

Confidential



Shin Kong Financial Holding

2007 Taiwan Global Investors Conference

Financial Panel

London/New York, September 2007

Disclaimer

This presentation and the presentation materials distributed herewith may 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.

Contents

I. Consolidation

II. Opportunities in Taiwan

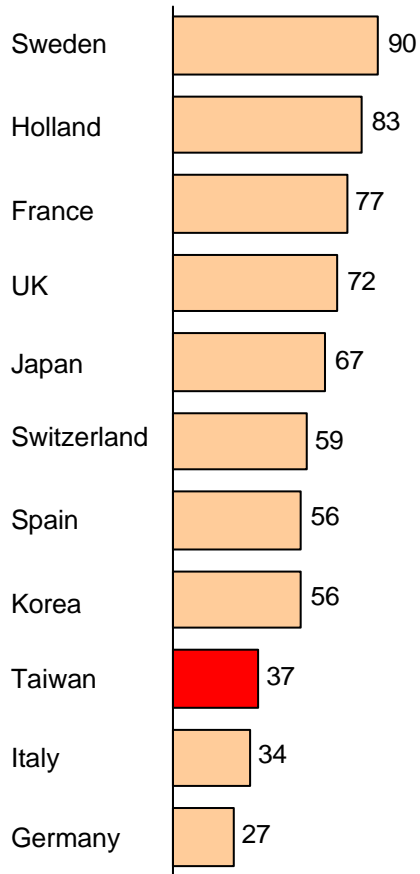
III. Opportunities in China

IV. Shin Kong Financial Holding

Taiwan is over-banked and over-branched

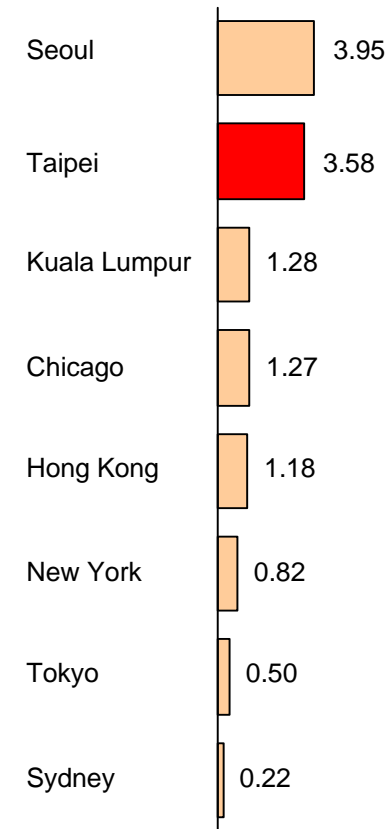
Taiwan's banking market is highly fragmented ...

Top 5 bank market share, 2005
Percent

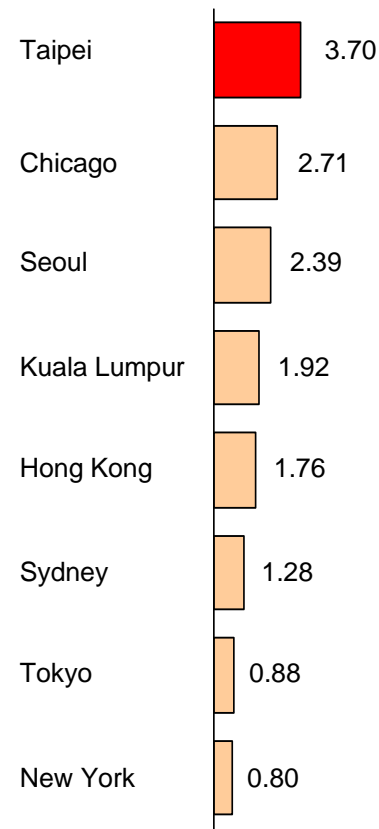


... and highly over-branched

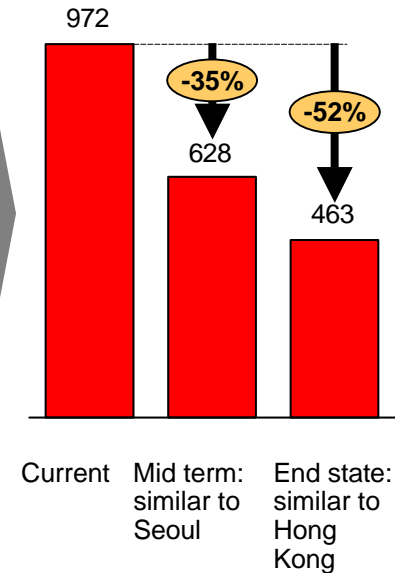
Number of branches per square kilometer, 2006



Number of branches per 10,000 capita, 2006



Potential number of branches needed in Taipei city ⁽¹⁾



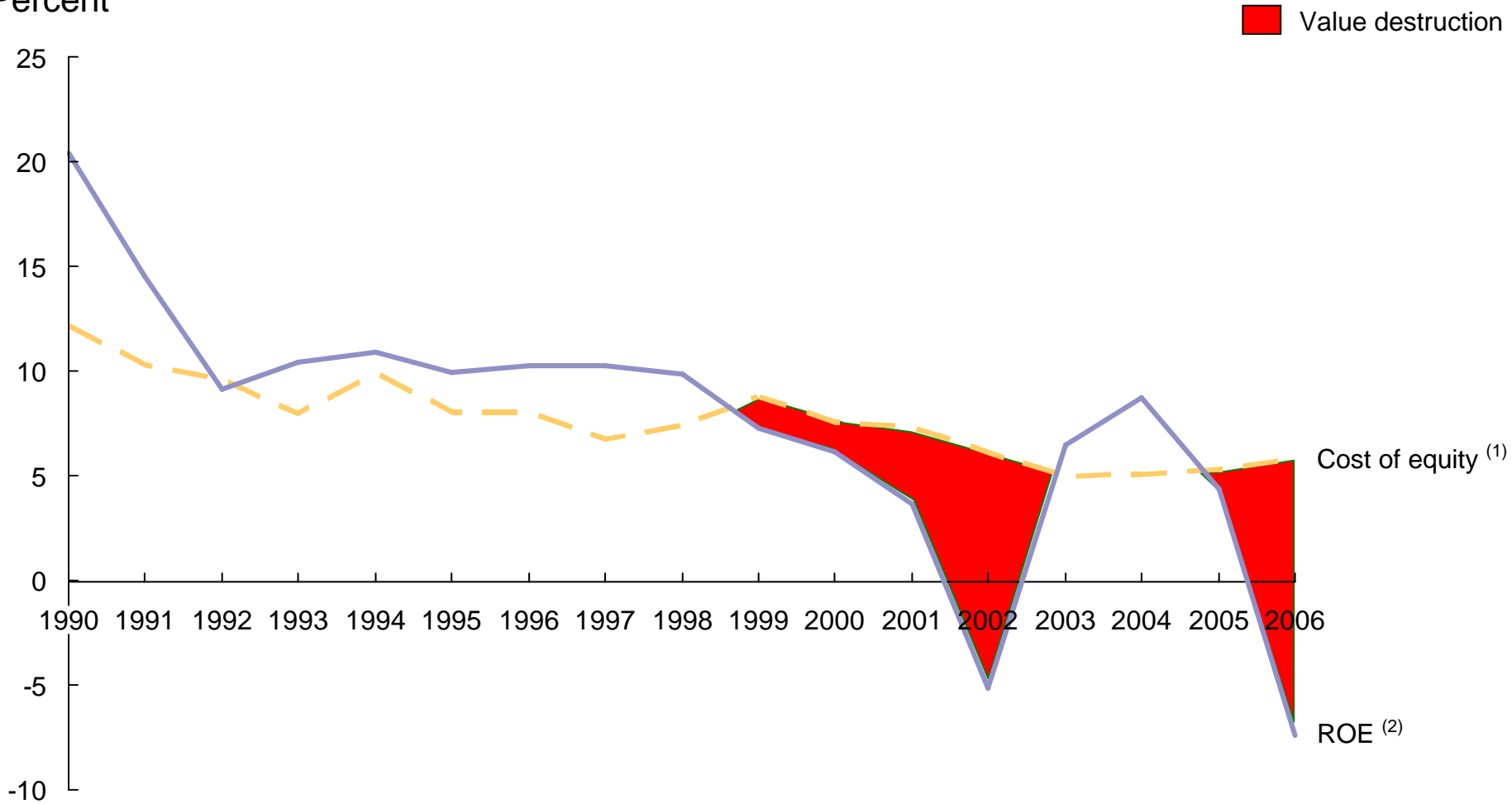
Note:

(1) Estimated based on population proportion

Source: McKinsey & Company

Overall banking return is unsteady

Percent



Note:

(1) Assumes 5% risk premium and 10-year government bond yield as risk free rate

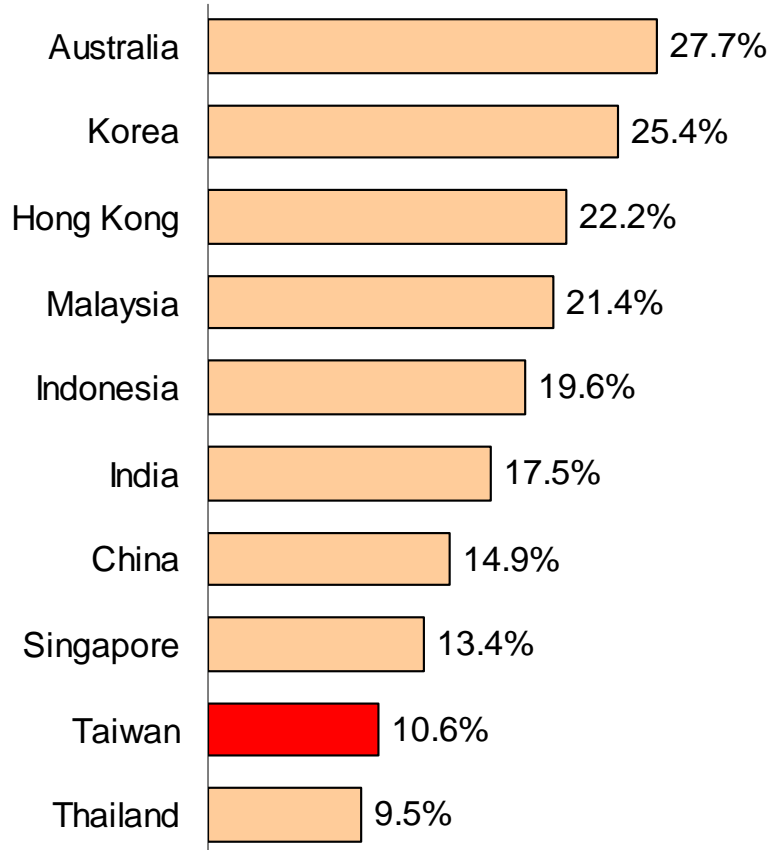
(2) Domestic bank only

Source: Central Bank, Bloomberg

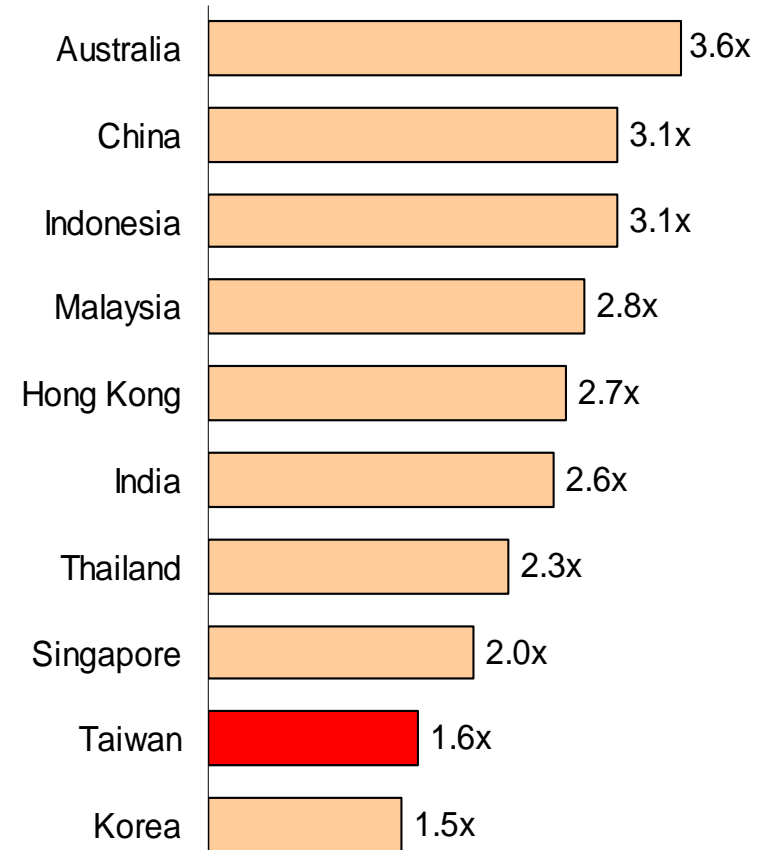
Banking returns and valuations are low

ROE and P/B of Taiwan financial institutions v.s. regional peers

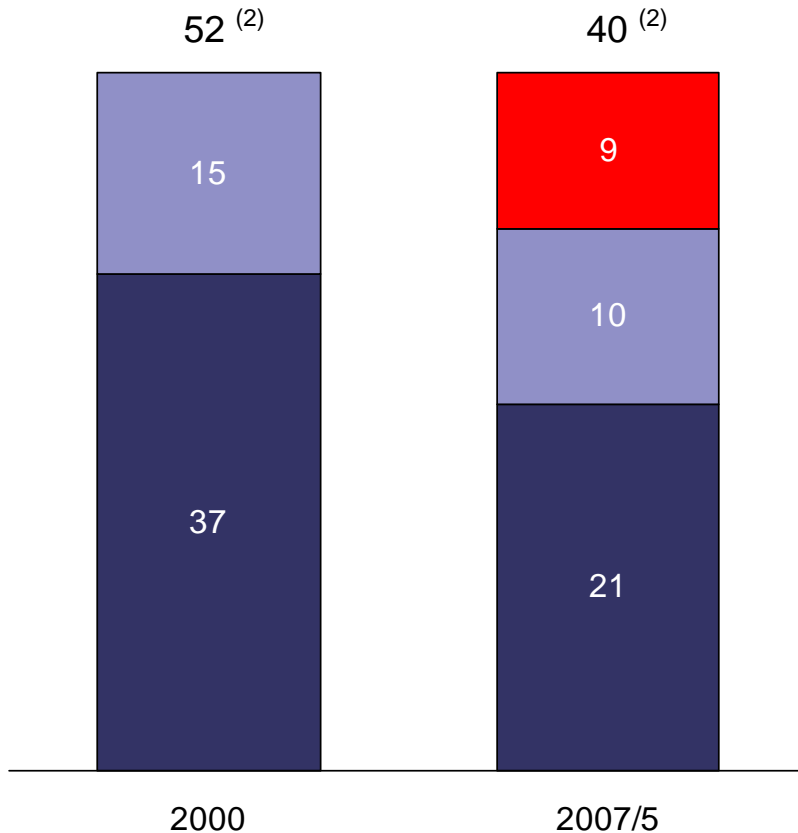
ROE - 2007E



P/B - 2007E



Limited consolidation so far



- Limited consolidation
- Banks merely re-grouped under new FHC “umbrellas”
- Subsequent to the card crisis,
 - 5 banks have been taken over by the government
 - Private equity firms have been active recapitalizing weak players
 - Foreign banks have acquired a number of mid-sized banks

Note:

(1) Government ownership > 20%

(2) Excluding around 300 community banks

Source: Financial Business Statistics (FSC)

Most M&As are distressed or PE deals

Distressed bank strategic alliance

Deal close date	Bank	Strategic investors	Status	% stake	Valuation	Deal structure
Feb-06	Taishin	Newbridge, Nomura	Completed	24.0%	NT\$18, market price	Newbridge purchased 6.8% in Taishin and can increase shareholding up to 22.3% through convertible bonds (5.4%) and preferred shares (10.2%). Nomura acquired a 1.7% stake and can increase shareholding up to 3.4% through preferred shares (1.7%)
Jun-06	Cosmos Bank	GE Consumer Finance	Completed	10%-24.9%	NT\$14, 5.1% discount	GE Consumer acquired a 10% stake in Cosmos at NT\$14 per share and another 14.9% convertible bond at NT\$16 per share. Cosmos will pay \$84mn technology transfer fee in four years
Jul-06	Jih Sun FHC	Shinsei Bank	Completed	31.8%	NT\$7, 20% discount	Shinsei acquired a 31.8% stake in Jih Sun at NT\$7 per share.
Dec-06	Taishin	Soros	Completed	4.0%	NT\$15, 20% discount	Taishin issues 267mn new common shares
Apr-07	Bank of Overseas Chinese	Citibank	Pending	100.0%	NT\$11.6-11.8, 5%-7% premium	100% cash acquisition, implying 2.9X price-to-adj book
Jun-07	Entie Bank	Longreach	Pending	50%	NT\$9.5, 20% premium	Longreach acquired 1,360 mn shares of common and 622 mn shares of convertible preferred shares. This is equivalent to 50% of total fully diluted shares
Jul-07	Tachong Bank	Carlyle	Pending	37%	NT\$17, 37% premium	Carlyle acquired 588 mn shares of common, 239 mn shares of convertible preferred and \$7.5 bn of convertible bond. This is equivalent to 37% of total fully diluted shares
Jun-07	Enterprise Bank of Hualien	Chinatrust	Completed	100.0%	NT\$4.49bn sponsor from CDIC	100% ownership transfer from CDIC
Jun-07	Taitung Business Bank	ABN-AMRO	Completed	100.0%	NT\$6.9bn sponsor from CDIC	100% ownership transfer from CDIC

Foreign strategic investors

Deal close date	Bank	Strategic investors	Status	% stake	Valuation	Deal structure
Mar-06	E.Sun	Temasek	Completed	15%	NT\$21, market price	Temasek owns 5% of E.Sun and can control up to 15% through ECB conversion
Dec-06	HIB	Standard Chartered	Completed	100%	NT\$24.5, 40% premium	100% tender offer, HIB was delisted on Jan 2007

State-owned bank M&A

Deal close date	Target	Acquirer/Investor	Status	% stake	Valuation	Deal structure
Nov-05	Central Trust of China	Bank of Taiwan	Completed	100.0%	Both unlisted	100% share swap
Dec-06	Taiwan Business Bank	Mega	Pending	15.0%	Open market purchase	Mega accumulated a 15% stake in TBB so far, half from open market and half from other state-owned banks
Feb-06	Mega	Chinatrust	Failed	15.0%	Open market purchase	Chinatrust FHC accumulated 15% in Mega (10% at the FHC level and 5% at the bank level); however, FHC shareholding was reduced to 5.8% in July 2007
May-06	Farmers Bank	Taiwan Cooperative Bank	Completed	100.0%		100% share-swap (2.45 Farmers share to one TCB share)

Note:

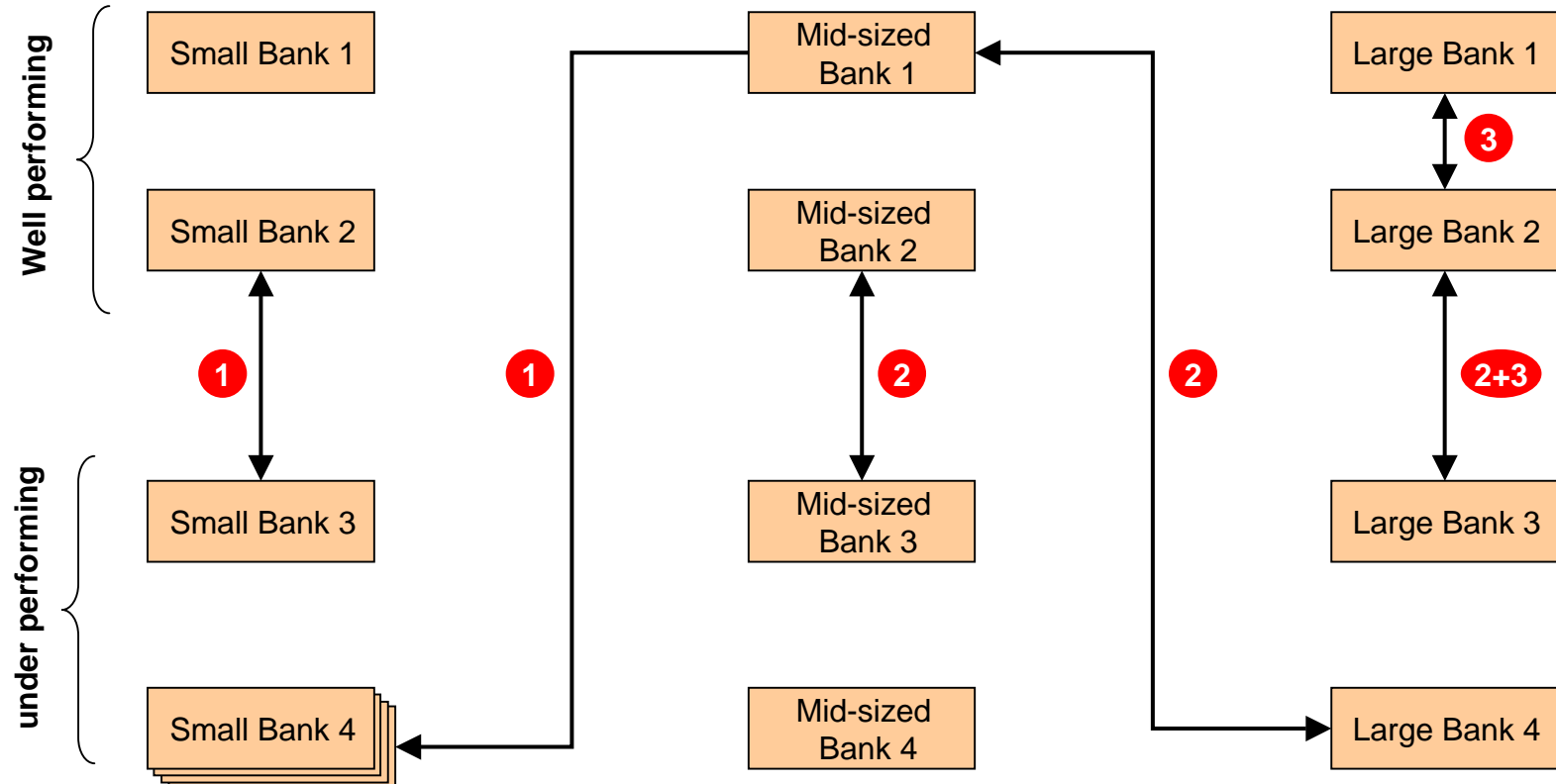
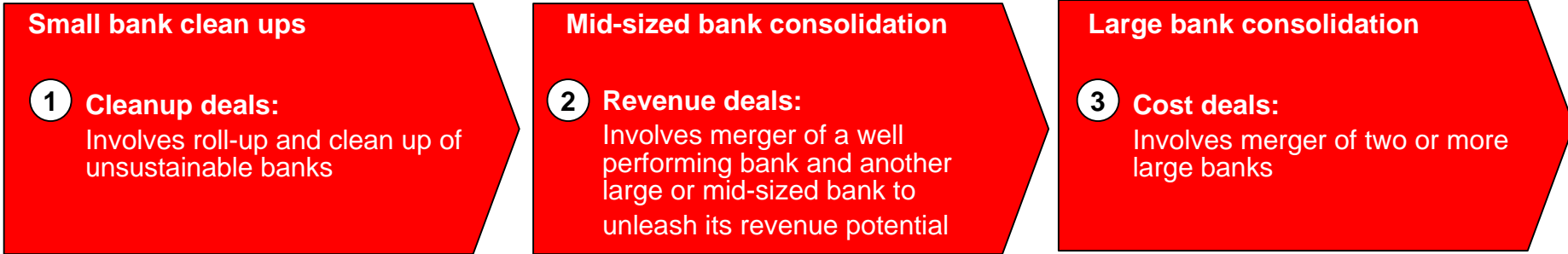
(1) Date is based on deal closing date for completed deals and announcement date for pending deals

Source: Company data, MOPS, Goldman Sachs Research

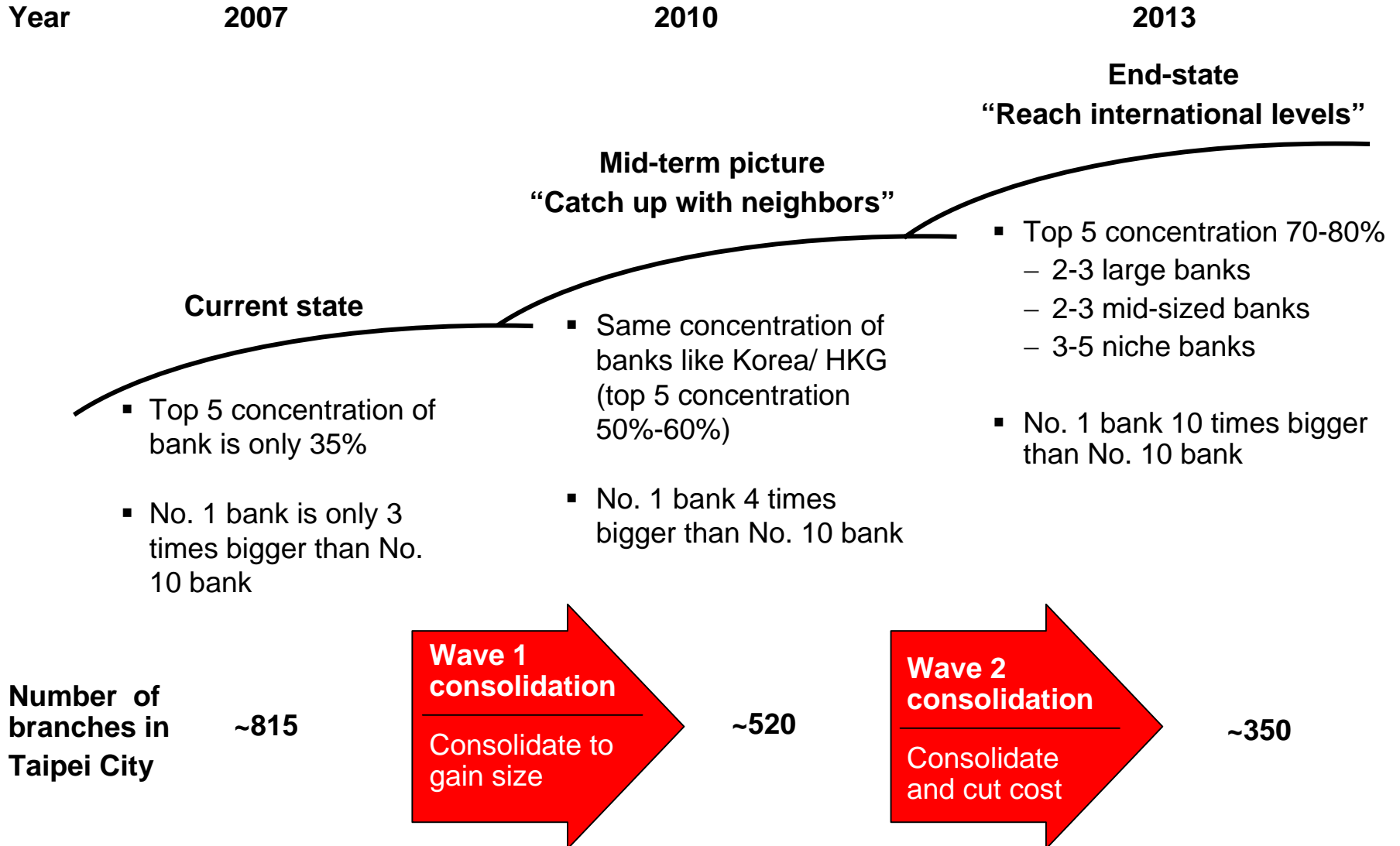
Value creating transactions for Taiwan

NOT EXHAUSTIVE

↔ Transaction types



A sensible consolidation path



Contents

I. Consolidation

II. Opportunities in Taiwan

III. Opportunities in China

IV. Shin Kong Financial Holding

Taiwan economy is substantial

A large maturing economy....

Taiwan's economy, 2006

Demographics

- Population (m): 22.7
- Share of world population: 0.35%

GDP (nominal at market exchange rate)

- GDP (US\$bn): 364.5
- Share of world GDP: 0.76%
- Rank of GDP globally: 22nd
- GDP per capita (US\$): 16,088

Trade

- Total exports (US\$bn): 223.8
- Share of world exports: 1.8%

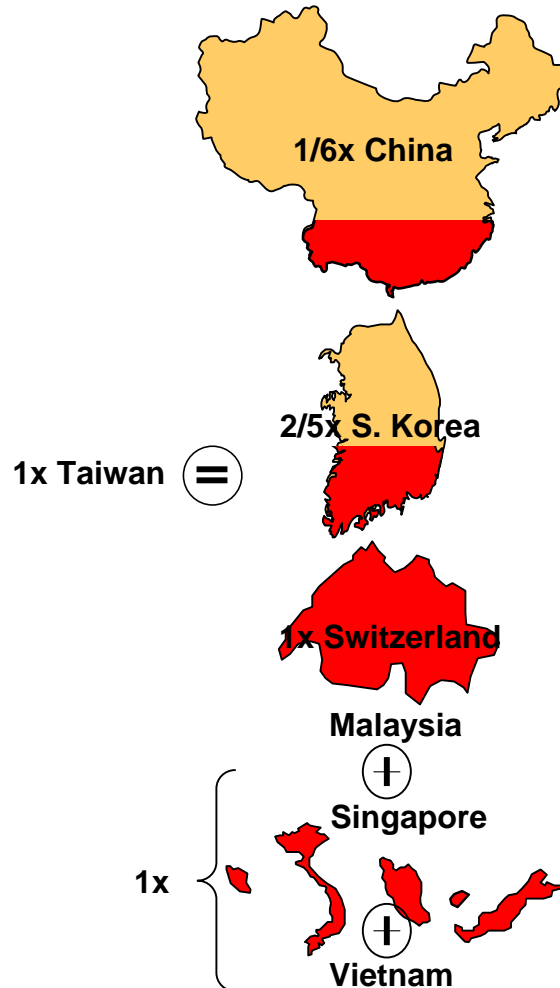
Labor Market

- Labor force (m): 10.5
- Unemployment rate: 3.9%
- Labor cost per hour (US\$): 6.4

Foreign Investment

- Foreign direct investment: 2% of GDP
- Stock of foreign direct investment: 12.3% of GDP

...of substantial size and importance....



...with large urban markets

Ranking of Chinese cities 2005

Rank	City ⁽¹⁾	GDP (US\$bn)
1.	Hong Kong	117.8
2.	Shanghai	111.5
3.	Beijing	82.6
4.	Taipei	65.5
5.	Shenzhen	60.4
6.	Guangzhou	58.5
7.	Tianjin	41.5
8.	Kaohsiung	29.4
9.	Foshan	29.1
10.	Hangzhou	28.6
11.	Wuhan	27.3
12.	Nanjing	27.3
13.	Dongguan	26.6
14.	Shenyang	22.2
15.	Chongqing	21.2
16.	Suzhou	19.9
17.	Wuxi	19.7
18.	Dalian	19.5
19.	Chengdu	19.5
20.	Qingdao	18.0
21.	Jinan	17.3
22.	Taichung	16.9
23.	Ningbo	16.9
24.	Daqing	16.2

Note:

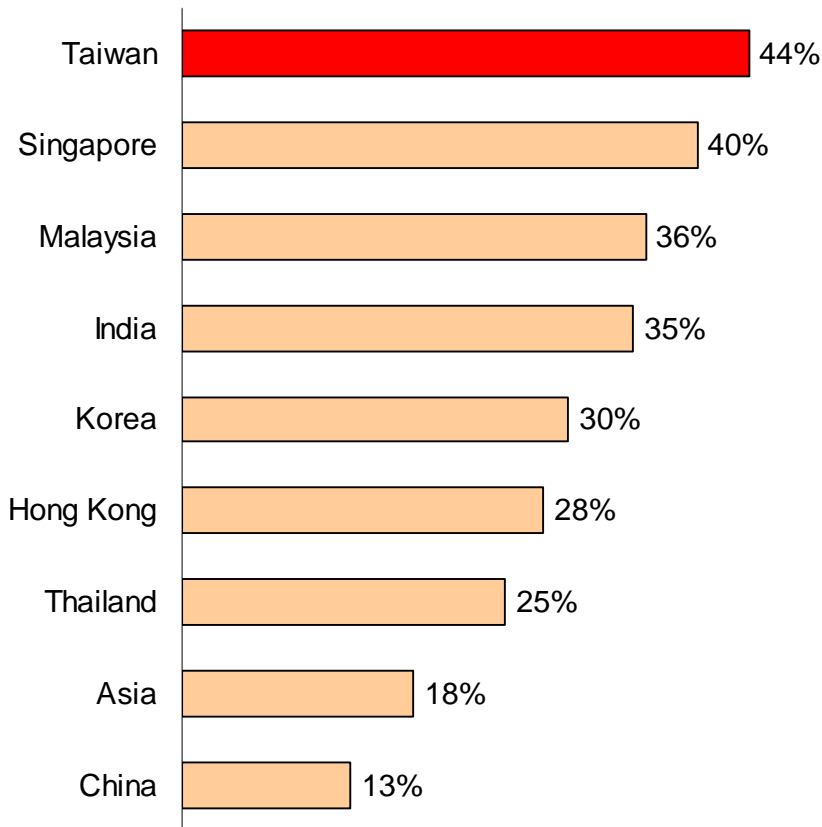
(1) Taiwanese cities GDP estimated by national GDP multiplying the weight of the city's total household income

Source: EIU, IMF, China Statistics Year Book, National Statistics (Taiwan)

Wealth management opportunity:

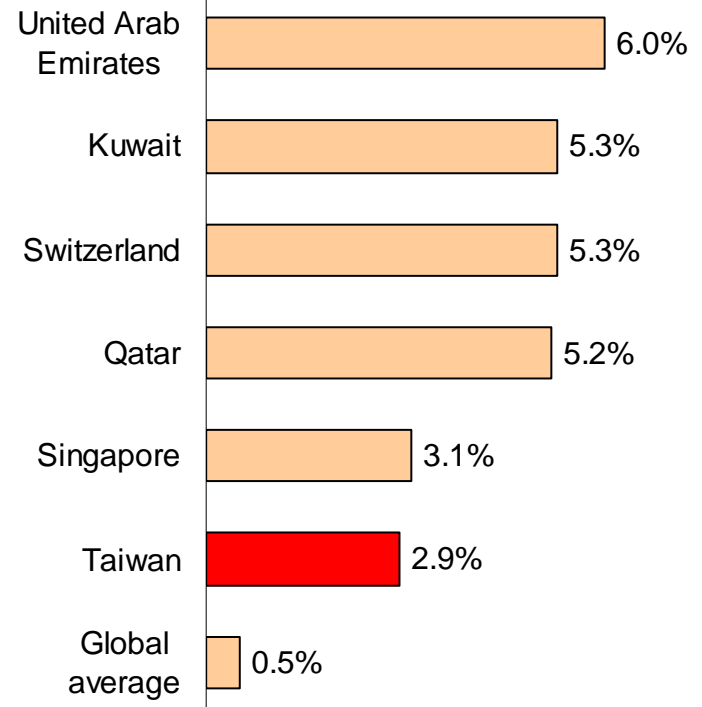
High savings rate and wealth concentration

Savings rate (1)



Concentration of wealth (2)

Millionaire households as a percentage of total households



Source:

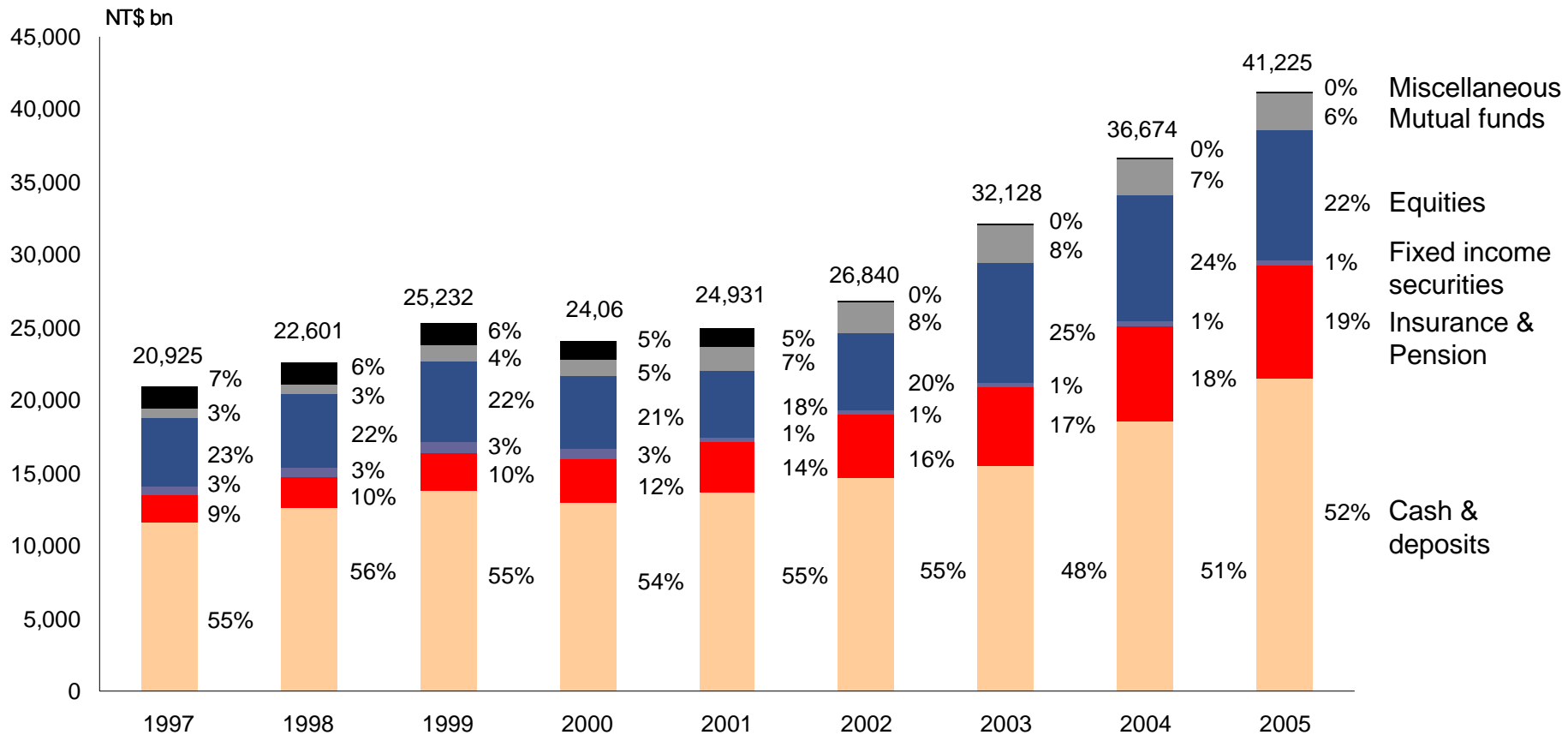
(1) BOMA, CBC, Asian Demographics, Other countries, central banks and monetary authorities, Citigroup Investment Research

(2) BCG global wealth market-sizing database, 2006

Wealth management opportunity:

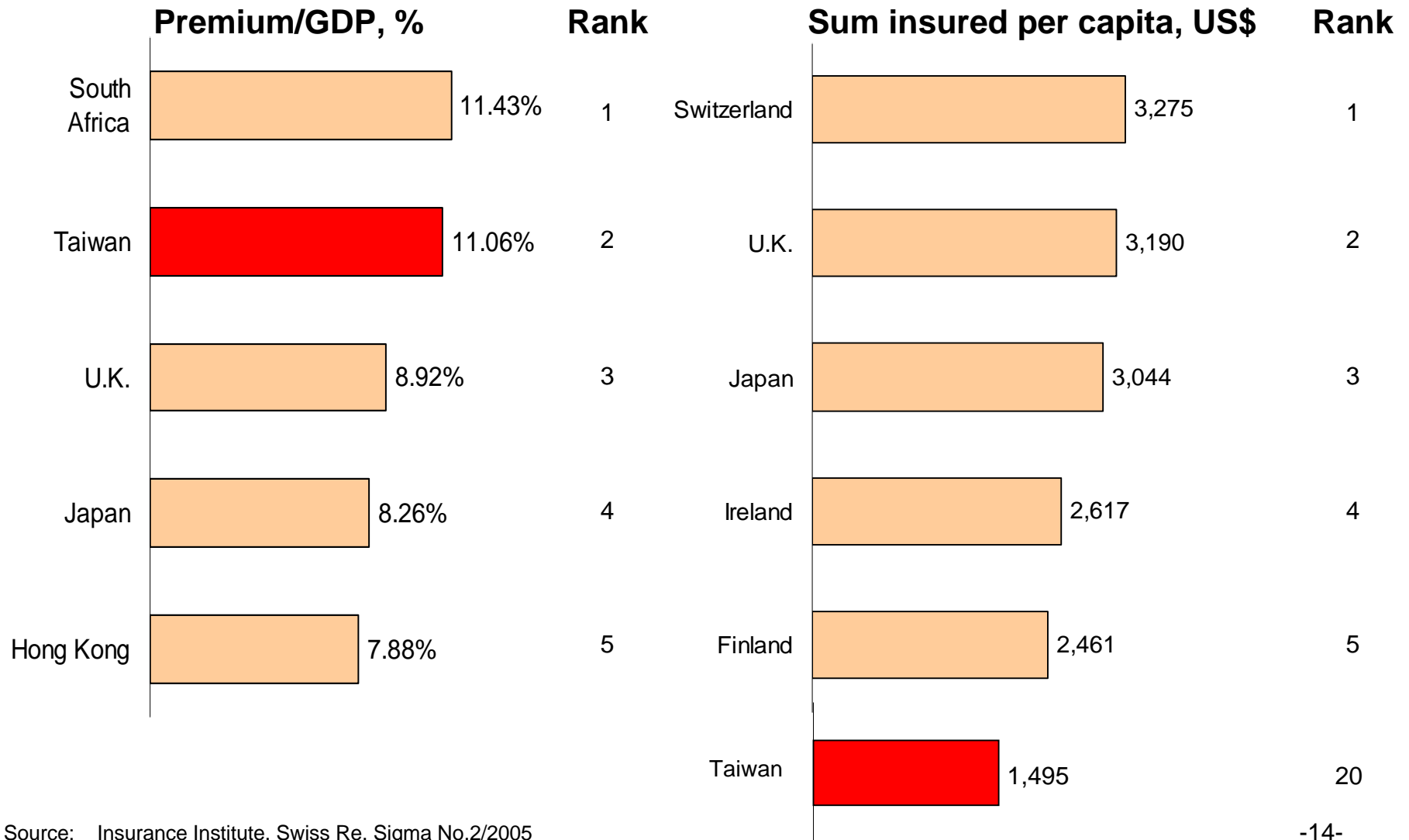
Asset migration away from deposits

Taiwanese household assets (NT\$bn, Percent)



Insurance opportunity:

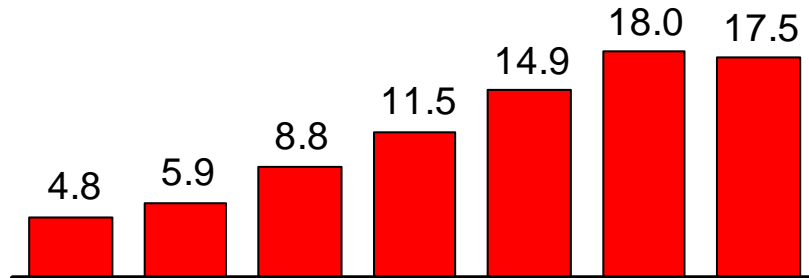
High penetration but low density



Insurance opportunity:

High growth driven by new products and channels

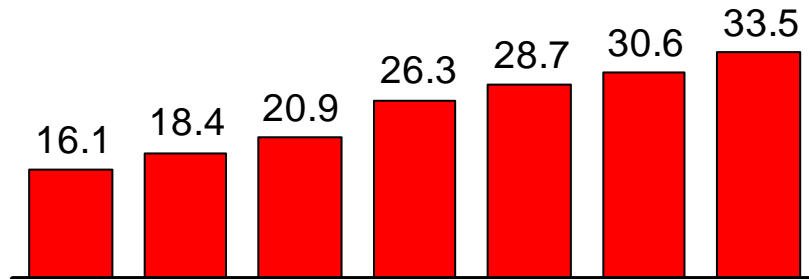
Life FYP
US\$bn



Growth
Percent

12.2 22.4 49.2 30.8 29.6 21.2 -3.0

Life renewal premium
US\$bn

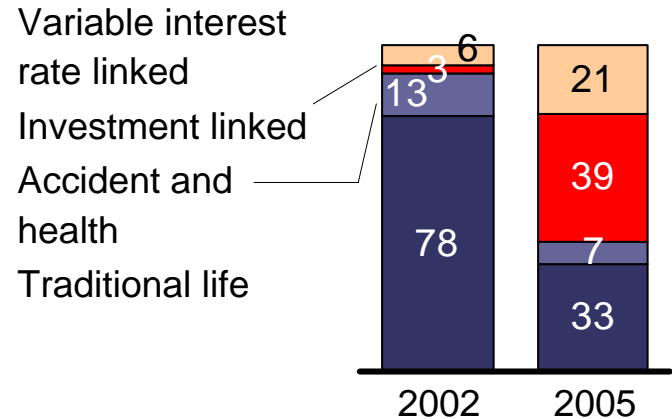


Growth
Percent

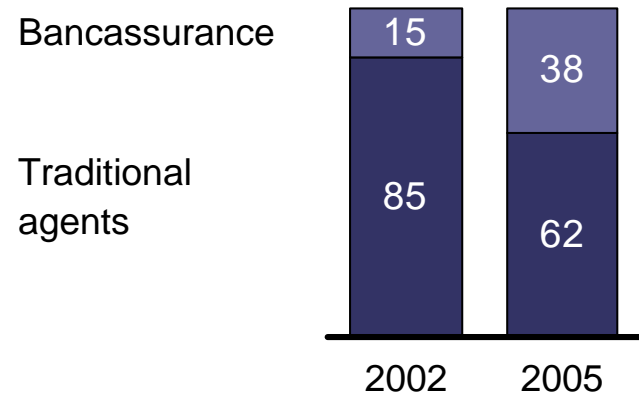
12.2 14.6 13.5 25.9 9.4 6.3 10.0

Source: Insurance Institute

New business breakdown
Percentage



New business channel mix
Percentage

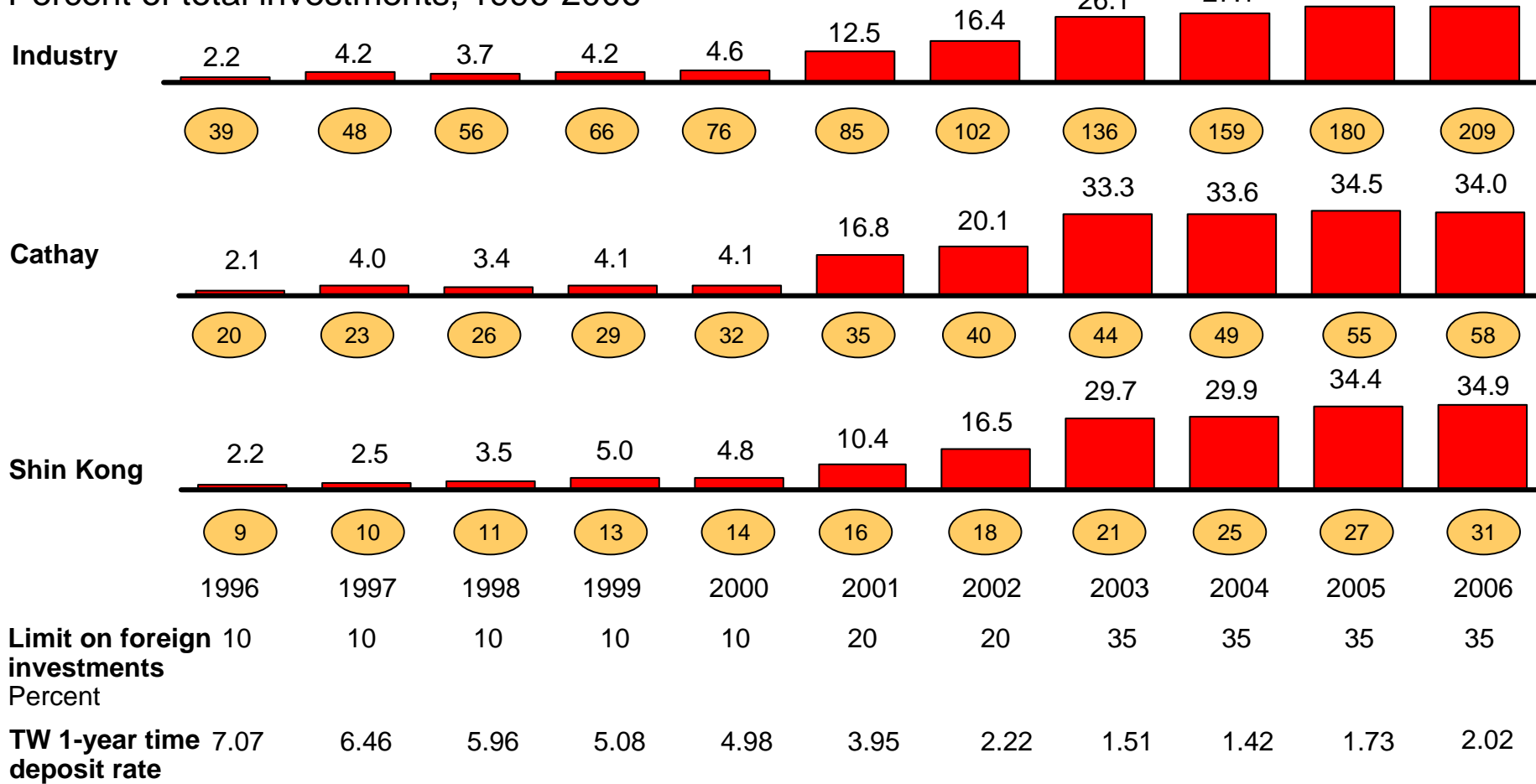


Insurance opportunity:

Raising of overseas investment cap

xx Total (US\$bn)

Percent of total investments, 1996-2006



Note:

(1) Limit on foreign investments lifted from 35% to 45% in 2007

Source: Bloomberg; Life Insurance Association; literature search

CONTENTS

I. Consolidation

II. Opportunities in Taiwan

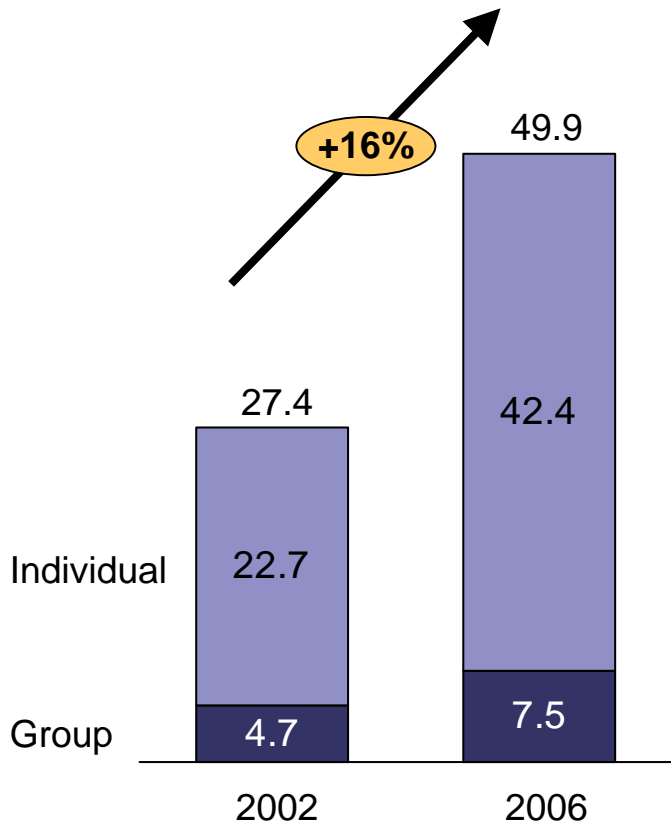
III. Opportunities in China

IV. Shin Kong Financial Holding

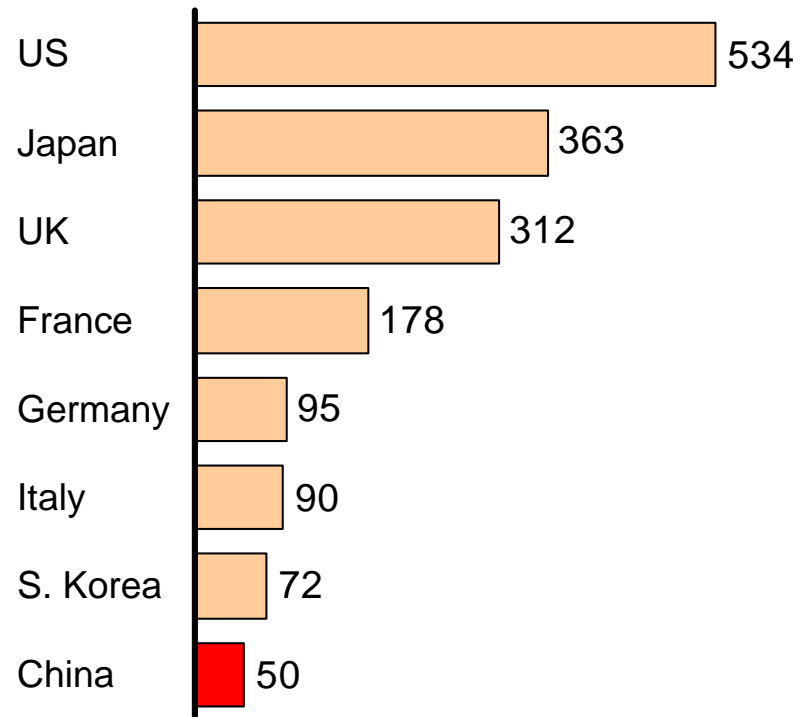
China life insurance market is growing rapidly and ranked number 8 in the world

US\$bn

Total life premium



Total life premium 2006

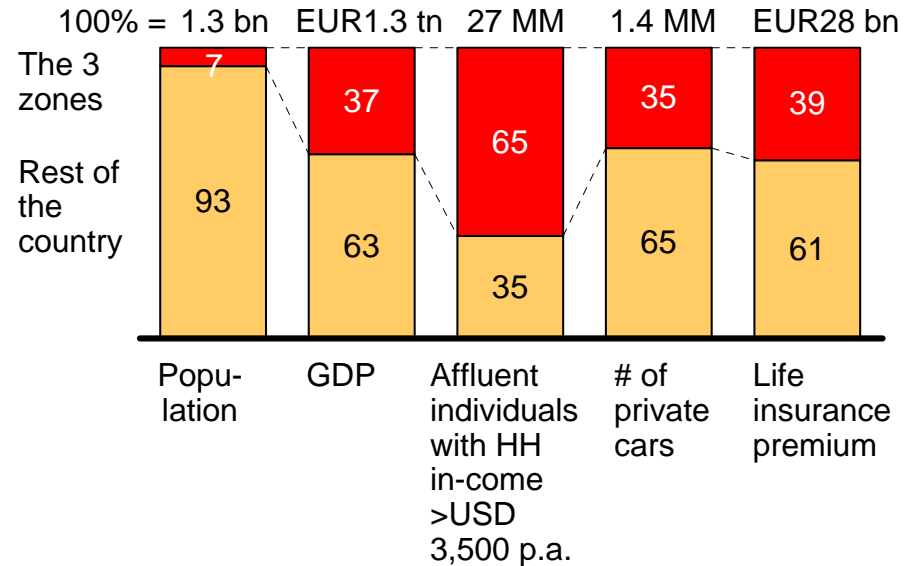


Wealth is highly concentrated

Enormous difference between rural areas and large cities



Profile of 3 key zones, 2002



Key wealth drivers of the 3 zones

- Strong financial and manufacturing base
- Developed infrastructure (highway, airport, port, and railway)
- High foreign direct investment High density of universities and research institute (e.g., 25% of all universities in China, including 4⁽¹⁾ out of the top 5 universities)

Note:

(1) Beijing, Tsinghua, Fudan, and Jiaotong universities

Source: China Statistical Yearbook; media search; McKinsey & Company

Contents

- I. Consolidation
- II. Opportunities in Taiwan
- III. Opportunities in China

IV. Shin Kong Financial Holding

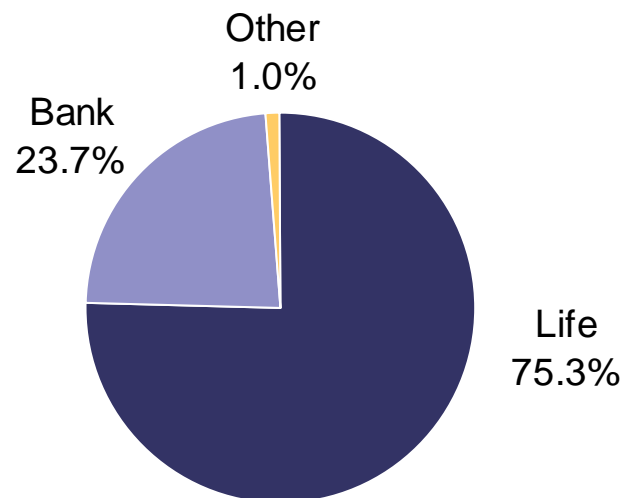
Who We Are

- 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

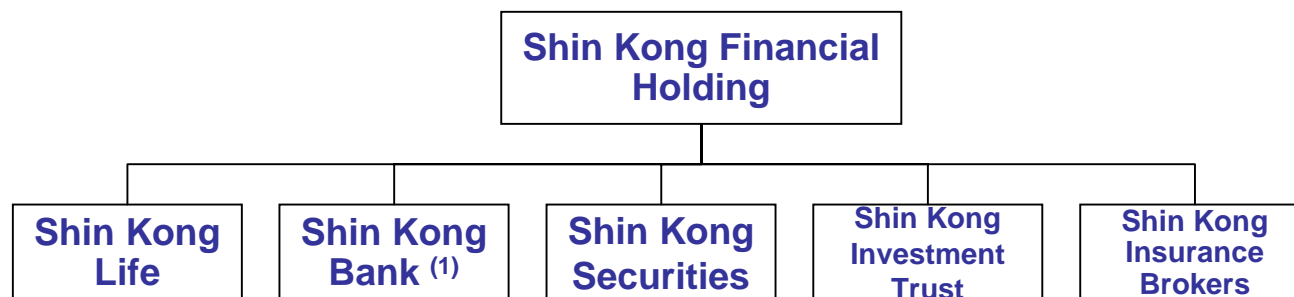


Note:

(1) Excludes minority interest income

Corporate Structure

Unique Integrated Financial Services Platform



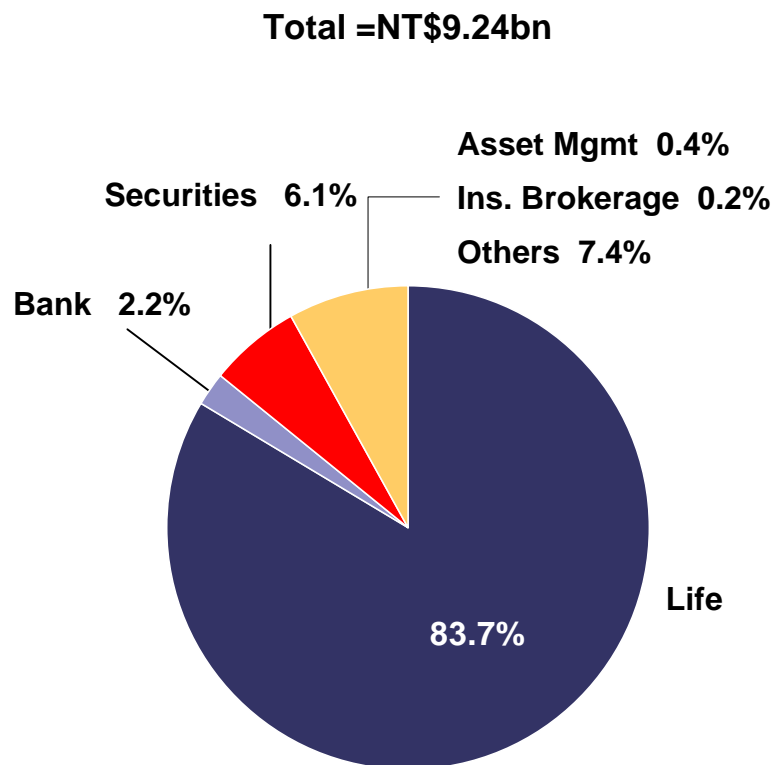
	Shin Kong Life	Shin Kong Bank ⁽¹⁾	Shin Kong Securities	Shin Kong Investment Trust	Shin Kong Insurance Brokers
Date of Incorporation	7/1963	1/1997	12/2001	9/1992	1/2003
Assets (NT\$bn)	1,117.2	351.5	13.8	0.58	0.11
% of Group Assets	75.3%	23.7%	0.9%	< 0.1%	< 0.1%
Earnings (NT\$m)	11,771	(7,276)	596	(78)	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

Net Income – 1H 2007

Group net income



Net income contribution

NT\$bn

<u>Subsidiaries</u>	<u>1H 2007</u>	<u>1H 2006</u>
Shin Kong Life ⁽¹⁾	7.7	7.9
Shin Kong Bank	0.2	-2.2
Shin Kong Securities	0.56	-0.02
Shin Kong Investment Trust	0.04	-
Shin Kong Insurance Brokers	0.02	0.03
FHC and tax	0.72	0.37
Net income	9.24	6.08

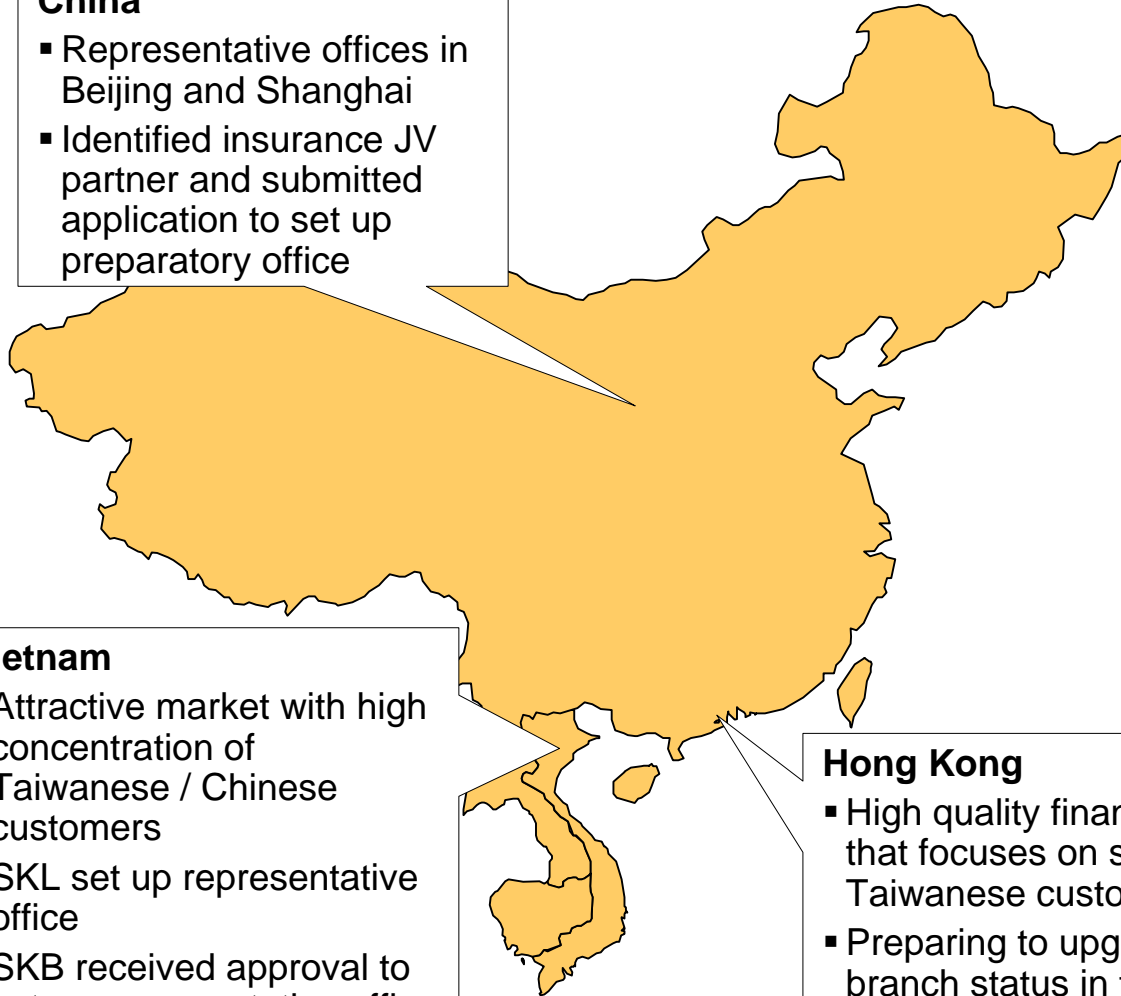
Note:

(1) Excludes minority interest income

Concrete Plan for Selective and Prudent Regional Expansion

China

- Representative offices in Beijing and Shanghai
- Identified insurance JV partner and submitted application to set up preparatory office



Vietnam

- Attractive market with high concentration of Taiwanese / Chinese customers
- SKL set up representative office
- SKB received approval to set up representative office

Hong Kong

- High quality finance company that focuses on serving Taiwanese customers
- Preparing to upgrade to branch status in the future

A dark blue starburst callout with a jagged edge, containing white text. A blue arrow points from the map of China towards this callout.

Preliminary plan is to focus on Life (i.e., leverage our capabilities in product, distribution, and IT) and serve other Chinese communities in the region