

Confidential



Shin Kong Financial Holding

Company Overview

November 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. Appendix

- Market opportunities
- SKL Premium
- One-off losses of CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Capital Enhancement
- Other Information

Who We Are

- Major financial holding company in Taiwan
 - Subsidiaries including life insurance, bank, securities, asset management, and insurance brokerage
 - 3rd largest life insurer with 7.4% market share
 - 10th largest private bank with 105 branches
- One of the few FHCs in Taiwan with significant presence in both insurance and banking

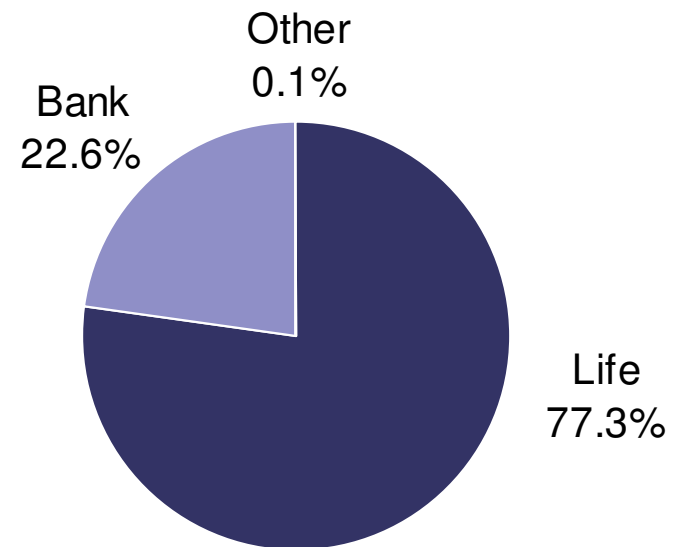
Financial Overview

NT\$bn	2007	2008	2009
Total Assets	1,688.1	1,740.2	1,902.1
Shareholders' Equity	100.1	56.2	92.7
Market Value	112.6	55.7	104.6
Net Income ⁽¹⁾	5.0	-21.0	1.1
ROA	0.34%	-1.27%	0.14%
ROE	5.33%	-28.44%	2.97%
Foreign Ownership	20.4%	22.6%	29.93%

Note:

(1) Excludes minority interest income

2009 Asset Mix



Corporate Structure

Unique Integrated Financial Services Platform



	Shin Kong Life	Shin Kong Bank	Shin Kong Investment Trust	Shin Kong Insurance Brokers
Date of Incorporation	7/1963	1/1997	9/1992	1/2003
Assets (NT\$bn)	1,445.26	422.86	0.71	0.11
% of Group Assets	77.3%	22.6%	<0.1%	<0.1%
Earnings (NT\$m)	106	560	22	40
Branches/Offices	343	105	3	1
Market Share	7.4%	1.4%	1.7%	-

Seasoned Management Team



**Hsu,
Victor**

President & Spokesperson,
Shin Kong Financial Holding

Experiences:

- First Vice President, Shin Kong Financial Holding
 - CFO, Shin Kong Life
- Membership & others:
- Director, Life Insurance Association of R.O.C.
 - Member, Financial Holding Business Committee



**Tsai,
Jason**

President, Shin Kong Life

Experiences:

- EVP, Shin Kong Life
- SVP, Shin Kong Life

Membership & others:

- Executive Director, Life Insurance Management Institute of the Republic of China



**Lee,
David**

President, Shin Kong Insurance Brokers

Experiences:

- SVP, Shin Kong Insurance Brokers
- SVP, Shin Kong Life



**Lai,
Chin Yuan**

President, Shin Kong Bank

Experiences:

- SEVP & President of Asia-Pacific market, Mega Bank
- SEVP & General Manger of Taichung Branch, ICBC
- Director of Waterland Financial Holdings
- Director of R.O.C. Bills Finance Association



**Huang,
Richard**

President, Shin Kong Investment Trust

Experiences:

- SVP, Shin Kong Investment Trust

Strong Track Record of Attracting and Integrating Outside Talent



**Yung,
Winston**

CFO, Shin Kong Financial Holding
CFO, Shin Kong Life

Experiences:

- Deputy CFO, Shin Kong Financial Holding
- Associate Principal, McKinsey & Co.
- Manager, Finance and Administration, Royal Insurance (Taiwan)



**Chu,
Grace**

CRO, Shin Kong Financial Holding
CRO, Shin Kong Life

Experiences:

- Senior Vice President, Taiwan International Securities Company
- Co-Chair, Risk Control Committee, Taiwan Securities Association
- Executive Vice President, Taiwan Ratings Corporation



**Lin,
Han Wei**

SVP, Actuarial & Planning Department,
Shin Kong Life

Experiences:

- Assistant Actuary, New York Life (USA)
- Director and Actuary, Lincoln Financial Group (USA)
- FSA
- MAAA
- CFA



**Chen,
Dennis**

Chief Information Officer,
Shin Kong Financial Holding
Chief Information Officer,
Shin Kong Life

Experiences:

- Director, Core Banking Business, Unisys Limited
- Director, e-Business, Electronic Data Systems



**Lin,
Sunny**

VP, Wealth Management, Shin Kong Bank

Experiences:

- SVP, Wealth Management, Fuhwa Bank
- AVP, Int'l Private Client Group, Merrill Lynch (Taiwan)
- AVP, Personal Banking Center, Citibank, N.A. (Taiwan)

Sound Policies and Practices to Ensure Proper Corporate Governance

Board Control

- Increasingly diversified shareholding structure with over 20% foreign ownership and ~2% employee ownership
- 3 independent non-executive Board directors appointed in 2008
 - Chi-Shih Cheng: Former Head of Insurance Bureau, Ministry of Finance
 - Masao Tsuji: Chairman of the Japan Securities Investment Advisers Association
 - Wen-Chi Wu: Professor at the Chihlee Institute of Technology

Legal Compliance

- Appointed Compliance Officer to further strengthen internal risk control and legal compliance
- Compliance officer is appointed by the Board and reports to the FHC President; he submits a report to the Board on a half-yearly basis

Internal Audit

- Chief Auditor reports directly to the Board
- One business audit every year
- One finance, risk management and compliance audit every half year

Disclosure

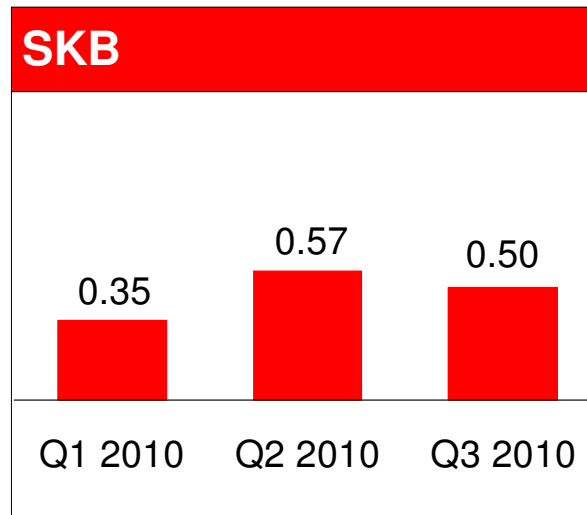
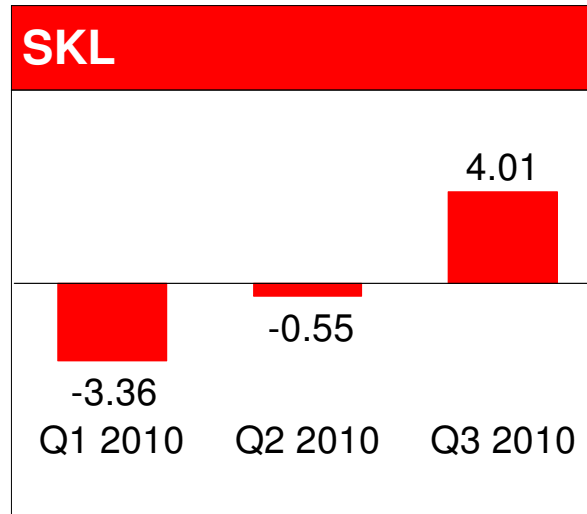
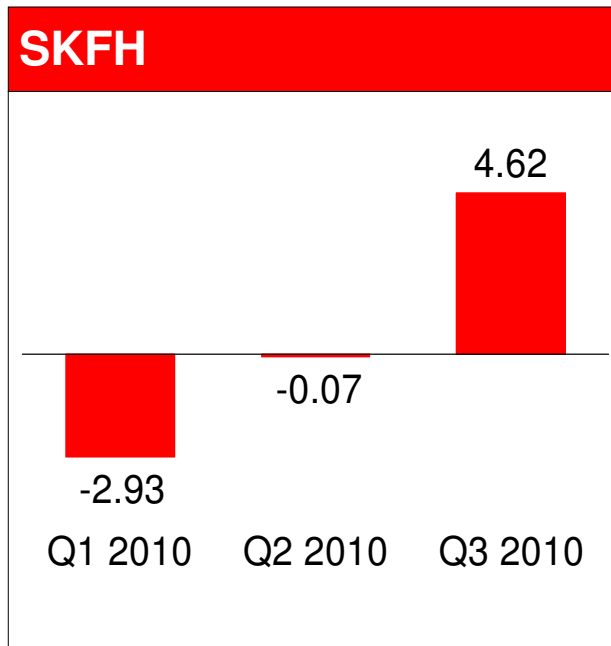
- Spokesperson and Deputy spokesperson appointed
- Upload information to public information website regularly
- Dedicated IR team established to respond to investor questions
- Quarterly result meeting to update media / investors on operational performance

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.

Net Income – 3Q 2010

NT\$bn

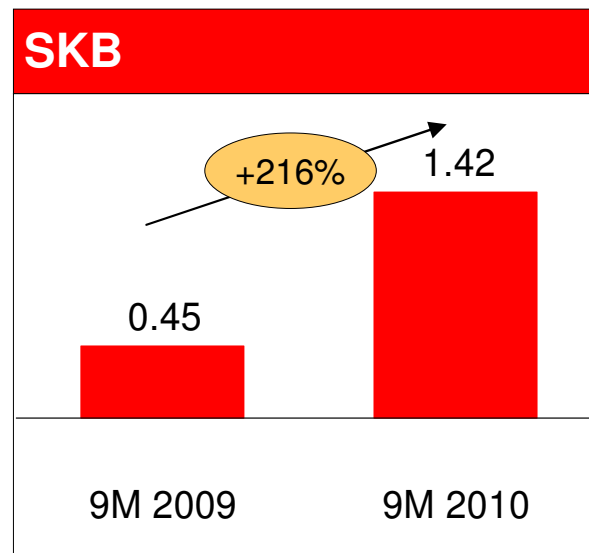
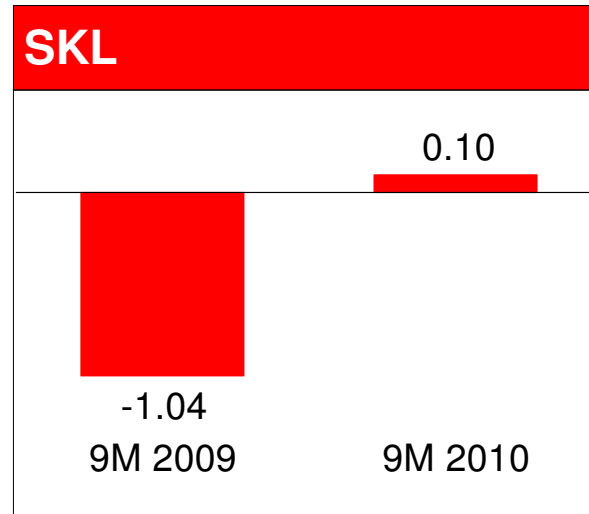
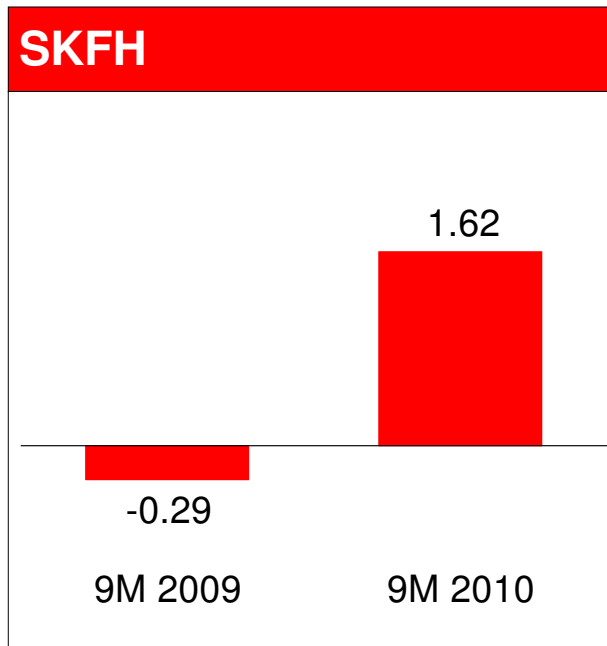


Comments

- 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

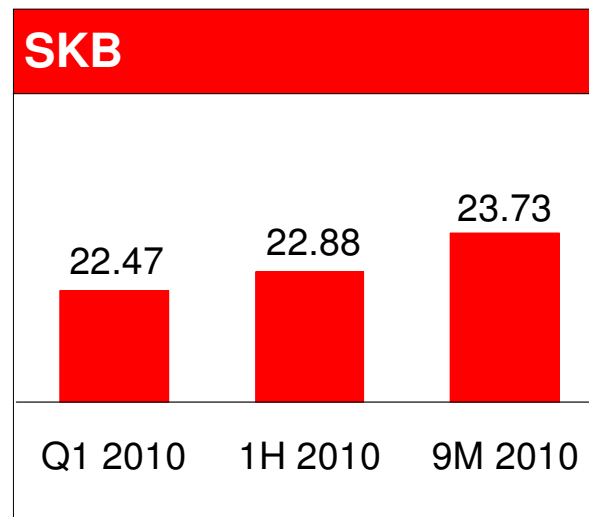
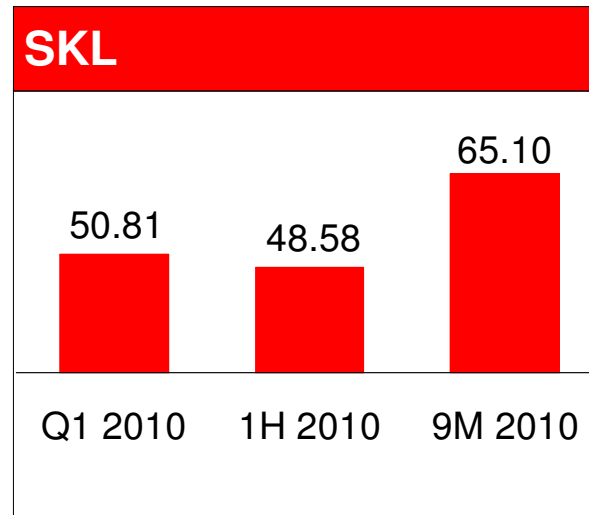
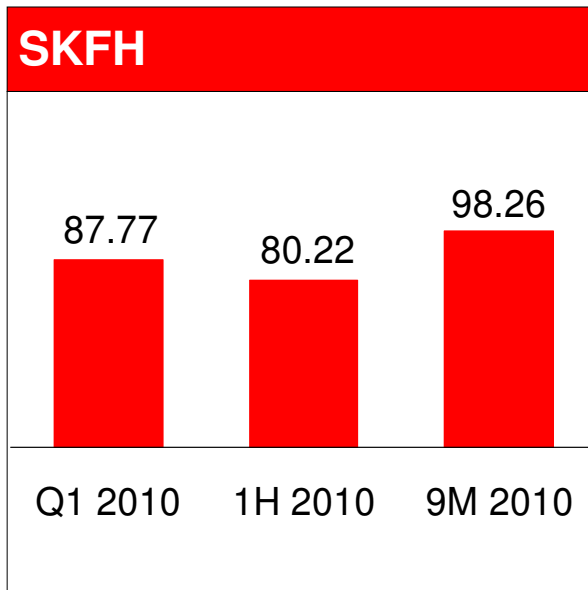
Subsidiaries	Q2 2010	Q3 2010	9M 2009	9M 2010
Shin Kong Life	-0.55	4.01	-1.04	0.10
Shin Kong Bank	0.57	0.50	0.45	1.42
Shin Kong Securities	0.01	0.00	0.27	0.07
Shin Kong Investment Trust	0.01	0.01	0.01	0.03
Shin Kong Insurance Brokers	0.02	0.02	0.05	0.05
Others ⁽¹⁾	-0.13	0.08	-0.03	-0.05
Net income	-0.07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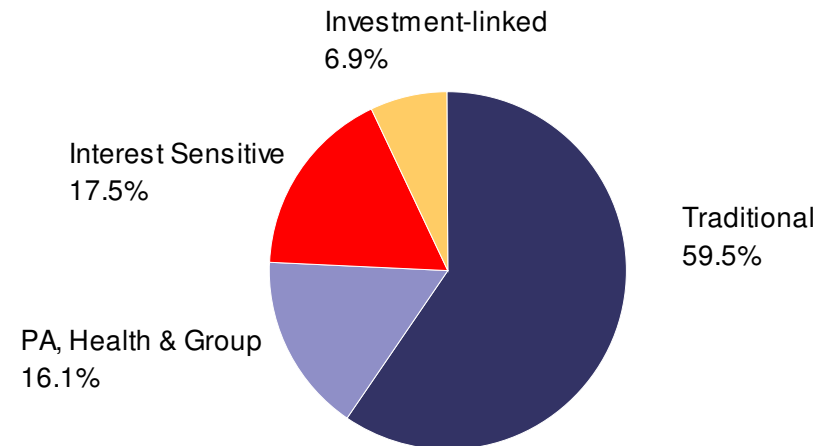
Shin Kong Life

- 3rd largest life insurer in Taiwan with 7.4% market share and 3 million customers
- Strong distribution network with 12,000 agents, 343 sales offices and bancassurance relationships with over 20 banks
- Offer a wide range of life insurance products, including traditional life, accident and health, interest-sensitive and investment-linked products

Financial Overview

NT\$bn	2007	2008	2009
Total Premium	215.9	201.9	176.9
Net Income	2.4	-19.74	0.11
Total Assets	1,229.2	1,301.3	1,445.3
Shareholders' Equity	60.0	24.8	57.0
ROE ⁽¹⁾	3.68%	-48.59%	0.26%
ROA	0.21%	-1.56%	0.01%

2009 Total Premium Written



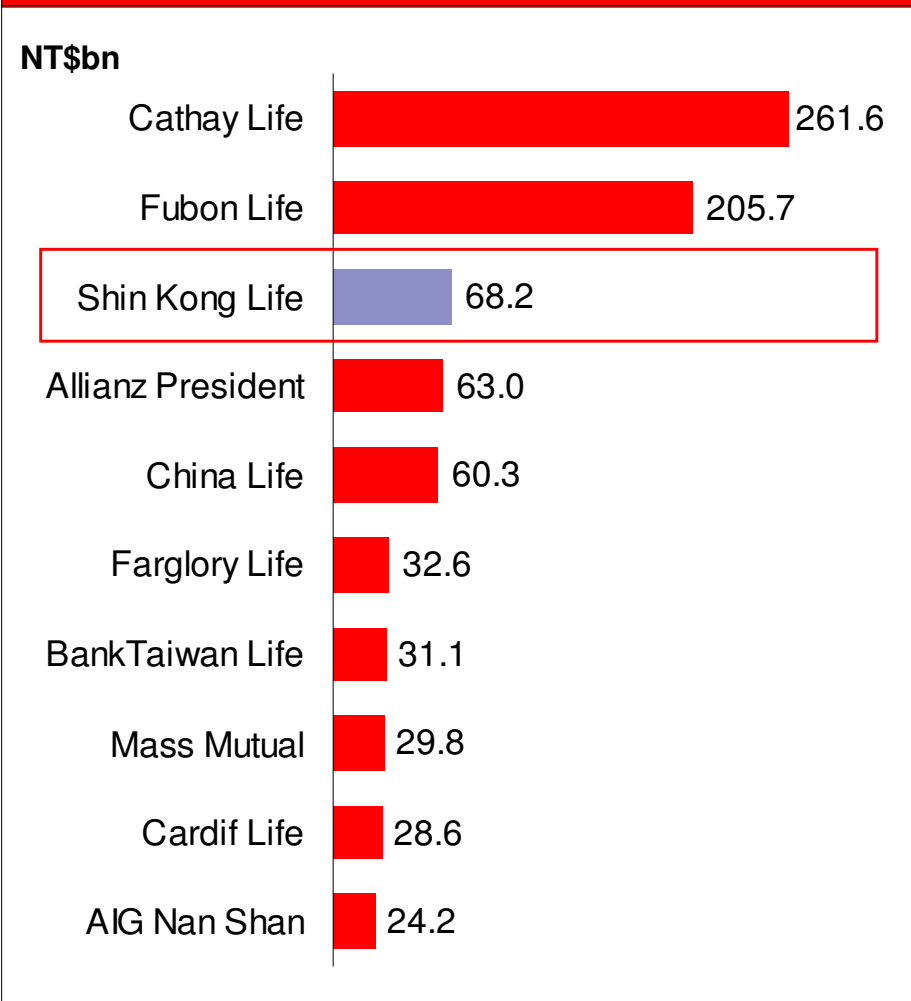
Total Premium Written: NT\$176.9bn

Note:

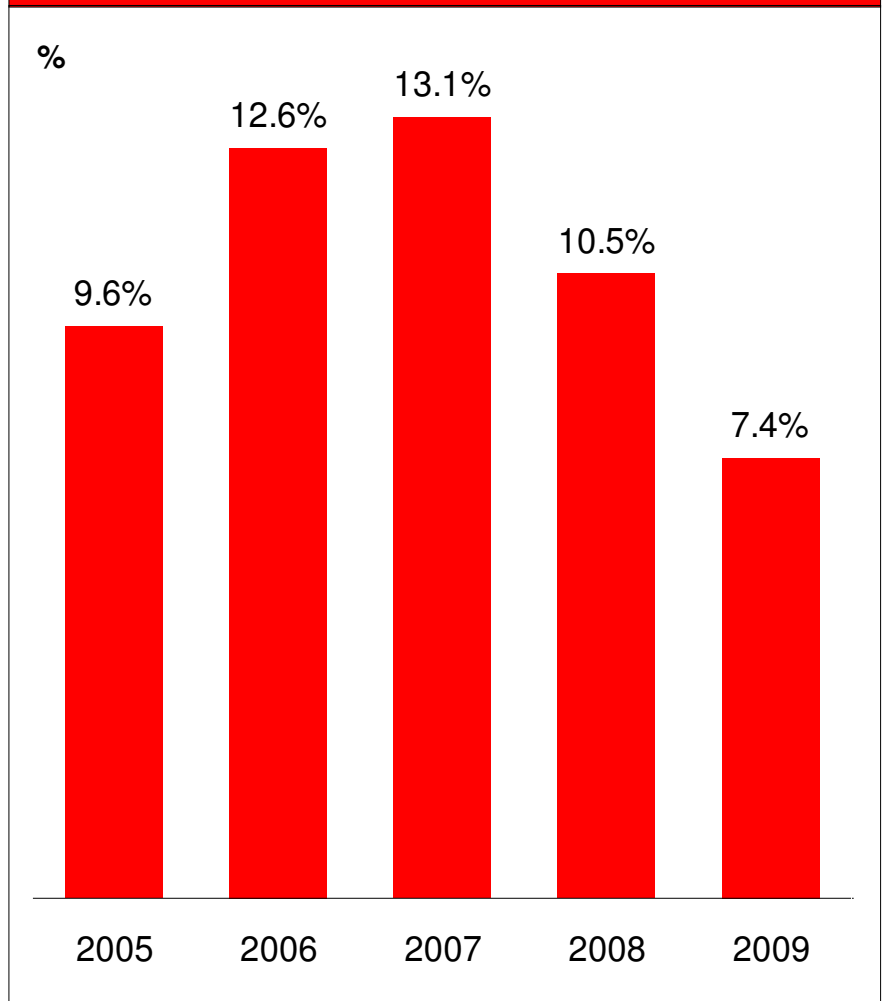
(1) Excludes preferred shares

Shin Kong Market Share

FYP of Top 10 Players – 2009



Shin Kong FYP Market Share Over Time



Awards and Recognition



Taiwan Superbrand (2006)
by Superbrands International



Information Disclosure A+
(2006, 2007, 2008, 2009, 2010)
by Securities & Futures Institute



Institutional Investor of the Year (2006)
by Finance Asia



Taiwan Capital Markets Deal of the Year (2009)
by IFR Asia



National Quality Award (2004)
by MOEA



National Community Service Award (2007)
by Ministry of the Interior



Global Views Excellent Service Award (2008)
by Taiwan Global Views Magazine



Best IR Website in Taiwan (2010) and Top 5 Websites in Greater China (2009)
by IR Global Rankings

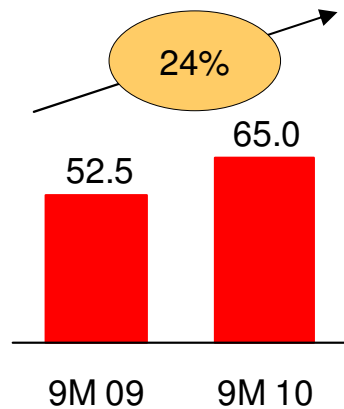
SKL – 9M 2010 Overview

- 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.

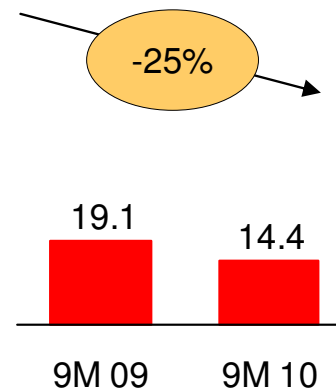
First Year Premium – 9M 2010

NT\$bn

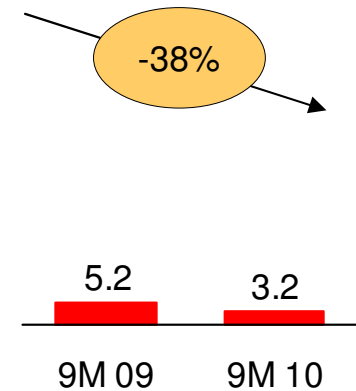
Market share 7.2%



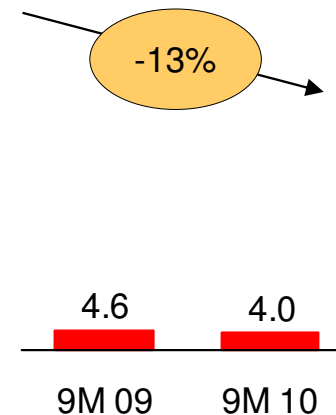
Traditional



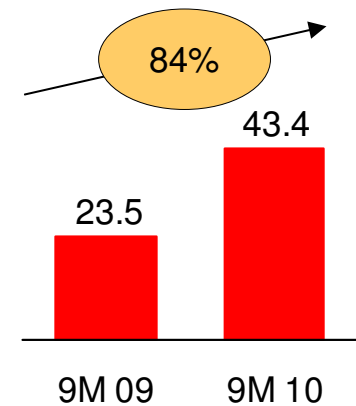
PA, Health and Group



Investment-linked



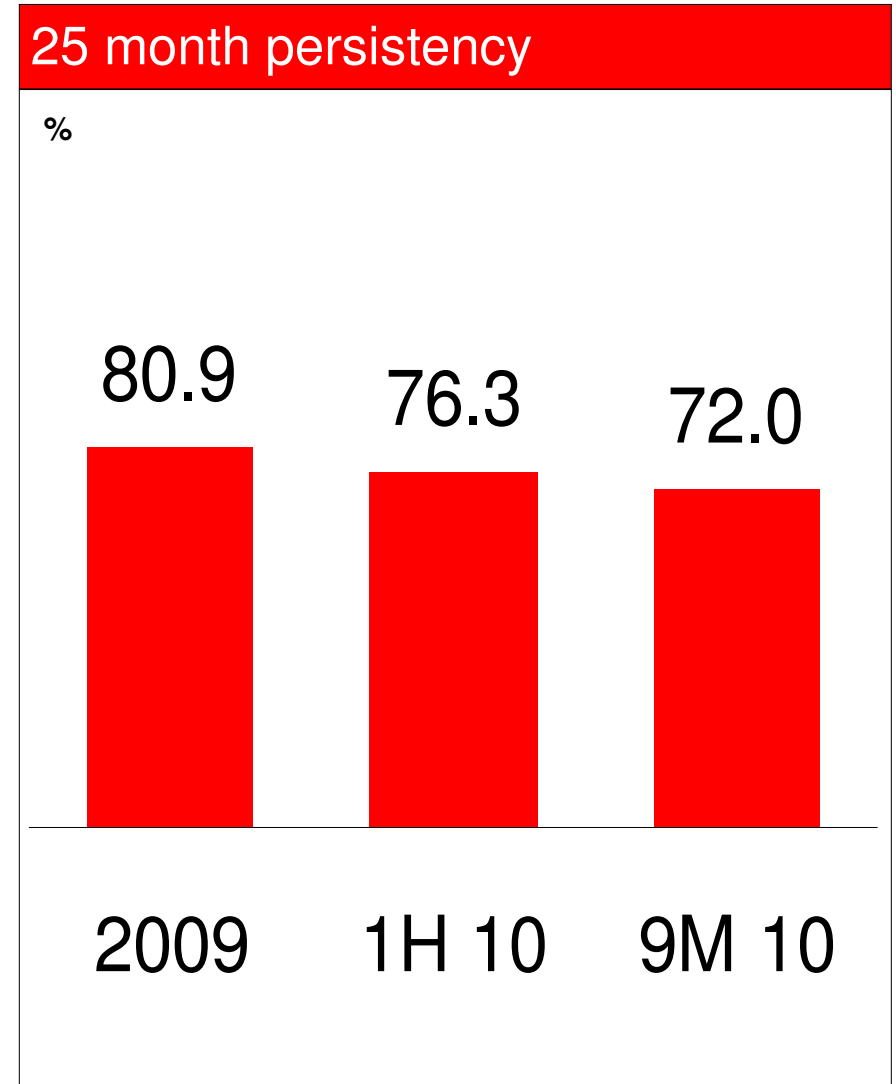
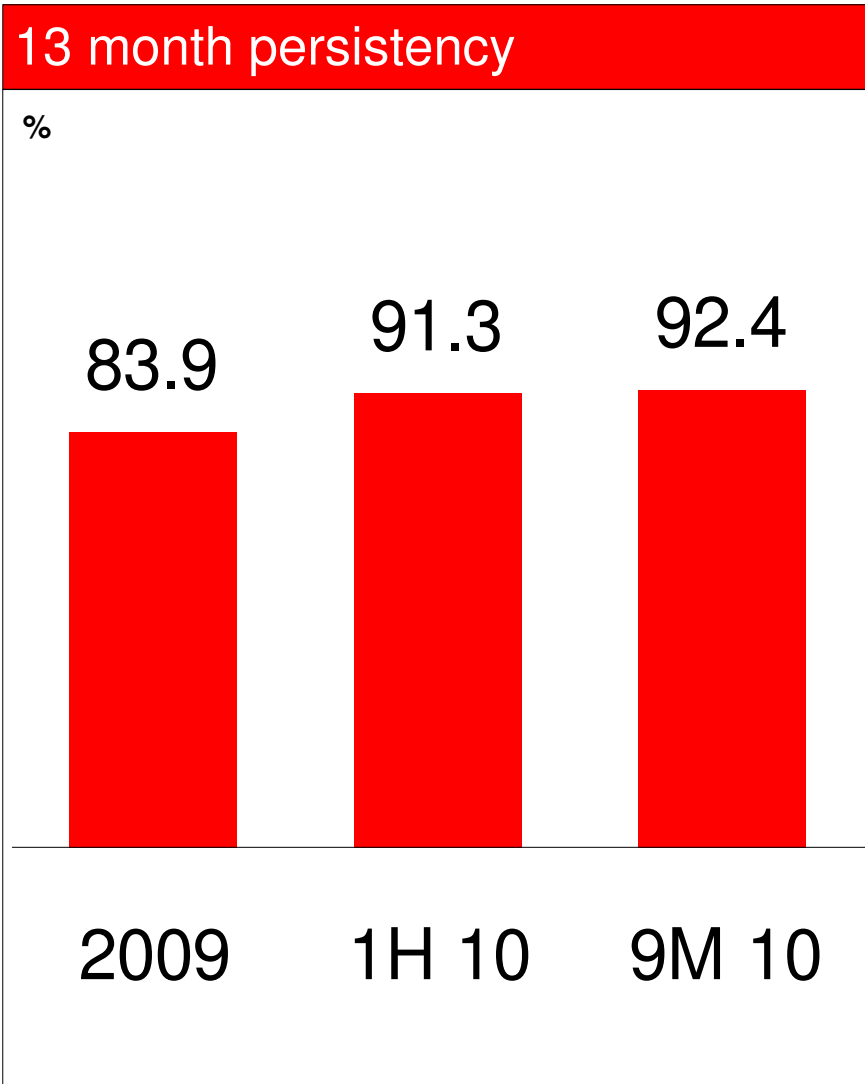
Interest-sensitive



Comments

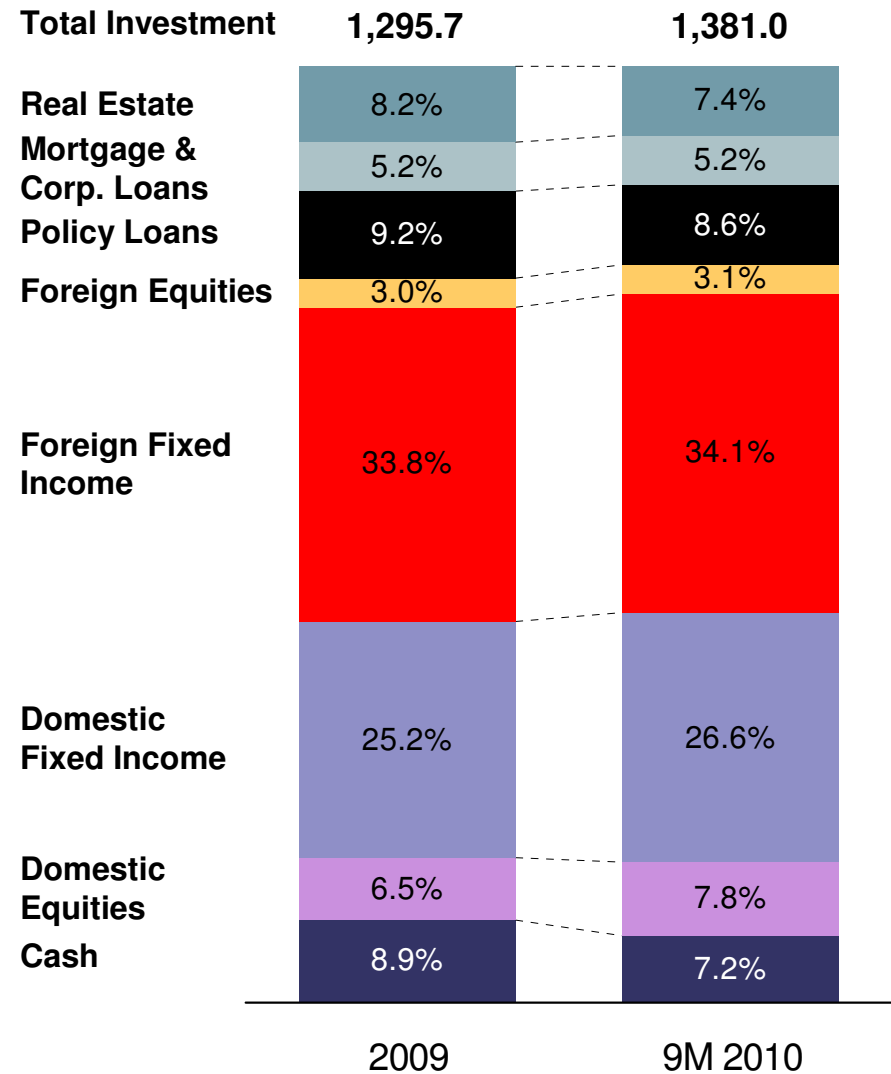
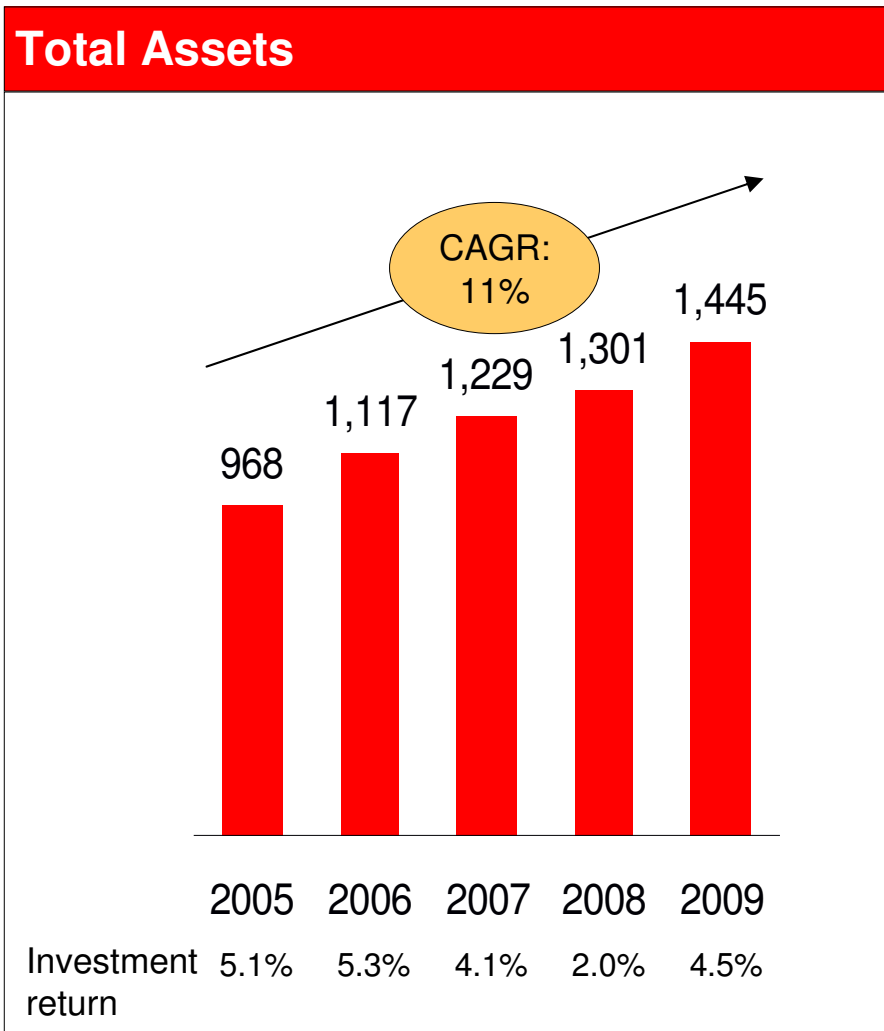
- FYP increased 24% YoY and 21% QoQ
- Protection products were the focus of traditional sales vs higher share of single premium savings products in 2009
- Sales of investment-linked products continued to increase in Q3 2010. Growth of interest-sensitive products decreased due to high basis in 2H 2009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

Persistence Ratio



Investment Portfolio

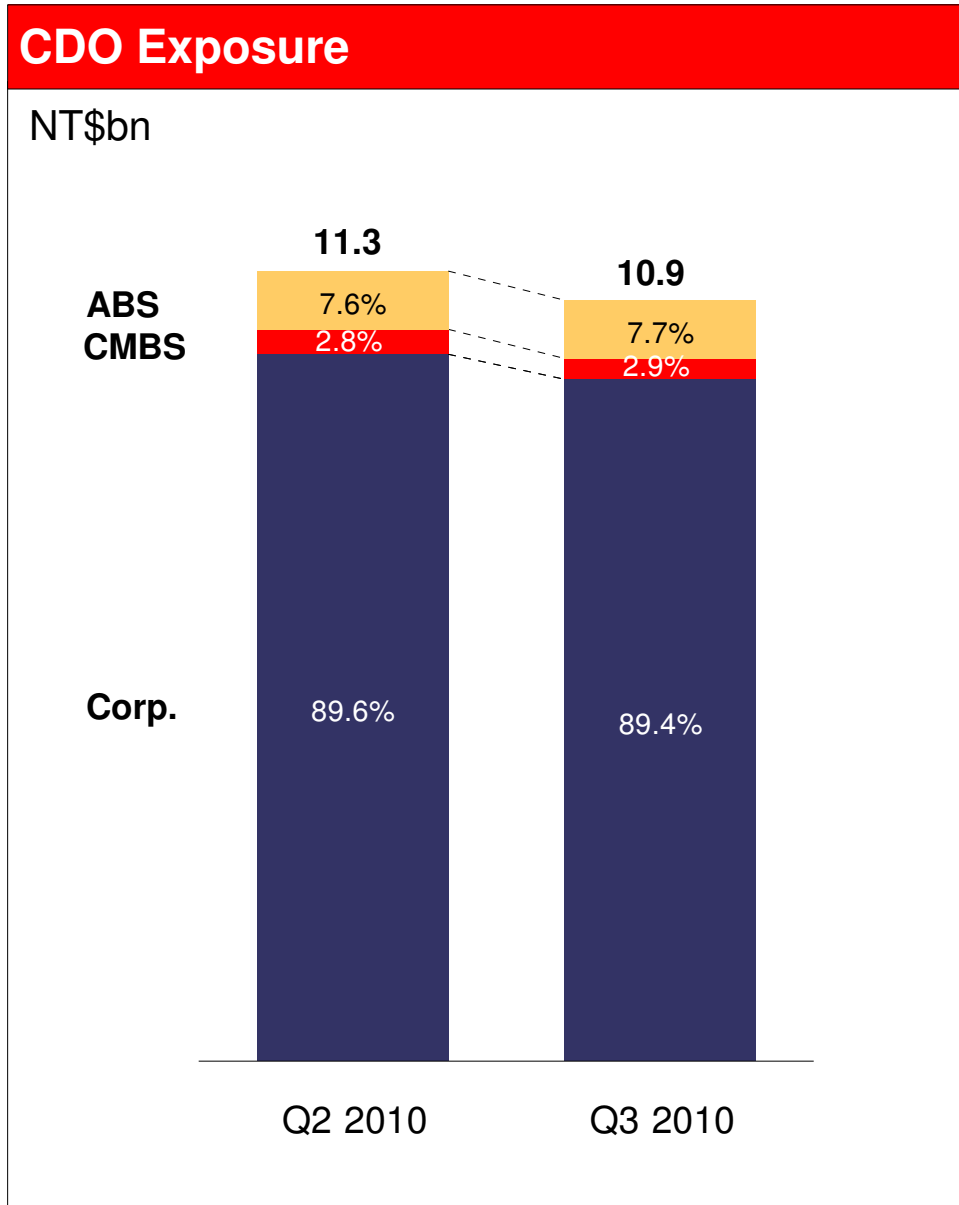
NT\$bn



Note:

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

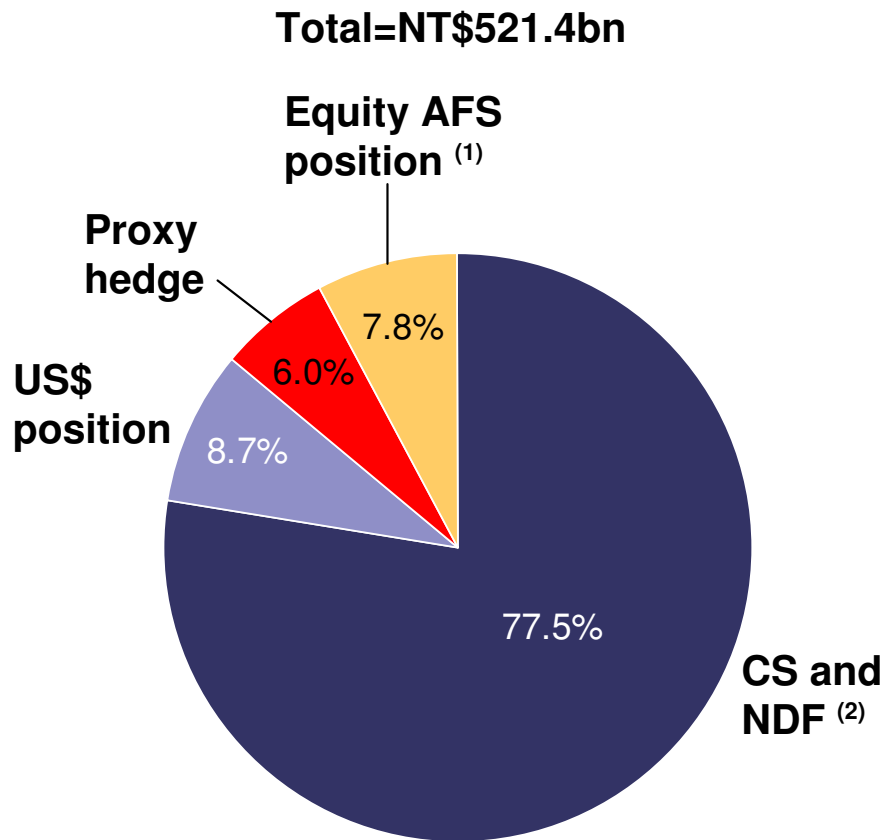
CDO Exposure



- 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-subsiary market risk management platform) was completed in Q2 2010

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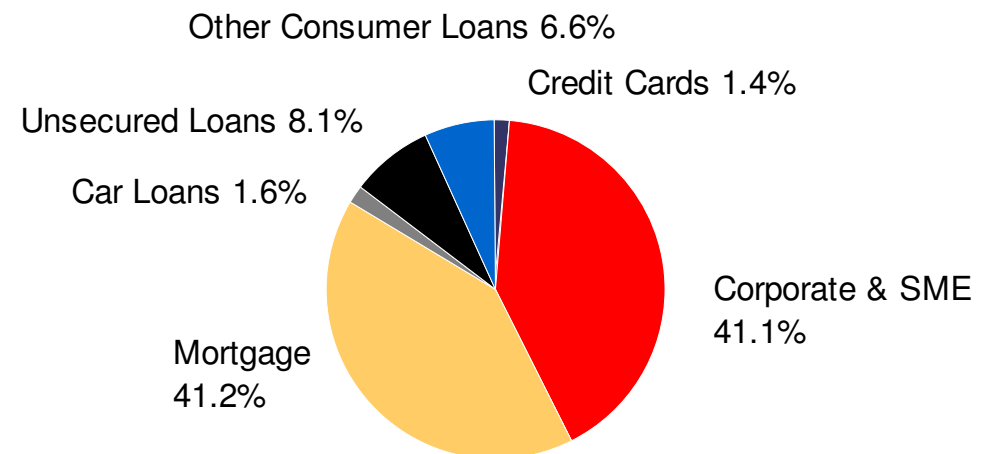
Shin Kong Bank

- 10th largest private bank in Taiwan
- Over 2 million customers and 1 million credit cards outstanding
- 105 branches with over 50 located in the Greater Taipei area
- Offer a wide range of banking products including credit cards, mortgages, auto loans, deposits, other consumer finance and corporate products
- Established a representative office in Ho Chi Minh City, Vietnam in 2007.

Financial Overview

NT\$bn	2007	2008	2009
Total Loans	280.34	283.99	287.03
Total Deposits	326.01	356.19	375.07
Net Income	1.42	0.23	0.56
Total Assets	385.66	404.03	422.86
Shareholders' Equity	21.23	20.61	22.26

2009 Loan Breakdown



Total Loan: NT\$287bn⁽¹⁾

Note:

(1) Includes credit cards revolving balance but excludes overdue receivables

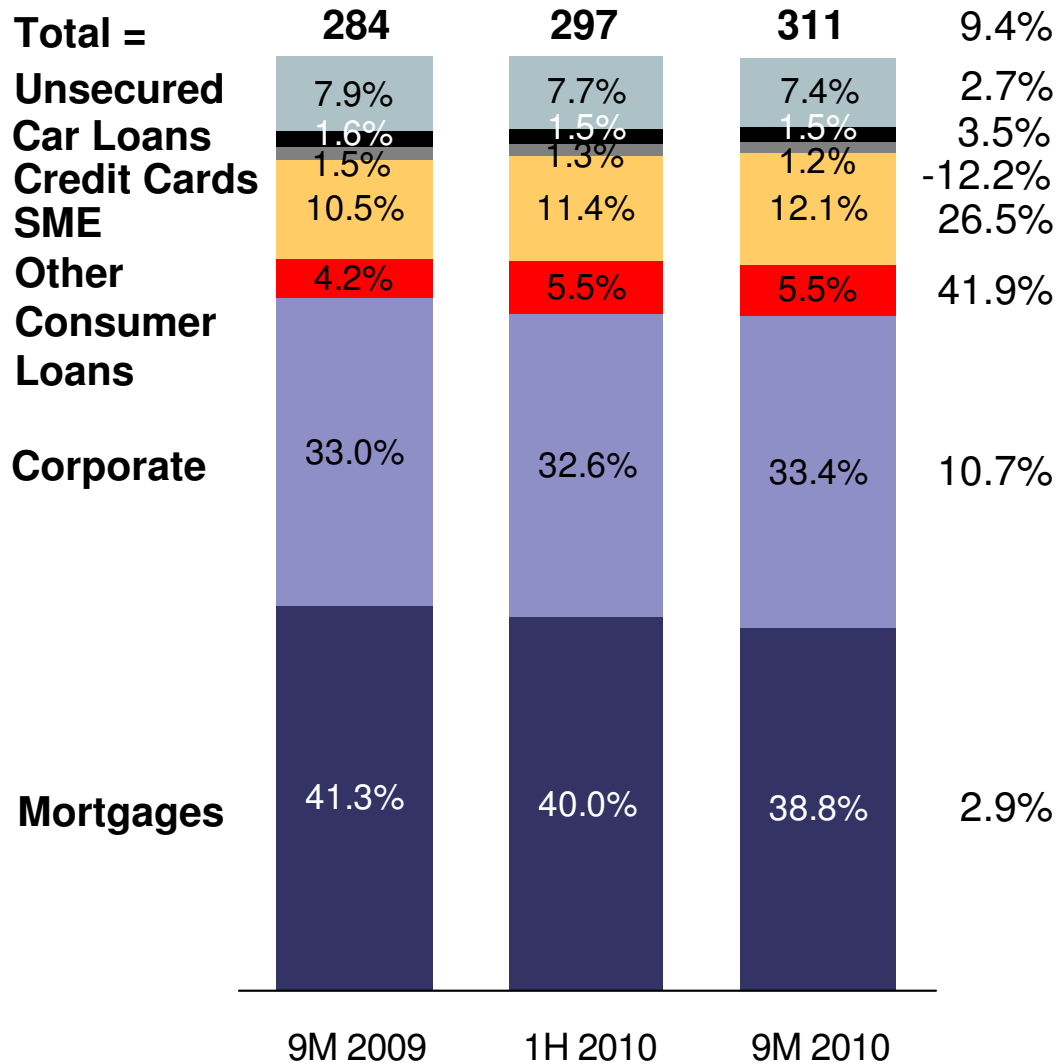
SKB – 9M 2010 Overview

- 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%).

Loan Mix

NT\$bn

YoY Growth

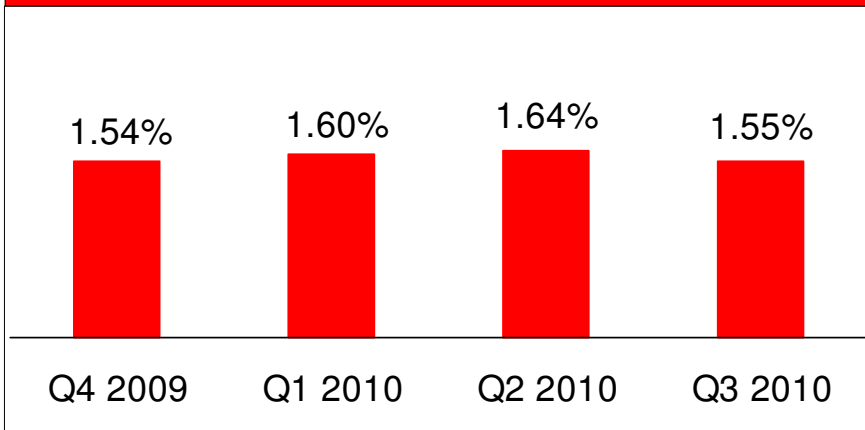


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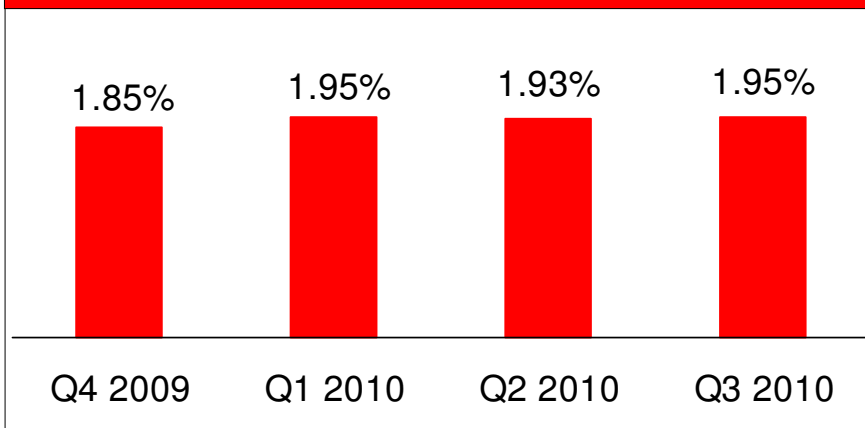
- Loan balance increased to NT\$311.1 billion (up 9.4% year-on-year)
- Mortgages achieved stable growth under stringent credit policies; maximum LTV ratio was 80% for urban planning areas and 60% for non-urban planning areas
- L/D ratio was 80.7% (incl. credit cards balance)

Interest Income

Net Interest Margin



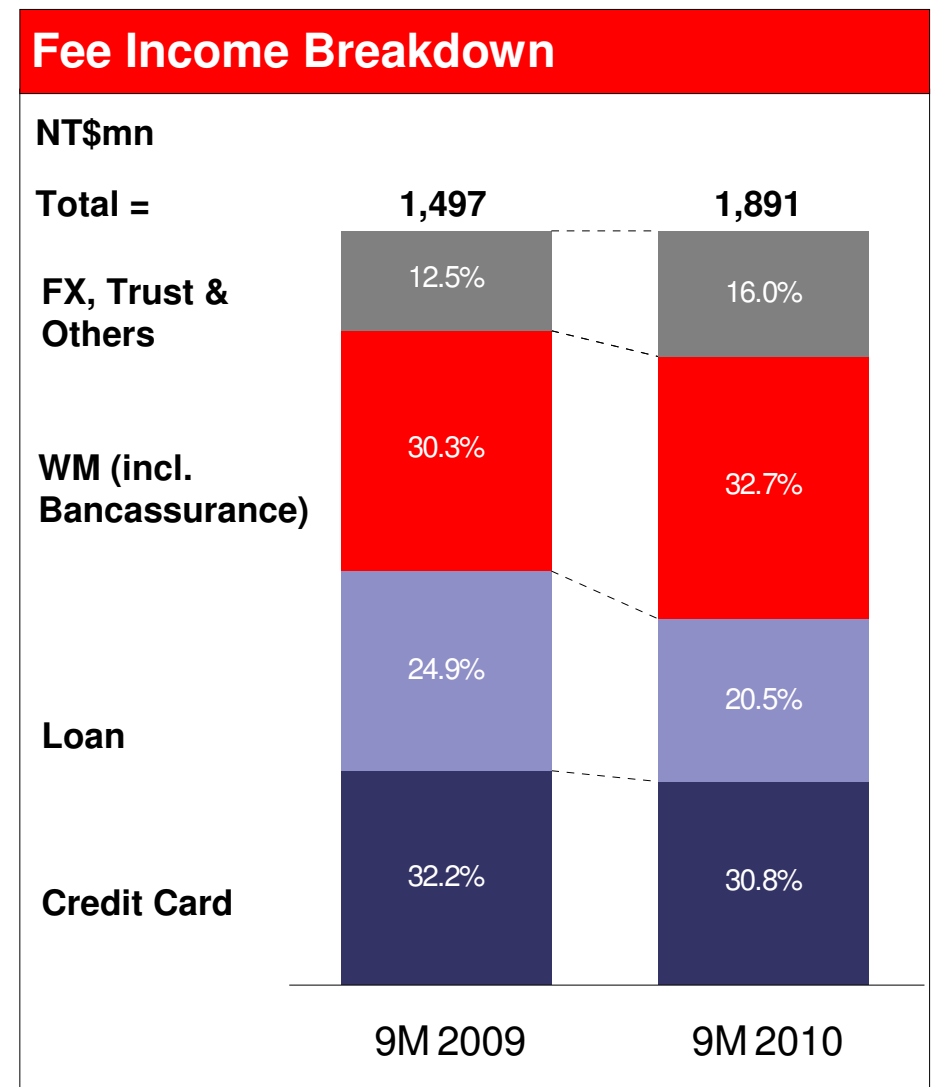
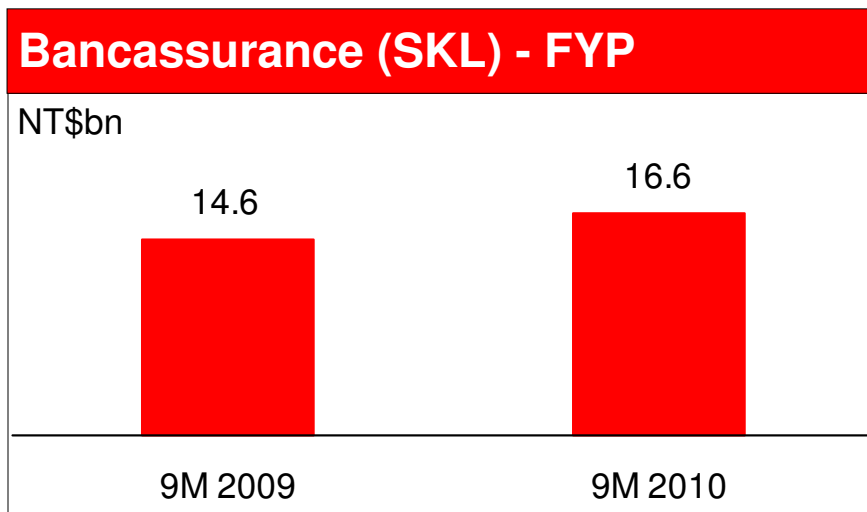
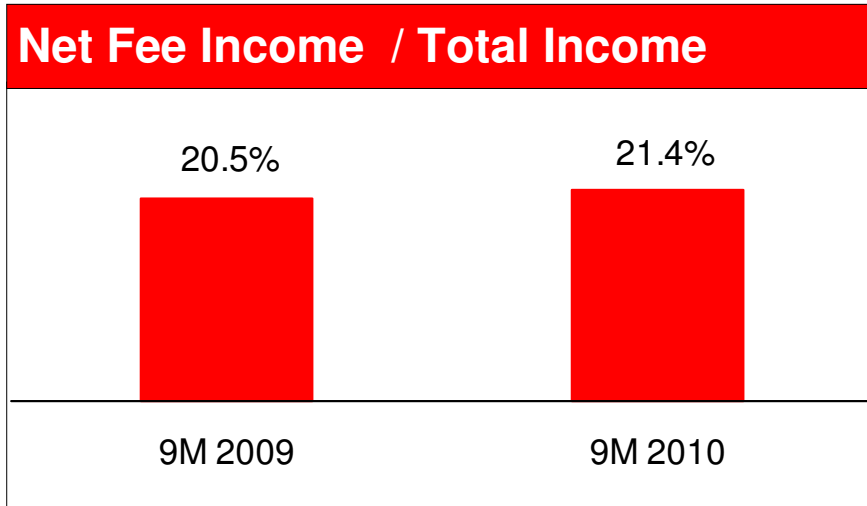
Net Interest Spread



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

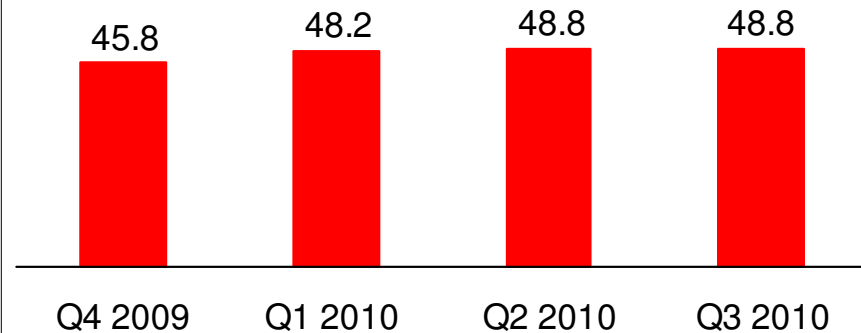
Fee Income



Wealth Management

AUM

NT\$bn

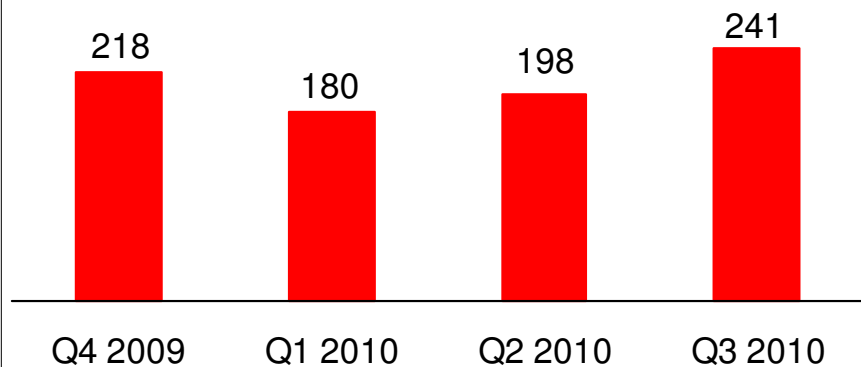


Wealth Management Center



WM Fee Income

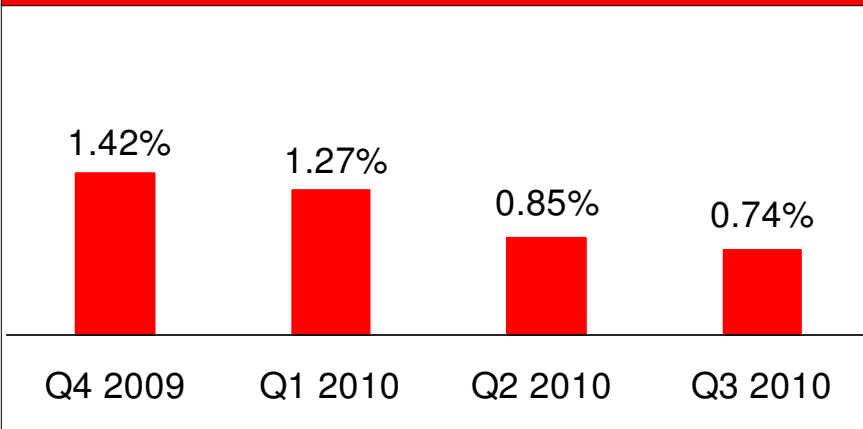
NT\$m



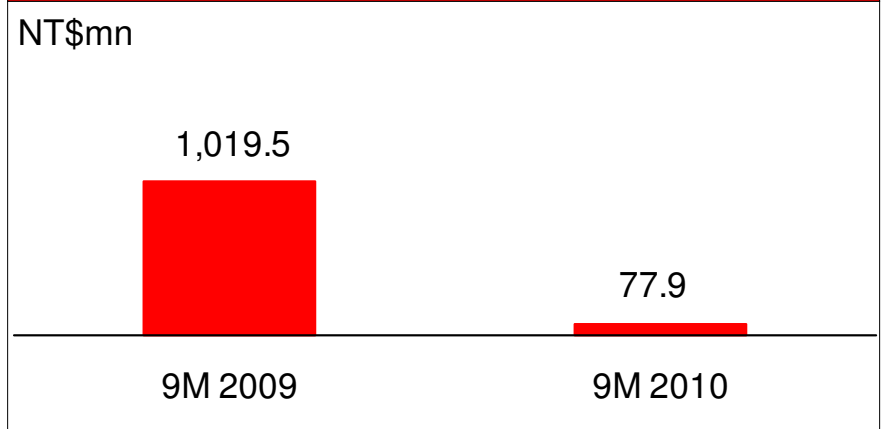
- Fee income from wealth management has increased since Q2 2009 due to recovery in global markets
- Fee income from wealth management for 9M 2010 was NT\$618 million (up 36.1% year-on-year) and accounted for 32.7% (30.3% for 9M 2009) of total fee income
- Sales focuses were on mutual funds, insurance,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

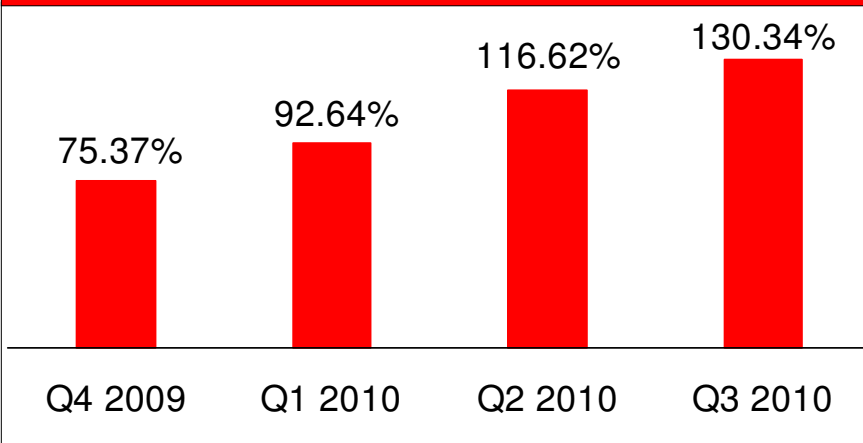
NPL Ratio



New NPL Generation



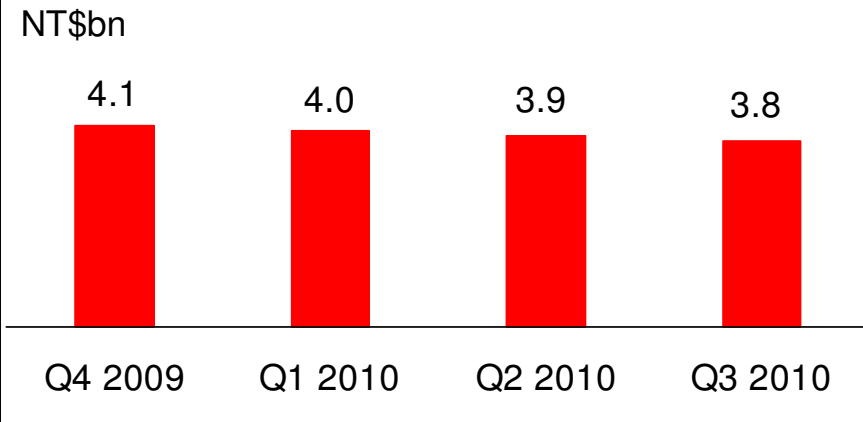
Coverage Ratio



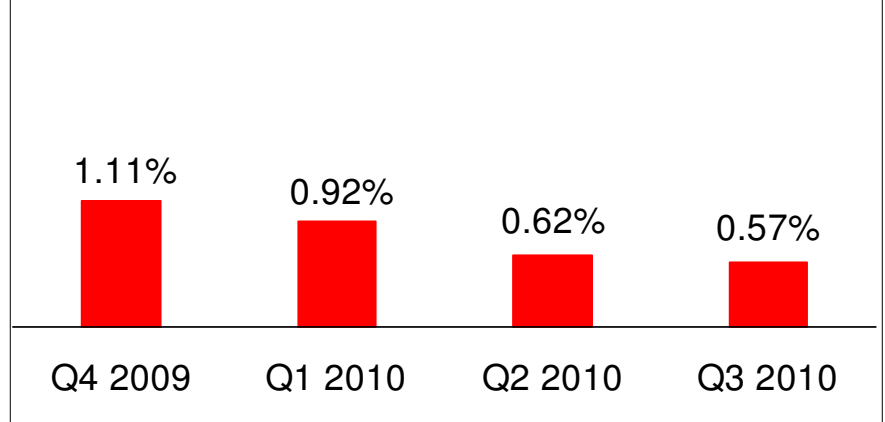
- Asset quality continued to improve with overall NPL at 0.74%
- NPL ratio for mortgages was low at 0.41%
- Coverage was 130.34% - further improved compared to 116.62% in Q2 this year
- New NPL generated in 9M 2010 were NT\$77.9 million, down 92.4% compared to 9M 2009

Credit Cards Metrics

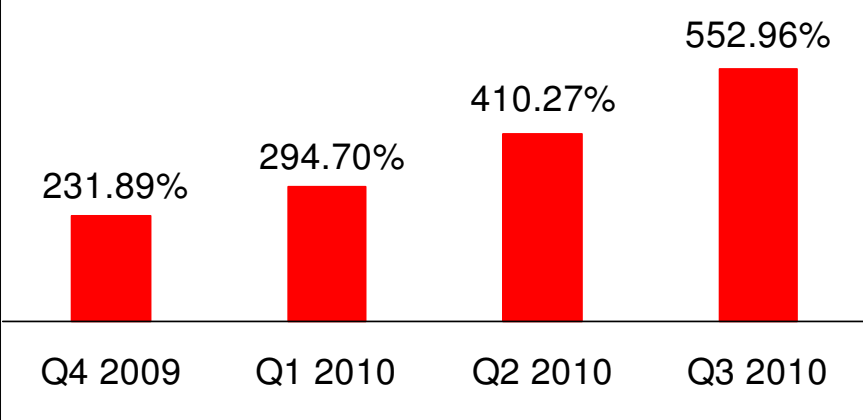
Revolving Balance



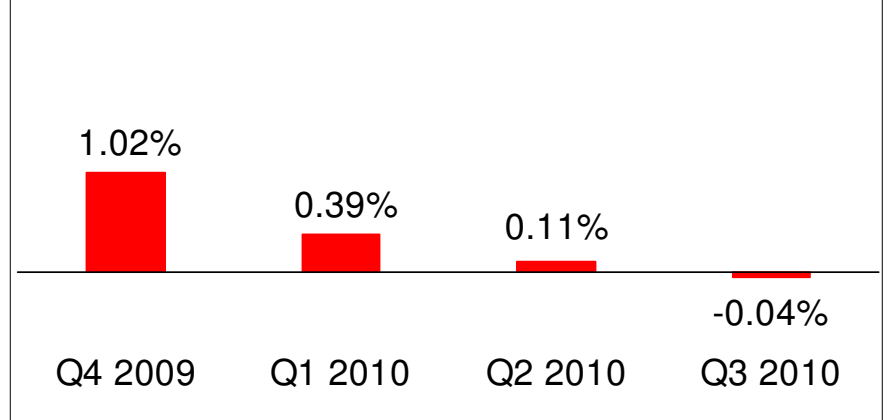
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

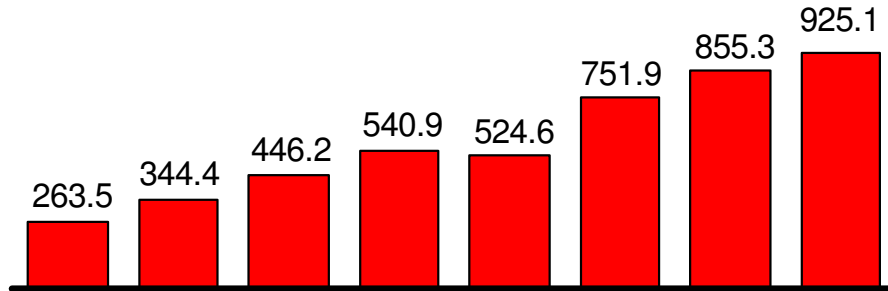
- **Market opportunities**
- SKL Premium
- One-off losses of CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Capital Enhancement
- Other Information



Insurance opportunity:

High growth driven by new products and channels

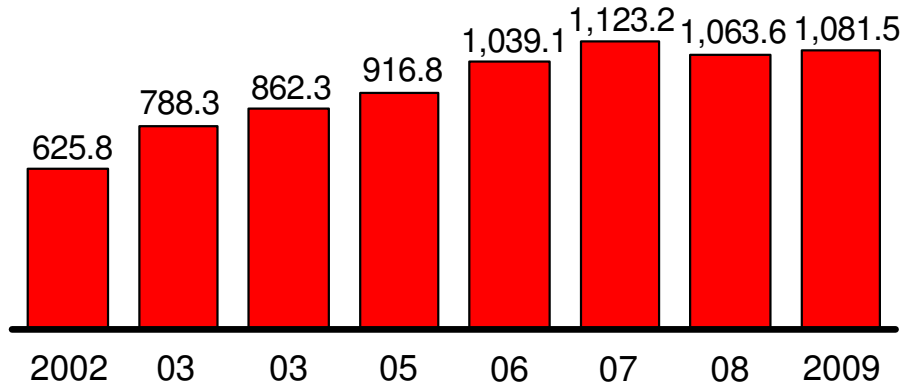
Life FYP
NT\$bn



Growth
Percent

Year	Growth Percent
2002	49.5
2003	30.7
2004	29.6
2005	21.2
2006	-3.0
2007	43.3
2008	13.8
2009	8.2

Life renewal premium
NT\$bn

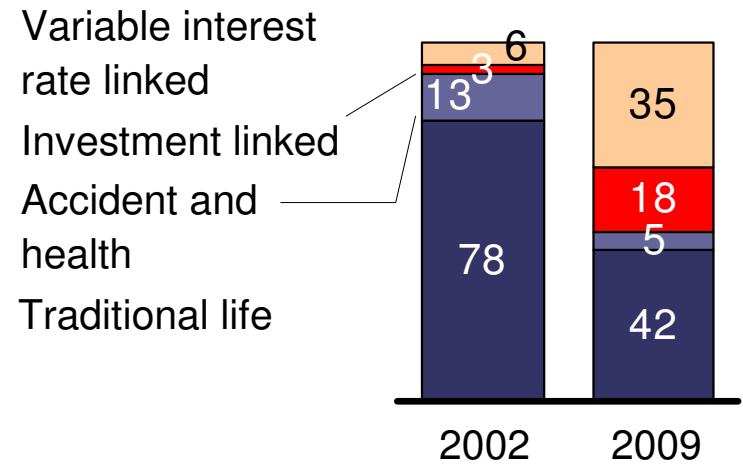


Growth
Percent

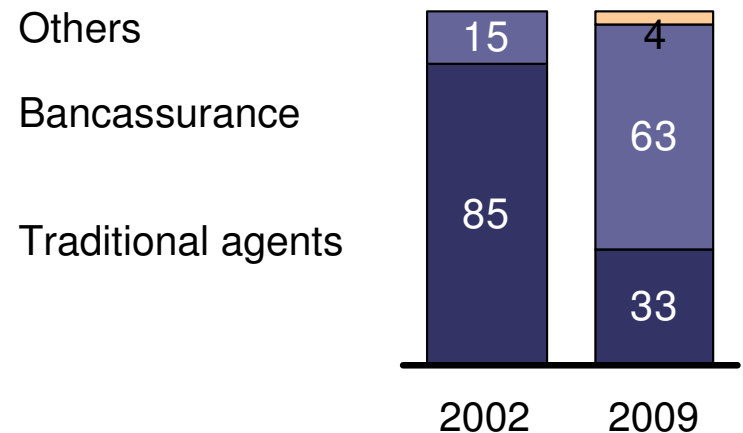
Year	Growth Percent
2002	13.2
2003	26.0
2004	9.4
2005	6.3
2006	13.3
2007	8.1
2008	-5.3
2009	1.7

Source: Insurance Institute

New business breakdown
Percentage



New business channel mix
Percentage



Insurance opportunity:

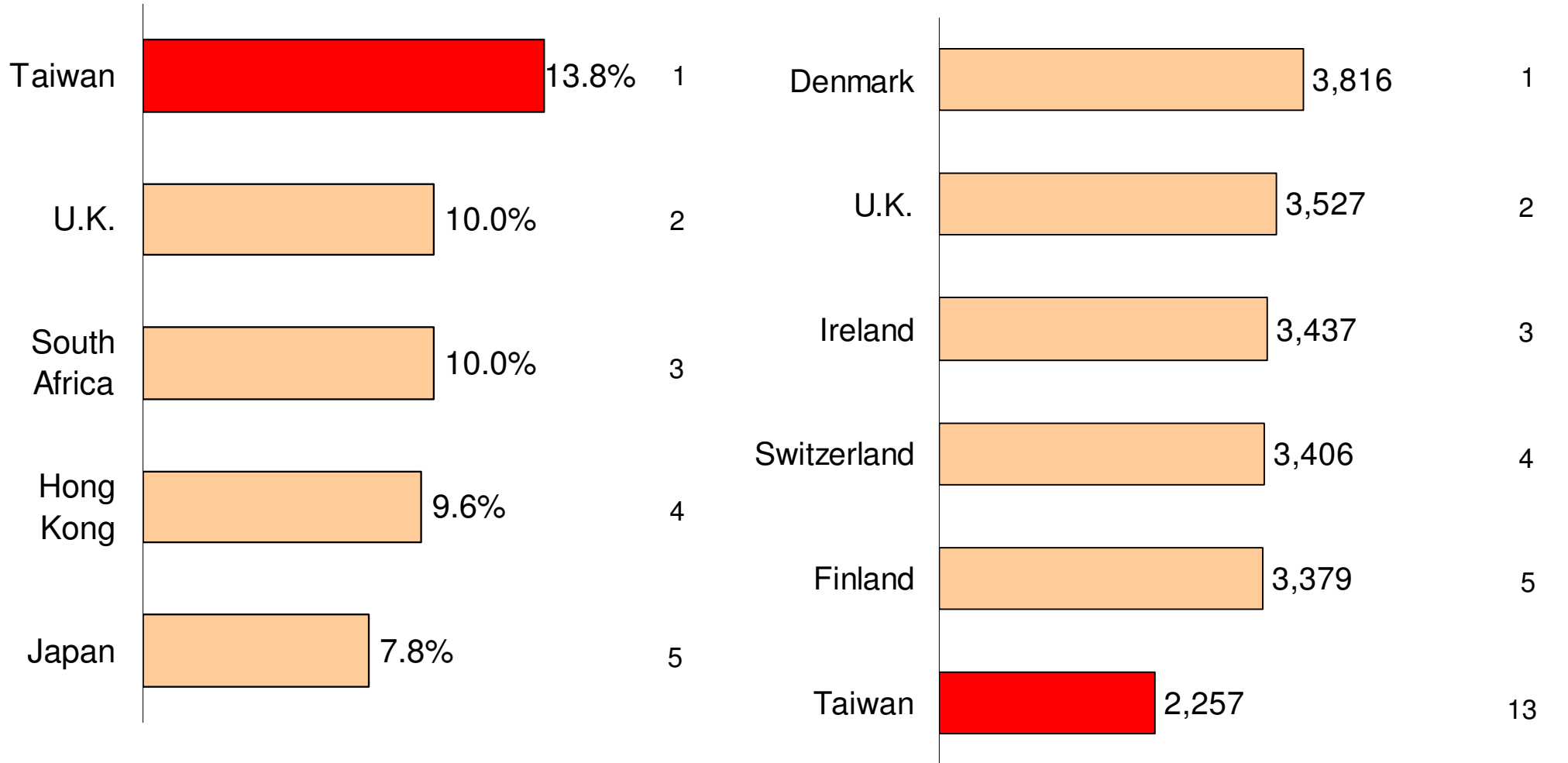
High penetration but low density

Life premiums/GDP, %

Rank

Life insurance expense per capita, US\$

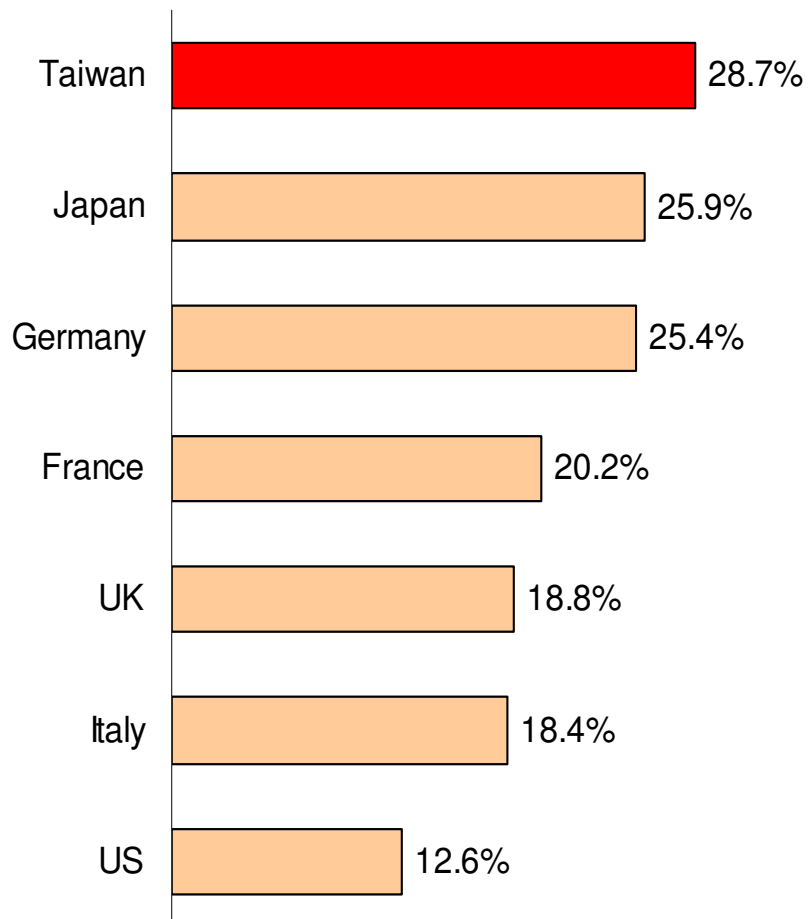
Rank



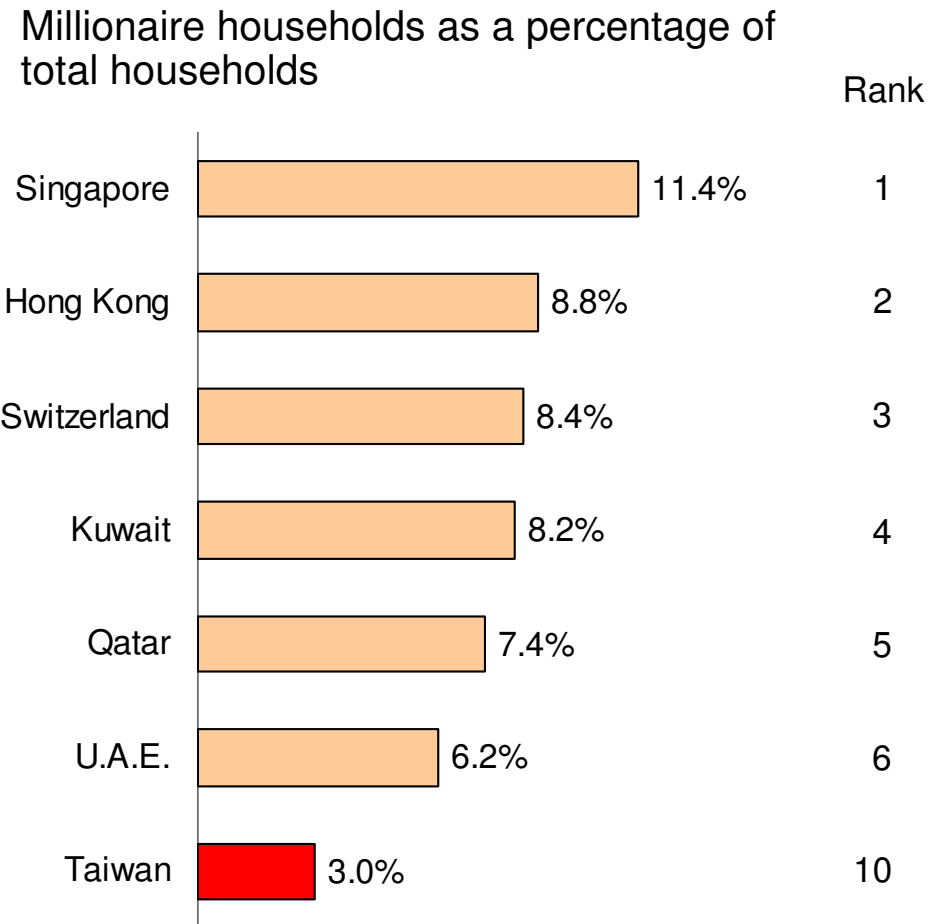
Wealth management opportunity:

High savings rate and wealth concentration

Savings rate (1)



Concentration of wealth (2)



Source:

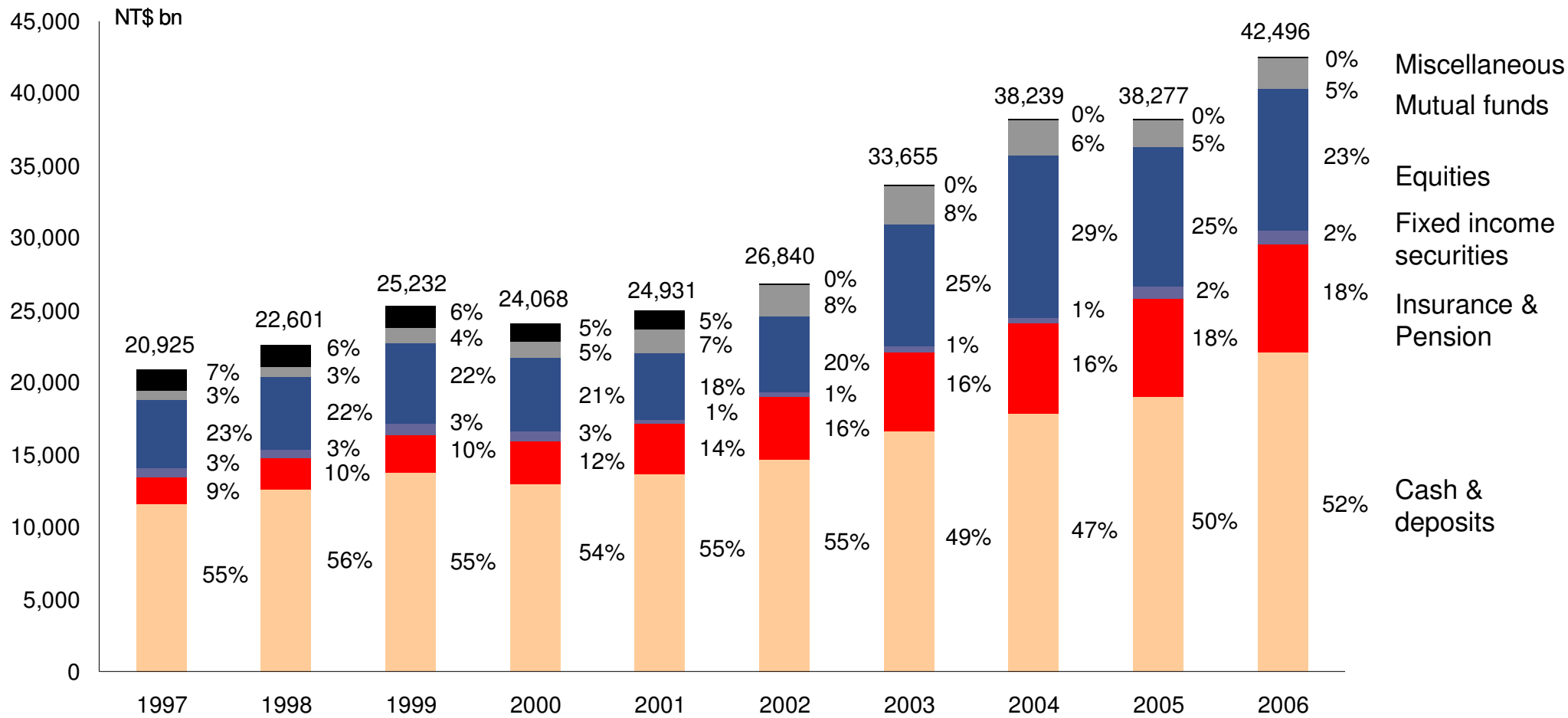
(1) National Statistics, Taiwan; BEA (USA), International Financial Statistics (IMF), Monthly Statistics of Japan, 2008

(2) BCG global wealth market-sizing database, 2010

Wealth management opportunity:

Asset migration away from deposits

Taiwanese household assets (NT\$bn, Percent)



Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Market opportunities
- **SKL Premium**
- One-off losses of CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Capital Enhancement
- Other Information

SP / RP Breakdown – 9M 2010

NT\$bn

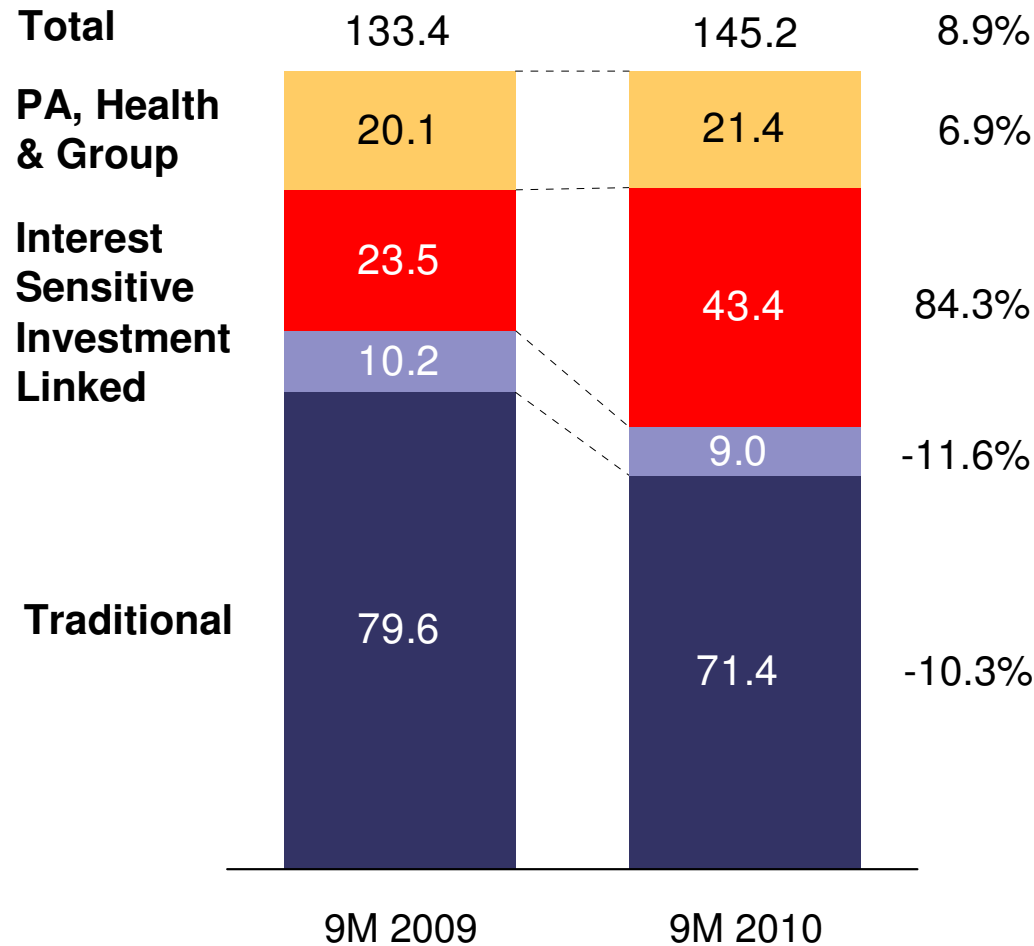
9M 2010 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	9.99	4.40		14.39
Investment-linked				
VUL			2.39	2.39
Structured note	1.65			1.65
Interest Sensitive				
Annuity	42.93		0.05	42.98
Life			0.41	0.41
PA, health and others		3.19		3.19
Total	54.57	7.59	2.85	65.01
Share	83.9%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

Total Premium – 9M 2010

NT\$bn

Market Share = 8.3%

Growth

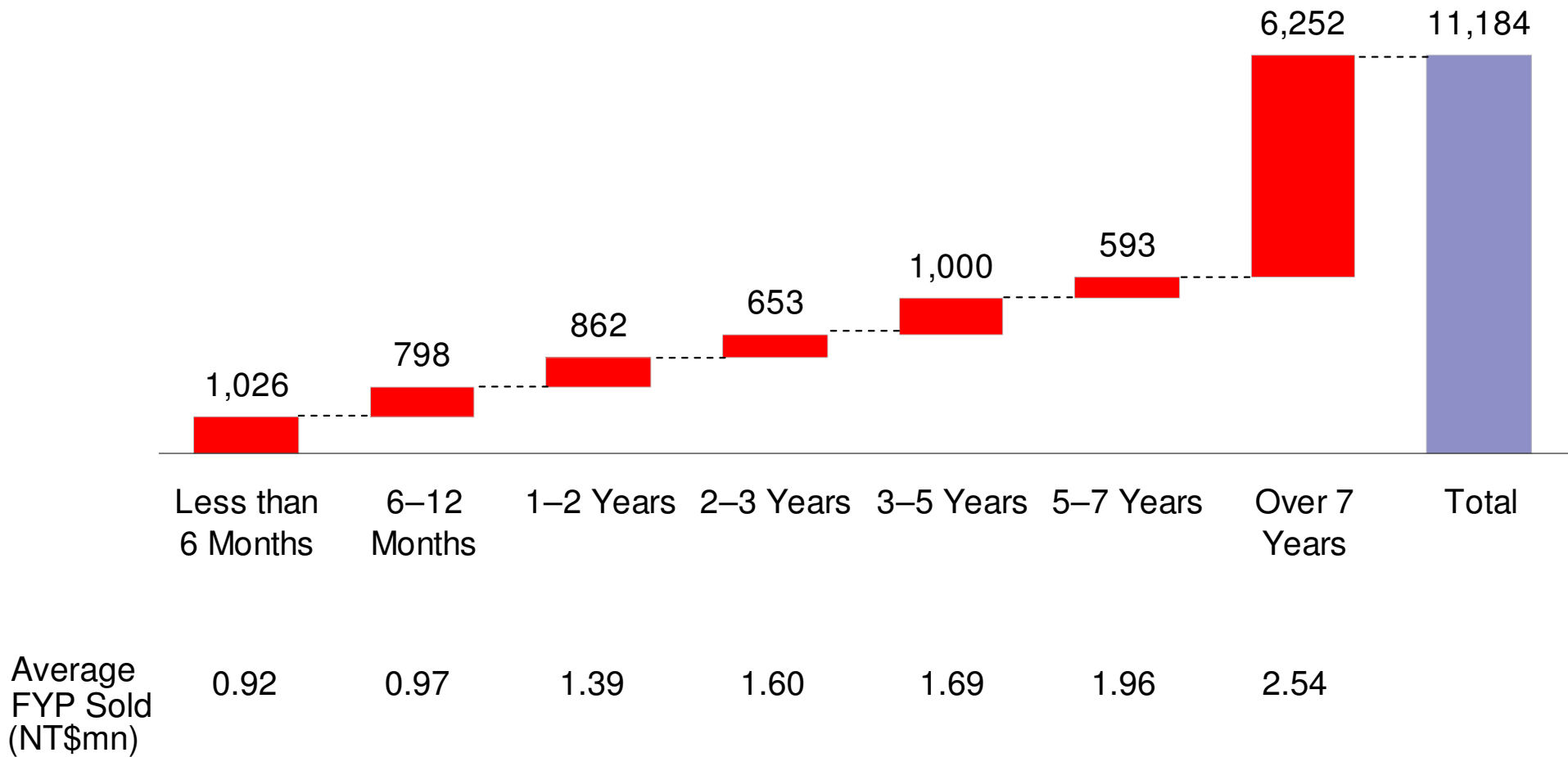


Comments

- 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

Agent Number and Productivity by Tenure

2009



Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Market opportunities
- SKL Premium
- **One-off losses of CDO & CBO investment**
- EV & AV Result
- SKL China Development Strategy
- Capital Enhancement
- Other Information

Summary of CDO/CBO Losses

Reflected in Income Statement

Impairment Loss Recognized (NT\$bn)	2007	1H 2008	2H 2008	1H 2009	2H 2009	1H 2010	3Q 2010	Total
ABS CDOs	1.88	3.20	0.74	1.75	0.09	0.64	-	8.30
CBOs	1.03	1.37	-	-	0.70	-	-	3.10
CMBS CDOs	-	0.13	-	0.97	-	-	-	1.10
Corporate CDOs	-	-	1.40	0.09	-	0.29	0.13	1.91
Total	2.91	4.70	2.14	2.81	0.79	0.93	0.13	14.41

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Market opportunities
- SKL Premium
- One-off losses of CDO & CBO investment
- **EV & AV Result**
- SKL China Development Strategy
- Capital Enhancement
- Other Information

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

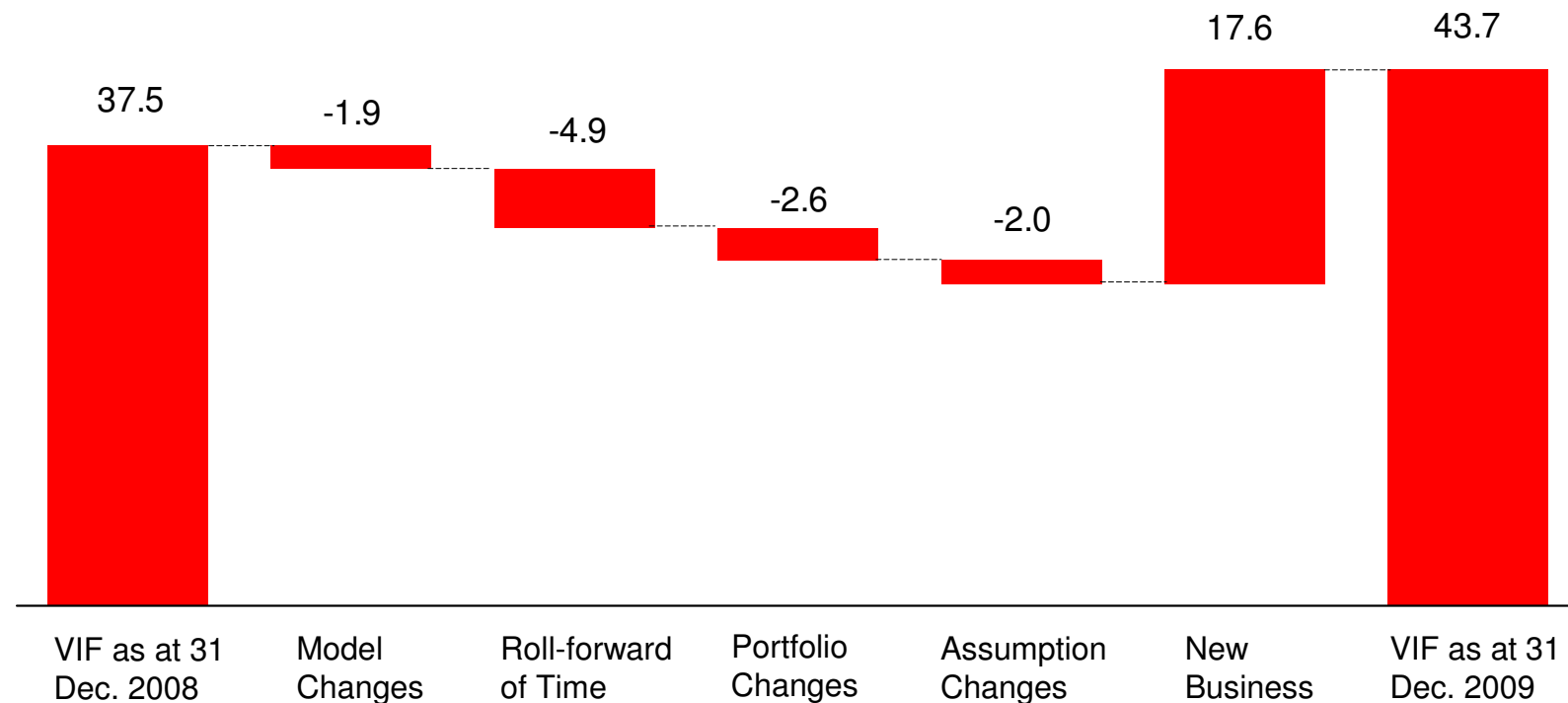
Note:

(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

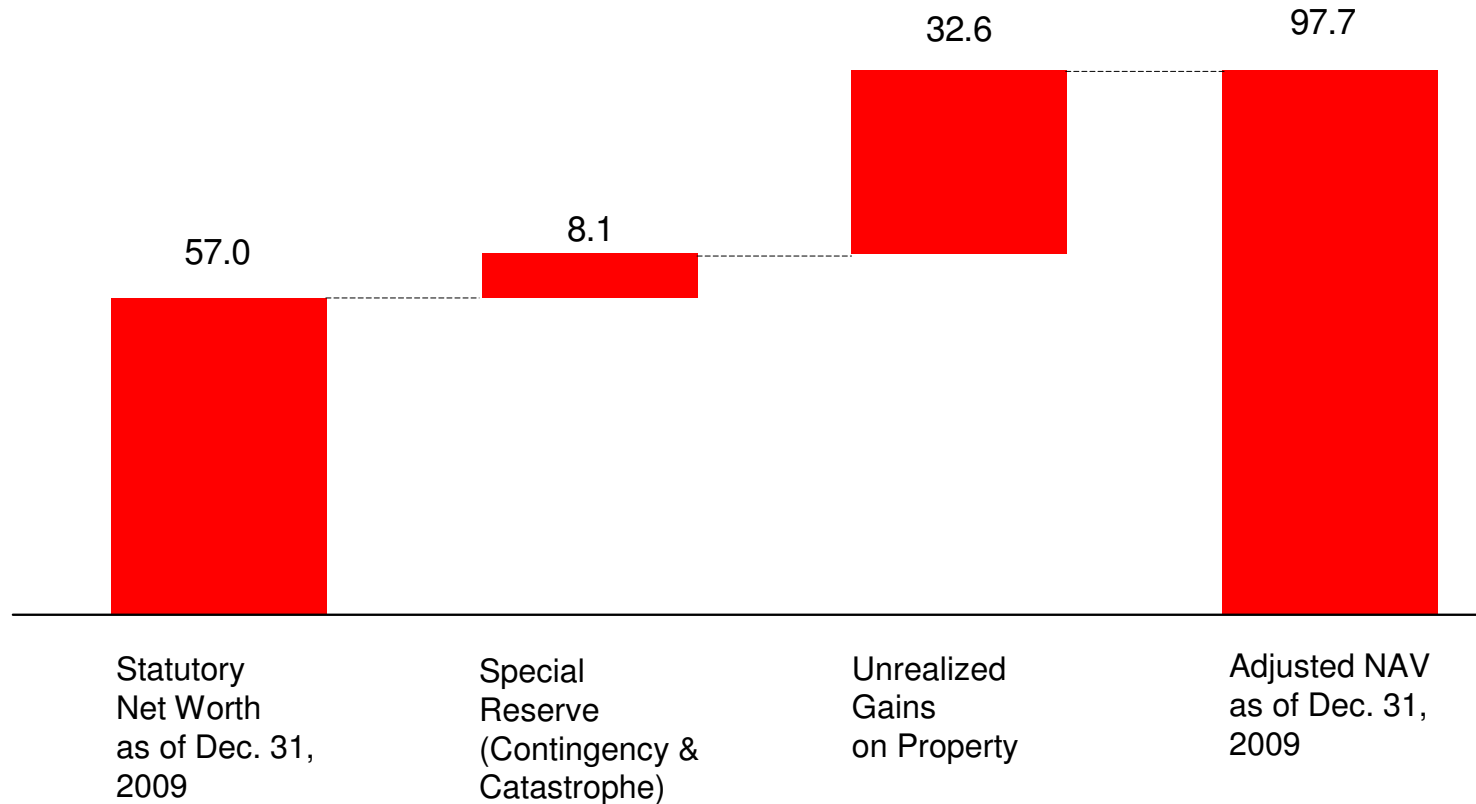
NT\$bn



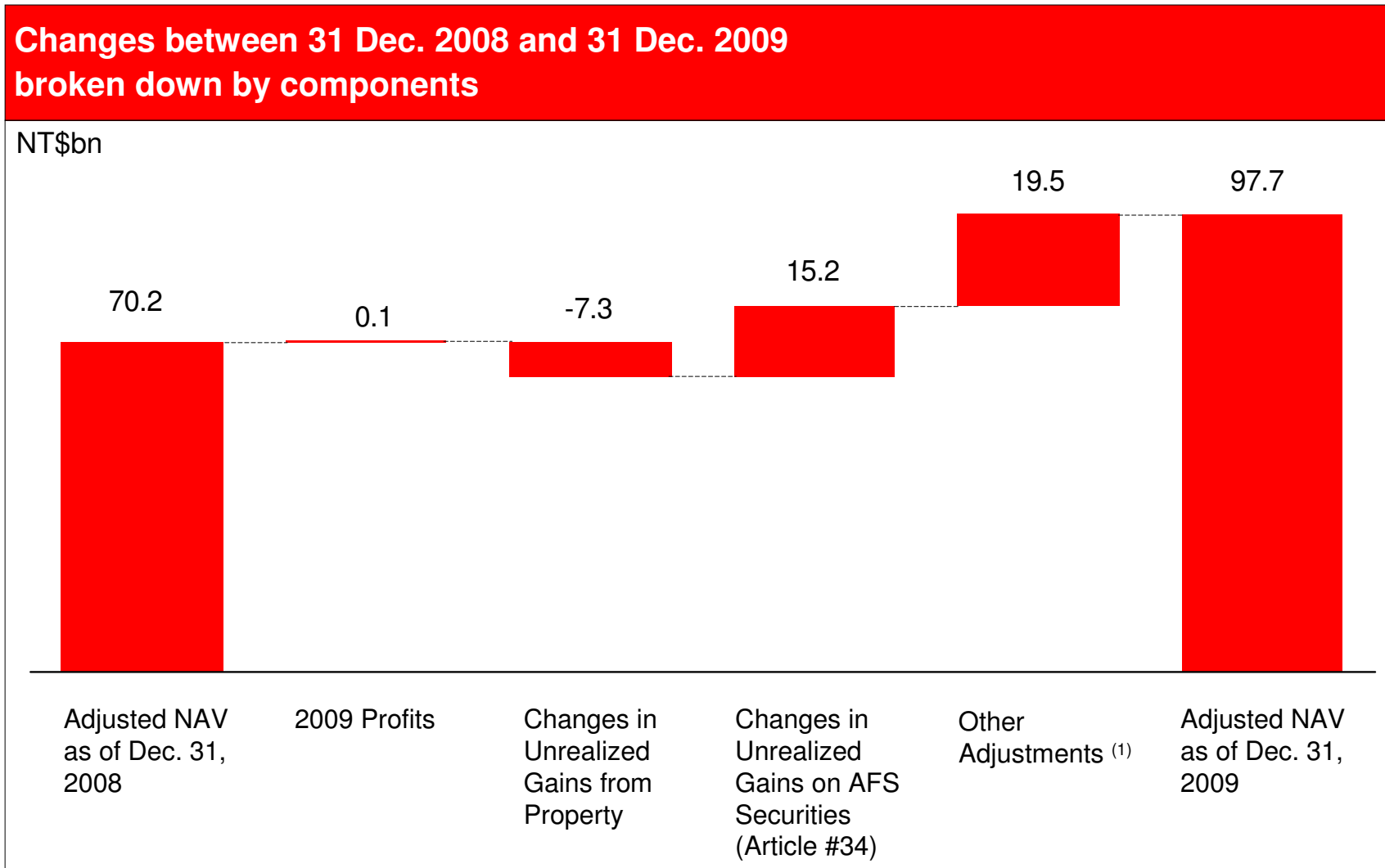
SKL – Adjusted NAV

Adjustments to Statutory Net Worth at 31 Dec. 2009

NT\$bn



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

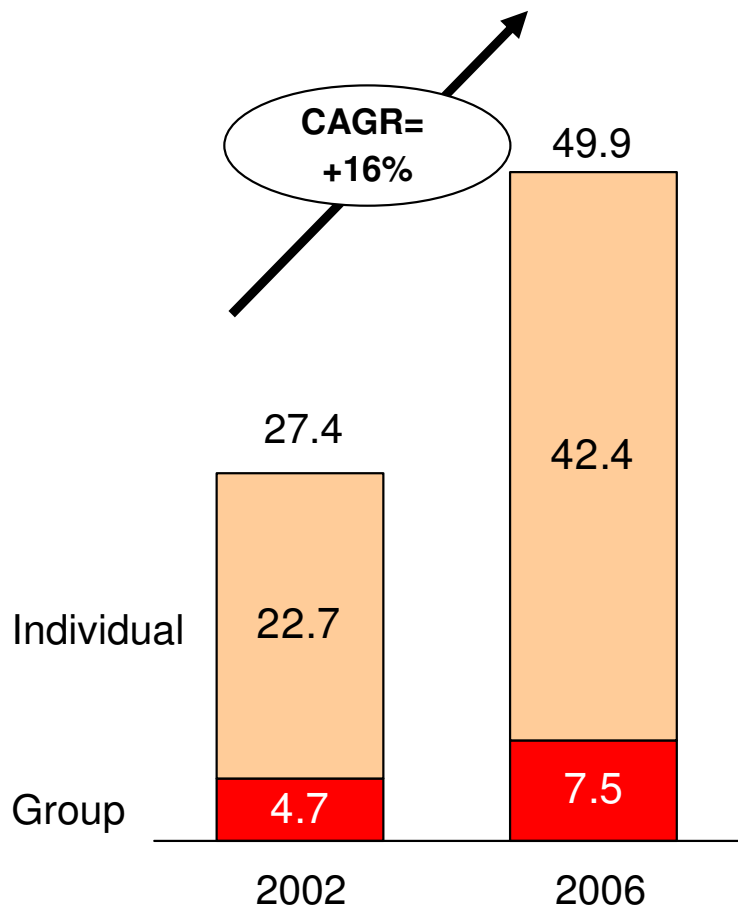
IV. **Appendix**

- Market opportunities
- SKL Premium
- One-off losses of CDO & CBO investment
- EV & AV Result
- **SKL China Development Strategy**
- Capital Enhancement
- Other Information

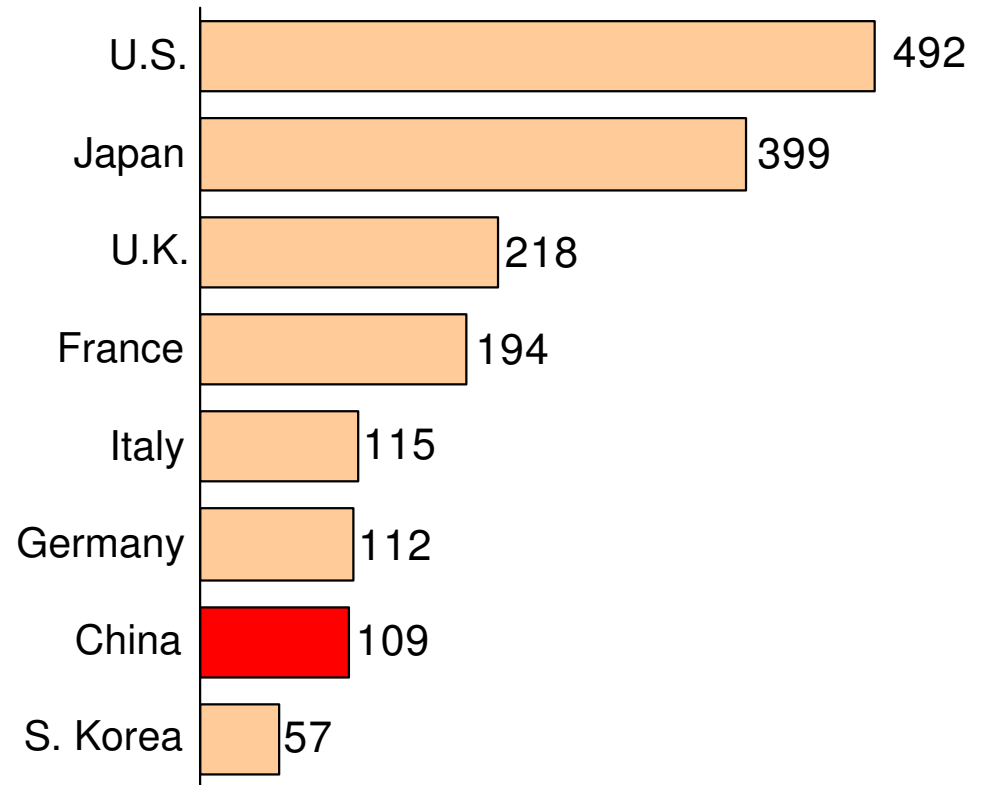
China insurance market is growing rapidly and ranked number 7 in the world

US\$bn

Total life premium

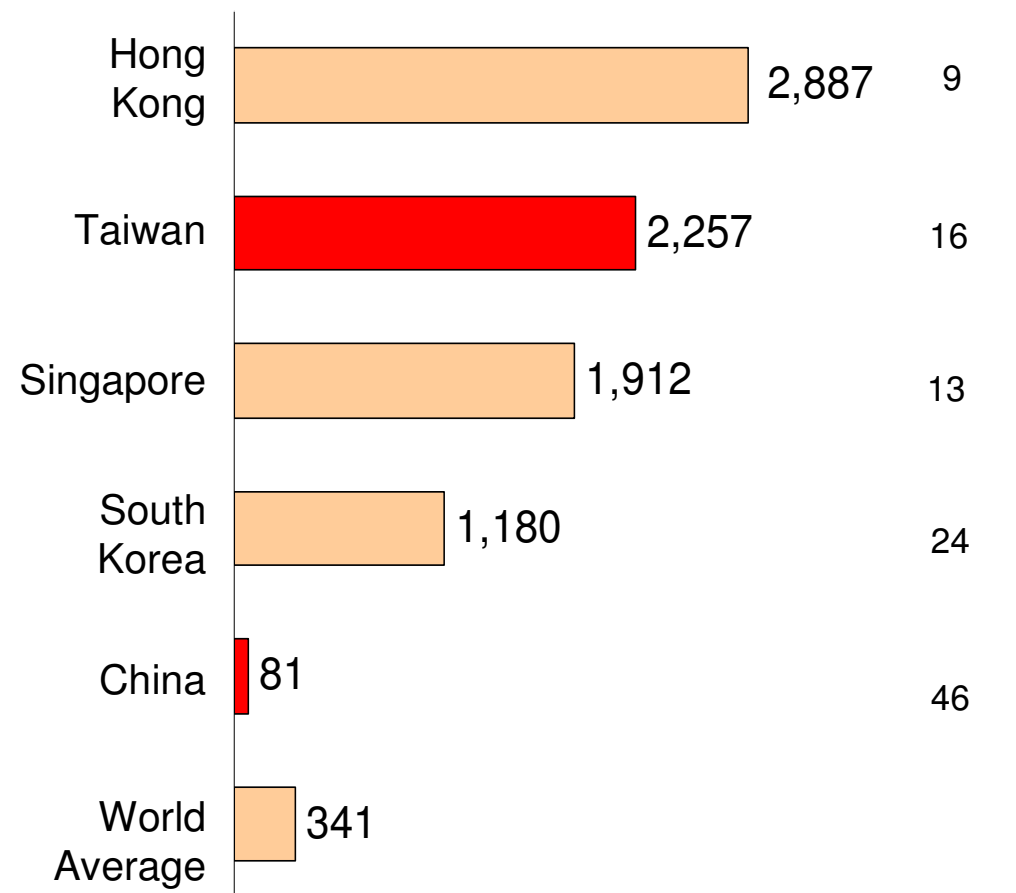
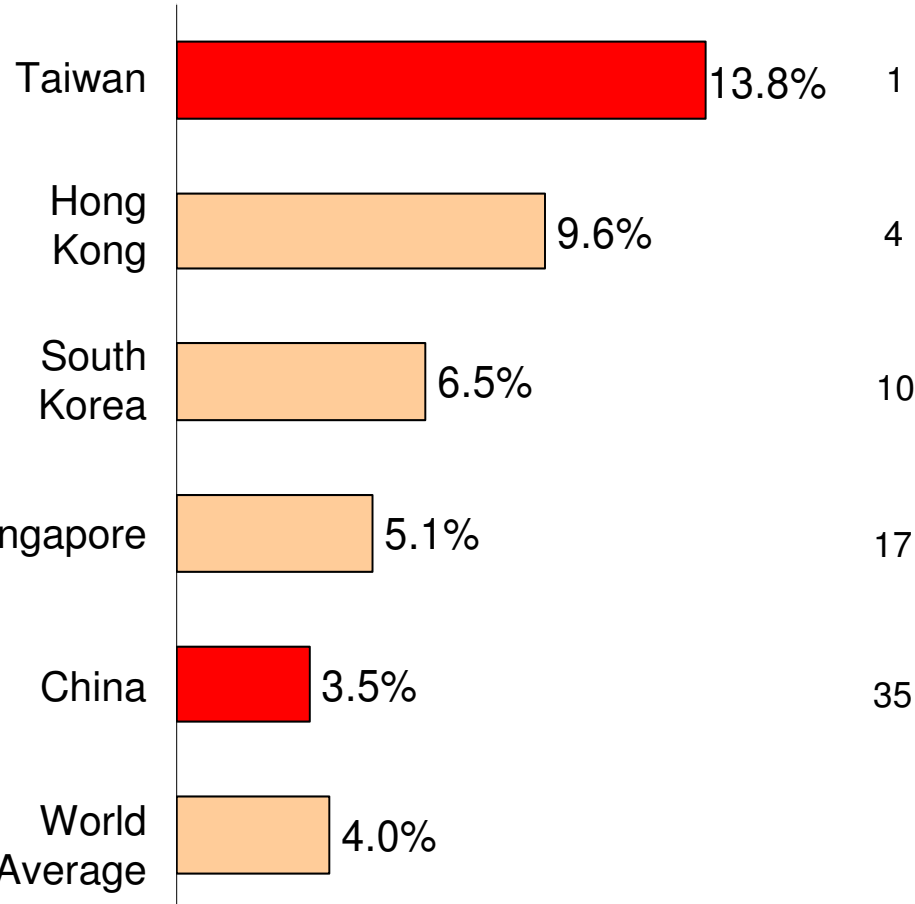


Total life premium 2009



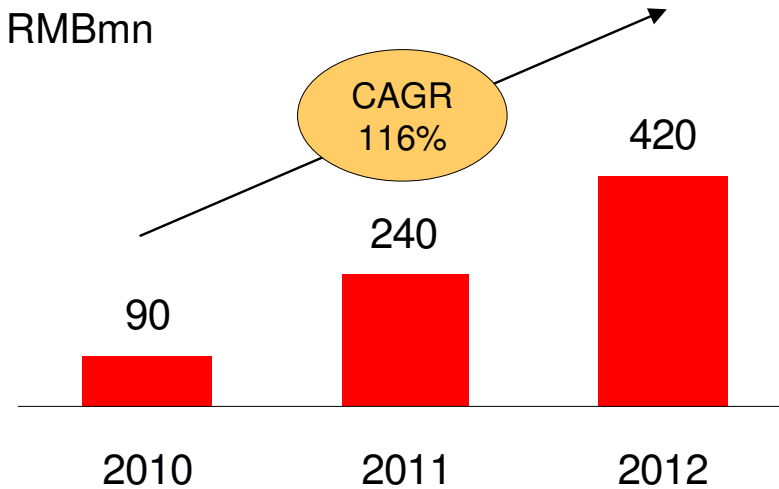
Source: China Insurance Year Book, Swiss Re, Sigma No.2/2010

Low Penetration and Density

Premium/GDP, %
Rank
Premium per capita, US\$
Rank


Shin Kong - HNA Life Started Operation

3 Year Total Premium Target
RMBmn



SKHNA Life Started Operation in April 2009

- Focus on agency and bancassurance channels:
 - Around 80 agents as of Dec. 2009
 - Signed bancassurance agreements with Shanghai Pudong Development Bank, ICBC, and others to kick-start the bancassurance channel
- Target to establish one new branch per year:
 - Cities with direct flights to Taiwan are prioritized
 - Cities with airports managed by HNA will provide additional advantage
 - In May 2010, SKHNA Life obtained approval from the China Insurance Regulatory Commission to establish a Hainan branch in Haikou
- Leverage tourism to Taiwan and Shin Kong Group's medical/entertainment resources

Joint Venture Partner – HNA Group



- Hainan Airlines Group (HNA Group) is one of China's top-four aviation consortiums. In addition to its core Hainan airlines business, the group is involved in China Xinhua Airlines, Changan Airlines, and Shanxi Airlines
- Total assets of about RMB 60 billion yuan (approx. NT\$250 billion)
- Hainan Airlines' B shares were listed in the Shanghai Stock Exchange in 1997, while its A shares were listed in 1999
- Total employees of 30,000 in HNA Group
- Group headquarters is in Haikou and Beijing will be the future operation center
- HNA Group brings together air transport, airport management, hotel, travel, retail and other related businesses, with operations in Hainan, Beijing, Shanghai, Guangzhou, Xian, and Tianjin

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. **Appendix**

- Market opportunities
- SKL Premium
- One-off losses of CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- **Capital Enhancement**
- Other Information

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>

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Market opportunities
- SKL Premium
- One-off losses of CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Capital Enhancement
- **Other Information**

SKL - Real Estate Securitization

- Create recurring management fees
- Obtain special tax treatment
- Unlock value in balance sheet
- Ensure earnings stability

	CMBS#1	CMBS#2	REIT#1	CMBS#3
Issue Date	01/10/05	06/22/05	12/26/05	02/08/07
Total Size	\$2.8 bn	\$3.1 bn	\$11.3 bn	\$1.4 bn
Retention	56% ⁽¹⁾	46% ⁽¹⁾	20%	40% ⁽¹⁾
Underlying Asset(s)	1 Office Building	1 Office Building	3 Office Buildings ⁽³⁾ , 1 Department Store, 1 Service Apartment Complex	3 Office Buildings
Type	Debt Financing at 2.85% ⁽²⁾	Debt Financing at 2.69% ⁽²⁾	Equity Financing	Debt Financing at 2.25% ⁽²⁾
Term	5yr	7yr	N/A	5yr
Capital Gain	\$0.79 bn	\$0.73 bn	\$3.6+0.7 bn ⁽³⁾⁽⁴⁾	0.57bn ⁽⁵⁾

Notes:

(1) Retained equity tranches of CMBS deals, therefore effectively maintain economic ownership and capital appreciation potential of the properties

(2) Weighted average cost

(3) One building was purchased by REIT#1 from SKL with a capital gain of NT\$0.7bn (Q4 2007)

(4) NT\$3.6bn gains booked in January 2006

(5) To be recognized over four years

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