

Confidential



Shin Kong Financial Holding

Company Overview

May 2007

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.

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Life's 2006 EV/AV Results

V. Appendix - Life

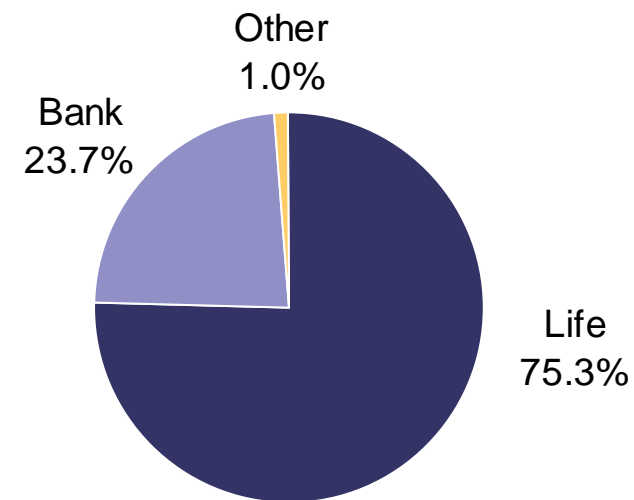
Who We Are

- Major financial holding company in Taiwan
 - Five subsidiaries including life insurance, bank, securities, asset management, and insurance brokerage
 - 2nd largest life insurer with 13% market share
 - 10th largest private bank with 108 branches
- One of the few FHCs in Taiwan with significant presence in both insurance and banking

Financial Overview

NT\$Bn	2004	2005	2006
Total Assets	931.3	1,331.2	1,492.3
Shareholders' Equity	46.5	68.3	90.8
Market Value	91.0	104.1	164.6
Net Income ⁽¹⁾	6.4	7.1	5.9
ROA	0.8%	0.7%	0.4%
ROE	17.7%	12.5%	7.6%
Foreign Ownership	8.5%	22.9%	31.8%

2006 Asset Mix

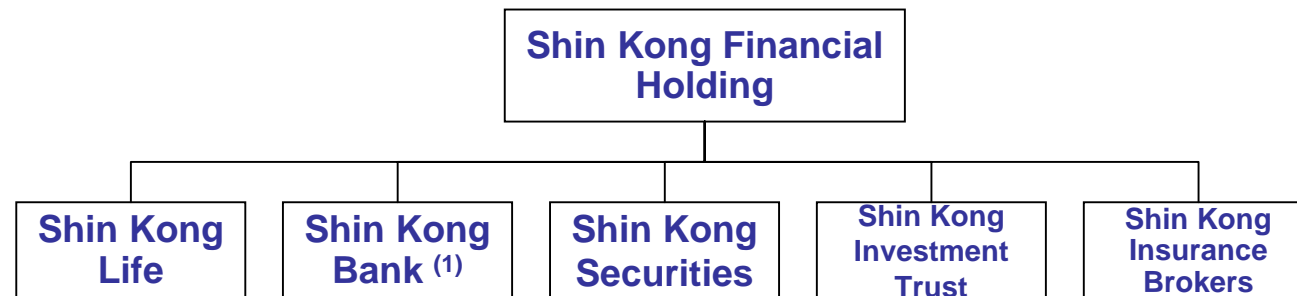


Note:

(1) Excludes minority interest income

Corporate Structure

Unique Integrated Financial Services Platform



Date of Incorporation	7/1963	1/1997	12/2001	9/1992	1/2003
Assets (NT\$Bn)	1,117.2	351.5	13.8	0.58	0.11
% of Group Assets	75.3%	23.7%	0.9%	< 0.1%	< 0.1%
Earnings (NT\$Mn)	11,771	(7,276)	596	(78)	44
Branches/Offices	360	108	7	3	1
Market Share	12.6%	1.3%	0.3%	2.4%	-

Note:

- (1) Completed integration of Macoto Bank on December 31, 2005
- (2) Shin Kong Investment Trust (SKIT) incorporated into the FHC on July 18, 2006, and merged with New Light Asset Management (SKFH's existing asset management platform) on October 9, 2006

Seasoned Management Team



Cheng, Frank
President

- President, Shin Kong Financial Holding
- Vice Chairman, Shin Kong Bank

Experiences:

- President, Shin Kong Life
- SEVP, Shin Kong Life
- Chairman, Life Insurance Association of R.O.C.



Hsu, Victor
First VP &
CRO

- First Vice President, Chief Risk Officer & Spokesperson, Shin Kong Financial Holding
- CFO & Appointed Actuary, Shin Kong Life

Membership & others:

- Director, Life Insurance Association of R.O.C.
- Member, Financial Holding Business Committee



Pan, Po Tseng
President
Shin Kong Life

- President, Shin Kong Life

Experiences:

- SEVP, Shin Kong Life

Membership & others:

- Director, Life Insurance Association of R.O.C.
- Director, Insurance Society of R.O.C.
- Director, Institute for Life Insurance Safety Fund



Lee, Tseng Chang
President
Shin Kong Bank

- President, Shin Kong Bank

Experiences:

- President, United Credit Commercial Bank
- President, Pin-tong First Credit Cooperative



Huang, Richard
President
Shin Kong
Investment Trust

- President, Shin Kong Investment Trust

Experiences:

- Vice President, Shin Kong Investment Trust



Lin, Shih Chi
President
Shin Kong
Securities

- President, Shin Kong Securities

Experiences:

- EVP, New Light Asset Management
- Chairman, Waterland Securities Investment Consulting Co. Ltd.

Strong Track Record of Attracting and Integrating Outside Talent



Lui, Ian
CIO
Shin Kong Life

- Chief Investment Officer, Shin Kong Life
- Experience:
- CIO and Managing Director, Allianz Asset Management Asia Pacific
 - Managing Director, Indocam Singapore



Ni, Christopher
Deputy CIO
Shin Kong Life

- Deputy Chief Investment Officer, Shin Kong Life
- Experience
- Chief Investment Officer, ING/Aetna Membership & others:
 - Investment Committee Member, Life Insurance Association



Chen, Dennis
CIO

- 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



Lai, Edgar
Deputy CIO

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

Experiences:

- Delivery Manager, Professional Service at Sun Micro System
- Consulting Manager, Oracle Consulting Services
- CFO, Shin Kong Financial Holding



Yung, Winston
CFO
Shin Kong FHC

Experience:

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



Lin, Sunny
Vice President
Shin Kong Bank

- 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 ~32% foreign ownership and ~2% employee ownership
- 2 independent non-executive Board members appointed in 2005, ahead of regulatory requirement
 - Chi-Shih Cheng: Former Head of Insurance Bureau, Ministry of Finance (independent director)
 - Lawrence J. Lau: Vice-Chancellor of the Chinese University of Hong Kong (independent supervisor)
- Plan to add one more independent director to meet regulatory requirement in the next Board election in 2008

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

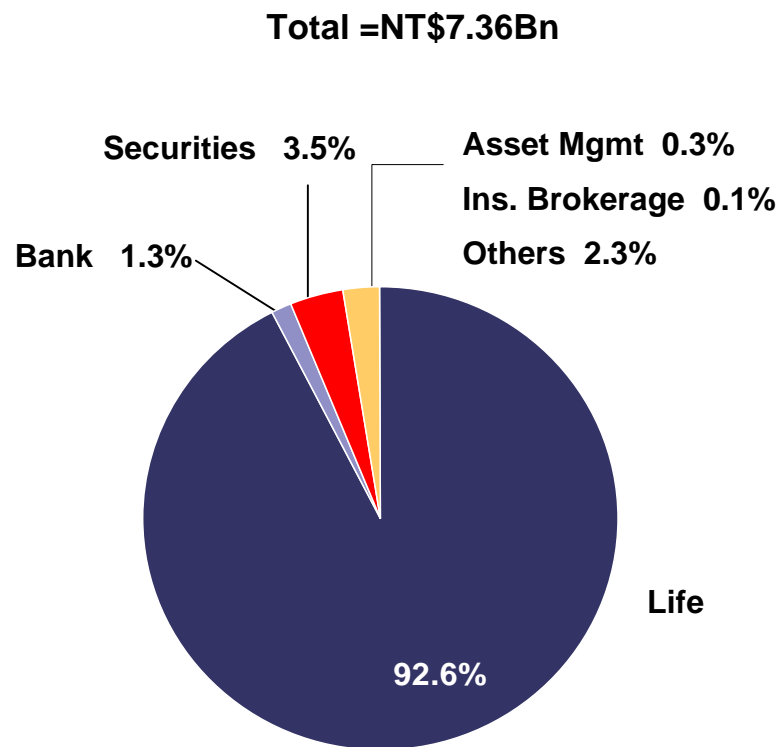
- Spokesperson and Deputy spokesperson appointed
- Upload information to public information website regularly
- Dedicated IR team established to respond to investor questions
- Quarterly result meeting to update media / investors on operational performance

SKFH – Q1 2007 Overview

- Strong first quarter results with after-tax profit of NT\$7.36bn, EPS NT\$1.56; profit was up 173% (yoy) excluding one-off items (e.g., gains from real estate securitization and impact from accounting changes)
- Profit mainly contributed by SKL, while SKB returned to profit
 - SKL: after-tax profit was NT\$6.84bn, up 98% (yoy) excluding one-off items (e.g., gains from real estate securitization and impact from accounting changes)
 - SKB: net income improved to NT\$93mm compared to a loss of NT\$977mm in Q1 2006 due to significantly lower provision expense
 - SKSC: reported after-tax profit was NT\$256mm, up 8% (yoy), due to strong performance of proprietary business
 - SKIT: generated net income of NT\$19mm as impact of bond fund reclassification was fully reflected in 2006
 - SKIB: after-tax profit was NT\$9mm
- On 4/13, the Board of Directors approved cash dividend of NT\$1.0 and stock dividend of NT\$0.3 for the year 2006 (subject to AGM approval); the Company aims to maintain and gradually increase cash payout ratio and percentage of cash dividend taking into consideration capital needs of the Company and investor preference

Net Income – Q1 2007

Group Net Income



Net Income Contribution

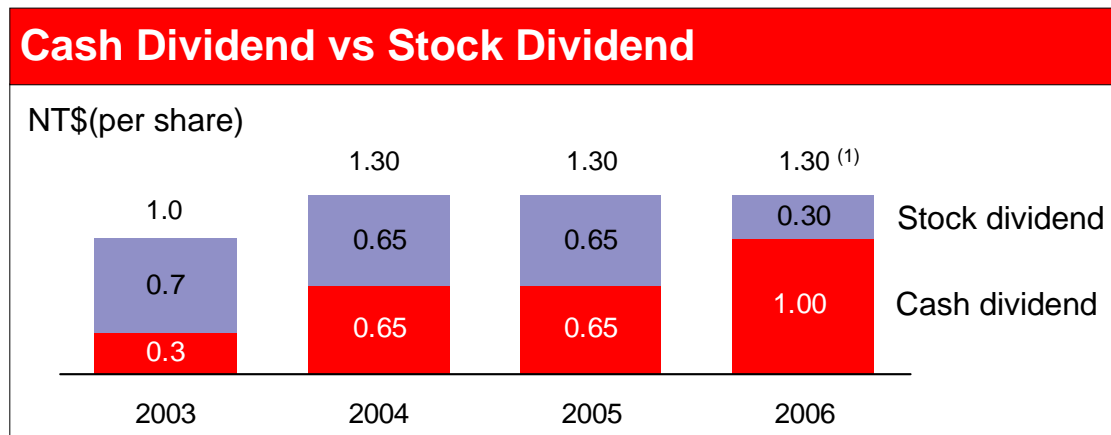
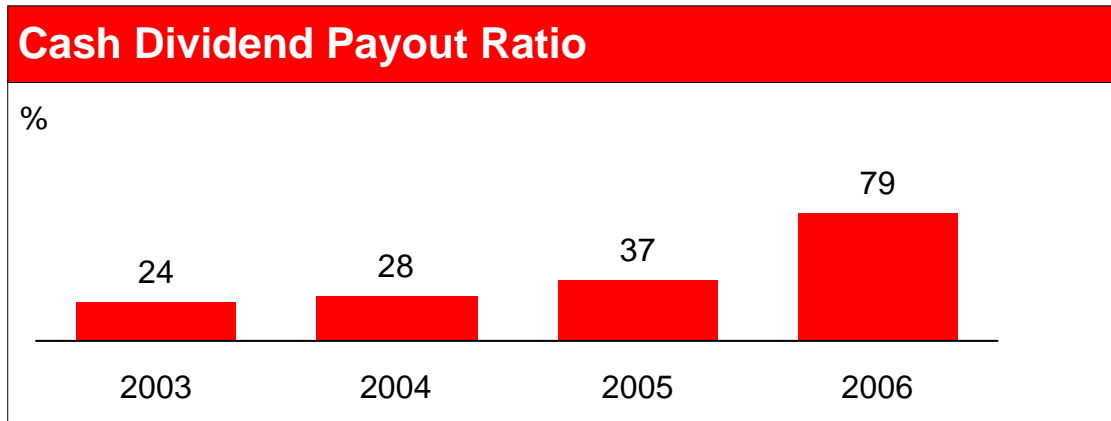
NT\$Bn

Subsidiaries	Q1 2007	YoY
Shin Kong Life ⁽¹⁾	6.82	-13%
Shin Kong Bank	0.09	-
Shin Kong Securities	0.26	8%
Shin Kong Investment Trust	0.02	-
Shin Kong Insurance Brokers	0.01	-36%
FHC and tax	0.16	96%
Net income	7.36	3%

Note:

(1) Excludes minority interest income

Dividend Distribution



Comment

- Cash dividend payout ratio increased over the years
- Despite lower earnings and EPS in 2006, total dividend payout remained stable
- Long-term goal is to increase cash payout ratio and percentage of cash dividend

Note:

(1) Subject to AGM approval

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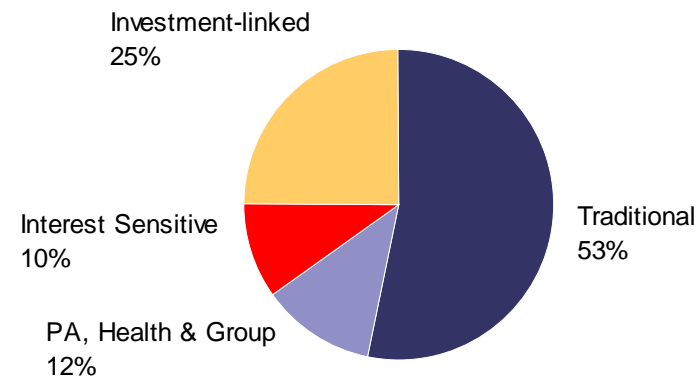
Shin Kong Life

- 2nd largest life insurer in Taiwan with 13% market share and 3 million customers
- Strong distribution network with 12,000 agents, 360 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	2004	2005	2006
Total Premium	154.6	159.0	181.5
Net Income	6.5	7.4	11.8
Total Assets	834.3	967.6	1,117.2
Shareholders' Equity	47.8	54.4	70.0
ROE ⁽¹⁾	21.8%	18.7%	21.9%
ROA	0.85%	0.82%	1.13%

2006 Total Premium Written

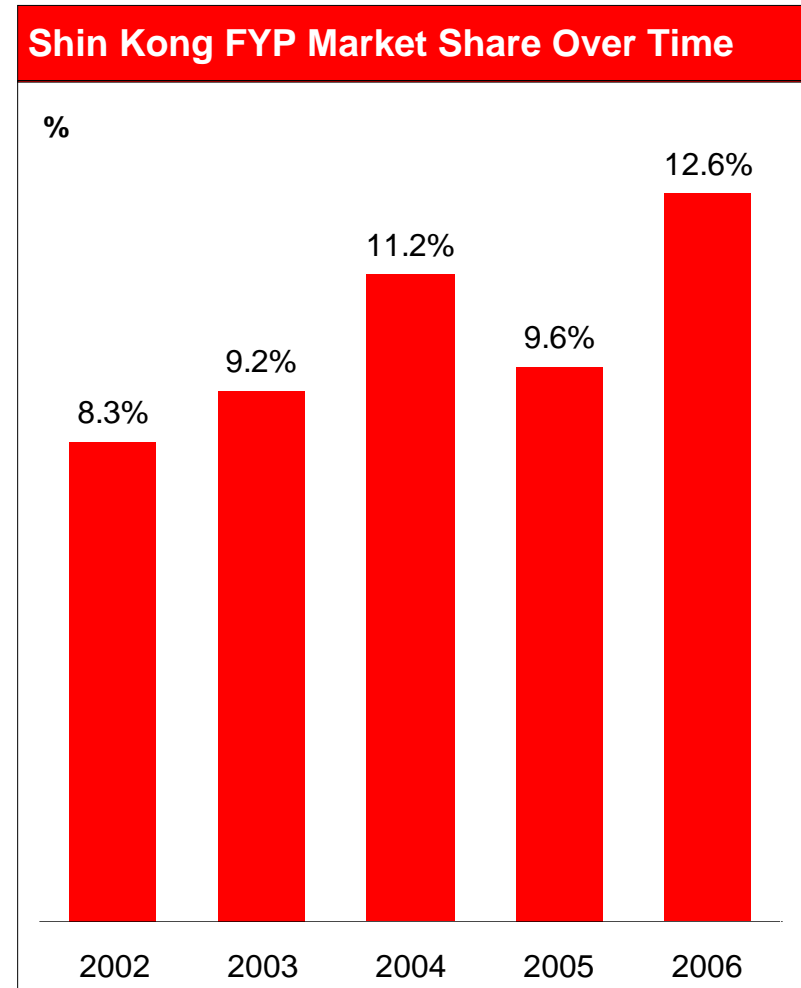
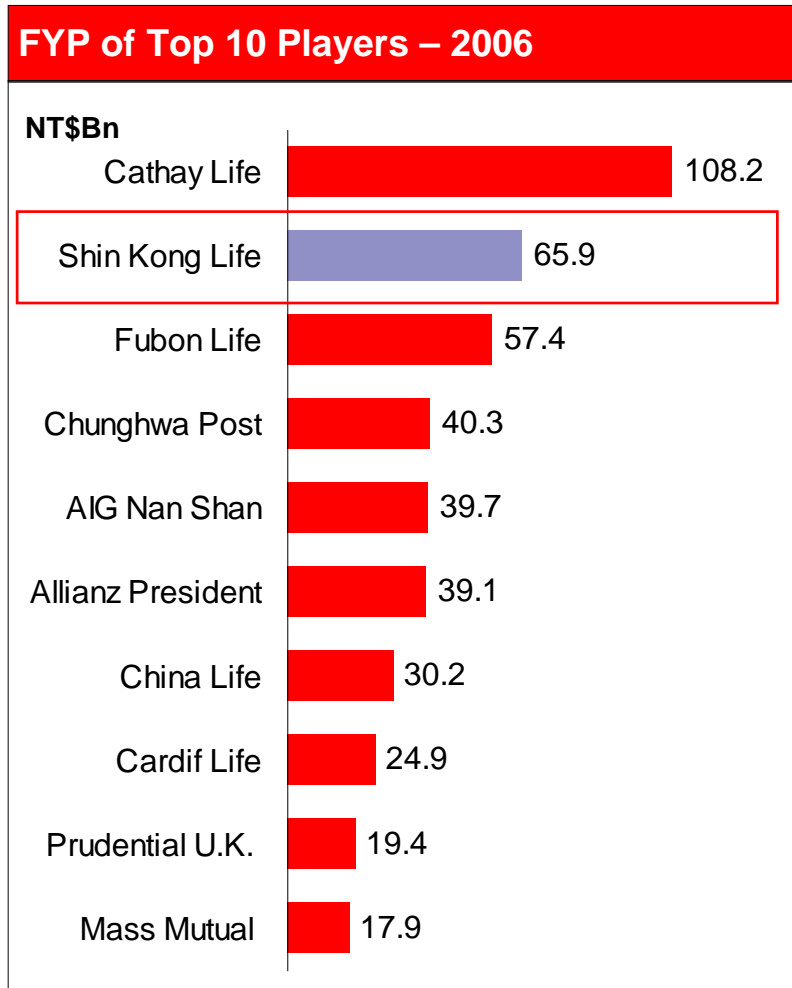


Total Premium Written: NT\$181.5 Bn

Note:

(1) Excludes preferred shares

Shin Kong Market Share



Source Life Insurance Association of R.O.C.

Awards and Recognition



Taiwan Superbrand (2006)
by Superbrands International



Information Disclosure A+ (2005)
by Securities & Futures Institute



Institutional Investor of the Year (2006)
by Finance Asia



Insurance Faith, Hope and Love Award
by Risk Management & Insurance Media Group



National Quality Award (2004)
by MOEA
ISO National Quality Verification (2000, 1998)



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

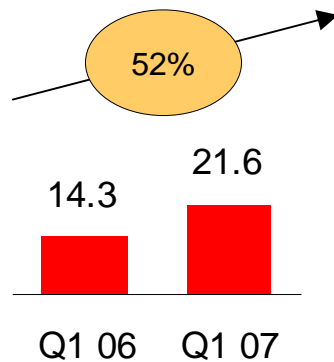
SKL – Q1 2007 Overview

- Strong growth in premium and earnings: Q1 after-tax profit was NT\$6.84bn, up 98% (yoy) excluding one-off items (e.g., gains from real estate securitization and impact of accounting changes)
- Robust sales in investment-linked policies pushed FYP up by 52% (yoy) to NT\$21.6bn; maintained number 2 position in the market with market share increasing from 12.6% to 13.7%
- Premium mix: 80% investment-linked policies, 12% interest-sensitive policies and 8% traditional and related policies
- Achieved robust investment return, on-track to achieve the 5% annual target. Main drivers are strong equity performance, low hedging cost and stable recurring income. Fixed income securities are mainly AAA-rated, and exposure to U.S. sub-prime mortgages is limited (all CDOs are A-rated or above)
- 13 and 25-month persistency continued to improve, 13-month persistency already close to 90%
- 2006 EV increased 30% to NT\$115.2bn driven by strong profits, unrealized gain on financial investments, and 2006 VNB. VNB increased 13% to NT\$8.9bn

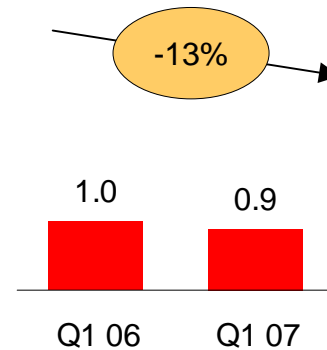
First Year Premium – Q1 2007

NT\$Bn

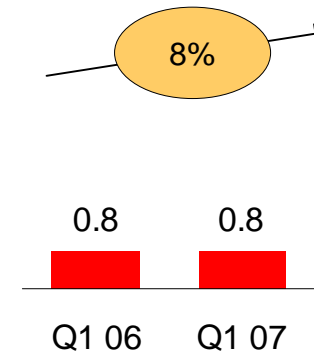
Market share 13.7%



Traditional



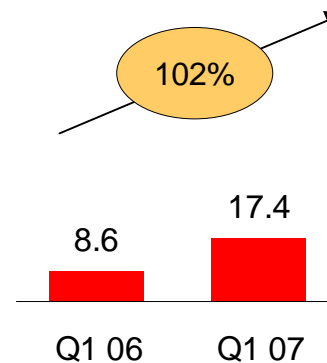
PA, Health and Group



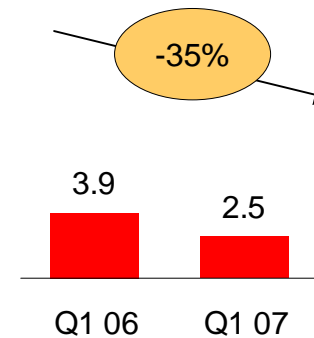
Comments

- FYP growth above market average of 25%
- ~80% of FYP from investment-linked policies, which is in line with industry; VUL accounted for 90% of investment-linked premium

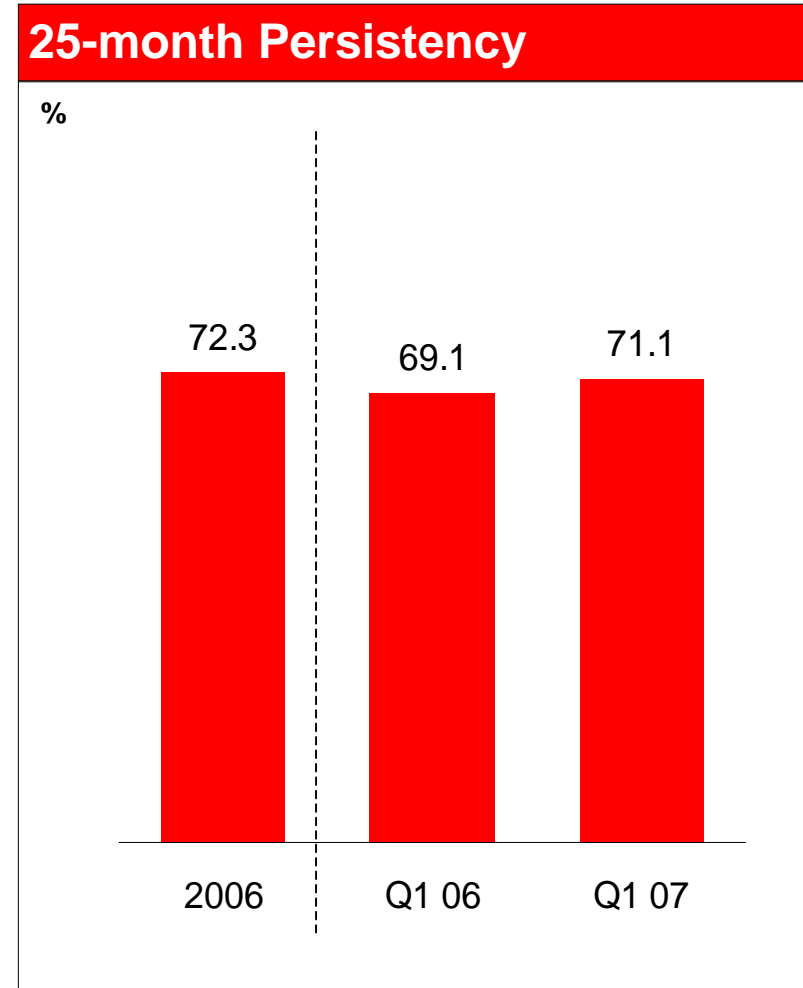
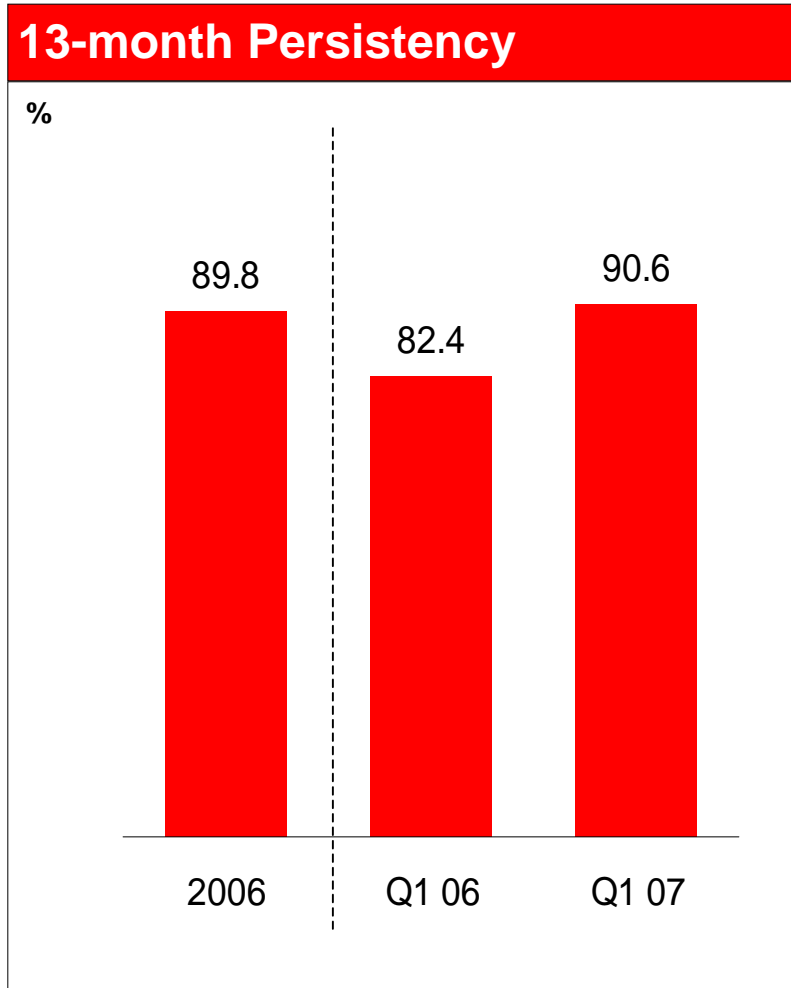
Investment-linked



Interest-sensitive

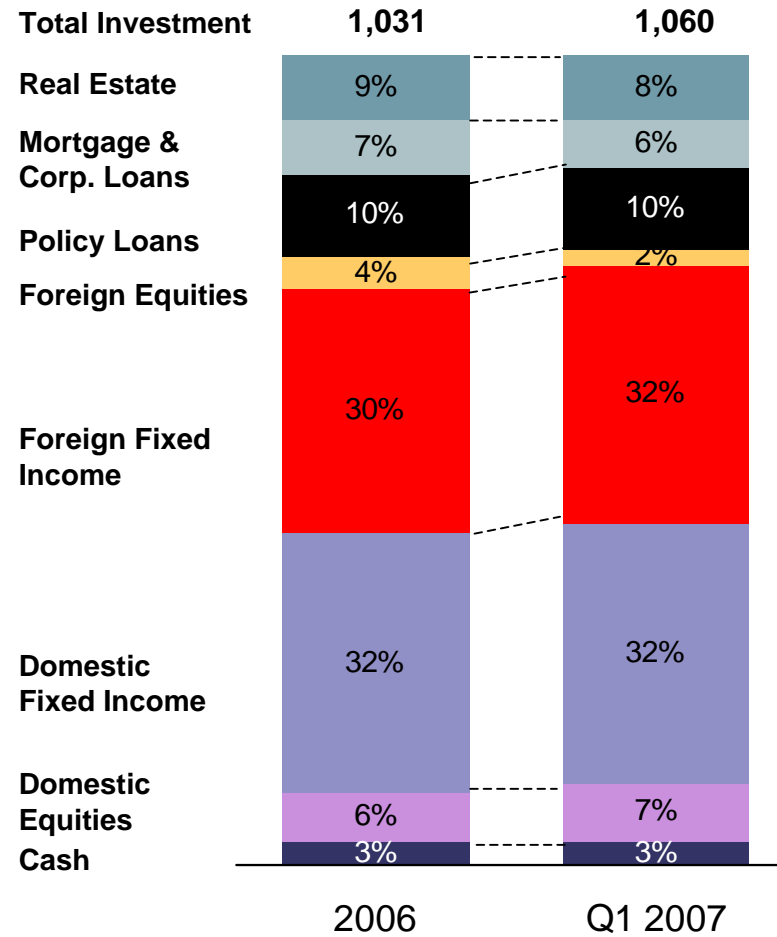
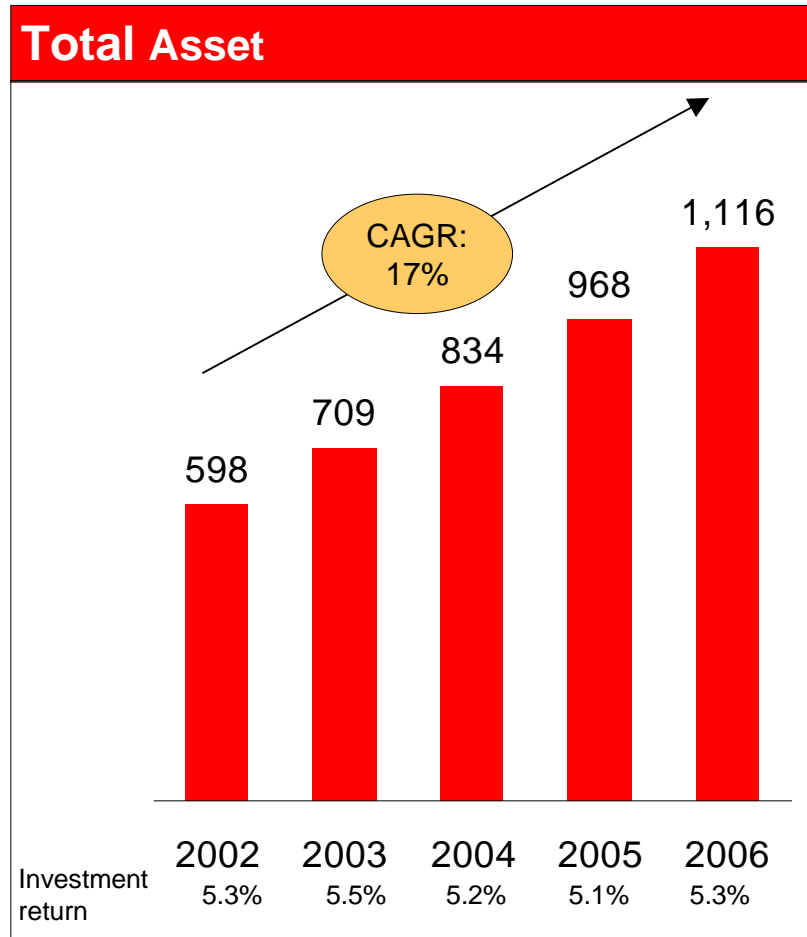


Persistency Ratio

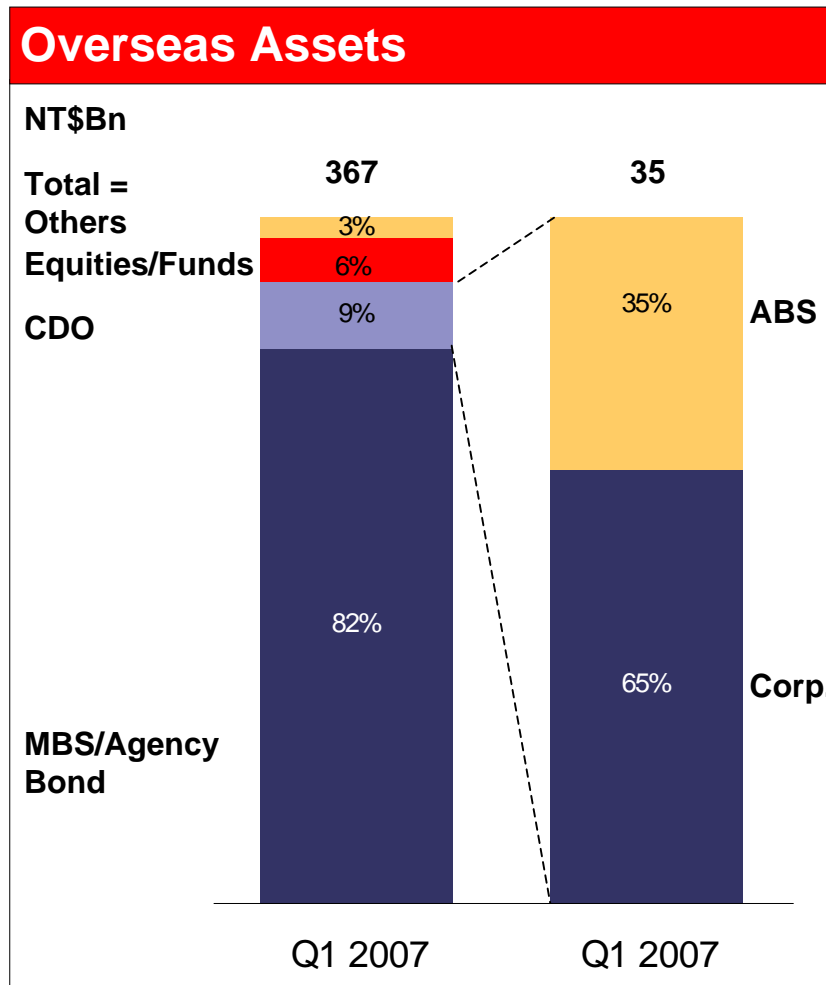


Investment Portfolio

NT\$Bn



Overseas Assets – Prudent Credit Exposure



Comments

- Majority of overseas assets are AAA rated
- All CDOs are continuously rated by S&P/Moody's/Fitch and bear rating of A or above
- 35% of CDOs are referenced to Asset Back Securities which consist of diversified set of collaterals in RMBS, CMBS, Auto Loans, etc.
- All ABS CDOs are managed by first tier external fund managers in US/Europe
- ABS CDOs are mostly ramped up before 2006 and therefore exposed to safe vintages of 2005 and 2004 with cushion from home price appreciation and principal repayment

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	2 Office Buildings, 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	\$3.5 bn ⁽³⁾	0.57bn ⁽⁴⁾

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) Credited in January 2006 when asset transfer was completed
- (4) Amortized over four years

SKL – Q2 2007 Outlook

- Target stable growth in FYP. New products expected to enhance overall profit margin:
 - Launched new VUL product at end of March with flattened loading and compulsory renewal of basic premium
 - Focus on endowment (e.g., Duo-Tsair-Duo-Yih), long-term care and cancer policies to sustain sales of traditional products
- Maintain 5% overall investment return target and effectively control hedging cost at 200bps or below; closely monitor developments in U.S. mortgage market
- Develop both agency and bancassurance channels. SKB continues to provide a strong cross-selling platform for bancassurance
- Identified China joint venture partner, and submitted application to Mainland Chinese authorities; expect to receive approval to set up preparatory office in Q3 and permission to set up operation in another 6 months
- Raising of overseas investment cap will help diversify risk and enhance investment return. Foreign-currency policies (to be allowed) will offer growth opportunities
- Aim to grow VNB by 10-15% every year

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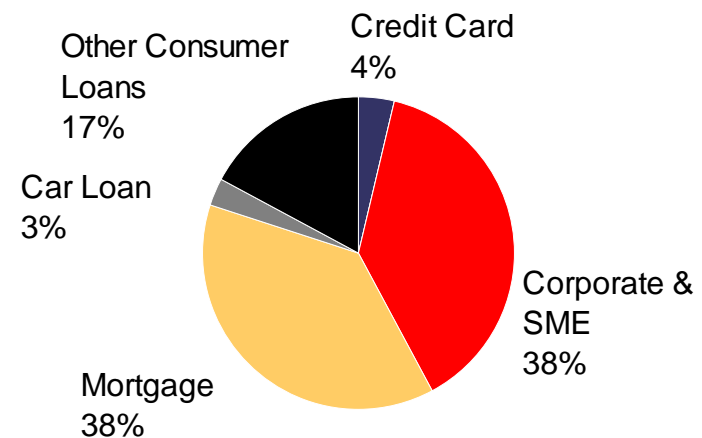
Shin Kong Bank

- 10th largest private bank in Taiwan
- Over 2 million customers and 1.3 million credit cards outstanding
- 108 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

Financial Overview

NT\$Bn	2004	2005	2006
Total Loans	54.34	204.76	232.31
Total Deposits	74.68	284.42	286.92
Net Income	0.02	(0.26)	(7.28)
Total Assets	86.27	338.54	351.53
Shareholders' Equity	10.51	19.82	19.90

2006 Loan Breakdown



Total Loan: NT\$242Bn⁽¹⁾

Note:

(1) Includes credit card revolving balance

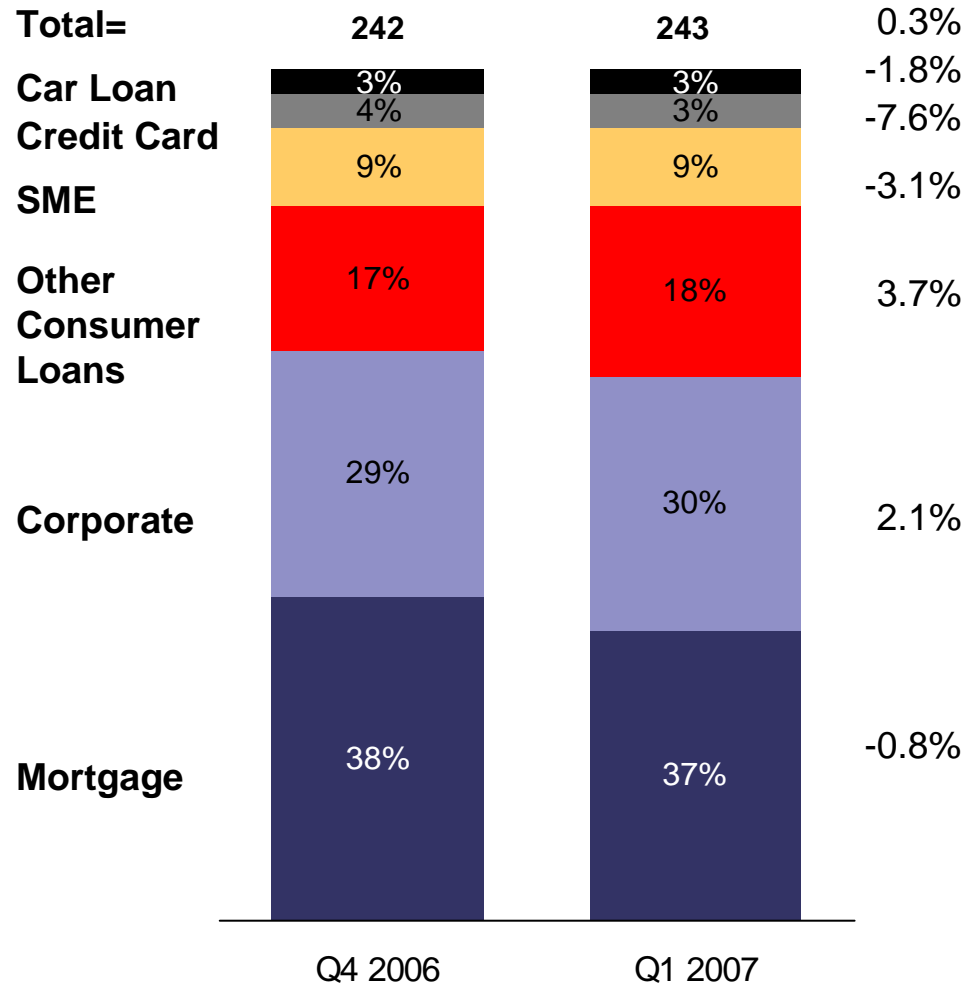
SKB – Q1 2007 Overview

- Net income improved to NT\$93mm compared to a loss of NT\$977mm as provision expense came down significantly from NT\$2.0bn to NT\$515mm
- Loan balance (\$234bn, excl. credit card revolving) and mix (60/40 between consumer and corporate) remained stable due to more stringent policies on credit and pricing; L/D ratio remained high at 83%
- Net interest income increased by 5.4% (QoQ). Rising funding cost caused by Central Bank rate hikes narrowed NIM and net interest spread by 5bps and 7bps respectively to 2.08% and 2.10%
- Good progress in wealth management with fee income up by 500% (yoy), representing 31% of total fee income. Achieved bancassurance cross-sales of NT\$2.4bn and increased proportion of traditional policies
- Credit card NPL and LLR coverage ratios remained stable at 2.53% and 408% respectively; quarterly write-offs declined from NT\$0.8bn to NT\$0.7bn, and the charge-off ratio decreased slightly to 5.35%
- Overall NPL ratio was 2.01%. Mortgage loan quality continues to improve with NPL coming down from 1.27% at the beginning of the year to 1.14% at the end of Q1. LLR coverage reduced slightly to 72.48% from the high level achieved through one-off provisioning last year

Loan Mix

NT\$Bn

QoQ Growth

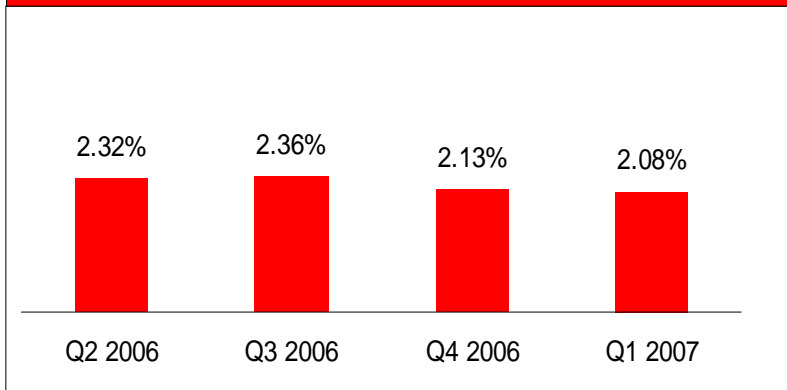


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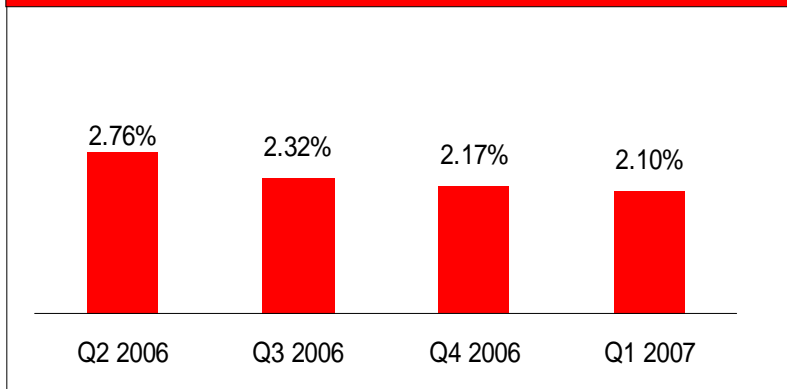
- Loan balance and mix remained stable due to more stringent policies on credit and pricing
- Slower growth in mortgage driven by tighter credit criteria and avoidance of price competition, e.g., no high or 100% LTV mortgage, <80% LTV for new loans, and ~40% of new growth from Greater Taipei area
- L/D ratio remained high at 80% (83% if credit card balance was included)

Interest Yield

Net Interest Margin



Net Interest Spread

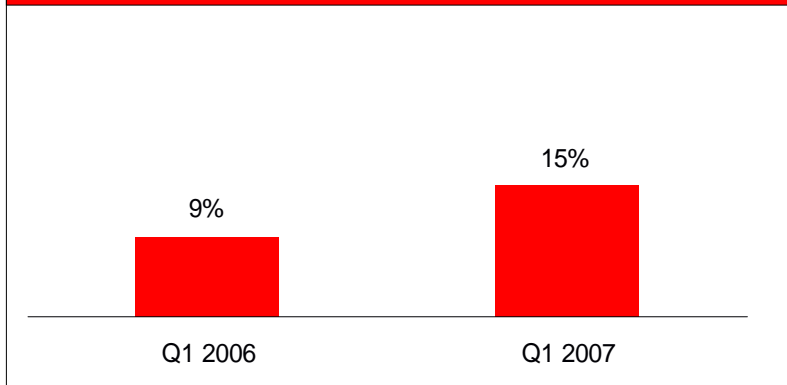


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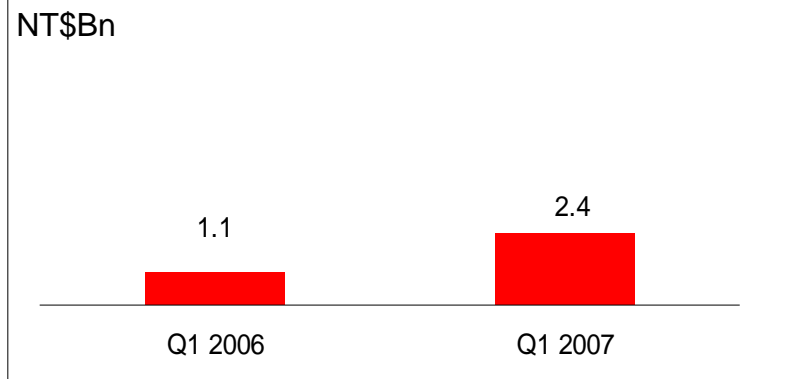
- Reasons for tightened interest margin
 - Deposit rates continued to be pushed up by Central Bank rate hikes
 - Growth came mainly from low-risk segments
- Interest margin remains under pressure but will stabilize as loan rates are gradually moving up

Fee Income

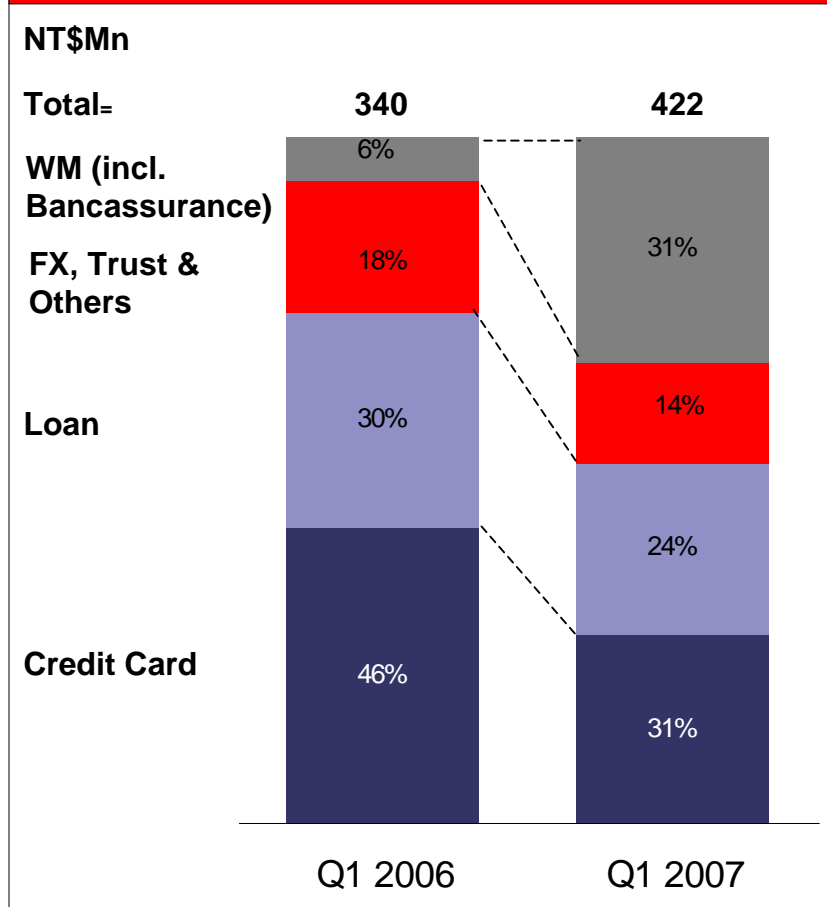
Fee Income / Total Income



Bancassurance (SKL) - FYP



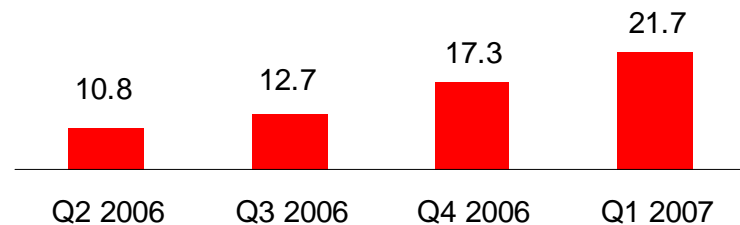
Fee Income Breakdown



Wealth Management

AUM

NT\$bn

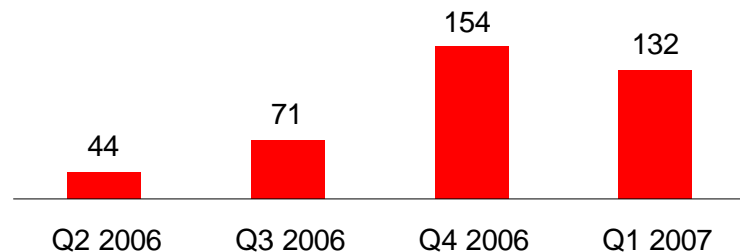


Wealth Management Center



WM Fee Income

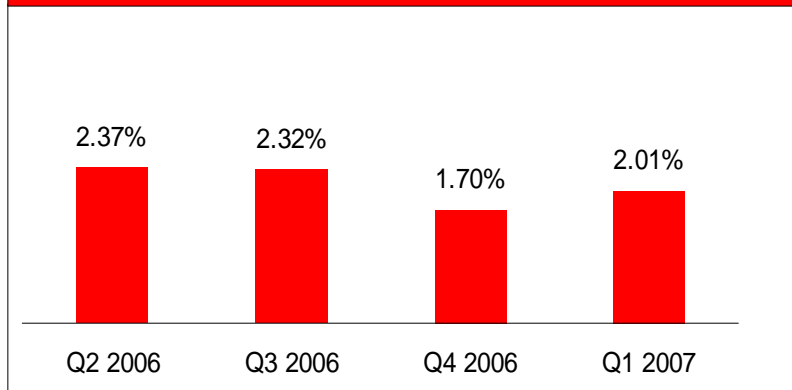
NT\$Mn



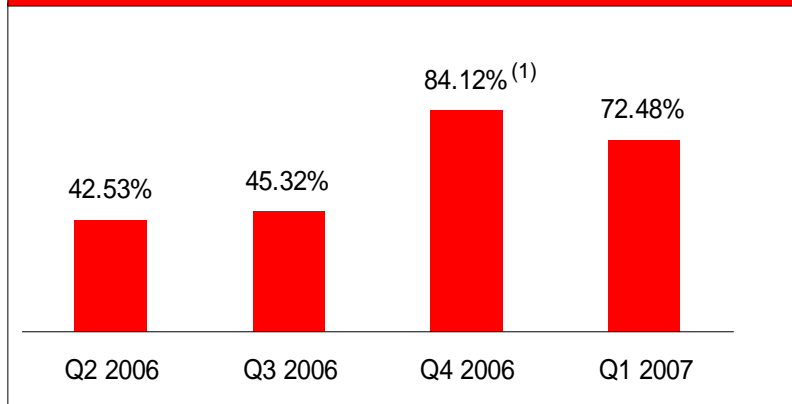
- Good progress in wealth management
 - WM accounted for 31% of total fee income, up from 6% in Q1 2006
 - AUM expanded by 25% compared to Q4 2006
 - Focus on penetrating existing customers and leveraging established relationships in central and northern Taiwan
 - Gradually reached critical scale to provide more comprehensive and tailor-made products

Asset Quality

NPL Ratio



Coverage Ratio



Comments

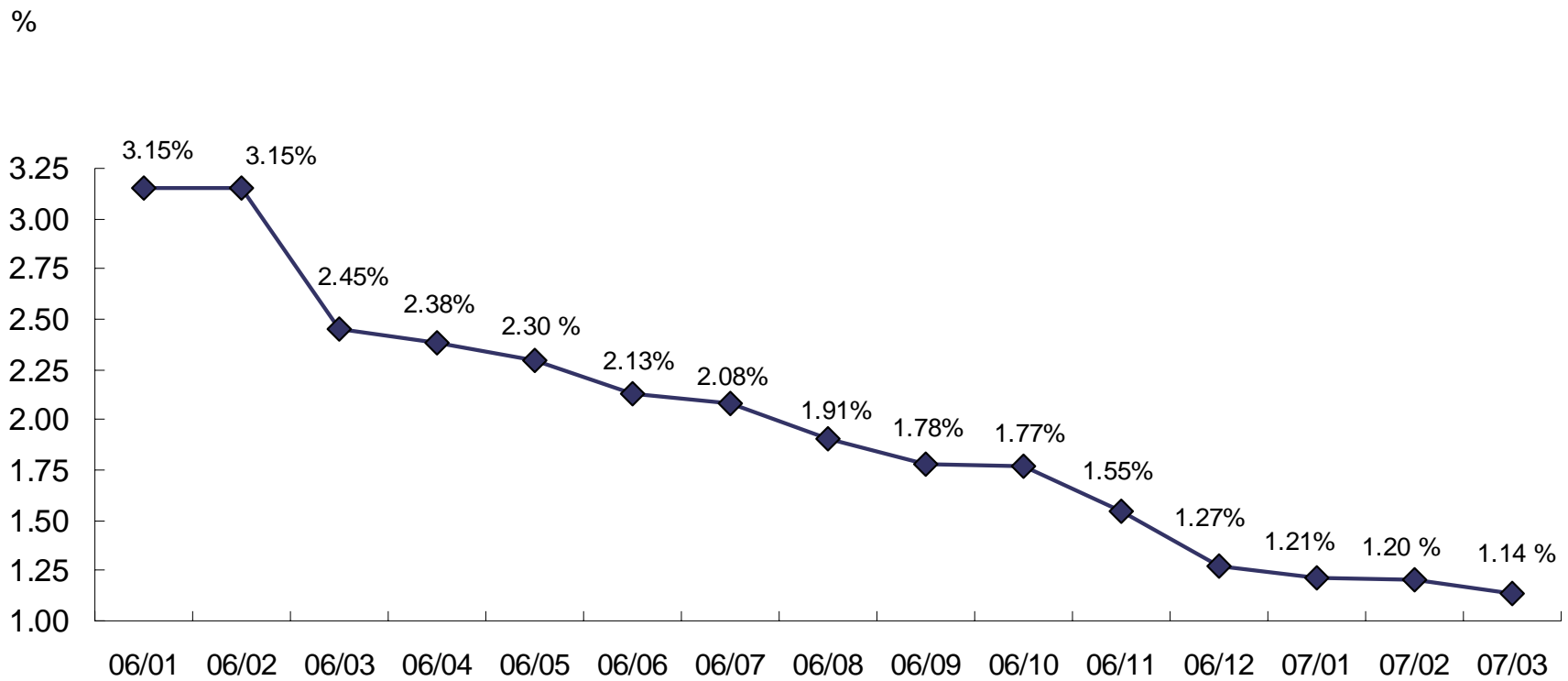
- Overall NPL maintained at 2%; NPL of mortgage improved from 1.27% at the beginning of the year to 1.14% at the end of Q1
- Coverage ratio declined slightly since one-time provision at the end of 2006, but is still above Company's medium term target of 40%
- Cumulative repayment rate of DRP at ~79%, in line with Company expectation. 86% of DRP balance has made three consecutive payments or more

Note:

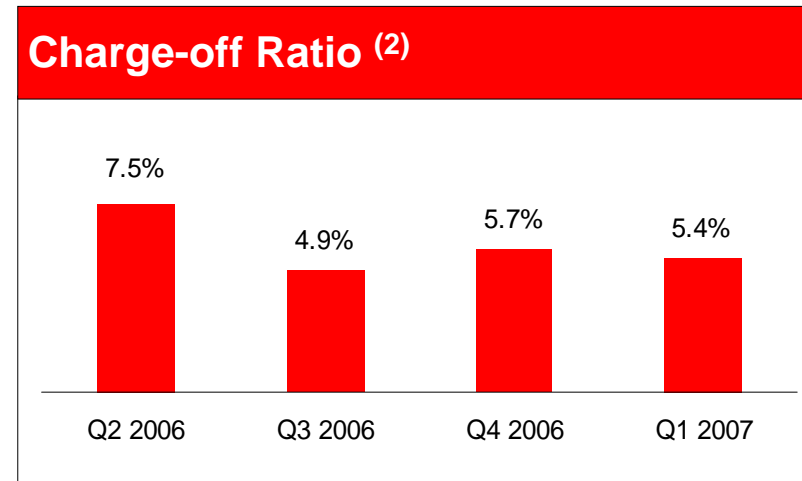
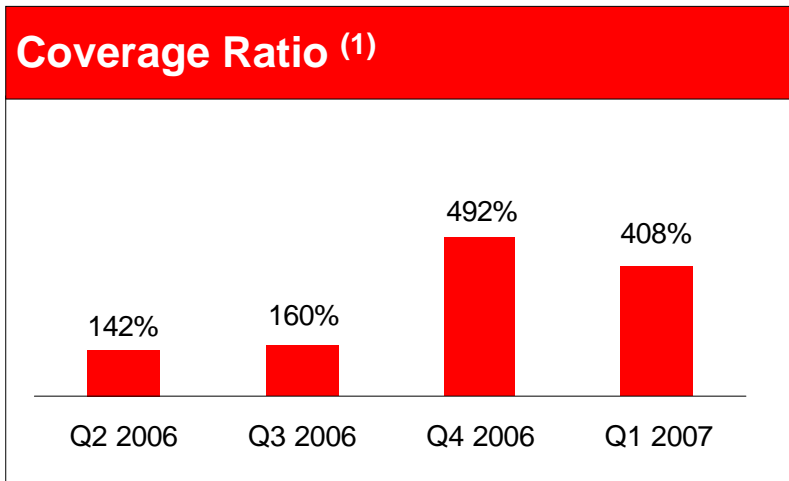
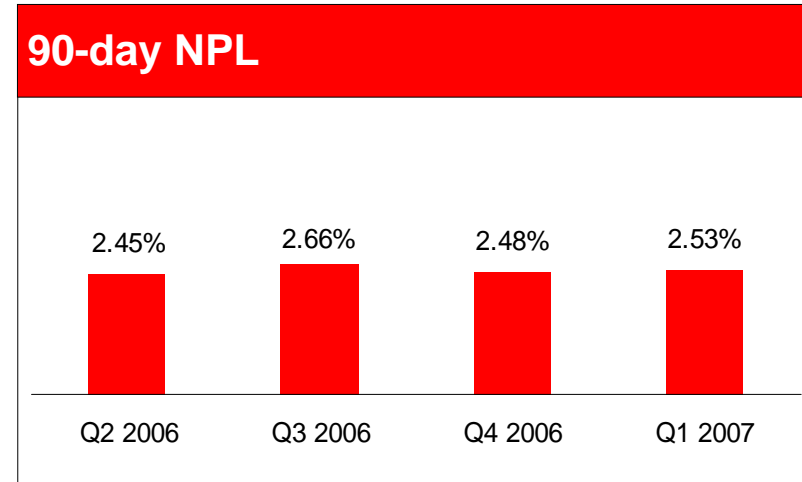
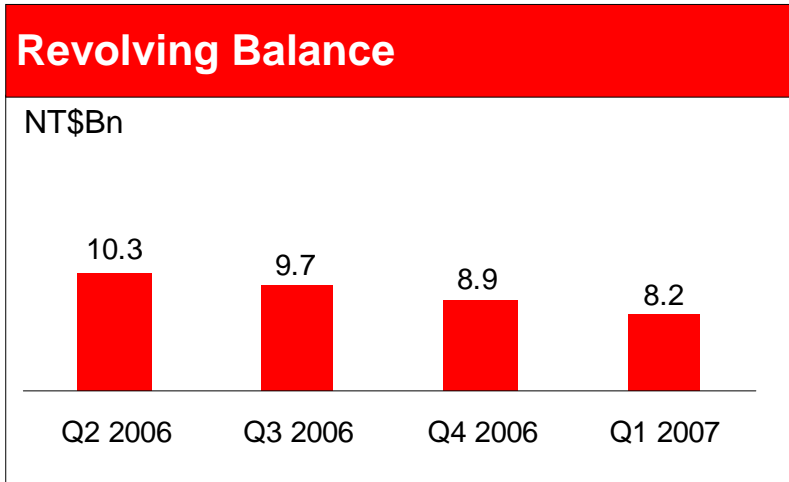
(1) Took NT\$4.47 bn of one-time provision at year-end 2006

NPL Ratio for Mortgage Loan

3-Month NPL Ratio



Credit Cards Metrics



Note:

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

SKB – Q2 2007 Outlook

- Stable loan growth to maintain interest margin and asset quality
- Interest margin expected to stabilize. Future regulatory audits will include pricing policy to ensure that funding cost and risk premium are fully reflected
- Momentum in WM expected to sustain due to rapid expansion in AOs and products, low penetration of existing customer base and Shin Kong's ability to leverage group resources
- Quality of credit cards gradually stabilizes and repayment of DRP loans expected to sustain. By year-end, losses (before recovery) may reach 30~50%
- Overall loan quality remains healthy. Stringent credit reviews and LTV limit helped maintain loan quality of mortgages
- Uncertainties exist on the regulatory front. Passage of CDSA (Consumer Debt Settlement Act) may cause another wave of moral hazard and increase credit risk in the unsecured and mortgage businesses

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SKL - EV & AV Result

Unit: NT\$Bn

	2005.12	2006.12	YoY growth
Adjusted NAV	84.6	100.3	18.6%
VIF	38.3	44.2	15.4%
COC	34.6	29.3	-15.3%
EV	88.3	115.2	30.5%
V1NB	7.9	8.9	12.7%
AV (5 years NB)	113.3	143.0	26.2%
AV (20 years NB)	143.0	170.4	19.2%

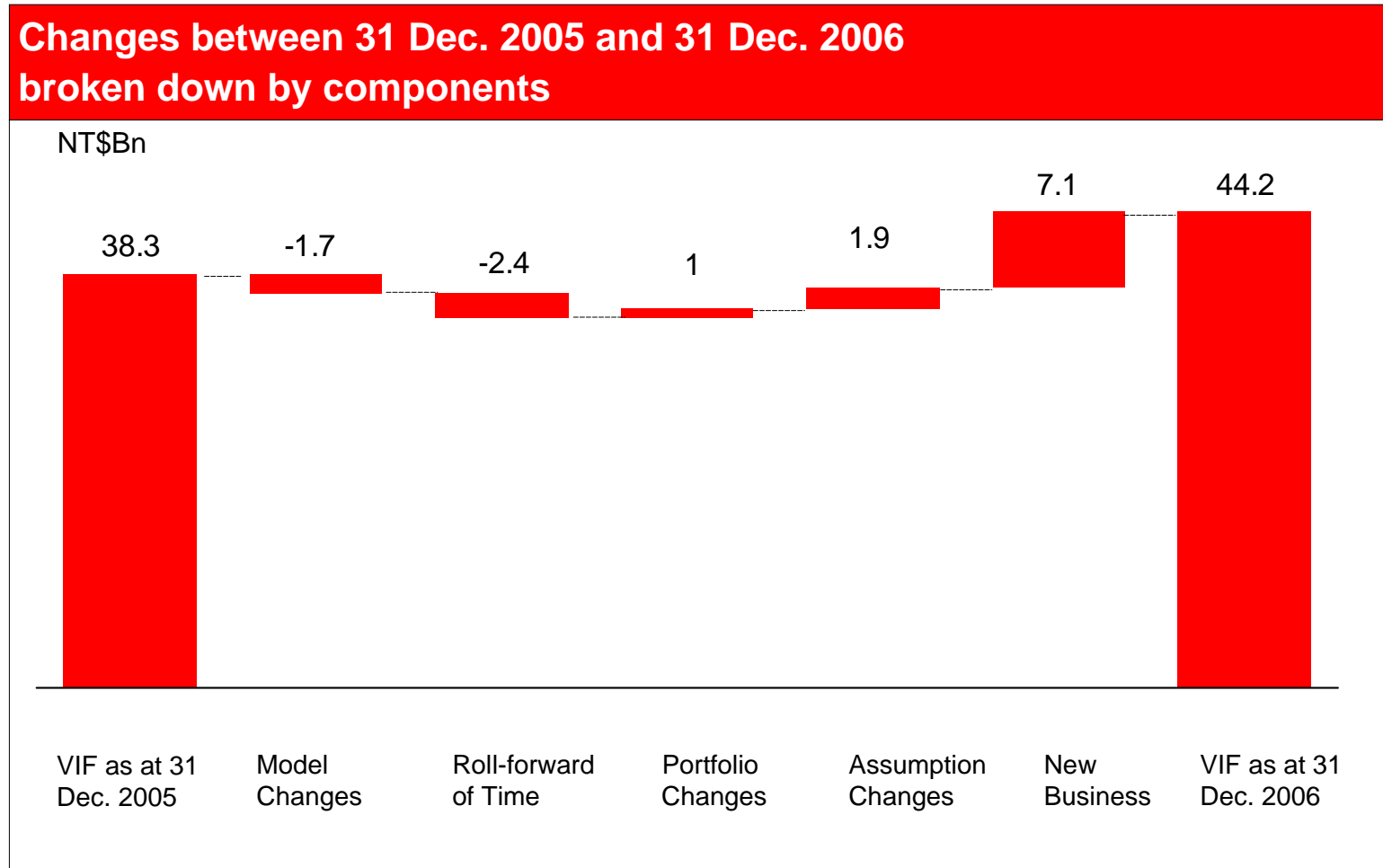
SKL - Estimate of Embedded Value Results

Unit: NTD bn Valn Date: 31 December 2006 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except:		Inv Return 5.05% p.a. RDR 11.90% p.a.	All else equal except:	
	Inv Return 4.80%	Inv Return 5.30%		RDR 10.90%	RDR 12.90%
Net Worth	100.3	100.3	100.3	100.3	100.3
VIF	20.5	65.0	44.2	48.1	41.0
EV (before COC)	120.8	165.3	144.5	148.4	141.3
Cost of Capital (COC)	29.9	28.6	29.3	28.0	30.3
EV (after COC)	90.9	136.7	115.2	120.4	111.0

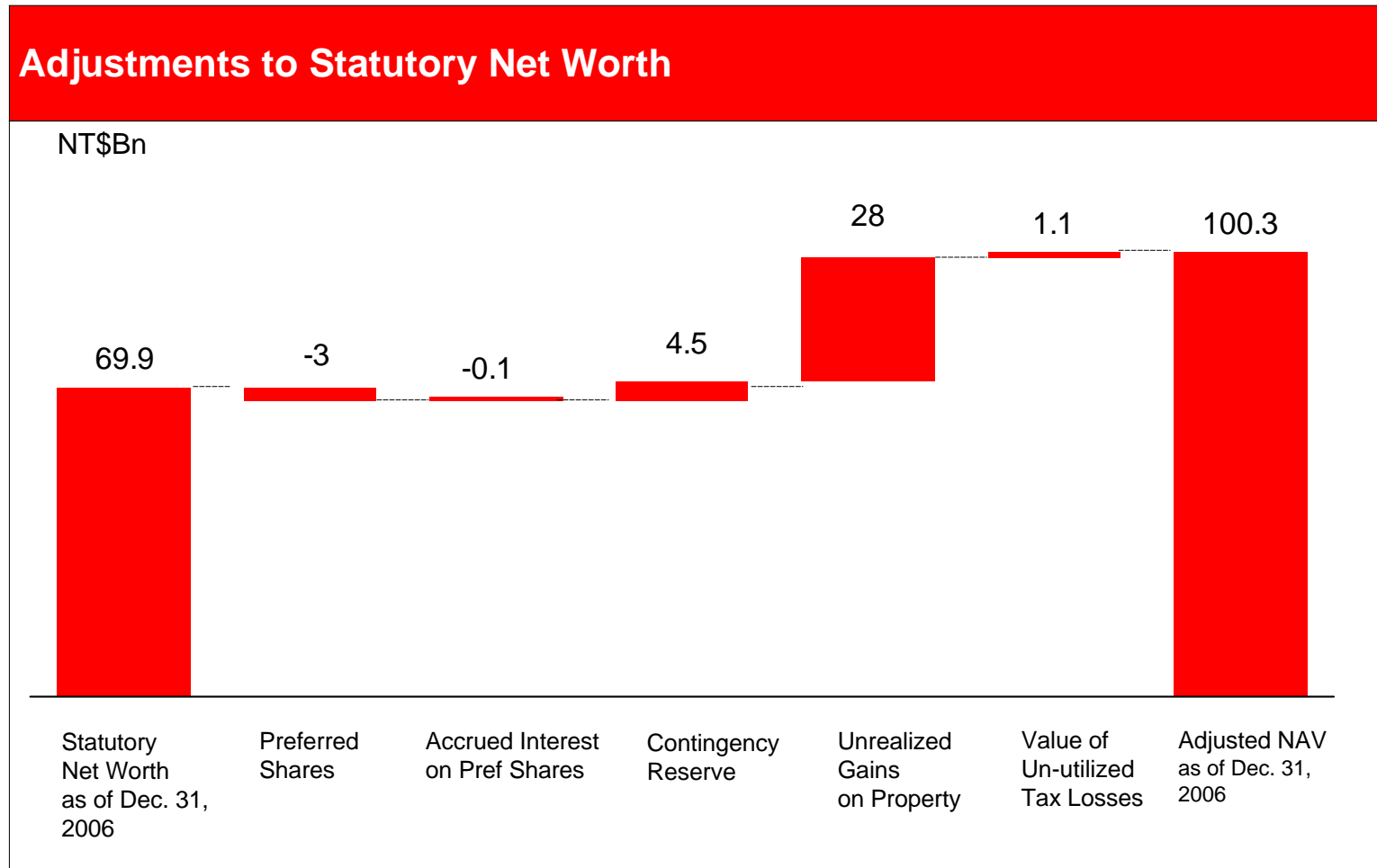
SKL - Estimate of Appraisal Value Results

Unit: NT\$Bn Valn Date: 31 Dec, 06 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		Inv Return 5.05% p.a. RDR 11.90% p.a.	All else equal except	
	Inv Return 4.8%	Inv Return 5.3%		RDR 10.90%	RDR 12.90%
Net Worth	100.3	100.3	100.3	100.3	100.3
VIF	20.5	65.0	44.2	48.1	41.0
Cost of Capital(COC)	29.9	28.6	29.3	28.0	30.3
EV after COC	90.9	136.7	115.2	120.4	111.0
V1NB after COC	8.4	9.4	8.9	9.7	8.3
AV (5 years NB)	117.2	166.0	143.0	151.3	136.2
AV (20 years NB)	142.6	195.4	170.4	184.2	159.2

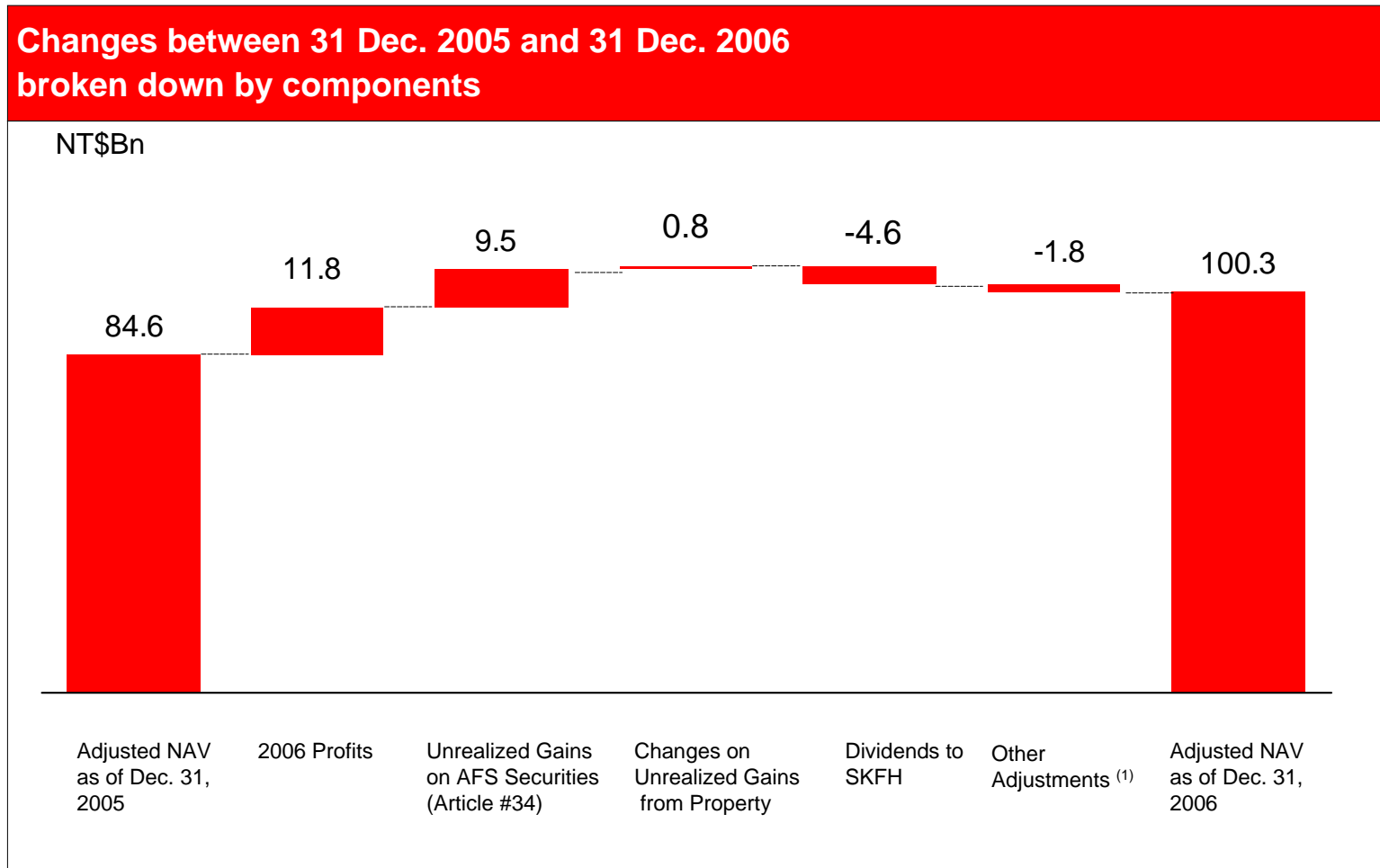
SKL - Change in VIF before COC



SKL – Adjusted NAV



SKL - Adjusted NAV



Note:

(1) Included changes in preferred dividends, contingency reserve, value of un-utilized tax losses, and other items.

Agenda

- I. SKFH
- II. Life Insurance Business
- III. Banking Business
- IV. Life's 2006 EV/AV Results

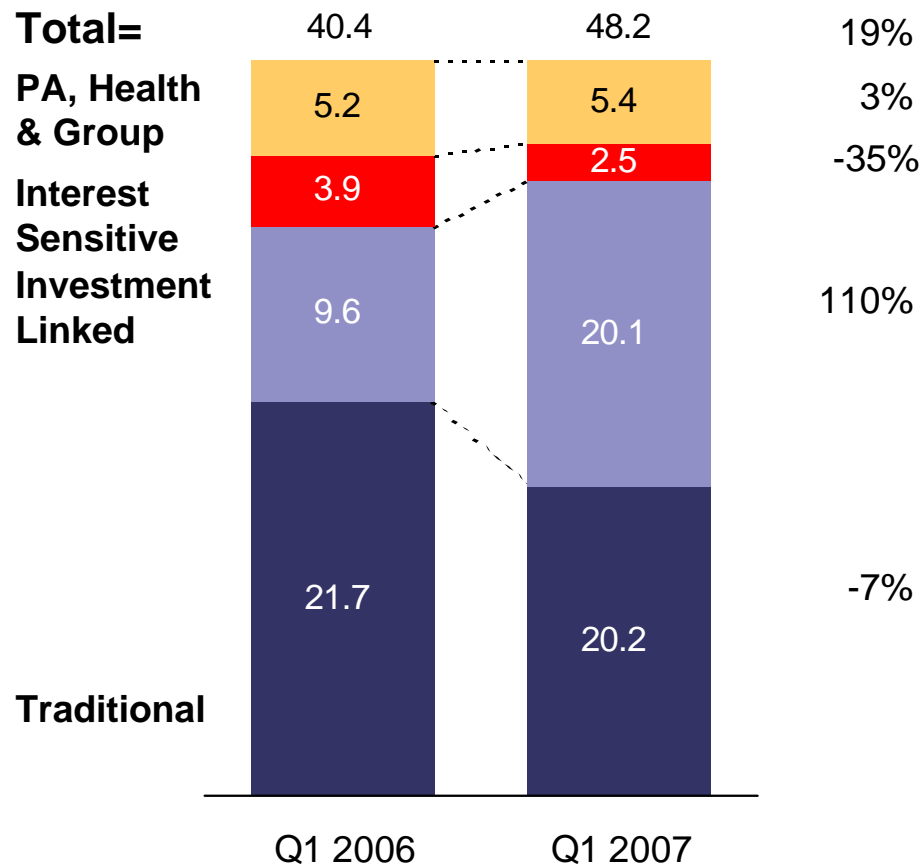
V. Appendix - Life

Total Premium – Q1 2007

NT\$Bn

Market Share = 11%

Growth

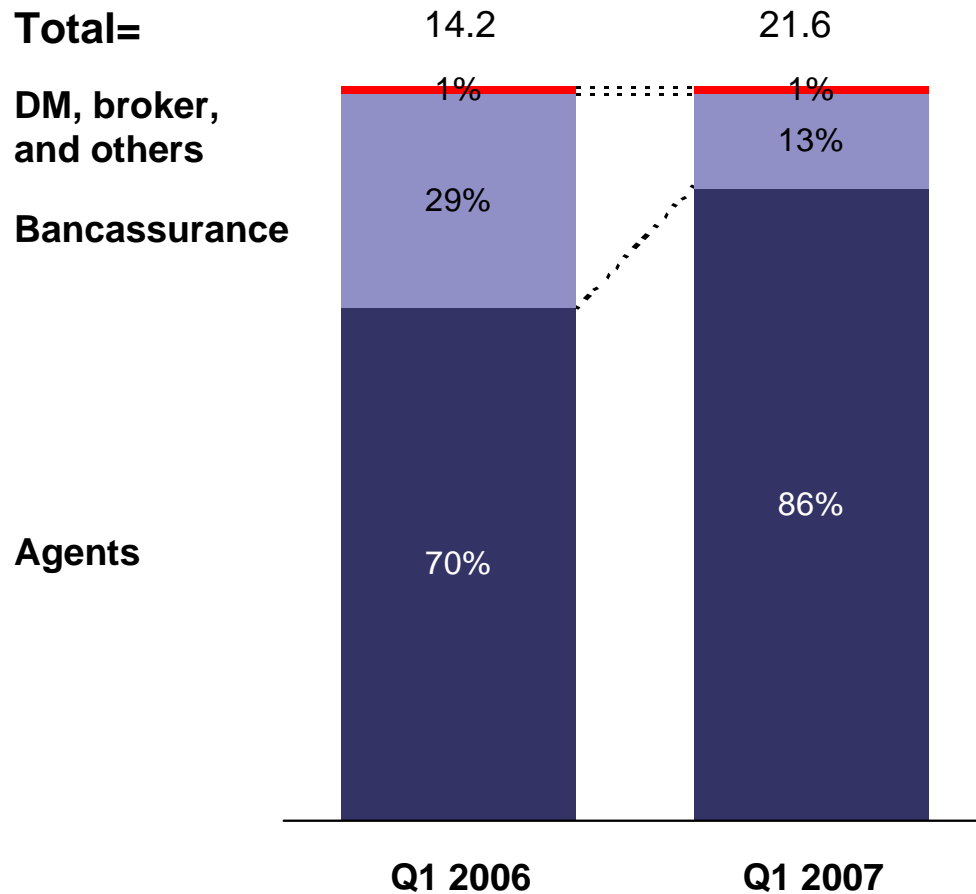


Comments

- Strong growth in total premium, mainly driven by increase in FYP
- Traditional products (mostly recurring premium) accounted for 42% of total premium
- Share of non-guaranteed rate policies (e.g., investment-linked and interest-sensitive products) increased to 58%

FYP by Channel

NT\$Bn



Comments

- Share of Agency channel (preferred channel for sales of traditional and investment-linked products) increased, driven by strong sales in investment-linked policies
- SKB accounted for 85% of bancassurance premium

SP / RP Breakdown – Q1 2007

NT\$Bn

Q1 2007 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	0.04	0.82		0.86
Investment-linked				
VUL			15.43	15.43
Structured note	1.96			1.96
Interest Sensitive				
Annuity	1.22			1.22
Life			1.29	1.29
PA, health and others		0.84		0.84
Total	3.22	1.66	16.72	21.60

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