

Confidential



Q1 2011 Results Update

May 19, 2011

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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. Life's 2010 EV/AV Results

V. Appendix

- Life Premium Summary

SKFH – Q1 2011 Overview

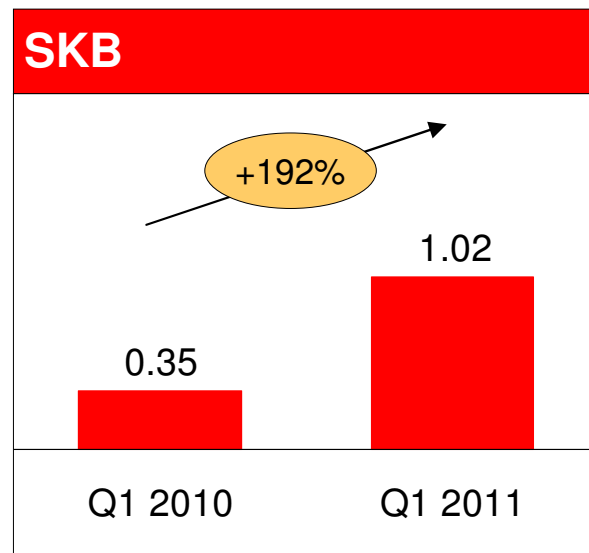
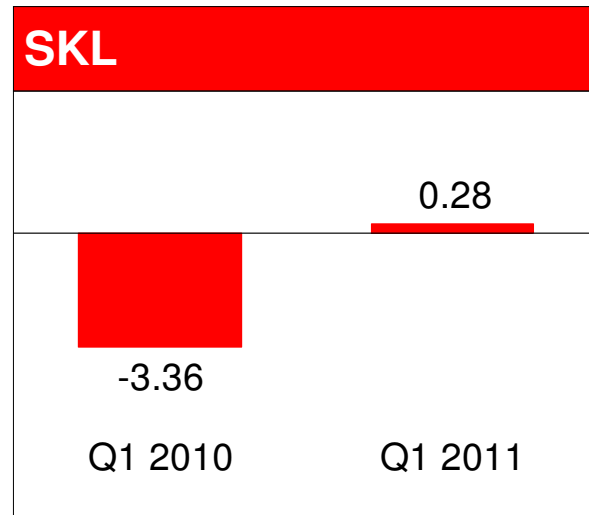
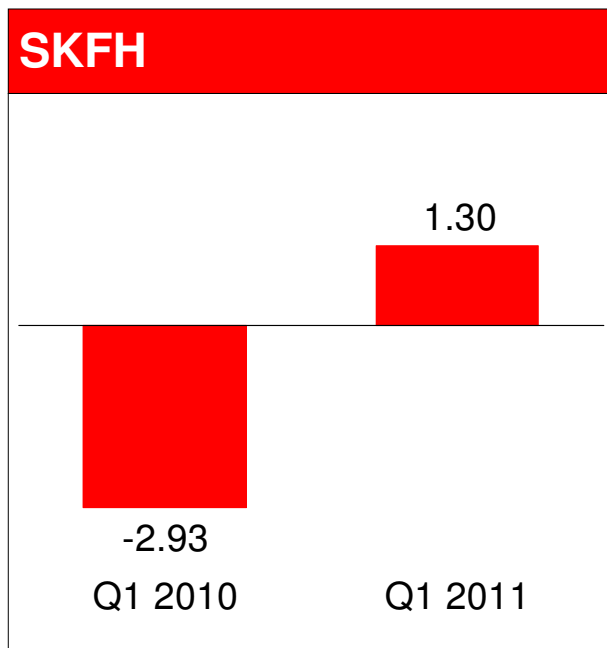
- Despite volatilities in global FX and equity markets heightened by unrest in the Middle East/North Africa and Japan earthquake, SKFH recorded an after-tax profit of NT\$1.30bn in Q1. EPS was NT\$0.15.
- Subsidiaries' core business remained solid
 - SKL :
 - ◆ FYP increased 56.4% YoY
 - ◆ FX hedging costs properly controlled. Total investment income increased 35.4% YoY
 - ◆ Cost control remained tight. Operating expenses down 8.1% YoY
 - SKB :
 - ◆ Asset quality continued to improve. New NPL generation was NT\$-102mn
 - ◆ Net interest income increased 16.7% YoY
- Actively deploying in overseas market
 - SKFH : To establish a financial leasing company in China through the venture capital subsidiary
 - SKB : Hong Kong full function branch commenced operation in May
- Embedded Value (EV) and Appraisal Value (AV) significantly increased
 - Unrealized gains on property was NT\$73.1bn
 - EV was NT\$176.04bn, 59.9% higher than 2009
 - EV per share for SKFH and SKL were NT\$20.9 and NT\$32.3 respectively
 - 5-year New Business AV was NT\$219.82bn, 38.8% higher than 2009

Financial Highlights – Q1 2011

	Q1 2010	Q1 2011	YoY Growth
NT\$m (except per share data), %			
Group net income	-2,927	1,301	-
First year premium (Insurance)	15,469	24,186	56.4%
Loans (Bank)	291,549	346,944	19.0%
Total assets	1,932,359	2,095,746	8.5%
Total shareholders' equity	87,768	99,596	13.5%
ROA (unannualized)	-0.14%	0.07%	-
ROE (unannualized)	-2.98%	1.46%	-
Earnings per share	-0.37	0.15	-

Net Income – Q1 2011

NT\$bn



Comments

- SKFH recorded an after-tax profit of NT\$1.30bn in Q1, NT\$4.23bn higher than Q1 2010
- SKL's cumulative after-tax profit was NT\$0.28bn for Q1
- SKB's Q1 profit was 192.1% higher YoY due to widened interest spread and improvement in asset quality

Net Income – Q1 2011

Net income contribution

NT\$bn

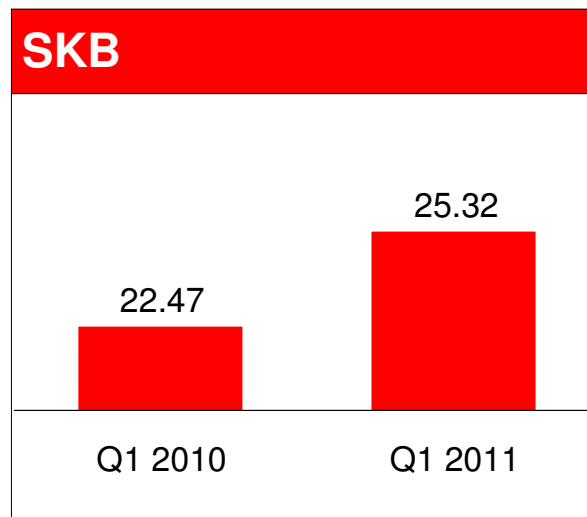
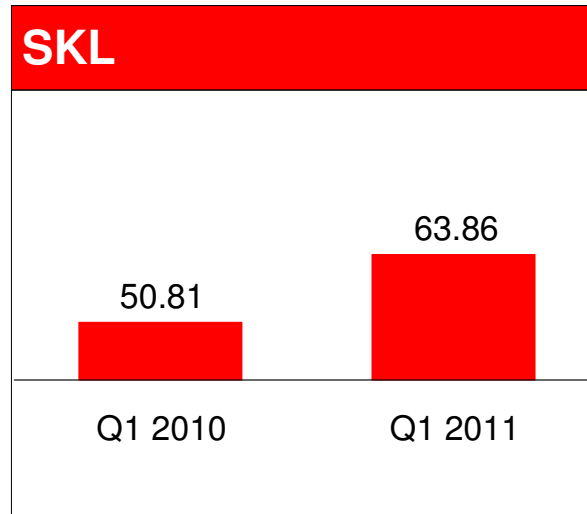
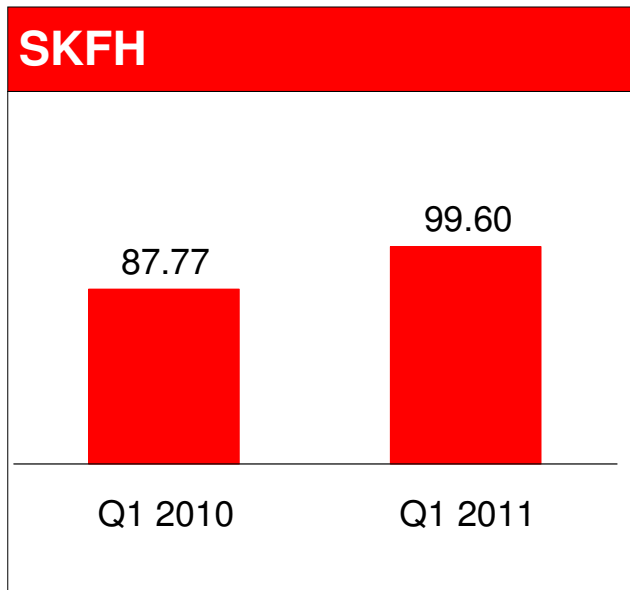
Subsidiaries	Q1 2010	Q1 2011	YoY Growth
Shin Kong Life	-3.36	0.28	-
Shin Kong Bank	0.35	1.02	192.1%
Shin Kong Securities	0.06	0.00	-
Shin Kong Investment Trust	0.01	0.00	-
Shin Kong Insurance Brokers	0.02	0.02	10.5%
Others ⁽¹⁾	-0.01	-0.02	-
Net income	-2.93	1.30	-

Note:

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

Shareholders' Equity – Q1 2011

NT\$bn



Comments

- Shareholders' equity increased 13.5% YoY to NT\$99.60bn in Q1
- Excluding MasterLink's minority interest, SKFH's shareholders' equity would have been NT\$85.15bn; BVPS was NT\$10.1
- Shareholders' equity of SKL and SKB increased 25.7% and 12.7% YoY respectively

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SKL – Q1 2011 Overview

- With FX hedging costs properly controlled, quarterly profit from SKL were NT\$0.28bn amid volatilities in global FX and equity markets. ROE was 0.42%.
- FYP was NT\$24.19bn, up 56.4% YoY. Market share went up to 9.1%.
- Traditional and investment-linked products contributed most significant shares (22.9% and 61.1% respectively) of FYP. Sales of investment-linked products was strong in Q1, with FYP contribution NT\$14.63bn higher than Q1 2010. Market demand on interest-sensitive products fell due to regulation changes.
- Long-term profit generation is the main consideration in new product development. SKL launched a foreign currency whole-life protection product and protection products co-developed with Dai-ichi Life to drive mortality/expense gains.
- 13-month persistency was 88.0%. 25-month persistency improved to 82.3%.
- Q1 annualized investment return was 3.8%.
- Shareholders' equity was NT\$63.86bn, up 25.7% YoY.

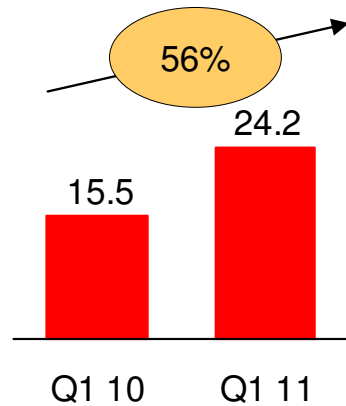
Financial Highlights – Q1 2011

	Q1 2010	Q1 2011	YoY Growth
NT\$mn, %			
First year premium	15,469	24,186	56.4%
Total premium	40,347	47,774	18.4%
Investment income	10,132	13,722	35.4%
Net income	-3,357	276	-
Total assets	1,467,452	1,566,035	6.7%
Total shareholders' equity	50,810	63,861	25.7%
ROE (unannualized)	-6.22%	0.42%	-
ROA (unannualized)	-0.23%	0.02%	-

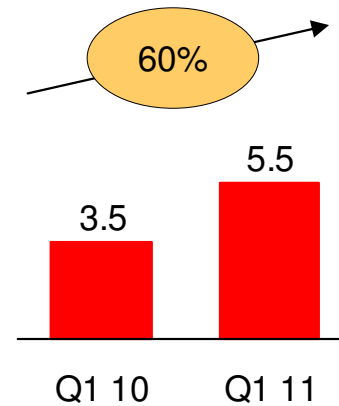
First Year Premium – Q1 2011

NT\$bn

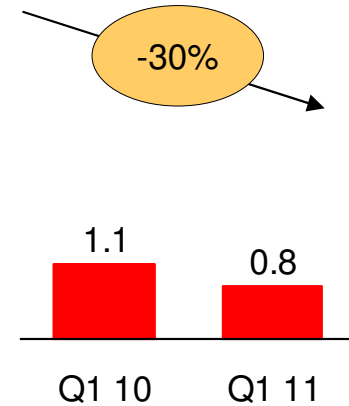
Market share 9.1%



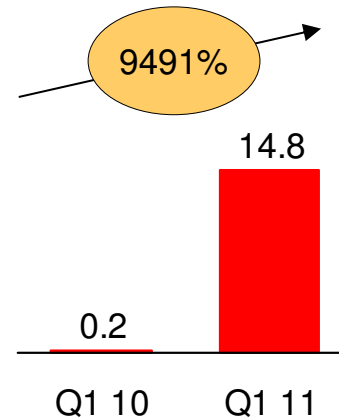
Traditional



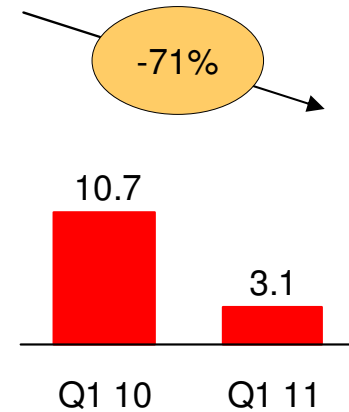
PA, Health and Group



Investment-linked



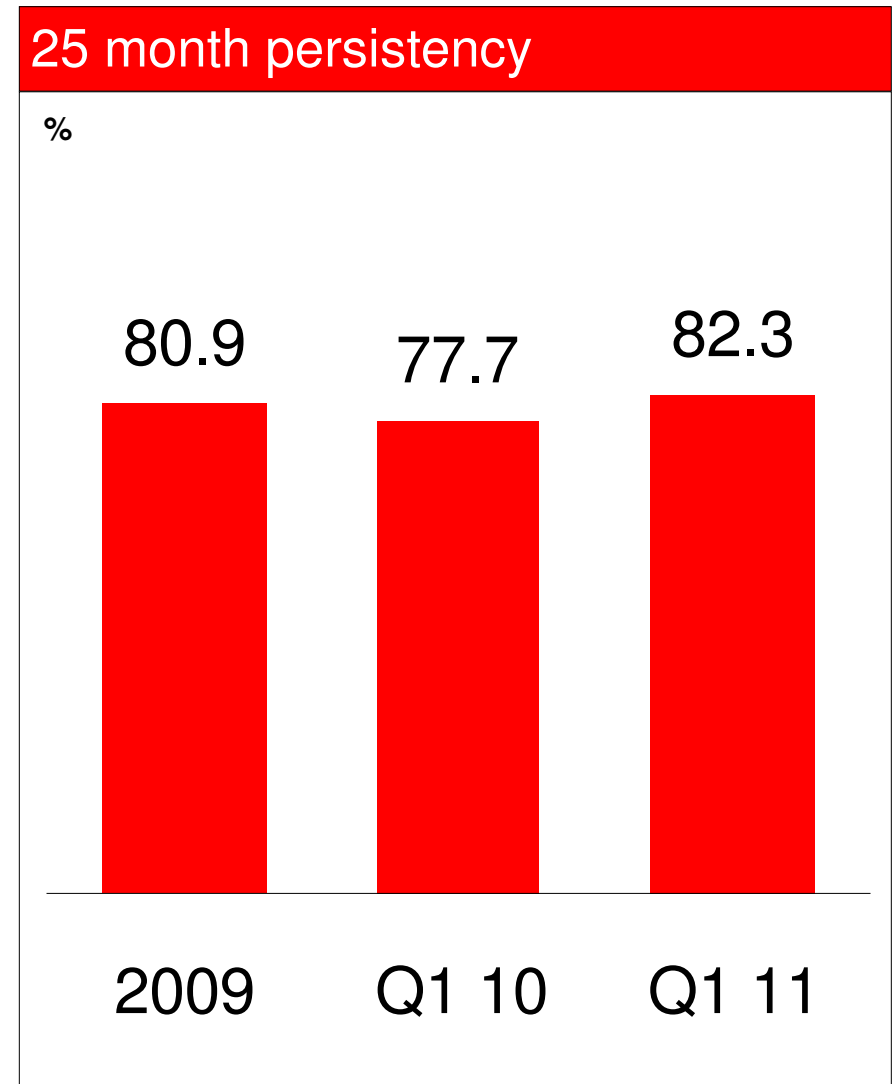
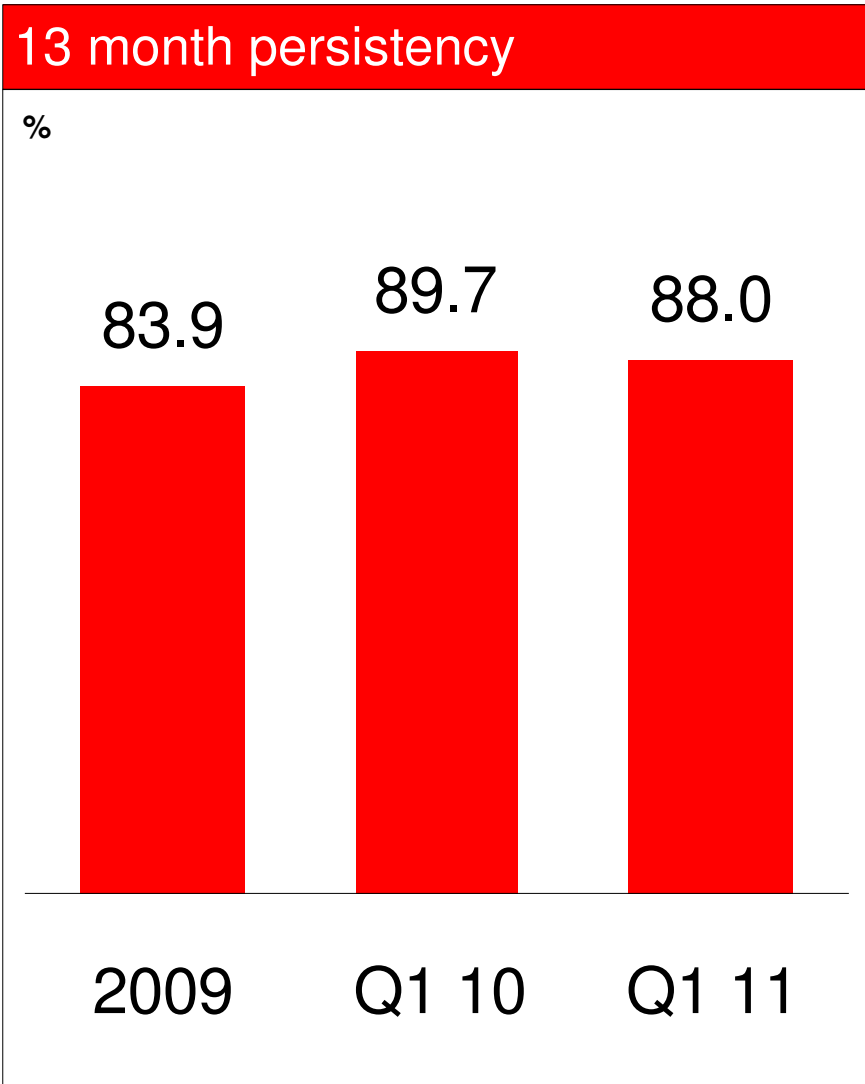
Interest-sensitive



Comments

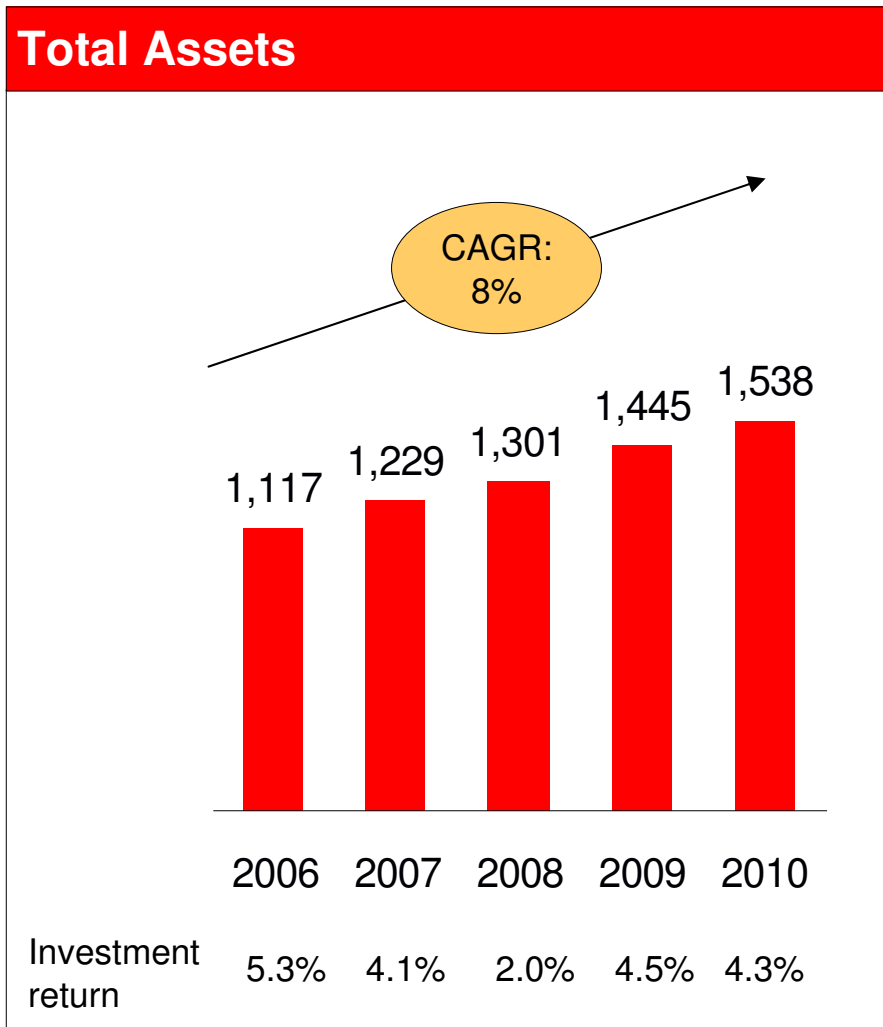
- FYP increased 56.4% YoY
- Traditional and investment-linked products contributed most significant shares (22.9% and 61.1% respectively) of FYP
- Sales of investment-linked products was strong in Q1, with FYP contribution NT\$14.63bn higher than Q1 2010. Market demand on interest-sensitive products fell due to regulation changes
- Long-term profit generation is the main consideration in new product development. A foreign currency whole-life protection product and protection products co-developed with Dai-ichi Life were launched to drive mortality/expense gains

Persistence Ratio



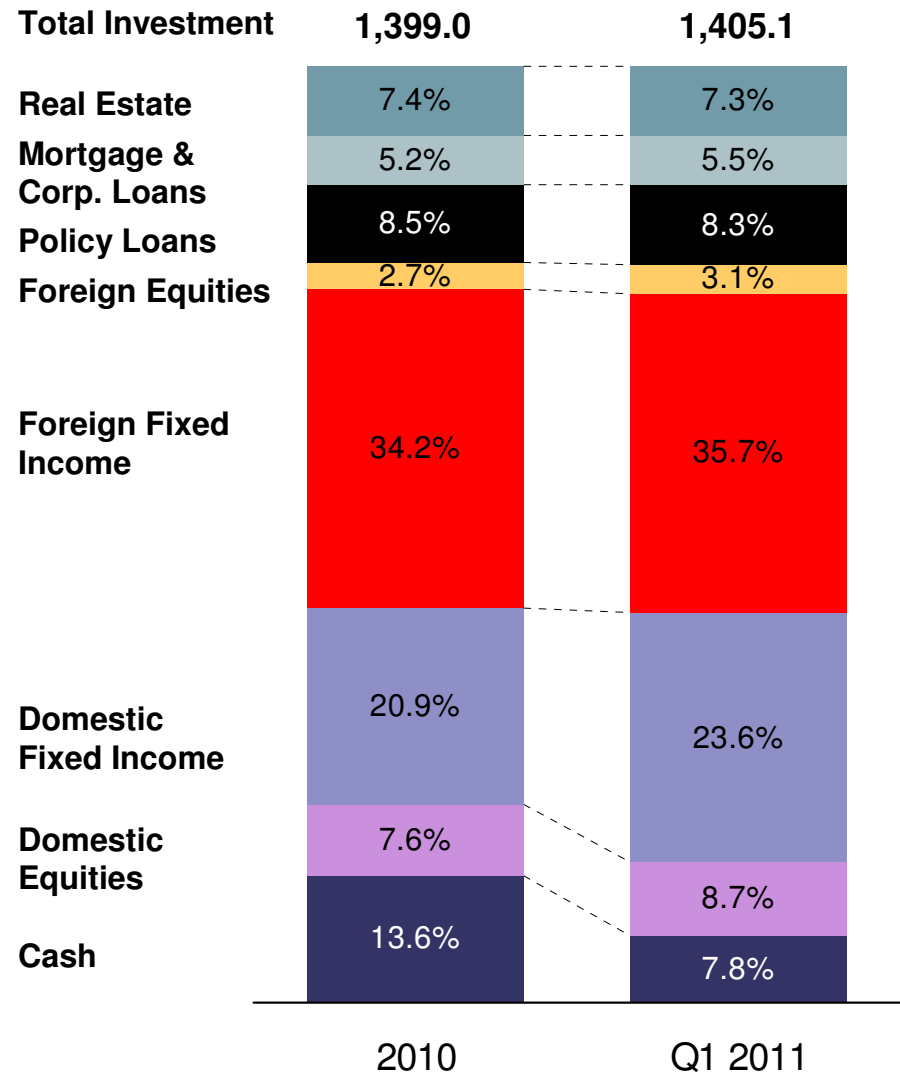
Investment Portfolio

NT\$bn

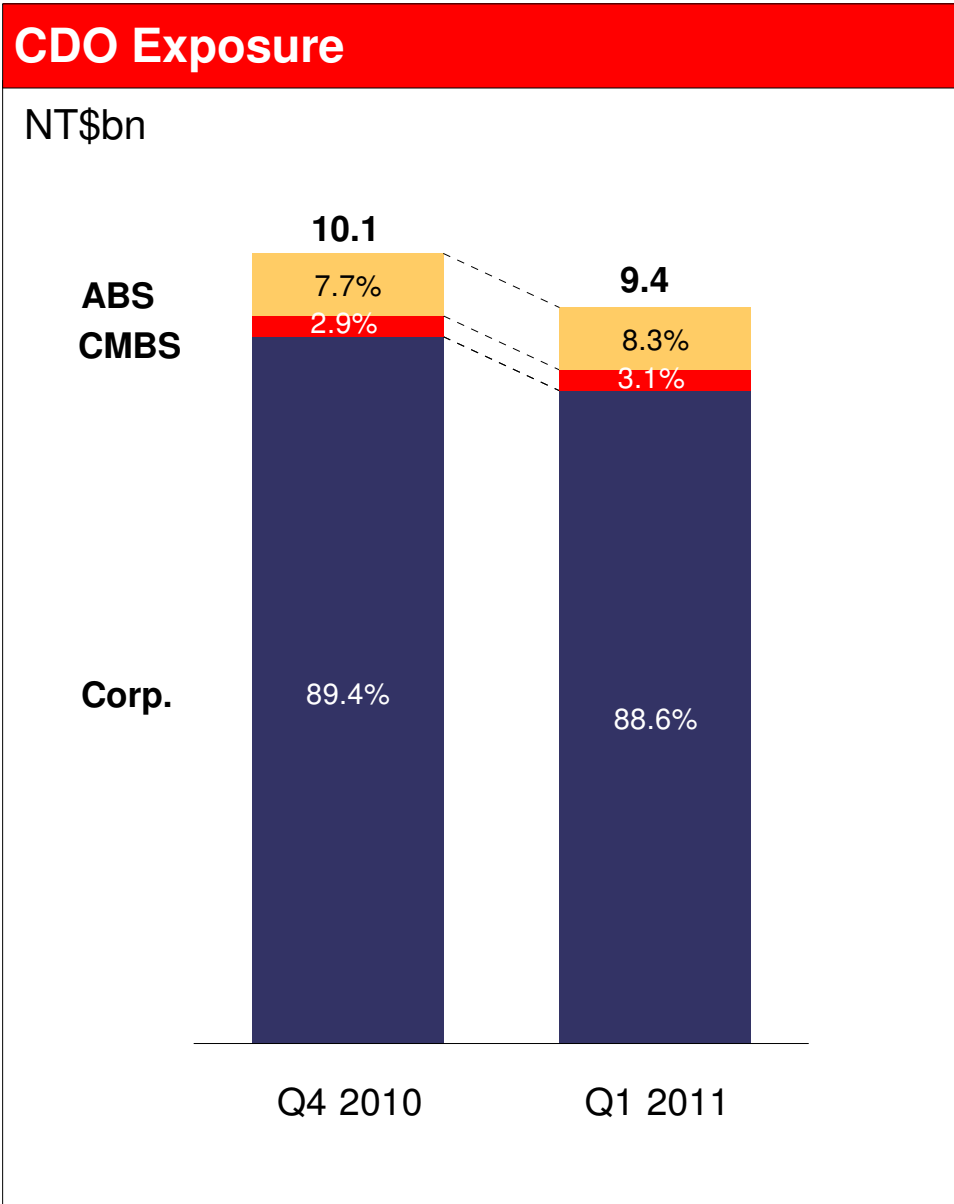


Note:

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



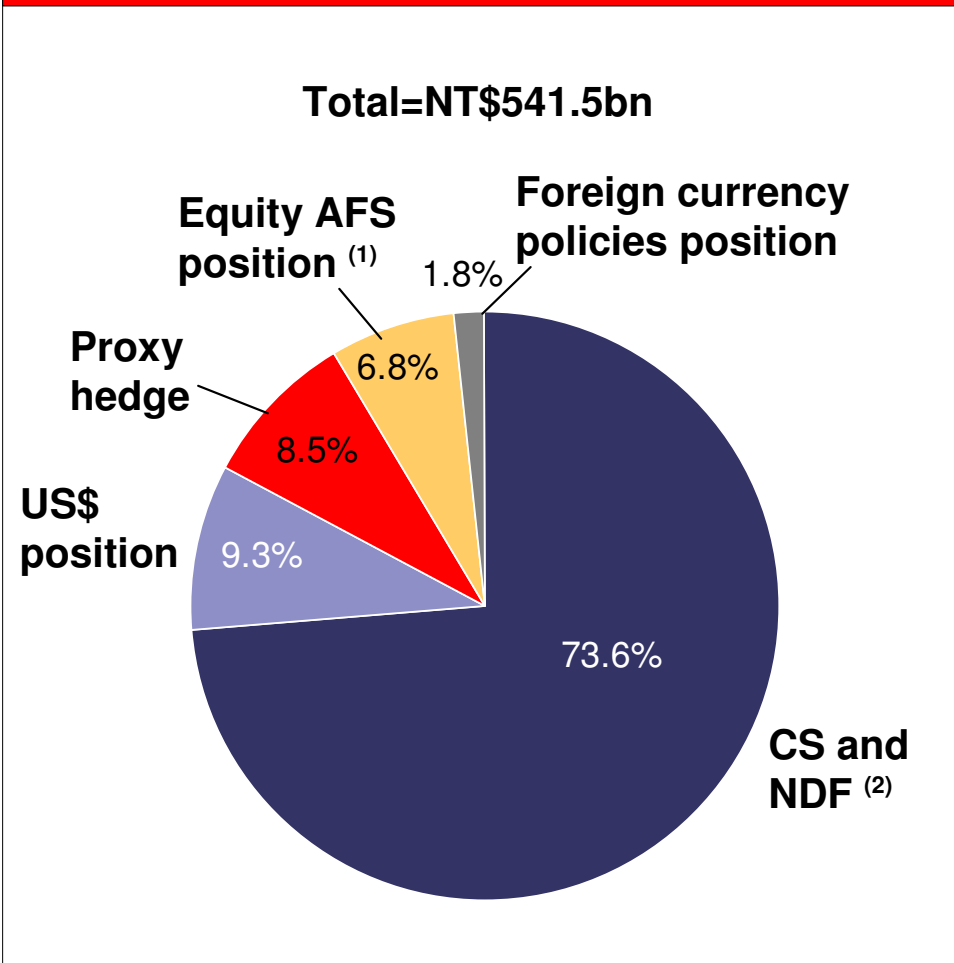
CDO Exposure



- Comments**
- Overall exposure was NT\$9.42bn
 - 8.3% 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 2011, no loss was recognized
 - No loss of corporate CDOs was recognized in Q1 2011. 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 70~80%
- Proxy hedging reduced to 8.5%
- Available for sale position in foreign equities accounted for 6.8% 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 70~80% in the medium/long term
- Target hedging cost at 200 bps or below in the medium/long term

Enhance Investment Risk Management

- Manage/control investment risk by prudent SAA and TAA ranges
- Utilize the Algo system for real-time investment risk management

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SKB – Q1 2011 Overview

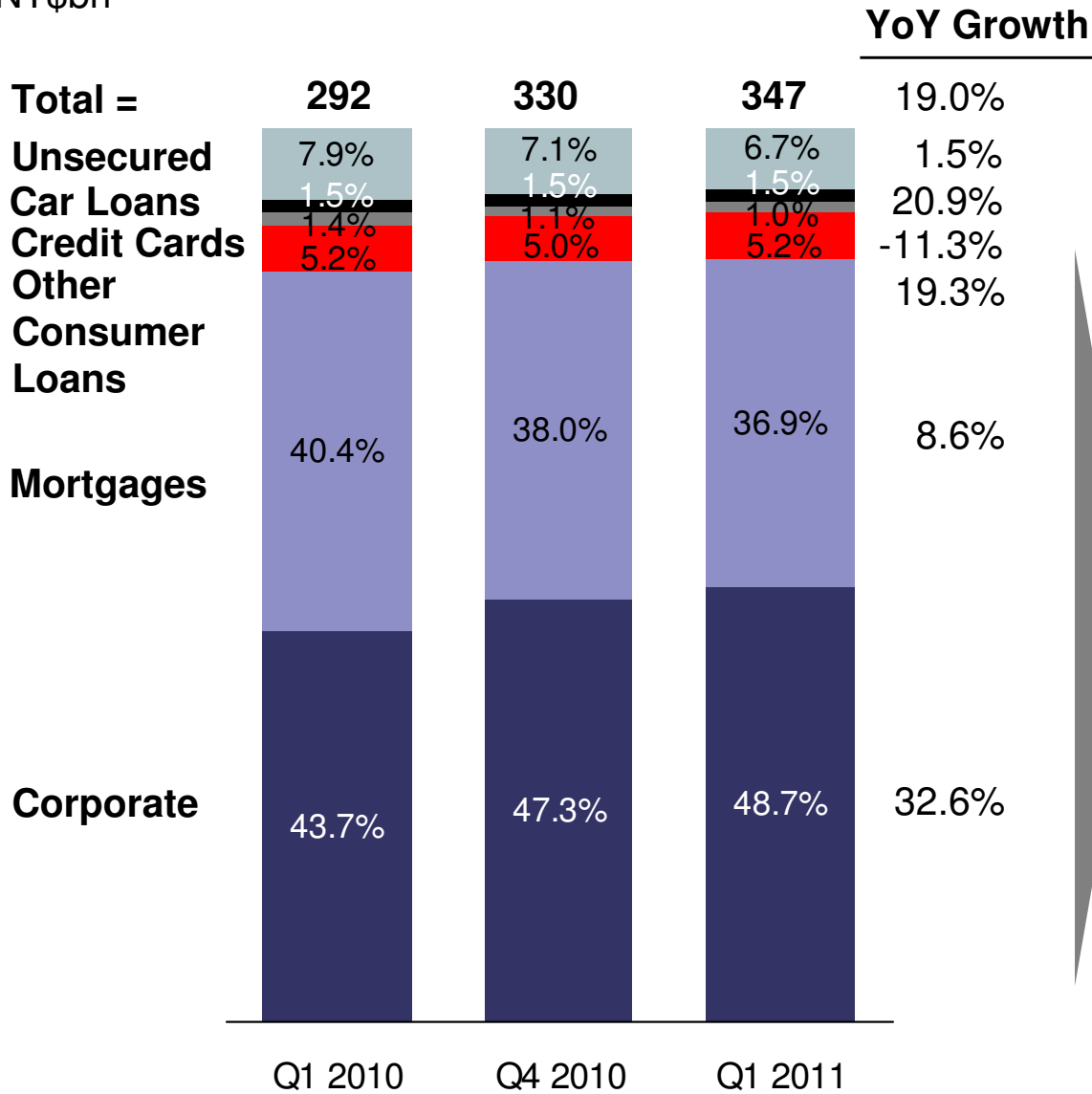
- After-tax profit for Q1 2011 was NT\$1,015 million (up 192.1% YoY); pre-provision profit increased 1.8% YoY to NT\$845 million; driven by continuous improvement on asset quality and partial write-back from general provision set aside in accordance with Article 34, provision expense was NT\$-286 million.
- Loan balance increased to NT\$346.94billion (up 19.0% YoY); deposit balance increased to NT\$421.65billion (up 19.3% YoY). L/D ratio was 82.0% (incl. credit cards balance).
- NIM for Q1 2011 was 1.56%, higher than 1.54% for Q4 2010
- Amid volatilities in global markets, fee income from wealth management for Q1 2011 was NT\$170 million (down 5.1% YoY). SKB achieved bancassurance cross-sales of NT\$2.75 billion in Q1 2011, accounting for 61.8% of SKL bancassurance premium.
- Credit card NPL ratio decreased to 0.25% and coverage ratio was 509.57%.
- Asset quality improved with overall NPL and coverage at 0.46% (Q4 2010:0.59%) and 168.84% (Q4 2010:150.68%) respectively. NPL ratio for mortgages remained low at 0.29% (Q4 2010:0.39%).

Net Income – Q1 2011

	Q1 2010	Q1 2011	YoY Growth
NT\$m, %			
Net interest income	1,462	1,707	16.7%
Net fee income	427	386	-9.5%
Other income	149	108	-27.5%
Operating expense	-1,207	-1,356	12.3%
Pre-provision operating income	831	845	1.8%
Provision expense	-448	286	-
Income tax benefit (expense)	-35	-117	236.1%
Net Income	347	1,015	192.1%

Loan Mix

NT\$bn



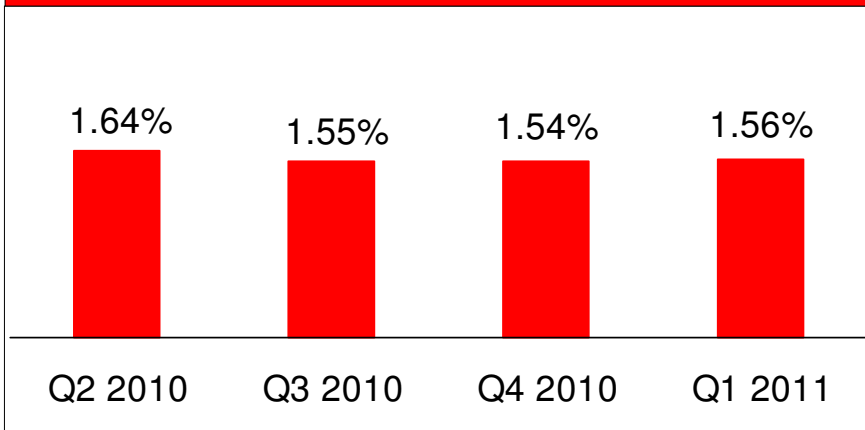
Comments

- Loan balance increased to NT\$346.94 billion (up 19.0% YoY)
- Mortgages achieved stable growth under stringent credit policies; NPL ratio for mortgages was low at 0.29%
- L/D ratio was 82.0% (incl. credit cards balance)

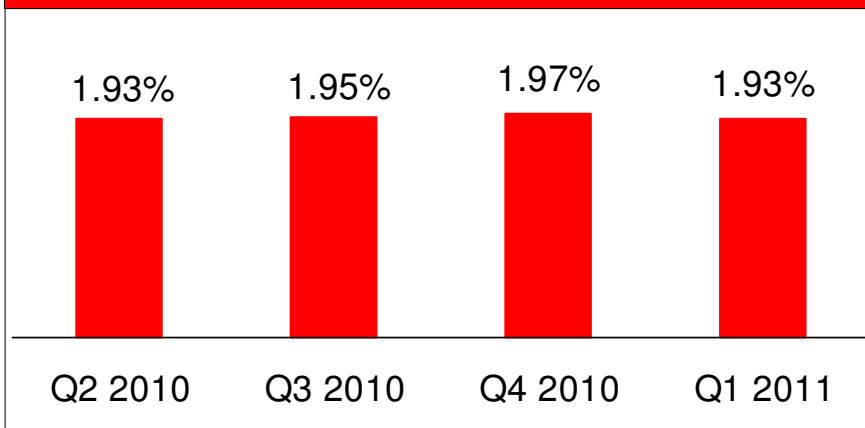
Note: Due to rounding, loan mix may not add up to 100%

Interest Income

Net Interest Margin



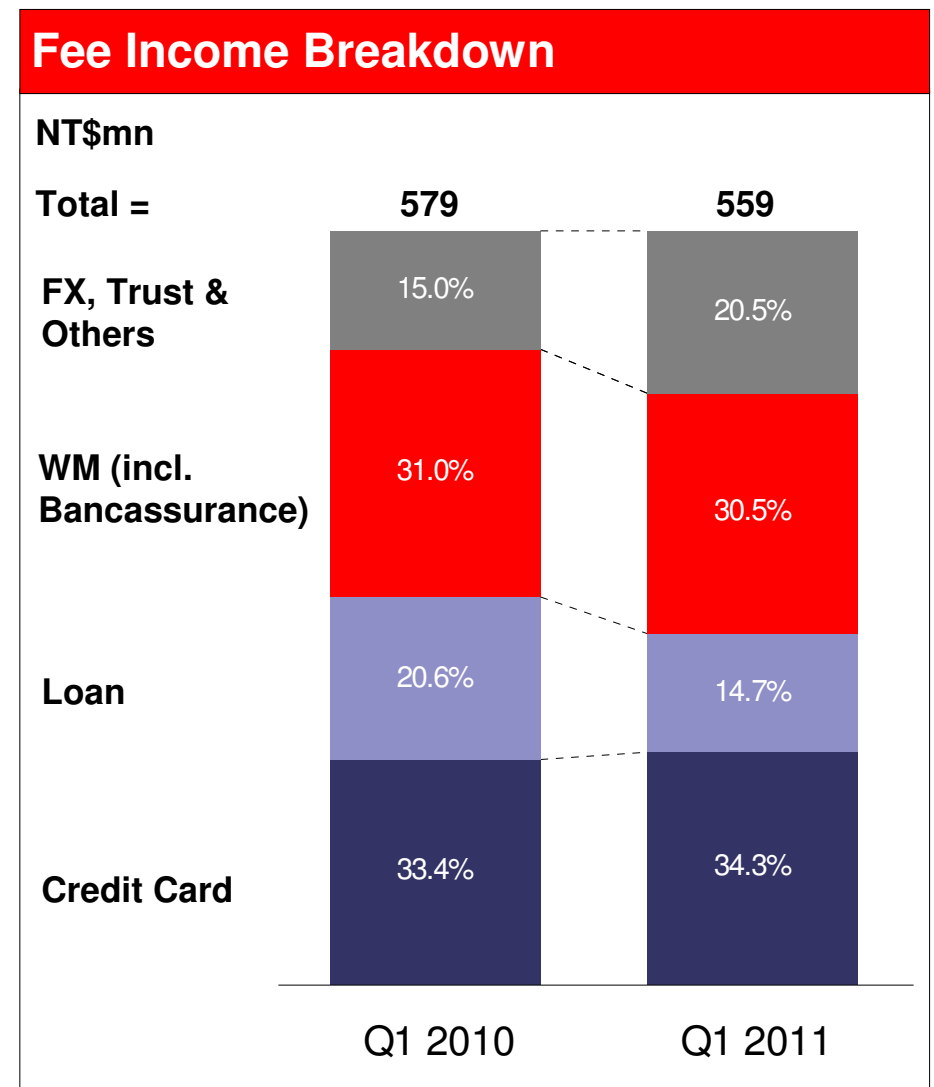
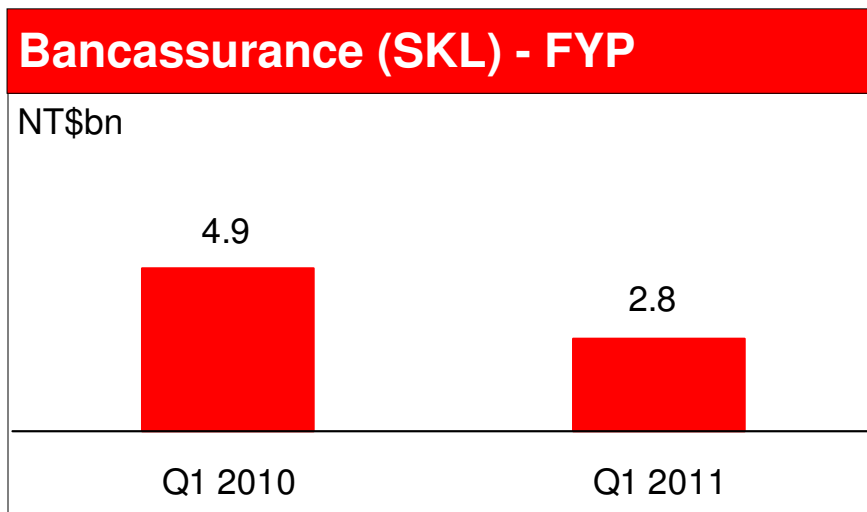
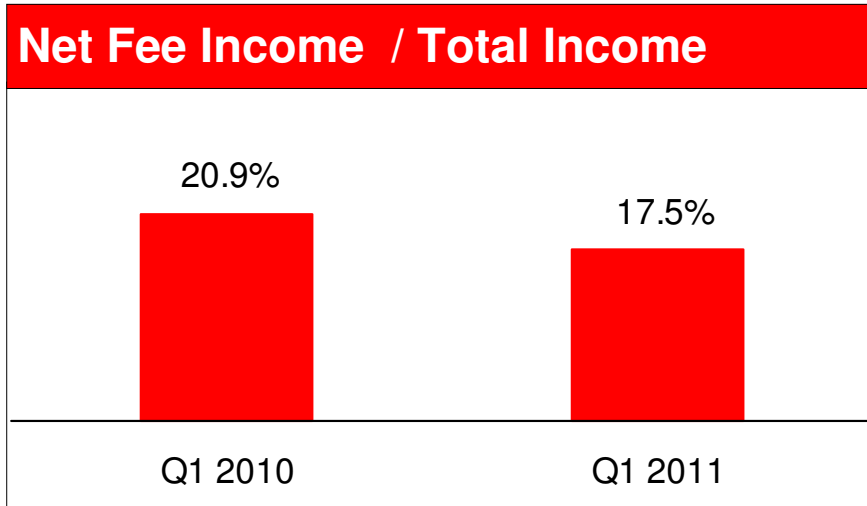
Net Interest Spread



Comments

- NIM for Q1 2011 was 1.56%
- NIM is expected to further increase as Central Bank raises rates
- SKB will continue to :
 - Strengthen relations with corporate customers and increase fee income through GEB, TMU, syndicated loans and factoring business
 - Develop cash management to increase demand deposits and lower cost of funds , and
 - Develop SME and consumer loans with appropriate risk control to enhance interest income

Fee Income

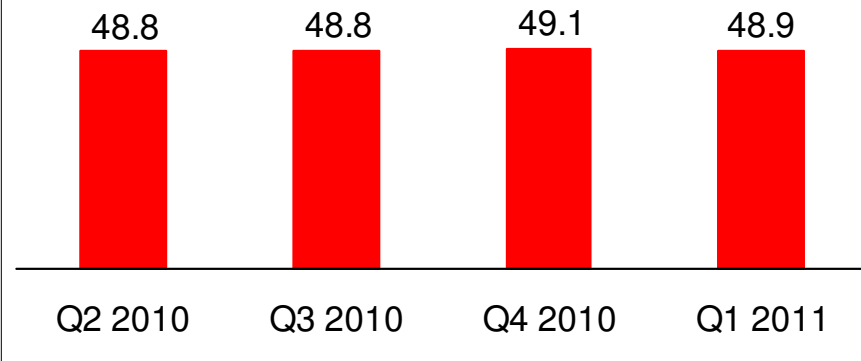


Note: Due to rounding, fee income breakdown may not add up to 100%

Wealth Management

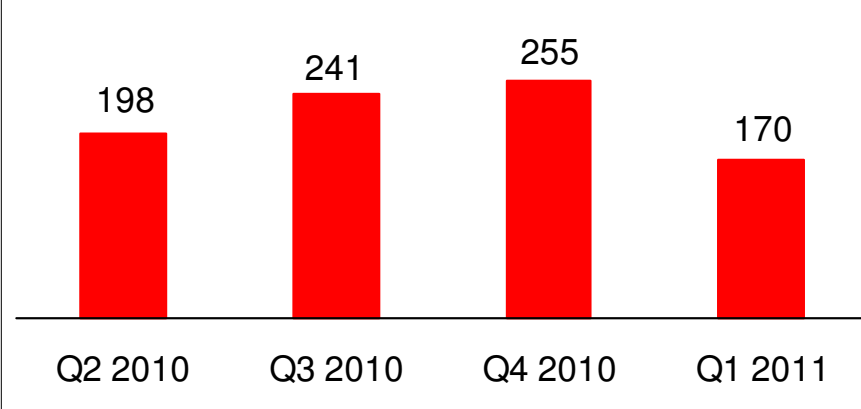
AUM

NT\$bn



WM Fee Income

NT\$m



Wealth Management Center

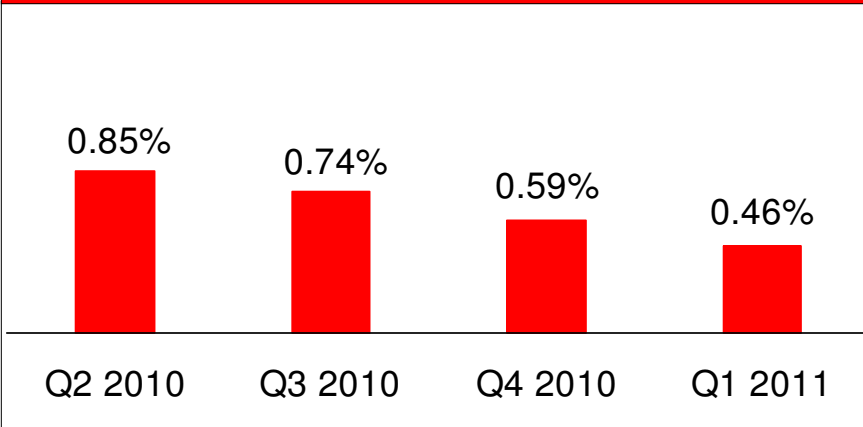


- Amid volatilities in global markets, fee income from wealth management for Q1 2011 was NT\$170 million (down 5.1% YoY), which accounted for 30.5% of total fee income
- Sales focuses were on mutual funds, insurance, and foreign securities. Sales of mutual funds and foreign securities are expected to grow

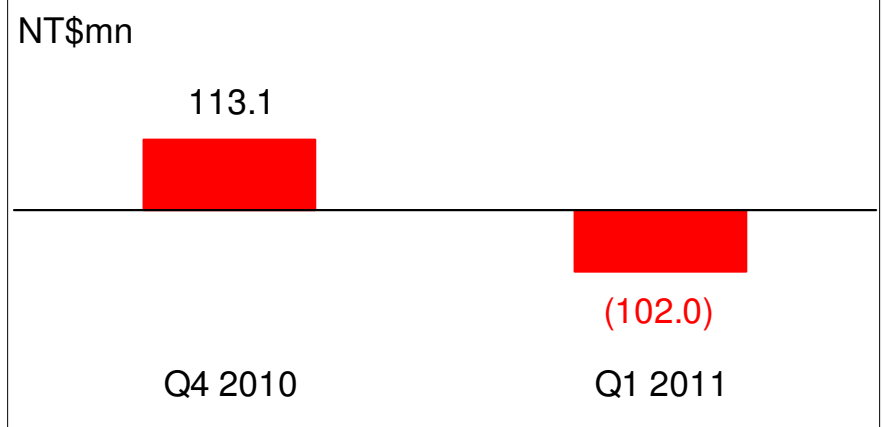
Note: Fee income figure for each quarter is adjusted due to rounding

Asset Quality

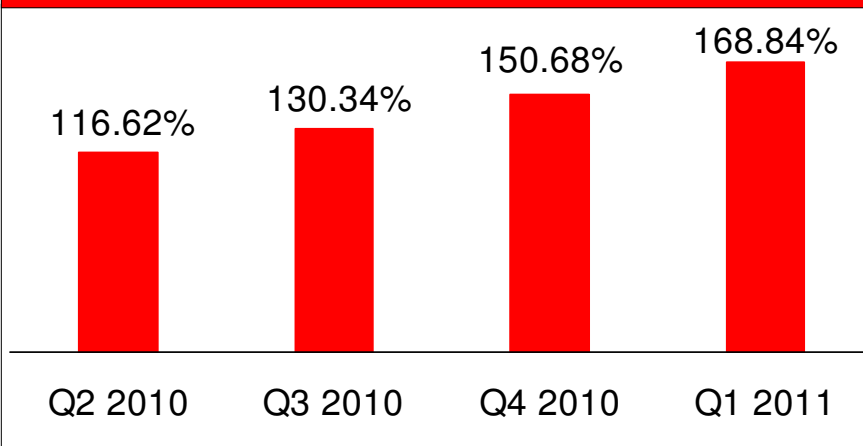
NPL Ratio



New NPL Generation



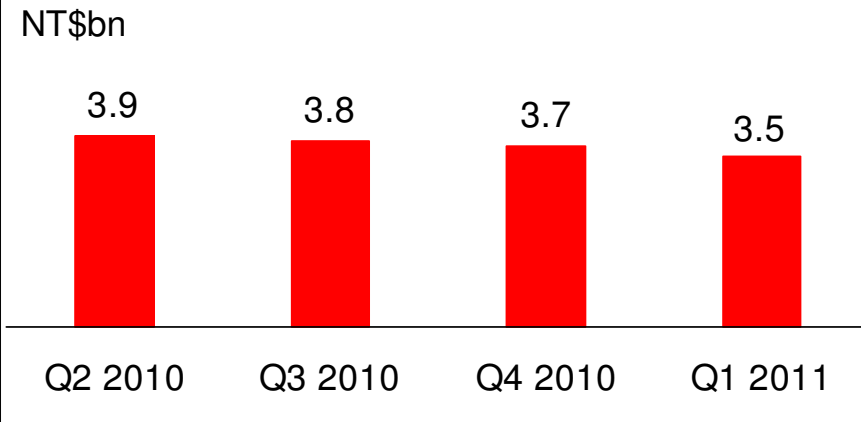
Coverage Ratio



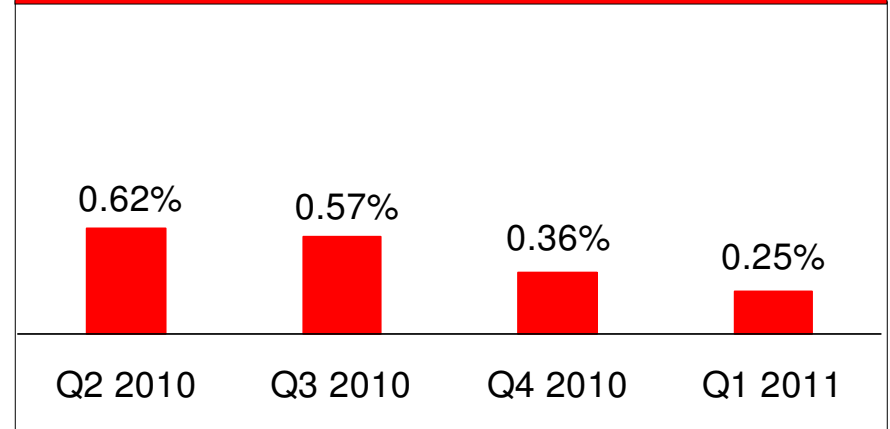
- Asset quality continued to improve with overall NPL at 0.46%
- NPL ratio for mortgages was low at 0.29%
- Coverage was 168.84% - further improved compared to 150.68% in Q4 2010
- New NPL generated in Q1 2011 were NT\$-102 million

Credit Cards Metrics

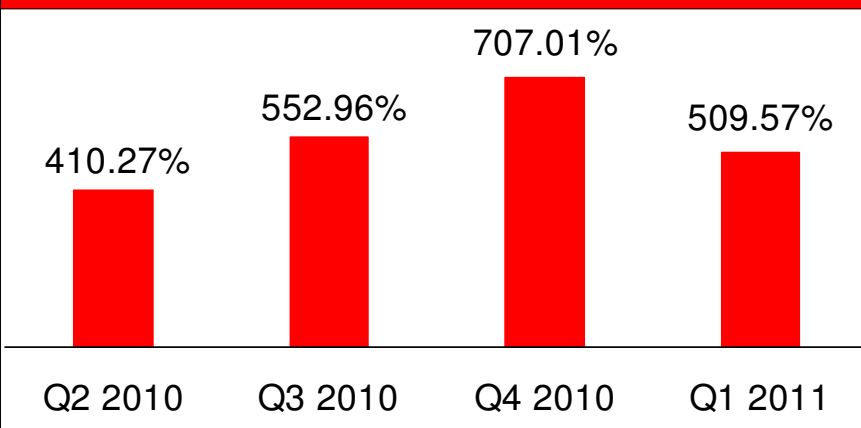
Revolving Balance



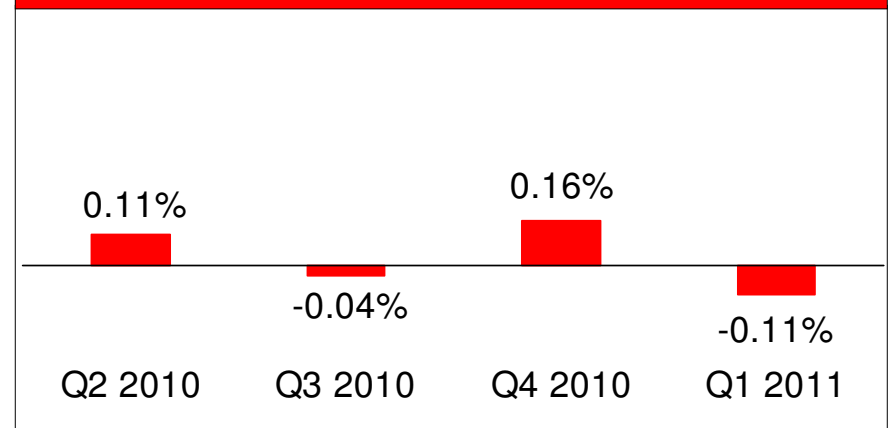
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

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SKL - EV & AV Results

Unit : NT\$bn

	2009.12	2010.12	YoY growth
Adjusted NAV	97.7	148.5	52.0%
VIF	43.7	62.3	42.6%
COC	31.3	34.8	11.2%
EV	110.1	176.0	59.9%
EV / per share (SKL / SKFH)	22.1 / 14.0	32.3 / 20.9	-
V1NB	13.1	12.6	-3.8%
AV – 5 years NB	158.4	219.8	38.8%
5-year AV / per share (SKL / SKFH)	31.8 / 20.1	40.3 / 26.1	-
AV – 20 years NB	220.7	281.6	27.6%
20-year AV / per share (SKL / SKFH)	44.3 / 28.0	51.6 / 33.4	-

Note:

(1) Based on SKFH's outstanding shares of 8.44bn as of the end of 2010

SKL - Estimate of Embedded/Appraisal Value

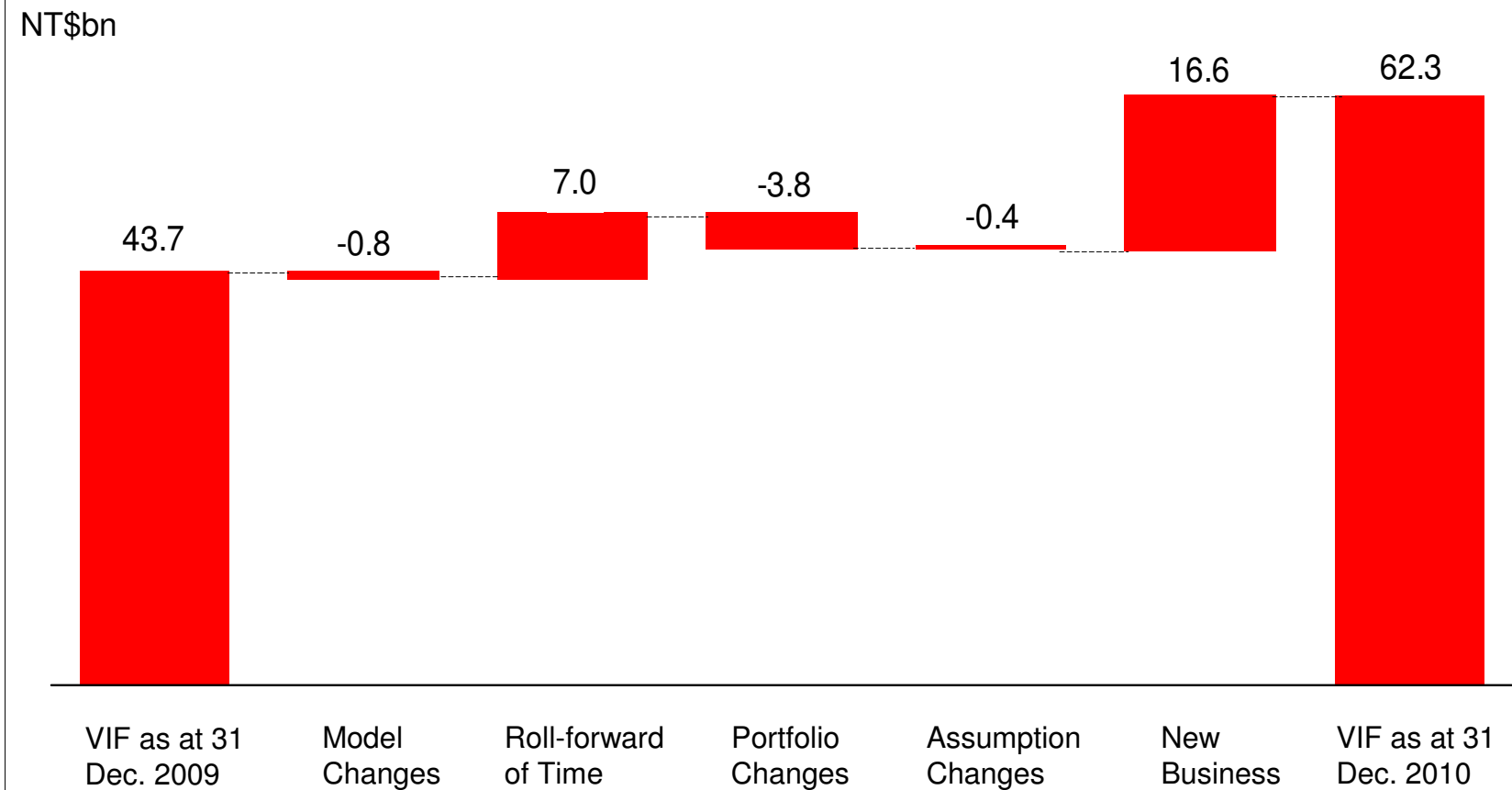
Unit: NT\$bn Valn Date: 31 Dec, 10 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		Inv Return 3.90% ~ 5.43% (Interest Sensitive Business 3.53% ~ 5.04%) RDR 10%	All else equal except	
	Inv Return - 0.25%	Inv Return + 0.25%		RDR - 1.0%	RDR + 1.0%
Adjusted NAV	148.5	148.5	148.5	148.5	148.5
VIF	28.2	95.9	62.3	73.6	53.5
Cost of Capital (COC)	37.2	32.5	34.8	31.8	37.1
EV after COC	139.5	211.9	176.0	190.2	164.9
V1NB after COC	11.7	13.5	12.6	14.2	11.3
AV (5 years NB)	179.8	259.1	219.8	241.2	202.7
AV (20 years NB)	236.4	326.1	281.6	319.7	251.6

Note:

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

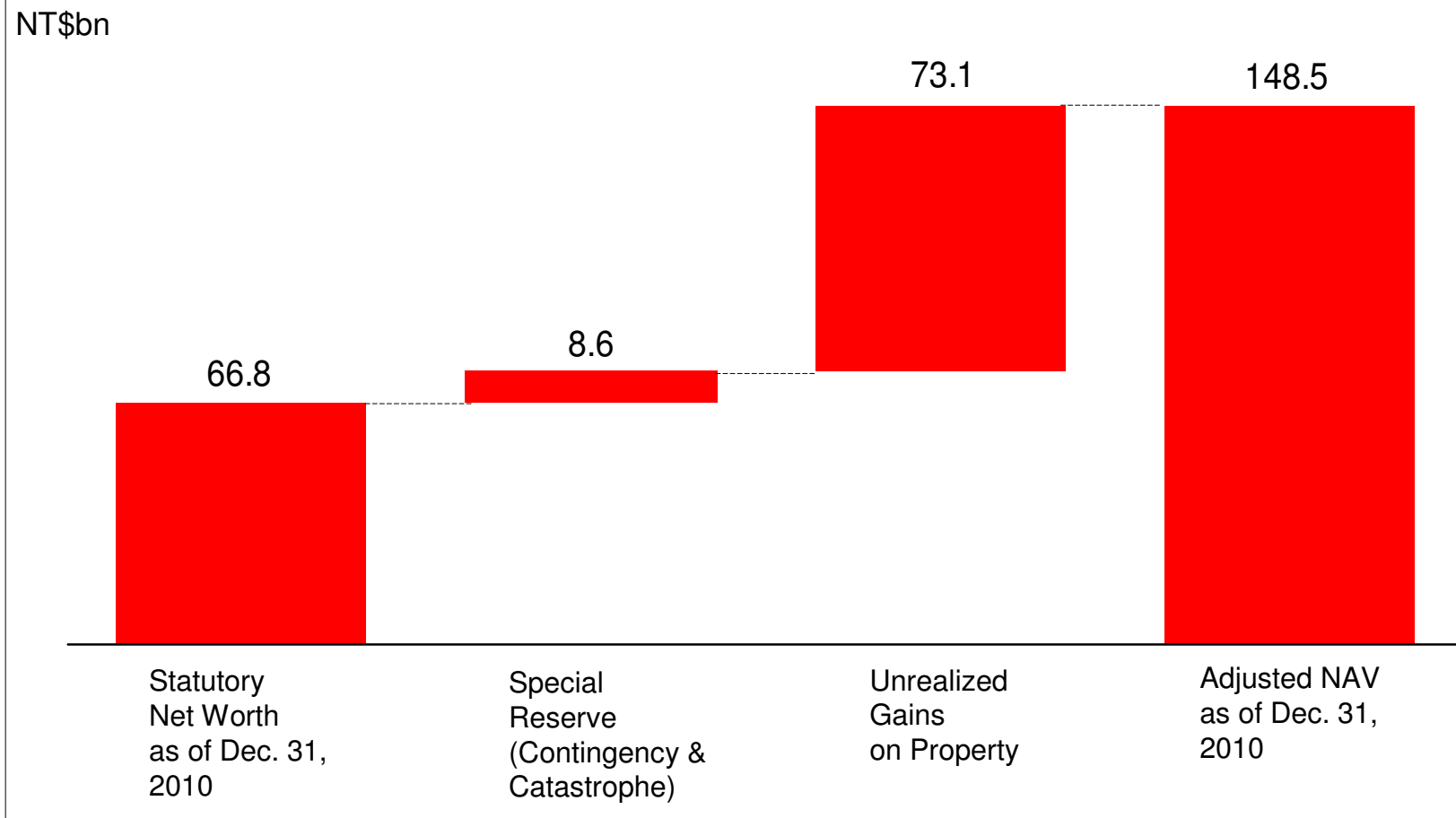
SKL - Analysis of Change in VIF

Changes between 31 Dec. 2009 and 31 Dec. 2010 broken down by components

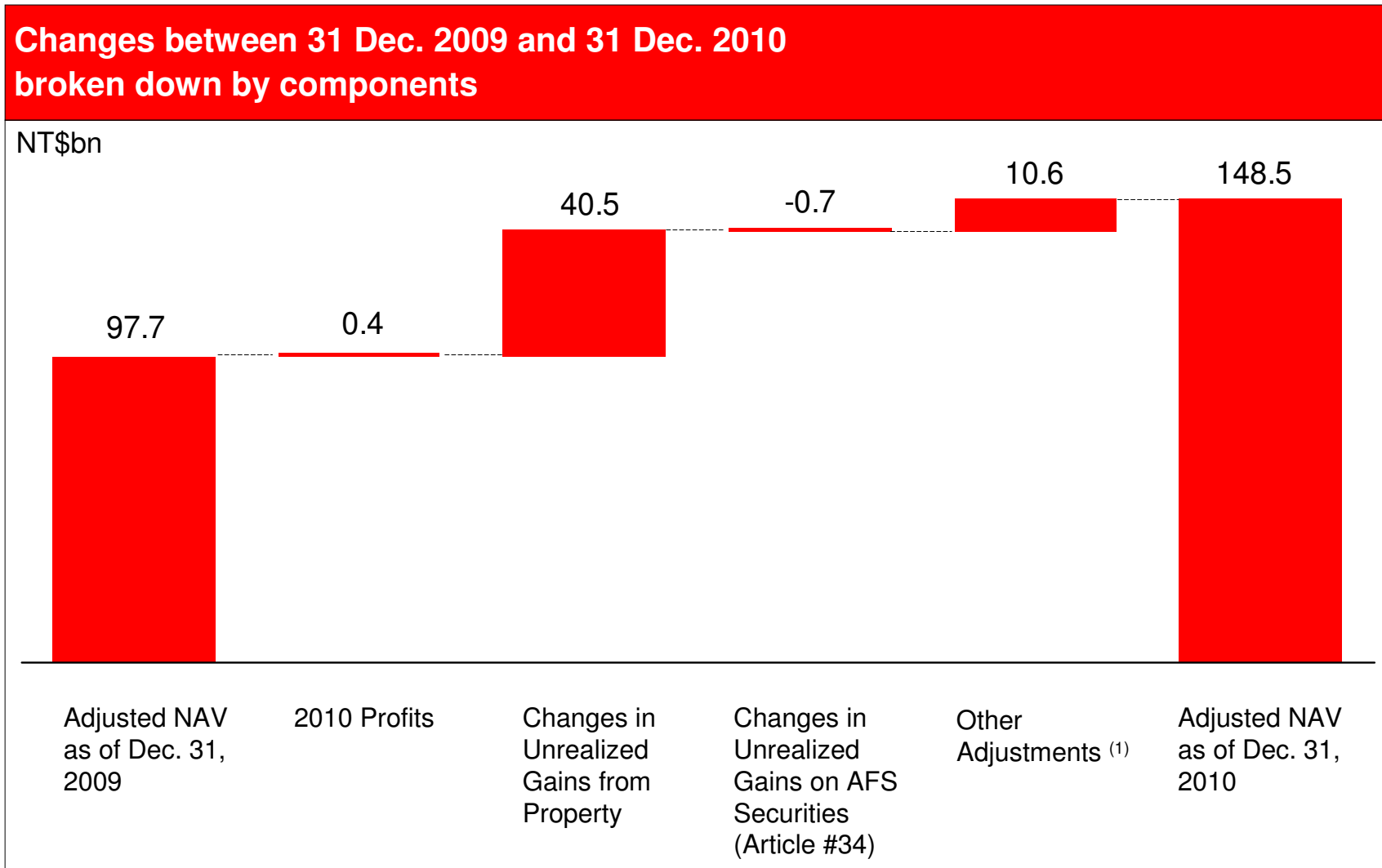


SKL - Adjusted NAV

Adjustments to Statutory Net Worth at 31 Dec. 2010



SKL - Analysis of Change in NAV



Note:

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

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SP / RP Breakdown

NT\$bn

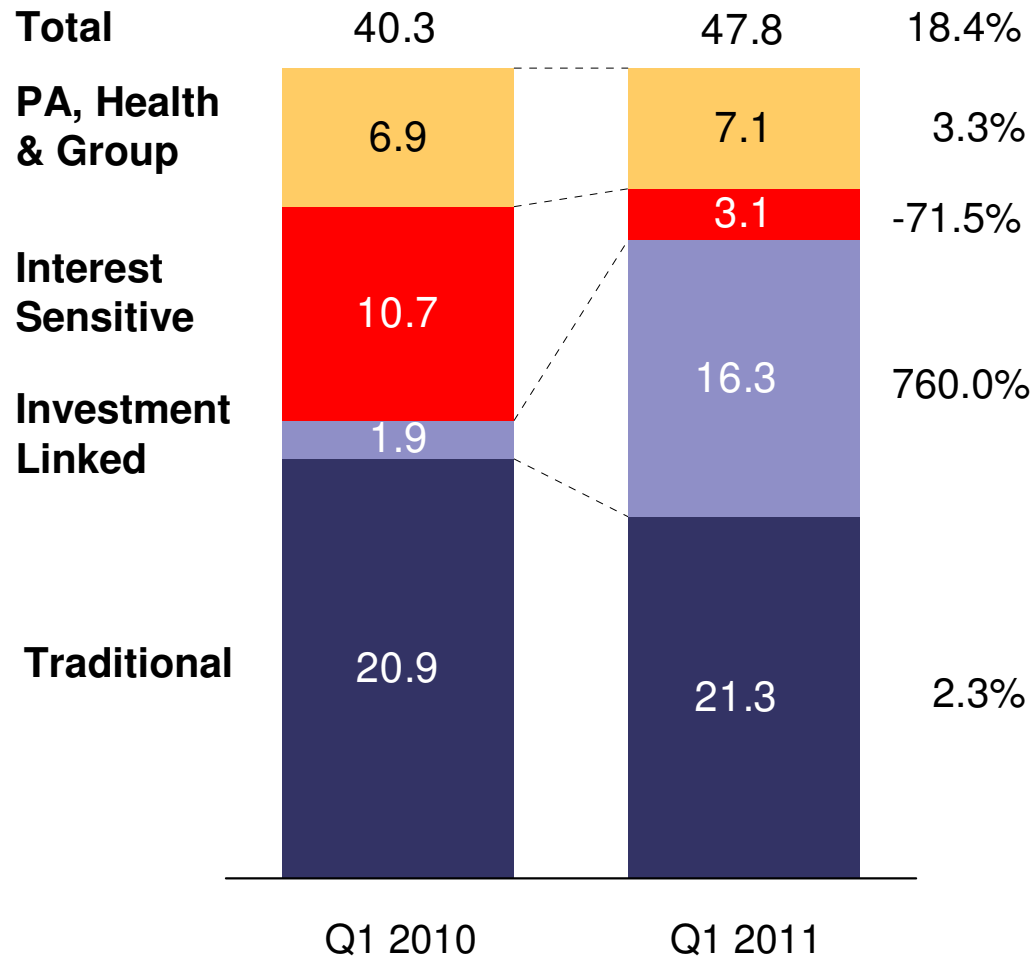
Q1 2011 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	3.74	1.81		5.55
Investment-linked				
VUL			0.12	0.12
Structured note	14.67			14.67
Interest Sensitive				
Annuity	2.78		0.00	2.78
Life			0.27	0.27
PA, health and others		0.80		0.80
Total	21.19	2.61	0.39	24.19
Share	87.6%	10.8%	1.6%	100.0%

Total Premium – Q1 2011

NT\$bn

Market Share = 8.3%

Growth



Comments

- Total premium went up 18.4% YoY
- Total premium of interest-sensitive declined due to regulation changes caused market demand fell
- Total premium for all other product classes grew

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Shin Kong Financial HoldingFinancial Summary
(NT\$mm)

Income Statement Data	2009	2010	2010/2009		Q1 11/Q1 10	
			% change	Q1 2010	Q1 2011	% change
Net interest income	(72)	(157)	118.1%	(37)	(41)	10.8%
Income from subsidiaries						
Shin Kong Life	106	393	270.8%	(3,357)	276	-108.2%
Shin Kong Bank	560	2,005	258.0%	347	1,015	192.1%
Shin Kong Securities	179	68	-62.0%	61	0	-100.0%
MasterLink Securities	359	360	0.3%	76	63	-17.1%
Shin Kong Insurance Brokers	40	66	65.0%	19	21	10.5%
Shin Kong Investment Trust	22	34	54.5%	9	4	-55.6%
Total income from subsidiaries	1,266	2,926	131.1%	(2,845)	1,379	-148.5%
Other income	125	21	-83.2%	(1)	0	-100.0%
Administrative and general expenses	(252)	(241)	-4.4%	(49)	(45)	-8.2%
Income tax benefit (expense)	62	(6)	-109.7%	5	8	60.0%
Cumulative effect of changes in accounting principle	0	0		0	0	
Net income	1,129	2,543	125.2%	(2,927)	1,301	-144.4%

Balance Sheet Data	2009	2010	2010/2009		Q1 11/Q1 10	
			% change	Q1 2010	Q1 2011	% change
Long term investment	90,685	97,842	7.9%	84,826	96,559	13.8%
Total assets	1,902,090	2,064,161	8.5%	1,932,359	2,095,746	8.5%
Total shareholders' equity	92,678	101,910	10.0%	87,768	99,596	13.5%

Note: Numbers have been reviewed by the auditors

Shin Kong LifeFinancial Summary
(NT\$mm)

Income Statement Data	2010/2009			Q1 11/Q1 10		
	2009	2010	% change	Q1 2010	Q1 2011	% change
Premium income	167,298	177,451	6.1%	39,034	32,715	-16.2%
Investment income						
Interest income	39,083	42,952	9.9%	11,490	10,256	-10.7%
Gains on investments in securities	9,987	20,536	105.6%	818	3,844	369.7%
Gains on real estate investments	9,941	8,692	-12.6%	1,807	959	-46.9%
FX	(4,393)	(13,568)	208.9%	(3,983)	(1,323)	-66.8%
FX gain or loss	(10,891)	(42,413)	289.4%	(3,503)	2,895	-182.6%
Hedging	6,499	28,845	343.9%	(480)	(4,218)	779.3%
Impairment loss	(967)	(100)	-89.6%	0	(15)	
Total Investment income	53,652	58,511	9.1%	10,132	13,722	35.4%
Other operating income	3,165	1,318	-58.3%	250	304	21.5%
Provision for reserves						
Provisions	(194,037)	(209,781)	8.1%	(45,150)	(38,525)	-14.7%
Recoveries	76,526	115,814	51.3%	17,094	41,559	143.1%
Total provisions for reserves, net	(117,511)	(93,967)	-20.0%	(28,056)	3,034	-110.8%
Insurance payments	(85,940)	(124,802)	45.2%	(20,850)	(45,122)	116.4%
Commission expense	(4,647)	(4,468)	-3.8%	(862)	(1,047)	21.5%
Separate account revenue	55,869	63,536	13.7%	9,744	24,557	152.0%
Separate account expenses	(55,869)	(63,536)	13.7%	(9,744)	(24,557)	152.0%
General and administrative expenses	(14,170)	(12,426)	-12.3%	(3,074)	(2,815)	-8.4%
Other operating costs and expenses	(2,161)	(966)	-55.3%	(226)	(218)	-3.4%
Operating income	(315)	651	-306.4%	(3,652)	571	-115.6%
Non-operating income and expenses	1,505	288	-80.9%	300	(68)	-122.8%
Income taxes	(1,084)	(546)	-49.7%	(5)	(227)	4327.6%
Cumulative effect of changes in accounting principles	0	0		0	0	
Net income	106	393	271.9%	(3,357)	276	-108.2%

Balance Sheet Data	2010/2009			Q1 11/Q1 10		
	2009	2010	% change	Q1 2010	Q1 2011	% change
Total assets	1,445,264	1,537,518	6.4%	1,467,452	1,566,035	6.7%
Total shareholders' equity	57,045	66,773	17.1%	50,810	63,861	25.7%

Note: Numbers have been reviewed by the auditors

Shin Kong Bank
Financial Summary
(NT\$m)

Income Statement Data	2009	2010	2010/2009		Q1 11/Q1 10	
			% change	Q1 2010	Q1 2011	% change
Interest income	8,226	8,626	4.9%	2,021	2,517	24.5%
Interest expense	(3,563)	(2,573)	-27.8%	(559)	(810)	45.0%
Net interest income	4,663	6,054	29.8%	1,462	1,707	16.7%
Fee income	2,143	2,563	19.6%	579	559	-3.5%
Fee expense	(563)	(658)	16.9%	(153)	(173)	13.5%
Net fee income	1,580	1,905	20.6%	427	386	-9.5%
Gains on bill & securities	861	727	-15.5%	179	52	-70.7%
Gains recognized under equity method, net	16	137	767.0%	25	23	-6.2%
Gains on foreign exchange, net	93	(213)	-328.8%	(79)	38	-148.8%
Other gains or losses, net	118	291	146.0%	24	(5)	-119.2%
Operating expense	(4,905)	(5,035)	2.6%	(1,207)	(1,356)	12.3%
Pre-provision income or loss	2,426	3,865	59.3%	831	845	1.8%
Provision expense	(1,759)	(1,727)	-1.8%	(448)	286	-163.8%
Income tax (expense) benefit	(106)	(133)	25.2%	(35)	(117)	236.1%
Net income	560	2,005	257.9%	347	1,015	192.1%

Balance Sheet Data	2009	2010	2010/2009		Q1 11/Q1 10	
			% change	Q1 2010	Q1 2011	% change
Total assets	422,860	470,046	11.2%	400,183	482,514	20.6%
Total shareholders' equity	22,263	24,514	10.1%	22,469	25,315	12.7%
Total loans, net ⁽¹⁾	283,560	324,780	14.5%	287,688	342,117	18.9%
Total deposits	375,074	413,113	10.1%	353,543	421,653	19.3%

Operating Metrics (cumulative)	2009	2010	Q1 2010	Q1 2011
Fee income ratio	21.6%	21.4%	20.9%	17.5%
Cost income ratio	66.9%	56.6%	59.2%	61.6%
Loan/deposit ratio (excl. credit card)	75.6%	78.6%	81.4%	81.1%
Loan/deposit ratio (incl. credit card)	76.7%	79.5%	82.5%	82.0%
Net interest margin	1.28%	1.58%	1.60%	1.56%
Net interest spread	1.56%	1.95%	1.95%	1.93%
Pre-provision earnings/assets	0.59%	0.87%	0.20%	0.19%
Pre-provision earnings/equity	11.32%	16.53%	3.71%	3.55%

Note:

(1) Exclude credit cards but include overdue receivables

(2) Numbers have been reviewed by the auditors