

Confidential



Q3 2012 Results Update

November 1, 2012

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 preliminary numbers.

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Life Premium Summary

SKFH – 9M 2012 Overview

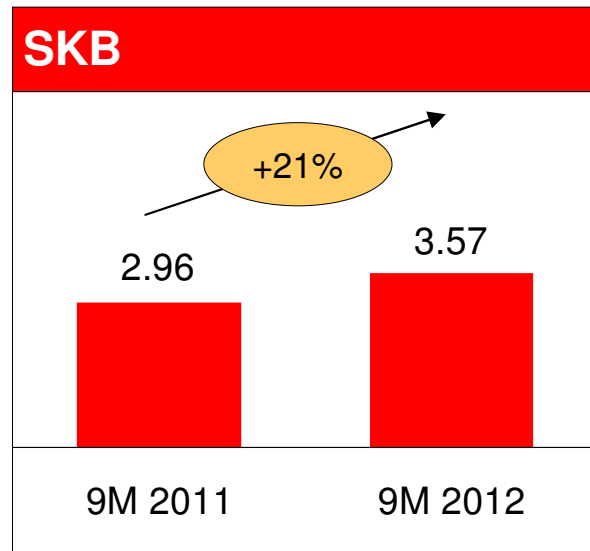
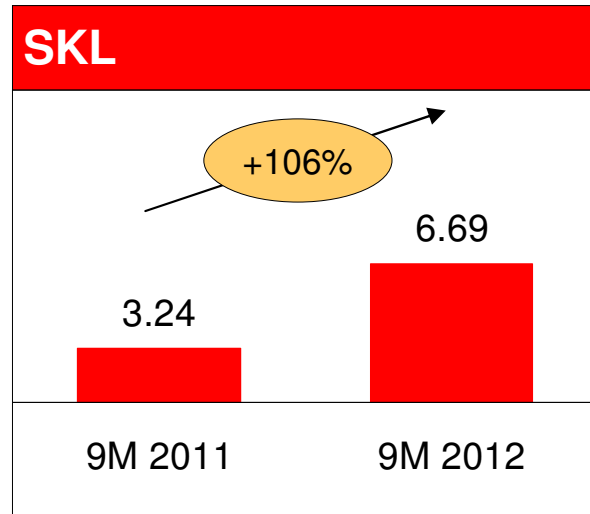
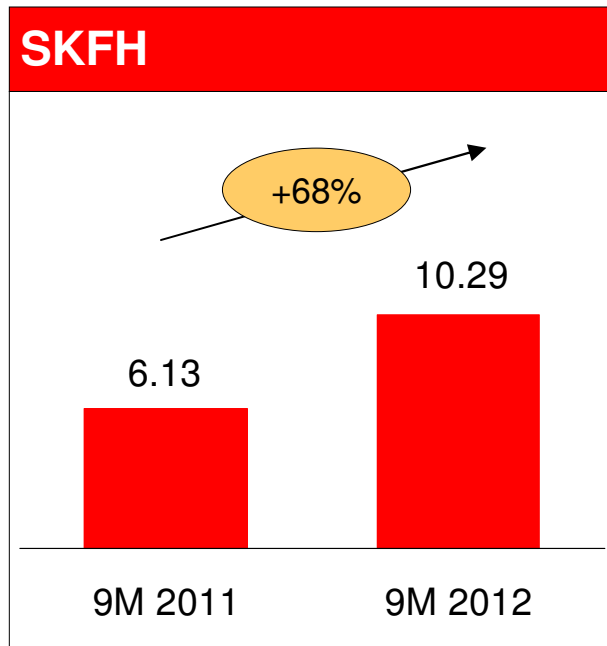
- SKFH recorded a cumulative after-tax profit of NT\$10.29bn for 9M 2012, up 67.9% YoY. EPS was NT\$1.22.
- Subsidiaries' core business remained solid.
 - SKL:
 - ◆ FYP of traditional products was 60.5% higher YoY, with FYP from regular premium products 36.5% higher YoY.
 - ◆ Driven by domestic cash dividend income of NT\$5.31bn recognized in Q3, annualized investment return reached 4.49% for 9M 2012. Cumulative after-tax profit was NT\$6.69bn.
 - ◆ Annualized hedging cost for 9M 2012 was 1.57%, further lower than 1.74% in 1H 2012.
 - SKB:
 - ◆ After-tax profit was NT\$3.57bn, up 20.5% YoY.
 - ◆ Fee incomes increased 20.6% YoY. Fee income from wealth management was 31.9% higher YoY.
- Net worth recovered in Q3. Plans to further strengthen capital structure continue.
 - As of the end of Q3, consolidated shareholders' equity of SKFH was NT\$93.37bn, 12.4% higher QoQ, driven by NT\$8.59bn recovery of SKL's shareholders' equity.
 - SKL Board resolved on September 28 to issue perpetual cumulative subordinated corporate bonds in maximum amount of NT\$5bn

Financial Highlights – 9M 2012

	9M 2011	9M 2012	YoY Growth
NT\$m (except per share data), %			
Group net income	6,127	10,285	67.9%
First year premium (Insurance)	57,936	56,152	-3.1%
Loans (Bank)	372,076	414,592	11.4%
Total assets	2,107,183	2,253,585	6.9%
Total shareholders' equity	81,386	93,369	14.7%
ROA (unannualized)	0.32%	0.50%	
ROE (unannualized)	7.07%	12.16%	
Earnings per share	0.73	1.22	67.1%

Net Income – 9M 2012

NT\$bn



Comments

- SKFH's 9M cumulative after-tax profit amounted to NT\$10.29bn, NT\$4.16bn higher YoY
- SKL's 9M cumulative after-tax profit was NT\$6.69bn, NT\$3.45bn higher YoY
- Driven by strong growth of loans and fee incomes, SKB's 9M cumulative after-tax profit increased 21% YoY

Net Income – 9M 2012

Net income contribution

NT\$bn

Subsidiaries	9M 2011	9M 2012	YoY Growth
Shin Kong Life	3.24	6.69	106.3%
Shin Kong Bank	2.96	3.57	20.5%
Shin Kong Investment Trust	0.02	0.02	23.5%
Shin Kong Insurance Brokers	0.05	0.04	-29.6%
Shin Kong Capital Venture Int'l	-	0.00	-
Others ⁽¹⁾	-0.14	-0.03	-
Net income	6.13	10.29	67.9%

Note:

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

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Life Premium Summary

SKL – 9M 2012 Overview

- Driven by domestic cash dividend income of NT\$5.31bn recognized in Q3, annualized investment return reached 4.49% for 9M 2012. Cumulative after-tax profit and ROE were NT\$6.69bn and 13.69% respectively.
- FYP was NT\$56.15bn, down 3.1% YoY. Market share was 6.0%.
- Long-term profit generation remains the main consideration in product strategies focused on growth of regular premium products and risk premium. FYP of traditional products was 60.5% higher YoY, with FYP from regular premium products 36.5% higher YoY.
- 13-month persistency was 87.6% and 25-month persistency was 78.6%.
- Protection products remain sales focus. Product strategies concentrate on VUL by unit-cost-averaging method, as well as MTR, MTL, health, personal accident, long-term care and foreign currency whole life protection products.
- To increase qualified capital and enhance financial structure, the Board resolved on September 28 to issue perpetual cumulative subordinated corporate bonds in maximum amount of NT\$5bn.

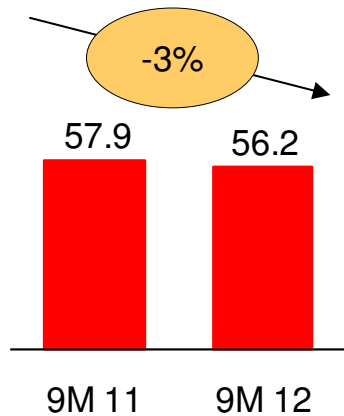
Financial Highlights – 9M 2012

	9M 2011	9M 2012	YoY Growth
NT\$mn, %			
First year premium	57,936	56,152	-3.1%
Total premium	131,223	132,126	0.7%
Investment income	46,223	53,431	15.6%
Net income	3,241	6,688	106.3%
Total assets	1,542,059	1,618,686	5.0%
Total shareholders' equity	44,911	52,041	15.9%
ROE (unannualized)	5.80%	13.69%	
ROA (unannualized)	0.21%	0.42%	

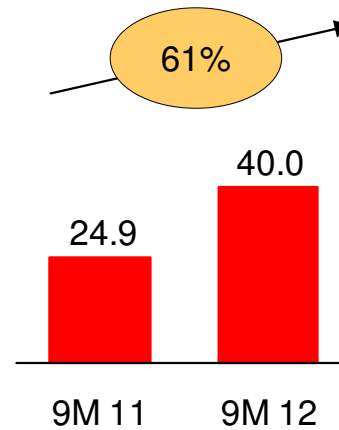
First Year Premium – 9M 2012

NT\$bn

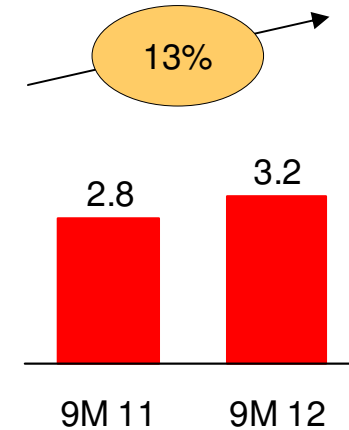
Market share 6.0%



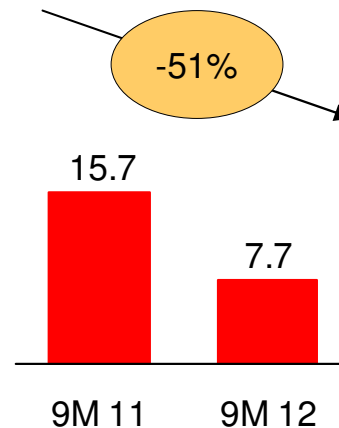
Traditional



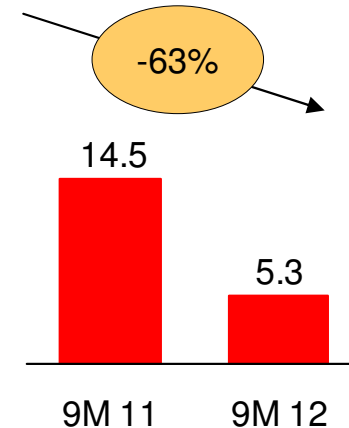
PA, Health and Group



Investment-linked



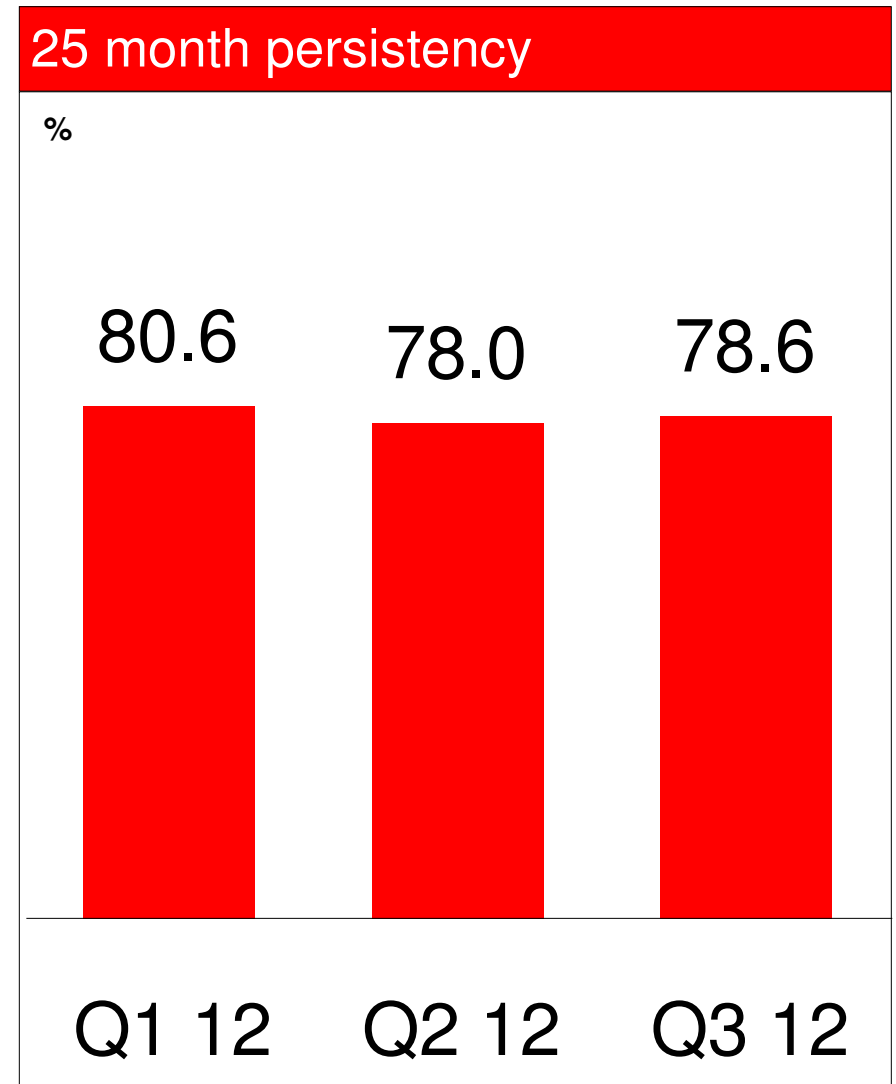
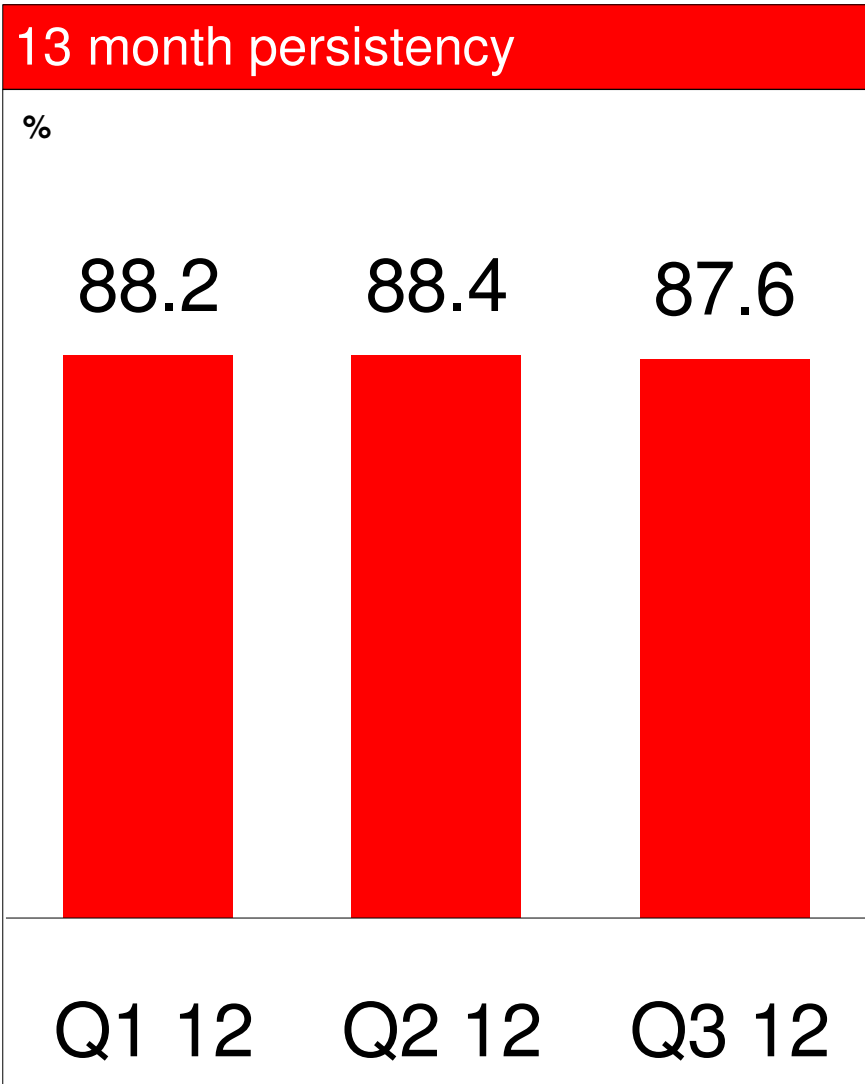
Interest-sensitive



Comments

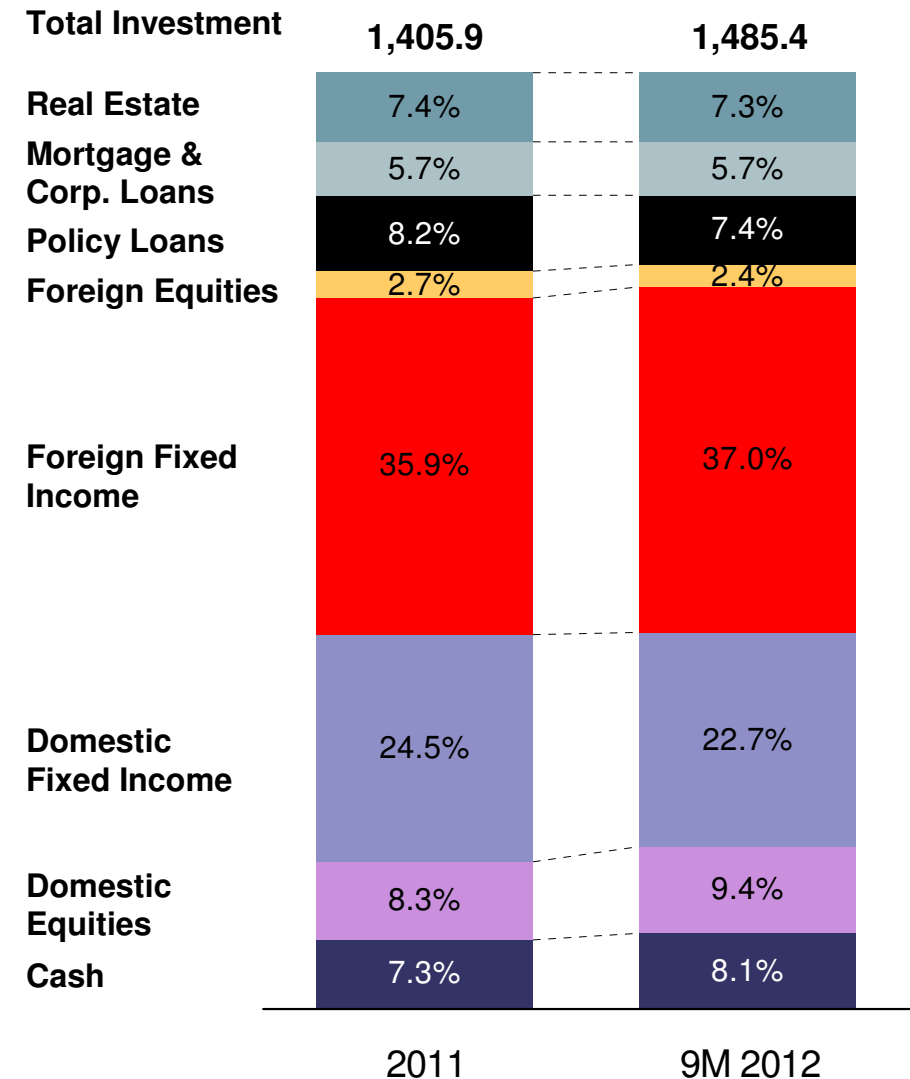
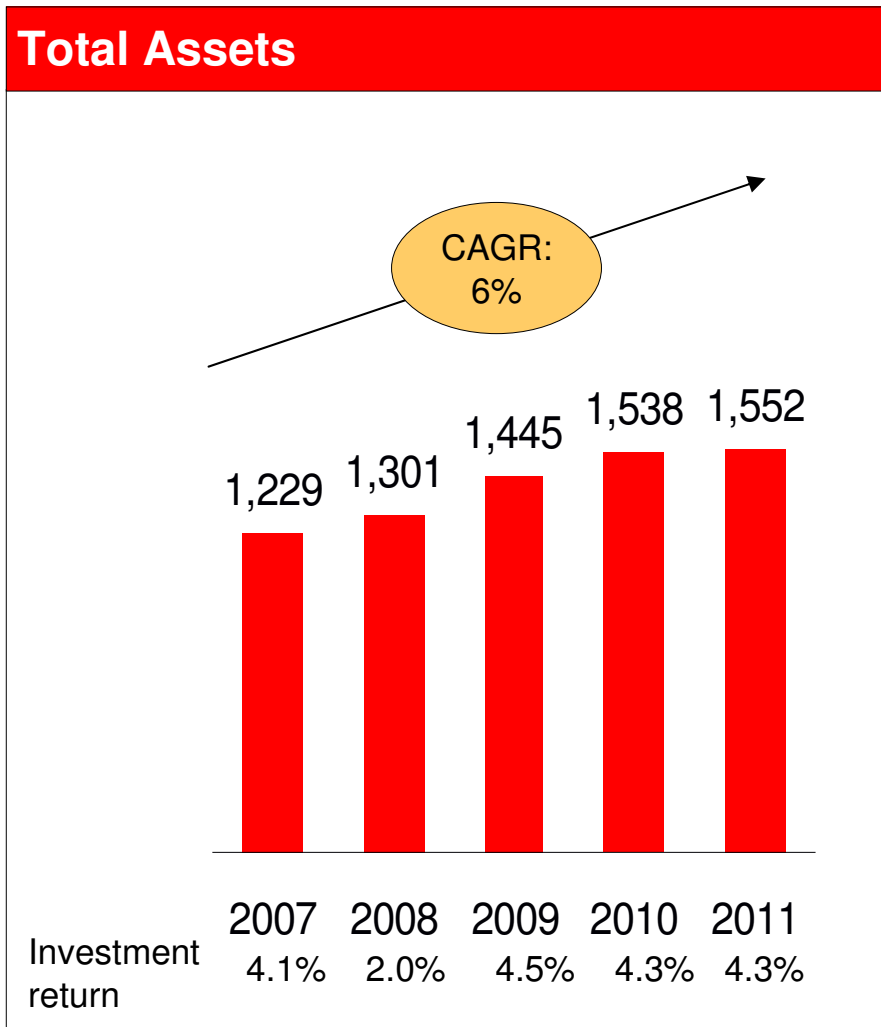
- FYP decreased 3% YoY
- Traditional products contributed most significant shares (71%) of FYP
- Long-term profit generation remains the main consideration in product strategies focused on growth of regular premium products and risk premium. FYP of traditional products was 61% higher YoY, with FYP from regular premium products 37% higher YoY
- To diversify risk and increase protection, VUL products are promoted by unit-cost-averaging method. Structured note products are linked to government bonds, sales of which reached NT\$4.1bn in Q3 2012
- In coordination with reduction of policy reserve interest rates and implementation of the 2012 Taiwan Standard Ordinary Experience Mortality Table, protection products remain the sales focus

Persistence Ratio



Investment Portfolio

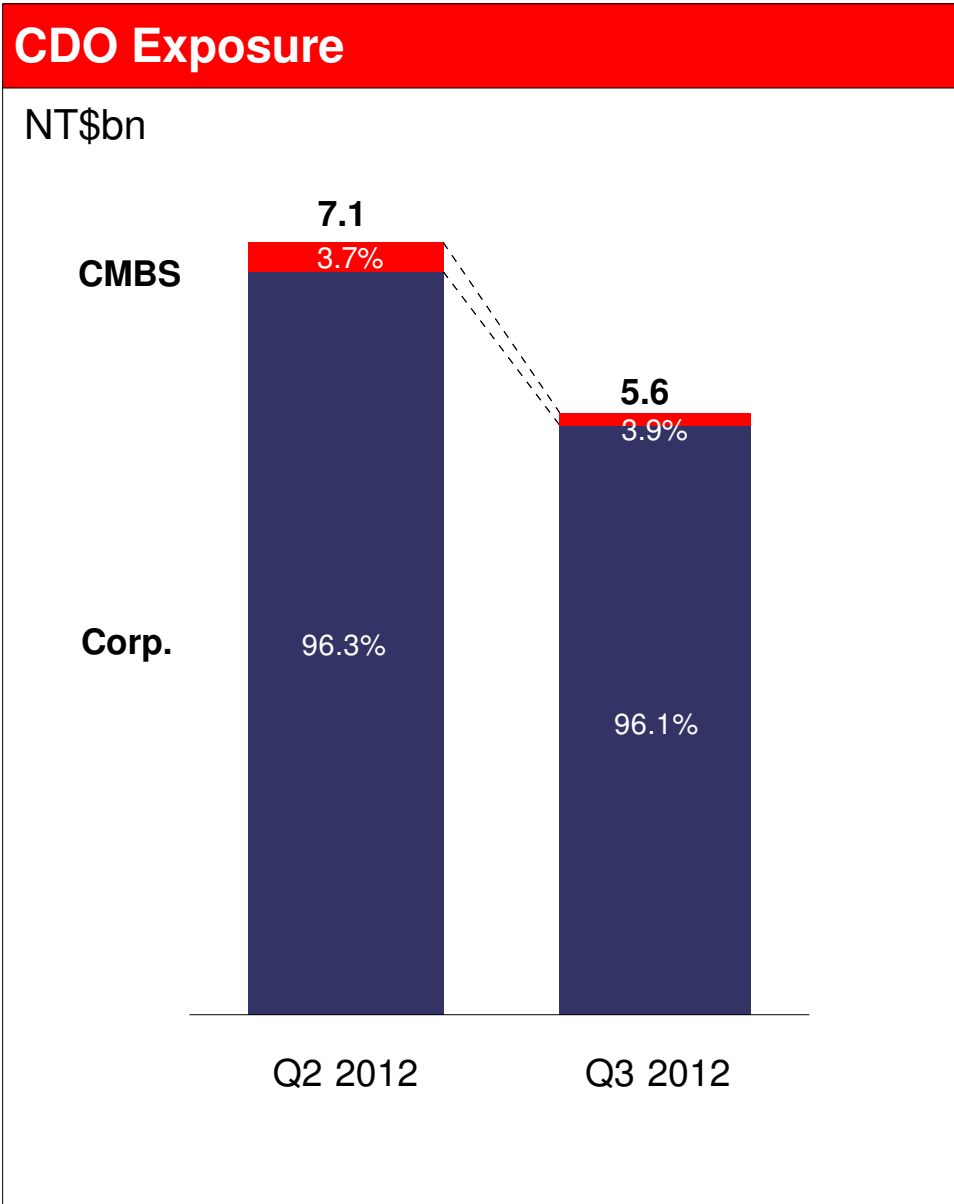
NT\$bn



Note:

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

CDO Exposure

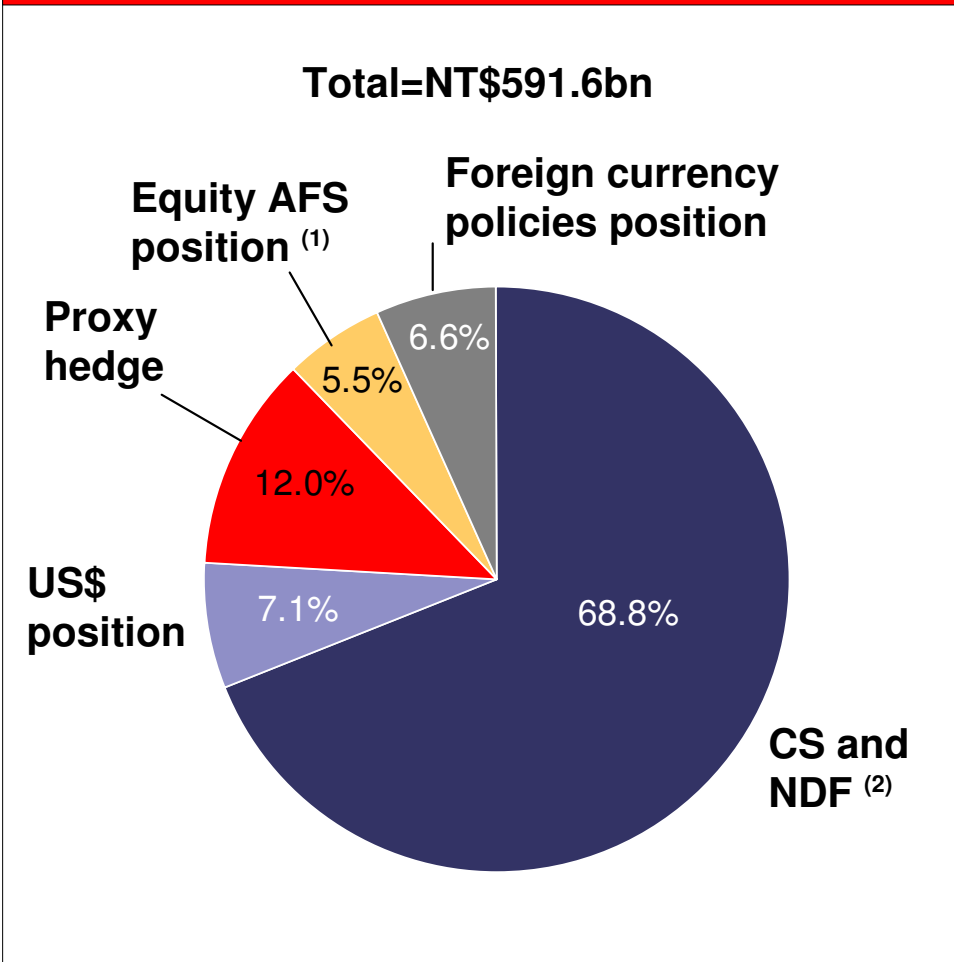


Comments

- Overall exposure was NT\$5.6bn
- 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

- Annualized hedging cost for 9M 2012 was 1.57%, further lower than 1.74% in 1H 2012
- 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 is 65%~90% under stringent risk management mechanism
- Proxy hedging accounted for 12.0%
- Available for sale position in foreign equities accounted for 5.5% 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 is 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

Agenda

- I. SKFH
- II. Life Insurance Business

III. Banking Business

- IV. Appendix
 - Life Premium Summary

SKB – 9M 2012 Overview

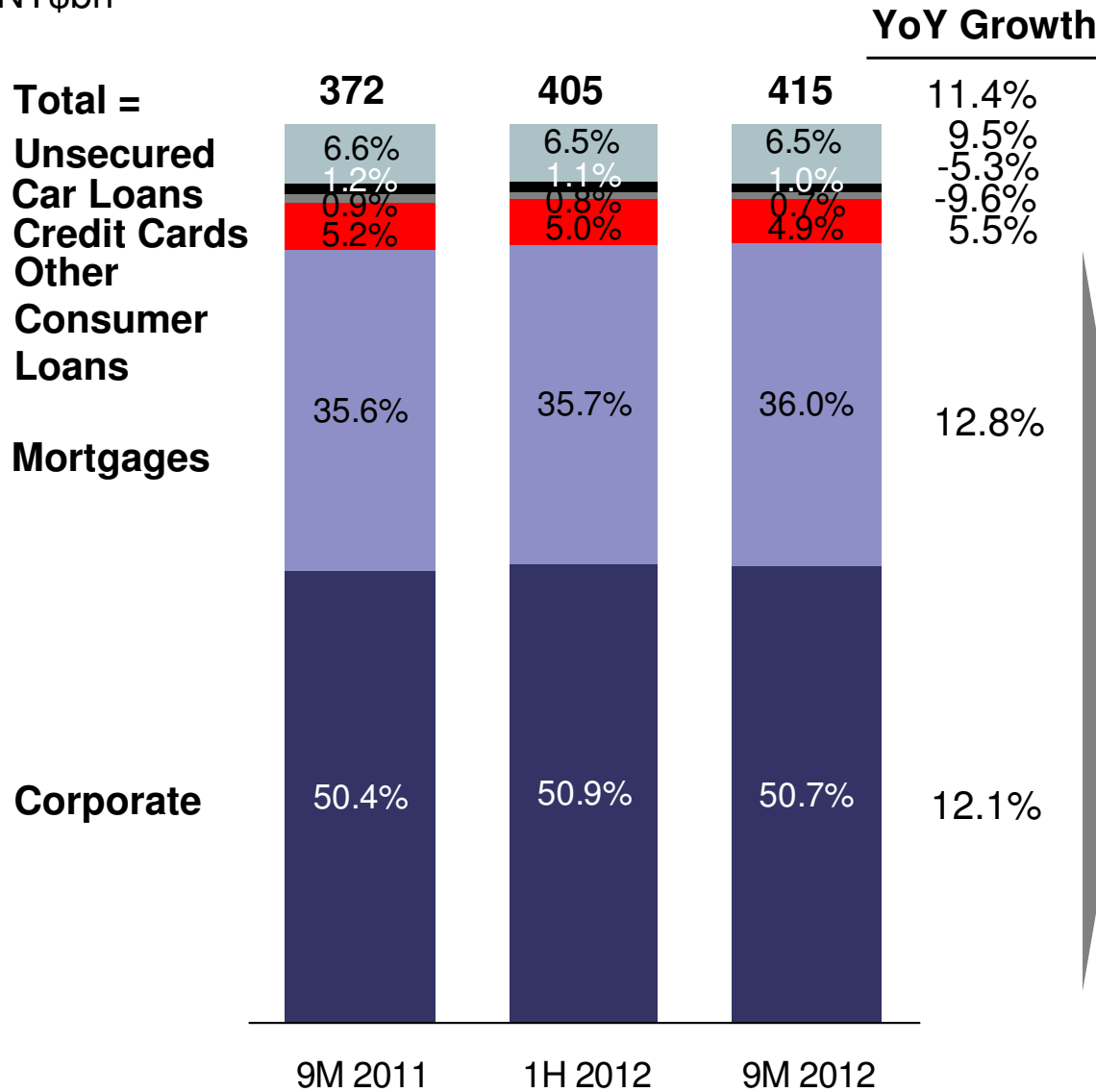
- After-tax profit for 9M 2012 was NT\$3.57bn, up 20.5% YoY; net interest income and net fee income grew 5.0% and 23.3% YoY respectively; pre-provision profit was NT\$4.29bn, up 41.7% YoY.
- Loan balance increased to NT\$414.59bn, up 11.4% YoY; deposit balance increased to NT\$526.13bn, up 16.5% YoY. L/D ratio (incl. credit cards balance) was 78.6%.
- NIM for Q3 2012 was 1.38%.
- Driven by sales growth of insurance and bond products, wealth management income for 9M 2012 was NT\$795mn, up 29.2% YoY. SKB achieved bancassurance cross-sales of NT\$15.99bn in 9M 2012, accounting for 57.2% of SKL's bancassurance premium.
- Credit card NPL ratio was 0.23% and coverage ratio was 336.78%.
- NPL ratio slightly declined to 0.92% while coverage ratio increased from 109.69% in Q2 to 112.63%:
 - Foreclosed collateral of NT\$1.72bn non-performing loan to Prince Motors was auctioned off for NT\$9.14bn in September; the principal and interests will be fully recovered with no loss.
 - Excluding the loan, NPL and coverage ratios would improve to 0.51% and 204.15% respectively. NPL ratio for mortgages remained low at 0.22%.

Net Income – 9M 2012

	9M 2011	9M 2012	YoY Growth
NT\$m, %			
Net interest income	5,359	5,628	5.0%
Net fee income	1,241	1,529	23.3%
Other income	575	1,542	168.0%
Operating expense	-4,144	-4,405	6.3%
Pre-provision operating income	3,031	4,294	41.7%
Provision expense	129	-302	-333.5%
Income tax benefit (expense)	-199	-424	112.6%
Net Income	2,961	3,569	20.5%

Loan Mix

NT\$bn

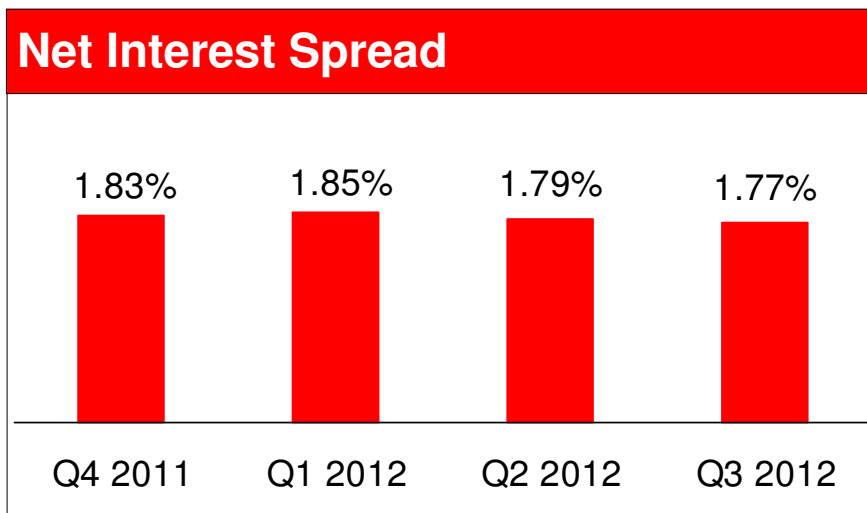
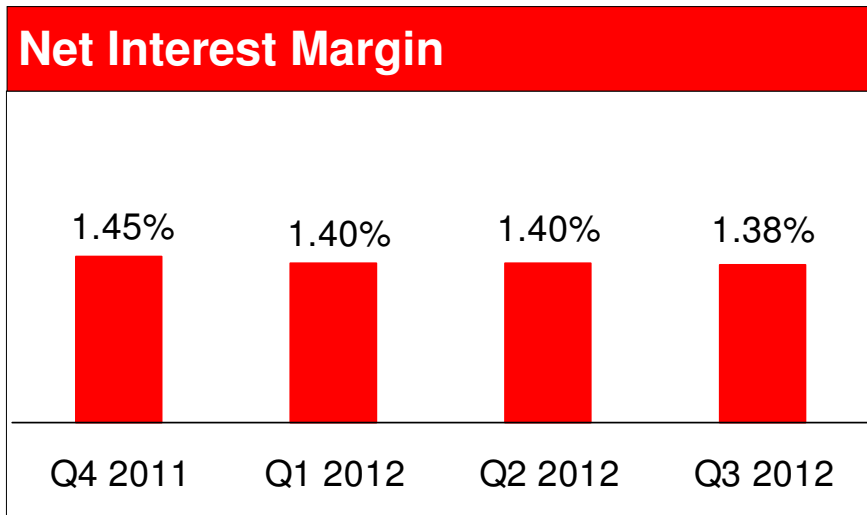


Comments

- Loan balance amounted to NT\$414.59bn, up 11.4% YoY
- Driven by growth of loans to medium-sized enterprises, corporate loans grew 12.1% YoY
- Mortgages achieved stable growth under stringent credit policies; NPL ratio for mortgages remained low at 0.22%
- L/D ratio was 78.6% (incl. credit cards balance)

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

Interest Income

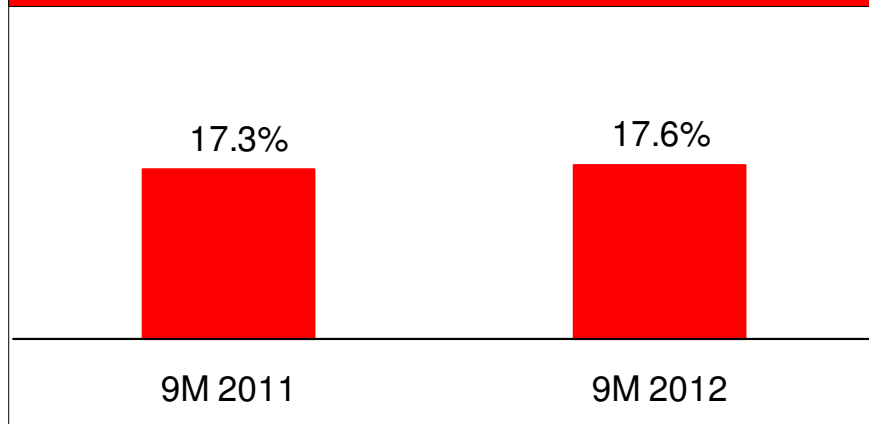


Comments

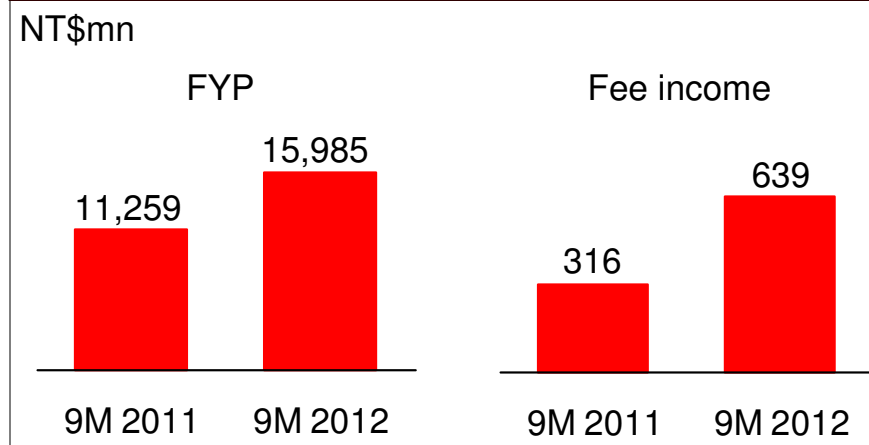
- NIM for Q3 2012 was 1.38%
- SKB will continue to :
 - Strengthen relations with corporate customers and increase fee income through GEB, TMU, syndicated loans and factoring business
 - Strengthen cash management business and act as the main settlement bank for MasterLink Securities to increase demand deposits and lower cost of funds, and
 - Develop SME and consumer loans with appropriate risk control to enhance interest income

Fee Income

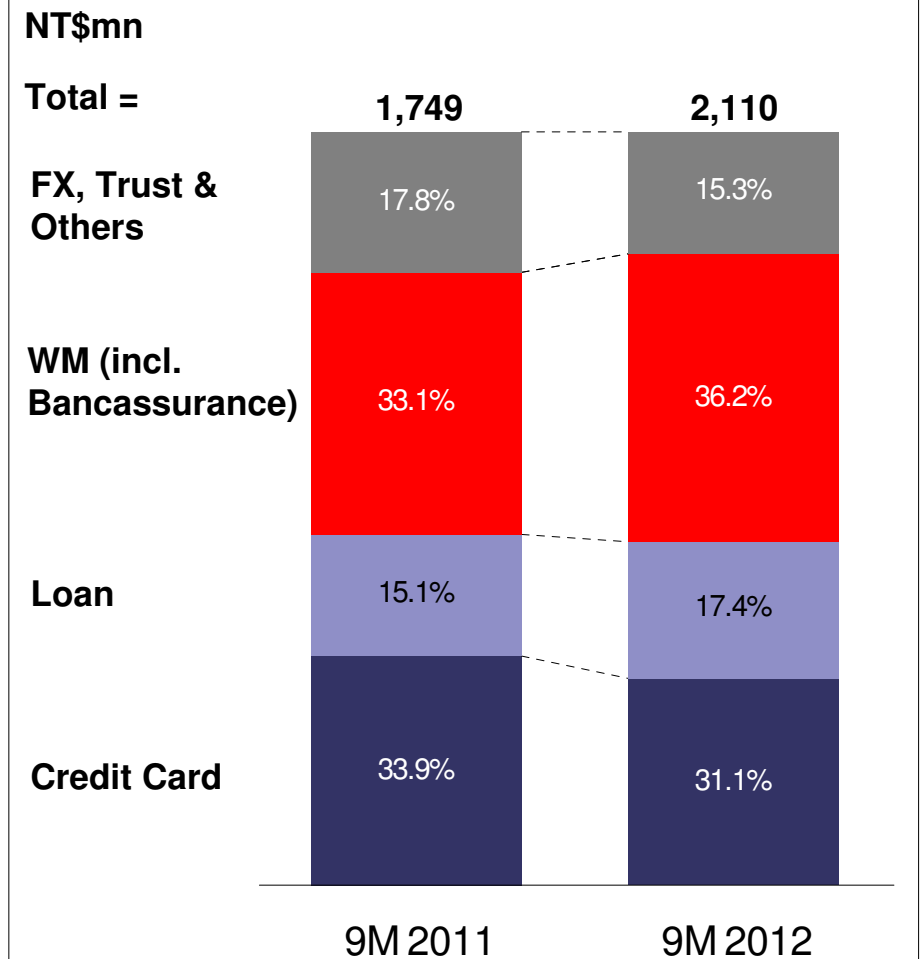
Net Fee Income / Total Income



Bancassurance (SKL)



Fee Income Breakdown

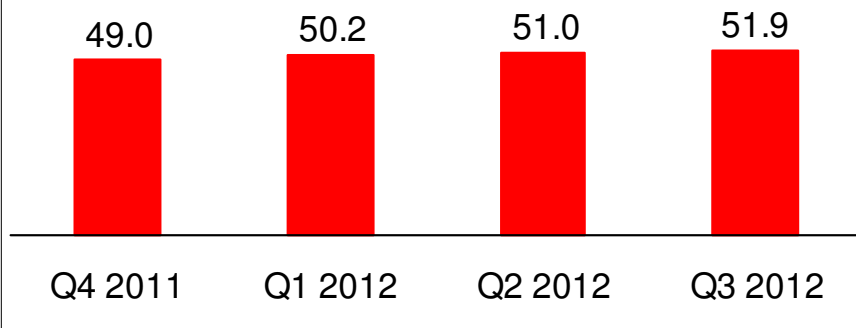


Note: Due to rounding, fee income breakdown may not add up to 100%

Wealth Management

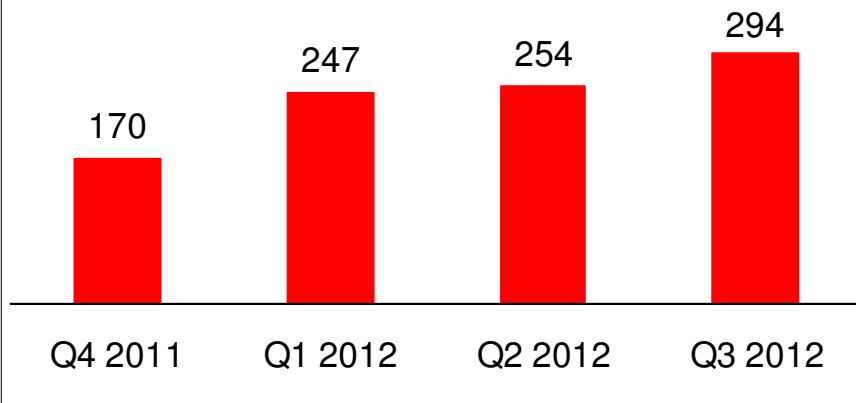
AUM

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

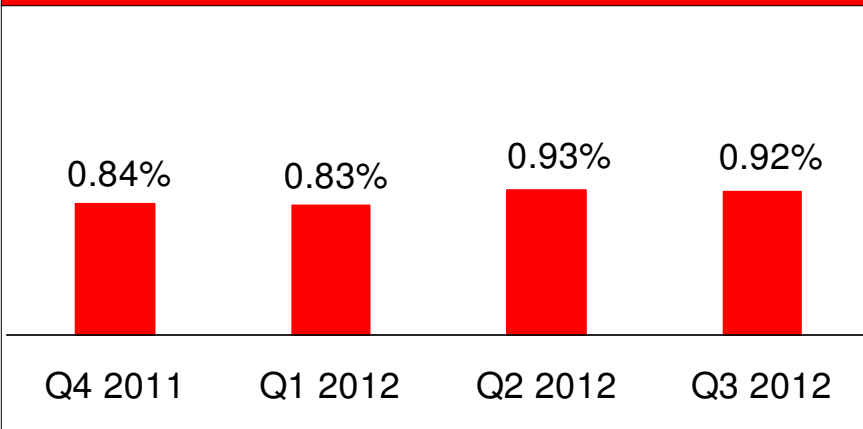
Wealth Management Center



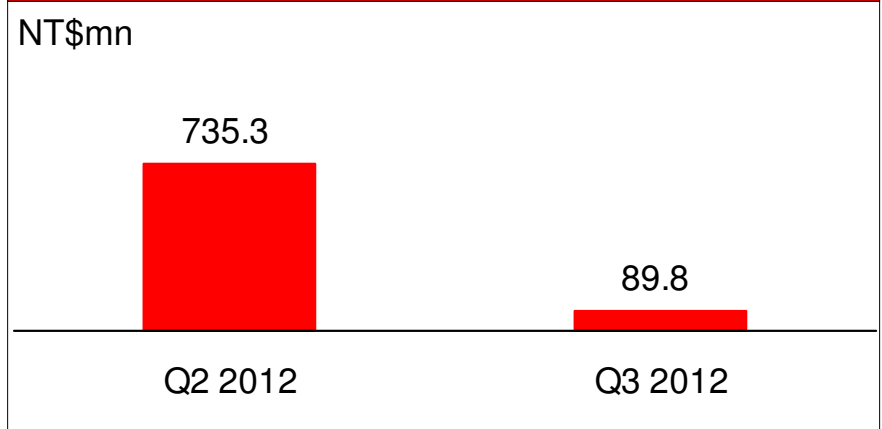
- Boosted by strong sales of insurance and bond products, wealth management income for 9M 2012 was NT\$795mn, up 29.2% YoY
- Fee income from wealth management accounted for 36.2% of total fee income
- Sales focuses will be on overseas securities and foreign currency insurance policies, expected to contribute to fee income growth

Asset Quality

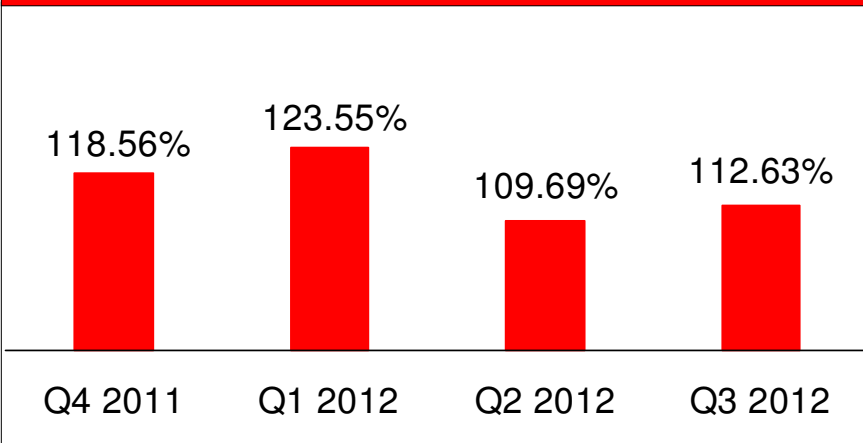
NPL Ratio



New NPL Generation



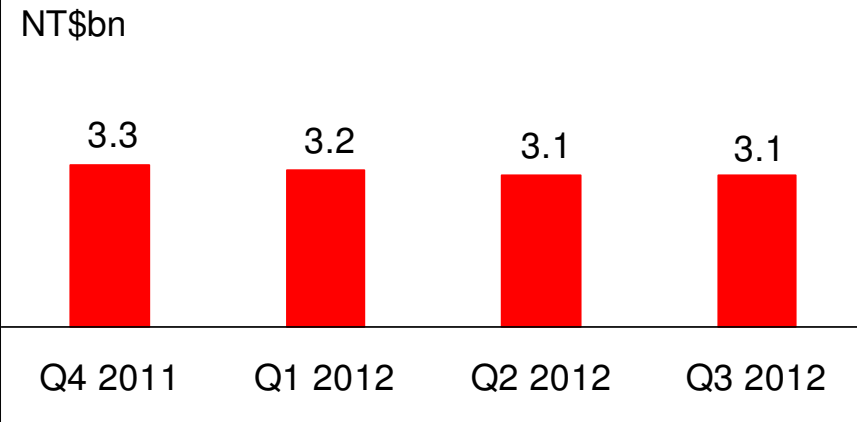
Coverage Ratio



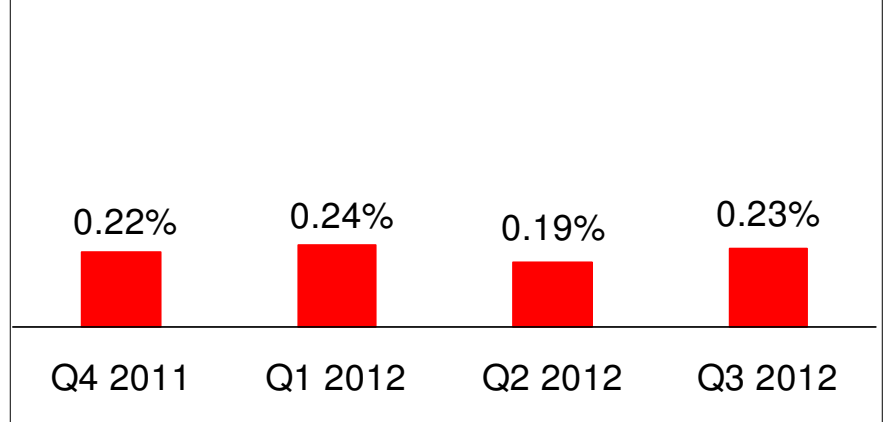
- NPL and coverage ratios were 0.92% and 112.63% respectively in Q3 2012
 - Foreclosed collateral of NT\$1.72bn non-performing loan to Prince Motors was auctioned off for NT\$9.14bn in September; the principal and interests will be fully recovered with no loss
 - Excluding the loan, NPL and coverage ratios would be 0.51% and 204.15% respectively
- New NPL generated in Q3 2012 were NT\$90mn, lower than NT\$735mn in Q2 2012
- NPL ratio for mortgages was low at 0.22%

Credit Cards Metrics

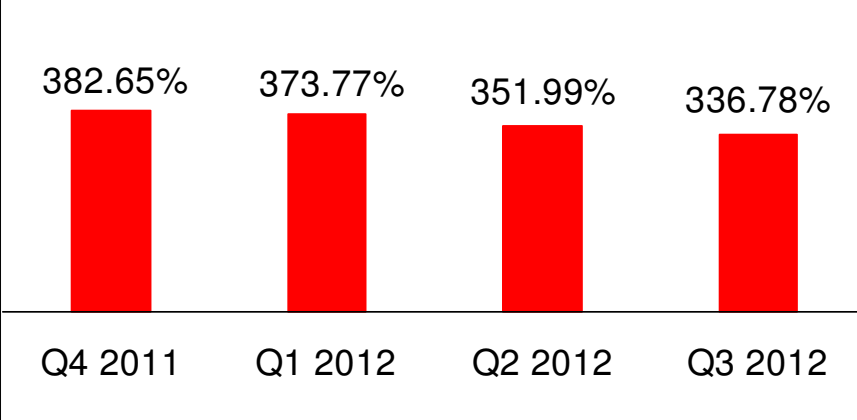
Revolving Balance



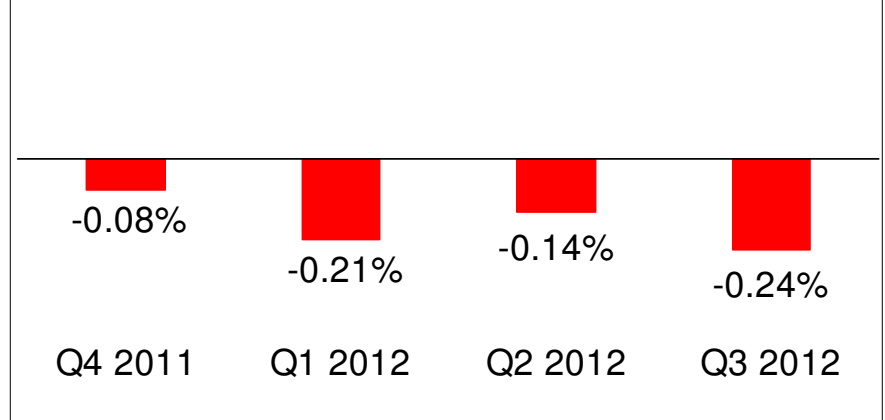
90-day NPL



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

- **Life Premium Summary**

SP / RP Breakdown

NT\$bn

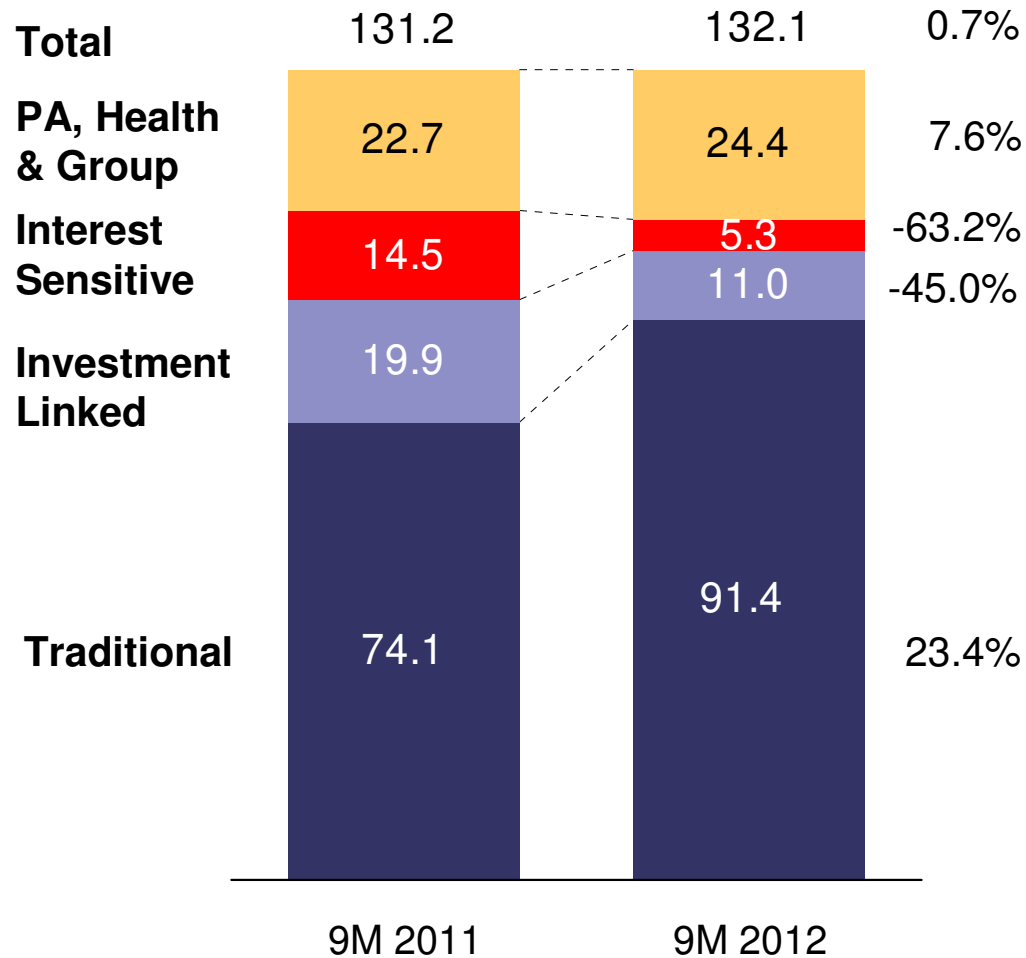
9M 2012 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	30.19	9.79		39.97
Investment-linked				
VUL		0.18	0.10	0.28
Structured note	7.38			7.38
Interest Sensitive				
Annuity	5.02		0.05	5.07
Life			0.26	0.26
PA, health and others		3.18		3.18
Total	42.59	13.15	0.42	56.15
Share	75.8%	23.4%	0.7%	100.0%

Total Premium – 9M 2012

NT\$bn

Market Share = 7.1%

Growth



Comments

- Total premium went up 0.7% YoY
- To diversify risk and increase protection, VUL products are promoted by unit-cost-averaging method. Structured note products are linked to government bonds. Total premium of investment-linked products declined
- PA, Health & Group and traditional products grew YoY

Website : www.skfh.com.tw

E-mail : ir@skfh.com.tw

Shin Kong Financial HoldingFinancial Summary
(NT\$mn)

Income Statement Data	2011	9M 2011	9M 2012	9M 12/9M 11		Q3 2012	Q3 12/Q3 11
				% change	Q3 2011		% change
Net interest income	(164)	(121)	(129)	6.6%	(41)	(41)	0.0%
Income from subsidiaries							
Shin Kong Life	2,475	3,241	6,688	106.3%	3,361	1,650	-50.9%
Shin Kong Bank	3,138	2,961	3,569	20.5%	933	1,001	7.2%
MasterLink Securities	140	136	228	67.6%	11	92	736.4%
Shin Kong Insurance Brokers	67	54	38	-29.6%	18	11	-38.9%
Shin Kong Investment Trust	27	17	21	23.5%	6	7	16.7%
Shin Kong Capital Venture International	(8)		1			1	
Total income from subsidiaries	5,839	6,409	10,545	64.5%	4,329	2,762	-36.2%
Other income	11	11	2	-81.8%	1	(8)	-900.0%
Administrative and general expenses	(228)	(166)	(159)	-4.2%	(52)	(51)	-1.9%
Income tax benefit (expense)	35	(6)	26	-533.3%	(20)	(35)	75.0%
Cumulative effect of changes in accounting principle	0	0	0		0	0	
Net income	5,493	6,127	10,285	67.9%	4,217	2,627	-37.7%

Balance Sheet Data	2011	9M 2011	9M 2012	9M 12/9M 11		Q3 2012	Q3 12/Q3 11
				% change	Q3 2011		% change
Long term investment	81,633	80,109	91,407	14.1%	80,109	91,407	14.1%
Total assets	2,137,901	2,107,183	2,253,585	6.9%	2,107,183	2,253,585	6.9%
Total shareholders' equity	82,414	81,386	93,369	14.7%	81,386	93,369	14.7%

Note: Numbers have not been audited by the auditors

Shin Kong LifeFinancial Summary
(NT\$m)

Income Statement Data	9M 12/9M 11				Q3 12/Q3 11		
	2011	9M 2011	9M 2012	% change	Q3 2011	Q3 2012	% change
Premium income	159,030	112,776	122,258	8.4%	41,079	36,241	-11.8%
Investment income							
Interest income	43,113	31,877	32,998	3.5%	10,890	11,063	1.6%
Gains on investments in securities ⁽¹⁾	17,981	15,714	24,693	57.1%	6,208	7,766	25.1%
Gains on real estate investments	6,212	2,893	2,770	-4.2%	1,016	954	-6.1%
FX	(6,717)	(3,978)	(7,675)	92.9%	527	(2,368)	-549.7%
FX gain or loss	15,197	19,105	(17,200)	-190.0%	26,076	(9,324)	-135.8%
Hedging	(21,914)	(23,083)	9,525	-141.3%	(25,549)	6,956	-127.2%
FX Reserve			798			511	
Impairment loss	(283)	(283)	(152)	-46.2%	(268)	(152)	-43.2%
Total Investment income	60,305	46,223	53,431	15.6%	18,372	17,774	-3.3%
Other operating income	1,093	953	976	2.4%	288	197	-31.7%
Provisions for reserves							
Provisions	(192,649)	(131,981)	(142,087)	7.7%	(47,382)	(42,803)	-9.7%
Recoveries	164,694	124,357	67,634	-45.6%	37,050	24,420	-34.1%
Total provisions for reserves, net	(27,956)	(7,624)	(74,453)	876.5%	(10,331)	(18,384)	77.9%
Insurance payments	(172,232)	(136,201)	(80,501)	-40.9%	(41,452)	(29,037)	-30.0%
Commission expenses	(5,053)	(3,358)	(4,166)	24.1%	(1,131)	(1,319)	16.6%
Separate account revenues	65,912	54,214	44,295	-18.3%	21,073	16,523	-21.6%
Separate account expenses	(65,912)	(54,214)	(44,295)	-18.3%	(21,073)	(16,523)	-21.6%
General and administrative expenses	(12,416)	(8,902)	(9,128)	2.5%	(2,837)	(2,942)	3.7%
Other operating costs and expenses	(501)	(448)	(841)	87.7%	(339)	(696)	105.3%
Operating income	2,271	3,419	7,576	121.6%	3,648	1,834	-49.7%
Non-operating income and expenses	574	361	(174)	-148.0%	(75)	(67)	-10.5%
Income taxes	(370)	(539)	(715)	32.7%	(212)	(118)	-44.7%
Cumulative effect of changes in accounting principles	0	0	0		0	0	
Net income	2,475	3,241	6,688	106.3%	3,361	1,650	-50.9%

Balance Sheet Data	9M 12/9M 11				Q3 12/Q3 11		
	2011	9M 2011	9M 2012	% change	Q3 2011	Q3 2012	% change
Total assets	1,551,850	1,542,059	1,618,686	5.0%	1,542,059	1,618,686	5.0%
Total shareholders' equity	45,696	44,911	52,041	15.9%	44,911	52,041	15.9%

Note:

(1) Gains from Song Jiang REAT of NT\$2.47bn and Tun Nan REAT of NT\$7.46bn were recognized as "gains on investments in securities".

(2) Numbers have not been audited by the auditors

Shin Kong BankFinancial Summary
(NT\$m)

Income Statement Data	2011	9M 2011	9M 2012	9M 12/9M 11		Q3 12/Q3 11	
				% change	Q3 2011	Q3 2012	% change
Interest income	10,937	8,027	9,194	14.5%	2,864	3,118	8.9%
Interest expense	(3,783)	(2,668)	(3,567)	33.7%	(971)	(1,205)	24.1%
Net interest income	7,153	5,359	5,628	5.0%	1,893	1,914	1.1%
Fee income	2,331	1,749	2,110	20.6%	618	725	17.3%
Fee expense	(683)	(508)	(580)	14.2%	(174)	(195)	12.1%
Net fee income	1,648	1,241	1,529	23.3%	444	529	19.3%
Gains on bill & securities	27	(23)	1,198	-5395.1%	(310)	69	-122.3%
Gains recognized under equity method, net	112	62	120	91.6%	10	36	266.3%
Gains on foreign exchange, net	507	475	76	-83.9%	539	167	-69.0%
Other gains or losses, net	86	60	148	145.9%	12	25	117.0%
Operating expense	(5,648)	(4,144)	(4,405)	6.3%	(1,411)	(1,500)	6.4%
Pre-provision income or loss	3,885	3,031	4,294	41.7%	1,178	1,241	5.3%
Provision expense	(523)	129	(302)	-333.5%	(98)	(82)	-16.4%
Income tax (expense) benefit	(224)	(199)	(424)	112.6%	(146)	(158)	7.9%
Net income	3,138	2,961	3,569	20.5%	933	1,001	7.2%

Balance Sheet Data	2011	9M 2011	9M 2012	9M 12/9M 11		Q3 12/Q3 11	
				% change	Q3 2011	Q3 2012	% change
Total assets	561,593	518,622	598,813	15.5%	518,622	598,813	15.5%
Total shareholders' equity	27,564	26,979	30,878	14.5%	26,979	30,878	14.5%
Total loans, net ⁽¹⁾	371,035	366,670	410,721	12.0%	366,670	410,721	12.0%
Total deposits	482,186	451,658	526,125	16.5%	451,658	526,125	16.5%

Operating Metrics	2011	9M 2011	9M 2012	Q3 2011		Q3 2012	
Fee income ratio	17.3%	17.3%	17.6%	17.1%	19.3%		
Cost income ratio	59.2%	57.8%	50.6%	54.5%	54.7%		
Loan/deposit ratio (excl. credit card)	76.9%	81.2%	78.1%	81.2%	78.1%		
Loan/deposit ratio (incl. credit card)	77.6%	81.9%	78.6%	81.9%	78.6%		
Net interest margin	1.55%	1.59%	1.39%	1.59%	1.38%		
Net interest spread	1.89%	1.91%	1.80%	1.90%	1.77%		
Pre-provision earnings/assets	0.75%	0.61%	0.74%	0.24%	0.21%		
Pre-provision earnings/equity	14.92%	11.77%	14.70%	4.57%	4.25%		

Note:

(1) Exclude credit cards but include overdue receivables

(2) Numbers have not been audited by the auditors