

SKFH 2018 Conference Call

April 24, 2018, 5:30 p.m. (Taipei)

INTRODUCTION

Stan Lee:

Good afternoon, ladies and gentlemen.

Welcome for joining the conference call. My name is Stan Lee, Deputy Spokesperson of Shin Kong Financial Holding. Also in the room are President Min-Yi Huang of the Financial Holding Company, Isabella and Zeke, members of the IR team.

The presentation we are about to go through has been sent out. You may also download it from our website or participate through webcast. If you do not have the presentation, please let us know now.

Your lines will be muted when we are presenting. If you are cut off, please dial back in or call Zeke at 886 975 *** ** for assistance.

PRESENTATION

Stan Lee:

The reason to conduct this conference call today is that we have announced to acquire MasterLink Securities as a 100%-owned subsidiary through share swap. More transaction details will be discussed later in the presentation.

Page 3 Now please turn to page 3.

MasterLink is a publicly-quoted securities firm headquartered in Taipei. Shin Kong Financial Holding is the largest shareholder of MasterLink with an ownership stake of 33.45%. To proceed with the transaction, Shin Kong Financial Holding will issue new shares to acquire all MasterLink's outstanding shares that are not currently owned. The share exchange ratio would be 1 common share of MasterLink for 0.96 newly-issued common share of Shin Kong Financial Holding.

After receiving approval from competent authorities, we expect the transaction to be completed at the end of the third quarter 2018. The strategic rationale is

to establish three core growth drivers, including life insurance, bank, and securities, to expand business scale and client base, fulfilling our goal to provide one-stop-shopping service, as well as strengthening market position.

Page 5 Page 5 – As of April 24, there are around 1.07bn shares outstanding of MasterLink that are not owned by Shin Kong Financial Holding, which is expected to issue tentatively around 1.03bn new shares for this transaction. For Shin Kong Financial Holding, the share dilution ratio would be around 9.7%.

Page 7 Page 7 presents 4 strategic rationales regarding this transaction, including strengthening our market position, optimizing financial structure, improving integrated synergy and developing overseas markets.

Page 8 Page 8 – As the third growth engine, MasterLink will help to further develop SKFH's asset management business. In addition, MasterLink has about 960,000 individual clients and offers products that differentiate from those provided by Shin Kong Life and Shin Kong Bank. The two counterparties are well complementary to each other. After the transaction is completed, SKFH will be able to increase market share and provide clients with more diversified products and services.

Page 9 Pro forma financials as of the end of 2017 are shown on page 9. After completing the transaction, we expect capital structure to be optimized with higher CAR at 120.98%, as well as lower double leverage ratio and debt-to-equity ratio at 107.82% and 14.01%, respectively. Consolidated book value and net income are expected to increase.

Page 10 Page 10 – Another strategic rationale behind the deal is to improve integrated synergy.

As a credible securities firm, MasterLink is comprised of teams with extensive experience in domestic equities, futures and derivatives. After the transaction, SKFH will be able to facilitate more interaction among talents within the financial group and enhance investment performance.

On cross-selling side, the share swap will also allow us to prospect more joint clients and expand business scale of wealth management, proprietary investment and bridge loans.

In addition, we believe the deal will increase business efficiency. The settlement funds of about NT\$81bn will be mainly deposited at Shin Kong Bank. Branch locations of Shin Kong Life, Shin Kong Bank and MasterLink will be optimized to enhance integrated marketing, leveraging on Shin Kong Life's strength in real estate management.

Page 11 Page 11 – MasterLink has around 960,000 clients as of the end of 2017. Its

number of joint clients with Shin Kong Life and Shin Kong Bank were only 340,000 and 210,000, respectively; the number of joint clients of the three was only 120,000. After the share swap, we expect to see more integrated synergy to grow our client base.

Page 12 Page 12 gives more details on the current investment talent pool and business locations. 78 investment talents and 48 office branches from MasterLink will join the group. As we just discussed on page 10, investment platform is expected to be strengthened, and the Company will make an integrated plan for business location optimization in the future.

Page 13 MasterLink has been actively developing China and Southeast Asia markets. The map on page 13 shows overseas branches and subsidiaries of both sides– red for Shin Kong, and black for MasterLink. Both product lines and overseas presence are expected to be enhanced by the deal.

That wraps up our presentation. Moderator, please start the Q&A session.

Q&A SESSION

Disclaimer:

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