

Confidential



Q1 2012 Results Update

May 17, 2012

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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 2011 EV/AV Results

V. Appendix

- Life Premium Summary

SKFH – Q1 2012 Overview

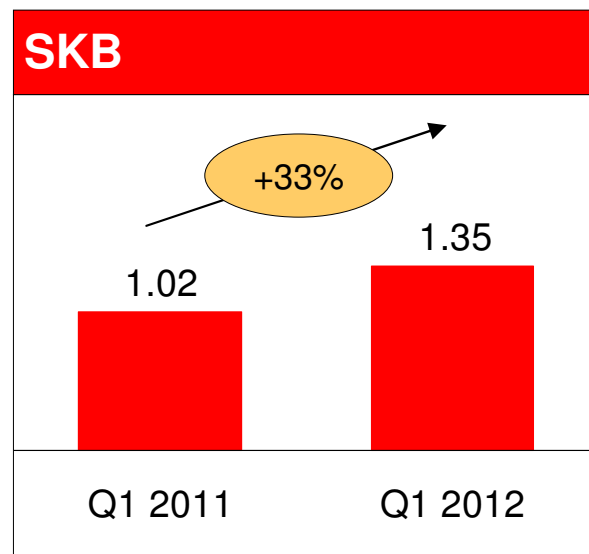
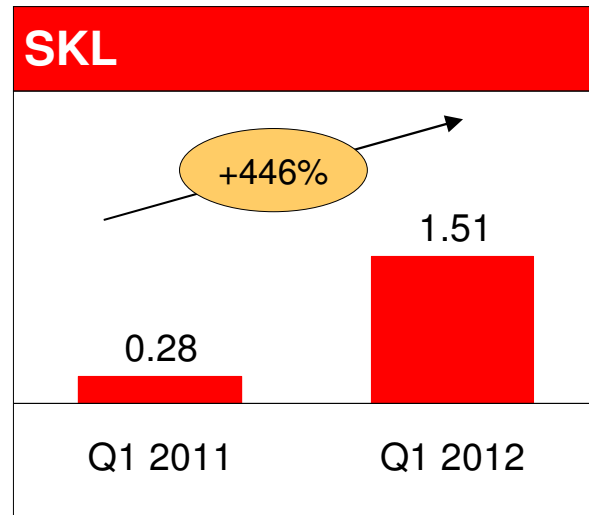
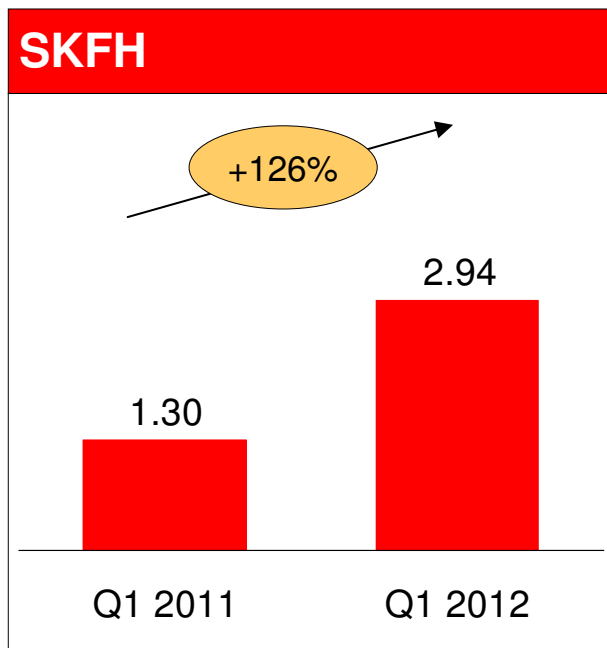
- Driven by global markets recovery and solid performance of SKB, SKFH recorded an after-tax profit of NT\$2.94bn in Q1. EPS was NT\$0.35. Shareholders' equity increased 13.8% QoQ.
- Subsidiaries' core business remained solid
 - SKL:
 - ◆ FYP of traditional products was 106.7% higher YoY, with FYP from regular premium products 61.8% higher YoY
 - ◆ Despite higher FX hedging cost of NT\$3.52bn, SKL benefited from global markets recovery and recognition of NT\$2.46bn investment income from Song Jiang REAT. Total investment income increased 15.8% YoY
 - SKB:
 - ◆ Net interest income increased 7.1% YoY. Loan balance grew 10.2% YoY
 - ◆ Fee income increased 21.3% YoY. Fee income from wealth management 36.1% higher YoY
- To support business development and enhance financial structure, SKFH successfully issued the second issue of domestic unsecured convertible bonds of NT\$5bn on April 23, with conversion price set at NT\$10.5. After conversion, the group's capital will be strengthened.
- Despite conservative adjustments in assumptions for 2011 EV and AV to better reflect markets conditions, life insurance EV per share of SKFH remained high at NT\$20.3.
 - Adjustments included 50bps increase in risk discount rate to 10.5% and a lower new money earning rate assumption (compared to portfolio yield) for V1NB calculation
 - EV was NT\$171.0bn, including unrealized gains on property of NT\$85.4bn
 - If both calculated by new money earning rate for 2010 and 2011, V1NB was NT\$12.6bn, up 21.2% YoY, indicating improvement in product mix

Financial Highlights – Q1 2012

	Q1 2011	Q1 2012	YoY Growth
NT\$m (except per share data), %			
Group net income	1,301	2,937	125.7%
First year premium (Insurance)	24,186	16,715	-30.9%
Loans (Bank)	346,944	382,410	10.2%
Total assets	2,095,746	2,195,776	4.8%
Total shareholders' equity	99,596	93,796	-5.8%
ROA (unannualized)	0.07%	0.15%	-
ROE (unannualized)	1.47%	3.64%	-
Earnings per share	0.15	0.35	133.3%

Net Income – Q1 2012

NT\$bn



Comments

- SKFH recorded an after-tax profit of NT\$2.94bn in Q1, NT\$1.64bn higher than Q1 2011
- SKL's cumulative after-tax profit was NT\$1.51bn, NT\$1.23bn higher YoY
- SKB's Q1 profit was NT\$1.35bn, 33.2% higher YoY driven by strong loan growth and solid asset quality

Net Income – Q1 2012

Net income contribution

NT\$bn

Subsidiaries	Q1 2011	Q1 2012	YoY Growth
Shin Kong Life	0.28	1.51	446.4%
Shin Kong Bank	1.02	1.35	33.2%
Shin Kong Securities	0.00	0.00	-
Shin Kong Investment Trust	0.00	0.01	50.0%
Shin Kong Insurance Brokers	0.02	0.02	-4.8%
Shin Kong Capital Venture Int'l	-	0.00	-
Others ⁽¹⁾	-0.02	0.05	-
Net income	1.30	2.94	125.7%

Note:

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

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- Despite higher FX hedging cost of NT\$3.52bn, SKL benefited from global markets recovery and recognition of NT\$2.46bn investment income from Song Jiang REAT. Q1 2012 after tax profit from SKL was NT\$1.51bn. ROE was 2.99%. Shareholders' equity increased 20.6% from the end of 2011, reaching NT\$55.1bn.
- FYP was NT\$16.72bn, down 30.9% YoY. The decline was caused by a high base resulted from concentrated sales of a structured note product in Q1 2011. Market share was 5.4%.
- Long-term profit generation remains the main strategy in product sales. Sales of savings policies are limited by quota. FYP of traditional products was 106.7% higher than Q1 2011, with FYP from regular premium products 61.8% higher YoY.
- To maintain policyholders' interests, VUL products are promoted by unit-cost-averaging method, and structured note products are linked to government bonds.
- 13-month persistency was 88.2% and 25-month persistency was 80.6%.
- Annualized investment return was 3.91% in Q1 2012.
- Shaanxi branch of SKHNA Life commenced operation at the end of Q1 2012, and application to establish Jiangsu branch has been filed. Equity and fixed income investments in China through QFII quota expected to be deployed in Q2 2012.
- Investment income of NT\$7.34bn from Tun Nan REAT expected to be recognized in Q2 2012.

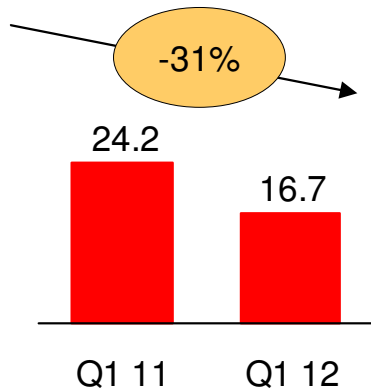
Financial Highlights – Q1 2012

	Q1 2011	Q1 2012	YoY Growth
NT\$mn, %			
First year premium	24,186	16,715	-30.9%
Total premium	47,774	41,178	-13.8%
Investment income	13,724	15,897	15.8%
Net income	276	1,509	446.4%
Total assets	1,566,035	1,582,587	1.1%
Total shareholders' equity	63,861	55,101	-13.7%
ROE (unannualized)	0.42%	2.99%	
ROA (unannualized)	0.02%	0.10%	

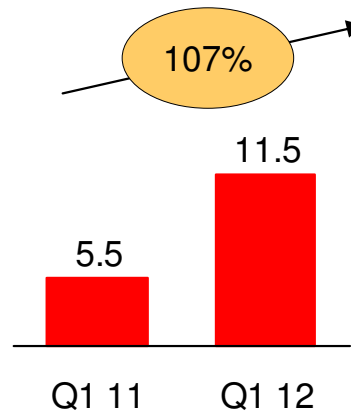
First Year Premium – Q1 2012

NT\$bn

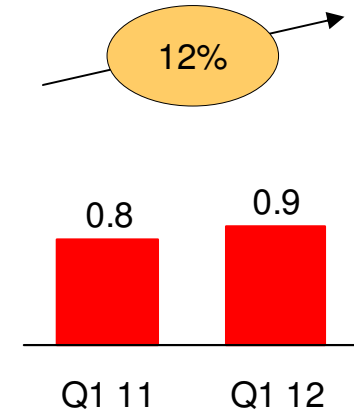
Market share 5.4%



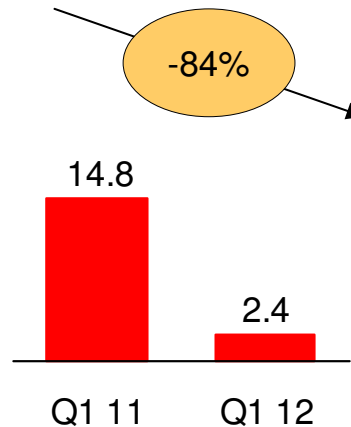
Traditional



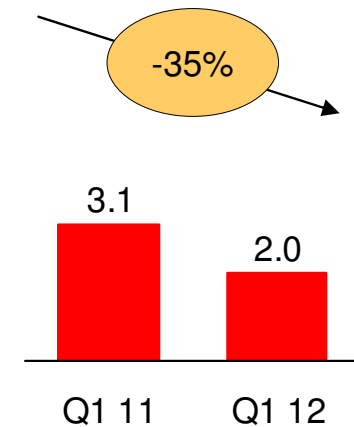
PA, Health and Group



Investment-linked



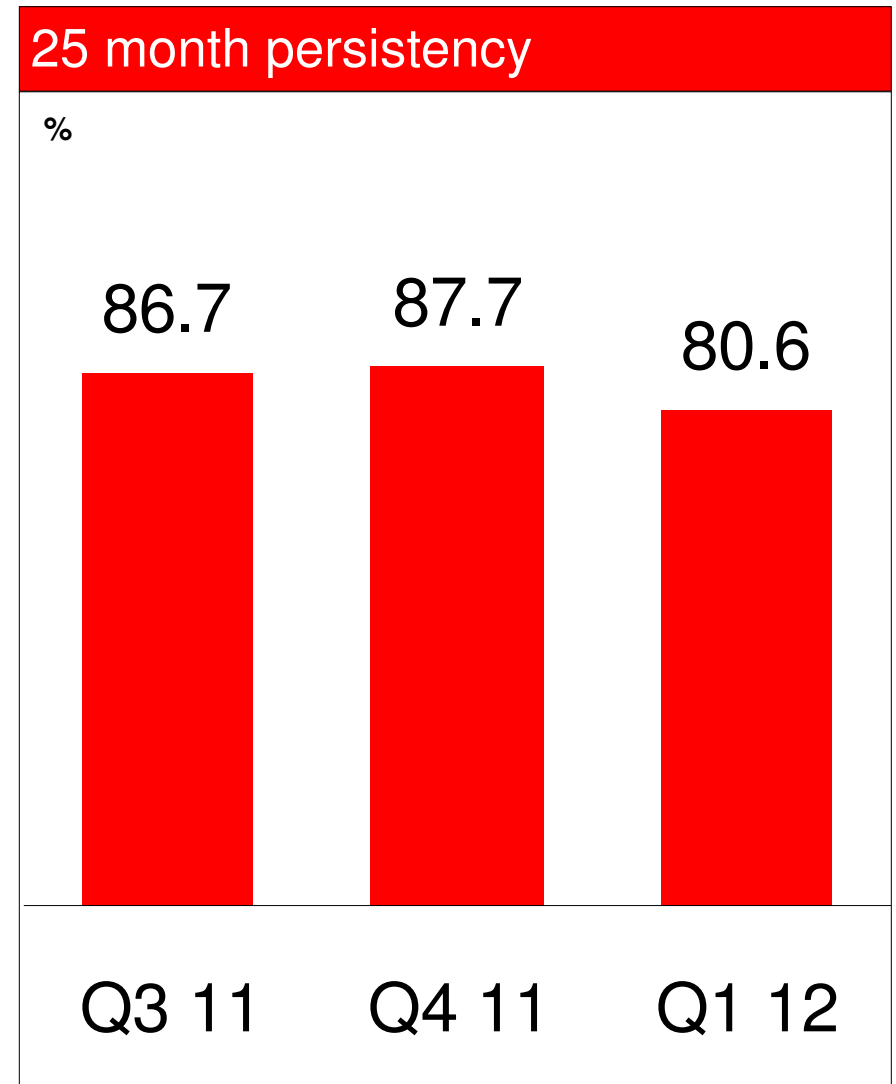
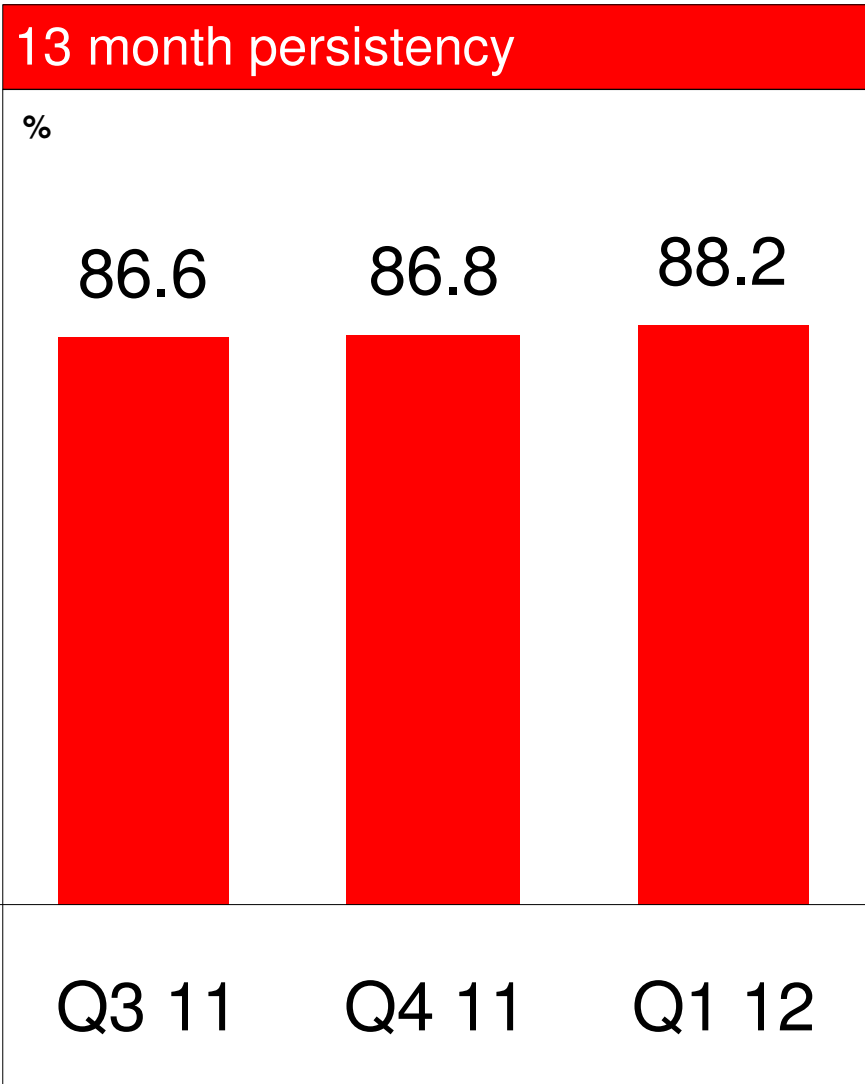
Interest-sensitive



Comments

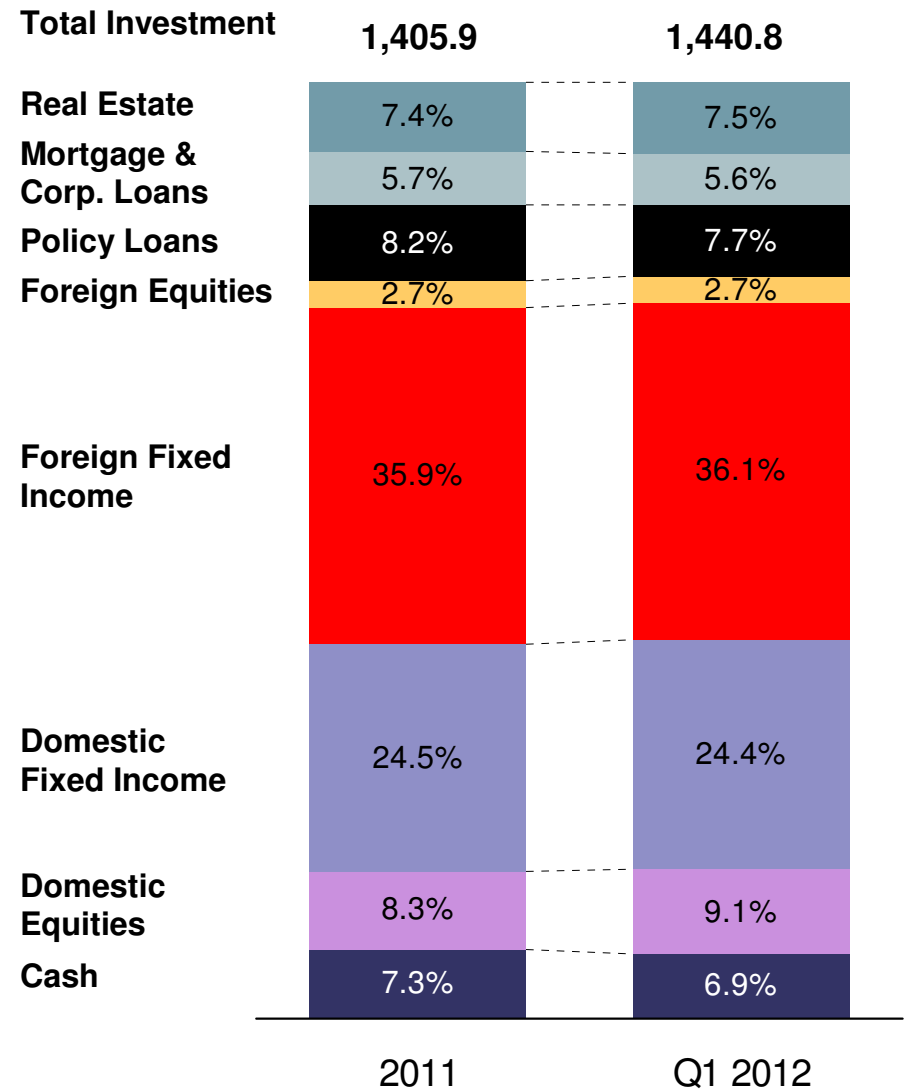
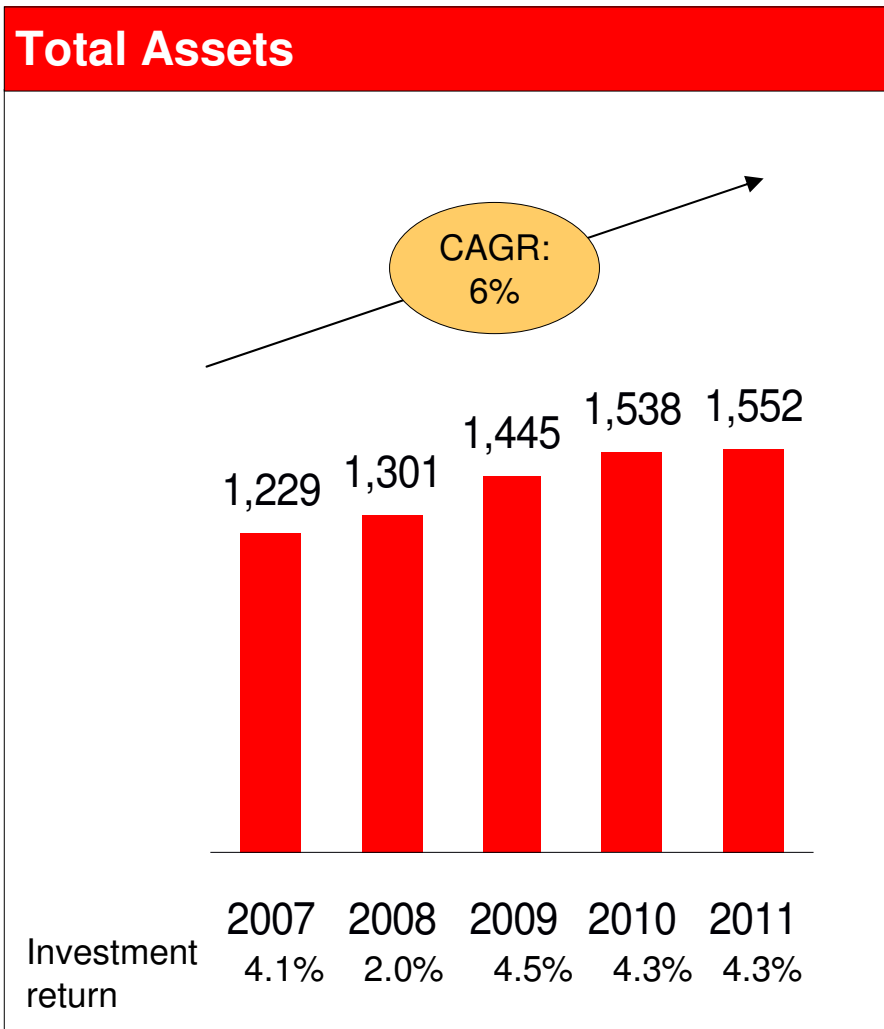
- FYP decreased 31% YoY. The decline was caused by a high base resulted from concentrated sales of a structured note product in Q1 2011
- Traditional products contributed most significant shares (69%) of FYP
- Long-term profit generation remains the main strategy in product sales. Sales of savings policies are limited by quota. FYP of traditional products was 107% higher than Q1 2011, with FYP from regular premium products 62% higher YoY
- To maintain policyholders' interests, VUL products are promoted by unit-cost-averaging method, and structured note products are linked to government bonds

Persistence Ratio



Investment Portfolio

NT\$bn



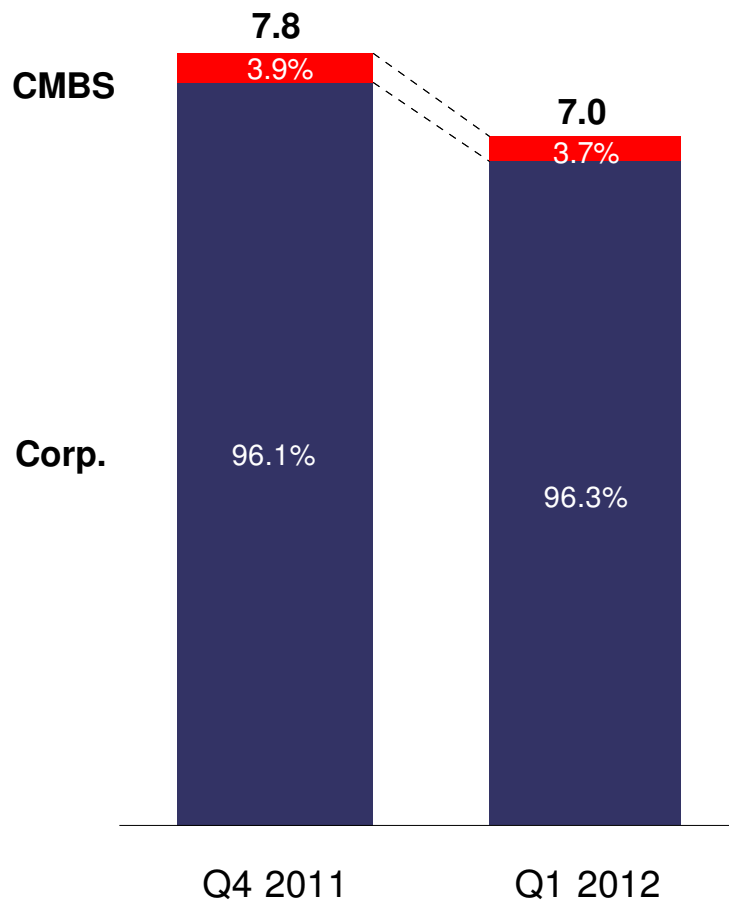
Note:

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

CDO Exposure

CDO Exposure

NT\$bn

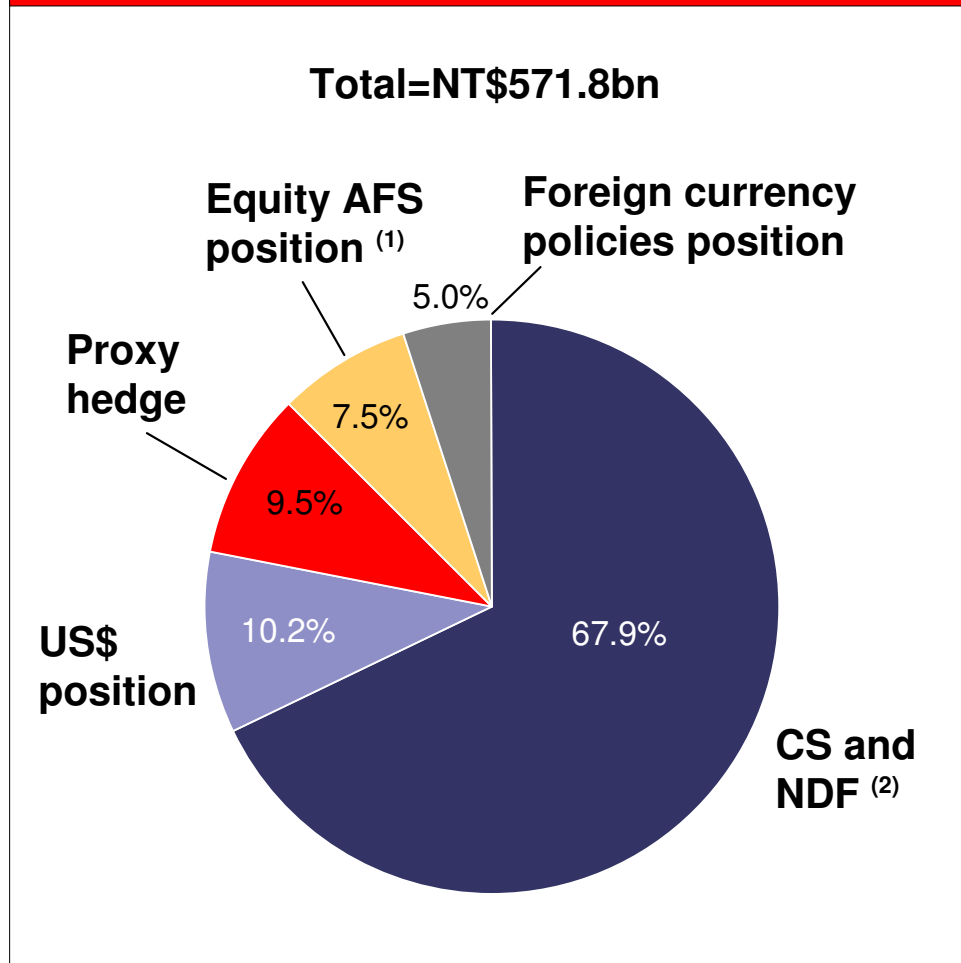


Comments

- Overall exposure was NT\$7.04bn
- 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)
- SKL has no ABS CDO exposure

Hedging Strategy

Mix of Hedging Strategies Used



Comments

- Share of traditional hedges controlled within the original target range of 70%~90%. After implementation of FX reserve on March 1, 2012, medium/long term target range will be 65%~90% under stringent risk management mechanism
- Proxy hedging accounted for 9.5%
- Available for sale position in foreign equities accounted for 7.5% 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%. Apply for raising the upper limit of overseas investment to 45%

Well-diversified Portfolio

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

Cost-effective Currency Hedging

- The original target share of traditional hedges was at 70%~90%. After implementation of FX reserve on March 1, 2012, medium/long term target range will be 65%~90% under stringent risk management mechanism
- Target hedging cost at 150 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 risk management system to control VaR limit, country and region risks, and concentration risks, as well as implement sensitivity analysis and stress testing

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SKB – Q1 2012 Overview

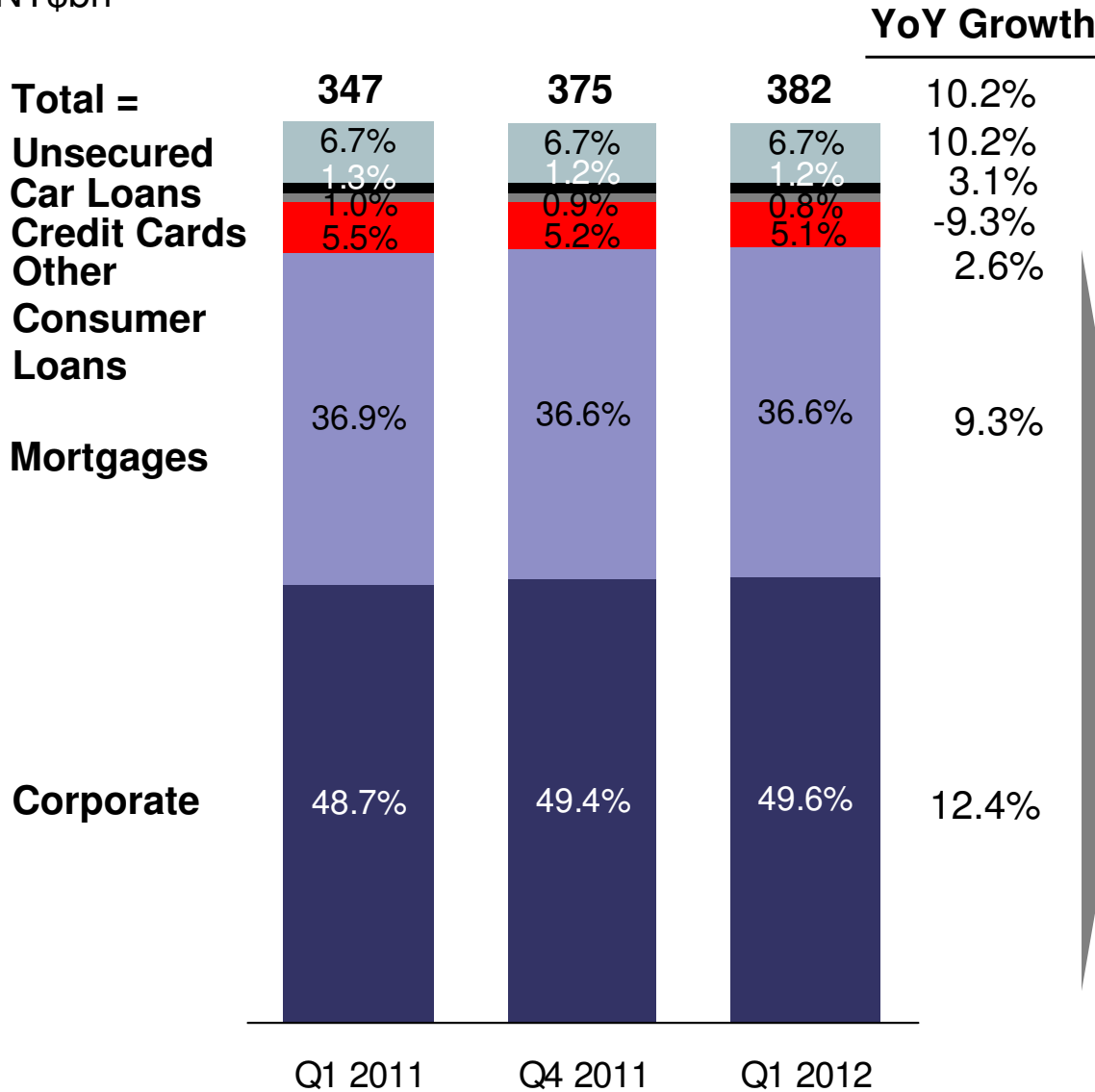
- After-tax profit for Q1 2012 was NT\$1.35bn (up 33.2% YoY); net interest income was NT\$1.83bn, up 7.1% YoY; pre-provision profit was NT\$1.64bn, up 94.2% YoY.
- Loan balance increased to NT\$382.41bn (up 10.2% YoY); deposit balance increased to NT\$506.81bn (up 20.2% YoY). L/D ratio was 75.2% (incl. credit cards balance).
- NIM for Q1 2012 was 1.40%.
- Driven by sales growth of insurance and bond products, wealth management income for Q1 2012 was NT\$247mn, up 31.1% YoY. SKB achieved bancassurance cross-sales of NT\$4.21bn in Q1 2012, accounting for 47.5% of SKL bancassurance premium.
- Credit card NPL and coverage ratios were 0.24% and 373.77% respectively in Q1 2012.
- NPL and coverage ratios were 0.83% and 123.55% respectively in Q1 2012. However, NT\$1.72bn non-performing loan to Prince Motors is fully collateralized with no loss expected. Excluding the loan, NPL and coverage ratios would improve to 0.38% and 268.34% respectively, indicating solid asset quality. NPL ratio for mortgages remained low at 0.26%.

Net Income – Q1 2012

	Q1 2011	Q1 2012	YoY Growth
NT\$m, %			
Net interest income	1,707	1,827	7.1%
Net fee income	386	488	26.6%
Other income	108	778	620.4%
Operating expense	-1,356	-1,452	7.0%
Pre-provision operating income	845	1,642	94.2%
Provision expense	286	-106	-137.0%
Income tax benefit (expense)	-117	-185	58.1%
Net Income	1,015	1,352	33.2%

Loan Mix

NT\$bn

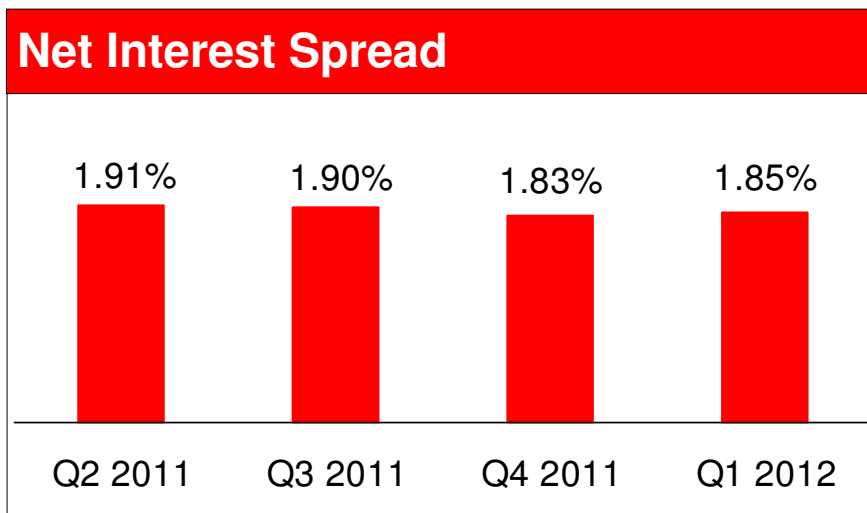
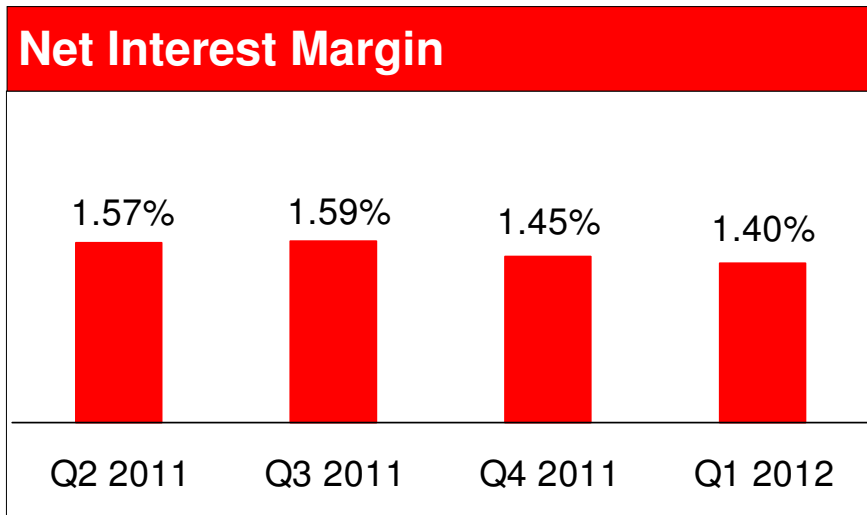


Comments

- Loan balance increased to NT\$382.41bn (up 10.2% YoY)
- Mortgages achieved stable growth under stringent credit policies; NPL ratio for mortgages was low at 0.26%
- L/D ratio was 75.2% (incl. credit cards balance)

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

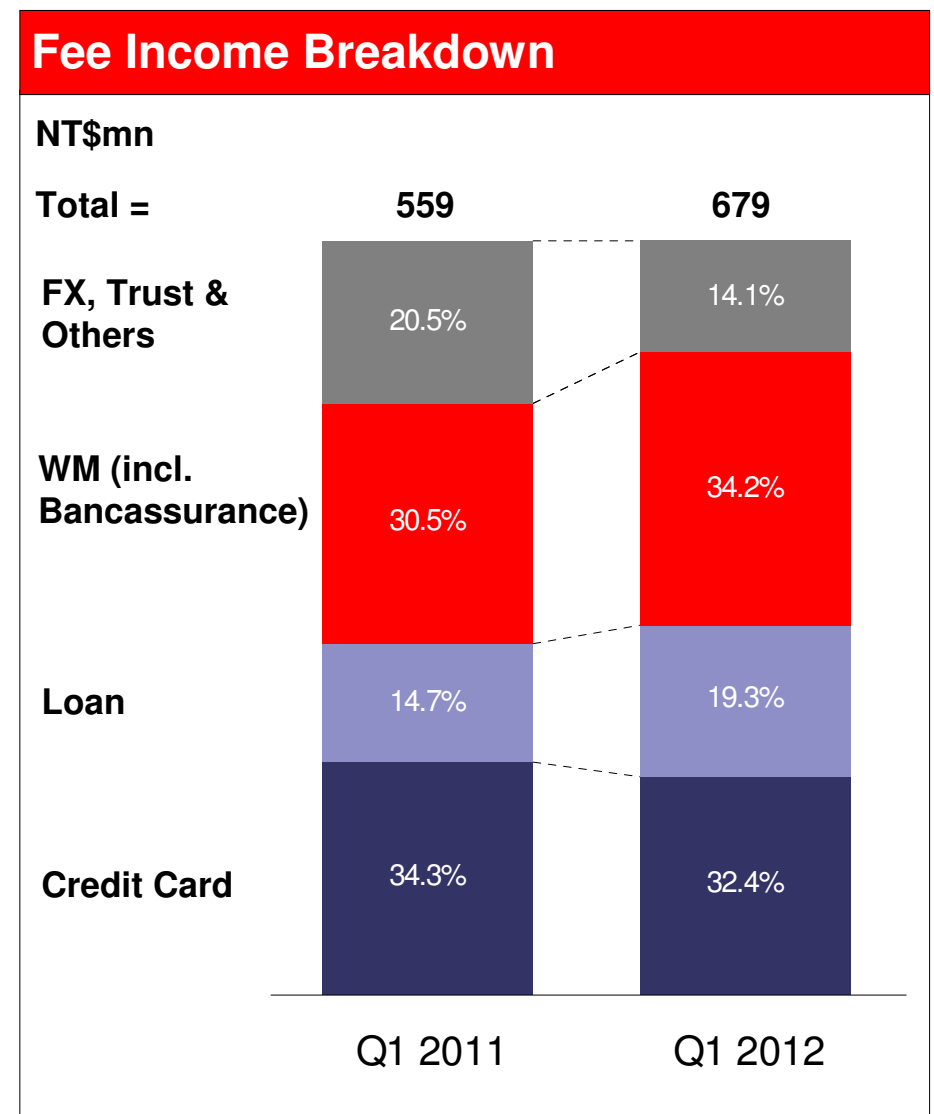
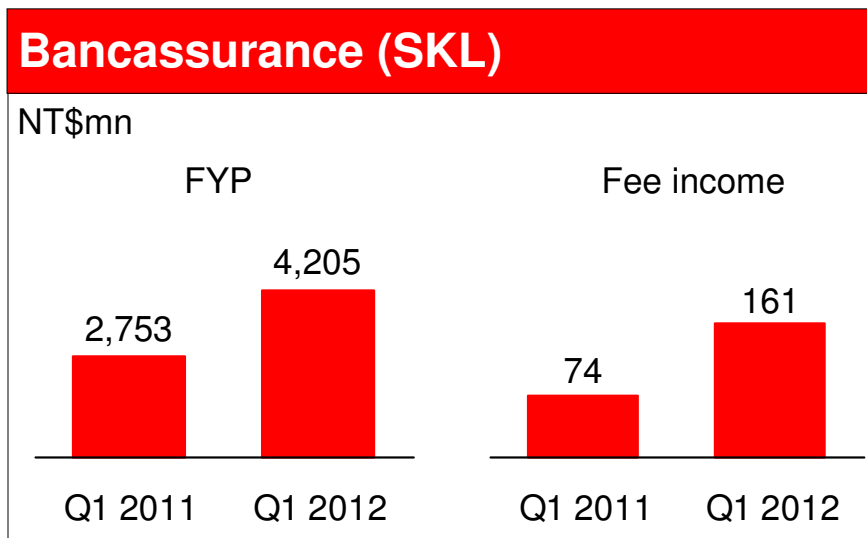
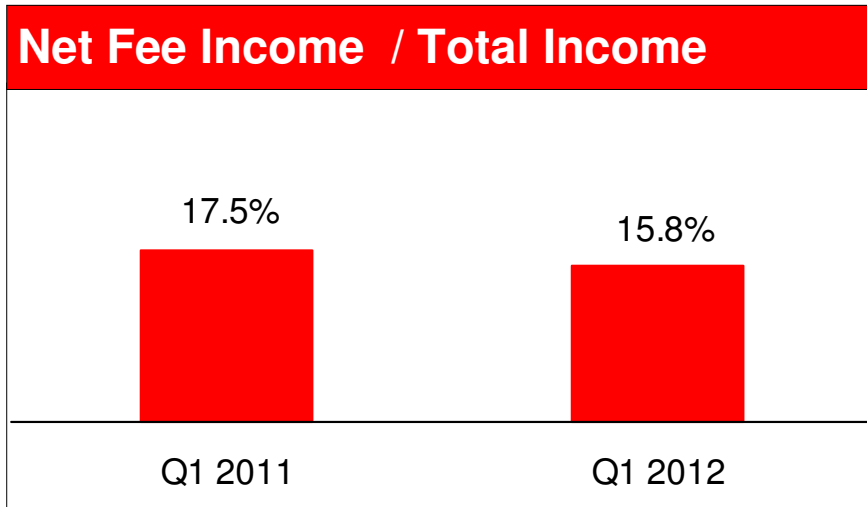
Interest Income



Comments

- NIM for Q1 2012 was 1.40%
- In order to expand scale, SKB increased deposits in Q1 which resulted in a decline in NIM
- SKB will continue to :
 - Strengthen relations with corporate customers and increase fee income through GEB, TMU, syndicated loans and factoring business
 - Strengthen cash management business and act as the main settlement bank for MasterLink Securities 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

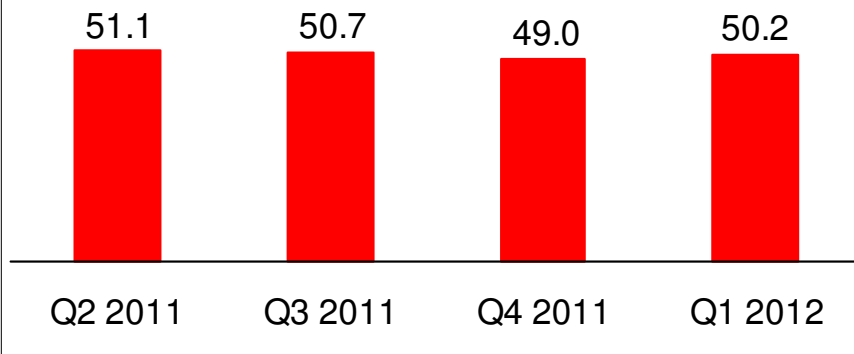


Note: Due to rounding, fee income breakdown may not add up to 100%

Wealth Management

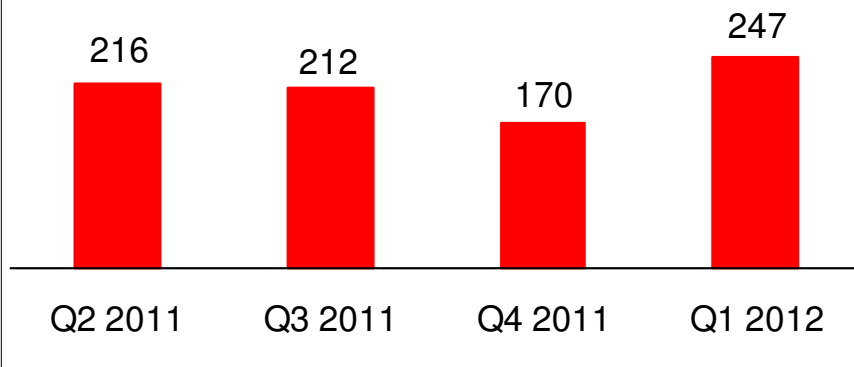
AUM

NT\$bn



WM Income

NT\$m



Note:

- (1) Wealth management income includes income from structured deposits
- (2) Income figure for each quarter is adjusted due to rounding

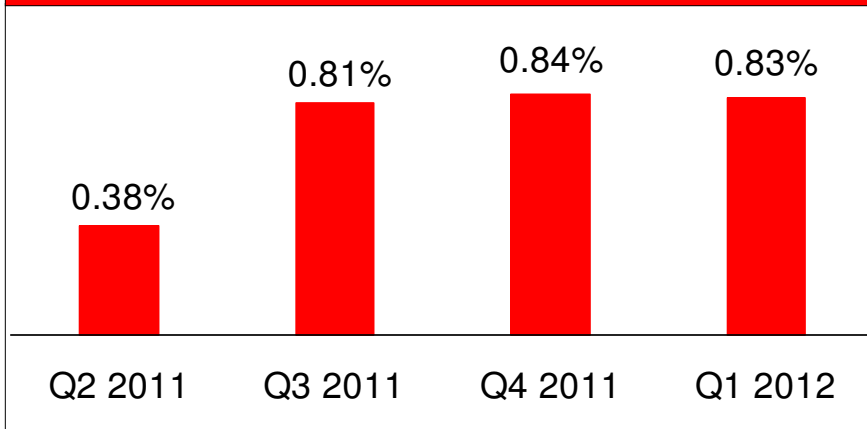
Wealth Management Center



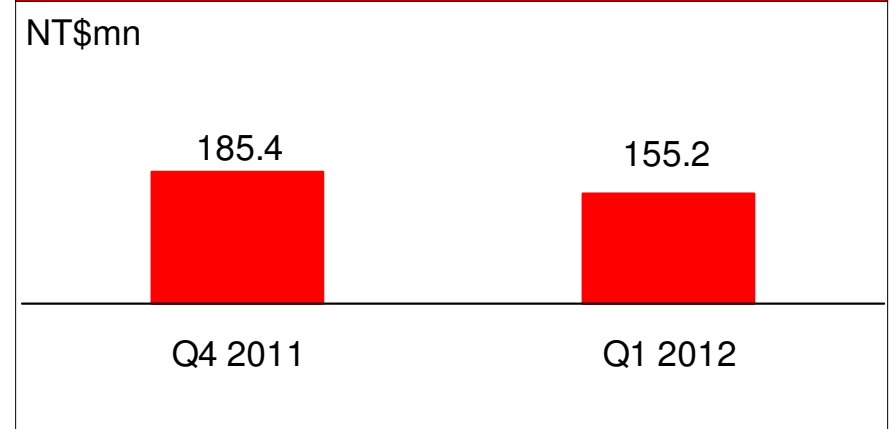
- Driven by strong sales of insurance and bond products, wealth management income for Q1 2012 was NT\$247mn, up 31.1% YoY
- Fee income from wealth management accounted for 34.2% of total fee income
- As global markets gradually recover, sales of mutual funds and insurance are expected to grow

Asset Quality

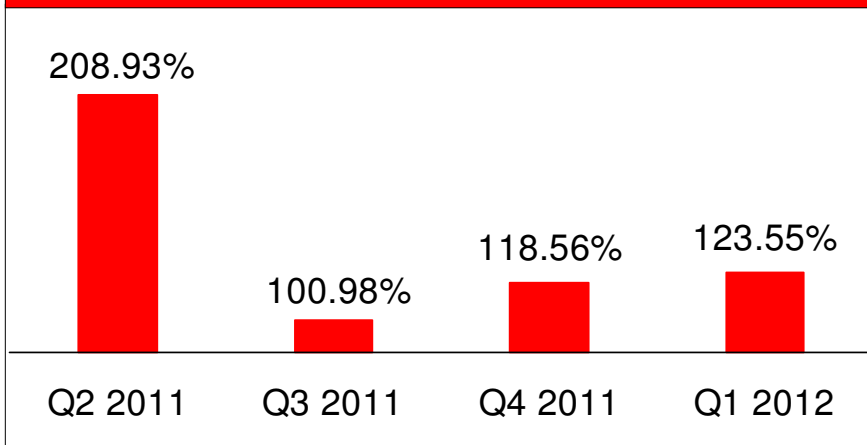
NPL Ratio



New NPL Generation



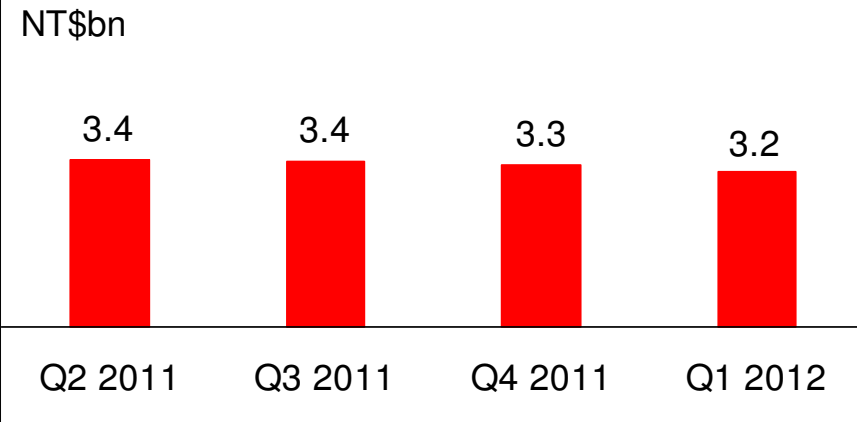
Coverage Ratio



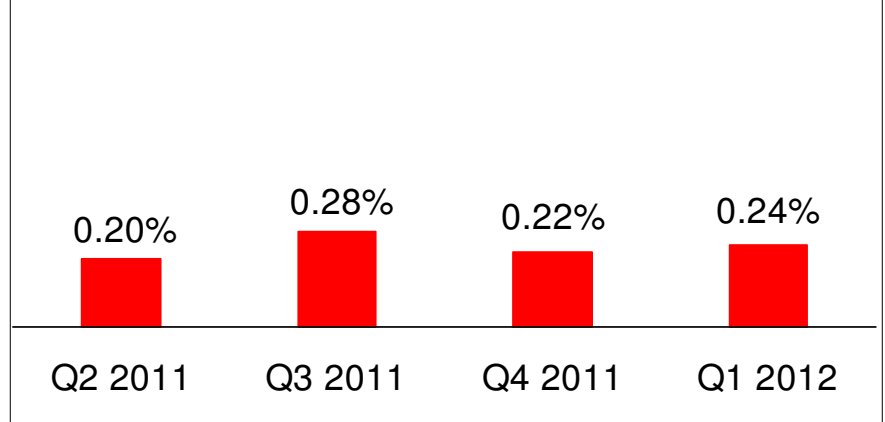
- NPL and coverage ratios were 0.83% and 123.55% respectively in Q1 2012
 - NT\$1.72bn non-performing loan to Prince Motors is fully collateralized with no loss expected
 - Excluding the loan, NPL and coverage ratios would improve to 0.38% and 268.34% respectively, indicating solid asset quality
- New NPL generated were only NT\$155mn in Q1 2012, lower than NT\$185mn generated in Q4 2011
- NPL ratio for mortgages was low at 0.26%

Credit Cards Metrics

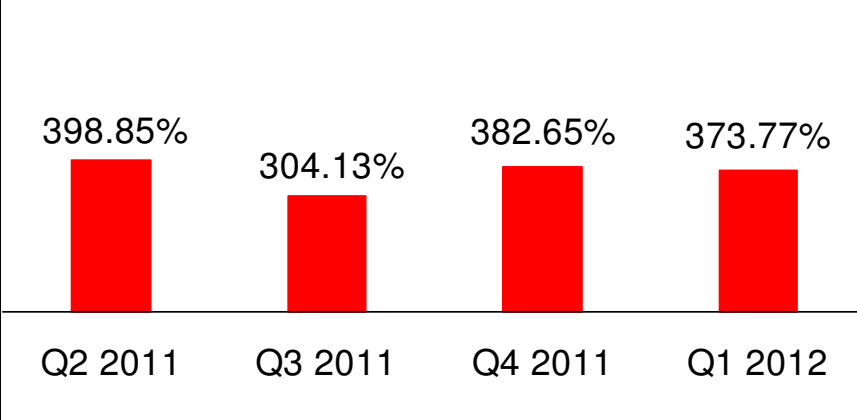
Revolving Balance



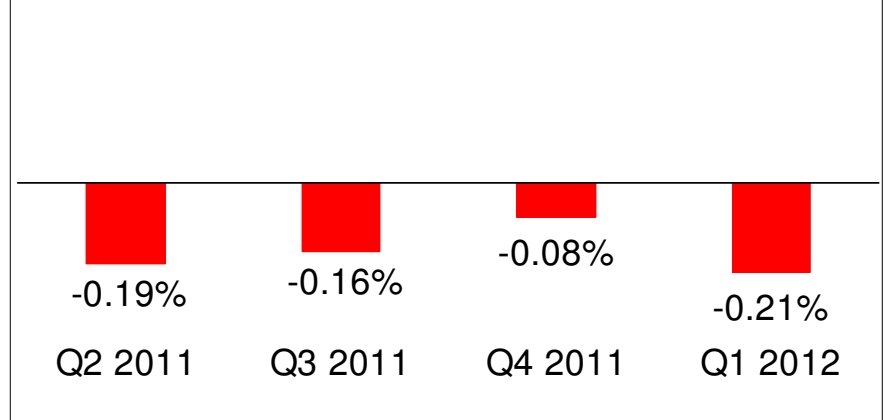
90-day NPL



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

	2010.12	2011.12	YoY growth
Adjusted NAV	148.5	139.5	-6.1%
VIF	62.3	69.9	12.2%
COC	34.8	38.4	10.3%
EV	176.0	171.0	-2.8%
EV / per share (SKL / SKFH)	32.3 / 20.9	31.3 / 20.3	-
V1NB	12.6	-	-
V1NB—New money earning rate	10.4	12.6	21.2%
AV – 5 years NB	219.8	217.3	-1.1%
5-year AV / per share (SKL / SKFH)	40.3 / 26.1	39.8 / 25.8	-
AV – 20 years NB	281.6	285.2	1.3%
20-year AV / per share (SKL / SKFH)	51.6 / 33.4	52.3 / 33.8	-

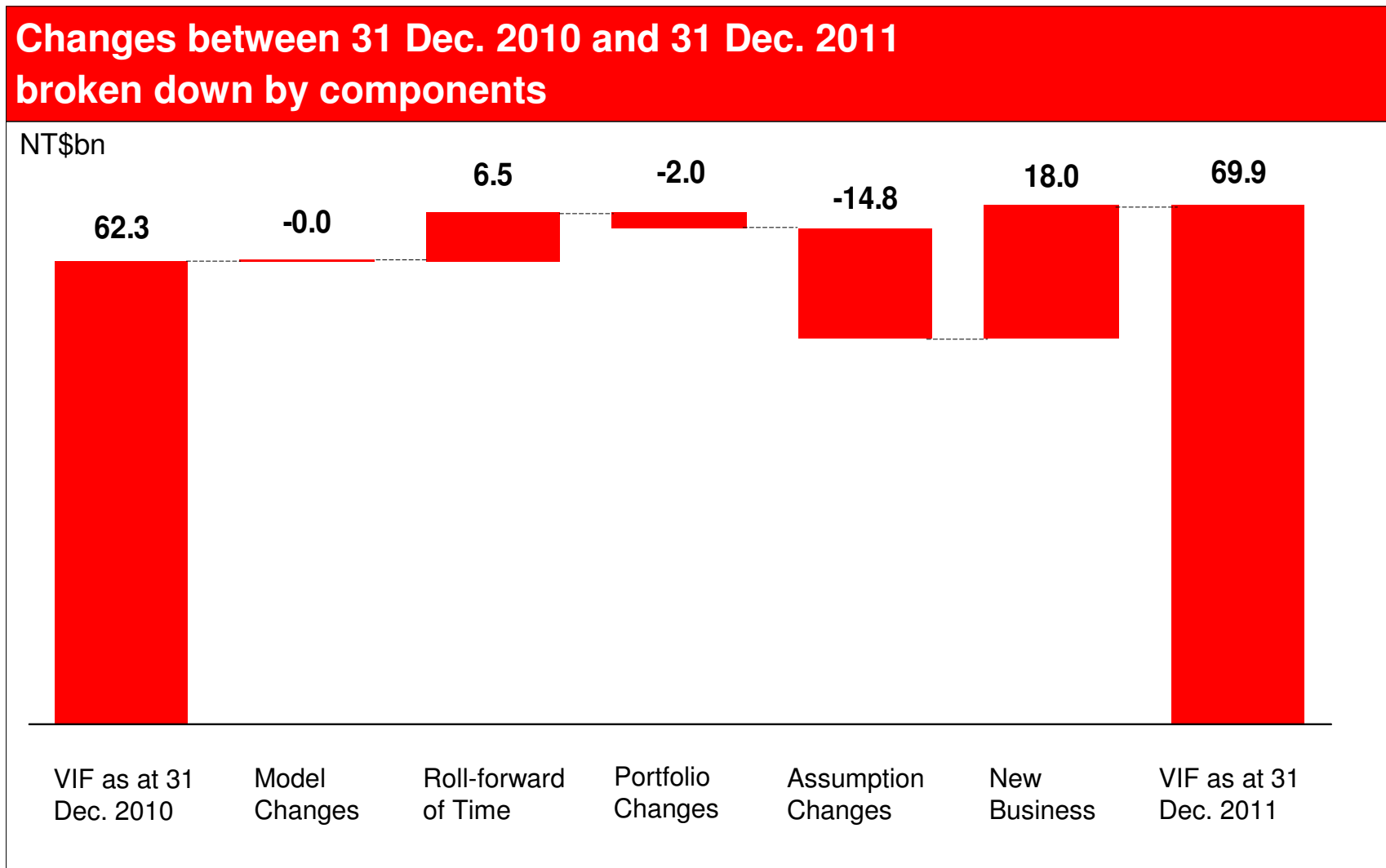
Note:

- Based on SKFH's outstanding shares of 8.44bn as of the end of 2011
- The V1NB of 2010, NT\$10.4bn, is calculated by the new money earning rate of 2011 V1NB's assumption

SKL - Estimate of Embedded/ Appraisal Value

Unit: NT\$bn Valn Date: 31 Dec, 11 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		VIF 3.92% ~ 5.43% V1NB 3.53% ~ 5.29% Interest sensitive business 3.64% ~ 4.98% RDR 10.5%	All else equal except	
	Inv Return -0.25%	Inv Return +0.25%		RDR - 1.0%	RDR + 1.0%
Adjusted NAV	139.5	139.5	139.5	139.5	139.5
VIF	35.3	103.7	69.9	81.6	60.7
Cost of Capital (COC)	40.9	36.1	38.4	35.7	40.7
EV after COC	133.9	207.1	171.0	185.4	159.5
V1NB after COC	11.4	13.9	12.6	14.3	11.2
AV (5 years NB)	175.6	258.2	217.3	239.4	199.5
AV (20 years NB)	236.2	333.2	285.2	325.9	253.1

SKL – Analysis of Change in VIF



Note: Figures may not add up exactly due to rounding.

SKL – Adjusted NAV

Adjustments to Statutory Net Worth at 31 Dec. 2011

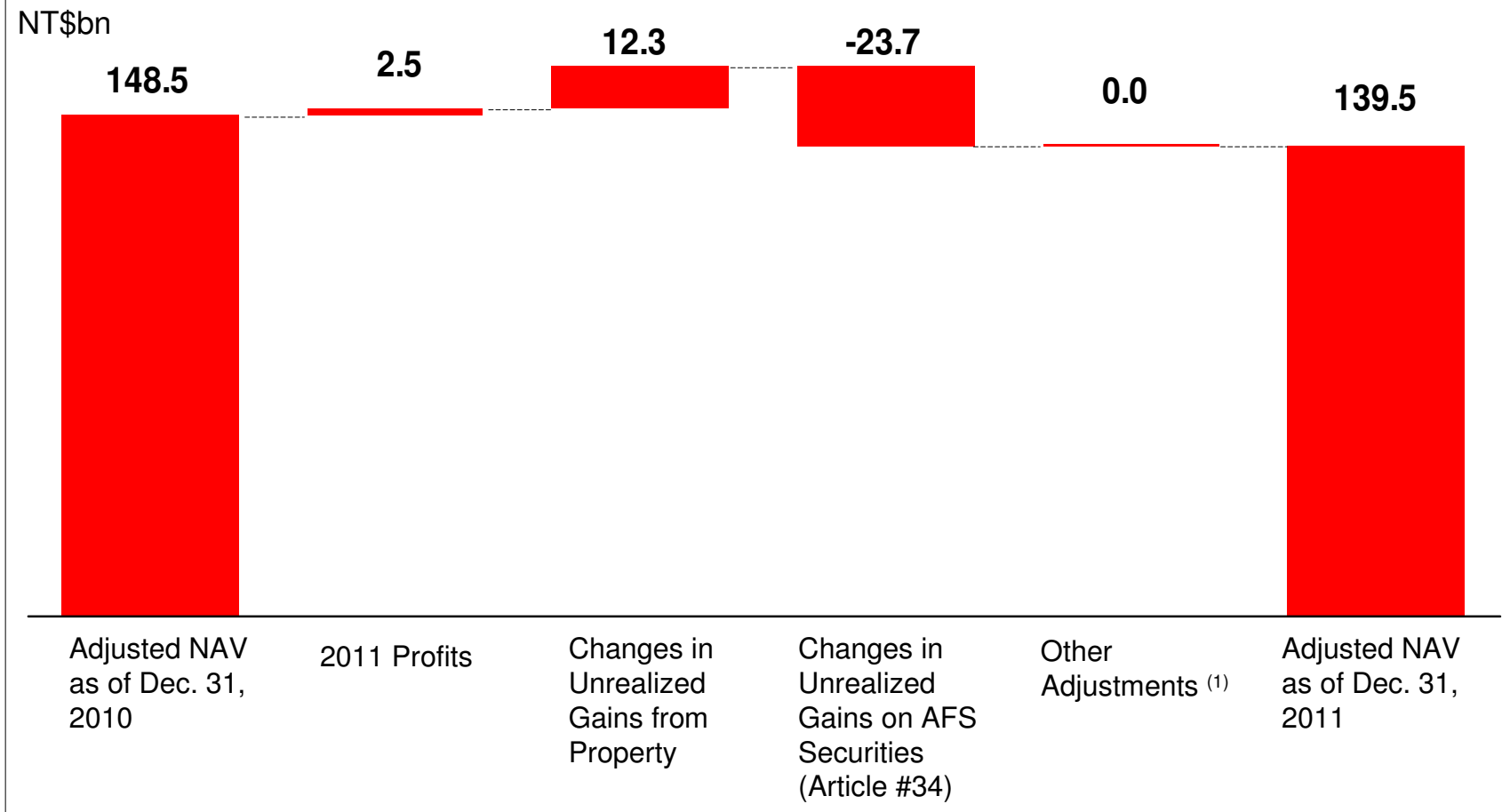


Note:

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

SKL - Analysis of Change in NAV

Changes between 31 Dec. 2010 and 31 Dec. 2011 broken down by components



Note:

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

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

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- **Life Premium Summary**

SP / RP Breakdown

NT\$bn

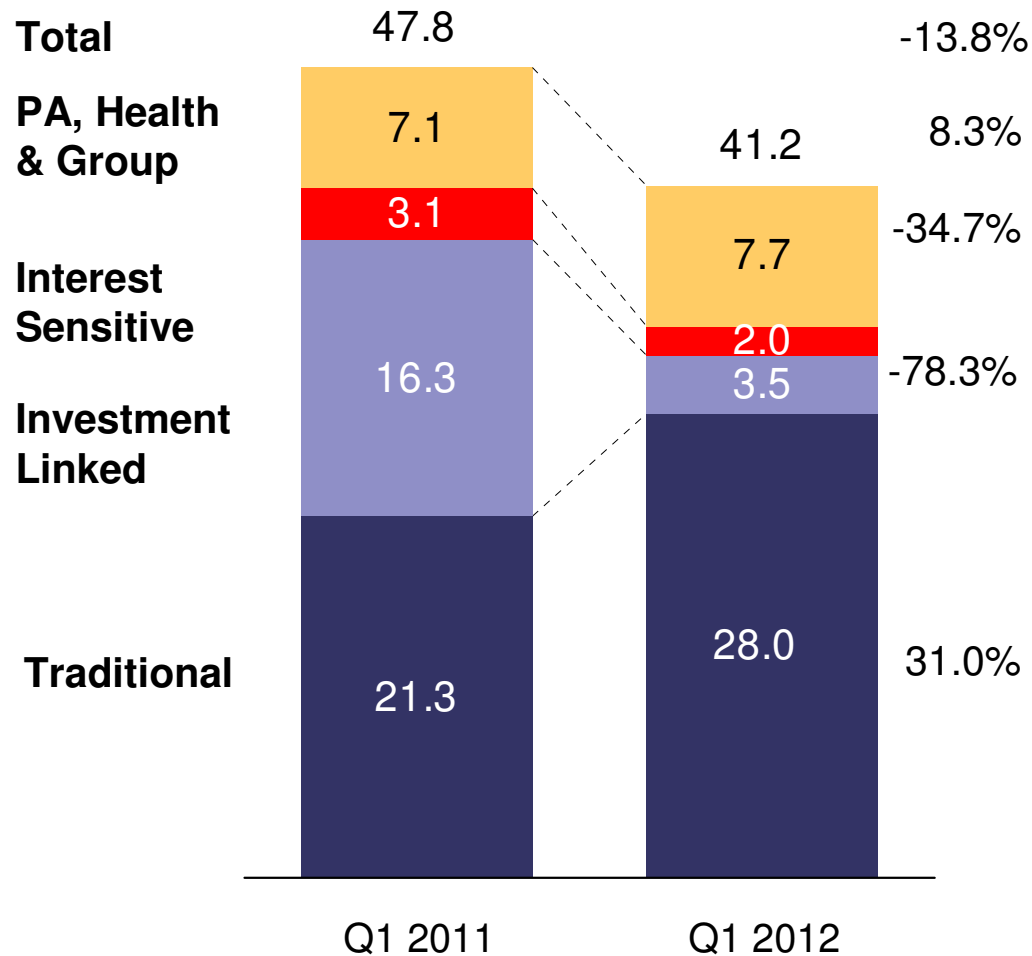
Q1 2012 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	8.54	2.93		11.46
Investment-linked				
VUL		0.06	0.05	0.11
Structured note	2.26			2.26
Interest Sensitive				
Annuity	1.83		0.01	1.84
Life			0.15	0.15
PA, health and others		0.89		0.89
Total	12.63	3.87	0.21	16.72
Share	75.5%	23.2%	1.3%	100%

Total Premium – Q1 2012

NT\$bn

Market Share = 6.4%

Growth



Comments

- Total premium went down 13.8% YoY
- To maintain policyholders' interests, VUL products are promoted by unit-cost-averaging method, and structured note products are linked to government bonds. Total premium of investment-linked products declined
- PA, Health & Group and traditional products grew YoY
- Total premium would increase NT\$5.81bn if FYP of structured note products is deducted from calculation

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Shin Kong Financial HoldingFinancial Summary
(NT\$mn)

Income Statement Data	2010	2011	2011/2010		Q1 12/Q1 11	
			% change	Q1 2011	Q1 2012	% change
Net interest income	(157)	(164)	4.5%	(41)	(42)	2.4%
Income from subsidiaries						
Shin Kong Life	166	2,475	1391.0%	276	1,509	446.4%
Shin Kong Bank	1,925	3,138	63.0%	1,015	1,352	33.2%
Shin Kong Securities	68	0	-100.0%	0	0	
MasterLink Securities	360	140	-61.1%	63	131	107.9%
Shin Kong Insurance Brokers	66	67	1.5%	21	20	-4.8%
Shin Kong Investment Trust	34	27	-20.6%	4	6	50.0%
Shin Kong Capital Venture International	-	(8)		-	(2)	
Total income from subsidiaries	2,619	5,839	122.9%	1,379	3,015	118.7%
Other income	21	11	-47.6%	0	0	
Administrative and general expenses	(241)	(228)	-5.4%	(45)	(46)	2.2%
Income tax benefit (expense)	(6)	35	-683.3%	8	10	25.0%
Cumulative effect of changes in accounting principle	0	0		0	0	
Net income	2,236	5,493	145.7%	1,301	2,937	125.7%

Balance Sheet Data	2010	2011	2011/2010		Q1 12/Q1 11	
			% change	Q1 2011	Q1 2012	% change
Long term investment	97,615	81,633	-16.4%	96,332	92,181	-4.3%
Total assets	2,064,161	2,137,901	3.6%	2,095,746	2,195,776	4.8%
Total shareholders' equity	101,603	82,414	-18.9%	99,596	93,796	-5.8%

Note: Numbers have been reviewed by the auditors

Shin Kong Life

Financial Summary

(NT\$m)

Income Statement Data	2010	2011	2011/2010		Q1 12/Q1 11	
			% change	Q1 2011	Q1 2012	% change
Premium income	176,739	159,030	-10.0%	32,407	38,010	17.3%
Investment income						
Interest income	42,837	43,113	0.6%	10,260	13,072	27.4%
Gains on investments in securities	20,309	17,981	-11.5%	3,843	5,420	41.0%
Gains on real estate investments	8,692	6,212	-28.5%	959	924	-3.6%
FX	(13,563)	(6,717)	-50.5%	(1,323)	(3,762)	184.4%
FX gain or loss	(42,409)	15,197	-135.8%	2,895	(12,110)	-518.3%
Hedging	28,845	(21,914)	-176.0%	(4,218)	8,348	-297.9%
FX Reserve	-	-	-	-	243	-
Impairment loss	(100)	(283)	182.2%	(15)	0	-100.0%
Total Investment income	58,174	60,305	3.7%	13,724	15,897	15.8%
Other operating income	1,255	1,093	-12.9%	265	163	-38.3%
Provision for reserves						
Provisions	(209,781)	(192,649)	-8.2%	(38,393)	(44,713)	16.5%
Recoveries	115,814	164,694	42.2%	41,559	18,892	-54.5%
Total provisions for reserves, net	(93,967)	(27,956)	-70.2%	3,166	(25,821)	-915.7%
Insurance payments	(124,538)	(172,232)	38.3%	(45,070)	(22,814)	-49.4%
Commission expense	(4,468)	(5,053)	13.1%	(1,047)	(1,181)	12.7%
Separate account revenue	63,536	65,912	3.7%	24,557	16,398	-33.2%
Separate account expenses	(63,536)	(65,912)	3.7%	(24,557)	(16,398)	-33.2%
General and administrative expenses	(12,430)	(12,416)	-0.1%	(2,808)	(2,739)	-2.5%
Other operating costs and expenses	(340)	(501)	47.4%	(66)	(66)	0.6%
Operating income	424	2,271	435.2%	571	1,449	153.7%
Non-operating income and expenses	288	574	99.6%	(68)	(21)	-69.5%
Income taxes	(546)	(370)	-32.1%	(227)	81	-135.6%
Cumulative effect of changes in accounting principles	0	0	-	0	0	-
Net income	166	2,475	1388.8%	276	1,509	446.4%

Balance Sheet Data	2010	2011	2011/2010		Q1 12/ Q1 11	
			% change	Q1 2011	Q1 2012	% change
Total assets	1,537,518	1,551,850	0.9%	1,566,035	1,582,587	1.1%
Total shareholders' equity	66,546	45,696	-31.3%	63,861	55,101	-13.7%

Note: Numbers have been reviewed by the auditors

Shin Kong BankFinancial Summary
(NT\$m)

Income Statement Data	2010	2011	2011/2010		Q1 12/Q1 11	
			% change	Q1 2011	Q1 2012	% change
Interest income	8,626	10,937	26.8%	2,517	2,996	19.0%
Interest expense	(2,573)	(3,783)	47.1%	(810)	(1,169)	44.3%
Net interest income	6,054	7,153	18.2%	1,707	1,827	7.1%
Fee income	2,563	2,331	-9.0%	559	679	21.3%
Fee expense	(658)	(683)	3.8%	(173)	(190)	9.7%
Net fee income	1,905	1,648	-13.5%	386	488	26.6%
Gains on bill & securities	727	27	-96.4%	52	946	1707.9%
Gains recognized under equity method, net	137	112	-17.6%	23	40	72.4%
Gains on foreign exchange, net	(213)	507	-337.8%	38	(301)	-883.4%
Other gains or losses, net	291	86	-70.4%	(5)	93	-2108.7%
Operating expense	(5,035)	(5,648)	12.2%	(1,356)	(1,452)	7.0%
Pre-provision income or loss	3,865	3,885	0.5%	845	1,642	94.2%
Provision expense	(1,727)	(523)	-69.7%	286	(106)	-137.0%
Income tax (expense) benefit	(133)	(224)	68.1%	(117)	(185)	58.1%
Net income	2,005	3,138	56.5%	1,015	1,352	33.2%

Balance Sheet Data	2010	2011	2011/2010		Q1 12/Q1 11	
			% change	Q1 2011	Q1 2012	% change
Total assets	470,046	561,593	19.5%	482,514	583,101	20.8%
Total shareholders' equity	24,514	27,564	12.4%	25,315	28,530	12.7%
Total loans, net ⁽¹⁾	324,780	371,035	14.2%	342,117	378,186	10.5%
Total deposits	413,113	482,186	16.7%	421,653	506,808	20.2%

Operating Metrics	2010	2011	Q1 2011	Q1 2012
Fee income ratio	21.4%	17.3%	17.5%	15.8%
Cost income ratio	56.6%	59.2%	61.6%	46.9%
Loan/deposit ratio (excl. credit card)	78.6%	76.9%	81.1%	74.6%
Loan/deposit ratio (incl. credit card)	79.5%	77.6%	82.0%	75.2%
Net interest margin	1.58%	1.55%	1.56%	1.40%
Net interest spread	1.95%	1.89%	1.93%	1.85%
Pre-provision earnings/assets	0.87%	0.75%	0.19%	0.29%
Pre-provision earnings/equity	16.53%	14.92%	3.55%	5.85%

Note:

(1) Exclude credit cards but include overdue receivables

(2) Numbers have been reviewed by the auditors