen cooperation with the securities subsidiary.

Financial Highlights – 9M 2010

	9M 2009	9M 2010	YoY Growth
NT\$m (except per share data), %			
Group net income	-285	1,621	-
First year premium (Insurance)	52,462	65,013	23.9%
Loans (Bank)	284,439	311,118	9.4%
Total assets	1,855,473	2,034,216	9.6%
Total shareholders' equity	84,268	98,259	16.6%
ROA (unannualized)	0.03%	0.14%	-
ROE (unannualized)	0.62%	2.61%	-
Earnings per share	-0.04	0.21	-

Net Income – 3Q 2010

NT\$bn

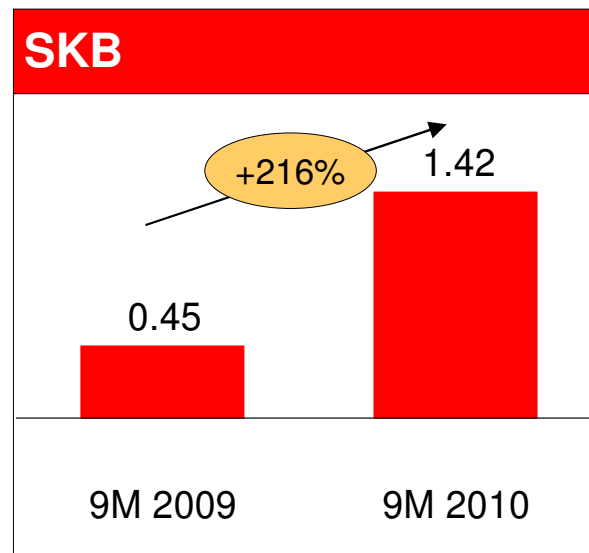
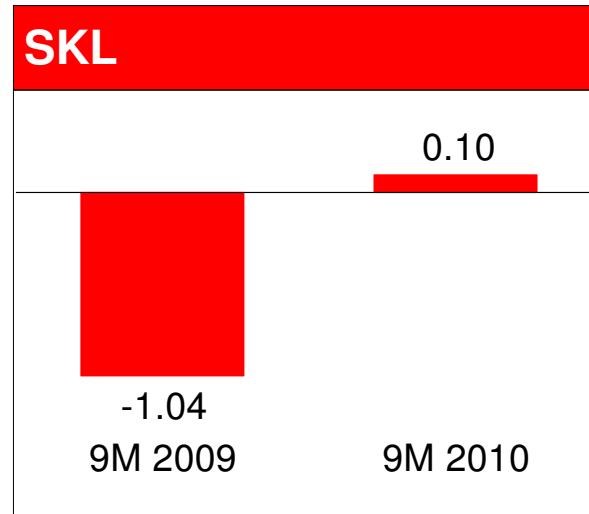
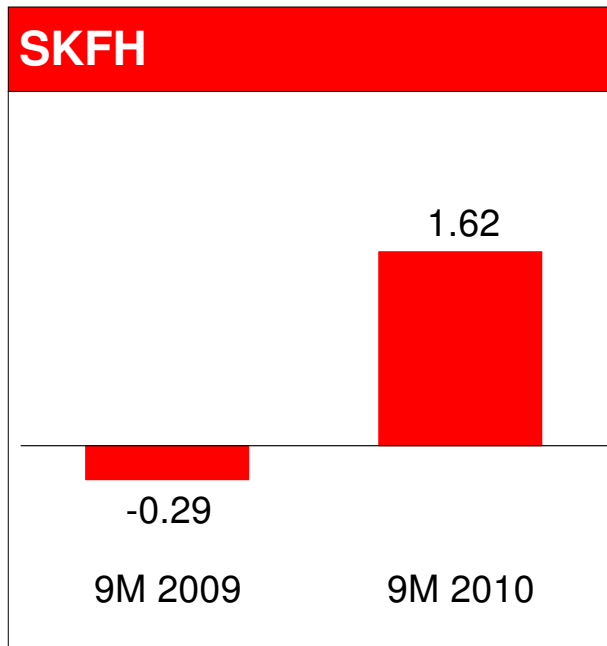


Comments

- SKFH's net income improved and recorded after-tax profit of NT\$4.62bn in Q3 2010
- Driven by significantly higher incomes (premium, interest, securities trading, etc.) and lower one-time losses, SKL's after-tax profit was NT\$4.01bn in Q3 2010
- SKB's profit continued to grow steadily

Net Income – 9M 2010

NT\$bn



Comments

- SKFH's 9M 2010 cumulative after-tax profit improved significantly to NT\$1.62bn vs a loss of NT\$0.29bn in 9M 2009
- SKL's cumulative after-tax profit was NT\$0.10bn for 9M 2010
- SKB's cumulative profit was 216.0% higher YoY due to widened interest spread, higher fee income and improvement in asset quality

Net Income – 9M 2010

Net income contribution

NT\$bn

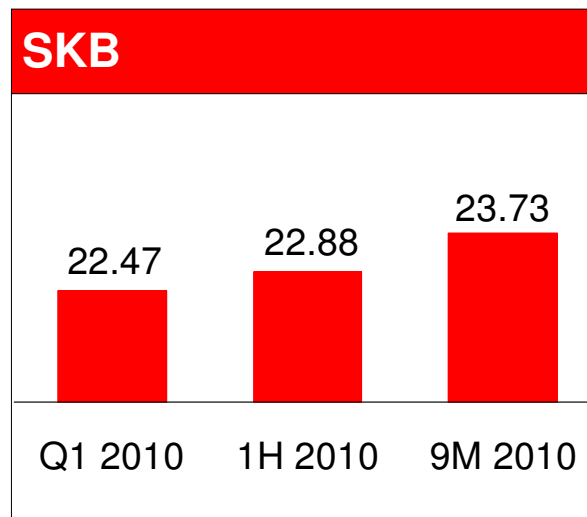
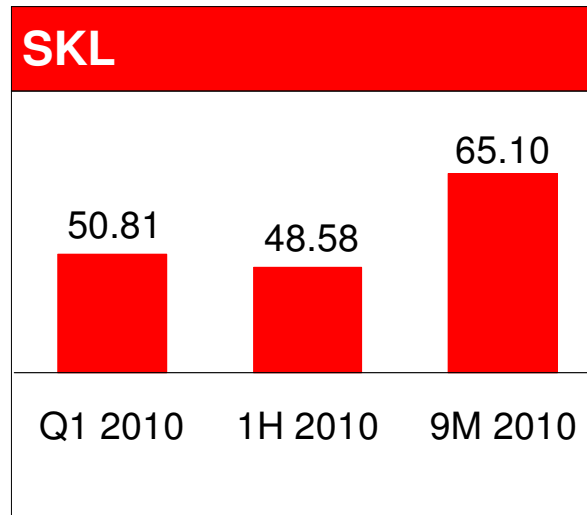
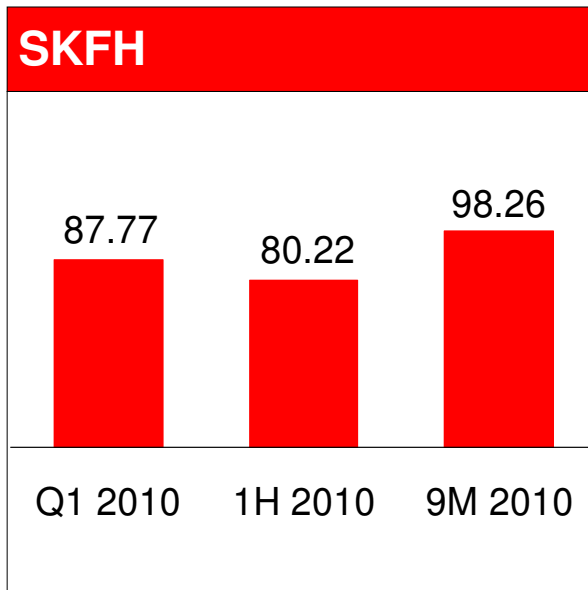
Subsidiaries	Q2 2010	Q3 2010	9M 2009	9M 2010
Shin Kong Life	-0.55	4.01	-1.04	0.10
Shin Kong Bank	0.57	0.50	0.45	1.42
Shin Kong Securities	0.01	0.00	0.27	0.07
Shin Kong Investment Trust	0.01	0.01	0.01	0.03
Shin Kong Insurance Brokers	0.02	0.02	0.05	0.05
Others ⁽¹⁾	-0.13	0.08	-0.03	-0.05
Net income	-0.07	4.62	-0.29	1.62

Note:

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

Shareholders' Equity – 3Q 2010

NT\$bn



Comments

- Driven by improvement in financial asset valuation and profitability, shareholders' equity increased 22.5% QoQ to NT\$98.26bn
- Excluding MasterLink's minority interest, SKFH's shareholders' equity would be NT\$83.76bn; BVPS was NT\$10.7, higher than par value
- Shareholders' equity of SKL and SKB increased 34.0% and 3.7% QoQ respectively

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SKL – 9M 2010 Overview

- SKL recorded after-tax profit of NT\$4.01bn in Q3 2010 driven by higher premium and investment income. Cumulative after-tax profit was NT\$0.10bn. ROE was 0.17%.
- 9M FYP was NT\$65.01bn, up 23.9% YoY. Q3 FYP was NT\$27.08bn, 20.6% higher QoQ. Market share was 7.2%.
- Protection products were the focus of traditional sales vs higher share of single premium savings products in 2009. Due to stabilization in global markets, sales of investment-linked products increased to NT\$2.05bn in Q3 2010. Growth of interest-sensitive products decreased due to high basis in 2H 2009.
- Margin is the main consideration in new product development. SKL recently launched a protection product co-developed with Dai-ichi Life to drive mortality/expense gains.
- 13-month persistency improved to 92.4%. 25-month persistency was 72.0%.
- 9M annualized investment return was 4.1%.
- Shareholders' equity was NT\$65.10bn, up 76.8% YoY.

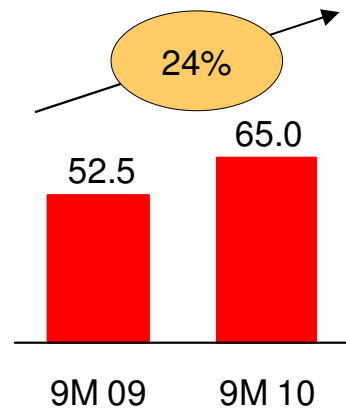
Financial Highlights – 9M 2010

	9M 2009	9M 2010	YoY Growth
NT\$mn, %			
First year premium	52,462	65,013	23.9%
Total premium	133,389	145,199	8.9%
Investment income	38,252	43,521	13.8%
Net income	-1,038	104	-
Total assets	1,399,139	1,535,889	9.8%
Total shareholders' equity	36,826	65,099	76.8%
ROE (unannualized)	-3.37%	0.17%	-
ROA (unannualized)	-0.08%	0.01%	-

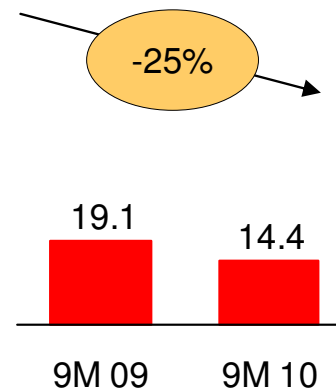
First Year Premium – 9M 2010

NT\$bn

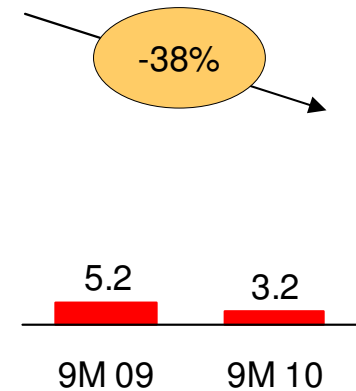
Market share 7.2%



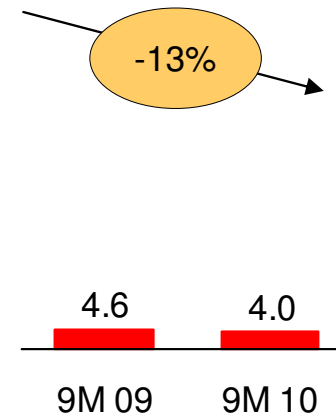
Traditional



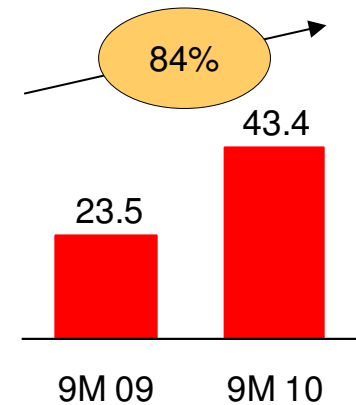
PA, Health and Group



Investment-linked



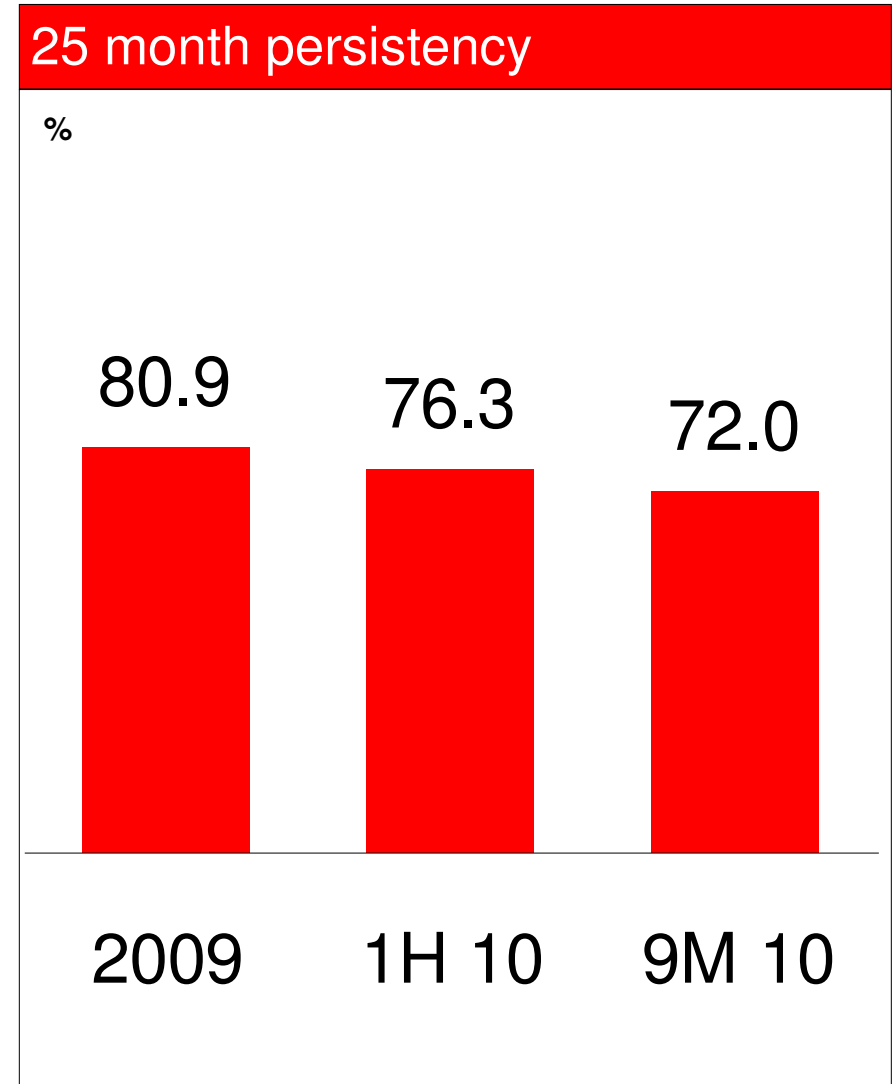
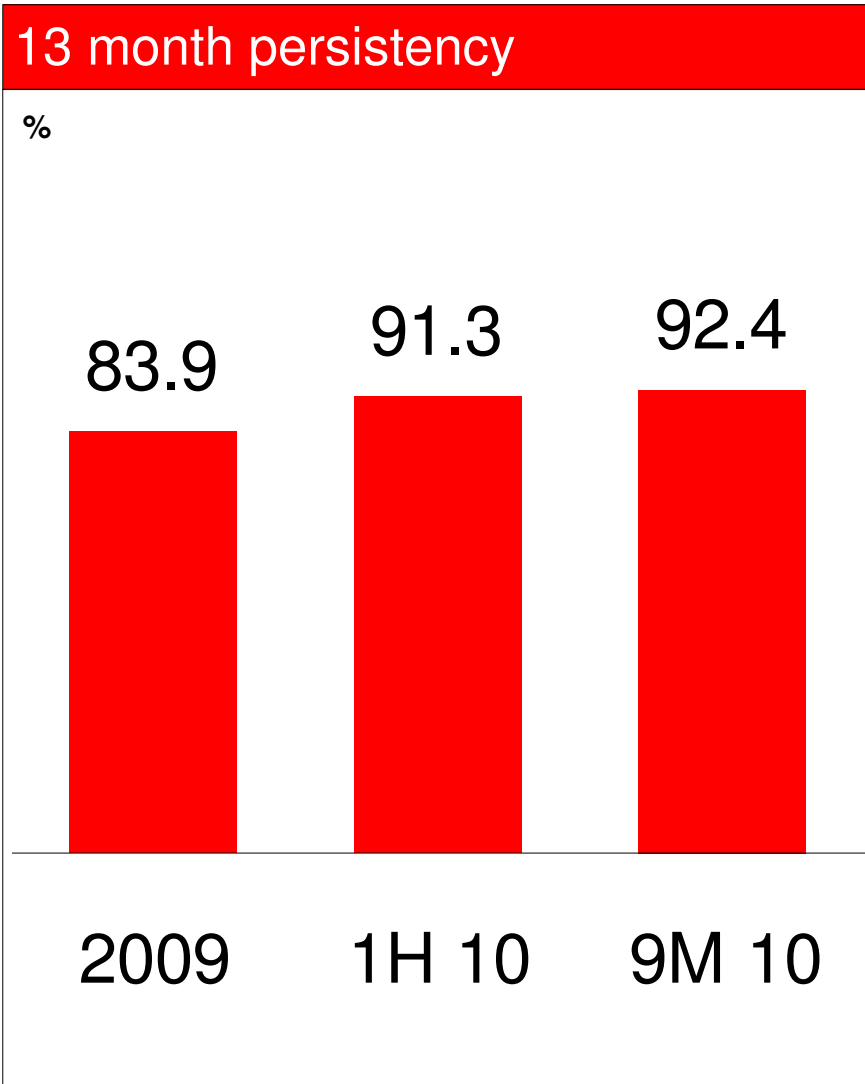
Interest-sensitive



Comments

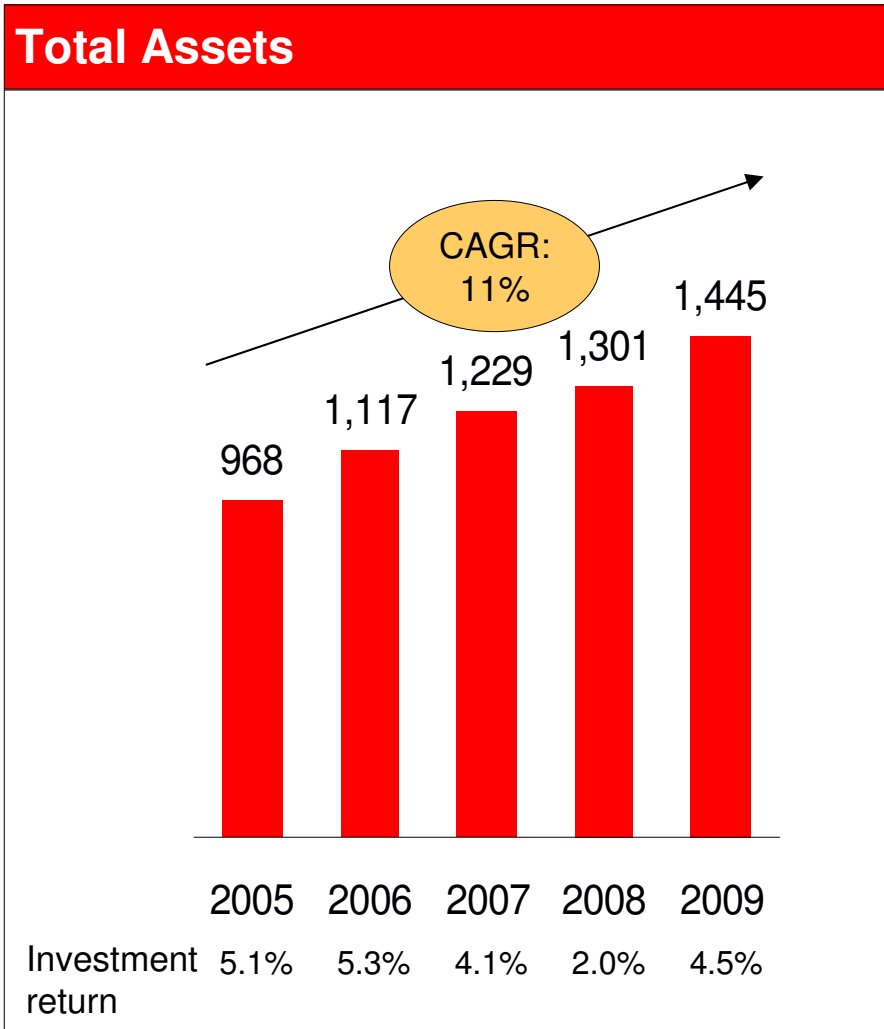
- FYP increased 24% YoY and 21% QoQ
- Protection products were the focus of traditional sales vs higher share of single premium savings products in 2009
- Sales of investment-linked products continued to increase in Q3 2010. Growth of interest-sensitive products decreased due to high basis in 2H 2009
- Launched protection product co-developed with Dai-ichi Life to drive mortality/expense gains

Persistence Ratio



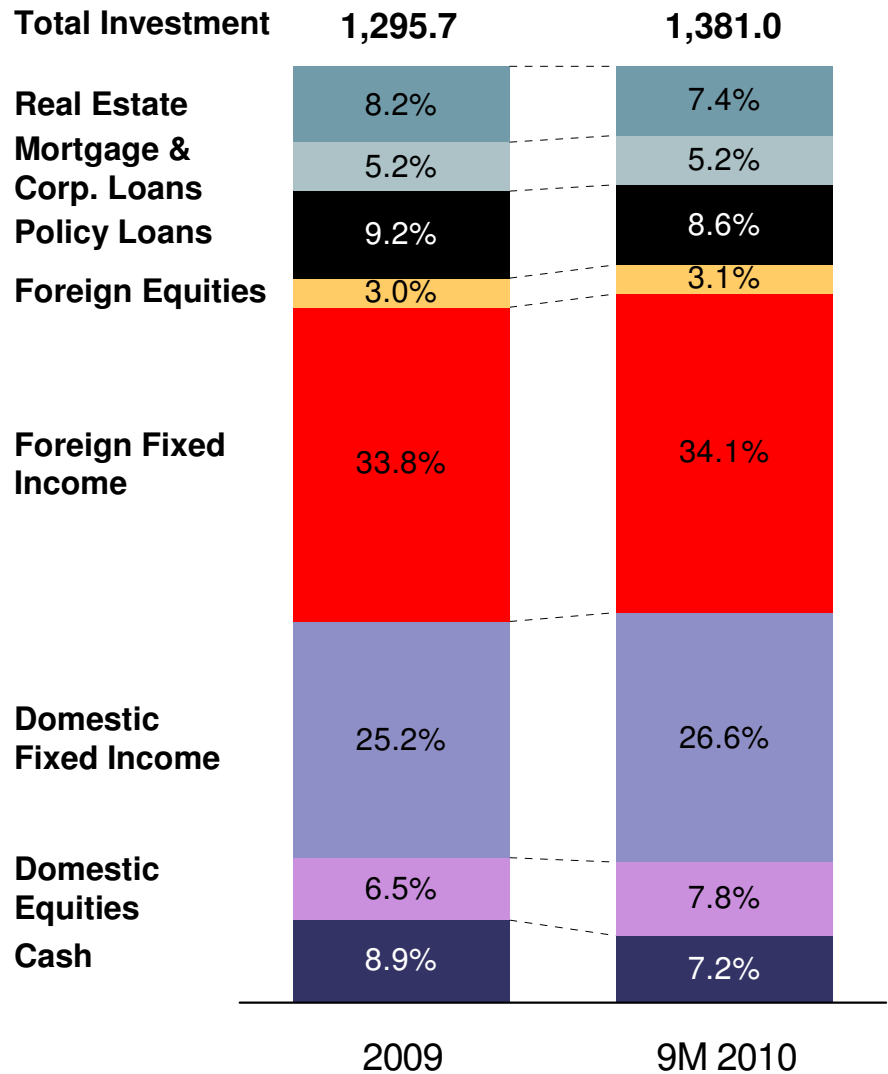
Investment Portfolio

NT\$bn

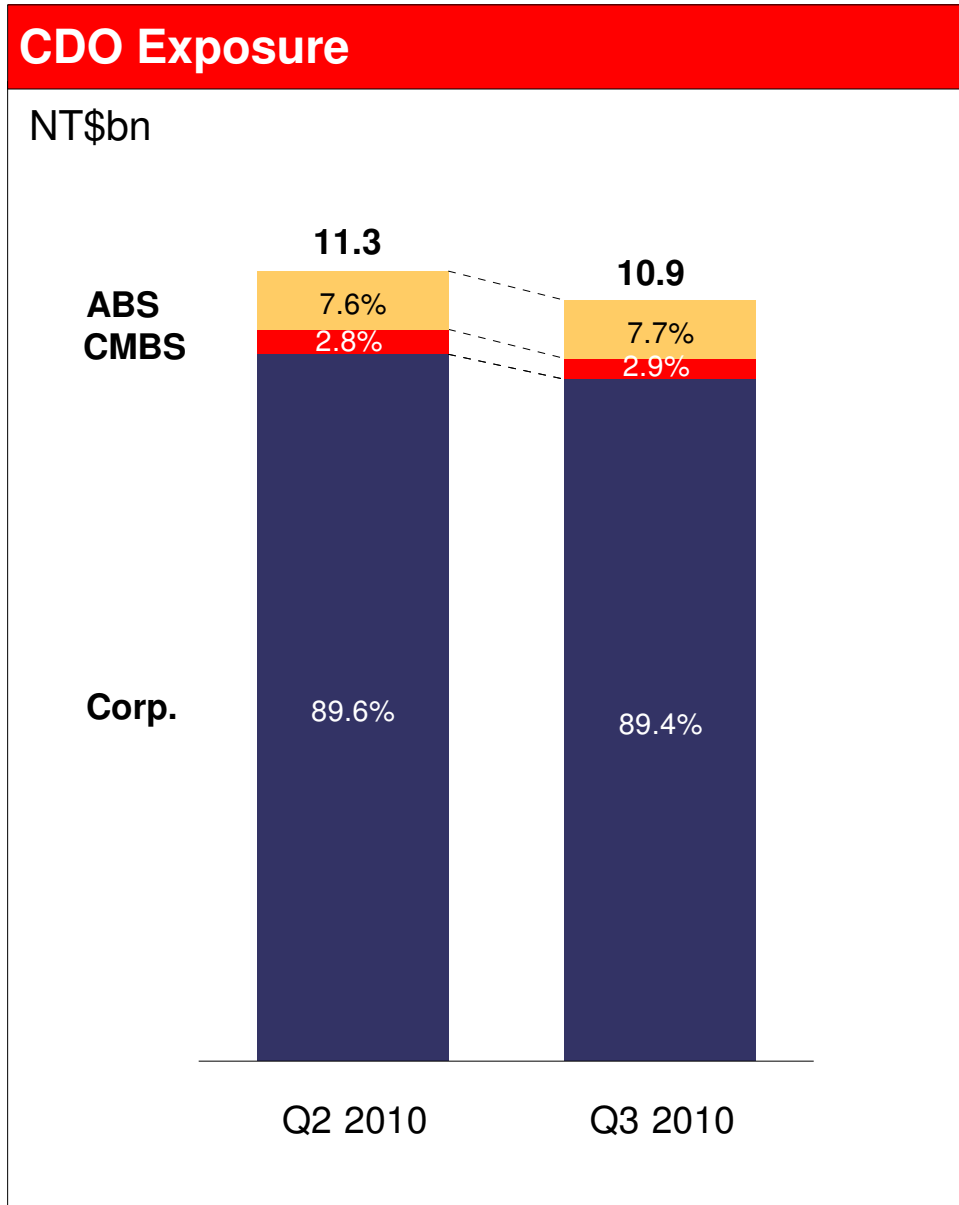


Note:

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



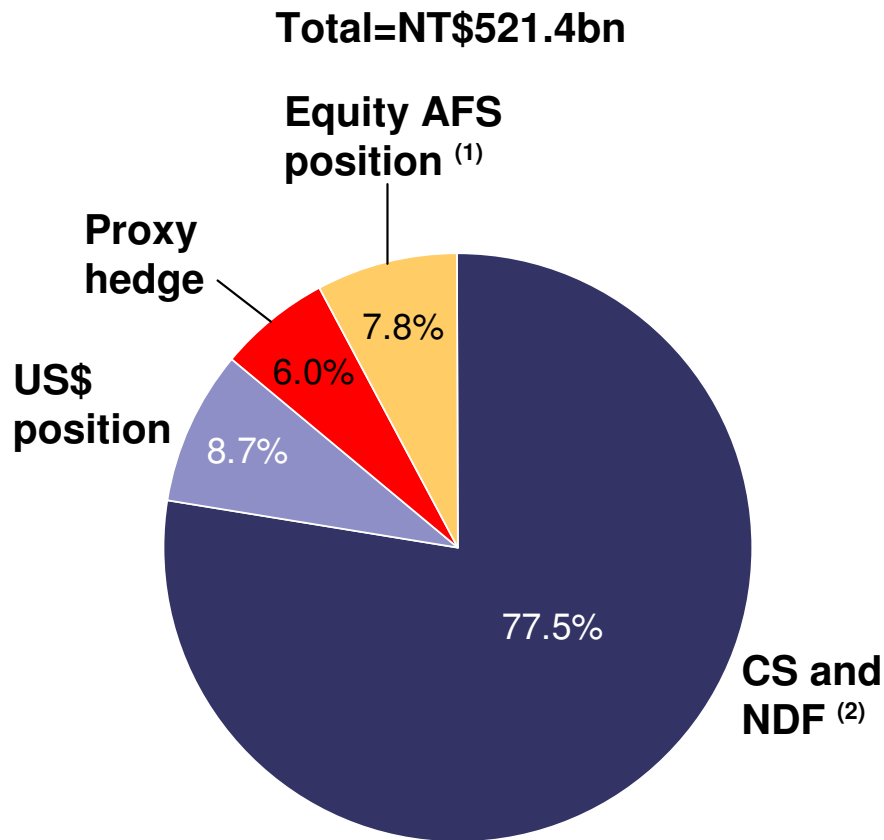
CDO Exposure



- Comments**
- Overall exposure was NT\$10.87bn
 - 7.7% 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 Q3 2010, an NT\$0.13bn loss on sale was recognized
 - Cumulative loss of NT\$1.91bn 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 reduced to 6.0%
- Available for sale position in foreign equities accounted for 7.8% 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; share of overseas investment maintained between 35~40%

Well-diversified Portfolio

- Diversification by asset class (equity, credit, currency, commodity, real estate)
- Diversification by strategy for uncorrelated sources of alpha (high dividend yield, 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-subsidary market risk management platform) was completed in Q2 2010

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SKB – 9M 2010 Overview

- After-tax profit for 9M 2010 was NT\$1,419 million (up 216.0% year-on-year); pre-provision profit increased 68.8% year-on-year to NT\$2,932 million while operating expense remained at a similar level compared to 9M 2009.
- Loan balance increased to NT\$311.1 billion (up 9.4% year-on-year); deposit balance increased to NT\$383.9 billion (up 10.0% year-on-year). L/D ratio was 80.7% (incl. credit cards balance).
- NIM was 1.55% in Q3 2010.
- Wealth management business has recovered since Q2 2009 due to recovery in global markets. Fee income from wealth management for 9M 2010 was NT\$618 million (up 36.1% year-on-year). SKB achieved bancassurance cross-sales of NT\$16.6 billion in 9M 2010, accounting for 39.1% of SKL bancassurance premium.
- Credit card NPL ratio decreased to 0.57% and coverage ratio increased to 552.96%.
- Asset quality improved with overall NPL and coverage at 0.74% (Q2:0.85%) and 130.34% (Q2:116.62%) respectively. NPL ratio for mortgages remained low at 0.41% (Q2:0.48%).

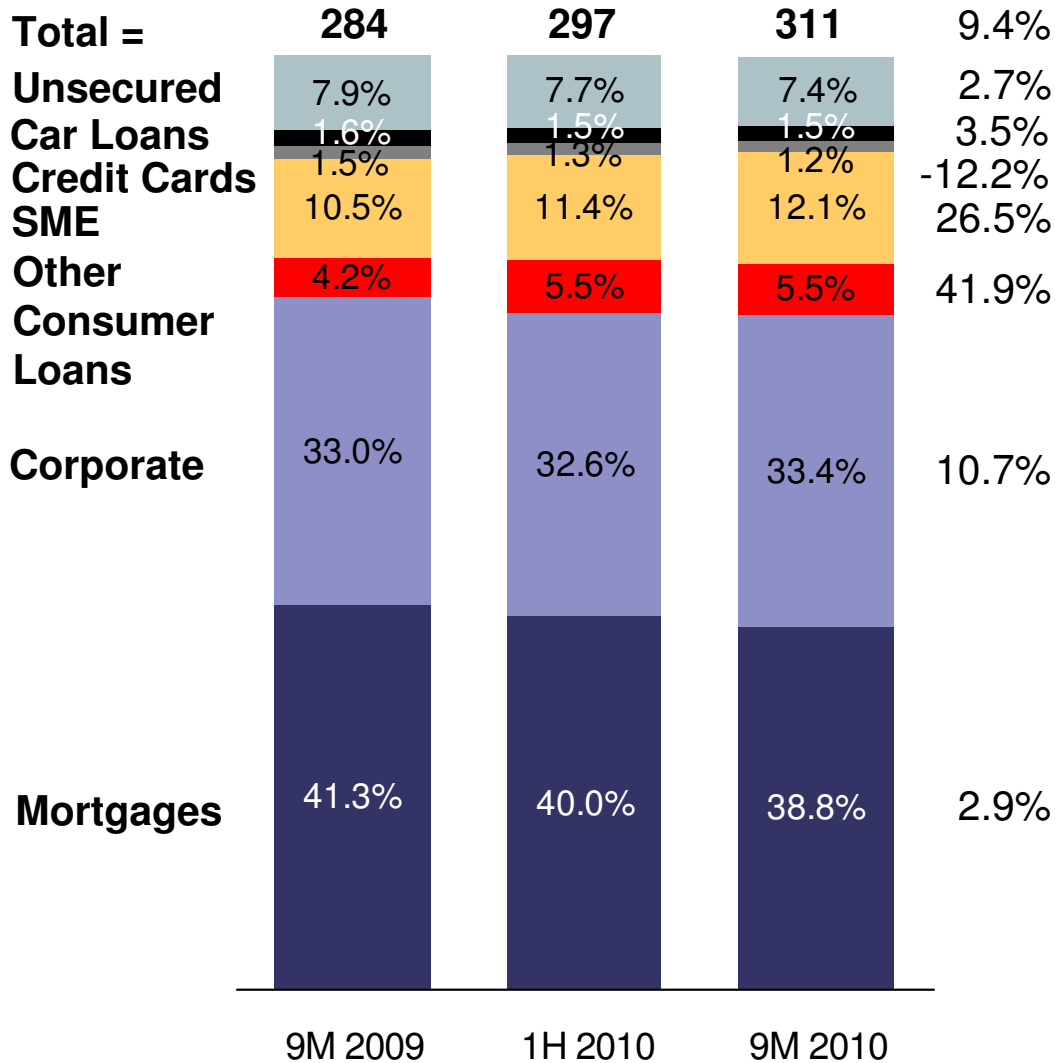
Net Income – 9M 2010

	9M 2009	9M 2010	YoY Growth
NT\$m, %			
Net interest income	3,265	4,482	37.3%
Net fee income	1,103	1,419	28.7%
Other income	1,011	735	-27.3%
Operating expense	-3,642	-3,704	1.7%
Pre-provision operating income	1,736	2,932	68.8%
Provision expense	-1,241	-1,425	14.8%
Income tax benefit (expense)	-46	-87	88.5%
Net Income	449	1,419	216.0%

Loan Mix

NT\$bn

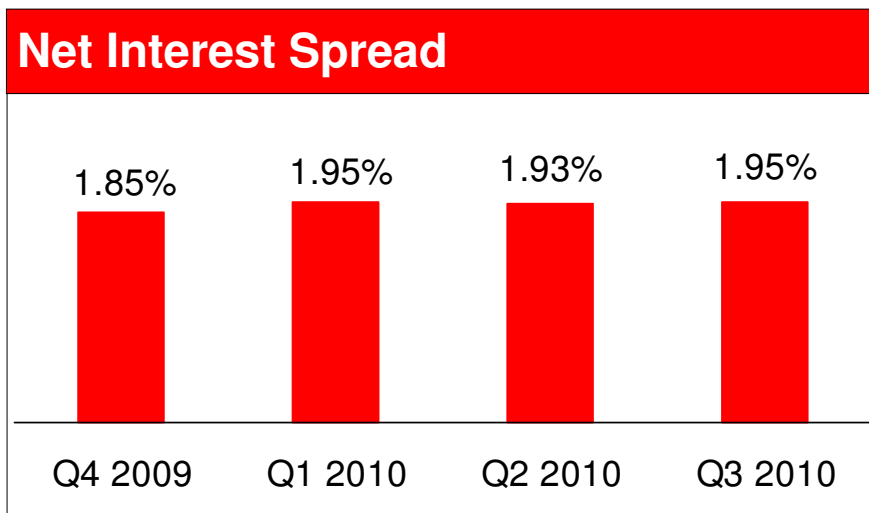
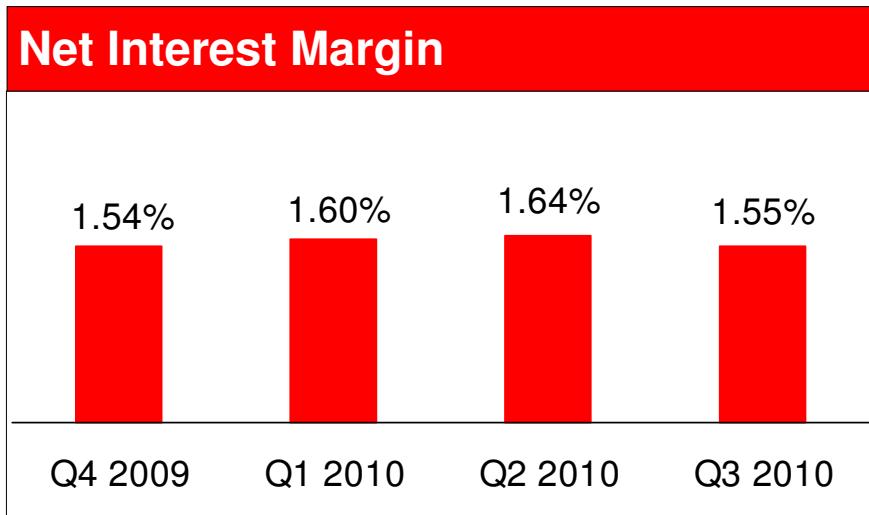
YoY Growth



Comments

- Loan balance increased to NT\$311.1 billion (up 9.4% year-on-year)
- Mortgages achieved stable growth under stringent credit policies; maximum LTV ratio was 80% for urban planning areas and 60% for non-urban planning areas
- L/D ratio was 80.7% (incl. credit cards balance)

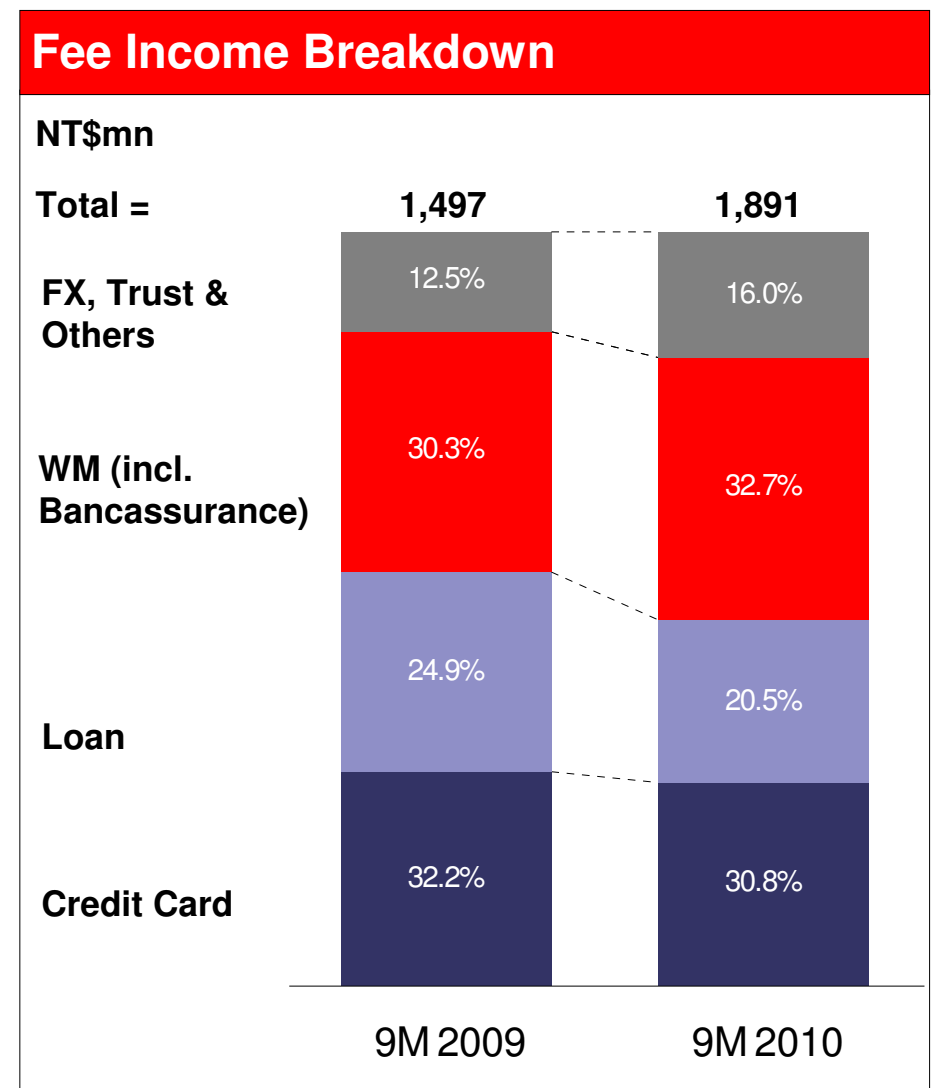
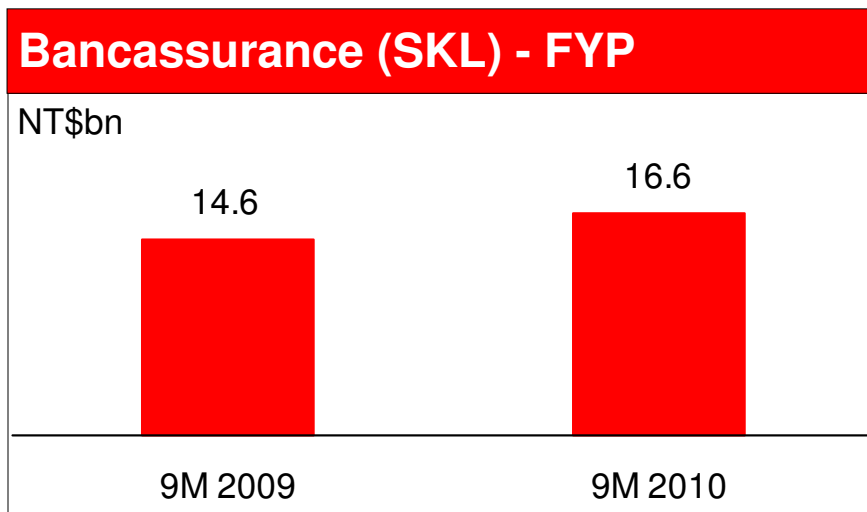
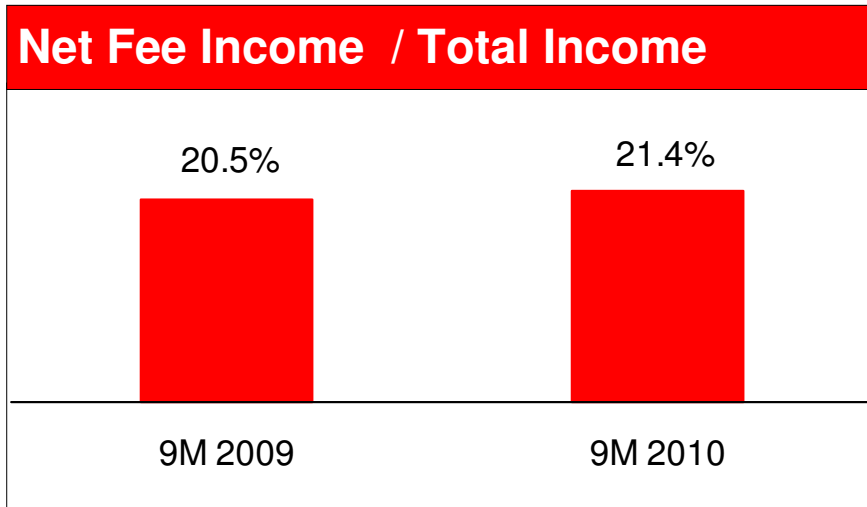
Interest Income



Comments

- NIM was 1.55% in Q3 2010; net interest spread continued to improve to 1.95%
- In order to expand scale, SKB increased deposits in Q3 which resulted in a temporary decline in NIM
- 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

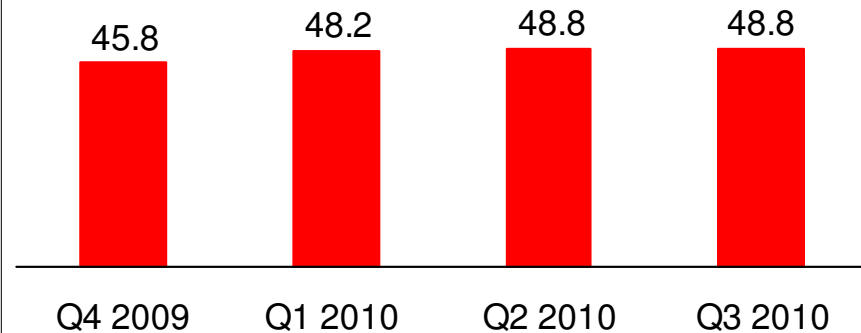
Fee Income



Wealth Management

AUM

NT\$bn

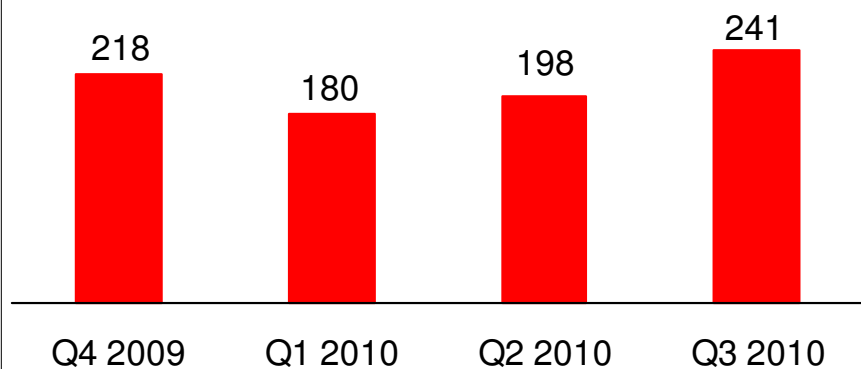


Wealth Management Center



WM Fee Income

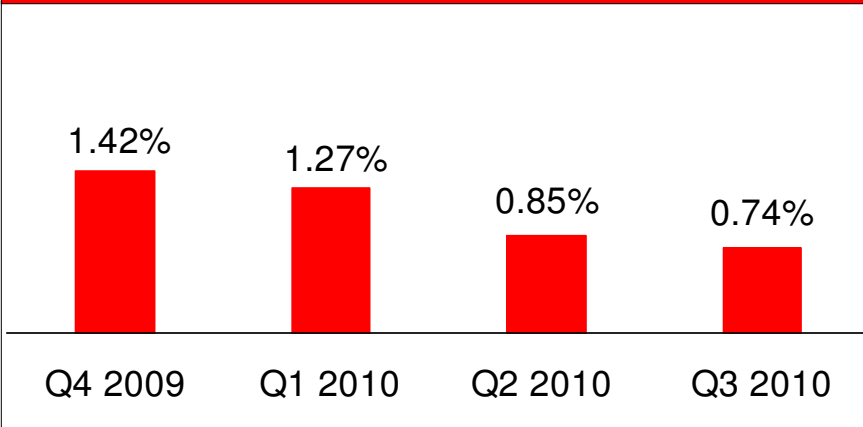
NT\$m



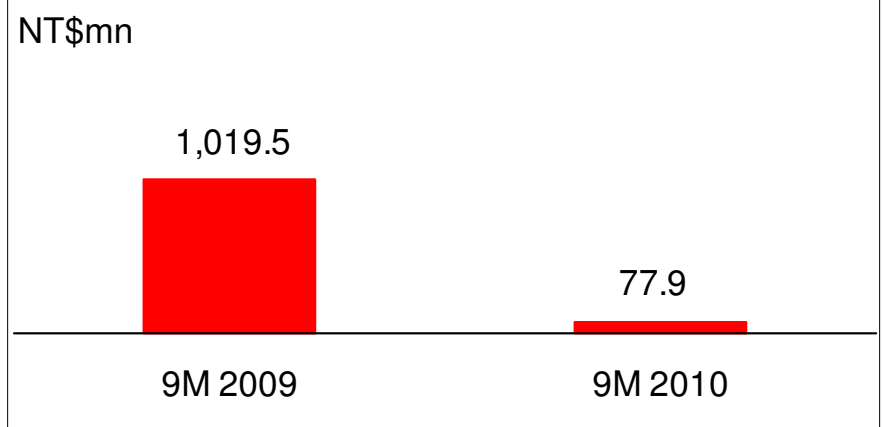
- Fee income from wealth management has increased since Q2 2009 due to recovery in global markets
- Fee income from wealth management for 9M 2010 was NT\$618 million (up 36.1% year-on-year) and accounted for 32.7% (30.3% for 9M 2009) of total fee income
- Sales focuses were on mutual funds, insurance, and foreign securities for 9M 2010. As global markets stabilize, sales of preferred shares and mutual funds are expected to grow in Q4 2010

Asset Quality

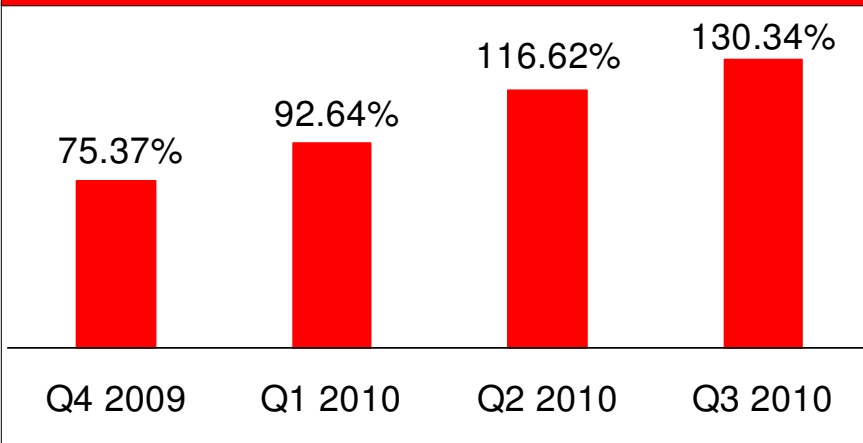
NPL Ratio



New NPL Generation



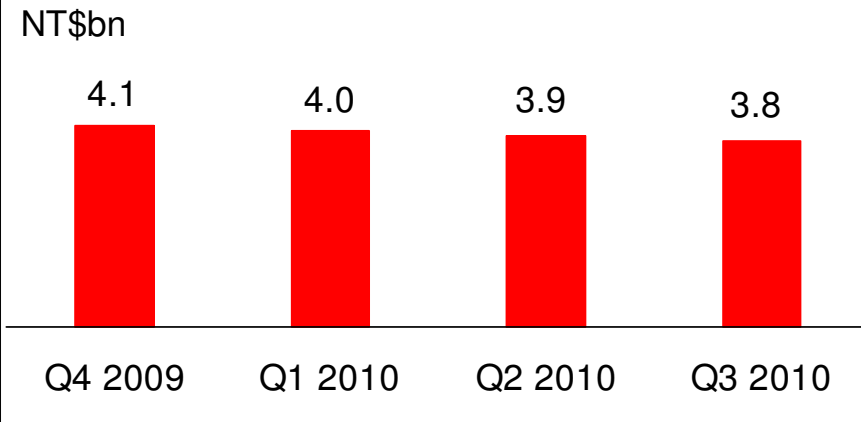
Coverage Ratio



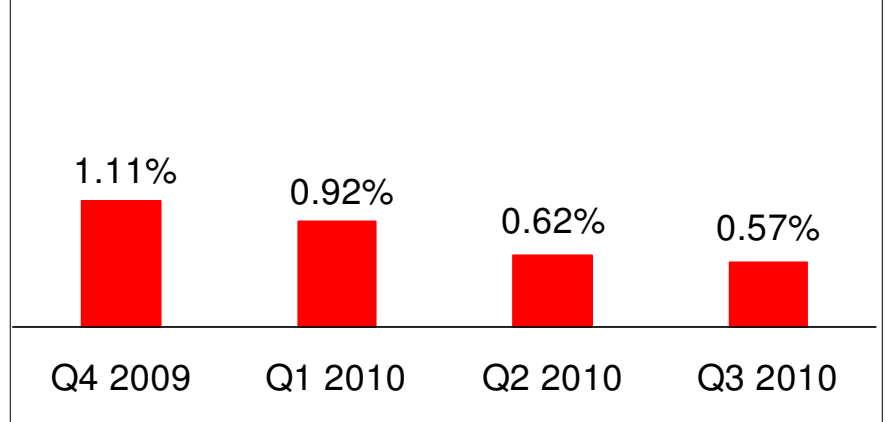
- Asset quality continued to improve with overall NPL at 0.74%
- NPL ratio for mortgages was low at 0.41%
- Coverage was 130.34% - further improved compared to 116.62% in Q2 this year
- New NPL generated in 9M 2010 were NT\$77.9 million, down 92.4% compared to 9M 2009

Credit Cards Metrics

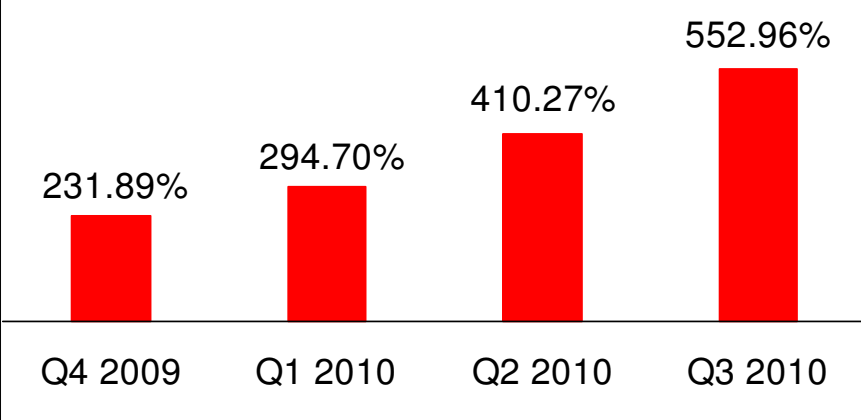
Revolving Balance



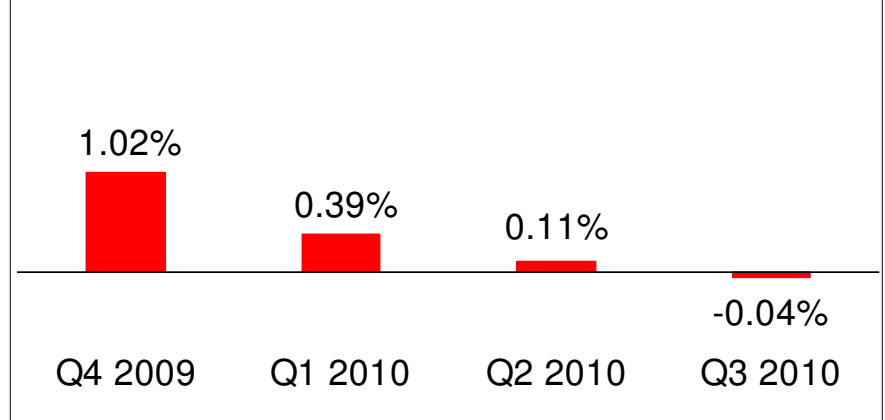
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

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SP / RP Breakdown – 9M 2010

NT\$bn

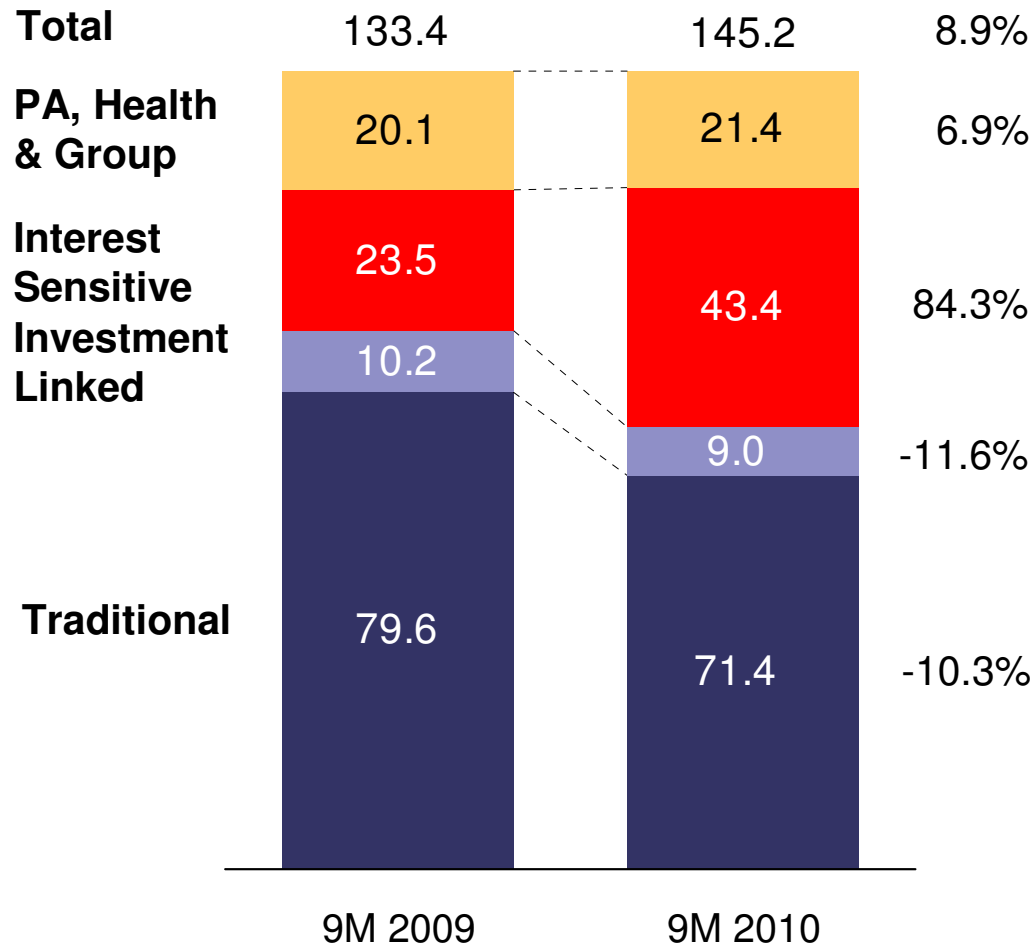
9M 2010 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	9.99	4.40		14.39
Investment-linked				
VUL			2.39	2.39
Structured note	1.65			1.65
Interest Sensitive				
Annuity	42.93		0.05	42.98
Life			0.41	0.41
PA, health and others		3.19		3.19
Total	54.57	7.59	2.85	65.01
Share	83.9%	11.7%	4.4%	100.0%

Total Premium – 9M 2010

NT\$bn

Market Share = 8.3%

Growth



Comments

- Total premium went up 8.9% YoY
- Share of traditional premium declined due to higher share of single premium products in 2009
- Total premium for all other product classes (PA, Health & Group and Interest Sensitive) grew

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Summary of Capital Raising

<p>The offering</p>	<ul style="list-style-type: none"> ▪ Number of shares offered: 0.6bn common shares ▪ Total monetary amount: NT\$6bn ▪ Price: NT\$10 per share ▪ Number of shares after capital raising: 8.47bn common shares ▪ Capital after raising: NT\$84.68bn ▪ Shares allotment: <ul style="list-style-type: none"> - 75% (or 450,000,000 shares) offered to existing shareholders - 10% (or 60,000,000 shares) offered to the general public - 15% (or 90,000,000 shares) offered to employees ▪ Use of proceeds: to increase qualified capital, enhance financial structure, and improve capital adequacy ratios
<p>Potential Impact</p>	<p>Capital Adequacy Ratio (CAR): increase approximately 6%</p> <p>Risk-Based Capital (RBC) Ratio: increase approximately 19%</p> <p>Debt to Equity (D/E): decrease approximately 3%</p>

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Shin Kong Financial HoldingFinancial Summary
(NT\$m)

Income Statement Data	2009	9M 2009	9M 2010	9M 10/9M 09		Q3 2009	Q3 2010	Q3 10/Q3 09	
				% change				% change	
Net interest income	(72)	(60)	(116)	93.3%		(18)	(41)	127.8%	
Income from subsidiaries									
Shin Kong Life	106	(1,038)	104	-110.0%		282	4,010	1322.0%	
Shin Kong Bank	560	449	1,419	216.0%		219	503	129.7%	
Shin Kong Securities	179	265	67	-74.7%		(5)	0	-100.0%	
MasterLink Securities	359	243	272	11.9%		117	146	24.8%	
Shin Kong Insurance Brokers	40	45	50	11.1%		13	15	15.4%	
Shin Kong Investment Trust	22	8	26	225.0%		8	11	37.5%	
Total income from subsidiaries	1,266	(28)	1,938	-7021.4%		634	4,685	639.0%	
Other income	125	48	15	-68.8%		(111)	4	-103.6%	
Administrative and general expenses	(252)	(159)	(155)	-2.5%		(54)	(50)	-7.4%	
Income tax benefit (expense)	62	(86)	(61)	-29.1%		(114)	22	-119.3%	
Cumulative effect of changes in accounting principle	0	0	0			0	0		
Net income	1,129	(285)	1,621	-668.8%		337	4,620	1270.9%	

Balance Sheet Data	2009	9M 2009	9M 2010	9M 10/9M 09		Q3 2009	Q3 2010	Q3 10/Q3 09	
				% change				% change	
Long term investment	90,685	70,089	95,067	35.6%		70,089	95,067	35.6%	
Total assets	1,902,090	1,855,473	2,034,216	9.6%		1,855,473	2,034,216	9.6%	
Total shareholders' equity	92,678	84,268	98,259	16.6%		84,268	98,259	16.6%	

Note: Numbers have been reviewed by the auditors

Shin Kong Life
Financial Summary
(NT\$mn)

Income Statement Data	2009	9M 2009	9M 2010	9M 10/9M 09		Q3 10/Q3 09	
				% change	Q3 2009	Q3 2010	% change
Premium income	167,298	125,192	138,048	10.3%	40,563	48,925	20.6%
Investment income							
Interest income	39,083	28,904	32,742	13.3%	9,915	10,669	7.6%
Gains on investments in securities	9,987	5,780	11,759	103.4%	5,987	10,663	78.1%
Gains on real estate investments	9,941	8,173	7,153	-12.5%	685	935	36.4%
FX	(4,393)	(3,639)	(8,033)	120.8%	(1,889)	(3,326)	76.1%
FX gain or loss	(10,891)	(8,338)	(10,058)	20.6%	(7,645)	(12,567)	64.4%
Hedging	6,499	4,699	2,025	-56.9%	5,755	9,240	60.6%
Impairment loss	(967)	(967)	(100)	-89.6%	(873)	(78)	-91.0%
Total Investment income	53,652	38,252	43,521	13.8%	13,825	18,862	36.4%
Other operating income	3,165	2,527	1,125	-55.5%	968	422	-56.4%
Provision for reserves							
Provisions	(194,037)	(139,277)	(156,293)	12.2%	(45,080)	(54,628)	21.2%
Recoveries	76,526	43,837	76,687	74.9%	16,021	31,425	96.2%
Total provisions for reserves, net	(117,511)	(95,439)	(79,606)	-16.6%	(29,059)	(23,203)	-20.2%
Insurance payments	(85,940)	(56,286)	(89,171)	58.4%	(20,538)	(36,112)	75.8%
Commission expense	(4,647)	(3,476)	(3,190)	-8.2%	(1,111)	(1,070)	-3.7%
Separate account revenue	78,156	61,908	42,247	-31.8%	23,311	22,006	-5.6%
Separate account expenses	(78,156)	(61,908)	(42,247)	-31.8%	(23,311)	(22,006)	-5.6%
General and administrative expenses	(14,170)	(10,379)	(9,027)	-13.0%	(3,722)	(3,070)	-17.5%
Other operating costs and expenses	(2,161)	(1,615)	(725)	-55.1%	(510)	(252)	-50.6%
Operating income	(315)	(1,225)	976	-179.6%	416	4,502	981.3%
Non-operating income and expenses	1,505	1,348	194	-85.6%	30	(70)	-336.4%
Income taxes	(1,084)	(1,161)	(1,066)	-8.2%	(163)	(422)	158.3%
Cumulative effect of changes in accounting principle	0	0	0		0	0	
Net income	106	(1,038)	104	-110.1%	283	4,010	1318.7%

Balance Sheet Data	2009	9M 2009	9M 2010	9M 10/9M 09		Q3 10/Q3 09	
				% change	Q3 2009	Q3 2010	% change
Total assets	1,445,264	1,399,139	1,535,889	9.8%	1,399,139	1,535,889	9.8%
Total shareholders' equity	57,045	36,826	65,099	76.8%	36,826	65,099	76.8%

Note: Numbers have been reviewed by the auditors

Shin Kong Bank
Financial Summary
(NT\$m)

Income Statement Data	2009	9M 2009	9M 10/9M 09		Q3 2009	Q3 2010	Q3 10/Q3 09	
			9M 2010	% change			% change	
Interest income	8,226	6,224	6,314	1.4%	1,958	2,203	12.5%	
Interest expense	(3,563)	(2,960)	(1,833)	-38.1%	(789)	(694)	-12.0%	
Net interest income	4,663	3,265	4,482	37.3%	1,169	1,509	29.1%	
Fee income	2,143	1,497	1,891	26.3%	576	681	18.3%	
Fee expense	(563)	(395)	(472)	19.7%	(137)	(165)	20.3%	
Net fee income	1,580	1,103	1,419	28.7%	439	516	17.7%	
Gains on bill & securities	861	790	544	-31.1%	120	355	195.4%	
Gains recognized under equity method, net	16	38	81	116.0%	22	29	30.3%	
Gains on foreign exchange, net	93	70	(51)	-172.0%	15	(204)	-1482.0%	
Other gains or losses, net	118	113	160	41.4%	24	53	123.4%	
Operating expense	(4,905)	(3,642)	(3,704)	1.7%	(1,185)	(1,245)	5.0%	
Pre-provision income or loss	2,426	1,736	2,932	68.8%	604	1,013	67.8%	
Provision expense	(1,759)	(1,241)	(1,425)	14.8%	(370)	(467)	26.4%	
Income tax (expense) benefit	(106)	(46)	(87)	88.5%	(15)	(42)	175.4%	
Net income	560	449	1,419	216.0%	219	504	130.3%	

Balance Sheet Data	2009	9M 2009	9M 10/9M 09		Q3 2009	Q3 2010	Q3 10/Q3 09	
			9M 2010	% change			% change	
Total assets	422,860	392,181	433,829	10.6%	392,181	433,829	10.6%	
Total shareholders' equity	22,263	22,285	23,731	6.5%	22,285	23,731	6.5%	
Total loans, net ⁽¹⁾	283,560	281,056	306,147	8.9%	281,056	306,147	8.9%	
Total deposits	375,074	348,934	383,863	10.0%	348,934	383,863	10.0%	

Operating Metrics	2009	9M 2009	9M 2010	Q3 2009	Q3 2010
Fee income ratio	21.6%	20.5%	21.4%	24.5%	22.9%
Cost income ratio	66.9%	67.7%	55.8%	66.3%	55.1%
Loan/deposit ratio (excl. credit cards)	75.6%	80.5%	79.8%	80.5%	79.8%
Loan/deposit ratio (incl. credit cards)	76.7%	81.8%	80.7%	81.8%	80.7%
Net interest margin	1.28%	1.19%	1.59%	1.28%	1.55%
Net interest spread	1.56%	1.47%	1.94%	1.59%	1.95%
Pre-provision earnings/assets	0.59%	0.44%	0.68%	0.15%	0.24%
Pre-provision earnings/equity	11.32%	8.10%	12.75%	2.81%	4.41%

Note:

(1) Exclude credit cards but include overdue receivables

(2) Numbers have been reviewed by the auditors